



Public Disclosure - Belo Horizonte, July 30, 2020. Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas (B3: USIM3, USIM5 and USIM6; OTC: USDMY and USNZY; LATIBEX: XUSIO and XUSI) today releases its second quarter (2Q20). 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 first quarter of 2020 (1Q20), unless stated otherwise.

Release of the 2Q20 results

Main operational and financial indicators

- » Steel sales volume of 608 thousand tons;
- » Iron ore sales volume of 1.9 million tons;
- » Consolidated Adjusted EBITDA of R\$192 million and Adjusted EBITDA margin of 7.9%;
- » Working capital of R\$4.1 billion;
- » Cash position of R\$2.5 billion
- » Investments of R\$193 million.

Highlights

R\$ million - Consolidated			Change				Change	
	2Q20	1Q20	2Q19	2Q20/1Q20	2Q20/2Q19	1H20	1H19	1H20/1H19
Steel Sales Volume (000 t)	608	1,048	1,059	-42%	-43%	1,656	2,063	-20%
Iron Ore Sales Volume (000 t)	1,902	2,213	1,772	-14%	7%	4,115	3,668	12%
Net Revenue	2,425	3,808	3,694	-36%	-34%	6,233	7,226	-14%
COGS	(2,146)	(3,295)	(3,088)	-35%	-31%	(5,441)	(6,124)	-11%
Gross Profit (Loss)	279	513	606	-46%	-54%	792	1,102	-28%
Net Income (Loss)	(395)	(424)	171	-7%	-	(819)	248	-
EBITDA (Instruction CVM 527)	208	539	570	-61%	-63%	747	1,044	-28%
EBITDA Margin (Instruction CVM 527)	9%	14%	15%	- 6 p.p.	- 7 p.p.	12%	14%	- 2 p.p.
Adjusted EBITDA	192	569	576	-66%	-67%	761	1,063	-28%
Adjusted EBITDA Margin	8%	15%	16%	- 7 p.p.	- 8 p.p.	12%	15%	- 3 p.p.
Investments (CAPEX)	193	182	105	6%	83%	375	194	93%
Cash and Cash Equivalents	2,506	2,373	1,245	6%	101%	2,506	1,245	101%

Market Data - 06/30/20

B3: USIM5 R\$7.27/share
USIM3 R\$8.09/share

EUA/O USNZY US\$1.31/ADR

:BEX: XUSI €1.19/share
XUSIO €1.25/share

Index

- **Context**
- **Consolidated Results**
- **Performance of the Business Units:**
 - Mining
 - Steel
 - Steel Processing
 - Capital Goods
- **Others**
- **Post-Closing Event**
- **Highlights**
- **Capital Markets**
- **Balance Sheet, Income and Cash Flow Statements**

Context

Dissemination of the novel coronavirus (COVID-19)

Brazil and the world are undergoing a severe health crisis with the pandemic unleashed by the dissemination of the novel coronavirus (COVID-19), which has caused impacts on economic activity and society in general. The Company, along with the São Francisco Xavier Foundation, a social institution linked to Usiminas, has been implementing actions that primarily seek to protect its employees and trade partners, as well as the communities where the Company operates, some of these measures are being taken in partnership with public authorities. For further information, see the [Quarterly Highlights](#) section of this release.

During the half, ended 06/30/20, Management has adopted some measures for the Usiminas companies with the objective of minimizing the economic effects of the crisis, as well as to try to preserve jobs and the income of its workers. Among this measures, stand out granting of collective vacations, adoption of home office work for employees of administrative departments, temporary suspension of labor contracts and reduction of work hours (the last two measures in accordance with Provisional Measure No. 936/2020).

On 04/02/2020, the Company's Board of Directors approved (i) the shutdown of the Blast Furnace 2 of Ipatinga Plant, from April 4th; (ii) the shutdown of the Blast Furnace 1 of Ipatinga Plant, from April 22nd; (iii) the interruption of the activities of the Steelworks 1 of Ipatinga Plant, from the date of the shutdown of the Blast Furnace 2; and (iv) the temporary interruption of the activities of Cubatão Plant.

Such measures, of temporary manner, aim to adjust the production to the market demand, which is dropping due to the national economic downturn arising from the spread of the new coronavirus (COVID-19).

The Company's Management has also been monitoring its receivables portfolio, mainly concerning lateness, increase of doubtful accounts and extension of receivable maturities.

The Company will continue to dedicate its efforts to face this grave crisis.

Economic Outlook

According to the IBGE (Brazilian Statistical Institute), Brazilian industrial production grew 7.0% in May, after two consecutive months of negative growth: -9.2% in March and -18.8% in April – all compared to the immediately preceding months (seasonally adjusted series). The April retraction was the highest in the last 20 years and reflects the strong impact of COVID-19 pandemic over the economy.

In the January-May period, industrial production receded 11.2% compared to the same period in 2019. Among the steel consumption intensive segments, Capital Goods production had a 21% decline, while Durable Goods consumption fell 37.1% under the influence of lower automobile production. According to ANFAVEA (National Auto Manufacturer's Association), 730 thousand vehicles were produced in the first half, a 51% fall compared to the same period in 2019.

According to the National Industrial Confederation (CNI), the Business Confidence Index (ICEI) reached a historical minimum of 34.5 points in April, the peak of the crisis. In June, the indicator advanced to 41.2 points, still below the dividing line that indicates lack of confidence, however, already reflecting the improvement in business expectations. The Steel Confidence Index (ICIA) released by the Brazilian Steel Institute, also reached the bottom of 16.3 points in April and advanced to 46.9 points in June. The two indicators reflect better evaluations of the present situation and, mainly, for expectations in the next six months.

Economic and Financial Performance

Comments on the Consolidated Results

Net Revenue

Net revenue in the 2Q20 was R\$2.4 billion, 36.3% less than in the 1Q20 (R\$3.8 billion). The fall is mainly due to lower sales volume in the period in function of the drop in economic activity caused by the novel coronavirus pandemic.

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

Net Revenue Breakdown

	2Q20	1Q20	2Q19	1H20	1H19
Domestic Market	63%	78%	84%	72%	83%
Exports	37%	22%	16%	28%	17%
Total	100%	100%	100%	100%	100%

Cost of Goods Sold - COGS

Cost of goods sold (COGS) in the 2Q20 totaled R\$2.1 billion, a 34.9% decrease than in the 1Q20 (R\$3.3 billion).

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

Gross Profit

Gross profit was R\$279 million in the 2Q20, 45.6% less than in the 1Q20 (R\$513 million).

Gross margin is shown below:

Gross Margin

2Q20	1Q20	2Q19	1H20	1H19
11.5%	13.5%	16.4%	12.7%	15.3%

Operating Income and Expenses

Sales expenses in the 2Q20 were R\$106 million, in line with the result presented in the 1Q20 (R\$100 million). In the quarter, the Company accounted a provision for doubtful accounts in the amount of R\$19 million, at the same time registering lower distribution and commission expenses by R\$13 million, basically due to the decline in sales volume in the period.

In the 2Q20, **General and administrative expenses** totaled R\$97 million, an 11.5% decrease over those in the 1Q20 (R\$109 million), mainly due to lower expenses with personnel, third party services and general expenses.

Other net operating income (expenses) totaled a negative R\$164 million in the 2Q20, a R\$135 million increase in relation to the previous quarter (negative R\$28 million). The increase occurred mainly due to effects in the Steel and Capital Goods business units, described in their respective sections.

Thus, **Net operating income (expenses)** were a negative R\$367 million in the 2Q20 (1Q20: negative R\$238 million).

In this manner, the Company's operating margin is presented below:

EBIT Margin				
2Q20	1Q20	2Q19	1H20	1H19
-3.6%	7.2%	7.9%	3.0%	6.7%

Adjusted EBITDA

Adjusted EBITDA is calculated from net income (loss), reversing: (a) income tax and social contribution; (b) financial result; (c) depreciation, amortization and depletion; (d) equity in the results of Associate and Jointly-controlled subsidiaries; (e) impairment of assets; and including the proportional share of the EBITDA of 70% of Unigal and other subsidiaries jointly.

