

4Q - 2009

March, 2010

USIMINAS 

Agenda

- **Current Status**
- **Business Strategy**
- **Investment Plan**

Current Status



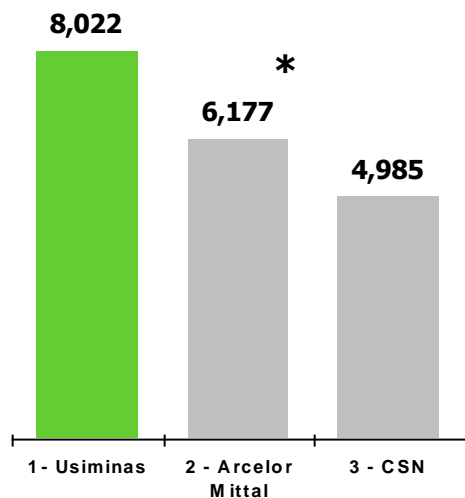
The largest flat steel producer in Latin America and the 38th steel producer in the world



Demand and Consumption

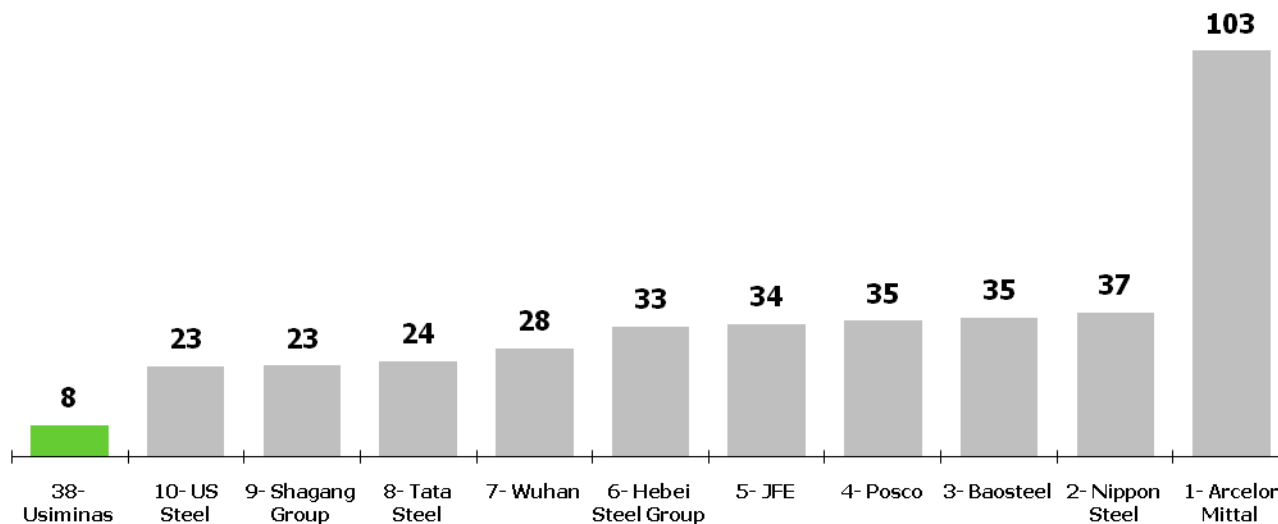
Top Brazilian Steel Producers – 2008 *

Crude steel production – 33.7 million t



Major Producers - 2008

Steel production- million t

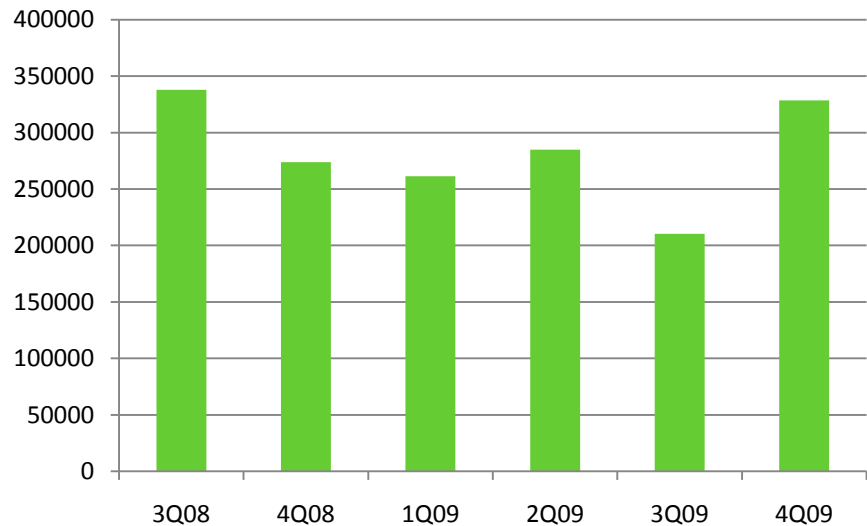


Source: IBS - Informe Estatístico Preliminar – January/2009 and Metal Bulletin – 2009

