



**Votorantim**

**CORPORATE PRESENTATION**  
**1Q15 RESULTS**

May 2015

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**Business Performance**  
**Financial Highlights**  
**Closing Remarks**



# Votorantim Industrial's portfolio



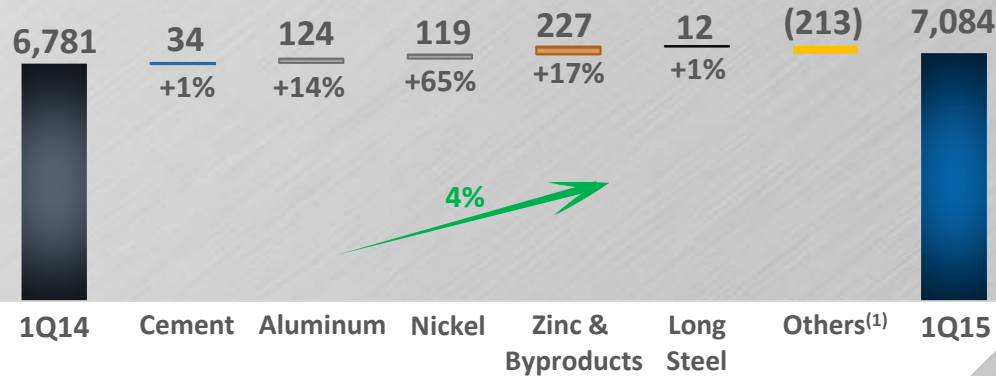
VID has a stake of:

- 1- 50.06% in Milpo
- 2- 82.42% in APDR
- 3- 29.42% in Fibria
- 4- According to the IFRS11, Fibria's results is consolidated through the equity method.

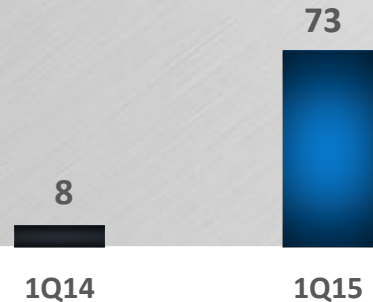
# Consistent operating results despite weak Brazilian economic performance

(R\$ million)

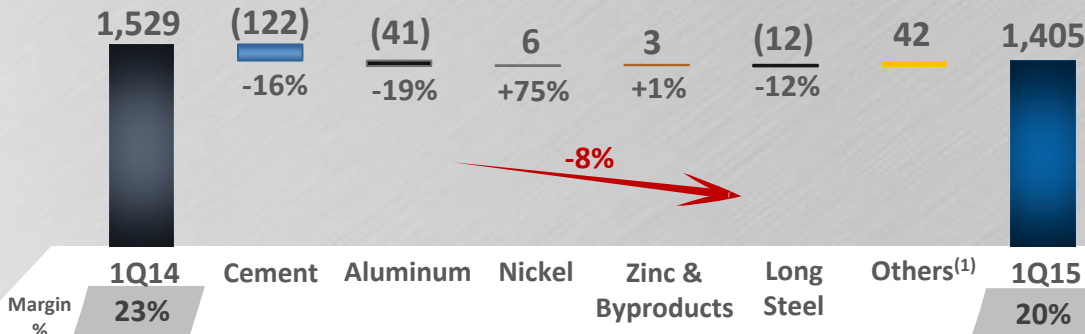
## Net Revenues



## Net Income



## Adjusted EBITDA



## Highlights

- ◆ Revenues increased by 4% mainly due to higher metals prices in BRL
- ◆ EBITDA decreased by 8% reflecting Brazilian weak economic performance – the Brazilian Central Bank weekly survey indicated a 1.2% GDP retraction for 2015<sup>(2)</sup>
- ◆ Net Income in the quarter totaled R\$73 million

(1) Include Holding, Votorantim Energia, Baesa, Enercan, elimination and others

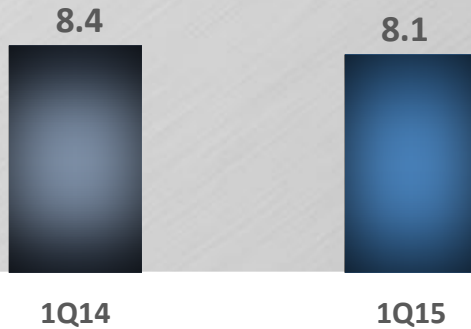
(2) As of May 15, 2015

# Cement | Results

(R\$ million)