EBITDA Breakdown					
Consolidated (R\$ thousand)	2Q20	1Q20	2Q19	1H20	1H19
Net Income (Loss)	(395,061)	(423,980)	171,246	(819,041)	247,524
Income Tax / Social Contribution	71,568	(143,128)	74,097	(71,560)	95,053
Financial Result	281,456	857,631	83,758	1,139,087	219,538
Depreciation, Amortization and depletion	250,243	248,705	240,920	498,948	481,940
EBITDA - Instruction CVM - 527	208,206	539,228	570,021	747,434	1,044,055
Equity in the Results of Associate and Jointly-controlled subsidiaries	(45,494)	(15,347)	(36,877)	(60,841)	(74,370)
Jointly-controlled subsidiaries proportional EBITDA	28,927	45,060	42,738	73,987	93,709
Adjusted EBITDA	191,639	568,941	575,882	760,580	1,063,394
Adjusted EBITDA Margin	7.9%	14.9%	15.6%	12.2%	14.7%

Adjusted EBITDA was R\$192 million in the 2Q20, 66.3% lower than in the 1Q20 (R\$569 million). The decline is mainly due to lower sales volume of steel in the period, caused by economic recession due to the novel coronavirus pandemic. Other events with a negative effect on the Company's EBITDA in the quarter were: (a) provision for onerous contracts for inputs and services at the Steel Unit, related to the impacts of the COVID-19 pandemic in the amount of R\$51 million, of which R\$34 million impacted costs and R\$16 million impacted other operating income (expenses), (b) provision for doubtful accounts of R\$19 million in the Steel Unit and (c) provision for restructuring in the Capital Goods Unit in the amount of R\$19 million.

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

Financial Result

In the 2Q20, the financial result was a negative R\$281 million, a 67.2% decrease compared to the 1Q20 (negative R\$858 million), mainly due to lower exchange losses. In the 2Q20, these losses totaled R\$174 million, against losses of R\$775 million in the 1Q20.

Financial Result - Consolidated								
R\$ thousand	2Q20	1Q20	2Q19	Change		1H20	1H19	Change
				2Q20/1Q20	2Q20/2Q19			1H20/1H19
Net Currency Exchange Variation	(174,119)	(774,658)	17,071	-78%	-	(948,777)	5,666	-
Financial Income	68,329	57,754	90,178	18%	-24%	126,083	157,611	-20%
Interest on Financial Asset and Monetary Effects	24,413	17,169	20,404	42%	20%	41,582	44,247	-6%
Monetary Effects on ICMS tax in the base calculation of PIS and COFINS	3,223	4,395	4,150	-27%	-22%	7,618	7,321	4%
Monetary Effects on assets	25,520	6,976	5,472	266%	366%	32,496	12,046	170%
Monetary Effects on receivable from Eletrobrás	4,683	9,564	31,335	-51%	-85%	14,247	39,465	-64%
Other Financial Income	10,490	19,650	28,817	-47%	-64%	30,140	54,532	-45%
Financial Expenses	(175,666)	(140,727)	(191,007)	25%	-8%	(316,393)	(382,815)	-17%
Interest and Monetary Effects over Financing and Taxes Payable in Installments	(86,862)	(89,698)	(119,197)	-3%	-27%	(176,560)	(244,349)	-28%
Swap Transactions Market Cap.	1,443	438	2,207	229%	-35%	1,881	2,801	-33%
Monetary Effects on liabilities	(25,947)	(4,032)	(2,444)	544%	962%	(29,979)	(5,155)	482%
Financing Commission and Others	(3,424)	(10,018)	(5,646)	-66%	-39%	(13,442)	(10,578)	27%
Monetary Effects on contingencies	(33,430)	(15,426)	(27,504)	117%	22%	(48,856)	(46,494)	5%
Other Financial Expenses	(27,446)	(21,991)	(38,423)	25%	-29%	(49,437)	(79,040)	-37%
FINANCIAL RESULT	(281,456)	(857,631)	(83,758)	-67%	236%	(1,139,087)	(219,538)	419%
+ Appreciation / - Depreciation of Exchange Rate (R\$/US\$)	-5.3%	-29.0%	1.7%	+ 23.7 p.p.	- 7.0 p.p.	-35.9%	1.7%	- 37.5 p.p.

Equity in the Results

Equity in the results of subsidiaries and associate companies jointly totaled R\$45 million in the 2Q20, against R\$15 million in the previous quarter, mainly by virtue of better performance of MRS, Unigal and Codeme.

Net Income (Loss)

In the 2Q20, the Company accounted a net loss of R\$395 million (1Q20: loss of R\$424 million).

Working Capital

In the 2Q20, working capital totaled R\$4.1 billion, a R\$239 million decrease over that in the 1Q20 (R\$4.4 billion). The main variations in the working capital are related to the impacts generated by the pandemic of the novel coronavirus on the economy, presented below:

- Decrease in **Accounts receivable** by R\$419 million mainly due to lower sales volume in the period and increase in **Inventories** by R\$203 million mainly as consequence of higher cost of inventories.

It is worth mentioning, that the changes in the Liabilities accounts generated an immaterial net effect in the quarter, therefore they were not highlighted in the release.

Investments (CAPEX)

CAPEX totaled R\$193 million in the 2Q20, a 5.7% increase in comparison with 1Q20 (R\$182 million). Investments were applied mainly in sustaining CAPEX, safety and environment, with 72.3% in the Steel Unit, 25.9% in the Mining Unit, 1.4% in the Steel Processing Unit and 0.4% in the Capital Goods Unit.

Indebtedness

On 06/30/20, **Gross consolidated debt** was R\$6.2 billion, 4.9% higher in relation than on 03/31/20 (R\$5.9 billion). The increase is mainly due to the depreciation of the Real against the Dollar of 5.3% in the period, which affected the parcel of foreign currency debt.

Net consolidated debt on 06/30/20 was R\$3.7 billion, an 4.5% increase in relation to that on 03/31/20 (R\$3.6 billion), due to higher gross debt (described in the previous paragraph), partially compensated by increase in the balance in Cash and Cash Equivalents by 5.6%. This positive variation reflects the measures taken by the Company orientated to preserve cash, in order to ensure its liquidity position.

As for the debt composition by maturity, on 06/30/20 it was 3% in the short term and 97% in the long term, compared to 1% and 99%, respectively, on 03/31/20.

The **Net Debt/EBITDA ratio** at the end of the 2Q20 was 2.2x (1Q20: 1.7x).

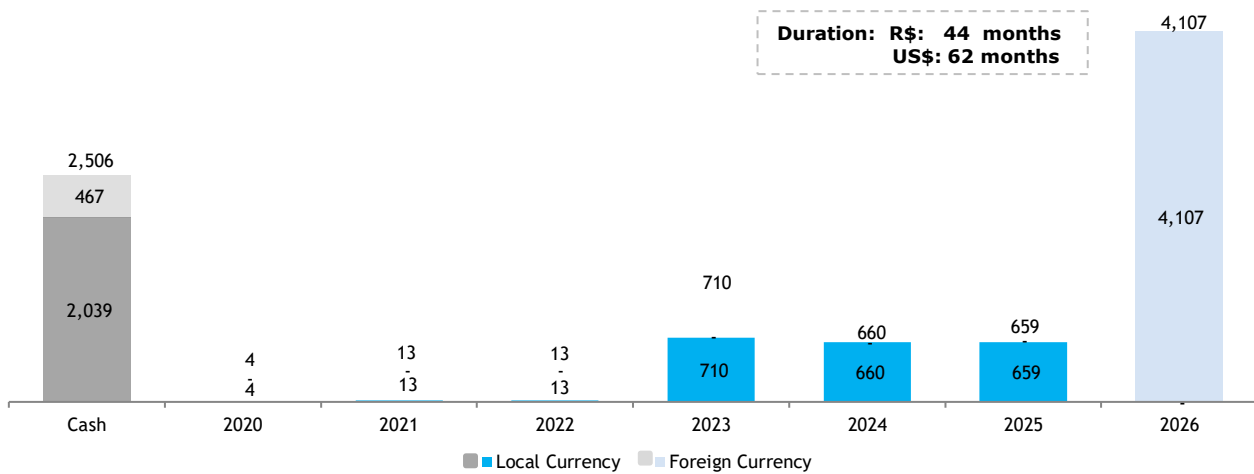
The following chart demonstrates the consolidated debt data:

Total Indebtedness by Index - Consolidated

R\$ thousand	30-Jun-20			%	31-Mar-20	Change Jun20/Mar20	30-Jun-19	Change Jun20/Jun19
	Short Term	Long Term	TOTAL		TOTAL		TOTAL	
Local Currency	42,638	2,029,013	2,071,651	33%	2,056,120	1%	4,286,837	-52%
TJLP	-	-	-	-	-	-	315,380	-
CDI	24,753	1,983,389	2,008,142	-	1,982,831	1%	3,946,173	-49%
Others	17,885	45,624	63,509	-	73,289	-13%	25,284	151%
Foreign Currency*	115,518	4,036,528	4,152,046	67%	3,874,452	7%	1,179,060	252%
Gross Debt	158,156	6,065,541	6,223,697	100%	5,930,572	5%	5,465,897	14%
Cash and Cash Equivalents	-	-	2,506,214	-	2,373,466	6%	1,245,112	101%
Net Debt	-	-	3,717,483	-	3,557,106	5%	4,220,785	-12%

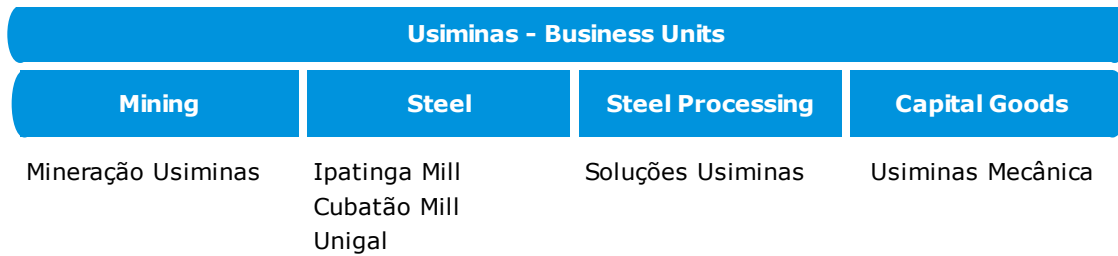
(*)100% of total foreign currency is US dollars denominated in the 2Q20

The graph below demonstrates the cash position and debt profile (principal only) in millions of Real on 06/30/20.



Performance of the Business Units

Transactions between the Company and its subsidiaries are calculated at prices and market conditions and sales between Business Units are considered as sales between independent parties.



Income Statement per Business Units - Non Audited - Quarterly

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	2Q20	1Q20	2Q20	1Q20	2Q20	1Q20	2Q20	1Q20	2Q20	1Q20	2Q20	1Q20
Net Revenue	745.9	581.5	1,881.8	3,248.6	498.1	901.4	42.9	114.7	(744.0)	(1,038.3)	2,424.7	3,807.9
Domestic Market	147.4	149.6	1,591.8	2,837.7	497.0	901.1	42.9	114.7	(744.0)	(1,038.3)	1,535.1	2,964.9
Exports	598.6	431.8	290.0	410.8	1.1	0.3	-	-	-	-	889.6	842.9
COGS	(326.3)	(335.4)	(1,966.8)	(2,958.9)	(487.8)	(852.7)	(79.4)	(119.0)	714.5	971.0	(2,145.7)	(3,295.0)
Gross Profit (Loss)	419.7	246.1	(85.0)	289.7	10.3	48.7	(36.6)	(4.3)	(29.4)	(67.3)	279.0	512.9
Operating Income (Expenses)	(74.9)	(67.9)	(232.7)	(133.2)	(28.3)	(31.3)	(30.8)	(6.0)	0.2	0.8	(366.5)	(237.7)
Selling	(43.3)	(43.4)	(46.2)	(39.5)	(11.6)	(13.0)	(3.6)	(2.6)	(1.2)	(1.3)	(105.9)	(99.8)
General and Administrative	(6.8)	(5.7)	(76.6)	(87.4)	(11.6)	(13.8)	(5.6)	(6.2)	3.7	3.6	(96.8)	(109.4)
Other Operating Income (expenses), Net	(24.8)	(18.8)	(109.9)	(6.4)	(5.1)	(4.5)	(21.6)	2.8	(2.4)	(1.5)	(163.7)	(28.5)
EBIT	344.8	178.2	(317.7)	156.4	(18.0)	17.4	(67.4)	(10.3)	(29.3)	(66.5)	(87.5)	275.2
Depreciation and amortization	35.7	35.8	215.6	214.0	7.1	7.1	-	-	(8.2)	(8.2)	250.2	248.7
Equity in the results of investees	17.7	(8.5)	92.6	112.8	-	-	(0.0)	(0.0)	(64.8)	(89.0)	45.5	15.3
EBITDA (Instruction CVM 527)	398.1	205.5	(9.4)	483.3	(10.8)	24.5	(67.4)	(10.3)	(102.3)	(163.7)	208.2	539.2
EBITDA Margin	53.4%	35.3%	-0.5%	14.9%	-2.2%	2.7%	-157.1%	-9.0%	13.8%	15.8%	8.6%	14.2%
Adjusted EBITDA	380.5	214.0	(102.1)	370.4	(10.8)	24.5	(67.4)	(10.3)	(8.6)	(29.7)	191.6	568.9
Adj.EBITDA Margin	51.0%	36.8%	-5.4%	11.4%	-2.2%	2.7%	-157.1%	-9.0%	1.2%	2.9%	7.9%	14.9%

*Consolidated 70% of Unigal

Income Statement per Business Units - Non Audited - Six Months Ended June 30, 2020

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	1H20	1H19	1H20	1H19	1H20	1H19	1H20	1H19	1H20	1H19	1H20	1H19
Net Revenue	1,327.4	859.2	5,130.3	6,417.7	1,399.5	1,809.2	157.6	158.9	(1,782.3)	(2,019.0)	6,232.6	7,226.0
Domestic Market	297.0	312.5	4,429.5	5,734.8	1,398.2	1,809.0	157.6	158.9	(1,782.3)	(2,019.0)	4,500.0	5,996.2
Exports	1,030.4	546.8	700.8	682.9	1.3	0.2	-	-	-	-	1,732.6	1,229.9
COGS	(661.6)	(444.7)	(4,925.7)	(5,721.8)	(1,340.5)	(1,718.5)	(198.5)	(139.6)	1,685.5	1,901.1	(5,440.7)	(6,123.6)
Gross Profit (Loss)	665.8	414.5	204.6	695.9	59.0	90.7	(40.8)	19.2	(96.8)	(117.9)	791.8	1,102.5
Operating Income (Expenses)	(142.8)	(134.7)	(365.9)	(412.2)	(59.6)	(51.0)	(36.9)	(19.7)	1.0	2.9	(604.2)	(614.7)
Selling	(86.7)	(46.2)	(85.7)	(60.3)	(24.6)	(23.9)	(6.3)	(5.7)	(2.5)	(2.2)	(205.8)	(138.4)
General and Administrative	(12.5)	(12.5)	(163.9)	(163.0)	(25.4)	(29.1)	(11.7)	(12.9)	7.3	6.9	(206.2)	(210.5)
Other Operating Income (expenses), Net	(43.6)	(76.0)	(116.2)	(188.8)	(9.6)	1.9	(18.9)	(1.1)	(3.9)	(1.8)	(192.2)	(265.8)
EBIT	523.0	279.8	(161.3)	283.8	(0.6)	39.7	(77.7)	(0.5)	(95.8)	(115.1)	187.6	487.7
Depreciation and amortization	71.5	63.2	429.7	420.9	14.3	15.0	-	-	(16.5)	(17.1)	498.9	481.9
Equity in the results of investees	9.2	26.6	205.5	143.9	-	-	(0.0)	(0.0)	(153.8)	(96.1)	60.8	74.4
EBITDA (Instruction CVM 527)	603.7	369.6	473.9	848.6	13.7	54.7	(77.7)	(0.5)	(266.0)	(228.3)	747.4	1,044.1
EBITDA Margin	45.5%	43.0%	9.2%	13.2%	1.0%	3.0%	-49.3%	-0.3%	14.9%	11.3%	12.0%	14.4%
Adjusted EBITDA	594.5	343.0	268.4	704.6	13.7	54.7	(77.7)	(0.5)	(38.3)	(38.5)	760.6	1,063.4
Adj.EBITDA Margin	44.8%	39.9%	5.2%	11.0%	1.0%	3.0%	-49.3%	-0.3%	2.1%	1.9%	12.2%	14.7%

*Consolidated 70% of Unigal

I) MINING

The average iron ore market reference price for 62% Fe in the 2Q20 was US\$93.30/t, a 4.8% increase in relation to average of US\$89.00/t in the 1Q20.

