

Usiminas Presentation

3Q11

USIMINAS

Agenda



Market Overview



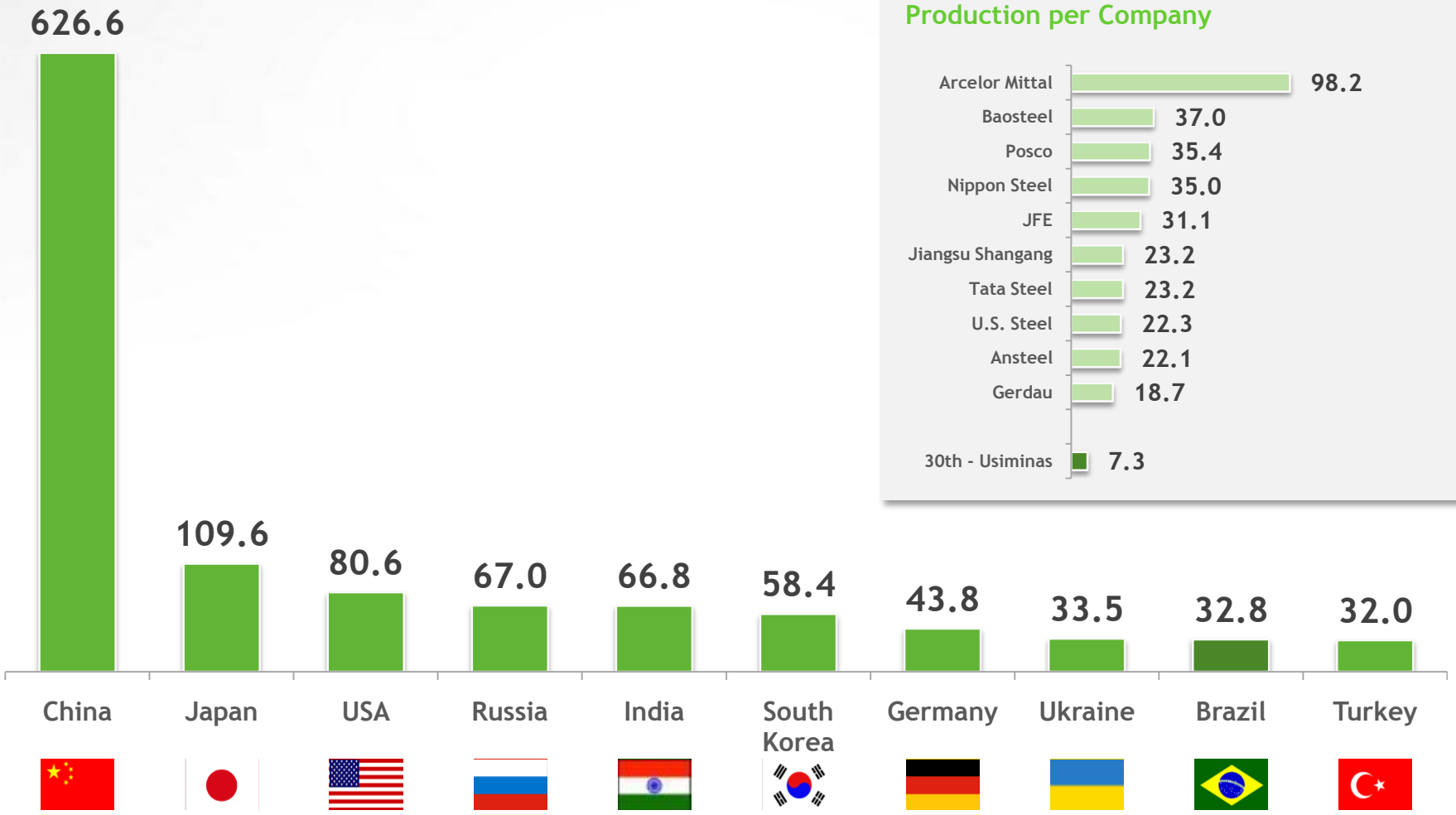
Usiminas and its Business Units



Financial Highlights

World Production - 2010

Total 1,413 million tons



Production per Company

Source: World Steel

Steel Producers

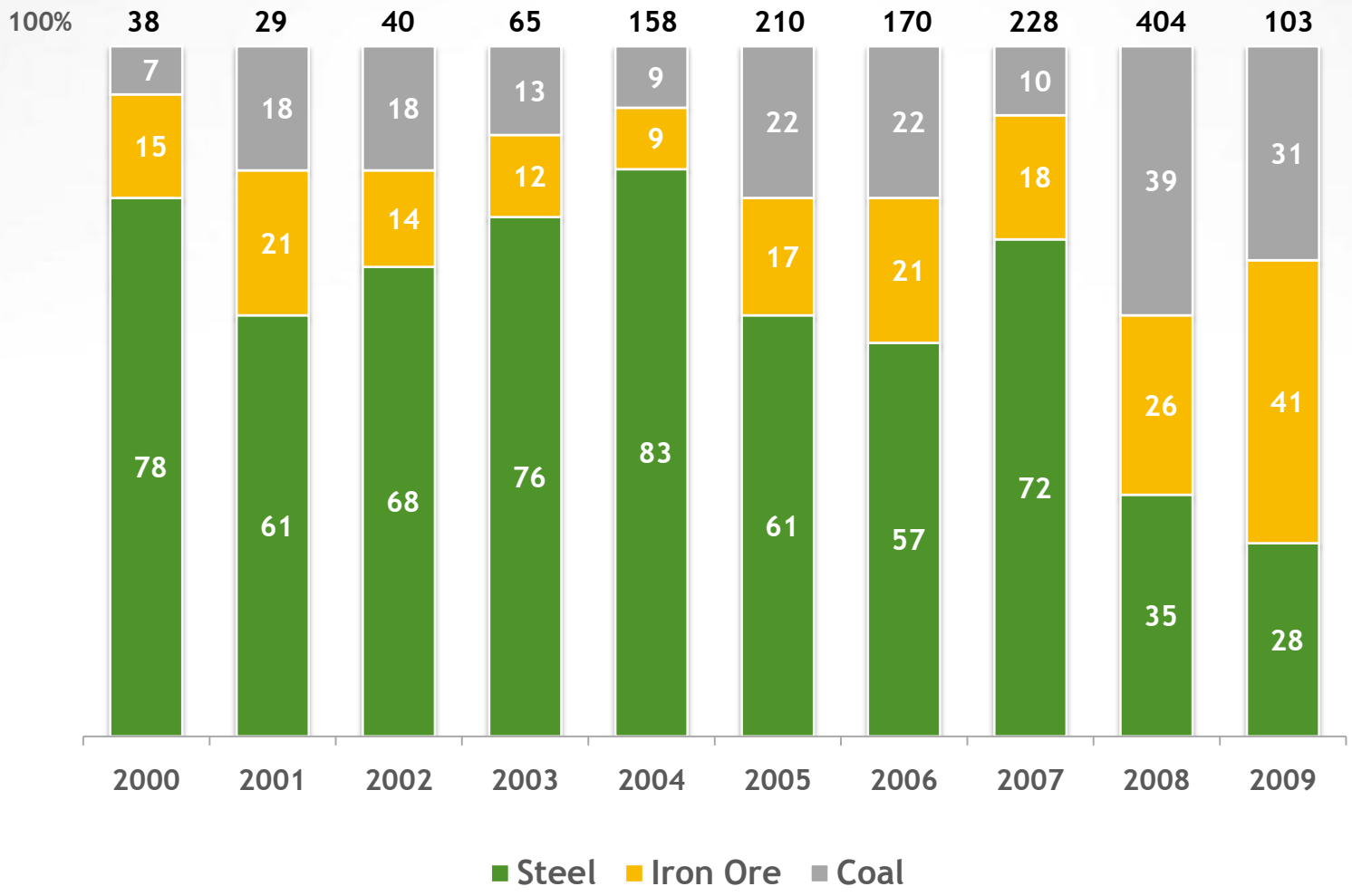
Per capita steel consumption - Kg/inhabitant

Country	1980	2000	2010	2009 Population (mm)
South Korea	160.0	817.7	1,077.2	48
Japan	610.5	600.5	502.9	128
Germany	469.4	474.8	466.8	82
China	34.1	97.9	427.4	1,332
Spain	202.1	434.8	323.1	46
USA	376.0	425.3	267.3	307
Chile	56.4	96.7	154.0	17
Mexico	120.2	141.5	142.8	108
BRAZIL	**100.6**	**92.6**	**136.9**	**194**

