

Presentation
4Q15 and 2015

USIMINAS

Classification of the information: Public

Agenda

Usiminas Profile



Market Outlook



Usiminas and its business units



Financial Results



Company Profile

- ✓ Complete solution for products and services
- ✓ Steel company with the largest number of patents rights in Latin America
- ✓ Largest Research Center in the steel sector in Latin America
- ✓ First Brazilian steel company to have its quality system certified by ISO 9001 in 1992
- ✓ First Brazilian steel company and second in the world to achieve the ISSO 14001 environmental management certificate in 1996
- ✓ Founded of the most enduring environmental education project of the private sector since 1984



Timeline



1962 — Operation Start Up



1991 — Cosipa privatization



1993 — Listing on LATIBEX stock exchange section



1994 — •Creation of Soluções Usiminas

•One CNPJ: Usiminas incorporates Cosipa



2005 — •Selling of Ternium stake

•Joint Mining Agreements with MBL e Ferrous



2008 — Automotiva Usiminas Divestment



2009 — Temporary shutdown of the primary areas in Cubatão

2010 — •Usiminas privatization

•Listing on BOVESPA



2011 — Listing on ADR I on the OTC Market (New York)



2012 — •Acquisition of iron ore mines

•Acquisition of Zamprogna



2013 — •Creation of Mineração Usiminas

•Acquisition of Codeme and Metform stake



2014 — Entrance of Ternium / Tenaris into Usiminas Control Group (New shareholders agreement)



2015 — Friables Project conclusion on Mining (increasing the capacity to 12 million tons/year)

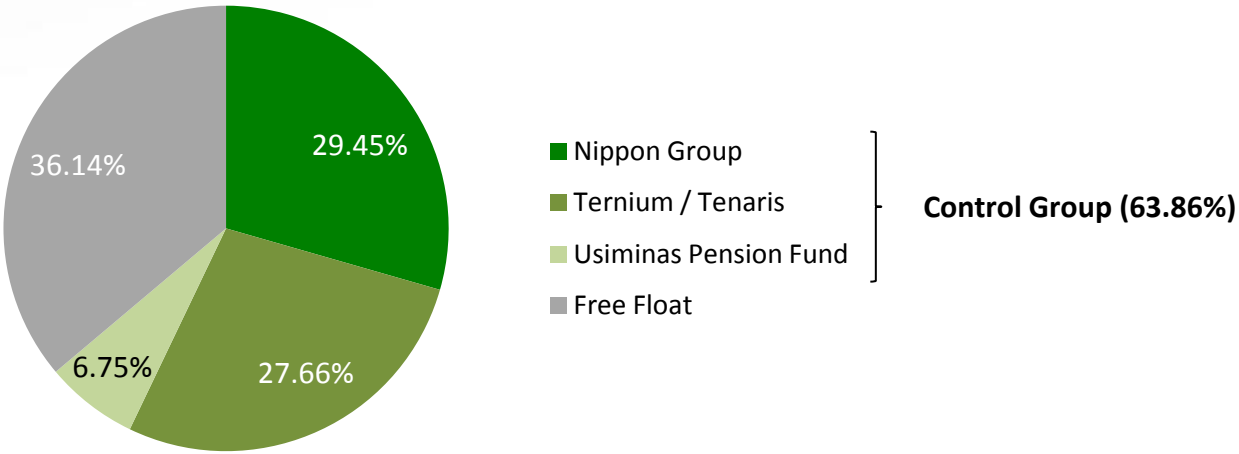


Shareholding Composition

Total Capital
1,013,786,190

Voting Capital

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



Usiminas shares are traded on BM&FBovespa (São Paulo), on the OTC Market (New York) and on a LATIBEX exchange section (Madrid).

Complete Solution for Products and Services

Business Units

Mining

Mineração Usiminas



Steel

Ipatinga Plant

Cubatão Plant

Unigal Usiminas



Steel Processing

Soluções Usiminas



Capital Goods

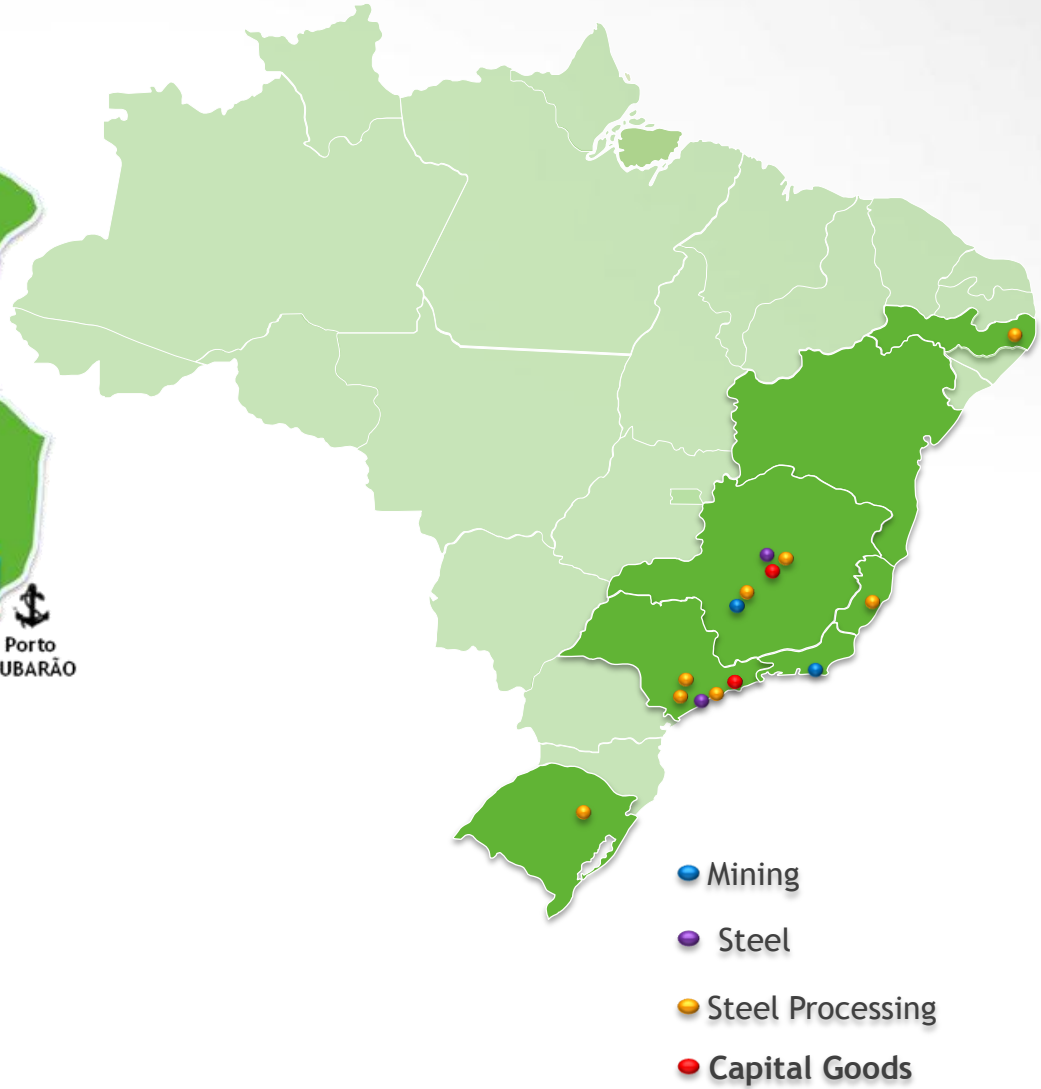
Usiminas Mecânica



UPSTREAM — DOWNSTREAM

Strategically Located





Social and Environmental Initiatives

Usiminas Cultural Institute

Usiminas invested over R$260 million, encouraging around 2,000 social projects



São Francisco Xavier School

First educational institution in Brazil to obtain ISO 9001



Márcio Cunha Hospital

Reference center in healthcare all over Brazil



Xerimbabo Usiminas Project

Promotes protection and environmental education free of charge for more than 2 million young people



Agenda

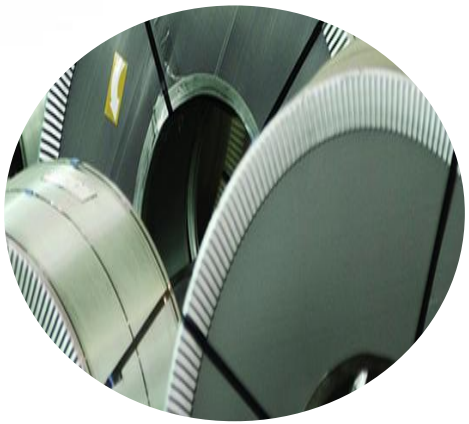
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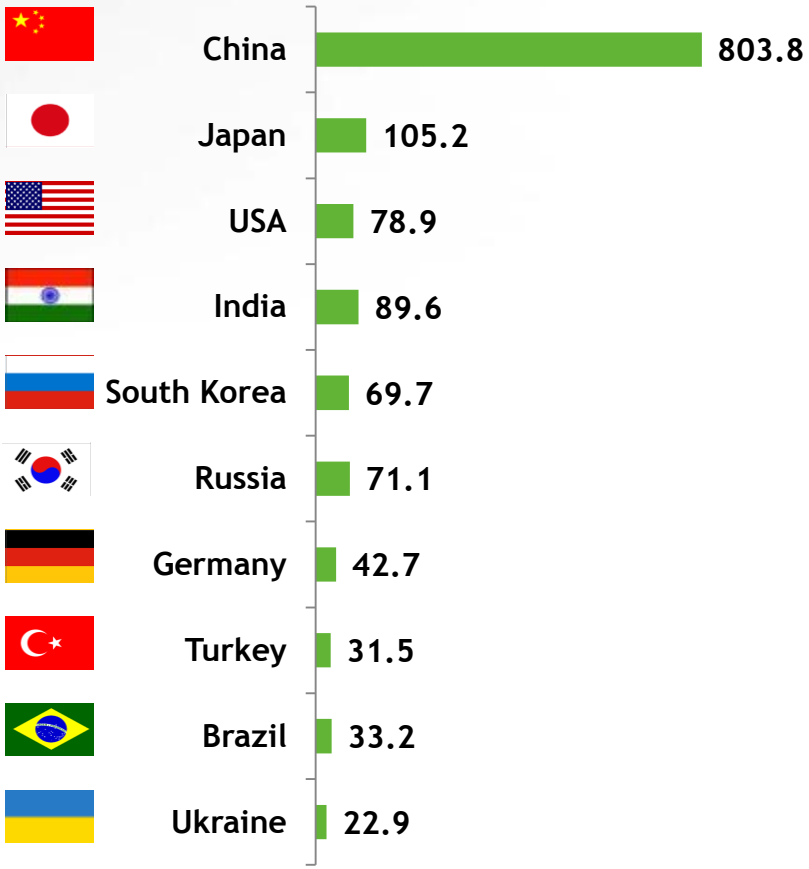


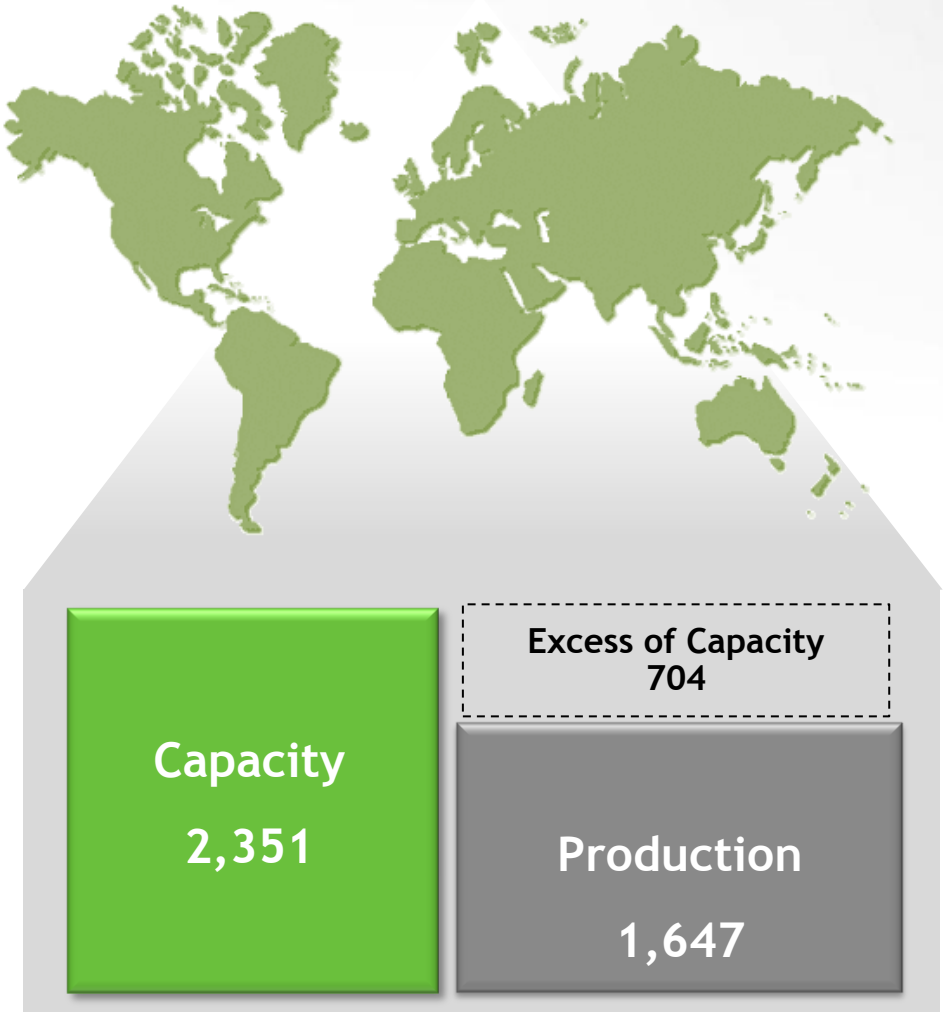




World Crude Steel Market in 2015

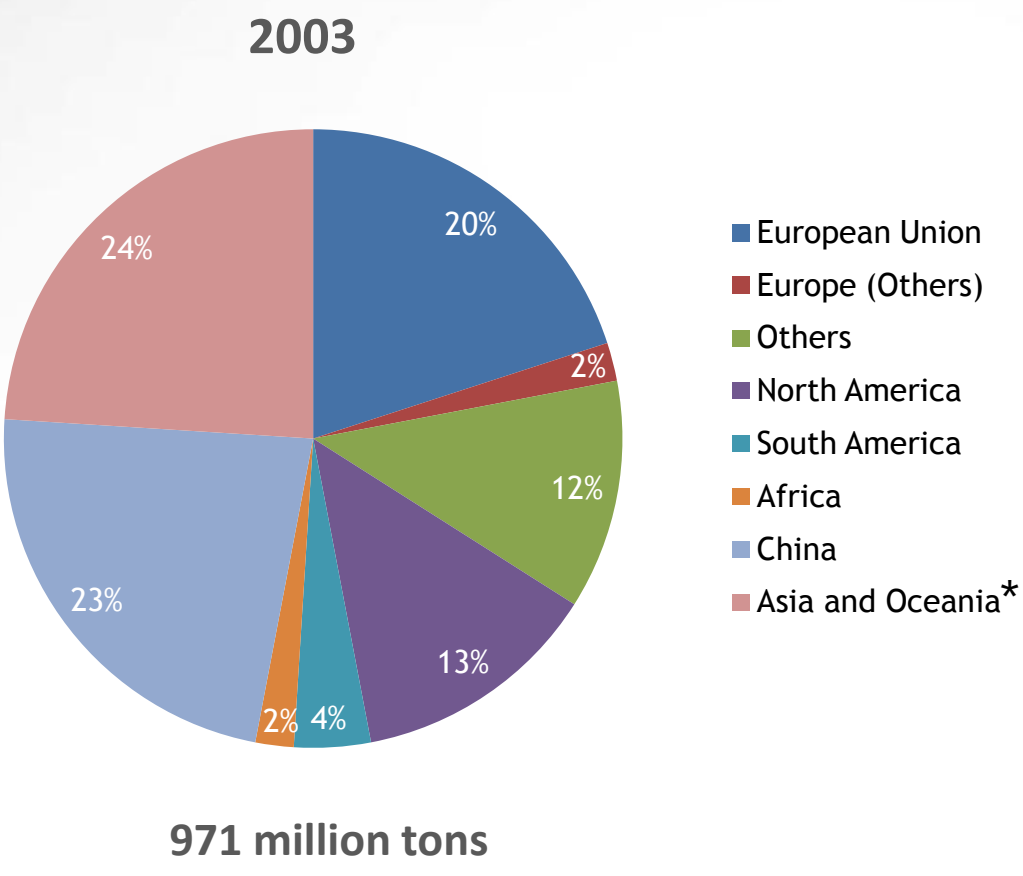
Million Tons





Source: World Steel Association

World Crude Steel Production



971 million tons

1,665 million tons

*Except China

Source: World Steel Association

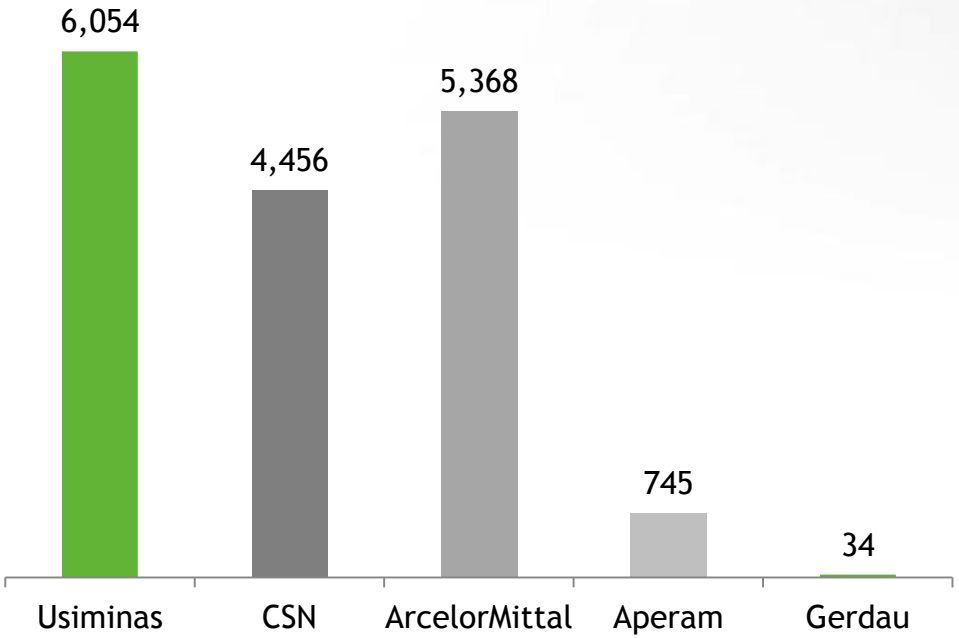
Largest Producers in 2014

Thousand Tons

World Crude Steel Producers

1	ArcelorMittal
2	Nippon Steel & Sumitomo Metal Corporation
3	Hebei Steel Group
4	Baosteel Group
5	Wuhan Steel Group
6	POSCO
7	Shagang Group
8	Ansteel Group
9	Shougang Group
10	JFE
62	Usiminas

