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## Siderar Announces Full Year and Fourth Quarter 2007 Results

Buenos Aires, February 26, 2008 – Siderar S.A.I.C. (Buenos Aires Stock Exchange: ERAR) today announced its results for the full year and fourth quarter ended December 31, 2007.

### Summary of Full Year 2007 Results

	2007	2006	
Shipments (million tons)	2.6	2.4	9%
Net Sales (ARP million)	6,406.5	5,204.3	23%
Operating Income (ARP million)	1,334.8	1,320.1	1%
EBITDA (ARP million)	1,557.3	1,518.2	3%
EBITDA Margin (% of net sales)	24%	29%	
Net Income (ARP million)	1,356.5	1,342.1	1%
Earnings per share* (ARP)	3.90	3.86	1%

Siderar's operating income in 2007 was ARP1.3 billion, similar to operating income in 2006, as higher shipments and revenue per ton were offset by higher input, freight and labor costs. Net income in 2007 was ARP1.4 billion, similar to net income of ARP1.3 billion in 2006, mainly due to higher financial income and holding gains, offset by a higher tax provision charge and lower equity income.

Siderar's net sales in 2007 were ARP6.4 billion, an increase of 23% when compared with 2006. Net sales increased due to higher shipment levels and revenue per ton, reflecting a strong demand for steel products in Argentina.

### Annual Dividend Proposal

Siderar's board of directors proposed the company's annual general shareholders' meeting the payment of an annual dividend of ARP0.454 per share, or ARP157.8 million in the aggregate.

### Outlook

Steel demand in Argentina remains at healthy levels. The economy grew 8.7% in 2007, the fifth consecutive year of expansion. In 2007, industrial activity grew 7.5% while construction activity grew 6.4%. Additionally, auto manufacturing expanded 26% year-over-year in 2007, supported by the expansion of the domestic market and by higher export levels.

\* Based on 347,468,771 shares outstanding of common stock.



The favorable economic conditions in Argentina are expected to continue throughout 2008, although the current instability in international financial markets and slowdown in the US economy may affect the domestic market to an extent that is not yet certain.

Global supply and demand trends are enabling an increase in steel prices worldwide in anticipation of higher raw material costs. Siderar expects a more rational utilization and expansion of steel production capacity, which reduces steel price volatility, as a result of the ongoing trend toward steel industry consolidation.

Cost per ton is expected to increase during 2008 as a result of significant increases in the cost of raw materials and logistic constraints in the transportation of iron ore. Labor costs are also expected to increase as a result of negotiations currently underway for a new collective bargaining agreement.

### Analysis of Full Year 2007 Results

Net income for 2007 was ARP1.4 billion compared to net income of ARP1.3 billion for 2006. The increase was due mainly to higher holding gains and lower net interest expense, offset by a higher tax provision charge and lower equity income. Earnings per share in 2007 were ARP3.90, based on a total of 347,468,771 shares outstanding as of December 31, 2007.

Net sales for 2007 increased 23% to ARP6.4 billion, compared to ARP5.2 billion in 2006. The increase was due to higher shipment levels and revenue per ton. Shipments were up 9% year-over-year to approximately 2.6 million metric tons.

Thousand metric tons	Total shipments			Domestic shipments			Export shipments		
	12M 2007	12M 2006	Y/Y Chg	12M 2007	12M 2006	Y/Y Chg	12M 2007	12M 2006	Y/Y Chg
Hot rolled	1,081.0	989.5	9%	924.8	890.4	4%	156.3	99.1	58%
Cold rolled	690.5	604.1	14%	570.2	485.1	18%	120.3	119.0	1%
Coated & other	841.7	770.0	9%	694.2	612.3	13%	147.5	157.7	-6%
Slabs		30.6						30.6	
Total	2,613.3	2,394.2	9%	2,189.2	1,987.8	10%	424.1	406.4	4%

Siderar's shipments in the domestic Argentine market during 2007 were up 10% versus the prior year to approximately 2.2 million metric tons. Export shipments increased 4% versus 2006 to approximately 424,100 metric tons in 2007. Export destinations were:

% finished products	12M 2007
South & Central America	62%
Europe	31%
Asia & Africa	6%
North America	1%
Total	100%



Cost of sales in 2007 totaled ARP4.5 billion, or 70% of net sales, compared to ARP3.4 billion, or 66% of net sales, in 2006. The year-over-year cost of sales increase was due mainly to higher shipment levels, the increase in the price of raw materials and freight, and higher costs for supplies and labor.

Selling, general and administrative (SG&A) expenses in 2007 totaled ARP589.5 million, or 9% of net sales, compared to ARP457.5 million, or 9% of net sales, in 2006. The increase in SG&A was due mainly to higher freight costs and export duties, which resulted from the year-over-year increase in export shipments and net sales, and to higher labor costs and taxes, which resulted from increased activity.

