

Usiminas Presentation
3Q12

USIMINAS

Agenda



Market Overview



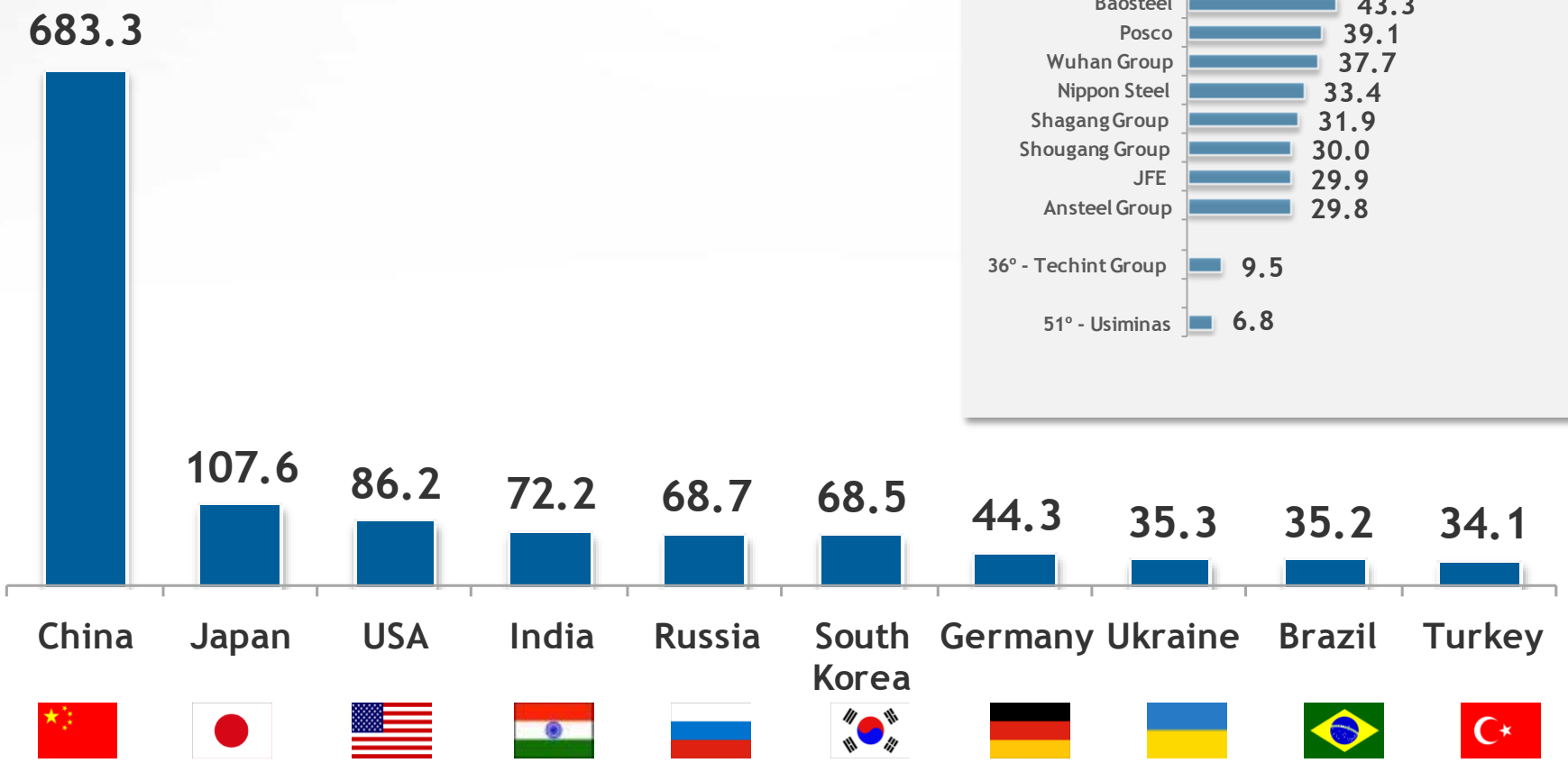
Usiminas and its Business Units



Operational and Financial Highlights

World Production - 2011

Total 1,527 million tons

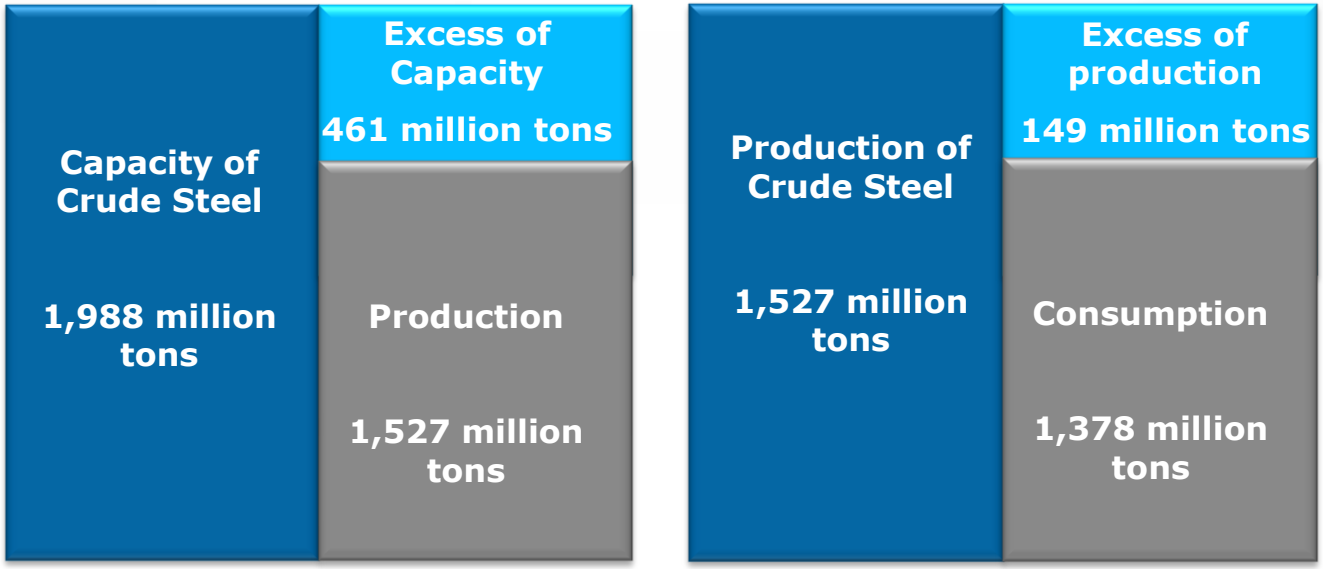


Production per company - 2011

Source: World Steel

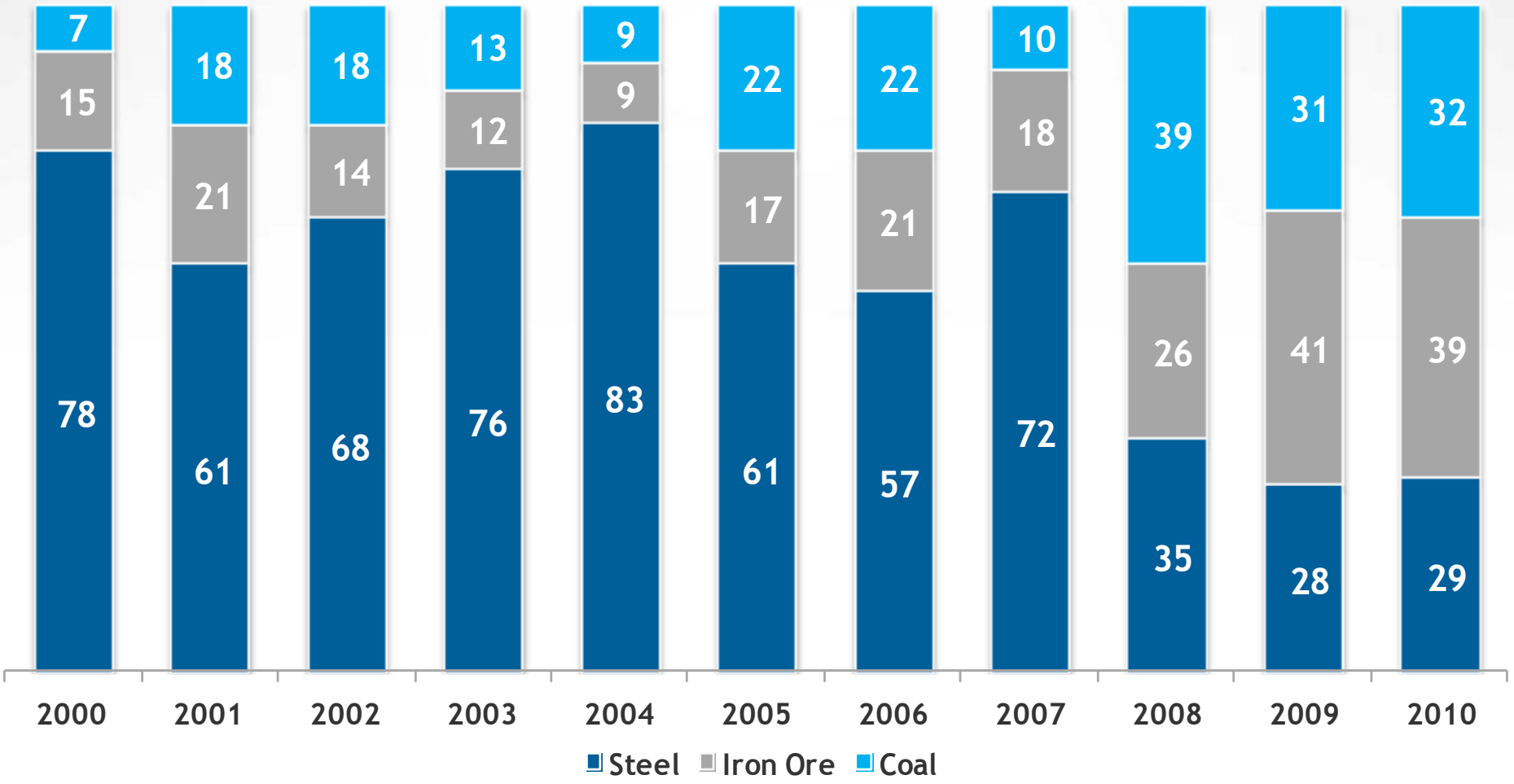
World Production and Capacity of Crude Steel

World - 2011



Value Transfer on the Steel Chain

Profit distribution on the steel production chain - %

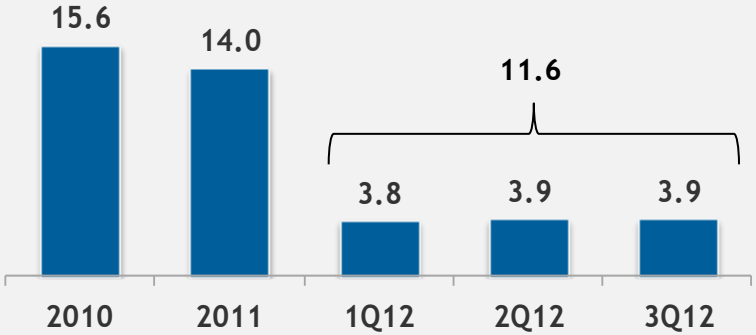


Source: Mckinsey

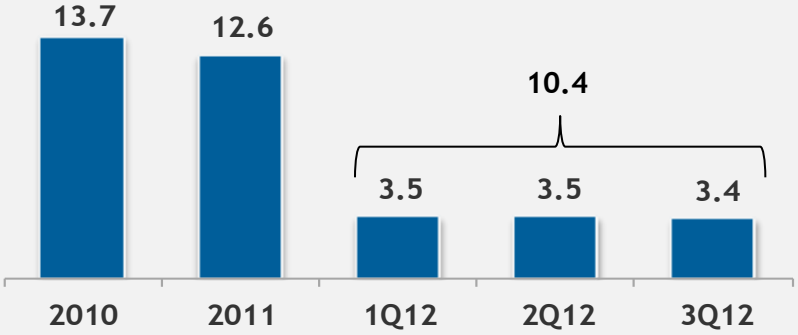
Brazilian Market

Flat steel

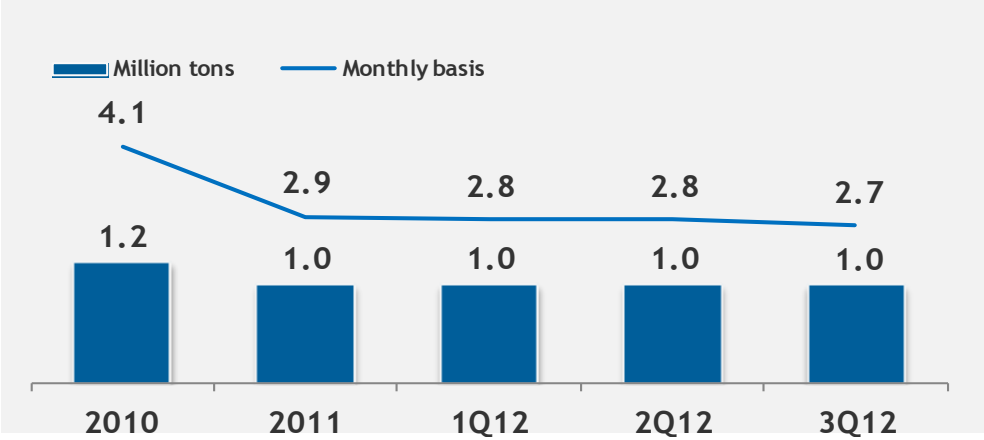
Production - *million tons*



Apparent Consumption - *million tons*



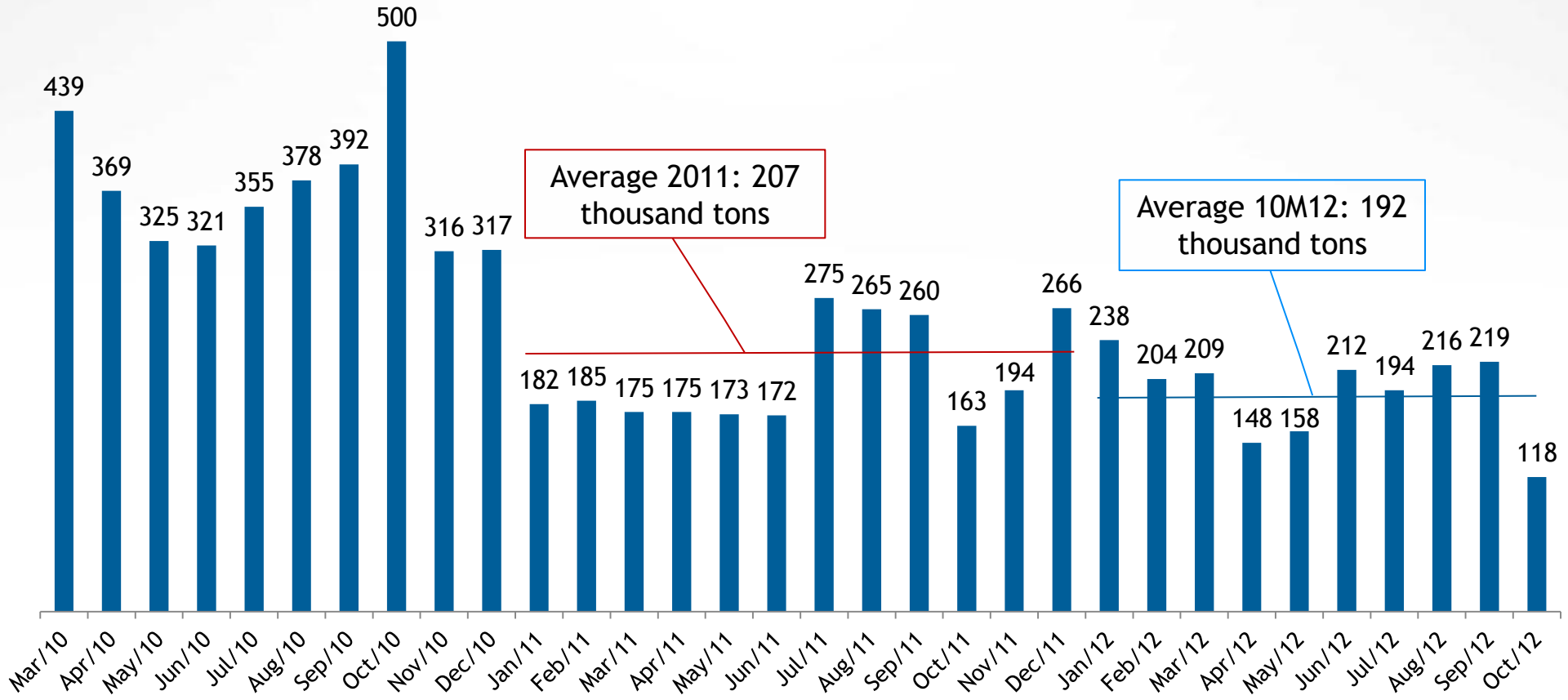
Inventories in the Distribution Network



Source: IABR / INDA / Usiminas

Imports

Thousand tons



Source: Usiminas - Sistema Aliceweb - MDIC/Secex

Domestic Market

Benefit from the Brazilian positive outlook

- Investments in industry in 2012: R$17.1 billion
- Investments in infrastructure in 2012: R$105.3 billion
- Investments in housing during the period of 2011/2014 : R$279 billion