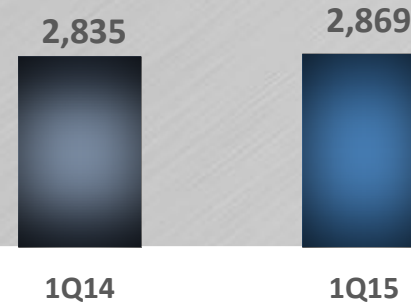
## Volumes (Mton)

-4%

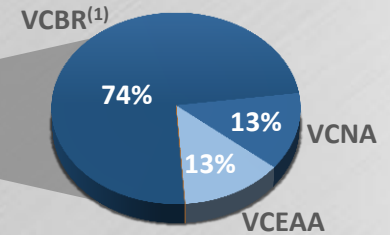


## Net revenues

1%



### Breakdown 1Q15



## Adjusted EBITDA

-16%



Margin %

27%

22%

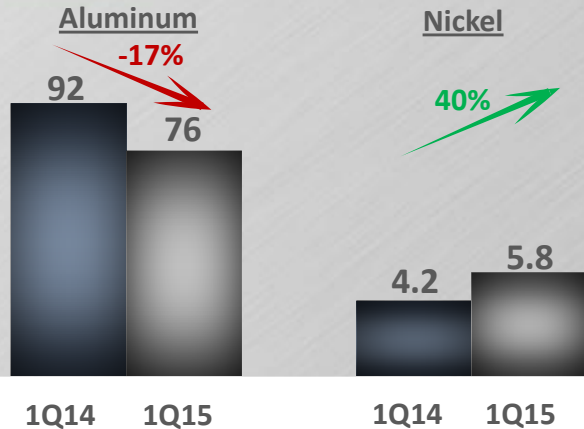
## Highlights

- ◆ **VCNA volume increase** was not enough to offset the decrease in VCEAA and VCBR
- ◆ Net revenues were impacted by global volume decrease offset by **cement price increase in almost all regions** (except Spain, Canada and India)
- ◆ 1Q15 EBITDA mainly impacted by **higher energy costs** in Brazil, **FX effect on petcoke imports** and **higher payroll expenses**

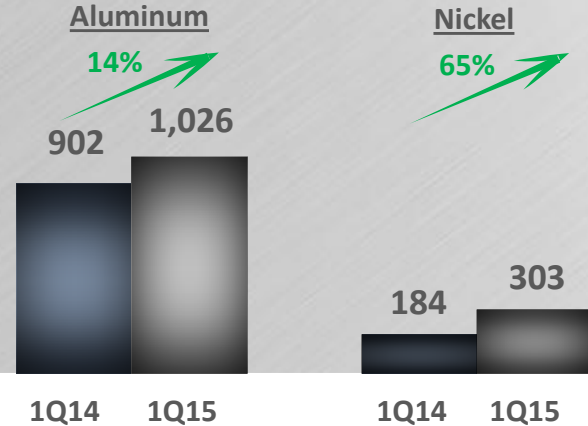
# Aluminum & Nickel | Results

(R\$ million)

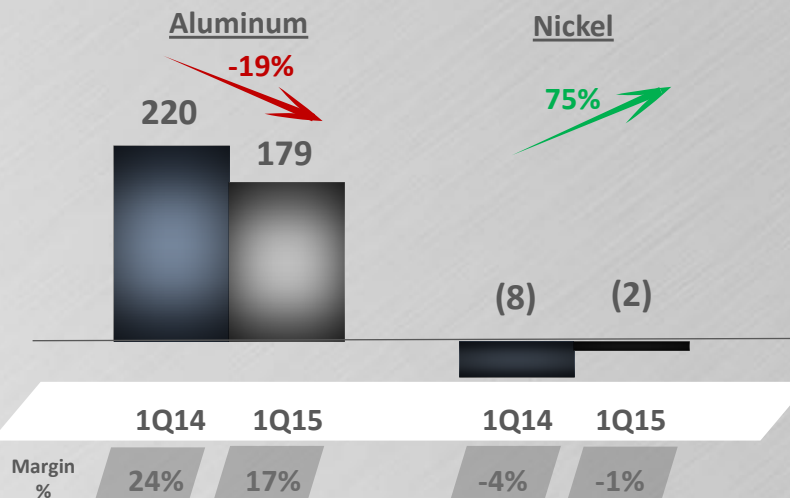
## Volumes (kton)



