



# Companhia Brasileira de Alumínio

Parent company and consolidated condensed interim financial statements at September 30, 2018 and independent auditor's review report.



(A free translation of the original in Portuguese)

## ***Report on review of parent company and consolidated condensed interim financial statements***

To the Board of Directors and Stockholders  
Companhia Brasileira de Alumínio

### **Introduction**

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We have reviewed the accompanying condensed interim balance sheet of Companhia Brasileira de Alumínio (the "Company"), as at September 30, 2018, and the related condensed interim statements of income, comprehensive income and cash flows for the quarter and nine-month period then ended and changes in equity for the nine-month period then ended, as well the condensed consolidated interim balance sheet of Companhia Brasileira de Alumínio and its subsidiaries ("Consolidated"), as at September 30, 2018, and the related condensed consolidated statements of income, comprehensive income and cash flows for the quarter and nine-month period then ended, and changes in equity for the nine-month periods then ended, and a summary of significant accounting policies and other explanatory notes.

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

### **Scope of review**

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

Companhia Brasileira de Alumínio

### **Conclusion**

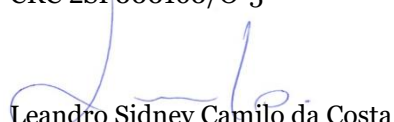
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Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated condensed interim financial statements referred above are not prepared, in all material respects, in accordance with CPC 21 - "Interim Financial Reporting" and with International Accounting Standard, IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB).

Curitiba, October 31<sup>st</sup>, 2018



PricewaterhouseCoopers  
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## Condensed consolidated interim balance sheet In thousands of Reais

Assets	Note	Parent company		Consolidated		Liabilities and stockholders' equity	Note	Parent company		Consolidated	
		9/30/2018	12/31/2017	9/30/2018	12/31/2017			9/30/2018	12/31/2017		
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	7	31.900	18.191	32.044	18.854	Borrowing	16	132.574	185.825	163.189	228.616
Financial investments	8	489.394	922.348	551.454	968.767	Derivative financial instruments	5.3 (a)	163.620	165.240	163.620	165.240
Derivative financial instruments	5.3 (a)	59.433	20.748	59.433	20.748	Confirming payables	17	158.618	38.433	158.618	38.433
Trade receivables	9	548.992	381.417	530.670	383.718	Trade payables		537.914	451.818	533.872	422.663
Inventory	10	909.202	638.855	929.981	659.586	Salaries and social charges		124.754	135.413	126.708	137.538
Taxes recoverable	11	354.027	428.568	369.845	433.698	Taxes payable		4.413	18.650	31.766	44.478
Advances to suppliers		9.629	237.743	9.900	238.245	Advances from customers		24.039	240.759	24.135	240.868
Dividends receivable	12	416	5.377	416	5.311	Dividends payable	12	79	12.796	79	12.796
Financial instruments - firm commitment	12	117.690	114.885	117.690	114.885	Use of public assets		36.574	36.337	39.467	38.972
Other assets		40.571	30.797	44.969	35.234	Related parties	12	224.024	249.378	223.552	249.161
						Other liabilities		25.760	67.993	41.242	80.925
		2.561.254	2.798.929	2.646.402	2.879.046			1.432.369	1.602.642	1.506.248	1.659.690
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Long-term receivables						Borrowing	16	1.901.415	2.467.367	1.992.555	2.588.869
Financial investments	8	64	64	2.450	5.952	Derivative financial instruments	5.3 (a)	10.749			10.749
Derivative financial instruments	5.3 (a)	2.223		2.223		Related parties	12	69.284	313.874	69.284	313.874
Taxes recoverable	11	602.748	566.374	602.773	566.431	Provision	19	479.874	459.537	481.711	460.535
Deferred income tax and social contribution	18 (b)	858.734	911.791	867.971	917.715	Use of public assets		525.586	488.207	573.646	533.968
Related parties	12	925	1.222.219	923	1.222.074	Financial instruments - firm commitment	12	32.805	53.385	32.805	53.385
Judicial deposits		119.934	16.471	120.106	15.467	Other liabilities		54.998	54.890	62.569	61.521
Receivables from disposal of investments	12	27.642	118.905	27.642	118.905			3.063.962	3.848.009	3.212.570	4.022.901
Other assets		18.489	18.882	25.979	26.901			4.496.331	5.450.651	4.718.818	5.682.591
		1.630.759	2.854.706	1.650.067	2.873.445	Total liabilities					
Investments	13	547.668	638.100	196.578	218.695	Stockholders' equity	20				
Property, plant and equipment	14	4.216.979	4.271.392	4.755.538	4.830.978	Capital		4.950.095	5.637.299	4.950.095	5.637.299
Intangible assets	15	427.611	435.129	532.907	541.087	Retained earnings		4.774	4.774	4.774	4.774
		6.823.017	8.199.327	7.135.090	8.464.205	Accumulated losses		(12.953)		(12.953)	
						Other comprehensive income		(53.976)	(94.468)	(53.976)	(94.468)
						Total equity attributable to owners of the parent		4.887.940	5.547.605	4.887.940	5.547.605
						Non-controlling interests				174.734	113.055
						Total stockholders' equity		4.887.940	5.547.605	5.062.674	5.660.660
Total assets		9.384.271	10.998.256	9.781.492	11.343.251	Total liabilities and stockholders' equity		9.384.271	10.998.256	9.781.492	11.343.251

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

**Condensed consolidated interim statement of income**  
**Periods ended September 30**  
**In thousands of Reais, unless otherwise stated**

	Note	Parent company		Consolidated	
		1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
<b>Continuing operations</b>					
Net revenue from goods sold and services rendered	21	3.899.029	3.273.840	3.920.919	3.433.585
Cost of goods sold and services rendered	22	(3.210.408)	(2.877.909)	(3.170.804)	(2.890.556)
<b>Gross profit</b>		<b>688.621</b>	<b>395.931</b>	<b>750.115</b>	<b>543.029</b>
<b>Operating income (expenses)</b>					
Selling	22	(24.556)	(20.135)	(26.128)	(20.273)
General and administrative	22	(132.163)	(133.625)	(136.964)	(139.038)
Other operating income (expenses), net	24	33.463	203.832	29.942	202.107
		(123.256)	50.072	(133.150)	42.796
<b>Operating profit before equity results and net financial results</b>		<b>565.365</b>	<b>446.003</b>	<b>616.965</b>	<b>585.825</b>
<b>Results of investees</b>					
Equity in the results of associates and joint ventures	13	(12.294)	104.891	(27.016)	9.948
<b>Financial results, net</b>	25				
Financial income		98.437	141.936	99.663	158.353
Financial expenses		(301.335)	(294.691)	(314.511)	(305.797)
Derivative financial instruments		254	(84)	254	(84)
Exchange variations, net		(329.985)	120.144	(330.232)	120.476
		(532.629)	(32.695)	(544.826)	(27.052)
<b>Profit before income tax and social contribution</b>		<b>20.442</b>	<b>518.199</b>	<b>45.123</b>	<b>568.721</b>
<b>Income tax and social contribution</b>					
	18 (a)				
Current			63.849	(26.745)	13.260
Deferred		(32.603)	(106.646)	(29.290)	(106.579)
<b>Net profit (loss) for the period</b>		<b>(12.161)</b>	<b>475.402</b>	<b>(10.912)</b>	<b>475.402</b>
Net profit (loss) attributable to the owners of the parent		(12.161)	475.402	(12.161)	475.402
Net profit attributable to non-controlling interests				1.249	
<b>Net profit (loss) for the period</b>		<b>(12.161)</b>	<b>475.402</b>	<b>(10.912)</b>	<b>475.402</b>
Weighted average number of shares, thousands		1.503.347	1.343.458	1.503.347	1.343.458
Basic and diluted earnings (losses) per thousand shares, reais		(8,09)	0,35	(8,09)	0,35

