



**VOTORANTIM**

**CORPORATE  
PRESENTATION**  
3Q19 RESULTS

# João Miranda

CEO Votorantim S.A.



**TRADE WAR TRUCE**

U.S. and China to sign a tentative deal

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**GLOBAL ECONOMY**

Moderate growth persists amid U.S. recession concerns

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**LOW-INTEREST-RATE WORLD**

Record low in Brazilian benchmark interest rate

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**IN BRAZIL, REFORMS AGENDA MOVING FORWARD**

Pension Reform approval

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**BRAZILIAN GDP**

Improving expectations

# 3Q19 Consolidated Results

(R\$ MILLION)

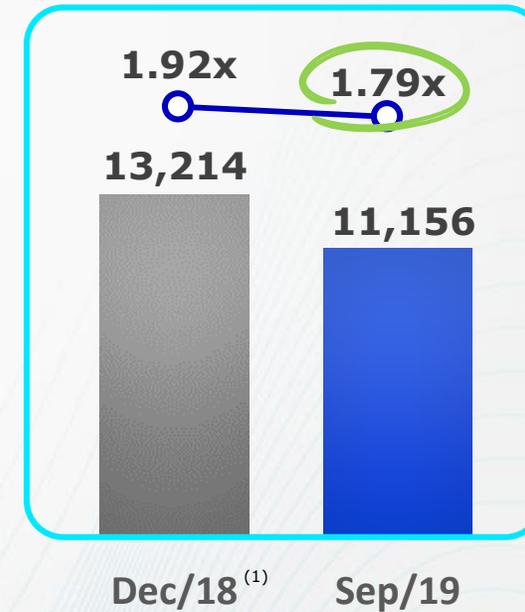
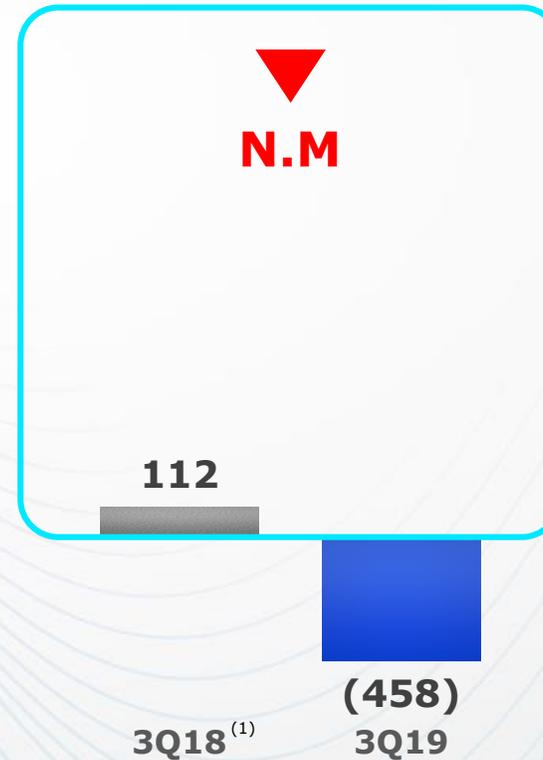
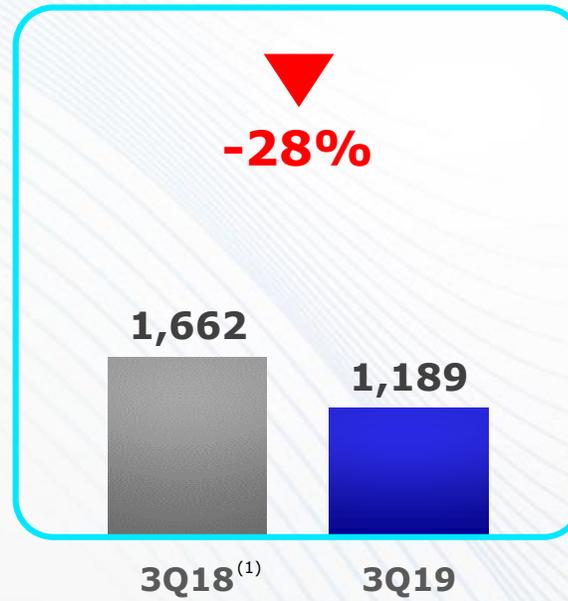
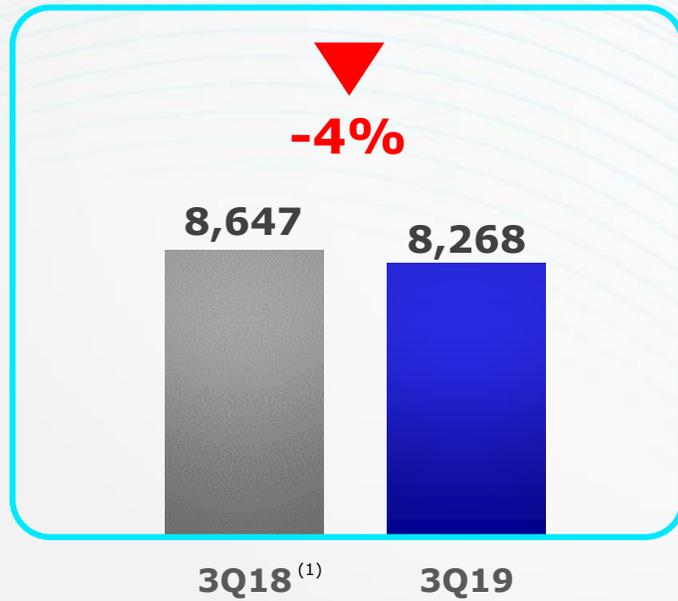
NET REVENUES

ADJUSTED EBITDA

NET INCOME

NET DEBT

NET DEBT/ADJ. EBITDA



(1) Restated value due to the sale of USZinc and the cement operation in India



# Oswaldo Ayres

CFO Votorantim  
Cimentos



# 3Q19 Highlights

**Strong cash generation**

**LM focused on cost reduction  
and extended tenor**

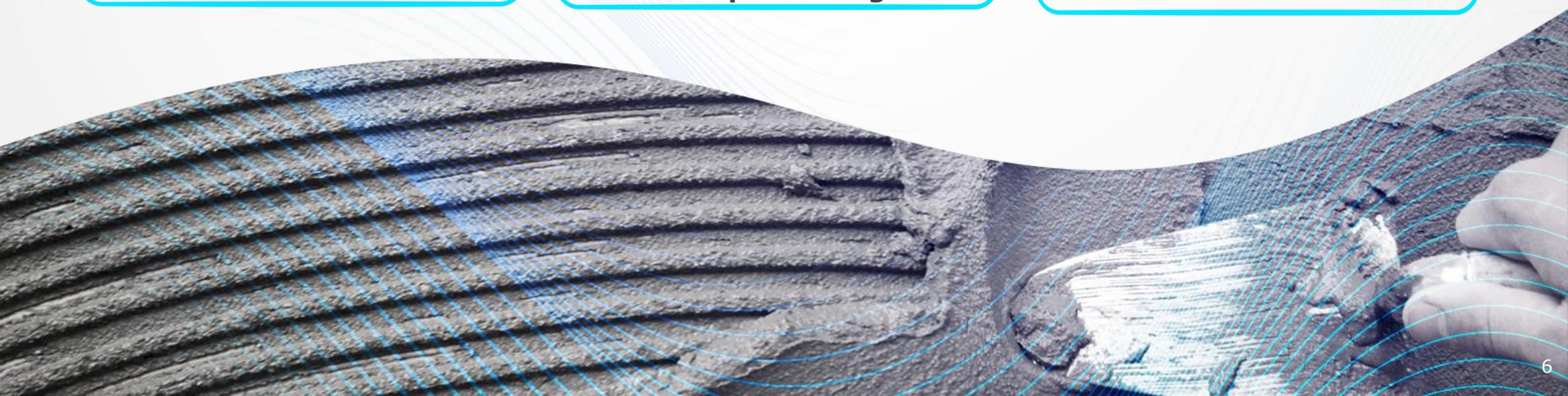
**San Luis (Argentina)  
grinding mill startup**

**Increase to BRL 2bn in 5  
year competitiveness plan**

 **verdera**

**A new business unit to  
assist alternative material  
co-processing**

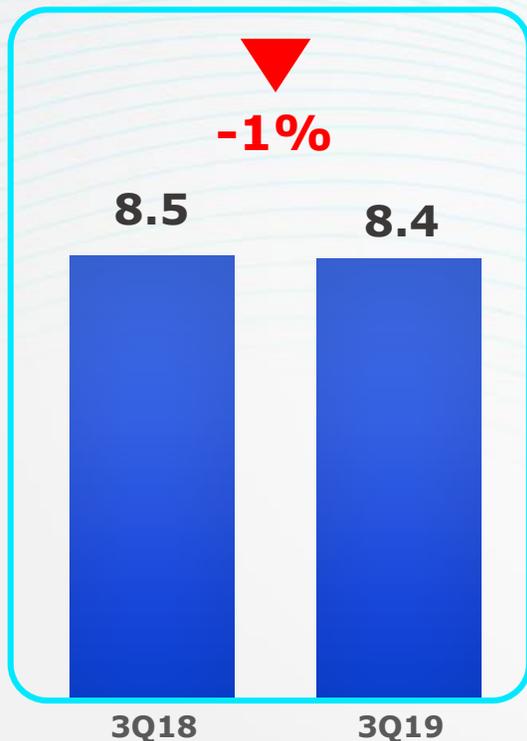
**Integrated Report  
Top 10 globally (WBCSD)**



# Consolidated Results

(R\$ MILLION)

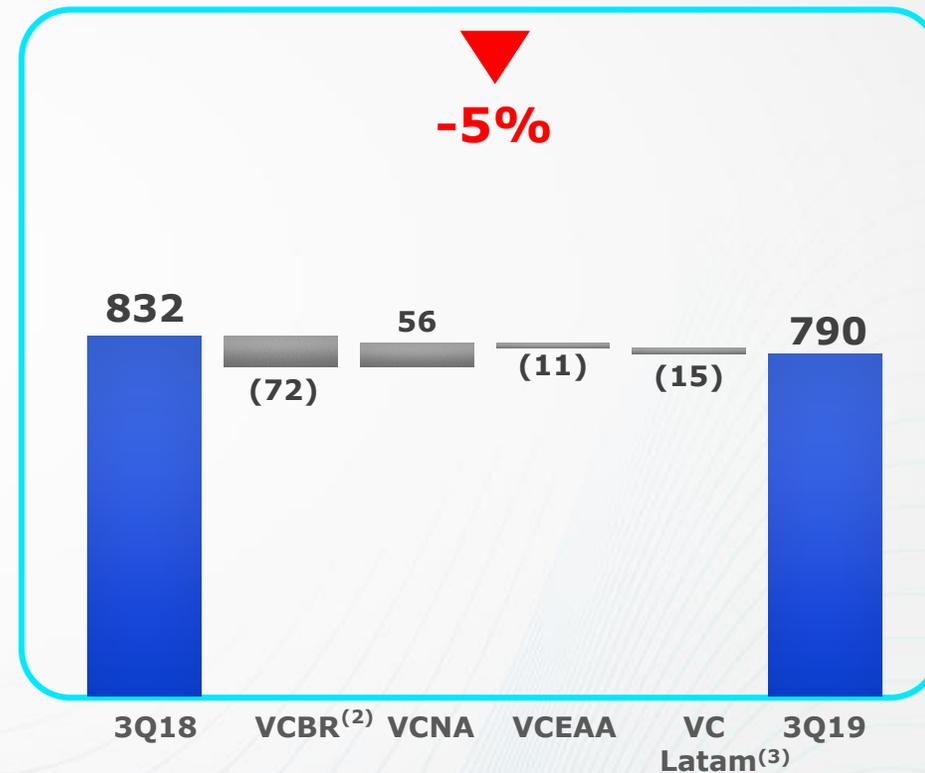
## VOLUME (Mt)



## NET REVENUES<sup>(1)</sup>



## ADJUSTED EBITDA<sup>(2)</sup>



EBITDA  
MARGIN (%)

22

21

(1) VC BR figures include eliminations

(2) Includes impacts from non-recurring items in 3Q18 amounting to ~R\$30 million. Excluding those impacts, consolidated adjusted EBITDA decrease would be of 1%

(3) VCLatam figure includes other

# Consolidated Results

(R\$ MILLION)

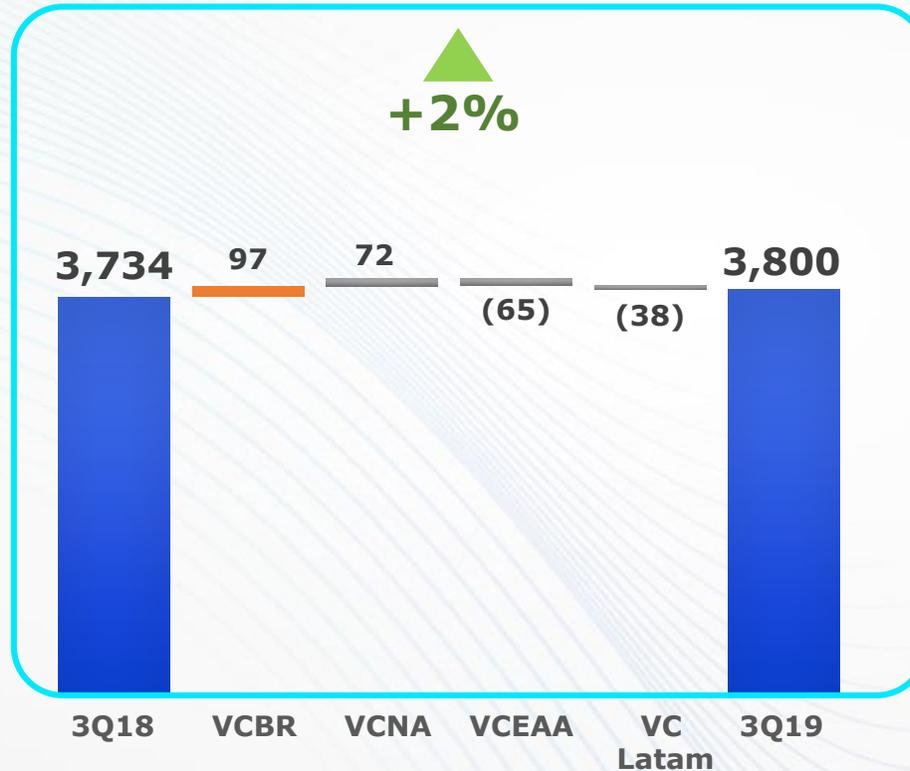
VCBR

Improvement in construction sector dynamics

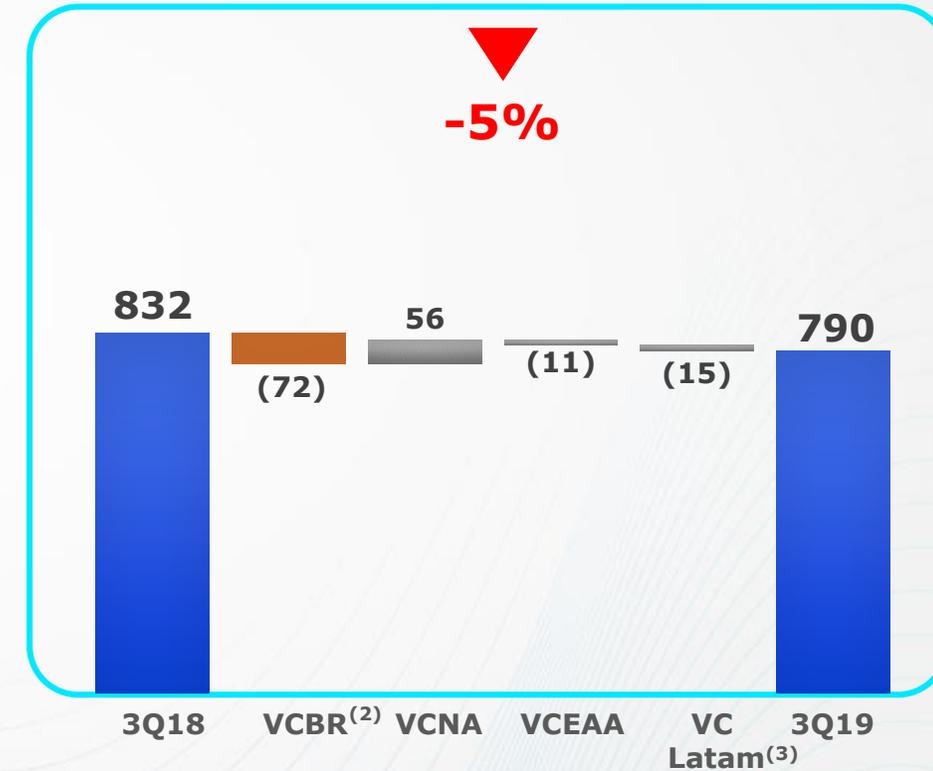
Increased volumes positively impacting net revenues

