

(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

**Quarterly Information (ITR) at
September 30, 2019
and report on review of
quarterly information**

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2019, comprising the balance sheet at that date and the statements of operations and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2019. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, October 24, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Guilherme Campos e Silva
Contador CRC 1SP218254/O-0

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Company Information / Capital Breakdown

Number of shares (units)	Current quarter 09/30/2019
Common Shares - Paid-in Capital	705,260,684
Preferred Shares - Paid-in Capital	547,818,424
Total - Paid-in Capital	1,253,079,108
Common Treasury Shares	2,526,656
Preferred Treasury Shares	21,051,399
Total Treasury Shares	23,578,055

Parent Company Financial Statements / Balance sheet - Assets**(In thousands of reais)**

Account Code	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
1	Total Assets	24,599,026	24,439,085
1.01	Current Assets	7,244,340	6,381,672
1.01.01	Cash and Cash Equivalents	629,434	765,638
1.01.03	Trade Receivables	1,480,881	1,669,763
1.01.04	Inventories	3,476,196	3,183,996
1.01.08	Other Current Assets	1,657,829	762,275
1.01.08.03	Other	1,657,829	762,275
1.01.08.03.01	Taxes Recoverable	647,464	478,283
1.01.08.03.02	Prepaid Income Tax and Social Contribution	65,221	79,407
1.01.08.03.03	Dividends Receivable	346	71,601
1.01.08.03.04	Advances to Suppliers	3,065	2,871
1.01.08.03.05	Financial Instruments	742	347
1.01.08.03.06	Amounts Receivable Eletrobrás	751,404	-
1.01.08.03.07	Other	189,587	129,766
1.02	Noncurrent Assets	17,354,686	18,057,413
1.02.01	Long-term Receivables	2,762,912	3,470,246
1.02.01.04	Accounts Receivable	76,528	17,052
1.02.01.04.01	Trade Accounts Receivable	76,528	17,052
1.02.01.07	Deferred Taxes	1,912,979	1,726,425
1.02.01.09	Receivables from Related Parties	38,263	45,069
1.02.01.10	Other Noncurrent Assets	735,142	1,681,700
1.02.01.10.03	Judicial Deposits	376,428	367,777
1.02.01.10.04	Properties for Sale	27,477	27,481
1.02.01.10.05	Financial Instruments	6,475	3,553
1.02.01.10.06	Taxes Recoverable	119,873	452,768
1.02.01.10.07	Amounts Receivable Eletrobrás	-	676,023
1.02.01.10.08	Other	204,889	154,098
1.02.02	Investments	4,570,607	4,260,600
1.02.02.01	Ownership Interests	4,570,607	4,260,600
1.02.02.01.01	Interest Held in Associates	35,424	23,518
1.02.02.01.02	Interest Held in Subsidiaries	3,850,620	3,633,115
1.02.02.01.03	Interest Held in Jointly-Controlled Subsidiaries	684,563	603,967
1.02.03	Property, Plant and Equipment (PPE)	9,946,035	10,248,224
1.02.03.01	Property, Plant and Equipment in Use	9,448,003	9,528,990
1.02.03.03	Construction in Progress	498,032	719,234
1.02.04	Intangible Assets	75,132	78,343

Parent Company Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
2	Total Liabilities and Equity	24,599,026	24,439,085
2.01	Current Liabilities	2,839,964	3,042,942
2.01.01	Social and Labor Liabilities	181,539	158,556
2.01.02	Trade Payables	1,216,636	1,038,083
2.01.03	Tax Liabilities	69,663	101,151
2.01.04	Borrowings	271,644	462,363
2.01.04.01	Borrowings	221,628	392,126
2.01.04.02	Debentures	50,016	70,237
2.01.05	Other Liabilities	1,100,482	1,282,789
2.01.05.02	Other	1,100,482	1,282,789
2.01.05.02.01	Dividends and Interest on Capital Payable	395	172,762
2.01.05.02.04	Accounts Payable	139,286	114,846
2.01.05.02.05	Taxes Payable in Installments	4,282	4,178
2.01.05.02.07	Advances from Customers	40,736	25,076
2.01.05.02.08	Accounts Payable - Forfeiting	915,783	965,927
2.02	Noncurrent Liabilities	7,522,762	7,129,845
2.02.01	Borrowings	5,568,506	5,372,720
2.02.01.01	Borrowings	5,376,640	4,552,937
2.02.01.02	Debentures	191,866	819,783
2.02.02	Other Liabilities	282,017	249,179
2.02.02.01	Payables to Related Parties	106,869	96,896
2.02.02.02	Other	175,148	152,283
2.02.02.02.05	Other Accounts Payable	175,148	152,283
2.02.04	Provisions	1,672,239	1,507,946
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,672,239	1,507,946
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	1,018,315	1,033,840
2.02.04.01.05	Contingent Liabilities	653,924	474,106
2.03	Equity	14,236,300	14,266,298
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	310,049	309,391
2.03.04	Profit Reserves	766,942	766,942
2.03.04.01	Legal reserve	47,984	47,984
2.03.04.10	Investments and working capital	718,958	718,958
2.03.05	Retained Earnings (Accumulated Losses)	1,036	-
2.03.06	Equity Adjustments	-42,022	-10,330

Parent Company Financial Statements / Statement of Operations
(In thousands of reais)

Account code	Account description	Current quarter 07/01/2019 to 09/30/2019	Current period 01/01/2019 to 09/30/2019	Prior period current quarter 07/01/2018 to 09/30/2018	Prior period 01/01/2018 to 09/30/2018
3.01	Revenue	3,241,798	9,659,494	3,440,677	9,367,143
3.02	Cost of Sales and/or Services	-3,063,134	-8,865,422	-2,969,009	-7,920,549
3.03	Gross Profit	178,664	794,072	471,668	1,446,594
3.04	Operating Income (Expenses)	-62,505	-287,330	-73,789	-474,240
3.04.01	Selling Expenses	-24,523	-84,835	-36,183	-111,902
3.04.02	General and Administrative Expenses	-71,983	-229,134	-73,871	-231,298
3.04.04	Other Operating Income	231,474	440,662	148,644	397,305
3.04.05	Other Operating Expenses	-361,171	-758,441	-237,413	-728,112
3.04.06	Equity in Results of Investees	163,698	344,418	125,034	199,767
3.05	Income Before Financial Income (Expense) and Taxes	116,159	506,742	397,879	972,354
3.06	Finance result, Net	-469,232	-686,859	-139,492	-593,852
3.07	Income Before Income Taxes	-353,073	-180,117	258,387	378,502
3.08	Income Tax and Social Contribution	169,164	174,316	5,537	-6,643
3.08.01	Current	-	-	-41,375	-85,227
3.08.02	Deferred	169,164	174,316	46,912	78,584
3.09	Net Income (loss) from Continuing Operations	-183,909	-5,801	263,924	371,859
3.11	Net Income/Loss for the Period	-183,909	-5,801	263,924	371,859
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-	-	-
3.99.01	Basic Earnings per Share	-	-	-	-
3.99.01.01	Registered Common Shares (RCS)	-0.14000	-	0.21000	0.29000
3.99.01.02	Registered Preferred Shares (RPS)	-0.15000	-	0.23000	0.32000
3.99.02	Diluted Earnings per Share	-	-	-	-
3.99.02.01	RCS	-0.14000	-	0.21000	0.29000
3.99.02.02	RPS	-0.15000	-	0.23000	0.32000

Parent Company Financial Statements / Statement of Comprehensive Income (Loss)

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2019 to 09/30/2019	Current period 01/01/2019 to 09/30/2019	Prior period current quarter 07/01/2018 to 09/30/2018	Prior period 01/01/2018 to 09/30/2018
4.01	Net Income for the Period	-183,909	-5,801	263,924	371,859
4.02	Other Comprehensive Income (Loss)	5,215	-23,728	-30,040	-54,774
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	5,215	-23,728	-30,040	-54,774
4.03	Comprehensive Income (Loss) for the Period	-178,694	-29,529	233,884	317,085

Parent Company Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2019 to 09/30/2019	Prior period 01/01/2018 to 09/30/2018
6.01	Net Cash from Operating Activities	423,994	432,586
6.01.01	Cash From Operations	844,987	1,696,273
6.01.01.01	Net Income (Loss) for the Period	-5,801	371,859
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	251,335	367,887
6.01.01.03	Interest Expenses	297,243	310,921
6.01.01.04	Depreciation and Amortization	619,062	640,124
6.01.01.05	Gain/Loss on Sale of Property, Plant and Equipment	-4,016	2,849
6.01.01.07	Equity in Results of Investees	-344,418	-199,767
6.01.01.09	Deferred Income Tax and Social Contribution	-174,316	-78,584
6.01.01.10	Set up (Reversal) of Provisions	141,468	274,202
6.01.01.11	Actuarial Gains (Losses)	64,430	6,782
6.01.02	Changes in Assets and Liabilities	34,373	-708,287
6.01.02.02	Trade Receivables	140,400	-399,594
6.01.02.03	Inventories	-264,440	-776,179
6.01.02.04	Taxes Recoverable	-102,643	33,434
6.01.02.05	Receivables from Related Parties	11,817	6,052
6.01.02.06	Judicial Deposits	-28,897	-16,247
6.01.02.07	Other Increase (Decrease) In Assets	-132,317	-54,488
6.01.02.08	Accounts Payable, Contractors and Freight	178,553	548,267
6.01.02.09	Advances from Customers	15,660	-9,458
6.01.02.11	Taxes Payable	308,437	-3,295
6.01.02.12	Accounts Payable – Forfeiting	-50,144	31,304
6.01.02.13	Other Increase (Decrease) in Liabilities	-42,053	-68,083
6.01.03	Other	-455,366	-555,400
6.01.03.01	Interest Paid	-339,424	-388,173
6.01.03.02	Prepaid Income Tax and Social Contribution	-	-29,615
6.01.03.03	Actuarial Liabilities	-115,942	-137,612
6.02	Net Cash from Investing Activities	-135,410	905,791
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	5,640	28,012
6.02.02	Fixed Assets Purchases	-250,274	-173,562
6.02.04	Dividends Received	120,671	286,969
6.02.06	Purchase of Software	-11,447	-11,305
6.02.07	Marketable Securities	-	775,677
6.03	Net Cash from Financing Activities	-428,460	-443,451
6.03.01	Proceeds from Loans, Financing and Debentures	2,861,018	-
6.03.02	Repayment of Borrowings	-3,117,467	-388,080
6.03.03	Payment of Taxes Payable in Installments	-	-131
6.03.04	Swap Transaction Settlement	356	14
6.03.05	Prepaid Capital Contribution	-172,367	-55,254
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	3,672	2,195
6.05	Increase (Decrease) in Cash and Cash Equivalents	-136,204	897,121
6.05.01	Cash and Cash Equivalents at the beginning of Period	765,638	3,122
6.05.02	Cash and cash Equivalents at end of Period	629,434	900,243

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019
(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (loss)	Equity
5.01	Opening balances	13,200,295	309,391	766,942	-	-10,330	14,266,298
5.03	Adjusted Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298
5.04	Capital Transactions with Shareholders	-	658	-	6,837	-7,964	-469
5.04.03	Recognized Options Granted	-	-567	-	567	-	-
5.04.05	Treasury Stock Sold	-	1,225	-	-	-	1,225
5.04.07	Interest on equity	-	-	-	-1,694	-	-1,694
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	7,964	-7,964	-
5.05	Total Comprehensive Income	-	-	-	-5,801	-23,728	-29,529
5.05.01	Net Income for the Period	-	-	-	-5,801	-	-5,801
5.05.02	Other Comprehensive Income	-	-	-	-	-23,728	-23,728
5.05.02.06	Actuarial gain and loss on retirement benefits	-	-	-	-	-23,728	-23,728
5.07	Closing Balances	13,200,295	310,049	766,942	1,036	-42,022	14,236,300

Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2018 to 09/30/2018**(In thousands of reais)**

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income (loss)	Equity
5.01	Opening balances	13,200,295	311,747	202,207	-	60,546	13,774,795
5.03	Adjusted Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795
5.04	Capital Transactions with Shareholders	-	2,820	-	18,540	-13,329	8,031
5.04.03	Recognized Options Granted	-	-5,168	-	5,168	-	-
5.04.05	Treasury Stock Sold	-	7,988	-	-	-	7,988
5.04.08	Prescribed Dividends	-	-	-	43	-	43
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	13,329	-13,329	-
5.05	Total Comprehensive Income	-	-	-	371,859	-54,774	317,085
5.05.01	Net Income for the Period	-	-	-	371,859	-	371,859
5.05.02	Other Comprehensive Income	-	-	-	-	-54,774	-54,774
5.05.02.06	Actuarial gain and loss on retirement benefits	-	-	-	-	-54,774	-54,774
5.07	Closing Balances	13,200,295	314,567	202,207	390,399	-7,557	14,099,911

Parent Company Financial Statements / Statement of Value Added**(In thousands of reais)**

