



HEADLINE FEATURE STEEL SECTOR AT THE CENTRE OF COMPETITIVENESS AND DECARBONISATION

Following LeadIT engagements in South Africa, the steel industry is firmly positioned at the intersection of competitiveness and green transition. Site visits and workshops underscored both the operational constraints facing producers and the long-term opportunities in green hydrogen, DRI, and renewable integration. Decarbonisation is no longer about intent—it is about implementation, requiring energy reform, infrastructure investment, and policy certainty.

📊 SOUTH AFRICA – SECTOR PERFORMANCE

-14.4%

JAN–APRIL 2026 OUTPUT

Domestic crude steel production contracted sharply year-on-year, confirming a broader structural slowdown across the manufacturing landscape.

Imports & Exports Dynamics

- **Primary Steel Imports:** Increased sharply by **+23% y/y** in April 2026 (excluding stainless steel, wire, and rail).
- **Primary Steel Exports:** Fell **-21% y/y** in April 2026, led primarily by steep declines in semi-finished products and rebar.
- **Value-Added Trade:** Value-added imports edged higher, driven by strong inflows of tubes, pipes, and structural steel, while value-added exports recorded their fourth consecutive monthly decline.

🌐 GLOBAL & REGIONAL OUTLOOK

World Steel Association Forum (Brussels, June 2026)

Access to affordable, reliable low-carbon electricity is officially emerging as the defining determinant of future international competitiveness in steelmaking.

Global Production Trends

April 2026 crude steel output fell 1.9% y/y globally. China moderated significantly, while India and the US posted steady gains. Notably, **Africa (+11.5%)** completely bucked the global slowdown trend.

📈 STEEL-CONSUMING SECTORS

+1.9%

BUILDING

Q1 growth led by W. Cape & KZN.

+13.5%

AUTOMOTIVE

YTD surge driven by passenger cars.

-1.0%

MANUFACTURING

q/q decline hit by metals & machinery.

🔦 SPOTLIGHT ON INNOVATION

ArcelorMittal SA Candidate Engineering Programme

ArcelorMittal South Africa recently showcased technical excellence through its Candidate Engineering Programme. The featured projects targeted critical improvement vectors, specifically focusing on operational stability, cost optimisation, and process reliability. This initiative highlights the vital role that structured development and mentorship play in constructing the next generation of industrial and technical leaders within the South African steel ecosystem.

EDITORIAL NOTE

South Africa's steel industry stands at a critical juncture: competitiveness pressures remain acute, yet opportunities in green steel and downstream growth are tangible. Unlocking this potential will depend heavily on accelerated energy reform, investment-grade infrastructure, and tight policy alignment to ensure the sector remains central to industrial resilience, job retention, and comprehensive economic decarbonisation.

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STEEL SECTOR AT THE CENTRE OF COMPETITIVENESS AND DECARBONISATION FOLLOWING LEADIT ENGAGEMENTS IN SOUTH AFRICA



Steel Sector at the Centre of Competitiveness and Decarbonisation Following LeadIT Engagements in South Africa South Africa's steel industry continues to operate under sustained pressure, with weak demand, high input costs, and ongoing competitiveness challenges—particularly electricity pricing and supply reliability. These conditions remain central to the sector's performance and investment outlook.

Recent Leadership Group for Industry Transition (LeadIT) engagements in South Africa, including a site visit to Scaw Metals Group and a technical workshop on steel decarbonisation, highlighted both the operational realities facing producers and the longer-term transition agenda for the industry.

The Scaw Metals visit, hosted by CEO Doron Barnes, provided direct insight into steelmaking operations and the practical constraints facing the sector. The company, which joined LeadIT in March, has set a net-zero target for 2050 and is actively aligning its operations with global decarbonisation pathways.

The LeadIT Steel Decarbonisation Workshop brought together industry and policy stakeholders to assess practical pathways for reducing emissions in steel. Discussions highlighted a range of technologies, including green hydrogen, direct reduced iron (DRI), artificial intelligence-enabled efficiency improvements, and renewable energy integration.

A key outcome was recognition that steel decarbonisation is a systems issue. Progress will depend on alignment across energy reform, infrastructure investment, technology deployment, and policy certainty. Without this, implementation will remain constrained regardless of technology readiness.

