

2006 First Quarter Results

May 12th 2006



1Q06 Key Facts



Arcelor Model proved successful once more

- **Profitability sustained. EBITDA of Euros 1.427bn or Euros 1.564bn under pro forma basis.**
 - Excellent results in long carbon steel: EBITDA of 439mn, up 33% YoY
 - Recovery in shipments for Flat Carbon: + 675 Ktons YoY under comparable basis
 - Stainless Steel performance among the best of the industry
 - Strategic support of A3S reducing margins volatility
 - Management gains of Euros 160mn (Dofasco management gains coming on stream 2H06)

1Q06 Key Facts



Arcelor Model proved successful once more

- **Ongoing portfolio management**
 - Acquisition of controlling stake in Sonasid (Morocco)
 - Acquisition of controlling stake in Laminadora Costarricense SA and Trefileria Colima in Costa Rica through Arcelor Brasil
 - Agreement for Ugitech disposal

- **Dofasco acquisition concluded.**
 - Integration ahead of schedule
 - Dofasco performance in line with forecast although no impact in the income statement due to IFRS purchase accounting rules

- **1Q06 One off non-cash items impacting income statement**
 - Net Financial expenses: Negative impact of the share price appreciation over the OCEANE 2017 net debt valuation (Euros 208mn)
 - Income Tax: Capitalization of tax losses carried forward in Belgium (tax reduction of Euros 285mn)

Key Figures



Euros mn (unaudited)	1Q05*	1Q06**	Change on comparable basis
Revenue	8 157	9 565	10.8%
Gross op. result (EBITDA) <i>as % of revenue</i> <i>...incl. non-recurring items***</i>	1 700 20.8% 2	1 427 14.9% -3	
Depreciation & Amortisation	-310	-336	
Operating result (EBIT) <i>as % of revenue</i> <i>... incl. non-recurring items</i>	1 390 17.0% 2	1 091 11.4% 8	
Net result, Group share <i>as % of revenue</i>	949 11.6%	761 8.0%	
EPS (€)	1,55	1,23	
Gearing	17.9%	30.9%	

*2005 comparative information restated following the changes in accounting policies in 2006

** Dofasco consolidated from 1st March onwards

*** Disposal of Acindar Tubes business - positive impact of Euros 51mn, Dofasco purchase account - negative impact Euros 54mn

Flat Carbon Steel



Euros mn	1Q05*	1Q06**	Change on comparable basis
(unaudited)			
Revenue	4 756	5 381	5,1%
Gross op. result (EBITDA) <i>as % of revenue</i>	1 173 24.7%	780 14.5%	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px;"> Mix/Vol effect 9,1% </div> <div style="border: 1px solid black; padding: 5px;"> Price effect -4,0% </div> </div>
Depreciation & Amortisation	-191	-191	
Operating result (EBIT) <i>as % of revenue</i>	982 20.6%	589 10.9%	
Production	9 057 kt	8 854 kt	
Shipments	7 396 kt	8 504 kt	

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** Dofasco consolidated from 1st March onwards

Long Carbon Steel



Euros mn (unaudited)	1Q05*	1Q06	Change on comparable basis
Revenue	1 562	1 875	30,8%
Gross op. result (EBITDA) <i>as % of revenue</i>	330 <i>21.1%</i>	439 23.4%	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Mix/Vol effect 31,6% </div> <div style="text-align: center;"> Price effect -0,8% </div> </div>
Depreciation & Amortisation	-64	-80	
Operating result (EBIT) <i>as % of revenue</i>	266 <i>17.0%</i>	359 19.1%	
Production	<i>2 844 kt</i>	3 077 kt	
Shipments	<i>2 989 kt</i>	3 458 kt	

* 2005 comparative information restated following the changes in accounting policies in 2006

Stainless Steel & Alloys



Euros mn	1Q05*	1Q06	Change on comparable basis
(unaudited)			
Revenue	981	1 406	5,8%
Gross op. result (EBITDA) <i>as % of revenue</i>	94 <i>9.6%</i>	114 8.1%	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Mix/Vol effect +11,6%</p> </div> <div style="text-align: center;"> <p>Price effect -5,8%</p> </div> </div>
Depreciation & Amortisation	-24	-38	
Operating result (EBIT) <i>as % of revenue</i>	70 <i>7.1%</i>	76 5.4%	
Production	421 kt	713 kt	
Shipments	403 kt	603 kt	

