Votorantim

Votorantim S.A.

Earnings Release 2Q17

2Q17 HIGHLIGHTS

R$ million	2Q17	2Q16	2Q17 vs. 2Q16	1Q17	2Q17 vs. 1Q17	LTM	2016	LTM vs. 2016
Net revenues	6,912	7,042	-2%	5,845	18%	26,212	26,738	-2%
Adjusted EBITDA	1,520	1,455	4%	625	143%	4,106	4,285	-4%
EBITDA margin	22%	21%	1 p.p	11%	11 p.p	16%	16%	-0 p.p.
Net income	554	319	74%	(546)	N.M.	(1,704)	(1,250)	-36%
Net debt/Adj. EBITDA LTM	3.89 x	2.75(1) x	1.14 x	3.92 x	-0.03 x	3.89 x	3.44 x	0.45 x
CAPEX	728	773	-6%	570	28%	3,040	3,031	0%

Considers only the Industrial Segment

(1) Includes the Brazilian long steel business results

Consolidated

- Net revenues amounted to R$6.9 billion, 2% lower than 2Q16, mainly affected by lower prices and sales volume from the Brazilian cement operations, by the appreciation of the Brazilian real on the consolidation of operations abroad and by the temporary suspension of the nickel operations.
- Adjusted EBITDA totaled R$1.5 billion, an increase of 4% compared to 2Q16.
- Despite the challenging scenario in Brazil, the net debt/Adj. EBITDA ratio came down from 3.92x in 1Q17 to 3.89x in 2Q17.

Cement

- Net revenues fell 14% when compared to the 2Q16. VCNA stronger prices, and Spain and China better performance were not able to offset lower volumes mainly in Brazil and USD and EUR depreciation against BRL, which negatively impacted consolidated results.
- Reduction of gross debt with R$700 million VSA's capital increase contributing to the maintenance of strong liquidity position and extended debt profile.
- Moving toward the end of investment cycle with Sivas start-up and the divestments of non-core asset backing up free cash flow generation.

Zinc & by-products

- Higher net revenues due to increased prices across the base metals, in a context of positive momentum in the global economy and supply constraints.
- Adjusted EBITDA totaled US$140 million, 11% higher than 2Q16.

Aluminum

- Aluminum business net revenues went up 4%, as a result of higher LME prices and stability in the Brazilian market for aluminum.
- Adjusted EBITDA totaled R$241 million, 265% higher than 2Q16, with positive results in both aluminum and energy markets.

Long steel

- Brazil – The results from the Brazilian operations were classified as available for sale since December 2016 Financial Statements.
- Argentina – Net revenues increased and Adjusted EBITDA remained stable compared to 2Q16, mainly due to higher sales volume and prices, driven by a recovery in the construction sector.
- Colombia – Net revenues and Adjusted EBITDA went down mainly due to lower sales volume reflecting the slowdown in demand.

1. ECONOMIC OUTLOOK

The world economy is in a process of gradual recovery. According to the World Bank, an improvement of the industrial activity has coincided with a pickup in global trade, obstacles to growth among commodity exporters are gradually diminishing, while activity in commodity importers remains generally robust. The financial market volatility has been low despite elevated policy uncertainty(1). The International Monetary Fund (IMF) continues to project a world growth of 3.5% in 2017(2).

In the United States, real Gross Domestic Product (GDP) increased at an annual rate of 2.6% in the 2Q17, according to the estimate released by the Bureau of Economic Analysis(3), reflecting the positive contributions from personal consumption expenditures and business-equipment spending. IMF has revised down US growth in 2017 to 2.1%, from 2.3% presented last April, given the uncertainty about the timing and nature of U.S. fiscal policy changes.

Growth in Eurozone remains at a sustained pace and most of the countries are participating in its recovery. Inflationary pressures remain under control, with inflation expectations below the European Central Bank target of 2.0%. The unemployment rate has been declining at a faster pace, reaching 9.1% in June, 2017, the lowest level since February, 2009, according to Eurostat. The euro is stronger since pro-EU centrist Macron won the French election.

In the 2Q17, according to National Bureau of Statistics of China, the economy grew 6.9% over the same period last year, the same level as the 1Q17. According to IMF, the actual projection for the year is 6.7%, reinforcing the stronger outturn in the 1Q17 established by previous policy easing and supply-side reforms (including efforts to reduce excess capacity in the industrial sector). There are risks in the medium term for China’s economy coming from rising debt and overcapacity of the manufacturing sector.

In Brazil, despite a supposed corruption scheme involving president Michel Temer, the National Congress voted to keep him away from corruption investigations. The Labor Reform was approved in July, 2017, while Pension Reform is in stand-by mode.

The Brazilian market consensus for 2017 GDP is 0.34% and 7.5% of interest rate by year end, 0.5% lower than the previous report(4). In July, 2017, according to Brazilian Institute of Geography and Statistics (IBGE), the inflation rose 0.24% over the previous month on higher social contribution taxes on fuel. Despite of it, the annual inflation rate reached the lowest level since February, 1999.

(1) Source: World Bank Group. 2017. Global Economic Prospects, June 2017: A Fragile Recovery. Washington, DC: World Bank. Washington, DC: World Bank. doi: 10.1596/978-1-4648-1024-4. License: Creative Commons Attribution CC BY 3.0 IGO.
(2) Source: IMF World Economic Outlook, July 2017.
(3) Source: "advance" estimate released by the Bureau of Economic Analysis, July 28, 2017.
(4) Source: Brazilian Central Bank Focus report of August 04, 2017.

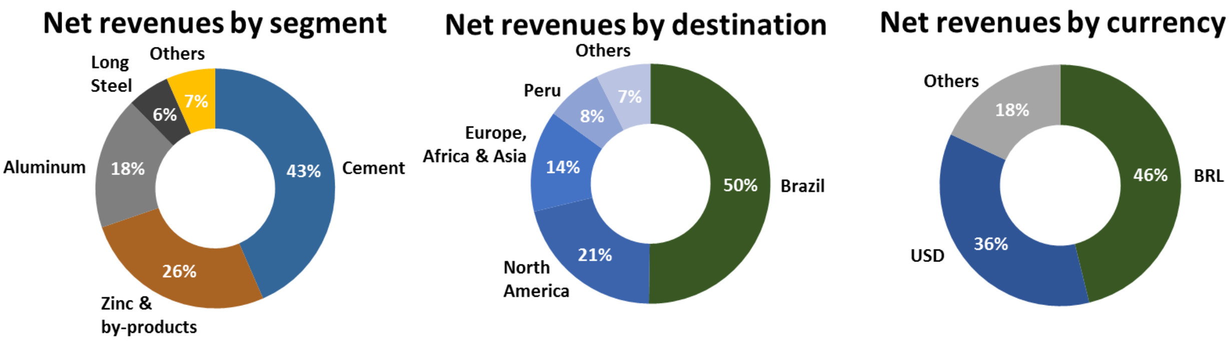
2. OPERATING AND FINANCIAL PERFORMANCE

Results analysis

R$ million	2Q17	2Q16	2Q17 vs. 2Q16	
Net revenues	**6,912**	**7,042**	**(130)**	**-2%**
COGS	**(5,346)**	**(5,357)**	**11**	**0%**
SG&A	**(883)**	**(915)**	**32**	**-3%**
Selling expenses	(420)	(422)	2	0%
General & adm. expenses	(463)	(493)	30	-6%
Other operating results	**(79)**	**(152)**	**73**	**-48%**
Depreciation, amortization and depletion	**583**	**652**	**(69)**	**-11%**
Other additions and exceptions items	**333**	**185**	**148**	**80%**
Adjusted EBITDA	**1,520**	**1,455**	**65**	**4%**
EBITDA margin	**22%**	**21%**	**-**	**1 p.p**

Considers only the Industrial Segment

Net revenues totaled R$6.9 billion, 2% less than in 2Q16, mainly due to the decrease in cement prices and to lower sales volume of cement and ready mix concrete in Brazil. The 8% appreciation of the Brazilian real (2Q17: R$/US$ 3.22 | 2Q16: R$/US$: 3.51) on the consolidation of operations abroad and the temporary suspension of nickel operations also negatively affected the results. On the other hand, the increase of 35% in LME zinc prices (2Q17: US$2,596/ton | 2Q16: US$1,918/ton) and of 21% in aluminum prices (2Q17: US$1,909/ton | 2Q16: US$1,572/ton), together with higher prices of energy in Brazil, smoothed the negative variation in net revenues.



