

**USIMINAS**



# Webcast

## Third Quarter 2005 Results

Presentation: 11/10/05  
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## Disclaimer

*“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, Brazil’s economic situation, the industry and international markets, and are therefore subject to change.”*

## “CONSOLIDATED RESULTS IN 3Q05 AND ACCUMULATED 9M05”

### Highlights

R\$ million	3Q 05	3Q 04	2Q 05	Chg. 3Q05/3Q04	9M 05	9M 04	Var. 9M05/9M04
Total Sales Volume (000 t)	1.770	2.011	1.830	-12%	5.368	5.890	-9%
Net Revenues	3.126	3.285	3.487	-5%	10.072	8.421	20%
Gross Profit	1.221	1.572	1.551	-22%	4.503	3.820	18%
Operating Result (EBIT) a	1.098	1.451	1.356	-24%	4.017	3.370	19%
Financial Result	(171)	(96)	(174)	78%	(505)	(688)	-27%
Net Income	782	1.005	810	-22%	2.594	1.892	37%
EBITDA b	1.265	1.602	1.626	-22%	4.615	3.808	21%
EBITDA (R\$/t)	706	796	888	-11%	857	646	32%
Total Assets	17.367	15.976	17.245	9%	17.367	15.976	9%
Net Debt	2.243	4.975	2.426	-55%	2.243	4.975	-55%
Stockholders' Equity	7.994	5.621	7.761	42%	7.994	5.621	42%

(a) Earnings before interest, tax and participations.

(b) Earnings before interest, taxes, depreciation, amortization and participations.



## Highlights of the Accumulated Results:

- Net revenues grew 20%, reaching R\$ 10.1 billion
- Net income grew 37%, reaching R\$ 2,6 billion
- EBITDA grew 21%, reaching R\$ 4.6 billion
- EBITDA margin was 46%
- Debt reduction of US\$ 313 million
- Net Debt/EBITDA ratio of 0.4
- Investments of R\$ 349 million
- Market Share 53%



## STEEL INDUSTRY IN BRAZIL

- Crude steel production totaled 23.7 million tonnes in the 9M05, a 4% decrease in relation to the same period of the previous year
- Domestic flat steel demand fell 16% in 3Q05 and 3% in 9M05. The sectors most affected were distribution, agricultural machinery, electronic equipment, appliances, civil construction, justified by high inventories
- Other influences on the fall in demand: loss of income by the agricultural sector, frustration with infrastructure investment and indirect steel imports due to the appreciation of the Real against the dollar



## STEEL INDUSTRY IN BRAZIL

- Good performing sectors:
  - automotive - 8% growth with vigorous auto export program
  - large-diameter tubes - 50% growth
- Exports: gained impulse - 15% growth