## Net Revenues



## Adjusted EBITDA



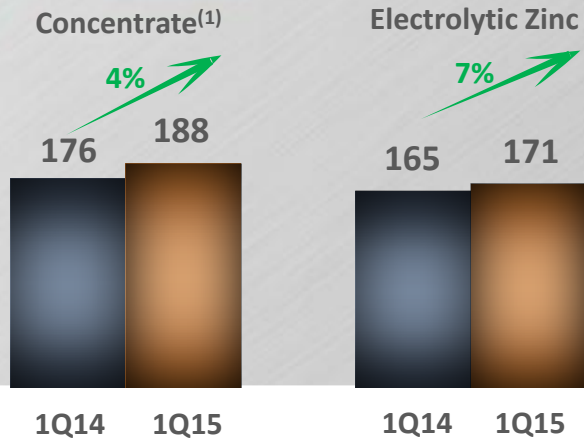
## Highlights

- ◆ **Aluminum**
  - Sales volume decreased due to lower demand in construction, transport and consumer goods industries in Brazil
  - Revenues increased on the back of higher prices in BRL
  - Lower margin from sale of energy surplus in 1Q15, negatively impacted the EBITDA
  
- ◆ **Nickel**
  - Higher sales volume due to maintenance stoppage in 1Q14
  - Revenues increased as a result of higher sales volume and prices in BRL
  - EBITDA improved due to lower sales and administrative expenses on exports

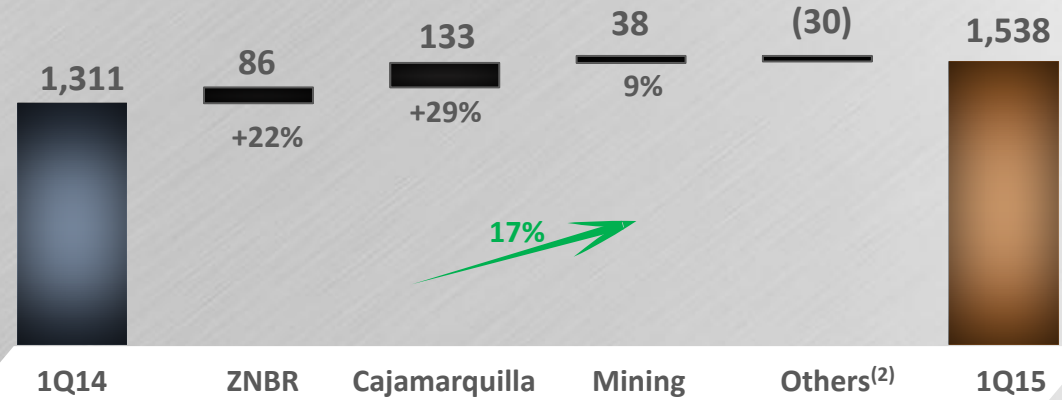
# Zinc & Byproducts | Results

(R\$ million)

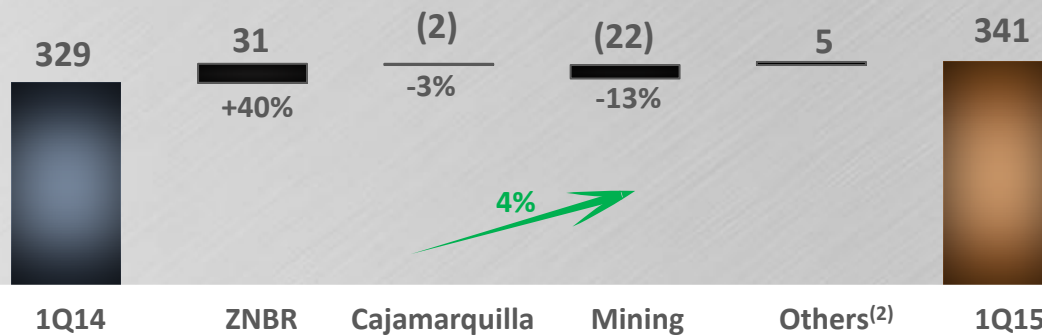
## Volumes (kton)



