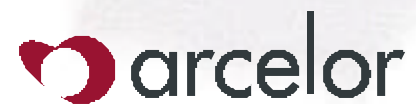




# ARCELOR

## Half Year 2002 Results Presentation

*September 2, 2002*





# **1. Consolidated proforma accounts**

# Consolidated accounts

## Introduction

### Remarks

#### Proforma accounts

6 months Arcelor (January to June: Aceralia + ARBED + Usinor)

⇒ Application of the economic continuity principle

#### Legal accounts : **IAS 34 with application of IAS 22**(« purchase accounting »)

2 months Usinor (January to February) + 4 months Arcelor (March to June: Aceralia + ARBED + Usinor)

⇒ Application of the IAS accounting principles

# Group key figures (Proforma accounts)

M EUR

H1  
2001

H1  
2002

*Proforma. Unaudited*

**Revenue**

**14,314**

**13,705**

**EBITDA**

**1,215**

**881**

*as % of revenue*

8.5%

6.4%

**EBIT**

**611**

**341**

*as % of revenue*

4.3%

2.5%

**Net income,  
Group share**

**369**

**93**

*as % of revenue*

2.6%

0.7%

**EPS in EUR**

**0.77**

**0.20**

**Gearing**

12/31/01

03/31/02

06/30/02

**0.77**

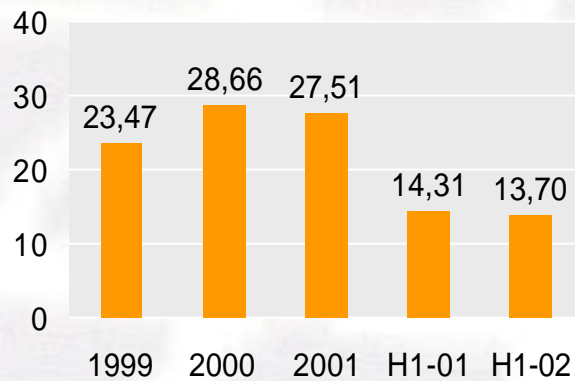
**0.82**

**0.77**

# Group key figures (Proforma accounts)

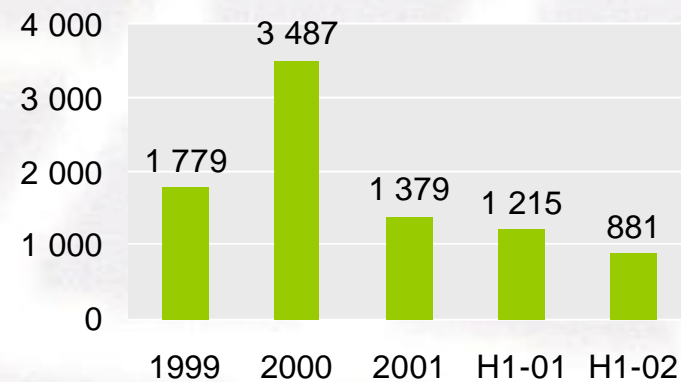
bn EUR

## Revenue



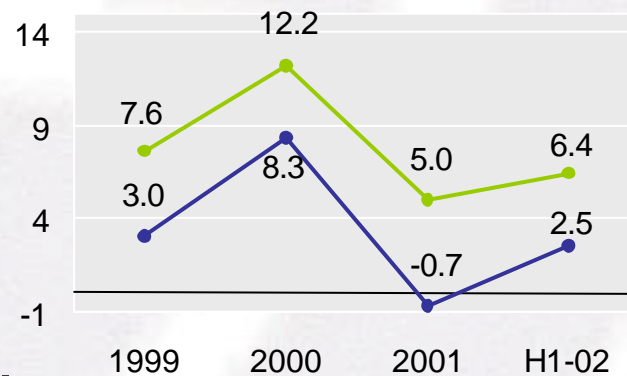
M EUR

## EBITDA



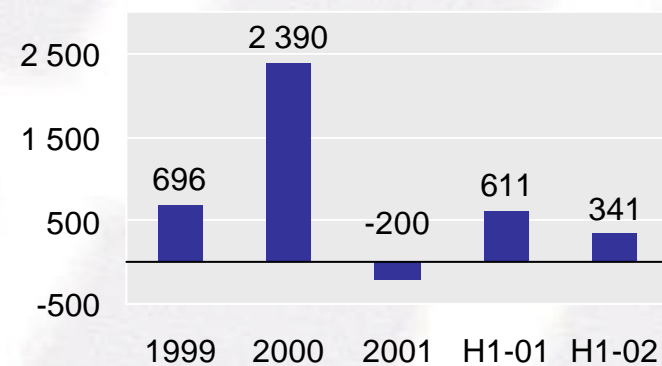
%

## Margins



M EUR

## EBIT





# Breakdown of revenue (Proforma accounts)

1<sup>st</sup> Half Year 2002

by  
Geographical area

by  
Business sector

EU (15) **74.5%**

North America **11.8%**

South America **5.3%**

Other **8.4%**

Flat carbon steel **46.8%**

Long carbon steel **16.2%**

Stainless steel **16.4%**

DTT **35.5%**

Other activities **3.5%**

Eliminations **- 18.4%**

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Total **100%**

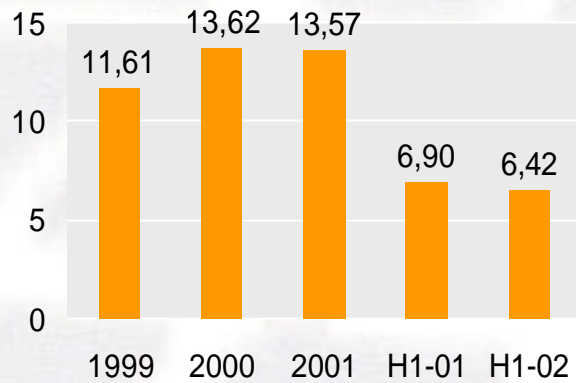
# Flat carbon steel (Proforma accounts)

| M EUR                                   | H1<br>2001          | H1<br>2002         | Change      | Volume/<br>mix<br>effect | Price<br>effect |
|---|---------------------|--------------------|-------------|--------------------------|-----------------|
| <i>Proforma. Unaudited</i>              |                     |                    |             |                          |                 |
| <b>Revenue</b>                          | <b>6,902</b>        | <b>6,420</b>       | <b>- 7%</b> | <b>0%</b>                | <b>- 7%</b>     |
| <b>EBITDA</b><br><i>as % of revenue</i> | <b>716</b><br>10.4% | <b>331</b><br>5.2% |             |                          |                 |
| Amortisation<br>& depreciation          | - 336               | - 311              |             |                          |                 |
| – Recurring                             | - 390               | - 374              |             |                          |                 |
| – Negative goodwill                     | + 54                | + 63               |             |                          |                 |
| <b>EBIT</b><br><i>as % of revenue</i>   | <b>380</b><br>5.5%  | <b>20</b><br>0.3%  |             |                          |                 |

