

Institutional Presentation

1Q20

AGENDA

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Usiminas

2

Pillars of Usiminas' Management

People

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Governance and Highlights

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Appendix

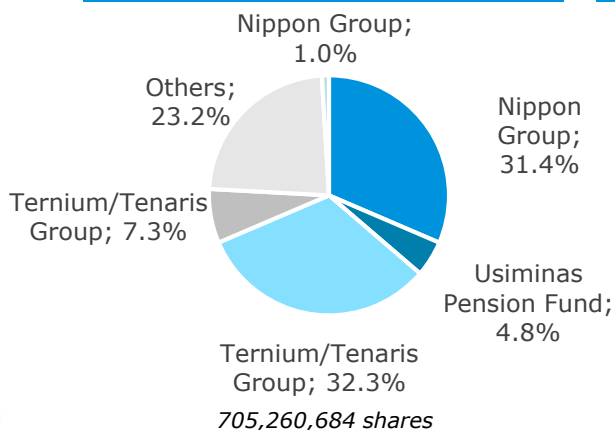
Usiminas at a Glance

Company Overview

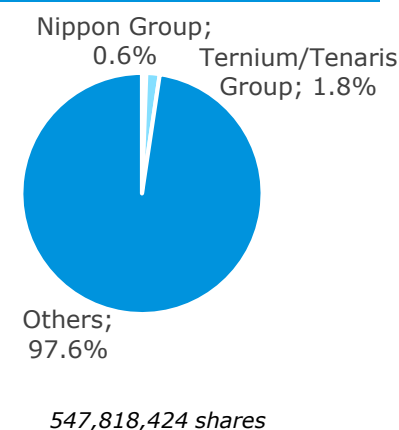
- ✓ Usiminas is one of the largest flat steel producers in Brazil, with operations in several segments of the value chain, such as mining and logistics, capital goods, service and distribution centers and customized solutions
- ✓ Two steel plants strategically located along Brazil's main industrial axis, 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

Shareholder Structure (% of total capital, except otherwise indicated)

Voting Capital

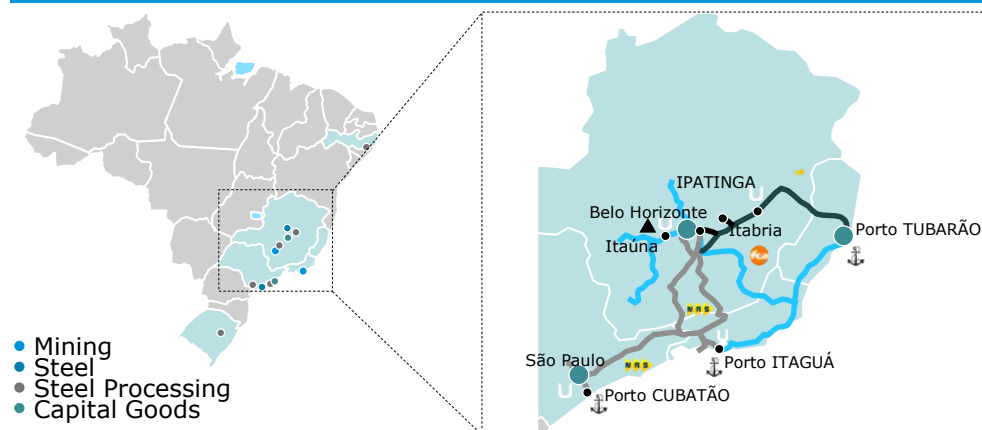


Preferred Shares



56% of ON and 44% of PN

Geographic Footprint



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

	2016	2017	2018	2019	LTM 1Q20
Net Revenues	8,454	10,734	13,737	14,950	15,225
<i>Growth YoY</i>	-17%	27%	28%	9%	2%
Adjusted EBITDA	660	2,186	2,693	1,973	2,054
<i>Margin</i>	8%	20%	20%	13%	4%
Net Income	(577)	315	829	377	(124)
<i>Margin</i>	(7%)	3%	6%	3%	-
Total Debt	6,942	6,656	5,854	5,111	5,931
Cash and Equivalents	2,257	2,314	1,693	1,921	2,373
Net Debt	4,684	4,342	4,161	3,189	3,557
<i>Net Debt / EBITDA</i>	7.1 x	2.0 x	1.6 x	1.6 x	1.8 x

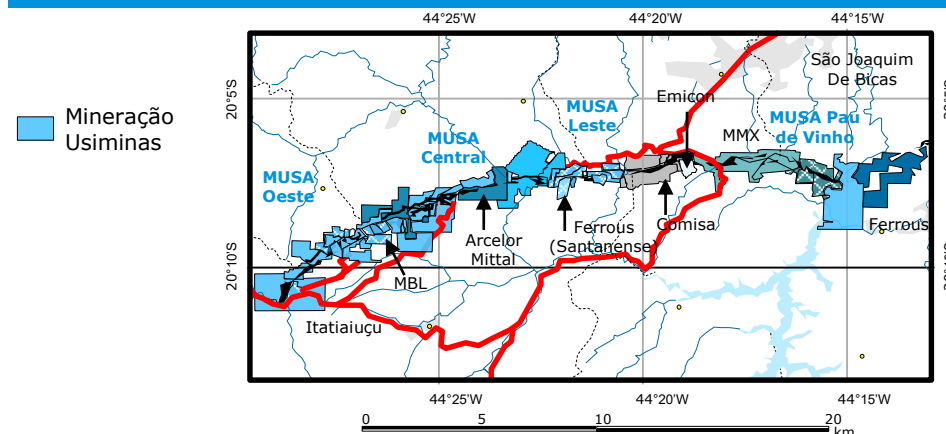
Complete Solutions on Products and Services



Overview

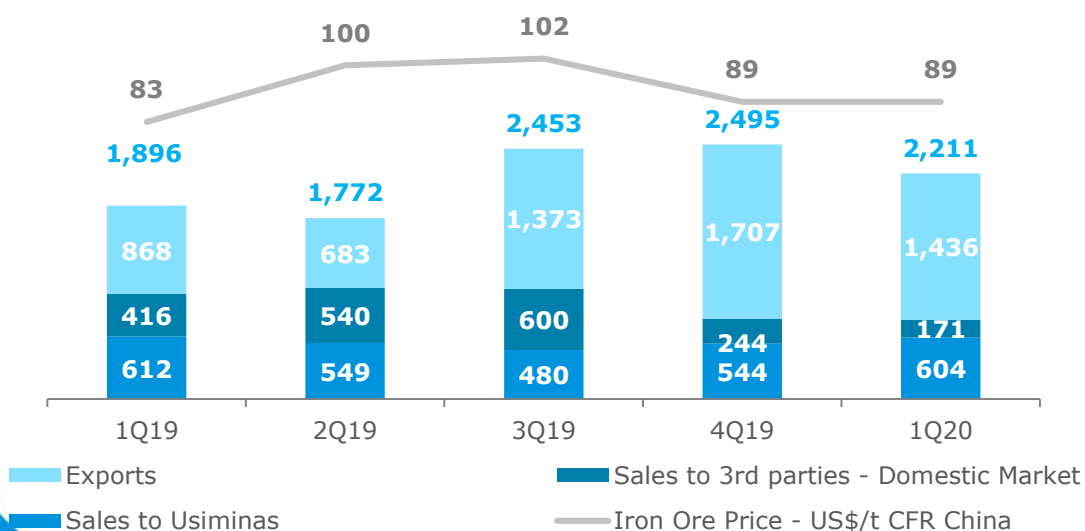
- JV formed in 2010 through a partnership with Sumitomo Corporation (30% economic stake) responsible for mining and railway operations
- Three mining sites in the Serra Azul region (MG), with resources of 2.4 billion tons of iron ore
- Asset base also includes pellet and sinter feed processing plants
- 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

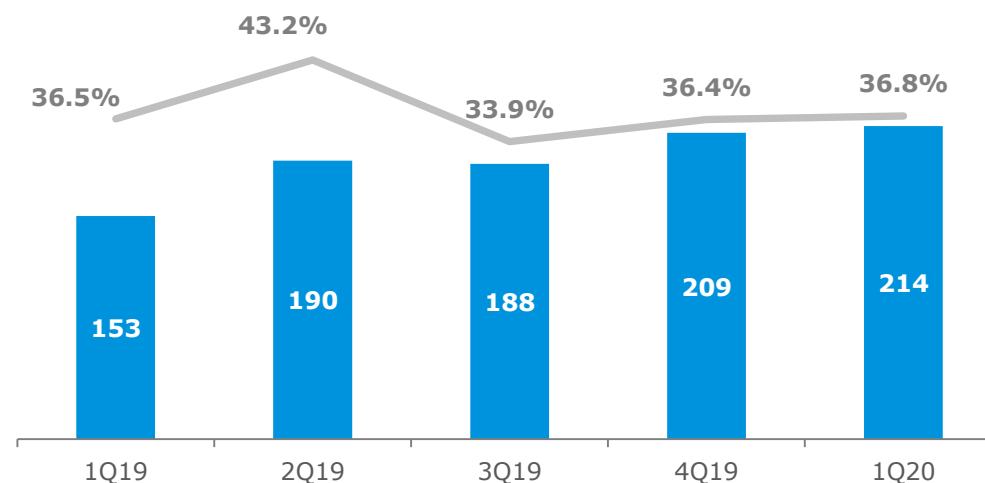


Iron Ore Sales and Price PLATTS (62% FE CFR China)

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



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



1. Mining and Logistics (Cont'd)

Key Projects

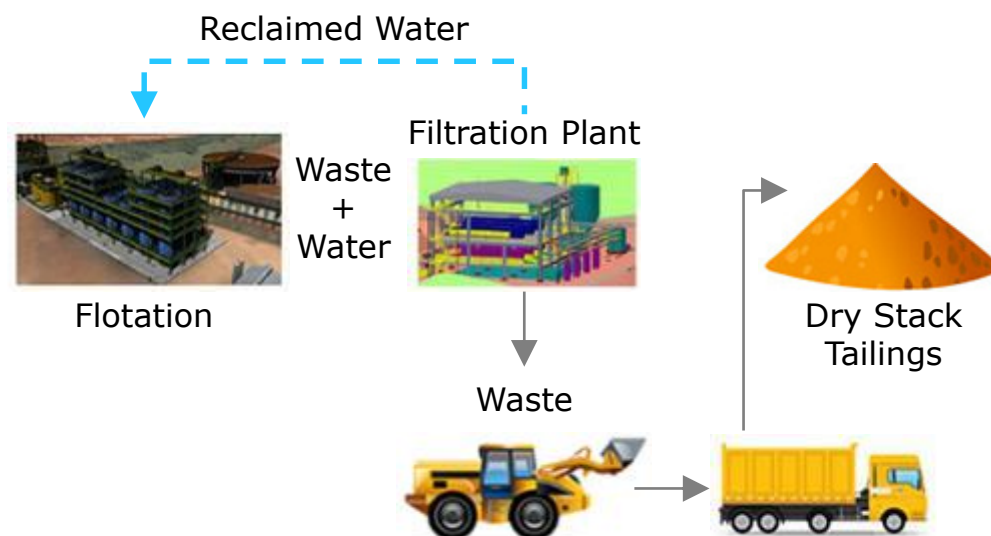
Friables

- ✓ 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)