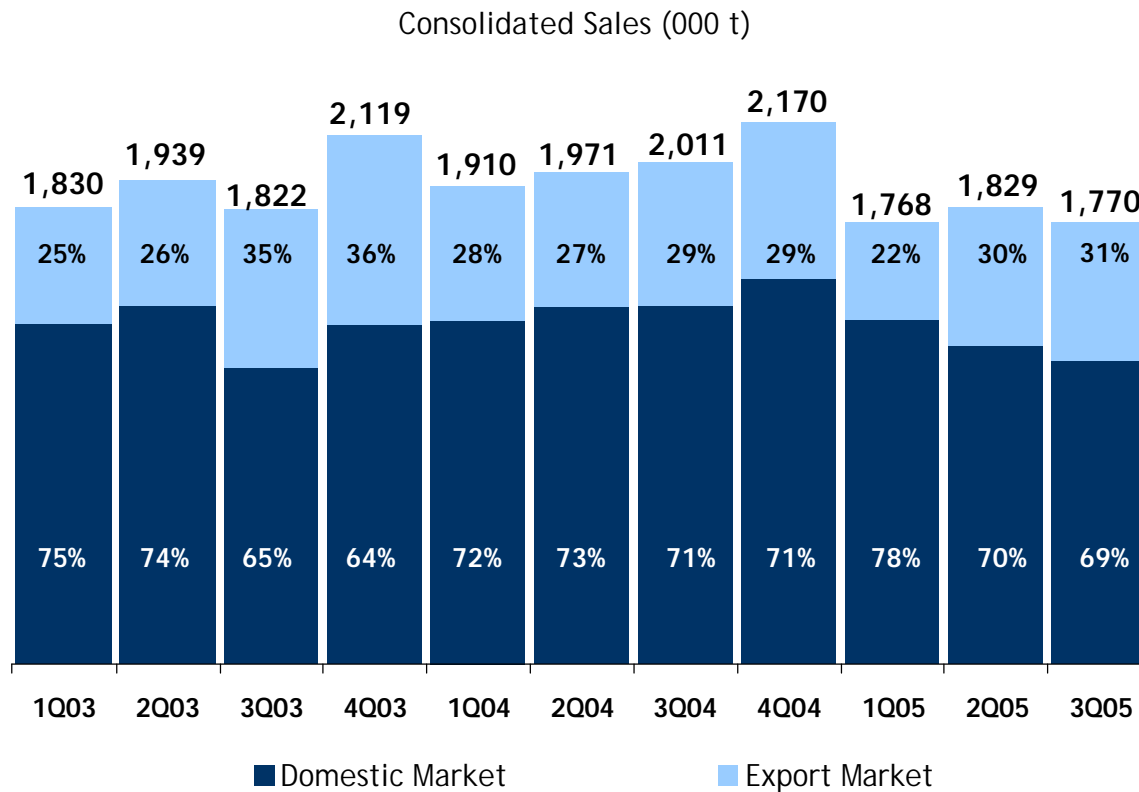
## STEEL INDUSTRY IN THE WORLD

- Estimated global crude steel production growth of 6%, with estimated volume at 1.1 billion tonnes. China will continue to exercise a preponderant role in the global market
- Excess inventory adjustment in the world is coming to an end
- For 4Q05: slight price recovery, mainly in the USA and EUROPE
- Asia, mainly China, resumes steel imports. Prices rise from 5% to 10%





## USIMINAS - CONSOLIDATED SALES



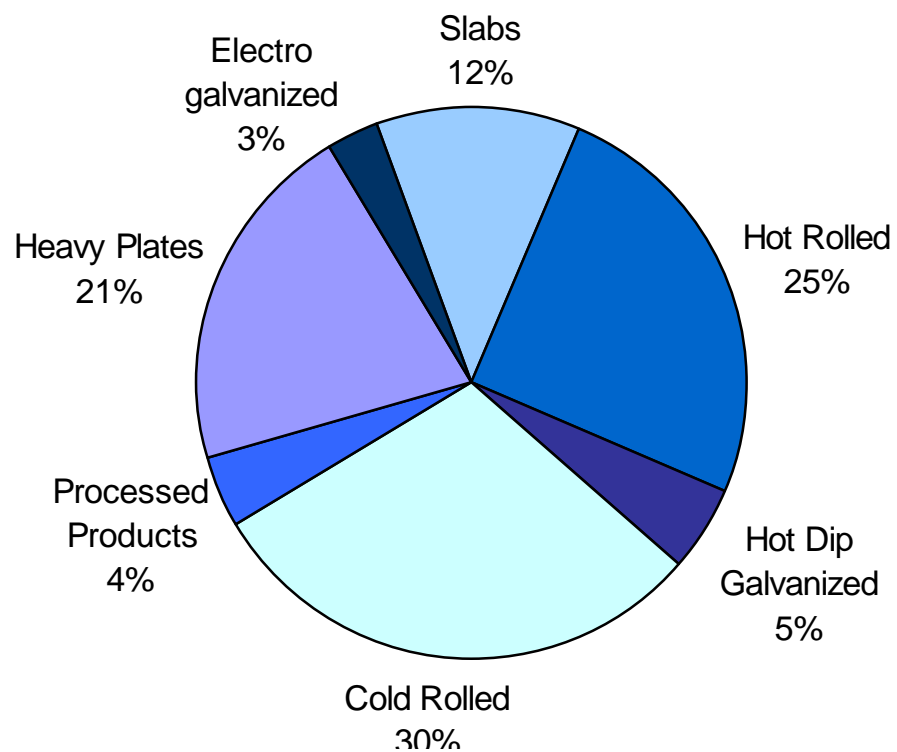
- In 9M05, the Usiminas System sold 5.4 mt, 9% below the 9M04 due to:
- Adjustment of production and sales to market conditions
- Slower growth rate of industrial activity in the country
- Excess inventories in some segments



