

(A free translation of the original in Portuguese)

# **Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS**

**Quarterly Information (ITR) at  
June 30, 2019  
and report on review of  
quarterly information**

(A free translation of the original in Portuguese)

## **Report on review of quarterly information**

To the Board of Directors and Stockholders  
Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2019, comprising the balance sheet at that date and the statements of operations and comprehensive income for the quarter and six-month periods then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information 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 issued by the International Accounting Standards Board (IASB) as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information 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 does 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 on the interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

## **Other matters**

### **Statements of value added**

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2019. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, July 25, 2019

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Guilherme Campos e Silva  
Contador CRC 1SP218254/O-0

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## Company Information / Capital Breakdown

<b>Number of shares (units)</b>	<b>Current period 06/30/2019</b>
Common Shares - Paid-in Capital	702,734,028
Preferred Shares - Paid-in Capital	526,767,025
Total - Paid-in Capital	1,229,501,053
Common Treasury Shares	2,526,656
Preferred Treasury Shares	21,051,399
Total Treasury Shares	23,578,055

## Parent Company Financial Statements / Balance sheet - Assets

(In thousands of reais)

Account Code	Account description	Current period 06/30/2019	Prior year 12/31/2018
1	Total Assets	23,971,062	24,439,085
1.01	Current Assets	5,928,730	6,381,672
1.01.01	Cash and Cash Equivalents	314,229	765,638
1.01.03	Trade Receivables	1,544,122	1,669,763
1.01.04	Inventories	3,389,063	3,183,996
1.01.08	Other Current Assets	681,316	762,275
1.01.08.03	Other	681,316	762,275
1.01.08.03.01	Taxes Recoverable	420,601	478,283
1.01.08.03.02	Prepaid Income Tax and Social Contribution	88,537	79,407
1.01.08.03.03	Dividends Receivable	346	71,601
1.01.08.03.04	Advances to Suppliers	3,224	2,871
1.01.08.03.05	Financial Instruments	687	347
1.01.08.03.06	Other	167,921	129,766
1.02	Noncurrent Assets	18,042,332	18,057,413
1.02.01	Long-term Receivables	3,512,918	3,470,246
1.02.01.04	Accounts Receivable	247,629	159,791
1.02.01.04.01	Trade Accounts Receivable	68,678	17,052
1.02.01.04.02	Other Accounts Receivable	178,951	142,739
1.02.01.07	Deferred Income Tax and Social Contribution	1,746,495	1,726,425
1.02.01.09	Receivables from Related Parties	40,543	45,069
1.02.01.10	Other Noncurrent Assets	1,478,251	1,538,961
1.02.01.10.03	Judicial Deposits	383,753	367,777
1.02.01.10.04	Properties for Sale	27,479	27,481
1.02.01.10.05	Financial Instruments	5,658	3,553
1.02.01.10.06	Taxes Recoverable	373,979	452,768
1.02.01.10.07	Credits - Eletrobrás	676,023	676,023
1.02.01.10.08	Other	11,359	11,359
1.02.02	Investments	4,454,745	4,260,600
1.02.02.01	Ownership Interests	4,454,745	4,260,600
1.02.02.01.01	Interest Held in Associates	32,934	23,518
1.02.02.01.02	Interest Held in Subsidiaries	3,764,598	3,633,115
1.02.02.01.03	Interest Held in Jointly-Controlled Subsidiaries	657,213	603,967
1.02.03	Property, Plant and Equipment (PPE)	9,998,800	10,248,224
1.02.03.01	Property, Plant and Equipment in Use	9,224,175	9,528,990
1.02.03.03	Construction in Progress	774,625	719,234
1.02.04	Intangible Assets	75,869	78,343

## Parent Company Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current period 06/30/2019	Prior year 12/31/2018
2	Total Liabilities and Equity	23,971,062	24,439,085
2.01	Current Liabilities	2,620,688	3,042,942
2.01.01	Social and Labor Liabilities	164,401	158,556
2.01.02	Trade Payables	1,090,131	1,038,083
2.01.03	Tax Liabilities	80,328	101,151
2.01.04	Borrowings	254,017	462,363
2.01.04.01	Borrowings	215,404	392,126
2.01.04.02	Debentures	38,613	70,237
2.01.05	Other Liabilities	1,031,811	1,282,789
2.01.05.02	Other	1,031,811	1,282,789
2.01.05.02.01	Dividends and Interest on Capital Payable	11,892	172,762
2.01.05.02.04	Accounts Payable	83,607	114,846
2.01.05.02.05	Taxes Payable in Installments	4,247	4,178
2.01.05.02.07	Advances from Customers	19,800	25,076
2.01.05.02.08	Accounts Payable - Forfeiting	912,265	965,927
2.02	Noncurrent Liabilities	6,933,686	7,129,845
2.02.01	Borrowings	5,195,244	5,372,720
2.02.01.01	Borrowings	4,400,177	4,552,937
2.02.01.02	Debentures	795,067	819,783
2.02.02	Other Liabilities	250,140	249,179
2.02.02.01	Payables to Related Parties	97,499	96,896
2.02.02.02	Other	152,641	152,283
2.02.02.02.05	Other Accounts Payable	152,641	152,283
2.02.04	Provisions	1,488,302	1,507,946
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,488,302	1,507,946
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	1,009,326	1,033,840
2.02.04.01.05	Provision for Litigation	478,976	474,106
2.03	Equity	14,416,688	14,266,298
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	310,049	309,391
2.03.04	Profit Reserves	766,942	766,942
2.03.04.01	Legal reserve	47,984	47,984
2.03.04.10	Investments and working capital	718,958	718,958
2.03.05	Retained Earnings (Accumulated Losses)	183,856	-
2.03.06	Other Comprehensive Income	-44,454	-10,330



## Parent Company Financial Statements / Statement of Operations

(In thousands of reais)

Account code	Account description	Current period 01/01/2019 to 06/30/2019	Prior period current period 01/01/2018 to 06/30/2018
3.01	Revenue	6,417,696	5,926,466
3.02	Cost of Sales and/or Services	-5,802,288	-4,951,540
3.03	Gross Profit	615,408	974,926
3.04	Operating Income (Expenses)	-224,825	-400,451
3.04.01	Selling Expenses	-60,312	-75,719
3.04.02	General and Administrative Expenses	-157,151	-157,427
3.04.04	Other Operating Income	209,188	248,661
3.04.05	Other Operating Expenses	-397,270	-490,699
3.04.06	Equity in Results of Investees	180,720	74,733
3.05	Income Before Financial Income (Expense) and Taxes	390,583	574,475
3.06	Finance result, Net	-217,627	-454,360
3.07	Income Before Income Taxes	172,956	120,115
3.08	Income Tax and Social Contribution	5,152	-12,180
3.08.01	Current	-	-43,852
3.08.02	Deferred	5,152	31,672
3.09	Net Income (loss) from Continuing Operations	178,108	107,935
3.11	Net Income/Loss for the Period	178,108	107,935
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-
3.99.01	Basic Earnings per Share	-	-
3.99.01.01	Registered Common Shares (RCS)	0.14	0.08
3.99.01.02	Registered Preferred Shares (RPS)	0.15	0.09
3.99.02	Diluted Earnings per Share	-	-
3.99.02.01	RCS	0.14	0.08
3.99.02.02	RPS	0.15	0.09

## Parent Company Financial Statements / Statement of Comprehensive Income (Loss)

(In thousands of reais)

<b>Account code</b>	<b>Account description</b>	<b>Current period 01/01/2019 to 06/30/2019</b>	<b>Prior period current period 01/01/2018 to 06/30/2018</b>
4.01	Consolidated Net Income for the Period	178,108	107,935
4.02	Other Comprehensive Income (Loss)	-28,943	-24,734
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	-28,943	-24,734
4.03	Consolidated Comprehensive Income (Loss) for the Period	149,165	83,201

## Parent Company Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2019 to 06/30/2019	Prior period 01/01/2018 to 06/30/2018
6.01	Net Cash from Operating Activities	151,172	-205,438
6.01.01	Cash From Operations	709,632	1,117,917
6.01.01.01	Net Income (Loss) for the Period	178,108	107,935
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	39,613	281,682
6.01.01.03	Interest Expenses	178,170	214,703
6.01.01.04	Depreciation and Amortization	403,704	426,250
6.01.01.05	Gain/Loss on Sale of Property, Plant and Equipment	-5,244	7,270
6.01.01.07	Equity in Result of Investees	-180,720	-74,733
6.01.01.09	Deferred Income Tax and Social Contribution	-5,152	-31,672
6.01.01.10	Set up (Reversal) of Provisions	58,199	180,677
6.01.01.11	Actuarial Gains (Losses)	42,954	5,805
6.01.02	Changes in Assets and Liabilities	-200,922	-972,477
6.01.02.02	Trade Receivables	74,294	-329,561
6.01.02.03	Inventories	-203,062	-652,618
6.01.02.04	Recoverable Taxes	-60,066	-1,660
6.01.02.05	Receivables from Related Parties	4,591	3,293
6.01.02.06	Judicial Deposits	-24,625	-12,342
6.01.02.08	Other Increase (Decreases) In Assets	-94,397	-41,247
6.01.02.09	Suppliers, Contractors and Freight	52,048	147,909
6.01.02.10	Customer Advances	-5,276	16,046
6.01.02.12	Taxes Payable	181,267	1
6.01.02.13	Accounts Payable – Forfeiting	-53,662	-7,080
6.01.02.14	Other Increase (Decrease) in Liabilities	-72,034	-95,218
6.01.03	Other	-357,538	-350,878
6.01.03.01	Interest Paid	-246,195	-257,291
6.01.03.02	Prepaid Income Tax and Social Contribution	-	-8,500
6.01.03.03	Actuarial Liabilities Paid	-111,343	-85,087
6.02	Net Cash from Investing Activities	-66,170	964,544
6.02.01	Proceeds from the Sale of Property, Plant and Equipment	6,730	19,764
6.02.02	Fixed Assets Purchases	-138,542	-106,395
6.02.04	Dividends Received	72,912	286,470
6.02.06	Purchase of Software	-7,270	-6,930
6.02.07	Marketable securities	-	771,635
6.03	Net Cash from Financing Activities	-534,997	-442,324
6.03.02	Repayment of Borrowings	-374,483	-386,956
6.03.03	Payment of Taxes Payable in Installments	-	-131
6.03.04	Swap Transaction Settlement	356	14
6.03.05	Prepaid Capital Contribution	-160,870	-55,251
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	-1,414	-1,838
6.05	Increase (Decrease) in Cash and Cash Equivalents	-451,409	314,944
6.05.01	Cash and Cash Equivalents at the beginning of Period	765,638	3,122
6.05.02	Cash and cash Equivalents at end of Period	314,229	318,066

## Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2019 to 06/30/2019

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (loss)	Equity
5.01	Opening balances	13,200,295	309,391	766,942	-	-10,330	14,266,298
5.03	Adjusted Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298
5.04	Capital Transactions with Shareholders	-	658	-	5,748	-5,181	1,225
5.04.03	Recognized Options Granted	-	-567	-	567	-	-
5.04.05	Treasury Stock Sold	-	1,225	-	-	-	1,225
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	5,181	-5,181	-
5.05	Total Comprehensive Income (Loss)	-	-	-	178,108	-28,943	149,165
5.05.01	Net Income for the Period	-	-	-	178,108	-	178,108
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-28,943	-28,943
5.05.02.06	Actuarial gain and loss on retirement benefits	-	-	-	-	-28,943	-28,943
5.07	Closing Balances	13,200,295	310,049	766,942	183,856	-44,454	14,416,688

## Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2018 to 06/30/2018

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (loss)	Equity
5.01	Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795
5.03	Adjusted Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795
5.04	Capital Transactions with Shareholders	-	2,751	-	13,948	-8,893	7,806
5.04.03	Recognized Options Granted	-	-5,012	-	5,012	-	-
5.04.05	Treasury Stock Sold	-	7,763	-	-	-	7,763
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	8,893	-8,893	-
5.04.09	Prescribed Dividends	-	-	-	43	-	43
5.05	Total Comprehensive Income (Loss)	-	-	-	107,935	-24,734	83,201
5.05.01	Net Income for the Period	-	-	-	107,935	-	107,935
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-24,734	-24,734
5.05.02.06	Actuarial gain and loss on Retirement Benefits	-	-	-	-	-24,734	-24,734
5.07	Closing Balances	13,200,295	314,498	202,207	121,883	26,919	13,865,802

