

1st Half 2004 Financial Results

30 July 2004



Financial & Accounting Highlights

• Q1 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
- Disposal of Thainox

• Q2 2004

- 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

Key Figures

€m	H1 2003	Q1 2004	Q2 2004	H1 2004	Change on comparable basis
Revenue	13,582	6,899	7,694	14,593	+ 10.6%
Gross operating result	1,276	696	1,083	1,779	
<i>as % of revenue</i>	9.4%	10.1%	14.1%	12.2%	
<i>...incl. non recurring items</i>	0	- 18	- 27	- 45	
Depreciation & Amortisation	- 531	- 287	- 255	- 542	
<i>...incl. depreciation of neg.gw</i>	+ 49	0	0	0	
Operating result	745	409	828	1,237	
<i>as % of revenue</i>	5.5%	5.9%	10.8%	8.5%	
Net result, Group share	358	234	631	865	
<i>as % of revenue</i>	2.6%	3.4%	8.2%	5.9%	
EPS (€)	0.75	0.49	1.25	1.76	
Average number of outstanding shares		533.0m	533.1m	533.1m	
Average number of treasury shares		- 51.7m	- 29.5m	- 41.5m	
	12.31.2003		03.31.2004	06.30.2004	
Gearing	55%		46%	38%	

Flat Carbon Steel

€m	H1 2003	Q1 2004	Q2 2004	H1 2004	Change on comparable basis
Revenue	7,374	3,650	4,040	7,690	+ 4.4%
Gross operating result <i>as % of revenue</i>	843 11.4%	400 11.0%	484 12.0%	884 11.5%	
<i>...incl. non recurring items</i>	0	- 18	- 77	- 95	
Depreciation & Amortisation	- 281	- 146	- 146	- 292	
Operating result <i>as % of revenue</i>	562 7.6%	254 7.0%	338 8.4%	592 7.7%	
Shipments (metric tons)	13,472 kt	6,879 kt	7,345 kt	14,224 kt	

Long Carbon Steel

€m	H1 2003	Q1 2004	Q2 2004	H1 2004	Change on comparable basis
Revenue	2,141	1,268	1,659	2,927	+ 29.7%
Gross operating result <i>as % of revenue</i>	249 11.6%	134 10.6%	404 24.4%	538 18.4%	
<i>...incl. non recurring items</i>	<i>0</i>	<i>0</i>	<i>+ 56</i>	<i>+ 56</i>	
Depreciation & Amortisation	- 99	- 44	- 54	- 98	
Operating result <i>as % of revenue</i>	150 7.0%	90 7.1%	350 21.1%	440 15.0%	
Shipments (metric tons)	5,951 kt	3,289 kt	3,584 kt	6,873 kt	

Stainless Steel, Alloys & Specialty Plates

€m	H1 2003	Q1 2004	Q2 2004	H1 2004	Change on comparable basis
Revenue	2,270	1,208	1,193	2,401	+ 7.6%
Gross operating result <i>as % of revenue</i>	86 3.8%	51 4.2%	58 4.9%	109 4.5%	
<i>...incl. non recurring items</i>	0	0	- 17	- 17	
Depreciation & Amortisation	- 81	- 41	- 26	- 67	
Operating result <i>as % of revenue</i>	5 0.2%	10 0.8%	32 2.7%	42 1.7%	
Shipments (metric tons)	1,329 kt	638 kt	564 kt	1,202 kt	

Distribution, Transformation, Trading

€m	H1 2003	Q1 2004	Q2 2004	H1 2004	Change on comparable basis
Revenue	4,276	1,972	2,025	3,997	+ 6.6%
Gross operating result as % of revenue	91 2.1%	92 4.7%	155 7.7%	247 6.2%	
<i>...incl. non recurring items</i>	0	0	+ 11	+ 11	
Depreciation & Amortisation	- 51	- 38	- 21	- 59	
Operating result as % of revenue	40 0.9%	54 2.7%	134 6.6%	188 4.7%	

