

Presentation
3Q17

USIMINAS

Classification of the information: Public

Agenda

Usiminas Profile



Market Outlook



Usiminas and its business units



Financial Results



Company Profile

- ✓ Complete solution for products and services
- ✓ Steel company with the largest number of patents rights in Latin America
- ✓ Largest Research Center in the steel sector in Latin America
- ✓ First Brazilian steel company to have its quality system certified by ISO 9001 in 1992
- ✓ First Brazilian steel company and second in the world to achieve the ISO 14001 environmental management certificate in 1996
- ✓ Founded of the most enduring environmental education project of the private sector since 1984



Timeline



1962 — Operation Start Up



1991 — Cosipa privatization



1993 — Listing on LATIBEX stock exchange section



1994 — •Creation of Soluções Usiminas
•One CNPJ: Usiminas incorporates Cosipa



2005 — •Selling of Ternium stake
•Joint Mining Agreements with MBL e Ferrous



2008 — Automotiva Usiminas Divestment



2009 — Temporary shutdown of the primary areas in Cubatão



2010 — R$ 1 billion Mineração Usiminas' capital reduction

2011 — •Usiminas privatization
•Listing on BOVESPA



2012 — Launch of ADR I program on the OTC Market (New York)



2013 — •Acquisition of iron ore mines
•Acquisition of Zamprogna



2014 — •Creation of Mineração Usiminas
•Acquisition of Codeme and Metform stake



2015 — Entrance of Ternium / Tenaris into Usiminas Control Group (New shareholders agreement)



2016 — Friables Project conclusion on Mining (increasing the capacity to 12 million tons/year)

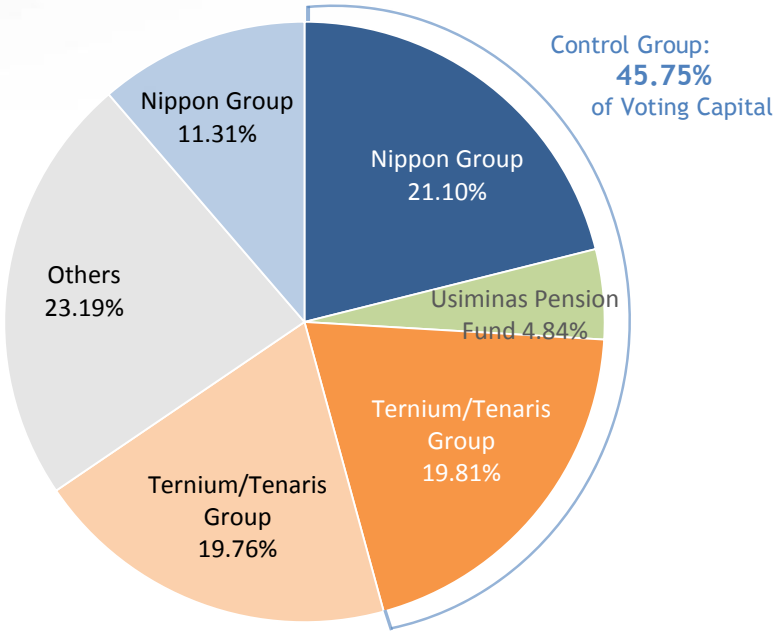


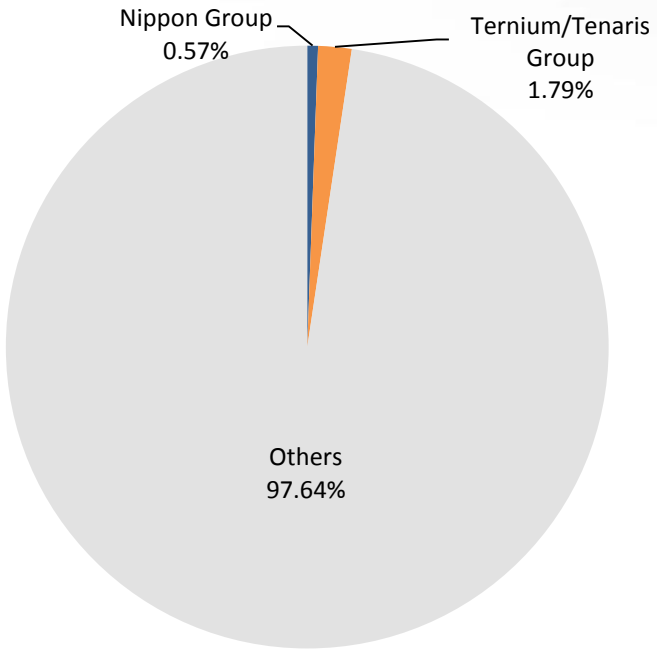
2017 — •R$ 1 billion capital increase
•Debt Renegotiation



Shareholding Composition

Total Capital	
1,253,079,108	
Voting Capital	
ON 56.28%	705,260,684
Preferred	
PN 43.72%	547,818,424





Usiminas shares are traded on B3 (São Paulo), on the OTC Market (New York) and on a LATIBEX exchange section (Madrid).

Complete Solution for Products and Services

Business Units

Mining

Mineração Usiminas



Steel

Ipatinga Plant

Cubatão Plant

Unigal Usiminas



Steel Processing

Soluções Usiminas



Capital Goods

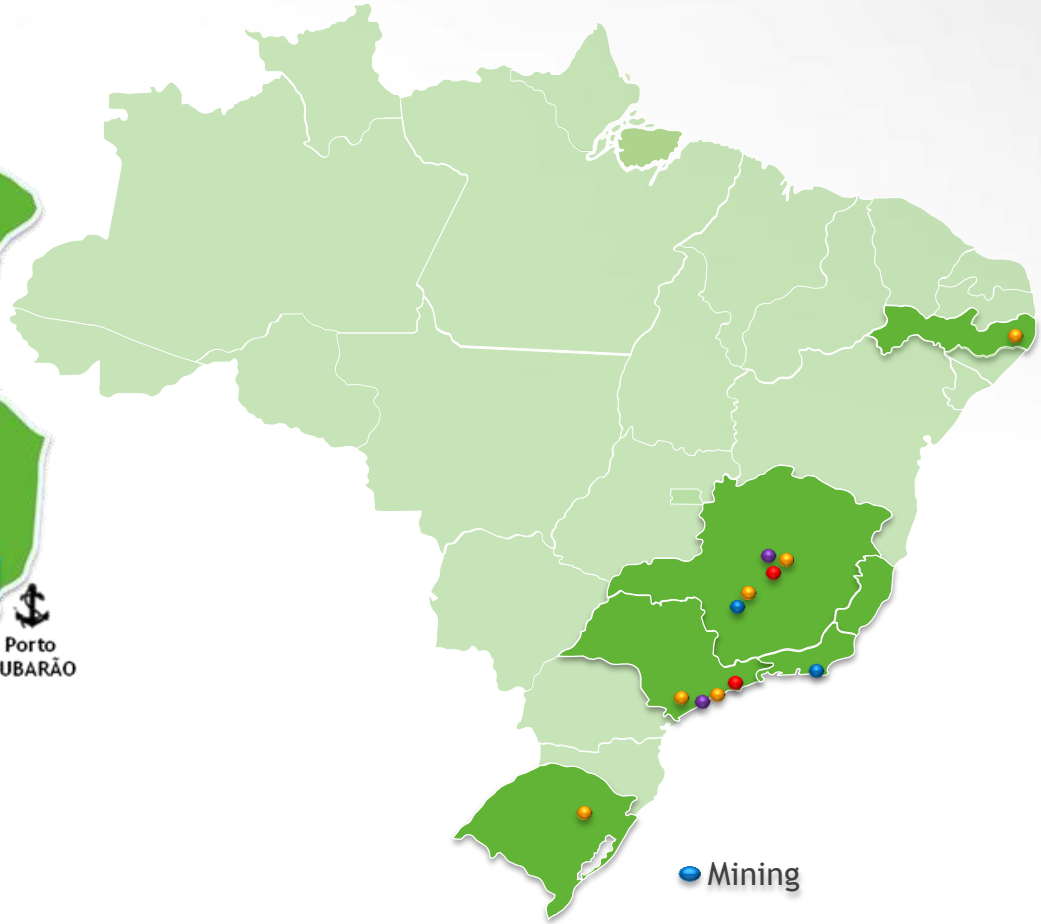
Usiminas Mecânica



UPSTREAM — DOWNSTREAM

Strategically Located





Social and Environmental Initiatives

Usiminas Cultural Institute

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



São Francisco Xavier School

First educational institution in Brazil to obtain ISO 9001



Márcio Cunha Hospital

Reference center in healthcare all over Brazil



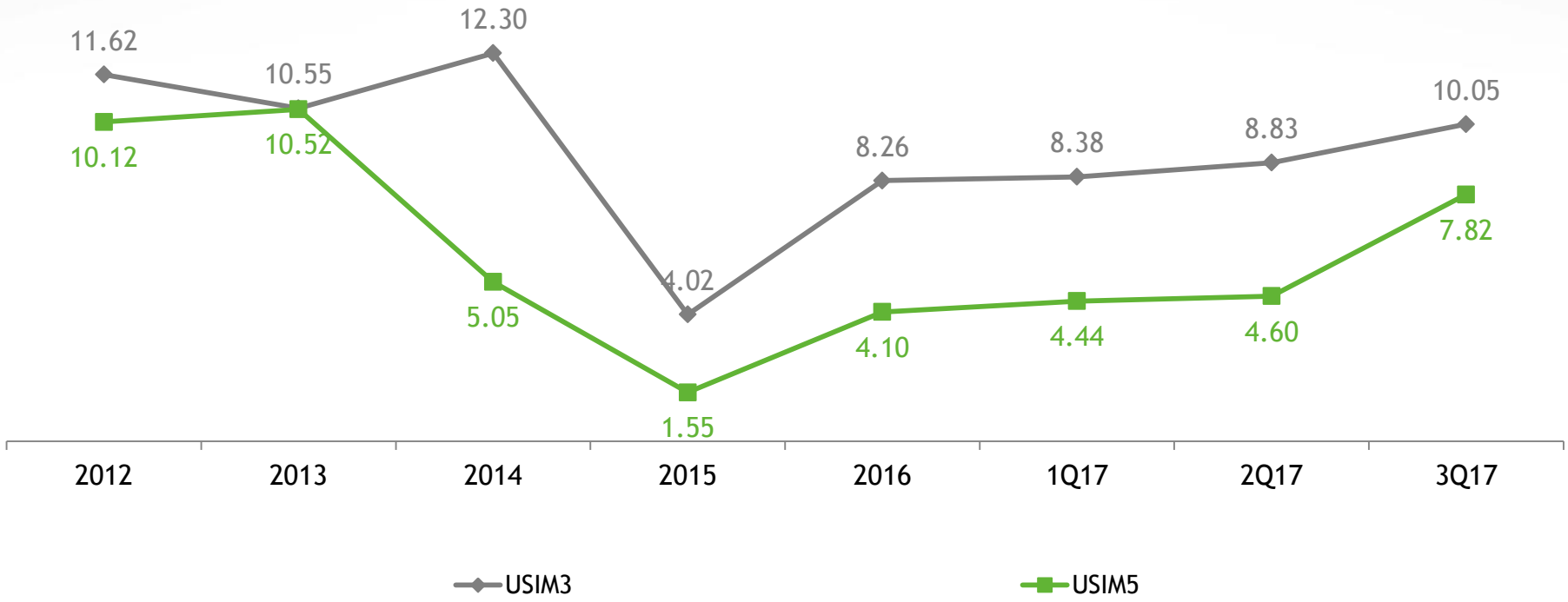
Xerimbabo Usiminas Project

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



Shares' Quotation on B3

R$/share - Up to 09/30/2017



Note: The prices are adjusted by removing the effects of events such as Bonus and Unfolding

Agenda

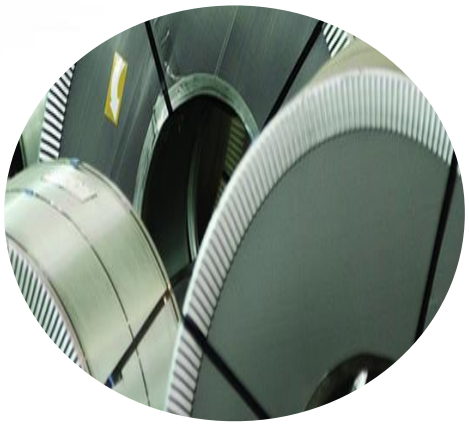
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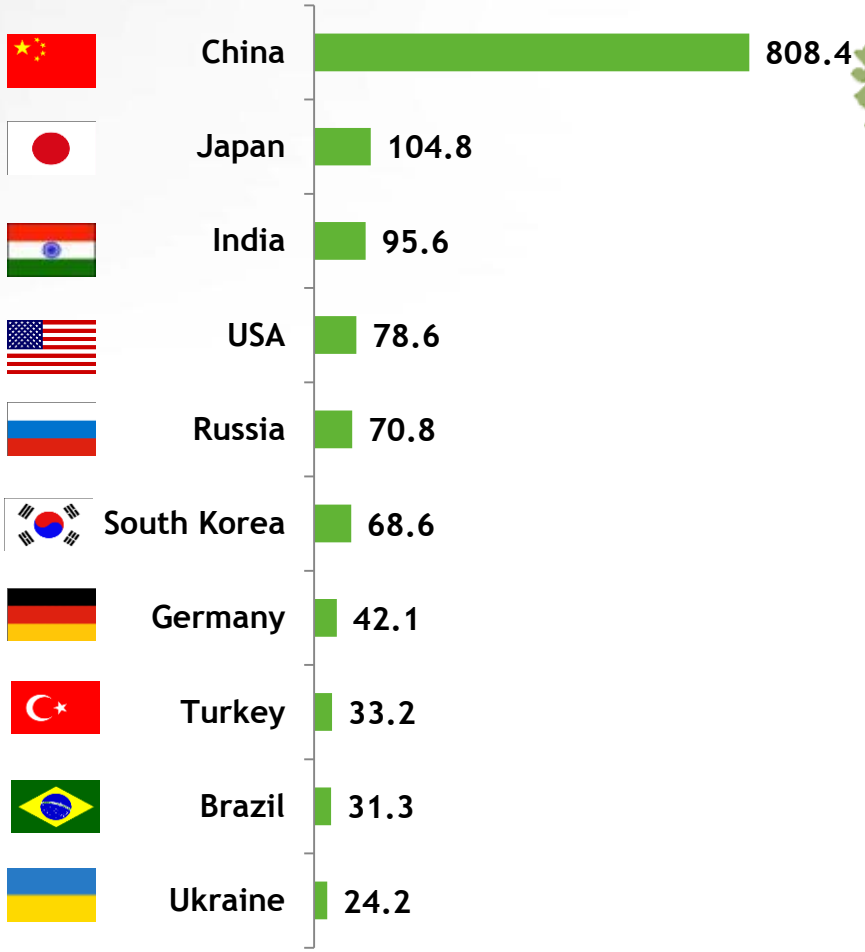