Source: IABR

Value Transfer on the Steel Chain

Profit distribution on the steel production chain - USD billion

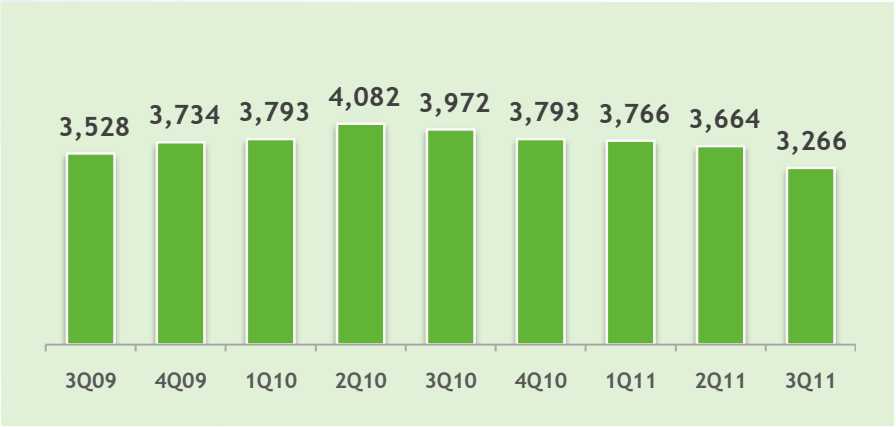


Source: Mckinsey

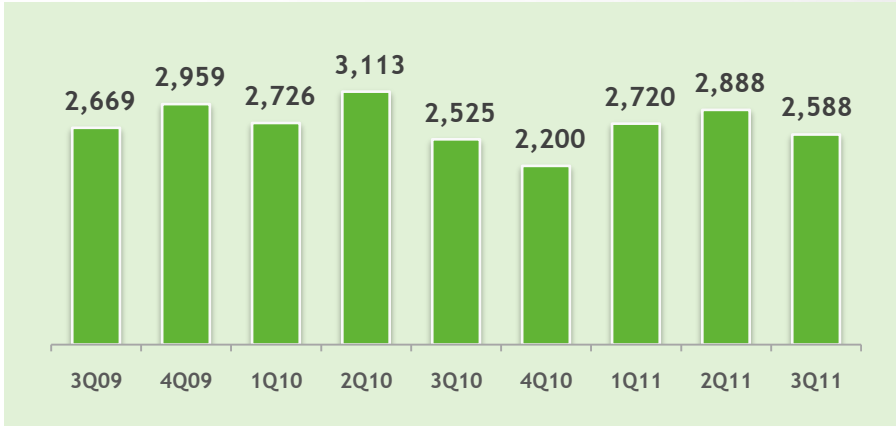
Brazilian Market

Flat Steel

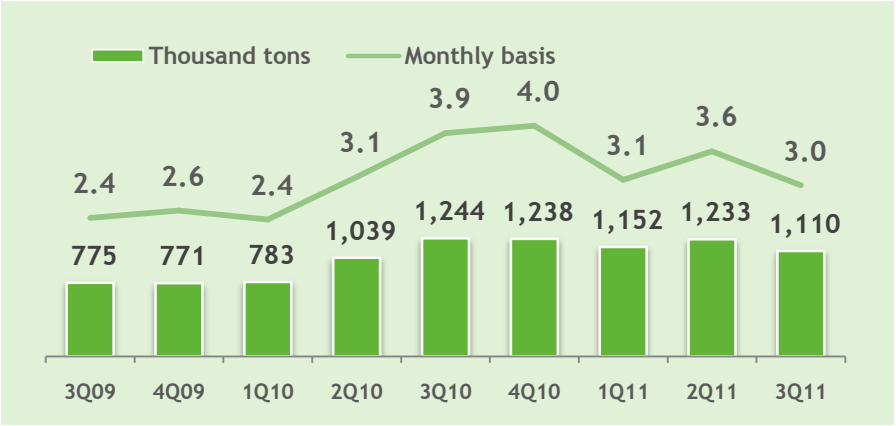
Production - *thousand tons*



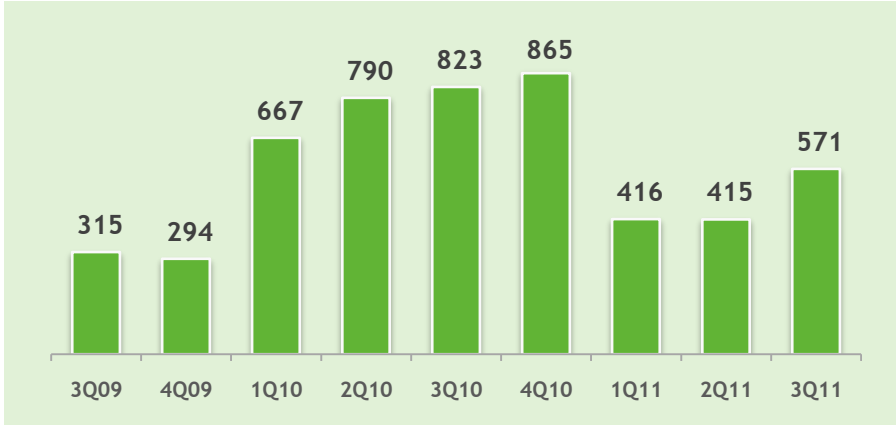
Apparent Consumption - *thousand tons*



Inventories in the Distribution Network - flat products



Flat Steel Imports - *thousand tons*



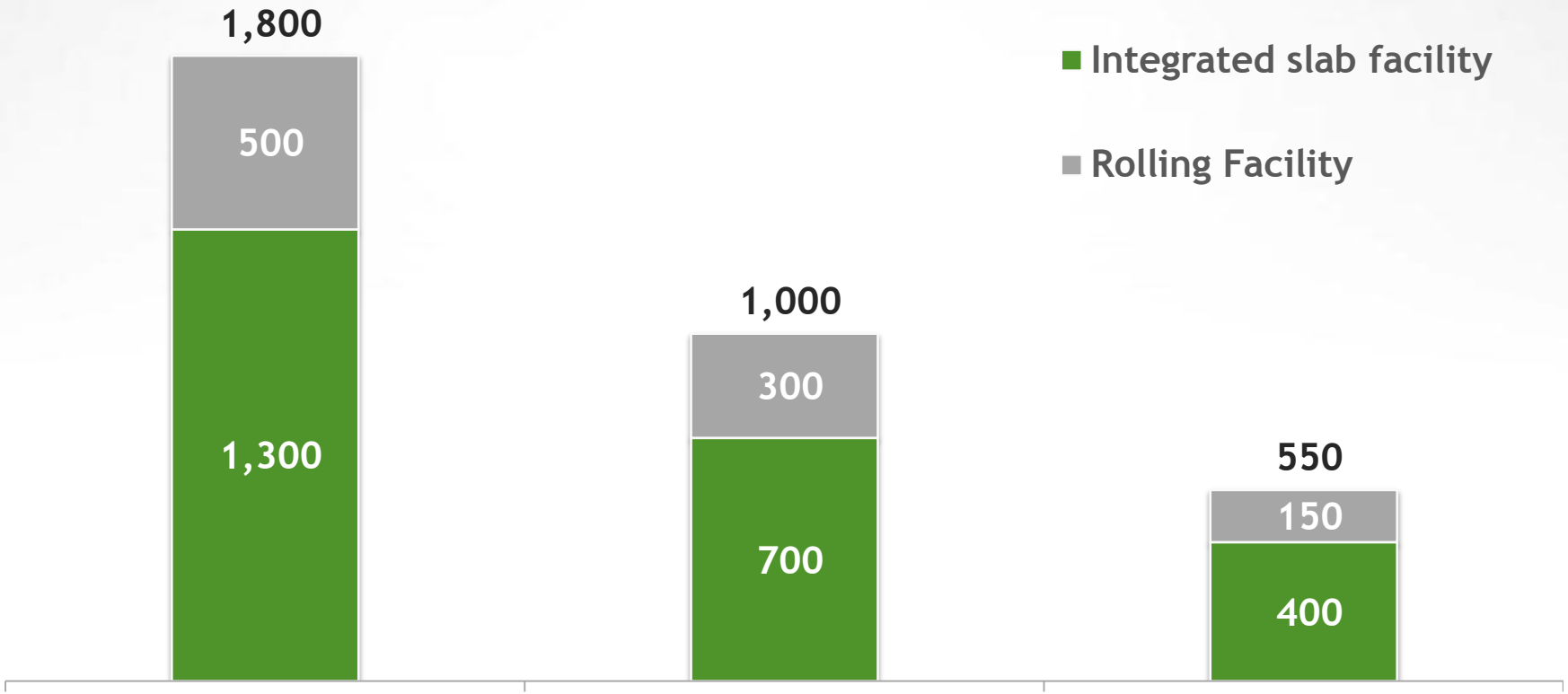
Turn over on September - 2.7 months

Flat Steel Imports on October - 125,000 tons

Source: IABR / INDA

Comparison on integrated mills

Integrated mills CAPEX - US$/ton of crude steel



Source: McKinsey

Real appreciation

More than 20% of appreciation when compared with 2009



Source: Banco Central

Domestic Market

Benefit from the Brazilian positive outlook

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

GDP forecast:
2011/2014: ~3.5% p.a.

MEDIUM AND LONG TERM PROJECTS

Brasil 2014	rio2016	PAC – Programa de Aceleração do Crescimento	Minha Casa Minha Vida	PETROBRAS
2010-2015 ~ R$ 103 Bi	2011-2016 ~ R$ 12 Bi	2011-2014 ~ R$ 955 Bi	2011-2014 ~ R$ 153 Bi	2009-2015 ~ US$ 224 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: BNDES

