

PRESENTATION



# Webcast

Fourth Quarter 2006 Earnings Results

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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 4Q06 AND 2006

### Highlights

R\$ million	4Q 2006	4Q 2005	3Q 2006	Chg. 4Q06/4Q05	Chg. 4Q06/3Q06	2006	2005	Chg. 06/05
Total Sales Volume (000 t)	1,992	1,981	1,971	1%	1%	7,945	7,348	8%
Net Revenues	3,277	2,969	3,127	10%	5%	12,415	13,041	-5%
Gross Profit	1,171	912	1,195	28%	-2%	4,268	5,415	-21%
Operating Result (EBIT) a	907	743	1,022	22%	-11%	3,560	4,760	-25%
Financial Result	(45)	(162)	(91)	-72%	-51%	(332)	(666)	-50%
Net Income	752	1,325	715	-43%	5%	2,515	3,918	-36%
EBITDA b	1,186	910	1,228	30%	-3%	4,368	5,525	-21%
Ebitda Margin	36.2%	30.7%	39.3%	+5,5 pp	-3,1 pp	35.2%	42.4%	-7,2 pp
EBITDA (R\$/t)	595	459	623	30%	-4%	550	752	-27%
Total Assets	18,975	18,195	18,124	4%	5%	18,975	18,195	4%
Net Debt	760	2,012	1,669	-62%	-54%	760	2,012	-62%
Stockholders' Equity	10,418	8,753	10,166	19%	2%	10,418	8,753	19%

(a) Earnings before interest, tax and participations.

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

## STEEL INDUSTRY

### *International scenario:*

- Fast pace of growth in the global economy. China and India with GDP growth close to 10% per year
- World crude steel production in 2006: 1.2 billion tons, up 9% from 2005
- Asia: Strong demand, but declining prices
- Europe: Growing demand. Increasing imports from China and price decrease
- USA: Slowdown in the pace of economic growth. Higher imports from China and increase in the supply from local mills