Operational figures impacted by higher variable costs and non-recurring items

## NET REVENUES<sup>(1)</sup>



## ADJUSTED EBITDA<sup>(2)</sup>



EBITDA MARGIN (%)

22

21

(1) VCBR figures include eliminations

(2) Includes impacts from non-recurring items in 3Q18 amounting to ~R\$30 million. Excluding those impacts, consolidated adjusted EBITDA decrease would be of 1%

(3) VCLatam figure includes other

# Consolidated Results

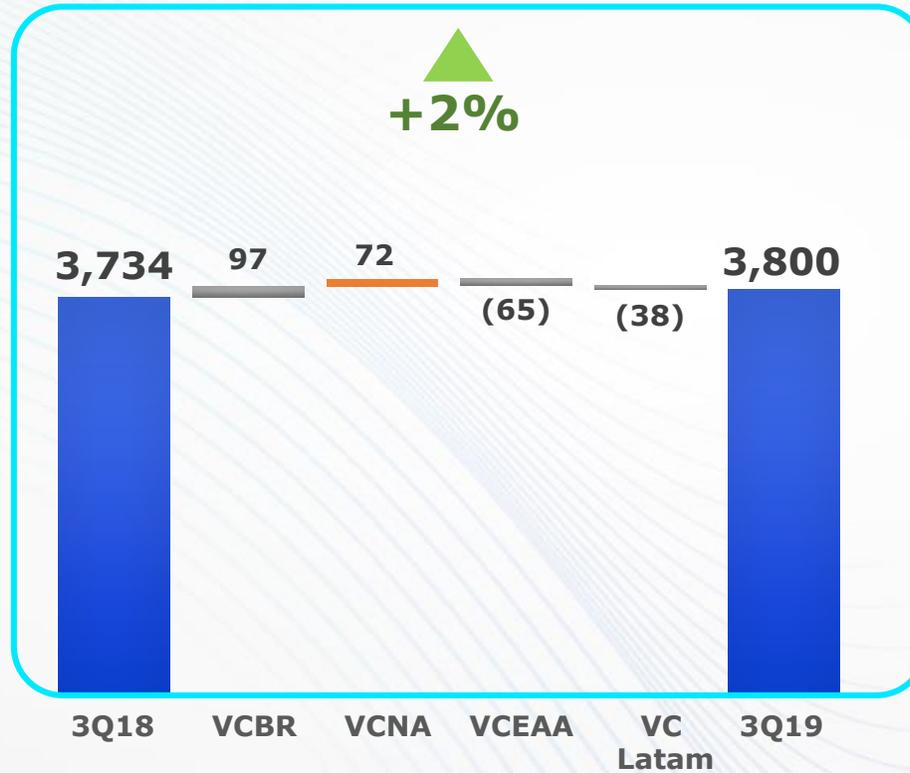
(R\$ MILLION)

**VCNA**

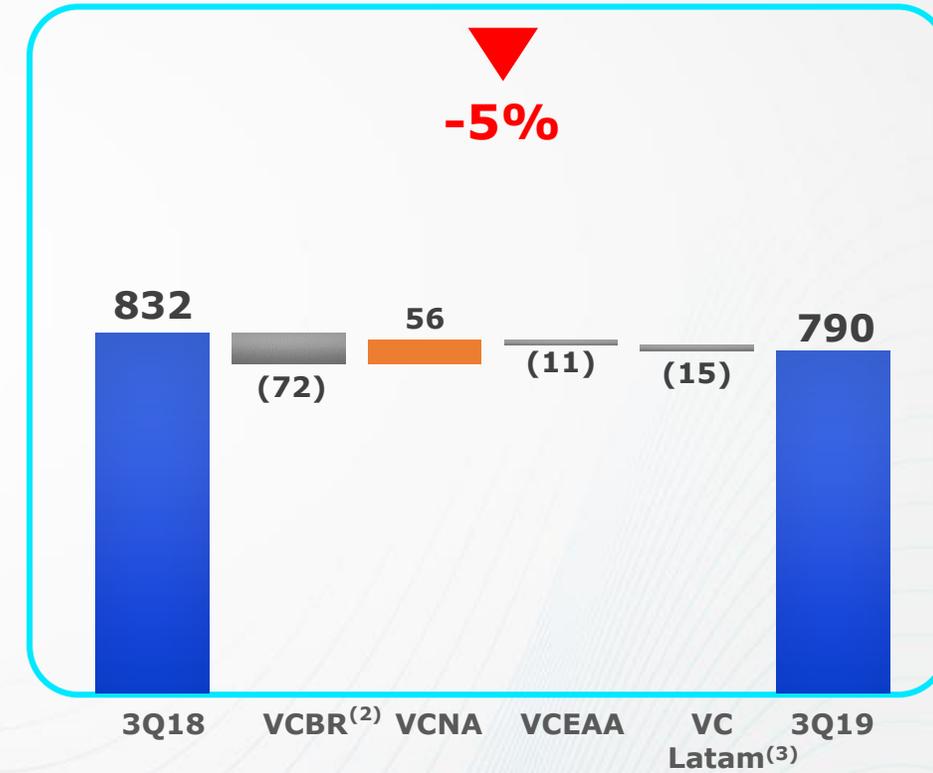
**Strong results at VCNA**, recovering the seasonality impact in the 1H19

US as the highlight with **positive volume and price trend**

## NET REVENUES<sup>(1)</sup>



## ADJUSTED EBITDA<sup>(2)</sup>



**EBITDA MARGIN (%)**

**22**

**21**

(1) VCBR figures include eliminations

(2) Includes impacts from non-recurring items in 3Q18 amounting to ~R\$30 million. Excluding those impacts, consolidated adjusted EBITDA decrease would be of 1%

(3) VCLatam figure includes other

# Consolidated Results

(R\$ MILLION)

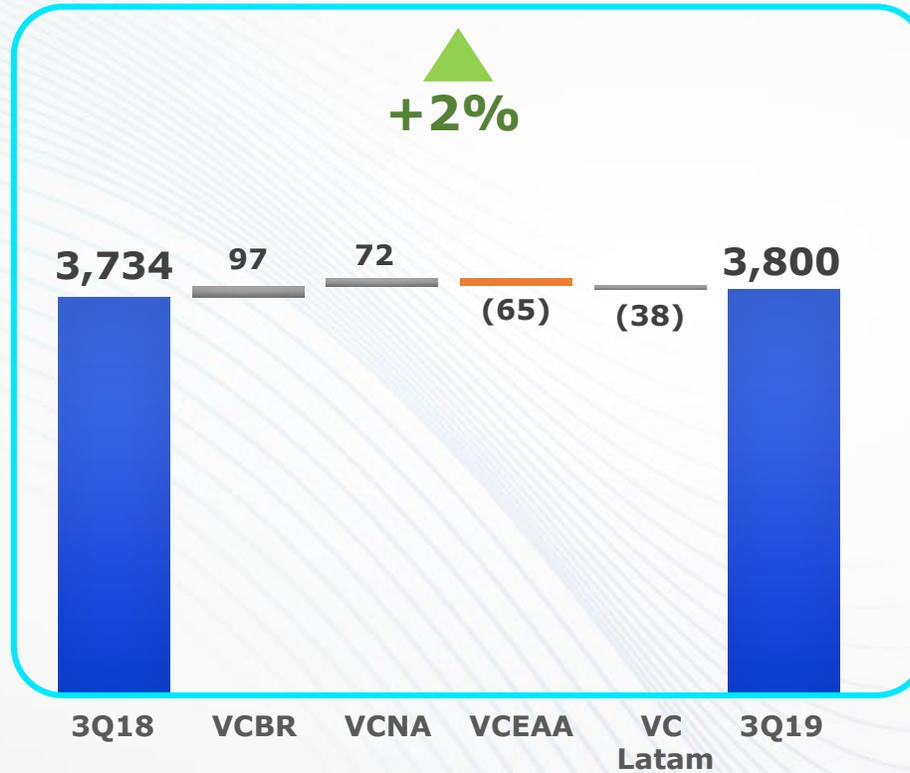
**VCEAA**

**Tunisia and Morocco**  
with positive results and  
high margins

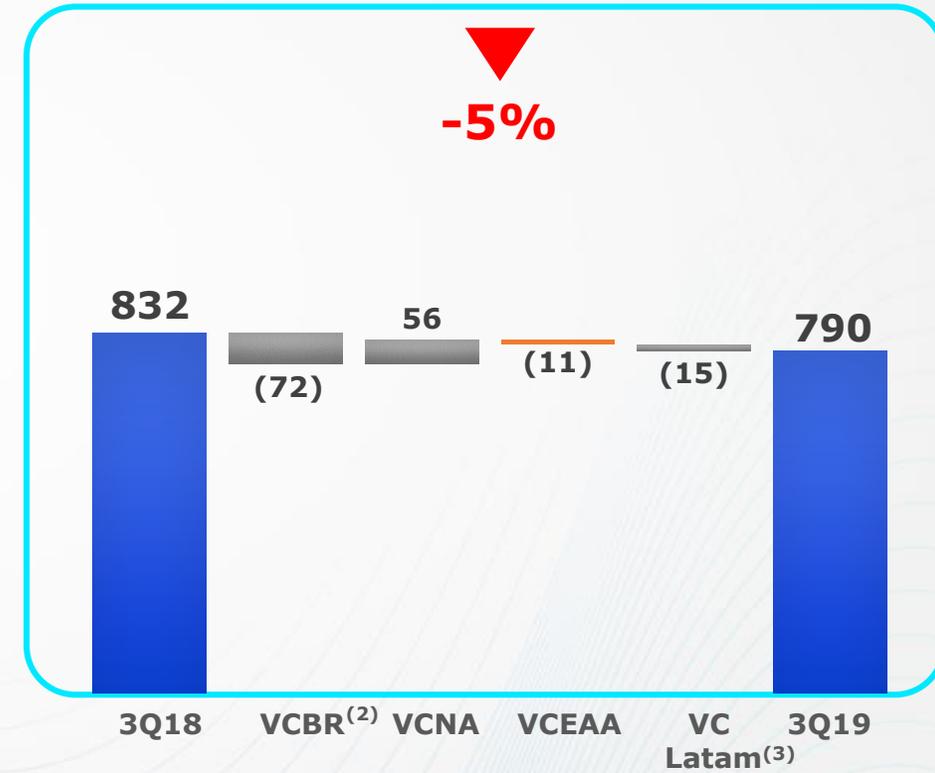
**Spain** with **solid**  
**EBITDA** results

**Turkish** results still  
**pressured** by economic  
scenario

## NET REVENUES<sup>(1)</sup>



## ADJUSTED EBITDA<sup>(2)</sup>



EBITDA  
MARGIN (%)

**22**

**21**

(1) VCBR figures include eliminations

(2) Includes impacts from non-recurring items in 3Q18 amounting to ~R\$30 million. Excluding those impacts, consolidated adjusted EBITDA decrease would be of 1%

