

Third Quarter 2004 Financial Results

15 November 2004



Financial & Accounting Highlights

• H1 2004

- Application of IFRS 3 (« business combination »)
- Conversion/redemption of 3% 2006 convertible bond (O.C.E.A.N.E.)
- Buyout of Aceralia's minority interest
- Long carbon Steel:
 - ✓ Integration of Argentinian-based Acindar since May 1, 2004. Contribution of +EUR91m to revenue and +EUR42m to Gross Operating Result in Q2 2004.
 - ✓ Disposal of Aciérie de l'Atlantique in June 2004. Capital gain of +52 million euros.
- Distribution, Transformation, Trading
 - ✓ Disposal of carbon tubes business from DTT sector. Deconsolidation early April 2004 (contribution of +EUR124m to revenue and +EUR15 to Gross Op.Result in Q1 2004)
- Stainless
 - ✓ Disposal of J&L's assets effective from June 1, 2004
 - ✓ Disposal of Thainox

Financial & Accounting Highlights

- **Q3 2004**

- Successful rights issue and consolidation of CST in Q4 2004.
- Disposal of IEE
- Flat Carbon Steel
 - ✓ Provision for restructuring in Spain (ARCO plan)
- Long Carbon Steel
 - ✓ Disposal of Emesa and Industrias Galycas
- Stainless Steel
 - ✓ Implementation of Carinox
- Distribution, Transformation, Trading
 - ✓ Reduction of the stake in Gonvarri
 - ✓ Disposal of J&F
 - ✓ Provision for restructuring in Spain

Key Figures

€m	9m 2003	H1 2004	Q3 2004	9m 2004	Change on comparable basis
Revenue	19,451	14,593	7,152	21,745	+ 15.2%
Gross operating result	1,692	1,779	1,098	2,877	
<i>as % of revenue</i>	8.7%	12.2%	15.4%	13.2%	
<i>...incl. non recurring items</i>	0	- 45	-163	-208	
Depreciation & Amortisation	- 778	- 542	- 263	- 805	
<i>...incl. depreciation of neg.gw</i>	+ 85	0	+41	+41	
Operating result	914	1,237	835	2,072	
<i>as % of revenue</i>	4.7%	8.5%	11.7%	9.5%	
Net result, Group share	459	865	629	1,494	
<i>as % of revenue</i>	2.4%	5.9%	8.7%	6.8%	
EPS (€)	0.96	1.76	1.09	2.87	
Average number of outstanding shares		533.1m	608.9m	557.6m	
Average number of treasury shares		- 41.5m	- 29.0m	-36.6m	
Gearing	09.30.2003 65.3%	06.30.2004 38.0%	09.30.2004 21.3%		

Flat Carbon Steel

€m	9m 2003	H1 2004	Q3 2004	9m 2004	Change on comparable basis		
Revenue	10,539	7,690	3,769	11,459	+ 9.0%		
Gross operating result <i>as % of revenue</i>	1,099 10.4%	884 11.5%	507 13.5%	1,391 12.1%	<table border="1"> <tr> <td>Mix/Vol Effect 4.3%</td> <td>Price Effect 4.7%</td> </tr> </table>	Mix/Vol Effect 4.3%	Price Effect 4.7%
Mix/Vol Effect 4.3%	Price Effect 4.7%						
<i>...incl. non recurring items</i>	0	- 95	- 95	- 190			
Depreciation & Amortisation	- 425	- 292	- 159	- 451			
Operating result <i>as % of revenue</i>	674 6.4%	592 7.7%	348 9.2%	940 8.2%			
Shipments (metric tons)	19.1 mt	14,224kt	6,031 kt	20.3mt			

Long Carbon Steel

€m	9m 2003	H1 2004	Q3 2004	9m 2004	Change on comparable basis		
Revenue	3,205	2,927	1,644	4,571	+ 33.2%		
Gross operating result <i>as % of revenue</i>	390 12.2%	538 18.4%	409 24.9%	947 20.7%	<table border="1"> <tr> <td>Mix/Vol Effect 7.7%</td> <td>Price Effect 25.5%</td> </tr> </table>	Mix/Vol Effect 7.7%	Price Effect 25.5%
Mix/Vol Effect 7.7%	Price Effect 25.5%						
<i>...incl. non recurring items</i>	0	+56	-9.3	+ 46.7			
Depreciation & Amortisation	- 136	- 98	- 30	- 128			
Operating result <i>as % of revenue</i>	254 7.9%	440 15.0%	379 23.1%	819 17.9%			
Shipments (metric tons)	9.0 mt	6,873kt	3,275 kt	10.1 mt			