Agenda



Market Overview



Usiminas and its Business Units



Financial Highlights

Time line

Usiminas delivers what it promises

1956
Foundation of Usiminas

1962
Operation Start Up

2005
Listing on Latibex

Privatization Usiminas:1991; Cosipa: 1993

2008
Aquisition of J. Mendes iron ore mines

Aquisition of Zamprogna

2009
Soluções Usiminas, consolidation 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

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

Joint Mining Agreement with MMX

Joint Mining Agreement with MBL

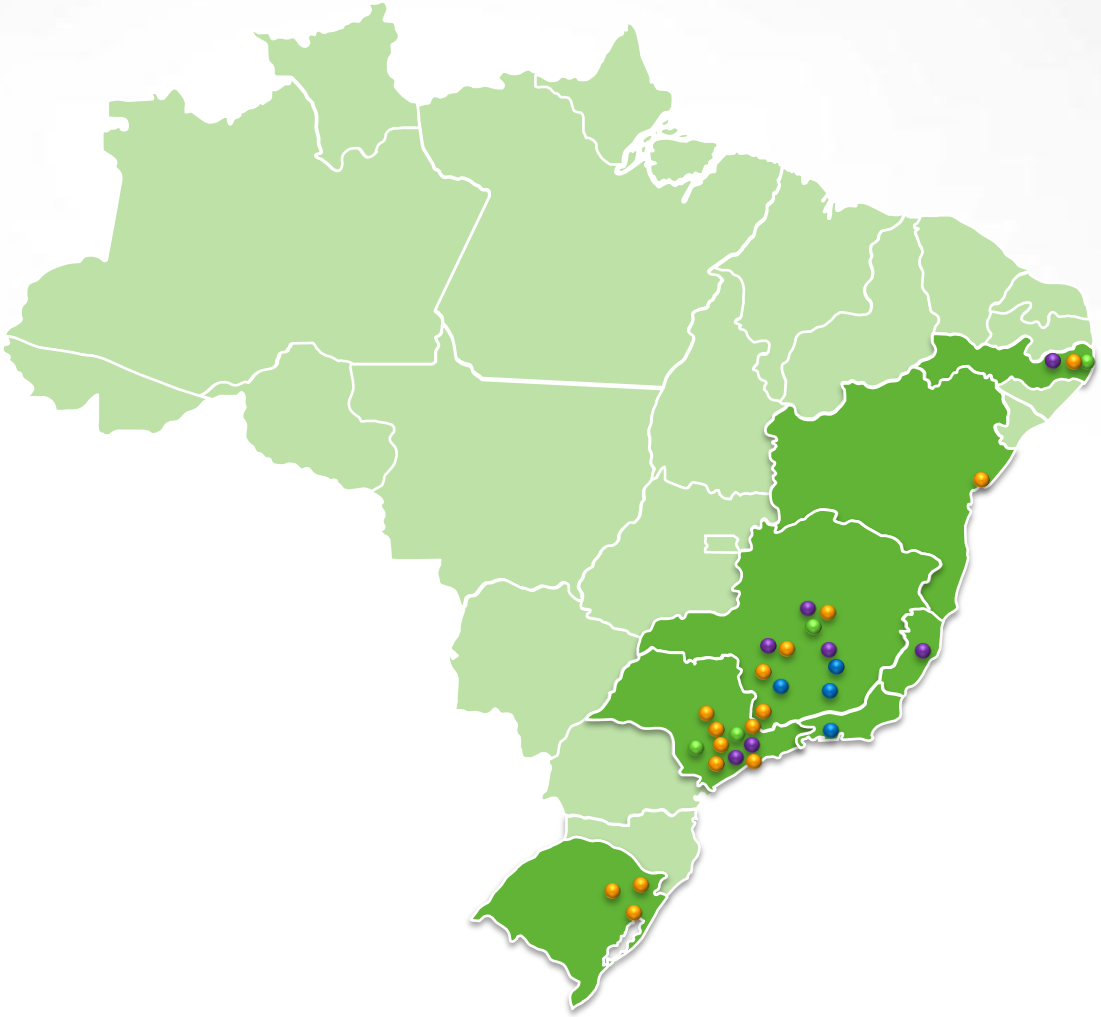
Negociation with J. Mendes concluded

Acquisition of Ouro Negro Mine

Rights of Way Agreement with Ferrous

2015
Self-sufficiency Iron Ore and Energy

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

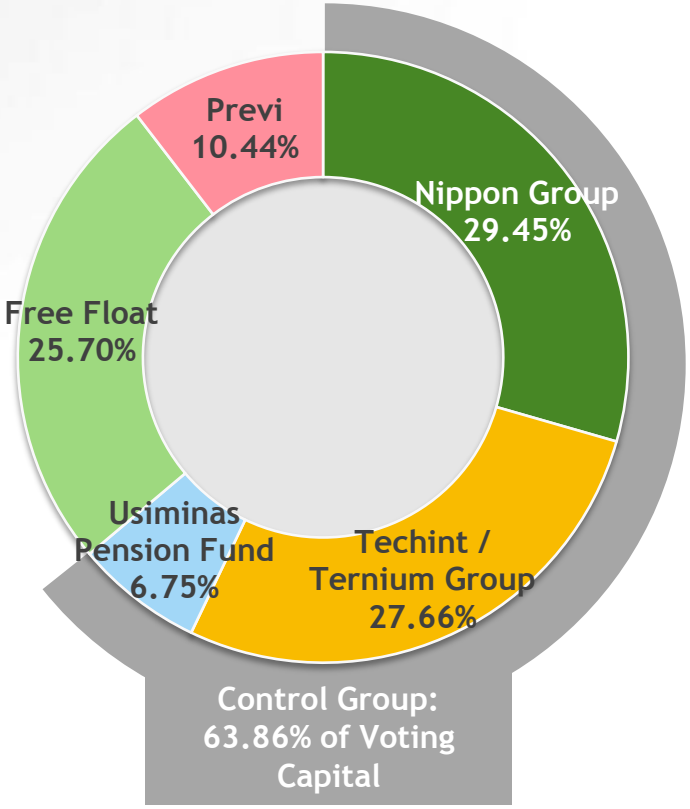
Pressure Vessels



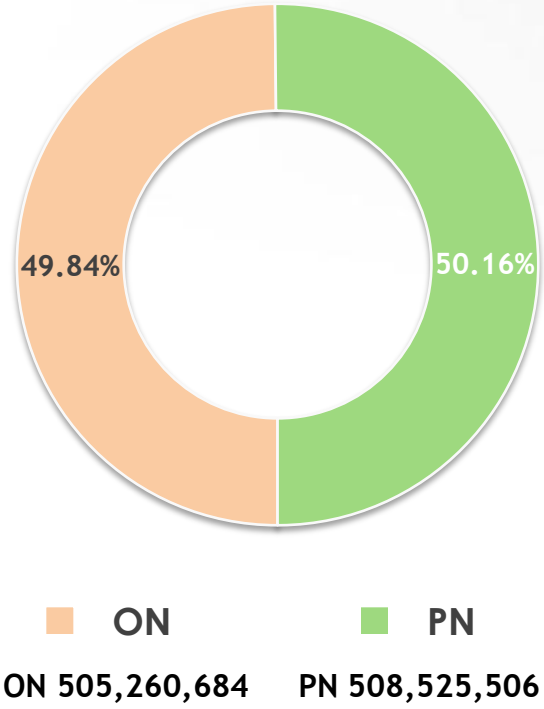
Heavy Plates

Shareholder Composition

Voting Capital – ON*



Total Capital 1,013,786,190



*Subject to the signing of the new Shareholders' agreement and other approvals

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

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

Results Accounted by Business Unit

USIMINAS

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

	Mining		Steel		Steel Processing		Capital Goods		Consolidated	
	3Q11	2Q11	3Q11	2Q11	3Q11	2Q11	3Q11	2Q11	3Q11	2Q11
Net Revenues	253	266	2,511	2,793	529	508	369	355	2,998	3,026
COGS	(70)	(64)	(2,479)	(2,628)	(490)	(452)	(320)	(314)	(2,650)	(2,606)
Gross Profit	184	202	32	165	38	56	49	42	348	420
Operating Income (Expenses)	(36)	(30)	(32)	(95)	(25)	(51)	(24)	(24)	(116)	(198)
EBIT	148	172	(1)	70	13	6	25	18	232	222
EBITDA	**156**	**180**	**83**	**189**	**28**	**19**	**32**	**25**	**343**	**365**
EBITDA Margin	**61%**	**68%**	**3%**	**7%**	**5%**	**4%**	**9%**	**7%**	**12%**	**12%**
CAPEX	**116**	**42**	**532**	**448**	**19**	**20**	**21**	**14**	**688**	**525**

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

*IFRS

Results Accounted by Business Unit

USIMINAS

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

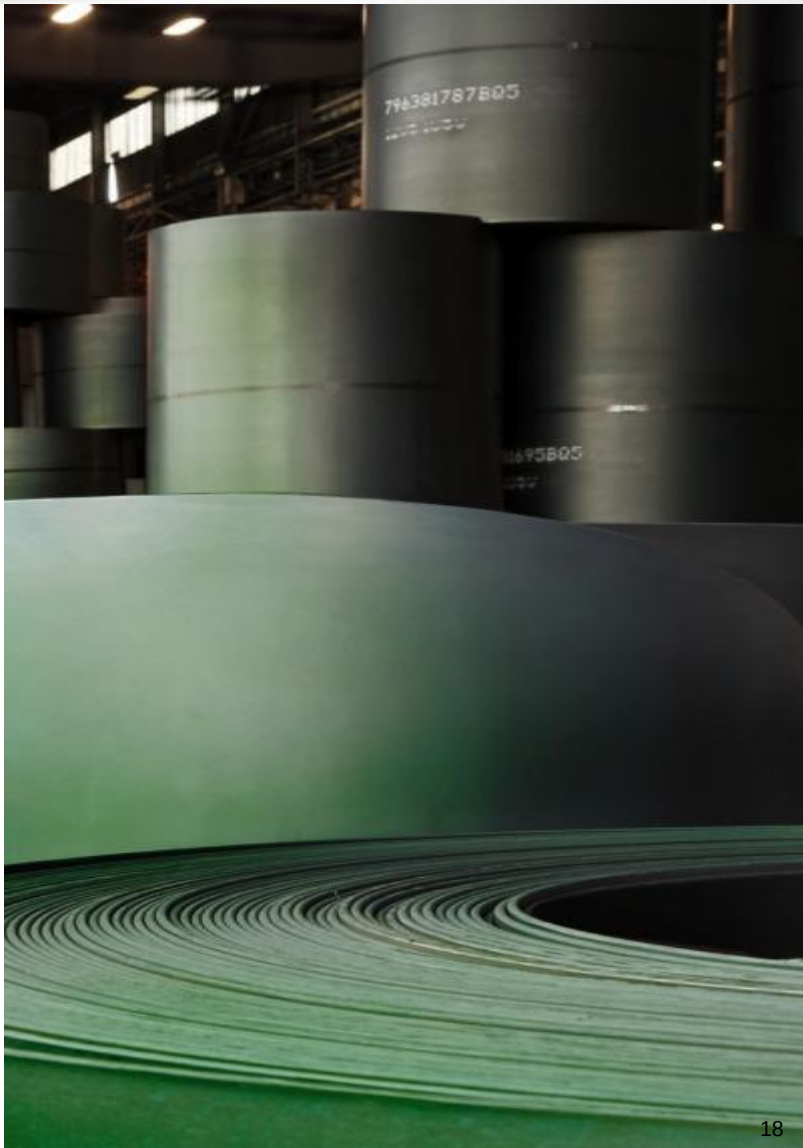
	Mining		Steel		Steel Processing		Capital Goods		Consolidated	
	9M11	9M10	9M11	9M10	9M11	9M10	9M11	9M10	9M11	9M10
Net Revenues	733	726	7,995	8,943	1,630	1,842	1,050	1,057	9,087	9,870
COGS	(192)	(205)	(7,791)	(7,407)	(1,483)	(1,615)	(924)	(919)	(8,020)	(7,540)
Gross Profit	541	521	204	1,536	147	227	126	137	1,067	2,330
Operating Income (Expenses)	(88)	(60)	(163)	(303)	(130)	(119)	(75)	(83)	(452)	(564)
EBIT	453	462	41	1,234	17	108	51	55	615	1,766
EBITDA	**474**	**484**	**389**	**1,711**	**62**	**139**	**71**	**76**	**1,046**	**2,318**
EBITDA Margin	**65%**	**67%**	**5%**	**19%**	**4%**	**8%**	**7%**	**7%**	**12%**	**24%**
CAPEX	**195**	**14**	**1,538**	**2,131**	**58**	**34**	**52**	**22**	**1,843**	**3,192**