Cost of Goods Sold (COGS) amounted to R$5.3 billion. Compared to 2Q16 this figure remained flat. Lower sales volume in the cement operations, the 8% appreciation of the Brazilian real on the consolidation of operations abroad and to the temporary suspension of nickel operations were offset by higher LME metals prices.

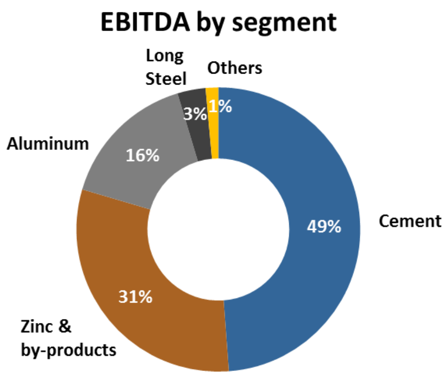
Selling, General and Administrative Expenses (SG&A) totaled R$883 million in 2Q17, a decrease of 3% when compared to 2Q16. The drop of 6% in general and administrative expenses was mainly explained by the temporary suspension of nickel operations.

In the 2Q17, Votorantim partially reversed a provision referring to the exclusion of ICMS (state value-added tax levied over the circulation of goods and services) from the tax calculation basis of PIS and COFINS (federal taxes levied over gross revenues), for which there were judicial deposits constituted. This reversal was based on the conclusion of the Federal Supreme Court (STF), establishing the thesis that "ICMS does not compose the tax calculation basis for PIS and

COFINS", and this decision is supported by the Votorantim's legal counsels ("Reversal of Tax Provisions").

The variation of R$73 million in Other operating results in 2Q17, compared to 2Q16, is mainly explained by the Reversal of Tax Provisions (R$307 million). This effect was partially offset by the write-off of goodwill from the sale of cement plants in China (R$83 million), by the non-cash effect of energy returned from the 2014 auction and mark-to-market impact of future energy surplus not yet sold (R$102 million), by the capital increase in the Brazilian long steel operations along with dividends it received from the Argentine operation, as this business was classified as available for sale (R$80 million).

Adjusted EBITDA came to R$1.5 billion, with a margin of 22%, 4% up on 2Q16. The positive variation is mainly explained by the Reversal of Tax Provisions, by the increase in LME zinc and aluminum prices and by the temporary suspension of nickel operations, which presented a negative EBITDA of R$91 million in 2Q16.



Financial result

R$ million	2Q17	2Q16	2Q17 vs. 2Q16 R$	2Q17 vs. 2Q16 %
Financial income from investments	148	187	(39)	-21%
Financial expenses from borrowings	(430)	(407)	(24)	6%
Exchange variation	(169)	225	(394)	N.M.
Net hedge results	81	(429)	510	N.M.
Other financial income (expenses), net	134	(144)	278	N.M.
Net financial result	**(236)**	**(567)**	**331**	**-58%**

Financial income totaled R$148 million in 2Q17, a decrease of 21% compared with 2Q16 due to lower interest rates in Brazil: the average CDI interbank rate went down from 14.13% p.a. in 2Q16 to 10.92% p.a. in 2Q17.

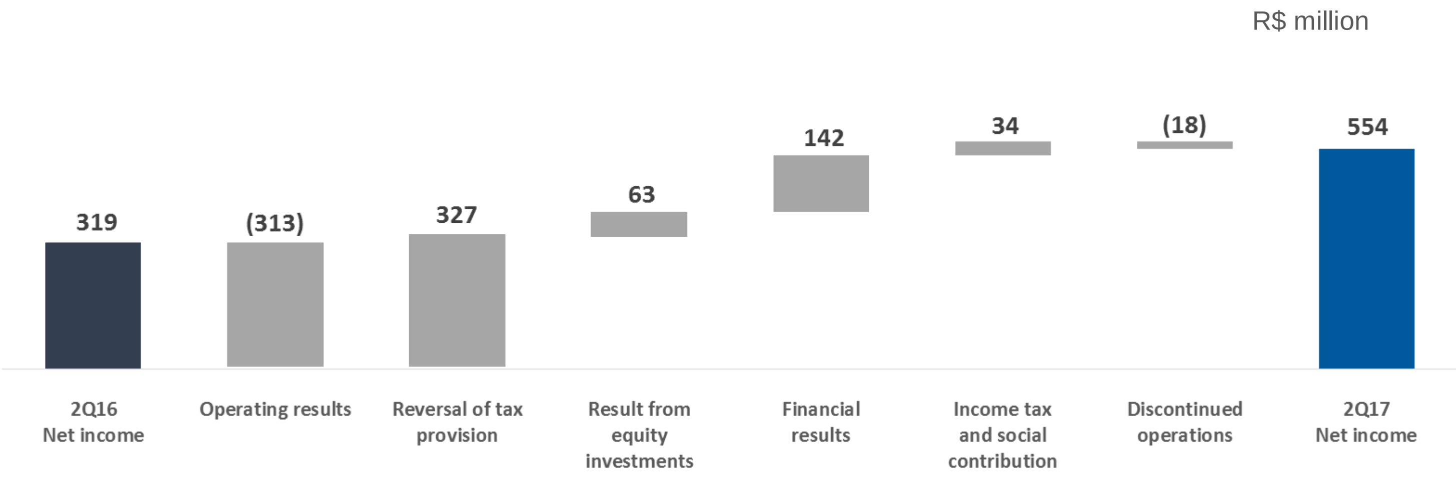
Financial expenses from borrowings increased by 6% chiefly due to new facilities in the previous quarters, such as the bridge loan issued by Votorantim Energia to finance the initials investments of the wind power generation project ("Ventos do Piauí") and the bonds issued by St. Mary's and by VM Holding S.A..

Exchange variation loss were R$169 million, a decrease of R$394 million compared to 2Q16. The negative impact was caused by the 4% depreciation of the Brazilian real in 2Q17 (Jun/17: R$/US$ 3.31 | Mar/17: R$/US$ 3.17) versus a 10% appreciation in 2Q16 (Jun/16: R$/US$ 3.21 | Mar/16: R$/US$ 3.56).

The net hedge result totaled R$81 million in 2Q17, an increase of R$510 million due to the fair value of the derivatives instruments used to convert the 4131 loans from USD to BRL.

Other net financial expenses stood at R$134 million, an increase of R$278 million mainly attributable to the Reversal of Tax Provisions.

Net Results



Votorantim S.A. reported net income of R$554 million in 2Q17, versus a net income of R$319 million in 2Q16.