* 2005 comparative information restated following the changes in accounting policies in 2006

A3S – Arcelor Steel Solutions and Services



Euros mn	1Q05*	1Q06	Change on comparable basis
(unaudited)			
Revenue	2 056	2 225	5,9%
Gross op. result (EBITDA) <i>as % of revenue</i>	98 4.8%	77 3.5%	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Mix/Vol effect +11,2%</p> </div> <div style="text-align: center;"> <p>Price effect -5,3%</p> </div> </div>
Depreciation & Amortisation	-19	-16	
Operating result (EBIT) <i>as % of revenue</i>	79 3.8%	61 2.7%	
Total Volume Sold	3 208 kt	3 691 kt	
Sourced from Arcelor	2 438 kt	2 621 kt	
Sourced externally	770 kt	1 070 kt	

* 2005 comparative information restated following the changes in accounting policies in 2006

Consolidated Income Statement



Euros mn (unaudited)	1Q05*	1Q06**
Revenue	8 157	9 565
Gross op. result (EBITDA)	1 700	1 427
Depreciation & Amortisation	-310	-347
Negative goodwill	0	11
Operating result (EBIT)	1 390	1 091
Net financing costs	-24	-322
Income from associates	70	72
Results before tax	1 436	841
Income tax	-382	57
Result after tax	1 054	898
Minority interests	-105	-137
Net result, Group share	949	761

* 2005 comparative information restated following the changes in accounting policies in 2006

** Dofasco consolidated from 1st March onwards

Consolidated Balance Sheet - Assets



Euros mn (unaudited)	12.31.2005*	03.31.2006**
Non current assets	18 070	24 070
- Intangible assets	193	1 597
- Property, plant and equipment	13 787	18 135
- Investments under equity method	1 319	1 295
- Other investments	680	665
- Receivables and other financial assets	744	804
- Deferred tax assets	1 347	1 574
Current assets	17 776	18 927
- Inventories	7 592	8 601
- Trade receivables	3 730	5 093
- Other receivables	1 782	1 900
- Cash and cash equivalents	4 672	3 333
TOTAL ASSETS	35 846	42 997

* 2005 comparative information restated following the changes in accounting policies in 2006

** Dofasco consolidated from 1st March onwards

Consolidated Balance Sheet - Liabilities



Euros mn (unaudited)	12.31.2005*	03.31.2006**
Shareholders' equity	17 431	18 602
- Group share	14 907	15 919
- Minority interests	2 524	2 683
Non current liabilities	8 401	11 010
- Interest bearing liabilities	4 341	4 760
- Employee benefits	1 618	2 778
- Termination benefits	852	833
- Other provisions	943	1 056
- Deferred tax liabilities	506	1 425
- Others	141	158
Current liabilities	10 014	13 385
- Trade payables	5 235	5 636
- Interest bearing liabilities	1 623	4 347
- Other amounts payables	2 882	3 153
- Termination benefits	30	29
- Other provisions	244	220
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	35 846	42 997

* 2005 comparative information restated following the changes in accounting policies in 2006

** Dofasco consolidated from 1st March onwards

Working Capital



Euros mn	12.31.2005*	03.31.2006**	Change	Dofasco	Net Change
Inventories	7 592	8 601	1 009	1 145	-136
Trade receivables	3 730	5 093	1 363	488	875
Trade payables	-5 235	-5 636	-401	-214	-187
Operating Working Capital	6 087	8 058	1 971	1 419	552
Other receivables & payables	-1 241	-1 411	-170	-51	-119
Total Working Capital	4 846	6 647	1 801	1 368	433
Metal Stocks (Mtons)	10.1	10.6	0.5	1.1	-0.6

* 2005 comparative information restated following the changes in accounting policies in 2006

