FY05 Financial Results

February 16th, 2006

Introduction

- **Today's agenda: review of 2005 achievements**
- **Starting on the 28th of February, Arcelor will present the next phase of its value plan to its shareholders**
  - This value plan will provide investors with detailed information on the forward strategy we will pursue as an independent entity
  - It will demonstrate that the value that Arcelor is creating for its shareholders far exceeds the value proposed by Mittal Steel through its announced hostile offer

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FY05 Highlights

Excellent Results

- ROCE of 26.5%
- EBITDA of Euros 5.6 bn in a challenging environment
- CAGR of 30% for EBITDA from 2002 to 2005
- Well balanced portfolio of products, geographies and customers
- Prices over volumes
- Active Portfolio Management
- Consolidation of Arcelor's assets in Brazil, successful listing of Arcelor Brasil
- Full consolidation of Acesita in Q4
- Cumulative management gains of Euros 1.9 bn since 2002
- Synergies fully achieved one year ahead of schedule
- Strong cash generation
- Continuation of progressive dividend policy

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FY05 Highlights

Flat Carbon Steel

- ROCE of 31,3%
- State-of-the-art production facilities
- Continuous cost-cutting initiatives
- Optimization of European facilities on schedule
- Production cuts of 9% in Europe (FY05XFY04)

Long Carbon Steel

- Stability of operational performance
- EBITDA margin of 20,7%
- Well established business with low cost operations and high growth applications

Stainless Steel and Alloys

- Continuous cost-cutting initiatives
- Carinox commissioned- significant positive impact on the cost base
- Full consolidation of Acesita – one of the highest EBITDA margins in the industry
- Launch of strategic review

A3S

- Strategically reducing the volatility of margins for Flat and Long businesses
- Expansion into new markets in Eastern Europe, Asia and Americas
- 13,7 mn tons sold in 2005
- Inventories decreased 25% in tonnage

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Key Figures

Euros mn (unaudited for 2005 figures)	Q4 2004*	Q4 2005**	FY 2004*	FY 2005 **	Change on comparable basis Q/Q	FY/FY
Revenue	8 431	**8 352**	30 176	**32 611**	**-3,3%**	**3,9%**
Gross op. result (EBITDA)	1 464	**1 136**	4 341	**5 641**		
as % of revenue	*17,4%*	***13,6%***	*14,4%*	***17,3%***		
…incl. non-recurring items	*-43*	***47***	*-245*	***106***		
Depreciation & Amortisation	*-342*	***-203***	*-1 147*	***-1 265***		
Operating result (EBIT)	1 122	**933**	3 194	**4 376**		
as % of revenue	*13,3%*	***11,2%***	*10,6%*	***13,4%***		
*… incl. non-recurring items****	*-27*	***202***	*-227*	***198***		
Net result, Group share	820	**1 252**	2 314	**3 846**		
as % of revenue	*9,7%*	***15,0%***	*7,7%*	***11,8%***		
EPS (€)	1,34	**2,03**	4,26	**6,26**		
Gearing			*20,4%*	***7,1%***		
ROCE			*26,6%*	***26,5%***		

** CST consolidated as of October 1st 2004, Acindar consolidated as of May 1st*
*** Acesita consolidated as of October 1st 2005*
**** Main non-recurring items: Stainless Impairments Euros 119 mn, Disposal of Rebar business in Spain Euros 96 mn, Acesita Purchase Accounting Euros -53 mn*

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Flat Carbon Steel

Euros mn (unaudited for 2005 figures)	Q4 2004*	Q4 2005	FY 2004*	FY 2005	Change on comparable basis Q/Q	Change on comparable basis FY/FY
Revenue	4 680	**4 520**	16 139	**18 060**	**-3,4%**	**3,3%**
Gross op. result (EBITDA)	908	**609**	2 299	**3 634**		
as % of revenue	*19,4%*	***13,5%***	*14,2%*	***20,1%***		
…incl. non-recurring items	*-2*	***69***	*-192*	***18***		
EBITDA/Ton	*114*	***84***	*81*	***129***		
Depreciation & Amortisation	*-182*	***-228***	*-633*	***-861***		
Operating result (EBIT)	726	**381**	1 666	**2 773**		
as % of revenue	*15,5%*	***8,4%***	*10,3%*	***15,4%***		
… incl. non-recurring items	*19*	***69***	*-178*	***18***		
ROCE			25,2%	**31,3%**		
Crude Steel Production (mn tons)	9,0	**8,2**	31,9	**32,9**		
Shipments (mn tons)	8,0	**7,3**	28,4	**28,1**		

Mix/Vol Effect YoY
-9.4%

Price effect YoY
12.7%

** CST consolidated as of October 1st 2004*

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Long Carbon Steel

Euros mn (unaudited for 2005 figures)	Q4 2004*	Q4 2005	FY 2004*	FY 2005	Change on comparable basis	
					Q/Q	FY/FY
Revenue	1 650	**1 674**	6 221	**6 618**	**13,9%**	**12,0%**
Gross op. result (EBITDA)	340	**335**	1 287	**1 371**		
as % of revenue	*20,6%*	***20,0%***	*20,7%*	***20,7%***		
…incl. non-recurring items	*0*	***-2***	*43*	***94***		
EBITDA/Ton	*106*	***106***	*96*	***111***		
Depreciation & Amortisation	*-81*	***-55***	*-209*	***-260***		
Operating result (EBIT)	259	**280**	1 078	**1 111**		
as % of revenue	*15,7%*	***16,7%***	*17,3%*	***16,8%***		
… incl. non-recurring items	*0*	***17***	*88*	***113***		
ROCE			39,2%	**32,9%**		
Crude Steel Production (mn tons)**	3,2	**2,9**	12,6	**11,4**		
Shipments (mn tons)	3,2	**3,2**	13,4	**12,3**		