Stainless Steel, Alloys & Specialty Plates

€m	9M 2003	H1 2004	Q3 2004	9M 2004	Change on comparable basis				
Revenue	3,186	2,401	1,017	3,418	+ 13.1%				
Gross operating result as % of revenue	86 2.7%	109 4.5%	51 5.0%	160 4.7%	<table border="1"> <tr> <td>Mix/Vol Effect</td> <td>Price Effect</td> </tr> <tr> <td>-3.2%</td> <td>16.3%</td> </tr> </table>	Mix/Vol Effect	Price Effect	-3.2%	16.3%
Mix/Vol Effect	Price Effect								
-3.2%	16.3%								
<i>...incl. non recurring items</i>	0	-17	-24	-41					
Depreciation & Amortisation	-49	-67	-43	-110					
Operating result as % of revenue	-37 -1.2%	42 1.7%	8 0.8%	50 1.5%					
Shipments (metric tons)	1,8 mt	1,202 kt	450 kt	1.7mt					

Distribution, Transformation, Trading

€m	9m 2003	H1 2004	Q3 2004	9m 2004	Change on comparable basis
Revenue	6,019	3,997	1,905	5,902	+ 11.1%
Gross operating result <i>as % of revenue</i>	120 2.0%	247 6.2%	128 6.7%	375 6.4%	
<i>...incl. non recurring items</i>	0	+11	-24.6	-13.6	
Depreciation & Amortisation	- 68	- 59	- 22	- 81	
Operating result <i>as % of revenue</i>	52 0.9%	188 4.7%	106 5.6%	294 5.0%	

Consolidated Income Statement

€m	9M 2003	H1 2004	Q3 2004	9M 2004
Revenue	19,451	14,593	7,152	21,745
Gross operating result	1,692	1,779	1,098	2,877
Depreciation & Amortisation	- 863	- 542	- 304	- 846
Amortisation of goodwill	+ 85	0	+41	+41
Operating result	914	1,237	835	2,072
Net financing costs	-209	- 134	- 37	- 171
Income from associates	90	188	158	346
Result before tax	795	1,291	956	2,247
Income tax	- 220	- 305	- 201	- 506
Result after tax	575	986	755	1,741
Minority interests	- 116	- 121	- 126	- 247
Net result, Group share	459	865	629	1,494

Working Capital

€m	12.31.2003	06.30.2004	09.30.2004
Inventories	5,497	5,724	6,183
Trade receivables	3,253	3,915	3,714
Trade payables	- 4,348	- 4,750	- 4,592
Operating Working Capital	4,402	4,889	5,305
Other receivables & payables	-979	- 1,453	- 1,336
Total Working Capital	3,423	3,436	3,969

Net Financial Debt & Gearing

€m	12.31.2003	06.30.2004	09.30.2004
Interest bearing liabilities, LT	4,871	3,883	3,879
Interest bearing liabilities, ST	1,551	2,112	2,055
Cash & cash equivalents	- 1,890	- 2,411	- 3,487
Revaluation of fin. instruments (ST and LT)	- 68	- 57	- 75
Net financial debt	4,464	3,527	2,372
<i>Shareholders' equity</i>	<i>7,463</i>	<i>9,271</i>	<i>11,136</i>
<i>Residual neg. goodwill</i>	<i>676</i>	<i>/</i>	<i>/</i>
Total shareholders' equity	8,139	9,271	11,136
Gearing	54.8%	38.0%	21.3%

Consolidated Balance Sheet - Assets

€m	12.31.2003	09.30.2004
Non current assets	12,590	13,853
- Intangible assets	- 551	159
- Property, plant and equipment	8,947	9,075
- Investments under equity method	1,758	2,228
- Other investments	307	444
- Receivables and other financial assets	693	727
- Deferred tax assets	1,436	1,220
Current assets	12,018	14,945
- Inventories	5,497	6,183
- Trade receivables	3,253	3,714
- Other receivables	1,378	1,561
- Cash and cash equivalents	1,890	3,487
TOTAL ASSETS	24,608	28,798

