

PRESENTATION



# Webcast

First Quarter 2007 Earnings

Paulo Penido Pinto Marques  
CFO and Investor Relations Director

## 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 1Q07

### Highlights

R\$ million	1Q 2007	1Q 2006	4Q 2006	Chg. 1Q07/1Q06
Total Sales Volume (000 t)	1.936	1.954	1.992	-1%
Net Revenues	3.336	2.958	3.277	13%
Gross Profit	1.144	888	1.171	29%
Operating Result (EBIT) a	964	741	907	30%
Financial Result	(52)	(198)	(66)	-74%
Net Income	642	345	752	86%
EBITDA b	1.178	908	1.186	30%
EBITDA (R\$/t)	608	465	595	31%
Total Assets	19.320	17.818	18.975	8%
Net Debt	128	1.497	760	-91%
Stockholders' Equity	11.060	9.097	10.418	22%

(a) Earnings before interest, tax and participations.

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

## STEEL INDUSTRY

### *International market :*

- Growing steel demand in several parts of the world.
- China: heated demand and high prices, although prices are lower than in the West.
- Europe: economic growth and strong demand.
- USA: inventory adjustments. Local production reduced to maintain prices.
- Latin America: economic growth, demand and higher prices.
- Domestic demand growth in traditional steel exporting countries, such as Russia and Ukraine and lower export volumes.

*“Internacional market with positive performance*

*Price increases for all steel products - semi-finished, long and flat products.”*

## *Domestic market:*

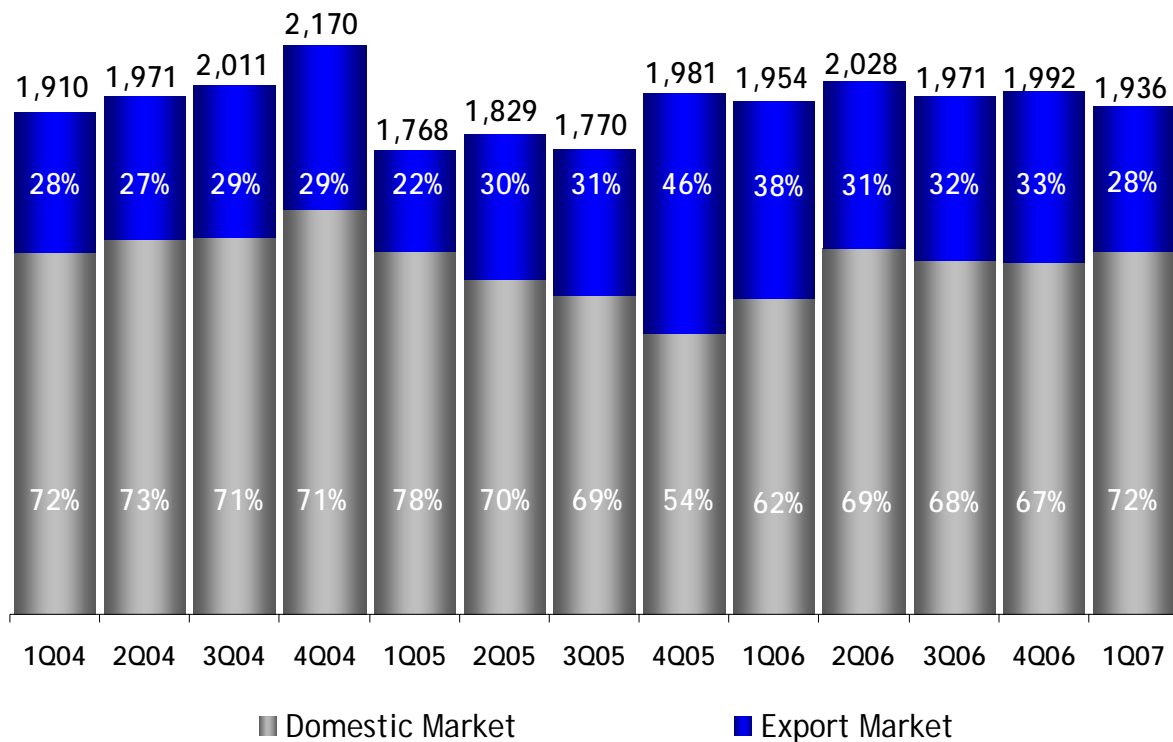
- Positive outlook for the economy. “Credit” effect has driven retail sales, especially in automotive, electronics and construction segments.
- Flat steel demand grew 16% over 1Q06.
- Highlight for the small- and large-diameter pipe, industrial, civil construction, agricultural and tractor segments.
- Automotive industry continues its growth trend in production and sales: Demand grew 13% over 1Q06