Account code	Account description	Current period 01/01/2019 to 09/30/2019	Prior period 01/01/2018 to 09/30/2018
7.01	Revenue	12,064,555	11,675,000
7.01.01	Sales of Goods, Products and Services	11,757,542	11,389,198
7.01.02	Other Revenues	295,680	286,510
7.01.04	Allowance (Reversal of) for Doubtful Accounts	11,333	-708
7.02	Inputs Acquired from Third Parties	-10,119,991	-9,256,409
7.02.01	Costs of Products Goods and Services Sold	-9,441,463	-8,590,409
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-678,528	-666,000
7.03	Gross Value Added	1,944,564	2,418,591
7.04	Retentions	-619,062	-640,124
7.04.01	Depreciation, Amortization and Depletion	-619,062	-640,124
7.05	Net Value Added Produced	1,325,502	1,778,467
7.06	Value Added Received in Transfer	625,962	112,491
7.06.01	Equity in earnings	344,418	199,767
7.06.02	Financial Revenues	294,526	163,709
7.06.03	Other	-12,982	-250,985
7.06.03.01	Actuarial Gains (Losses)	-35,648	-6,782
7.06.03.02	Exchange Variations	22,666	-244,203
7.07	Total Value Added to be Distributed	1,951,464	1,890,958
7.08	Distribution of Value Added	1,951,464	1,890,958
7.08.01	Personnel	503,524	528,245
7.08.01.01	Direct Compensation	428,651	435,774
7.08.01.02	Benefits	33,341	49,126
7.08.01.03	Unemployment Compensation Fund (FGTS)	41,532	43,345
7.08.02	Taxes, Rates and Contributions	449,690	477,496
7.08.02.01	Federal	-68,762	100,081
7.08.02.02	State	467,803	329,642
7.08.02.03	Municipal	50,649	47,773
7.08.03	Remuneration of Third Parties	1,004,051	513,358
7.08.03.01	Interest	683,532	514,113
7.08.03.03	Other	320,519	-755
7.08.03.03.01	Foreign Exchange Variations	324,191	-
7.08.03.03.02	Other	-3,672	-755
7.08.04	Equity Remuneration	-5,801	371,859
7.08.04.03	Retained Earnings (Accumulated Losses)	-5,801	371,859

Consolidated Financial Statements - Balance Sheet - Assets**(In thousands of reais)**

Account code	Account description	Current quarter - 09/30/2019	Prior period - 12/31/2018
1	Total Assets	27,013,732	26,523,851
1.01	Current Assets	9,752,525	8,324,317
1.01.01	Cash and Cash Equivalents	906,853	1,106,790
1.01.02	Financial investments	915,560	586,559
1.01.03	Trade Receivables	1,828,747	1,894,291
1.01.04	Inventories	4,240,414	3,880,635
1.01.08	Other Current Assets	1,860,951	856,042
1.01.08.03	Other	1,860,951	856,042
1.01.08.03.01	Taxes Recoverable	852,931	617,731
1.01.08.03.02	Prepaid Income Tax and Social Contribution	75,568	130,197
1.01.08.03.03	Dividends Receivable	13,562	13,562
1.01.08.03.04	Advances to Suppliers	7,136	4,050
1.01.08.03.05	Financial Instruments	742	347
1.01.08.03.06	Amounts Receivable Eletrobrás	751,404	-
1.01.08.03.07	Other Accounts Receivable	159,608	90,155
1.02	Noncurrent Assets	17,261,207	18,199,534
1.02.01	Long-term Receivables	3,939,233	4,700,822
1.02.01.04	Accounts Receivable	123,534	64,058
1.02.01.04.01	Trade Accounts Receivable	123,534	64,058
1.02.01.05	Inventories	3,941	26,899
1.02.01.07	Deferred Taxes	2,923,766	2,765,356
1.02.01.09	Receivables from Related Parties	1,574	2,342
1.02.01.10	Other Noncurrent Assets	886,418	1,842,167
1.02.01.10.03	Judicial Deposits	535,375	523,557
1.02.01.10.04	Financial Instruments	6,475	3,553
1.02.01.10.05	Taxes Recoverable	124,199	454,284
1.02.01.10.07	Amounts Receivable Eletrobrás	-	676,023
1.02.01.10.08	Other	220,369	184,750
1.02.02	Investments	1,222,453	1,088,094
1.02.02.01	Ownership Interest	1,222,453	1,088,094
1.02.02.01.01	Interests Held in Associates	527,724	473,765
1.02.02.01.04	Other Ownership Interests	694,729	614,329
1.02.03	Property, Plant and Equipment (PP&E)	11,403,455	11,715,022
1.02.03.01	Property, Plant and Equipment in Use	10,820,060	10,869,010
1.02.03.03	Construction in Progress	583,395	846,012
1.02.04	Intangible Assets	696,066	695,596

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter - 09/30/2019	Prior period - 12/31/2018
2	Total Liabilities and Equity	27,013,732	26,523,851
2.01	Current Liabilities	3,385,283	3,335,670
2.01.01	Social and Labor Liabilities	249,717	205,583
2.01.02	Trade Payables	1,493,648	1,133,763
2.01.03	Tax Liabilities	112,297	126,212
2.01.03.01	Federal Tax Liabilities	112,297	126,212
2.01.03.01.01	Income and Social Contribution Taxes Payable	16,347	3,299
2.01.03.01.02	Taxes Payable	95,950	122,913
2.01.04	Borrowings	275,805	467,036
2.01.04.01	Borrowings	225,789	396,799
2.01.04.02	Debentures	50,016	70,237
2.01.05	Other Liabilities	1,253,816	1,403,076
2.01.05.02	Other	1,253,816	1,403,076
2.01.05.02.01	Dividends and Interest on Capital Payable	395	202,809
2.01.05.02.04	Taxes Payable in Installments	4,284	4,180
2.01.05.02.06	Advances from Customers	100,251	63,484
2.01.05.02.08	Accounts Payable	233,103	166,676
2.01.05.02.09	Accounts Payable - Forfeiting	915,783	965,927
2.02	Noncurrent Liabilities	7,867,171	7,490,790
2.02.01	Borrowings	5,574,665	5,382,754
2.02.01.01	Borrowings	5,382,799	4,562,971
2.02.01.02	Debentures	191,866	819,783
2.02.02	Other Liabilities	264,833	234,550
2.02.02.01	Payables to Other Related Parties	121,838	134,254
2.02.02.02	Other	142,995	100,296
2.02.02.02.03	Other Payables	142,995	100,296
2.02.04	Provisions	2,027,673	1,873,486
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,804,314	1,669,779
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	1,018,698	1,034,228
2.02.04.01.05	Contingent Liabilities	785,616	635,551
2.02.04.02	Other Provisions	223,359	203,707
2.02.04.02.03	Provisions for Environmental Liabilities and Decommissioning	223,359	203,707
2.03	Equity	15,761,278	15,697,391
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	310,049	309,391
2.03.04	Revenue Reserves	766,942	766,942
2.03.04.01	Legal Reserve	47,984	47,984
2.03.04.10	Investments and working capital	718,958	718,958
2.03.05	Retained Earnings (Accumulated Losses)	1,036	-
2.03.06	Equity Adjustments	-42,022	-10,330
2.03.09	Noncontrolling Shareholders	1,524,978	1,431,093

Consolidated Financial Statements / Statement of Operations**(In thousands of reais)**

Account code	Account description	Current quarter 07/01/2019 to 09/30/2019	Current period 01/01/2019 to 09/30/2019	Prior period current quarter 07/01/2018 to 09/30/2018	Prior period 01/01/2018 to 09/30/2018
3.01	Revenue	3,849,794	11,075,828	3,861,513	10,309,780
3.02	Cost of Sales and/or Services	-3,373,955	-9,497,534	-3,217,184	-8,470,563
3.03	Gross Profit	475,839	1,578,294	644,329	1,839,217
3.04	Operating Income (Expenses)	-276,599	-816,939	-216,220	-805,950
3.04.01	Selling expenses	-73,789	-212,149	-74,339	-224,151
3.04.02	General and Administrative Expenses	-97,924	-308,464	-101,012	-316,701
3.04.04	Other Operating Income	260,199	477,370	154,936	406,355
3.04.05	Other Operating Expenses	-423,343	-906,324	-270,539	-818,682
3.04.06	Equity in Results of Investees	58,258	132,628	74,734	147,229
3.05	Income Before Financial Income (Expense) and Taxes	199,240	761,355	428,109	1,033,267
3.06	Finance result, Net	-444,734	-664,272	-134,391	-544,743
3.07	Income Before Income Taxes	-245,494	97,083	293,718	488,524
3.08	Income Tax and Social Contribution	106,514	11,461	-4,587	-61,258
3.08.01	Current	-53,683	-134,708	-59,941	-133,159
3.08.02	Deferred	160,197	146,169	55,354	71,901
3.09	Net income (loss) from Continuing Operations	-138,980	108,544	289,131	427,266
3.11	Net Income/Loss for the Period	-138,980	108,544	289,131	427,266
3.11.01	Attributed to Shareholders of Parent Company	-183,909	-5,801	263,924	371,859
3.11.02	Attributed to Noncontrolling Shareholders	44,929	114,345	25,207	55,407
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-	-	-
3.99.01	Basic Earnings per Share	-	-	-	-
3.99.01.01	Registered Common Shares (RCS)	-0.14000	-	0.21000	0.29000
3.99.01.02	Registered Preferred Shares (RPS)	-0.15000	-	0.23000	0.32000
3.99.02	Diluted Earnings per Share	-	-	-	-
3.99.02.01	RCS	-0.14000	-	0.21000	0.29000
3.99.02.02	RPS	-0.15000	-	0.23000	0.32000

Consolidated Financial Statements / Statement of Comprehensive Income (loss)

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2019 to 09/30/2019	Current period 01/01/2019 to 09/30/2019	Prior period current quarter 07/01/2018 to 09/30/2018	Prior period 01/01/2018 to 09/30/2018
4.01	Consolidated Net Income for the Period	-138,980	108,544	289,131	427,266
4.02	Other Comprehensive Income (Loss)	5,218	-23,720	-30,037	-54,766
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	5,218	-23,720	-30,037	-54,766
4.03	Consolidated Comprehensive Income (Loss) for the Period	-133,762	84,824	259,094	372,500
4.03.01	Attributed to Shareholders of Parent Company	-178,694	-29,529	233,884	317,085
4.03.02	Attributed to Noncontrolling Shareholders	44,932	114,353	25,210	55,415

Consolidated Financial Statements / Cash Flow Statement - Indirect Method**(In thousands of reais)**

Account code	Account description	Current period 01/01/2019 to 09/30/2019	Prior period 01/01/2018 to 09/30/2018
6.01	Net Cash from Operating Activities	978,891	502,828
6.01.01	Cash From Operations	1,528,908	1,974,561
6.01.01.01	Net Income (Loss) for the Period	108,544	427,266
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	319,162	370,131
6.01.01.03	Interest Expenses	296,539	293,868
6.01.01.04	Depreciation and Amortization	735,603	770,950
6.01.01.05	Gain/Loss on sale of Property, Plant and Equipment	-6,100	1,819
6.01.01.07	Equity in Results of Investees	-132,628	-147,229
6.01.01.09	Deferred Income Tax and Social Contribution	-146,169	-71,901
6.01.01.10	Set up (Reversal) of Provisions	290,601	322,875
6.01.01.11	Actuarial Gains (Losses)	64,356	6,782
6.01.02	Changes in Assets and Liabilities	-17,460	-855,082
6.01.02.02	Trade Receivables	12,249	-396,867
6.01.02.03	Inventories	-326,292	-874,052
6.01.02.04	Taxes Recoverable	-159,326	127,312
6.01.02.05	Judicial Deposits	-48,251	-20,680
6.01.02.06	Receivables from Related Parties	768	521
6.01.02.07	Other (Increase) Decrease in Assets	-133,803	-20,503
6.01.02.08	Accounts Payable, Contractors and Freight	359,885	506,360
6.01.02.09	Payables to Related Parties	-12,416	-8,917
6.01.02.10	Advances from Customers	36,767	-5,377
6.01.02.11	Taxes Payable	322,285	-138,031
6.01.02.12	Accounts Payable – Forfeiting	-50,144	31,304
6.01.02.13	Other Increase (Decrease) in Liabilities	-19,182	-56,152
6.01.03	Other	-532,557	-616,651
6.01.03.01	Interest Paid	-340,147	-409,436
6.01.03.02	Income and Social Contribution Taxes Paid	-76,468	-69,603
6.01.03.03	Actuarial Liabilities Paid	-115,942	-137,612
6.02	Net Cash from Investing Activities	-644,538	-106,870
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	9,238	30,341
6.02.02	Purchases of Property, Plant and Equipment	-315,890	-209,512
6.02.04	Dividends Received	4,268	126,567
6.02.06	Purchase of Software	-13,144	-12,450
6.02.07	Marketable Securities	-329,001	-41,816
6.02.09	Capital Increase in Subsidiary	-9	-
6.03	Net Cash from Financing Activities	-537,962	-1,072,382
6.03.01	Proceeds from Loans, Financing and Debentures	2,811,557	-
6.03.02	Repayment of Borrowings	-3,121,130	-948,973
6.03.03	Payment of Taxes Payable in Installments	-	-132
6.03.04	Swap Transaction Settlement	-5,507	14
6.03.05	Dividends and Interest on Equity Paid	-222,882	-123,291
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	3,672	2,195
6.05	Increase (Decrease) in Cash and Cash Equivalents	-199,937	-674,229
6.05.01	Cash and Cash Equivalents at Beginning of Period	1,106,790	1,770,573
6.05.02	Cash and cash Equivalents at End of Period	906,853	1,096,344

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019
(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (Loss)	Equity	Noncontrolling shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298	1,431,093	15,697,391
5.03	Adjusted Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298	1,431,093	15,697,391
5.04	Capital Transactions with Shareholders	-	658	-	6,837	-7,964	-469	-20,468	-20,937
5.04.03	Recognized Options Granted	-	-567	-	567	-	-	-	-
5.04.05	Treasury Stock Sold	-	1,225	-	-	-	1,225	-	1,225
5.04.06	Dividends	-	-	-	-	-	-	-20,468	-20,468
5.04.08	Interest on equity	-	-	-	-1,694	-	-1,694	-	-1,694
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	7,964	-7,964	-	-	-
5.05	Total Comprehensive Income (Loss)	-	-	-	-5,801	-23,728	-29,529	114,353	84,824
5.05.01	Net Income (Loss) for the Period	-	-	-	-5,801	-	-5,801	114,345	108,544
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-23,728	-23,728	8	-23,720
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	-23,728	-23,728	8	-23,720
5.07	Closing Balances	13,200,295	310,049	766,942	1,036	-42,022	14,236,300	1,524,978	15,761,278