* Flat steel production

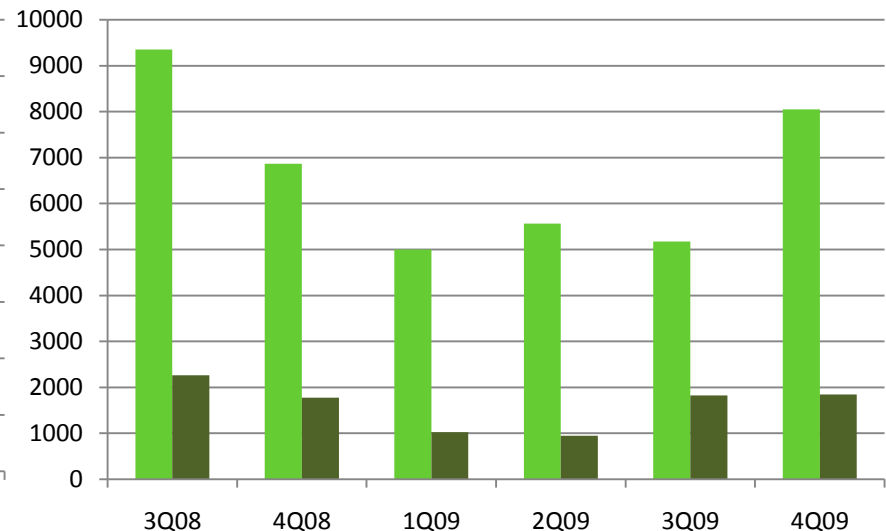
2009 were challenging months for the Brazilian and World steel producers