In the second quarter, Chinese economic activities resumed growth after impact resulting from the outbreak of COVID-19. After a 2% drop in the crude steel production in March, annual comparison, and stability in April, Chinese steel production set a new monthly record.

Strong Chinese demand coupled with supply uncertainty of ore-producing countries, such as Brazil, Canada, South Africa, Peru and Chile, resulted in a decline in the inventory levels in Chinese ports and, consequently, in the increase in the prices practiced.

The average spread between 65% Fe price and 62% Fe ores was US\$15.02/t in the 2Q20, slightly higher than the average in the 1Q20 of US\$14.52/t. Supply uncertainty also contributed to price increases in high content iron ore, while the resumption of Chinese domestic production of concentrate limited, in part, the price hike.

Ocean freight reached an average price of US\$11.82/t in the 2Q20, against US\$13.79/t in the 1Q20, a 14.3% drop. The decrease in iron ore exports in Brazil affected the demand for vessels in the Tubarão-Qingdao route, and this decline, added to the decline in the price of petroleum, contributed to the decline in rates practiced.

Operational and Sales Performance - Mining

In the 2Q20, **production volume** was 2.0 million tons, a 6.7% decrease over that in the 1Q20 (2.2 million tons), mainly as a result of a scheduled stop at one of its beneficiation plants, for maintenance and equipment changes.

Sales volume was 1.9 million tons in the 2Q20, a 14.1% decrease over that in the 1Q20 (2.2 million tons), in accordance with the volume produced in the quarter and a recovery in inventories.

Production and sales volumes are shown below:

Thousand tons	Iron Ore					Change		
	2Q20	1Q20	2Q19	2Q20/1Q20	2Q20/2Q19	1H20	1H19	1H20/1H19
Production	2,015	2,159	1,748	-7%	15%	4,174	3,085	35%
Total Sales	1,902	2,213	1,772	-14%	7%	4,115	3,668	12%
Exports	1,346	1,436	549	-6%	145%	2,782	1,161	140%
Domestic Market - Usiminas	432	604	540	-28%	-20%	1,036	956	8%
Domestic Market - Third Parties	124	173	683	-28%	-82%	297	1,551	-81%

In the 2Q20, export sales by shipping term was 79% CFR and 21% FOB, against 72% and 28% in the 1Q20, respectively.

Comments on the Business Unit Results – Mining

Net Revenue reached R\$746 million in the 2Q20, a 28.3% increase over that in the 1Q20 (R\$581 million). The increase occurred mainly in function of (a) appreciation of the Dollar, (b) increase in iron ore prices, partially compensated by (c) lower sales volume in the quarter.

Total **Cash cost per ton** was R\$74.4/t in the 2Q20, against R\$62.8/t in the 1Q20. Excluding expenses with temporarily idle beneficiation plants, cash cost was R\$72.3/t in the 2Q20 (R\$61.0/t in the 1Q20), an 18.3% increase from the previous quarter, mainly due to greater utilization of leased areas, maintenance materials, operation and exchange variation.

Cost of goods sold (COGS) in the 2Q20 was R\$326 million, 2.7% less over than in the previous quarter (R\$335 million), due to decrease in sales volume. In unitary terms, COGS/t in the 2Q20 was R\$171.4/t, a 13.3% increase over that in the 1Q20 (R\$151.4/t), mainly, besides the increase in the costs of production mentioned, in function of a higher participation of CFR freight modality in the sales destined to exports.

Adjusted EBITDA reached R\$380 million in the 2Q20. With this, Mineração Usiminas reached its historical high for EBITDA in a given quarter, accounting 77.8% increase over 1Q20 (R\$214 million). Adjusted EBITDA margin was 51.0% in the 2Q20 (1Q20: 36.8%).

Investments (CAPEX)

CAPEX totaled R\$50 million in the 2Q20, against R\$34 million accounted in the 1Q20. The main investments were applied to safety (highlight for the tailings disposal "Dry Stacking", described in the [Quarterly Highlights](#) section of this release) and sustaining CAPEX.

II) STEEL

After having presented positive results in the beginning of the year, the Brazilian steel market was harshly hit by measures to combat the sanitary crisis caused by the novel coronavirus. Data from the Brazilian Steel Institute through May 2020 show that national apparent steel consumption for flat rolled steel reached 4.364 million tons, a decline of 14.8% over the same period of the previous year. Domestic flat steel sales fell 15.1% to a level of 3.773 million tons, while imports totaled 474 thousand tons, which is 21.1% less over the first five months of 2019. Exports of flat steel were not immune to generalized decline and fell 12.6% in the period, going to 889 thousand tons.

The movement began in March, however, the industry was hit strongest from March to April, when all the Brazilian Steel indicators for the steel market crashed: flat steel production receded 27.7%, apparent consumption, 41.0%, domestic sales, 34.4% and exports, 45.5%. On the other hand, in May, the indicators, with the exception of flat steel production, rebounded to positive territory in the month.

According to the National Steel Distributors Association (INDA), flat steel sales among the distribution network members fell 3.3% between May 2019 and May 2020. Comparing the first five month of the year with the same period last year, sales fell 15.3%. In May, inventories were at the level of 848.8 thousand tons, with turnover equivalent to four months' sales, taking May as volume basis.

Production - Ipatinga and Cubatão Plants

Crude steel production in the Ipatinga plant was 533 thousand tons in the 2Q20, 30.9% less in relation to that in the 1Q20 (771 thousand tons). Flat steel production in the Ipatinga and Cubatão plants totaled 676 thousand tons in the 2Q20 (1T20: 1.1 million tons), a 38.5% decrease. In the 2Q20, 116 thousand tons of purchased slab were processed (1Q20: 368 thousand tons).

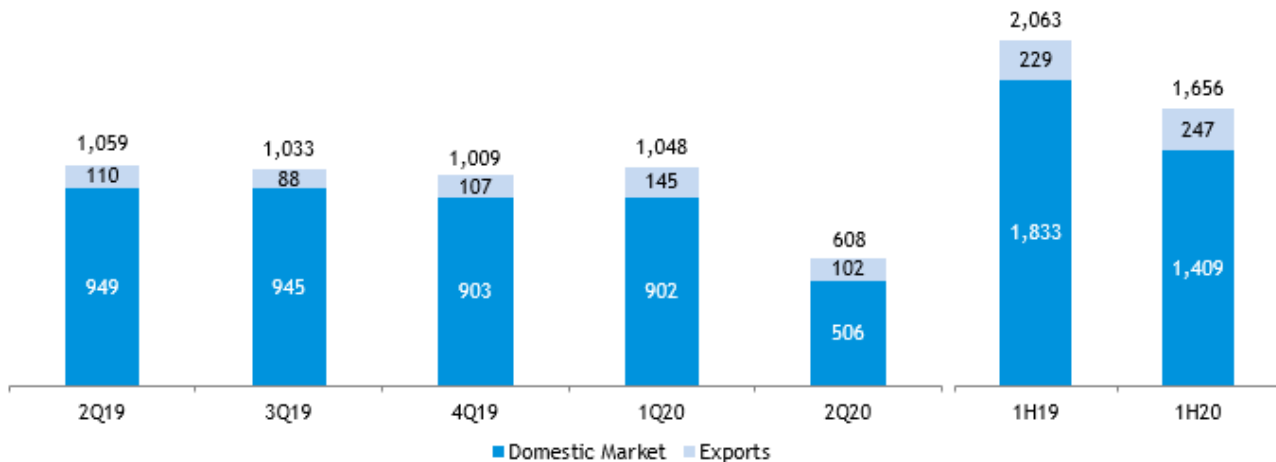
Production of Crude and Rolled Steel

Thousand tons	2Q20	1Q20	2Q19	Change		1H20	1H19	Change 1H20/1H19
				2Q20/1Q20	2Q20/2Q19			
Total Crude Steel	533	771	833	-31%	-36%	1,304	1,633	-20%
Total Rolled Steel	676	1,075	1,100	-37%	-39%	1,751	2,077	-16%

