

1H06 Results

August 2nd 2006

1H06 Highlights



1H 2006

- Excellent contribution of all divisions despite price cost squeeze of EUR 1.8 bn
- Buoyant demand on all markets
- Substantial management gains at EUR 350 million
- Continuous portfolio management
- Performance in line with Arcelor's 2008 Value Plan. 1H06 Pro forma EBITDA of EUR 3.1bn



Flat Carbon Steel

- Dofasco confirms excellent profit generation potential
- Investments in Brazil will further expand low cost production base of the Group



Long Carbon Steel

- Record results of Long Carbon in Europe
- Sustained high profitability of Long Carbon activity in Brazil



Stainless Steel and Alloys

- Turnaround in the Flat Stainless activity
- Active portfolio management: Ugitech disposal



A3S

- Higher volumes with increasing margins
- Inventories remaining at low level

Key Figures



Euro mn (unaudited)	H1 2005	Q1 2006	Q2 2006	H1 2006	Change on comparable basis
Revenue	16 822	9 565	10 427	19 992	8.6%
Gross op. result (EBITDA)	3 389	1 427	1 408	2 835	
<i>as % of revenue</i>	<i>20.1%</i>	<i>14.9%</i>	<i>13.5%</i>	<i>14.2%</i>	
<i>...incl. non recurring items*</i>	<i>-54</i>	<i>-3</i>	<i>-160</i>	<i>-163</i>	
Depreciation & Amortisation	-742	-347	-415	-762	
Negative Goodwill		11		11	
Operating result (EBIT)	2 647	1 091	993	2 084	
<i>as % of revenue</i>	<i>15.7%</i>	<i>11.4%</i>	<i>9.5%</i>	<i>10.4%</i>	
<i>... incl. non recurring items*</i>	<i>-129</i>	<i>8</i>	<i>-160</i>	<i>-152</i>	
Net result, Group share	1 970	761	653	1 414	
<i>as % of revenue</i>	<i>11.7%</i>	<i>8.0%</i>	<i>6.3%</i>	<i>7.1%</i>	
EPS (€)	3,21	1,23	1,04	2,27	
	06.30.2005	03.31.2006		06.30.2006	
Gearing	12.9%	30.9%		38.2%	

*Non recurring items: at EBITDA level- Dofasco stock options -Euros85m, Employee shareholder plan -Euros41m and Ugitech disposal -Euros29m.

Flat Carbon Steel



Euro mn (unaudited)	H1 2005	Q1 2006	Q2 2006**	H1 2006	Change on comparable basis
Revenue	9 665	5 381	5 993	11 374	2.9%
Gross op. result (EBITDA) <i>as % of revenue</i>	2 381 <i>24.6%</i>	780 <i>14.5%</i>	786 <i>13.1%</i>	1 566 13.8%	Mix/Vol Effect 8.9%
Depreciation & Amortisation	-417	-202	-270	-472	Price effect -6.0%
Negative Goodwill		11		11	
Operating result (EBIT) <i>as % of revenue</i>	1 964 <i>20.3%</i>	589 <i>10.9%</i>	516 <i>8.6%</i>	1 105 9.7%	
Production	17 057kt	8 854 kt*	10 068 kt	18 921 kt *	
Shipments	14 893kt	8 632 kt*	9 403 kt	18 035 kt *	

* Includes Dofasco (mar-jun) production 1479 kt and shipments of 1854kt

**Dofasco consolidated as of 1st of March 2006

Long Carbon Steel



Euro mn (unaudited)	H1 2005	Q1 2006	Q2 2006*	H1 2006*	Change on comparable basis
Revenue	3 230	1 875	1 952	3 827	27.4%
Gross op. result (EBITDA) <i>as % of revenue</i>	662 <i>20.5%</i>	439 <i>23.4%</i>	401 <i>20.5%</i>	840 21.9%	Mix/Vol Effect 26.3% Price effect 1.1%
Depreciation & Amortisation	-140	-80	-75	-155	
Operating result (EBIT) <i>as % of revenue</i>	522 <i>16.2%</i>	359 <i>19.1%</i>	326 <i>16.7%</i>	685 17.9%	
Production	5 889 kt	3 077 kt	3 312 kt	6 389 kt	
Shipments	6 216 kt	3 458 kt	3 564 kt	7 022 kt	