World Production



Source: WorldSteel

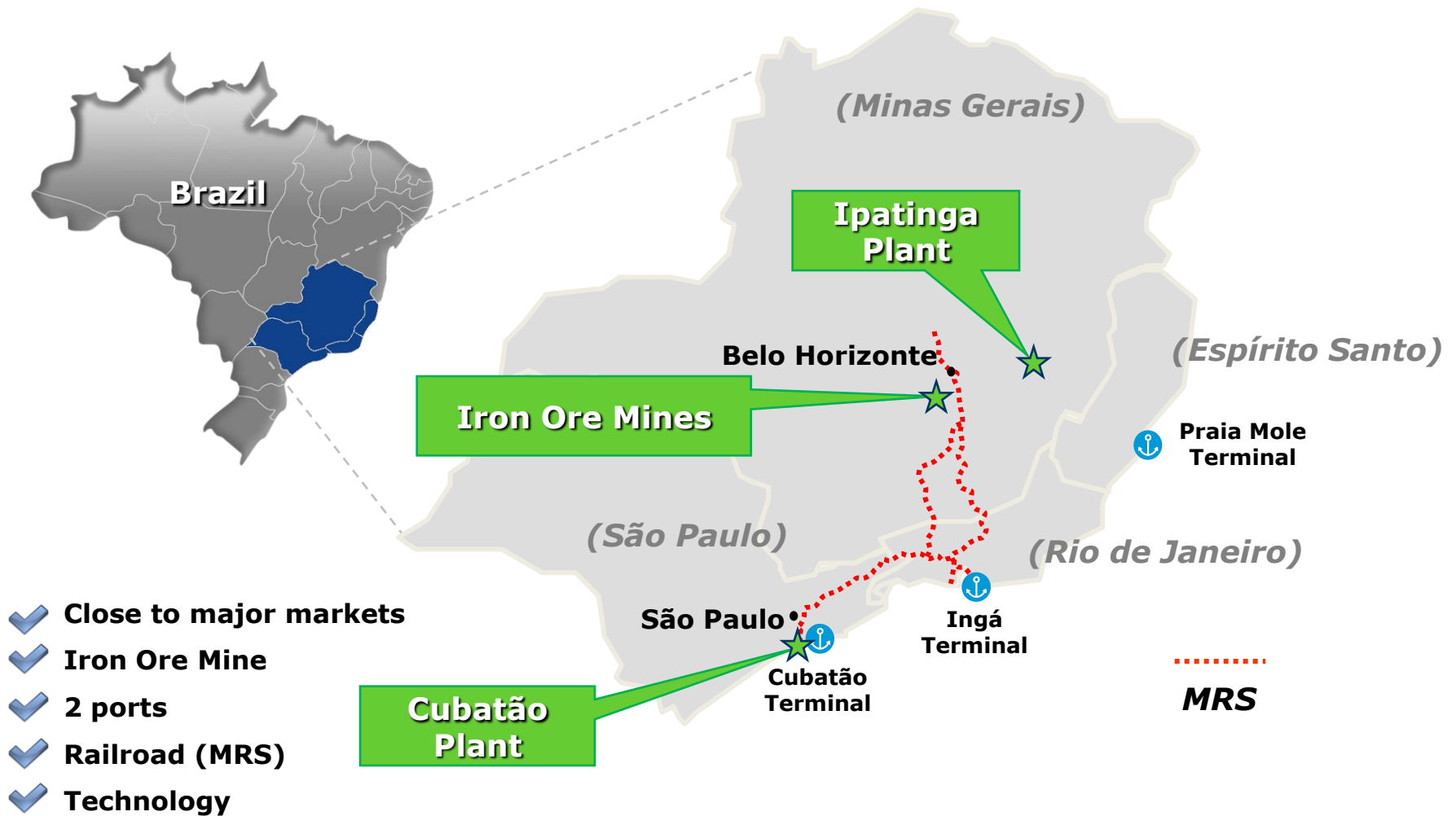
Brazilian Production



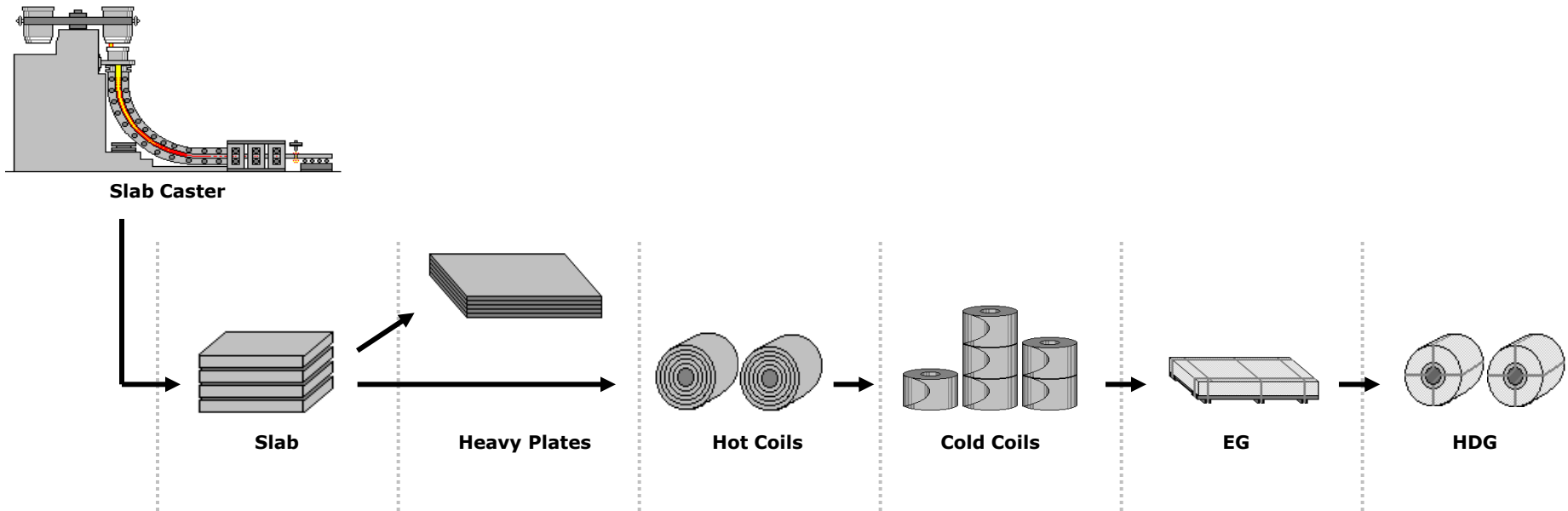
■ Produção Brasileira ■ Produção Usiminas

