

Presentation
4Q14 and 2014

USIMINAS

Classification of the information: Public

Agenda

Usiminas Profile



Market Outlook



Usiminas and its business units



Financial Results



Company Profile

- The largest flat steel producer in Latin America
- Complete solution for products and services
- Steel company with the largest number of patents rights in Latin America
- **Steel**: Nominal production capacity of 9.5 million tons per year
- **Iron ore**: Production capacity of 12 million tons per year



Time Line



1962 — Operation Start Up



1991 — Cosipa privatization

- Usiminas privatization
- Listing on BOVESPA



1993 — Listing on LATIBEX stock exchange section



1994 — Listing on ADR I on the OTC Market (New York)



2005

- Creation of Soluções Usiminas
- One CNPJ: Usiminas incorporates Cosipa



2008

- Acquisition of iron ore mines
- Acquisition of Zamprogna



2009

- Creation of Mineração Usiminas
- Codeme and Metform partneship



2010

- Selling of Ternium stake
- Joint Mining Agreements with MBL e Ferrous
- Agreement with Porto Sudeste



2011

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



2012

Automotiva Usiminas Divestment



2013

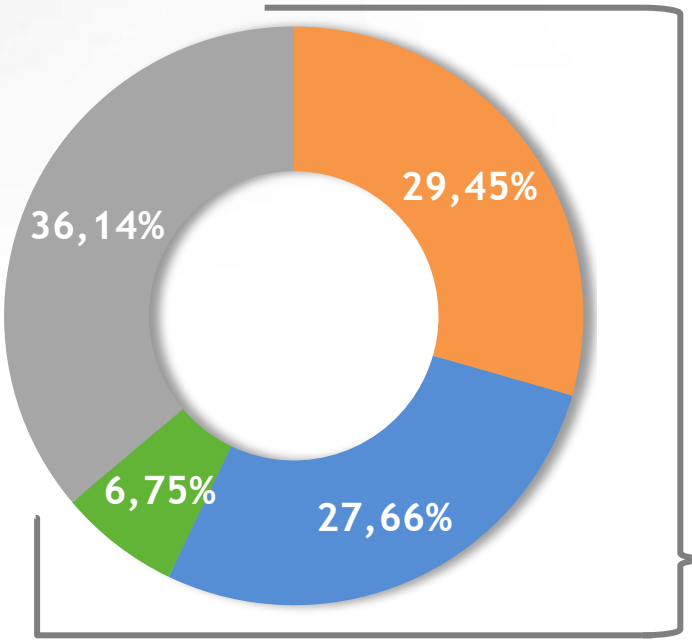
Friables Project conclusion on Mining (increasing the capacity to 12 million tons/year)



2014

Shareholding Composition

Total Capital
1,013,786,190



Voting Capital

ON 49.84%	505,260,684

PN 50.16%	508,525,506

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

Control Group: 63.86%

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

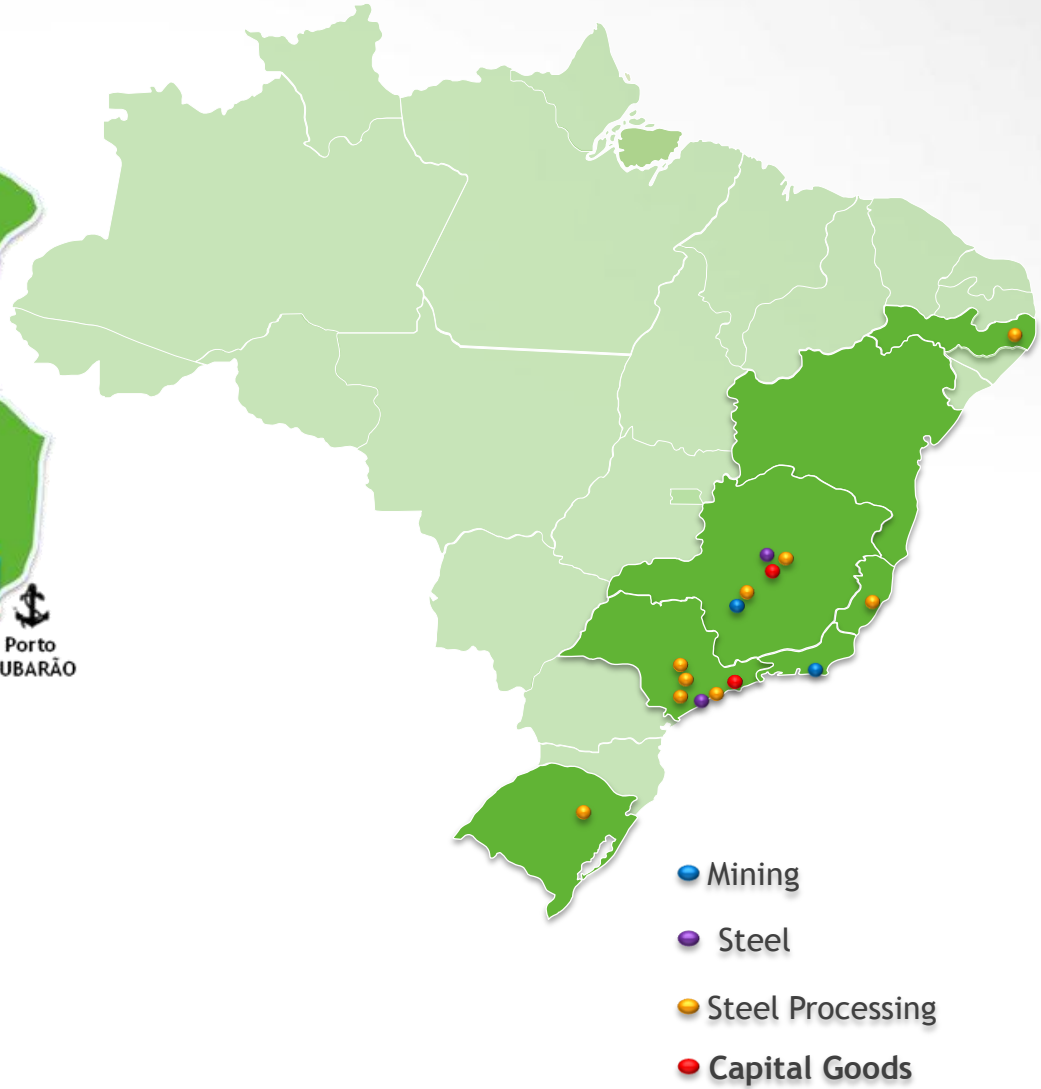
Usiminas Mecânica



UPSTREAM — DOWNSTREAM

Strategically Located





Social and Environmental Initiatives

Usiminas Cultural Institute

Invested over R$260 million, encouraging around 2000 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



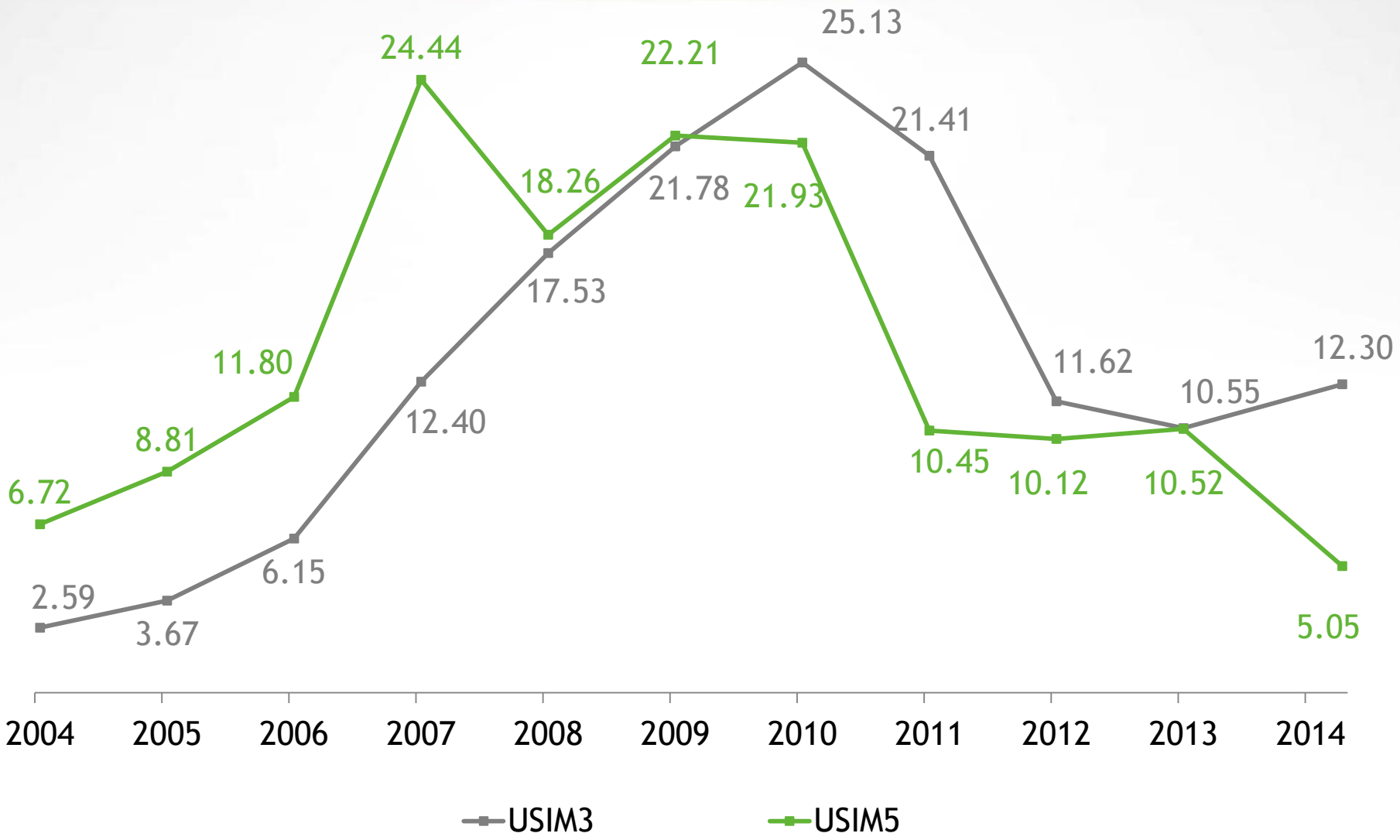
Xerimbabo Usiminas Project

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



Shares' Quotation on BM&FBOVESPA

R$ - Up to 09/30/2014



Note: The prices are adjusted by removing the effects of events such as Bonus and Unfolding

Agenda

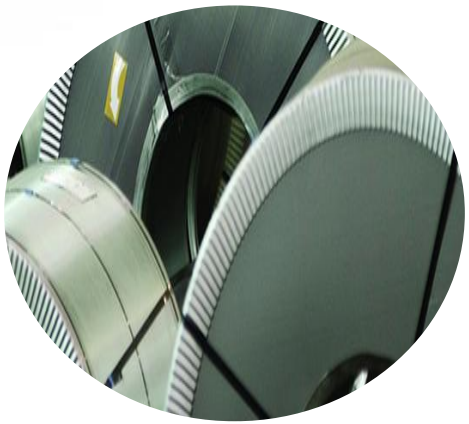
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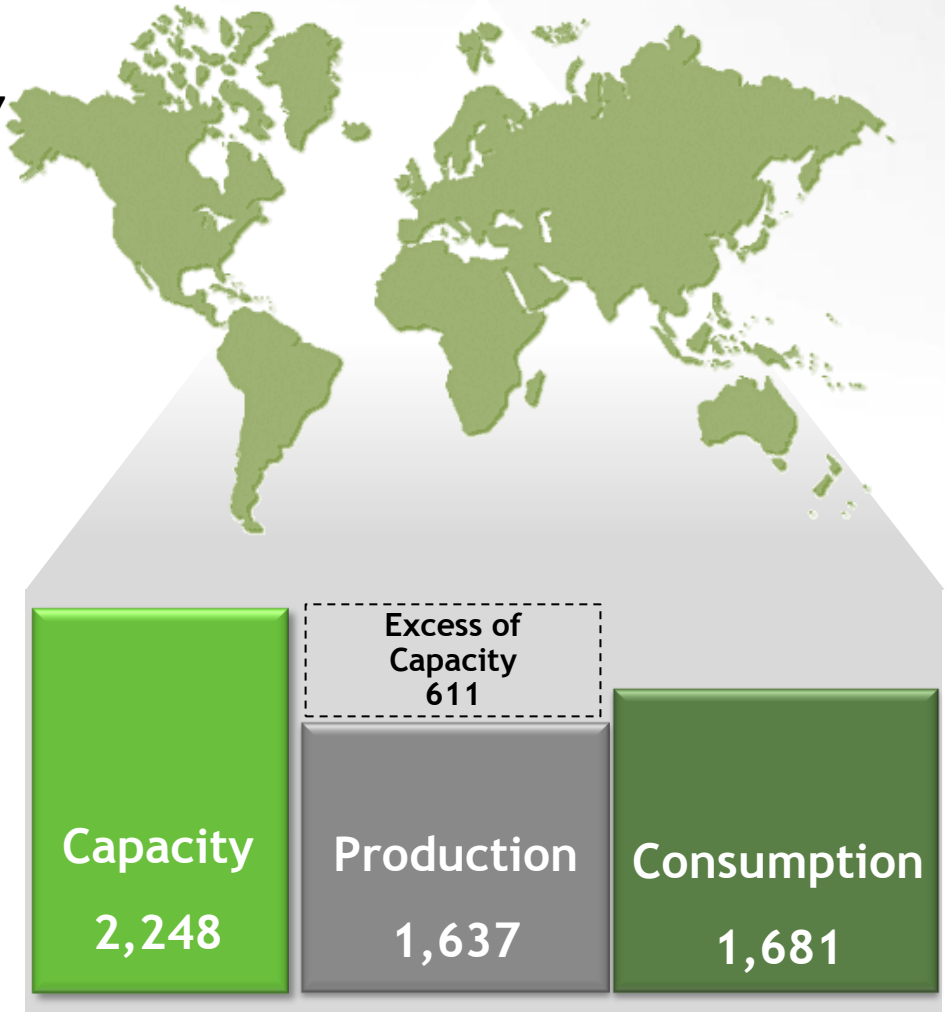




World Crude Steel Production in 2014

Million Tons

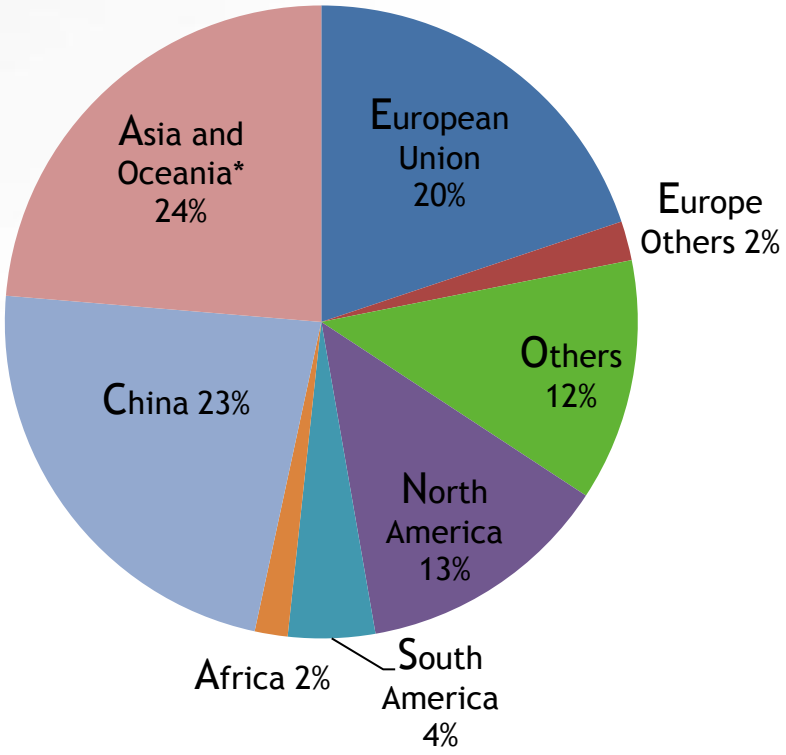
China	882.7
Japan	110.7
USA	88.3
India	83.2
South Korea	71
Russia	70.6
Germany	42.9
Turkey	34
Brazil	33.9
Ukraine	27