** Dofasco consolidated from 1st March onwards

Cash-Flow and Net Financial Debt



Euros mn (unaudited)	1Q05*	1Q06**
Net result before Minority Interests	1 054	898
Depreciation & Amortisation	310	336
Loss/profit of cics under equity method, net of div.	-58	-50
Others	163	-77
Change in working capital (decr.=+)	-742	-357
Cash flow from operating activities	727	750
Acquisitions of tangible and intangible assets	-299	-532
Dofasco Acquisition		-4 016
Other acquisitions and disposals	-125	35
Cash flow from investing activities	-424	-4 513
Proceeds from the issue of share capital	6	
Dividends paid	-40	-21
Fair value adjustment conversion option OCEANE 2017	-108	168
Cash flow from financing activities	-142	147
Exchange rate, scope, others	-37	-6
Dofasco's Gross Debt		-890
Change in net financial debt (decr.=+)	124	-4 512
NFD at the beginning of the period	2 483	1 230
NFD at the end of the period	2 359	5 742

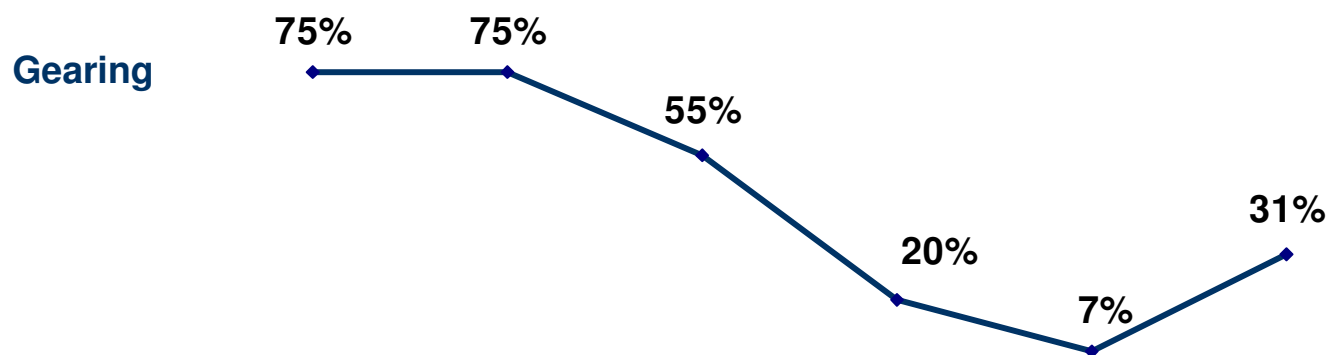
* 2005 comparative information restated following the changes in accounting policies in 2006

** Dofasco consolidated from 1st March onwards

Net Financial Debt & Gearing - I



Euros mn



Euros mn	12.31.01	12.31.02	12.31.03	12.31.04	12.31.05	03.31.06
Shareholders Equity	8 070	7 393	8 139	12 317	17 431	18 602
Net Debt	6 510	5 993	4 464	2 512	1 230	5 742