## STEEL INDUSTRY

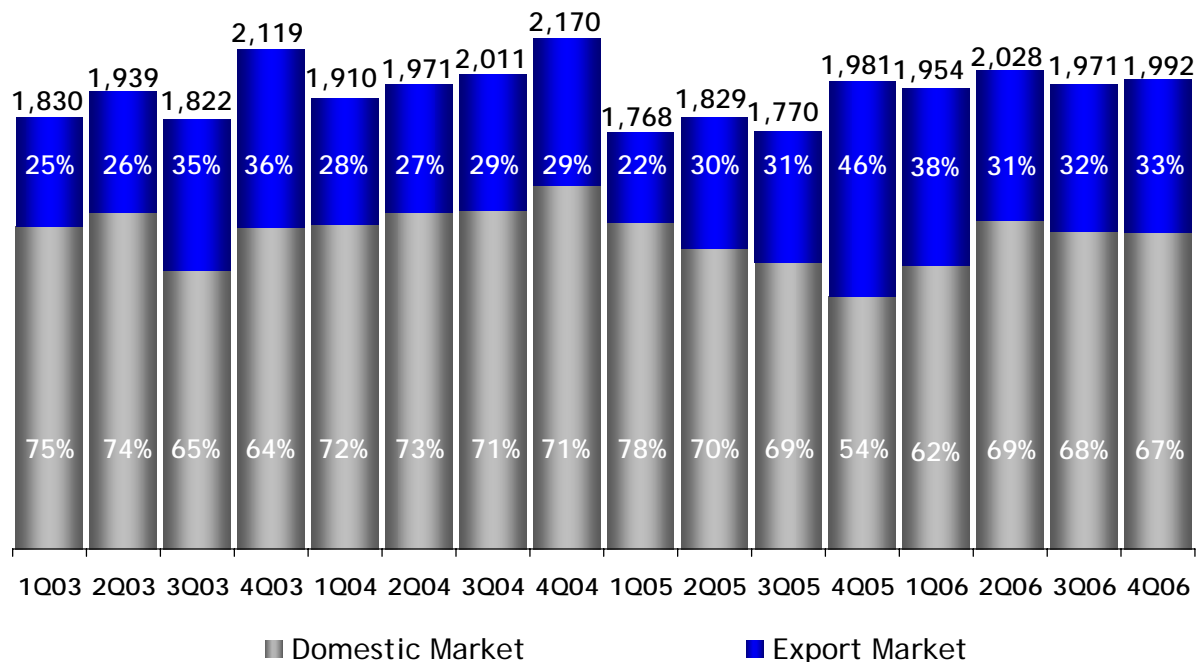
### *Domestic scenario:*

- Weak performance in the domestic economy. Slow pace of GDP growth
- Appreciation of the Real against the US dollar by 8%, leading to export losses
- Crude steel production in 2006: 30.9 million tons, down 2% from 2005
- Flat steel demand:

2006/2005: up 7%. Segments that stood out following increased consumption: automotive, industrial equipment, household appliances

## USIMINAS - CONSOLIDATED SALES

Consolidated Sales (000 t)



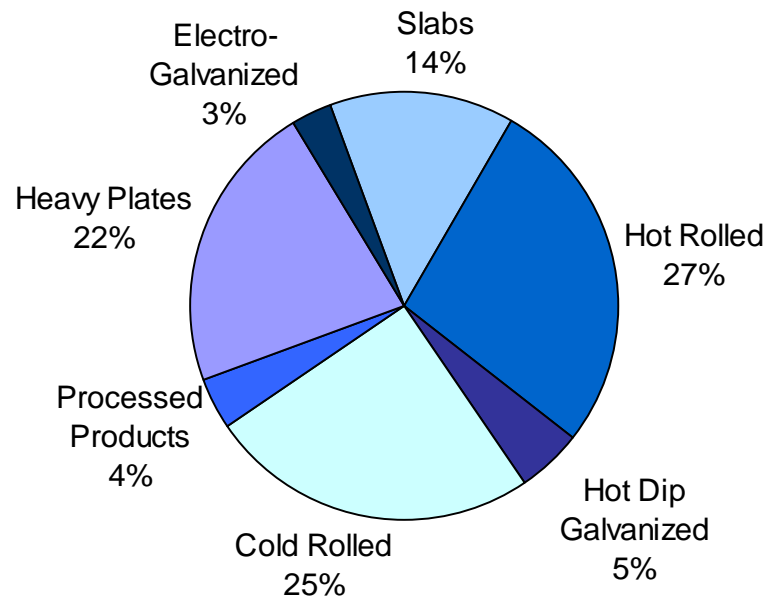
- Total sales in 4Q06: 1.99 MMt, 4Q06/4Q05 = up 1%, 4Q06/3Q06 = up 1%
- Domestic sales: up 25% from 4Q05 and stable from 3Q06
- Exports: down 29% from 4Q05 and up 4% from 3Q06
- Total sales in 2006: 7.95 MMt, up 8% from 2005