Source: World Steel Association – Preliminary Figures

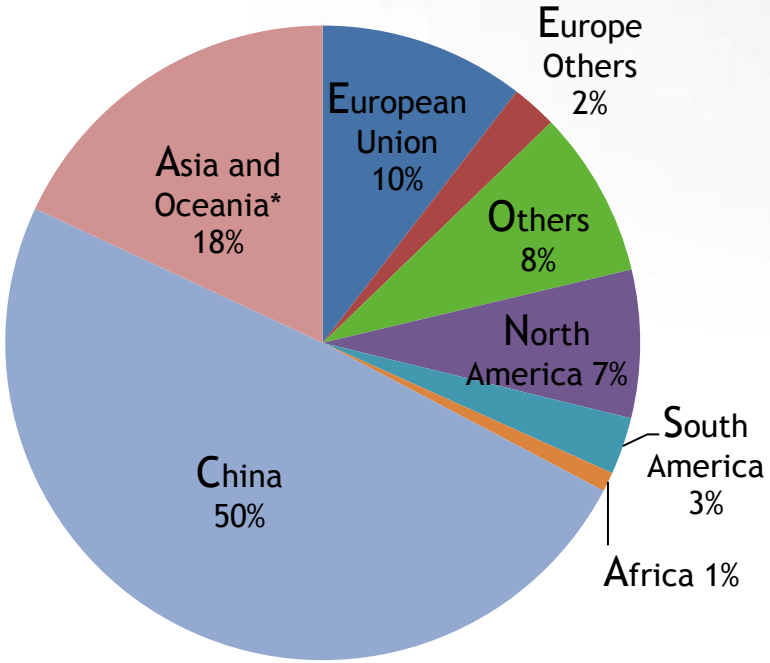
World Crude Steel Production

2003



971 million of tons

2014



1,636 million of tons

*Except China

Source: World Steel Association

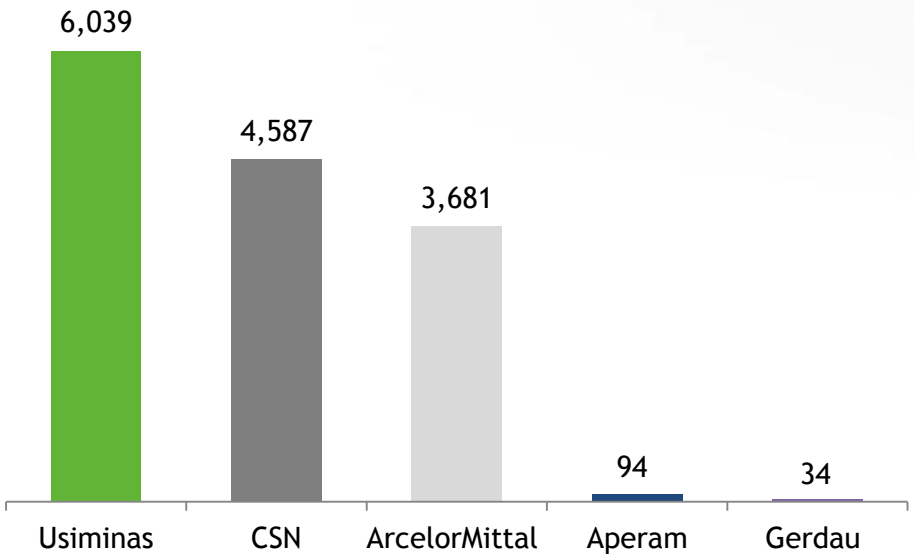
Largest Producers in 2013

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
49	Usiminas

Brazilian Flat Steel Producers



Source: World Steel Association/ Instituto Aço Brasil

Steel Consumption per Capita

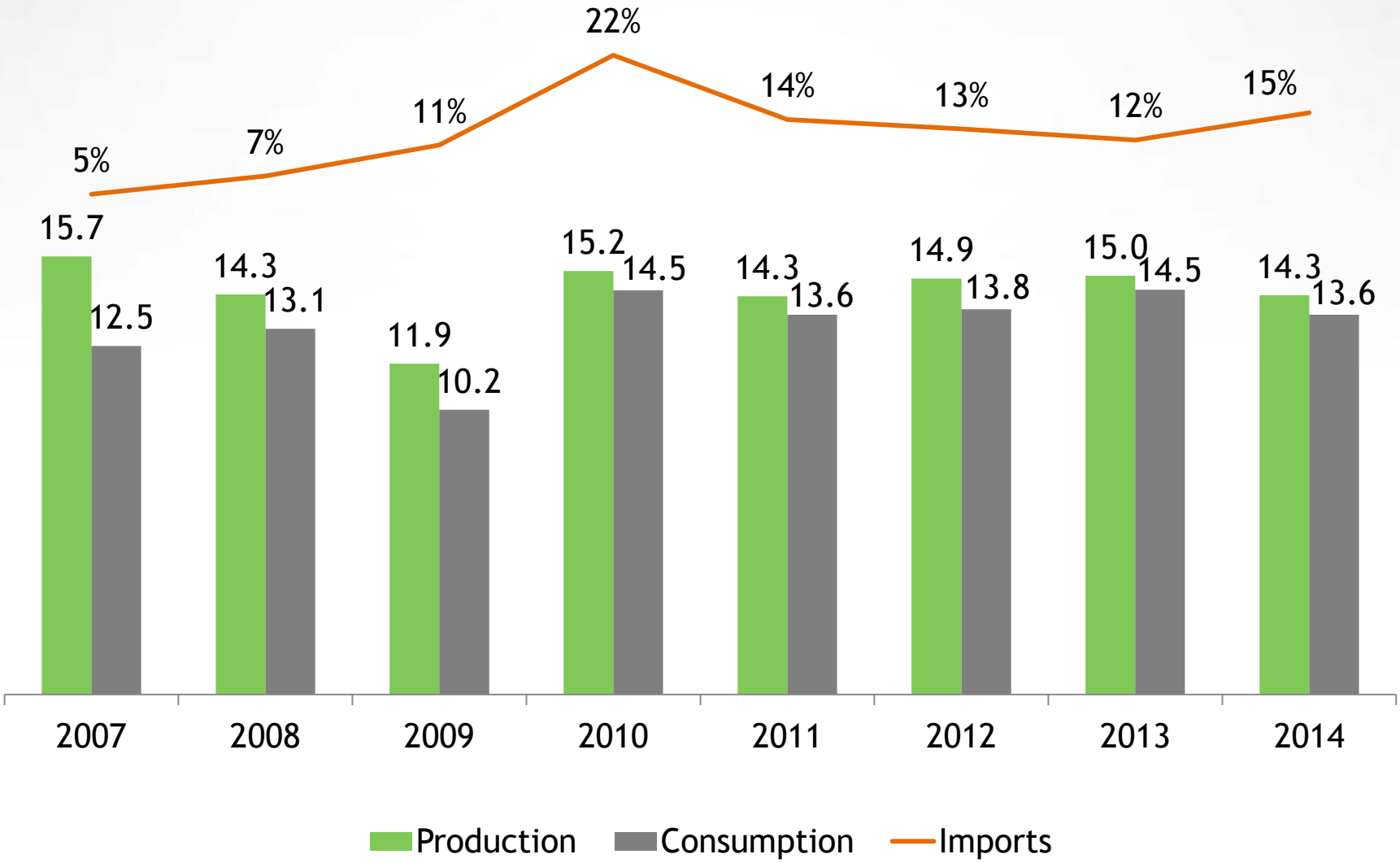
Kg per habitant

	1980	2000	2013
China	34.1	97.9	515.1
South Korea	160.0	817.7	1.057.4
Japan	610.5	600.5	516.4
United States	376.0	425.3	300.2
Germany	469.4	474.8	460.2
Spain	202.1	434.8	221.0
Brazil	100.6	92.6	131.4
Chile	56.4	96.7	155.3
Mexico	120.2	141.5	158.1
World Average	151.7	132.9	216.9

Source: World Steel Association

Brazilian Flat Steel Market

Million Tons



Source: IABr / Usiminas – Excludes Slabs

Steel Business Unit

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

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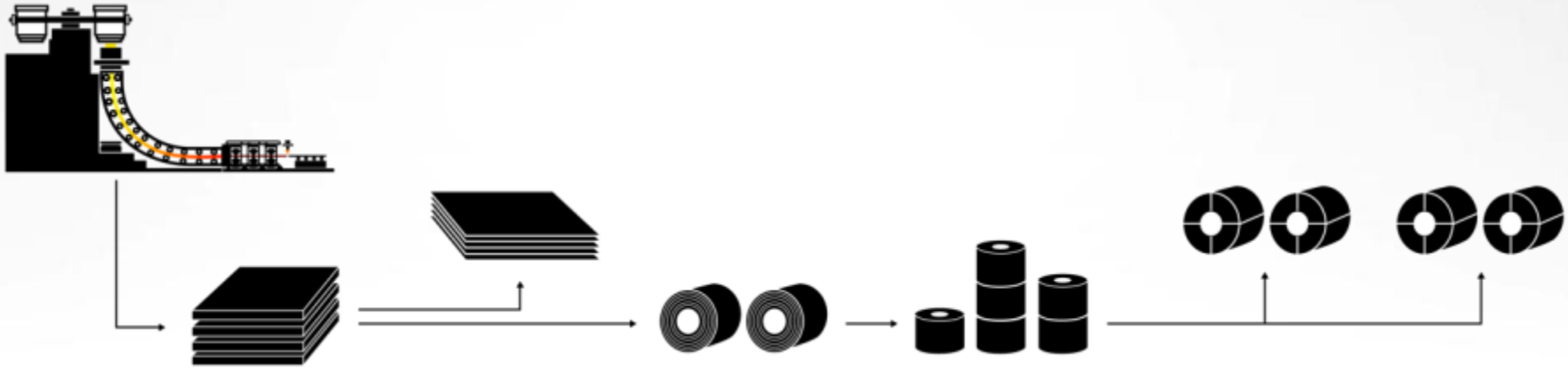




Flat Steel Production

Thousand tons

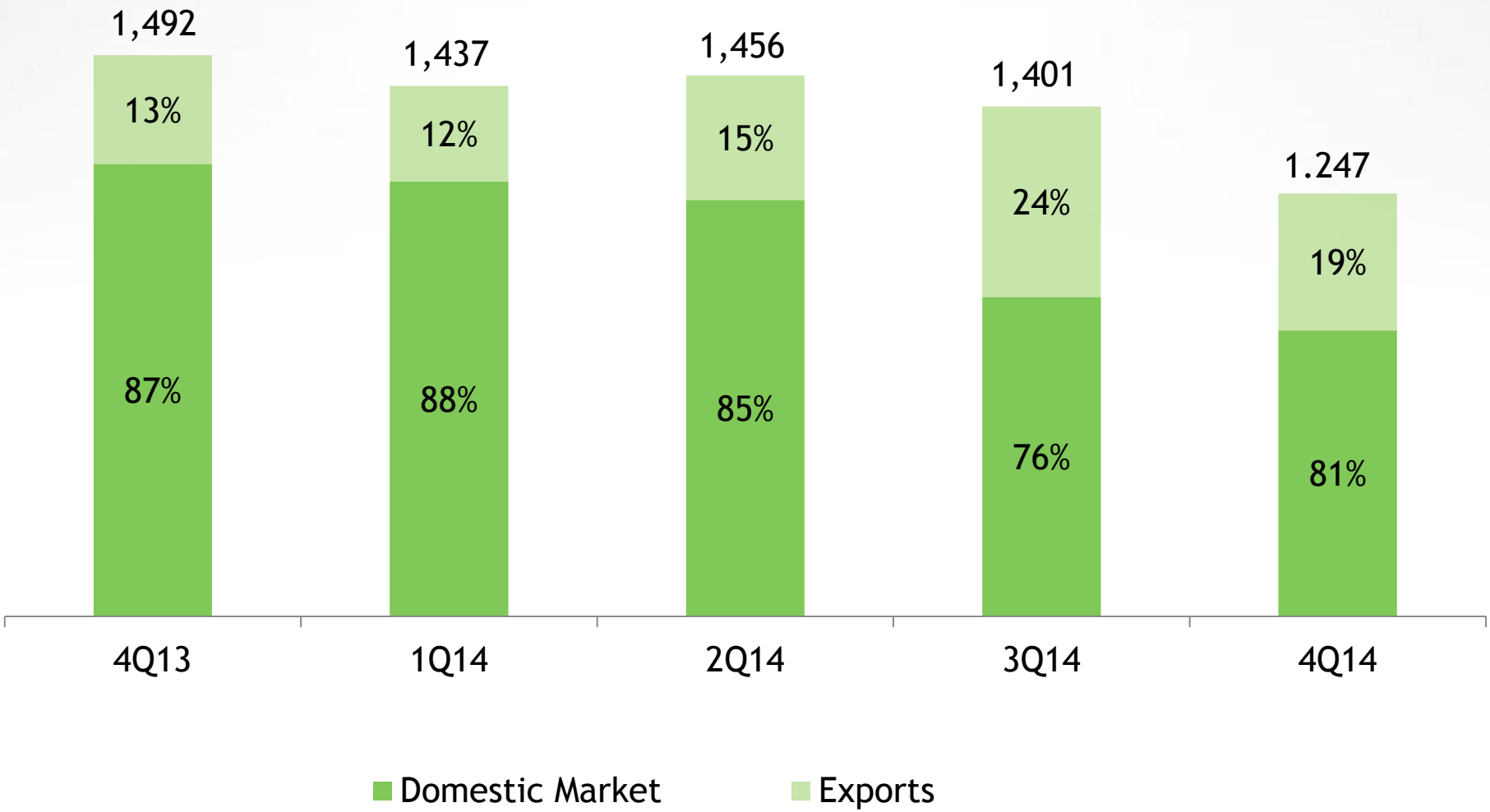
Nominal capacity: 9.5 million / year



					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	4,400	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