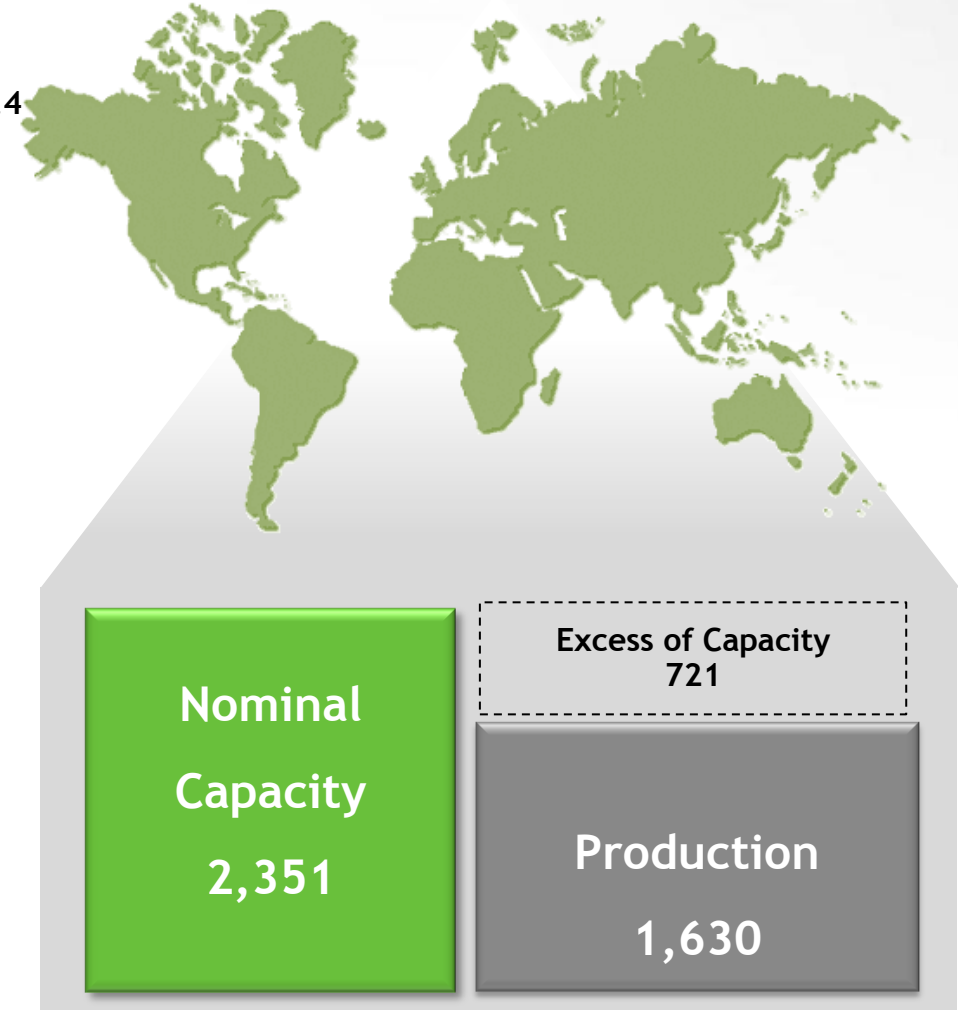




World Crude Steel Market in 2016

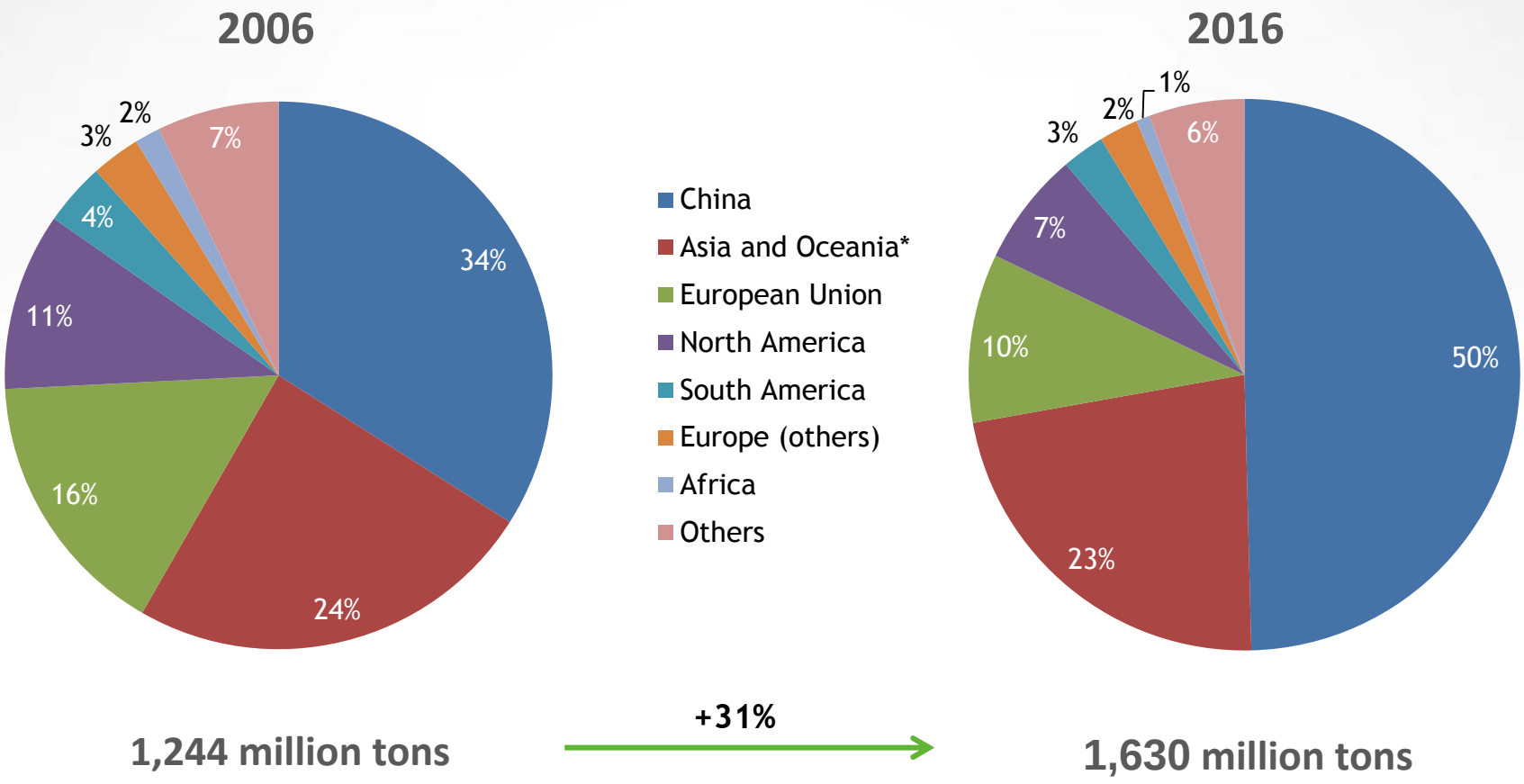
Million Tons





Source: World Steel Association/OECD

World Crude Steel Production



*Except China

Source: World Steel Association

Crude Steel Consumption per Capita

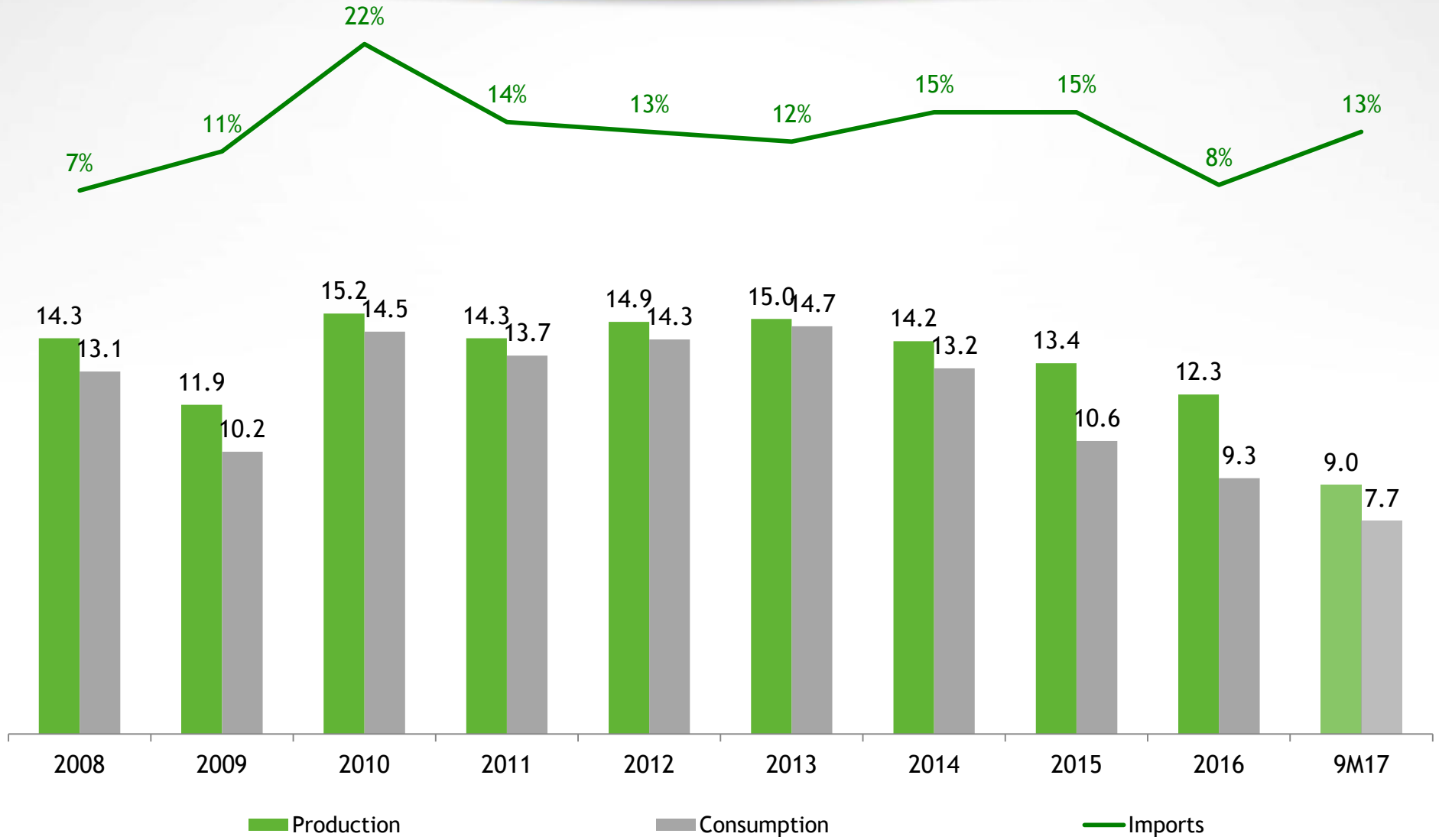
Kg per habitant

	1980	2000	2016
China	34	98	493
South Korea	160	818	1.130
Japan	611	601	493
United States	376	425	283
Germany	469	475	500
Spain	202	435	273
Brazil	101	93	87
Mexico	120	142	198
World Average	152	133	208

Source: World Steel Association

Brazilian Flat Steel Market

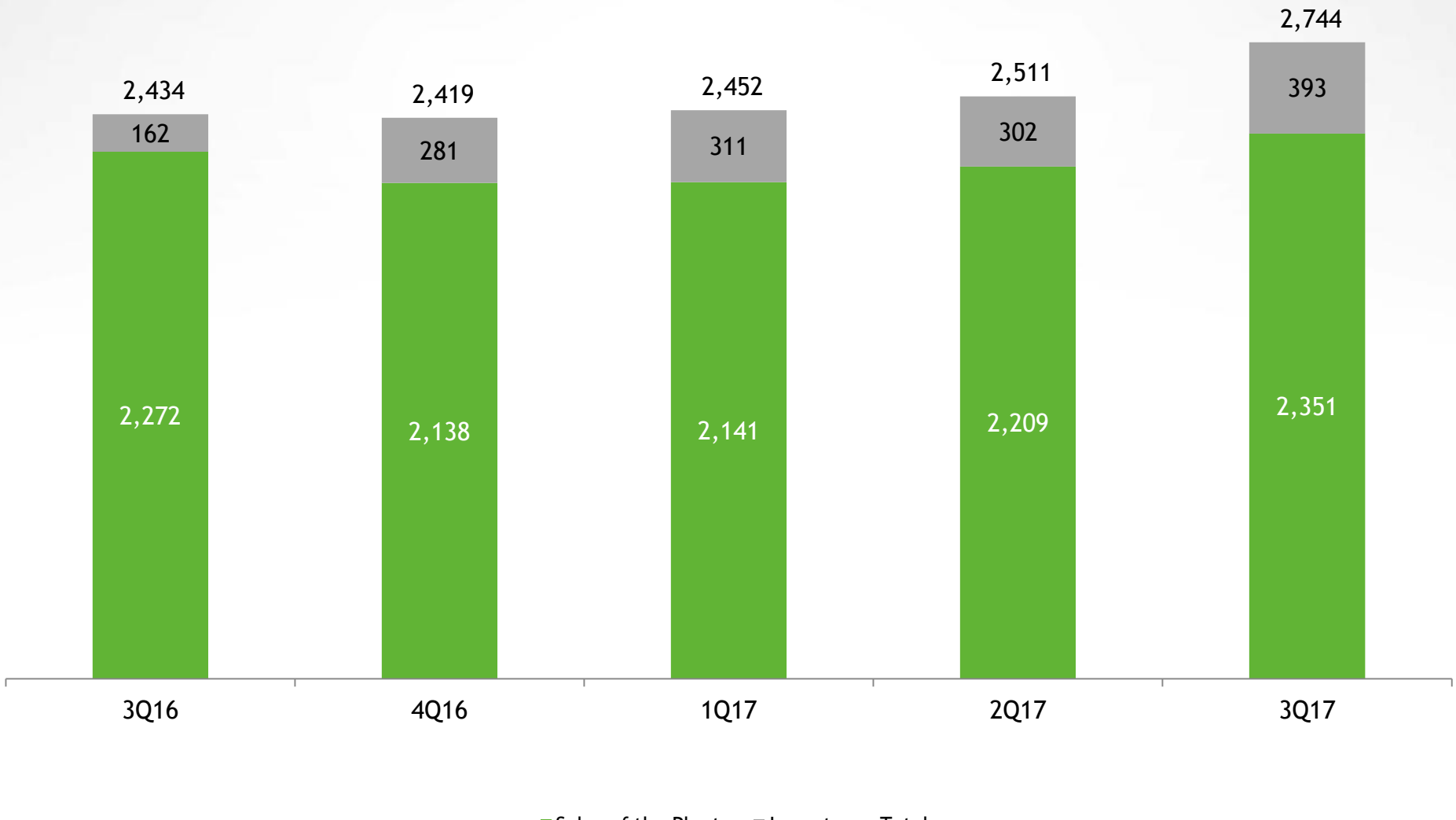
Million Tons



Source: Instituto Aço Brasil / Usiminas – Excludes Slabs

Brazilian Flat Steel Apparent Consumption Evolution

Quarterly - Thousand Tons



Source: Usiminas – Commercial Planning

Flat Steel Consumption Markets

Auto Industry and Autoparts	Household Appliances	Agricultural and Road Machinery	Civil Construction	Oil and Gas	Pipelines
					