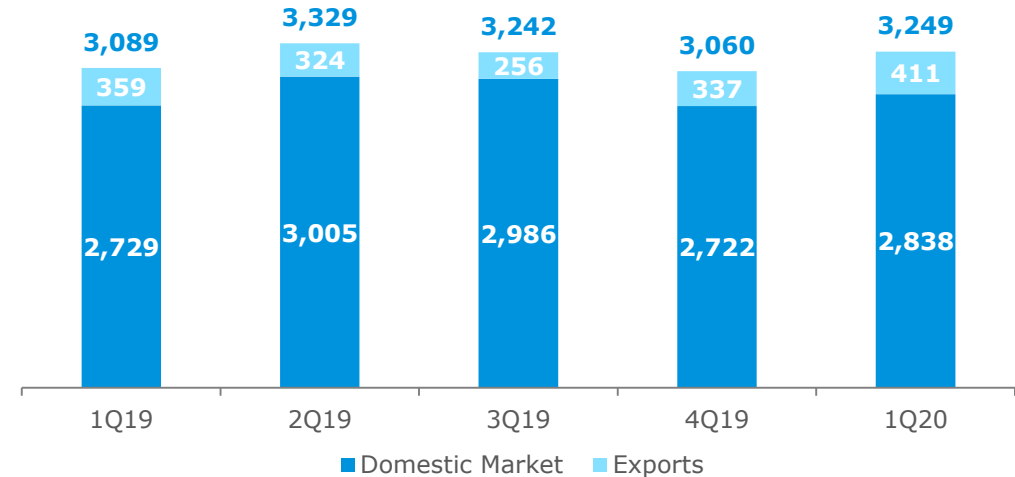
- ✓ MUSA is investing in the dry stacking technique. With an R\$140 million investment, the process will start operating in 2020, depending on environmental licensing



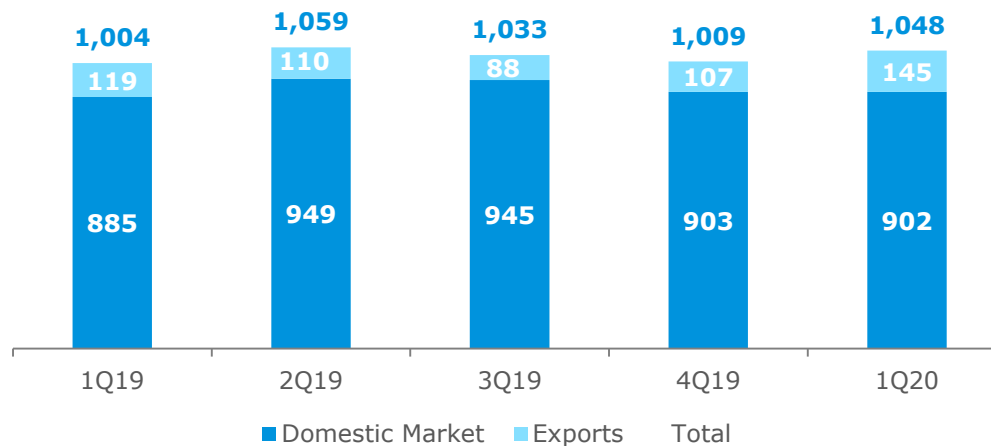
Overview

- 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

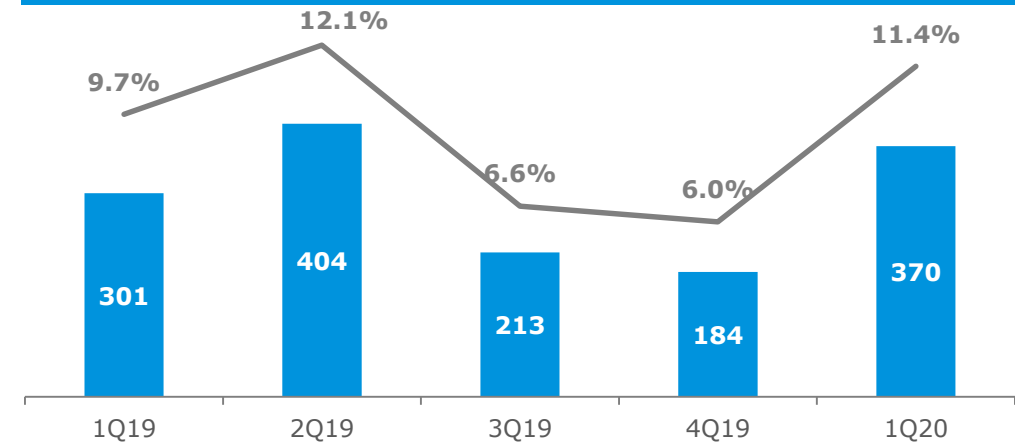
Net Revenue (R\$ mm)



Steel Sales Evolution (Thousand tons)



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



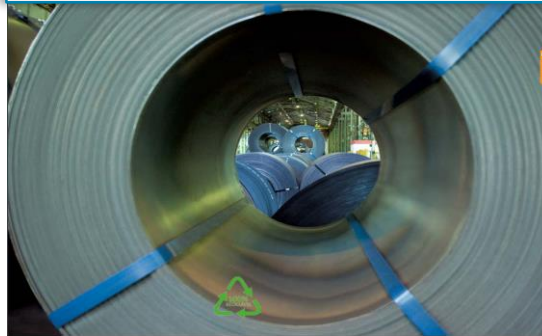
Steel (Cont'd)

Flat steel consumption markets

Heavy Plates



Hot Rolled



Cold Rolled



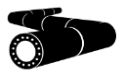
Galvanized



Civil Construction



Machinery and Equipment



Pipelines



Capital Goods



Wind Energy



Oil and Gas



Civil Construction



Machinery and Equipment



Pipelines



Auto Industry



Solar Energy



Oil and Gas



Civil Construction



White Line



Auto Industry



Civil Construction



White Line

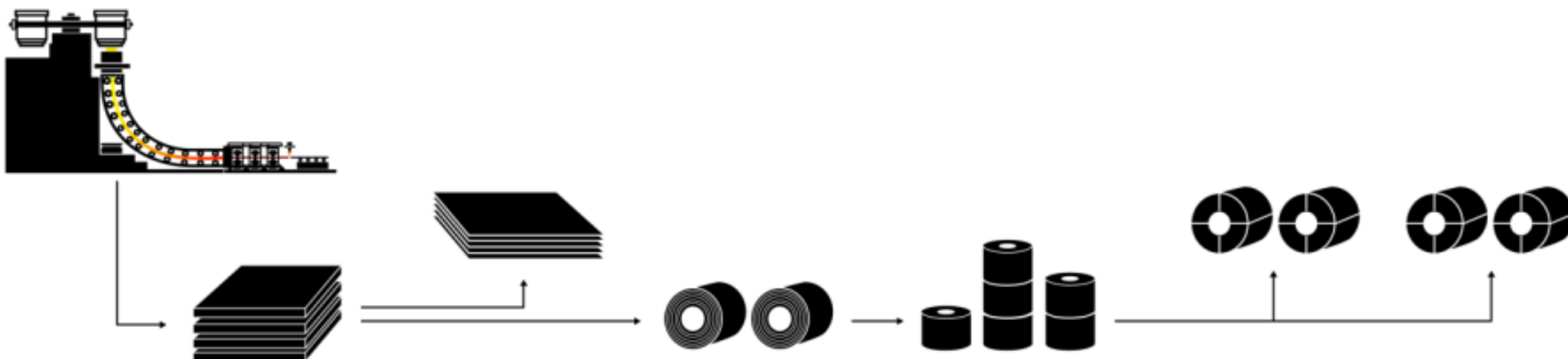


Auto Industry



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 ¹ 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 ²	900	1,100	1,090	350	900	4,340

¹ According to the theoretical mix of sales in the implementation of the line.

² 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

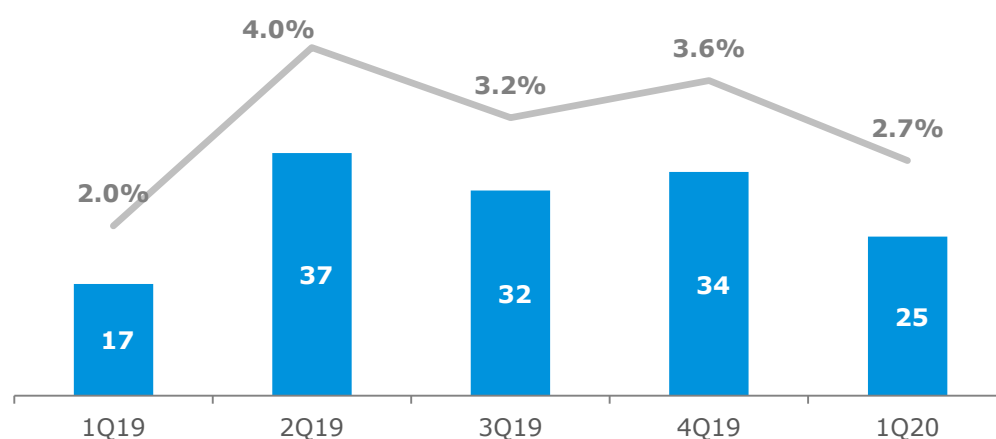
- More than **40 years of operation**
- **17 LABORATORIES**
- Improve processes and develop products
- **CONTRIBUTE TO THE LEADERSHIP OF USIMINAS IN THE GENERATION OF PATENTS IN BRAZIL**

**Steel mill with the largest number of patents in Latin America.
Annual R&D investment around R\$30million.**

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

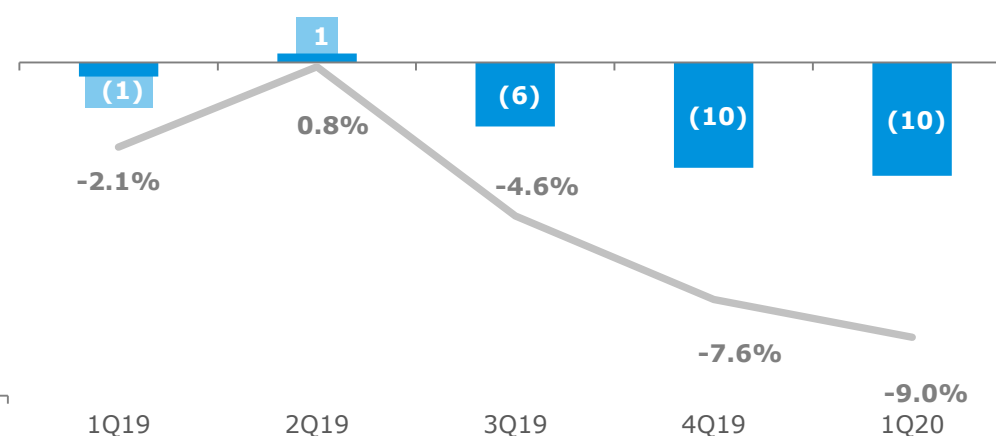
EBITDA (R\$ mm) and EBITDA Margin (%) – Steel Processing - Quarterly



