Usiminas Presentation 1Q11

USIMINAS

Agenda

Market Overview

Usiminas and its Business Units

Financial Highlights







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Financial Highlights

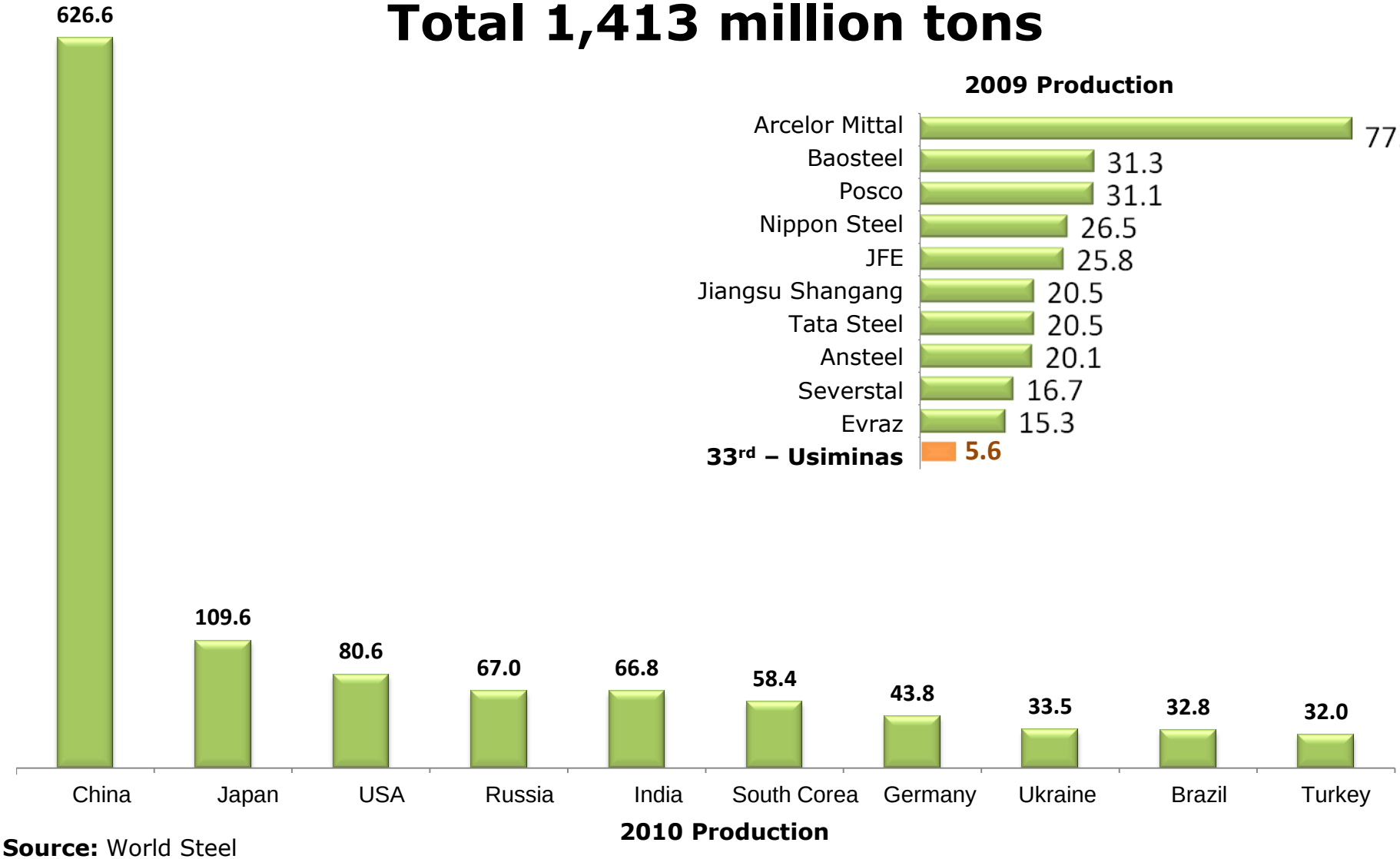






World Production - 2010

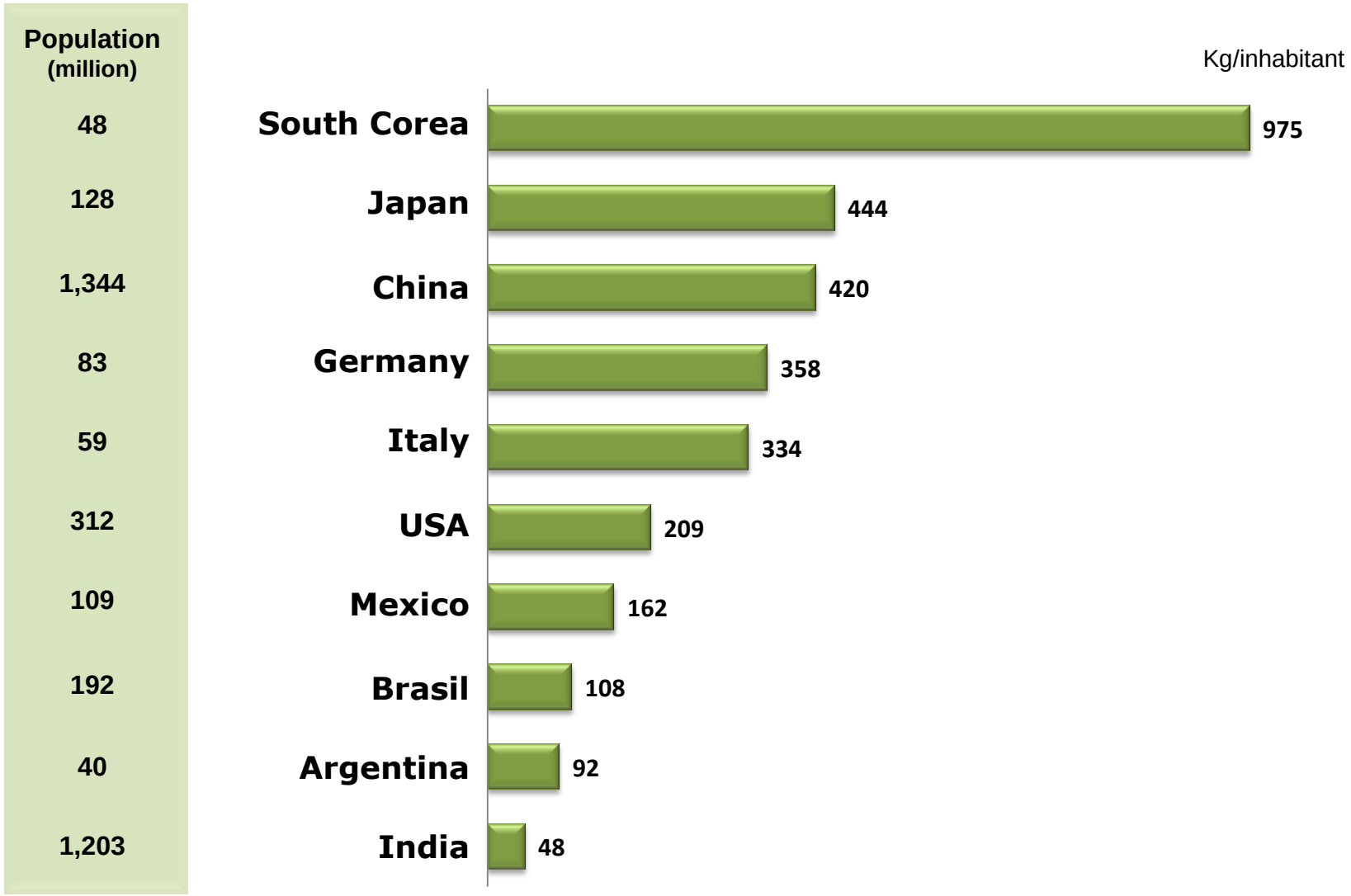
Total 1,413 million tons



Source: World Steel

Largest Steel Productors

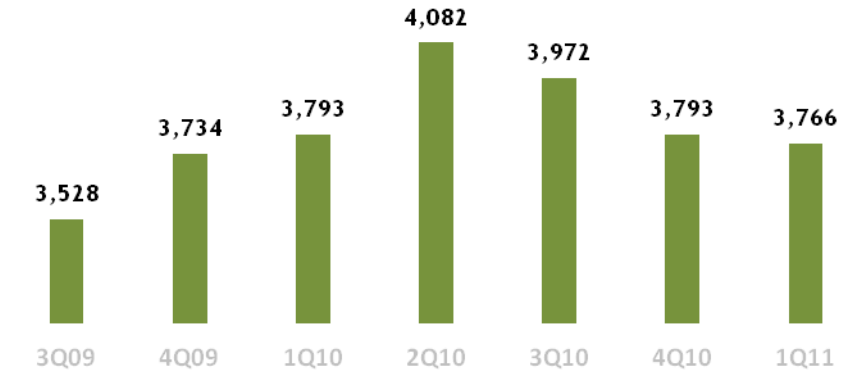
2009 per capita steel consumption



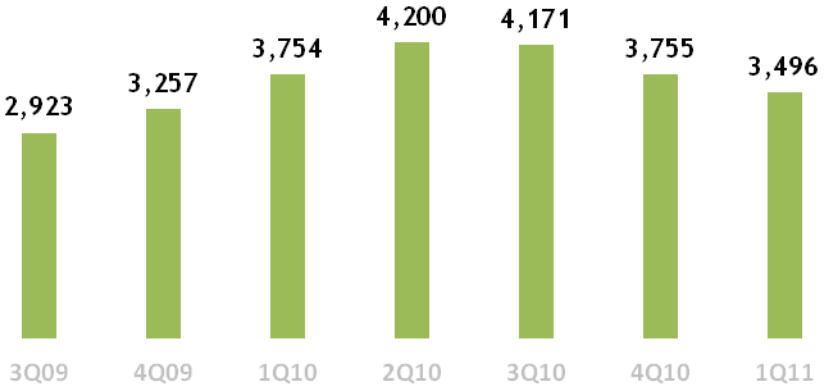
Source: *World Steel Association*

Brazilian Market – Flat Steel

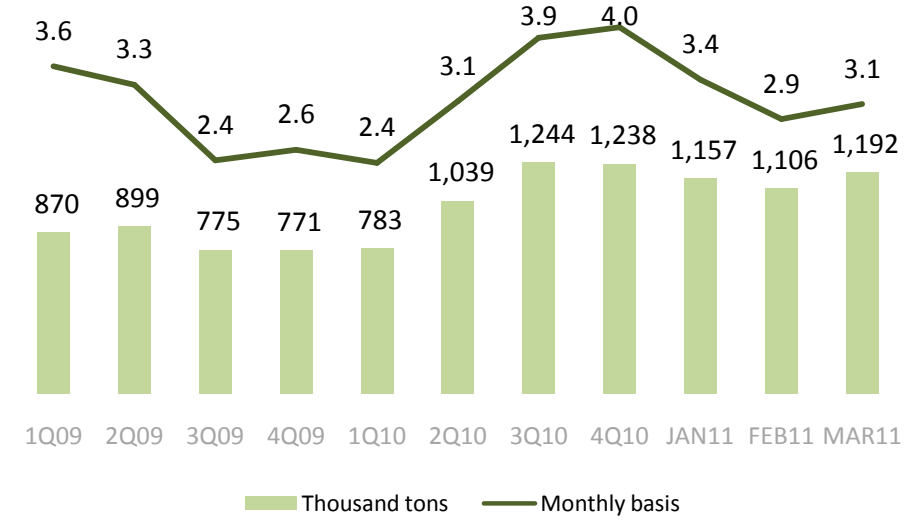
Production – *thousand tons*



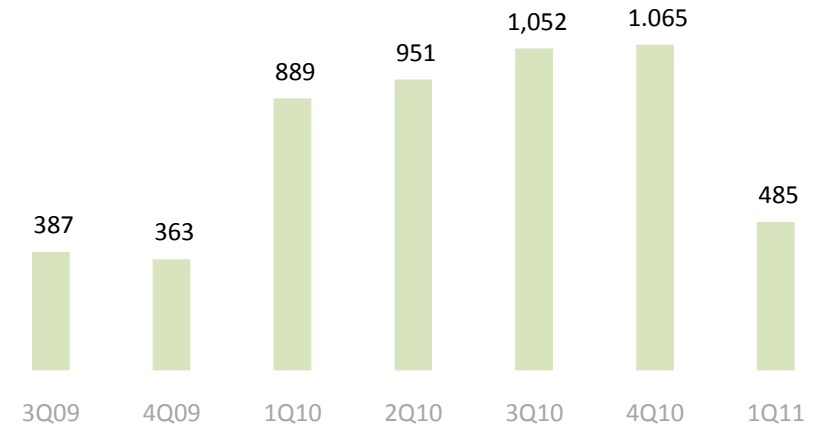
Apparent Consumption – *thousand tons*



Inventories in the Distribution Network – *(flat)*



Flat Steel Imports- *thousand tons*



Source: IABR / INDA

Value Transfer on the Steel Chain

Profit distribution on the steel production chain



Source: *IBS and Mackinsey Company*

