

USIMINAS



Webcast

Second Quarter 2006 Results

Presentation:
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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 2Q06”

Highlights

R\$ million	2Q 2006	2Q 2005	1Q 2006	Chg. 2Q06/2Q05	1H 2006	1H 2005	Chg. 1H06/1H05
Total Sales Volume (000 t)	2.028	1.829	1.954	11%	3.982	3.598	11%
Net Revenues	3.053	3.484	2.958	-12%	6.011	6.954	-14%
Gross Profit	1.013	1.557	888	-35%	1.901	3.296	-42%
Operating Result (EBIT) a	890	1.359	741	-34%	1.631	2.928	-44%
Financial Result	(78)	(175)	(118)	-56%	(196)	(336)	-42%
Net Income	704	810	345	-13%	1.049	1.812	-42%
EBITDA b	1.046	1.629	908	-36%	1.955	3.359	-42%
EBITDA (R\$/t)	516	891	465	-42%	491	934	-47%
Total Assets	18.066	17.278	17.817	5%	18.066	17.278	5%
Net Debt	1.603	2.426	1.497	-34%	1.603	2.426	-34%
Stockholders' Equity	9.451	7.761	9.097	22%	9.451	7.761	22%

(a) Earnings before interest, tax and participations.

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



OTHER HIGHLIGHTS:

- 34% EBITDA margin in 2Q06 and 33% in 1H06.
- Debt reduction of R\$ 59 million.
- Capex: R\$ 231 million.
- Domestic market share of 52%.
- Awards:
 - Arvin Meritor: USIMINAS recognized among best suppliers.
 - Transparency award ANEFAC/FIPECAF/SERASA: recognized among top ten publicly-traded companies.
 - National APIMEC and APIMEC-MG: Publicly-traded company, IR Executive and best presentation.



GLOBAL STEEL INDUSTRY

- World production of 596 million in 1H06, 8% above 1H05.
- China continued to be the highlight and accounts for 34% of global production.
- Along with growth in economy and trade of main countries, steel demand is growing. Inventories are at a regular levels.



STEEL INDUSTRY - BRAZIL

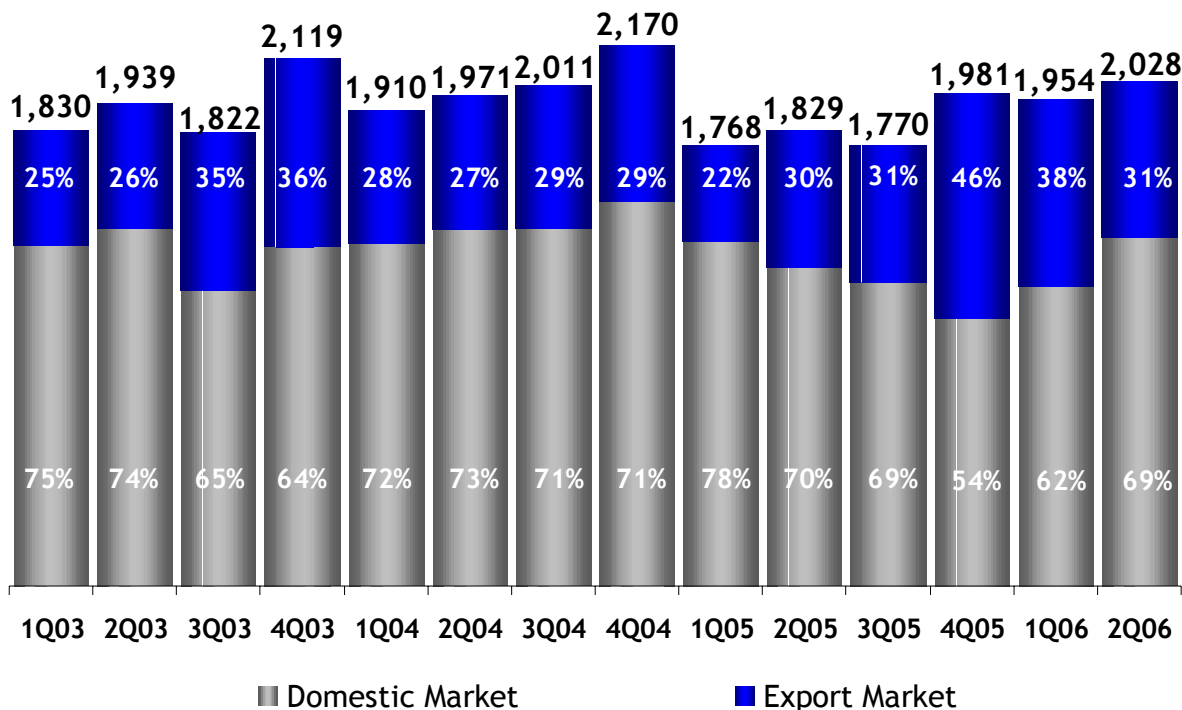
- Crude Steel production totaled 15 million in 1H06, a decline of 9% over 1H05.