Hot Rolled, Cold Rolled and Galvanized	Cold Rolled and Galvanized	Heavy Plates and Hot Rolled	Heavy Plates, Hot Rolled, Cold Rolled and Galvanized	Heavy Plates and Hot Rolled	Heavy Plates and Hot Rolled

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Financial Results



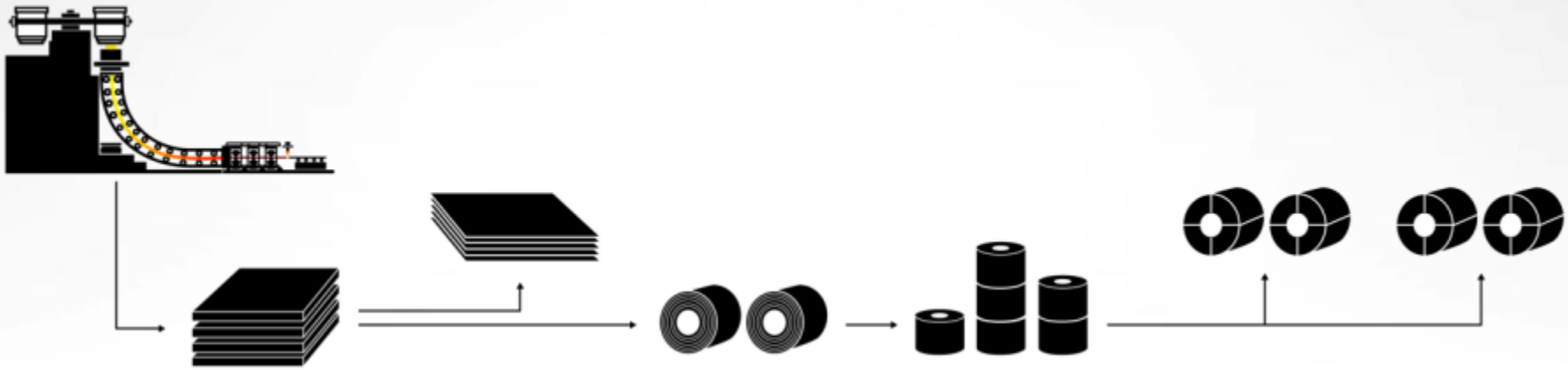






Flat Steel Capacity of Production

Thousand Tons



					Galvanized	
Slab Caster	Slabs	Heavy Plates	Hot Coils	Cold Coils	EG	HDG
Ipatinga Plant	5,000	1,000	3,600	2,500	360	1,050
Cubatão Plant	4,500*	1,000**	2,100 ** 2.300	1,200	-	-
Nominal Capacity	9,500*	2,000*	8,000	3,700	360	1,050
Optimized Rolling Capacity	-	1,900	4,200	2,200	350	1,020

* Temporary shutdown of the primary areas of Cubatão

** Temporary shutdown of the rolling mills

Sales Volume

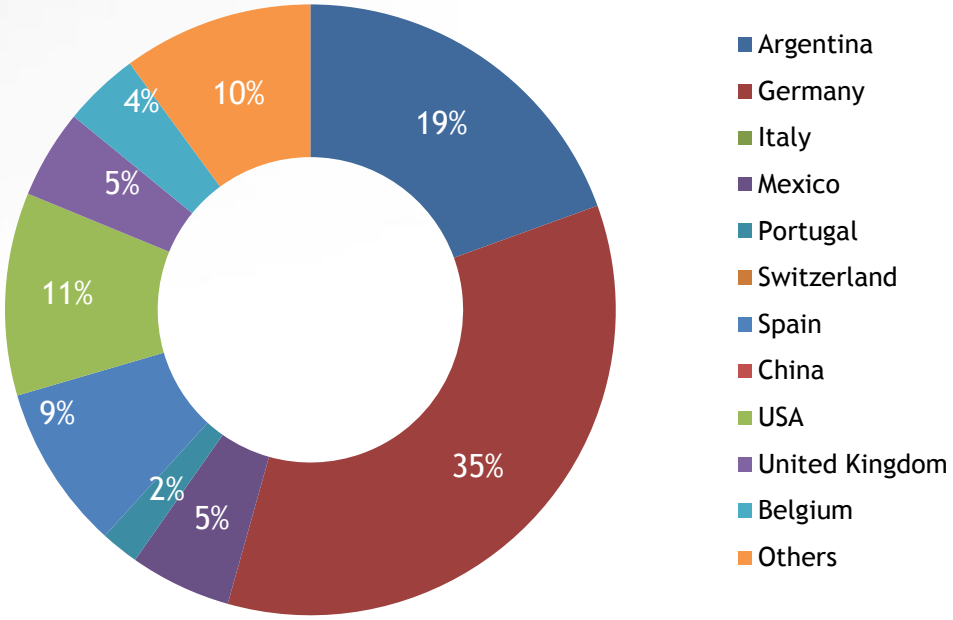
Steel Business Unit - Quarterly - Thousand Tons



Exports - Main Markets

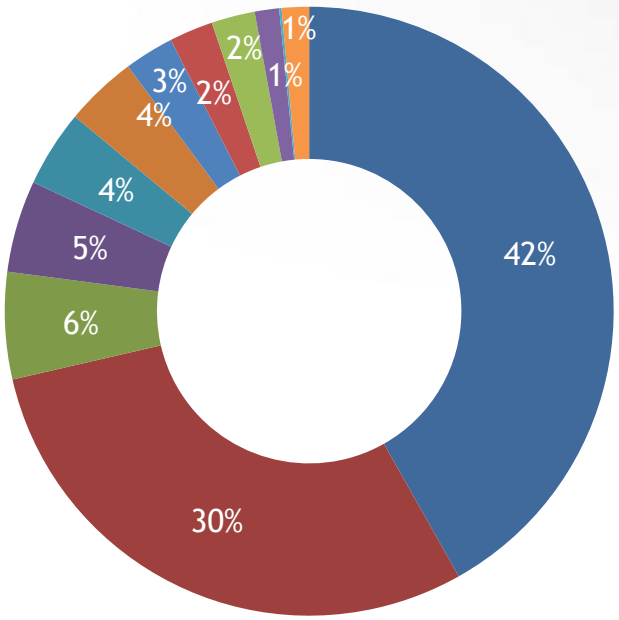
Steel Business Unit

2Q17



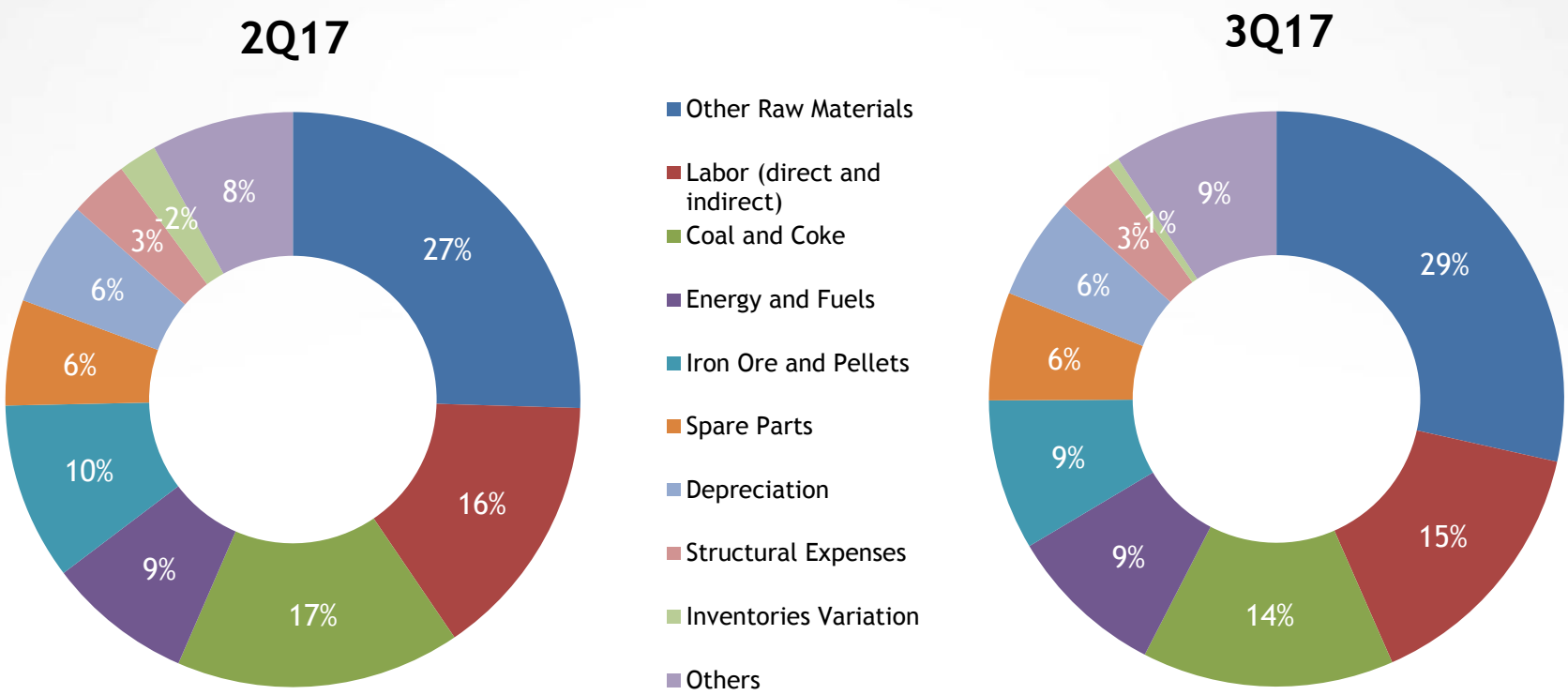
Argentina
Germany
Italy
Mexico
Portugal
Switzerland
Spain
China
USA
United Kingdom
Belgium
Others

