

**1Q - 2010**

**June, 2010**

**USIMINAS** 

# Agenda

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

# Current Status



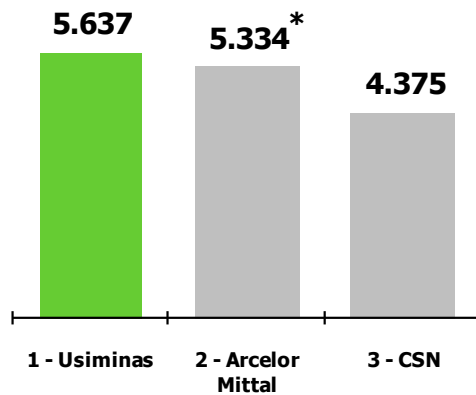
Brazil is the 9th steel producer in the world and Usiminas largest flat steel producer in Latin America.



## Demand and Consumption

### Top Brazilian Steel Producers – 2009 \*

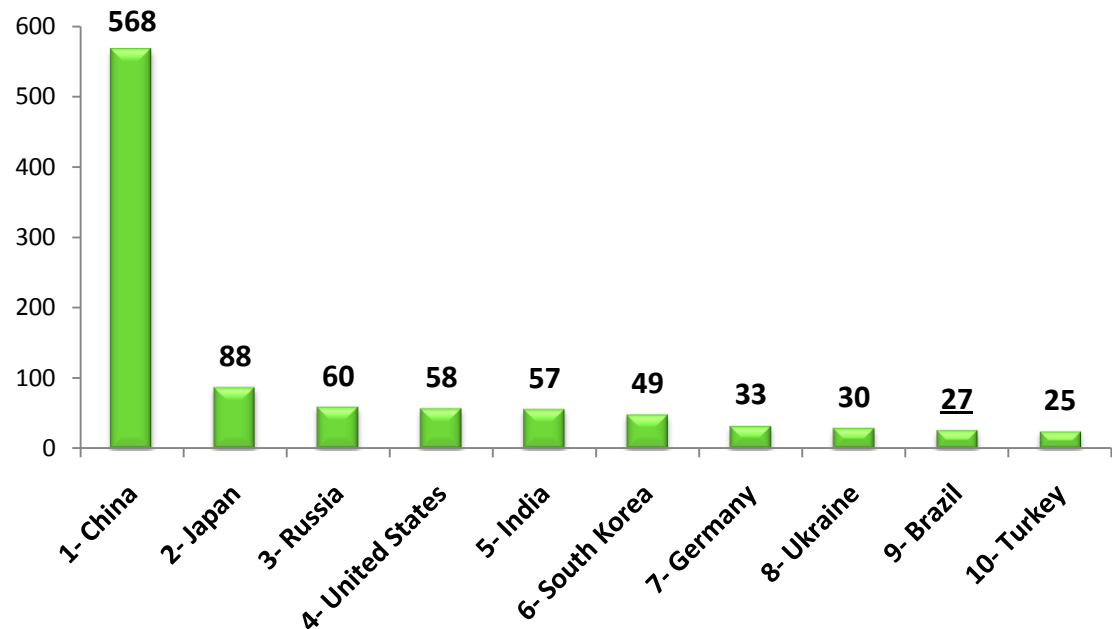
Crude steel production :  
26.5 million t