Brazilian Flat Steel Producers



Source: World Steel Association/ Instituto Aço Brasil

Crude Steel Consumption per Capita

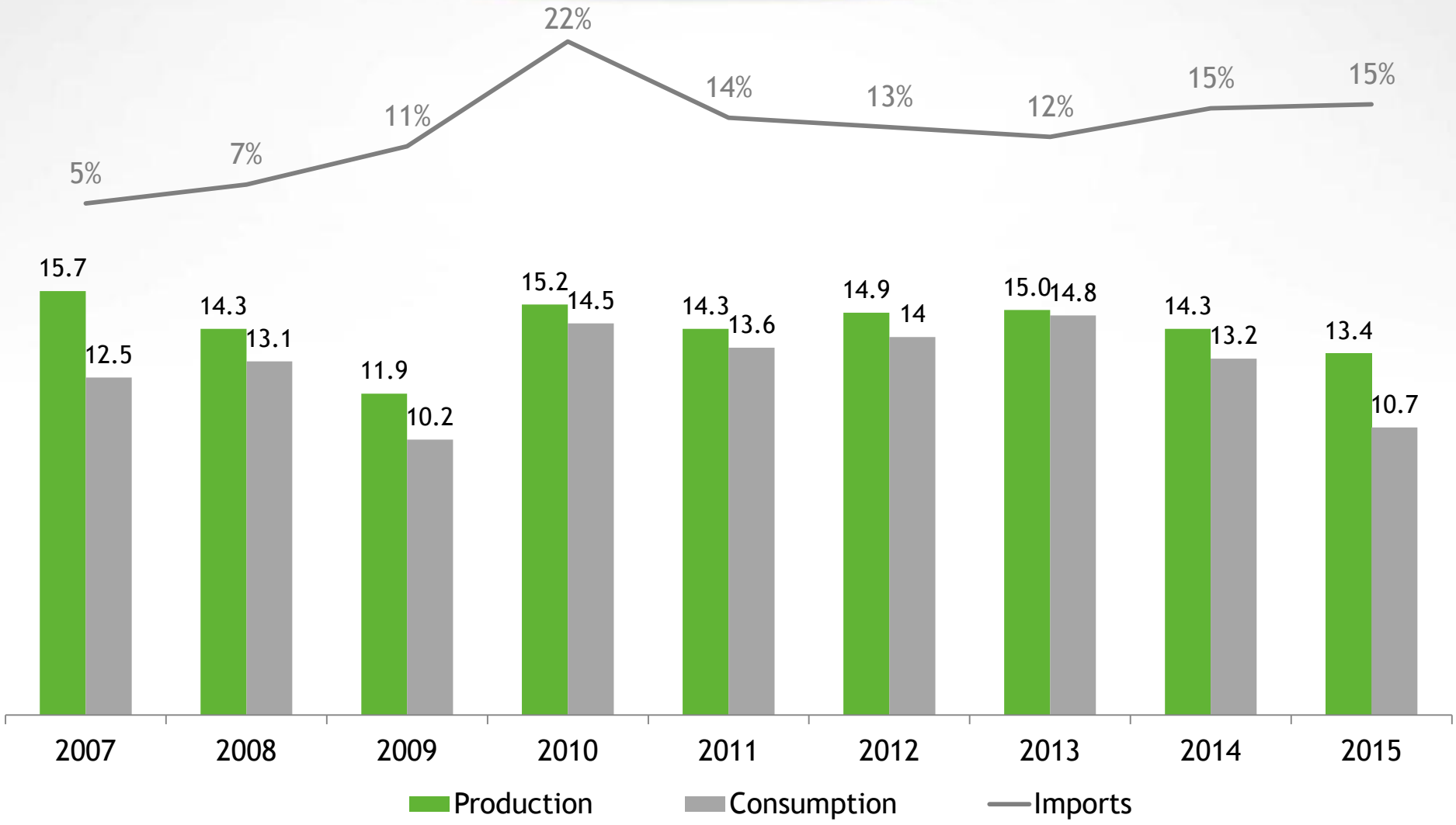
Kg per habitant

	1980	2000	2014
China	34	98	531
South Korea	160	818	1,166
Japan	611	601	573
United States	376	425	376
Germany	469	475	512
Spain	202	435	246
Brazil	101	93	140
Chile	56	97	178
Mexico	120	142	215
World Average	152	133	217

Source: World Steel Association

Brazilian Flat Steel Market

Million Tons



Source: Instituto Aço Brasil / Usiminas – Excludes Slabs

Flat Steel Consumption Markets

Auto Industry and Autoparts	Household Appliances	Agricultural and Road Machinery	Civil Construction	Oil and Gas	Pipelines
					
Hot Rolled, Cold Rolled and Galvanized	Cold Rolled and Galvanized	Heavy Plates and Hot Rolled	Heavy Plates, Hot Rolled, Cold Rolled and Galvanized	Heavy Plates and Hot Rolled	Heavy Plates and Hot Rolled

Agenda

Usiminas Profile



Market Outlook



Usiminas and its business units

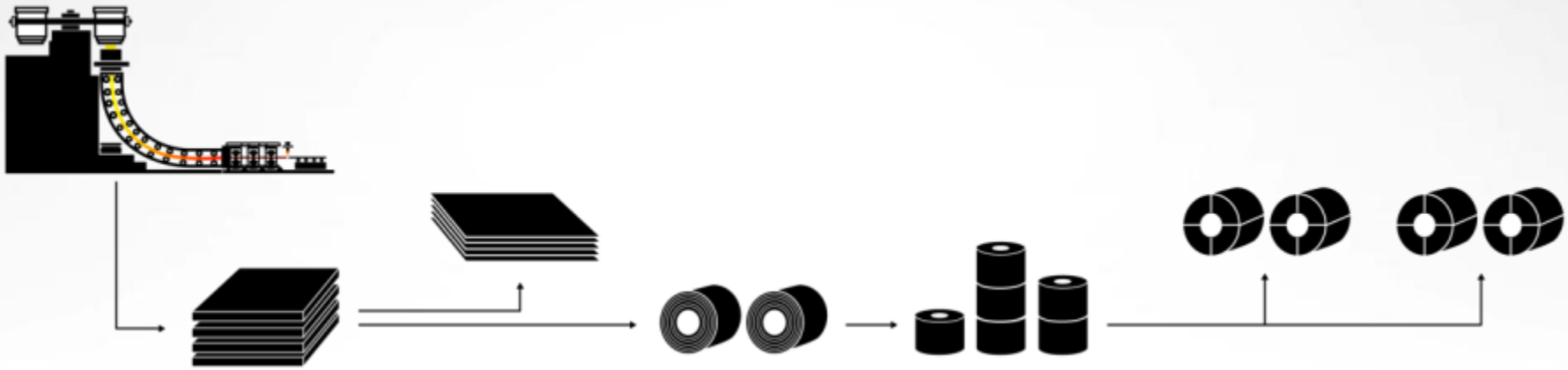


Financial Results



Flat Steel Capacity of Production

Thousand Tons



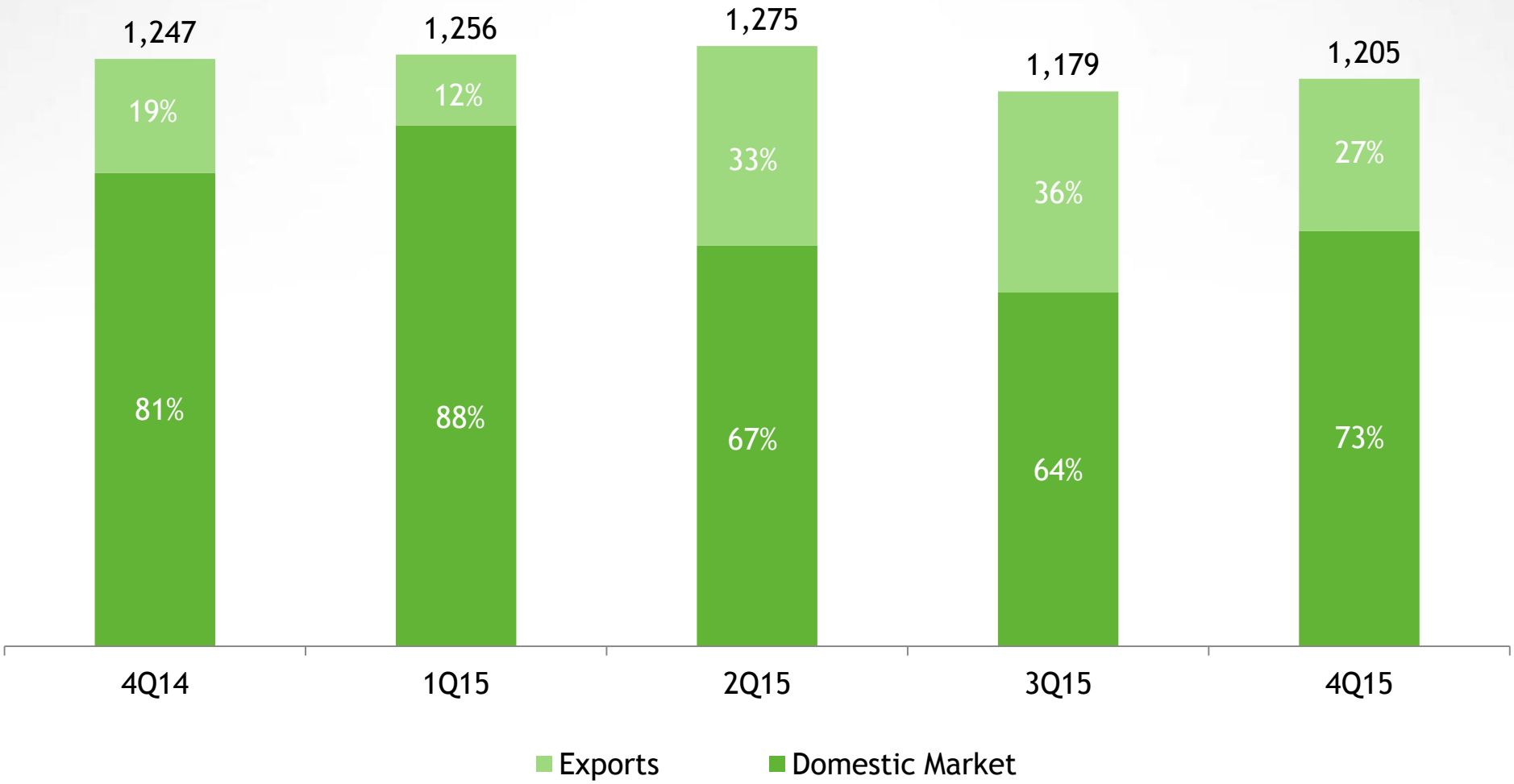
					Galvanized	
Slab Caster	Slabs	Heavy Plates	Hot Coils	Cold Coils	EG	HDG
Ipatinga Plant	5,000	1,000	3,600	2,500	360	1,050
Cubatão Plant	4,500*	1,000**	2,100 ** 2.300	1,200	-	-
Nominal Capacity	9,500*	2,000*	8,000	3,700	360	1,050
Optimized Rolling Capacity	-	1,900	4,200	2,200	350	1,020