# Flat carbon steel (Proforma accounts)

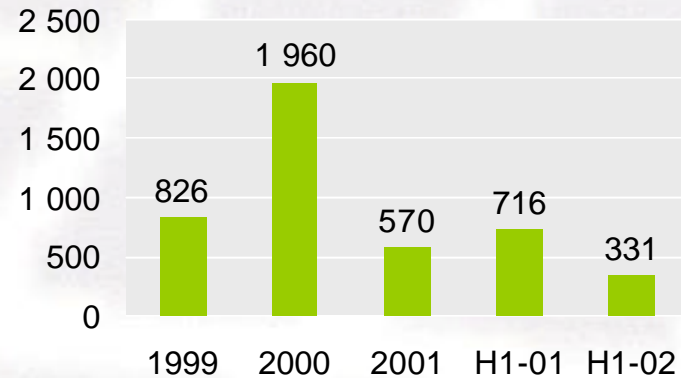
bn EUR

Revenue



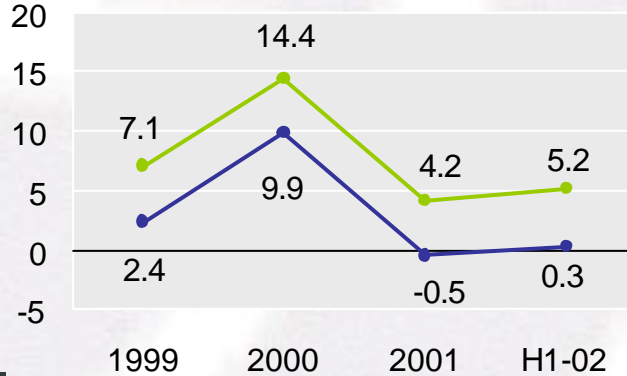
M EUR

EBITDA



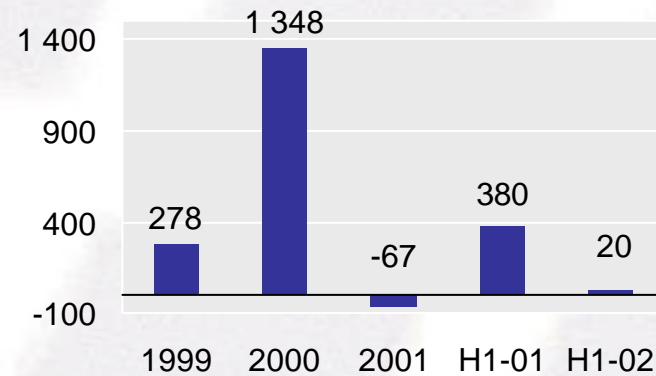
%

Margins



M EUR

EBIT





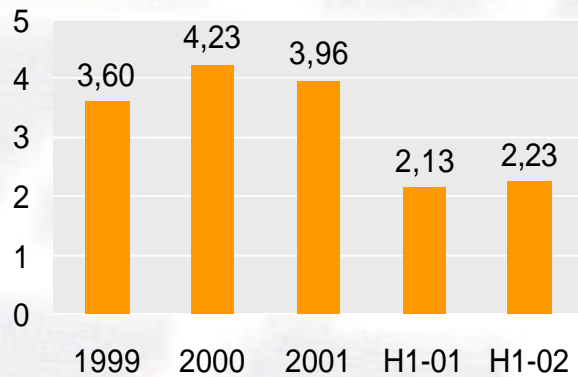
# Long carbon steel (Proforma accounts)

| M EUR                                   | H1<br>2001          | H1<br>2002          | Change    | Volume/<br>mix<br>effect | Price<br>effect |
|---|---------------------|---------------------|-----------|--------------------------|-----------------|
| <i>Proforma.Unaudited</i>               |                     |                     |           |                          |                 |
| <b>Revenue</b>                          | <b>2,129</b>        | <b>2,225</b>        | <b>5%</b> | <b>4%</b>                | <b>1%</b>       |
| <b>EBITDA</b><br><i>as % of revenue</i> | <b>318</b><br>14.9% | <b>339</b><br>15.2% |           |                          |                 |
| Amortisation<br>& depreciation          | - 118               | - 108               |           |                          |                 |
| – Recurring                             | - 129               | - 114               |           |                          |                 |
| – Negative goodwill                     | + 11                | + 6                 |           |                          |                 |
| <b>EBIT</b><br><i>as % of revenue</i>   | <b>200</b><br>9.4%  | <b>231</b><br>10.4% |           |                          |                 |