Mix/Vol Effect YoY
1,4%

Price effect YoY
10,6%

** Acindar consolidated as of May 1st 2004*

*** Production of Gijon accounted for the Flat Carbon Sector*

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Stainless Steel & Alloys

Euros mn (unaudited for 2005 figures)	Q4 2004*	Q4 2005**	FY 2004*	FY 2005**	Change on comparable basis	
					Q/Q	FY/FY
Revenue	1 159	**1 199**	4 577	**4 028**	**-4,1%**	**-0,4%**
Gross op. result (EBITDA)	98	**8**	258	**173**		
as % of revenue	*8,5%*	***0,7%***	*5,6%*	***4,3%***		
...incl. non-recurring items	*-18*	***-53***	*-65*	***-55***		
Depreciation & Amortisation	*-31*	***35***	*-141*	***-80***		
Operating result (EBIT)	67	**43**	117	**93**		
as % of revenue	*5,8%*	***3,6%***	*2,6%*	***2,3%***		
... incl. non-recurring items	*-18*	***66***	*-86*	***18***		
ROCE			12,8%	**7,4%**		
Crude Steel Production (mn tons)	0,57	**0,58**	2,4	**1,7**		
Shipments (mn tons)	0,49	**0,54**	2,1	**1,6**		

Mix/Vol Effect YoY
-5.1%

Price effect YoY
4.6%

**Industeel not included as part of the Stainless Division since 1st of January 2005*

*** Acesita consolidated as of October 1st 2005. Stainless including Acesita FY05 consolidation: Revenue Euros 4832mn, EBITDA Euros 424mn, EBIT Euros 308mn*

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A3S – Arcelor Steel Solutions and Services

Euros mn (unaudited for 2005 figures)	Q4 2004*	Q4 2005	FY 2004*	FY 2005	Change on comparable basis Q/Q	Change on comparable basis FY/FY
Revenue	2 365	**2 211**	8 267	**8 656**	**-12,1%**	**3,4%**
Gross op. result (EBITDA)	138	**98**	513	**328**		
as % of revenue	*5,8%*	***4,4%***	*6,2%*	***3,8%***		
…incl. non-recurring items	*-23*		*-21*	***1***		
Depreciation & Amortisation	*-37*	***-2***	*-118*	***-74***		
Operating result (EBIT)	101	**96**	395	**254**		
as % of revenue	*4,3%*	***4,3%***	*4,8%*	***2,9%***		
… incl. non-recurring items	*-28*	***10***	*-30*	***1***		
ROCE			24,2%	**18,4%**		
Sourced from Arcelor	71%	**76%**	71%	**74%**		
Sourced Externally	29%	**24%**	29%	**26%**		
Total volume sold (mn tons)	3,78	**3,52**	14,9	**13,7**		

Mix/Vol Effect YoY
-8,9%

Price effect YoY
12,3%

** Excluding Tubes*

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Balance Sheet Indicators

Euros mn (unaudited for 2005 figures)	12.31.2004	12.31.2005	Variation
Non-Current Assets*	13 879	16 787	2 908
Working Capital Requirements	4 003	4 827	824
Total	17 882	21 614	3 732
Shareholders Equity	12 317	17 633	5 316
-Group Share	10 902	15 109	4 207
Provisions**	3 053	2 724	-329
Net Financial Debt	2 512	1 257	-1 255
Gearing	20,4%	7,1%	-65,2%

** Non Current assets minus deferred taxes assets and revaluation of financial instruments*
***Provisions including net deferred taxes*

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Consolidated Income Statement

Euros mn (unaudited for 2005 figures)	Q4 2004*	Q4 2005**	FY 2004*	FY 2005**
Revenue	8 431	8 352	**30 176**	**32 611**
Gross op. result (EBITDA)	1 464	1 136	**4 341**	**5 641**
Depreciation & Amortisation	-379	-232	-1 225	-1 294
Amortisation of goodwill	37	29	78	29
Operating result (EBIT)	**1 122**	**933**	**3 194**	**4 376**
Net financing costs	-196	-113	-367	-254
Income from associates	67	62	413	317
Results before tax	993	882	**3 240**	**4 439**
Income tax	-17	445	-523	-161
Result after tax	976	1 327	2 717	4 278
Minority interests	-156	-75	-403	-432
Net result, Group share	**820**	**1 252**	**2 314**	**3 846**

** CST consolidated as of October 1st 2004, Acindar consolidated as of May 1st 2004*
*** Acesita consolidated as of October 1st 2005*