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

**Condensed consolidated interim statement of income**  
**Periods ended September 30**  
**In thousands of Reais, unless otherwise stated**

	Parent company		Consolidated	
	7/1/2018 to 9/30/2018	7/1/2017 to 9/30/2017	7/1/2018 to 9/30/2018	7/1/2017 to 9/30/2017
<b>Continuing operations</b>				
Net revenue from goods sold and services rendered	1,431,248	1,136,961	1,438,837	1,177,550
Cost of goods sold and services rendered	(1,178,460)	(992,234)	(1,173,325)	(994,767)
<b>Gross profit</b>	<b>252,788</b>	<b>144,727</b>	<b>265,512</b>	<b>182,783</b>
<b>Operating income (expenses)</b>				
Selling	(8,536)	(7,188)	(8,893)	(7,223)
General and administrative	(47,883)	(48,382)	(49,739)	(50,719)
Other operating income (expenses), net	(51,366)	176,247	(51,913)	174,539
	(107,785)	120,677	(110,545)	116,597
<b>Operating profit before equity results and net financial results</b>	<b>145,003</b>	<b>265,404</b>	<b>154,967</b>	<b>299,380</b>
<b>Results of investees</b>				
Equity in the results of associates	(4,417)	31,529	(8,329)	8,455
<b>Financial results, net</b>				
Financial income	16,204	41,096	17,676	44,018
Financial expenses	(90,139)	(98,761)	(96,046)	(99,707)
Derivative financial instruments	42	(69)	42	(69)
Exchange variations, net	(81,365)	105,165	(81,379)	105,502
	(155,258)	47,431	(159,707)	49,744
<b>Profit (loss) before income tax and social contribution</b>	<b>(14,672)</b>	<b>344,364</b>	<b>(13,069)</b>	<b>357,579</b>
<b>Income tax and social contribution</b>				
Current		1,100	(6,777)	(12,114)
Deferred	52,000	166,163	55,134	166,162
<b>Net profit for the quarter</b>	<b>37,328</b>	<b>511,627</b>	<b>35,288</b>	<b>511,627</b>
Net profit attributable to the owners of the parent	37,328	511,627	37,328	511,627
Loss attributable to non-controlling interests			(2,041)	
<b>Net profit for the quarter</b>	<b>37,328</b>	<b>511,627</b>	<b>35,288</b>	<b>511,627</b>
Weighted average number of shares, thousands	1,420,294	1,610,129	1,420,294	1,610,129
Basic and diluted earnings per thousand shares, reais	0,03	0,32	0,03	0,32

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

**Condensed consolidated interim statement of comprehensive income**  
**Periods ended September 30**  
**In thousands of Reais, unless otherwise stated**

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
<b>Net profit (loss) for the period</b>	(12,161)	475,402	(10,912)	475,402
<b>Other components of comprehensive income for the period for subsequent reclassification to the statement of income</b>				
Hedge accounting for net investments in foreign operations, net of income tax	40,492	(66,739)	40,492	(66,739)
<b>Other components of comprehensive income for the period</b>	<b>28,331</b>	<b>408,663</b>	<b>29,580</b>	<b>408,663</b>
<b>Total comprehensive income for the quarter the period</b>	<b>28,331</b>	<b>408,663</b>	<b>29,580</b>	<b>408,663</b>
<b>Comprehensive income attributable to the shareholders</b>				
Owners of the parent			28,331	408,663
Non-controlling interests			1,249	
			29,580	408,663
<b>Total comprehensive income for the period</b>	<b>28,331</b>	<b>408,663</b>	<b>29,580</b>	<b>408,663</b>

	Parent company		Consolidated	
	7/1/2018 to 9/30/2018	7/1/2017 to 9/30/2017	7/1/2018 to 9/30/2018	7/1/2017 to 9/30/2017
<b>Net profit for the quarter</b>	37,328	511,627	35,288	511,627
<b>Other components of comprehensive income for the quarter for subsequent reclassification to the statement of income</b>				
Hedge accounting for net investments in foreign operations, net of income tax	34,729	(2,504)	34,729	(2,504)
<b>Total comprehensive income for the quarter</b>	<b>72,057</b>	<b>509,123</b>	<b>70,017</b>	<b>509,123</b>
<b>Comprehensive income attributable to</b>				
Owners of the parent			72,057	509,123
Non-controlling interests			(2,041)	
			70,016	509,123
<b>Total comprehensive income for the period</b>	<b>72,057</b>	<b>509,123</b>	<b>70,017</b>	<b>509,123</b>

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



**Condensed consolidated interim statement of changes in equity**  
**Periods ended September 30**  
**In thousands of Reais, unless otherwise stated**

	Note	Attributable to owners of the parent						Non-controlling interests	Total stockholders' equity
		Capital	Income reserves		Accumulated losses	Other comprehensive income	Total		
			Legal	Profit retention					
At January 1, 2017		4.399.676			(513.509)	34.798	3.920.965	3.920.965	
Comprehensive income									
Net income for the period					475.402		475.402	475.402	
Other comprehensive loss						(66.739)	(66.739)	(66.739)	
Contributions by and distributions to stockholders					475.402	(66.739)	408.663	408.663	
Capital increase		1.237.623					1.237.623	1.237.623	
		1.237.623					1.237.623	1.237.623	
At September 30, 2017		5.637.299			(38.107)	(31.941)	5.567.251	5.567.251	
At January 1, 2018		5.637.299	518	4.256		(94.468)	5.547.605	113.055	5.660.660
Initial adoption of IFRS 9 (Note 3.1.1 (ii))					(792)		(792)	(792)	
At January 1, 2018, after impacts of IFRS 9 adoption		5.637.299	518	4.256	(792)	(94.468)	5.546.813	113.055	5.659.868
Comprehensive income for the period									
Net income (loss) for the period					(12.161)		(12.161)	1.249	(10.912)
Other comprehensive income						40.492	40.492		40.492
Contributions by and distributions to stockholders					(12.161)	40.492	28.331	1.249	29.580
Capital decrease (Note 1.1 (b))		(687.204)					(687.204)		(687.204)
Sale of interest in subsidiary (note 1.1 (a))		(687.204)					(687.204)	60.430	60.430
								60.430	(626.774)
At September 30, 2018		4.950.095	518	4.256	(12.953)	(53.976)	4.887.940	174.734	5.062.674