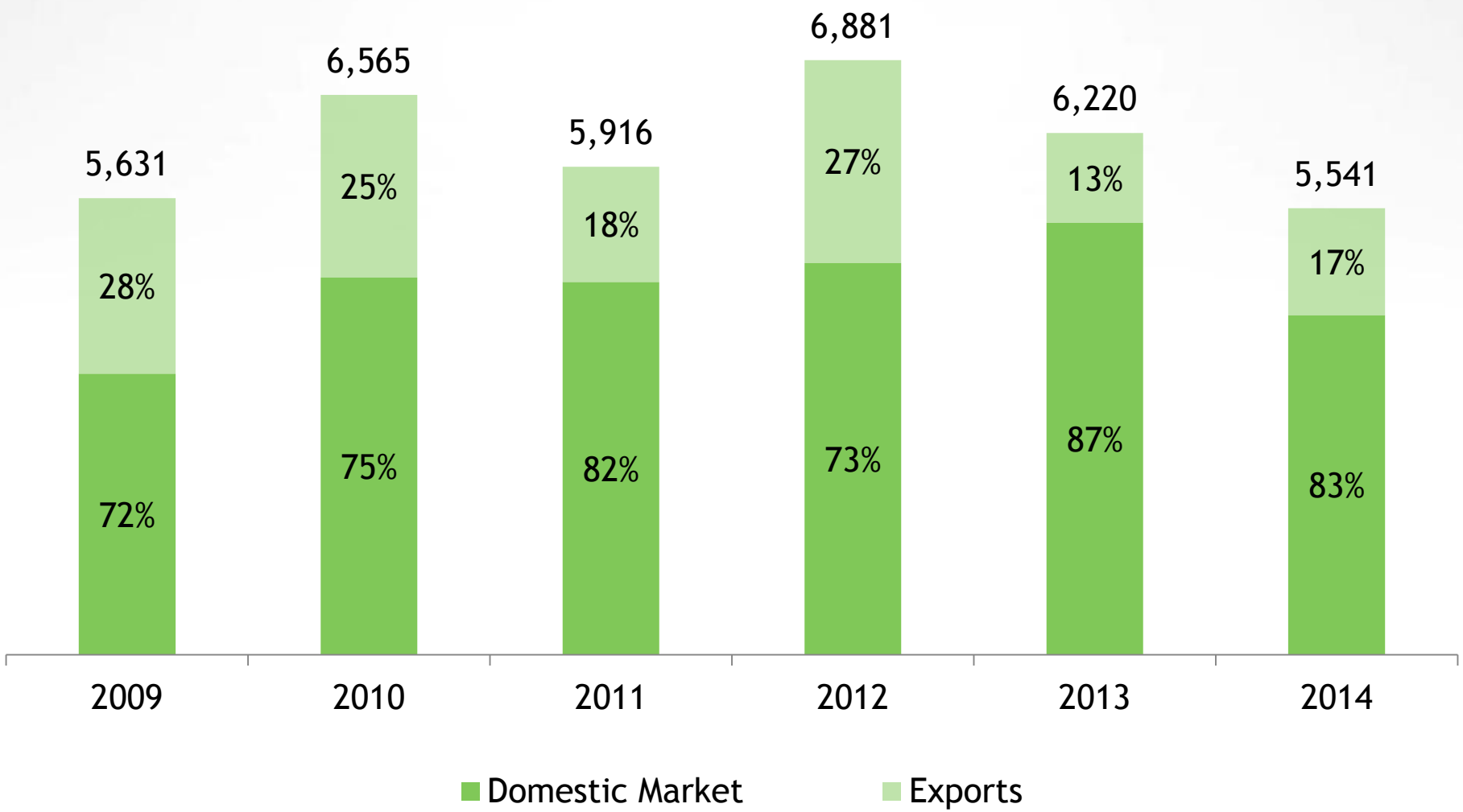
Sales Volume

Steel Business Unit - Thousand tons



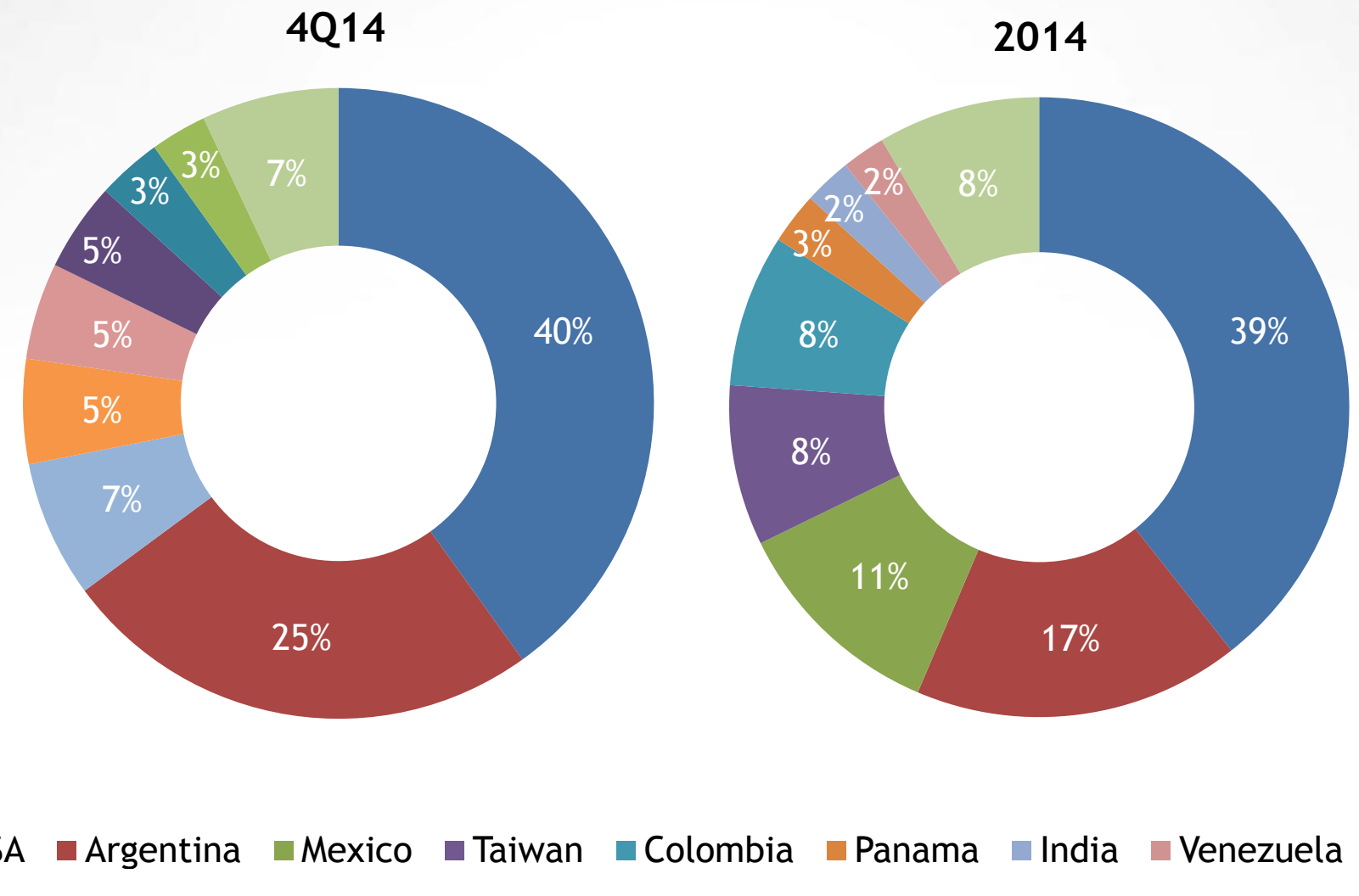
Sales Volume

Steel Business Unit - Thousand tons



Exports - Main Markets

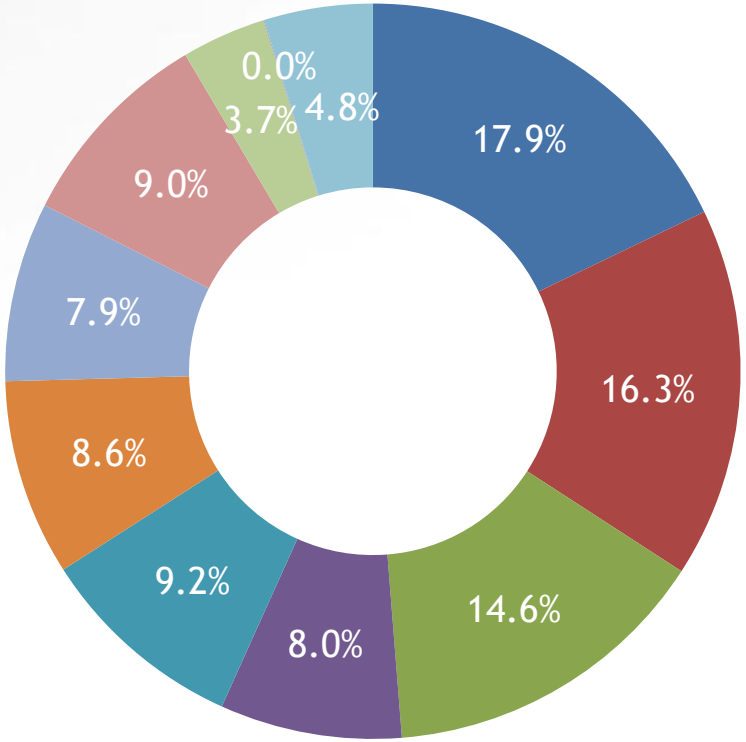
Steel Business Unit



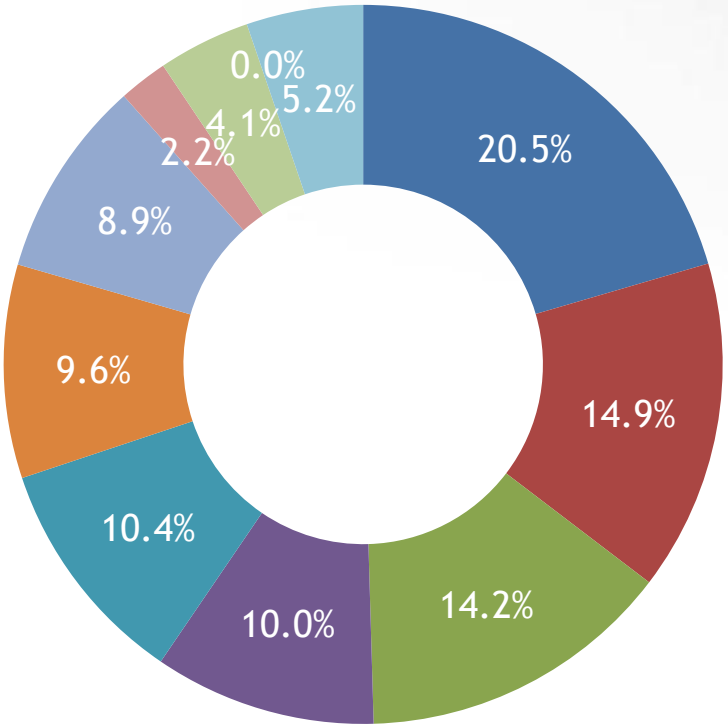
COGS

Steel Business Unit

3Q14



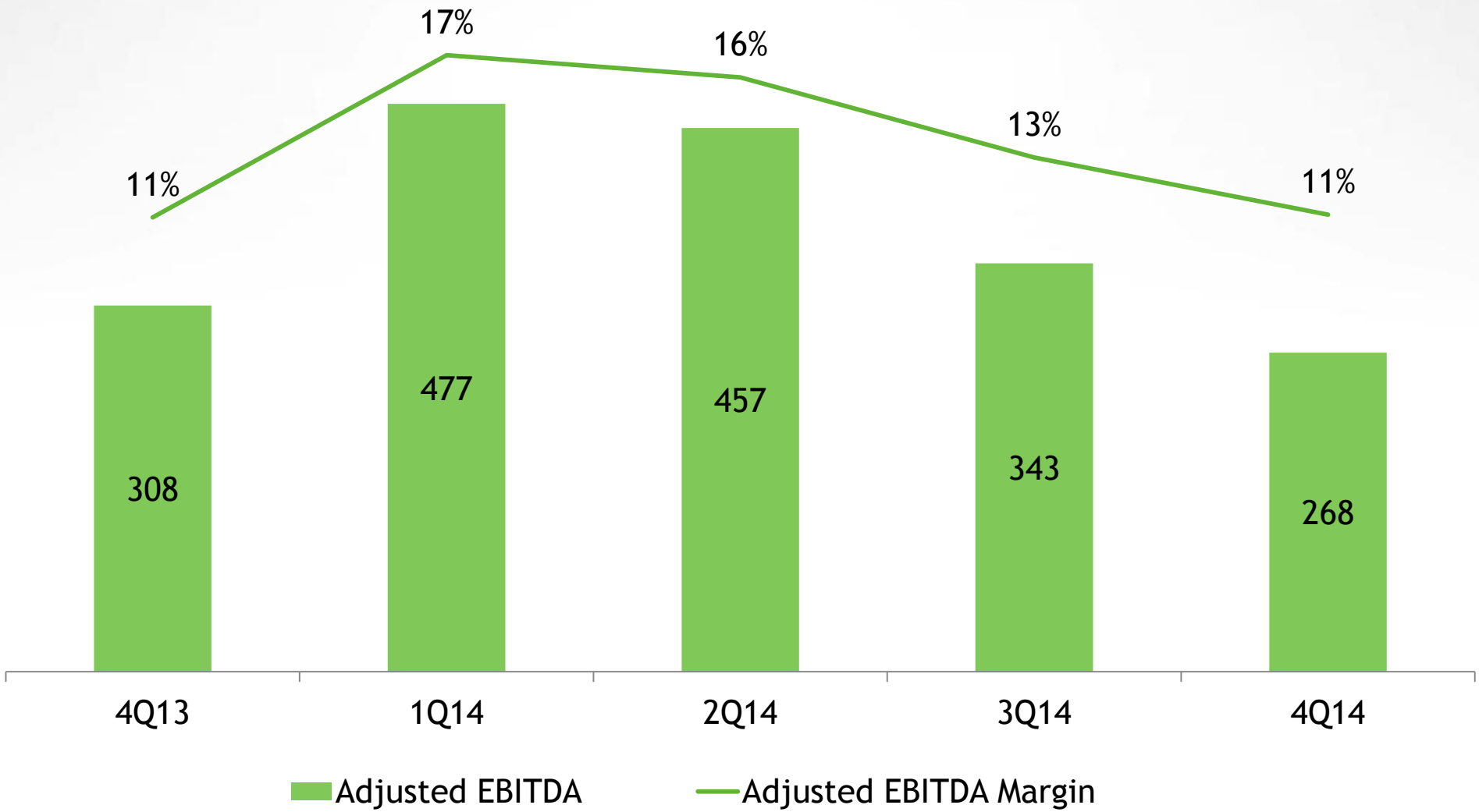
4Q14



- Labor (direct and indirect)
- Iron Ore and Pellets
- Coal and Coke
- Others Raw Materials
- Energy and Fuels
- Spare Parts
- Depreciation
- Inventories Variation
- Structural Expenses
- Productivity Project
- Others

