

# Institutional Presentation

3Q19

# AGENDA

**1**

**Usiminas**

**2**

**Pillars of Usiminas' Management**

**People**

**Clients**

**Results**

**3**

**Governance and Highlights**

**4**

**Appendix**

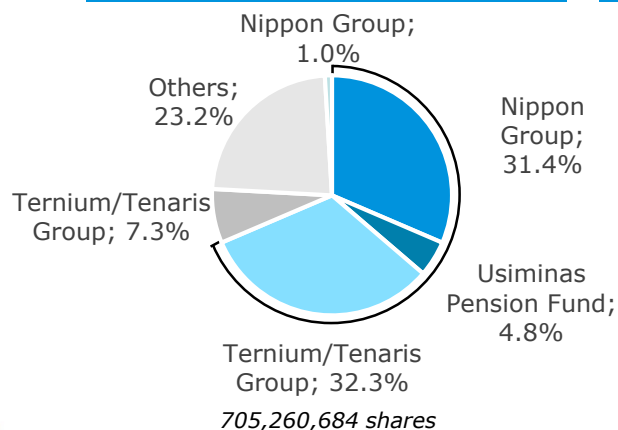
# Usiminas at a Glance

## Company Overview

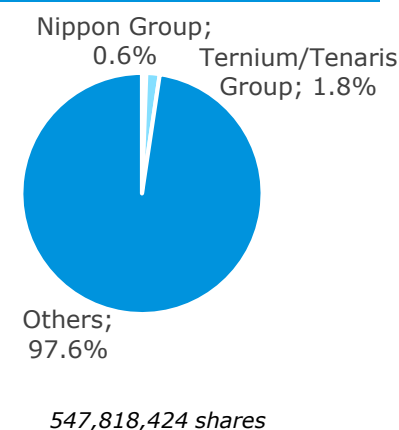
- ✓ Usiminas is one of the largest flat steel producers in Brazil, with operations in several segments of the value chain, such as mining and logistics, capital goods, service and distribution centers and customized solutions
- ✓ Two steel plants strategically located along Brazil's main industrial axis, with sales force present in the main regions of the country
- ✓ First Brazilian steel company certified by ISO 9001
- ✓ Founder of the most enduring environmental education project in the private sector since 1984

## Shareholding Structure (% of total capital, except otherwise indicated)

### Voting Capital

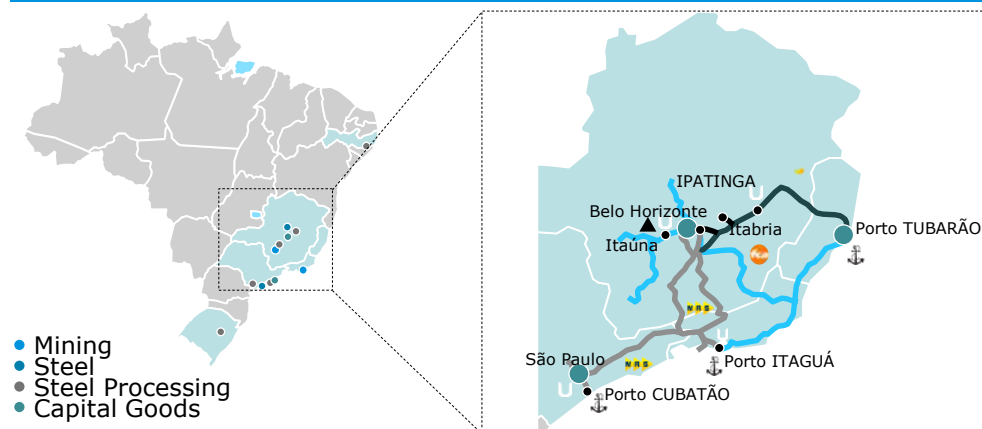


### Preferred Shares



56% of ON and 44% of PN

## Geographic Footprint



## Financial Highlights (in R\$mm, except otherwise indicated)

	2015	2016	2017	2018	LTM 3Q19
<b>Net Revenues</b>	<b>10,186</b>	<b>8,454</b>	<b>10,734</b>	<b>13,737</b>	<b>14,503</b>
<i>Growth YoY</i>	(13%)	(17%)	27%	28%	6%
<b>Adjusted EBITDA</b>	<b>291</b>	<b>660</b>	<b>2,186</b>	<b>2,693</b>	<b>2,335</b>
<i>Margin</i>	3%	8%	20%	20%	16%
<b>Net Income</b>	<b>(3,685)</b>	<b>(577)</b>	<b>315</b>	<b>829</b>	<b>510</b>
<i>Margin</i>	(36%)	(7%)	3%	6%	4%
<b>Total Debt</b>	<b>7,886</b>	<b>6,942</b>	<b>6,656</b>	<b>5,854</b>	<b>5,855</b>
<b>Cash and Equivalents</b>	<b>2,024</b>	<b>2,257</b>	<b>2,314</b>	<b>1,693</b>	<b>1,822</b>
<b>Net Debt</b>	<b>5,862</b>	<b>4,684</b>	<b>4,342</b>	<b>4,161</b>	<b>4,033</b>
<i>Net Debt / EBITDA</i>	20.1 x	7.1 x	2.0 x	1.6 x	1.7 x



# Complete Solutions on Products and Services

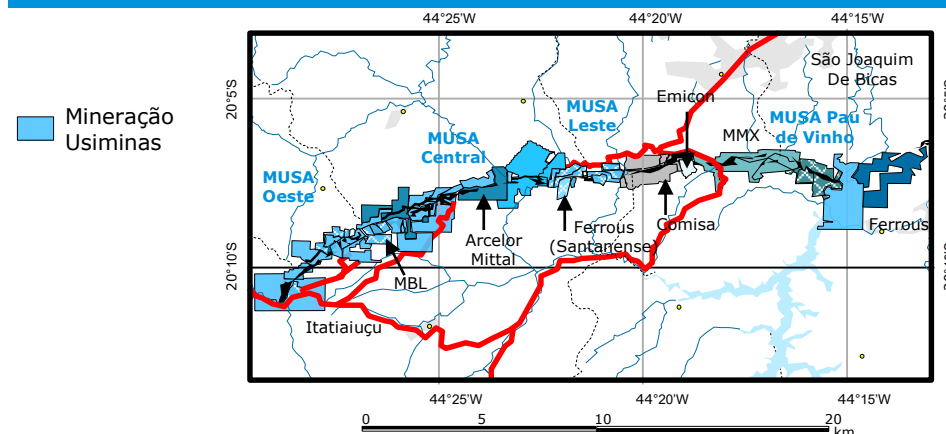


Usiminas is evaluating alternatives for its participation in this asset

## Overview

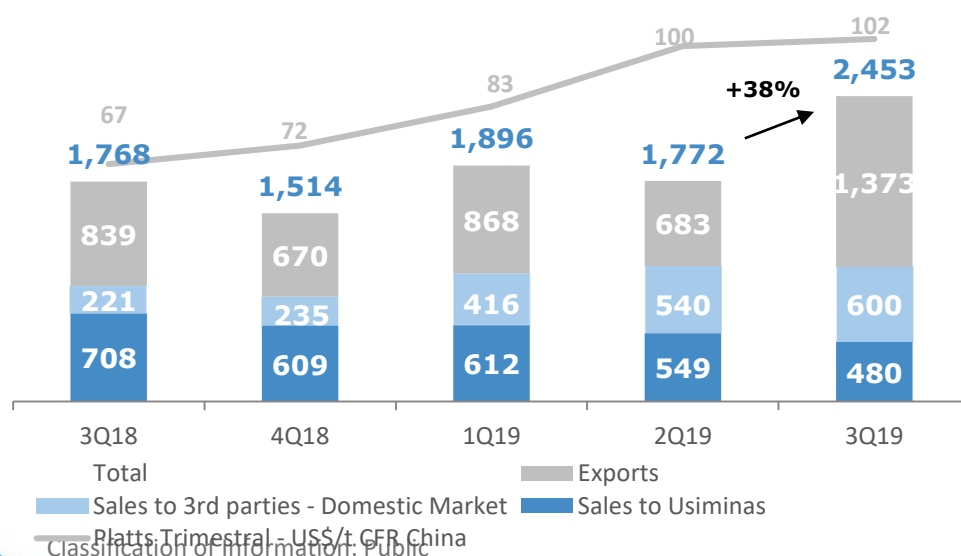
- JV formed in 2010 through a partnership with Sumitomo Corporation (30% economic stake) responsible for mining and railway operations
- Three mining sites in the Serra Azul region (MG), with resources of 2.4 billion tons of iron ore
- Asset base also includes pellet and sinter feed processing plants
- Concluded investments that will expand the currently capacity to 12 mm tons/year
- The company also has voting equity stake of 20% of MRS Logística and a strategic field in Sepetiba Bay (RJ)

## Assets Location

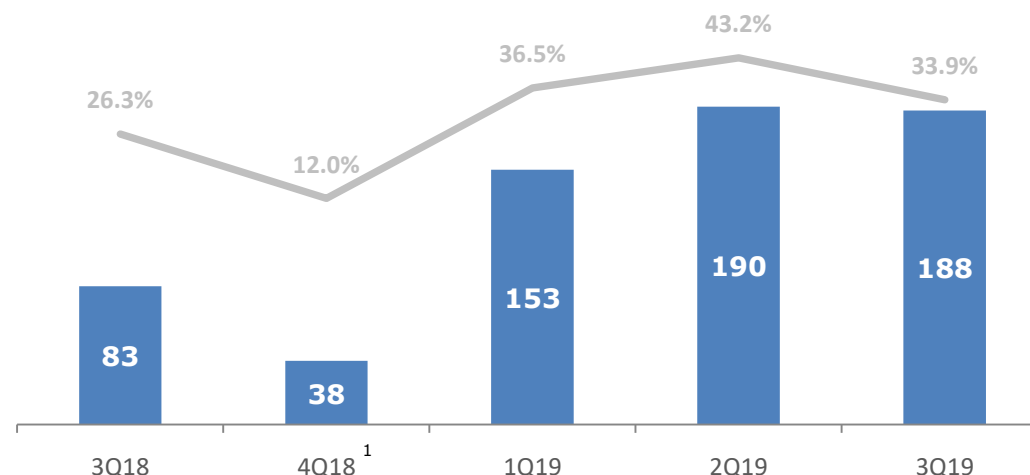


## Iron Ore Sales and Price PLATTS (62% FE CFR China)

Mining Business Unit - Thousand tons - Prices in US\$/ton



## EBITDA (R\$ mm) and EBITDA Margin (%)



<sup>1</sup> With a negative non-recurring effect of R\$ 38 Million negative due a provision for non-recovery of ICMS.

# Mining and Logistics (Cont'd)

## Key Projects

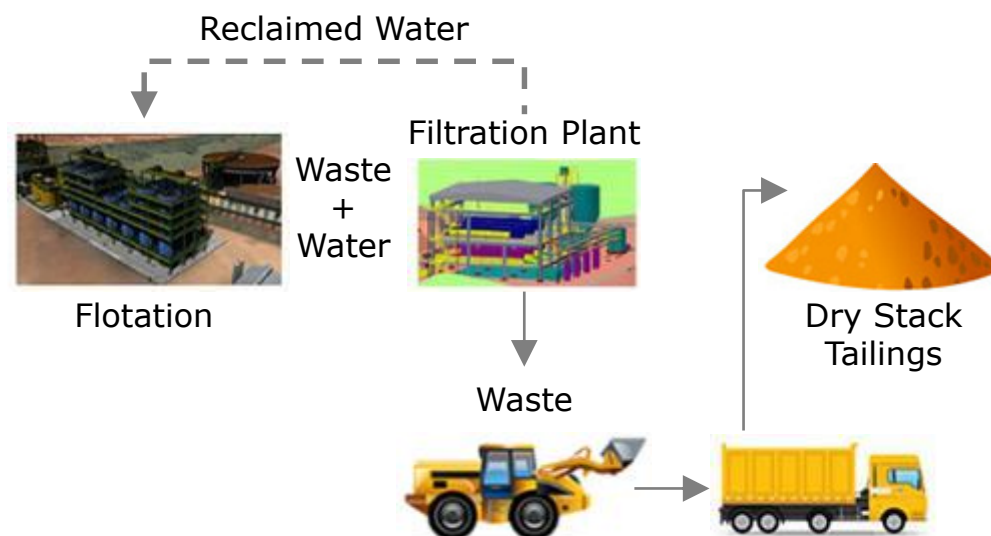
### Friables

- ✓ Started operation in 2014
- ✓ Two iron ore processing plants
- ✓ Increased nominal capacity from 8 million to 12 million tons / year of iron ore
- ✓ Iron ore with better quality, higher concentration of iron content and lower impurity level



### Dry Stacking (ongoing)

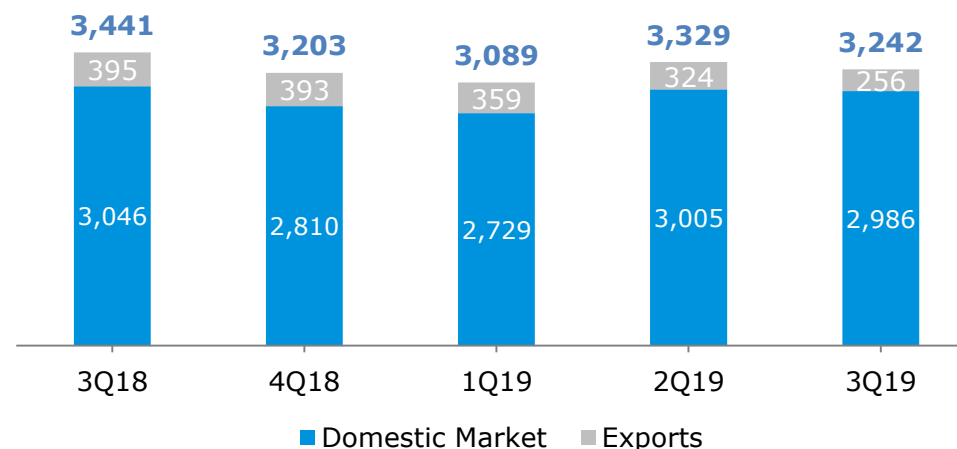
- ✓ MUSA is investing in the dry stacking technique. With an R\$140 million investment, the process will start operating in 2020, depending on environmental licensing