Domestic Market

Benefit from the Brazilian positive outlook

GDP forecast:
2011 – 2014: ~4.5% a.a.

- Brazilian investments during the period 2011-2014: R$1.6 billion (63% growth – 2006-2009)
- Industry – R$614 billion
- Infrastructure: R$380 billion
- Housing and sportive events: R$607 billion

Medium and long term projects:

2010-2015
~ US$ 55 Billion

2011-2016
~ US$ 12 Billion

2009-2015
~ US$ 224 Billion

Source: *BNDES*

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Time Line

Usiminas delivers what it promises

1956
Foundation of Usiminas

1962:
Operation Start Up

Privatization
Usiminas:1991;
Cosipa: 1993

2005: *Listing on Latibex*

2008:
- Aquisition of J. Mendes iron ore mines
- Aquisition of Zamprogna

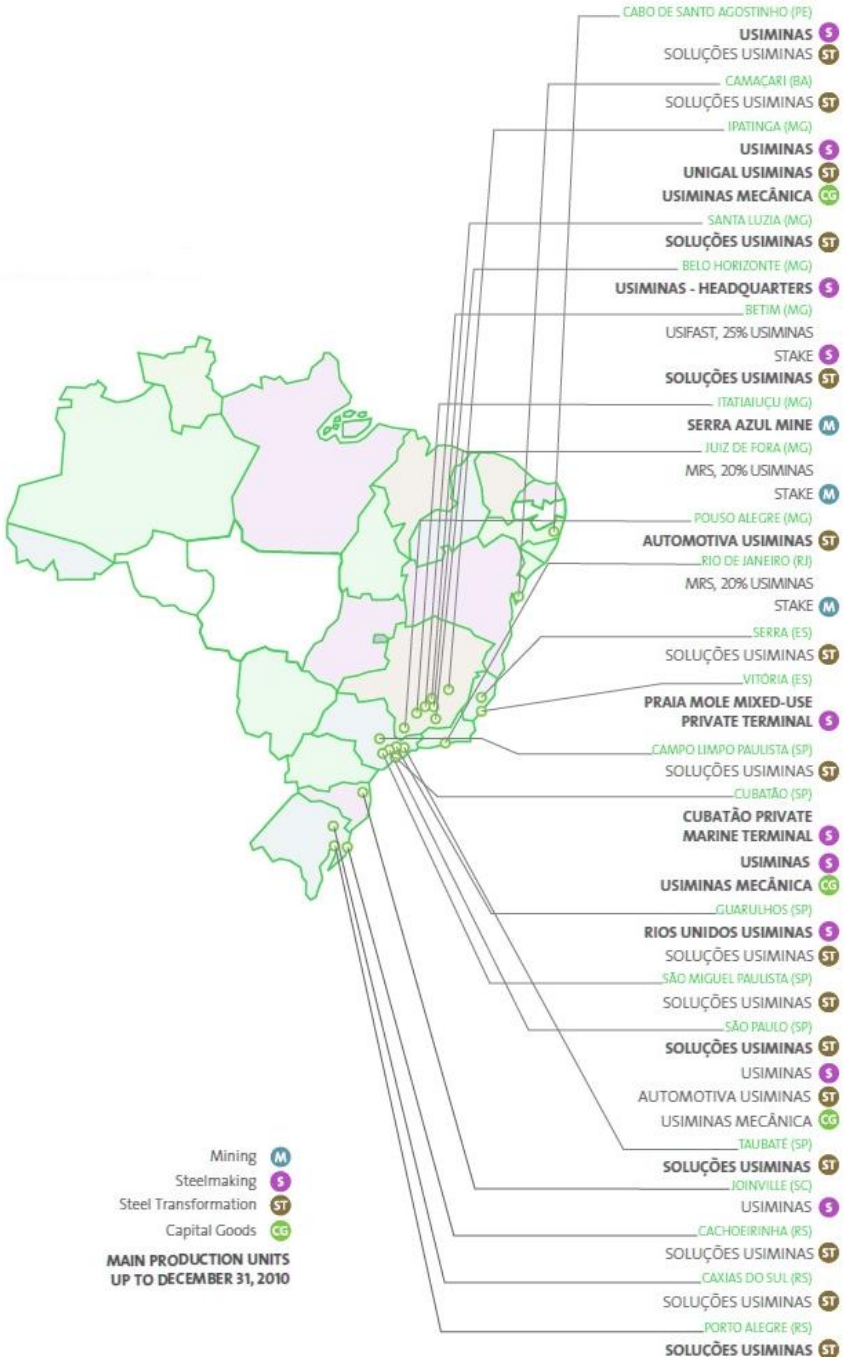
2009:
- Soluções Usiminas, con-solidation of the companies Rio Negro, Dufer, Fasal and Zamprogna e industrial units Usial and Usicort
- *Single CNPJ: Cosipa is incorporated by Usiminas*