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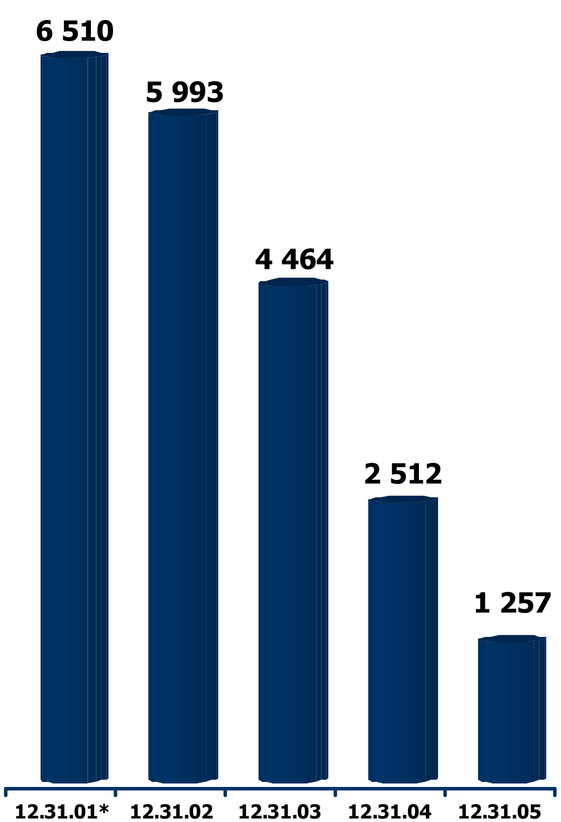
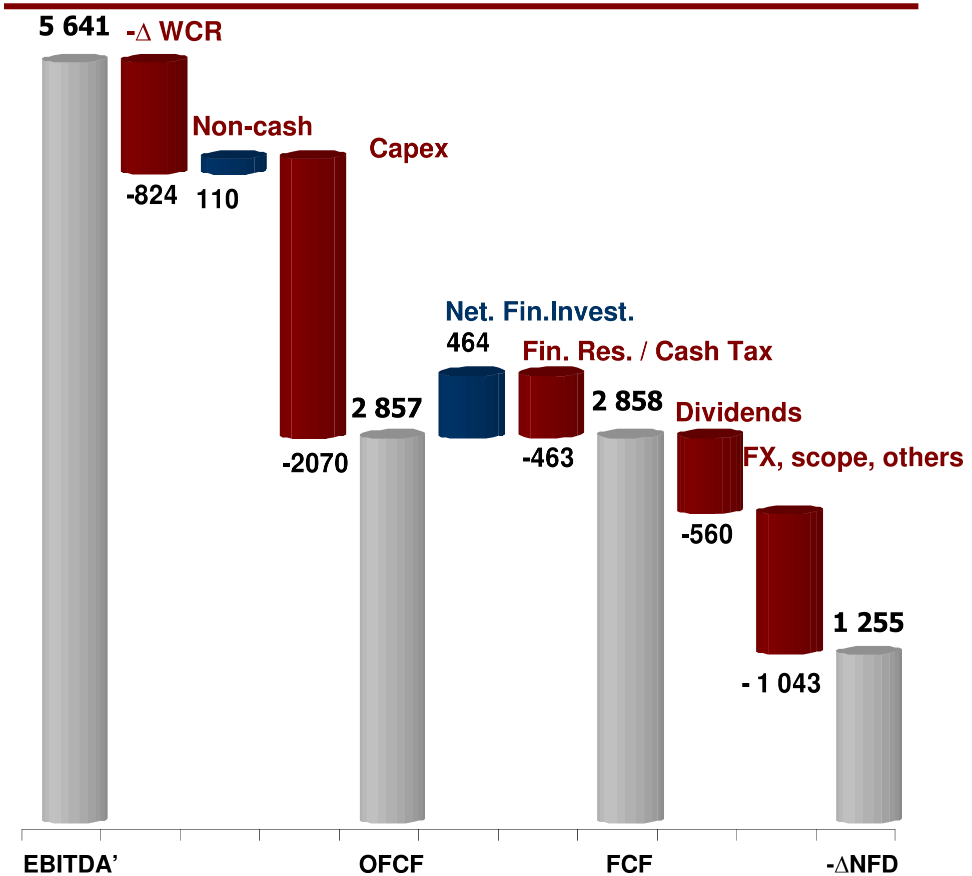
Net Financial Debt & Gearing