(3) VCLatam figure includes other

# Consolidated Results

**VCLATAM**

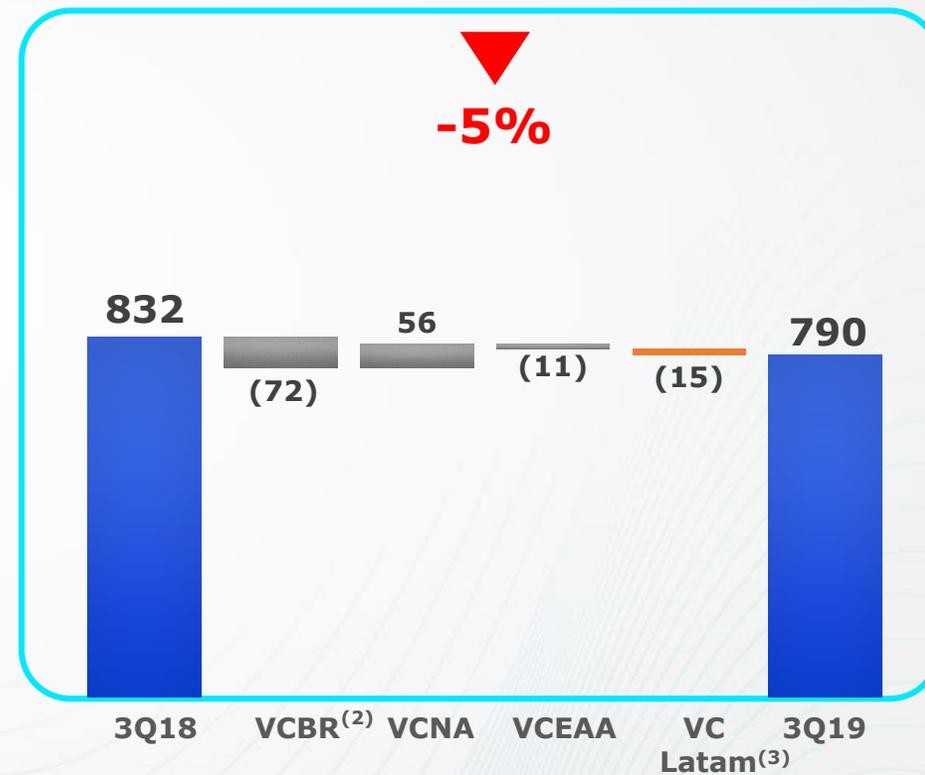
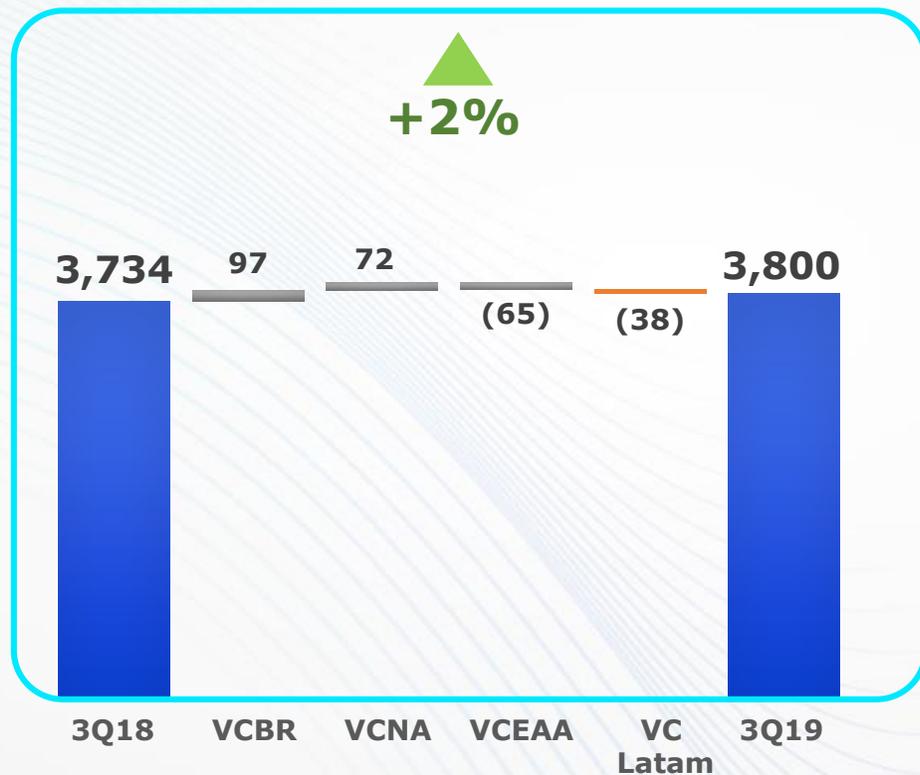
(R\$ MILLION)

## NET REVENUES<sup>(1)</sup>

## ADJUSTED EBITDA<sup>(2)</sup>

**Itacamba** positively impacted by exports

**Artigas** results in 3Q18 positively impacted by local market dynamic



EBITDA  
MARGIN (%)

**22**

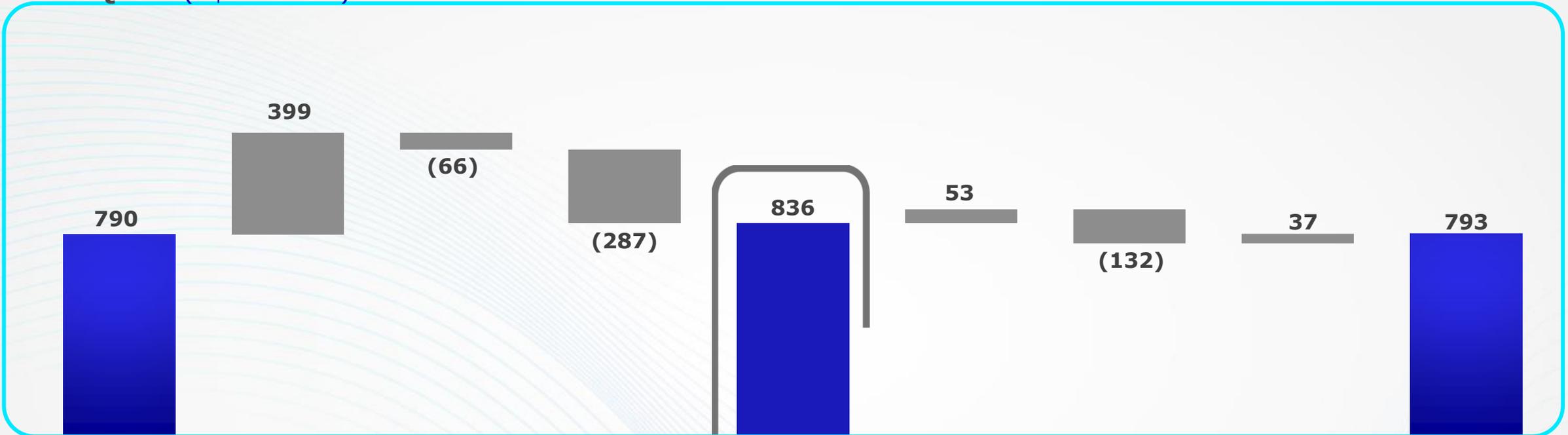
**21**

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(3) VCLatam figure includes other

3Q19 (R\$ MILLION)



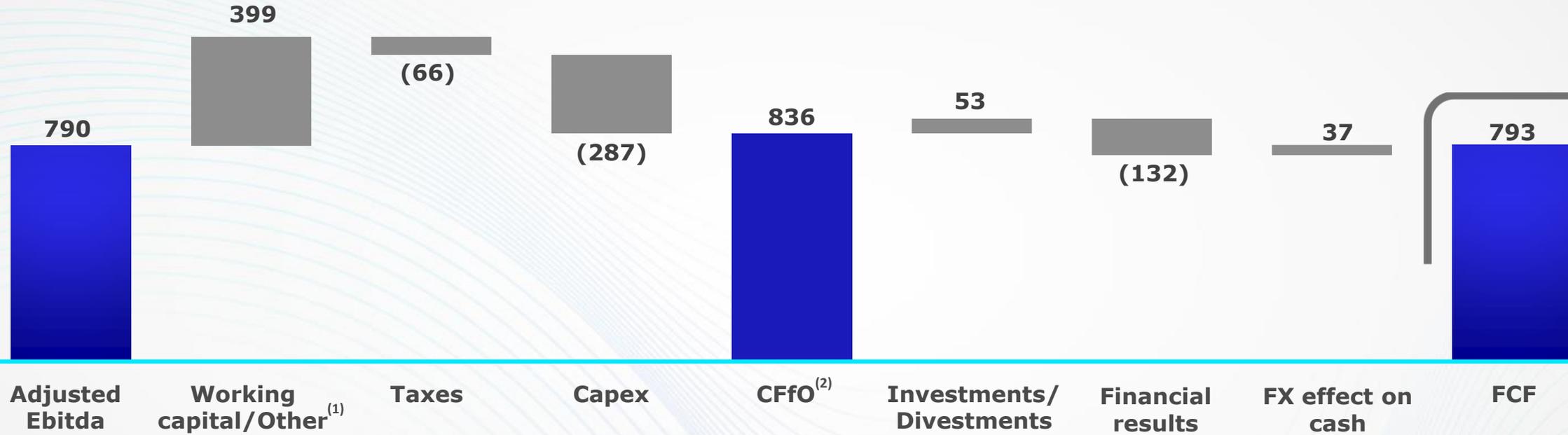
## CFfo

**Working capital recovery** as a result of the seasonality

Capex increase YoY with **focus on modernization**

(1) Other items that do not impact cash generation  
(2) Cash Flow from Operations

3Q19 (R\$ MILLION)



## FCF

**LM** resulting in **8%** YoY reduction on interest expenses

**Strong FCF generation** in the quarter

(1) Other items that do not impact cash generation  
(2) Cash Flow from Operations

(R\$ BILLION)

## NET DEBT<sup>(1)</sup>

NET DEBT / ADJUSTED EBITDA



**Quarter end FX** impacting net debt, despite positive FCF

**Leverage at 3.21x**, in line with last quarter figure

(1) Net debt includes MtM from 4131 loans

(R\$ BILLION)

## DEBT AMORTIZATION PROFILE



(1) Considers VCSA US\$500 million RCF due in 2023



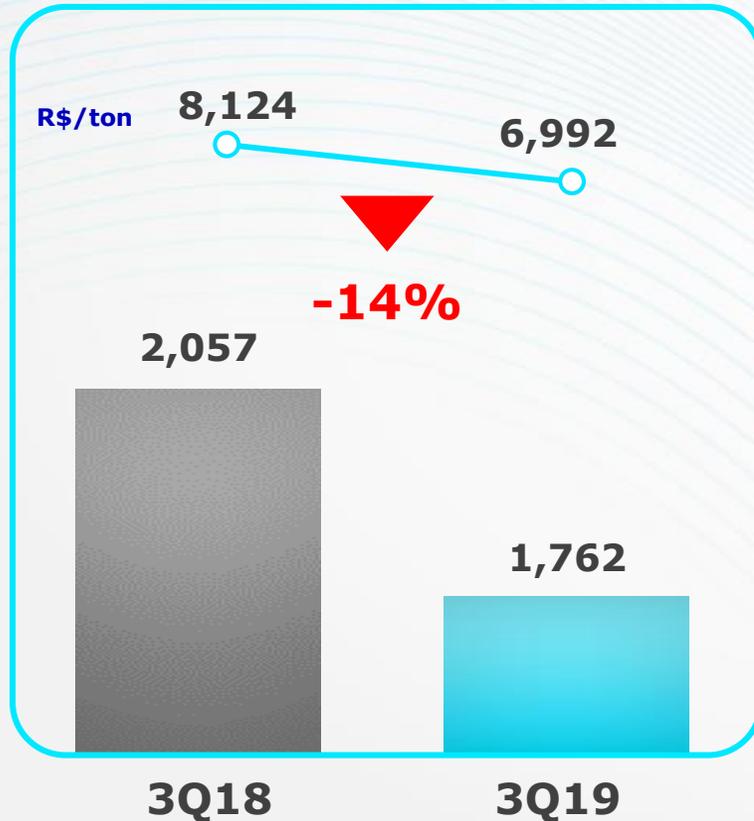
# Luciano Alves

CFO CBA



(US\$/TON)

## LME ALUMINUM PRICE



**Slowdown in world economies reducing aluminum demand**

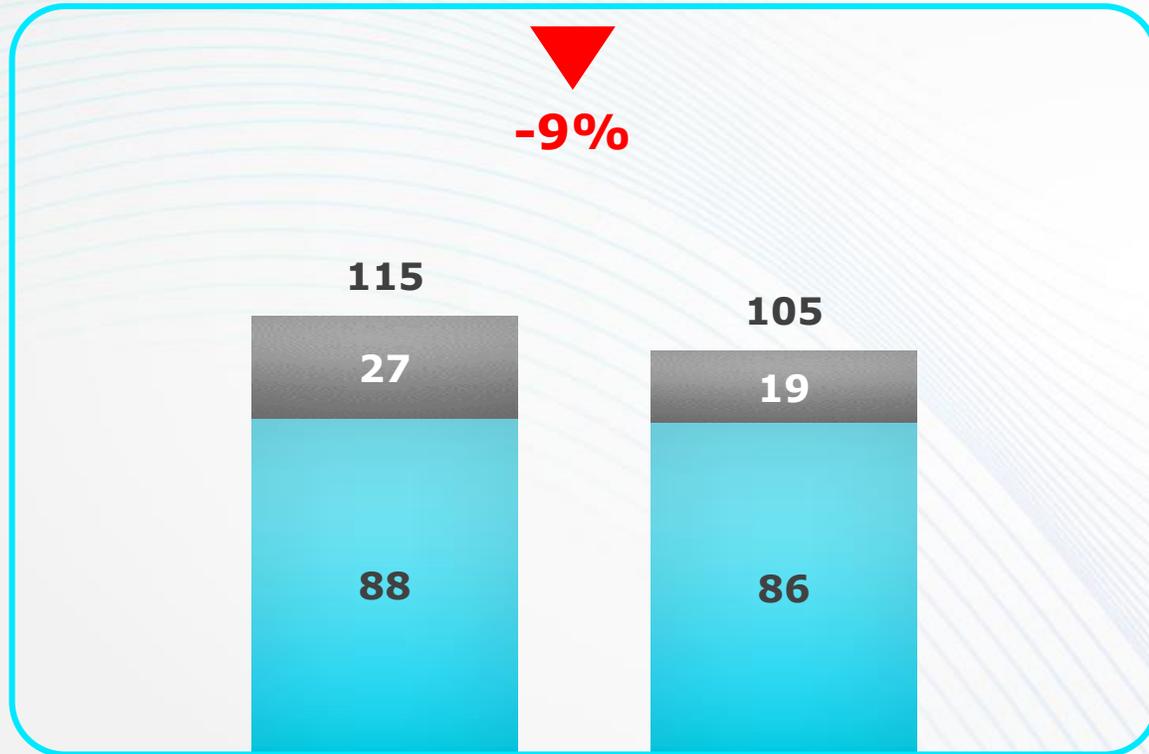
**China: aluminum deficit and temporary supply restrictions**

**Increasing China exports and abundance of scrap volume**

**Diminished raw material costs support**

(KTON)

