

USIMINAS



Webcast

Second Quarter 2005 Results

Presentation:08/12/05
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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.”



THE BRAZILIAN STEEL INDUSTRY

- ? Brazilian crude steel production totaled 15.9 million tonnes in 1H05, a similar level in relation to the same period in the previous year.
- ? Domestic flat steel demand grew 4% compared to 1H04 and reached 5.2 million tonnes in 1H05. Nevertheless, the Brazilian market retracted 12% comparing 2Q05 to 1Q05, reflecting lower growth of industrial production in the country and high inventory levels.
- ? Highlight for good performance in the large diameter tube segment where Usiminas is leader and for the automobile industry, which showed growth in vehicle production volume and strong export program.



THE GLOBAL STEEL INDUSTRY

- ? In 1H05, global crude steel production grew 8%. China continues to lead the expansion rate, growing 28% in the half and corresponding to 30% of global volume.
- ? The increase in Chinese production in 1H05 was equivalent to 94% of global steel expansion.
- ? Demand:
 - US and Europe continue with high inventory levels.
 - China: Market with greatest demand, however with excess supply negatively impacting prices.

2Q05 CONSOLIDATED RESULTS

Highlights

R\$ million	2Q 2005	2Q 2004	1Q 2005	Chg. 2Q05/2Q04	1H 2005	1H 2004
Total Sales Volume (000 t)	1.829	1.970	1.768	-7%	3.598	3.881
Net Revenues	3.487	2.771	3.459	26%	6.946	5.136
Gross Profit	1.551	1.316	1.731	18%	3.282	2.248
Operating Result (EBIT) a	1.356	1.142	1.563	19%	2.919	1.919
Financial Result	(174)	(339)	(160)	-49%	(334)	(592)
Net Income	810	528	1.001	53%	1.812	887
EBITDA b	1.626	1.285	1.724	27%	3.350	2.206
EBITDA (R\$/t)	889	652	975	36%	931	568
Total Assets	17.245	15.976	17.510	8%	17.245	15.976
Net Debt	2.426	6.053	2.590	-60%	2.426	6.053
Stockholders' Equity	7.761	4.886	6.951	59%	7.761	4.886

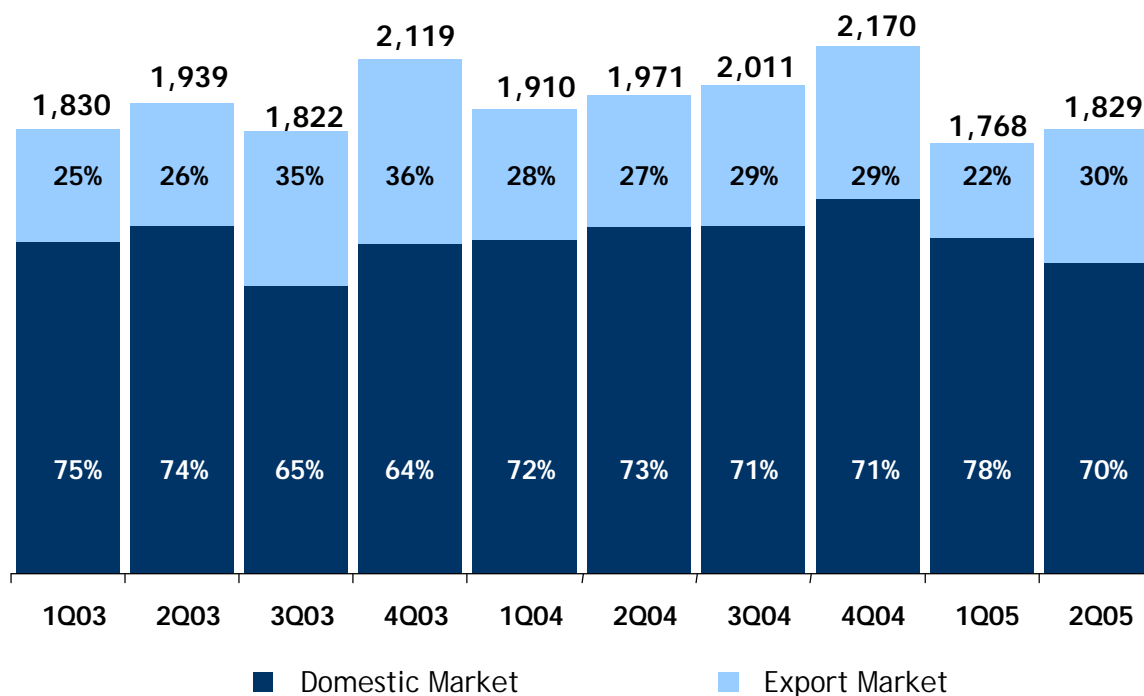
(a) Earnings before interest, tax and participations.