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2018 to 09/30/2018
(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumula ted losses)	Other Comprehen sive Income (Loss)	Equity	Noncontrollin shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795	1,409,169	15,183,964
5.03	Adjusted Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795	1,409,169	15,183,964
5.04	Capital Transactions with Shareholders	-	2,820	-	18,540	-13,329	8,031	-50,050	-42,019
5.04.03	Recognized Options Granted	-	-5,168	-	5,168	-	-	-	-
5.04.05	Treasury Stock Sold	-	7,988	-	-	-	7,988	-	7,988
5.04.06	Dividends	-	-	-	-	-	-	-50,050	-50,050
5.04.08	Prescribed Dividends	-	-	-	43	-	43	-	43
5.04.09	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	13,329	-13,329	-	-	-
5.05	Total Comprehensive Income (Loss)	-	-	-	371,859	-54,774	317,085	55,415	372,500
5.05.01	Net Income (Loss) for the Period	-	-	-	371,859	-	371,859	55,407	427,266
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-54,774	-54,774	8	-54,766
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	-54,774	-54,774	8	-54,766
5.07	Closing Balances	13,200,295	314,567	202,207	390,399	-7,557	14,099,911	1,414,534	15,514,445

Consolidated Financial State-ments / Statement of Value Added**(In thousands of reais)**

Account code	Account description	Current period 01/01/2019 to 09/30/2019	Prior period 01/01/2018 to 09/30/2018
7.01	Revenue	14,345,519	13,402,837
7.01.01	Sales of Goods, Products and Services	14,038,443	13,114,809
7.01.02	Other Revenues	300,555	291,474
7.01.04	Allowance (Reversal of) for Doubtful Accounts	6,521	-3,446
7.02	Inputs Acquired from Third Parties	-11,432,225	-10,365,030
7.02.01	Costs of Products Goods and Services Sold	-10,517,114	-9,500,178
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-915,111	-864,852
7.03	Gross Value Added	2,913,294	3,037,807
7.04	Retentions	-735,603	-770,950
7.04.01	Depreciation, Amortization and Depletion	-735,603	-770,950
7.05	Net Value Added Produced	2,177,691	2,266,857
7.06	Value Added Received in Transfer	550,047	151,769
7.06.01	Equity in Results of Investees	132,628	147,229
7.06.02	Financial Revenues	361,571	205,699
7.06.03	Other	55,848	-201,159
7.06.03.01	Actuarial Gains and Losses	-35,574	-6,782
7.06.03.02	Foreign Exchange Gains/losses	91,422	-194,377
7.07	Total Value Added to be Distributed	2,727,738	2,418,626
7.08	Distribution of Value Added	2,727,738	2,418,626
7.08.01	Personnel	805,999	793,981
7.08.01.01	Direct Compensation	703,136	675,516
7.08.01.02	Benefits	46,474	61,450
7.08.01.03	Unemployment Compensation Fund (FGTS)	56,389	57,015
7.08.02	Taxes, Rates and Contributions	695,930	641,314
7.08.02.01	Federal	-128,472	213,297
7.08.02.02	State	768,703	372,882
7.08.02.03	Municipal	55,699	55,135
7.08.03	Remuneration of Third Parties	1,117,265	556,065
7.08.03.01	Interest	743,064	556,820
7.08.03.03	Other	374,201	-755
7.08.03.03.01	Exchange variation	372,010	-
7.08.03.03.02	Other	2,191	-755
7.08.04	Equity Remuneration	108,544	427,266
7.08.04.03	Retained Earnings (Accumulated Losses)	-5,801	371,859
7.08.04.04	Noncontrolling Interests in Retained Profits	114,345	55,407

Notes

1 Operations

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("USIMINAS", "Usiminas", "Parent company" or "Company"), headquartered in the city of Belo Horizonte, state of Minas Gerais, is a publicly-held company with shares traded on the Brazilian stock exchange (B3 – Brasil, Bolsa, Balcão) under tickers USIM3, USIM5 and USIM6.

The Company and its subsidiaries, jointly-controlled subsidiaries and associates (Usiminas) operate in the steel industry and related activities, such as iron ore extraction, steel transformation, production of capital goods and logistics. It currently operates two steel mills with nominal production capacity of 9.5 million (not reviewed by auditor) metric tons per annum of flat-rolled products, located in the cities of Ipatinga, state of Minas Gerais, and Cubatão, state of São Paulo, in addition to iron ore reserves, service and distribution centers, maritime ports and cargo terminals, strategically located in several Brazilian cities.

The Company holds, directly or indirectly, interest in subsidiaries, jointly-controlled subsidiaries and associates, as described in Note 1 to the financial statements for the year ended December 31, 2018.

2 Interim accounting information

The issue and disclosure of the interim accounting information included in this Quarterly Information Form (ITR) on the Company and Consolidated accounts was approved by the Board of Directors at a meeting held on October 24, 2019.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of this interim accounting information are consistent with those adopted and presented in the Company's financial statements for the year ended December 31, 2018, except for the effect of applying IFRS 16 / CPC 06 (R2), Leases, which has been effective since January 1, 2019.

The accounting policies applied in transactions considered immaterial were not included in this interim accounting information.

The accounting policies, which have been consistently applied in the current period, are consistent with those of the year and period presented for comparison purposes, and common to the parent company, subsidiaries, associates and jointly-controlled subsidiaries, and the interim accounting information on the subsidiaries was adjusted, as applicable, to meet this criterion.

3.1 Basis of preparation and statement of compliance

This interim accounting information for the nine-month period ended September 30, 2019, should be read together with the Company's financial statements for the year ended December 31, 2018.

Considering that there were no material changes in the composition and nature of the balances presented in the financial statements for the year ended December 31, 2018, the following Notes are presented in a condensed manner for the nine-month period ended September 30, 2019.

- 3 Summary of significant accounting policies;
- 4 Financial risk management objectives and policy;
- 11 Income tax and social contribution;
- 12 Judicial deposits;
- 13 Investments;
- 14 Property, plant and equipment;
- 15 Impairment of non-financial assets;
- 16 Intangible assets;
- 19 Taxes payable in installments;
- 20 Provision for litigation;
- 21 Retirement benefit obligations;
- 22 Equity;
- 28 Transactions with related parties; and
- 29 Stock option plan.

Parent company and consolidated interim accounting information

The parent company and consolidated interim accounting information presented herein under Parent company and Consolidated, respectively, has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting, International Accounting Standard (IAS) 34 - Interim Financial Reporting, and the rules of the Brazilian Securities Commission (CVM). Accordingly, this interim accounting information discloses all the applicable significant information, which is consistent with the information utilized by management in the performance of its duties.

3.2 Standards, amendments to and interpretations of existing standards

In the nine-month period ended September 30, 2019, no new standards, amendments to and interpretations of existing standards were issued.

IFRS 16 / CPC 06 (R2) - Leases has been effective since January 1, 2019, and replaces the existing lease standards, including CPC 06 (IAS 17) - Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Complementary Aspects of Lease Transactions.

IFRS 16 has introduced a single lease accounting model in the balance sheet for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the former standard, that is, a lessor has continued to classify its leases as finance leases or operating leases.

As from 2019, the Company has been recognizing new assets and liabilities under its operating leases. The nature of the expenses related to these leases changed, as the Company began to recognize a depreciation of the right-of-use assets and finance costs on the lease obligations. Through 2018, the Company recognized an operating lease expense over the lease term.

The Company has adopted some practical expedients brought by this new standard in the evaluation and measurement of its right-of-use assets and lease liabilities, mainly related to term, value and discount rate. The variable elements of payments related to leases were not included in the calculation of the lease liability and were recorded as operating expense. The discount rates used by the Company were obtained under market conditions. At September 30, 2019, the Company has recorded a right-of-use asset of R\$34,558 in the Parent company and R\$65,560 in Consolidated, a current lease liability of R\$13,206 in the Parent company and R\$23,732 in Consolidated and a non-current lease liability of R\$22,370 in the Parent company and R\$42,951 in Consolidated. The Company adopted this standard on January 1, 2019 without updating comparative information, and applied the standard to all agreements entered into before January 1, 2019 that were identified as leases in accordance with CPC 06 (R1) / IAS 17 and ICPC 03 / IFRIC 4.

4 Financial risk management objectives and policy

At September 30, 2019, there were no significant changes in financial risk policies and management in relation to those disclosed in the Company's financial statements for the year ended December 31, 2018.

4.1 Foreign exchange risk

(i) Foreign exchange exposure

Usiminas operates internationally and is exposed to foreign exchange risk arising from exposures in certain currencies, primarily with respect to the U.S. dollar and, to a lesser extent, yen and euro. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations, as described below.

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Assets in foreign currency				
Cash and cash equivalents	16,256	49,059	164,986	170,717
Marketable securities	-	-	13,047	9,036
Trade receivables	157,258	233,168	159,113	342,424
Advances to suppliers	4,023	3,720	8,255	4,407
	<u>177,537</u>	<u>285,947</u>	<u>345,401</u>	<u>526,584</u>
Liabilities in foreign currency				
Borrowings	(3,082,416)	(1,272,702)	(3,081,776)	(1,272,702)
Trade payables, contractors and freight charges	(335,552)	(338,289)	(358,757)	(361,804)
Advances from customers	(13,893)	(13,740)	(13,893)	(17,480)
Other payables	(1,402)	(23,760)	(1,398)	(23,756)
	<u>(3,433,263)</u>	<u>(1,648,491)</u>	<u>(3,455,824)</u>	<u>(1,675,742)</u>
Currency exposure	<u>(3,255,726)</u>	<u>(1,362,544)</u>	<u>(3,110,423)</u>	<u>(1,149,158)</u>

(ii) Sensitivity analysis - foreign exchange risk arising from assets and liabilities denominated in foreign currency

The Company prepares a sensitivity analysis of outstanding assets and liabilities denominated in foreign currency at the end of the period, considering the foreign exchange rate at September 30, 2019. Scenario I considered a depreciation of the Brazilian Real of 5% when compared to the current scenario. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amount of the foreign currency at September 30, 2019.

The currencies used in the sensitivity analysis and their related scenarios are shown below:

Currency	Foreign exchange rate at the end of the period	9/30/2019		
		Scenario I	Scenario II	Scenario III
US\$	4.1644	4.3726	5.2055	6.2466
EUR	4.5425	4.7696	5.6781	6.8138
YEN	0.03852	0.0404	0.0482	0.0578

Potential effects on the finance result, considering Scenarios I, II and III, are shown below:

Currency	Consolidated		
	9/30/2019		
	Scenario I	Scenario II	Scenario III
US\$	(155,343)	(776,716)	(1,553,431)
EUR	(157)	(784)	(1,567)
YEN	(22)	(108)	(215)

4.2 Cash flow or fair value interest rate risk**(i) Composition of borrowings and debentures by interest type**

The interest rate risk arises from interest rates used in financial investments, borrowings and debentures.

The composition of borrowings and debentures contracted, by interest type, in current and non-current liabilities, is presented as follows:

	<u>Parent company</u>				<u>Consolidated</u>			
	<u>9/30/2019</u>	<u>%</u>	<u>12/31/2018</u>	<u>%</u>	<u>9/30/2019</u>	<u>%</u>	<u>12/31/2018</u>	<u>%</u>
Borrowings								
Fixed	3,060,105	52	20,420	1	3,070,425	52	35,127	1
TJLP	-	-	336,902	6	-	-	336,902	6
Libor	-	-	1,133,228	19	-	-	1,133,228	19
CDI	2,492,894	43	3,324,139	57	2,492,894	43	3,324,139	57
Other	45,269	1	130,374	2	45,269	1	130,374	2
	<u>5,598,268</u>	<u>96</u>	<u>4,945,063</u>	<u>85</u>	<u>5,608,588</u>	<u>96</u>	<u>4,959,770</u>	<u>85</u>
Debentures								
CDI	241,882	4	890,020	15	241,882	4	890,020	15
	<u>5,840,150</u>	<u>100</u>	<u>5,835,083</u>	<u>100</u>	<u>5,850,470</u>	<u>100</u>	<u>5,849,790</u>	<u>100</u>

The Company uses derivative financial instruments to manage the effects of interest rate volatility risk on its borrowings.

(ii) Sensitivity analysis of changes in interest rates

The Company prepares a sensitivity analysis of outstanding assets and liabilities indexed to interest rates at the end of the period, considering the rate prevailing at September 30, 2019 for the probable scenario. Scenario I considers a 5% increase on the average interest rate applicable to the floating portion of its current debt. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amounts of this rate at September 30, 2019.

The rate used and its related scenarios are shown below:

<u>Index</u>	<u>9/30/2019</u>			
	<u>Rate at the end of the period (i)</u>	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>
CDI	5.4%	5.7%	6.8%	8.1%

(i) Annual rate.

Potential effects on the finance result, considering Scenarios I, II and III, are shown below:

<u>Index</u>	<u>Consolidated</u>		
	<u>9/30/2019</u>		
	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>
CDI	(3,211)	(16,055)	(32,109)

The interest rates to which the Company is exposed, related to borrowings and debentures, are presented in Note 20 to the financial statements for the year ended December 31, 2018, and, at September 30, 2019, mainly comprise Interbank Deposit Certificates (CDI).

Derivative financial instruments used for interest rate risk, contracted to mitigate the volatility in the Company's profit or loss, were included in the sensitivity analysis for assets and liabilities (Note 5).

4.3 Capital management

The objectives for managing capital are to safeguard the ability to continue as going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure at optimum costs.

Consistent with others in the industry, Usiminas monitors capital based on its gearing ratio. This ratio corresponds to the net debt divided by total capitalization. Net debt is calculated as total borrowings and debentures, and taxes payable in installments (including current and non-current transactions, as shown in the consolidated balance sheet) less cash and cash equivalents and marketable securities. Total capitalization is calculated as equity as shown in the consolidated balance sheet plus net debt.

