



Steel up-to-date with the future.

**USIMINAS** U

**Public Disclosure** - Belo Horizonte, April 18, 2019. Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas (B3: USIM3, USIM5 and USIM6; OTC: USDMY and USNZY; LATIBEX: XUSIO and XUSI) today releases its first quarter (1Q19) results. Operational and financial information of the Company, except where otherwise stated, are presented based on consolidated figures, in Brazilian Real, according to International Financial Reporting Standards (IFRS). All comparisons made in this release take into consideration the fourth quarter of 2018 (4Q18), unless stated otherwise.

## Release of the 1Q19 results

The main operational and financial indicators in the 1Q19 were:

- Steel sales volume of 1.0 million tons;
- Iron ore sales volume of 1.9 million tons;
- Consolidated Adjusted EBITDA of R\$487.5 million and Adjusted EBITDA margin of 13.8%;
- Working capital on 03/31/19 of R\$3.7 billion;
- Cash position on 03/31/19 of R\$1.8 billion;
- Investments of R\$88.6 million.

### Highlights

R\$ million - Consolidated	1Q19	4Q18	1Q18	Chg. 1Q19/4Q18
Steel Sales Volume (000 t)	1,004	1,026	1,089	-2%
Iron Ore Sales Volume (000 t)	1,896	1,514	1,806	25%
Net Revenue	3,532	3,427	3,244	3%
COGS	(3,036)	(3,051)	(2,632)	0%
Gross Profit (Loss)	496	376	612	32%
Net Income (Loss)	76	401	157	-81%
EBITDA (Instruction CVM 527)	474	368	622	29%
EBITDA Margin (Instruction CVM 527)	13%	11%	19%	+ 3 p.p.
Adjusted EBITDA	488	830	641	-41%
Adjusted EBITDA Margin	14%	24%	20%	- 10 p.p.
Investments (CAPEX)	89	241	65	-63%
Cash and Cash Equivalents	1,773	1,693	1,563	5%

### Market Data – 03/31/19

### Index

**B3:** USIM5 R\$10.04/share  
USIM3 R\$11.65/share

**EUA/OTC:** USNZY US\$2.53/ADR

**LATIBEX:** XUSI €2.30/share  
XUSIO €2.70/share

- **Consolidated Results**
- **Performance of the Business Units:**
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  - Steel
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## Economic Outlook

Recent economic activity indicators point to a slower recovery rate than expected for the beginning of the year. Regardless, the Brazilian economy is following a path to gradual recovery. Industry is operating with high levels of idle capacity, reflecting the low rates of capacity utilization. The Banco Central economic activity rate, IBC-Br, pointed to a decline of 0.41% in January over December and an increase of 0.79% in comparison to the same month of the previous year.

In February 2019, according to the Brazilian Institute of Geography and Statistics (IBGE), national industrial production advanced 0.7% over the previous month, thus eliminating the 0.7% decline observed last January. In the first two months of 2019, the industrial sector recorded a decrease of 0.2%.

Among the major economic segments, the profile of results for the first two months of 2019 indicates lower dynamic for intermediate goods (-0.9%), pressured mainly by the negative behavior of products associated to extraction (mining) activities (-4.4%). On the other hand, the segments associated with steel consumption, such as durable consumer goods and capital goods, had a positive result. The first one grew 3.7% in the first two months of the year driven by the increase in the automobile production; the second one signaled an expansion of 0.1%.

The industrial results of the first two months determined by CNI (National Industrial Confederation), show the process of moderate recovery of industrial activity. While some indicators, such as the number of hours worked, are recovering in relation to 2018, others, such as the use of installed capacity and payroll, still have difficulties in moving forward.

CNI's forecast indexes fell between February and March 2019, all of which were at high level in the beginning of the year. The investor intention index broke a sequence of five consecutive highs by declining 1.2 points in March to 55.4 points.

The expectation surveys from the Focus Report (Banco Central) show a decrease in economic growth at the end of 2019. The GDP projection fell for the seventh consecutive time this year and is currently slightly below 2%.

A summary of indicators with projections is listed below, published by the Focus Report of 04/12/19.

### Summary of Annual Indicators

Indicators	2019
GDP (IBGE)	1.95%
Industrial GDP	2.05%
Industrial Production (IBGE)	2.30%
Inflation - IPCA	4.03%
Interest - Selic (end of period)	6.50%
Exchange rate R\$/US\$ - (end of period)	3.70

Source: Focus Report 04/12/19, Banco Central do Brasil.

## Economic and Financial Performance Comments on the Consolidated Results

### Net Revenue

Net revenue in the 1Q19 was R\$3.5 billion, against R\$3.4 billion in the 4Q18, with 3.1% increase, mainly due to better iron ore prices and sales volume in the period.

#### Net Revenue Breakdown

	1Q19	4Q18	1Q18
<b>Domestic Market</b>	<b>82%</b>	<b>83%</b>	<b>82%</b>
<b>Exports</b>	<b>18%</b>	<b>17%</b>	<b>18%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Cost of Goods Sold - COGS

In the 1Q19, COGS totaled R\$3.0 billion, stable in comparison to the 4Q18, which was R\$3.1 billion.

For detailed information, see the Business Unit section of this document.

### Gross Profit

In the 1Q19, gross profit totaled R\$496.0 million, against R\$375.9 million in the 4Q18, a 32.0% increase. Gross margin was 14.0% in the 1Q19, against 11.0% in the 4Q18, as shown in the chart below.

#### Gross Margin

1Q19	4Q18	1Q18
<b>14.0%</b>	<b>11.0%</b>	<b>18.9%</b>

### Operating Expenses and Income

Sales expenses in the 1Q19 totaled R\$67.4 million, against R\$113.3 million in the 4Q18, a 40.5% decrease, mainly due to the provision for doubtful accounts in the amount of R\$34.0 million registered in the 4Q18.

In the 1Q19, general and administrative expenses were R\$100.8 million, an 18.3% decrease in relation to those in the 4Q18, which were R\$123.3 million, mainly in function of higher expenses with legal fees occurred in the 4Q18.

Other operating expenses and income were a negative R\$132.4 million in the 1Q19, a decrease of R\$11.0 million in comparison with the previous quarter.

Thus, net operating expenses and income were a negative R\$300.5 million in the 1Q19, against a negative R\$380.0 million in the 4Q18.