MEDIUM AND LONG TERM PROJECTS

Brasil 2014	rio2016	PAC – Programa de Aceleração do Crescimento	Minha Casa Minha Vida	Petrobras
2012 ~ R$ 230 millions	2012 ~ R$ 761 millions	2012 ~ R$ 25,6 Bi	2012 ~ R$ 11.1 Bi	2012-2016 ~ US$ 237 Bi

4.5 million tons of steel	2.7 long	1.5 million tons of steel	0.9 long
	1.8 flat		0.6 flat

Source: Valor Economico, PAC's website, Petrobras's website,Portal da Copa – Governo Federal

Agenda



Market Overview

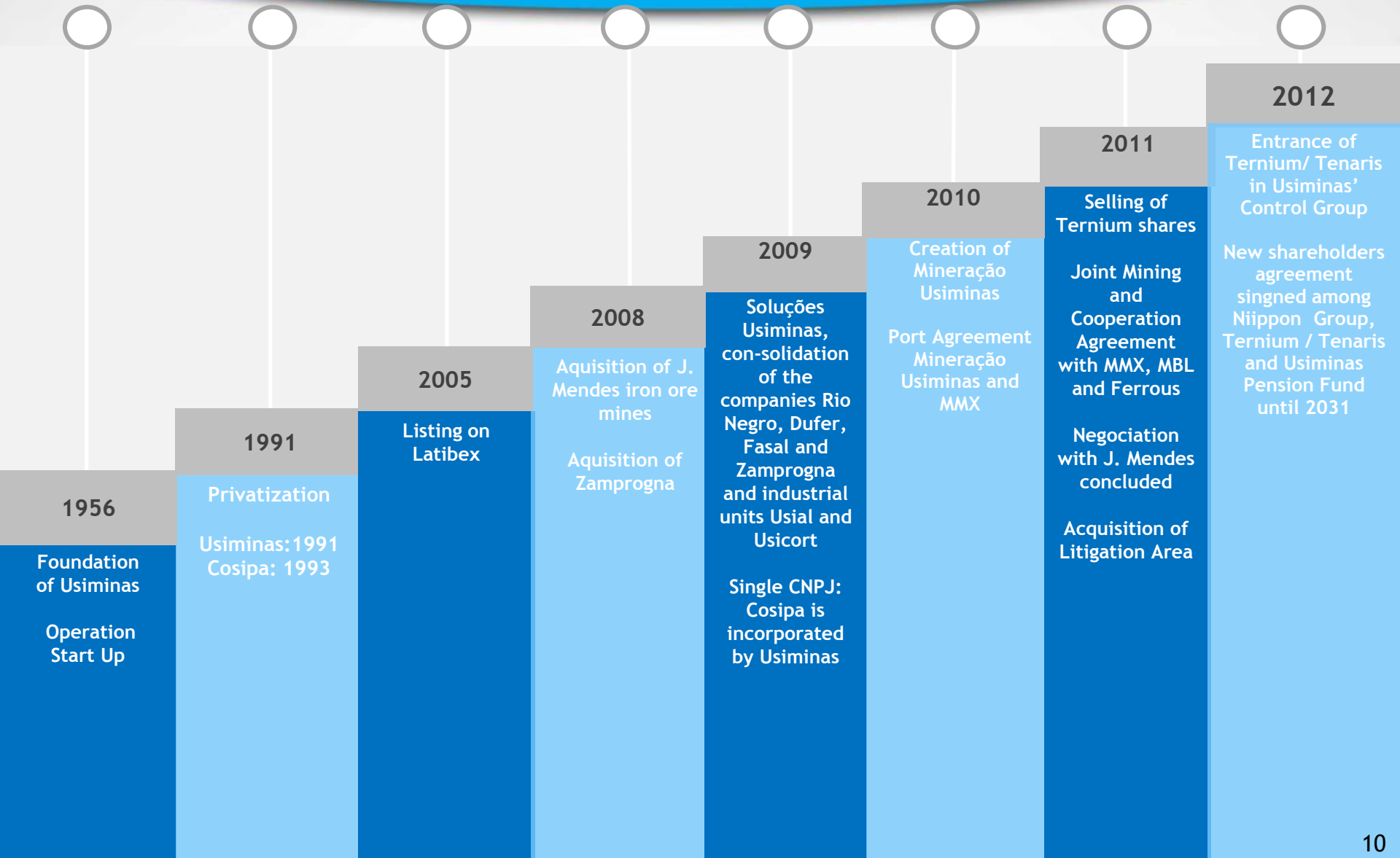


Usiminas and its Business Units



Operational and Financial Highlights

Time Line


1956
Foundation of Usiminas
Operation Start Up
1991
Privatization
Usiminas: 1991
Cosipa: 1993
2005
Listing on Latibex
2008
Aquisition of J. Mendes iron ore mines
Aquisition of Zamprogna
2009
Soluções Usiminas, con-solidation of the companies Rio Negro, Dufer, Fasal and Zamprogna and industrial units Usial and Usicort
Single CNPJ: Cosipa is incorporated by Usiminas
2010
Creation of Mineração Usiminas
Port Agreement Mineração Usiminas and MMX
2011
Selling of Ternium shares
Joint Mining and Cooperation Agreement with MMX, MBL and Ferrous
Negociation with J. Mendes concluded
Acquisition of Litigation Area
2012
Entrance of Ternium/ Tenaris in Usiminas' Control Group
New shareholders agreement singned among Niippon Group, Ternium / Tenaris and Usiminas Pension Fund until 2031

Strategically Located



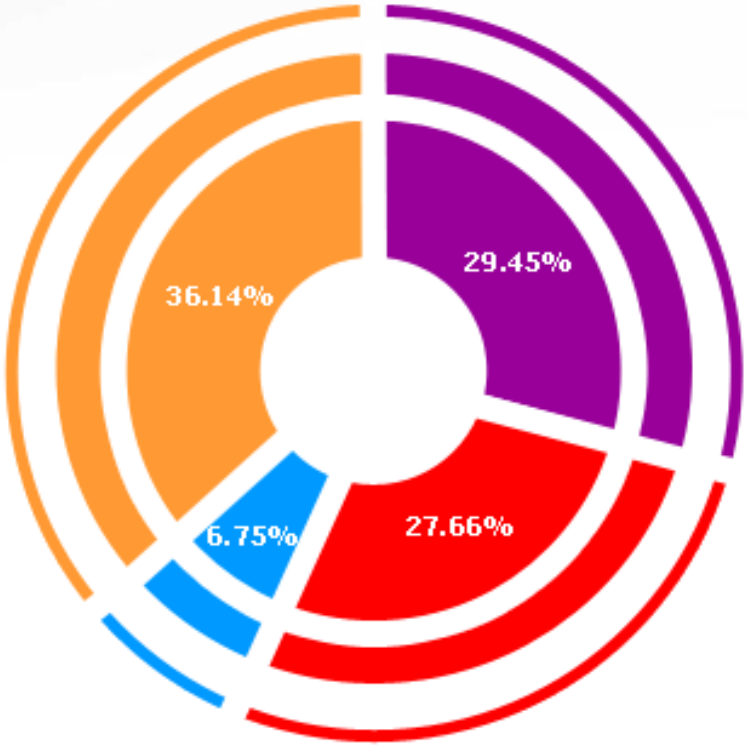
- Mining
- Steel
- Steel processing
- Capital Goods

Shareholder Composition

Total Capital
1,013,786,190

Voting Capital

ON 49.84% 505,260,684	PN 50.16% 508,525,506



Control Group
63.86% of Voting Capital

- Nippon Group
- Ternium/Tenaris
- Usiminas Pension Fund
- Free-float

There are 10 members on the Board of Directors :

Controlling Shareholders:
- Nippon Group
3 members
- Ternium/Tenaris
3 members
- Usiminas Pension Fund
1 member
- Employees Representative
1 member

Minority Shareholders:
- Previ
1 member
- Geração Futuro Funds
1 member

Complete Solution of Products and Services through the Value Chain

DOWNSTREAM

UPSTREAM

Mining



Mineração Usiminas *

Steel



Ipatinga

Cubatão

Unigal Usiminas *

Steel Processing



Soluções Usiminas *

Automotiva Usiminas *

Metform and Codeme stake **

Capital Goods



Usiminas Mecânica *

* Controled by Usiminas ** Results accounted through equity income

Investments

Strategic focus on enhancing competitiveness

In operation

Galvanizing Line 550 thousand tons (Unigal)



2Q11

Foundry 24 thousand tons (Usiminas Mecânica)



4Q11

Hot Strip Mill 2.3 million tons (Usiminas Cubatão)



4Q12

Ongoing Projects



Revamping of Coke Plant II (Ipatinga)



Pickling line III (Cubatão)



Mining Production Reach total capacity of 12 million tons in 2013

New Hot Strip Mill

Increasing competitiveness, higher performance and efficiency

USIMINAS

Main Application






Improvements

- Increases product performance and efficiency
- Higher productivity for customers
- Exclusive coils dimensions in Brasil
- Higher level of automation
- Lower consumption of electric energy
- Higher gases reutilization

Investment of R$ 2.5 billion → Production capacity of 2.3 million tons per year

Results Accounted by Business Unit

USIMINAS

Income Statement per Business Units - Non Audited (Quarterly)

R$ million	Mining		Steel		Steel Processing		Capital Goods		Adjustment		Consolidated	
	3Q12	2Q12	3Q12	2Q12	3Q12	2Q12	3Q12	2Q12	3Q12	2Q12	3Q12	2Q12
Net Revenue	154	213	2,955	3,097	540	533	305	205	(564)	(823)	3,390	3,225
Domestic Market	95	143	2,284	2,348	532	522	305	203	(533)	(811)	2,683	2,405
Export Market	59	70	671	749	8	11	0	2	(31)	(12)	707	820
COGS	(61)	(73)	2,950	(3,057)	(481)	(495)	(278)	(225)	546	783	(3,224)	(3,067)
Gross Profit	93	140	5	39	59	37	27	(19)	(18)	(39)	166	158
Operating Income (Expenses)	(47)	(49)	(186)	(43)	(52)	(50)	2	(17)	(1)	0	(284)	(159)
EBIT	46	91	(181)	(4)	7	(13)	29	(36)	(19)	(39)	(118)	(1)
EBITDA	56	100	57	201	20	0	36	(29)	(19)	(40)	150	232
EBITDA Margin	36%	47%	2%	6%	4%	0%	12%	-14%	-	-	4%	7%

Note: All transactions among the business units are made at **market price**. MRS results are accounted through equity on Equity Income.

Results Accounted by Business Unit

USIMINAS

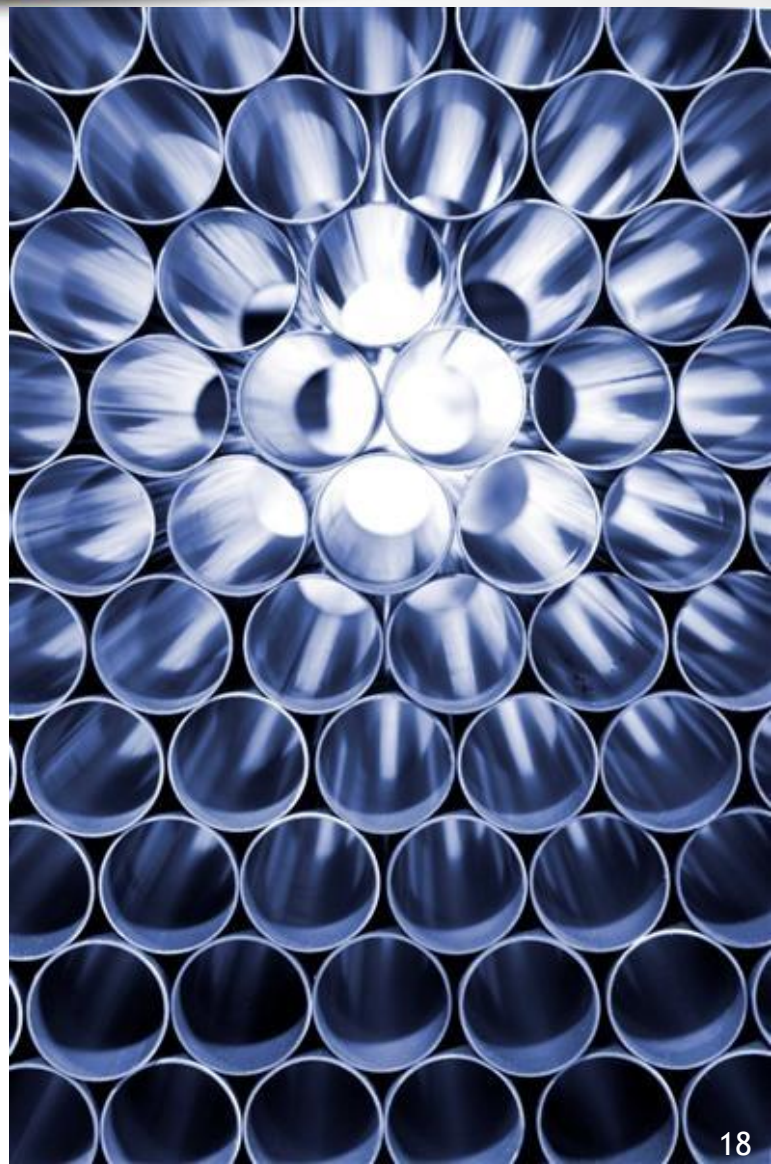
Income Statement per Business Units - Non Audited (9M12)

R$ million	Mining		Steel		Steel Processing		Capital Goods		Adjustment		Consolidated	
	9M12	9M11	9M12	9M11	9M12	9M11	9M12	9M11	9M12	9M11	9M12	9M11
Net Revenue	607	733	8,625	7,995	1,570	1,630	761	1,050	(2,062)	(2,322)	9,501	9,087
Domestic Market	456	608	6,866	6,907	1,544	1,600	759	1,049	(1,998)	(2,321)	7,627	7,843
Export Market	151	125	1,759	1,089	26	30	2	1	(64)	(1)	1,874	1,244
COGS	(234)	(192)	(8,581)	(7,791)	(1,423)	(1,483)	(761)	(924)	1,995	2,370	(9,004)	(8,020)
Gross Profit	373	541	45	204	147	147	0	126	(68)	48	497	1,067
Operating Income (Expenses)	(132)	(88)	(330)	(163)	(154)	(130)	(38)	(75)	2	4	(652)	(452)
EBIT	241	453	(285)	41	(7)	17	(38)	51	(66)	52	(155)	615
EBITDA	267	474	358	389	31	62	(19)	71	(65)	48	572	1,046
EBITDA Margin	44%	65%	4%	5%	2%	4%	-3%	7%	-	-	6%	12%

Note: All transactions among the business units are made at **market price**. MRS results are accounted through equity on Equity Income.