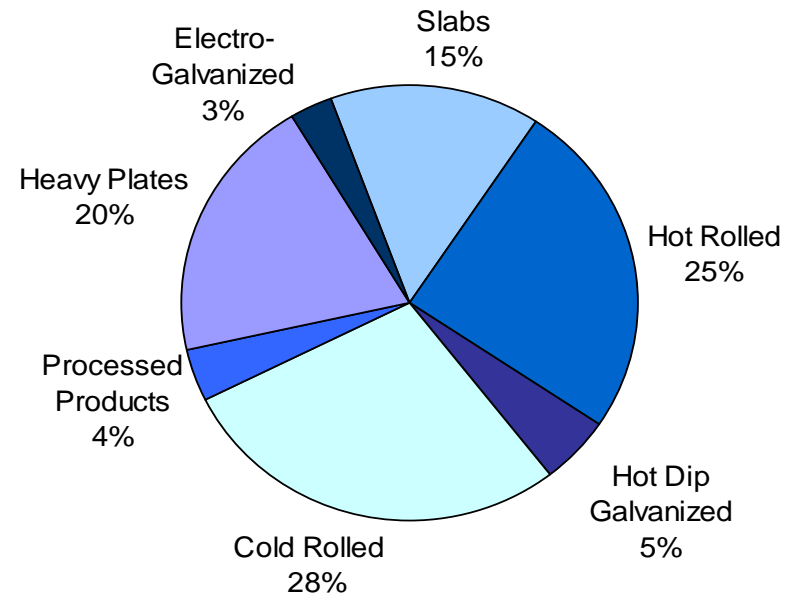


## SALES MIX BY PRODUCT

2006

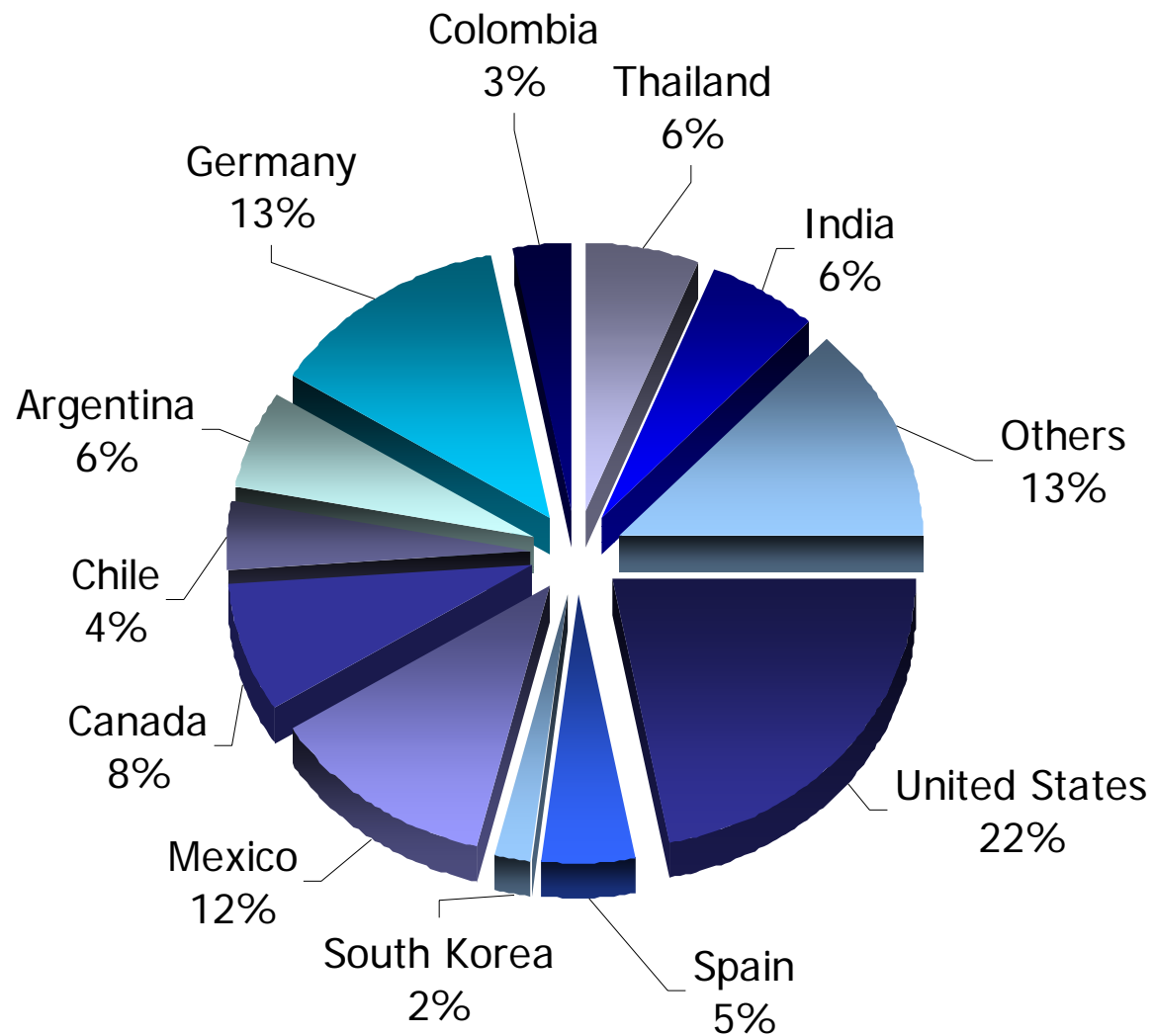


2005





## EXPORTS BY COUNTRY - 