In his address, Gaurav Nagpal noted that decarbonisation represents a structural shift linking competitive manufacturing with clean energy systems. He highlighted that global producers, including ArcelorMittal, are already advancing transition pathways across multiple regions, including South Africa. However, he stressed that progress locally will depend on enabling conditions, particularly electricity cost competitiveness, grid capacity, and investment certainty.

Charles Dedman added that while the technological direction is increasingly clear, the key constraint lies in turning ambition into bankable, investable projects. He emphasised the need for stronger alignment between energy planning, industrial policy, and investment decision-making. Electricity pricing and infrastructure readiness, he noted, remain decisive factors in determining project viability. He further highlighted the importance of proper sequencing, ensuring that energy reform and industrial transition progress in step rather than as disconnected processes.

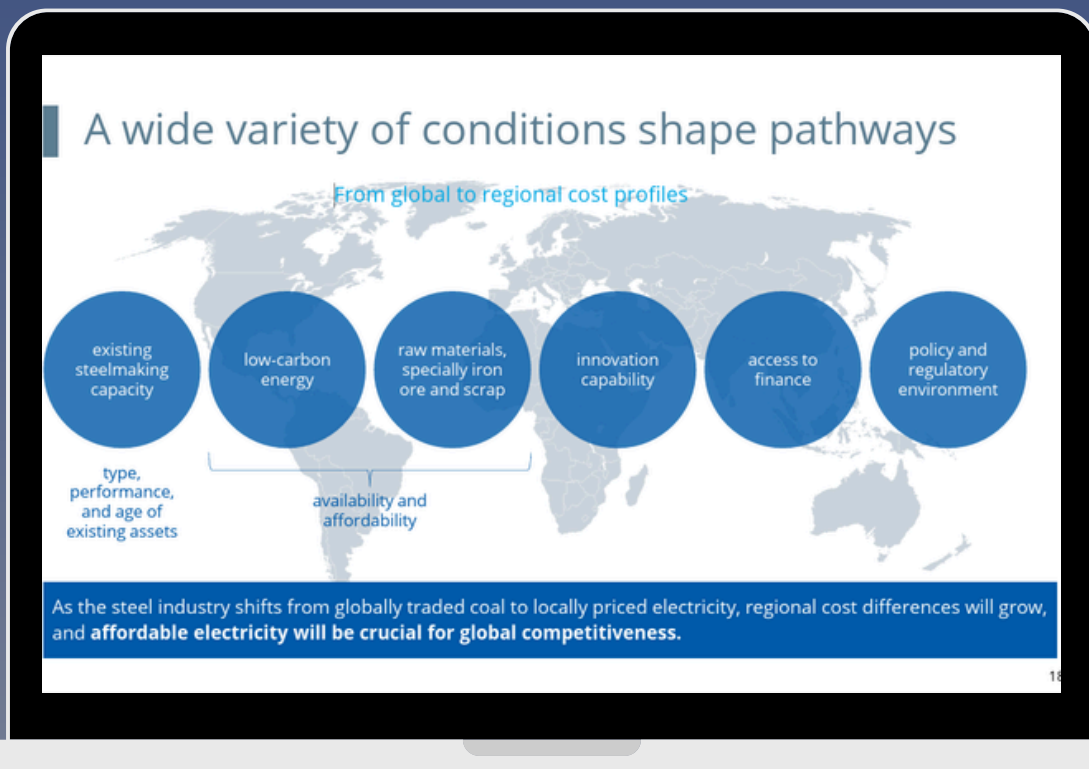
Taken together, these engagements reflect a clear shift from articulating decarbonisation intent to focusing on implementation. South Africa's industrial base, mineral resources, and renewable energy potential provide a strong foundation for green steel development. However, unlocking this opportunity will depend on accelerated energy sector reform, expanded transmission infrastructure, and the creation of investment-grade electricity supply conditions for industry.

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At the World Steel Association's Open Forum, held on 2–3 June 2026 in Brussels, the Director of Communications and Climate Advocacy Åsa Ekdahl set the tone with a clear assessment of where the global steel transition currently stands.



Steel remains central to the global low-carbon transition while still accounting for around 7–8% of global emissions. The challenge is no longer the direction of travel, but the pace and feasibility of implementation at scale.

While decarbonisation technologies are advancing, progress is being slowed by binding constraints in energy availability, infrastructure readiness, cost, and fragmented policy frameworks. These factors are increasingly shaping regional divergence in transition pathways. A key shift highlighted is the growing importance of geography and system conditions. Access to affordable, reliable low-carbon electricity is emerging as the defining determinant of future competitiveness in steel production.