Operating income in 2007 was ARP1.3 billion, or 21% of net sales, compared to ARP1.3 billion, or 25% of net sales, in 2006. EBITDA in 2007 was ARP1.6 billion, or 24% of net sales, compared to ARP1.5 billion, or 29% of net sales, in 2006.

Financial and holding results totaled a gain of ARP198.6 million in 2007. This included a net financial results loss of ARP44.3 million and a net inventory holding results gain of ARP243.0 million related mainly to the increase in raw material prices. This compares to a gain of ARP78.5 million in financial and holding results in 2006. The year-over-year difference is primarily due to higher inventory holding results gains of ARP100.3 million and lower net financial expense losses of ARP19.8 million due to Siderar's lower average indebtedness in 2007.

Other income and expenses totaled a net gain of ARP4.6 million in 2007, compared to a net loss of ARP2.8 million in the previous year. The difference is due mainly to the sale of certain real state and higher recovery of doubtful account provisions, offset by higher contingency provision charges in 2007.

Income tax expense for 2007 was ARP635.5 million, or 32% of income before income tax plus equity income, compared to ARP577.8, or 30% of income before income tax plus equity income, in 2006.

Investments in related companies for 2007 resulted in a gain of ARP453.9 million, compared to a gain of ARP524.2 million in 2006.

Investments in Sidor (through Amazonia and Ylopa) totaled a gain of ARP238.6 million in 2007, compared to a gain of ARP199.6 million in 2006. Siderar's investment in Hylsamex yielded a gain of ARP214.4 million in 2007, compared to a gain of ARP324.0 million in 2006. The decrease in the equity result from Siderar's investment in Hylsamex was mainly related to Hylsamex's higher raw material and supply costs and to lower shipments and revenue per ton in the year 2007.

In July 2007, Hylsa S.A. de C.V., a subsidiary of Hylsamex, participated in the financing of Grupo Imsa S.A.B. de C.V. (IMSA), in connection with Ternium's acquisition of that company, by means of a US\$1,564 million loan to IMSA that is convertible into shares of the company. As shareholders of Hylsamex, Siderar and III Industrial Investments Inc. decided to proceed with the merger of Hylsamex and IMSA to capitalize on certain synergy opportunities. The merger, which encompasses technical-, legal- and finance-related tasks, is expected to be completed during 2008. The interested parties agreed to set a definitive rate for the share exchange in advance of the merger process – as a result, Siderar's ownership stake in the surviving entity has been established at 28.70%.



## Analysis of Fourth Quarter 2007 Results

Net income for the fourth quarter 2007 was ARP389.2 million, compared to net income of ARP253.2 million for the fourth quarter 2006. Earnings per share in the fourth quarter 2007 were ARP1.12, based on a total of 347,468,771 shares outstanding as of December 31, 2007.

Net sales for the fourth quarter 2007 were ARP1.8 billion, an increase of 28% compared to the fourth quarter 2006, due to higher shipments and revenue per ton. Shipments were up 12% year-over-year to approximately 668,700 metric tons.

Thousand metric tons	Total shipments			Domestic shipments			Export shipments		
	4Q 2007	4Q 2006	y/y chg	4Q 2007	4Q 2006	y/y chg	4Q 2007	4Q 2006	y/y chg
Hot rolled	285.7	243.0	18%	266.8	217.4	23%	18.9	25.6	-26%
Cold rolled	163.9	156.0	5%	152.3	131.9	15%	11.6	24.1	-52%
Coated & other Slabs	219.1	200.6	9%	193.2	155.4	24%	25.8	45.2	-43%
<b>Total</b>	<b>668.7</b>	<b>599.6</b>	<b>12%</b>	<b>612.3</b>	<b>504.7</b>	<b>21%</b>	<b>56.3</b>	<b>94.9</b>	<b>-41%</b>

Siderar's shipments in the domestic Argentine market during the fourth quarter 2007 were up 21% versus the prior-year period to approximately 612,300 metric tons. Export shipments decreased 41% in the fourth quarter 2007 versus the fourth quarter 2006 to approximately 56,300 metric tons. Export destinations were:

% finished products	4Q 2007
South & Central America	90%
Asia & Africa	8%
Europe	2%
<b>Total</b>	<b>100%</b>

Cost of sales in the fourth quarter 2007 totaled ARP1.2 billion, or 70% of net sales, compared to ARP972.1 million, or 71% of net sales, in the fourth quarter 2006. The year-over-year cost of sales increase was due mainly to higher shipment levels, the increase in the price of raw materials and freight, and higher costs for supplies and labor.