Presented below is the calculation of the gearing ratio as net debt as a percentage of total capitalization.

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Total borrowings, debentures and taxes payable in installments	5,844,432	5,839,261	5,854,754	5,853,970
Less: cash and cash equivalents and marketable securities	(629,434)	(765,638)	(1,822,413)	(1,693,349)
Net debt	5,214,998	5,073,623	4,032,341	4,160,621
Total equity	14,236,300	14,266,298	15,761,278	15,697,391
Total capitalization	19,451,298	19,339,921	19,793,619	19,858,012
Gearing ratio	27%	26%	20%	21%

5 Derivative financial instruments

Usiminas enters into swap transactions to hedge and manage interest rate risks, thereby reducing the effects of volatility of interest rates on its borrowings. The Company does not acquire such financial instruments for speculative purposes. The Company does not settle its transactions prior to the respective original maturities and does not prepay its derivative financial instruments.

At September 30, 2019, the transactions with derivative financial instruments entered into by the Company are as follows:

(a) Parent company

Maturity range MM/YY	Index		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Profit/Loss for the period
	9/30/2019		9/30/2019		12/31/2018		9/30/2019	12/31/2018	9/30/2019
	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)

RATE AND FOREIGN EXCHANGE HEDGES (SWAP)

Bradesco	Apr/15 to Apr/25	TR + 9.8000% p.a.	95.00% of the CDI rate	R\$ 59,000	R\$ 59,000	R\$ 59,000	R\$ 59,000	7,217	3,900	(3,672)
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Financial gain/loss in the period (3,672)

Book balance (net asset position - liability position) 7,217 3,900

(b) Consolidated

Maturity range MM/YY	Index		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Profit/Loss for the period
	9/30/2019		9/30/2019		12/31/2018		9/30/2019	12/31/2018	9/30/2019
	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)

RATE AND FOREIGN EXCHANGE HEDGES (SWAP)

Bradesco	Apr/15 to Apr/25	TR + 9.8000% p.a.	95.00% of the CDI rate	R\$ 59,000	R\$ 59,000	R\$ 59,000	R\$ 59,000	7,217	3,900	3,672
Itaú BBA	Sept 2019	USD PTAX for sale	USD 4.035				-	-	-	(5,863)

Financial gain/loss in the period (2,191)

Book balance (net asset position - liability position) 7,217 3,900

The book balances of the derivative financial instruments are described below:

	Parent company and consolidated	
	9/30/2019	12/31/2018
Current assets	742	347
Non-current assets	6,475	3,553
	<u>7,217</u>	<u>3,900</u>

	Parent company	Consolidated	
	9/30/2019	9/30/2018	9/30/2019
In finance result	3,672	755	(2,191)
	<u>3,672</u>	<u>755</u>	<u>755</u>

6 Cash and cash equivalents

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Bank accounts	20,979	19,706	39,839	52,551
Bank accounts abroad	16,256	49,059	164,986	170,717
Bank Deposit Certificates (CDB) and repurchase commitments	592,199	696,873	702,028	883,522
	<u>629,434</u>	<u>765,638</u>	<u>906,853</u>	<u>1,106,790</u>

Financial investments in Bank Deposit Certificates (CDB) and repurchase agreements have immediate liquidity and earn on average 93.41% (December 31, 2018 - 99.88%) of the CDI rate in the Parent company and 97.73% (December 31, 2018 – 100.39%) of the CDI rate in Consolidated.

At September 30, 2019, Usiminas does not use overdraft accounts.

7 Marketable securities

	Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>
Bank Deposit Certificates (CDB)	902,513	577,523
Financial investments abroad	<u>13,047</u>	<u>9,036</u>
	<u>915,560</u>	<u>586,559</u>

Financial investments in Bank Deposit Certificates (CDB) earn on average 97.73% (December 31, 2018 - 100.39%) of the CDI rate in Consolidated.

None of these financial assets is either past due or impaired.

In the nine-month period ended September 30, 2019, the Company does not have balances related to financial investments classified as marketable securities.

8 Trade receivables

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Trade receivables:				
In Brazil	1,014,579	1,187,944	1,843,157	1,747,854
Abroad	107,112	203,923	108,967	313,179
Provision for impairment of trade receivables (i)	(130,911)	(141,908)	(179,766)	(185,964)
Trade receivables, net	990,780	1,249,959	1,772,358	1,875,069
Receivables from related parties				
In Brazil	511,608	403,075	124,902	49,499
Abroad	55,021	33,781	55,021	33,781
Receivables from related parties	566,629	436,856	179,923	83,280
	<u>1,557,409</u>	<u>1,686,815</u>	<u>1,952,281</u>	<u>1,958,349</u>
Current assets	1,480,881	1,669,763	1,828,747	1,894,291
Non-current assets	76,528	17,052	123,534	64,058

(i) Out of the total provision for impairment of trade receivables in the Parent company and Consolidated accounts, the balance of R\$4,875 (December 31, 2018 - R\$4,536) refers to trade receivables denominated in foreign currency.

The ageing analysis of trade receivables was as follows:

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Amounts not yet due	1,175,838	1,325,683	1,738,710	1,753,909
Amounts past due:				
Up to 30 days	290,760	332,515	123,305	173,611
From 31 to 60 days	14,519	11,896	9,638	5,527
From 61 to 90 days	8,671	-	8,851	2,769
From 91 to 180 days	12,072	293	13,078	5,368
Over 181 days	186,460	158,336	238,465	203,129
(-) Provision for impairment of trade receivables	(130,911)	(141,908)	(179,766)	(185,964)
	<u>1,557,409</u>	<u>1,686,815</u>	<u>1,952,281</u>	<u>1,958,349</u>

At September 30, 2019, trade receivables amounting to R\$381,571 in the Parent company and R\$213,571 in Consolidated were past due but not impaired (December 31, 2018 – R\$361,132 and R\$204,440, respectively). These accounts relate to a number of customers for which there is no recent history of default, or the outstanding balances of which are supported by guarantees.

Trade receivables, net of the provision for impairment of trade receivables, are denominated in the following currencies:

	Parent company		Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>	<u>9/30/2019</u>	<u>12/31/2018</u>
Brazilian Real	1,400,151	1,453,647	1,793,168	1,615,925
U.S. Dollar	155,644	228,741	157,499	337,997
Euro	<u>1,614</u>	<u>4,427</u>	<u>1,614</u>	<u>4,427</u>
	<u>1,557,409</u>	<u>1,686,815</u>	<u>1,952,281</u>	<u>1,958,349</u>

Changes in the provision for impairment of trade receivables were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	<u>(141,908)</u>	<u>(185,964)</u>
Reversals of profit or loss	11,336	6,524
Write-off against trade receivables	-	14
Foreign exchange gains/losses	<u>(339)</u>	<u>(340)</u>
At September 30, 2019	<u>(130,911)</u>	<u>(179,766)</u>

The additions to and release of the provision for impairment of trade receivables have been included in Selling expenses in the statement of operations. Usiminas does not hold any collateral for trade receivables.

9 Inventories

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Current assets				
Finished products	875,491	775,025	1,054,305	929,661
Work in progress	987,413	745,192	1,009,903	764,214
Raw materials	872,655	709,731	1,399,842	1,196,015
Supplies and spare parts	533,629	533,253	592,692	589,732
Imports in transit	87,165	327,054	87,176	327,062
Provision for losses (i)	(108,206)	(86,172)	(126,541)	(102,837)
Other	<u>228,049</u>	<u>179,913</u>	<u>223,037</u>	<u>176,788</u>
	<u>3,476,196</u>	<u>3,183,996</u>	<u>4,240,414</u>	<u>3,880,635</u>
Non-current assets				
Work in progress (ii)	<u>-</u>	<u>-</u>	<u>3,941</u>	<u>26,899</u>
	<u>3,476,196</u>	<u>3,183,996</u>	<u>4,244,355</u>	<u>3,907,534</u>

(i) Fair value adjustments and obsolescence of certain inventories.

(ii) Inventories of products of the subsidiary Mineração Usiminas that are expected to be sold in more than 12 months.

10 Taxes recoverable

	<u>9/30/2019</u>		<u>Parent company</u> <u>12/31/2018</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
PIS (i)	25,606	13,536	72,683	76,143
COFINS (i)	528,055	84,440	322,859	348,202
ICMS	64,012	20,032	46,360	20,419
IPI	28,335	-	26,595	-
Export credit - Reintegra	1,446	-	6,115	-
Cacex	-	1,865	-	8,004
Other	10	-	3,671	-
	<u>647,464</u>	<u>119,873</u>	<u>478,283</u>	<u>452,768</u>
	<u>9/30/2019</u>		<u>Consolidated</u> <u>12/31/2018</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
PIS (i)	45,393	14,061	83,324	76,161
COFINS (i)	619,400	86,861	371,246	348,285
ICMS	127,057	21,257	90,737	21,679
IPI	53,379	-	48,371	-
Export credit - Reintegra	1,446	-	6,115	-
National Institute of Social Security (INSS)	3,569	-	13,671	-
Cacex	-	1,865	-	8,004
Other	2,687	155	4,267	155
	<u>852,931</u>	<u>124,199</u>	<u>617,731</u>	<u>454,284</u>

(i) Mainly credits related to the final and unappealable decision on ICMS in the calculation basis of PIS/COFINS - Note 20 (b) (iii).

In the nine-month period ended September 30, 2019, the Company offset PIS/COFINS of R\$317,188 in the Parent company and R\$330,004 in the Consolidated accounts.

11 Income tax and social contribution**(a) Taxes on profit**

The amounts of income tax and social contribution on net income differ from the theoretical value that would be obtained by using the nominal rates of such taxes, applicable to profit or loss before taxation, in the Parent company and Consolidated accounts, as shown below:

	Parent company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Profit (loss) before income tax and social contribution	(180,117)	378,502	97,083	488,524
Nominal rates	34%	34%	34%	34%
Taxes on profit at nominal rates	61,240	(128,691)	(33,008)	(166,098)
Adjustments to determine taxable profit:				
Equity in the results of investees (i)	118,581	76,645	45,095	50,058
Interest on capital	576	(13,824)	576	5,925
Permanent exclusions (additions)	(6,081)	57,687	(9,404)	57,300
Tax incentives	-	1,540	2,136	1,744
Non-taxable income and rate differences of foreign subsidiaries	-	-	6,066	(10,187)
Tax (expense) credit in the statement of operations	174,316	(6,643)	11,461	(61,258)
Current	-	(85,227)	(134,708)	(133,159)
Deferred	174,316	78,584	146,169	71,901
Tax (expense) credit in the statement of operations	174,316	(6,643)	11,461	(61,258)
Income tax	128,174	(4,472)	9,014	(49,344)
Social contribution	46,142	(2,171)	2,447	(11,914)
Effective rates	-	2%	-	13%

(i) Does not include unrealized profit in inventories.

There are no current tax items presented in equity in this interim accounting information.

(b) Deferred income tax and social contribution

Changes in deferred income tax and social contribution, net, for the nine-month period ended September 30, 2019, were as follows:

	Assets	
	Parent company	Consolidated
At December 31, 2018	1,726,425	2,765,356
Changes in deferred taxes in the statement of operations, net	174,316	146,169
Deferred taxes in comprehensive income (actuarial liabilities)	12,238	12,241
At September 30, 2019	1,912,979	2,923,766

The composition of deferred income tax and social contribution assets and liabilities is as below:

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Deferred assets arising from income tax and social contribution losses	2,748,566	2,354,187	2,909,396	2,567,127
Deferred assets arising from temporary differences	1,095,613	1,069,429	2,063,706	2,021,159
Deferred liabilities arising from temporary differences	(902,009)	(668,000)	(951,206)	(724,800)
Unrecognized deferred income tax and social contribution	(1,029,191)	(1,029,191)	(1,098,130)	(1,098,130)
	<u>1,912,979</u>	<u>1,726,425</u>	<u>2,923,766</u>	<u>2,765,356</u>

In the nine-month period ended September 30, 2019, and in the year ended December 31, 2018, the Company had deferred income tax and social contribution that were not recognized in the interim accounting information in the amounts of R\$1,029,191 in the Parent company and R\$1,098,130 in Consolidated, respectively, arising from the expectation of not being able to offset these credits over the next 10 years. The Company's management will continue to monitor the tax credits related to income tax and social contribution, which may be recorded as soon as their use is considered probable.

According to the projections approved by the Company's management and the balance of deferred income tax assets (tax losses and temporary differences) at September 30, 2019, the expected realization of the taxes was as follows:

	<u>Parent company</u>	<u>Consolidated</u>
2019	74,899	101,011
2020	201,939	233,061
2021	169,186	208,859
2022	215,179	263,262
2023	242,989	264,545
2024 to 2026	714,461	950,214
2027 to 2029	930,355	1,373,618
2030 to 2032	736,776	830,108
After 2033 (i)	<u>558,395</u>	<u>748,424</u>
Total	<u>3,844,179</u>	<u>4,973,102</u>
Unrecognized tax credits	<u>(1,029,191)</u>	<u>(1,098,130)</u>
Assets	<u>2,814,988</u>	<u>3,874,972</u>
Liabilities	<u>(902,009)</u>	<u>(951,206)</u>
Net position	<u>1,912,979</u>	<u>2,923,766</u>

(i) In Consolidated, the amounts refer mainly to tax credits from goodwill on Mineração Usiminas downstream merger. These tax credits were allocated to match the expected useful lives of the mines, which are expected to be fully depleted by 2053.

The recognition of tax assets is based on a study of the expected future taxable income, reviewed by the Statutory Audit Board and approved by the Board of Directors of the Company. The study to determine the expected future taxable income adopts the same data and assumptions as those adopted in the impairment test of assets (Note 17 to the financial statements at December 31, 2018).

