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Press Release

Siderar S.A.I.C. Announces Results for the Year and Fourth Quarter ended December 31, 2004

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Buenos Aires, March 3, 2005. Siderar S.A.I.C. (Buenos Aires Stock Exchange: ERAR), today announced its results for the year and fourth quarter ended December 31, 2004.

Highlights: Year ended December 31, 2004

- Net sales of ARP3,665.9 million, up 34% from ARP2,731.1 million
- Operating income of ARP1,416.6 million, up 61% from ARP882.2 million
- EBITDA of ARP1,642.4 million (45% of net sales), up 56% from ARP1,050.7 million (38% of net sales)
- Net income of ARP1,344.1 million, up 218% from 422.2 million. Net earnings per share of ARP3.8683 (ARP30.9465 per ADS)
- US$680 million investment plan for the period 2005/2008, and an increase in crude steel production capacity to 4.0 million tons by 2008, from current 2.6 million tons.
- The board of directors proposes, for the approval of the shareholders' meeting to be held on April 18, 2005, a cash dividend distribution of ARP299.9 million equivalent to ARP0.863 per share (ARP6.904 per ADS).

The net result of ARP1,344.1 million included an equity gain of ARP382.8 million for related companies Ylopa and Amazonia participation in Sidor. In the previous year the net result of ARP422.2 million included an equity gain of ARP46.0 million for related companies Ylopa and Amazonia participation in Sidor.

During the year the Argentine economy maintained a sustained rate of growth, with a recovery in the industrial, agriculture, construction, and automotive activity that allowed Siderar to significantly increase shipments to the domestic market. In the international scenario prices continued an upward trend with a sustained demand, and input costs like iron ore, coking coal, coke, freights and others showed important increases. This trend was mainly driven by the demand from China and the world economy recovery.

Outlook

With respect to the Argentine domestic market, consensus forecasts show the economy is expected to continue growing in 2005, which allows forecasting a positive impact on the domestic demand for steel products. Siderar considers the industrial development as a sustained path towards Argentina's economy growth, and thus will continue developing its SME support program.
With respect to the international markets, the scenario looks positive as a result of China demand growth and the recovery of the world economy, which is driving the steel demand. Demand for steel products is growing at a 5.5% annual pace, similar to post-war levels. The higher impact on growth comes from China and south-east Asian economies. However, the launch of new steel projects and the

increase in steel production capacity, mainly in China, makes it necessary to constantly monitor the supply-demand equilibrium in the various regions, and the economies ability to absorb such capacity increases without significantly affecting international steel prices.

Issues to closely watch during 2005 due to their great incidence on world steel markets will be the possible negative impact of high oil prices in major economies, mainly United States and Europe, and the sustainability of high rates of growth in China, as well as its steel production growth and trade balance.

In this context it is expected the favorable conditions for our exports will continue, with sustained prices and demand, together with higher prices for our inputs such as iron ore, coking coal, coke and freights that already experienced important increases last year.

Investments

Under this scenario the company approved and ratified an investment plan for a total of US$680 million for the period 2005/2008.

This investment plan contemplates an important increase in crude steel production capacity from the current 2.6 million tons to 4.0 million tons by 2008 that will allow to meet the Argentine industrial sector requirements and to keep an active presence in the international markets.

The projects contemplate the revamp of present productive lines together with the incorporation of new productive lines, and will imply various productive processes improvements through the incorporation of automation systems and the utilization of available capacity in the services area, allowing for economies of scale and operating costs reductions.

Results for the Year ended December 31, 2004 vs. the Year ended December 31, 2003

Siderar recorded a net income of ARP1,344.1 million in the year, including an equity gain of ARP382.8 million for related companies Ylopa and Amazonia participation in Sidor. In the previous year the net income was ARP422.2 million, including an equity gain of ARP46.0 million for related companies Ylopa and Amazonia participation in Sidor. Earnings per share (EPS) and per ADS were a gain of ARP 3.8683 and ARP30.9465 respectively based on a total of 347,468,771 shares outstanding as of December 31, 2004. Each ADS represents 8 (eight) class “A” shares.

Total shipments were 2,167 thousand tons, down 4% compared to those of the previous year, due mainly to lower production levels as a consequence of longer maintenance stoppages in the rolling mill lines, and the adjustment of production levels in blast furnace #2 in prevision of its relining.

