

Usiminas Presentation

2Q11

USIMINAS

Agenda



Market Overview



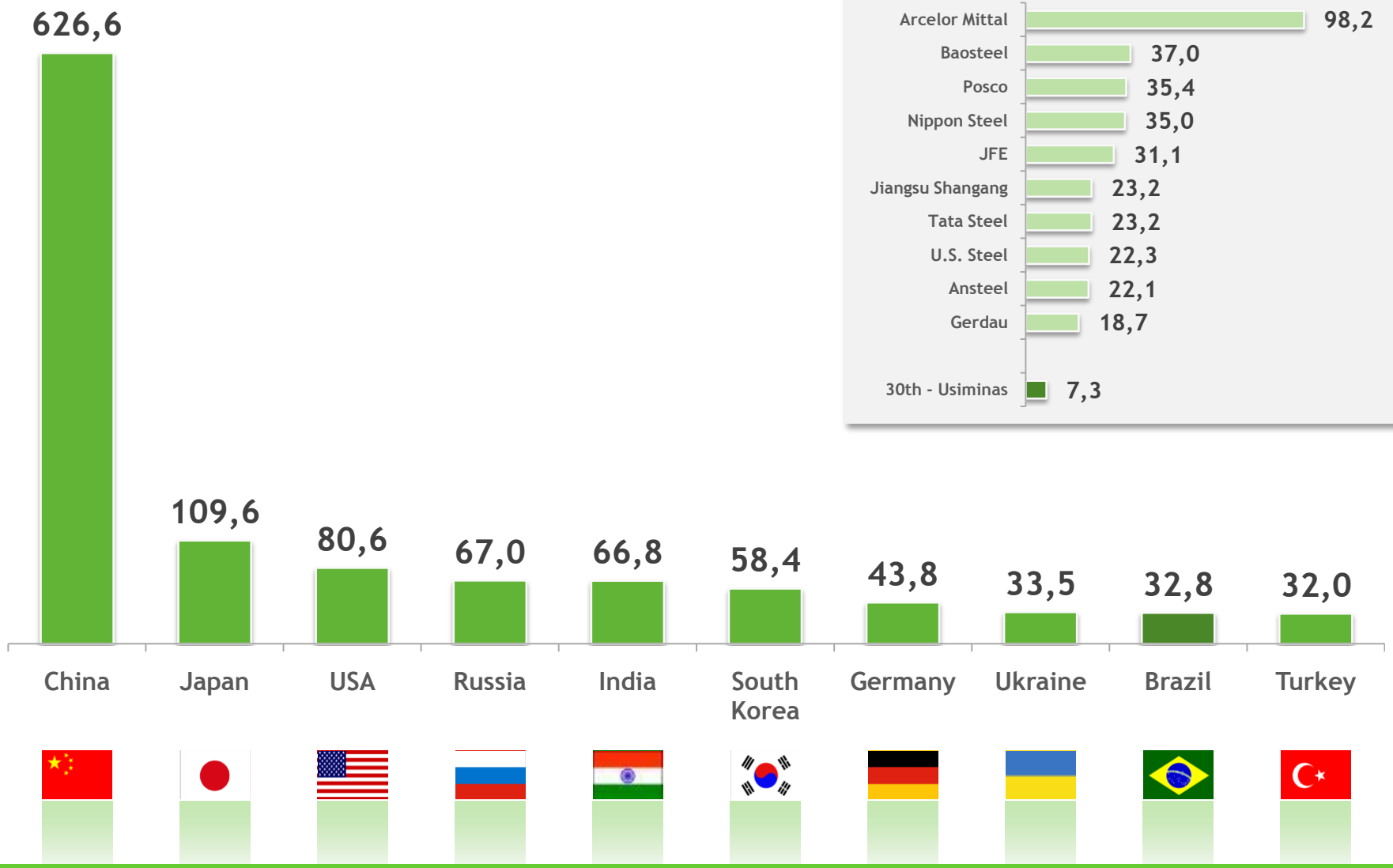
Usiminas and its Business Units



Financial Highlights

World Production - 2010

Total 1,413 million tons



Production per Company

Source: World Steel

Steel Productors

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

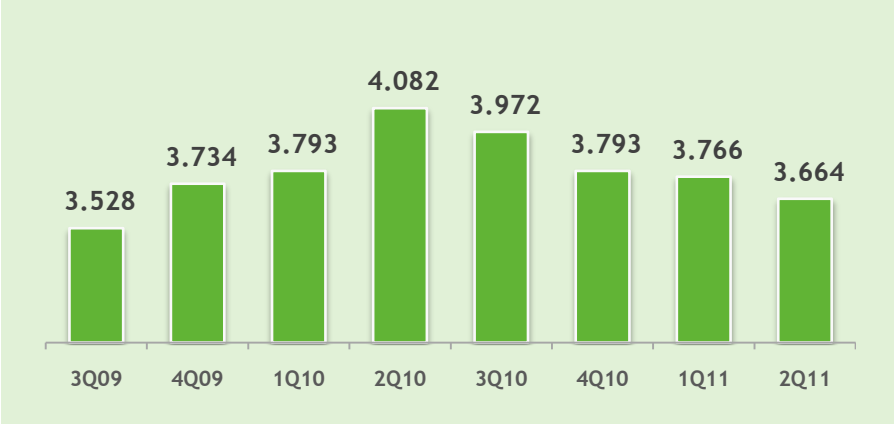
Profit distribution on the steel production chain - USD billion