The decrease of R$313 million in Operating Results is mainly due to lower prices and sales volume of cement in Brazil, coupled with the effect of the appreciation of the Brazilian real on the consolidation of the operations abroad, partially offset by higher LME metals prices in 2Q17. The capital increase in the Long Steel operations in Brazil (R$40 million), classified as available for sale, and the write-off of goodwill from the sale of some cement plants in China (R$83 million) also negatively impacted the Operating Results.

The result of R$327 million in Reversal of Tax Provision is the net value explained by: (i) R$307 million recognized under "Other operating results"; (ii) R$189 million recognized under the “Financial result”; and (iii) a negative impact of R$169 million of income tax and social contribution related to this reversal.

Positive results from equity investments reflected the higher net income came from the investees companies which are recognized by equity method, especially Citrosuco and Banco Votorantim, as mentioned in page 16.

Financial result came up R$142 million due to the increase of R$510 million in the fair value of the derivatives instruments which was partially offset by the R$394 million decrease in exchange variation.

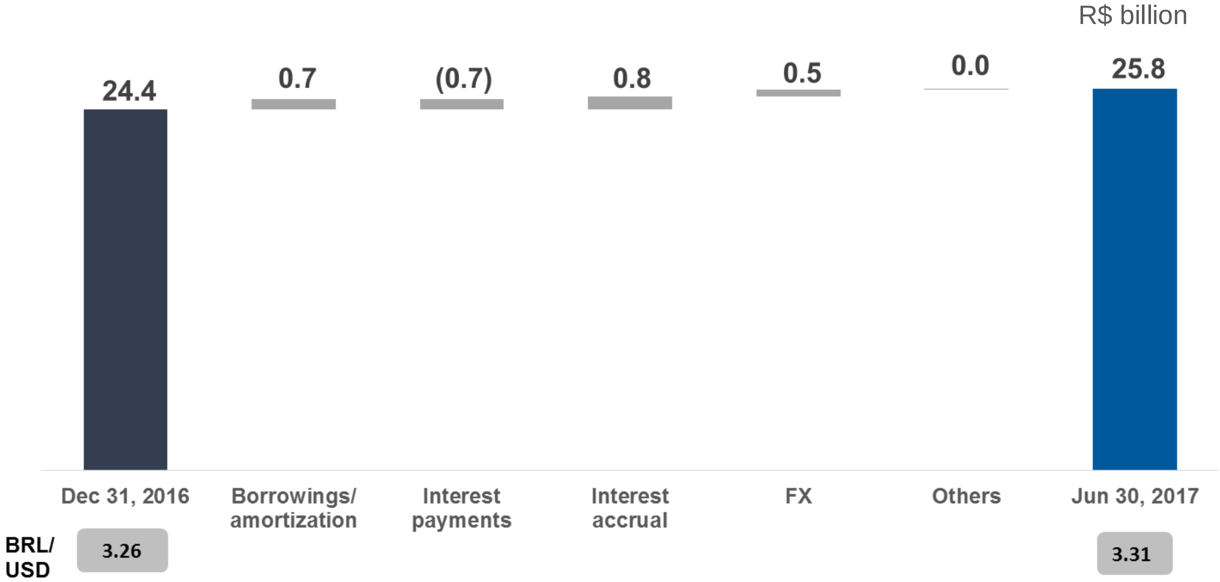
Liquidity and Indebtedness

Indicator	Unit	Jun/17(2)	Jun/16(2)(3)	Jun/17 vs Jun/16	Dec/16(2)	Jun/17 vs Dec/16
Gross debt	**R$ million**	**25,801**	**24,608**	**4.8%**	**24,419(4)**	**5.7%**
in BRL(1)	R$ million	9,052	9,523	-5%	8,765	3%
in foreign currency	R$ million	16,749	15,085	11%	15,654	7%
Average maturity	**years**	**8.0**	**7.1**	**-**	**7.5**	**-**
Short-term debt	**%**	**7.2%**	**7.9%**	**-0.75 p.p.**	**7.3%**	**-**
Cash, cash equivalent and investments	**R$ million**	**10,281**	**8,284**	**24.1%**	**10,066**	**2.1%**
in BRL	R$ million	5,451	5,236	4%	4,908	11%
in foreign currency	R$ million	4,830	3,149	53%	5,158	-6%
Fair value of derivative instruments	**R$ million**	**(433)**	**(516)**	**-16.1%**	**(375)**	**15.5%**
Net debt	**R$ million**	**15,953**	**16,840**	**-5.3%**	**14,728**	**8.3%**
Net debt/Adj. EBITDA LTM	**x**	**3.89 x**	**2.75 x(3)**	**1.14 x**	**3.44 x**	**0.45 x**
BRL/USD	**R$**	**3.31**	**3.21**	**3.1%**	**3.26**	**1.5%**

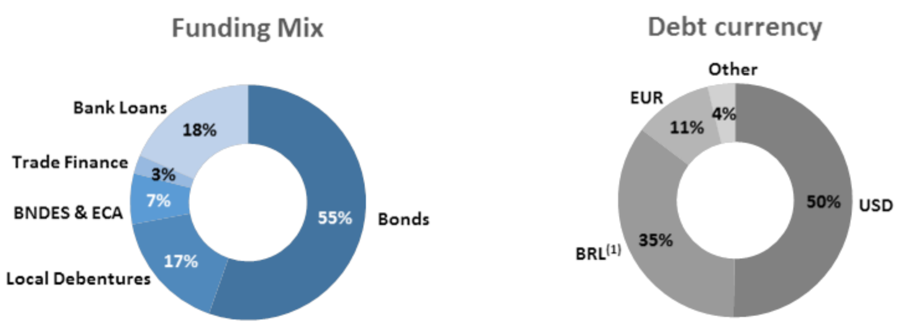
(1) 4131 bilateral loan considered as BRL due to the cross-currency swap
(2) Considers only the Industrial Segment
(3) Includes the Brazilian long stell business results
(4) Restated value

In June 2017, gross debt amounted to R$25.8 billion, an increase of 6% when compared to December 2016.

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

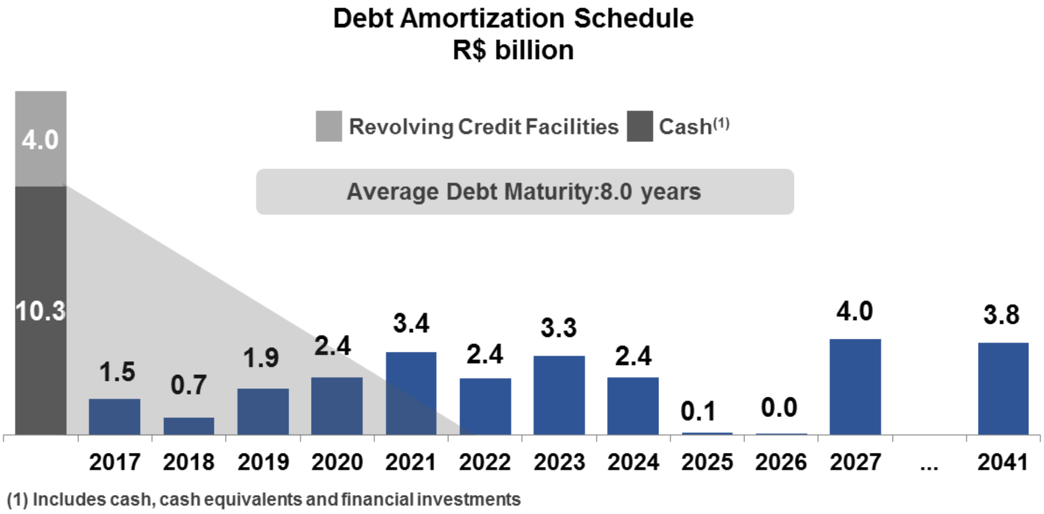


The funding mix and the debt currency breakdown are presented below:

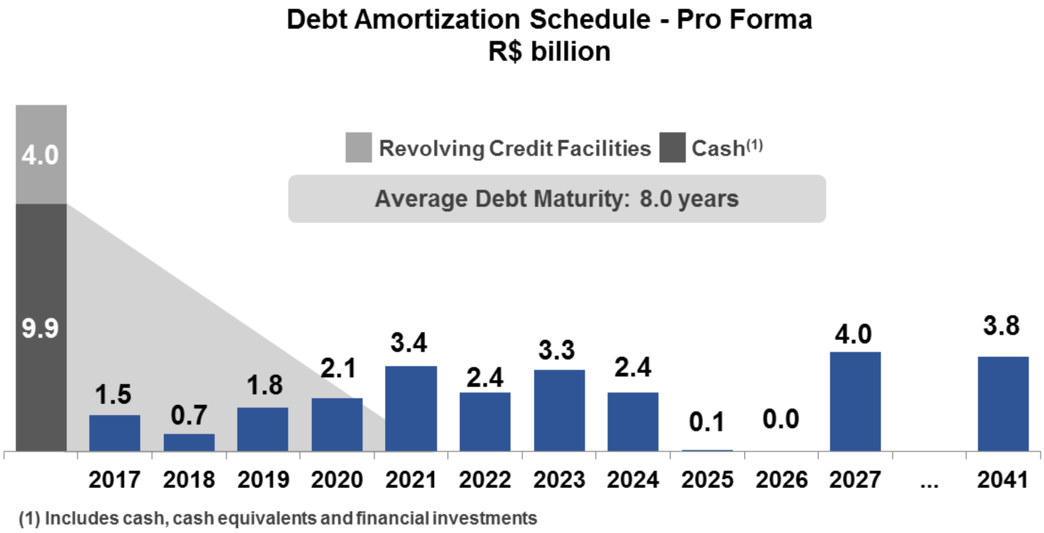


(1) 4131 bilateral loan considered as BRL due to the cross-currency swap

The chart below summarizes the debt amortization schedule:



In August, the subsidiary Votorantim Cimentos reduced its gross debt, with the procedures of R$700 million from VSA's capital increase, resulting in a smoother amortization schedule as below.

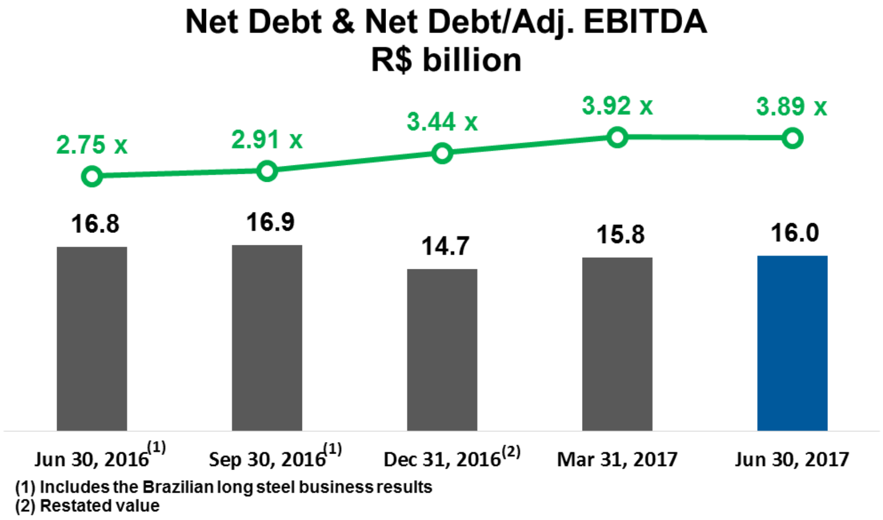


Cash, cash equivalents and financial investments closed the quarter at R$10.3 billion, 53% of which denominated in BRL. This cash position is sufficient to cover all obligations due in the next 5 years.

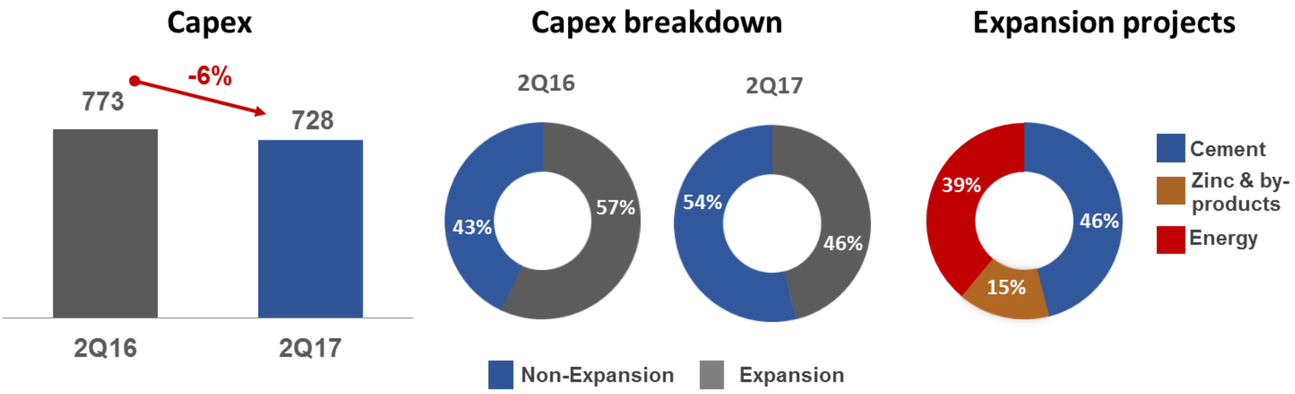
Cash is mainly invested in Brazilian government bonds and fixed-income products of Brazilian and foreign financial institutions. These investments are of low risk and high liquidity and are diversified in order to reduce concentration risk.

The two revolving credit facilities, one of US$700 million, only for the cement business, and another of US$500 million, for other Votorantim investees, both expiring in 2020, strengthen Votorantim's liquidity position, which totaled R$14.3 billion in 2Q17. These revolving credit facilities were not disbursed.

Net debt totaled R$16.0 billion, 8% higher when compared to December 2016. Financial leverage, measured by the net debt to Adjusted EBITDA ratio, reached 3.89x, 0.45x higher than the 3.44x recorded in December 2016. The chart below shows consolidated net debt and the net debt to Adjusted EBITDA ratio since June 2016:



Capex



Capex totaled R$728 million, 6% less compared to 2Q16, 46% of which to expansion projects.

Cement projects accounted for 46% of total expansions investments mainly in Turkey and USA. In the quarter, Votorantim Cimentos (VC) started-up Sivas plant (Turkey) ahead of schedule, adding 1.2 mpty of cement capacity and contributing to efficiency gains. In 2018, VC will conclude its Charlevoix plant expansion (Michigan/ USA), adding 0.6 mtpy of capacity and totalizing globally 55.7 mtpy, being around 40% outside Brazil. The reduction in expansion investments will significantly contribute to VC cash flows in the coming years.

Votorantim Energia's project, Ventos do Piauí, accounted for 39% of expansions projects in 2Q17. An investment of R$1.2 billion, ended the quarter at 60% physical completion and more than 36% of financial execution. The project is on schedule and in December 2017 all the wind turbines must be installed and in operation, at this moment we already have six wind turbines in operation under test.

