



Steel up-to-date with the future.

USIMINAS U

Public Disclosure - Belo Horizonte, February 15, 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 fourth quarter (4Q18) and 2018 fiscal year 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 third quarter of 2018 (3Q18) and year 2017, unless stated otherwise.

Release of the 4Q18 and 2018 results

The main operational and financial indicators in 2018 were:

- Steel sales volume of 4.2 million tons;
- Iron ore sales volume of 6.5 million tons;
- Consolidated Adjusted EBITDA of R\$2.7 billion and Adjusted EBITDA margin of 19.6%;
- Working capital on 12/31/18 of R\$4.0 billion;
- Cash position on 12/31/18 of R\$1.7 billion;
- Investments of R\$462.7 million.

Highlights

R\$ million - Consolidated	4Q18	3Q18	4Q17	Chg. 4Q18/3Q18	2018	2017	Chg. 2018/2017
Steel Sales Volume (000 t)	1,026	1,107	1,090	-7%	4,198	4,026	4%
Iron Ore Sales Volume (000 t)	1,514	1,768	1,500	-14%	6,474	3,676	76%
Net Revenue	3,427	3,862	3,077	-11%	13,737	10,734	28%
COGS	(3,051)	(3,217)	(2,662)	-5%	(11,522)	(9,099)	27%
Gross Profit (Loss)	376	644	414	-42%	2,215	1,635	35%
Net Income (Loss)	401	289	(45)	39%	829	315	163%
EBITDA (Instruction CVM 527)	368	686	373	-46%	2,172	2,056	6%
EBITDA Margin (Instruction CVM 527)	11%	18%	12%	- 7 p.p.	16%	19%	- 3 p.p.
Adjusted EBITDA	830	703	450	18%	2,693	2,186	23%
Adjusted EBITDA Margin	24%	18%	15%	+ 6 p.p.	20%	20%	- 1 p.p.
Investments (CAPEX)	241	90	107	166%	463	216	114%
Cash and Cash Equivalents	1,693	1,682	2,314	1%	1,693	2,314	-27%

Market Data – 12/31/18

B3: **USIM5 R\$9.22/share**
USIM3 R\$11.44/share

EUA/OTC: **USNZY US\$2.35/ADR**

LATIBEX: **XUSI €2.06/share**
XUSIO €2.56/share

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Economic Outlook

Economic activity indicators signaled weak Brazilian economic growth performance in the 4Q18. Market consensus (Focus Report of 12/28/18) is that the economy grew 0.2% compared to the 3Q18, resulting in annual growth of 1.3%.

Using data through November, industrial production in the 4Q18 declined 1.4% over that in the 3Q18, mainly influenced by the drop in durable goods production of 3.1%. In the same period, capital goods grew 0.5%. Annual growth for industrial production through November is positive and confirms the trend for economic recovery. Accumulated growth is 1.5% and, among steel intensive use sectors, capital goods production registered 8.2% growth and durable goods, 9.5%.

Confidence indicators reacted positively in the 4Q18. According to the National Industrial Confederation (CNI), the Industrial Business Confidence indicator in December reached its highest level since June 2010.

Market consensus is that year 2018 ended with 1.3% GDP growth and industrial production a 1.9% growth.

A summary of indicators with projections is listed below, published by the Focus Report of 02/08/19.

Summary of Annual Indicators

Indicators	2017	2018
GDP (IBGE)	1.0%	1.3%
Industrial GDP	0.0%	1.1%
Industrial Production (IBGE)	2.5%	1.1%
Inflation - IPCA	2.9%	3.7%
Interest - Selic (end of period)	7.0%	6.5%
Exchange rate R\$/US\$ - (end of period)	3.31	3.87

Source: Focus Report 02/08/19, Banco Central do Brasil.

Economic and Financial Performance Comments on the Consolidated Results

Net Revenue

Net revenue in the 4Q18 was R\$3.4 billion, against R\$3.9 billion in the 3Q18, an 11.3% decrease, mainly due to lower steel and iron ore sales volume in the period.

In 2018, net revenue was R\$13.7 billion, a 28.0% increase over 2017, which was R\$10.7 billion, in function of higher average prices and volumes of steel and iron ore over the year.

Net Revenue Breakdown

	4Q18	3Q18	4Q17	2018	2017
Domestic Market	83%	84%	81%	83%	86%
Exports	17%	16%	19%	17%	14%
Total	100%	100%	100%	100%	100%

Cost of Goods Sold - COGS

In the 4Q18, COGS totaled R\$3.1 billion, against R\$3.2 billion in the 3Q18, a 5.2% decrease.

In 2018, COGS was 11.5 billion, a 26.6% increase compared to 2017, which was R\$9.1 billion.

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

Gross Profit

Gross profit was R\$375.9 million in the 4Q18, against R\$644.3 million in the 3Q18, a 41.7% decrease. Gross margin was 11.0% in the 4Q18, against 16.7% in the 3Q18.

In 2018, gross profit totaled R\$2.2 billion, against R\$1.6 billion in 2017, a 35.5% increase. Gross margin was 16.1% in 2018, against 15.2% in 2017, shown in the chart below:

Gross Margin

4Q18	3Q18	4Q17	2018	2017
11.0%	16.7%	13.5%	16.1%	15.2%

Operating Expenses and Income

Sales expenses in the 4Q18 totaled R\$113.3 million, against R\$74.3 million in the 3Q18, a 52.3% increase mainly due to the provisioning for credit of doubtful liquidation in the amount of R\$34.0 million.

In the 4Q18, general and administrative expenses were R\$123.3 million, a 22.1% increase over those in the 3Q18, which were R\$101.0 million, mainly in function of higher third party services expense (attorney fees).

Other operating expenses and income were a negative R\$143.4 million in the 4Q18, against a negative R\$115.6 million in the 3Q18, a 24.1% increase, mainly due to:

- Loss by impairment in the amount of R\$529.3 million in the Steel Unit, of R\$143.1 million in the Capital Goods Unit, partially compensated by reversion of impairment in the amount of R\$199.6 million in the Mining Unit;
- Provision for loss of legal deposits of R\$55.8 million;

- Provision of tax credits by R\$37.5 million, due to the non-expectation of future use of ICMS tax in the Mining Unit;
- Negative result of R\$1.9 million from the sale of surplus electrical energy in the 4Q18, against a positive result of R\$20.9 in the 3Q18;
- Result of actuarial gains/losses of a negative R\$22.9 million in the 4Q18, against a negative result of 0.6 million in the 3Q18.

These effects were partially compensated by:

- Recognition of the principal of tax credits in the amount of R\$410.9 million in the Steel Unit and R\$7.8 million in the Capital Good Unit related to the final decision of exclusion of ICMS tax in the base calculation of PIS and COFINS taxes (Note ICMS tax in the base calculation of PIS and COFINS taxes);
- Recognition of the principal of the amount receivable in the amount of R\$186.0 million relative to the final decision related to the compulsory loan to Eletrobras in the Steel Unit (Note Compulsory Loan – Eletrobras).

Thus, net operating expenses and income were a negative R\$380.0 million in the 4Q18, against a negative R\$291.0 million in the 3Q18.

In 2018, sales expenses totaled R\$337.4 million, against R\$251.0 million in 2017, a 34.5% increase mainly due to higher distribution costs and higher provision for doubtful accounts.

In 2018, general and administrative expenses were R\$440.0 million, an increase of 8.8% over the year 2017, which was R\$404.4 million, mainly due to higher expenses with third party services (attorney fees).

In 2018, other operating expenses and income were a negative R\$555.7 million, against a negative R\$250.8 million in year 2017, a 121.6% increase, mainly due to:

- Impairment effects by R\$472.8 million in the 4Q18 against impairment effects by R\$78.9 million in the 4Q17;
- Lower tax credits related the principal of PIS/COFINS on imports by R\$201.4 million, which were R\$36.1 million in 2018, against R\$237.5 million in 2017;
- Recognition of R\$201.1 million, net of expenses, by *Mineração Usiminas* in year 2017, referring to the *Porto Sudeste* agreement. There was no such effect in 2018;
- Provision for loss of legal deposits of R\$55.8 million no 4T18;
- Provision of tax credits by R\$37.5 million in the 4Q18.

These effects were partially compensated by:

- Recognition of tax credits (ICMS tax in the base calculation of PIS and COFINS taxes) in the amount of R\$418.7 million;
- Recognition of the amount receivable in the amount of R\$186.0 million relative to the final decision related to the compulsory loan to Eletrobras in the Steel Unit in 2018 (Note Compulsory Loan – Eletrobras).

Thus, in year 2018, net operating expenses and income were a negative R\$1.3 billion, against R\$906.1 million in 2017.

