



VOTORANTIM

**CORPORATE
PRESENTATION**
2Q19 RESULTS

João Miranda

CEO Votorantim S.A.



PENSION REFORM APPROVAL

on the lower house

IBOVESPA

has achieved a historical mark

BRAZILIAN GDP

slow growth perspective

GEOPOLITICAL TENSIONS

U.S. and China trade talks with no visible progress

GLOBAL ECONOMY

Moderate growth persists

2Q19 Consolidated Results

(R\$ MILLION)

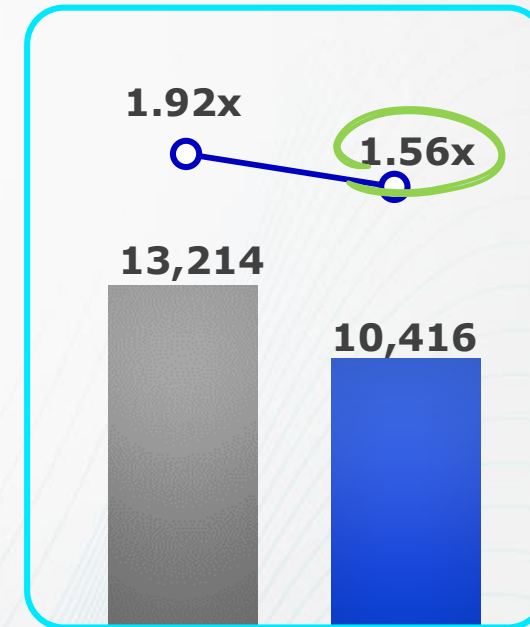
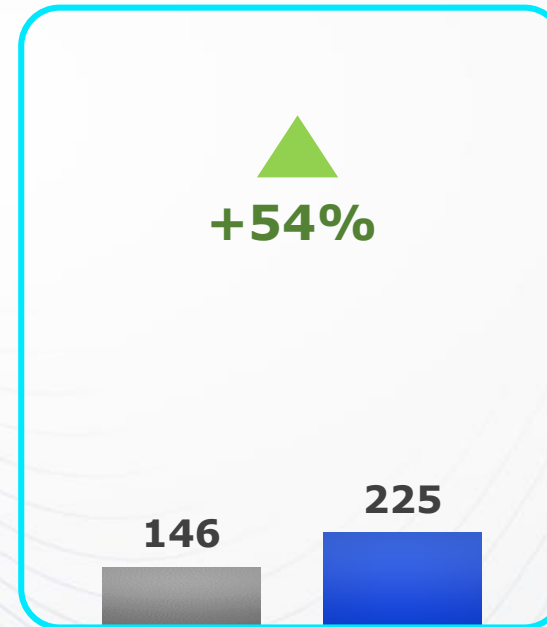
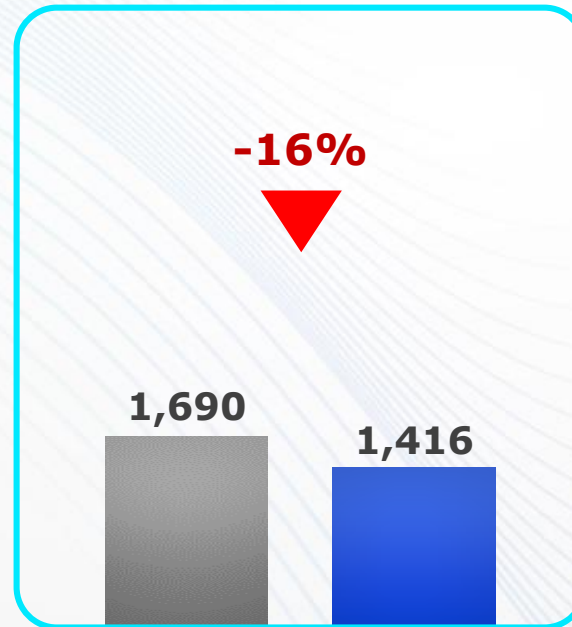
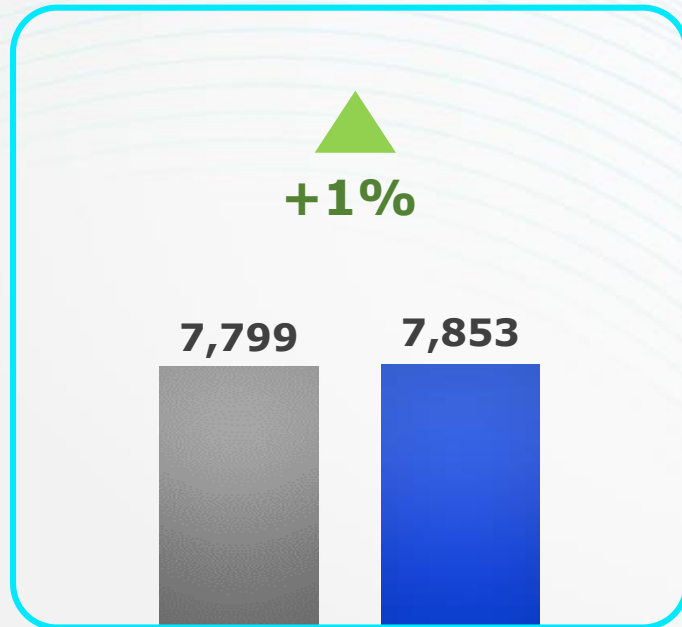
NET REVENUES

ADJUSTED EBITDA

NET INCOME

NET DEBT

NET DEBT/ADJ. EBITDA



2Q18

2Q19

2Q18

2Q19

2Q18

2Q19

Dec/18⁽¹⁾

Jun/19

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



Oswaldo Ayres

CFO Votorantim
Cimentos



2Q19 Highlights

Brazilian rebound impacted by economic and political scenario

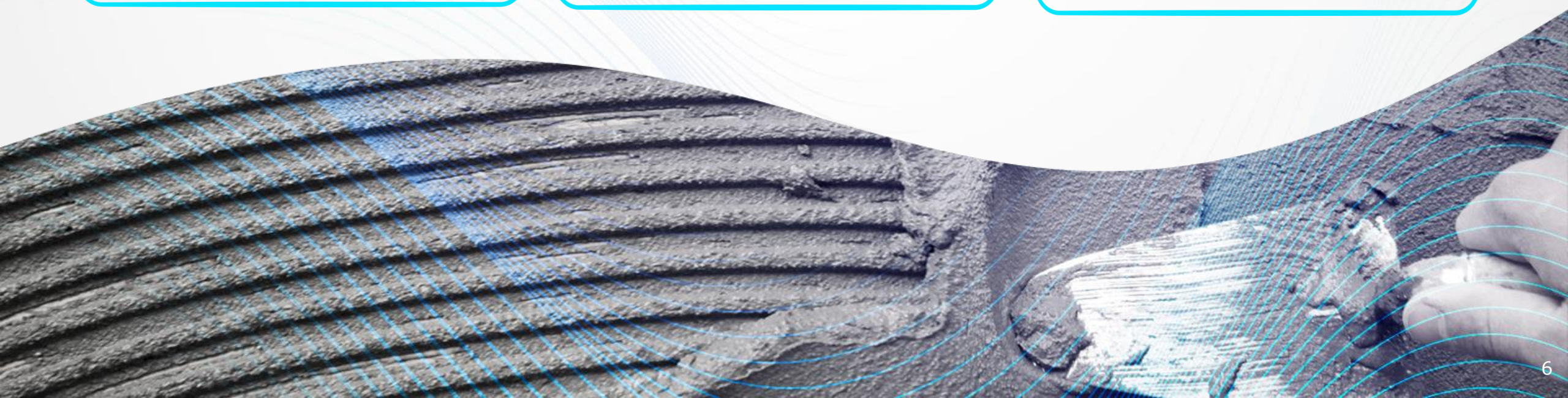
Extended winter and precipitation partially impacting VCNA in 2Q19

Modernization CAPEX pickup to further improve competitiveness

Positive ramp-up of Nobres (ag.lime) and Cuiabá (mortar) expansions

Mortar unit acquisition increasing footprint in Brazil's north region

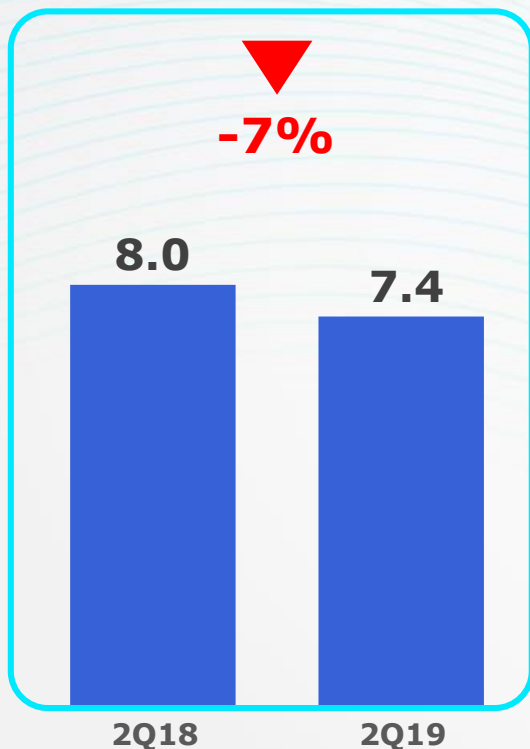
Committed Credit Facility renewal with Sustainable Linked Loan provisions



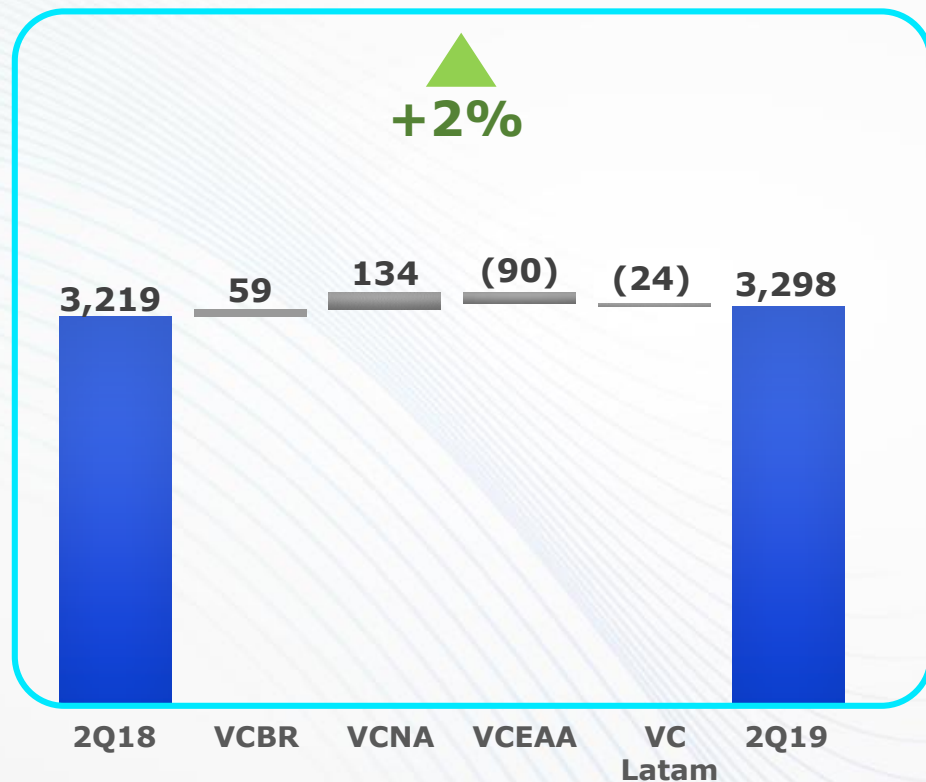
Consolidated Results

(R\$ MILLION)

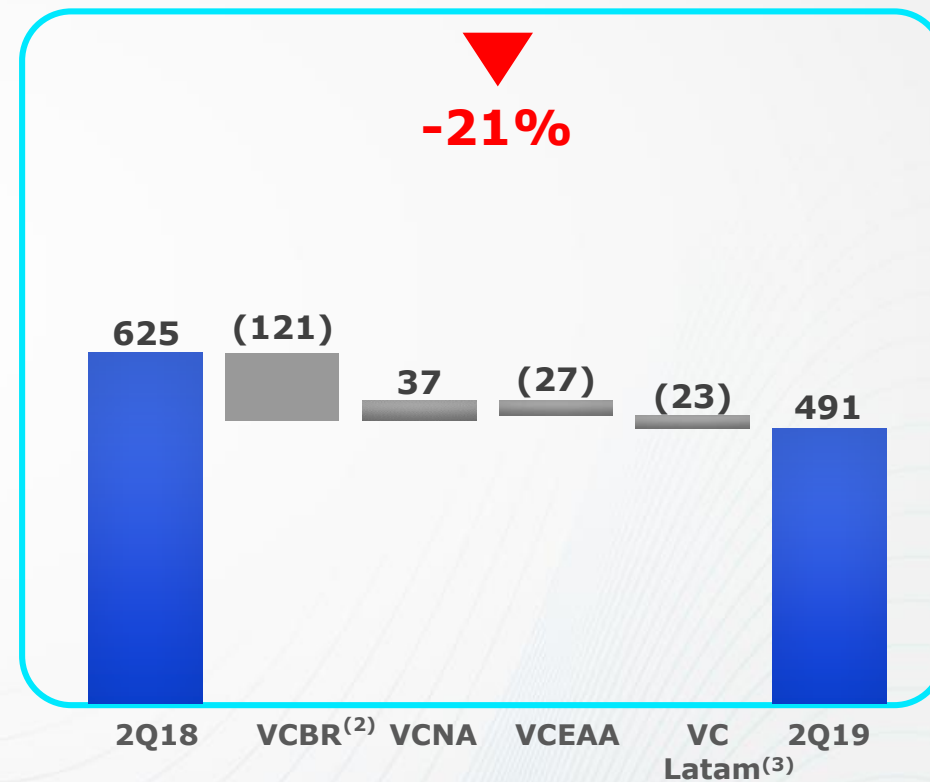
VOLUME (Mt)



NET REVENUES⁽¹⁾



ADJUSTED EBITDA⁽²⁾



EBITDA MARGIN (%)

19

15

(1) VCBR figures include eliminations

(2) Includes impacts from non-recurring items in 2Q18 amounting to ~R\$54 million. Excluding those impacts, consolidated adjusted EBITDA decrease would be of 14%

(3) VCLatam figure includes other

Consolidated Results

(R\$ MILLION)