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

*IFRS

Steel

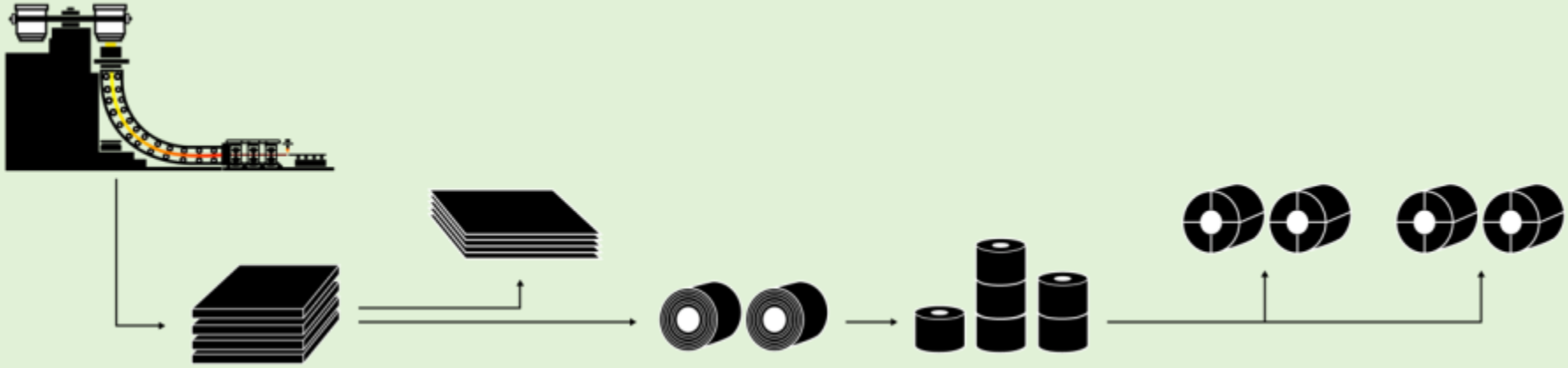




Flat Steel Production

Usiminas has a full range of flat steel products

Installed Nominal Capacity : 9.5 million tons / year

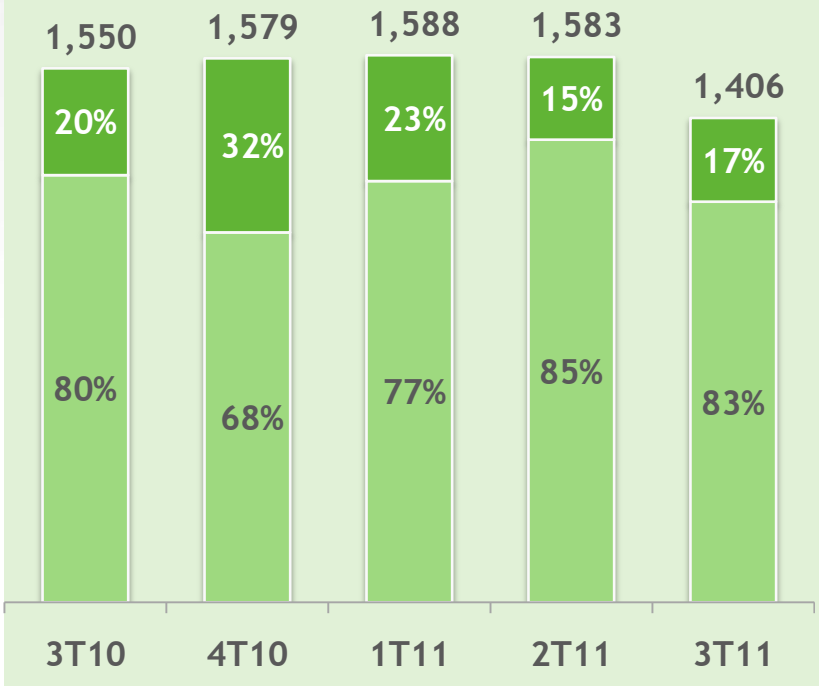


					Galvanized	
Slab Caster	Slabs	Heavy Plates	Hot Coils	Cold Coils	EG	HDG
Ipatinga Plant	5,000,000t	1,000,000t	3,550,000t	2,500,000t	360,000t	1,050,000t
Cubatão Plant	4,500,000t	1,000,000t	2,100,000t	1,200,000t	-	-
Nominal Capacity	9,500,000t	2,000,000t	5,650,000t	3,700,000t	360,000t	1,050,000t
Optmized Rolling Capacity	-	1,900,000t	2,000,000t	1,950,000t	350,000t	1,020,000t

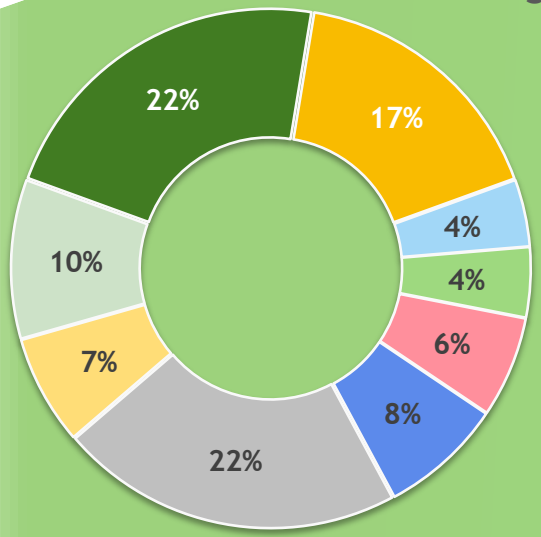
Domestic Market

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

Sales - *thousand tons*



Segments Breakdown of Sales - *3Q11*



Investments

Total estimated amount for 2011

R$ 2.4 billion

Strategic focus on enhancing competitiveness of current operations

In operation

2010

Coke Plant 3 (Ipatinga)



CLC Accelerated Cooling Process (Ipatinga)



2011

New Galvanizing Line 550 thousand tons (Ipatinga)



2012



Up to 2015



New Hot Strip Mill 2.3 million tons (Cubatão)

Mining Production Capacity Increase

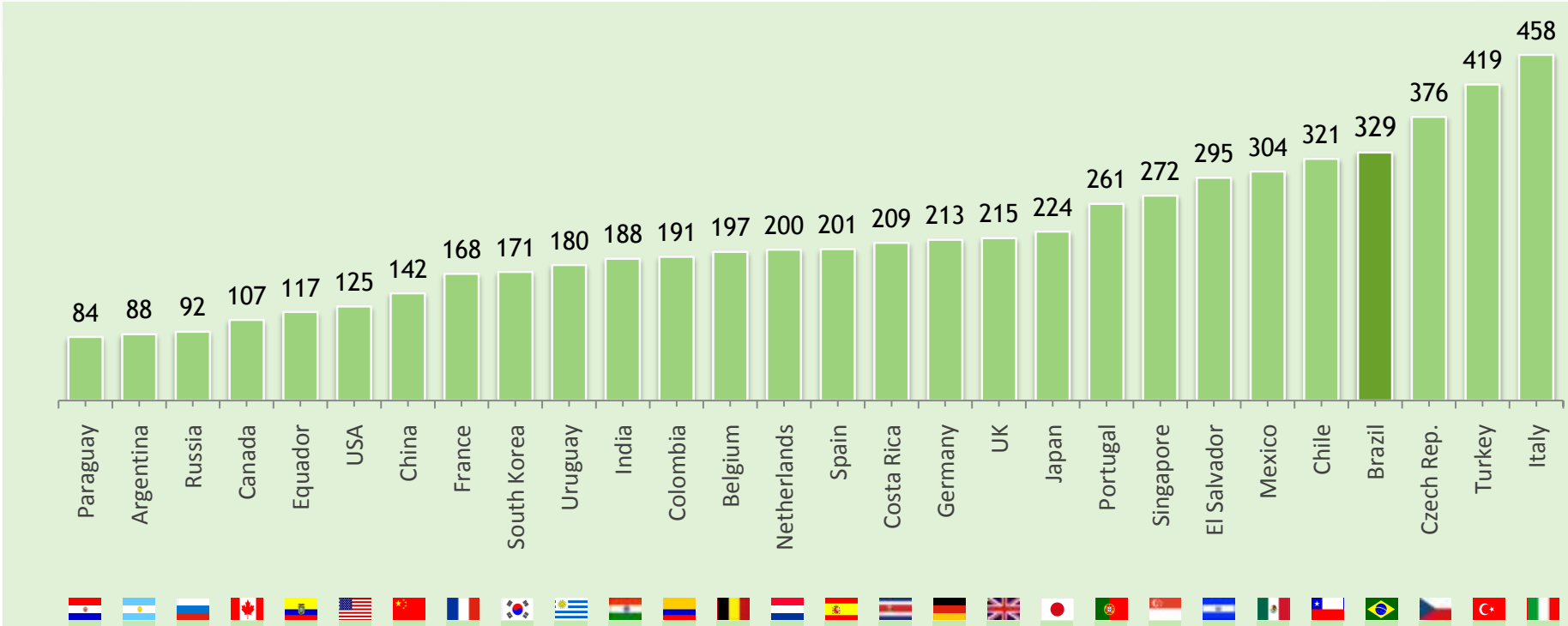
Ongoing Projects

Energy Self-sufficiency by 2015

Considered alternatives

- Consumption reduction through continuous improvement and small investments
- Technology and optimization process of fuel mix
- Technology of energy generation from production process (co-generation)
- Participation in energy assets