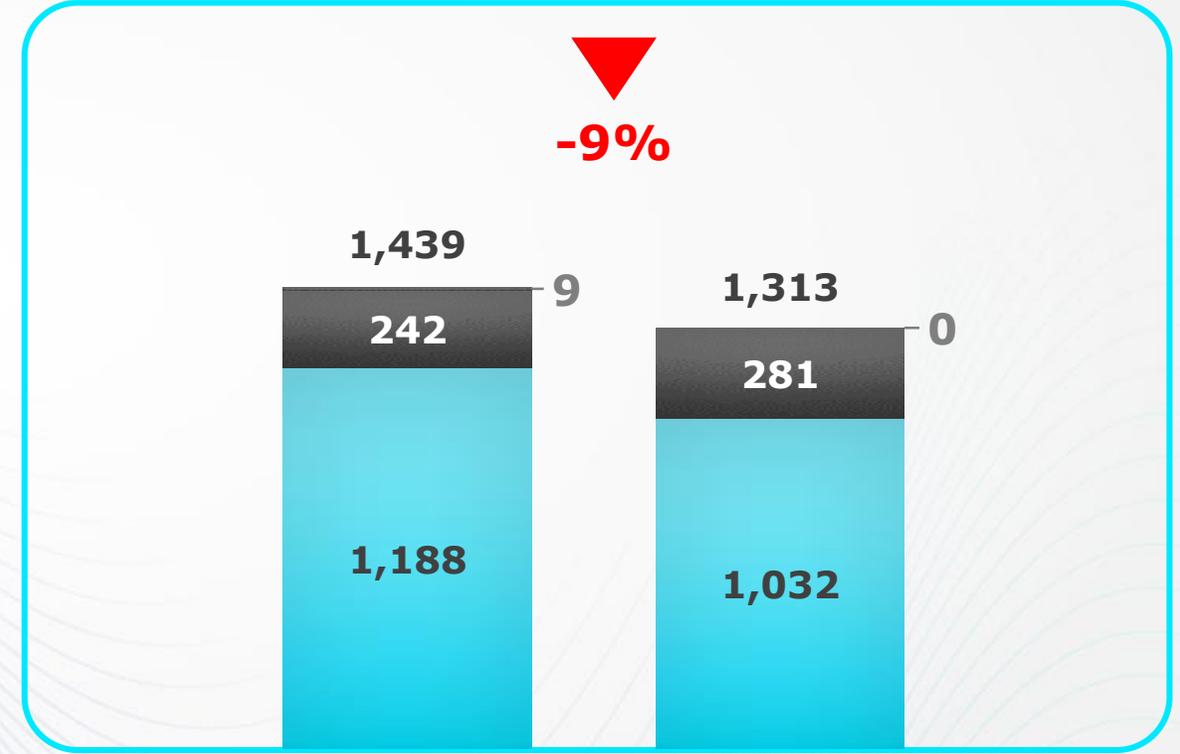
## ALUMINUM SALES VOLUME



Upstream Downstream

(R\$ MILLION)

## NET REVENUES

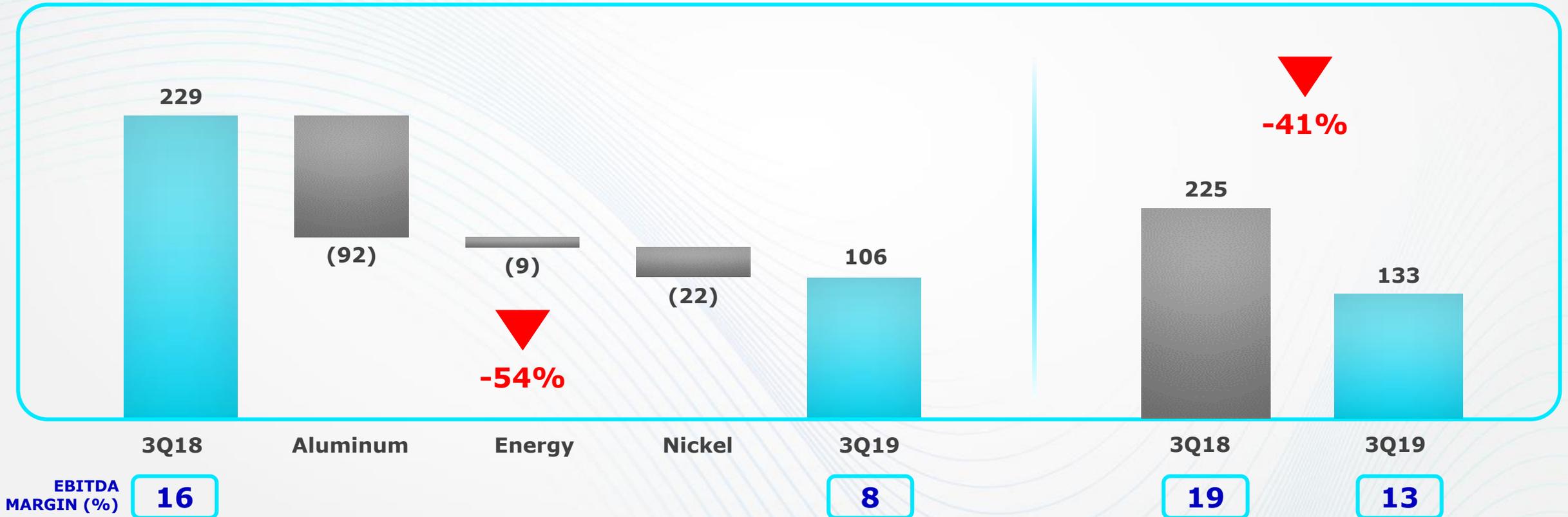


Aluminum Energy Nickel

(R\$ MILLION)

## ADJUSTED EBITDA - CBA CONSOLIDATED

## ADJUSTED EBITDA - ALUMINUM

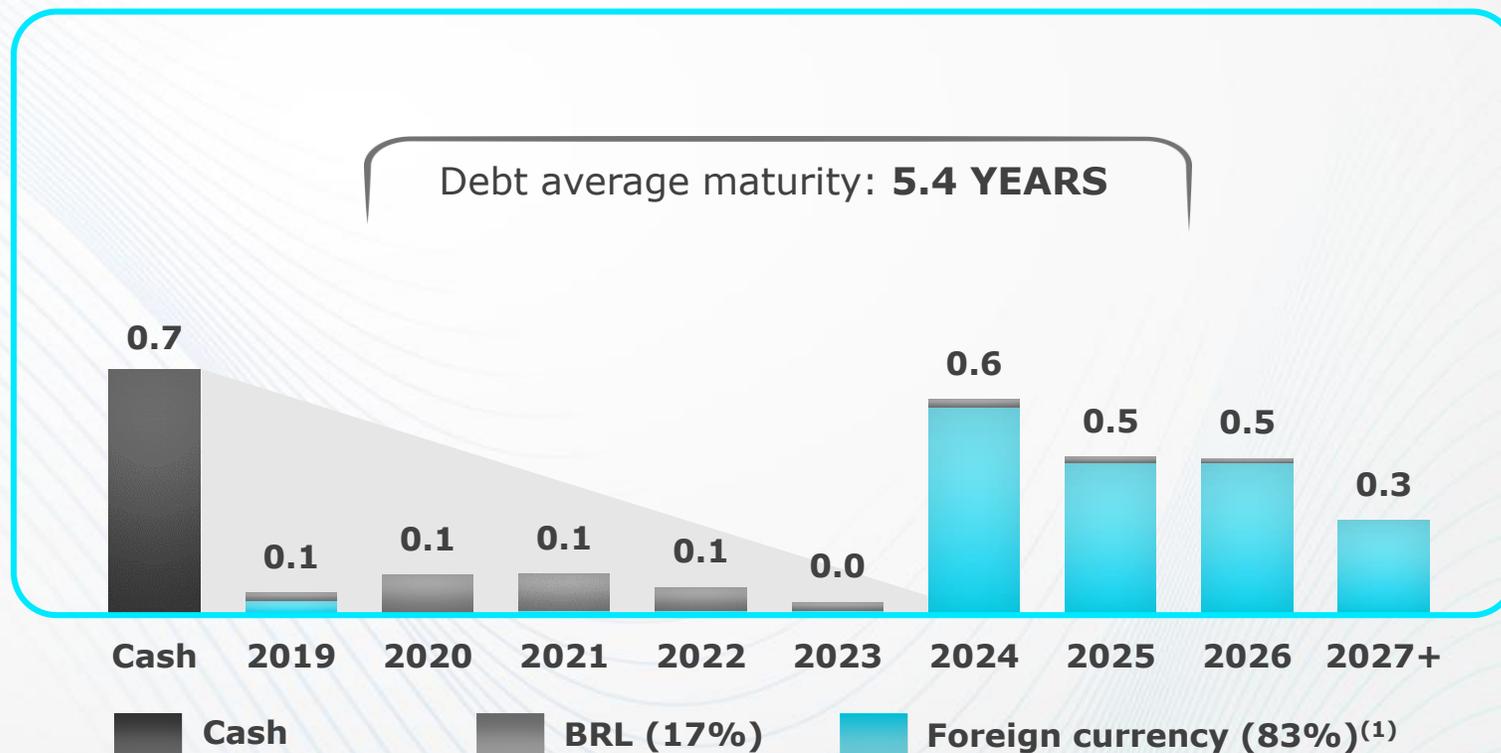
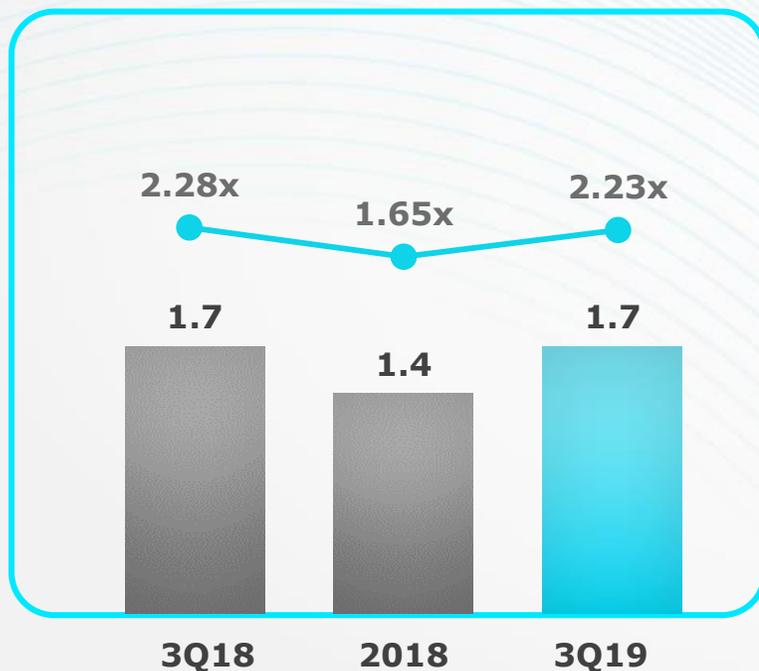


(R\$ BILLION)

## NET DEBT

## DEBT AMORTIZATION PROFILE

### NET DEBT/ADJ. EBITDA



(1) Considers the export financing facilities and part of BNDES financing denominated in BRL as foreign currency, since they were swapped to USD



# Raul Cadena

CFO Votorantim Energia

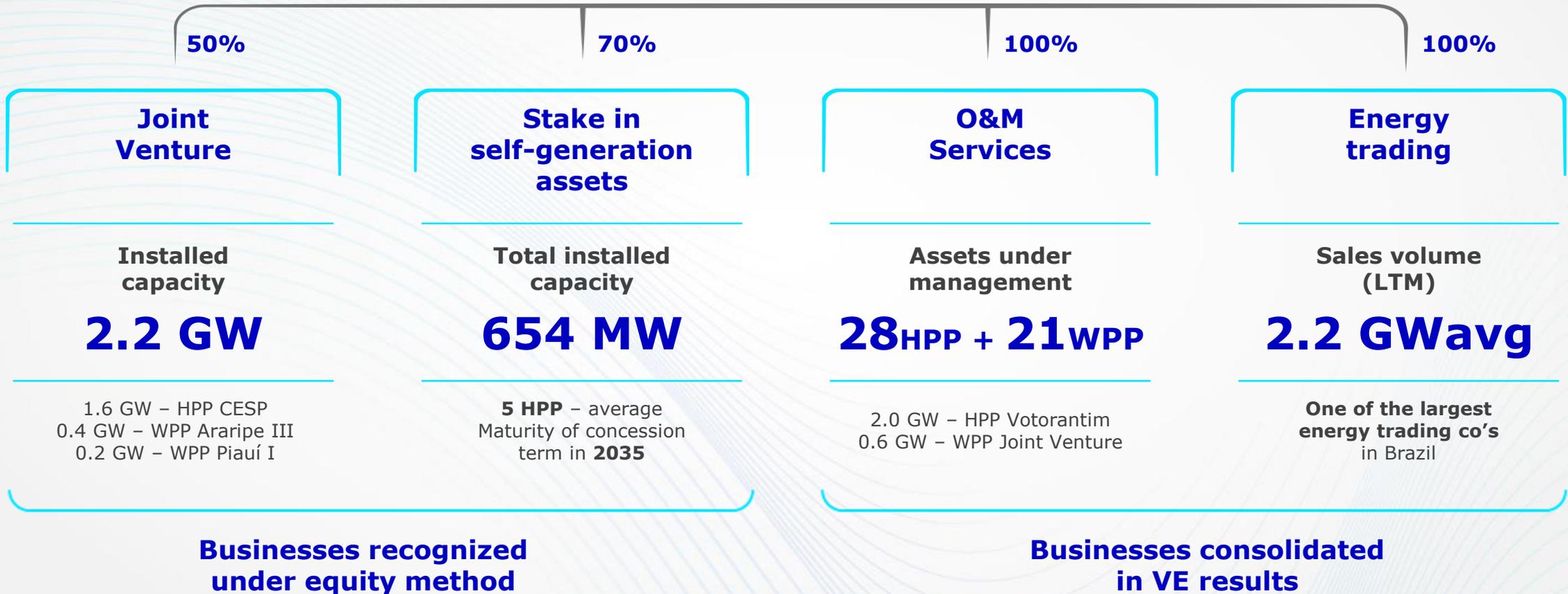


**Continuous CESP valorization, with 95% appreciation in share price**

**Liability management for Araripe III focused on cost reduction**

**JV's leverage reduction due to better results from CESP**

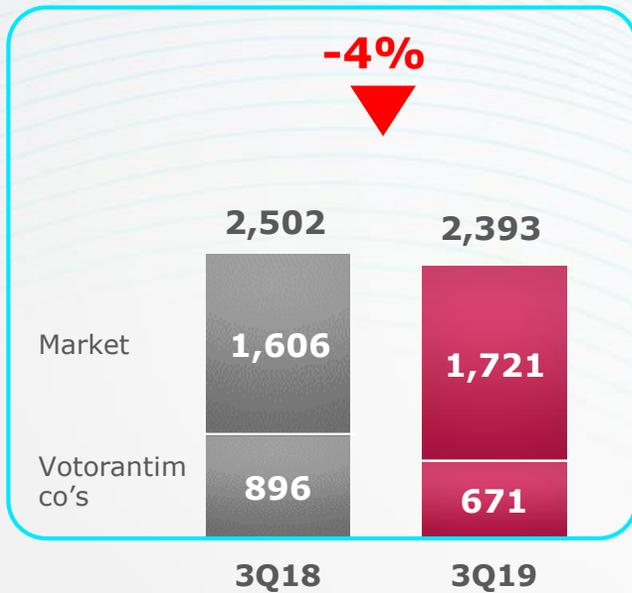




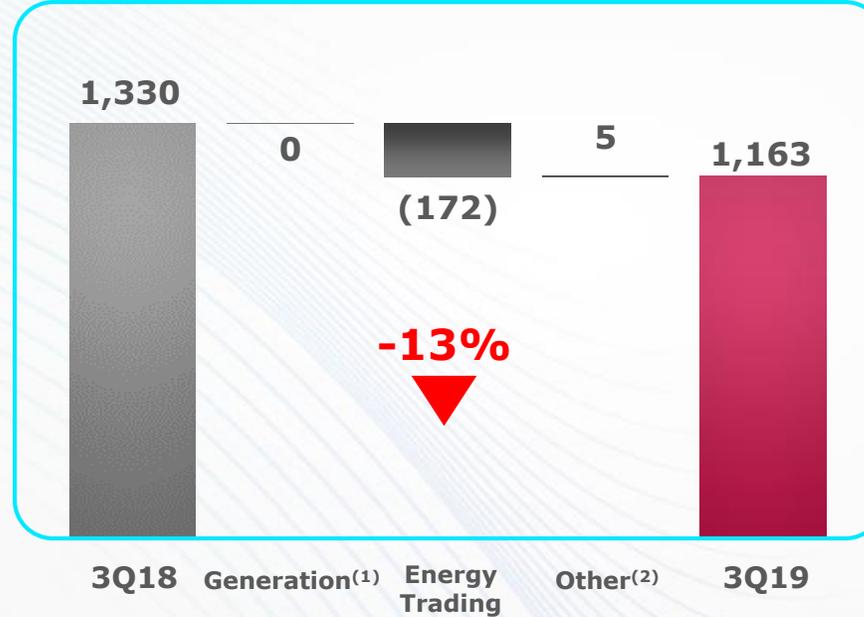
(R\$ MILLION)