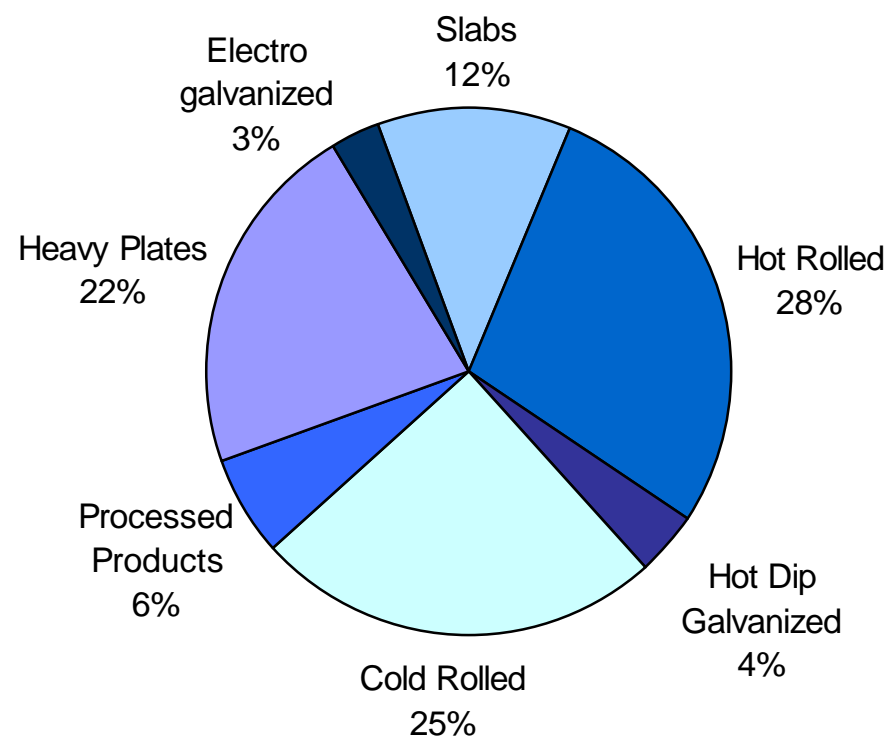


## USIMINAS - SALES MIX BY PRODUCT

### Sales 3Q05

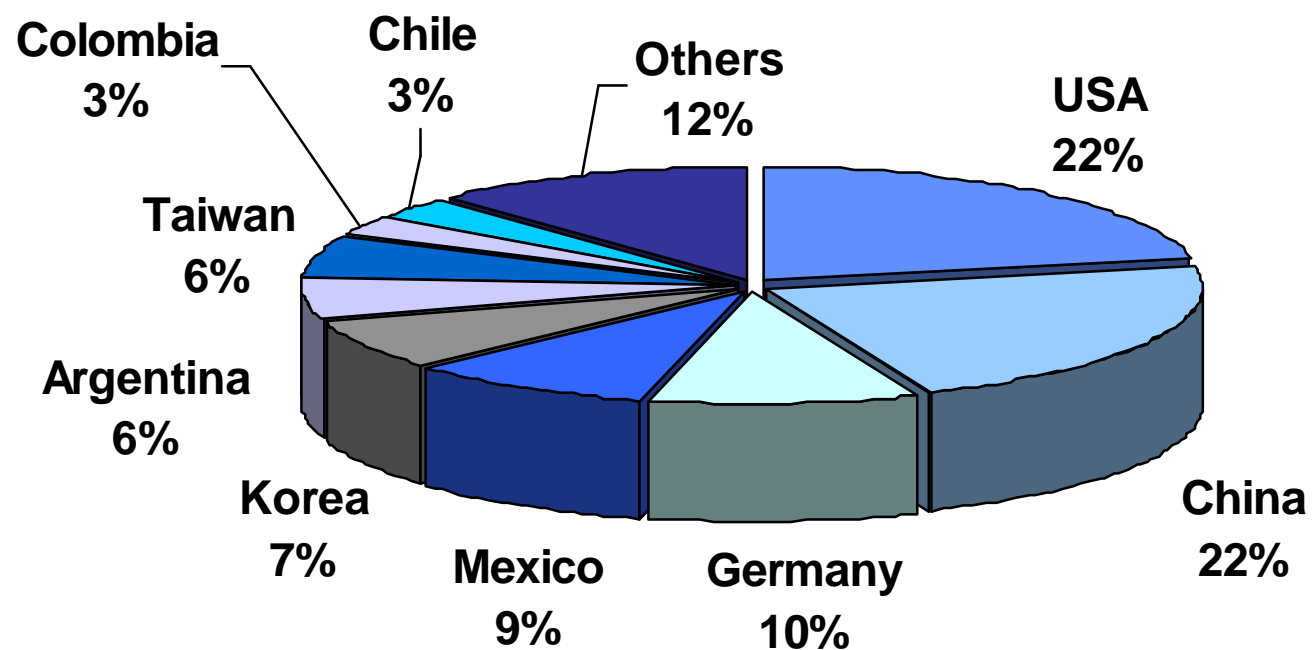


### Sales 3Q04



