Votorantim

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CORPORATE PRESENTATION
2Q14 RESULTS

August 2014

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Agenda

1 Business Performance

2 Financial Highlights

3 Closing Remarks

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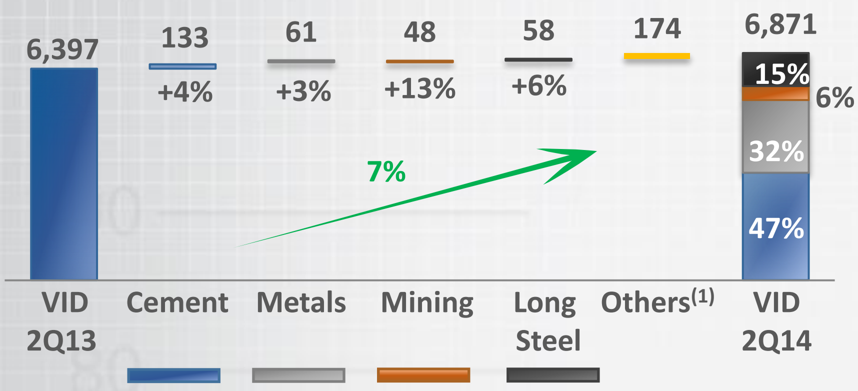
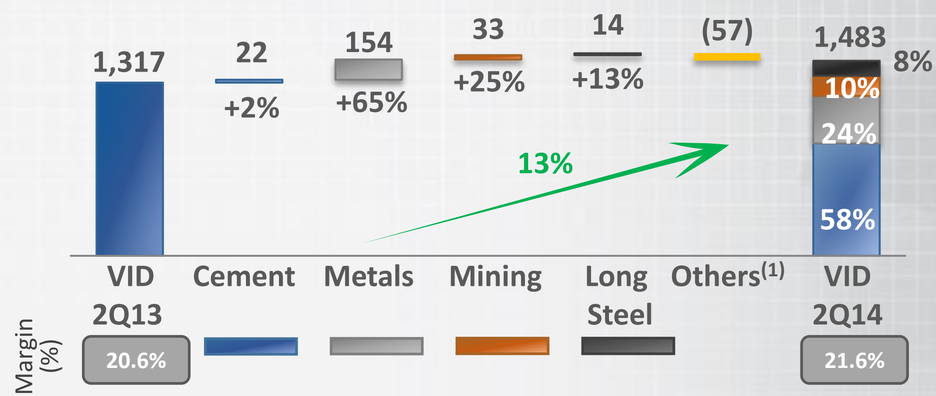
EBITDA and Net Income improved on the back of robust operating performance

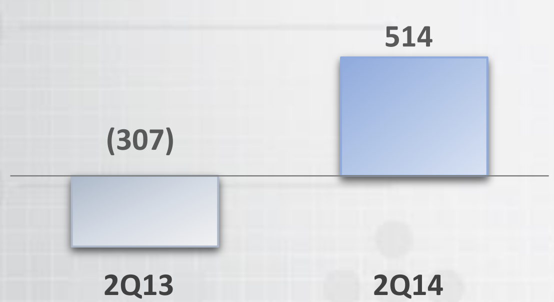
Net Revenues (R$ million)



Adjusted EBITDA (R$ million)



Net Income (R$ million)



(1) Includes Holding, elimination, energy and others

Highlights

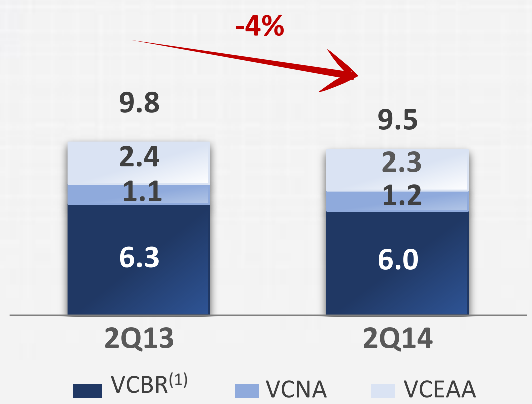
- **Revenues went up by 7%** mainly due to **higher prices** in BRL in all business segments
- Focus on **operational efficiency** driving **EBITDA** and **EBITDA margin growth**
- **Net Income increased by R$821MM** as a result of **solid operating performance** along with **improved results in investees**, especially in Fibria
- **Excluding non-recurring financial expenses** of R$484 million in connection with the tender offers, **Net Income** would have been **R$998 million**