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



USIMINAS - CONSOLIDATED SALES

Consolidated Sales (000 t)

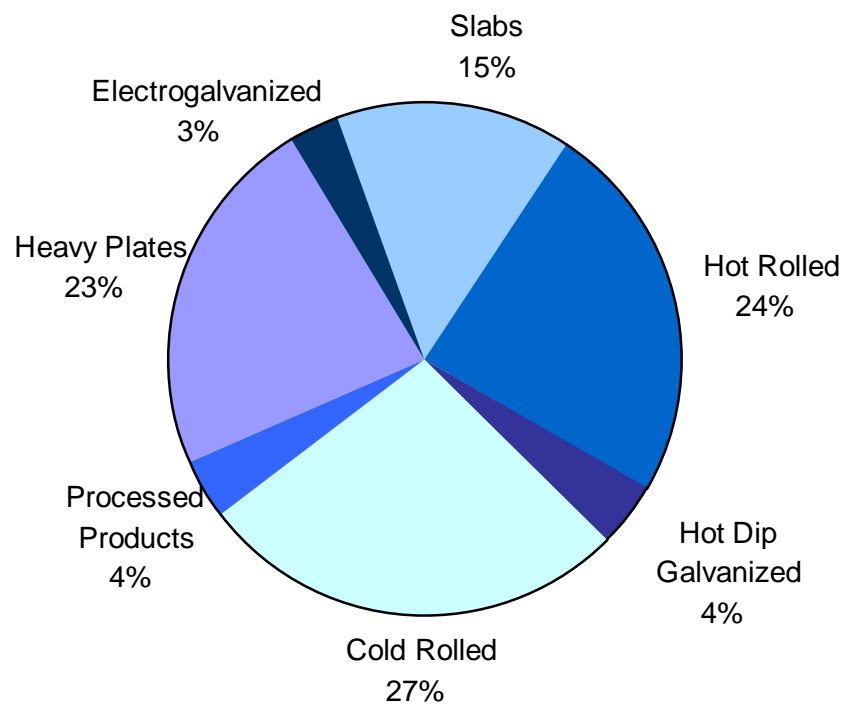


- In the half, the Usiminas System sold 3.6 MMt, 7% below 1H04 due to:
 - Demand retraction in the domestic market due to excess inventories.
 - Slow rate of growth of industrial activity.
 - Anticipation of sales in 1Q05 to 4Q04.
- Export sales of 553 Kt, from 22% increase in 1Q05 to 30% in 2Q05.
- 52% Market Share