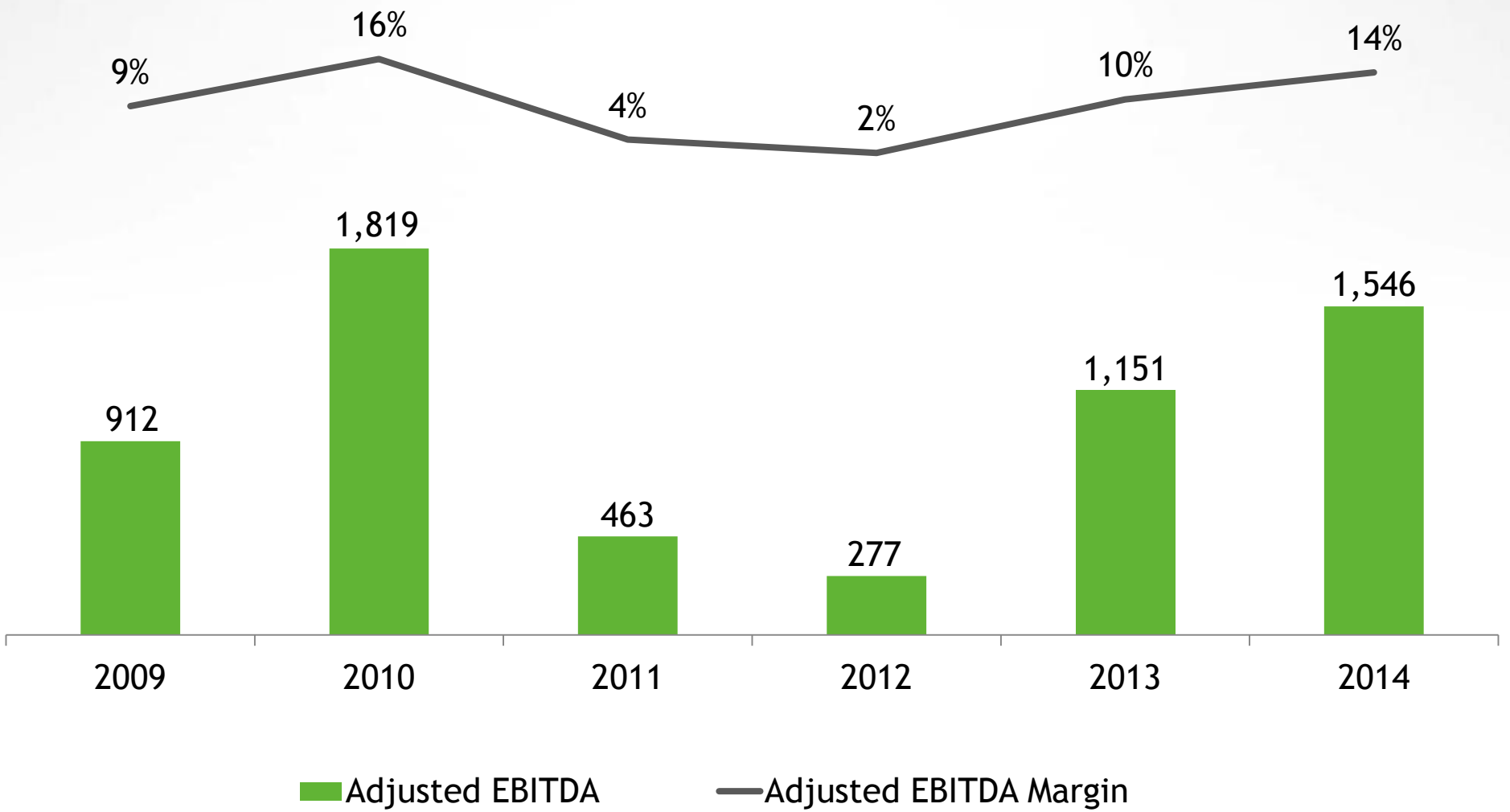
Adjusted EBITDA and EBITDA Margin

Steel Business Unit - R$ Million



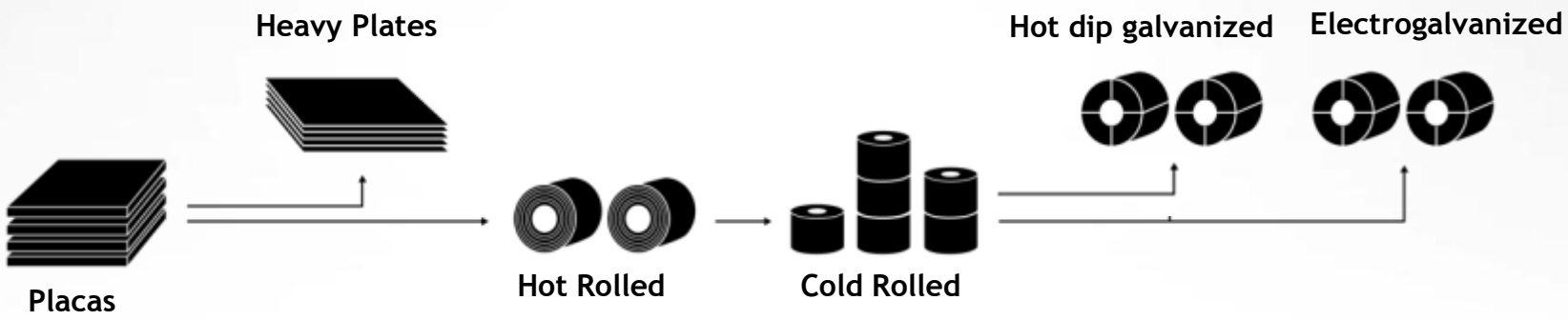
Adjusted EBITDA and EBITDA Margin

Steel Business Unit - R$ Million



Investments

Steel Business Unit



Capacity increase to generate finished products

7.2 m t (2010) → **9.7 m t** (2014)

Investments

Steel Business Unit

CLC Technology (Accelerated Cooling Process for Heavy Plates)



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

New Galvanizing Line

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



Investments

Steel Business Unit

New 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)

New 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

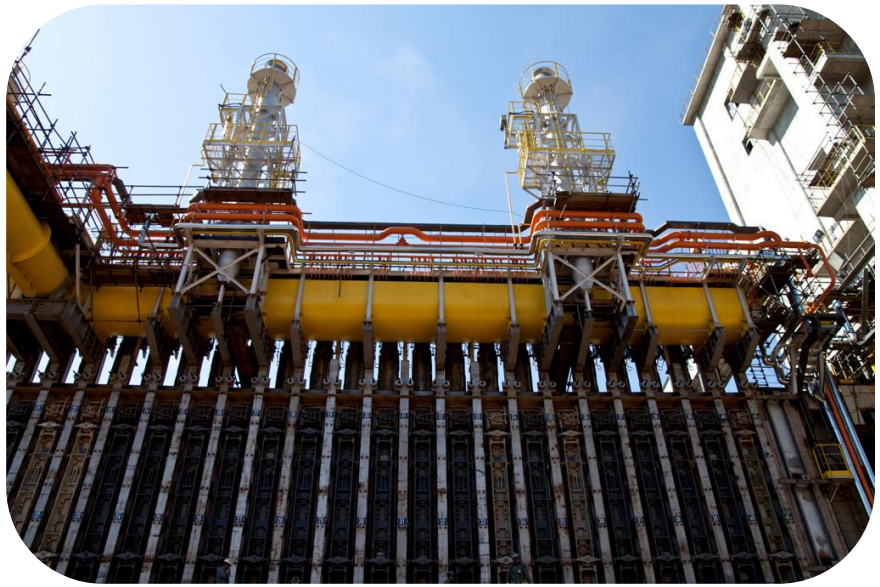


Investments in progress

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
- Start up scheduled for the 2Q15

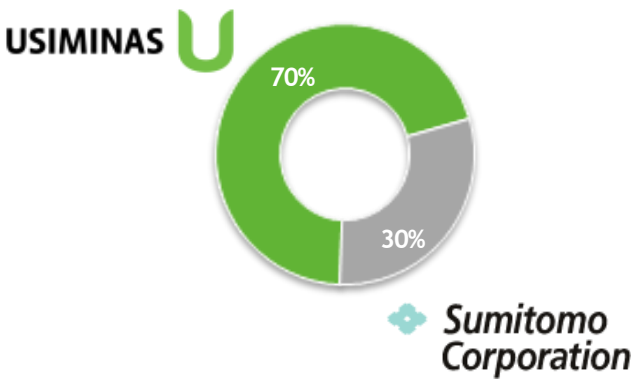


Description

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

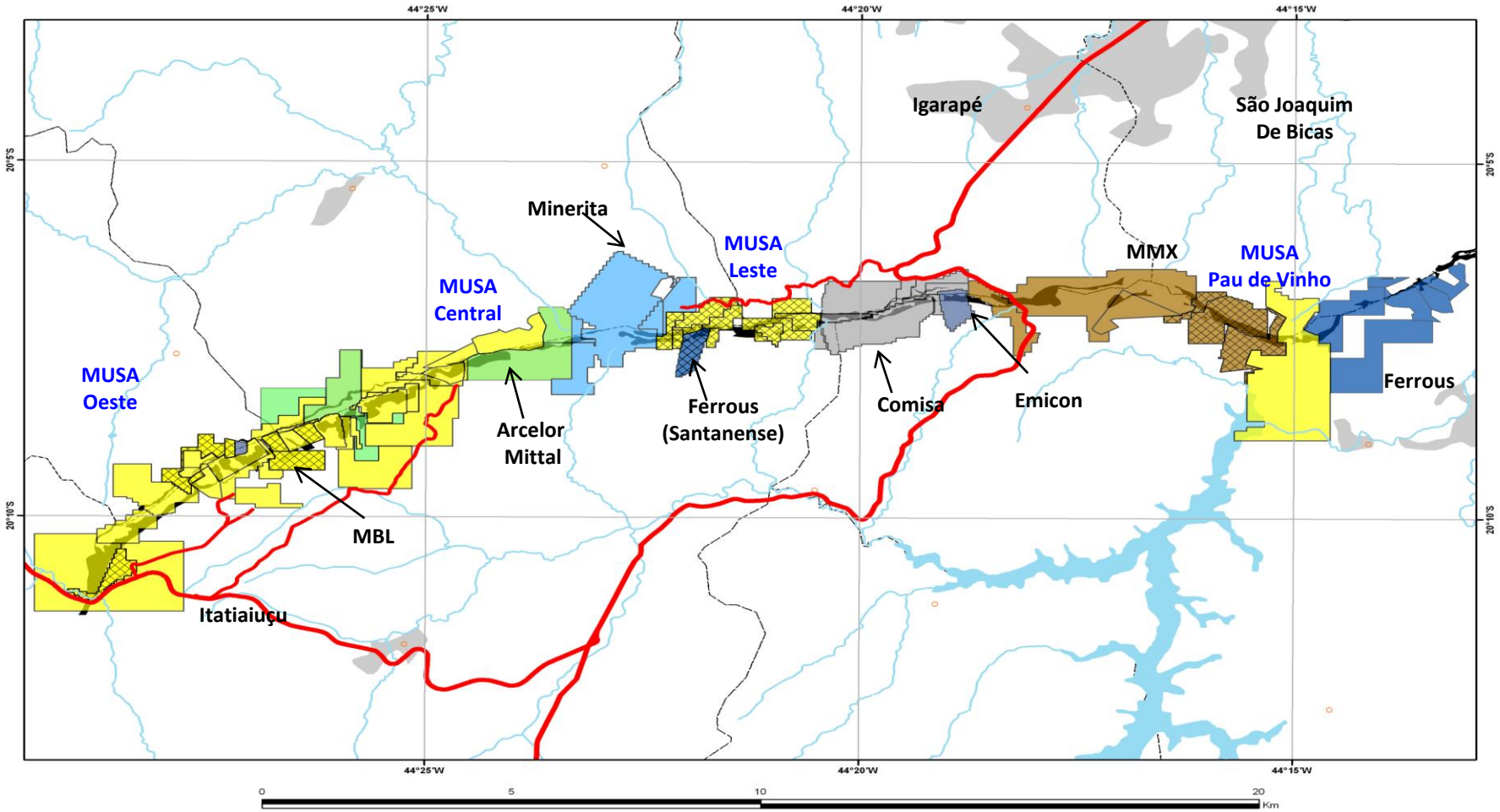


Production Capacity

Lump 2 million
Sinter Feed 4 million
Pellet Feed 6 million

Location

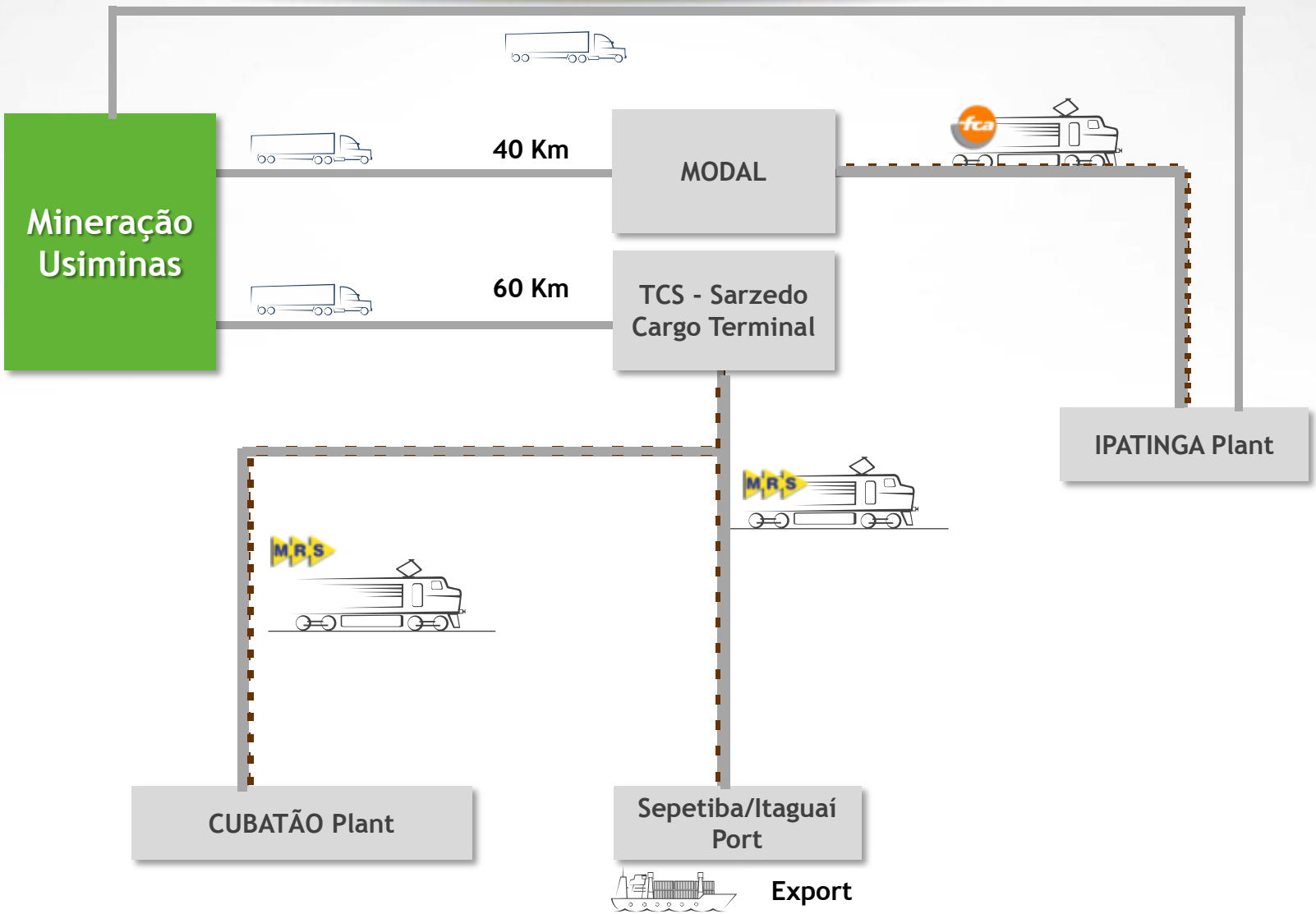
Mining Business Unit



Mineração Usiminas

Logistics

Mining Business Unit



Retroarea in Itaguai Port

Mining Business Unit



Investments

Mining Business Unit

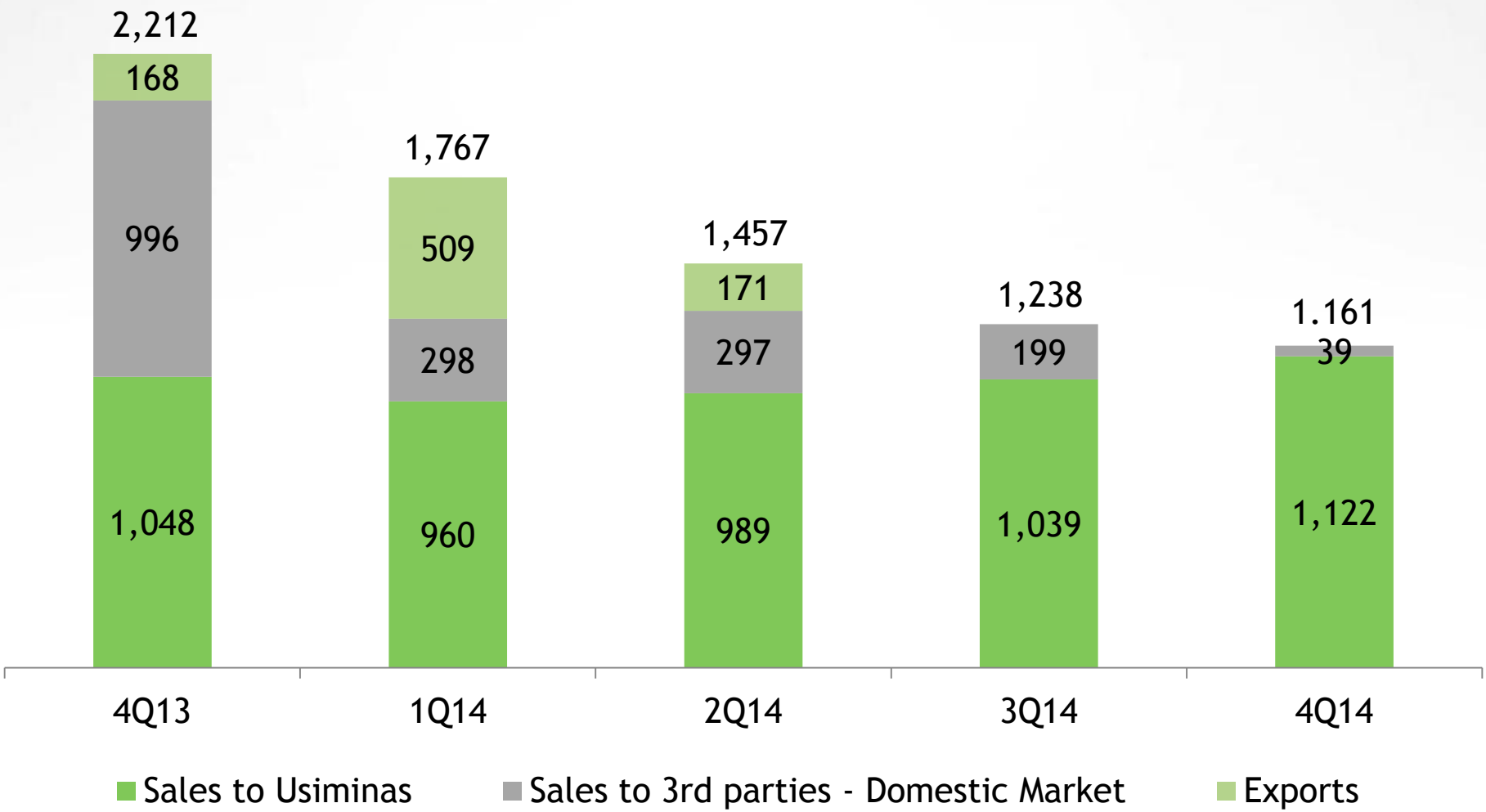
Friables Project

- ✓ Increased capacity from 8 million to 12 million tons / year of iron ore
- ✓ Iron ore with better quality, higher concentration of iron content and lower impurity level
- ✓ Two iron ore processing plants