* Temporary shutdown of the primary areas of Cubatão

** Temporary shutdown of the rolling mills

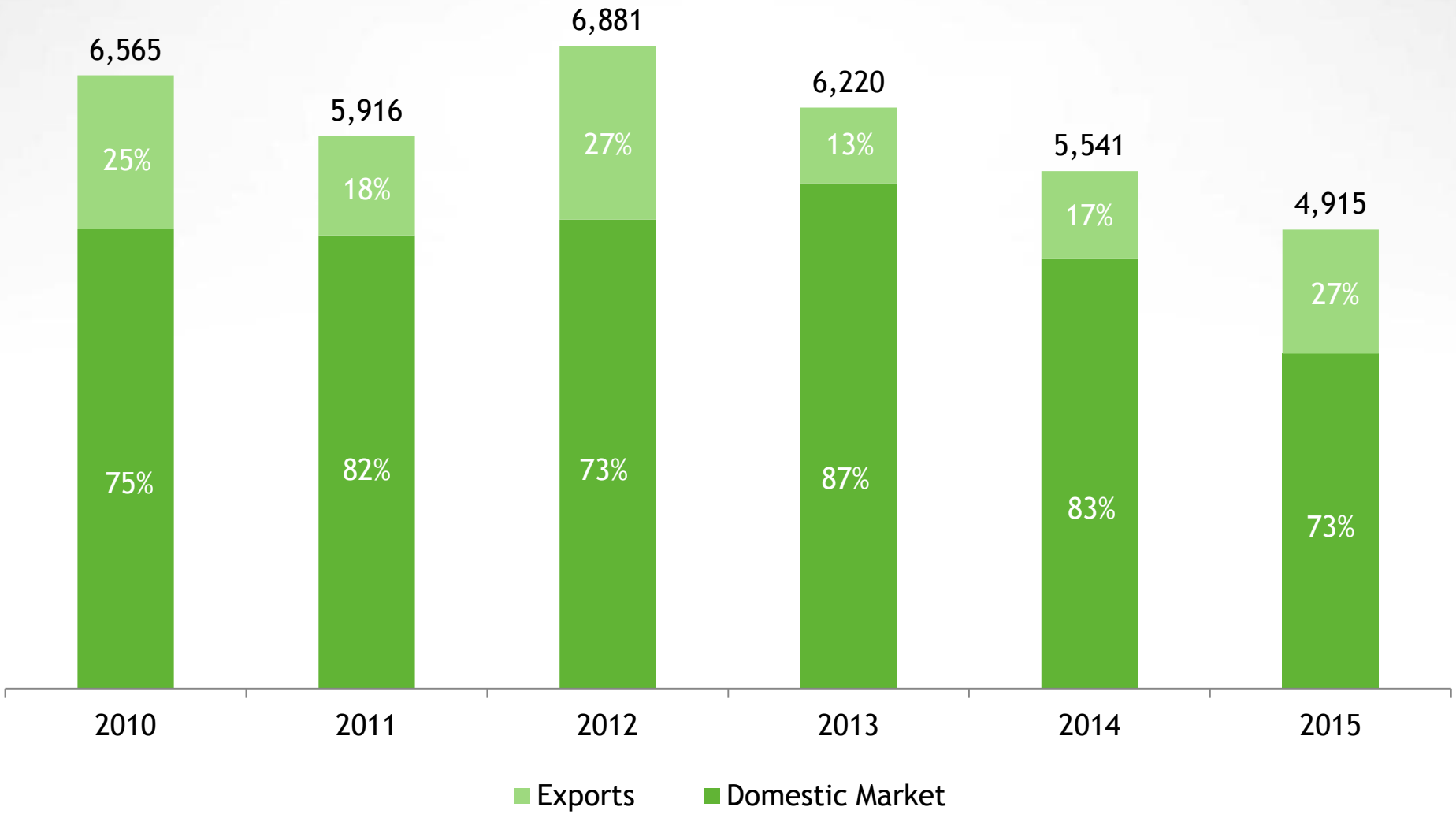
Sales Volume

Steel Business Unit - Thousand Tons



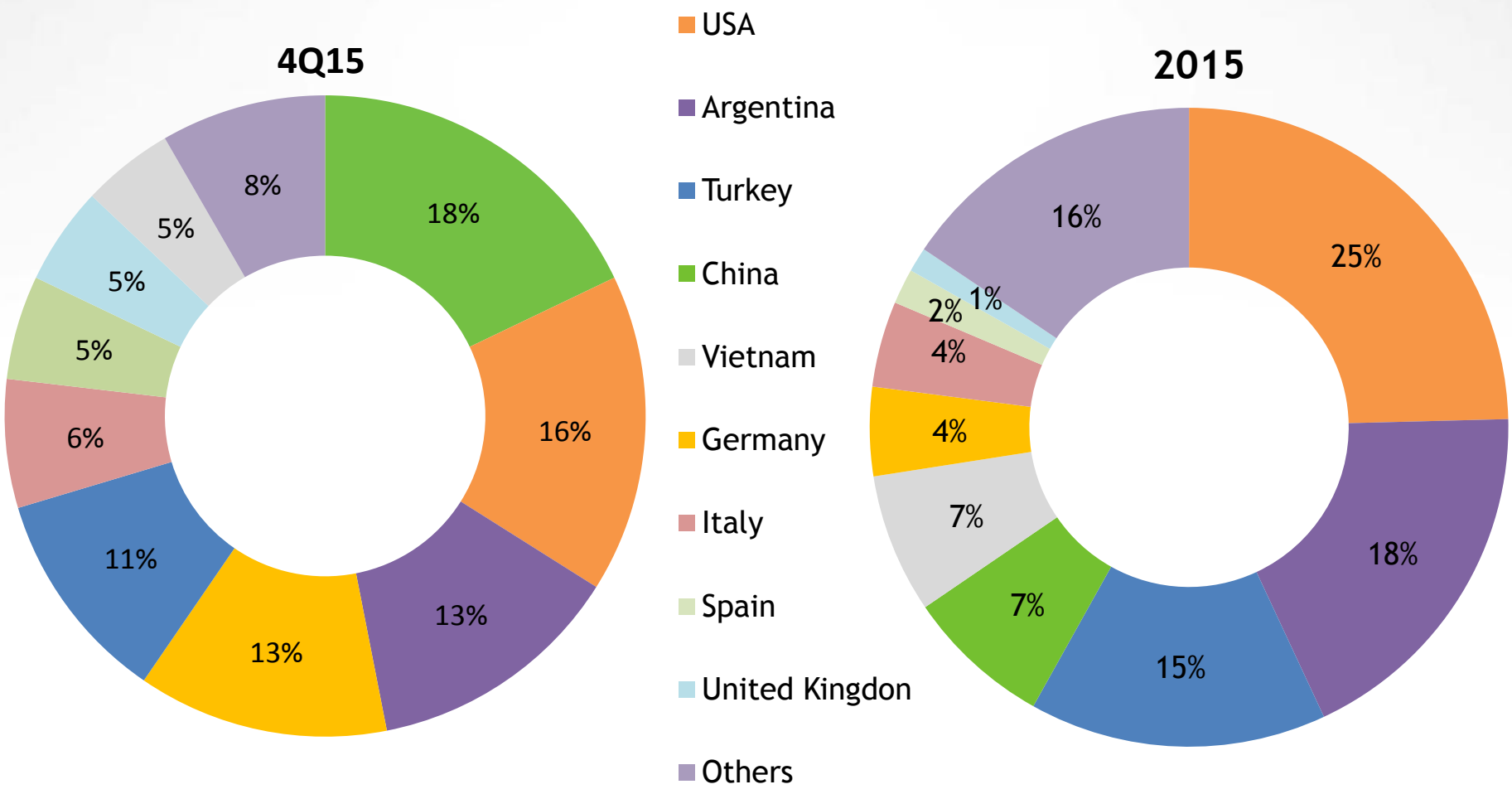
Sales Volume

Steel Business Unit - Thousand Tons



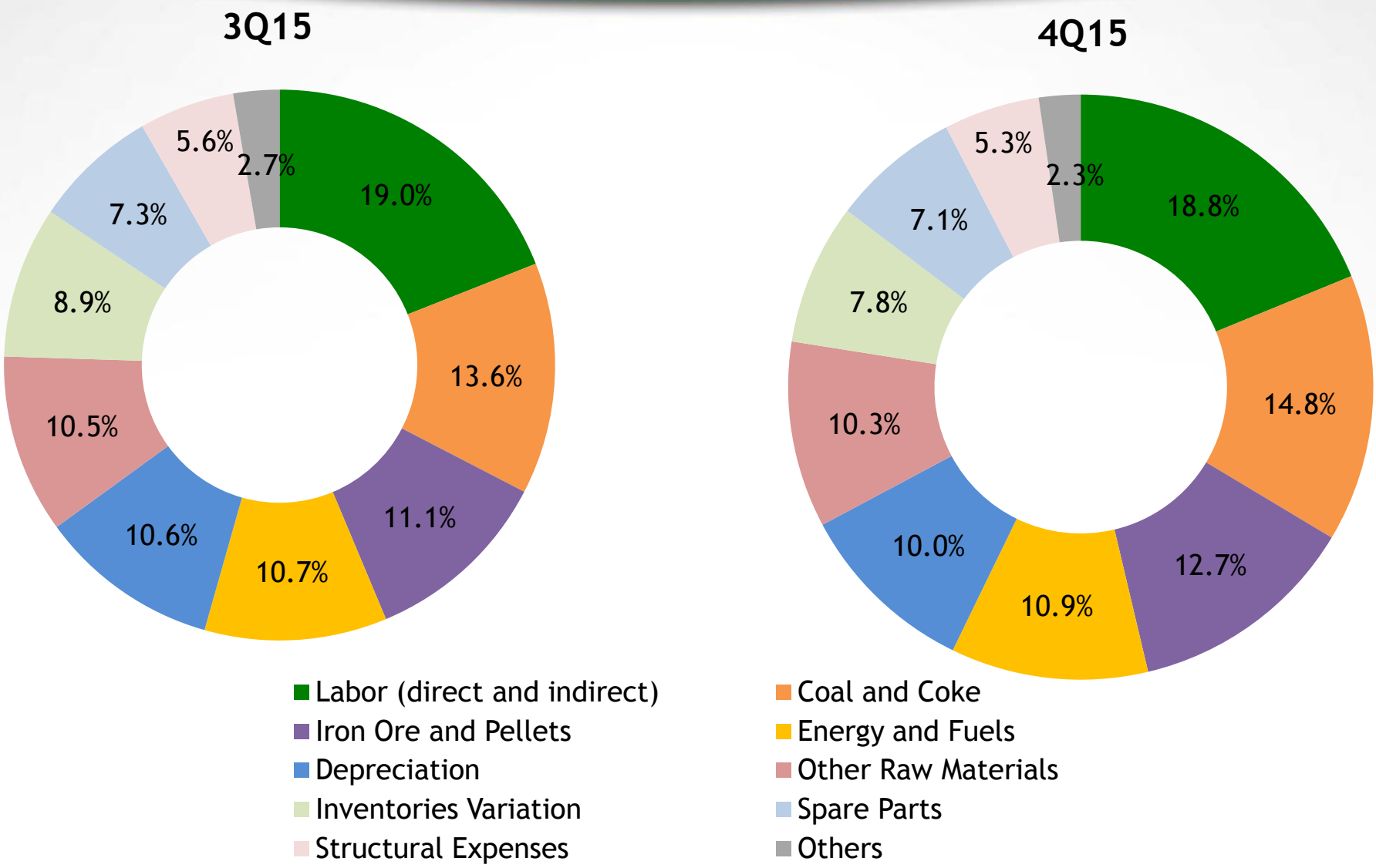
Exports - Main Markets

Steel Business Unit



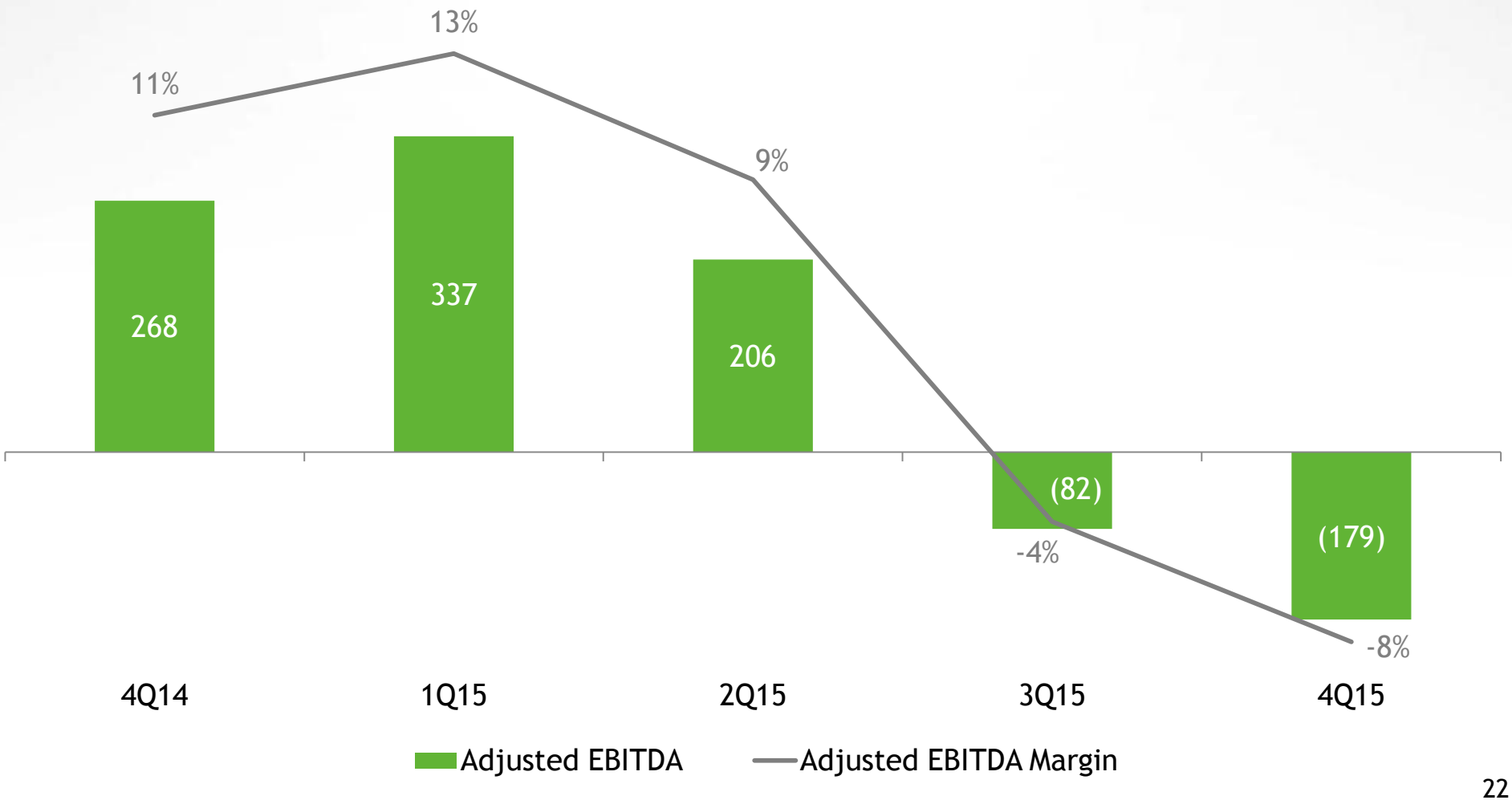
Cost of Goods Sold - COGS

Steel Business Unit



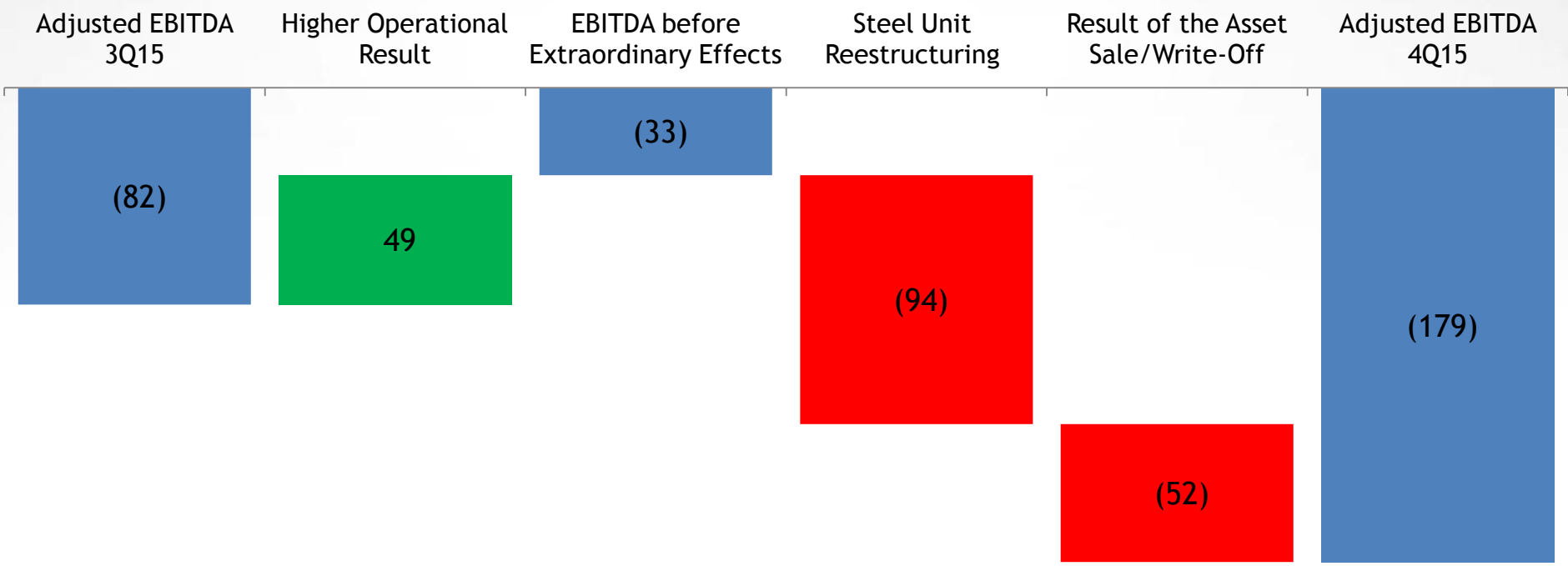
Adjusted EBITDA and EBITDA Margin

Steel Business Unit - R$ Million



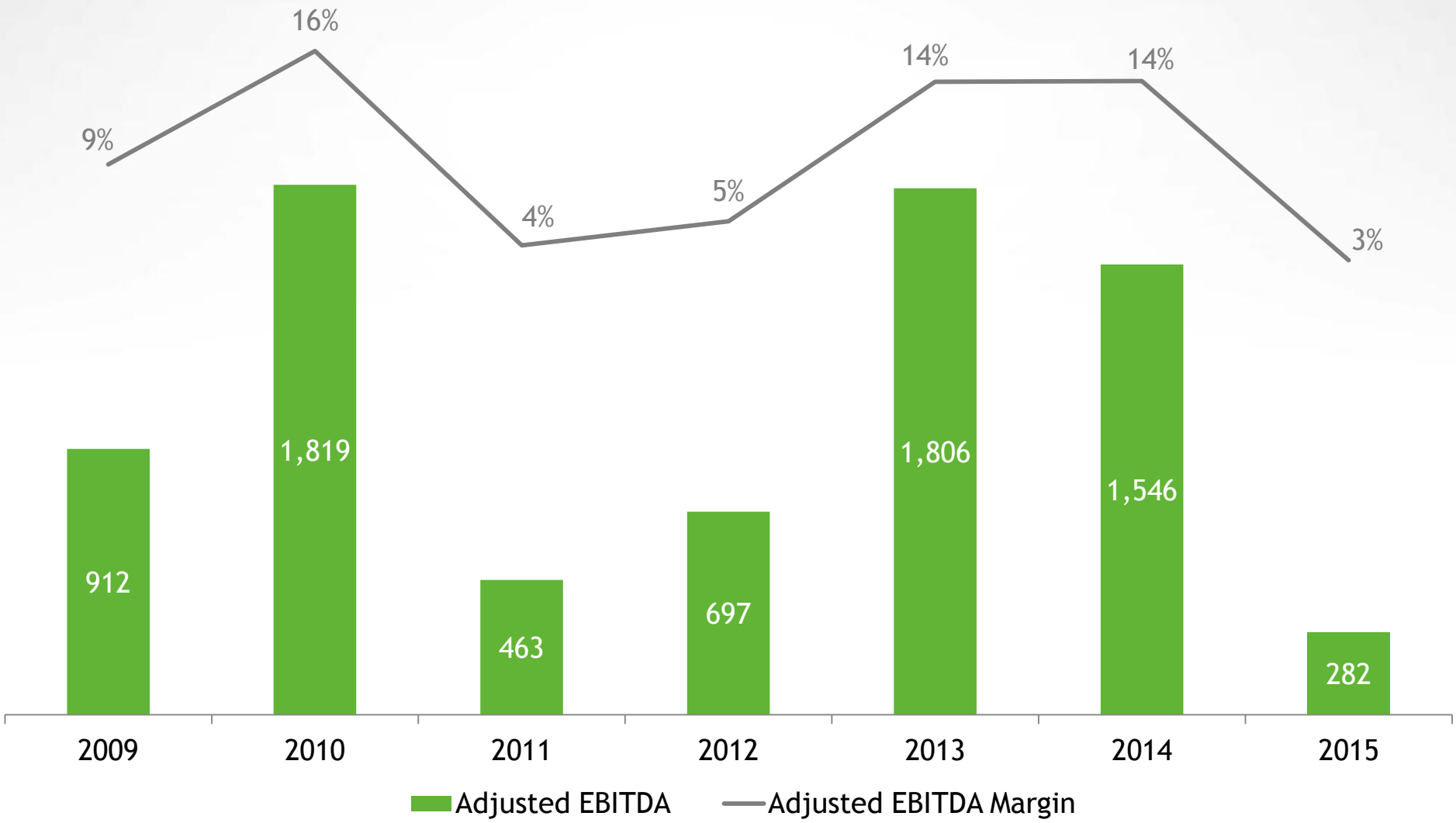
Adjusted EBITDA

Steel Business Unit - R$ Million



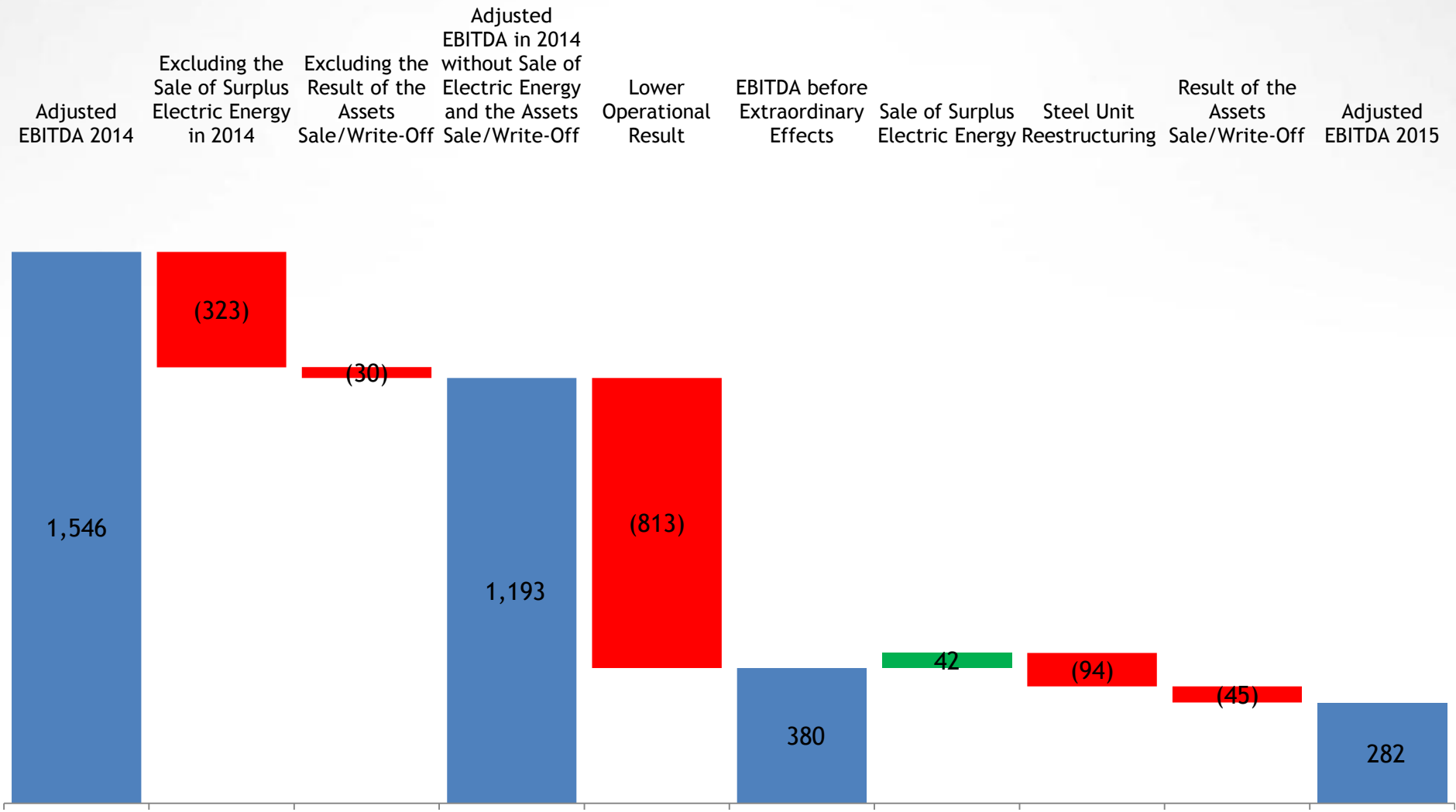
Adjusted EBITDA and EBITDA Margin

Steel Business Unit - R$ Million



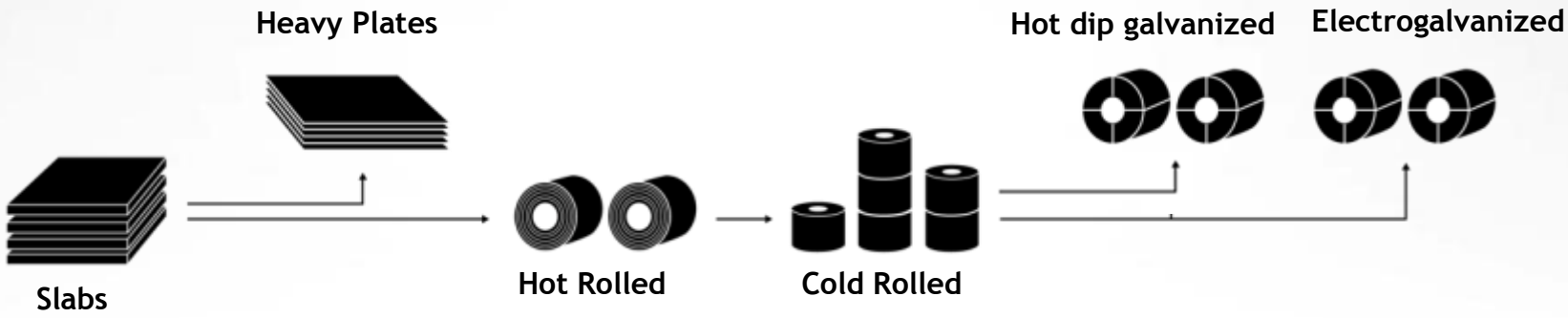
Adjusted EBITDA

Steel Business Unit - R$ Million



Investments

Steel Business Unit



Capacity increase to generate finished products

7.2 million t
(2010)

