



H1 2003 financial results

28 August 2003

Introduction

Key figures

€m	H1 2002 ⁽¹⁾	H1 2002 ⁽²⁾	H1 2003
Revenue	13,705	13,705	13,582
Gross operating profit <i>as % of revenue</i>	881 6.4%	881 6.4%	1,276 9.4%
Operating profit <i>as % of revenue</i>	388 2.8%	341 2.5%	745 5.5%
Net profit, Group share <i>as % of revenue</i>	103 0.8%	93 0.7%	358 2.6%

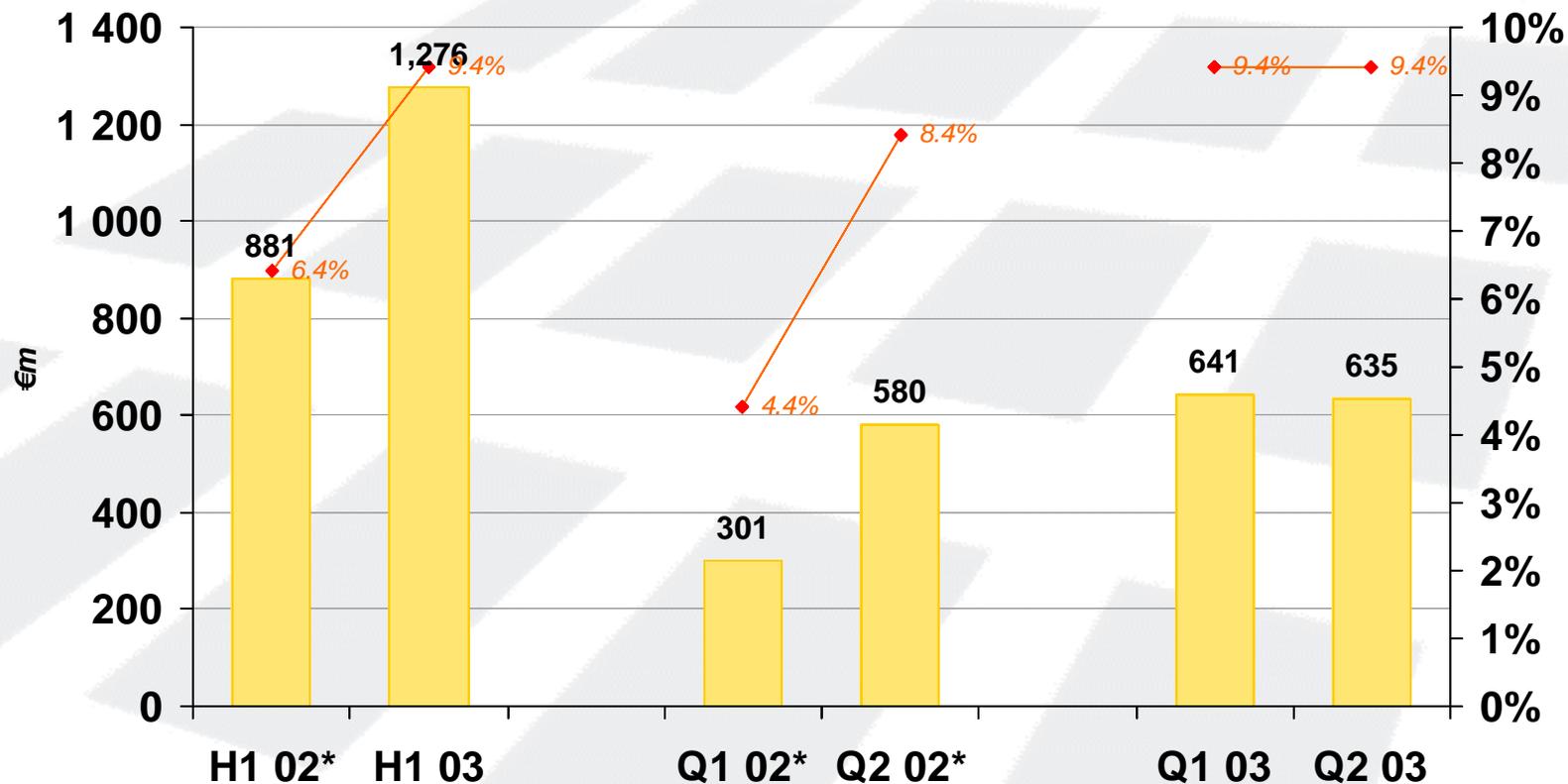
(1) Proforma & adjusted after final allocation of “merger” neg. goodwill.