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



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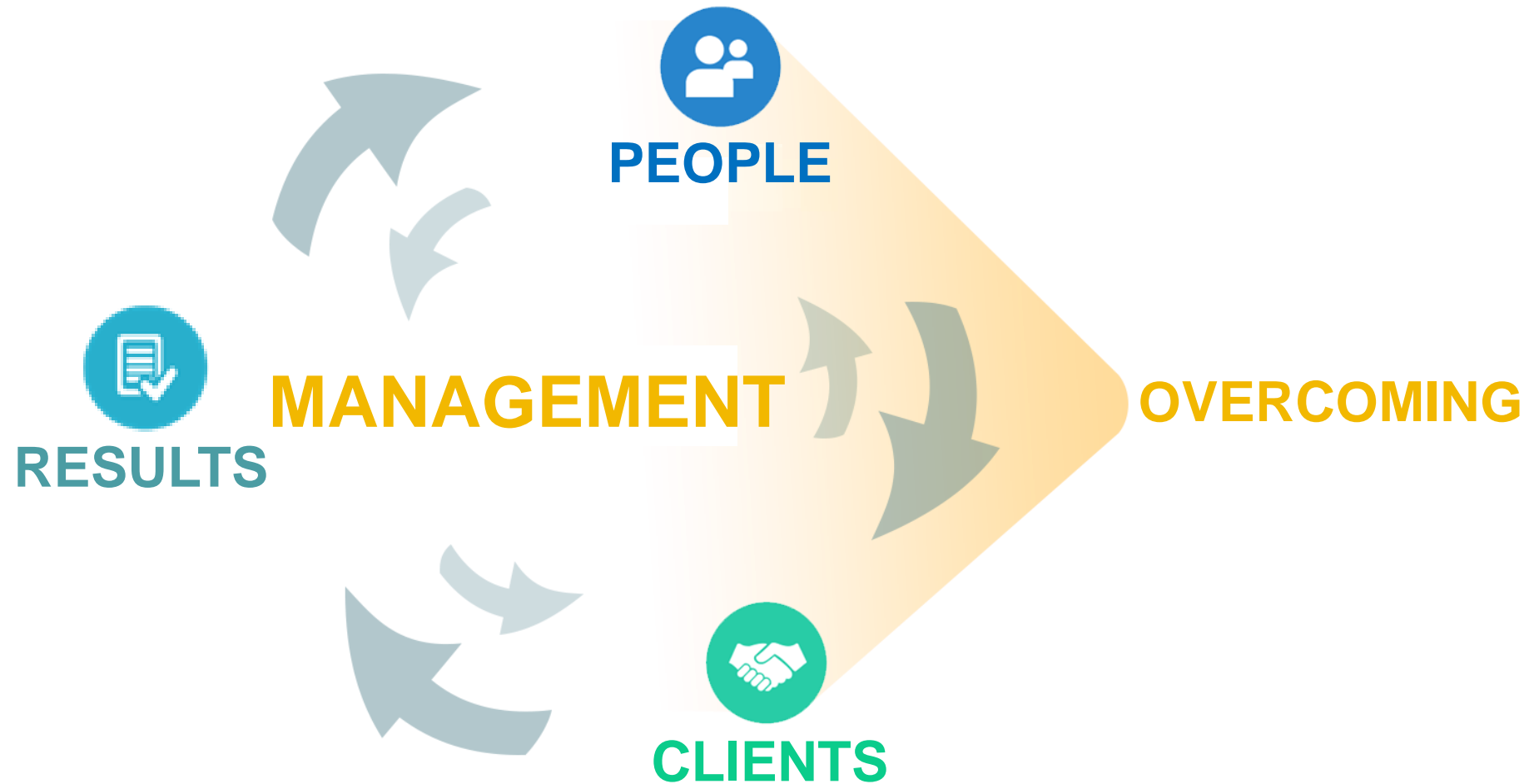
Governance and Highlights

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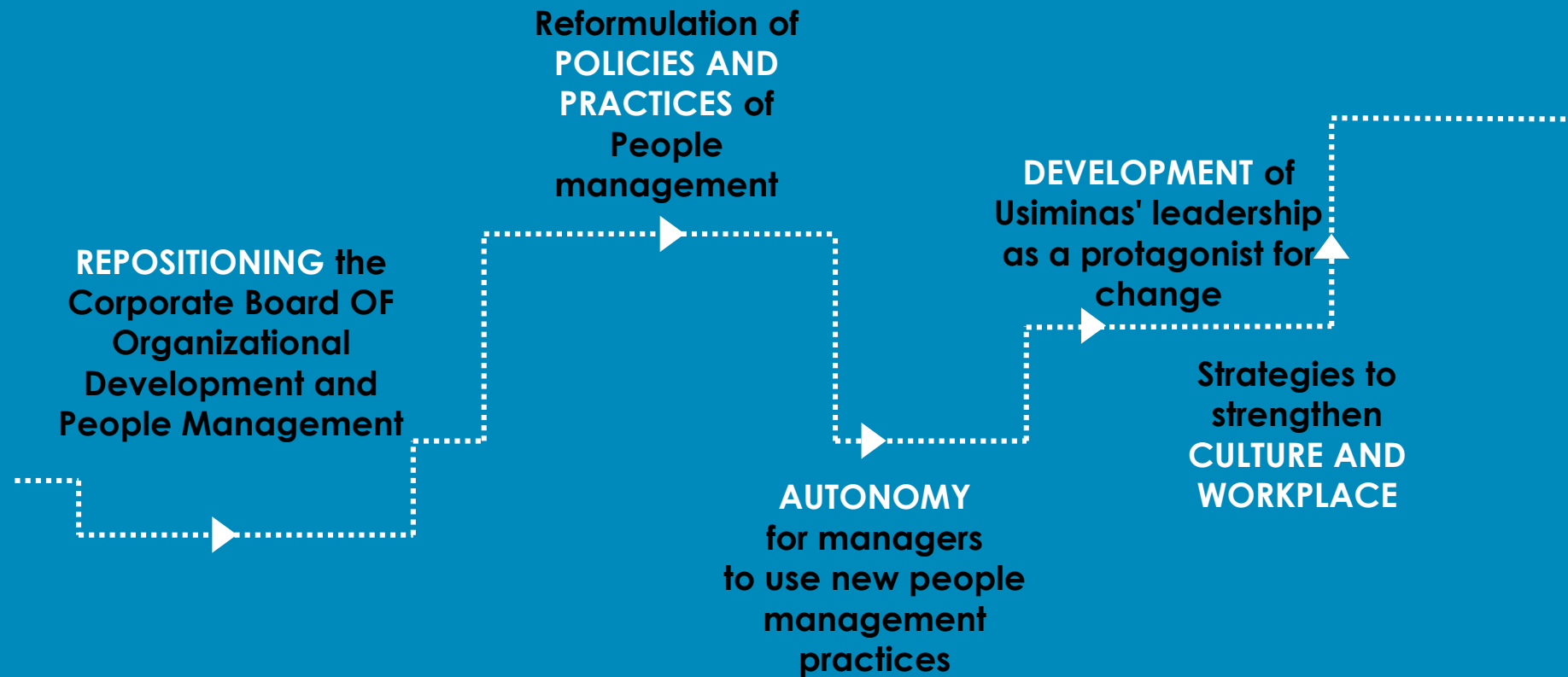
Appendix

PILLARS OF USIMINAS' MANAGEMENT USIMINAS U

People, Clients and Results



PEOPLE



Social and Environmental Highlights

Highlights



“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.



215 thousand Dental Care

at the “Integrated Dentistry Center” in 2019.



1,513 Scholarship

at “Colégio São Francisco Xavier” in 2019.



80% Customer Satisfaction

at “Hospital Márcio Cunha” in 2018/9

“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

- ✓ **2.8 Million** tons of applied Siderbrita
- ✓ **1.3 Million** beneficiaries
- ✓ **2,330 km** of rural roads recovered
- ✓ **112,000** trips on 25 tons’ trucks
- ✓ **85 municipalities** in the east of Minas Gerais
- ✓ **4,190** springs in recovery process
- ✓ **979,278** seedlings planted (average 396/spring)
- ✓ **337,675** wood fence posts used
- ✓ **1,046,789** meters of wire fixed



Social and Environmental Highlights

“Mobiliza Todos pela Água” Project

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

85

Municipalities
participating

4,190

Springs
recovered

979,278

Seedlings
planted



Social and Environmental Highlights

"Mobiliza Pelo Trabalho" Project

Manufacture of interlocking blocks based on steel aggregate using inmates labor

88,255

benefited people

750m²/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**

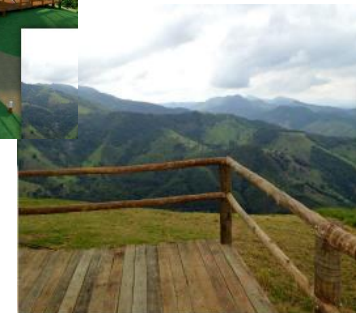


Workshop on **Ecology** and **Environmental Preservation**, environmental awareness and tree seed plantation in the springs by community children