Steel

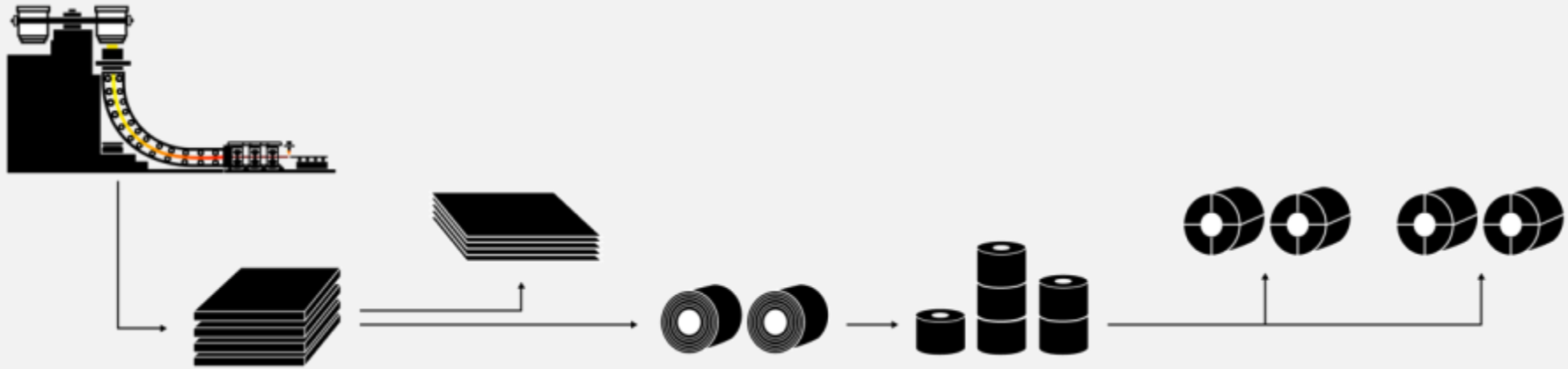




Flat Steel Production

Usiminas has a full range of flat steel products

Installed Nominal Capacity : 9.5 million tons / year



					Galvanized	
Slab Caster	Slabs	Heavy Plates	Hot Coils	Cold Coils	EG	HDG
Ipatinga Plant	5,000,000tons	1,000,000tons	3,600,000tons	2,500,000tons	360,000tons	1,050,000tons
Cubatão Plant	4,500,000tons	1,000,000tons	4,400,000tons*	1,200,000tons	-	-
Nominal Capacity	9,500,000tons	2,000,000tons	8,000,000tons	3,700,000tons	360,000tons	1,050,000tons
Optmized Rolling Capacity	-	1,900,000tons	3,200,000tons*	1,950,000tons	350,000tons	1,020,000tons

* HCR mill # 2 under ramp up.

Everyday Steel Application

USIMINAS

Auto Industries



Cold Rolled and Galvanized (EG and HDG)

Autoparts



Hot Rolled

Agricultural Machines



Heavy Plates and Hot Rolled

Household Appliances



Cold Rolled and Galvanized (EG and HDG)

Civil Construction



Heavy Plates, Cold and Hot Rolled and Galvanized (EG and HDG)

