Votorantim

**Votorantim S.A.**

## 2016 Highlights

| R$ million | 4Q16 | 4Q15 | 4Q16 vs. 4Q15 | 3Q16 | 4Q16 vs. 3Q16 | 2016 | 2015 | 2016 vs. 2015 |
|---|---|---|---|---|---|---|---|---|
| **Net revenues** | 5,100 | 5,797 | -12% | 7,347 | -31% | 26,738 | 29,272 | -9% |
| **Adjusted EBITDA** | 639 | 2,135 | -70% | 1,311 | -51% | 4,285 | 6,963 | -38% |
| **EBITDA margin** | 12.5% | 36.8% | -24.3 p.p. | 17.8% | -5.3 p.p. | 16.0% | 23.8% | -7.8 p.p. |
| **Net income/loss** | (1,861) | (198) | 843% | 149 | -1345% | (1,250) | 382 | -427% |
| **Net debt/adjusted EBITDA** | 3.43 x | 2.79 x | 0.64 x | 2.90 x | 0.53 x | 3.43 x | 2.79 x | 0.64 x |
| **CAPEX** | 899 | 1,321 | -32% | 712 | 26% | 3,031 | 3,212 | -6% |

Considers the Industrial Segment only

### Consolidated

- Net revenues amounted to R$26.7 billion, 9% lower than in 2015, mainly affected by the Brazilian operations.
- Adjusted EBITDA totaled R$4.3 billion, a reduction of 38% compared to 2015. Excluding the extraordinary dividends received from Fibria and the sale of land assets in 2015, this reduction would have been 27%.
- R$1.3 billion net loss in 2016, mainly due to the temporary suspension of the nickel operations and the classification of Brazilian long steel assets as available for sale, which resulted in an investment impairment of R$1.8 billion.
- The net debt/EBITDA ratio came to 3.43x, 0.64x higher than in 2015.

### Cement

- Net revenues of R$ 12.7 billion, 10% lower than in 2015.
- Adjusted EBITDA totaled R$ 2.4 billion.
- Operations abroad partially offset Brazilian economic recession impacts.
- Conclusion of the Primavera plant (Brazil) in May/2016 and the Yacuces plant (Bolivia) in December/2016.

### Zinc & by-products

- Increase of 3% in net revenues driven by higher metal prices in the London Metal Exchange (“LME”) and higher sales volume of zinc oxide and electrolytic zinc.
- EBITDA fell by 12% due to higher expenses associated with early-stage and greenfield mining projects and provisions for environmental obligations.

### Aluminum

- Net revenues fell by 9%, negatively impacted by the reduction in energy sales volume and lower demand for downstream products.
- Adjusted EBITDA totaled R$275 million, 66% down on 2015, reflecting higher primarily aluminum sales volume, which has a lower margin.

### Long steel

- Brazil – The results from the Brazilian operations were classified as available for sale.
- Argentina – Net revenues decreased mainly due to the devaluation of the Argentine peso against the BRL and lower sales volume.
- Colombia – Net revenues and adjusted EBITDA went down mainly due to the 21% depreciation of the Colombian peso in the year in relation to the Brazilian real, which had a negative effect on the consolidated results.

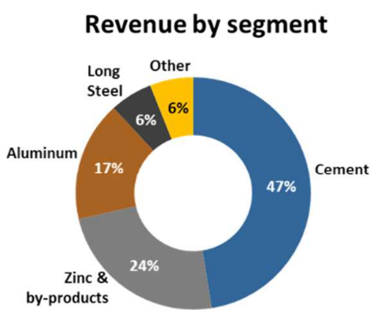
# 1. OPERATING AND FINANCIAL PERFORMANCE

## Results analysis

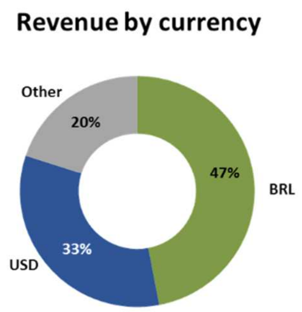
| R$ million | 2016 | 2015 | 2016 vs. 2015 |
|---|---|---|---|
| **Net revenues** | **26,738** | **29,272** | **-9%** |
| **COGS** | **(20,773)** | **(21,967)** | **-5%** |
| **SG&A** | **(3,765)** | **(3,708)** | **2%** |
| Selling expenses | (1,667) | (1,625) | 3% |
| General & adm. expenses | (2,098) | (2,083) | 1% |
| **Other operating results** | **(2,605)** | **(440)** | **492%** |
| **Depreciation** | **(2,664)** | **(2,631)** | **1%** |
| **Adjusted EBITDA** | **4,285** | **6,963** | **-38%** |
| **EBITDA margin** | **16.0%** | **23.8%** | **-7.8 p.p.** |

Considers the Industrial Segment only

Net revenues totaled R$26.7 billion, 9% less compared to 2015, mainly due to Brazil's economic recession in 2016, which directly affected the cement and aluminum businesses. Revenues were also impacted by the temporary suspension of the nickel operations that was announced in January/16 and lower energy sales volume and prices in Brazil.





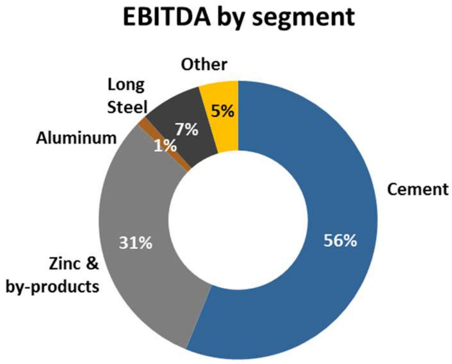



Cost of Goods Sold (COGS) amounted to R$20.7 billion, 5% lower than 2015, due to a drop in cement sales volume in Brazil and the temporary suspension of nickel operations.

Selling, General and Administrative Expenses (SG&A) remained stable. Higher expenses related to Votorantim Metais' new corporate structure was offset by the reduction in personnel expenses in Cement and nickel operations in Brazil.

Other operating results were impacted by the impairment of investments, which totaled R$2.2 billion in 2016. The temporary suspension of the nickel operations and the classification of Brazilian long steel assets as available for sale, resulted in an investment impairment of R$1.8 billion.

Adjusted EBITDA totaled R$4.3 billion, 38% down on 2015, due to the reflection of the Brazilian economic scenario in Votorantim's operations, especially in the cement business. In 2015, the extraordinary dividends received from Fibria and the sale of land assets were added to EBITDA, excluding these events, the reduction would have been 27%.




## Financial result

| R$ million | 2016 | 2015 | 2016 vs. 2015 R$ | 2016 vs. 2015 % |
|---|---|---|---|---|
| Financial income from investments | 734 | 555 | 179 | 32% |
| Financial expenses from borrowings | (1,723) | (1,746) | 23 | -1% |
| Exchange variation | 540 | (564) | 1,104 | N.M. |
| Net hedge result | (1,006) | 444 | (1,450) | N.M. |
| Other financial income (expenses), net | (304) | (590) | 286 | -49% |
| **Net financial result** | **(1,759)** | **(1,902)** | **143** | **-8%** |

Financial income totaled R$734 million in 2016, an increase of 32% compared with 2015 thanks to higher interest rates in Brazil: the average CDI interbank rate went up from 13.36% p.a. in 2015 to 14.06% p.a. in 2016.