Euros mn – unaudited for 2005



Gearing	74%	75%	55%	20%	7%

€m – unaudited for 2005



** Proforma*

*** Oper. FCF = cash flow from operating activities minus acquisitions of tangible and intangible assets*

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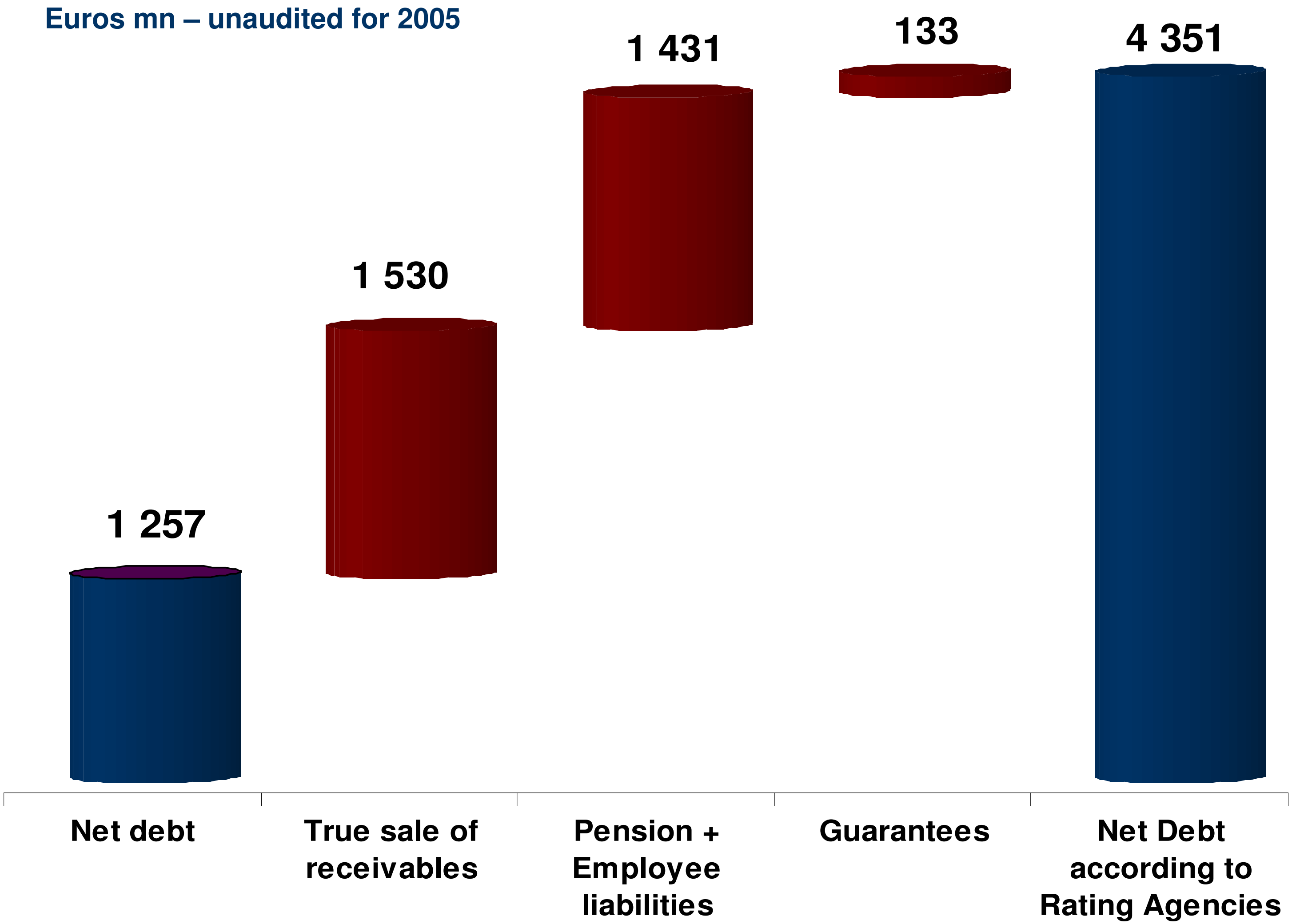
Net Debt According to Rating Agencies

(31/12/2005)



Working Capital

Euros mn (unaudited for 2005 figures)	12.31.2004	12.31.2005	Change
Inventories	6 801	7 580	779
Trade receivables	3 757	3 716	-41
Trade payables	-4 997	-5 228	-231
Operating Working Capital	**5 561**	**6 068**	**507**
Other receivables & payables	-1 558	-1 241	317
Total Working Capital	**4 003**	**4 827**	**824**
Total inventories in tonnage	**10.1 mt**	**10.0 mt**	**-0,1mt**

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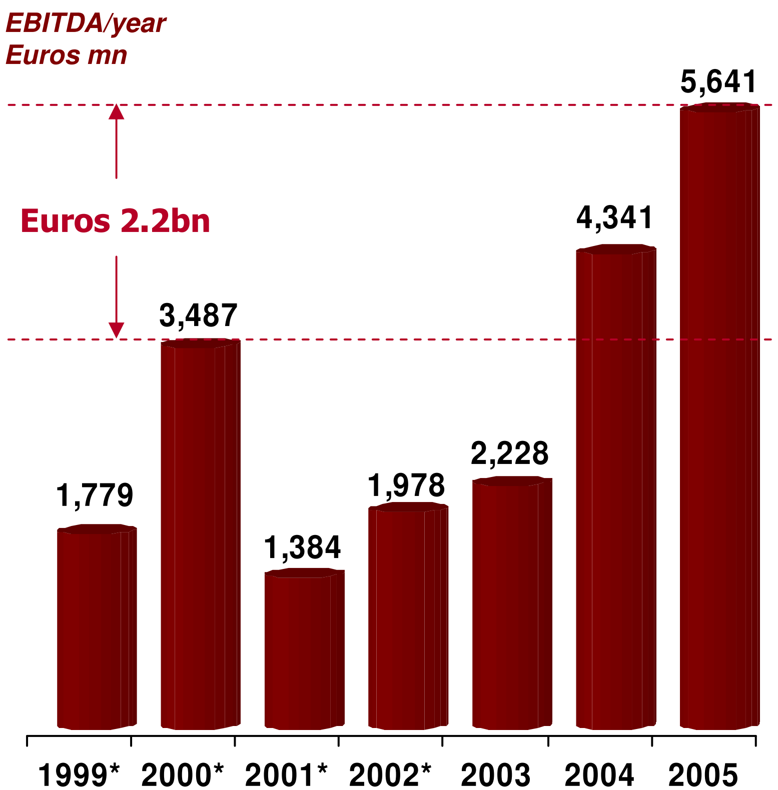
Arcelor continuous value creation confirmed in 2005

