



Votorantim

**CORPORATE
PRESENTATION
2Q17 RESULTS**

AUGUST 2017



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EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-GAAP financial measure not recognized by the International Financial Reporting Standards (IFRS) calculated by Votorantim in accordance with its financial statements and consists of the net profit, adding the expenses of current and deferred income tax and social contribution, the net financial result and the expenses with depreciation and amortization. Adjusted EBITDA consists of non-recurrent items, or items with or without direct impact on the Votorantim’s cash, in a way to best reflect this measure, such as: capitalized financial obligations, merge and acquisition operations and dividends received. Adjusted EBITDA is not a financial measure of performance, according to the applicable accounting rules in Brazil, or by the IFRS, issued by the International Accounting Standard Board (IASB) and should not be considered as an alternative to other financial measures, such as the Votorantim’s operational cash flow, or as a liquidity measure.



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JOÃO MIRANDA
CEO Votorantim S.A.



GLOBAL

World economy in a process of **gradual recovery**

Uncertainty about the timing and nature of **U.S. fiscal policy changes**

In China, **prudent monetary policy** and **supply-side reforms** reinforcing 2017 growth

BRAZIL

Political crisis persists affecting the economic environment

Structural reforms: labor reform approved and pension reform is in stand-by

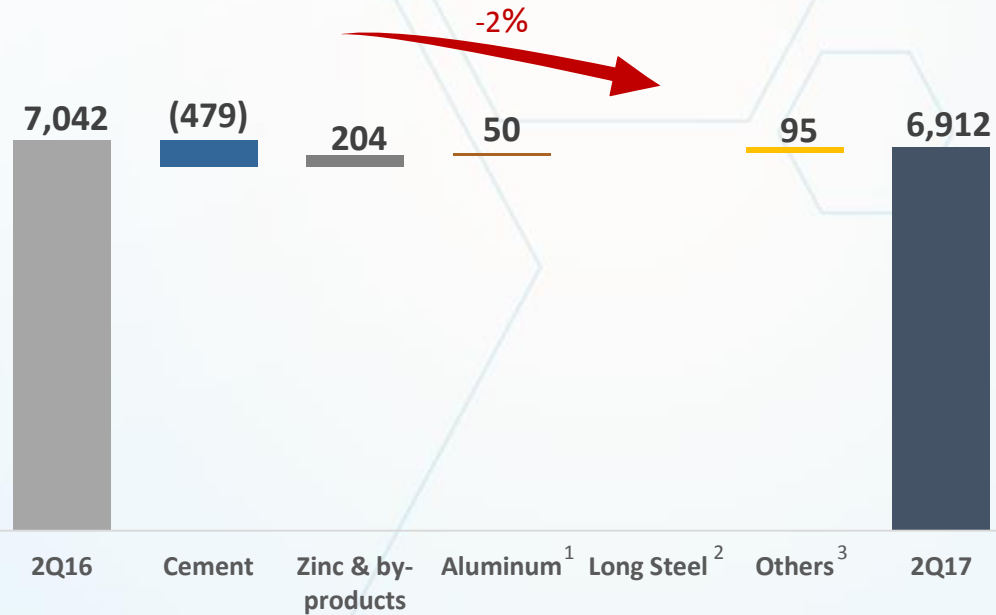
Mixed economic data with no clear trend



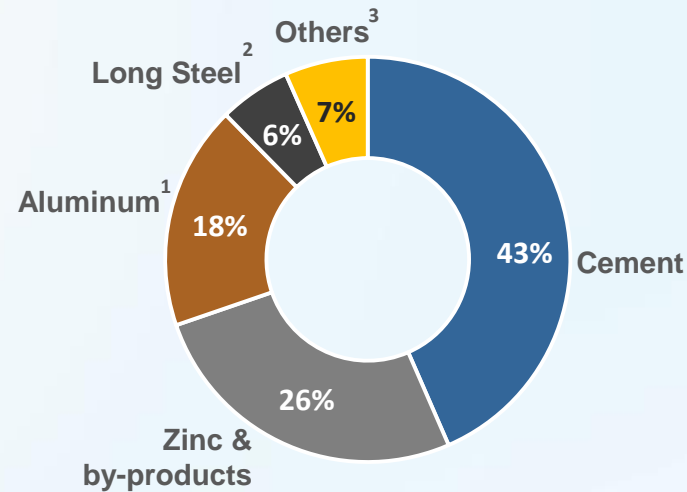
CONSOLIDATED NET REVENUES

(R\$ MILLION)

EVOLUTION BY BUSINESS



BREAKDOWN BY BUSINESS



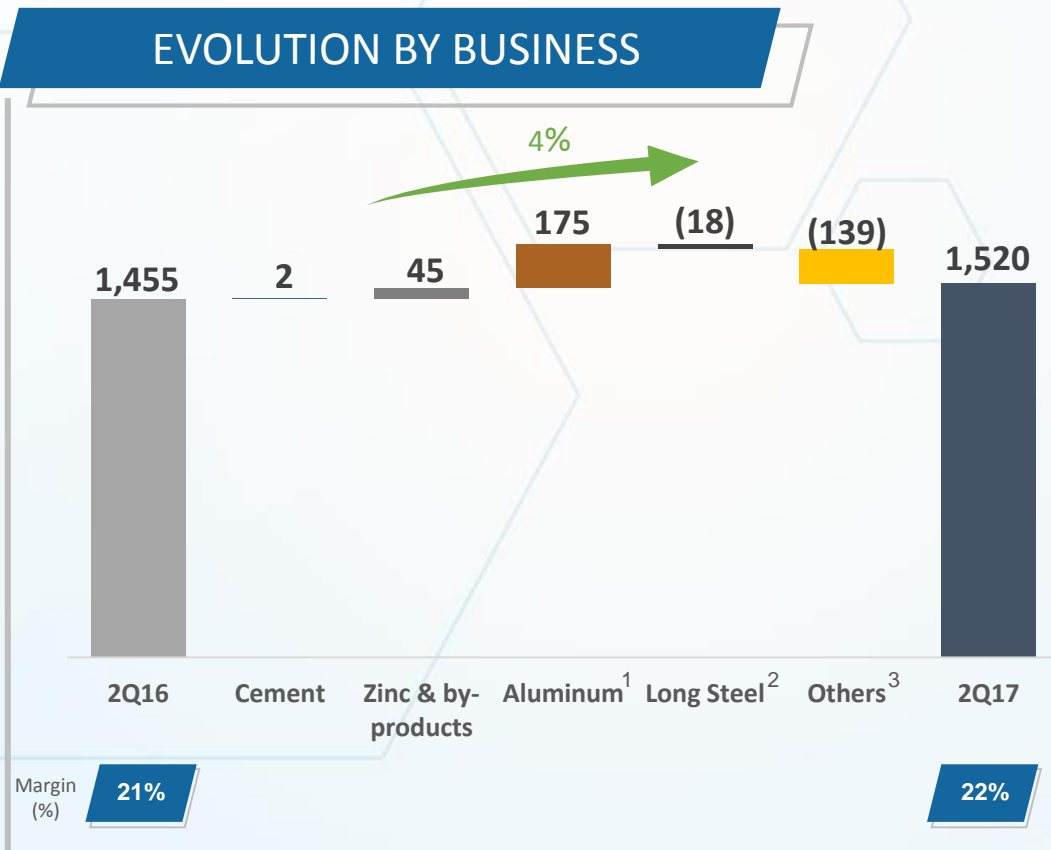
- **Lower prices and sales volume** from the cement operations, mostly in Brazil.
- **Increase in metals average price:** aluminum and zinc.
- Commercial strategy to sell energy surplus with higher prices.
- Consolidated results was also **negatively impacted** by the **Brazilian real appreciation** of 8% YoY.

1. Results from Nickel operations were incorporated to the Aluminum segment.
 2. Includes Argentina and Colombia.
 3. Includes Holding, Energy, eliminations and others.