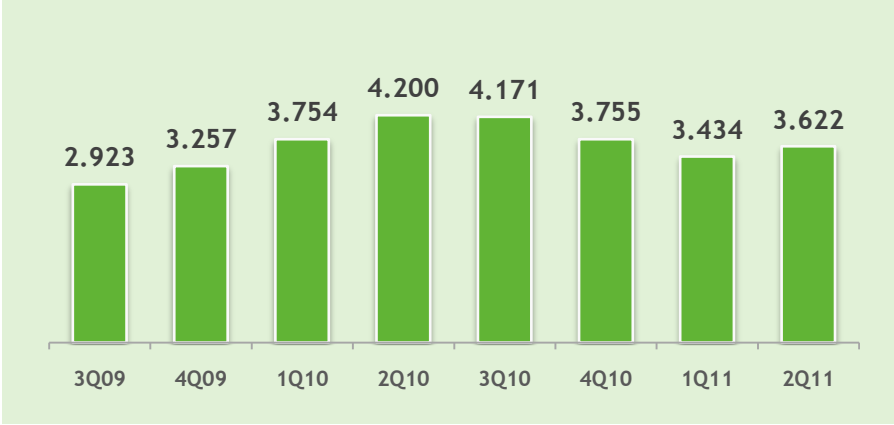
Brazilian Market

Flat Steel

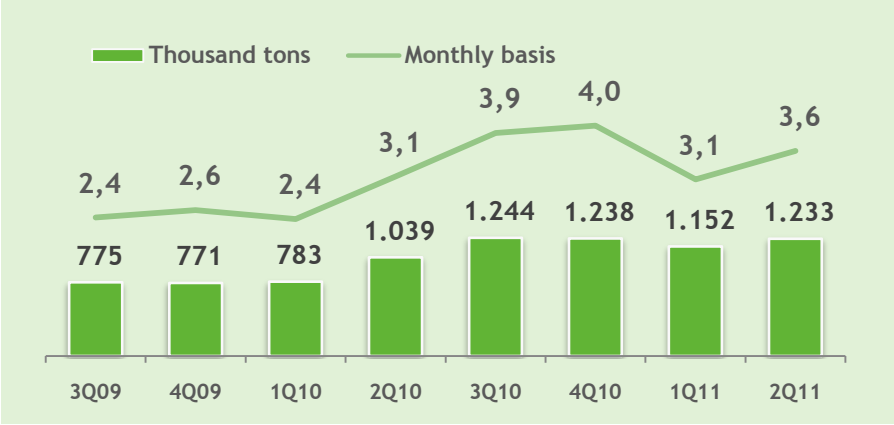
Production - *thousand tons*



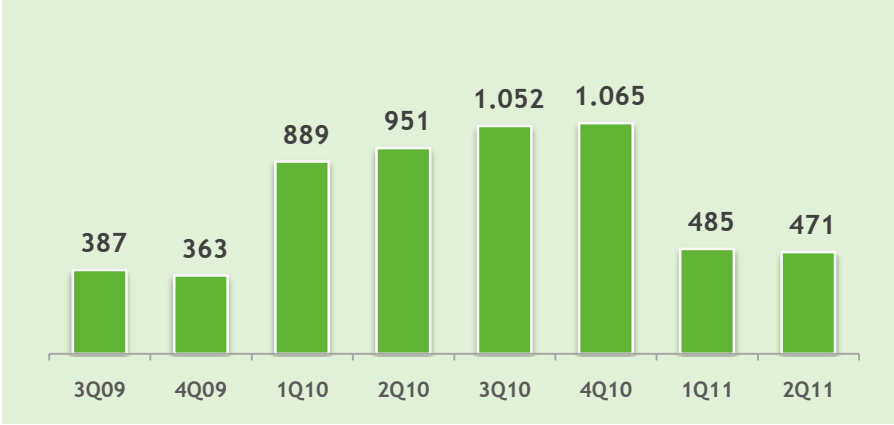
Apparent Consumption - *thousand tons*



Inventories in the Distribution Network - flat



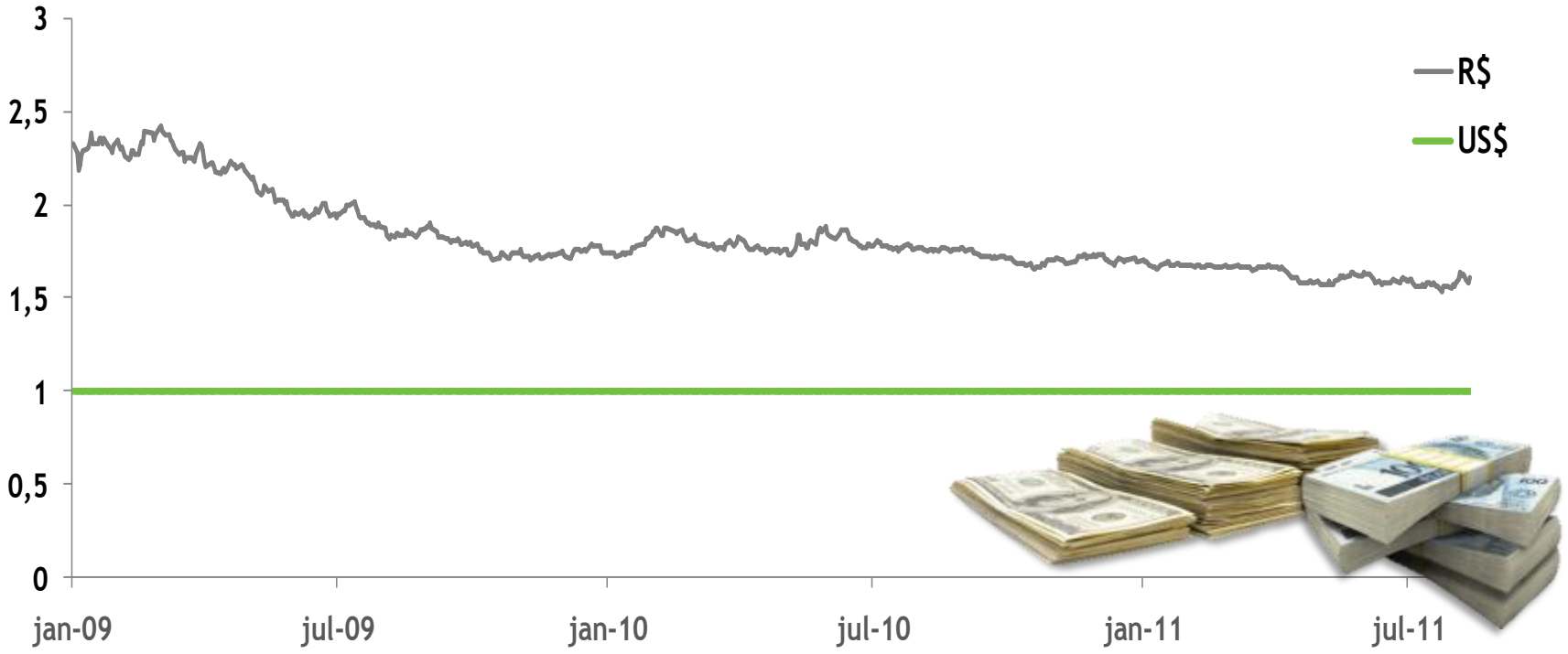
Flat Steel Imports - *thousand tons*



Source: IABR / INDA

Real appreciation

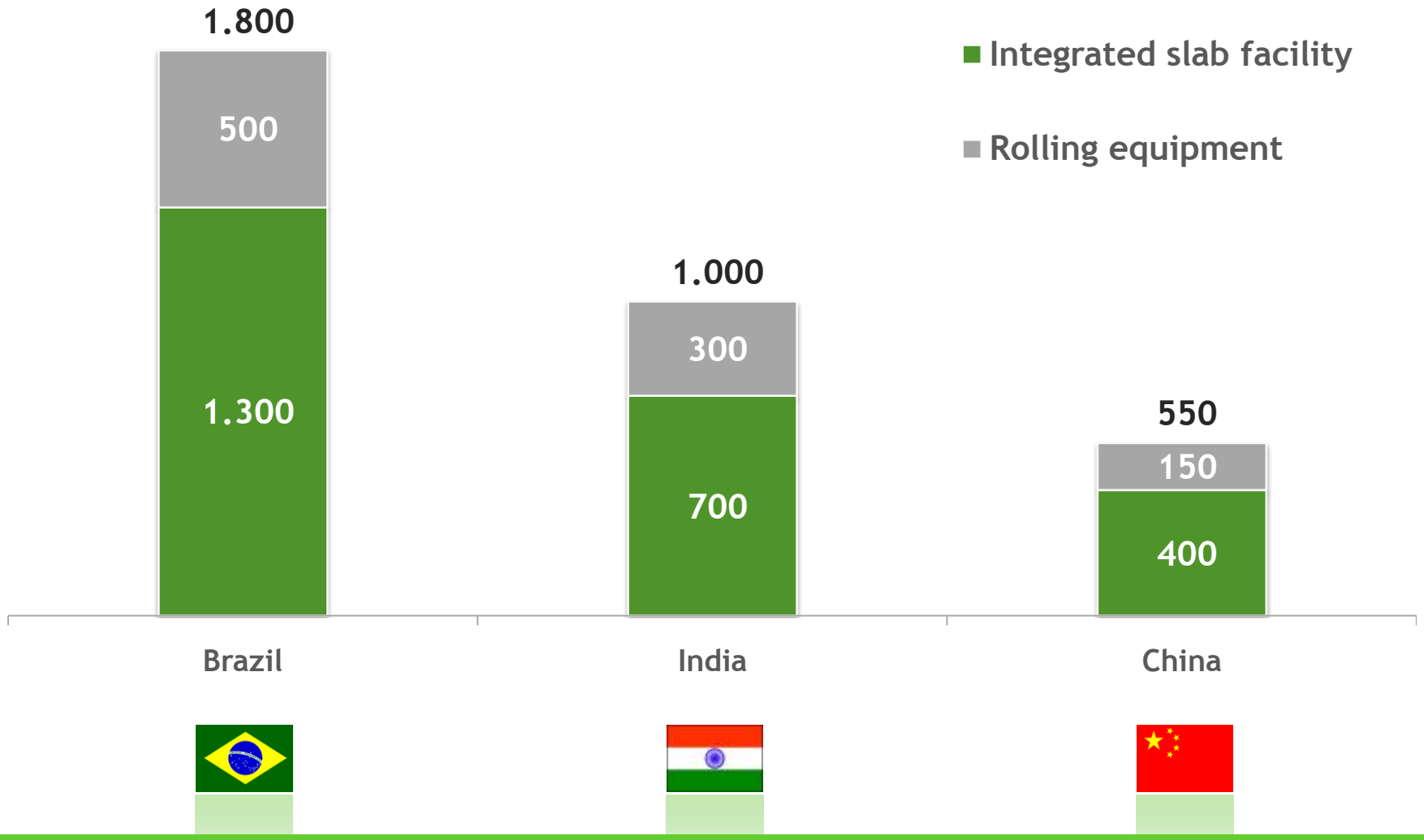
Almost 50% appreciation when compared to 2009



Fonte: Brazilian Central Bank

Comparison on integrated mills

Integrated mills CAPEX - US$/ton of crude steel



Source: McKinsey

Domestic Market

USIMINAS

Benefit from the Brazilian positive outlook

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

- 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

MEDIUM AND LONG TERM PROJECTS

Brasil 2014	rio2016	PAC – Programa de Aceleração do Crescimento	Minha Casa Minha Vida	BR 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

Source: BNDES

Agenda



Market Overview



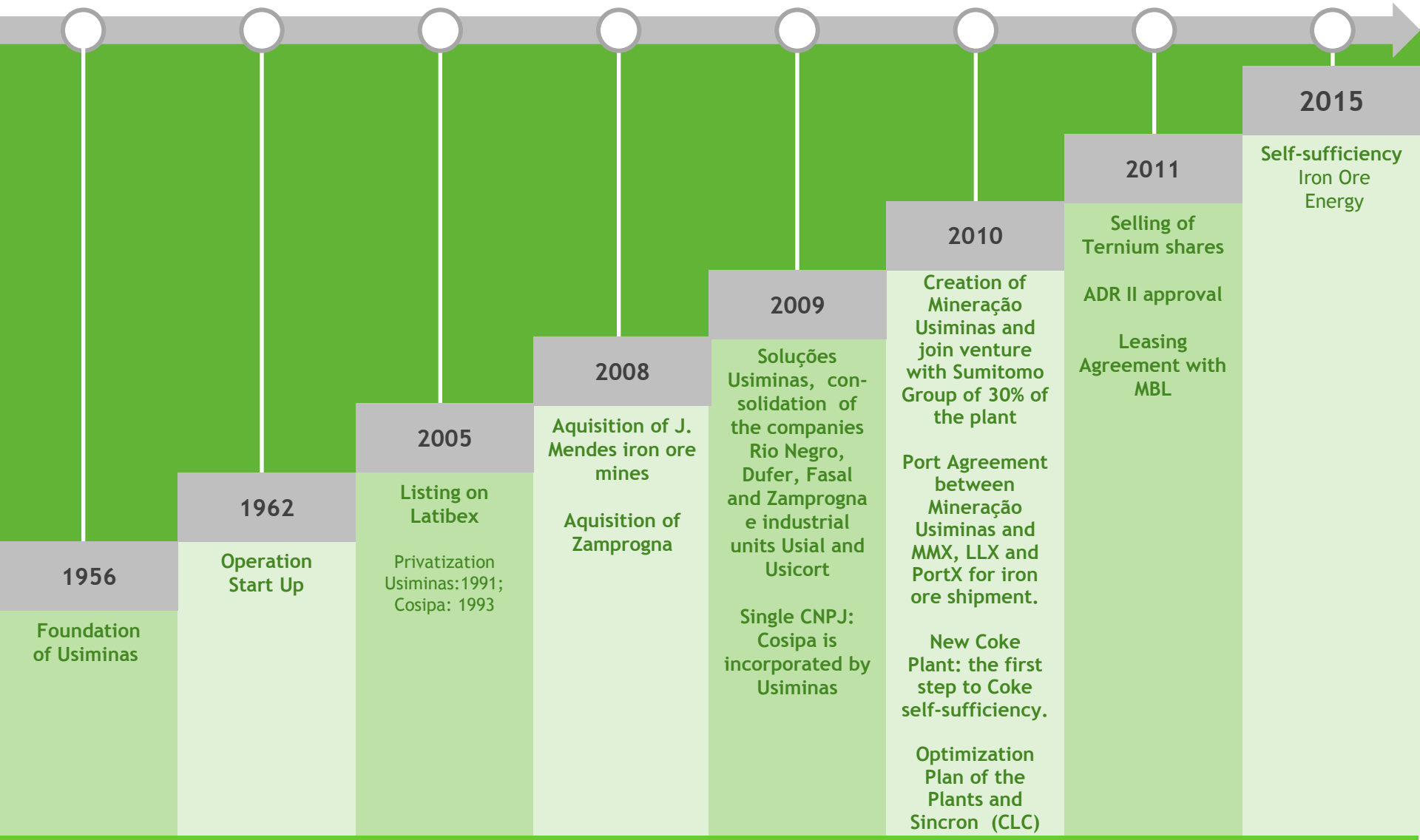
Usiminas and its Business Units



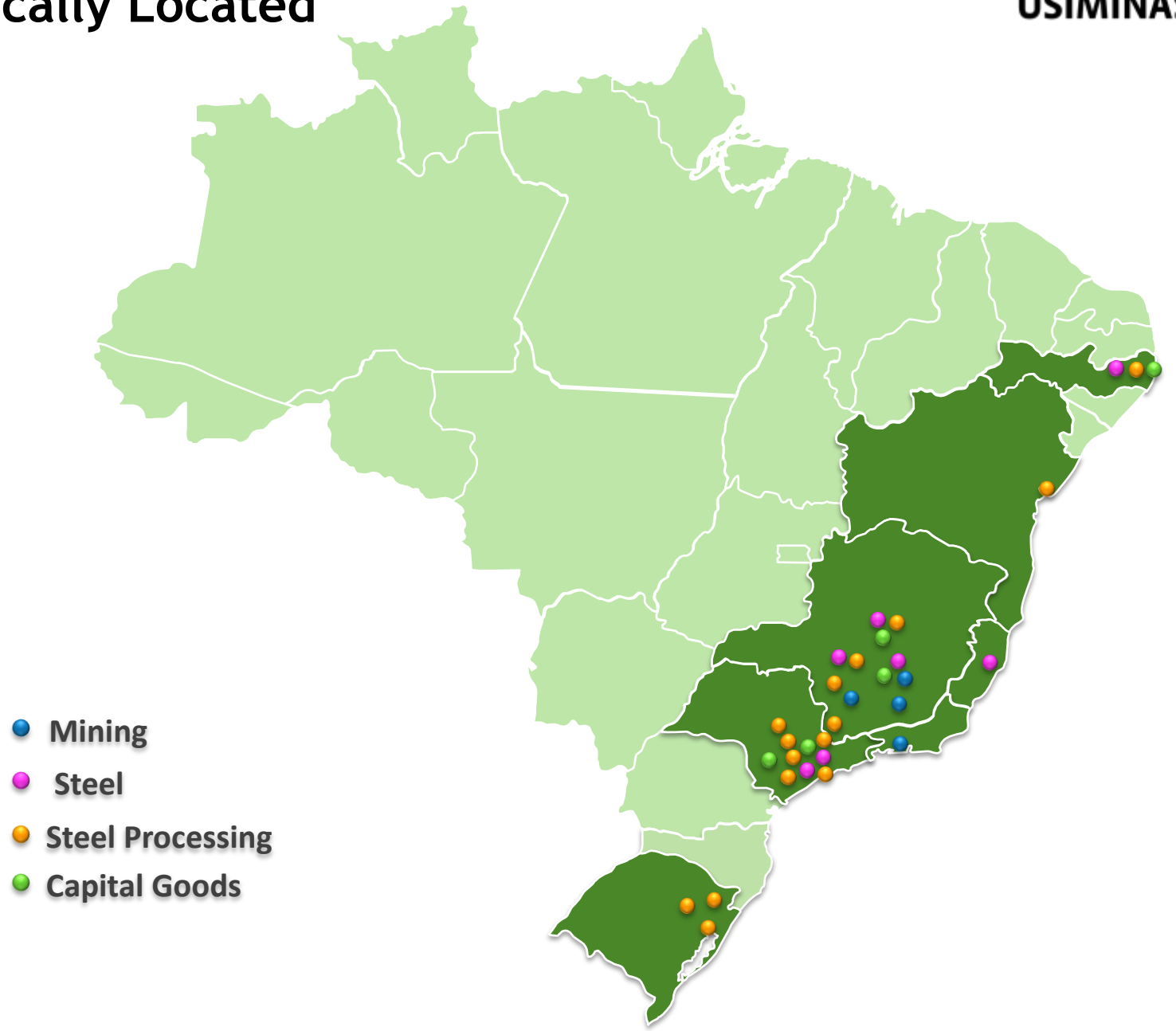
Financial Highlights

Time Line

Usiminas delivers what it promises



Strategically Located



Everyday Steel Apliances

USIMINAS

Auto Industries



Cold Rolled and Coated (EG e HDG)