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

Classificação da informação: Pública



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

Education and Culture

São Francisco Xavier School

First educational institution in Brazil to obtain ISO 9001



Usiminas Institute

Usiminas 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



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



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

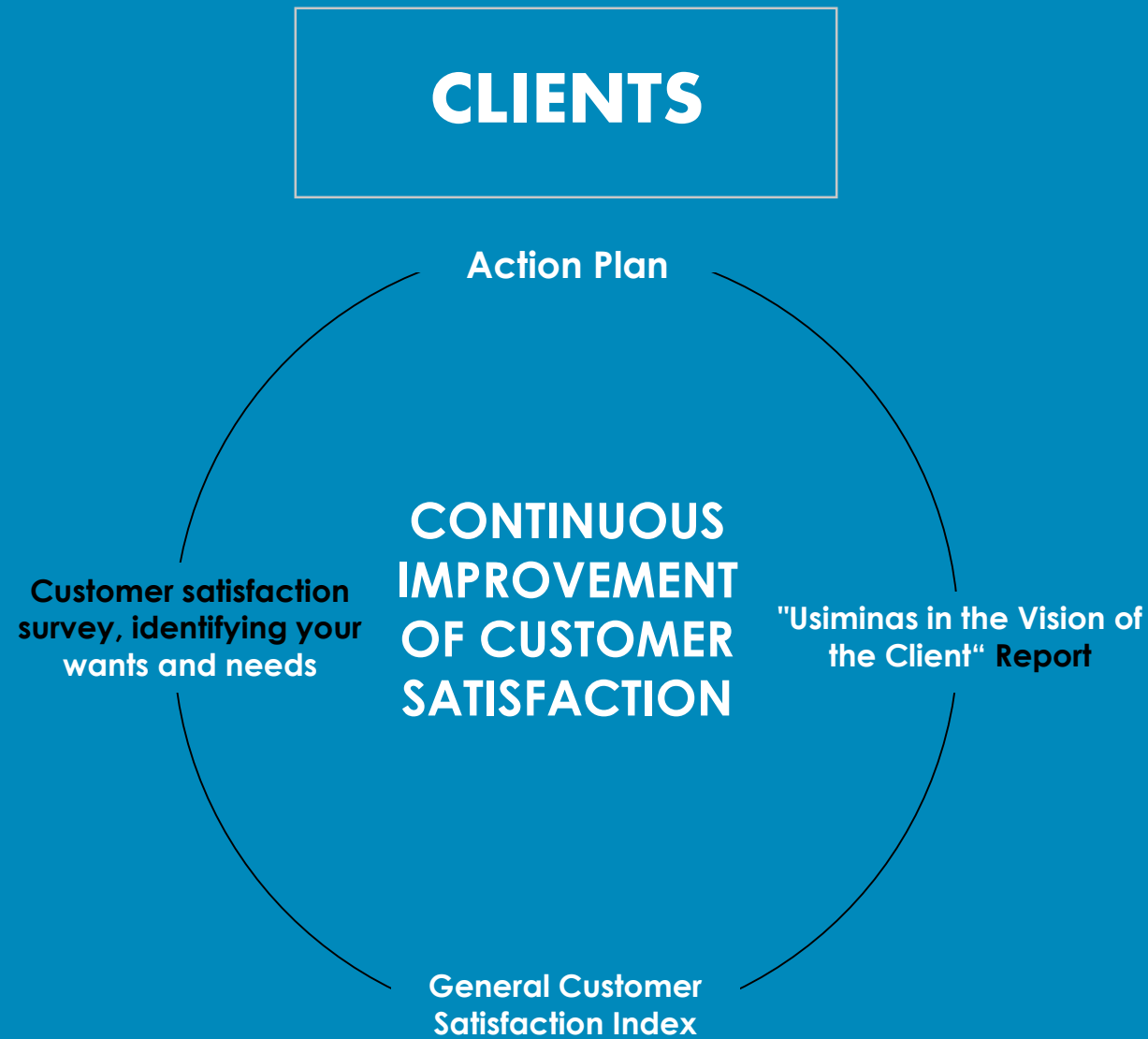
2018 - “Sustentabilidade Américas” Award – Biggest Americas’ Award

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

Whirlpool Supplier Award Quality Excellence 2019

Latin American Quality Awards 2019 - Latin American Excellence Model

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



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

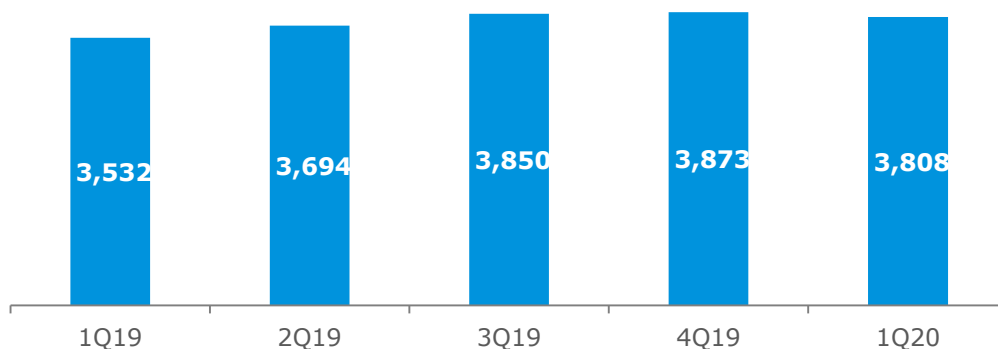
**CONSTRUCTION OF
RESULTS**
Focus on results
Group of Ten
Restructuring the
team
Valorization of
employees
Austerity measures
Revenue increase

**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"

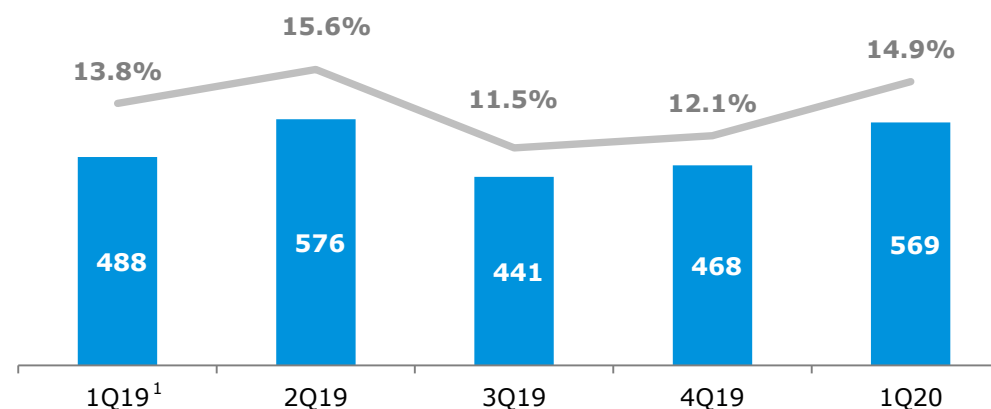
Results

(R\$ Million, except otherwise indicated)

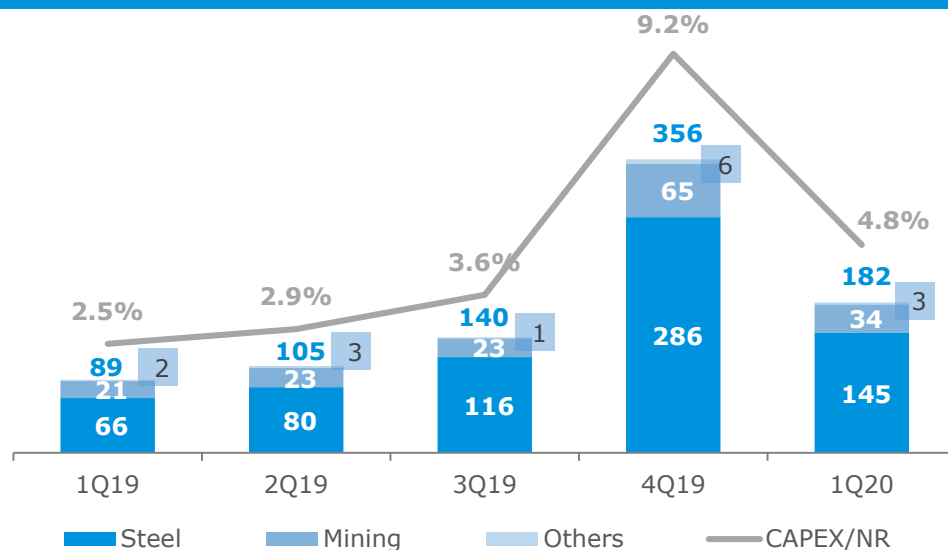
Net Revenues



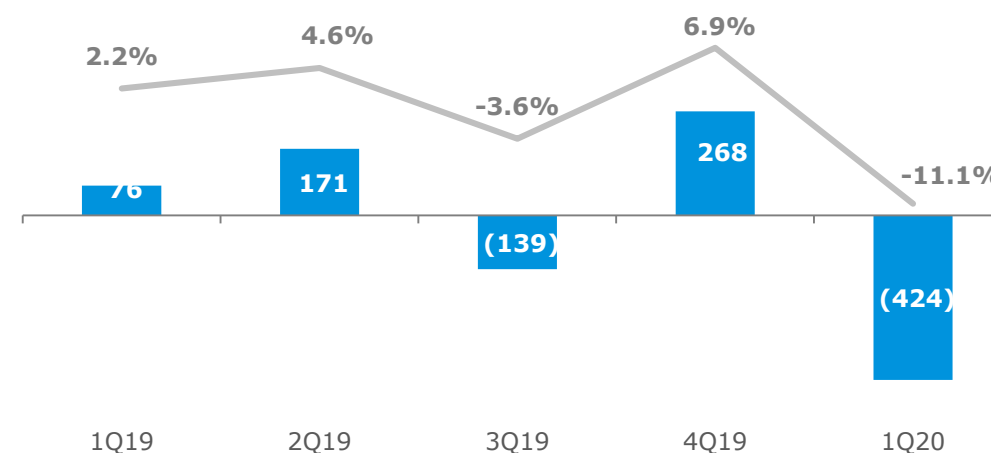
Adjusted EBITDA and Adjusted EBITDA Margin



Capex and Capex as % of Net Revenues

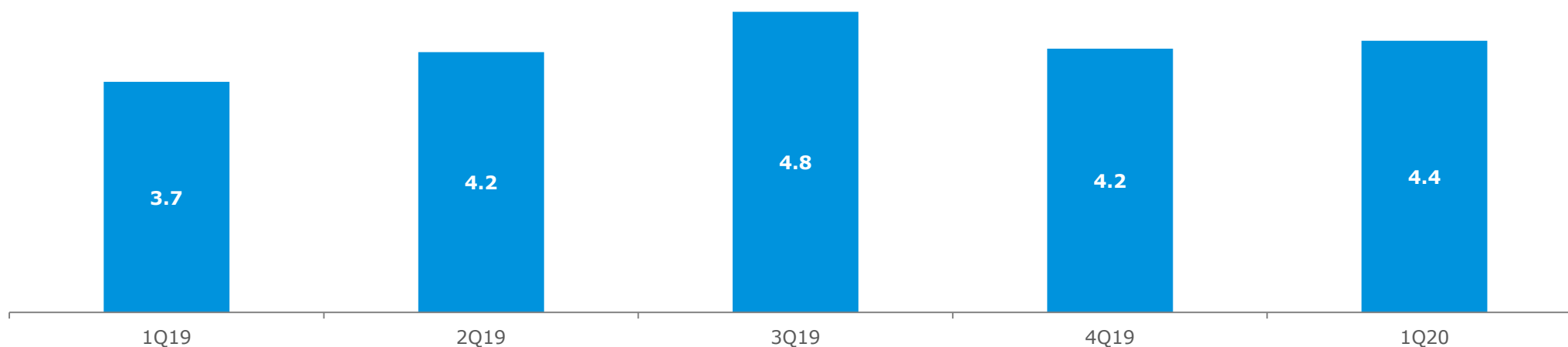


Net Income and Net Margin

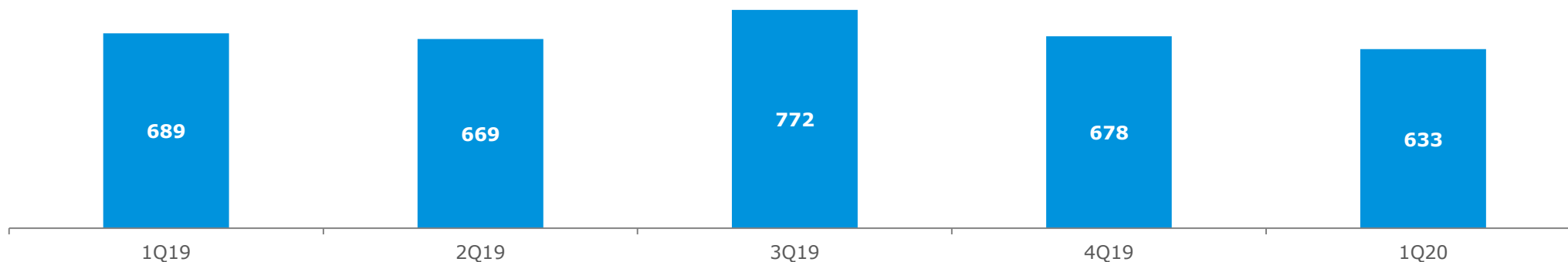


Financial Results

Working Capital (R\$ Billion)