The Forum also underscored rising complexity around carbon accounting, trade competitiveness, climate risk, and the need for credible chain-of-custody systems as markets evolve.



SOUTH AFRICA STEEL PRODUCTION | JAN-APR 2026 PERFORMANCE UPDATE

SA STEEL PRODUCTION

Analysis: Jan-Apr Performance

At A Glance



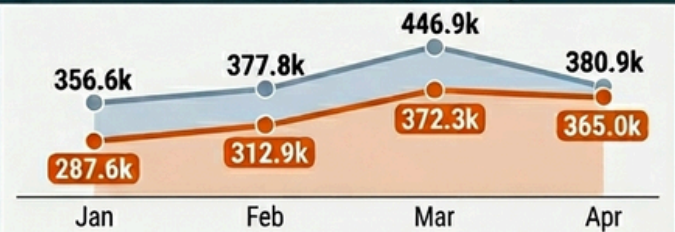
Total Current Year (Jan-Apr): 1,337,800 tonnes vs. Previous Year: 1,562,200 tonnes. [Johannesburg]

Key Observations & Assessment

- Total Jan-Apr contraction of **14.4%** is slightly better than the previous quarter figure.
- The smaller April contraction of **-4.2%** prevented a larger YTD decline.
- The overall quarterly base remains significantly lower than previous periods, with peak production shifted.
- Monthly recovery in Q1-Q2 of the current period is still insufficient to return to previous levels.



Extended Trend Comparison (Monthly)



Month-on-Month Change in April (365.0k vs 380.9k) is a milder contraction of **-4.2%** Y/Y, compared to March's **-16.7%**.

World Steel Association – April 2026 Crude Steel Production

Global crude steel production declined to 153.4 Mt in April 2026, down 1.9% year-on-year, reflecting a broadly softer global production environment.

Regionally, performance was mixed: Asia & Oceania (-1.3%) and the EU (-1.8%) edged lower, while North America (+6.9%), Africa (+11.5%), South America (+3.1%) and Europe (Other) (+4.2%) recorded growth. The Middle East (-27.6%) and CIS + Ukraine (-13.4%) saw the steepest contractions.

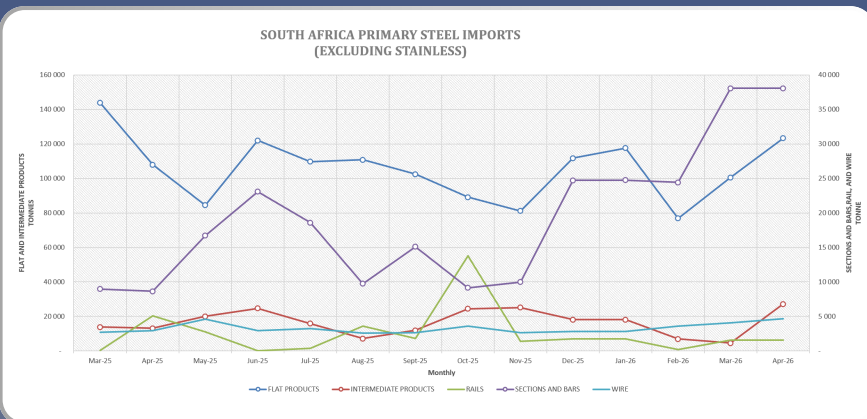
Among the top producers, China (-2.8%) continued to moderate, while India (+3.9%) and the United States (+9.4%) led gains. Germany, Türkiye, and South Korea also posted solid increases, partially offsetting declines in Russia.

Global steel output remains slightly negative overall, with growth concentrated in a few regions while China's slowdown continues to weigh on the global total.