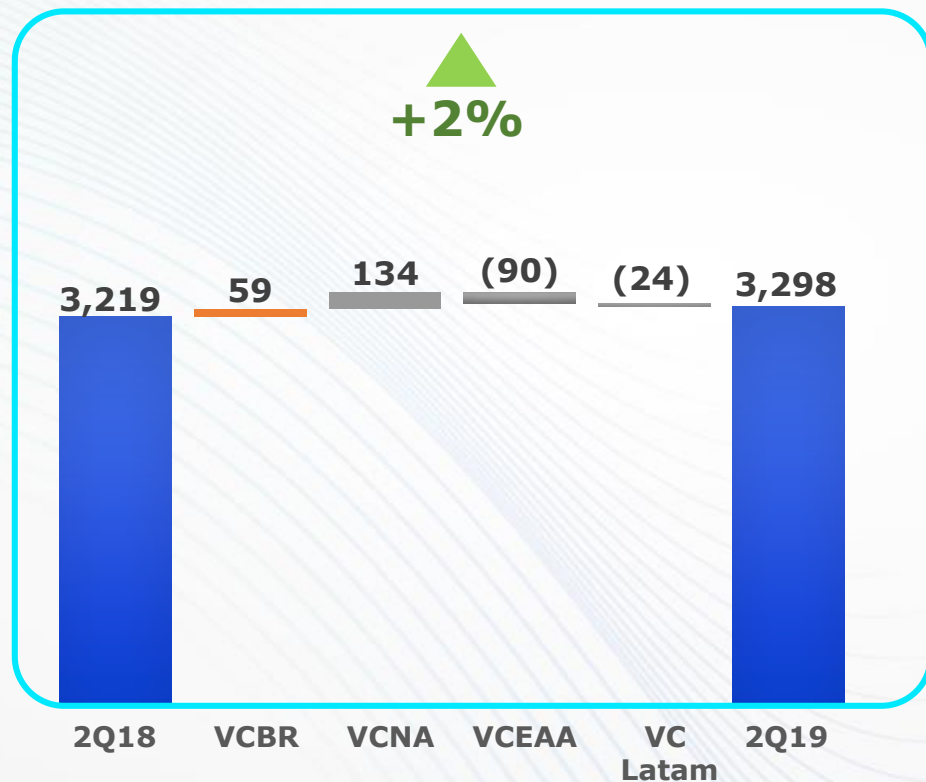
VCBR

Political and economic scenario **impacting expected recovery**

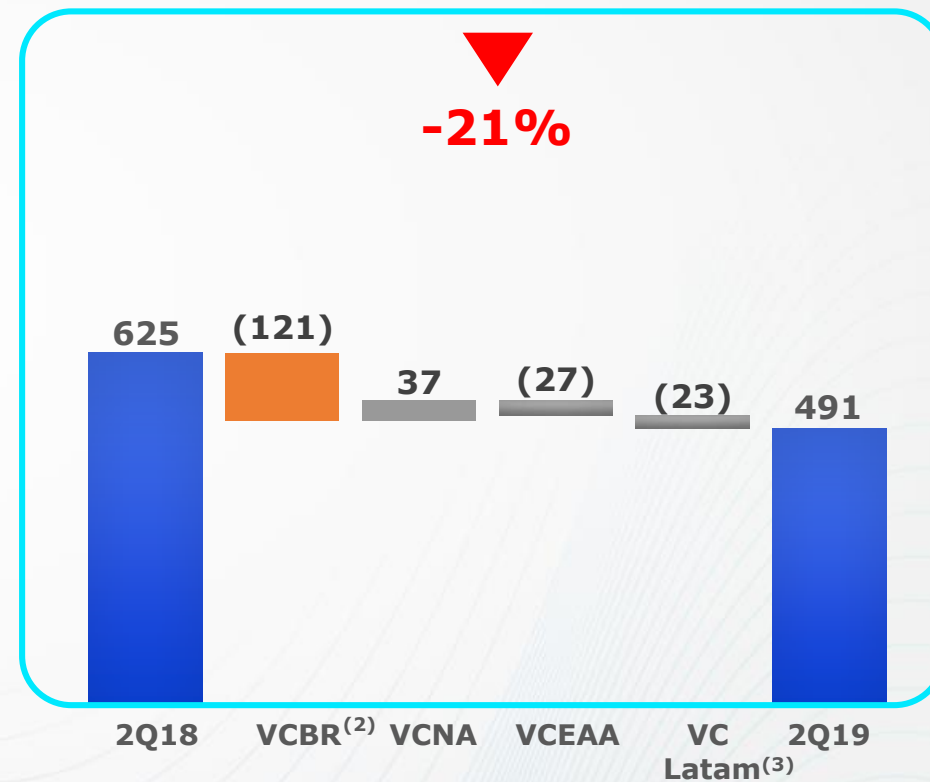
Increased revenues on the back of **higher prices**

Operational figures **partially impacted by one-off items⁽²⁾** and higher variable costs

NET REVENUES⁽¹⁾



ADJUSTED EBITDA⁽²⁾



EBITDA
MARGIN (%)

19

15

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Consolidated Results

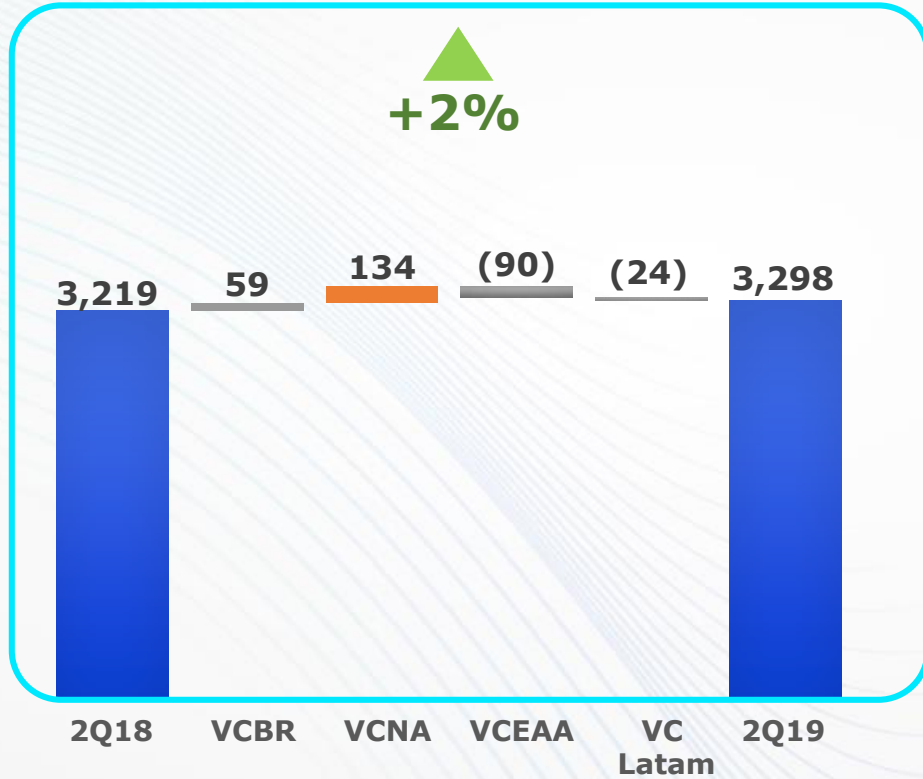
(R\$ MILLION)

VCNA

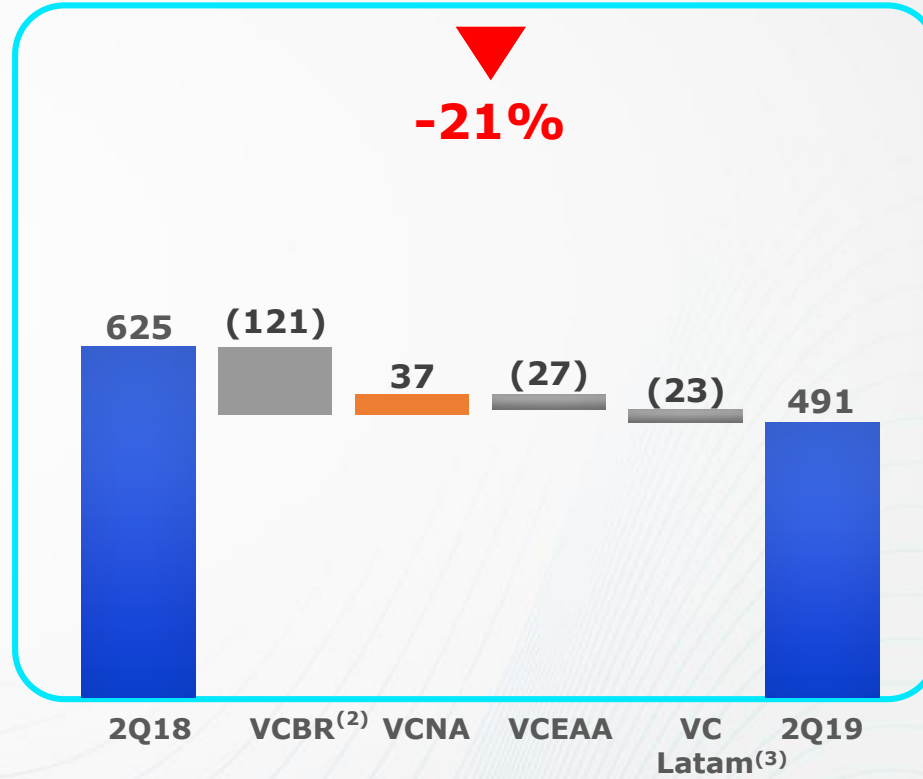
Solid results in US, despite weather impacts of a extended rainy season

BRL depreciation positively impacted results

NET REVENUES⁽¹⁾



ADJUSTED EBITDA⁽²⁾



EBITDA MARGIN (%)

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Consolidated Results

(R\$ MILLION)

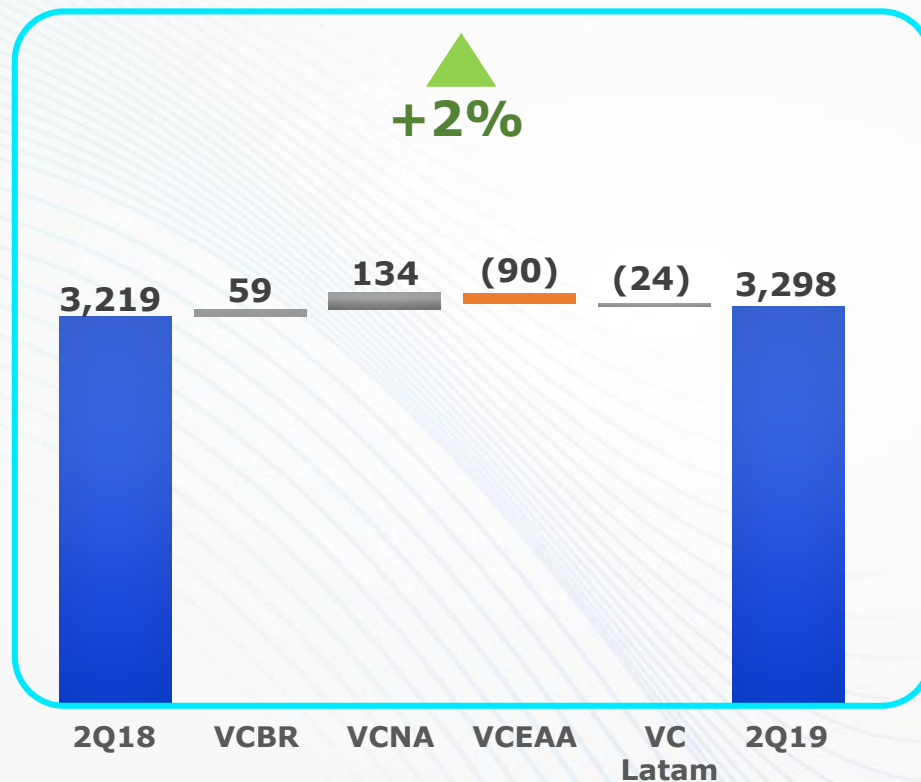
■ VCEAA

Spain as the positive highlight

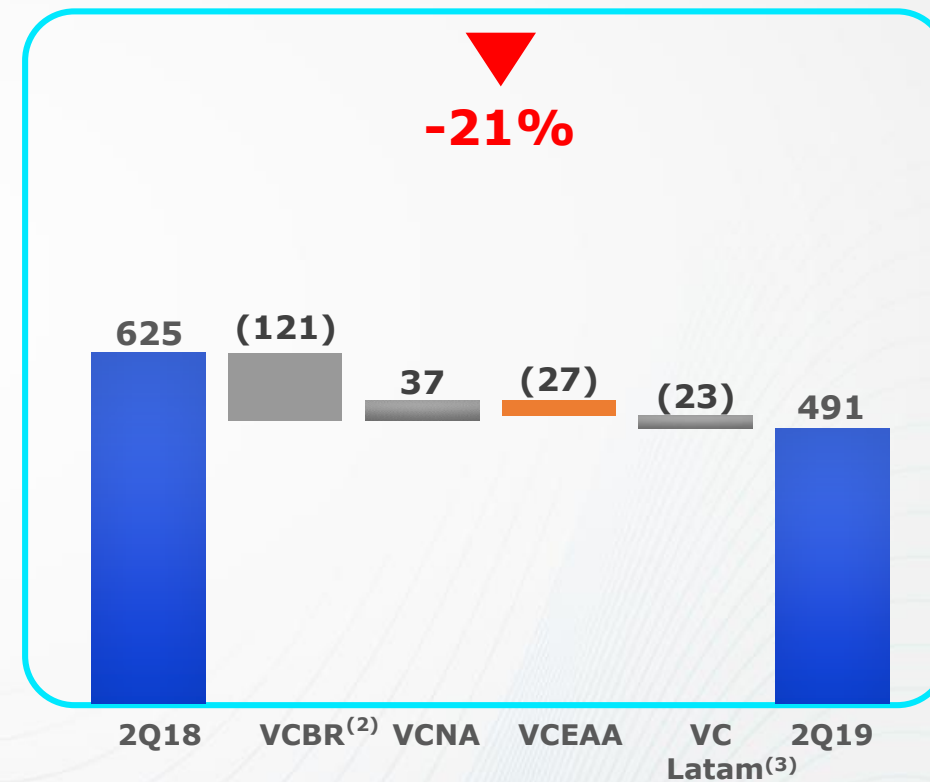
Stable results in Morocco and Tunisia

Turkish market continues to be pressured by economic distress

NET REVENUES⁽¹⁾



ADJUSTED EBITDA⁽²⁾



EBITDA
MARGIN (%)

19

15

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Consolidated Results

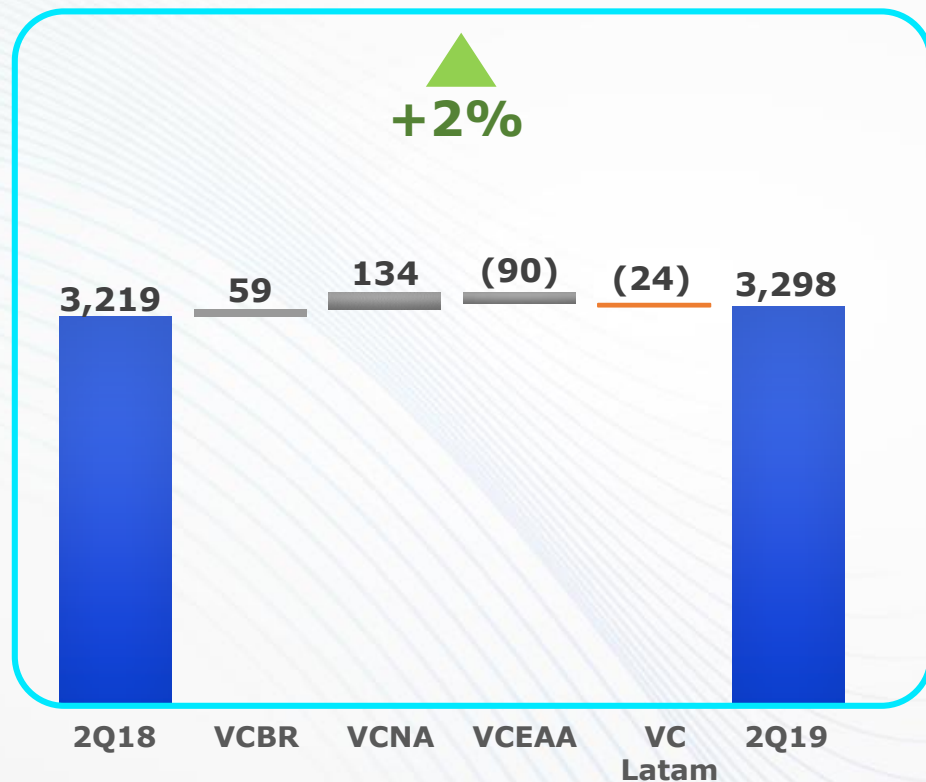
(R\$ MILLION)