2010
- *Creation of Mineração Usiminas and join venture with Sumitomo Group of 30% of the plant*
- Port *Agreement between Mineração Usiminas and MMX, LLX and PortX for iron ore shipment.*
- *New Coke Plant: the first step to Coke self-sufficiency.*
- Optimization Plan of the Plants and *Sincron (CLC)*

2011
- Selling of Ternium shares
- ADR II approval

2015
Self-sufficiency
- Iron Ore;
- Energy

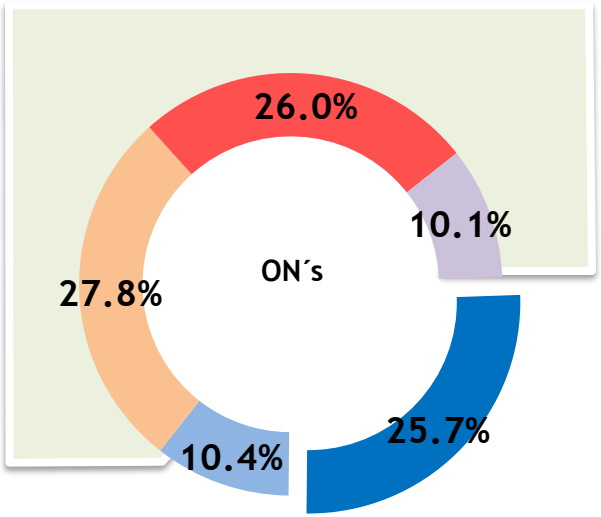
Strategically Located



Shareholder Composition

Voting Capital

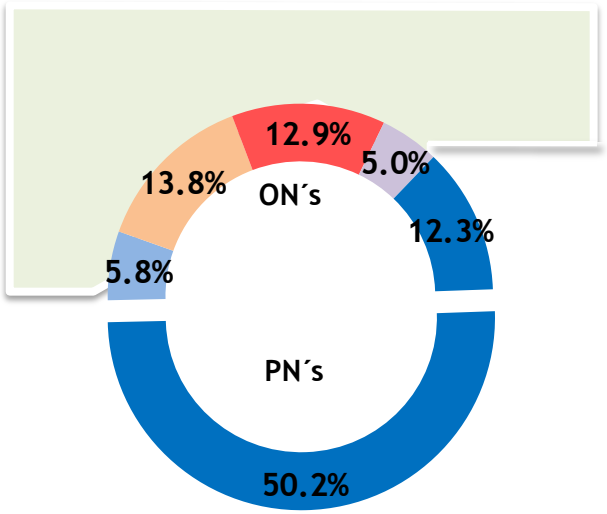
Control Group:
63.9% of Voting Capital



- Nippon Group
- Grupo Votorantim / Camargo Corrêa
- Usiminas Pension Fund
- Free Float
- Previ

Total Capital

Control Group: 31.8%
63.9% of Voting Capital



Usiminas

- Complete solution of services and value added products through its Business Units:

Mining



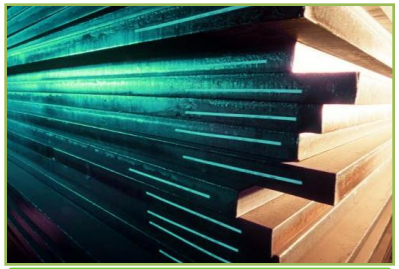
- Mineração Usiminas *

Steel



- Ipatinga
- Cubatão
- Unigal Usiminas *

Steel Procecessing



- Soluções Usiminas *
- Automotiva Usiminas *
- Metform and Codeme stake **

Capital Goods



- Usiminas Mecânica *

UPSTREAM — DOWNSTREAM

* Controled by Usiminas
** Results accounted through equity income

Results Accounted by Business Unit

*R$ Million**

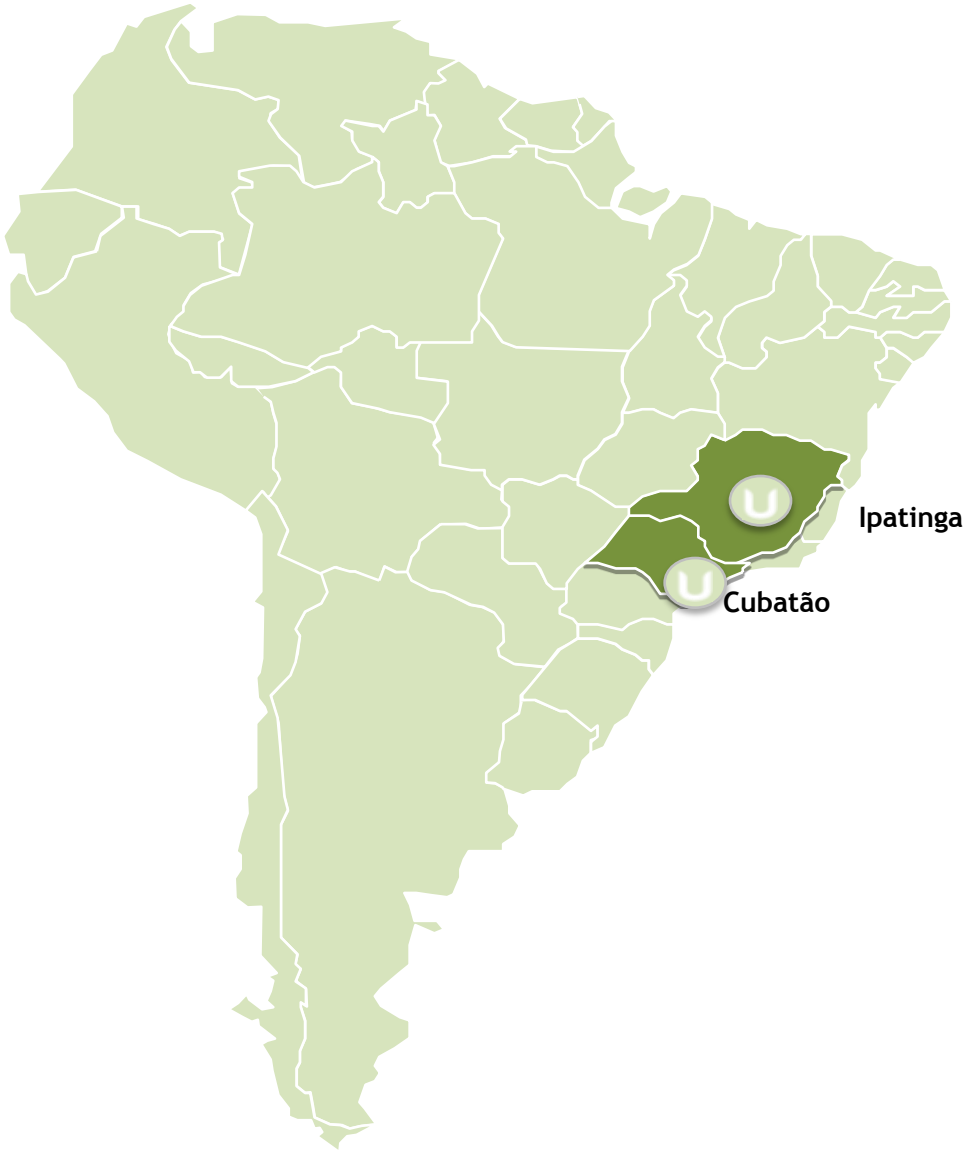
Income Statement per Business Units - Non Audited

R$ million	Mining		Steel		Steel Processing		Capital Goods		Consolidated	
	1Q11	4Q10	1Q11	4Q10	1Q11	4Q10	1Q11	4Q10	1Q11	4Q10
Net Revenues	213	234	2,691	2,553	595	591	325	391	3,063	3,092
COGS	(58)	(83)	(2,684)	(2,641)	(542)	(575)	(290)	(341)	(2,765)	(2,891)
Gross Profit	155	151	7	(88)	53	16	35	50	299	201
Operating Income (Expenses)	(23)	(30)	(36)	73	(54)	(84)	(27)	(25)	(137)	(65)
EBIT	132	121	(29)	(15)	(1)	(68)	8	25	161	137
EBITDA	**138**	**154**	**116**	**107**	**17**	**(38)**	**15**	**35**	**337**	**332**
EBITDA Margin	**65%**	**66%**	**4%**	**4%**	**3%**	**(6%)**	**5%**	**9%**	**11%**	**11%**

Note: MRS results are accounted through equity on Equity Income.