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

EBIT Margin

4Q18	3Q18	4Q17	2018	2017
-0.1%	9.2%	2.3%	6.4%	6.8%

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)	4Q18	3Q18	4Q17	2018	2017
Net Income (Loss)	401,429	289,131	(44,851)	828,695	315,080
Income Tax / Social Contribution	345,363	4,587	(4,620)	406,621	105,870
Financial Result	(637,788)	134,391	172,084	(93,045)	462,920
Depreciation, Amortization	258,585	257,514	250,337	1,029,535	1,171,851
EBITDA - Instruction CVM - 527	367,589	685,623	372,950	2,171,806	2,055,721
Equity in the Results of Associate and Subsidiary Companies	(113,121)	(74,734)	(51,982)	(260,350)	(154,896)
Joint Subsidiary Companies proportional EBITDA	103,038	91,873	56,646	308,827	212,194
Impairment of Assets	472,787	-	72,764	472,787	72,764
Adjusted EBITDA	830,293	702,762	450,378	2,693,070	2,185,783

Adjusted EBITDA was R\$830.3 million in the 4Q18, against R\$702.8 million in the 3Q18, an increase of R\$127.5 million, mainly due to recognition of the principal of tax credits regarding the exclusion of ICMS in the base calculation of PIS and COFINS taxes by R\$418.7 million, accounted in the Parent Company and at Usiminas Mecânica (Note ICMS tax in the base calculation of PIS and COFINS taxes), and to the recognition of the principal of the amount receivable from Eletrobras by R\$186.0 million (Note Compulsory Loan – Eletrobras), partially compensated by lower steel and iron ore volume of sales in the period, and by other non-recurring effects in R\$136.4 million.

In 2018, Adjusted EBITDA was R\$2.7 billion, against R\$2.2 billion in 2017, a 23.2% increase, mainly due to higher prices and volumes of steel and iron ore sales in the period, of the recognition of tax credits (ICMS tax in the base calculation of PIS and COFINS taxes) by R\$418.7 million, accounted in the Parent Company and at Usiminas Mecânica, and the recognition of credits receivable from Eletrobras by R\$186.0 million, described in the comments of the 4Q18.

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

Adjusted EBITDA margins are shown below:

Adjusted EBITDA Margin				
4Q18	3Q18	4Q17	2018	2017
24.2%	18.2%	14.6%	19.6%	20.4%

Financial Result

In the 4Q18, net financial expense was a positive R\$637.8 million, against a negative R\$134.4 million in the 3Q18, mainly due to recognition of interest on credits receivable from Eletrobras regarding compulsory loan in the amount of R\$490.0 million (Note Compulsory Loan – Eletrobras) and to recognition of interest regarding the process of exclusion of ICMS tax in the base calculation of PIS and COFINS taxes of R\$384.5 million (Note ICMS tax in the base calculation of PIS and COFINS taxes), partially compensated by charges over actuarial liabilities of R\$62.5 million and by provision for loss of legal deposits of R\$41.6 million.

In 2018, the financial result was a positive R\$93.0 million, against a negative R\$462.9 million in 2017, mainly due to credits receivable from Eletrobras and to the recognition of interest regarding the process of exclusion of the ICMS tax in the base calculation of PIS and COFINS taxes – described previously –, partially compensated by exchanges losses of R\$163.4 million in 2018 against exchanges losses of R\$21.6 million in 2017.

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

Financial Result - Consolidated								
R\$ thousand	4Q18	3Q18	4Q17	Chg. 4Q18/3Q18	2018	2017	Chg. 2018/2017	
Net Currency Exchange Variation	30,982	(19,118)	(56,091)	-	(163,395)	(21,601)	656%	
Swap Transactions Market Cap.	1,964	244	(1,905)	705%	2,719	(129)	-	
Interest on Financial Asset and Monetary Effects	24,695	25,184	67,605	-2%	110,861	377,154	-71%	
Monetary Effects on ICMS tax in the base calculation of PIS and COFINS	384,505	-	-	-	384,505	1,658	23091%	
Interest on receivable from Eletrobrás	490,013	-	-	-	490,013	-	-	
Other Financial Income	64,235	45,245	37,692	42%	183,768	182,426	1%	
Interest and Monetary Effects over Financing and Taxes Payable in Installments	(127,772)	(131,555)	(157,407)	-3%	(518,578)	(753,106)	-31%	
Charges over actuarial liabilities	(62,537)	-	-	-	(62,537)	-	-	
Other Financial Expenses	(168,297)	(54,391)	(61,978)	209%	(334,311)	(249,322)	34%	
FINANCIAL RESULT	637,788	(134,391)	(172,084)	-	93,045	(462,920)	-	
+ Appreciation / - Depreciation of Exchange Rate (R\$/US\$)	3.2%	-3.8%	-4.4%	+ 7.1 p.p.	-17.1%	-1.5%	- 15.6 p.p.	

Equity in the Results

In the 4Q18, the results of Equity of Associate and Subsidiary Companies was jointly R\$113.1 million, against R\$74.7 million in the 3Q18, mainly due to higher contribution of Unigal.

In 2018, the results of Equity of Associate and Subsidiary Companies totaled R\$260.4 million, against R\$154.9 million in year 2017, mainly due to higher contribution of Unigal and of MRS Logística and of lower impact of the negative result of Codeme.

Net Profits (Loss)

In the 4Q18, the Company accounted a net profit of R\$401.4 million, against a net profit of R\$289.1 million in the 3Q18.

In year 2018, the Company recorded net profit of R\$828.7 million, against a net profit of R\$315.1 million in 2017.

Working Capital

In the 4Q18, working capital was R\$4.0 billion, against R\$3.5 billion in the 3Q18, an increase of R\$501.0 million, mainly generated by the increase in Other Assets and in Inventories, and the reduction in Suppliers, partially compensated by the increase in Other Liabilities.

The following are highlights:

- Increase of R\$397.0 million in the balance of Other Assets related to the grow in taxes recoverable, mainly due to the recognition of tax credits regarding the process of exclusion of ICMS tax in the base calculation of PIS and COFINS taxes;
- Increase in Inventories of R\$277.0 million mainly in function of price rises in raw materials, especially coal;
- Reduction in Suppliers of R\$349.0 million in function of the lower balance payable to slab and raw materials suppliers;
- Increase of R\$479.0 million in Other Liabilities due to forfeiting operations regarding to slab and raw materials supply.

In 2018, working capital was R\$4.0 billion, against R\$2.8 billion in 2017, a R\$1.1 billion increase, mainly due to increase in Inventories, Accounts Receivable, Other Assets, partially compensated by the increase in Other Liabilities.

Worthy of mention are:

- Increase in Inventories of R\$1.1 billion, mainly due to price rises of raw materials, especially coal and purchased slab;
- Increase in Accounts Receivable in the amount of R\$339.0 million in function of greater sales and higher prices practiced in the year;
- Increase of R\$359.0 million in Other Assets related to the increase in recoverable taxes, mainly in function of recognition of tax credits regarding the exclusion of the ICMS tax in the base calculation of PIS and COFINS taxes;
- Increase of R\$491.0 million in Other Liabilities in function of forfeiting operations relative to slab and raw materials supply.

Investments (CAPEX)

In the 4Q18, there was concentration of projects, with CAPEX totaling R\$240.7 million in the 4Q18, a 166.5% increase over the 3Q18, which was R\$90.3 million. Investments were mainly applied in sustaining CAPEX, with approximately 74% in the Steel Unit, 22% in Mining, 3% in Steel Processing and 1% in the Capital Goods, approximately.

In 2018, CAPEX totaled R\$462.7 million, against R\$216.2 million in 2017. The main investments carried out were in sustaining CAPEX. Out of total investments in 2018, 78% were made in the Steel Unit, 16% in Mining, 4% in Steel Processing and 2% in Capital Goods, approximately.

Indebtedness

On 12/31/18, consolidated gross debt was R\$5.9 billion, stable in relation to that on 09/30/18.

In the 4Q18, appreciation of the Real against the Dollar of 3.2% impacted the parcel of foreign debt, which corresponded to 22% of total debt. Debt composition by maturity on 12/31/18 was 8% short term and 92% long term, against 0.4% short term and 99.6% long term on 09/30/18.

Consolidated net debt on 12/31/18 was R\$4.2 billion, stable in relation to that on 09/30/18. The net debt/EBITDA ratio ended the 4Q18 at 1.6X, against 1.8X in the 3Q18.

On 12/31/18, consolidated gross debt was R\$5.9 billion, against R\$6.7 billion on 12/31/17, a 12.1% decrease, mainly due to the following payments:

- On 01/18/18, full payment of the Notes issued by its subsidiary Usiminas Commercial Ltd. in 2008 (Eurobonds) in the amount of US\$400.0 million, of which around US\$180.0 were paid and around US\$220.0 million returned to the Company's cash account by reason of the repurchase of the part of the Notes, made in 2013;

- Additionally, on 03/15/18 the Company paid the amount corresponding to the total of excess amount of cash (Cash Sweep), calculated based on the Company's financial statements of the period ended on 12/31/17, in the total amount of R\$378.8 million, as a partial amortization of the amounts of principal due by Usiminas to the Creditors.

At the end of 2018, debt composition by maturity was 8% short term and 92% long term, against 15% short term and 85% long term in 2017.

Consolidated net debt on 12/31/18 was R\$4.2 billion, a reduction of 4.2% in relation to that on 12/31/17, which was R\$4.3 billion. The net debt/EBITDA ratio ended the 2018 fiscal year at 1.6X, against 2.0X in 2017.