Cement | Results

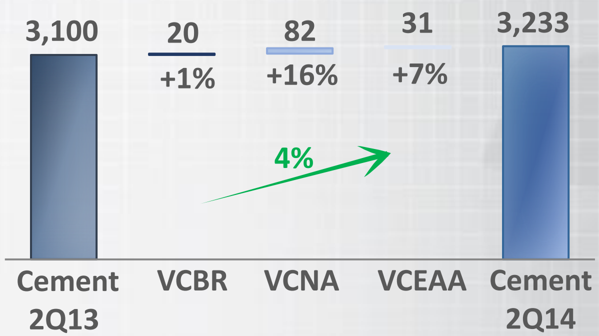
Price

	2Q13	2Q14
R$/US$ (Average)	2.07	2.23
R$/EUR (Average)	2.70	3.06

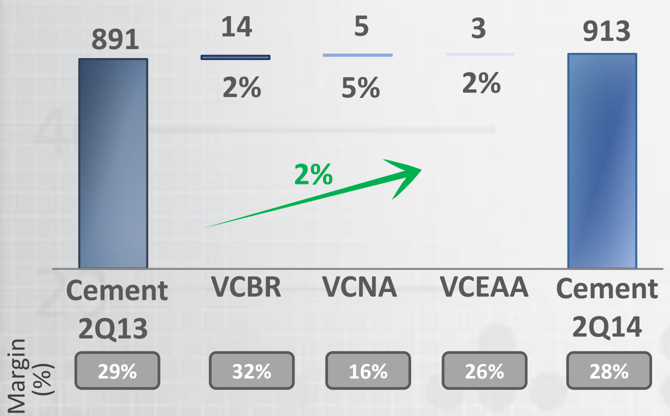
Volume (M ton)



Net Revenues (R$ million)



Adjusted EBITDA (R$ million)



Highlights

- VCBR
  - **Lower sales volume** due to maintenance stoppages in the **North and Northeast regions**
  - **Revenues and EBITDA increased** mainly due to **higher prices**
- VCNA
  - **Revenues increased by 16%** on the back of **higher sales volume and prices**
  - **EBITDA margin decreased** due to **higher energy cost** along **with greater maintenance cost** in St Marys and Bowmanville plants
- VCEAA
  - **Higher prices** in BRL improved **Revenues** and **EBITDA. EBITDA margin increased** due to lower freight expenses

(1) Includes Latin American operations

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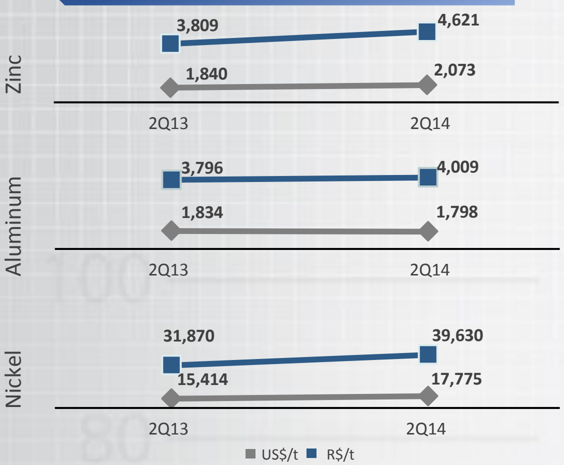
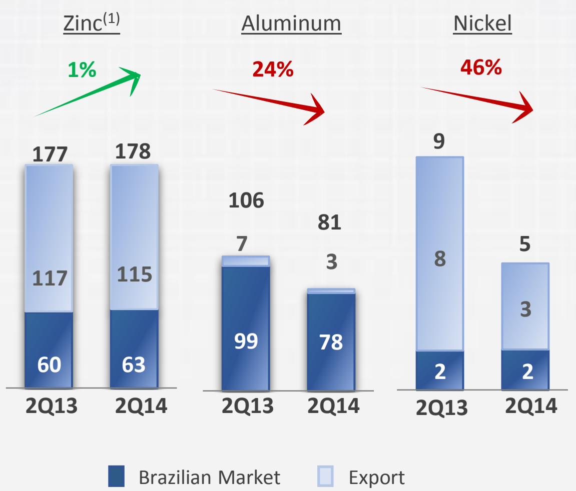
Metals | Results