\* Flat steel production

### Major Producers - 2009

Crude Steel production- million t



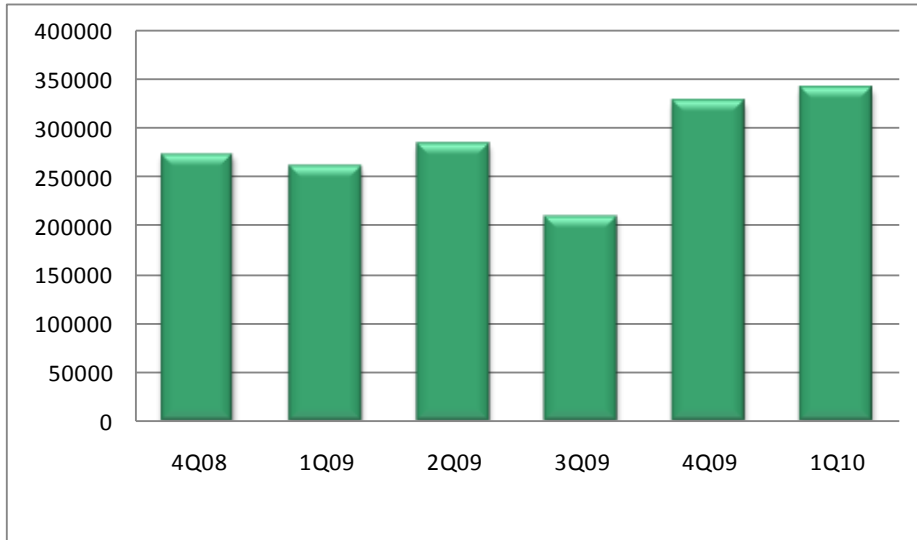
Source: WorldSteel

Source: Instituto Aço Brasil

After the worst of the crises, the world and Brazilian production of crude steel presents recovery.

### World Production

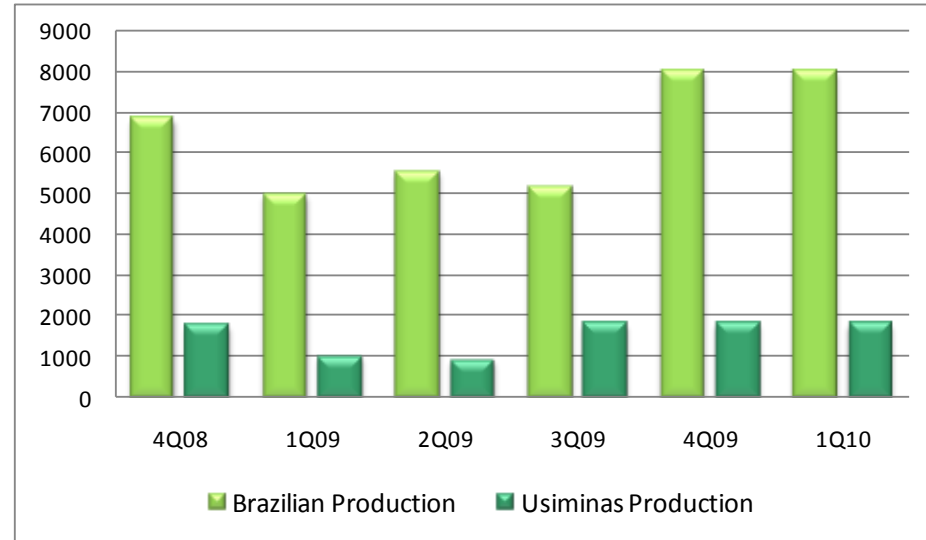
(Crude Steel)