In this manner, the Company's operating margin had the following performance:

#### EBIT Margin

1Q19	4Q18	1Q18
<b>5.5%</b>	<b>-0.1%</b>	<b>10.0%</b>

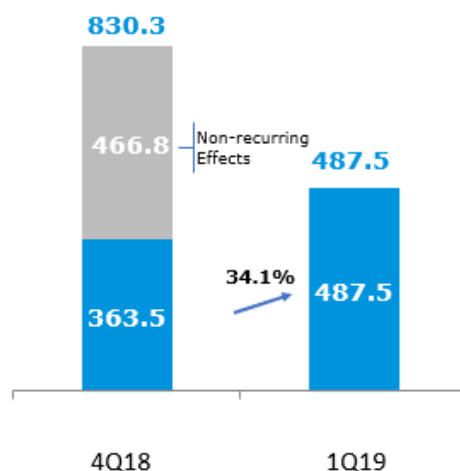
## Adjusted EBITDA

Adjusted EBITDA is calculated from net income (loss), reversing income tax and social contribution, financial result, depreciation, amortization and depletion, and equity in the results of Associate, Joint Subsidiary and Subsidiary Companies, not including impairment of assets. Adjusted EBITDA considers the proportional share of 70% of Unigal and other subsidiaries jointly.

### EBITDA Breakdown

Consolidated (R\$ thousand)	1Q19	4Q18	1Q18
Net Income (Loss)	76,278	401,429	157,185
Income Tax / Social Contribution	20,956	345,363	73,803
Financial Result	135,780	(637,788)	133,774
Depreciation, Amortization	241,020	258,585	257,104
<b>EBITDA - Instruction CVM - 527</b>	<b>474,034</b>	<b>367,589</b>	<b>621,866</b>
Equity in the Results of Associate and Subsidiary Companies	(37,493)	(113,121)	(41,154)
Joint Subsidiary Companies proportional EBITDA	50,971	103,038	60,490
Impairment of Assets	-	472,787	-
<b>Adjusted EBITDA</b>	<b>487,512</b>	<b>830,293</b>	<b>641,202</b>

Adjusted EBITDA was R\$487.5 million in the 1Q19, against R\$830.3 million in the 4Q18, a R\$342.8 million decrease. Excluding the non-recurring effects accounted for in the 4Q18, of R\$466.8 million, Adjusted EBITDA in the 1Q19 presented a 34.1% increase in comparison with the previous quarter, elevating from R\$363.5 million to R\$487.5 million, as shown in the graph below. Increase mainly related to higher iron ore volume and prices in the 1Q19.



Adjusted EBITDA margins are shown below:

Adjusted EBITDA Margin		
1Q19	4Q18	1Q18
13.8%	24.2%	19.8%

For further information, see the Business Unit section of this release.

## Financial Result

In the 1Q19, the financial result was a negative R\$135.8 million, against a positive R\$637.8 million in the previous quarter. In addition to the non-recurring effects accounted for in the 4Q18 (Receivable from Eletrobras and monetary effects on ICMS tax in the basis of PIS and COFINS), the main variation is related to the result of exchange currency exchange in the period.

See the chart below with a summary of the Financial Result:

<b>Financial Result - Consolidated</b>				
R\$ thousand	1Q19	4Q18	1Q18	Chg. 1Q19/4Q18
Net Currency Exchange Variation	(11,405)	30,982	(25,481)	-
Swap Transactions Market Cap.	594	1,964	1,466	-70%
Interest on Financial Asset and Monetary Effects	23,843	24,695	26,806	-3%
Monetary Effects on ICMS tax in the base calculation of PIS and COFINS	-	384,505	-	-
Interest on receivable from Eletrobras	-	490,013	-	-
Other Financial Income	43,590	64,235	50,088	-32%
Interest and Monetary Effects over Financing and Taxes Payable in Installments	(125,152)	(127,772)	(132,552)	-2%
Charges over actuarial liabilities	(13,209)	(62,537)	-	-79%
Other Financial Expenses	(54,041)	(168,297)	(54,101)	-68%
<b>FINANCIAL RESULT</b>	<b>(135,780)</b>	<b>637,788</b>	<b>(133,774)</b>	<b>-</b>
<b>+ Appreciation / - Depreciation of Exchange Rate (R\$/US\$)</b>	<b>-0.6%</b>	<b>3.2%</b>	<b>-0.5%</b>	<b>- 3.8 p.p.</b>

## Equity in the Results

In the 1Q19, the result of Equity of Associate and Subsidiary Companies was jointly R\$37.5 million, against R\$113.1 million in the 4Q18, mainly due to lower contribution of Unigal in the period.

## Net Profit (Loss)

In the 1Q19, the Company accounted a net profit of R\$76.3 million, against a net profit of R\$401.4 million in the 4Q18.

## Working Capital

In the 1Q19, working capital was R\$3.7 billion, against R\$4.0 billion in the 4Q18, a R\$242.0 million decrease, mainly generated by the reduction in Accounts Receivable and in Other Assets, and an increase in Other Liabilities.

Main points:

- Decrease of R\$176.0 million in Accounts Receivable due to contracting of credit assignment operations;
- Decrease in the balance of Other Assets by R\$39.0 million, due to lower taxes recovery;
- Increase of R\$66.0 million in Other Liabilities mainly in function of the increase in forfeiting operations relative to raw materials supply.

## Investments (CAPEX)

In the 1Q19, CAPEX totaled R\$88.6 million, a 63.2% decrease over the 4Q18, due to concentration of projects occurred in the 4Q18. Investments were mainly applied in sustaining CAPEX, security and environment, with approximately 75% in the Steel Unit, 23% in Mining Unit, 1% in the Steel Processing Unit, and 1% in the Capital Goods Unit.

## Indebtedness

On 03/31/19, consolidated gross debt was R\$5.5 billion, a 6.1% decrease in relation to that on 12/31/18, mainly due to payment of the amount corresponding to its total Surplus Cash ("Cash Sweep"), calculated based on the financial statement of the Company referring to the period ended 12/31/18, in the amount of R\$365.6 million, as partial amortization of the principal due by Usiminas to its creditors.

Debt composition by maturity on 03/31/19 was 3% short term and 97% long term, against 8% short term and 92% long term on 12/31/18.