# Long carbon steel (Proforma accounts)

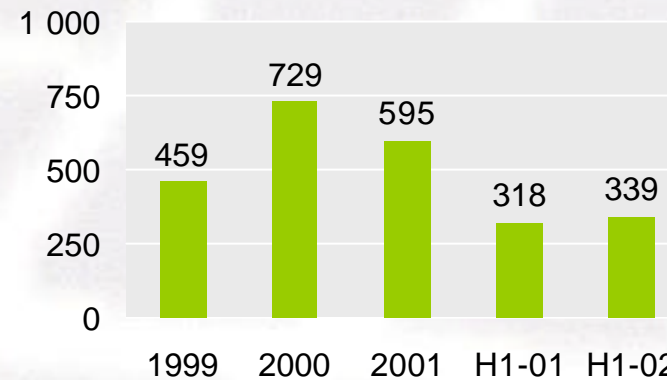
bn EUR

## Revenue



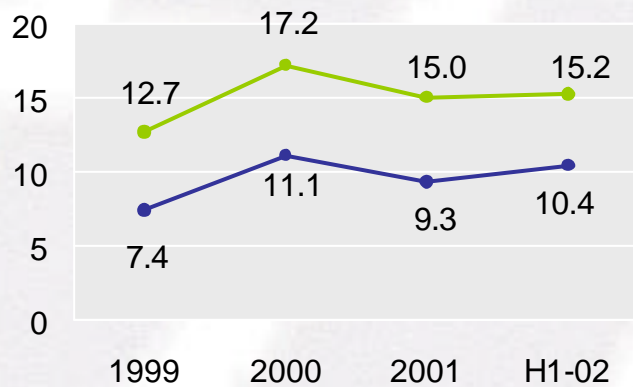
M EUR

## EBITDA



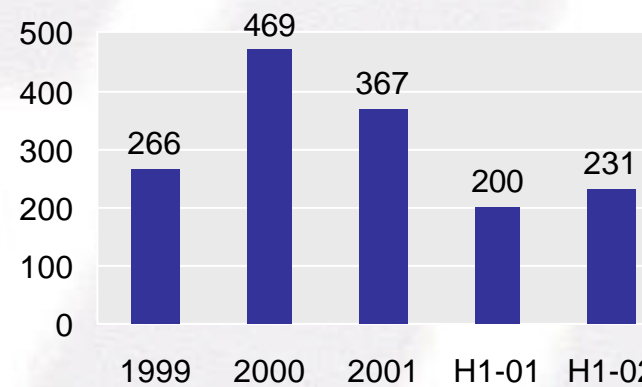
%

## Margins



M EUR

## EBIT



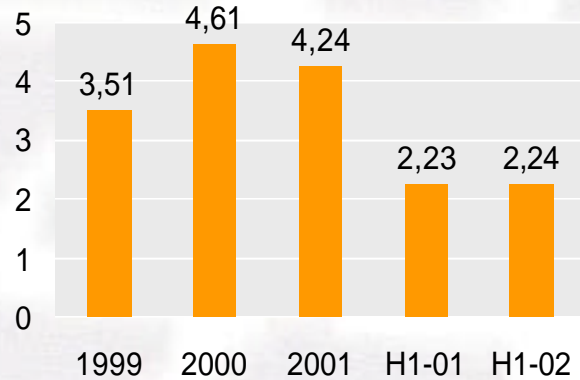
# Stainless steel (Proforma accounts)

| M EUR                                   | H1<br>2001                   | H1<br>2002                | Change    | Volume/<br>mix<br>effect | Price<br>effect |
|---|------------------------------|---------------------------|-----------|--------------------------|-----------------|
| <i>Proforma. Unaudited</i>              |                              |                           |           |                          |                 |
| <b>Revenue</b>                          | <b>2,227</b>                 | <b>2,241</b>              | <b>1%</b> | <b>5%</b>                | <b>- 4%</b>     |
| <b>EBITDA</b><br><i>as % of revenue</i> | <b>12</b><br><i>0.5%</i>     | <b>104</b><br><i>4.6%</i> |           |                          |                 |
| Amortisation<br>& depreciation          | - 107                        | - 79                      |           |                          |                 |
| – Recurring                             | - 121                        | - 88                      |           |                          |                 |
| – Negative goodwill                     | + 14                         | + 9                       |           |                          |                 |
| <b>EBIT</b><br><i>as % of revenue</i>   | <b>- 95</b><br><i>- 4.3%</i> | <b>25</b><br><i>1.1%</i>  |           |                          |                 |