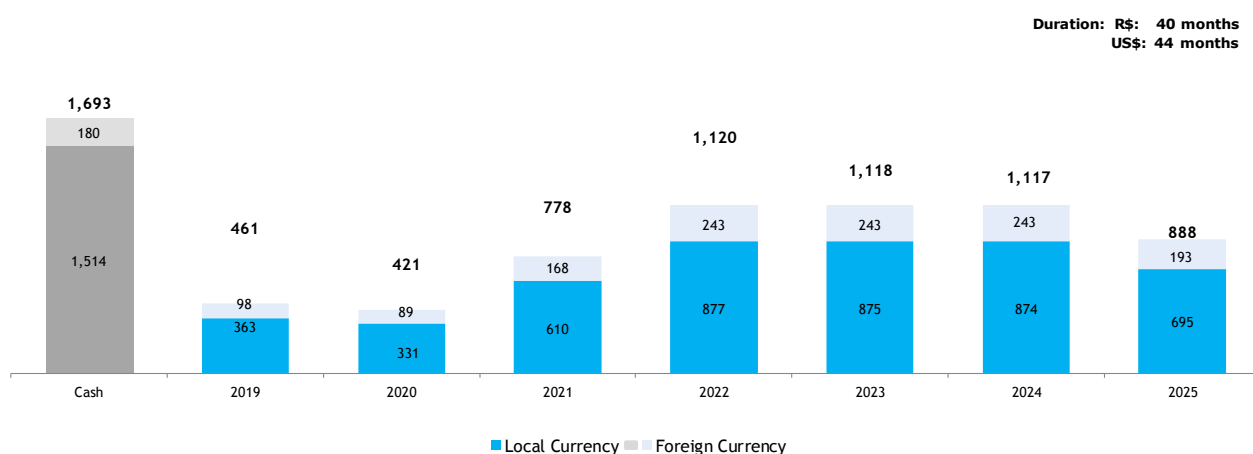
The following chart demonstrates the consolidated debt indexes:

Total Indebtedness by Index - Consolidated

R\$ thousand	31-Dec-18			%	30-Sep-18	Change Sep18/Jun18	31-Dec-17	Change Sep18/Sep17
	Short Term	Long Term	TOTAL		TOTAL		TOTAL	
Local Currency	371,663	4,209,605	4,581,268	78%	4,578,479	0%	4,908,319	-7%
TJLP	27,167	309,735	336,902	-	336,758	0%	359,896	-6%
CDI	335,739	3,878,420	4,214,159	-	4,213,716	0%	4,498,775	-6%
Others	8,757	21,450	30,207	-	28,005	8%	49,648	-39%
Foreign Currency*	99,553	1,173,149	1,272,702	22%	1,314,311	-3%	1,747,954	-27%
Gross Debt	471,216	5,382,754	5,853,970	100%	5,892,790	-1%	6,656,273	-12%
Cash and Cash Equivalents	-	-	1,693,349	-	1,681,875	1%	2,314,288	-27%
Net Debt	-	-	4,160,621	-	4,210,915	-1%	4,341,985	-4%

(*)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 12/31/18. It is worth mentioning that, due to the cash sweep mechanism, as of 12/31/18, the amount of R\$365.6 million was determined as cash surplus, which will be distributed proportionally to the creditors up to 03/15/19. The amount of debt that will be amortized in advance by this excess amount was reclassified to current liabilities.



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

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	
	4Q18	3Q18	4Q18	3Q18	4Q18	3Q18	4Q18	3Q18	4Q18	3Q18	4Q18	3Q18
Net Revenue	316.3	314.8	3,202.9	3,440.5	831.1	933.4	66.8	71.0	(990.2)	(898.1)	3,427.0	3,861.5
Domestic Market	120.4	109.1	2,810.2	3,045.6	831.1	933.4	66.8	71.0	(990.2)	(898.1)	2,838.4	3,260.9
Exports	195.9	205.7	392.7	394.9	0.0	-	-	-	-	-	588.6	600.6
COGS	(220.3)	(209.7)	(2,872.4)	(2,883.2)	(792.1)	(875.3)	(81.1)	(83.9)	914.7	834.9	(3,051.1)	(3,217.2)
Gross Profit (Loss)	96.1	105.1	330.5	557.3	39.0	58.1	(14.3)	(12.9)	(75.4)	(63.2)	375.9	644.3
Operating Income (Expenses)	109.3	(53.4)	(278.7)	(202.0)	(34.8)	(25.4)	(148.1)	(11.4)	(27.7)	1.3	(380.0)	(291.0)
Selling	(19.5)	(23.9)	(75.0)	(36.2)	(14.6)	(10.6)	(2.8)	(2.5)	(1.4)	(1.1)	(113.3)	(74.3)
General and Administrative	(6.8)	(6.1)	(95.5)	(76.4)	(16.2)	(13.7)	(8.7)	(8.3)	3.9	3.4	(123.3)	(101.0)
Others, Net	135.6	(23.4)	(108.2)	(89.4)	(4.1)	(1.1)	(136.6)	(0.7)	(30.2)	(1.0)	(143.4)	(115.6)
EBIT	205.3	51.7	51.8	355.2	4.2	32.6	(162.4)	(24.3)	(103.1)	(61.9)	(4.1)	353.4
Adjusted EBITDA	38.1	82.8	803.6	577.7	11.8	40.4	(14.6)	(19.6)	(8.6)	21.5	830.3	702.8
Adj.EBITDA Margin	12.0%	26.3%	25.1%	16.8%	1.4%	4.3%	-21.8%	-27.6%	0.9%	-2.4%	24.2%	18.2%

*Consolidated 70% of Unigal

Income Statement per Business Units - Non Audited - 2018

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net Revenue	1,085.0	524.8	12,570.4	9,980.3	3,237.9	2,497.0	352.7	287.6	(3,509.2)	(2,555.5)	13,736.8	10,734.1
Domestic Market	385.8	344.4	10,935.1	8,634.7	3,237.5	2,496.1	352.6	286.9	(3,509.2)	(2,555.5)	11,401.7	9,206.7
Exports	699.2	180.3	1,635.3	1,345.5	0.4	0.8	0.1	0.7	-	-	2,335.1	1,527.4
COGS	(748.8)	(342.9)	(10,605.5)	(8,488.7)	(3,044.5)	(2,328.1)	(349.8)	(278.2)	3,226.9	2,338.9	(11,521.7)	(9,099.0)
Gross Profit (Loss)	336.3	181.8	1,964.9	1,491.6	193.4	168.9	2.9	9.4	(282.3)	(216.6)	2,215.1	1,635.1
Operating Income (Expenses)	(58.9)	9.7	(961.7)	(758.8)	(106.3)	(99.5)	(186.3)	(62.5)	(19.8)	4.9	(1,333.2)	(906.1)
Selling	(87.8)	(31.4)	(186.9)	(155.9)	(46.3)	(46.3)	(11.7)	(12.5)	(4.8)	(4.8)	(337.4)	(251.0)
General and Administrative	(26.1)	(20.0)	(334.8)	(311.4)	(57.9)	(54.0)	(35.2)	(32.0)	14.0	13.0	(440.0)	(404.4)
Others, Net	55.0	61.2	(440.1)	(291.5)	(2.2)	0.8	(139.4)	(18.0)	(29.0)	(3.3)	(555.7)	(250.8)
EBIT	277.3	191.6	1,003.1	732.7	87.1	69.5	(183.5)	(53.1)	(302.1)	(211.7)	881.9	729.0
Adjusted EBITDA	203.2	345.4	2,420.5	1,805.9	118.0	101.1	(21.4)	(33.4)	(27.3)	(33.2)	2,693.1	2,185.8
Adj.EBITDA Margin	18.7%	65.8%	19.3%	18.1%	3.6%	4.0%	-6.1%	-11.6%	0.8%	1.3%	19.6%	20.4%

*Consolidated 70% of Unigal

I) M I N I N G

The average international iron ore market price (Platts, 62% Fe) in the 4Q18 was US\$71.6/t, an increase of around 7% compared to the 3Q18, and 9% in relation to the previous year. In 2018, the average price of US\$69.46 was 2.6% lower than the average in 2017.

The price spread between 65% Fe ore and 62% Fe ore was around 30% in 2018, against 23% in 2017 and 11% in 2016. Nevertheless, in December the difference came to around 20%, against a record 45% in July, stimulated by the change in the scenario of supply and demand. In general, 2018 was marked by high demand for high iron content ore, encouraged by the high profit margins of the Chinese steel industry and the need to increase productivity.

Operational and Sales Performance - Mining

In the 4Q18, production volume was 1.4 million tons, a 4.5% decrease in comparison with the previous quarter, which was 1.5 million tons. Sales volume was 1.5 million tons in the 4Q18, against 1.8 million ton in the 3Q18, a 14.4% decrease, mainly due to lower volume exported, and sales to the Ipatinga plant.

In 2018, production volume reached 5.6 million tons, a 42.5% increase over 2017, which was 4.0 million tons, mainly due to the resumption of Flotation in 2018. Sales volume totaled 6.5 million tons in 2018, against 3.7 million tons in 2017, an 76.1% increase, mainly due to the resumption of exports and the higher volume of sales in the domestic market.

Production and sales volumes are shown in the chart below:

Iron Ore								
Thousand tons	4Q18	3Q18	4Q17	Chg. 4Q18/3Q18	2018	2017	Chg. 2018/2017	
Production	1,439	1,507	1,539	-5%	5,645	3,962	42%	
Sales - Third Parties - Domestic Market	235	221	179	6%	759	293	159%	
Sales - Exports	670	839	716	-20%	3,274	891	267%	
Sales to Usiminas	609	708	605	-14%	2,441	2,492	-2%	
Total Sales	1,514	1,768	1,500	-14%	6,474	3,676	76%	

Comments on the Business Unit Results - Mining

Net revenue accounted in the 4Q18 was R\$316.3 million, stable in relation to the 3Q18, which was R\$314.8 million. The lower sales volume by 14.4%, was partially compensated by higher international market prices, as well as the average depreciation of the Real.

