

Siderúrgica Venezolana "SIVENSA" S.A.
Contact: Armando Rondón
Investor Relations
Telephone: 58-212-707.62.80/61.27
Telefax: 58-212-707.63.52
E-mail: armando.rondon@sivensa.com



FOR IMMEDIATE RELEASE:

SIVENSA REPORTS SECOND FISCAL QUARTER RESULTS

CARACAS, APRIL 30, 2002... Siderúrgica Venezolana Sivensa S.A. reported consolidated sales for the second quarter of fiscal 2002 ended March 31, of US\$ 60.7 million, 29% lower than the US\$ 85.4 million reported in the same quarter of the preceding fiscal year¹. The operating loss was US\$ 0.4 million, compared to a US\$ 1.5 million operating profit for the January-March 2001 period. The net loss was US\$ 9.5 million, versus a US\$ 25.9 million loss reported in the same period of the previous fiscal year.

The drop in sales was mainly due to the lower volumes of Sidetur's products in the local market as a result of the economic decisions adopted in the month of February, especially the cut in public expenditure and the free floating system for the bolivar. Vicson's sales in the domestic market were also affected by the same conditions. Although the Sidetur and Vicson Divisions recorded positive results in operations, they do not offset IBH's operating losses. IBH was affected by the low prices for the briquette and by operating problems in the Venprecar plant.

It is worth mentioning that Administrative and General Expenses were reduced from US\$ 9.6 million in the January-March 2001 period to US\$ 5.9 million in the current fiscal quarter, amounts that represented 11.23% and 9.6% of sales respectively. This result is due to the effect of the devaluation of the currency and to Sivensa's restricted expense policy.

Separately, Sivensa's financial statements show a US\$ 7.8 million loss caused by IBH's investment in Orinoco Iron, as compared to US\$ 17.2 million in the comparable period of fiscal 2001. The decrease in this entry is mostly due to the exchange profit obtained as a result of the free floating system for the bolívar adopted in February.

Sivensa and Sidetur's Debt Restructuring

In the shareholder's meeting held in January, the restructuring scheme for Sivensa and its Sidetur subsidiary's financial debt was approved. Since then, Sivensa and the banks have been preparing the necessary documents to effectively begin the restructuring contract. The contract was signed by the company on April 8 and compliance with the remaining conditions is expected shortly for it to become effective.

Tariff Increase for Steel Products

Although following the close of the reported quarter, it is important to mention that on April 3 the Finance, and Production and Commerce Ministries decided on the partial

¹ In accordance to the US GAAP, the results corresponding to the first fiscal 2001 semester have been restructured to reflect sales of the automotive sector (Danaven and Transejes)

modification of the tariffs to import several steel products. This measure was taken in response to the application by the American government of Article 201 of the Law of Commerce, through which measures to protect the steel producers of that country were initiated. The institutions that unionize the steel producers in Venezuela, had introduced before the competent authorities, towards the end of the year 2001, a request to temporarily increase tariffs with the purpose of avoiding the massive deviation of products towards our markets.

ANALYSIS BY BUSINESS SECTORS

Steel Sector

Sidetur's sales recorded a 38% decrease with respect to the January-March quarter of the former year, falling to US\$ 32 million. This diminishment was mainly due to the slowdown experienced by the construction industry since February, as a consequence of the economic decisions announced in this month as well as to the increase in the interest rates.

Pre-reduced Sector

The International Briquettes Holding Division, IBH, a Sivensa subsidiary dedicated to the production and sale of hot briquetted iron, reported sales of US\$ 10 million in the January-March 2002 period, as compared to sales of US\$ 13 million recorded in the same period of the previous year.

Venprecar's production in the quarter was 142,457 MT, compared to 144,831 MT in the comparable period of fiscal 2001. During the period, operations were negatively affected by quality problems in the pellets supplied. This aspect was solved in a joint effort with the supplier. Similarly, there were failures in the process gas pre-heater.

Separately, selling prices for briquettes traded during the October-December quarter and effective in the January-March quarter, showed the negative impact of the events of September 11, dropping to the lowest price levels in the history of Venprecar. Starting in February, prices for metallics experienced a slight recovery. The positive effects will be reflected in the April-June quarter shipments.

Appointment

In the month of February, IBH's Board of Directors designated Mr. Neil Malloy as Chief Executive Officer of IBH. Neil Malloy has a 25-year professional career in different areas of Sivensa. His most recent position was Corporate General Director of Sivensa.

Orinoco Iron plant

As informed in last quarter's report, the carbonate re-boilers of Module 1's production trains had presented failures and the manufacturer had been requested to substitute them. During the quarter in report, the re-boilers of this module were replaced, still pending the ones for Module 2.

Production volume reached by the Orinoco Iron plant in the second quarter of the fiscal year was 129,477 MT, as compared to 79,995 MT in the same period of the prior year. It is worth remembering that the production trains of Module 2 are temporarily not in

operation, as was announced in the year-end report of fiscal 2001.

Wire Sector

Vicson's sales of wire and wire products were US\$ 9.2 million, a 15% contraction with respect to the second quarter of fiscal 2001. These results are a consequence of a lesser activity in the oil, agricultural and industrial sectors, as well as of the devaluation of the currency.