(2) Proforma, as disclosed in 2002, before final “merger” neg. goodwill adjustment

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EPS	0.22	0.2	0.75

	12.31.2002	06.30.2003
Gearing	0.75	0.71

Sequential & QoQ Gross Operating Profit, absolute & margins



* Proforma & adjusted after final allocation of "merger" neg. goodwill.

Flat Carbon Steel

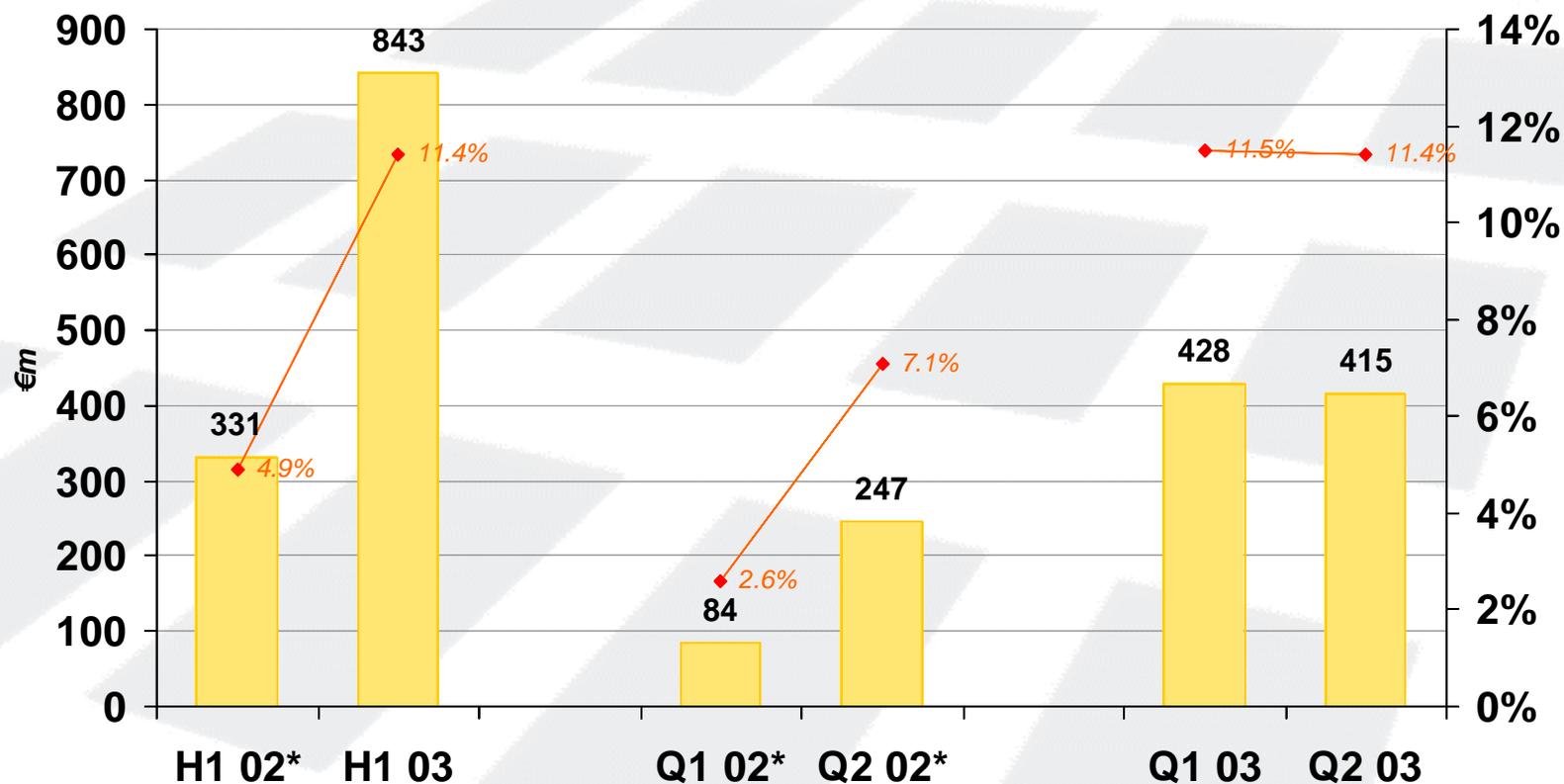
€m	H1 2002 ⁽¹⁾	H1 2002 ⁽²⁾	H1 2003	Change
Revenue	6,780	6,780	7,374	+ 8.8%*
Gross operating profit <i>as % of revenue</i>	331 4.9%	331 4.9%	843 11.4%	<i>+2.1% at comparable structure</i>
Depreciation & Amortisation	- 243	- 311	- 281	
Operating profit <i>as % of revenue</i>	88 1,3%	20 0.3%	562 7.6%	
Total shipments <i>(metric tons)</i>	14.2 mt		13.5 mt	

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Flat Carbon Steel

Sequential & QoQ Gross Operating Profit, absolute & margins



* Proforma & adjusted after final allocation of "merger" neg. goodwill.