Source: WorldSteel, company

In spite of its competitiveness, Usiminas was also affected



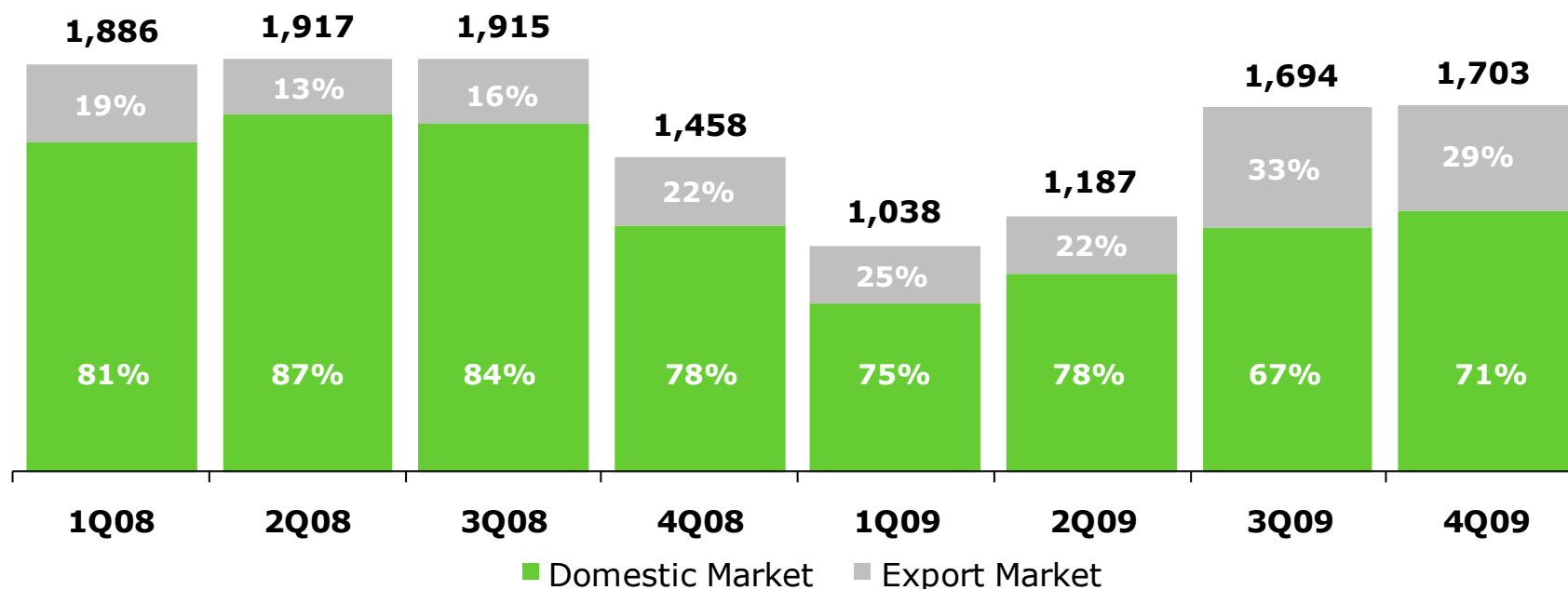
Usiminas has a full range of flat steel products



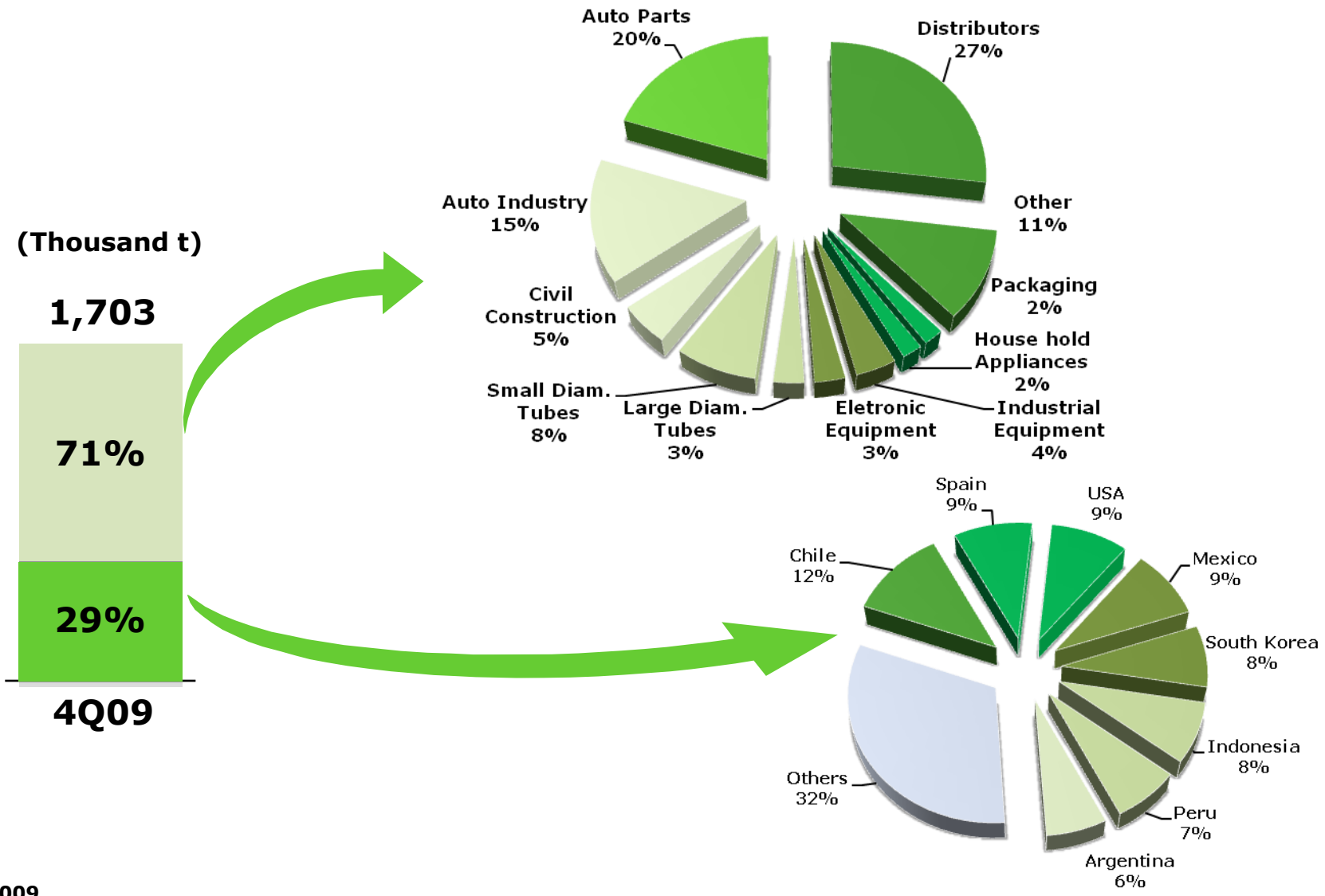
Ipatinga Plant	5,000 kt	1,000 kt	3,550 kt	2,500 kt	360 kt	480 kt
Cubatão Plant	4,500 kt	1,000 kt	2,100 kt	1,200 kt	-	-

