

PRESENTATION



# Webcast

Third Quarter 2007 Earnings

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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

### Highlights

R\$ million	3Q 2007	3Q 2006	2Q 2007	Chg. 3Q07/3Q06	9M 2007	9M 2006	Chg. 9M07/9M06
Total Sales Volume (000 t)	2,094	1,971	1,980	6.2%	6,010	5,953	1.0%
Net Revenues	3,630	3,127	3,379	16.1%	10,346	9,138	13.2%
Gross Profit	1,343	1,195	1,202	12.4%	3,690	3,096	19.2%
Operating Result (EBIT) a	1,139	1,022	1,015	11.5%	3,118	2,653	17.5%
Financial Result	13	(91)	61		83	(287)	
Net Income	758	715	802	6.1%	2,202	1,763	24.9%
EBITDA b	1,375	1,228	1,233	12.0%	3,786	3,182	19.0%
EBITDA MARGIN	37.9%	39.3%	36.5%	-1.4 p.p.	36.6%	34.8%	+1.8 p.p.
EBITDA (R\$/t)	657	623	623	5.4%	630	535	17.8%
Total Assets	19,893	18,124	18,975	9.8%	19,893	18,124	9.8%
Net Debt	(243)	1,669	(104)		(243)	1,669	
Stockholders' Equity	12,115	10,166	11,531	19.2%	12,115	10,166	19.2%

(a) Earnings before interest, tax and participations.

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

## ECONOMIC ANALYSIS AND STEEL INDUSTRY

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### *International scenario:*

- Global economy growth. Volatility has been decreasing.
- Turbulence in US economy (sub-prime crisis). Lower GDP growth.
- Emerging markets countries (BRICs) are responsible for 27% of global GDP

### *Steel industry:*

- Continuous growth of the global crude steel production. In 9M07 reached 981 million tons, 7% above the previous year.
- **China**  
Price recovery trend, backed by a strong economic growth of more than 11% per year.
- **Europe:**  
Strong economic activity. Prices and demand may follow this trend.
- **USA:**  
Steel mills announced price increase due to reduction in imports, restocking and scrap price increase.

## ECONOMIC ANALYSIS AND STEEL INDUSTRY

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### *Domestic Scenario:*

- Appreciation of the Real vs. Dollar.
- Brazilian economy in 2007 has been benefiting from local consumption, as well as investments.
- Credit expansion.
- Outstanding performance of some sectors, such as Auto and Oil industries and, as a consequence, the Steel Industry.