Cash cost per ton was R\$61.8/t in the 4Q18, against R\$60.2/t in the 3Q18, a 2.5% increase, mainly due to lower cost dilution in function of lower production volume.

In the 4Q18, Cost of Goods Sold (COGS) was R\$220.3 million, 5.0% above that in the 3Q18, mainly due to reclassification of costs of finished products sold throughout 2018, partially offset by the lower volume of sales and lower freight cost. COGS per ton was R\$145.4/t in the 4Q18, against R\$118.4/t in the 3Q18, also impacted by the cost reclassification mentioned above.

Net operating expenses and income were a positive R\$109.3 million in the 4Q18, against a negative R\$53.4 million in the 3Q18, mainly due to impairment effects in the amount of R\$199.6 million, partially compensated by the provision of tax credits by R\$37.5 million, due to the non-expectation of future use of ICMS tax.

Thus, Adjusted EBITDA was R\$38.1 million in the 4Q18, against R\$82.8 million in the 3Q18, a 54.0% decrease. Adjusted EBITDA margin was 12.0% in the 4Q18, against 26.3% in the 3Q18.

In 2018, net revenue totaled R\$1.1 billion, a 106.8% increase over 2017, which was R\$524.8 million, mainly due to higher sales volume by 76.1%, with a highlight for the resumption of exports and better prices in the international market.

In 2018, cash cost per ton was R\$60.8/t, against R\$58.9/t in 2017, a 3.3% increase, mainly due to higher labor costs, maintenance, electrical energy and fuel.

COGS in 2018 was R\$748.8 million, against R\$342.9 million in 2017, a 118.4% increase, mainly related to higher sales volume and higher freight cost associated to exports. COGS per ton was R\$115.4/t in 2018, 24.3% above that accounted for in 2017, which was R\$92.9/t, mainly due to higher freight cost associated to exports.

In 2018, net operating expenses and income were a negative R\$58.9 million, against a positive R\$9.7 million in 2017, mainly in function of the recognition of R\$201.1 million (net of expenses) related to the *Porto Sudeste* agreement in 2017, to impairment effects in the amount of R\$199.6 million accounted in 2018, both in other operating expenses and income, partially compensated by the increase of R\$56.4 million in sales expenses, due to higher spending with freight associated to exports.

Thus, Adjusted EBITDA was R\$203.2 million in year 2018, against R\$345.4 million in 2017, a 41.2% decrease, mainly in function of the *Porto Sudeste* agreement in 2017. Adjusted EBITDA margin was 18.7% in 2018, against 65.8% in 2017.

Investments (CAPEX)

In the 4Q18, there was a concentration of projects, with investments totaling R\$52.5 million, against R\$13.9 million in the 3Q18, mainly applied to sustaining CAPEX.

In 2018, investments were R\$75.9 million, against R\$21.3 million in 2017, mainly applied to sustaining CAPEX.

Dry stacking - MUSA is in the process of investing in the dry stacking technique. With an approved investment of R\$140 million, the expectation is that this process will start operating in early 2020, depending on environmental licensing. Currently, MUSA has three tailings dams: (i) Somisa (12.5 million m³) and (ii) Central (current volume of 6.0 million m³, of which 1.6 million m³ has already been drawn). Both structures are older, built with upstream boost and are disabled; and (iii) Samambaia (currently with 5.0 million m³, has a total capacity of 7.5 million m³), the only structure that currently receives tailings and was built in downstream design. The Central is in the process of withdrawing the tailings that are sent as raw material to the Flotation Plant. All these dams meet the requirements established in Law 12344/2010 and present safety factors above the minimum established by the Brazilian norm NBR_13028/2017. All dams have attestation of stability guarantee issued by external auditors.

II) S T E E L

According to the Brazilian Steel Institute, the apparent consumption of flat steel in the Brazil was 12.7 million tons in 2018, which represents an increase of 8.9% compared to 2017. Steel industry sales totaled 11.2 million tons, an increase of 10.6% in comparison with the previous year. Imports accounted for 12.4% of domestic consumption, totaling 1.6 million tons, a decrease of 1.9% compared to 2017. Exports of flat rolled products was 2.6 million tons, 19,1% lower over the volume exported in the same period of the previous year.

According to the National Steel Distributors Institute (INDA), flat steel sales grew 5.7% in the distribution network in 2018. Inventories ended the year slightly higher than the previous months, with turnover at 4.1 months, based on December sales.

Production - Ipatinga and Cubatão Plants

In the 4Q18, crude steel production at the Ipatinga plant was 714 thousand tons, against 845 thousand tons in the 3Q18 due to a programmed maintenance stoppage of Blast Furnace #3. In the 4Q18, finished product production in the Ipatinga and Cubatão plants totaled 1.04 million tons, stable in relation to the 3Q18, which was 1.07 million tons.

In 2018, crude steel production at the Ipatinga plant totaled 3.09 million tons, against 3.01 million tons in 2017. Finished steel production at the Ipatinga and Cubatão plants totaled 4.24 million tons in 2018, against 4.04 million tons in 2017, a 4.9% increase.

Production of Crude and Rolled Steel

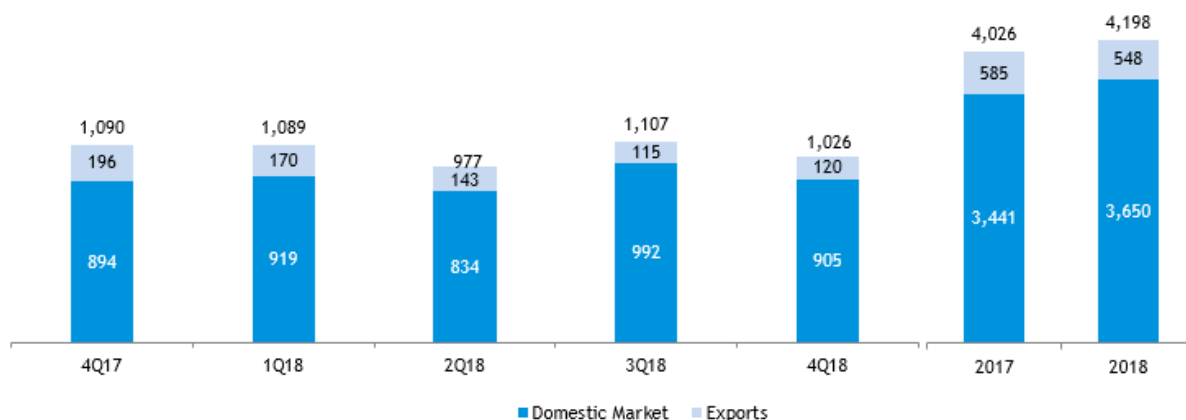
Thousand tons	4Q18	3Q18	4Q17	Chg. 4Q18/3Q18	2018	2017	Chg. 2018/2017
Total Crude Steel	714	845	747	-16%	3,087	3,013	2%
Total Rolled Steel	1,048	1,066	1,096	-2%	4,244	4,044	5%

Sales

Sales totaled 1.0 million tons of steel in the 4Q18, against 1.1 million tons in the 3Q18, a 7.3% decrease. In the domestic market in the 4Q18, sales were 905 thousand tons, against 992 thousand tons in the 3Q18, a 8.7% decrease. Export market sales were 120 thousand tons in the 4Q18, a 4.7% increase over the 3Q18, which was 115 thousand tons. Sales volume was destined 88% to domestic and 12% to export markets in the 4Q18.

In 2018, total sales volume reached 4.2 million tons, a 4.3% increase over 2017, which was 4.0 million tons. Domestic market sales were 3.7 million tons, against 3.4 million tons in 2017, a 6.1% increase. In the export market, sales totaled 548 thousand tons, a 6.4% decrease over 2017, which was 585 thousand tons. Sales volume was destined 87% to domestic and 13% to export markets.

Sales evolution is described in the graph below:

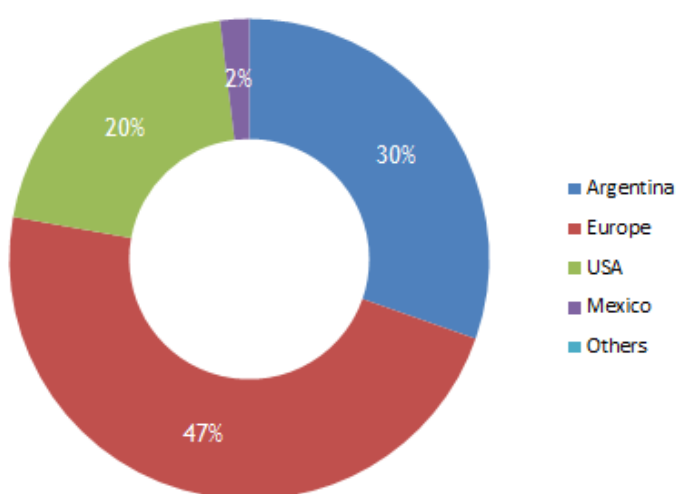


Below the sales distribution by product and the main export destinations are shown:

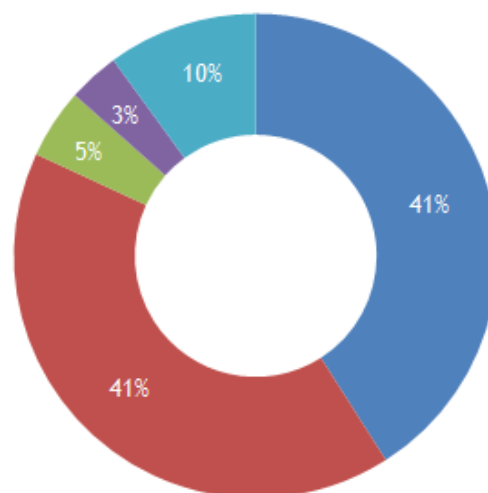
Sales Volume Breakdown by product

Thousand tons	4Q18		3Q18		4Q17		Chg. 4Q18/3Q18	2018		2017		Chg. 2018/2017
Total Sales	1,026	100%	1,107	100%	1,090	100%	-7%	4,198	100%	4,026	100%	4%
Heavy Plates	113	11%	149	13%	112	10%	-24%	471	11%	481	14%	-2%
Hot Rolled	312	30%	320	29%	286	26%	-3%	1,273	30%	1,139	26%	12%
Cold Rolled	324	32%	329	30%	404	37%	-1%	1,341	32%	1,319	32%	2%
Galvanized	271	26%	301	27%	276	25%	-10%	1,086	26%	1,028	25%	6%
Slabs	5	0%	6	1%	12	1%	-29%	27	1%	58	2%	-54%
Domestic Market	905	88%	992	90%	894	82%	-9%	3,650	87%	3,441	85%	6%
Heavy Plates	106	12%	117	12%	95	11%	-9%	416	11%	434	15%	-4%
Hot Rolled	299	33%	298	30%	276	31%	0%	1,187	33%	1,084	28%	9%
Cold Rolled	266	29%	295	30%	268	30%	-10%	1,075	29%	1,000	30%	7%
Galvanized	229	25%	275	28%	247	28%	-17%	953	26%	876	24%	9%
Slabs	5	0%	6	1%	7	1%	-29%	20	1%	46	2%	-57%
Exports	120	12%	115	10%	196	18%	5%	548	13%	584	15%	-6%
Heavy Plates	7	6%	32	28%	16	8%	-78%	56	10%	47	5%	19%
Hot Rolled	13	11%	23	20%	10	5%	-42%	87	16%	55	20%	57%
Cold Rolled	58	48%	33	29%	135	69%	74%	266	49%	318	40%	-16%
Galvanized	42	35%	27	23%	29	15%	57%	133	24%	152	32%	-13%
Slabs	0	0%	0	0%	5	3%	-	7	1%	12	3%	-42%

4Q18



2018



Comments on the Business Unit Results - Steel

Net revenue in the Steel Unit was R\$3.2 billion in the 4Q18, 6.9% lower, compared to the 3Q18, which was R\$3.4 billion, mainly due to lower domestic sales volume by 8.7%, partially compensated by higher export market volume by 4.7%. The average prices in the domestic market in 4Q18 were stable in relation to the 3Q18, a slight increase of 0.2%.

In the 4Q18, cash cost per ton was R\$2,274/t, against R\$2,109/t in the 3Q18, a 7.8% increase, mainly due to higher iron ore costs by 21.7% and coal, by 18.8%, in addition to higher personnel cost by 17.6%, due to lower absorption of fixed cost due to lower production volume as a result of the programmed stoppage for Blast Furnace #3 maintenance, partially compensated by lower slab cost by 3.3%. In the 4Q18, 319 thousand tons of purchased slab were processed, against 306 thousand tons in the 3Q18.

Cost of Goods Sold – COGS – was R\$2.9 billion in the 4Q18, stable in relation to the 3Q18. COGS per ton was R\$2,801/t in the 4Q18, a 7.5% increase in relation to the 3Q18, which was R\$2,606/t, mainly due to higher expenditures with major repair and with higher barge and export freight costs.

Sales expenses were R\$75.0 million in the 4Q18, 107.2% higher to those in the 3Q18, which were R\$36.2 million, mainly due to provision for doubtful accounts in the amount of R\$34.0 million, accounted for in the quarter and higher distribution costs due to higher volume exported in the period.

In the 4Q18, general and administrative expenses totaled R\$95.5 million, against R\$76.4 million in the 3Q18, a 25.0% increase, mainly due to greater third party services expense (attorney fees).

Other operating expenses and income were a negative R\$108.2 million in the 4Q18, against a negative R\$89.4 million in the 3Q18, a 21.0% increase, mainly due to:

- Loss by impairment in the amount of R\$529.3 million;
- Provision for loss of legal deposits of R\$55.8 million;
- Result of actuarial gains/losses of a negative R\$22.9 million in the 4Q18, against a negative R\$0.6 million in the 3Q18;
- Negative result of R\$1.7 million in the sale of surplus electrical energy in the 4Q18, against a positive result of R\$18.8 million in the 3Q18;
- Lower tax credits related to PIS/Cofins on imports, which were R\$7.0 million in the 3Q18. There was no occurrence of tax credits in the 4Q18 due to finalization of the process of recovery of PIS/COFINS over the ICMS base in imports.

These effects were partially compensated by:

- Recognition of the principal of tax credits in the amount of R\$410.9 million (accounted in the Parent Company) related to the final decision regarding the exclusion of ICMS in the base calculation of PIS and COFINS (Note ICMS tax in the base calculation of PIS and COFINS taxes);
- Recognition of the principal of the receivable in the amount of R\$186.0 million regarding the final decision related to the compulsory loan to Eletrobras (Note Compulsory Loan – Eletrobras).

In this manner, net operating expenses and revenue totaled a negative R\$278.7 million in the 4Q18, against a negative R\$202.0 million in the 3Q18.

Adjusted EBITDA reached R\$803.6 million in the 4Q18, against R\$577.7 million in the 3Q18, an increase of R\$225.9 million. Adjusted EBITDA margin was 25.1% in the 4Q18, against 16.8% in the 3Q18, an 8.3 percentage point increase.

In 2018, net revenue of the Steel unit was R\$12.6 billion, against R\$10.0 billion in 2017, a 26.0% increase, mainly due to better domestic market and export prices and higher domestic market volumes.

In 2018, cash cost per ton was R\$2,063/t, against R\$1,691/t in 2017, a 22.4% increase, mainly due to higher purchased slab costs by 49.1%, with coal by 12.9% and iron ore by 4.3%. In 2018, 1.384 million tons of purchased slab were processed, versus 1.363 million ton in 2017.

Cost of Goods Solds (COGS) was R\$10.6 billion in 2018, against R\$8.5 billion in 2017, a 24.9% increase. COGS per ton was R\$2,526/t in 2018, a 19.8% increase in relation to 2017, which was R\$2,109/t, mainly due to raw materials costs increases, especially purchased slab, coal and iron ore.

In 2018, sales expenses were R\$186.9 million, against R\$155.9 million in 2017, a 19.8% increase due to provision for doubtful accounts in the amount of R\$34.0 million and higher distribution costs.

In 2018, general and administrative expenses totaled R\$334.8 million, against R\$311.4 million in 2017, a 7.5% increase, mainly due to higher third party services expenses (attorney fees).

Other operating expenses and income were a negative R\$440.1 million in 2018, against R\$291.5 million in 2017, a 51.0% increase, mainly due to:

- Loss by impairment in the amount of R\$529.3 million in 2018, against a loss of R\$73.0 million in 2017;
- Lower tax credits related to PIS/Cofins on imports by R\$201.4 million, which were R\$36.1 million in 2018, against R\$237.5 million in 2017;
- Higher provisions for legal liabilities by R\$62.8 million, which were R\$155.5 million in 2018, against R\$92.7 million in 2017;
- Provision for loss of legal deposits by R\$55.8 million.

These effects were partially compensated by the recognition of tax credits (ICMS tax in the base calculation of PIS and COFINS taxes) in the amount of R\$410.9 million, accounted in the Parent Company, and by the recognition of credits receivable from Eletrobras in the amount of R\$186.0 million, mentioned in the 4Q18 variation analysis in this section.

In this manner, net operating expenses and income totaled a negative R\$961.7 million in 2018, against a negative R\$758.8 million in 2017.

Adjusted EBITDA reached R\$2.4 billion in 2018, against R\$1.8 billion in 2017, an increase of R\$614.6 million. Adjusted EBITDA margin was 19.3% in 2018, against 18.1% in 2017, an increase of 1.2 percentage points.

Investments (CAPEX)

In the 4Q18, there was concentration of projects, with investments totaling R\$177.8 million, against R\$71.5 million in the 3Q18, mainly applied to sustaining CAPEX.

In 2018, investments totaled R\$362.7 million, against R\$175.8 million in 2017, mainly applied to sustaining CAPEX.

III) STEEL PROCESSING

Soluções Usiminas – SU

Soluções Usiminas operates in the distribution and steel processing, in addition to services and small-diameter tubes fabrication in markets nationwide, offering to 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. The sales of its Distribution, JIT/Services and Tubes were responsible for 33.4%, 61.9% and 4.8%, respectively, for the volume sold in the 4Q18.

Comments on the Business Unit Results – Steel Processing

Net revenue in the 4Q18 totaled R\$831.1 million, against R\$933.4 million in the 3Q18, an 11.0% decrease, mainly due to lower sales and services volumes by 13.3%.

In the 4Q18, cost of goods sold was R\$792.1 million, 9.5% lower that accounted in the 3Q18, which was R\$875.3 million, mainly due to lower sales and services volume. On the other hand, COGS/t was R\$3,006/t in the 4Q18, against R\$2,883/t in the 3Q18, a 4.3% increase, due to the higher average cost of raw materials in the period.