Source: WorldSteel

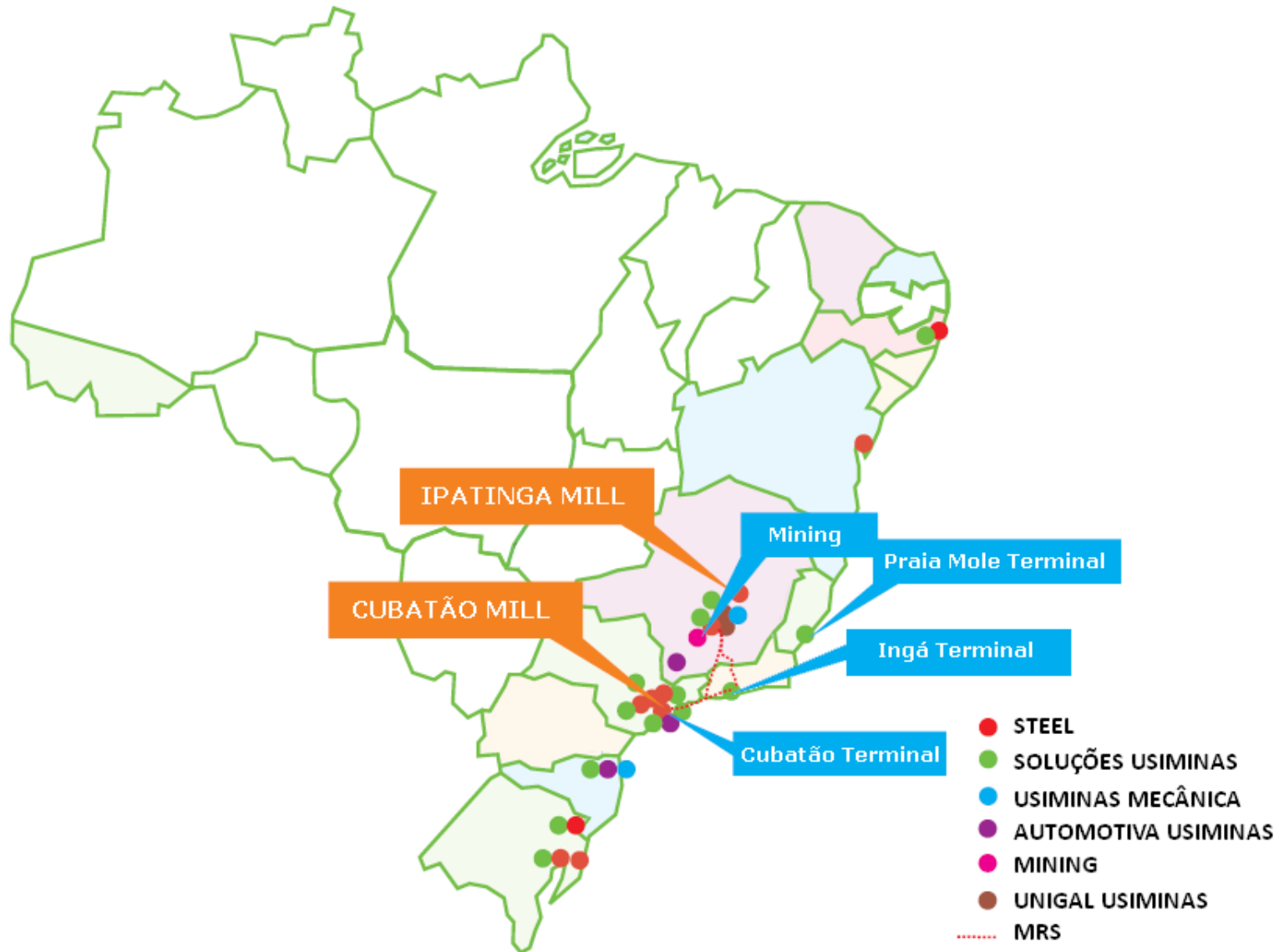
### Brazilian Production

(Crude Steel)

