MAGNESITA POSTS REVENUES OF R$608.1 MILLION AND EBITDA OF R$84.3 MILLION IN 3Q12

Contagem, Brazil – November 8, 2012 – Magnesita Refratários S.A. (BM&FBOVESPA, Novo Mercado: MAGG3) announces today its results for the third quarter of 2012 (3Q12). The Company's consolidated operating and financial information, except where otherwise stated, is posted in thousands of Reais, pursuant to the Brazilian Corporate Law.

3Q12 HIGHLIGHTS

- **Results:** Net revenues of R$608.1 million in the quarter, up 8.3% year-on-year but down 4.6% quarter-on-quarter in a quarter impacted by seasonality due to summer vacation in the Northern Hemisphere, as well as the strong slowdown of the steel industry in the company's key markets, driving refractory sales volumes down 4.0% and 10.9% year-on-year and quarter-on-quarter, respectively.
- **Services:** Recovery of gross margin in the services segment to 13.9% in 3Q12, comparable to its historical level and significantly higher than the 3Q11 and 2Q12 margins of 8.6% and 10.4%, respectively.
- **Brumado expansion:** The new furnace (HW4) for high-grade magnesite sinter production (M-30) went into operation, which, beginning in 4Q12, will produce at the expected rate of 60,000 tonnes/year, increasing total M-30 production capacity to 240,000 tonnes/year.
- **Graphite Project:** In September, the Company obtained the preliminary environmental license for mining, processing and purification unit with capacity of up to 40,000 tonnes of graphite per year in Almenara, Brazil.

KEY INDICATORS

In R$ million	Quarter			Var. %		YTD		Var.%
	3Q12 (a)	2Q12 (b)	3Q11 (c)	(a/b)	(a/c)	9M12 (d)	9M11 (e)	*(d/e)*
Net Revenues	608.1	637.6	561.5	-4.6%	8.3%	1,852.6	1,719.8	7.7%
Gross Profit	185.5	201.6	178.1	-8.0%	4.2%	568.9	547.1	4.0%
Gross Margin (%)	30.5%	31.6%	31.7%	-112 bp	-122 bp	30.7%	31.8%	-111 bp
EBIT	56.4	78.3	89.6	-28.0%	-37.0%	196.5	238.4	-17.6%
EBITDA	84.3	105.2	118.7	-19.9%	-29.0%	277.0	315.7	-12.2%
EBITDA Margin (%)	13.9%	16.5%	21.1%	-264 bp	-728 bp	15.0%	18.4%	-340 bp
Net Income	10.7	36.7	34.4	-70.8%	-68.9%	75.8	87.0	-12.9%
Net Margin (%)	1.8%	5.8%	6.1%	-400 bp	-437 bp	4.1%	5.1%	-97 bp
CAPEX	61.7	62.4	39.4	-1.2%	56.4%	179.9	86.8	107.3%
Operating Cash Flow	90.0	96.9	188.4	-7.2%	-52.2%	250.6	460.6	-45.6%
Net Debt	1,074.4	1,060.0	900.2	1.4%	19.4%	1,074.4	900.2	19.4%
Net Debt/EBITDA	2.76x	2.51x	2.11x	10.3%	30.8%	2.76x	2.11x	30.8%

Message from the CEO

"This quarter, we saw a very challenging macroeconomic scenario, with perceptible deterioration in all of Magnesita's markets with a strong industrial slowdown in the Eurozone. The global steel industry is experiencing a decline in demand, resulting in excess capacity. According to the World Steel Association, steel production fell 9.8% and 3.6% in the European Union and North America, respectively, as compared to the previous quarter, with seasonal effect in these regions due to summer vacations. In South America, production fell 3.5%, while Asian production fell 1.6% quarter-on-quarter. In this context, we closed the quarter with consolidated sales of R$608.1 million, up 8.3% over 3Q11 but down 4.6% over 2Q12, despite the 4.0% and 10.9% lower refractory sales volumes.

Regarding vertical integration projects, we concluded the adjustment phase on the new HW4 furnace in Brumado (Brazil), making it operational and increasing M30 production capacity from 180,000 tonnes/year to 240,000 tonnes/year. In the Graphite Project, we took an important step, obtaining the preliminary environmental license for the mine and processing and purification unit of up to 40 thousand tonnes of graphite/year in Almenara, Minas Gerais State.

Despite the challenges we have faced in an adverse economy, this quarter saw important advances for Magnesita. We finalized our strategic planning project, re-evaluating our efforts over recent years with the global expansion of the Company and consolidating Magnesita's leadership as most profitable company in this industry.

This project culminated in the definition of a new vision for Magnesita: "Be the best provider of refractories solutions and industrial minerals, leveraging and developing our raw material base." This means that we need to be the best in our markets, offering the best products and services to our clients, with excellence in research and development, retaining, attracting and developing the best professionals.

To sustain our new vision and drive our growth, we have defined four pillars that will guide our strategic decisions for the coming years:

1) Ensure leadership in our core markets: Through our mineral and industrial assets base, the differentiated relationship with our clients, as well as the quality of our products and services, we have maintained our leadership in key markets such as steel and cement in South America and stainless steel in North America and Europe. Recent gains in market share within clients such as NAS, Thyssen, Usiminas and Votorantim Cimentos, demonstrate our strength on these markets. We will continuously seek to maintain our leadership, offering the best combination of quality, innovation and value for our clients.

2) Grow selectively and aggressively: We will pursue expansion in selected markets where we can deliver superior value to our clients and shareholders, leveraging our nonreplicable competitive advantages. Our expansion in the South American steel market outside of Brazil in the past four years is an example of a market where an aggressive and focused commercial strategy, combined with competitive advantages, allowed significant gains in a relatively short period.