- Domestic flat steel demand:
 - 2Q06/2Q05: growth of 9%.
 - 2Q06/1Q06: growth of 14%.
 - 1H06/1H05: 4% decline, totaling 4.8 million tons, with a recovery trend for the 2H06.



USIMINAS - CONSOLIDATED SALES

Consolidated Sales (000 t)

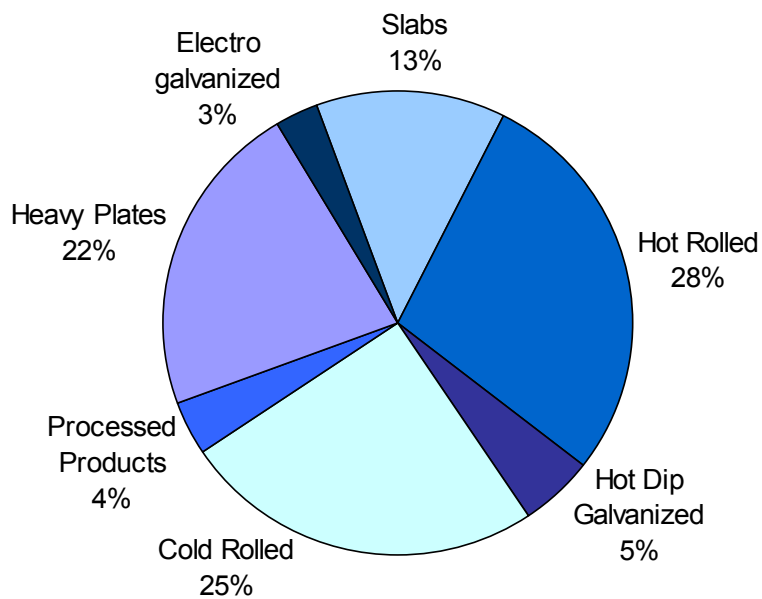


- Total sales in 2Q06: 2.0 MMt, 2Q06/2Q05 = 11% above and 2Q06/1Q06 = 4% above
- Domestic sales growth of 9%, following the recovery in the domestic market.
- Export sales - 14% growth over 2Q05 and 16% decline over 1Q06, due to greater domestic sales
- Accumulated sales 1H06: 4.0 MMt, 11% above 1H05.