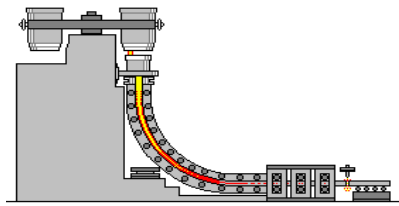


Source: WorldSteel and Usiminas

# Usiminas present in all steel chain

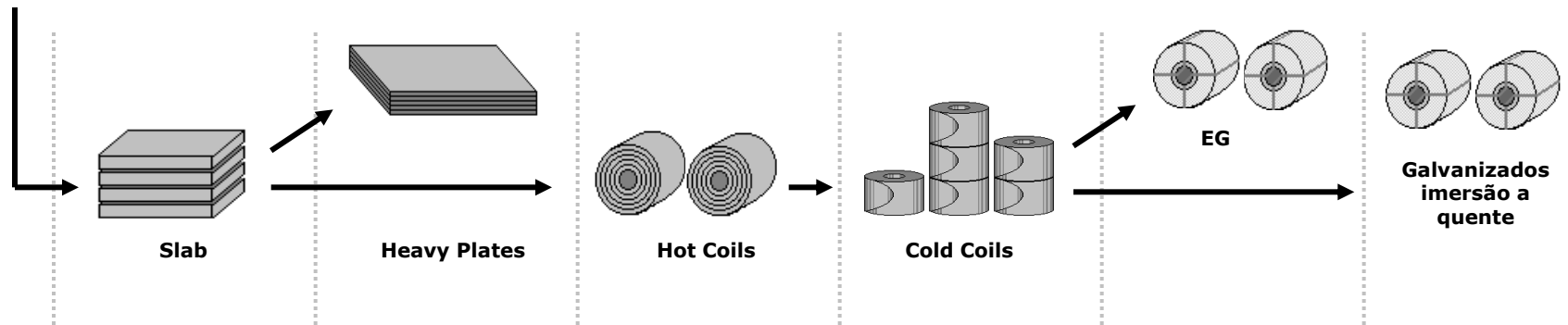


# Usiminas has a full range of flat steel products



Slab Caster