## Net revenues



## Adjusted EBITDA



## Highlights

- ◆ Zinc price on LME increased by 3% YoY reflecting the lowest level of zinc inventory in 5 years
- ◆ Revenues and EBITDA improved led by **greater zinc and concentrate sales volumes** along with **higher zinc prices in BRL**
- ◆ EBITDA margin decreased 3 p.p. due to **lower copper concentrate price**

Margin %



- (1) Includes zinc, copper and lead  
 (2) Includes US Zinc and eliminations

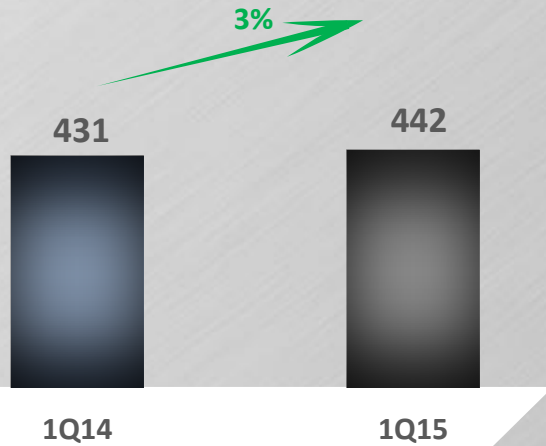
For further information on Milpo, please visit [milpo.com/ir](http://milpo.com/ir)



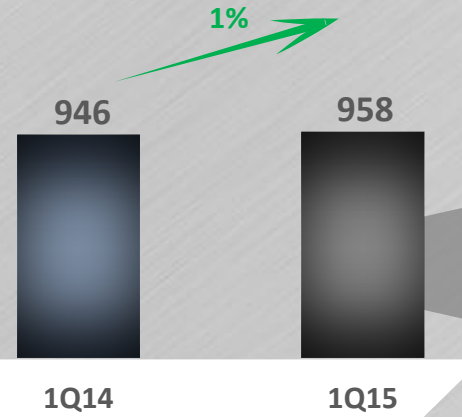
# Long Steel | Results

(R\$ million)

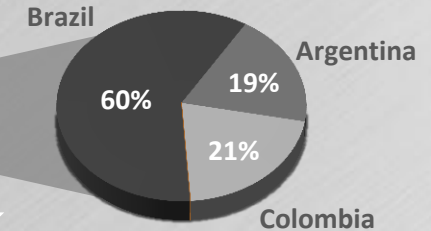
## Volumes (Mton)



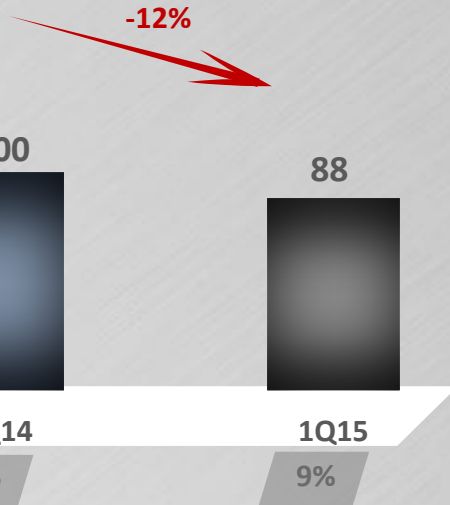
## Net revenues



### Breakdown 1Q15



## Adjusted EBITDA



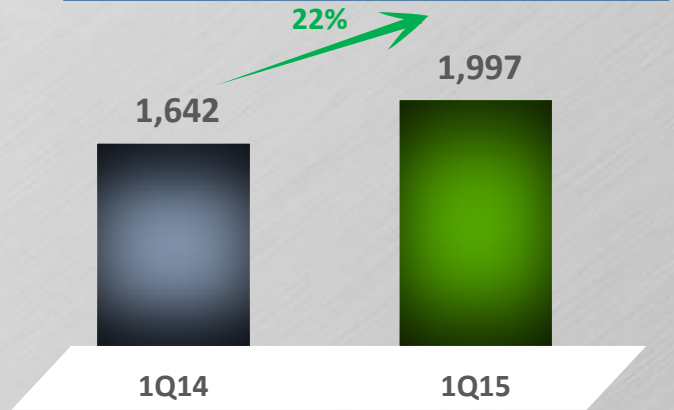
## Highlights

- ◆ **Brazil** – Revenues decreased mainly due to lower prices in 1Q15 compared to 1Q14. EBITDA negatively affected by higher energy costs
- ◆ **Argentina** – Revenues went up mainly due to higher prices in connection to higher inflation. EBITDA decreased as a result of higher scrap prices and payroll expenses
- ◆ **Colombia** – Revenues improved due to better sales mix, specially to the construction segment. EBITDA increased due to lower energy cost and coal prices