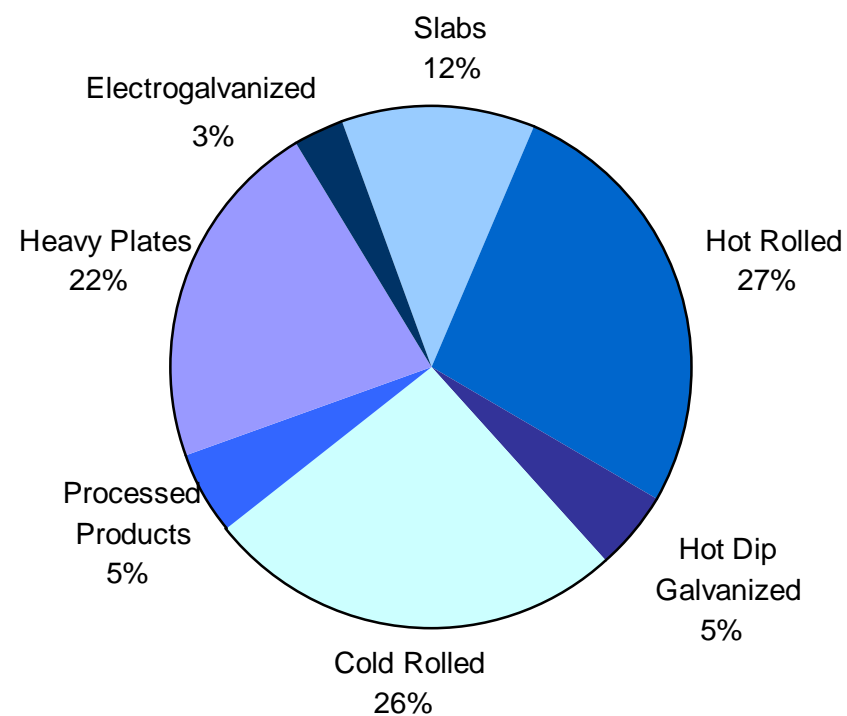


USIMINAS - SALES MIX BY PRODUCT

Sales 2Q05



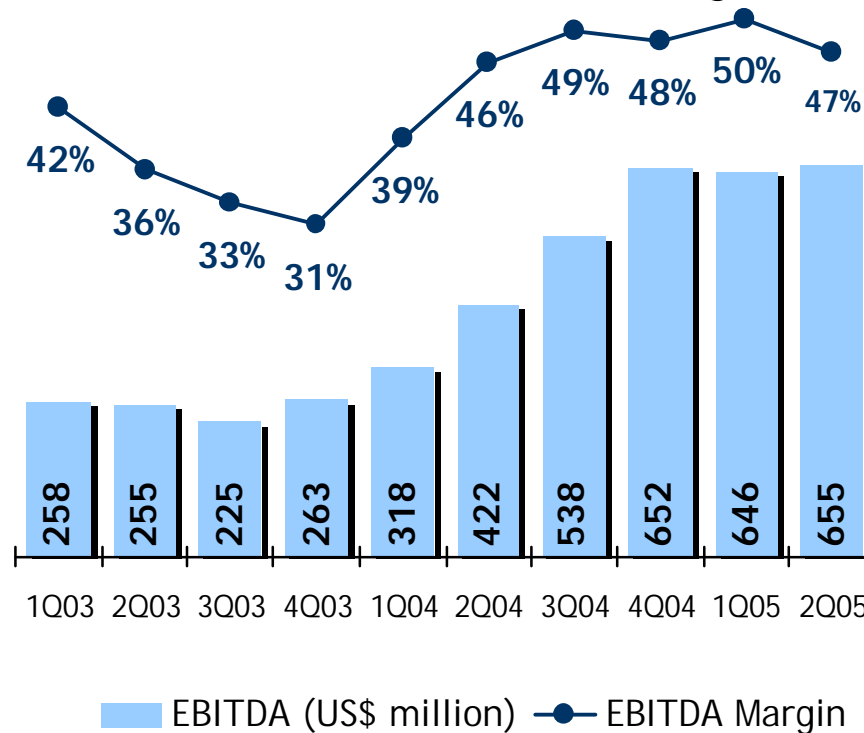
Sales 2Q04





USIMINAS - CONSOLIDATED EBITDA

EBITDA & EBITDA Margin

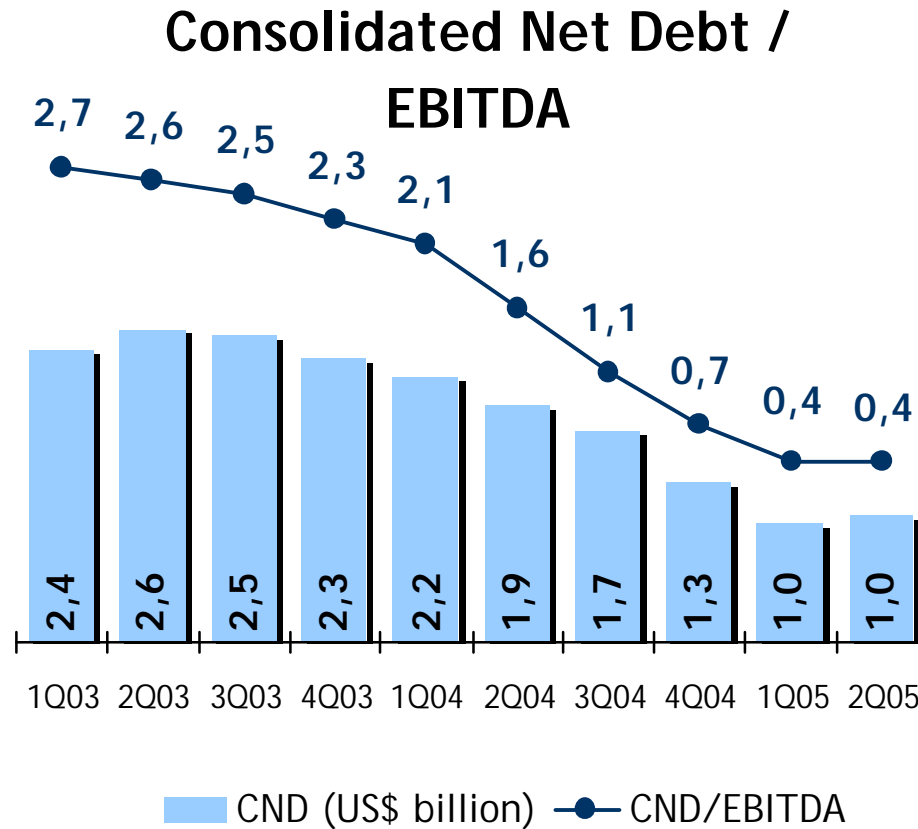


- **EBITDA** reached US\$ **655 million** in 2Q05 and totaled US\$ **1.3 billion** in **1H05**, 55% and 76% above the same periods in 2004, respectively.