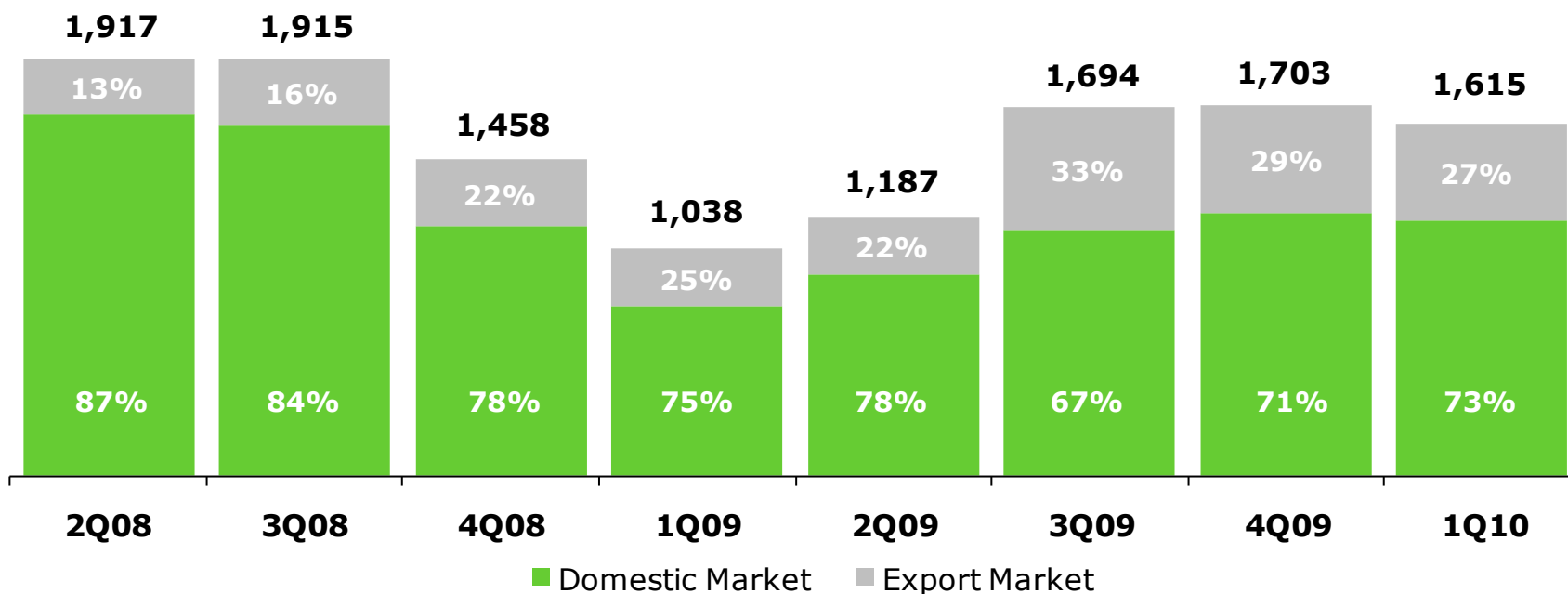
Nominal Capacity:  
9,5 million tons



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

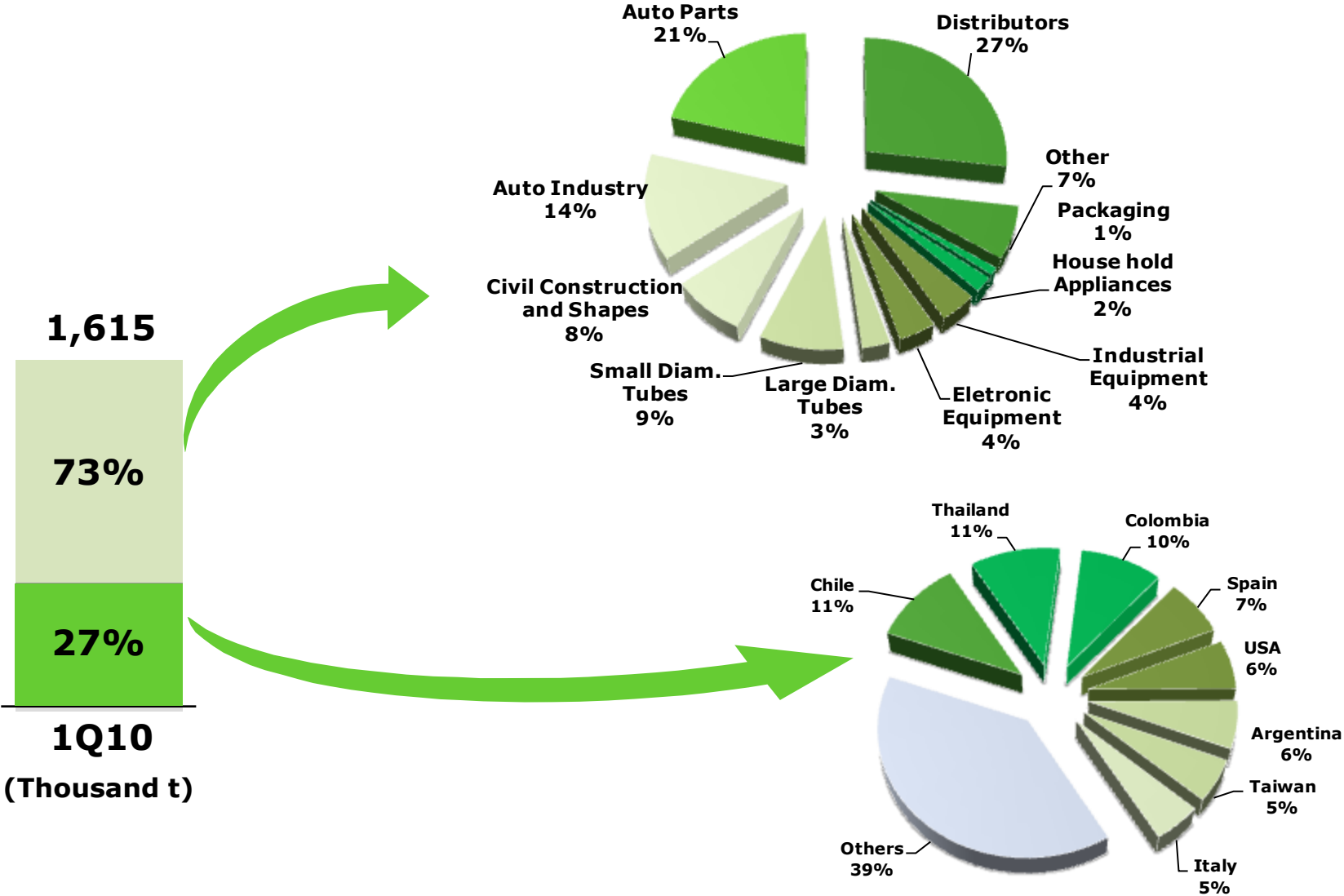
# Sales prioritizing domestic market and high value added niches