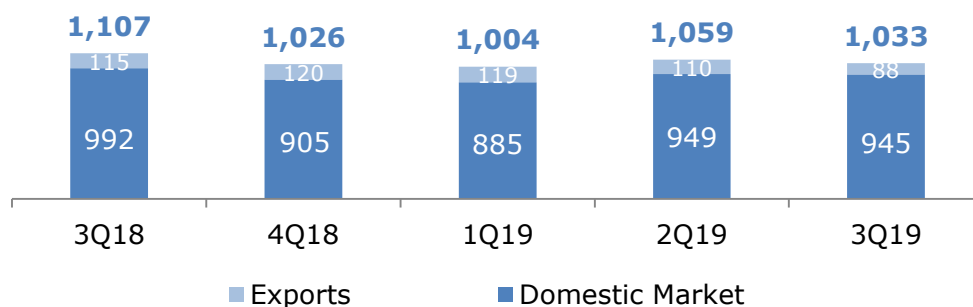
## Overview

- One of the largest producers of flat rolled steel in Brazil
- Two industrial plants in Ipatinga (MG) and Cubatão (SP)
- Nominal production capacity of 9.5 mm tons of annual crude steel
- The company owns Unigal Usiminas, a JV with Nippon Steel engaged in steel hot-dip galvanizing, enhancing the technology content within Usiminas' steel
- Largest center of steel research in Latin America

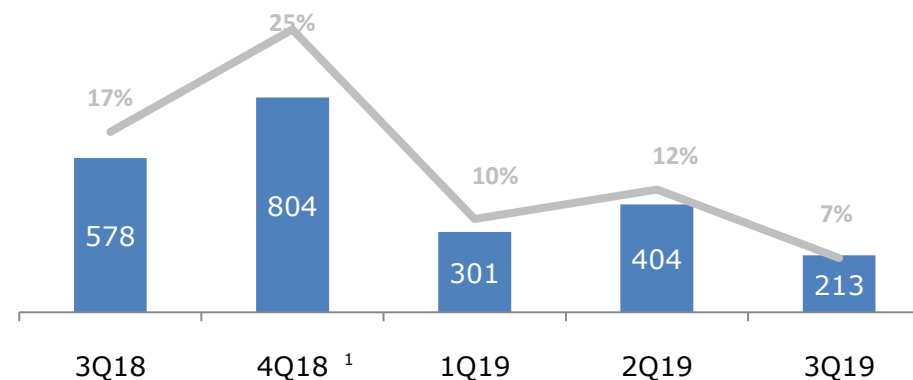
## Net Revenue (R\$ mm)



## Steel Sales Evolution (Thousand tons)



## EBITDA (R\$ mm) and EBITDA Margin (%)



<sup>1</sup> Non-recurring effect of R\$ 503 million, relative to Fiscal credits related to ICMS tax in the base calculation of PIS/COFINS (R\$411 Mi), Amounts Receivable – Eletrobras (R\$ 186 Mi), PDD (R\$ 34 Mi Negative) e Other Non-recurring (R\$60 Mi negative)

# Steel (Cont'd)

## Flat steel consumption markets

### Heavy Plates



Civil Construction



Machinery and Equipment



Pipelines



Capital Goods

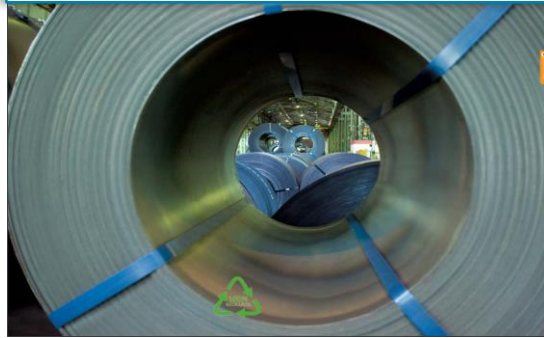


Wind Energy



Oil and Gas

### Hot Rolled



Civil Construction



Machinery and Equipment



Pipelines



Auto Industry



Solar Energy



Oil and Gas

### Cold Rolled



Civil Construction



White Line



Auto Industry

### Galvanized



Civil Construction



White Line



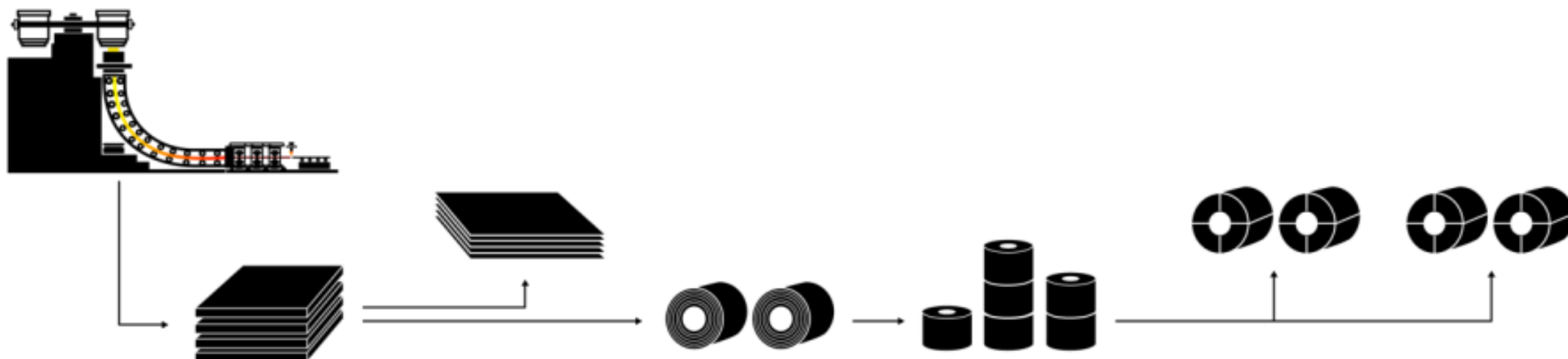
Auto Industry



Solar Energy



Crude steel capacity of 9.5 million tons, being 5 million tons in Ipatinga and 4.5 million in Cubatão, which had the operation of its crude steel production temporarily suspended and currently processes purchased slabs



	Heavy Plates	Hot Rolled	Cold Rolled	Galvanized		Total
				Electrogalvanized	HDG	
Total Production Capacity <sup>1</sup> of Products for Sale	1,900	4,200	2,200	350	1,020	9,670
Generation of Products for Sale with the Equipment in Operation <sup>2</sup>	900	2,070	2,200	350	900	6,420

<sup>1</sup> According to the theoretical mix of sales in the implementation of the line.

<sup>2</sup> Excluding the temporarily suspended capacities of Heavy Plates and Hot Strip Laminator #1 in Cubatão.

# Steel (Cont'd)

## Key Projects

### CLC Technology



- ✓ Licensed in 2009
- ✓ Consists of an accelerated cooling process for heavy plates.
- ✓ The project enabled Usiminas' to meet specific requirements from Petrobras (application on pre-salt operation, besides the shipbuilding sector)

### Hot-dip Galvanizing Line



- ✓ Doubled the capacity to 1 million tons / year
- ✓ Expertise in ultra-high strength steel production (dual phase)
- ✓ Started operations in 2011

### Coke Plant Revamp – Ipatinga



- ✓ Started operations in May 2015
- ✓ Metallurgical coke with adequate specifications for pig iron production in the blast furnace process
- ✓ Reduction of particle emissions, gases and volatile substances
- ✓ Coke gas to be used in the operational facilities of Ipatinga Mill and electricity generation
- ✓ Total capacity of coke plant of 1.4 million tons/year

# Steel (Cont'd)

Focus on developing new steel and improving production processes

## Research and Development



### Largest Center for Steel Research in Latin America

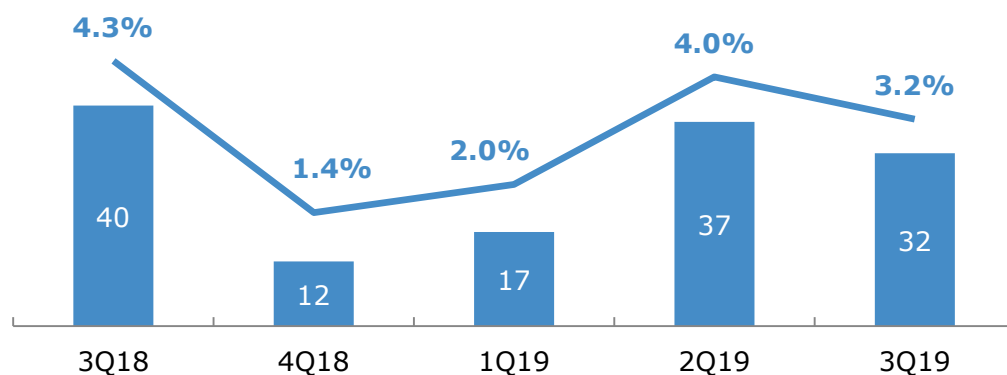
- More than 40 years of operation
- 17 LABORATORIES
- Improve processes and develop products
- CONTRIBUTE TO THE LEADERSHIP OF USIMINAS IN THE GENERATION OF PATENTS IN BRAZIL

**Steel mill with the largest number of patents in Latin America.  
Annual R&D investment in the range of 0.2% to 0.3% of gross revenue.**

## Overview – Soluções Usiminas

- Soluções Usiminas engages in steel transformation and distribution
- The company is controlled by Usiminas, that holds a 68.9% stake
- Its portfolio includes the production of steel coils, coarse plates, rollers, welded assemblies, metal structures and metal disks and tubes, among other items
- Located in seven different sites with an installed capacity to transform 1.9 million tons of steel per year

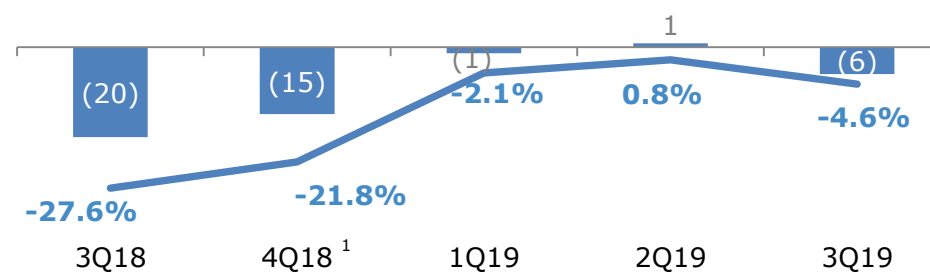
## EBITDA (R\$ mm) and EBITDA Margin (%) – Steel Processing - Quarterly



## Overview – Usiminas Mecânica

- Usiminas Mecânica is one of the main capital goods companies in Brazil
- It engages in the high-technology manufacturing of light, medium and heavy steel structures for projects in the oil & gas, construction, infrastructure, heavy industry and other major sectors
- Main industrial plant in Ipatinga (MG)

## EBITDA (R\$ mm) and EBITDA Margin (%) – Capital Goods - Quarterly



<sup>1</sup> With non-recurring effect of R\$ 8 million relative to ICMS tax in the base calculation of PIS/COFINS.



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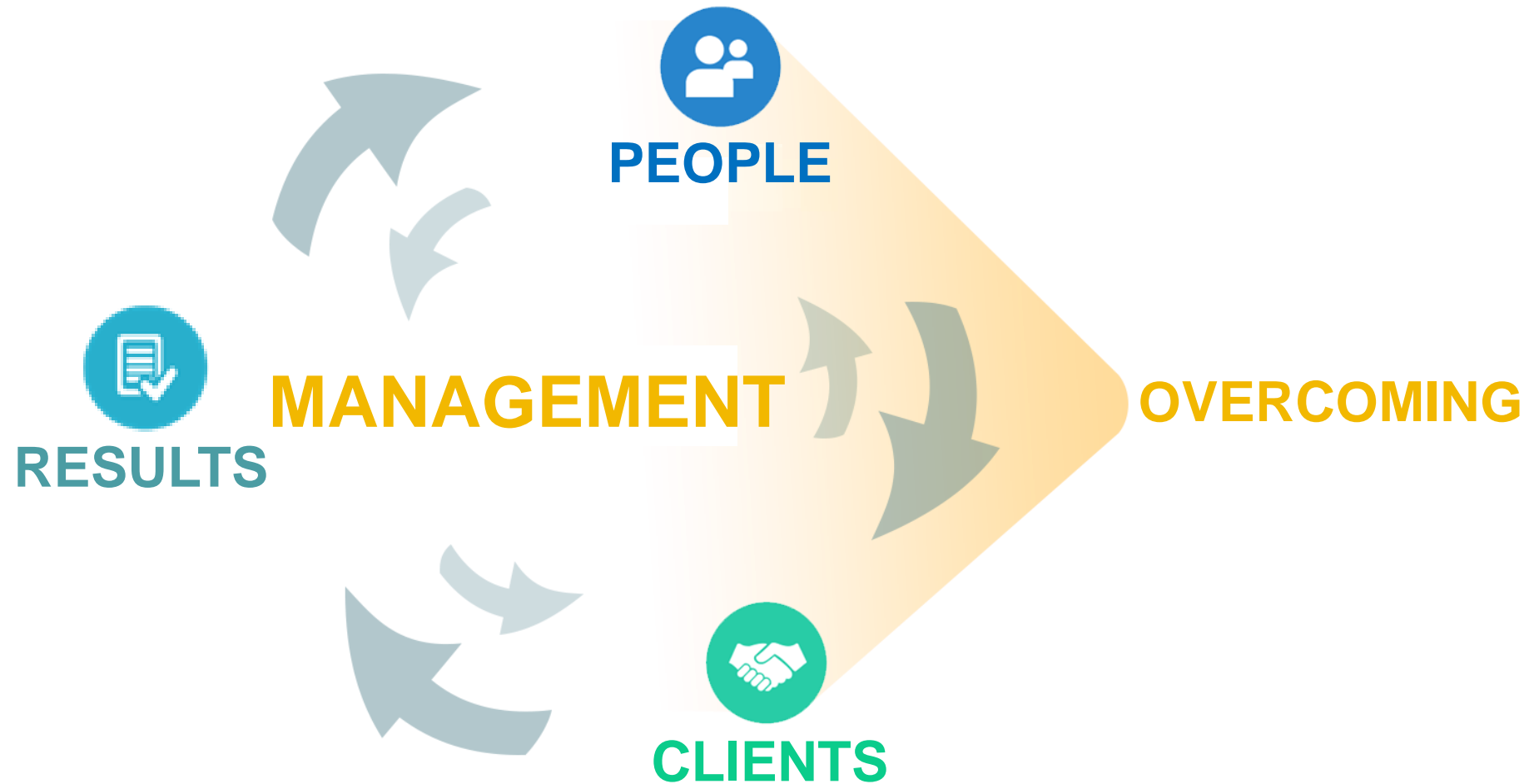
**Governance and Highlights**