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

**Condensed consolidated interim statement of cash flows**  
**Periods ended September 30**  
**In thousands of Reais, unless otherwise stated**

	Note	Parent company		Consolidated	
		1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
<b>Cash flow from operating activities</b>					
<b>Profit before income tax and social contribution</b>		20.442	518.199	45.123	568.721
Adjustments of items that do not represent changes in cash and cash equivalents					
ACR - Realization financial instruments – firm commitment	24	86.893	103.035	86.893	103.035
ACL - Realization financial instruments – firm commitment	24	7.548	7.412	7.548	7.412
ACL - Recognition financial instruments – firm commitment	24	(23.554)	849	(23.554)	849
ACR - Decrease (increase) of volume of financial instrument - firm commitment	24	(3.008)	82.059	(3.008)	82.059
Depreciation, amortization and depletion	22	204.012	209.942	227.522	236.380
Equity in the results of associates	13 (b)	12.294	(104.891)	27.016	(9.948)
Impairment reversal of property, plant and equipment, net	14 e 15	(2.876)	(29.941)	(2.876)	(29.941)
Net loss on disposal of property, plant and equipment and intangible assets	24	186	1.844	186	1.906
Gain on sales of investments	24	(111.070)	(378.213)	(111.070)	(378.213)
Reversal of provision for civil, labor, tax and environmental lawsuits and ARO		(93.205)	(8.282)	(93.470)	(7.430)
Net finance result		552.013	103.792	557.362	95.288
		649.675	505.805	717.672	670.118
<b>Decrease (increase) in assets</b>					
Financial investments		467.379	(297.624)	458.260	(263.608)
Trade receivables		(162.545)	(262.845)	(141.922)	(260.415)
Inventory		(270.347)	(52.985)	(270.395)	(38.962)
Taxes recoverable		38.167	29.001	27.511	16.888
Other receivables and other assets		(29.822)	(80.830)	(29.095)	(87.556)
<b>Increase (decrease) in liabilities</b>					
Trade payables		86.096	88.737	111.195	76.503
Confirming payables		120.185	4.219	120.185	4.219
Salaries and social charges		(10.659)	7.844	(10.830)	8.105
Advances from customers		14.909	(4.075)	14.896	(4.754)
Taxes payable		(14.237)	65.429	19.915	71.846
Payments of tax, civil and labor lawsuits		(18.599)	(33.957)	(18.599)	(33.957)
Other accounts payable and other liabilities		(42.126)	(27.702)	(38.439)	(25.960)
<b>Cash from operating activities</b>		828.076	(58.983)	960.354	132.467
Interest paid		(110.514)	(111.937)	(121.299)	(119.112)
Income tax and social contribution paid				(32.627)	(19.609)
<b>Net cash provided by (used in) operating activities</b>		717.562	(170.920)	806.428	(6.254)
<b>Cash flow from investing activities</b>					
Proceeds from disposals of property, plant and equipment and intangible assets		2.499	18.341	2.499	18.450
Proceeds from disposals of investments			197.000		197.000
Dividends received		28.563	271.847	5.311	33.630
Acquisitions of property, plant and equipment	14	(141.890)	(126.625)	(143.712)	(128.969)
Capital reductions in investees		(5.894)	44.692	(5.315)	
Related parties					
<b>Net cash provided by (used in) investing activities</b>		(116.722)	405.255	(141.217)	120.111
<b>Cash flow from financing activities</b>					
New borrowing	16 (c)	34.951	9.923	34.951	162.135
Payments of borrowing	16 (c)	(147.578)	(199.017)	(187.700)	(274.772)
Derivative financial instruments	5.3 (c)	8.075	15.412	8.075	15.412
Capital decrease	1.1 (b)	(205.983)		(205.983)	
Dividends paid		(12.717)		(12.717)	
Related parties		(263.879)	(98.755)	(288.647)	(55.045)
<b>Net cash used in financing activities</b>		(587.131)	(272.437)	(652.021)	(152.270)
Increase (decrease) in cash and cash equivalents		13.709	(38.102)	13.190	(38.413)
Cash and cash equivalents at the beginning of the period		18.191	76.605	18.854	77.040
Cash and cash equivalents at the end of the period		31.900	38.503	32.044	38.627
<b>Main non-cash transactions</b>					
Payment in kind			1.237.623		1.237.623
Capital increase			277.460		277.460
Capital reduction	1.1 (b)	(481.221)		(481.221)	

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

**Condensed consolidated interim statement of cash flows**  
**Periods ended September 30**  
**In thousands of Reais, unless otherwise stated**