# Stainless steel (Proforma accounts)

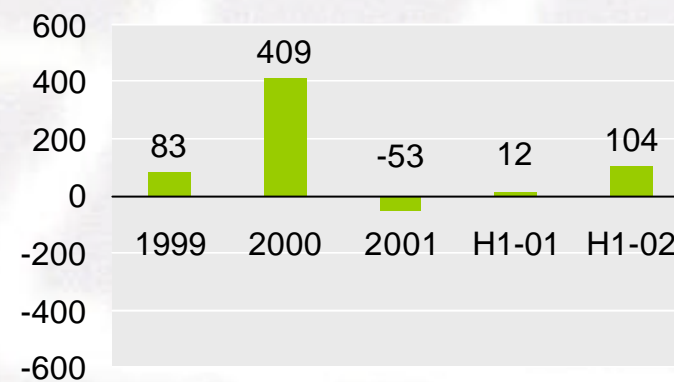
bn EUR

**Revenue**



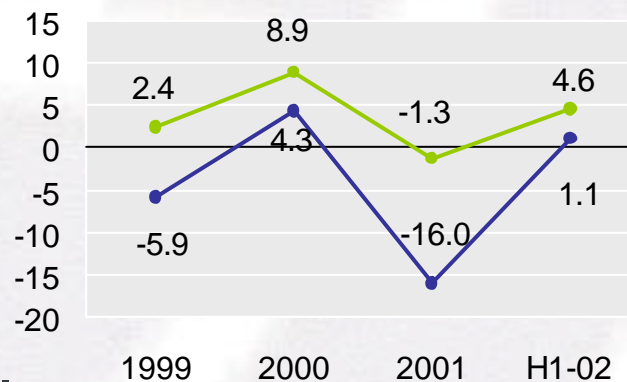
M EUR

**EBITDA**



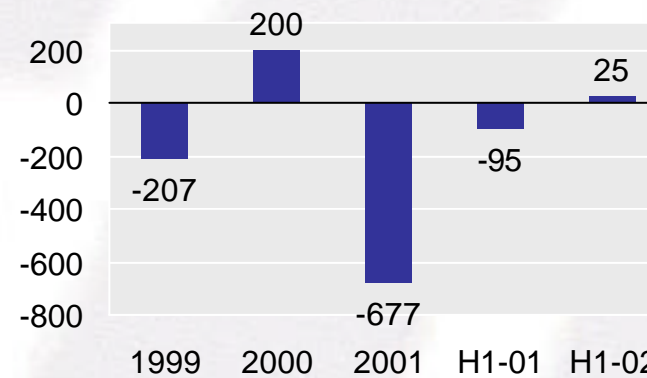
%

**Margins**



M EUR

**EBIT**



# Distribution – Transformation – Trading

(Proforma accounts)

M EUR

H1  
2001

H1  
2002

*Proforma. Unaudited*