Price

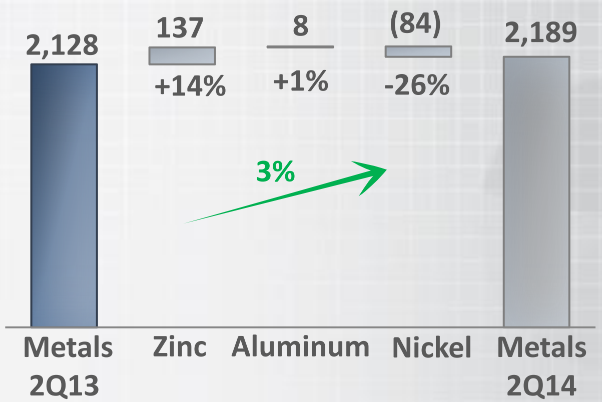


	2Q13	2Q14
R$/US$ (Average)	2.07	2.23

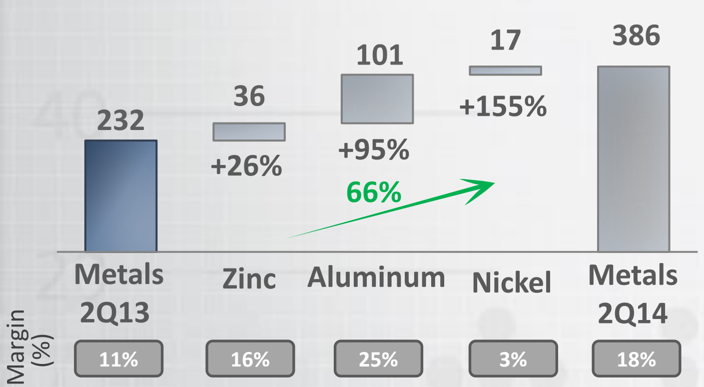
Volume (kton)



Net Revenues (R$ million)



Adjusted EBITDA (R$ million)



Highlights

- Zinc
  - **Revenues improved** on the back of **higher LME prices** along with BRL depreciation
  - **EBITDA increased** due to lower sales expenses, in connection with the strategy of increasing sales in the Brazilian market
- Aluminum
  - **Sales volume decreased** as a result of the **reduction in exports** along **with lower demand** from **construction and transport** industries in Brazil
  - **Revenues and EBITDA increased** as a result of **higher LME prices** and the **sale of energy surplus**
- Nickel
  - **Lower sales volume** due to the **temporary closure** of the Fortaleza de Minas plant
  - **EBITDA increased** as a result of the higher **LME prices** combined with **BRL depreciation**

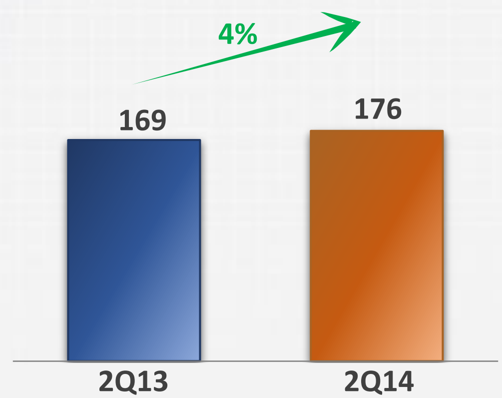
(1) Zinc exports include Zinc Brazil and Cajamarquilla

Mining Peru (Milpo)[1] | Results

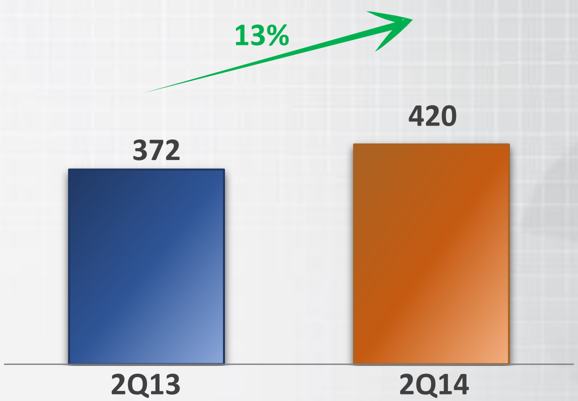
Price (US$/t)