Autoparts



Hot Rolled

Electric and Electronic



Cold Rolled

Agricultural Machines



Heavy Plates and Hot Rolled

Household Appliances



Cold Rolled and Coated (EG e HDG)

Civil Construction



Heavy Plates, Cold and Hot Rolled and Coated (EG e HDG)

Ship-Building



Heavy Plates

Tubes



Heavy Plates and Hot Rolled

Pressure Vessels

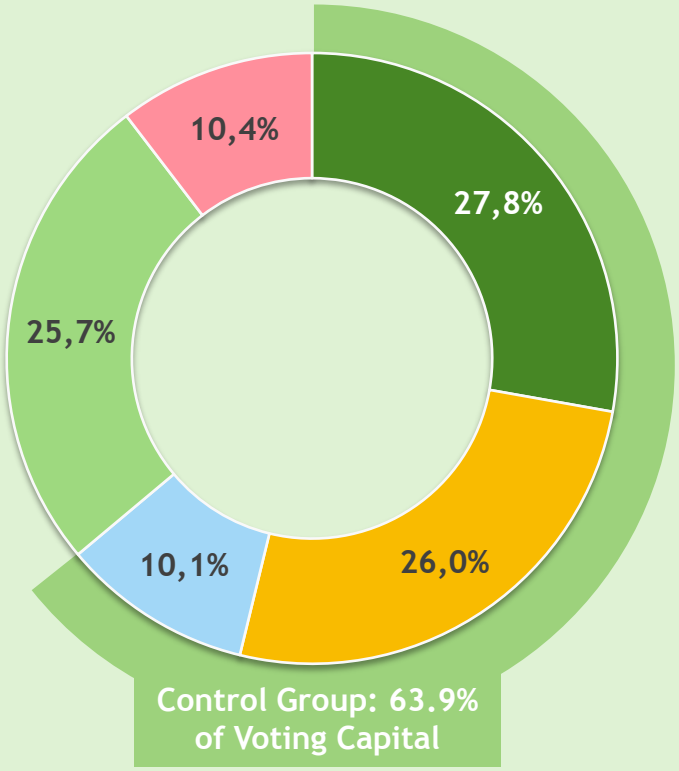


Heavy Plates

Shareholder Composition

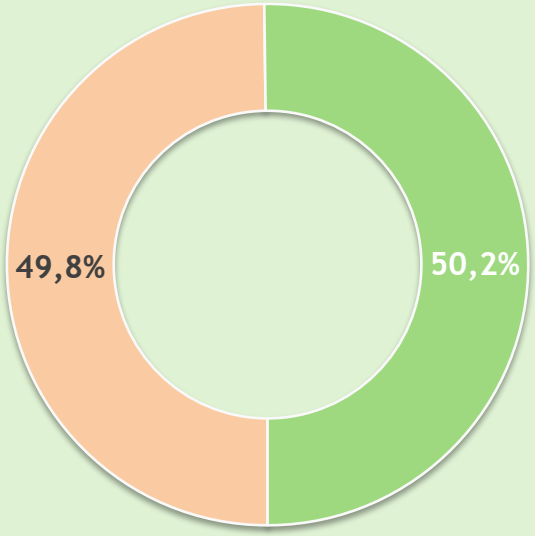
USIMINAS

Voting Capital - ON



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

Total Capital 1,013,786,190



ON PN

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

Usiminas

- 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 *

Results Accounted by Business Unit

USIMINAS

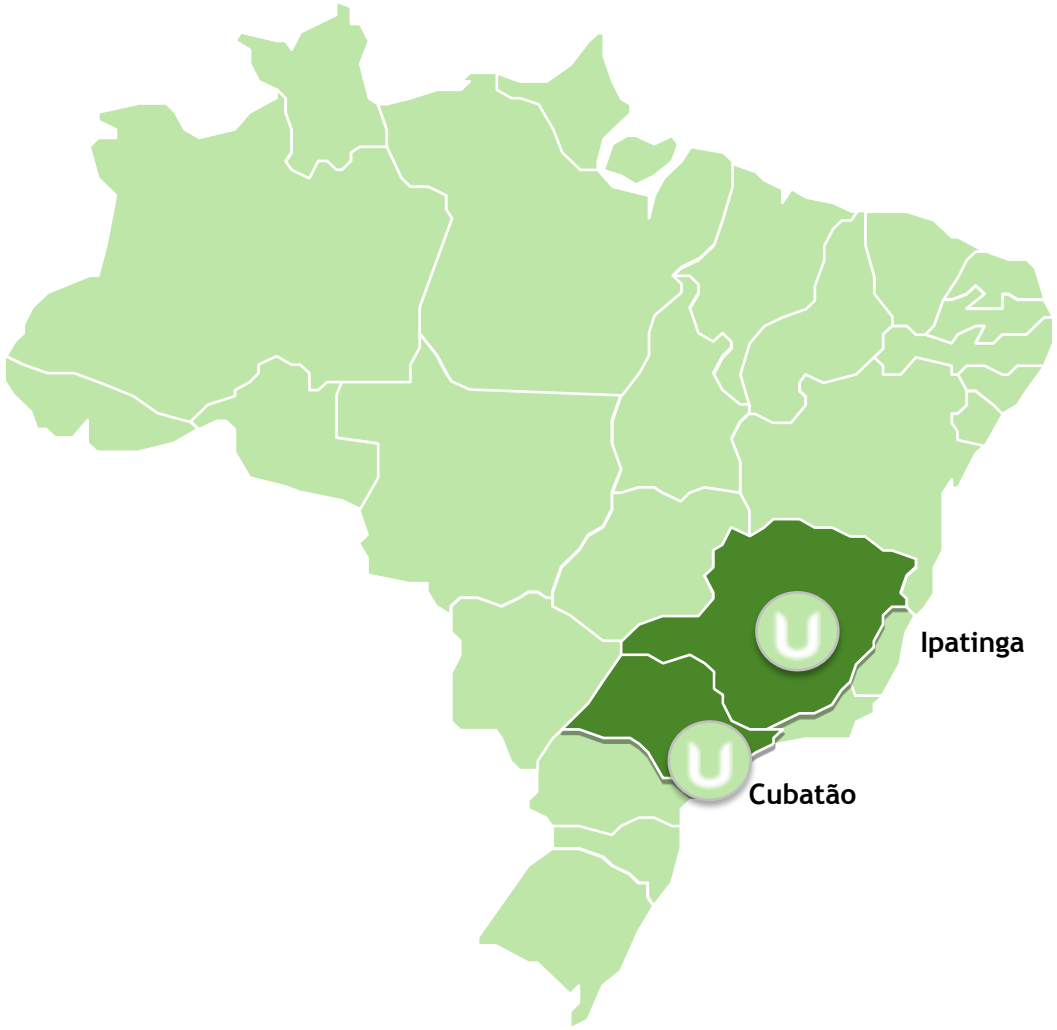
Income Statement per Business Units - Non Audited - *R$ million*

	Mining				Steel				Steel Processing				Capital Goods				Consolidated			
	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10
Net Revenues	266	213	480	435	2,793	2,691	5,484	6,095	508	593	1,102	1,317	355	325	681	667	3,026	3,063	6,089	6,629
COGS	(64)	(58)	(123)	(137)	(2,628)	(2,684)	(5,312)	(5,135)	(452)	(541)	(993)	(1,070)	(314)	(290)	(604)	(579)	(2,606)	(2,765)	(5,370)	(5,103)
Gross Profit	202	155	357	299	165	8	173	960	56	53	109	247	42	35	77	88	420	299	719	1,526
Operating Income (Expenses)	(30)	(22)	(52)	(35)	(95)	(36)	(131)	(157)	(51)	(54)	(105)	(73)	(24)	(27)	(51)	(45)	(198)	(137)	(336)	(311)
EBIT	172	132	305	264	70	(28)	42	803	6	(1)	4	174	18	7	26	43	222	161	383	1,215
EBITDA	180	139	319	278	189	117	306	1,115	19	16	35	200	25	15	39	57	365	337	702	1,582
EBITDA Margin	68%	65%	66%	64%	7%	4%	6%	18%	4%	3%	3%	15%	7%	5%	6%	9%	12%	11%	12%	24%