9.7 million t
(2014)

Investments

Steel Business Unit

CLC Technology (Accelerated Cooling Process for Heavy Plates)



- ✓ Start up in 2010
- ✓ Meets the requirements of Petrobras, focused on pre-salt, besides the shipbuilding sector

Galvanizing Line

- ✓ Start up in 2011
- ✓ Double the capacity to 1 million tons /year
- ✓ Higher expertise in ultra-resistant steel production (*dual phase*)



Investments

Steel Business Unit

Hot Strip Mill



- ✓ Start up in 2012
- ✓ Capacity to process 2.3 million tons / year
- ✓ Improving products' portfolio (beams, ultra resistant wheels, higher grades API's)

Pickling Line

- ✓ Start up in 2013
- ✓ Capacity to process 1.7 million tons / year
- ✓ Better thickness tolerance, flatness and surface controls of materials for wheels, beams and compressors

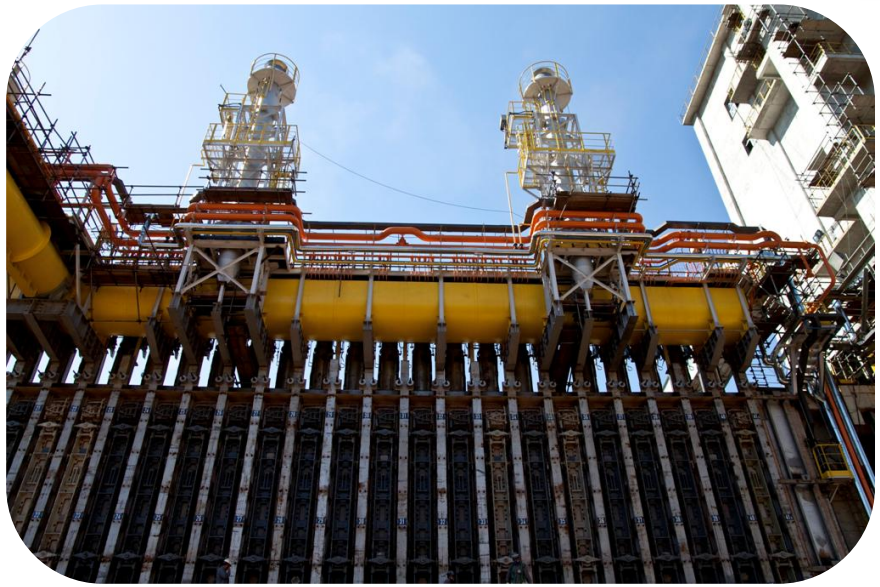


Mainly Investment Concluded in 2015

Steel Business Unit

Coke Plant Revamp - Ipatinga

- Met coke with adequate specifications for pig iron production in the blast furnace process
- Reduction of particle emissions, gases and volatile substances
- Coke gas to be used in the operational facilities of Ipating Mill and electric energy production
- Coke plant total capacity of 1,1 million tons/year
- **Started up on May 2015**



Industrial Reconfiguration

Outlook

- Flat steel consumption in the domestic market: fall of 12% in 2015 x 2014, with no expectation of recovery
- Excess of global production capacity: 704 million tons
- Continually decrease of international prices
- High tax burden
- Unfair competition with steel imports
- High energy costs
- FX Rate devaluation, increasing raw materials costs

Low demand and low competitiveness require structural adjustments in scale and productivity

USIMINAS STRATEGY

Temporarily shutdown of the primary areas of Cubatão plant (Sinter and Coke plants, Blast Furnaces and Steelworks), remaining in operations its hot and cold rolling lines and port terminal

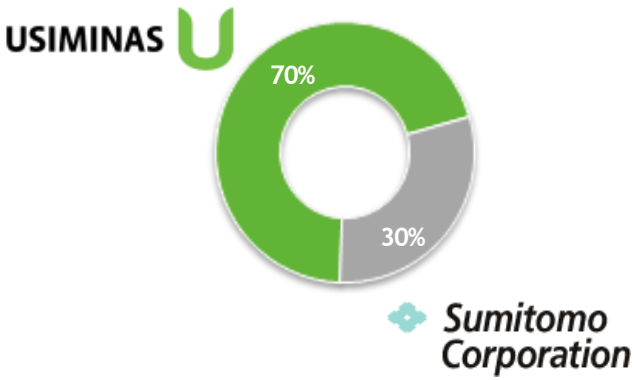
Scale adjustment and increase on competitiveness

Description

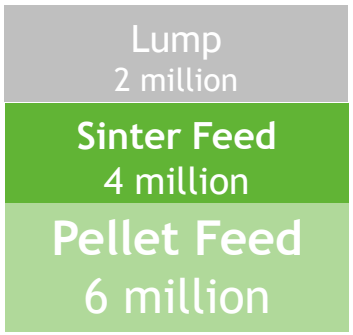
Mining Business Unit

- Located in Serra Azul/Minas Gerais state
- 4 mining sites, acquired from J. Mendes in February, 2008
- Reserves of 2.6 billion tons of iron ore
- It has 20% of voting shares of MRS Logistica, being part of the Control Group
- Retroarea in Itaguaí Port