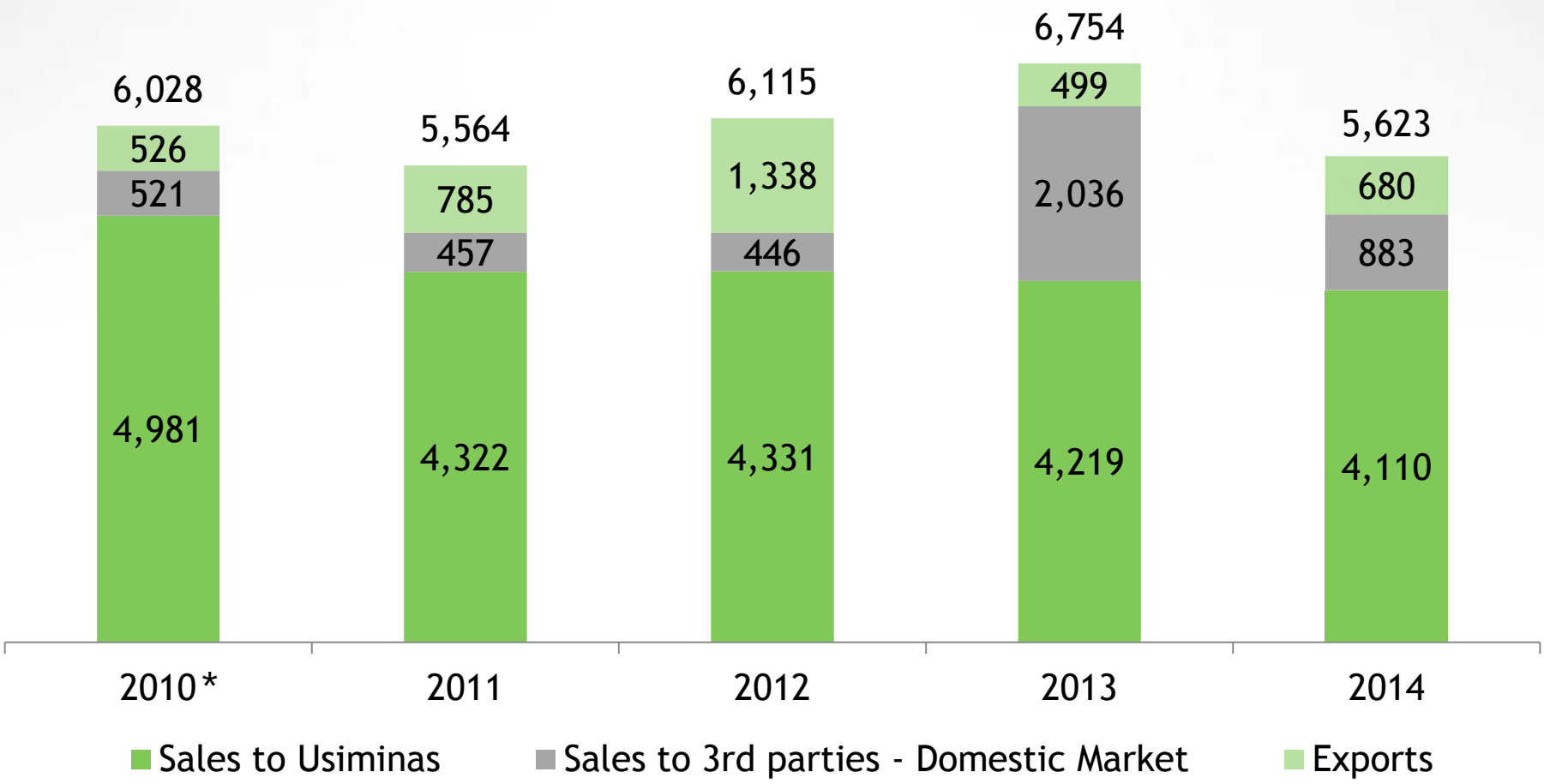
Sales Volume

Mining Business Unit - Thousand tons



Sales Volume

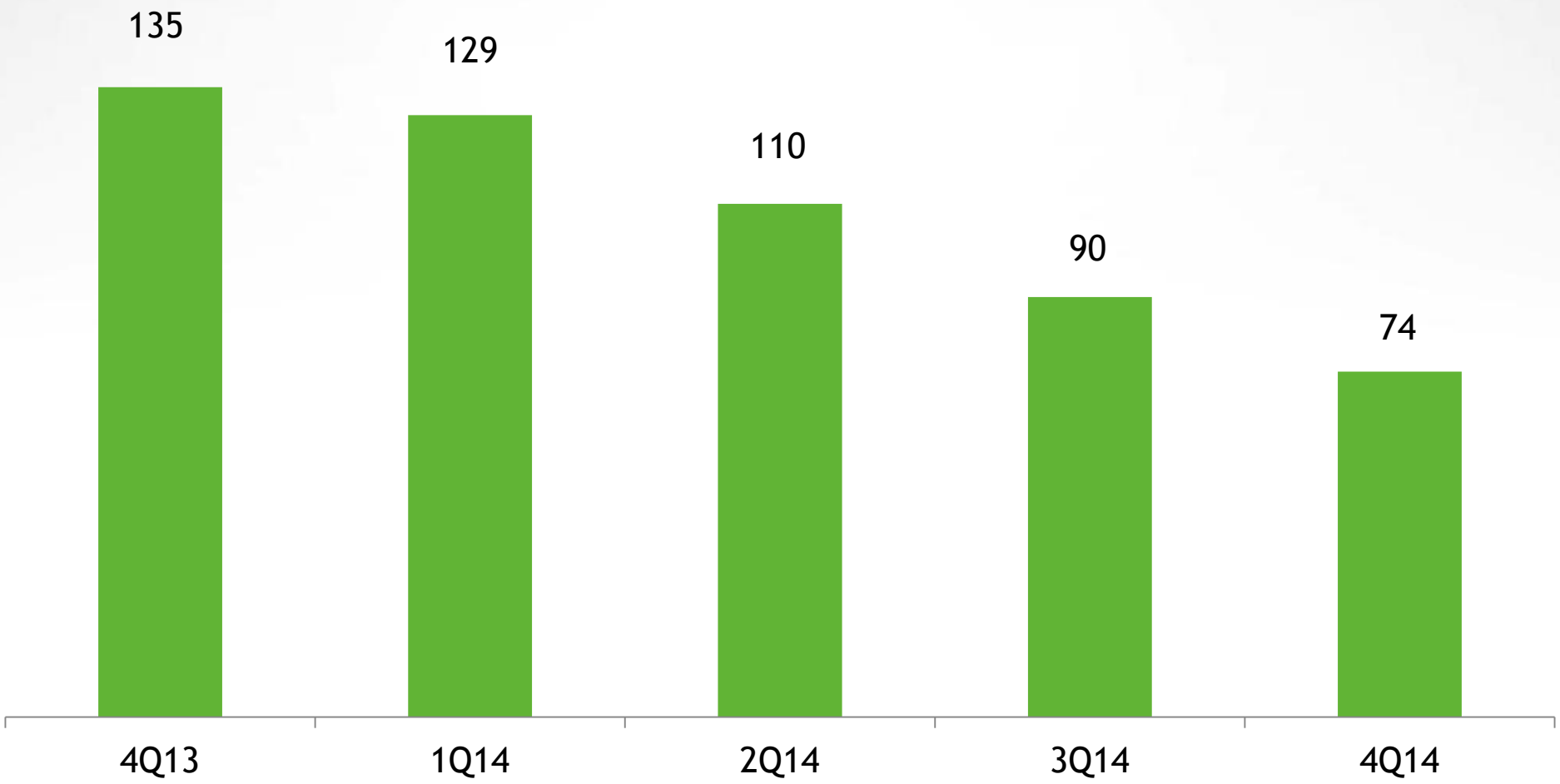
Mining Business Unit - Thousand tons



* Note: Year that Mineração Usiminas was created

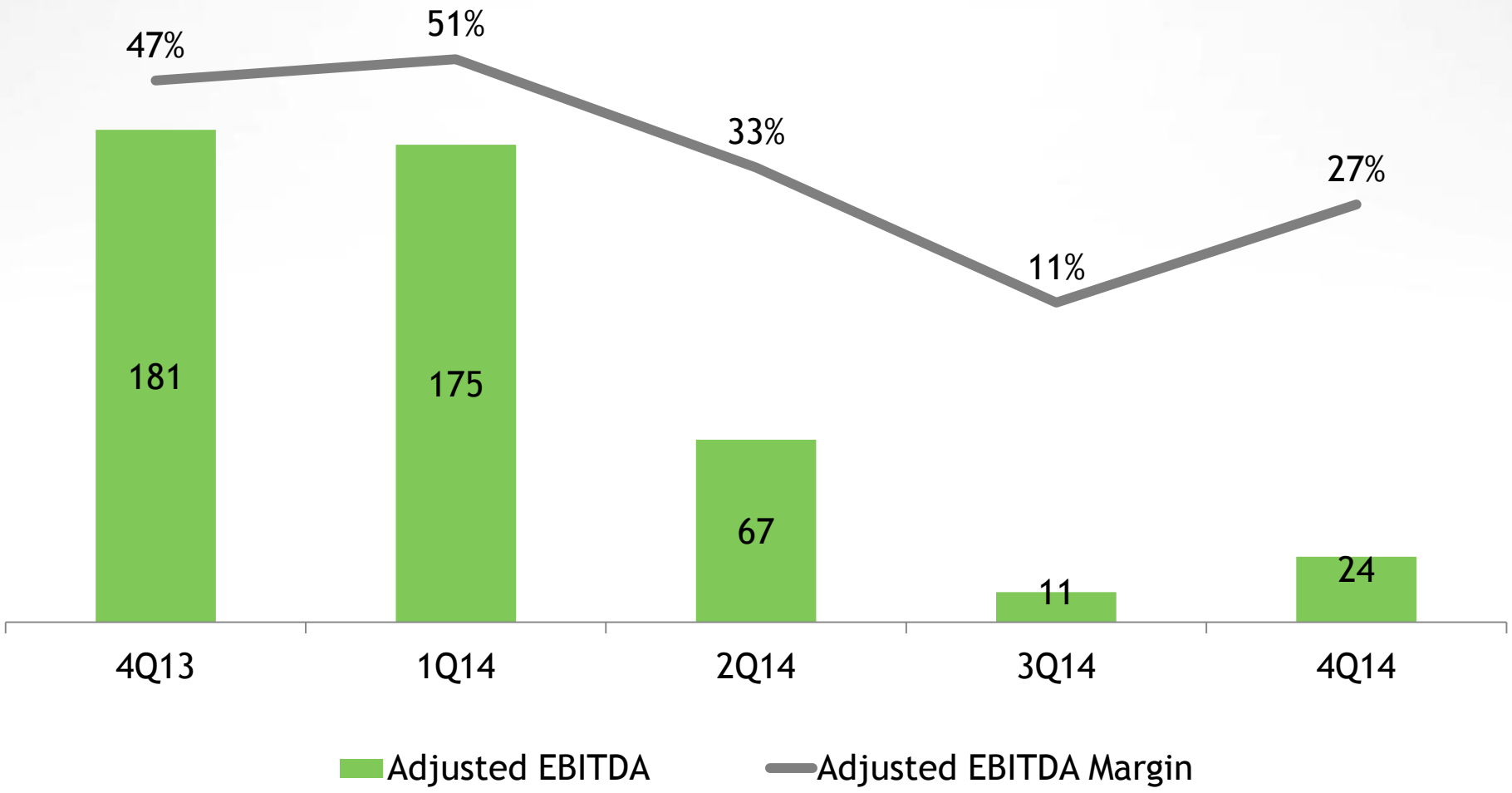
Iron Ore Price - Platts 62% Fe CFR China