**4**

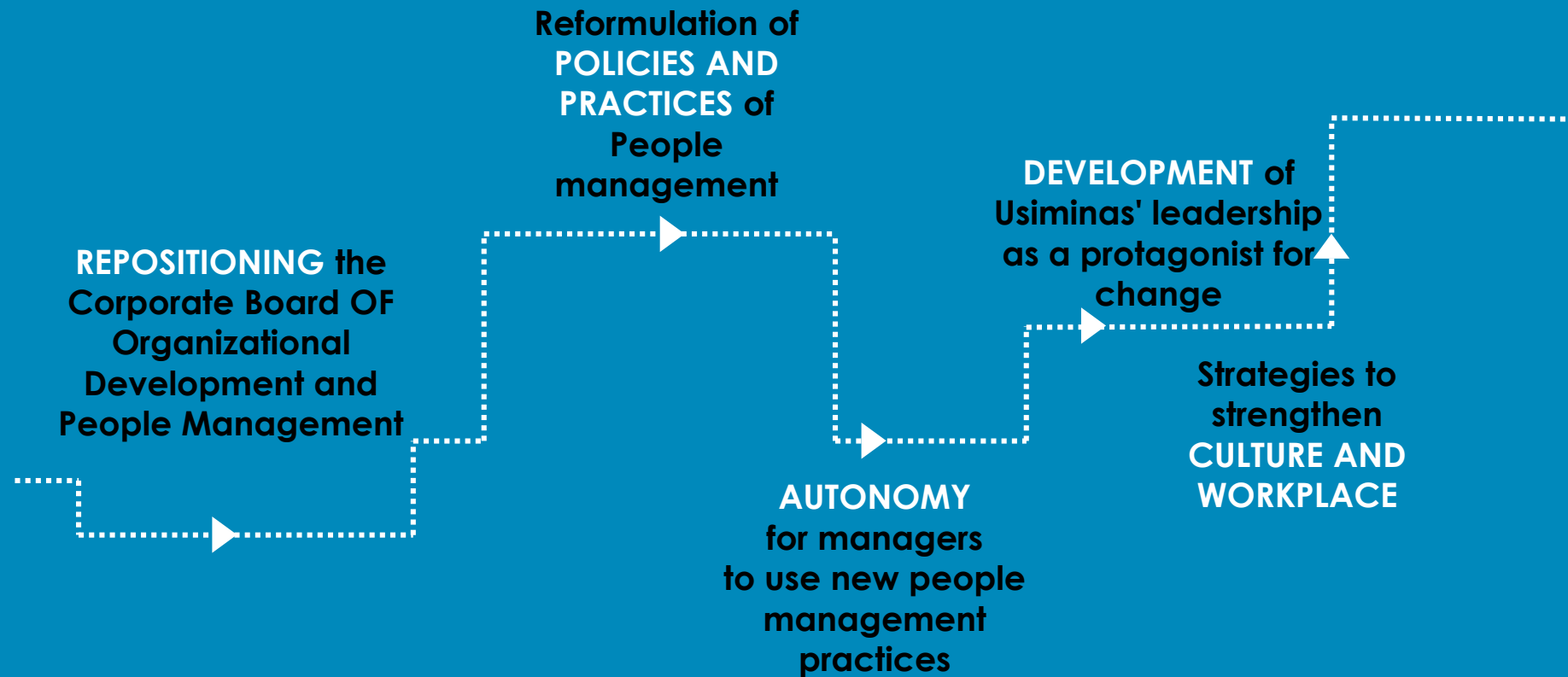
**Appendix**

# PILLARS OF USIMINAS' MANAGEMENT USIMINAS U

People, Clients and Results



# PEOPLE





## Social and Environmental Highlights

### Highlights 2018



#### "Projeto Superar"

Awarded by **World Steel Association**  
"Excellence in health and safety – Impact on occupational health."



#### "Todos pela Água"

was the greatest winner in the category **"Best sustainable partner project"** of "IX Prêmio Hugo Werneck" in Sustainability & Love to Nature.



#### 193 thousand Dental Care

at the "Integrated Dentistry Center"



#### 1.039 Scholarship

at "Colégio São Francisco Xavier".



#### 97% Customer Satisfaction

at "Hospital Márcio Cunha".

### "Mobiliza Caminhos do Vale" Project

Promotes the recovery of rural roads based on steel aggregates, having as a counterpart the realization of socio-environmental projects and the recovery of springs by the municipalities

- ✓ **2.6 Million** tons of applied Siderbrita
- ✓ **1.3 Million** beneficiaries
- ✓ **1,975 km** of rural roads recovered
- ✓ **104,000** trips on 25 tons' trucks
- ✓ **54 municipalities** in the east of Minas Gerais
- ✓ **3,960** springs in recovery process
- ✓ **605,320** seedlings planted (average 396/spring)
- ✓ **191,230** wood fence posts used
- ✓ **592,810** meters of wire fixed





## Social and Environmental Highlights

### “Mobiliza Todos pela Água” Project

Enters into partnerships with municipal councils, using slag to recover springs

54

municipalities  
participating

3,960

Springs  
recovered

605,320

Seedlings  
planted



# PEOPLE

## Social and Environmental Highlights

### "Mobiliza Pelo Trabalho" Project

Manufacture of interlocking blocks based on steel aggregate using inmates labor

88,255

benefited people

750m<sup>2</sup>/month  
of production

100t

of **Siderbrita**  
used per month

50%

less costly\*

Gains in **accessibility** and **convenience** for the population  
**Re-socialization** and **remission** of punishment for the inmates





### "Mobiliza Caminhos do Vale" Project

Socio-environmental projects as counterpart in **Marliéria**



Slope containment works, leading to a **100% annual attendance** in the local schools

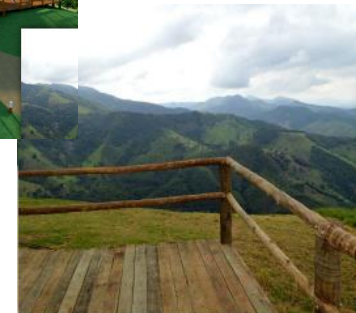
Contrapartidas sócio ambientais em **Paraíso e Iapú**



Workshop on **Ecology** and **Environmental Preservation**, environmental awareness and tree seed plantation in the springs by community children



Increase in **tourism** and **handicraft**, and helping the local products flow



Construction of the **free flight ramp** in the community of Achado, 2nd largest in the State of Minas Gerais

## Social and Environmental Initiatives

### Education and Culture

#### São Francisco Xavier School

First educational institution in Brazil to obtain ISO 9001



#### Usiminas Institute

Usiminas has invested over R\$260 million, encouraging around 2,000 social projects



### Projects and Programs

#### Xerimbabo Usiminas Project

Promotes protection and environmental education free of charge for more than 2 million young people



#### "Plante uma vida" Project

The initiative promotes the planting of native tree by employees who had a children in the year





## Social and Environmental Initiatives

### São Francisco Xavier Foundation

#### Márcio Cunha Hospital – Unit I

Reference center in the area of health in Brazil



#### Carlos Chagas Municipal Hospital

Reference for the municipalities of the Itabira microregion to SUS patients



#### Márcio Cunha Hospital – Unit II

Hospitalization, Ambulatory Care, Diagnostic Imaging Center and Usifamília



#### Cubatão Hospital

General Hospital for services of medium complexity, reference for the region of São Vicente, Cubatão, Guarujá and Praia Grande



## Social and Environmental Highlights

### Awards and Recognition

2019 – “Boas Práticas Ambientais” State Award – Recognition from SEMAD and Sisema

2019 – “Chico Mendes Institute Social-Environmental Award” - Proactive posture in relation to sustainable development

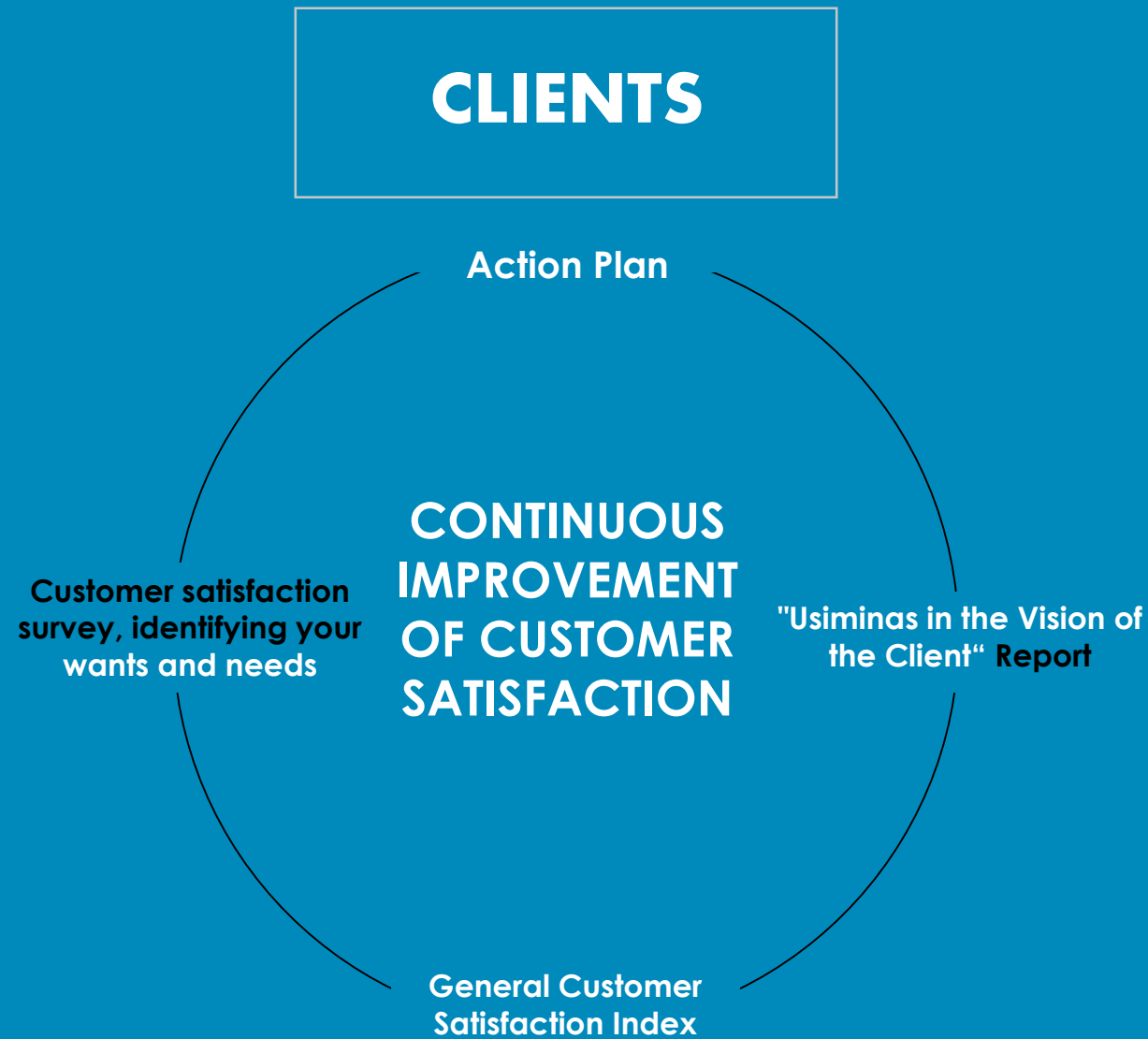
2018 - “Sustentabilidade Américas” Award – Biggest Americas’ Award

2018 – “Hugo Werneck” Award – Best Sustainable Partner Project: “Todos pela Água”

2017 – “Boas Práticas Ambientais” Award – Recognition from FEAM and FIEMG

2017 – “World Steel Association”: Biggest World Award (Belgium)





## Customer Satisfaction, Awards and Recognition

### AWARDS AND RECOGNITION

Top Supplier Ford – Raw Material and Stamping 2018

Gestamp Supplier Quality – Excellence Award 2017

MotoHonda Supplier – Excellence in Quality and Delivery 2017

Mercedes Benz award for environmental responsibility 2017

2015 REI Award

Ranking of the "100 most Innovative Companies in Brazil"