Major projects in progress during 2Q17:

- Cement | Turkey | Sivas project: 1.2 million tpy of additional capacity, started-up in April 2017.
- Cement | North America | Charlevoix project: 0.6 million tpy of additional with start-up in 2018.
- Zinc & by-products | Brazil | Vazante project: Extension of useful lifetime to 2026.
- Energy | Brazil | Ventos do Piauí project: 7 wind farms with generation capacity of 206 MW.

Free Cash Flow

R$ million	2Q17	2Q16[1]	Var.
Adjusted EBITDA	**1,520**	**1,455**	**65**
Working capital / other	79	(39)	118
Income tax and social contribution	(145)	(90)	(55)
CAPEX	(728)	(773)	45
CFO	**726**	**553**	**173**
Investments / Divestments	66	42	24
Financial result	(266)	(533)	268
Dividends	(156)	(66)	(90)
FX effect on cash	323	(431)	754
FCF	**694**	**(435)**	**1,129**

(1) Includes the Brazilian long steel business results

Cash Flow from Operations (CFO) increased R$173 million in 2Q17 compared to 2Q16, mainly due to the increase in Adjusted EBITDA, higher cash proceeds from Citrosuco along with lower CAPEX in 2Q17.

Free Cash Flow (FCF) was R$694 million, versus R$435 million negative in 2Q16. The increase of R$1.1 billion is mostly due to the decrease in the financial results, which is explained by lower interests paid on borrowing, considering the repurchase of Votorantim Cimentos' bonds and the prepayment of debentures. The 3% depreciation of the Brazilian real against the U.S. dollar in June 2017 positively affected our cash position.

In 2Q17 Votorantim S.A. paid R$120 million of dividends to its shareholders.

BUSINESSES

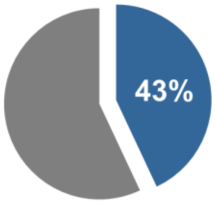
R$ million	Cement	Zinc & byproduts	Aluminum	Long steel	Others[1]	Consolidated[2]
Net revenues	3,004	1,816	1,238	396	458	6,912
COGS	(2,334)	(1,235)	(1,008)	(332)	(437)	(5,346)
SG&A	(486)	(183)	(69)	(50)	(95)	(883)
Other operating results	213	(91)	(8)	8	(201)	(79)
Depreciation, amortization and depletion	242	216	94	27	4	583
Other additions and exceptions items	106	(53)	(6)		286	333
Adjusted EBITDA	745	470	241	49	15	1,520
EBITDA margin	25%	26%	19%	12%	3%	22%

(1) Includes Holding, Energy, eliminations and other

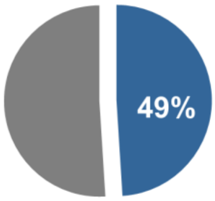
(2) Considers only the Industrial Segment

CEMENT

Net revenues



Adjusted EBITDA



R$ million	2Q17	2Q16	2Q17 vs. 2Q16
Net revenues	**3,004**	**3,483**	**-14%**
COGS	**(2,334)**	**(2,550)**	**-8%**
SG&A	**(486)**	**(495)**	**-2%**
Selling expenses	(287)	(279)	3%
General & adm. expenses	(199)	(216)	-8%
Other operating results	**213**	**12**	**N.M.**
Depreciation, amortization and depletion	**242**	**260**	**-7%**
Other additions and exceptions items	**106**	**33**	**220%**
Adjusted EBITDA	**745**	**743**	**0%**
EBITDA margin	**25%**	**21%**	**3 p.p.**

The Brazilian market experienced a slight improvement in macroeconomics indicators, such as the decrease in unemployment and interest rates not yet reflected in cement consumption, which presented a drop of 8.8% in 1H17 when compared to the same period of 2016. According to SNIC (Brazilian cement association), in Jun/17, cement sales decreased 4.7% YoY and increased 2.1% in May/17, on a working days basis, which may indicate a slowdown in the pace of the market contraction. The FGTS funds' release, increasing consumption, in conjunction with the developments under the MCMV ("Minha Casa Minha Vida") program, triggered the expansion of the low/middle income housing market segment in 1H17. This movement combined with the improvements of housing credit and the advances of regulation on housing cancellations may contribute to the rebound of the housing market.

In North America (VCNA region), construction sector indicators remain solid. In the USA, building permits and housing starts grew 5.9% and 11.0%, respectively in 1H17 with construction spending up 4.8% in the same time period compared to 1H16, according to the US Census Bureau. During the same period, US cement consumption increased 1.2%, according to PCA (Portland Cement Association), explained by the stronger consumption in 1Q17 reflecting the warmer weather offset by higher precipitation in 2Q17 along the US Great Lakes region. In Canada, the construction market continues strong, with 1H17 housing starts up 7.8% YoY, as per the Canada Mortgage and Housing Corporation. For 2017, 1.8% in fixed capital investment growth is expected, according to CAC (Cement Association of Canada).

In Europe, Africa and Asia (VCEAA region), a steady political and economic scenario in Spain is driving infrastructure projects. According to the IMF, the country's GDP surpassed pre-crisis levels in 2Q17, showing clear signs of recovery and robust growth, which led to a 10.8% increase in cement consumption YTD May YoY, according to Oficemen. In China, cement volumes and prices benefited not only from the mandatory Government cement plants shutdown, but also from growing factory output rate, 8.5% up in June YoY, according to the National Bureau of Statistics of China. On the other hand, the timing of Ramadan adversely impacted Turkey, Tunisia and Morocco's results, translating into 13.7% decline in cement consumption in 2Q17 vs. 2Q16, in Morocco. Turkey was also affected by a rainy season and a

20.3% Turkish Lira depreciation against EUR, but the optimism in the country remains, with an expected 2017 GDP growth of 3.4%, updated in June, by the World Bank. Tunisia export market decreased in 2Q17, as per Tunisian cement association, on the back of geopolitical instability in border countries and increasing competition in domestic market. In India, the economy reform agenda is starting to show signs of stabilization, with revised GDP growth of 7.7% for 2017 as per IMF and expected cement demand pick up in 2018 as per Cement Manufacturers Association.

Consolidated net revenues totaled R$3.0 billion, 14% lower than 2Q16 results, chiefly explained by the continuing Brazilian crisis which contributed to lower volumes and prices and the negative FX effect over VCNA and VCEAA consolidated results (8.5% USD and 10.8% EUR depreciation against BRL). In VCNA, prices continued strong, supporting 1H17 net revenues increase of 6% in USD YoY. Meanwhile, higher volumes in Spain and higher volumes and prices in China were offset by the negative impact in earlier Ramadan in Turkey and Northern Africa. VCLatam posted a 91% growth in 2Q17 YoY mainly due to Yacuces start-up adding capacity in Bolivia, despite the current slowdown of Santa Cruz's cement market.

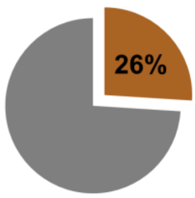
Consolidated COGS amounted to R$2.3 billion, an 8% reduction compared 2Q16, mainly explained by the reduction of 20%, 7% and 5% in freight, labor and raw materials costs in the period, mainly reflecting the benefits of Brazilian operations rightsizing (mostly headcount reduction and facilities cost shrinkage), coupled with lower sales volume in Brazil. Such reductions were partially offset by higher fuel prices, primarily pet coke prices in Brazil, VCNA and VCEAA.