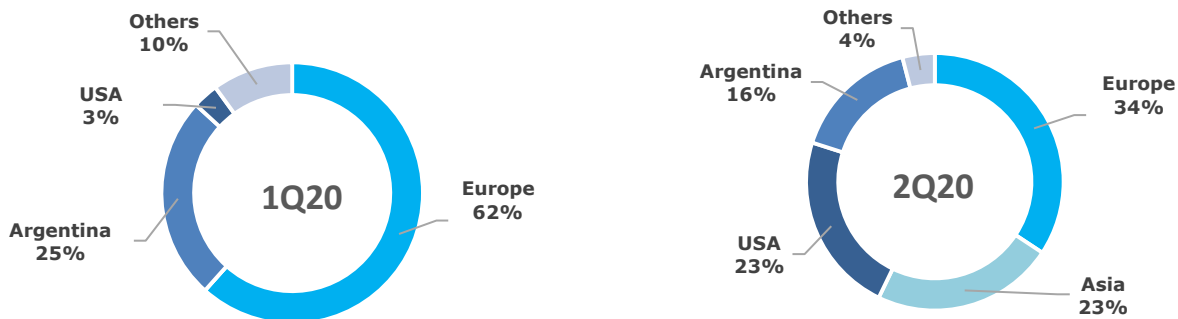
Sales

In the 2Q20, total sales were 608 thousand tons of steel, a 42.0% decrease over those in the 1Q20 (1.0 million tons) due to demand decrease for steel products caused by weak economic activity occasioned by the pandemic of COVID-19. In the domestic market, sales were 506 thousand tons in the 2Q20, a 43.9% decrease over those in the 1Q20 (902 thousand tons). Export sales in the 2Q20 were 102 thousand tons, 29.9% lower than in the 1Q20 (145 thousand tons). Sales volume destined to the domestic market was 83% and 17% was for exports.

Sales evolution is shown in the following graph:



The main export destinations were:



Comments on the Business Unit Results - Steel

In the 2Q20, **Net Revenue** of the Steel Unit was R\$1.9 billion, 42.1% lower than in the 1Q20 (R\$3.2 billion), mainly due to lower sales volume in the period.

Cash cost per ton was R\$2.594/t in the 2Q20, a 13.8% increase in relation to the 1Q20 (R\$2.279/t), with about of 54% of the variation associated with the lower absorption of fixed costs in the period. Among the main variations in cost per ton in the period, worthy of mention are: (a) high labor cost per ton, caused mainly because of lower volume produced in the quarter, as a consequence of the crisis generated by COVID-19; (b) higher coal, coke and ore costs, mainly due to the Dollar appreciation over the Real and higher share of crude steel produced in the production mix, compared to the previous quarter. These were partially compensated by (c) lower cost of purchased slab; lower share of this input in the production mix, partially compensated by higher price, mainly impacted by the exchange rate in the period.

Cost of Goods Sold (COGS) was R\$2.0 billion in the 2Q20, a 33.5% decrease over that in the 1Q20 (R\$3.0 billion), given lower steel volume sold in the period. COGS per ton was R\$3.235/t in the 2Q20, a 14.7% increase over that in the 1Q20 (R\$2.821/t), mainly due to higher unitary production cost in the period and the provision to onerous contracts associated to the effects of the pandemic of COVID-19 in the amount of R\$34 million.

Sales expenses totaled R\$46 million in the 2Q20, 17.1% greater compared to the 1Q20 (R\$39 million), mainly due to higher provision for doubtful accounts in the amount of R\$19 million in the 2Q20. This expense was partially compensated by lower distribution and commissions expenses by R\$12 million, mainly associated to the decline in sales volume in the period.

In the 2Q20, **General and administrative expenses** totaled R\$77 million, a 12.4% decrease over those in the 1Q20 (R\$87 million), mainly due to lower personnel, third party and general expenses.

Other net operating income (expenses) were a negative R\$110 million in the 2Q20, a R\$104 million increase compared to the 1Q20 (negative R\$6 million), mainly in function of:

- Higher expenses with **Provision for legal liabilities** by R\$73 million. The variation is a result of the reversion of provisions for labor and civil liabilities, occurred in the 1Q20, a non-recurring event in the second quarter. In the 2Q20, these expenses totaled R\$18 million negative, against R\$55 million positive in the 1Q20;
- Higher **Idle capacity expenses** by R\$32 million, mainly due to the shutdown of the Blast Furnaces 1 and 2 of Ipatinga Plant, stoppage of Steel Shop 1 activities in the same plant and stoppage of the Cubatão plant's activities, events of temporary nature. In the 2Q20, these expenses totaled R\$84 million, against R\$52 million in the 1Q20;
- Expenses of R\$16 million as **Provision for onerous contracts** of inputs and services as consequence of the effects of the pandemic of COVID-19. There was not event of this nature in 1Q20.

Thus, **Adjusted EBITDA** reached a negative R\$102 million in the 2Q20, against a positive R\$370 million in the previous quarter. Adjusted EBITDA margin was a negative 5,4% in the 2Q20, against a positive margin of 11.4% in the 1Q20.

Investments (CAPEX)

CAPEX totaled R\$139 million in the 2Q20, a 4.1% decrease over the 1Q20 (R\$145 million). Investments were mainly applied to sustaining CAPEX, safety and environment.

III) S T E E L P R O C E S S I N G

Soluções Usiminas – SU

Soluções Usiminas operates in the distribution of steel, services and fabrication of small-diameter tubes 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 the Distribution, Services/JIT and Tubes business units accounted for 52.4%, 38.8% and 8.8%, respectively of sales volume.

Comments on the Business Unity Results – Steel Processing

Net revenue in the 2Q20 totaled R\$498 million, a 44.7% decrease against the 1Q20 (R\$901 million), basically due to lower sales volume by 41.4% in the period, occasioned by the fall in demand as consequence of the pandemic of COVID-19 and by the decrease in average sales price.

In the 2Q20, **Cost of goods sold** was R\$488 million, a 42.8% decrease against the 1Q20 (R\$853 million), mainly due to lower sales volume in the period. COGS/t was R\$3,179/t in the 2Q20, a 2.3% decrease over the 1Q20 (R\$3,253/t).

Net operating income (expenses) were negative by R\$28 million in the 2Q20, a R\$3 million decrease compared to the 1Q20 (negative R\$31 million).

Adjusted EBITDA in the 2Q20 was a negative R\$11 million, against a positive R\$25 million in the 1Q20. Adjusted EBITDA margin was a negative 2.2% in the 2Q20 (1Q20: positive 2.7%).

IV) CAPITAL GOODS

Usiminas Mecânica S.A.

Usiminas Mecânica is one of Brazil's largest custom capital goods companies. The company operates in the segments of Metallic Structures, Naval and Offshore, Oil and Gas, Industrial Equipment, Industrial Assembly, Foundry and Railcar Manufacture.