Toyota Global Suppliers Award

Auto Data Quality Ranking and Partnership 2015

PSA Peugeot-Citroen Award

### MAIN SUPPLIER FOR THE AUTOMOTIVE MARKET



HYUNDAI



Mercedes-Benz



SCANIA



RENAULT





# RESULTS

**CRISE**  
Deterioration of  
results  
Loss of Market Cap.  
Furnace shutdown

**SURVIVAL**  
Capital increase of R\$  
1Bi  
Debt Restructuring  
Change of the business  
model in Cubatão

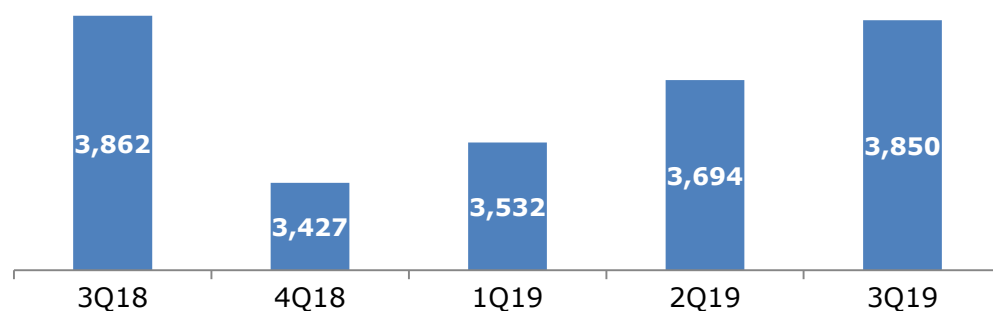
**CONSTRUCTION OF  
RESULTS**  
Focus on results  
Group of Ten  
Restructuring the  
team  
Valorization of  
employees  
Austerity measures  
Revenue increase

**CONSTRUCTION OF  
THE FUTURE**  
Retrieval of AF1 in  
Ipatinga  
Retake of ITM  
Flotation and ITM  
Leste in Itatiaiuçu  
New products  
Improvements for  
customers  
"Exploring  
Opportunities" and  
"Vale do Vale"

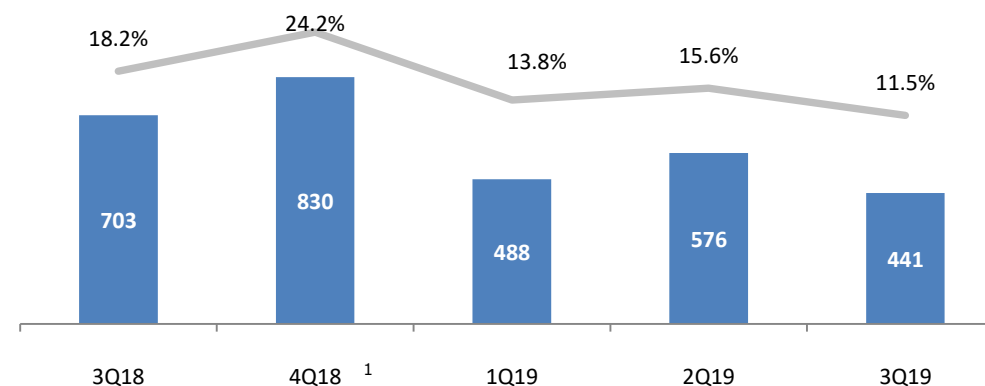
# Results

(R\$mmm, except otherwise indicated)

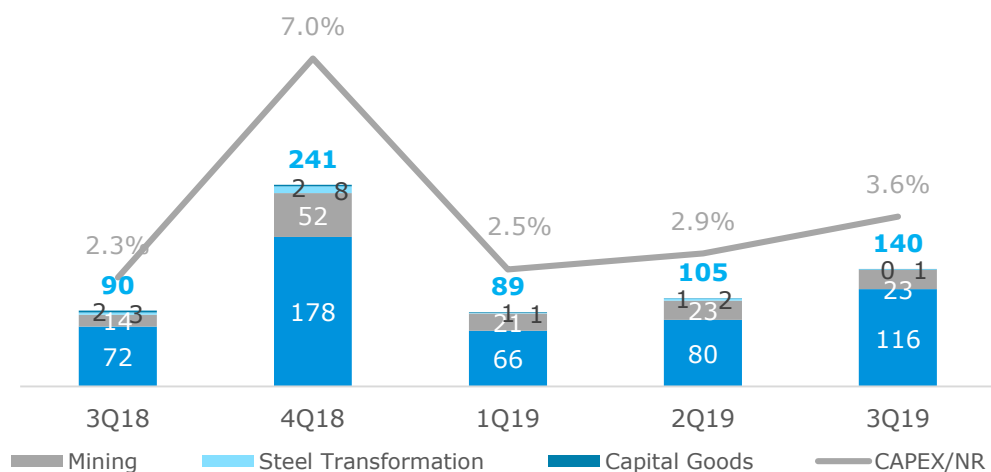
## Net Revenues



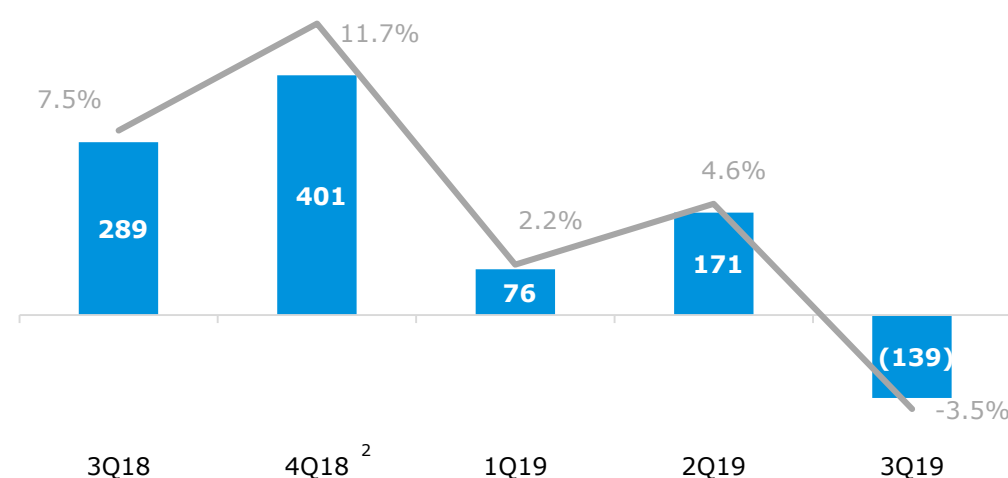
## Adjusted EBITDA and Adjusted EBITDA Margin



## Capex and Capex as % of Net Revenues



## Net Income and Net Margin



<sup>1</sup> Non-recurring effect of R\$ 467 million, relative to Fiscal credits related to ICMS tax in the base calculation of PIS/COFINS (R\$418 Mi), Amounts Receivable – Eletrobras (R\$ 186 Mi), PDD (R\$ 38 Mi Negative) e Other Non-recurring (R\$99 Mi negative)

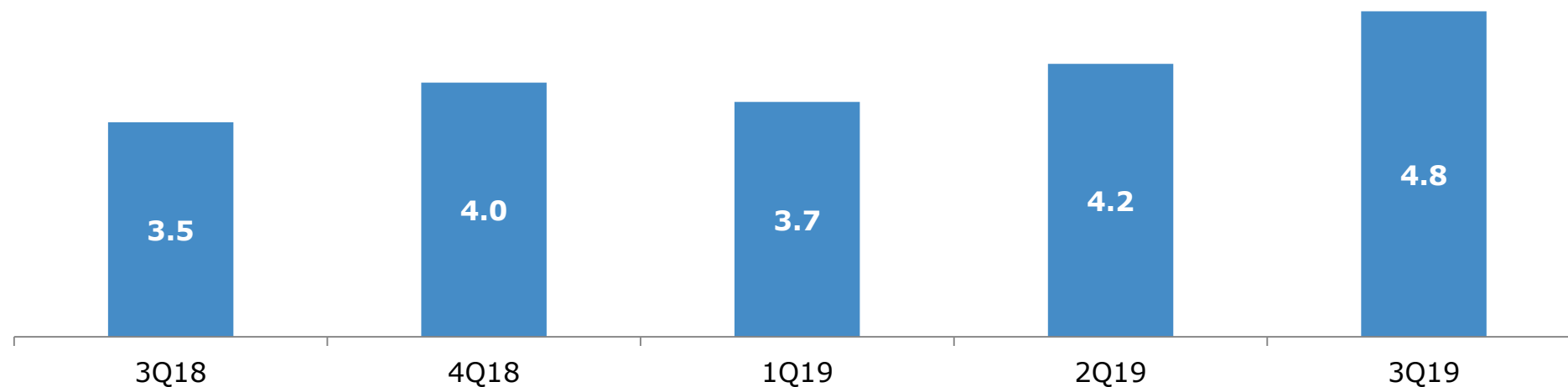
<sup>2</sup> With non-recurring effect of R\$901 Million.

# Results

(R\$m, except otherwise indicated)

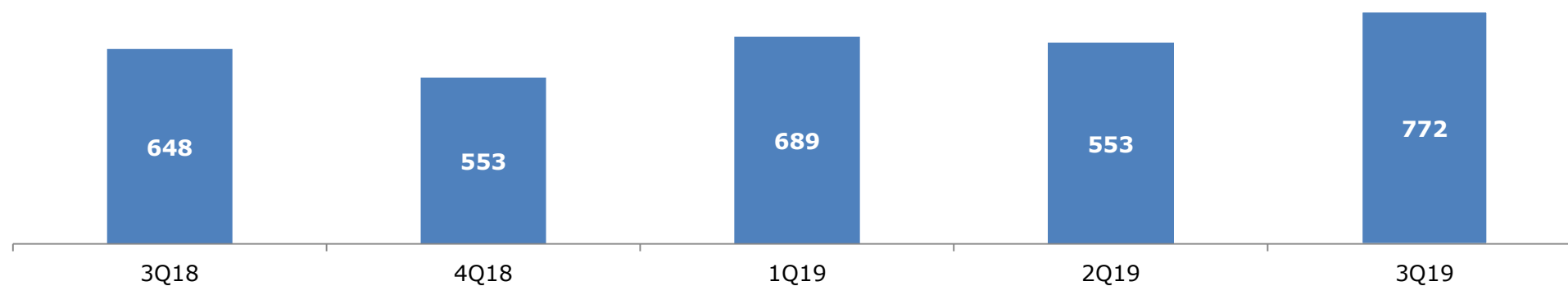
## Working Capital

R\$ Billion



## Working Capital – Steel inventories

Thousand Tons



Days in  
Inventory

68

53

49

61

56



# Financial Restructuring

In 2016, Usiminas implemented important actions to preserve its financial and operational capacity

## Capital Increase

	Ordinary Shares	Preferred Shares
Capital Increase Amount	R\$1 billion	R\$50 million
Subscription Price	R\$5.00/sh	R\$1.28/sh
# Subscribed Shares	200 million	39 million
Homologation	AGE	RCA
Closing Date	July 19, 2016	June 3, 2016
Share Price @Closing Date	R\$7.05/sh	R\$1.82/sh

## Debt Renegotiation

### Creditors Involved



Debentures Holders

**R\$ 6.3bn  
Renegotiated  
with no haircut**

92% of Usiminas  
indebtedness

### Tenor

- 10 years (three years of grace period)
- Installments increasing gradually

### Cost

- CDI+3% p.a.

### Completion

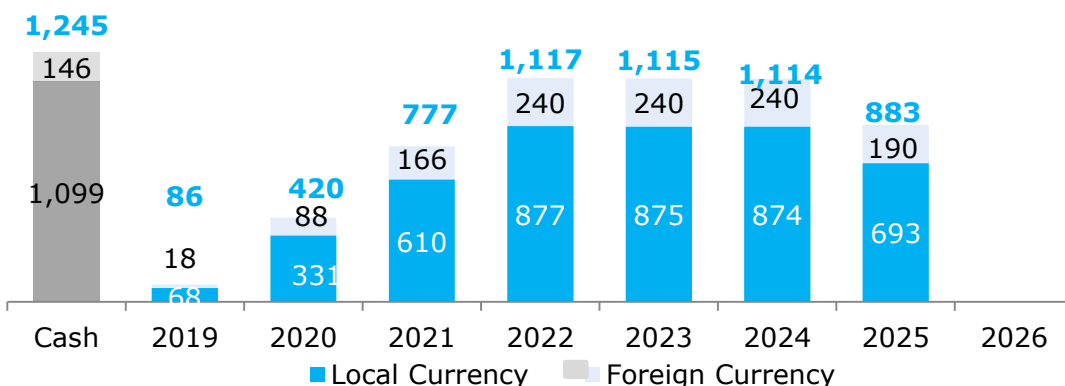
- September 2016

# DEBT PROFILE

2019 brought important events that changed the Company's debt profile

## Previous Profile: 06/30/2019

Duration: R\$: 39 months  
US\$: 42 months



## Important Events

**07/11/2019**

**Bonds Issuance**  
US\$ 750 million

Maturity  
7 anos

Yield  
6,125% a.a.

Coupon  
5,875% a.a.

