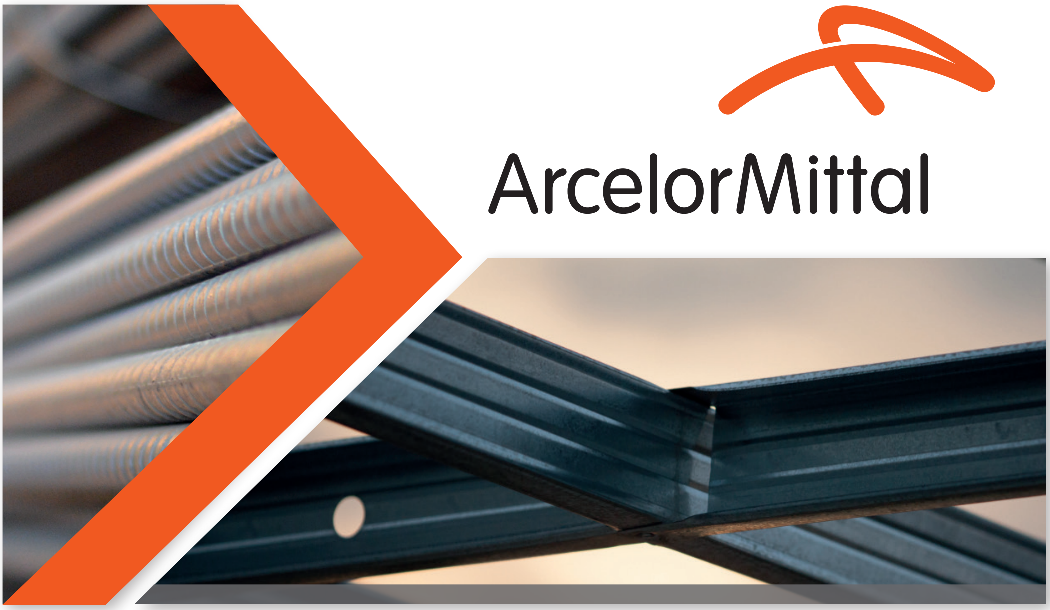

ArcelorMittal

Unaudited operational information for the quarter ended 31 March 2018

Salient features

- **Lost time injury frequency rate (LTIFR) weakened** from **0.44 to 0.66** at the end of Q1 2018
- **Domestic demand** still weak
- **Continuous pressure of imports** on the **downstream products**
- Volatility in the **rand/US dollar exchange rate** continues to **impact** the **business significantly**
- **Liquid steel** production **up 6%**
- **Local** sales **down 2%**
- **Export** sales **up 33%**

Operational information

		Quarter ended		
		31 March 2018	31 March 2017	% change
Liquid steel production	000 tonnes	1 270	1 199	5.9
Capacity utilisation	%	85	80	6.3
Steel sales				
– Local	000 tonnes	838	855	(2.0)
– Export	000 tonnes	329	247	33.2
– Total	000 tonnes	1 167	1 102	5.9
Coke and Chemicals				
– Commercial coke produced	000 tonnes	45	48	(6.3)
– Commercial coke sales	000 tonnes	45	46	(2.2)
– Tar sales	000 tonnes	22	20	10.0

Commentary

This analysis is for Q1 2018 compared to Q1 2017.

Safety

Safety remains our number one priority. LTIFR weakened from 0.44 to 0.66, while total injury frequency rate (TIFR) improved to 6.68 from 7.94.

Production

Liquid steel production was 71 000 tonnes (5.9%) higher, mainly due to higher production at both Vanderbijlpark Works and Saldanha Works, this has been partly offset by lower production at long products following some instability in the iron making process. The capacity utilisation for Q1 2018 increased to 85% compared to 80% in the comparable period.

Sales

Local

Local sales were 17 000 tonnes (2.0%) lower, mainly due to lower local demand for flat products as a result of low economic activity in South Africa. Total imports of primary steel products decreased by 20% in the first quarter when compared to Q1 2017 as a result of safeguards, weaker local market, high stock levels and increased production. Despite this, imports of galvanised products increased by 14%, while total imports of products containing steel for the period increased by 8% when compared to Q1 2017, mainly driven by imports of low standard thin gauge products which are not produced locally. Standards in the low cost informal roofing market are necessary to mitigate this influx. Imports of tube and pipe also increased 34%, highlighting the need for trade protection measures for the downstream industry.

Export

Export sales increased by 82 000 tonnes (33.2%). Flat steel products were higher by 58 000 tonnes and long steel products by 24 000 tonnes. The strong international demand was however muted by the strengthening of the rand/US dollar exchange rate for most of the quarter.

Commercial coke

Commercial coke sales were 1 000 tonnes (2.2%) lower while tar sales were higher by 2 000 tonnes or 10.0%.

Outlook for Q2

Local sales will continue to be under pressure due to tough trading conditions, but we expect that flat product volumes will increase following the potential upside from renewable energy and other projects. Export sales will also be higher due to better international prices.

By order of the board
2 May 2018

ArcelorMittal South Africa Limited
(Incorporated in the Republic of South Africa)
(Registration number 1989/002164/06)
Share code: ACL ISIN: ZAE 000134961
(ArcelorMittal South Africa, the company or the group)

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(acting through its Corporate and Investment Banking division)
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This report is available on ArcelorMittal South Africa's website at: https://southafrica.arcelormittal.com