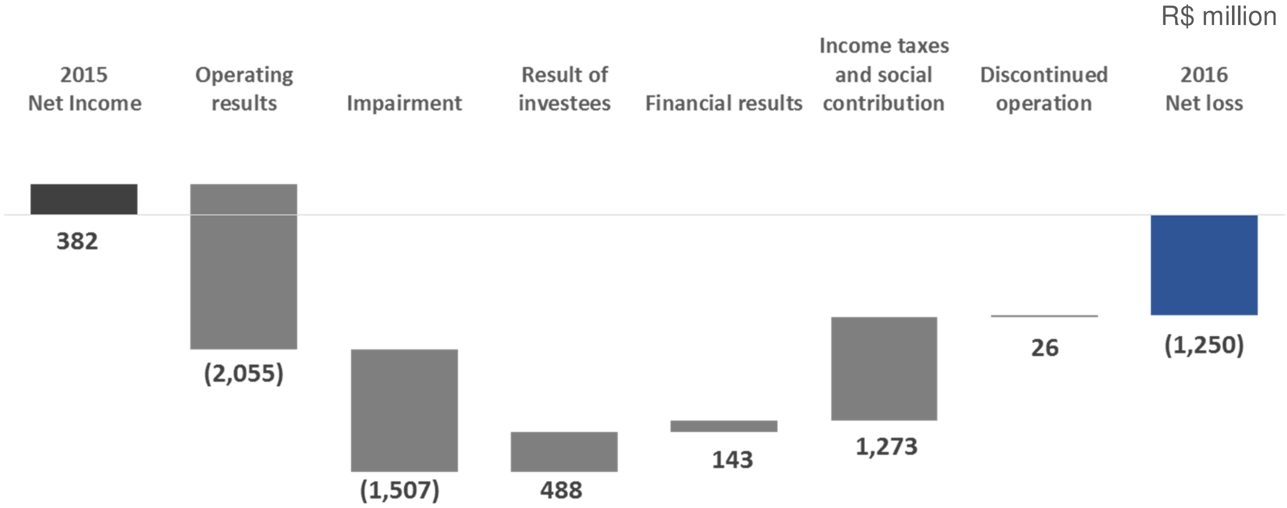
Financial expenses from borrowings remained stable due to the reduction in total debt, because of liability management initiatives implemented over the year, which were partially offset by the depreciation of Brazilian real (average) in the year and the mark-to-market result of the swap of 4131 loans.

Other net financial expenses totaled R$304 million, 49% lower than in 2015, mainly due to the discount on the repurchase of Votorantim Cimentos' bonds.

The net hedge result totaled an expense of R$1,006 million in 2016, mainly due to the mark-to-market of the derivative instruments used to convert the 4131 loans from USD to BRL.

Exchange variation gains were R$540 million, R$1,104 million higher than in 2015, due to the BRL appreciation in December 2016 (Dec/16: R$/US$3.26 | Dec/15: R$/US$3.90).

## Net Income




Votorantim S.A. reported a net loss of R$1,250 million in 2016, mainly due to the temporary suspension of the nickel operations and the Brazilian long steel assets' classification as available for sale, which resulted in an investment impairment of R$1,834 million. In 2016, the impairment of investments totaled R$ 2,159 million, an increase of R$1,507 million over 2015.

The loss in 2016 was partially offset by the results of the companies recognized under the equity method, mainly by the increase in Fibria's annual net income, from R$357 million in 2015 to R$1,664 million in 2016.

The increase of R$ 1,273 million in income tax and social contribution in relation to 2015 refers mainly to the recognition of tax credits due to the loss before income tax and social contribution.

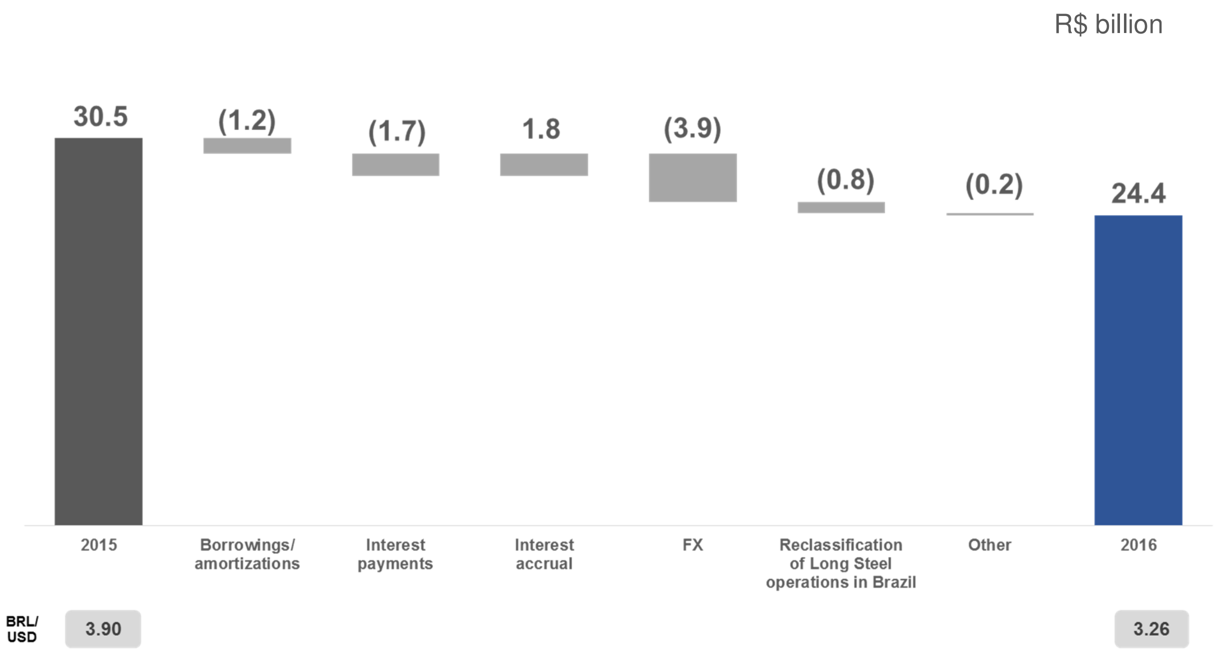
## Liquidity and Indebtedness

| Indicator | Unit | Dec/16[2] | Dec/15 | Dec/16 vs Dec/15 | Sep/16 | Dec/16 vs Sep/16 |
|---|---|---|---|---|---|---|
| **Gross debt** | **R$ million** | **24,403** | **30,531** | **-20.1%** | **25,195** | **-3.1%** |
| in BRL[1] | R$ million | 8,765 | 11,487 | -23.7% | 9,680 | -9.5% |
| in foreign currency | R$ million | 15,638 | 19,044 | -17.9% | 15,515 | 0.8% |
| **Average maturity** | **years** | **7.5** | **7.4** | **-** | **7** | **-** |
| **Short-term debt** | **%** | **7.3%** | **8.6%** | **-1.3p.p.** | **5.9%** | **1.4p.p.** |
| **Cash, cash equivalents and investments** | **R$ million** | **10,066** | **10,621** | **-5.2%** | **8,717** | **15.5%** |
| in BRL | R$ million | 4,908 | 6,419 | -23.5% | 5,066 | -3.1% |
| in foreign currency | R$ million | 5,158 | 4,202 | 22.8% | 3,651 | 41.3% |
| **Fair value of derivative instruments** | R$ million | (375) | (464) | N.M. | (413) | N.M. |
| **Net debt** | **R$ million** | **14,712** | **19,446** | **-24.3%** | **16,065** | **-8.4%** |
| **Net debt/EBITDA[3] (in BRL)** | **x** | **3.43 x** | **2.79 x** | **0.64 x** | **2.91 x** | **0.52 x** |
| **BRL/USD** | **R$** | 3.26 | 3.90 | -17% | 3.25 | 0% |

