

VOTORANTIM

Condensed consolidated
interim financial statements
at **September 30, 2019** and
review report

Votorantim S.A.



(A free translation of the original in Portuguese)

Report on review of consolidated condensed interim financial statements

To the Board of Directors and Stockholders
Votorantim S.A.

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Votorantim S.A. and its subsidiaries ("Company") as at September, 30, 2019 and the related consolidated condensed interim statements of income and comprehensive income for the quarter and nine-month period then ended, and the consolidated condensed interim statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - Interim Financial Reporting, of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.


Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with CPC 21 and IAS 34.

Curitiba, November 5, 2019


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5


Carlos Eduardo Guaraná Mendonça
Contador CRC 1SP196994/O-2

Summary

Condensed consolidated interim financial statements

Statements

Condensed consolidated interim balance sheet	2
Condensed consolidated interim statement of income	4
Condensed consolidated interim statement of comprehensive income	5
Condensed consolidated interim statement of charges in equity	6
Condensed consolidated interim statement of cash flows.....	7

General considerations

1	General considerations.....	9
1.1	Main events that occurred during the nine month period ended at September 30th, 2019.....	9
2	Presentation of the condensed consolidated interim financial statements.....	12
2.1	Basis of preparation	12
	Consolidation	12
2.2	Restatement of comparative figures	13
3	Changes in accounting policies and disclosures	15
3.1	Transitions of accounting standards	15

Liabilities and equity

19	Borrowing.....	34
20	Lease liabilities.....	39
21	Confirming payables	40
22	Current and deferred income tax and social contribution	40
23	Deferred revenue - obligation for performance	42
24	Provision	43
25	Equity.....	45

Estimates and assumptions

4	Critical accounting estimates and judgments.....	16
5	Financial risk management	16
5.1	Financial risk factors	16
5.1.1	Derivatives contracted	19
5.1.2	Sensitivity analysis	20
6	Credit quality of financial assets.....	22

Results

26	Net revenue from products sold and services rendered	47
27	Expenses by nature	47
28	Other operating expenses, net.....	48
29	Finance results, net	49

Assets

7	Cash and cash equivalents	23
8	Financial investments	23
9	Trade receivables	24
10	Inventory	24
11	Financial Instruments - Suzano	24
12	Taxes recoverable	24
13	Related parties	25
14	Financial Instruments – firm commitment	27
15	Investments.....	27
16	Property, plant and equipment.....	29
17	Intangible assets	32
18	Right of use assets.....	33

Supplementary information

30	Supplementary information – Business segments.....	50
31	Subsequent events	61

	Note	9/30/2019	12/31/2018
Assets			
Current assets			
Cash and cash equivalents	7	6,021	7,667
Financial investments	8	3,972	3,390
Derivative financial instruments	5.1.1 (a)	99	216
Trade receivables	9	2,767	2,546
Inventory	10	4,129	3,814
Taxes recoverable	12	1,821	1,473
Dividends receivable	13	200	14
Financial instruments - firm commitment	14	15	202
Other assets		638	564
		19,662	19,886
Assets classified as held-for-sale			4,527
		19,662	24,413
Non-current assets			
Long-term receivables			
Financial investments	8	23	23
Financial instruments - Suzano	11	2,530	
Derivative financial instruments	5.1.1 (a)	612	256
Derivative financial instruments - put option	5.1.1 (b)	764	744
Taxes recoverable	12	3,210	2,731
Related parties	13	379	271
Deferred income tax and social contribution	22 (b)	3,181	4,079
Judicial deposits	24 (b)	363	755
Financial instruments - firm commitment	14	17	
Other assets		842	685
		11,921	9,544
Investments	15 (b)	11,347	10,882
Property, plant and equipment	16	26,681	26,180
Intangible assets	17	13,367	13,341
Right-of-use assets	18	884	
Biological assets		75	74
		64,275	60,021
Total assets		83,937	84,434

	Note	9/30/2019	12/31/2018
Liabilities and equity			
Current liabilities			
Borrowing	19 (a)	774	5,291
Lease liabilities	20	229	
Derivative financial instruments	5.1.1 (a)	99	166
Confirming payables	21	1,397	1,312
Trade payables		3,919	4,137
Salaries and payroll charges		839	845
Taxes payable		559	490
Advances from clients		139	128
Dividends payable	13	48	482
Use of public assets		83	83
Financial instruments - firm commitment	14	19	19
Deferred revenue - performance obligations	23	89	242
Deferred revenue - silver streaming		108	124
Other liabilities		849	808
		9,151	14,127
Liabilities related to assets held-for-sale		2	108
		9,153	14,235
Non-current liabilities			
Borrowing	19 (a)	19,330	19,160
Lease liabilities	20	682	
Derivative financial instruments	5.1.1 (a)	703	78
Deferred income tax and social contribution	22 (b)	1,981	2,199
Related parties	13	22	136
Provision	24 (a)	2,720	2,595
Use of public assets		1,121	1,106
Pension plan and post-employment health care benefits		323	319
Financial instruments - firm commitment	14	88	161
Deferred revenue - performance obligations	23		29
Deferred revenue - silver streaming		673	650
Other liabilities		803	924
		28,446	27,357
Total liabilities		37,599	41,592
Equity			
Share capital	25 (a)	28,656	28,656
Revenue reserves		6,028	7,088
Retained (loss) earnings		4,487	
Carrying value adjustments	25 (c)	1,604	1,475
Total equity attributable to the owners of the Company		40,775	37,219
Non-controlling interests		5,563	5,623
Total equity		46,338	42,842
Total liabilities and equity		83,937	84,434

Condensed consolidated interim statement of income
Periods ended September 30
All amounts in millions of reais unless otherwise stated

VOTORANTIM

(A free translation of the original in Portuguese)

	Note	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
			Restated (Note 2.2)		Restated (Note 2.2)
Continuing operations					
Net revenue from products sold and services rendered	26	8,268	8,647	22,841	22,862
Cost of products sold and services rendered	27	(6,930)	(6,941)	(19,215)	(18,373)
Gross profit		1,338	1,706	3,626	4,489
Operating income (expenses)					
Selling	27	(226)	(168)	(658)	(543)
General and administrative	27	(614)	(543)	(1,695)	(1,498)
Other operating income (expenses), net	28	(735)	(230)	6,129	(119)
		(1,575)	(941)	3,776	(2,160)
Operating profit (loss) before equity results and finance results		(237)	765	7,402	2,329
Results from equity investments					
Equity in the results of investees	15 (b)	41	58	345	562
Realization of other comprehensive income on disposal of investments				108	
		41	58	453	562
Finance results, net					
Finance income	29	212	236	856	673
Finance costs		(475)	(660)	(1,929)	(1,931)
Result of derivative financial instruments		49	45	(110)	306
Foreign exchange losses, net		(238)	(245)	(198)	(962)
		(452)	(624)	(1,381)	(1,914)
Profit (loss) before income tax and social contribution		(648)	199	6,474	977
Income tax and social contribution					
Current	22 (a)	(130)	(109)	(1,426)	(396)
Deferred		321	22	(853)	(37)
Profit (loss) from continuing operations		(457)	112	4,195	544
Discontinued operations					
Loss on discontinued operations		(1)		(37)	(136)
Profit (loss) for the period attributable to the owners of the Company		(458)	112	4,158	408
Profit (loss) attributable to the owners of the Company		(198)	84	4,379	293
Profit (loss) attributable to non-controlling interests		(260)	28	(221)	115
Profit (loss) for the period		(458)	112	4,158	408
Weighted average number of shares - thousands (to the owners of the Company)					
		18,278,789	18,278,789	18,278,789	18,278,789
Basic and diluted earnings (loss) per thousand shares, in reais		(10.83)	4.60	239.57	16.03
From continuing operations					
Basic and diluted earnings (loss) per thousand shares, in reais		(10.78)	4.60	241.59	23.47
From discontinued operations					
Basic and diluted loss per thousand shares, in reais		(0.05)		(2.02)	(7.44)

	Note	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Profit (loss) for the period		(458)	112	4,158	408
Other components of comprehensive income to be subsequently reclassified to profit or loss					
Attributable to the owners of the Company					
Foreign exchange variations	25 (c)	767	310	629	2,297
Hedge accounting for net investments abroad, net of taxes	5.1 (b) e 25 (c)	(39)	(270)	67	(1,322)
Hedge accounting for the operations of subsidiaries	25 (c)	(107)	106	(158)	(6)
Fair value of available-for-sale financial assets held by non-consolidated investments	25 (c)	(13)	(170)	42	(101)
Realization of comprehensive results in the sale of the participation in Fibria Celulose S.A.	25 (c)			(16)	
Adjustment to the fair value of the shares held at Suzano S.A., net of the tax	25 (c)	40		(265)	
Realization of comprehensive income on the sale of interest in Nexa Resources S.A.	25 (c)			(63)	
Realization of comprehensive results on Voto liquidation - Votorantim Overseas Trading Operations IV Ltd.	25 (c)			(108)	
Share in other comprehensive income of investees	25 (c)	30	4	16	4
Attributable to non-controlling shareholders					
Foreign exchange variations attributable to non-controlling interests		435	177	333	906
Hedge accounting for the operations of subsidiaries		5	1	9	
Share in other comprehensive income of investees		(1)	1	(22)	1
		1,117	159	464	1,779
Other components of comprehensive income that will not be reclassified to profit or loss					
Attributable to the owners of the Company					
Remeasurement of retirement benefits, net of tax	25 (c)	(11)	14	(15)	5
Attributable to non-controlling shareholders					
Remeasurement of retirement benefits, net of taxes		(2)	3	(3)	1
Other components of comprehensive income for the period		1,104	176	446	1,785
Comprehensive income (loss) from					
Continuing operations		647	288	4,641	2,329
Discontinued operations		(1)		(37)	(136)
		646	288	4,604	2,193
Comprehensive income attributable to					
Owners of the Company		469	78	4,508	1,170
Non-controlling interests		177	210	96	1,023
		646	288	4,604	2,193

Condensed consolidated interim statement of charges in equity

Periods ended September 30

All amounts in millions of reais unless otherwise stated

VOTORANTIM

(A free translation of the original in Portuguese)

	Attributable to the owners of the Company									
	Note	Revenue reserves				Retained (loss) earnings	Carrying value adjustments	Total	Non-controlling interests	Total equity
		Share capital	Tax incentives	Legal	Profit retention					
At January 1, 2018		28,656	10	684	5,875		733	35,958	4,857	40,815
Initial adoption of IFRS 9						(337)		(337)		(337)
At January 1, 2018, after the impact of the adoption of IFRS 9		28,656	10	684	5,875	(337)	733	35,621	4,857	40,478
Profit for the period						293		293	115	408
Other comprehensive income							877	877	908	1,785
Comprehensive income for the for the period						293	877	1,170	1,023	2,193
Distribution of dividends					(784)			(784)	(25)	(809)
Acquisition of non-controlling interest Votorantim Cimentos EAA Inversiones S.L. ("VCEAA")									(1)	(1)
Reversal of deliberate dividends					140			140		140
Agio reflexo na emissão de ações da VTRM Energia Participações S.A.							155	155		155
Distribution de <i>share premium</i> - NEXA									(95)	(95)
Total contributions and distributions to shareholders					(644)		155	(489)	(121)	(610)
At September 30, 2018		28,656	10	684	5,231	(44)	1,765	36,302	5,759	42,061
At January 1, 2019		28,656	10	771	6,307		1,475	37,219	5,623	42,842
Profit (loss) for the						4,379		4,379	(221)	4,158
Other comprehensive income	25 (c)						129	129	317	446
Comprehensive income for the for the period						4,379	129	4,508	96	4,604
Inflation adjustment for hyperinflationary economies						108		108		108
Distribution of dividends	25 (b)				(1,475)			(1,475)	(155)	(1,630)
Aquisition of non-controlling interests - Votorantim Cimentos EAA Inversiones S.L.									(1)	(1)
Reversal of deliberate dividends	25 (b)				415			415		415
Total contributions and distributions to shareholders					(1,060)			(1,060)	(156)	(1,216)
At September 30, 2019		28,656	10	771	5,247	4,487	1,604	40,775	5,563	46,338

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

	Note	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Cash flow from operating activities					
Profit before income tax and social contribution		(648)	199	6,474	977
Loss on discontinued operations		(1)		(37)	(136)
Adjustments to items that do not represent changes in cash and cash equivalents					
Depreciation, amortization and depletion	27	802	659	2,293	1,876
Equity in the results of investees	15 (b)	(41)	(58)	(345)	(562)
Interest, indexation and foreign exchange variations		319	179	743	587
Provision (reversal) for the impairment of fixed, intangible assets and investments	15, 16, 17	561	(5)	546	(16)
Gain on sales of fixed and intangible assets, net	28	(14)	(44)	(45)	(51)
Fair value adjustment	19 (b)		28		(11)
Net loss (gain) on sales of investments			(1)	50	(8)
Constitution of provision		22	(109)	86	47
Derivative financial instruments		132	21	320	(37)
Financial instruments - firm commitment	14	16	(6)	96	100
Gain on transaction involving Fibria	28			(6,772)	
Net gain on financial instrument - put option		(20)	6	(20)	(86)
Gain on debt renegotiation		22	(10)	39	72
Realization of comprehensive income on Voto IV settlement	28			(108)	
Gain on fair value adjustment on VTRM operation					(147)
Credit of ICMS on the calculation bases of PIS and COFINS	1.1 (d)	(81)		(783)	
Change in fair value of biological assets			(1)		5
		1,069	858	2,537	2,610
Decrease (increase) in assets					
Financial investments		995	(340)	(265)	581
Derivative financial instruments		(76)	21	(113)	(37)
Trade accounts receivable		186	(125)	(260)	(906)
Inventory		(13)	(45)	(226)	(633)
Taxes recoverable		219	(227)	(44)	(267)
Related parties		(106)	7	(222)	(173)
Other accounts receivable and other assets		(153)	(90)	(3)	(38)
Increase (decrease) in liabilities					
Trade payables		308	193	(206)	642
Salaries and social charges		138	145	(6)	(8)
Use of public assets		2	66	(13)	189
Taxes payable		9	91	22	71
Other obligations and other liabilities		113	479	(248)	445
Cash provided by operating activities		2,691	1,033	953	2,476
Interest paid on borrowing and use of public assets		(227)	(277)	(883)	(1,002)
Income tax and social contribution paid		(89)	(131)	(1,379)	(552)
Net cash provided by (used in) operating activities		2,375	625	(1,309)	922

	Note	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Cash flow from investment activities					
Proceeds from disposals of fixed and intangible assets		81	52	139	148
Sales of investments	1.1 (b)		23	8,181	54
Dividends received		26	(8)	35	144
Acquisitions of property, plant and equipment	16	(799)	(592)	(1,981)	(1,448)
Increase in biological assets					(10)
Acquisitions of investments			(124)	(116)	(124)
Increase in intangible assets	17	(7)	(107)	(15)	(108)
Net cash provided by (used in) investment activities		(699)	(756)	6,243	(1,344)
Cash flow from financing activities					
New borrowing	19 (b)	674	836	2,973	2,924
Repayment of borrowing	19 (b)	(1,263)	(966)	(8,157)	(4,812)
Repayment of leasing contracts	20 (a)	(55)		(139)	
Derivative financial instruments	5.1.1 (a)	14	(5)	6	(12)
Dividends paid		(445)	(268)	(1,612)	(806)
Nexa Resources S.A. share premium payment					(95)
Net cash used in financing activities		(1,075)	(403)	(6,929)	(2,801)
Increase (decrease) in cash and cash equivalents		601	(534)	(1,995)	(3,223)
Effect of companies excluded from consolidation					(14)
Effect of fluctuations in exchange rates		476	235	349	1,031
Cash and cash equivalents at the beginning of period		4,944	7,053	7,667	8,960
Cash and cash equivalents at end of period		6,021	6,754	6,021	6,754

1 General considerations

Votorantim S.A. (the "Company", the "parent company", or "VSA"), is a long-term Brazilian holding company. With its headquarters in the city of São Paulo, Brazil, the Company's purpose is to manage assets and companies, as well as to invest in other companies in order to further its objectives.