- EBITDA Margin of **48%** in 1H05



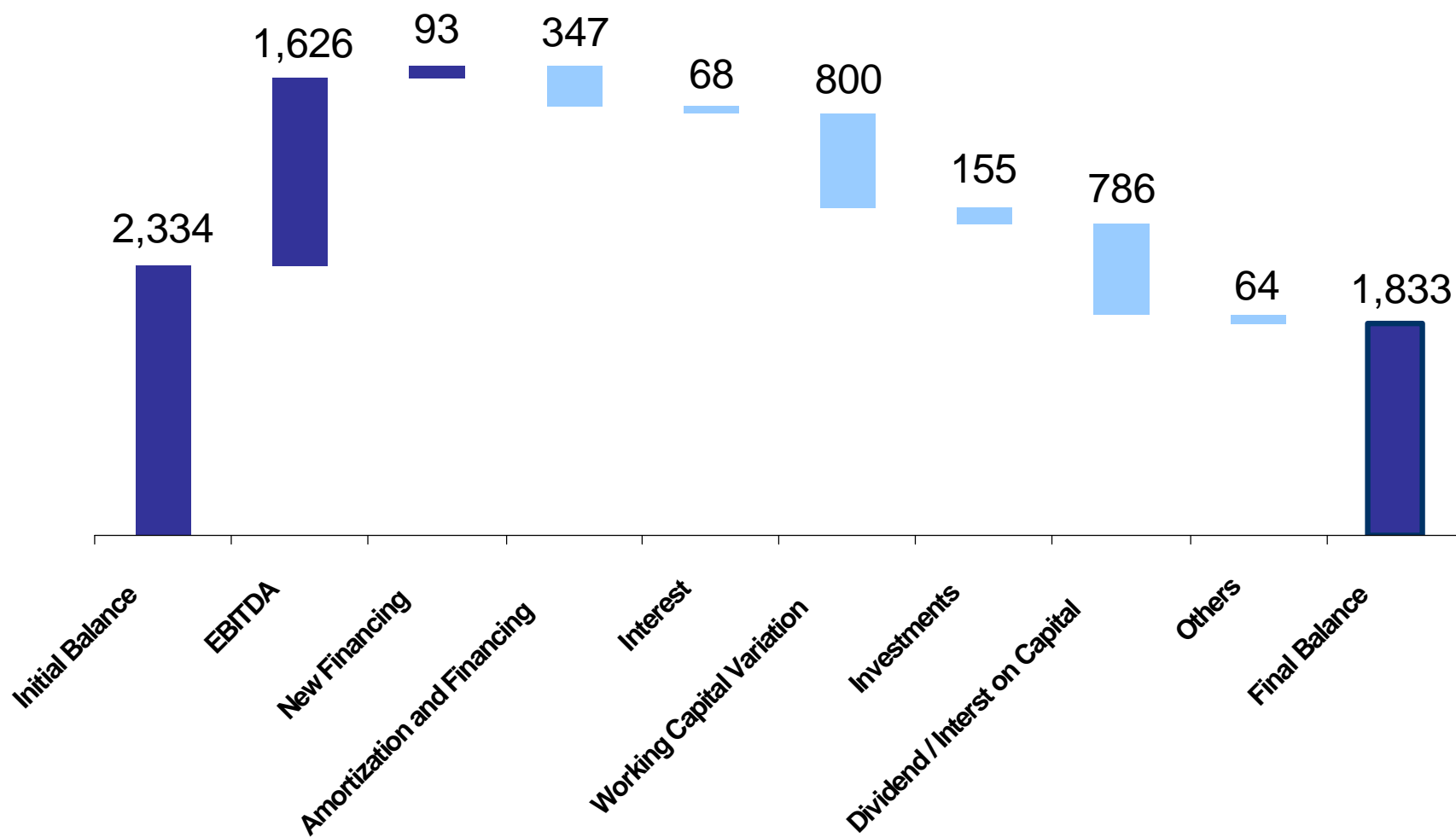
USIMINAS - CONSOLIDATED NET DEBT



- Through 1H05 debt was reduced by **US\$ 314 million**
- Usiminas System ended the quarter with **cash of US\$ 780 million**



