

**SIDERAR S.A.I.C.  
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**SIDERAR REPORTS FIRST QUARTER RESULTS FOR FISCAL YEAR 2000**

Buenos Aires, Argentina, November 5, 1999 - Siderar S.A.I.C. (BCBA: ERAR), Argentina's largest steel producer, reported today net income of Ps. (6.6) million for the first quarter ended September 30, 1999 compared to net income of Ps. 27.0 million posted for the same quarter last fiscal year. The main reasons for this important decrease, continuous to be, as in previous quarters, the lower shipments to the domestic market and the negative result of Siderar's investment in related companies (Sidor). Earnings per share (EPS) and per ADS were Ps. (0.0189) and Ps. (0.1510) respectively based on a total of 347,468,771 shares outstanding at September 30, 1999. Each ADS represents 8 (eight) class "A" shares.

During the quarter, the company was affected by the slowdown of the Argentine economy. The slowdown had a direct impact in the company's net revenues, that represented Ps. 241.0 million in the first quarter FY 00, a reduction of 15.0% compared to the same period in last fiscal year.

Total shipments to the domestic market decreased 30.2% in the first quarter to 290.8 thousand metric tons, compared to 416.6 thousand metric tons in the same period last FY. Shipments of flat products (excluding pig iron) to the domestic market reached 286.4 thousand tons compared to 409.1 thousand tons in the same quarter last FY, representing a decrease of 30.0%. Total shipments to the export market of flat products (excluding pig iron) during the first quarter FY 99 were 242.7 thousand tons, an increase of 115.2% compared to the same period in last fiscal year (112.8 thousand tons).

Gross profit for the first quarter FY 99 declined 42.9% to Ps. 43.9 million from Ps. 76.9 million in the same quarter of the last fiscal year.

Selling and administrative expenses totalled Ps. 26.4 million, representing an increase of 3.4% in comparison with Ps. 25.5 million posted in the same quarter of the previous FY.

Siderar's net financial expenses during the first quarter FY 99 increased to Ps. 9.2 million compared to Ps. 7.9 million posted in the same quarter of the previous fiscal year. This increase is mainly due to a devaluation of the inventories due to cost reduction.

Tax provision charge decreased to Ps. (0.3) million from Ps (13.5) million due to the decline in earnings.

Equity income totalled a loss of Ps. (9.8) million in the first quarter, due primarily to a negative result from Prosid Investments Inc. ( This company -100% owned by Siderar- holds the company's shares in Consorcio Siderurgia Amazonia Ltd.) of Ps. (10.4) million.

Sidor and Amazonia are still discussing with their lenders in order to refinance their financial obligations. The Company believes that such a refinancing should be feasible and that as part of it, additional capital investment and/or loans would be required.

The number of employees totalled 5,605 as of September 30, 1999, in comparison with 5,614 employees as of September 30, 1998.

Please find attached financial tables as of September 30, 1999.

**SIDERAR S.A.I.C.**

	Three months ended	
	September 30,	
	1999	1998
<b>Income Statement Data</b>		
	(in million pesos, except ratios)	
Net sales	241.0	283.5
Cost of sales	(197.0)	(206.6)
<b>Gross profit</b>	<b>43.9</b>	<b>76.9</b>
Selling and administrative expenses	(26.4)	(25.5)
Financial income (expense)	(9.2)	(7.9)
Other ordinary income (expense)	(4.8)	(2.8)
<b>Income (loss) before taxes</b>	<b>3.5</b>	<b>40.7</b>
Tax provision charge	(0.3)	(13.5)
<b>Ordinary Income (Loss)</b>	<b>3.2</b>	<b>27.2</b>
Equity Income (Loss)	(9.8)	(0.2)
Other income (expense)	0.0	0.0
<b>Net income (loss)</b>	<b>(6.6)</b>	<b>27.0</b>
Earnings per share (1)	(0.0189)	0.0776
Earnings per ADS (1)	(0.1510)	0.6206
<b>Other financial information</b>		
EBITDA	36.5	68.5
Operating income	17.5	51.3
Operating income per ton	31.2	91.8
Depreciation and amortization	19.5	17.6
Capital expenditures for property, plant and equipment	6.6	26.7
<b>Operating Data</b>		
Production of pig iron (000 tons)	521.7	524.7
Production of hot rolled coils (000 tons)	549.6	483.3
Domestic Sales (000 tons)	290.8	416.6
Export sales (000 tons)	270.6	142.9
Total sales (000 tons)	561.4	559.4
Employees	5,609	5,614
<b>Financial Ratios</b>		
Return on average equity	-1.0%	4.0%
Gross margin	18.2%	27.1%
Operating margin	7.3%	18.1%
Total debt/total capitalization	54.4%	53.5%
Current assets/current liabilities	134.2%	125.7%
Non-current assets/total assets	64.1%	63.9%
EBITDA/net sales	15.1%	24.2%

(1) Assume shares at the end of the period

	September 30,	
	1999	1998
<b>Balance sheet data:</b>		
Current trade receivables	177.6	150.9
Inventories	238.1	285.9
Total current assets	493.1	521.9
Net fixed assets	735.8	681.3
Total non-current assets	<u>878.7</u>	<u>925.4</u>
Total assets	1,371.8	1,447.3
Short term debt	218.2	216.7
Total current liabilities	367.4	415.3
Long term debt	348.4	320.5
Total non-current liabilities	<u>378.6</u>	<u>359.1</u>
Total liabilities	746.0	774.5
Shareholders' equity	625.8	672.9