*Sonasid consolidated as of 1st of June 2006

Stainless Steel & Alloys



Euro mn (unaudited)	H1 2005*	Q1 2006	Q2 2006**	H1 2006**	Change on comparable basis
Revenue	1 975	1 406	1 383	2 789	16.7%
Gross op. result (EBITDA) <i>as % of revenue</i>	151 <i>7.6%</i>	114 <i>8.1%</i>	126 <i>9.1%</i>	240 8.6%	Mix/Vol Effect 16.1% Price effect 0.6%
Depreciation & Amortisation	-92	-38	-36	-74	
Operating result (EBIT) <i>as % of revenue</i>	59 <i>3.0%</i>	76 <i>5.4%</i>	90 <i>6.5%</i>	166 6.0%	
Production	834 kt	713 kt	693 kt	1 406 kt	
Shipments	778 kt	603 kt	600 kt	1 203 kt	

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

**Ugitech (disposed at June 2006) accounted only for 5 months.

A3S – Arcelor Steel Solutions and services



Euro mn (unaudited)	H1 2005*	Q1 2006	Q2 2006	H1 2006	Change on comparable basis
Revenue	4 403	2 225	2 396	4 621	2.7%
Gross op. result (EBITDA) <i>as % of revenue</i>	176 4.0%	77 3.5%	111 4.6%	188 4.1%	Mix/Vol Effect 6.4%
Depreciation & Amortisation	-70	-16	-20	-36	Price effect -3.7%
Operating result (EBIT) <i>as % of revenue</i>	106 2.4%	61 2.7%	91 3.8%	152 3.3%	
Total volume sold	6 865 kt	3 691 kt	3 718 kt	7 409 kt	
Sourced from Arcelor	5 087 kt	2 621 kt	2 617 kt	5 238 kt	
Sourced externaly	1 778 kt	1 070 kt	1 101 kt	2 171 kt	

* Excluding Tubes and PUM Processing

Consolidated Income Statement



Euro mn (unaudited)	H1 2005***	Q1 2006	Q2 2006	H1 2006
Revenue	16 822	9 565	10 427	19 992
Gross op. result (EBITDA)**	3 389	1 427	1 408	2 835
Depreciation & Amortisation	-742	-347	-415	-762
Negative Goodwill		11		11
Operating result (EBIT)**	2 647	1 091	993	2 084
Net financing costs	-31	-322	-136	-458
Merger costs*			-182	-182
Income from associates	162	72	84	156
Results before tax	2 778	841	759	1 600
Income tax	-535	57	7	64
Result after tax	2 243	898	766	1 664
Minority interests	-273	-137	-113	-250
Net result, Group share	1 970	761	653	1 414

* Includes defence costs of Euros42m and Severstal Break fee of Euros140m

**Non recurring items: at EBITDA level- Dofasco stock options -Euros85m, Employee shareholder plan -Euros41m and Ugitech disposal -Euros29m.

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

Consolidated Balance Sheet

Assets



Euro mn (unaudited)	12.31.2005*	06.30.2006
Non current assets	18 099	24 155
- Intangible assets	193	1 683
- Property, plant and equipment	13 787	18 027
- Investments under equity method	1 319	1 345
- Other investments	680	631
- Receivables and other financial assets	742	914
- Deferred tax assets	1 378	1 555
Current assets	17 775	19 504
- Inventories	7 592	8 752
- Trade receivables	3 730	5 016
- Other receivables	1 817	2 342
- Cash and cash equivalents	4 636	3 394
TOTAL ASSETS	35 874	43 659

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

Consolidated Balance Sheet

Liabilities



Euro mn (unaudited)	12.31.2005*	06.30.2006
Shareholders' equity	17 430	17 954
- Group share	14 908	15 343
- Minority interests	2 522	2 611
Non current liabilities	8 430	13 530
- Interest bearing liabilities	4 341	7 511
- Employee benefits	1 617	2 728
- Termination benefits	852	821
- Other provisions	943	1 048
- Deferred tax liabilities	536	1 273
- Others	141	149
Current liabilities	10 014	12 175
- Trade payables	5 235	5 671
- Interest bearing liabilities	1 623	2 765
- Other amounts payables	2 882	3 508
- Termination benefits	30	12
- Other provisions	244	219
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	35 874	43 659