>Euros 2bn structural EBITDA added since last peak

Arcelor performance across last cycles



**Proforma Aceralia, Arbed, Usinor*

- **Structurally stronger company robust to steel cycles**
  - Balanced business portfolio reducing volatility of results
  - Prices over volume strategy
  - Sound capex policy
  - Management gains beyond promises
- **Focused on key strategic objectives**
  - Global leadership of key strategic segments, esp. automotive
  - Regional leadership in profitable and highly growing markets
  - Leverage unique distribution network

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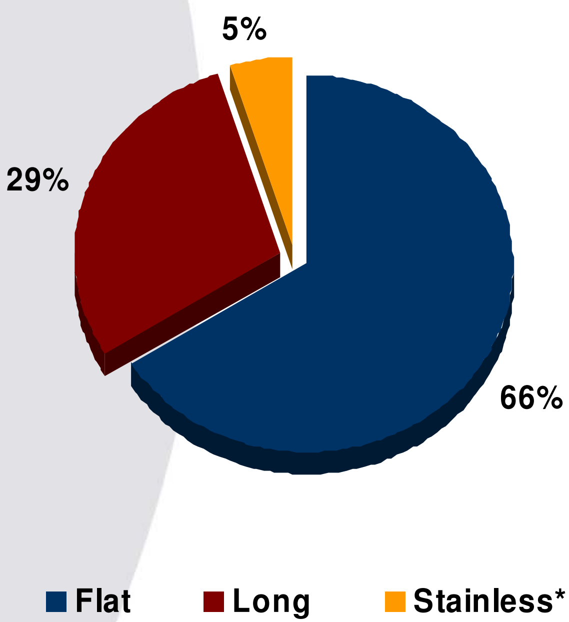
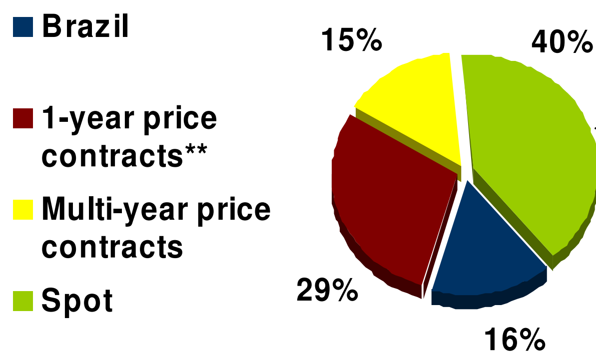
Balanced business portfolio reducing volatility of results

- **Breakdown of Arcelor 2005 shipments by sectors and type of contract**

2005 Shipments breakdown (42.5 mn tons)

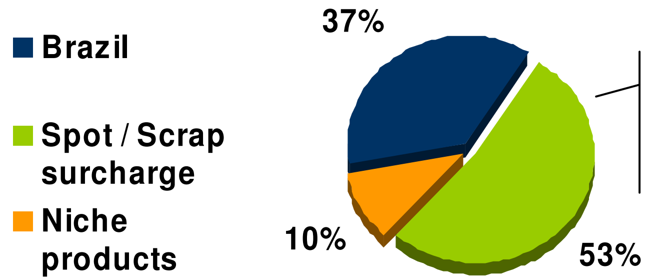


Flat Carbon Steel (28.1 mn tons)



Spot shipments volatility reduced through 2.1mn tons delivered through A3S

Long Carbon Steel (12.3 mn tons)