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

*IFRS

Steel

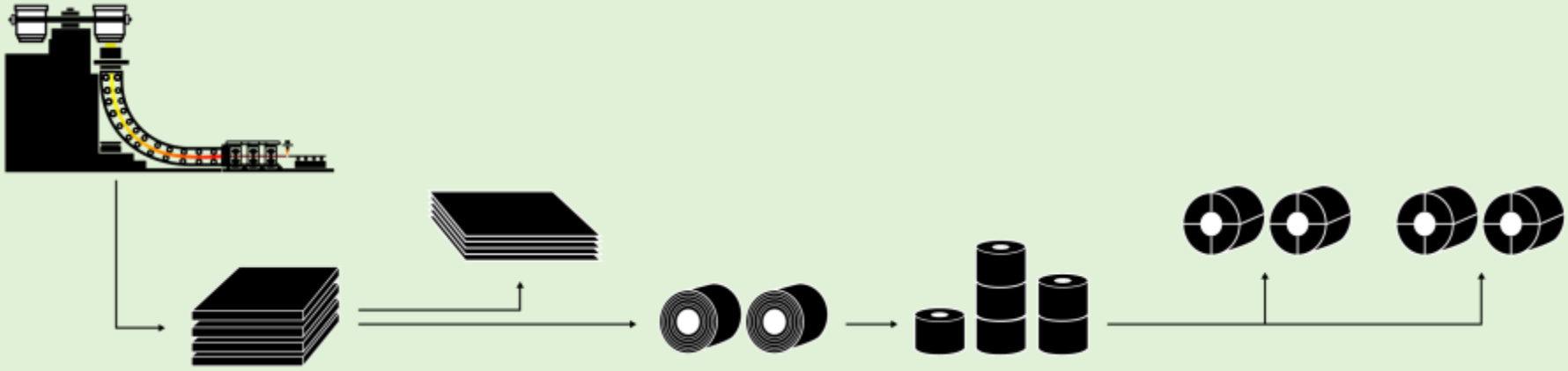




Flat Steel Production

Usiminas has a full range of flat steel products

Installed Capacity : 9.5 million tons / year

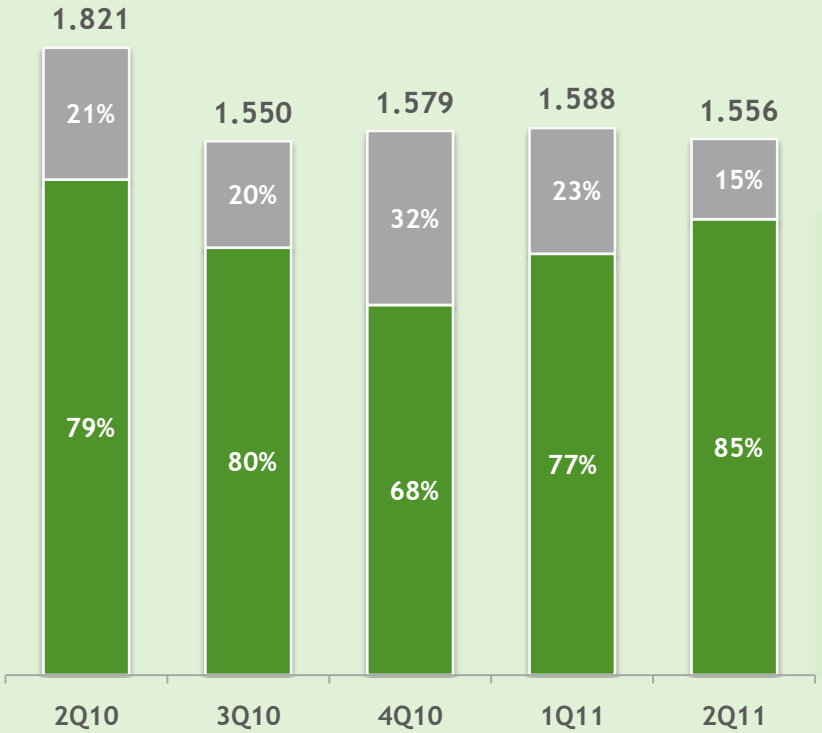


Slab Caster	Slabs	Heavy Plates	Hot Coils	Cold Coils	EG	HDG
Ipatinga Plant	5,000,000t	1,000,000t	3,550,000t	2,500,000t	360,000t	1,050,000t
Cubatão Plant	4,500,000t	1,000,000t	2,100,000t	1,200,000t	-	-
Nominal Production	**9,500,000t**	**2,000,000t**	**5,650,000t**	**3,700,000t**	**360,000t**	**1,050,000t**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

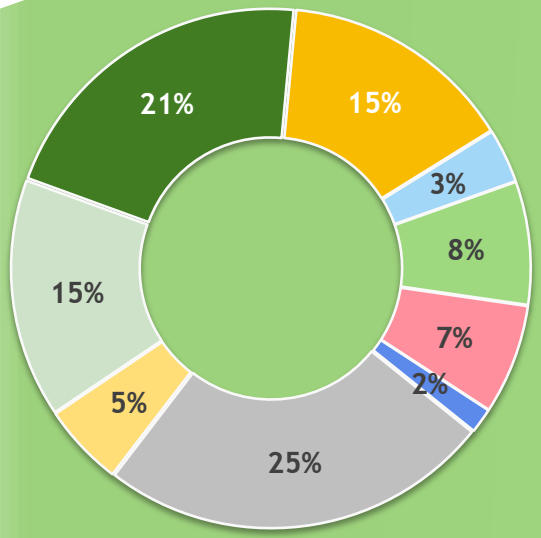
Domestic Market

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

Sales - *thousand tons*



Segments - *2Q11*



Investments

Total amount in 2011

Strategic focus on enhancing competitiveness of current operations

2010 **2011**

In operation

Coke Plant 3 (Ipatinga)



CLC Acelerated Cooling Process (Ipatinga)



New Galvanizing Line 550 thousand tons (Ipatinga)



Ongoing Projects

New Hot Strip Mill 2.3 million tons (Cubatão)



Mining Production Capacity Increase



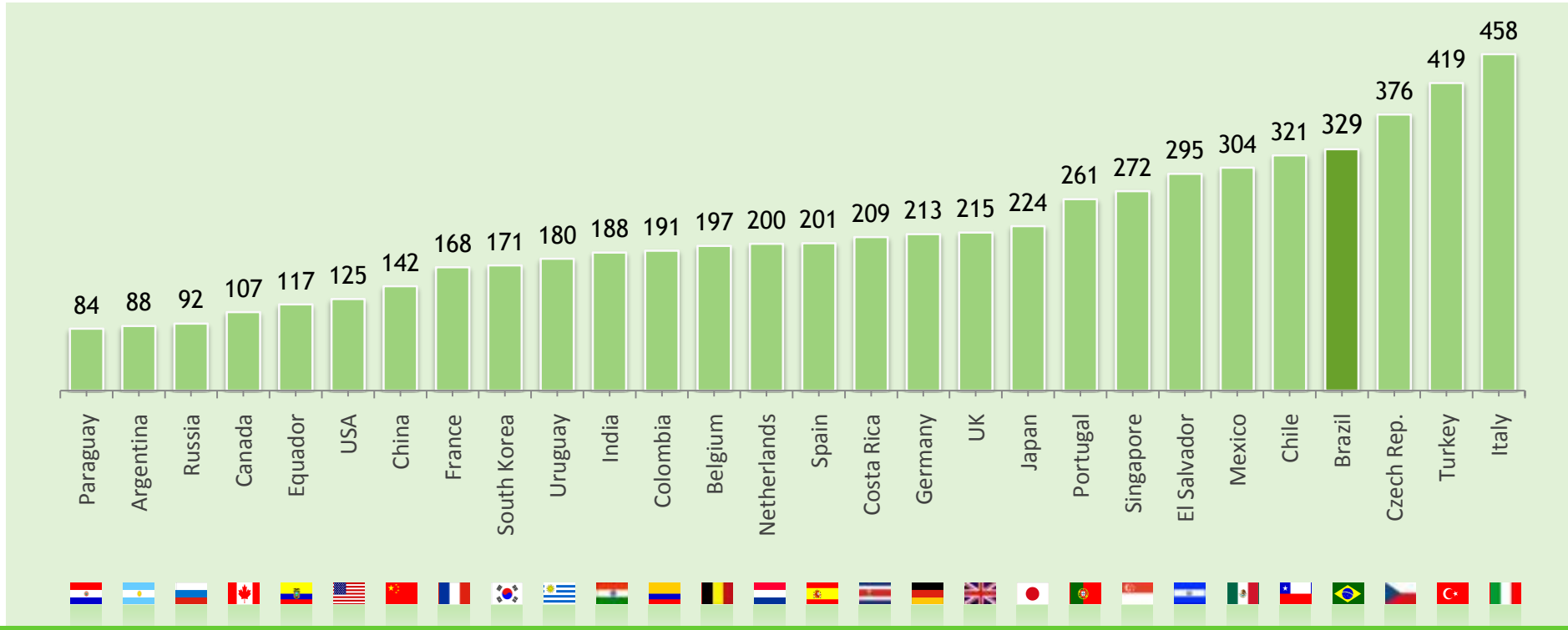
Energy Self-sufficiency by 2015

USIMINAS

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

R$/MWh

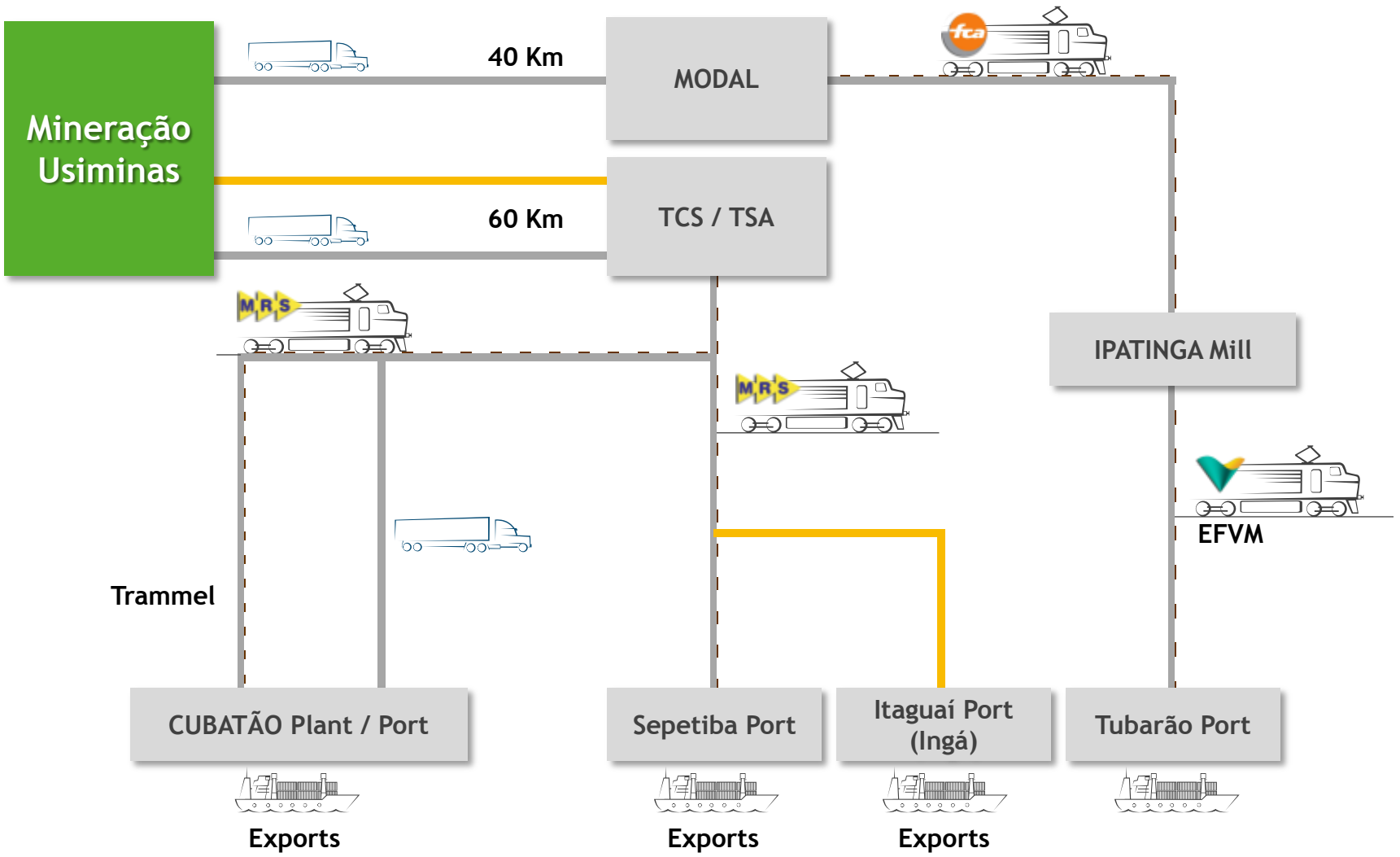


Mining and Logistics





Logistics

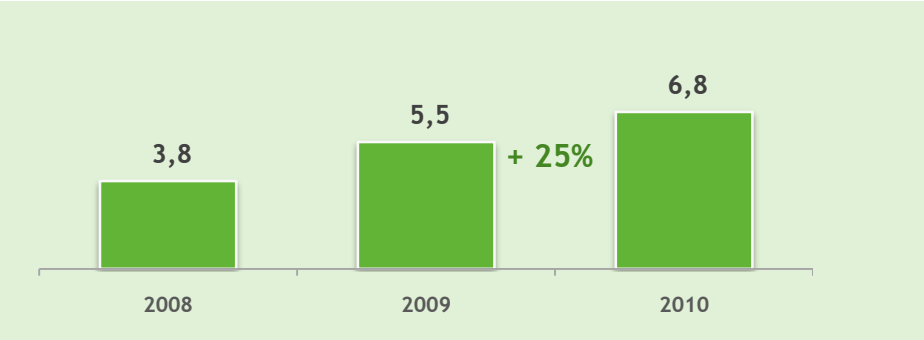

Mineração Usiminas
40 Km
MODAL
60 Km
TCS / TSA
IPATINGA Mill
EFVM
Trammel
CUBATÃO Plant / Port
Sepetiba Port
Itaguaí Port (Ingá)
Tubarão Port
Exports
Exports
Exports
Existing Routes
New Routes