R$/MWh - Industrial Tariffs



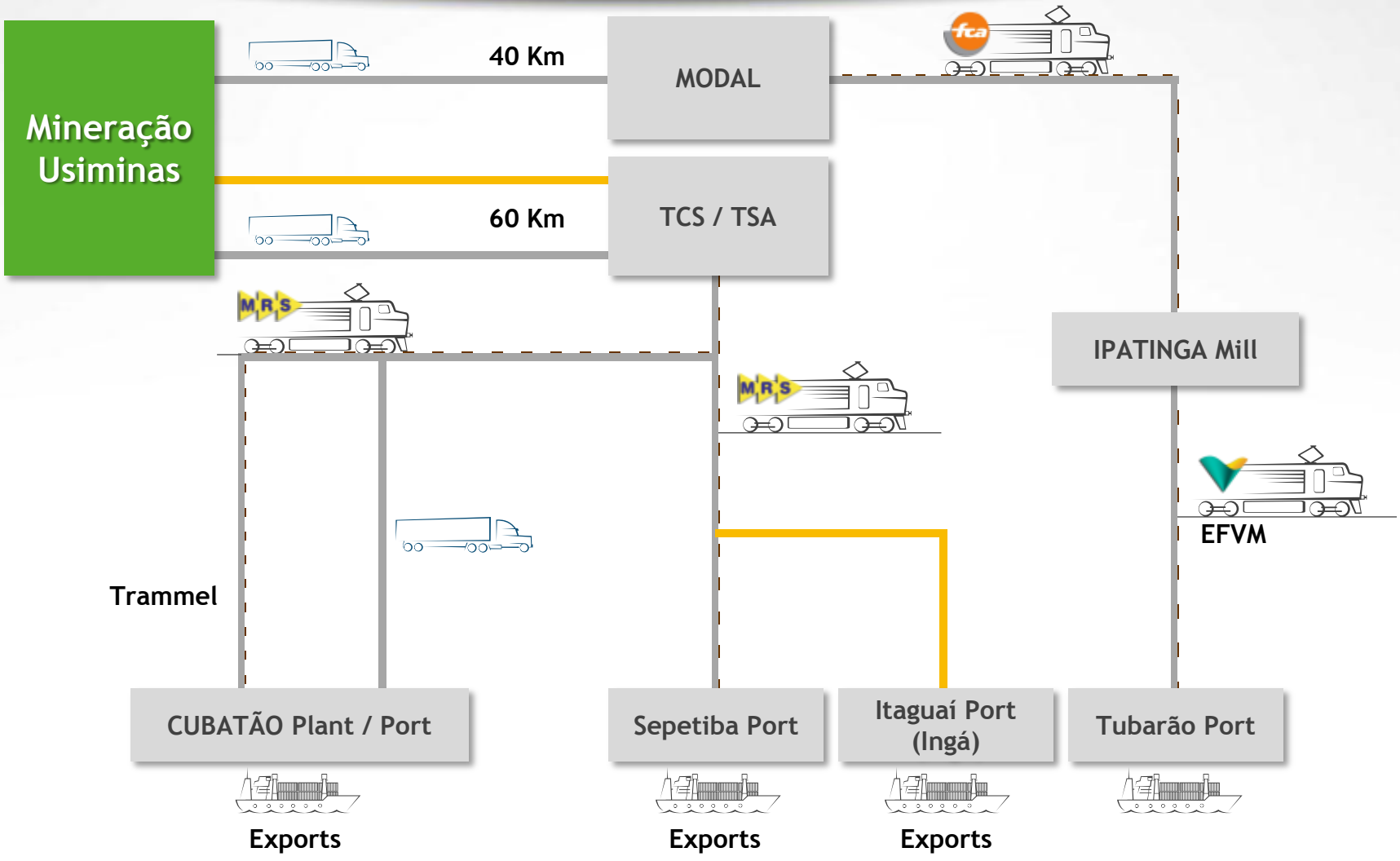
Source: FIRJAN

Mining and Logistics





Logistics

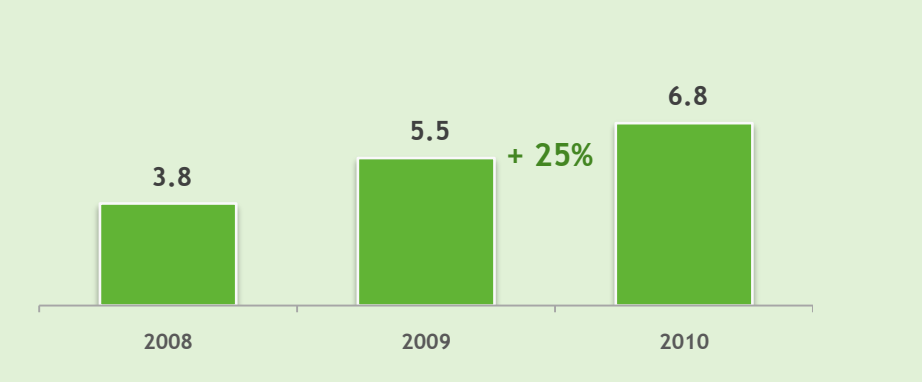

Mineração Usiminas
40 Km
60 Km
MODAL
TCS / TSA
IPATINGA Mill
EFVM
Trammel
CUBATÃO Plant / Port
Sepetiba Port
Itaguaí Port (Ingá)
Tubarão Port
Exports
Exports
Exports
Existing Routes
New Routes

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:



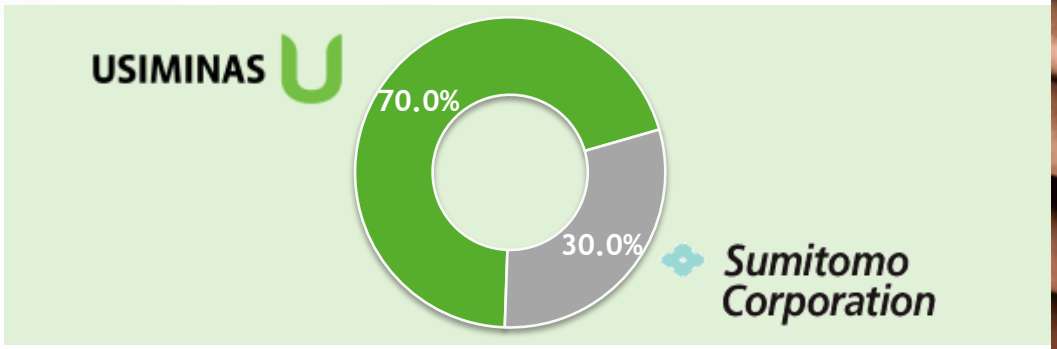
- 3Q11: production of 1.6 million tons
- MRS: 20% of voting shares and part of the Control Group
- Land in Itaguaí-RJ, acquired in 2008