US$/ton



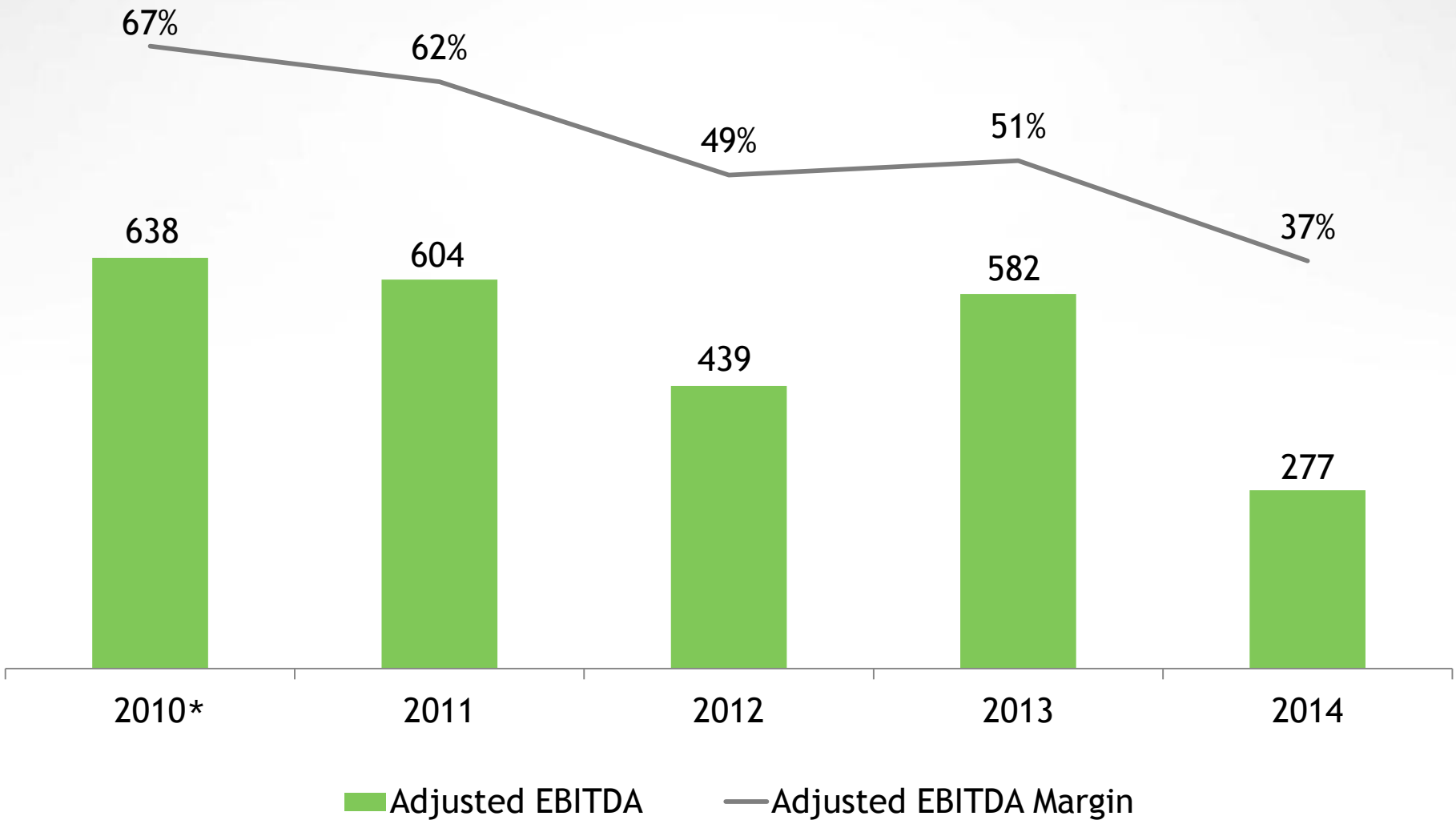
Adjusted EBITDA and EBITDA Margin

Mining Business Unit - R$ million



Adjusted EBITDA and EBITDA Margin

Mining Business Unit - R$ million

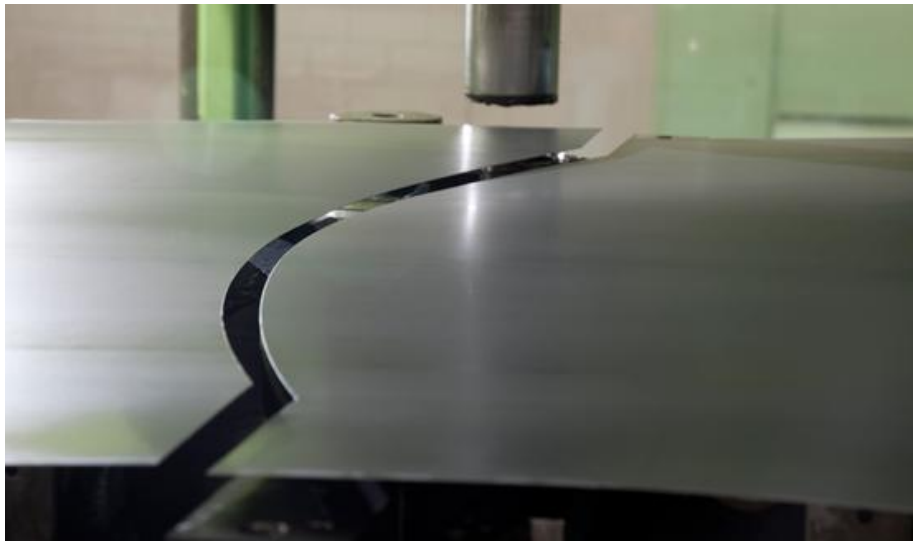


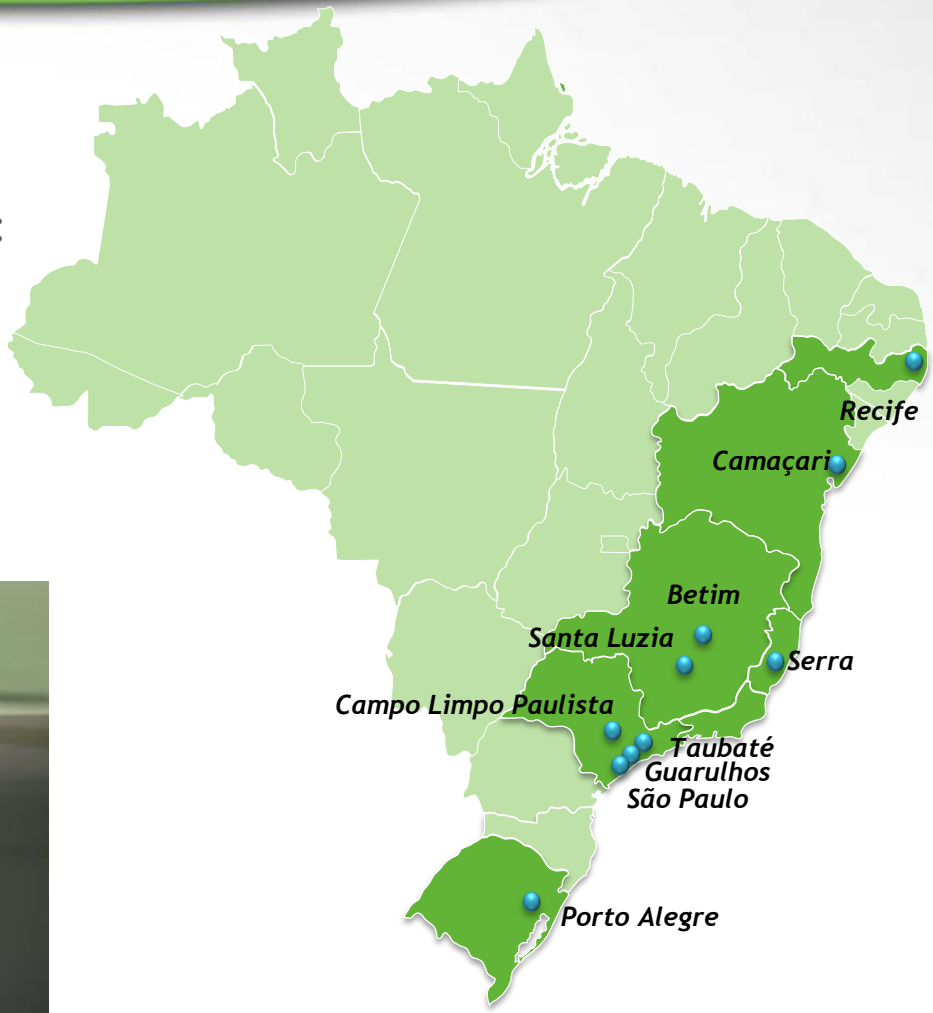
* Note: Year that Mineração Usiminas was created

Description

Soluções Usiminas - Steel Processing

- 9 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$2,3 billion in 2014





Description

Usiminas Mecânica - Capital Goods

- Facilities in Ipatinga/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$794 million in 2014