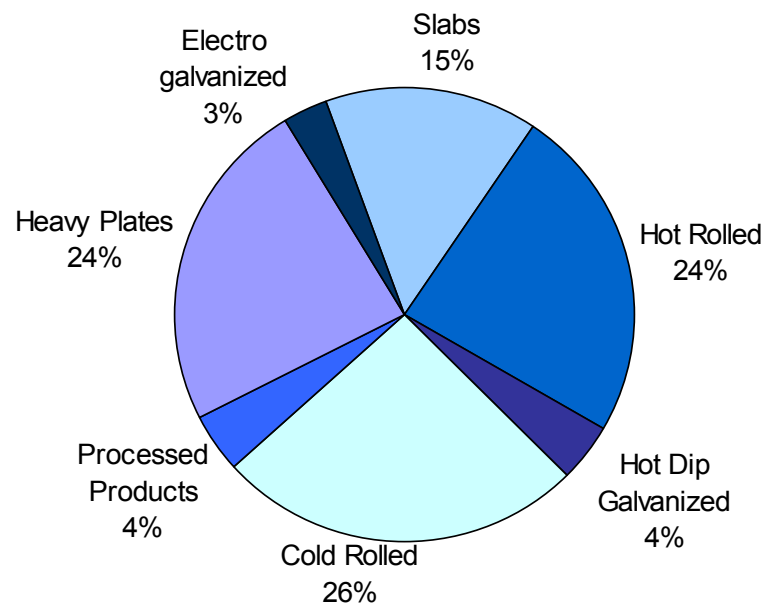


USIMINAS - SALES MIX BY PRODUCT

2Q06

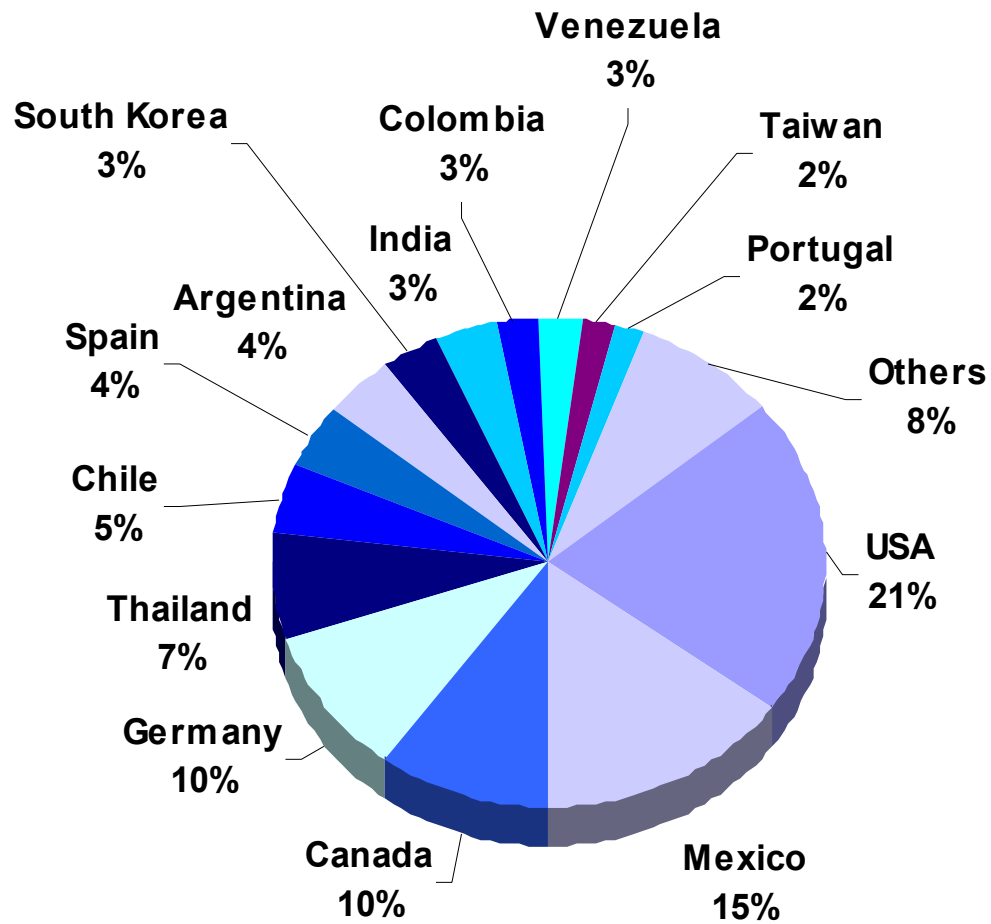


2Q05





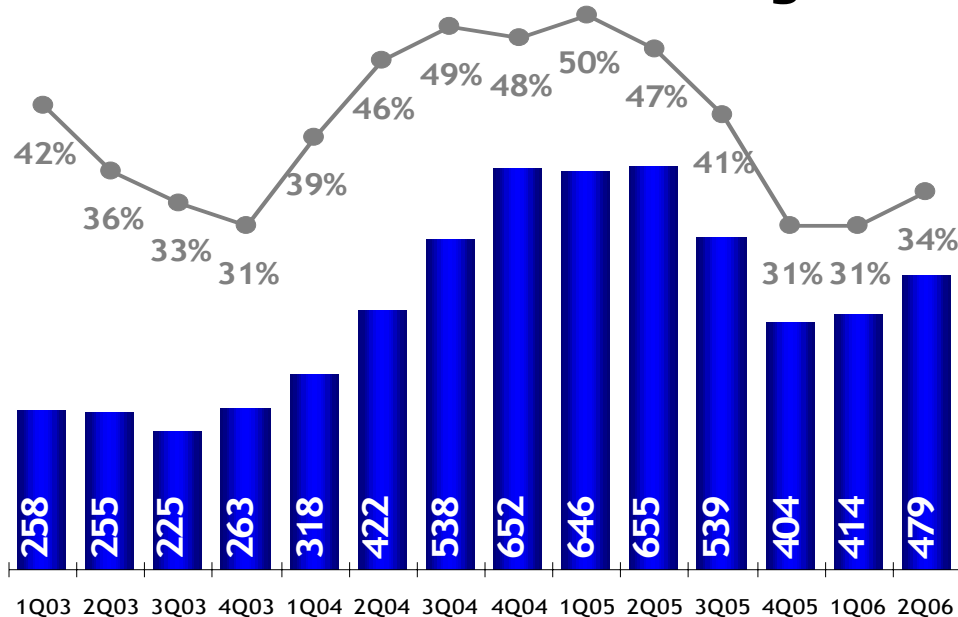
EXPORTS BY COUNTRIES - 1H06





USIMINAS - CONSOLIDATED EBITDA

EBITDA & EBITDA Margin