*IFRS

Steel



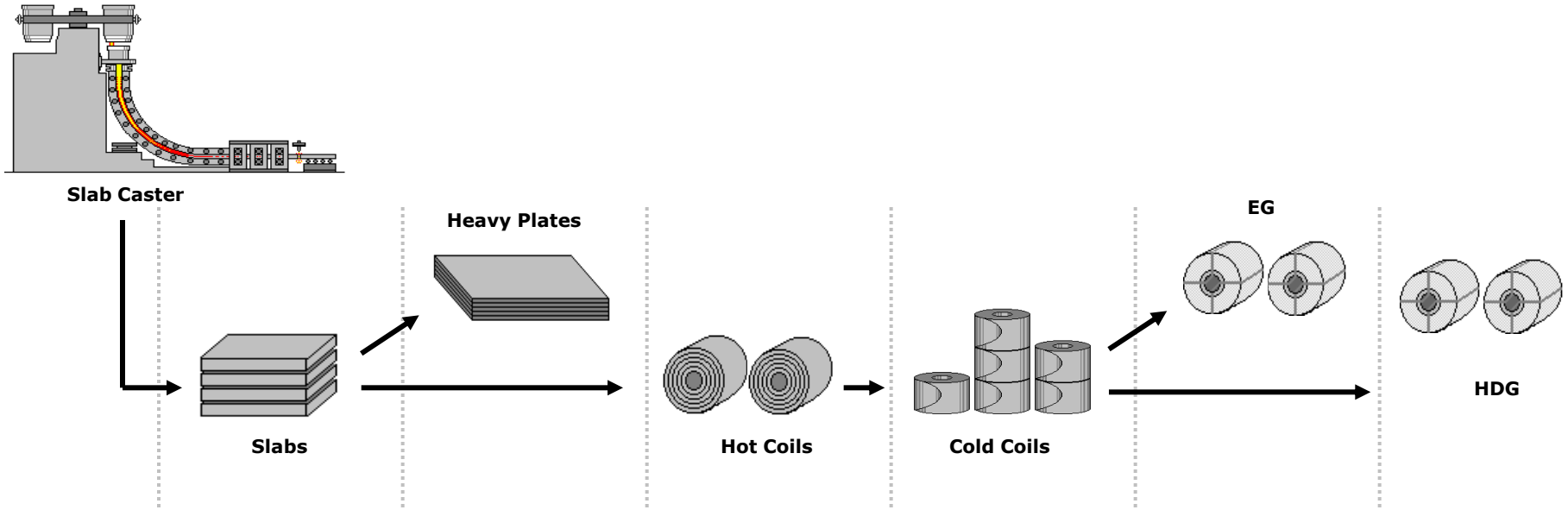


Flat Steel Production

Usiminas has a full range of flat steel products

USIMINAS

Installed Capacity : 9.5 million tons / year

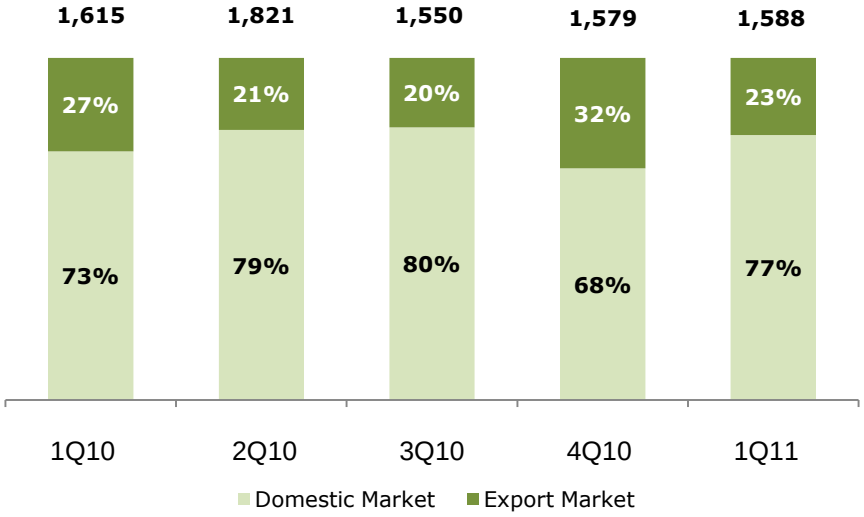


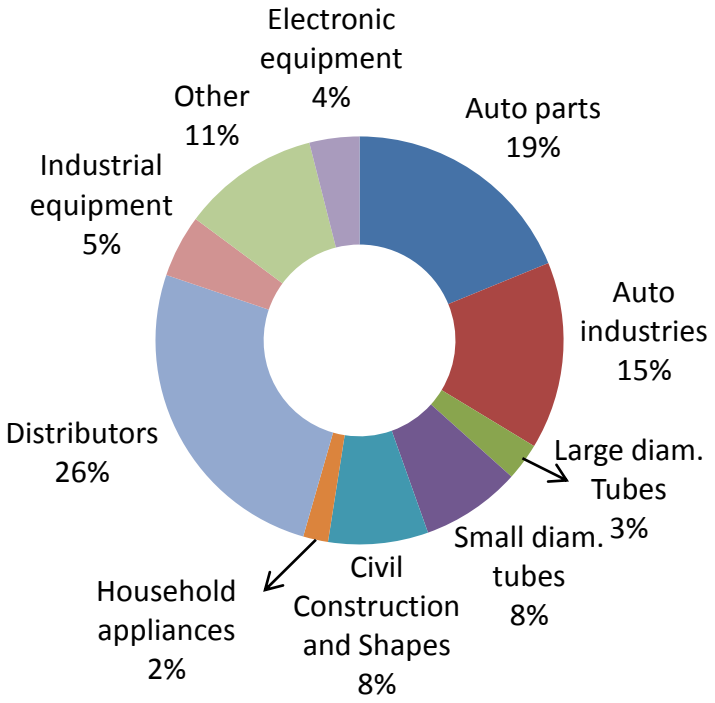
Ipatinga Plant	5,000,000 t	1,000,000 t	3,550,000 t	2,500,000 t	360,000 t	500,000 t
Cubatão Plant	4,500,000 t	1,000,000 t	2,100,000 t	1,200,000 t	-	-
Nominal Production	9,500,000 t	2,000,000 t	5,650,000 t	3,700,000 t	360,000 t	500,000 t
Optmized Rolling Capacity	-	1,900,000 t	2,000,000 t	2,500,000 t	350,000 t	480,000 t

Domestic Market

Usiminas is focused in the domestic market with a product range to supply different sectors

thousand tons **1Q11**





Investments

Total amount in 2011



STRATEGIC FOCUS IN ENHANCING COMPETITIVENESS OF CURRENT OPERATIONS

✓*To invest in increasing the supply of products with high technological content*

✓ *To invest in operacional efficiency and technological modernization*

✓ *Upstream and downstream verticalization*

Energy Self-sufficiency by 2015

Considered alternatives:

- ✓ **Consumption reduction through continuous improvements and small investments**
- ✓ **Technologies and optimization processes of fuel mix**
- ✓ **Technologies of energy generation from production processes (co-generation)**
- ✓ **Participation in energy assets**



Main Investments

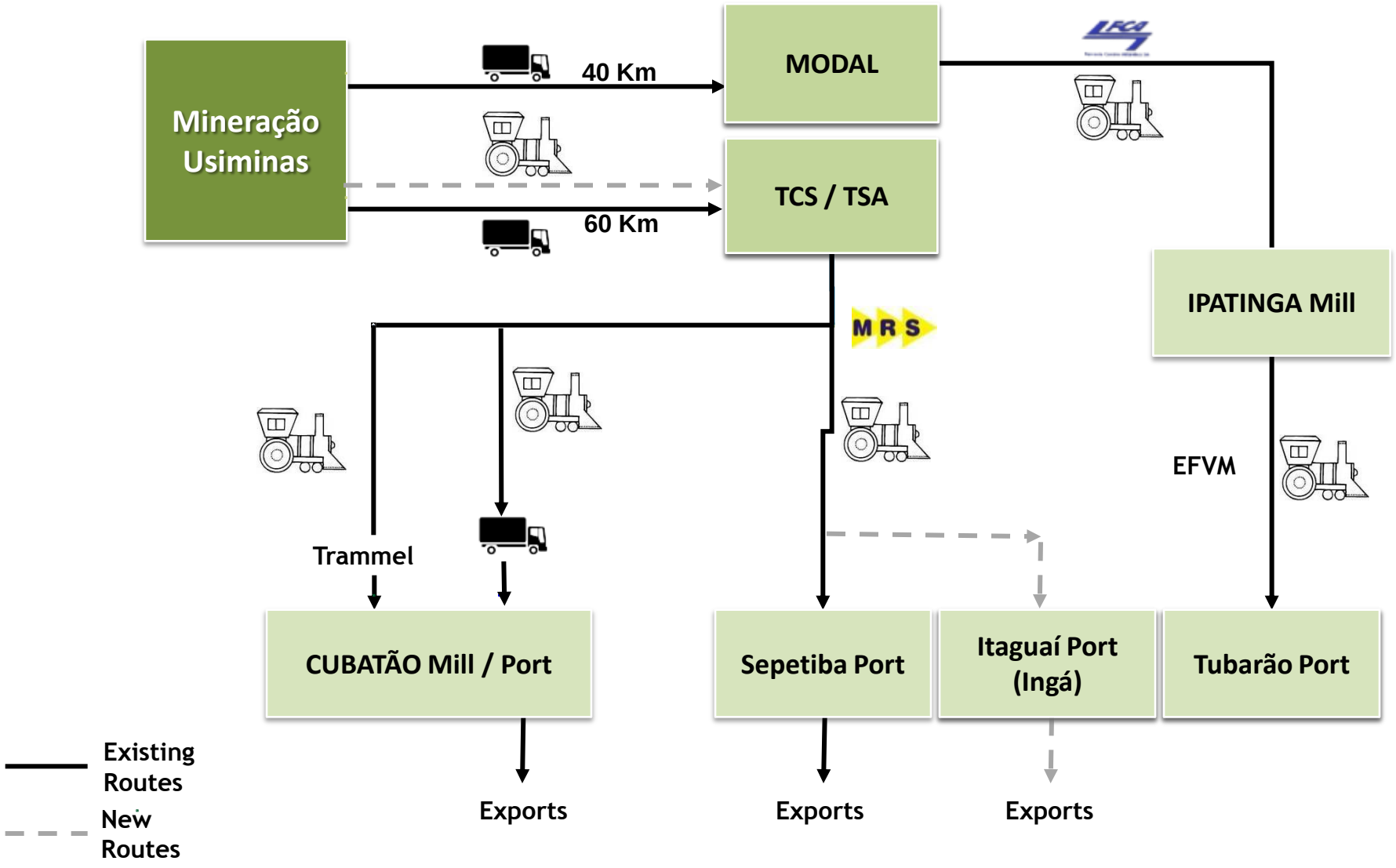
In operation	Ongoing Projects			
2010		2011		
Coke Plant 3 *(Ipatinga)*	**CLC Acelerated Cooling Process** *(Ipatinga)*	**New Galvanizing Line 550 thousand tons** *(Ipatinga)*	**New Hot Strip Mill 2.3 million tons** *(Cubatão)*	**Mining Production Capacity Increase**
				