Spot shipments volatility reduced through 2.5 mn tons delivered through A3S

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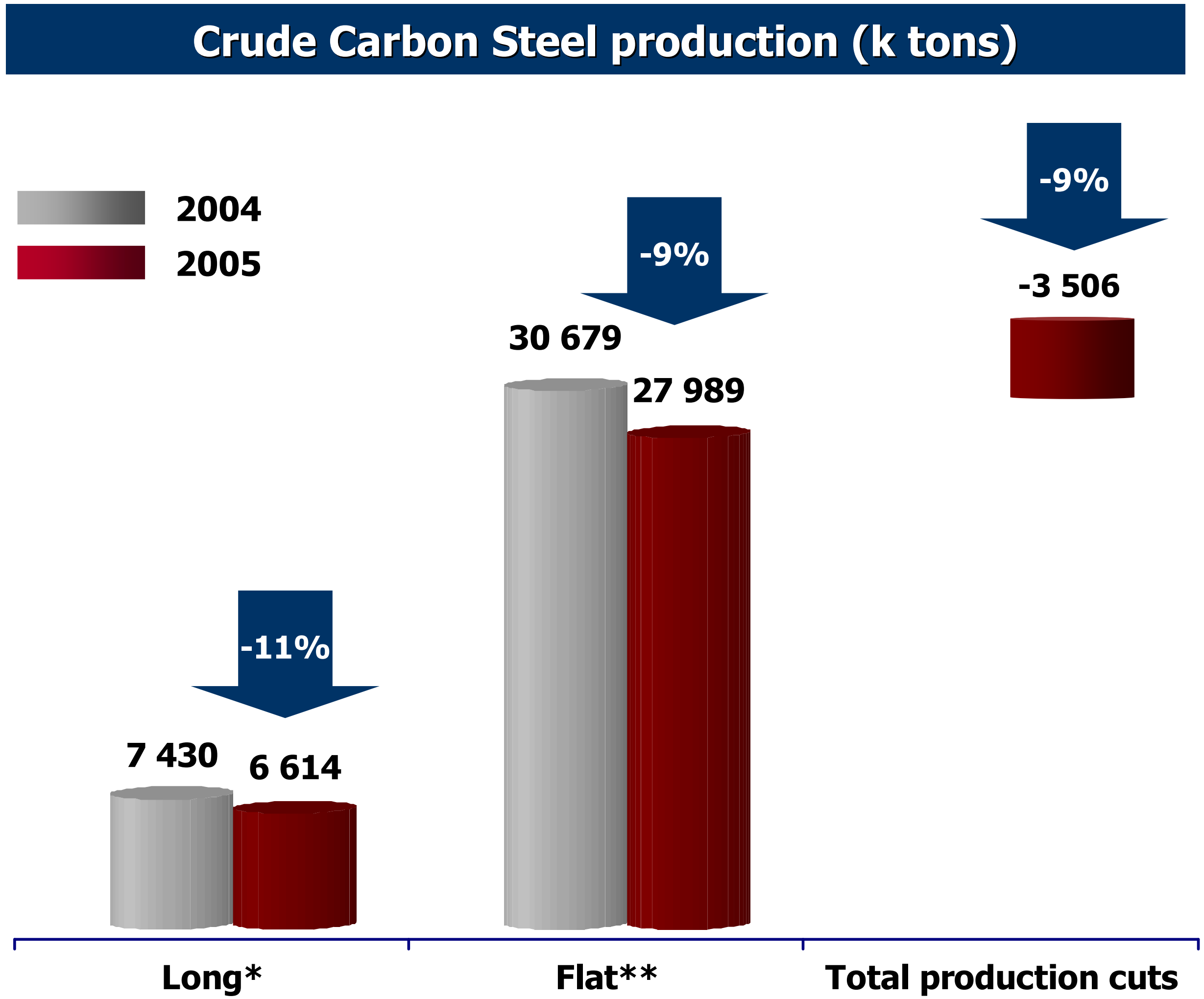
* *Including Industeel*
** *Including slabs*

Prices over volumes strategy

3,500 k tons production cuts in Europe in 2005



**Scope adjustments: ADA production (368 k tons) not included in 1H 04. Azpeitia & Getafe production not included in 2H 2004 (653 k tons) and Huta Warsawa production not considered in 2H 2005 (84 k tons)*
*** Liège definitive closure of one blast furnace as of April 2005 accounting for 857 k tons*

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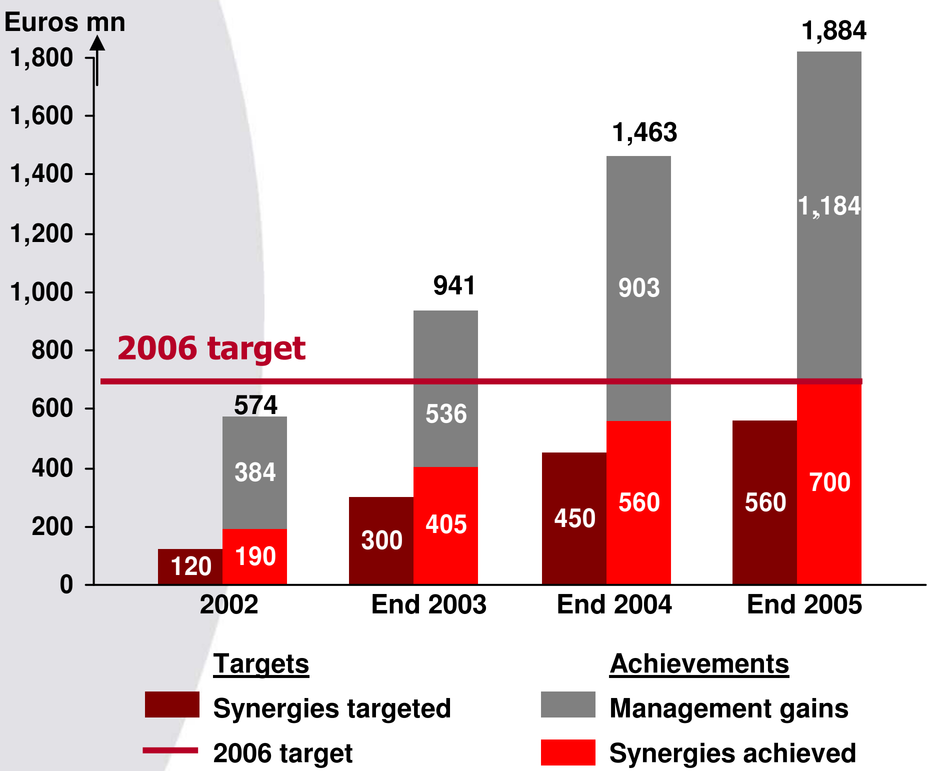
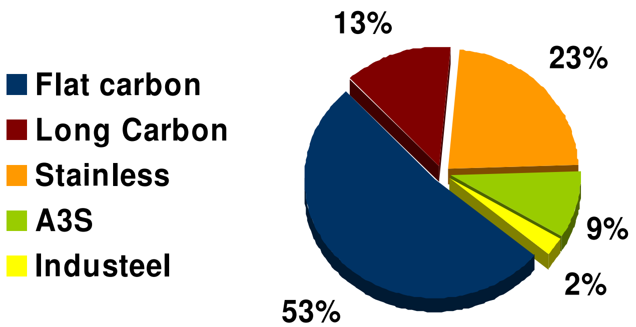
Management Gains Beyond Promises and synergies one year ahead of plan