Consolidated SG&A totaled R$486 million in 2Q17, 2% lower than 2Q16. As in COGS, the rightsizing and efficiency efforts in Brazil were translated into savings, mainly in labor, presenting 12% drop, as well as lower marketing, travelling and third parties expenses. The reduction in allowance for doubtful accounts in Brazil, VCEAA and VCNA and the BRL appreciation effect also contributed to the reduction in expenses, which was partially offset by the new Bolivian plant's administrative structure which increased costs.

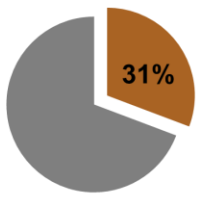
Adjusted EBITDA amounted to R$745 million in 2Q17, up 0.3% when compared to the 2Q16. The R$266 million tax provision reversal related to the exclusion of ICMS (state value-added tax levied over the circulation of goods and services) from the tax calculation basis of PIS and COFINS (federal taxes levied over gross revenues) and the cost reduction programs which generated R$70 million savings, benefited 2Q17 Adjusted EBITDA. Spain's stronger operational performance (6% increase in Adjusted EBITDA in EUR YoY), the better-than-expected start-up performance of the Bolivia plant, the rightsizing in all regions and the Chinese upturn also contributed to 2Q17 Adjusted EBITDA. Such positive highlights were not enough to offset the Brazilian market downturn and the timing of schedule maintenance stoppage in VCNA. Consolidated 2Q17 Adjusted EBITDA margins went up 3 p.p. on a YoY basis, achieving 25%.

ZINC & BY-PRODUCTS
(including Milpo)

Net revenues



Adjusted EBITDA



US$ million	2Q17	2Q16	2Q17 vs. 2Q16
Net revenues	**556**	**469**	**19%**
COGS	**(393)**	**(334)**	**18%**
SG&A	**(57)**	**(46)**	**24%**
Selling expenses	(22)	(23)	-4%
General & adm. expenses	(36)	(23)	57%
Other operating results	**(27)**	**(31)**	**-13%**
Depreciation, amortization and depletion	**66**	**68**	**-3%**
Other additions and exceptional items	**(5)**		
Adjusted EBITDA	**140**	**126**	**11%**
EBITDA margin	**25%**	**27%**	**- 2 p.p.**

Average LME price in the 2Q17 was US$2,596/ton, 35% higher than the average of the same quarter of 2016. Environmental and safety-related issues are constraining Chinese mine production, down by 2% for the first five months of 2017 compared to the same period of 2016 and 10% YoY in May, according to Wood Mackenzie.

Tightness in the concentrate market impacted smelter production, resulting in the temporary suspension of 19 Chinese smelters. In total, the cuts amount to around 260kton. Positive data on European industrial activity and US housing market also triggered the price momentum at the end of the quarter. LME stocks ended the period at their lowest levels since January 2009, at 294kton.

Contents of zinc, copper and lead in concentrates produced in mining operations totaled 116 kton in 2Q17, a 9% decrease when compared to the same period of the previous year. Safety-driven maintenance activities in Peruvian mines, especially in the Cerro Pasco Complex (El Porvenir and Atacocha mines), were the main reason for lower production volumes.

Mining production decreased by 9% in terms of zinc equivalents (calculated by converting copper, lead, silver and gold contents to a zinc equivalent grade at 2Q17 benchmark prices).

While zinc and lead contents in concentrate decreased by 11% and 12%, respectively, copper and gold contents in concentrate increased by 14% and 34%, respectively.

Metallic zinc sales decreased by 7% when compared to the 2Q16, due to the slower production at Cajamarquilla smelter (-15%), impacted by heavy rains and floods throughout March (impacting March and April production. Offsetting this negative impact, Três Marias and Juiz de Fora – both located in Brazil – increased their sales volume by 3% and 5%, respectively. Brazilian volume increase was driven by special high grade zinc (SHG) and continuous galvanized grade zinc (CGG) in accordance with its demand. When compared to the 1Q17 the consolidated production increased by 4%.

Net revenues totaled US$556 million in 2Q17, an increase of 19% due to higher base metals prices in the global market. LME zinc price was 35% higher than the average of the same quarter of 2016. Copper and lead LME prices also grew by 20% and 26%, respectively. However, lower concentrate production and lower electrolytic zinc sales limited the price effect.

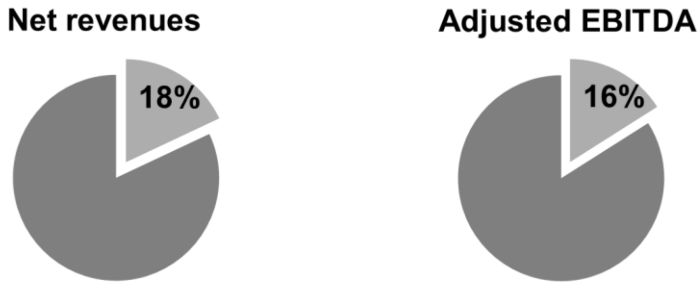
Cost of goods sold (COGS) increased by 18% due to higher concentrate prices and higher costs related to the impact of heavy rains and floods in Cajamarquilla. Also in Peru, additional investments to reinforce safety conditions in the mines, which are mostly underground, have impacted costs.

SG&A expenses totaled US$57 million in 2Q17, composed of US$22 million selling expenses and US$36 million general and administrative (G&A) expenses. While lower sales volume favored a decrease in selling expenses, G&A expenses grew by 57% (or US$13 million) due to higher expenses with consulting firms to develop strategic projects and to the impact of the corporate restructuring within the Votorantim Metais business unit, namely the transfer of some corporate employees to Votorantim Metais Zinco S.A. on June 30, 2016.

Expenses under Other operating results decreased to US$27 million in the 2Q17 from US$31 million. Most of those expenses are related to investments in early-stage mining projects and judicial provisions.

Adjusted EBITDA totaled US$140 million in 2Q17, an 11% increase (or US$14 million) when compared to the same quarter of the previous year, mostly as a result of higher net revenues.

ALUMINUM



R$ million	2Q17	2Q16	2Q17 vs. 2Q16
Net Revenue	**1,238**	**1,188**	**4%**
Aluminum	926	800	16%
Energy	303	273	11%
Nickel	9	115	-92%
COGS	**(1,008)**	**(1,098)**	**-8%**
SG&A	**(69)**	**(97)**	**-29%**
Selling Expenses	(19)	(24)	-21%
General & Adm Expenses	(50)	(73)	-32%
Other Operating Results	**(8)**	**(51)**	**-84%**
Depreciation, amortization and depletion	**94**	**92**	**2%**
Other additions and exceptional items	**(6)**	**32**	**N.M.**
Adjusted EBITDA	**241**	**66**	**265%**
Aluminum	267	133	101%
Energy	3	24	-88%
Nickel	(29)	(91)	68%
EBITDA Margin	**19%**	**6%**	**+13 p.p.**

Aluminum prices in the LME averaged US$1,909/ton in the 2Q17, 21% above the average of same quarter of the previous year. In Brazilian reais, the average LME price was R$6,141/ton, 11% above 2Q16 average, due to an 8% appreciation of the local currency. Ongoing supply reforms in China and deficit ex-China are the main reasons for higher prices.