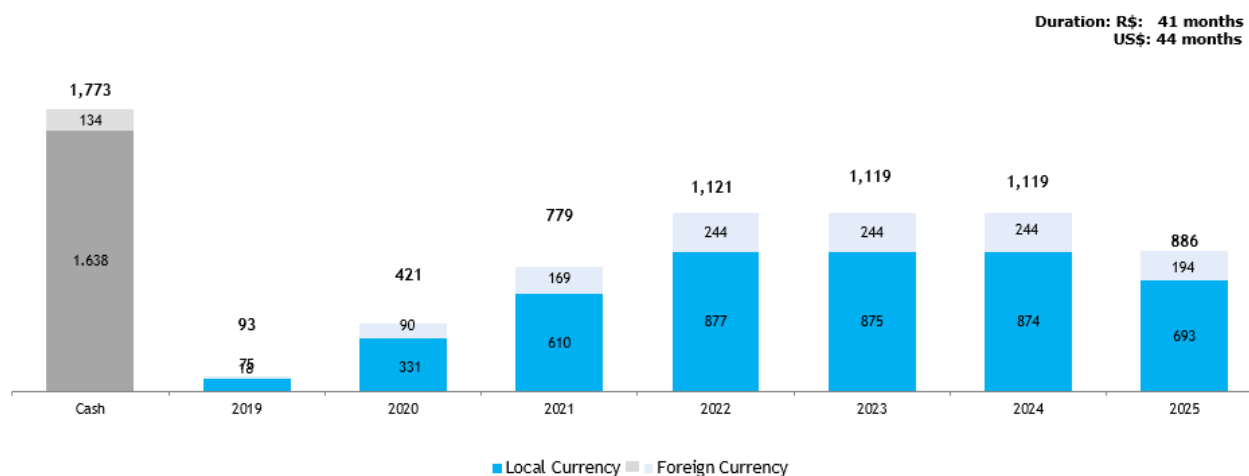
On 03/31/19, consolidated net debt was R\$3.7 billion, a 10.5% decrease over that on 12/31/18. The net debt/EBITDA ratio was 1.5X at the end of the 1Q19, against 1.6X in the 4Q18.

The following chart demonstrates the consolidated debt indices:

R\$ thousand	31-Mar-19			%	31-Dec-18	Change Mar19/Dec18	31-Mar-18	Change Mar19/Mar18
	Short Term	Long Term	TOTAL		TOTAL		TOTAL	
<b>Local Currency</b>	<b>151,880</b>	<b>4,144,929</b>	<b>4,296,809</b>	<b>78%</b>	<b>4,581,268</b>	<b>-6%</b>	<b>4,590,260</b>	<b>-6%</b>
TJLP	10,864	304,873	315,737	-	336,902	-6%	337,068	-6%
CDI	130,855	3,817,795	3,948,650	-	4,214,159	-6%	4,214,913	-6%
Others	10,161	22,261	32,422	-	30,207	7%	38,279	-15%
<b>Foreign Currency*</b>	<b>37,628</b>	<b>1,161,614</b>	<b>1,199,242</b>	<b>22%</b>	<b>1,272,702</b>	<b>-6%</b>	<b>1,089,441</b>	<b>10%</b>
<b>Gross Debt</b>	<b>189,508</b>	<b>5,306,543</b>	<b>5,496,051</b>	<b>100%</b>	<b>5,853,970</b>	<b>-6%</b>	<b>5,679,701</b>	<b>-3%</b>
Cash and Cash Equivalents	-	-	1,772,792	-	1,693,349	5%	1,562,549	13%
<b>Net Debt</b>	<b>-</b>	<b>-</b>	<b>3,723,259</b>	<b>-</b>	<b>4,160,621</b>	<b>-11%</b>	<b>4,117,152</b>	<b>-10%</b>

(\*) 100% of total foreign currency is US dollars denominated in the 4Q18

The graph below demonstrates the cash position and debt profile (principal only) in millions of Real on 03/31/19.



## Performance of the Business Units

Intercompany transactions are on arm's-length basis (market prices and conditions) and sales between Business Units are carried out as sales between independent parties.

### Usiminas - Business Units

Mining	Steel	Steel Processing	Capital Goods
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Mineração Usiminas

Ipatinga Mill  
Cubatão Mill  
Unigal

Soluções Usiminas

Usiminas Mecânica

#### Income Statement per Business Units - Non Audited - Quarterly

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	1Q19	4Q18	1Q19	4Q18	1Q19	4Q18	1Q19	4Q18	1Q19	4Q18	1Q19	4Q18
Net Revenue	418.1	316.3	3,088.5	3,202.9	879.4	831.1	62.5	66.8	(916.5)	(990.2)	3,532.0	3,427.0
Domestic Market	132.7	120.4	2,729.3	2,810.2	879.4	831.1	62.5	66.8	(916.5)	(990.2)	2,887.3	2,838.4
Exports	285.5	195.9	359.2	392.7	0.0	0.0	-	-	-	-	644.7	588.6
COGS	(233.5)	(220.3)	(2,794.2)	(2,872.4)	(846.7)	(792.1)	(53.6)	(81.1)	892.0	914.7	(3,036.0)	(3,051.1)
Gross Profit (Loss)	184.7	96.1	294.3	330.5	32.7	39.0	8.9	(14.3)	(24.5)	(75.4)	496.0	375.9
Operating Income (Expenses)	(64.3)	109.3	(203.3)	(278.7)	(22.9)	(34.8)	(10.2)	(148.1)	0.3	(27.7)	(300.5)	(380.0)
Selling	(23.5)	(19.5)	(28.4)	(75.0)	(11.4)	(14.6)	(2.9)	(2.8)	(1.2)	(1.4)	(67.4)	(113.3)
General and Administrative	(5.9)	(6.8)	(77.7)	(95.5)	(14.3)	(16.2)	(6.3)	(8.7)	3.5	3.9	(100.8)	(123.3)
Others, Net	(34.9)	135.6	(97.2)	(108.2)	2.7	(4.1)	(1.0)	(136.6)	(2.0)	(30.2)	(132.4)	(143.4)
EBIT	120.3	205.3	91.0	51.8	9.8	4.2	(1.3)	(162.4)	(24.3)	(103.1)	195.5	(4.1)
Depreciation	32.3	32.3	209.9	222.5	7.5	7.6	-	4.7	(8.6)	(8.6)	241.0	258.6
Provisions	13.6	16.7	60.7	(37.7)	-	-	(0.0)	(0.0)	(36.7)	134.2	37.5	113.1
<b>EBITDA (Instruction CVM 527)</b>	<b>166.1</b>	<b>254.3</b>	<b>361.5</b>	<b>236.6</b>	<b>17.3</b>	<b>11.8</b>	<b>(1.3)</b>	<b>(157.7)</b>	<b>(69.6)</b>	<b>22.5</b>	<b>474.0</b>	<b>367.6</b>
<b>EBITDA Margin (Instruction CVM 527)</b>	<b>39.7%</b>	<b>80.4%</b>	<b>11.7%</b>	<b>7.4%</b>	<b>2.0%</b>	<b>1.4%</b>	<b>-2.1%</b>	<b>0.0%</b>	<b>7.6%</b>	<b>-2.3%</b>	<b>13.4%</b>	<b>10.7%</b>
<b>Adjusted EBITDA</b>	<b>152.6</b>	<b>38.1</b>	<b>300.8</b>	<b>803.6</b>	<b>17.3</b>	<b>11.8</b>	<b>(1.3)</b>	<b>(14.6)</b>	<b>18.2</b>	<b>(8.6)</b>	<b>487.5</b>	<b>830.3</b>
<b>Adj. EBITDA Margin</b>	<b>36.5%</b>	<b>12.0%</b>	<b>9.7%</b>	<b>25.1%</b>	<b>2.0%</b>	<b>1.4%</b>	<b>-2.1%</b>	<b>-21.8%</b>	<b>-2.0%</b>	<b>0.9%</b>	<b>13.8%</b>	<b>24.2%</b>