Sales prioritizing domestic market and high value added niches

Consolidated Sales (000 tons)



Sales prioritizing domestic market and high value added niches



4Q09 Results

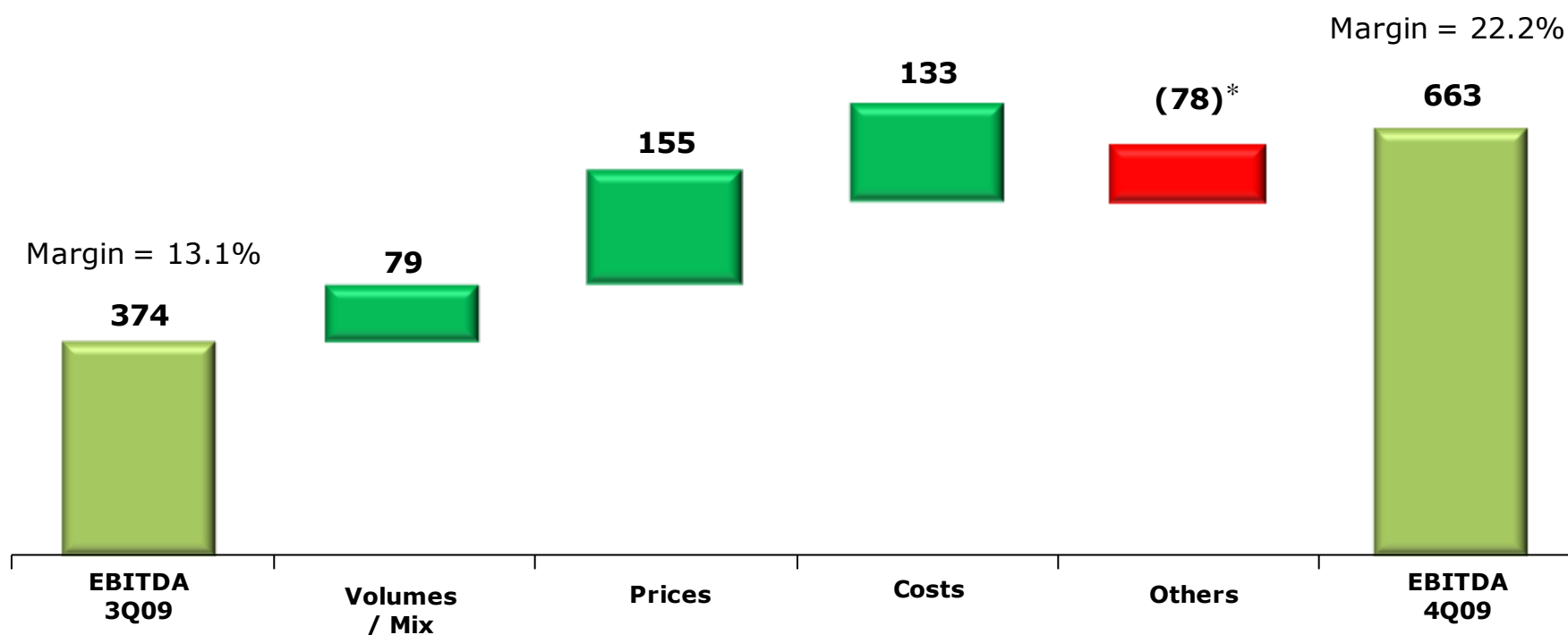
Highlights

R\$ million	4Q09	4Q08	3Q09	Chg. 4Q09/4Q08	2009	2008	Chg. 2009/2008
Crude Steel Production (000t)	1,843	1,983	1,824	-7%	5,637	8,022	-30%
Sales Volume (000 t)	1,703	1,458	1,694	17%	5,621	7,176	-22%
Net Revenues	2,984	3,729	2,858	-20%	10,924	15,707	-30%
Net Income (Loss)	633	936	454	-32%	1,344	3,224	-58%
EBITDA (a)	663	1,421	374	-53%	1,486	6,008	-75%
EBITDA Margin	22.2%	38.1%	13.1%	-15.9 p.p.	13.6%	38.3%	-24.7 p.p.
Investments	704	447	600	57%	2,061	2,225	-7%
Cash Position	3,083	4,008	2,998	-23%	3,083	4,008	-23%