R$/US$ (Average)	2.07	2.23

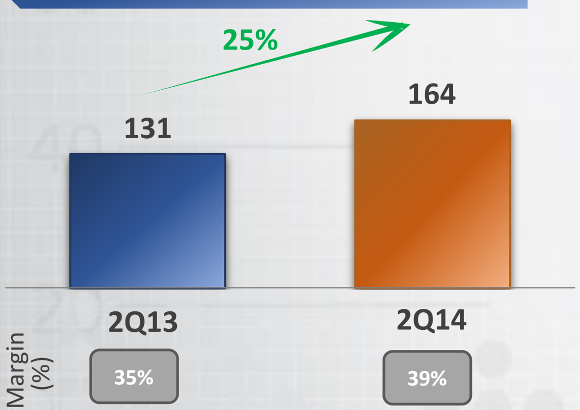
Concentrates production (kton)[2]



Net Revenues (R$ million)



Adjusted EBITDA (R$ million)



Highlights

- **Revenues** of R$420 million, a **13% increase** due to **higher concentrate production** and **BRL depreciation**
- **Higher revenues** and **lower cash costs** resulted in a **25% increase of EBITDA to R$164 million** and **EBITDA margin** reached **39% in 2Q14,** compared to **35% in 2Q13**
- Healthy cash generation following an improved operational performance led to a **decrease** in the **Net Debt / EBITDA ratio.**

For further information, please visit www.milpo.com/ir

(1) VID has a stake of 50,06% and consolidates 100% of Milpo
(2) Includes zinc, copper and lead

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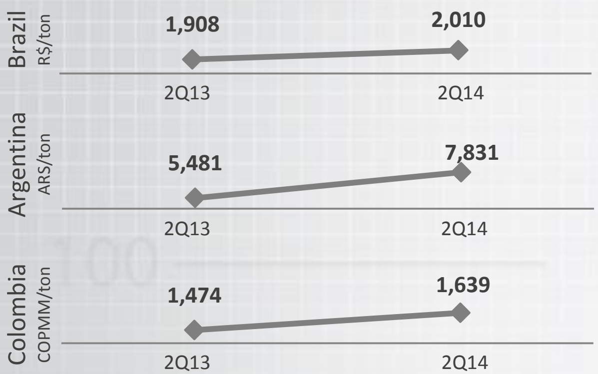
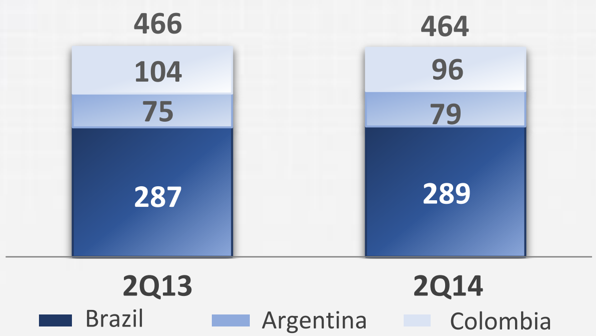
Long Steel| Results