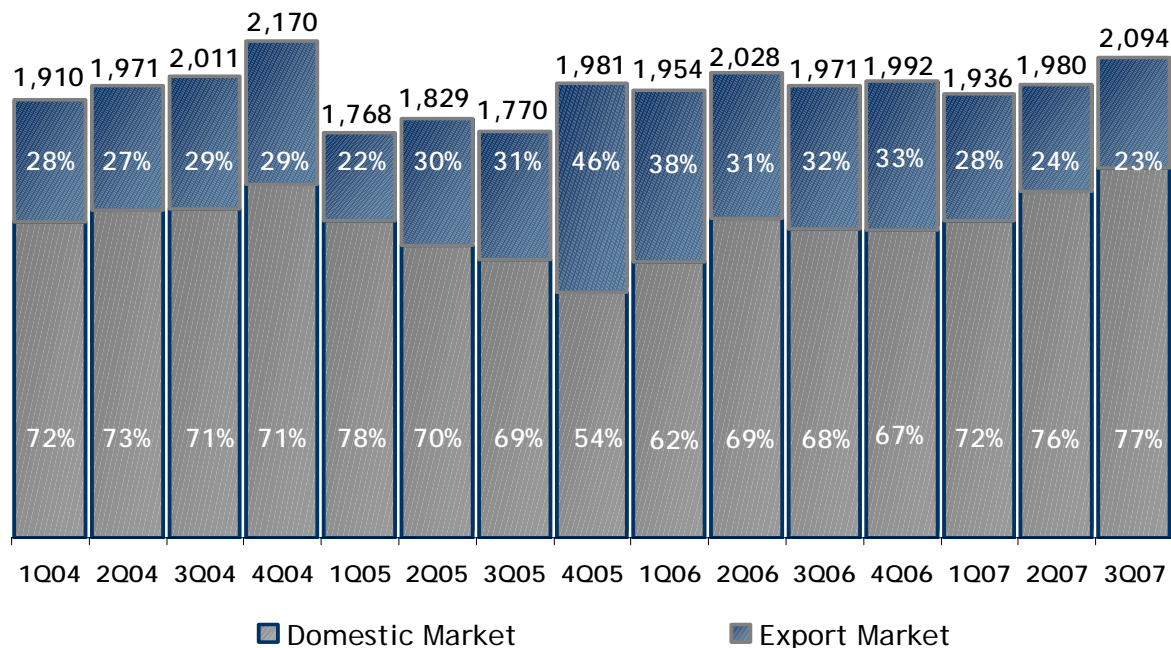
### *Flat steel demand:*

- Showed 16% growth in 9M07 compared to the same period of 2006.
- Growth in almost all sectors, highlighting the auto, large diameter pipes, shipbuilding, industrial equipment and civil construction ( Usiminas holds significant market share)



## CONSOLIDATED SALES

Consolidated Sales (000 t)



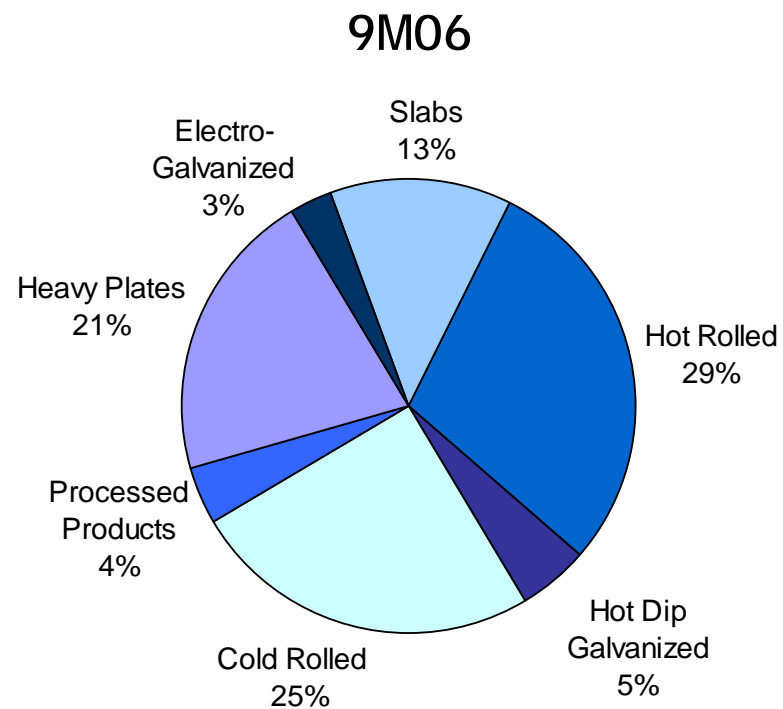
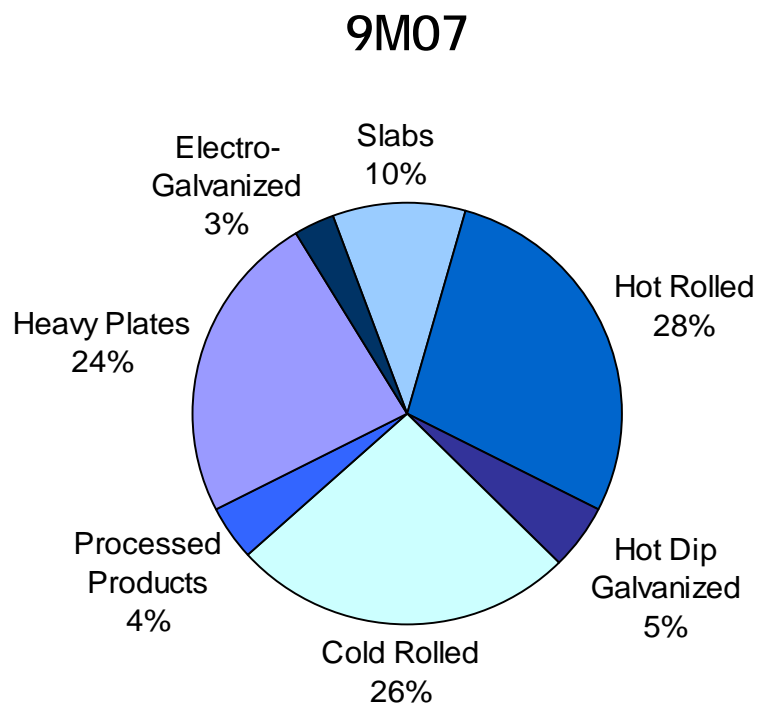
- Total sales in 3Q07: 2.09 MMt
- Domestic sales: up 20% from 3Q06 and up 7% from 2Q07
- Exports: down 23% from 3Q06 and down 2% from 2Q07
- 9M07 accumulated: 6.01 MMt, 1% growth comparing with 9M06