\*Consolidated 70% of Unigal

## I) MINING

The average international iron ore market price (Platts, 62% Fe) in the 1Q19 was US\$82.70/t, an increase of around 15.5% compared to the 4Q18, and 11.3% y-o-y.

Iron ore 62% Fe content began the year negotiated at US\$72.35/t, with small oscillations until the tragedy at Brumadinho, Minas Gerais, occurred by the end of January. From this event onward, iron ore prices have shown a clear upward trend, reaching a maximum of US\$94.20/t. By the end of March, iron ore 62% Fe market price was US\$ 87,05/t. Uncertainty in relation to the extent of the impact of the burst dam at Brumadinho and its repercussions on supply, recovery of inventories in China after the New Year's holiday and announcement of the tax reductions by the Chinese government have put upward pressure on ore prices.

## Operational and Sales Performance - Mining

In the 1Q19, production volume was 1.3 million tons, a 7.2% decrease compared to the previous quarter, which was 1.4 million tons. Sales volume was 1.9 million tons in the 1Q19, against 1.5 million tons in the 4Q18, a 25.2% increase, due to higher domestic sales volumes to third parties and for export.

Production and sales volumes are shown in the chart below:

Iron Ore				
Thousand tons	1Q19	4Q18	1Q18	Chg. 1Q19/4Q18
<b>Production</b>	<b>1,337</b>	<b>1,439</b>	<b>1,361</b>	<b>-7%</b>
Sales - Third Parties - Domestic Market	416	235	167	77%
Sales - Exports	868	670	1,084	30%
Sales to Usiminas	612	609	555	0%
<b>Total Sales</b>	<b>1,896</b>	<b>1,514</b>	<b>1,806</b>	<b>25%</b>

## Comments on the Business Unit Results - Mining

Net revenue accounted in the 1Q19 was R\$418.1 million, a 32.2% increase over the 4Q18, which was R\$316.3 million, due to higher iron ore prices and sales volume.

Total cash cost per ton was R\$77.2/t in the 1Q19, against R\$61.8/t in the 4Q18. Excluding the expenses with idle processing plants, the cash cost of production was R\$62.7/t in the 1Q19 and R\$54.3/t in the 4Q18, a 15.3% increase, as a result of lower absorption of fixed cost due to lower production volume and higher raw materials costs – due to the higher use of acquired fine ore, maintenance materials and third party services.

In the 1Q19, Cost of Goods Sold (COGS) was R\$233.5 million, 6.0% above that in the 4Q18, which was R\$220.3 million, mainly due to higher sales volume and freight associated to exports. COGS per ton was R\$122.9/t in the 1Q19, 15.4% lower than that accounted in the 4Q18, which was R\$145.4/t, mainly in function of cost reclassification occurred in the 4Q18.

Net operating expenses and income showed a negative result of R\$64.3 million, against a positive result of R\$109.3 million in the previous quarter, mainly due to the events in the 4Q18, which did not repeat in the 1Q19, mostly the reversal of a provision for impairment of assets of R\$199.6 million.

Adjusted EBITDA was R\$152.6 million in the 1Q19, against R\$38.1 million in the 4Q18, a 300.8% increase. Adjusted EBITDA margin was 36.5% in the 1Q19, against 12.0% in the 4Q18.

## Investments (CAPEX)

O CAPEX totaled R\$20.5 million in the 1Q19, a 60.9% decrease in relation to the previous quarter, due to the concentration of projects occurred in the 4Q18. Investments were applied mainly to sustaining CAPEX, security and environment.



## II) STEEL

According to the Brazilian Steel Institute (IABr), flat steel products apparent consumption reached 1.9 million ton in the first two months of the year, a 0.3% increase over the same period in 2018. Domestic flat steel sales declined 0.5% to 1.7 million tons, and imports increased slightly by 0.5% to 1.9 million tons. Flat steel products exports declined 24.5% under the effect of the closing of foreign markets and the Argentine economic crisis.

The National Steel Distributors Institute (INDA) informs that flat steel sales grew 5.8% in the associated distribution network in the first two months of 2019. Inventories, that closed 2018 with a trend to elevation, with turnover of 5.0 months based on December sales, dropped to 2.8 months based on March sales forecast. This movement of inventory adjustments explains, at least in part, the weak performance of domestic sales by the steel producers in the beginning of the year.

### Production - Ipatinga and Cubatão Plants

In the 1Q19, crude steel production at the Ipatinga plant was 800 thousand tons, against 714 thousand tons in the 4Q18, a 12% increase mainly due to programmed maintenance stoppage of BF3 occurred in the previous quarter. In the 1Q19, finished product production in the Ipatinga and Cubatão plants totaled 1.0 million tons, stable in relation to the 4Q18, which was 1.04 million tons. In the 1Q19, 356 thousand tons of purchased slab were processed, against 319 thousand tons in the 4Q18.

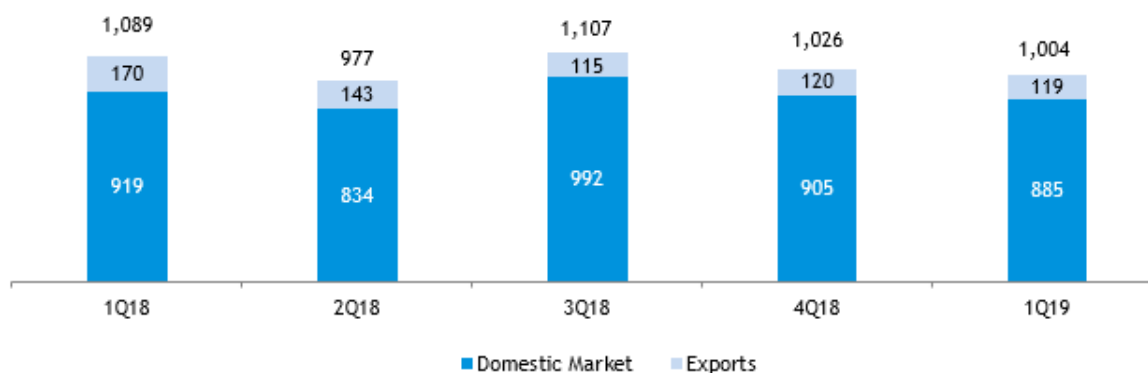
Production of Crude and Rolled Steel

Thousand tons	1Q19	4Q18	1Q18	Chg. 1Q19/4Q18
<b>Total Crude Steel</b>	<b>800</b>	<b>714</b>	<b>715</b>	<b>12%</b>
<b>Total Rolled Steel</b>	<b>977</b>	<b>1,048</b>	<b>1,074</b>	<b>-7%</b>