The Company, through its subsidiaries and associates, operates in the following segments: construction, metals and mining, aluminum, electrical energy, long steel, agribusiness and finance.

1.1 Main events that occurred during the nine month period ended at September 30th, 2019

(a) Offer of tender and exchange offer of debt by Votorantim Cements International S.A. ("VCI")

On January 10, 2019, the indirect subsidiary VCI announced a tender offer of its Euro bonds maturing in 2021 and 2022 and its US Dollar bonds maturing in 2041. On February 14, 2019, the repurchase transaction was settled, with the principal amount of R\$ 269 (EUR 61 million) of the issuance maturing in 2021, R\$ 672 (EUR 152 million) maturing in 2022 and R\$ 2.1 billion (USD 540 million) maturing in 2041, with a total cash outlay of R\$ 3.3 billion.

Concurrently with the tender offer, VCI announced an exchange offer of its US Dollar-denominated bonds maturing in 2041 for a new issue of bonds from its direct subsidiary St. Mary's Inc. (Canada), maturing in 2041 and with annual coupon of 7.3%. However, the transaction did not meet the minimum conditions stipulated in the offer and, was not made.

(b) Conclusion of the merger of the operations and shareholding bases of Suzano Papel e Celulose S.A. ("Suzano") and Fibria Celulose S.A. ("Fibria")

On January 14, 2019, Suzano Papel e Celulose S.A. ("Suzano") and Fibria (together with Suzano, the "Companies") jointly made public the details of their corporate reorganization, informing their shareholders and the market in general that, on this date, the corporate reorganization which was the subject of the Voting Commitment and Assumption of Obligations entered into on March 15, 2018 was completed, with the effective combination of the operations and shareholding bases of Suzano and Fibria, pursuant to the protocol and justification executed on July 26, 2018 and approved by the shareholders of the Companies at meetings held on September 13, 2018.

At the date of the transaction, VSA recorded the gain resulting from the transaction, in the amount of R\$ 6,772, in "other operating income (expenses), net" (Note 28). VSA maintained a direct interest of 5.5% in the capital of Suzano, which is considered as a financial instrument and is now valued at fair value in accordance with CPC 48/IFRS 9 - "Financial Instruments" (Note 11).

(c) CESP - Companhia Energética de São Paulo ("CESP") – Results of the offer to employees

In January 2019, as expected, the indirect subsidiary VTRM Energia Participações S.A. ("VTRM") acquired through a privatization auction additional shares of CESP, representing the remaining shares of the offer to employees, with a total investment of R\$ 210. After the results of the offer to employees, VTRM will hold a 40.0% stake in CESP, equivalent to 93.5% of the voting common shares.

(d) ICMS on the basis for the calculation of Social Integration Programs ("PIS") and Contribution to Social Security Financing ("COFINS")

During the first quarter of 2019, there was a final judgment in another lawsuit of the subsidiary Votorantim Cimentos S.A. ("VCSA") and the indirect subsidiary Votorantim Cimentos N/NE S.A. ("VCNNE"), relating to the ICMS exclusion thesis on the basis of the calculation of PIS and COFINS and a credit of R\$ 585 (Note 12) was recorded in assets, representing R\$ 399 of principal (Note 28) and R\$ 213 of monetary restatement (Note 29). In addition, VCSA proceeded with the collection of the judicial deposit attached to another lawsuit, in which a final decision was handed down at the end of 2018, in the amount of R\$ 346.

During the second quarter of 2019, final judgment was recognized in a lawsuit filed by Companhia Brasileira de Alumínio ("CBA"), related to the ICMS exclusion thesis on the PIS and COFINS calculation basis, with the recording of an asset in the amount of R\$ 171, of which R\$ 122 is principal (Note 28) and R\$ 49 is monetary restatement (Note 29).

(e) Debt issuance by the indirect subsidiary Itacamba Cimentos S.A. ("Itacamba")

On April 4, 2019, in line with the consolidated financial liability management strategy aimed at lengthening VCSA's debt profile and reducing the average cost of debt, the indirect subsidiary Itacamba carried out its first issuance of debt in the Bolivian capital market. This was made in the amount of R\$ 65 (BOB 116 million), maturing in 2025 and with fixed interest of 4.75% p.a.

On May 31, 2019, Itacamba entered into a loan agreement with Banco BISA in the total amount of R\$ 140 (BOB 244), maturing in 2027 and with fixed interest of 5.55% p.a.

The funds raised in the operations described above were intended to prepay syndicated loan agreements in the total amount of R\$ 448 (BOB 796), with fixed interest of 6.00% p.a. and maturity in 2025.

(f) CESP - Public Tender Offer ("Tender Offer")

On May 24, 2019, as a result of the acquisition of control of CESP by the indirect investor VTRM, the tender offer was held at B3, pursuant to which, in accordance with the terms, conditions and VTRM acquired 1 (one) ON share, at the price of R\$ 11.28, and 31 (thirty-one) class B preferred shares ("PNB"), at the price of R\$ 14,32 VTRM now holds, directly and indirectly, 102,091,755 ON shares, representing approximately 93.52% of the total ON shares and 28,928,300 PNB shares, representing approximately 13.72% of the total PNB shares.

(g) Conclusion of sale of operations in India

On April 16, 2019, the sale of the 75% total stake was concluded, of which 73.4% was bought by Votorantim Cimentos EAA Inversões, SL ("VCEAA") and 1.6% by VCSA, in the indirect investor Shree Digvijay Cement Company Ltda., a publicly traded company in India, for the average price of INR 15.55 per share. On April 30, 2019, the amount of R\$ 89 (EUR 20 million) was received, related to the settlement of the agreed installments in the sale transaction.

The sale of the business of the subsidiary VCSA and its subsidiaries in India is in line with management's objective of exiting non-priority markets and focusing on regions where they have the greatest potential to compete and expand the Company's current business. With the proceeds of this operation, on May 8, 2019, the subsidiary VCEAA prepaid all of a bilateral loan signed on June 27, 2016, in the amount of R\$ 132 (EUR 30 million) maturing in 2021, and with fixed cost of 2.30% p.a.

(h) Deliberation and receipt of dividends from the Company by the investee Suzano

On April 18, 2019, the investee Suzano announced to its shareholders the payment of dividends approved at the Annual General Meeting, in the total amount of R\$ 600, after the payment to the Company, proportional to its interest, of the amount of R\$ 33, in April 30, 2019, based on the shareholding position as at the date of that Meeting, and with an amount per share equivalent to R\$ 0.44470086.

(i) Export financing

In April and May 2019, the subsidiary CBA entered into loan agreements (Export Credit Notes – “NCEs”) to finance its exports in the total amount of R\$ 1,085 million, with final maturity in April and May 2027, respectively. The operations have pegged swap contracts (derivative financial instrument), which are intended to exchange the exposure to the floating rate CDI in reais to a fixed rate in US Dollars, resulting in a weighted average cost of 5.00% per year. These swaps were contracted together with the financing and from the same financial institution.

(j) Bond repurchase offer

In April 2019, the subsidiary CBA announced the tender offer on its bonds maturing in 2024. The settlement of R\$ 1,007 million (USD 256 million) occurred on May 10, 2019.

(k) Prepayments of VSA debentures

On July 31, 2019, the Company early redeemed the fourth issue of debentures maturing on July 27, 2024. The total amount of amortized principal totaled R\$ 550.

(l) Contracting of Revolving Credit Facility by VCI, VCEAA and St Marys

On August 1, 2019, to replace the revolving credit facility contracted in October 2015 in the amount of USD 230 million maturing in October 2020, the subsidiaries VCI, VCEAA and St. Marys together with their subsidiaries, entered into a new revolving credit facility of USD 290 million, maturing in August 2024, from a bank syndicate.

(m) Borrowing pursuant to Law 4,131 / 1962 by the indirect subsidiary VCNNE

On September 11, 2019, the indirectly controlled VCNNE entered into a loan agreement under Law 4,131/1962 in the amount of USD 75 (R\$ 305) maturing on September 13, 2024, the latter being released after September 13 of 2019.

The operation has a swap contract (derivative financial instrument) that allows both the exchange of LIBOR floating rate exposure to CDI floating rate exposure and real dollar currency exchange, resulting in a final cost of 107.00% p.a. CDI. This swap was contracted with the same financial institution as the loan (USD debt + BRL swap as% of CDI).

Votorantim Cimentos used the proceeds from this funding to prepay two higher-cost, shorter-term bilateral loans totaling R\$ 334 million, in line with its liability strategy. Of the total amortized amount, R\$ 141 million is related to a loan from subsidiary VCNNE and R\$ 193 million (EUR 42.5 million) refers to a loan from subsidiary VCEAA.

(n) Acquisition of factory unit

The subsidiary CBA announced, in August 2019, the acquisition of the operation of Arconic Industria e Comércio de Metais Ltda, located in Pernambuco, Northeast Brazil, which will complement CBA's rolled product line. Arconic, located in the city of Itapissuma, has an installed capacity of 50,000 tons per year between aluminum sheets and sheets and will contribute to improve the competitiveness of the domestic industry against imported products. The Completion of the Process purchase is still pending approval by CADE.

(o) Recognition of impairment loss

The subsidiary Nexa, performing an assessment of the impairment indicators and the recoverable amount test in accordance with its annual financial standards, identified the following impairment indicators for the three-month period ended September 30, 2019: (i) prices of LME's short-term averages fell 15.1% compared with the three-month period of June 30, 2019, (ii) the useful life of some of its operations reduced as a result of new exploratory operations research; (iii) the carrying amount of the controlled assets was above the controlled market value.

The subsidiary's management considered that the combination of these indicators could indicate a material impact that would not be recoverable from its cash-generating units ("CGUs"). Therefore, an estimate of the entire recoverable value of the CGUs was made. A combination of impairment indicators calculates the recoverable value of their CGUs that are determining factors in recognizing a loss of R\$ 564 (USD 142 million).

2 Presentation of the condensed consolidated interim financial statements

2.1 Basis of preparation

(a) Condensed consolidated interim financial statements

The financial statements have been prepared and it is being presented in accordance with Technical Pronouncement CPC 21 (R1) Interim Statement, and International Accounting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and disclose all relevant information in the interim financial statements, which is consistent with that used by management in its administration.

For this reason, the condensed consolidated interim financial statements as at September 30, 2019 do not contain all explanatory notes and disclosures required by the accounting standards applicable to annual financial statements, as their purpose is to provide an update on any changes to significant activities, events and circumstances relative to those financial statements. As a consequence, they should be read together with the consolidated financial statements at December 31, 2018, issued on March 8, 2019, and available on the investor relations website (www.votorantim.com.br/ri).

The Company voluntarily opted for the presentation of the condensed interim cash flow statement for the three-month period ended September 30, 2019.

The condensed consolidated interim financial statements have been prepared in a manner consistent with the accounting policies disclosed in the consolidated financial statements at December 31, 2018.

(b) Approval of the financial statements

The Board of Directors approved the consolidated financial statements for issue on November 5, 2019.

2.2 Restatement of comparative figures

In accordance with IFRS 5/CPC 31 - "Non-Current Assets Held-For-Sale and Discontinued Operations", the subsidiary Finco GmbH reclassified the investment in the indirect subsidiary U.S. Zinc Corporation and the subsidiary VCSA reclassified its cement operations in India from continuing operations to discontinued operations.

The comparative period of the balance sheet of the loan and drawn risk figures changed due to reclassification in the indirect subsidiary Acerías Paz del Rio S.A.

	1/1/2018 to 9/30/2018				
	As prior presented	Impacts of reclassification of Votorantim Cimentos	Impacts of reclassification of Uszinc	Financial instrument - Put Option Votorantim Siderurgia	Balance restated
Continuing operations					
Net revenue from products sold and services rendered	23,893	(180)	(851)		22,862
Cost of products sold and services rendered	(19,319)	179	767		(18,373)
Gross profit (loss)	4,574	(1)	(84)		4,489
Operating income (expenses)					
Selling	(564)	5	16		(543)
General and administrative	(1,542)	4	40		(1,498)
Other operating income (expenses), net	(106)	(6)	(7)		(119)
	(2,212)	3	49		(2,160)
Operating profit (loss) before equity results and finance results	2,362	2	(35)		2,329
Results from equity investments					
Equity in the results of investees	562				562
	562				562
Finance results, net					
Finance income	800	(1)		(126)	673
Finance costs	(1,976)	2	2	41	(1,931)
Income from derivative financial instruments	222			84	306
Foreign exchange, net	(964)		1	1	(962)
	(1,918)	1	3		(1,914)
Profit (loss) before income tax and social contribution	1,006	3	(32)		977
Income tax and social contribution					
Current	(399)	2	1		(396)
Deferred	(31)	(6)			(37)
Profit (loss) on continuing operations	576	(1)	(31)		544
Discontinued operations					
Profit (loss) for the discontinued operations	(168)	1	31		(136)
Profit for the period attributable to the owners	408				408
Profit attributable to the owners of the Company	293				293
Profit attributable to non-controlling interests	115				115
Profit for the period	408				408
Weighted average number of shares - thousands (to the owners of the Company)	18,278,789				18,278,789
Basic and diluted earnings per thousand shares, in reais	16.03				16.03
From continuing operations					
Basic and diluted earnings (loss) per thousand shares, in reais	25.22	(0.05)	(1.70)		23.47
From discontinued operations					
Basic and diluted earnings (loss) per thousand shares, in reais	(9.19)	0.05	1.70		(7.44)

	7/1/2018 to 9/30/2018				
	As prior presented	Impacts of reclassification of Votorantim Cimentos	Impacts of reclassification of USzinc	Financial instrument - Put Option Votorantim Siderurgia	Balance restated
Continuing operations					
Net revenue from products sold and services rendered	8,983	(54)	(282)		8,647
Cost of products sold and services rendered	(7,252)	59	252		(6,941)
Gross profit (loss)	1,731	5	(30)		1,706
Operating income (expenses)					
Selling	(176)	2	6		(168)
General and administrative	(559)	2	14		(543)
Other operating income (expenses), net	(225)	(2)	(3)		(230)
	(960)	2	17		(941)
Operating profit (loss) before equity results and finance results	771	7	(13)		765
Results from equity investments					
Equity in the results of investees	58				58
	58				58
Finance results, net					
Finance income	263	(1)		(26)	236
Finance costs	(693)		1	32	(660)
Income from derivative financial instruments	51			(6)	45
Foreign exchange, net	(246)		1		(245)
	(625)	(1)	2		(624)
Profit (loss) before income tax and social contribution	204	6	(11)		199
Income tax and social contribution					
Current	(110)		1		(109)
Deferred	25	(3)			22
Profit (loss) on continuing operations	119	3	(10)		112
Discontinued operations					
Profit (loss) for the discontinued operations	(7)	(3)	10		
Profit for the quarter attributable to the owners	112				112
Profit attributable to the owners of the Company	84				84
Profit attributable to non-controlling interests	28				28
Profit for the quarter	112				112
Weighted average number of shares - thousands (to the owners of the Company)	18,278,789				18,278,789
Basic and diluted earnings per thousand shares, in reais	4.60				4.60
From continuing operations					
Basic and diluted earnings (loss) per thousand shares, in reais	4.98	0.16	(0.55)		4.60
From discontinued operations					
Basic and diluted earnings (loss) per thousand shares, in reais	(0.38)	(0.16)	0.55		

3 Changes in accounting policies and disclosures

3.1 Changes in accounting standards

3.1.1 IFRS 16 / CPC 06 – “Leases”

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure for lease agreements. The standard introduces a single model for leases accounting in the balance sheet, where the lessees are required to recognize a lease liability reflecting future payments, and the right to use the leased asset. The nature of the expenses related to these leases was changed from a linear operating lease expenses to a depreciation expense of the right-of-use and interest expenses for the restatement of the lease liability.