Price

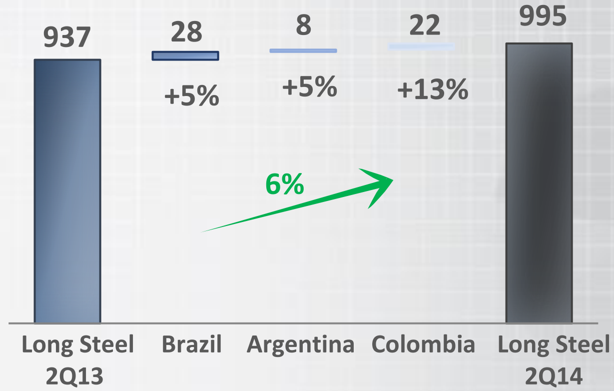


	2Q13	2Q14
ARS/US$ (Average)	5.24	8.06
COP/US$ (Average)	1,865	1,913

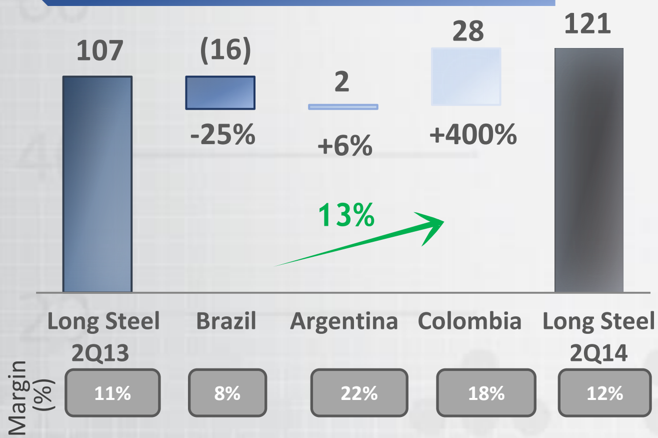
Volume (kton)



Net Revenues (R$ million)



Adjusted EBITDA (R$ million)



Highlights

- **Brazil – Revenues increased** mainly as a result of **higher prices.** EBITDA negatively impacted by **increased scrap cost** along with **higher pig iron utilization**
- **Argentina – Revenues and EBITDA increased** on the back of **higher sales volume** and **price**
- **Colombia – Price increase** offset lower sales volume and positively affected revenues. Continuous efforts to improve **operational efficiency** increased **EBITDA and EBITDA margin**

(1) Sitrel figures @100%. VID has a 50.0% equity interest in Sitrel. In conformity with IFRS11, Sitrel is not consolidated in VID's financial statements

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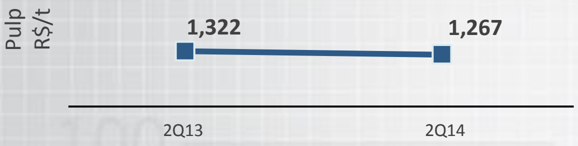
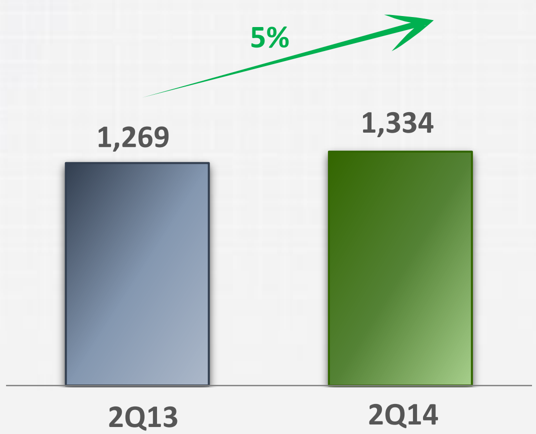
Fibria[1] | Results

Price

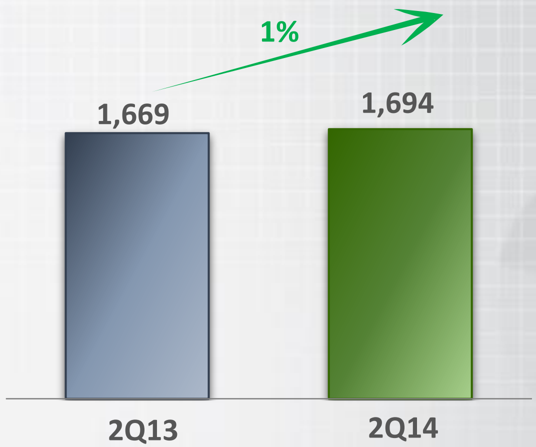


R$/US$ (Average)	2.07	2.23

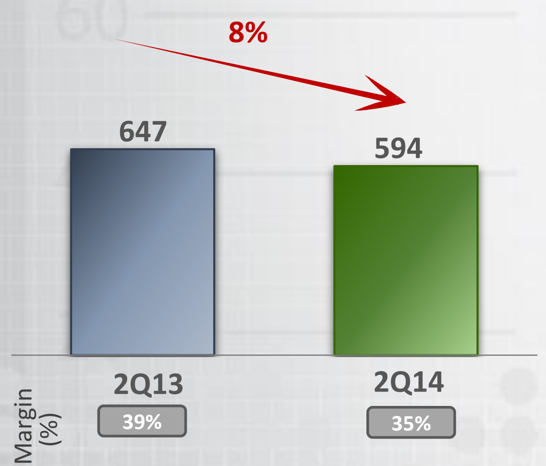
Volume (kton)