As the income tax and social contribution taxable bases arise not only from projected taxable profit, but also from non-taxable income, non-deductible expenses, tax incentives and other variables, there is no direct correlation between the Company's forecast profit and the income subject to income tax and social contribution. Accordingly, the projected tax credit offsets should not be considered as the only indication of the future profitability of Usiminas.

12 Judicial deposits

At September 30, 2019, changes in judicial deposits were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018 (i)	<u>564,669</u>	<u>720,449</u>
Additions	96,283	133,527
Interest/inflation indexation	3,346	5,889
Reversals	<u>(90,978)</u>	<u>(127,598)</u>
Subtotal	<u>573,320</u>	<u>732,267</u>
(-) Offset against taxes payable in installments	<u>(196,892)</u>	<u>(196,892)</u>
At September 30, 2019	<u>376,428</u>	<u>535,375</u>

(i) To the total amount of judicial deposits presented in the balance sheet as of December 31, 2018, the amount of R\$196,892 must be added, related to the offset of taxes payable in installments.

As of September 30, 2019, the additions in the Parent company refer to labor and civil claims amounting to R\$43,070 and R\$53,213, respectively. In Consolidated, besides the events mentioned for the Parent company, the additions refer mainly to the Financial Compensation for Mineral Resources Exploration (CFEM) in subsidiary Mineração Usiminas, which totaled R\$27,834.

As of September 30, 2019, the reversals in the Parent company refer mainly to labor and civil claims amounting to R\$30,326 and R\$60,309, respectively. In Consolidated, besides the events mentioned for the Parent company, the reversals refer mainly to the extinction of the judicial deposit related to the Mineral Resource Inspection Fee (TFRM) on behalf of the subsidiary Mineração Usiminas, which totaled R\$18,831, and was offset against contingencies of the same nature.

13 Investments**(a) Changes in investments****(i) Parent company**

	<u>12/31/2018</u>	<u>Additions</u>	<u>Equity in the results of investees (i)</u>	<u>Interest on capital and dividends</u>	<u>Unrealized profits in inventories</u>	<u>Other</u>	<u>9/30/2019</u>
Subsidiaries							
Mineração Usiminas	2,468,185	-	224,768	(47,759)	-	15	2,645,209
Soluções Usiminas	646,174	-	27,335	-	(9,010)	-	664,499
Usiminas Europa	114,768	-	9,576	-	-	-	124,344
Usiminas International	39,389	-	8,264	-	-	-	47,653
Usiminas Mecânica	279,109	-	(5,530)	-	4,660	-	278,239
UPL	75,441	-	8,601	(1,657)	-	3	82,388
Goodwill on subsidiaries	10,049	-	-	-	-	(1,761)	8,288
	<u>3,633,115</u>	<u>-</u>	<u>273,014</u>	<u>(49,416)</u>	<u>(4,350)</u>	<u>(1,743)</u>	<u>3,850,620</u>
Jointly-controlled subsidiaries							
Unigal	593,854	-	79,140	-	-	-	672,994
Usiroll	10,113	-	1,456	-	-	-	11,569
	<u>603,967</u>	<u>-</u>	<u>80,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684,563</u>
Associates							
Codeme (ii)	12,778	16,000	(5,384)	-	-	-	23,394
MRS	10,740	-	1,289	-	-	1	12,030
	<u>23,518</u>	<u>16,000</u>	<u>(4,095)</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>35,424</u>
	<u>4,260,600</u>	<u>16,000</u>	<u>349,515</u>	<u>(49,416)</u>	<u>(4,350)</u>	<u>(1,742)</u>	<u>4,570,607</u>

(i) In the equity in the results of investees presented in the statement of operations and statement of cash flows of the Parent company, which totals R\$344,418 when compared with the income of R\$349,515 disclosed in changes in investments, the results related to net capital deficiency of the subsidiary Rios Unidos totaling R\$747 and unrealized profit on inventories of R\$4,350 determined in the subsidiaries Soluções Usiminas and Usiminas Mecânica must be considered.

(ii) The addition for the period refers to the capital increase of Codeme S.A., with no changes in the Company's investment percentage.

(ii) Consolidated

	<u>12/31/2018</u>	<u>Additions (reductions)</u>	<u>Equity in the results of investees</u>	<u>Interest on capital and dividends</u>	<u>Transfers</u>	<u>Other</u>	<u>9/30/2019</u>
Jointly-controlled subsidiaries							
Modal	2,626	-	1,704	(1,900)	-	-	2,430
Unigal	593,854	-	79,140	-	-	-	672,994
Usiroll	10,113	-	1,456	-	-	-	11,569
Goodwill on jointly-controlled subsidiaries	<u>7,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,736</u>
	614,329	-	82,300	(1,900)	-	-	694,729
Associates							
Codeme (i)	12,778	16,000	(5,384)	-	-	-	23,394
MRS	438,761	-	52,611	-	-	28	491,400
Paraopeba Terminal	891	27	(11)	-	-	-	907
Sarzedo Terminal	1,558	(18)	3,159	(2,368)	-	11	2,342
Other	2,528	-	(47)	-	-	-	2,481
Goodwill on associates	<u>17,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,288)</u>	<u>(1,761)</u>	<u>7,200</u>
	<u>473,765</u>	<u>16,009</u>	<u>50,328</u>	<u>(2,368)</u>	<u>(8,288)</u>	<u>(1,722)</u>	<u>527,724</u>
Total	<u>1,088,094</u>	<u>16,009</u>	<u>132,628</u>	<u>(4,268)</u>	<u>(8,288)</u>	<u>(1,722)</u>	<u>1,222,453</u>

(i) The addition for the period refers to the capital increase of Codeme S.A., with no changes in the Company's investment percentage.

14 Property, plant and equipment

Changes in property, plant and equipment were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	10,248,224	11,715,022
Additions	250,274	320,893
Disposals	(1,624)	(3,138)
Depreciation (i)	(603,683)	(714,711)
Interest and monetary/foreign exchange variations capitalized (ii)	8,633	8,633
Transfers	(721)	70
Adoption of IFRS 16 (Right of Use)	45,536	78,560
Other	(604)	(1,874)
At September 30, 2019	<u>9,946,035</u>	<u>11,403,455</u>

(i) Comprises the depreciation related to the right of use in the amount of R\$10,978 in the Parent company and R\$13,000 in Consolidated (adoption of IFRS 16).

(ii) These charges were capitalized at the contracted rates, which are described in Note 20 to the financial statements for the year ended December 31, 2018.

In the nine-month period ended September 30, 2019, additions to property, plant and equipment refer to expenses incurred to ensure the Company's production capacity.

At September 30, 2019, interest and foreign exchange variations were capitalized on borrowings in property, plant and equipment, at an amount of R\$8,633 in the Parent company and in Consolidated.

At September 30, 2019, depreciation in the Parent company was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses", in the amounts of R\$543,363, R\$53,254, R\$2,247 and R\$4,819 (September 30, 2018 - R\$546,583, R\$67,384, R\$2,305 and R\$7,030), respectively. In Consolidated, depreciation was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses" in the amounts of R\$627,147, R\$76,920, R\$3,051 and R\$7,593 (September 30, 2018 - R\$645,555, R\$89,591, R\$3,079 and R\$10,616), respectively.

Certain property, plant and equipment items are pledged as collateral of borrowings and judicial proceedings (Note 30).

15 Impairment of non-financial assets

For calculation of the recoverable amount of each business segment, Usiminas uses the discounted cash flow method based on the economic and financial projections of each segment. The projections take into consideration the changes observed in the economic scenario of the markets in which the companies operate, as well as assumptions of expected results and the history of profitability of each segment.

During the nine-month period ended September 30, 2019, management monitored the behavior of the main assumptions used in the impairment tests carried out at December 31, 2018 (as described in Note 17 to the financial statements at December 31, 2018), as well as the macroeconomic context of each business segment. This monitoring did not identify the need for change in the assumptions used in the preparation of these impairment tests. Management will continue to monitor the key assumptions of each business segment, and the results in 2019, which will indicate the reasonableness of the future projections used.

16 Intangible assets

Changes in intangible assets in the nine-month period ended September 30, 2019 can be summarized as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	<u>78,343</u>	<u>695,596</u>
Additions	11,447	13,144
Amortization	(15,379)	(20,892)
Transfers	<u>721</u>	<u>8,218</u>
At September 30, 2019	<u><u>75,132</u></u>	<u><u>696,066</u></u>

17 Borrowings and debentures**17.1 Composition of borrowings**

Borrowings were as follows:

(a) Parent company**(i) In local currency**

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	9/30/2019		12/31/2018	
				Current	Non- current	Current	Non- current
BNDES	R\$	2025	TJLP + 3.48%, 3.88% and 4.88% p.a.	-	-	26,888	306,493
BNDES	R\$	2025	TJLP	-	-	279	3,242
FINAME	R\$	2019 to 2024	2.5% to 9.5% p.a.	4,247	12,975	4,298	16,122
Banco do Brasil	R\$	2025	CDI + 3% p.a.	130,223	1,647,447	177,991	2,051,333
Bradesco	R\$	2025	TR + 9.8% p.a.	7,425	37,844	8,334	43,418
Bradesco	R\$	2023	CDI + 3% p.a.	28,290	260,823	39,190	451,095
Itaú BBA	R\$	2025	CDI + 3% p.a.	26,766	399,345	48,321	556,209
Commissions and other costs	-	-	-	(12,022)	(27,511)	(12,728)	(48,124)
				<u>184,929</u>	<u>2,330,923</u>	<u>292,573</u>	<u>3,379,788</u>

(ii) In foreign currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	9/30/2019		12/31/2018	
				Current	Non- current	Current	Non- current
BNDES	US\$	2025	Basket of currencies (US\$) + 3.88% p.a.	-	-	1,711	19,699
BNDES	US\$	2025	Basket of currencies (US\$) + 3.88% p.a.	-	-	10,070	115,943
Nippon Usiminas	US\$	2025	Libor + 2.83% p.a.	-	-	14,113	164,448
JBIC	US\$	2025	Libor + 2.55% p.a.	-	-	37,537	439,680
JBIC	US\$	2025	Libor + 2.885% p.a.	-	-	37,779	439,672
Bonds	US\$	2026	5.875% p.a.	36,699	3,123,300	-	-
Commissions and other costs	-	-	-	-	(77,583)	(1,657)	(6,293)
				<u>36,699</u>	<u>3,045,717</u>	<u>99,553</u>	<u>1,173,149</u>
In local currency				<u>184,929</u>	<u>2,330,923</u>	<u>292,573</u>	<u>3,379,788</u>
				<u>221,628</u>	<u>5,376,640</u>	<u>392,126</u>	<u>4,552,937</u>

(b) Consolidated**(i) In local currency**

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	9/30/2019		12/31/2018	
				Current	Non- current	Current	Non- current
BNDES	R\$	2025	TJLP + 3.48%, 3.88% and 4.88% p.a.	-	-	26,888	306,493
BNDES	R\$	2025	TJLP	-	-	279	3,242
FINAME	R\$	2019 to 2024	2.5% to 10% p.a.	5,774	13,847	6,263	18,034
Banco do Brasil	R\$	2025	CDI + 3% p.a.	130,223	1,647,447	177,991	2,051,333
Bradesco	R\$	2025	TR + 9.8% p.a.	7,425	37,844	8,334	43,418
Bradesco	R\$	2023	CDI + 3% p.a.	28,290	260,823	39,190	451,095
Itaú BBA	R\$	2025	CDI + 3% p.a.	26,766	399,345	48,321	556,209
Other	-	-	-	2,634	5,927	2,708	8,122
Commissions and other costs	-	-	-	(12,022)	(27,511)	(12,728)	(48,124)
				<u>189,090</u>	<u>2,337,722</u>	<u>297,246</u>	<u>3,389,822</u>

(ii) In foreign currency

	Currency / index	Maturity of the principal amount	Annual finance charges (%)	9/30/2019		12/31/2018	
				Current	Non- current	Current	Non- current
BNDES	US\$	2025	Basket of currencies (US\$) + 3.88% p.a.	-	-	1,711	19,699
BNDES	US\$	2025	Basket of currencies (US\$) + 3.88% p.a.	-	-	10,070	115,943
Nippon Usiminas	US\$	2025	Libor + 2.83% p.a.	-	-	14,113	164,448
JBIC	US\$	2025	Libor + 2.55% p.a.	-	-	37,537	439,680
JBIC	US\$	2025	Libor + 2.885% p.a.	-	-	37,779	439,672
Bonds	US\$	2026	5.875% p.a.	36,699	3,123,300	-	-
Commissions and other costs	-	-	-	-	(78,223)	(1,657)	(6,293)
				<u>36,699</u>	<u>3,045,077</u>	<u>99,553</u>	<u>1,173,149</u>
In local currency				<u>189,090</u>	<u>2,337,722</u>	<u>297,246</u>	<u>3,389,822</u>
				<u>225,789</u>	<u>5,382,799</u>	<u>396,799</u>	<u>4,562,971</u>

17.2 Schedule of borrowings in non-current liabilities

Long-term amounts fall due as follows:

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
2020	73,807	346,521	74,699	350,649
2021	410,341	649,990	413,488	653,137
2022	596,383	939,551	599,113	942,281
2023	593,649	939,853	593,675	939,878
2024	503,502	939,348	503,506	939,352
2025 and 2026	3,198,958	737,674	3,198,318	737,674
	<u>5,376,640</u>	<u>4,552,937</u>	<u>5,382,799</u>	<u>4,562,971</u>

17.3 Changes in borrowings

Changes in borrowings were as follows:

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Opening balance	4,945,063	5,075,898	4,959,770	5,686,414
New borrowings (i)	2,861,018	-	2,811,557	-
Accrued charges	259,959	329,072	260,401	331,627
Indexation accruals	54,336	96,115	54,533	96,274
Foreign exchange gains/losses	278,923	185,818	328,384	170,875
Payment of interest	(286,291)	(427,460)	(287,014)	(448,987)
Repayments/reductions - principal (i)	(2,466,425)	(328,812)	(2,470,088)	(890,865)
Deferral of commissions	(48,315)	14,432	(48,955)	14,432
Closing balance	<u>5,598,268</u>	<u>4,945,063</u>	<u>5,608,588</u>	<u>4,959,770</u>

(i) Refers mainly to the renegotiation of debts (Note 17.5).