This international standard changes the existing lease standards, including CPC 06 (IAS 17) – “Leasing Operations” and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - “Complementary Aspects of Leasing Operations”.

(a) Analysis scope and assets identification

The Company and its subsidiaries analyzed all active lease agreements upon the date of the initial adoption of the standard, when leases of machinery and equipment, light and heavy vehicles, vessels, real estate and land were identified.

As permitted by the standard, the scope of the analysis disregarded: (i) short-term leases (less than 12 months); and (ii) contracts with amounts lower than USD 5,000 (R\$ 20,000).

When identifying the right-of-use assets within the scope of the contracts identified, the following were also disregarded: (i) contracts with variable payments; (ii) contracts in which the leased asset was considered non-identifiable; (iii) contracts under which the Company is not entitled to obtain substantially all of the economic benefits arising from the use of the asset; and (iv) contracts in which the Company and its subsidiaries do not have substantial control over the definition of the use of the assets.

It should be noted that the Company and its subsidiaries analyzed, but did not identify: (i) contracts that presented fixed and variable payments as part of the same negotiation; (ii) contracts dealing with identifiable and non-identifiable assets in the same trade; or (iii) service contracts in which assets had been identified within the scope of the standard.

(b) Leasing term

The Company and its subsidiaries analyzed the lease term of all contracts based on a combination of the non-cancellable term, the term covered by the option for extension, the terms covered by the termination option and, mainly, management's intention regarding the period of permanence in each agreement contract.

(c) Discount rate

For initial adoption purposes, the Company and its subsidiaries adopted the average cost of active debt (outstandings) as at December 31, 2018 for all contracts classified in accordance with IFRS 16. For the new contracts, renewals and additions will be identified at the incremental rate for each lease. The incremental rate should reflect the cost of acquisition for the Company and its subsidiaries of debt with characteristics similar to those determined under the lease agreement, in terms of the term, value, guarantee and economic environment. The Company and the subsidiaries applied the future expectations regarding the obligations on January 1, 2019 (ranging from 5% to 7.07%) for all leases.

(i) Impacts of adoption

The Company and its subsidiaries adopted IFRS 16 on January 1, 2019, in accordance with the simplified cumulative effect in which assets and liabilities are recorded at the same time in the initial period without any effect on shareholders' equity, with an impact amounting to R\$ 666 related to right-of-use assets and liabilities under lease agreements.

3.1.2 IFRIC 23 / ICPC 22 – “Uncertainty over Income Tax Treatment”

Technical interpretation ICPC 22 clarifies how the recognition and measurement requirements set forth in CPC 32, which deals with taxes on profit, should be applied in cases where there is uncertainty regarding the treatment of these taxes.

(i) Impacts of adoption

The Company and its subsidiaries adhered to the standard from the beginning of its validity period on January 1, 2019. However, based on management's understanding, there is an immaterial accounting impact due to the uncertain positions related to income tax due to the adoption of this new accounting pronouncement.

4 Critical accounting estimates and judgments

In the period ended September 30, 2019, there were no changes in the estimates and assumptions that presented a significant risk of causing material adjustments to the carrying amounts of assets and liabilities for the current fiscal year, compared to those detailed in the most recent annual financial statements.

5 Financial risk management

5.1 Foreign exchange risk

(a) Foreign exchange risk

The Company and its subsidiaries have certain investments in foreign operations, the net assets of which are exposed to foreign exchange risk. The foreign exchange exposure arising from the Company's and its subsidiaries' participation in foreign operations is mainly hedged by borrowing in the same currency as these investments, classified as net investment hedges.

Presented below are the accounting balances of assets and liabilities indexed to the foreign currency at the closing date of the balance sheets:

	Note	9/30/2019	12/31/2018
Assets denominated in foreign currency			
Cash and cash equivalents	7	5,260	6,316
Financial investments	8	305	62
Trade receivables		1,438	1,329
Derivative financial instruments	5.1.1	275	472
Related parties		168	54
		7,446	8,233
Liabilities denominated in foreign currency			
Borrowing (i)		15,965	20,668
Lease liabilities		650	
Derivative financial instruments	5.1.1	166	244
Trade payables		1,990	2,352
Confirming payables	21	1,131	838
Deferred revenue - silver streaming		781	774
		20,683	24,876
Net exposure		(13,237)	(16,643)

(i) Does not consider borrowing costs.

(b) Hedge of net investments in foreign operations

Hedged investments are presented in the following table including the portion of the debt of the Company and its subsidiaries CBA, Nexa Recursos Minerais S.A., VCI and St Marys Cement Inc., denominated in Euros and US Dollars.

	9/30/2019		12/31/2018	
	Investment	Debt	Investment	Debt
Nexa Resources Cajamarquilla S.A.	1,681	1,599	3,437	5,247
VCNA US Inc. (i)	2,082	2,082		
Votorantim Cimentos EAA Inversões, S.L.	1,794	1,585	1,092	2,490

The Company and its subsidiaries document and evaluate the effectiveness of the investment hedge operations on a monthly basis, as required under IFRS 9 - "Financial instruments: recognition and measurement".

The foreign exchange gain on the conversion of debts, net of income tax and social contribution, recognized as equity valuation adjustments on September 30, 2019, was R\$ 67 (September 30, 2018, loss of R\$ 1,322) (Note 25 (c)).

- (i) Beginning in January 2019, the indirect subsidiary St. Mary's designated its US Dollar-denominated debt in the amount of R\$ 1,937 (USD 500 million) as an investment hedging instrument in its subsidiary VCNA US Inc. The hedged item considers only the investments originating in USD from St. Mary's, since this is a company domiciled in Canada and has subsidiaries with operations in the functional currency of the US Dollar and controlled with operations in the functional currency, in this case the Canadian Dollar.

(c) Liquidity risk

The following table analyzes the financial liabilities of the Company and its subsidiaries, by maturity, corresponding to the period remaining from the balance sheet date up to the contractual maturity date. The amounts disclosed in the table represent the undiscounted contractual cash flows, these amounts may not be reconciled with the amounts disclosed in the balance sheet.

	Note	Up to one year	From one to three years	From three to five years	From five to ten years	From ten years and above	Total
At September 30, 2019							
Borrowing (i)		1,503	5,565	7,497	8,958	4,792	28,315
Lease liabilities		257	287	186	152	52	934
Derivative financial instruments		99	98	93	509	3	802
Confirming payables	21	1,397					1,397
Trade payables		3,919					3,919
Dividends payable	13	48					48
Related parties	13	15	7				22
Use of public assets		86	157	176	500	908	1,827
		7,324	6,114	7,952	10,119	5,755	37,264
At December 31, 2018							
Borrowing (i)		6,176	5,625	7,243	9,335	4,420	32,799
Derivative financial instruments		144	69	31			244
Confirming payables	21	1,312					1,312
Trade payables		4,137					4,137
Dividends payable	13	482					482
Related parties	13	12	124				136
Use of public assets		80	123	367	357	778	1,705
		12,343	5,941	7,641	9,692	5,198	40,815

(i) Does not include the recorded fair value of the debts contracted under Law 4131/1962.

5.1.1 Derivatives contracted

(a) Effects of derivative financial instruments on the balance sheet and cash flow

The table below summarizes the derivative financial instruments and the underlying hedged items:

Details of the main derivative operations				1/1/2019 to 9/30/2019													
Programs	Principal Value		12/31/2018		Changes in fair value					9/30/2019		Fair value by maturity					
	9/30/2019	12/31/2018	As per unit	Fair value	Inventory	Net revenue from products sold and services rendered	Cost of products sold and services rendered	Other operating income (expenses), net	Finance results, net	Other comprehensive income	Gain (loss) Realized	Fair value	2019	2020	2021	2022	2023+
Hedges for sale of zinc at a fixed price																	
Zinc forward	15,763	10,566	ton	(3)			2				(2)	(2)					
				(3)			2				(2)	(2)					
Hedges for mismatches of quotation period																	
Zinc forward	246,462	261,020	ton	(2)	(7)	19	(41)	(2)		6	(6)	(20)	(20)				
				(2)	(7)	19	(41)	(2)		6	(6)	(20)	(20)				
Operating margin hedging																	
Aluminum forward	104,000	127,750	ton	157		165				(122)	161	40	22	17			
Collars	9		USD millions														
USD forward	191	280	USD millions	(47)		(26)				30	(42)	2	(2)				
				110		139				(92)	119	40	24	15			
Foreign exchange risk																	
Collars	756	1,057	BRL	(6)					3		8	(11)	(10)	(1)			
USD forward		514	USD millions	(8)					(88)		(96)						
Turkish Lira forward		11	USD millions	(4)					1		(5)						
				(18)					(86)		(93)	(11)	(10)	(1)			
Interest rate risk																	
LIBOR floating rate vs. CDI floating rate swaps	225	373	USD millions	141					30		87	85	(5)	(18)	(29)	(61)	198
IPCA floating rate vs. CDI floating rate swaps	227		BRL						4		3	3		1	2		
CDI floating rate vs. USD rate swaps	1,085		BRL						(76)	(98)	(175)	8		11	18	(212)	
IPCA floating rate vs. USD rate swaps	127		BRL							(9)	(10)	(10)				(10)	
				141					(42)	(107)	87	(97)	3	(17)	(16)	(43)	(24)
Total value of the derivative instruments				228	(7)	158	(41)		(128)	(193)	107	(90)	5	(12)	(17)	(43)	(24)

On September 30, 2019, the transactions involving derivative financial instruments, net of taxes, recognized in "Carrying value adjustments" loss amounted to R\$ 115. Besides this, there were hedge accounting operations, net of taxes, gain which amounted, to R\$ 43 in the unconsolidated subsidiaries, recognized in "Carrying value adjustments".

(b) Derivative financial instruments – Put-option

During the year ended December 31, 2018, the process by which Votorantim Siderurgia S.A. became a subsidiary of ArcelorMittal Brasil S.A. ("AMB") was concluded. Under the agreement between the parties, VSA became a minority stakeholder of 15% of AMB's combined long steel business which, in compliance with the applicable accounting rules, was recognized as a financial instrument, in accordance with CPC 48 - "Financial instruments". The change in fair value of this operation in the period resulted in a net gain of R\$ 20, recorded under "Net financial result".

5.1.2 Sensitivity analysis

The main risk factors affecting the pricing of cash and cash equivalents, financial investments, loans and financing and derivative financial instruments are exposure to the fluctuation in the US Dollar, Euro, Turkish Lira, New Peruvian Sun, Argentine Peso and Bolivian interest rates, LIBOR, CDI, US Dollar coupon, commodity prices and electricity purchase and sale contracts. The scenarios for these factors are prepared using both market sources and specialized sources of information, in line with the Company's governance. The scenarios as at September 30, 2019 are described below:

Scenario I - Considers a shock to the market curves and quotations at September 30, 2019, according to the base scenario defined by management as at December 31, 2019;

Scenario II - Considers a shock of + or - 25% in the market curves at September 30, 2019;

Scenario III - Considers a shock of + or - 50% in the market curves at September 30, 2019.

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

Risk factors	Cash and cash equivalents and financial investments (i)	Borrowing and related parties (i)	Derivative financial instruments/As per unit	Changes from 6/30/2019	Impacts on profit (loss)					Impacts on comprehensive income					
					Scenario I		Scenarios II & III			Scenario I		Scenarios II & III			
					Results of scenario I	-25%	-50%	25%	50%	Results of scenario I	-25%	-50%	25%	50%	
Foreign exchange rates															
USD	4,700	13,330	2,661	USD millions	5.2%	9	97	296	(108)	(265)	509	2,476	4,954	(2,477)	(4,955)
EUR	86	1,661			2.6%		(4)	(7)	4	7	42	399	798	(399)	(798)
PEN	176				4.1%	(7)	(42)	(84)	42	84		(2)	(4)	2	4
BOB	63	480			6.1%						26	104	209	(104)	(209)
TRY	8	183			7.7%	(1)	(2)	(4)	2	4	14	46	91	(46)	(91)
ARS	55				-16.0%						(9)	(14)	(27)	14	27
	5,088	15,654	2,661			1	49	200	(60)	(169)	582	3,009	6,021	(3,010)	(6,022)
Interest rates															
BRL - CDI	4,349	3,310	3,838	BRL	-16 bps	4	(32)	(65)	33	66		(2)	(3)	1	2
USD - LIBOR		1,570	1,025	USD millions	-15 bps	2	(6)	13	6	13		1	3	(2)	(3)
Cupom Dólar			925	USD millions	-2 bps	(2)	(1)	(3)	1	1	(56)	(34)	(72)	32	62
	4,349	4,880	5,788			4	(39)	(55)	40	80	(56)	(35)	(72)	31	61
Price of commodities															
Zinco			262,225	ton	-1.1%	6	137	273	(137)	(273)	(1)	(16)	(33)	16	33
Alumínio			104,000	ton	2.7%						(18)	172	345	(172)	(345)
			366,225			6	137	273	(137)	(273)	(19)	156	312	(156)	(312)
Firm commitment - electric energy															
Contratos de compra e venda - valor justo			(75)	BRL			(2)	(4)	2	4					
			(75)				(2)	(4)	2	4					

- (i) The balances presented do not reconcile with the line items “Cash and cash equivalents”, “Short-term investments”, “Related parties”, “Loans and financing”, as the analysis carried out included only the most significant currencies and rates. Interest rates only include the principal amount.

