

Usiminas Presentation
2Q12

USIMINAS

Agenda



Market Overview



Usiminas and its Business Units



Financial Highlights

World Production - 2011

Total 1,527 million tons

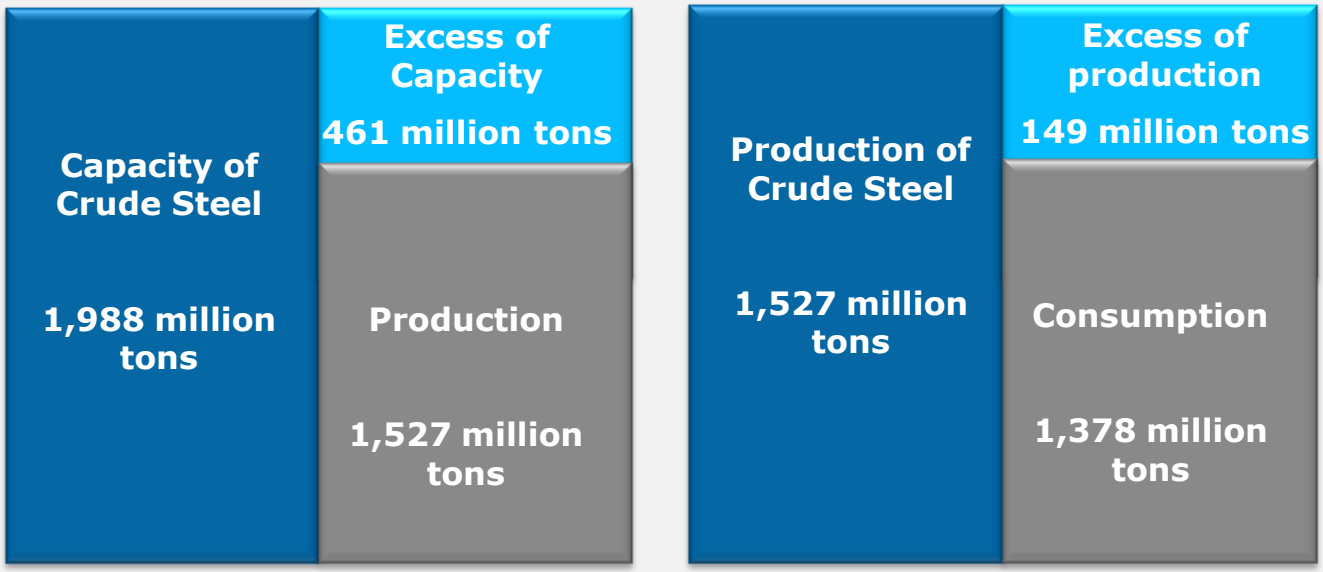


Production per Company - 2011

Source: World Steel

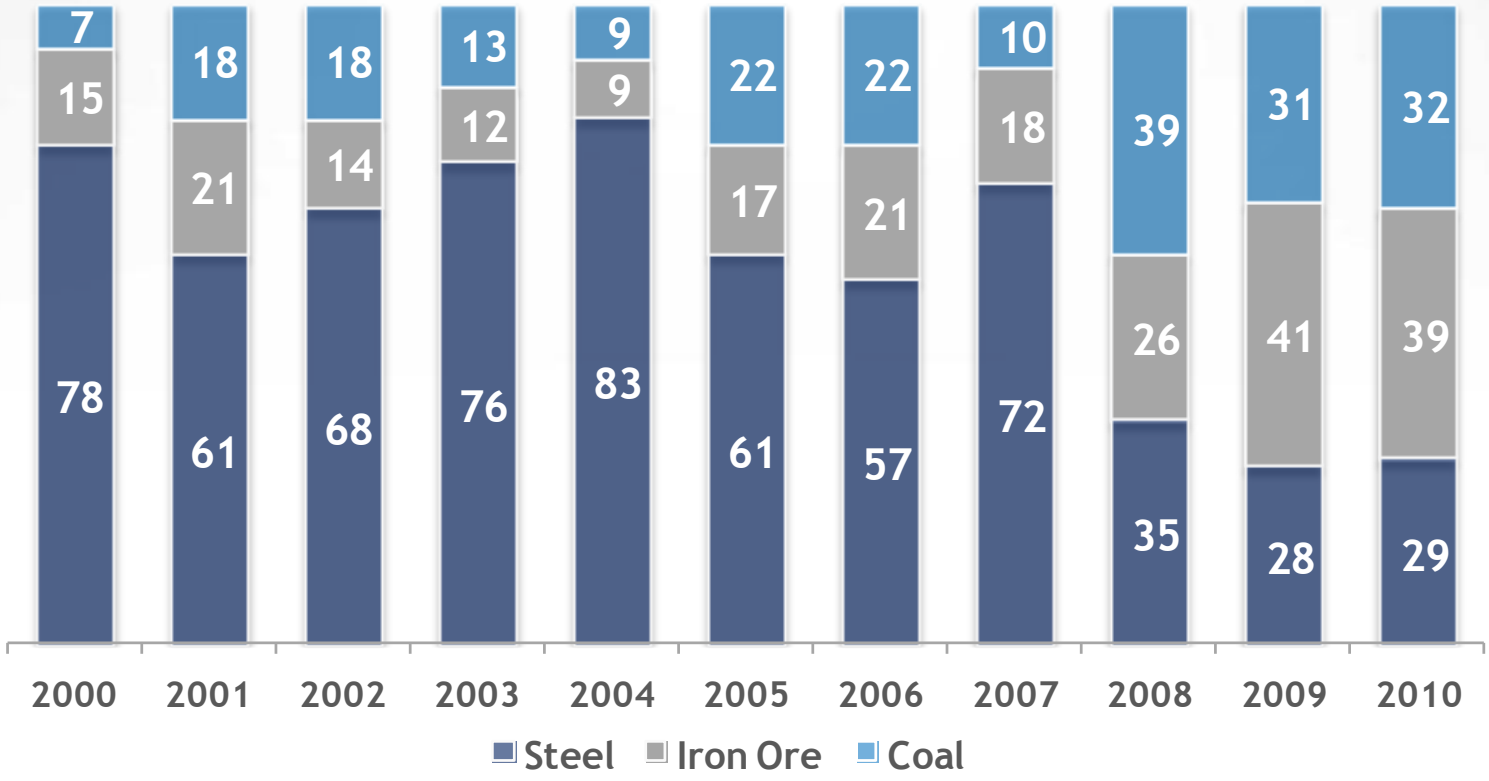
World Production and capacity of crude steel

World - 2011



Value Transfer on the Steel Chain

Profit distribution on the steel production chain - %



Source: Mckinsey

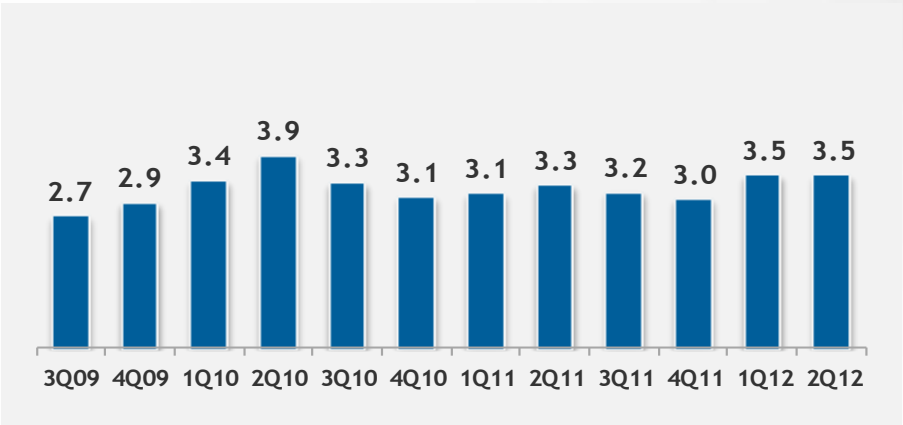
Brazilian Market

Flat Steel

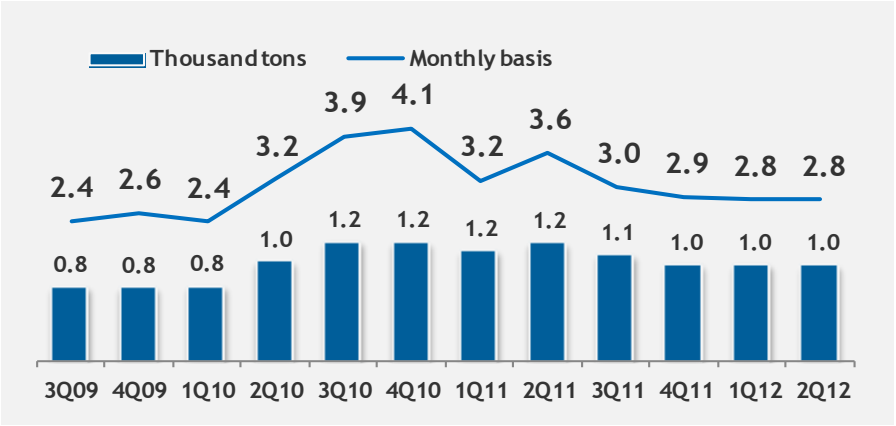
Production - *million tons*



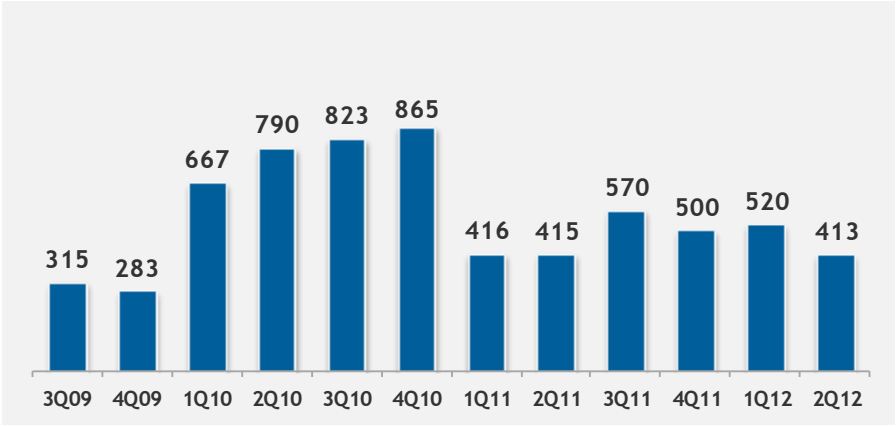
Apparent Consumption - *million tons*



Inventories in the Distribution Network



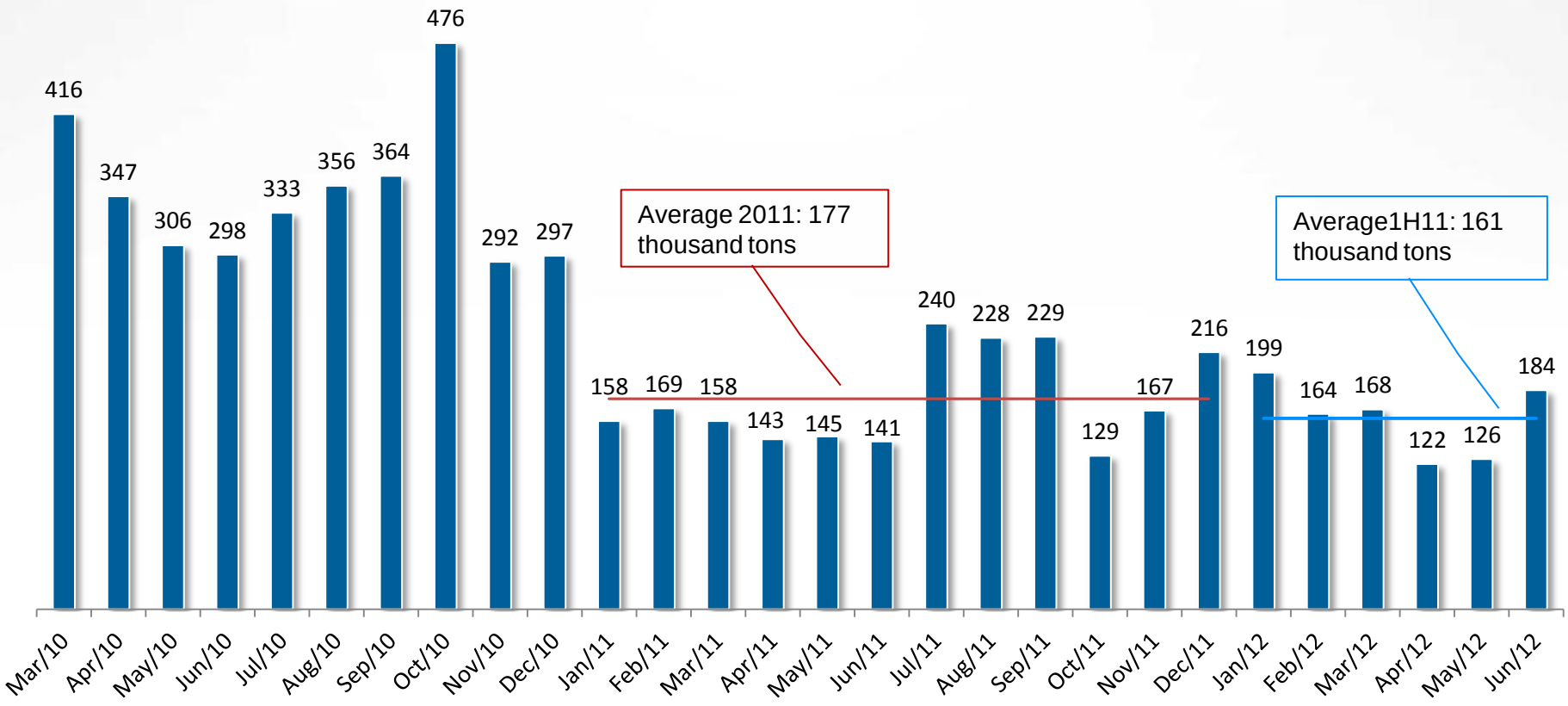
Flat Steel Imports - *thousand tons*



Source: IABR / INDA

Importation

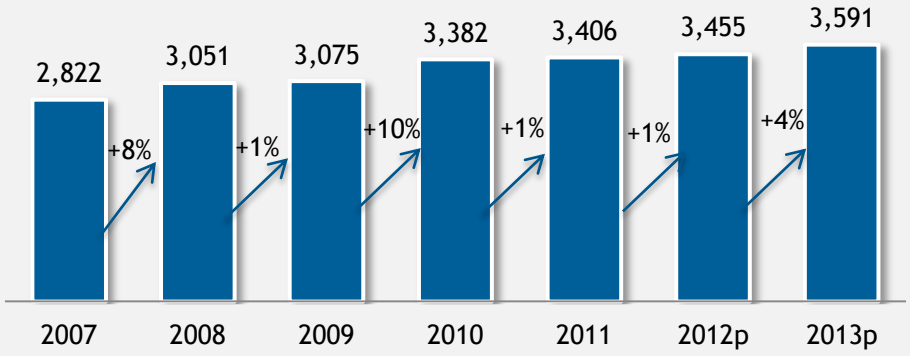
(thousand tons)