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

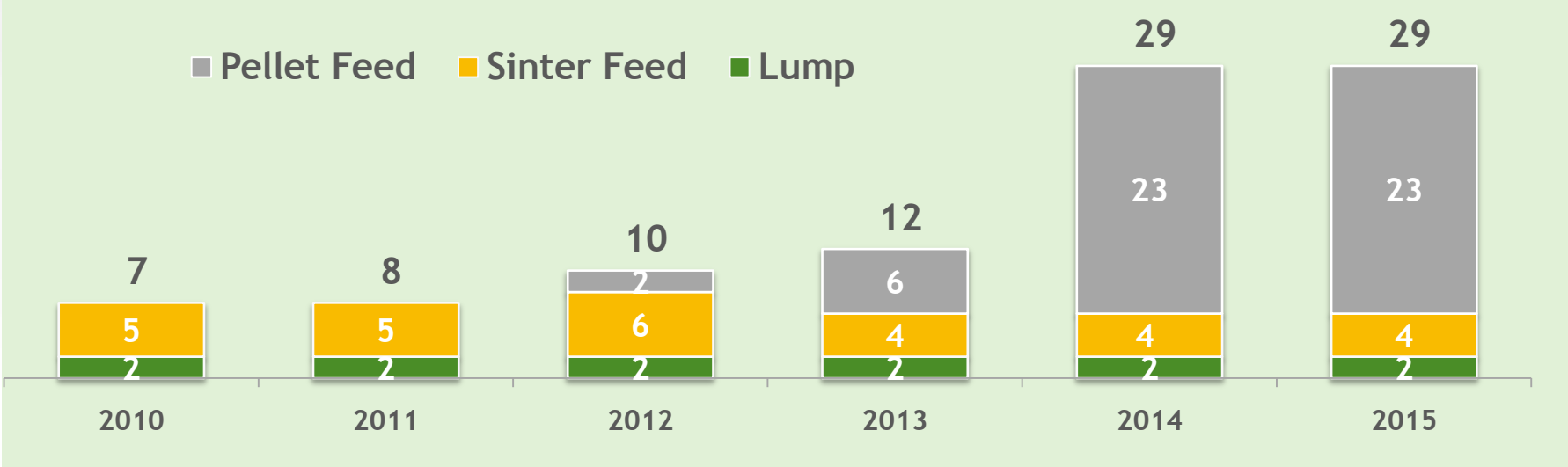
Estimated Market Value



Expansion Plan

Mining

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

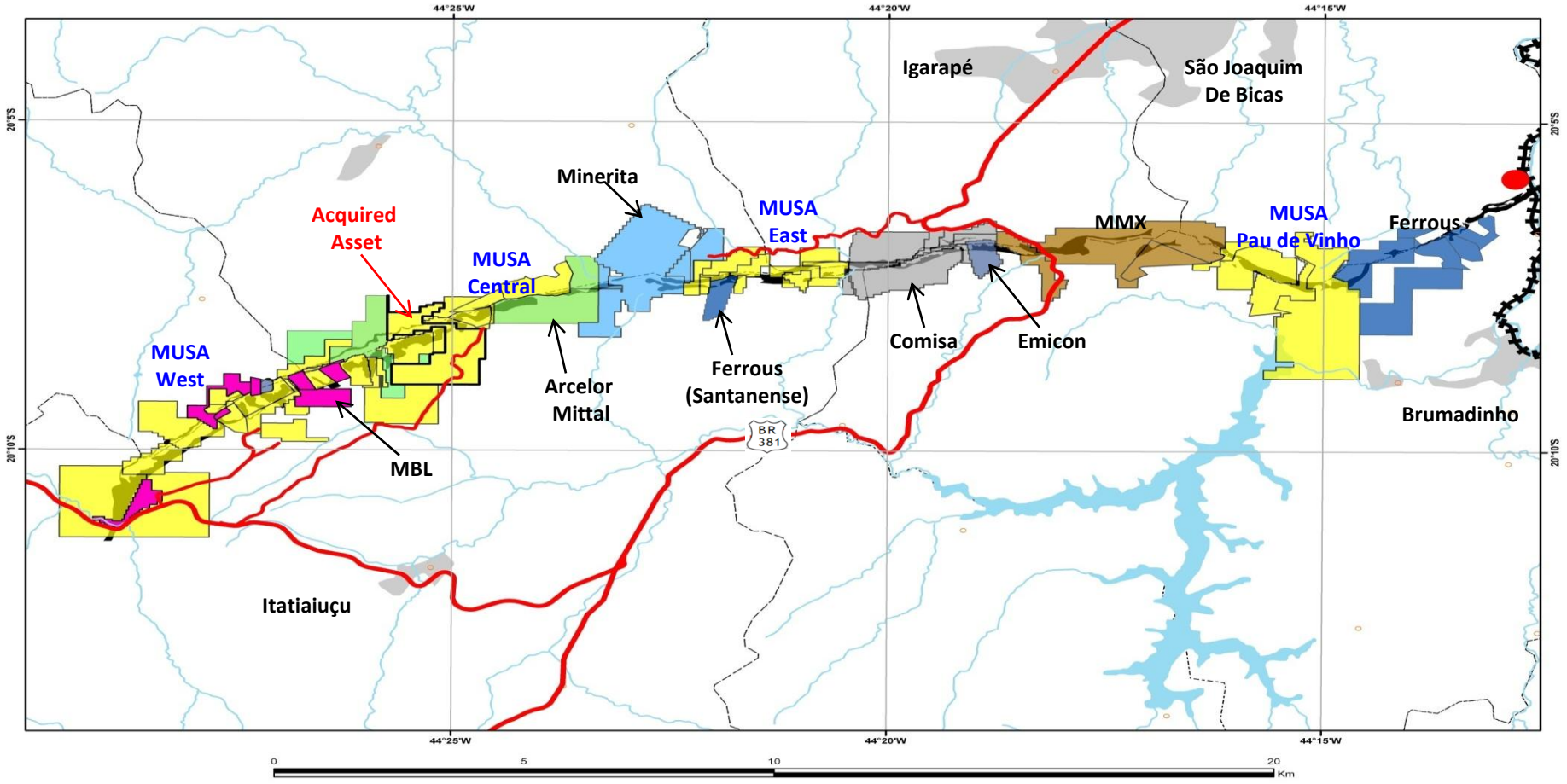


- Capex until 2015 are estimated at R$ 4.5 billion including new processing lines/plants, industrial facilities projects, equipment, loading terminals, etc.
- Lifetime until 2045

- Agreements signed to allow the expansion plan:
  - MMX Port and Joint Mining Agreements
  - MBL Joint Mining Agreement
  - New mine acquired from Ouro Negro
  - Conclusion of the negotiation with J. Mendes
  - Right of way agreement with Ferrous

Mineração Usiminas

Serra Azul



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.
- 3Q11 Gross Revenues of R$567 million
- Leadership:
  - In 2010, it took over the leadership in the steel distribution sector, according to INDA.
- Highlights:
  - Operational assets optimization, deactivating 3 industrial units, without reducing production capacity.



Steel Processing

Automotiva Usiminas



- *Pouso Alegre Unit*
- *Clients*

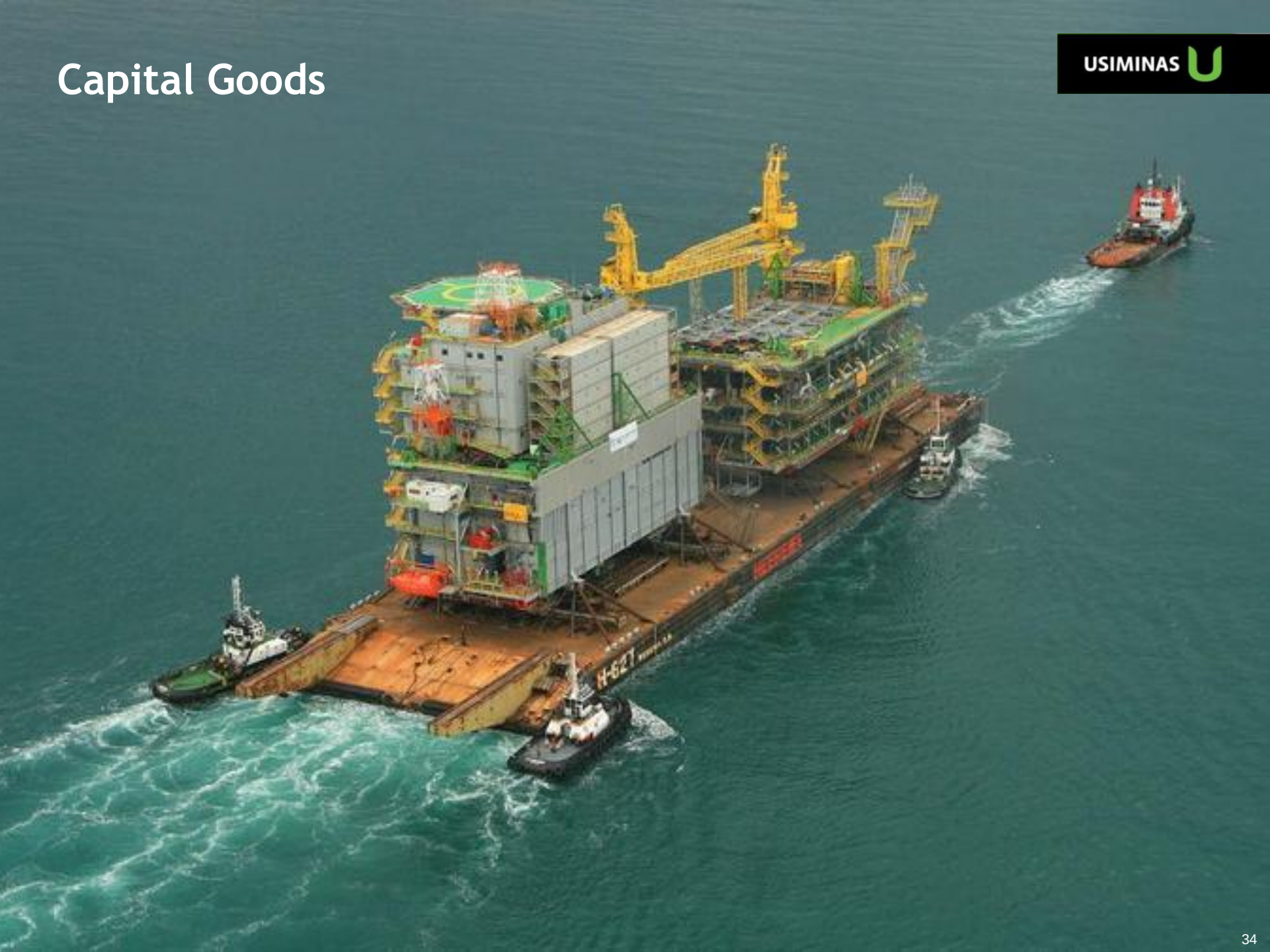
Automotiva Usiminas

Steel Processing

- **Pouso Alegre – MG**
  - Close to major auto makers. Full service company.
- **3Q11 Gross Revenues of R$114 million**
- **Major Clients:**
  - Ford, Mercedes Benz, Fiat, Volkswagen, Volvo, General Motors, International Trucks, Honda Toyota, PSA Peugeot Citroën, Scania.
- **Highlights:**
  - Expansion projects and process improvement in 2011 to support the company's growth.
  - Brasil Maior Program: Solution for vehicles nationalization.



Capital Goods



Usiminas Mecânica

Capital Goods

- **Ipatinga – MG**
  - It is one of the largest capital goods' company in the country.
- **3Q11 Gross Revenues of R$431 million**
- **Market Sectors:**
  - Industrial Assembly
  - Structures / Metal Bridges and Blanks
  - Industrial Equipment
  - Industrial Erection
  - Foundry and Railcars
- **Highlights:**
  - Investments made in the foundry made it the most modern line in Latin America (start up in 11/2011).
  - The company won the bid to supply the steel structures to cover Maracanã and Palestra Itália stadiums