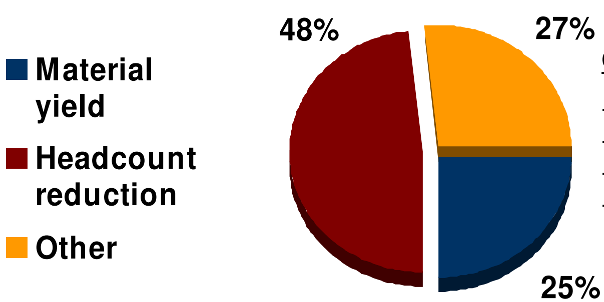
Total Management Gains



FY05 Management gains by sector



FY05 Management gains by category



Other includes:

- Transport
- Energy
- Procurement
- SG&A

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Growth initiative in line with stated Arcelor strategy

- **Global leadership of key strategic segments, esp. Automotive industry**
  - Differentiation through technological leadership
  - Strong footprint in critical markets (Europe, North America)
  - Development to support our clients in Brazil, Turkey, Russia, China, etc.

- **Regional leadership in profitable and highly growing markets**
  - Consolidation and integration of Brazilian activities
  - Target low cost assets with access to raw material in high growth markets

- **Leverage unique distribution network**
  - Enter new markets (Central and Eastern Europe, Latin America)
  - Reduce earnings volatility

Dofasco Compelling Automotive Platform in NAFTA

- **Acquisition of a company with excellent existing position and sales, with a key focus on the automotive sector**
- **Arcelor and Dofasco to benefit from a reinforced global customer reach in automotive**
- **Dofasco is the best platform for Arcelor in North America**
- **Transaction to proceed as planned**
  - Offer extended until February 20, 2006

Combination with Dofasco to Enhance Value to Shareholders

Synergies
Euros 140 mn pa(1)

- Purchasing and Raw Materials
- Flexible Cost Structure
- Know-How Transfer
- Tin Plate
- Slab Supply
- Technological Cooperation
- Automotive Steel
- Commercial Cooperation

+

Natural Hedging

- Excess Iron Ore Capacity from QCM (1/3 captive consumption)
- Natural Hedging of 25% of Combined Dofasco and Arcelor Iron Ore

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(1) Targeted on-going synergy rate

Anchoring Arcelor To The Turkish Market

- **Attractiveness of the Turkish market**
  - The 2nd growing market in the world behind China (long term CAGR of 6%)
  - Strong potential for Arcelor core markets (automotive, appliances, packaging)

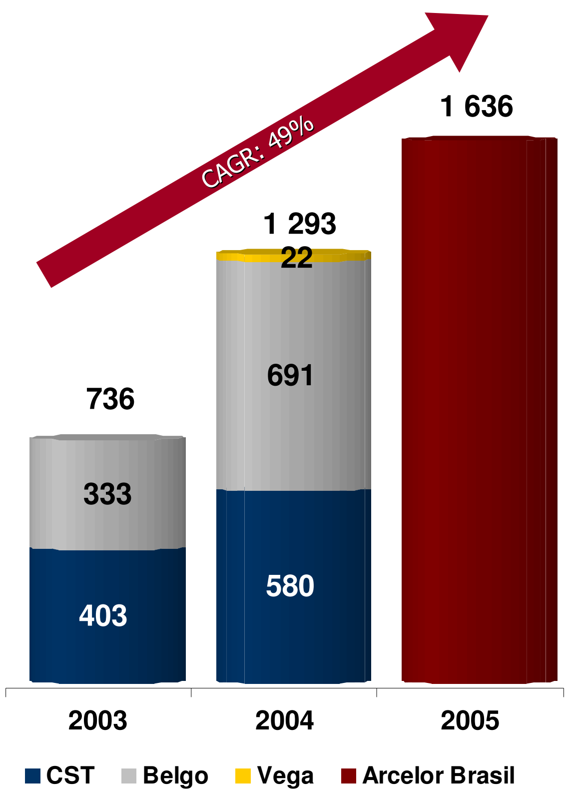
- **Long term commitment of Arcelor in Turkey**
  - Arcelor present since 1989

- **Shareholder agreement signed with Oyak for Erdemir**
  - Competition Authority review in progress

Brazilian Success Story to Continue

- **Brazilian steel consumption to grow from 18 mn tons to 30 mn tons by 2015**
- **Arcelor Brazil unique platform**
  - Successful integration and consolidation of Brazilian assets
  - 2005E EBITDA margin of 37%
- **Bright growth prospects**
  - 3 mn tons short term capacity expansion
  - Highly competitive cost structure