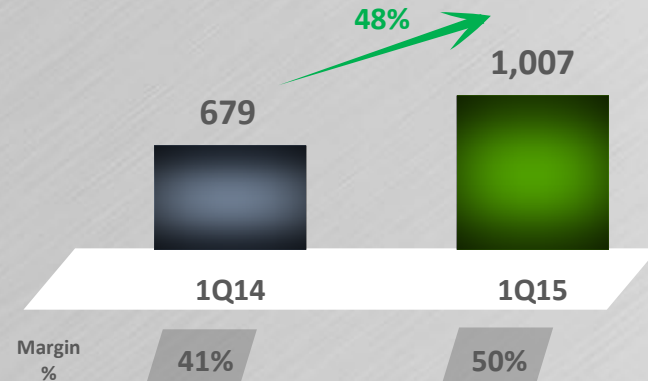
# Pulp | Results<sup>(1)</sup>

(R\$ million)

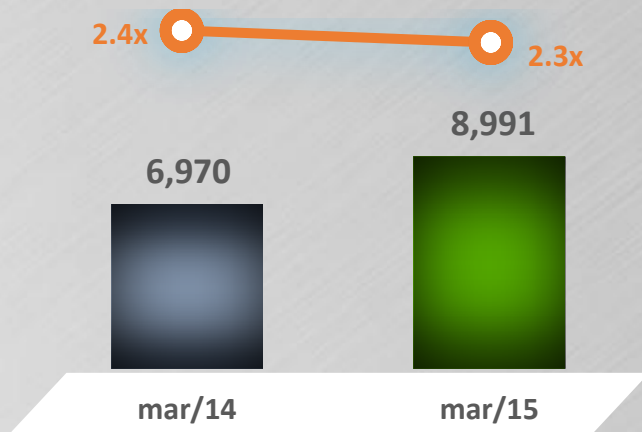
## Net Revenues



## Adjusted EBITDA



## Net Debt and Net Debt/EBITDA<sup>(2)</sup>



## Highlights

- ◆ EBITDA Margin went up to **50%**, a new quarterly **record high**
- ◆ Net debt in dollars reached its **lowest level** since Fibria began operations
- ◆ Fibria was upgraded by S&P to **BBB-** (Investment Grade)

For further information, please visit [fibria.com/ir](http://fibria.com/ir)

(1) Fibria's figures @ 100% (VID has a 29.4% equity participation in Fibria)

(2) Net Debt/EBITDA in US\$



**Business Performance**  
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**Closing Remarks**

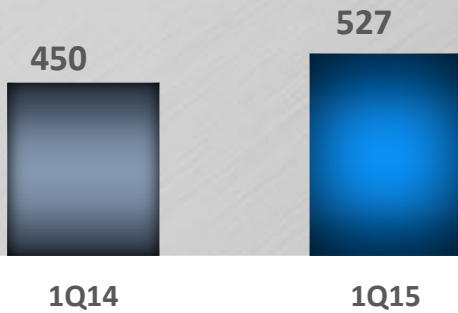


# Investment decision balances strategic expansion projects with deleverage commitment

(R\$ million)

## Capex

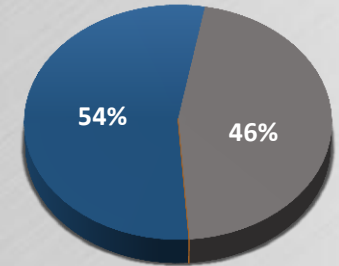
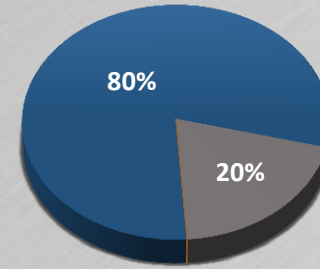
17%