Long Carbon Steel

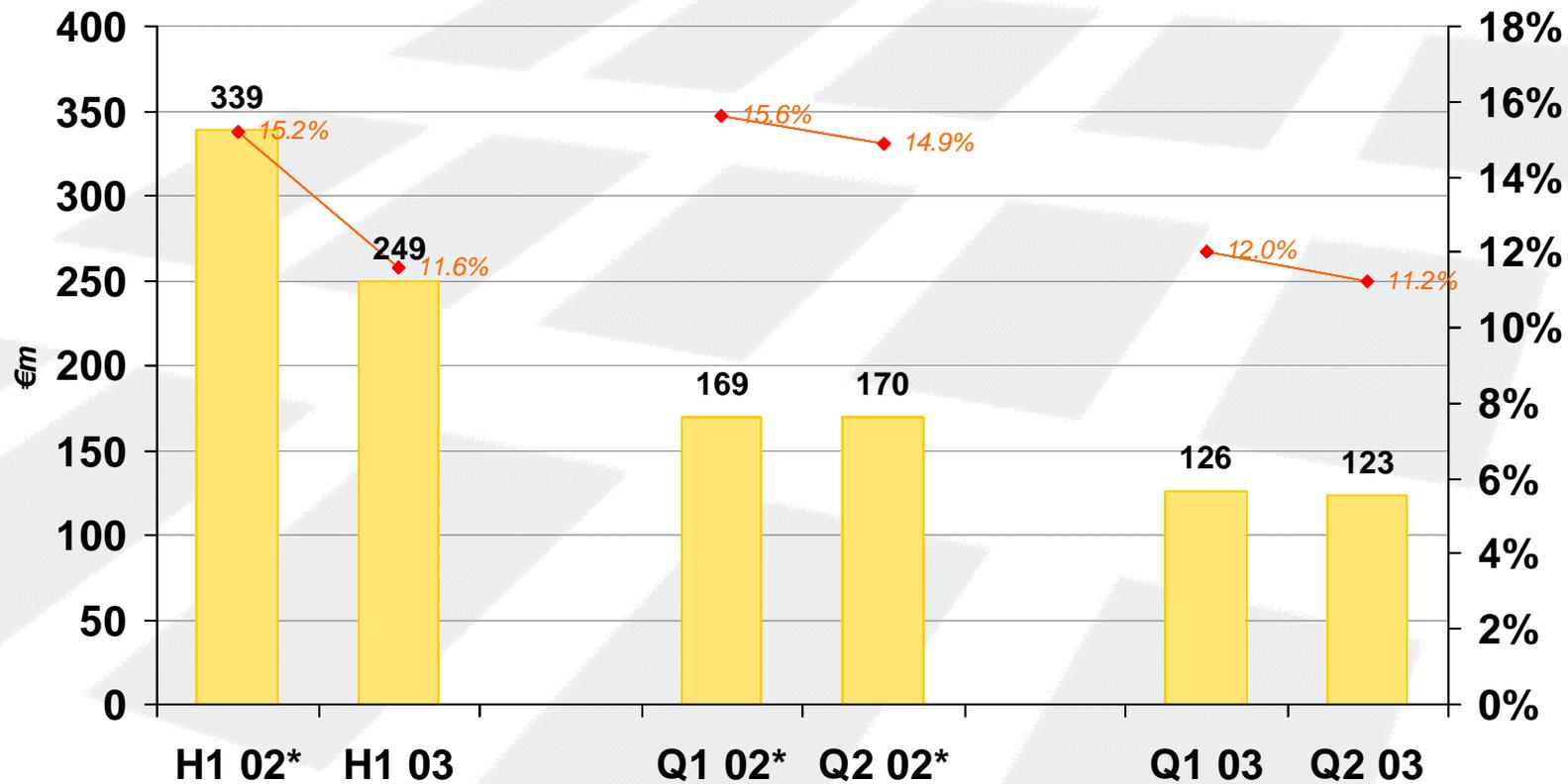
€m	H1 2002 ⁽¹⁾	H1 2002 ⁽²⁾	H1 2003	Change
Revenue	2,225	2,225	2,141	- 3.8%*
Gross operating profit <i>as % of revenue</i>	339 15.2%	339 15.2%	249 11.6%	*-3.6% at comparable structure
Depreciation & Amortisation	- 100	- 108	- 99	
Operating profit <i>as % of revenue</i>	239 10.7%	231 10.4%	150 7.0%	
Total shipments (<i>metric tons</i>)	6.1 mt		5.9 mt	

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(2) Proforma, as disclosed in 2002, before final "merger" neg. goodwill adjustment

Long Carbon Steel

Sequential & QoQ Gross Operating Profit, absolute & margins



* Proforma & adjusted after final allocation of "merger" neg. goodwill.