Mining and Logistics

Current status

- 4 mining sites, acquired from J. Mendes Group in Feb./2008
- Located in Serra Azul-MG, one of the richest iron ore sites in Brazil.
- 4th largest mining company in Brazil

Production - MM ton:



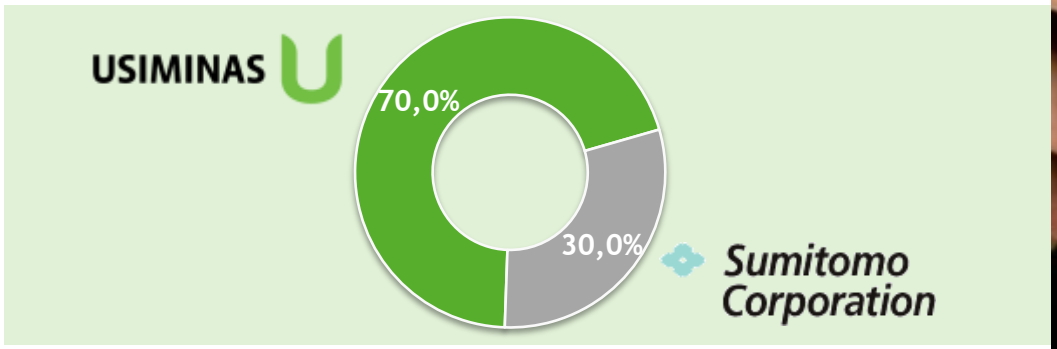
- 2Q11: production of 1.5 million tons
- MRS: 20% of voting shares and part of the Control Group
- Land in Itaguaí-RJ, acquired in 2008
- MBL: Leasing Agreement signed in July 2011



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 bi.



US$ 6.4 billion

Mineração Usiminas S.A

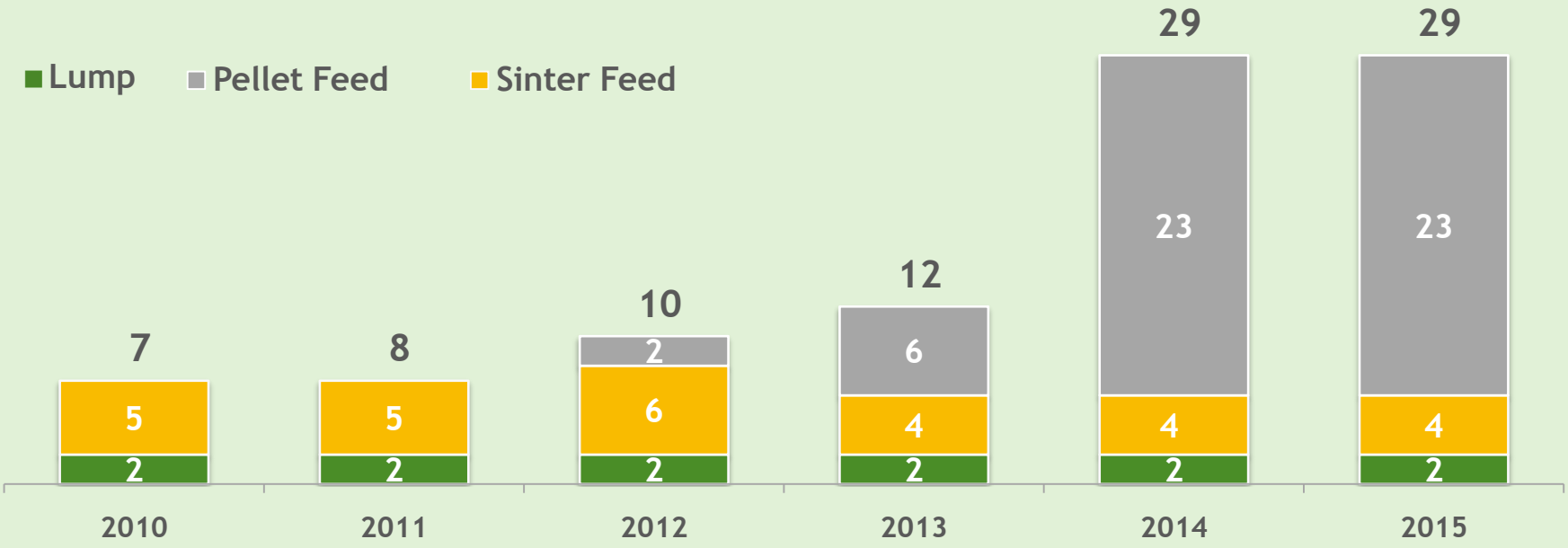
Estimated Market Value



Development Plan

USIMINAS

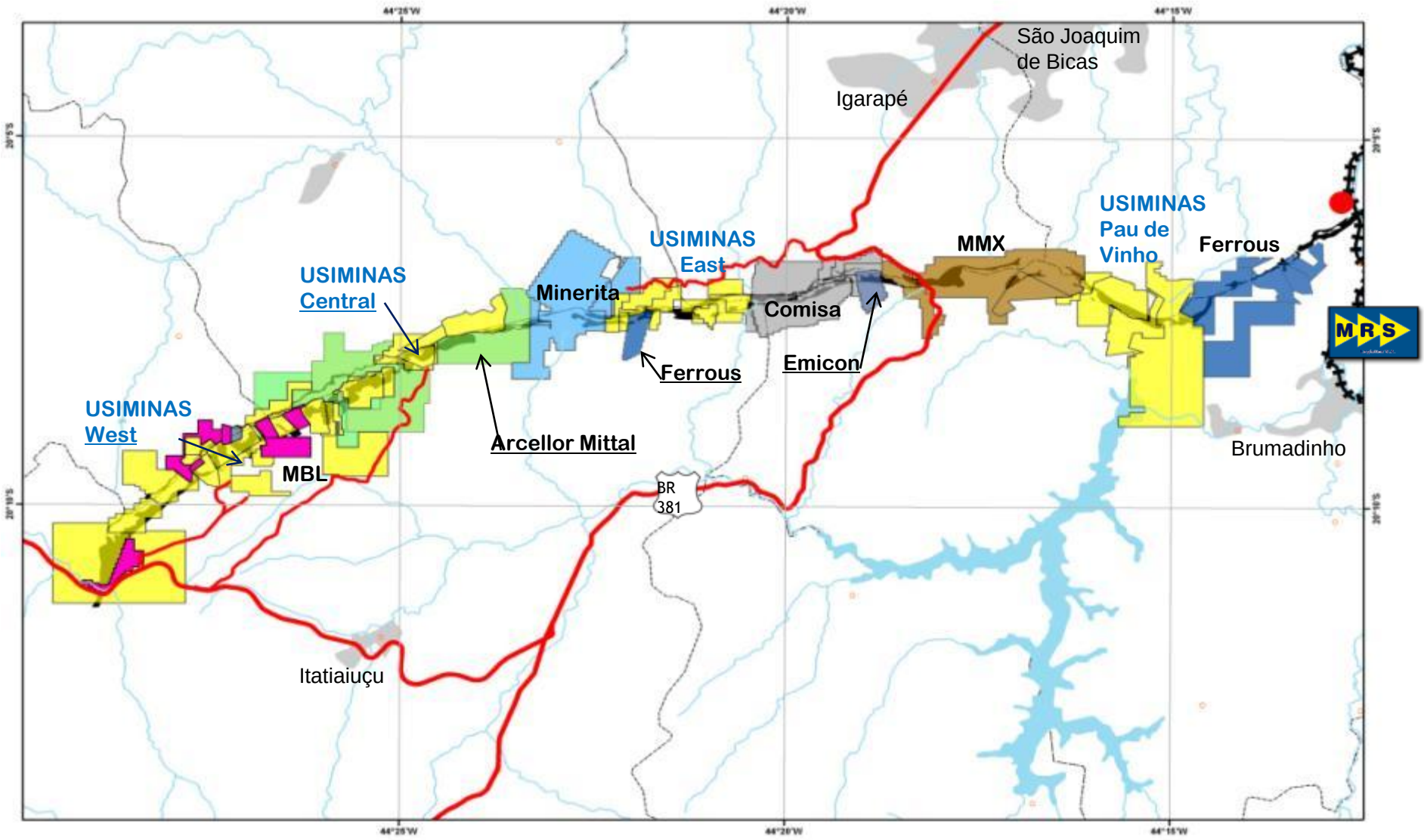
Iron Ore Production Capacity - *million tons by the end of the year*



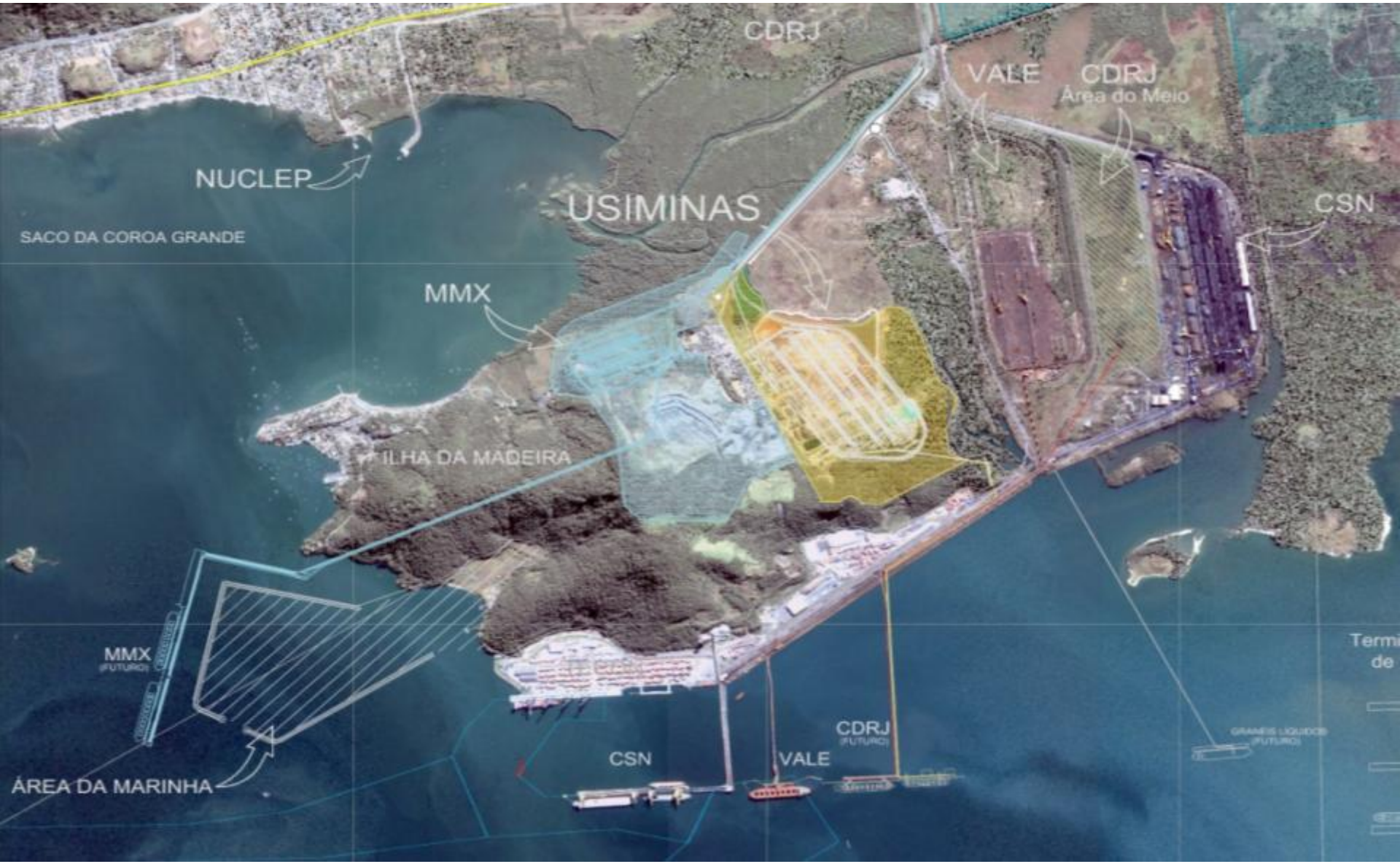
- Capex until 2015 are estimated in R$ 4.1 billion including industrial facilities projects, equipments, loading terminals, etc.
- Reserves of 2.6 billion tons.