Ship-Building



Heavy Plates

Pipelines



Heavy Plates and Hot Rolled

Pressure Vessels

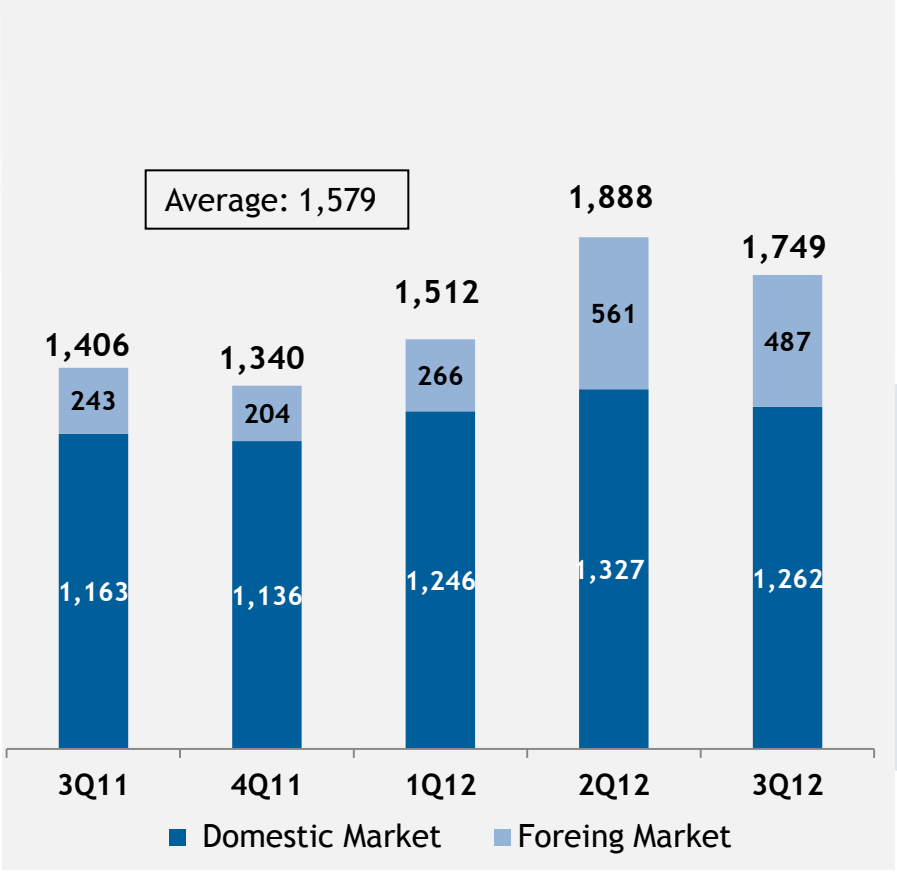


Heavy Plates

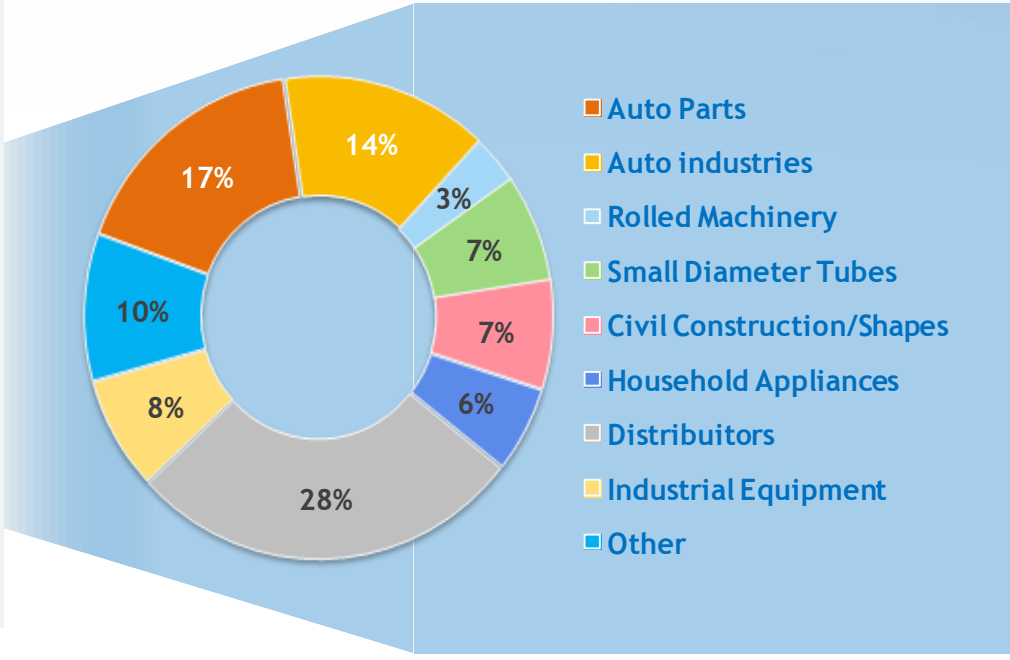
Domestic Market

Usiminas is focused in a product range to supply different sectors

Sales - *thousand tons*

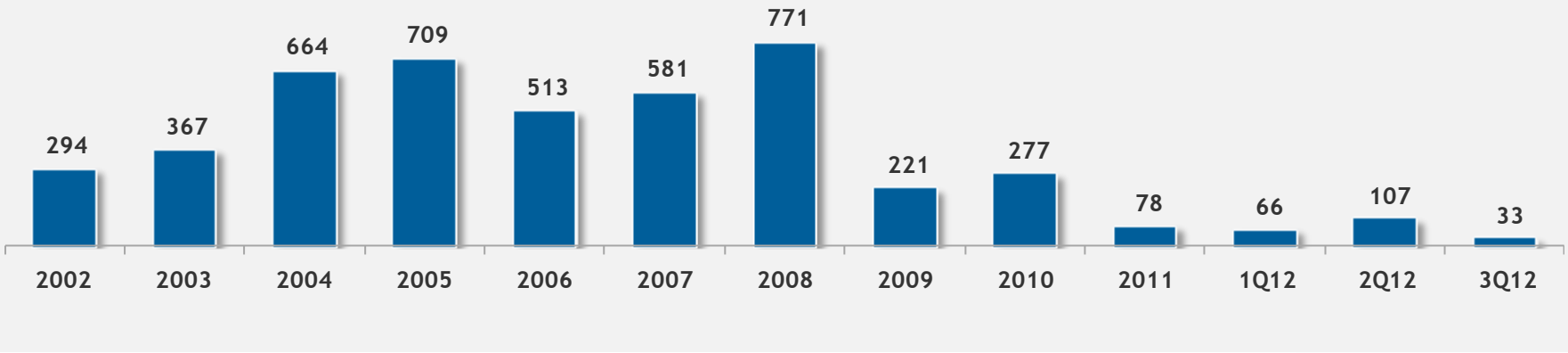


Sales Breakdown by Segments - *3Q12*

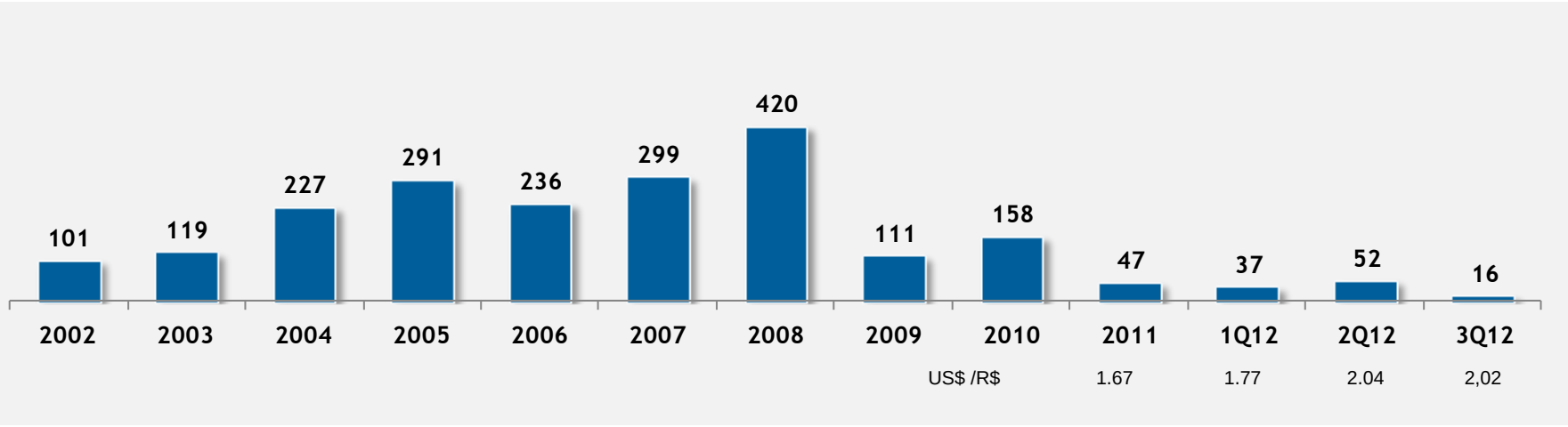


Ebitda per Ton

R$ / ton

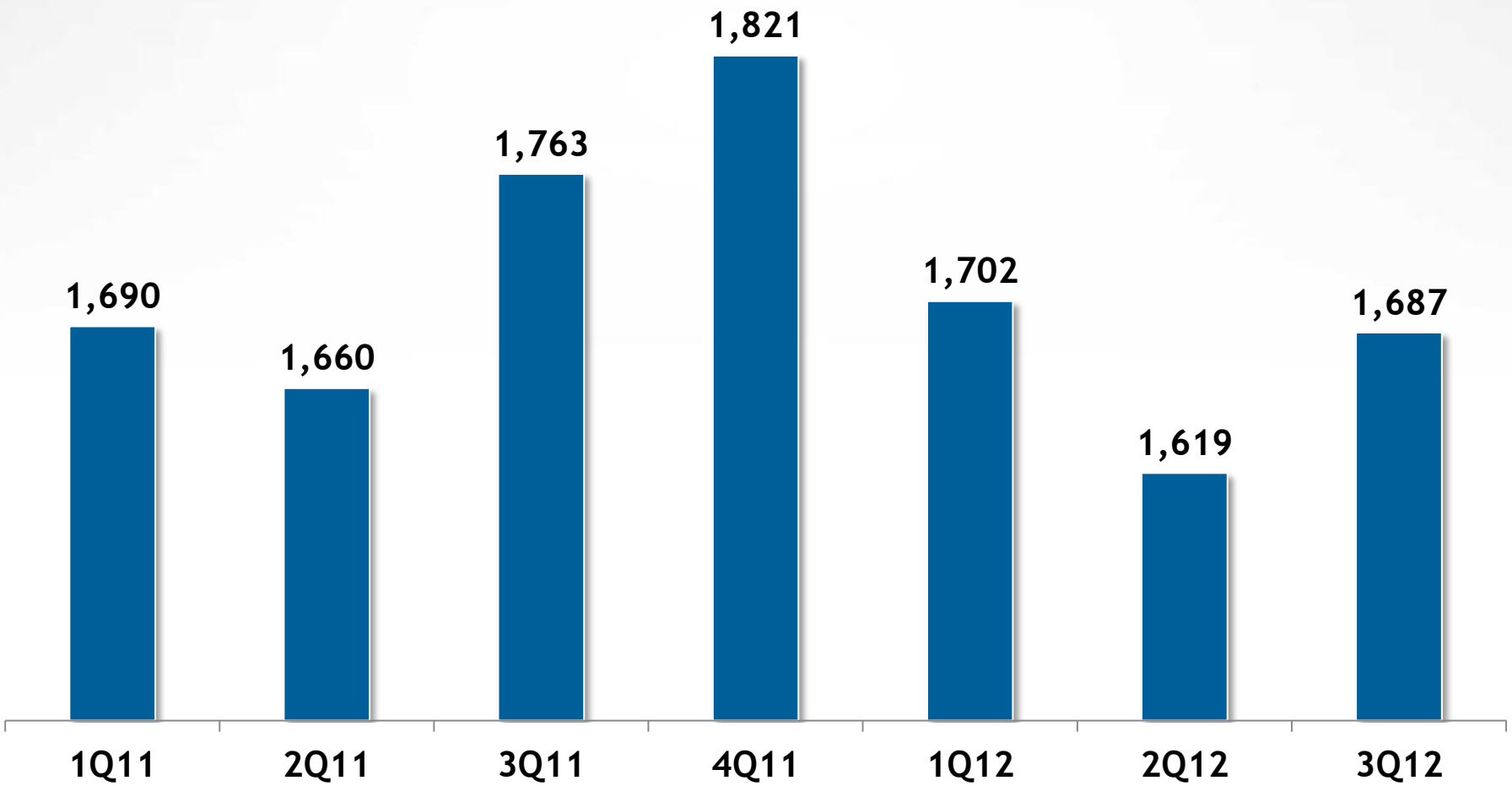


US$/ton



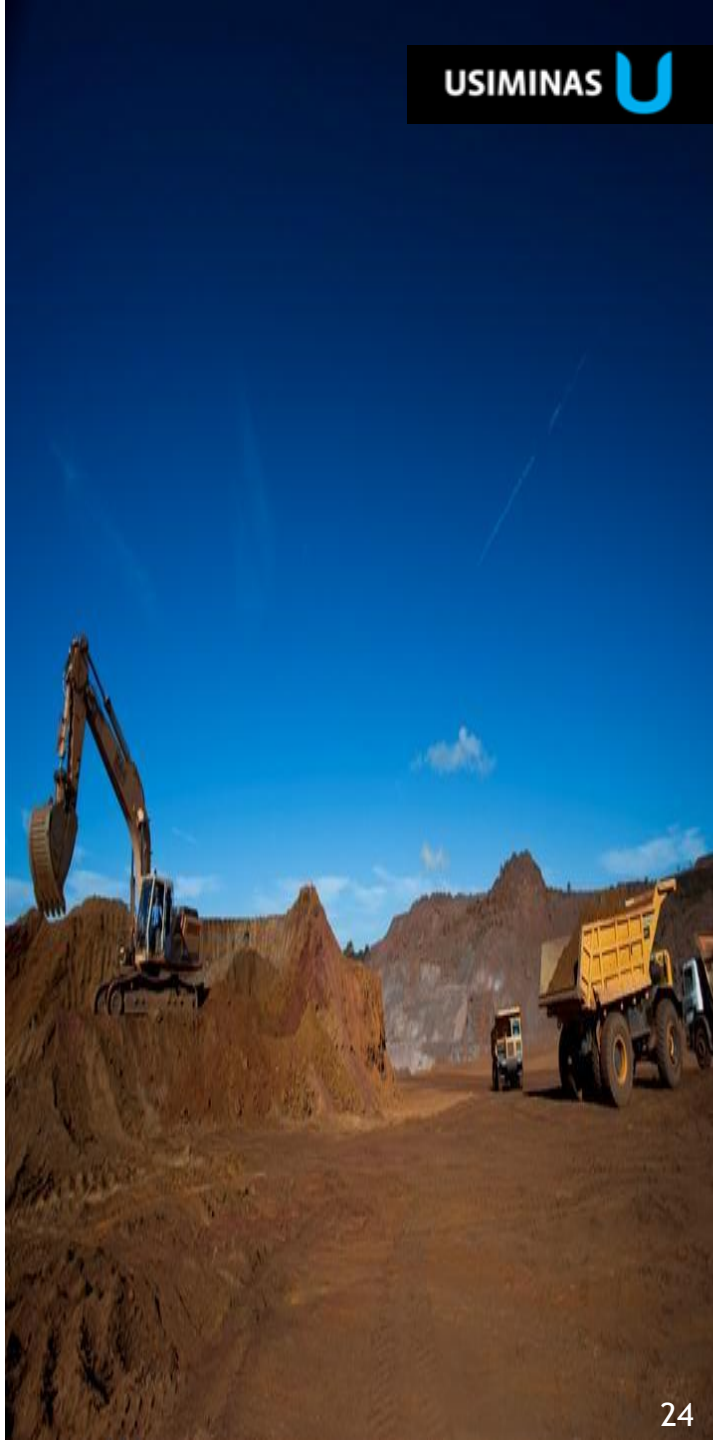
COGS per Ton

R$

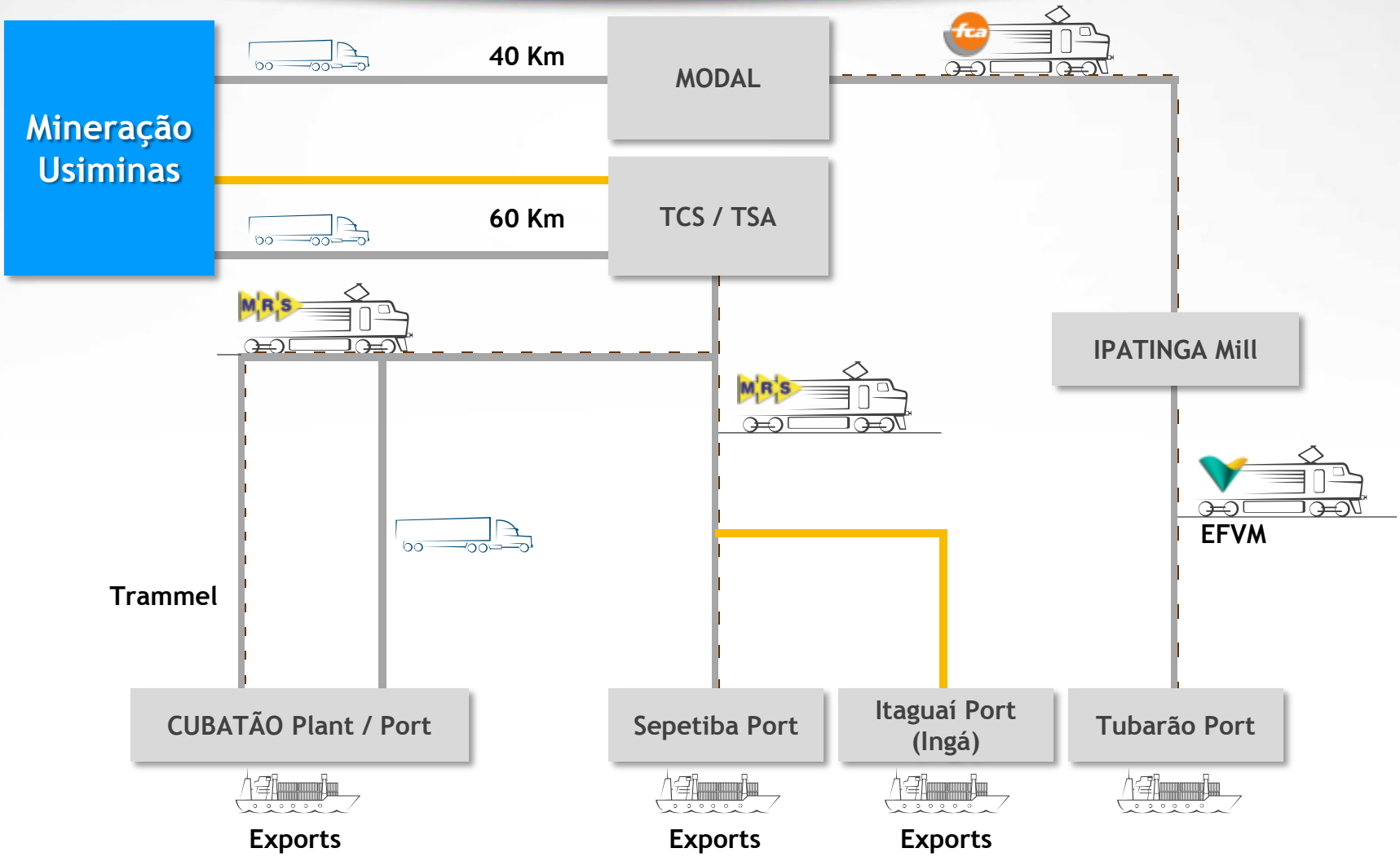


Mining and Logistics





Logistics

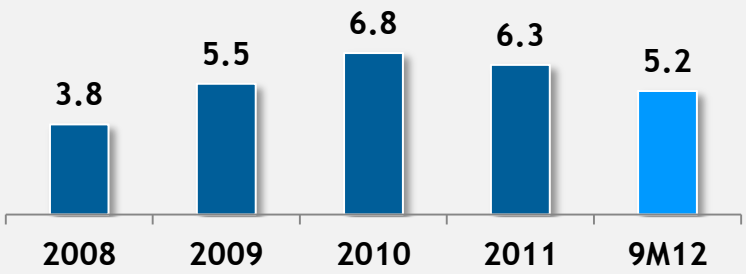

Mineração Usiminas
40 Km
60 Km
MODAL
TCS / TSA
IPATINGA Mill
EFVM
Trammel
CUBATÃO Plant / Port
Sepetiba Port
Itaguaí Port (Ingá)
Tubarão Port
Exports
Exports
Exports
Existing Routes
New Routes

Mining and Logistics

Current status

- 4 mining sites, acquired from J. Mendes Group in Feb/2008
- Reserves of 2.6 billion tons
- Located in Serra Azul-MG, one of the richest iron ore sites in Brazil

Production - *Million tons*:



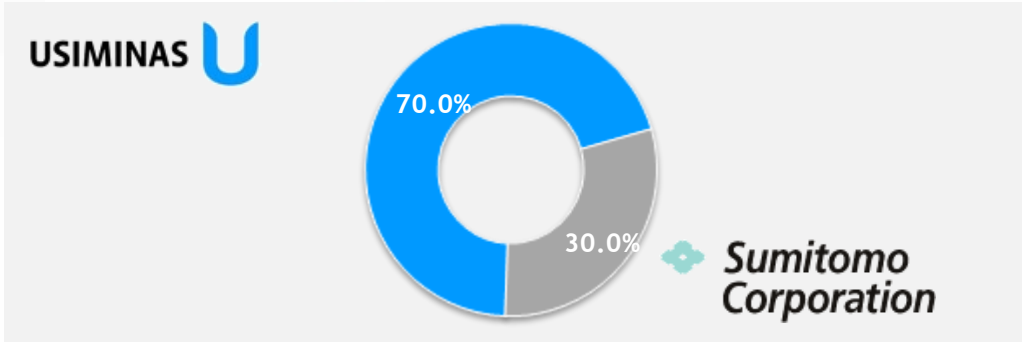


- MRS: 20% of voting shares and part of the Control Group
- Land in Itaguaí-RJ, acquired in 2008

Mining and Logistics

Strategic partnership

- Acquisition by Sumitomo Corporation of 30% of Mineração Usiminas S.A., through the subscription of new shares, up to the total amount of US$ 1.9 billion.