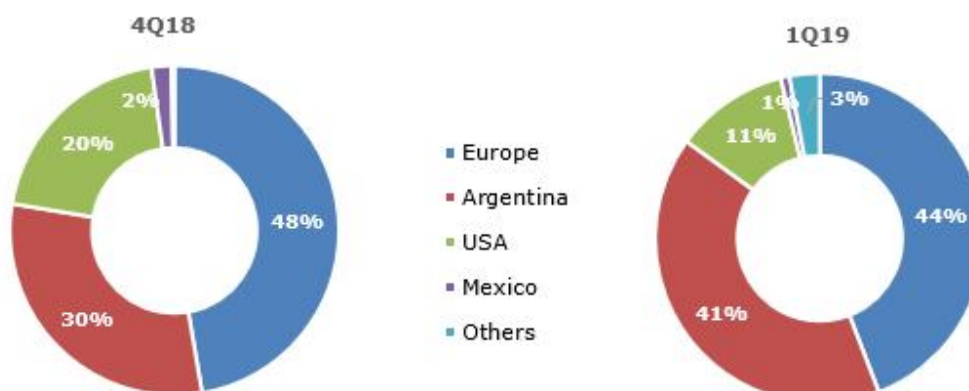
### Sales

Sales totaled 1.0 million tons of steel in the 1Q19, stable in relation to the 4Q18. In the domestic market, sales were 885 thousand tons in the 1Q19, against 905 thousand tons in the 4Q18, a 2.2% decrease. Export market sales were 119 thousand tons in the 1Q19, stable in relation to the 4Q18, which was 120 thousand tons. Sales volume was destined 88% to domestic and 12% to export markets in the 1Q19.

Sales evolution is described in the graph below:



Below the main export destinations are shown:



### Comments on the Business Unit Results - Steel

Net revenue in the Steel Unit was R\$3.1 billion in the 1Q19, 3.6% lower, compared to the 4Q18, which was R\$3.2 billion, due to lower domestic sales volume and prices.

In the 1Q19, cash cost per ton of finished product was R\$2,127/t, against R\$2,274/t in the 4Q18, an 6.4% decrease, mainly due: greater absorption of fixed costs due to higher volumes produced in 11.6%; lower cost of purchased slab, allied to a lower average exchange rate in the quarter; lower costs with personnel by 19.4%. Such effects were partially compensated by higher coal and coke costs by 9.1%.

Cost of Goods Sold – COGS – was R\$2.8 billion in the 1Q19, a 2.7% decrease against that in the 4Q18, which was R\$2.9 billion. COGS per ton was R\$2,783/t in the 1Q19, a 0.6% decrease in relation to the 4Q18, which was R\$2,801/t, mainly due to lower spending with major repair, lower inventory adjustments, partially compensated by lower dilution of fixed costs due to lower sales volumes in the period by 2.2%

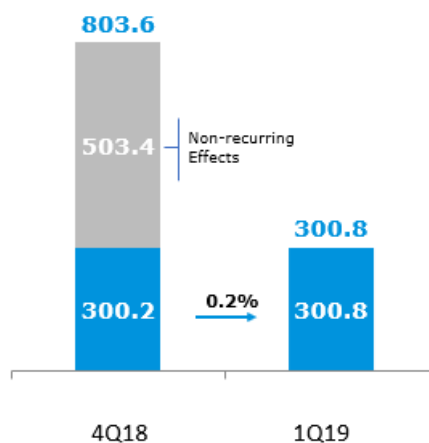
Sales expenses were R\$28.4 million in the 1Q19, 62.1% lower to those in the 4Q18, which were R\$75.0 million, mainly due to events occurred in the previous quarter that did not repeat in the 1Q19, highlight manly a provision for credit of doubtful accounts in the amount of R\$34.0 million accounted for in the 4Q18.

In the 1Q19, general and administrative expenses totaled R\$77.7 million, against R\$95.5 million in the 4Q18, an 18.7% decrease, mainly due to events occurred in the previous quarter that did not repeat in the 1Q19, mainly higher expenses with legal fees.

Other operating expenses and income were a negative R\$97.2 million, against a negative R\$108.2 million in the 4Q18, an R\$11.0 million decrease.

In this manner, net operating expenses and income totaled a negative R\$203.3 million in the 1Q19, against a negative R\$278.7 million in the 4Q18.

Thus, Adjusted EBITDA reached R\$300.8 million in the 1Q19, against R\$803.6 million in the 4Q18, a decrease of R\$502.8 million. Excluding the non-recurring effects accounted for in the 4Q18, of R\$503.4 million, Adjusted EBITDA in the 1Q19 was stable in relation to the previous quarter, totaling R\$300.2 million in the 4Q18 and R\$300.8 million in the 1Q19, as shown in the graph below.



Adjusted EBITDA margin was 9.7% in the 1Q19, against 25.1% in the 4Q18, a reduction of 15.3 percentage points.

### Investments (CAPEX)

CAPEX totaled R\$66.3 million in the 1Q19, a 62.7% decrease in relation to the previous quarter, due to the concentration of projects occurred in the 4Q18. Investments were applied mainly in sustaining CAPEX, security and environment.

## III) STEEL PROCESSING

### Soluções Usiminas – SU

*Soluções Usiminas* operates in the distribution, steel processing and services and small-diameter tubes fabrication markets nationwide, offering its customers high-value added products. Present processing capacity is around 1.7 million tons of steel annually in its industrial facilities strategically distributed in the states of Rio Grande do Sul, São Paulo, Minas Gerais and Pernambuco to serve several economic segments, such as automotive, auto parts, civil construction, distribution, electro-electronics, machinery and equipment and household appliances, among others.

Sales of its Distribution, JIT/Services and Tubes were responsible for 40%, 55% and 5%, respectively, for the volume sold in the 1Q19.