Mineração Usiminas

Serra Azul



Itaguaí Port



Steel Processing

Soluções Usiminas





Soluções Usiminas

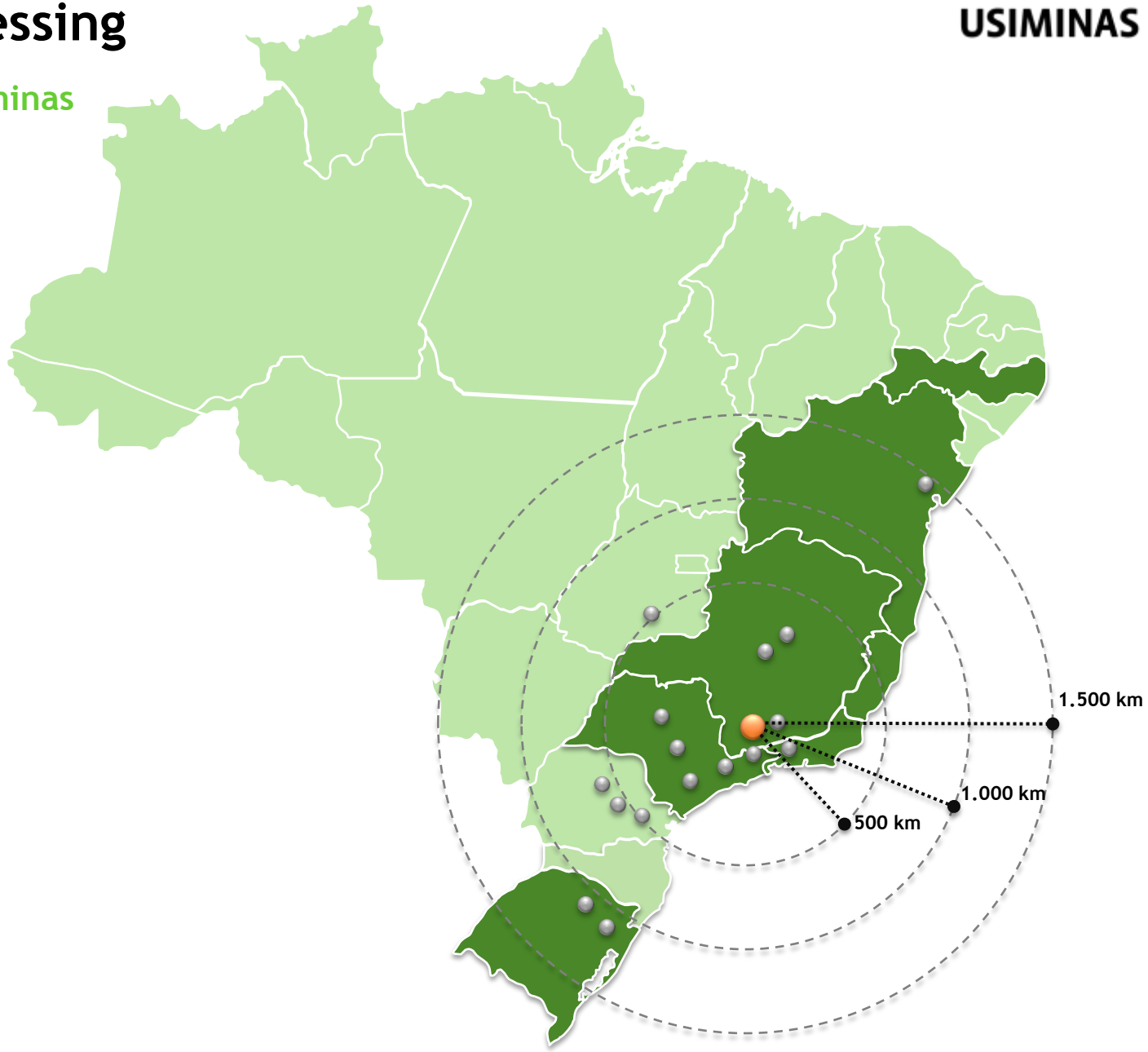
Steel Processing

- 11 industrial units, in MG, SP, RS, ES and PE. Processing capacity of 2 million tons/year.
- 2Q11 Gross Revenues of R$543 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



● *Clients*

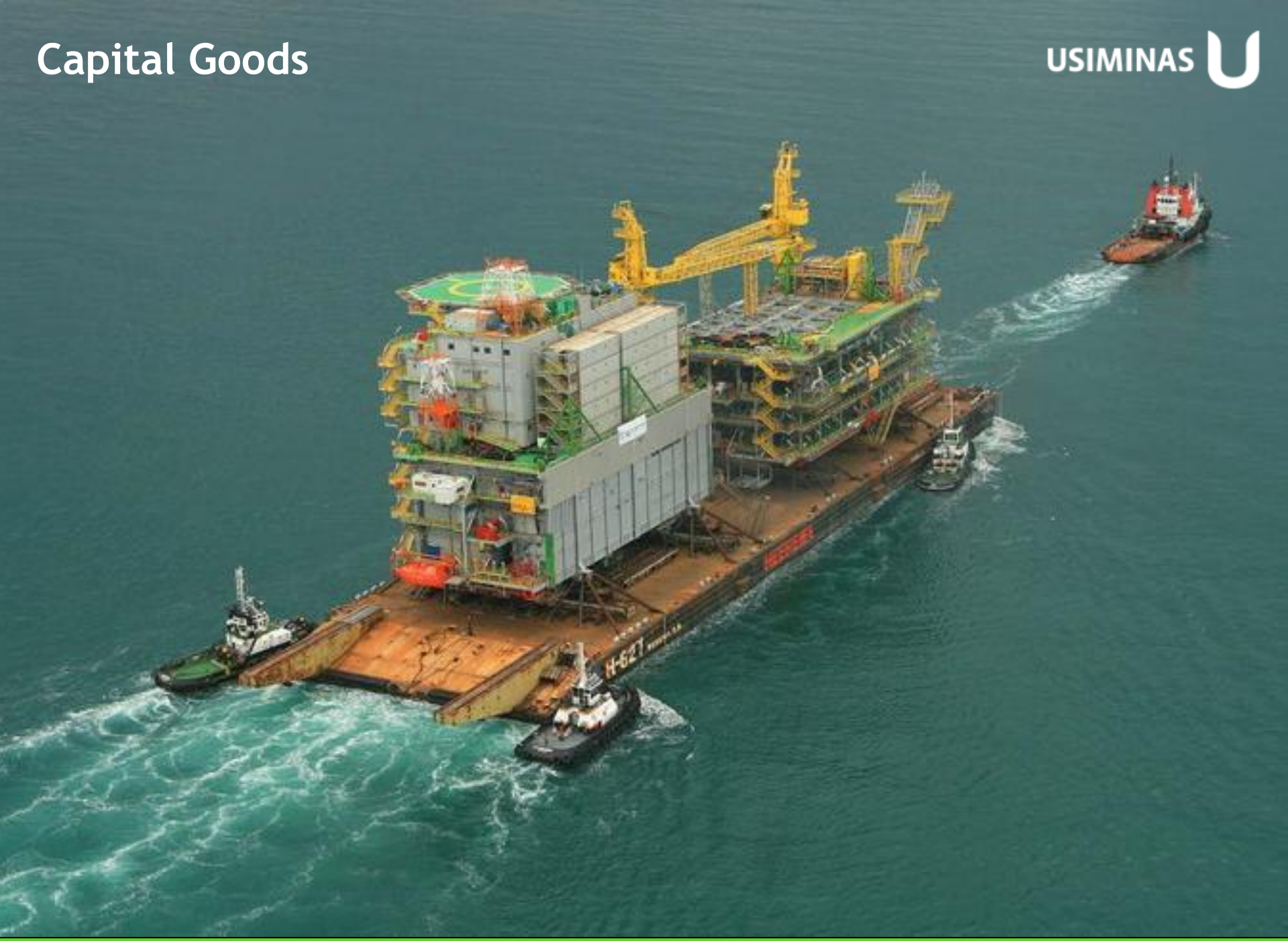
Automotiva Usiminas

Steel Processing

- **Pouso Alegre – MG**
  - Close to major auto makers. Full service company
- **2Q11 Gross Revenues of R$105 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

Capital Goods

- **Ipatinga – MG**
  - The Group's capital goods arm is one of the largest capital goods companies in the country.
- **2Q11 Gross Revenues of R$414 million**
- **Market Sectors:**
  - Industrial Assembly
  - Structures / Metal Bridges and Blanks
  - Industrial Equipments
  - Blanks and Stamping
  - Funding and Railcars