3) Expand industrial minerals base: We will continue investing to develop and expand our raw materials base. Our global mineral resources cannot be replicated and we will seek to not only increase our vertical integration and competitiveness in the refractory market, but also to expand in other industrial minerals where we can leverage our experience and expertise in mining and take advantage of our unexplored mineral rights in Brazil. The recently-concluded Brumado (Brazil) expansion project was an important step in this direction, as is the Graphite Project which is currently under implementation.

4) Maintain a global low cost production base: Strict cost and expense control throughout our supply chain, from production of raw materials to transportation, factories and our sales and administrative activities is, and will continue to be, a daily focus of everyone at Magnesita. In 2012, through several initiatives, we increased productivity (tonnes/employee) by 18% over 2011 at the refractories production units in South America and we have an extensive pipeline of productivity projects for years to come.

To support this new strategic vision, we are implementing important changes in our organization. Beginning in January of 2013, all of our industrial plants and mines will report to a single division responsible for global production, supply chain and procurement. In parallel, all support services, which were previously geographically decentralized, will be consolidated under a global leadership center with the creation of a new global division of People and Management and the strengthening the global division responsible for research and development, product portfolio management and quality.

We are beginning this new phase with absolute determination and motivation, while at the same time we remain aware of the challenges ahead. Management and all of our employees are committed to the new vision and to overcoming the challenges and, therefore, I am confident that we will be able to take Magnesita to a new level in the coming years! Thank you."

Octavio Pereira Lopes

CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

REVENUE AND VOLUME

Revenue in the quarter reached R$608.1 million, up 8.3% YoY, but down 4.6% QoQ

In a quarter impacted by seasonality due to summer vacation in the Northern Hemisphere, net revenues amounted to R$608.1 million, up 8.3% over 3Q11 but down 4.6% over 2Q12. In addition to the seasonality, there was a decline in steel production across Magnesita's markets.

The year-on-year growth mainly reflects foreign exchange impacts on the translation of sales of the North American and European operations into Reais (US$ up 24.0% against Real and the Euro up 9.9% vs Real).

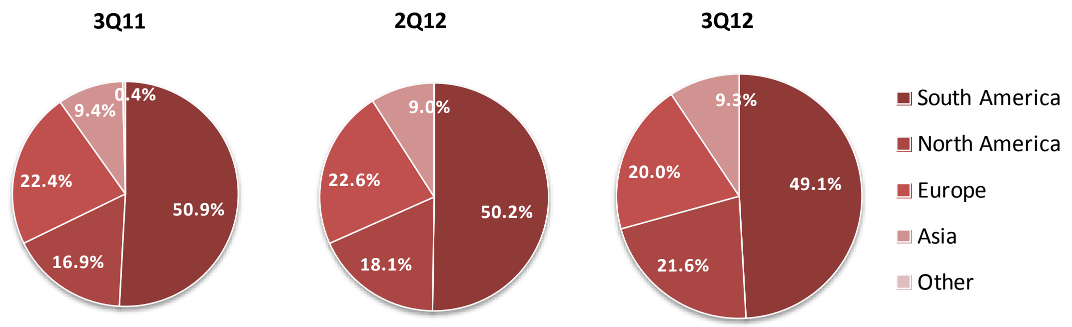
Quarter-on-quarter, the 4.6% decline is primarily due to the lower sales volume and seasonality. In the first nine months of the year (9M12), revenue totaled R$1,852.6 million, up 7.7% over the same period of 2011 as a result of the Real's depreciation against the Dollar and the Euro.

Revenues from the refractory solutions segment reached R$535.2 million in the quarter, representing 88.0% of total consolidated sales, compared to 88.5% in 3Q11 and 88.9% in 2Q12. Industrial mineral sales totaled R$30.3 million, accounting for 5.0% of total revenues, stable over 3Q11's 5.0% and 5.3% in 2Q12. Revenues from the service segment totaled R$42.7 million, accounting for 7.0% of total revenues, compared to 6.5% in 3Q11 and 5.8% in 2Q12.

Revenue and Volume by segment

Segment	Quarter			Var. %		YTD		Var. %
	3Q12 (a)	2Q12 (b)	3Q11 (c)	(a/b)	(a/c)	9M12 (d)	9M11 (e)	(d/e)
Refractory Solutions								
Volume ('000 ton)	252.5	283.5	262.9	-10.9%	-4.0%	810.8	830.6	-2.4%
Revenues (R$ million)	535.2	566.9	496.7	-5.6%	7.7%	1,652.4	1,517.8	8.9%
Industrial Minerals								
Volume ('000 ton)	169.3	212.9	172.2	-20.5%	-1.7%	611.5	452.9	35.0%
Revenues (R$ million)	30.3	34.0	28.2	-10.7%	7.7%	89.4	83.6	7.0%
Services								
Revenues (R$ million)	42.7	36.8	36.6	15.9%	16.6%	110.8	118.4	-6.5%
TOTAL								
Revenues (R$ million)	608.1	637.6	561.5	-4.6%	8.3%	1,852.6	1,719.8	7.7%

Net revenue by region – Client location



Refractory solutions

Revenue of R$535.2 million, up 7.7% over 3Q11

The year-on-year growth is primarily a reflection of the foreign exchange effect on translation of sales in foreign currency, in addition to the strong sales performance in South America, in both the steel and industrial sectors. These effects offset the 4.0% decline in sales volume caused by the reduced sales in the European market.