Liquidation:  
07/18/2019

**10/16/2019**

**Receipt of credits due by Eletrobras**

R\$ 751 million

*In order to prepay debt.*

Liquidation:

10/21/2019

**09/30/2019**

**Debentures Issuance**  
R\$ 2 billion

Maturity

1<sup>st</sup> Series : 2023  
2<sup>nd</sup> Series : 2024 and 2025

Coupon:

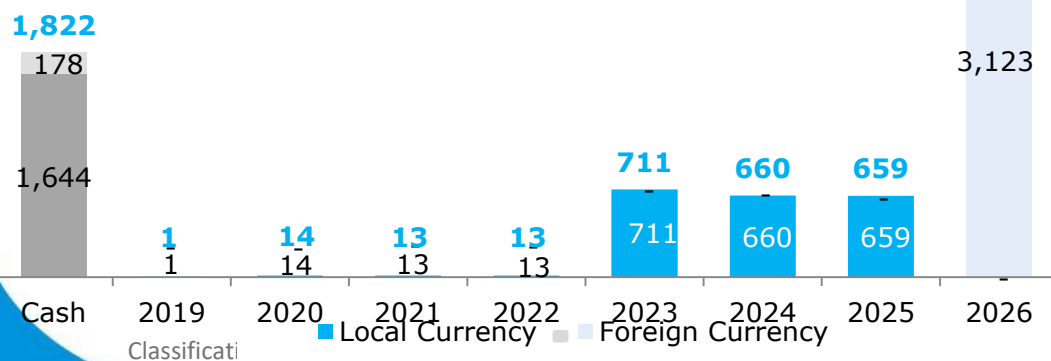
1<sup>st</sup> Series: CDI + 1,7%  
2<sup>nd</sup> Series: CDI + 2,1%

Liquidation

10/23/2019

## The New Profile (Proforma unaudited): 10/25/2019 – after bonds, debentures and Eletrobras credits

Duration: R\$: 50 months  
US\$: 68 months



"Cash Sweep" exclusion



CAPEX Flexibility



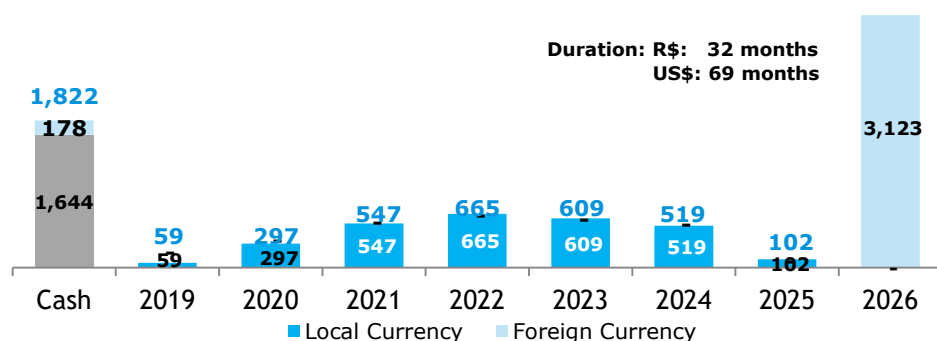
Release of Collaterals.

# Liquidity and Indebtedness

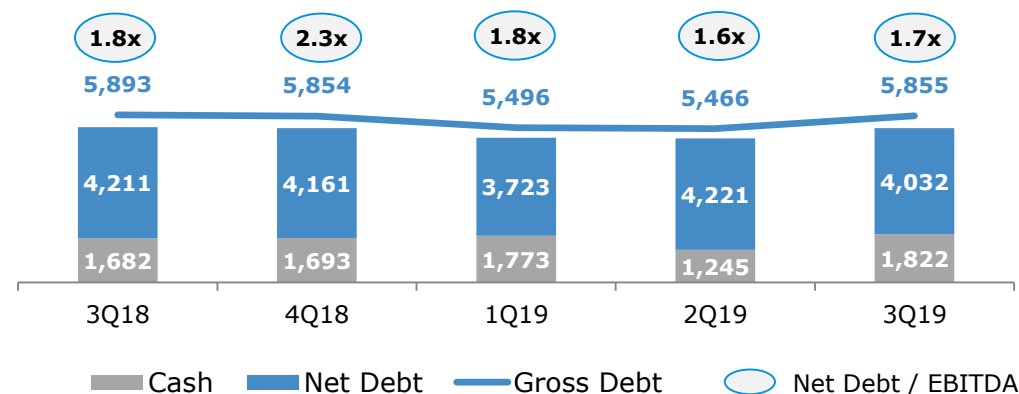
(R\$m as of 3Q19, except otherwise indicated)

## Debt Repayment Schedule

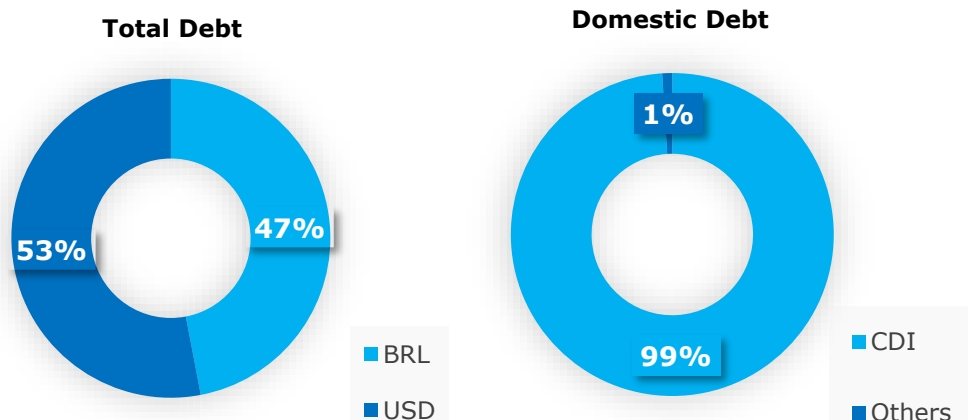
Current cash position covers 4.4 years of debt



## Cash Position and Indebtedness



## Debt Profile by Category



## Credit Rating

	Global	National	Outlook
MOODY'S	Ba3	A2.br	Stable
S&P Global	B+	brAA	Stable
FitchRatings	BB-	A+(bra)	Stable



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# Usiminas' Corporate Governance

Usiminas' model of corporate governance meets government and market requirements for listed companies, preserving and encouraging transparency

## New Shareholders Agreement

- ✓ On October, 2018, the Company's amended and restated the Usiminas Shareholders Agreement - valid until November, 2031

## Corporate Governance Model

- ✓ The Board of Directors is responsible for general strategic policies
- ✓ 7 current members and their respective alternates, besides the Chairman
- ✓ Election for unified terms of 2 years

### 2 committees supporting the BoD:

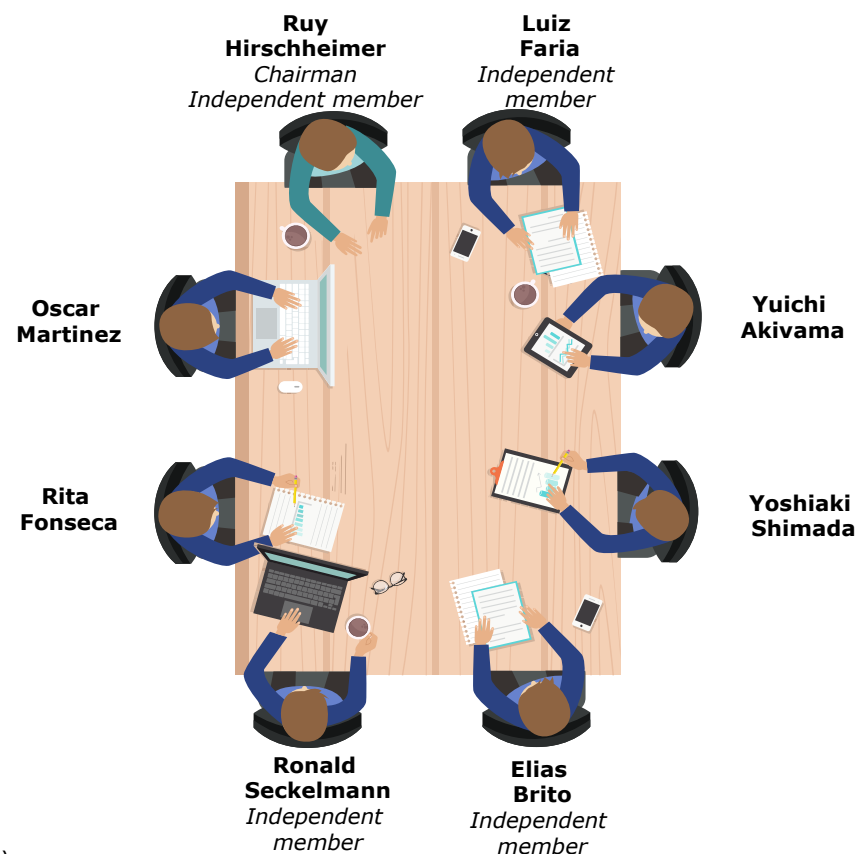
- ✓ Human Resources Committee
- ✓ Audit Committee

### Permanent Fiscal Council

- ✓ Review of the financial statements, investment plans, budgets, opinion on dividend distribution, etc
- ✓ Five members elected in General Meeting

- ✓ Listing on B3 Level 1, ADR on OTC Market (New York) and Latibex exchange (Madrid)
- ✓ Improvement in quarterly reports, including the disclosure of consolidated financial statements and special audit revision
- ✓ Disclosure of an annual calendar of corporate events
- ✓ Minimum Free Float of 25%
- ✓ Evaluation of Board of Directors, Management, and Committees
- ✓ Minimum dividend payout of 25% of the net profit (after legal reserves and contingencies – in compliance with Law N° 6,404)

## Board of Directors (Current Members)



Source: Company's 1Q19 Institutional Presentation (available at [ri.usiminas.com/enu/download-center](http://ri.usiminas.com/enu/download-center))

Note: Independent board members based on the criteria of the Brazilian Code of Corporate Governance and Novo Mercado.

# Usiminas' Corporate Governance (cont'd) **USIMINAS**

Recently approved programs that ensure safety for the investor, transparency of actions, management control and clarity in communication