*“Favorable indicators in the Brazilian economy, with positive forecast for the steel industry.”*



## USIMINAS - CONSOLIDATED SALES

Consolidated Sales (000 t)



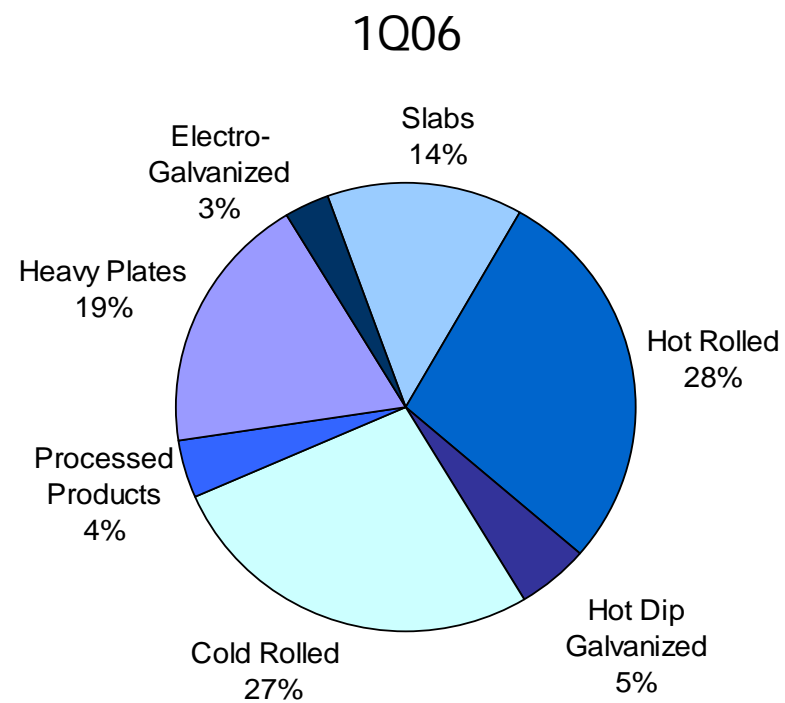
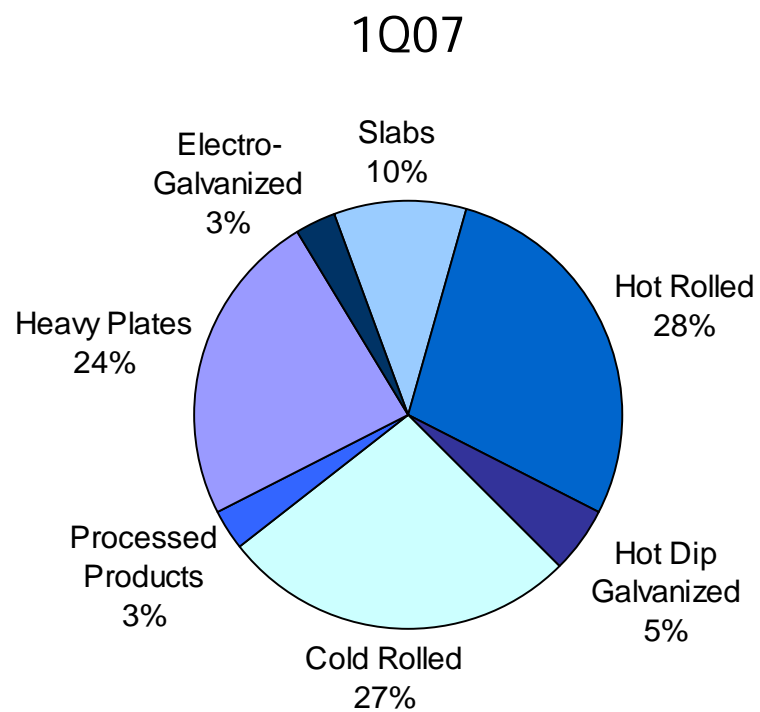
- Total sales in 1Q07: 1.94 MMt, Domestic sales: up 15% from 1Q06 and up 3% from 4Q06
- Exports: down 27% from 1Q06 and down 15% from 4Q06