Mining and Logistics





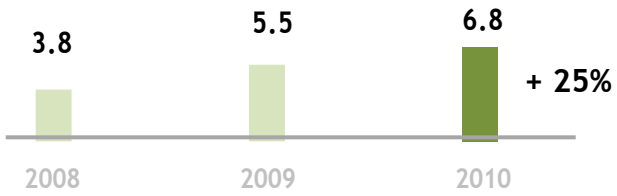
Logistics


Mineração Usiminas
40 Km
60 Km
MODAL
TCS / TSA
MRS
IPATINGA Mill
EFVM
Trammel
CUBATÃO Mill / 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
- Located in Serra Azul-MG, one of the richest iron ore sites in Brazil.

- Production – MM ton:



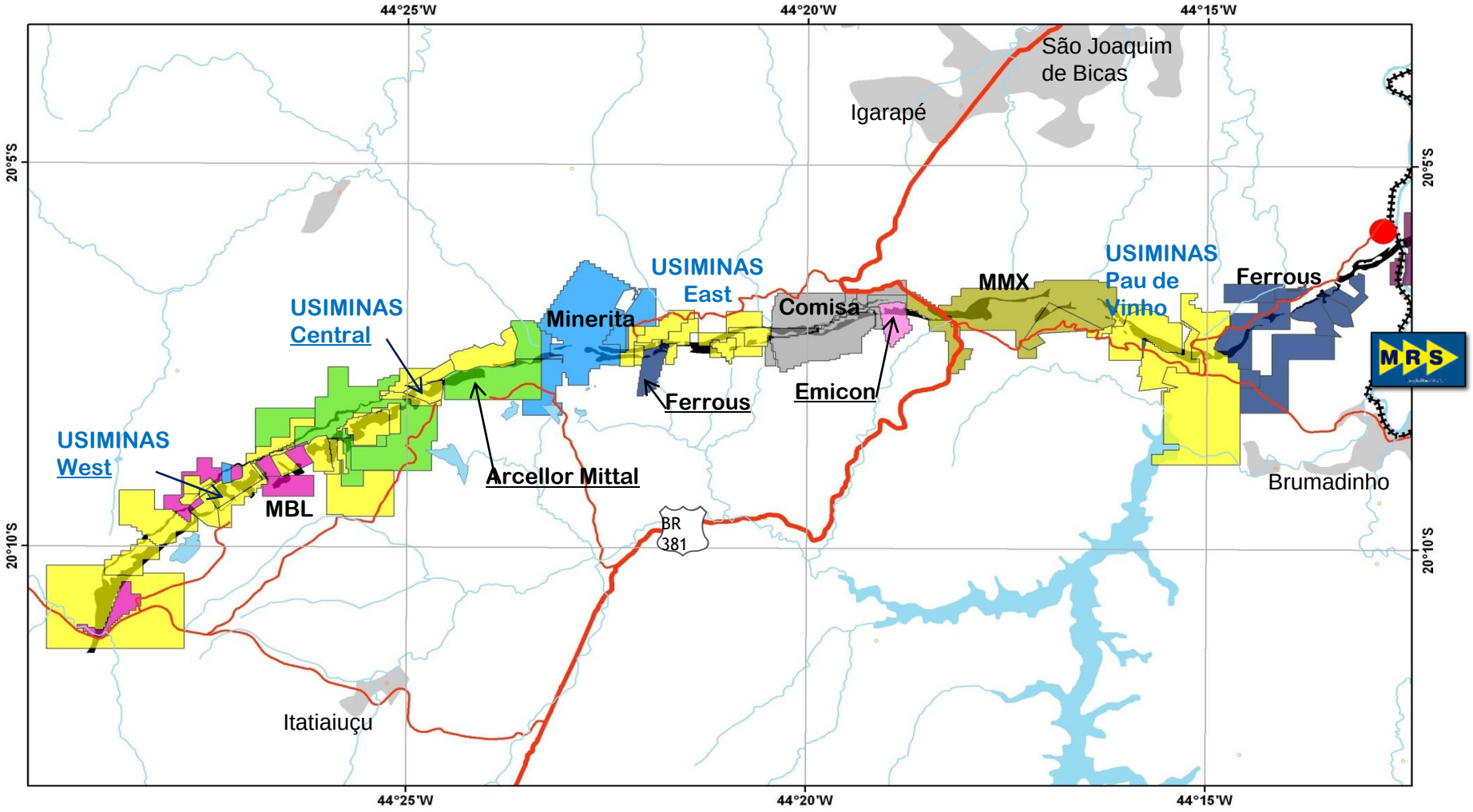
- 1Q11: production of 1.6 million tons.
- MRS: 20% of voting shares and part of the Control Group.
- Land in Itaguaí-RJ, acquired in 2008.



Itaguaí Port

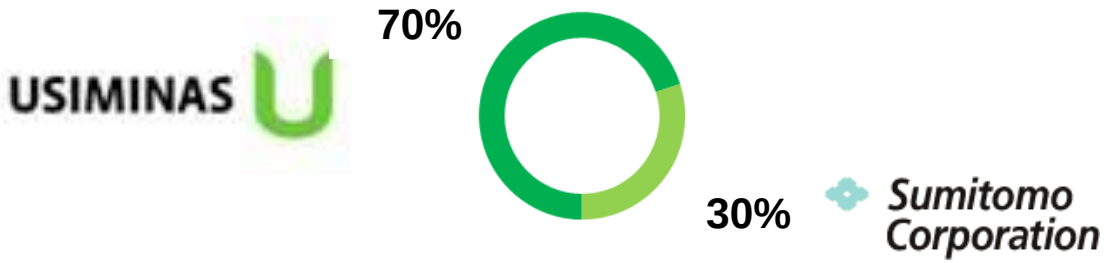


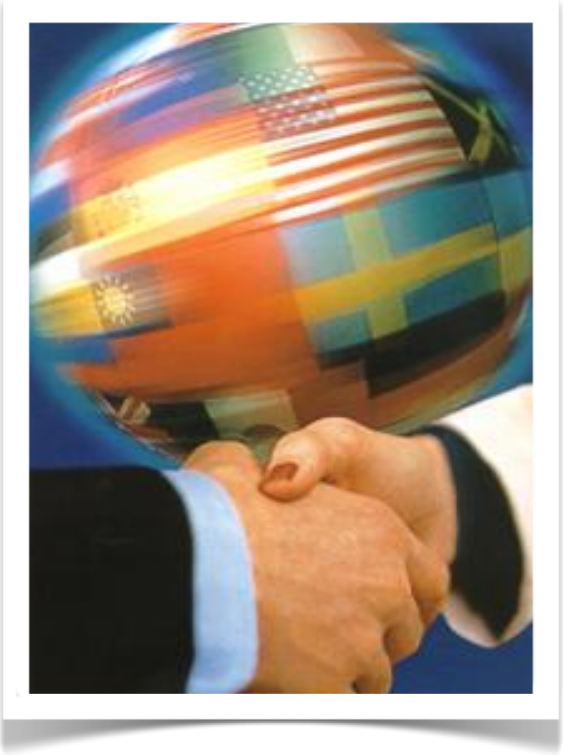
Mineração Usiminas
Serra Azul



Mining and Logistics
Strategic partnership

- Acquisition, by the Japanese group Sumitomo Corporation, of 30% of Mineração Usiminas S.A., through the subscription of new shares, at the total maximum price of US$ 1.929 billion.