US$ 6.4 billion

Mineração Usiminas S.A

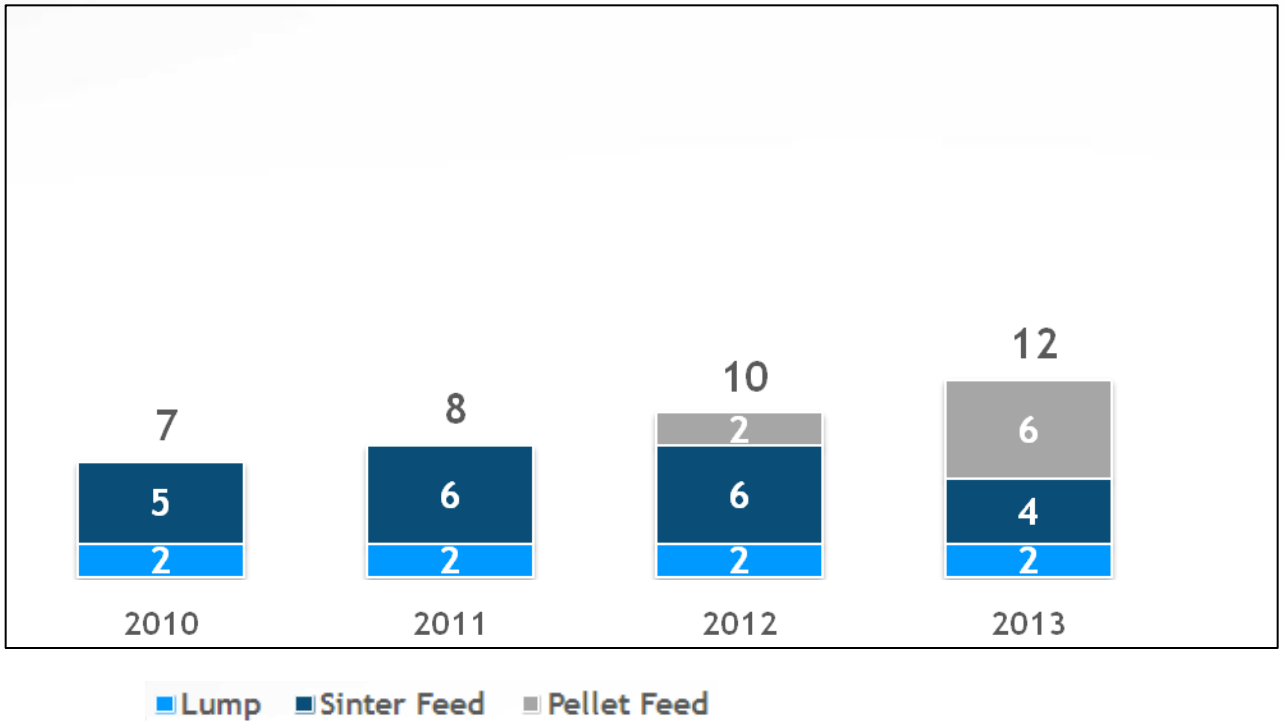
Estimated Market Value

Expansion Plan

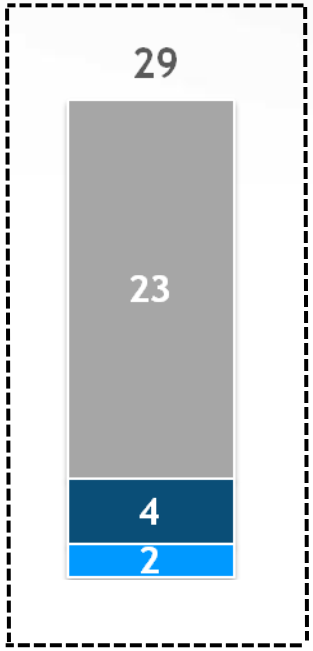
Mining

Iron Ore Production Capacity - *million tons by the end of the year*

Friable Project : ongoing
Estimated Capex of R$800 million

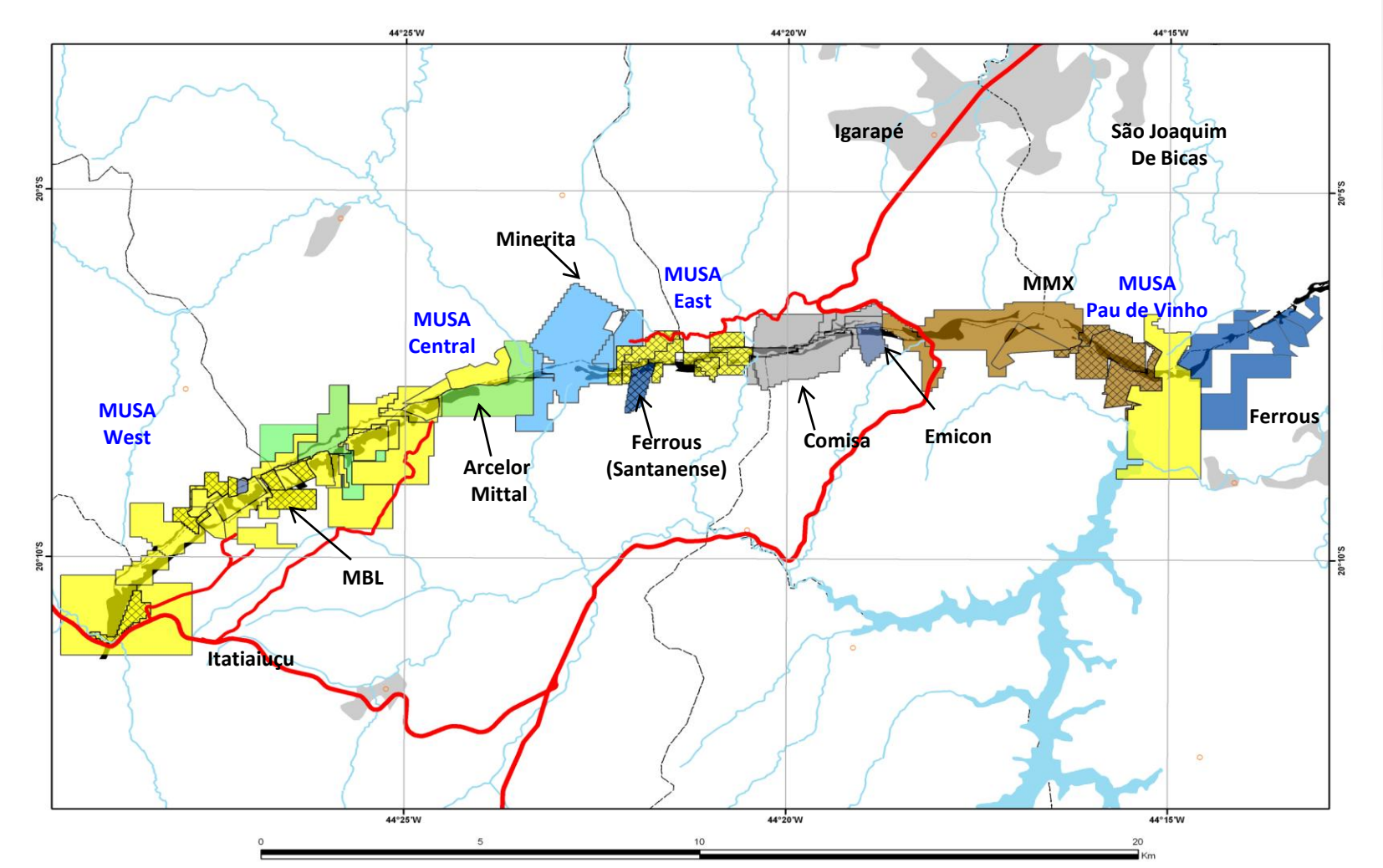


Compact Project:
under detailing phase



Mineração Usiminas

Serra Azul



Mineração Usiminas mining operation is highlighted in yellow.

Itaguaí Port



Steel Processing

Soluções Usiminas





Soluções Usiminas

Steel Processing

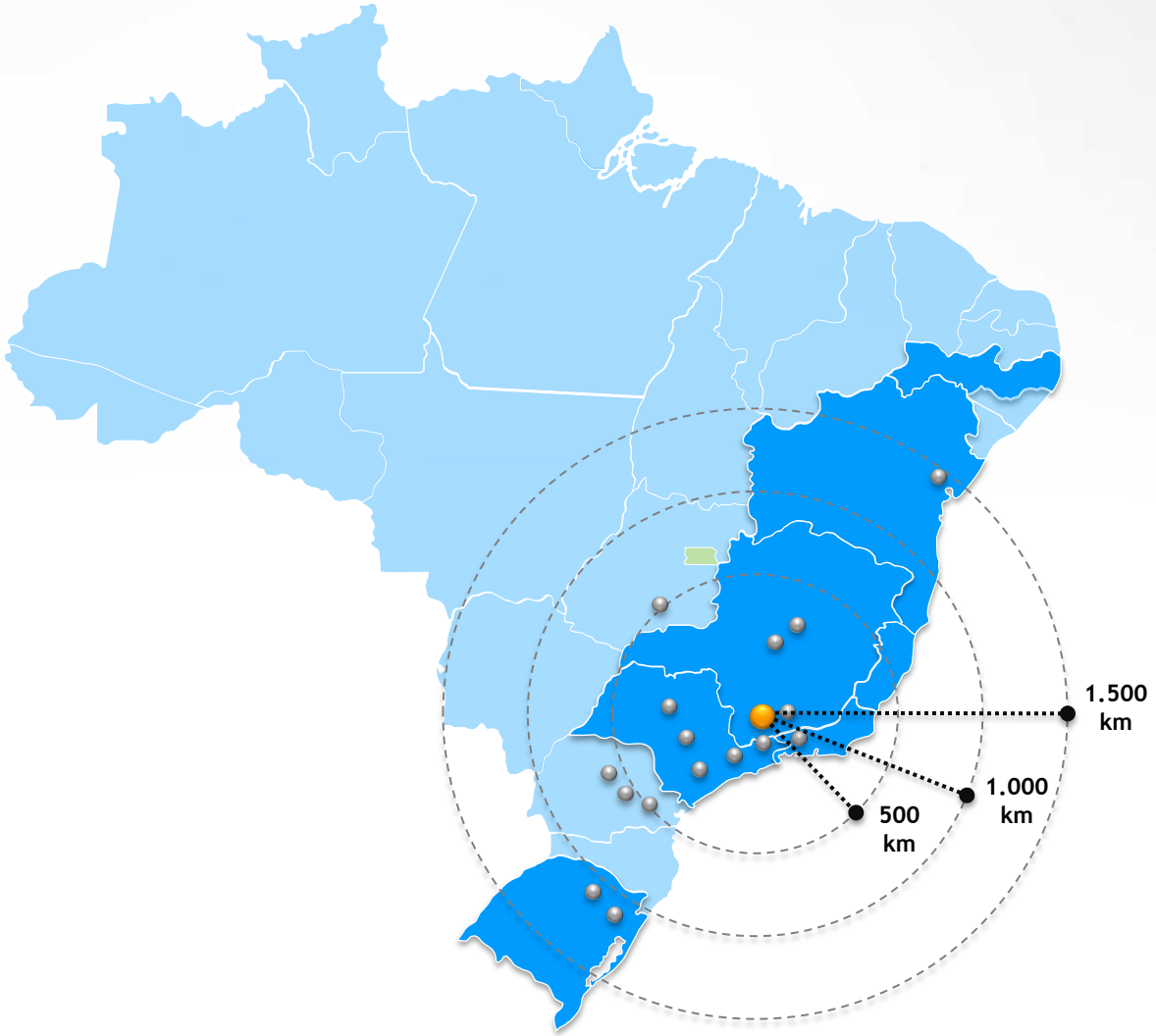
- 11 industrial units in MG, SP, RS, ES and PE. Processing capacity of 2 million tons/year.
- 3Q12 Net Revenues of R$440 million
- Leadership:

  Is the leader in the steel distribution sector since 2010, according to INDA.



Steel Processing

Automotiva Usiminas



- *Pouso Alegre Unit*
- *Clients*

Automotiva Usiminas

Steel Processing

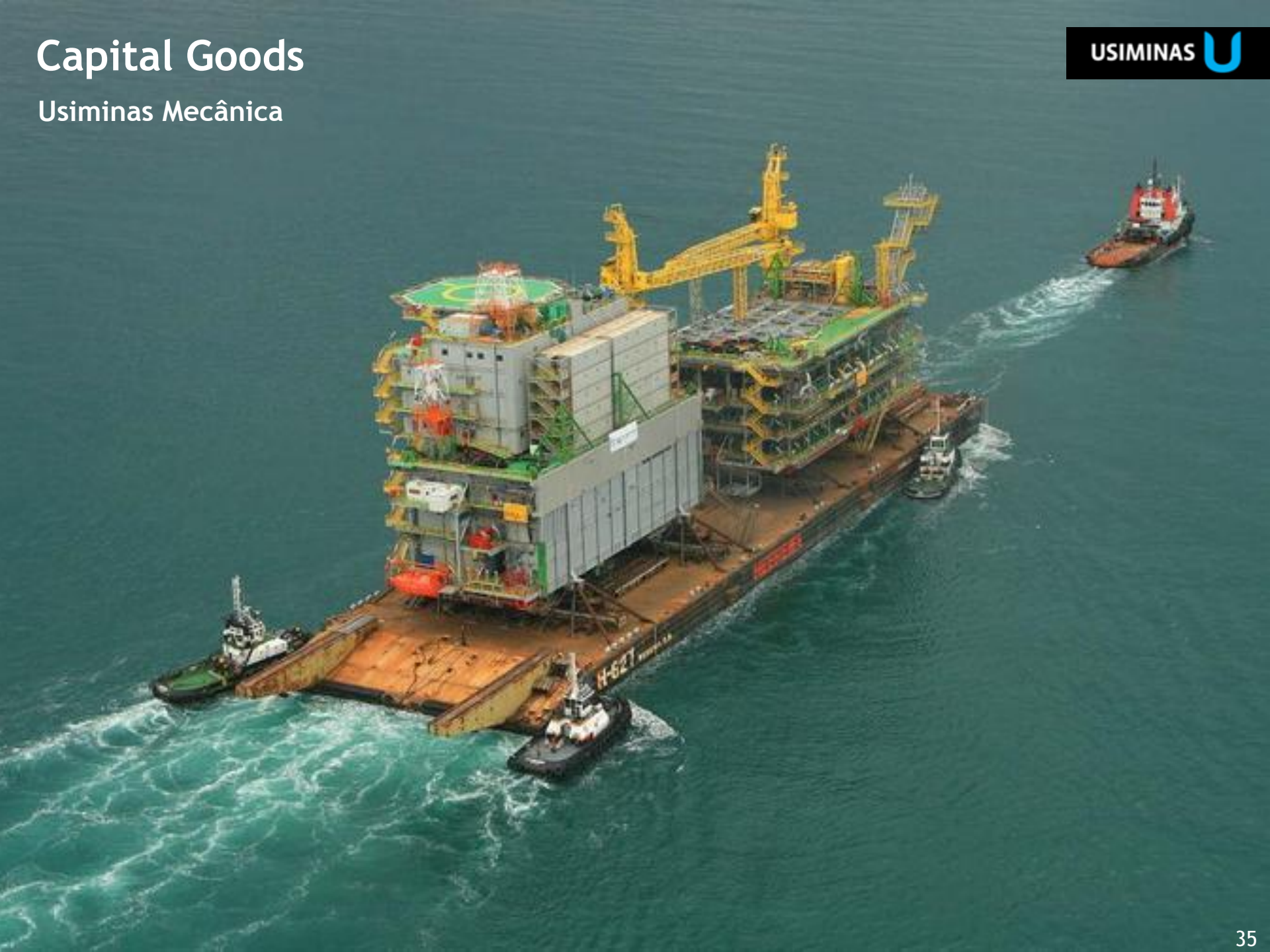
- **Pouso Alegre – MG**
  - Close to major auto makers.
  - Full service company.
- **3Q12 Net Revenues of R$82 million**
- **Major Clients:**

  Ford, Mercedes Benz, Fiat, Volkswagen, Volvo, General Motors, International Trucks, Honda Toyota, PSA Peugeot Citroën, Scania.



Capital Goods

Usiminas Mecânica



Usiminas Mecânica

Capital Goods

- **Ipatinga – MG**

  It is one of the largest capital goods' company in the country.

- **3Q12 Net Revenues of R$305 million**
- **Market Sectors:**
  - Industrial Assembly
  - Structures / Metal Bridges and Blanks
  - Industrial Equipment
  - Industrial Erection
  - Foundry and Railcars
- **Highlights:**
  - Manufacture and assembly of the bridge over Rio Sereno and the supply of steel structures for mining and petroleum exploration platforms.