## Capex Breakdown

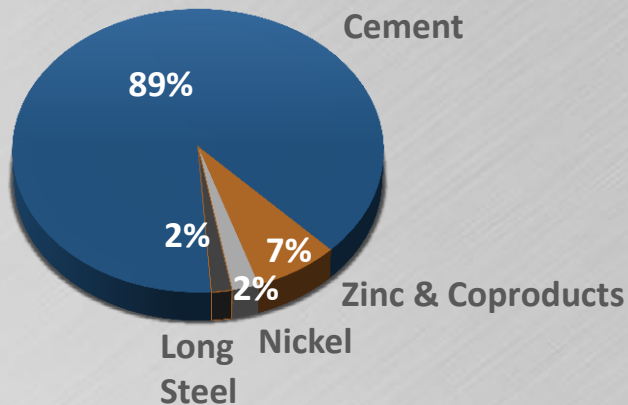
1Q14

1Q15



■ Non-expansion ■ Expansion

## Expansion Projects



## Highlights

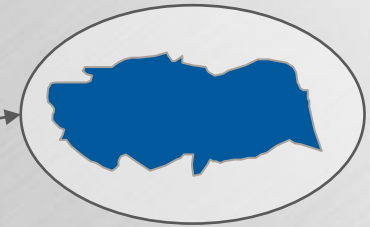
- ◆ **Continued expansion** in fast growing Brazilian markets
- ◆ **Extension of useful life of Vazante mine** benefits competitiveness of Três Marias plant
- ◆ **Lower sustaining and modernization expenses**, mainly in aluminum and cement

# Expansion Projects



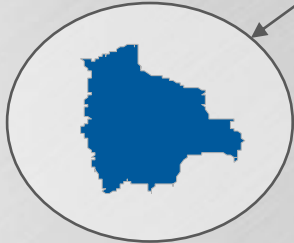
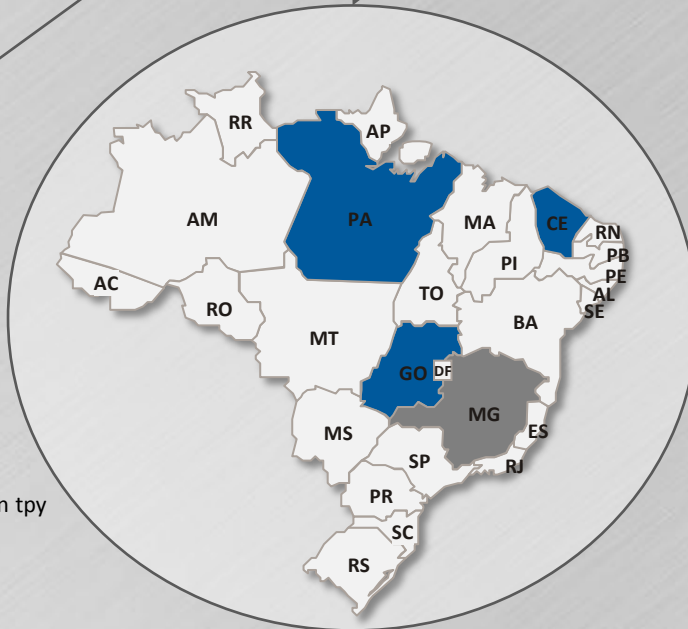
## Charlesvoix (North America)

- Cement plant
- Brownfield project
- Increased capacity: 0.6 million tpy
- Start-up in 1H17



## Sivas (Turkey)

- Cement plant
- Brownfield project
- Increased capacity: 1.2 million tpy
- Start-up in 2017



## Itacamba (Bolivia)

- Cement plant
- Greenfield project
- Increased capacity: 0.9 million tpy
- Start-up in 2H17

## Sobral (CE - Brazil)

- Cement plant
- Greenfield project
- Increased capacity: 1.0 million tpy
- Start-up in 2H17

## Pecem (CE - Brazil)

- Grinding mill
- Brownfield project
- Increased capacity: 0.5 million tpy
- Start-up in 2H17

## Edealina (GO - Brazil)

- Cement plant
- Greenfield project
- Increased capacity: 2.0 million tpy
- Start-up in 2H15

## Primavera (PA - Brazil)

- Cement plant
- Greenfield project
- Increased capacity: 1.2 million tpy
- Start-up in 2H15