## Parent Company Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	Current period		Prior period	
		01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018
7.01	Revenue	7,961,401		7,384,176	
7.01.01	Sales of Goods, Products and Services	7,809,712		7,216,330	
7.01.02	Other Revenues	151,463		168,799	
7.01.04	Allowance (Reversal of) for Doubtful Accounts	226		-953	
7.02	Inputs Acquired from Third Parties	-6,635,711		-6,037,900	
7.02.01	Costs of Products Goods and Services Sold	-6,246,228		-5,598,944	
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-389,483		-438,956	
7.03	Gross Value Added	1,325,690		1,346,276	
7.04	Retentions	-403,704		-426,250	
7.04.01	Depreciation, Amortization and Depletion	-403,704		-426,250	
7.05	Net Value Added Produced	921,986		920,026	
7.06	Value Added Received in Transfer	287,582		-42,427	
7.06.01	Equity in earnings	180,720		74,733	
7.06.02	Financial Revenues	119,971		105,194	
7.06.03	Other	-13,109		-222,354	
7.06.03.01	Actuarial Gains (Losses)	-17,639		-5,805	
7.06.03.02	Foreign Currency Gains/Losses, net	4,530		-216,549	
7.07	Total Value Added to be Distributed	1,209,568		877,599	
7.08	Distribution of Value Added	1,209,568		877,599	
7.08.01	Personnel	339,664		339,930	
7.08.01.01	Direct Compensation	310,281		310,252	
7.08.01.02	Benefits	1,437		1,613	
7.08.01.03	Unemployment Compensation Fund (FGTS)	27,946		28,065	
7.08.02	Taxes, Rates and Contributions	349,668		86,729	
7.08.02.01	Federal	45,263		-256,089	
7.08.02.02	State	270,633		311,217	
7.08.02.03	Municipal	33,772		31,601	
7.08.03	Remuneration of Third Parties	342,128		343,005	
7.08.03.01	Interest	349,692		343,516	
7.08.03.03	Other	-7,564		-511	
7.08.03.03.01	Exchange gains and losses, net	-4,763		-	
7.08.03.03.02	Swap Transaction Settlement	-2,801		-511	
7.08.04	Equity Remuneration	178,108		107,935	
7.08.04.03	Retained Earnings (Accumulated Losses)	178,108		107,935	

**Consolidated Financial Statements - Balance Sheet - Assets****(In thousands of reais)**

Account code	Account description	Current period	
		06/30/2019	Prior period - 12/31/2018
1	Total Assets	26,165,716	26,523,851
1.01	Current Assets	8,155,163	8,324,317
1.01.01	Cash and Cash Equivalents	499,611	1,106,790
1.01.02	Financial investments	745,501	586,559
1.01.03	Trade Receivables	1,898,882	1,894,291
1.01.04	Inventories	4,137,828	3,880,635
1.01.08	Other Current Assets	873,341	856,042
1.01.08.03	Other	873,341	856,042
1.01.08.03.01	Taxes Recoverable	604,425	617,731
1.01.08.03.02	Prepaid Income Tax and Social Contribution	108,237	130,197
1.01.08.03.03	Dividends Receivable	13,562	13,562
1.01.08.03.04	Advances to Suppliers	7,756	4,050
1.01.08.03.05	Financial Instruments	687	347
1.01.08.03.06	Other Accounts Receivable	138,674	90,155
1.02	Noncurrent Assets	18,010,553	18,199,534
1.02.01	Long-term Receivables	4,708,540	4,700,822
1.02.01.04	Accounts Receivable	274,650	202,519
1.02.01.04.01	Trade Accounts Receivable	115,684	64,058
1.02.01.04.02	Other Accounts Receivable	158,966	138,461
1.02.01.05	Inventories	25,377	26,899
1.02.01.07	Deferred Taxes	2,766,249	2,765,356
1.02.01.09	Receivables from Related Parties	1,877	2,342
1.02.01.10	Other Noncurrent Assets	1,640,387	1,703,706
1.02.01.10.03	Judicial Deposits	536,940	523,557
1.02.01.10.04	Financial Instruments	5,658	3,553
1.02.01.10.05	Taxes Recoverable	375,457	454,284
1.02.01.10.07	Credits - Eletrobrás	676,023	676,023
1.02.01.10.08	Other	46,309	46,289
1.02.02	Investments	1,165,451	1,088,094
1.02.02.01	Ownership Interest	1,165,451	1,088,094
1.02.02.01.01	Interests Held in Associates	498,178	473,765
1.02.02.01.05	Other Ownership Interests	667,273	614,329
1.02.03	Property, Plant and Equipment (PP&E)	11,437,713	11,715,022
1.02.03.01	Property, Plant and Equipment in Use	10,602,806	10,869,010
1.02.03.03	Construction in Progress	834,907	846,012
1.02.04	Intangible Assets	698,849	695,596

## Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current period	
		06/30/2019	Prior period - 12/31/2018
2	Total Liabilities and Equity	26,165,716	26,523,851
2.01	Current Liabilities	2,984,180	3,335,670
2.01.01	Social and Labor Liabilities	221,279	205,583
2.01.02	Trade Payables	1,166,050	1,133,763
2.01.03	Tax Liabilities	110,111	126,212
2.01.03.01	Federal Tax Liabilities	110,111	126,212
2.01.03.01.01	Income and Social Contribution Taxes Payable	5,159	3,299
2.01.03.01.02	Taxes Payable	104,952	122,913
2.01.04	Borrowings	258,672	467,036
2.01.04.01	Borrowings	220,059	396,799
2.01.04.02	Debentures	38,613	70,237
2.01.05	Other Liabilities	1,228,068	1,403,076
2.01.05.02	Other	1,228,068	1,403,076
2.01.05.02.01	Dividends and Interest on Capital Payable	11,892	202,809
2.01.05.02.04	Taxes Payable in Installments	4,249	4,180
2.01.05.02.06	Advances from Customers	57,171	63,484
2.01.05.02.08	Accounts Payable	242,491	166,676
2.01.05.02.09	Accounts Payable - Forfeiting	912,265	965,927
2.02	Noncurrent Liabilities	7,264,334	7,490,790
2.02.01	Borrowings	5,202,976	5,382,754
2.02.01.01	Borrowings	4,407,909	4,562,971
2.02.01.02	Debentures	795,067	819,783
2.02.02	Other Liabilities	222,416	234,550
2.02.02.01	Payables to Associates	121,838	134,254
2.02.02.02	Other	100,578	100,296
2.02.02.02.06	Other Payables	100,578	100,296
2.02.04	Provisions	1,838,942	1,873,486
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	1,620,604	1,669,779
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	1,009,666	1,034,228
2.02.04.01.05	Provision for litigation	610,938	635,551
2.02.04.02	Other Provisions	218,338	203,707
2.02.04.02.03	Provisions for Environmental Liabilities and Decommissioning	218,338	203,707
2.03	Equity	15,917,202	15,697,391
2.03.01	Share Capital	13,200,295	13,200,295
2.03.02	Capital Reserves	310,049	309,391
2.03.04	Revenue Reserves	766,942	766,942
2.03.04.01	Legal Reserve	47,984	47,984
2.03.04.10	Investments and working capital	718,958	718,958
2.03.05	Retained Earnings (Accumulated Losses)	183,856	-
2.03.06	Other Comprehensive Income	-44,454	-10,330
2.03.09	Noncontrolling Shareholders	1,500,514	1,431,093



## Consolidated Financial Statements / Statement of Operations

(In thousands of reais)

Account code	Account description	Current period	Prior period
		01/01/2019 to 06/30/2019	current period 01/01/2018 to 06/30/2018
3.01	Revenue	7,226,034	6,448,267
3.02	Cost of Sales and/or Services	-6,123,579	-5,253,379
3.03	Gross Profit	1,102,455	1,194,888
3.04	Operating Income (Expenses)	-540,340	-589,730
3.04.01	Selling expenses	-138,360	-149,812
3.04.02	General and Administrative Expenses	-210,540	-215,689
3.04.04	Other Operating Income	217,171	251,419
3.04.05	Other Operating Expenses	-482,981	-548,143
3.04.06	Equity in Results of Investees	74,370	72,495
3.05	Income Before Financial Income (Expense) and Taxes	562,115	605,158
3.06	Finance result, Net	-219,538	-410,352
3.07	Income Before Income Taxes	342,577	194,806
3.08	Income Tax and Social Contribution	-95,053	-56,671
3.08.01	Current	-81,025	-73,218
3.08.02	Deferred	-14,028	16,547
3.09	Net income (loss) from Continuing Operations	247,524	138,135
3.11	Net Income/Loss for the Period	247,524	138,135
3.11.01	Attributed to Shareholders of Parent Company	178,108	107,935
3.11.02	Attributable to Noncontrolling Shareholders	69,416	30,200
3.99	Earnings (Loss) per Share (Reais / Shares)	-	-
3.99.01	Basic Earnings per Share	-	-
3.99.01.01	Registered Common Shares (RCS)	0.14	0.08
3.99.01.02	Registered Preferred Shares (RPS)	0.15	0.09
3.99.02	Diluted Earnings per Share	-	-
3.99.02.01	RCS	0.14	0.08
3.99.02.02	RPS	0.15	0.09

## Consolidated Financial Statements / Statement of Comprehensive Income (loss)

(In thousands of reais)

<b>Account code</b>	<b>Account description</b>	<b>Current period 01/01/2019 to 06/30/2019</b>	<b>Current period 01/01/2018 to 06/30/2018</b>
4.01	Consolidated Net Income for the Period	247,524	138,135
4.02	Other Comprehensive Income (Loss)	-28,938	-24,729
4.02.01	Actuarial Gain (Loss) on Retirement Benefits	-28,938	-24,729
4.03	Consolidated Comprehensive Income (Loss) for the Period	218,586	113,406
4.03.01	Attributed to Shareholders of Parent Company	149,165	83,201
4.03.02	Attributable to Noncontrolling Shareholders	69,421	30,205

## Consolidated Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Current period 01/01/2019 to 06/30/2019	Prior period 01/01/2018 to 06/30/2018
6.01	Net Cash from Operating Activities	298,707	-156,155
6.01.01	Cash From Operations	1,073,634	1,263,327
6.01.01.01	Net Income (Loss) for the Period	247,524	138,135
6.01.01.02	Charges and Indexation/Exchange Gains (Losses), Net	56,797	275,869
6.01.01.03	Interest Expenses	175,944	201,894
6.01.01.04	Depreciation and Amortization	481,940	513,436
6.01.01.05	Gain/Loss on sale of Property, Plant and Equipment	-6,104	7,123
6.01.01.07	Equity Income Result	-74,370	-72,495
6.01.01.09	Deferred Income Tax and Social Contribution	14,028	-16,547
6.01.01.10	Set up (Reversal) of Provisions	134,971	210,107
6.01.01.11	Actuarial Gains (Losses)	42,904	5,805
6.01.02	Changes in Assets and Liabilities	-373,922	-1,025,742
6.01.02.02	Trade Receivables	-58,972	-196,390
6.01.02.03	Inventories	-247,134	-758,359
6.01.02.04	Taxes Recoverable	-105,800	-14,894
6.01.02.05	Judicial Deposits	-40,625	-87,751
6.01.02.07	Receivables from Related Parties	465	333
6.01.02.08	Other (Increase) Decrease in Assets	-109,892	-35,771
6.01.02.09	Accounts Payable, Contractors and Freight	32,287	109,346
6.01.02.10	Payables to Related Parties	-12,416	-8,917
6.01.02.11	Advances from Customers	-6,313	24,011
6.01.02.12	Taxes Payable	184,144	-44,108
6.01.02.13	Accounts Payable – Forfeiting	-53,662	-7,080
6.01.02.14	Other Increase (Decrease) in Liabilities	43,996	-6,162
6.01.03	Other	-401,005	-393,740
6.01.03.01	Interest Paid	-246,663	-278,267
6.01.03.02	Income and Social Contribution Taxes Paid	-42,999	-30,386
6.01.03.03	Actuarial Liabilities Paid	-111,343	-85,087
6.02	Net Cash from Investing Activities	-337,125	36,062
6.02.01	Received by Disposal of Property, Plant and Equipment	7,806	19,987
6.02.02	Purchases of Property, Plant and Equipment	-180,356	-124,312
6.02.05	Dividends Received	3,002	129,052
6.02.06	Purchase of Software	-8,626	-7,330
6.02.07	Marketable Securities	-158,942	18,665
6.02.08	Capital Increase in Subsidiary	-	9
6.03	Net Cash from Financing Activities	-567,347	-1,070,080
6.03.02	Repayment of Borrowings	-376,786	-946,675
6.03.03	Payment of Taxes Payable in Installments	-	-132
6.03.04	Swap Transaction Settlement	356	14
6.03.05	Dividends and Interest on Equity Paid	-190,917	-123,287
6.04	Exchange Gain (Loss) on Cash and Cash Equivalents	-1,414	-1,838
6.05	Increase (Decrease) in Cash and Cash Equivalents	-607,179	-1,192,011
6.05.01	Cash and Cash Equivalents at Beginning of Period	1,106,790	1,770,573
6.05.02	Cash and cash Equivalents at End of Period	499,611	578,562

## Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2019 to 06/30/2019

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (Loss)	Equity	Noncontrolling shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298	1,431,093	15,697,391
5.03	Adjusted Opening Balances	13,200,295	309,391	766,942	-	-10,330	14,266,298	1,431,093	15,697,391
5.04	Capital Transactions with Shareholders	-	658	-	5,748	-5,181	1,225	-	1,225
5.04.03	Recognized Options Granted	-	-567	-	567	-	-	-	-
5.04.05	Treasury Stock Sold	-	1,225	-	-	-	1,225	-	1,225
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	5,181	-5,181	-	-	-
5.05	Total Comprehensive Income (Loss)	-	-	-	178,108	-28,943	149,165	69,421	218,586
5.05.01	Net Income (Loss) for the Period	-	-	-	178,108	-	178,108	69,416	247,524
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-28,943	-28,943	5	-28,938
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	-28,943	-28,943	5	-28,938
5.07	Closing Balances	13,200,295	310,049	766,942	183,856	-44,454	14,416,688	1,500,514	15,917,202

## Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2018 to 06/30/2018

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other Comprehensive Income (Loss)	Equity	Noncontrolling shareholders	Equity - Consolidated
5.01	Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795	1,409,169	15,183,964
5.03	Adjusted Opening Balances	13,200,295	311,747	202,207	-	60,546	13,774,795	1,409,169	15,183,964
5.04	Capital Transactions with Shareholders	-	2,751	-	13,948	-8,893	7,806	-50,050	-42,244
5.04.03	Recognized Options Granted	-	-5,012	-	5,012	-	-	-	-
5.04.05	Treasury Stock Sold	-	7,763	-	-	-	7,763	-	7,763
5.04.06	Dividends	-	-	-	-	-	-	-50,050	-50,050
5.04.08	Adjustment from IAS 29 on Property, Plant and Equipment	-	-	-	8,893	-8,893	-	-	-
5.04.09	Prescribed Dividends	-	-	-	43	-	43	-	43
5.05	Total Comprehensive Income	-	-	-	107,935	-24,734	83,201	30,205	113,406
5.05.01	Net Income for the Period	-	-	-	107,935	-	107,935	30,200	138,135
5.05.02	Other Comprehensive Income (Loss)	-	-	-	-	-24,734	-24,734	5	-24,729
5.05.02.06	Actuarial loss on retirement benefits	-	-	-	-	-24,734	-24,734	5	-24,729
5.07	Closing Balances	13,200,295	314,498	202,207	121,883	26,919	13,865,802	1,389,324	15,255,126

## Consolidated Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	Current period		Prior period	
		01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018
7.01	Revenue	9,337,204		8,404,064	
7.01.01	Sales of Goods, Products and Services	9,186,422		8,237,320	
7.01.02	Other Revenues	153,589		169,848	
7.01.04	Allowance (Reversal of) for Doubtful Accounts	-2,807		-3,104	
7.02	Inputs Acquired from Third Parties	-7,467,963		-6,700,882	
7.02.01	Costs of Products Goods and Services Sold	-6,923,149		-6,131,340	
7.02.02	Materials, Energy, Third-Party Services and Other Expenses	-544,814		-569,542	
7.03	Gross Value Added	1,869,241		1,703,182	
7.04	Retentions	-481,940		-513,436	
7.04.01	Depreciation, Amortization and Depletion	-481,940		-513,436	
7.05	Net Value Added Produced	1,387,301		1,189,746	
7.06	Value Added Received in Transfer	216,708		26,701	
7.06.01	Equity in Results of Investees	74,370		72,495	
7.06.02	Financial Revenues	157,611		135,270	
7.06.03	Other	-15,273		-181,064	
7.06.03.01	Actuarial Gains and Losses	-17,589		-5,805	
7.06.03.02	Foreign Exchange Gains/losses	2,316		-175,259	
7.07	Total Value Added to be Distributed	1,604,009		1,216,447	
7.08	Distribution of Value Added	1,604,009		1,216,447	
7.08.01	Personnel	496,571		521,735	
7.08.01.01	Direct Compensation	457,785		482,783	
7.08.01.02	Benefits	1,593		1,767	
7.08.01.03	Unemployment Compensation Fund (FGTS)	37,193		37,185	
7.08.02	Taxes, Rates and Contributions	480,449		186,214	
7.08.02.01	Federal	-29,288		-173,513	
7.08.02.02	State	471,945		323,274	
7.08.02.03	Municipal	37,792		36,453	
7.08.03	Remuneration of Third Parties	379,465		370,363	
7.08.03.01	Interest	385,616		370,874	
7.08.03.03	Other	-6,151		-511	
7.08.03.03.01	Exchange gains and losses, net	-3,350		-	
7.08.03.03.02	Swap Transaction Settlement	-2,801		-511	
7.08.04	Equity Remuneration	247,524		138,135	
7.08.04.03	Retained Earnings (Accumulated Losses)	178,108		107,935	
7.08.04.04	Noncontrolling Interests in Retained Profits	69,416		30,200	

## Notes

### 1 Operations

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS (“USIMINAS”, “Usiminas”, “Parent company” or “Company”), headquartered in the city of Belo Horizonte, state of Minas Gerais, is a publicly-held company with shares traded on the Brazilian stock exchange (B3 – Brasil, Bolsa, Balcão) under tickers USIM3, USIM5 and USIM6.

The Company and its subsidiaries, jointly-controlled subsidiaries and associates (“Usiminas”) operate in the steel industry and related activities, such as iron ore extraction, steel transformation, production of capital goods and logistics. It currently operates two steel mills with nominal production capacity of 9.5 million (not reviewed by auditor) metric tons per annum of flat-rolled products, located in the cities of Ipatinga, state of Minas Gerais, and Cubatão, state of São Paulo, in addition to iron ore reserves, service and distribution centers, maritime ports and cargo terminals, strategically located in several Brazilian cities.

The Company holds, directly or indirectly, interest in subsidiaries, jointly-controlled subsidiaries and associates, as described in Note 1 to the financial statements for the year ended December 31, 2018.

### 2 Interim accounting information

The issue and disclosure of the interim accounting information included in this Quarterly Information Form (ITR) on the Company and Consolidated accounts was approved by the Board of Directors at a meeting held on July 25, 2019.

### 3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of this interim accounting information are consistent with those adopted and presented in the Company’s financial statements for the year ended December 31, 2018, except for the effect of applying IFRS 16, Leases, which has been effective since January 1, 2019.

The accounting policies applied in transactions considered immaterial were not included in this interim accounting information.

The accounting policies, which have been consistently applied in the current period, are consistent with those of the year and period presented for comparison purposes, and common to the parent company, subsidiaries, associates and jointly-controlled subsidiaries, and the interim accounting information on the subsidiaries was adjusted, as applicable, to meet this criterion.

### 3.1 Basis of preparation and statement of compliance

This interim accounting information for the six-month period ended June 30, 2019, should be read together with the Company's financial statements for the year ended December 31, 2018.

Considering that there were no material changes in the composition and nature of the balances presented in the financial statements for the year ended December 31, 2018, the following Notes are presented in a condensed manner for the six-month period ended June 30, 2019.

- 3 Summary of significant accounting policies;
- 4 Financial risk management objectives and policy;
- 11 Income tax and social contribution;
- 12 Judicial deposits;
- 13 Investments;
- 14 Property, plant and equipment;
- 15 Impairment of non-financial assets;
- 16 Intangible assets;
- 17 Borrowings and debentures;
- 19 Taxes payable in installments;
- 20 Provision for litigation;
- 21 Retirement benefit obligations;
- 22 Equity;
- 28 Transactions with related parties; and
- 29 Stock option plan.

#### Parent company and consolidated interim accounting information

The parent company and consolidated interim accounting information presented herein under Parent company and Consolidated, respectively, has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting, International Accounting Standard (IAS) 34 - Interim Financial Reporting, and the rules of the Brazilian Securities Commission (CVM). Accordingly, this interim accounting information discloses all the applicable significant information, which is consistent with the information utilized by management in the performance of its duties.

### 3.2 Standards, amendments to and interpretations of existing standards

In the six-month period ended June 30, 2019, no new standards, amendments to or interpretations of existing standards were issued.

IFRS 16 / CPC 06 (R2) - "Leases" has been effective since January 1, 2019. As described in Note 3.21 to the financial statements at December 31, 2018, the Company did not identify any material impacts from the adoption of this new standard.



**(i) Transition**

Usiminas applied the simplified transition approach and has not restated comparative amounts for the year prior to the first adoption. The lease liability was measured at the present value of the remaining payments, discounted by the incremental rate over loans, grouped by nature and contractual term. The other right-of-use assets were measured at the amount of the lease liability on adoption.

**4 Financial risk management objectives and policy**

At June 30, 2019, there were no significant changes in financial risk policies and management in relation to those disclosed in the Company's financial statements for the year ended December 31, 2018.

**4.1 Foreign exchange risk**
**(i) Foreign exchange exposure**

Usiminas operates internationally and is exposed to foreign exchange risk arising from exposures in certain currencies, primarily with respect to the U.S. dollar and, to a lesser extent, yen and euro. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations, as described below.

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>6/30/2019</b>	<b>12/31/2018</b>	<b>6/30/2019</b>	<b>12/31/2018</b>
<b>Assets in foreign currency</b>				
Cash and cash equivalents	43,453	49,059	135,832	170,717
Marketable securities	-	-	10,500	9,036
Trade receivables	110,960	233,168	315,850	342,424
Advances to suppliers	3,703	3,720	7,849	4,407
	<u>158,116</u>	<u>285,947</u>	<u>470,031</u>	<u>526,584</u>
<b>Liabilities in foreign currency</b>				
Borrowings	(1,179,060)	(1,272,702)	(1,179,060)	(1,272,702)
Trade payables, contractors and freight charges	(218,209)	(338,289)	(224,501)	(361,804)
Advances from customers	(7,268)	(13,740)	(7,268)	(17,480)
Other payables	(25,392)	(23,760)	(25,388)	(23,756)
	<u>(1,429,929)</u>	<u>(1,648,491)</u>	<u>(1,436,217)</u>	<u>(1,675,742)</u>
Currency exposure	<u>(1,271,813)</u>	<u>(1,362,544)</u>	<u>(966,186)</u>	<u>(1,149,158)</u>

**(ii) Sensitivity analysis - foreign exchange risk arising from assets and liabilities denominated in foreign currency**

The Company prepares a sensitivity analysis of outstanding assets and liabilities denominated in foreign currency at the end of the period, considering the foreign exchange rate at June 30, 2019. Scenario I considered a depreciation of the Brazilian Real of 5% when compared to the current scenario. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amount of the foreign currency at June 30, 2019.

The currencies used in the sensitivity analysis and their related scenarios are shown below:

<b>Currency</b>	<b>6/30/2019</b>			
	<b>Foreign exchange rate at the end of the period</b>	<b>Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>
US\$	3.8322	4.0238	4.7903	5.7483
EUR	4.3587	4.5766	5.4484	6.5381
YEN	0.0355	0.0373	0.0444	0.0533

Potential effects on the finance result, considering Scenarios I, II and III, are shown below:

<b>Currency</b>	<b>Consolidated</b>		
	<b>6/30/2019</b>		
	<b>Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>
US\$	(48,047)	(240,233)	(480,467)
EUR	(272)	(1,358)	(2,716)
YEN	9	44	89

## 4.2 Cash flow or fair value interest rate risk

### (i) Composition of borrowings and debentures by type of interest rate

The interest rate risk arises from interest rates used in financial investments, borrowings and debentures.

The composition of borrowings and debentures contracted, by interest type, in current and non-current liabilities, is presented as follows:

	<u>Parent company</u>				<u>Consolidated</u>			
	<u>6/30/2019</u>	<u>%</u>	<u>12/31/2018</u>	<u>%</u>	<u>6/30/2019</u>	<u>%</u>	<u>12/31/2018</u>	<u>%</u>
<b>Borrowings</b>								
Fixed	18,285	1	20,420	1	30,672	1	35,127	1
TJLP	315,380	6	336,902	6	315,380	6	336,902	6
Libor	1,049,550	19	1,133,228	19	1,049,550	19	1,133,228	19
CDI	3,112,493	57	3,324,139	57	3,112,493	57	3,324,139	57
Other	119,873	2	130,374	2	119,873	2	130,374	2
	<u>4,615,581</u>	<u>85</u>	<u>4,945,063</u>	<u>85</u>	<u>4,627,968</u>	<u>85</u>	<u>4,959,770</u>	<u>85</u>
<b>Debentures</b>								
CDI	<u>833,680</u>	<u>15</u>	<u>890,020</u>	<u>15</u>	<u>833,680</u>	<u>15</u>	<u>890,020</u>	<u>15</u>
	<u>5,449,261</u>	<u>100</u>	<u>5,835,083</u>	<u>100</u>	<u>5,461,648</u>	<u>100</u>	<u>5,849,790</u>	<u>100</u>

The Company uses derivative financial instruments to manage the effects of interest rate volatility risk on its borrowings.

**(ii) Sensitivity analysis of changes in interest rates**

The Company prepares a sensitivity analysis of outstanding assets and liabilities indexed to interest rates at the end of the period, considering the rates prevailing at June 30, 2019 for the probable scenario. Scenario I considers a 5% increase on the average interest rate applicable to the floating portion of its current debt. Scenarios II and III were stressed based on factors of 25% and 50%, respectively, on the amounts of these rates at June 30, 2019.

The rates used and their related scenarios are shown below:

Index	6/30/2019			
	Rates at the end of the period (i)	Scenario I	Scenario II	Scenario III
CDI	6.4%	6.7%	8.0%	9.6%
TJLP	6.3%	6.6%	7.8%	9.4%
LIBOR	2.2%	2.3%	2.7%	3.3%

(i) Annual rates.

Potential effects on the finance result, considering Scenarios I, II and III, are shown below:

Index	Consolidated		
	6/30/2019		
	Scenario I	Scenario II	Scenario III
CDI	(9,387)	(46,935)	(93,870)
TJLP	(987)	(4,936)	(9,871)
LIBOR	(1,143)	(5,715)	(11,430)

The interest rates to which the Company is exposed, related to borrowings and debentures, are presented in Note 20 to the financial statements for the year ended December 31, 2018, and mainly comprise London Interbank Offered Rate (LIBOR), Long-Term Interest Rate (TJLP) and Interbank Deposit Certificate (CDI).