3Q17



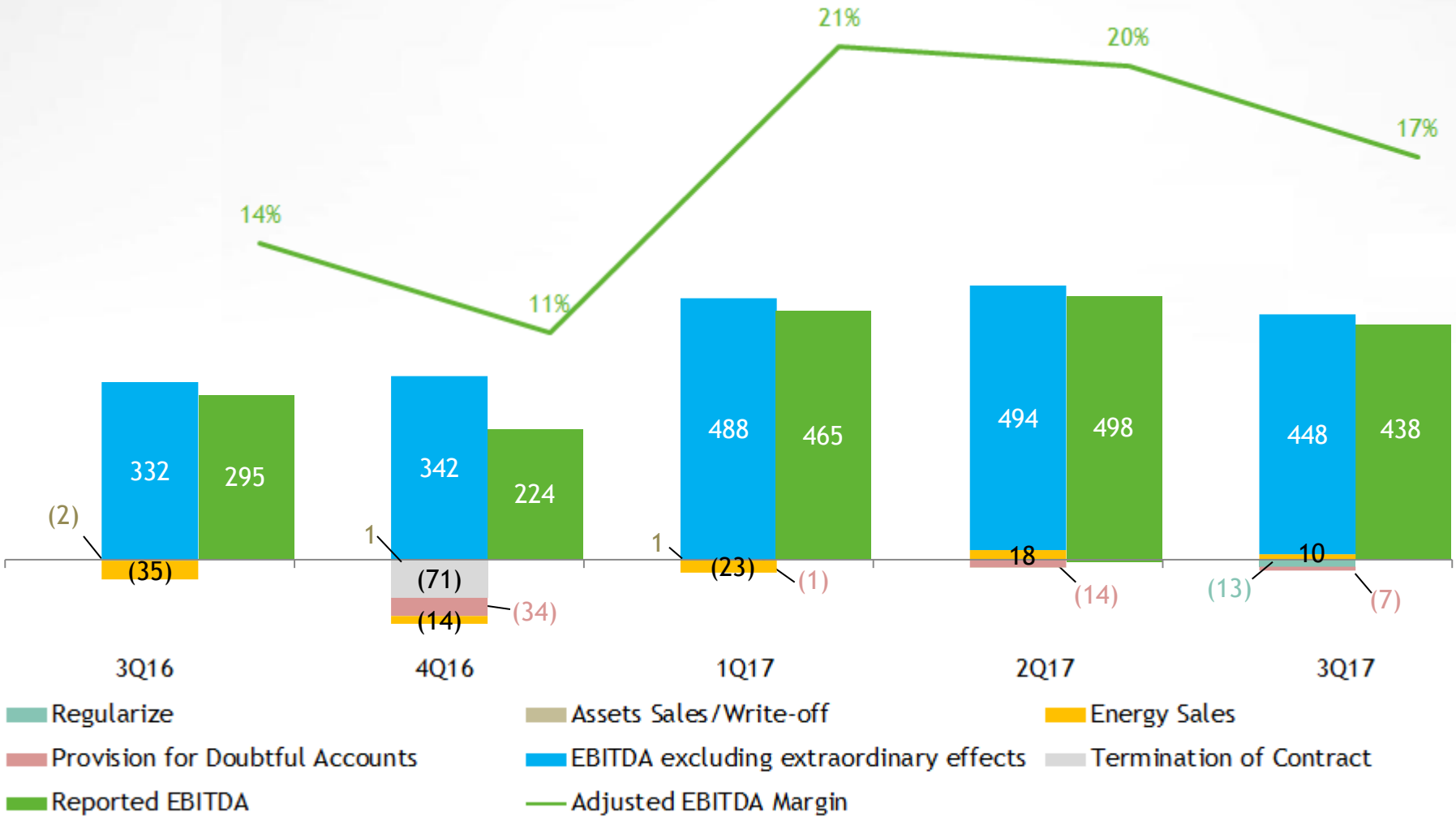
Cost of Goods Sold - COGS

Steel Business Unit



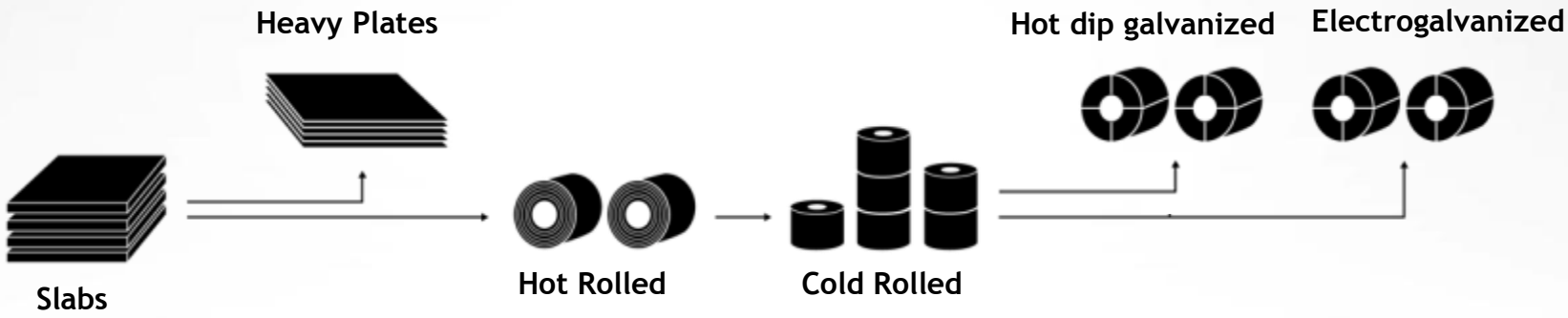
Adjusted EBITDA and EBITDA Margin

Steel Business Unit - Quarterly - R$ Million



Investments

Steel Business Unit



Capacity increase to generate finished products

7.2 million t
(2010)

9.7 million t
(2014)

Investments

Steel Business Unit

CLC Technology (Accelerated Cooling Process for Heavy Plates)



- ✓ Start up in 2010
- ✓ Meets the requirements of Petrobras, focused on pre-salt, besides the shipbuilding sector

Galvanizing Line

- ✓ Start up in 2011
- ✓ Double the capacity to 1 million tons /year
- ✓ Higher expertise in ultra-resistant steel production (*dual phase*)



Investments

Steel Business Unit

Hot Strip Mill



- ✓ Start up in 2012
- ✓ Capacity to process 2.3 million tons / year
- ✓ Improving products' portfolio (beams, ultra resistant wheels, higher grades API's)

Pickling Line

- ✓ Start up in 2013
- ✓ Capacity to process 1.7 million tons / year
- ✓ Better thickness tolerance, flatness and surface controls of materials for wheels, beams and compressors

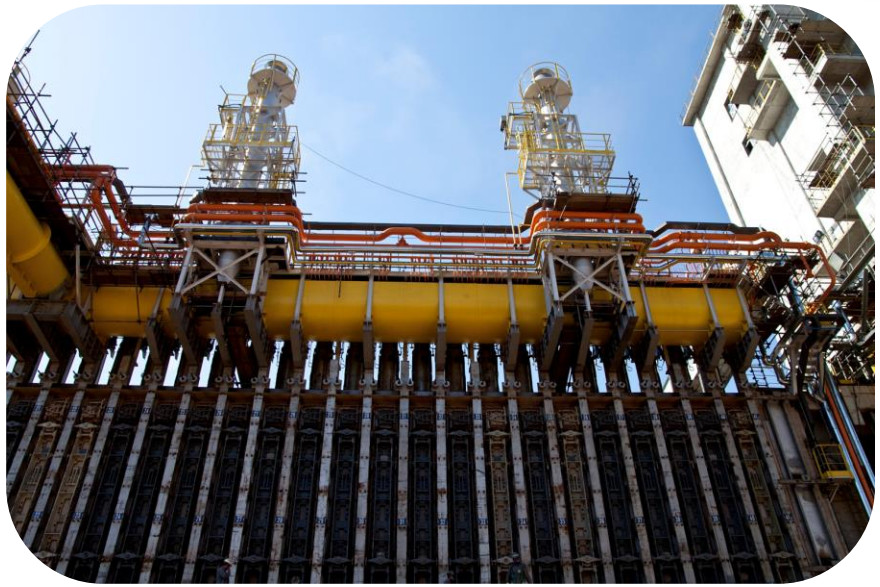


Mainly Investment Concluded in 2015

Steel Business Unit

Coke Plant Revamp - Ipatinga

- Met 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 Ipating Mill and electric energy production
- Coke plant total capacity of 1,1 million tons/year
- **Started up on May 2015**

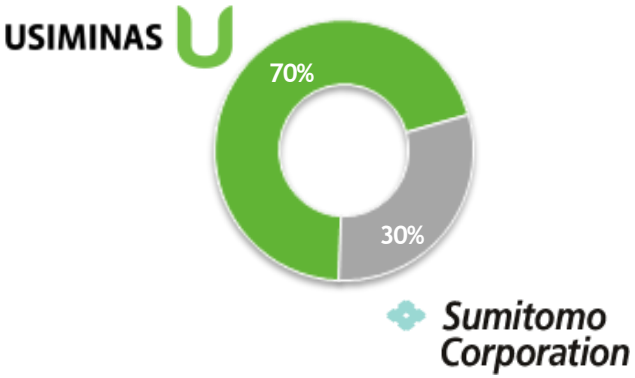


Description

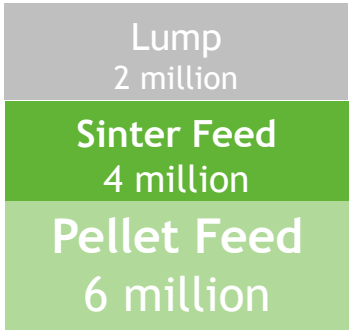
Mining Business Unit

- Located in Serra Azul/Minas Gerais state
- 4 mining sites, acquired from J. Mendes in February, 2008
- Reserves of 2.6 billion tons of iron ore
- It has 20% of voting shares of MRS Logistica, being part of the Control Group
- Retroarea in Itaguaí Port

Shareholder Composition

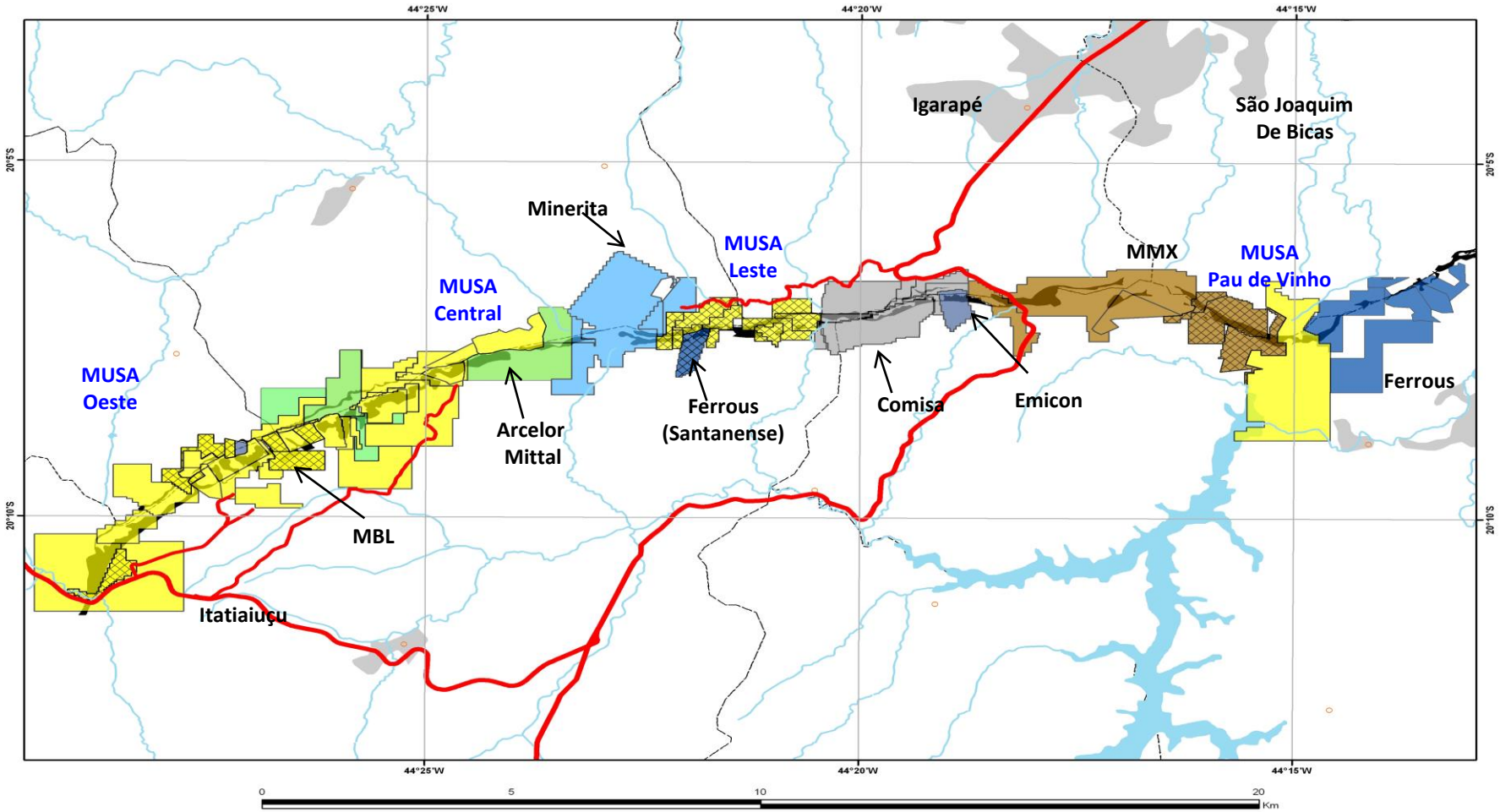


Production Capacity



Location

Mining Business Unit



Mineração Usiminas

Investments

Mining Business Unit

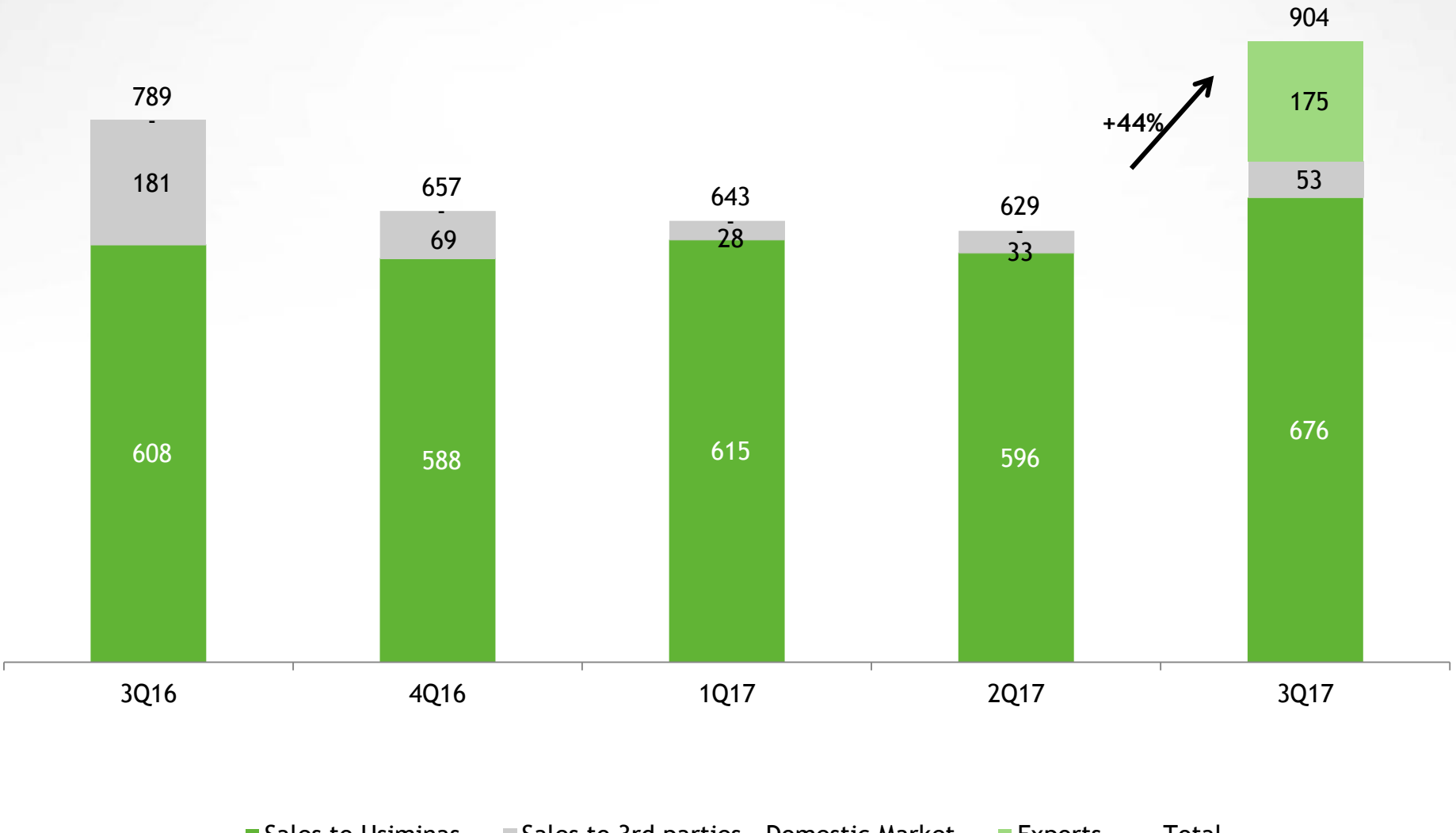
Friables Project

- ✓ Increased 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
- ✓ Two iron ore processing plants