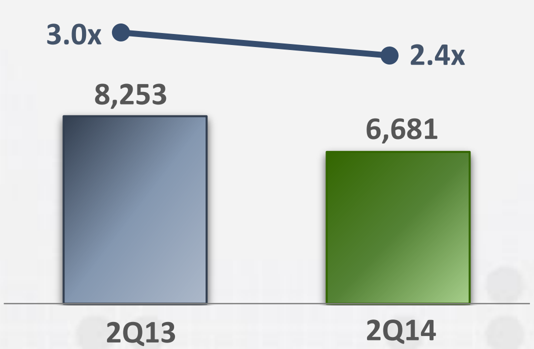
Net Revenues (R$ million)



Adjusted EBITDA[2] (R$ million)



Net Debt (R$ million) and Net Debt/EBITDA (USD)



Highlights

- **EBITDA and EBITDA margin decrease** mainly explained by the lower net pulp price on the grounds of the expectation for the arrival of new pulp capacities volumes
- **Net debt/EBITDA** in USD at **2.4x** (Jun/13: **3.0x**)
- **Partial repurchase of bonds** in the amount of **US$486 million** and i**ssuance of US$600 million** with maturity in 2024
- **Tax credits** in the amount of **R$861 million**, with a net effect in the net income of R$568 million

For further information, please visit www.fibria.com/ir

(1) Fibria's figures @ 100%. VID has 29,4% equity interest in Fibria. In conformity with IFRS11, Fibria is not consolidated in VID's financial statements
(2) EBITDA adjusted by non-recurring and non-cash items

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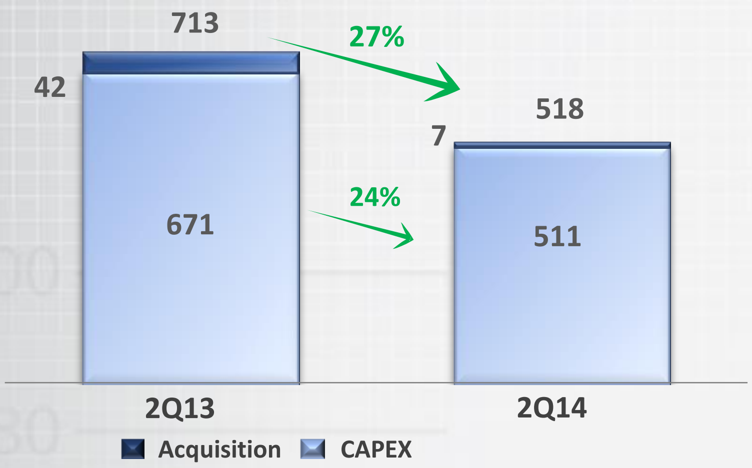
Disciplined investment approach maintained

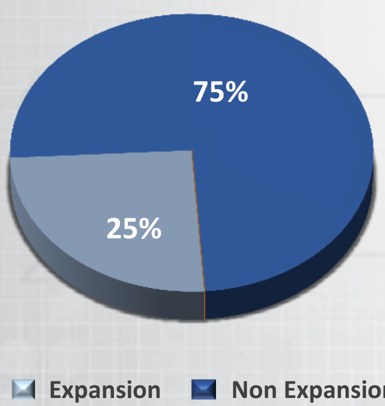
Investments (R$ million)