Stainless Steel, Alloys & Specialty plates

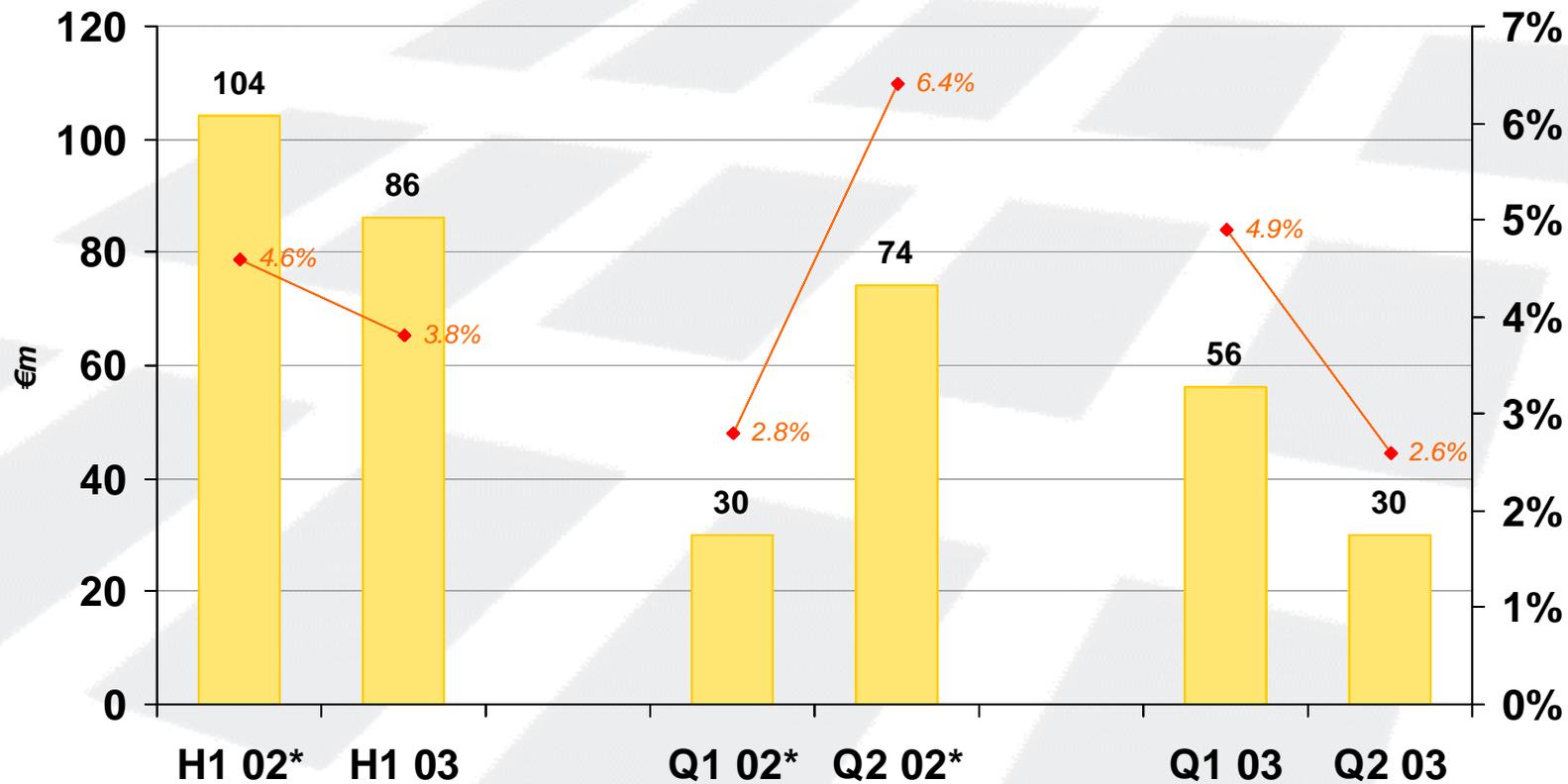
€m	H1 2002 ⁽¹⁾	H1 2002 ⁽²⁾	H1 2003	Change
Revenue	2,241	2,241	2,270	+ 1.3%*
Gross operating profit <i>as % of revenue</i>	104 4.6%	104 4.6%	86 3.8%	*-1.2% at comparable structure
Depreciation & Amortisation	- 75	- 79	- 81	
Operating profit <i>as % of revenue</i>	29 1.3%	25 1.1%	5 0.2%	
Total shipments (<i>metric tons</i>)	1.3 mt		1.3 mt	