	Parent company		Consolidated	
	7/1/2018 to 9/30/2018	7/1/2017 to 9/30/2017	7/1/2018 to 9/30/2018	7/1/2017 to 9/30/2017
<b>Cash flow from operating activities</b>				
<b>Profit (loss) before income tax and social contribution</b>	(14,673)	344,364	(13,071)	357,579
Adjustments of items that do not represent changes in cash and cash equivalents				
ACR - Realization financial instruments – firm commitment	29,576	43,161	29,576	43,161
ACL - Realization financial instruments – firm commitment	10,670	(91,871)	10,670	(91,871)
ACL - Recognition financial instruments – firm commitment	(28,205)	(4,140)	(28,205)	(4,140)
ACR - Decrease (increase) of volume of financial instrument - firm commitment	8,443	77,367	8,443	77,367
Depreciation, amortization and depletion	66,950	51,572	74,795	59,439
Equity in the results of associates	4,417	(31,529)	8,329	(8,455)
Impairment reversal of property, plant and equipment, net	(964)	(7,957)	(964)	(7,957)
Net loss on disposal of property, plant and equipment and intangible assets	2,024	486	2,024	548
Gain on sales of investments		(210,202)		(210,202)
Reversal of provision for civil, labor, tax and environmental lawsuits	(1,267)	(8,245)	(476)	(7,487)
Net finance result	161,836	(831)	162,523	(3,389)
	<u>238,807</u>	<u>162,175</u>	<u>253,644</u>	<u>204,593</u>
<b>Decrease (increase) in assets</b>				
Financial investments	221,919	(126,413)	236,776	(71,410)
Trade receivables	(92,959)	(225,012)	(78,362)	(222,906)
Inventory	(155,214)	(34,075)	(157,457)	(33,515)
Taxes recoverable	(32,300)	14,642	(38,354)	12,750
Other receivables and other assets	(24,234)	(54,614)	(23,430)	(63,988)
<b>Increase (decrease) in liabilities</b>				
Trade payables	(24,577)	44,470	(30,186)	34,156
Confirming payables	130,556	(33)	130,556	(33)
Salaries and social charges	26,644	32,365	26,643	32,570
Advances from customers	30,445	(2,336)	30,448	(3,540)
Taxes payable	(20,298)	4,201	11,127	920
Payments of tax, civil and labor lawsuits	(4,156)	(9,480)	(4,156)	(9,480)
Other accounts payable and other liabilities	(14,174)	46,750	(8,209)	60,499
	<u>280,459</u>	<u>(147,360)</u>	<u>349,040</u>	<u>(59,384)</u>
<b>Cash from operating activities</b>	280,459	(147,360)	349,040	(59,384)
Interest paid	(24,223)	(16,524)	(29,397)	(17,569)
Income tax and social contribution paid			(4,807)	(149)
<b>Net cash provided by (used in) operating activities</b>	<u>256,236</u>	<u>(163,884)</u>	<u>314,836</u>	<u>(77,102)</u>
<b>Cash flow from investing activities</b>				
Proceeds from disposals of property, plant and equipment and intangible assets	184	38	184	78
Proceeds from disposals of investments		95,011		104,513
Dividends received		195,948		9,066
Acquisitions of property, plant and equipment	(69,719)	(51,631)	(70,685)	(52,576)
Capital reductions in investees	(222)	44,692	(3)	
Related parties	(142)	(95,377)		(104,881)
<b>Net cash provided by (used in) investing activities</b>	<u>(69,899)</u>	<u>188,681</u>	<u>(70,504)</u>	<u>(43,800)</u>
<b>Cash flow from financing activities</b>				
New borrowing	26,080		26,080	152,212
Payments of borrowing	(76,558)	(32,103)	(109,986)	(82,488)
Derivative financial instruments	1,572	8,081	1,572	8,081
Dividends paid			47	
Related parties	(153,640)	27,634	(178,154)	71,448
<b>Net cash provided by (used in) financing activities</b>	<u>(202,546)</u>	<u>3,612</u>	<u>(260,441)</u>	<u>149,253</u>
Increase (decrease) in cash and cash equivalents	(16,209)	28,409	(16,109)	28,351
Cash and cash equivalents at the beginning of the quarter	48,109	10,094	48,153	10,276
Cash and cash equivalents at the end of the quarter	<u>31,900</u>	<u>38,503</u>	<u>32,044</u>	<u>38,627</u>
<b>Main non-cash transactions</b>				
Payment in kind		1,237,623		1,237,623
Capital increase		277,460		277,460
Capital reduction	(481,221)		(481,221)	

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

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**1 General information**

Companhia Brasileira de Alumínio (the “Company” or “CBA”) is a subsidiary of Votorantim S.A. (“VSA”), with its head office in São Paulo, State of São Paulo. The Company’s main activities consist of extraction and beneficiation of bauxite in Brazil, and the production and sale of bauxite, alumina, primary and semis aluminum products in the Brazilian and foreign markets, in the form of a wide range of products, such as ingots, billets, rods, plates, coils, sheets and extruded products. The Company also controls nickel and electrolytic cobalt operations, in addition to the trading of the surplus of power generation in the local market, through Votorantim Energia.

The bauxite that we process in our plant comes from two of our own mining units, located in Minas Gerais (Poços de Caldas Minas and Mirai), and is also acquired from a mine in Barro Alto (Goiás), which is managed and operated by an independent company.

The Company has its own hydroelectric power plants and participates in consortium, enabling it to reduce the cost of the electrical power consumed during the aluminum production process.

**1.1 Main events which occurred nine month period ended in September 30, 2018**

**(a) Sale of Pollarix CBA Energia Participações S.A. preferred shares**

On April 1, 2018, the Company sold to Votorantim Geração de Energia S.A. 35% of the preferred shares of the investee CBA Energia Participações S.A., which represented 23.34% of this investee, for the amount of R\$ 171,500. This operation generated a net gain of R\$ 111,070, recorded under "Other operating income (expenses), Net".

**(b) Capital reduction**

On April 30, 2018, a share capital reduction in the amount of R\$ 687,204 was approved according to the minutes of Extraordinary General Meeting.

The counterpart for this capital reduction was paid to the parent company VSA as follows: (a) transfer of the assets balance of related parties in the amount of R\$ 1,392,652; (b) payment in local currency, in the amount of R\$ 205,983; (c) transfer of the liabilities balance of related parties in the amount of R\$ 75,090; (d) transfer of Eurobonds maturing in 2021 in the amount of R\$ 836,341 (USD 241,187).

<u>Assets</u>	
Trade receivables with Votorantim Cimentos S.A.	122,812
Trade receivables with Votorantim Geração de Energia S.A.	910,000
Trade receivables with com Votorantim Energia Ltda.	1,499
Trade receivables with Votorantim S.A.	357,859
Trade receivables with Votorantim Empreendimentos Ltda.	482
Cash in local currency	205,983
	<u>1,598,635</u>
<u>Liabilities</u>	
Trade payables with Votorantim S.A.	(75,090)
Eurobond maturing 2021	(836,341)
	<u>(911,431)</u>
<b>Total of capital reduction</b>	<u><u>687,204</u></u>

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**2 Presentation of the parent company and consolidated financial statements**

**2.1 Basis of presentation**

**(a) Interim parent company and consolidated condensed financial statements**

The financial statements have been prepared and are being presented in accordance with Technical Pronouncement CPC 21 - (R1) Interim Financial Reporting, and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”) and show all relevant information pertinent to the interim financial statements, which is consistent with that used by Management.

The interim parent company and consolidated condensed financial statements as at September 30, 2018 do not contain all of the accompanying notes and disclosures required at the annual financial statements by the accounting standards, since their purpose is to provide an update on the significant activities, events and circumstances compared to the annual financial statements. Therefore, they should be read together with the financial statements at December 31, 2017, approved on March 6, 2018 and publicly disclosed on April 6, 2018 on the Diário Oficial of the State of São Paulo.

The interim parent company and consolidated condensed financial statements were prepared in a manner consistent with the accounting policies disclosed in Note 2 to the financial statements as of December 31, 2017.

**(b) Approval of the financial statements**

The Board of Directors approved these consolidated interim financial statements for issue on October 31, 2018.