Operating expenses and income were a negative R\$34.8 million in the 4Q18, a 36.8% increase compared to the 3Q18, mainly due to higher provisions for doubtful accounts in R\$4.7 million.

Thus, Adjusted EBITDA in the 4Q18 was R\$11.8 million against R\$40.4 million in the 3Q18, a 70.7% decrease, mainly due to the lower dilution of fixed costs in function of lower sales volume of 13.3% and higher average raw material prices. Adjusted EBITDA margin was 1.4% in the 4Q18, against 4.3% in the 3Q18.

In 2018, net revenue was R\$3.2 billion, 29.7% higher than that in 2017, which was R\$2.5 billion, mainly due to higher average prices by approximately 16.8% in the period and higher sales and services volume.

In 2018, cost of goods sold totaled R\$3.0 billion, against R\$2.3 billion in 2017, a 30.8% increase, mainly due to higher sales and services volume. On the other hand, COGS/t was R\$2,833/t in 2018, against R\$2,400/t in 2017, an 18.0% increase, in function of higher average raw material prices.

In 2018, operating expenses and income were a negative R\$106.3 million, against a negative R\$99.5 million in 2017, a 6.9% increase.

Thus, in 2018, Adjusted EBITDA totaled R\$118.0 million, against R\$101.1 million in year 2017, a 16.7% increase. Adjusted EBITDA margin was 3.6% in 2018, against 4.0% in 2017.

IV) CAPITAL GOODS

Usiminas Mecânica S.A.

Usiminas Mecânica is one of the largest custom-made capital goods company in Brazil, operating in the segments of metallic structures, shipbuilding and offshore platforms, oil and gas, industrial assembly and equipment fabrication, foundry and railcar manufacture.

Main Contracts

In the 4Q18, the main contracts were destined for assembly services for the steel and energy distribution and generation segments.

Comments on the Business Unit Results – Capital Goods

In the 4Q18, net revenue was R\$66.8 million, 5.9% lower than that in the 3Q18, which was R\$71.0 million, due to stagnation of demand for oil and gas and infrastructure projects in the country.

Usiminas Mecânica presented a gross loss of R\$14.3 million in the 4Q18, against a gross loss of R\$12.9 million in the 3Q18, still as a reflex of the negative result of its railcar fabrication project.

In the 4Q18, other operating expenses and income were a negative R\$136.6 million, against a negative R\$0.7 million in the 3Q18, mainly due to loss by impairment in the amount of R\$143.1 million accounted in the period, partially compensated by the recognition of tax credits in the amount of R\$7.8 million related to the final decision regarding the exclusion of ICMS tax in the base calculation of PIS and COFINS taxes (Note ICMS tax in the base calculation of PIS and COFINS taxes).

Adjusted EBITDA in the 4Q18 was a negative R\$14.6 million, against a negative R\$19.6 million in the 3Q18. Adjusted EBITDA margin in the 4Q18 was a negative 21.8%, against a negative 27.6% in the 3Q18.

In 2018, net revenue was R\$352.7 million, against R\$287.6 million in 2017, a 22.6% increase, due to growth in the Railcar segment.

In 2018, Usiminas Mecânica had gross profit of R\$2.9 million, against a gross profit of R\$9.4 million in 2017, due to lower margins practiced in projects supplied to all business segments, mainly the Railcar segment.

In 2018, other operating expenses and income were a negative R\$139.4 million, against a negative R\$18.0 million in 2017, mainly in function of the events occurred in the 4Q18, mentioned in the quarterly variation analysis of this section – impairment effects by R\$143.1 million, partially compensated by the recognition of tax credits in the amount of R\$7.8 million (exclusion of ICMS tax in the base calculation of PIS and COFINS taxes).

Adjusted EBITDA in 2018 was a negative R\$21.4 million, against a negative R\$33.4 million in 2017, a 35.9% improvement, mainly as a result of the recognition of revenue related to a contract addendum for assembly in the mining industry, signed and fully recognized in the 2018. Adjusted EBITDA margin in 2018 was a negative 6.1%, against a negative 11.6% in 2017.

Notes:**Compulsory Loan - Eletrobras**

The Company figures as an active participant in the process that seeks to receive the full amount paid by Usiminas through its Cubatão and Ipatinga facilities to Eletrobras as a compulsory loan, according to the prevailing law at the time the tribute was paid. On 12/19/18, the 2nd Federal Court of the Federal District ruled, recognizing the amount of R\$676.0 million incontrovertibly in favor of the Company in its sentence, considering that Eletrobras itself expressly required the homologation of this amount, monetarily corrected up to July 1, 2016. In this manner, the Company accounted this amount in its financial statements in the 2018 fiscal year ending December 31 in the account "Amounts Receivable – Eletrobras" in Non-current Assets, against the account "Other Operating Revenue" and "Financial Result" in the amounts of R\$186.0 million and R\$490.0 million, respectively. The Company will follow the legal proceedings necessary to receive the undisputed amount, which will be monetarily adjusted until the effective date of receipt. Additionally, the Company will continue to pursue legal measures to receive the non-recognized amount that it understands to be owed by Eletrobras.

ICMS tax in the base calculation of PIS and COFINS taxes Consolidated

In May 2018, the Staying Order that the Company (Usiminas Mecânica and Unigal jointly) was granted in 2010 was judged, which questioned the inclusion of ICMS in the base calculation of the PIS and COFINS taxes. With this favorable decision, the Company calculated the unduly charged taxes considering the monetary correction of amount in the calculation method, as well as the perspectives of executing them through compensation of federal taxes to be collected. In this manner, the Company accounted the amount of R\$803.2 million in its consolidated financial statements in the fiscal year 2018 ending on December 31 in the account "Taxes Recoverable", with R\$378.9 million in Current Assets and R\$424.3 million in Non-Current Assets against the accounts "Other Operating Income" and "Financial Result" in the amounts of R\$418.7 million and R\$384.5 million, respectively.

Events Subsequent to Closing of the Quarter

Destination of the 2018 Results: On 02/14/19, the Board approved the proposal of the Board of Executive Officers to distribute to shareholders, under the terms of the Bylaws and current legislation, the gross amount of R\$92.3 million, in the form of Interest on Equity, corresponding to R\$0.071988781 for each common share and R\$0.079187659 for each preferred share, and R\$80.3 million in the form of Dividends, corresponding to R\$0.062634317 for each common share and R\$0.068897749 for each preferred share. The Interest on Equity and the proposed Dividends will be paid on 05/31/19.

Extraordinary General Shareholders Meeting: On 02/11/19, the Usiminas EGSM deliberated on alterations to the Corporate Bylaws.

The documents pertaining to the materials, object of the Business of the Day can be found at the disposal of the Shareholders at the Company's headquarters and on the CVM sites (www.cvm.gov.br), B3 (www.b3.com.br) and the Company site (www.usiminas.com/ri).

Quarterly Highlights

Rating Upgrade: Ratings Agency Moody's has upgraded Usiminas' credit rating on the Global Scale to B1 (formerly: B2) with a stable outlook and on the National Scale: Baa2 (formerly: Ba1.br). This increase mainly reflects primarily the continued recovery in operating performance during 2018 as a consequence both of cost-saving initiatives and a better demand environment, which allowed the company to improve credit metrics substantially. The upgrade is also supported by Usiminas' adequate liquidity profile and its enhanced financial flexibility to withstand the volatility in its main end-markets.

World Steel Association Award: The *Superar* program, developed by Usiminas in partnership with the São Francisco Xavier Foundation (FSFX) has just been awarded by the World Steel Association for "Excellence in Health and Safety – Impact on Occupational Health". The award is made annually to company with the best efforts and results in the search for a healthy work environment, also with a view to sharing good practices. The president of the Company, Sergio Leite, received the trophy during the Annual Conference of the entity, which gathers leaders of the main steel companies in Tokyo, Japan. In all, 23 projects competed for the Health and Safety Category, with six recognized in three subcategories. In Occupational Health, Usiminas was the only winner.

Hugo Werneck Awards: the "All for Water" initiative of recovery and conservation of headwaters that is part of the "Paths of the Usiminas Valley" program was the main winner in the category "Best Sustainable Partner Project" in the IX Hugo Werneck Awards for Sustainability and Love of Nature. Organized by the *Ecológico* Magazine, the event is one of the largest in the country focused on sustainability and recognized companies, public agencies and persons who develop initiatives in favor of the environment and of sustainable development.

Chico Mendes Socio-Environmental Award: The Chico Mendes Institute awarded Usiminas Mecânica the Green Seal of Sustainability through the Chico Mendes Socio-Environmental Award, whose objective is to recognize sustainable initiatives. In its 11th year, the Award offered by the Chico Mendes Institute evaluates, supports and recognizes companies in their everyday activities that show a proactive attitude in relation to sustainable development and to social welfare. Usiminas Mecânica topped the average in all the items evaluated by the Chico Mendes Institute Technical Commission composed of expert volunteers in the areas of Business Management, Personnel Management, Environmental Law, Environmental Management and Biology. Eighteen hundred national and international companies were evaluated. The award ceremony of the Chico Mendes Socio-Environmental Award will be held in March 2019 in Curitiba, Paraná.