VCLATAM

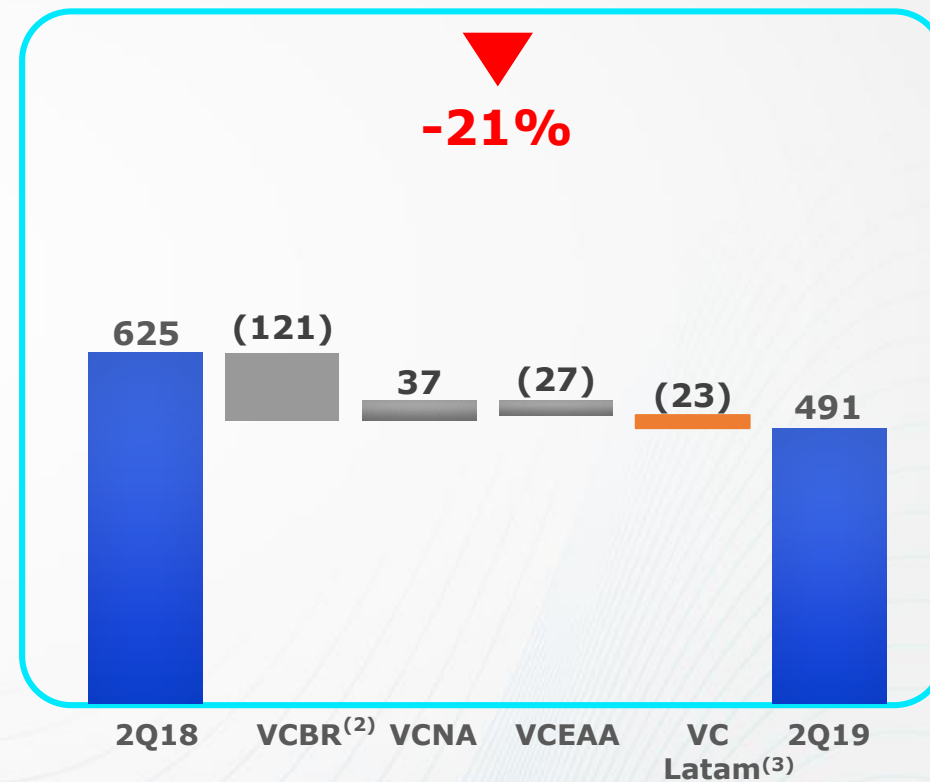
Increased **domestic presence in Bolivia and exports to Paraguay**

Uruguay results in 2Q18 positively impacted by local market dynamic

NET REVENUES⁽¹⁾



ADJUSTED EBITDA⁽²⁾



EBITDA
MARGIN (%)

19

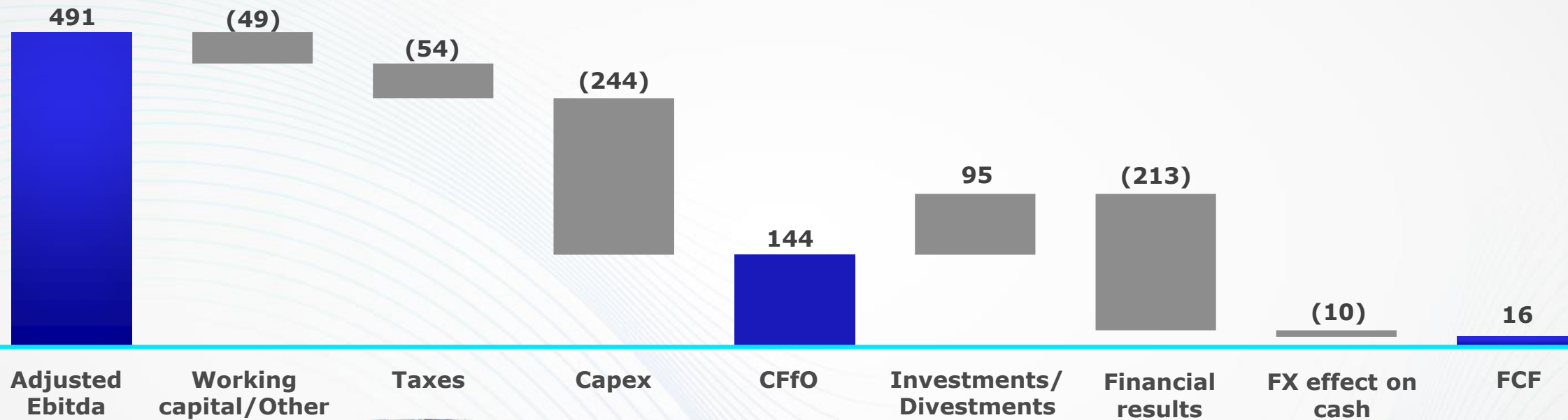
15

(1) VCBR figures include eliminations

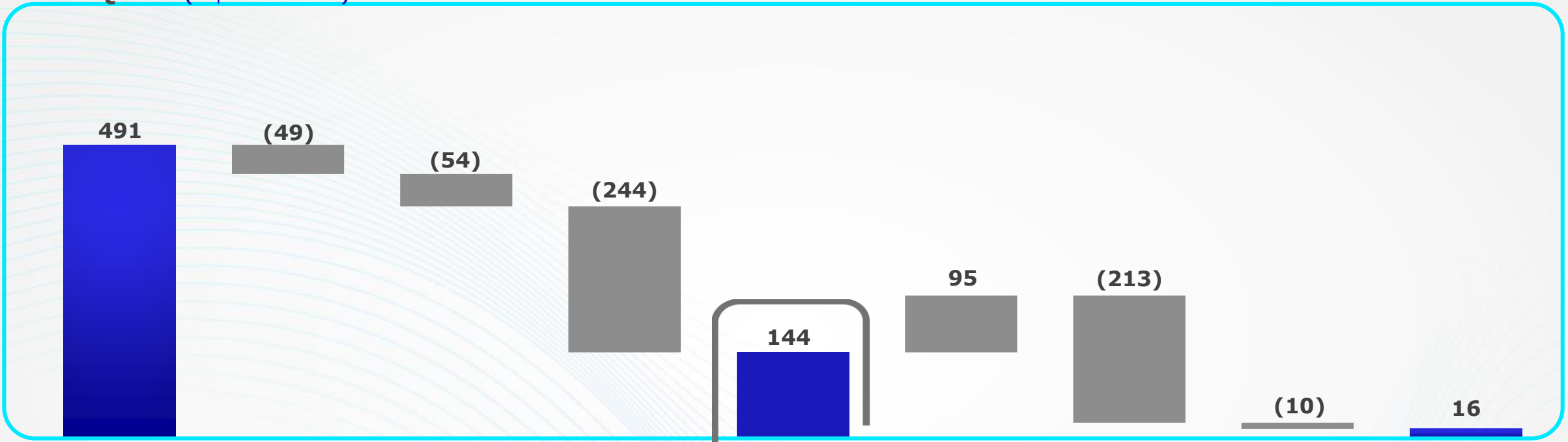
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(3) VCLatam figure includes other

2Q19 (R\$ MILLION)



2Q19 (R\$ MILLION)



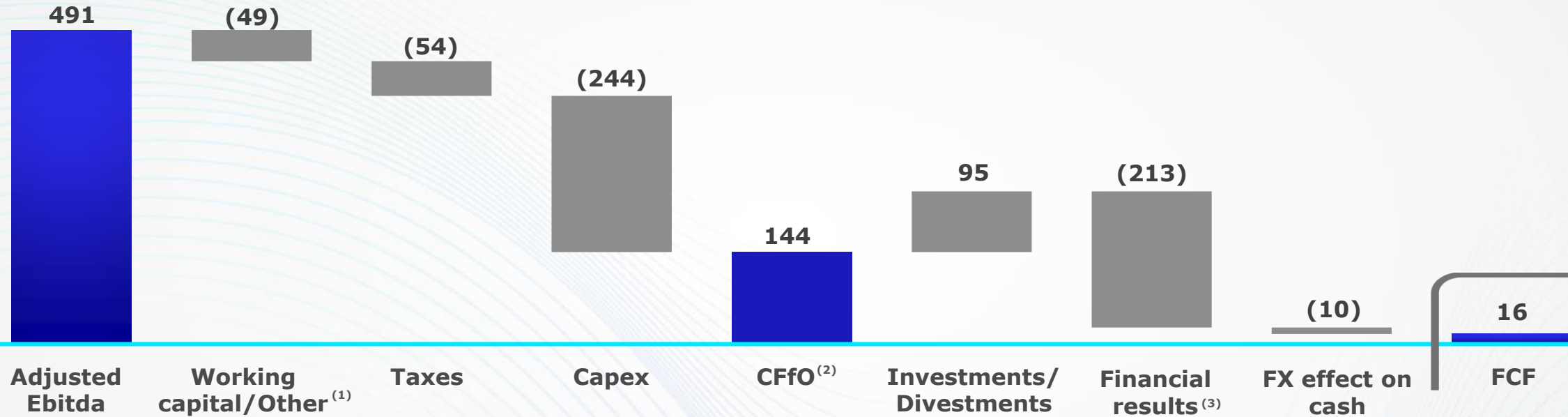
CFfo

Working capital seasonality expected to impact positively the following quarters

Increase on **non-expansion CAPEX** with focus on **modernization projects**

(1) Other items that do not impact cash generation
 (2) Cash Flow from Operations
 (3) Considers R\$25 million of dividends paid to minority.

2Q19 (R\$ MILLION)



FCF

India divestment
positively impacting FCF

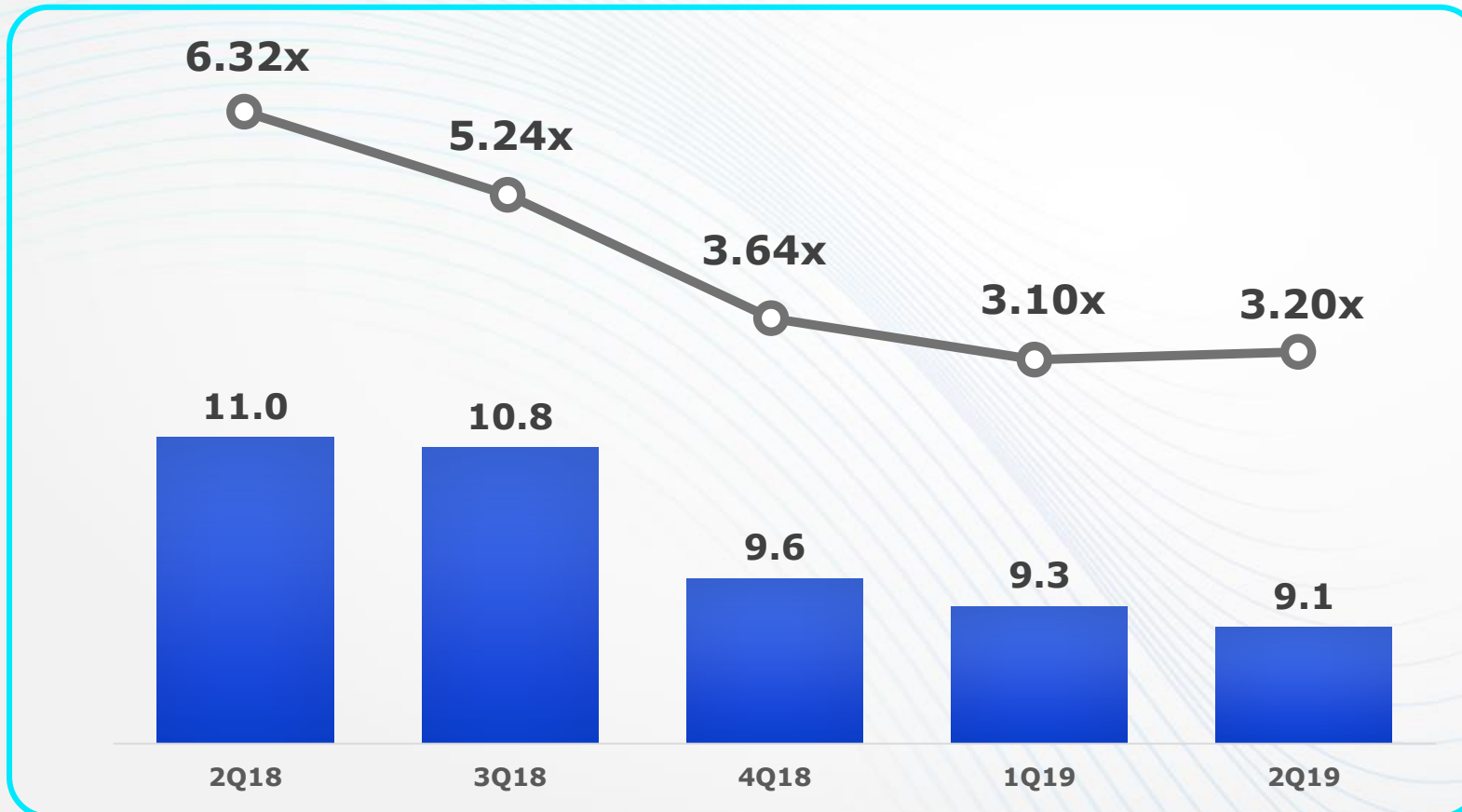
34% YoY decrease in interest expense mainly due to 1Q19 LM impact

(1) Other items that do not impact cash generation
 (2) Cash Flow from Operations
 (3) Considers R\$25 million of dividends paid to minority.

(R\$ BILLION)

NET DEBT⁽¹⁾

NET DEBT / ADJUSTED EBITDA



Leverage at 3.20x, a stable ratio when compared to 1Q19

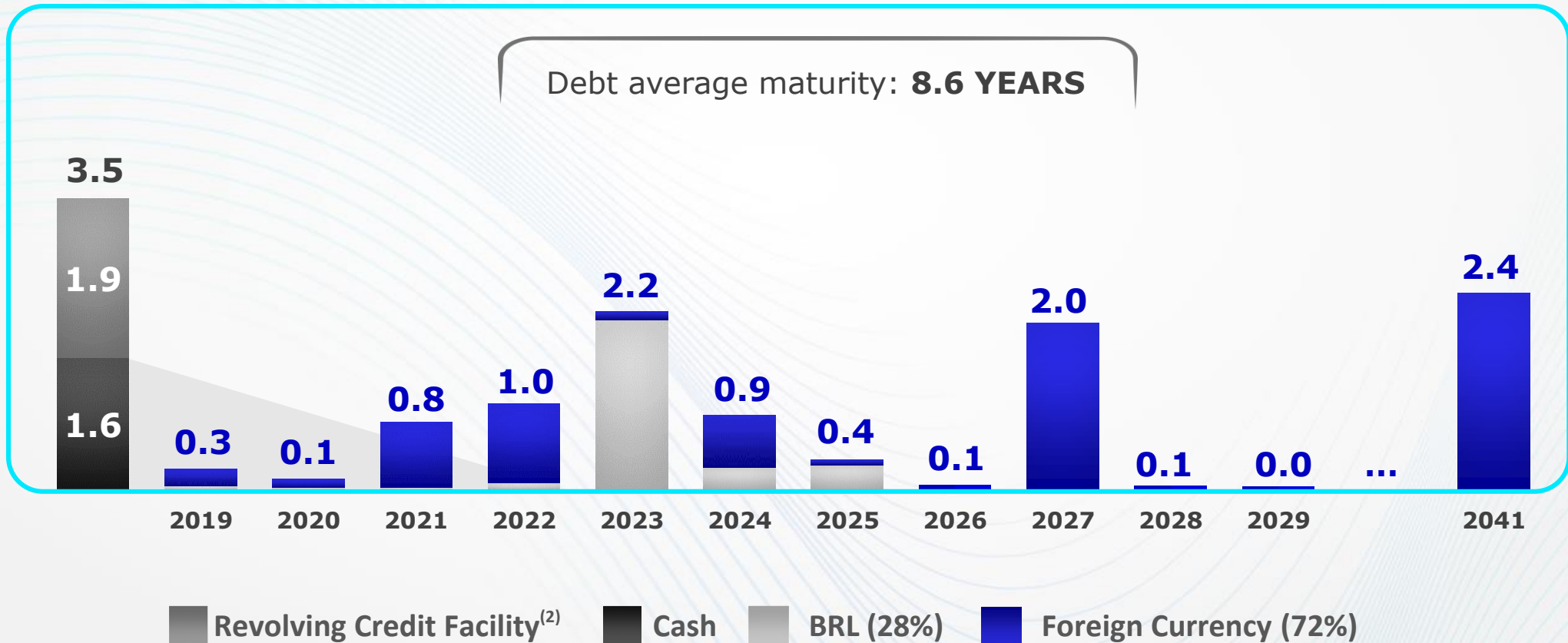
By year end, **leverage** expected to be in line with our **financial policy target**

(1) Net debt includes MtM from 4131 loans.