Comments on the Business Unit Results – Capital Goods

In the 2Q20, **Net revenue** was R\$43 million, 62.6% lower than that in the 1Q20 (R\$115 million), reflecting the decline in economic activity resultant from the developments of the novel coronavirus pandemic.

The Capital Goods unit had a **Gross loss** of R\$37 million in the 2Q20 (1Q20: gross loss of R\$4 million).

Net operating income (expenses) were a negative R\$31 million in the 2Q20, a R\$25 million increase over the previous quarter, mainly due to the accounting of provision related to the restructuring process of Usiminas Mecânica by R\$19 million.

Adjusted EBITDA in the 2Q20 was a negative R\$67 million (1Q20: negative R\$10 million).

Other

Restructuring of Usiminas Mecânica: On 06/24/20, the Board of Directors of Usiminas approved the proposal presented by the Executive Board regarding the restructuring of the activities carried out by its subsidiary Usiminas Mecânica S.A..

With the implementation of such restructuring, Usiminas Mecânica will maintain only activities related to the provision of services to Usiminas and its controlled companies, except for the conclusion of the external projects ongoing at the time.

The restructuring stems from the fact that Usiminas Mecânica, whose activities are not part of Usiminas' core business, had presented a decline in cash generation in the last five years, with decreasing results in the segments of industrial assembly and manufacture.

Post-closing events

Compulsory Loan - Eletrobras

On 07/20/20, the Company was notified that Eletrobras attached to the case file the judicial deposit supporting slip in the updated amount of R\$312 million, related to the undisputed amount of the lawsuit of the Cubatão branch, claiming the receipt of the full amount paid as a compulsory loan. On 06/30/20, this amount is recognized in the Company's quarterly statements in current assets, under "Amounts Receivable Eletrobras". The Company is taking the legal necessary measures to effectively receive such amount.

Return of equipment and update of Investment Projection

The Company announced, on 07/30/20, that its Executive Board approved: (i) the return of Blast Furnace 1 at the Ipatinga Plant; (ii) the return of the activities of Steelworks 1 at the Ipatinga Plant, both in the first half of August 2020; and (iii) the return of the activities of the Cubatão Plant, in the second half of August 2020. The return of the equipment will not imply investments in CAPEX and aims to adjust the Company's production to the expected recovery of demand levels in the flat steel consumer markets.

Also informed that updated its projection on investments for the year 2020, from R\$600 million to R\$800 million. This increase was made possible by the maintenance of the Company's solid liquidity position, despite the effects generated by the impact of the COVID-19 pandemic, and will be directed mainly to projects at the Mining Unit.

Quarterly Highlights

Health and safety measures to face COVID-19: Since the beginning of the pandemic of the COVID-19 in March 2020, Usiminas has been adjusting its operations to combat the effects of dissemination of the novel coronavirus.

To face the pandemic and its consequences, the Company, through the São Francisco Xavier Foundation "FSFX", its social arm in the areas of health and education, has adopted several measures focusing on our employees, allied to sustainability and continuity of its business. We present below some of the measures adopted:

- Following recommendations of public authorities, the employees, whose activities are compatible, besides expectant mothers, persons with chronic illnesses or those older than 60 years of age are following a home office routine. For teams that continue on at the plants, several specific measures, such as temperature control at the entrance of the

plants, intensification of hygiene measures, adaptation of transportation and restaurants at the plants, for example.

- Donation of more than 170 thousand masks for protection of employees, their families and surrounding communities and services of hygiene disinfection of public spaces with heavy circulation of people in Ipatinga and Cubatão.
- As a control measure, the Company implanted the “Fala aí Saúde” program, form aimed at physical and mental health of its employees and their families.
- Acquisition, through FSFX, of new mechanical ventilators, installation of an entire wing dedicated to patients of COVID-19 at the Márcio Cunha Hospital in Ipatinga, acquisition of new ICU beds and diverse equipment.
- Donation of 40 tons of food to socially vulnerable communities.
- Donation of funds and supplies to the Casa de Caridade Manoel Gonçalves de Sousa Moreira, through Mineração Usiminas.
- Usiminas has partnered with Senai to perform maintenance and repair of mechanical ventilators and 3D printers, which will be utilized by several hospitals in the country treating COVID-19 patients.
- Usiminas, through FSFX, has already invested around R\$27 million in undertaking to fight the COVID-19 pandemic.

Sustainable mining: On 06/02/20, Mineração Usiminas received environmental licensing certificate to implement the Filtered Tailings Disposal System, also known as “Dry Stacking”.

The new system will allow the mining subsidiary to eliminate the use of tailings dams to dispose of tailings generated in the ore beneficiation process. The Company is forecasting a R\$160 million investment for construction of the new plant.

Sustainability Report: On 06/05/20, the Sustainability Report was released, which returned to the international GRI standard as a preparation methodology. This recovery is in line with the Company’s desire to expand and facilitate access of its stakeholders to non-financial information. Furthermore, the Report included the Materiality Matrix, which brings the 15 main themes that deal with Usiminas’ sustainability in the vision of its main stakeholders. All of them have direct correlation to the Sustainable Development Objectives of the UN.

The document is available on the Investor Relations [website](#).

Capital Markets

Usiminas Performance Summary - B3 (USIM5)

	2Q20	1Q20	2Q19	2Q20/1Q20	2Q20/2Q19
Number of Deals	1,273,272	1,311,492	805,392	-3%	58%
Daily Average	20,873	21,153	12,990	-1%	61%
Traded - thousand shares	1,561,655	1,254,902	699,247	24%	123%
Daily Average	25,601	20,240	11,278	26%	127%
Financial Volume - R\$ million	8,805	10,573	6,156	-17%	43%
Daily Average	144	171	99	-15%	45%
Maximum	7.71	11.53	10.41	-33%	-26%
Minimum	4.01	3.78	7.70	6%	-48%
Closing	7.27	4.92	8.94	48%	-19%
Market Capitalization - R\$ million	9,110	6,165	11,203	48%	-19%

Performance on the B3

Usiminas' common shares (USIM3) and preferred shares (USIM5) closed the 2Q20 quoted at R\$8.09 and R\$7.27, respectively. In the 2Q20, USIM3 and USIM5 appreciated 43.2% and 47.8%, respectively. In the same period, the Ibovespa appreciated 30.2%.

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 preferred shares. On 06/30/20, USNZY ADRs, which have higher liquidity, were quoted at US\$1.31, presenting an appreciation of 39.4% 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 06/30/20, XUSI closed quoted at €1.19, appreciating 64.1% in the quarter. XUSIO shares closed quoted at €1.25, presenting depreciation of 32.1% in the quarter.

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2Q20 Conference Call Results - Date 07/30/2020	
In Portuguese - Simultaneous Translation into English	
Brasília time: at 11:00 a.m.	New York time: at 10:00 a.m.
Dial-in Numbers:	Dial-in Numbers:
Brazil: (+55 11) 3181-8565 / 4210 1803	USA: +1 844 204 8942
Audio replay available at +55 (11) 3193 1012	
Pincode for replay: 4462273# - Portuguese	Pincode for replay: 4726229# - 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	30-Jun-20	31-Mar-20	30-Jun-19
Current Assets	9,437,248	9,564,924	8,155,163
Cash and Cash Equivalents	2,506,214	2,373,466	1,245,112
Trade Accounts Receivable	1,848,288	2,257,697	1,898,882
Taxes Recoverable	684,922	689,185	712,662
Inventories	3,945,562	3,742,507	4,137,828
Advances to suppliers	1,777	2,423	7,756
Financial Instruments	1,386	18,687	687
Accounts Receiv - Eletrobras	305,848	305,848	-
Other Securities Receivables	143,251	175,111	152,236
Non-Current Assets	17,415,642	17,410,956	18,010,553
Long-Term Receivable	4,195,841	4,170,808	4,708,540
Deferred Taxes	3,038,934	2,998,281	2,766,249
Deposits at Law	562,216	562,290	536,940
Accounts Receiv. Affiliated Companies	-	-	1,877
Taxes Recoverable	154,997	151,375	375,457
Financial Instruments	7,429	7,373	5,658
Accounts Receiv - Eletrobras	-	-	676,023
Accounts Receiv - Gasometer	193,886	125,050	66,391
Others	238,379	326,439	279,945
Equity Investments	1,096,651	1,053,056	1,165,451
Investment Property	100,827	100,828	-
Property, Plant and Equipment	11,298,978	11,359,924	11,437,713
Intangible	723,345	726,340	698,849
Total Assets	26,852,890	26,975,880	26,165,716