**Revenue**

**5,016**

**4,864**

**EBITDA**

**157**

**145**

*as % of revenue*

*3.1%*

*3.0%*

Amortisation  
& depreciation

- 55

- 48

– Recurring

- 68

- 78

– Negative goodwill

+ 13

+ 30

**EBIT**

**102**

**97**

*as % of revenue*

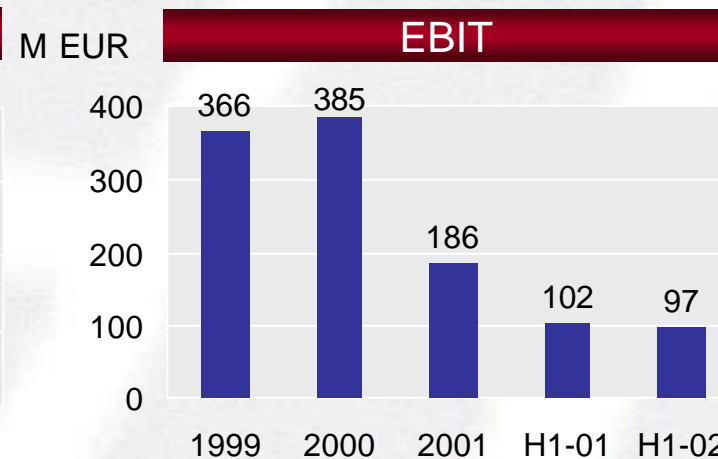
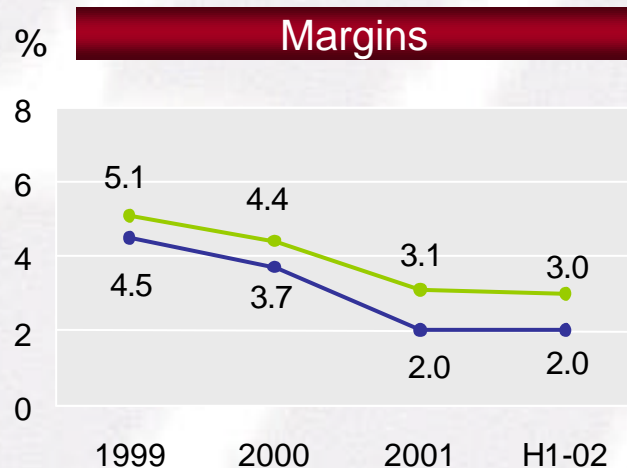
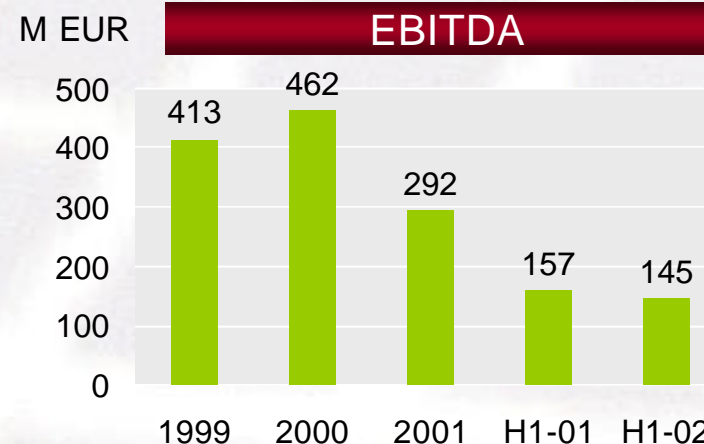
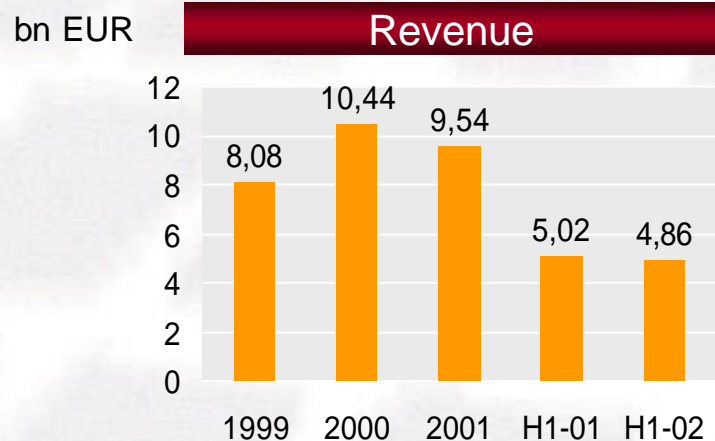
*2.0%*