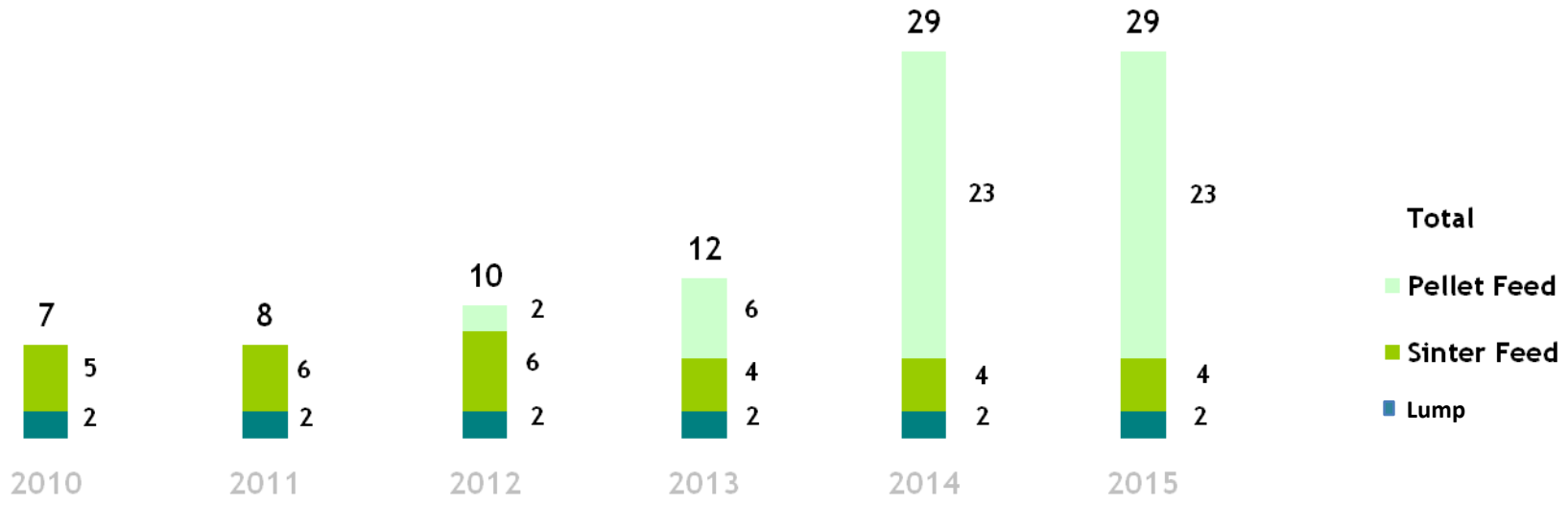




Estimated Market Value
Mineração Usiminas S.A.: US$ 6.4 bi

Development Plan

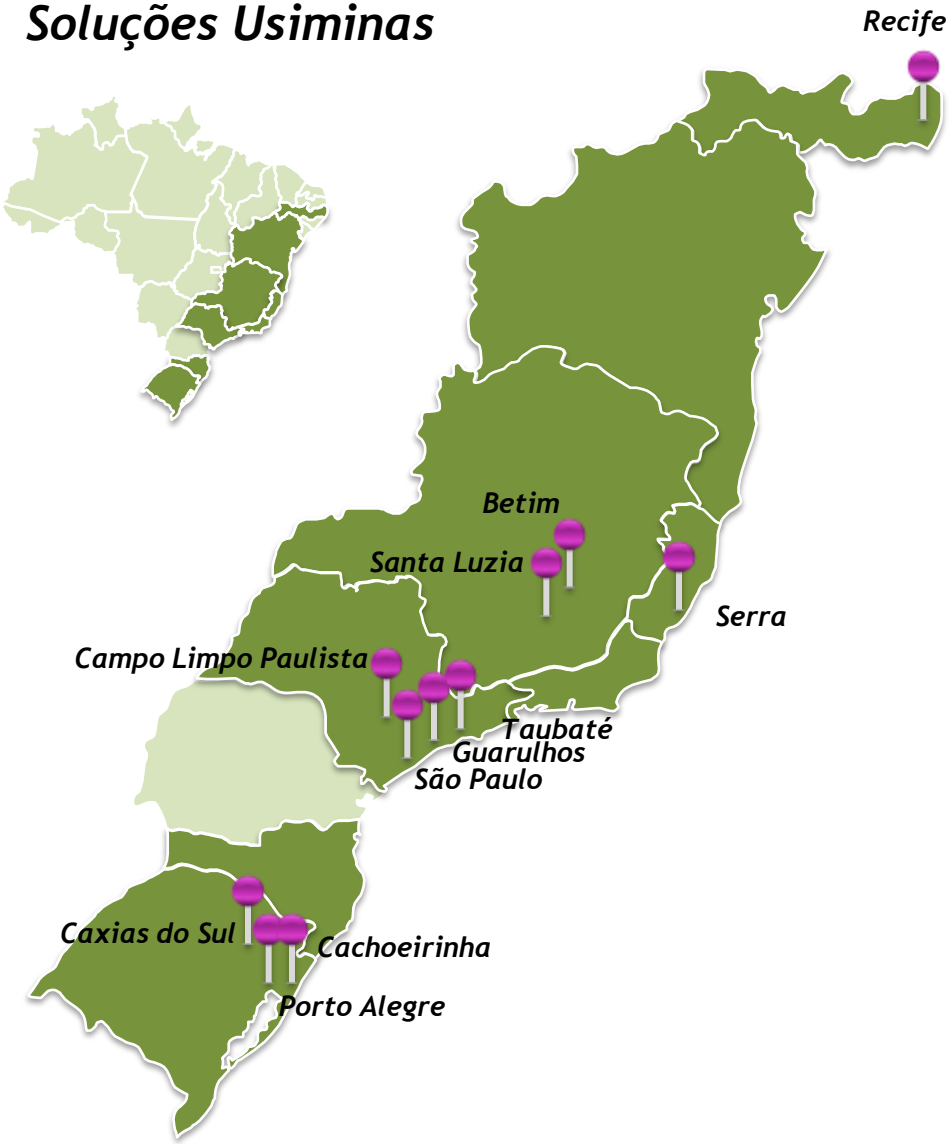
Iron Ore Production Capacity - *million tons by the end of the year*



- Capex until 2015 are estimated in R$ 4.1 billion including industrial facilities projects, equipments, loading terminals, etc.
- Reserves of 2.6 billion tons.