6 Credit quality of financial assets

	9/30/2019			12/31/2018		
	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents						
AAA	1,006		1,006	1,329	39	1,368
AA+	24		24	4		4
AA	8	407	415	6	796	802
AA-		351	351		424	424
A+		1,073	1,073		543	543
A		1,120	1,120	1	1,783	1,784
A-		59	59		286	286
BBB+		450	450		759	759
BBB		96	96		118	118
BBB-		398	398		369	369
BB		17	17		21	21
BB-		24	24			
B-		8	8		64	64
B+		17	17		55	55
B					27	27
CCC		13	13			
Unrated (i)		950	950	11	1,032	1,043
	1,038	4,983	6,021	1,351	6,316	7,667
Financial investments						
AAA	3,559		3,559	3,099		3,099
AA+	16		16	51		51
AA	72	206	278	166		166
AA-	5	12	17	5		5
A+	19	13	32	19	29	48
A		29	29		2	2
B-					30	30
CCC		41	41			
Unrated	20	3	23	11	1	12
	3,691	304	3,995	3,351	62	3,413
Derivative financial instruments						
AAA	654		654	242		242
AA				1	52	53
AA-	4		4	5		5
A+		34	34		134	134
A					1	1
BBB+		19	19			
Unrated (i)				37		37
	658	53	711	285	187	472
Financial instruments - Suzano						
AAA	2,530		2,530			
	2,530		2,530			
	7,917	5,340	13,257	4,987	6,565	11,552

The local and global ratings were obtained from ratings agencies (Standard & Poor's, Moody's and Fitch Ratings). The Company considered the ratings of Standard & Poor's and Fitch Ratings for presentation purposes, and the classification as established in the Company's Financial Policies.

(i) Refers to values invested in offshore banks, which are not rated by any ratings agency.

7 Cash and cash equivalents

	<u>9/30/2019</u>	<u>12/31/2018</u>
Local currency		
Cash and banks	49	28
Bank Deposit Certificates - ("CDBs")	35	3
Repurchase agreements - public securities	677	1,320
	761	1,351
Foreign currency		
Cash and banks	3,443	2,856
Time deposits	1,817	3,460
	5,260	6,316
	6,021	7,667

8 Financial investments

	<u>9/30/2019</u>	<u>12/31/2018</u>
Fair value through profit or loss		
Bank Deposit Certificates - ("CDBs")	1,953	1,396
Financial Treasury Bills - ("LFTs")	1,532	1,763
Repurchase agreements - private securities	15	106
Repurchase agreements - public securities		54
Investment fund quotas	26	15
Financial investments in foreign currency	99	62
Financial bills - private securities	100	
	3,725	3,396
Fair value through other comprehensive income		
Bank Deposit Certificates - ("CDBs")	64	17
Financial investments in foreign currency	206	
	270	17
	3,995	3,413
Current	3,972	3,390
Non-current	23	23
	3,995	3,413

9 Trade receivables

(a) Breakdown

	Note	9/30/2019	12/31/2018
Trade receivables - Brazil		1,423	1,308
Trade receivables - foreign customers		1,500	1,398
Related parties	13	30	14
		<u>2,953</u>	<u>2,720</u>
Allowance for doubtful accounts		(186)	(174)
		<u>(186)</u>	<u>(174)</u>
		<u>2,767</u>	<u>2,546</u>

(b) Aging of trade receivables

	9/30/2019	12/31/2018
Current	2,397	2,184
Up to three months past due	291	295
Three to six months past due	54	22
Over six months past due	211	219
	<u>2,953</u>	<u>2,720</u>

10 Inventory

	9/30/2019	12/31/2018
Finished products	900	845
Semi-finished products	1,509	1,499
Raw materials	733	832
Auxiliary materials and consumables	1,034	896
Imports in transit	255	142
Other	114	82
Provision for inventory losses	(416)	(482)
	<u>4,129</u>	<u>3,814</u>

11 Financial Instruments - Suzano

	Closing	12/31/2018
Shares	75,180,059	75,180,059
Suzano Papel e Celulose S.A. (SUZB3) share (R\$)	39.00	33.65
Financial instrument - Suzano	<u>2,932</u>	<u>2,530</u>
Fair value change		(402)
Income tax and social contribution		137
Adjustment to the fair value, net of tax		<u>(265)</u>

12 Taxes recoverable

	9/30/2019	12/31/2018
Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL")	1,800	1,751
Social Contribution on Revenue ("COFINS")	1,649	1,057
State Value-added Tax on Sales and Services ("ICMS")	661	594
Social Integration Program ("PIS")	346	230
Value-added Tax ("VAT") (foreign companies)	225	297
Withholding Income Tax ("IRRF")	92	62
ICMS on property, plant and equipment	76	59
"IRPJ/CSLL" - "Plano verão"	32	30
Excise Tax ("IPI")	39	28
Other	111	96
	5,031	4,204
Current	1,821	1,473
Non-current	3,210	2,731
	5,031	4,204

- (i) The variation refers substantially to the PIS and COFINS credit recognized in the subsidiaries CBA, VCSA and the indirect subsidiary VCNNE, in the amounts of R\$ 783, as described in Note 1.1 (d).

13 Related parties

Assets	Trade receivables		Dividends receivable		Non-current assets	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Related companies and joint ventures						
Cementos Avellaneda S.A.	2	3				
Cementos Granadilla S.L.	3	1				3
Banco Votorantim S.A.			200	9		
Citrosuco S.A. Agroindústria (i)		1			209	216
Citrosuco GmbH (i)					54	50
Fibria Celulose S.A.		3				1
Supermix Concreto S.A.	19	4				
VTRM Energia Participações S.A	1			5		
Others	5	2			116	1
	30	14	200	14	379	271
Current	30	14	200	14		
Non-current					379	271
	30	14	200	14	379	271

- (i) Refers to accounts receivable related to assets in excess of the basic net assets invested in Citrosuco's operation. The realization period is linked to the performance of each item under the contractual rules laid down in the shareholder agreement and the closing memorandum signed between Fischer S.A. – Commerce, Industry and Agriculture and Votorantim.

Liabilities	Trade receivables		Dividends receivable		Non-current assets	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Parent company						
Hejoassu Administração S.A.					415	
Related companies and joint ventures						
Suzano Papel e Celulose S.A.		13				117
Superior Materials Holdings, LLC	6	7				
Others	6	19			22	19
	12	39			415	136
Non-controlling interests			48	67		
Current	12	39	48	482		
Non-current					22	136
	12	39	48	482	22	136

Profit and loss	Sales (purchases), net		Financial profit (loss), net	
	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Related companies and joint ventures				
Cementos Avellaneda S.A.			36	
Cementos Especiales De Las Islas, S.A.	15	19		
Cementos Granadilla S.L.	11	16		
Citrosuco S.A. Agroindústria	31	24		
Suzano Papel e Celulose S.A.			43	
Midway Group, LLC	24	21		
Supermix Concreto S.A.	147	155		
Superior Materials Holdings, LLC	45	48		
Others	17	17	(4)	(2)
	290	379	(4)	(2)

14 Financial Instruments – firm commitment

	ACR						ACL			Total
	Votorantim			Votorantim			Total	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018	
	CBA	Energia	Total	Cimentos	CBA	Energia				
Realization	(79)	(23)	(102)		(12)	(58)	(70)	(172)	(158)	
Recognition				(7)	35	54	82	82	54	
Constitution (reversal)	(5)	(1)	(6)					(6)	4	
	(84)	(24)	(108)	(7)	23	(4)	12	(96)	(100)	

The table below shows the composition of the assets and liabilities:

	ACR						ACL			Total
	Votorantim			Votorantim			Total	9/30/2019	12/31/2018	
	CBA	Energia	Total	Cimentos	CBA	Energia				
Assets										
Current	26		26		(11)		(11)	15	202	
Non-current		17	17					17		
	26	17	43		(11)		(11)	32	202	
Liabilities										
Current				(15)		(4)	(19)	(19)	(19)	
Non-current				(46)	(42)		(88)	(88)	(161)	
				(61)	(42)	(4)	(107)	(107)	(180)	

15 Investments

(a) Breakdown

	Percentage of total capital		Percentage of voting capital		Headquarters	Main activity
	9/30/2019	12/31/2018	9/30/2019	12/31/2018		
	Main non-consolidated companies					
Associates						
Cementos Avellaneda S.A.	49.00	49.00	49.00	49.00	Argentina	Cement
Alunorte - Alumina do Norte S.A.	3.03	3.03	3.52	3.52	Brazil	Mining
IMIX Empreendimentos Imobiliários Ltda.	25.00	25.00	25.00	25.00	Brazil	Mining
Mineração Rio do Norte S.A.	10.00	10.00	12.50	12.50	Brazil	Mining
Supermix Concreto S.A.	25.00	25.00	25.00	25.00	Brazil	Concrete
Cementos Especiales de las Islas S.A.	50.00	50.00	50.00	50.00	Spain	Cement
Joint ventures						
Citrosuco GmbH	50.00	50.00	50.00	50.00	Austria	Agribusiness
Banco Votorantim S.A.	50.00	50.00	50.00	50.00	Brazil	Finance
Citrosuco S.A. Agroindústria	50.00	50.00	50.00	50.00	Brazil	Agribusiness
Juntos Somos Mais Fidelização S.A.	45.00	45.00	45.00	45.00	Brazil	Services
VTRM Energia Participações S.A.	50.00	50.00	50.00	50.00	Brazil	Electric power
Hutton Transport Ltda.	25.00	25.00	25.00	25.00	Canada	Transportation
Midway Group, LLC.	50.00	50.00	50.00	50.00	USA	Cement
RMC Leasing, LLC.	50.00	50.00	50.00	50.00	USA	Equipment leasing
Superior Materials Holdings, LLC.	50.00	50.00	50.00	50.00	USA	Cement

(b) Changes in investees and subsidiaries information

	Lucro operacional antes das		Equity in the results		Investment balance	
	Equity	Profit (loss) for the period	1/1/2019 to	1/1/2018 to	9/30/2019	12/31/2018
			9/30/2019	9/30/2018		
Investments accounted for based on the equity method - Associates						
Cementos Avellaneda S.A.	879	199	97	85	428	378
Alunorte - Alumina do Norte S.A.	3,442	(74)	(2)	(23)	105	107
IMIX Empreend. Imobiliários Ltda.	18	4	1	1	4	3
Mineração Rio do Norte S.A.	990	88	9	(4)	99	90
Supermix Concreto S.A.	230			(3)	57	57
Cementos Especiales De Las Islas, S.A.	185	26	13	8	92	77
Outros			1		88	167
Joint ventures						
Citrosuco GmbH (i)	3,801	(47)	(50)	124	2,798	2,613
Banco Votorantim S.A. (ii)	9,883	1,069	535	408	5,437	5,058
Citrosuco S.A. Agroindústria (i)	183	(407)	(231)	(244)	398	610
Jaguatirica Empreendimento Imobiliário SPE S.A. (i)	209	3	1		110	67
Juntos Somos Mais Fidelização S.A.	26	(4)	(2)		11	5
VTRM Energia Participações S.A. (i)	2,912	(102)	(51)	10	1,598	1,540
Hutton Transport Ltda.	87	8	2	2	22	20
Midway Group, LLC.	53	10	5		27	23
RMC Leasing LLC	32				16	10
Superior Materials Holdings, LLC	112	33	17	17	57	57
Fibria Celulose S.A.				181		
			345	562	11,347	10,882

	1/1/2019 a 30/9/2019	1/1/2018 to 9/30/2018
Opening balance for the period	10,882	13,372
Equity in the results of investees	345	562
Foreign exchange variations	125	351
Addition	115	
Fair value of available for sale asset - Banco Votorantim S.A.	39	(61)
Joint venture constitution - VTRM Energia Participações S.A.		509
Dividends - Banco Votorantim S.A.	(200)	
Gain on fair value adjustment on deconsolidation - VTRM Energia Participações S.A.		147
Initial adoption of IFRS 9		(332)
Reclassification for assets classified as held for sale - Suzano Celulose e Papel S.A.		(4,300)
Reclassification for assets classified as held for sale - Cimento Portland S.A.		(61)
Other	41	(82)
Closing balance for the period	11,347	10,105

- (i) The following investments consider the goodwill paid on the acquisition of investments and the surplus value, which is amortized in the income statement of the parent company:

	Goodwill		Added Value	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Citrosuco S.A. Agroindústria	145	141	752	726
Citrosuco GmbH	194	194	112	139
Jaguatirica Empreendimento Imobiliário SPE S.A.	5			
VTRM Energia Participações S.A.			141	144

- (ii) On September 30, 2019 the investment included the adjustment to fair value amounting to R\$ 495 (December 31, 2018 - R\$ 495)

16 Property, plant and equipment

(a) Breakdown and changes

											1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
	Land and improvements	Buildings and construction	Machinery, equipment and facilities	Vehicles	Furniture and fittings	Construction in progress	Asset retirement obligation	Leasehold improvements	Other	Total	Total	
Opening balance for the period												
Cost	2,060	10,890	35,343	1,225	241	2,785	917	519	527	54,507	52,346	
Accumulated depreciation	(62)	(4,624)	(21,341)	(1,000)	(172)		(484)	(296)	(348)	(28,327)	(26,123)	
Net opening balance for the period	1,998	6,266	14,002	225	69	2,785	433	223	179	26,180	26,223	
Additions	3	2	29	5	1	1,940			1	1,981	1,448	
Disposals	(13)	(7)	(59)	(2)	(5)	(1)			(5)	(92)	(86)	
Depreciation	(4)	(295)	(1,210)	(54)	(12)		(27)	(19)	(3)	(1,624)	(1,519)	
Foreign exchange variation	38	103	277	15		66	2	20	(43)	478	1,320	
Effect of subsidiaries included in (excluded from) consolidation	1	22	10	11	1					45	(1,171)	
Reversal for impairment (i)		(60)	(93)							(153)	15	
Cash flow revaluation							12			12	15	
Changes in the interest rate							(39)			(39)		
Transfers (ii)	18	159	1,048	114	5	(1,463)		15	(3)	(107)	(126)	
Closing balance for the period	2,041	6,190	14,004	314	59	3,327	381	239	126	26,681	26,119	
Cost	2,107	11,228	36,932	1,378	242	3,327	916	580	475	57,185	55,733	
Accumulated depreciation	(66)	(5,038)	(22,928)	(1,064)	(183)		(535)	(341)	(349)	(30,504)	(29,614)	
Net closing balance for the period	2,041	6,190	14,004	314	59	3,327	381	239	126	26,681	26,119	
Average annual depreciation rates - %	1	4	9	20	11	-	5	9	-			

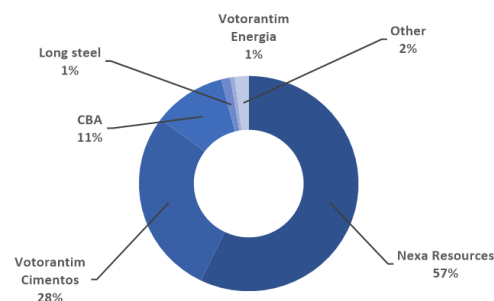
(i) Refers substantially to impairment in subsidiary NEXA described in item 1.1 (o).

(ii) The transfers are related to the reclassification from “construction in progress” within “property, plant and equipment” to “software”, “rights to use natural resources” and “other”, within “intangible assets”.

(b) Construction in progress

The balance is composed mainly of expansion and optimization projects related to industry.