Derivative financial instruments used for interest rate risk, contracted to mitigate the volatility in the Company's profit or loss, were included in the sensitivity analysis for assets and liabilities (Note 5).

### 4.3 Capital management

The objectives for managing capital are to safeguard the ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure at optimum costs.

Consistent with others in the industry, Usiminas monitors capital based on its gearing ratio. This ratio corresponds to the net debt divided by total capitalization. Net debt is calculated as total borrowings and debentures, and taxes payable in installments (including current and non-current transactions, as shown in the consolidated balance sheet) less cash and cash equivalents and marketable securities. Total capitalization is calculated as equity as shown in the consolidated balance sheet plus net debt.

Present below is the calculation of the gearing ratio as net debt as a percentage of total capitalization.

	Parent company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Total borrowings, debentures and taxes payable in installments	5,453,508	5,839,261	5,465,897	5,853,970
Less: cash and cash equivalents and marketable securities	<u>(314,229)</u>	<u>(765,638)</u>	<u>(1,245,112)</u>	<u>(1,693,349)</u>
Net debt	<u>5,139,279</u>	<u>5,073,623</u>	<u>4,220,785</u>	<u>4,160,621</u>
Total equity	14,416,688	14,266,298	15,917,202	15,697,391
Total capitalization	<u>19,555,967</u>	<u>19,339,921</u>	<u>20,137,987</u>	<u>19,858,012</u>
Gearing ratio	<u>26%</u>	<u>26%</u>	<u>21%</u>	<u>21%</u>

## 5 Derivative financial instruments

Usiminas has a swap transactions to hedge and manage interest rate risks, thereby reducing the effects of volatility of interest rates on its borrowings. The Company does not acquire such financial instruments for speculative purposes. The Company does not settle its transactions prior to the respective original maturities and does not prepay its derivative financial instruments.

At June 30, 2019, the transactions with derivative financial instruments entered into by the Company are as follows:

### (a) Parent company and consolidated

Maturity range MM/YY	INDEX		NOTIONAL AMOUNT (contracted amount)				FAIR (MARKET) VALUE - BOOK VALUE		Profit/Loss for the period	
	6/30/2019		6/30/2019		12/31/2018		6/30/2019	12/31/2018	6/30/2019	
	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset (liability) position	Asset (liability) position	Gain (loss)	
<b>RATE AND FOREIGN EXCHANGE HEDGES (SWAP)</b>										
Bradesco	Apr/15 to Apr/25	TR + 9.8000% p.a.	95.00% of the CDI	R\$ 59,000	R\$ 59,000	R\$ 59,000	R\$ 59,000	6,345	3,900	2,801
Financial gain/loss in the period									2,801	
Book balance (net asset position - liability position)								6,345	3,900	

The book balances of the derivative financial instruments are described below:

	<b>Parent company and consolidated</b>	
	<b>6/30/2019</b>	<b>12/31/2018</b>
Current assets	687	347
Non-current assets	5,658	3,553
	<u>6,345</u>	<u>3,900</u>

  

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2018</b>
In finance result	2,801	511	2,801	511

**6 Cash and cash equivalents**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>6/30/2019</b>	<b>12/31/2018</b>	<b>6/30/2019</b>	<b>12/31/2018</b>
Bank accounts	15,573	19,706	27,041	52,551
Bank accounts abroad	43,453	49,059	135,832	170,717
Bank Deposit Certificates (CDB) and repurchase commitments	<u>255,203</u>	<u>696,873</u>	<u>336,738</u>	<u>883,522</u>
	<u>314,229</u>	<u>765,638</u>	<u>499,611</u>	<u>1,106,790</u>

Financial investments in Bank Deposit Certificates (CDB) and repurchase agreements have immediate liquidity and earn on average 97.05% (December 31, 2018 - 99.88%) of the CDI rate in the Parent company and 99.32% (December 31, 2018 – 100.39%) of the CDI rate in Consolidated.

At June 30, 2019, Usiminas does not use overdraft accounts.

## 7 Marketable securities

	<b>Consolidated</b>	
	<u>6/30/2019</u>	<u>12/31/2018</u>
Bank Deposit Certificates (CDB)	735,001	577,523
Financial investments abroad	<u>10,500</u>	<u>9,036</u>
	<u>745,501</u>	<u>586,559</u>

Financial investments in Bank Deposit Certificates (CDB) earn on average 99.32% (December 31, 2018 - 100.39%) of the CDI rate in Consolidated.

None of these financial assets is either past due or impaired.

In the six-month period ended June 30, 2019, the Company does not have balances related to financial investments classified as marketable securities.



## 8 Trade receivables

	Parent company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Trade receivables:				
In Brazil	1,089,916	1,187,944	1,770,154	1,747,854
Abroad	106,608	203,923	311,498	313,179
Provision for impairment of trade receivables (i)	(141,629)	(141,908)	(188,705)	(185,964)
Trade receivables, net	1,054,895	1,249,959	1,892,947	1,875,069
Receivables from related parties				
In Brazil	549,067	403,075	112,781	49,499
Abroad	8,838	33,781	8,838	33,781
Receivables from related parties	557,905	436,856	121,619	83,280
	1,612,800	1,686,815	2,014,566	1,958,349
Current assets	1,544,122	1,669,763	1,898,882	1,894,291
Non-current assets	68,678	17,052	115,684	64,058

(i) Out of the total provision for impairment of trade receivables in the Parent company and Consolidated accounts, the balance of R\$4,486 (December 31, 2018 - R\$4,536) refers to trade receivables denominated in foreign currency.

The ageing analysis of trade receivables was as follows:

	Parent company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Amounts not yet due	1,370,449	1,325,683	1,885,532	1,753,909
Amounts past due:				
Up to 30 days	168,285	332,515	47,654	173,611
From 31 to 60 days	12,254	11,896	13,060	5,527
From 61 to 90 days	10,438	-	7,382	2,769
From 91 to 180 days	4,388	293	12,449	5,368
Over 181 days	188,615	158,336	237,194	203,129
(-) Provision for impairment of trade receivables	(141,629)	(141,908)	(188,705)	(185,964)
	1,612,800	1,686,815	2,014,566	1,958,349

At June 30, 2019, trade receivables amounting to R\$242,351 in the Parent company and R\$129,034 in Consolidated were past due but not impaired (December 31, 2018 – R\$361,132 and R\$204,440, respectively). These accounts relate to a number of customers for which there is no recent history of default, or the outstanding balances of which are supported by guarantees.

Trade receivables, net of the provision for impairment of trade receivables, are denominated in the following currencies:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Brazilian Real	1,501,840	1,453,647	1,698,716	1,615,925
U.S. dollar	109,025	228,741	313,915	337,997
Euro	<u>1,935</u>	<u>4,427</u>	<u>1,935</u>	<u>4,427</u>
	<u>1,612,800</u>	<u>1,686,815</u>	<u>2,014,566</u>	<u>1,958,349</u>

Changes in the provision for impairment of trade receivables were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	<u>(141,908)</u>	<u>(185,964)</u>
Reversals of profit or loss	226	2,807
Write-off against trade receivables	-	14
Foreign exchange gains/losses	<u>53</u>	<u>52</u>
At June 30, 2019	<u>(141,629)</u>	<u>(188,705)</u>

The additions to and release of the provision for impairment of trade receivables have been included in "Selling expenses" in the statement of operations. Usiminas does not hold any collateral for trade receivables.

## 9 Inventories

	Parent company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Current assets				
Finished products	837,686	775,025	988,974	929,661
Work in progress	934,348	745,192	959,197	764,214
Raw materials	824,484	709,731	1,363,187	1,196,015
Supplies and spare parts	527,782	533,253	586,579	589,732
Imports in transit	118,841	327,054	118,849	327,062
Provision for losses (i)	(85,770)	(86,172)	(107,609)	(102,837)
Other	231,692	179,913	228,651	176,788
	<u>3,389,063</u>	<u>3,183,996</u>	<u>4,137,828</u>	<u>3,880,635</u>
Non-current assets				
Work in progress (ii)	-	-	25,377	26,899
	<u>3,389,063</u>	<u>3,183,996</u>	<u>4,163,205</u>	<u>3,907,534</u>

(i) Fair value adjustments and obsolescence of certain inventories.

(ii) Inventories of products of the subsidiary Mineração Usiminas that are expected to be sold in more than 12 months.

## 10 Taxes recoverable

	<b>6/30/2019</b>		<b>Parent company 12/31/2018</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
PIS (i)	23,996	-	72,683	76,143
COFINS (i)	284,119	348,202	322,859	348,202
ICMS	58,927	20,775	46,360	20,419
Excise Tax (IPI)	42,811	-	26,595	-
Export credit - Reintegra	6,760	-	6,115	-
Brazilian Foreign Trade Department of Banco do Brasil (Cacex)	-	5,002	-	8,003
Other	3,988	-	3,671	1
	<b>420,601</b>	<b>373,979</b>	<b>478,283</b>	<b>452,768</b>

  

	<b>6/30/2019</b>		<b>Consolidated 12/31/2018</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
PIS (i)	36,291	14	83,324	76,161
COFINS (i)	347,085	348,265	371,246	348,285
ICMS	130,898	22,021	90,737	21,679
IPI	69,456	-	48,371	-
Export credit - Reintegra	6,760	-	6,115	-
National Institute of Social Security (INSS)	7,413	-	13,671	-
Cacex	-	5,002	-	8,003
Other	6,522	155	4,267	156
	<b>604,425</b>	<b>375,457</b>	<b>617,731</b>	<b>454,284</b>

(i) Mainly credits related to the final and unappealable decision on ICMS in the calculation bases of PIS/COFINS - Note 24 (c) of the financial statements for the year ended December 31, 2018.

Through June 30, 2019, the Company had offset PIS/COFINS of R\$203,725 in the Parent company and R\$210,592 in the Consolidated accounts.

## 11 Income tax and social contribution

### (a) Taxes on profit

The amounts of income tax and social contribution on net income differ from the theoretical value that would be obtained by using the nominal rates of such taxes, applicable to profit or loss before taxation, in the Parent company and Consolidated accounts, as shown below:

	Parent company		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Profit before income tax and social contribution	172,956	120,115	342,577	194,806
Nominal rates	34%	34%	34%	34%
Taxes on profit at nominal rates	(58,805)	(40,839)	(116,476)	(66,234)
Adjustments to determine taxable profit:				
Equity in the results of investees	67,358	40,979	25,286	24,648
Interest on capital	-	(13,824)	-	5,925
Permanent exclusions (additions)	(3,401)	709	(5,644)	(10,159)
Tax incentives	-	795	1,264	795
Non-taxable income and rate differences of foreign subsidiaries	-	-	517	(11,646)
Tax (expense) credit in the statement of operations	5,152	(12,180)	(95,053)	(56,671)
Current	-	(43,852)	(81,025)	(73,218)
Deferred	5,152	31,672	(14,028)	16,547
Tax (expense) credit in the statement of operations	5,152	(12,180)	(95,053)	(56,671)
Income tax	3,788	(8,742)	(69,543)	(46,120)
Social contribution	1,364	(3,438)	(25,510)	(10,551)
Effective rates	-	10%	28%	29%

There are no current tax items presented in equity in this interim accounting information.

**(b) Deferred income tax and social contribution**

Changes in deferred income tax and social contribution, net, for the six-month period ended June 30, 2019, were as follows:

	<b>Assets</b>	
	<b>Parent company</b>	<b>Consolidated</b>
At December 31, 2018	1,726,425	2,765,356
statement of operations and statement of cash flows	5,152	(14,028)
Deferred taxes in comprehensive income (actuarial liabilities)	14,918	14,921
Balance at June 30, 2019	<u>1,746,495</u>	<u>2,766,249</u>

The composition of deferred income tax and social contribution assets and liabilities is as below:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>6/30/2019</b>	<b>12/31/2018</b>	<b>6/30/2019</b>	<b>12/31/2018</b>
Deferred assets arising from income tax and social contribution losses	2,552,370	2,354,187	2,732,926	2,567,127
Deferred assets arising from temporary differences	1,061,831	1,069,429	2,020,764	2,021,159
Deferred liabilities arising from temporary differences	(838,515)	(668,000)	(889,311)	(724,800)
Unrecognized deferred income tax and social contribution	<u>(1,029,191)</u>	<u>(1,029,191)</u>	<u>(1,098,130)</u>	<u>(1,098,130)</u>
	<u>1,746,495</u>	<u>1,726,425</u>	<u>2,766,249</u>	<u>2,765,356</u>

In the six-month period ended June 30, 2019, as well as in the year ended December 31, 2018, the Company had deferred income tax and social contribution that were not recognized in the interim accounting information in the amounts of R\$1,029,191 in the Parent company and R\$1,098,130 in Consolidated, respectively, arising from the expectation of not being able to offset these credits over the next 10 years. The Company's management will continue to monitor the tax credits related to income tax and social contribution, which may be recorded as soon as their use is considered probable.