## Integrity Program



**Code of Ethics and Conduct**



**Anticorruption Policy**



**Competition Policy**



**Policy of Conflict of Interests and Transactions with Related Parties**



**Policy of Rewards, Gifts and Hospitalities**



**Policy of Sponsorship and Donations**



**Policy of Relationship with Third Intermediary Parties**

## Policies of the Brazilian Corporate Governance Code



**Policy of Destination of Results**



**Policy of on the Remuneration of the Members of the Board of Officers**



**Policy of Contracting of Extra-audit Services**



**Policy of Disclosure of Information and Negotiation with Securities**

***Approved by the Board of Directors in October 2018***



# Key Investment Highlights



1

**Leading position in the Brazilian steel market, with presence in strategic international markets**



2

**Diversification across products and markets**



3

**Assets strategically located in the country's main industrial and logistic axis in the country**



4

**Seasoned and specialized management team**



5

**Solid corporate governance**



6

**Culture of Employee, Social and Environmental Responsibility**



# AGENDA

**1**

**Usiminas**

**2**

**Pillars of Usiminas' Management**

**People**

**Clients**

**Results**

**3**

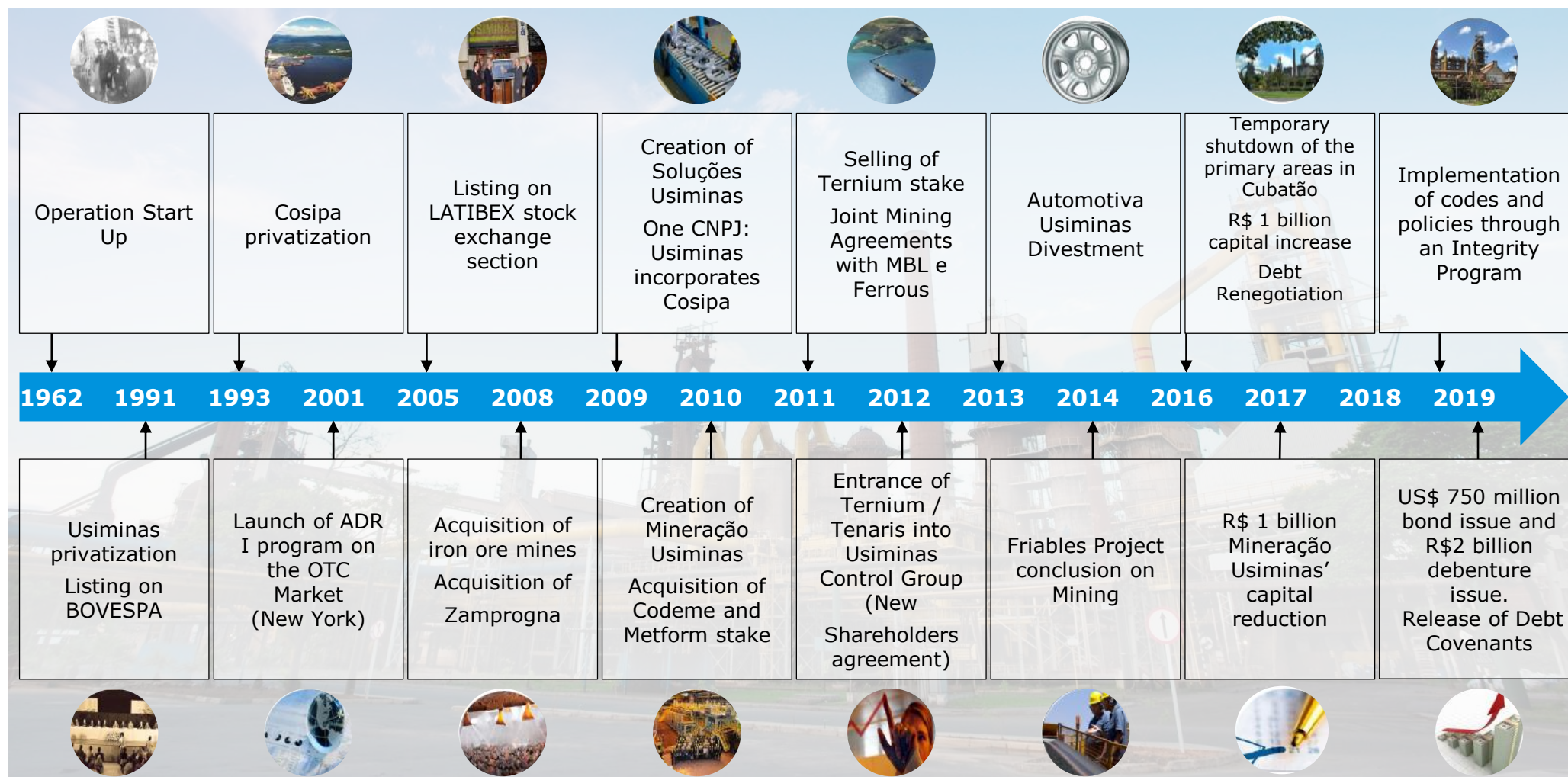
**Governance and Highlights**

**4**

**Appendix**

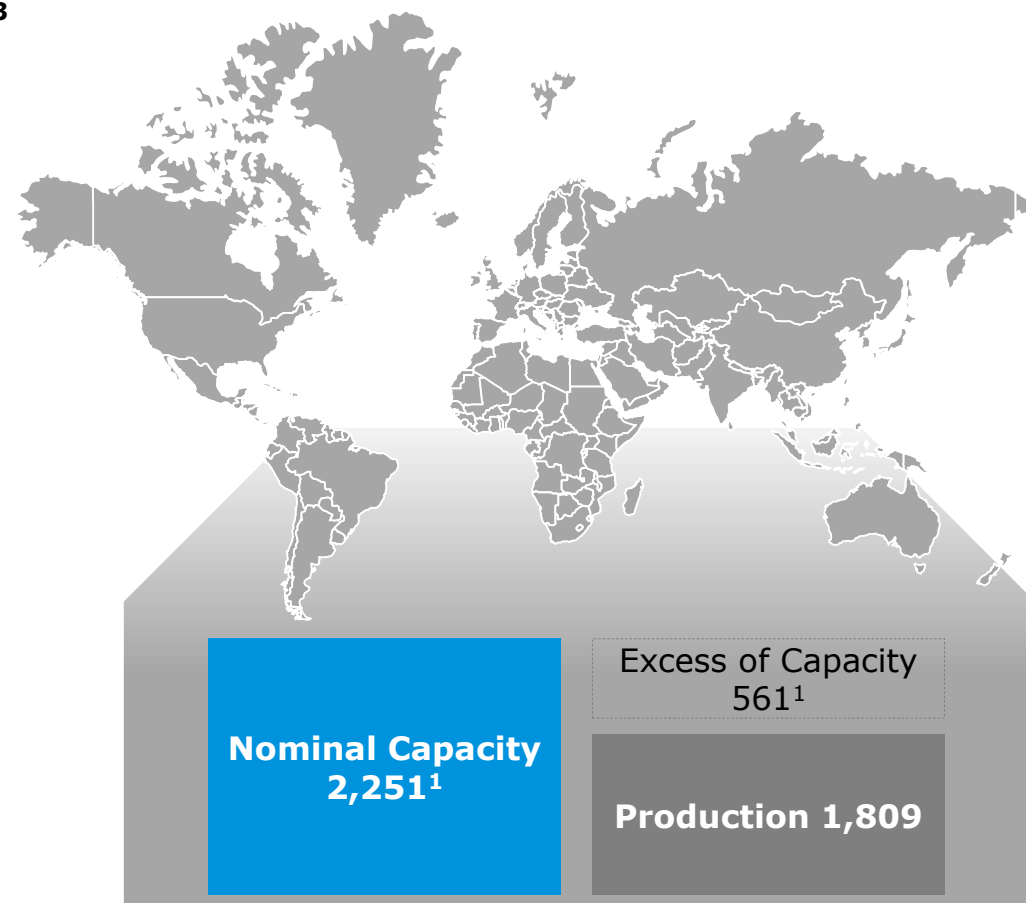
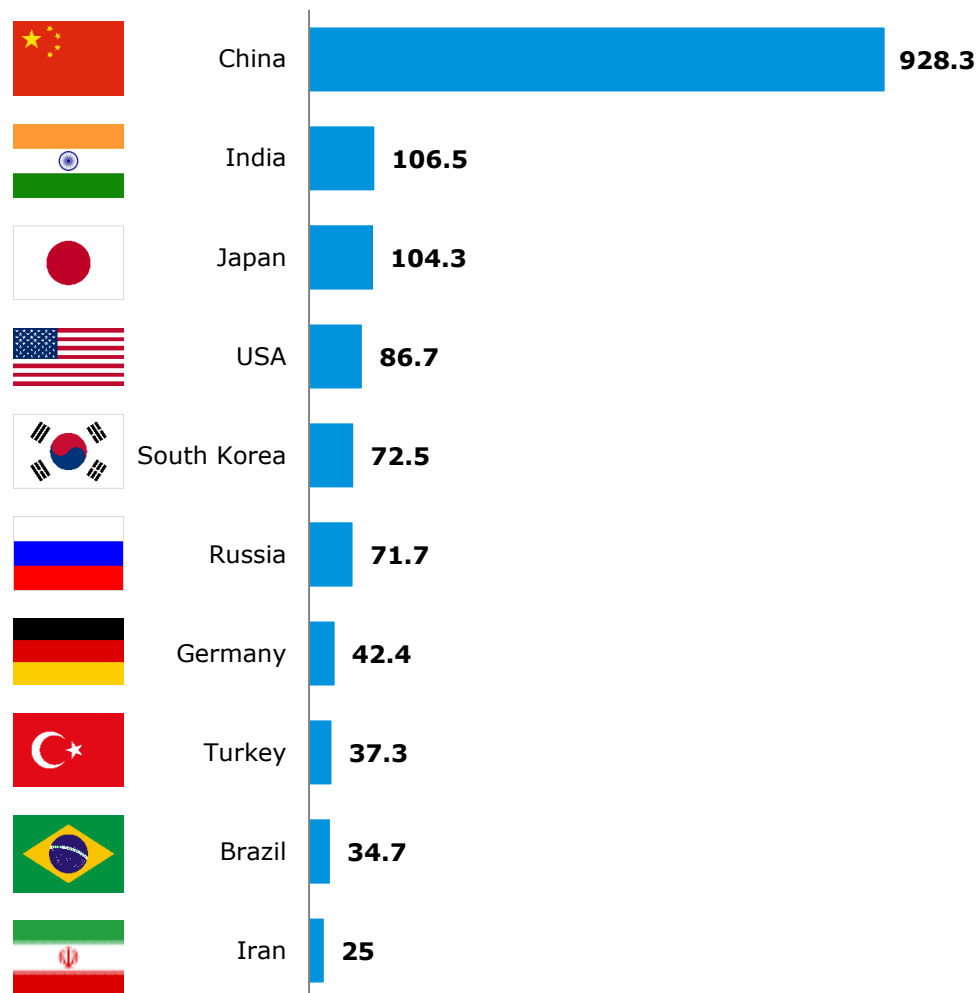


# Over Half a Century of Leadership



# World Crude Steel Market in 2018

(Million tons)



Source: World Steel Association / OECD

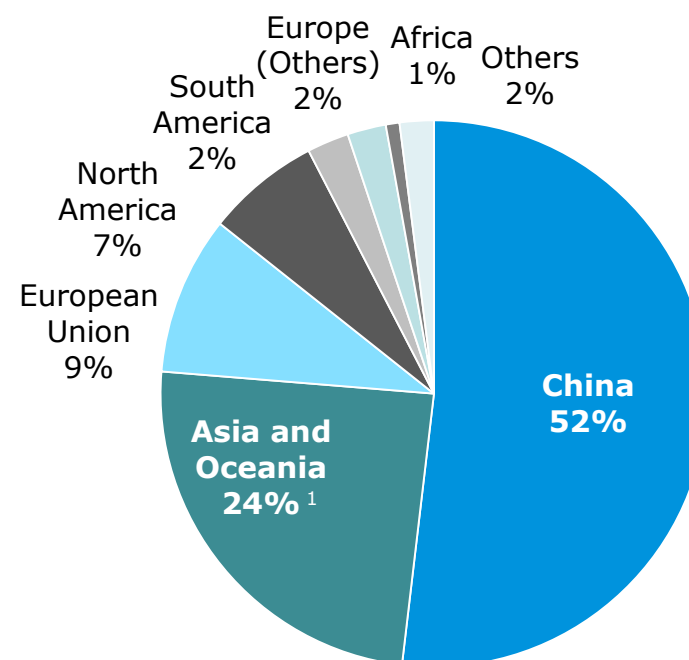
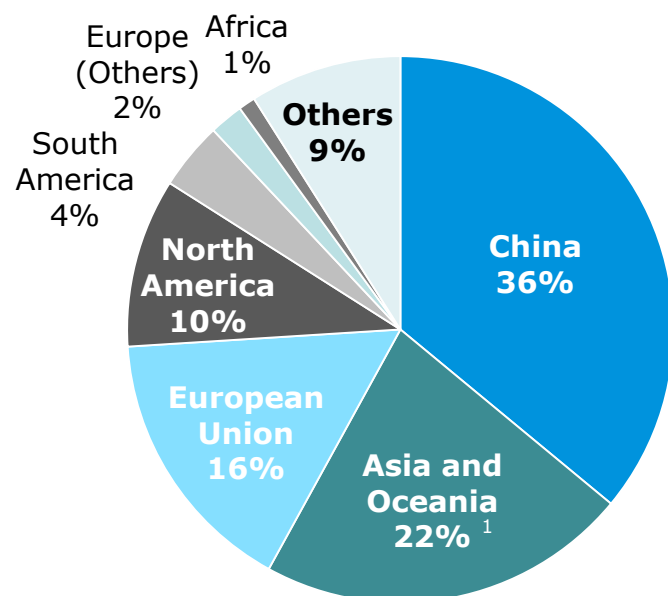
<sup>1</sup> Latest data available as of 2017.

Classification of Information: Public

# World Crude Steel Production

2007

2018



1,348 million tons

+34%

1,809 million tons

Source: World Steel Association and Company's 1Q19 Institutional Presentation (available at [ri.usiminas.com/en/download-center](https://ri.usiminas.com/en/download-center))

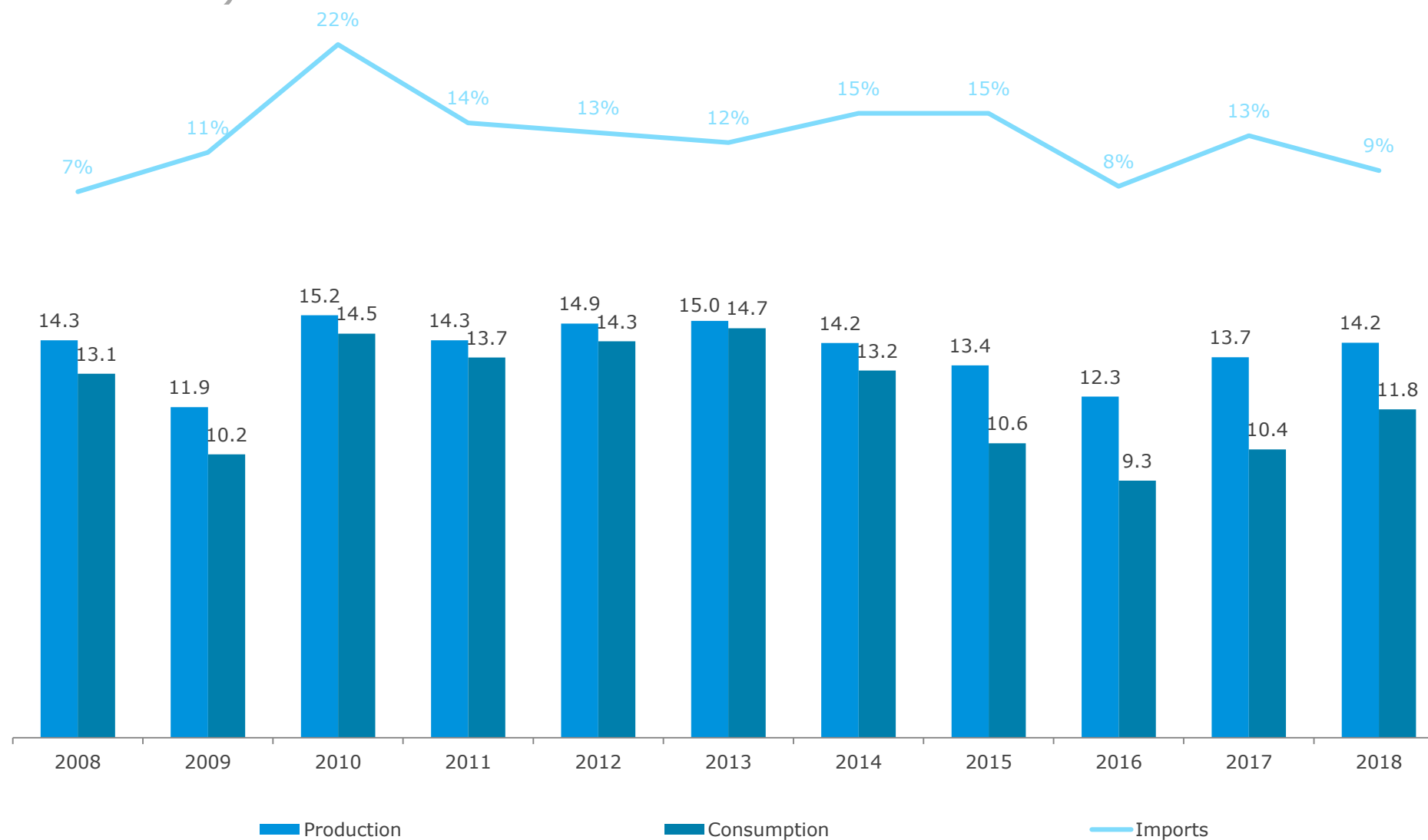
<sup>1</sup> Except China.

Classification of Information: Public



# Brazilian Flat Steel Market

(Million tons)



Source: Instituto Aço Brasil / Usiminas  
Note: Excludes Slabs.