*“Domestic Sales grew 15%. Usiminas remains as Brazilian market leader. Market share is 52%”*



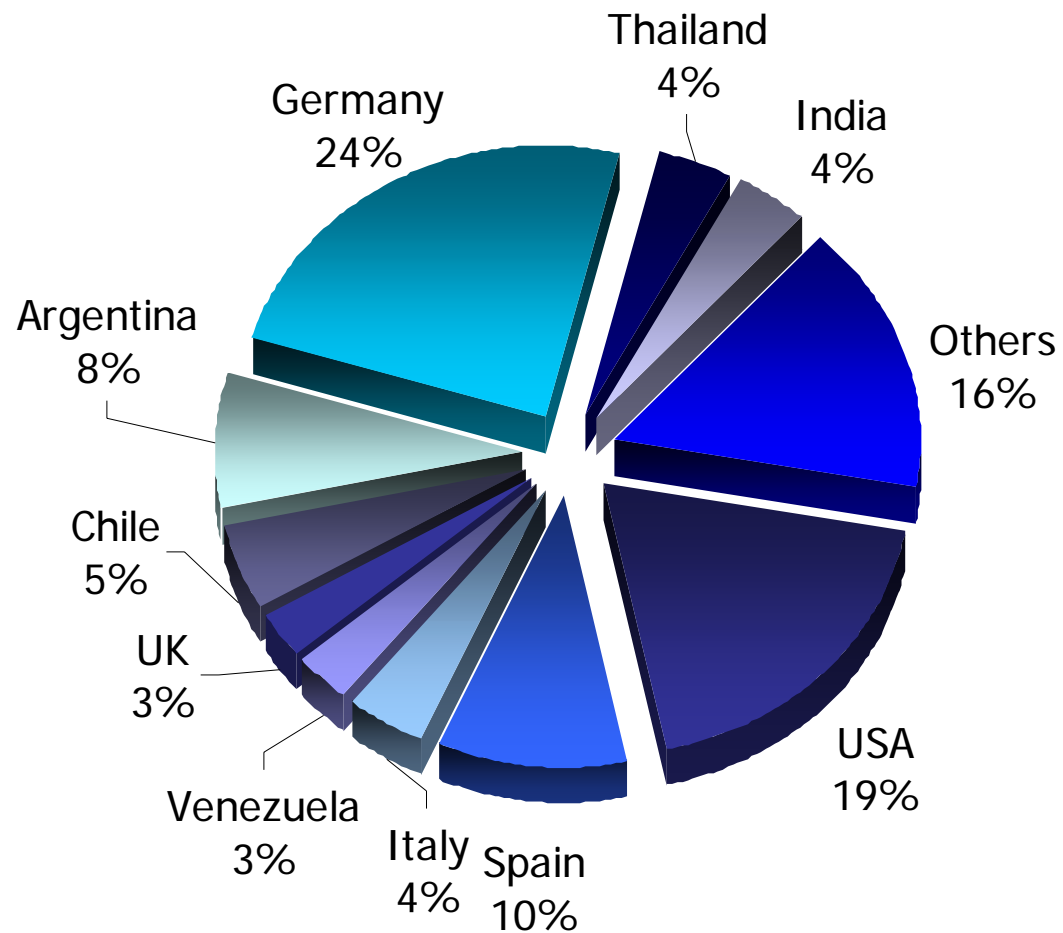


## SALES MIX BY PRODUCT





## EXPORTS BY COUNTRY - 1Q07



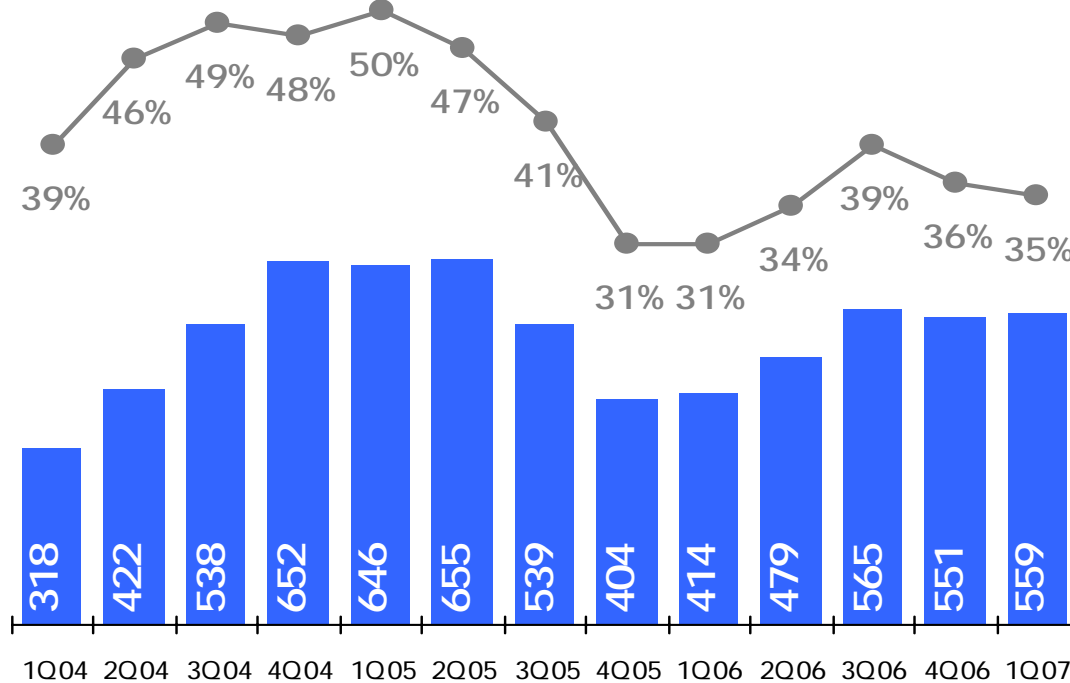