According to the projections approved by the Company's management and the balance of deferred income tax assets (tax losses and temporary differences) at June 30, 2019, the expected realization of the taxes was as follows:

	<u>Parent company</u>	<u>Consolidated</u>
2019	116,677	228,874
2020	199,574	302,795
2021	166,821	240,399
2022	212,814	289,796
2023	240,625	306,408
2024 to 2026	707,365	964,513
2027 to 2029	924,443	1,091,034
2030 to 2032	736,776	830,108
After 2033 (i)	<u>309,106</u>	<u>499,763</u>
Total	3,614,201	4,753,690
Unrecognized tax credits	<u>(1,029,191)</u>	<u>(1,098,130)</u>
Assets	<u>2,585,010</u>	<u>3,655,560</u>
Liabilities	<u>(838,515)</u>	<u>(889,311)</u>
Net position	<u><u>1,746,495</u></u>	<u><u>2,766,249</u></u>

(i) In Consolidated, the amounts refer mainly to tax credits from goodwill on Mineração Usiminas downstream merger. These tax credits were allocated to match the expected useful lives of the mines, which are expected to be fully depleted by 2053.

The recognition of tax assets is based on a study of the expected future taxable income, reviewed by the Statutory Audit Board and approved by the Board of Directors of the Company. The study to determine the expected future taxable income adopts the same data and assumptions as those adopted in the impairment test of assets (Note 17 to the financial statements at December 31, 2018).

As the income tax and social contribution taxable bases arise not only from projected taxable profit, but also from non-taxable income, non-deductible expenses, tax incentives and other variables, there is no direct correlation between the Company's forecast profit and the income subject to income tax and social contribution. Accordingly, the projected tax credit offsets should not be considered as the only indication of the future profitability of Usiminas.

## 12 Judicial deposits

At June 30, 2019, changes in judicial deposits were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018 (i)	<u>564,669</u>	<u>720,449</u>
Additions (ii)	28,390	58,681
Interest/inflation indexation	2,714	4,218
Reversals (ii)	<u>(15,128)</u>	<u>(49,516)</u>
Subtotal	<u>580,645</u>	<u>733,832</u>
(-) Offset against taxes payable in installments	<u>(196,892)</u>	<u>(196,892)</u>
At June 30, 2019	<u>383,753</u>	<u>536,940</u>

- (i) To the total amount of judicial deposits presented in the balance sheet as of December 31, 2018, the amount of R\$196,892 must be added, related to the offset of taxes payable in installments.
- (ii) In the Parent company, the additions and reversals refer mainly to labor claims. In Consolidated, the additions refer mainly to the *Compensação Financeira pela Exploração de Recursos Minerais (CFEM)* in the subsidiary *Mineração Usiminas*, which totaled R\$23,356. Additionally, the reversals refer mainly to the extinction of the judicial deposit related to the *Mineral Resource Inspection Fee (TFRM)* on behalf of the subsidiary *Mineração Usiminas*, which totaled R\$18,831, and was offset against contingencies of the same nature.



### 13 Investments

#### (a) Changes in investments

##### (i) Parent company

	<u>12/31/2018</u>	<u>Additions</u>	<u>Equity in the results of investees (i)</u>	<u>Interest on capital and dividends</u>	<u>Unrealized profits in inventories</u>	<u>Other</u>	<u>6/30/2019</u>
<b>Subsidiaries</b>							
Mineração Usiminas	2,468,185	-	129,367	-	-	10	2,597,562
Soluções Usiminas	646,174	-	17,732	-	(20,937)	-	642,969
Usiminas Europa	114,768	-	378	-	-	-	115,146
Usiminas International	39,389	-	1,139	-	-	-	40,528
Usiminas Mecânica	279,109	-	(755)	-	3,545	-	281,899
Usiminas Participações e Logística S.A. (UPL)	75,441	-	4,186	(1,657)	-	3	77,973
Goodwill on subsidiaries	10,049	-	-	-	-	(1,528)	8,521
	<u>3,633,115</u>	<u>-</u>	<u>152,047</u>	<u>(1,657)</u>	<u>(17,392)</u>	<u>(1,515)</u>	<u>3,764,598</u>
<b>Jointly-controlled subsidiaries</b>							
Unigal	593,854	-	52,186	-	-	-	646,040
Usiroll	10,113	-	1,060	-	-	-	11,173
	<u>603,967</u>	<u>-</u>	<u>53,246</u>	<u>(1,657)</u>	<u>(17,392)</u>	<u>-</u>	<u>657,213</u>
<b>Associates</b>							
Codeme (ii)	12,778	16,000	(7,209)	-	-	-	21,569
MRS	10,740	-	625	-	-	-	11,365
	<u>23,518</u>	<u>16,000</u>	<u>(6,584)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,934</u>
	<u>4,260,600</u>	<u>16,000</u>	<u>198,709</u>	<u>(1,657)</u>	<u>(17,392)</u>	<u>(1,515)</u>	<u>4,454,745</u>

(i) In the equity in the results of investees presented in the statement of operations of cash flows of the Parent company, which totals R\$180,720 when compared with the income of R\$198,709 disclosed in changes in investments, the results related to net capital deficiency of the subsidiary Rios Unidos totaling R\$597 and unrealized profit on inventories of R\$17,392 determined in the subsidiaries Soluções Usiminas and Usiminas Mecânica must be considered.

(ii) The addition for the period refers to the capital increase of Codeme S.A., with no changes in the Company's investment percentage.

**(ii) Consolidated**

	<u>12/31/2018</u>	<u>Additions (reductions)</u>	<u>Equity in the results of investees</u>	<u>Interest on capital and dividends</u>	<u>Transfers</u>	<u>Other</u>	<u>6/30/2019</u>
<b>Jointly-controlled subsidiaries</b>							
Modal	2,626	-	1,176	(1,478)	-	-	2,324
Unigal	593,854	-	52,186	-	-	-	646,040
Usiroll	10,113	-	1,060	-	-	-	11,173
Goodwill on jointly-controlled subsidiaries	<u>7,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,736</u>
	614,329	-	54,422	(1,478)	-	-	667,273
<b>Associates</b>							
Codeme (i)	12,778	16,000	(7,209)	-	-	-	21,569
MRS	438,761	-	25,523	-	-	18	464,302
Paraopeba Terminal	891	27	(5)	-	-	-	913
Sarzedo Terminal	1,558	(18)	1,663	(1,524)	-	11	1,690
Other	2,528	-	(24)	-	-	-	2,504
Goodwill on associates	<u>17,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,521)</u>	<u>(1,528)</u>	<u>7,200</u>
	<u>473,765</u>	<u>16,009</u>	<u>19,948</u>	<u>(1,524)</u>	<u>(8,521)</u>	<u>(1,499)</u>	<u>498,178</u>
Total	<u><u>1,088,094</u></u>	<u><u>16,009</u></u>	<u><u>74,370</u></u>	<u><u>(3,002)</u></u>	<u><u>(8,521)</u></u>	<u><u>(1,499)</u></u>	<u><u>1,165,451</u></u>

(i) The addition for the period refers to the capital increase of Codeme S.A., with no changes in the Company's investment percentage.

## 14 Property, plant and equipment

Changes in property, plant and equipment were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	10,248,224	11,715,022
Additions	138,542	185,359
Disposals	(1,484)	(1,701)
Depreciation	(393,239)	(468,116)
Interest and monetary/foreign exchange variations capitalized (i)	4,763	4,763
Transfers	(721)	70
Other	2,715	2,316
At June 30, 2019	<u>9,998,800</u>	<u>11,437,713</u>

(i) These charges were capitalized at the contracted rates, which are described in Note 20 to the financial statements for the year ended December 31, 2018.

In the six-month period ended June 30, 2019, additions to property, plant and equipment refer to expenses incurred to ensure the Company's production capacity.

At June 30, 2019, interest and foreign exchange variations were capitalized on borrowings in property, plant and equipment, at an amount of R\$4,763 in the Parent company and in Consolidated.

At June 30, 2019, depreciation in the Parent company was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses", in the amounts of R\$335,853, R\$53,259, R\$1,496 and R\$2,631 (June 30, 2018 - R\$277,697, R\$130,853, R\$1,561 and R\$4,776), respectively. In Consolidated, depreciation was recognized in "Cost of sales", "Other operating income (expenses)", "Selling expenses" and "General and administrative expenses" in the amounts of R\$388,456, R\$53,710, R\$1,755 and R\$24,195 (June 30, 2018 - R\$335,331, R\$154,065, R\$2,088 and R\$7,058), respectively.

Certain property, plant and equipment items are pledged as collateral of borrowings and judicial proceedings (Note 30).

## 15 Impairment of non-financial assets

For calculation of the recoverable amount of each business segment, Usiminas uses the discounted cash flow method based on the economic and financial projections of each segment. The projections take into consideration the changes observed in the economic scenario of the markets in which the companies operate, as well as assumptions of expected results and the history of profitability of each segment.

During the six-month period ended June 30, 2019, management monitored the behavior of the main assumptions used in the impairment tests carried out at December 31, 2018 (as described in Note 17 to the financial statements at December 31, 2018), as well as the macroeconomic context of each business segment. This monitoring did not identify the need for change in the assumptions used in the preparation of these impairment tests. Management will continue to monitor the key assumptions of each business segment, and the results in 2019, which will indicate the reasonableness of the future projections used.

## 16 Intangible assets

Changes in intangible assets in the six-month period ended June 30, 2019, can be summarized as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	78,343	695,596
Additions	7,270	8,626
Amortization	(10,465)	(13,824)
Transfers	721	8,451
At June 30, 2019	<u>75,869</u>	<u>698,849</u>

## 17 Borrowings and debentures

### (a) Borrowings

Changes in borrowings were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	<u>4,945,063</u>	<u>4,959,770</u>
Accrued charges	151,849	152,131
Indexation accruals	49,709	49,878
Foreign exchange gains/losses	(14,400)	(14,400)
Payment of interest	(206,701)	(207,169)
Repayment of principal	(317,888)	(320,191)
Deferral of commissions	<u>7,949</u>	<u>7,949</u>
At June 30, 2019	<u><u>4,615,581</u></u>	<u><u>4,627,968</u></u>
Current liabilities	215,404	220,059
Non-current liabilities	<u>4,400,177</u>	<u>4,407,909</u>

Long-term amounts fall due as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
2020	200,458	346,521	202,283	350,649
2021	648,172	649,990	651,319	653,137
2022	936,907	939,551	939,637	942,281
2023	937,209	939,853	937,235	939,878
2024	936,705	939,348	936,709	939,352
2025	<u>740,726</u>	<u>737,674</u>	<u>740,726</u>	<u>737,674</u>
	<u><u>4,400,177</u></u>	<u><u>4,552,937</u></u>	<u><u>4,407,909</u></u>	<u><u>4,562,971</u></u>

**(b) Covenants**

With respect to financial covenants, the Company is required to comply with the following indices, calculated on an individual basis (Parent company):

(i) Net debt / EBITDA:

- less than or equal to 4.5 times at June 30, 2019 and December 31, 2019;
- less than or equal to 3.5 times at June 30, 2020 and December 31, 2020;
- less than or equal to 3.0 times at June 30, 2021 and December 31, 2021; and
- less than or equal to 2.5 times in the half-yearly measurements determined at June 30 and December 31 of subsequent years.

(ii) EBITDA / Finance costs:

- not less than 2.0 times at June 30, 2019, December 31, 2019 and in the half-yearly measurements determined at June 30 and December 31 of subsequent years.

For the six-month period ended June 30, 2019, the Company determined the following ratios, as shown below:

	Contracted ratio	Determined ratio
Net debt/EBITDA	≤ 4.5	2.85
EBITDA/finance costs	≥ 2.0	5.27

With respect to the non-financial covenants established in the debt instruments, the Company has monitoring controls and, for the six-month period ended June 30, 2019, no breaches of these covenants were found.

**(c) Cash sweep**

After the renegotiation of its debt, the Company was subject to a cash sweep mechanism, the measurements of which are made on June 30 and December 31 of each year. In these measurements, of which certain liquidity events are excluded, the Company assesses whether the balances of cash and cash equivalents and marketable securities exceed the limit established for the cash sweep procedure. If there is a surplus, the Company is required to distribute it proportionally to its creditors, in the form of early amortization of principal, interest and other charges due under these agreements.

For the six-month period ended June 30, 2019, the Company did not determine any cash surplus.

**(d) Debentures**

At June 30, 2019, changes in debentures were as follows:

	<u>Parent company and consolidated</u>
At December 31, 2018	<u>890,020</u>
Accrued charges	30,945
Indexation accruals	8,058
Payment of interest	(39,494)
Repayment of principal	(56,595)
Deferral of commissions	<u>746</u>
At June 30, 2019 (i)	<u><u>833,680</u></u>
Current liabilities	38,613
Non-current liabilities	<u>795,067</u>

(i) Balance presented net, after deducting the amount of R\$5,720 related to the deferral of transaction costs, in accordance with Technical Pronouncement CPC 08 - Transaction Costs and Premiums on Issue of Securities.

At June 30, 2019, the charges of R\$1,114 on the debentures are recorded in current liabilities (December 31, 2018 - R\$1,589).