Steel Processing

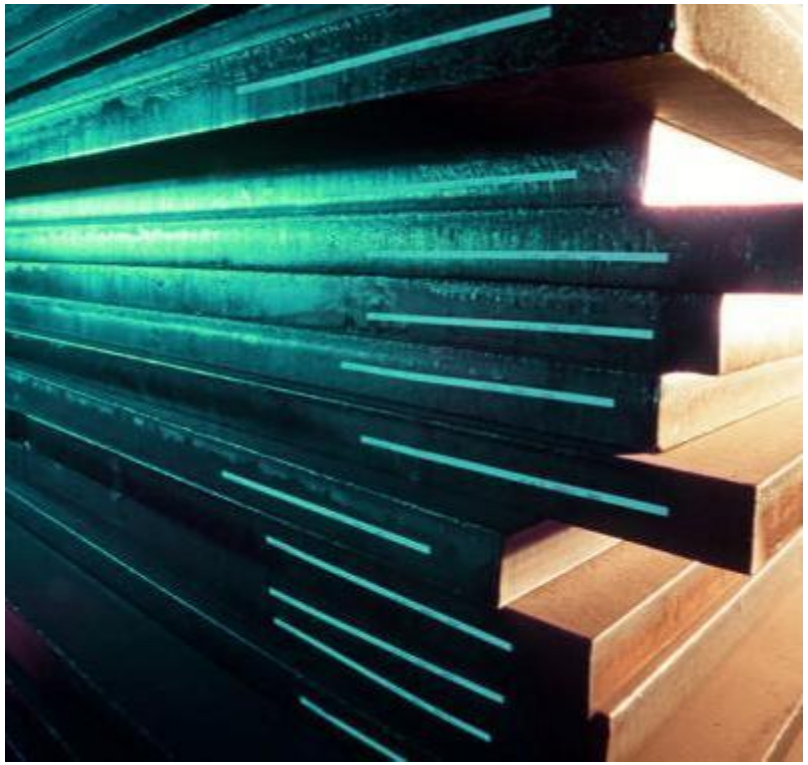
Soluções Usiminas





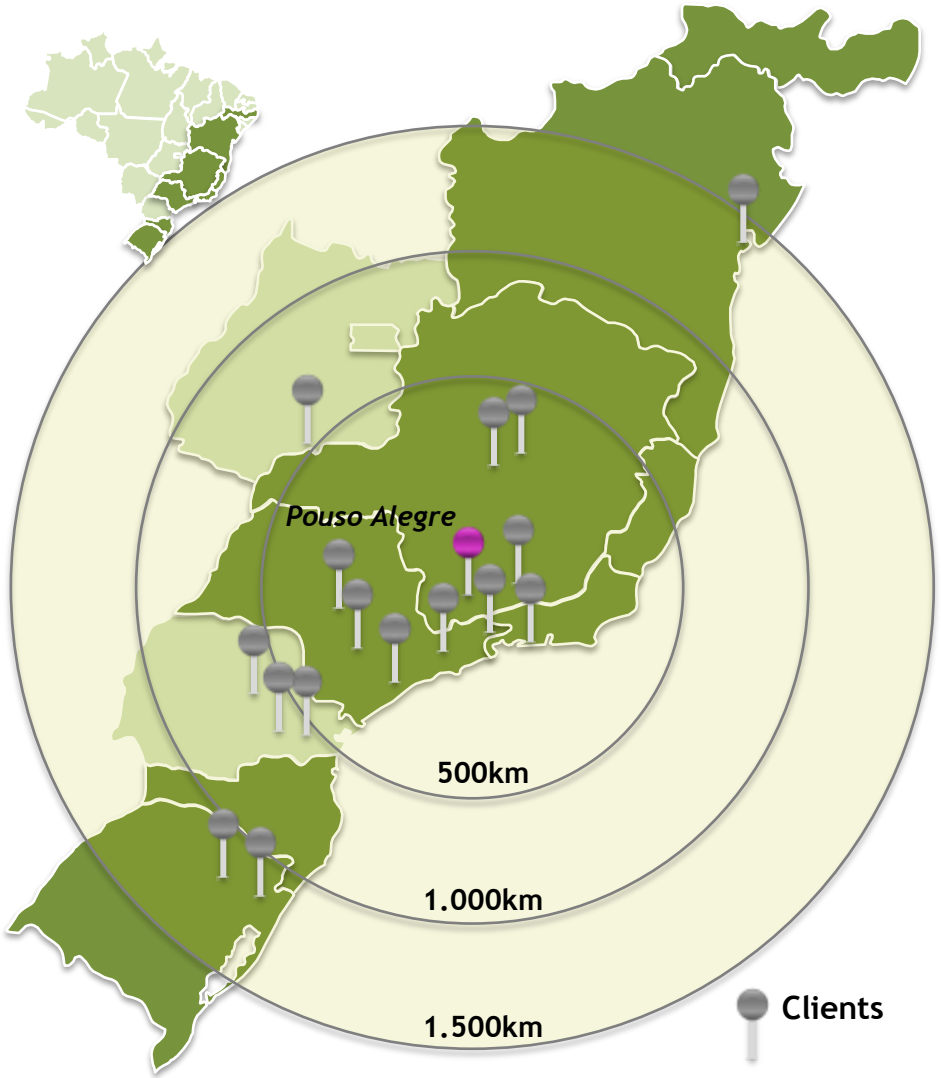
Soluções Usiminas

- 14 industrial units, in MG, SP, RS, ES and PE. Processing capacity of 2 million tons/year.
- 1Q11 Gross Revenues of R$667 million
- Leadership:
  - In 2010, took over the leadership in the steel distribution sector, according to INDA.
- Investments:
  - New Press Blanking Line with capacity of 72,000 tons at Guarulhos plant (SP), to supply the auto industry. The expected start up is in December 2011.



Steel Processing

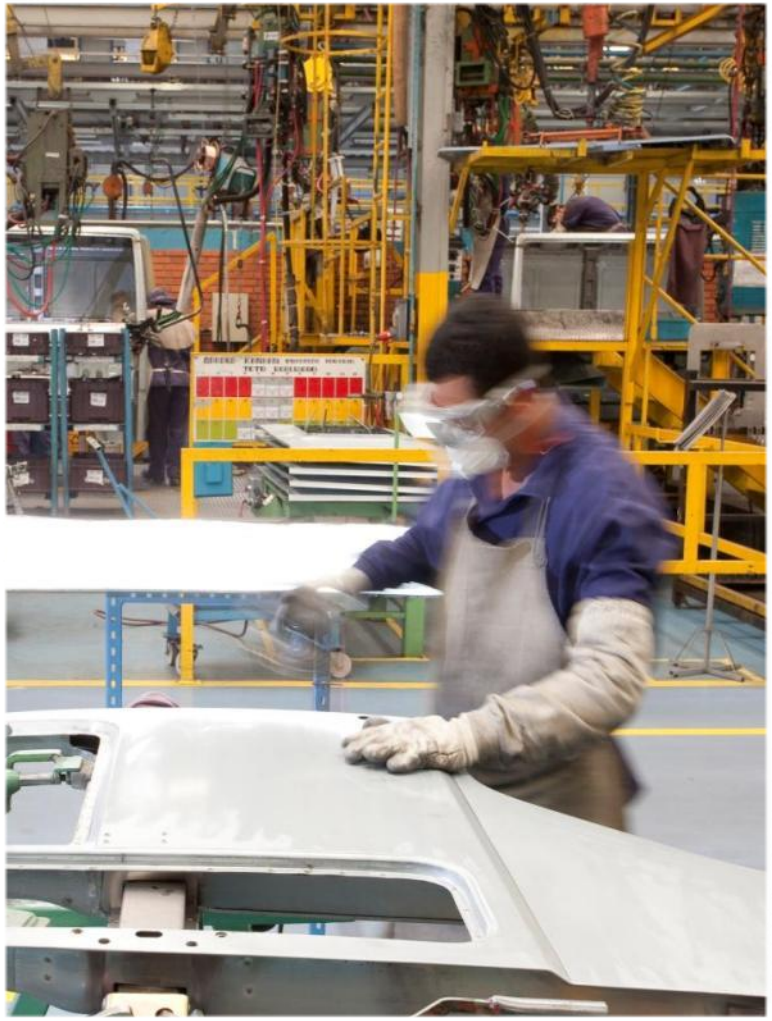
Automotiva Usiminas





Automotiva Usiminas

- Pouso Alegre – MG
  - Close to major auto makers. Full service company
- 1Q11 Gross Revenues of R$94 million
- Major Clients:
  - Ford, Mercedes Benz, Fiat, Volkswagen, Volvo, General Motors, International Trucks, Honda Toyota, PSA Peugeot Citroën, Scania.
- Highlights:
  - New production line of truck cabines was inaugurated on March 30 of this year, with the capacity to produce 72 thousand units/year.

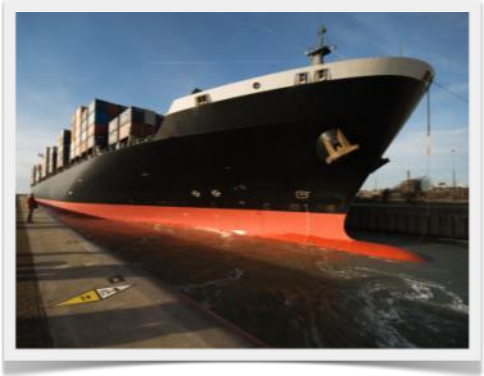


Capital Goods



Usiminas Mecânica

- Ipatinga – MG
  - The Group's capital goods arm is one of the largest capital goods companies in the country.
- 1Q11 Gross Revenues of R$378 million
- Market Sectors:
  - Structures and Metal Bridges.
  - Industrial Equipments.
  - Industrial Assembly.
  - Blanks and Stamping.
  - Funding, Forgery and Railcars.
  - Steel EPC Unit. (Engineering Procurement Construction)
  - Oil and Gas EPC Unit.







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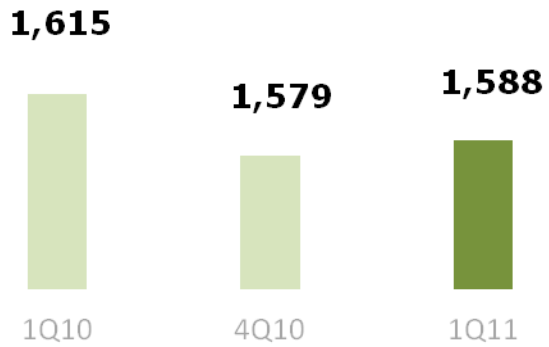