2006

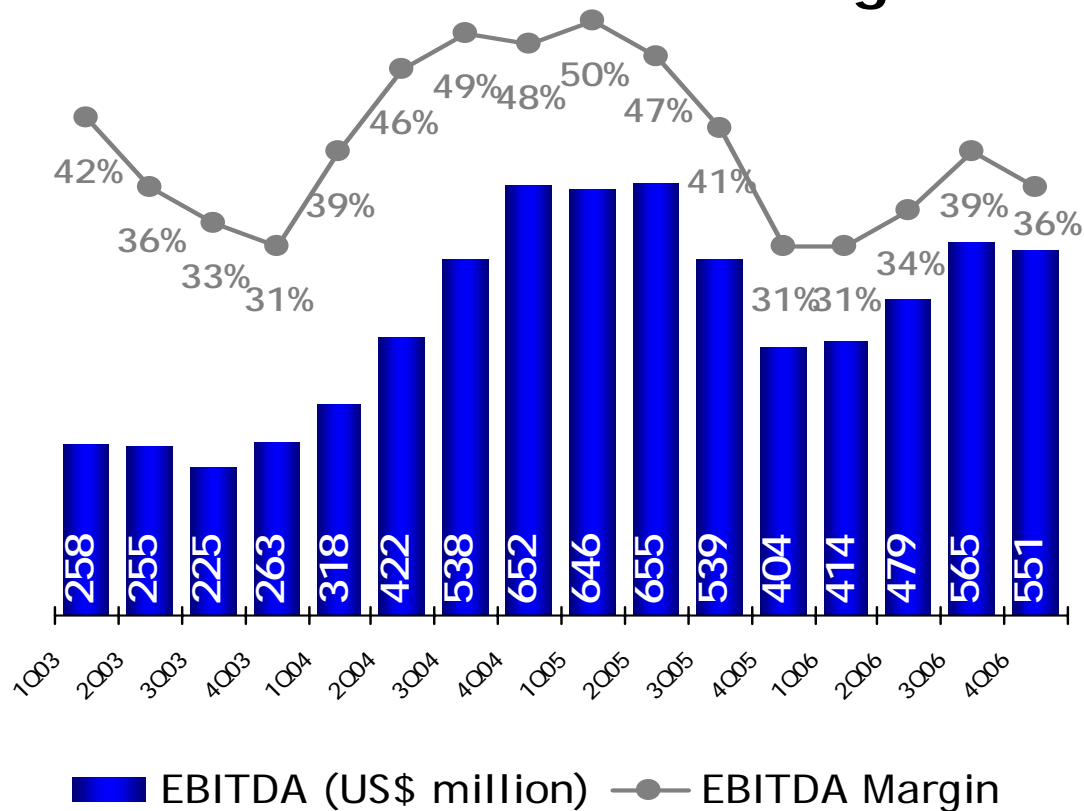






## CONSOLIDATED EBITDA

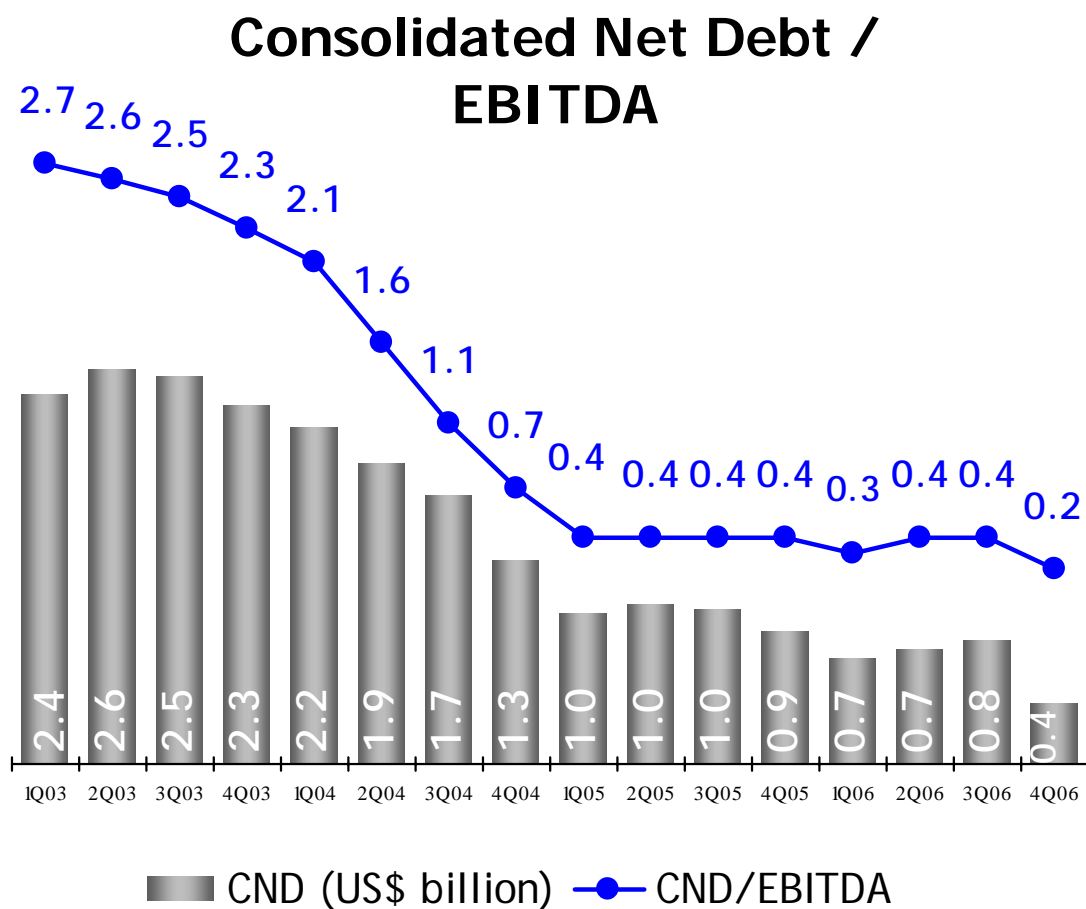
### EBITDA & EBITDA Margin



- EBITDA totaled R\$ 1.2 billion (US\$ 551 million) in 4Q06 and R\$ 4.4 billion in 2006 (US\$ 2.0 billion)
- EBITDA margin of 36% in 4Q06 and 35% in 2006