Liquidity and Indebtedness

(R\$ BILLION)

DEBT AMORTIZATION PROFILE - Pro forma⁽¹⁾



(1) Due to Committed Credit Facility renewal, US\$152 million were rolled over from 2020 to 2024
 (2) Considers VCSA US\$500 million RCF due in 2023.



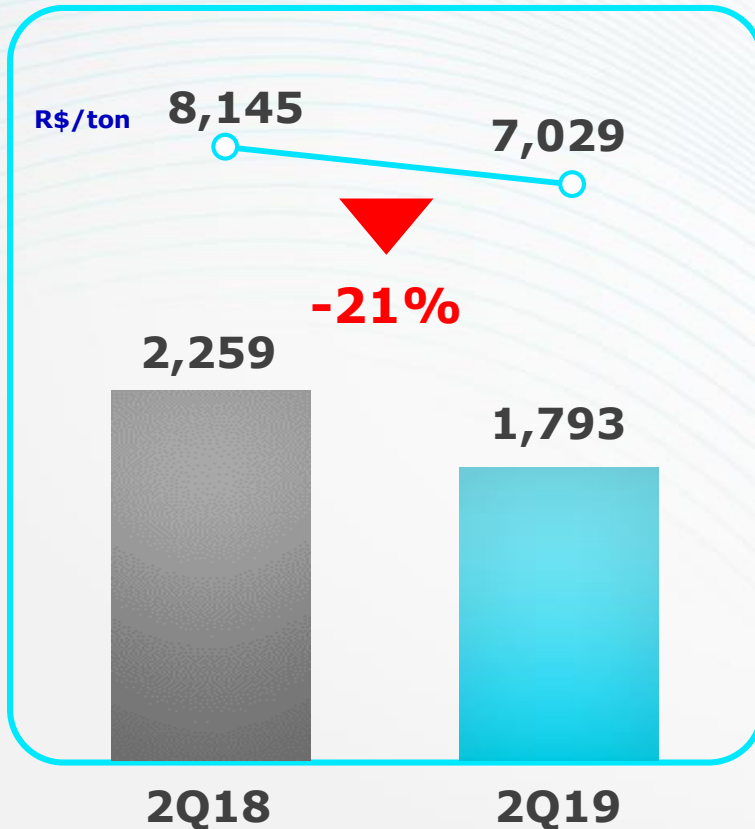
Luciano Alves

CFO CBA



(US\$/ton)

LME ALUMINUM PRICE



Raw material costs continue **trending downwards**

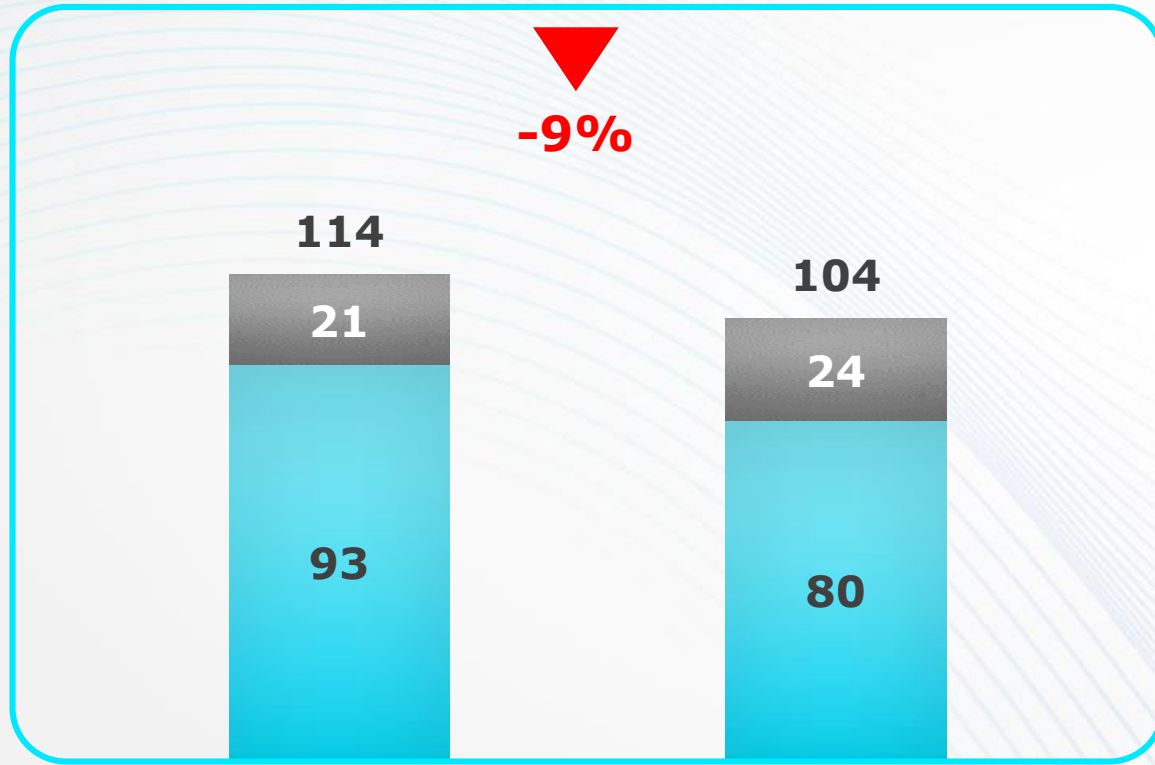
Global aluminum market in deficit with **declining inventories**

Softening downstream demand growth, mainly in the automotive sector

Increasing China exports

(KTON)

ALUMINUM SALES VOLUME



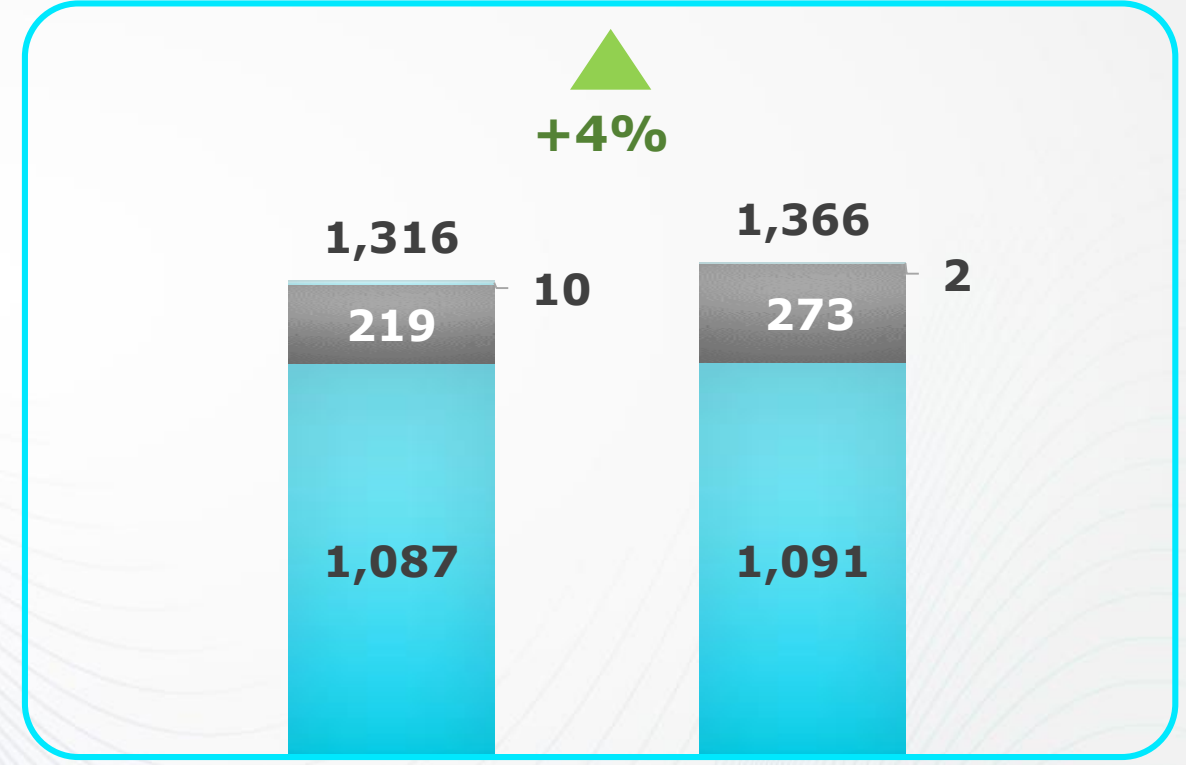
2Q18

2Q19

Upstream Downstream

(R\$ MILLION)

NET REVENUES



2Q18

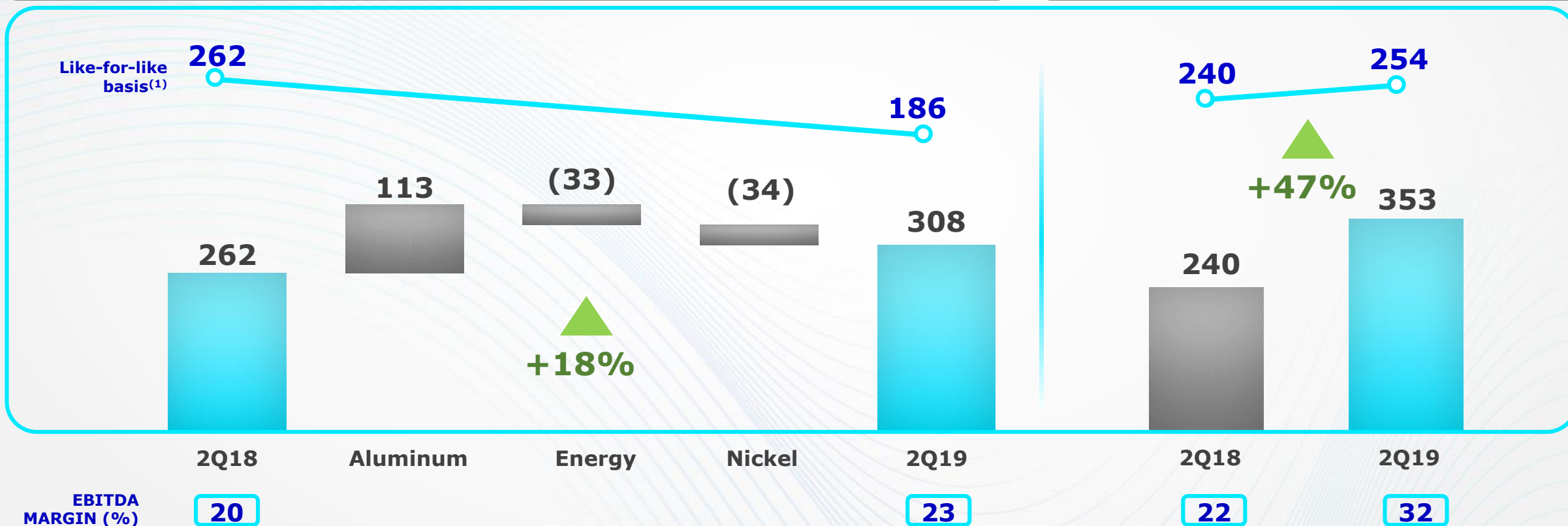
2Q19

Aluminum Energy Nickel

(R\$ MILLION)

ADJUSTED EBITDA - CBA CONSOLIDATED

ADJUSTED EBITDA - ALUMINUM



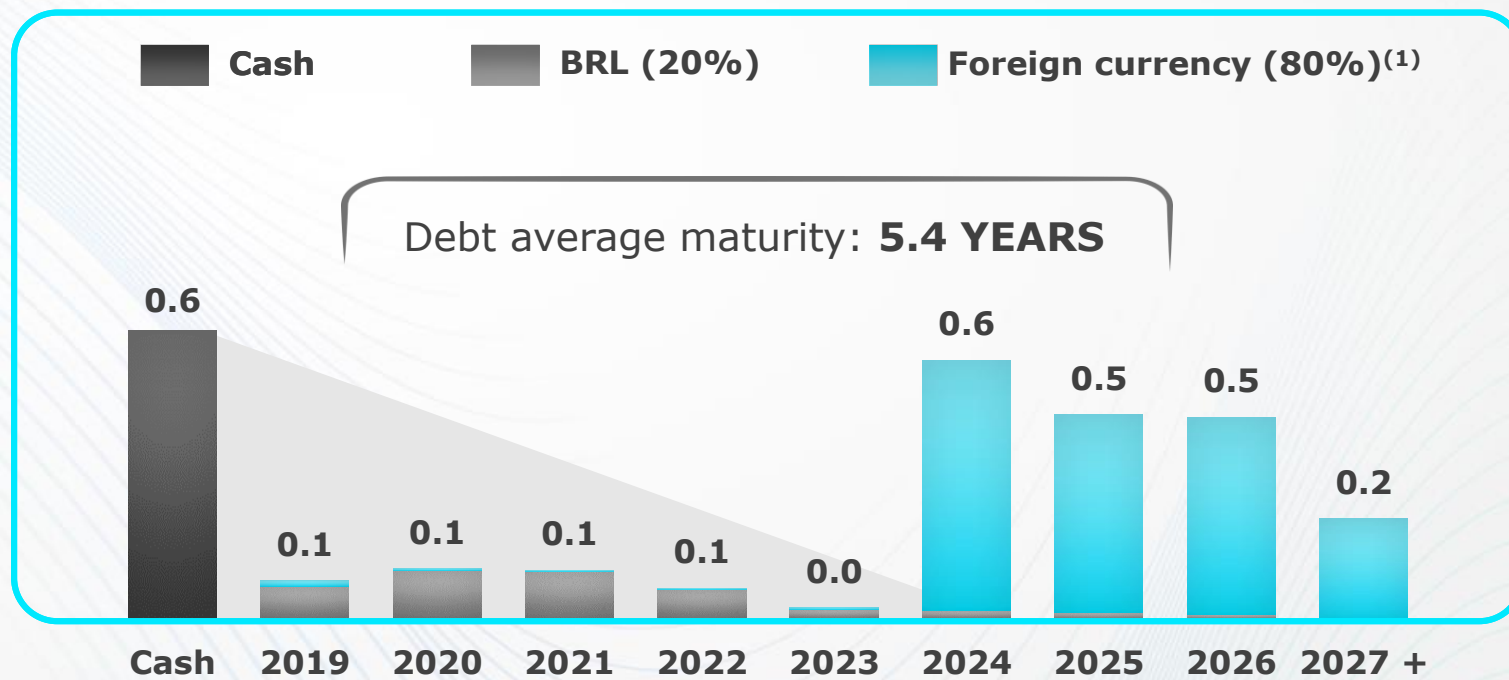
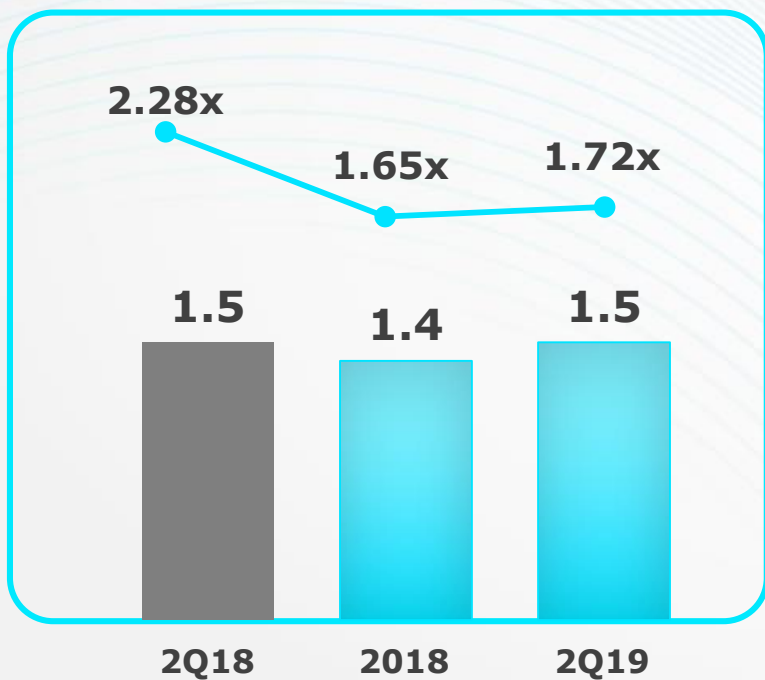
(1) Excludes the credits related to the exclusion of ICMS (state value-added tax levied over the circulation of goods and services) on the tax calculation basis for PIS and COFINS (federal taxes levied over gross revenues).