## Consolidated Sales (000 tons)





# Sales prioritizing domestic market and high value added niches



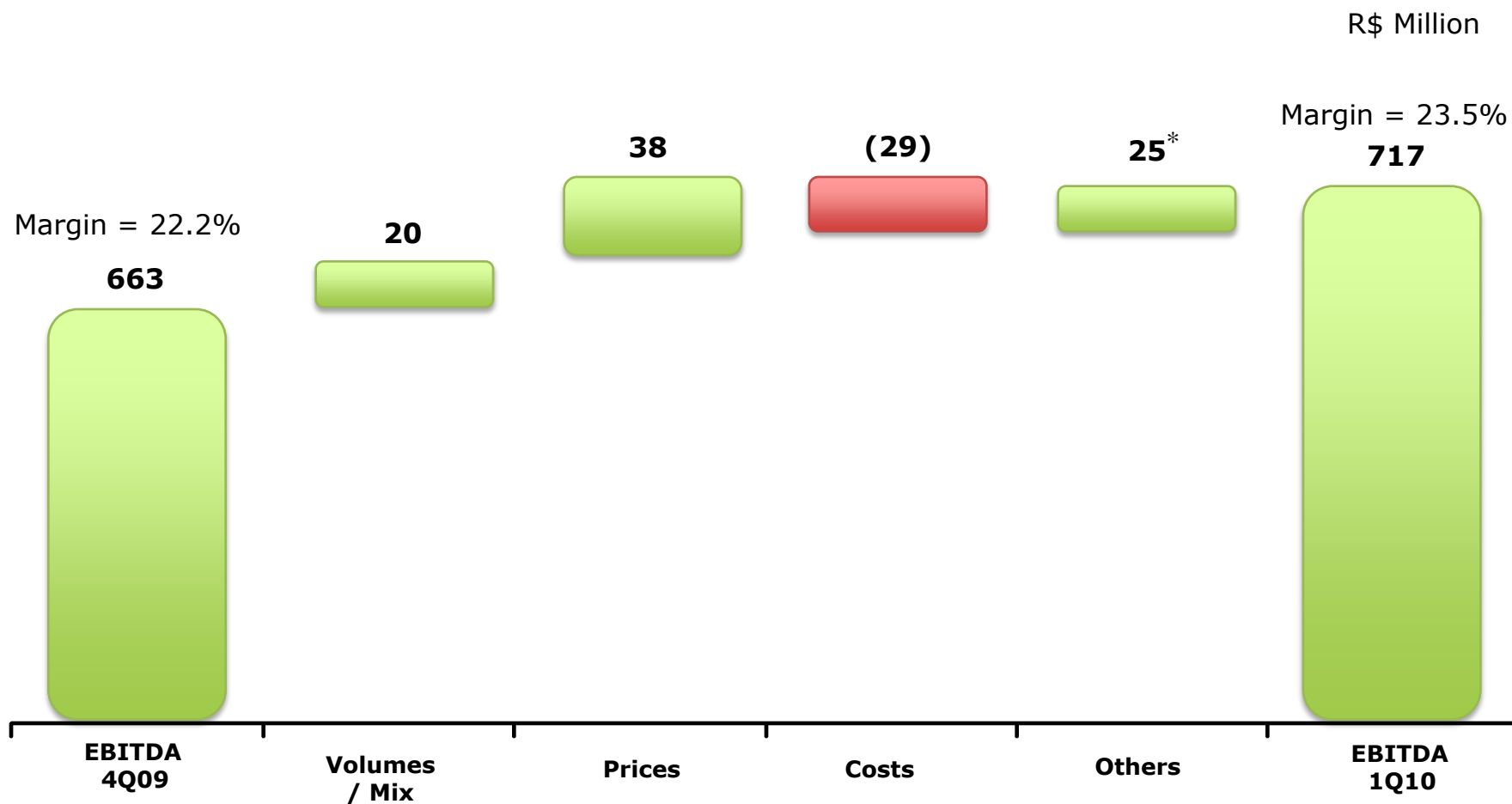
# 1Q10 Results

## Highlights

R\$ million	1Q10	1Q09	4Q09	Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
Crude Steel Production (000t)	1.820	1.026	1.843	77%	-1%
Sales Volume (000 t)	1.615	1.048	1.703	54%	-5%
Net Revenues	3.043	2.670	2.984	14%	2%
Net Income (Loss)	309	(112)	633	-	-51%
EBITDA (a)	717	332	663	116%	8%
EBITDA Margin	23,5%	12,4%	22,2%	11,1 p.p.	1,3 p.p.
Investments	757	233	704	225%	8%
Cash Position	2.571	3.315	3.083	-22%	-17%