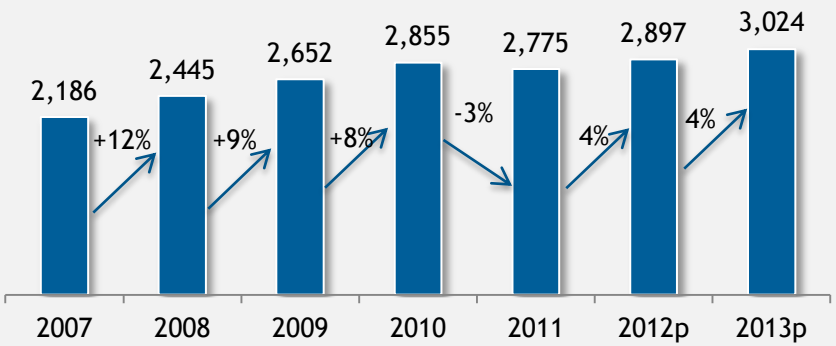
Source: Usiminas - Sistema Aliceweb - MDIC/Secex

Brazil's Production and Sale of vehicles

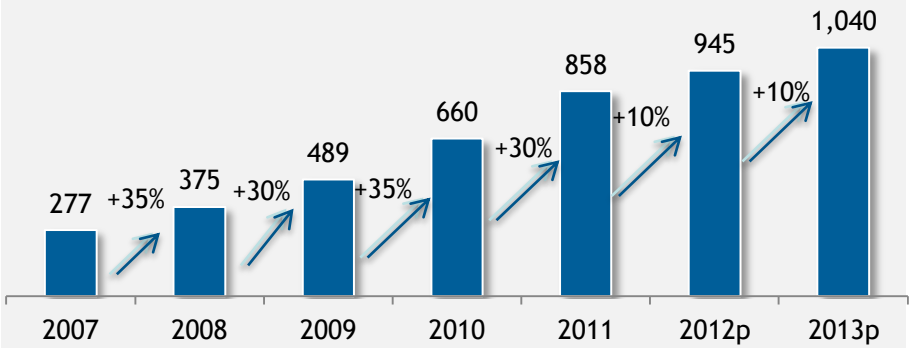
Brazilian Production of vehicles



Nacional Sales



Export Sales



Source: 2007 a 2011 – Anfavea; 2012 e 2013: Projeções Usiminas – Planejamento Comercial, março 2012

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, 1.8 flat	1.5 million tons of steel: 0.9 long, 0.6 flat			

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

Agenda



Market Overview

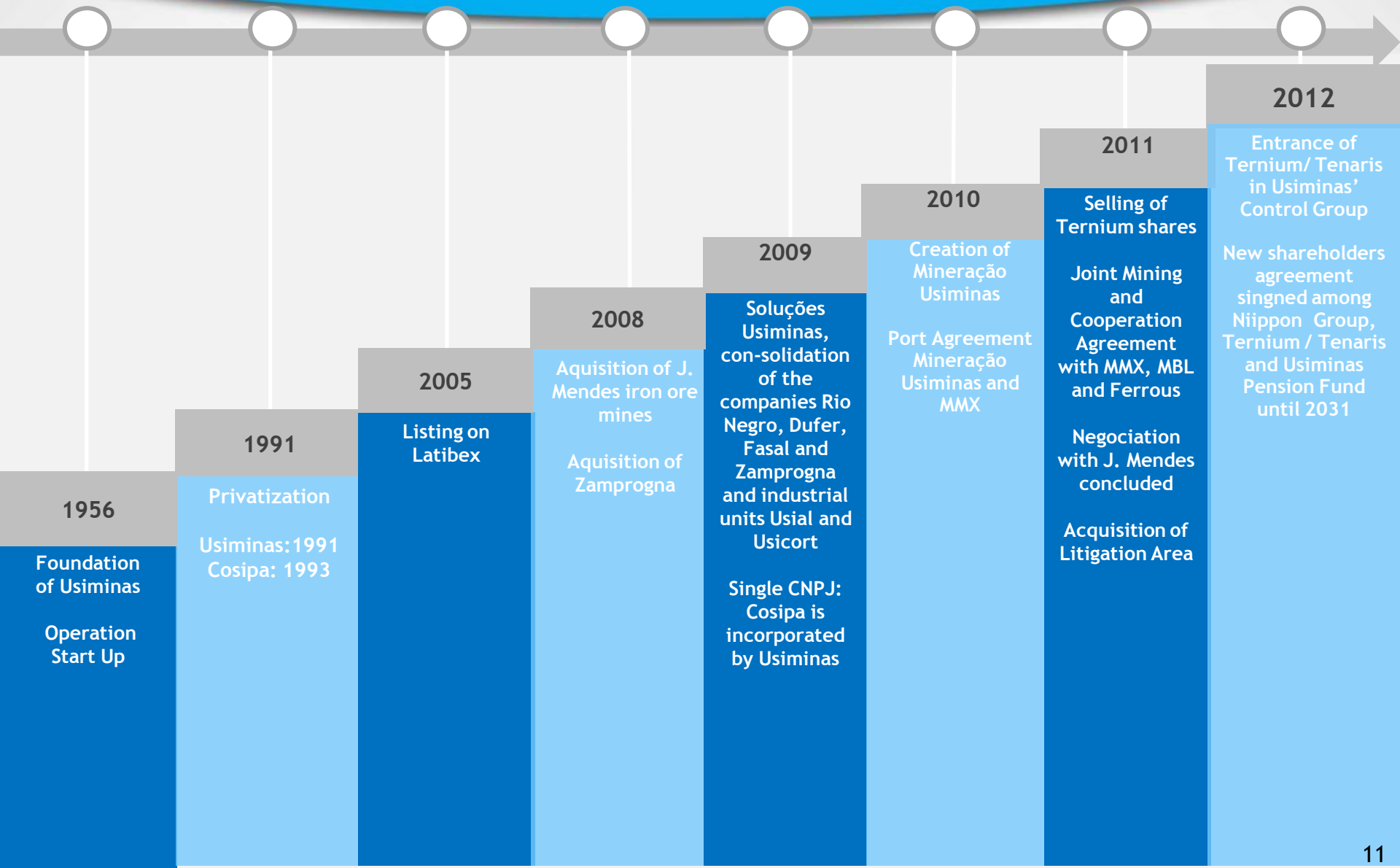


Usiminas and its Business Units



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

Everyday Steel Application

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

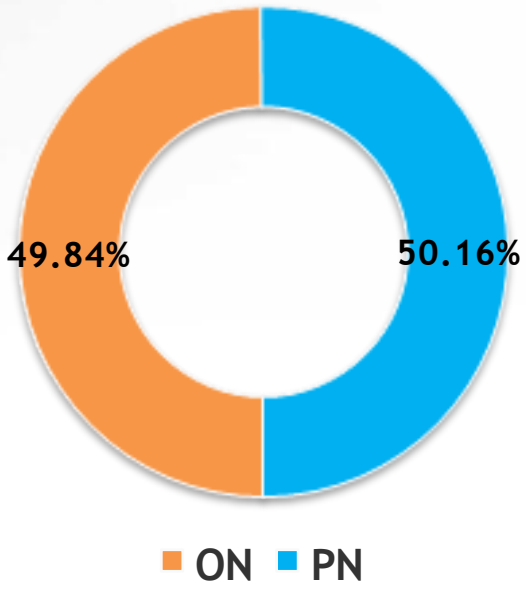
Pressure Vessels



Heavy Plates

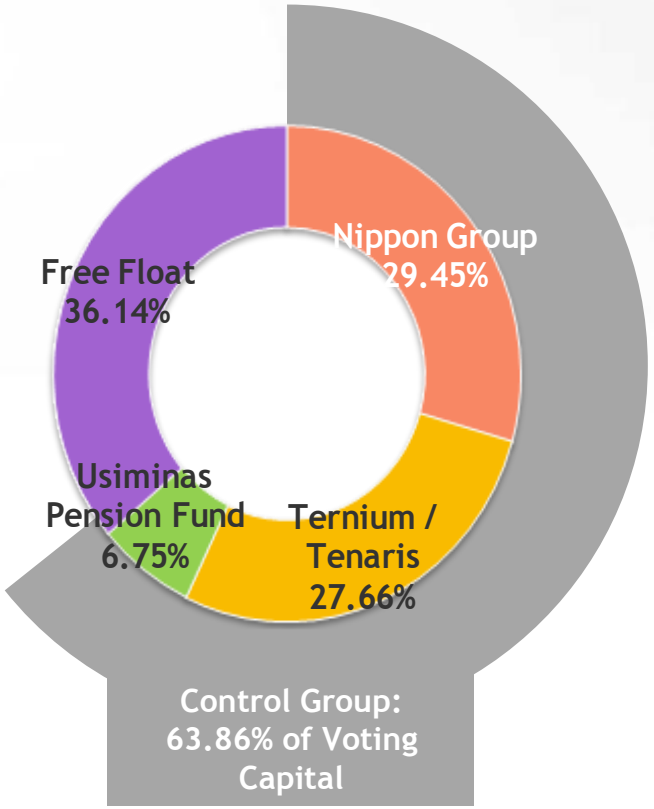
Shareholder Composition

Total Capital 1,013,786,190



ON 505,260,684 PN 508,525,506

Voting Capital - ON



10 Board of Directors Members:

- Controling Shareholders: Ternium / Tenaris (3), Nippon Group (3), Usiminas Pension Fund (1) and Employees Representative (1)
- Minority Shareholders : Previ (1) and Geração Futuro Funds (1)

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

Total amount for 2012
R$ 2.0 billion

Strategic focus on enhancing competitiveness of current operations

In operation

Galvanizing Line 550,000 tons (Unigal)



2Q11

Foundry 24,000 tons (Usiminas Mecânica)



4Q11

Hot Run

Hot Strip Mill 2.3 million tons (Usiminas Cubatão)



1Q12

Ongoing Projects



Revamping of Coke Plant II (Ipatinga)



Pickling line III (Cubatão)



Mining Production Reach total capacity of 12 million tons in 2013.