Steel Structure



Brasília 3rd Bridge

Agenda

Usiminas Profile



Market Data



Usiminas and its business units

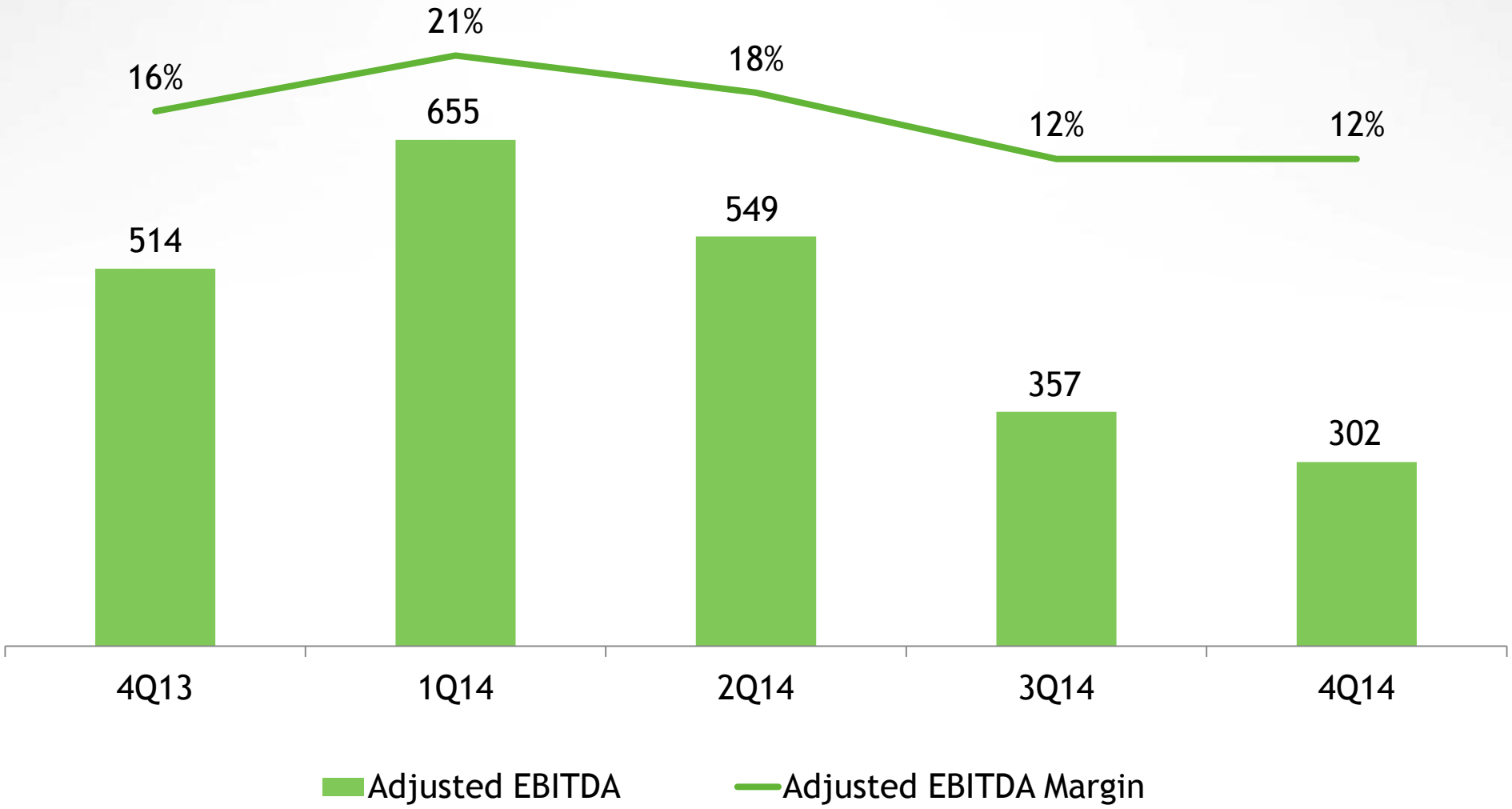


Financial Results



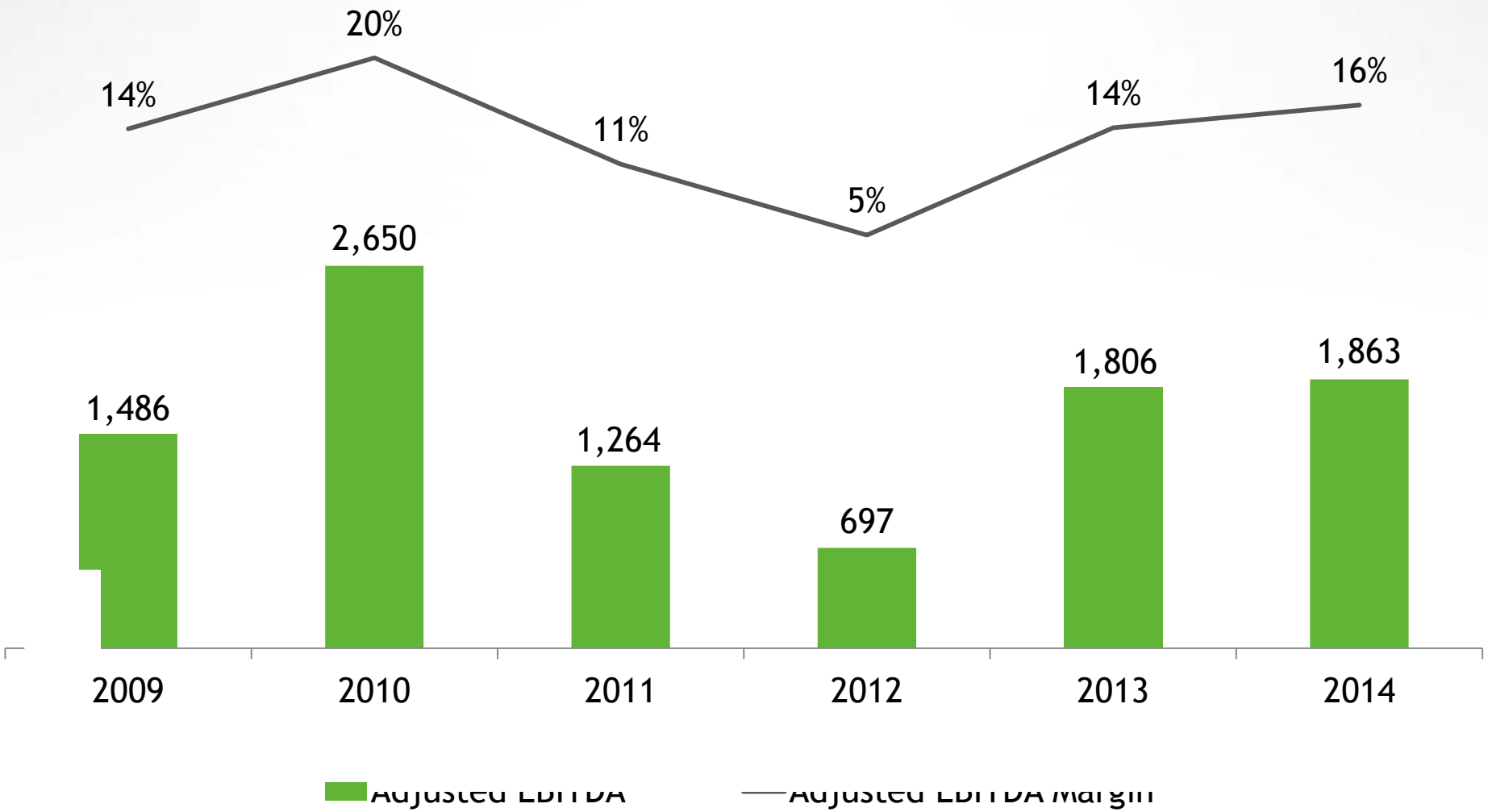
Adjusted EBITDA and EBITDA Margin

Consolidated - R$ million



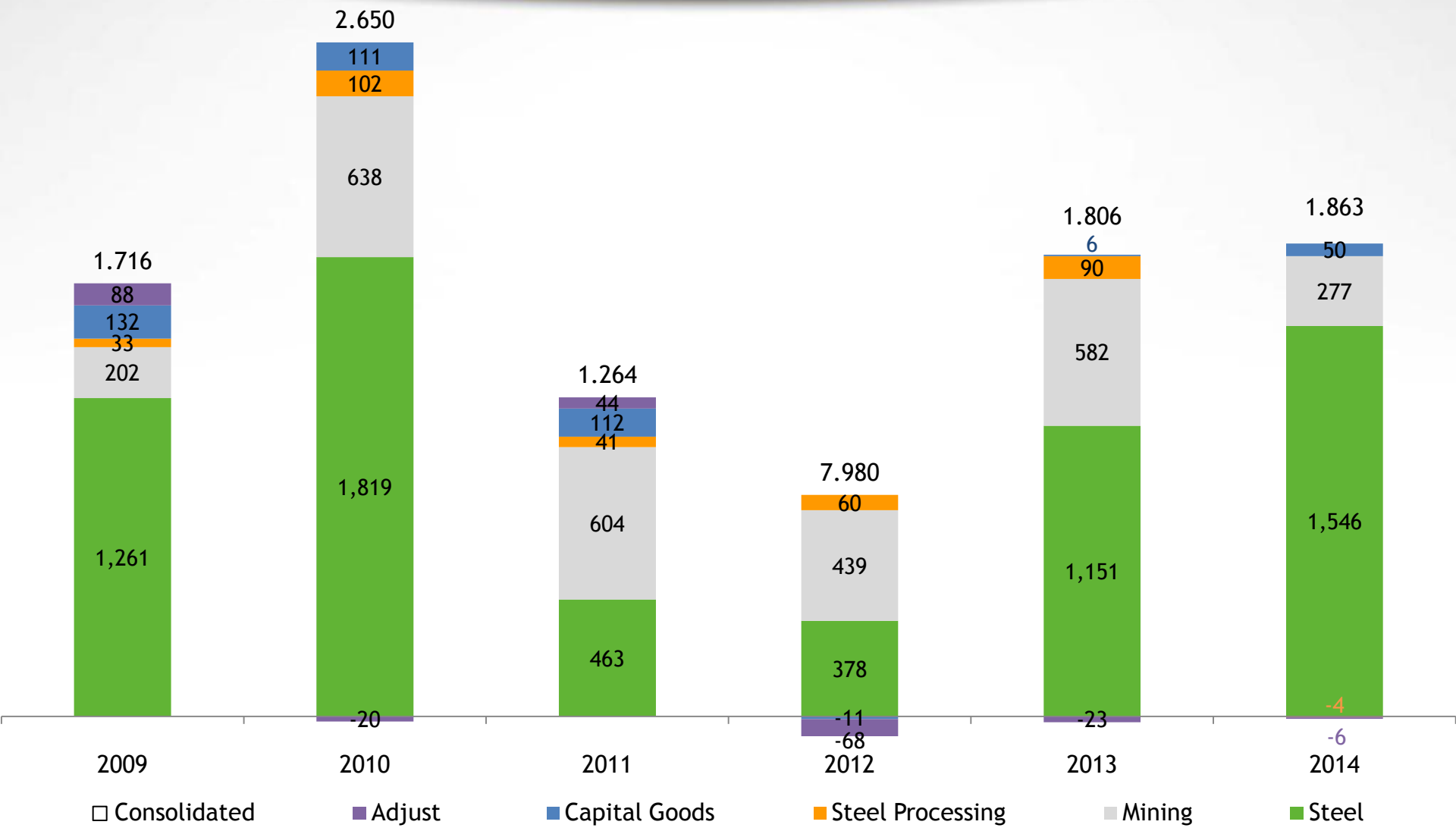
Adjusted EBITDA and EBITDA Margin

Consolidated - R$ million



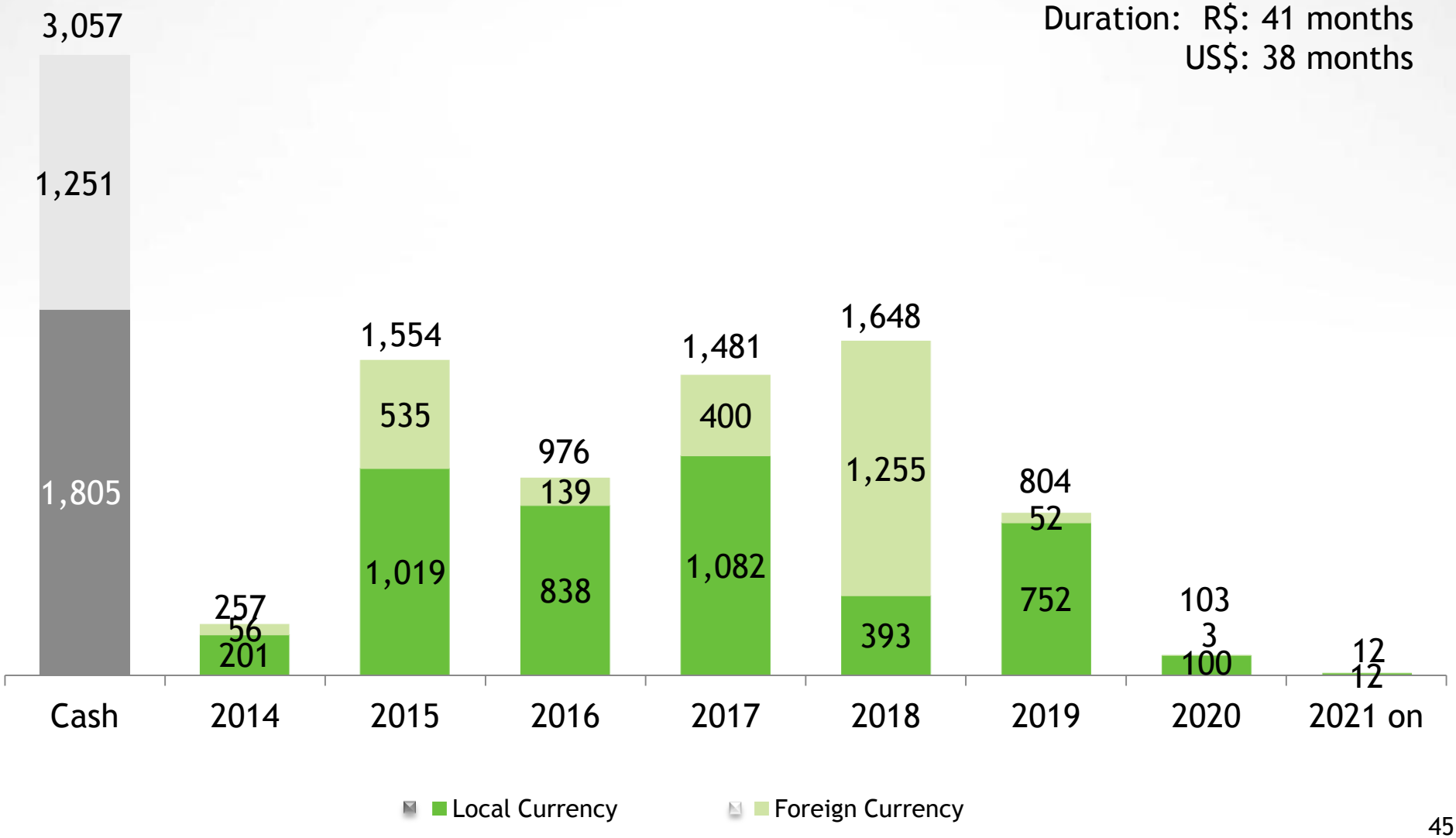
Adjusted EBITDA and EBITDA Margin

Business Units - R$ million



Cash Position and Debt Profile

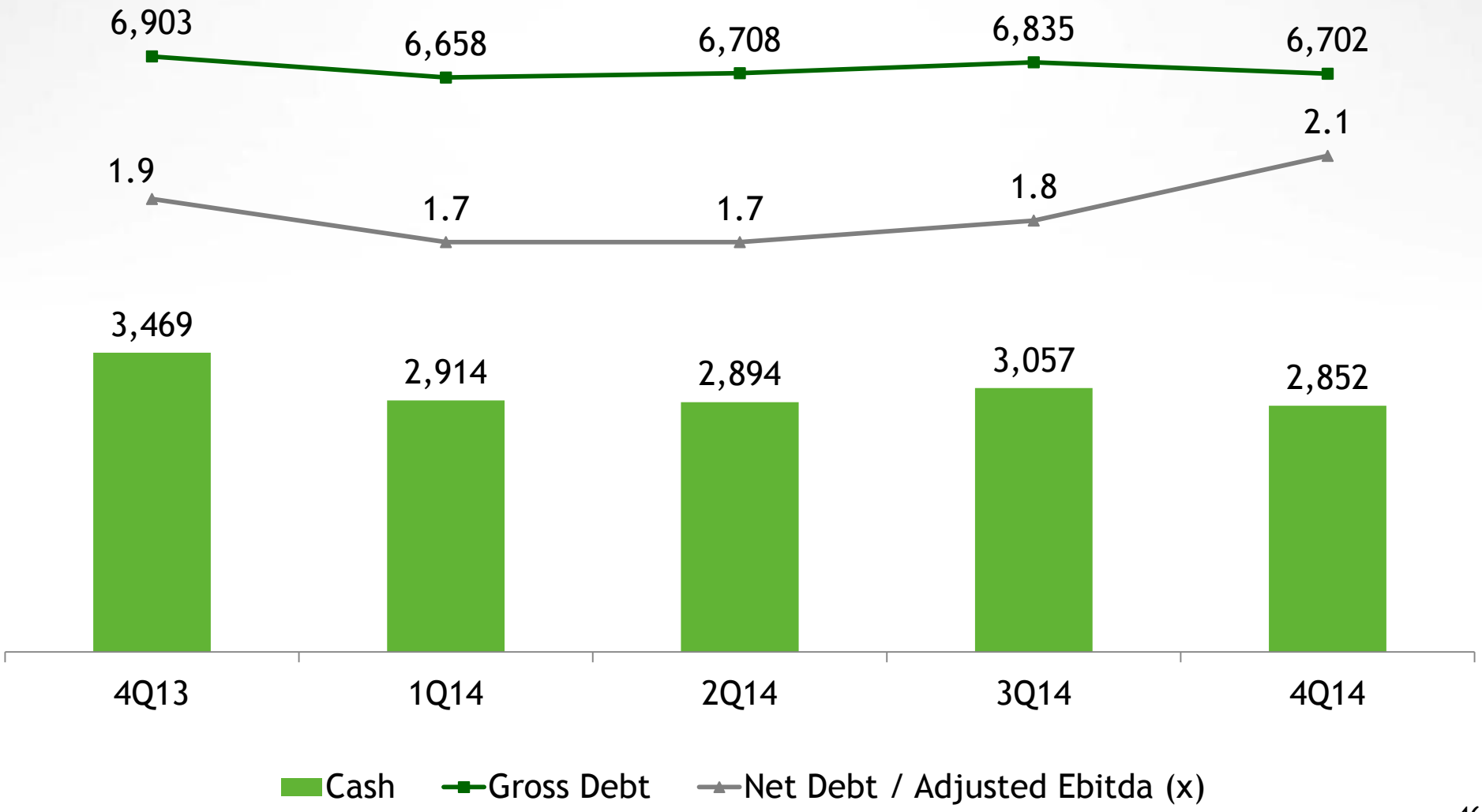
Consolidated - R$ million



Duration: R$: 41 months
US$: 38 months

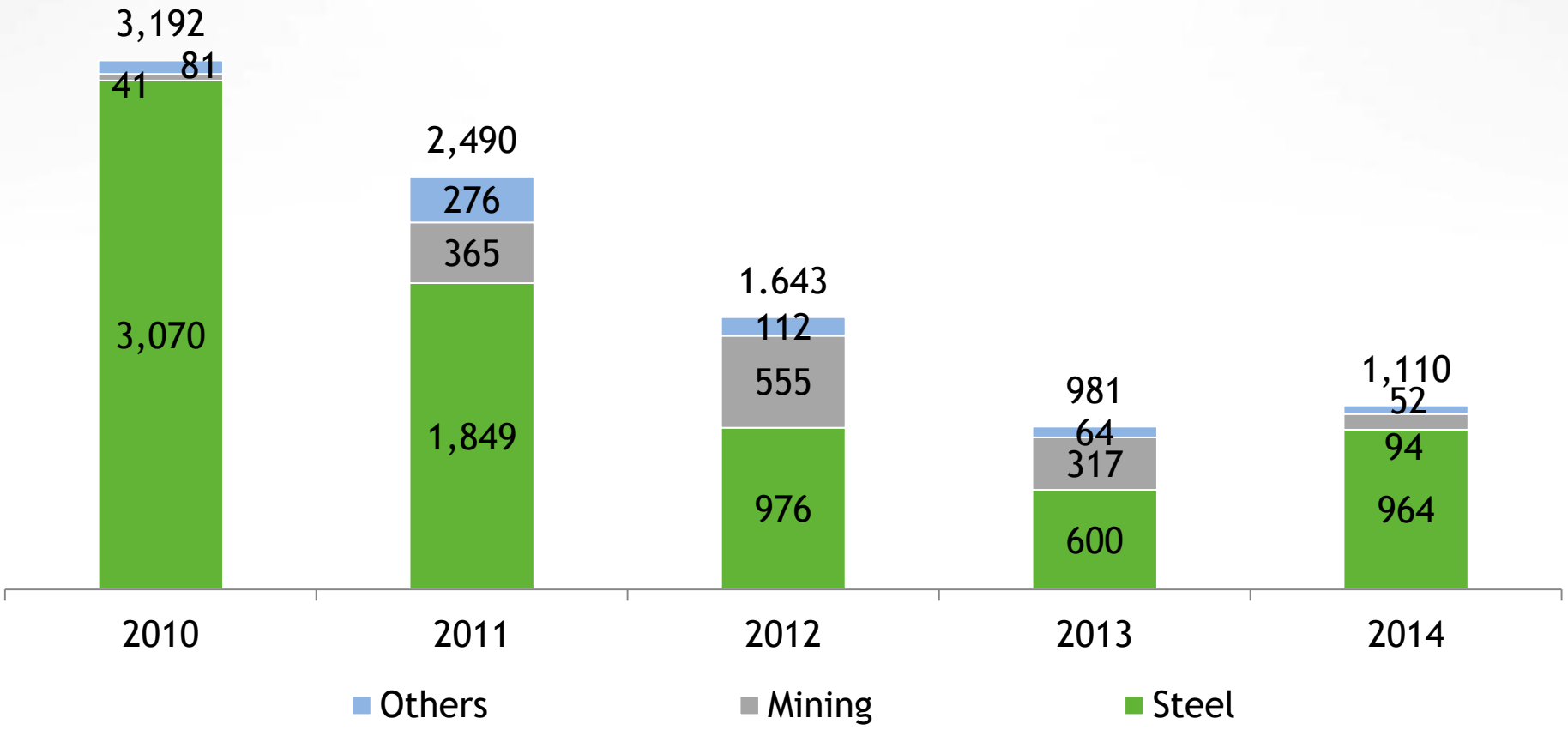
Cash and Indebtedness

Consolidated - R$ million



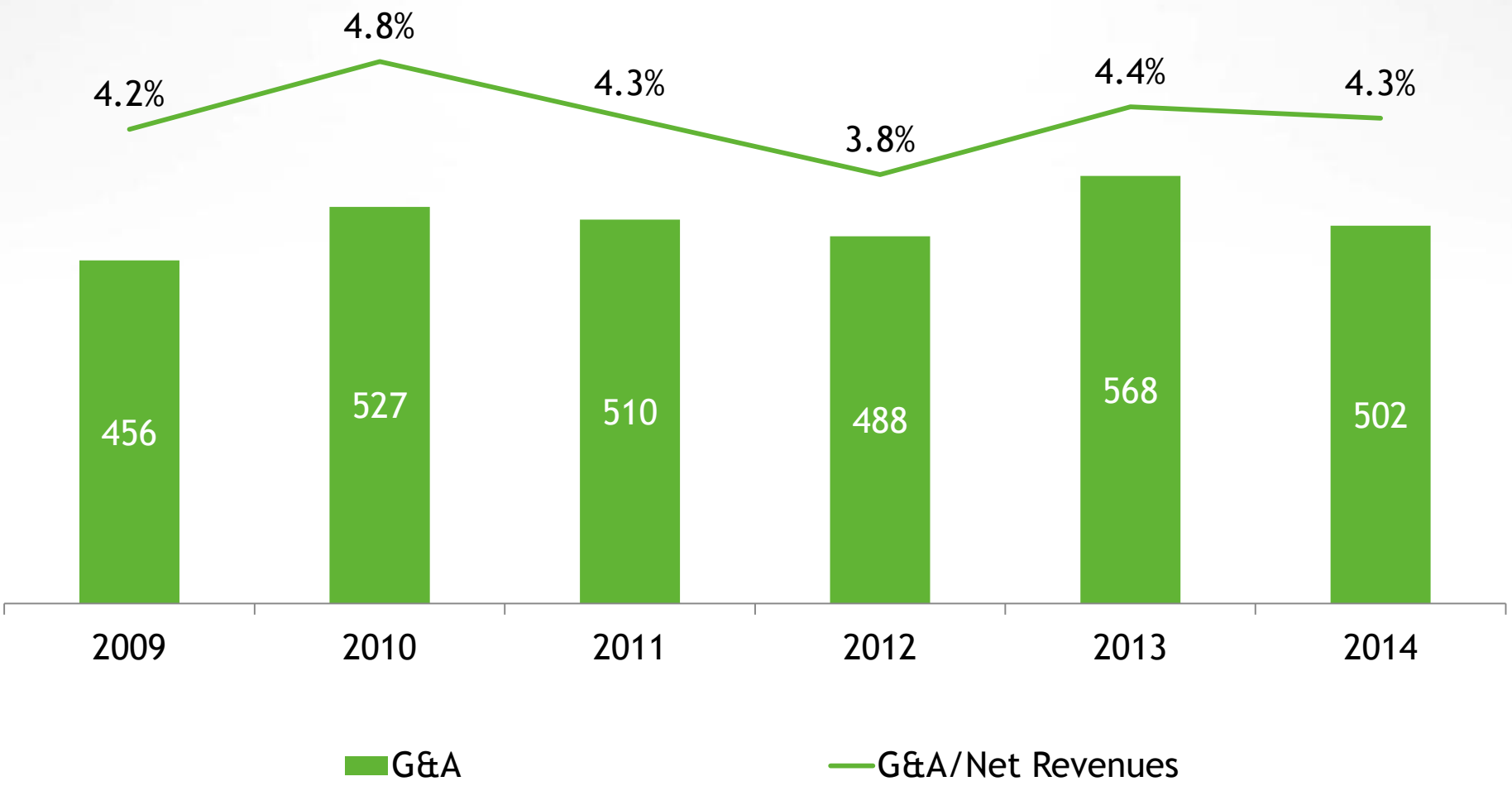
Capex

Consolidated - R$ million



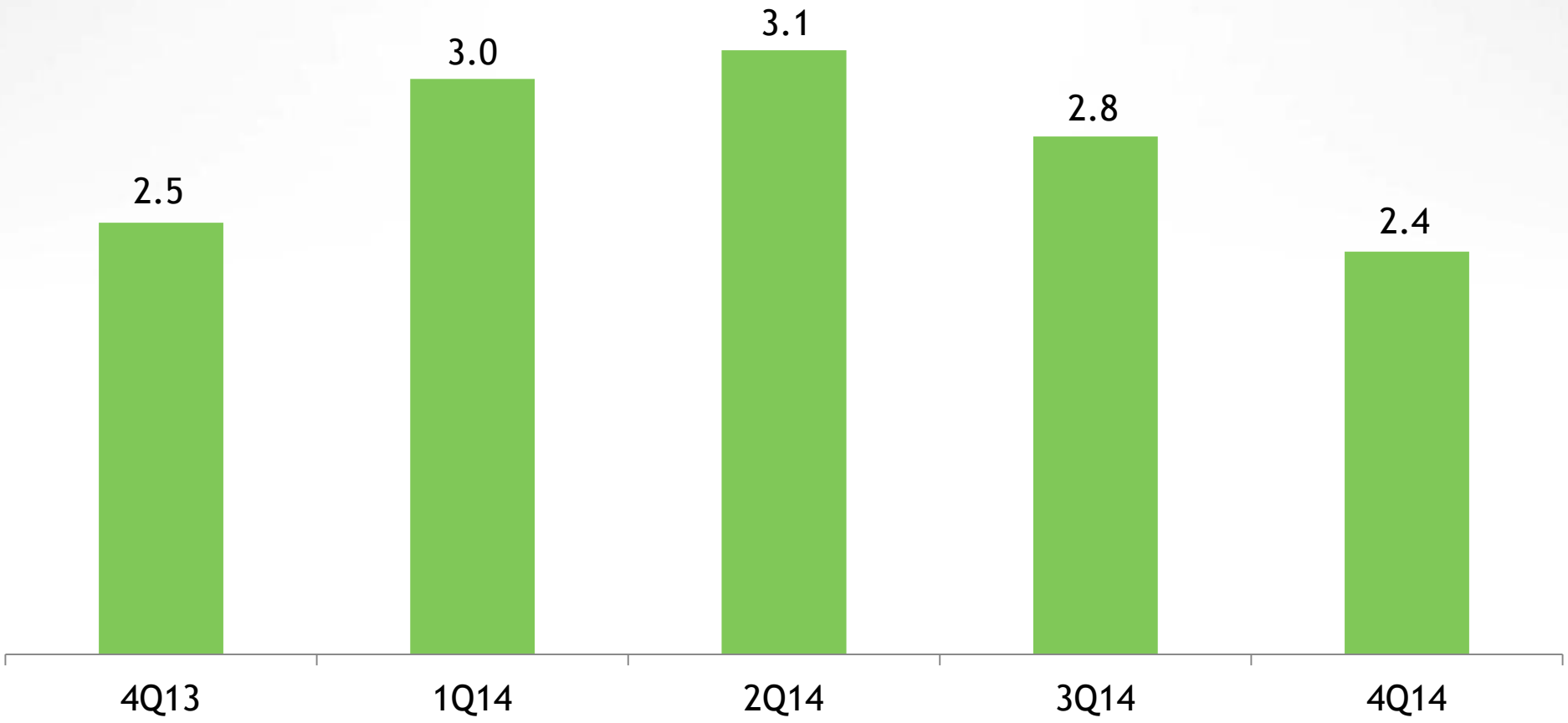
G&A Evolution - Consolidated

R$ million



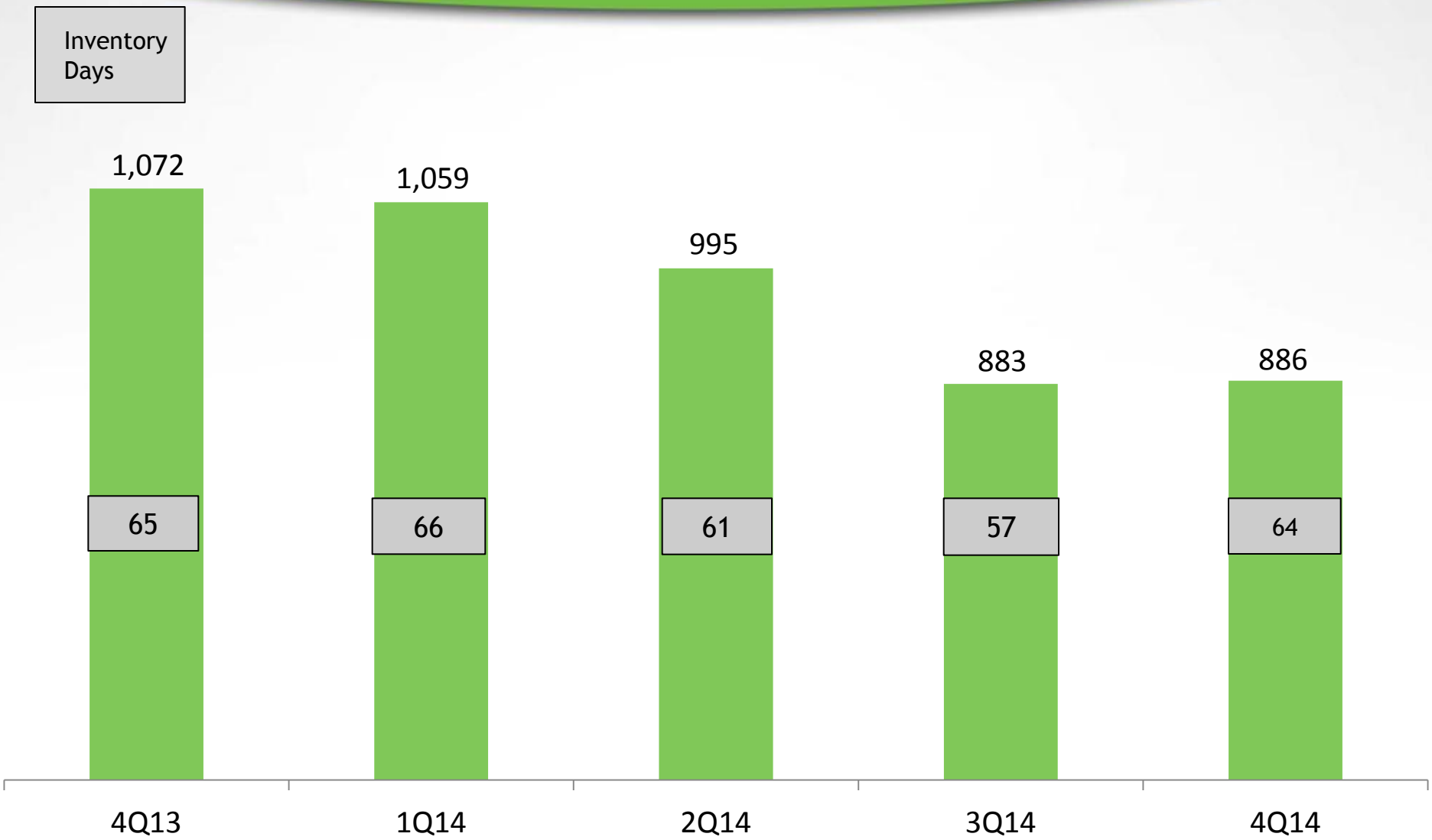
Working Capital

Consolidated - R$ billion



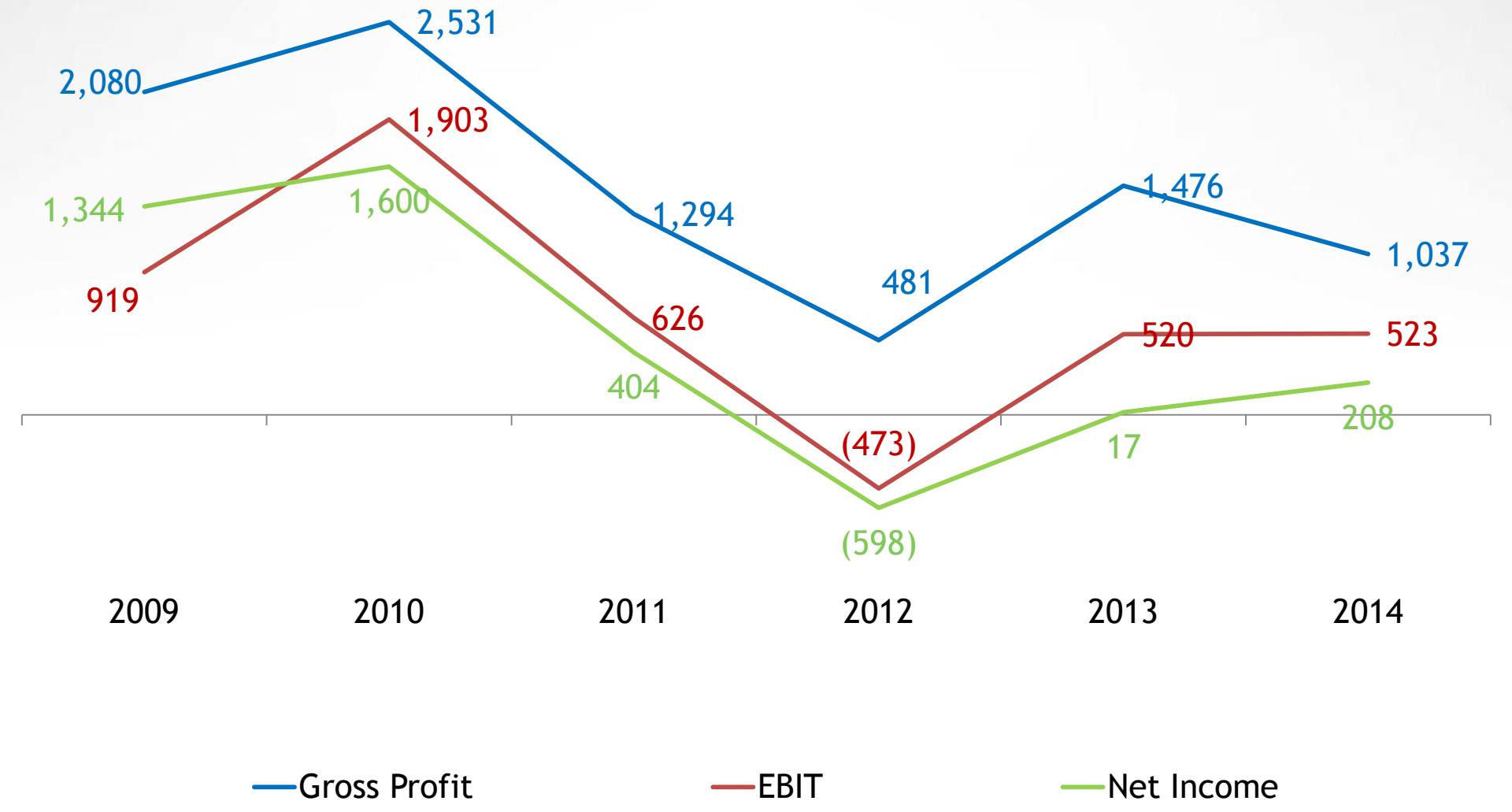
Working Capital – Steel Inventories

Consolidated - Thousand tons



Gross Profit, EBIT and Net Income

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		Adjustment		Consolidated	
	4Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14	3Q14
Net Revenue	87	107	2,457	2,677	574	609	190	214	(723)	(699)	2,585	2,908
Domestic Market	87	117	2,033	2,153	573	608	190	214	(723)	(699)	2,160	2,392
Exports	-	(9)	424	524	1	1	-	0	-	-	425	515
COGS	(100)	(119)	(2,364)	(2,535)	(573)	(599)	(176)	(193)	685	663	(2,527)	(2,783)
Gross Profit (Loss)	(12)	(11)	93	142	1	10	14	21	(38)	(37)	58	125
Operating Income (Expenses)	(4)	(12)	(66)	(36)	(17)	(33)	(16)	(16)	2	1	(101)	(96)
EBIT	(16)	(23)	27	106	(16)	(23)	(2)	6	(36)	(36)	(43)	29