### Comments on the Business Unit Results – Steel Processing

Net revenue in the 1Q19 totaled R\$879.4 million, against R\$831.1 million in the 4Q18, a 5.8% increase, mainly due to higher sales and services volumes by 7.8%.

In the 1Q19, cost of goods sold was R\$846.7 million, 6.9% higher than that accounted for in the 4Q18, which was R\$792.1 million, mainly due to higher sales and services volume. On the other hand, COGS/t was R\$2,982/t in the 1Q19, stable in relation to the 4Q18, which was R\$3,006/t.

Operating expenses and income were a negative R\$22.9 million in the 1Q19, a 34.2% decrease compared to the 4Q18, which were R\$34.8 million, mainly due to higher provisions accounted for the 4Q18.

Thus, Adjusted EBITDA in the 1Q19 was R\$17.3 million against R\$11.8 million in the 4Q18, a 45.7% increase, mainly in function of higher fixed cost dilution due to a 7.8% increase in sales volume and by the impact of a provision for doubtful accounts of R\$4.7 million accounted for in the 4Q18. Adjusted EBITDA margin was 2.0% in the 1Q19, against 1.4% in the 4Q18.

## IV) CAPITAL GOODS

### **siminas Mecânica S.A.**

*Usiminas Mecânica* is one of Brazil's largest capital goods companies, dedicated to the fabrication and assembly of metallic structures, shipbuilding and offshore platforms, oil and gas, industrial assembly and equipment fabrication, foundry and railcar manufacture.

#### **Main Contracts**

In the 1Q19, the main contracts were destined for assembly services for the steel segment.

#### **Comments on the Business Unit Results – Capital Goods**

In the 1Q19, net revenue was R\$62.5 million, 6.5% lower than in the 4Q18, which was R\$66.8 million, due stagnation in the demand for oil and gas and infrastructure projects in the country.

Usiminas Mecânica presented gross profit of R\$8.9 million in the 1Q19, against a gross loss of R\$14.3 million in the 4Q18, due to a contract renegotiation of an oil and gas project.

In the 1Q19, other operating expenses and income were a negative R\$10.2 million, against a negative R\$148.1 million in the 4Q18, mainly due to events occurred in the previous quarter, which did not reoccur in the 1Q19, especially a loss by asset impairment in the amount of R\$143.1 million, partially compensated by recognition of fiscal credits in the amount of R\$7.8 million, related to the final decision of the lawsuit regarding the exclusion of the ICMS tax from the calculation base of PIS and COFINS taxes.

Adjusted EBITDA in the 1Q19 was a negative R\$1.3 million, against a negative R\$14.6 million in the 4Q18. Adjusted EBITDA margin in the 1Q19 was a negative 2.1%, against a negative 21.8% in the 4Q18.

#### **Highlights in the Quarter**

**Integrity Program:** With the slogan “Doing it right always works out”, on 01/15/19, the Usiminas Integrity Program was inaugurated, uniting the policy and updated version of the Code of Ethics and Conduct of the Company. The Program establishes new measures and guidelines to the company values, besides updating the existing norms and will serve as reference for daily action of collaborators in its relationships with colleagues, suppliers and partners, among others, strengthening governance and transparency in the processes.

**Corporate University:** Usiminas launched its Corporate University on 02/22/19, uniting its several educational initiatives, connected in such a way as to contribute to solid formation and qualification of its collaborators. The Usiminas Corporate University gathers training offered at all levels, gives opportunity to collaborators to learn of other free courses and allows access to language courses, undergraduate studies and continuing education.

**The Chico Mendes Socio-Environmental Award:** Usiminas Mecânica received the Chico Mendes Socio-Environmental Award on 03/14/19 in Curitiba, Paraná. The Company was recognized by the Institute for presenting a proactive posture in relation to sustainable development and social welfare. During the awards ceremony, Director Heitor Takaki pointed out that “the award reaffirms the commitment to support development of the communities where Usiminas Mecânica operates and cares for the environment.”

## Capital Markets

### Usiminas Performance Summary - B3 (USIM5)

	1Q19	4Q18	Chg. 1Q19/4Q18	1Q18	Chg. 1Q19/1Q18
<b>Number of Deals</b>	<b>1,034,109</b>	<b>1,050,127</b>	<b>-2%</b>	<b>928,584</b>	<b>11%</b>
Daily Average	17,235	17,799	-3%	15,476	11%
<b>Traded - thousand shares</b>	<b>970,766</b>	<b>1,070,642</b>	<b>-9%</b>	<b>941,460</b>	<b>3%</b>
Daily Average	16,179	18,146	-11%	15,476	5%
<b>Financial Volume - R\$ million</b>	<b>9,628</b>	<b>10,189</b>	<b>-6%</b>	<b>10,579</b>	<b>-9%</b>
Daily Average	160	173	-7%	15,476	-99%
<b>Maximum</b>	<b>11.22</b>	<b>10.70</b>	<b>5%</b>	<b>12.88</b>	<b>-13%</b>
<b>Minimum</b>	<b>9.12</b>	<b>7.93</b>	<b>15%</b>	<b>9.17</b>	<b>-1%</b>
<b>Closing</b>	<b>10.04</b>	<b>9.22</b>	<b>9%</b>	<b>10.92</b>	<b>-8%</b>
<b>Market Capitalization - R\$ million</b>	<b>12,581</b>	<b>11,553</b>	<b>9%</b>	<b>13,684</b>	<b>-8%</b>

### Performance on the B3

Usiminas' common shares (USIM3) closed the 1Q19 quoted at R\$11.65 and its preferred shares (USIM5) at R\$10.04. In the 1Q19, USIM3 and USIM5 appreciated 1.8% and 8.9%, respectively. In the same period the Ibovespa presented an appreciation of 8.6%.

## Foreign Stock Markets

### OTC – New York

Usiminas has American Depositary Receipts (ADRs) traded on the over-the-counter market: USDMY is backed by common shares and USNZY, by Class A preferred shares. On 03/31/19, USNZY ADRs, which have higher liquidity, were quoted at US\$2.53, presenting an appreciation of 7.7% in the quarter.

### Latibex – Madrid

Usiminas' shares are traded on the LATIBEX – the Madrid Stock Exchange: XUSI as preferred shares and XUSIO as common shares. On 03/31/19, XUSI closed quoted at €2.30, appreciating 11.7% in the quarter. XUSIO shares closed quoted at €2.70, presenting an appreciation of 5.5% in the quarter.