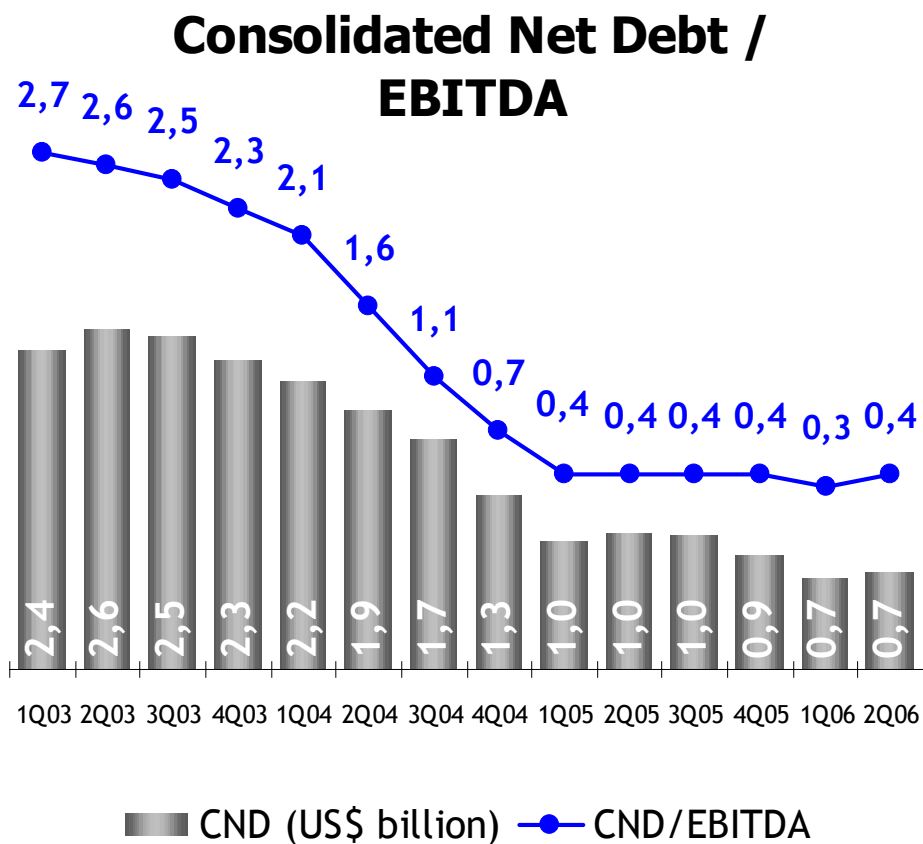


■ EBITDA (US\$ million) ● EBITDA Margin

- EBITDA - totaled R\$ 1.0 billion (US\$ 479 million) in 2Q06, accumulating R\$ 2.0 billion in 1H06 (US\$ 893 million).
- EBITDA margin of 34% in 2Q06 and 33% in 1H06.