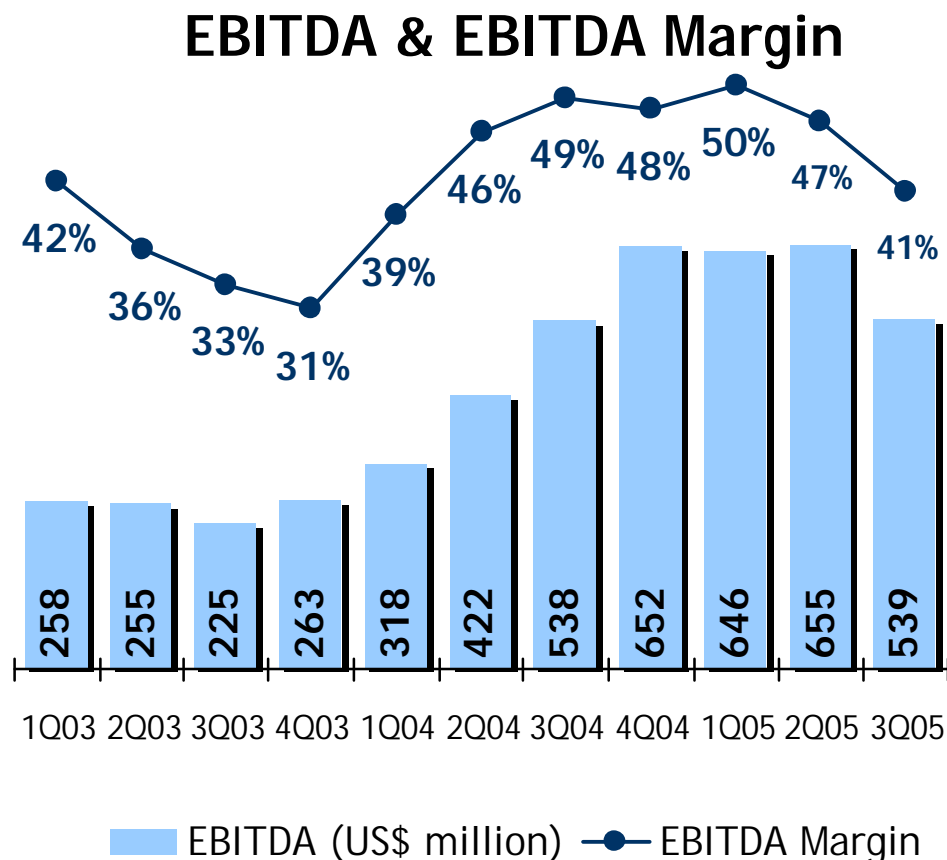


## EXPORTS BY COUNTRY - 9M05





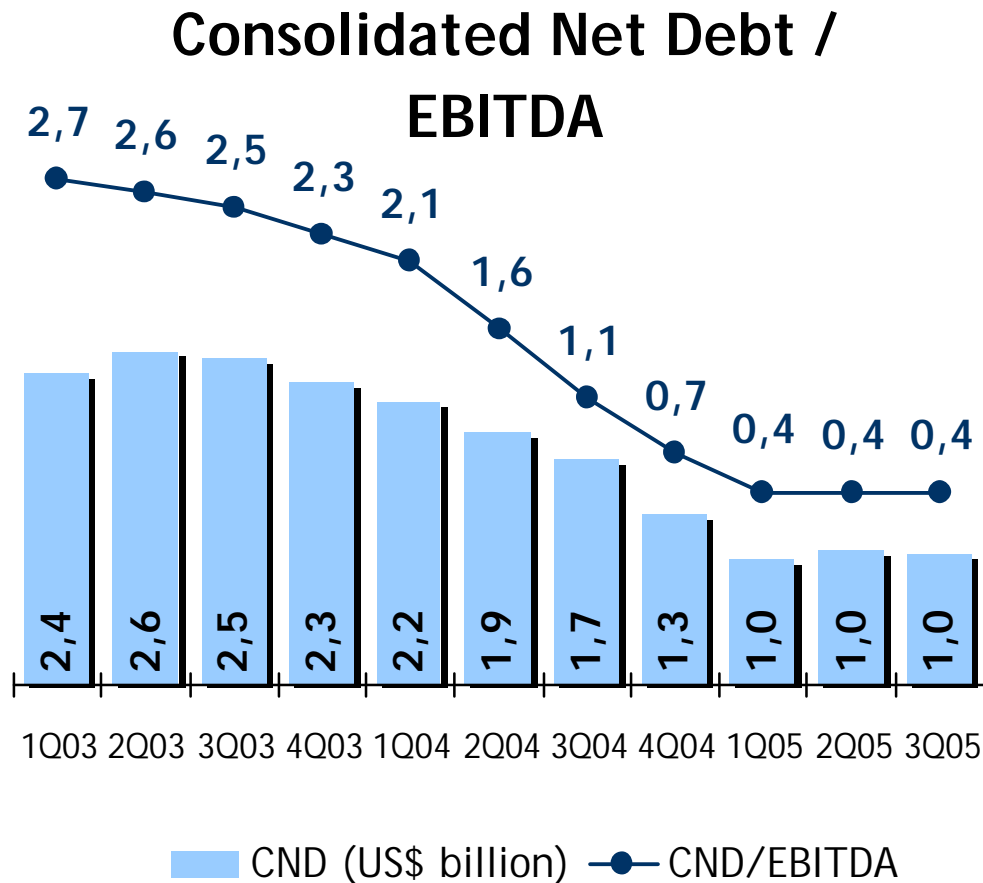
## USIMINAS - CONSOLIDATED EBITDA



- EBITDA reached US\$ 532 million in 3Q05 and totaled US\$ 1.83 billion in 9M05. On an accumulated basis, it was 14% above the same period in 2004
- EBITDA margin was 46% in the 9M05