	Total shipments			Domestic shipments			Export shipments		
Thousand tons	Yr 2004	Yr 2003	Y/Y Chg	Yr 2004	Yr 2003	Y/Y Chg	Yr 2004	Yr 2003	Y/Y Chg
Hot rolled	732.6	764.6	-4%	686.2	528.4	30%	46.4	236.2	-80%
Cold rolled	614.7	708.2	-13%	391.7	318.9	23%	223.0	389.3	-43%
Coated & other	759.1	732.9	4%	476.9	385.0	24%	282.2	347.9	-19%
Slabs	60.7	50.9					60.7	50.9	
Total	2,167.1	2,256.6	-4%	1,554.8	1,232.3	26%	612.3	1,024.3	-40%

Domestic market shipments totaled 1,555 thousand tons, a 26% increase compared to those of the previous year as a result of the sustained growth of the argentine economy, including an important

recovery of the industrial, agriculture and construction activity, and the automotive sector.
Export shipments totaled 612 thousand tons, down 40% compared to the previous year due to the recovery of the domestic market sales and the effect of the lower production levels as mentioned. Although the Company reduced overall exports, it kept its export presence in traditional markets such as Latin America and Europe. International steel prices continued its upward trend on a sustained demand for steel, mainly driven by Chinese consumption and the recovery of the world economy.

Net sales were ARP3,665.9 million compared to ARP2,731.1 million last year. During the year prices experienced an important recovery and domestic market shipments improved significantly, partially offset by lower export shipments.

Cost of sales were ARP2,039.0 million (56% of net sales) compared to ARP1,652.1 million (60% of net sales) the previous year. There were important increases in production costs, mainly raw materials such as iron ore, coke and coking coal, and freights. Domestic costs related to supplies, energy, services and labor increased as well.

Selling, general and administrative expenses in the year were ARP210.3 million (6% of net sales), compared to ARP196.8 million (7% of net sales) in the previous year. The commercial expense reduction, associated to the lower level of exports, was compensated by some administrative expense increases, mainly due to the tax on financial transactions as a result of higher activity levels in the domestic market.

Operating profit was ARP1,416.6 million (39% of net sales) compared to ARP882.2 million (32% of net sales) the previous year. EBITDA was ARP1,642.4 million and EBITDA margin was 45% in the year, which compares to an EBITDA margin of 38% in the previous year.

Financial and holding results were a gain of ARP149.9 million. This result includes a loss of ARP26.0 million in interest and other financing expenses results, a gain of ARP21.2 million in foreign exchange rate differences as a result of the Argentine Peso depreciation, and a gain of ARP154.7 million in net inventory and spare parts holding results, reflecting a higher price of raw materials and some services. This result compares to a loss of ARP193.4 million the previous year, including a loss of ARP72.4 million in foreign exchange rate differences as a result of the strong appreciation of the Argentine Peso, and a loss of ARP121.0 million in interest and other financing expenses as a result of a higher indebtedness the previous year.

Other income and expense represented a net loss of ARP44.5 million, compared to a net loss of ARP61.1 million the previous year. The reduction was mainly the result of lower doubtful account provisions and severance payments, partially offset by a higher depreciation of intangible assets.

The income tax charge of the period was ARP560.7 million, including an income tax provision charge of ARP568.9 million, and a differed tax provision recovery of ARP8.2 million. The previous year the income tax charge was ARP251.8 million, including an income tax provision charge of ARP177.7 million and a differed tax provision charge of ARP74.1 million. The tax increase is the result of a higher net income.

Amazonia and Ylopa equity holdings result for the period, generated by its participation in Sidor, was a gain of ARP382.8 million a significant improvement compared to a gain of ARP46.0 million the previous year. The result includes, at Siderar's share, a gain of ARP113.4 million due to Sidor's operating result, a gain of ARP215.2 million due to the recovery of the impairment provision registered by Amazonia, a gain of ARP67.1 million due to the participation in Sidor's excess cash, a loss of ARP8.2 million due to Ylopa's capitalization of the debt convertible in Amazonia shares, and a loss of ARP4.7 million in other results. Siderar's indirect participation in Amazonia will be reduced to 14.4% after Ylopa's capitalization of the convertible debt. Siderar's investment in Amazonia and Ylopa as of December 31, 2004, was valued considering the mentioned capitalization, and amounted to ARP439.9 million.

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As of December 31, 2004, Siderar registered a conversion difference of ARP90.6 million for its indirect participation in Sidor.

During the period the Company invested ARP262.2 million in fixed assets and information technology, within a plan that introduced important improvements in productivity and processes. The plan included the start up last September of blast furnace #1, for a total investment of ARP72.3 million. The purpose of this investment is to maintain the production of pig iron, considering the planned relining of blast furnace #2.

On September 30, 2004, the Company paid off the remaining restructured financial debt, including the cancellation of the Medium Term Notes, and thus releasing the Company from all guaranties and covenants undertaken under its terms and conditions. As a result, financial debt as of December 31, 2004 was ARP19.9 million, down ARP776.2 million compared to December 31, 2003.

