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***Q1 2003 financial results***

*15 May 2003*

# Introduction

## Key figures

€m – non audited

	Q1 2002 <sup>(1)</sup>	Q1 2002 <sup>(2)</sup>	Q1 2003
<b>Revenue</b>	<b>6,824</b>	6,824	<b>6,852</b>
<b>Gross operating profit</b>	<b>301</b>	301	<b>641</b>
<i>as % of revenue</i>	4.4%	4.4%	9.4%
<b>Operating profit</b>	<b>110</b>	67	<b>384</b>
<i>as % of revenue</i>	1.6%	0.9%	5.6%
<b>Net profit, Group share</b>	<b>5</b>	- 22	<b>192</b>
<i>as % of revenue</i>	0.1%	- 0.3%	2.8%

(1) Proforma & adjusted after final allocation of “merger” neg. goodwill.

(2) Proforma, as disclosed in Nov.02, before final neg. goodwill adjustment

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<b>EPS</b>	<b>0</b>	- 0.05	<b>0.4</b>
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	<b>12.31.2002</b>		<b>03.31.2003</b>
<b>Gearing</b>	<b>0.75</b>		<b>0.74</b>



# Flat Carbon Steel

€m – non audited	Q1 2002 <sup>(1)</sup>	Q1 2002 <sup>(2)</sup>	Q1 2003	Change
<b>Revenue</b>	<b>3,290</b>	3,290	<b>3,727</b>	<b>+ 13.3 %</b>
<b>Gross operating profit</b> <i>as % of revenue</i>	<b>84</b> 2.6%	84 2.6%	<b>428</b> 11.5%	
<b>Depreciation &amp; Amortisation</b>	<b>- 112</b>	- 157	<b>- 139</b>	
<b>Operating profit</b> <i>as % of revenue</i>	<b>- 28</b> - 0.9%	- 73 - 2.2%	<b>289</b> 7.8%	
<b>Total shipments</b> <i>(metric tons)</i>	<b>6.9mt</b>		<b>6.9mt</b>	

(1) Proforma. Adjusted after final allocation of “merger” neg. goodwill.

(2) Proforma. As disclosed in Nov.02, before final neg. goodwill adjustment

# Long Carbon Steel

€m – non audited

	Q1 2002 <sup>(1)</sup>	Q1 2002 <sup>(2)</sup>	Q1 2003	Change
<b>Revenue</b>	<b>1,086</b>	1,086	<b>1,046</b>	<b>- 3.7 %</b>
<b>Gross operating profit</b> <i>as % of revenue</i>	<b>169</b> 15.6%	169 15.6%	<b>126</b> 12.0%	
<b>Depreciation &amp; Amortisation</b>	<b>- 37</b>	- 44	<b>- 42</b>	
<b>Operating profit</b> <i>as % of revenue</i>	<b>132</b> 12.2%	125 11.5%	<b>84</b> 8.0%	
<b>Total shipments</b> <i>(metric tons)</i>	<b>2.9mt</b>		<b>2.9mt</b>	

(1) Proforma. Adjusted after final allocation of “merger” neg. goodwill.

(2) Proforma. As disclosed in Nov.02, before final neg. goodwill adjustment



# Stainless Steel, Alloys & Specialty plates

€m – non audited	Q1 2002 <sup>(1)</sup>	Q1 2002 <sup>(2)</sup>	Q1 2003	Change
<b>Revenue</b>	<b>1,079</b>	1,079	<b>1,137</b>	<b>+ 5.4 %</b>
<b>Gross operating profit</b> <i>as % of revenue</i>	<b>30</b> 2.8%	30 2.8%	<b>56</b> 4.9%	
<b>Depreciation &amp; Amortisation</b>	<b>- 16</b>	- 47	<b>- 44</b>	
<b>Operating profit</b> <i>as % of revenue</i>	<b>14</b> 1.3%	- 17 - 1.6%	<b>12</b> 1.1%	
<b>Total shipments</b> ( <i>metric tons</i> )	<b>647kt</b>		<b>665kt</b>	

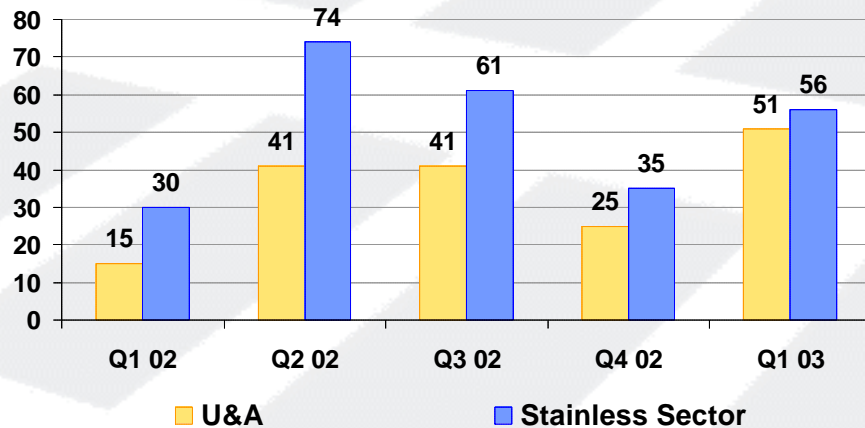
(1) Proforma. Adjusted after final allocation of “merger” neg. goodwill.