Quarter-on-quarter, revenues fell 5.6%, driven by lower sales in the Northern Hemisphere (seasonal effect) and industrial sectors, as well as the reduced steel production across all of the Company's markets.

Sales to the steel industry represented 86.3% of revenues in the refractory solutions segment, compared to 87.0% in 3Q11 and 84.0% in 2Q12, while sales to the industrial sector represented 13.7%, compared to 13.0% in 3Q11 and 16.0% in 2Q12.

Refractory Solutions – Steel Industry

Sales up 6.9% year-on-year

Sales to the steel industry reached R$462.0 million in the quarter, compared to R$432.0 million in 3Q11 and R$476.3 million in 2Q12.

The 6.9% year-on-year rise is primarily explained by the appreciation of the Dollar and Euro against the Real, impacting the translation of sales in these currencies to Real. Sales volume fell 5.3% due to a reduction in sales in South America and Europe as a reflection of the 6.8% and 4.3% declines in steel production in these regions, respectively.

The quarter-on-quarter decline in revenues is explained by the reduced sales volume in Europe and North America due to seasonality and reduced steel production. North American steel production fell 3.6% in the period, while in Europe, production fell 9.8% against the previous quarter.

Refractory Solutions – Industrial

Revenue up 13.1% over 3Q11

Sales to the industrial sectors reached R$73.1 million, compared to R$64.7 million in 3Q11 and R$90.6 million in 2Q12. Sales to the cement industry represented 60.9% of total sales, compared to 67.5% in 3Q11 and 60.1% in 2Q12.

The 13.1% year-on-year rise in revenues is explained by the strong performance of South American sales, where the industry, especially cement, has grown with capacity increases, in addition to the effect of foreign exchange conversion into Real from North American and European sales.

The 19.2% quarter-on-quarter decline in revenues is explained by the reduced sales volume across all regions due to seasonality in sales to industrial sectors. In addition to seasonality, European sales were also impacted by the economic crisis.

Minerals

Revenues of R$30.3 million, up 7.7% over 3Q11 and down 10.7% over 2Q12

Mineral sales reached R$30.3 million, compared to R$28.2 million in 3Q11 and R$34.0 million in 2Q12. The year-on-year increase was due to a higher level of magnesite sinter shipments for export. The Real's depreciation also positively impacted the value of minerals sold to North America and Europe.

The quarter-on-quarter decline in sales is explained by lower shipments of magnesite sinter.

With the conclusion of the HW4 furnace expansion, Magnesita has achieved a level of integration of about 80% and has reallocated its domestic demand to different plants, exports and raw material purchases in order to maximize its results according to price trends in different markets.

Services

Revenues of R$42.7 million, compared to R$36.6 million in 3Q11 and R$36.8 million in 2Q12

The 16.6% and 15.9% year-on-year and quarter-on-quarter increases are mainly due to execution of spot contracts. Magnesita has sought better positioning of its services division. We have expanded our activities in higher added-value (and higher margin) segments, focusing on longer-term projects, larger spot contracts and recurring contracts directly connected to the installation and maintenance of refractories, not only for steelmakers, but also for mining and cement clients. At the same time, we have been gradually phasing out our operations in lower-value spot contracts and industrial maintenance not directly related to refractories, which have historically shown much more volatile profitability and drove the decline in profitability in the first half of 2012.

COST OF GOODS SOLD, GROSS PROFIT AND MARGIN

Gross profit up 4.2% year-on-year but down 8.0% over 2Q12

In the quarter, COGS totaled R$422.6 million, up 10.2% year-on-year and down 3.1% quarter-on-quarter. The year-on-year rise is mainly due to the impact of the Real's depreciation on production costs in Dollars and Euros and recurring raw material price increases, with an increase in the total cost, slightly higher than the increase of 8.3% in revenues. A portion of this impact is also related to the start up costs of the HW4 furnace in Brumado and increases in energy and labor costs in Brazil.

Quarter-on-quarter, the reduction is explained by lower production volume due to reduced sales in the period.

Consolidated gross margin reached 30.5%, compared to 31.7% and 31.6% in 3Q11 and 2Q12, respectively. The retraction in the margin is related to the refractory solutions segment, which saw higher cost pressures and weaker sales.

Gross Margin by segment

Segment (R$ million)	Quarter			Var. %		YTD		Var. %
Refractory Solution	**3Q12 (a)**	**2Q12 (b)**	**3Q11 (c)**	**(a/b)**	**(a/c)**	**9M12 (d)**	**9M11 (e)**	**(d/e)**
Gross Profit (R$ million)	165.9	183.6	160.1	-9.6%	3.7%	519.1	494.4	5.0%
Gross Margin (%)	31.0%	32.4%	32.2%	-139 bp	-122 bp	31.4%	32.6%	-116 bp
Minerals								
Gross Profit (R$ million)	13.6	14.8	14.2	-8.1%	-4.2%	38.9	38.7	0.6%
Gross Margin (%)	45.0%	43.7%	50.6%	128 bp	-559 bp	43.5%	46.2%	-275 bp
Services								
Gross Profit (R$ million)	5.9	3.2	3.8	87.7%	56.3%	10.8	14.0	-22.5%
Gross Margin (%)	13.9%	8.6%	10.4%	533 bp	354 bp	9.8%	11.8%	-202 bp
TOTAL								
Gross Profit (R$ million)	185.5	201.6	178.1	-8.0%	4.2%	568.9	547.1	4.0%
Gross Margin (%)	30.5%	31.6%	31.7%	-112 bp	-122 bp	30.7%	31.8%	-111 bp

Refractory solutions

Gross margin at 31.0%, compared to 32.2% in 3Q11 and 32.4% in 2Q12

In comparison to the same period of the previous year, the retraction of the margin is due to the increased cost of raw materials due to the start-up of the HW4 furnace and foreign exchange effects on external raw materials. These effects were partially offset by several initiatives to increase productivity at the Contagem (Brazil) and Brumado (Brazil) units. The margin compression is also a reflection of reduced volumes, especially in Europe with lower dilution of fixed costs.