On April 22, 2004 the Shareholders Meeting approved a cash dividend distribution of ARP58.4 million, equivalent to ARP0.168 per share (ARP1.344 per ADS), effective May 7, 2004.

The board of directors proposes, for the approval of the shareholders' meeting to be held on April 18, 2005, a cash dividend distribution of ARP299.9 million equivalent to ARP0.863 per share (ARP6.904 per ADS).

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Results for the Quarter ended December 31, 2004 vs. the Quarter ended December 31, 2003

Siderar recorded a net income of ARP487.3 million in the quarter, including an equity gain of ARP205.6 million for related companies Ylopa and Amazonia participation in Sidor. In the same period the previous year the net income was ARP137.8 million, including an equity gain of ARP30.8 million for related companies Ylopa and Amazonia participation in Sidor. Earnings per share (EPS) and per ADS were a gain of ARP 1.4023 and ARP11.2187 respectively based on a total of 347,468,771 shares outstanding as of December 31, 2004. Each ADS represents 8 (eight) class "A" shares.

Total shipments were 593 thousand tons, up 6% compared to the same period the previous year. Production levels were higher as a result of the start up of blast furnace #1, together with the empowerment of the hot rolling mill.

Domestic market shipments totaled 374 thousand tons, an increase of 7% compared to those of the previous year. Export shipments totaled 219 thousand tons, an increase of 3% compared to the same period the previous year.

Net sales were ARP1,143.4 million compared to ARP700.8 million in the same period the previous year. This improvement is mainly the result of better steel product prices.

Cost of sales in the quarter were ARP626.8 million (55% of net sales) compared to ARP432.0 million (62% of net sales) in the same period the previous year. The increase is the result of higher production costs, mainly raw materials and freights, together with higher domestic costs.

Selling, general and administrative expenses in the quarter were ARP64.1 million (6% of net sales), compared to ARP50.4 million (7% of net sales) in the previous year. The increase in expenses is mainly due to higher commercial expenses associated with higher export revenues, and with some administrative expense increases, mainly the tax on financial transactions as a result of higher activity levels in the domestic market.

Operating profit was ARP452.6 million (40% of net sales) compared to ARP218.4 million (31% of net sales) the previous year.

EBITDA was ARP517.9 million and EBITDA margin was 45% in the period, which compares to an EBITDA margin of 37% in the previous year.

Financial and holding results were a gain of ARP6.0 million. This result includes a gain of ARP1.3 million in net financial income, a gain of ARP4.7 million in net inventory and spare parts holding results net of foreign exchange losses. This result compares to a loss of ARP25.1 million last year, including a gain of ARP12.3 million in foreign exchange rate differences, and a loss of ARP37.5 million in other net financing expenses as a result of a higher indebtedness the previous year.

Other income and expense represented a net loss of ARP12.7 million in the quarter, compared to a net loss of ARP 17.9 million in the same period the previous year. The decrease in expense is mainly due to a reduction in severance payments.

The income tax charge of the period was ARP164.2 million, including an income tax provision charge of ARP166.3 million, and a differed tax provision recovery of ARP2.1 million. In the same period the previous year the income tax charge was ARP68.8 million, including an income tax provision charge of ARP73.0 million, and a differed tax provision recovery of ARP4.1 million. The tax increase is the result of a higher net income.

Amazonia and Ylopa equity holdings result for the quarter, generated by its participation in Sidor, was a gain of ARP205.6 million compared to a gain of ARP30.8 million in the same period the previous year. This result shows a significant improvement, and includes at Siderar's share, a gain of ARP40.6 million due to Sidor's operating result, a gain of ARP148.3 million due to the recovery of the impairment provision registered by Amazonia, a gain of ARP26.2 million due to the participation in Sidor's excess cash, a loss of ARP8.2 million due to Ylopa's capitalization of the debt convertible in Amazonia shares, and a loss of ARP1.3 million in other results. As of December 31, 2004, Siderar registered a conversion difference of ARP90.6 million for its indirect participation in Sidor.

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Consolidated Statement of Income

ARP million	Yr 2004	Yr 2003	4Q 2004	4Q 2003
Net sales	3,665.9	2,731.1	1,143.5	700.8
Cost of sales	(2,039.0)	(1,652.1)	(626.8)	(432.0)
Gross profit	1,626.9	1,079.0	516.7	268.8
Selling, general and administrative expenses	(210.3)	(196.8)	(64.1)	(50.4)
Operating income	1,416.6	882.2	452.6	218.4
Financial income (expense) and holding gain (loss)	149.9	(193.4)	6.0	(25.1)
Other income (expense), net	(44.5)	(61.1)	(12.7)	(17.9)
Income before taxes	1,522.0	627.7	445.9	175.4
Tax provision charge	(560.7)	(251.8)	(164.2)	(68.8)
Ordinary income	961.3	375.9	281.7	106.6
Equity Income	382.8	46.3	205.6	31.2
Net income	**1,344.1**	**422.2**	**487.3**	**137.8**
FX bank selling rate (Argentine peso / US dollar)	2.98	2.93	2.98	2.93
Earnings per share	3.8683	1.2151	1.4023	0.3965
Earnings per ADS	30.9465	9.7210	11.2187	3.1722