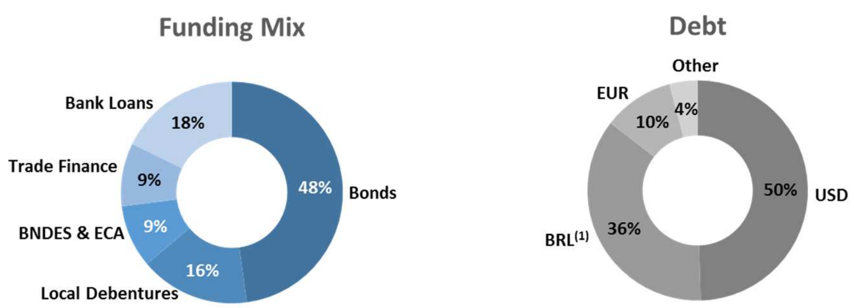
(1) 4131 bilateral loan considered as BRL due to the cross-currency swap.
(2) Considers the Industrial Segment only
(3) EBITDA LTM

On December 31, 2016 gross debt amounted to R$24.4 billion, 20% down on December 2015, mainly due to the effect the appreciation of the Brazilian real against the U.S. dollar (from R$/US$3.90 in Dec/15 to R$/US$3.26 in Dec/16) and R$1.2 billion in amortization throughout the year.

The chart below summarizes the main changes in gross debt figures:

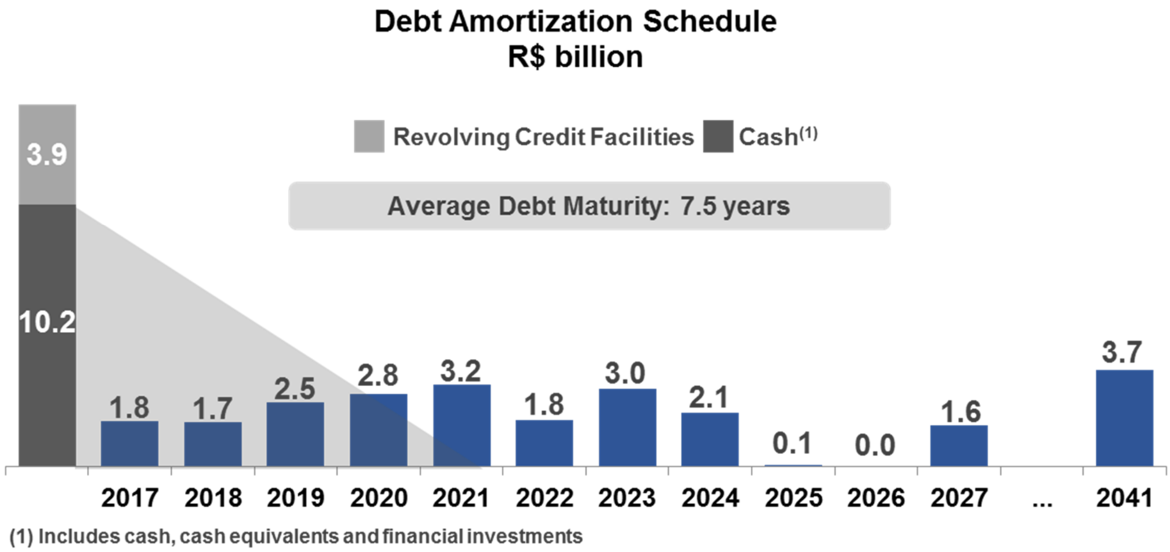



The funding mix and the debt currency breakdown are presented below:

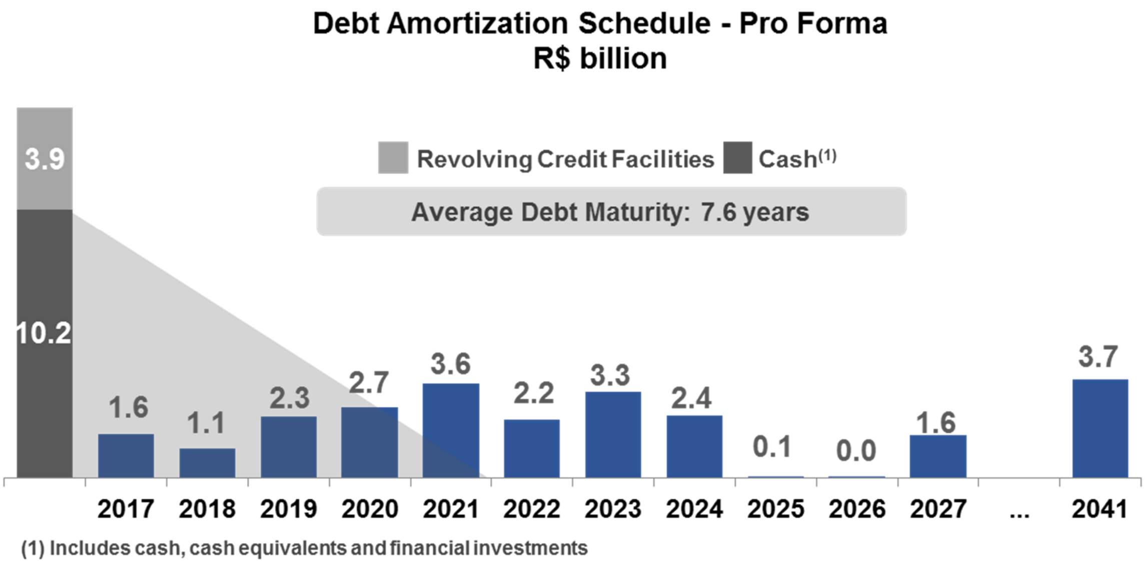



(1) 4131 bilateral loan considered as BRL due to the cross-currency swap

The chart below summarizes the debt amortization schedule:




In January, 2017, liability management exercises were executed in order to extend debt maturities. The result of these initiatives was the extension of R$1.0 billion that would be due in 2017, 2018 and 2019, resulting in a smoother amortization schedule, as shown below:

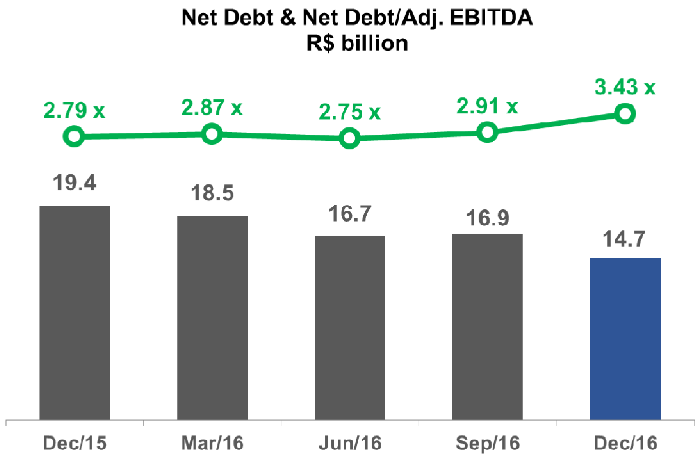



Cash, cash equivalents and financial equivalents closed 2016 at R$10.2 billion, 50% of which denominated in BRL. This cash position is sufficient to cover all obligations due in the next 4 years.