**2.1.1 Restatement of comparative figures**

**(a) Statement of income**

	Parent company			
	Nine months period ended at			
	(Original) September 30,2017	First adoption of IFRS 15 (i)	Adjustment of elimination	(Revised) September 30, 2017
Net revenue from goods sold and services rendered	3.273.840			3.273.840
Cost of goods sold and services rendered	(2.846.183)	(31.726)		(2.877.909)
<b>Gross profit</b>	<b>427.657</b>	<b>(31.726)</b>		<b>395.931</b>
<b>Operating income (expenses)</b>				
Selling	(51.861)	31.726 0		(20.135)
General and administrative	(133.625)			(133.625)
Other operating income, net	203.832			203.832
	18.346	31.726		50.072
<b>Operating profit before equity results and net financial results</b>	<b>446.003</b>			<b>446.003</b>

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	Consolidated			
	Nine months period ended at			
	(Original) September 30,2017	First adoption of IFRS 15 (i)	Adjustment of elimination	(Revised) September 30, 2017
Net revenue from goods sold and services rendered	3.599.334		(165.749)	3.433.585
Cost of goods sold and services rendered	(3.024.579)	(31.726)	165.749	(2.890.556)
<b>Gross profit</b>	<b>574.755</b>	<b>(31.726)</b>		<b>543.029</b>
<b>Operating income (expenses)</b>				
Selling	(51.999)	31.726 0		(20.273)
General and administrative	(139.038)			(139.038)
Other operating income, net	202.107			202.107
	11.070	31.726		42.796
<b>Operating profit before equity results and net financial results</b>	<b>585.825</b>			<b>585.825</b>

	Parent company			
	Three months period ended at			
	(Original) September 30,2017	First adoption of IFRS 15 (i)	Adjustment of elimination	(Revised) September 30, 2017
Net revenue from goods sold and services rendered	1.136.961			1.136.961
Cost of goods sold and services rendered	(983.037)	(9.197)		(992.234)
<b>Gross profit</b>	<b>153.924</b>	<b>(9.197)</b>		<b>144.727</b>
<b>Operating income (expenses)</b>				
Selling	(16.385)	9.197 0		(7.188)
General and administrative	(48.382)			(48.382)
Other operating income, net	176.247			176.247
	111.480	9.197		120.677
<b>Operating profit before equity results and net financial results</b>	<b>265.404</b>			<b>265.404</b>

	Consolidated			
	Three months period ended at			
	(Original) September 30,2017	First adoption of IFRS 15 (i)	Adjustment of elimination	(Revised) September 30, 2017
Net revenue from goods sold and services rendered	1.249.606		(72.056)	1.177.550
Cost of goods sold and services rendered	(1.057.626)	(9.197)	72.056	(994.767)
<b>Gross profit</b>	<b>191.980</b>	<b>(9.197)</b>		<b>182.783</b>
<b>Operating income (expenses)</b>				
Selling	(16.420)	9.197 0		(7.223)
General and administrative	(50.719)			(50.719)
Other operating income, net	174.539			174.539
	107.400	9.197		116.597
<b>Operating profit before equity results and net financial results</b>	<b>299.380</b>			<b>299.380</b>

(b) Revenue composition

	Parent company and consolidated		
	Nine months period ended at		
	(Original) September 30,2017	Adjustment of elimination	(Revised) September 30, 2017
Gross sales revenue	4,227,004	(165,749)	4,061,255
Taxes on sales and other deductions	(627,670)		(627,670)
<b>Net revenue</b>	<b>3,599,334</b>	<b>(165,749)</b>	<b>3,433,585</b>

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**(c) Expenditure by nature**

	Parent company and consolidated			
	(Original) September 30, 2017	First adoption of IFRS 15 (i)	Adjustment of elimination	(Revised) September 30, 2017
Raw materials, inputs and consumables	2,022,315		(165,749)	1,856,566
Employee benefit expenses	457,127			457,127
Depreciation, amortization and depletion	236,343			236,343
Outsourced services	134,531			134,531,00
Transportation expenses	55,732			55,732
Other expenses	310,314			310,314
	<b>3,216,362</b>		<b>(165,749)</b>	<b>3,050,613</b>
<b>Reconciliation</b>				
Cost of products sold and services rendered (i)	3,025,278	(31,726)	(165,749)	2,827,803
Selling, general and administrative	191,084	31,726		222,810
	<b>3,216,362</b>		<b>(165,749)</b>	<b>3,050,613</b>

Due to the application of IFRS 15 / CPC 47 – “Customer contract revenue”, there were changes in practices, which resulted in the reclassifications of the Company's results as at September 30, 2017, as described on Note 3.1.1. Consequently, the comparative balances of the financial statements for September 2017, issued on November 7, 2017, have been changed. These changes are necessary to properly to reflect the comparative balances.

**3 Changes in accounting policies and disclosures**

In the period ended September 30, 2018, there were no new standards, amendments to and interpretations of standards other than those mentioned in the last annual financial statements.

**3.1 Adoptions of standards**

**3.1.1 IFRS 9 / CPC 48 – Financial instruments**

**(i) Classification and measurement**

The changes in accounting policies arising from the adoption of IFRS 9/CPC 48 were applied from January 1, 2018 and did not generate effects on the measurement of the Company's financial assets and liabilities.

IFRS 9 has changed the categories for classification of financial assets, eliminating the categories held-to-maturity, loans and receivables and available-for-sale. The Company's financial assets will be classified in one of the following categories: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

		Consolidated		
		September 30, 2018		
Financial assets	Classification under IAS 39	Original carrying amount under IAS 39	Net carrying amount under IFRS 9	
Cash and cash equivalents	Loans and receivables	Fair value through profit or loss	32,044	32,044
Financial investments	Assets held for trading	Fair value through profit or loss	553,904	553,904
Derivative financial instruments	Assets held for trading/Used for hedging	Fair value through profit or loss/ Fair value through other comprehensive income	61,656	61,656
Trade accounts receivable	Loans and receivables	Fair value through profit or loss / Amortized cost	530,670	530,670
Related parties	Loans and receivables	Fair value through profit or loss / Amortized cost	923	923

**(ii) Impairment**

The Company and its subsidiaries adopted the new standard from January 1, 2018 and applied the simplified approach to recognizing the expected credit losses on trade receivables. The method adopted to calculate the provision for impairment is based on a risk matrix, which was recognized based on the history of losses for all aging list and prospective data, including the receivables still to fall due. The

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initial impact of the adoption was R\$ 792 in the parent company and in the consolidated from January 1, 2018, recognized in equity.

**(iii) Hedge accounting**

The Company analyzed the economic relationship of its current net investment hedge operations and concluded that they still qualified for hedge accounting following the adoption of IFRS 9/CPC 48. As the standard does not change the general accounting principles for effective hedges, there was no significant impact resulting from the adoption of IFRS 9/CPC 48.

**(iv) Renegotiations of debts**

The Company and its subsidiaries analyzed the renegotiations that would entail remeasuring debts in accordance with IFRS 9 / CPC 48, and concluded that there is no initial impact of the adoption of the standard.

**3.1.2 CPC 47/IFRS 15 – “Revenue from contracts with customers”**

The Company and its subsidiaries adopted the new accounting standard as of January 1, 2018, resulting in changes in accounting practices linked to the performance obligation related to the freight to delivery of products to customers and, consequently, changes in comparative balances. According to the standard, the Company and its subsidiaries made the changes retrospectively in the balances originally presented. On September 30, 2018, the amount of freight reclassified to the cost of the service rendered was R\$ 36,807 (September 30, 2017 - R\$ 31,726).

**3.1.3 IFRS 16 / CPC 06 – Leases**

The Company and its subsidiaries will apply IFRS 16/CPC 06 on January 1, 2019 and expect to disclose the quantitative effect of the adoption and their transition approach before that date.