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(2) Proforma, as disclosed in 2002, before final "merger" neg. goodwill adjustment

Stainless Steel, Alloys, Specialty plates

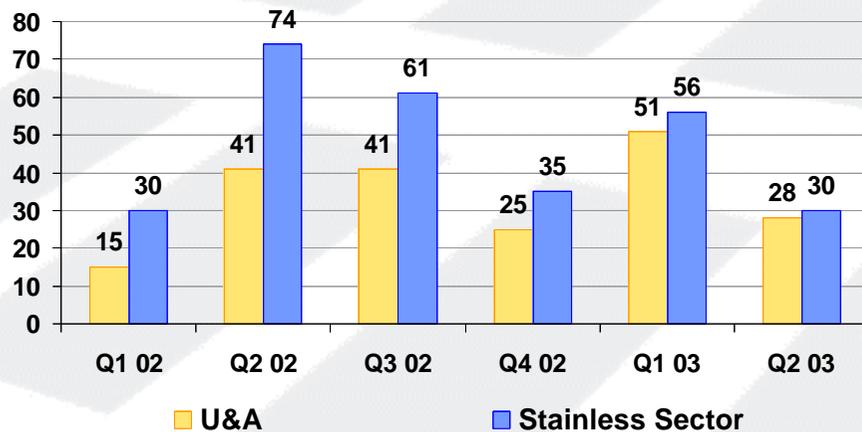
Sequential & QoQ Gross Operating Profit, absolute & margins



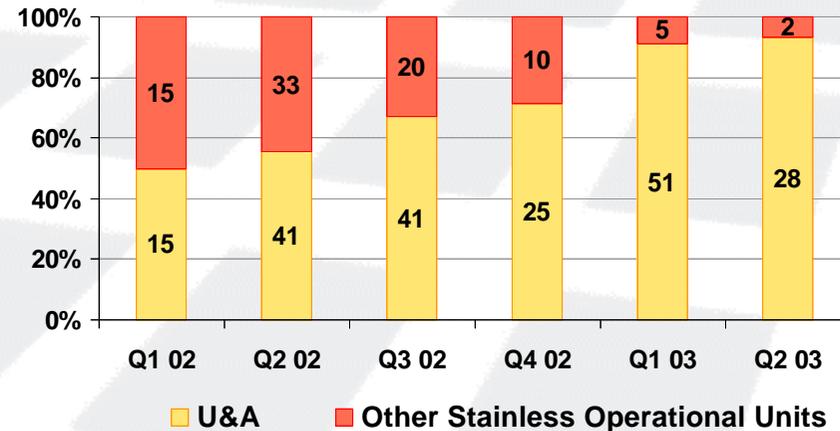
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European Flat Stainless operations – *Ugine & ALZ*

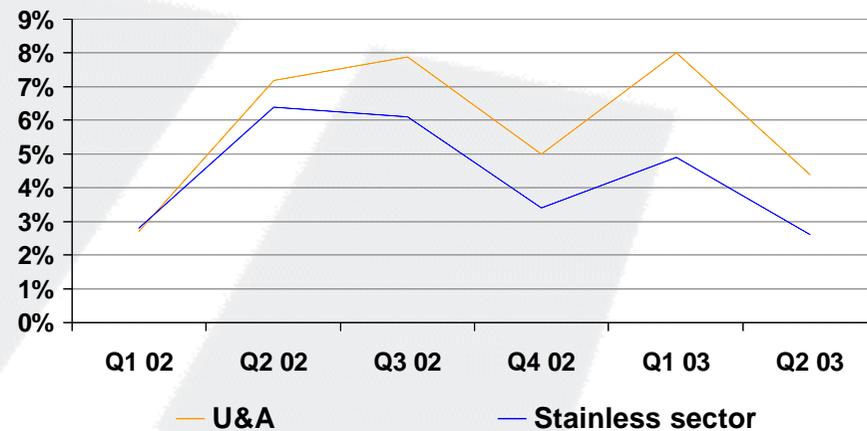
Gross operating profit of U&A and Stainless sector (€m)