## CONSOLIDATED NET DEBT

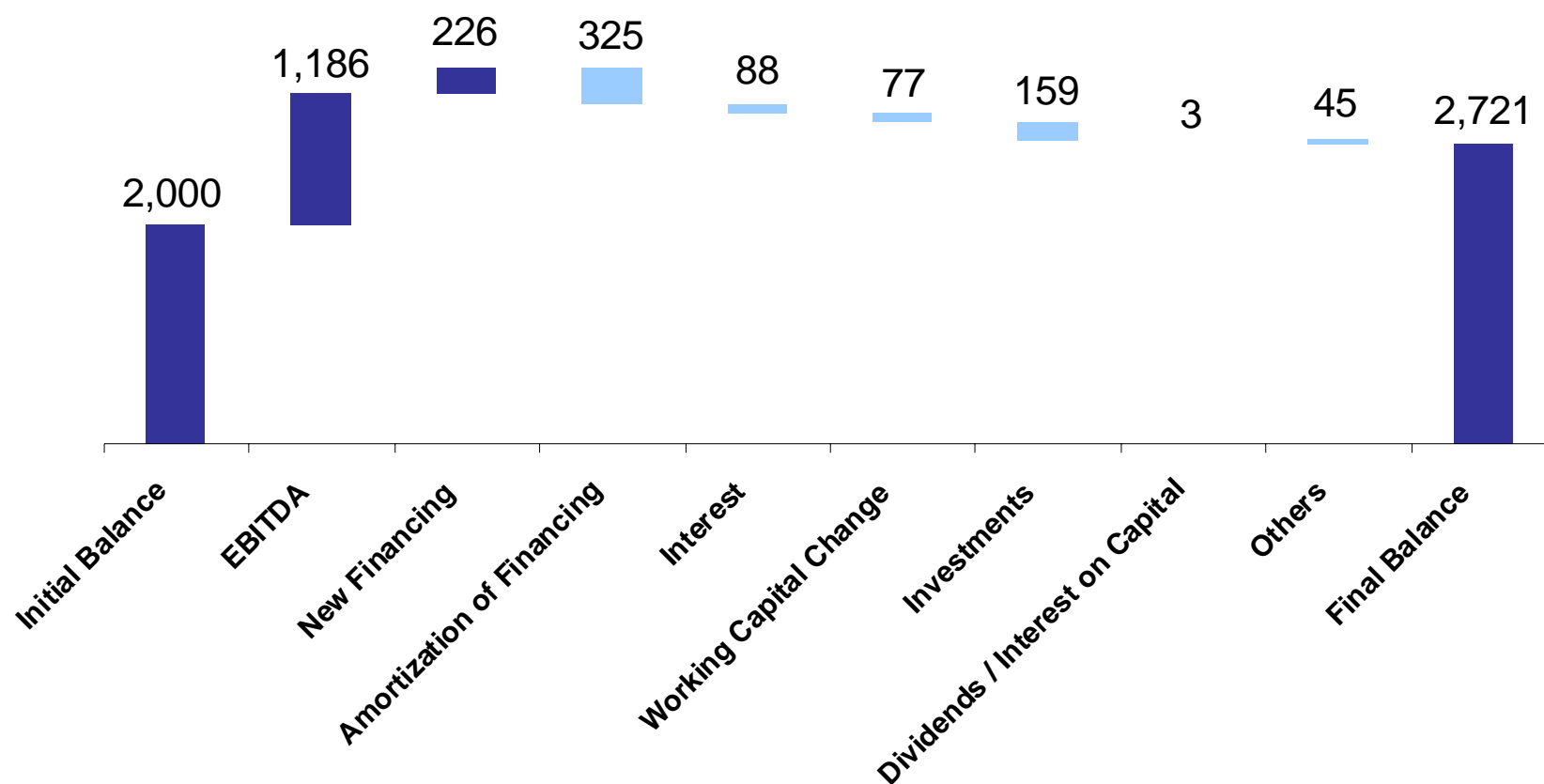


- CND/EBITDA at low levels, 0.2 x
- Debt profile:  
Short Term - 22%  
Long Term - 78%
- Debt by currency:  
Domestic - 27%  
Foreign - 73%