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

Recovery of EBITDA

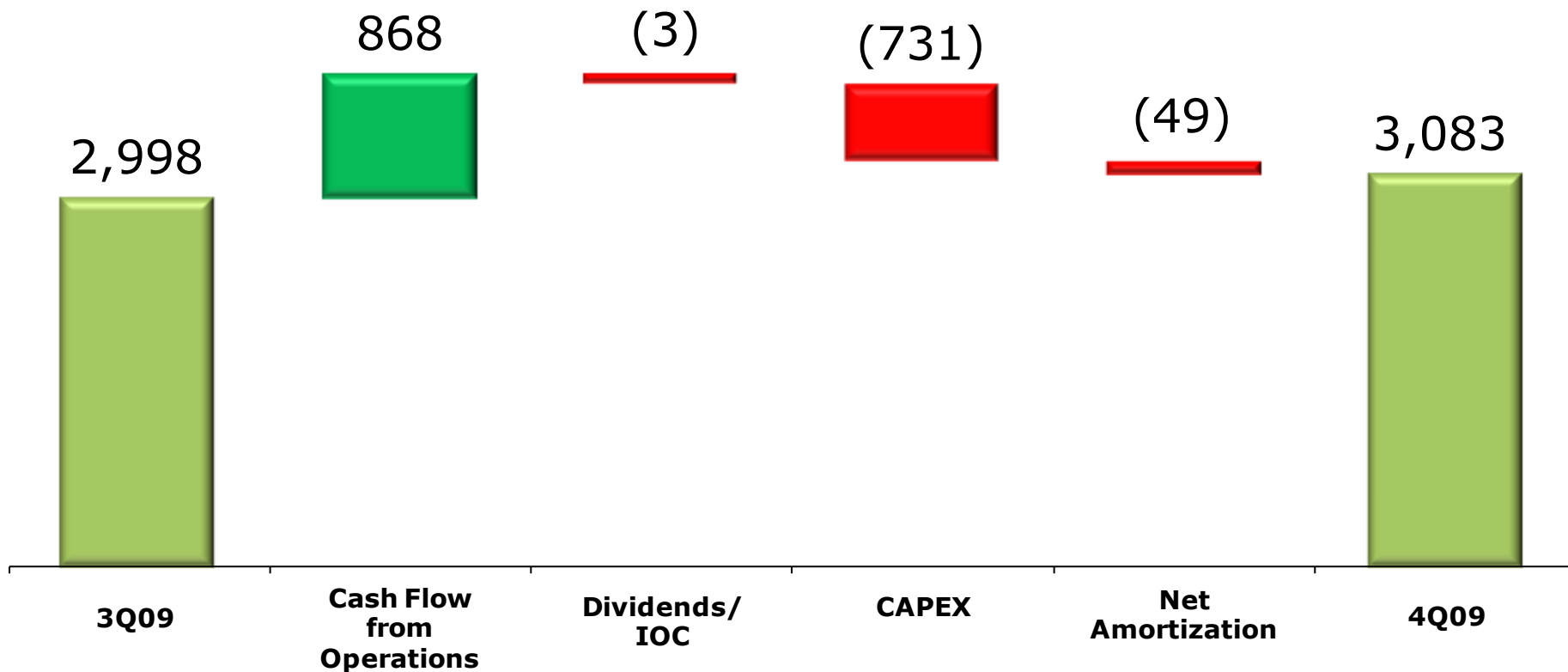
R\$ Million



* Stocks' inventory, products acquired for resale, byproducts consumed/generated, storeroom and others.

Maintenance of sound financial and cash position remains as a main goal

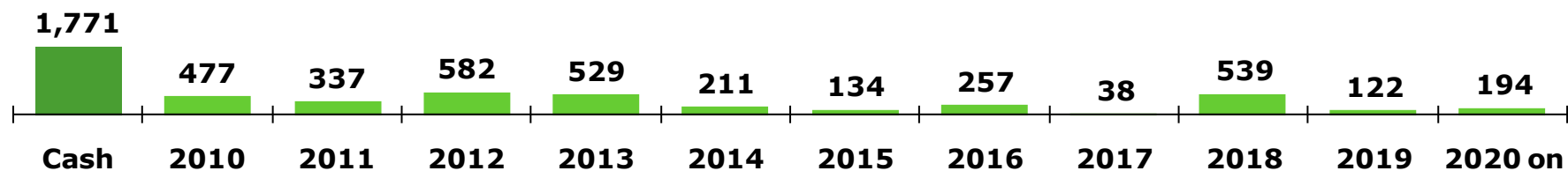
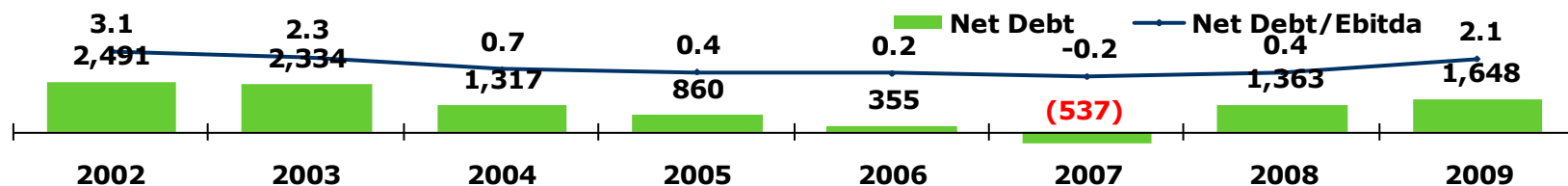
R\$ Million