Contribution of U&A to Gross operating profit of Stainless sector



U&A Gross operating margin vs Arcelor stainless sector



Distribution - Transformation - Trading

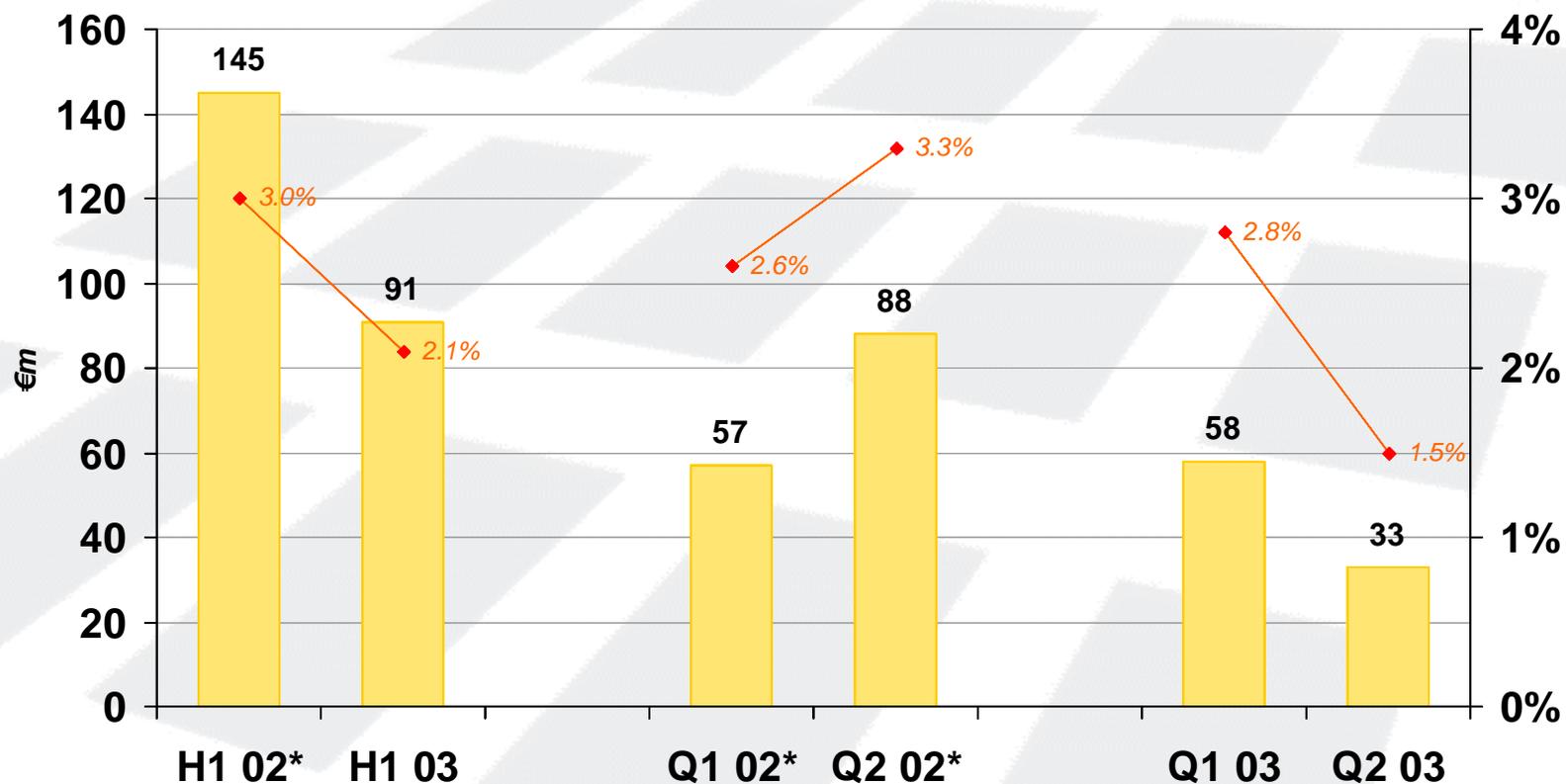
€m	H1 2002 ⁽¹⁾	H1 2002 ⁽²⁾	H1 2003	Change
Revenue	4,864	4,864	4,276	- 12.1%*
Gross operating profit <i>as % of revenue</i>	145 3.0%	145 3.0%	91 2.1%	<i>*-5.1% at comparable structure</i>
Depreciation & Amortisation	- 54	- 48	- 51	
Operating profit <i>as % of revenue</i>	91 1.9%	97 2.0%	40 0.9%	