Energy self sufficiency Reach total capacity of around 500MW

Results Accounted by Business Unit

USIMINAS

Income Statement per Business Units - Non Audited *(R$ million)* (quarter)

R$ million	Mining		Steel		Steel Processing		Capital Goods		Adjustment		Consolidated	
	2Q12	1Q12	2Q12	1Q12	2Q12	1Q12	2Q12	1Q12	2Q12	1Q12	2Q12	1Q12
Net Revenue	213	239	3,097	2,573	533	497	205	251	(821)	(674)	3,225	2,886
Domestic Market	143	217	2,348	2,234	522	491	203	251	(811)	(654)	2,405	2,539
Export Market	70	22	749	339	11	6	2	0	(10)	(20)	820	347
COGS	(73)	(100)	(3,057)	(2,574)	(495)	(447)	(225)	(258)	783	666	(3,067)	(2,713)
Gross Profit	140	139	39	0	37	49	(19)	(7)	(39)	(8)	158	173
Operating Income (Expenses)	(49)	(36)	(43)	(100)	(50)	(51)	(17)	(23)	0	1	(159)	(209)
EBIT	91	103	(4)	(100)	(13)	(2)	(36)	(30)	(39)	(7)	(1)	(36)
EBITDA	100	111	201	100	0	11	(29)	(25)	(40)	(7)	232	190
EBITDA Margin	47%	46%	6%	4%	0%	2%	-14%	-10%	-	-	7%	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

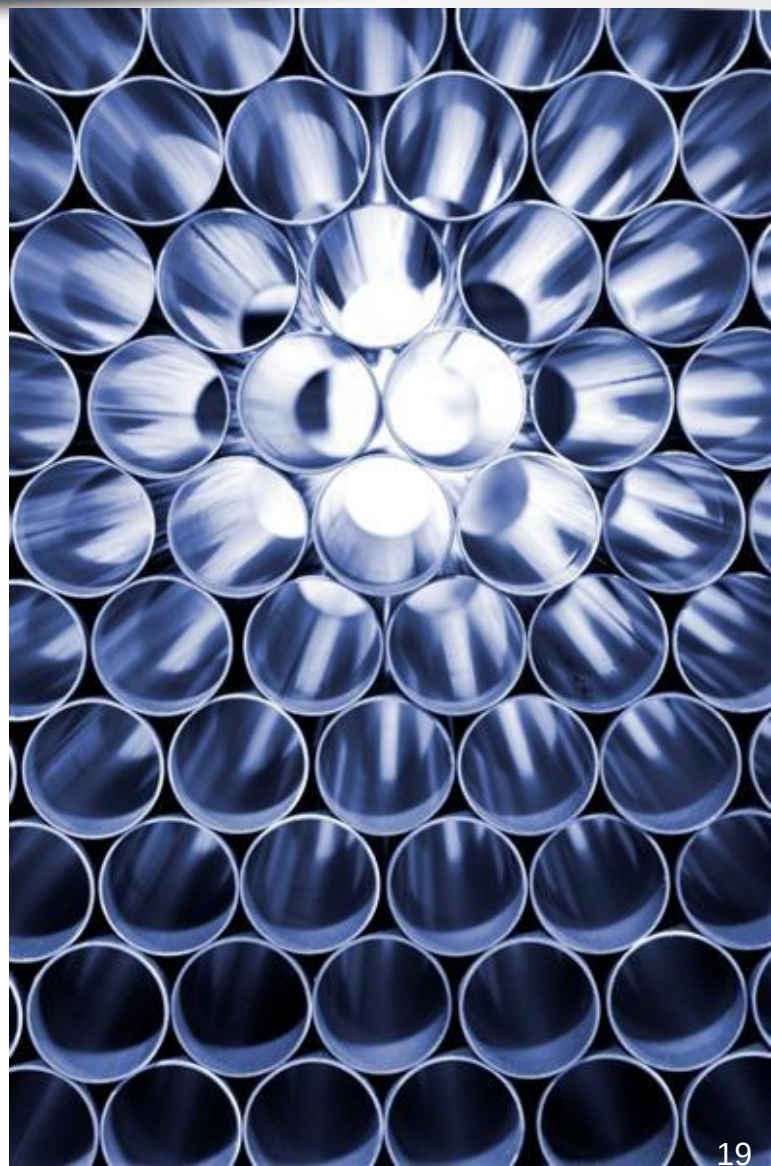
Income Statement per Business Units - Non Audited *(R$ million)*
(semester)

R$ million	Mining		Steel		Steel Processing		Capital Goods		Adjustment		Consolidated	
	1H12	1H11	1H12	1H11	1H12	1H11	1H12	1H11	1H12	1H11	1H12	1H11
Net Revenue	452	479	5,670	5,485	1,029	1,102	456	681	1,497	(1,658)	6,111	6,089
Domestic Market	361	390	4,582	4,701	1,012	1,079	454	651	(1,465)	(1,657)	4,944	5,194
Export Market	91	89	1,088	784	17	23	2	0	(30)	0	1,168	896
COGS	(173)	(123)	(5,631)	(5,312)	(943)	(993)	(483)	(604)	1,450	1,662	(5,780)	(5,370)
Gross Profit	279	357	39	173	87	109	(27)	77	(46)	3	332	719
Operating Income (Expenses)	(85)	(52)	(143)	(131)	(101)	(105)	(40)	(51)	1	3	(368)	(336)
EBIT	195	305	(104)	42	(15)	4	(66)	26	(47)	6	(37)	383
EBITDA	211	319	301	306	11	35	(54)	(39)	(47)	3	422	702
EBITDA Margin	47%	67%	5%	6%	1%	3%	-12%	6%	-	-	7%	12%

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

Steel

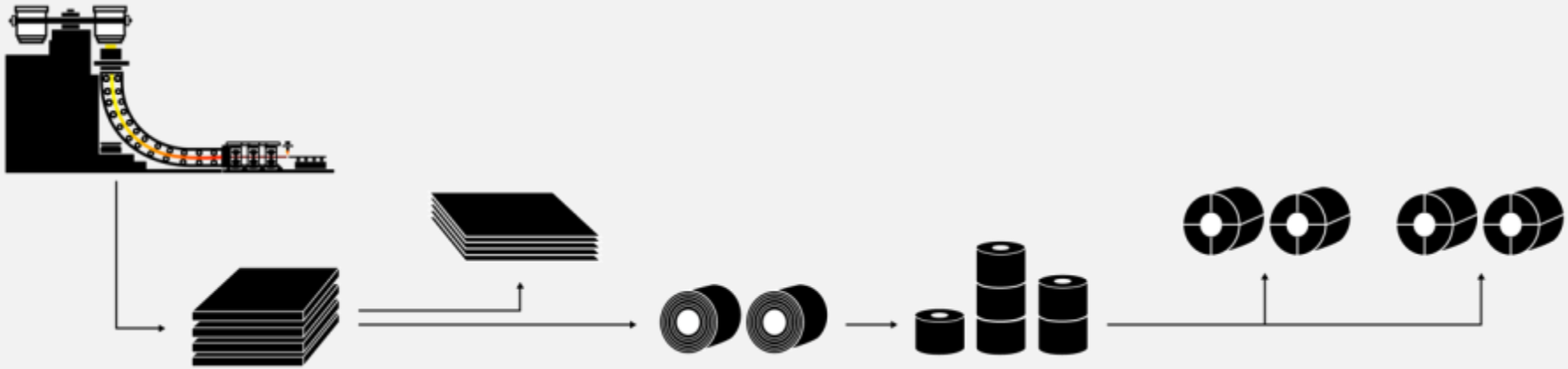




Flat Steel Production

Usiminas has a full range of flat steel products

Installed Nominal Capacity : 9.5 million tons / year



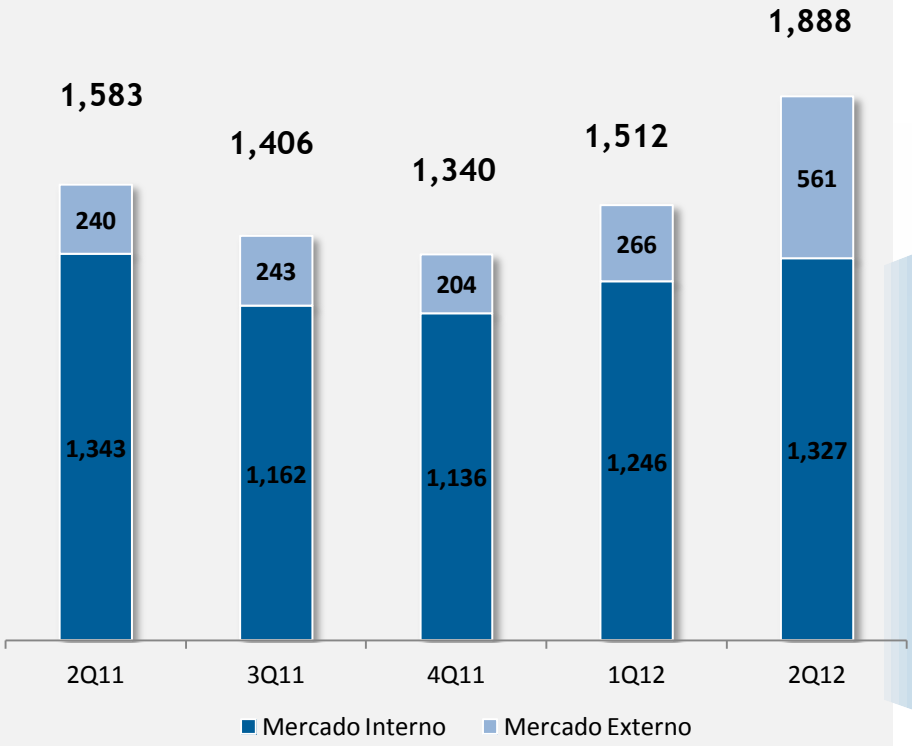
					Galvanized	
Slab Caster	Slabs	Heavy Plates	Hot Coils	Cold Coils	EG	HDG
Ipatinga Plant	5,000,000tons	1,000,000tons	3,600,000tons	2,500,000tons	360,000tons	1,050,000tons
Cubatão Plant	4,500,000tons	1,000,000tons	4,400,000tons*	1,200,000tons	-	-
Nominal Capacity	9,500,000tons	2,000,000tons	8,000,000tons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

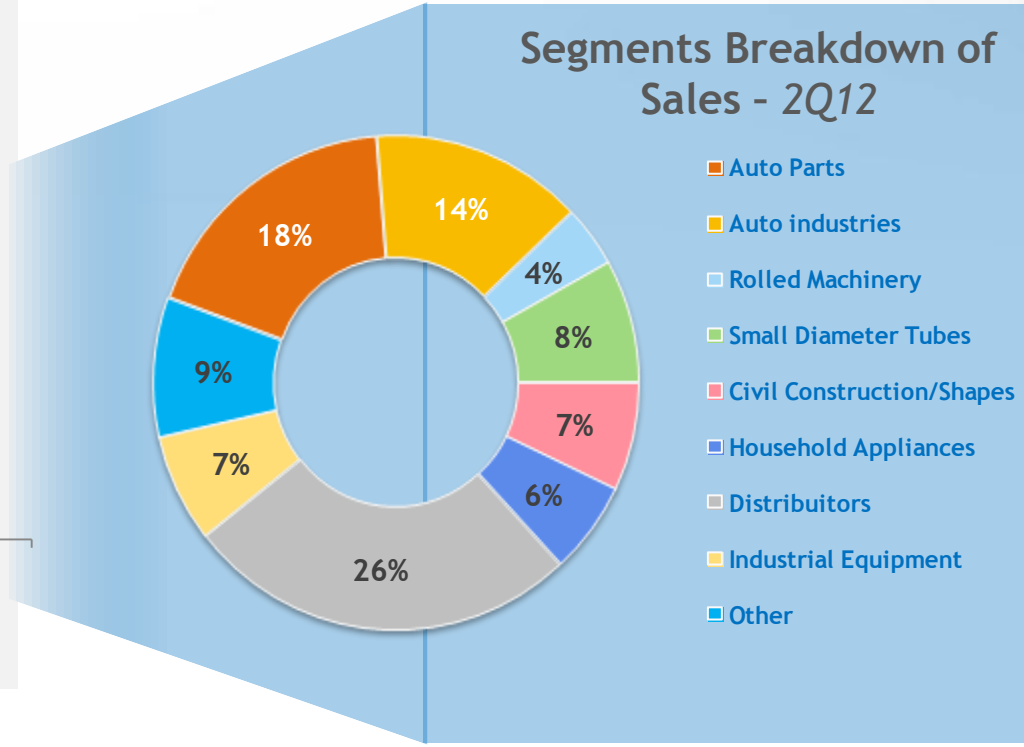
* HCR mill # 2 under ramp up.