PRIMARY STEEL TRADE STATISTICS

IMPORTS: PRIMARY STEEL (EXCL. STAINLESS)

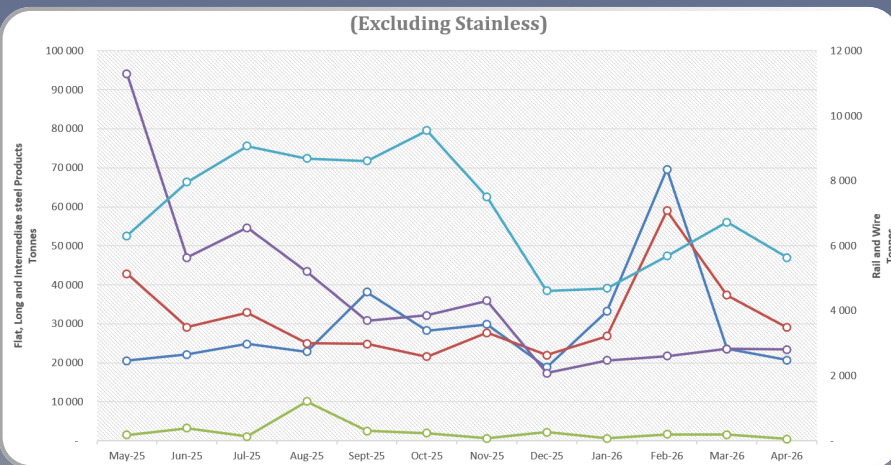


Primary steel imports (excluding stainless steel, wire, and rail) increased sharply by 23% year-on-year in April 2026, rising from 132,992 tonnes to 188,581 tonnes.

Key drivers of growth include:

- Semi-finished products (billets, blooms & slabs) more than doubled, increasing from 12,774 to 26,955 tonnes.
- Bars and rods surged from 4,062 to 22,148 tonnes.
- HR sections recorded strong gains, up by 3,783 tonnes.
- Wire rod and reinforcing bars expanded significantly, with Zimbabwe remaining a key source market.
- Hot rolled coil/sheet & plate coil rose from 24,753 to 28,377 tonnes, with notable shares from South Korea (28%) and Taiwan (18%).
- Galvanised sheet increased from 26,683 to 38,653 tonnes, remaining one of the largest import categories.

EXPORTS: PRIMARY STEEL (EXCL. STAINLESS)



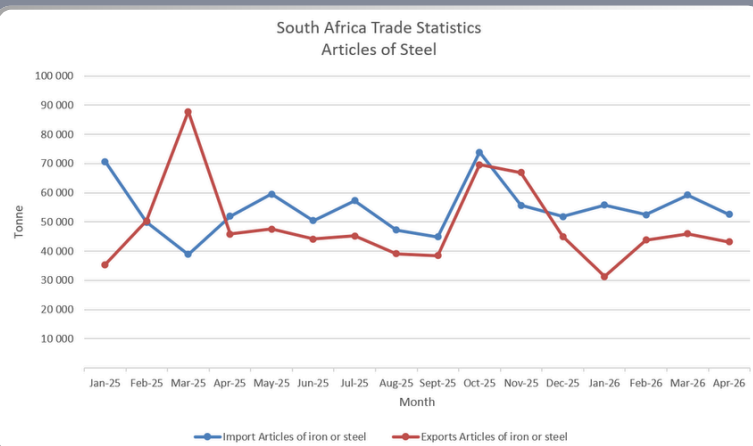
Primary steel exports (excl. stainless, wire & rail) declined 21% y/y in April 2026, falling from 92,660 tonnes to 73,142 tonnes.

The decline was driven mainly by:

- Semi-finished products down to 29,086 tonnes (-21.5%)
- Reinforcing bar down from 18,084 t to 10,929 tonnes (-39.6%)
- Other bars & rods down from 8,395 t to 3,678 t (-56.2%)

Overall, long products weakened materially, while selected flat and coated segments showed resilience, indicating a shift in import composition despite the broader decline.