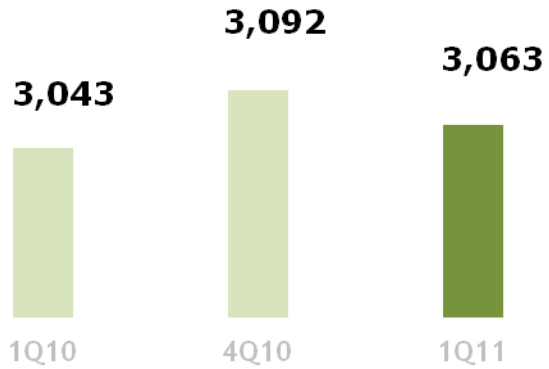


Results 1Q11
*Highlights**

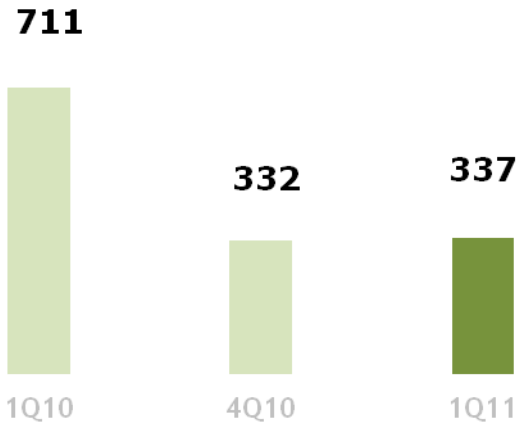
Sales – *thousand tons*



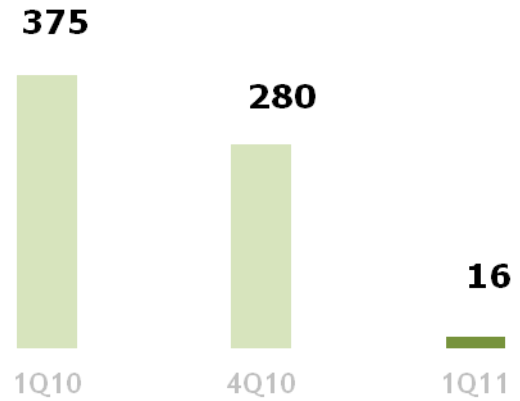
Net Revenues – *R$ Million*



Ebitda – *R$ Million*



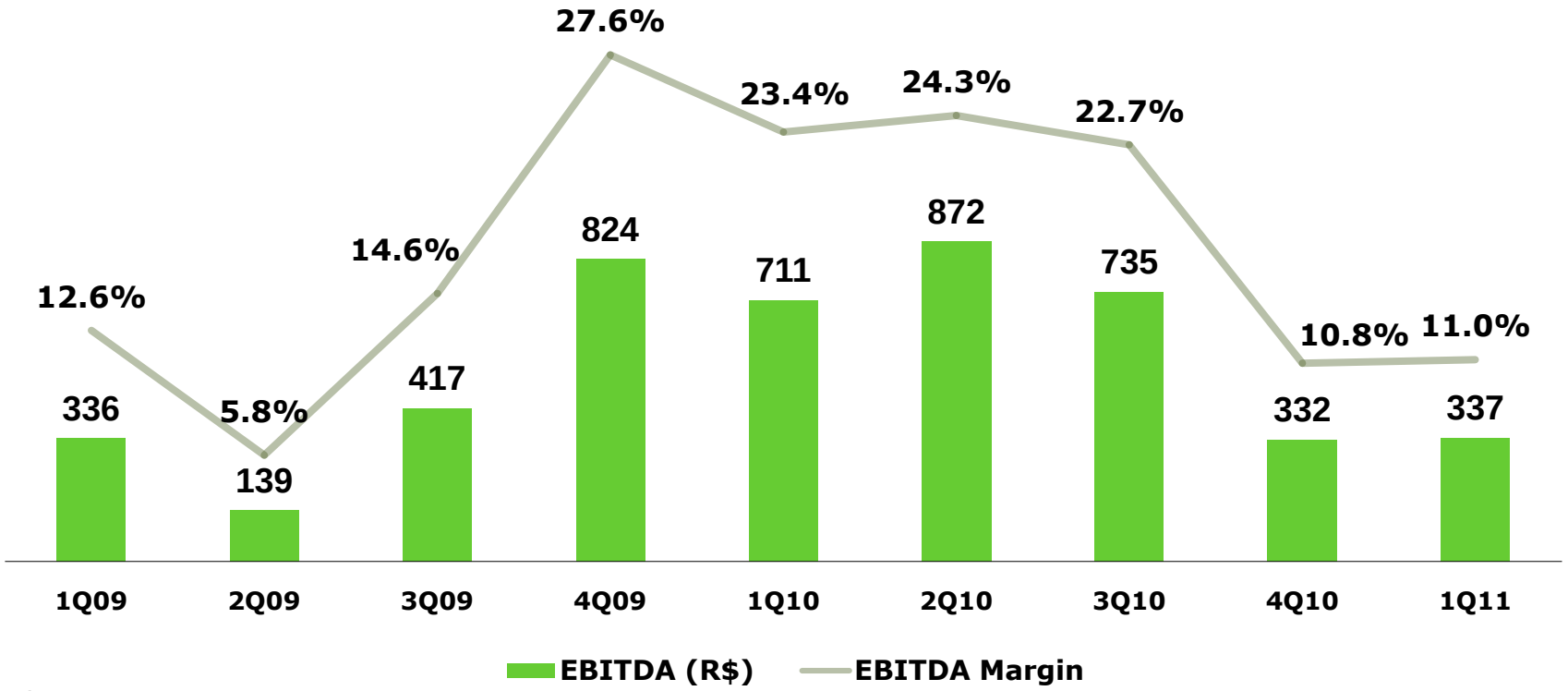
Net profit – *R$ Million*



*IFRS

Results 1Q11

*Ebitda - R$ million**

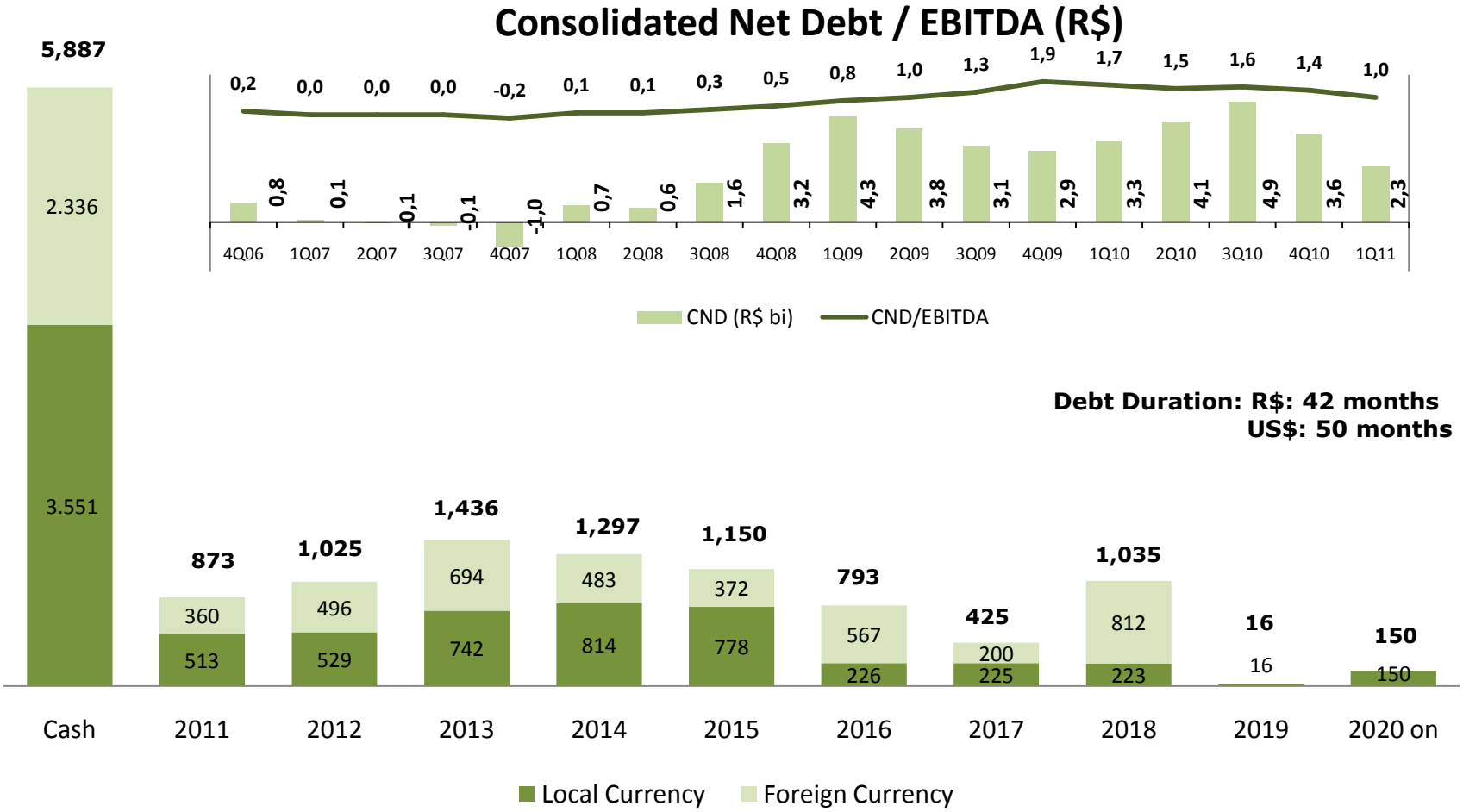


*IFRS

Debt

Focus in strong cash position and low indebtedness

R$ Million



NÍVEL 1 BOVESPA BRASIL

ADR Level I

LATIBEX

THE GLOBAL COMPACT WE SUPPORT

USIMINAS

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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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