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

Cash-Flow and Net Financial Debt



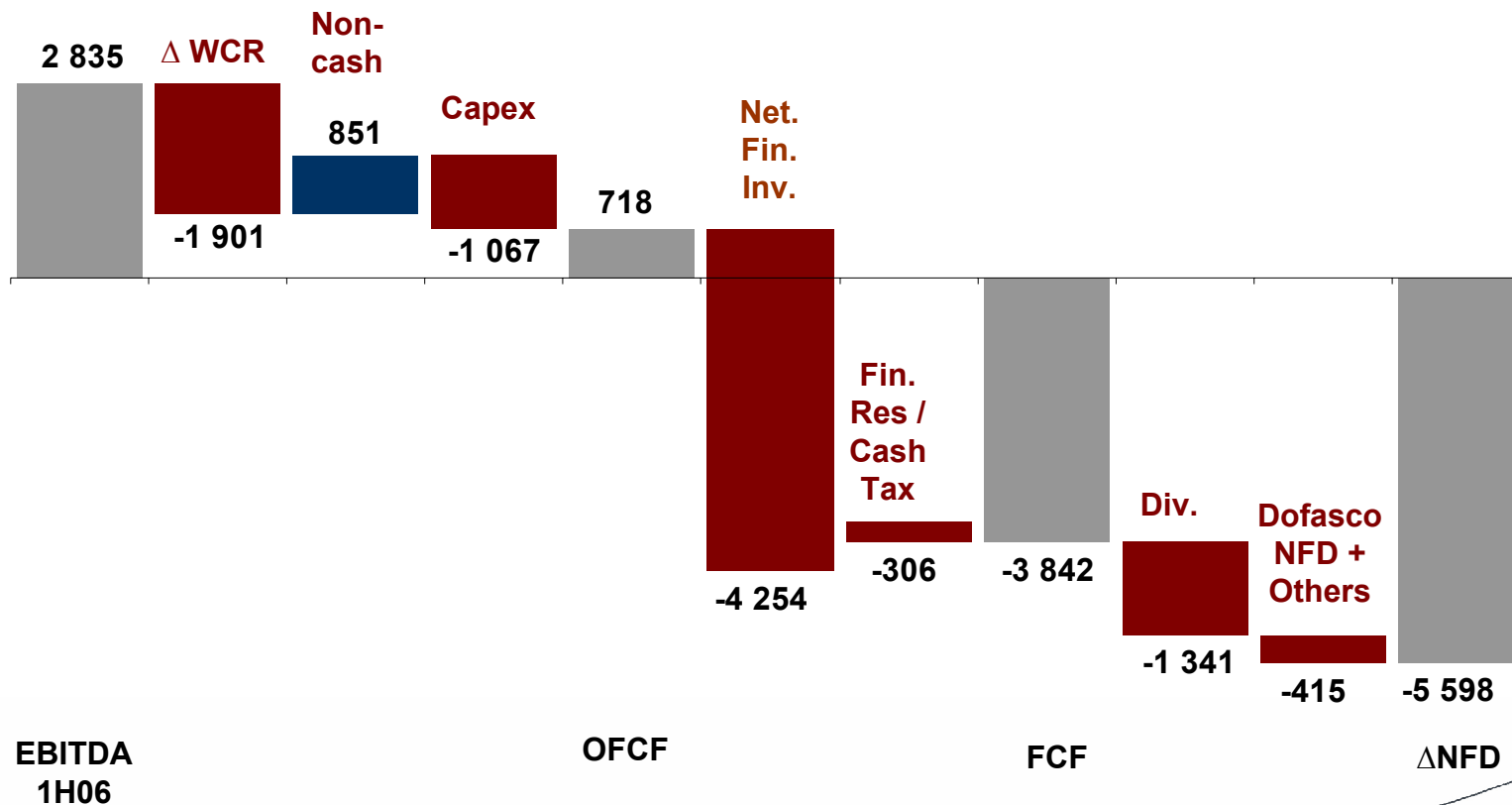
Euro mn (unaudited)	FY 2005*	H1 2006
Net result before Minority Interests	4 305	1 664
Depreciation & Amortisation	1 269	751
Loss/profit of cies under equity method, net of div.	-219	-103
Others	-269	-317
Change in working capital (decr.=+)	-622	-516
Cash flow from operating activities	4 464	1 479
Acquisitions of tangible and intangible assets	-2 070	-1 067
Dofasco Acquisition		-4 016
Other acquisitions and disposals	459	-238
Cash flow from investing activities	-1 611	-5 321
Proceeds from the issue of share capital	12	
Dividends paid	-560	-1 341
Accounting procedure change for O.C.E.A.N.E 2017	-179	168
Outsourcing of Pension Fund	-254	
Cash flow from financing activities	-981	-1 173
Exchange rate, scope, others	-655	-583
Change in net financial debt (decr.=+)	1 217	-5 598
NFD at the beginning of the period	2 483	1 266
NFD at the end of the period	1 266	6 864