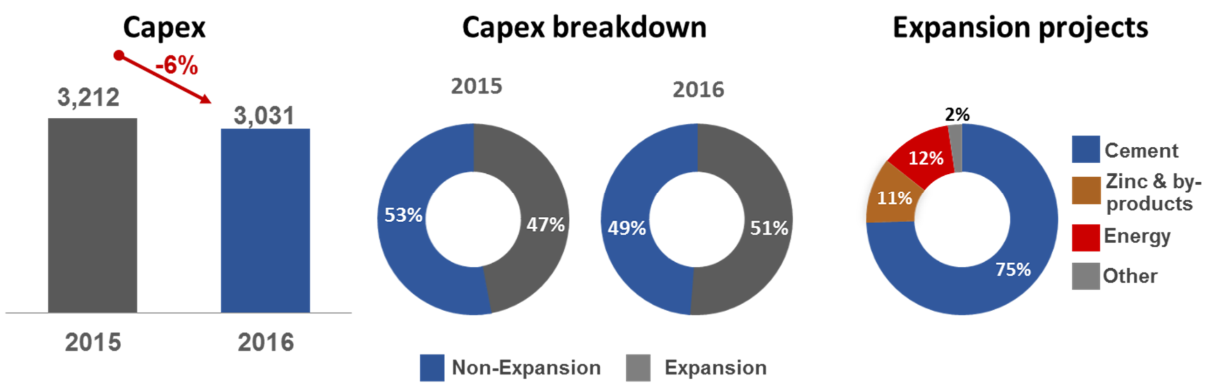
Cash is mainly invested in Brazilian government bonds and fixed-income products of Brazilian and foreign financial institutions. These investments are low risk, havehigh liquidity and are diversified in order to reduce concentration risk.

The two revolving credit facilities, one of US$700 million, only the cement business, and another of US$500 million, for other Votorantim investees, both expiring in 2020, strengthen Votorantim's liquidity position, whichtotaled R$14.1 billion in 2016. These revolving credit facilities were not disbursed.

Net debt totaled R$14.7 billion, 24% less compared to December 2015. Financial leverage, measured by the net debt to adjusted EBITDA ratio, came to 3.43x, an increase of 0.64x over December 2015. The chart below shows consolidated net debt and the net debt to adjusted EBITDA ratio since December 2015:




## Capex

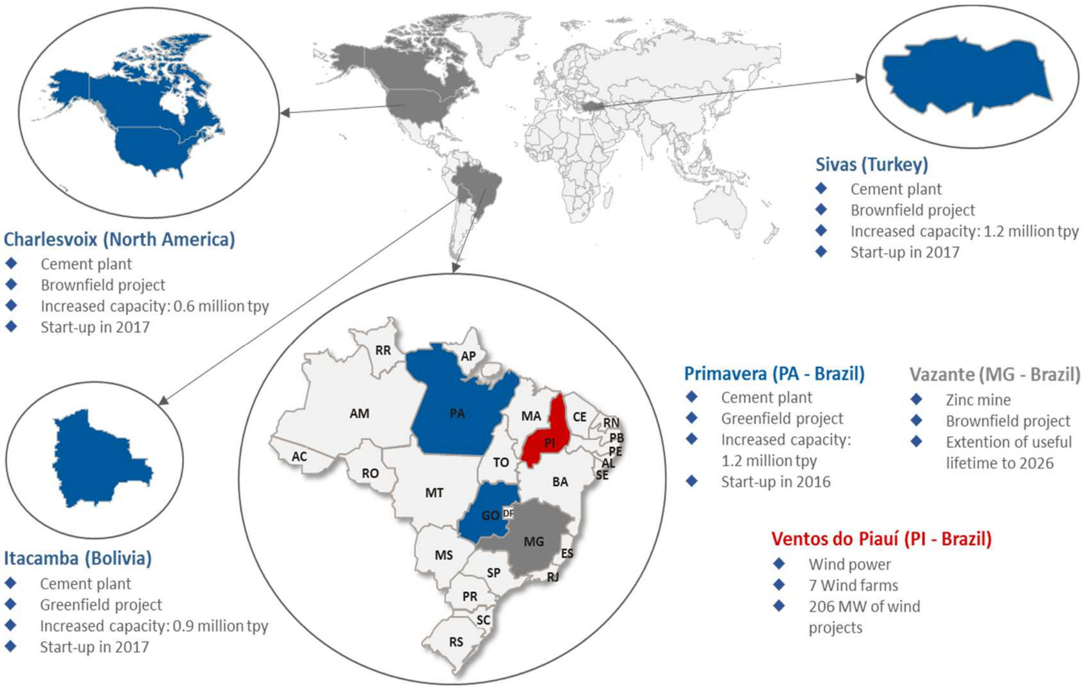



Capex totaled R$3.0 billion, 6% less compared to 2015.

In 2016 expansion projects represented 51% of total investments, compared with 47% in 2015. The main projects were focused on cement operations, which accounted for 75% of total expansion investments. In 2016, two new plants were concluded, one in Brazil and one in Bolivia, and investments in Turkey and North America are in progress.

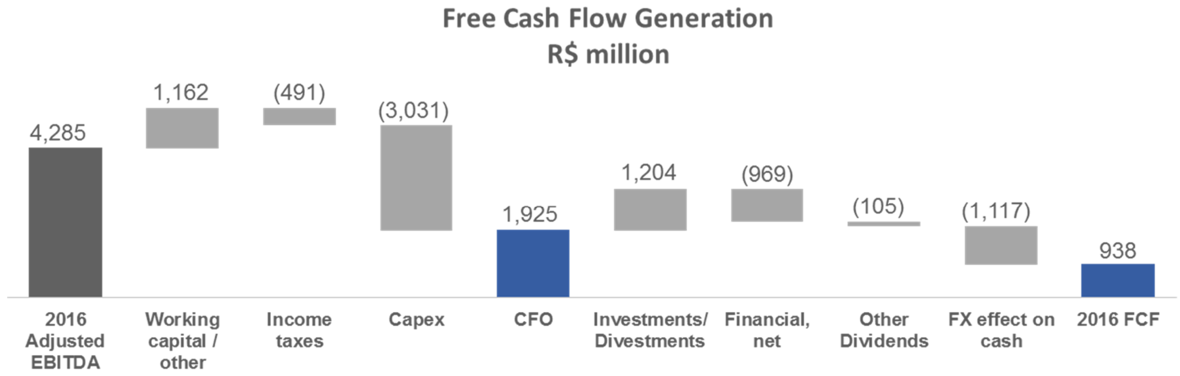
The zinc and by-products business continued investing in the project to extend the working life of the mine in Vazante (MG), as announced in 2015. This investment aims to add 10 years to the mine's life, ensuring the supply of zinc.

Votorantim Energia's wind power generation project ("Ventos do Piauí"), an investment of R$1.1 billion, ended the year at 17% physical completion and more than 20% of financial execution. The start-up is expected for 2018.




## Free Cash Flow

| R$ million | 2016 | 2015 |
|---|---|---|
| **Adjusted EBITDA** | **4,285** | **6,963** |
| Working capital / other | 1,162 | 615 |
| Income taxes | (491) | (634) |
| Capex | (3,031) | (3,212) |
| **CFO** | **1,925** | **3,732** |
| Investments/ Divestments | 1,204 | 77 |
| Financial, net | (969) | (1,302) |
| Other Dividends | (105) | (386) |
| FX effect on cash | (1,117) | 1,384 |
| **FCF** | **938** | **3,505** |




In 2016 Cash Flow from Operations (CFO) decreased R$1,807 million compared to 2015, mainly due to the weak operating performance throughout the year which was offset by lower Capex and a US$250 million inflow from the silver streaming transaction, executed by Milpo.

Free Cash Flow (FCF) totaled R$938 million, a decrease of R$2,567 million compared to 2015, mostly due to the impact of the appreciation of the Brazilian real in December 2016 on the cash position denominated in foreign currencies.