Adjusted EBITDA	**24**	**11**	**268**	**343**	**(6)**	**(13)**	**5**	**12**	**11**	**3**	**302**	**357**
Adj.EBITDA Margin	**27%**	**11%**	**11%**	**13%**	**-1%**	**-2%**	**2%**	**5%**	**-**	**-**	**12%**	**12%**

*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 - Annual

R$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net Revenue	743	1,136	10,929	11,336	2,341	2,464	794	972	(3,065)	(3,079)	11,742	12,829
Domestic Market	617	1,024	9,327	10,185	2,333	2,443	786	960	(3,065)	(3,079)	9,998	11,533
Export Market	126	112	1,602	1,151	8	21	8	12	-	-	1,744	1,296
COGS	(503)	(503)	(10,076)	(10,570)	(2,271)	(2,229)	(716)	(922)	2,861	2,869	(10,705)	(11,355)
Gross Profit (Loss)	240	633	852	767	70	235	78	51	(204)	(210)	1,037	1,476
Operating Income (Expenses)	(92)	(124)	(260)	(567)	(113)	(198)	(54)	(72)	5	5	(514)	(956)
EBIT	148	509	592	200	(43)	37	25	(21)	(199)	(205)	523	520
Adjusted EBITDA	**277**	**582**	**1,546**	**1,151**	**(4)**	**90**	**50**	**6**	**(6)**	**(23)**	**1,863**	**1,806**
Adj.EBITDA Margin	**37%**	**51%**	**14%**	**10%**	**0%**	**4%**	**6%**	**1%**	**-**	**-**	**16%**	**14%**

*Consolidates 70% of Unigal

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

Cristina Morgan C. Drumond
Head of IR
cristina.drumond@usiminas.com
Phone: 55-31-3499-8772
Fax: 55-31-3499-9357

Leonardo Karam Rosa
IR Manager
leonardo.rosa@usiminas.com
Phone: 55-31-3499.8550

Diogo Dias Gonçalves
IR Manager
diogo.goncalves@usiminas.com
Phone: 55-31-3499-8710

Renata Costa Couto
IR Analyst
r.couto@usiminas.com
Phone: 55-31-3499-8619

www.usiminas.com/ri

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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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