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(2) Proforma, as disclosed in 2002, before final "merger" neg. goodwill adjustment

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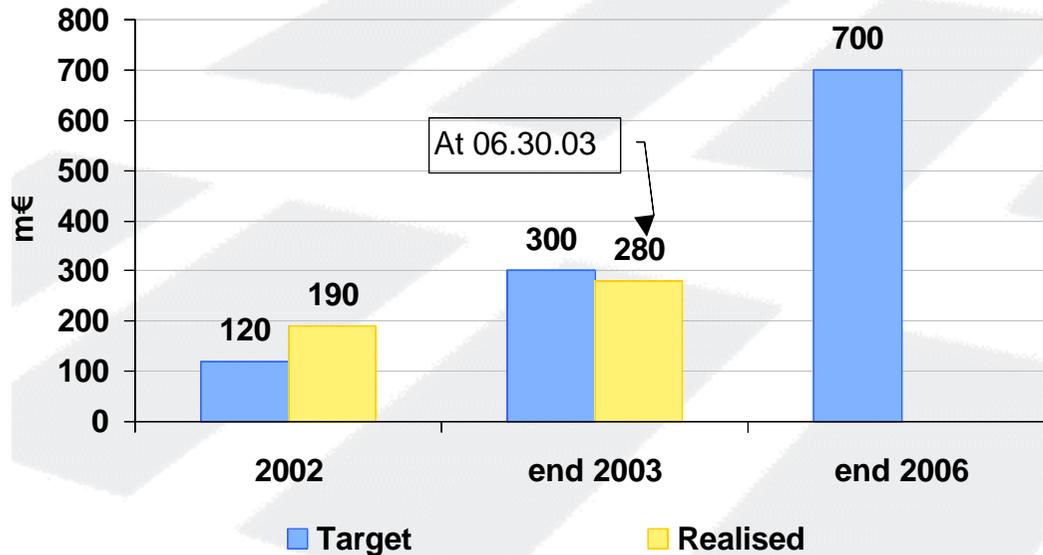
Sequential & QoQ Gross Operating Profit, absolute & margins



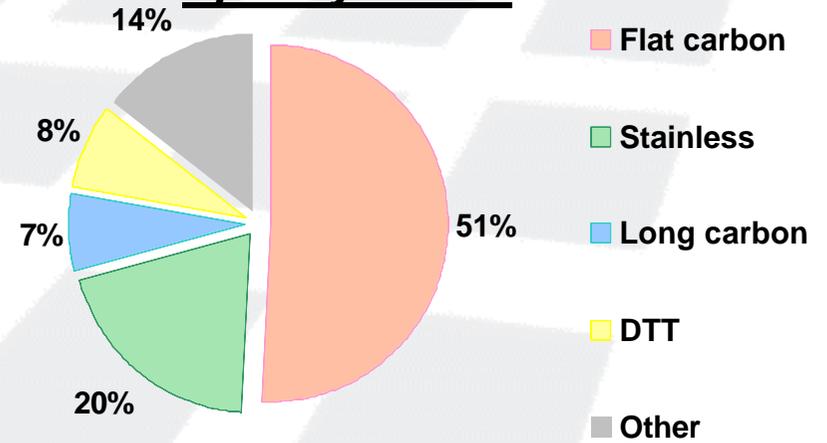
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Synergies

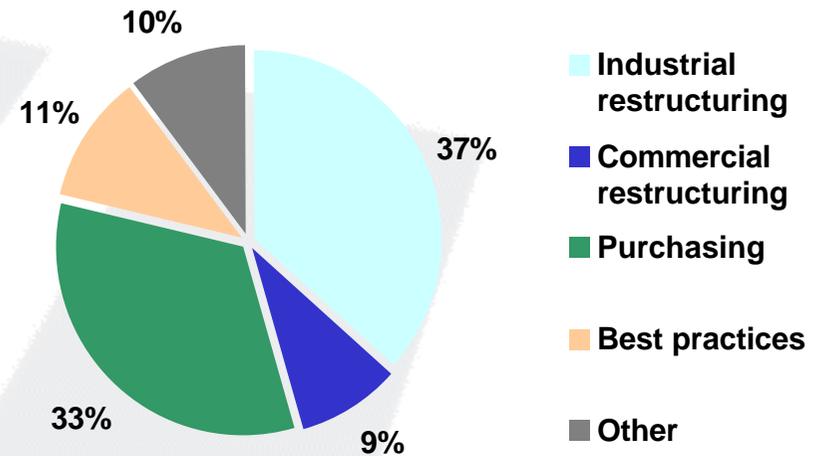
Additional Ebitda due to the merger



Realised at end June 2003 - Split by sector



Realised at end June 2003 - Split by category



Working capital

€m	12.31.02	06.30.03	Change
Inventories	6,091	6,086	- 5
Trade receivables	4,320	3,983	- 337
Trade payables	- 4,111	- 4,340	- 229
Operating Working Capital	6,300	5,729	- 571
Other receivables & payables	- 896	- 1,037	- 141
Net financing linked to securitisation	- 1,097	- 69	1,028
Total Working Capital	4,307	4,623	+ 316