Segment	9/30/2019	12/31/2018
Nexa Resources	1,903	1,353
Votorantim Cimentos	931	771
CBA	358	492
Long steel	45	92
Votorantim Energia	22	25
Other	68	52
	<u>3,327</u>	<u>2,785</u>



The main projects in progress by business segment are as follows:

Nexa Resources	9/30/2019	12/31/2018
Expansion and modernization projects	1,124	683
Sustaining	524	354
Security, health and environmental projects	218	223
Information technology	37	53
Other		40
	<u>1,903</u>	<u>1,353</u>

Votorantim Cimentos	9/30/2019	12/31/2018
Sustaining	318	220
Industrial modernization	144	161
New production line in Sobral - CE	72	75
Cement grinding - Pecém - Brazil	53	39
New lines of co-processing	41	35
Geology and mining rights	36	10
Environment and security	28	67
Factory in Nobres - MT	29	17
Hardware and software	29	15
Other	181	132
	<u>931</u>	<u>771</u>

CBA	9/30/2019	12/31/2018
Rondon Bauxite projects	117	114
Furnace refurbishment	46	131
Furnace rooms project	40	22
Plastic transformation and foundry projects	29	29
Alumina factory project	14	30
Revitalization and adequacy of power plant	8	48
Automation system modernization	2	29
Other	102	89
	358	492

Long steel	9/30/2019	12/31/2018
Sustaining	37	80
Security projects, health and environment projects - Colombia	3	7
Other	5	5
	45	92

Votorantim Energia	9/30/2019	12/31/2018
Corumba - GO projects	20	19
Information technology	2	4
Other		2
	22	25

17 Intangible assets

(a) Breakdown and changes

									1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
	Rights over natural resources	Goodwill	Asset retirement obligation	Use of public assets	Contracts, customer relationships and agreements	Software	Rights over trademarks and patents	Other	Total	Total
Opening balance for the period										
Cost	9,860	5,613	337	540	268	526	208	918	18,270	16,509
Accumulated amortization	(3,575)		(135)	(198)	(199)	(368)	(56)	(398)	(4,929)	(4,434)
Net opening balance for the period	6,285	5,613	202	342	69	158	152	520	13,341	12,075
Additions		5	2					8	15	108
Disposals						(2)			(2)	(11)
Amortization and depletion	(409)		(13)	(14)	(14)	(43)		(7)	(500)	(386)
Foreign exchange variation	347	373	6		6	4		51	787	1,985
Effect of subsidiaries included in (excluded from) consolidation	6	(25)			31				12	(46)
Reversal for impairment (i)	(393)								(393)	1
Transfers	(128)	145				45		45	107	126
Closing balance for the period	5,708	6,111	197	328	92	162	152	617	13,367	13,852
Cost	9,912	6,111	351	540	320	580	207	1,048	19,069	19,341
Accumulated amortization	(4,204)		(154)	(212)	(228)	(418)	(55)	(431)	(5,702)	(5,489)
Net closing balance for the period	5,708	6,111	197	328	92	162	152	617	13,367	13,852
Average annual amortization and depletion rates - %	6		7	7	7	20				

(i) Refers substantially to impairment in subsidiary NEXA described in item 1.1 (o).

18 Right of use assets

(a) Breakdown and changes

1/1/2019 to 9/30/2019

	Land and improvements	Property, buildings and commercial rooms	Machinery, equipment and facilities	IT equipment	Vehicles and vessels	Total
Initial adoption	91	177	83	24	291	666
Remeasurement of principal	3	19	169		138	329
New contracts	(9)	(35)	(39)	(12)	(76)	(171)
Amortization	14	1	2	1	39	57
Remeasurement of rate		1	2			3
Closing balance for the	99	163	217	13	392	884
Cost	109	198	262	26	472	1,067
Accumulated amortization	(10)	(35)	(45)	(13)	(80)	(183)
Net closing balance for the	99	163	217	13	392	884
Average annual amortization rates - %	12	18	35	62	33	

19 Borrowing

(a) Breakdown and fair value

Type	Average annual charges	Current		Non-current		Total		Fair value	
		9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Local currency									
Debentures	110.53% CDI	84	91	2,121	2,718	2,205	2,809	2,169	2,749
Export credit notes	112.70% CDI	29		1,078		1,107		1,074	
BNDES	TJLP + 2.36% / 1.86% fixed rate BRL / SELIC + 2.98% / IPCA + 5.00%	102	95	707	635	809	730	751	687
Development promotion agency	8.50% fixed rate BRL / TJLP + 0.65%	7	51	25	198	32	249	34	246
FINAME	4.89% fixed rate BRL	19	21	50	68	69	89	68	83
Other		30	11	34	11	64	22	63	20
		271	269	4,015	3,630	4,286	3,899	4,159	3,785
Foreign currency									
Eurobonds - USD	5.89% fixed rate USD	204	3,077	10,490	10,742	10,694	13,819	11,918	13,829
Eurobonds - EUR	3.39% fixed rate EUR	13	978	1,579	1,541	1,592	2,519	1,689	2,584
Loans - Law 4131/1962 (i)	LIBOR + 0.48%	2	594	937	864	939	1,458	939	1,481
Eurobonds - BOB	5.38% fixed rate BOB	5		325		330		330	
Syndicated loan/bilateral agreements	EURIBOR + 2.00% / LIBOR + 1.10% / 9.43% fixed rate	77	225	935	1,399	1,012	1,624	1,097	1,626
Export prepayments	LIBOR + 1.27%	8		824	765	832	765	861	799
Working capital	IBR + 2.71% / 5.68% fixed rate COP	156	111			156	111	157	112
Development promotion agency	LIBOR + 1.10%	34	30	193	195	227	225	236	236
Other		4	7	32	24	36	31	38	33
		503	5,022	15,315	15,530	15,818	20,552	17,265	20,700
		774	5,291	19,330	19,160	20,104	24,451	21,424	24,485
Current portion of long-term borrowing		269	4,854						
Interest on borrowing		338	324						
Short-term borrowing		167	113						
		774	5,291						

- (i) Loan agreements (NCEs) are intended to finance export operations and are linked to swap contracts (derivative financial instruments), which aim to switch floating rate exposure in Brazilian reais (CDI) to the foreign exchange rate, fixed in US Dollars, resulting in a weighted average cost of 5.00% per year. These swaps were contracted together with the financing and with the same financial institution.
- (ii) In July 2019, subsidiary CBA entered into an agreement with BNDES to finance part of its maintenance and modernization projects in the amount of R\$ 326 million and final maturity in 2034. In September 2019, the first release related to this loan occurred R\$ 90. Subsequently, a swap term (derivative financial instrument) was signed, which aims to exchange the exposure the floating rate IPCA in reais to the fixed rate in US Dollars, resulting in a weighted average cost of 4.15% per year.
- (iii) Loans relating to Law 4131/1962 are subject to swaps that are indexed both to exchange rates (LIBOR and fixed rates for floating CDI rates) and to currencies (US Dollars for reais), and resulted in a final weighted cost of 109.20% p.a. of the CDI. Borrowing of this type relates to compound financial instruments, contracted as a single product with the financial institution (debt in US Dollars + swap a percentage of the CDI in reais). The terms and conditions of the loan and derivative instruments are configured as a compound operation, so that the resulting cost is a debt adjusted by the CDI in reais. The difference in measurement between the two instruments (loan at amortized cost x derivative at fair value), creates an accounting mismatch in the statement of income. To eliminate this accounting mismatch, some of the borrowing contracts made from August 2015, were designated as at fair value, and the effect of this designation is the measurement of debt at fair value through profit or loss, according to Note 29.

Key:

BNDES	– National Bank for Economic and Social Development.
BRL	– Brazilian currency (Real).
CDI	– Interbank Deposit Certificate.
COP	– Colombian Peso.
EUR	– European Union currency (Euro).
EURIBOR	– Euro Interbank Offered Rate.
FINAME	– Government Agency for Machinery and Equipment Financing.
IBR	– Interbank Rate (Colombia).
INR	– Indian Rupee
IPCA	– Extended Consumer Price Index.
LIBOR	– London Interbank Offered Rate.
SELIC	– Special System for Clearance and Custody.
TJLP	– Long-term interest rate set by the National Monetary Council. Until December 2017, the TJLP is the BNDES basic cost of financing. As of January 2018, the Long Term Rate (TLP) became the main financial cost of BNDES financing.
USD	– US Dollar.

(b) Changes

	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Opening balance for the period	24,451	24,630
New borrowing	2,973	2,924
Interest	871	1,066
Addition of borrowing fees, net of amortization	21	19
Fair value adjustment		(11)
Effect of subsidiaries excluded in consolidation	(4)	(908)
IFRS 16 effect	(13)	
Foreign exchange variation	812	3,516
Payments - interest	(857)	(1,002)
Payments - principal	(8,157)	(4,812)
Others	7	(69)
Closing balance for the period	20,104	25,353

(c) New borrowing and amortizations

Through the funding and prepayment of certain debts, the Company seeks to extend the average maturities, as well as to balance the exposure to different currencies for loans and financing against cash generation in these currencies.

The main amortization in the period was as follows:

New borrowing

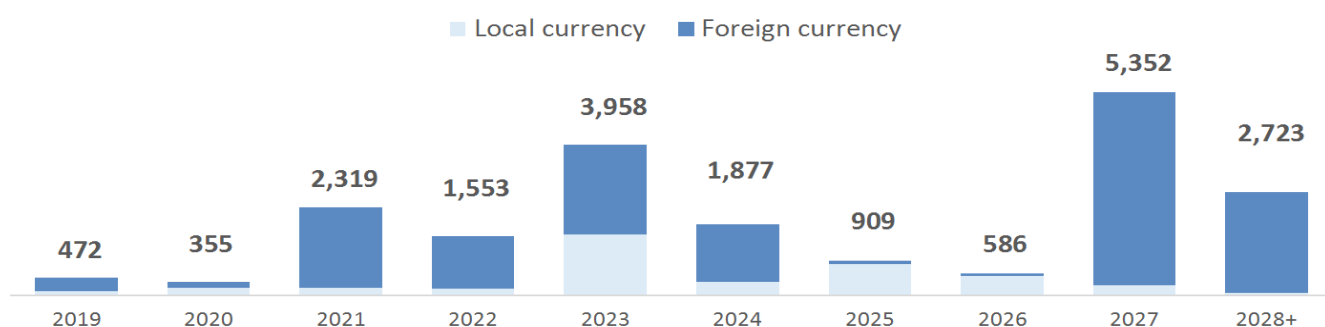
Date	Company	Type	Currency	Principal	Principal BRL	Maturity	Cost
Apr-19	Itacamba Cimentos S.A.	Debt in the local market	BOB	(116)	(65)	2025	4,75% Fixed
Apr-19	Itacamba Cimentos S.A.	Debt in the local market	BOB	(419)	(241)	2029	5,55% Fixed
Apr-19	Companhia Brasileira de Alumínio	Export Credit Note (*)	BRL	(787)	(787)	2027	5,03% Fixed
Apr-19	Companhia Brasileira de Alumínio	Export Credit Note (*)	BRL	(198)	(198)	2027	4,92% Fixed
Apr-19	Companhia Brasileira de Alumínio	Export Credit Note (*)	BRL	(100)	(100)	2027	4,90% Fixed
Apr-19	Itacamba Cimentos S.A.	Syndicated / Bilateral Loans	BOB	(244)	(140)	2027	5,68% Fixed
Apr-19	Votorantim Cimentos Internacional S.A.	Syndicated / Bilateral Loans	USD	(21)	(82)	2020	LIBOR + 1,1%
Apr-19	Votorantim Cimentos Internacional S.A.	Syndicated / Bilateral Loans	USD	(83)	(326)	2020	LIBOR + 1,1%
Apr-19	Votorantim Cimentos Internacional S.A.	Syndicated / Bilateral Loans	USD	(48)	(191)	2020	LIBOR + 1,1%
Sep-19	Votorantim Cimentos N/NE S.A.	Law 4131/1962	BRL	(75)	(75)	2019	107% CDI
Sep-19	Companhia Brasileira de Alumínio	BNDES	USD	(90)	(90)	2019	4,15% Fixed

(*) The Export Credit Note modality has a fixed rate in US Dollars as described in item (a).

Amortizations

Date	Company	Type	Currency	Principal	Principal BRL	Maturity	Cost
Jan-19	Votorantim S.A.	Eurobonds	USD	(207)	(774)	2019	Prepayment
Feb-19	Votorantim S.A.	Law 4131/1962	USD	(50)	(185)	2020	Prepayment
Feb-19	Votorantim S.A.	Law 4131/1962	USD	(100)	(377)	2021	Prepayment
Feb-19	Votorantim Cimentos Internacional S.A.	Eurobonds	USD	(540)	(2,014)	2041	Prepayment
Feb-19	Votorantim Cimentos Internacional S.A.	Eurobonds	EUR	(61)	(256)	2021	Prepayment
Feb-19	Votorantim Cimentos Internacional S.A.	Eurobonds	EUR	(151)	(640)	2022	Prepayment
Apr-19	Itacamba Cimentos S.A.	Syndicated / Bilateral Loans	BOB	(533)	(306)	2025	Prepayment
Apr-19	Votorantim S.A.	Law 4131/1962	USD	(73)	(282)	2021	Prepayment
May-19	Companhia Brasileira de Alumínio	Eurobonds	USD	(256)	(1,007)	2024	Prepayment
Jun-19	Itacamba Cimentos S.A.	Syndicated / Bilateral Loans	BOB	(262)	(148)	2025	Prepayment
Jun-19	St. Marys Cement Inc.	Syndicated / Bilateral Loans	USD	(35)	(135)	2019	Prepayment
Jul-19	Votorantim S.A.	Debenture	BRL	(550)	(550)	2027	Prepayment
Sep-19	Votorantim Cimentos N/NE S.A.	Local borrowing	BRL	(141)	(141)	2019	Prepayment
Sep-19	Votorantim Cimentos EAA Inversiones S.L.	Syndicated / Bilateral Loans	EUR	(43)	(193)	2023	Prepayment

(d) Maturity



(e) Breakdown by currency

	Current		Non-current		Total	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018
USD	252	3,707	13,078	13,083	13,330	16,790
Real	271	269	4,015	3,630	4,286	3,899
Euro	39	1,098	1,622	1,879	1,661	2,977
Boliviano	6	64	474	406	480	470
Turkish lire	71	39	112	148	183	187
Colombian peso	130	111			130	111
Other	5	3	29	14	34	17
	774	5,291	19,330	19,160	20,104	24,451

(f) Breakdown by index

	Current		Non-current		Total	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018	9/30/2019	12/31/2018
Local currency						
CDI	116	91	3,199	2,718	3,315	2,809
TJLP	72	79	254	314	326	393
TLP	34	32	363	289	397	321
Fixed rate	30	53	83	209	113	262
SELIC	19	14	116	100	135	114
	271	269	4,015	3,630	4,286	3,899
Foreign currency						
Fixed rate	343	4,729	12,696	13,160	13,039	17,889
LIBOR	47	230	2,587	2,331	2,634	2,561
EURIBOR	11	11	31	39	42	50
Other	102	52	1		103	52
	503	5,022	15,315	15,530	15,818	20,552
	774	5,291	19,330	19,160	20,104	24,451

(f) Collateral

As at September 30, 2019, R\$ 6.739 (December 31, 2018 R\$ 10.389) of the balance of borrowing of the Company and its subsidiaries was collateralized under promissory notes and sureties and R\$ 977 of property, plant and equipment items (December 31, 2018: R\$ 792) was collateralized by liens on the financed assets.