*2.0%*



# Distribution - Transformation – Trading

(Proforma accounts)



# Total Group (Proforma accounts)

M EUR

H1  
2001

H1  
2002

*Proforma. Unaudited*

**Revenue**

**14,314**

**13,705**

**EBITDA**

**1,215**

**881**

*as % of revenue*

*8.5%*

*6.4%*

Amortisation  
& depreciation

- 604

- 540

– Recurring

- 748

- 678

– Negative goodwill

+ 144

+ 138

**EBIT**

**611**

**341**

*as % of revenue*

*4.3%*

*2.5%*

# Consolidated profit & loss account

## (Proforma accounts)

| M EUR                                      | H1<br>2001    | H1<br>2002    | Change       |
|--|---------------|---------------|--------------|
| <i>Proforma. Unaudited</i>                 | * 1           | 2             | 1/2          |
| <b>Revenue</b>                             | <b>14,314</b> | <b>13,705</b> | <b>- 609</b> |
| <b>EBITDA</b>                              | <b>1,215</b>  | <b>881</b>    | <b>- 334</b> |
| Amortisation & depreciation                | - 748         | - 678         | 70           |
| Amortisation of acquisition differences    | 144           | 138           | -6           |
| <b>EBIT</b>                                | <b>611</b>    | <b>341</b>    | <b>- 270</b> |
| Net financing costs                        | - 265         | - 214         | 51           |
| Income from associates                     | 23            | 0             | - 23         |
| Result of disposal of associated companies | 66            |               | - 66         |
| <b>Profit before tax</b>                   | <b>435</b>    | <b>127</b>    | <b>- 308</b> |
| Income tax                                 | -35           | - 16          | 19           |
| <b>Profit after tax</b>                    | <b>400</b>    | <b>111</b>    | <b>- 289</b> |
| Minority interests                         | -31           | - 18          | 13           |
| <b>Net profit group share</b>              | <b>369</b>    | <b>93</b>     | <b>- 276</b> |

\* Modified following restatements for accountancy purposes linked to the merger as of February 28, 2002

# Simplified balance sheet

## (Proforma accounts)

| M EUR                      | 12.31.01      | 03.31.02      | 06.30.02      |
|----------------------------|---------------|---------------|---------------|
| <i>Proforma. Unaudited</i> | **            | **            |               |
| Fixed assets               | 12,727        | 12,856        | 12,365        |
| Working capital            | 4,679         | 4,778         | 4,561         |
| <u>TOTAL</u>               | <u>17,406</u> | <u>17,634</u> | <u>16,926</u> |
| Capital and reserves       | 8,509         | 8,353         | 8,249         |
| - Group share              | 7,312         | 7,215         | 7,279         |
| Provisions *               | 2,387         | 2,403         | 2,360         |
| Net financial debt         | 6,510         | 6,878         | 6,317         |
| Gearing                    | 0.77          | 0.82          | 0.77          |

\* Provisions including net deferred tax (assets & liabilities)

\*\* Modified following restatements for accountancy purposes linked to the merger as of February 28, 2002



# Net financial debt (Proforma accounts)

| M EUR  | 12.31.01     | 03.31.02     | 06.30.02     |
|--|--------------|--------------|--------------|
| <i>Proforma. Unaudited</i>   | *            | *            |              |
| Interest bearing liabilities, long term                            | 5,053        | 5,193        | 5,143        |
| Interest bearing liabilities, short term                           | 5,320        | 5,658        | 4,577        |
| Net financing linked to securitisation                             | - 1,584      | - 1,417      | - 1,553      |
| Cash and cash equivalents  | - 2,177      | - 2,443      | - 1,787      |
| Revaluation of financial instruments<br>(short term and long term) | - 102        | - 59         | - 63         |
| <b>Net financial debt</b>  | <b>6,510</b> | <b>6,878</b> | <b>6,317</b> |