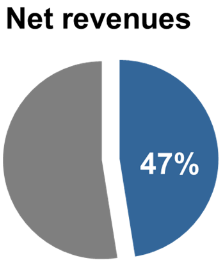
## BUSINESSES

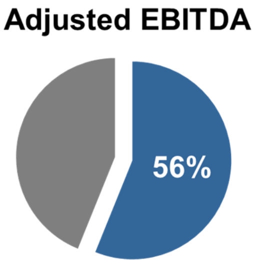
| R$ million | Cement | Zinc & by-products | Aluminum | Long steel | Others(1) | Consolidated(2) |
|---|---|---|---|---|---|---|
| **Net revenues** | 12,697 | 6,386 | 4,490 | 1,569 | 1,596 | 26,738 |
| **COGS** | (9,578) | (4,801) | (4,155) | (1,207) | (1,032) | (20,773) |
| **SG&A** | (2,017) | (752) | (337) | (226) | (433) | (3,765) |
| **Other operating results** | 354 | (586) | (1,228) | (153) | (992) | (2,605) |
| **Adjusted EBITDA** | 2,405 | 1,328 | 52 | 304 | 196 | 4,285 |
| **EBITDA margin** | 19% | 21% | 1% | 19% | N/A | 16% |

(1 ) Includes Holding, Votorantim Energia, Baesa, Enercan, eliminations and other

(2 ) Considers the Industrial Segment only

## CEMENT




| R$ million | 2016 (1) | 2015 | 2016 vs. 2015 |
|---|---|---|---|
| **Net revenues** | **12,697** | **14,053** | **-10%** |
| **COGS** | **(9,578)** | **(10,094)** | **-5%** |
| **SG&A** | **(2,017)** | **(2,046)** | **-1%** |
| Selling expenses | (1,091) | (1,061) | 3% |
| General & adm. expenses | (926) | (985) | -6% |
| **Other operating results** | **354** | **225** | **57%** |
| **Depreciation** | **(1,076)** | **(988)** | **9%** |
| **Adjusted EBITDA** | **2,405** | **3,225** | **-25%** |
| **EBITDA margin** | **18.9%** | **22.9%** | **-4.0 p.p.** |

(1) Considers the Industrial Segment only

In Brazil, 2016 was marked by political and economic uncertainties, which impacted the performance of cement business for the second consecutive year. The Brazilian GDP drop 3.6% in 2016 after a 3.8% decrease in 2015 (according to the Brazilian Central Bank) leading to an economic recession in the country. Brazilian cement sales volume decreased by 11.7% over 2015, according to SNIC (the Brazilian cement association) as a consequence of domestic market demand retraction given the lower level of activity in the construction sector, higher unemployment rate and restricted credit access.

In VCNA, solid economic growth combined with a milder winter in the Great Lakes favorably impacted construction activity. Construction spending increased 4.5% YoY, with private non-residential construction spending increasing 7.8%, according to U.S. Census Bureau of the Department of Commerce. Stronger growth in the construction sector contributed to improved cement prices along the Great Lakes. Consumption in the key US markets increased 1.9% and 10.1% in the Great Lakes and Florida, respectively, as per USGS (U.S. Geological Survey).

In VCEAA, a combination of factors impacted operations in 2016, such as the political deadlock in Spain which squeezed infrastructure investments; the military coup in Turkey and the consequent declaration of state of emergency; political and economic instability in Tunisia’s neighborhood affecting exports and the demonetization of the Indian Rupee at the end of the year, impacting the country’s economy. Nevertheless, VCEAA presented strong results supported by robust operating performance, especially in Morocco, given increased government investments in infrastructure and a stable market environment. Effective cost management measures in all regions and a successful business restructuring in China, also contributed to VCEAA's performance.

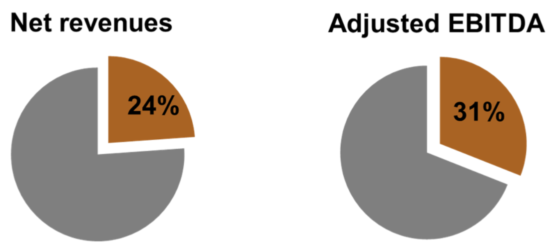
Consolidated net revenues totaled R$ 12,697 million, 9.6% lower than in 2015 mainly explained by lower volume and prices in BRL. In North America, VCNA revenues increased by 1.9% driven primarily by strong price increase in core US markets in both cement and ready mix concrete. In VCEAA, the 10.6% TRY (Turkish lira) depreciation against the EURO and lower sales volume in China were partially compensated by the increase in cement sales volumes in most countries where it operates, and higher prices in Morocco and Tunisia.

Consolidated COGS amounted to R$ 9,578 million, a 5.1% reduction compared to 2015 as a result of the company's global initiatives focused on cost optimization and Zero-based budgeting implemented in 2015. This decline in COGS was due to lower fuel and power consumption and prices, a reduction of 12.8% in raw material and 5.7% in freight against 2015 mainly due to lower sales volume in Brazil and 9.3% lower maintenance costs explained by the rightsizing in Brazil and China also supported the COGS reduction.

Selling, General & Administrative expenses totaled R$ 2,017 million in 2016, 1.4% lower than in 2015. This decrease was driven by G&A expenses reduction due to continuous savings from the global Zero-based budgeting savings, including the optimization of discretionary expenses, such as travel, third-party services, operational vehicles and marketing, among others, which fully mitigated Brazil's inflation impacts within the period.

Adjusted EBITDA amounted to R$ 2.405 million in 2016, 25.4% lower than in 2015, with an EBITDA margin of 18.9%. The Brazilian Market scenario was partially offset by cost reduction in all regions and positive results in VCNA and VCEAA. Excluding one-off impacts, VC´s North American business recorded a 33% increase in EBITDA in USD compared to 2015 on a like for like basis, supported by favorable market and pricing conditions in its core US markets and the continued focus on cost reduction. VCEAA delivered an EBITDA increase of 5.6% in EUR and a 24% margin (3 p.p. increase over 2015) on the back of stronger operational performance in Morocco, increased volume and lower costs in Tunisia and China's EBITDA recovery.

## ZINC & BY-PRODUCTS
(including Milpo)




| US$ million | 2016 | 2015 | 2016 vs. 2015 |
|---|---|---|---|
| **Net revenues** | **1,844** | **1,796** | **3%** |
| **COGS** | **(1,381)** | **(1,412)** | **-2%** |
| **SG&A** | **(218)** | **(190)** | **15%** |
| Selling expenses | (91) | (85) | 7% |
| General & adm. expenses | (127) | (106) | 20% |
| **Other operating results** | **(176)** | **(63)** | **179%** |
| **Depreciation** | **(271)** | **(293)** | **-8%** |
| **Adjusted EBITDA** | **380** | **432** | **-12%** |
| **EBITDA margin** | **21%** | **24%** | **-3.4 p.p.** |

Concentrate production, measured in contained metal (fine content of zinc, copper and lead), totaled 519 kton in 2016. Zinc concentrate production was 2% lower than in 2015 due to lower grades of zinc in Atacocha mined ore, where the operation of San Gerardo allowed access to mineral with higher content of lead-silver, explaining most of the 10% increase of lead concentrate production in 2016. Copper concentrate production increased by 3% mostly due to higher production in the Cerro Lindo mine.

Electrolytic zinc and zinc oxide sales volume increased by 3% in 2016. Despite the economic downturn in Brazil, zinc sales had a positive performance due to improved access to foreign markets.

Brazilian flat steel producers have increased exports to overseas markets, with a positive impact on electrolytic zinc consumption, not only due to additional volumes but also due to export-quality flat steel specifications, which requires more zinc content.

In line with the Company's strategy to develop a global footprint, zinc sales have increased in North America, Latin America, Europe and Asia.