Working Capital – Steel inventories (Thousand tons)



Days in Inventory

61

56

68

62

56

26

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

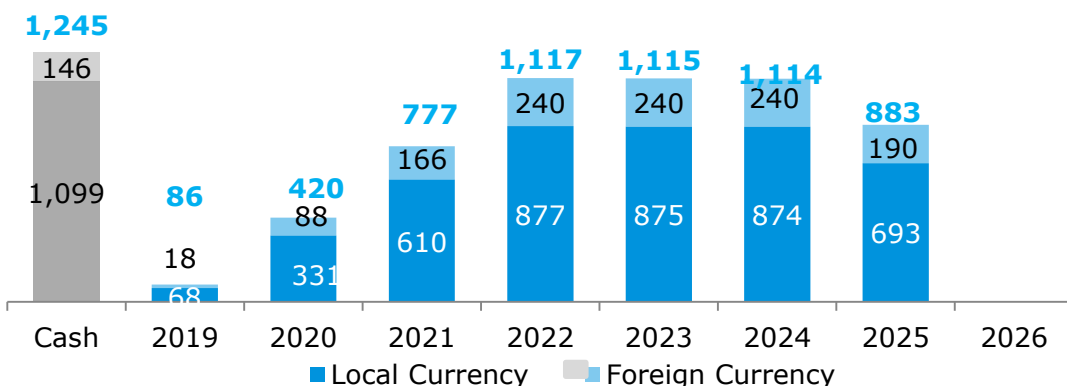
- September 2016

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

1st Series : 2023
2nd Series : 2024 and 2025

Coupon:

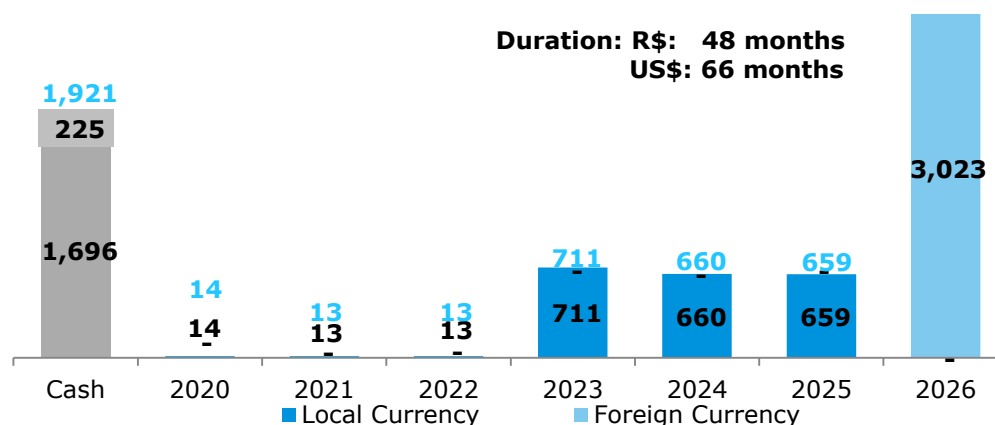
1st Series: CDI + 1,7%
2nd Series: CDI + 2,1%

Liquidation

10/23/2019

The New Profile (Proforma unaudited): 12/31/2019 – after bonds, debentures and Eletrobras credits

Duration: R\$: 48 months
US\$: 66 months



"Cash Sweep" exclusion



CAPEX Flexibility



Release of Collaterals.

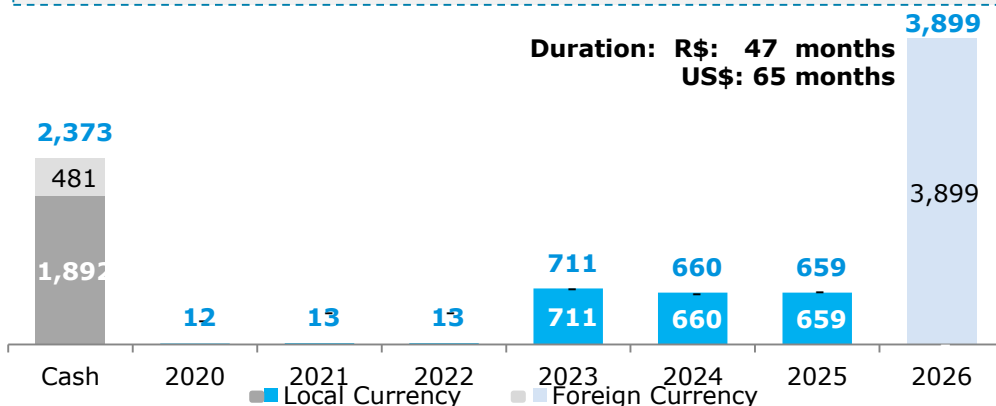
Liquidity and Indebtedness

(R\$m as of 1Q20, except otherwise indicated)

Debt Repayment Schedule

Current cash position covers c.6.1 years of debt

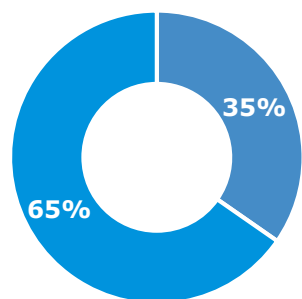
Duration: R\$: 47 months
US\$: 65 months



Debt Profile by Category

Total Debt

Cost of Debt

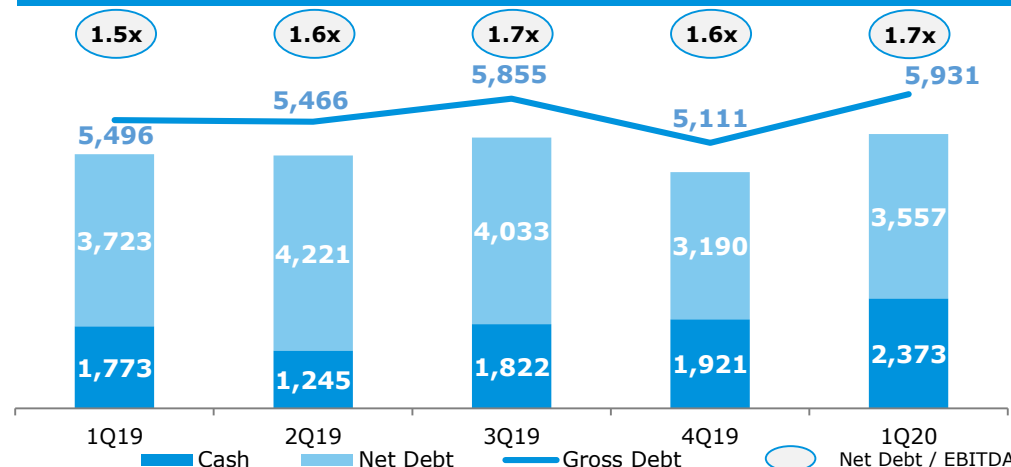


Local Currency	CDI + 1.7% CDI + 2.1%
Foreign Currency	5.875%

■ BRL ■ USD

Classificação da informação: Pública

Cash Position and Indebtedness



Credit Rating

	Global	National	Outlook
MOODY'S	Ba3	A2.br	Negative
S&P Global	B+	brAA	Negative
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:

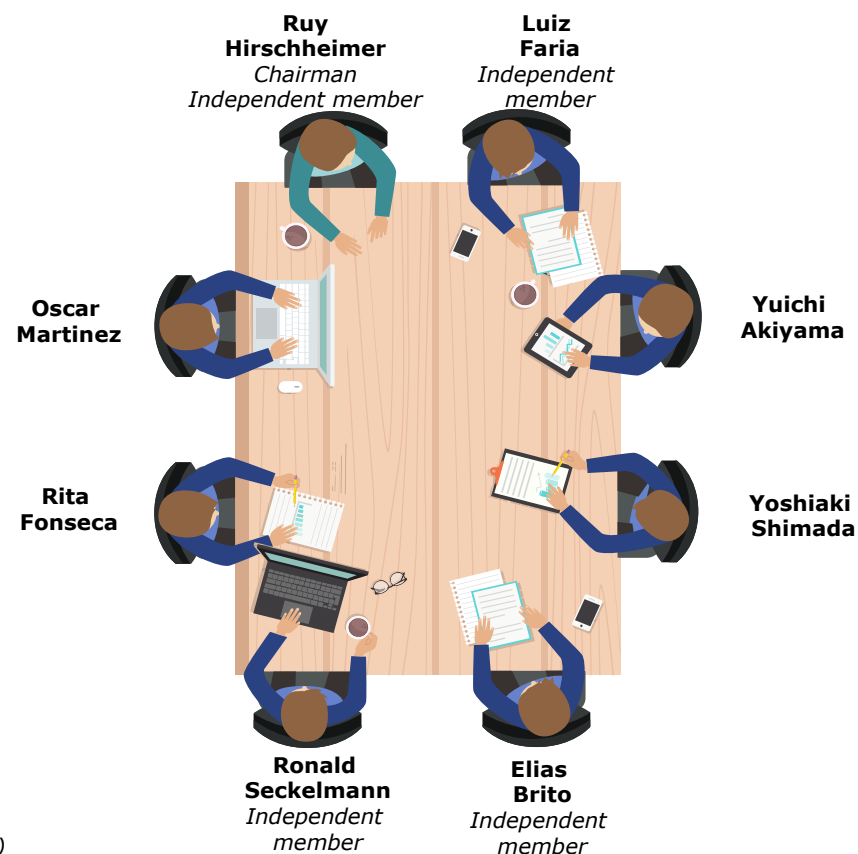
- ✓ Human Resources Committee
- ✓ Audit Committee

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)