**4 Critical accounting estimates and judgments**

For the nine month period ended September 30, 2018, there have been no changes in estimates and assumptions that present a significant risk, with probability of causing a material adjustment to the carrying amounts of assets and liabilities for the current fiscal year, compared to those detailed in Note 4 to the latest annual financial statements.



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**5 Financial risk management**

**5.1 Foreign Exchange risk**

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
<b>Assets denominated in foreign currency</b>				
Cash and cash equivalents	31,237	14,971	31,237	14,971
Derivative financial instruments	61,656	19,713	61,656	19,713
Trade receivables	170,360	49,585	170,360	49,585
	<u>263,253</u>	<u>84,269</u>	<u>263,253</u>	<u>84,269</u>
<b>Liabilities denominated in foreign currency</b>				
Borrowing (i)	1,630,920	2,148,028	1,630,920	2,151,041
Derivative financial instruments	163,620	175,989	163,620	175,989
Confirming payables	75,959		75,959	-
Trade payables	164,474	101,609	164,474	101,609
Related parties		230,520		230,520
	<u>2,034,973</u>	<u>2,656,146</u>	<u>2,034,973</u>	<u>2,659,159</u>
<b>Net exposure</b>	<u>(1,771,720)</u>	<u>(2,571,877)</u>	<u>(1,771,720)</u>	<u>(2,574,890)</u>

(i) Funding costs are not considered in these amounts.

**5.2 Liquidity risk**

The table below presents the Company's main financial liabilities maturity profile (the remaining period from the balance sheet up to the contractual maturity date). Derivative financial liabilities are included if their contractual maturities are essential to understanding the timing of cash flows. The amounts disclosed in the table represent the undiscounted cash flows, which include accrued interest, therefore do not reconcile directly with the amounts in the balance sheet for borrowings and the Use of Public Assets.

	Consolidated					Total
	Less than 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	
<b>At September 30, 2018</b>						
Borrowing	250.720	427.963	269.599	1.741.822		2.690.104
Derivative financial instruments	163.620					163.620
Confirming payables	533.872					533.872
Confirming payables	158.618					158.618
Related parties	223.552	69.284				292.836
Use of public assets	39.102	86.308	97.283	298.273	734.641	1.255.607
Dividends payable	79					79
	<u>1.369.563</u>	<u>583.555</u>	<u>366.882</u>	<u>2.040.095</u>	<u>734.641</u>	<u>5.094.736</u>
<b>At December 31, 2017</b>						
Borrowing	369.948	524.262	1.134.105	1.502.850		3.531.165
Derivative financial instruments	165.240	10.749				175.989
Trade payables	422.663					422.663
Confirming payables	38.433					38.433
Related parties	261.575	313.874				575.449
Use of public assets	42.103	91.907	103.593	318.284	863.145	1.419.032
Dividends payable	12.796					12.796
	<u>1.312.758</u>	<u>940.792</u>	<u>1.237.698</u>	<u>1.821.134</u>	<u>863.145</u>	<u>6.175.527</u>

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5.3 Derivative financial instruments

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

The table below summarizes the derivative financial instruments and the object protected by them:

Programs	Unit	Principal		Purchase/ Sale	Average rate/price FWD	Average period (days)		Fair value		Parent company and consolidated	
		9/30/2018	12/31/2018			Remaining	Original of the contracts	Current assets	Current liabilities	9/30/2018 Total (net between assets and liabilities)	12/31/2017 Total (net between assets and liabilities)
<b>Hedging for mismatches of quotation periods</b>											
Aluminum forward	metric ton	5.650	6.850	P/S		43	159	56	(451)	(395)	(219)
								56	(451)	(395)	(219)
<b>Hedging for the operating margin of metals</b>											
Aluminum forward	metric ton	13.750	18.970	S	2.082 USD/ton	1	382	3.237		3.237	(21.860)
US dollar forward	USD	28.625	32.674	S	3.35 R\$/USD	1	380		(21.832)	(21.832)	8.937
								3.237	(21.832)	(18.595)	(12.923)
<b>Hedging for debts</b>											
TJLP vs. CDI floating rate swaps	BRL/USD		28.000								1.035
											1.035
								3.293	(22.283)	(18.990)	(12.107)

The table below summarizes the hedge accounting:

Programs	Unit	Principal amount		Average rate/FWD	Purchase/ Sale	Average period (days)		Fair value			Parent company and consolidated	
		9/30/2018	12/31/2017			Remaining	Original of contracts	Current assets	Non-current assets	Current liabilities	9/30/2018 Total (net between assets and liabilities)	12/31/2017 Total (net between assets and liabilities)
<b>Hedge accounting - cash flow hedge</b>												
<b>Protection of Metal's operational result</b>												
Aluminum forward	metric ton	149.250	165.175	2167 USD/ton	S	183	379	54.876	730	(322)	55.284	(143.204)
US dollar forward	BRL/USD	323.455	333.501	3,66 R\$/USD	S	183	377	1.264	1.493	(141.015)	(138.258)	70
								56.140	2.223	(141.337)	(82.974)	(143.134)

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(b) Maturity profile

Programs	Parent company and consolidated		
	Fair value per maturity		
	2018	2019	Total
<b>Hedging for mismatches of quotation period</b>			
Aluminum forward	(332)	(63)	(395)
	(332)	(63)	(395)
<b>Hedging for the operating margin of metals</b>			
Aluminum forward	3,237		3,237
US dollar forward	(21,832)		(21,832)
	(18,595)		(18,595)
<b>Hedge accounting - cash flow hedge</b>			
Aluminum forward	3,147	52,137	55,284
US dollar forward	(37,872)	(100,387)	(138,259)
	(34,725)	(48,250)	(82,975)
	(53,652)	(48,313)	(101,965)

(c) Effect of derivative financial instruments on financial results and cash flow

Programs	Unit	1/1/2018 to 9/30/2018				Parent company and consolidated 1/1/2017 to 9/30/2017			
		Principal amount	Fair value adjustment	Realized gain (loss)	Total	Principal amount	Fair value adjustment	Realized gain (loss)	Total
<b>Hedging for mismatches of quotation period</b>									
Aluminum forward	metric ton	5.650	(176)	3.781	3.605	4.880	(381)	(2.101)	(2.482)
			(176)	3.781	3.605		(381)	(2.101)	(2.482)
<b>Hedging for the operating margin of metals</b>									
Aluminum forward	metric ton	13.750	25.097	(95.229)	(70.132)	18.750	(22.904)	(110.063)	(132.967)
US dollar forward	USD	28.625	(30.769)	(27.391)	(58.160)	31.542	6.824	92.551	99.375
			(5.672)	(122.620)	(128.292)		(16.080)	(17.512)	(33.592)
<b>Hedging for debts</b>									
Fixed rate in reais vs. CDI floating rate swaps	BRL/USD						1.041	(875)	166
TJLP vs. CDI floating rate swaps	BRL/USD		(1.035)	1.289	254	28.000	98	(348)	(250)
			(1.035)	1.289	254		1.139	(1.223)	(84)
			(6.883)	(117.550)	(124.433)		(15.322)	(20.836)	(36.158)

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**5.3.1 Sensitivity analysis**

Presented below is a sensitivity analysis of the main risk factors that affect the pricing of the outstanding financial instruments relating to cash and cash equivalents, financial investments, borrowings, and derivative financial instruments. The main risk factors are the exposure to the volatility of the US Dollar exchanges rates, CDI interest rates and commodity prices. The scenarios for these factors were prepared using market and specialized sources, following the Company's governance.