(2) Proforma. As disclosed in Nov.02, before final neg. goodwill adjustment

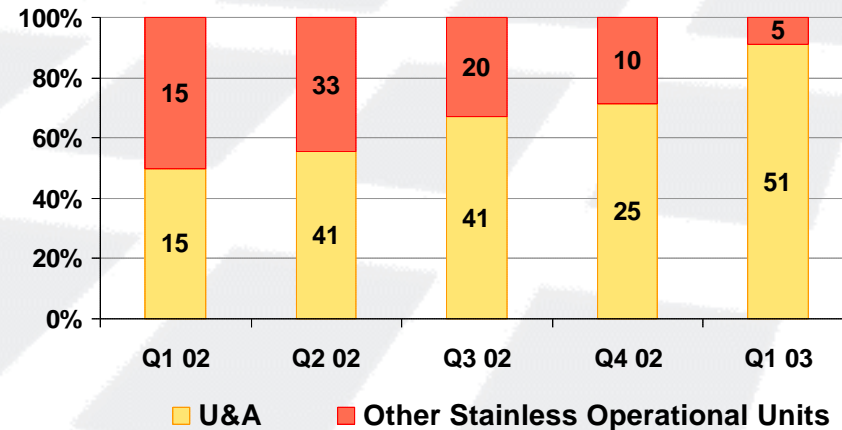


# European Flat Stainless operations – *Ugine & ALZ*

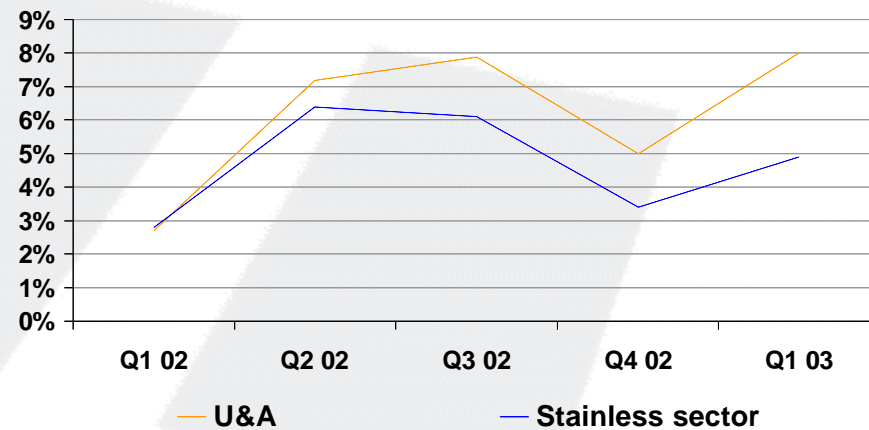
Gross operating profit of U&A and Stainless sector (€m)



Contribution of U&A to Gross operating profit of Stainless sector



U&A Gross operating margin vs Arcelor stainless sector



# Distribution – Transformation - Trading

€m – non audited	Q1 2002 <sup>(1)</sup>	Q1 2002 <sup>(2)</sup>	Q1 2003	Change
<b>Revenue</b>	<b>2,224</b>	2,224	<b>2,104</b>	<b>- 5.4 %</b>
<b>Gross operating profit</b> <i>as % of revenue</i>	<b>57</b> 2.6%	57 2.6%	<b>58</b> 2.8%	
<b>Depreciation &amp; Amortisation</b>	<b>- 22</b>	- 22	<b>- 19</b>	
<b>Operating profit</b> <i>as % of revenue</i>	<b>35</b> 1.6%	35 1.6%	<b>39</b> 1.9%	

(1) Proforma. Adjusted after final allocation of “merger” neg. goodwill.