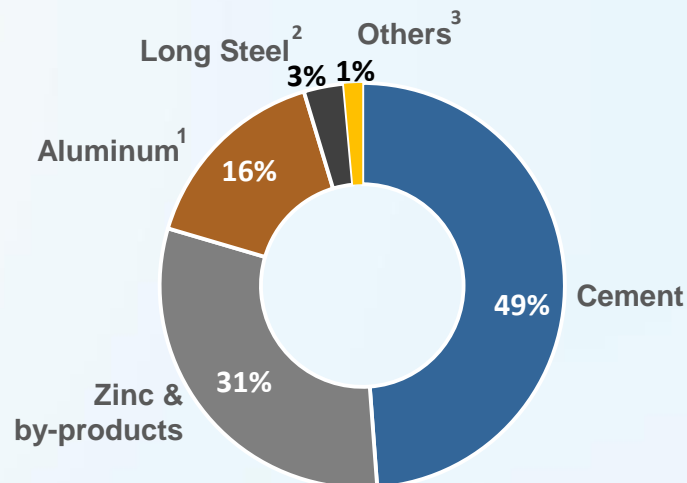
CONSOLIDATED ADJUSTED EBITDA

(R\$ MILLION)

EVOLUTION BY BUSINESS



BREAKDOWN BY BUSINESS



- Adjusted EBITDA positively impacted by the reversal of tax provisions, mainly in the cement segment.
- Temporary suspension of nickel operations, which presented a negative EBITDA in the 2Q16, positively affected aluminum results.
- Increase in aluminum prices and sales volume of value-added products in both upstream and downstream.

1. Results from Nickel operations were incorporated to the Aluminum segment.
 2. Includes Argentina and Colombia.
 3. Includes Holding, Energy, eliminations and others.

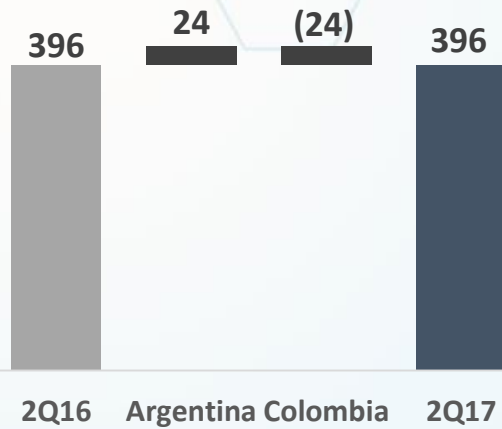
LONG STEEL - ARGENTINA AND COLOMBIA RESULTS

(R\$ MILLION)

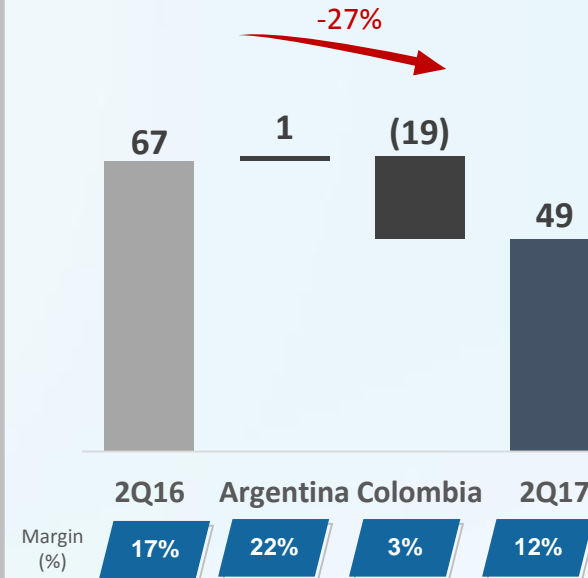
VOLUME (kton)



NET REVENUES



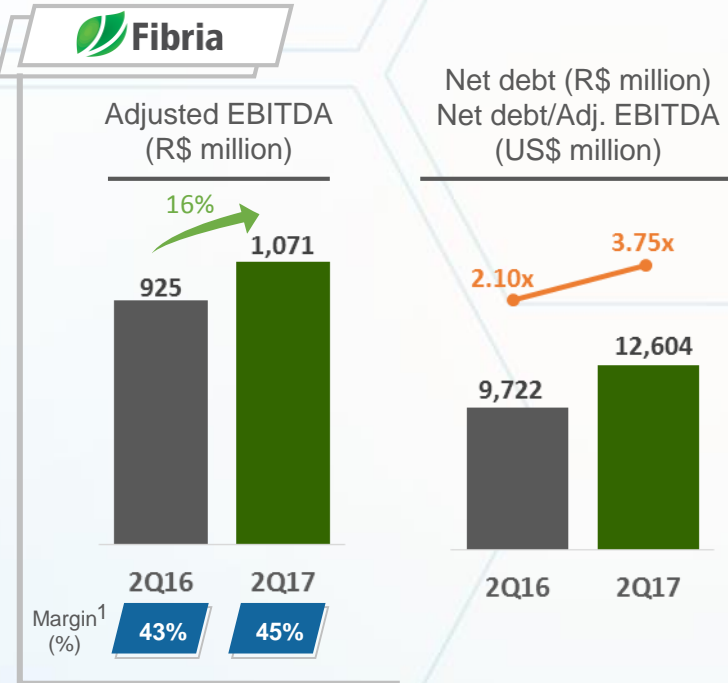
ADJUSTED EBITDA



- The long steel operations in **Brazil** were classified as “available for sale” since Dec/2016.
- **Argentina: better results** due to higher sales volume and prices driven by a recovery in the construction sector.
- **Colombia: Lower demand** in the domestic market due to the infrastructure projects delay

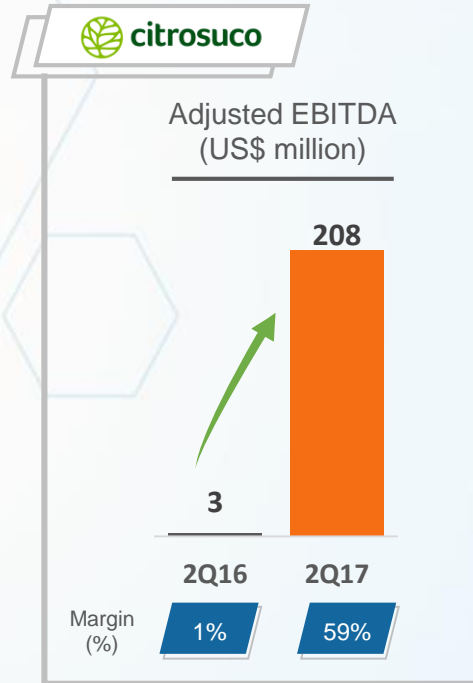
OTHER INVESTEE COMPANIES

RECOGNIZED BY EQUITY METHOD

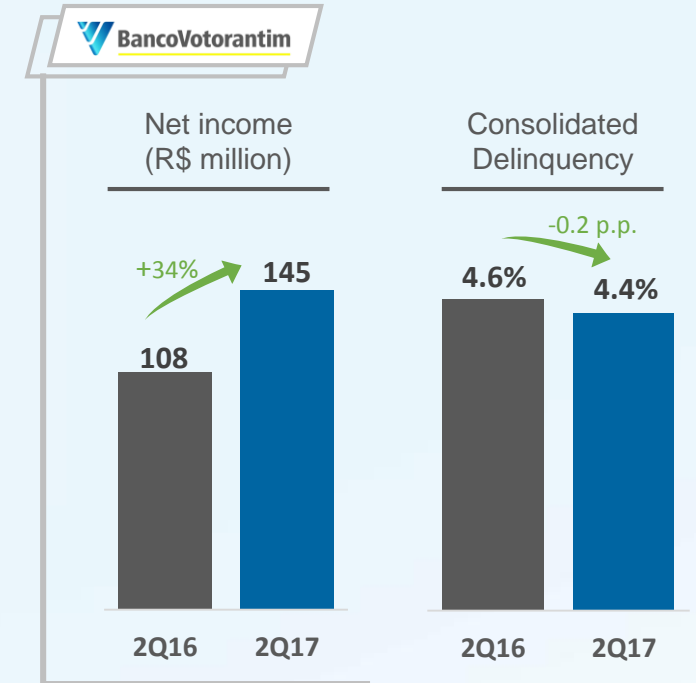
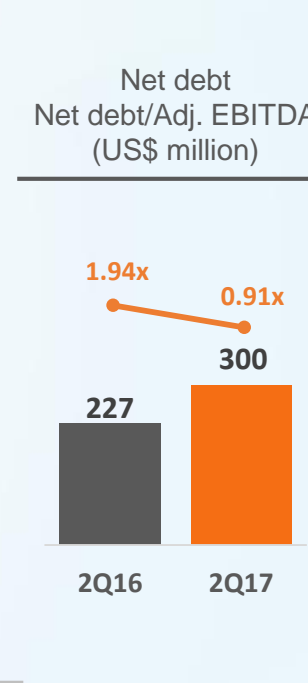


- Fibria's pulp sales volume was a second-quarter record.
- **11% increase** in the average net price in dollars comparing the 2Q17 to the 2Q16.
- Fibria reported 2Q17 loss of R\$259 million, mainly due to the negative financial result.