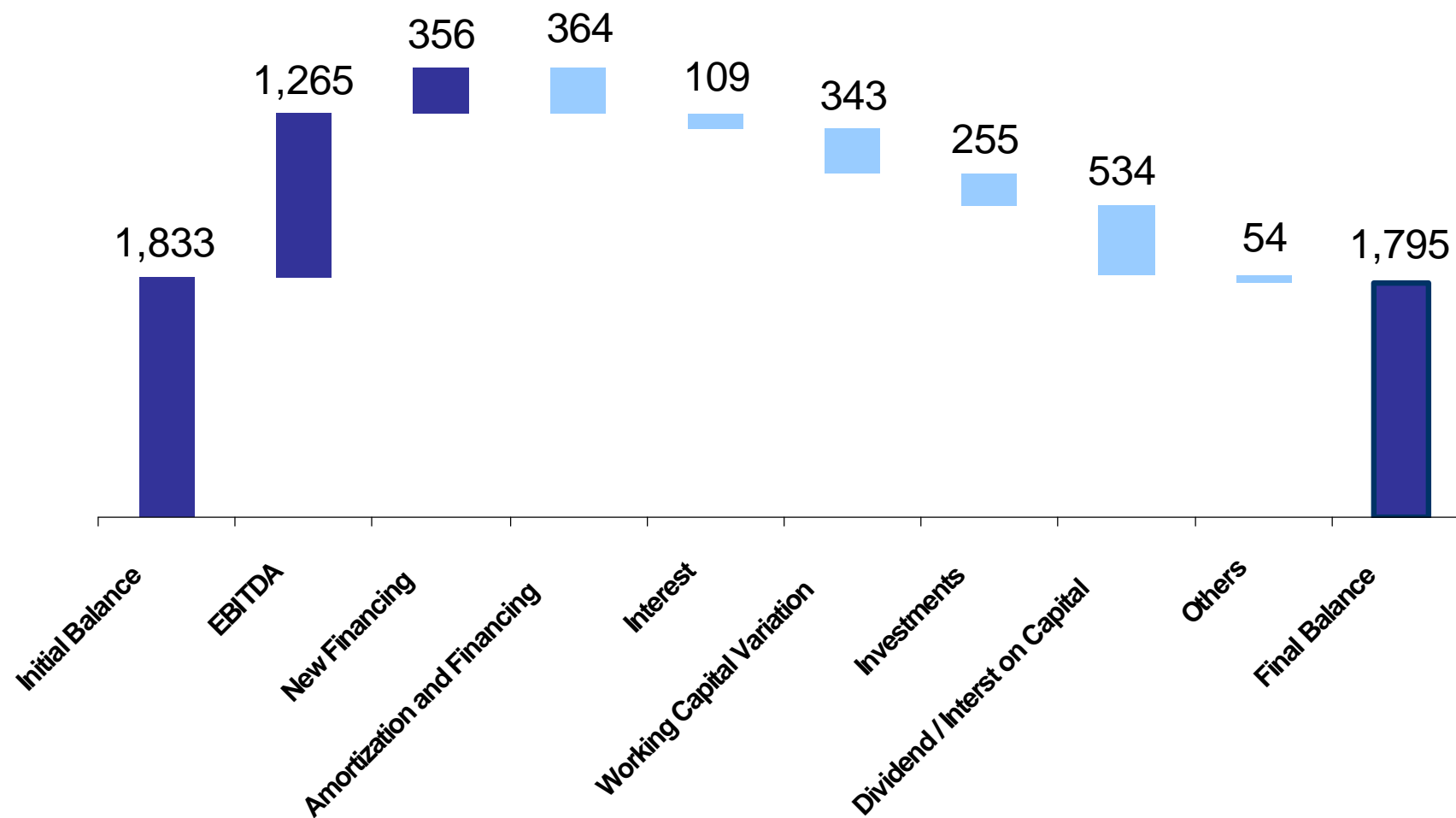
## USIMINAS - CONSOLIDATED NET DEBT



- Through 9M05, debt was reduced by US\$ 313 million
- The Usiminas System ended the quarter with cash of US\$ 808 million