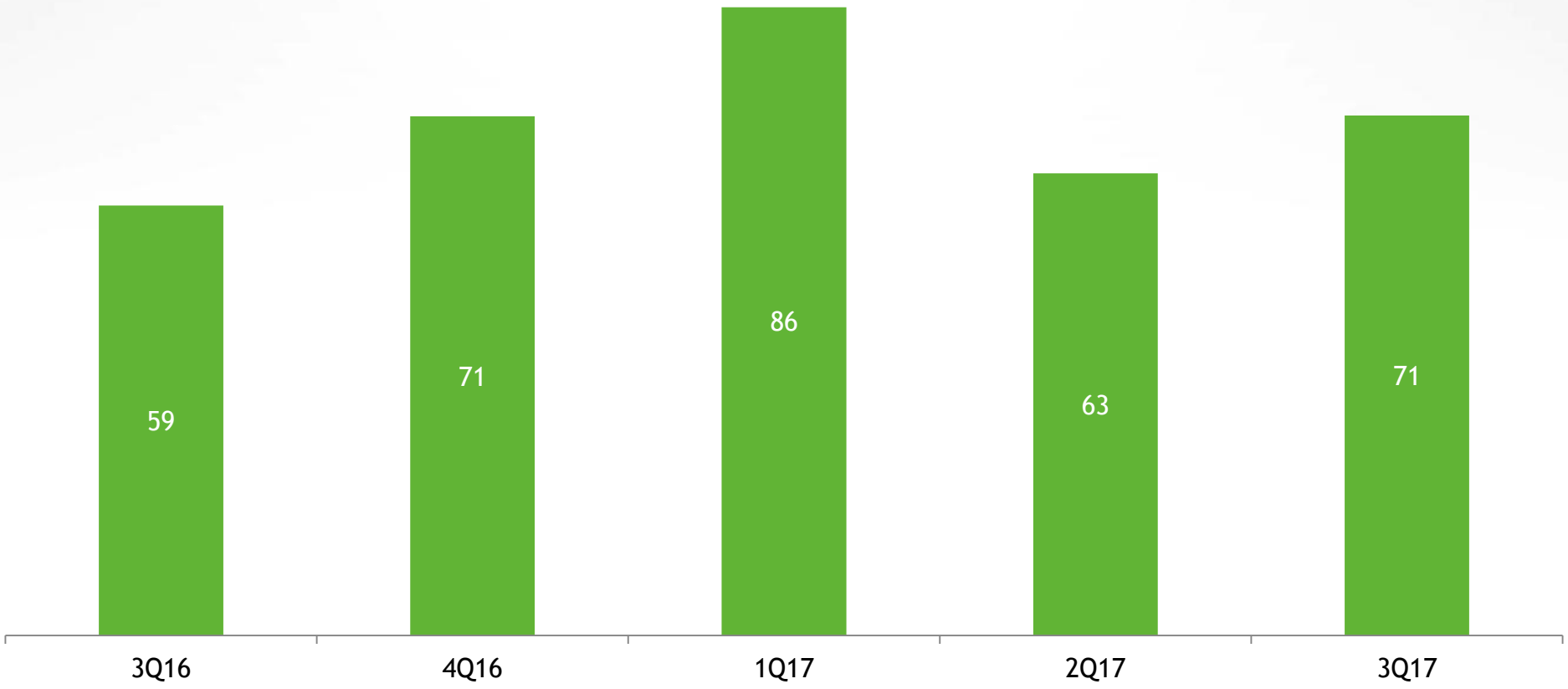
Sales Volume

Mining Business Unit - Quarterly - Thousand Tons



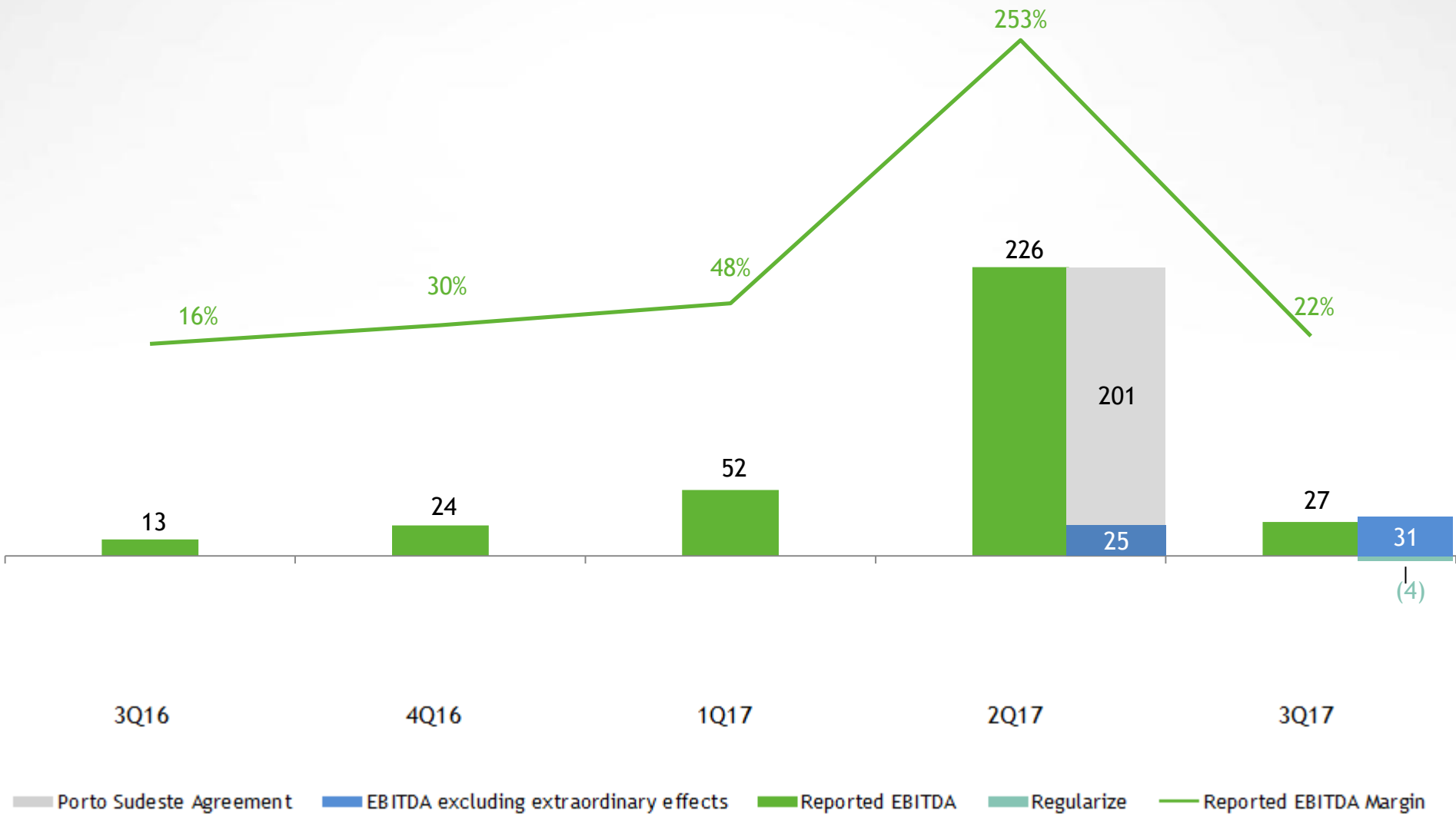
Iron Ore Price - PLATTS (62% Fe CFR China)

US$/ton



Adjusted EBITDA and EBITDA Margin

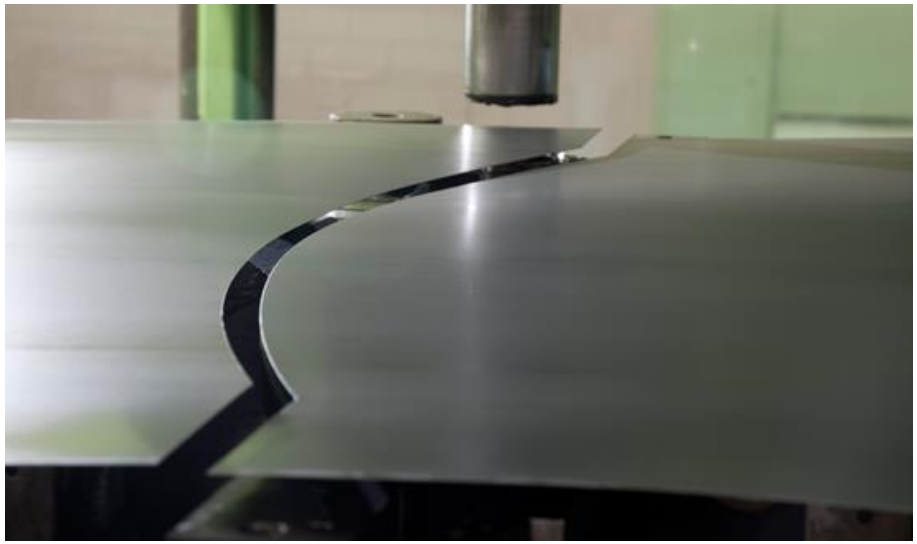
Mining Business Unit - Quarterly - R$ million