1. Calculation excludes pulp sales from agreement with Klabin



- **Higher prices** and **sales volume**, especially of FCOJ, positively affected the results.
- FCOJ average price of US\$ 2,455/ton in 2Q17 compared to US\$ 1,897/ton in 2Q16.
- Adjusted EBITDA **positively impacted** by the fair value of the biological asset which started to compose the result of Citrosuco as of this quarter.



- Net income confirmed the **consistent results**, driven mainly by the retail sector.
- **Auto finance loan** origination volume 20% higher than 2Q16.
- **Comfortable Basel Ratio:** 13.5% - higher than the minimum capital requirement of 10.5%.

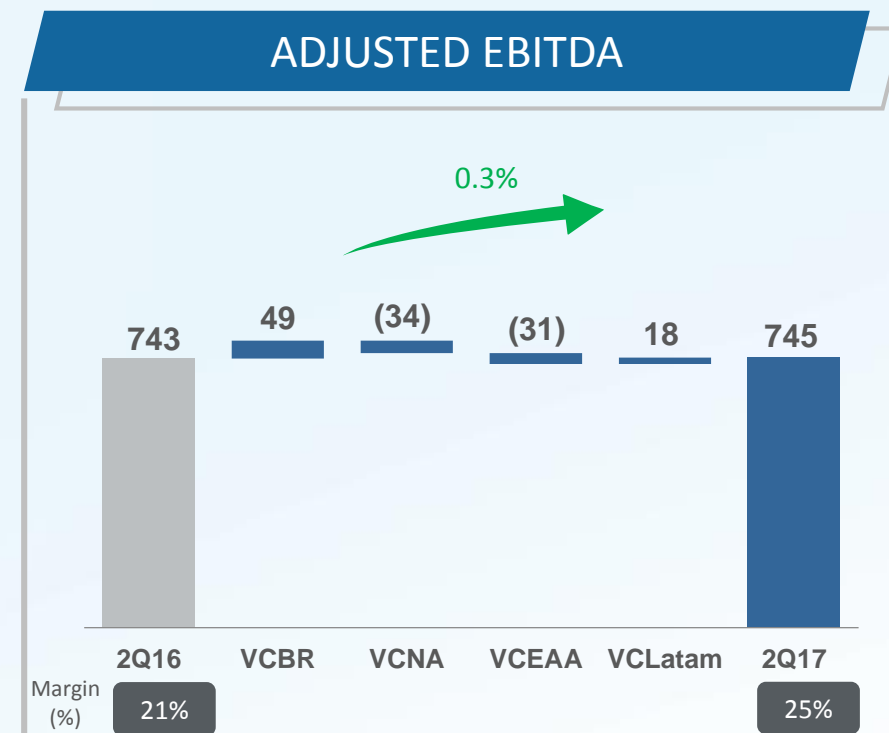
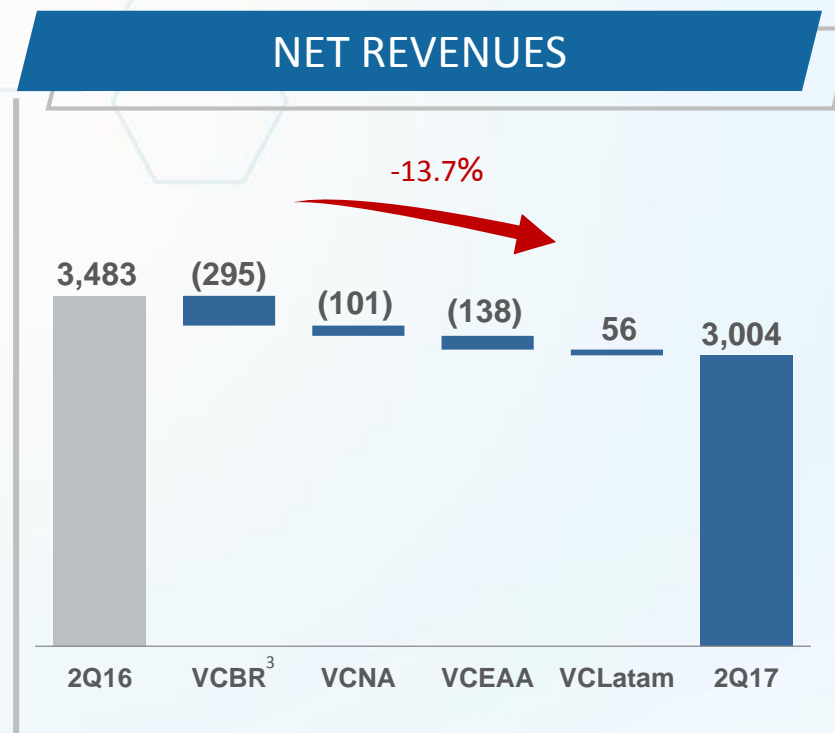
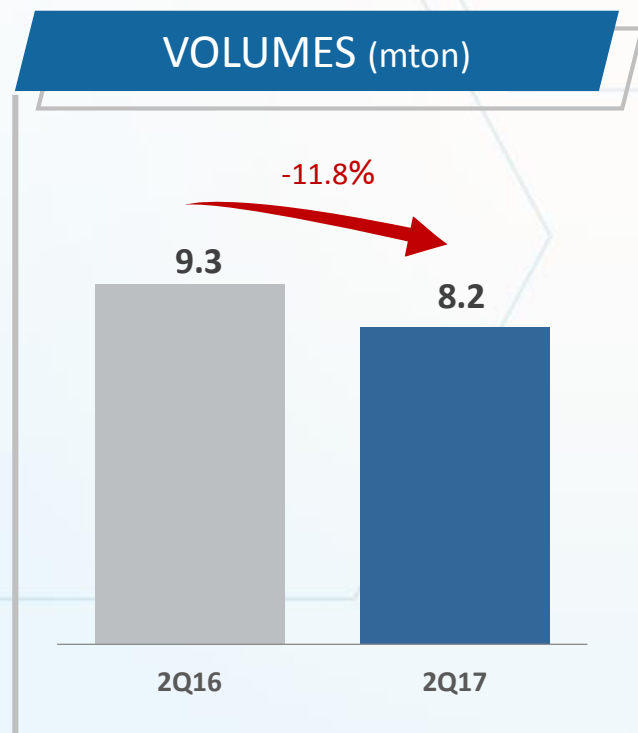


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LORIVAL LUZ
CFO & IRO Votorantim Cimentos

(R\$ MILLION)

- Brazilian cement demand still not reflecting first signs of a better unemployment and interest rates: 1H17 8.8% drop in cement sales¹.
- In VCNA, 2Q17 Adj. EBITDA decreased 4.1% in USD on the back of anticipated demand to 1Q17, while 1H17 Adj. EBITDA grew 17.3% YoY.
- Higher EBITDA margins in VCEAA reaching 26% in 2Q17 thanks to better performance of Spain and China operations.
- Tax provisions reversal of R\$ 266 mm and cost reduction amounting to R\$ 70 mm² benefited Adj. EBITDA.



1. According to SNIC (Brazilian cement association)
 2. Savings in real terms and excluding FX impact
 3. Includes eliminations in Brazil

(R\$ MILLION)



Highlights VCBR

- Brazilian political scenario continues to impact the construction market, with a 8.8%¹ drop in cement sales in 1H17.
- Slightly recover in macroeconomic indicators: lower/middle income class housing starts increase, FGTS funds release and “Minha Casa Minha Vida” may positively impact construction segment in the medium term.
- Tax provisions reversal related to the exclusion of ICMS from the calculation basis of PIS and COFINS² benefited Adj. EBITDA in R\$ 266 mm in 2Q17.
- Cost reduction amounting to R\$ 56 mm³: Strict control on discretionary expenses, as well as operational performance program, such as the increasing use of alternative fuel partly compensating higher pet coke prices.

Highlights VCLatam

- Bolivia’s Adj. EBITDA has more than doubled, sustained by better than expected learning curve performance of the recently started-up Yacuces plant, despite the current slowdown of Santa Cruz cement market.
- Uruguay improved performance on the back of economy recovery positively impacting local cement market and increased exports.