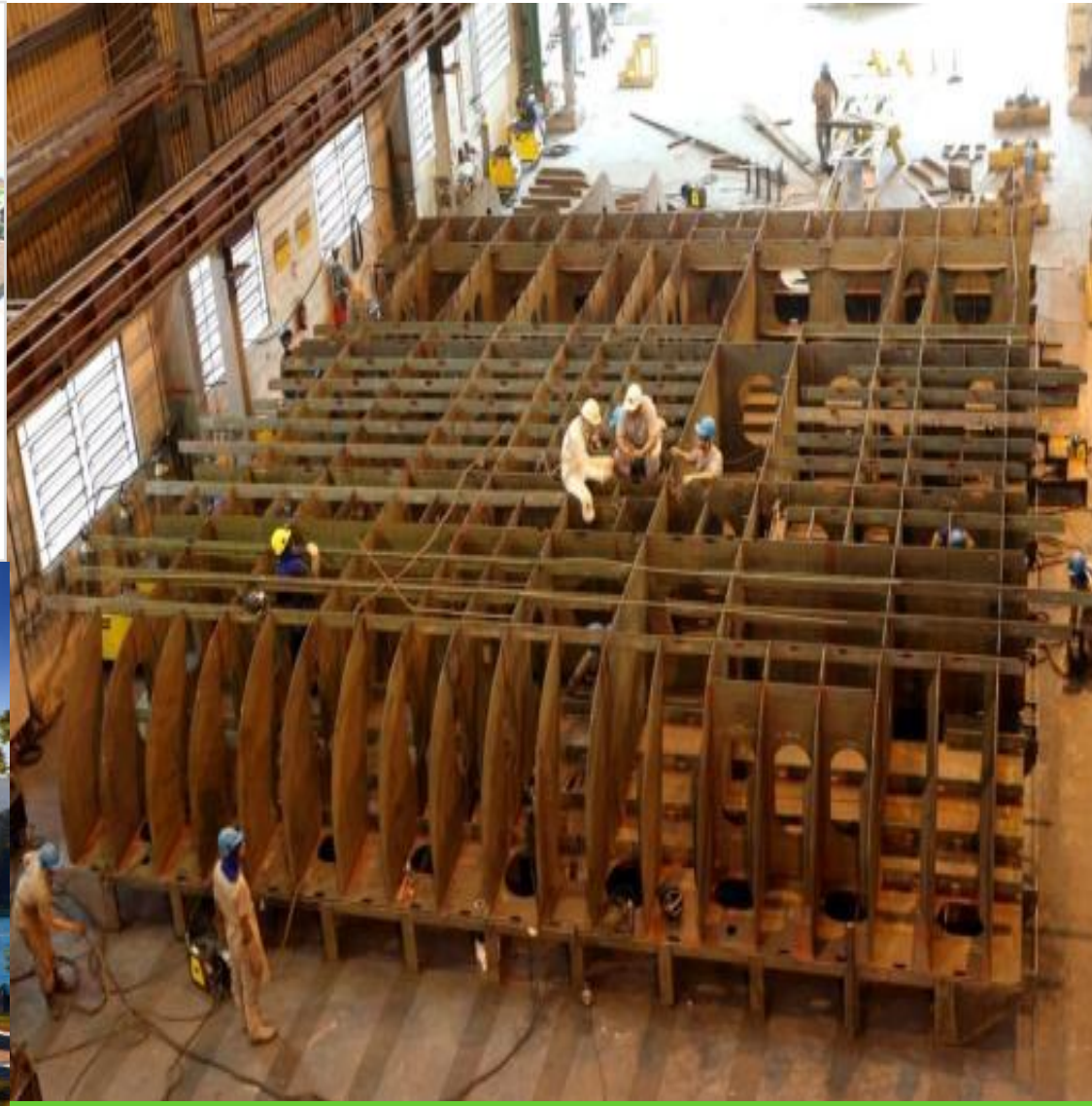


Usiminas Mecânica

Capital Goods







Agenda



Market Overview



Usiminas and its Business Units

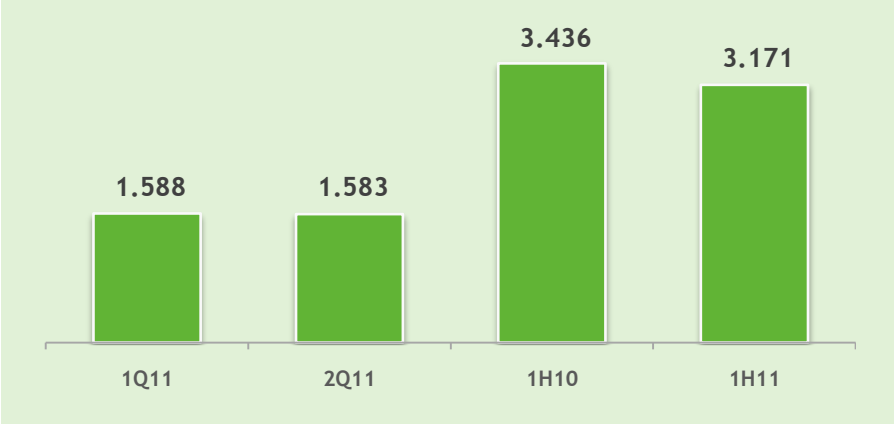


Financial Highlights

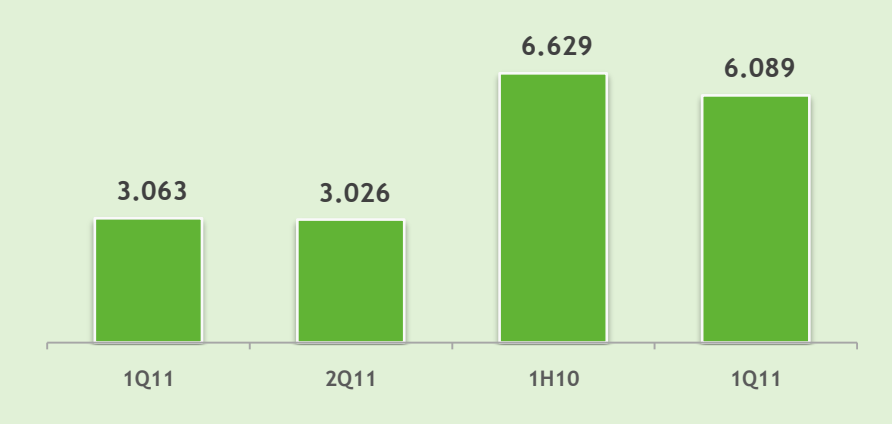
Results 2Q11

Highlights*

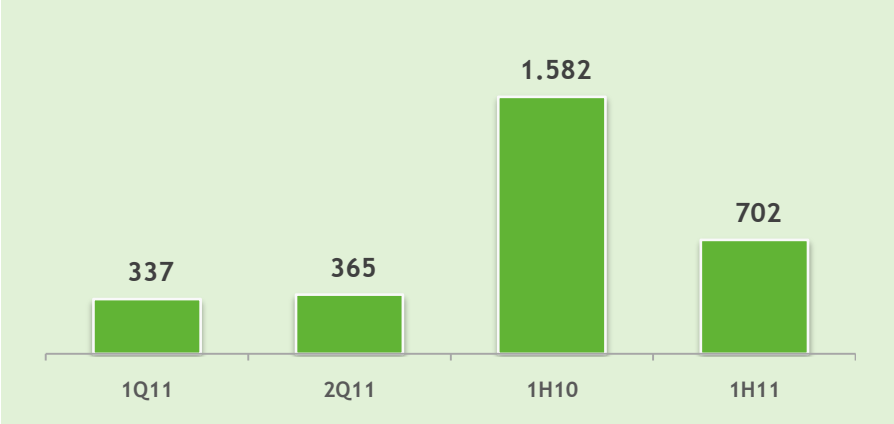
Sales - *thousand tons*



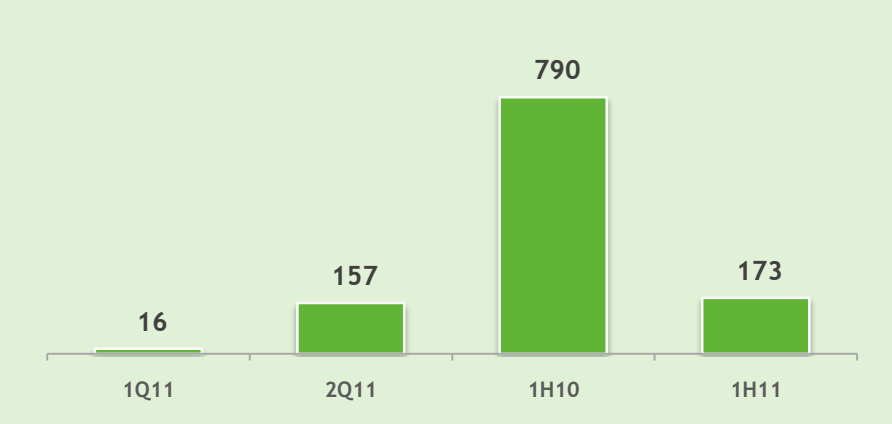
Net Revenues - *R$ Million*



EBITDA - R$ Million



Net profit - *R$ Million*



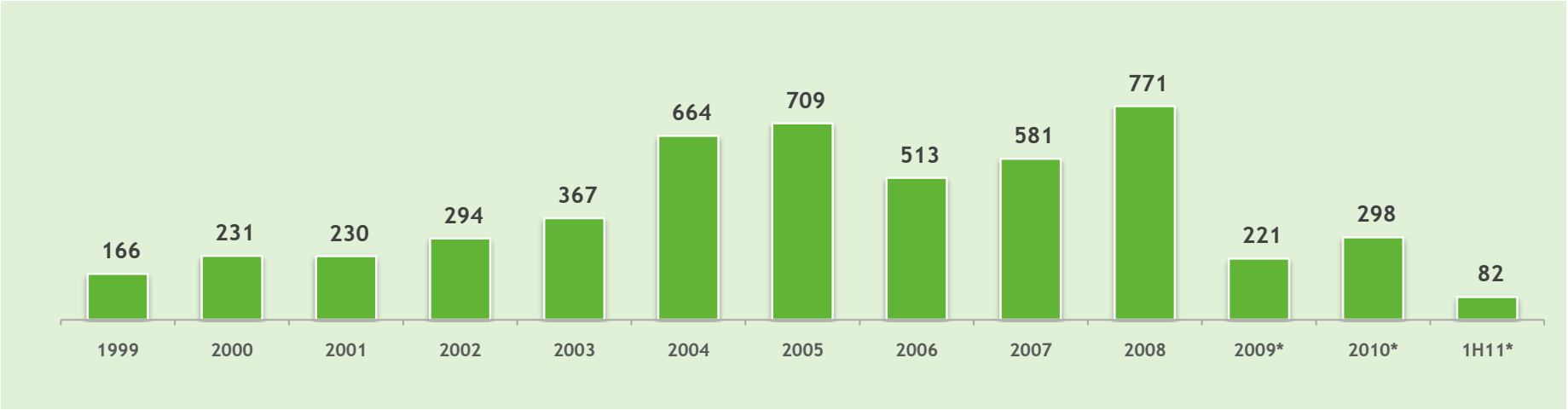
Results 2Q11

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

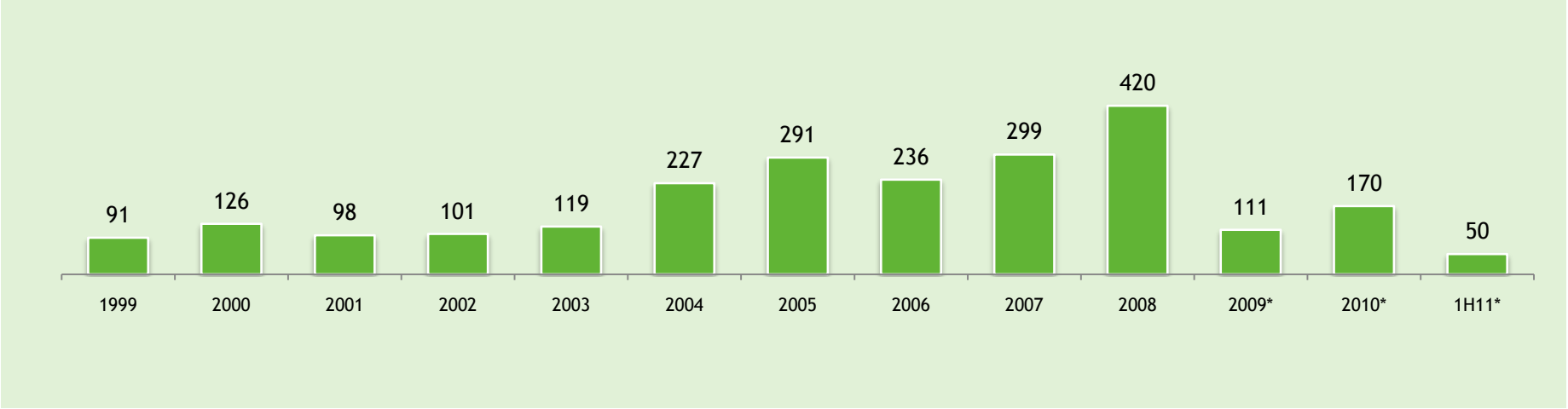


Results 2Q11

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