SG&A expenses in the fourth quarter 2007 totaled ARP137.0 million, or 8% of net sales, compared to ARP128.6 million, or 9% of net sales, in the same quarter the previous year. The increase in SG&A was due mainly to higher taxes and freight costs, which resulted from the increased activity.

Operating income in the fourth quarter 2007 was ARP389.5 million, or 22% of net sales, compared to ARP277.2 million, or 20% of net sales, in the fourth quarter 2006. EBITDA in the fourth quarter 2007 was ARP446.5 million, or 25% of net sales, compared to ARP330.5 million, or 24% of net sales, in the prior-year quarter.



Financial and holding results totaled a gain of ARP98.1 million in the fourth quarter 2007. This included a net financial results gain of ARP1.9 million and a net inventory holding results gain of ARP96.2 million. This compares to a gain of ARP13.1 million in financial and holding results in the fourth quarter 2006. The year-over-year difference is primarily due to higher gains of ARP77.5 million on inventory holding results and a net gain of ARP7.5 million on net financial results, due to Siderar's lower average indebtedness in the fourth quarter 2007.

Other income and expenses totaled a net loss of ARP1.8 million in the fourth quarter 2007, compared to a net gain of ARP2.2 million in the comparable quarter the previous year. The difference is due mainly to higher contingency provision charges.

Income tax expense for the fourth quarter 2007 was ARP191.5 million, or 33% of income before income tax plus equity income, compared to ARP125.5 million, or 33% of income before income tax plus equity income, in the fourth quarter 2006.

Investments in related companies for the fourth quarter 2007 resulted in a gain of ARP94.8 million, compared to a gain of ARP86.2 million in the same period last year.

Investments in Sidor (through Amazonia and Ylopa) totaled a gain of ARP50.7 million in the fourth quarter 2007, compared to a gain of ARP26.7 million in the same quarter in 2006. Siderar's investment in Hylsamex yielded a gain of ARP43.2 million in the fourth quarter 2007, compared to a gain of ARP59.5 million in the fourth quarter 2006.

## Cash Flow and Liquidity

Net cash provided by operating activities in 2007 was ARP1.5 billion. In addition, collection of dividends related to Siderar's participation in Sidor was ARP334.6 million in 2007. Capital expenditures in 2007 were ARP472.3 million, compared to ARP728.0 million in 2006. Investments during 2007 were made mainly for the relining of one blast furnace, the revamping and expansion of the coking facilities, and the construction of a new bag house for the steel shop and of a new cutting line in one service center.

Net cash provided by operating activities in the fourth quarter 2007 was ARP450.7 million. In addition, collection of dividends related to Siderar's participation in Sidor was ARP47.2 million in the fourth quarter 2007. Capital expenditures in the fourth quarter 2007 were ARP136.2 million, compared to ARP147.6 million in the fourth quarter 2006.

Net cash used in financing activities during 2007 was ARP846.4 million, including net reductions in borrowings of ARP690.5 million and distribution of profits of ARP155.9 million.

Siderar's net cash position (cash and cash equivalents and other current investments less borrowings) increased by ARP1.2 billion during 2007 to ARP311.2 million as of December 31, 2007, compared to net debt of ARP916.3 million as of December 31, 2006. Total financial debt was ARP583.2 million as of December 31, 2007, compared to ARP1.3 billion as of December 31, 2006.



Consolidated income statement

ARP million	12M 2007	12M 2006	4Q 2007	4Q 2006
Net sales	6,406.5	5,204.3	1,756.9	1,377.9
Cost of sales	<u>(4,482.3)</u>	<u>(3,426.7)</u>	<u>(1,230.4)</u>	<u>(972.1)</u>
Gross profit	1,924.2	1,777.6	526.5	405.8
Selling, general and administrative expenses	<u>(589.5)</u>	<u>(457.5)</u>	<u>(137.0)</u>	<u>(128.6)</u>
Operating income	1,334.8	1,320.1	389.5	277.2
Financial income (expense) and holding gain (loss)	198.6	78.5	98.1	13.1
Other income (expense), net	<u>4.6</u>	<u>(2.8)</u>	<u>(1.8)</u>	<u>2.2</u>
Income before income tax expense	1,538.0	1,395.7	485.8	292.5
Tax provision charge	<u>(635.5)</u>	<u>(577.8)</u>	<u>(191.5)</u>	<u>(125.5)</u>
Ordinary income	902.5	817.9	294.3	167.1
Equity Income	<u>453.9</u>	<u>524.2</u>	<u>94.8</u>	<u>86.2</u>
Net income	<u>1,356.5</u>	<u>1,342.1</u>	<u>389.2</u>	<u>253.2</u>
FX bank selling rate (Argentine pesos / US dollar)	3.15	3.06	3.15	3.06
Earnings per share (Argentine pesos)	3.90	3.86	1.12	0.73