VALUE-ADDED STEEL PRODUCTS



Imports Edge Up as Exports Decline for Fourth Consecutive Month

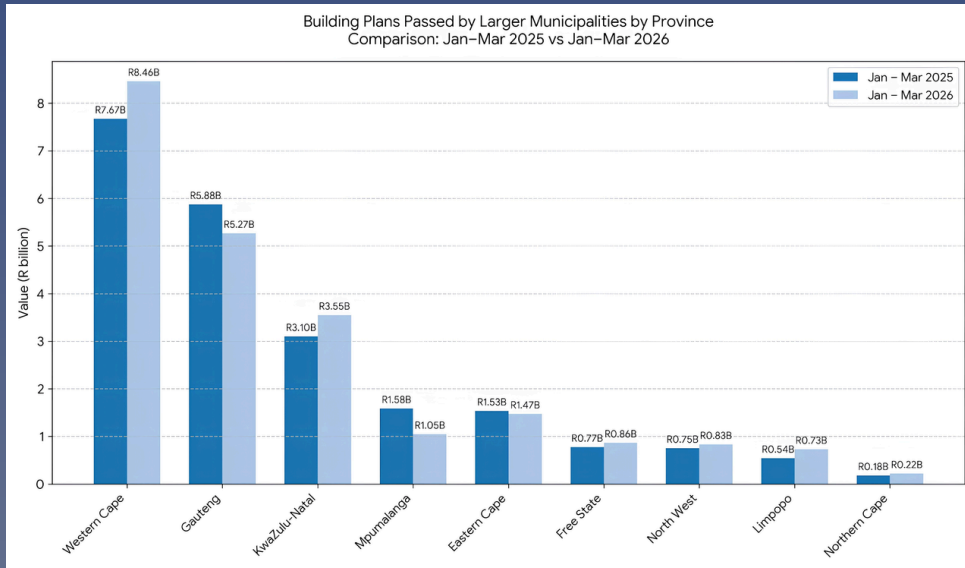
South Africa's steel imports edged up from 51,924 tonnes in April 2025 to 52,613 tonnes in April 2026. Growth is driven by tubes and pipes, structural steel, fittings, and fasteners, with structural steel up 40%, indicating rising penetration of imported fabricated products into downstream value-chain segments.

In contrast, steel exports continued to decline, falling for the fourth consecutive month since January 2026, reflecting sustained weakness in higher-value manufactured steel and ongoing competitiveness pressures.



STEEL CONSUMING SECTORS

Q1 2026 Building Activity Up 1.9% as Western Cape and KZN Lead Gains



Q1 2026 building activity increased modestly by 1.9% (R422.2 million), supported primarily by residential growth, while non-residential buildings and additions and alterations weighed on overall performance. The Western Cape was the largest positive contributor, adding R786.0 million, followed by KwaZulu-Natal with R446.4 million, reflecting stronger activity in coastal provinces.

In contrast, Gauteng and Mpumalanga recorded the largest declines, reducing the overall outcome by R607.2 million and R536.8 million respectively, highlighting uneven provincial performance across the country despite underlying residential sector strength.

Mining Growth Eases in March 2026 Amid Coal Weakness and Volatility

On a seasonally adjusted basis, mining production declined by 5.1% month-on-month in March 2026, reflecting a fragile and uneven recovery, where growth is increasingly dependent on PGMs and gold, while coal and iron ore continue to weigh on overall output and limit broad-based expansion.

Despite this, mining output increased slightly by 0.6% in Q1 2026 compared with Q4 2025, suggesting that underlying production remained broadly stable over the quarter.

SA Vehicle Market Maintains Strong YTD Growth Led by Passenger Segment

South Africa's new vehicle market maintained strong recovery momentum year-to-date to May 2026, driven by passenger vehicles, which rose 13.5% to 185,594 units compared to the same period in 2025. Light commercial vehicles increased 10.5% to 62,066 units, reflecting steady consumer and small business demand.

Commercial segments also improved, with medium vehicles up 4.5% to 3,419 units and heavy commercial vehicles up 11.1% to 9,830 units, supported by ongoing fleet replacement activity. Overall growth remains robust, although the market is now operating under tighter financing conditions and rising cost pressures, which may moderate momentum in the period ahead.

South African Manufacturing Weakness Deepens Amid Metals and Machinery Contraction

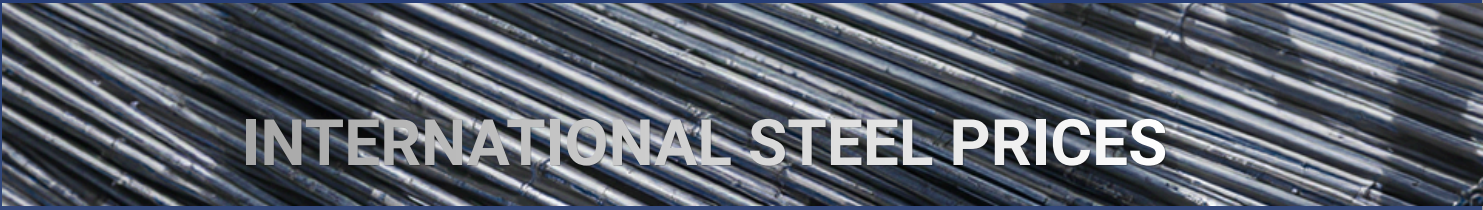
South Africa's manufacturing sector recorded a modest year-on-year expansion of 0.9% in March 2026, reflecting a narrow and uneven recovery across key divisions.