Due to weaker sales in the Northern Hemisphere as a result of seasonality and reduced steel production across Magnesita's markets, especially in Western Europe, with lower dilution of fixed costs and the costs related to the HW4 furnace mentioned above, margin fell as compared to the previous quarter.

Minerals

Margin at 45.0% in the quarter, compared to 50.6% in 3Q11 and 43.7% 2Q12

Gross margin for the mineral segment tends to be more volatile due to changes in the product mix - the key products sold in this segment are talc and caustic magnesia, in addition to other products with lower added value. When it is opportune, the Company also sells magnesite sinter, which depends largely on internal demand for refractory production, as well as international price fluctuations of magnesite sinter and eletrofused magnesia. Due to the change in the sales mix in this quarter, gross margin was above the 2Q12 margin but below that of 3Q11.

Services

Margin at 13.9% in the quarter, compared to 10.4% in 3Q11 and 8.6% in 2Q12

Since the start of the year, when this segment was impacted by higher labor costs with some contracts under renegotiation with unions as well as a strike in that period, Magnesita has implemented a margin management and recovery plan with strong focus on the current contracts and repositioning its operations in the segment as mentioned above. This allowed for a significant improvement in the margin of this division as compared to the previous twelve months.

SELLING EXPENSES

Stable over previous quarters

In 3Q12, selling expenses totaled R$69.8 million, as compared to R$61.9 million in the same period of the previous year and R$69.6 million in the previous quarter. As a percentage of revenue, selling expenses were at 11.5% in the quarter, compared to 10.9% 2Q12 and 11.0% in 3Q11. This increase, compared to the previous quarters, is mainly due to a change in the sales mix to include a higher share of external sales. In addition, with the decline in sales of refractory solutions in the Northern Hemisphere, there was lower dilution of the fixed portion of selling expenses in the region.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

Down 5.5% year-on-year but up 20.8% over 2Q12

General and administrative expenses totaled R$56.1 million in the quarter, compared to R$59.3 million in 3Q11 and R$46.4 million in 2Q12. G&A represented 9.2% of revenues in the quarter, against 10.6% in 3Q11 and 7.3% in 2Q12.

The year-on-year reduction in G&A reflects the fact that, nonrecurring, the Company has provisioned compensation expenses significantly lower in this quarter and in 2Q12, due to adjustments related to provisions for variable compensation and expenses with the stock option plan. This event was partially offset by expenses for consultancy work, nonrecurring, related to the strategic planning project of approximately R$6 million in 3Q12.

Quarter-on-quarter, the increase in G&A reflects the expenses of consultancy work, as mentioned above, and less relevant nonrecurring effects which impacted both quarters.

EBITDA

R$84.3 million with margin at 13.9%

EBITDA in the quarter was impacted by lower volumes due to seasonality, reduced steel production in all of the Company's markets and economic deterioration in Europe, as already explained.

In comparison to 3Q11, the fall of margin reflects the higher cost pressures over last year, in addition to the impact of lower volumes on fixed costs dilution. In addition, in 3Q11, there was a one-off revenue (reversal of the provision for expenses with health insurance plans for U.S. employees and real estate sale), which increased the EBITDA margin in the quarter from 15.3% to 21.1%.

Quarter-on-quarter, the lower margin is related to lower dilution of fixed costs due to weaker sales, in addition to higher general and administrative expenses.

EBITDA calculation

EBITDA Conciliation (R$ million)	Quarter			Var. %		YTD		Var. %
	3Q12 (a)	2Q12 (b)	3Q11 (c)	(a/b)	(a/c)	9M12 (d)	9M11 (e)	(d/e)
Operational Profitl (EBIT)	56.4	78.3	89.6	-28.0%	-37.0%	196.5	238.4	-17.6%
Depreciation/Amortization	27.8	27.0	29.1	3.2%	-4.3%	80.7	77.2	4.5%
EBITDA	84.3	105.2	118.7	-19.9%	-29.0%	277.1	315.7	-12.2%
EBITDA Margin	13.9%	16.5%	21.1%	-264 bp	-728 bp	15.0%	18.4%	-340 bp

FINANCIAL INCOME/EXPENSES

Net expense of R$33.5 million in the quarter

In the quarter, financial income/expenses including foreign exchange variations were a net expense of R$33.5 million, compared to R$34.6 million in 3Q11 and R$23.6 million in 2Q12. Compared to 2Q12, the higher expense is explained by the reduced impact of foreign exchange variation on receivables abroad, which generated significant revenue in the previous quarter.

INCOME TAX AND SOCIAL CONTRIBUTION

Cash disbursement of R$7.3 million

Magnesita has tax credits generated by tax losses in previous fiscal years and goodwill amortization. In the quarter, the Company provisioned R$12.2 million for payment of income tax and social contribution, however, due to these credits, the cash disbursement will be R$7.3 million.