Domestic Market

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

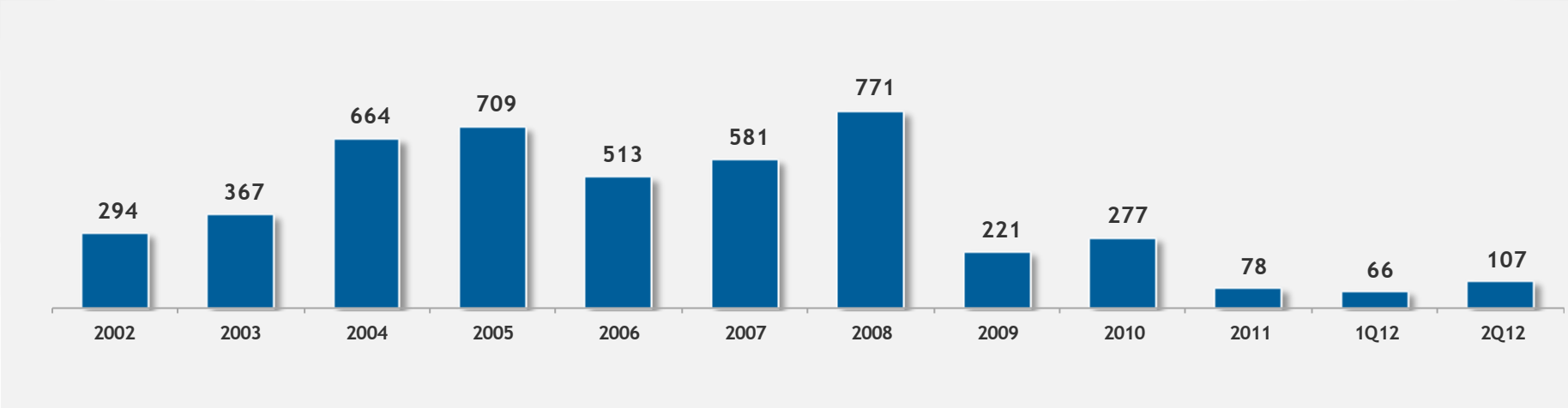
Sales - *thousand tons*



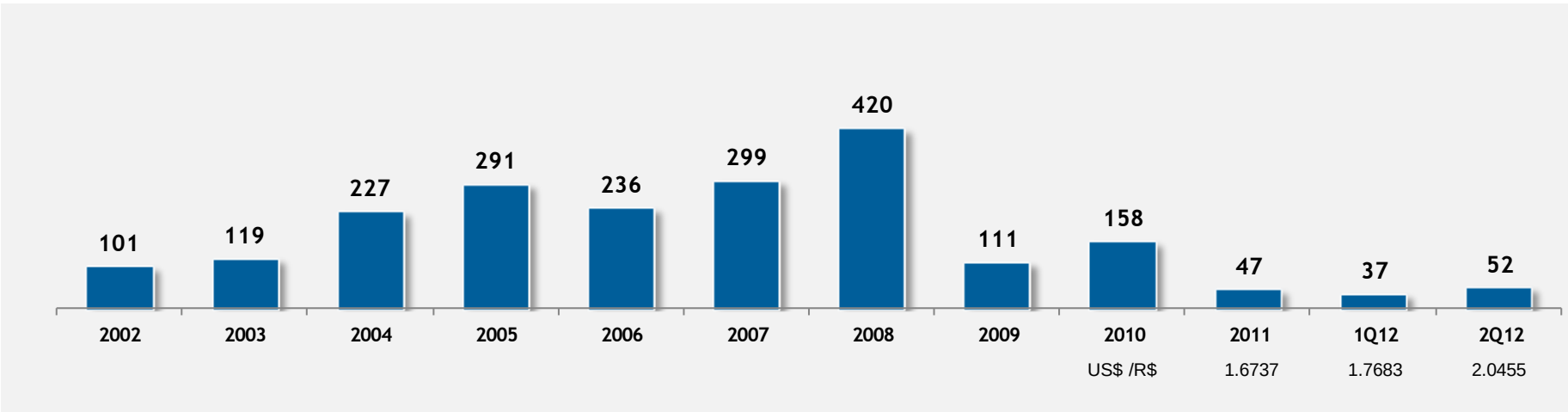


Ebitda (millions) / ton

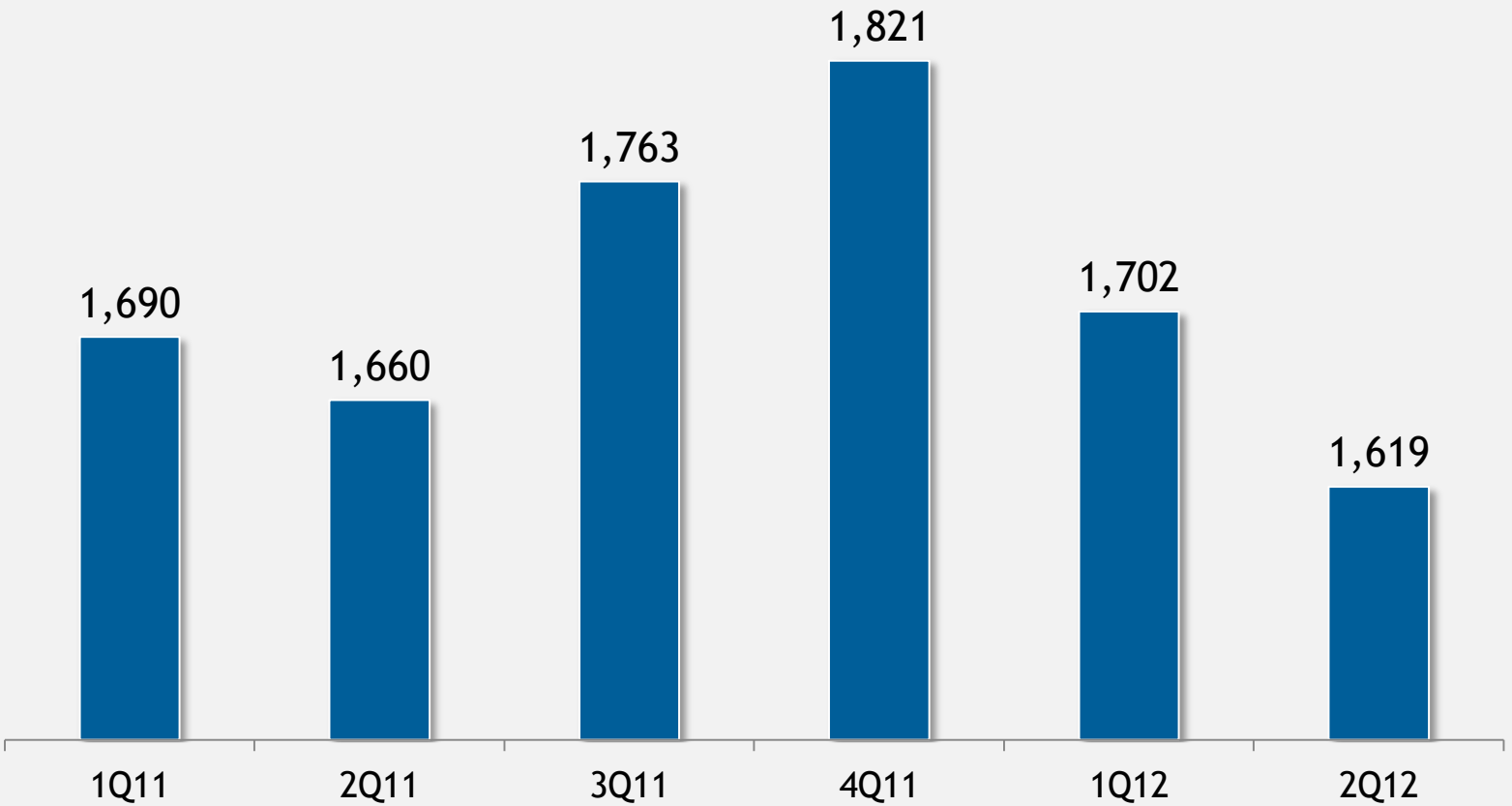
R$ / ton



US$/ton

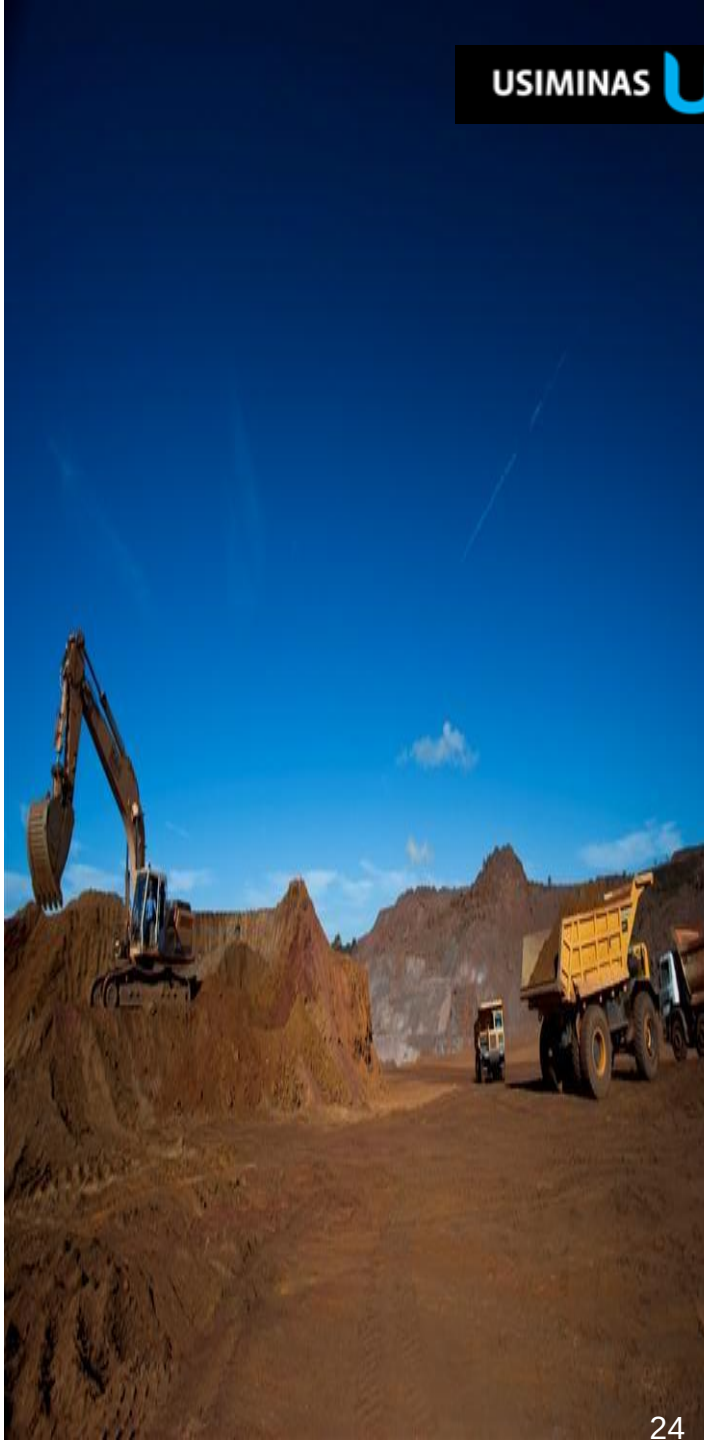


COGS (R$ millions) / ton

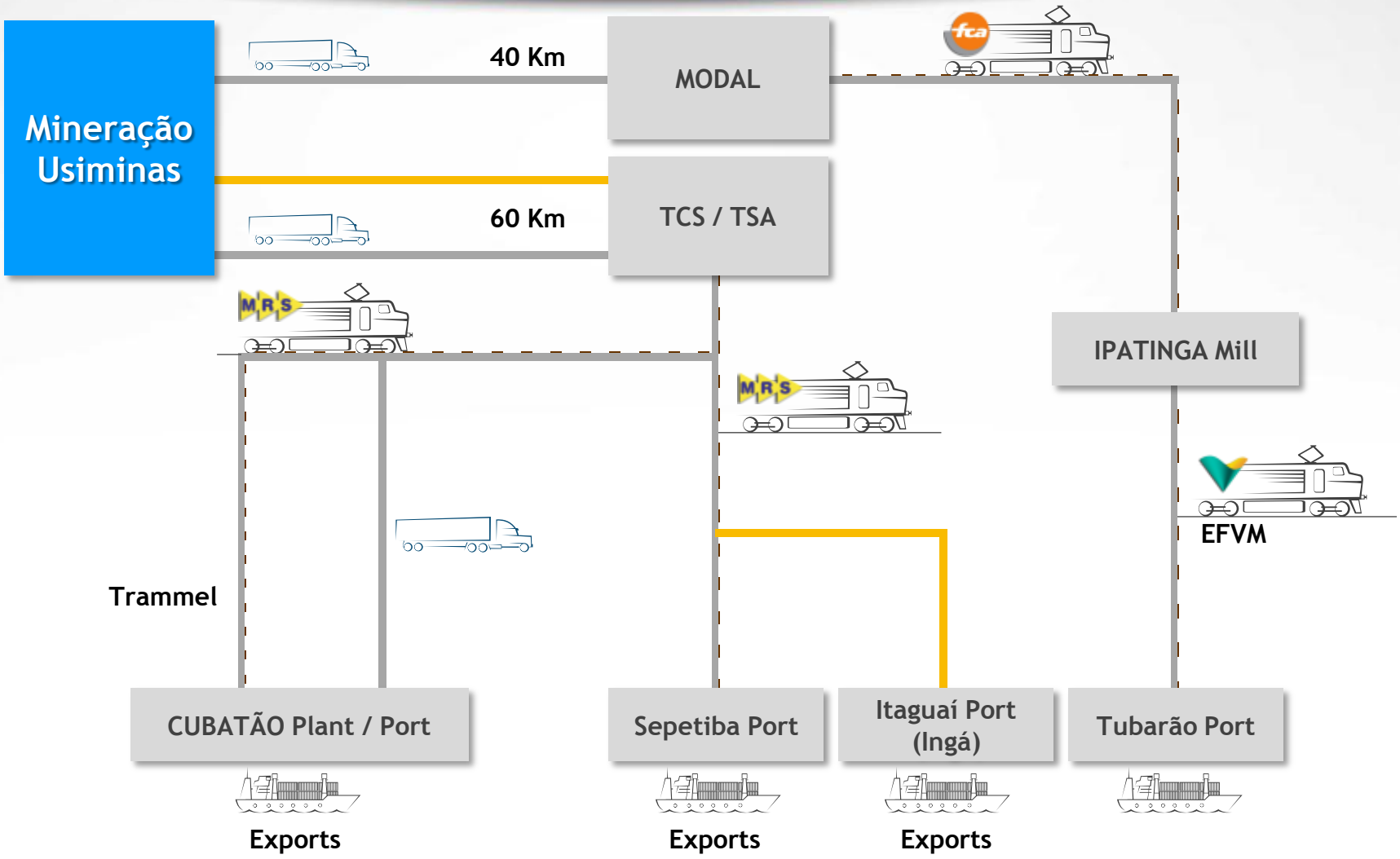


Mining and Logistics





Logistics

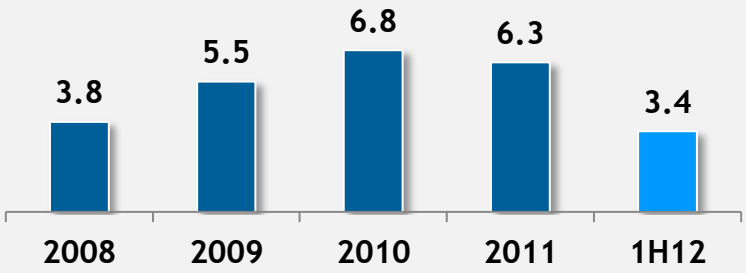

Mineração Usiminas
40 Km
60 Km
MODAL
TCS / TSA
IPATINGA Mill
EFVM
Trammel
CUBATÃO Plant / Port
Sepetiba Port
Itaguaí Port (Ingá)
Tubarão Port
Exports
Exports
Exports
Existing Routes
New Routes

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 - *MM ton*:



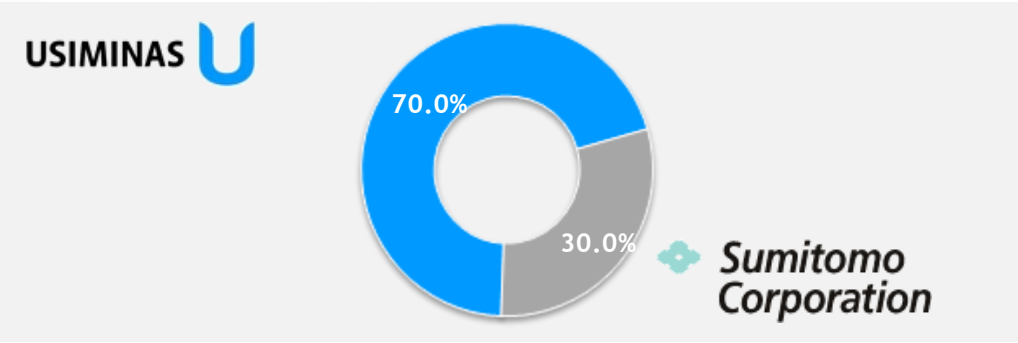


- 2Q12: production of 1.5 million tons
- MRS: 20% of voting shares and part of the Control Group
- Land in Itaguaí-RJ, acquired in 2008

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

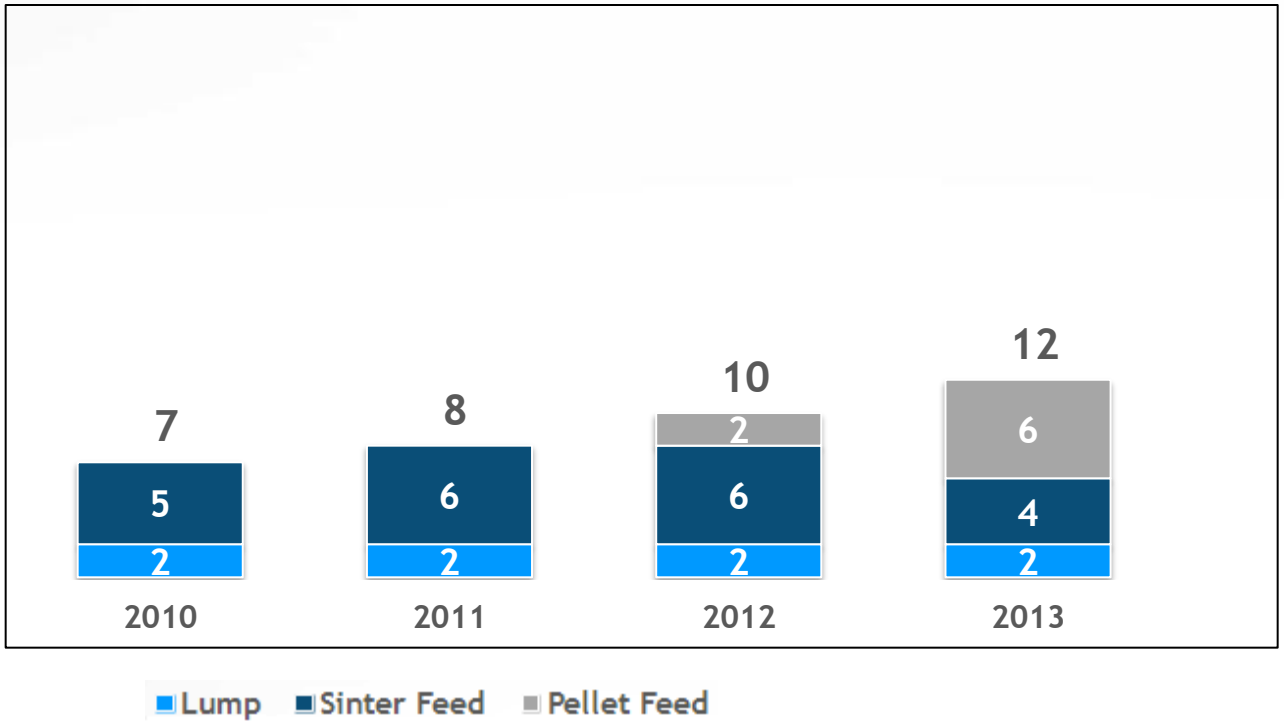
Estimated Market Value

Expansion Plan

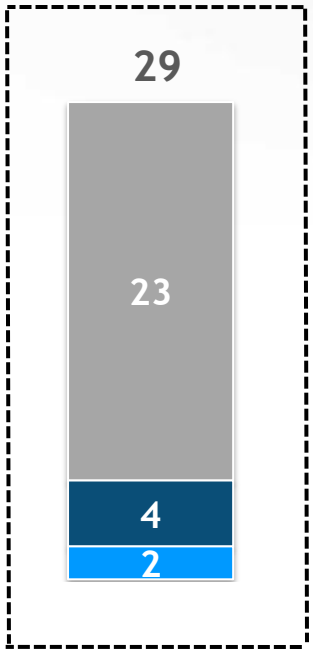
Mining

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



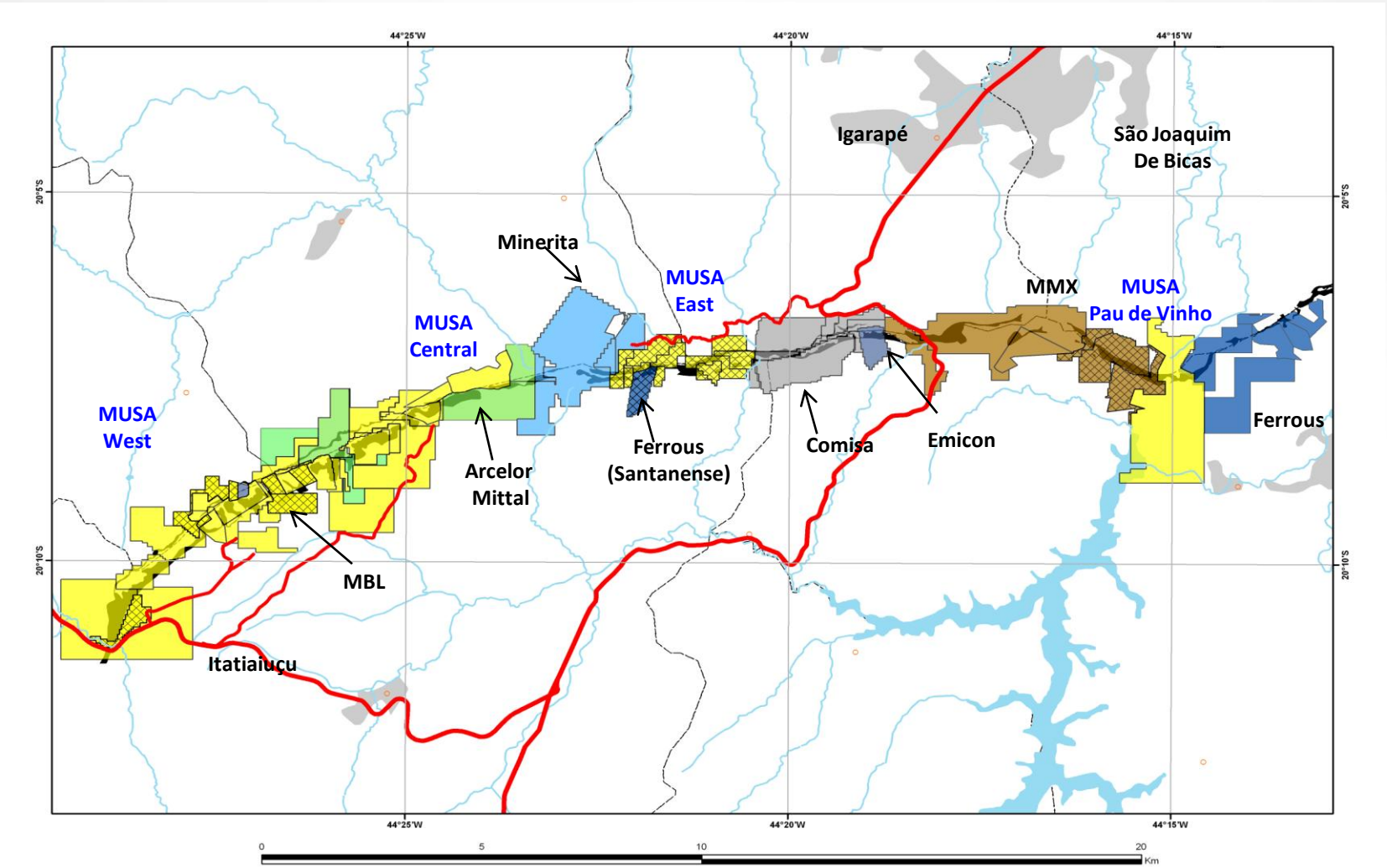
Agreements

Mining

- MMX Port and Joint Mining Agreements
- MBL Joint Mining Agreement
- New mine acquired from Mineração Ouro Negro (former litigation area)
- Conclusion of the negotiation with J. Mendes
- Right of way agreement with Ferrous

Mineração Usiminas

Serra Azul



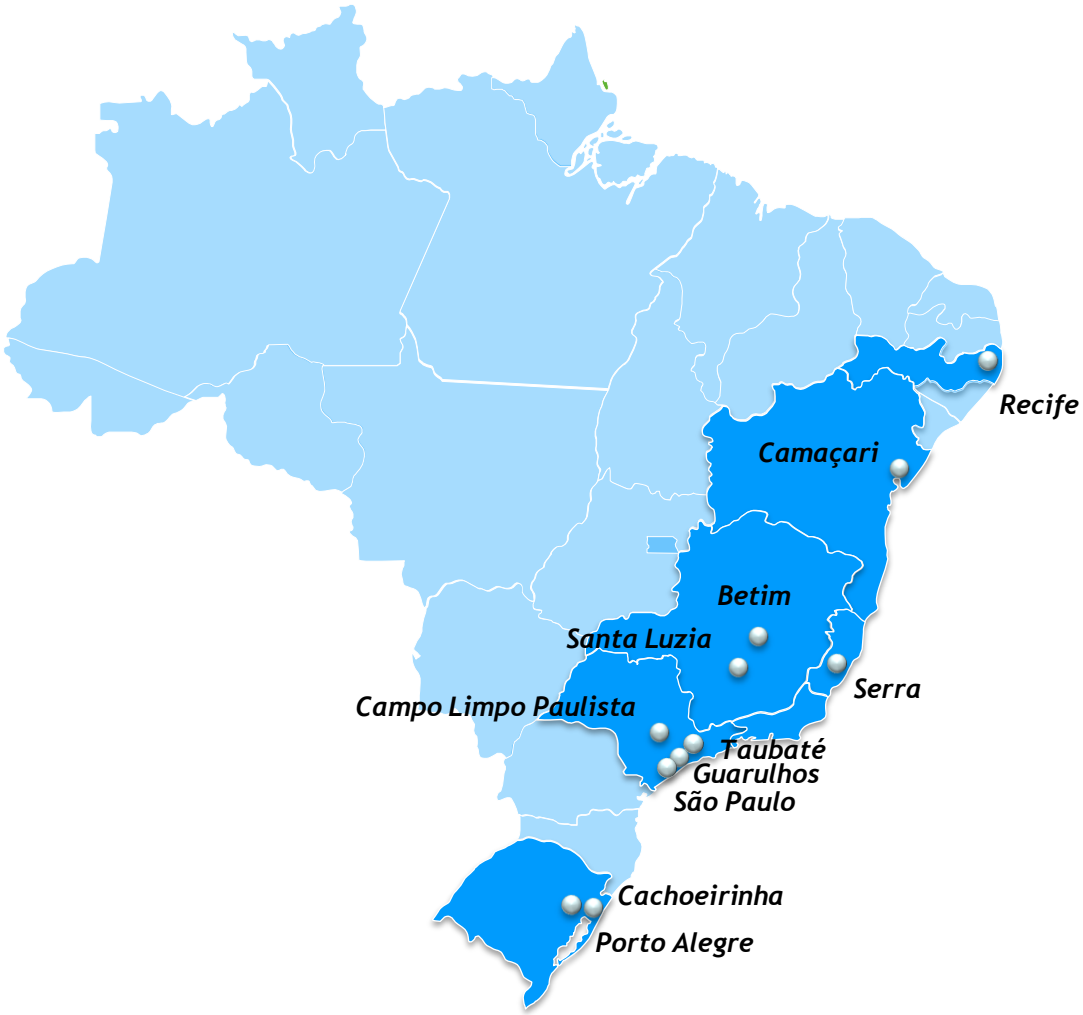
Mineração Usiminas mining operation is highlighted in yellow.