(R\$ BILLION)

NET DEBT

DEBT AMORTIZATION PROFILE

NET DEBT/ADJ. EBITDA



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



Raul Cadena

CFO Votorantim Energia

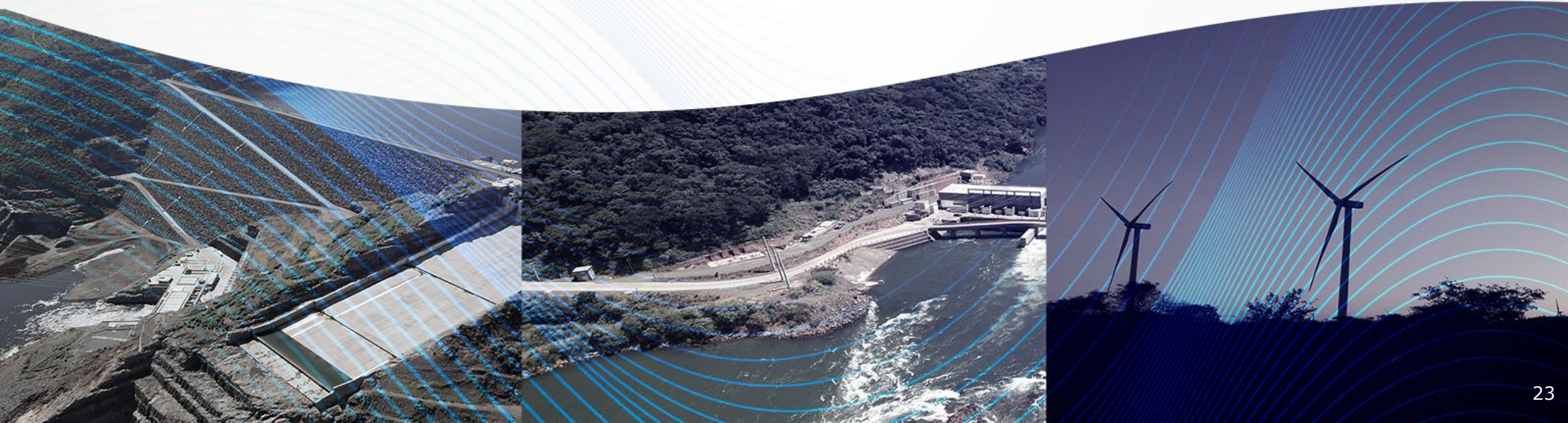


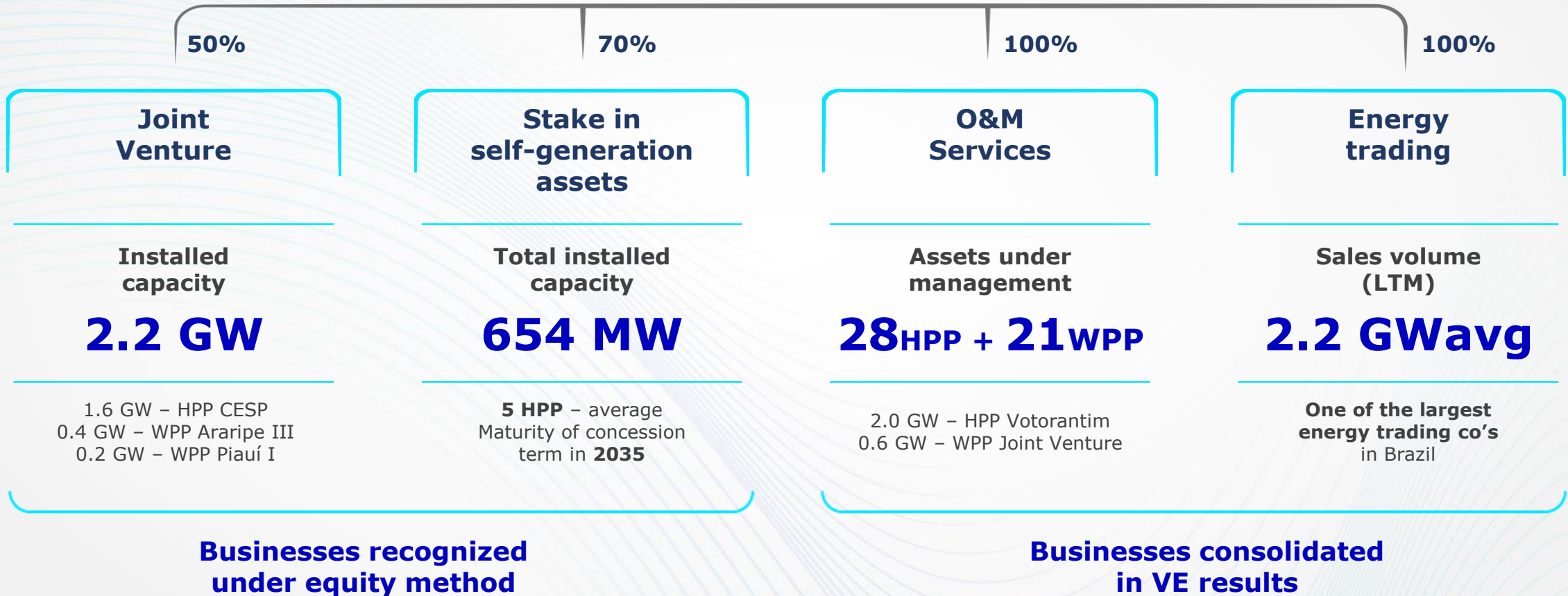
**JV's continuous growth
due to CESP results**

**+86% appreciation in
CESP's stock**

**Conclusion of tender
offer to remaining
CESP shareholders**

**Ongoing liability
management for
Ventos do Araripe III**





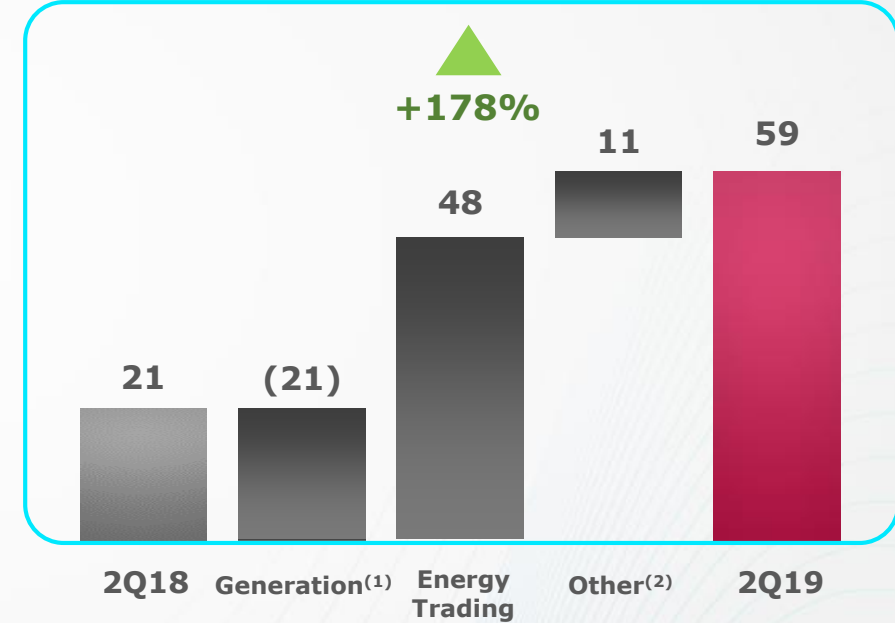
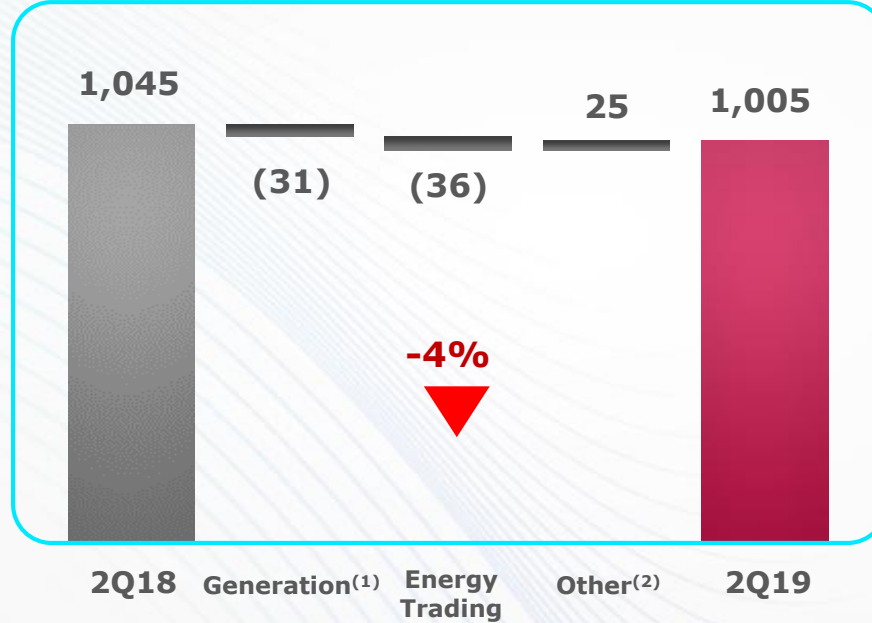
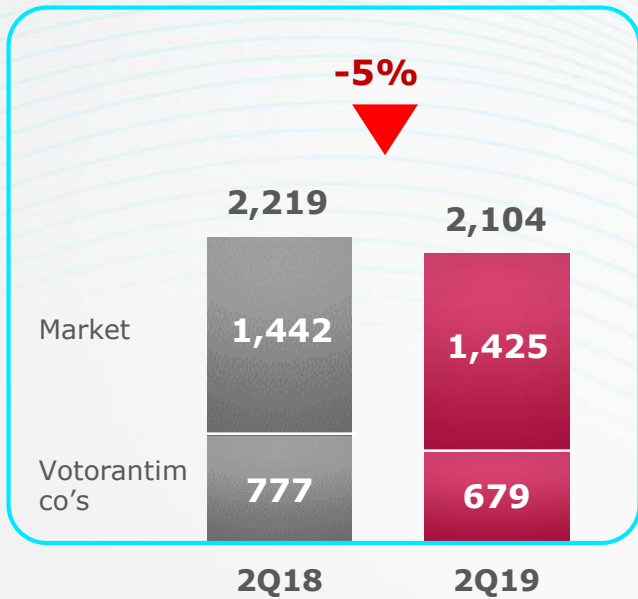
(R\$ MILLION)

VOLUME (MWavg)

NET REVENUES

ADJUSTED EBITDA

ENERGY TRADING



34

Adjusted EBITDA ex-MtM

43

Generation – negative impact as a result of **deconsolidation of Ventos do Piauí I**

Energy trading – better results due to **non-cash effect of mark-to-market** and **operational margin**

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

JV VE-CPPIB Operational Performance

Ventos do Piauí I



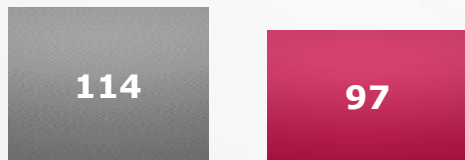
Technical availability

98.0% **98.2%**



Generation (Mwavg)

-15%



2Q18

2Q19

55

47

**CAPACITY
FACTOR %**

Ventos do Araripe III



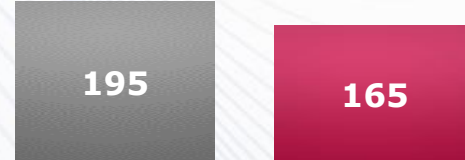
Technical availability

97.6% **98.8%**



Generation (Mwavg)

-15%



2Q18⁽¹⁾

2Q19

54

46

**CAPACITY
FACTOR %**

CESP



Availability index⁽³⁾

93.8% **93.9%**



Generation (Mwavg)

-4%



2Q18⁽²⁾

2Q19

60

57

**CAPACITY
FACTOR %**

(1) Partially consolidated in the JV's results (only considers results of June 2018, after the acquisition).

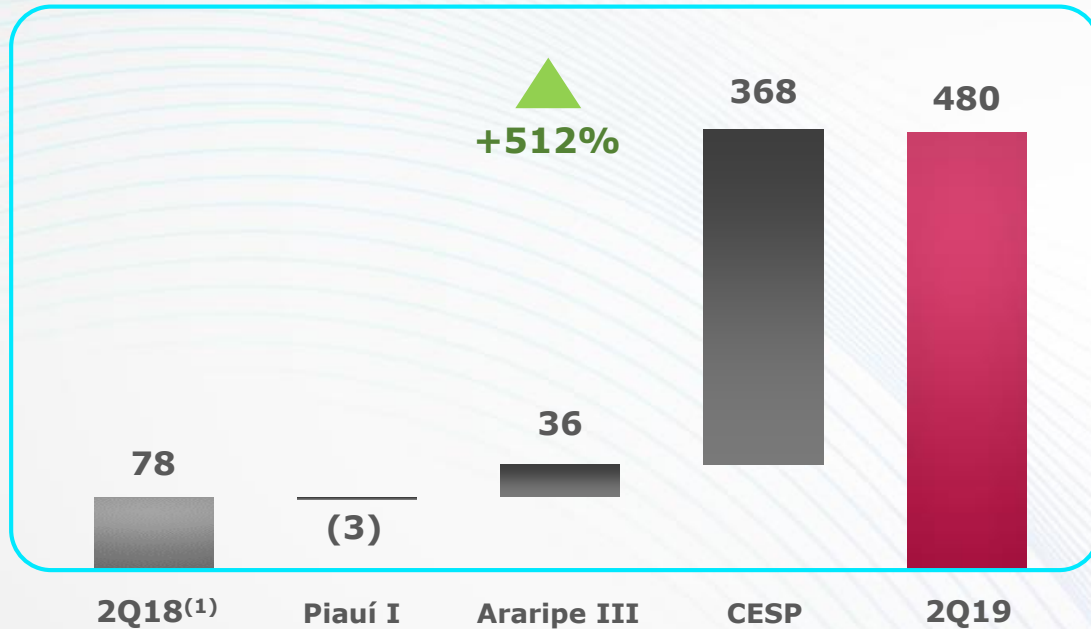
(2) Not consolidated in the JV's results.