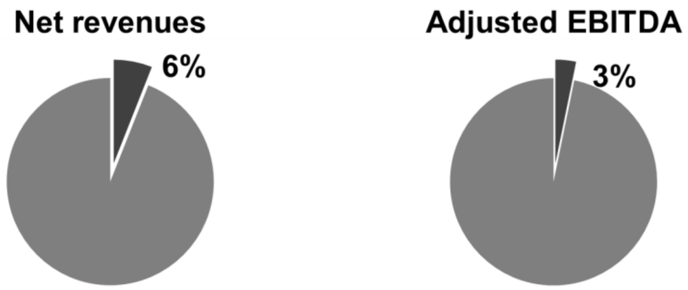
Aluminum sales volume in the 2Q17 were similar to the levels seen in the same period of 2016, totaling 91.6 kton in 2Q17. Sales volume mix has also remained stable, with increased participation of value-added products in both upstream and downstream segments. In the downstream, a slight recovery in consumption-driven markets, such as packaging and consumer goods, could offset disappointing performances in key segments, such as transports and construction.

As a result of higher LME prices and stable sales, net revenues totaled R$1,238 million, an increase of 4% when compared to 2Q16. Revenues directly related to the aluminum business, i.e. excluding revenues with surplus energy, increased by 16% in comparison with the 2Q16, reaching R$926 million.

COGS decreased by 8% in the 2Q16 as a result of the nickel temporary suspension. Excluding nickel, COGS increased by 9% due to higher energy prices. Additionally, selling expenses decreased by 21% due to lower payroll expenses and lower provision related to doubtful accounts. Finally, general and administrative expenses were 32% lower. Other operating results totaled R$8 million.

Adjusted EBITDA has thus totaled R$241 million, mostly driven by positive results from the aluminum business.

LONG STEEL



R$ million	2Q17	2Q16	2Q17 vs. 2Q16
Net revenues	**396**	**396**	**0%**
COGS	**(332)**	**(317)**	**5%**
SG&A	**(50)**	**(53)**	**-6%**
Selling expenses	(22)	(22)	0%
General & adm. expenses	(28)	(31)	-10%
Other operating results	**8**	**4**	**100%**
Depreciation, amortization and depletion	**27**	**34**	**-21%**
Other additions and exceptional items	**-**	**3**	**-100%**
Adjusted EBITDA	**49**	**67**	**-27%**
EBITDA margin	**12%**	**17%**	**-5 p.p.**

In February 2017, Votorantim S.A. and ArcellorMittal Brasil entered into an agreement to combine the long steel business of the two companies in Brazil, because of this transaction the results from operations in Brazil was classified as available for sale and is not considered in the financial statements since December 2016. Such transaction is still under Brazilian antitrust authority (CADE) analysis.

Results from operations in Argentina were positively affected by higher prices related to the country's inflation and increase in sales volume. According to INDEC (Argentine Statistics National Institute), the GDP growth seen this year comes from several sectors including the construction sector, which affects directly Votorantim operations in the country. In Colombia, lower demand in the domestic market reflected by the slowdown of the construction sector, was the main reason to explain worse results.

Net revenues remained stable in 2Q17 when compared to 2Q16, totaling R$396 million, mainly due to the increase in prices and sales volume in Argentina, offset by the decrease in prices and sales volume in Colombia.

COGS totaled R$332 million, 5% higher than in 2Q16, mainly due to the increase in sales volume in Argentina, offset by the depreciation of the Argentine peso against the Brazilian real and by the lower sales volume in Colombia.

SG&A decreased by 6% when comparing 2Q17 to 2Q16, mainly impacted by the depreciation of the Argentine peso and the Colombian peso against the Brazilian real.

Adjusted EBITDA totaled R$49 million, 27% down on 2Q16, and the EBITDA margin stood at 12%.

BUSINESSES RECOGNIZED UNDER THE EQUITY METHOD

R$ million	2Q17	2Q16
Net income/loss without results from investees	**196**	**24**
Fibria	(77)	219
Citrosuco	242	26
Banco Votorantim	145	3
Others	47	47
Net income/loss	**554**	**319**

In 2Q17, the businesses that were recognized under the equity method, primarily Citrosuco and Banco Votorantim, contributed to increase the consolidated income.

Fibria's net revenues totaled R$2.8 billion in 2Q17 and Adjusted EBITDA was R$1.1 billion, both 16% higher than in 2Q16. The 11% increase in the average pulp prices in dollar was offset by the depreciation of the average dollar against the Brazilian real. In 2Q17 Fibria reported net loss of R$259 million, versus a net income of R$745 million in 2Q16, mainly explained by the increase in expenses related to the impact of the exchange variation on debt and derivative instruments. The start-up anticipation of the Horizonte 2 project for Sep/17 was reaffirmed. The project has reached more than 96% of physical completion and 69% financial execution.

Citrosuco’s results from the 2Q17 were positively impacted by the increase in net prices of the Frozen Concentrated Orange Juice (FCOJ) and of the Not From Concentrate (NFC) Orange Juice, respectively 29% and 16%, and in sales volume of FCOJ, which increased 25 Ktons from 2Q16 to 2Q17. Net revenues totaled US$352 million, 38% above the same quarter of the previous year. Adjusted EBITDA increased from US$3 million in 2Q16 to US$208 million in 2Q17, mainly due to the effect of the fair value of the biological assets, which started to compose the result of Citrosuco as of this quarter.

Banco Votorantim reported a net income of R$145 million in 2Q17, compared to R$108 million in 2Q16. The auto finance loan origination volume was R$3.7 billion in 2Q17, 20% higher than 2Q16. Auto finance delinquency reduced 70 bps against 2Q16, reaching 4.7% in 2Q17. At the end of 2Q17, shareholders' equity totaled R$8.5 billion, an increase of 2.7% compared to 2Q16. The Basel Ratio ended the quarter at 13.5%, higher than the minimum capital requirement of 10.5%. The financial information from Banco Votorantim are presented in compliance with the BRGAAP accounting standard, however in the VSA consolidated results are recognized under the IFRS equity method.

3. ADDITIONAL REMARKS

(i) Votorantim Energia's debenture issuance

In July 2017, the subsidiary Ventos de São Vicente Energias Renováveis S.A. issued its first insfrastructure debentures, amounting to R$100 million, with maturity in 2024 and annual coupon rate of NTN-B (-) 20 bps. The facility is guaranteed by Votorantim S.A. and rating by Fitch Ratings as AAA. The proceeds will be used to fund the Ventos do Piauí project.

4. INVESTOR RELATIONS CONTACTS

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EXHIBIT I – VOTORANTIM S.A. CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement R$ million	2Q17	2Q16
Continuing operations		
Net revenues from products sold and services rendered	6,912	7,035
Cost of products sold and services rendered	(5,346)	(5,357)
Gross profit	1,566	1,678
Operating income (expenses)		
Selling	(420)	(422)
General and administrative	(467)	(496)
Other operating income (expenses), net	(79)	(154)
	(966)	(1,072)
Operating profit (loss) before equity results and finance results	600	606
Result from equity investments		
Equity in the results of investees	357	295
Realization of other comprehensive income on disposal of investments	1	
	358	295
Finance results, net		
Finance income	477	330
Finance costs	(625)	(693)
Derivative financial instruments	81	(429)
Foreign exchange losses, net	(169)	225
	(236)	(567)
Profit (loss) before income tax and social contribution	722	334
Income tax and social contribution		
Current	(117)	(192)
Deferred	(17)	193
Profit (loss) for the quarter from continuing operations	588	335
Discontinued operations		
Loss for the year from discontinued operations	(34)	(16)
Profit (loss) for the quarter attributable to the owners	554	319
Profit (loss) attributable to the owners of the Company	583	254
Profit (loss) attributable to non-controlling interests	(29)	65
Profit (loss) for the quarter	554	319