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

Liabilities and Shareholders' Equity	30-Jun-20	31-Mar-20	30-Jun-19
Current Liabilities	3,002,048	2,936,522	2,984,180
Loans and Financing and Taxes Payable in Installments	158,156	69,703	262,921
Suppliers, Subcontractors and Freight	1,078,259	1,510,963	1,166,050
Wages and Social Charges	256,837	204,377	221,279
Taxes and Taxes Payables	199,386	116,371	110,111
Accounts Payable Forfaiting	939,679	716,331	912,265
Dividends Payable	8,630	67,809	11,892
Customers Advances	59,533	67,904	57,171
Financial Instruments	49,860	-	-
Others	251,708	183,064	242,491
Long-Term Liabilities	8,631,718	8,419,315	7,264,334
Loans and Financing and Taxes Payable in Installments	6,065,541	5,860,869	5,202,976
Actuarial Liability	1,266,115	1,255,608	1,009,666
Provision for Legal Liabilities	746,427	717,198	610,938
Environmental Protection Provision	237,968	234,478	218,338
Others	315,667	351,162	222,416
Shareholders' Equity	15,219,124	15,620,043	15,917,202
Capital	13,200,295	13,200,295	13,200,295
Reserves & Revenues from Fiscal Year	371,954	843,392	1,216,393
Non-controlling shareholders participation	1,646,875	1,576,356	1,500,514
Total Liabilities and Shareholders' Equity	26,852,890	26,975,880	26,165,716

Income Statement - Consolidated | IFRS

R\$ thousand	2Q20	1Q20	2Q19	2Q20/1Q20	2Q20/2Q19
Net Revenues	2,424,715	3,807,855	3,694,049	-36%	-34%
Domestic Market	1,535,098	2,964,909	3,108,842	-48%	-51%
Exports	889,617	842,946	585,207	6%	52%
COGS	(2,145,734)	(3,295,002)	(3,087,584)	-35%	-31%
Gross Profit	278,981	512,853	606,465	-46%	-54%
Gross Margin	11.5%	13.5%	16.4%	- 2.0 p.p.	- 4.9 p.p.
Operating Income (Expenses)	(366,513)	(237,677)	(314,241)	54%	17%
Selling Expenses	(105,947)	(99,807)	(71,002)	6%	49%
Provision for Doubtful Accounts	(21,461)	(1,826)	(2,012)	1075%	967%
Other Selling Expenses	(84,486)	(97,981)	(68,990)	-14%	22%
General and Administrative	(96,837)	(109,377)	(109,782)	-11%	-12%
Other Operating Income (expenses)	(163,729)	(28,493)	(133,457)	475%	23%
Credit of tax - Inclusion of ICMS in the base calculation of PIS and COFINS	3,064	4,113	-	-26%	-
Idleness expenses (includes depreciation)	(91,518)	(58,565)	(86,293)	56%	6%
Legal charges	(5,603)	(3,932)	(3,905)	42%	43%
Program Reintegra	262	313	301	-16%	-13%
Provision for tax credit (ICMS)	(12,850)	(9,040)	(5,401)	42%	138%
Provision for onerous contracts	(16,306)	-	-	-	-
Provision for restructuring process - Usiminas Mecânica	(19,029)	-	-	-	-
Provision for contingencies	(24,378)	52,391	(31,547)	-	-23%
Recovery of insurance claims expenses	44,737	24,099	17,127	86%	161%
Result of the non-operating asset sale/write-off	6,233	868	4,945	618%	26%
Result of the sale of the surplus electric energy	(9,924)	187	15,252	-	-
Other Operating Income (Expenses), Net	(38,417)	(38,927)	(43,936)	-1%	-13%
EBIT	(87,531)	275,176	292,224	-	-
EBIT Margin	-3.6%	7.2%	7.9%	- 10.8 p.p.	- 11.5 p.p.
Financial Result	(281,456)	(857,631)	(83,758)	-67%	236%
Financial Income	68,329	57,754	90,178	18%	-24%
Financial Expenses	(175,666)	(140,727)	(191,007)	25%	-8%
Net foreign exchange gain and losses	(174,119)	(774,658)	17,071	-78%	-
Equity in the results of investees	45,494	15,347	36,877	196%	23%
Operating Profit (Loss)	(323,493)	(567,108)	245,343	-43%	-
Income Tax / Social Contribution	(71,568)	143,128	(74,097)	-	-3%
Net Income (Loss)	(395,061)	(423,980)	171,246	-7%	-
Net Margin	-16.3%	-11.1%	4.6%	- 5.2 p.p.	- 20.9 p.p.
Attributable:					
Shareholders	(466,882)	(476,567)	131,251	-2%	-
Minority Shareholders	71,821	52,587	39,995	37%	80%
EBITDA (Instruction CVM 527)	208,206	539,228	570,021	-61%	-63%
EBITDA Margin (Instruction CVM 527)	8.6%	14.2%	15.4%	- 5.6 p.p.	- 6.8 p.p.
Adjusted EBITDA - Jointly-controlled subsidiaries proportional EBITDA	191,639	568,941	575,882	-66%	-67%
Adjusted EBITDA Margin	7.9%	14.9%	15.6%	- 7.0 p.p.	- 7.7 p.p.
Depreciation and Amortization	250,243	248,705	240,920	1%	4%

Income Statement - Consolidated | IFRS

R\$ thousand	1H20	1H19	1H20/1H19
Net Revenues	6,232,570	7,226,034	-14%
Domestic Market	4,500,007	5,996,151	-25%
Exports	1,732,563	1,229,883	41%
COGS	(5,440,736)	(6,123,579)	-11%
Gross Profit	791,834	1,102,455	-28%
Gross Margin	12.7%	15.3%	- 2.6 p.p.
Operating Income (Expenses)	(604,189)	(614,710)	-2%
Selling Expenses	(205,754)	(138,360)	49%
Provision for Doubtful Accounts	(23,287)	(2,807)	730%
Other Selling Expenses	(182,467)	(135,553)	35%
General and Administrative	(206,214)	(210,540)	-2%
Other Operating Income (Expenses)	(192,221)	(265,810)	-28%
Credit of tax - Inclusion of ICMS in the base calculation of PIS and COFINS	7,177	-	-12%
Idleness expenses (includes depreciation)	(150,083)	(170,098)	-
Legal charges	(9,535)	(7,140)	34%
Program Reintegra	575	644	86%
Provision of tax credits (ICSM)	(21,890)	(9,449)	-
Provision for onerous contracts	(16,306)	-	132%
Provision for restructuring process - Usiminas Mecânica	(19,029)	-	-
Provision for contingencies	28,013	(60,557)	-
Recovery of insurance claims expenses	68,836	36,951	-
Result of the non operating asset sale/write-off	7,101	6,104	16%
Result of the sale of the surplus electric energy	(9,737)	9,517	-
Other Operating Income (Expenses), Net	(77,343)	(71,782)	8%
EBIT	187,645	487,745	-62%
EBIT Margin	3.0%	6.7%	- 3.7 p.p.
Financial Result	(1,139,087)	(219,538)	419%
Financial Income	126,083	157,611	-20%
Financial Expenses	(316,393)	(382,815)	-17%
Net foreign exchange gain and losses	(948,777)	5,666	-
Equity in the results of investees	60,841	74,370	-18%
Operating Profit (Loss)	(890,601)	342,577	-
Income Tax / Social Contribution	71,560	(95,053)	-
Net Income (Loss)	(819,041)	247,524	-
Net Margin	-13.1%	3.4%	- 16.6 p.p.
Attributable:			
Shareholders	(943,449)	178,108	-
Minority Shareholders	124,408	69,416	79%
EBITDA (Instruction CVM 527)	747,434	1,044,055	-28%
EBITDA Margin (Instruction CVM 527)	12.0%	14.4%	- 2.5 p.p.
Adjusted EBITDA - Jointly-controlled subsidiaries proportional EBITDA	760,580	1,063,394	-28%
Adjusted EBITDA Margin	12.2%	14.7%	- 2.5 p.p.
Depreciation and Amortization	498,948	481,940	4%