The company maintains its debt profile and cash position on a safe harbor



US\$ Million



December, 2009

Note: Principal Values

Business Strategy





Upstream Integration

Protection against transfer of margin in the value chain
Keep competitiveness of production costs



Expansion of Domestic Capacity

Take advantage of domestic market growth, capturing a premium for the logistics gains
Capture competitiveness from access to local competitive raw material and labor



Downstream Integration

Assure presence in growing markets
Integrate and create value in new market niches



Expansion of Products Portfolio

Assure maximum potential of value creation
Reduce dependence of few product lines
Assure presence in growing markets



Internationalization

Assure access to markets outside Brazil
Accelerate growth
Diversify and keep close to sector leaders

Income Statement per Business Units - 4Q09 - 2009 - Non Audited

R\$ million	Mining & Logistics		Steel		Steel Processing		Capital Goods		Adjustments		Consolidated	
	4Q09	2009	4Q09	2009	4Q09	2009	4Q09	2009	4Q09	2009	4Q09	2009
<u>Net Revenues</u>	<u>108</u>	<u>407</u>	<u>2,766</u>	<u>9,701</u>	<u>560</u>	<u>2,117</u>	<u>292</u>	<u>953</u>	<u>(743)</u>	<u>(2,254)</u>	<u>2,983</u>	<u>10,924</u>
Domestic Market	108	407	2,291	7,980	541	2,029	292	933	(743)	(2,254)	2,489	9,095
Export Market	0	0	475	1,721	19	88	0	20	0	0	494	1,829
COGS	(47)	(161)	(2,305)	(8,406)	(464)	(1,849)	(235)	(770)	733	2,342	(2,318)	(8,844)
Gross Profit	61	246	461	1,295	96	268	57	183	(10)	88	665	2,080
<u>Operating Income (Expenses)</u>	<u>(21)</u>	<u>(72)</u>	<u>61</u>	<u>(842)</u>	<u>(35)</u>	<u>(177)</u>	<u>(19)</u>	<u>(70)</u>	<u>0</u>	<u>0</u>	<u>(14)</u>	<u>(1,161)</u>
EBIT	40	174	522	453	61	91	38	113	(10)	88	651	919
EBITDA	47	202	504	912	79	151	43	133	(10)	88	663	1,486
EBITDA Margin	44%	50%	18%	9%	14%	7%	15%	14%	-	-	22%	14%