Net revenues totaled US$ 1,844 million in 2016, 3% higher than in 2015. Sales of zinc produced in smelters (electrolytic and oxide) and sales of lead concentrates outperformed in 2016. In addition, London Metal Exchange ("LME") prices of both metals were higher when compared to the previous year. Nonetheless, lower prices of copper and smelting co-products limited part of the revenues gains.

Cost of goods sold (COGS) was 2% lower in 2016. Lower usage of imported concentrates in smelting facilities and operational gains in mining and smelting operations contributed to reduce costs. The Juiz de Fora smelter consumption of imported concentrates was 11% lower than in 2015 due to higher usage of secondary raw materials. In the mining business segment, Cerro Lindo has increased its treatment capacity and Atacocha and El Porvenir mines are under an integration process, to become the "Cerro Pasco" complex.

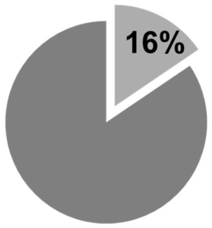
SG&A expenses increased by 15% in 2016. General and administrative expenses increased by 20%, mostly due to the impact of the corporate restructuring in the Votorantim Metais business unit, namely the transfer of some corporate employees to Votorantim Metais Zinco on June 2016. Selling expenses were impacted by higher sales volume.

Such combination of higher net revenues and lower cost of goods sold resulted in a 20% increase in the Company's gross profit. However, the operating results were negatively affected by (i) environmental provisions and (ii) early-stage projects expenses, resulting in an adjusted EBITDA of US$380 million in 2016, 12% lower than in 2015, and causing the EBITDA margin to decrease by 3.4 percentage points.

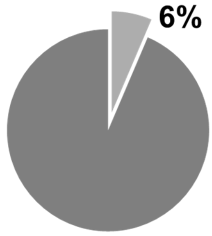
Among such impacts, expenses relating to environmental obligations increased from US$12 million in 2015 to US$75 million in 2016. The amount of US$69 million was recognized as the result of a preliminary valuation of environmental obligations, according to specialized consultants that are updating the decommissioning plans of Brazilian units. Finally, expenses in early-stage and greenfield mining projects increased from US$29 million in 2015 to US$46 million in 2016.

## ALUMINUM

Net revenues




Adjusted EBITDA




| R$ million | 2016[1] | 2015 | 2016 vs. 2015 |
|---|---|---|---|
| **Aluminum Sales Volume (kton)** | **331** | **315** | **+5%** |
| **Net Revenue** | **4,158** | **4,566** | **-9%** |
| Aluminum | 3,034 | 3,125 | -3% |
| Energy | 1,124 | 1,441 | -22% |
| **COGS** | **3,666** | **3,652** | **+0.4%** |
| **SG&A** | **(277)** | **(260)** | **+7%** |
| Selling Expenses | (99) | (81) | +22% |
| General & Adm Expenses | (178) | (179) | -1% |
| **Other Operating Results** | **(1,186)** | **(175)** | **+578%** |
| **Depreciation** | **343** | **316** | **+9%** |
| **Adjusted EBITDA** | **275** | **800** | **-66%** |
| Aluminum | 265 | 538 | -51% |
| Energy | 10 | 262 | -96% |
| **EBITDA Margin** | **6.6%** | **17.5%** | **-10.9 p.p.** |

(1) Considers nickel operations results from July/16 to Dec/16

Since July 1st 2016, nickel operations have been managed under CBA's corporate structure. In this report, nickel operational results impacted aluminum business expenses from July to December 2016, but nickel results from January/16 to June/16 were not included in the comparison tables.

Aluminum sales volume totaled 331 thousands of tons, 5% higher than in 2015. However, the sales mix between primary aluminum and semimanufactured products (semis) was directly impacted by the adverse conditions in the Brazilian market: while primary sales increased by 14% (from 209 thousand tons in 2015 to 239 thousand tons in 2016), semis sales fell 14% (from 107 thousand tons to 92 thousand tons).

The main market segments that demand semis products presented a negative performance in 2016. In the transportation sector, bus bodies production fell 18% compared to 2015, according to FABUS (National Association of Bus Manufacturers). There was also a 30% fall in the number of road implements, according to statistics from ANFIR (National Association of Trailer/Semi-Trailer Manufacturers). Construction activity also dropped by 5%, according to the IBGE (Brazilian Institute of Geography and Statistics).

As a result, the company's net revenues totaled R$ 4,158 million in 2016, 9% lower than in the previous year, especially due to the decrease in energy revenues, given the sales volume reduction under a new pricing level. Regarding aluminum sales alone, net revenues declined 3% in 2016, impacted by the sales mix.

Cost of goods sold (COGS) remained in line with 2015, totaling R$ 3,666 million. Lower energy costs offset higher costs of inputs for aluminum production. Sales, general and administrative expenses increased by 9% compared to the previous year, mainly due to the increase in provisions for doubtful accounts (R$ 20 million) in 2016, impacted by market conditions in Brazil.

In 2016, CBA's adjusted EBITDA totaled R$ 275 million, a decrease of 66% compared to the previous year. In addition to the R$ 408 million reduction in net revenues and the increase in expenses mentioned above, the higher legal provisions related to nickel operations negatively impacted adjusted EBITDA by R$ 118 million.

In the nickel business, the results were impacted by the temporary suspension of all nickel-operations. Net revenues totaled R$ 332 million, a decrease of 70% and EBITDA was negative by R$ 223 million, these results in the nickel segment refers only to the period from January to June 2016.

## LONG STEEL


| R$ million | 2016 (1) | 2015 | 2016 vs. 2015 |
|---|---|---|---|
| **Net revenues** | **1,569** | **1,969** | **-20%** |
| **COGS** | **(1,207)** | **(1,448)** | **-17%** |
| **SG&A** | **(226)** | **(294)** | **-23%** |
| Selling expenses | (111) | (150) | -26% |
| General & adm. expenses | (115) | (144) | -20% |
| **Other operating results** | **(153)** | **21** | **-829%** |
| **Depreciation** | **(146)** | **(131)** | **11%** |
| **Adjusted EBITDA** | **304** | **386** | **-21%** |
| **EBITDA margin** | **19.4%** | **19.6%** | **-0.2 p.p.** |

(1) Considers the Industrial Segment only

According to the World Steel Association, worldwide installed capacity utilization stood at 69.3% in 2016, compared to 69.7% in 2015, and the global idle installed capacity of around 800 million tons remains a concern in the sector.

Regarding idle capacity, in February 2017 VSA and ArcellorMittal Brasil entered into an agreement to capture synergies from the combination of the long steel business of the two companies in Brazil.

Brazilian long steel results were not included in 2016 financial statements since these assets were classified as available for sale.

Long steel operations in Argentina and Colombia were not included in the transaction and remained focused on cost reduction and operational stability.

In Argentina the government's revision of public infrastructure projects in 2016, the higher long steel inventory held by the main customers and the adjustment measures taken by the new government affected the demand throughout the year. In Colombia, the 45-day truck drivers' strike that began in June 2016 restricted the products' sales.

Net revenues in these two countries totaled R$1.6 billion in 2016, 20% less than 2015, due to lower sales volume as a consequence of the economic scenario in Argentina, in Colombia sales prices remained stable in local currency, but the 21% depreciation of the Colombian peso in the year in relation to the Brazilian real had a negative effect on the consolidated results.

COGS totaled R$1.2 billion, 17% lower than 2015, mainly due to the devaluation of the Argentine peso against the Brazilian real and the reduction in prices of metallic inputs in Argentina. This decrease was partially offset by higher depreciation expenses after the review of the useful life of some assets and the increase in the price of met coal in Colombia.

SG&A totaled R$226 million, 23% lower than 2015, because of the devaluation of the Argentine peso against the Brazilian real and lower expenses with third party services, partially offset by higher personnel expenses, reflection of the inflation in Argentina.