Itaguaí Port



Soluções Usiminas

Steel Processing



Soluções Usiminas

Steel Processing

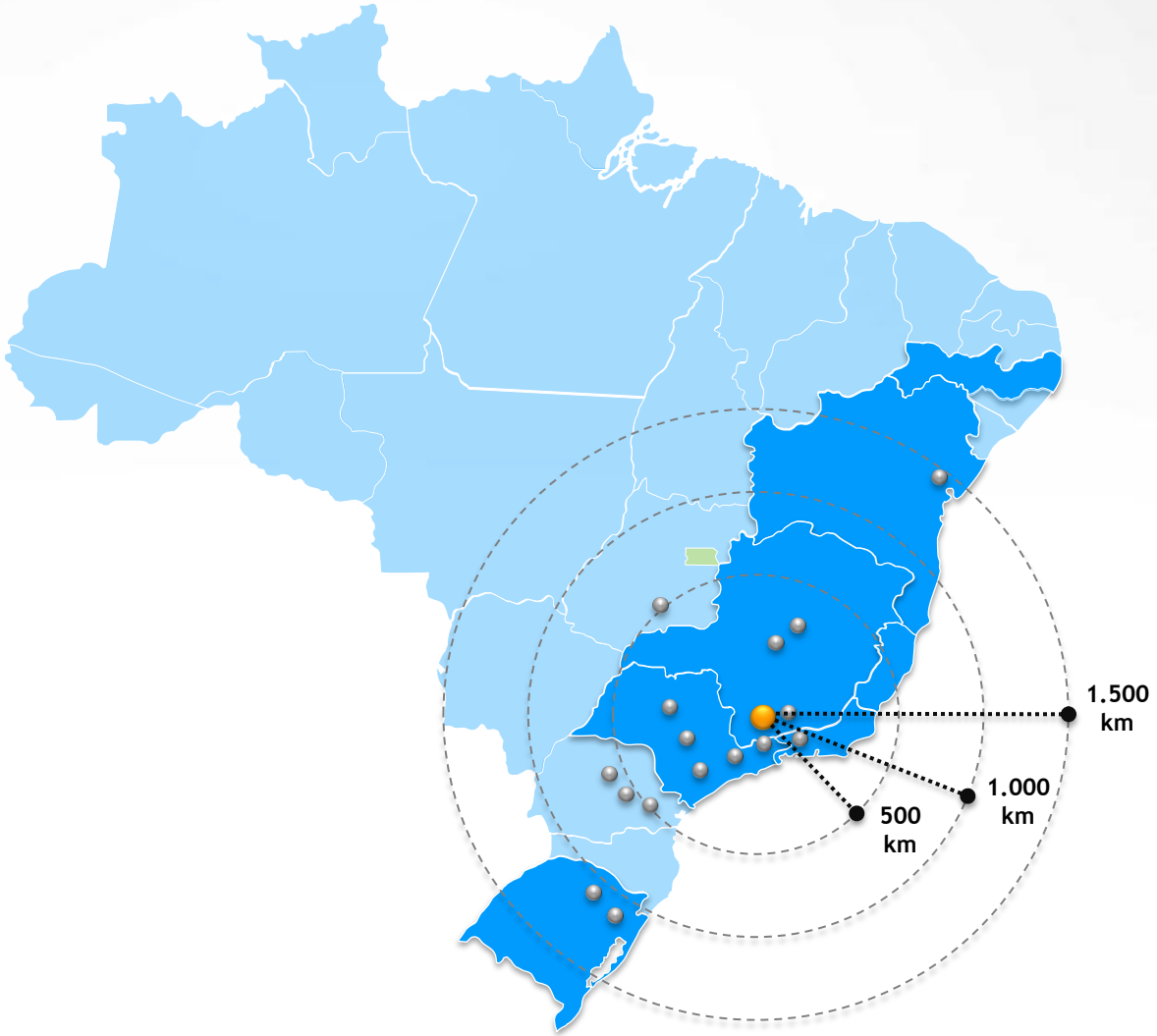
- 11 industrial units in MG, SP, RS, ES and PE. Processing capacity of 2 million tons/year.
- 2Q12 Net Revenues of R$443 million
- Leadership:

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



Steel Processing

Automotiva Usiminas



- *Pouso Alegre Unit*
- *Clients*

Automotiva Usiminas

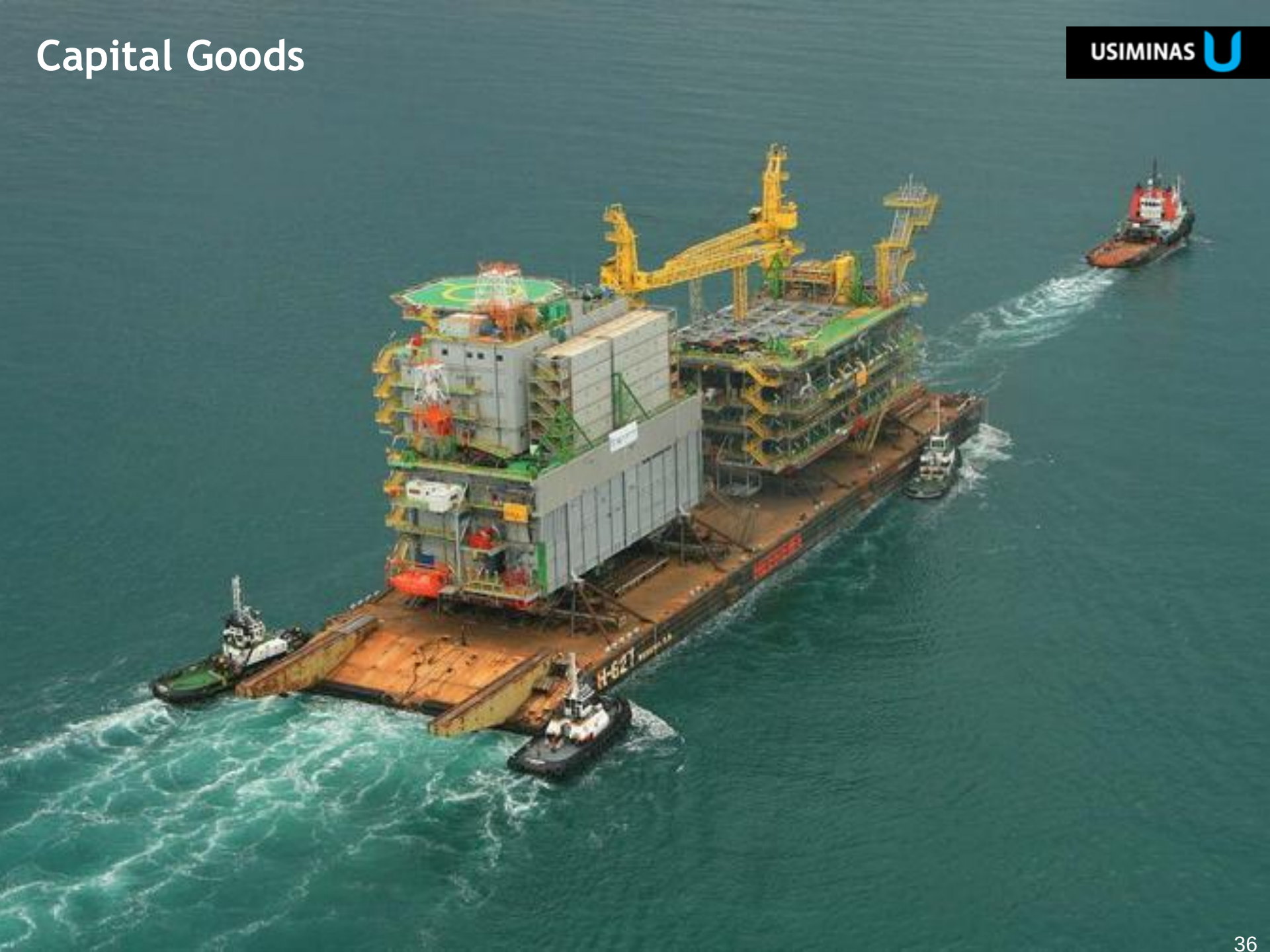
Steel Processing

- **Pouso Alegre – MG**
  - Close to major auto makers.
  - Full service company.
- **2Q12 Net Revenues of R$73 million**
- **Major Clients:**

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



Capital Goods



Usiminas Mecânica

Capital Goods

- **Ipatinga – MG**

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

- **2Q12 Net Revenues of R$205 million**
- **Market Sectors:**
  - Industrial Assembly
  - Structures / Metal Bridges and Blanks
  - Industrial Equipment
  - Industrial Erection
  - Foundry and Railcars
- **Highlights:**
  - Supply of 30 thousand tons of blanks for wind towers of Gestamp Wind Steel.

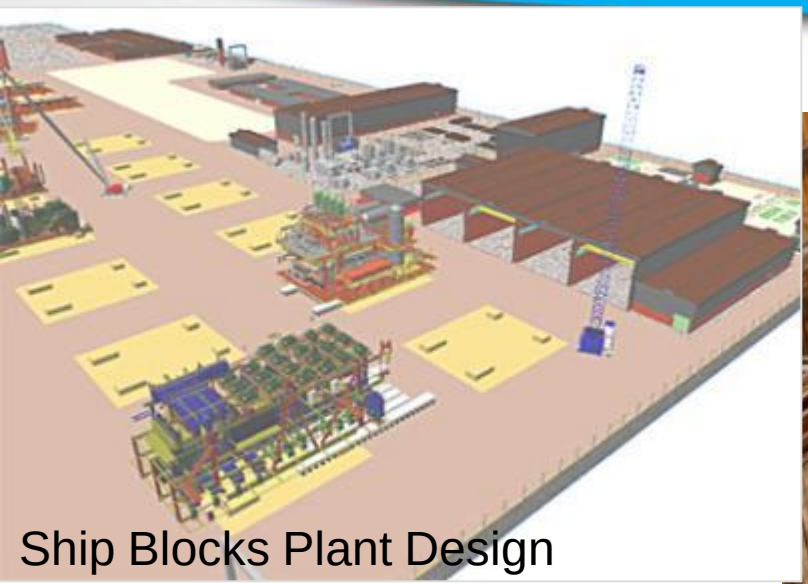






Usiminas Mecânica

Capital Goods – some of its projects



Ship Blocks Plant Design



Ship Panel



3rd Bridge in Brasília

Agenda



Market Overview



Usiminas and its Business Units

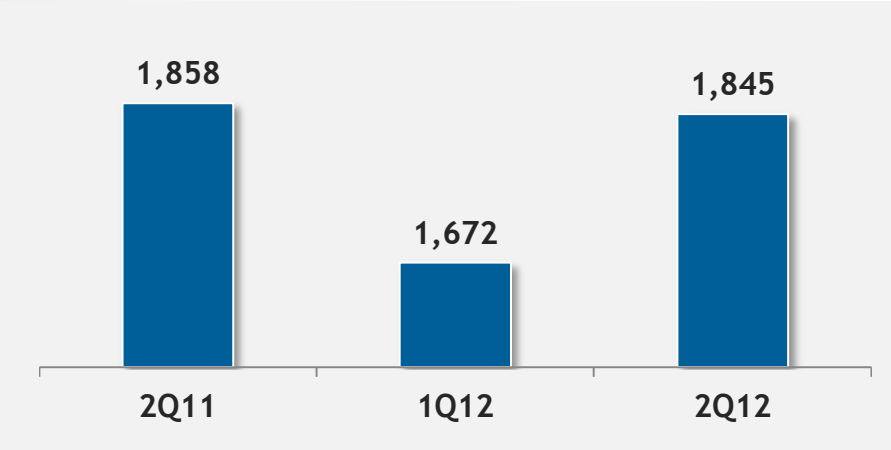


Financial Highlights

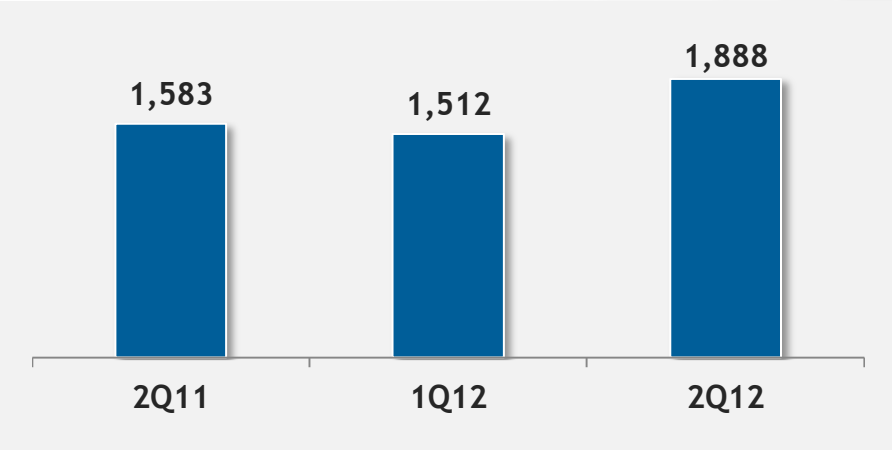
2Q12 Consolidated Results

Highlights

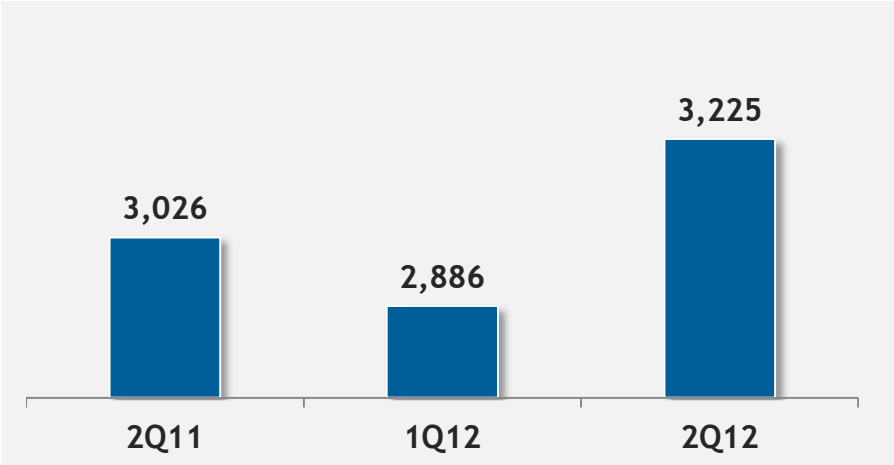
Crude Steel Production - *thousand tons*