VCBR

Net revenues ⁴	Adj. EBITDA	Capex
1,399	321	61
1,694	272	251

VCLatam

Net revenues	Adj. EBITDA	Capex
117	26	13
62	8	14

■ 2Q17 ■ 2Q16

1. According to SNIC

2. ICMS: tax levied over the sale of goods / PIS/COFINS: taxes levied over revenues

3. Savings in real terms

4. Includes consolidated eliminations in VCBR

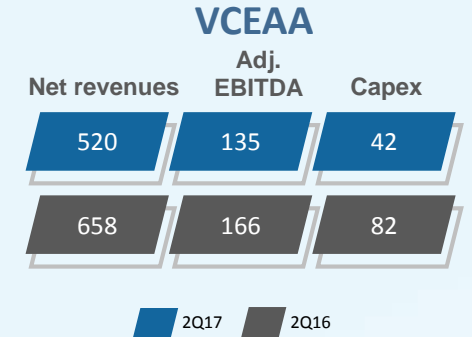
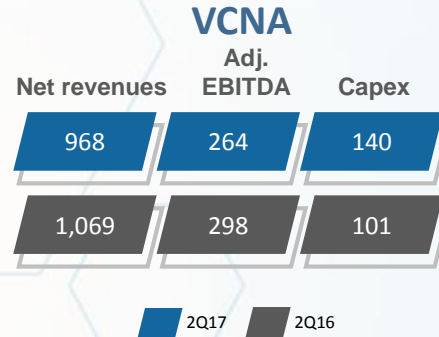
(R\$ MILLION)



Charlevoix

Estimated start-up on 1H 2018
Additional installed capacity of 0.6 Mtpy

- Stronger prices in the US partially offset lower 2Q17 volumes that were impacted by anticipated demand during 1Q17 and higher levels of precipitation.
- 1H17 net revenues growth of 6.1% and Adj. EBITDA growth of 17.3% in USD, versus 1H16.
- In Canada, higher volumes supported by growth in housing starts, up 7.8% in 1H17 YoY¹.
- Charlevoix expansion project progressing as planned.



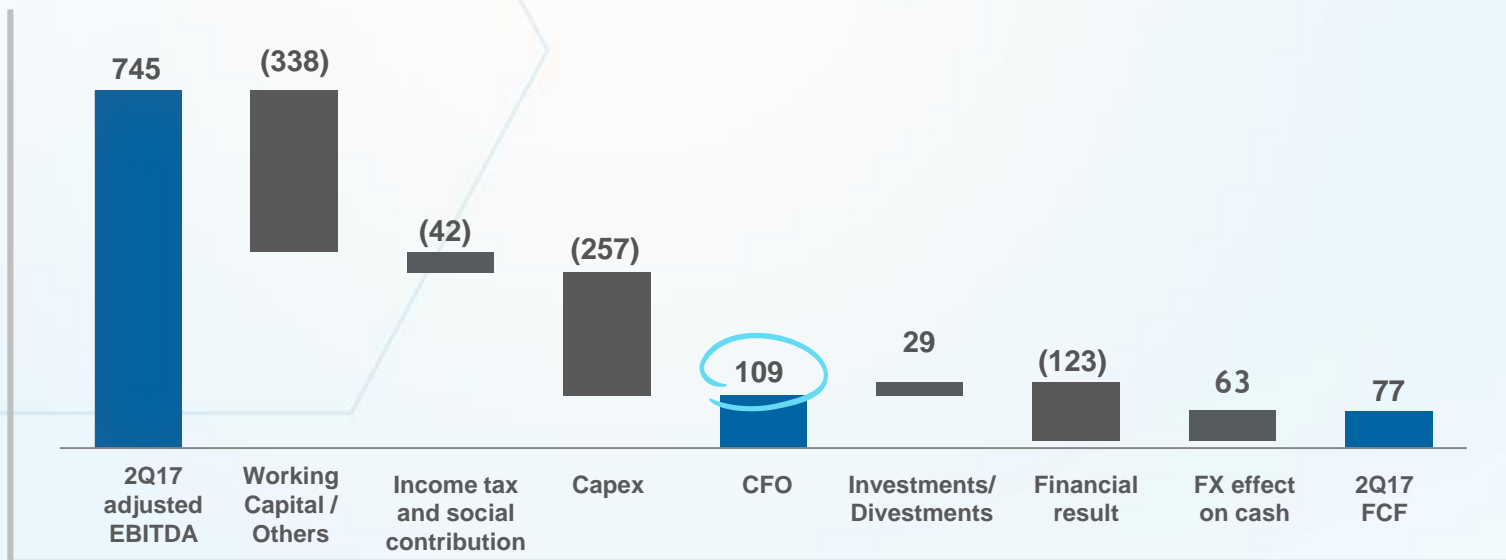
- Consolidated Adj. EBITDA margin reached 26%, crediting the Spanish economic recovery, Chinese better performance and Morocco sustained profitability.
- Steady political and economic landscape in Spain is driving infrastructure projects.
- Earlier Ramadan, when compared to 2016, adversely impacted Turkey, Tunisia and Morocco results.
- Sivas start-up in Turkey ahead of schedule, contributing to efficiency gains.
- India reforms starts to show signs of stabilization post demonetization, with volumes still recovering.

1. As per Canada Mortgage and Housing Corporation

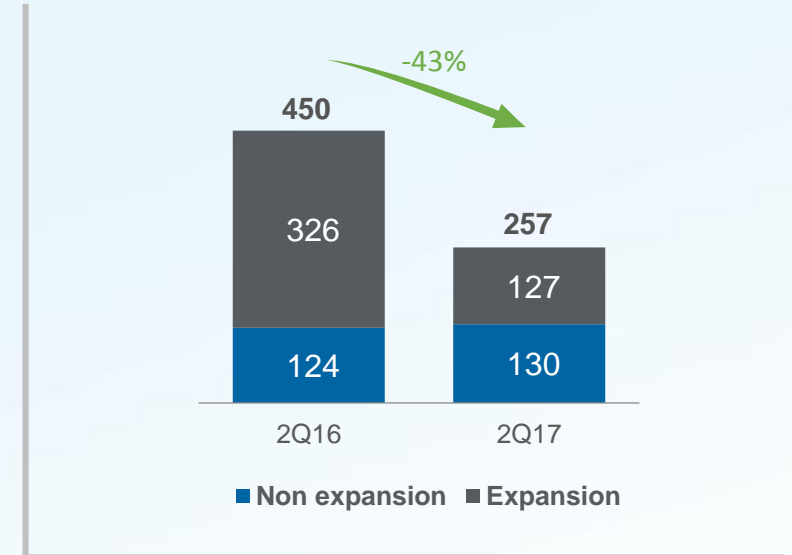
(R\$ MILLION)

- Seasonality effects on 1Q17 reverted on 2Q17: cash generation improvement in VCNA and VCEAA and working capital initiatives such as advances in inventory levels in main regions benefited CFO.
- R\$ 193 million Capex reduction benefiting cash flow generation, with investment cycle moving towards the end.