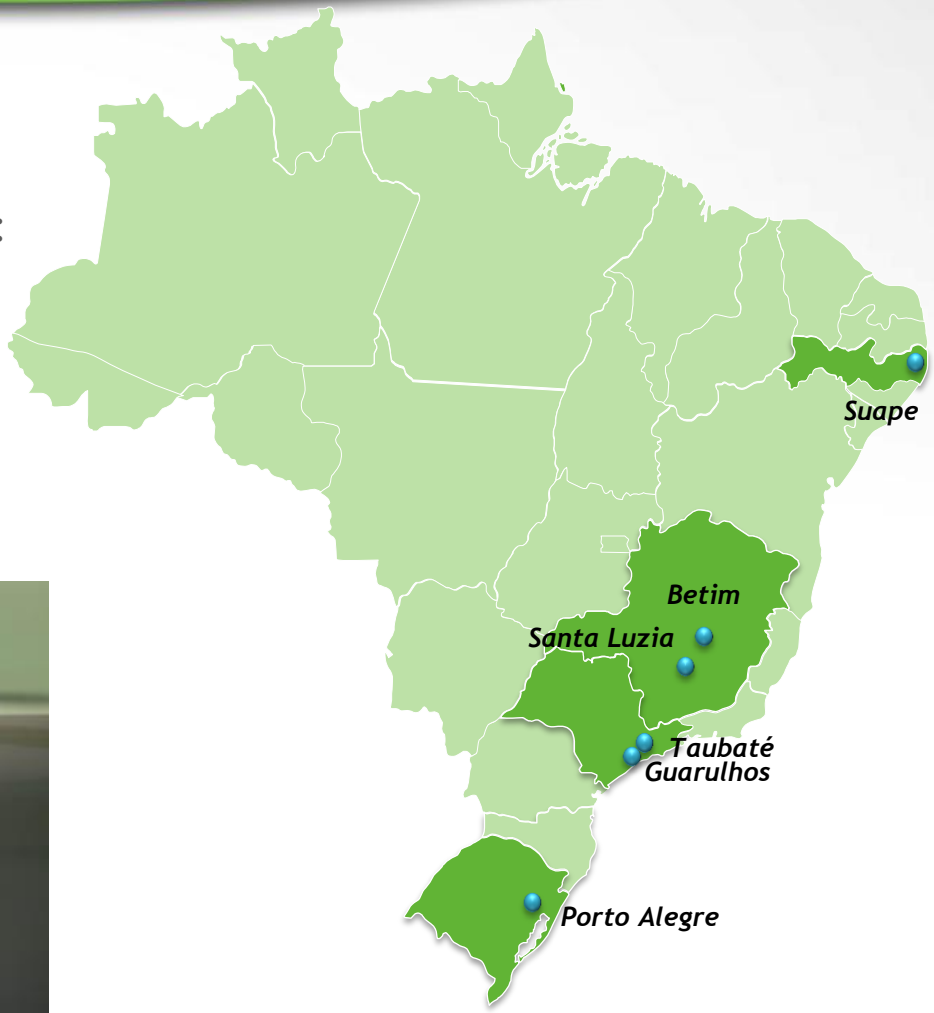


Description

Soluções Usiminas - Steel Processing

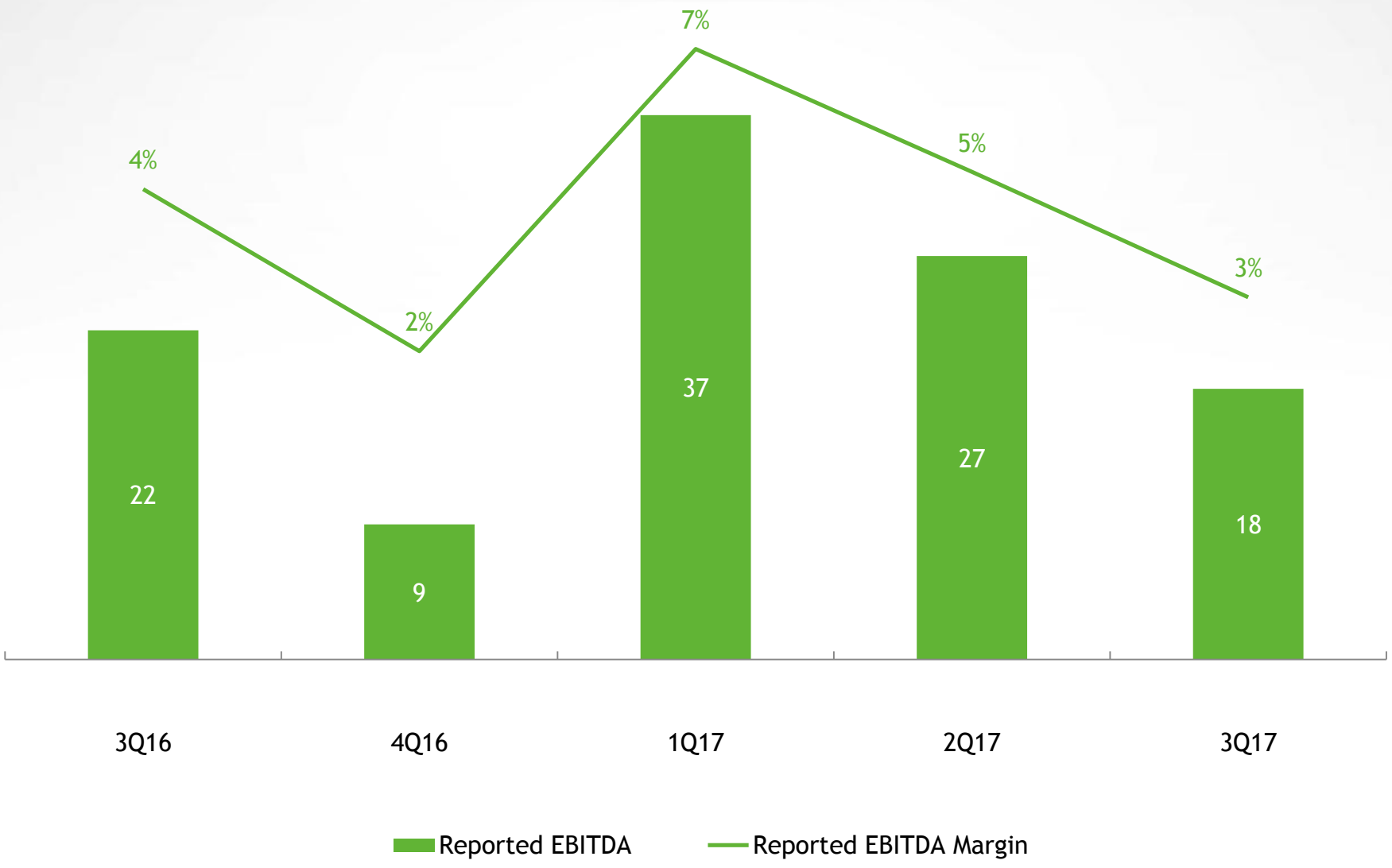
- 6 industrial units in different Brazilian states: MG, SP, RS, ES and PE
- Processing capacity of 2 million tons of steel/year
- Net Revenue of **R$1.8 billion** in 9M17





Adjusted EBITDA and EBITDA Margin

Steel Processing - Quarterly - R$ million



Description

Usiminas Mecânica - Capital Goods

- Facilities in Ipatinga/Minas Gerais state, Congonhas/Minas Gerais state and in Cubatão/São Paulo state
- Market Segments: Steel Structures, Shipbuilding and Offshore, Oil and Gas, Industrial Assembly and Equipment, Foundry and Railcars
- Net Revenue of **R$237 million** in 9M17



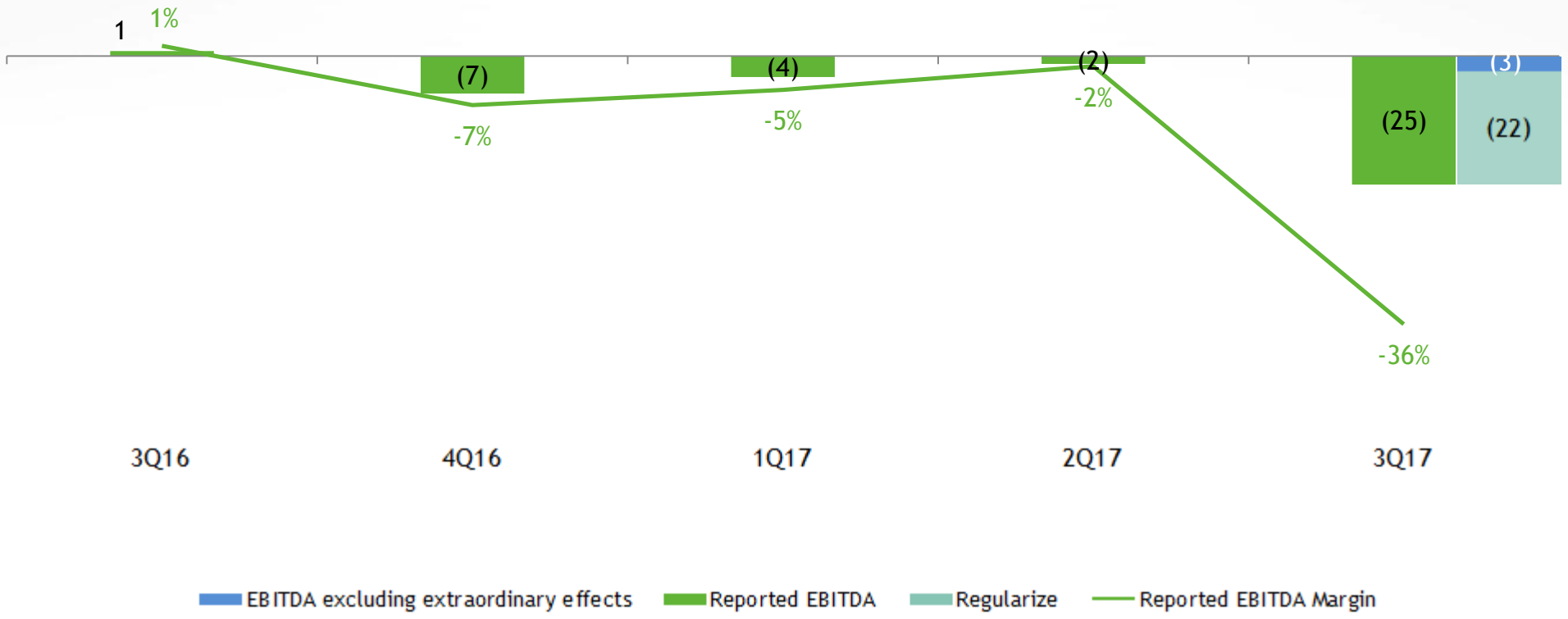
Steel Structures



Brasília 3rd Bridge

Adjusted EBITDA and EBITDA Margin

Capital Goods - Quarterly - R$ million



Agenda

Usiminas Profile



Market Data



Usiminas and its business units

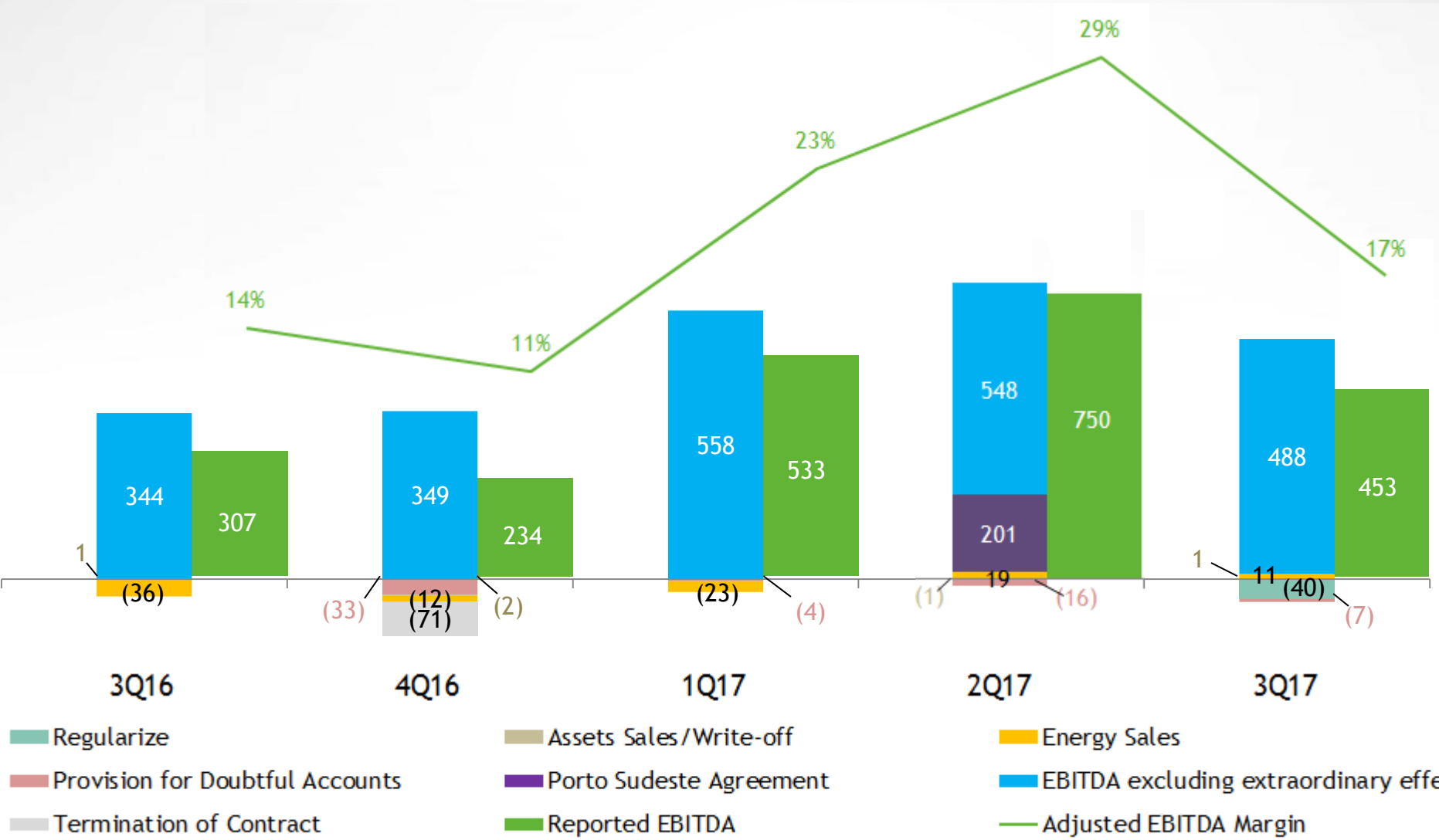


Financial Results



Adjusted EBITDA and EBITDA Margin

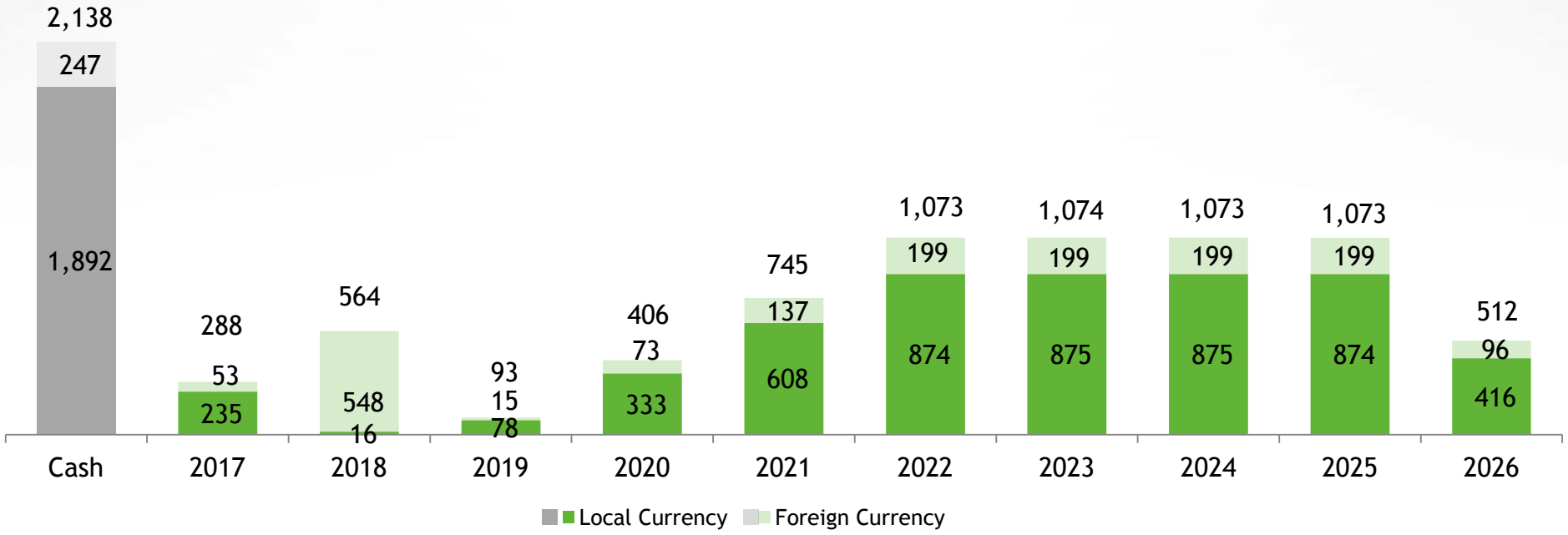
Consolidated - Quarterly - R$ million



Debt Profile (Principal)