## VOLUME (MWavg)

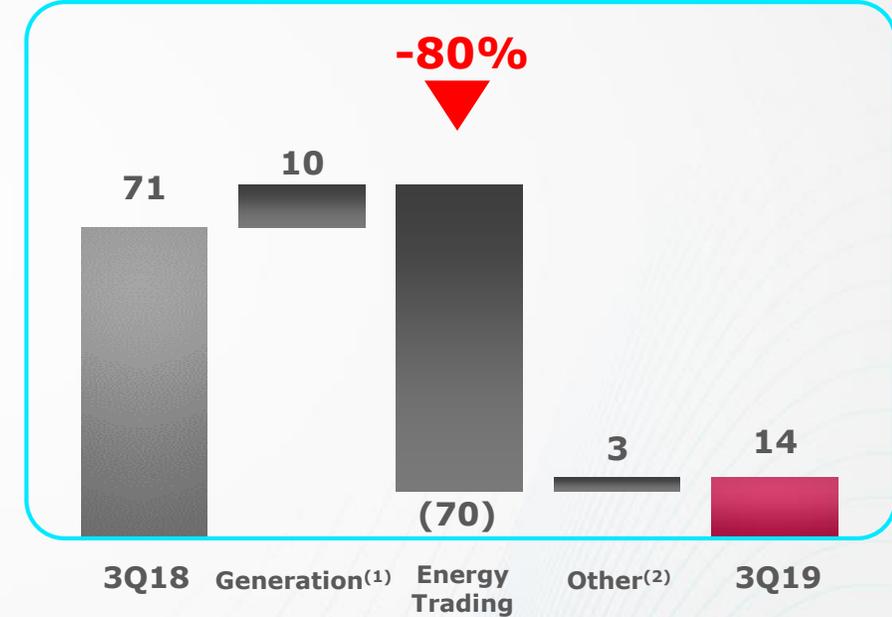
### ENERGY TRADING



## NET REVENUES



## ADJUSTED EBITDA



**34**

**Adjusted EBITDA ex-MtM**

**(10)**

**Generation – dividends** received from stake in **self-generation HPPs**

**Energy trading – lower sales volume** and **non-cash effect of mark-to-market** negatively impacted results

(1) JV VE-CPPIB and stake in self-generation assets are recognized by the equity method  
 (2) Includes eliminations, holding and services results

# JV VE-CPPIB Operational Performance

## Ventos do Piauí I



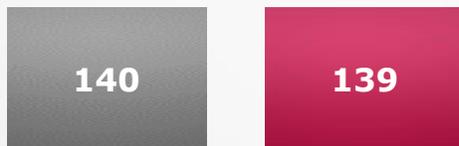
Technical availability

98.6%      97.2%



Generation (MWavg)

-0%



3Q18

3Q19

68

68

CAPACITY  
FACTOR %

## Ventos do Araripe III



Technical availability

98.0%      98.6%



Generation (MWavg)

-1%



3Q18

3Q19

68

67

CAPACITY  
FACTOR %

## CESP



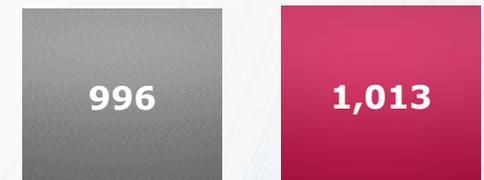
Availability index<sup>(2)</sup>

93.7%      94.0%



Generation (MWavg)

+2%



3Q18<sup>(1)</sup>

3Q19

60

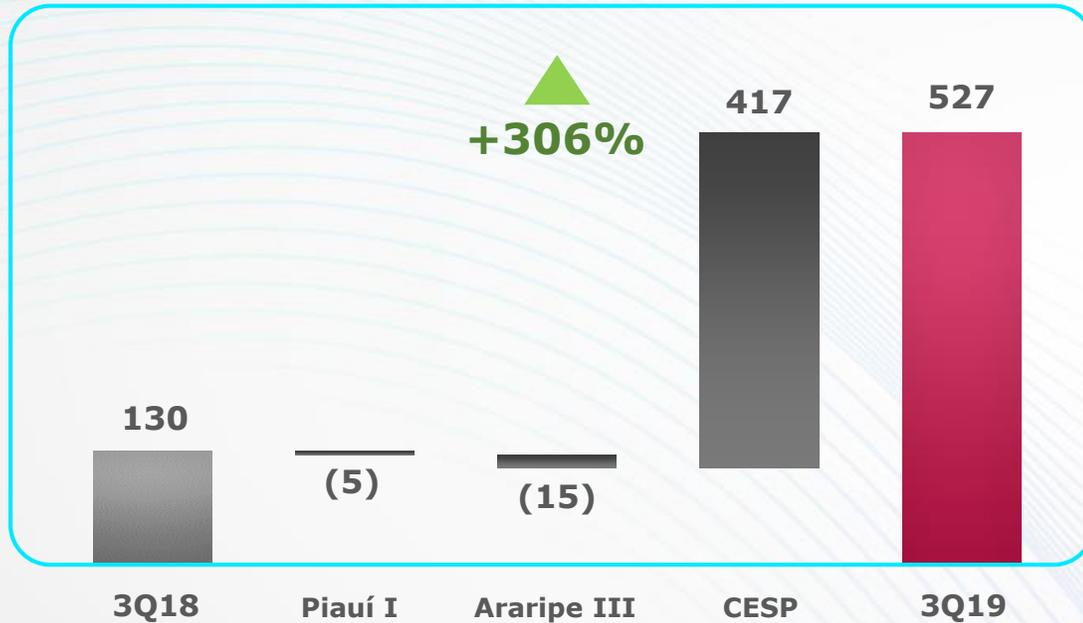
61

CAPACITY  
FACTOR %

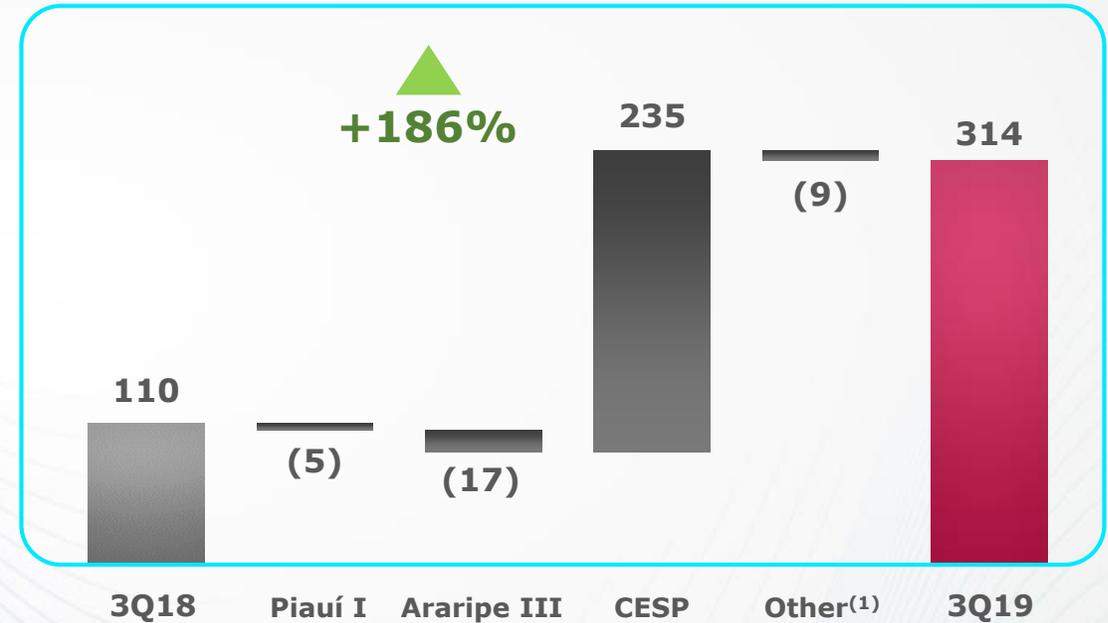
# JV VE-CPPIB Operational Results

(R\$ MILLION)

## NET REVENUES



## ADJUSTED EBITDA



EBITDA  
MARGIN (%)

85

60

**WPP – higher prices in 2018** due to reduction the volume contracted in the regulated market

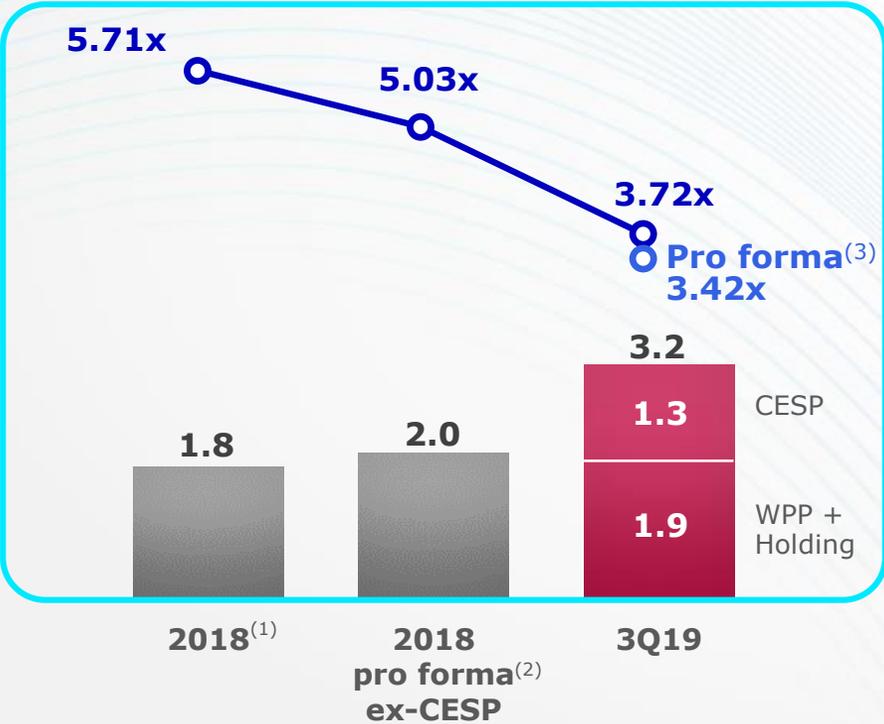
**CESP – consolidation of results** in 2019 (after the acquisition at the end of 2018)

# JV VE-CPPIB Liquidity and Indebtedness

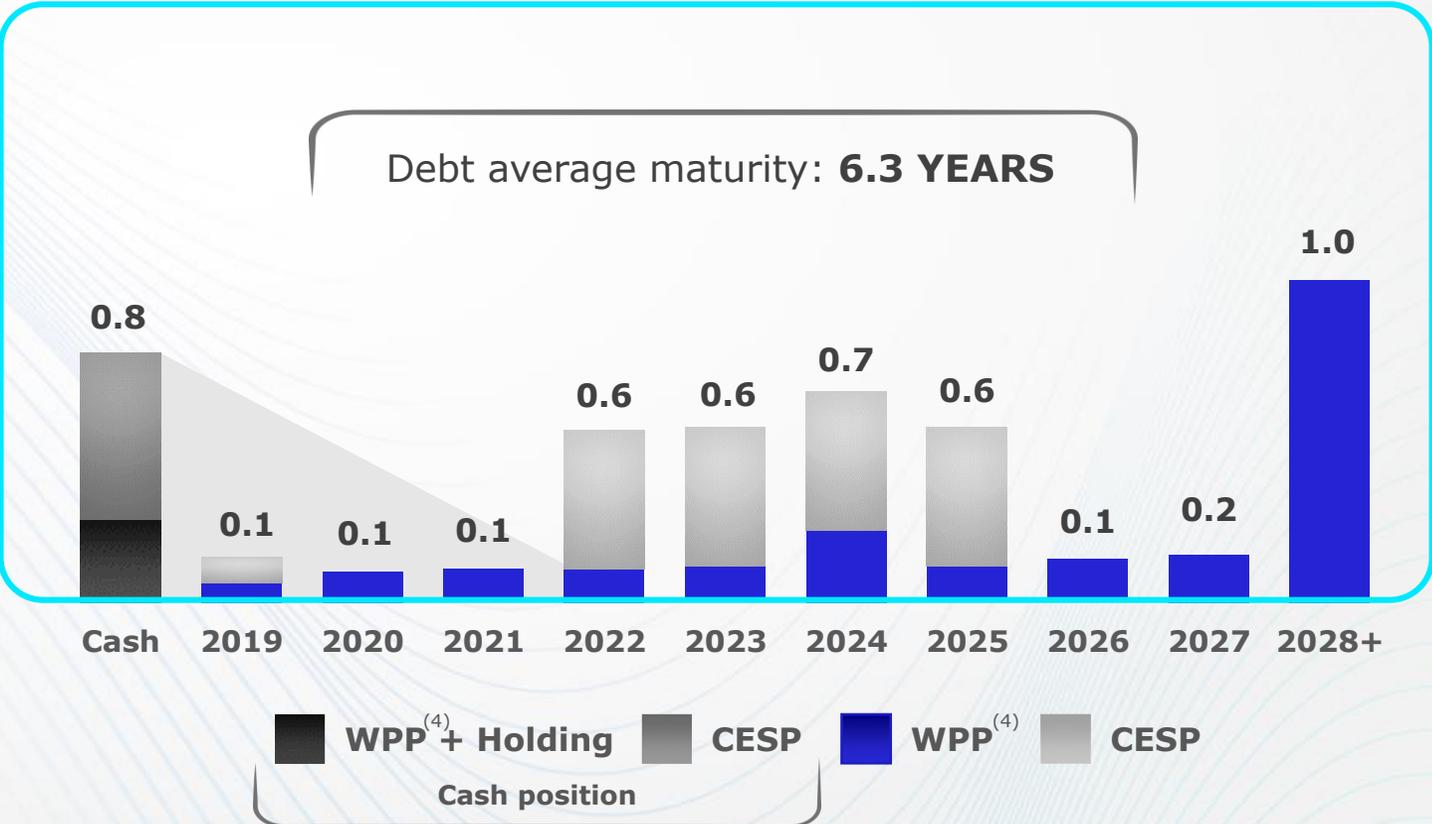
(R\$ BILLION)