Adjusted EBITDA totaled R$304 million, 21% down on 2015, and the EBITDA margin stood at 19.4%.

## BUSINESSES RECOGNIZED UNDER THE EQUITY METHOD

| R$ million | 2016 | 2015 |
|---|---|---|
| **Net income/loss without results from investees** | **(2,037)** | **83** |
| Fibria | 487 | 54 |
| Citrosuco | (117) | - |
| Banco Votorantim | 172 | - |
| Others | 245 | 245 |
| **Net loss** | **(1,250)** | **382** |

In 2016, the businesses that were recognized under the equity method, primarily Fibria and Votorantim Finanças, which owns 50% of Banco Votorantim, contributed to partially offset the VSA's loss.

Fibria's net revenues totaled R$9.6 billion in 2016 and adjusted EBITDA was R$ 3.7 billion, 5% and 30% less than in 2015 respectively. In 2016, Fibria continued to invest in the Horizonte 2 project, which reached 77% of physical completion and 57% of financial execution.

Citrosuco’s results from the 2015-2016 harvest were impacted by adverse weather conditions, which affected both the quantity and the quality of the fruits produced in Brazil. In light of this scenario, Citrosuco revised its commercial strategy, reflecting a drop of 21% in FCOJ's sales volume. Adjusted EBITDA decreased 31% compared to the 2014-2015 harvest, totaling US$117 million.

Banco Votorantim reported a net income of R$426 million in 2016, compared to R$482 million in 2015. The balance of the expanded credit portfolio closed the year at R$60.9 billion, falling 7.1% in the last 12 months reflecting the focus on profitability and assets quality. At the end of 2016, shareholders' equity totaled R$8.4 billion, an increase of 10.6% compared to 2015. The Basel Ratio ended the year at 15.1%, higher than the minimum capital requirement.

## 2. ADDITIONAL REMARKS

### (i) Brazilian long steel operation

On February 22, 2017, VSA entered into an agreement with ArcelorMittal Brasil (AMB) and its shareholders, whereby Votorantim Siderurgia S.A. will become a subsidiary of AMB (“Transaction”). The Transaction comprises VSBR’s operations in Brazil and does not include Acerías Paz del Río, in Colombia, and Acerbrag, in Argentina, which will continue to integrate the long steel business in VSA’s portfolio.

## 3. INVESTOR RELATIONS CONTACTS

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## EXHIBIT I – VOTORANTIM S.A. CONSOLIDATED INCOME STATEMENT

| Consolidated Income Statement<br>R$ million | 2016 | 2015 |
|---|---|---|
| **Continuing operations** | | |
| Net revenue from products sold and services rendered | 26,738 | 29,272 |
| Cost of products sold and services rendered | (20,773) | (21,967) |
| **Gross profit** | 5,965 | 7,305 |
| **Operating expenses** | | |
| Selling | (1,667) | (1,625) |
| General and administrative | (2,112) | (2,083) |
| Other operating expenses, net | (2,605) | (440) |
| | (6,384) | (4,148) |
| **Operating profit (loss) before equity results and finance results** | (419) | 3,157 |
| **Result from equity investments** | | |
| Equity in the results of investees | 737 | 299 |
| Realization of other comprehensive income on disposal of investments | 44 | |
| | 781 | 299 |
| **Finance results, net** | | |
| Finance income | 1,397 | 1,071 |
| Finance costs | (2,666) | (2,853) |
| Derivative financial instruments | (1,006) | 444 |
| Foreign exchange losses, net | 544 | (564) |
| | (1,731) | (1,902) |
| **Profit (loss) before income tax and social contribution** | (1,369) | 1,554 |
| **Income tax and social contribution** | | |
| Current | (481) | (714) |
| Deferred | 868 | (164) |
| **Profit (loss) for the year from continuing operations** | (982) | 676 |
| **Discontinued operations** | | |
| Loss for the year from discontinued operations | (268) | (294) |
| **Profit (loss) for the year** | (1,250) | 382 |
| Profit (loss) attributable to the owners of the Company | (1,295) | 387 |
| Profit (loss) attributable to non-controlling interests | 45 | (5) |
| **Profit (loss) for the year** | (1,250) | 382 |

# EXHIBIT II – VOTORANTIM S.A. CONSOLIDATED CASH FLOW

| Consolidated Cash Flow<br>R$ million | 2016 | 2015 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit (loss) before income tax and social contribution** | (1,369) | 1,554 |
| Loss for the year from discontinued operations | (268) | (294) |
| Adjustments of items that do not represent changes in cash and cash equivalents | | |
| Depreciation, amortization and depletion | 2,788 | 2,754 |
| Equity in the results of investees | (737) | (299) |
| Realization of other comprehensive income on disposal of investments | (44) | |
| Interest, indexation and foreign exchange variations | 962 | 2,567 |
| Provision for impairment of fixed, intangible assets and investments | 2,151 | 650 |
| Gain on sale of fixed and intangible assets, net | (149) | (345) |
| Gain on sale of investments, net | (312) | (265) |
| Allowance for doubtful accounts | 4 | |
| Fair value adjustment - Resolution 4131 | (26) | |
| Discount on repurchase of bonds | (173) | |
| Provision | 384 | 151 |
| Derivative financial instruments | 791 | (386) |
| Financial instruments - firm commitment | 252 | 326 |
| Change in fair value of biological assets | (10) | 44 |
| | 4,244 | 6,457 |
| **Decrease (increase) in assets** | | |
| Financial investments | 1,754 | 503 |
| Derivative financial instruments | (72) | 57 |
| Trade accounts receivable | 522 | (320) |
| Inventory | 322 | (435) |
| Taxes recoverable | 171 | (81) |
| Related parties | 320 | (28) |
| Other accounts receivable and other assets | (111) | (33) |
| **Increase (decrease) in liabilities** | | |
| Trade payables | (300) | 854 |
| Salaries and social charges | (20) | 127 |
| Use of public assets | 105 | 145 |
| Taxes payable | (102) | (71) |
| Other liabilities | 304 | (29) |
| **Cash provided by operations** | 7,137 | 7,146 |
| Interest paid on borrowing and use of public assets | (1,779) | (1,876) |
| Premium paid on the Tender Offer | | (136) |
| Income tax and social contribution paid | (491) | (634) |
| **Net cash provided by operating activities** | 4,867 | 4,500 |
| **Cash flow from investment activities** | | |
| Proceeds from disposals of fixed and intangible assets | 379 | 328 |
| Proceeds from sale of investments - Sirama | 566 | 142 |
| Proceeds from sales of other investments | 82 | 285 |
| Dividends received | 245 | 716 |
| Capital decrease in investees | | (22) |
| Acquisitions of property, plant and equipment | (3,026) | (3,199) |
| Increase in biological assets | (5) | (13) |
| Capital increase in investees | | 57 |
| Increase in intangible assets | (181) | (105) |
| **Net cash used in investment activities** | (1,940) | (1,811) |
| **Cash flow from financing activities** | | |
| New borrowing | 6,162 | 7,191 |
| Repayment of borrowing | (7,376) | (7,576) |
| Related parties | | |
| Derivative financial instruments | (371) | 151 |
| Capital increase | | 120 |
| Acquisition of non-controlling interests - VCNNE | | |
| Increase in non-controlling interests - Itacamba | | 53 |
| Increase in non-controlling interests - Yacuces | | 55 |
| Fair value of interest increase - Milpo | | (466) |
| Interest on debentures - VFIN | | (106) |
| Dividends paid | (105) | (386) |
| **Net cash used in financing activities** | (1,690) | (964) |
| Increase in cash and cash equivalents | 1,237 | 1,725 |
| Cash increase resulting from incorporation | 177 | |
| Effect of fluctuations in exchange rates | (1,117) | 1,384 |
| Cash and cash equivalents at the beginning of the year | 6,649 | 3,540 |
| Cash and cash equivalents at the end of the year | 6,946 | 6,649 |