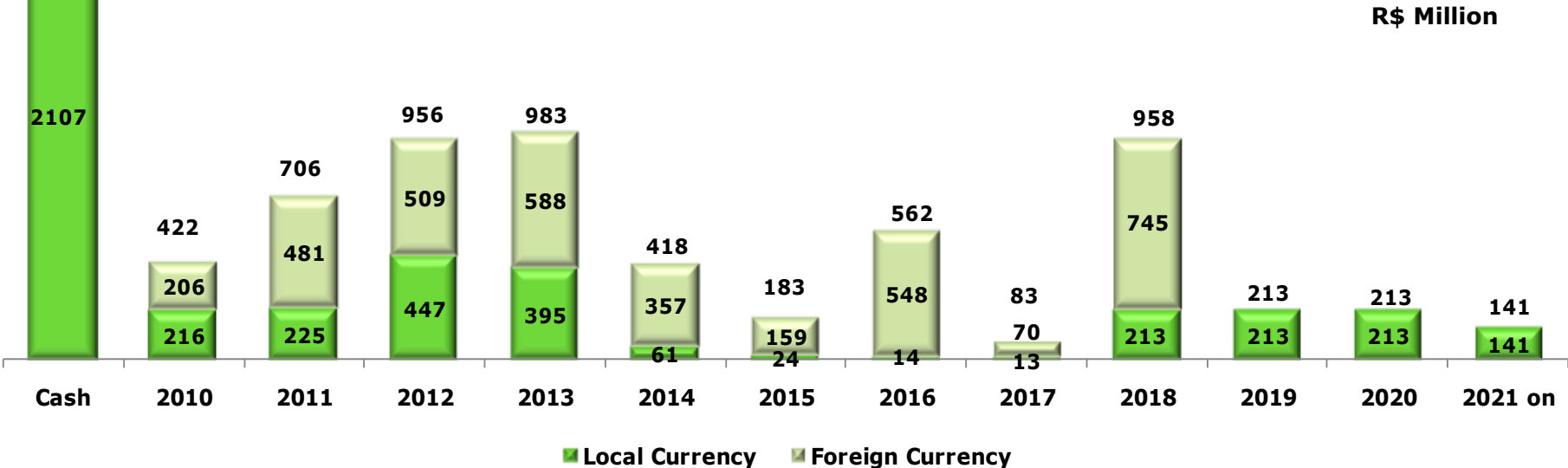
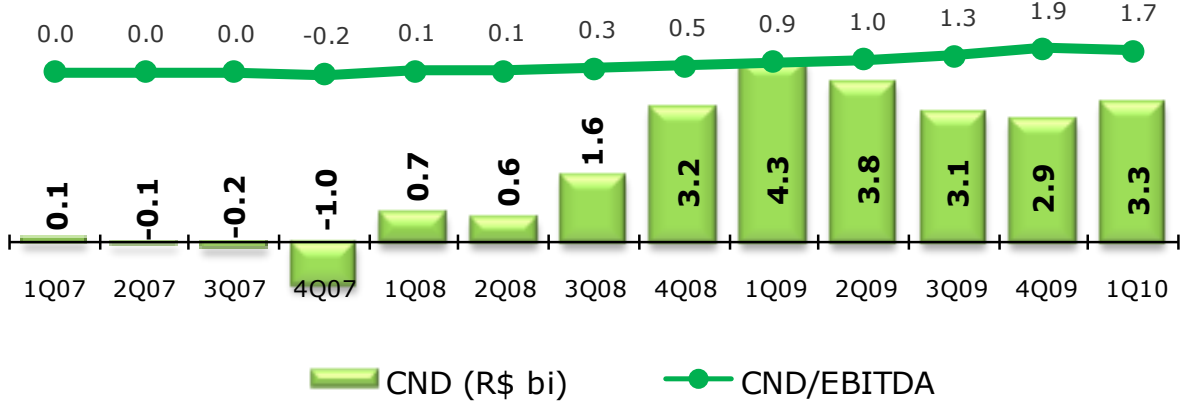
(a) Earnings before interest, taxes, depreciation, amortization and participations.

# Recovery of EBITDA



\* Operational Expenses.

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



# 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**

# Business Units



## Income Statement per Business Units - 1Q10 - Non Audited

R\$ million	Mining & Logistics		Steel		Steel Processing		Capital Goods		Adjustments		Consolidated	
	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09
<u>Net Revenues</u>	<u>158</u>	<u>108</u>	<u>2.821</u>	<u>2.766</u>	<u>597</u>	<u>560</u>	<u>291</u>	<u>292</u>	<u>(825)</u>	<u>(743)</u>	<u>3.042</u>	<u>2.983</u>
Domestic Market	116	108	2.340	2.291	586	541	291	292	(825)	(743)	2.508	2.489
Export Market	42	0	481	475	11	19	0	0	0	0	534	494
COGS	(66)	(47)	(2.329)	(2.305)	(490)	(464)	(247)	(235)	773	733	(2.359)	(2.318)
Gross Profit	92	61	492	461	107	96	44	57	(52)	(10)	683	665
<u>Operating Income (Expenses)</u>	<u>(18)</u>	<u>(21)</u>	<u>(126)</u>	<u>61</u>	<u>(22)</u>	<u>(35)</u>	<u>(21)</u>	<u>(19)</u>	<u>0</u>	<u>0</u>	<u>(187)</u>	<u>(14)</u>
EBIT	74	40	366	522	85	61	23	38	(52)	(10)	496	651
<b>EBITDA</b>	<b>81</b>	<b>47</b>	<b>558</b>	<b>504</b>	<b>99</b>	<b>79</b>	<b>31</b>	<b>43</b>	<b>(52)</b>	<b>(10)</b>	<b>717</b>	<b>663</b>
<b>EBITDA Margin</b>	<b>51%</b>	<b>44%</b>	<b>20%</b>	<b>18%</b>	<b>17%</b>	<b>14%</b>	<b>11%</b>	<b>15%</b>	-	-	<b>24%</b>	<b>22%</b>

MRS and Ternium results are accounted through equity income.