*"Adjustments in the export program to give priority to local customers"*





## CONSOLIDATED EBITDA

### EBITDA & EBITDA Margin



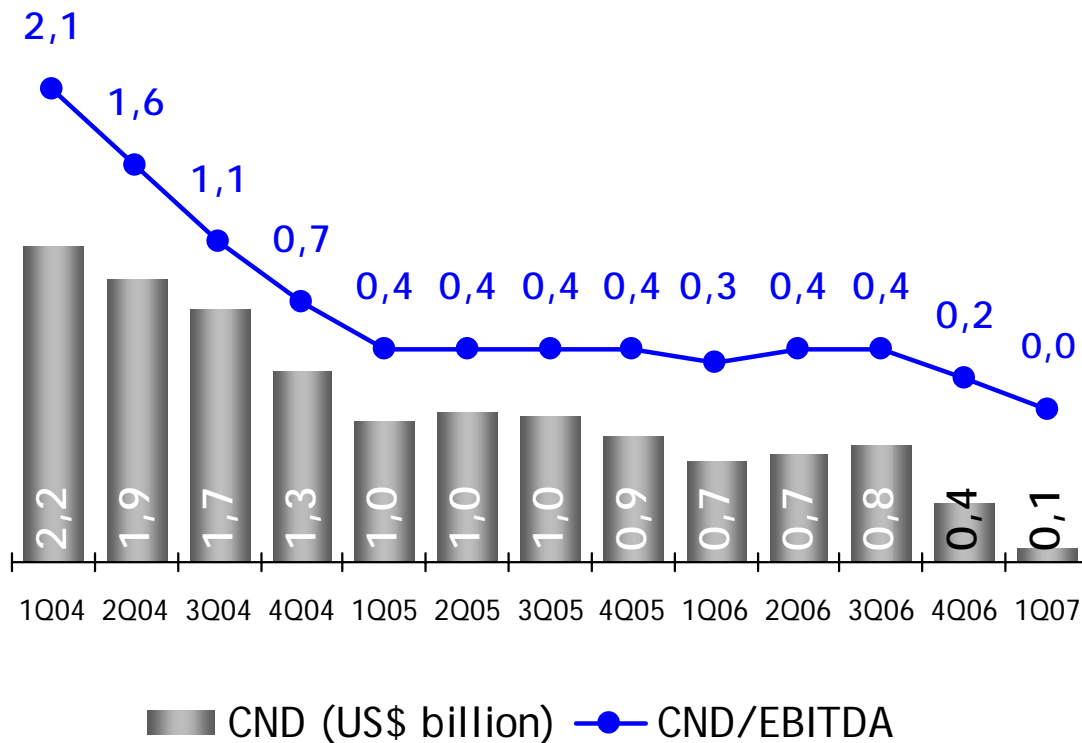
- EBITDA totaled R\$ 1.2 billion (US\$ 559 million) in 1Q07.
- EBITDA margin of 35% in 1Q07.