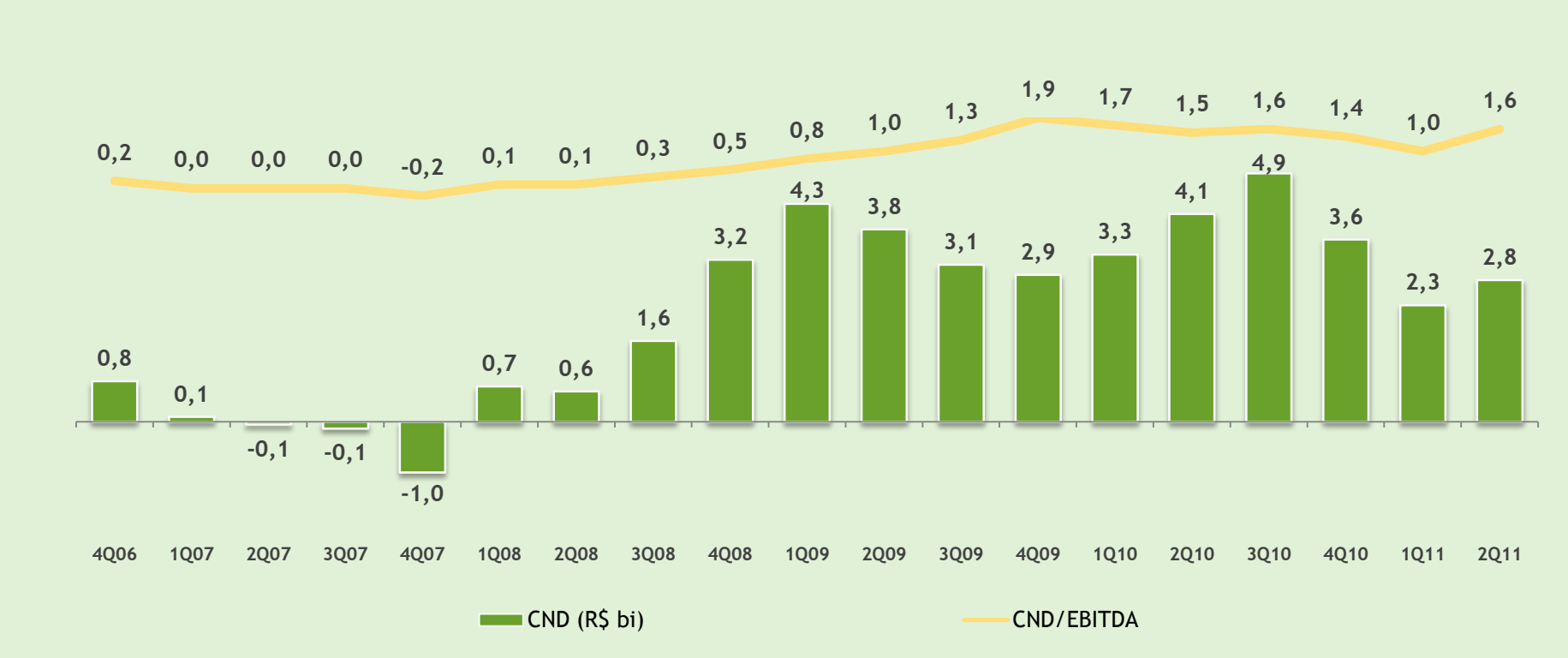
EBITDA / ton (steel business unit) - *US$*



Debt

Focus on strong cash position and low indebtedness

Consolidated Net Debt / EBITDA (R$)

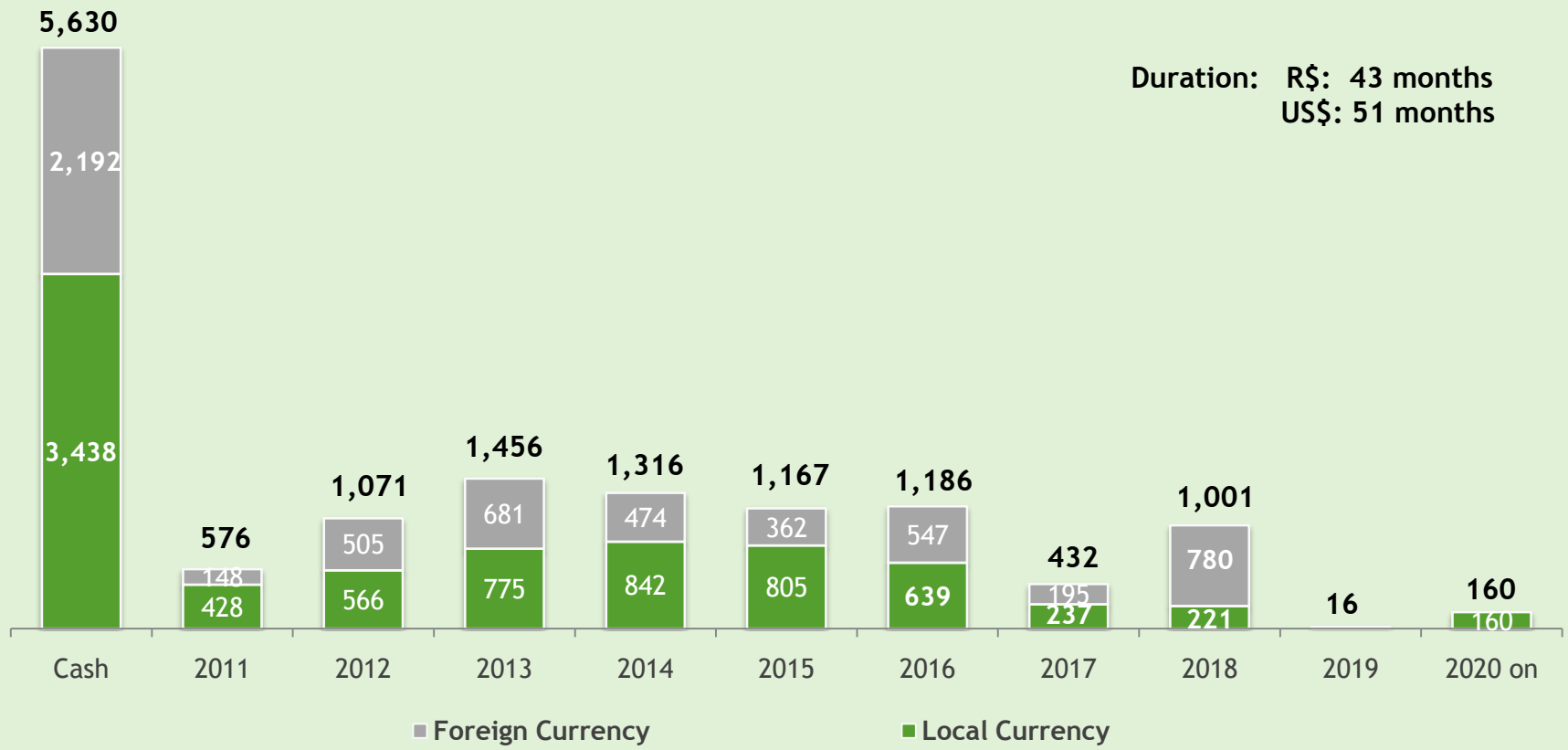


- **Revolving Credit Facility:** The Board approved a Revolving Credit Facility, in the amount of US$750 million. The transaction may be executed by September 2011, with a club deal of 5 banks.

Debt

Focus on strong cash position and low indebtedness

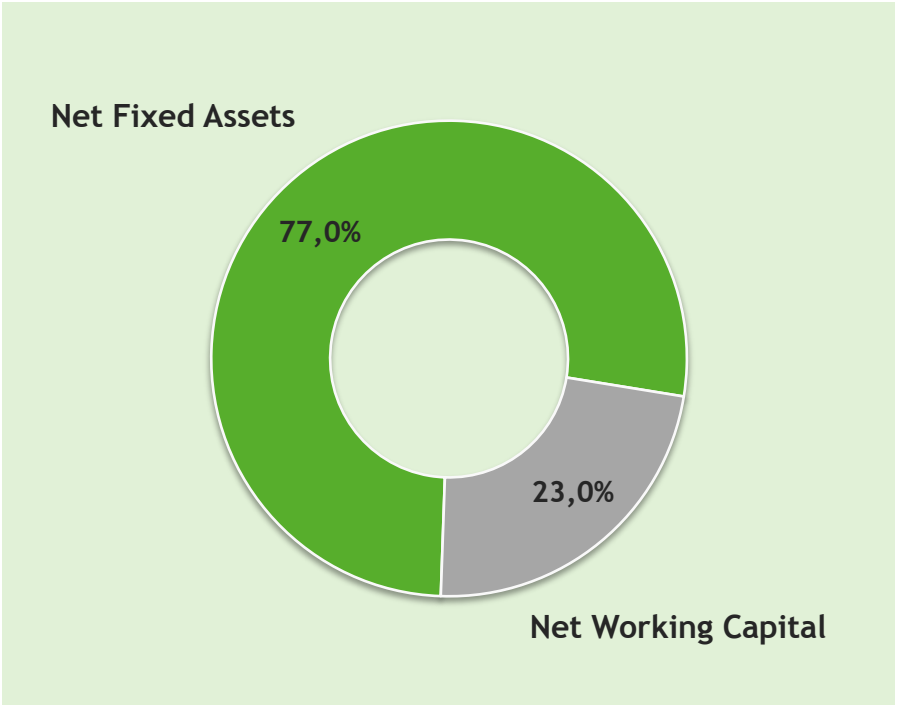
Debt - *R$ million**



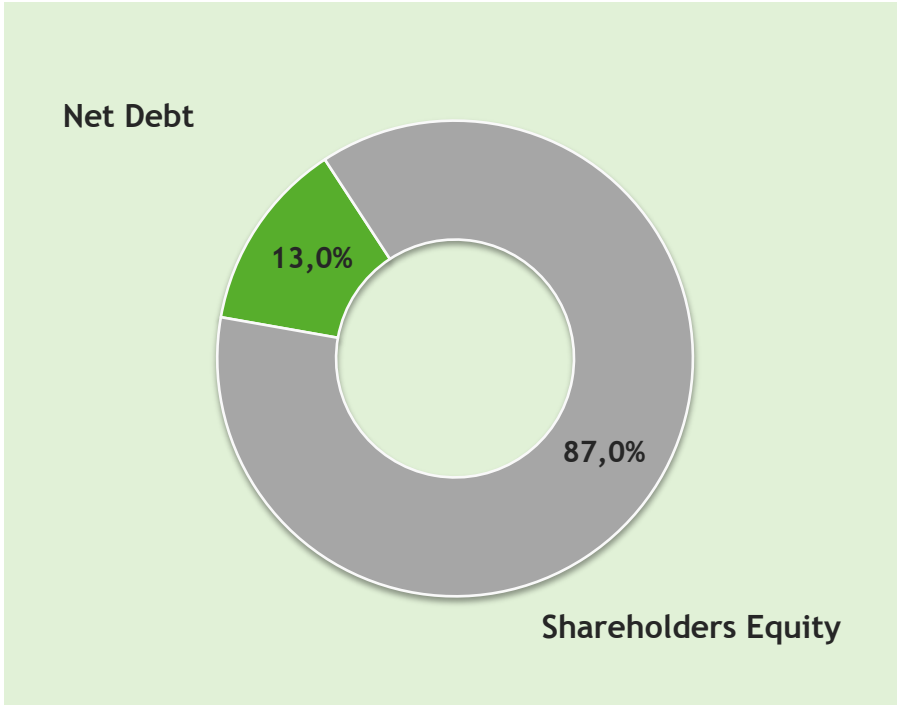
Balance Sheet Structure

2Q11

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