Capital Markets

Usiminas Performance Summary - B3 (USIM5)

	4Q18	3Q18	Chg. 4Q18/3Q18	4Q17	Chg. 4Q18/4Q17
Number of Deals	1,050,127	925,111	14%	872,253	20%
Daily Average	17,799	14,684	21%	14,784	20%
Traded - thousand shares	1,070,642	982,344	9%	1,174,102	-9%
Daily Average	18,146	15,593	16%	19,900	-9%
Financial Volume - R\$ million	10,189	8,106	26%	10,627	-4%
Daily Average	173	129	34%	180	-4%
Maximum	10.70	9.34	15%	10.58	1%
Minimum	7.93	6.88	15%	7.69	3%
Closing	9.22	8.32	11%	9.10	1%
Market Capitalization - R\$ million	11,553	10,426	11%	11,403	1%

Performance on the B3

Usiminas' common shares (USIM3) closed the 4Q18 quoted at R\$11.44 and its preferred shares (USIM5) at R\$9.22. In the 4Q18, USIM3 and USIM5 appreciated 0.6% and 10.8%, respectively. In the same period the Ibovespa presented an appreciation of 10.8%. In the annual comparison in 2018, USIM3 shares appreciated 5.6% and USIM5 shares, 1.3%, which the Ibovespa appreciated 15.0%.

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 12/31/18, USNZY ADRs, which have higher liquidity, were quoted at US\$2.35, presenting an appreciation of 13.5% in the quarter and a depreciation of 15.2% in the year.

Latibex – Madrid

Usiminas' shares are traded on the LATIBEX – the Madrid Stock Exchange: XUSI as preferred shares and XUSIO as common shares. On 12/31/18, XUSI closed quoted at €2.06, appreciating 13.2% in the quarter and depreciating 9.3% in the year. XUSIO shares closed quoted at €2.56, presenting a depreciation of 3.0% in the quarter and 1.9% in the year.

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or access on your mobile phone: m.usiminas.com/ri**

4Q18 and 2018 Conference Call Results - Date 02/15/2019	
In Portuguese - Simultaneous Translation into English	
Brasília time: at 12:00 p.m. Dial-in Numbers: Brazil: (+55 11) 3193-1001 / 2820-4001	New York time: at 09:00 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	
See the slide presentation on our website: www.usiminas.com/ri	

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-Dec-18	30-Sep-18	31-Dec-17
Current Assets	8,324,317	7,697,689	7,254,755
Cash and Cash Equivalents	1,693,349	1,681,875	2,314,288
Trade Accounts Receivable	1,894,291	1,947,482	1,555,494
Taxes Recoverable	747,928	303,376	362,465
Inventories	3,880,635	3,603,792	2,763,496
Advances to suppliers	4,050	4,625	4,332
Financial Instruments	347	300	12
Other Securities Receivables	103,717	156,239	254,668
Non-Current Assets	18,199,534	18,400,686	18,729,722
Long-Term Receivable	4,700,822	4,234,920	4,115,862
Deferred Income Tax & Social Contribution	2,765,356	3,133,393	3,046,112
Deposits at Law	523,557	697,546	675,600
Accounts Receiv. Affiliated Companies	2,342	2,626	3,147
Taxes Recoverable	454,284	58,745	54,881
Financial Instruments	3,553	1,636	1,184
Others	951,730	340,974	334,938
Investments	1,088,094	1,183,569	1,054,052
Property, Plant and Equipment	11,715,022	12,314,039	12,882,618
Intangible	695,596	668,158	677,190
Total Assets	26,523,851	26,098,375	25,984,477

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

Liabilities and Shareholders' Equity	31-Dec-18	30-Sep-18	31-Dec-17
Current Liabilities	3,335,670	2,554,236	3,046,420
Loans and Financing and Taxes Payable in Installments	471,216	22,360	1,010,471
Suppliers, Subcontractors and Freight	1,133,763	1,483,277	976,917
Wages and Social Charges	205,583	242,639	188,735
Taxes and Taxes Payables	126,212	93,841	96,523
Accounts Payable Forfeiting	965,927	506,555	475,251
Dividends Payable	202,809	182	75,644
Customers Advances	63,484	76,017	81,394
Others	166,676	129,365	141,485
Long-Term Liabilities	7,490,790	8,029,694	7,754,093
Loans and Financing and Taxes Payable in Installments	5,382,754	5,870,430	5,645,802
Actuarial Liability	1,034,228	1,002,144	1,050,324
Provision for Legal Liabilities	635,551	759,968	668,964
Environmental Protection Provision	203,707	169,985	158,333
Others	234,550	227,167	230,670
Shareholders' Equity	15,697,391	15,514,445	15,183,964
Capital	13,200,295	13,200,295	13,200,295
Reserves & Revenues from Fiscal Year	1,066,003	899,616	574,500
Non-controlling shareholders participation	1,431,093	1,414,534	1,409,169
Total Liabilities and Shareholders' Equity	26,523,851	26,098,375	25,984,477

R\$ thousand	4Q18	3Q18	4Q17	Chg. 4Q18/3Q18
Net Revenues	3,427,000	3,861,513	3,076,770	-11%
Domestic Market	2,838,388	3,260,915	2,499,518	-13%
Exports	588,612	600,598	577,252	-2%
COGS	(3,051,131)	(3,217,184)	(2,662,308)	-5%
Gross Profit	375,869	644,329	414,462	-42%
Gross Margin	11.0%	16.7%	13.5%	- 5.7 p.p.
Operating Income (Expenses)	(379,986)	(290,954)	(343,831)	31%
Selling Expenses	(113,253)	(74,339)	(70,163)	52%
Provision for Doubtful Accounts	(38,472)	(342)	3,261	11149%
Other Selling Expenses	(74,781)	(73,997)	(73,424)	1%
General and Administrative	(123,321)	(101,012)	(108,520)	22%
Other Operating Income (expenses)	(143,412)	(115,603)	(165,148)	24%
Impairment of Assets	(472,787)	-	(74,892)	-
Inclusion of ICMS tax in the base calculation of PIS and COFINS taxes	418,744	-	-	-
Credits receivable from Eletrobrás	186,010	-	-	-
Provision for loss of legal deposits	(55,825)	-	-	-
Provision of tax credits ICMS	(37,493)	-	-	-
Actuarial gains/losses	(22,969)	(606)	(7,423)	3690%
Reintegra Program	449	379	8,436	18%
Provision for Contingencies	(15,387)	(39,392)	(28,834)	-61%
Result of the Non Operating Asset Sale/Write-Off	1,552	5,304	(2,665)	-71%
Result of the Sale of the Surplus Electric Energy	(1,949)	20,898	7,066	-
Temporary Equipments Shutdown (includes depreciation)	(89,576)	(89,590)	(91,250)	0%
Tax credit on imports PIS/COFINS	-	7,097	47,467	-
Other Operating Income (Expenses), Net	(54,181)	(19,693)	(23,053)	175%
EBIT	(4,117)	353,375	70,631	-
EBIT Margin	-0.1%	9.2%	2.3%	- 9.3 p.p.
Financial Result	637,788	(134,391)	(172,084)	-
Financial Income	963,448	70,429	105,297	1268%
Financial Expenses	(356,642)	(185,702)	(221,290)	92%
Net foreign exchange gain and losses	30,982	(19,118)	(56,091)	-
Equity in the Results of Associate and Subsidiary Companies	113,121	74,734	51,982	51%
Operating Profit (Loss)	746,792	293,718	(49,471)	154%
Income Tax / Social Contribution	(345,363)	(4,587)	4,620	7429%
Net Income (Loss)	401,429	289,131	(44,851)	39%
Net Margin	11.7%	7.4%	-1.5%	+ 4.3 p.p.
Attributable:				
Shareholders	354,799	263,924	(49,918)	34%
Minority Shareholders	46,630	25,207	5,067	85%
EBITDA (Instruction CVM 527)	367,589	685,623	372,950	-46%
EBITDA Margin (Instruction CVM 527)	10.7%	17.8%	12.1%	- 7.1 p.p.
Adjusted EBITDA - Joint Subsidiary Companies proportional EBITDA	830,293	702,762	450,378	18%
Adjusted EBITDA Margin	24.2%	18.2%	14.6%	+ 6.0 p.p.
Depreciation and Amortization	258,585	257,514	250,337	0%