17.4 Covenants

(a) Brazilian banks

With respect to financial covenants, the Company is required to comply with the following indices, calculated on an individual basis (Parent company):

(i) Net debt / Adjusted EBITDA:

- less than 3.0 times in the half-yearly measurements determined at June 30 and December 31 of 2019 to 2021;
- less than or equal to 2.5 times in the half-yearly measurements determined at June 30 and December 31 of subsequent years.

(ii) EBITDA / Finance costs:

- not less than 2.0 times in the half-yearly measurements determined at June 30 and December 31 of 2019 and subsequent years.

In the nine-month period ended September 30, 2019, the Company was not required to comply with these financial covenants.

With respect to non-financial covenants, the Company has monitoring controls and, for the nine-month period ended September 30, 2019, no breaches of these covenants were found.

(b) Bonds

With respect to the financial covenants, the Company is required to comply with the following ratio, calculated on a consolidated basis:

(i) Net debt / Adjusted EBITDA:

- less than 3.5 times in the quarterly measurements.

For the nine-month period ended September 30, 2019, the Company determined the following ratios, as shown below.

Index	Contracted ratio	Determined ratio
Net debt / Adjusted EBITDA	< 3.5	1.7

With respect to the non-financial covenants, the Company has monitoring controls and, for the nine-month period ended September 30, 2019, no breaches of these covenants were found.

17.5 Renegotiation of debts

On July 11, 2019, the Company concluded the pricing of the debt instruments issued by its wholly-owned subsidiary Usiminas International S.à r.l. in the international market, in the amount of US\$750 million, with a coupon (interest) rate of 5.875% p.a., to be paid semiannually, at an issue price of 98.594% of the principal amount, a yield of 6.125% p.a. and maturity date of July 18, 2026.

From the proceeds of this issuance, the Company made the full prepayment of its debt with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) and the Japanese bank creditors, as well as the partial prepayment of its debt with the Debenture holders and the Brazilian banks, Banco do Brasil S.A., Itaú Unibanco S.A. and Banco Bradesco S.A. At September 30, 2019, the amount of R\$2,147,472 related to borrowings renegotiated with these creditors was amortized/reduced in the Parent Company and Consolidated. In the same period, the amount of R\$594,447 related to the renegotiation of debentures was amortized in the Parent Company and Consolidated.

In addition, certain amendments to the terms and conditions of the Company's debt that remained outstanding with the Brazilian bank creditors and the Debenture holders were established, including, among others: (i) release of collateral in the form of a mortgage on property, plant and equipment items; (ii) removal of the cash sweep payment obligation; and (iii) removal of the CAPEX expansion prohibition upon compliance of the financial covenant; (iv) review of the financial covenant related to Net Debt / EBITDA; and (v) inclusion of a commitment to amortize the remaining debt with funds arising from certain liquidity events.

17.6 Debentures

At September 30, 2019, the amount of R\$241,882 relates to 28,975 debentures, with annual payments maturing between 2019 and 2022, and accrue finance charges of 3% p.a. plus 100% of the CDI rate.

Changes in debentures in the period ended September 30, 2019 were as follows:

	Parent company and consolidated	
	9/30/2019	12/31/2018
Opening balance	890,020	949,365
Accrued and other charges	46,384	69,686
Indexation accruals	9,653	15,827
Payment of interest	(53,133)	(84,517)
Repayment of principal (i)	(651,042)	(60,341)
Closing balance (ii)	241,882	890,020
Current liabilities	50,016	70,237
Non-current liabilities	191,866	819,783

(i) Refers mainly to the renegotiation of debts (Note 17.5).

(ii) Balance presented net, after deducting the amount of R\$1,439 (December 31, 2018 - R\$6,467) related to the deferral of transaction costs, in accordance with Technical Pronouncement CPC 08 - Transaction Costs and Premiums on Issue of Securities.

At September 30, 2019, the charges of R\$16 on the debentures are recorded in current liabilities (December 31, 2018 - R\$1,589).

Long-term amounts fall due as follows:

	Parent company and consolidated	
	9/30/2019	12/31/2018
2020	24,786	61,769
2021	117,286	116,769
2022	49,794	169,269
2023	-	169,269
2024 and 2025	-	302,707
	191,866	819,783

18 Taxes payable

	Parent company		Consolidated	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
ICMS	32,786	52,633	37,572	57,499
IPI	24,170	23,664	27,899	27,127
IRRF	5,351	20,044	6,576	21,787
ISS	1,596	1,612	2,820	4,050
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	1,997	1,965	4,246	3,395
CFEM	-	-	11,191	5,869
Other	3,763	1,233	5,646	3,186
	<u>69,633</u>	<u>101,151</u>	<u>95,950</u>	<u>122,913</u>

19 Taxes payable in installments

Changes in the balance of taxes payable in installments were as follows:

	Parent company	Consolidated
At December 31, 2018 (i)	<u>201,070</u>	<u>201,072</u>
Provision for interest	<u>104</u>	<u>104</u>
Subtotal	<u>201,174</u>	<u>201,176</u>
Balance of judicial deposit offset	<u>(196,892)</u>	<u>(196,892)</u>
At September 30, 2019 (ii)	<u>4,282</u>	<u>4,284</u>

(i) To the total amount of taxes payable in installments presented in the balance sheet, the amount of R\$196,892, which refers to the offsets against judicial deposits, must be added in the Parent company and Consolidated accounts.

(ii) The balances in the Parent company and Consolidated refer mainly to the Excise Tax (IPI).

20 Provision for litigation

	Parent company					
	9/30/2019			12/31/2018		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
ICMS	52,363	-	52,363	50,581	-	50,581
Labor	452,566	(139,294)	313,272	361,516	(123,414)	238,102
Civil	148,995	(21,683)	127,312	62,009	(28,453)	33,556
	<u>653,924</u>	<u>(160,977)</u>	<u>492,947</u>	<u>474,106</u>	<u>(151,867)</u>	<u>322,239</u>

	Consolidated					
	9/30/2019			12/31/2018		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
INSS	56	(56)	-	54	(54)	-
ICMS	54,234	(1,225)	53,009	67,269	(1,194)	66,075
PIS/COFINS	1,991	(132)	1,859	1,927	-	1,927
Labor	557,260	(207,900)	349,360	460,227	(175,995)	284,232
Civil	164,464	(38,199)	126,265	78,650	(44,453)	34,197
Other	7,611	(3,466)	4,145	27,424	(21,435)	5,989
	<u>785,616</u>	<u>(250,978)</u>	<u>534,638</u>	<u>635,551</u>	<u>(243,131)</u>	<u>392,420</u>

The judicial deposits related to provisions for contingencies, in Parent company and Consolidated accounts, comprise the total balance of judicial deposits presented in Note 12.

At September 30, 2019, changes in the provisions for litigation were as follows:

	Parent company	Consolidated
At December 31, 2018	<u>474,106</u>	<u>635,551</u>
Additions	215,609	254,598
Interest/inflation indexation	138,934	160,859
Payments/reductions	(87,071)	(149,053)
Reversal of principal	(37,413)	(62,332)
Reversal of interest and inflation indexation	<u>(50,241)</u>	<u>(54,007)</u>
At September 30, 2019	<u>653,924</u>	<u>785,616</u>

The provisions for litigation were recorded to cover probable losses arising from administrative proceedings and litigation relating to tax, labor, civil and environmental matters, in amounts considered sufficient by Management, based on the advice and assessment of internal and external legal advisors.

In the quarter ended September 30, 2019, new labor claims totaling R\$87,279, and civil proceedings totaling R\$105,548, mainly referring to the proceeding seeking annulment of CADE's administrative decision with unfavorable decisions for the Company, were added to the Company accounts.

(a) Possible loss contingencies

In the nine-month period ended September 30, 2019, Usiminas was the defendant in proceedings involving risks of losses classified as possible by management, based on the advice of its legal advisors, amounting to R\$8,000,434 (December 31, 2018 – R\$6,500,433). At September 30, 2019, these proceedings, for which no provision was recorded, related to civil matters - R\$1,691,892; environmental matters - R\$18,884; labor matters - R\$1,149,182; and tax matters - R\$5,140,476 (December 31, 2018 – civil matters - R\$1,677,161; environmental matters - R\$20,747; labor matters - R\$916,962 and tax matters - R\$3,885,563).

(b) Contingent assets

At September 30, 2019, the main proceedings in which the Company is the plaintiff are presented below:

(i) Compulsory loan - Eletrobrás

The Company is a plaintiff in a lawsuit claiming the receipt of the full amount paid by Usiminas related to its Cubatão and Ipatinga branches to Eletrobrás, as a compulsory loan, in accordance with the legislation criteria in force at the time the tax was paid.

A final and unappealable decision was rendered with respect to the declaratory action relating to the Cubatão branch. In June 2016, the Company filed for liquidation by determination, with the immediate appointment of a forensic expert. At September 30, 2019, the amount in dispute totaled R\$860,539 (December 31, 2018 - R\$833,915), which was not recognized in the Company's financial statements.

A final and unappealable decision was issued with respect to the declaratory action relating to the Ipatinga branch in which the Company claimed the amount of R\$1,387,296. On December 19, 2018, the 2nd Federal Court of the Federal District issued a decision in which it recognized the amount of R\$676,023 as undisputed for the enforcement of the judgment, considering that Eletrobrás itself expressly required the approval of this amount, monetarily restated up to July 1, 2016. Accordingly, the Company recorded this amount in its financial statements for the year ended December 31, 2018, under "Receivables - Eletrobrás", in non-current assets, as corresponding entry to "Other operating income" and "Finance result", in the amounts of R\$ 186,010 and R\$ 490,013, respectively. At September 30, 2019, the Company reclassified the undisputed amount to current assets, and recorded indexation accruals of R\$75,380. In addition, the Company continues to claim in court the unrecognized amount that it believes is owed by Eletrobrás.

(ii) Inclusion of ICMS in the calculation basis of PIS and COFINS

In May 2018, a final and unappealable decision was issued on the petition for writ of mandamus filed in 2010 by the Company, its subsidiary Usiminas Mecânica S.A. and its jointly-controlled subsidiary Unigal Ltda., which challenged the inclusion of the Value-Added Tax on Sales and Services (ICMS) in the calculation basis of PIS and COFINS. As a result of the favorable outcome, referring to the period from June 2005 to December 2014, the Company determined, together with its external consultants, the amounts of taxes unduly collected, considering the aspects related to the issue with regard to the quantification of credits, especially the Private Letter Ruling No. 13 - COSIT of the Brazilian Federal Revenue Secretariat, the method of monetary restatement of the amounts, as well as the prospects of its realization by offsetting against federal taxes payable. Accordingly, the Company recorded the amount of R\$789,160 in its financial statements for the year ended December 31, 2018, under "Taxes recoverable", of which R\$364,815 in current assets and R\$424,345 in non-current assets, as a corresponding entry to "Other operating income" and "Finance result" in the amounts of R\$410,932 and R\$378,228, respectively. In the same period, the amount of R\$803,249 was recorded in Consolidated under "Taxes recoverable", of which R\$378,904 in current assets and R\$424,345 in non-current assets, as a corresponding entry to "Other operating income" and "Finance result" in the amounts of R\$418,744 and R\$384,505, respectively. In the nine-month period ended September 30, 2019, the following amounts were offset: R\$317,188 in the Parent company and R\$405,897 in Consolidated.

In the 2nd quarter of 2019, a new final and unappealable decision was issued on other judicial proceeding filed by the Company, its subsidiaries Usiminas Mecânica S.A. and Mineração Usiminas S.A. and its jointly-controlled subsidiary Unigal Ltda., which also challenged the inclusion of the Value-Added Tax on Sales and Services (ICMS) in the calculation basis of PIS and COFINS. As a result of the favorable outcome, referring to several periods beginning in November 2001, the Company determined, together with its external consultants, the amounts of taxes unduly collected, considering the aspects related to the issue with regard to the quantification of credits, especially the Private Letter Ruling No. 13 - COSIT of the Brazilian Federal Revenue Secretariat, the method of monetary restatement of the amounts, as well as the prospects of its realization by offsetting against federal taxes payable. Accordingly, the Company recorded the amount of R\$97,976 in its interim accounting information for the period ended September 30, 2019, under "Taxes recoverable" in non-current assets, as a corresponding entry to "Other operating income" and "Finance result" in the amounts of R\$57,637 and R\$40,339, respectively. In the same period, the amount of R\$132.040 was recorded in Consolidated under "Taxes recoverable", of which R\$31.184 in current assets and R\$100.856 in non-current assets, as a corresponding entry to "Other operating income" and "Finance result" in the amounts of R\$78.335 and R\$53.705, respectively.