## NET DEBT

NET DEBT/ADJ. EBITDA



## DEBT AMORTIZATION PROFILE



(1) Considers accounting result of JV (12 months of Piauí I and 7 months of Araripe III)  
 (2) Considers full results of Piauí I and Araripe III in the year  
 (3) Considers last 12 months results of Piauí I, Araripe III and CESP  
 (4) Wind power plant

# Sergio Malacrida

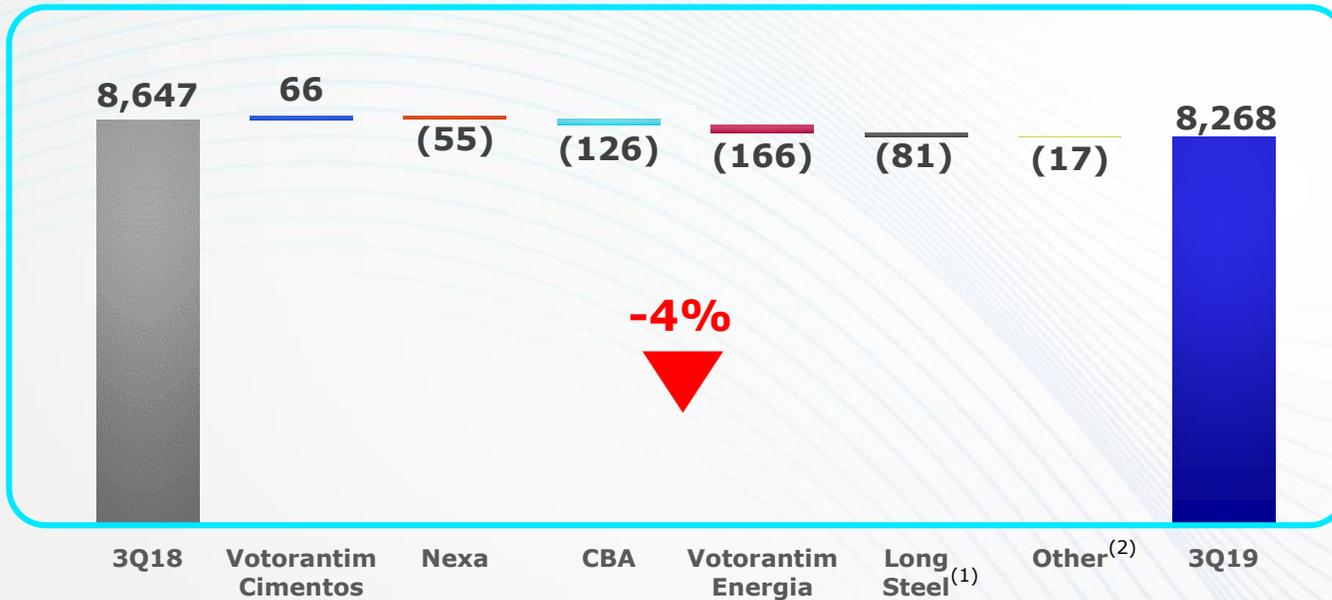
CFO Votorantim S.A.



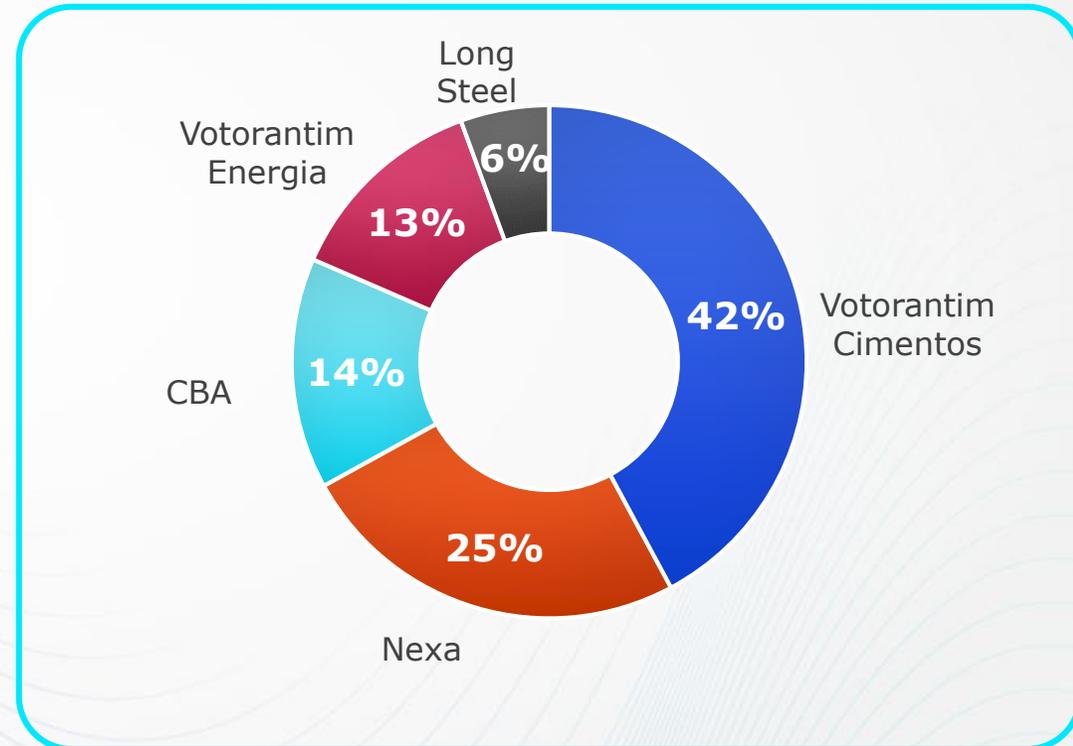
# Consolidated Net Revenues

(R\$ MILLION)

## EVOLUTION BY BUSINESS



## BREAKDOWN BY BUSINESS

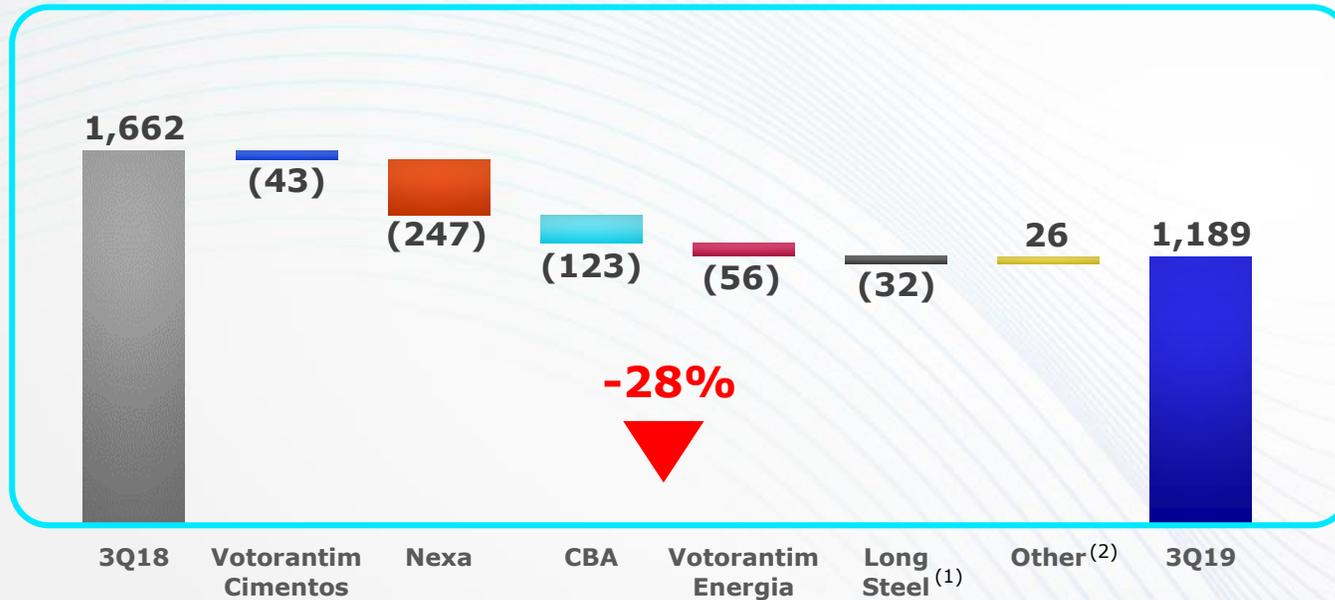


(1) Includes Argentina and Colombia  
 (2) Holding, eliminations and other

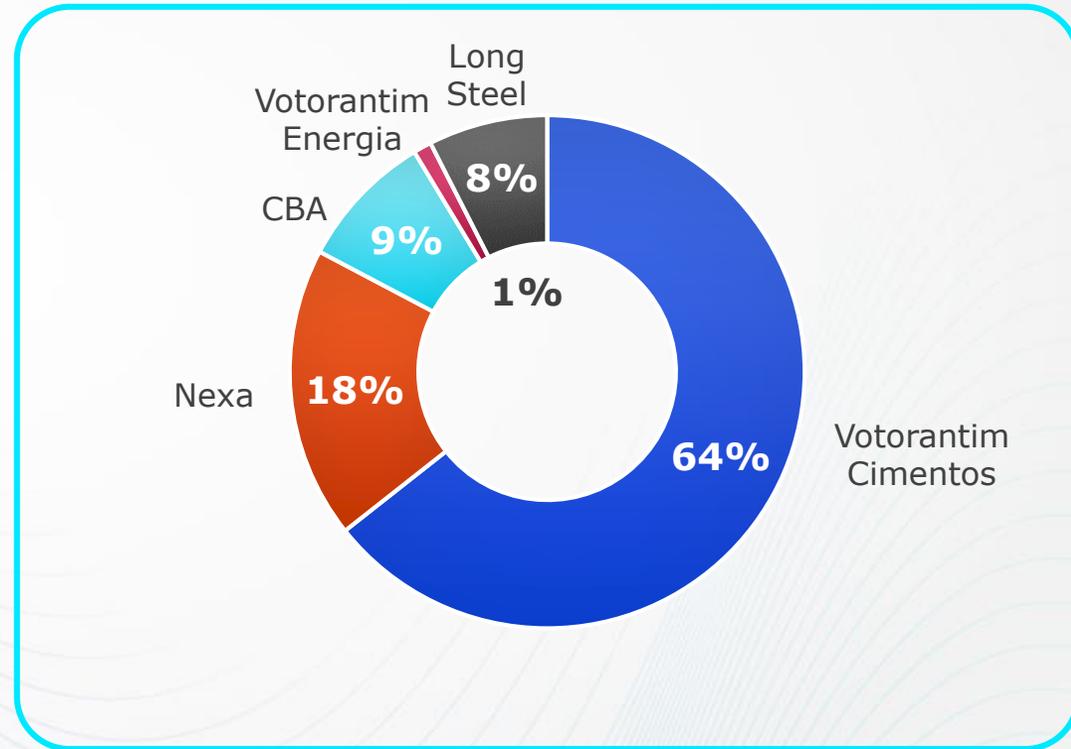
# Consolidated Adjusted EBITDA

(R\$ MILLION)

## EVOLUTION BY BUSINESS



## BREAKDOWN BY BUSINESS



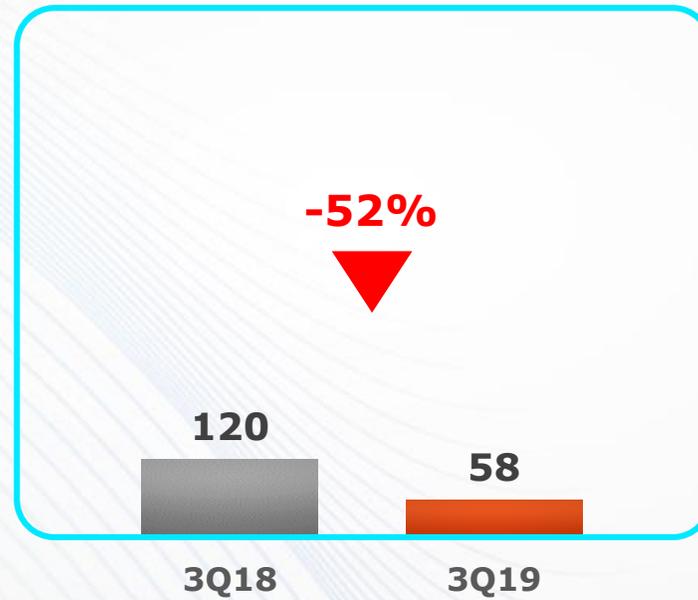
(1) Includes Argentina and Colombia  
 (2) Holding, eliminations and other

(US\$ MILLION)

## NET REVENUES



## ADJUSTED EBITDA



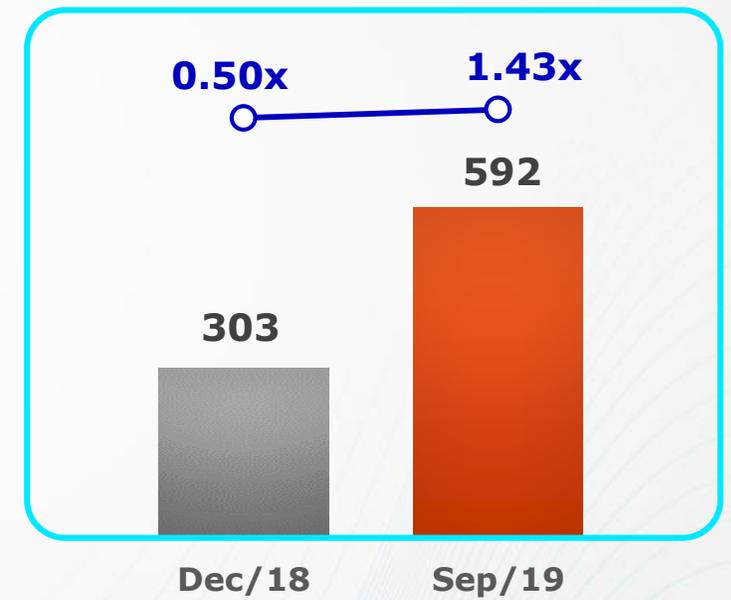
EBITDA  
MARGIN (%)