Consolidated - R$ Million

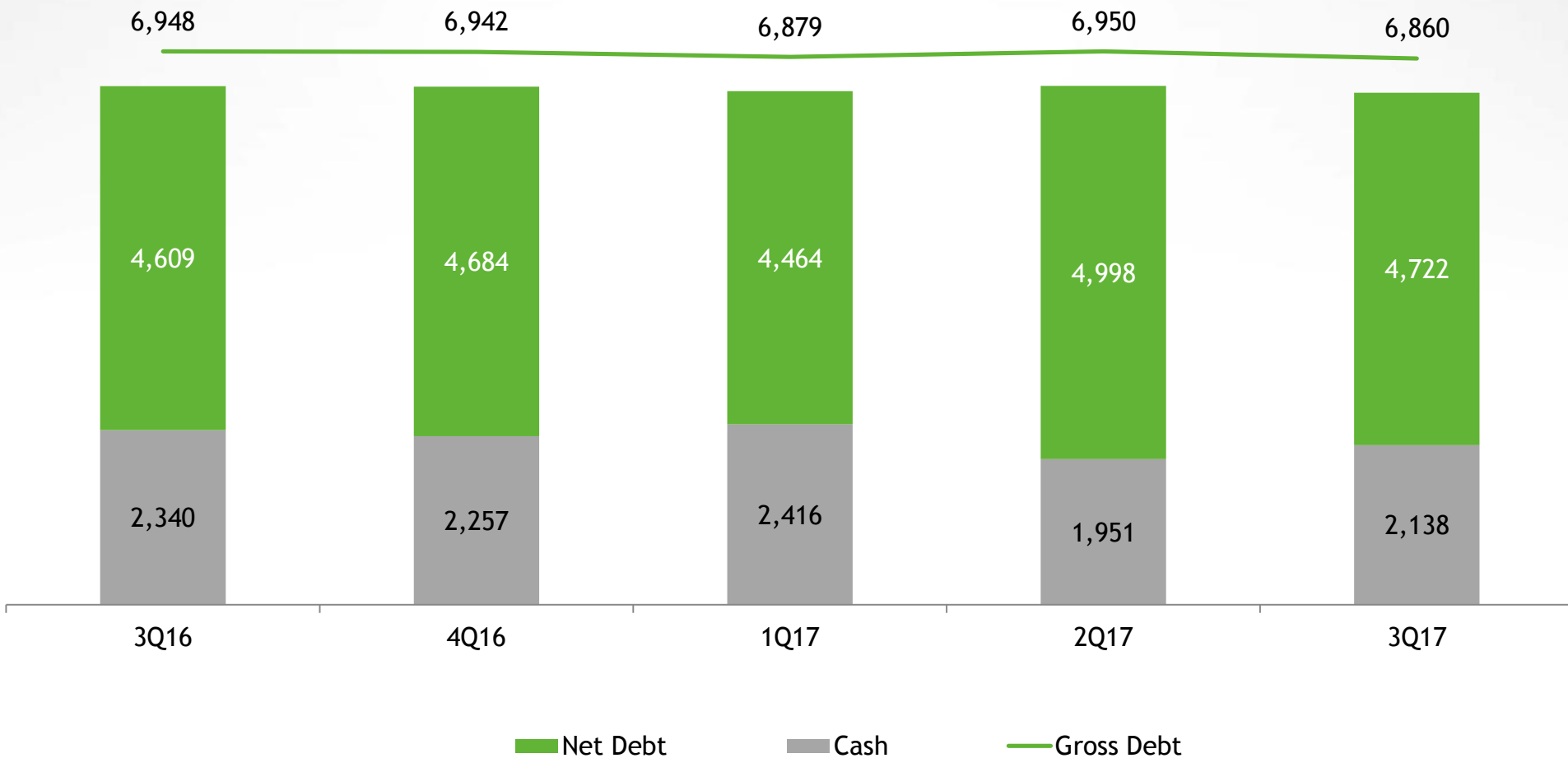
Duration: R$: 50 months
US$: 43 months



Cash Position and Indebtedness (with interest money)