# Investment Plan





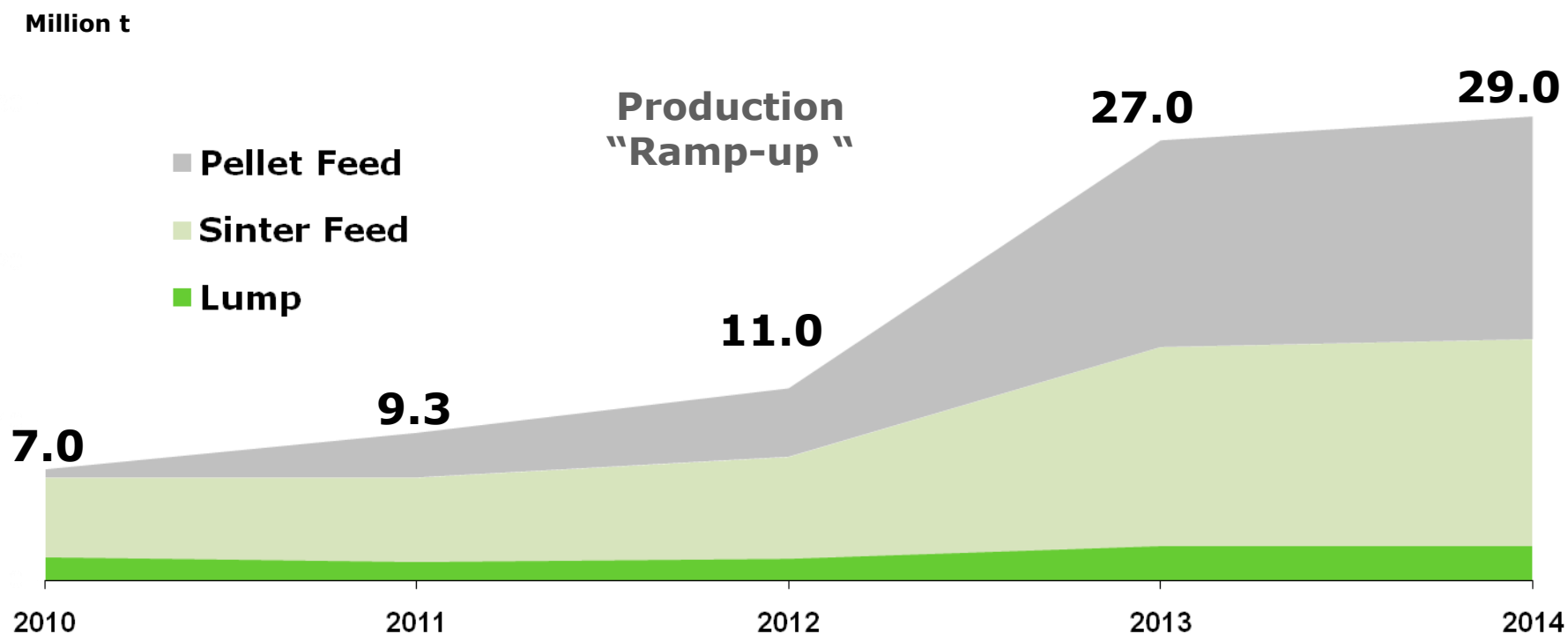
# Capex – Main Investments

Investments	Goal	Status	Project Capex	Total Executed up to March/2010
New Coke Facility #3 (Ipatinga)	Production of 750 thousand tons/year.	Equipments manufacture concluded. Construction works in progress. Start-up: 1Q/2010.	R\$ 707 million	R\$ 580 million
Heavy-Plate Rolling Mill (Ipatinga)	Accelerated Heavy Plate Cooling Technology - meeting the requirements of the pre-salt exploitation projects  Production increase to 1,350 thousand tons/year.	Accelerated Heavy Plate Cooling equipments under construction. Start-up: 3Q/2010.  Start-up: 4Q/2012.	R\$ 1.050 billion	R\$ 338 million
New HDG Line (Ipatinga)	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
New Hot Strip Mill #2 (Cubatão)	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



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** 



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