2Q17 FREE CASH FLOW GENERATION



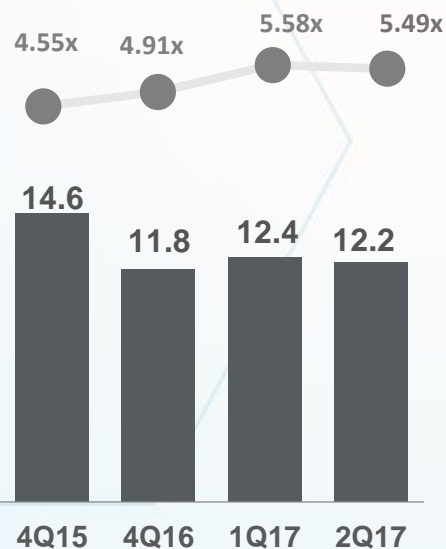
CAPEX



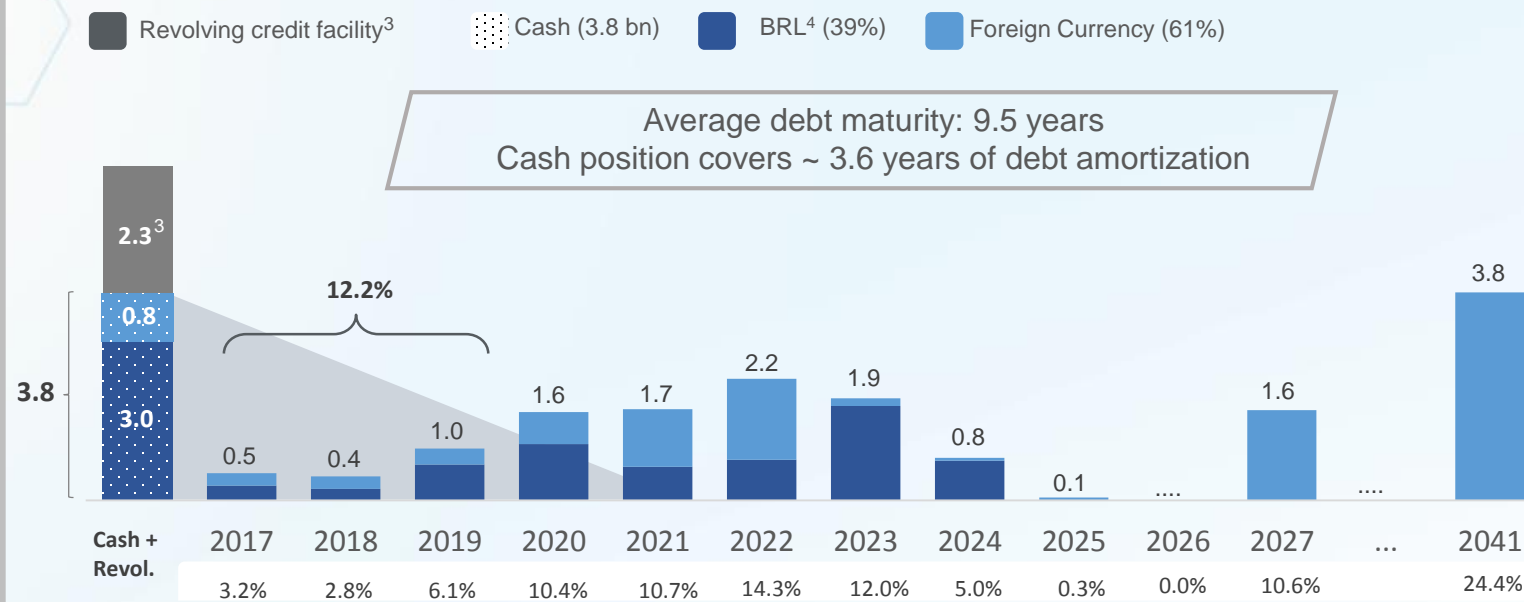
(R\$ BILLION)

- R\$ 700 million capital increase driving gross debt reduction.
- Early repayment of maturities up to 2020 in order to avoid refinance risk.
- Maintenance of strong liquidity position and extended debt profile given Brazilian downturn.

Net debt¹ & net debt/Adj. EBITDA LTM



Debt amortization profile (pro forma)²



1. Net debt includes MTM from 4131 loans
 2. Pro forma includes early repayment on August/2017 of debenture maturing in 2020 and 4131 loan maturing in 2019. Both accounted in FS as current debt due to the subsequent event
 3. Includes revolving credit facility of USD700 MM due in 2020 and does not include USD 230 mm VCNA revolving line due in 2020
 4. Includes 4131 as BRL due to cross currency swap



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MARIO BERTONCINI
CFO Votorantim Metais

Strong LME prices across base metals markets

(US\$/ton)

ZINC

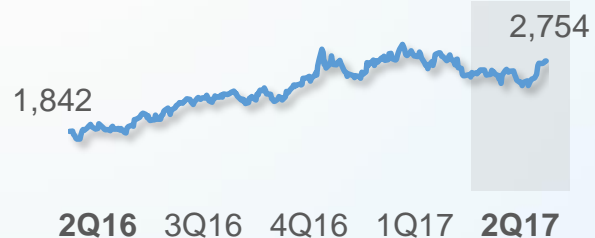
LME stocks (kton)¹



LME average price²

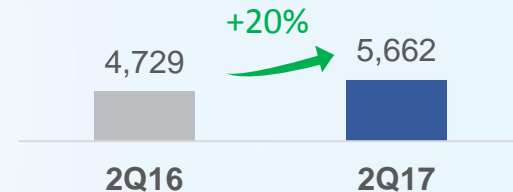


LME price evolution



COPPER

LME average price

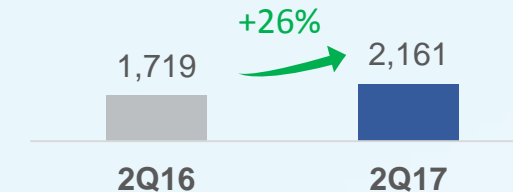


LME price evolution

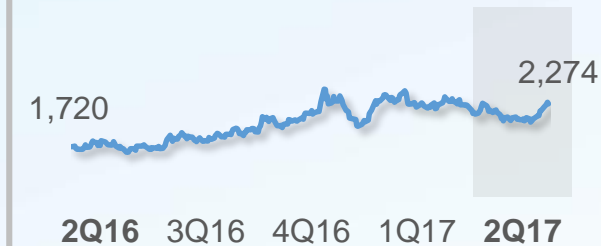


LEAD

LME average price



LME price evolution



Zinc concentrate tightness persists, impacting smelting production. LME stocks ended the quarter at their **lowest levels since January 2009**, favoring higher prices.

Supply disruptions and stronger than expected demand have also influenced **copper** and **lead** prices increase during 2Q17.

1. Based on daily stocks, as reported by the London Metal Exchange
 2. Based on daily prices, as traded in the London Metal Exchange

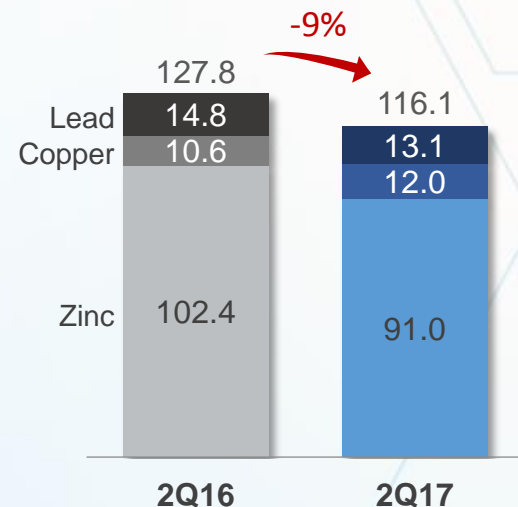
Lower production volumes in Peru impacted mining and smelting sales

(kton)

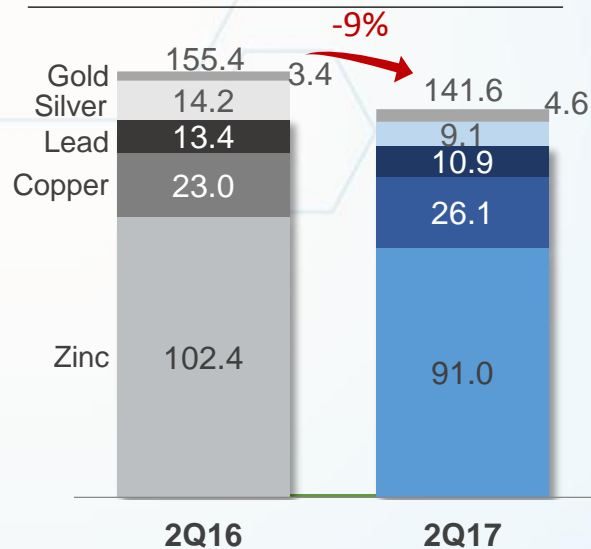
MINING

Concentrate production

in contained metal

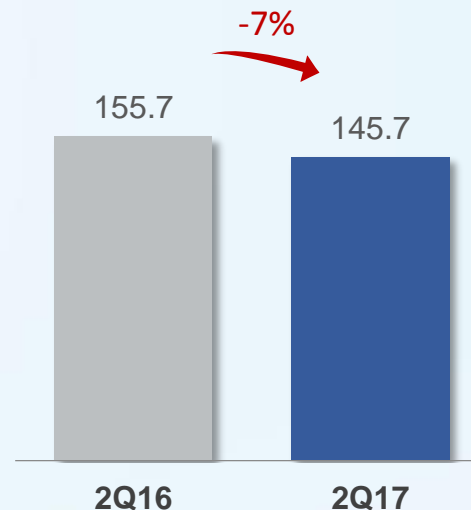


Mining zinc equivalent¹ production

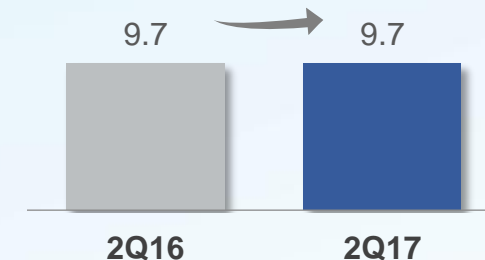


SMELTING

Metallic zinc sales



Zinc oxide sales



Zinc and lead production decreased due to **lower volumes of treated ore** in Peru after heavy rains impacted logistics.