20

10

## NET DEBT

NET DEBT/ADJ. EBITDA



# Long Steel Results

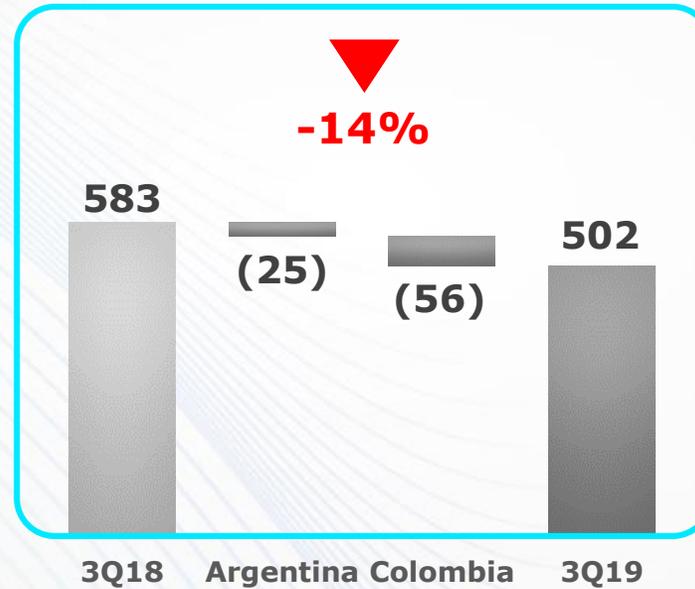
## VOLUME

(KTON)



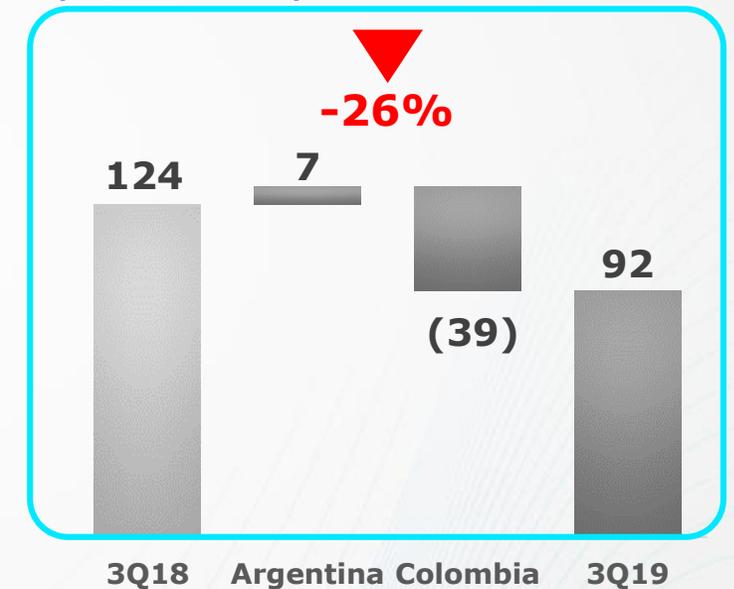
## NET REVENUES

(R\$ MILLION)



## ADJUSTED EBITDA

(R\$ MILLION)



EBITDA  
MARGIN (%)

21

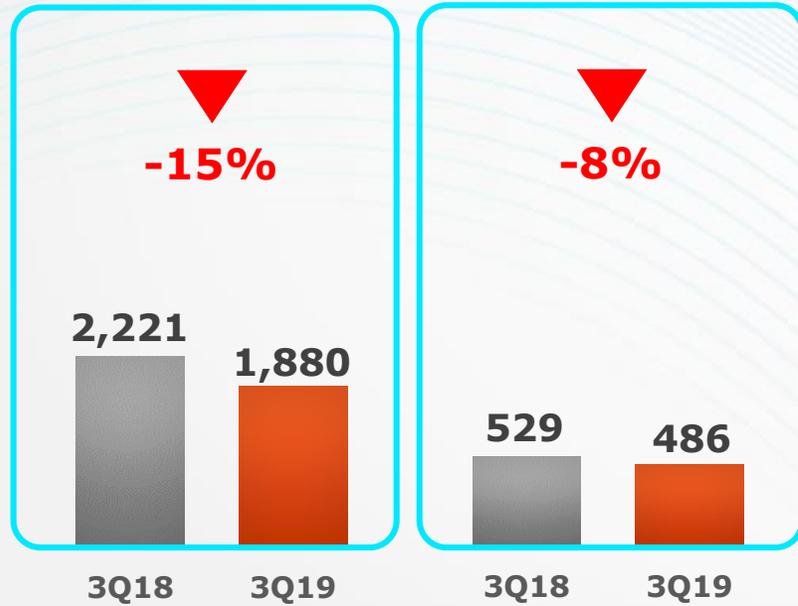
18

(US\$/TON)

PRICES

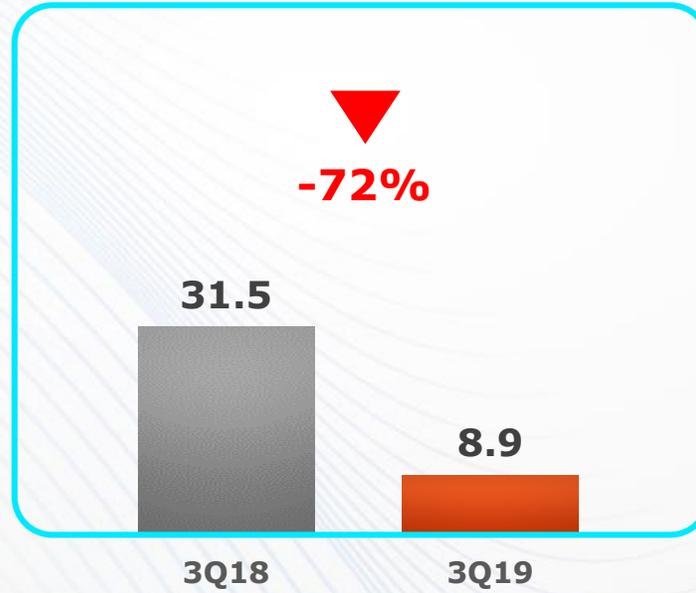
FCOJ

NFC



(US\$ MILLION)

EBITDA



EBITDA MARGIN (%)

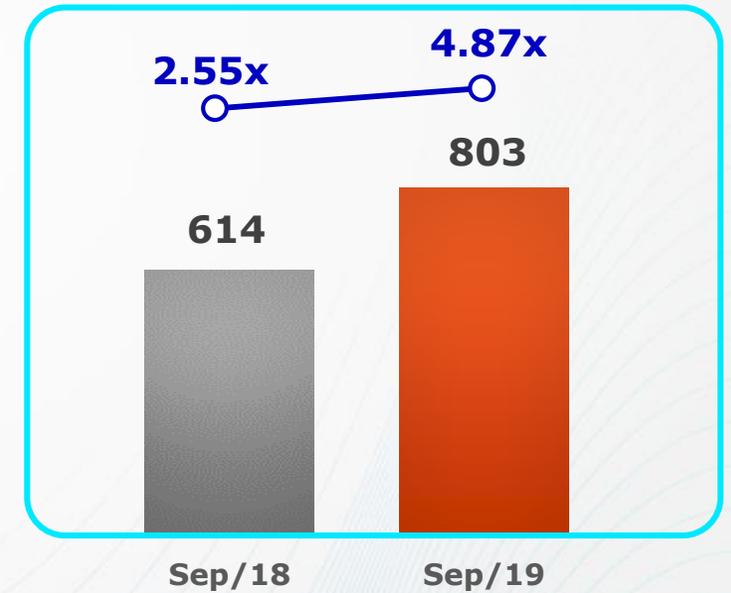
12

5

(US\$ MILLION)

NET DEBT

NET DEBT / EBITDA



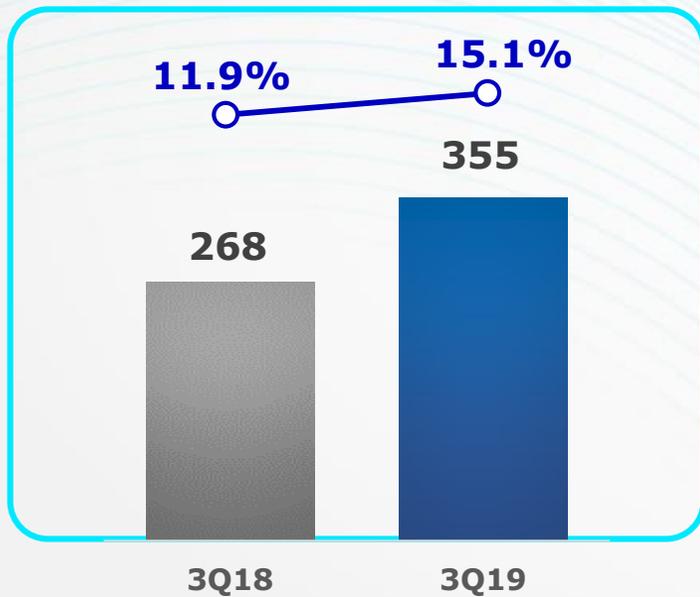
(1) Recognized by the equity method

# Banco Votorantim Results<sup>(2)</sup>

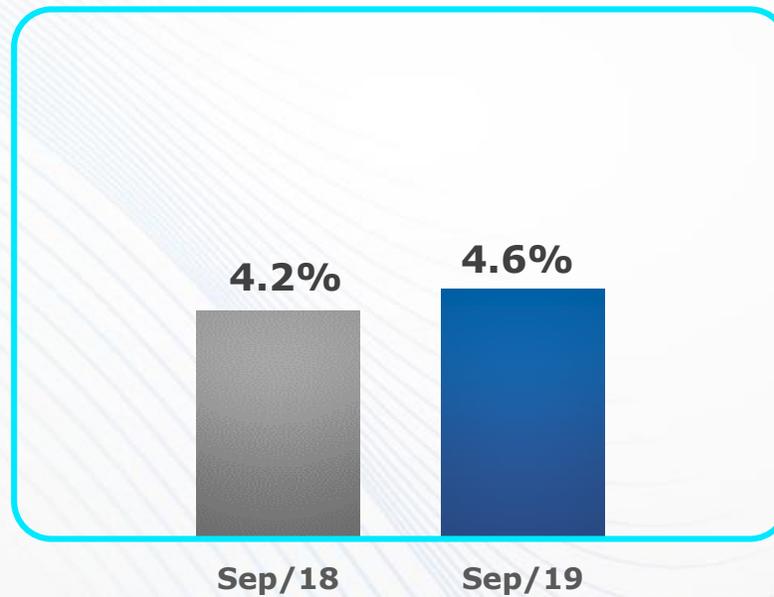
(R\$ MILLION)

## NET INCOME

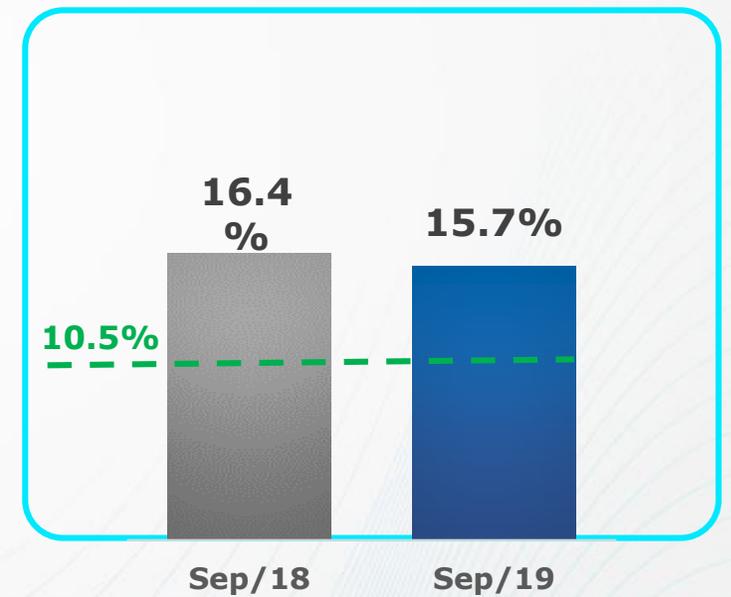
RoE (%)



## CONSOLIDATED DELIQUENCY



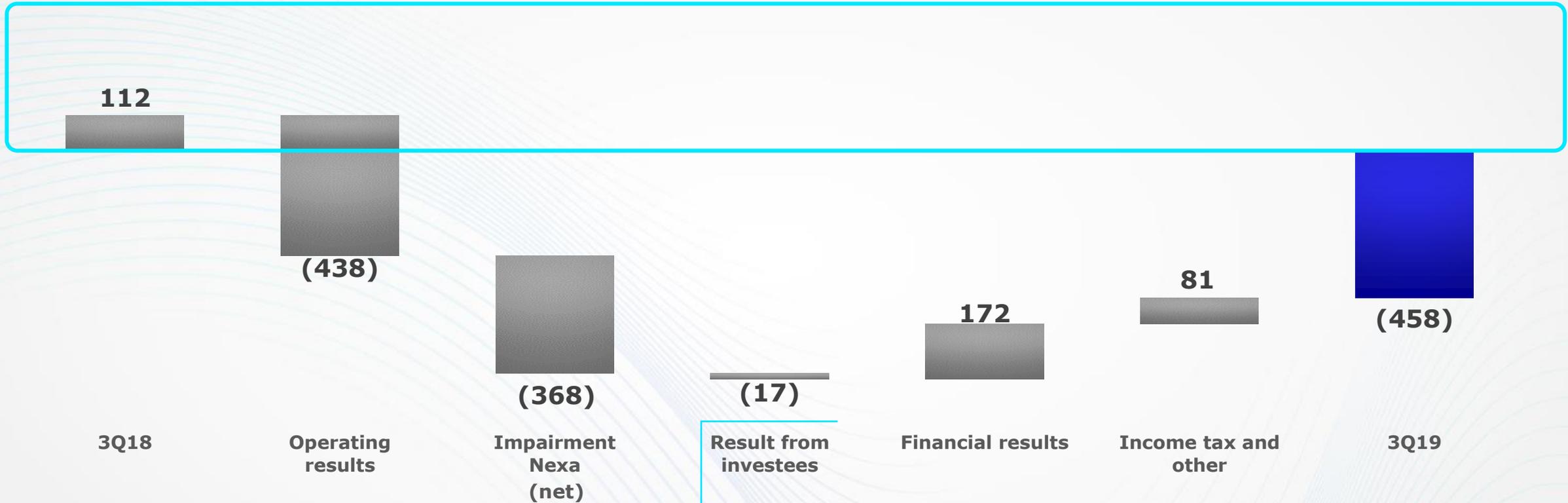
## BASEL RATIO (%)