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



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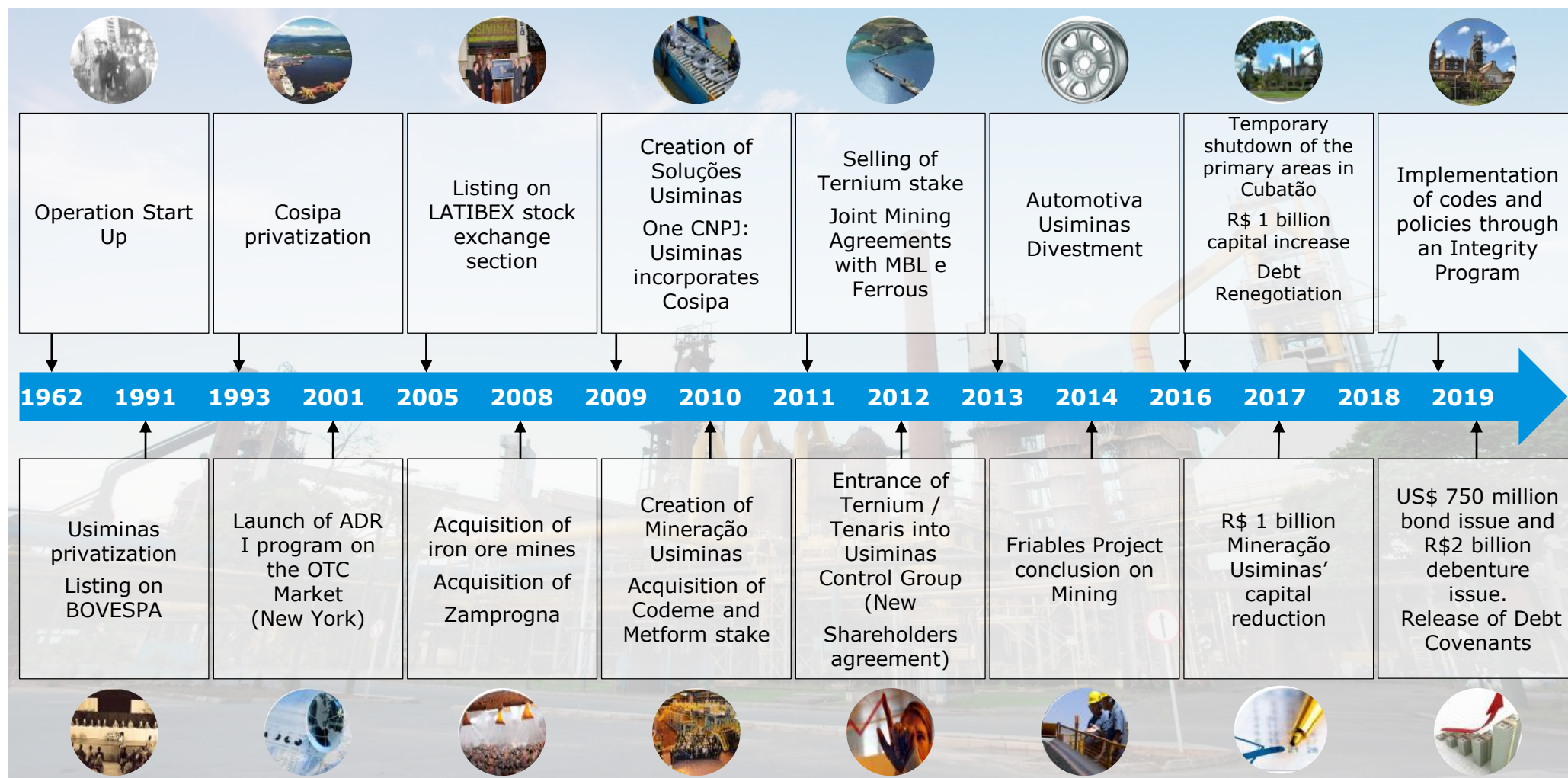
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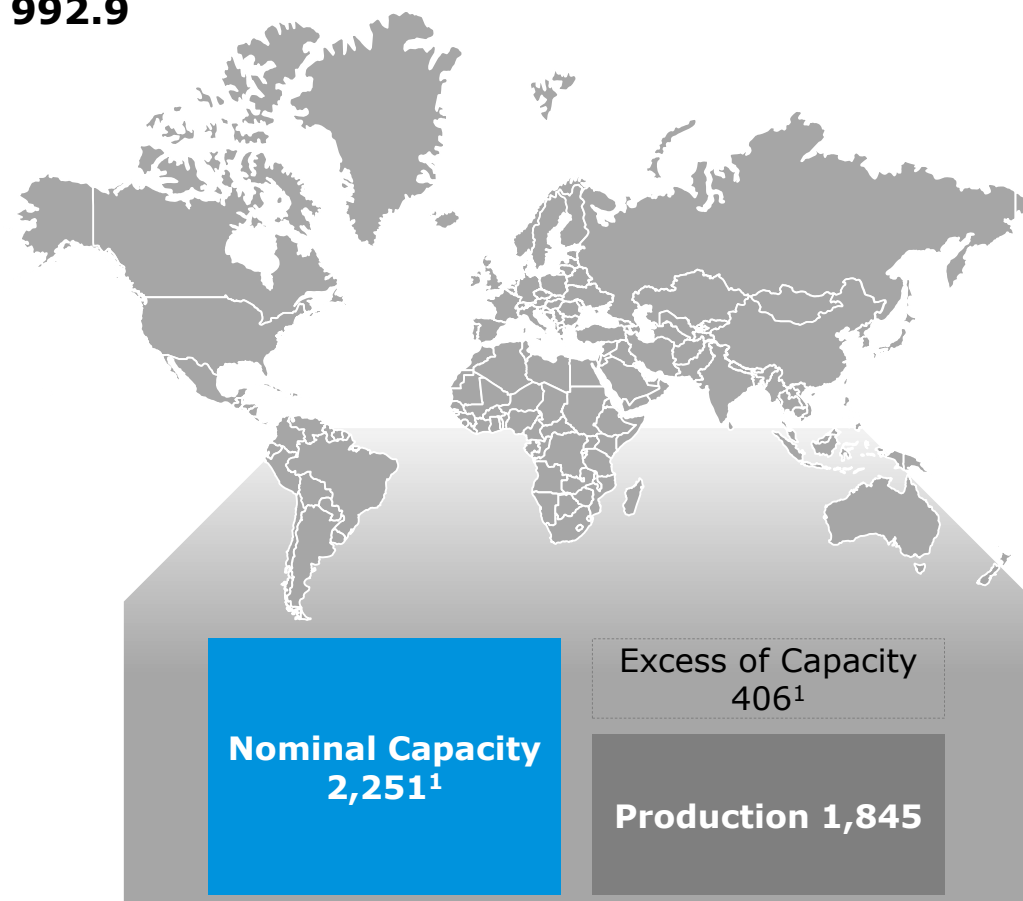
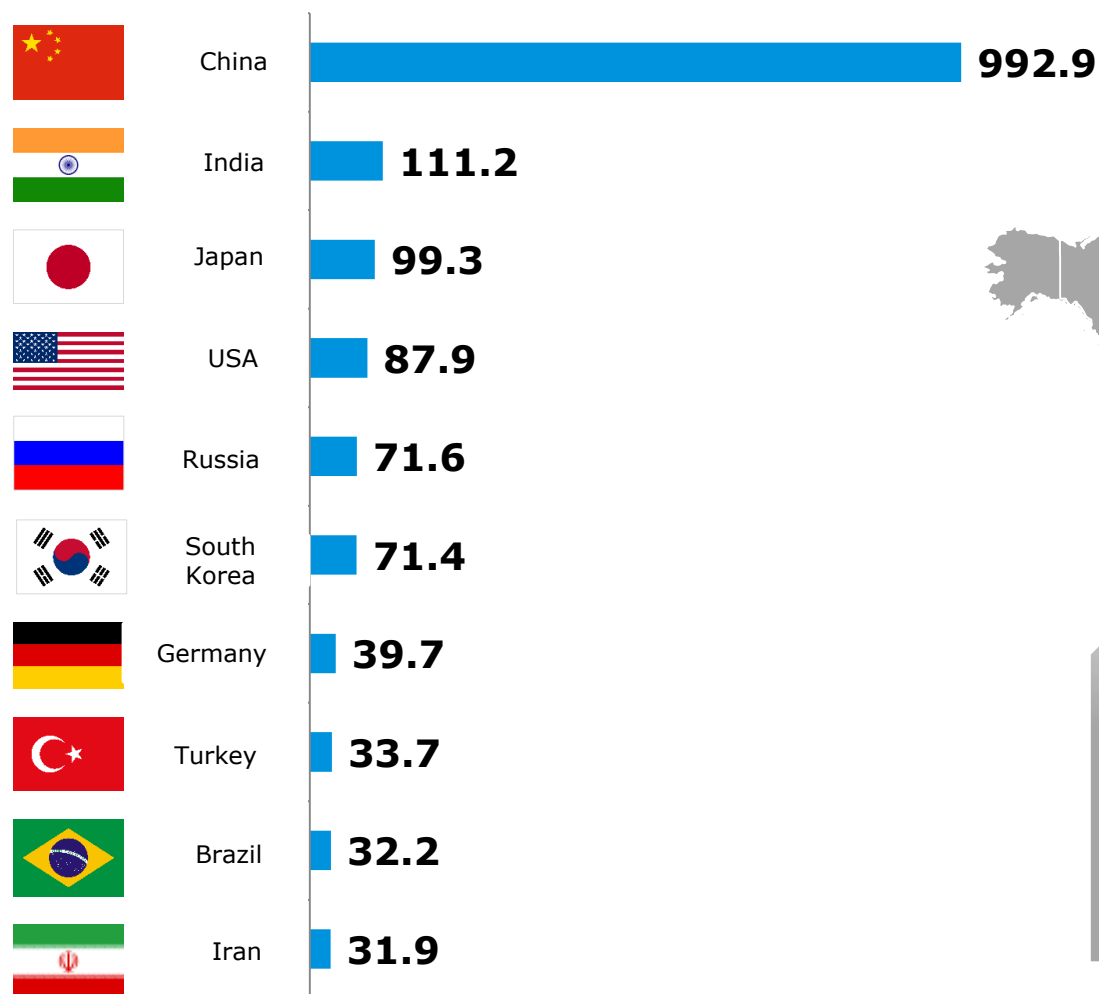
Appendix

Over Half a Century of Leadership



World Crude Steel Market in 2019

(Million tons)