## Vazante (MG - Brazil)

- Zinc mine
- Brownfield project
- Extension of useful lifetime to 2026

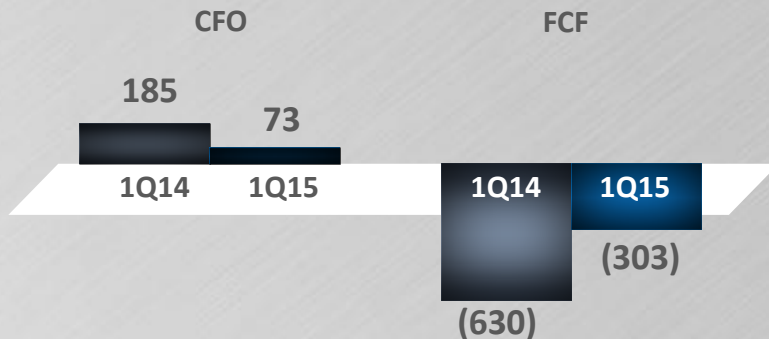
# Free Cash Flow improvement as a result of lower financial expenses

(R\$ million)

## Free Cash Flow Generation



## Cash Flow



## Highlights

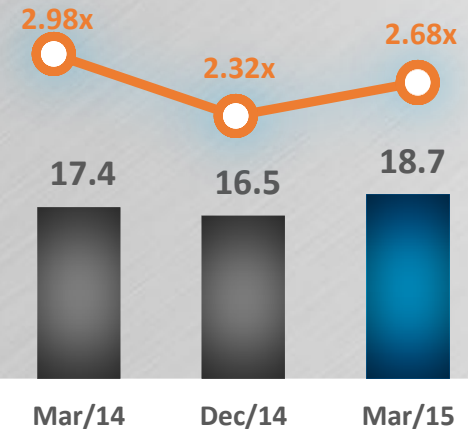
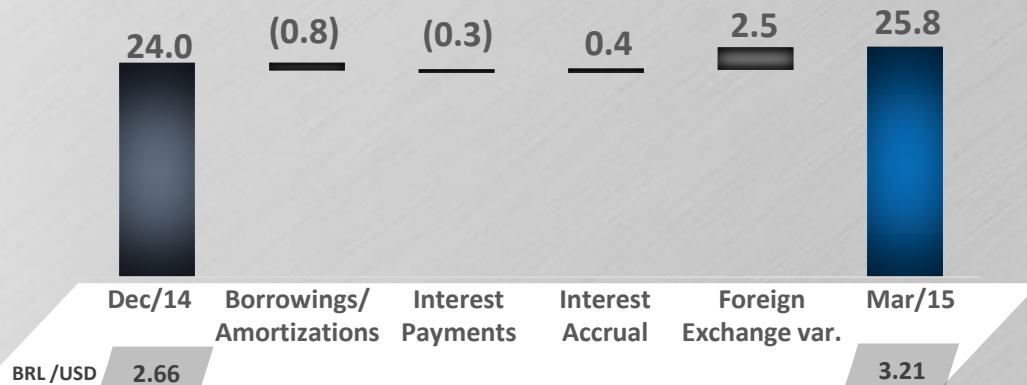
- ◆ **Lower CFO** driven by **higher investment in expansion projects**, especially in Cement
- ◆ **FCF increased** as a result of lower financial expenses due to the execution of liability management in 2014

# Despite net principal amortization, total debt increased on the back of the BRL depreciation

(R\$ billion)

## Gross Debt

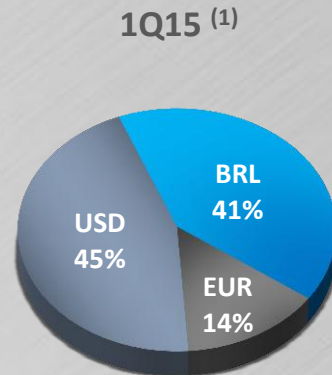
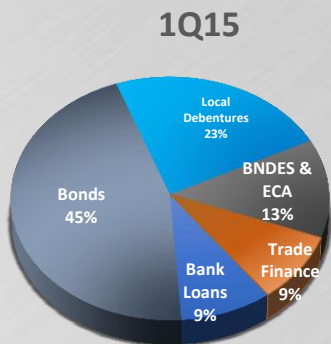
## Net Debt/EBITDA