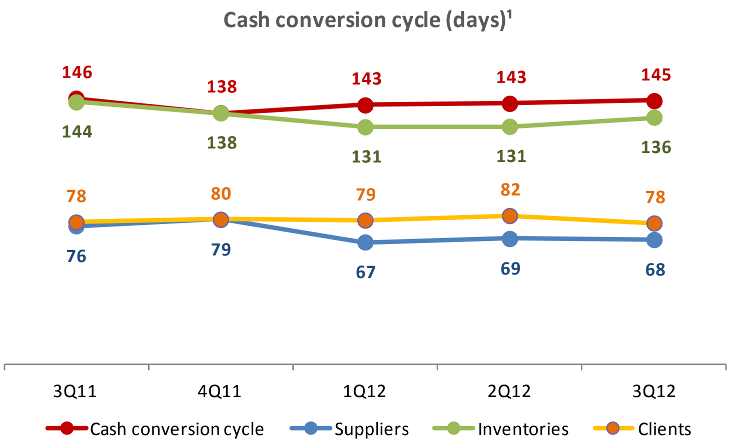
NET INCOME

R$10.7 million with net margin at 1.8%

Net income in the quarter totaled R$10.7 million, compared to R$34.4 million in 3Q11 and R$36.7 million in 2Q12. In this quarter, net income was affected by the weaker operational result, as explained above.

WORKING CAPITAL

Cash conversion cycle of 145 days



1 The cash conversion cycle is calculated on the basis of LTM results.

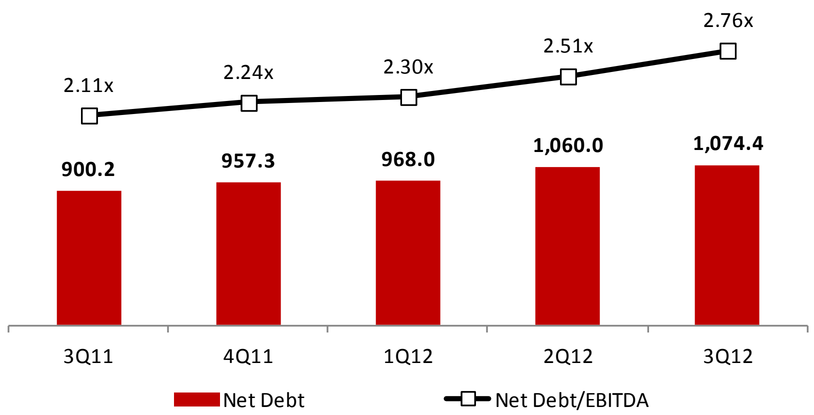
Magnesita has focused its efforts on improving working capital with the consequent reduction in the cash conversion cycle. Due to weaker sales in Europe and North America as a result of seasonality, a lower-than-expected sales volume in the steel industry due to reduced steel production, the postponement of some significant spot sales of minerals and refractories to 4Q12 and the expected increase in inventories of some minerals with higher seasonal sales in the last quarter, this quarter saw a slight increase in inventories. It should be noted that the calculation of working capital is also impacted by foreign exchange, as the balance is converted by the closing rate and results occur at the average exchange rate. The Company's management will continue to seek improvements, primarily focusing on inventory management and increased payment terms with suppliers.

DEBT

Stable in the quarter

Magnesita's gross debt in the closing period was R$1,842.0 million, compared to R$1,872.6 million in 2Q12 and R$1,757.3 million in 3Q11, with 16.9% in local currency and 83.1% in foreign currencies. Of this total, 6.8% matures in the short term and 93.2% in the long-term. Total debt includes the amount of R$501.1 million related to the perpetual bonds issued by Company in April of this year. Magnesita closed the quarter with cash of R$767.6 million and net debt of R$1,074.4 million.

Due to lower cash generation in the quarter, the Company's leverage, as measured by Net Debt/EBTIDA, was at 2.76 times, compared to 2.5 times in the previous quarter. It should be noted that the Company has made investments in maintenance and expansion over the last twelve months, which amount R$263.9 million. In addition to that, the calculation of leverage is influenced by the mismatch between the closing exchange rate (R$2.03) and the LTM average rate (R$1.92). The Company's management believes the leverage will be reduced in the coming quarters, with the investments in Brumado finished, as well as the cash generation from the project, in addition to the reduction on the exchange rate effect. The graph below shows the evolution of net debt (in R$ thousand), as well as the leverage index:



CAPITAL EXPENDITURES

CAPEX of R$61.7 million in the quarter

In 3Q12, investments made by all Magnesita units totaled R$61.7 million, with R$20.0 million allocated to vertical integration projects and R$41.7 million to refurbishments, maintenance, system upgrades, environmental expenses and investments in clients. In 9M12, CAPEX totaled R$179.8 million, as compared to R$86.8 million in 9M11, with R$77.6 million in maintenance and R$102.2 million in expansion projects.

This quarter, after a commissioning phase which began in the previous quarter, the HW4 furnace in Brumado came on-stream, adding 60 ktpa of high-grade magnesite sinter (>98.5% MgO) production capacity. With this expansion, Magnesita reached self-sufficiency in this raw material, increasing its vertical integration level.