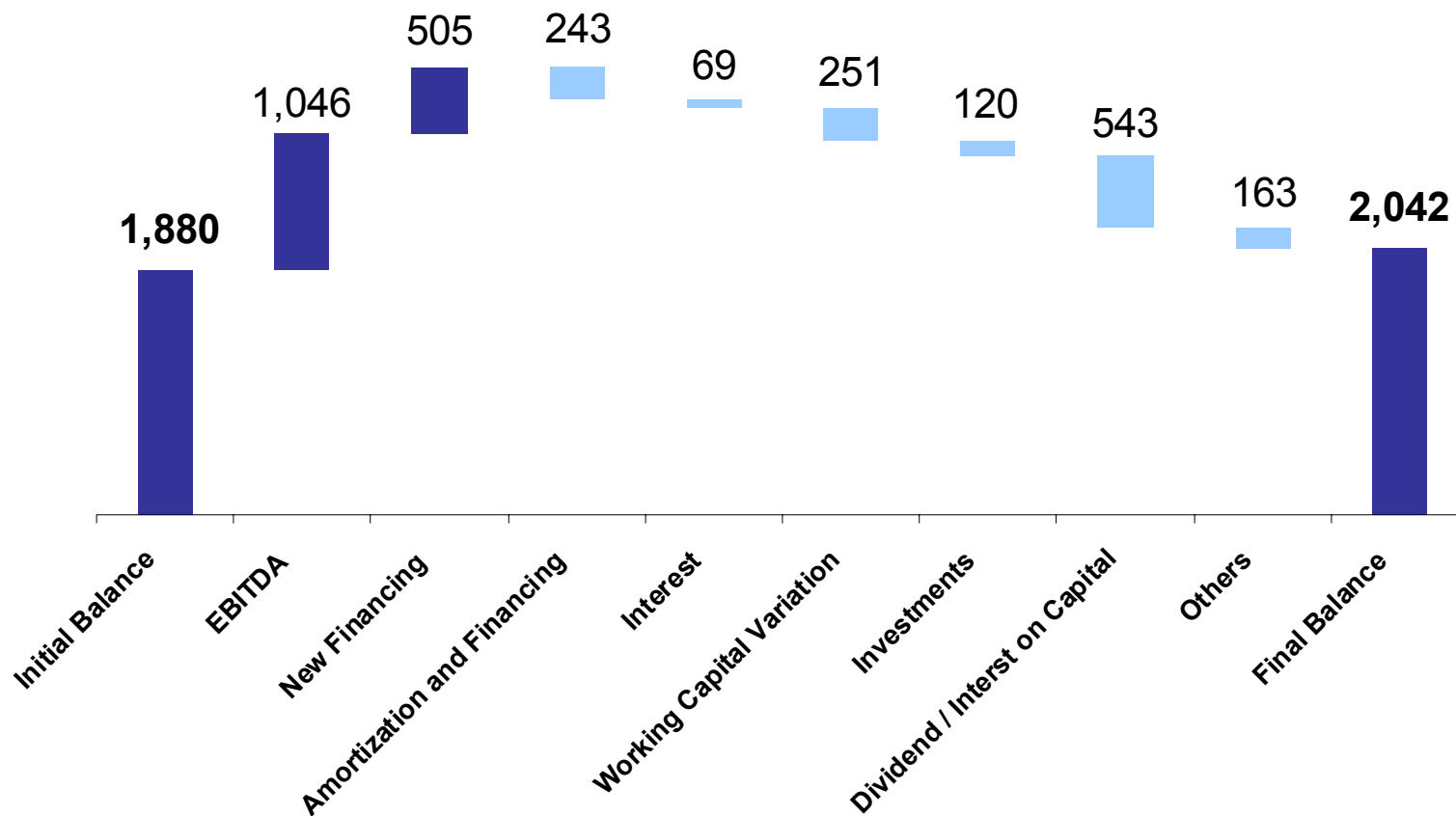
USIMINAS - CONSOLIDATED NET DEBT



- Debt reduction of R\$ 59 million
- New funding for capex

USIMINAS - 2Q06 CONSOLIDATED CASH FLOW

Brazilian GAAP (Legislação Societária) - R\$ million



- Usiminas' cash position amounted to R\$2 billion in 1H06



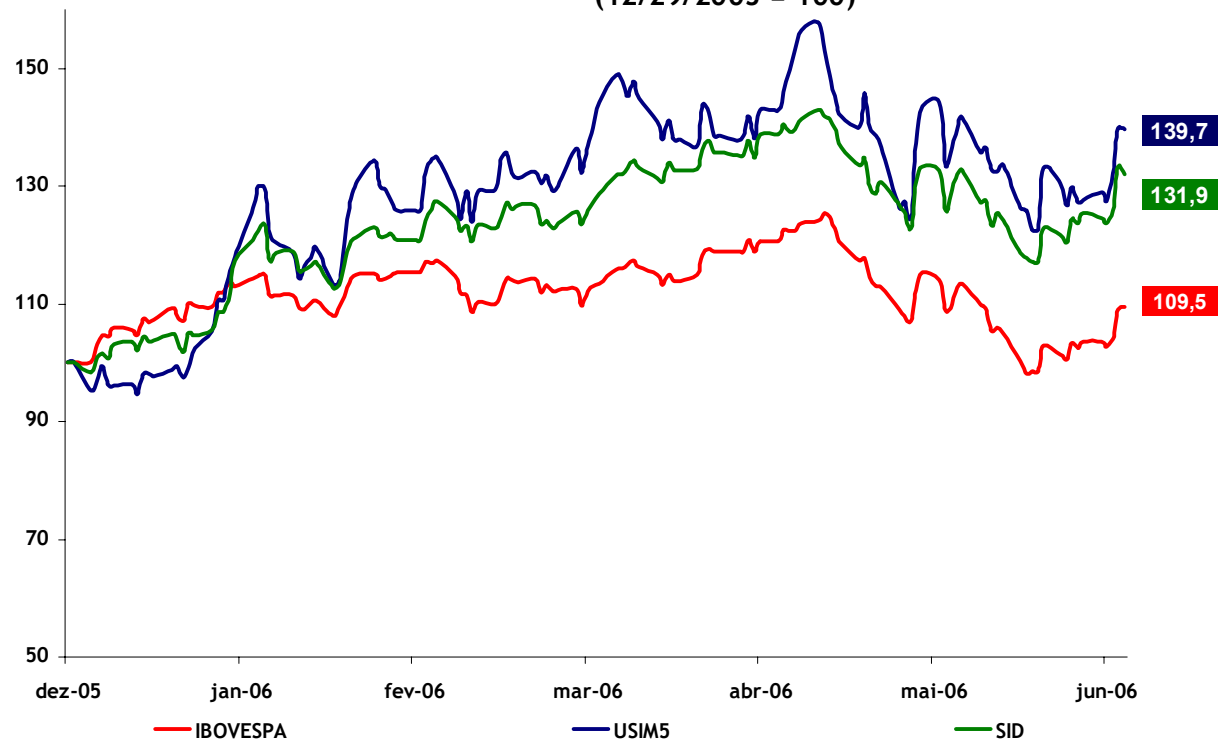
1H06 - STOCK PERFORMANCE



**ADR
Level I**

USIM5 vs Ibovespa and Steel Industry

(12/29/2005 = 100)



- Usiminas stock performance:
 - Bovespa: PNA (USIM5): 40%
ON (USIM3): 66%
 - ADR 1 - USNZY: 52%
 - Latibex - XUSI: 43%
- Ibovespa index appreciated 9.5% during same period
- 4th. highest weight among companies of Ibovespa portfolio (5.2%) and top five in Latin American market.



OUTLOOK

International market:

- ← Firm demand in main regions.
- ← 3Q06 prices at higher levels.
- ← Price stability forecasted for 4Q06.

Domestic market:

- ← Inventories at normal level.
- ← Domestic flat steel demand showing sustained growth, with 7% demand increase forecasted.



USIMINAS - OUTLOOK

Guidance for 2006:

- Total sales: 7.9 MMt
- Mix: 67% Domestic market and 33% Exports.



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