Cash Flow - Consolidated | IFRS

Cash Flow - Consolidated IFRS	2Q20	1Q20	2Q19
Operating Activities Cash Flow			
Net Income (Loss) in the Period	(395,061)	(423,980)	171,246
Financial Expenses and Monetary Var. / Net Exchange Var.	234,991	873,489	8,534
Interest Expenses	88,540	82,217	80,944
Depreciation and Amortization	250,243	248,705	240,920
Losses/(gains) on Sale of Property, Plant and Equipment	(6,233)	(868)	(4,945)
Equity in the Results of Subsidiaries/Associated Companies	(45,494)	(15,347)	(36,877)
Difered Income Tax and Social Contribution	(45,913)	(208,786)	25,813
Constitution (reversal) of Provisions	183,131	10,038	76,165
Actuarial Gains and losses	21,535	21,520	21,453
Total	285,739	586,988	583,253
(Increase)/Decrease of Assets			
Accounts Receivables Customer	508,472	(321,324)	(234,385)
Inventories	(199,142)	61,773	(258,443)
Recovery of Taxes	(67,996)	(38,981)	(108,768)
Judicial Deposits	(1,319)	(18,392)	(30,758)
Accounts Receiv. Affiliated Companies	-	1,651	240
Others	(23,080)	(93,632)	(39,304)
Total	216,935	(408,905)	(671,418)
Increase /(Decrease) of Liabilities			
Suppliers, Contractors and Freights	(432,704)	(7,307)	16,470
Amounts Owed to Affiliated Companies	-	(14,184)	-
Customers Advances	(8,371)	10,147	(15,008)
Tax Payable	93,625	125,002	123,546
Securities Payable Forfaiting	223,348	102,528	(82,003)
Actuarial Liability Payments	(11,030)	(5,742)	(57,142)
Actuarial Liability Received - PB1	-	393,933	-
Others	64,598	29,277	27,213
Total	(70,534)	633,654	13,076
Cash Generated from Operating Activities	432,140	811,737	(75,089)
Interest Paid	(4,694)	(152,559)	(125,406)
Income Tax and Social Contribution	(49,227)	(41,860)	(31,708)
Net Cash Generated from Operating Activities	378,219	617,318	(232,203)
Investments activities cash flow			
Marketable Securities	(256,521)	97,235	(134,754)
Fixed Asset Acquisition	(188,135)	(175,821)	(98,869)
Fixed Asset Sale Receipt	18,916	881	6,506
Dividends Received	1,909	2,093	1,458
Purchase of Intangible Assets	(4,738)	(6,645)	(6,472)
Net Cash Employed on Investments Activities	(428,569)	(82,257)	(232,131)
Financial Activities Cash Flow			
Payment of Loans, Financ. & Debent.	(6,651)	(3,391)	(7,252)
Swap Operations Liquidations	(9,309)	-	356
Dividends and Interest on Capital	(59,418)	(5)	(190,917)
Net Cash Generated from (Employed on) Financial Activities	(75,378)	(3,396)	(197,813)
Exchange Variation on Cash and Cash Equivalents	1,955	17,895	(287)
Net Increase (Decrease) of Cash and Cash Equivalents	(123,773)	549,560	(662,434)
Cash and Cash Equivalents at the Beginning of the Period	1,802,526	1,252,966	1,162,045
Cash and Cash Equivalents at the End of The Period	1,678,753	1,802,526	499,611
RECONCILIATION WITH BALANCE SHEET			
Cash and Cash Equivalents at the Beginning of the Period	1,802,526	1,252,966	1,162,045
Marketable Securities at the Beginning of the Period	570,940	668,175	610,747
Cash and Cash Equivalents at the Beginning of the Period	2,373,466	1,921,141	1,772,792
Net Increase (Decrease) of Cash and Cash Equivalents	(123,773)	549,560	(662,434)
Net Increase (Decrease) of Marketable Securities	256,521	(97,235)	134,754
Cash and Cash Equivalents at the End of the Period	1,678,753	1,802,526	499,611
Marketable Securities at the End of the Period	827,461	570,940	745,501
Cash and Cash Equivalents at the End of the Period	2,506,214	2,373,466	1,245,112

Cash Flow - Consolidated | IFRS

R\$ thousand	1H20	1H19
Operating Activities Cash Flow		
Net Income (Loss) in the Period	(819,041)	247,524
Financial Expenses and Monetary Var. / Net Exchge Var.	1,108,480	56,797
Interest Expenses	170,757	175,944
Depreciation and Amortization	498,948	481,940
Losses/(gains) on sale of property, plant and equipment	(7,101)	(6,104)
Equity in the Results of Subsidiaries/Associated Companies	(60,841)	(74,370)
Difered Income Tax and Social Contribution	(254,699)	14,028
Constitution (reversal) of Provisions	193,169	134,971
Actuarial Gains and losses	43,055	42,904
Total	872,727	1,073,634
Increase/Decrease of Assets		
Accounts Receivables Customer	187,148	(58,972)
Inventories	(137,369)	(247,134)
Recovery of Taxes	(106,977)	(105,800)
Judicial Deposits	(19,711)	(40,625)
Accounts Receiv. Affiliated Companies	1,651	465
Others	(116,712)	(109,892)
Total	(191,970)	(561,958)
Increase / (Decrease) of Liabilities		
Suppliers, contractors and freights	(440,011)	32,287
Amounts Owed to Affiliated Companies	(14,184)	(12,416)
Customers Advances	1,776	(6,313)
Tax Payable	218,627	184,144
Securities Payable Forfeiting	325,876	(53,662)
Actuarial Liability payments	(16,772)	(111,343)
Actuarial Liability Received - PB1	393,933	-
Others	93,875	43,996
Total	563,120	76,693
Cash Generated from Operating Activities	1,243,877	588,369
Interest Paid	(157,253)	(246,663)
Income Tax and Social Contribution	(91,087)	(42,999)
Net Cash Generated from Operating Activities	995,537	298,707
Investments activities cash flow		
Marketable Securities	(159,286)	(158,942)
Capital increase in subsidiary	-	(9)
Fixed asset acquisition	(363,956)	(180,356)
Fixed asset sale receipt	19,797	7,806
Dividends Received	4,002	3,002
Purchase of Intangible Assets	(11,383)	(8,626)
Net Cash Employed on Investments Activities	(510,826)	(337,125)
Financial Activities Cash Flow		
Payment of Loans, Financ. & Debent.	(10,042)	(376,786)
Swap Operations Liquidations	(9,309)	356
Dividends and Interest on Capital	(59,423)	(190,917)
Net Cash Generated from (Employed on) Financial Activities	(78,774)	(567,347)
Exchange Variation on Cash and Cash Equivalents	19,850	(1,414)
Net Increase (Decrease) of Cash and Cash Equivalents	425,787	(607,179)
Cash and Cash Equivalents at the Beginning of the Period	1,252,966	1,106,790
Cash and Cash Equivalents at the End of The Period	1,678,753	499,611
RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at the beginning of the period	1,252,966	1,106,790
Marketable securities at the beginning of the period	668,175	586,559
Cash and cash equivalents at the beginning of the period	1,921,141	1,693,349
Net increase (decrease) of cash and cash equivalentes	425,787	(607,179)
Net increase (decrease) of marketable securities	159,286	158,942
Cash and cash equivalents at the end of the period	1,678,753	499,611
Marketable securities at the end of the period	827,461	745,501
Cash and cash equivalents at the end of the period	2,506,214	1,245,112