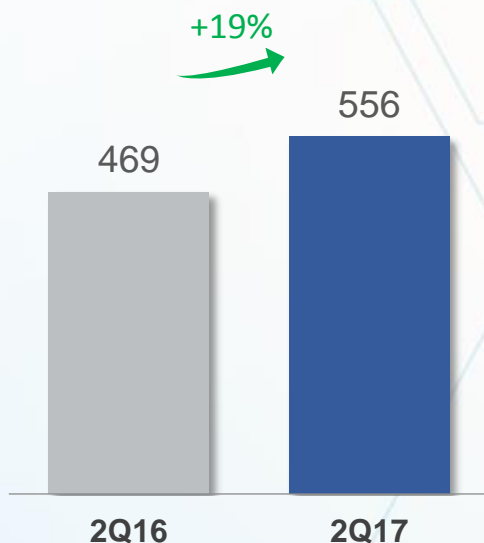
Brazilian smelters operated at full capacity, partially offsetting Cajamarquilla's lower production also impacted by heavy rains and floods in the region.

1. Copper, lead, silver and gold contents in concentrate production, converted to a zinc equivalent grade at 2Q17 benchmark prices (average LME, LBMA and Gold prices)

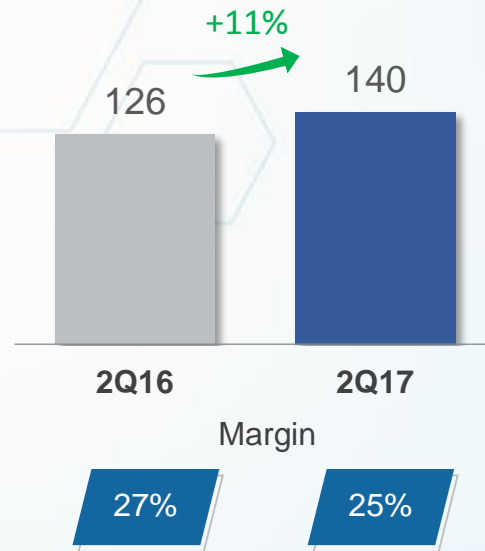
Net revenues and adjusted EBITDA growth resulted in a positive free cash flow

(US\$ million)

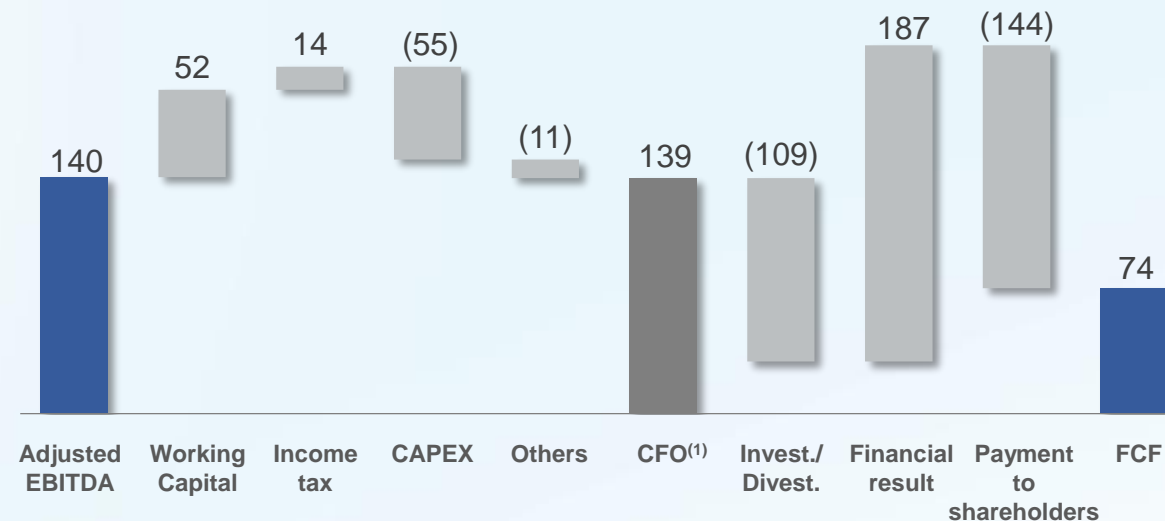
NET REVENUES



ADJUSTED EBITDA



FREE CASH FLOW



Adjusted EBITDA increased as a result of **higher net revenues**, mostly driven by base metals price performance.

Robust cash flow from operations allowed 25% EBITDA margin. Energy-related outflow and payment to shareholders neutralized net inflow from 10-year bond.

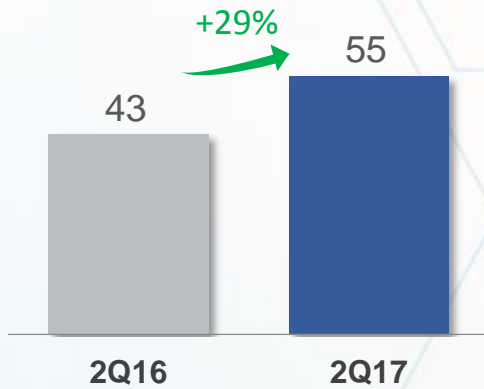
1. Cash flow from operations

Higher CAPEX aligned with the company's growth strategy

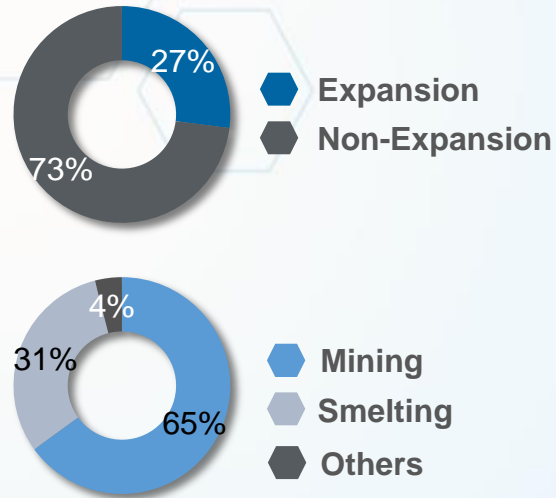
(US\$ million)

CAPEX

CAPEX



2Q17 CAPEX by category



Main CAPEX projects in 2Q17 are related to Vazante mine deepening and Morro Agudo expansion (Ambrosia project).

PROJECTS' STATUS

Pasco Complex Integration (Atacocha and El Porvenir Mines)
Fourth and final phase in progress – Integration of underground mines and processing plants

Greenfield projects
Magistral
Shalipayco
Hilarión
Pukaqaqa
Florida Canyon Zinc¹



Ambrosia Project (Morro Agudo Mine)
Project expected to be concluded by 2017

Vazante Mine Deepening
Main brownfield project in progress

Greenfield projects
Aripuanã
Caçapava do Sul

1. Formerly known as Bongará project

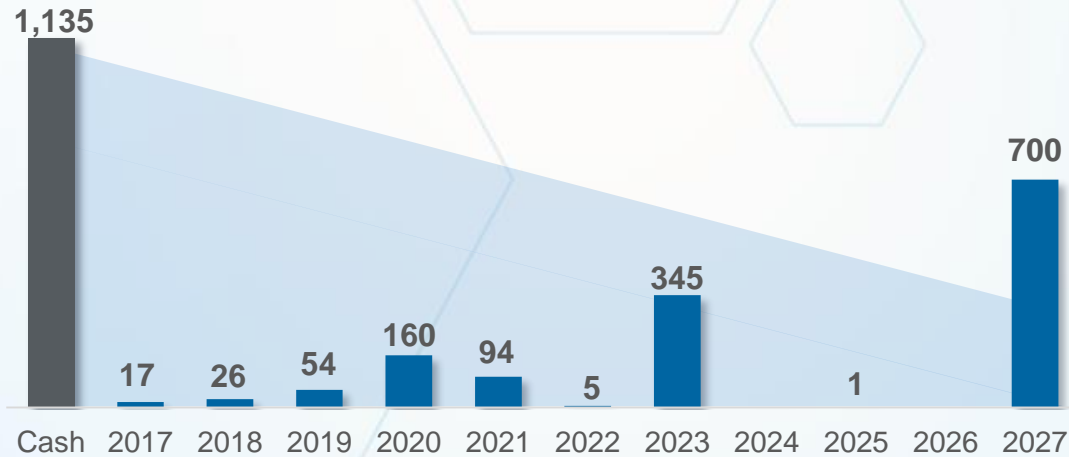
Extended debt profile and unleveraged position