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1Q19 Conference Call Results - Date 04/18/2019	
In Portuguese - Simultaneous Translation into English	
Brasília time: at 11:00 a.m. Dial-in Numbers: Brazil: (+55 11) 3193-1001 / 2820-4001	New York time: at 10:00 a.m. Dial-in Numbers: USA: (1 646) 828-8246
Audio replay available at (55 11) 3193-1012	
Pincode for replay: 7841455# - Portuguese	Pincode for replay: 8146845# - English
Audio of the conference call will be transmitted live via Internet	
<b>See the slide presentation on our website: <a href="http://www.usiminas.com/ri">www.usiminas.com/ri</a></b>	

*Statements contained in this release, relative to the business outlook of the Company, forecasts of operating and financial income and references to growth prospects are mere forecasts and were based on the expectations of Management in relation to future performance. These expectations are highly dependent on market conduct, the economic situation in Brazil, its industry and international markets and, therefore, are subject to change.*

**Balance Sheet - Assets - Consolidated | IFRS - R\$ thousand**

Assets	31-Mar-19	31-Dec-18	31-Mar-18
<b>Current Assets</b>	<b>8,221,070</b>	<b>8,324,317</b>	<b>6,749,345</b>
Cash and Cash Equivalents	1,772,792	1,693,349	1,562,549
Trade Accounts Receivable	1,718,305	1,894,291	1,741,954
Taxes Recoverable	709,486	747,928	323,538
Inventories	3,872,200	3,880,635	2,971,493
Advances to suppliers	4,276	4,050	5,208
Financial Instruments	970	347	15
Other Securities Receivables	143,041	103,717	144,588
<b>Non-Current Assets</b>	<b>18,030,869</b>	<b>18,199,534</b>	<b>18,627,433</b>
<b>Long-Term Receivable</b>	<b>4,646,750</b>	<b>4,700,822</b>	<b>4,192,447</b>
Deferred Income Tax & Social Contribution	2,781,358	2,765,356	3,029,743
Deposits at Law	513,026	523,557	754,423
Accounts Receiv. Affiliated Companies	2,117	2,342	2,952
Taxes Recoverable	379,673	454,284	53,638
Financial Instruments	3,524	3,553	2,648
Others	967,052	951,730	349,043
<b>Investments</b>	<b>1,122,471</b>	<b>1,088,094</b>	<b>1,092,905</b>
<b>Property, Plant and Equipment</b>	<b>11,571,751</b>	<b>11,715,022</b>	<b>12,669,891</b>
<b>Intangible</b>	<b>689,897</b>	<b>695,596</b>	<b>672,190</b>
<b>Total Assets</b>	<b>26,251,939</b>	<b>26,523,851</b>	<b>25,376,778</b>

**Balance Sheet - Liabilities and Shareholders' Equity - Consolidated | IFRS - R\$ thousand**

Liabilities and Shareholders' Equity	31-Mar-19	31-Dec-18	31-Mar-18
<b>Current Liabilities</b>	<b>3,112,311</b>	<b>3,335,670</b>	<b>2,325,040</b>
Loans and Financing and Taxes Payable in Installments	189,508	471,216	30,934
Suppliers, Subcontractors and Freight	1,149,580	1,133,763	1,107,295
Wages and Social Charges	194,354	205,583	212,949
Taxes and Taxes Payables	92,659	126,212	83,861
Accounts Payable Forfeiting	994,268	965,927	527,353
Dividends Payable	202,809	202,809	119,942
Customers Advances	72,179	63,484	100,115
Others	216,954	166,676	142,591
<b>Long-Term Liabilities</b>	<b>7,372,906</b>	<b>7,490,790</b>	<b>7,756,145</b>
Loans and Financing and Taxes Payable in Installments	5,306,543	5,382,754	5,648,767
Actuarial Liability	1,013,879	1,034,228	1,032,979
Provision for Legal Liabilities	617,101	635,551	688,777
Environmental Protection Provision	213,430	203,707	162,126
Others	221,953	234,550	223,496
<b>Shareholders' Equity</b>	<b>15,766,722</b>	<b>15,697,391</b>	<b>15,295,593</b>
Capital	13,200,295	13,200,295	13,200,295
Reserves & Revenues from Fiscal Year	1,105,910	1,066,003	715,547
<b>Non-controlling shareholders participation</b>	<b>1,460,517</b>	<b>1,431,093</b>	<b>1,379,751</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>26,251,939</b>	<b>26,523,851</b>	<b>25,376,778</b>

Income Statement - Consolidated | IFRS

R\$ thousand	1Q19	4Q18	1Q18	Chg. 1Q19/4Q18
<b>Net Revenues</b>	<b>3,531,985</b>	<b>3,427,000</b>	<b>3,244,207</b>	<b>3%</b>
Domestic Market	2,887,309	2,838,388	2,646,153	2%
Exports	644,676	588,612	598,054	10%
COGS	(3,035,995)	(3,051,131)	(2,632,109)	0%
<b>Gross Profit</b>	<b>495,990</b>	<b>375,869</b>	<b>612,098</b>	<b>32%</b>
<b>Gross Margin</b>	<b>14.0%</b>	<b>11.0%</b>	<b>18.9%</b>	<b>+ 3.1 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(300,469)</b>	<b>(379,986)</b>	<b>(288,490)</b>	<b>-21%</b>
Selling Expenses	(67,358)	(113,253)	(76,138)	-41%
Provision for Doubtful Accounts	(795)	(38,472)	(1,668)	-98%
Other Selling Expenses	(66,563)	(74,781)	(74,470)	-11%
General and Administrative	(100,758)	(123,321)	(102,782)	-18%
Other Operating Income (expenses)	(132,353)	(143,412)	(109,570)	-8%
Impairment of Assets	-	(472,787)	-	-
Inclusion of ICMS tax in the base calculation of PIS and COFINS taxes	-	418,744	-	-
Credits receivable from Eletrobrás	-	186,010	-	-
Reintegra Program	343	449	7,185	-24%
Provision for Contingencies	(32,245)	(15,387)	(15,027)	110%
Result of the Non Operating Asset Sale/Write-Off	1,159	1,552	(6,797)	-25%
Result of the Sale of the Surplus Electric Energy	(5,735)	(1,949)	(13,596)	194%
Temporary Equipments Shutdown (Includes depreciation)	(83,805)	(89,576)	(91,405)	-6%
Tax credit on imports PIS/COFINS	-	-	19,321	-
Other Operating Income (Expenses), Net	(12,070)	(170,468)	(9,251)	-93%
<b>EBIT</b>	<b>195,521</b>	<b>(4,117)</b>	<b>323,608</b>	<b>-</b>
<b>EBIT Margin</b>	<b>5.5%</b>	<b>-0.1%</b>	<b>10.0%</b>	<b>+ 5.6 p.p.</b>
<b>Financial Result</b>	<b>(135,780)</b>	<b>637,788</b>	<b>(133,774)</b>	<b>-</b>
Financial Income	67,433	963,448	76,894	-93%
Financial Expenses	(191,808)	(356,642)	(185,187)	-46%
Net foreign exchange gain and losses	(11,405)	30,982	(25,481)	-
Equity in the Results of Associate and Subsidiary Companies	37,493	113,121	41,154	-67%
<b>Operating Profit (Loss)</b>	<b>97,234</b>	<b>746,792</b>	<b>230,988</b>	<b>-87%</b>
Income Tax / Social Contribution	(20,956)	(345,363)	(73,803)	-94%
<b>Net Income (Loss)</b>	<b>76,278</b>	<b>401,429</b>	<b>157,185</b>	<b>-81%</b>
<b>Net Margin</b>	<b>2.2%</b>	<b>11.7%</b>	<b>4.9%</b>	<b>- 9.5 p.p.</b>
Attributable:				
Shareholders	46,857	354,799	140,114	-87%
Minority Shareholders	29,421	46,630	17,071	-37%
<b>EBITDA (Instruction CVM 527)</b>	<b>474,034</b>	<b>367,589</b>	<b>621,866</b>	<b>29%</b>
<b>EBITDA Margin (Instruction CVM 527)</b>	<b>13.4%</b>	<b>10.7%</b>	<b>19.2%</b>	<b>+ 2.7 p.p.</b>
<b>Adjusted EBITDA - Joint Subsidiary Companies proportional EBITDA</b>	<b>487,512</b>	<b>830,293</b>	<b>641,202</b>	<b>-41%</b>
<b>Adjusted EBITDA Margin</b>	<b>13.8%</b>	<b>24.2%</b>	<b>19.8%</b>	<b>- 10.4 p.p.</b>
Depreciation and Amortization	241,020	258,585	257,104	-7%