## Funding Mix

## Debt by Currency

## Highlights



- ◆ Net debt /EBITDA ratio of **2.68x**, 0.3x down from 2.98x in 1Q14, despite the BRL depreciation in the period
- ◆ **Gross debt was 8% up** on dec/14 as a result of the **BRL depreciation** in the period
- ◆ **Reduction** in USD denominated debt in the amount of **US\$ 222 million** during 1Q15

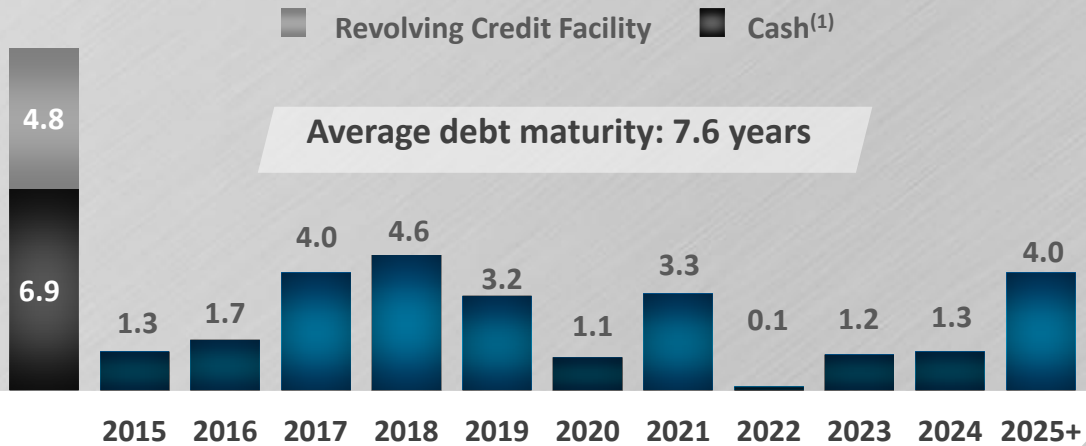
(1) 4131 bilateral loan considered as BRL due to the cross-currency swap.

# Strong liquidity and low refinancing risk in the short term

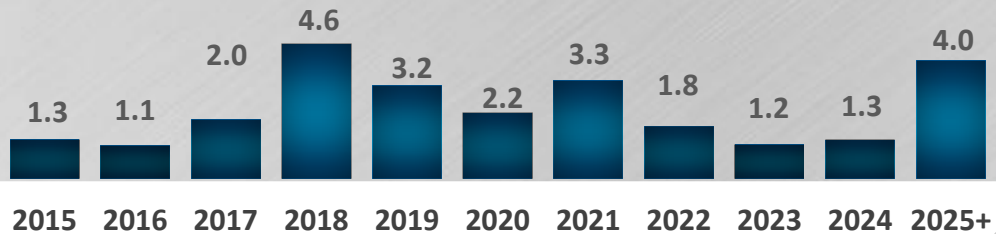
(R\$ billion)

## Debt Amortization Schedule

◆ As of March 31, 2015



◆ After the Liability Management execution

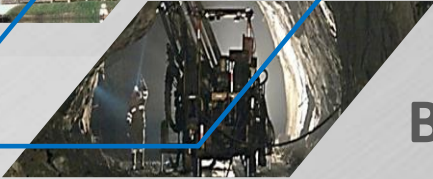


## Highlights

- ◆ Comfortable average debt maturity of 7.6 years in 1Q14
- ◆ Liability management in progress, further improving debt profile

(1) Includes cash, cash equivalents and financial investments





**Business Performance**  
**Financial Highlights**  
**Closing Remarks**



## Closing Remarks

- ◆ **Uncertainties about global scenario along with volatile commodity prices**
- ◆ **Challenging Brazilian economic environment: negative GDP coupled with higher inflation and interest rates**
- ◆ **Management focused on continuous improvement in operating performance**
- ◆ **Disciplined investments in strategic regions with higher growth potential**
- ◆ **Solid financial position: net debt /EBITDA at 2.68x, lowest 1<sup>st</sup> quarter level since 2011, strong liquidity position and smooth amortization schedule**
- ◆ **Moody's, S&P and Fitch affirmed Votorantim's ratings (Baa3 | BBB | BBB), all stable outlook**