Siderúrgica Venezolana Sivensa S.A. engages in steelmaking and metalworking activities for the domestic and export markets. Through its three divisions it manufactures semi-finished and finished steel products for the rolling and construction industry respectively, iron-ore briquettes for the steel sector and wire for industrial and agricultural use. Sivensa's partners are: Bekaert , BHP Billiton, Ferrominera Orinoco and the members of the Amazonia Consortium (Techint, Hylsamex, Tamsa, Siderar and Usiminas). Sivensa's labor force as of March 31, 2002 was 2,733 workers.

Siderúrgica Venezolana "SIVENSA", S.A. and its Subsidiaries
US GAAP Financial Statements
Consolidated Balance Sheet
In thousands of US \$

ASSETS	March 31,	
	2002	2001
Current assets:		
Cash	8,946	5,160
Temporary investment	20,003	8,137
Commercial accounts receivable net	24,955	60,480
Other accounts receivable partners and related companies	10,036	8,610
Accounts receivable Draw Back and ICSVM	2,375	10,582
Other accounts receivable	5,841	12,991
Advances to suppliers	1,982	3,064
Inventories	46,615	74,576
Prepaid expenses and deferred tax	5,402	6,901
TOTAL CURRENT ASSETS	126,155	190,501
Long term accounts receivable	4,104	3,001
Property plant and equipment, net	218,606	358,783
Investments		
Equity securities and land	49,005	6,915
Shares accounted for by the equity method	32,850	130,724
Pre-operating expenses, net	0	232
Long term deferred taxes	3,076	22,624
Long term inventories	8,437	9,138
Deferred charges and other assets	11,007	21,673
TOTAL ASSETS	453,240	743,591
LIABILITIES and SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank loans	12,724	37,181
Current portion of long term loans	7,897	49,762
Suppliers and other commercials	19,791	59,317
Other accounts payable partners and related companies	32,312	39,739
Profit sharing, vacations and other personnel accruals	7,124	13,814
Taxes	3,129	4,703
Other current liabilities	9,057	38,324
TOTAL CURRENT LIABILITIES	92,034	242,840
Long term loans	250,859	271,243
Employee termination benefits, net	8,964	12,413
Other liabilities	5,723	4,336
TOTAL LIABILITIES	357,580	530,832
Minority interests in subsidiaries	66,434	103,504
Shareholders' equity	29,226	09,255
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	453,240	743,591

Siderúrgica Venezolana "SIVENSA", S.A. and its Subsidiaries
US GAAP Financial Statements
Consolidated Income Statement
In thousands of US \$

	Quarter ended	
	March 31, 2002	March 31, 2001*
Net Sales	60,647	85,445
Cost of Sales	(50,403)	(68,649)
Depreciation and Amortization	<u>(4,785)</u>	<u>(5,638)</u>
Gross Profit	5,459	11,158
General and Administrative Expenses	<u>(5,879)</u>	<u>(9,600)</u>
Operating Income (loss)	(420)	1,558
Interest and other financial expenses	(6,454)	(11,016)
Foreign exchange gain (loss), net	<u>335</u>	<u>160</u>
Total Financing costs	(6,119)	(10,856)
Other Income (expenses), net	<u>(185)</u>	<u>242</u>
Loss before taxes	(6,724)	(9,056)
Estimated Taxes	<u>859</u>	<u>(966)</u>
Loss before participation and minority interests	(5,865)	(10,022)
Equity results of affiliates	(7,780)	(17,232)
Minority interests in subsidiaries	<u>4,166</u>	<u>5,735</u>
Loss before extraordinary loss	<u>(9,479)</u>	<u>(21,519)</u>
Net result from discontinued operation	0	<u>(4,361)</u>
Net Loss	<u>(9,479)</u>	<u>(25,880)</u>

* Restructured: Danaven and Transejes's net results have been classified under "Net Loss from Discontinued Operation"

Siderúrgica Venezolana "SIVENSA", S.A. and its Subsidiaries
US GAAP Financial Statements
Consolidated Income Statement
In thousands of US \$

	Six months ended	
	March 31, 2002	March 31, 2001*
Net Sales	131,507	158,031
Cost of Sales	(108,774)	(128,637)
Depreciation and Amortization	<u>(10,271)</u>	<u>(11,199)</u>
Gross Profit	12,462	18,195
General and Administrative Expenses	<u>(13,507)</u>	<u>(18,348)</u>
Operating Income	(1,045)	(153)
Interest and other financial expenses	(14,411)	(18,552)
Foreign exchange gain (loss), net	<u>759</u>	<u>557</u>
Total Financing costs	(13,652)	(17,995)
Other Income (expenses), net	<u>(465)</u>	<u>(250)</u>
Loss before taxes	(15,162)	(18,398)
Estimated Taxes	<u>(531)</u>	<u>(1,970)</u>
Loss before participation in affiliates and minority Interests	(15,693)	(20,368)
Equity results of affiliates	(21,426)	(30,094)
Minority interests in subsidiaries	<u>9,216</u>	<u>9,873</u>
Loss before extraordinary item	(27,903)	(40,589)
Net Result from discontinued operation	<u>0</u>	<u>(9,236)</u>
Net loss	<u>(27,903)</u>	<u>(49,825)</u>

* Restructured: Danaven and Transejes's net results have been classified under "Net Loss from Discontinued Operation"