(h) Covenants/financial ratios

Determinados Certain borrowing items are subject to compliance with certain financial ratios ("covenants"). Where applicable, such obligations are standardized for all loan and financing agreements.

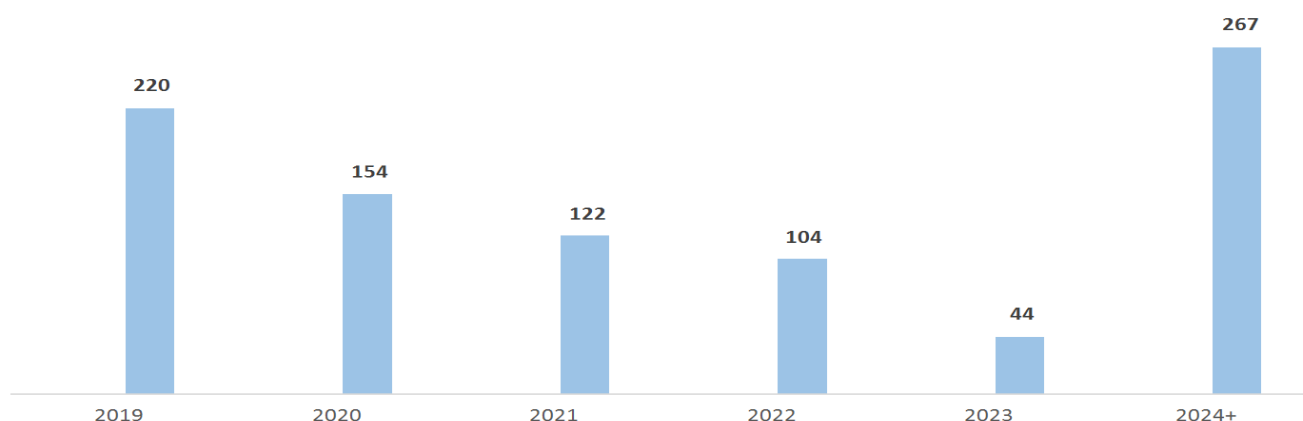
The Company and its subsidiaries were in compliance with all of these covenants, as applicable.

20 Lease liabilities

(a) Changes to lease obligations – IFRS16

	1/1/2019 to 9/30/2019
Initial adoption IFRS 16	666
Remeasurement of interest	3
New contracts	332
Amortization	(139)
Fair value adjustment	19
Foreign exchange variation	30
Closing balance for the period	911
Current	229
Non-current	682
	911

(b) Maturity profile



21 Confirming payables

The Company and subsidiaries have entered into agreements with financial institutions, aiming to anticipate receivables from suppliers in domestic and foreign markets. As part of this operation, suppliers transfer the right to receive their accounts receivable related to sales of goods to financial institutions.

Operations - Confirming payables	9/30/2019	12/31/2018
Domestic market	266	349
Foreign market	1,131	963
	1,397	1,312

22 Current and deferred income tax and social contribution

(a) Reconciliation of Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL") expenses

The income tax and social contribution amounts presented in the statements of income for the period ended at September 30, 2019, are reconciled with their Brazilian standard rates as follows:

	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Profit before income tax and social contribution	6,474	977
Standard rates	34%	34%
Income tax and social contribution at standard rates	(2,201)	(332)
Adjustments for the calculation of income tax and social contribution at effective rates		
Equity	117	191
Realization of comprehensive income on disposals of investments	37	
Tax on mining operations	(19)	(39)
Differential rate of foreign companies	(53)	155
Tax loss carryforward and non-deferred tax base	(221)	(415)
Other exclusions, net	61	7
Income tax and social contribution calculated	(2,279)	(433)
Current	(1,426)	(396)
Deferred	(853)	(37)
Income tax and social contribution expenses	(2,279)	(433)
Effective rate - %	35%	44%

(b) Breakdown of deferred tax balances

	9/30/2019	12/31/2018
Tax credits on tax losses	2,241	2,669
Tax credits on temporary differences		
Estimation for losses on investments, fixed and intangible assets	843	857
Foreign exchange gains	330	761
Tax, civil and labor provision	594	574
Tax benefit on goodwill	503	503
Deferred of losses on derivative instruments	307	(77)
Asset retirement obligation	207	182
Use of public assets	150	154
Environmental liabilities	115	128
PPR - Provision for profit sharing	95	113
Estimation for inventory losses	89	78
Provision for loan	66	62
Provision for energy charges	52	49
Provision for social security obligations	44	41
Financial instruments - firm commitment	25	(8)
Pension funds	4	3
Estimated asset disposals	2	2
Other tax credits	184	194
Tax debits on temporary differences		
Adjustment of useful lives of PP&E (depreciation)	(1,901)	(2,192)
Market value Milpo	(1,227)	(1,233)
Adjust the fair value in the Suzano transaction	(474)	
Goodwill amortization	(298)	(405)
Goodwill amortization	(190)	(388)
Capitalized interest	(177)	(141)
Market value assets	(161)	123
Gain in fair value in VTRM's operation	(102)	(102)
Market value adjustment	(34)	(35)
Asset retirement obligation	(10)	(10)
Other tax debits	(77)	(22)
Net	1,200	1,880
Net deferred tax assets related to the same legal entity	3,181	4,079
Net deferred tax liabilities related to the same legal entity	(1,981)	(2,199)

(c) Effects of deferred income tax and social contribution on the profit for the period and comprehensive income

	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Opening balance for the period	1,880	2,114
Deferred income tax and social contribution on hedge accounting	93	658
Effects on the results of the semester - discontinued operations	132	(6)
Effects of foreign exchange variations in other comprehensive income	(52)	(242)
Effects on the results for the semester - continuing operations	(853)	(37)
Consumption of tax and social contribution credits for payment of PERT program	20	
Closing balance for the period	1,200	2,507

23 Deferred revenue - obligation for performance

In December 2014, the subsidiary indirect Votener ceded to a financial institution the receivables due up to December 2019 as a result of certain contracts for the Sale of Electric Energy in the Regulated Environment ("CCEAR"), which are being carried out through the physical delivery of energy. This transaction corresponded to R\$ 1,252, and has no right of return and/or type of co-obligation of the Company in relation to the receivables. Due to the assignment of receivables, Votener received a total amount of R\$ 905, and the interest to be appropriated from the transaction will be recognized pro rata in the result over the term of the agreement.

In May 2015, Votener carried out a second credit assignment operation, without any right of return and/or co-obligation of the subsidiary, in the total amount of R\$ 368. Through the assignment of the receivables, Votener received the total amount R\$ 251, and the interest to be appropriated from the operation will be recognized pro rata to the result over the term of the agreement.

The updated amount of these operations as at September 30, 2019 was R\$ 89 (December 31, 2018, R\$ 271).

24 Provision

(a) Breakdown and changes

						1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
	Legal claims						
	Asset retirement obligation	Tax	Labor	Civil	Other	Total	Total
Opening balance for the	1,334	853	84	283	41	2,595	2,587
Additions	2	83	211	37	10	343	212
Reversals		(26)	(90)	(45)	(8)	(169)	(259)
Judicial deposits, net of write-offs		1	91	3		95	80
Settlement in cash	(30)	(6)	(13)	(21)	(4)	(74)	(186)
Settlements with escrow deposits			(136)	(26)		(162)	(6)
Effect of subsidiaries included in (excluded from) consolidation							(20)
Present value adjustment	52					52	38
Monetary restatement		(10)	11	16	2	19	73
Foreign exchange variation	43	2	2		1	48	133
Revision of estimated cash flow	(27)					(27)	(3)
Closing balance for the	1,374	897	160	247	42	2,720	2,649

(i) In September 2019, the subsidiary VCSA reversed the amount of R\$ 46 in tax provisions, referring to the financial update of lawsuits originating from the Federal District, considering the decision of the Supreme Federal Court (STF) which, in general repercussion, decided that the Member States and the Federal District cannot apply monetary correction indices and arrears interest rates on their tax credits higher than those applied by the Union.

(b) Provision for tax, civil, labor, other contingencies and outstanding judicial deposits

	9/30/2019				12/31/2018			
	Judicial deposits	Provision	Net amount	Remaining judicial deposits (i)	Judicial deposits	Provision	Net amount	Remaining judicial deposits (i)
Tax	(125)	1,022	897	200	(126)	979	853	545
Labor	(123)	283	160	31	(214)	298	84	80
Civil	(25)	272	247	118	(28)	311	283	124
Other	(1)	43	42	14	(1)	42	41	6
	(274)	1,620	1,346	363	(369)	1,630	1,261	755

(i) The Company and its subsidiaries have balances deposited in relation to lawsuits classified by management, based on the opinion of the legal advisors of the Company and its subsidiaries as representing remote or possible losses and, therefore, subject to provision.

The variation in tax judicial deposits refers mainly to the withdrawal of deposits linked to ICMS lawsuit on PIS and COFINS calculation basis, as note 1.1 (d).

(c) Litigation in process with a likelihood of loss considered possible

The Company and its subsidiaries were a party to litigations representing a risk of possible losses, for which no provision has been made, as detailed below.

	<u>9/30/2019</u>	<u>12/31/2018</u>
Tax (c.1)	11,353	11,162
Civil (c.2)	7,963	7,430
Environmental	621	516
Labor and social security	337	374
	<u>20,274</u>	<u>19,482</u>

(c.1) Composition of contingent tax and public rights liabilities with a likelihood of loss considered possible

The main contingent liabilities related to tax proceedings in progress with possible loss, for which no provision is recorded is presented below. In the following table we present an analysis of the relevance of these processes:

Nature	<u>9/30/2019</u>	<u>12/31/2018</u>
Tax assessment notice - "IRPJ/CSLL"	1,963	1,884
"IRPJ/CSLL" – Profits abroad	1,085	1,052
"ICMS" – Credit	814	818
Disallowances of "PIS/COFINS" credits	705	680
Compensation for exploration for mineral resources ("CFEM")	611	608
Disallowance of "IRPJ/CSLL" negative balance	519	493
Tax assessment notice – "ICMS"	304	286
Offset of tax loss – 30% limit (merger)	296	204
"ICMS" on electricity charges	220	198
"IRPJ/CSLL" – Transfer costs	204	172
Error in fiscal classification - Importation	179	315
Collection of ICMS due to divergences regarding the destination of the property	107	104
"IRPJ/CSLL" – Deduction of expenses	77	74
Other lawsuits	4,269	4,274
	<u>11,353</u>	<u>11,162</u>

(c.2) Composition of contingent civil liabilities with a likelihood of loss considered possible

Nature	<u>9/30/2019</u>	<u>12/31/2018</u>
Public civil suit – Violation of the economic order	4,132	4,023
Administrative investigations carried out by the Secretariat of Economic Law	2,094	2,052
Other lawsuits	1,737	1,355
	<u>7,963</u>	<u>7,430</u>

There were no material changes relative to those detailed in Note 23 (c.2) to the latest annual financial statements.

25 Equity

(a) Share capital

On September 30, 2019 and December 31, 2018, the capital social the fully subscribed and paid-up capital of the Company was R\$ 28,656, consisting of 18,278,789 thousand common shares.

(b) Dividends

During the first half of 2019, the Company deliberated the its parent company Hejoassu Administração S.A., the amount of R\$ 1,475 corresponding to dividends related to part of the balance of the "Profit reserves" account accumulated up to December 31, 2018.

Also, in the period ended on September of 2019, the Ordinary and Extraordinary Meeting resolved to cancel the mandatory minimum dividends for 2018 in the amount of R\$ 415.

(c) Carrying value adjustments

	Attributable to the owners of the Company								
	Currency translation of investees located abroad	Hedge accounting for net investments abroad, net of taxes	Hedge accounting for the operations of subsidiaries	Fair value of available-for-sale financial assets of non-consolidated investments	Suzano shares fair value	Inflation adjustment for hyperinflationary economies	Remeasurement of retirement benefits	Other comprehensive income	Total
At January 1, 2018	4,990	(4,175)	(118)	266			(82)	(148)	733
Other comprehensive income									
Currency translation of investees located abroad	2,297								2,297
Hedge accounting for net investments abroad, net of taxes		(1,322)							(1,322)
Hedge accounting for the operations of subsidiaries			(6)						(6)
Fair value of available-for-sale financial assets of non-consolidated investments				(101)					(101)
Remeasurement of retirement benefits							5		5
Share in other comprehensive income of investees								4	4
Transactions with shareholders									
Ágio reflexo na emissão de ações da VTRM Energia Participações S.A.								155	155
At September 30, 2018	7,287	(5,497)	(124)	165			(77)	11	1,765
At January 1, 2019	6,545	(5,106)	40	192			(47)	(149)	1,475
Other comprehensive income									
Currency translation of investees located abroad	629								629
Hedge accounting for net investments abroad, net of taxes		67							67
Hedge accounting for the operations of subsidiaries			(158)						(158)
Fair value of available-for-sale financial assets of non-consolidated investments				42					42
Adjustment to the fair value of the shares held at Suzano S.A., net of the tax					(265)				(265)
Adjust the fair value of the shares held at Suzano, net of the tax								(63)	(63)
Realization of comprehensive results on Voto liquidation - Votorantim Overseas Trading Operations IV Ltd.	(108)								(108)
Reclassification of components of comprehensive income	(103)	22	(16)				(7)	104	(16)
Realization of comprehensive results in the sale of participation at Fibria	(16)								(16)
Remeasurement of retirement benefits							(15)		(15)
Share in other comprehensive income of investees								16	16
At September 30, 2019	6,947	(5,017)	(134)	234	(265)		(69)	(92)	1,604

26 Net revenue from products sold and services rendered

	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Gross revenue				
Sales of products - domestic market	4,075	3,132	11,667	10,638
Sales of products - foreign market	4,349	5,716	11,783	12,857
Supply of electrical energy	869	858	2,311	2,435
Services provided	167	131	436	379
	9,460	9,837	26,197	26,309
Taxes on sales, services and other deductions	(1,192)	(1,190)	(3,356)	(3,447)
Net revenue	8,268	8,647	22,841	22,862

27 Expenses by nature

				1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
	Cost of products sold and services rendered	Selling	General and administrative	Total	Total
Raw materials, inputs and consumables	11,248	16		11,264	11,222
Employee benefit expenses (a)	2,198	295	804	3,297	3,169
Depreciation, amortization and depletion	2,156	9	128	2,293	1,905
Transportation expenses	1,449	22		1,471	1,309
Outsourced services	981	66	531	1,578	1,358
Other expenses	1,183	250	232	1,665	1,451
	19,215	658	1,695	21,568	20,414

				7/1/2019 a 9/30/2019	7/1/2018 a 9/30/2018
	Cost of products sold and services rendered	Selling	General and administrative	Total	Total
Raw materials, inputs and consumables	3,636	8		3,644	4,000
Employee benefit expenses (a)	913	98	275	1,286	1,139
Depreciation, amortization and depletion	753	3	46	802	688
Transportation expenses	536	11		547	486
Outsourced services	424	26	223	673	625
Other expenses	668	80	70	818	714
	6,930	226	614	7,770	7,652

(a) Employee benefit expenses

	7/1/2019 a 9/30/2019	7/1/2018 a 9/30/2018	1/1/2019 a 9/30/2019	1/1/2018 a 9/30/2018
Salaries and bonuses	790	706	2,021	1,931
Payroll charges	306	259	792	738
Benefits	190	174	484	500
	1,286	1,139	3,297	3,169

28 Other operating expenses, net

	Note	7/1/2019 to 9/30/2019	7/1/2018 to 9/30/2018	1/1/2019 to 9/30/2019	1/1/2018 to 9/30/2018
Gain on Fibria's trasaction	1.1 (b)			6,772	
Tax recovery		19	22	570	22
Gain in fair value in VTRM's operation					147
Tax benefits		31	25	88	57
Income from rentals and leasing		18	16	48	42
Loss on sale of fixed assets		14	44	45	51
Net income from waste sale		15	17	42	41
Despesas com obrigações ambientais		13	18	13	65
Gain on <i>hedge</i>		(6)	64	12	95
Royalties on natural resources		(20)	(14)	(42)	(36)
Financial instrument - firm commitment	14	(16)	6	(96)	(100)
Expenses on not activatable projects		(130)	(164)	(324)	(374)
Provision, net		(93)	(383)	(272)	(302)
Reversal for impairment of investments, fixed and intangible assets		(564)	5	(546)	16
Other income (expenses), net		(16)	114	(181)	157
		(735)	(230)	6,129	(119)

- (i) Refers mainly to PIS and COFINS credits recognized in the subsidiaries CBA, VCSA and the indirect subsidiary VCNNE, in the amount of R\$ 521.