Despite the March uptick, manufacturing output declined by 1.0% in Q1 2026 compared with Q4 2025, with five of ten divisions contracting. Basic iron and steel, non-ferrous metals, metal products and machinery notably declined, confirming continued weakness in investment-linked manufacturing: -1.4% q/q (Q1 2026 vs Q4 2025)
Contribution: -0.3 percentage points

This highlights that:

- steel-intensive industries remain a drag on manufacturing production
- demand from construction and fixed investment remains subdued
- recovery is being driven by consumer and light-industrial sectors rather than capital goods





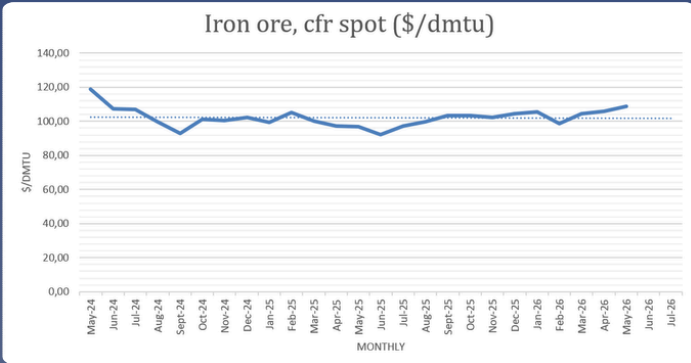
INTERNATIONAL STEEL PRICES

MAY 2026: \$96,97/DMT

MAY 2026: \$108.64/DMT (+12%)

The Iron Ore CFR spot price increased from USD 97.24/dmtu in May 2025 to USD 108.64/dmtu in May 2026, reflecting a firm year-on-year gain.

Prices are expected to remain supported in the near term around \$100–110/t, driven by sustained Chinese import demand and declining domestic ore quality despite weak steel production growth. However, the market remains structurally capped by ample global supply and future capacity additions such as Simandou, reinforcing a medium-term plateau and a longer-term bearish outlook.

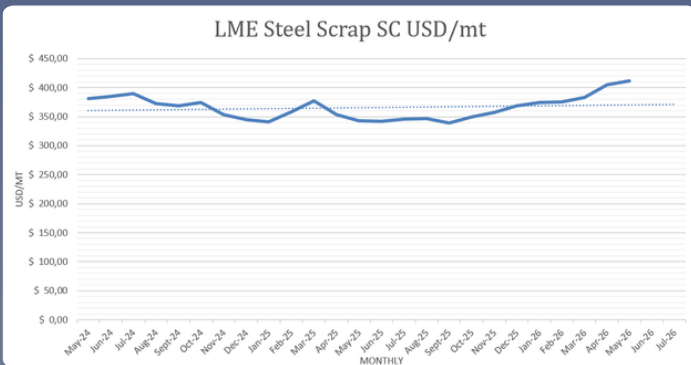


MAY 2025: \$353,05/MT

MAY 2026: \$411,84/MT (+20%)

The LME Steel Scrap price increased from USD 353.05/mt in May 2025 to USD 411,84/mt in May 2026, representing a 20% year-on-year increase.

International ferrous scrap prices strengthened significantly in May 2026, with benchmark prices approximately 20–25% higher than May 2025. The increase was driven by tighter scrap availability, higher collection and logistics costs, and resilient demand, resulting in elevated raw material costs across global steel markets.

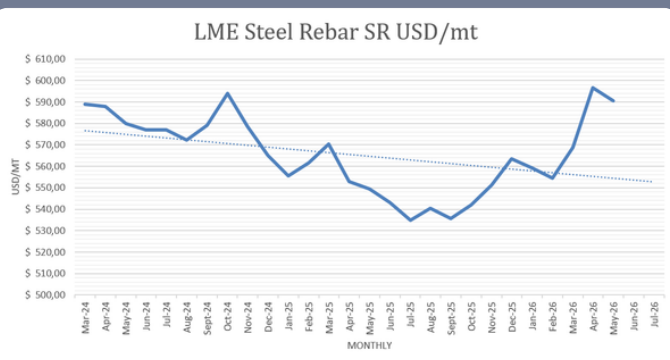


MAY 2025: \$ 549,33/MT

MAY 2026: \$590,66/MT (+8%)

LME Steel Rebar FOB Turkey (Platts) increased from USD 549,33/mt in May 2025 compared to May 2026, representing 8% year-on-year increase.