■ EBITDA (US\$ million) ● EBITDA Margin



## CONSOLIDATED NET DEBT

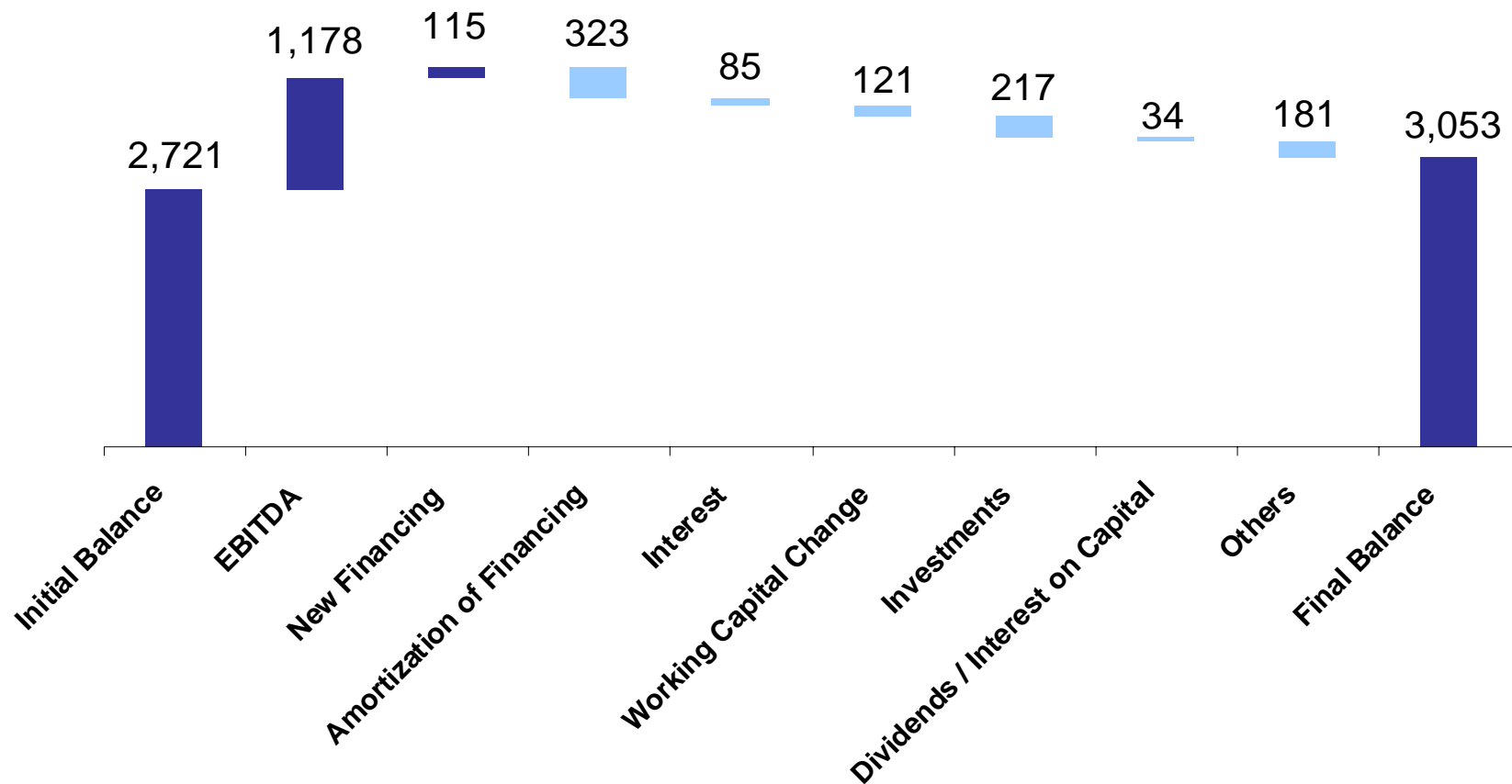
### Consolidated Net Debt / EBITDA



- Debt profile:  
 Short Term - 20%  
 Long Term - 80%
- Debt by currency:  
 Domestic - 25%  
 Foreign - 75%

## 1Q07 CONSOLIDATED CASH FLOW

Brazilian GAAP (Brazilian Corporate Law) - R\$ million



Comfortable financial position. Usiminas' cash totaled R\$ 3.1 billion in 1Q07



## 1Q07 - STOCK PERFORMANCE



**ADR  
Level I**

USIM5 e USIM3 versus Ibovespa

From 12/28/2006 to 03/30/2007



- PNA and ON shares rose 24% and 25% in 1Q07, respectively, while the Ibovespa rose 3%
- PNA shares continues the fourth most traded at the São Paulo Stock Exchange

## OUTLOOK 2007

### International market:

- 2Q07 indicates favorable market for the global steel industry.
- Growing demand and prices in the 3 main trade blocks.
- Growing economy in EU continues to provide strong demand and low inventories.
- US forecasts rising prices - passing on scrap costs to price.
- China: recent government measures may lead to lower export volume, with pressure on domestic prices.
- Maintenance of this scenario up to 3Q07: small adjustment in 4Q07, a year without large fluctuations.

### Domestic market:

- Currency stability, broad credit availability and interest rate reduction favor consumption of durable goods, with positive impact on the automotive, appliance and electronic equipment segments.