*“Domestic sales were prioritized in order to follow domestic demand growth”*

*Usiminas remains as Brazilian market leader. Market share is 52%”*



## SALES MIX BY PRODUCT

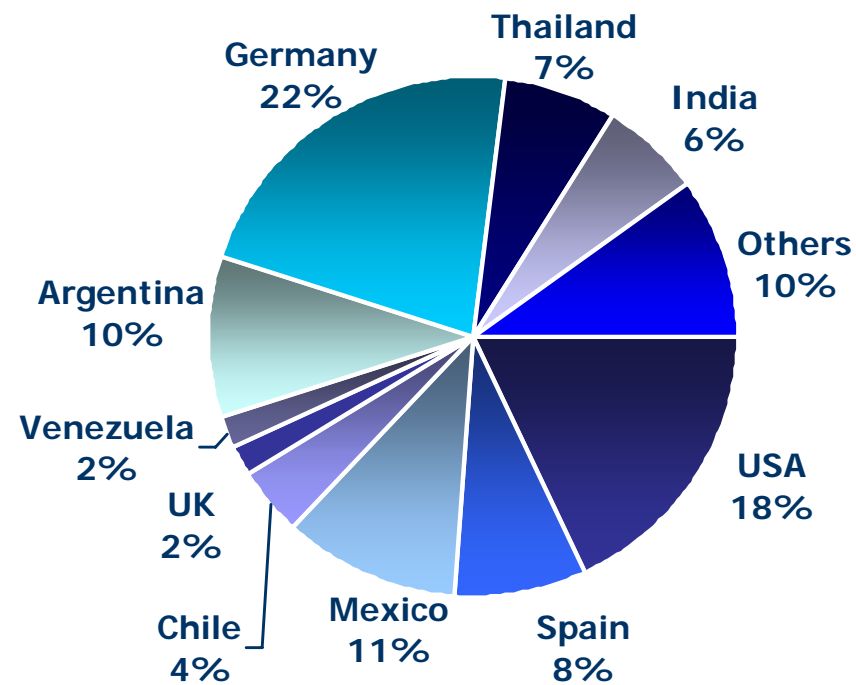
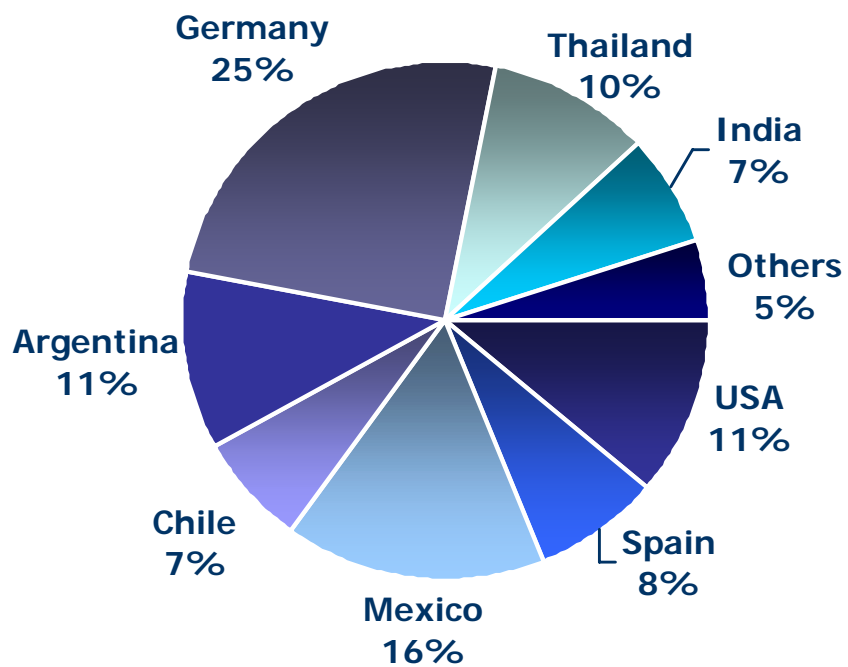