The scenarios at September 30, 2018, are described below:

**Scenario I** - reflects the market forward curves and prices at September 30, 2018, in accordance with Management's base scenario for December 31, 2018.

**Scenario II** - considers a stress factor of + / - 25% applied to the market forward curves and prices at September 30, 2018.

**Scenario III** - considers a stress factor of + / - 50% applied to the market forward curves and prices at September 30, 2018.

Risk factors	Cash and cash equivalents	Borrowing and related parties	Derivative financial instruments and firm commitment	Unit	Parent company and consolidated										
					Impacts on profit (loss)				Impacts on comprehensive income (loss)						
					Impact on curves for 9/30/2018	Results of Scenario I	Scenarios II & III		Results of Scenario I	Scenarios II & III					
						-25%	-50%	+25%	+50%		-25%	-50%	+25%	+50%	
Foreign exchange rate															
USD (ii)	31,237	1,622,620	352,080	USD	-3,84%	61,060	397,135	794,270	(397,135)	(794,270)	47,044	305,979	611,958	(305,979)	(611,958)
Interest rate															
BRL - CDI	509,280	121,762	1,409,693	USD mil	0 bps		(6,192)	(12,384)	6,192	12,384	9,174	18,632	(8,903)	(17,549)	
Price - commodities															
Aluminium			168,650	metric ton	2,71%	(350)	3,227	6,455	(3,227)	(6,455)	(33,125)	305,644	611,289	(305,644)	(611,289)
Firm commitment - Electric energy															
Purchase and sale contract			112,526	BRL			478	959	(475)	(948)					

The Company also incurs on Libor and Dollar Coupon risk factors that are intrinsic to the financial instruments used to hedge.

The balances presented do not reconcile with the accompanying notes, since the analysis carried out contemplates only the most significant currencies.

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**6 Credit quality of financial assets**

The table below summarizes the credit quality of issuers and counterparties in transactions involving cash and cash equivalents, financial investments and derivatives:

	9/30/2018			Parent company 12/31/2017			9/30/2018			Consolidated 12/31/2017		
	Local rating	Global rating	Total	Local rating	Global rating	Total	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents												
AAA	31.763		31.763	18.069		18.069	31.884		31.884	18.672		18.672
AA+	6		6				7		7			
AA	47		47				69		69			
AA-	9		9	45		45	9		9	100		100
A+	4		4	4		4	4		4	4		4
Without rating	71		71	73		73	71		71	78		78
	<u>31.900</u>		<u>31.900</u>	<u>18.191</u>		<u>18.191</u>	<u>32.044</u>		<u>32.044</u>	<u>18.854</u>		<u>18.854</u>
Financial investments												
AAA	443.980		443.980				497.622		497.622			
AA+	2.816		2.816	7.198		7.198	7.006		7.006	45.955		45.955
AA							5.233		5.233			
AA-				860.006		860.006	1.380		1.380	873.556		873.556
Without rating (i)	42.662		42.662	55.208		55.208	42.663		42.663	55.208		55.208
	<u>489.458</u>		<u>489.458</u>	<u>922.412</u>		<u>922.412</u>	<u>553.904</u>		<u>553.904</u>	<u>974.719</u>		<u>974.719</u>
Derivative financial instruments												
AAA	1.264		1.264				1.264		1.264			
AA+				6.900		6.900				6.900		6.900
AA		14.986	14.986									
AA-	1.492		1.492	13.729	19	13.748	1.492	14.986	16.478	13.729	19	13.748
A+		32.076	32.076		98	98		38.473	38.473		98	98
A		11.838	11.838		2	2		5.441	5.441		2	2
	<u>2.756</u>	<u>58.900</u>	<u>61.656</u>	<u>20.629</u>	<u>119</u>	<u>20.748</u>	<u>2.756</u>	<u>58.900</u>	<u>61.656</u>	<u>20.629</u>	<u>119</u>	<u>20.748</u>
	<u>524.114</u>	<u>58.900</u>	<u>583.014</u>	<u>961.232</u>	<u>119</u>	<u>961.351</u>	<u>588.704</u>	<u>58.900</u>	<u>647.604</u>	<u>1.014.202</u>	<u>119</u>	<u>1.014.321</u>

The local and global ratings were obtained from ratings agencies (Standard & Poor's, Moody's and Fitch). For presentation purposes the Company used the S&P and Fitch ratings format.

- (i) Refers mainly to the Credit Rights Investments Fund ("FIDC") exclusive to the Votorantim Group that has no rating by rating agencies.

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**7 Cash and cash equivalents**

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Local currency				
Cash and banks	663	3,220	807	3,883
	663	3,220	807	3,883
Foreign currency				
Cash and banks	31,237	14,971	31,237	14,971
	31,237	14,971	31,237	14,971
	31,900	18,191	32,044	18,854

Cash and cash equivalents in local currency and in foreign currency comprise current account deposits with banks.

**8 Financial investments**

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Local currency				
Repurchase agreements - Government notes	15,982	54,374	15,982	54,374
Repurchase agreements - Private notes		93,246		93,246
Financial Treasury Bills (LFT)	367,057	568,279	367,057	574,167
Bank deposit certificates (CDBs)	29,031	634	42,498	14,924
Credit Rights Investment Fund (FIDC)	42,599	55,144	42,599	55,144
Investment fund shares (i)	34,725	150,671	85,704	182,800
Others	64	64	64	64
	489,458	922,412	553,904	974,719
Current	489,394	922,348	551,454	968,767
Non-current	64	64	2,450	5,952
	489,458	922,412	553,904	974,719

- (i) The Company has investment fund quotas in an exclusive fund of Votorantim Group, as described below:

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Financial investments				
Repurchase agreements - federal securities	19,565	142,958	48,891	173,466
Financial Treasury Bills (LFT)	12,344	1,150	29,827	1,393
Repurchase agreements - private securities		6,563	71	7,941
Bank Deposit Certificate ("CDB")	2,816		6,915	
	34,725	150,671	85,704	182,800

**9 Trade receivables**

	Note	Parent company		Consolidated	
		9/30/2018	12/31/2017	9/30/2018	12/31/2017
Local customers (Brazil)		287,623	241,531	303,730	224,104
Foreign customers		170,224	49,473	170,224	49,473
Related parties	12	122,283	125,789	87,854	145,517
		580,130	416,793	561,808	419,094
Allowance for doubtful accounts		(31,138)	(35,376)	(31,138)	(35,376)
		548,992	381,417	530,670	383,718

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**10 Inventory**

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Semi-finished products (i)	404,816	341,060	405,301	341,515
Finished products (i)	308,035	198,596	309,755	203,975
Auxiliary materials and consumables	103,913	88,752	104,235	89,074
Imports in transit	74,473	38,769	74,473	38,769
Raw materials	71,975	24,567	87,864	3,083
Fuels	1,978	1,549	1,978	36,696
Other	4,839	6,484	7,202	7,396
Provision for losses (ii)	(60,827)	(60,922)	(60,827)	(60,922)
	<u>909,202</u>	<u>638,855</u>	<u>929,981</u>	<u>659,586</u>

The Company had no inventory pledged as collateral for any of its liabilities

- (i) Increase in the production of sheets and billets, and acquisition of imported scrap and ingots for resale.
- (ii) Provision for losses is mainly related to the obsolescence of inventory and to the slow-moving materials.