Consolidated Income Statement

€m	H1 2003	Q1 2004	Q2 2004	H1 2004
Revenue	13,582	6,899	7,694	14,593
Gross operating result	1,276	696	1,083	1,779
Depreciation & Amortisation	- 580	- 287	- 255	- 542
Amortisation of goodwill	+ 49	0	0	0
Operating result	745	409	828	1,237
Net financing costs	- 174	- 92	- 42	- 134
Income from associates	50	78	110	188
Result before tax	621	395	896	1,291
Income tax	- 187	- 110	- 195	- 305
Result after tax	434	285	701	986
Minority interests	- 76	- 51	- 70	- 121
Net result, Group share	358	234	631	865

Working Capital

€m	12.31.2003	03.31.2004	06.30.2004
Inventories	5,497	5,519	5,724
Trade receivables	3,253	3,806	3,915
Trade payables	- 4,348	- 4,483	- 4,750
Operating Working Capital	4,402	4,842	4,889
Other receivables & payables	-979	- 1,346	- 1,453
Total Working Capital	3,423	3,496	3,436

Net Financial Debt & Gearing

€m	12.31.2003	03.31.2004	06.30.2004
Interest bearing liabilities, LT	4,871	3,922	3,883
Interest bearing liabilities, ST	1,551	2,068	2,112
Cash & cash equivalents	- 1,890	- 1,868	- 2,411
Revaluation of fin. instruments (ST and LT)	- 68	- 95	- 57
Net financial debt	4,464	4,027	3,527
<i>Shareholders' equity</i>	<i>7,463</i>	<i>8,682</i>	<i>9,271</i>
<i>Residual neg. goodwill</i>	<i>676</i>	<i>/</i>	<i>/</i>
Total shareholders' equity	8,139	8,682	9,271
Gearing	54.8%	46.4%	38.0%

Consolidated Balance Sheet - Assets

€m	12.31.2003	06.30.2004
Non current assets	12,590	13,520
- Intangible assets	- 551	156
- Property, plant and equipment	8,947	9,113
- Investments under equity method	1,758	1,845
- Other investments	307	443
- Receivables and other financial assets	693	700
- Deferred tax assets	1,436	1,263
Current assets	12,018	13,360
- Inventories	5,497	5,724
- Trade receivables	3,253	3,915
- Other receivables	1,378	1,310
- Cash and cash equivalents	1,890	2,411
TOTAL ASSETS	24,608	26,880

Consolidated Balance Sheet - Liabilities

€m	12.31.2003	06.30.2004
Shareholders' equity	7,463	9,271
- Group share	6,733	8,483
- Minority interests	730	788
Non current liabilities	8,757	7,871
- Interest bearing liabilities	4,871	3,883
- Employee benefits	1,733	1,693
- Termination benefits	718	747
- Other provisions	983	982
- Deferred tax liabilities	289	415
- Others	163	151
Current liabilities	8,388	9,738
- Trade payables	4,348	4,750
- Interest bearing liabilities	1,551	2,112
- Other amounts payables	2,194	2,612
- Termination benefits	82	76
- Other provisions	213	188
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	24,608	26,880

Cash-Flow and Net Financial Debt

€m	FY 2003	H1 2004
Net result before Minority Interests	416	986
Depreciation & Amortisation	1,490	542
Loss/profit of cies under equity method, net of div.	- 48	- 133
Others	3	188
Change in working capital (decr.=+)	641	- 274
Cash flow from operating activities	2,502	1,309
Acquisitions of tangible and intangible assets	- 1,327	- 553
Other acquisitions and disposals	218	346
Cash flow from investing activities	- 1,109	- 207
Proceeds from the issue of share capital	85	18
Dividends paid	- 218	- 223
Conversion O.C.E.A.N.E.	/	277
Buyout of Aceralia's minority interests	/	- 85
Cash flow from financing activities	- 133	- 13
Exchange rate, scope, others	269	- 152
Change in net financial debt (decr.=+)	+ 1,529	+ 937
NFD at the beginning of the period	5,993	4,464
NFD at the end of the period	4,464	3,527