Investment Plan



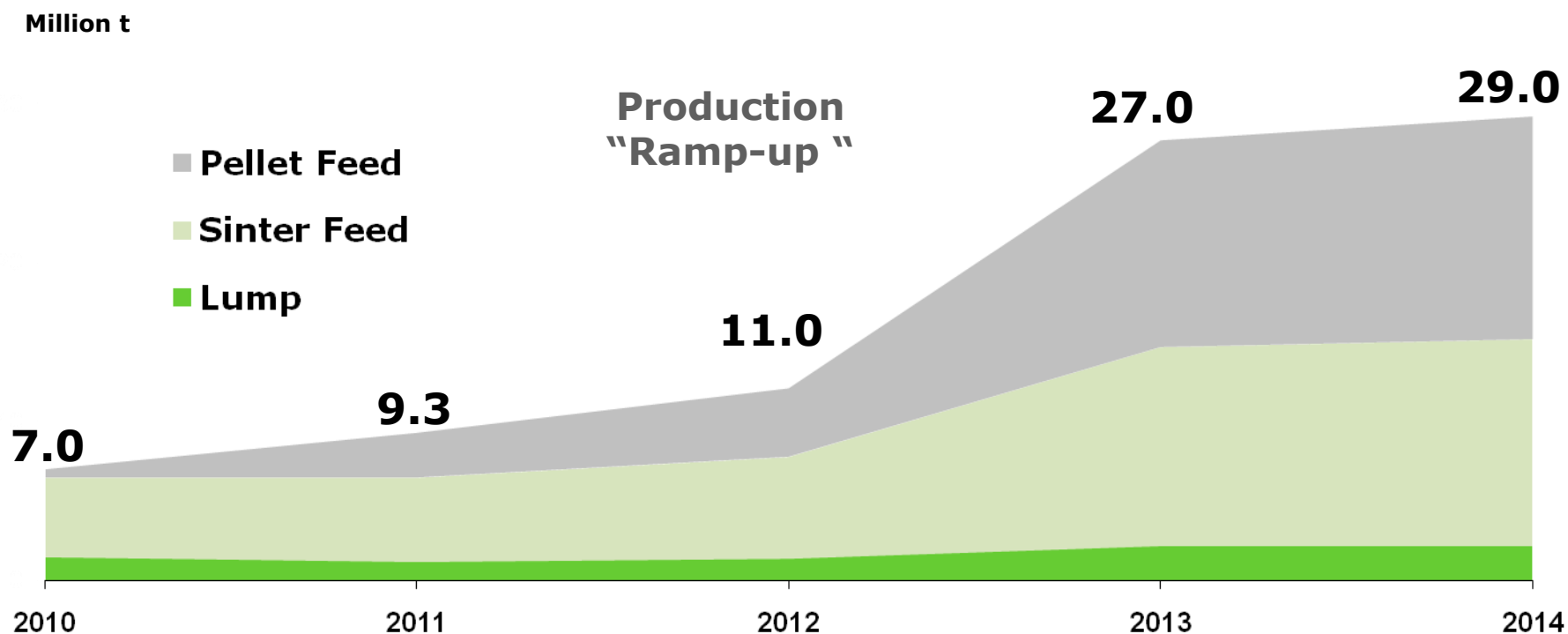
Capex – Main Investments

Investments	Goal	Status	Project Capex	Total Executed up to December/2009
New Coke Facility (no.3)	Production of 750 thousand tons/year of coke (Ipatinga Mill)	Equipments manufacture concluded. Construction works in progress. Start-up: 1Q/2010.	R\$ 707 million	R\$ 580 million
Expansion of Heavy-Plate Rolling Mill	Increase production to 1,350 thousand tons/year Accelerated Heavy Plate Cooling - serving the requirements needs for the pre-salt exploitation projects (Ipatinga Mill)	Expansion - Start-up: 4Q/2012. Accelerated Heavy Plate Cooling equipments under construction. Construction works in progress. Start-up: 3Q/2010.	R\$ 1.050 billion	R\$ 338 million
New HDG Line	Production of 550 thousand tons/year of hot dipped galvanized products. (Ipatinga Mill)	Construction and assembling works in progress. 'Construction work for the structure of the building by Usiminas Mecânica. Assembling works of the line: March 2010. Start-up: 1Q/2011.	R\$ 914 million	R\$ 157 million
Hot Strip Mill (no. 2)	Production of 2.3 million tons/year (Cubatão Mill)	Skinpass Mill: Equipments contracted and in the project detailing stage. Construction and assembling works in progress. Construction work for the structure of the building by Usiminas Mecânica. Start-up: 2Q/2011.	R\$ 2.530 billion	R\$ 731 million



Investments in Steel to meet demand of high value added products

Investments in Mining aiming increase of production and competitiveness



- **Material Facts** – Subscription by Usiminas of shares issued by Companhias Codeme Engenharia S.A. and Metform S.A. (“Companies”), entitling Usiminas a 30.7692% participation in the capital of each company. The subscription price of the Companies’ shares is R\$ 129.6 million.
- **Announcements to the Market** - Usiminas’ Board of Directors, authorized the Executive Board to develop alternatives to optimize and add value to business regarding the exploitation of iron ore and related logistics activities. The alternatives should consider the segregation of assets that arrange these businesses in a company controlled by Usiminas S.A. The capital structure of the company may consider the participation of strategic investors and allow a future IPO.
- **Dividends and Interest on Capital** - The amount to be paid on 05/03/10 totals R\$ 380.4 million. The amount of dividends and interest on capital in relation to the net income of the year totaled R\$ 470.3 million, representing a payout of 35%.
- **Usiminas Mecânica obtains environmental license to build the module factory in Cubatão-São Paulo state**
- **Usiminas obtains a license for a decontamination project in the Sepetiba Bay area**
- **Usiminas has entered BM&FBOVESPA’s Sustainability Index**

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, of Brazil's economic situation, on the industry and on international markets, and are therefore subject to change.

USIMINAS 



Investor Relations

Bruno Seno Fusaro (Superintendente de RI)

[Bruno.fusaro@usiminas.com](mailto: Bruno.fusaro@usiminas.com)

Phone: 55-31-3499-8772

Fax: 55-31-3499-9357

Gilson Rodrigues Bentes

[Gilson.bentes@usiminas.com](mailto: Gilson.bentes@usiminas.com)

Phone: 55-31-3499-8617

Luciana Valadares dos Santos

[Luciana.santos@usiminas.com](mailto: Luciana.santos@usiminas.com)

Phone: 55-31-3499-8619

Diogo Dias Gonçalves

[Diogo.goncalves@usiminas.com](mailto: Diogo.goncalves@usiminas.com)

Phone: 55-31-3499-8710

Paula Corgosinho Nogueira

[Paula.nogueira@usiminas.com](mailto: Paula.nogueira@usiminas.com)

Phone: 55-31-3499-8056

www.usiminas.com/ri