EXHIBIT II – VOTORANTIM S.A. CONSOLIDATED CASH FLOW

	2Q17	2Q16
Cash flow from operating activities	722	334
Profit (loss) before income tax and social contribution		
Loss on discontinued operations	(34)	(16)
Adjustments of items that do not represent changes in cash and cash equivalents		
Depreciation, amortization and depletion	583	681
Equity in the results of investees	(357)	(295)
Realization of other comprehensive income on investments	(85)	(44)
Interest, indexation and foreign exchange variations	450	132
Write-off of goodwill on the sale of China's operations	83	
Reversal for impairment of fixed, intangible assets and investments	1	67
Loss (gain) on sale of fixed and intangible assets, net	(34)	(5)
Baixa de imobilizado e intangível sem efeito caixa	48	
Gain on sale of investments, net	193	(10)
Allowance for doubtful accounts	5	38
Fair value adjustment - Resolution 4131	21	(33)
Constitution (reversal) of provision	(455)	12
Derivative financial instruments	(141)	416
Financial instruments - firm commitment	103	(6)
Change in fair value of biological assets	(1)	(2)
	1,102	**1,269**
Decrease (increase) in assets		
Financial investments	(353)	312
Derivative financial instruments	(21)	4
Trade accounts receivable	(337)	(17)
Inventory	70	288
Taxes recoverable	62	103
Related parties	320	(80)
Other accounts receivable and other assets	(184)	47
Increase (decrease) in liabilities		
Deferred revenue - performance obligation	(66)	
Trade payables	459	(110)
Salaries and social charges	137	64
Use of public assets	(35)	42
Taxes payable	45	(81)
Other obligations and other liabilities	(155)	(252)
Cash provided by (used in) operating activities	**1,043**	**1,589**
Interest paid on borrowing and use of public assets	(396)	(614)
Income tax and social contribution paid	(145)	(90)
Net cash provided by (used in) operating activities	**503**	**885**
Cash flow from investment activities		
Proceeds from disposals of fixed and intangible assets	62	31
Proceeds from sale of investments - Sirama		
Proceeds from sales of other investments	4	11
Dividends received	204	187
Acquisitions of property, plant and equipment	(729)	(774)
Increase in biological assets	1	1
Increase in intangible assets	(1)	(48)
Net cash used in investment activities	**(459)**	**(592)**
Cash flow from financing activities		
New borrowing	2,357	618
Repayment of borrowing	(1,791)	(724)
Derivative financial instruments	(34)	(110)
Dividends paid	(156)	(66)
Net cash provided by (used in) financing activities	**376**	**(282)**
Decrease in cash and cash equivalents	**420**	**11**
Cash increase resulting from incorporation		
Effect of fluctuations in exchange rates	323	(431)
Cash and cash equivalents at the beginning of the quarter	**5,818**	**5,779**
Cash and cash equivalents at the end of the quarter	**6,561**	**5,359**

EXHIBIT III – VOTORANTIM S.A. CONSOLIDATED BALANCE SHEET

Consolidated Income Statement R$ million	2Q17	2Q16
Assets		
Current assets		
Cash and cash equivalents	6,561	6,946
Financial investments	3,784	3,190
Derivative financial instruments	125	136
Trade receivables	2,507	2,001
Inventory	3,328	3,381
Taxes recoverable	1,234	1,527
Dividends receivable	26	180
Financial instruments - firm commitment	237	317
Other assets	507	580
	18,309	18,258
Assets classified as held-for-sale	2,125	2,125
Non-current assets		
Long-term receivables		
Financial investments	40	39
Derivative financial instruments	215	232
Taxes recoverable	1,771	1,586
Related parties	194	535
Deferred income tax and social contribution	4,196	4,055
Judicial deposits	805	420
Financial intruments - firm commitment	155	371
Other assets	883	858
	8,259	8,096
Investments	13,446	12,949
Biological assets	64	66
Property, plant and equipment	25,438	25,091
Intangible assets	13,047	13,013
	60,254	59,215
Total assets	80,688	79,598

	2Q17	2Q16
Liabilities and equity		
Current liabilities		
Borrowing	1,845	1,775
Derivative financial instruments	407	401
Confirming payables	899	968
Trade payables	2,806	2,723
Salaries and payroll charges	663	848
Taxes payable	465	422
Advances from clients	179	174
Dividends payable	51	48
Use of public assets	69	67
Deferred revenue - performance obligation	243	244
Other liabiliites	686	795
	8,313	8,465
Liabilities related to assets as held-for-sale	1,522	1,522
Non-current liabilities		
Borrowing	23,956	22,644
Derivative financial instruments	366	342
Deferred income tax and social contribution	2,007	1,983
Related parties	25	22
Provision	2,359	2,346
Use of public assets	1,068	1,119
Pension plan	325	317
Financial instruments - firm commitment	29	10
Deferred revenue - performance obligation	391	515
Other liabiliites	1,409	1,490
	31,935	30,788
Total liabilities	41,770	40,775
Equity		
Share capital	28,656	28,656
Revenues reserves	6,121	6,254
Retained earnings	10	
Tot: Carrying value adjustments	1,412	1,255
	36,199	36,165
Non controlling interests		
	2,719	2,658
Total liabilities and equity	80,688	79,598

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

2Q17 Consolidated Income Statement (by Business Units) R$ Million	Cement	Zinc and byproducts	Aluminum	Steel (*)	Holding and others	Total, industral segments	Total, consolidated
Continuing operations							
Net revenues from products sold and services rendered	3,004	1,816	1,238	396	1,075	6,912	6,912
Cost of products sold and services rendered	(2,334)	(1,235)	(1,008)	(332)	(1,054)	(5,346)	(5,346)
Gross profit	670	581	230	64	21	1,566	1,566
Operating income (expenses)							
Selling	(287)	(69)	(19)	(22)	(23)	(420)	(420)
General and administrative	(199)	(114)	(50)	(28)	(72)	(463)	(467)
Other operating income (expenses), net	213	(91)	(8)	8	(201)	(79)	(79)
	(273)	(274)	(77)	(42)	(296)	(962)	(966)
Operating profit (loss) before equity results and finance results	397	307	153	22	(275)	604	600
Result from equity investments							
Equity in the results of investees	45				556	357	357
Realization of other comprehensive income on disposal of investmen						1	1
	45				556	358	358
Finance results, net							
Finance income	288	38	81	4	95	473	477
Finance costs	(365)	(79)	(112)	(21)	(81)	(625)	(625)
Derivative financial instruments	55	(1)			27	81	81
Foreign exchange losses, net	(172)	(11)	(105)	(2)	15	(169)	(169)
	(194)	(53)	(136)	(19)	56	(240)	(236)
Profit (loss) before income tax and social contribution	248	254	17	3	337	722	722
Income tax and social contribution							
Current	(57)	(100)	42	(14)	12	(117)	(117)
Deferred	(60)	30	(28)	7	71	(17)	(17)
Profit (loss) for the quarter from continuing operations	131	184	31	(4)	420	588	588
Discontinued operations							
Loss for the year from discontinued operations	(34)					(34)	(34)
Profit (loss) for the quarter attributable to the owners	97	184	31	(4)	420	554	554
Profit (loss) attributable to the owners of the Company	155	138	31	(9)	420	583	583
Profit (loss) attributable to non-controlling interests	(58)	46		5		(29)	(29)
Profit (loss) for the quarter	97	184	31	(4)	420	554	554

(*)Relates to long steel operations abroad (Argentina and Colombia)