# Key Investment Highlights



1

**Leading position in the Brazilian steel market, with presence in strategic international markets**



2

**Diversification across products and markets**



3

**Assets strategically located in the country's main industrial and logistic axis in the country**



4

**Seasoned and specialized management team**



5

**Solid corporate governance**



6

**Culture of Employee, Social and Environmental Responsibility**

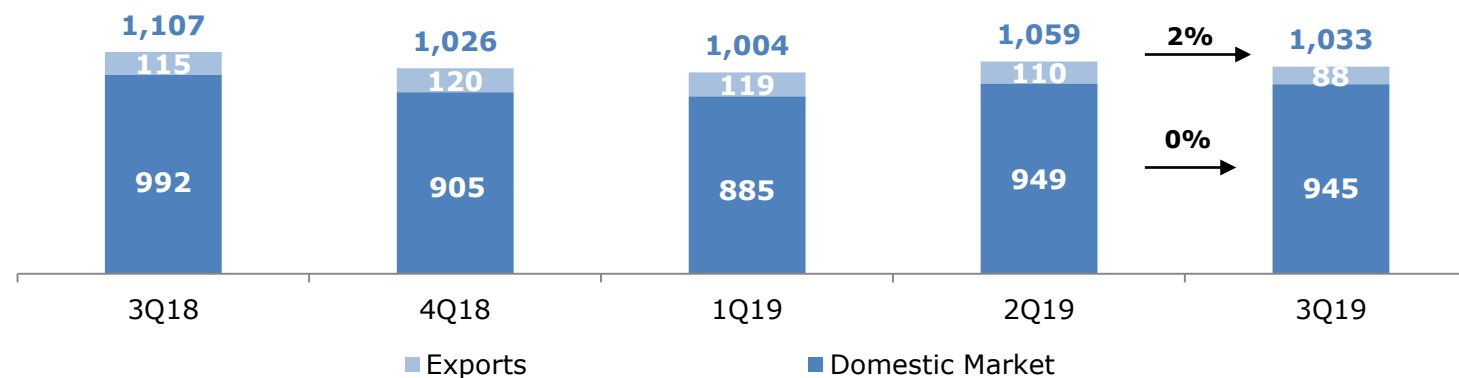
# Leading Position in the Brazilian Steel Market, **USIMINAS** with Presence in Strategic International Markets

Usiminas' leading position is underpinned by the superior quality of its products and the long-term relationship with key clients

## Sales Volumes – Steel

## Awards Received

Thousand Tons – Quarterly



*Top Supplier Award 2018  
(Raw Material and Stamping)*



*Quality Excellence Award*

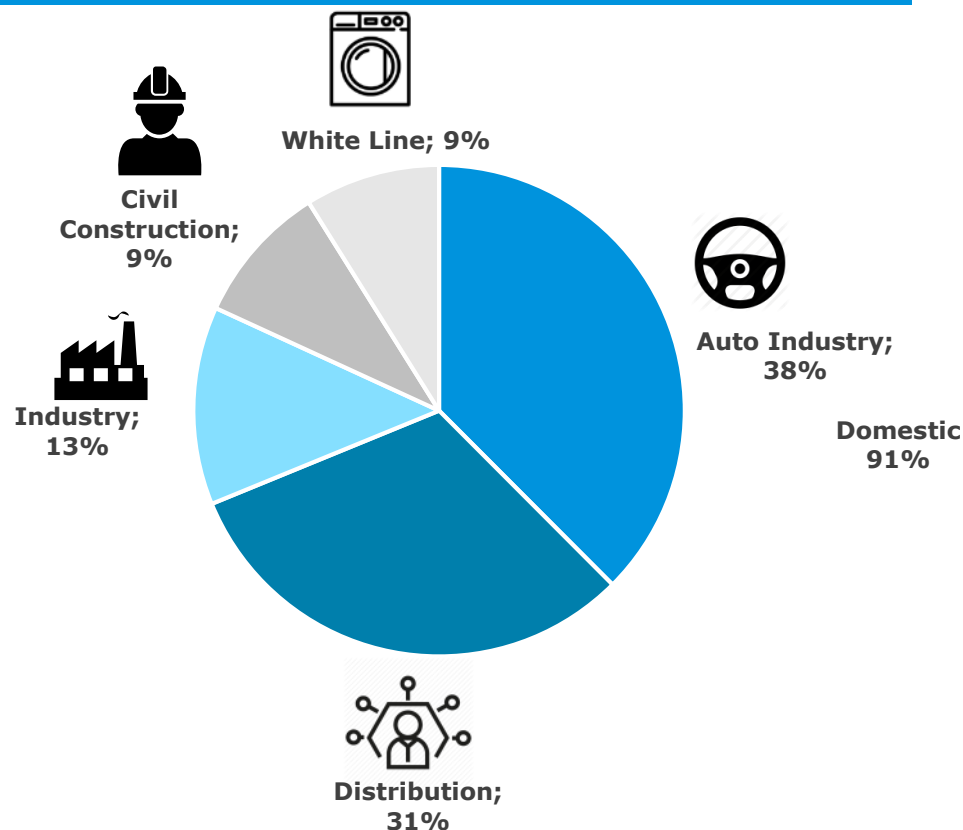


*FIAT CHRYSLER AUTOMOBILES  
Best Raw Material Supplier Award*

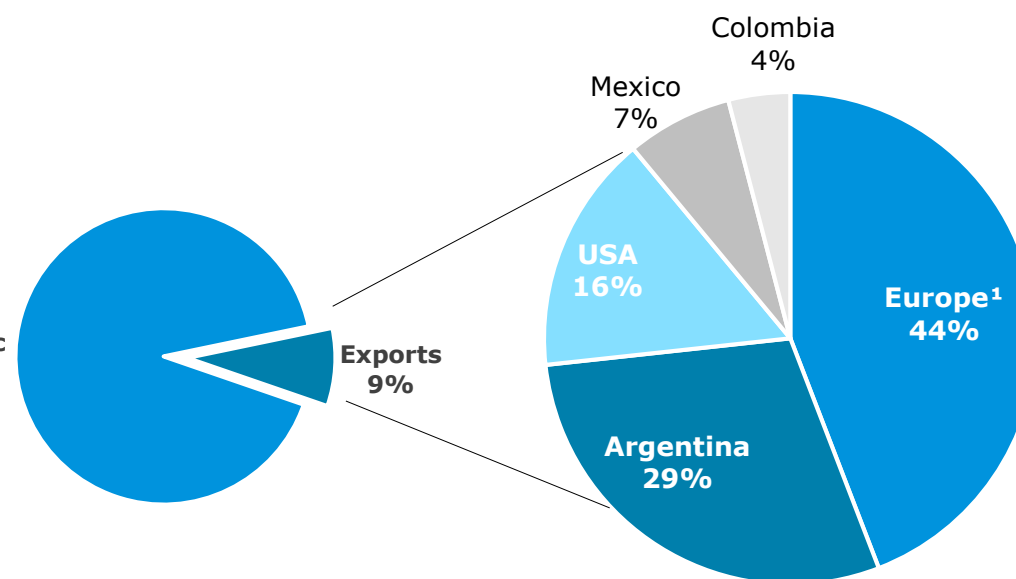
# Diversification Across Products and Markets

Usiminas has capacity to produce a wide variety of steel, allowing for flexibility to adjust its production according to market demands domestically and internationally

End Markets Share of Volume, 3Q19



Revenues by Country Share of Net Revenue, 3Q19



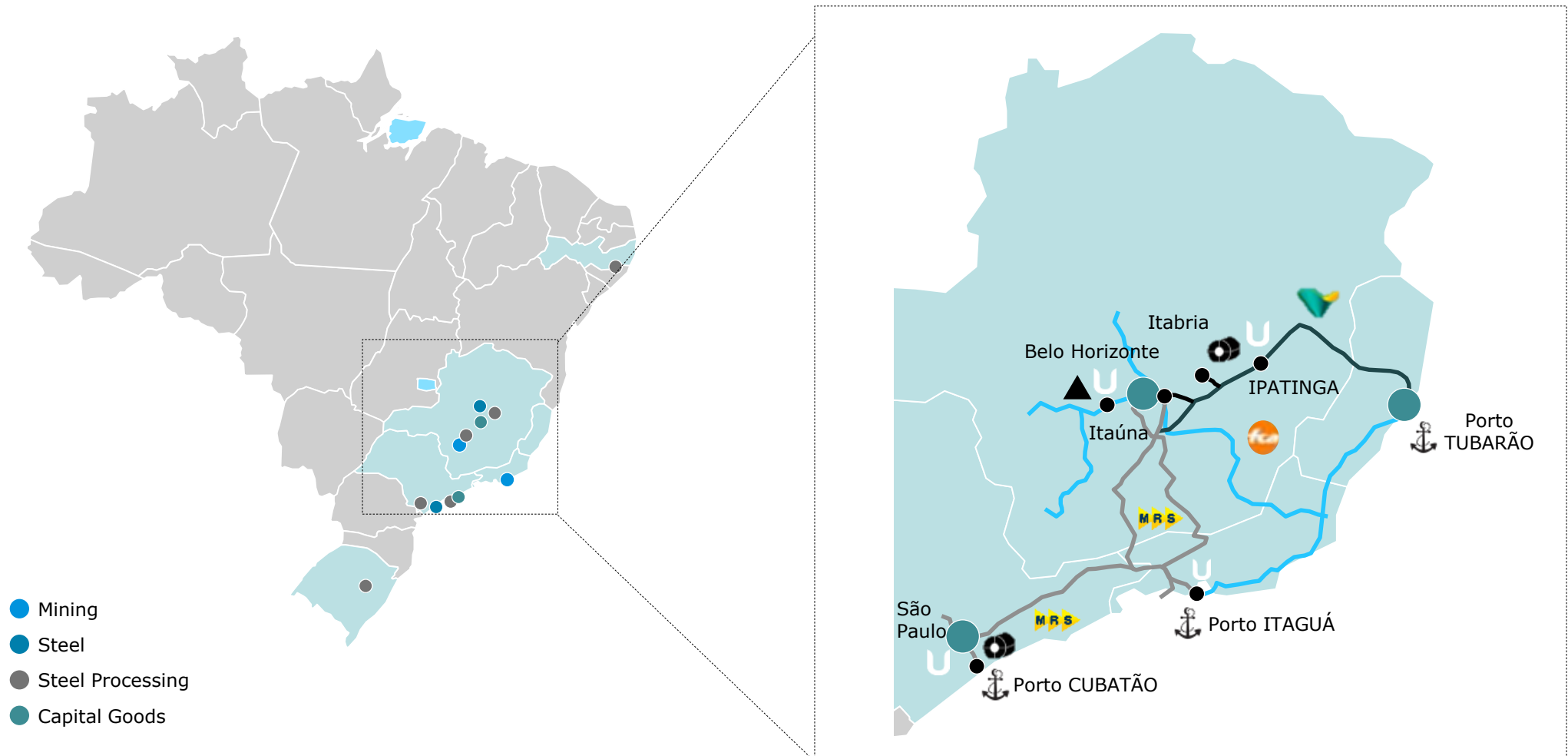
<sup>1</sup> Europe includes: Germany, UK, Spain, Belgium, Portugal, Switzerland and Netherlands

<sup>2</sup> Other includes: Colombia, Paraguay and Bolivia.



# Assets Strategically Located in the Country's Main Industrial and Logistic Axis in the Country

The location of Usiminas' assets allows for access to raw materials (e.g. iron ore), consumption centers and logistic terminals (railways, ports)



# Seasoned and Specialized Management Team

Usiminas' Executive Board consists of professionals with deep knowledge in their respective areas



**Sergio Leite de Andrade**  
*CEO*

- Joined Usiminas in 1976 as Research Engineer, also working in several other areas in the company before being named CEO in 2016
- Holds a BS degree in Metallurgical Engineering by the Federal University of Rio de Janeiro (UFRJ) and a Master's degree in Metallurgical Engineering by the Federal University of Minas Gerais (UFMG)



**Takahiro Mori**  
*Corporate Planning Vice President Officer*

- Prior to joining Usiminas, he worked at Nippon Steel & Sumitomo Metal Corporation as Manager Of Domestic Plate Sales, Group Manager of Personnel Dept., Manager of HR, among other divisions
- Holds a B.A. in Laws, Tokyo University, and MBA in the The Wharton School of the University of Pennsylvania



**Alberto Akikazu Ono**  
*CFO and IR Vice President Officer*

- Prior to joining Usiminas in 2009, he worked in other Mining & Metallurgy companies such as Aços Villares SA, CBMM, Votorantim Industrial and Votorantim Siderurgia
- Holds a Ph.D. in Metallurgy from The University of Tokyo and a M.Sc. in Metallurgical Engineering from the University of São Paulo



**Kohei Kimura**  
*Technology and Quality Vice President Officer*

- Prior to joining Usiminas, he worked at Nippon Steel & Sumitomo Metal Corporation
- Kohei Kimura holds M.Eng. in Metallurgy from Osaka University



**Tulio Cesar do Couto Chipoletti**  
*Industrial Vice President Officer*

- Prior to joining Usiminas, he worked at The Confab Industrial SA
- Graduated in Industrial Engineering from the Faculty of Industrial Engineering - EIF, in Sao Bernardo do Campo - SP. He holds an MBA in Finance from the Brazilian Institute of Capital Market - IBMEC



**Miguel Angel Homes Camejo**  
*Commercial Vice President Officer*

- Prior to joining Usiminas, he was General Manager for the Andean Region of Ternium Colombia and Exports Manager at Ternium Sidor
- Graduated with a degree in Economy from Universidad Catolica Andres Bello, in Venezuela, and has completed different management programs at Chicago Booth and Stanford University in California, USA.