Long-term amounts fall due as follows:

	<u>Parent company and consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>
2020	36,769	61,769
2021	116,769	116,769
2022	169,269	169,269
2023	169,269	169,269
2024	169,269	169,269
2025	<u>133,722</u>	<u>133,438</u>
	<u><u>795,067</u></u>	<u><u>819,783</u></u>

## 18 Taxes payable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
ICMS	38,430	52,633	43,764	57,499
IPI	33,094	23,664	36,986	27,127
Withholding Income Tax (IRRF)	4,473	20,044	5,663	21,787
Services Tax (ISS)	1,565	1,612	3,977	4,050
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	2,014	1,965	3,331	3,395
Financial Compensation for Mineral Resources Exploration (CFEM)	-	-	9,361	5,869
Other	752	1,233	1,870	3,186
	<u>80,328</u>	<u>101,151</u>	<u>104,952</u>	<u>122,913</u>

## 19 Taxes payable in installments

Changes in the balance of taxes payable in installments were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018 (i)	<u>201,070</u>	<u>201,072</u>
Provision for interest	<u>69</u>	<u>69</u>
Subtotal	<u>201,139</u>	<u>201,141</u>
Balance of judicial deposit offset	<u>(196,892)</u>	<u>(196,892)</u>
At June 30, 2019 (ii)	<u>4,247</u>	<u>4,249</u>

(i) To the total amount of taxes payable in installments presented in the balance sheet, the amount of R\$196,892, which refers to the offsets against judicial deposits, must be added in the Parent company and Consolidated accounts.

(ii) The balances in the Parent company and Consolidated refer mainly to the Excise Tax (IPI).



## 20 Provision for litigation

	<b>Parent company</b>					
	<b>6/30/2019</b>			<b>12/31/2018</b>		
	<b>Provisions</b>	<b>Judicial deposits</b>	<b>Net balance</b>	<b>Provisions</b>	<b>Judicial deposits</b>	<b>Net balance</b>
ICMS	51,461	-	51,461	50,581	-	50,581
Labor	381,499	(171,444)	210,055	361,516	(123,414)	238,102
Civil	<u>46,016</u>	<u>(27,327)</u>	<u>18,689</u>	<u>62,009</u>	<u>(28,453)</u>	<u>33,556</u>
	<u>478,976</u>	<u>(198,771)</u>	<u>280,205</u>	<u>474,106</u>	<u>(151,867)</u>	<u>322,239</u>

  

	<b>Consolidated</b>					
	<b>6/30/2019</b>			<b>12/31/2018</b>		
	<b>Provisions</b>	<b>Judicial deposits</b>	<b>Net balance</b>	<b>Provisions</b>	<b>Judicial deposits</b>	<b>Net balance</b>
INSS	56	-	56	54	(54)	-
ICMS	53,392	-	53,392	67,269	(1,194)	66,075
PIS/COFINS	1,969	-	1,969	1,927	-	1,927
Labor	478,791	(176,350)	302,441	460,227	(175,995)	284,232
Civil	67,763	(41,794)	25,969	78,650	(44,453)	34,197
Other	<u>8,967</u>	<u>-</u>	<u>8,967</u>	<u>27,424</u>	<u>(21,435)</u>	<u>5,989</u>
	<u>610,938</u>	<u>(218,144)</u>	<u>392,794</u>	<u>635,551</u>	<u>(243,131)</u>	<u>392,420</u>

The judicial deposits related to provisions for contingencies, in Parent Company and Consolidated accounts, comprise the total balance of judicial deposits presented in Note 12.

At June 30, 2019, changes in the provisions for litigation were as follows:

	<b>Parent company</b>	<b>Consolidated</b>
At December 31, 2018	<u>474,106</u>	<u>635,551</u>
Additions	84,511	99,416
Interest/inflation indexation	36,794	46,494
Payments/reductions	(57,765)	(92,199)
Reversal of principal	(22,894)	(38,859)
Reversal of interest and inflation indexation	<u>(35,776)</u>	<u>(39,465)</u>
At June 30, 2019	<u>478,976</u>	<u>610,938</u>

The provisions for litigation were recorded to cover probable losses arising from administrative proceedings and litigation relating to tax, labor, civil and environmental matters, in amounts considered sufficient by Management, based on the advice and assessment of internal and external legal advisors.

**(a) Possible loss contingencies**

In the six-month period ended June 30, 2019, Usiminas was the defendant in proceedings involving risks of losses classified as possible by management, based on the advice of its legal advisors, amounting to R\$7,943,282 (December 31, 2018 – R\$6,500,433). At June 30, 2019, these proceedings, for which no provision was recorded, related to civil matters - R\$1,776,952; environmental matters - R\$20,345; labor matters - R\$1,033,091; and tax matters - R\$5,112,894 (December 31, 2018 – civil matters - R\$1,677,161; environmental matters - R\$20,747; labor matters - R\$916,962 and tax matters - R\$3,885,563).

**(b) Contingent assets**

At June 30, 2019, the main proceedings in which the Company is the plaintiff are presented below:

**(i) Compulsory loan - Eletrobrás**

The Company is a plaintiff in a lawsuit claiming the receipt of the full amount paid by Usiminas related to its Cubatão and Ipatinga branches to Eletrobrás, as a compulsory loan, in accordance with the legislation criteria in force at the time the tax was paid.

A final and unappealable decision was rendered with respect to the declaratory action relating to the Cubatão branch. In June 2016, the Company filed for liquidation by determination, with the immediate appointment of a forensic expert. At June 30, 2019, the amount in dispute totaled R\$851,606 (December 31, 2018 - R\$833,915).

A final and unappealable decision was issued with respect to the declaratory action relating to the Ipatinga branch in which the Company claimed the amount of R\$1,387,296. On December 19, 2018, the 2<sup>nd</sup> Federal Court of the Federal District issued a decision in which it recognized the amount of R\$676,023 as undisputed for the enforcement of the judgment, considering that Eletrobrás itself expressly required the approval of this amount, monetarily restated up to July 1, 2016. Accordingly, the Company recorded this amount in its financial statements for the year ended December 31, 2018, under "Receivables - Eletrobrás", in non-current assets, as corresponding entry to "Other operating income" and "Finance result", in the amounts of R\$ 186,010 and R\$ 490,013, respectively. Eletrobrás and the Federal Government filed appeals that are pending judgment, which are not related to the undisputed amount recognized. The Company is awaiting the necessary legal steps to be taken to receive the undisputed inflation indexed up to the date of receipt. In addition, the Company continues to claim in court the unrecognized amount that it believes is owed by Eletrobrás.

**(ii) Inclusion of ICMS in the calculation basis of PIS and COFINS**

In May 2018, a final and unappealable decision was issued on the petition for writ of mandamus filed in 2010 by the Company, its subsidiary Usiminas Mecânica S.A. and its jointly-controlled subsidiary Unigal Ltda., which challenged the inclusion of the Value-Added Tax on Sales and Services (ICMS) in the calculation bases of PIS and COFINS. With this favorable decision, referring to the period from June 2005 to December 2014, the Company determined, together with its external consultants, the amounts of taxes unduly collected, considering the aspects related to the issue with regard to the quantification of credits, especially the Private Letter Ruling No. 13 - COSIT of the Brazilian Federal Revenue Secretariat, the method of monetary restatement of the amounts, as well as the prospects of its realization by offsetting against federal taxes payable. Accordingly, the Company recorded the amount of R\$789,160 in its financial statements for the year ended December 31, 2018, under "Taxes recoverable", of which R\$364,815 in current assets and R\$424,345 in non-current assets, as a corresponding entry to "Other operating income" and "Finance result" in the amounts of R\$410,932 and R\$378,228, respectively. In the same period, the amount of R\$803,249 was recorded in Consolidated under "Taxes recoverable", of which R\$378,904 in current assets and R\$424,345 in non-current assets, as a corresponding entry to "Other operating income" and "Finance result" in the amounts of R\$418,744 and R\$384,505, respectively. In the six-month period ended June 30, 2019, the following amounts were offset: R\$203,725 in the Parent company and R\$210,592 in Consolidated.

In June 2019, a final and unappealable decision was issued on the petition for writ of mandamus filed by the subsidiary Mineração Usiminas in 2011, which challenged the inclusion of ICMS in the calculation bases of PIS and COFINS. As a result of the favorable outcome, amounts related to the taxes improperly paid in the period from August 2010 to December 2014 may be recovered. The subsidiary Mineração Usiminas has been calculating the tax amounts improperly paid. Considering that the gathering of the relevant information is a complex process, its completion is expected by the fourth quarter of 2019. The calculation considers the uncertainties related to the matter with respect to the quantification of the credits, the indexation method to be adopted, as well as the perspectives of realization through offsetting against federal taxes payable. The subsidiary Mineração Usiminas has continued with its calculation efforts in order to reliably measure the future economic benefit resulting from the final and unappealable decision issued on the petition for writ of mandamus. Accordingly, as established in CPC 00 (R1) - "Conceptual Framework for Financial Reporting", the asset was not recognized in the interim accounting information for the quarter ended June 30, 2019.

## 21 Retirement benefit obligations

The amounts and information on retirement benefit obligations were as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Balance sheet obligations for:				
Pension benefits	500,082	546,681	500,082	546,681
Post-employment medical benefits	<u>509,244</u>	<u>487,159</u>	<u>509,584</u>	<u>487,547</u>
	<u>1,009,326</u>	<u>1,033,840</u>	<u>1,009,666</u>	<u>1,034,228</u>
	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Income (expenses) recognized in the statement of income				
Pension benefits	(20,869)	13,175	(20,819)	13,175
Post-employment medical benefits	<u>(22,085)</u>	<u>(18,980)</u>	<u>(22,085)</u>	<u>(18,980)</u>
	<u>(42,954)</u>	<u>(5,805)</u>	<u>(42,904)</u>	<u>(5,805)</u>

At June 30, 2019, changes in actuarial gains and losses recognized in other comprehensive income were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Actuarial gains (losses) recognized directly in other comprehensive income	(75,597)	(75,612)
Actuarial gains (losses) on loans recognized directly in other comprehensive income - CPC 33 and IFRIC 14	(26,832)	(26,832)
Decrease (increase) in assets (asset ceiling) in other comprehensive income - paragraph 58, CPC 33 and IAS 19	<u>73,486</u>	<u>73,486</u>
Accumulated actuarial gains (losses) recognized in other comprehensive income (i)	<u>(28,943)</u>	<u>(28,958)</u>

(i) At June 30, 2018, the total balance in the Parent company includes the amount of R\$14 related to actuarial gains (losses) of subsidiaries and jointly-controlled subsidiaries, recorded by the equity method of accounting.

### Changes in retirement benefit obligations

Pursuant to CPC 33 (R1) and IAS 19, the actuarial study carried out by an independent actuary as at December 31, 2018 presented liabilities of R\$1,033,840 in the Parent company and R\$1,034,228 in Consolidated. Changes in retirement benefit obligations are presented below:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	<u>1,033,840</u>	<u>1,034,228</u>
Amortization	(111,343)	(111,343)
Amounts recognized in the statement of operations	42,954	42,904
Actuarial losses recognized directly in other comprehensive income	<u>43,875</u>	<u>43,877</u>
At June 30, 2019	<u><u>1,009,326</u></u>	<u><u>1,009,666</u></u>

## 22 Equity

### (a) Share capital

At June 30, 2019, the Company's capital is R\$13,200,295, comprising 1,253,079,108 book entry shares with no par value, of which 705,260,684 common shares; 547,752,163 Class A preferred shares and 66,261 Class B preferred shares, as shown below:

	<u>Common shares</u>	<u>Class A Preferred shares</u>	<u>Class B Preferred shares</u>	<u>Total</u>
Total shares at December 31, 2018	705,260,684	547,749,823	68,601	1,253,079,108
Transfers	-	2,340	(2,340)	-
Total shares at June 30, 2019	<u>705,260,684</u>	<u>547,752,163</u>	<u>66,261</u>	<u>1,253,079,108</u>
Total treasury shares	<u>(2,526,656)</u>	<u>(21,051,399)</u>	<u>-</u>	<u>(23,578,055)</u>
Total shares except treasury shares	<u><u>702,734,028</u></u>	<u><u>526,700,764</u></u>	<u><u>66,261</u></u>	<u><u>1,229,501,053</u></u>

### (b) Reserves

At June 30, 2019, there were no changes in the nature and conditions of reserves in relation to those described in Note 27 (b) to the Company's financial statements for the year ended December 31, 2018. Disclosures have not been repeated in this interim accounting information.

**23 Segment reporting**

Usiminas has four reportable operating segments, which offer different products and services and are managed separately. These segments are determined based on different legal entities; there are no different segments within the same company.

A summary of the main operations of each of the reportable segments of Usiminas follows:

<b>Reportable segments</b>	<b>Operations</b>
Mining and logistics	Extraction and processing of iron ore as pellet feed, sinter feed and granulated iron ore. Storage, handling, transport of cargo and operation of highway and railway cargo terminals. The sales of iron ore are mainly intended for the Steelworks segment.
Steel metallurgy	Manufacture and sale of steel products. A portion of the sales is for the steel transformation and capital goods segments.
Steel transformation	Transformation and distribution of steel products.
Capital assets	Manufacture of equipment and installations for several industries.

Management reviews the internal managerial reports for each segment periodically.