29 Finance results, net

	7/1/2019 to	7/1/2018 to	1/1/2019 to	1/1/2018 to
Finance income				
Income from financial investments	93	86	345	299
Interest on financial assets (i)	24	36	317	77
Reversal of monetary restatement of provision	68	3	102	72
Fair value of borrowing	16	22	49	68
Monetary updating of assets	6	9	27	46
Discounts obtained	4	6	14	18
Gain on debt renegotiation		69		69
Other finance income	1	5	2	24
	212	236	856	673
Finance costs				
Interest on borrowing	(299)	(356)	(899)	(1,058)
Capitalization of borrowing costs	18	2	37	30
Award paid in bond buyback (tender offer)			(212)	
Monetary restatement of provision	(29)	(30)	(159)	(159)
Borrowing fees	(31)	(13)	(83)	(66)
Adjustment to present value CPC 12	(35)	(22)	(81)	(73)
Fair value of borrowing and financing	(22)	(74)	(81)	(121)
Interest on anticipation of receivables	(26)	(26)	(76)	(76)
Interest and monetary restatement - use of public assets	8	(39)	(54)	(114)
"PIS/COFINS" on financial results	(9)	(7)	(41)	(21)
Income tax on remittances of interest abroad	(3)	(23)	(34)	(65)
Interest on silver streaming	(6)	(7)	(19)	(21)
Other finance costs	(41)	(65)	(227)	(187)
	(475)	(660)	(1,929)	(1,931)
Results of derivative financial instruments				
Revenue	55	87	138	393
Expenses	(6)	(42)	(248)	(87)
	49	45	(110)	306
Foreign exchange variation, net	(238)	(245)	(198)	(962)
Finance results, net	(452)	(624)	(1,381)	(1,914)

- (i) Refers substantially to the restatement of the PIS and COFINS credit recognized in the subsidiary CBA, VCSA and indirect subsidiary VCNNE, in the amount of R\$ 235.

30 Supplementary information – Business segments

In order to provide more detailed information the Company has elected to present financial information organized into two business segments.

The following information refers to the breakdown of VSA by business segments and considers the eliminations of balances and transactions between companies in the same segment, before: (i) eliminations between business segments; (ii) eliminations of investments held by the holding companies. Additionally, the eliminations and reclassifications among the companies are presented so that the net results reconcile with the consolidated financial information of VSA according to the supplementary information. This supplementary information is not intended to be in accordance with, and is not required by, the accounting practices adopted in Brazil, or by IFRS.

(a) Capital management

The financial leverage ratios are calculated according to the information of the industrial segments, considering the accumulated results for 12 months, as loan covenants, and are summarized as follow:

	Industrial segments		
	Note	10/1/2018 to 9/30/2019	1/1/2018 to 12/31/2018
Adjusted EBITDA			
Net income for the semester		5,703	1,953
Plus (less):			
Continuing operations			
Equity in the results of investees		(1,524)	(1,634)
Net financial results		1,514	2,048
Income and social contribution taxes		2,911	1,065
Depreciation, amortization and depletion		2,888	2,455
Discontinued operations			
Net financial results		42	6
Income and social contribution taxes		(50)	(99)
Depreciation, amortization and depletion		(23)	55
EBITDA before other additions and exceptional items		11,461	5,849
Plus:			
Dividends received		879	942
Extraordinary items			
EBITDA - discontinued operations		116	10
Non-recurring items - discontinued operations			211
Gain on sale of investments, net		(6,841)	(130)
Reversal for impairment of property, plant, equipment and intangible assets		537	(24)
Reversal for impairment of investments		(5)	
Gain by adjustment to fair value in deconsolidation of VTRM		(155)	(302)
Other		230	322
Adjusted annualized EBITDA (A)		6,222	6,878
Net debt			
Borrowing	19	20,104	24,451
Lease liabilities	20	911	
Cash and cash equivalents, financial investments and derivative financial instruments		(9,860)	(11,236)
Net debt (B)		11,155	13,215
Gearing ratio (B/A)		1.79	1.92

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

(a) Balance sheet - business segments

	9/30/2019										
	Votorantim Cimentos	Nexa Resources	CBA	Long steels (*)	Votorantim Energia	Holding and other	Eliminations	Total, industrial segments	Votorantim Finanças	Eliminations	Total, consolidated
Assets											
Current											
Cash and cash equivalents, financial investments and derivative financial instruments	2,226	3,603	785	102	127	3,185		10,028	64		10,092
Trade receivables	1,128	644	502	243	451	93	(294)	2,767			2,767
Inventory	1,648	1,220	931	328		2		4,129			4,129
Taxes recoverable	445	468	423	85	25	290		1,736	85		1,821
Dividends receivable			24			234	(58)	200	200	(200)	200
Financial instruments - firm commitment			15					15			15
Other assets	272	179	51	50	4	82		638			638
	5,719	6,114	2,731	808	607	3,886	(352)	19,513	349	(200)	19,662
Non-current assets											
Long-term receivables											
Financial investments and derivative financial instruments	242	6	387					635			635
Financial instruments - Suzano						2,530		2,530			2,530
Derivative financial instruments - put option						764		764			764
Taxes recoverable	1,745	388	687	8		382		3,210			3,210
Related parties	25	117	28	15	82	1,010	(898)	379			379
Deferred income tax and social contribution	457	927	754	148		868		3,154	27		3,181
Judicial deposits	187	30	120	2		24		363			363
Financial instruments - firm commitment					17			17			17
Other assets	578	131	14	60		74	35	892			892
	3,234	1,599	1,990	233	99	5,652	(863)	11,944	27		11,971
Investments	874	(1)	203		2,042	29,341	(21,105)	11,354	5,437	(5,444)	11,347
Property, plant and equipment	12,940	7,430	4,711	1,009	34	557		26,681			26,681
Intangible assets	6,238	7,357	496	31	547	216	(1,518)	13,367			13,367
Right-of-use assets	603	134	17	108	9	13		884			884
Biological assets			4	5		66		75			75
	23,889	16,519	7,421	1,386	2,731	35,845	(23,486)	64,305	5,464	(5,444)	64,325
Total assets	29,608	22,633	10,152	2,194	3,338	39,731	(23,838)	83,818	5,813	(5,644)	83,987

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

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

	9/30/2019										
	Votorantim Cimentos	Nexa Resources	CBA	Long steels (*)	Votorantim Energia	Holding and other	Eliminations	Total, industrial segments	Votorantim Finanças	Eliminations	Total, consolidated
Liabilities and equity											
Current liabilities											
Borrowing	288	164	152	131		39		774			774
Lease liabilities	118	71	8	16	3	13		229			229
Derivative financial instruments	17	60	22					99			99
Confirming payable	529	328	360	180				1,397			1,397
Trade payables	1,684	1,439	424	208	418	15	(269)	3,919			3,919
Salaries and payroll charges	365	235	125	40	16	58		839			839
Taxes payable	239	166	43	94	16	1		559			559
Advances from customers	16	7	37	73	1	5		139			139
Dividends payable	1	41	72			39	(54)	99	200	(200)	99
Use of public assets	34	7	42					83			83
Related parties			83				(83)				
Financial instruments - firm commitment	16				3			19			19
Deferred revenue - performance obligation			(1)		90			89			89
Deferred revenue - silver streaming		108						108			108
Other	426	185	46	17	1	173		848	1		849
	3,733	2,811	1,413	759	548	343	(406)	9,201	201	(200)	9,202
Liabilities related to assets held-for-sale	2							2			2
	3,735	2,811	1,413	759	548	343	(406)	9,203	201	(200)	9,204
Non-current liabilities											
Borrowing	10,497	5,748	2,070			1,015		19,330			19,330
Lease liabilities	492	83	8	93	6			682			682
Derivative financial instruments	122	8	573					703			703
Deferred income tax and social contribution	474	1,027	2		98	212		1,813	168		1,981
Related parties	86	3	2	656	1	85	(811)	22			22
Provision	1,079	885	500	95	1	160		2,720			2,720
Use of public assets	466	85	570					1,121			1,121
Pension plan	194			129				323			323
Financial instruments - firm commitment	45		43					88			88
Deferred revenue - performance obligation		673						673			673
Deferred revenue - silver streaming								802			802
Other	239	269	52	121	8	113					
	13,694	8,781	3,820	1,094	114	1,585	(811)	28,277	168		28,445
Total liabilities	17,429	11,592	5,233	1,853	662	1,585	(1,217)	37,480	369	(200)	37,649
Equity											
Total equity attributable to owners of the Company	11,454	8,958	4,721	228	2,676	37,803	(25,066)	40,774	5,444	(5,443)	40,775
Non-controlling interests	725	2,083	198	113			2,445	5,564		(1)	5,563
Total equity	12,179	11,041	4,919	341	2,676	37,803	(22,621)	46,338	5,444	(5,444)	46,338
Total liabilities and equity	29,608	22,633	10,152	2,194	3,338	39,731	(23,838)	83,818	5,813	(5,644)	83,987

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

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

(c) Statement of income – business segments

	1/1/2019 to 9/30/2019										
	Votorantim Cimentos	Nexa Resources	CBA	Long steels (*)	Votorantim Energia	Holding and other	Eliminations	Total, industrial segments	Votorantim Finanças	Eliminations	Total, consolidated
Continuing operations											
Net revenue from products sold and services rendered	9,622	6,790	4,006	1,456	3,072	46	(2,151) (**)	22,841			22,841
Cost of products sold and services rendered	(7,972)	(5,726)	(3,468)	(1,184)	(2,995)	(21)	2,151 (**)	(19,215)			(19,215)
Gross profit	1,650	1,064	538	272	77	25		3,626			3,626
Operating income (expenses)											
Selling	(540)	(67)	(28)	(19)		(4)		(658)			(658)
General and administrative	(659)	(515)	(153)	(77)	(61)	(220)		(1,685)	(10)		(1,695)
Other operating income (expenses), net	511	(911)	(56)	46	(18)	6,557		6,129			6,129
	(688)	(1,493)	(237)	(50)	(79)	6,333		3,786	(10)		3,776
Profit (loss) before equity results and finance results	962	(429)	301	222	(2)	6,358		7,412	(10)		7,402
Result from equity investments											
Equity in the results of investees	134	(1)	6		14	43	145 (**)	341	535	(531)	345
Realization of other comprehensive income on disposal of investments	108							108			108
	242	(1)	6		14	43	145	449	535	(531)	453
Finance results, net											
Finance income	435	66	129	11	75	232	(96) (**)	852	4		856
Finance costs	(994)	(348)	(321)	(106)	(88)	(168)	96 (**)	(1,929)			(1,929)
Results of derivative financial instruments	(47)	7	(77)			7		(110)			(110)
Foreign exchange gains (losses), net	(64)	(108)	(68)	1		41		(198)			(198)
	(670)	(383)	(337)	(94)	(13)	112		(1,385)	4		(1,381)
Profit (loss) before income tax and social contribution	534	(813)	(30)	128	(1)	6,513	145	6,476	529	(531)	6,474
Income tax and social contribution											
Current	(208)	(135)	(32)	(57)	(8)	(986)		(1,426)			(1,426)
Deferred	115	337	(97)	(1)	9	(1,217)	(1) (**)	(855)	2		(853)
Profit (loss) for the period from continuing operations	441	(611)	(159)	70		4,310	144	4,195	531	(531)	4,195
Discontinued operations											
Loss from discontinued operations	(37)							(37)			(37)
Profit (loss) for the period attributable to the owners	404	(611)	(159)	70		4,310	144	4,158	531	(531)	4,158
Profit (loss) attributable to the owners of the Company	352	(557)	(181)	34		4,310	421 (**)	4,379	531	(531)	4,379
Profit (loss) attributable to non-controlling interests	52	(54)	22	36			(277) (**)	(221)			(221)
Profit (loss) for the period	404	(611)	(159)	70		4,310	144	4,158	531	(531)	4,158

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

(**) Relates substantially to the net revenue from electric energy operations to CBA and VCSA.

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

	1/1/2018 to 9/30/2018										
	Votorantim Cimentos	Nexa Resources	CBA	Long steels (*)	Votorantim Energia	Holding and other	Eliminations	Total, industrial segments	Votorantim Finanças	Eliminations	Total, consolidated
Continuing operations											
Net revenue from products sold and services rendered	9,346	6,844	3,921	1,495	3,285	25	(2,054) (**)	22,862			22,862
Cost of products sold and services rendered	(7,601)	(5,215)	(3,171)	(1,288)	(3,137)	(15)	2,054 (**)	(18,373)			(18,373)
Gross profit	1,745	1,629	750	207	148	10		4,489			4,489
Operating income (expenses)											
Selling	(452)	(47)	(26)	(17)	(64)	(1)		(543)			(543)
General and administrative	(597)	(396)	(137)	(80)	(214)	(188)		(1,488)	(10)		(1,498)
Other operating income (expenses), net	205	(241)	30	56	130	(111) (**)		(119)			(119)
	(844)	(684)	(133)	(41)	66	(403)		(2,150)	(10)		(2,160)
Operating Profit (loss) before equity results and finance results	901	945	617	166	214	(393)	(111)	2,339	(10)		2,329
Result from equity investments											
Equity in the results of investees	111		(27)		13	584	(122) (**)	559	408	(405)	562
	111		(27)		13	584	(122)	559	408	(405)	562
Finance results, net											
Finance income	310	95	100	9	82	173	(101) (**)	668	5		673
Finance costs	(939)	(324)	(315)	(104)	(125)	(225)	101 (**)	(1,931)			(1,931)
Results of derivative financial instruments	75	(3)				234		306			306
Foreign exchange gains (losses), net	(319)	(587)	(330)	1	(126)	399 (**)		(962)			(962)
	(873)	(819)	(545)	(94)	(43)	56	399	(1,919)	5		(1,914)
Profit (loss) before income tax and social contribution	139	126	45	72	184	247	166	979	403	(405)	977
Income tax and social contribution											
Current	(148)	(193)	(27)	(47)	(25)	44		(396)			(396)
Deferred	(11)	171	(29)	31	(43)	(59)	(99) (**)	(39)	2		(37)
Profit (loss) for the from continuing operations	(20)	104	(11)	56	116	232	67	544	405	(405)	544
Discontinued operations											
Loss from discontinued operations	(7)					(129)		(136)			(136)
Profit (loss) for the period attributable to the owners	(27)	104	(11)	56	116	103	67	408	405	(405)	408
Profit (loss) attributable to the owners of the Company	(83)	83	(12)	25	116	103	61 (**)	293	405	(405)	293
Profit attributable to non-controlling interests	56	21	1	31			6 (**)	115			115
Profit (loss) for the period	(27)	104	(11)	56	116	103	67	408	405	(405)	408

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

(**) Relates substantially to the net revenue from electric energy operations to CBA and VCSA.