(US\$ million)

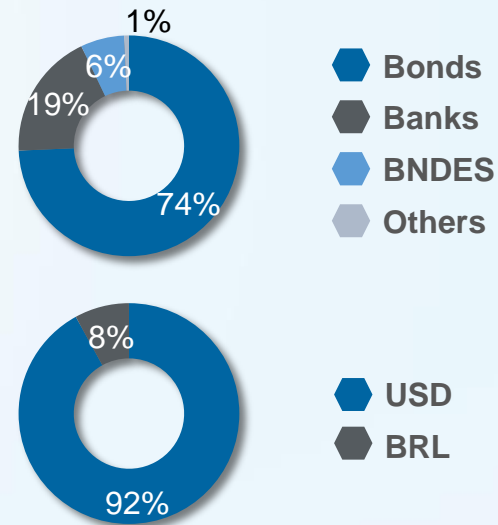
DEBT PROFILE

Debt repayment schedule

Average debt maturity: 7.2 years

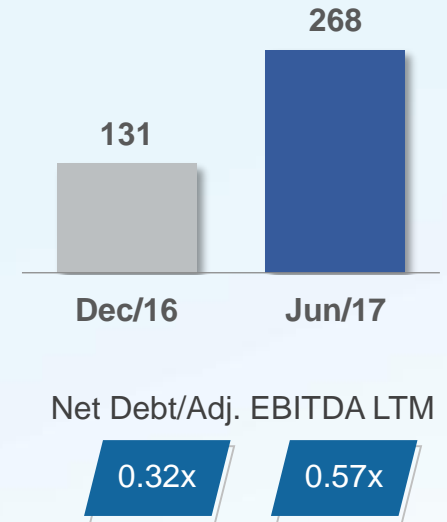


Debt by category



NET DEBT

Net debt



10-year bond issued extended the average debt maturity from 4.0 to 7.2 years, improving the capital structure to support the company's growth plan, with short term liquidity and long term indebtedness.



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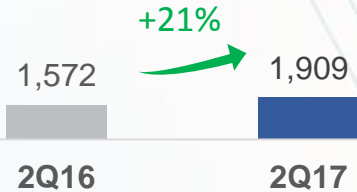
LUCIANO ALVES
CFO Companhia Brasileira de Alumínio

ALUMINUM MARKET AND SALES

Higher aluminum prices in BRL and increased sales of value-added products

MARKET FUNDAMENTALS

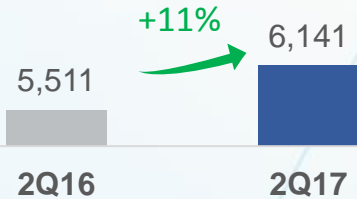
LME price (US\$/ton)



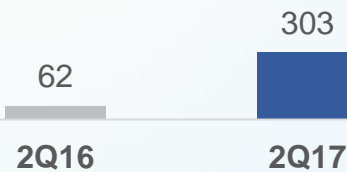
LME price evolution (US\$/ton)



LME price (R\$/ton)



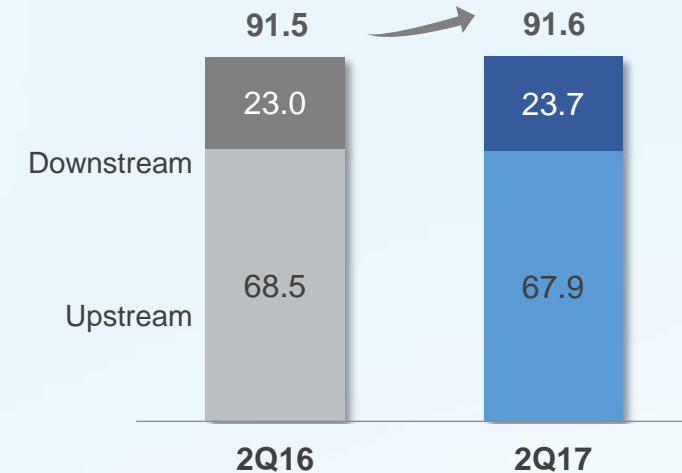
Energy price (R\$/MWh)¹



Higher aluminum prices in USD and BRL, driven by ongoing supply reforms in China and deficit ex-China.

SALES VOLUME

Aluminum sales volumes (kton)



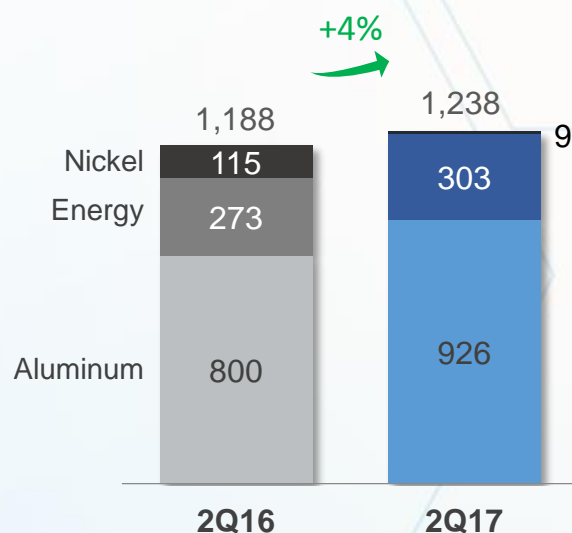
Stable sales volume, with increased participation of value-added products in both upstream and downstream segments.

1. Energy prices in the Southeast and Midwest regions in Brazil, according to CCEE

Favorable scenario and results from cost competitiveness measures

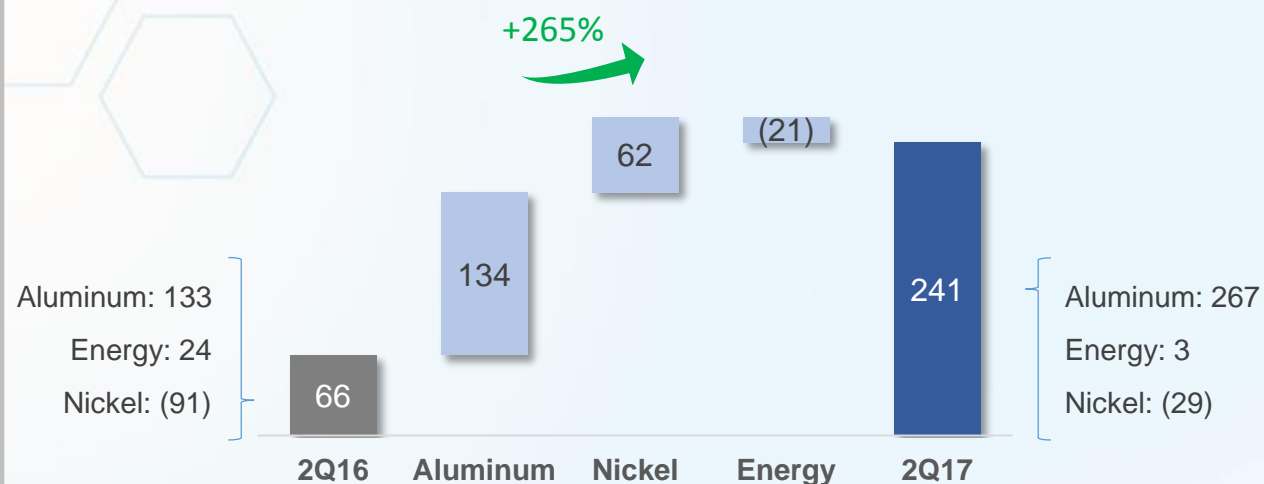
(R\$ million)

NET REVENUES



ADJUSTED EBITDA

CBA Adjusted EBITDA



Aluminum EBITDA



Adjusted EBITDA up by 265% favored by positive results from aluminum business, driven by higher LME prices, higher sales of value added products and operational performance improvements. Cost saving initiatives and project innovation have also enhanced 2Q17 results.