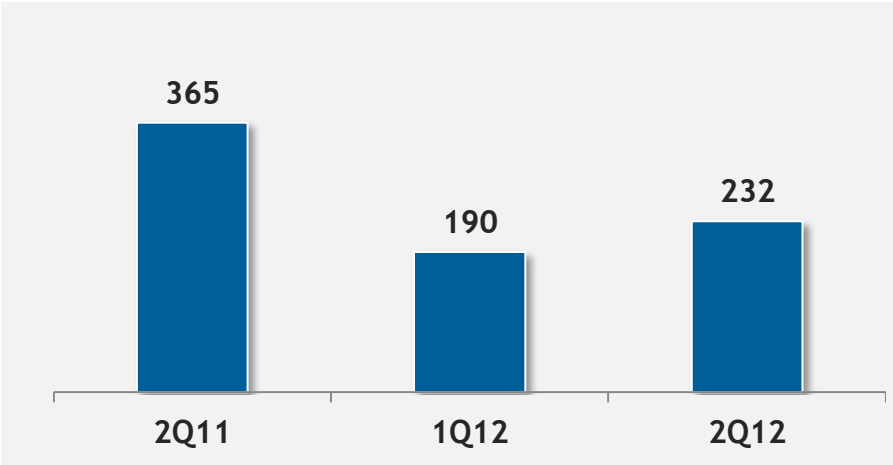
Sales - *thousand tons (steel products)*



Net Revenues - *R$ Million*

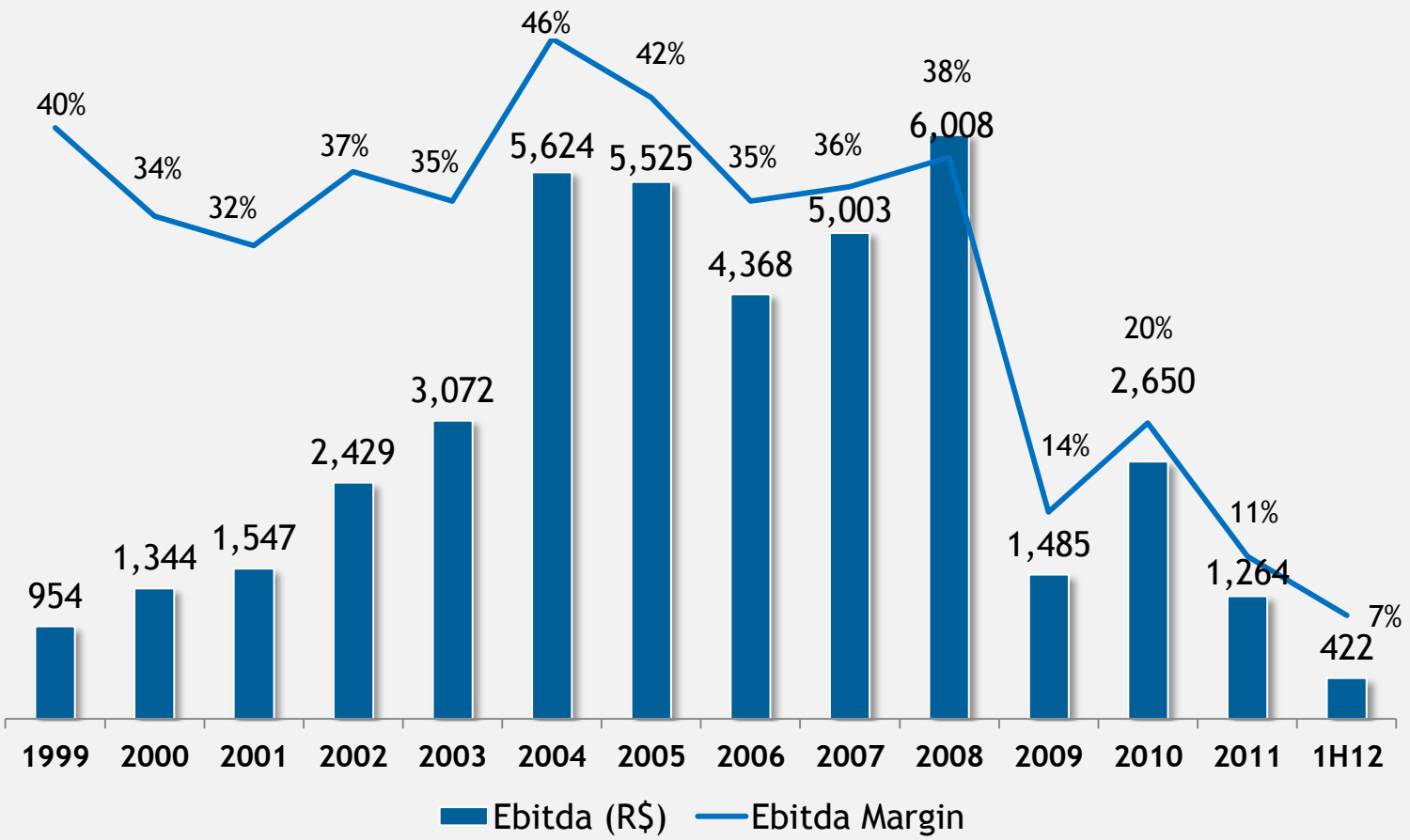


EBITDA - *R$ Million*



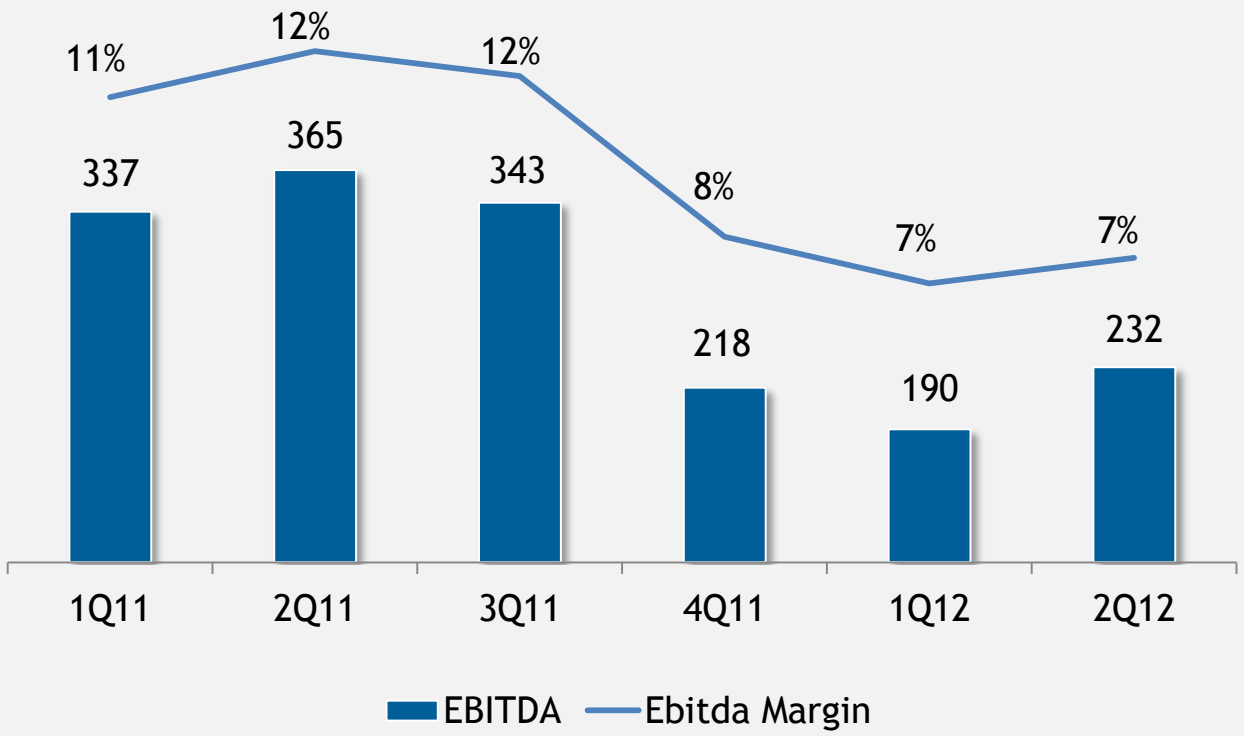
Ebitda / Ebitda Margin

(annualy)



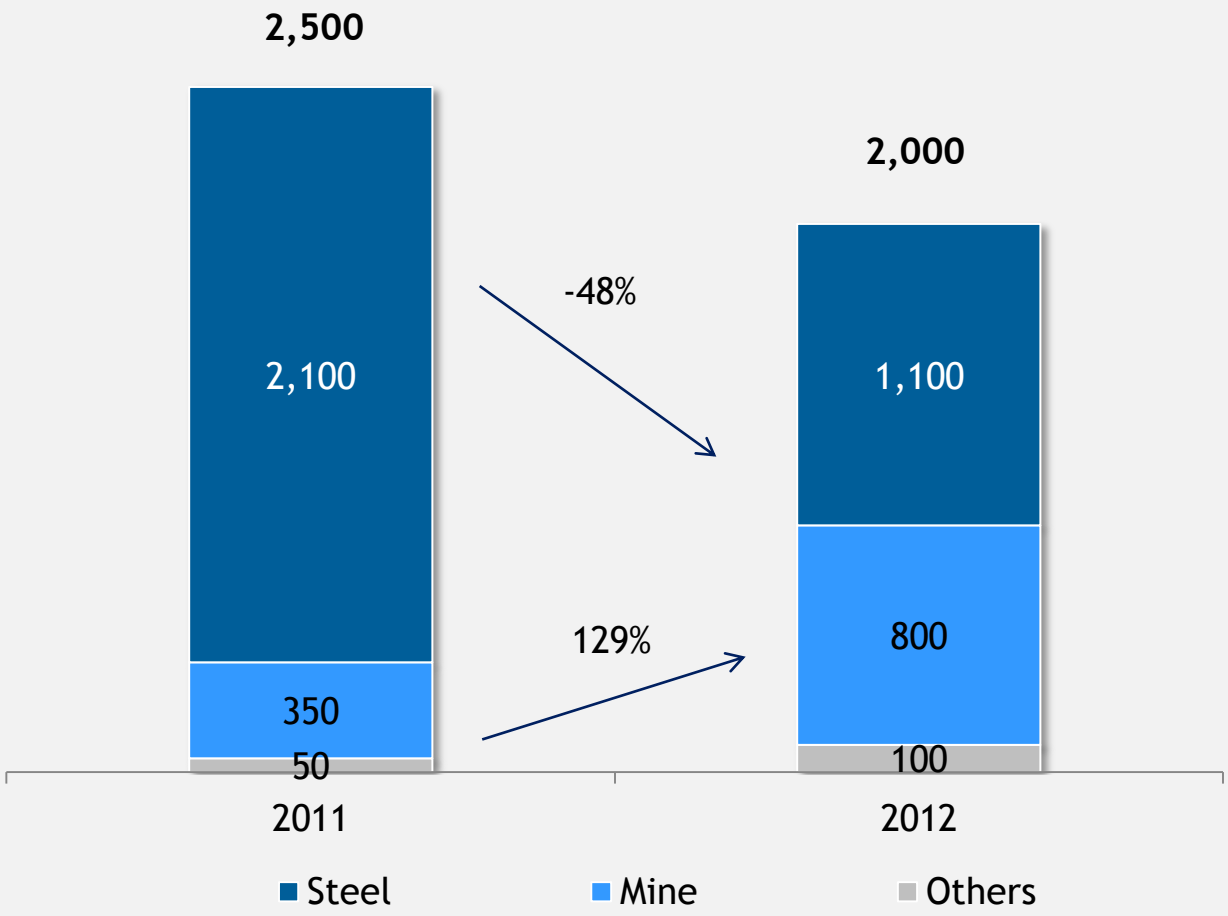
Ebitda / Ebitda Margin

(quarterly)



Capex

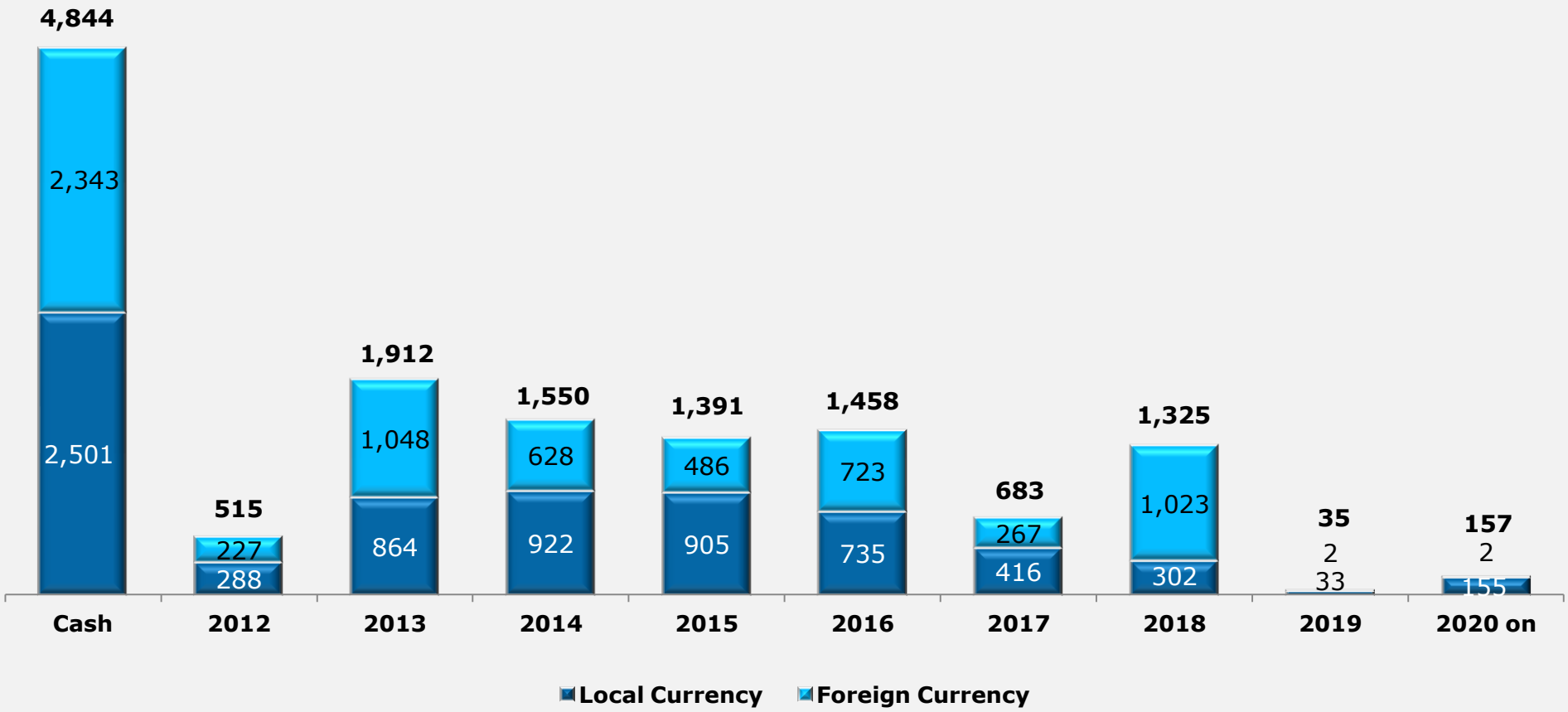
(R$ million)