## 4Q06 CONSOLIDATED CASH FLOW

### Brazilian GAAP (Brazilian Corporation Law) - R\$ million



- Usiminas' cash position totaled R\$ 2.7 billion in 2006

# USIMINAS

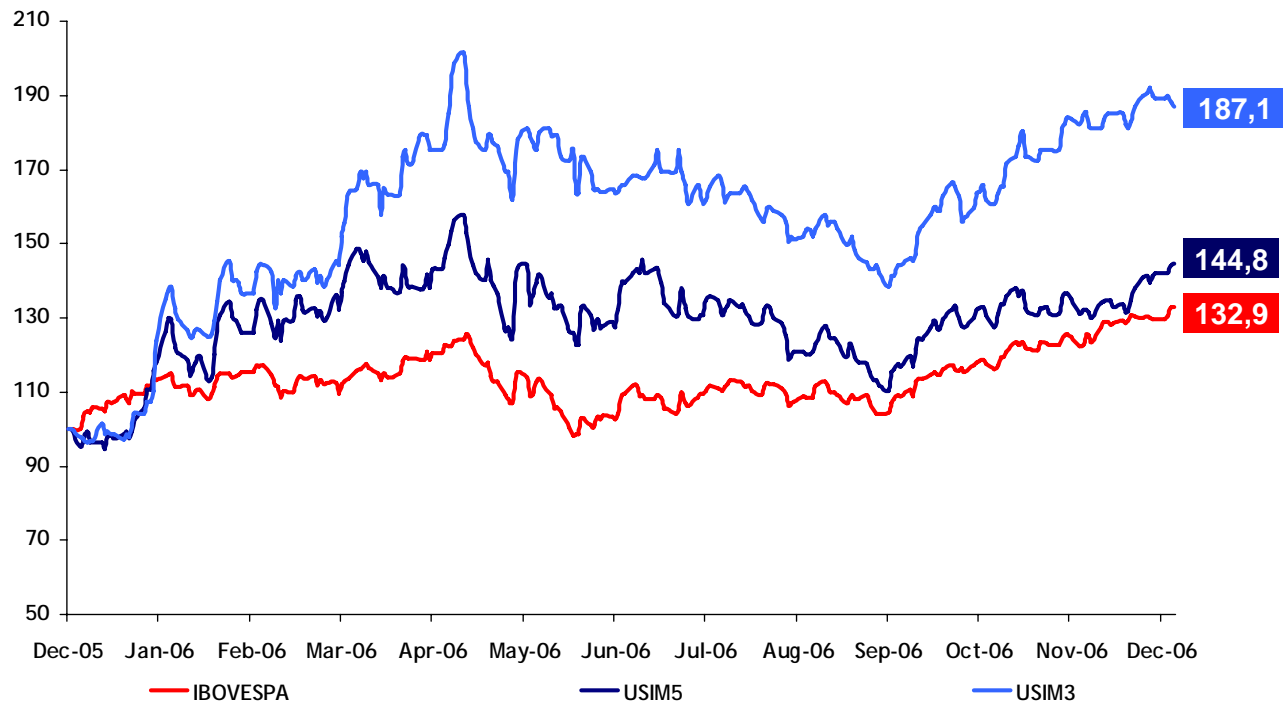


## 2006 - STOCK PERFORMANCE



**ADR  
Level I**

**USIM5 and USM3 vs Ibovespa**  
From 12/29/2005 to 12/28/2006



- PNA and ON shares rose 45% and 87% in 2006, respectively, while the Ibovespa rose 33%
- PNA shares continues the fourth most traded at the São Paulo Stock Exchange

## OUTLOOK

### International market:

- Inventory adjustments in the US and in Europe. Rising freight costs
- Likely reduction in Chinese exports due to expectations for the elimination of rebates and to the reaction of several countries against the exported volume
- Price recovery expected to start in the first half of 2007
- Offer / demand stability during the second half of 2007

### Domestic market:

- Expectation for demand growth over 8% (IBS). Demand will be spurred by recovery in volumes of heavy plates and by performance of industrial sectors
- Factors that can influence demand:
  - reduction in interest rates and maintenance of high credit volumes;
  - increase in investments on important steel consuming sectors and increased demand from the main industrial sectors

## USIMINAS - OUTLOOK FOR 2007

- **Total sales:** approximately 8.0 million tons, stable compared with 2006
- **Domestic Market:** 70% of total sales volume = 6% growth, spurred by demand increase, notably heavy plates
- **Exports:** 30% of total sales



## OTHER HIGHLIGHTS

- Investment grade rating from Fitch Ratings
- Social Statement Award
- Guide of the 500 Best Companies Award, granted by the IstoÉ Dinheiro magazine (Usiminas and Usiparts)
- Finalist in the 10th Transparency Award 2006
- Finalist in all APIMEC Award categories



**USIMINAS**

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