Usiminas Mecânica

Capital Goods – some of its main projects

3rd Bridge in Brasília



Ship Panel



Agenda



Market Overview



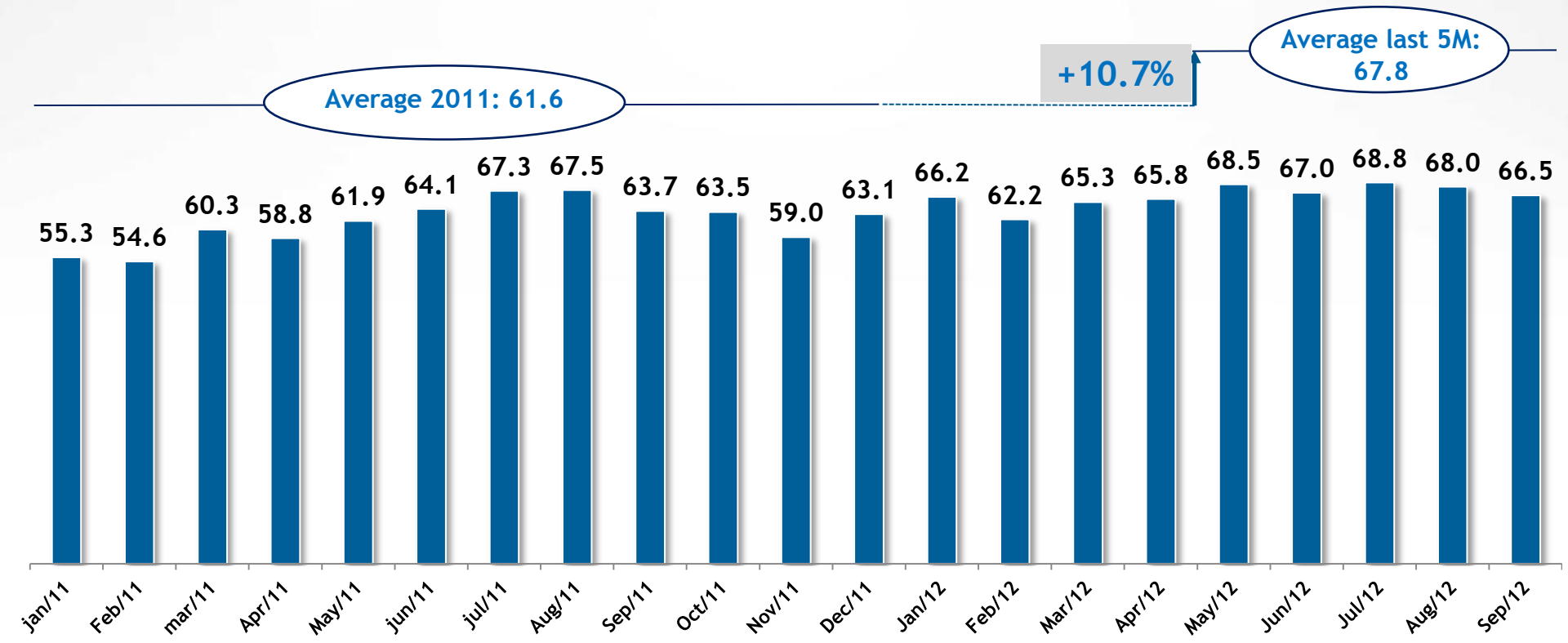
Usiminas and its Business Units



Operational and Financial Highlights

Increasing Coke Production

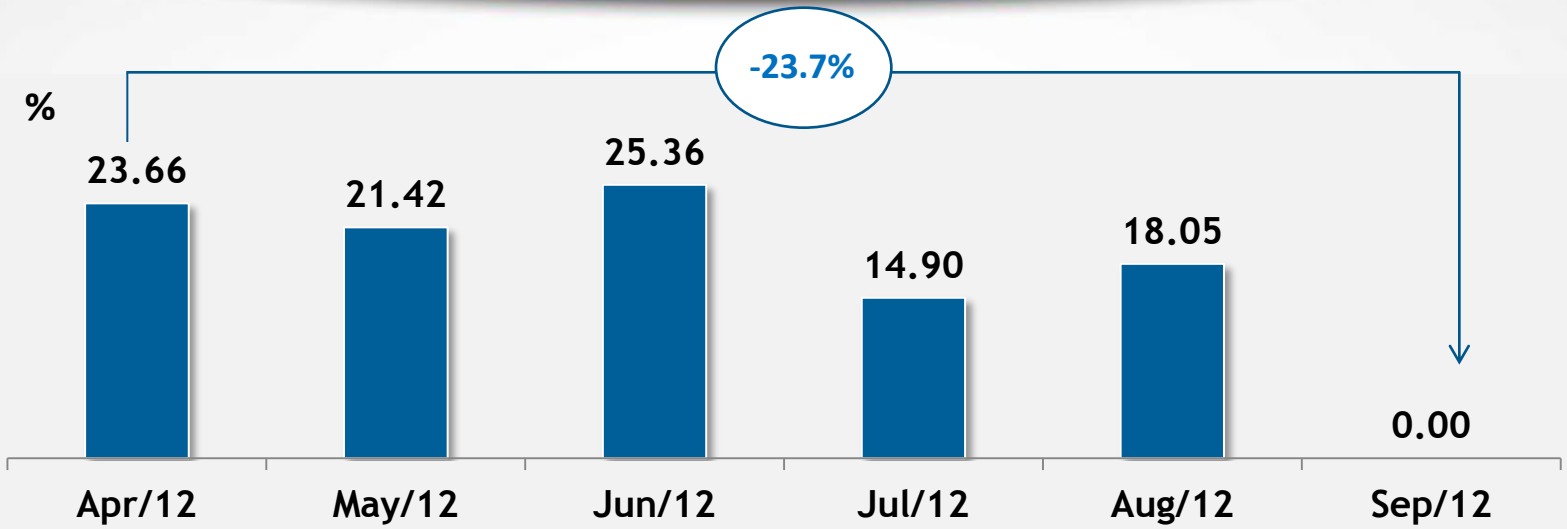
Coke Plant #3 (Ipatinga) - Production in thousand tons



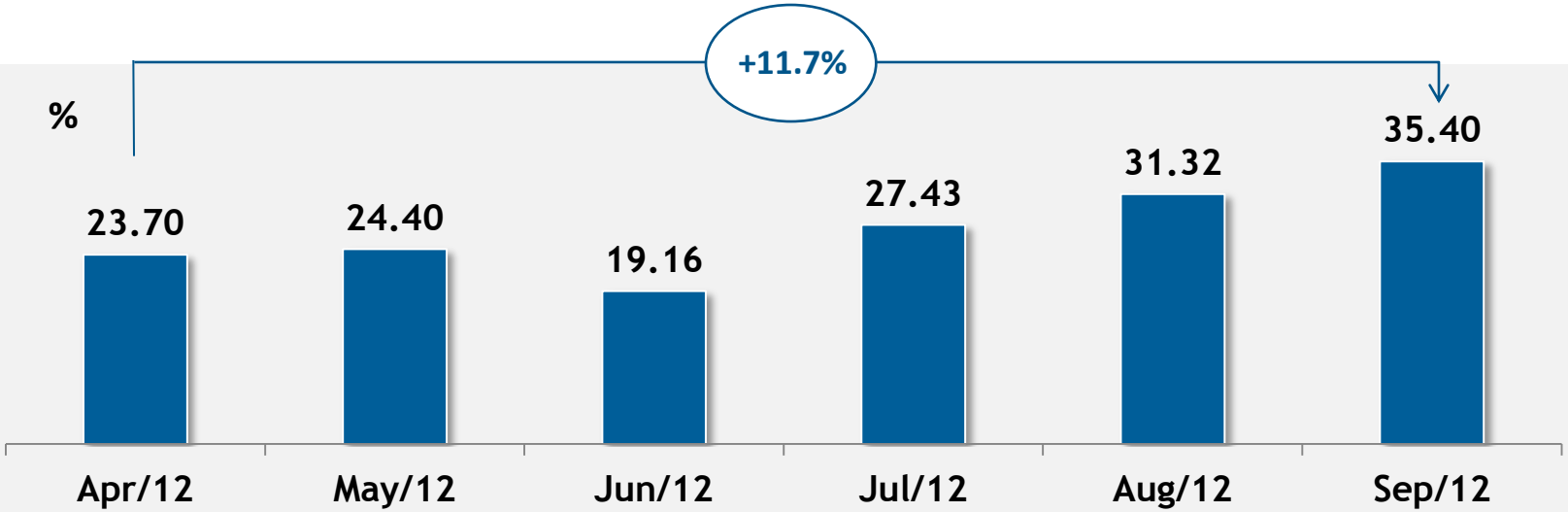
Cheaper Blend of Iron Ore

Better metallic burden in Blast Furnace #1 (Cubatão)