\* Modified following restatements for accountancy purposes linked to the merger as of February 28, 2002



# Consolidated balance sheet – Assets

## (Proforma accounts)

| M EUR   | 12.31.01      | 06.30.02      | Change       |
|---|---------------|---------------|--------------|
| <i>Proforma. Unaudited</i>                      | ** 1          | 2             | 1/2          |
| <b>NON CURRENT ASSETS</b>                       | <b>14,345</b> | <b>14,037</b> | <b>- 308</b> |
| - <i>Intangible assets</i>                      | - 2,838       | - 2,629       | 209          |
| - <i>Property plant and equipment</i>           | 12,397        | 12,049        | - 348        |
| - <i>Investments under equity method</i>        | 1,924         | 1,781         | - 143        |
| - <i>Other investments</i>                      | 504           | 450           | - 54         |
| - <i>Receivables and other financial assets</i> | 829           | 765           | - 64         |
| - <i>Deferred tax assets</i>                    | 1,529         | 1,621         | 92           |
| <b>CURRENT ASSETS</b>                           | <b>15,225</b> | <b>14,829</b> | <b>- 396</b> |
| - <i>Inventories</i>                            | 6,699         | 6,284         | - 415        |
| - <i>Trade receivables</i> *                    | 4,911         | 5,182         | 271          |
| - <i>Other receivables</i>                      | 1,438         | 1,576         | 138          |
| - <i>Cash and cash equivalents</i>              | 2,177         | 1,787         | - 390        |
| <b>TOTAL ASSETS</b>                             | <b>29,570</b> | <b>28,866</b> | <b>- 704</b> |

# Consolidated balance sheet – Liabilities

## (Proforma accounts)

| M EUR   | 12.31.01      | 06.30.02      | Change       |
|---|---------------|---------------|--------------|
| <i>Proforma. Unaudited</i>                        | ** 1          | 2             | 1/2          |
| <b>SHAREHOLDERS' EQUITY GROUP SHARE</b>           | <b>7,312</b>  | <b>7,279</b>  | <b>- 33</b>  |
| <b>MINORITY INTERESTS</b>                         | <b>1,197</b>  | <b>970</b>    | <b>- 227</b> |
| <b>NON CURRENT LIABILITIES</b>                    | <b>8,569</b>  | <b>9,020</b>  | <b>451</b>   |
| - <i>Interest bearing liabilities</i>             | 5,053         | 5,143         | 90           |
| - <i>Employee benefits</i>                        | 2,108         | 2,111         | 3            |
| - <i>Provisions</i>                               | 708           | 996           | 288          |
| - <i>Deferred tax liabilities</i>                 | 541           | 603           | 62           |
| - <i>Others</i>                                   | 159           | 167           | 8            |
| <b>CURRENT LIABILITIES</b>                        | <b>12,492</b> | <b>11,597</b> | <b>- 895</b> |
| - <i>Trade payables</i>                           | 4,171         | 4,265         | 94           |
| - <i>Interest bearing liabilities*</i>            | 5,320         | 4,577         | - 743        |
| - <i>Other amounts payables</i>                   | 2,442         | 2,484         | 42           |
| - <i>Provisions</i>                               | 559           | 271           | - 288        |
| <b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b> | <b>29,570</b> | <b>28,866</b> | <b>- 704</b> |

\* Including securitisation: 2001 (M EUR 1 584), 2002.06 (M EUR 1 553)

\*\* Modified following restatements for accountancy purposes linked to the merger as of February 28, 2002

# Consolidated cash flow statement

## (Proforma accounts)

| M EUR  | H1           | H1           |
|--|--------------|--------------|
| <i>Proforma. Unaudited</i>                             | 2001 *       | 2002         |
| <b>Cash flow from operating activities</b>             | <b>1,114</b> | <b>682</b>   |
| <i>Acquisitions of tangible and intangible assets</i>  | - 768        | - 701        |
| <i>Other acquisitions and disposals</i>                | - 8          | - 118        |
| <b>Cash flow from investing activities</b>             | <b>- 776</b> | <b>- 819</b> |
| <i>Contribution of shareholders' equity</i>            | 6            | 22           |
| <i>Dividends paid</i>                                  | - 271        | - 192        |
| <i>Increase/decrease in loans or other financing</i>   | 257          | 24           |
| <i>Others</i>  | 1            | - 10         |
| <b>Cash flow from / (used in) financing activities</b> | <b>- 7</b>   | <b>- 156</b> |
| <b>Impact of exchange rate</b>                         | <b>- 16</b>  | <b>- 97</b>  |
| <b>Increase (decrease) of cash</b>                     | <b>315</b>   | <b>- 390</b> |
| <b>Balance at the beginning of the period</b>          | <b>1,692</b> | <b>2,177</b> |
| <b>Balance at the end of the period</b>                | <b>2,007</b> | <b>1,787</b> |