Usiminas Mecânica

Capital Goods – some of its projects







Agenda



Market Overview



Usiminas and its Business Units

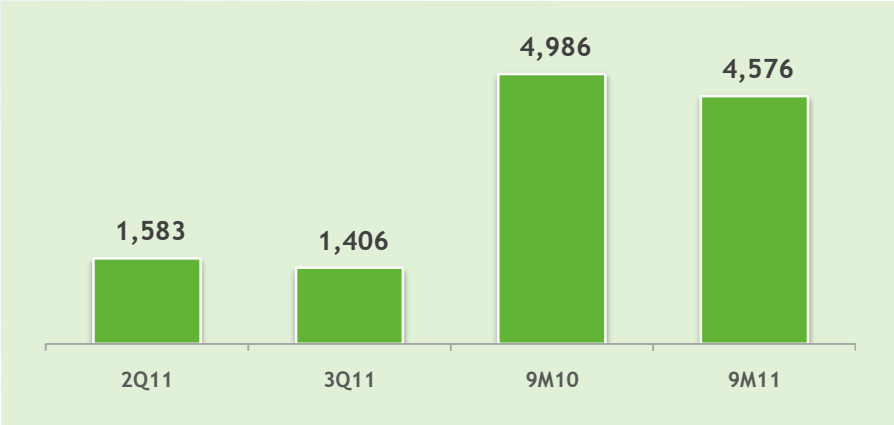


Financial Highlights

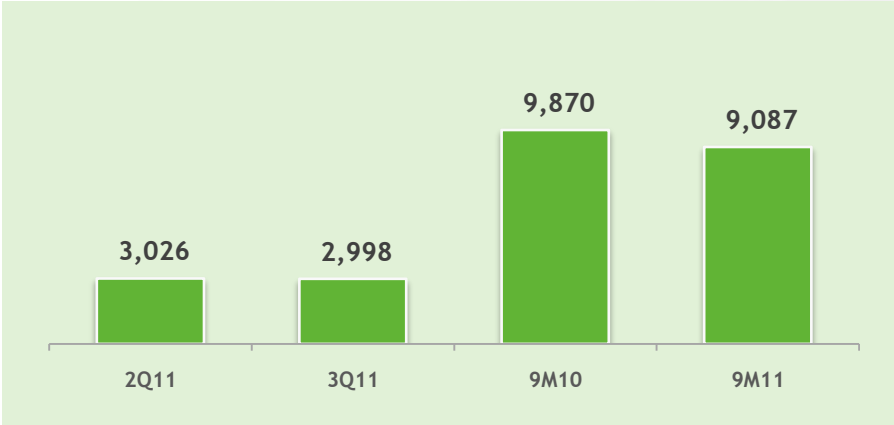
3Q11 Results

Highlights*

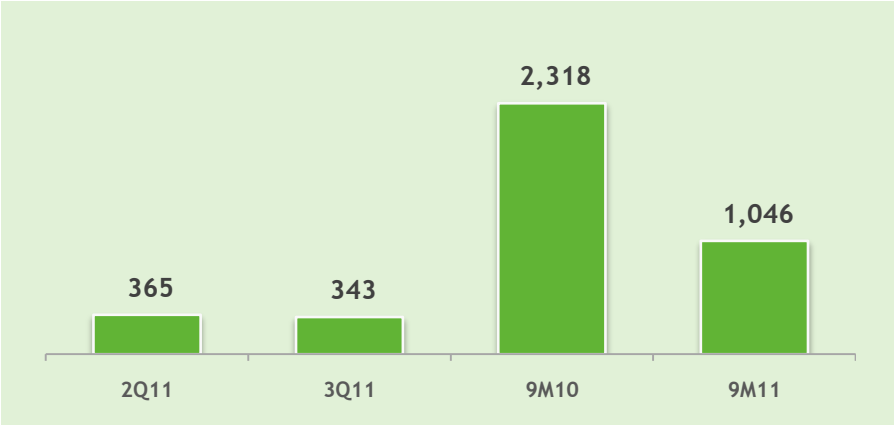
Sales - *thousand tons*



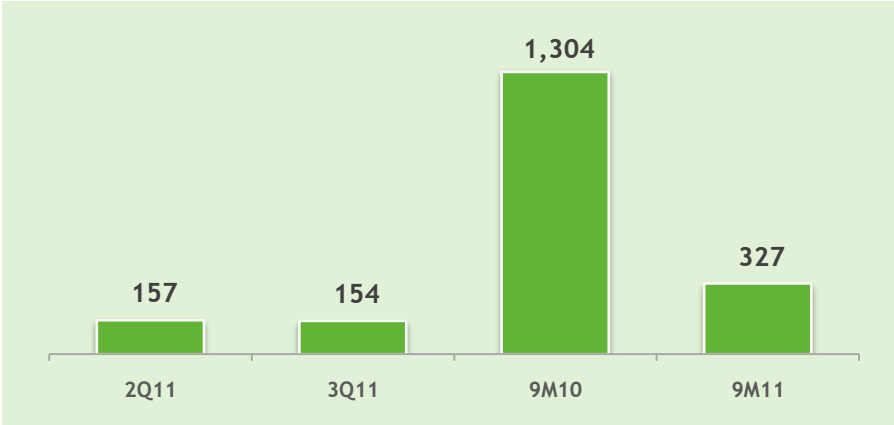
Net Revenues - *R$ Million*



EBITDA - R$ Million



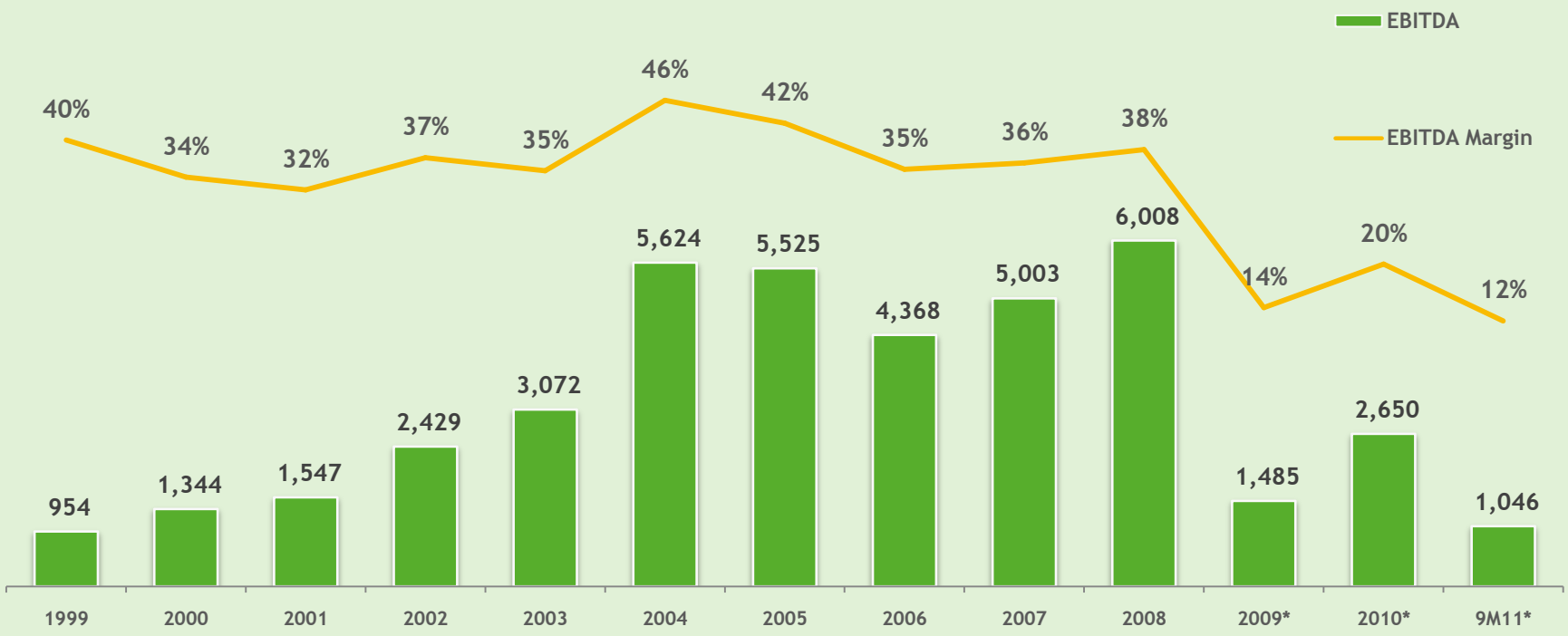
Net Income - *R$ Million*



*IFRS

3Q11 Results

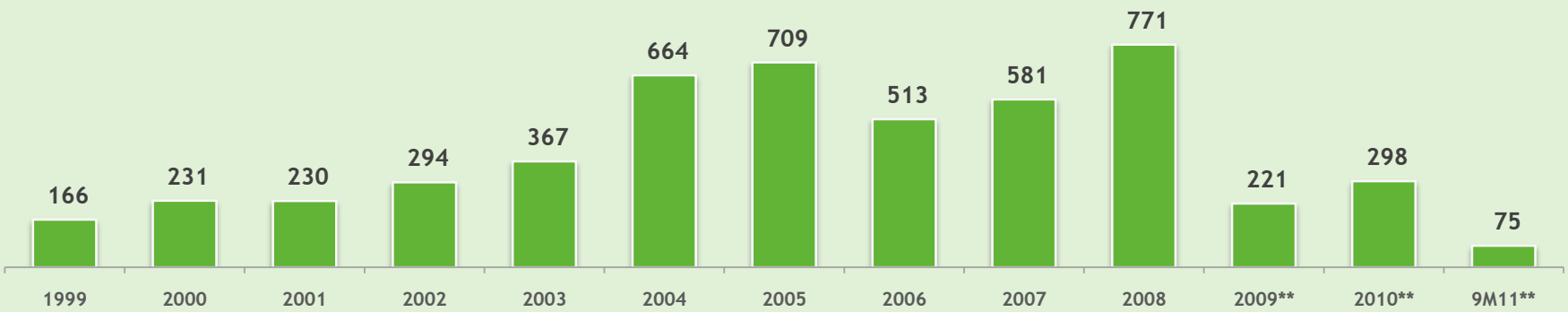
EBITDA / EBITDA Margin (Consolidated basis) - R$ million