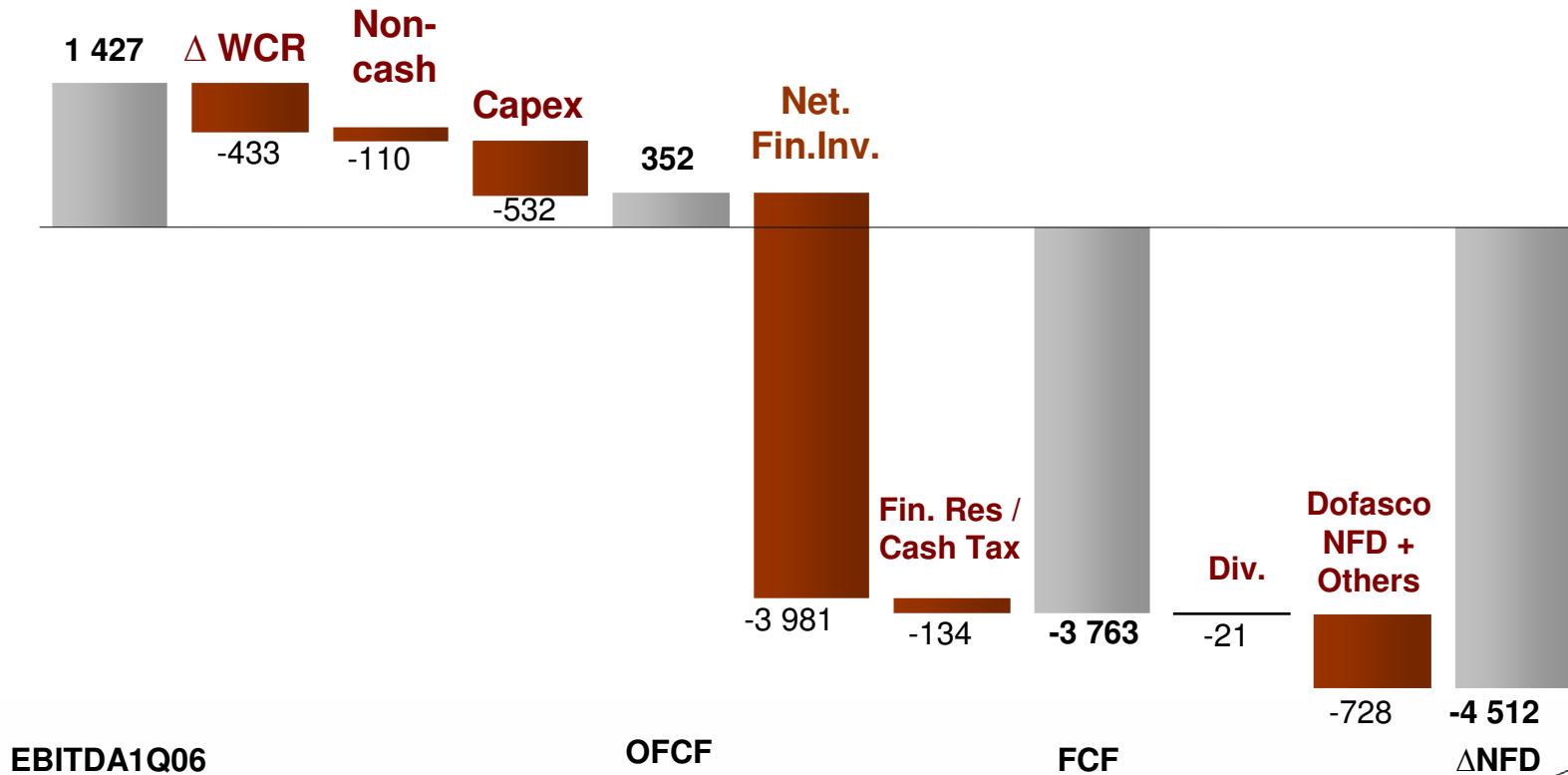
* Proforma

**2005 comparative information restated following the changes in accounting policies in 2006

Net Financial Debt & Gearing - II



Euros mn



Pro-forma Results including 1Q06 Dofasco Results



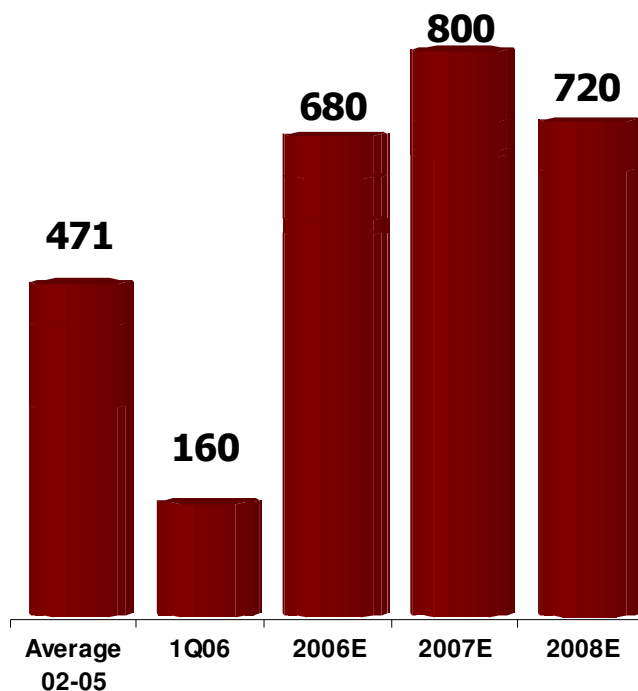
Euros mn (unaudited)	1Q06 Reported	Pro-Forma 1Q06	Change
Revenue	9 565	10 212	647
Gross op. result (EBITDA) <i>as % of revenue</i>	1 427 14.9%	1 564 15.3%	137 0.4%
Depreciation & Amortisation	-336	-350	-14
Operating result (EBIT) <i>as % of revenue</i>	1 091 11.4%	1 214 11.9%	123 0.5%
Net result, Group share <i>as % of revenue</i>	761 7.96%	826 8.09%	65 0.13%
EPS (€)	1.23	1.33	0.10