**Cash Flow - Consolidated | IFRS**

Cash Flow - Consolidated   IFRS	1Q19	4Q18	1Q18
<b>Operating Activities Cash Flow</b>			
Net Income (Loss) in the Period	76,278	401,429	157,185
Financial Expenses and Monetary Var. / Net Exchge Var.	48,263	(23,771)	49,781
Interest Expenses	95,000	98,163	99,100
Depreciation and Amortization	241,020	258,585	257,104
Losses/(gains) on Sale of Property, Plant and Equipment	(1,159)	(1,552)	6,797
Equity in the Results of Subsidiaries/Associated Companies	(37,493)	(113,121)	(41,154)
Impairment of Assets	-	472,787	-
Difered Income Tax and Social Contribution	(11,785)	380,294	6,323
Constitution (reversal) of Provisions	58,806	92,443	111,030
Actuarial Gains and losses	21,451	85,135	8,694
<b>Total</b>	<b>490,381</b>	<b>1,650,392</b>	<b>654,860</b>
<b>(Increase)/Decrease of Assets</b>			
Accounts Receivables Customer	175,413	83,552	(188,053)
Inventories	11,309	(204,639)	(241,758)
Recovery of Taxes	2,968	(887,008)	40,170
Judicial Deposits	(9,867)	54,267	(75,993)
Accounts Receiv. Affiliated Companies	225	284	195
Others	(70,588)	(624,170)	(26,854)
<b>Total</b>	<b>109,460</b>	<b>(1,577,714)</b>	<b>(492,293)</b>
<b>Increase /(Decrease) of Liabilities</b>			
Suppliers, Contractors and Freights	15,817	(349,514)	130,378
Amounts Owed to Affiliated Companies	(12,416)	1	(8,917)
Customers Advances	8,695	(12,533)	18,721
Tax Payable	60,598	113,025	(64,649)
Securities Payable Forfaiting	28,341	459,372	52,102
Actuarial Liability Payments	(54,201)	(60,188)	(34,343)
Others	16,783	(83,326)	23,266
<b>Total</b>	<b>63,617</b>	<b>66,837</b>	<b>116,558</b>
<b>Cash Generated from Operating Activities</b>	<b>663,458</b>	<b>139,515</b>	<b>279,125</b>
Interest Paid	(121,257)	(124,068)	(148,319)
Income Tax and Social Contribution	(11,291)	(8,657)	(17,672)
<b>Net Cash Generated from Operating Activities</b>	<b>530,910</b>	<b>6,790</b>	<b>113,134</b>
<b>Investments activities cash flow</b>			
Marketable Securities	(24,188)	(1,028)	122,218
Amount Paid on the Acquisition of Investments	(9)	-	-
Fixed Asset Acquisition	(81,487)	(195,629)	(61,629)
Fixed Asset Sale Receipt	1,300	9,171	19,652
Dividends Received	1,544	214,388	128,013
Purchase of Software	(2,154)	(15,932)	(3,238)
<b>Net Cash Employed on Investments Activities</b>	<b>(104,994)</b>	<b>10,970</b>	<b>205,016</b>
<b>Financial Activities Cash Flow</b>			
Payment of Loans, Financ. & Debent.	(369,534)	(2,233)	(939,455)
Payment of Taxes Installments	-	-	(132)
Dividends and Interest on Capital	-	(2,178)	-
<b>Net Cash Generated from (Employed on) Financial Activities</b>	<b>(369,534)</b>	<b>(4,411)</b>	<b>(939,587)</b>
<b>Exchange Variation on Cash and Cash Equivalents</b>	<b>(1,127)</b>	<b>(2,903)</b>	<b>(8,084)</b>
<b>Net Increase (Decrease) of Cash and Cash Equivalents</b>	<b>55,255</b>	<b>10,446</b>	<b>(629,521)</b>
Cash and Cash Equivalents at the Beginning of the Period	1,106,790	1,096,344	1,770,573
Cash and Cash Equivalents at the End of The Period	1,162,045	1,106,790	1,141,052
<b>RECONCILIATION WITH BALANCE SHEET</b>			
Cash and Cash Equivalents at the Beginning of the Period	1,106,790	1,096,344	1,770,573
Marketable Securities at the Beginning of the Period	586,559	585,531	543,715
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>1,693,349</b>	<b>1,681,875</b>	<b>2,314,288</b>
Net Increase (Decrease) of Cash and Cash Equivalentes	55,255	10,446	(629,521)
Net Increase (Decrease) of Marketable Securities	24,188	1,028	(122,218)
Cash and Cash Equivalents at the End of the Period	1,162,045	1,106,790	1,141,052
Marketable Securities at the End of the Period	610,747	586,559	421,497
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>1,772,792</b>	<b>1,693,349</b>	<b>1,562,549</b>