## Information on operating income (loss), assets and liabilities by reportable segment

	6/30/2019						
	Mining and logistics	Steel metallurgy	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	Total
<b>Revenue</b>	859,237	6,417,690	1,809,219	158,888	9,245,034	(2,019,000)	7,226,034
Cost of sales	(444,740)	(5,721,763)	(1,718,482)	(139,648)	(8,024,633)	1,901,054	(6,123,579)
<b>Gross profit (loss)</b>	<u>414,497</u>	<u>695,927</u>	<u>90,737</u>	<u>19,240</u>	<u>1,220,401</u>	<u>(117,946)</u>	<u>1,102,455</u>
Operating expenses	(108,129)	(268,205)	(51,032)	(19,763)	(447,129)	(93,211)	(540,340)
Selling expenses	(46,191)	(60,312)	(23,908)	(5,724)	(136,135)	(2,225)	(138,360)
General and administrative expenses	(12,486)	(163,002)	(29,055)	(12,916)	(217,459)	6,919	(210,540)
Other income (expenses)	(76,005)	(188,838)	1,931	(1,099)	(264,011)	(1,799)	(265,810)
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	26,553	143,947	-	(24)	170,476	(96,106)	74,370
Operating profit (loss)	<u>306,368</u>	<u>427,722</u>	<u>39,705</u>	<u>(523)</u>	<u>773,272</u>	<u>(211,157)</u>	<u>562,115</u>
Finance result	(3,687)	(209,793)	(283)	(85)	(213,848)	(5,690)	(219,538)
Profit (loss) before income tax and social contribution	<u>302,681</u>	<u>217,929</u>	<u>39,422</u>	<u>(608)</u>	<u>559,424</u>	<u>(216,847)</u>	<u>342,577</u>
Income tax and social contribution	(93,814)	(28,342)	(13,678)	(148)	(135,982)	40,929	(95,053)
Profit (loss) for the period	<u>208,867</u>	<u>189,587</u>	<u>25,744</u>	<u>(756)</u>	<u>423,442</u>	<u>(175,918)</u>	<u>247,524</u>
Attributable to							
Controlling interests	147,463	189,587	17,732	(756)	354,026	(175,918)	178,108
Non-controlling interests	<u>61,404</u>	<u>-</u>	<u>8,012</u>	<u>-</u>	<u>69,416</u>	<u>-</u>	<u>69,416</u>
Assets	4,412,294	24,011,970	1,888,160	442,211	30,754,635	(4,588,919)	26,165,716
Total assets include:							
Investments in associates (except goodwill and investment properties)	455,542	32,997	-	2,438	490,977	-	490,977
Additions to non-current assets (except financial instruments and deferred tax assets)	67,538	191,577	6,455	4,508	270,078	(1,385)	268,693
Current and non-current liabilities	<u>509,883</u>	<u>9,502,382</u>	<u>753,351</u>	<u>158,212</u>	<u>10,923,828</u>	<u>(675,314)</u>	<u>10,248,514</u>



	6/30/2018						
	<u>Mining and logistics</u>	<u>Steel metallurgy</u>	<u>Steel transformation</u>	<u>Capital assets</u>	<u>Subtotal</u>	<u>Eliminations and adjustments</u>	<u>Total</u>
<b>Revenue</b>	453,964	5,926,925	1,473,439	214,893	8,069,221	(1,620,954)	6,448,267
Cost of sales	<u>(318,856)</u>	<u>(4,849,837)</u>	<u>(1,377,144)</u>	<u>(184,799)</u>	<u>(6,730,636)</u>	<u>1,477,257</u>	<u>(5,253,379)</u>
<b>Gross profit (loss)</b>	<u>135,108</u>	<u>1,077,088</u>	<u>96,295</u>	<u>30,094</u>	<u>1,338,585</u>	<u>(143,697)</u>	<u>1,194,888</u>
Operating expenses	<u>(87,803)</u>	<u>(423,885)</u>	<u>(46,094)</u>	<u>(26,853)</u>	<u>(584,635)</u>	<u>(5,095)</u>	<u>(589,730)</u>
Selling expenses	<u>(44,371)</u>	<u>(75,719)</u>	<u>(21,050)</u>	<u>(6,380)</u>	<u>(147,520)</u>	<u>(2,292)</u>	<u>(149,812)</u>
General and administrative expenses	<u>(13,263)</u>	<u>(162,829)</u>	<u>(28,029)</u>	<u>(18,267)</u>	<u>(222,388)</u>	<u>6,699</u>	<u>(215,689)</u>
Other income (expenses)	<u>(57,158)</u>	<u>(242,483)</u>	<u>2,985</u>	<u>(2,173)</u>	<u>(298,829)</u>	<u>2,105</u>	<u>(296,724)</u>
Share of results of subsidiaries, jointly-controlled subsidiaries and associates	<u>26,989</u>	<u>57,146</u>	<u>-</u>	<u>(33)</u>	<u>84,102</u>	<u>(11,607)</u>	<u>72,495</u>
Operating profit (loss)	<u>47,305</u>	<u>653,203</u>	<u>50,201</u>	<u>3,241</u>	<u>753,950</u>	<u>(148,792)</u>	<u>605,158</u>
Finance result	<u>25,153</u>	<u>(437,172)</u>	<u>5,843</u>	<u>(346)</u>	<u>(406,522)</u>	<u>(3,830)</u>	<u>(410,352)</u>
Profit (loss) before income tax and social contribution	<u>72,458</u>	<u>216,031</u>	<u>56,044</u>	<u>2,895</u>	<u>347,428</u>	<u>(152,622)</u>	<u>194,806</u>
Income tax and social contribution	<u>(5,020)</u>	<u>(77,872)</u>	<u>(20,129)</u>	<u>(1,392)</u>	<u>(104,413)</u>	<u>47,742</u>	<u>(56,671)</u>
Profit (loss) for the period	<u>67,438</u>	<u>138,159</u>	<u>35,915</u>	<u>1,503</u>	<u>243,015</u>	<u>(104,880)</u>	<u>138,135</u>
Attributable to							
Controlling interests	<u>48,416</u>	<u>138,159</u>	<u>24,737</u>	<u>1,503</u>	<u>212,815</u>	<u>(104,880)</u>	<u>107,935</u>
Non-controlling interests	<u>19,022</u>	<u>-</u>	<u>11,178</u>	<u>-</u>	<u>30,200</u>	<u>-</u>	<u>30,200</u>
Assets	3,995,905	23,340,156	1,649,257	666,657	29,651,975	(4,332,607)	25,319,368
Total assets include:							
Investments in associates (except goodwill and investment properties)	<u>409,653</u>	<u>21,928</u>	<u>-</u>	<u>2,539</u>	<u>434,120</u>	<u>-</u>	<u>434,120</u>
Additions to non-current assets (except financial instruments and deferred tax assets)	<u>10,084</u>	<u>132,714</u>	<u>79,551</u>	<u>4,388</u>	<u>226,737</u>	<u>(388)</u>	<u>226,349</u>
Current and non-current liabilities	<u>445,299</u>	<u>9,380,413</u>	<u>538,292</u>	<u>217,907</u>	<u>10,581,911</u>	<u>(517,669)</u>	<u>10,064,242</u>

	<b>12/31/2018</b>						
Assets	4,294,012	24,543,528	1,718,978	435,876	30,992,394	(4,468,543)	26,523,851
Total assets include:							
Investments in associates (except goodwill and investment properties)	430,474	23,580	-	2,462	456,516	-	456,516
Additions to non-current assets (except financial instruments and deferred tax assets)	77,133	408,960	93,509	10,586	590,188	(2,721)	587,467
Current and non-current liabilities	598,830	10,195,809	609,913	151,121	11,555,673	(729,213)	10,826,460

Sales between segments were carried out at arm's length.

Billings broadly are dispersed. The Company and its subsidiaries do not have third-party customers representing individually more than 10% of their billings.

## 24 Revenue

The reconciliation between gross and net revenue was as follows:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2018</b>
Sales of products				
Domestic market	7,157,543	6,392,339	7,454,043	6,608,623
Foreign market	681,924	849,893	1,238,294	1,208,317
	<u>7,839,467</u>	<u>7,242,232</u>	<u>8,692,337</u>	<u>7,816,940</u>
Sales of services				
Domestic market	14,629	1,562	100,377	126,722
Foreign market	2,675	-	2,675	-
	<u>17,304</u>	<u>1,562</u>	<u>103,052</u>	<u>126,722</u>
Gross revenue	<u>7,856,771</u>	<u>7,243,794</u>	<u>8,795,389</u>	<u>7,943,662</u>
Deductions from revenue	<u>(1,439,075)</u>	<u>(1,317,328)</u>	<u>(1,569,355)</u>	<u>(1,495,395)</u>
Net revenue	<u>6,417,696</u>	<u>5,926,466</u>	<u>7,226,034</u>	<u>6,448,267</u>

## 25 Expenses by nature

	Parent company		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Depreciation, amortization and depletion	(403,704)	(426,250)	(481,940)	(513,436)
Employee benefit expenses	(421,480)	(408,516)	(605,891)	(615,228)
Raw materials and consumables	(4,340,005)	(3,634,309)	(4,244,751)	(3,509,732)
Scheduled maintenance	(75,695)	(54,453)	(79,059)	(53,559)
Freight charges and insurance	(220,741)	(162,299)	(344,968)	(241,453)
Distribution costs	(32,872)	(48,979)	(82,517)	(96,225)
Third-party services	(386,671)	(395,316)	(476,954)	(486,991)
Judicial charges	(1,311)	(6,918)	(7,140)	(10,315)
Income (expenses) in litigation, net	(61,617)	(112,603)	(60,557)	(102,962)
Result on the sale of excess electricity	8,901	(7,620)	9,517	(6,891)
Result on the sale/write-off of PP&E, intangible assets and investments	5,244	(7,270)	6,104	(7,123)
PIS/COFINS credits on imports	-	28,966		28,966
Other	(277,882)	(191,157)	(370,133)	(300,655)
	<u>(6,207,833)</u>	<u>(5,426,724)</u>	<u>(6,738,289)</u>	<u>(5,915,604)</u>
Cost of sales	(5,802,288)	(4,951,540)	(6,123,579)	(5,253,379)
Selling expenses	(60,312)	(75,719)	(138,360)	(149,812)
General and administrative expenses	(157,151)	(157,427)	(210,540)	(215,689)
Other operating income (expenses), net	(188,082)	(242,038)	(265,810)	(296,724)
	<u>(6,207,833)</u>	<u>(5,426,724)</u>	<u>(6,738,289)</u>	<u>(5,915,604)</u>

## 26 Finance result

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2018</b>
<b>Finance income</b>				
Interest from customers	6,771	12,472	12,046	16,810
Income from financial investments	12,380	17,708	30,108	33,775
Indexation credits	5,661	4,947	14,139	11,396
Indexation of PIS/COFINS credits				
Imports (i)	-	15,811	-	15,811
Indexation of judicial deposits	2,714	5,723	4,218	8,031
Accretion of present value adjustment of receivables	42,886	31,151	42,886	31,151
Reversal of the provision for interest on contingencies referring to litigation	35,776	9,676	39,465	10,219
Other finance income	<u>13,783</u>	<u>7,706</u>	<u>14,749</u>	<u>8,077</u>
	119,971	105,194	157,611	135,270
<b>Finance costs</b>				
Interest on borrowings and taxes payable in installments	(176,502)	(197,697)	(176,882)	(199,775)
Result on swap transactions	2,801	511	2,801	511
Indexation accruals	(57,600)	(51,644)	(67,467)	(59,476)
PIS/COFINS on interest on capital	-	(3,761)	-	(3,761)
Interest on provisions for litigation	(36,794)	(47,074)	(46,494)	(50,683)
Accretion of present value adjustment of trade payables	(36,117)	(20,957)	(45,364)	(32,903)
Commissions on borrowings and other	(10,578)	(9,619)	(10,578)	(9,619)
Charges on actuarial liability	(25,315)		(25,315)	
Other finance costs	<u>(6,786)</u>	<u>(12,764)</u>	<u>(13,516)</u>	<u>(14,657)</u>
	(346,891)	(343,005)	(382,815)	(370,363)
Foreign exchange gains/losses, net	<u>9,293</u>	<u>(216,549)</u>	<u>5,666</u>	<u>(175,259)</u>
	<u>(217,627)</u>	<u>(454,360)</u>	<u>(219,538)</u>	<u>(410,352)</u>

(i) Refers to indexation credits approved by the Brazilian Federal Revenue Service (RFB). Note 20 (b)(ii).

The Company separates indexation charges from the Extended Consumer Price Index (IPCA) on borrowings and financial investments for contracts which accrue CDI and TJLP interest. The IPCA portion is segregated from interest on borrowings and income from financial investments and included in "Indexation accruals".

## 27 Earnings (loss) per share

### Basic and diluted

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) attributable to the Company's stockholders by the weighted average number of common and preferred shares issued during the period excluding common shares acquired by the Company and held in treasury (Note 22).