Pellet



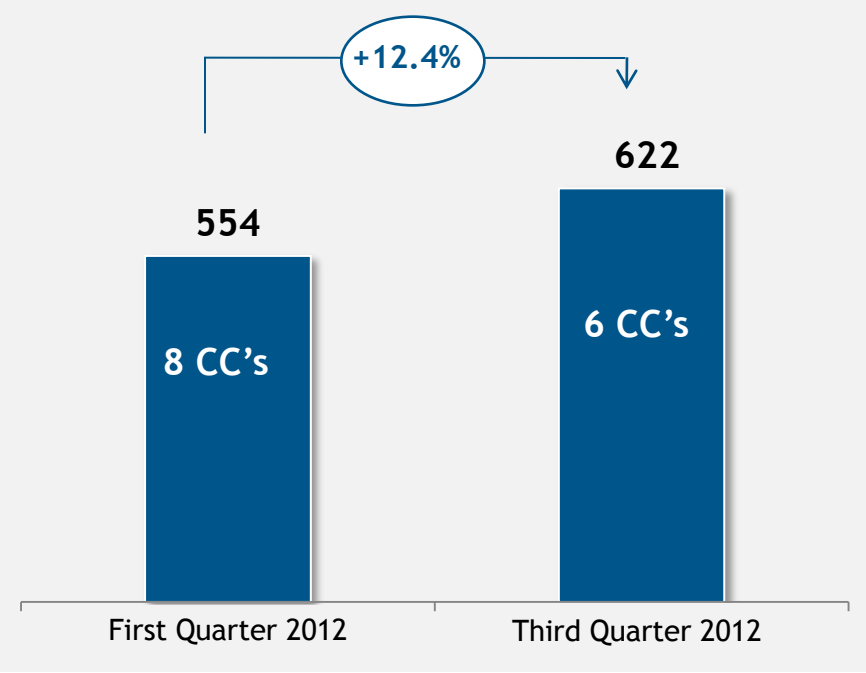
Lump



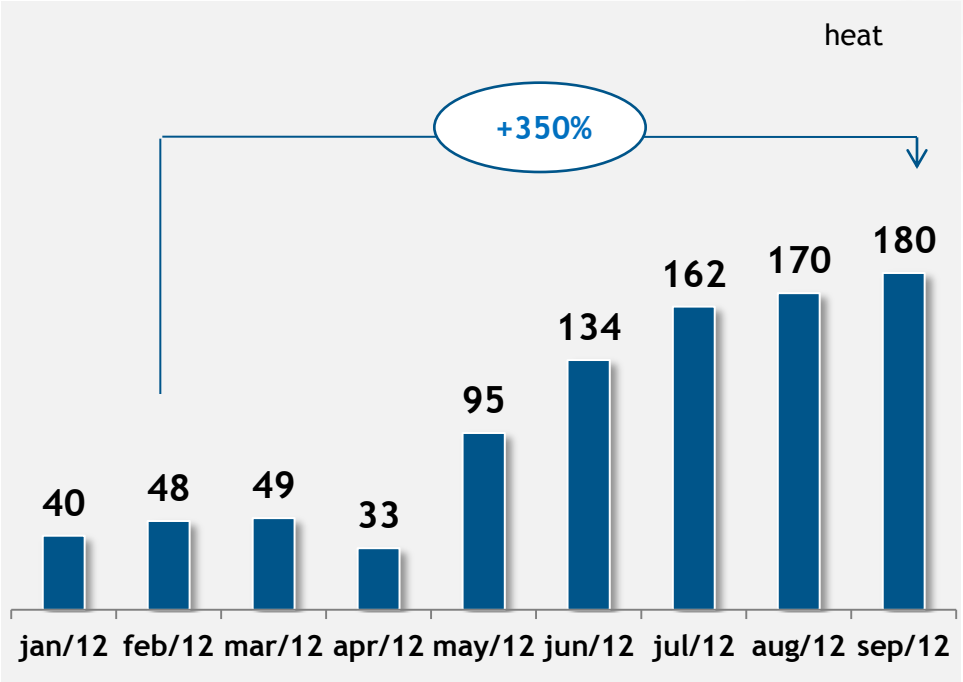
Focus on Productivity

Improving Continuous Casting productivity in the steel mills

Slab production - thousand tons

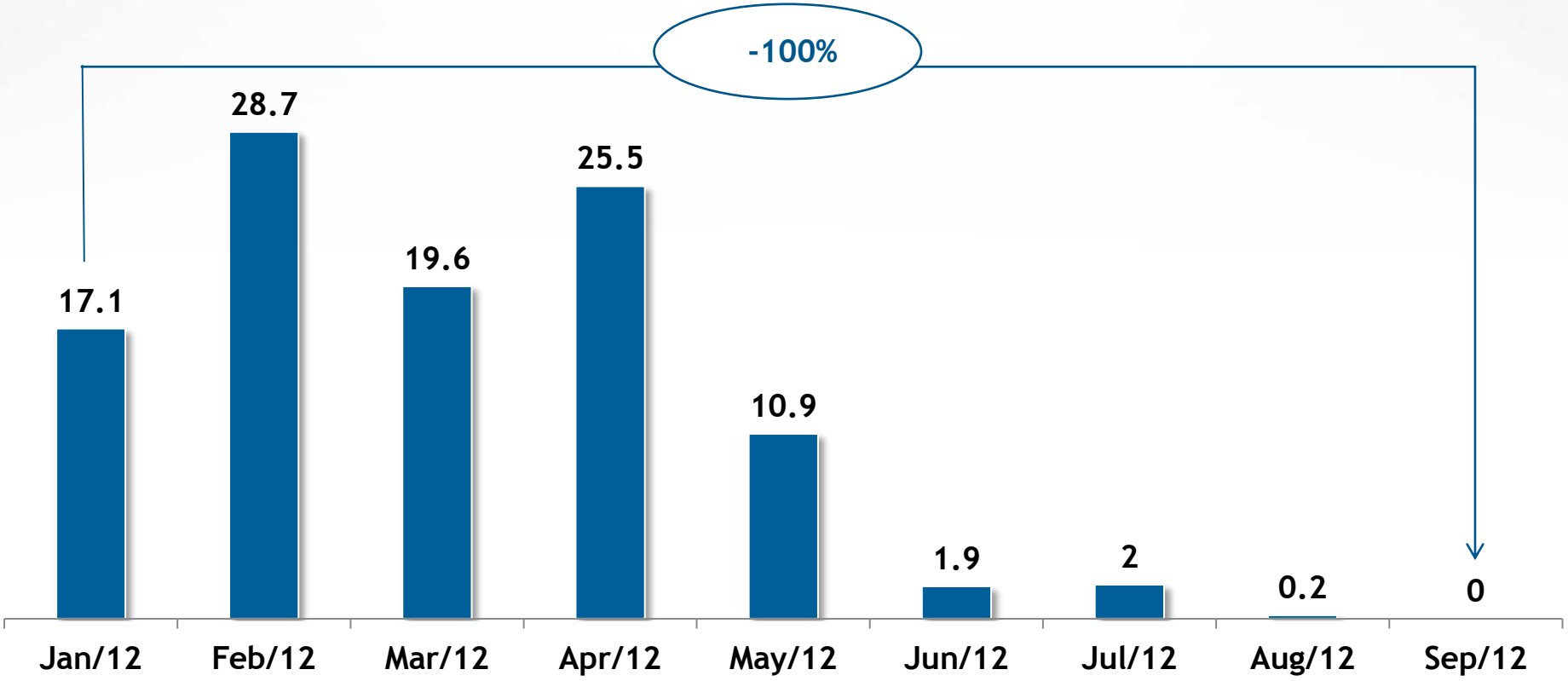


Continuous Casting sequence



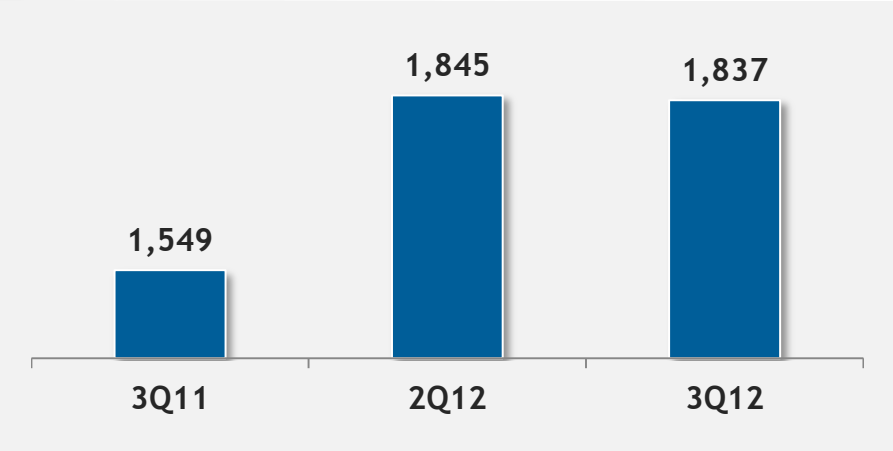
Focus on Productivity

Transfer of slabs from Cubatão to Ipatinga - thousand tons

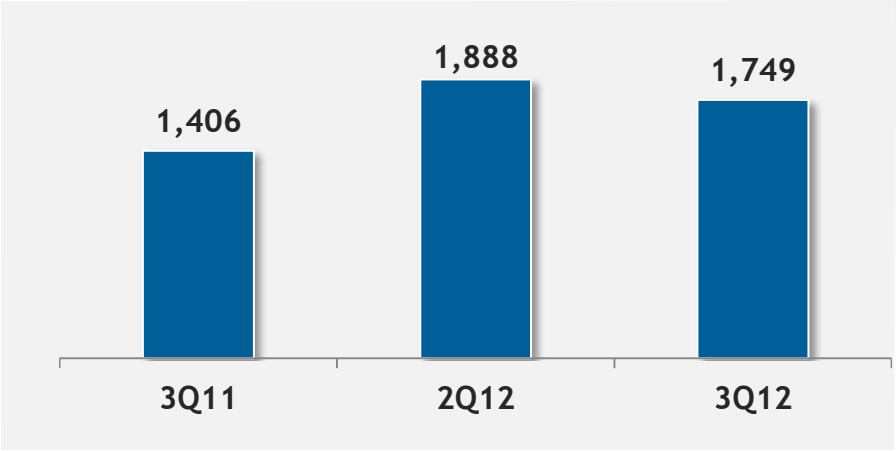


3Q12 Main Highlights

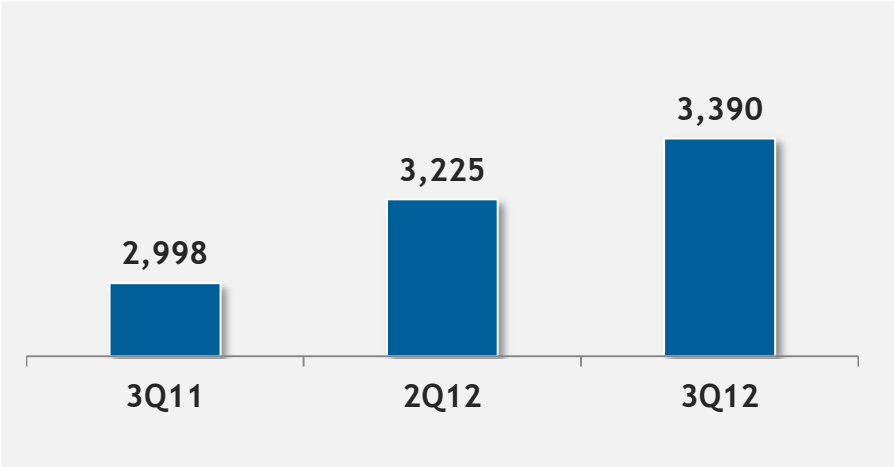
Crude Steel Production - *thousand tons*



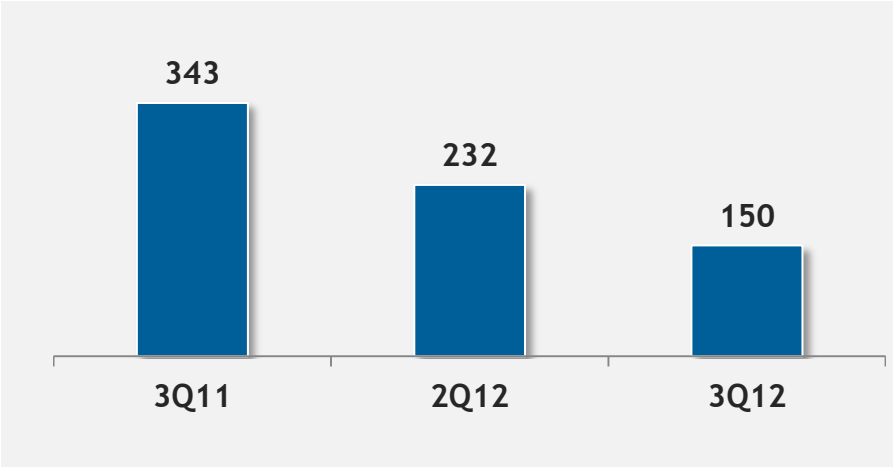
Sales - *thousand tons (steel products)*