# EXHIBIT III – VOTORANTIM S.A. CONSOLIDATED BALANCE SHEET

| Consolidated Balance Sheet<br>R$ million | 2016 | 2015 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | 6,946 | 6,649 |
| Financial investments | 3,190 | 3,936 |
| Derivative financial instruments | 136 | 180 |
| Trade receivables | 2,001 | 2,745 |
| Inventory | 3,381 | 3,888 |
| Taxes recoverable | 1,527 | 1,376 |
| Dividends receivable | 180 | 42 |
| Financial instruments - firm commitment | 317 | 903 |
| Other assets | 580 | 767 |
| | 18,258 | 20,486 |
| Assets classified as held-for-sale | 2,125 | 414 |
| | 20,383 | 20,900 |
| Non-current assets | | |
| Long-term receivables | | |
| Financial investments | 39 | 36 |
| Derivative financial instruments | 232 | 1,361 |
| Taxes recoverable | 1,586 | 1,315 |
| Related parties | 535 | 3,188 |
| Deferred income tax and social contribution | 4,055 | 4,065 |
| Judicial deposits | 420 | 349 |
| Financial instruments - firm commitment | 371 | 65 |
| Other assets | 858 | 514 |
| | 8,096 | 10,893 |
| Investments | 12,949 | 5,174 |
| Biological assets | 66 | 81 |
| Property, plant and equipment | 25,091 | 29,281 |
| Intangible assets | 13,013 | 16,570 |
| | 59,215 | 61,999 |
| Total assets | 79,598 | 82,899 |

| Consolidated Balance Sheet<br>R$ million | 2016 | 2015 |
|---|---|---|
| **Liabilities and equity** | | |
| Current liabilities | | |
| Borrowing | 1,772 | 2,616 |
| Derivative financial instruments | 401 | 476 |
| Confirming payables | 968 | 1,083 |
| Trade payables | 2,726 | 3,179 |
| Salaries and payroll charges | 848 | 918 |
| Taxes payable | 422 | 502 |
| Advances from clients | 174 | 242 |
| Dividends payable | 48 | 162 |
| Use of public assets | 67 | 61 |
| Financial instruments - firm commitment | | 2 |
| Deferred revenue - performance obligation | 244 | 244 |
| Other liabilities | 795 | 713 |
| | 8,465 | 10,198 |
| Liabilities related to assets as held-for-sale | 1,522 | |
| | 9,987 | 10,198 |
| Non-current liabilities | | |
| Borrowing | 22,631 | 27,915 |
| Derivative financial instruments | 342 | 601 |
| Deferred income tax and social contribution | 1,983 | 2,061 |
| Related parties | 22 | 1,216 |
| Provision | 2,346 | 2,189 |
| Use of public assets | 1,119 | 1,064 |
| Pension plan | 317 | 305 |
| Financial instruments - firm commitment | 10 | 81 |
| Deferred revenue - performance obligation | 515 | 752 |
| Other liabilities | 1,503 | 519 |
| | 30,788 | 36,703 |
| Total liabilities | 40,775 | 46,901 |
| Equity | | |
| Share capital | 28,656 | 21,419 |
| Revenue reserves | 6,254 | 7,436 |
| Retained earnings | | |
| Carrying value adjustments | 1,255 | 2,967 |
| Total equity attributable to owners of the Company | 36,165 | 31,822 |
| Non-controlling interests | 2,658 | 4,176 |
| Total equity | 38,823 | 35,998 |
| Total liabilities and equity | 79,598 | 82,899 |

# EXHIBIT IV – VOTORANTIM S.A. CONSOLIDATED INCOME STATEMENT (BY BUSINESS UNIT)

| 2016 Consolidated Income Statement (by Business Units)<br>R$ million | Cement | Zinc and byproducts ("VMH") | Aluminum ("CBA") | Steel (**) | Nickel (*) | Holding and other | Total, industrial segments | Total, consolidated |
|---|---|---|---|---|---|---|---|---|
| Net revenue from products sold and services rendered | 12,697 | 6,386 | 4,158 | 1,569 | 332 | 1,596 | 26,738 | 26,738 |
| Cost of products sold and services rendered | (9,578) | (4,801) | (3,666) | (1,207) | (489) | (1,032) | (20,773) | (20,773) |
| **Gross profit (loss)** | 3,119 | 1,585 | 492 | 362 | (157) | 564 | 5,965 | 5,965 |
| **Operating income (expenses)** | | | | | | | | |
| Selling | (1,091) | (315) | (99) | (111) | (5) | (46) | (1,667) | (1,667) |
| General and administrative | (926) | (437) | (178) | (115) | (55) | (387) | (2,098) | (2,112) |
| Other operating income (expenses), net | 354 | (586) | (1,186) | (153) | (42) | (992) | (2,605) | (2,605) |
| | (1,663) | (1,338) | (1,463) | (379) | (102) | (1,425) | (6,370) | (6,384) |
| **Operating profit (loss) before equity results and finance results** | 1,456 | 247 | (971) | (17) | (259) | (861) | (405) | (419) |
| **Result from equity investments** | | | | | | | | |
| Equity in the results of investees | 134 | (1) | 169 | | 10 | 431 | 743 | 737 |
| Realization of other comprehensive invome on disposal of investments | 44 | | | | | | 44 | 44 |
| | 178 | (1) | 169 | | 10 | 431 | 787 | 781 |
| **Finance results, net** | | | | | | | | |
| Finance income | 872 | 56 | 136 | 23 | 28 | 252 | 1,367 | 1,397 |
| Finance costs | (1,675) | (201) | (442) | (87) | (37) | (222) | (2,664) | (2,666) |
| Derivative financial instruments | (770) | (13) | (2) | | (5) | (216) | (1,006) | (1,006) |
| Foreign exchange gains (losses), net | 561 | 499 | 466 | (10) | 270 | (1,242) | 544 | 544 |
| | (1,012) | 341 | 158 | (74) | 256 | (1,428) | (1,759) | (1,731) |
| **Profit (loss) before income tax and social contribution** | 622 | 587 | (644) | (91) | 7 | (1,858) | (1,377) | (1,369) |
| **Income tax and social contribution** | | | | | | | | |
| Current | (83) | (238) | (26) | (74) | | (57) | (478) | (481) |
| Deferred | (119) | (99) | 444 | (51) | | 698 | 873 | 868 |
| **Profit (loss) for the year from continuing operations** | 420 | 250 | (226) | (216) | 7 | (1,217) | (982) | (982) |
| **Discontinued operations** | | | | | | | | |
| Profit (loss) for the year from discontinued operations | 4 | | | | | (272) | (268) | (268) |
| **Profit (loss) for the year** | 424 | 250 | (226) | (216) | 7 | (1,489) | (1,250) | (1,250) |
| Profit (loss) attributable to the owners of the Company | 370 | 218 | (226) | (160) | 7 | (1,504) | (1,295) | (1,295) |
| Profit (loss) attributable to non-controlling interests | 54 | 32 | | (56) | | 15 | 45 | 45 |
| **Profit (loss) for the year** | 424 | 250 | (226) | (216) | 7 | (1,489) | (1,250) | (1,250) |

(*) Corresponds to the period between January 1 and June 30, 2016, as VMSA was merged into CBA on July 1, 2016.
(**) Relates to long steel operations abroad (Argentina and Colombia).