(1) Recognized by the equity method

# Consolidated Net Income

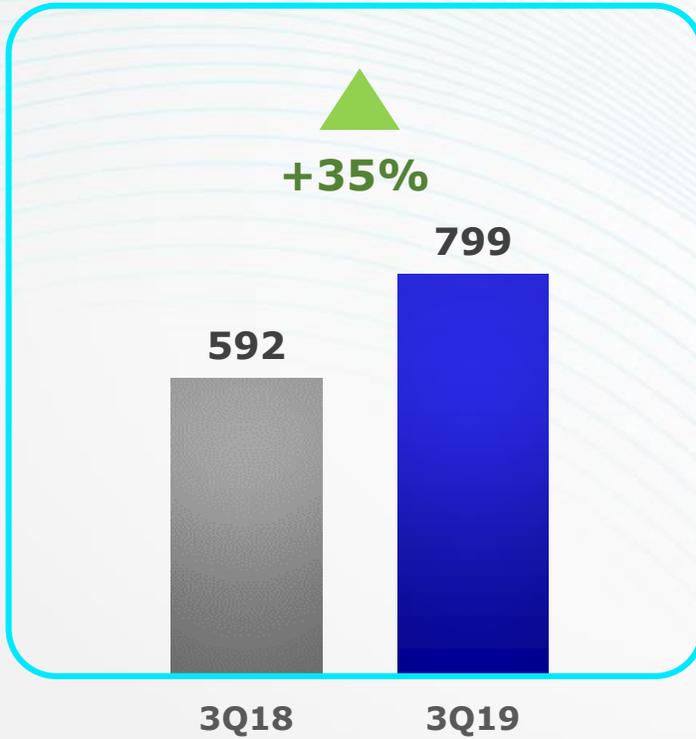
(R\$ MILLION)



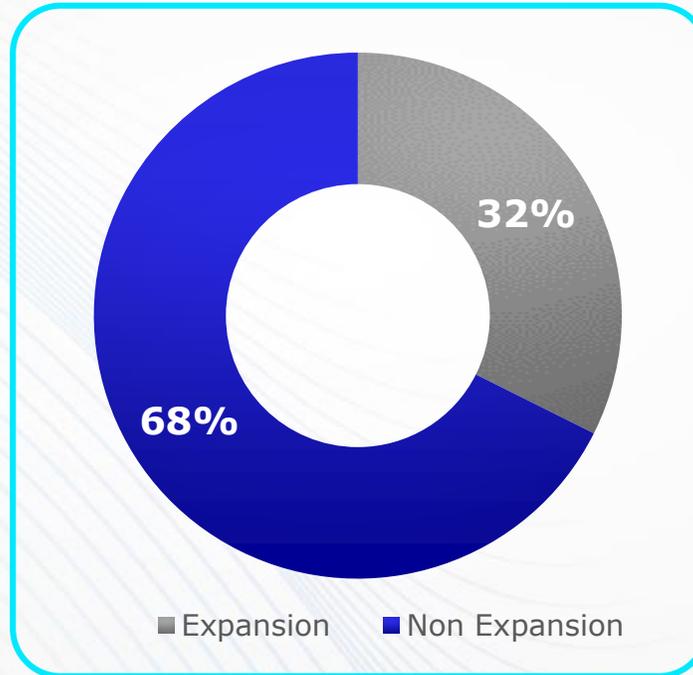
citrosuco		BancoVotorantim	
3Q18	3Q19	3Q18	3Q19
(142)	(214)	161	204

(R\$ MILLION)

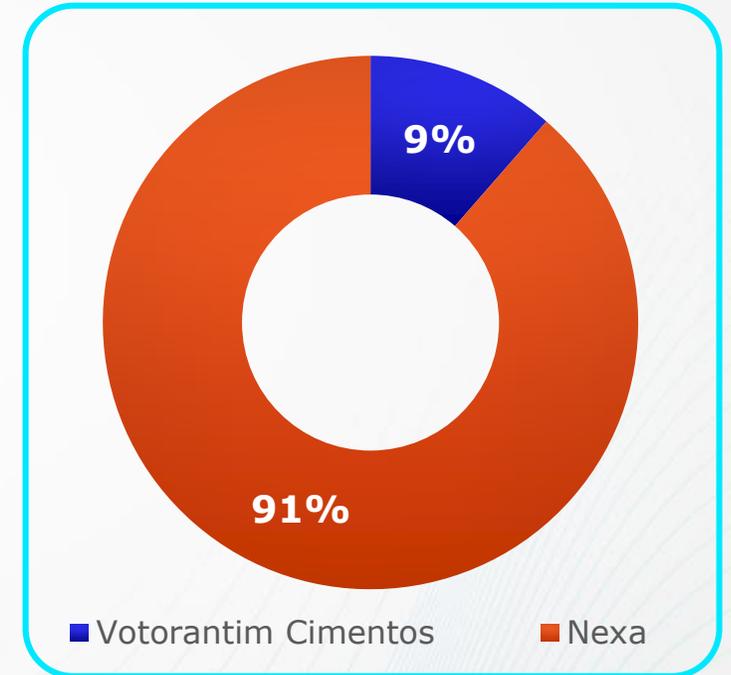
## CAPEX



## BREAKDOWN



## EXPANSION CAPEX



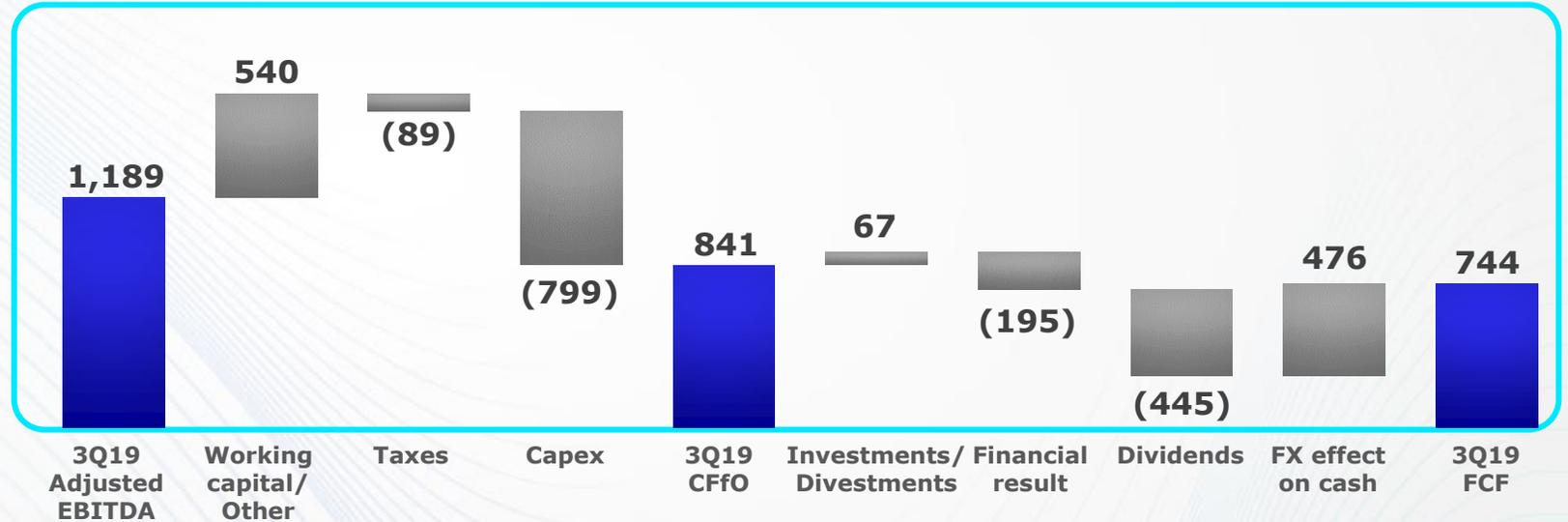
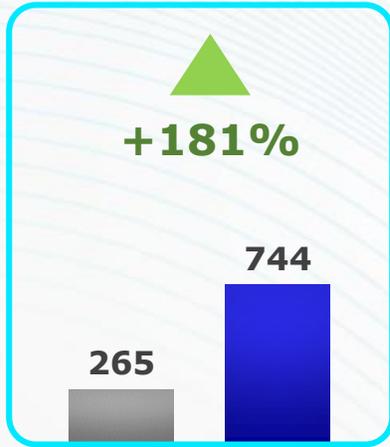
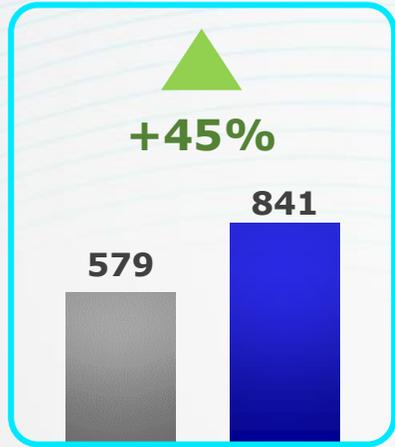
(R\$ MILLION)

OPERATIONAL | FREE

FREE CASH FLOW GENERATION

CFfo<sup>(1)</sup>

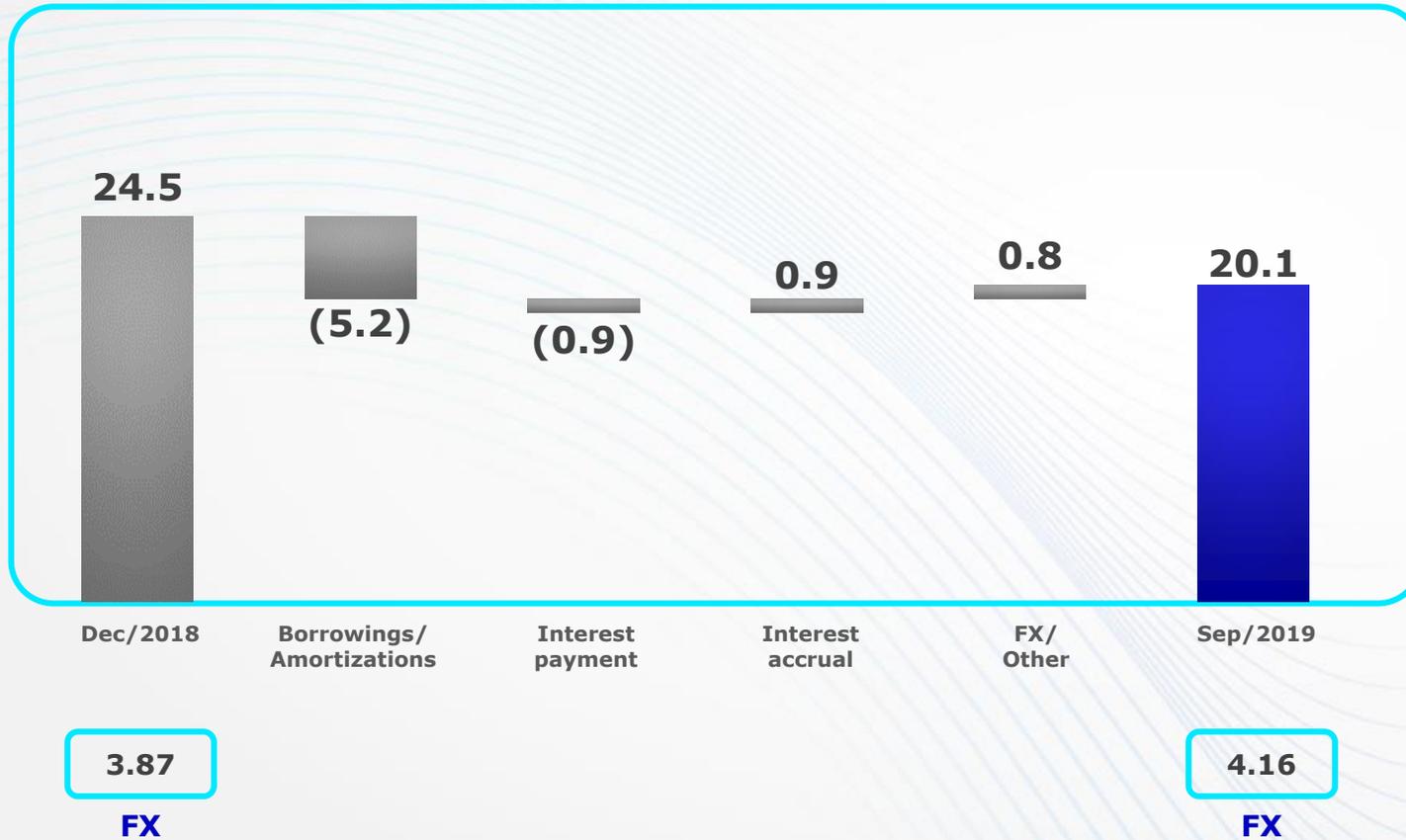
FCF



(1) Cash Flow from Operations

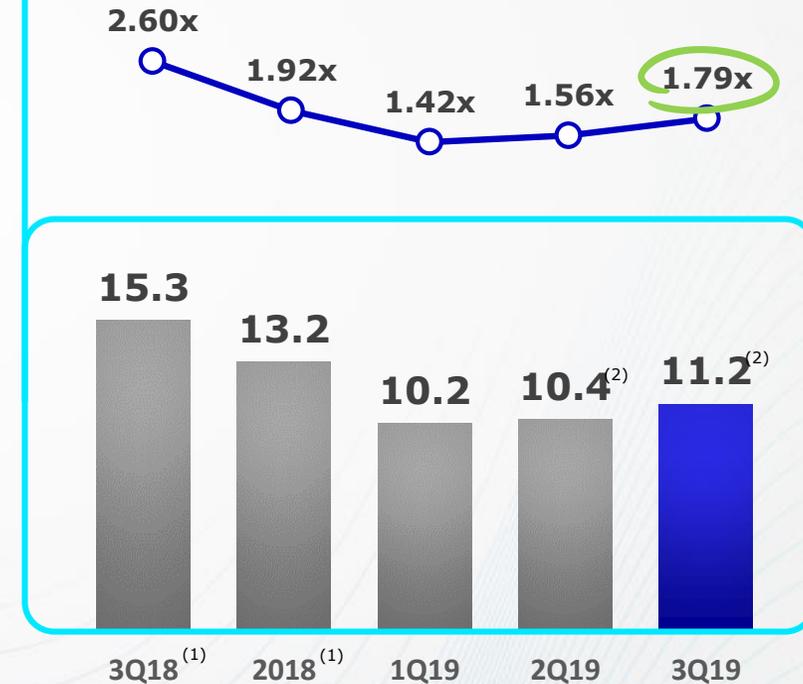
(R\$ BILLION)

## GROSS DEBT



## NET DEBT

### NET DEBT/ ADJUSTED EBITDA



(1) Restated value  
 (2) Gross debt + lease liabilities (IFRS16) - cash, cash equivalents and investments - fair value of derivative instruments

# João Miranda

CEO Votorantim S.A.



**Uncertainties and challenges** persist in the global scenario

**Improving growth** expectations in Brazil

At the investees, continuous investments focusing on **competitiveness and innovation**

At the holding, constant evaluation of **investment opportunities**

**Prudence in conducting** business and capital allocation