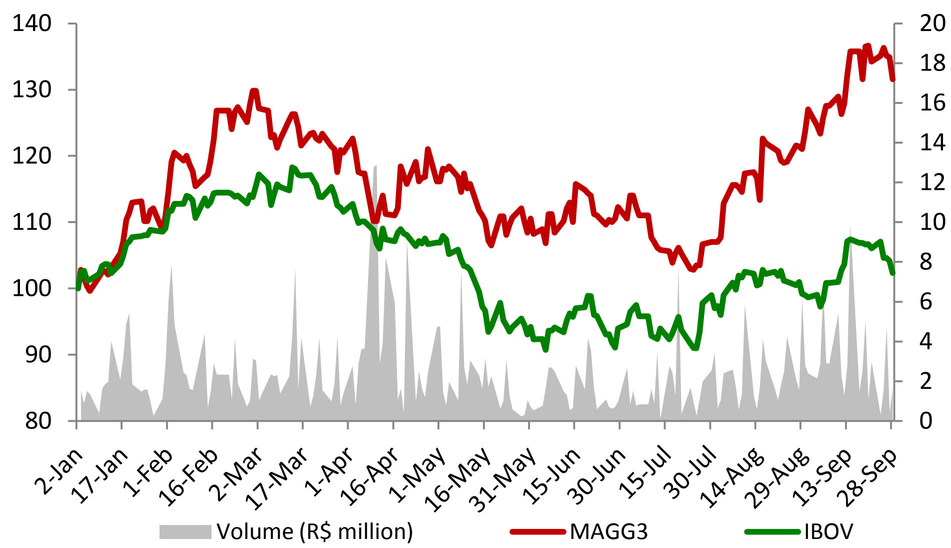
The Graphite Project continues to advance in the process of obtaining the environmental license, the geological studies and the definition of the industrial routes, necessary to begin the project implementation. This quarter, the Company took an important step in this process, securing the preliminary license on September 13 for mining, processing and purification unit with capacity of up to 40,000 tonnes of graphite/year in Almenara (Brazil).

CAPITAL MARKETS

Stock Performance

Magnesita's common shares (BM&FBOVESPA: MAGG3) closed the quarter at R$7.50, rising 30.0% in the year. In the same period, the Ibovespa Index increased by 4.3% to close the period at 59,176 points. The average daily trading volume in the year was 2.4 million, with an average of 364.9 thousand shares traded each day.

Stock vs. Ibovespa in the year – IBF (Dec/11=100)



About Magnesita Refratários S.A.

Magnesita Refratários S.A. is a publicly-held company, with shares traded on the BM&FBovespa's Novo Mercado in Brazil and through Level 1 ADRs in the U.S., dedicated to mining, producing and trading an extensive line of refractory materials and industrial minerals. Its products are used mainly by the steel, cement and glass industries. Its industrial activities started in 1940, shortly after magnesite deposits were discovered in Brumado, Brazil. At present, it operates 28 industrial and mining plants: sixteen in Brazil, three in Germany, three in China, one in the United States, two in France, one in Belgium, one in Taiwan and one in Argentina, with a capacity to produce over 1.6 million tons per year of refractories. The Company is the market leader in Brazil and South America and sold to over 70 countries in 2011.

Mission

Provide integrated solutions in refractories and industrial minerals, offering unparalleled services and value to our customers through long term relationships

Vision

Be the best provider of refractories solutions and industrial minerals, leveraging and developing our minerals base.

Values

- ✓ *Customer*
- ✓ *People*
- ✓ *Meritocracy*
- ✓ *Ethics*
- ✓ *Profit*
- ✓ *Management and Method*
- ✓ *Agility and Transparency*
- ✓ *Respect for Safety, Environment and Communities*

Conference Call - Results 3Q12

November 9, 2012 at 11 A.M. (Brasília) - 8 A.M. EST
(in Portuguese with simultaneous translation into English)

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All statements contained herein concerning business prospects, expected operating and financial results and references to the Company's potential for growth are simply forecasts and were based on the expectations and estimates of Management with regard to the Company's future performance. Even though the Company believes these forecasts are based on reasonable assumptions, it does not guarantee that they will materialize. The expectations and estimates on which the Company's future prospects are based are highly dependent on the behavior of the market, Brazil's political and economic situation, current and future regulations, international industry and markets and, consequently, are subject to changes beyond the control of the Company and its Management. The Company is not obliged to posting updates or reviews of the expectations, estimates and forecasts contained herein due to future events or information.

APPENDIX I – CONSOLIDATED BALANCE SHEET

As per Brazilian Corporate Law (R$ million)	09/30/12	30/06/12	09/30/11
ASSETS			
Current	2,139.4	2,177.8	2,134.9
Cash ans cash equivalents	767.6	812.5	857.2
Accounts receivable	520.7	537.9	493.5
Inventories	632.6	595.1	621.9
Accounts receivable - PP&E sale	16.9	15.9	12.0
Recoverable taxes	121.3	125.6	76.8
Others	80.2	90.8	71.5
Long term	140.4	142.8	137.0
Legal deposits	18.1	16.7	18.0
Recoverable and deferred taxes	48.3	49.0	43.4
Accounts receivable - PP&E sale	2.3	3.5	8.7
Tax benefits on merger of subsidiaries	55.5	57.8	64.4
Others	16.2	15.8	2.5
Fixed	3,401.1	3,273.3	3,108.0
Investments	68.7	1.2	1.1
Property, plant and equipment	1,029.0	992.1	882.9
Intangibles	2,303.3	2,280.0	2,224.0
Total Assets	5,680.8	5,593.9	5,379.9
LIABILITIES			
Current	660.5	619.1	671.4
Suppliers	318.6	313.8	327.7
Loans	125.7	91.3	125.6
Interests on equity payable	0.1	0.1	0.0
Taxes and contributions	51.7	62.6	64.6
Salaries and social charges	96.4	93.8	90.8
Others	68.0	57.4	62.8
Long term liabilities	2,153.3	2,196.3	2,037.6
Loans	1,716.3	1,781.2	1,631.8
Taxes and contributions	122.2	101.0	66.2
Severance payment	231.1	230.2	224.9
Provision for contigencies	66.5	66.3	96.7
Others	17.2	17.5	18.0
Shareholder's equity	2,867.0	2,778.6	2,670.9
Capital	2,528.1	2,528.1	2,528.1
Capital and revenue reserves	272.8	269.6	106.9
Cumulative translation adjustments	-62.3	-99.8	0.0
Retained earnings (losses)	73.5	63.9	18.8
Other comprehensive income	36.0	0.0	0.0
Equity attributable to equity holders	2,848.1	2,761.8	2,653.8
Non-controlling interests	18.9	16.8	17.1
Total liabilities and Shareholder's equity	5,680.8	5,593.9	5,379.9
Total number of shares outstanding ('000)	291,981.9	291,981.9	291,981.9
Book Value Per Share	9.82	9.52	9.15