Shareholder Composition

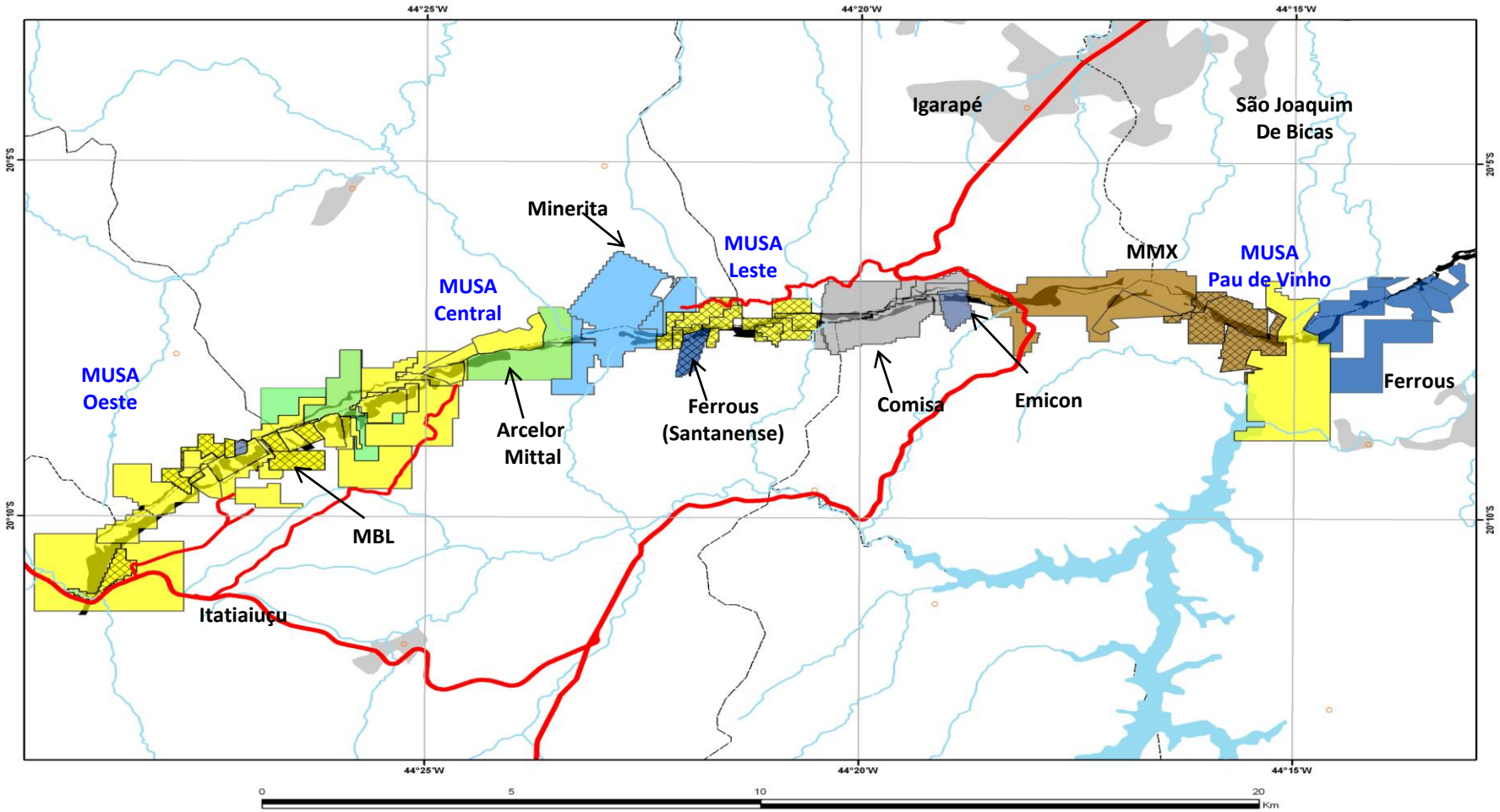


Production Capacity



Location

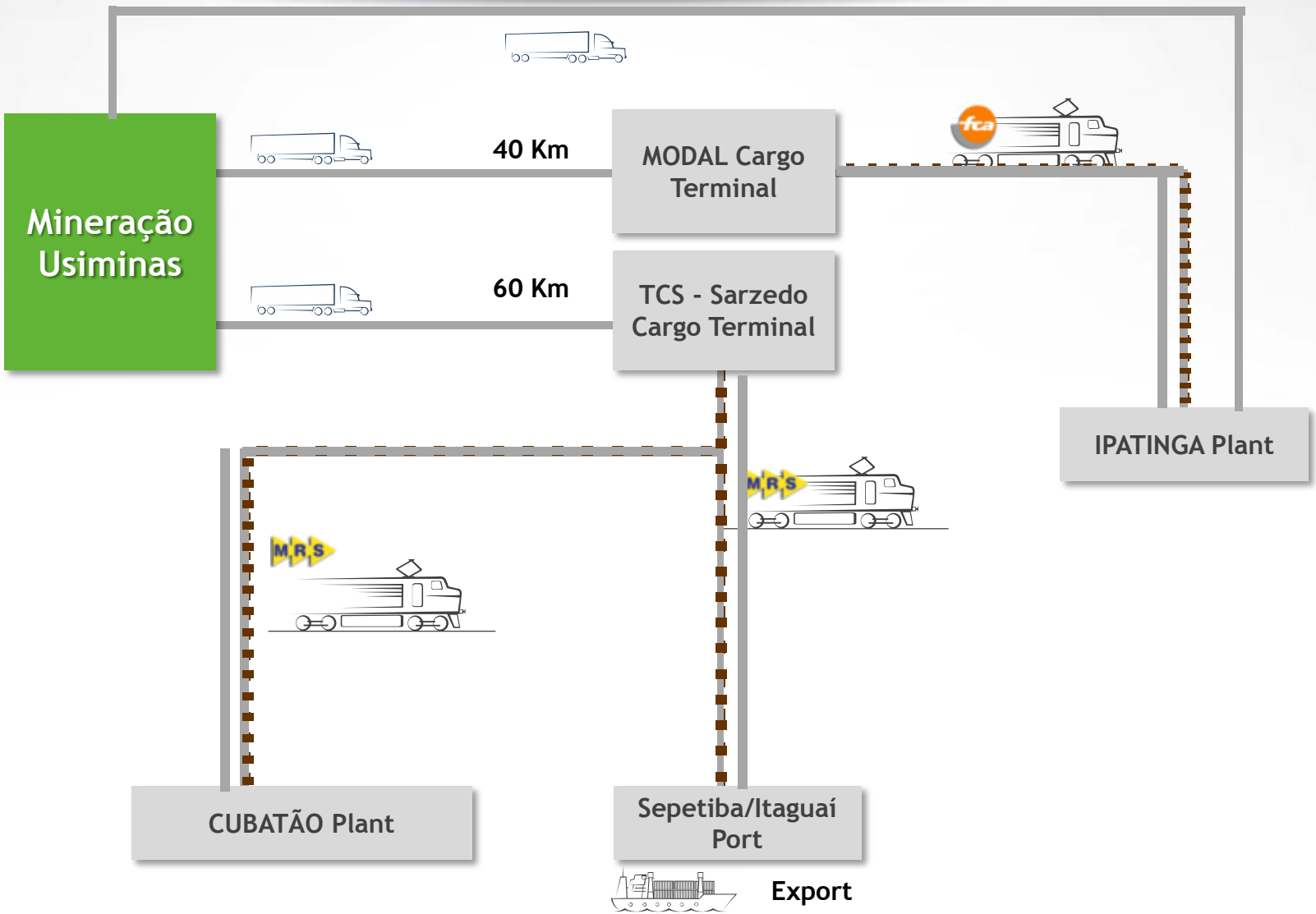
Mining Business Unit



Mineração Usiminas

Logistics

Mining Business Unit



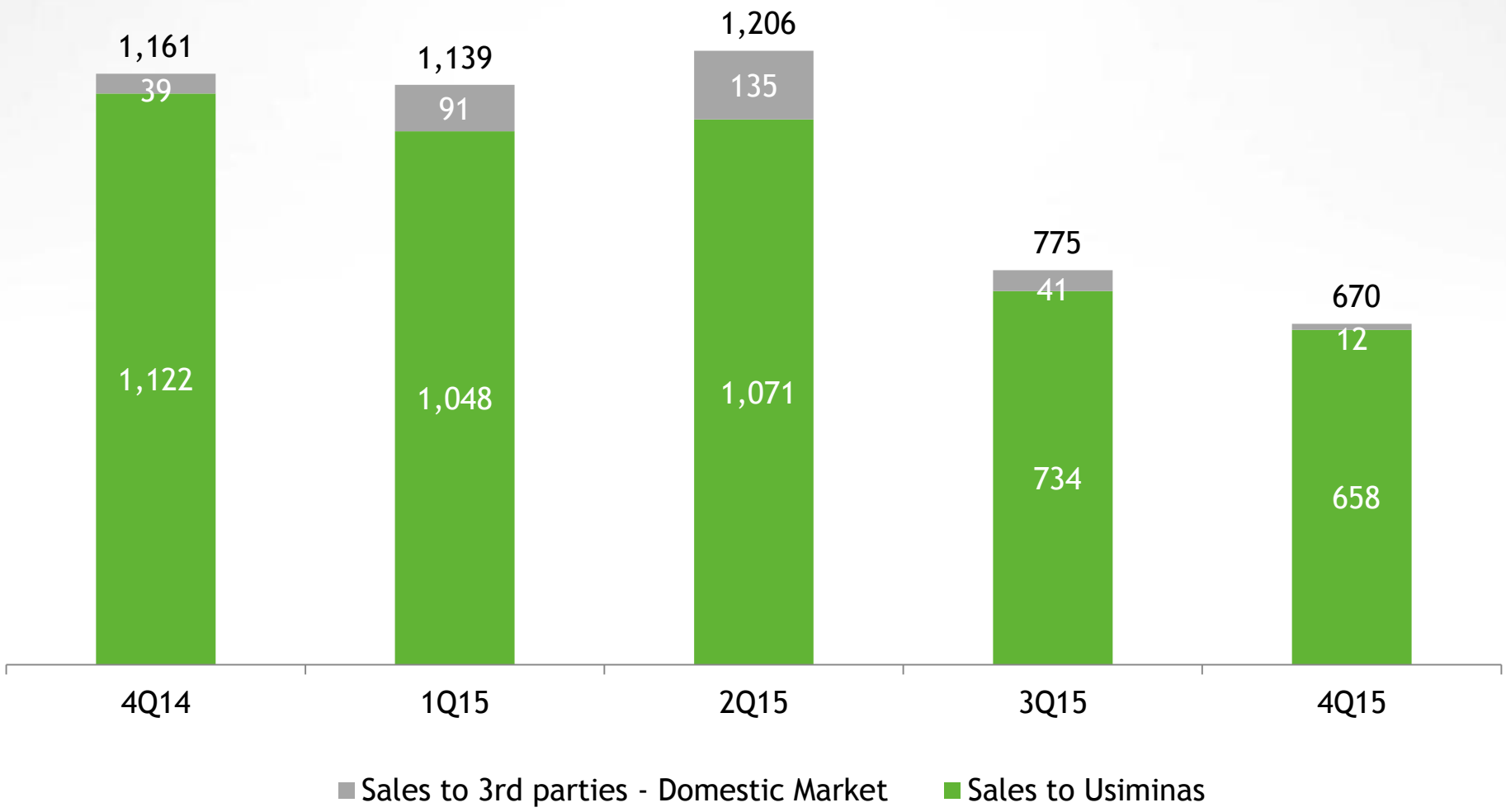
Retroarea in Itaguai Port

Mining Business Unit



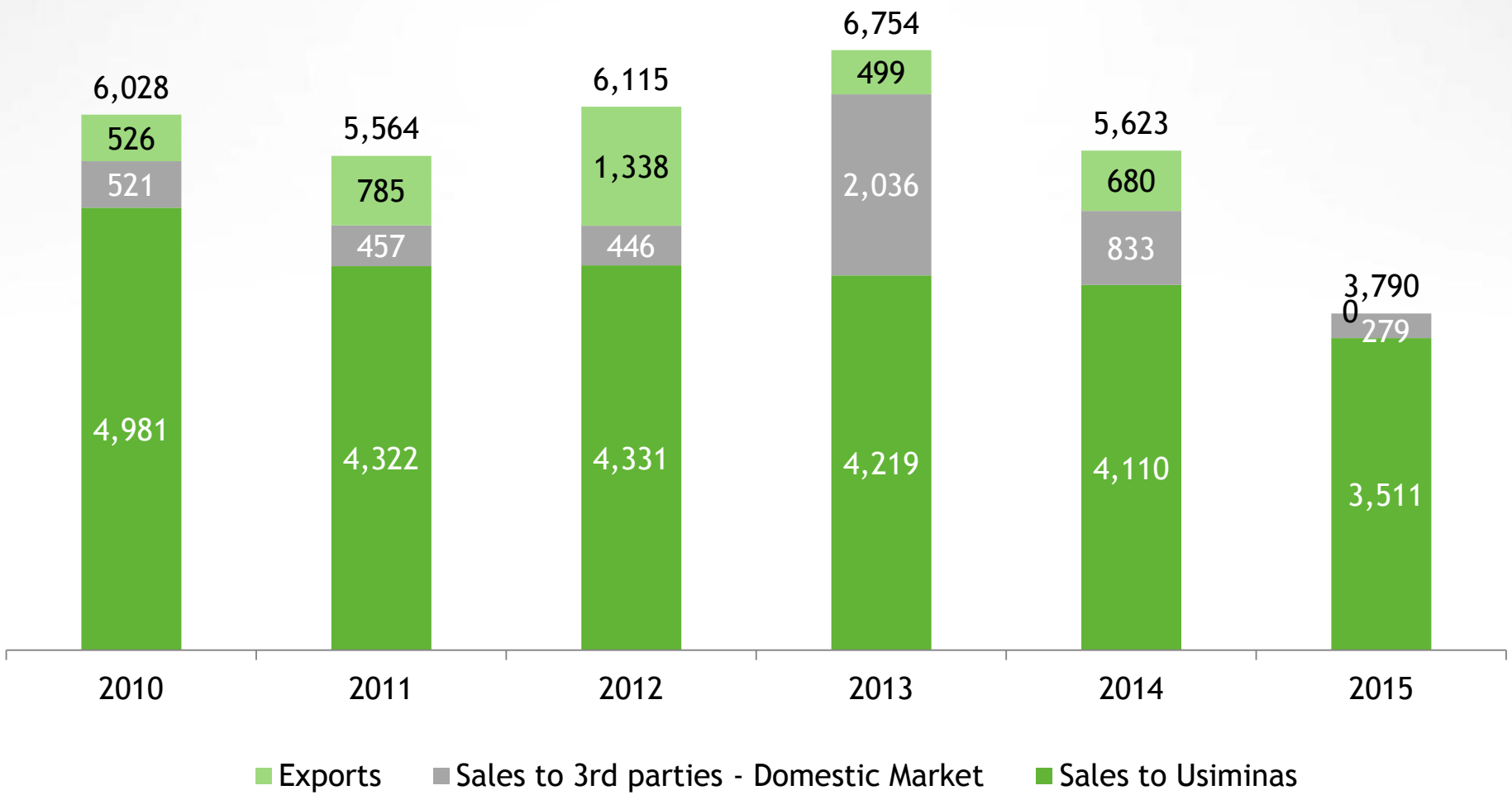
Sales Volume

Mining Business Unit - Thousand Tons



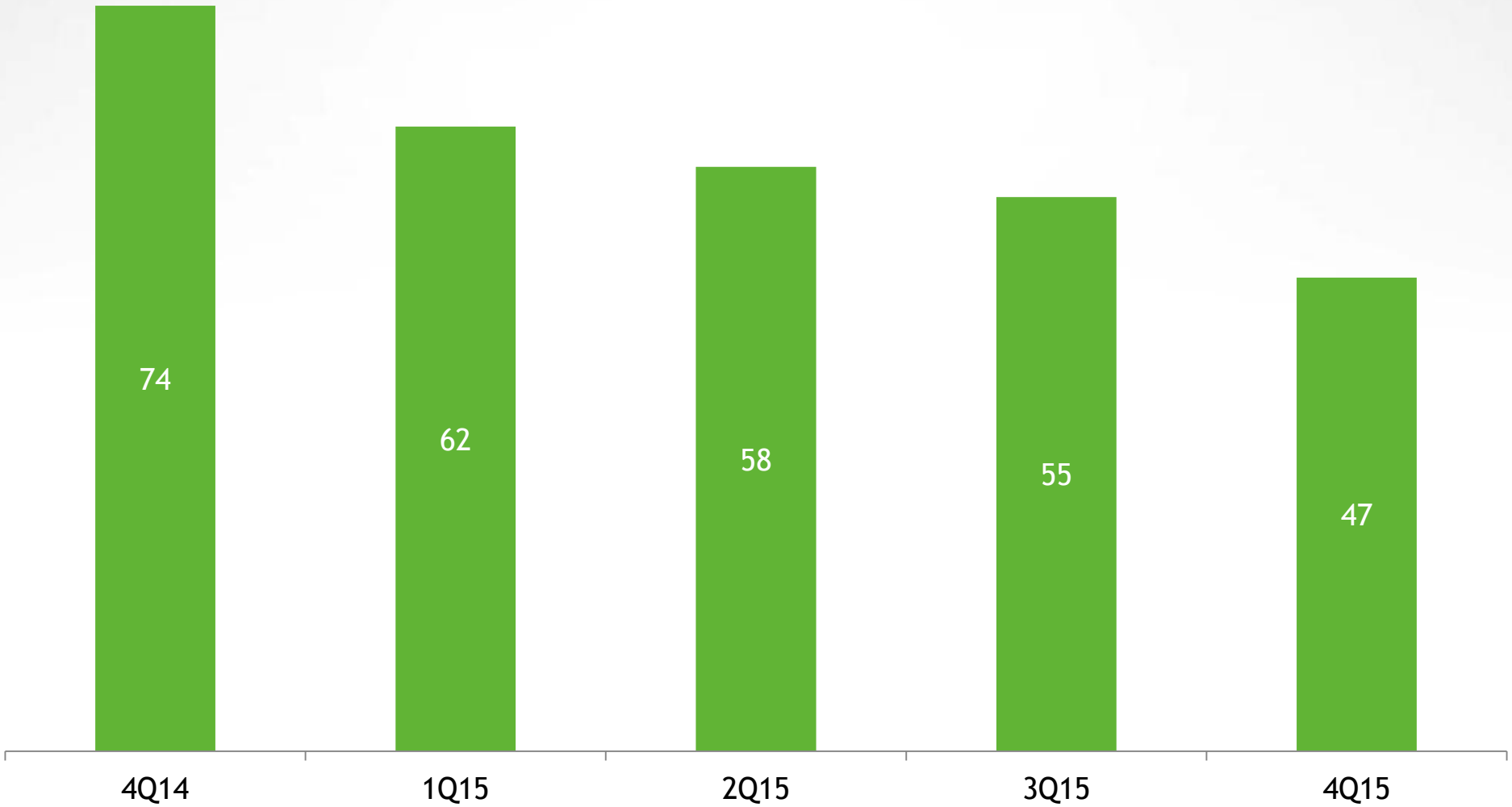
Sales Volume

Mining Business Unit - Thousand Tons



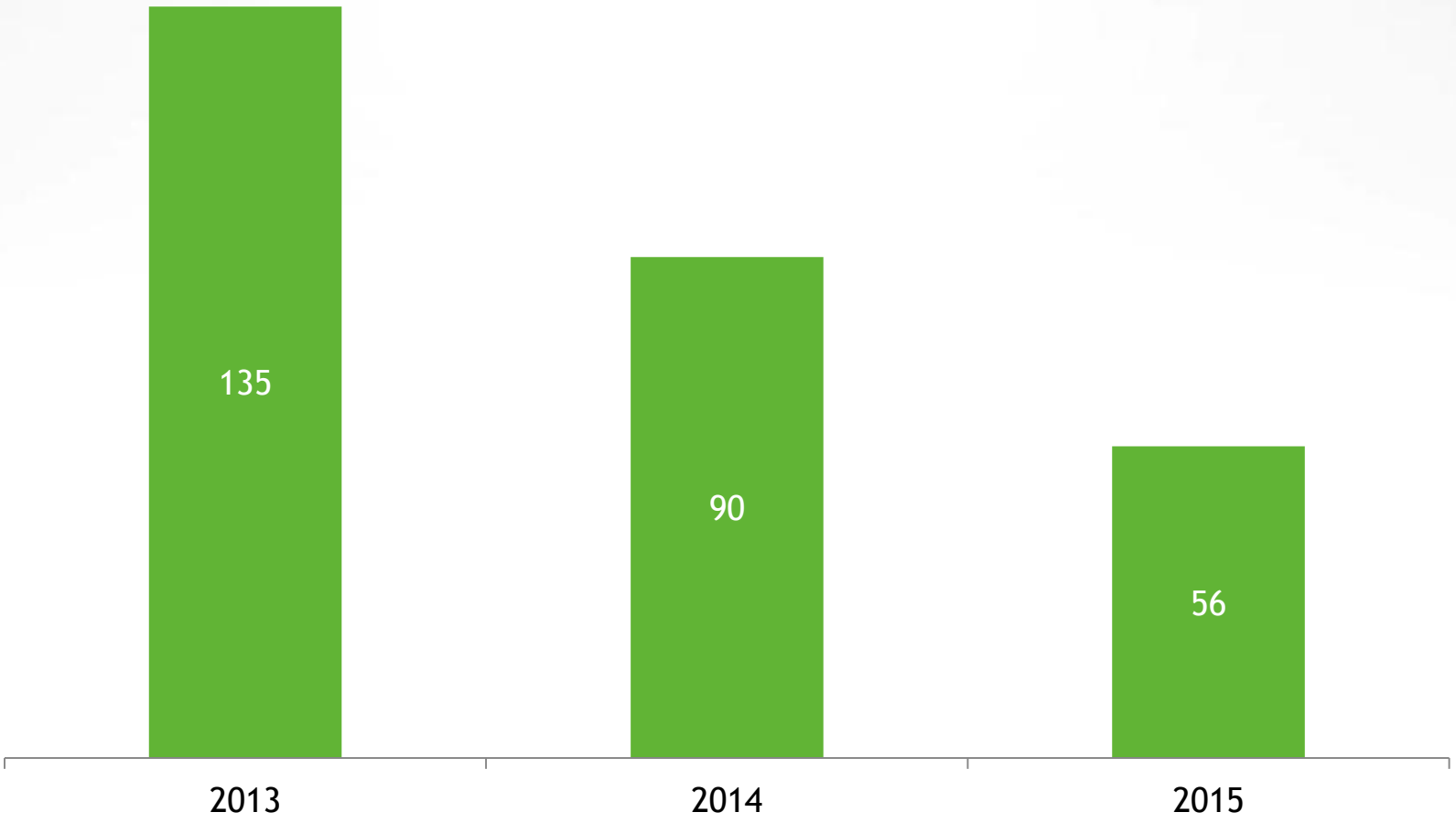
Iron Ore Price - PLATTS (62% Fe CFR China)

US$/ton



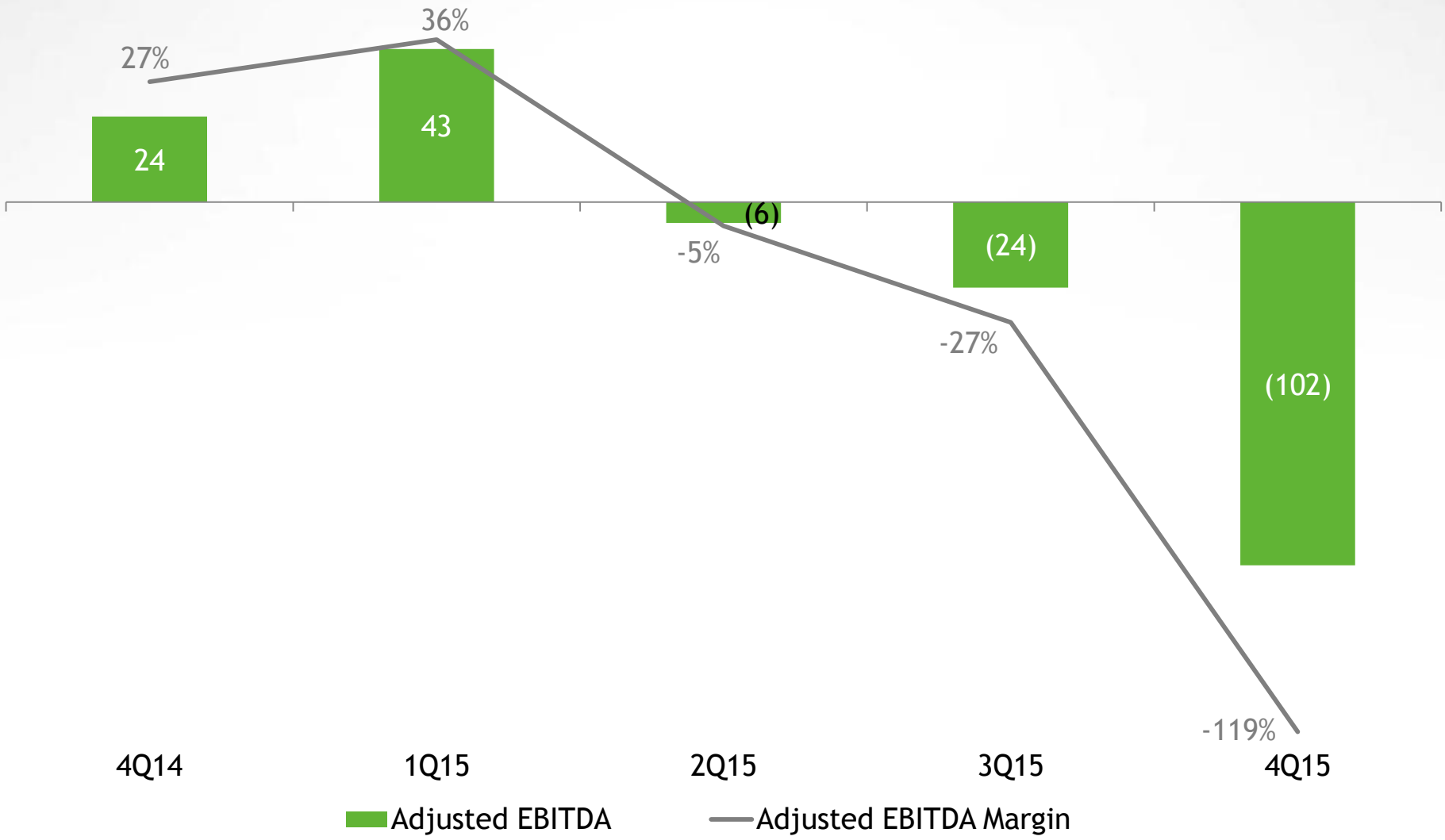
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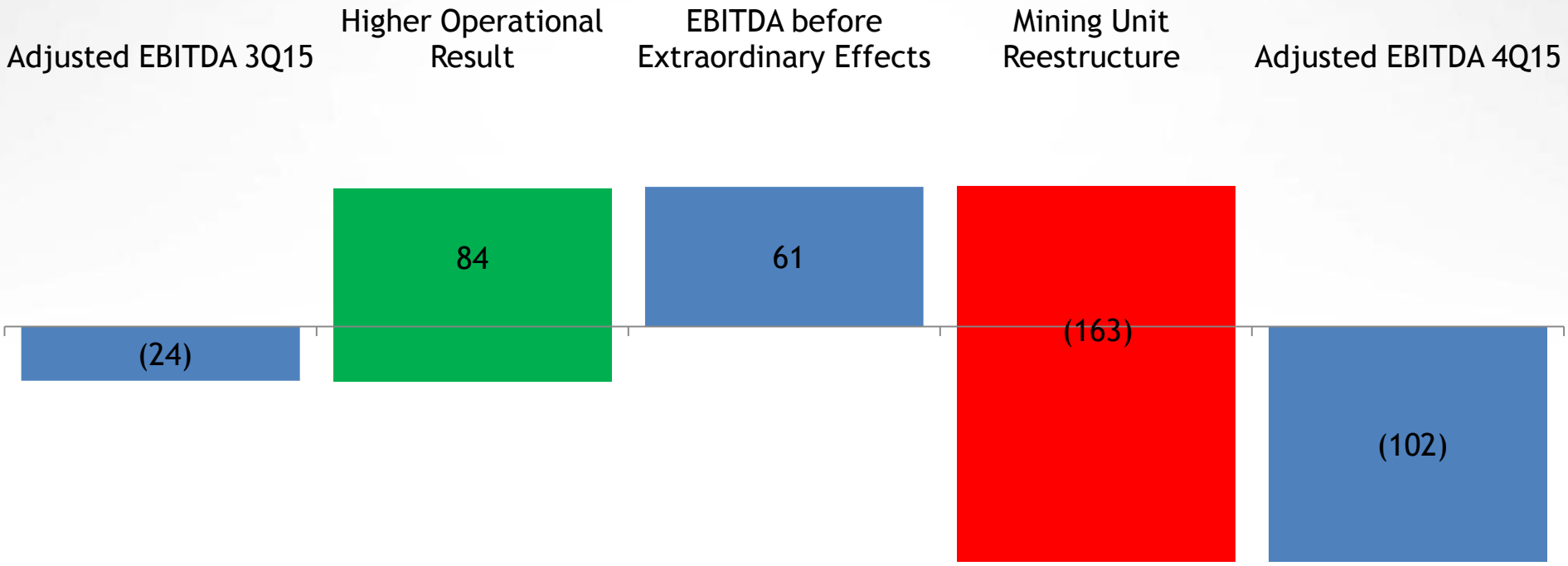
Adjusted EBITDA and EBITDA Margin