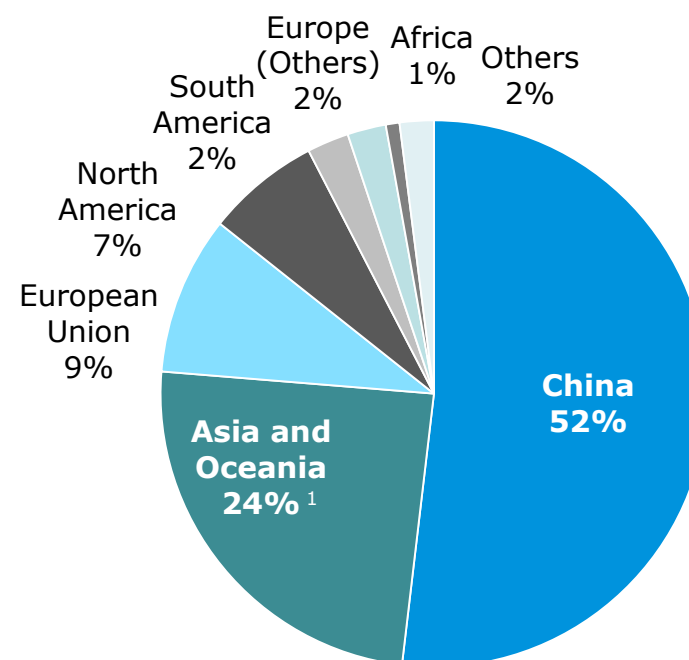
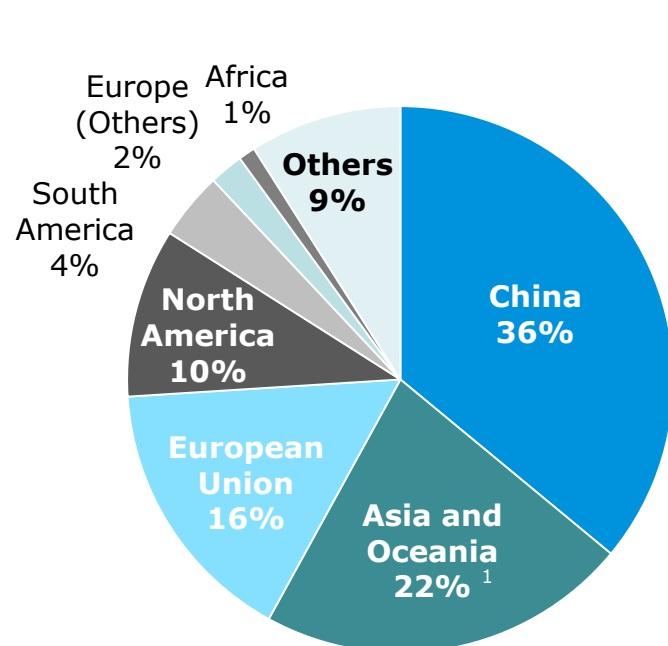
Source: World Steel Association / OECD

¹ Latest data available as of 2017.

World Crude Steel Production

2007

2018



1,348 million tons

+34%

1,809 million tons

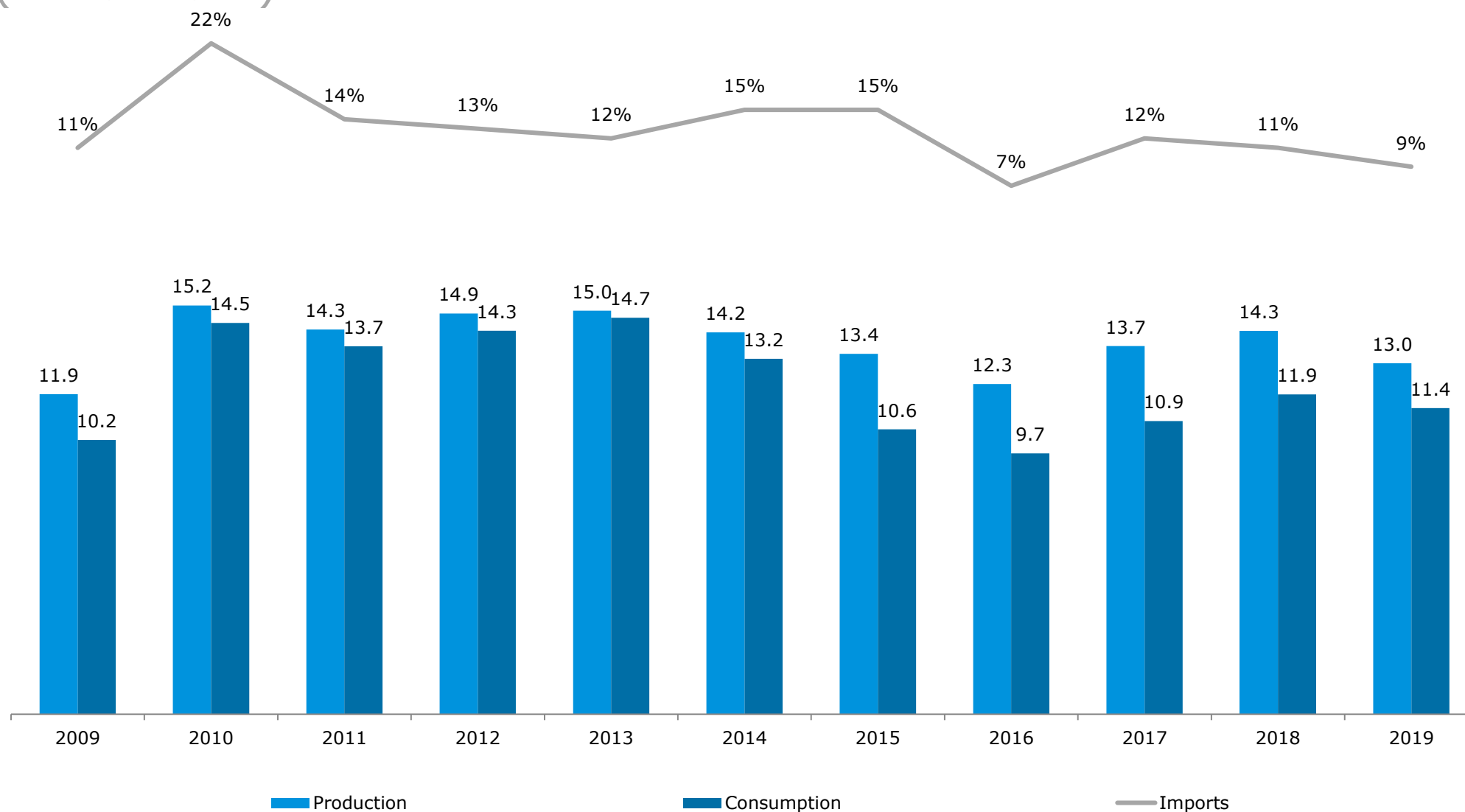
Source: World Steel Association and Company's 1Q19 Institutional Presentation (available at ri.usiminas.com/enu/download-center)

¹ Except China.

Classificação da informação: Pública

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

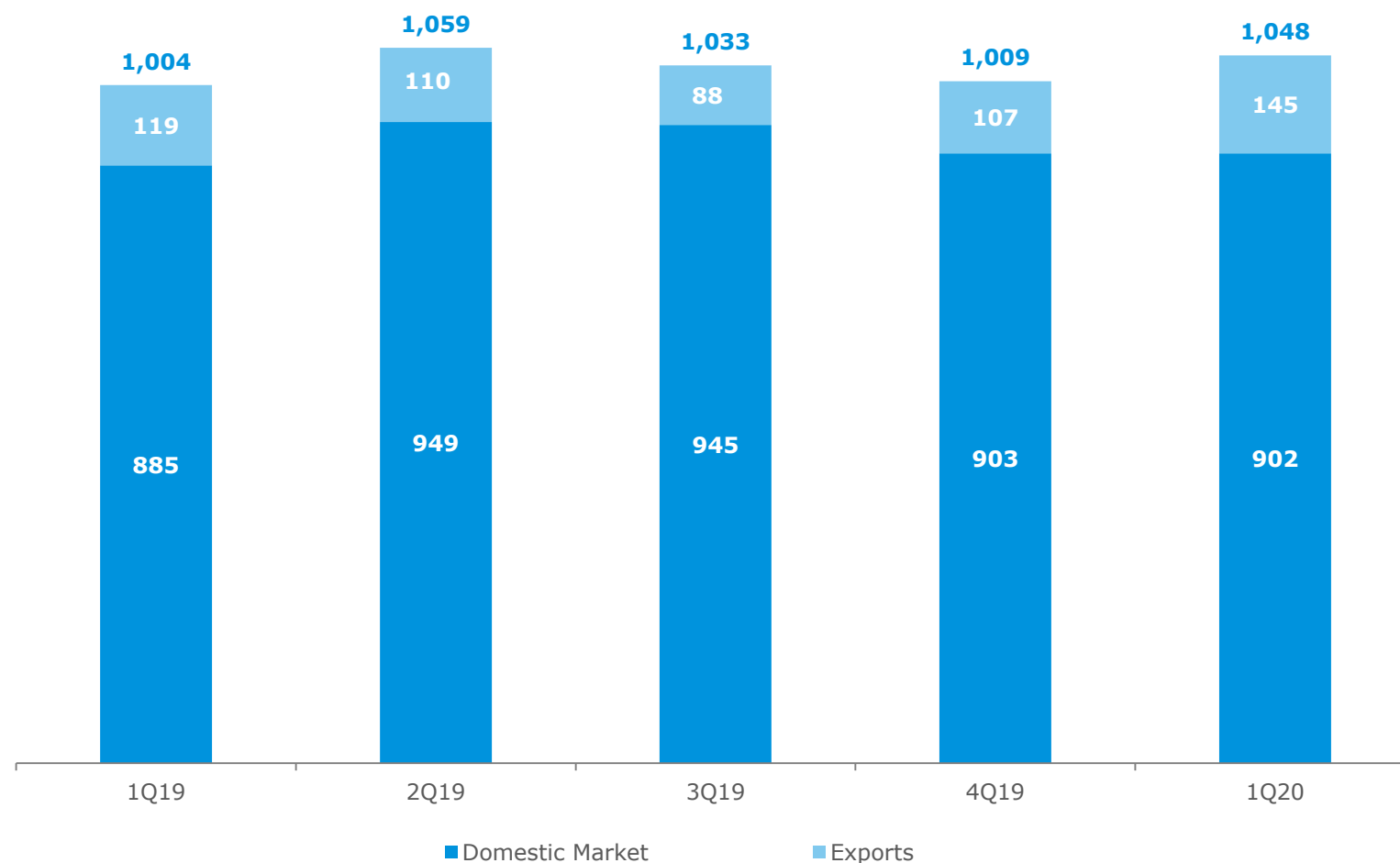
Culture of Employee, Social and Environmental Responsibility

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 – (Thousand Tons – Quarterly)