Arcelor Brazil EBITDA



- **Achieving impressive value creation**
- **Current market value in excess of Euros 8 bn***

**Arcelor owns 66.6% of Arcelor Brazil*

Dividend Policy

Commitment to shareholders remuneration

- **Dividend of Euros 1,20 per share**
- **Dividend policy reflects structural improvement of Arcelor profitability**
- **Arcelor is committed to keep increasing shareholders remuneration YoY, reflecting the structural profitability improvements**

Continuous Commitment to Unlock Value

Excellent perspectives for 2006

- Full consolidation of the acquired companies (Dofasco + Acesita)
- Continuous cost cutting initiatives
- Flat carbon multi year contracts prices increase

Capital allocation

- Focus on higher remuneration to shareholders
- Accretive portfolio optimizations (growth opportunities + divestments)
- Stainless under strategic review

Arcelor will present its value plan to its shareholders starting at the 28th of February

- The value plan will provide investors with detailed information on the strategy that Arcelor plans to pursue as an independent entity
- It will demonstrate that the value that Arcelor is creating for its shareholders far exceeds the value proposed by Mittal Steel through its announced hostile offer

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Appendix

Assets

Liabilities

Cash-Flow and Net Financial Debt

Capex Policy

Appendix
Consolidated Balance Sheet - Assets

Euros mn (unaudited for 2005 figures)	**12.31.2004**	**12.31.2005**
Non current assets	**15 249**	**18 196**
- Intangible assets	157	193
- Property, plant and equipment	11 230	13 767
- Investments under equity method	1 366	1 478
- Other investments	528	653
- Receivables and other financial assets	684	758
- Deferred tax assets	1 284	1 347
Current assets	**15 973**	**17 720**
- Inventories	6 801	7 580
- Trade receivables	3 757	3 716
- Other receivables	1 372	1 779
- Cash and cash equivalents	4 043	4 645
TOTAL ASSETS	**31 222**	**35 916**

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Appendix
Consolidated Balance Sheet - Liabilities

Euros mn (unaudited for 2005 figures)	**12.31.2004**	**12.31.2005**
Shareholders' equity	**12 317**	**17 633**
- Group share	10 902	15 109
- Minority interests	1 415	2 524
Non current liabilities	**8 518**	**8 279**
- Interest bearing liabilities	4 348	4 341
- Employee benefits	1 652	1 431
- Termination benefits	887	852
- Other provisions	920	943
- Deferred tax liabilities	629	571
- Others	82	141
Current liabilities	**10 387**	**10 004**
- Trade payables	4 997	5 228
- Interest bearing liabilities	2 293	1 623
- Other amounts payables	2 848	2 879
- Termination benefits	50	30
- Other provisions	199	244
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	**31 222**	**35 916**

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Appendix

Cash-Flow and Net Financial Debt

Euros mn (unaudited for 2005 figures)	FY 2004*	FY 2005**
Net result before Minority Interests	**2 717**	**4 278**
Depreciation & Amortisation	1 147	1 265
Loss/profit of cies under equity method, net of div.	-336	-222
Others	403	-242
Change in working capital (decr.=+)***	-726	-615
Cash flow from operating activities	**3 205**	**4 464**
Acquisitions of tangible and intangible assets	-1 424	-2 070
Other acquisitions and disposals	42	464
Cash flow from investing activities	**-1 382**	**-1 606**
Proceeds from the issue of share capital	-64	12
Capital increase of Arcelor	1 136	
Dividends paid	-249	-560
Conversion O.C.E.A.N.E.	277	
Accounting Procedure Change for O.C.E.A.N.E. 2017		-179
Outsourcing of Pension Fund		-254
Buyout of Aceralia's minority interests	-96	
Cash flow from financing activities	**1 004**	**-981**
Exchange rate, scope, others	-875	-622
Change in net financial debt (decr.=+)	**1 952**	**1 255**
NFD at the beginning of the period	**4 464**	**2 512**
NFD at the end of the period	**2 512**	**1 257**

** CST consolidated as of October 1st 2004 , Acindar consolidated as of May 1st 2004*
*** Acesita consolidated as of October 1st 2005*
**** Adjusted by scope, exchange rate and financial instruments (Euros 824mn pre adjustments-FY05)*

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Appendix: CAPEX policy

Disciplined maintenance capex in Europe around the level of depreciation

- Maintain state of the art assets
- Restructuring capex behind us

Euros 600m development capex in Brazil in 2005

- Capacity expansion of CST plant by 2.5mn tons per year (Euros 365 mn)

Euros mn		2003	2004	2005
Europe	Capex	1 099	1 154	**1 145**
	Depreciation*	-977	-993	**-926**
	= Difference	**122**	**161**	**219**
Brazil & RoW	Development capex**	134	150	**600**
	Other capex	94	120	**325**
	Depreciation*	-158	-172	**-368**
	= Difference	**70**	**98**	**557**
Total	Capex	1 327	1 424	**2 070**
	Depreciation	-1 135	-1 165	**-1 294**
	= Difference	**192**	**259**	**776**

** Depreciation related to capex*
*** Brazil only*

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