Mining Business Unit - R$ million



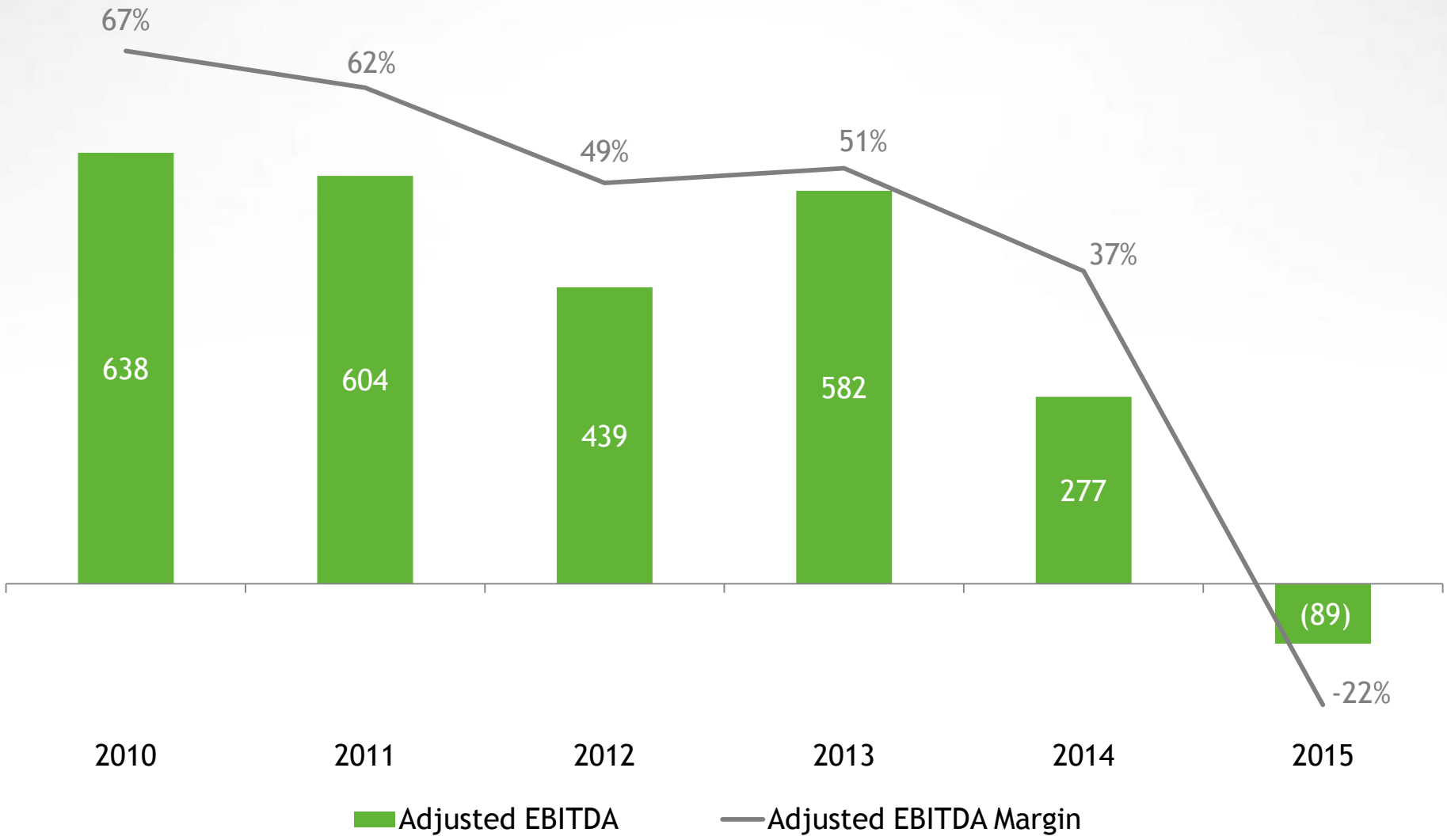
Adjusted EBITDA

Mining Business Unit - R$ million



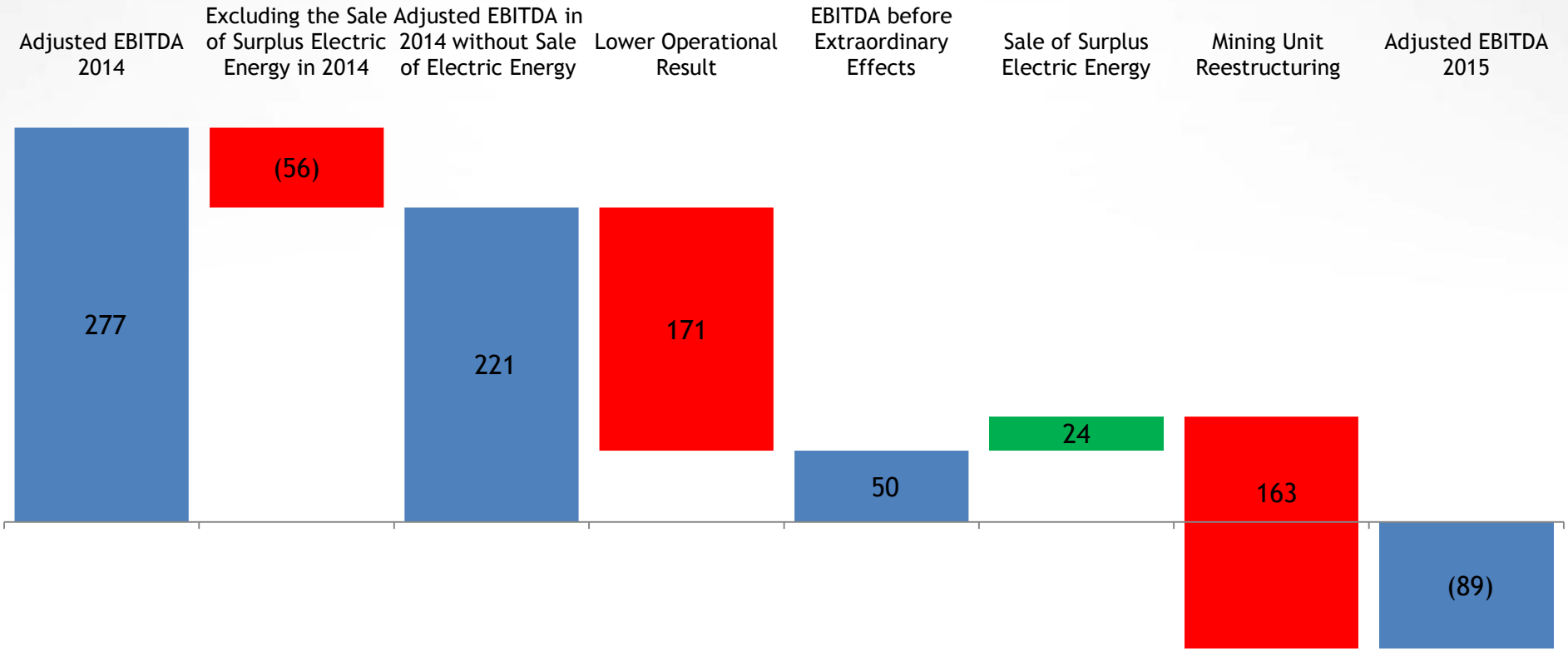
Adjusted EBITDA and EBITDA Margin

Mining Business Unit - R$ million



Adjusted EBITDA

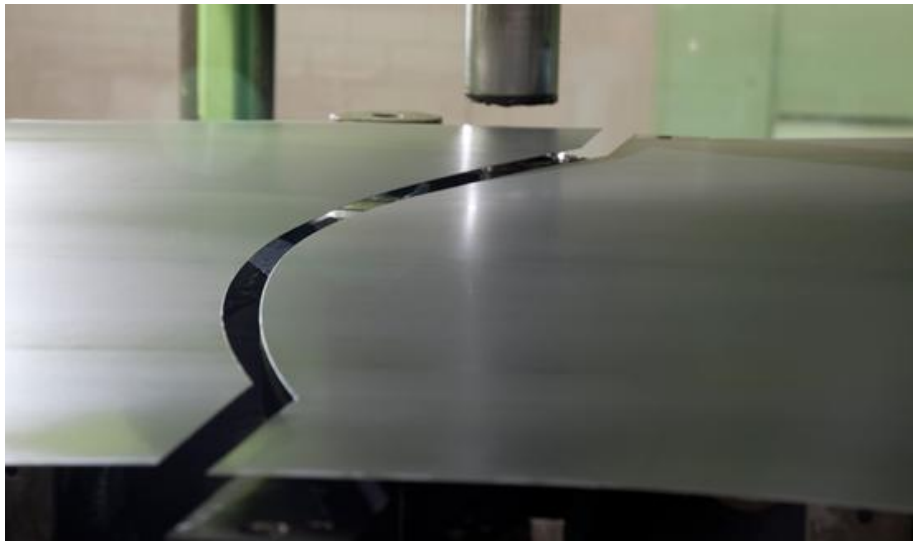
Mining Business Unit - R$ million

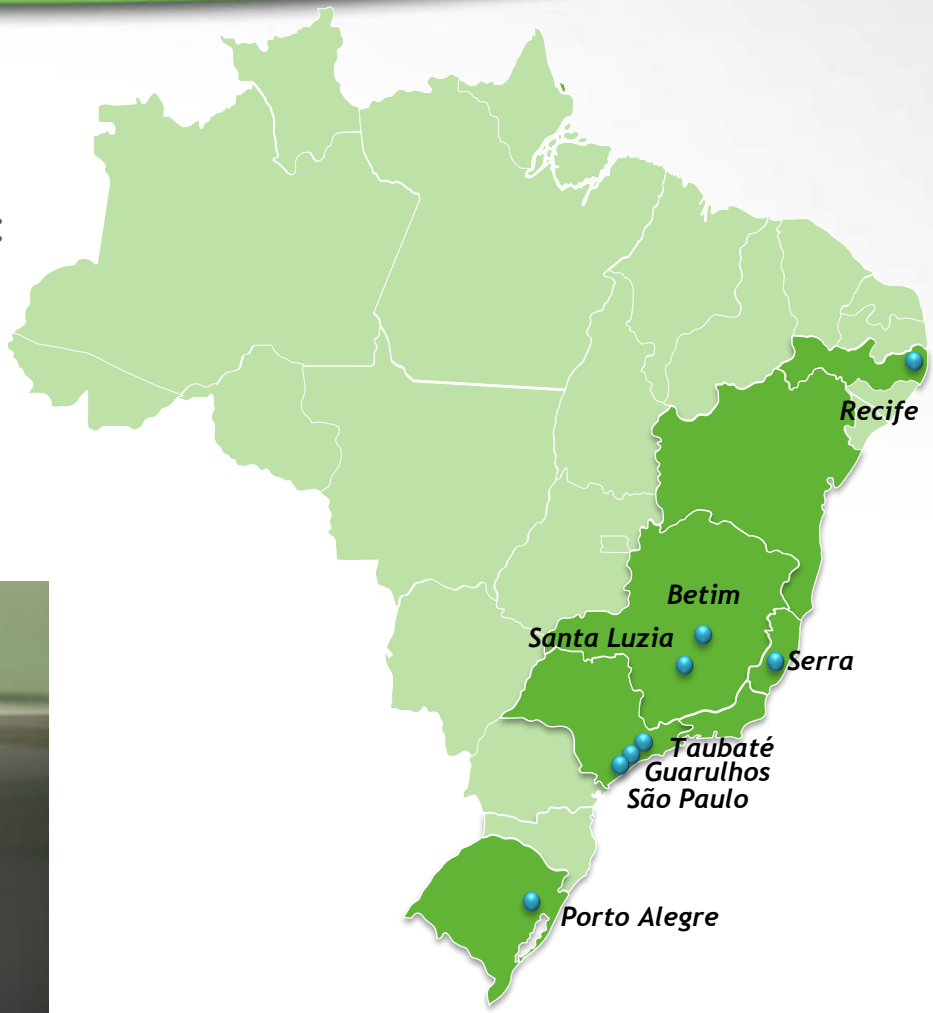


Description

Soluções Usiminas - Steel Processing

- 8 industrial units in different Brazilian states: MG, SP, RS, ES, BA and PE
- Processing capacity of 2 million tons of steel/year
- Net Revenue of R$1.9 billion in 2015





Description

Usiminas Mecânica - Capital Goods

- Facilities in Ipatinga/Minas Gerais state, Congonhas/Minas Gerais state and in Cubatão/São Paulo state
- Market Segments: Steel Structures, Shipbuilding and Offshore, Oil and Gas, Industrial Assembly and Equipment, Foundry and Railcars
- Net Revenue of R$869 million in 2015