(2) Proforma. As disclosed in Nov.02, before final neg. goodwill adjustment

# Working capital

€m – non audited	12.31.02	03.31.03	Change
Inventories	6,091	6,164	73
Trade receivables	4,320	4,072	- 248
Trade payables	- 4,111	- 4,443	- 332
<b>Operating Working Capital</b>	<b>6,300</b>	<b>5,793</b>	<b>- 507</b>
Net financing linked to securitization	- 1 097	- 171	926
Others receivables & payables	- 896	- 980	- 84
<b>Total Working Capital</b>	<b>4,307</b>	<b>4,642</b>	<b>335</b>



# Consolidated Income Statement

€m – non audited

	Q1 2002 <sup>(1)</sup>	Q1 2002 <sup>(2)</sup>	Q1 2003
Revenue	6,824	6,824	6,852
<b>Gross operating profit</b>	<b>301</b>	301	<b>641</b>
Depreciation & Amortisation	- 242	- 327	- 279
Amortisation of goodwill	51	93	22
<b>Operating profit</b>	<b>110</b>	67	<b>384</b>
Net financing costs	- 90	- 90	- 63
Income from associates	- 25	- 25	38
<b>Profit before tax</b>	<b>- 5</b>	- 48	<b>359</b>
Income tax	22	33	- 129
<b>Profit after tax</b>	<b>17</b>	- 15	<b>230</b>
Minority interests	- 12	- 7	- 38
<b>Net profit, group share</b>	<b>5</b>	- 22	<b>192</b>

(1) Proforma. Adjusted after final allocation of "merger" neg. goodwill.

(2) Proforma. As disclosed in Nov.02, before final neg. goodwill adjustment



# Net financial debt & gearing

€m – non audited

	12.31.02	03.31.03	change
Interest bearing liabilities, long term	4,594	4,532	- 62
Interest bearing liabilities, short term	3,821	2,829	- 992
Net financing linked to securitisation	- 1,097	- 171	926
Cash and cash equivalents	- 1,239	-1,083	156
Revaluation of financial instruments (short term and long term)	- 86	- 88	- 2
<b>Net financial debt</b>	<b>5,993</b>	<b>6,019</b>	<b>26</b>
<i>Shareholders' equity</i>	7,393	7,587	194
<i>Residual neg. goodwill</i>	627	578	- 49
<b>Gearing</b>	<b>0.75</b>	<b>0.74</b>	

# Consolidated Balance Sheet - Assets

€m – non audited

	12.31.02	03.31.03
<b>Non current assets</b>	<b>12,853</b>	<b>12,729</b>
- Intangible assets	- 950	- 924
- Property, plant and equipment	9,268	9,225
- Investments under equity method	1,780	1,778
- Other investments	466	471
- Receivables and other financial assets	766	756
- Deferred tax assets	1,523	1,423
<b>Current assets</b>	<b>12,983</b>	<b>12,759</b>
- Inventories	6,091	6,164
- Trade receivables	4,320	4,072
- Other receivables	1,333	1,440
- Cash and cash equivalents	1,239	1,083
<b>TOTAL ASSETS</b>	<b>25,836</b>	<b>25,488</b>



# Consolidated Balance Sheet - Liabilities

€m – non audited

	12.31.02	03.31.03
<b>Shareholders' equity</b>	<b>7,393</b>	<b>7,587</b>
- Group share	6,732	6,898
- Minority interests	661	689
<b>Non current liabilities</b>	<b>8,178</b>	<b>8,029</b>
- Interest bearing liabilities	4,594	4,532
- Employee benefits	1,961	1,961
- Provisions	1,059	1,032
- Deferred tax liabilities	359	338
- Others	205	166
<b>Current liabilities</b>	<b>10,265</b>	<b>9,872</b>
- Trade payables	4,111	4,443
- Interest bearing liabilities <i>(securitization added back)</i>	3,821	2,829
- Other amounts payables	2,023	2,252
- Provisions	310	348
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>25,836</b>	<b>25,488</b>





# Consolidated cash-flow statement

€m – non audited

	2002 <sup>(1)</sup>	Q1 2003
<b>Cash flow from operating activities</b>	<b>1,800</b>	<b>285</b>
Acquisitions of tangible and intangible assets	- 1,415	- 263
Other acquisitions and disposals	- 299	- 30
<b>Cash flow from investing activities</b>	<b>- 1,714</b>	<b>- 293</b>
Contribution of shareholders' equity	35	3
Dividends paid	- 192	- 4
Increase/decrease in loans or other financing	- 864	- 131
<b>Cash flow from / (used in) financing activities</b>	<b>- 1,021</b>	<b>- 132</b>
Impact of exchange rate	- 3	- 16
Increase (decrease) of cash	- 938	- 156
<b>Balance at the beginning of the period</b>	<b>2,177</b>	<b>1,239</b>
<b>Balance at the end of the period</b>	<b>1,239</b>	<b>1,083</b>



(1) Proforma. Adjusted after final allocation of "merger" neg. goodwill.