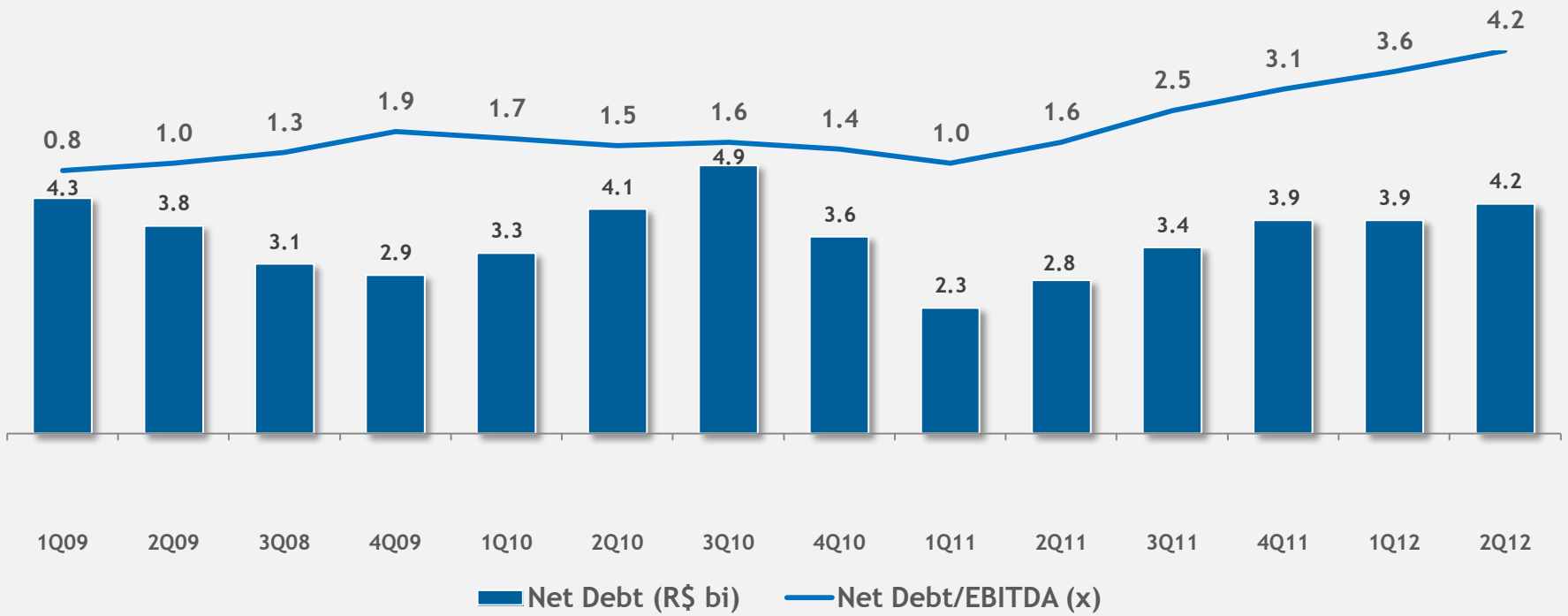
Debt Profile

(R$ million)

Duration: R$: 40 months
US$: 44 months

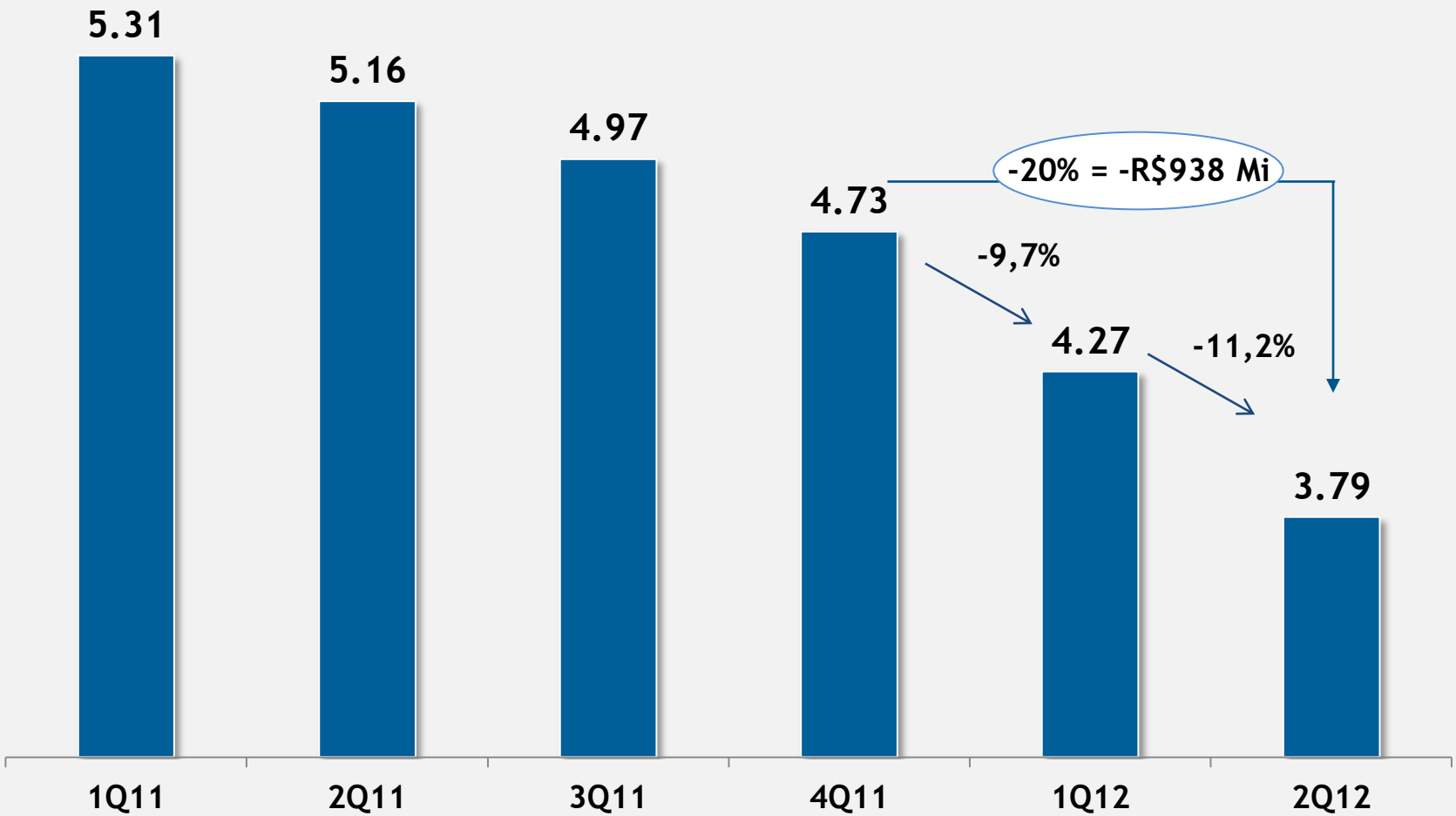


Leverage – Consolidated Basis



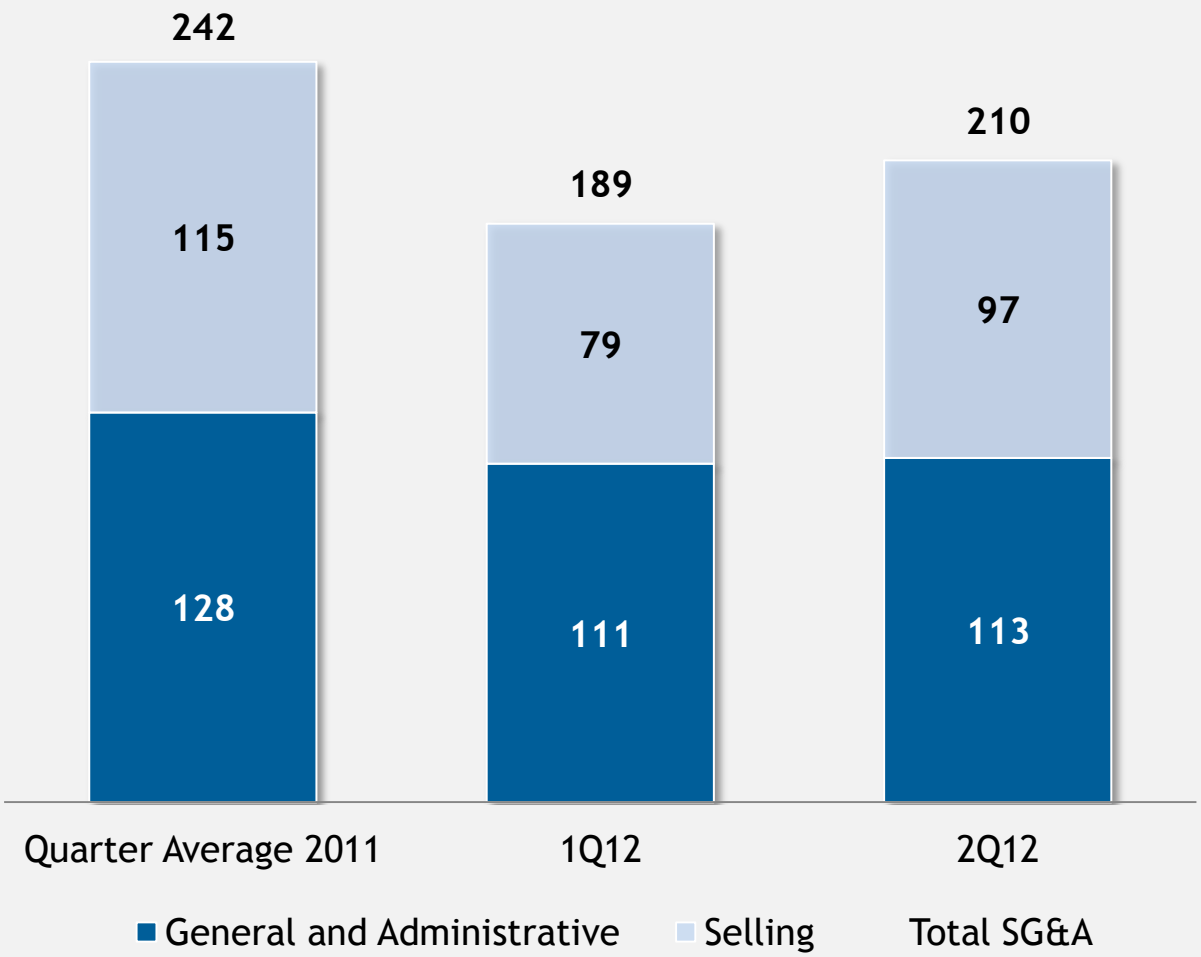
Working Capital - Consolidated

(R$ billion)



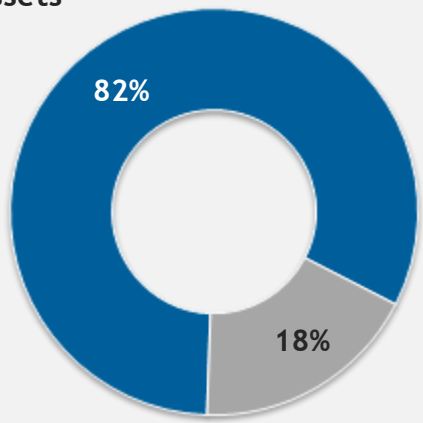
SG&A - Consolidated

(R$ million)

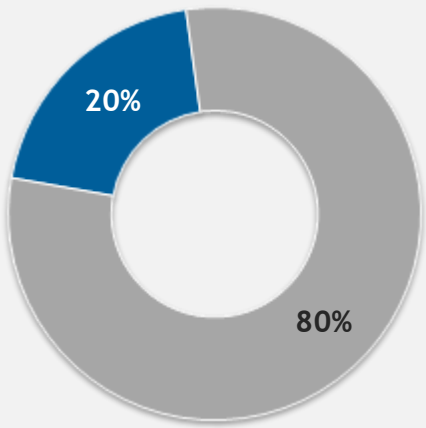


Balance Sheet Structure

Capital Employed



Funded By



Total: R$ 21,191 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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