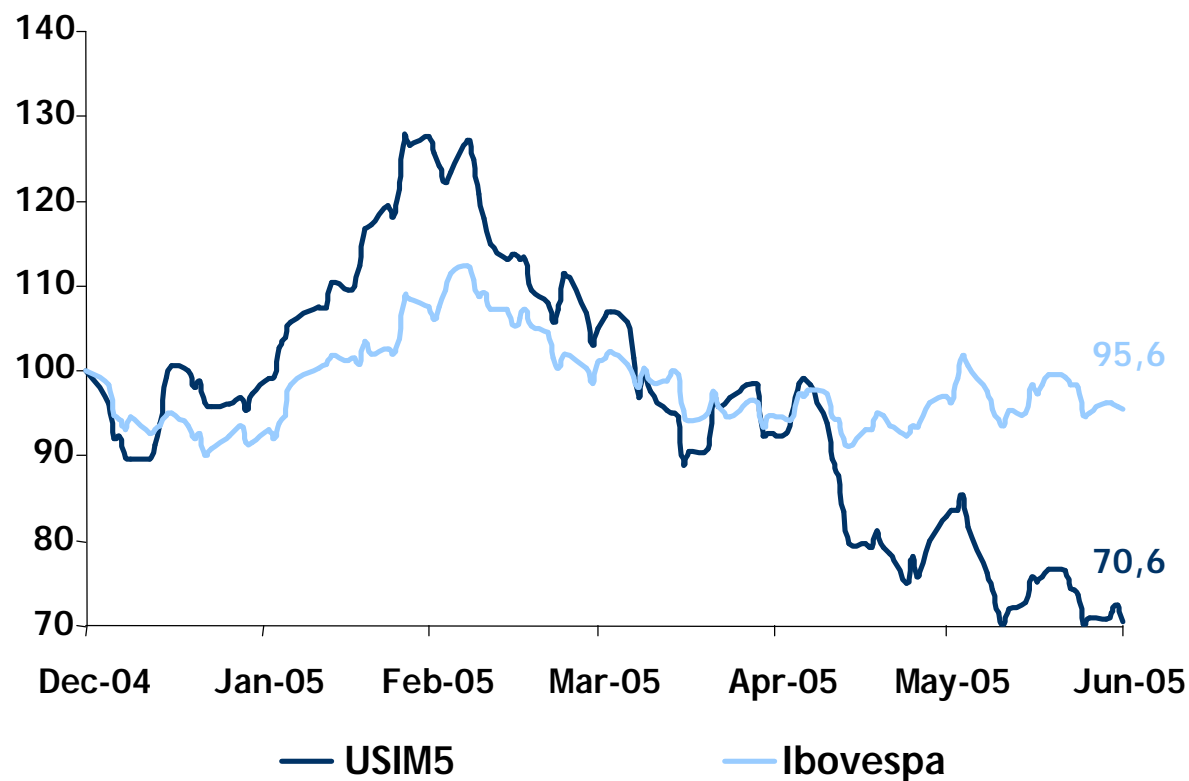
USIMINAS - CONSOLIDATED CASH FLOW 2Q05





SHAREHOLDER PERFORMANCE IN 2Q05

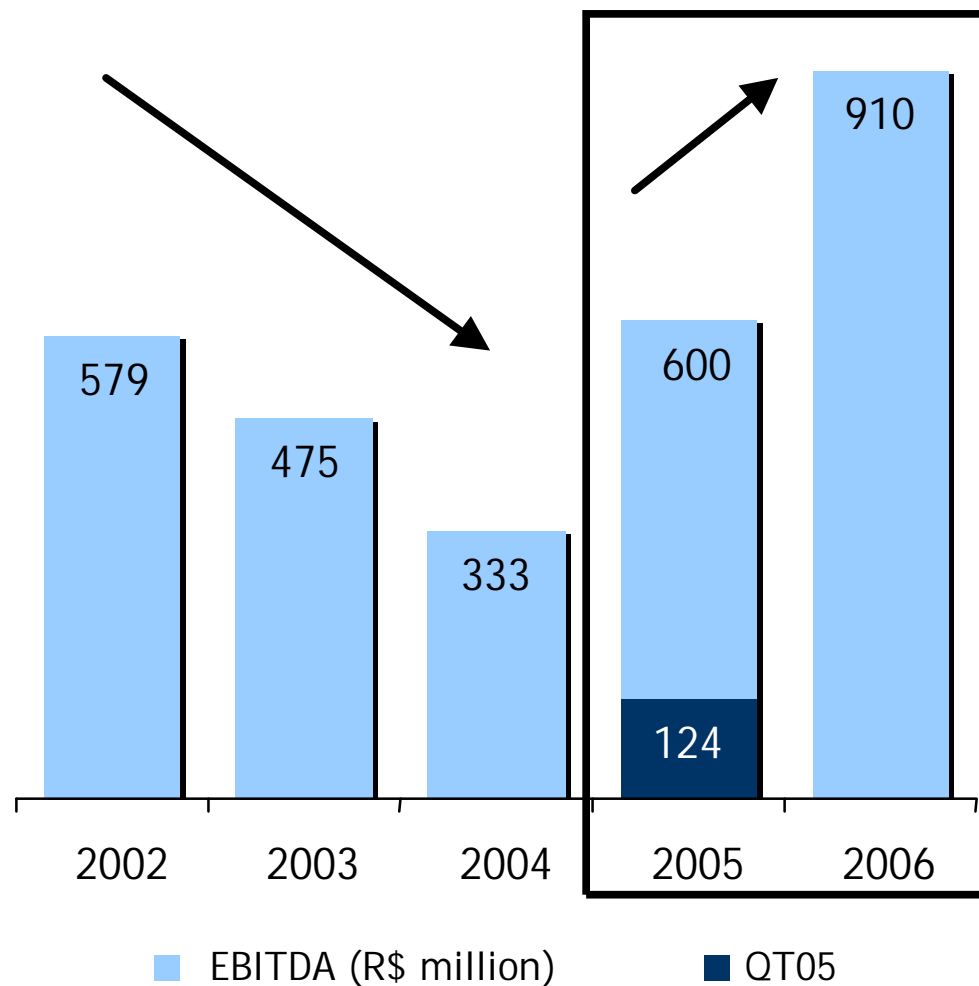
USIM5 x Ibovespa (12/30/04=100)



- Usiminas PNA shares (USIM5, USNZY, XUSI) lost 34% in the quarter, following the decline in other shares in the industry.
- Usiminas is the 4th highest weighted company in the Bovespa index.
- Start of **Latibex** listing in July 05



INVESTMENTS (R\$ MILLION)



New investment phase begins 2005-2006

Usiminas:

- Coke oven plant, viewing self-sufficiency
- 60 MW thermoelectric power plant to increase in-house power generation in Ipatinga

Cosipa:

- Top-blowing turbine to increase in-house power generation in Cubatão
- Revamping of continuous casting machine



OUTLOOK

- ? Market projections indicate review of Brazilian economic growth to around 3% - 3.5% in 2005.
- ? Alignment between global supply/demand with price adjustments is expected, reverting declining curve as of 4th quarter 05.
- ? Expectation of inventory adjustment in US and Europe completed in 4th quarter 05.
- ? China should continue to drive growth in the market.



GOALS OF THE USIMINAS SYSTEM IN 2005

- ? Focus on high value added products, reducing costs and maintaining margins at adequate levels.
- ? Increase in exports and policy of balancing domestic market while adjustments persist in the markets.
- ? Market share maintenance, with a leadership position in domestic flat rolled market.
- ? Maintenance of Operational Cash Generation compatible with Company's needs for programmed investments and shareholder remuneration.



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