Consolidated Balance Sheet - Liabilities

€m	12.31.2003	09.30.2004
Shareholders' equity	7,463	11,136
- Group share	6,733	10,297
- Minority interests	730	839
Non current liabilities	8,757	7,990
- Interest bearing liabilities	4,871	3,879
- Employee benefits	1,733	1,677
- Termination benefits	718	873
- Other provisions	983	1,024
- Deferred tax liabilities	289	430
- Others	163	107
Current liabilities	8,388	9,672
- Trade payables	4,348	4,592
- Interest bearing liabilities	1,551	2,055
- Other amounts payables	2,194	2,790
- Termination benefits	82	78
- Other provisions	213	157
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	24,608	28,798

Cash-Flow and Net Financial Debt

€m	FY 2003	9m 2004
Net result before Minority Interests	416	1,741
Depreciation & Amortisation	1,490	805
Loss/profit of cics under equity method, net of div.	- 48	- 267
Others	3	383
Change in working capital (decr.=+)	641	- 815
Cash flow from operating activities	2,502	1,847
Acquisitions of tangible and intangible assets	- 1,327	- 821
Other acquisitions and disposals	218	209
Cash flow from investing activities	- 1,109	- 612
Proceeds from the issue of share capital	85	-53
Capital increase of Arcelor	/	1,136
Dividends paid	- 218	- 249
Conversion O.C.E.A.N.E.	/	277
Buyout of Aceralia's minority interests	/	- 92
Cash flow from financing activities	- 133	1,019
Exchange rate, scope, others	269	- 162
Change in net financial debt (decr.=+)	+ 1,529	+ 2,092
NFD at the beginning of the period	5,993	4,464
NFD at the end of the period	4,464	2,372

Consolidation of CST

Pro forma effects – Balance Sheet

Assets (in millions of euros)	09.30.04	Pro forma	Liabilities (in millions of euros)	09.30.04	Pro forma
Tangible non curr.	13,694	14,985	Shareholders equity	11,136	11,703
Intangible assets	159	159	Non current liabilities	7,990	8,552
Current assets	14,945	15,400	Current liabilities	9,672	10,289
Total assets	28,798	30,544	Total shareholders' equity & liabilities	28,798	30,544

Net debt/equity	09.30.04	Pro forma
	21.3%	26.4%

IFRS

January-July (7 months):29.6%
 August-September (2 months):49.7%
 CST is accounted for using the equity method.

Pro Forma

January-September: 9 months consolidation of CST with target percentage (71.2% as at Oct. 1,2004) based on signed Put & Call agreements with CVRD, Acesita, JFE and other Japanese shareholders of CST.



Note: Transaction pro forma for CST.
 Source: Company data (unaudited)

Consolidation of CST

Pro forma effects – P&L

Significant earnings uplift through consolidation of highly profitable operations

(€m – IFRS)	Arcelor 09/30/04	Arcelor Pro forma	% change
Revenues	21,745	22,644	+4%
EBITDA	2,877	3,329	+16%
<i>Margin</i>	13.2%	14.7%	
EBIT	2,072	2,456	+19%
Net interest	-171	-204	
Associates	346	215	
PBT	2,247	2,467	+10%
Tax	-506	-464	
PAT	1,741	2,003	+15%
Minorities	-247	-351	
Net income*	1,494	1,652	+11%
Non diluted EPS (€per share)	2.87	3.17	

* See P15



Note: Transaction pro forma for CST.
Source: Company data (unaudited)

Consolidation of CST

Pro forma effects – FCF

	(€m – IFRS)	Arcelor 09/30/04	Arcelor Pro forma	% change
Significant enhancement to cash generation potential	Net profit from operating activities	2,662	3,041	14%
	Cash flow from operating activities	1,847	2,203	19%
	Investing activities	-1,144	-1,251	
	Divesting activities	532	532	
	Cash flows from investing activities	-612	-719	
	Free cash flow	1,235	1,484	20%