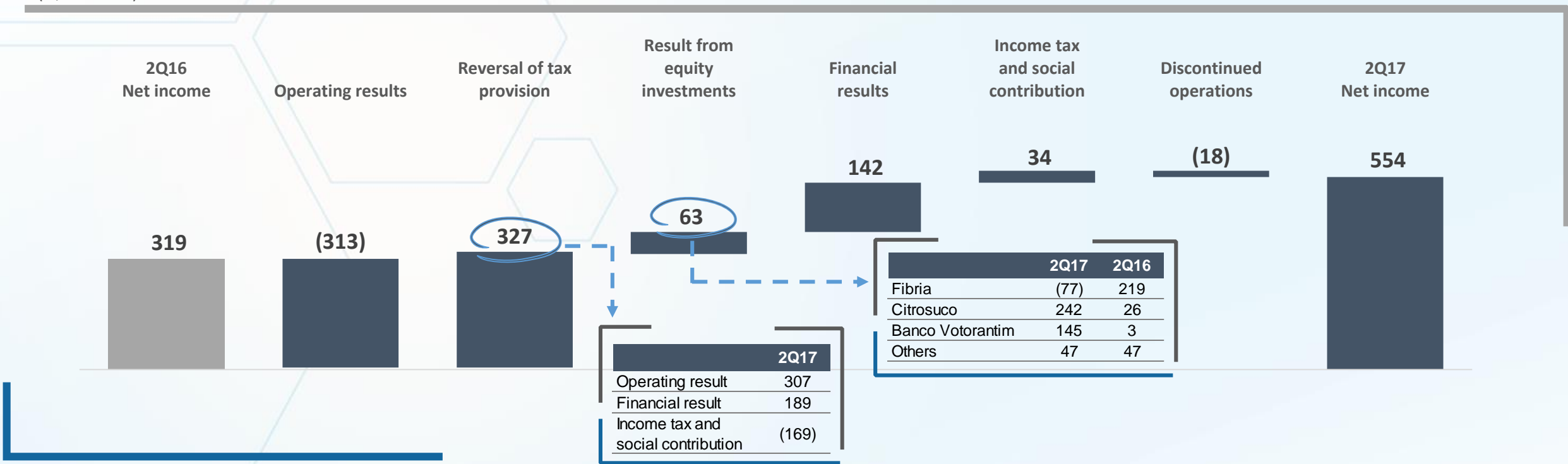
Votorantim

SERGIO MALACRIDA
CFO Votorantim S.A



CONSOLIDATED NET RESULT

(R\$ MILLION)



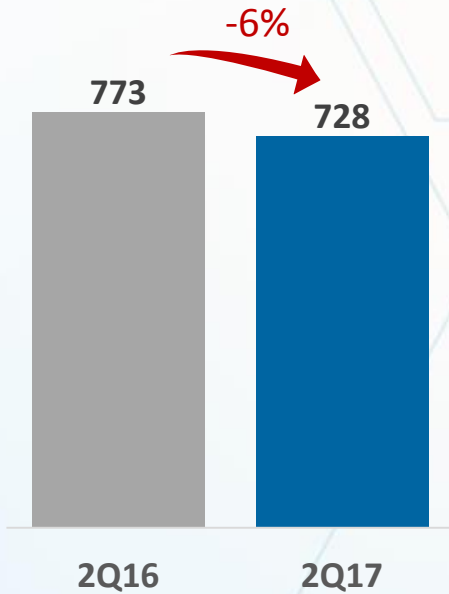
- Operating results mainly affected by the lower price and sales volume of cement in Brazil, coupled with the net result from sales of investments.

- Net result positively impacted by the reversal of tax provisions.

- Better **results of investees**, which are the companies **recognized by equity method**, especially Citrosuco and Banco Votorantim.

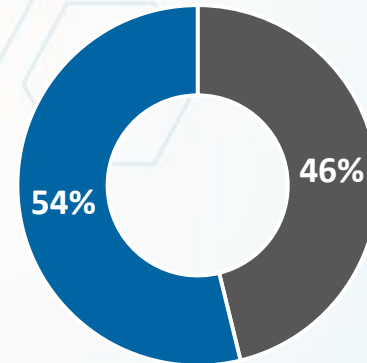
(R\$ MILLION)



CAPEX



BREAKDOWN

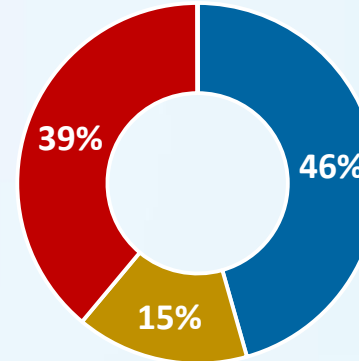
2Q17



Non Expansion 
Expansion 

EXPANSION CAPEX

2Q17



Cement  Energy 
Zinc & by-products 

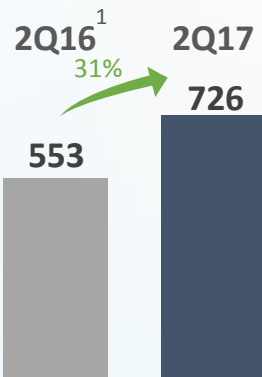
EXPANSION CAPEX:

- **Cement:** conclusion of investments in the **new plant in Turkey** and investments in **North America** still in progress.
- **Votorantim Energia's** wind power generation project (**Ventos do Piauí**).
- **Zinc & by-products business** : extension of Vazante's life of mine.

(R\$ MILLION)

OPERATIONAL | FREE

CFO



FCF



FREE CASH FLOW GENERATION



79

(145)

(728)

726

66

(266)

(156)

323

694

2Q17
adjusted
EBITDA

Working
capital/
others

Income tax
and social
contribution

Capex

2Q17
CFO

Investments/
Divestments

Financial
result

Dividends

FX effect
on cash

2Q17
FCF

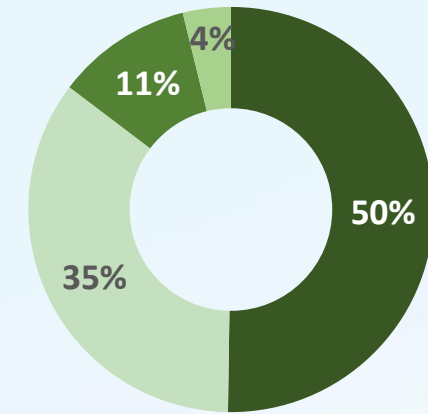
1. Includes Brazilian Long Steel operations results

(R\$ BILLION)

GROSS DEBT



DEBT BY CURRENCY



USD  BRL¹ 
 EUR  OTHERS 

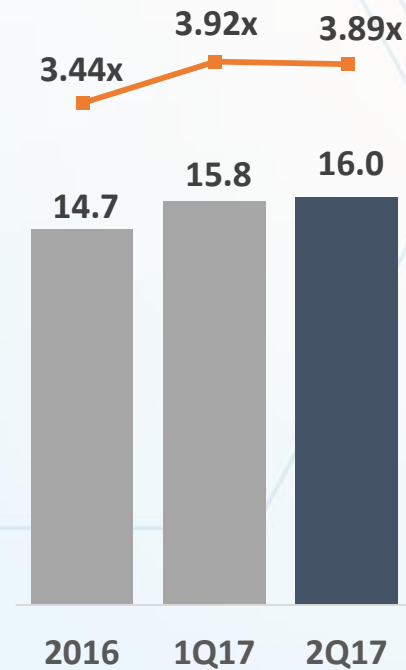
1. 4131 bilateral loan considered as BRL due to the cross-currency swap

LIQUIDITY POSITION AND EXTENDED DEBT PROFILE

(R\$ BILLION)

NET DEBT

Net debt/Adj. EBITDA LTM



DEBT AMORTIZATION PROFILE (pro forma)⁽¹⁾

Revolving Credit Facilities
 Cash (9.9bn)
 BRL (53%)
 Foreign Currency (47%)



1. Pro forma includes early repayment on August/2017 of debenture maturing in 2020 and 4131 loan maturing in 2019.



Votorantim

JOÃO MIRANDA
CEO Votorantim S.A.



Brazilian **political instability** could negatively affect the **fiscal discipline** and the **economic recovery**.

Business and **geographic diversification** mitigate the negative impact of the Brazilian economic scenario.

Strong cash position along with **extended** and **smooth debt maturity** profile.