Arcelor management gains* and synergies

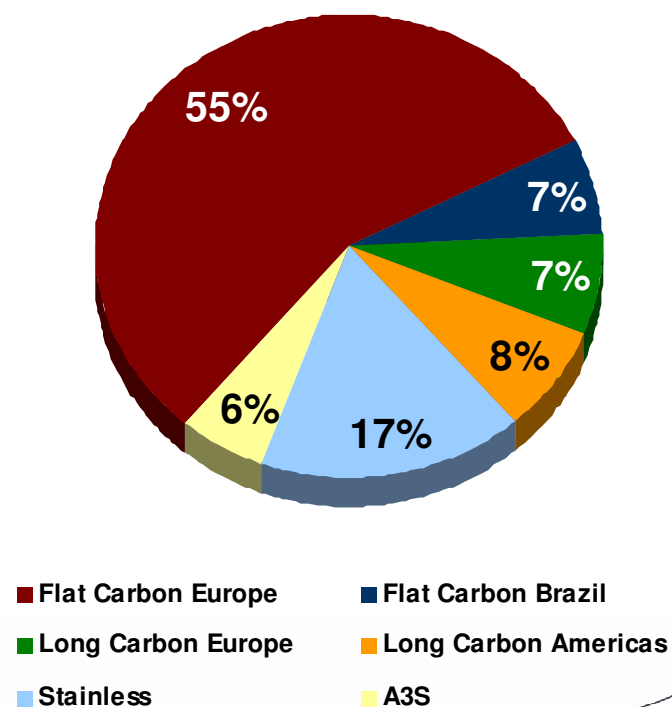
Euros mn



Management Gains - Euros mn



1Q06 - Management Gains: Euros 160mn



* Dofasco management gains not included for the 1Q06

Outlook



▪ Flat

- Positive market signs in terms of volumes for 2Q06. Further price increases expected for next quarters. Benefits of Dofasco integration

▪ Longs

- Profitability expected to remain robust. Sonasid to be integrated in the 2Q06

▪ Stainless

- On going recovery in base prices. Increase in controlling stake of Acesita

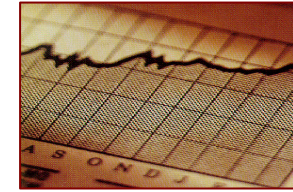
▪ 2006 results expected to be in line with the value plan

Resolutions of the Board of Directors of 11/05/06



- **Extraordinary Shareholder's Meeting to be held on Friday 19 of May 2005 at 5PM**
- **Agenda:**
 - 1 - Report of the Board of Directors
 - 2 - Reduction of the share capital of the Company by means of a public offer to buy back a maximum of 150.000.000 shares for the purpose of their cancellation, at a buy-back price to be set by the Board of Directors, but not exceeding Euros 50,00 per share
 - 3 - Powers delegated to the Board of Directors to implement the public share buy-back offer, and change the company by-laws accordingly

Resolutions of the Board of Directors of 11/05/06



- 4 - Insertion of a new paragraph at the end of article 13 of the bylaws: “Any shareholder(s) owing at least one per cent (1%) of issued shares can request, by means of a registered letter sent to the Company’s registered office, that draft resolutions of their choosing be included on the agenda. The Board of Directors will ensure that the requesting party has provided sufficient proof of ownership of the required portion of share capital and that the proposed resolutions are sufficiently clear and reasoned to merit inclusion on the agenda, whereby such requests must be received before the notices to attend the Shareholders’ Meeting are sent”.