\* Modified following restatements for accountancy purposes linked to the merger as of February 28, 2002

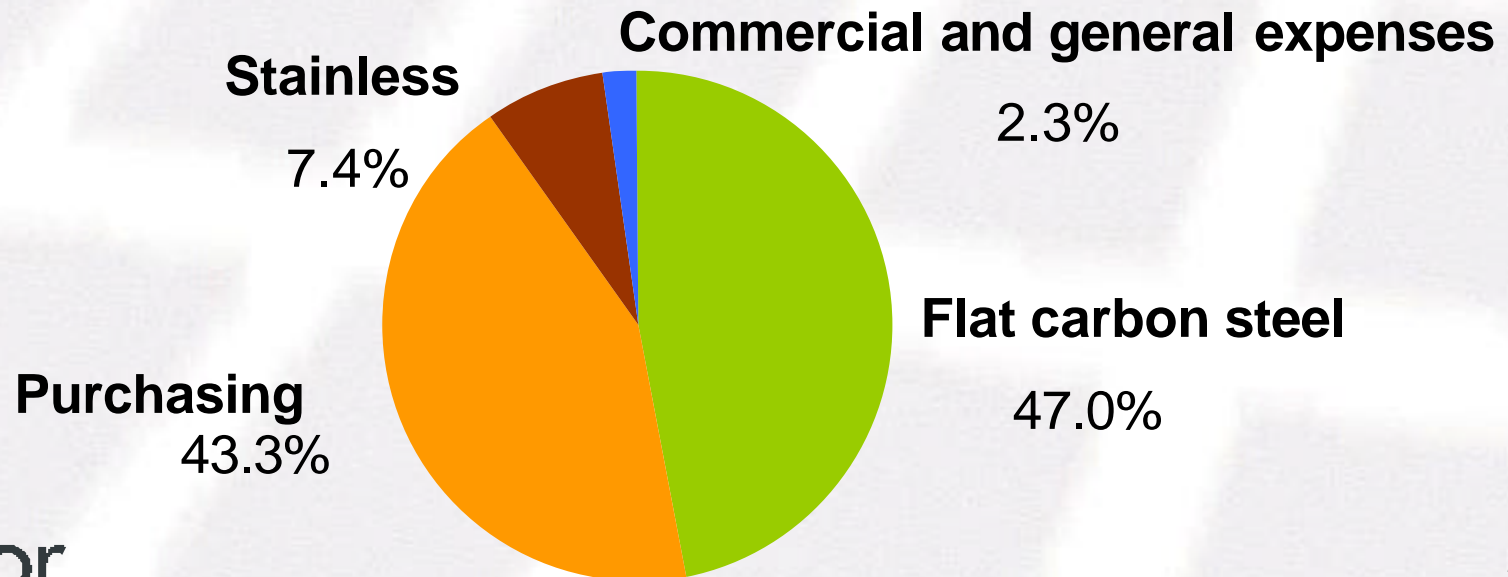


## 2. Synergies



# Confirmation of first synergies

- ⇒ Achievement of first synergies in 2002
- ⇒ At the end of Q2 2002:           EUR 63 mio  
Target at the end of 2002:       EUR 120 mio
- ⇒ Breakdown of synergies at the end of Q2 2002:





# Confirmation of first synergies

## Main fields of synergies

⇒ Flat carbon steel

CARSID

*e.g. gain of fixed cost from BF plant & savings on BF maintenance*

⇒ Purchasing

Scrap, energy, industrial products, iron ore, coal and other raw materials

*e.g. cost savings on electrodes due to global purchasing strategy of the Group; organic coating : global purchasing strategy, transfer of volumes between suppliers and implementation of long term contracts with suppliers to develop a stronger partnership*

⇒ Stainless steel

Integration of UGINE and ALZ: best practices and optimisation of steel shops by production transfer  
*e.g. improvement of the heats of sequence by steel shops specialisation*

# Synergies are progressing as scheduled