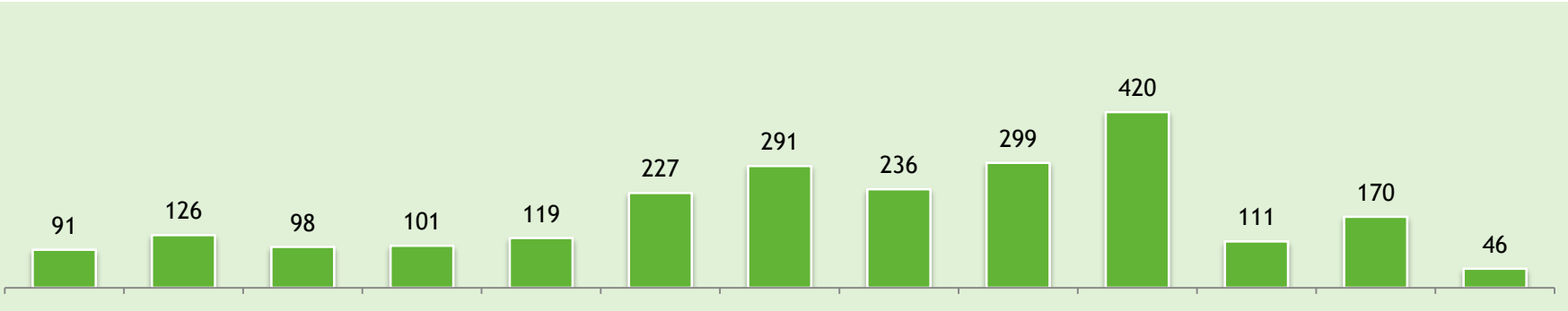
*IFRS

Results 3Q11

EBITDA / ton (steel business unit) - *R$**



EBITDA / ton (steel business unit) - *US$**



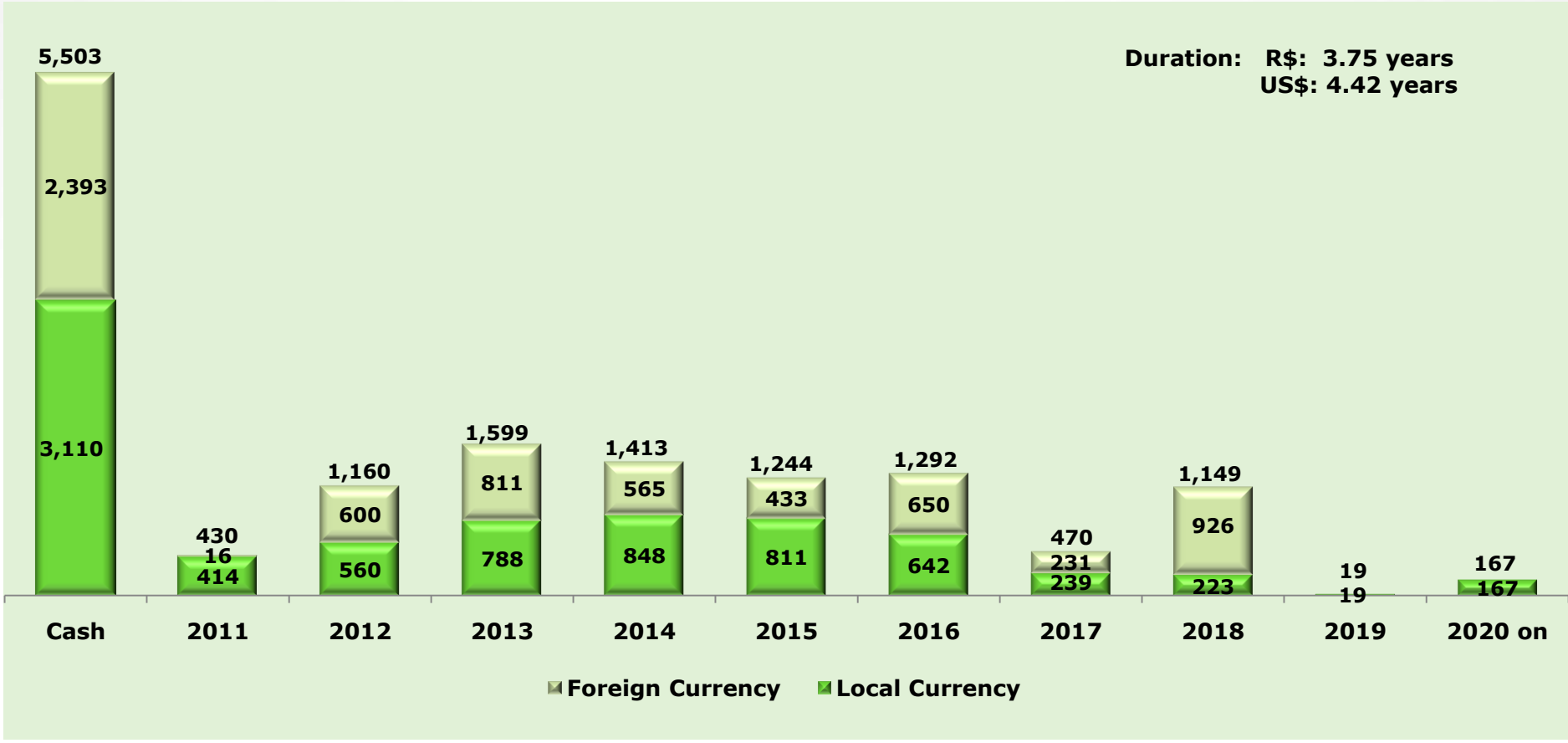
*With iron ore at market Price

**IFRS

Debt

Focus on strong cash position and comfortable debt profile

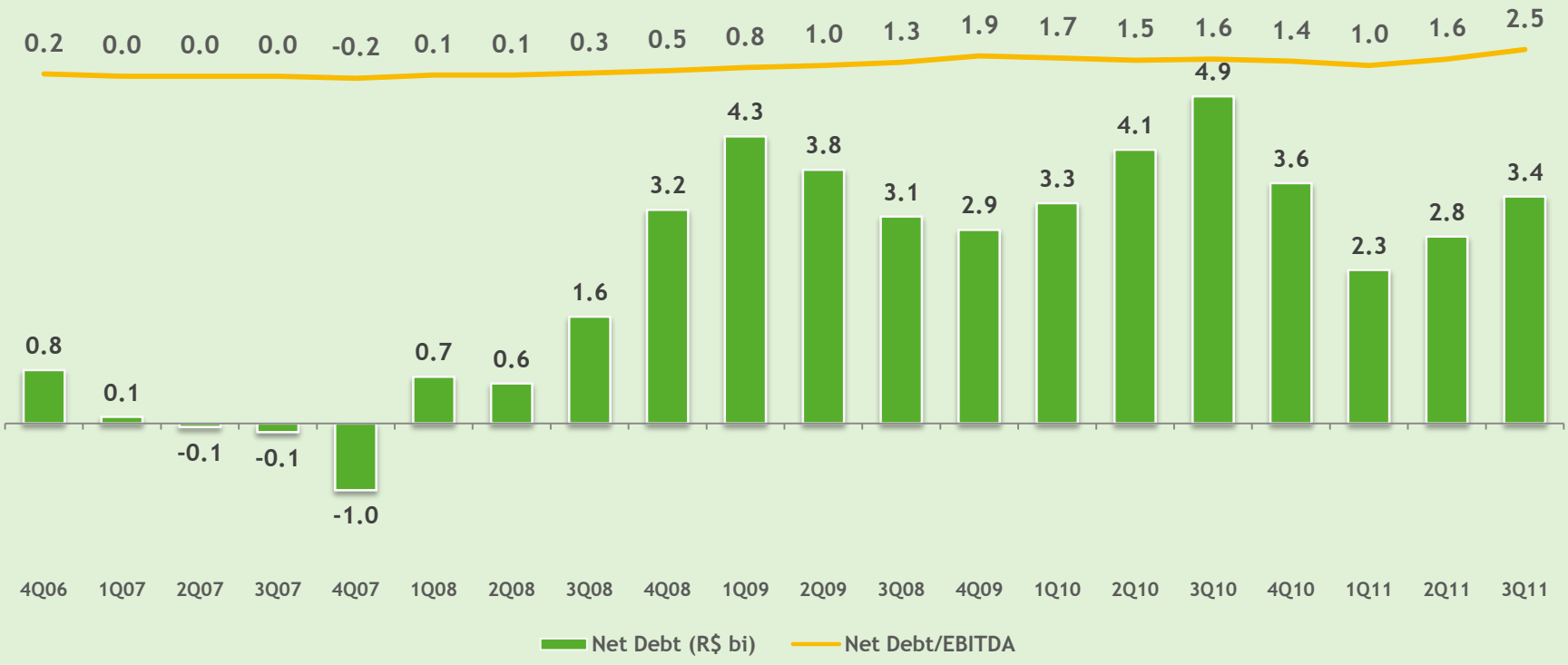
Debt - *R$ 8,943 million*



Debt

Focus on low indebtedness

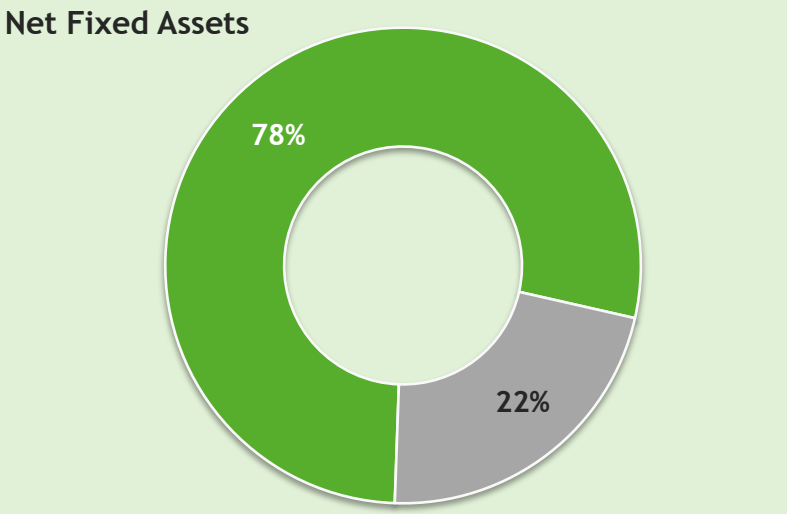
Consolidated Net Debt / EBITDA - (R$) on a consolidated basis



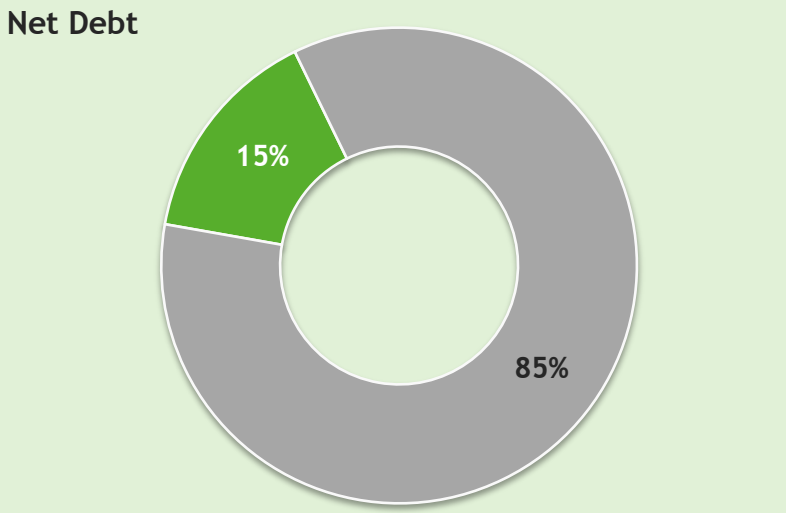
Balance Sheet Structure

3Q11

Capital Employed - *R$ Million*



Funded By - *R$ Million*



Total: 21,860

NÍVEL 1
BM&FBOVESPA

ADR
Level I

LATIBEX

THE GLOBAL COMPACT
WE SUPPORT

Cristina Morgan C. Drumond
Head of IR
cristina.drumond@usiminas.com
Phone: 55-31-3499.8772
Fax: 55-31-3499.9357

Leonardo Karam Rosa
leonardo.rosa@usiminas.com
Phone: 55-31-3499.8056

Diogo Dias Gonçalves
diogo.goncalves@usiminas.com
Phone: 55-31-3499.8710

Luciana Valadares dos Santos
luciana.santos@usiminas.com
Phone: 55-31-3499.8619

Mariana Paes Campolina
mariana.paes@usiminas.com
Phone: 55-31-3499.8617

www.usiminas.com/ri

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.

USIMINAS