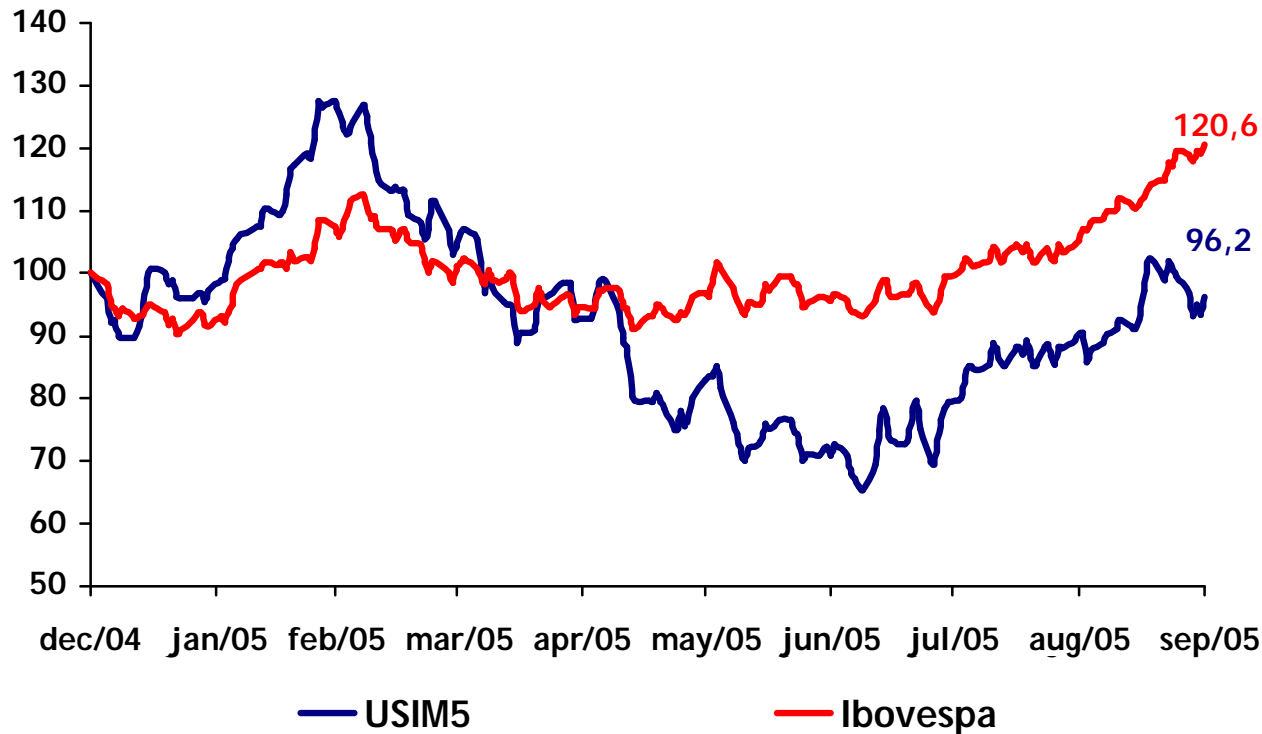
### USIMINAS - 3Q05 CONSOLIDATED CASH FLOW (Corporate Law) - R\$ million





## 2005 SHARE PERFORMANCE

USIM5 vs. Ibovespa (12/30/04=100)



- Usiminas PNA (USIM5) share appreciation of 36%
- Ibovespa had 26% accumulated appreciation in 3Q05
- Usiminas is the fourth most traded company in the Ibovespa (5.79% of the index)



## OUTLOOK

- Greater stability in the international market
- Domestic market: normal levels of inventories, expectation of demand recovery by 1Q06
- Brazilian demand: 8% growth in 2006 (IBS estimate)
  - growth in the economy and international trade
  - reduction in domestic interest rates and credit expansion
  - infrastructure investments





## OTHERS HIGHLIGHTS

- Creation of Ternium: formalization of Usiminas participation with Siderar and Sidor shareholdings, plus capital outlay of US\$ 100 million (already paid out in Aug 05), giving Usiminas an initial 16% interest in the new company's capital
- Creation of Usiminas Europa subsidiary in Oct/05, to make the above participation possible
- Dividend and equity interest payments on 09/20/05 - Payout of approximately R\$ 550 million - 30% Payout ratio
- Transparency Award and "Top Performer" in IR
- Participation in upcoming international events: Brazil Day and VII Latibex Forum in Nov 05



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