# Solid Corporate Governance

Recently approved programs that ensure safety for the investor, transparency of actions, management control and clarity in communication

## Integrity Program



**Code of Ethics and Conduct**



**Anticorruption Policy**



**Competition Policy**



**Policy of Conflict of Interests and Transactions with Related Parties**



**Policy of Rewards, Gifts and Hospitalities**



**Policy of Sponsorship and Donations**



**Policy of Relationship with Third Intermediary Parties**

## Policies of the Brazilian Corporate Governance Code



**Policy of Destination of Results**



**Policy of on the Remuneration of the Members of the Board of Officers**



**Policy of Contracting of Extra-audit Services**



**Policy of Disclosure of Information and Negotiation with Securities**

***Approved by the Board of Directors in October 2018***

# Culture of Employee, Social and Environmental Responsibility

Usiminas translates concepts into practice, conciliating the objective of all stakeholders

## Employee

*Investments in professional training and safety prove the ongoing commitment to the qualification, development and life of our people*



**70,6 training hours per employee,**  
more than 3x the Brazilian national average



**400 leaders participating**  
in the Trilha da Liderança (Leading path program)



**100% of our employees**  
were assessed in 2017



**"Mãos Seguras"**  
Hand safety program awarded by the **World Steel Association**, in the **Safety Excellence Category**



**Accidents dropped by 40%**  
and 0 fatalities

## Social

*The company's sponsorship policy planned and executed by the Institute favors projects that promote inclusion, training and human development*



**R\$ 6,3mm invested** by Instituto Cultural Usiminas

**150 thousand people attended**  
Instituto Cultural Usiminas shows



**46 social, cultural and sports projects**  
sponsored in **Minas Gerais** and **São Paulo**



**28 thousand visits**  
to the **Hospital Marcio Cunha Rehabilitation Center**



**97 scholarships**  
in the **Colégio São Francisco Xavier**

## Environmental

*We believe that innovation and sustainability are essential to ensure that we continue to do business and stay competitive*



**R\$ 91mm investment** in engineering, maintenance and process improvement, education and resource management

**1,87 million tons** of recycled materials **reused**



**19.000 tree saplings**  
of different species were cultivated within the **Green Areas** program



**935 springs recovered**  
by the **Caminhos do Vale** program



**96% of the water**  
used in the steel making process is recirculated on Usiminas steel plants



# Rating Agencies' Views

Comments from latest available rating reports

**S&P Global**  
Ratings

**MOODY'S**

**FitchRatings**

**On July 15, 2019, S&P Global Ratings upgraded Usiminas to 'B+' from 'B' on global sale and to 'brAA' from 'brA+' on national scale.**

*"The company issued a \$750 million bond due 2026, proceeds from which Usiminas will use to amortize a significant part of its debt, in accordance with current creditors. Moreover, the cash sweep will be removed. All of these factors will improve the company's financial flexibility and liquidity, resulting in a very smooth debt amortization profile and lower interest burden for the next several years.*

*In addition, the recent surge in iron ore prices and mildly better conditions for the steel industry, including a slight increase in domestic demand, a still healthy premium over imported steel, which allows for price adjustments, as well as better sales mix, will bolster the company's FOCF. This will occur despite Usiminas' new investment cycle, including the modernization of a blast furnace at the Ipatinga plant and dry stacking process at the company's mining operations, which aims to increase its operating efficiency for the next years."*

**On July 1, 2019, Moody's upgrades Usiminas' ratings to Ba3/A2.br; stable outlook**

*"The ratings continue to reflect Usiminas' solid position in the Brazilian flat-steel market, and the measures taken to adjust operations to the feeble demand in the domestic market over the past few years, including the temporary halt of two blast furnaces in its Cubatão mill and interruption of activities of the primary areas of the Cubatão plant (including sinter and coke plants, blast furnaces and steelworks), concluded in January 2016. The downsizing process at the Cubatão steel mill has significantly reduced Usiminas' cost structure and production capacity, providing flexibility to the company amid the deterioration of the steel market in Brazil."*

**On July 1, 2019, Fitch Upgrades Usiminas and Rates New Issuance 'BB-'; Outlook Stable**

*"The upgrade reflects continued improvements in Usiminas' credit risk profile, supported by the deleveraging of its balance sheet, ample liquidity, and manageable cash outflows over the next three years. Usiminas is expected to refinance its debt, which is currently structured primarily on a secured basis and is exposed to a cash sweep mechanism as part of its 2016 debt restructuring agreement. Usiminas' ability to raise new unsecured debt at attractive costs aiming to refinancing most of the debt agreement would improve liquidity, financial flexibility and further improve its credit risk profile in the short term."*

# Income Statement – Per Business Unit

(R\$mmm, except otherwise indicated)

Income Statement per Business Units - Non Audited - Quarterly												
R\$ million	Mining		Steel		Steel Processing		Capital Goods		Adjustment		Consolidated*	
	3Q19	2Q19	3Q19	2Q19	3Q19	2Q19	3Q19	2Q19	3Q19	2Q19	3Q19	2Q19
Net Revenue	554.9	441.1	3,241.8	3,329.2	984.8	929.8	127.3	96.4	(1,059.0)	(1,102.5)	3,849.8	3,694.0
Domestic Market	177.4	179.8	2,985.7	3,005.5	984.7	929.6	127.3	96.4	(1,059.0)	(1,102.5)	3,216.0	3,108.8
Exports	377.6	261.3	256.1	323.7	0.1	0.2	-	-	-	-	633.7	585.2
COGS	(329.0)	(211.2)	(3,027.5)	(2,927.6)	(937.5)	(871.8)	(117.9)	(86.0)	1,038.0	1,009.1	(3,374.0)	(3,087.6)
Gross Profit (Loss)	226.0	229.8	214.3	401.6	47.3	58.0	9.3	10.4	(21.0)	(93.4)	475.8	606.5
Operating Income (Expenses)	(69.2)	(70.4)	(225.0)	(208.8)	(22.6)	(28.1)	(15.2)	(9.6)	(2.9)	2.6	(334.9)	(314.2)
Selling	(33.2)	(22.7)	(24.5)	(31.9)	(11.0)	(12.5)	(4.0)	(2.9)	(1.1)	(1.1)	(73.8)	(71.0)
General and Administrative	(6.3)	(6.6)	(74.8)	(85.3)	(14.4)	(14.8)	(6.5)	(6.6)	4.0	3.4	(97.9)	(109.8)
Other Operating Income (expenses), Net	(29.8)	(41.1)	(125.7)	(91.7)	2.8	(0.8)	(4.7)	(0.1)	(5.8)	0.2	(163.1)	(133.5)
EBIT	156.7	159.5	(10.7)	192.8	24.7	29.9	(5.8)	0.8	(23.9)	(90.8)	141.0	292.2
Depreciation and amortization	31.3	31.0	223.9	211.0	7.0	7.5	-	-	(8.6)	(8.6)	253.7	240.9
Equity in the results of investees	27.9	13.0	107.1	83.3	-	-	(0.0)	(0.0)	(76.8)	(59.4)	58.3	36.9
EBITDA (Instruction CVM 527)	216.0	203.5	320.4	487.1	31.6	37.4	(5.9)	0.8	(109.2)	(158.7)	452.9	570.0
EBITDA Margin	38.9%	46.1%	9.9%	14.6%	3.2%	4.0%	-4.6%	0.8%	10.3%	14.4%	11.8%	15.4%
Adjusted EBITDA	188.1	190.5	213.2	403.8	31.6	37.4	(5.8)	0.8	14.1	(56.6)	441.2	575.9
Adj.EBITDA Margin	33.9%	43.2%	6.6%	12.1%	3.2%	4.0%	-4.6%	0.8%	-1.3%	5.1%	11.5%	15.6%

Note: All intercompany transactions are made at arm's length basis.

\*Consolidated 70% of Unigal

# Income Statement – Per Business Unit

(R\$mmm, except otherwise indicated)

Income Statement per Business Units - Non Audited - Nine Months Ended September 30, 2019												
R\$ million	Mining		Steel		Steel Processing		Capital Goods		Adjustment		Consolidated*	
	9M19	9M18	9M19	9M18	9M19	9M18	9M19	9M18	9M19	9M18	9M19	9M18
Net Revenue	1,414.2	768.7	9,659.5	9,367.4	2,794.0	2,406.8	286.2	285.9	(3,078.0)	(2,519.1)	11,075.8	10,309.8
Domestic Market	489.8	265.4	8,720.5	8,124.8	2,793.7	2,406.4	286.2	285.8	(3,078.0)	(2,519.1)	9,212.2	8,563.3
Exports	924.3	503.3	939.0	1,242.6	0.3	0.4	-	0.1	-	-	1,863.6	1,746.4
COGS	(773.7)	(528.5)	(8,749.3)	(7,733.1)	(2,656.0)	(2,252.4)	(257.6)	(268.7)	2,939.0	2,312.2	(9,497.5)	(8,470.6)
Gross Profit (Loss)	640.4	240.2	910.2	1,634.4	138.0	154.4	28.6	17.2	(139.0)	(206.9)	1,578.3	1,839.2
Operating Income (Expenses)	(203.9)	(168.2)	(637.2)	(683.1)	(73.6)	(71.5)	(34.9)	(38.2)	0.0	7.8	(949.6)	(953.2)
Selling	(79.4)	(68.3)	(84.8)	(111.9)	(34.9)	(31.7)	(9.8)	(8.9)	(3.3)	(3.4)	(212.1)	(224.2)
General and Administrative	(18.8)	(19.3)	(237.8)	(239.3)	(43.4)	(41.7)	(19.4)	(26.5)	11.0	10.1	(308.5)	(316.7)
Other Operating Income (expenses), Net	(105.8)	(80.6)	(314.5)	(331.9)	4.7	1.9	(5.8)	(2.9)	(7.6)	1.1	(429.0)	(412.3)
EBIT	436.5	72.0	273.1	951.3	64.4	82.8	(6.3)	(21.1)	(138.9)	(199.0)	628.7	886.0
Depreciation and amortization	94.5	93.1	644.8	665.6	21.9	23.3	-	14.3	(25.7)	(25.4)	735.6	771.0
Equity in the results of investees	54.5	46.0	251.1	101.2	-	-	(0.0)	(0.0)	(172.9)	0.1	132.6	147.2
<b>EBITDA (Instruction CVM 527)</b>	<b>585.6</b>	<b>211.2</b>	<b>1,168.9</b>	<b>1,718.1</b>	<b>86.3</b>	<b>106.2</b>	<b>(6.4)</b>	<b>(6.9)</b>	<b>(337.5)</b>	<b>(224.4)</b>	<b>1,497.0</b>	<b>1,804.2</b>
<b>EBITDA Margin</b>	<b>41.4%</b>	<b>27.5%</b>	<b>12.1%</b>	<b>18.3%</b>	<b>3.1%</b>	<b>4.4%</b>	<b>-2.2%</b>	<b>-2.4%</b>	<b>11.0%</b>	<b>8.9%</b>	<b>13.5%</b>	<b>17.5%</b>
<b>Adjusted EBITDA</b>	<b>531.1</b>	<b>165.2</b>	<b>917.9</b>	<b>1,616.9</b>	<b>86.3</b>	<b>106.2</b>	<b>(6.3)</b>	<b>(6.8)</b>	<b>(24.4)</b>	<b>(18.7)</b>	<b>1,504.6</b>	<b>1,862.8</b>
<b>Adj.EBITDA Margin</b>	<b>37.6%</b>	<b>21.5%</b>	<b>9.5%</b>	<b>17.3%</b>	<b>3.1%</b>	<b>4.4%</b>	<b>-2.2%</b>	<b>-2.4%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>13.6%</b>	<b>18.1%</b>

Note: All intercompany transactions are made at arm's length basis.

\*Consolidated 70% of Unigal

# Share Price Performance

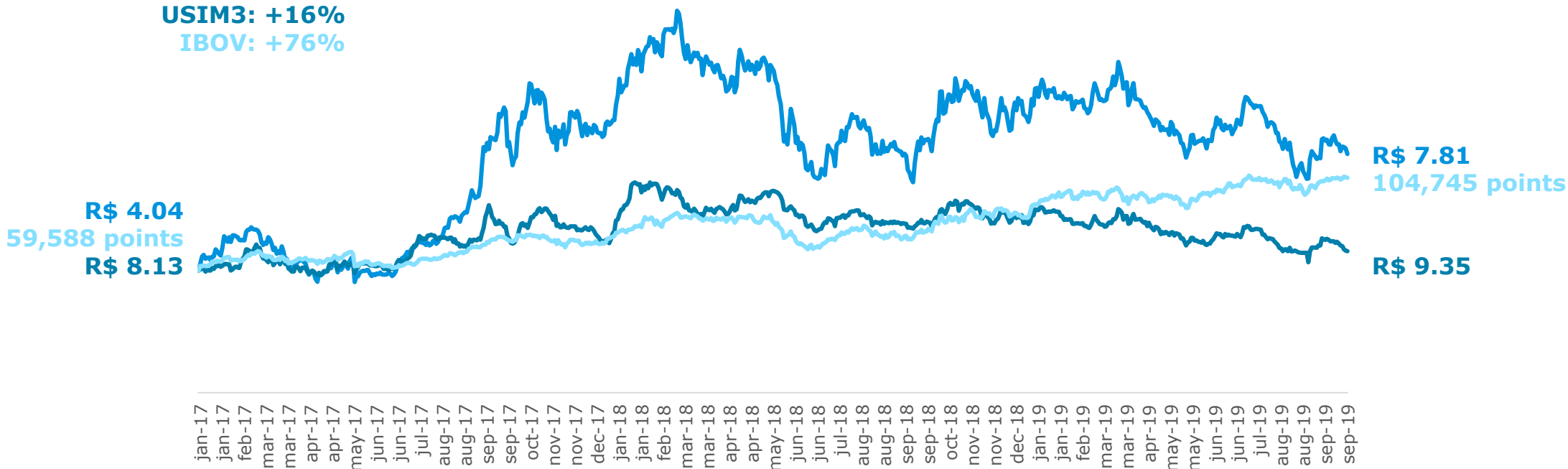
Usiminas (R\$/share) X B3 (points)

From 01/01/2017 to  
09/30/2019

USIM5: +95%

USIM3: +16%

IBOV: +76%



Source: Broadcast+ on Oct-22<sup>nd</sup>-2019





**NÍVEL 1**  
B3

**ADR**  
**Nível I**



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Declarations relative to business perspectives of the Company, operating and financial results and projections, and references to the growth of the Company, constitute mere forecasts and were based on Management's expectations in relation to future performance. These expectations are highly dependent on market behavior, on Brazil's economic situation, on the industry and on international markets, and are therefore subject to change.