(3) Moving average 60 months.

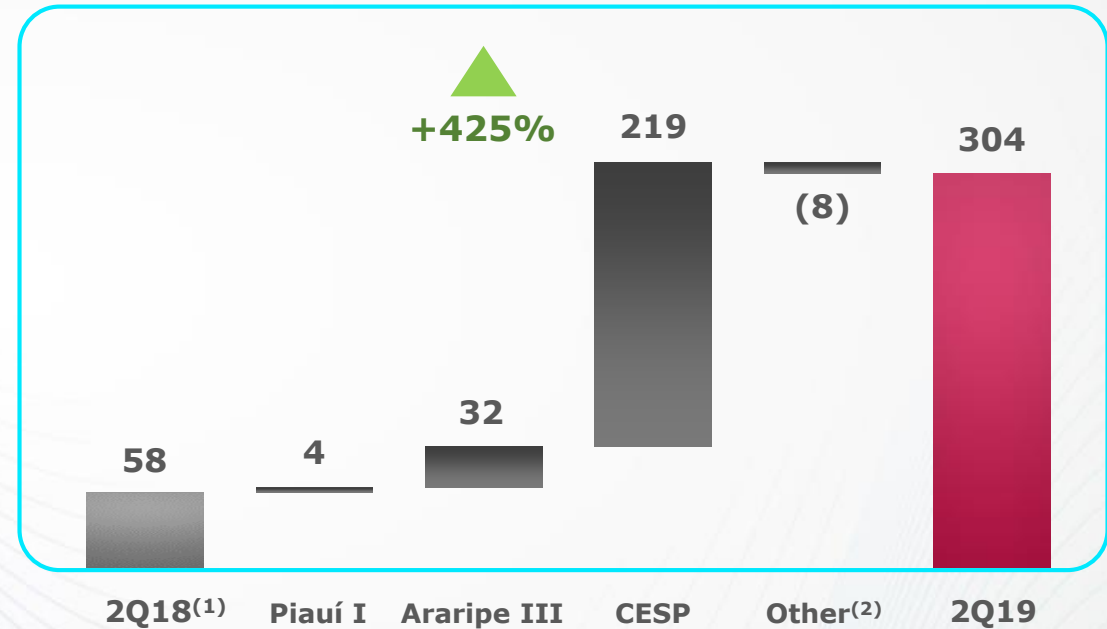
JV VE-CPPIB Operational Results

(R\$ MILLION)

NET REVENUES



ADJUSTED EBITDA



EBITDA
MARGIN (%)

74

63

WPP – full consolidation of Araripe III results

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

(1) Considers accounting result of JV (Ventos do Piauí I + partial results from Ventos do Araripe III).
(2) Includes holding results.

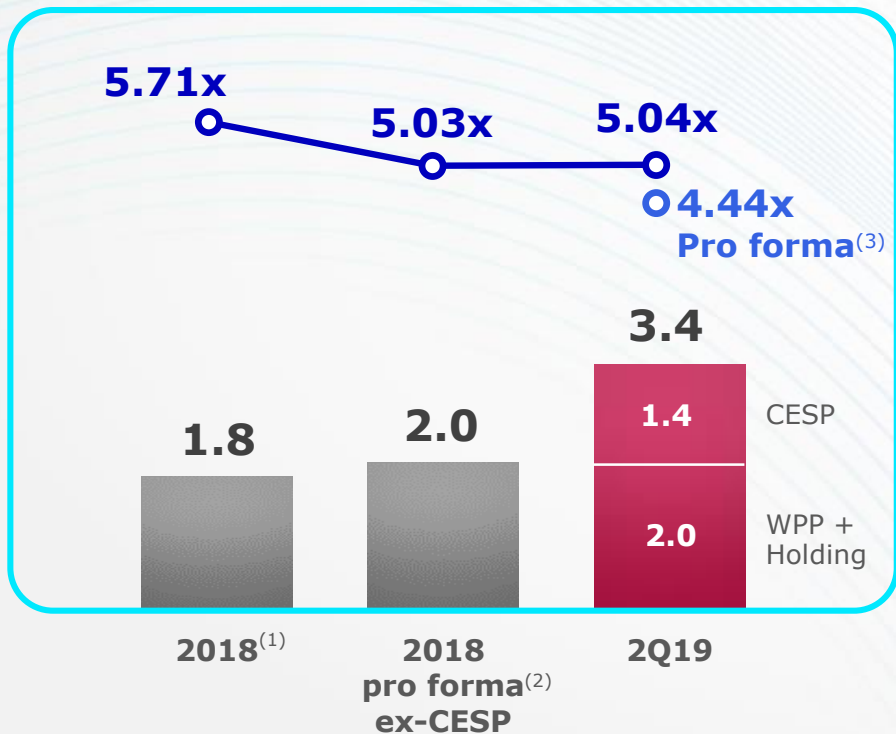
JV VE-CPPIB

Liquidity and Indebtedness

(R\$ BILLION)

NET DEBT

NET DEBT/ADJ. EBITDA



DEBT AMORTIZATION PROFILE



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

Sergio Malacrida

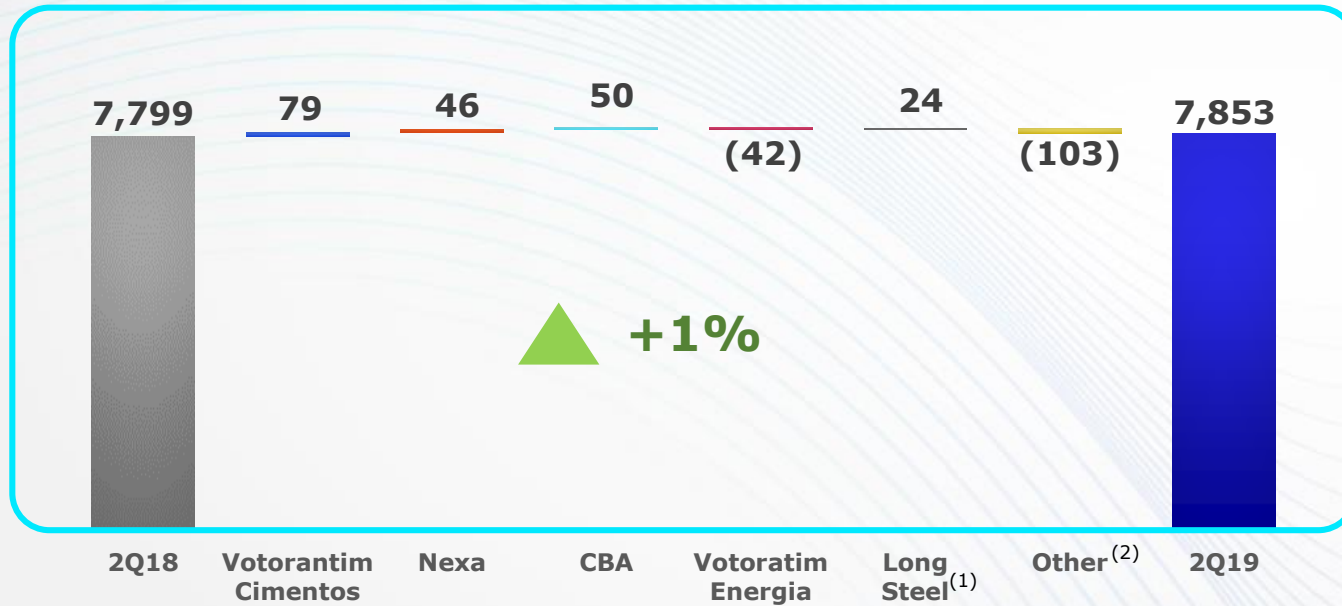
CFO Votorantim S.A.



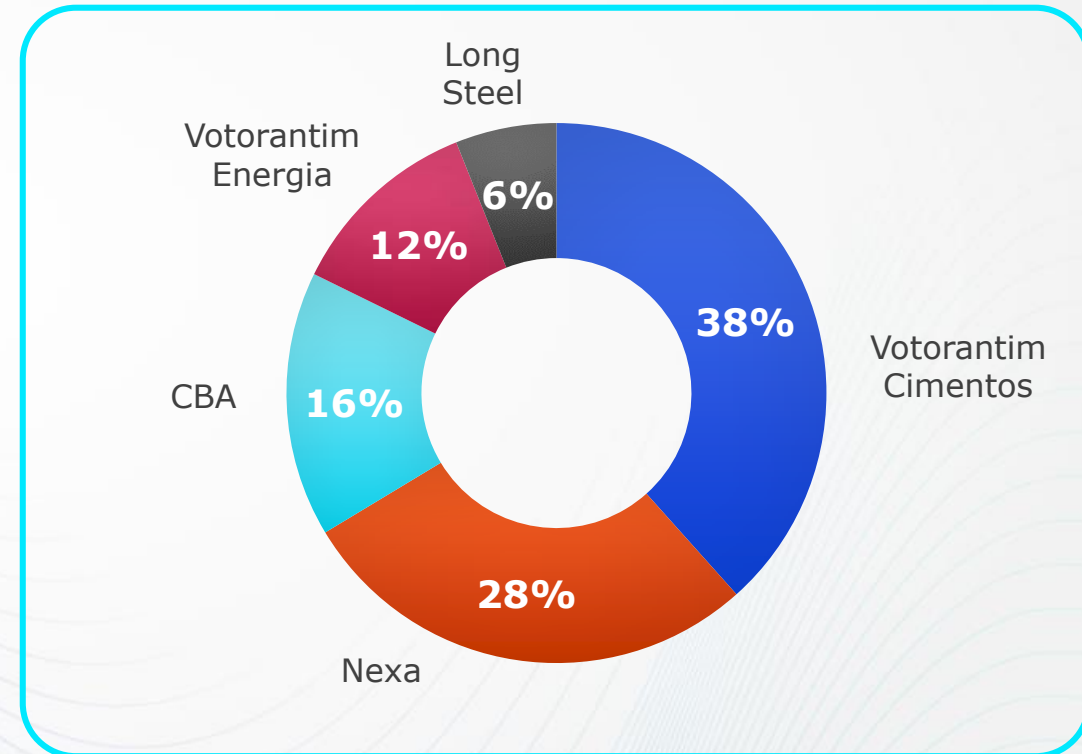
Consolidated Net Revenues

EVOLUTION BY BUSINESS

(R\$ MILLION)



BREAKDOWN BY BUSINESS

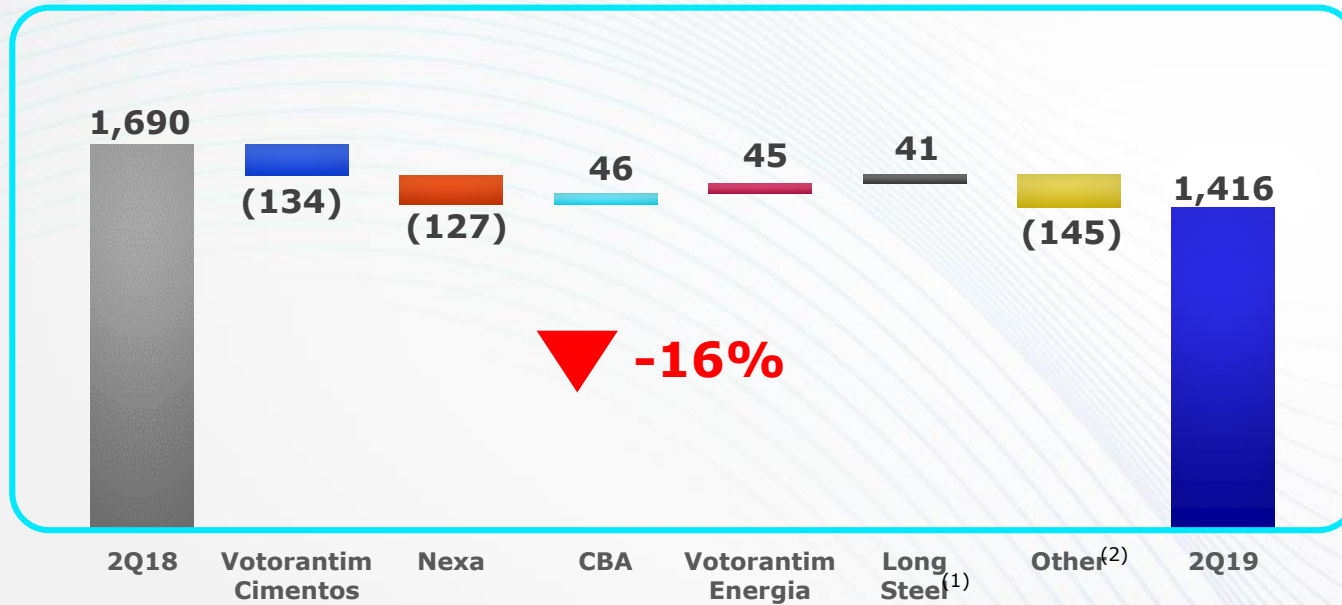


(1) Includes Argentina and Colombia
 (2) Holding, eliminations and other

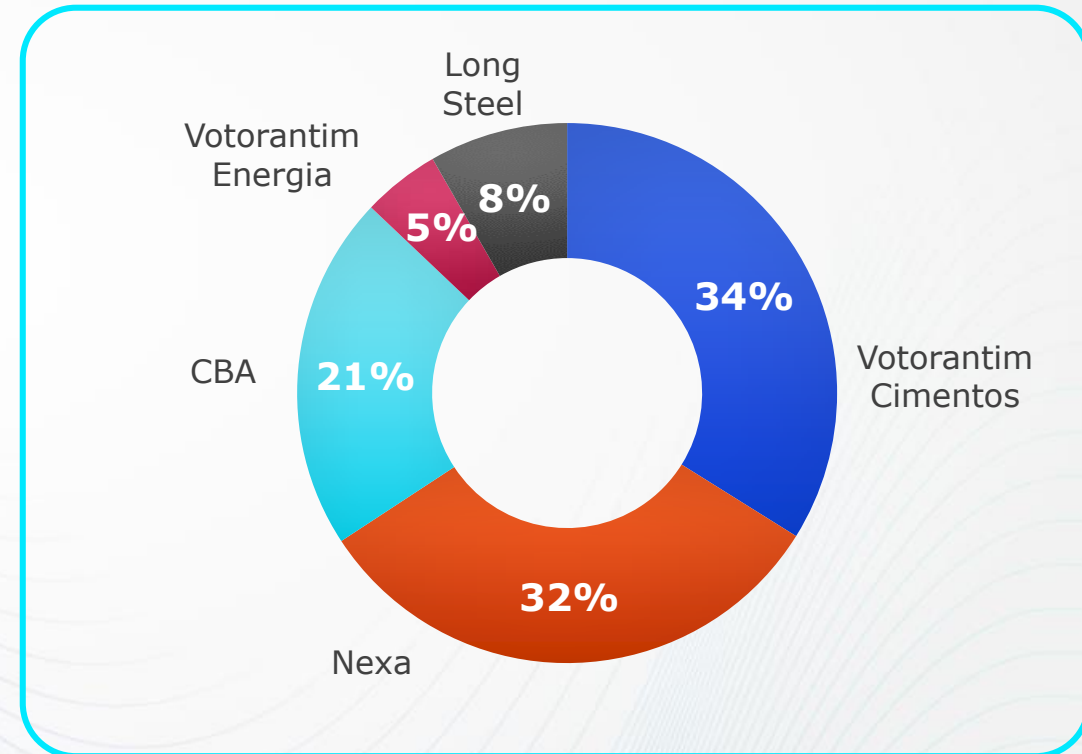
Consolidated Adjusted EBITDA

EVOLUTION BY BUSINESS

(R\$ MILLION)