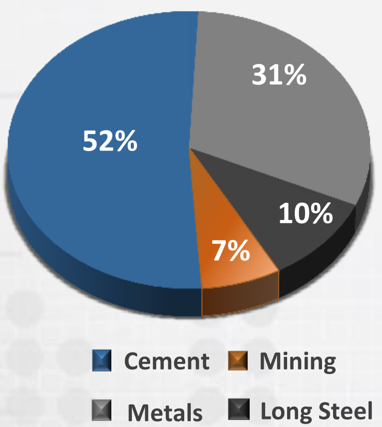


Highlights

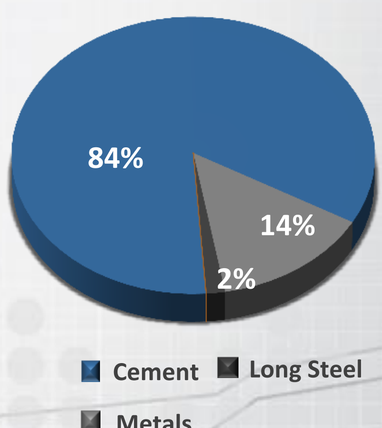
- CAPEX reduction due to the **conclusion of 3 projects** in the **cement business**: Cuiabá (1.2Mt) and Rio Branco (1.0Mt) plants and Santa Helena (0.7Mt) grinding mill
- **Expansion projects** represented **25%** of the total CAPEX
- **Cement accounted** for **52%** and **84%** of total and expansion CAPEX, respectively
  - Current expansion projects: Primavera (1.2Mt), Edealina (1.9Mt) and Xambioá (0.8Mt)

CAPEX Breakdown



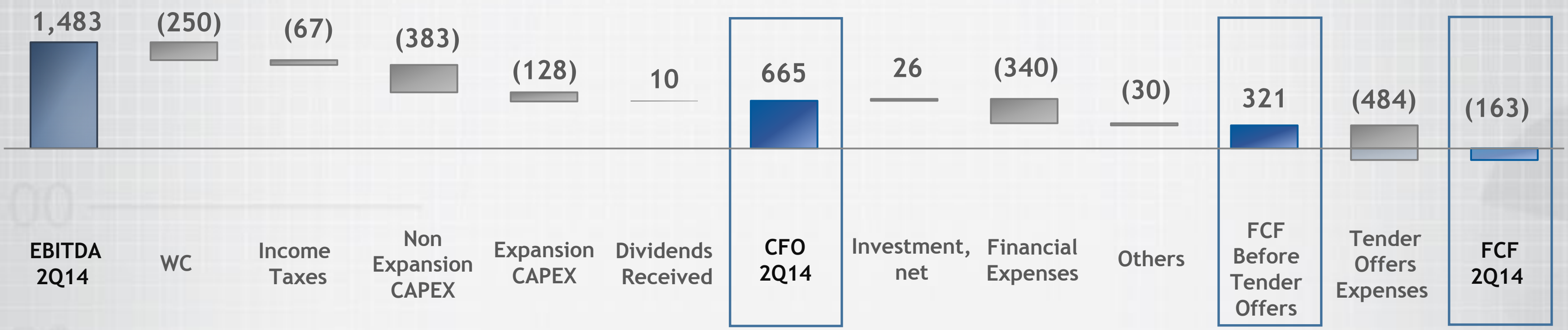


Expansion Projects

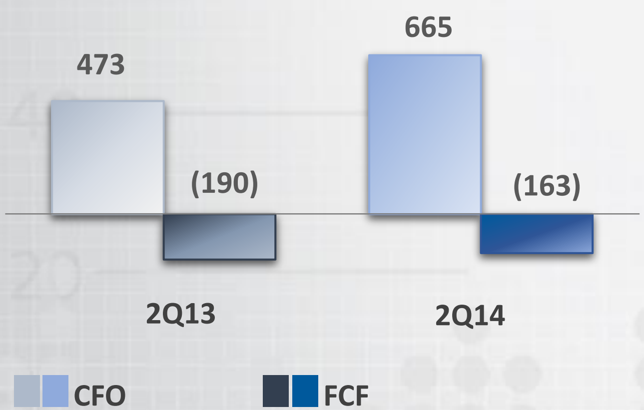


Strong cash flow from operations supported non-recurring financial expenses in connection to liability management