APPENDIX II – CONSOLIDATED INCOME STATEMENT

As per Brazilian Corporate Law (R$ million)	Quarter			Var. %		YTD		Var. %
	3Q12	2Q12	3Q11			9M12	9M11	
	(a)	(b)	(c)	(a/b)	(a/c)	(d)	(e)	(d/e)
Net operating revenues	**608.1**	**637.6**	**561.5**	***-4.6%***	***8.3%***	**1,852.6**	**1,719.8**	***7.7%***
Cost of goods sold	-422.6	-436.0	-383.4	*-3.1%*	*10.2%*	-1,283.8	-1,172.7	*9.5%*
Gross Profit	**185.5**	**201.6**	**178.1**	***-8.0%***	***4.2%***	**568.9**	**547.1**	***4.0%***
Gross margin (%)	30.5%	31.6%	31.7%	-112pb	-122pb	30.7%	31.8%	*-3.5%*
Selling expenses	-69.8	-69.6	-61.9	*0.3%*	*12.8%*	-205.3	-187.9	*9.3%*
General and administrative expenses	-56.1	-46.4	-59.3	*20.8%*	*-5.5%*	-151.9	-167.2	*-9.1%*
Other operating income (expenses)	-3.3	-7.4	32.7	*-55.8%*	*-110.0%*	-15.2	46.4	*-132.7%*
Operating profit (EBIT)	**56.4**	**78.3**	**89.6**	***-28.0%***	***-37.0%***	**196.5**	**238.4**	***-17.6%***
Operating margin (%)	9.3%	12.3%	16.0%	*-300pb*	*-668pb*	10.6%	13.9%	*-23.5%*
Financial income (expenses)	-32.3	-37.7	-25.9	*-14.2%*	*24.7%*	-98.4	-90.1	*9.2%*
Currency variation, net	-1.1	14.1	-8.7	*-108.1%*	*-86.9%*	24.8	-1.2	*-2184.4%*
Income before income tax and social contrib.	**22.9**	**54.7**	**54.9**	***-58.1%***	***-58.2%***	**122.9**	**147.2**	***-16.5%***
Income tax and social contribution	-12.2	-18.0	-20.5	*-32.1%*	*-40.4%*	-47.1	-60.2	*-21.7%*
Net income (losses)	**10.7**	**36.7**	**34.4**	***-70.8%***	***-68.9%***	**75.8**	**87.0**	***-12.9%***
Equity holders	9.7	35.9	34.1	*-73.0%*	*-71.6%*	73.5	86.6	*-15.0%*
Non-controlling interests	1.0	0.8	0.3	*26.7%*	*249.9%*	2.2	0.4	*424.9%*
Net margin (%)	1.8%	5.8%	6.1%	*-400pb*	*-437pb*	4.1%	5.1%	*-19.1%*
Depreciation/amortization	27.8	26.9	29.1	*3.6%*	*-4.3%*	80.5	77.2	*4.3%*
EBITDA	**84.3**	**105.2**	**118.7**	***-19.9%***	***-29.0%***	**277.0**	**315.7**	***-12.2%***
EBITDA Margin (%)	**13.9%**	**16.5%**	**21.1%**	**-264pb**	**-728pb**	**15.0%**	**18.4%**	***-18.5%***
CAPEX	61.7	62.4	39.4	*-1.2%*	*56.4%*	179.9	86.8	*107.3%*