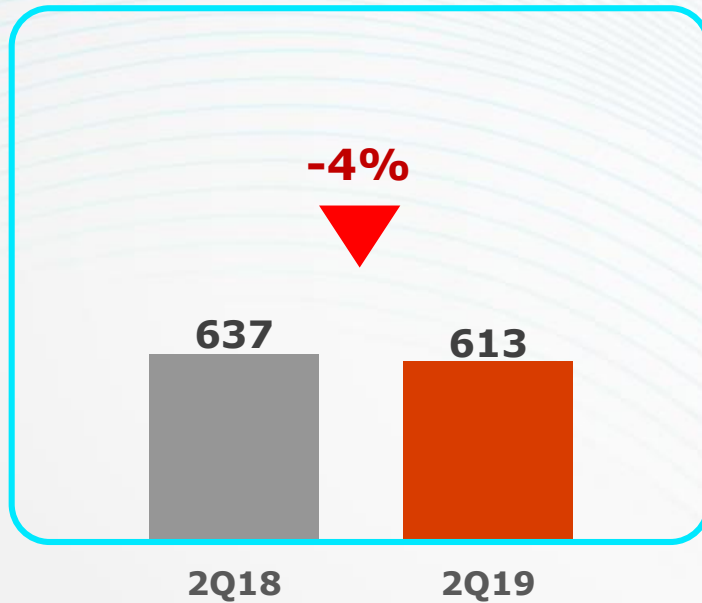
BREAKDOWN BY BUSINESS



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

NET REVENUES

(US\$ MILLION)

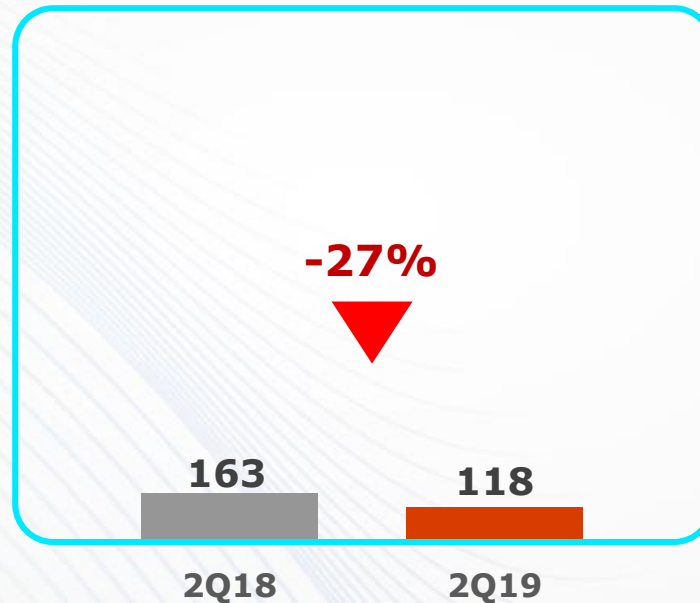


ADJUSTED EBITDA

EBITDA
MARGIN (%)

26

19



NET DEBT

NET DEBT/ADJ. EBITDA

0.50x

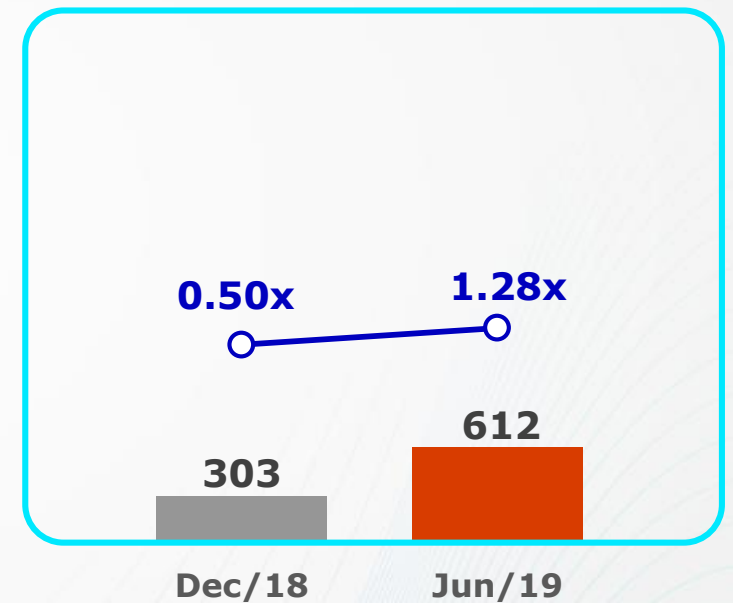
1.28x

303

612

Dec/18

Jun/19



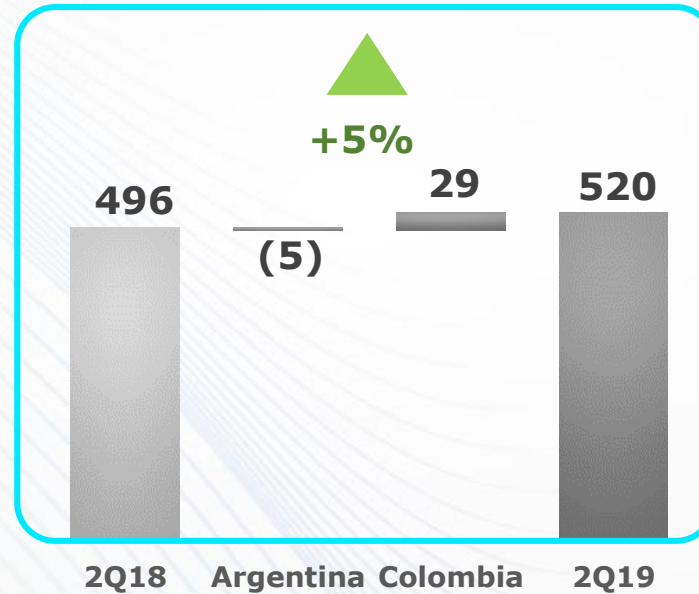
Long Steel Results

VOLUME (KTON)

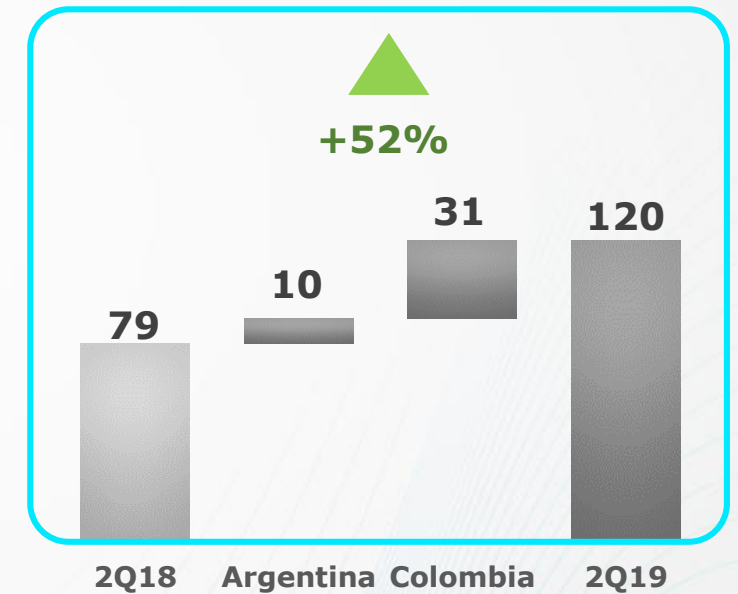


NET REVENUES

(R\$ MILLION)



ADJUSTED EBITDA



EBITDA MARGIN (%)

16

23

Other Investee Companies

COMPANIES RECOGNIZED BY THE EQUITY METHOD:

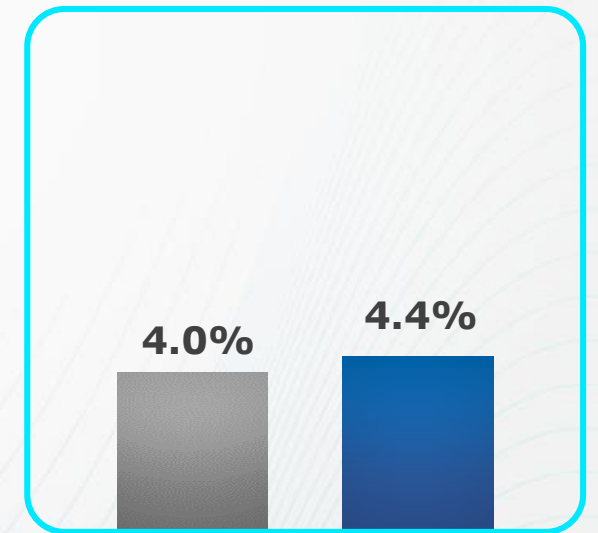
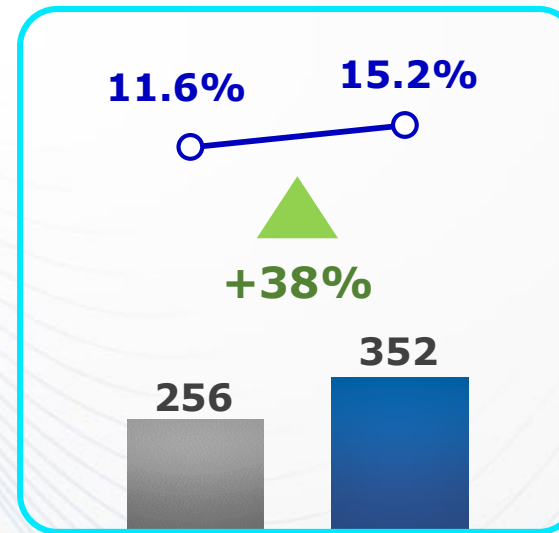
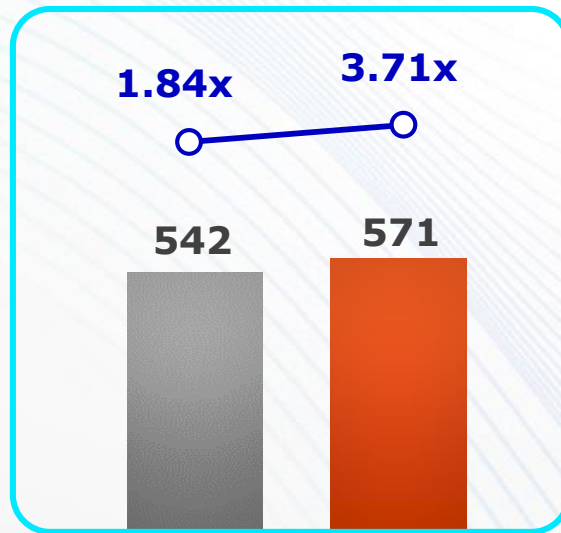
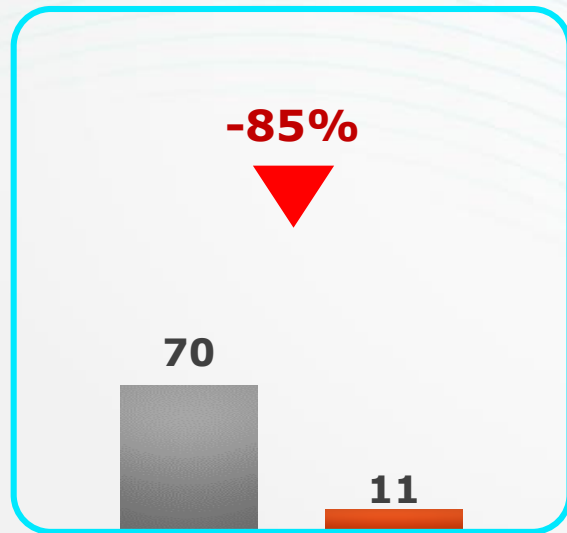


EBITDA
(US\$ MILLION)

NET DEBT (US\$ MILLION)
NET DEBT/ADJ. EBITDA

NET INCOME (R\$ MILLION)
RoE (%)

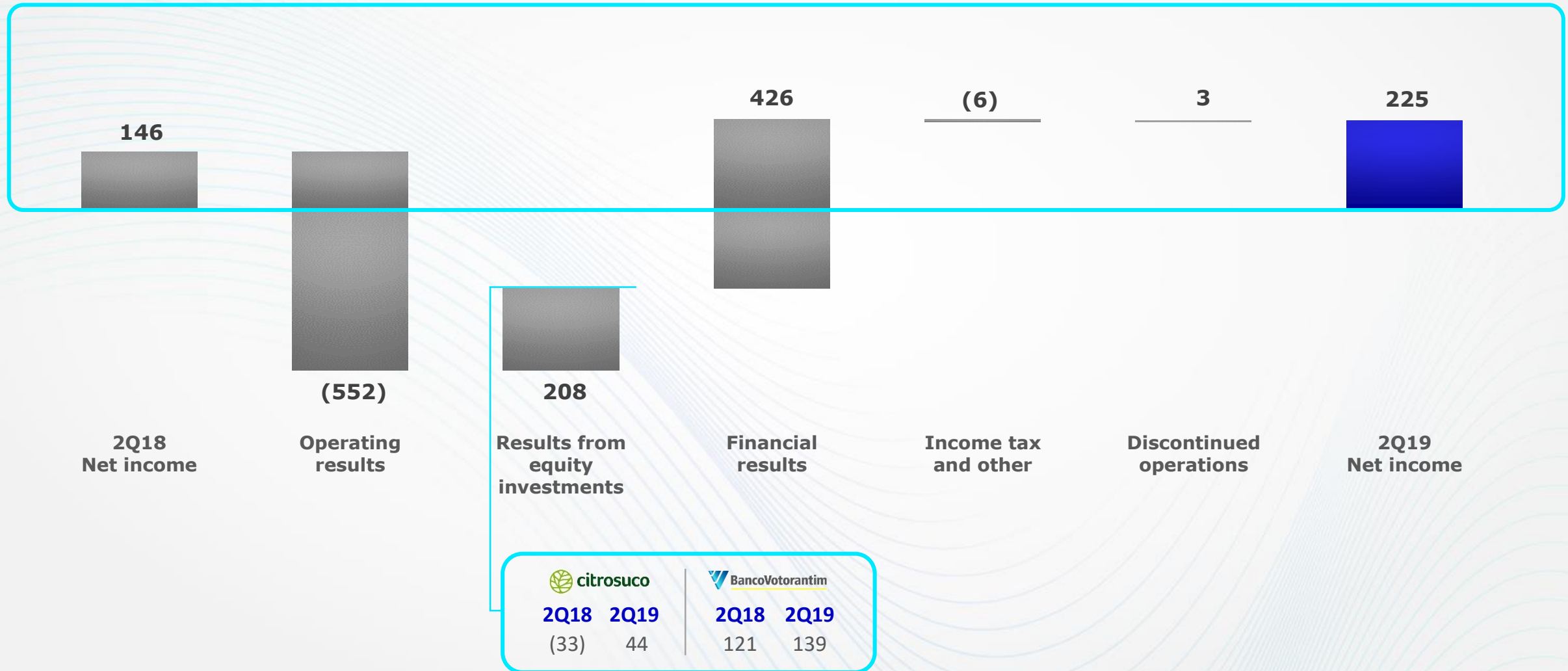
CONSOLIDATED
DELIQUENCY



EBITDA MARGIN (%) **19** **3**

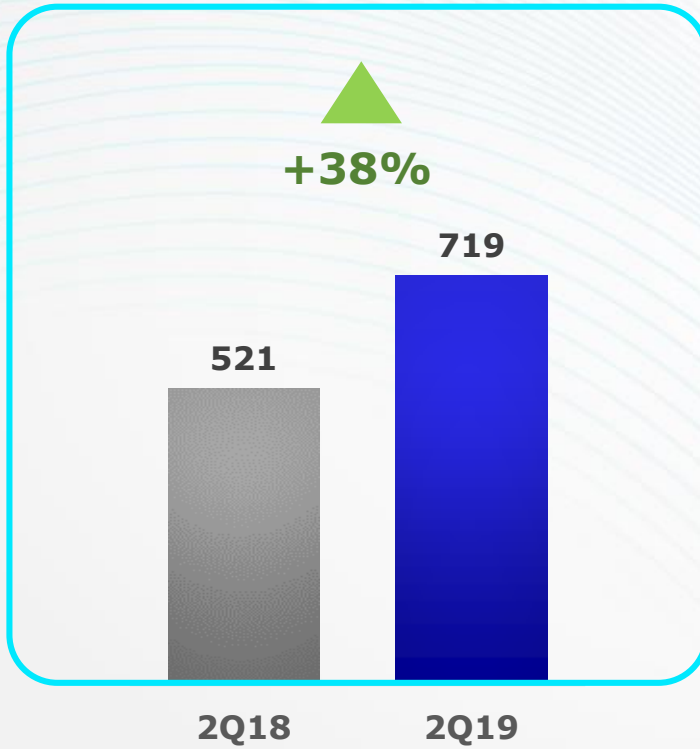
Consolidated Net Income

(R\$ MILLION)