*“Better sales mix as a result of higher value-added products”*



## EXPORTS - 3Q07

## EXPORTS - 9M07



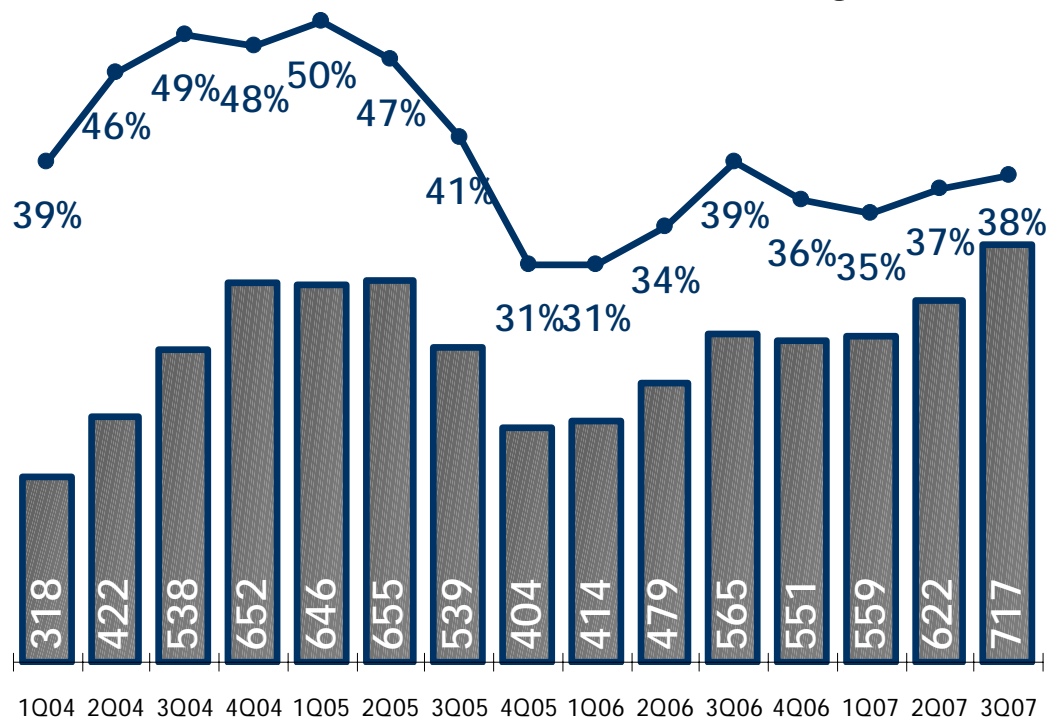
*"Reduction of exports aiming to prioritize domestic customers"*