Awards Received

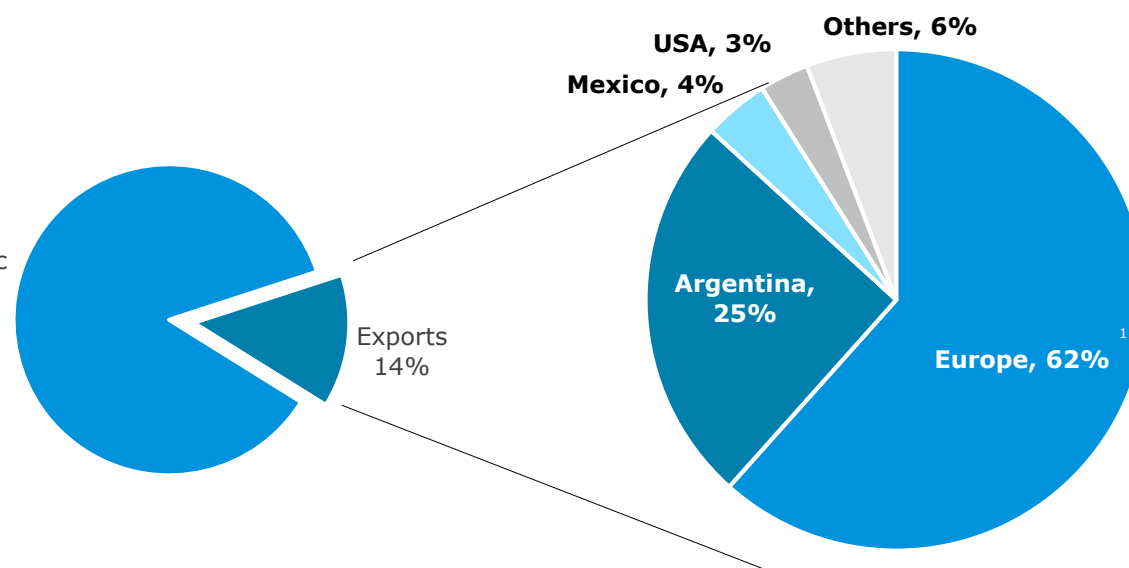
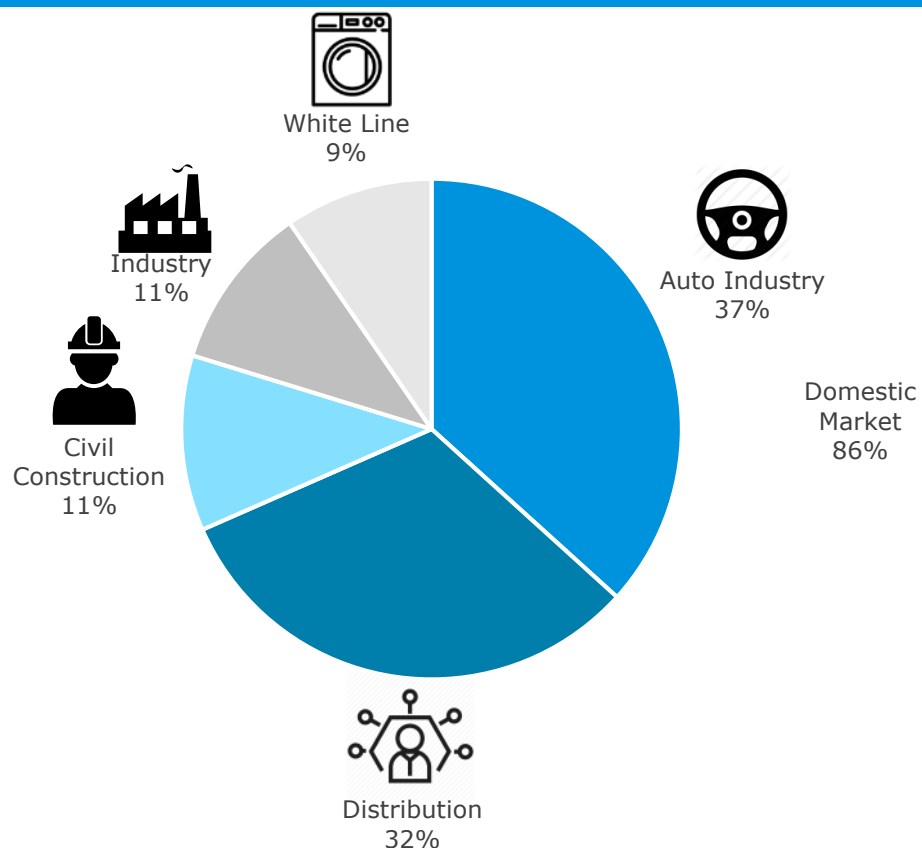


Diversification Across Products and Markets

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, 1Q20

Revenues by Country Share of Net Revenue, 1Q20

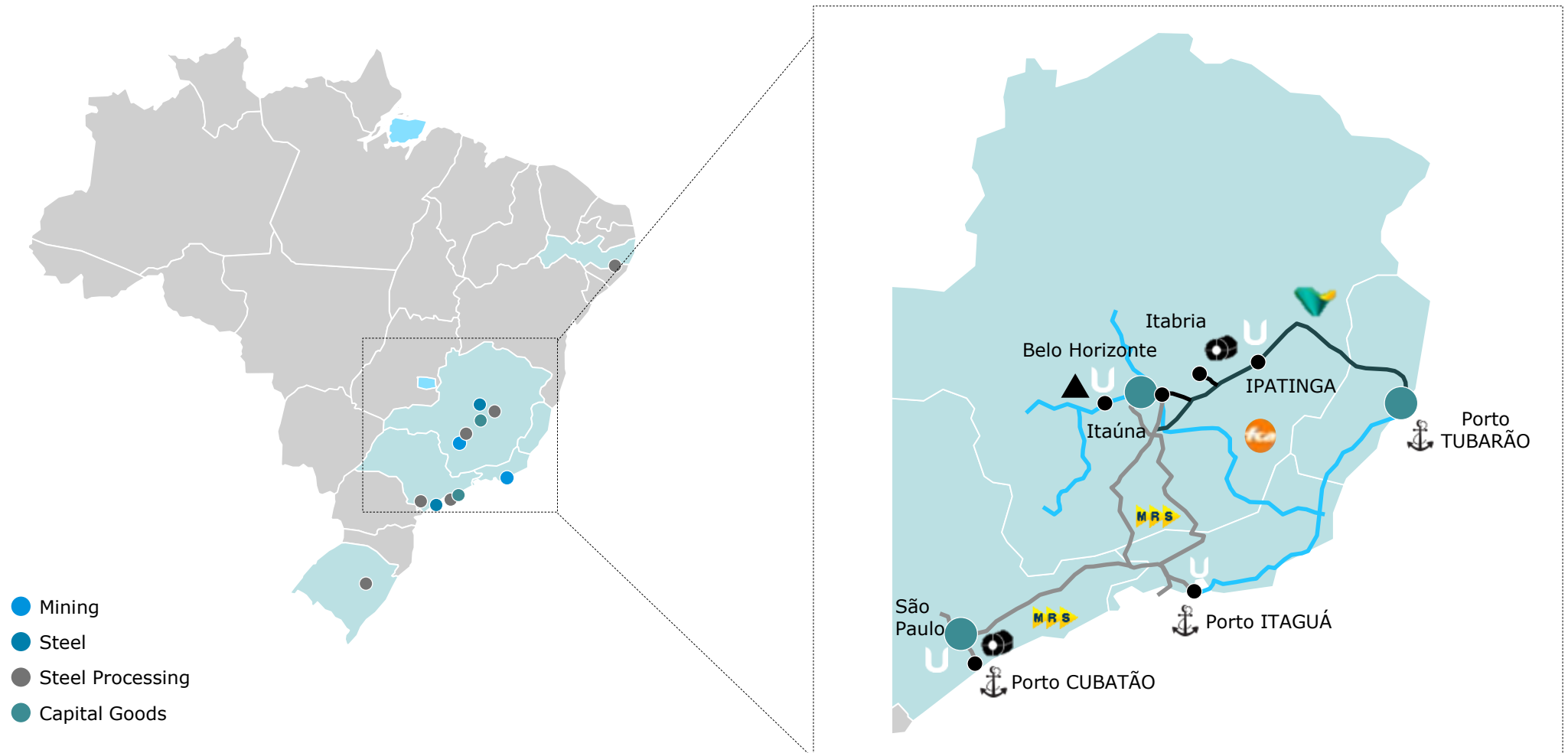


¹ Europe includes: Germany, UK, Spain, Belgium, Portugal, Switzerland and Netherlands

² 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)



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



Alberto Akikazu Ono
CFO and IR Vice President Officer and Corporate Planning 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



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.



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

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



More than 70 training hours per employee
provided in 2018



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



100% of our employees
were assessed in 2018



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

Social

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



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**



976 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



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

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."

Classificação da informação: Pública

MOODY'S

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."

FitchRatings

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\$m, except otherwise indicated)

Income Statement per Business Units - Non Audited – Quarterly												
R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	1Q20	4Q19	1Q20	4Q19	1Q20	4Q19	1Q20	4Q19	1Q20	4Q19	1Q20	4Q19
Net Revenue	581,5	575,0	3.248,6	3.059,7	901,4	936,3	114,7	125,7	(1.038,3)	(823,9)	3.807,9	3.872,9
Domestic Market	149,6	116,9	2.837,7	2.722,5	901,1	936,1	114,7	125,7	(1.038,3)	(823,9)	2.964,9	3.077,5
Exports	431,8	458,1	410,8	337,2	0,3	0,2	-	-	-	-	842,9	795,4
COGS	(335,4)	(370,6)	(2.958,9)	(3.025,0)	(852,7)	(884,1)	(119,0)	(130,9)	971,0	833,9	(3.295,0)	(3.576,6)
Gross Profit (Loss)	246,1	204,4	289,7	34,7	48,7	52,2	(4,3)	(5,1)	(67,3)	10,1	512,9	296,3
Operating Income (Expenses)	(67,9)	(37,0)	(133,2)	(81,0)	(31,3)	(26,6)	(6,0)	(4,5)	0,8	(4,2)	(237,7)	(153,2)
Selling	(43,4)	(36,8)	(39,5)	(24,5)	(13,0)	(10,5)	(2,6)	(3,4)	(1,3)	(1,2)	(99,8)	(76,4)
General and Administrative	(5,7)	(5,6)	(87,4)	(95,2)	(13,8)	(13,9)	(6,2)	(7,5)	3,6	3,8	(109,4)	(118,4)
Other Operating Income (expenses), Net	(18,8)	5,4	(6,4)	38,7	(4,5)	(2,2)	2,8	6,4	(1,5)	(6,9)	(28,5)	41,6
EBIT	178,2	167,4	156,4	(46,3)	17,4	25,6	(10,3)	(9,6)	(66,5)	5,9	275,2	143,0
Depreciation and amortization	35,8	38,9	214,0	217,4	7,1	8,5	-	-	(8,2)	(8,6)	248,7	256,2
Equity in the results of investees	(8,5)	6,0	112,8	22,1	-	-	(0,0)	(0,0)	(89,0)	19,9	15,3	48,1
EBITDA (Instruction CVM 527)	205,5	212,3	483,3	193,2	24,5	34,1	(10,3)	(9,6)	(163,7)	17,2	539,2	447,3
EBITDA Margin	35,3%	36,9%	14,9%	6,3%	2,7%	3,6%	-9,0%	-7,6%	15,8%	-2,1%	14,2%	11,6%
Adjusted EBITDA	214,0	209,4	370,4	184,5	24,5	34,1	(10,3)	(9,6)	(29,7)	50,1	568,9	468,4
Adj.EBITDA Margin	36,8%	36,4%	11,4%	6,0%	2,7%	3,6%	-9,0%	-7,6%	2,9%	-6,1%	14,9%	12,1%

*Consolidated 70% of Unigal

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

*Consolidated 70% of Unigal



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.

Classificação da Informação: Pública