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Consolidated Balance Sheet

ARP million	December 31, 2004	December 31, 2003
Cash, banks & investments	706.8	589.2
Current trade receivables	428.0	260.4
Inventories	677.8	397.6
Other receivables & assets	55.9	57.9
Total current assets	1,868.5	1,305.1
Long-term investments	479.4	207.2
Intangible assets	30.5	24.6
Net fixed assets	1,280.4	1,264.7
Other receivables & assets	36.7	47.4
Total non-current assets	1,827.0	1,543.9
Total assets	**3,695.5**	**2,849.0**
Current accounts payable	241.3	182.4
Short-term debt	14.8	115.2
Social security and taxes	556.8	185.4
Provision for contingencies & other	55.7	17.5
Total current liabilities	868.6	500.5
Long term debt	5.1	680.8
Social security and taxes	13.7	58.5
Provision for contingencies & other	44.5	39.2
Total non-current liabilities	63.3	778.5
Total liabilities	**932.0**	**1,279.0**
Temporary conversion differences	(64.8)	26.9
Shareholders' equity	2,828.3	1,543.1
Total liabilities and shareholder´s equity	**3,695.5**	**2,849.0**

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Consolidated Statement of Cash Flow

ARP million	Yr 2004	Yr 2003	4Q 2004	4Q 2003
Net income	1,344.1	422.2	487.3	137.8
Depreciation of fixed assets	250.3	218.6	69.2	53.4
Depreciation of intangible assets	20.0	11.0	8.8	7.6
Income tax provision	560.7	251.8	164.2	68.8
Equity Income	(382.8)	(46.3)	(205.6)	(31.2)
Other non cash items	6.5	27.2	(11.2)	14.1
Operating activities	1,798.8	884.5	512.7	250.5
Trade receivables	(160.6)	66.1	(181.4)	49.3
Other receivables	2.0	15.4	(9.9)	12.6
Long-term advances for gas purchase	10.5	(44.7)	3.2	2.3
Inventories	(282.2)	(0.9)	(26.5)	(14.1)
Trade payables	58.3	26.7	59.6	(10.7)
Social security, taxes, other liabilities & provisions for contingencies	(201.2)	(14.3)	(33.6)	1.6
Cash provided by operations	**1,225.6**	**932.8**	**324.1**	**291.5**
Net increase in investments	0.0	(95.5)	0.0	0.0
Collection of dividends	22.6	0.0	0.0	0.0
Net (incr.) decr. in other non-current investment	(3.7)	54.8	0.1	(3.8)
Net (incr.) decr. in funds conveyed to the trust	256.9	37.7	263.8	(1.8)
Net (incr.) decr. in fixed & intangible assets	(291.9)	52.5	(94.3)	(25.9)
Net decrease in other assets	0.1	0.9	0.0	0.8
Cash applied to investment activities	**(16.0)**	**50.4**	**169.6**	**(30.7)**
Net decrease in short and long-term debt	(776.2)	(937.6)	(3.8)	(45.9)
Distribution of profits	(58.9)	(57.9)	0.0	(57.4)
Cash applied to financing activities	**(835.1)**	**(995.5)**	**(3.8)**	**(103.3)**
Increase (decrease) in cash	**374.5**	**(12.3)**	**489.9**	**157.5**

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Other Information

	Yr 2004	Yr 2003	4Q 2004	4Q 2003
Financial information				
EBITDA (ARP million)	1,642.4	1,050.7	517.9	261.4
Depreciation and amortization (ARP million)	270.3	229.6	78.0	60.9
Operating income per ton (ARP / ton)	654	391	763	390
Operating Data				
Domestic Sales (000 tons)	1,554.8	1,232.3	374.3	348.3
Export sales (000 tons)	612.3	1,024.3	218.5	211.9
Total sales (000 tons)	2,167.1	2,256.6	592.8	560.2
Employees	4,729	4,724	4,729	4,724
Financial Ratios				
Return on equity	47.5%	27.4%	17.2%	8.9%
Operating margin	38.6%	32.3%	39.6%	31.2%
Total liabilities / total assets	25.2%	44.9%	25.2%	44.9%
Current assets / current liabilities	215.1%	260.8%	215.1%	260.8%
EBITDA / net sales	44.8%	38.5%	45.3%	37.3%