

Mittal Steel South Africa Limited

Unaudited Group Earnings and Physical Information

for the quarter ended 31 March 2007

MITAL



Partnership, plant and product

FINANCIAL RESULTS

Headline earnings for the quarter of R1 504 million increased by 19% compared to the previous quarter. This was mainly driven by higher domestic sales, higher international sales prices, an improved sales mix and, in comparison with quarter one last year, a substantially weaker Rand/US Dollar exchange rate. This was partially offset by an increase in input material costs and lower export volumes.

MARKET REVIEW

International

Export volumes for the quarter remained in line with the previous quarter but decreased by 43% compared to the corresponding period last year due to higher domestic sales and lower production volumes.

The international demand for steel remained strong in all major regions and the high prices experienced during the latter part of last year continued to prevail during the past quarter with further price increases experienced during quarter two of this year. The average prices for our export product range increased by 27% compared to quarter one last year.

Domestic

Domestic despatches for the quarter were very strong and increased by 13% compared to the previous quarter and 15% compared to the corresponding period last year. This was mainly driven by an increase in demand, predominantly from the building and construction sector, while the weaker Rand against the US Dollar stimulated demand from downstream export orientated industries.

PRODUCTION

Liquid steel production for the quarter decreased by 10% compared to the previous quarter and by 5% compared to the corresponding period last year. This was mainly due to the relining of Blast Furnace D at Vanderbijlpark, which commenced during the middle of February 2007, as well as production problems experienced on the Electric Arc Furnace route at Vanderbijlpark.

COST

Production cash cost of hot rolled coil increased by 14% compared to the first quarter last year and by 11% compared to the previous quarter, while the cash cost of billets increased by 18% and 8% respectively. The increase, compared to quarter one last year, was mainly driven by an increase in the cost of domestic coals, scrap, imported iron ore pellets, tin, nickel, aluminium and ferro alloys while the lower production volumes increased our fixed cost expressed on a Rand per ton basis. The cost of galvanised material increased by 5% compared to the previous quarter and 42% compared to the corresponding period last year, as a result of the increase in zinc prices.

In order to continue to service our domestic and key export customers during the relining period of Blast Furnace D at Vanderbijlpark, we imported 135 000 tonnes of slabs at a higher cost than our own production cost on a delivered basis. Approximately 50% of these slabs were consumed during the past quarter while the balance will be used during the second quarter of this year.

CONTINGENT LIABILITIES

The Alternative Dispute Resolution (ADR) process followed with SARS regarding the disallowance of the tax deduction of the payments made in terms of the Business Assistance Agreement is still in progress, with a response from SARS expected before the end of the second quarter. The full amount at risk is R403 million of tax plus interest. An amount equal to 20% of the tax effect was accounted for at the 2006 year end.

In the case at the Competition Tribunal on alleged excessive pricing brought by the gold miners, Harmony and DRD Gold, the Competition Tribunal ruled that Mittal Steel South Africa contravened section 8(a) of the Competition Act by charging excessive prices for its flat products. However they dismissed the complaint that the company induced its customers not to deal with competitors. We have already lodged an appeal against this ruling. Dates for arguments on administrative penalties are set for the last three days of July 2007. No provision has been raised and no contingent liability quantified in respect of this ruling.

During the past quarter a complaint was referred to the Competition Tribunal involving accusations by Barnes Fencing Industries of price and payment condition discriminations on domestic sales of low carbon wire rod products. Mittal Steel South Africa filed its answering affidavit on 26 April 2007 and is still awaiting a date to be set for a hearing. We are confident of our case and no provision has been raised nor any contingent liability quantified in respect of this complaint.

OUTLOOK

We expect the results of the second quarter of 2007 to improve marginally compared to the past quarter, driven mainly by higher international sales prices and an improved sales mix. The improvement will however, be limited by increases in the cost of rail transport, scrap and alloys, as well as lower sales volumes following the lower production levels experienced during the first quarter.

GROUP INCOME STATEMENT

	Quarter ended			Year ended
	31 March 2007 Rm	31 March 2006 Rm	31 December 2006 Rm	31 December 2006 Rm
Revenue	7 242	5 800	6 333	25 363
Flat Steel Products	4 831	3 848	4 354	17 350
Long Steel Products	2 260	1 865	1 883	7 691
Coke and Chemicals	432	221	331	1 033
Inter group eliminations	(281)	(134)	(235)	(711)
Operating profit	1 941	996	1 686	5 833
Flat Steel Products	1 191	535	999	3 550
Long Steel Products	646	433	597	2 100
Coke and Chemicals	119	27	75	184
Corporate and Other	(15)	1	15	(1)
Gains/(losses) on changes in foreign exchange rates and financial instruments	199	(9)	(310)	480
Net interest income	74	34	29	193
Income from investments	1	1	4	7
Income from equity accounted investments before taxation	32	55	214	195
Income tax expense	(743)	(393)	(359)	(2 062)
Profit from ordinary activities	1 504	684	1 264	4 646
Profit attributable to:				
• Ordinary shareholders	1 504	684	1 264	4 646
ADDITIONAL INFORMATION				
Headline earnings	1 504	684	1 264	4 646
Performance per ordinary share				
Attributable earnings per share (cents)	337	153	284	1 042
Headline earnings per share (cents)	337	153	284	1 042

PHYSICAL INFORMATION

	Quarter ended			Year ended
	31 March 2007	31 March 2006	31 December 2006	31 December 2006
'000 tonnes				
Flat Steel Products				
Liquid steel production	1 053	1 146	1 213	4 863
Sales	1 021	1 092	943	4 268
Long Steel Products				
Liquid steel production	526	522	546	2 192
Sales	488	507	423	1 926
Total				
Liquid steel production	1 579	1 668	1 759	7 055
Sales	1 509	1 599	1 366	6 194
• Local	1 187	1 034	1 052	4 400
• Export	322	565	314	1 794
• Local sales as % of total sales	79	65	77	71

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Mittal Steel South Africa Limited

Registration number 1989/002164/06
Share code: MLA ISIN: ZAE 000064044
("the Company" or "the Group")

FORWARD-LOOKING STATEMENTS

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors, that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results).