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

	7/1/2019 to 9/30/2019										
	Votorantim Cimentos	Nexa Resources	CBA	Long steels (*)	Votorantim Energia	Holding and other	Eliminations	Total, industrial segments	Votorantim Finanças	Eliminations	Total, consolidated
Continuing operations											
Net revenue from products sold and services rendered	3,800	2,236	1,313	502	1,163	21	(767) (**)	8,268			8,268
Cost of products sold and services rendered	(2,951)	(2,003)	(1,172)	(390)	(1,172)	(9)	767 (**)	(6,930)			(6,930)
Gross profit (loss)	849	233	141	112	(9)	12		1,338			1,338
Operating income (expenses)											
Selling	(184)	(28)	(6)	(5)		(3)		(226)			(226)
General and administrative	(237)	(199)	(52)	(26)	(23)	(74)		(611)	(3)		(614)
Other operating income (expenses), net	16	(713)	(65)	(12)	33	6		(735)			(735)
	(405)	(940)	(123)	(43)	10	(71)		(1,572)	(3)		(1,575)
Operating profit (loss) before equity results and finance results	444	(707)	18	69	1	(59)		(234)	(3)		(237)
Result from equity investments											
Equity in the results of investees	58		2		15	(461)	426 (**)	40	204	(203)	41
	58		2		15	(461)	426	40	204	(203)	41
Finance results, net											
Finance income	110	17	33		26	57	(32) (**)	211	1		212
Finance costs	(227)	(102)	(77)	(37)	(30)	(34)	32 (**)	(475)			(475)
Results of derivative financial instruments	41	(11)				19		49			49
Foreign exchange gains (losses), net	(56)	(131)	(56)	2		2	1 (**)	(238)			(238)
	(132)	(227)	(100)	(35)	(4)	44	1	(453)	1		(452)
Profit (loss) before income tax and social contribution	370	(934)	(80)	34	12	(476)	427	(647)	202	(203)	(648)
Income tax and social contribution											
Current	(76)	(34)	(9)	(23)	4	7	1 (**)	(130)			(130)
Deferred	(8)	296	41	1	(5)	(4)	(1) (**)	320	1		321
Profit (loss) from continuing operations	286	(672)	(48)	12	11	(473)	427	(457)	203	(203)	(457)
Discontinued operations											
Loss from continuing operations	(1)							(1)			(1)
Profit (loss) for the quarter attributable to the owners	285	(672)	(48)	12	11	(473)	427	(458)	203	(203)	(458)
Profit (loss) attributable to the owners of the Company	269	(614)	(56)	2	11	(473)	663 (**)	(198)	203	(203)	(198)
Profit (loss) attributable to non-controlling interests	16	(58)	8	10			(236) (**)	(260)			(260)
Profit (loss) for the quarter	285	(672)	(48)	12	11	(473)	427	(458)	203	(203)	(458)

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

(**) Relates substantially to the net revenue from electric energy operations to CBA and VCSA.

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

	7/1/2018 to 9/30/2018										
	Votorantim Cimentos	Nexa Resources	CBA	Long steels (*)	Votorantim Energia	Holding and other	Eliminations	Total, industrial segments	Votorantim Finanças	Eliminations	Total, consolidated
Continuing operations											
Net revenue from products sold and services rendered	3,734	2,291	1,439	583	1,329	6	(735) (**)	8,647			8,647
Cost of products sold and services rendered	(2,877)	(1,868)	(1,174)	(478)	(1,275)	(4)	735 (**)	(6,941)			(6,941)
Gross profit	857	423	265	105	54	2		1,706			1,706
Operating income (expenses)											
Selling	(137)	(16)	(9)	(7)		1		(168)			(168)
General and administrative	(222)	(128)	(50)	(28)	(22)	(90)		(540)	(3)		(543)
Other operating income (expenses), net	69	(69)	(51)	28	38	(245)		(230)			(230)
	(290)	(213)	(110)	(7)	16	(334)		(938)	(3)		(941)
Operating profit (loss) before equity results and finance results	567	210	155	98	70	(332)		768	(3)		765
Result from equity investments											
Equity in the results of investees	40		(8)		7	431	(413) (**)	57	161	(160)	58
	40		(8)		7	431	(413)	57	161	(160)	58
Finance results, net											
Finance income	137	28	18	4	26	57	(35) (**)	235	1		236
Finance costs	(308)	(117)	(97)	(42)	(30)	(101)	35 (**)	(660)			(660)
Results of derivative financial instruments	17					28		45			45
Foreign exchange gains (losses), net	(67)	(87)	(81)			(60)	50 (**)	(245)			(245)
	(221)	(176)	(160)	(38)	(4)	(76)	50	(625)	1		(624)
Profit (loss) before income tax and social contribution	386	34	(13)	60	73	23	(363)	200	159	(160)	199
Income tax and social contribution											
Current	(64)	(18)	(7)	(19)	(12)	10	1 (**)	(109)			(109)
Deferred	(48)	11	55	12	(11)	20	(18) (**)	21	1		22
Profit (loss) from continuing operations	274	27	35	53	50	53	(380)	112	160	(160)	112
Discontinued operations											
Profit (loss) from continuing operations	(10)					10					
Profit (loss) for the quarter attributable to the owners	264	27	35	53	50	63	(380)	112	160	(160)	112
Profit (loss) attributable to the owners of the Company	247	29	37	35	50	63	(377) (**)	84	160	(160)	84
Profit (loss) attributable to non-controlling interests	17	(2)	(2)	18			(3) (**)	28			28
Profit (loss) for the quarter	264	27	35	53	50	63	(380)	112	160	(160)	112

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

(**) Relates substantially to the net revenue from electric energy operations to CBA and VCSA.

(d) EBITDA ajustado –Adjusted EBITDA - business segments

	1/1/2019 to 9/30/2019										
	Votorantim Cimentos	Nexa Resources	CBA	Long steel (*)	Votorantim Energia	Holding and other	Eliminations		Total, industrial segments	Votorantim Finanças	Total, consolidated
Net revenue from products sold and services rendered	9,622	6,790	4,006	1,456	3,072	46	(2,151)	(**)	22,841		22,841
Cost of products sold and services rendered	(7,972)	(5,726)	(3,468)	(1,184)	(2,995)	(21)	2,151	(**)	(19,215)		(19,215)
Gross profit	1,650	1,064	538	272	77	25			3,626		3,626
Operating income (expenses)											
Selling	(540)	(67)	(28)	(19)		(4)			(658)		(658)
General and administrative	(659)	(515)	(153)	(77)	(61)	(220)			(1,685)	(10)	(1,695)
Other operating income (expenses), net	511	(911)	(56)	46	(18)	6,557			6,129		6,129
	(688)	(1,493)	(237)	(50)	(79)	6,333			3,786	(10)	3,776
Profit (loss) before equity results and finance results	962	(429)	301	222	(2)	6,358			7,412	(10)	7,402
Plus:											
Depreciation, amortization and depletion - continuing operations	904	959	328	75	7	20			2,293		2,293
EBITDA	1,866	530	629	297	5	6,378			9,705	(10)	9,695
Plus:											
Dividends received	26				19		(19)		26	9	35
Exceptional items											
Gain on sale of investments, net						(6,719)			(6,719)		(6,719)
Reversal for impairment - fixed assets	(9)	564	(10)						545		545
Other	(15)		24			234			243		243
Adjusted EBITDA	1,868	1,094	643	297	24	(107)	(19)		3,800	(1)	3,799

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

(**) Relates substantially to the net revenue from electric energy operations to CBA and VCSA.

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

	1/1/2018 to 9/30/2018										
	Votorantim Cimentos	Nexa Resources	CBA	Long steel (*)	Votorantim Energia	Holding and other	Eliminations		Total, industrial segments	Votorantim Finanças	Total, consolidated
Net revenue from products sold and services rendered	9,346	6,844	3,921	1,495	3,285	25	(2,054) (**)		22,862		22,862
Cost of products sold and services rendered	(7,601)	(5,215)	(3,171)	(1,288)	(3,137)	(15)	2,054 (**)		(18,373)		(18,373)
Gross profit	1,745	1,629	750	207	148	10			4,489		4,489
Operating income (expenses)											
Selling	(452)	(47)	(26)	(17)		(1)			(543)		(543)
General and administrative	(597)	(396)	(137)	(80)	(64)	(214)			(1,488)	(10)	(1,498)
Other operating income (expenses), net	205	(241)	30	56	130	(188)	(111)		(119)		(119)
	(844)	(684)	(133)	(41)	66	(403)	(111)		(2,150)	(10)	(2,160)
Profit (loss) before equity results and finance results	901	945	617	166	214	(393)	(111)		2,339	(10)	2,329
Plus:											
Depreciation, amortization and depletion - continuing operations	771	738	228	82	25	16			1,860		1,860
EBITDA	1,672	1,683	845	248	239	(377)	(111)		4,199	(10)	4,189
Plus:											
Dividends received	13				8	76	(8)		89	55	144
Exceptional items											
Gain on sale of investments, net			(111)			(8)	111		(8)		(8)
Reversal for impairment - fixed assets	(13)		(3)						(16)		(16)
Fair value of biological assets						5			5		5
Gain by adjustment to fair value of VTRM's operation					(147)				(147)		(147)
Other						336			336		336
Adjusted EBITDA	1,672	1,683	731	248	100	32	(8)		4,458	45	4,503

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

(**) Relates substantially to the net revenue from electric energy operations to CBA and VCSA.

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

7/1/2019 to 9/30/2019

	Votorantim				Votorantim			Total, industrial segments	Votorantim Finanças	Total, consolidated
	Cimentos	Nexa Resources	CBA	Long steel (*)	Energia	Holding and other	Eliminations			
Net revenue from products sold and services rendered	3,800	2,236	1,313	502	1,163	21	(767) (**)	8,268		8,268
Cost of products sold and services rendered	(2,951)	(2,003)	(1,172)	(390)	(1,172)	(9)	767 (**)	(6,930)		(6,930)
Gross profit	849	233	141	112	(9)	12		1,338		1,338
Operating income (expenses)										
Selling	(184)	(28)	(6)	(5)		(3)		(226)		(226)
General and administrative	(237)	(199)	(52)	(26)	(23)	(74)		(611)	(3)	(614)
Other operating income (expenses), net	16	(713)	(65)	(12)	33	6		(735)		(735)
	(405)	(940)	(123)	(43)	10	(71)		(1,572)	(3)	(1,575)
Profit (loss) before equity results and finance results	444	(707)	18	69	1	(59)		(234)	(3)	(237)
Plus:										
Depreciation, amortization and depletion - continuing operations	311	369	89	23	3	7		802		802
EBITDA	755	(338)	107	92	4	(52)		568	(3)	565
Plus:										
Dividends received	17				10		(10)	17	9	26
Exceptional items										
Gain on sale of investments, net										
Reversal for impairment - fixed assets	(3)	564	(1)					560		560
Other	22					22		44		44
Adjusted EBITDA	791	226	106	92	14	(30)	(10)	1,189	6	1,195

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

(**) Relates substantially to the net revenue from electric energy operations to CBA and VCSA.

Notes to the condensed consolidated interim financial statements
at September 30, 2019

All amounts in millions of reais unless otherwise stated

VOTORANTIM

7/1/2018 to 9/30/2018

	Votorantim				Votorantim			Total, industrial segments	Votorantim Finanças	Total, consolidated
	Cimentos	Nexa Resources	CBA	Long steel (*)	Energia	Holding and other	Eliminations			
Net revenue from products sold and services rendered	3,734	2,291	1,439	583	1,329	6	(735) (**)	8,647		8,647
Cost of products sold and services rendered	(2,877)	(1,868)	(1,174)	(478)	(1,275)	(4)	735 (**)	(6,941)		(6,941)
Gross profit	857	423	265	105	54	2		1,706		1,706
Operating income (expenses)										
Selling	(137)	(16)	(9)	(7)		1		(168)		(168)
General and administrative	(222)	(128)	(50)	(28)	(22)	(90)		(540)	(3)	(543)
Other operating income (expenses), net	69	(69)	(51)	28	38	(245)		(230)		(230)
	(290)	(213)	(110)	(7)	16	(334)		(938)	(3)	(941)
Profit (loss) before equity results and finance results	567	210	155	98	70	(332)		768	(3)	765
Plus:										
Depreciation, amortization and depletion - continuing operations	271	263	75	26		8		643		643
EBITDA	838	473	230	124	70	(324)		1,411	(3)	1,408
Plus:										
Dividends received										
Exceptional items										
Gain on sale of investments, net										
Reversal for impairment - fixed assets	(4)		(1)					(5)		(5)
Fair value of biological assets						(1)		(1)		(1)
Gain by adjustment to fair value of VTRM's operation										
Other	(2)					259		257		257
Adjusted EBITDA	832	473	229	124	70	(66)		1,662	(3)	1,659

31 Subsequent events

(a) ICMS on PIS and COFINS tax basis

On October 11, 2019, the indirect subsidiary VCNNE obtained the recognition of the final judgment of one of its lawsuits related to the ICMS exclusion thesis on the PIS and COFINS calculation basis, so that a credit was recorded in its assets in the amount of R\$ 128, R\$ 91 of which was principal and R\$ 36 was monetary restatement on the initial registration date.

(b) Revolving credit line

On October 25, 2019, the subsidiary Nexa entered into a revolving credit facility agreement with a group of banks in the amount of USD 300 million, with a maturity of five years and a cost of 3M LIBOR + 1.0% p.a. in the withdrawal. This agreement allows Nexa to use the funds at any time to meet their cash flow needs. Transaction costs will be capitalized and amortized over the contractual term.

(c) Export credit note

On October 23, 2019, to meet the short-term cash needs of the indirect subsidiary Nexa Brasil, the subsidiary Nexa entered into an Export Credit Note agreement in the principal amount of R\$ 366 (USD 90 million) and LIBOR cost. 3M + 1.5% pa, maturing in five years. At the same time, the subsidiary contracted a swap to exchange the interest rate at the CDI rate + 1.30% p.a., as well as the currency of the debt service payments from USD to BRL. The subsidiary will record the Export Credit Note as fair value option to eliminate the accounting mismatch that would arise if amortized cost were used.