21 Retirement benefit obligations

The amounts and information on retirement benefit obligations were as follows:

	Parent company		Consolidated	
	<u>9/30/2019</u>	<u>12/31/2018</u>	<u>9/30/2019</u>	<u>12/31/2018</u>
Balance sheet obligations for:				
Pension benefits	498,029	546,681	498,029	546,681
Post-employment medical benefits	<u>520,286</u>	<u>487,159</u>	<u>520,669</u>	<u>487,547</u>
	<u><u>1,018,315</u></u>	<u><u>1,033,840</u></u>	<u><u>1,018,698</u></u>	<u><u>1,034,228</u></u>
	Parent company		Consolidated	
	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Income (expenses) recognized in the statement of income				
Pension benefits	(31,303)	22,060	(31,229)	22,059
Post-employment medical benefits	<u>(33,127)</u>	<u>(28,470)</u>	<u>(33,127)</u>	<u>(28,470)</u>
	<u><u>(64,430)</u></u>	<u><u>(6,410)</u></u>	<u><u>(64,356)</u></u>	<u><u>(6,411)</u></u>

At September 30, 2019, changes in actuarial gains and losses recognized in other comprehensive income were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Actuarial gains (losses) recognized directly in other comprehensive income	(73,978)	(73,970)
Actuarial gains (losses) on loans recognized directly in other comprehensive income - CPC 33 and IFRIC 14	(26,272)	(26,272)
Decrease (increase) in assets (asset ceiling) in other comprehensive income - paragraph 58, CPC 33 and IAS 19	<u>76,522</u>	<u>76,522</u>
Accumulated actuarial gains (losses) recognized in other comprehensive income (i)	<u>(23,728)</u>	<u>(23,720)</u>

(i) At September 30, 2019, total balance in the Parent company includes the amount of R\$8 related to actuarial gains (losses) of subsidiaries and jointly-controlled subsidiaries, recorded under the equity method of accounting.

Changes in retirement benefit obligations

Pursuant to CPC 33 (R1) and IAS 19, the actuarial study carried out by an independent actuary as at December 31, 2018 presented liabilities of R\$1,033,840 in the Parent company and R\$1,034,228 in Consolidated. Changes in retirement benefit obligations are presented below:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	<u>1,033,840</u>	<u>1,034,228</u>
Amortization	(115,942)	(115,942)
Amounts recognized in the statement of operations	64,430	64,356
Actuarial losses recognized directly in other comprehensive income	<u>35,987</u>	<u>36,056</u>
At September 30, 2019	<u><u>1,018,315</u></u>	<u><u>1,018,698</u></u>

The Company sought in court a provisional remedy claiming the suspension of the requirement to pay to Previdência Usiminas the monthly installments provided for in the Instrument for Acknowledgment of Debt, which had as its purpose the program for amortization of insufficient reserves of the PB1 Benefit Plan, as well as that Previdência does not reverse the amounts allocated to the Social Security Funds established in 2016, 2017 and 2018, until the judgment of the main proceeding. The provisional remedy was granted and thereby the requirement to make the scheduled installments was suspended. The Company is awaiting the judgment of the main proceeding, whose purpose is that the program for amortization of insufficient reserves of the PB1 Benefit Plan be reviewed, considering that such Plan is in a surplus situation.

22 Equity**(a) Share capital**

At September 30, 2019, the Company's capital is R\$13,200,295, comprising 1,253,079,108 book entry shares with no par value, of which 705,260,684 common shares; 547,752,163 Class A preferred shares and 66,261 Class B preferred shares, as shown below:

	<u>Common shares</u>	<u>Class A Preferred shares</u>	<u>Class B Preferred shares</u>	<u>Total</u>
Total shares at December 31, 2018	705,260,684	547,749,823	68,601	1,253,079,108
Transfers	-	2,340	(2,340)	-
Total shares at September 30, 2019	705,260,684	547,752,163	66,261	1,253,079,108
Total treasury shares	(2,526,656)	(21,051,399)	-	(23,578,055)
Total shares except treasury shares	<u>702,734,028</u>	<u>526,700,764</u>	<u>66,261</u>	<u>1,229,501,053</u>

(b) Reserves

At September 30, 2019, there were no changes in the nature and conditions of reserves in relation to those described in Note 27 (b) to the Company's financial statements for the year ended December 31, 2018. Disclosures have not been repeated in this interim accounting information.

23 Segment reporting

Usiminas has four reportable operating segments, which offer different products and services and are managed separately. These segments are determined based on different legal entities; there are no different segments within the same company.

A summary of the main operations of each of the reportable segments of Usiminas follows:

Reportable segments	Operations
Mining and logistics	Extraction and processing of iron ore as pellet feed, sinter feed and granulated iron ore. Storage, handling, transport of cargo and operation of highway and railway cargo terminals. The sales of iron ore are mainly intended for the Steelworks segment.
Steel metallurgy	Manufacture and sale of steel products. A portion of the sales is for the steel transformation and capital goods segments.
Steel transformation	Transformation and distribution of steel products.
Capital assets	Manufacture of equipment and installations for several industries.

Management reviews the internal managerial reports for each segment periodically.

Information on operating income (loss), assets and liabilities by reportable segment

	9/30/2019						
	Mining and logistics	Steel metallurgy	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	Total
Revenue	1,414,153	9,659,487	2,794,028	286,167	14,153,835	(3,078,007)	11,075,828
Cost of sales	(773,706)	(8,749,254)	(2,656,030)	(257,586)	(12,436,576)	2,939,042	(9,497,534)
Gross profit (loss)	640,447	910,233	137,998	28,581	1,717,259	(138,965)	1,578,294
Operating expenses	(149,435)	(386,088)	(73,623)	(34,962)	(644,108)	(172,831)	(816,939)
Selling expenses	(79,363)	(84,835)	(34,886)	(9,757)	(208,841)	(3,308)	(212,149)
General and administrative expenses	(18,761)	(237,840)	(43,435)	(19,393)	(319,429)	10,965	(308,464)
Other income (expenses)	(105,776)	(314,490)	4,698	(5,765)	(421,333)	(7,621)	(428,954)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	54,465	251,077	-	(47)	305,495	(172,867)	132,628
Operating profit (loss)	491,012	524,145	64,375	(6,381)	1,073,151	(311,796)	761,355
Finance result	8,769	(658,172)	(3,333)	(1,648)	(654,384)	(9,888)	(664,272)
Profit (loss) before income tax and social contribution	499,781	(134,027)	61,042	(8,029)	418,767	(321,684)	97,083
Income tax and social contribution	(151,202)	131,098	(21,356)	2,497	(38,963)	50,424	11,461
Profit (loss) for the period	348,579	(2,929)	39,686	(5,532)	379,804	(271,260)	108,544
Attributable to							
Controlling interests	246,585	(2,929)	27,335	(5,532)	265,459	(271,260)	(5,801)
Non-controlling interests	101,994	-	12,351	-	114,345	-	114,345
Assets	4,595,123	24,672,663	1,894,074	481,258	31,643,118	(4,629,386)	27,013,732
Total assets include:							
Investments in associates (except goodwill and investment properties)	482,621	35,487	-	2,415	520,523	-	520,523
Additions to non-current assets (except financial instruments and deferred tax assets)	72,325	263,669	8,025	5,446	349,465	134,126	483,591
Current and non-current liabilities	621,217	10,352,071	745,323	202,035	11,920,646	(668,192)	11,252,454

	9/30/2018						
	Mining and logistics	Steel metallurgy	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	Total
Revenue	768,726	9,367,419	2,406,800	285,898	12,828,843	(2,519,063)	10,309,780
Cost of sales	(528,533)	(7,733,066)	(2,252,425)	(268,724)	(10,782,748)	2,312,185	(8,470,563)
Gross profit (loss)	240,193	1,634,353	154,375	17,174	2,046,095	(206,878)	1,839,217
Operating expenses	(122,144)	(581,893)	(71,539)	(38,294)	(813,870)	7,920	(805,950)
Selling expenses	(68,287)	(111,902)	(31,682)	(8,867)	(220,738)	(3,413)	(224,151)
General and administrative expenses	(19,322)	(239,256)	(41,711)	(26,519)	(326,808)	10,107	(316,701)
Other income (expenses)	(80,570)	(331,892)	1,854	(2,859)	(413,467)	1,140	(412,327)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	46,035	101,157	-	(49)	147,143	86	147,229
Operating profit (loss)	118,049	1,052,460	82,836	(21,120)	1,232,225	(198,958)	1,033,267
Finance result	30,103	(568,945)	2,429	(2,205)	(538,618)	(6,125)	(544,743)
Profit (loss) before income tax and social contribution	148,152	483,515	85,265	(23,325)	693,607	(205,083)	488,524
Income tax and social contribution	(13,332)	(94,721)	(30,364)	7,707	(130,710)	69,452	(61,258)
Profit (loss) for the period	134,820	388,794	54,901	(15,618)	562,897	(135,631)	427,266
Attributable to							
Controlling interests	96,499	388,794	37,815	(15,618)	507,490	(135,631)	371,859
Non-controlling interests	38,321	-	17,086	-	55,407	-	55,407
							12/31/2018
Assets	4,294,012	24,543,528	1,718,978	435,876	30,992,394	(4,468,543)	26,523,851
Total assets include:							
Investments in associates (except goodwill and investment properties)	430,474	23,580	-	2,462	456,516	-	456,516
Additions to non-current assets (except financial instruments and deferred tax assets)	77,133	408,960	93,509	10,586	590,188	(2,721)	587,467
Current and non-current liabilities	598,830	10,195,809	609,913	151,121	11,555,673	(729,213)	10,826,460

Sales between segments were carried out at arm's length.

Billings are broadly dispersed. The Company and its subsidiaries do not have third-party customers representing individually more than 10% of their billings.

24 Revenue

The reconciliation between gross and net revenue was as follows:

	Parent company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Sales of products				
Domestic market	10,860,860	10,172,154	11,375,925	10,659,030
Foreign market	938,787	1,246,721	1,920,914	1,823,401
	<u>11,799,647</u>	<u>11,418,875</u>	<u>13,296,839</u>	<u>12,482,431</u>
Sales of services				
Domestic market	22,370	8,915	202,436	172,334
Foreign market	3,179	661	3,179	661
	<u>25,549</u>	<u>9,576</u>	<u>205,615</u>	<u>172,995</u>
Gross revenue	<u>11,825,196</u>	<u>11,428,451</u>	<u>13,502,454</u>	<u>12,655,426</u>
Deductions from revenue	<u>(2,165,702)</u>	<u>(2,061,308)</u>	<u>(2,426,626)</u>	<u>(2,345,646)</u>
Net revenue	<u>9,659,494</u>	<u>9,367,143</u>	<u>11,075,828</u>	<u>10,309,780</u>

25 Expenses by nature

	Parent company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Depreciation, amortization and depletion	(619,062)	(640,124)	(735,603)	(770,950)
Employee benefit expenses	(636,087)	(628,742)	(982,760)	(934,784)
Raw materials and consumables	(6,633,783)	(5,875,374)	(6,395,569)	(5,717,748)
Scheduled maintenance	(115,848)	(83,335)	(117,842)	(82,026)
Freight charges and insurance	(334,144)	(257,693)	(593,864)	(423,539)
Distribution costs	(55,446)	(62,866)	(139,082)	(128,429)
Third-party services	(601,520)	(641,545)	(778,543)	(790,464)
Judicial charges	(1,483)	(8,485)	(10,013)	(13,538)
Income (expenses) in litigation, net	(178,196)	(148,796)	(192,266)	(139,693)
Result on the sale of excess electricity	30,935	11,222	31,651	14,007
Result on the sale/reduction of PP&E, intangible assets and investments	4,016	(2,849)	6,100	(1,819)
PIS/COFINS credits on imports		36,063		36,063
Inclusion of ICMS in the calculation basis of PIS and COFINS	57,637	-	78,335	-
Other	(414,189)	(292,032)	(617,645)	(470,822)
	<u>(9,497,170)</u>	<u>(8,594,556)</u>	<u>(10,447,101)</u>	<u>(9,423,742)</u>
Cost of sales	(8,865,422)	(7,920,549)	(9,497,534)	(8,470,563)
Selling expenses	(84,835)	(111,902)	(212,149)	(224,151)
General and administrative expenses	(229,134)	(231,298)	(308,464)	(316,701)
Other operating income (expenses), net	(317,779)	(330,807)	(428,954)	(412,327)
	<u>(9,497,170)</u>	<u>(8,594,556)</u>	<u>(10,447,101)</u>	<u>(9,423,742)</u>

26 Finance result

	Parent company		Consolidated	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
Finance income				
Interest from customers	10,639	14,473	17,829	20,528
Income from financial investments	20,790	25,391	54,459	46,095
Indexation accruals	6,418	8,513	16,212	20,435
Indexation of PIS/COFINS credits Imports (i)	-	19,636	-	19,636
Indexation of judicial deposits	3,346	8,234	5,889	11,780
Accretion of present value adjustment of receivables	64,984	50,444	64,984	50,444
Reversal of the provision for interest on provisions for litigation	50,241	20,148	54,007	21,511
Interest on Eletrobrás credits	75,380	-	75,380	-
Indexation of ICMS in the calculation basis of PIS/COFINS	50,830	-	64,374	-
Other finance income	11,898	16,870	8,437	15,270
	<u>294,526</u>	<u>163,709</u>	<u>361,571</u>	<u>205,699</u>
Finance costs				
Interest on borrowings and taxes payable in installments	(290,462)	(288,135)	(290,426)	(290,448)
Result on swap transactions	3,672	755	(2,191)	755
Indexation accruals	(63,491)	(88,442)	(78,405)	(100,358)
PIS/COFINS on interest on capital	-	(3,761)	-	(3,761)
Interest on provisions for litigation	(138,934)	(70,872)	(160,859)	(79,771)
Accretion of present value adjustment of trade payables	(59,316)	(31,700)	(73,982)	(48,899)
Commissions and other costs on borrowings	(83,955)	(14,590)	(84,093)	(14,590)
Charges on actuarial liability	(28,782)	-	(28,782)	-
Other finance costs	(18,592)	(16,613)	(26,517)	(18,993)
	<u>(679,860)</u>	<u>(513,358)</u>	<u>(745,255)</u>	<u>(556,065)</u>
Foreign exchange gains/losses, net	<u>(301,525)</u>	<u>(244,203)</u>	<u>(280,588)</u>	<u>(194,377)</u>
	<u>(686,859)</u>	<u>(593,852)</u>	<u>(664,272)</u>	<u>(544,743)</u>

(i) Refers to indexation credits approved by the Brazilian Federal Revenue Service (RFB) (Note 20 (b)(ii)).