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

Net Financial Debt & Gearing - I



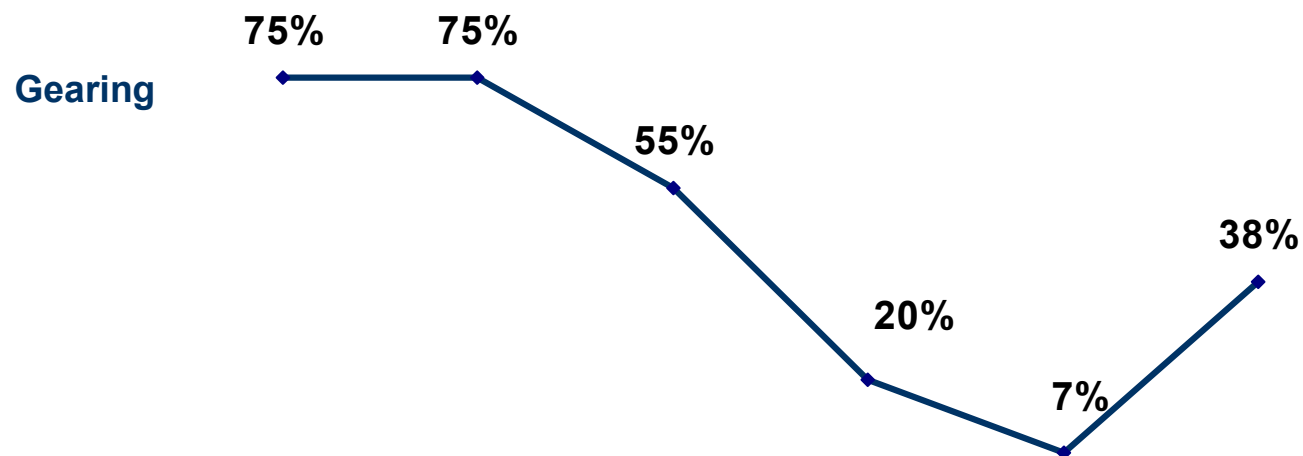
Euro mn



Net Financial Debt & Gearing - II



Euro mn



Euros mn	12.31.01*	12.31.02	12.31.03	12.31.04	12.31.05**	06.30.06
Shareholders Equity	8 070	7 393	8 139	12 317	17 430	17 954
Net Debt	6 510	5 993	4 464	2 512	1 266	6 864

* Proforma

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

Working Capital



Euro mn (unaudited)	12.31.2005*	03.31.2006	06.30.2006	Net Change
Inventories	7 592	8 601	8 752	151
Trade receivables	3 730	5 093	5 016	-77
Trade payables	-5 235	-5 636	-5 671	-35
Operating Working Capital	6 087	8 058	8 097	39
Other receivables & payables	-1 206	-1 411	-1 315	96
Total Working Capital	4 881	6 647	6 782	135
Total inventories in tonnage	10.1mt	10.6mt	11.1mt	0.5mt

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

Pro forma Results including 1H06 Dofasco and Sonasid results



Euro mn (unaudited)					
	1H06 Reported	Dofasco* Adjustments	Sonasid** Adjustments	1H06 Proforma	Increase
Revenues	19 992	642	196	20 830	838
Gross op. result (EBITDA)	2 835	202	45	3 082	247
Oper Result (EBIT)	2 084	146	34	2 264	180
Net result, Group share	1 414	144	23	1 581	167
EPS	2.27	0.23	0.04	2.54	0.27

* Purchasing account Euros 139mn

** Purchasing account Euros 3mn

Outlook



- **Positive Outlook for 2H06. Prices and volumes increasing**
- **Blast Furnace relining will lead to a production cut of around 500kt in Flat Carbon Steel Europe**
- **Zinc updated extra price list to be implemented from Q3 onwards**
- **Stainless turnaround to be completed at the 2H06**
- **Full year results expected to be in line with Value Plan**