Income Statement - Consolidated | IFRS

R\$ thousand	2018	2017	Chg. 2018/2017
Net Revenues	13,736,780	10,734,118	28%
Domestic Market	11,401,724	9,206,707	24%
Exports	2,335,056	1,527,411	53%
COGS	(11,521,694)	(9,099,024)	27%
Gross Profit	2,215,086	1,635,094	35%
Gross Margin	16.1%	15.2%	+ 0.9 p.p.
Operating Income (Expenses)	(1,333,165)	(906,120)	47%
Selling Expenses	(337,404)	(250,950)	34%
Provision for Doubtful Accounts	(41,918)	(24,313)	72%
Other Selling Expenses	(295,486)	(226,637)	30%
General and Administrative	(440,022)	(404,393)	9%
Other Operating Income (Expenses)	(555,739)	(250,777)	122%
Impairment of Assets	(472,787)	(74,892)	531%
Inclusion of ICMS tax in the base calculation of PIS and COFINS taxes	418,744	-	-
Credits receivable from Eletrobrás	186,010	-	-
Provision for loss of legal deposits	(55,825)	-	-
Provision of tax credits ICMS	(37,493)	-	-
Actuarial gains/losses	(29,380)	(29,246)	0%
Reintegra Program	13,155	25,420	-48%
Provision for Legal Liabilities	(168,056)	(138,110)	22%
Result of the Non Operating Asset Sale/Write-Off	(267)	(1,183)	-77%
Result of the Sale of the Surplus Electric Energy	12,058	14,012	-14%
Temporary Equipments Shutdown (includes depreciation)	(364,040)	(403,844)	-10%
Porto Sudeste Agreement	-	201,106	-
Tax credit on imports PIS/COFINS	36,063	237,492	-85%
Other Operating Income (Expenses), Net	(93,921)	(81,532)	15%
EBIT	881,921	728,974	21%
EBIT Margin	6.4%	6.8%	- 0.4 p.p.
Financial Result	93,045	(462,920)	-
Financial Income	1,169,147	561,238	108%
Financial Expenses	(912,707)	(1,002,557)	-9%
Net foreign exchange gain and losses	(163,395)	(21,601)	656%
Equity in the Results of Associate and Subsidiary Companies	260,350	154,896	68%
Operating Profit (Loss)	1,235,316	420,950	193%
Income Tax / Social Contribution	(406,621)	(105,870)	284%
Net Income (Loss)	828,695	315,080	163%
Net Margin	6.1%	2.9%	+ 3.2 p.p.
Attributable:			
Shareholders	726,658	233,015	212%
Minority Shareholders	102,037	82,065	24%
EBITDA (Instruction CVM 527)	2,171,806	2,055,721	6%
EBITDA Margin (Instruction CVM 527)	15.8%	19.2%	- 3.4 p.p.
Adjusted EBITDA - Joint Subsidiary Companies proportional EBITDA	2,693,070	2,185,783	23%
Adjusted EBITDA Margin	19.6%	20.4%	- 0.8 p.p.
Depreciation and Amortization	401,266	868,638	-54%

4Q18 and 2018 Results

Cash Flow - Consolidated | IFRS

Cash Flow - Consolidated IFRS	4Q18	3Q18	4Q17
Operating Activities Cash Flow			
Net Income (Loss) in the Period	401,429	289,131	(44,851)
Financial Expenses and Monetary Var. / Net Exchge Var.	(23,771)	94,262	119,187
Interest Expenses	98,163	91,974	125,102
Depreciation and Amortization	258,585	257,514	250,337
Losses/(gains) on Sale of Property, Plant and Equipment	(1,552)	(5,304)	2,665
Equity in the Results of Subsidiaries/Associated Companies	(113,121)	(74,734)	(51,982)
Impairment of Assets	472,787	-	74,892
Difered Income Tax and Social Contribution	380,294	(55,354)	(166)
Constitution (reversal) of Provisions	92,443	112,768	39,359
Actuarial Gains and losses	85,135	977	7,273
Stock Option Plan	-	-	2,198
Total	1,650,392	711,234	524,014
(Increase)/Decrease of Assets			
Accounts Receivables Customer	83,552	(200,477)	(222,373)
Inventories	(204,639)	(115,693)	28,312
Recovery of Taxes	(887,008)	142,206	(33,110)
Judicial Deposits	54,267	67,071	20,475
Accounts Receiv. Affiliated Companies	284	188	181
Others	(624,170)	15,268	(22,388)
Total	(1,577,714)	(91,437)	(228,903)
Increase /(Decrease) of Liabilities			
Suppliers, Contractors and Freights	(349,514)	397,014	238,660
Amounts Owed to Affiliated Companies	1	-	4,020
Customers Advances	(12,533)	(29,388)	41,787
Tax Payable	113,025	(93,923)	12,553
Securities Payable Forfaiting	459,372	38,384	273,917
Actuarial Liability Payments	(60,188)	(52,525)	(55,919)
Others	(83,326)	(49,990)	(113,920)
Total	66,837	209,572	401,098
Cash Generated from Operating Activities	139,515	829,369	696,209
Interest Paid	(124,068)	(131,169)	(147,170)
Income Tax and Social Contribution	(8,657)	(39,217)	(2,765)
Net Cash Generated from Operating Activities	6,790	658,983	546,274
Investments activities cash flow			
Marketable Securities	(1,028)	(60,481)	429,453
Fixed Asset Acquisition	(195,629)	(85,200)	(103,267)
Fixed Asset Sale Receipt	9,171	10,354	6,135
Dividends Received	214,388	(2,485)	23,261
Purchase of Software	(15,932)	(5,120)	(3,793)
Net Cash Employed on Investments Activities	10,970	(142,932)	351,789
Financial Activities Cash Flow			
Payment of Loans, Financ. & Debent.	(2,233)	(2,298)	(293,496)
Payment of Taxes Installments	-	-	(3,321)
Swap Operations Liquidations	-	-	(2,886)
Dividends and Interest on Capital	(2,178)	(4)	-
Net Cash Generated from (Employed on) Financial Activities	(4,411)	(2,302)	(299,703)
Exchange Variation on Cash and Cash Equivalents	(2,903)	4,033	7,331
Net Increase (Decrease) of Cash and Cash Equivalents	10,446	517,782	605,691
Cash and Cash Equivalents at the Beginning of the Period	1,096,344	578,562	1,164,882
Cash and Cash Equivalents at the End of The Period	1,106,790	1,096,344	1,770,573
RECONCILIATION WITH BALANCE SHEET			
Cash and Cash Equivalents at the Beginning of the Period	1,096,344	578,562	1,164,882
Marketable Securities at the Beginning of the Period	585,531	525,050	973,168
Cash and Cash Equivalents at the Beginning of the Period	1,681,875	1,103,612	2,138,050
Net Increase (Decrease) of Cash and Cash Equivalents	10,446	517,782	605,691
Net Increase (Decrease) of Marketable Securities	1,028	60,481	(429,453)
Cash and Cash Equivalents at the End of the Period	1,106,790	1,096,344	1,770,573
Marketable Securities at the End of the Period	586,559	585,531	543,715
Cash and Cash Equivalents at the End of the Period	1,693,349	1,681,875	2,314,288

Cash Flow - Consolidated | IFRS

R\$ thousand	2018	2017
Operating Activities Cash Flow		
Net Income (Loss) in the Period	828,695	315,080
Financial Expenses and Monetary Var. / Net Exchge Var.	346,360	200,702
Interest Expenses	392,031	636,934
Depreciation and Amortization	1,029,535	1,171,851
Losses/(gains) on sale of property, plant and equipment	267	1,183
Equity in the Results of Subsidiaries/Associated Companies	(260,350)	(154,896)
Impairment of Assets	472,787	74,892
Difered Income Tax and Social Contribution	308,393	46,832
Constitution (reversal) of Provisions	415,318	236,683
Actuarial Gains and losses	91,917	29,096
Stock Option Plan	-	951
Total	3,624,953	2,559,308
Increase/Decrease of Assets		
Accounts Receivables Customer	(313,315)	(536,710)
Inventories	(1,078,691)	(268,659)
Recovery of Taxes	(759,696)	4,654
Judicial Deposits	33,587	(19,082)
Accounts Receiv. Affiliated Companies	805	695
Others	(644,673)	(13,629)
Total	(2,761,983)	(832,731)
Increase /(Decrease) of Liabilities		
Suppliers, contractors and freights	156,846	130,540
Amounts Owed to Affiliated Companies	(8,916)	(10,099)
Customers Advances	(17,910)	45,588
Tax Payable	(25,006)	36,642
Securities Payable Derived from Suppliers	490,676	118,281
Actuarial Liability payments	(197,800)	(230,332)
Others	(139,478)	(150,656)
Total	258,412	(60,036)
Cash Generated from Operating Activities	1,121,382	1,666,541
Interest Paid	(533,504)	(764,250)
Income Tax and Social Contribution	(78,260)	(25,262)
Net Cash Generated from Operating Activities	509,618	877,029
Investments activities cash flow		
Marketable Securities	(42,844)	993,869
Fixed asset acquisition	(405,141)	(208,471)
Fixed asset sale receipt	39,512	8,647
Dividends Received	340,955	26,500
Software Purchase	(28,382)	(7,699)
Net Cash Employed on Investments Activities	(95,900)	812,846
Financial Activities Cash Flow		
Payment of Loans, Financ. & Debent.	(951,206)	(309,780)
Payment of Taxes Installments	(132)	(4,342)
Swap Operations Liquidations	14	(6,976)
Dividends and Interest on Capital	(125,469)	(25,505)
Capital Gain / Reduction	-	(300,000)
Net Cash Generated from (Employed on) Financial Activities	(1,076,793)	(646,603)
Exchange Variation on Cash and Cash Equivalents	(708)	7,431
Net Increase (Decrease) of Cash and Cash Equivalents	(663,783)	1,050,703
Cash and Cash Equivalents at the Beginning of the Period	1,770,573	719,870
Cash and Cash Equivalents at the End of The Period	1,106,790	1,770,573
RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at the beginning of the period	1,770,573	719,870
Marketable securities at the beginning of the period	543,715	1,537,584
Cash and cash equivalents at the beginning of the period	2,314,288	2,257,454
Net increase (decrease) of cash and cash equivalentes	(663,783)	1,050,703
Net increase (decrease) of marketable securities	42,844	(993,869)
Cash and cash equivalents at the end of the period	1,106,790	1,770,573
Marketable securities at the end of the period	586,559	543,715
Cash and cash equivalents at the end of the period	1,693,349	2,314,288