Steel Structures



Brasília 3rd Bridge

Agenda

Usiminas Profile



Market Data



Usiminas and its business units

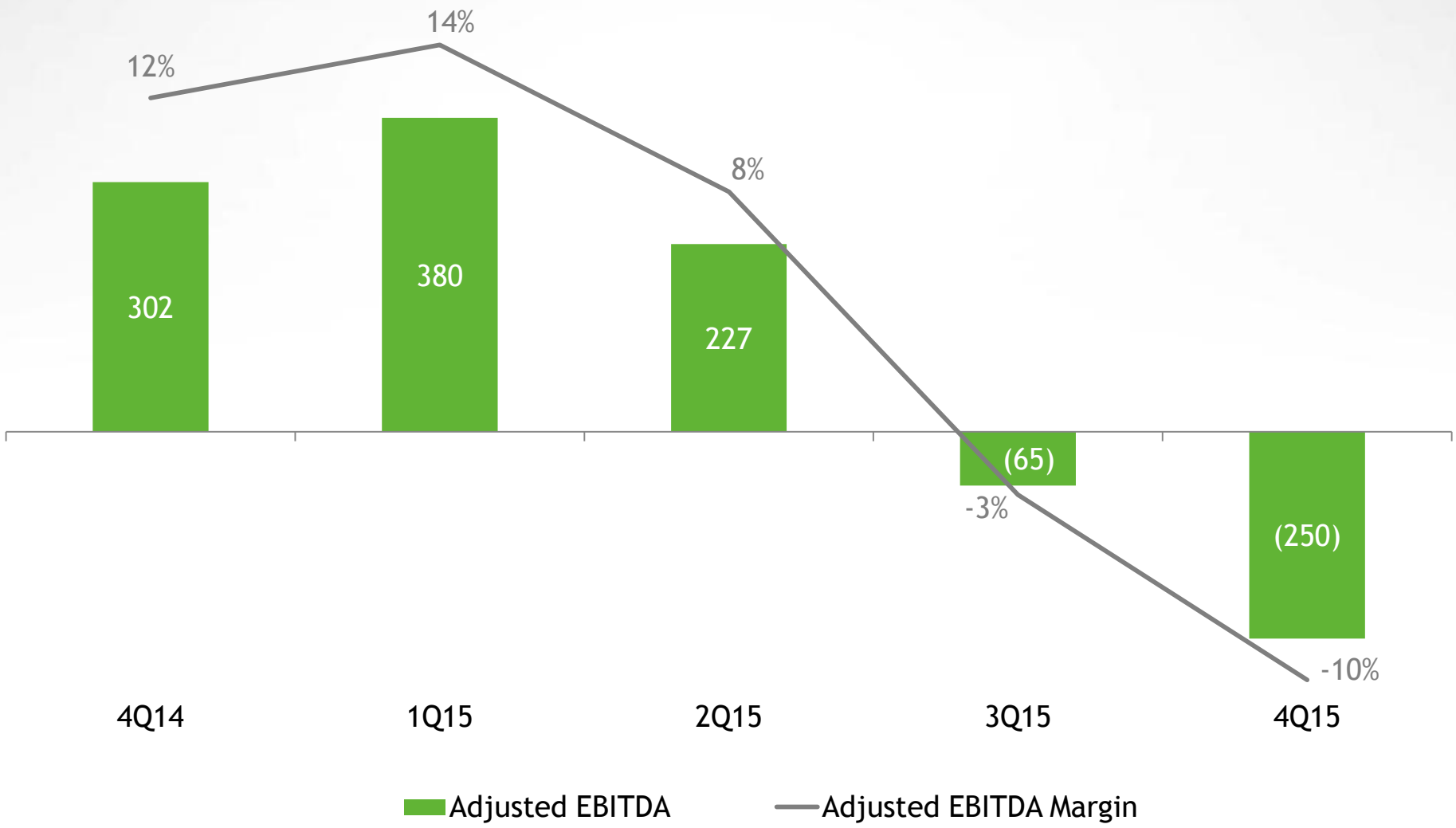


Financial Results



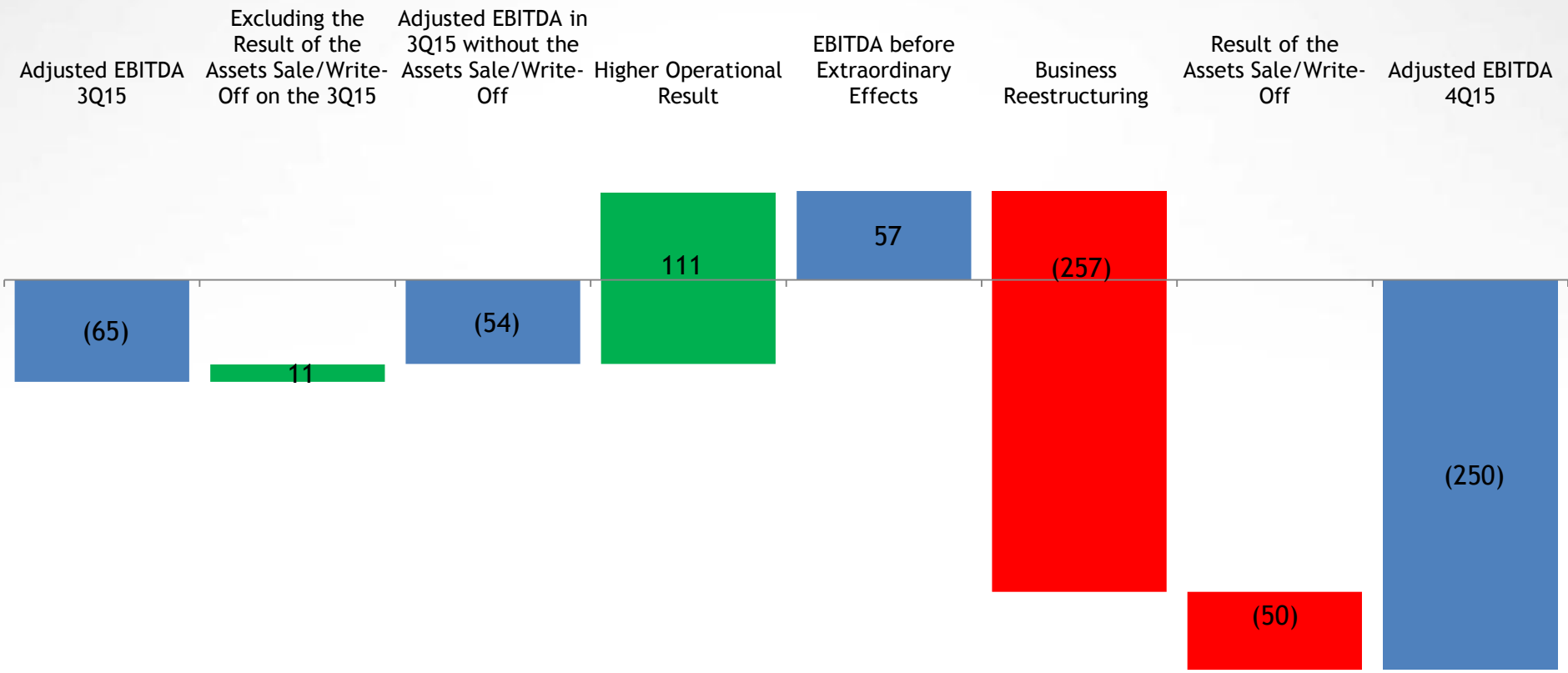
Adjusted EBITDA and EBITDA Margin

Consolidated - R$ million



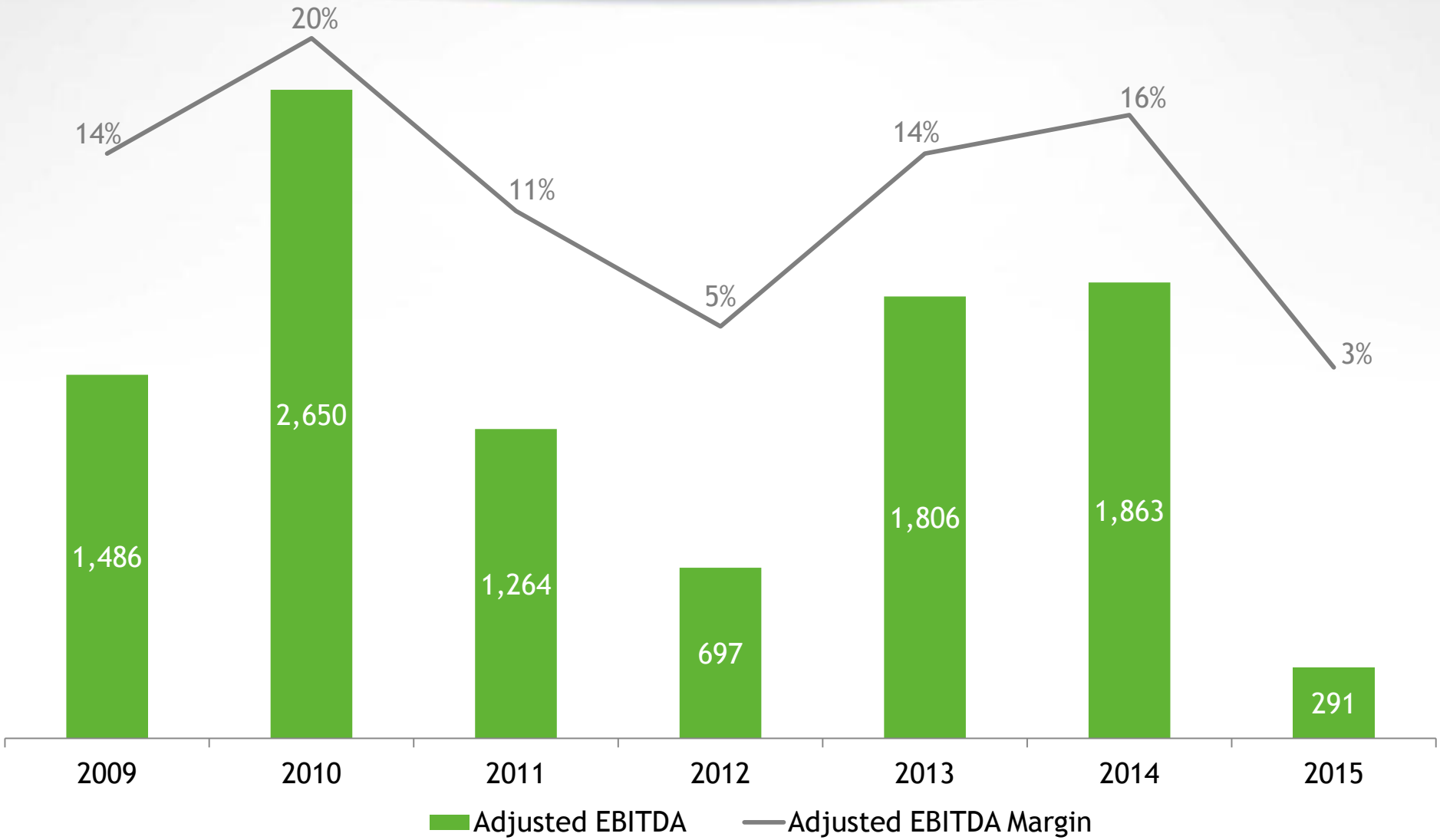
Adjusted EBITDA

Consolidated - R$ million



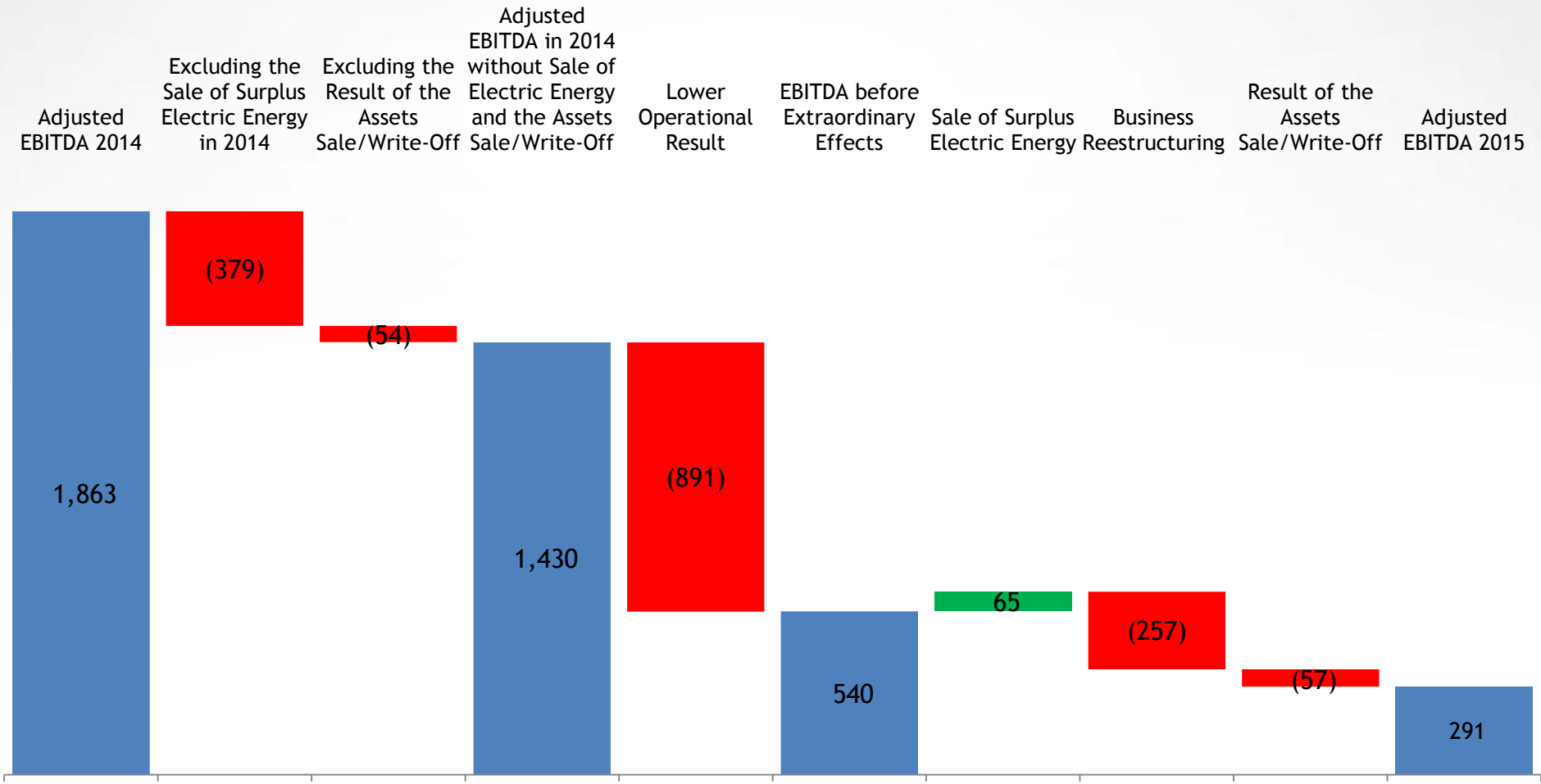
Adjusted EBITDA and EBITDA Margin

Consolidated - R$ million



Adjusted EBITDA

Consolidated - R$ million



Comparing Adjusted and CVM 527 EBITDA

Consolidated - R$ Thousand

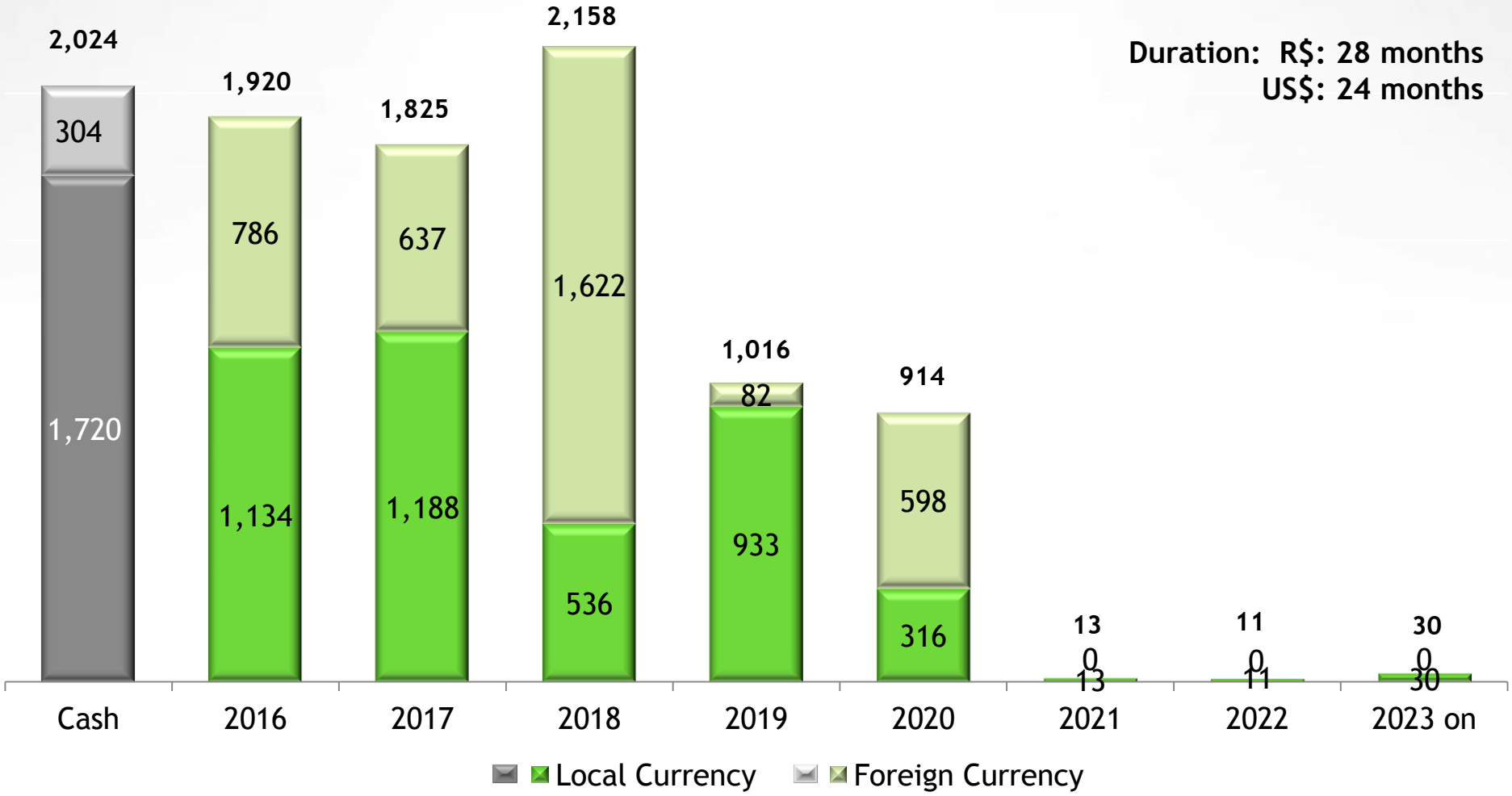
USIMINAS

EBITDA Breakdown

Consolidated (R$ thousand)	4Q15	3Q15	2015	2014
Net Income (Loss)	(1,626,643)	(1,042,156)	(3,684,977)	208,479
Income Tax / Social Contribution	(569,249)	(223,219)	(1,189,922)	(24,562)
Financial Result	24,089	820,075	1,245,693	522,831
Depreciation, Amortization	352,200	348,727	1,311,699	1,114,597
EBITDA -Instruction CVM 527	(1,819,603)	(96,573)	(2,317,507)	1,821,345
Equity in the Results of Associate and Subsidiary Companies	(53,880)	4,260	(95,582)	(183,780)
Joint Subsidiary Companies proportional EBITDA	49,401	28,640	147,028	225,506
Impairment of Assets	1,574,161	(1,674)	2,557,533	-
Adjusted EBITDA	(249,921)	-65,347	291,472	1,863,071