The Company separates indexation charges from the Extended Consumer Price Index (IPCA) on borrowings and financial investments for contracts which accrue CDI and TJLP interest. The IPCA portion is segregated from interest on borrowings and income from financial investments and included in "Indexation accruals".

27 Earnings (loss) per share**Basic and diluted**

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) attributable to the Company's stockholders by the weighted average number of common and preferred shares issued during the period excluding common shares acquired by the Company and held in treasury (Note 22).

	9/30/2019			Parent company 9/30/2018		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Basic and diluted numerator						
Profit available to owners of the parent	(3,316)	(2,485)	(5,801)	203,843	168,016	371,859
Basic and diluted denominator						
Weighted average number of shares, excluding treasury shares	702,734,028	526,667,316	1,229,401,344	702,734,028	526,009,649	1,228,743,677
Basic and diluted earnings per share - R\$	0	0		0.29	0.32	

28 Transactions with related parties

The main balances and transactions with related parties are presented below:

(a) Assets

	Parent company					
	9/30/2019			12/31/2018		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	43,925	-	1,574	22,033	-	2,355
Non-controlling interests	65,234	-	-	-	-	-
Subsidiaries	387,440	-	84,725	354,235	71,255	97,740
Jointly-controlled subsidiaries	74	-	-	68	-	-
Associates	11,019	346	-	26,076	346	-
Other related parties (i)	58,937	-	-	34,444	-	-
Total	566,629	346	86,299	436,856	71,601	100,095
Current	566,629	346	48,036	420,856	71,601	55,026
Non-current	-	-	38,263	16,000	-	45,069
Total	566,629	346	86,299	436,856	71,601	100,095

(i) At September 30, 2019, the balance of trade receivables refers to the sale of flat-rolled products to the Nippon Group totaling R\$4,498 (December 31, 2018 – R\$3,106) and to the Ternium Group totaling R\$54,439 (December 31, 2018 – R\$31,338).

	Consolidated					
	9/30/2019			12/31/2018		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	43,925	-	1,574	22,033	-	2,355
Non-controlling interests	65,234	-	-	-	-	-
Jointly-controlled subsidiaries	74	-	-	68	-	-
Associates	11,019	13,562	-	26,588	13,562	-
Other related parties (i)	59,671	-	-	34,591	-	-
Total	179,923	13,562	1,574	83,280	13,562	2,355
Current	179,923	13,562	-	67,280	13,562	13
Non-current	-	-	1,574	16,000	-	2,342
Total	179,923	13,562	1,574	83,280	13,562	2,355

(i) At September 30, 2019, the balance of trade receivables refers mainly to the sale of flat-rolled products to the Nippon Group totaling R\$4,525 (December 31, 2018 - R\$3,041) and to the Ternium Group totaling R\$55,146 (December 31, 2018 – R\$31,550).

Trade receivables classified as related parties are unsecured by nature and bear interest. At September 30, 2019 and at December 31, 2018, no provisions were recorded for receivables from related parties.

(b) Liabilities

	Parent company					
	9/30/2019			12/31/2018		
	Trade payables	Other payables	Borrowings (i)	Trade payables	Other payables	Borrowings (i)
Controlling interests	404	1,434	-	398	23,795	178,561
Subsidiaries	77,218	106,951	3,143,768	70,413	96,905	-
Jointly-controlled subsidiaries	60,070	-	-	96,073	-	-
Associates	963	-	-	2,313	1,356	-
Other related parties (ii)	188,439	-	-	138,937	-	-
Total	327,094	108,385	3,143,768	308,134	122,056	178,561
Current	327,094	1,516	36,699	308,134	25,160	2,934
Non-current	-	106,869	3,107,069	-	96,896	175,627
Total	327,094	108,385	3,143,768	308,134	122,056	178,561

	Consolidated					
	9/30/2019			12/31/2018		
	Trade payables	Other payables	Borrowings (i)	Trade payables	Other payables	Borrowings (i)
Controlling interests	728	1,434	-	200	23,793	178,561
Non-controlling interests	-	-	-	-	19,957	-
Jointly-controlled subsidiaries	60,776	-	-	96,807	-	-
Associates	1,846	150,539	-	34,674	136,305	-
Other related parties (ii)	188,439	-	-	138,937	6,667	-
Total	251,789	151,973	-	270,618	186,722	178,561
Current	251,789	30,135	-	270,618	52,468	2,934
Non-current	-	121,838	-	-	134,254	175,627
Total	251,789	151,973	-	270,618	186,722	178,561

(i) Refers to a loan from Nippon Usiminas Co. Ltd.

(ii) At September 30, 2019, the balance of trade payables refers mainly to the purchase of steel plates from Ternium Brasil Ltda. in the amount of R\$188,436 (December 31, 2018 – R\$138,934) in the Parent company and in Consolidated.

(c) Results

	Parent company			Parent company		
	9/30/2019			9/30/2018		
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	272,533	5,560	(10,390)	218,245	21,432	(40,610)
Non-controlling interests	413,734	-	-	-	-	-
Subsidiaries	3,215,591	498,068	(295,783)	2,770,636	329,181	(19,348)
Jointly-controlled subsidiaries	-	276,405	2	198	388,633	(2,728)
Associates	24,257	91,219	169	19,853	106,413	30
Other related parties (i) (ii)	161,408	1,634,141	1,739	303,118	2,084,747	221
Total	4,087,523	2,505,393	(304,263)	3,312,050	2,930,406	(62,435)

	Consolidated			Consolidated		
	9/30/2019			9/30/2018		
	Sales	Purchases	Finance and operating result	Sales	Purchases	Finance and operating result
Controlling interests	272,533	5,772	(10,390)	218,245	23,256	(40,527)
Non-controlling interests	413,743	39,913	-	362	61,514	-
Jointly-controlled subsidiaries	1,475	280,264	2	1,962	391,849	(2,728)
Associates	24,642	198,957	169	49,220	177,997	(17,169)
Other related parties (i) (ii)	163,578	1,634,141	1,732	304,503	2,086,324	1,443
Total	875,971	2,159,047	(8,487)	574,292	2,740,940	(58,981)

(i) At September 30, 2019, total sales to other related parties refer mainly to sales by Usiminas to the Ternium Group, amounting to R\$130,628 (September 30, 2018 – R\$75,268).

(ii) At September 30, 2019, total purchases from other related parties refer mainly to the purchase of steel plates from Ternium Brasil Ltda. in the amount of R\$1,633,254 (September 30, 2018 – R\$1,348,007) in the Parent company and in Consolidated.

The nature of the most significant related-party transactions is described in Note 36(e) to the financial statements for the year ended December 31, 2018.

Finance income (costs) with related parties refers mainly to charges on borrowings disclosed in item (b) above.

(d) Remuneration of the key management personnel

The remuneration paid or payable to key management personnel, which includes the Executive Board, the Board of Directors and the Statutory Audit Board of the Company was as follows:

	Parent company and consolidated	
	9/30/2019	9/30/2018
Fees	10,772	9,089
Social charges	3,081	4,144
Retirement plans	257	25
Provision for variable compensation	2,117	6,453
	<u>16,227</u>	<u>19,711</u>

The Company has a share-based payment plan in place (Note 29).

29 Stock option plan

The Company has a stock option plan. Oversight of the plan is provided by the Company's Board of Directors and managed with the support of the Human Resources Committee, under the parameters of the plan.

No changes have been identified in the Plan's characteristics and guidelines in relation to those described in Note 38 to the financial statements at December 31, 2018.

At September 30, 2019, the Plan included four programs:

- Program 2011, released on October 3, 2011;
- Program 2012, released on November 28, 2012;
- Program 2013, launched on November 28, 2013; and
- Program 2014, launched on November 27, 2014.

The fair value of the options granted is determined based on the Black-Scholes methodology and recorded as an expense over the vesting period.

In the nine-month period ended September 30, 2019, there was no impact from the Stock Option Plan on the statement of operations of the Parent company and Consolidated, as the allocation of expenses was fully completed on October 31, 2017. In the same period, the amount of R\$1,225 was reversed to "Retained earnings (Accumulated deficit)" as a result of the exercise of options. The impact on the Company's capital reserves was R\$567 (December 31, 2018 - R\$10,343).

In the nine-month period ended September 30, 2019, 199,420 options were exercised, resulting in a decrease by the same number in preferred shares in treasury within equity.

30 Guarantees

The composition of the assets pledged as collateral was as follows:

<u>Assets pledged as collateral</u>	<u>Liabilities secured</u>	<u>Parent company</u>		<u>Consolidated</u>	
		<u>9/30/2019</u>	<u>12/31/2018</u>	<u>9/30/2019</u>	<u>12/31/2018</u>
Cash and cash equivalents	Litigation	40,534	40,000	40,534	40,000
Inventories	Litigation	156,639	145,374	156,639	145,374
Property, plant and equipment	Litigation	528,405	593,878	573,592	642,888
Property, plant and equipment	Borrowings	3,771	3,829,345	25,832	3,851,406
		<u>729,349</u>	<u>4,608,597</u>	<u>796,597</u>	<u>4,679,668</u>

31 Explanatory notes presented in the annual financial statements that are not presented in this interim accounting information

Pursuant to CVM/SNC/SEP Circular Letter No. 003/2011, the Company discloses Notes it considers material under CPC 00 - "Conceptual Framework for Financial Reporting". All information the omission or misstatement of which could affect the economic decisions of users was properly disclosed in this interim accounting information, which should be read together with the financial statements for the year ended December 31, 2018.

The Notes for which information has not been repeated in this interim accounting information, considering that no significant changes were made to the nature and conditions of these Notes in relation to those disclosed in the Company's financial statements for the year ended December 31, 2018 are listed below:

Note 04 - Significant accounting judgments, estimates and assumptions;
Note 19 - Trade payables, contractors and freight charges;
Note 25 - Provision for environmental recovery;
Note 31 - Employee benefits and expenses;
Note 32 - Operating (expenses) income;
Note 35 - Commitments;
Note 37 - Insurance; and
Note 40 - Non-cash investment transactions

32 Subsequent events**(i) Debentures**

On October 24th, 2019, the Company concluded the operation of the 7th issuance of simple debentures, not convertible into shares, as approved by the Board of Directors on September 20th, 2019. This issuance, composed of 2.000.000 (two million) debentures and a total of R\$2 billion, is entitled to remuneration interests on a six-month basis corresponding to CDI + 1.7% p.a. to the first series of debentures, in the amount of R\$700,000, with maturity on September 30th, 2023; and CDI + 2.1% p.a. to the second series of debentures, in the amount of R\$1,300,000, with maturity on September 30th, 2024 and September 30th, 2025, paying 50% in each amortization.

(ii) Eletrobrás

On October 16th, 2019, the Company received from Eletrobrás the updated amount of R\$751,404, related to the undisputed amount of the lawsuit claiming the receipt of the full amount paid as a compulsory loan. On September 30th, 2019, this amount is recognized in the Company's quarterly statements in current assets, under "Amounts Receivable Eletrobrás". In addition, the Company continues to claim in court the unrecognized amount that it believes is owed by Eletrobrás, as described in Note 20(b).

(iii) New debt profile

The Company used the proceedings mentioned on items (i) and (ii) to prepay the remaining debts with the Brazilian banks (Banco do Brasil S.A., Itaú Unibanco S.A. e Banco Bradesco S.A.) and with the debenture holders of the 6th issuance, concluded in October 24, 2019. Therefore, after the liquidation of these operations, the Company's debt profile was substantially modified when compared to that of September 30th, 2019, especially due to the reduction of the outstanding debt, new principal payment schedule, as well as lower financial costs.

On the date of the disclosure of this interim accounting information, the new debt profile presents approximately the following conditions:

				In R\$ million			
	Currency / index	Maturity of the principal amount	New profile	Parent company		Consolidated	
			Annual finance charges (%)	New profile	Profile 09/30/2019	New profile	Profile 09/30/2019
Debentures	R\$	2023 to 2025	CDI + 1,7% and 2,1% p.a.	2,000	242	2,000	242
Bond	US\$	2026	5,875% p.a.	3,160	3,160	3,160	3,160
FINAME	R\$	2019 to 2024	2,5% to 10% p.a.	17	17	20	20
Bradesco	R\$	2025	TR + 9,8% p.a.	45	45	45	45
Brazilian banks	R\$	2023 to 2025	CDI + 3% p.a.	-	2,493	-	2,493
Others	-	-	-	-	-	9	8
Commissions and other costs	-	-	-	(117)	(117)	(118)	(118)
				<u>5,105</u>	<u>5,840</u>	<u>5,116</u>	<u>5,850</u>

Board of Directors

Ruy Roberto Hirschheimer
Chairman

Elias de Matos Brito
Board Member

Luiz Carlos de Miranda Faria
Board Member

Oscar Montero Martinez
Board Member

Rita Rebelo Horta de Assis Fonseca
Board Member

Ronald Seckelmann
Board Member

Yoshiaki Shimada
Board Member

Yuichi Akiyama
Board Member

Statutory Audit Board

Wanderley Rezende de Souza
Board Member

Fabricio Santos Debortoli
Board Member

Paulo Frank Coelho da Rocha
Board Member

Sérgio Carvalho Campos
Board Member

Tácito Barbosa Coelho Monteiro Filho
Board Member

Executive Board

Sérgio Leite de Andrade
CEO

Alberto Akikazu Ono
Vice-President - Finance and
Investor Relations

Kohei Kimura
Vice-President - Technology and Quality

Miguel Angel Homes Camejo
Vice-President - Commercial Area

Takahiro Mori
Vice-President - Corporate Planning

Túlio César do Couto Chipoletti
Vice-President - Industrial Area

Lucas Marinho Sizenando Silva
Accountant CRC-MG 080.788/O