Steel rebar prices in May 2026 were generally 8–12% higher than in May 2025, reflecting firmer scrap input costs, stronger infrastructure-led demand in major markets, and continued trade-related supply constraints, particularly in the US and Turkey benchmark markets.

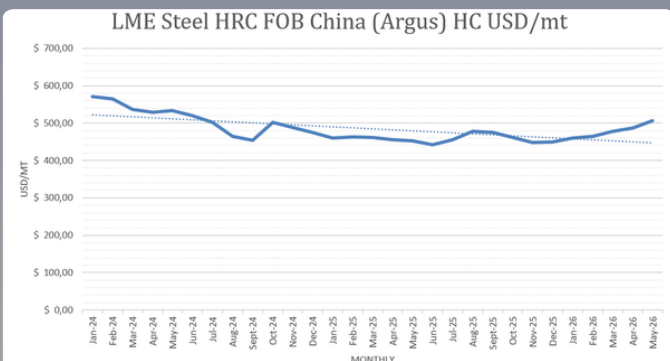


MAY 2025: \$452,00/MT

MAY 2026: \$506,95/MT (+12%)

The LME Steel HRC FOB China (Argus) price increased from USD 452.00/mt in May 2025 to USD 506.95/mt in May 2026, reflecting a 12% year-on-year increase.

May 2026 HRC prices are significantly higher than May 2025, with most benchmarks up roughly \$150–\$200 per ton depending on region and specification.





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CELEBRATING INNOVATION AND TECHNICAL EXCELLENCE FROM ARCELORMITTAL SOUTH AFRICA'S CANDIDATE PIPELINE

The Vanderbijlpark Main Auditorium was recently filled with an atmosphere of excitement and nerves as ArcelorMittal South Africa's qualified Technicians and Engineers who had completed the Candidate Engineering Programmes were welcomed by Chief Operating Officer, Werner Venter to present their most impactful projects completed during their candidacy programme to an esteemed panel of judges. The evaluations marked an important milestone in their professional journey, offering a platform to showcase both technical competence and innovative thinking.

Participants presented a diverse range of projects that demonstrated a strong focus on operational stability, cost optimisation, efficiency, and continuous improvement across the business. These projects reflected the practical application of engineering and technical skills to real-world challenges faced within the plant environment.

Key focus areas included relay upgrades designed to prevent power dips from impacting furnace operations, innovative approaches to reducing the cost of raw materials, enhancements to pulverised coal injection systems, improvements to heating fan operations, and the use of pyrometers to strengthen process control and reliability. Collectively, these projects highlighted the participants' ability to combine technical knowledge with problem-solving and innovation.

The panel of judges carefully evaluated each presentation, considering the technical depth of the projects, KPI's addressed, the impact on safety, cost and efficiency, as well as the participants' ability to clearly articulate their work and learning. The standard of presentations underscored the depth of talent within the organisation and reinforced the value of the candidate development programme.

The award ceremony was formally closed by Chief Operating Officer, Jacques Kotze, who congratulated all candidates on their efforts and commitment. In his address, he reminded them that while the organisation provides opportunities and support, it is ultimately in their hands to make a success of their careers through continuous learning, accountability and drive.

The overall winner was Shaan Mabasa, an Electrical Technician in Energy Management. Shaan's work stood out for its technical excellence and practical impact, earning recognition from the judging panel. She works under the supervision of Seeta Nkhatho and was mentored by Ngoni Gwatidzo, whose guidance and support played an important role in her development.

The second-place winner was Themba Mashinini who was supervised by Warren Seegers and mentored by Lungisani Mtabela, and coming in third place was Nhlanhla Nhlapo who was supervised and mentored by Natie Roesch and Jerry Kalichuran respectively.

The importance of mentorship, structured development and innovation in building a strong technical pipeline for the future was highlighted at this event. Congratulations are extended to all participants for their dedication and professionalism, and to the supervisors and mentors who continue to invest in developing the next generation of technical leaders.