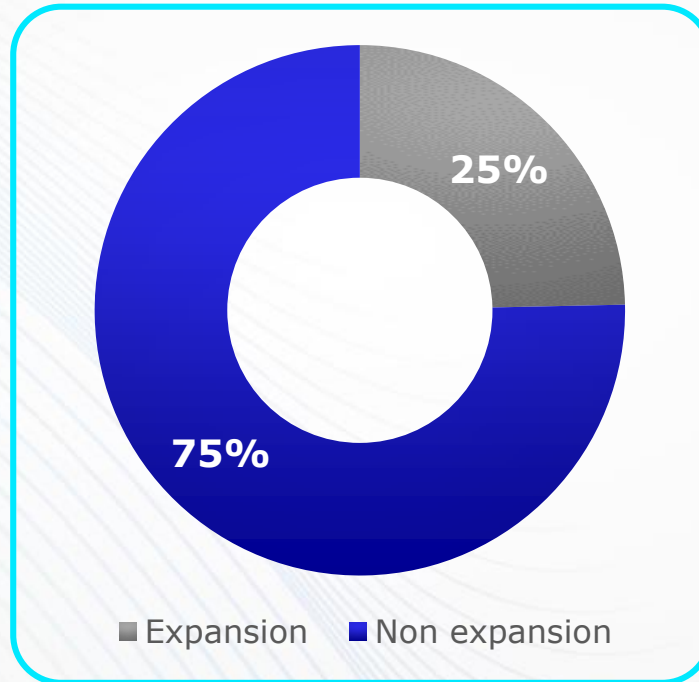


(R\$ MILLION)

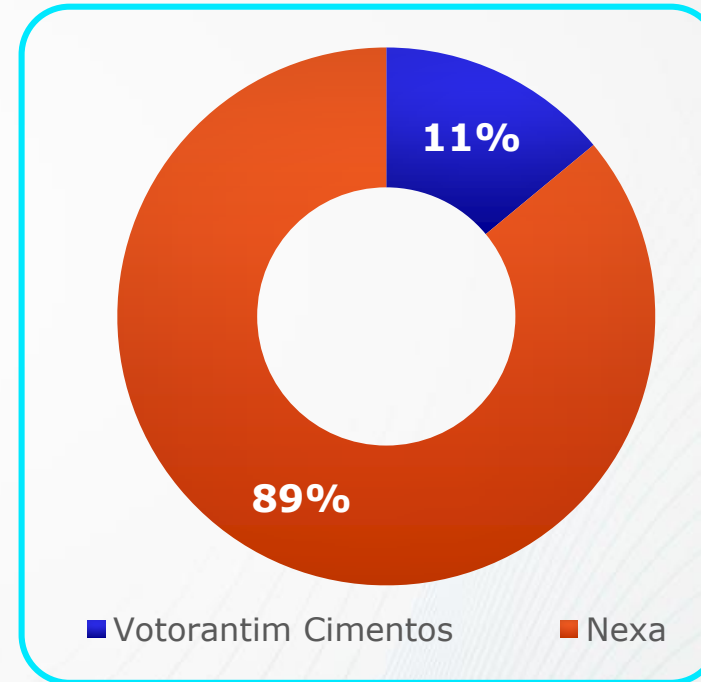
CAPEX



BREAKDOWN



EXPANSION CAPEX



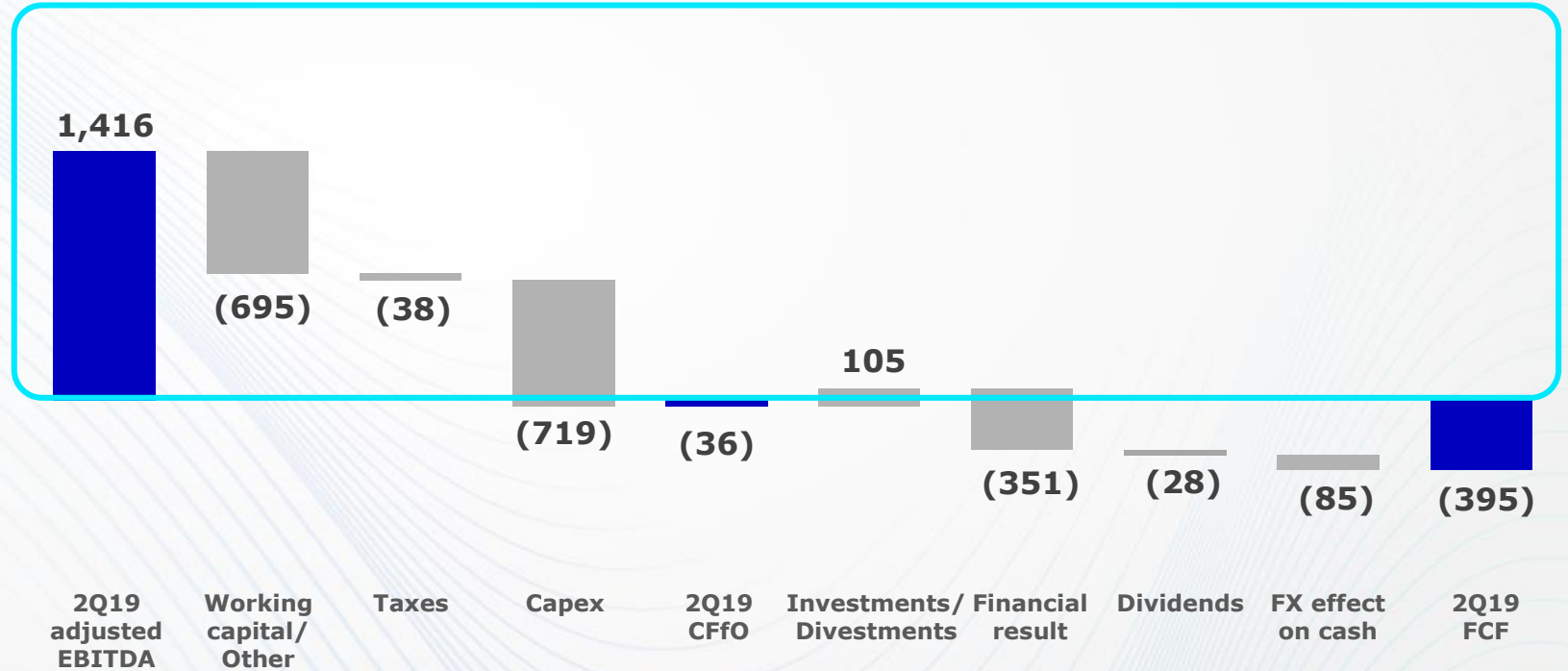
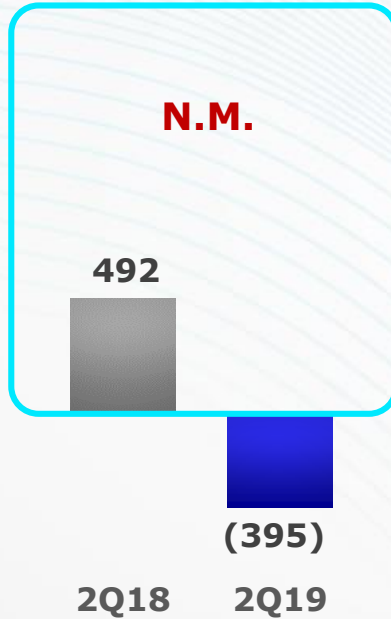
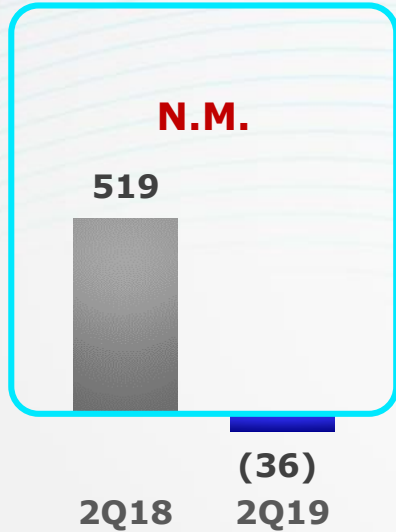
(R\$ MILLION)

OPERATIONAL | FREE

FREE CASH FLOW GENERATION

CFfo⁽¹⁾

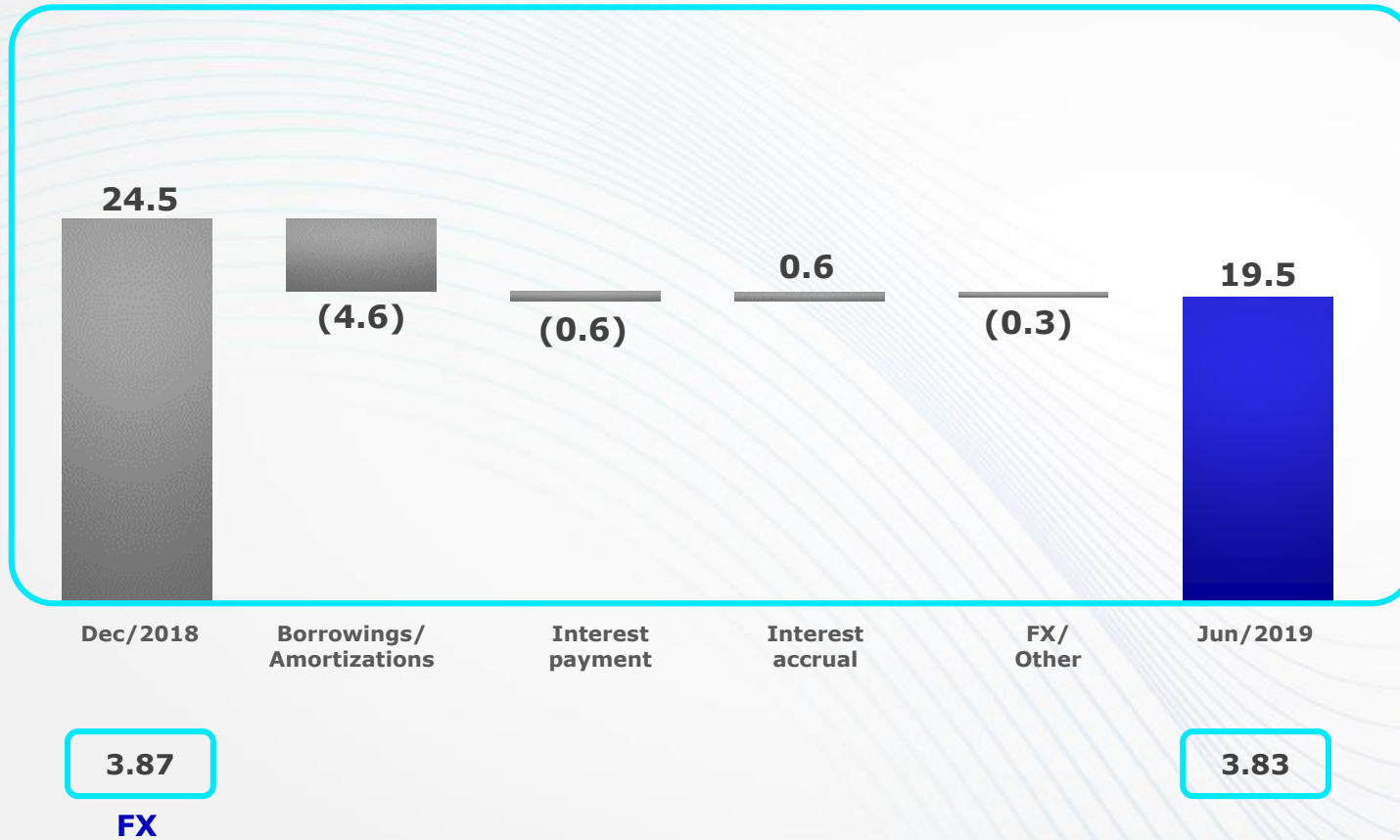
FCF



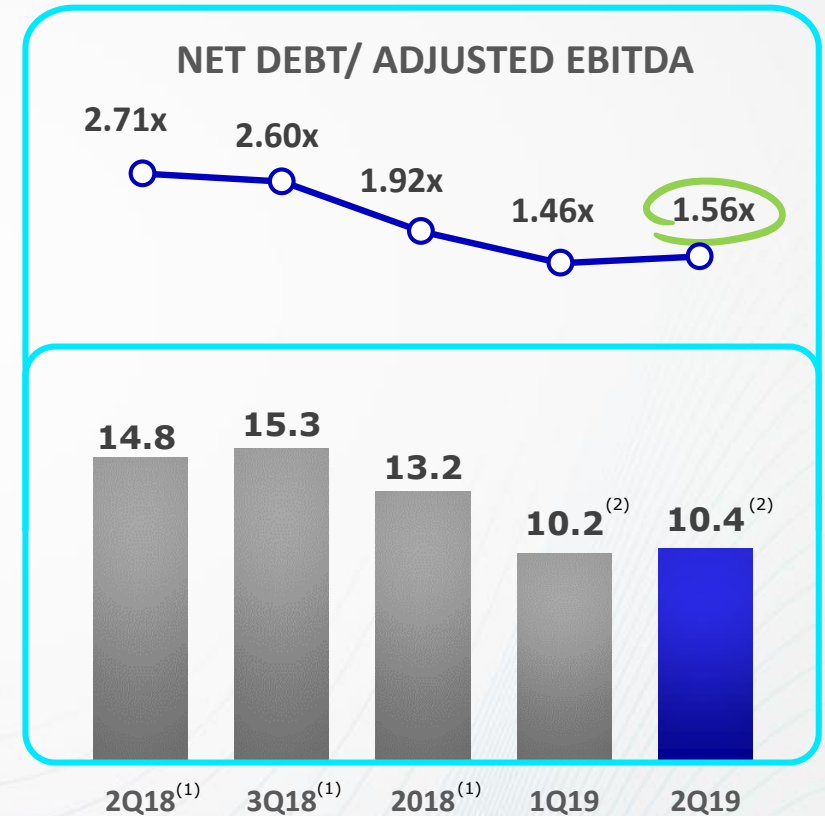
(1) Cash Flow from Operations

(R\$ BILLION)

GROSS DEBT



NET DEBT



(1) Restated value
 (2) Gross debt plus Lease liabilities - IFRS16 minus Cash, cash equivalents and investments, minus fair value of derivative instruments

Fading optimism resulting
in a **slow pace growth**

Reforms agenda
moving forward

Confidence in a **better
economic scenario** in Brazil

Adjusted capital structure in
all investees

Continuous investments focusing on
competitiveness and innovation