Cash Position and Debt Profile

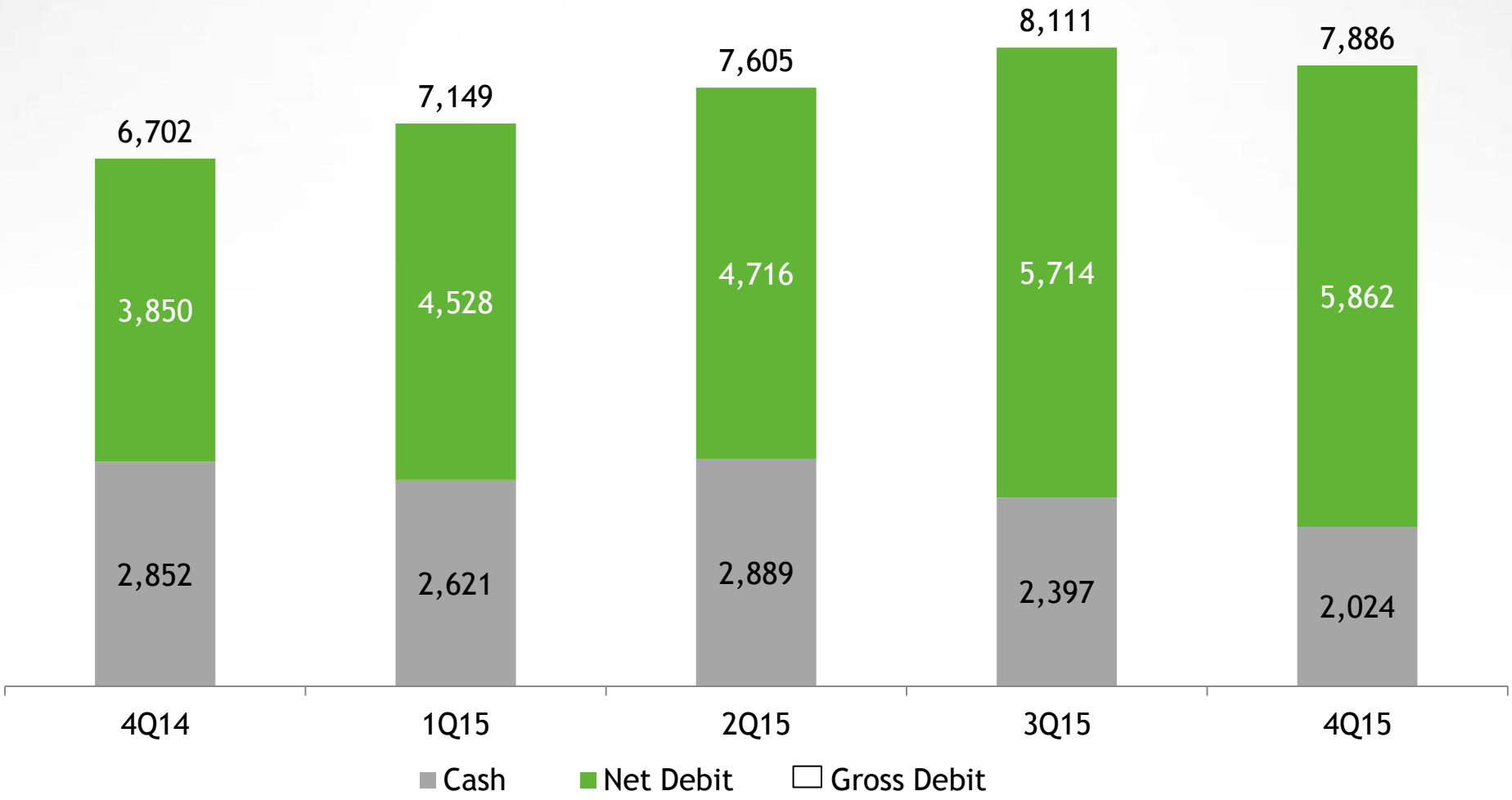
Consolidated - R$ million



Duration: R$: 28 months
US$: 24 months

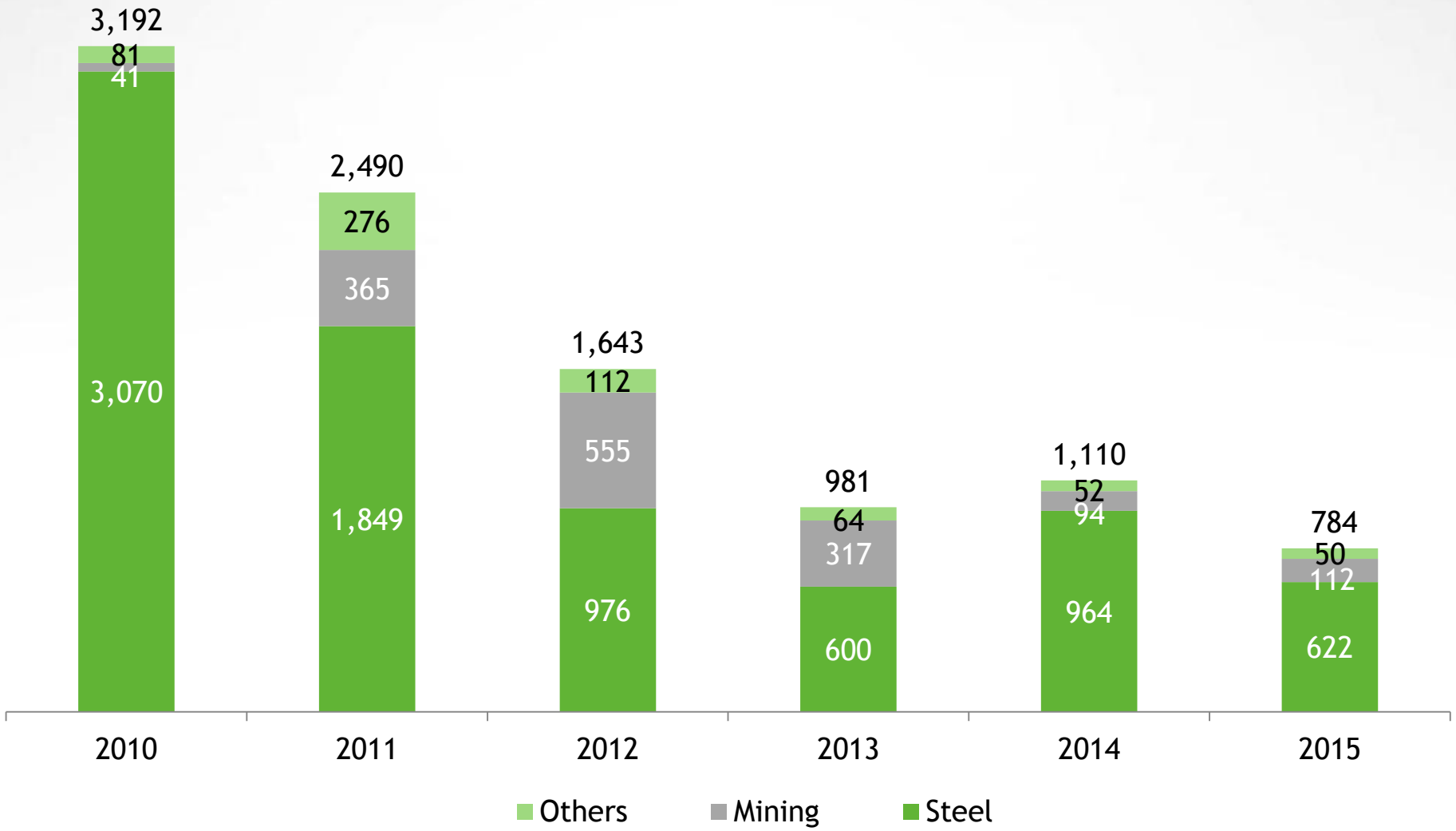
Cash and Indebtedness

Consolidated - R$ million



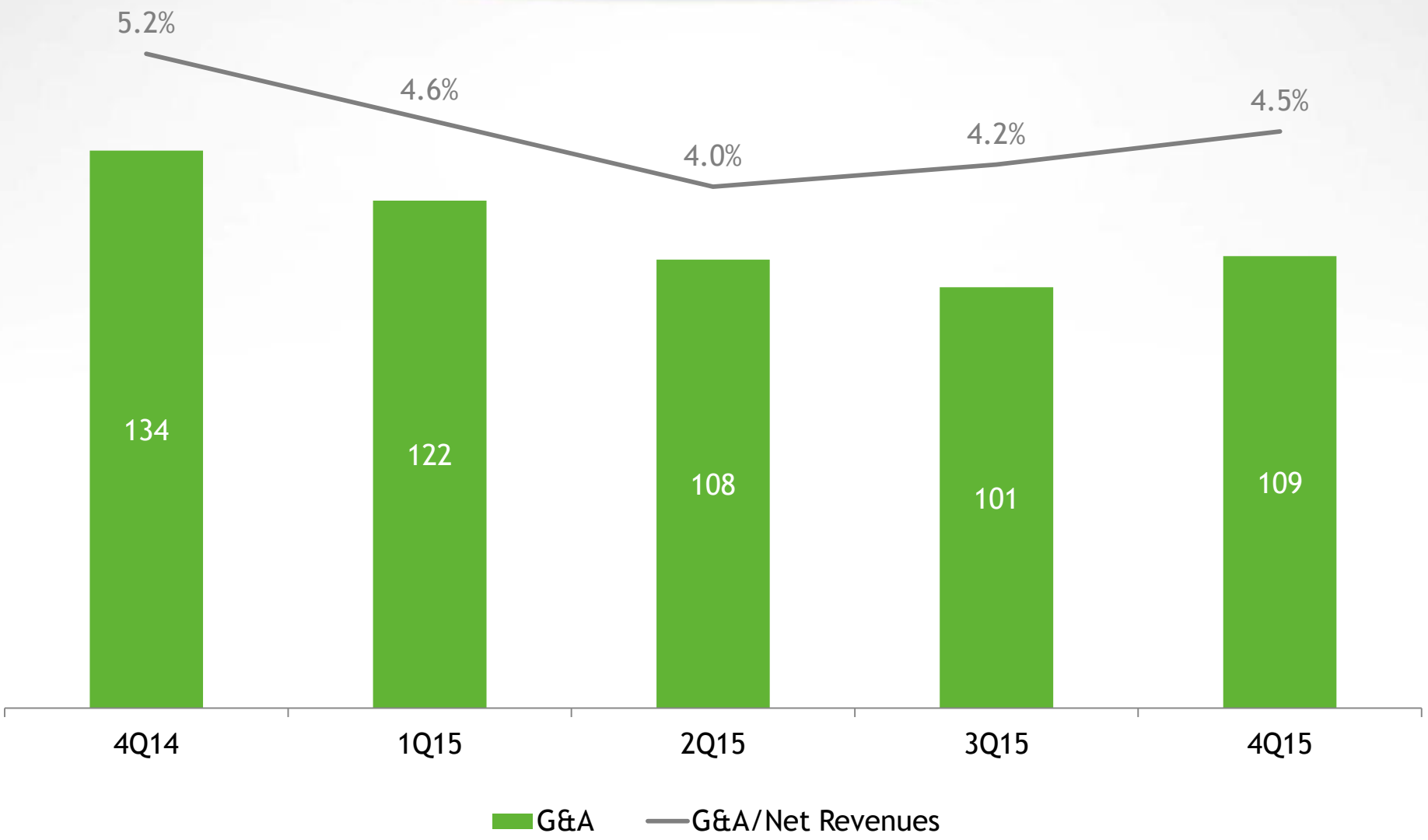
CAPEX

Consolidated - R$ million



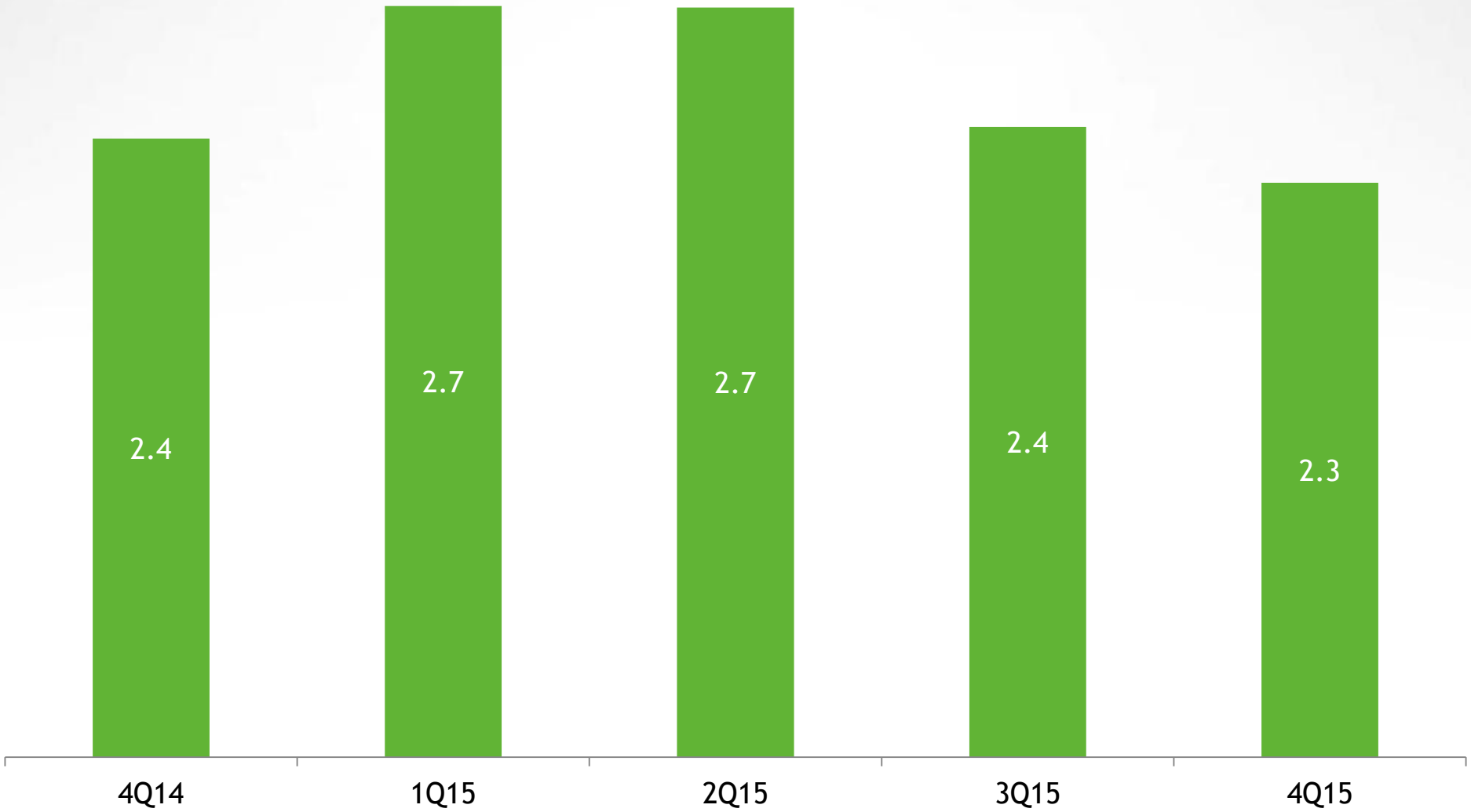
G&A Evolution

Consolidated - R$ million



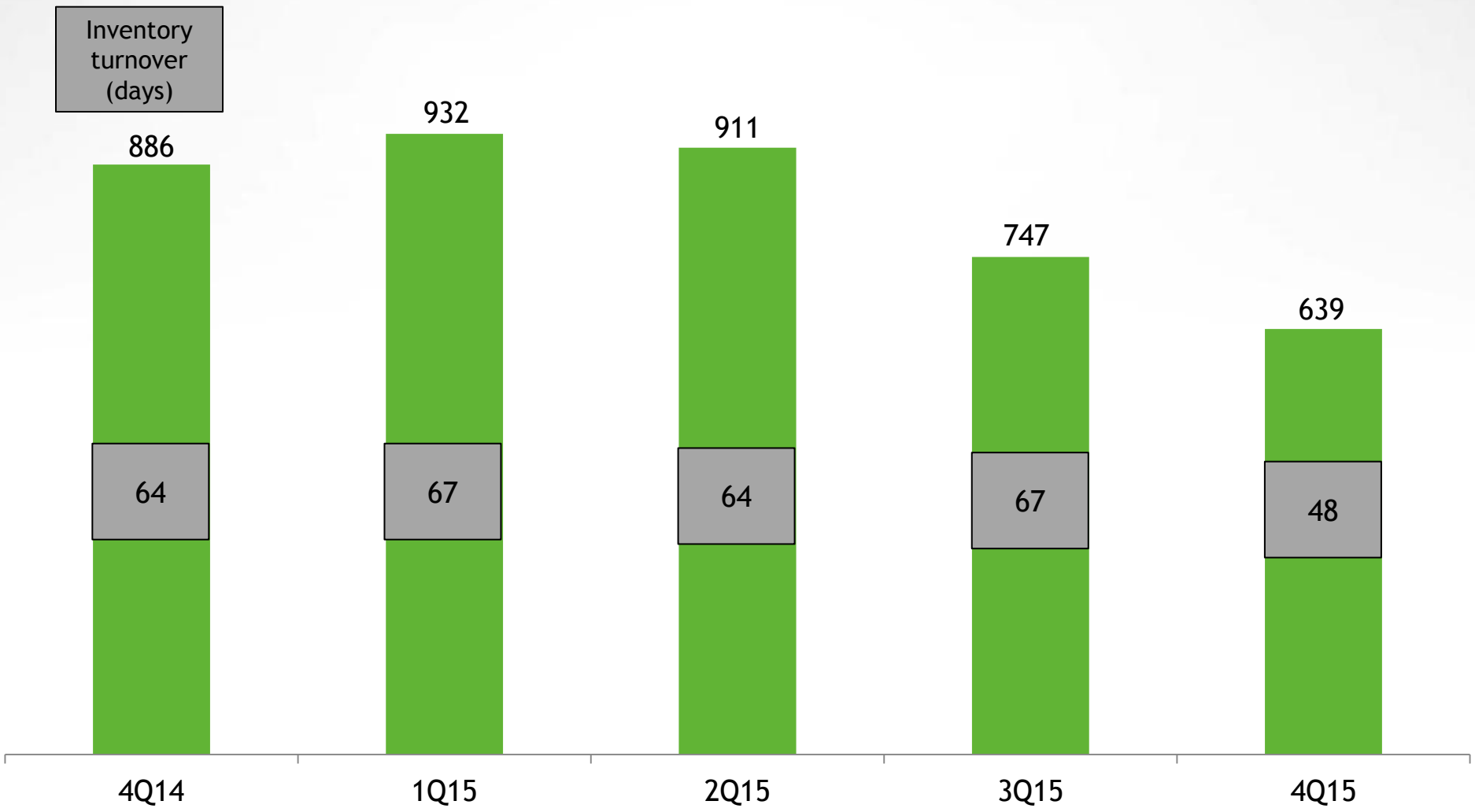
Working Capital

Consolidated - R$ billion



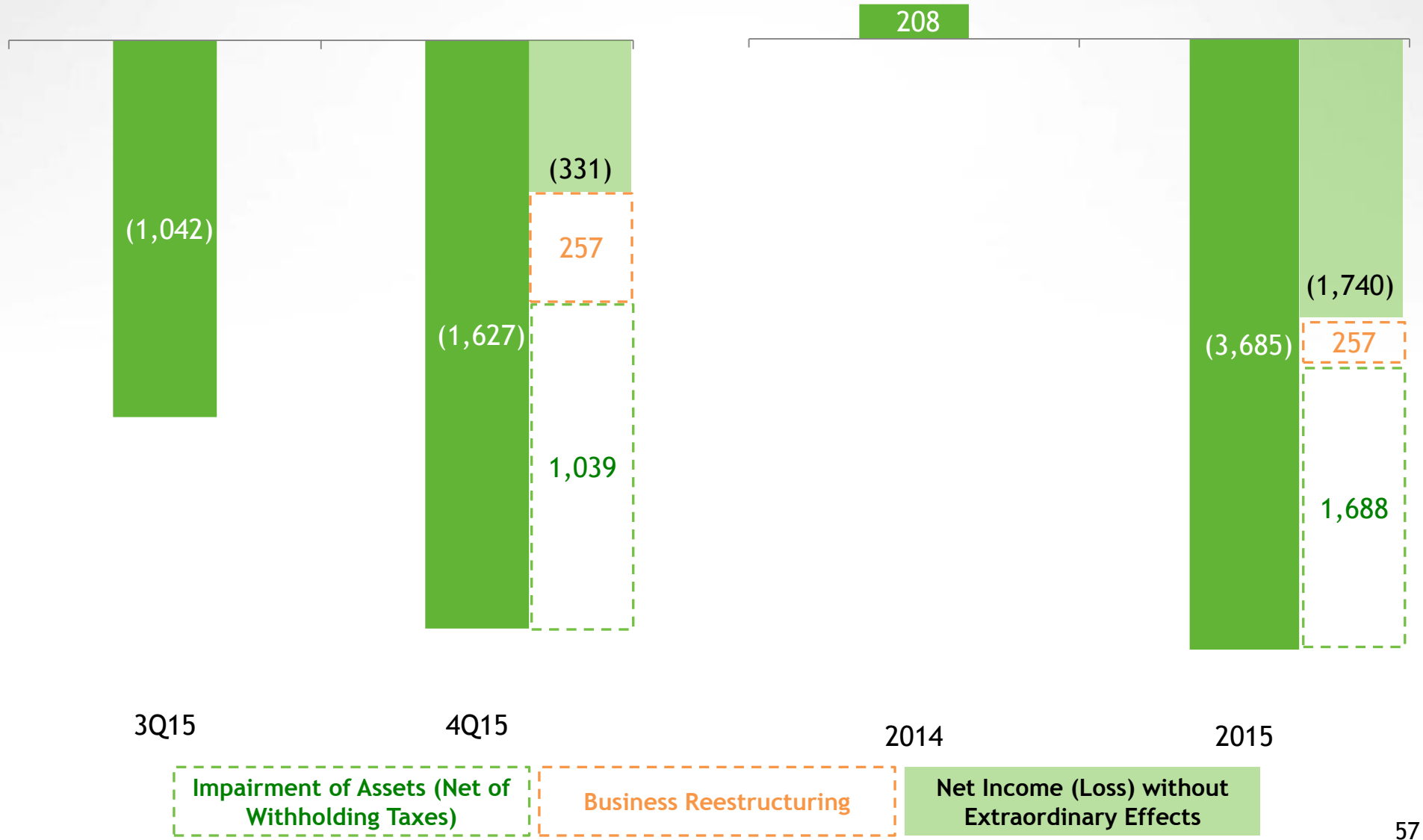
Working Capital – Steel Inventories

Thousand Tons



Net Income (Loss) - Consolidated

R$ Million



Income Statement

Per Business Unit - R$ million

Income Statement per Business Units - Non Audited - Quarterly

R$ million	Mining		Steel*		Steel Processing		Capital Goods		Elimination and Adjustment		Consolidated	
	4Q15	3Q15	4Q15	3Q15	4Q15	3Q15	4Q15	3Q15	4Q15	3Q15	4Q15	3Q15
Net Revenue	86	89	2,124	2,094	425	484	211	217	(441)	(460)	2,404	2,424
Domestic Market	86	89	1,632	1,463	425	483	210	190	(441)	(460)	1,911	1,765
Exports	-	-	492	631	-	1	1	27	-	-	493	660
COGS	(56)	(65)	(2,236)	(2,267)	(407)	(475)	(177)	(186)	406	460	(2,471)	(2,534)
Gross Profit	30	24	(113)	(173)	18	9	34	31	(36)	(0)	(67)	(110)
Operating Income (Expenses)	(1,337)	(90)	(726)	(208)	(82)	(20)	(16)	(15)	1	1	(2,159)	(331)
EBIT	(1,307)	(66)	(838)	(381)	(64)	(11)	18	16	(34)	1	(2,226)	(441)
Adjusted EBITDA	**(102)**	**(24)**	**(179)**	**(82)**	**(1)**	**(4)**	**24**	**23**	**8**	**21**	**(250)**	**(65)**
Adj.EBITDA Margin	**-119%**	**-27%**	**-8%**	**-4%**	**0%**	**-1%**	**12%**	**10%**	**-**	**-**	**-10%**	**-3%**

*Consolidates 70% of Unigal

Note: All intercompany transactions are made at arm´s length basis

Income Statement

Per Business Unit - R$ million

Income Statement per Business Units - Non Audited - Accumulated

R$ million	Mining		Steel*		Steel Processing		Capital Goods		Elimination and Adjustment		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net Revenue	402	743	9,174	10,929	1,925	2,341	869	794	(2,184)	(3,065)	10,186	11,742
Domestic Market	402	617	7,088	9,327	1,919	2,333	840	786	(2,184)	(3,065)	8,065	9,998
Export Market	-	126	2,086	1,602	6	8	28	8	-	(0)	2,120	1,744
COGS	(354)	(503)	(9,136)	(10,076)	(1,873)	(2,271)	(742)	(716)	2,092	2,861	(10,013)	(10,705)
Gross Profit	47	240	39	852	52	70	126	78	(92)	(204)	173	1,037
Operating Income (Expenses)	(2,464)	(92)	(1,219)	(260)	(154)	(113)	(64)	(54)	5	5	(3,897)	(514)
EBIT	(2,417)	148	(1,181)	592	(102)	(43)	62	25	(87)	(199)	(3,725)	523
Adjusted EBITDA	**(89)**	**277**	**282**	**1,546**	**(17)**	**(4)**	**87**	**50**	**28**	**(6)**	**291**	**1,863**
Adj.EBITDA Margin	**-22%**	**37%**	**3%**	**14%**	**-1%**	**0%**	**10%**	**6%**	**-**	**-**	**3%**	**16%**

*Consolidates 70% of Unigal

Note: All intercompany transactions are made at arm´s length basis

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Declarations relative to business and 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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