	6/30/2019			Parent company 6/30/2018		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
<b>Basic and diluted numerator</b>						
Profit available to owners of the parent	97,617	80,491	178,108	59,169	48,766	107,935
<b>Basic and diluted denominator</b>						
Weighted average number of shares, excluding treasury shares	702,734,028	526,667,316	1,229,401,344	702,734,028	525,991,340	1,228,725,368
<b>Basic and diluted earnings per share - R\$</b>	0.14	0.15		0.08	0.09	

## 28 Transactions with related parties

The main balances and transactions with related parties are presented below:

### (a) Assets

	6/30/2019			12/31/2018		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	34,057	-	1,877	22,033	-	2,355
Non-controlling interests	55,173	-	-	-	-	-
Subsidiaries	446,815	-	83,663	354,235	71,255	97,740
Jointly-controlled subsidiaries	94	-	-	68	-	-
Associates	12,361	346	-	26,076	346	-
Other related parties (i)	9,405	-	-	34,444	-	-
<b>Total</b>	<b>557,905</b>	<b>346</b>	<b>85,540</b>	<b>436,856</b>	<b>71,601</b>	<b>100,095</b>
Current	557,905	346	44,997	420,856	71,601	55,026
Non-current	-	-	40,543	16,000	-	45,069
<b>Total</b>	<b>557,905</b>	<b>346</b>	<b>85,540</b>	<b>436,856</b>	<b>71,601</b>	<b>100,095</b>

(i) At June 30, 2019, the balance of trade receivables refers to the sale of flat-rolled products to the Nippon Group totaling R\$1,964 (December 31, 2018 – R\$3,106) and to the Ternium Group totaling R\$7,441 (December 31, 2018 – R\$31,338).

	6/30/2019			12/31/2018		
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling interests	34,050	-	1,884	22,033	-	2,355
Non-controlling interests	55,173	-	-	-	-	-
Jointly-controlled subsidiaries	94	-	-	68	-	-
Associates	12,361	13,562	-	26,588	13,562	-
Other related parties (i)	19,934	-	-	34,591	-	-
<b>Total</b>	<b>121,612</b>	<b>13,562</b>	<b>1,884</b>	<b>83,280</b>	<b>13,562</b>	<b>2,355</b>
Current	121,612	13,562	7	67,280	13,562	13
Non-current	-	-	1,877	16,000	-	2,342
<b>Total</b>	<b>121,612</b>	<b>13,562</b>	<b>1,884</b>	<b>83,280</b>	<b>13,562</b>	<b>2,355</b>

(i) At June 30, 2019, the balance of trade receivables refers mainly to the sale of flat-rolled products to the Nippon Group totaling R\$ 2,142 (December 31, R\$3,041) and to the Ternium Group totaling R\$17,792 (December 31, 2018 – R\$31,550).

Trade receivables classified as related parties are unsecured in nature and bear interest. At June 30, 2019 and at December 31, 2018, no provisions were recorded for receivables from related parties.

**(b) Liabilities**

	<b>Parent company</b>					
	<b>6/30/2019</b>			<b>12/31/2018</b>		
	<b>Trade payables</b>	<b>Other payables</b>	<b>Borrowings (i)</b>	<b>Trade payables</b>	<b>Other payables</b>	<b>Borrowings (i)</b>
Controlling interests	75	25,439	165,336	398	23,795	178,561
Subsidiaries	77,849	97,499	-	70,413	96,905	-
Jointly-controlled subsidiaries	64,539	-	-	96,073	-	-
Associates	2,014	-	-	2,313	1,356	-
Other related parties (ii)	112,558	-	-	138,937	-	-
<b>Total</b>	<b>257,035</b>	<b>122,938</b>	<b>165,336</b>	<b>308,134</b>	<b>122,056</b>	<b>178,561</b>
Current	257,035	25,439	7,712	308,134	25,160	2,934
Non-current	-	97,499	157,624	-	96,896	175,627
<b>Total</b>	<b>257,035</b>	<b>122,938</b>	<b>165,336</b>	<b>308,134</b>	<b>122,056</b>	<b>178,561</b>

	<b>Consolidated</b>					
	<b>6/30/2019</b>			<b>12/31/2018</b>		
	<b>Trade payables</b>	<b>Other payables</b>	<b>Borrowings (i)</b>	<b>Trade payables</b>	<b>Other payables</b>	<b>Borrowings (i)</b>
Controlling interests	8	25,439	165,336	200	23,793	178,561
Non-controlling interests	-	-	-	-	19,957	-
Jointly-controlled subsidiaries	65,091	-	-	96,807	-	-
Associates	4,661	144,941	-	34,674	136,305	-
Other related parties (ii)	112,558	1,237	-	138,937	6,667	-
<b>Total</b>	<b>182,318</b>	<b>171,617</b>	<b>165,336</b>	<b>270,618</b>	<b>186,722</b>	<b>178,561</b>
Current	182,318	49,779	7,712	270,618	52,468	2,934
Non-current	-	121,838	157,624	-	134,254	175,627
<b>Total</b>	<b>182,318</b>	<b>171,617</b>	<b>165,336</b>	<b>270,618</b>	<b>186,722</b>	<b>178,561</b>

(i) Refers to a borrowing from Nippon Usiminas Co. Ltd.

(ii) At June 30, 2019, the balance of trade payables refers mainly to the purchase of steel plates from Ternium Brasil Ltda. in the amount of R\$112,555 (December 31, 2018 – R\$138,934) in the Parent company and in Consolidated.

## (c) Results

	<b>6/30/2019</b>			<b>6/30/2018</b>		
	<b>Sales</b>	<b>Purchases</b>	<b>Finance and operating result</b>	<b>Sales</b>	<b>Purchases</b>	<b>Parent company</b>
						<b>Finance and operating result</b>
Controlling interests	177,226	3,443	(4,014)	108,752	14,791	(29,862)
Non-controlling interests	348,000	-	-	-	-	-
Subsidiaries	2,126,611	71,246	3,315	1,814,420	199,582	(21,491)
Jointly-controlled subsidiaries	-	187,372	15	198	232,915	(2,726)
Associates	18,403	55,442	103	9,804	72,178	-
Other related parties (i) (ii)	87,803	893,806	510	101,034	1,352,755	848
<b>Total</b>	<b>2,758,043</b>	<b>1,211,309</b>	<b>(71)</b>	<b>2,034,208</b>	<b>1,872,221</b>	<b>(53,231)</b>

	<b>6/30/2019</b>			<b>6/30/2018</b>		
	<b>Sales</b>	<b>Purchases</b>	<b>Finance and operating result</b>	<b>Sales</b>	<b>Purchases</b>	<b>Consolidated</b>
						<b>Finance and operating result</b>
Controlling interests	177,226	3,443	(4,014)	108,752	15,491	(29,778)
Non-controlling interests	348,009	-	-	362	61,514	-
Jointly-controlled subsidiaries	1,069	187,648	15	1,461	235,685	(2,726)
Associates	18,788	67,646	103	23,338	137,447	(11,946)
Other related parties (i) (ii)	89,500	893,806	503	101,034	1,354,332	2,070
<b>Total</b>	<b>634,592</b>	<b>1,152,543</b>	<b>(3,393)</b>	<b>234,947</b>	<b>1,804,469</b>	<b>(42,380)</b>

(i) At June 30, 2019, total sales to other related parties refer mainly to sales by Usiminas to the Ternium Group, amounting to R\$71,628 (June 30, 2018 – R\$75,268).

(ii) At June 30, 2019, total purchases from other related parties refer mainly to the purchase of steel plates from Ternium Brasil Ltda. in the amount of R\$893,034 (June 30, 2018 – R\$1,348,007) in the Parent company and in Consolidated.

The nature of the most significant related-party transactions is described in Note 36(e) to the financial statements for the year ended December 31, 2018.

Finance income (costs) with related parties refers mainly to charges on borrowings disclosed in item (b) above.



**(d) Remuneration of the key management personnel**

The remuneration paid or payable to key management personnel, which includes the Executive Board, the Board of Directors and the Statutory Audit Board of the Company, was as follows:

	<b>Parent company and consolidated</b>	
	<u>6/30/2019</u>	<u>6/30/2018</u>
Fees	(7,272)	(8,948)
Social charges	(2,297)	(2,745)
Retirement plans	(16)	(9)
Provision for variable compensation	<u>(2,117)</u>	<u>-</u>
	<u>(11,702)</u>	<u>(11,702)</u>

The Company has a share-based payment plan in place (Note 29).

## 29 Stock option plan

The Company has a stock option plan. Oversight of the plan is provided by the Company's Board of Directors and managed with the support of the Human Resources Committee, under to the parameters of the plan.

No changes have been identified in the Plan's characteristics and guidelines in relation to those described in Note 38 to the financial statements at December 31, 2018.

At June 30, 2019, the Plan included four programs:

- Program 2011, released on October 3, 2011;
- Program 2012, released on November 28, 2012;
- Program 2013, launched on November 28, 2013; and
- Program 2014, launched on November 27, 2014.

The fair value of the options granted is determined based on the Black-Scholes methodology and recorded as an expense over the vesting period.

In the six-month period ended June 30, 2019, there was no impact from the Stock Option Plan on the statement of operations of the Parent company and Consolidated, as the allocation of expenses was fully completed on October 31, 2017. In the same period, the amount of R\$1,225 was reversed to "Retained earnings (Accumulated deficit)" as a result of the exercise of options. The impact on the Company's capital reserves was R\$567 (December 31, 2018 - R\$10,343).

In the six-month period ended June 30, 2019, 199,420 options were exercised, resulting in a decrease by the same number in preferred shares in treasury within equity.

## 30 Guarantees

The composition of the assets pledged as collateral was as follows:

Assets pledged as collateral	Liabilities secured	Parent company		Consolidated	
		6/30/2019	12/31/2018	6/30/2019	12/31/2018
Cash and cash equivalents	Litigation	40,000	40,000	40,000	40,000
Inventories	Litigation	155,096	145,374	155,096	145,374
Property, plant and equipment	Litigation	547,740	593,878	593,653	642,888
Property, plant and equipment	Borrowings	3,774,296	3,829,345	3,796,357	3,851,406
		<u>4,517,132</u>	<u>4,608,597</u>	<u>4,585,106</u>	<u>4,679,668</u>

### **31 Explanatory notes presented in the annual financial statements that are not presented in this interim accounting information**

Pursuant to CVM/SNC/SEP Circular Letter No. 003/2011, the Company discloses Notes it considers material under CPC 00 - "Conceptual Framework for Financial Reporting". All information the omission or misstatement of which could affect the economic decisions of users was properly disclosed in this interim accounting information, which should be read together with the financial statements for the year ended December 31, 2018.

The Notes for which information has not been repeated in this interim accounting information, considering that no significant changes were made to the nature and conditions of these Notes in relation to those disclosed in the Company's financial statements for the year ended December 31, 2018 are listed below:

Note 04 - Significant accounting judgments, estimates and assumptions;  
Note 19 - Trade payables, contractors and freight charges;  
Note 25 - Provision for environmental recovery;  
Note 31 - Employee benefits and expenses;  
Note 32 - Operating (expenses) income;  
Note 35 - Commitments;  
Note 37 - Insurance; and  
Note 40 - Non-cash investment transactions.

### **32 Subsequent event**

On July 11<sup>th</sup>, 2019, the Company concluded the pricing of the notes issued by its wholly-owned subsidiary Usiminas International S.à r.l. in the international market, in the total amount of US\$ 750 million, with a coupon (interest) rate of 5.875% p.a., to be paid semiannually, at an issue price of 98.594% of the principal amount, a yield of 6.125% p.a. and maturity date of July 18<sup>th</sup>, 2026. Proceeds were, received on July 18<sup>th</sup>, 2019. The Company expects to start paying amortizations from August 7<sup>th</sup>, 2019.

From the proceeds of this issuance, the Company intends to make: (i) the full prepayment of its debt with Banco Nacional de Desenvolvimento Econômico e Social (BNDES); (ii) the full prepayment of its debt with the Japanese bank creditors; and (iii) the partial prepayment of its debt with the Debenture holders. Any remaining proceeds from this issuance will be used for the partial prepayment of the Company's debt with the Brazilian bank creditors and/or the Debenture holders.

In addition, certain amendments to the terms and conditions of the Company's debt that will remain outstanding with the Brazilian bank creditors and the Debenture holders were established, including, mainly: (i) release of collateral in the form of a mortgage on PP&E assets in Ipatinga; (ii) removal of the cash sweep payment obligation; (iii) removal of the CAPEX expansion prohibition upon the compliance with a financial covenant; (iv) review of the financial covenant related to Net Debt/EBITDA; and (v) inclusion of commitment to prepay the remaining debts with the proceeds coming from certain liquidity events.

## **Board of Directors**

Ruy Roberto Hirschheimer  
Chairman

Elias de Matos Brito  
Board Member

Luiz Carlos de Miranda Faria  
Board Member

Oscar Montero Martinez  
Board Member

Rita Rebelo Horta de Assis Fonseca  
Board Member

Ronald Seckelmann  
Board Member

Yoshiaki Shimada  
Board Member

Yuichi Akiyama  
Board Member

## **Statutory Audit Board**

Wanderley Rezende de Souza  
Chairman

Fabricio Santos Debortoli  
Board Member

Paulo Frank Coelho da Rocha  
Board Member

Sérgio Carvalho Campos  
Board Member

Tácito Barbosa Coelho Monteiro Filho  
Board Member

## **Executive Board**

Sergio Leite de Andrade  
CEO

Alberto Akikazu Ono  
Vice-President - Finance and  
Investor Relations

Kohei Kimura  
Vice-President - Technology and Quality

Miguel Angel Homes Camejo  
Vice-President - Commercial Area

Takahiro Mori  
Vice-President - Corporate Planning

Túlio César do Couto Chipoletti  
Vice-President - Industrial Area

Lucas Marinho Sizenando Silva  
Accountant CRC-MG 080.788/O