Net Revenues - *R$ Million*

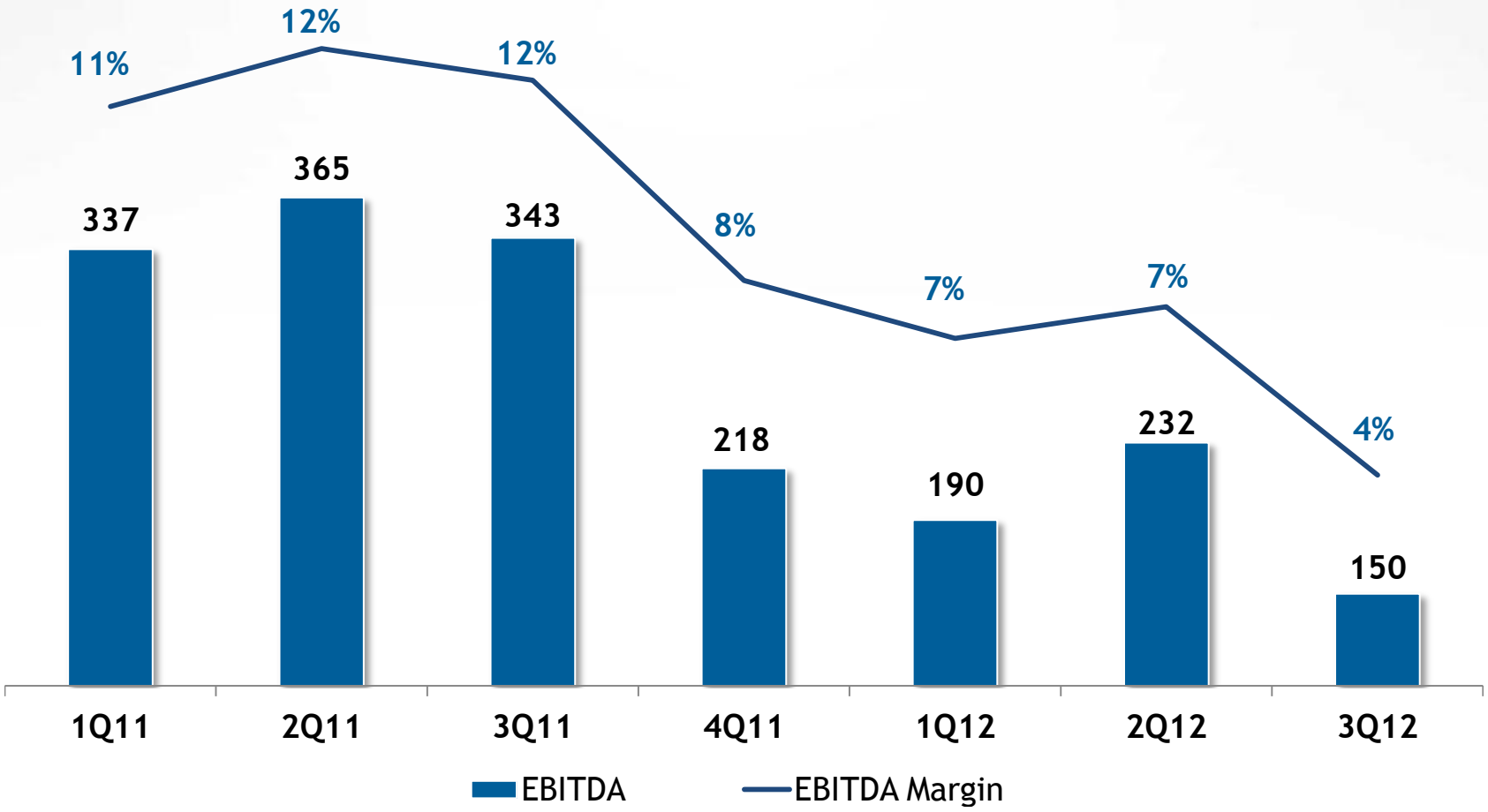


EBITDA - *R$ Million*



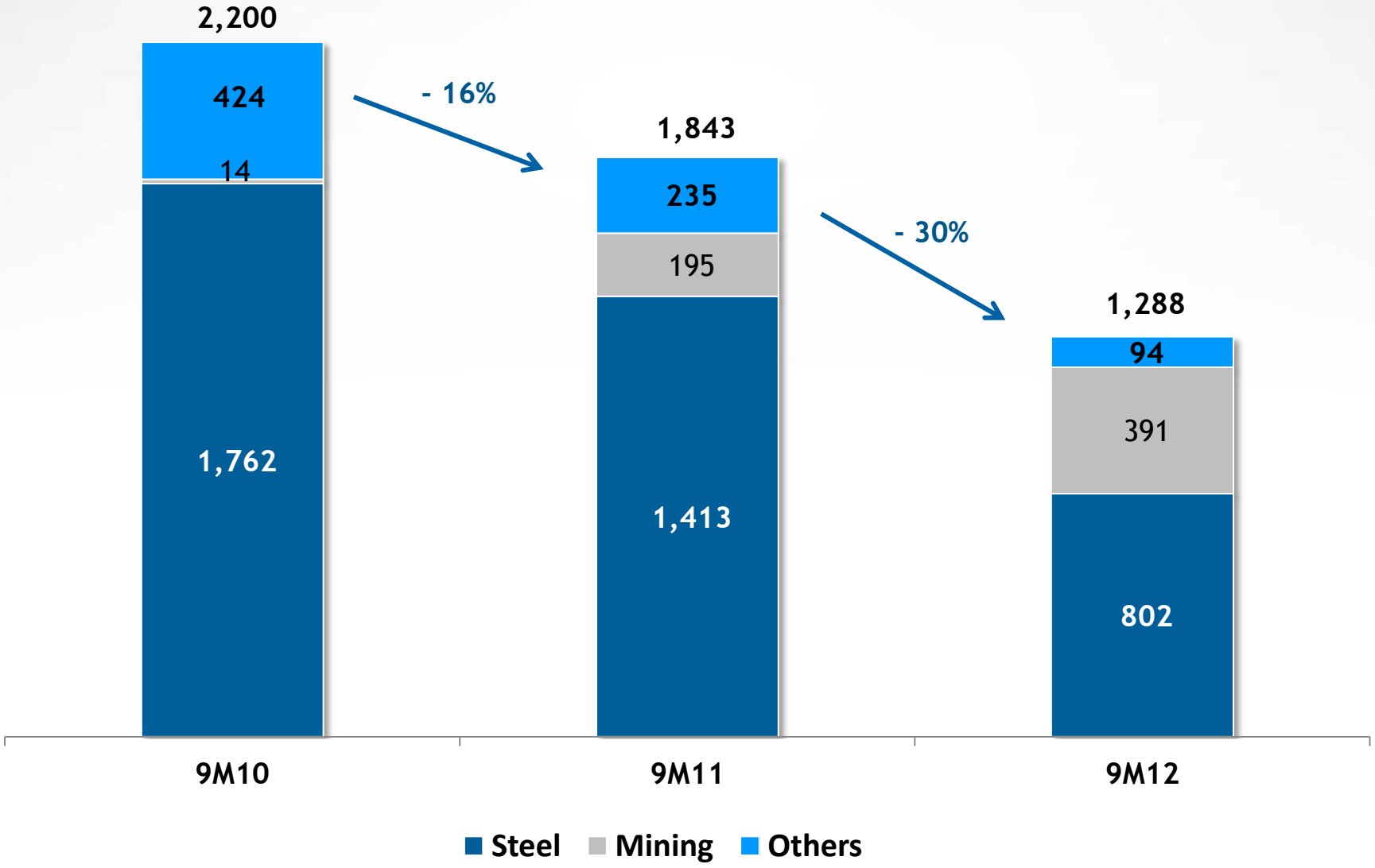
Ebitda / Ebitda Margin

R$ million



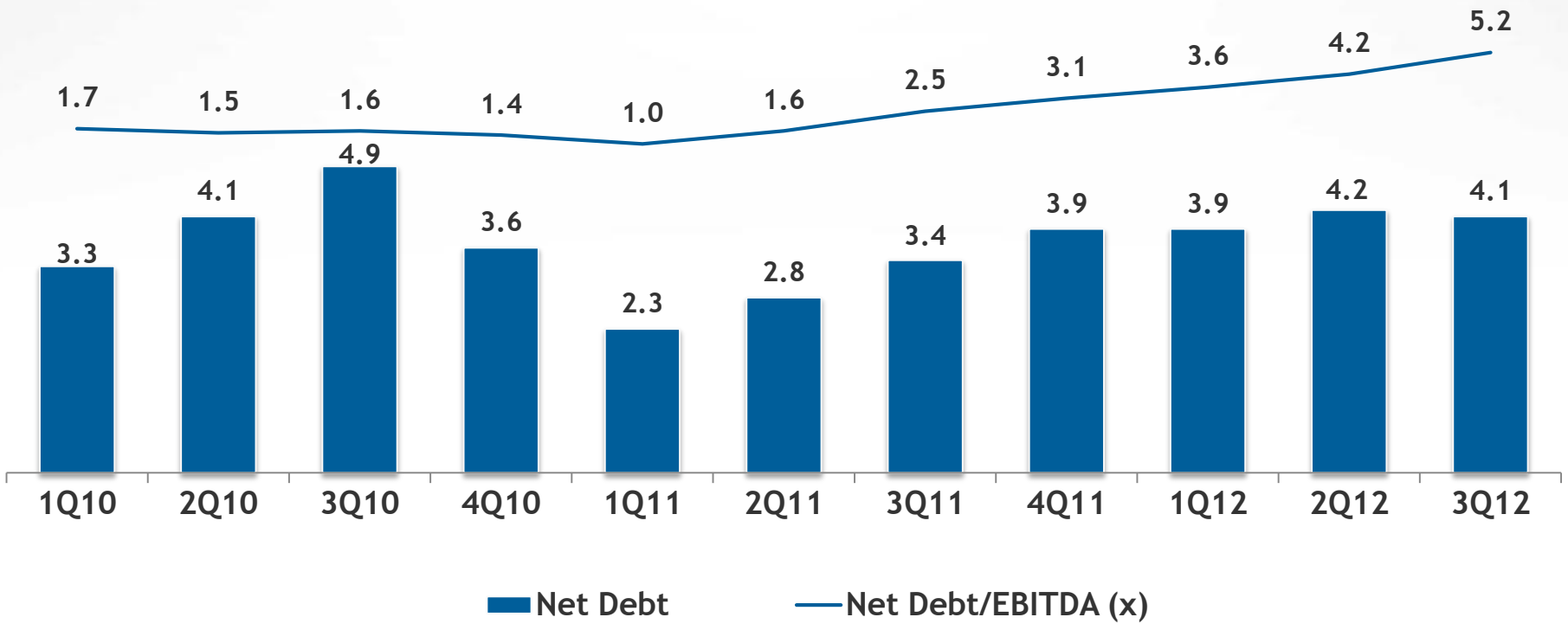
Capex Evolution - Accumulated 9 Months

R$ million



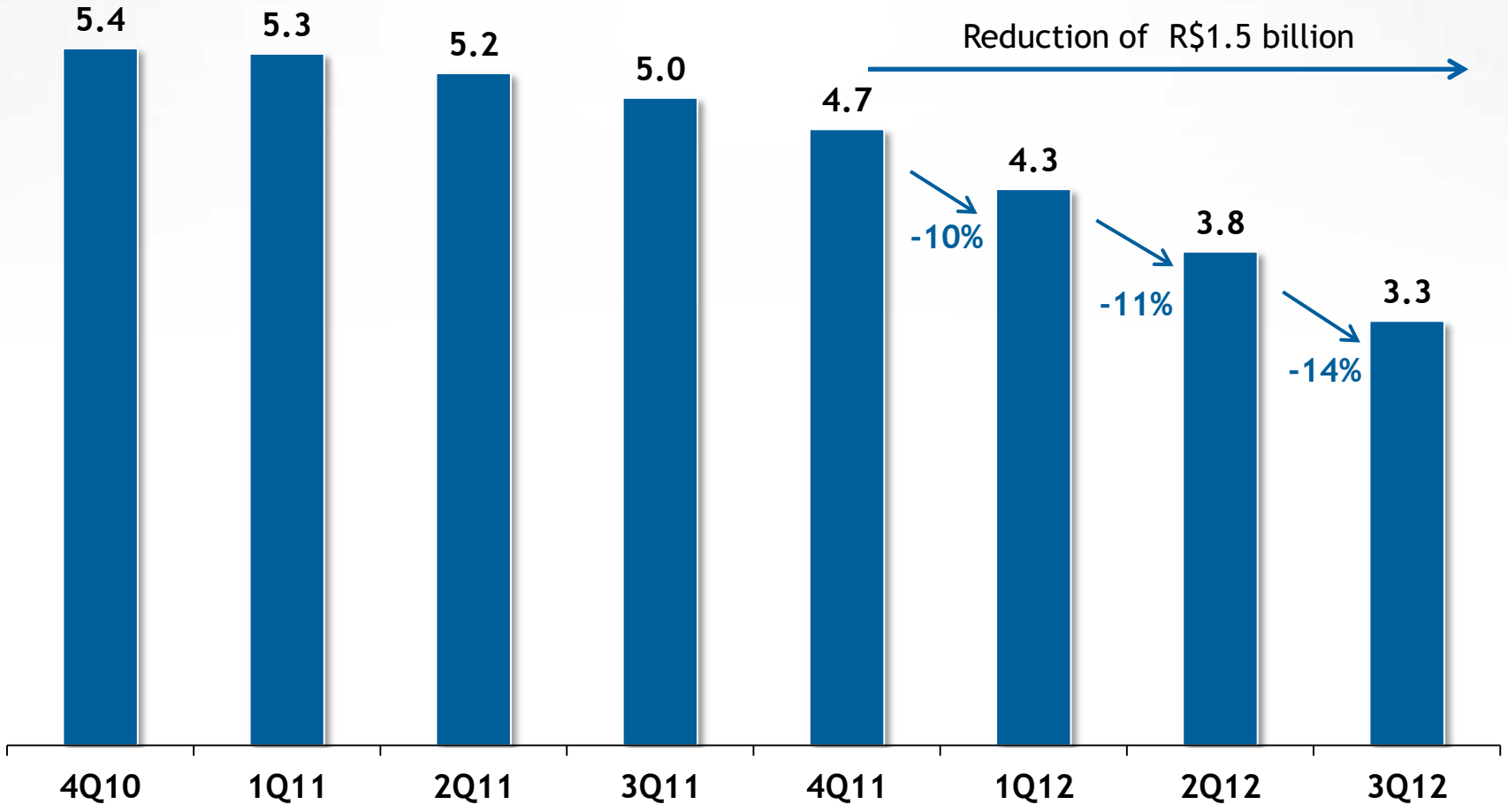
Leverage – Consolidated Basis

R$ billion



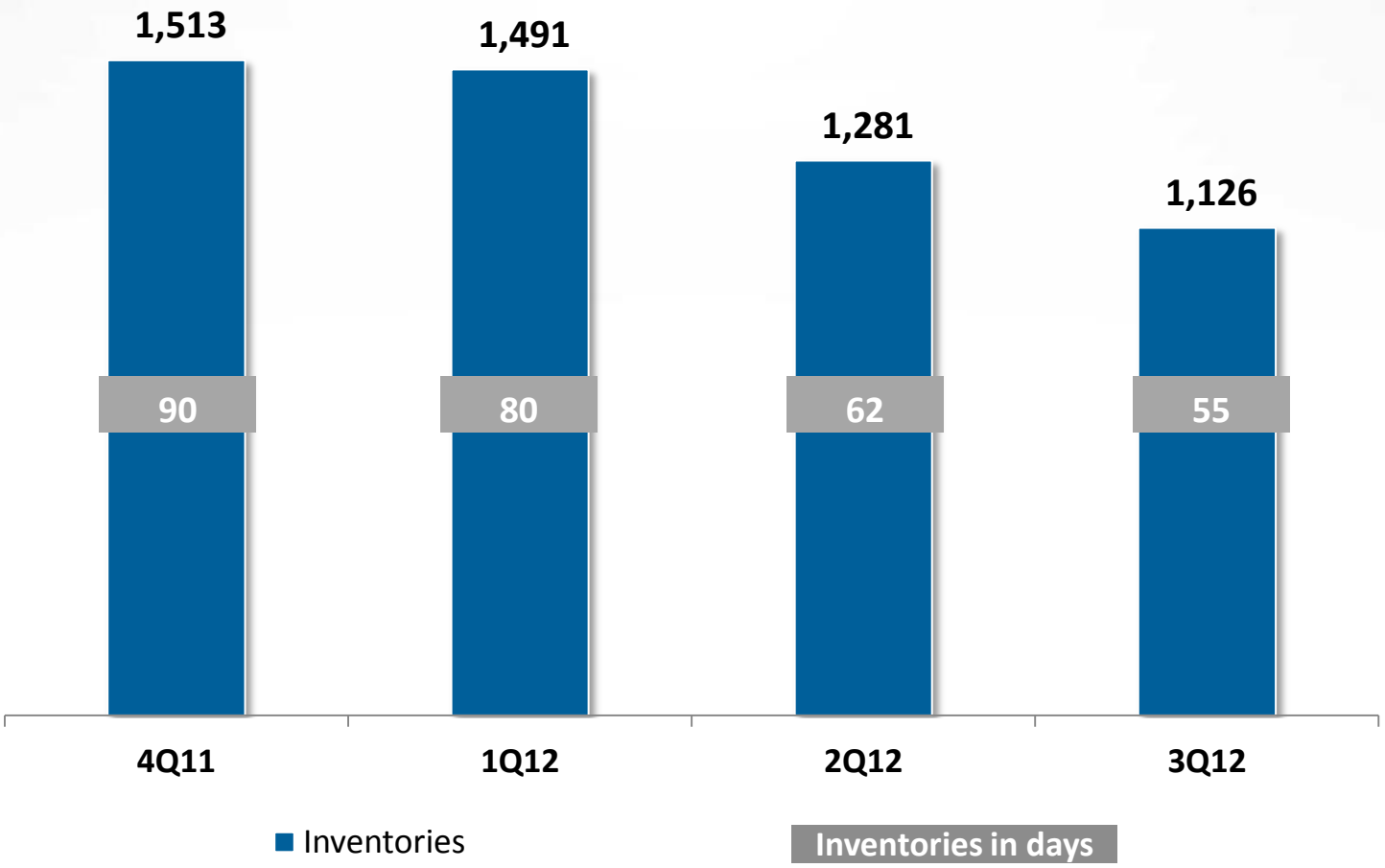
Working Capital - Consolidated

R$ billion



Working Capital - Consolidated

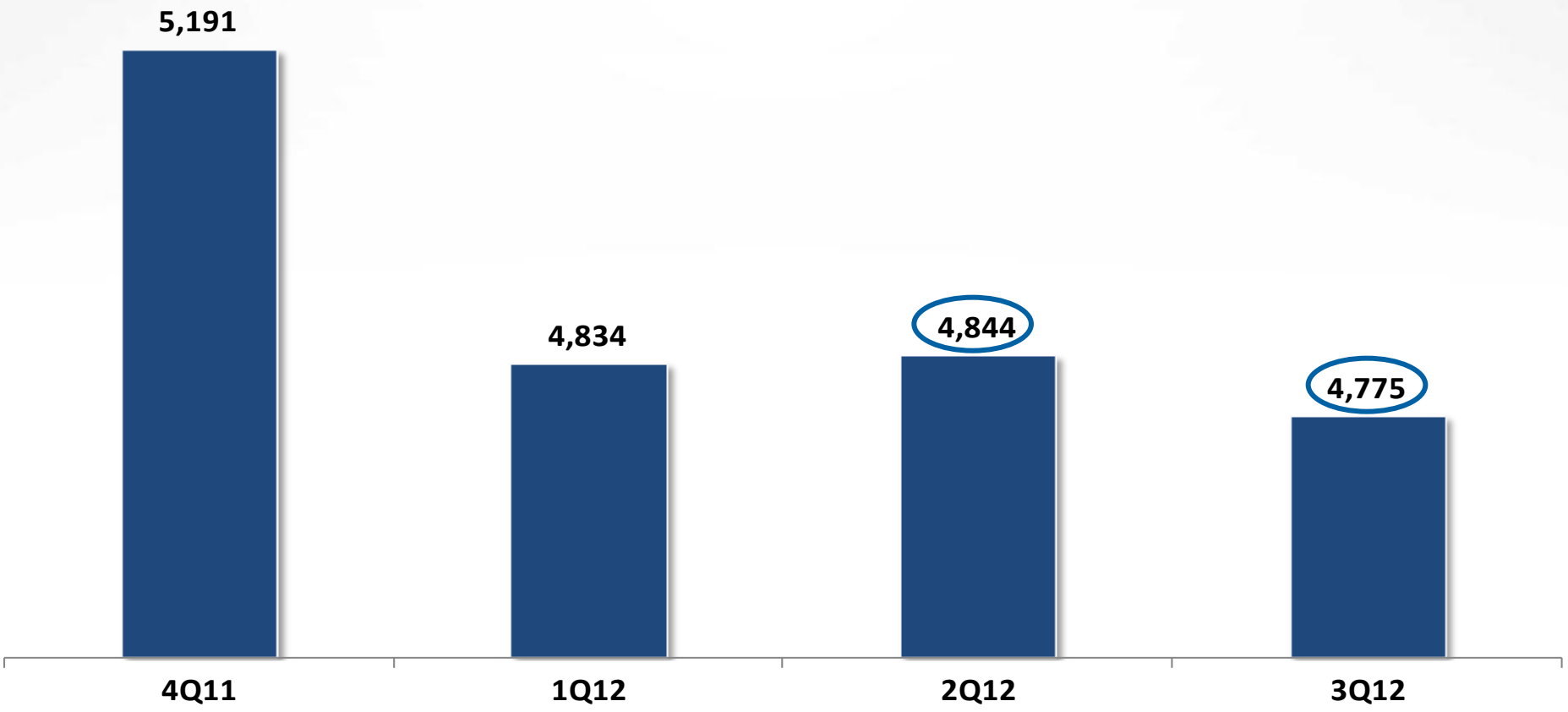
Reduction of 387 thousand tons on the inventories since 4Q11



Cash Position – Consolidated

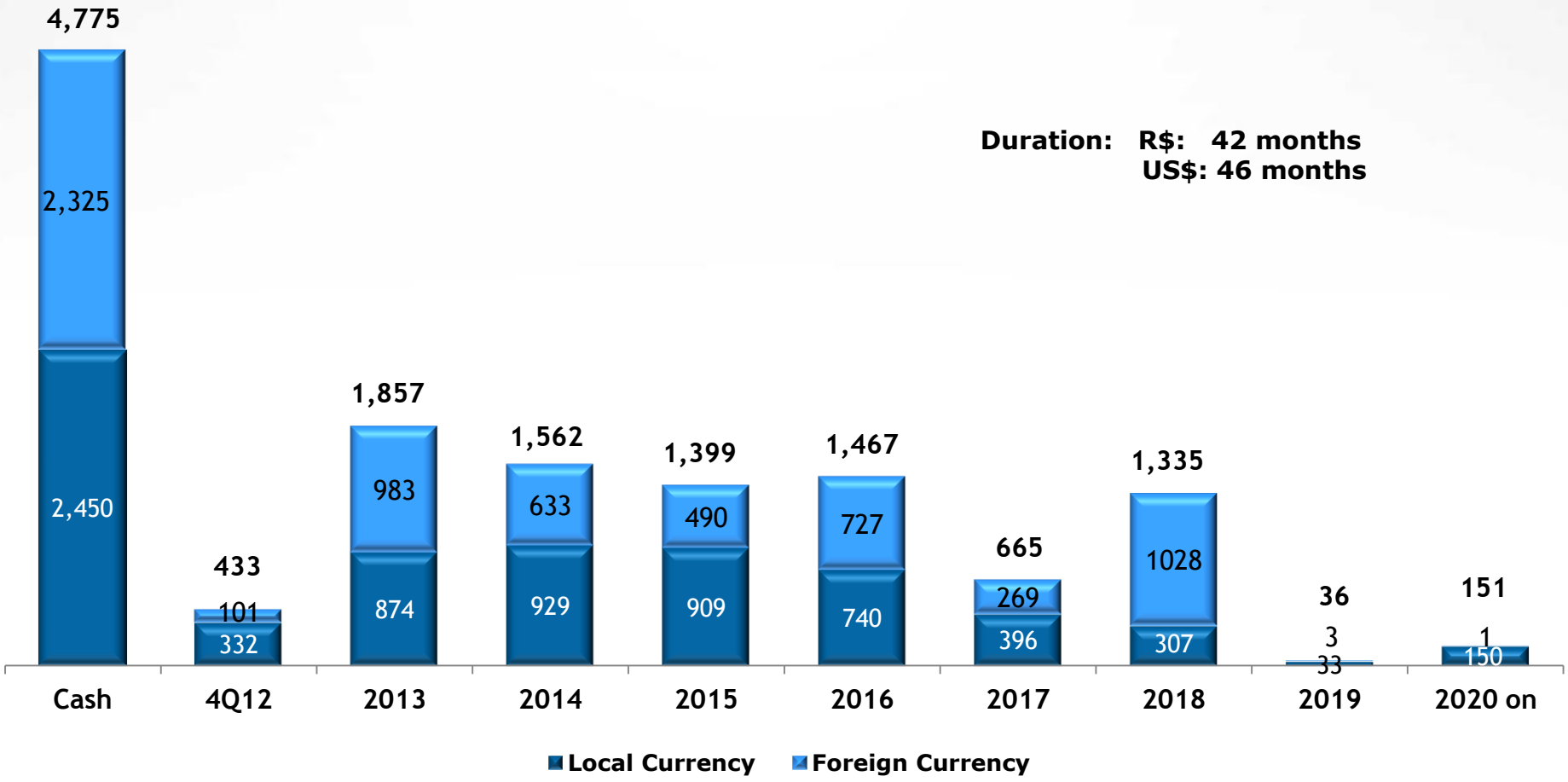
R$ million

Stable cash position comparing 3Q12 x 2Q12



Debt Profile

R$ million



NÍVEL 1
BM&FBOVESPA

ADR
Level I

LATIBEX

THE GLOBAL COMPACT
WE SUPPORT

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Declarations relative to business perspectives of the Company, operating and financial results and projections, and references to the growth of the Company, constitute mere forecasts and were based on Management's expectations in relation to future performance. These expectations are highly dependent on market behavior, on Brazil's economic situation, on the industry and on international markets, and are therefore subject to change.

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