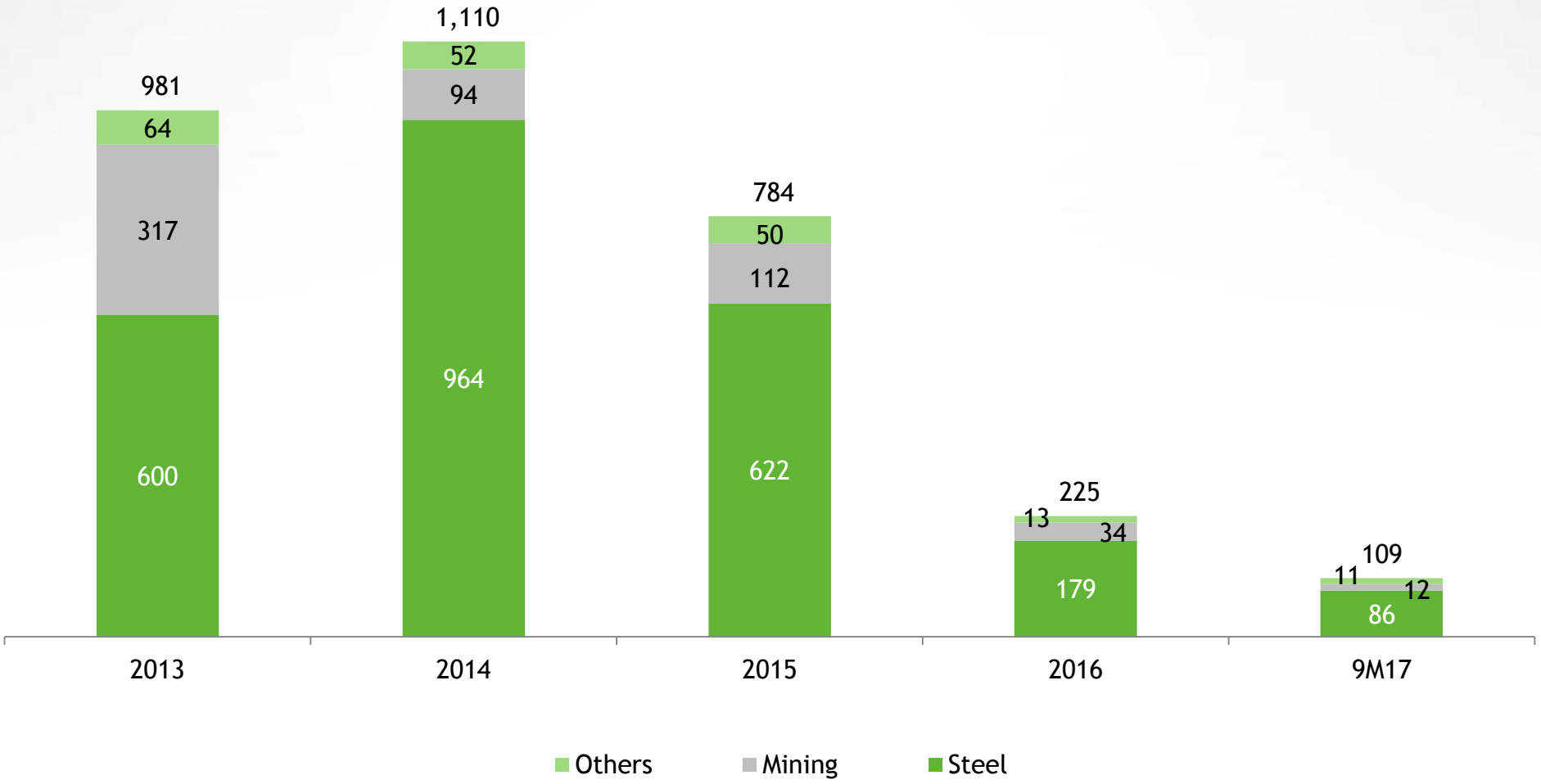
Consolidated - R$ Million

Duration: R$: 50 months
US$: 43 months



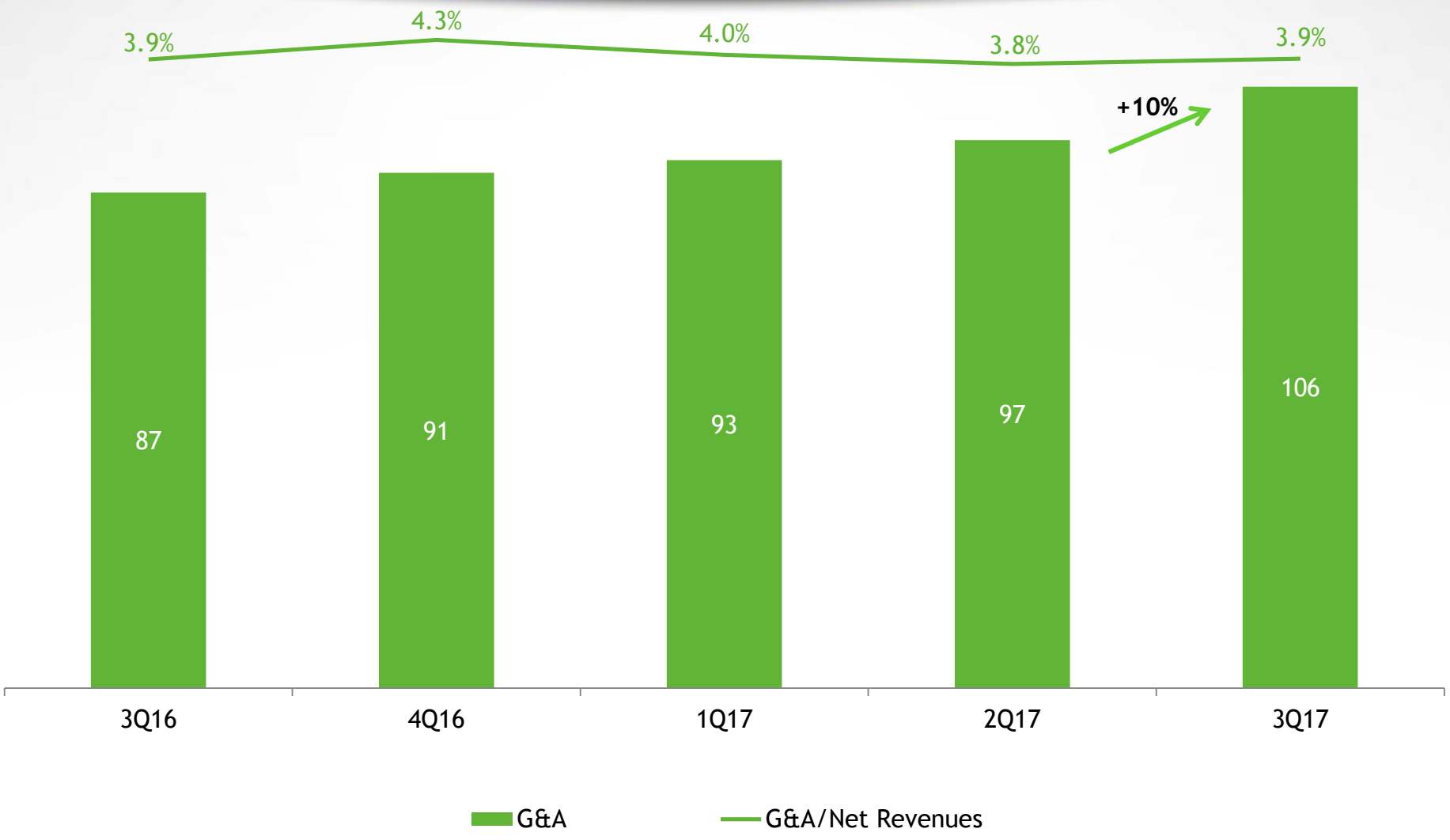
CAPEX

Consolidated - R$ Million



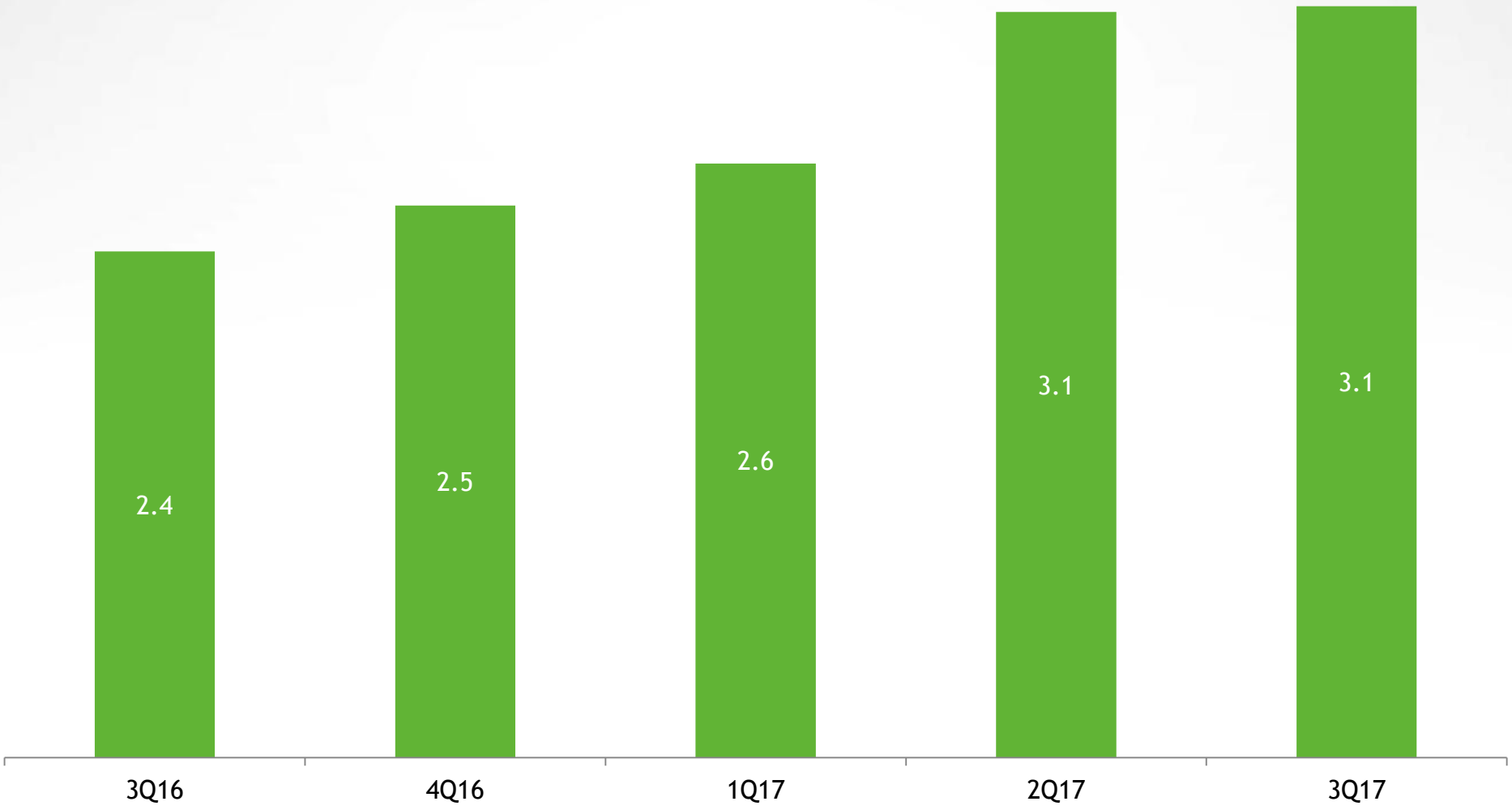
G&A Evolution

Consolidated - R$ million



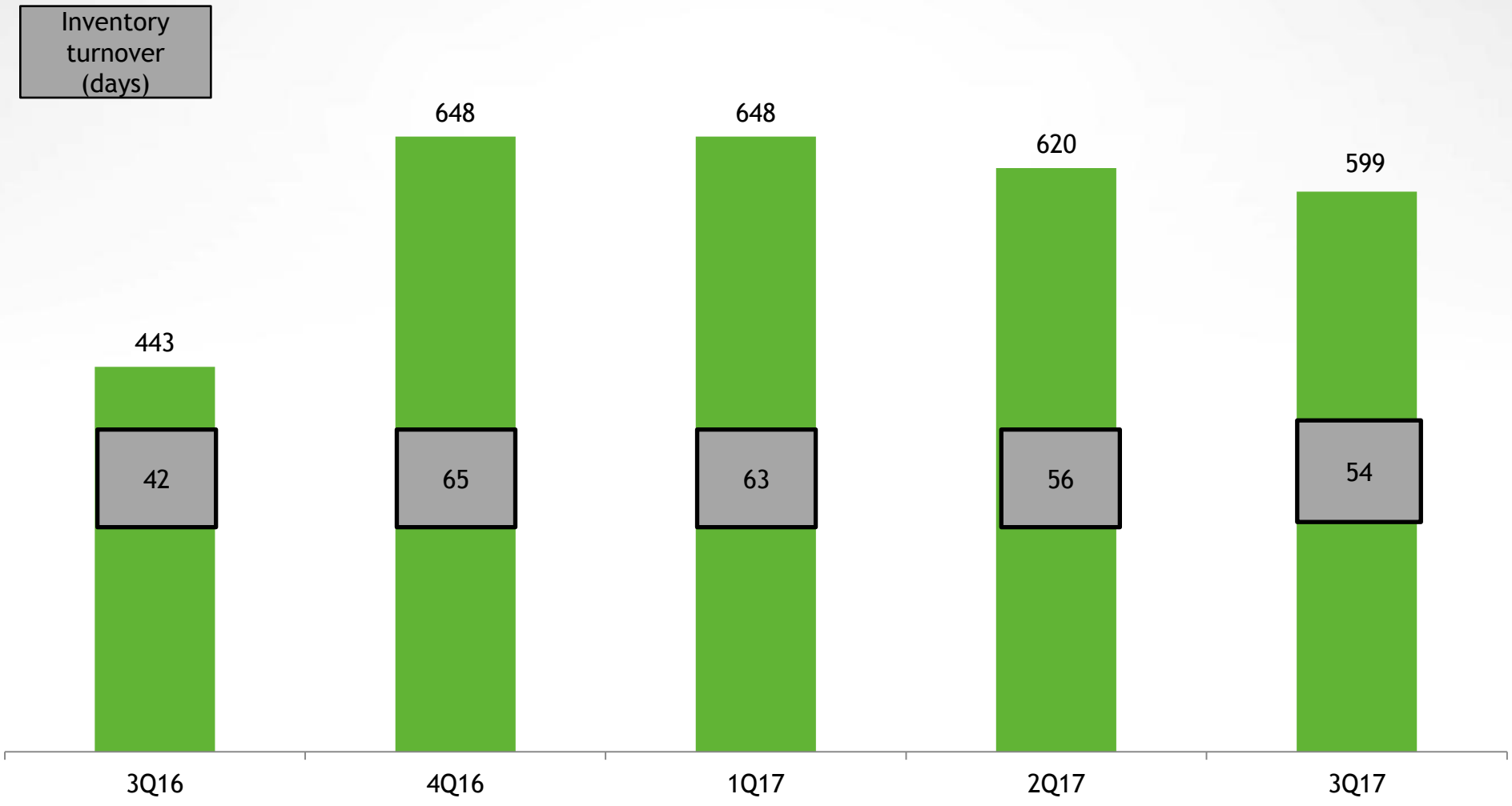
Working Capital

Consolidated - R$ Billion



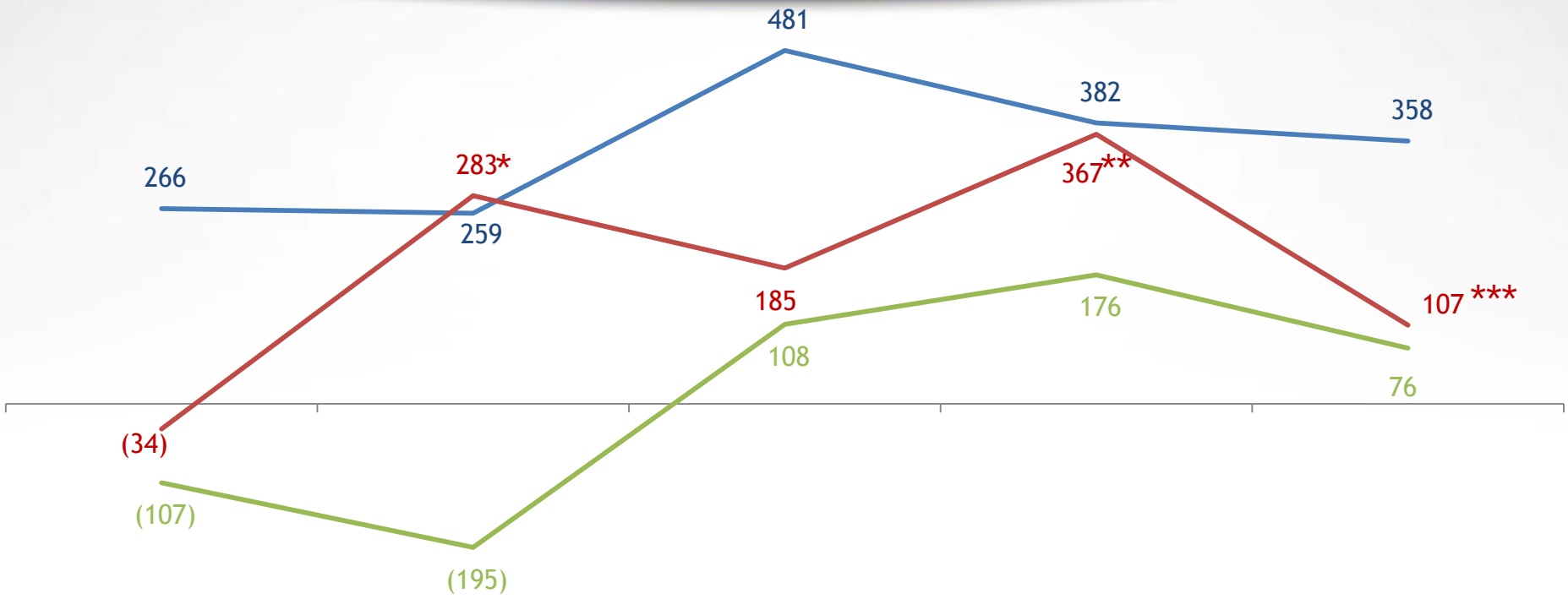
Working Capital – Steel Inventories

Thousand tons



Gross Profit, EBIT and Net Income - Quarterly

Consolidated - R$ million



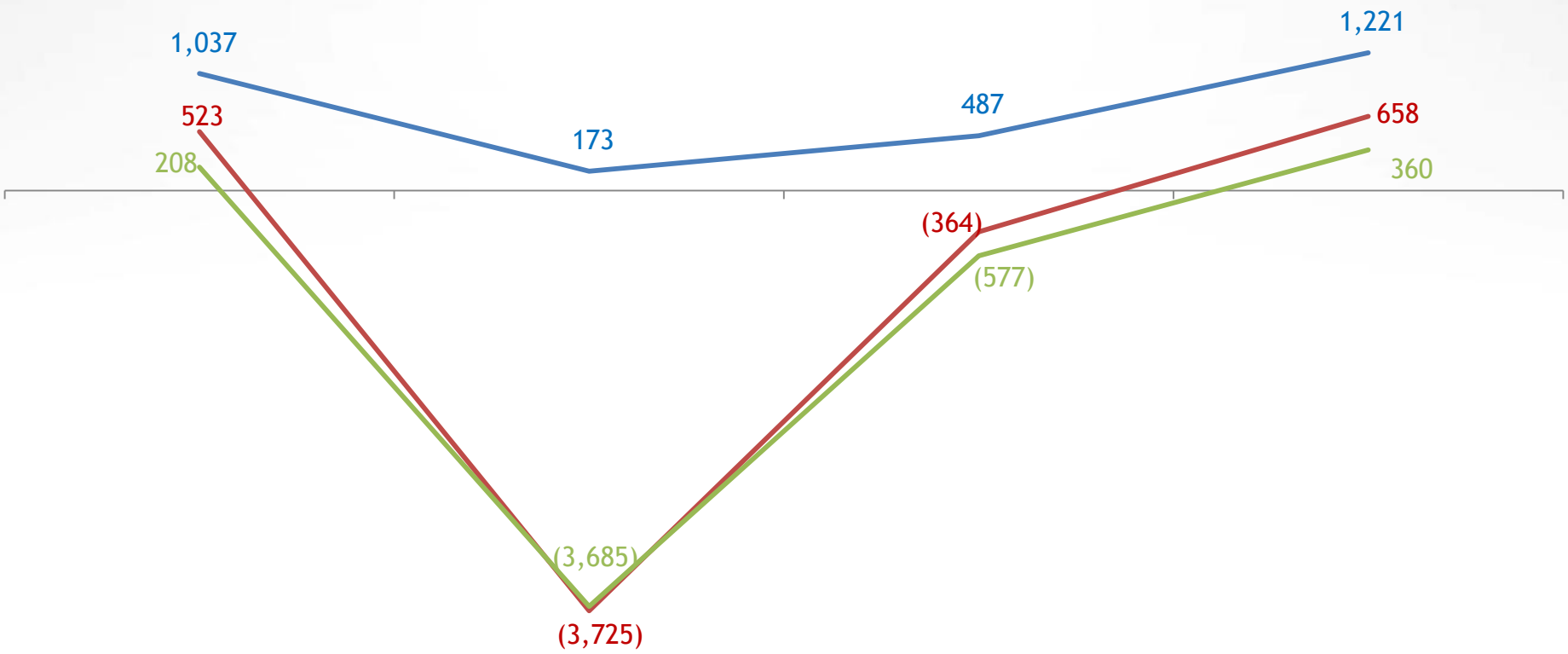
	3Q16	4Q16	1Q17	2Q17	3Q17
USD/BRL End of period	3.210	3.246	3.259	3.308	3.164

Gross Profit — EBIT — Net Income

*Reversion of impairment in the Mining Unit of R$357.7 million
** Porto Sudeste Agreement of R$132 million
*** Payment of R$ 39 million related to the Regularize Program

Gross Profit, EBIT and Net Income

Consolidated - R$ million



	2014	2015	2016	9M17
USD/BRL End of Period	2.656	3.905	3.259	3.164

Income Statement

Per Business Unit - R$ million - Quarterly

Income Statement per Business Units - Non Audited - Quarterly

R$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	3Q17	2Q17	3Q17	2Q17	3Q17	2Q17	3Q17	2Q17	3Q17	2Q17	3Q17	2Q17
Net Revenue	121	89	2,543	2,458	673	590	74	80	(674)	(647)	2,737	2,569
Domestic Market	86	89	2,228	2,100	673	589	74	80	(674)	(647)	2,386	2,212
Exports	35	-	315	358	-	-	-	-	-	-	351	358
COGS	(83)	(53)	(2,209)	(2,111)	(639)	(548)	(66)	(75)	618	600	(2,379)	(2,187)
Gross Profit (Loss)	38	36	334	347	35	41	7	5	(56)	(47)	358	382
Operating Income (Expenses)	(50)	151	(142)	(133)	(24)	(22)	(36)	(13)	1	1	(251)	(16)
EBIT	(12)	187	192	214	10	19	(28)	(8)	(55)	(46)	107	367
Adjusted EBITDA	**27**	**226**	**438**	**498**	**18**	**27**	**(25)**	**(2)**	**(5)**	**0**	**453**	**750**
Adj.EBITDA Margin	**22%**	**253%**	**17%**	**20%**	**3%**	**5%**	**-35%**	**-2%**	**1%**	**0%**	**17%**	**29%**

*Consolidated 70% of Unigal

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

Income Statement

Per Business Unit - R$ million - 9M

Income Statement per Business Units - Non Audited - 9M17

R$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	9M17	9M16	9M17	9M16	9M17	9M16	9M17	9M16	9M17	9M16	9M17	9M16
Net Revenue	319	288	7,219	5,560	1,830	1,373	237	462	(1,948)	(1,348)	7,657	6,334
Domestic Market	283	214	6,306	4,812	1,829	1,372	236	462	(1,948)	(1,348)	6,707	5,511
Exports	35	74	913	748	1	1	1	-	-	-	950	823
COGS	(189)	(248)	(6,118)	(5,355)	(1,699)	(1,278)	(224)	(427)	1,793	1,201	(6,437)	(6,106)
Gross Profit (Loss)	130	39	1,102	205	131	95	13	35	(154)	(147)	1,221	228
Operating Income (Expenses)	59	(136)	(493)	(631)	(72)	(77)	(59)	(35)	3	4	(562)	(875)
EBIT	188	(97)	609	(426)	59	18	(46)	1	(151)	(143)	658	(648)
Adjusted EBITDA	**304**	**22**	**1,401**	**391**	**83**	**40**	**(31)**	**19**	**(21)**	**(45)**	**1,735**	**426**
Adj.EBITDA Margin	**95%**	**8%**	**19%**	**7%**	**5%**	**3%**	**-13%**	**4%**	**1%**	**3%**	**23%**	**7%**

*Consolidated 70% of Unigal

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

Leonardo Karam Rosa
IR Manager
leonardo.rosa@usiminas.com
Phone: 55-31-3499.8550

www.usiminas.com/ri

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Declarations relative to business and 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.

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