Free Cash Flow



Cash Flow from Operations and Free Cash Flow

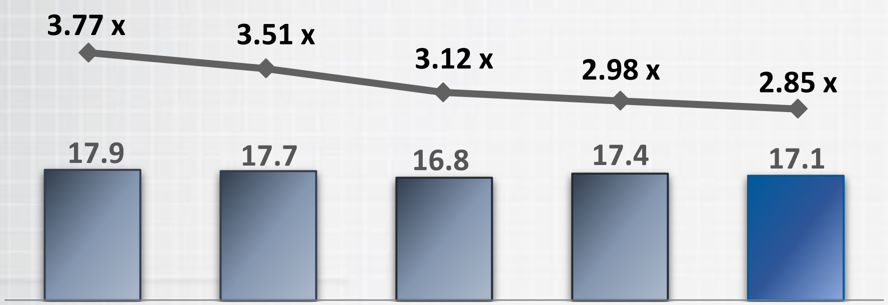


Highlights

- Cash Flow from Operations improved to R$665 million (vs. R$473 million in 2Q13) thanks to strong operating performance, working capital under control and disciplined investments
- Excluding the non-recurring financial expenses of R$484 million in connection with the liability management, **Free Cash Flow would have been R$321 million positive**

Strong operational performance along with disciplined investments resulting in further financial deleverage

Net Debt (R$ bi) and Net Debt /EBITDA



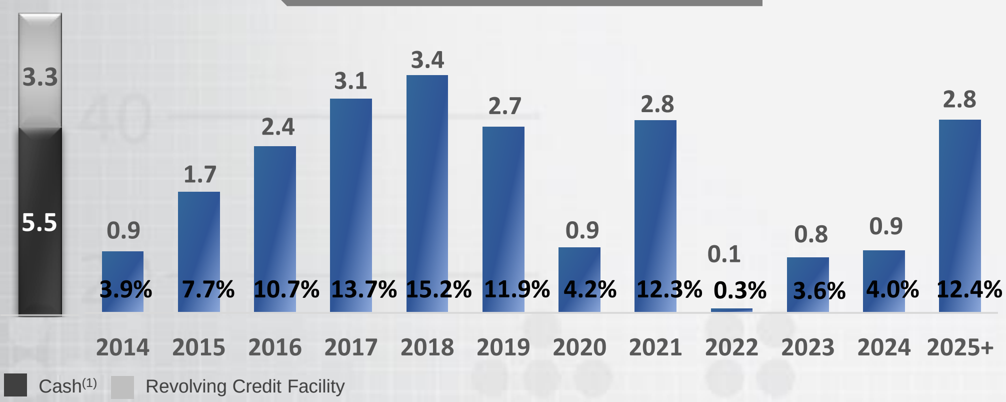
	2Q13	3Q13	4Q13	1Q14	2Q14
Total Debt	23.2	23.3	23.4	22.2	22.5
LTM EBITDA	4.6	5.1	5.4	5.8	6.0
BRL/USD	2.22	2.23	2.34	2.26	2.20

Highlights

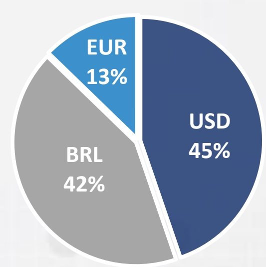
- Partial repurchase of 2017 bonds in the amount of EUR446 million and new issue of EUR650 million with maturity in 2021
- Repurchase of US$234 million through Tender Offer (2019, 2020 and 2021 bonds) and a new issue of US$400 million with maturity in 2024
- Net Debt/EBITDA ratio decreased by 0.92x, reaching 2.85x in 2Q14
- Foreign currency exposure declined to 58% (Jun/13 – 63%)

Debt Amortization Schedule[1] (R$ bi)

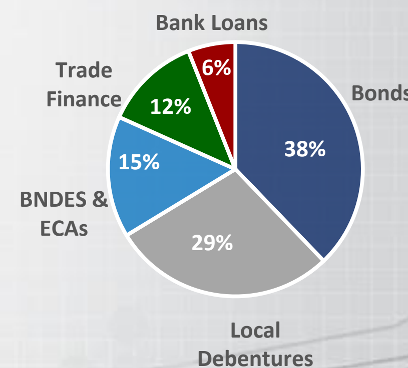
Average Debt Maturity: 7.1 years



Debt by Currency



Funding Mix



(1) Cash, cash equivalent and financial investments

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Closing remarks

- Consistent operating performance from all business segments leading to healthy EBITDA growth
- Strong Cash Flow from Operations as a result of the operating performance along with disciplined CAPEX execution
- Robust Net Income in the quarter, despite higher financial expenses in connection with the Liability Management
- Financial deleverage in progress: Net Debt to EBITDA ratio fell to 2.85x