Consolidated balance sheet

ARP million	December 31, 2007	December 31, 2006
Cash, banks & investments	894.4	357.4
Current trade receivables	238.4	248.2
Inventories	1,383.9	1,415.3
Other receivables & assets	249.5	112.1
Total current assets	2,766.2	2,133.0
Long-term investments	2,329.9	2,280.0
Intangible assets	530.4	497.5
Net fixed assets	2,264.3	2,029.7
Other receivables & assets	13.5	14.3
Total non-current assets	5,138.1	4,821.5
Total assets	7,904.3	6,954.5
Current accounts payable	528.5	459.7
Short-term debt	583.2	808.3
Social security and taxes	329.8	194.1
Provision for contingencies & other	17.3	13.7
Total current liabilities	1,458.7	1,475.7
Long term debt		465.4
Social security and taxes	336.8	200.3
Provision for contingencies & other	69.1	57.8
Total non-current liabilities	405.8	723.5
Total liabilities	1,864.5	2,199.2
Minority interest	0.1	0.1
Shareholders' equity	6,039.7	4,755.2
Total liabilities and shareholder's equity	7,904.3	6,954.5



## Consolidated cash flow statement

ARP million	12M 2007	12M 2006	4Q 2007	4Q 2006
Net income	1,356.5	1,342.1	389.2	253.2
Depreciation of fixed assets	191.5	185.5	49.5	44.6
Depreciation of intangible assets	26.4	15.4	9.3	6.6
Income tax provision	635.5	577.8	191.5	125.4
Equity Income	(453.9)	(524.2)	(94.8)	(86.2)
Holding results on inventories	(115.2)	(17.8)	(96.6)	(13.1)
Other non cash items	15.6	11.7	7.9	0.3
<b>Operating activities</b>	<b>1,656.4</b>	<b>1,590.5</b>	<b>456.0</b>	<b>330.8</b>
Trade receivables	14.2	(49.0)	58.9	(39.8)
Other receivables	2.3	(43.0)	(17.4)	(0.4)
Long-term advances for gas purchase		18.1		11.3
Inventories	140.9	(400.2)	83.8	28.3
Trade payables	68.8	147.5	11.7	(35.1)
Social security, taxes, other liabilities & provisions for contingencies	(363.3)	(687.1)	(142.3)	(151.2)
<b>Net cash provided by operations</b>	<b>1,519.3</b>	<b>576.8</b>	<b>450.7</b>	<b>143.9</b>
Net (incr.) decr. in other current investment	(205.7)	15.7	(2.4)	
Net (incr.) decr. in non-current investment	(0.5)	(9.0)	(0.1)	
Collection of dividends	334.6	214.2	47.2	37.3
Net (incr.) decr. in other non-current investment	1.8	(2.1)	(0.1)	(2.3)
Acquisition of business		(146.6)		
Net (incr.) decr. in fixed & intangible assets	(472.3)	(728.0)	(136.2)	(147.6)
Net decrease in other assets	0.5		0.5	
<b>Net cash provided (used) in investment activities</b>	<b>(341.6)</b>	<b>(655.8)</b>	<b>(91.1)</b>	<b>(112.6)</b>
Net incr. (decr.) in short and long-term debt	(690.5)	96.4	(94.0)	0.5
Distribution of profits	(155.9)	(123.3)		
<b>Net cash provided (used) in financing activities</b>	<b>(846.4)</b>	<b>(27.0)</b>	<b>(94.0)</b>	<b>0.5</b>
<b>Increase (decrease) in cash</b>	<b>331.3</b>	<b>(105.9)</b>	<b>265.6</b>	<b>31.8</b>



## Other Information

	12M 2007	12M 2006	4Q 2007	4Q 2006
<u>Shipment Volume (thousand metric tons)</u>				
Domestic shipments	2,189.2	1,987.8	612.2	504.6
Export shipments	424.1	406.4	56.3	95.0
Total shipments	2,613.3	2,394.2	668.5	599.6
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<u>Financial Information</u>				
EBITDA (ARP million)	1,557.3	1,518.2	446.5	330.5
Depreciation and amortization (ARP million)	217.9	200.9	58.8	51.1
Operating income per ton (ARP / ton)	511	551	583	462
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<u>Financial Ratios</u>				
Return on equity	22.5%	28.2%	6.4%	5.3%
Operating margin	20.8%	25.4%	22.2%	20.1%
Total liabilities / total assets	23.6%	31.6%	23.6%	31.6%
Current assets / current liabilities	189.6%	144.5%	189.6%	144.5%
EBITDA / net sales	24.3%	29.2%	25.4%	24.0%