- Previously announce investments will favor high steel demand sectors, such as civil construction, pipes, shipbuilding, electronic equipment and others.

## USIMINAS - OUTLOOK FOR 2007

- **Total sales:** approximately 8.0 million tons, stable compared with 2006
- **Domestic Market:** 70% of total sales volume
- **Exports:** 30% of total sales
- **Market share:** at same level



## OTHER HIGHLIGHTS

- ✓ Secondary share offering of CVRD/PREVI:  
Initial offering on 4/27, closed on 5/7.  
Sales of 18,809,159 ordinary shares of Usiminas, reaching an amount of R\$ 2,069,007,490.00 equivalent to US\$ 1,022,489,493.00
- ✓ Latibex: beginning of trading of ordinary shares on 5/3/07 in the Spanish market.
- ✓ GM "Global Supplier of the Year" Award for the 2nd consecutive year.
- ✓ Usifast received authorization to expand services at its Dry Port (Granbel), the first of its kind in Brazil



**USIMINAS**

## For further information: Investor Relations

Bruno Seno Fusaro

*brunofusaro@usiminas.com.br*

Phone: + (55) (31) 3499-8710

Luciana Valadares dos Santos

*lsantos@usiminas.com.br*

Phone: + (55) (31) 3499-8619

Matheus Perdigão Rosa

*mprosa@usiminas.com.br*

Phone: + (55) (31) 3499-8056

Gilson Rodrigues Bentes

*gilson@cosipa.com.br*

Phone: + (55) (11) 5070-8980 São Paulo  
+ (55) (31) 3499-8617 B. Horizonte

[www.usiminas.com.br/ri\\_investidores](http://www.usiminas.com.br/ri_investidores)