## CONSOLIDATED EBITDA

### EBITDA & EBITDA Margin

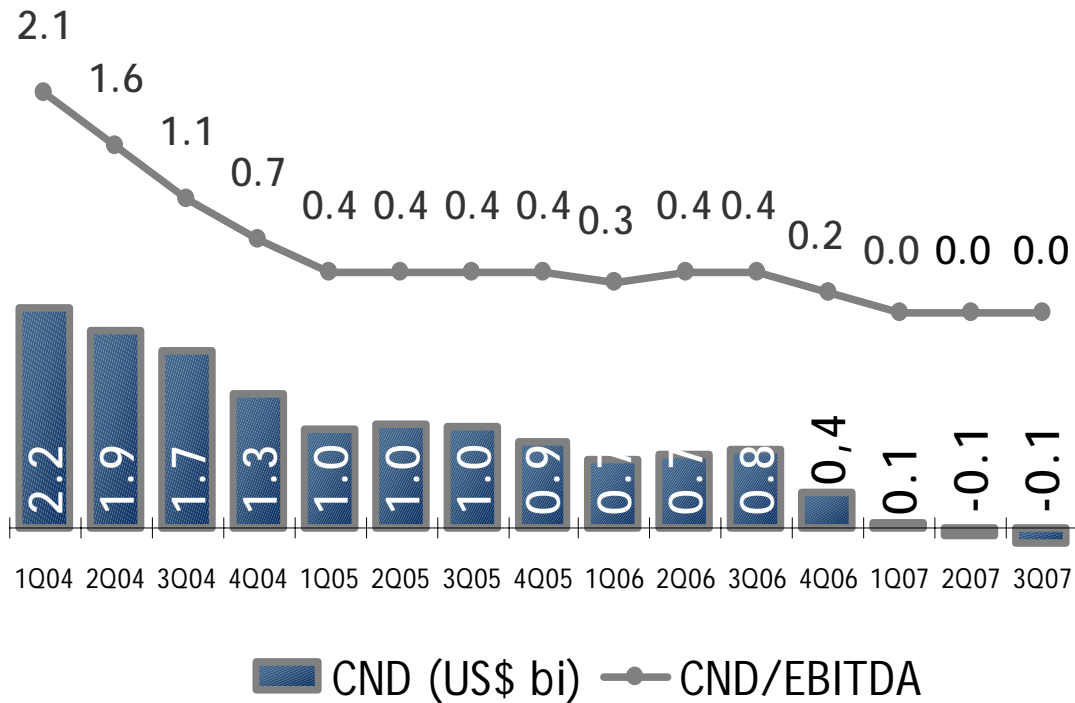


■ EBITDA (US\$ million) ● EBITDA Margin

- EBITDA totaled R\$ 1.4 billion (US\$ 717 million) in 3Q07, up 12% from 3Q06
- EBITDA totaled R\$ 3.8 billion (US\$ 1.9 billion) in 9M07, up 19% from 9M06
- EBITDA margin of 38% in 3Q07 and 37% in 9M07, up 2% from 9M06

## CONSOLIDATED NET DEBT

### Consolidated Net Debt / EBITDA



- Debt profile:

Short Term - 17%

Long Term - 83%

- Debt by currency:

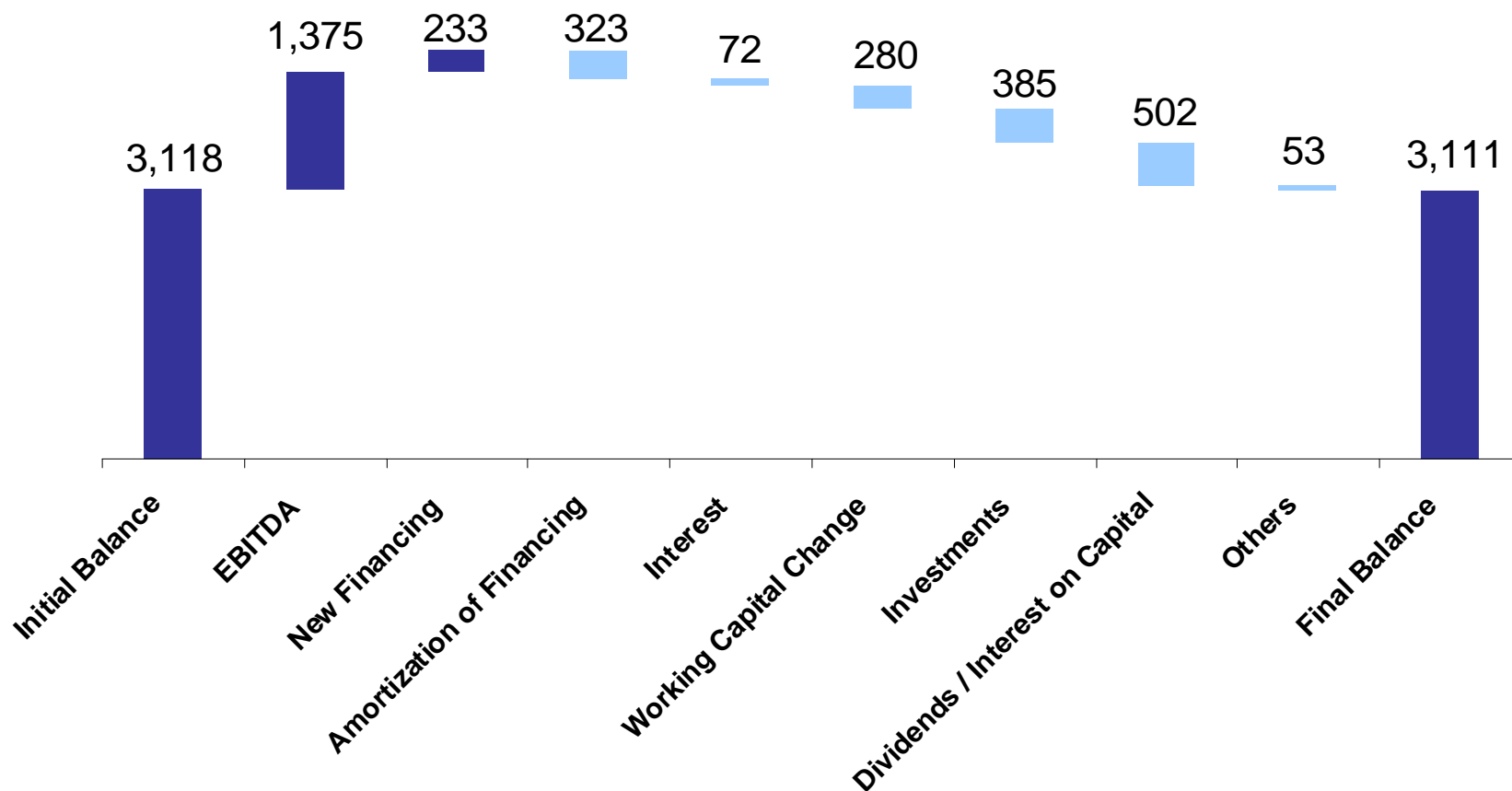
Domestic - 28%

Foreign - 72%



## 3Q07 CONSOLIDATED CASH FLOW

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



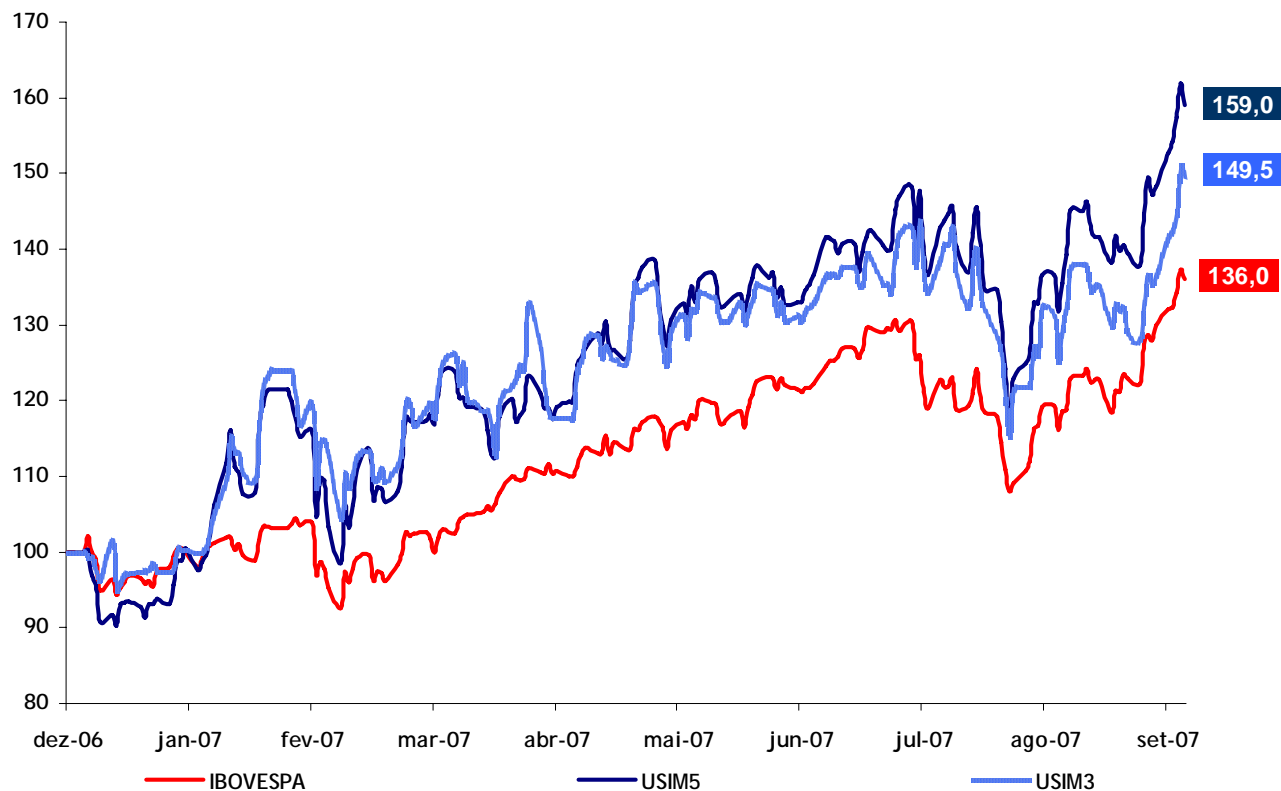
*"Maintenance of cash level in spite of investment and dividend payments"*



## STOCK PERFORMANCE

USIM5 e USIM3 versus Ibovespa

From 12/28/2006 to 09/28/2007



**ADR**  
**Nível I**



- PNA and ON shares rose 59% and 50% in 9M07, respectively, while the Bovespa Index appreciated 36% in the same period
- PNA shares continues the 4th most traded on Bovespa
- One of the most traded shares on Latibex.

### International Market:

- ▶ Positive forecast for 2008.
- ▶ Uncertainty on main raw material price levels.

### Domestic Market:

- ▶ Further economic and investment growth.
- ▶ Domestic flat steel demand may grow approximately 15% in 2007, and 8% more in 2008, according to IBS - Brazilian Steel Institute.

## USIMINAS - OUTLOOK FOR 2008

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- Total Sales: ~ 8.0 to 8.1 million tons.
- Greater share of sales driven to domestic market.
  - Domestic market: 80% and Exports: 20%
- Start-up of important projects:
  - New Power Plant (2Q08) in Ipatinga, increasing self generation of energy up to 53%.
  - Continuous Casting Machine (1Q08) in Cubatão Plant, increasing gradually the crude steel production to attend auto and home appliance sectors (IF steel).

## OTHER HIGHLIGHTS

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- ✓ Usiminas joined the Dow Jones Sustainability World Index, being the first Brazilian steel producer and the third in the world.
- ✓ International Certifications granted by Bureau Veritas:
  - Environment: RoHS & ELV for the full range of products.
  - ELV - the European green stamp for auto steel.
- ✓ Usiminas receives the IDHO award - 2007 edition
- ✓ Board of Directors recent approvals:
  - Interest on Capital in the amount of R\$ 314 million.
  - Stock dividend of 50%



## For further information: Investor Relations

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