APPENDIX III – CONSOLIDATED CASH FLOW

As per Brazilian Corporate Law (R$'000)	3T12	2T12	3T11	9M12	9M11
Cash flows from operating activities:					
Net income (losses)	**10.7**	**36.7**	**34.4**	**75.8**	**87.0**
Adjustments	**53.3**	**141.9**	**146.4**	**256.3**	**252.6**
Depreciation and amortization	27.8	27.0	29.1	80.7	77.2
Deferred income tax and social contribution	4.9	9.4	15.4	20.9	38.7
Charges and monetary/exchange variations, net	16.4	104.8	100.4	147.8	132.1
Stock Option	3.1	(0.0)	1.5	4.7	4.5
Minority interests	1.0	0.8	-	2.2	-
Change in assets and liabilities	**25.9**	**(81.7)**	**7.5**	**(81.5)**	**121.0**
Investments in variable income	18.4	(2.9)	-	4.2	-
Accounts receivable	3.1	(19.8)	44.4	(14.3)	21.4
Inventories	(31.4)	2.5	(37.4)	(9.7)	(58.1)
Account receivable – law suit	-	-	-	-	63.1
Taxes recoverable	6.7	(20.3)	11.4	(8.9)	0.2
Accounts receivable - PP&E sale	(1.6)	1.1	25.3	-	48.9
Suppliers	16.5	9.4	28.5	(25.4)	119.3
Accrued taxes	(14.0)	(1.0)	(5.6)	(6.5)	(2.9)
Derivativos - fair value swap	9.5	(15.3)	-	5.6	-
Interests on equity payable	-	(9.3)	-	(9.3)	-
Others	18.9	(26.1)	(59.1)	(17.3)	(70.8)
Net cash provided from used in operating activities	**90.0**	**96.9**	**188.4**	**250.6**	**460.6**
Cash flows from investing activities:					
Disposal of property, plant and equipment	0.2	(1.5)	(0.3)	0.9	0.2
Additions to fixed, investments and intangible assets	(61.7)	(62.4)	(72.4)	(179.9)	(119.7)
Net cash provided from (used in) investing activities	**(61.5)**	**(64.0)**	**(72.7)**	**(179.0)**	**(119.6)**
Cash flows from financing activities					
New loans and financing	5.1	527.2	1.1	541.9	9.2
Payment of loans and financing	(83.8)	(423.0)	(51.4)	(628.1)	(443.3)
Shares issue costs/goodwill due to shares issue	-	(0.0)	(0.3)	(0.4)	(10.7)
Capital increase	-	-	-	-	278.6
Expired interest on own capital	-	-	-	-	0.4
Dividends/Interests on equity payable	-	-	-	-	-
Net cash provided from (used in) financing activities	**(78.7)**	**104.1**	**(50.6)**	**(86.6)**	**(165.7)**
Increase (decrease) in cash and cash equivalents	**(50.2)**	**137.1**	**65.1**	**(15.0)**	**175.3**
Opening balance of cash and cash and equivalents	**812.5**	**667.0**	**782.0**	**770.5**	**669.5**
Forex variations – opening balance	5.3	8.4	10.1	12.1	12.4
Closing balance - cash and equivalents	**767.6**	**812.5**	**857.2**	**767.6**	**857.2**
Increase (decrease) in cash and cash equivalents	**(50.2)**	**137.1**	**65.1**	**(15.0)**	**175.3**

APPENDIX IV – DEBT (R$ million)

Type	Short term			Long term			Total		
	3/31/2012	6/30/2012	9/30/2012	3/31/2012	6/30/2012	9/30/2012	3/31/2012	6/30/2012	9/30/2012
Bonds (Reg. 144A)	0.0	0.0	0.0	710.5	790.3	794.3	710.5	790.3	794.3
Export credit notes	47.0	25.6	10.9	688.0	851.8	789.6	735.0	877.4	800.4
Advance on export invoices	12.8	21.8	39.2	118.4	116.9	100.5	131.2	138.7	139.7
Fixed assets financing	0.4	0.4	0.6	0.2	17.1	17.1	0.5	17.5	17.6
Import financing	3.0	2.2	4.3	0.0	0.0	0.0	3.0	2.2	4.3
Others	27.7	41.2	70.8	27.2	5.1	14.9	54.9	46.3	85.7
Total	**90.8**	**91.3**	**125.7**	**1,544.3**	**1,781.2**	**1,716.3**	**1,635.1**	**1,872.6**	**1,842.0**
Share %	5.6%	4.9%	6.8%	94.4%	95.1%	93.2%	100.0%	100.0%	100.0%
Cash							667.0	812.5	767.6
Net Debt							968.0	1,060.0	1,074.4

APPENDIX V – SHAREHOLDING STRUCTURE – 09/30/2012

Shareholders	COMMON SHARES	%
Controlling Block		
Alumina Holdings LLC (GP)	88,654,796	30.36%
MAG Fundo de Invest. em Participações (GP)	9,537,978	3.27%
GPCP4 Fundo de Invest. em Participações (GP)	1,138,301	0.39%
Rearden L Holdings 3 S.À R.L (RHONE)	21,019,595	7.20%
Total Controlling Block	**120,350,670**	**41.22%**
Other Shareholders	171,631,264	58.78%
Total	**291,981,934**	**100.00%**

APPENDIX VI – GROSS PROFIT BY SEGMENT

By Segment	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Refractory Solutions							
Volume (t)	277,799	289,887	262,891	271,791	274,857	283,471	252,475
Revenues (R$ '000)	495,768	525,286	496,709	516,382	550,432	566,861	535,150
Gross Profit (R$ '000)	165,984	168,379	160,070	157,883	169,552	183,637	165,944
Gross Margin (%)	33.5%	32.1%	32.2%	30.6%	30.8%	32.4%	31.0%
Industrial Minerais							
Volume (t)	130,128	150,531	172,234	226,004	229,319	212,894	169,290
Revenues (R$ '000)	34,474	20,981	28,158	48,577	25,143	33,965	30,317
Gross Profit (R$ '000)	13,670	10,743	14,239	21,831	10,403	14,840	13,635
Gross Margin (%)	39.7%	51.2%	50.6%	44.9%	41.4%	43.7%	45.0%
Services							
Revenues (R$ '000)	45,049	36,749	36,603	34,167	31,277	36,809	42,671
Gross Profit (R$ '000)	6,037	4,136	3,806	3,311	1,723	3,169	5,947
Gross Margin (%)	13.4%	11.3%	10.4%	9.7%	5.5%	8.6%	13.9%
Total							
Volume (t)	407,926	440,418	435,126	497,795	504,177	496,365	421,766
Revenues (R$ '000)	575,291	583,016	561,470	599,126	606,852	637,635	608,139
Gross Profit (R$ '000)	185,690	183,258	178,115	183,025	181,678	201,646	185,527
Gross Margin (%)	32.3%	31.4%	31.7%	30.5%	29.9%	31.6%	30.5%