Consolidated Income Statement

€m	H1 2002 ⁽¹⁾	H1 2002 ⁽²⁾	H1 2003
Revenue	13,705	13,705	13,582
Gross operating profit	881	881	1,276
Depreciation & Amortisation	- 542	- 678	- 580
Amortisation of goodwill	49	138	49
Operating profit	388	341	745
Net financing costs	- 214	214	- 174
Income from associates	0	0	50
Profit before tax	174	127	621
Income tax	- 43	- 16	- 187
Profit after tax	131	111	434
Minority interests	- 28	- 18	- 76
Net profit, group share	103	93	358

(1) Proforma & adjusted after final allocation of "merger" neg. goodwill.

(2) Proforma, as disclosed in 2002, before final "merger" neg. goodwill adjustment

Cash-flow & net financial debt

€m

H1 2003

Net profit before Min.Interest	434
Depreciation	537
Other non cash items	74
Change in WC (decr. = +)	- 260
Cash flow from operating activities	785
Acquisitions of tangible and intangible assets	- 798
Others	156
Cash flow from investing activities	- 642
Contribution of shareholders' equity	65
Dividends paid	- 202
Cash flow from / (used in) financing activities	- 137
Others	131
Change in Net financial debt (decr. = +)	137
NFD at the beginning of the period	5,993
NFD at the end of the period	5,856

Net financial debt & gearing

€m	12.31.02	06.30.03	Change
Interest bearing liabilities, long term	4,594	4,255	- 339
Interest bearing liabilities, short term	3,821	2,694	- 1,127
Net financing linked to securitisation	- 1,097	- 69	1,028
Cash and cash equivalents	- 1,239	- 936	303
Revaluation of financial instruments (short term and long term)	- 86	- 88	- 2
Net financial debt	5,993	5,856	- 137
<i>Shareholders' equity</i>	7,393	7,665	272
<i>Residual neg. goodwill</i> (mainly Cockerill-Sambre)	627	612	- 15
Total shareholders' equity	8,020	8,277	257
<i>Gearing</i>	0.75	0.71	

Consolidated Balance Sheet - Assets

€m

12.31.02

06.30.03

Non current assets	12,853	12,692
- Intangible assets	- 950	- 948
- Property, plant and equipment	9,268	9,347
- Investments under equity method	1,780	1,859
- Other investments	466	318
- Receivables and other financial assets	766	706
- Deferred tax assets	1,523	1,410
Current assets	12,983	12,424
- Inventories	6,091	6,086
- Trade receivables	4,320	3,983
- Other receivables	1,333	1,419
- Cash and cash equivalents	1,239	936
TOTAL ASSETS	25,836	25,116

Consolidated Balance Sheet - Liabilities

€m	12.31.02	06.30.03
Shareholders' equity	7,393	7,665
- Group share	6,732	6,902
- Minority interests	661	763
Non current liabilities	8,178	7,757
- Interest bearing liabilities	4,594	4,255
- Employee benefits	1,961	2,011
- Provisions	1,059	1,025
- Deferred tax liabilities	359	341
- Others	205	125
Current liabilities	10,265	9,694
- Trade payables	4,111	4,340
- Interest bearing liabilities	3,821	2,694
- Other amounts payables	2,023	2,330
- Provisions	310	330
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	25,836	25,116

Consolidated cash-flow statement

€m	2002	H1 2003
Cash flow from operating activities	1,800	785
Acquisitions of tangible and intangible assets	- 1,415	- 798
Other acquisitions and disposals	- 299	156
Cash flow from investing activities	- 1,714	- 642
Contribution of shareholders' equity	35	65
Dividends paid	- 192	- 202
Increase/decrease in loans or other financing	- 864	- 305
Cash flow from / (used in) financing activities	- 1,021	- 442
Impact of exchange rate	-3	- 4
Increase (decrease) of cash	- 938	- 303
Balance at the beginning of the period	2,177	1,239
Balance at the end of the period	1,239	936