**11 Taxes recoverable**

**Breakdown**

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Social Contribution on Revenue ("COFINS")	168,853	144,080	170,238	144,952
State Value-added Tax on Sales and Services ("ICMS")	457,692	380,317	460,683	381,528
Income tax and social contribution	245,309	395,408	255,623	395,516
Social Integration Program ("PIS")	37,722	31,373	38,031	31,562
ICMS on property, plant and equipment	15,717	17,792	15,717	17,792
Excise Tax ("IPI")	8,409	8,581	8,414	8,695
Other	23,073	17,391	23,912	20,084
	<u>956,775</u>	<u>994,942</u>	<u>972,618</u>	<u>1,000,129</u>
Current	354,027	428,568	369,845	433,698
Non-current	602,748	566,374	602,773	566,431
	<u>956,775</u>	<u>994,942</u>	<u>972,618</u>	<u>1,000,129</u>

## Notes to the condensed consolidated interim financial statements at September 30, 2018 In thousands of Reais, unless otherwise stated

### 12 Related parties

#### (a) Parent company

	Statement of operations																		
	Trade receivables		Dividends receivable		Current and non-current assets		Trade payables		Current and non-current liabilities		Dividends payable		Sales		Purchase		Finance income and costs		
	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	
<b>Parent company</b>																			
Votorantim S.A. (i)	3,678	4,331				357,859		1,711	1,371			75,090		12,717					
<b>Subsidiaries</b>																			
BAESA - Energética Barra Grande S.A.				66				7,052	11,378		152	152		44,296		43,293			
ENERCAN - Campos Novos Energia S.A.								21,322	25,197					112,201		207,214			
Metallex Ltda.	35,035	7,049													242,384	165,496		2,841	
<b>Associates</b>																			
Mineração Rio do Norte S.A.				5,311															
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	79,610	111,874			145,332	233,790	80,639	76,334	322,191	537,948			729,067	700,649	809,703	836,370	(67,969)	(67,969)	
Votorantim Cimentos S.A. (i)	295	813				122,812		937		3	3		539	782	460	3,103			
Votorantim Energia Ltda.						1,499													(8,852)
Votorantim Fincos GmbH																			
Votorantim Geração de Energia S.A. (i)						738,500													(810)
Nexa Resources S.A.																			
Nexa Recursos Minerais S.A.	1,014	684					325	576	5	5					5,069	118,921			
Outros	2,651	1,038	416		925	1,549	144	1,501	3,762	3,439	79	79			7,922				
	<u>122,283</u>	<u>125,789</u>	<u>416</u>	<u>5,377</u>	<u>146,257</u>	<u>1,456,009</u>	<u>112,130</u>	<u>116,357</u>	<u>326,113</u>	<u>616,637</u>	<u>79</u>	<u>12,796</u>	<u>886,103</u>	<u>951,938</u>	<u>1,065,538</u>	<u>1,123,890</u>	<u>(65,128)</u>	<u>(77,631)</u>	
Current	122,283	125,789	416	5,377	117,690	114,885	112,130	116,357	224,024	249,378	79	12,796							
Non-current					28,567	1,341,124			102,089	367,259									
	<u>122,283</u>	<u>125,789</u>	<u>416</u>	<u>5,377</u>	<u>146,257</u>	<u>1,456,009</u>	<u>112,130</u>	<u>116,357</u>	<u>326,113</u>	<u>616,637</u>	<u>79</u>	<u>12,796</u>							



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**(b) Consolidated**

	Statement of operations																		
	Trade receivables		Dividends receivable		Current and non-current assets		Trade payables		Current and non-current liabilities		Dividends payable		Sales	Purchase	Finance income and costs				
	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	
<b>Parent company</b>																			
Votorantim S.A. (i)	3,677	4,331			357,859		1,711	1,371		75,090		12,717							
<b>Associates</b>																			
Mineração Rio do Norte S.A.				5,311															
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	79,610	111,874			146,255	233,790	80,639	76,334	322,191	537,948			729,067	700,649	809,703	836,370	(67,969)	(67,969)	
Votorantim Cimentos S.A. (i)	295	813				122,812				3			539	782	460	3,103			
Votorantim Energia Ltda. (i)						1,499													
Votorantim Fincos GmbH																		(8,852)	
Votorantim Geração de Energia S.A. (i)						738,500													
Nexa Recursos S.A.																		(810)	
Nexa Recursos Minerais S.A.	1,014	26,877					325	576	5	5					5,069	118,921			
Others	3,258	1,622	416		1,404		1,081	1,502	3,445	3,374	79	79			7,922				
	<u>87,854</u>	<u>145,517</u>	<u>416</u>	<u>5,311</u>	<u>146,255</u>	<u>1,455,864</u>	<u>83,756</u>	<u>79,783</u>	<u>325,641</u>	<u>616,420</u>	<u>79</u>	<u>12,796</u>	<u>729,606</u>	<u>701,431</u>	<u>823,154</u>	<u>958,394</u>	<u>(67,969)</u>	<u>(77,631)</u>	
Current	87,854	145,517	416	5,311	117,690	114,885	83,756	79,783	223,552	249,161	79	12,796							
Non-current					28,565	1,340,979			102,089	367,259									
	<u>87,854</u>	<u>145,517</u>	<u>416</u>	<u>5,311</u>	<u>146,255</u>	<u>1,455,864</u>	<u>83,756</u>	<u>79,783</u>	<u>325,641</u>	<u>616,420</u>	<u>79</u>	<u>12,796</u>							

- (i) Transfer of related party balances to the parent company VSA, through capital reduction, as per Note 1.1 (b).
- (ii) Current and non-current assets refers to the financial instrument - firm commitment to the sale of surplus energy. Current and non-current liabilities refers to advanced payments related to electrical power trading contracts in the free market, which occurred in 2014 and 2015. Purchases and sales refers to the commercialization of third party energy in the free market environment, where Votener acts as the final marketer. Financial expenses refers to interest to be accrued from the assignment of energy sales agreements until December 2019, and interest is recognized *pro rata* based on the results during the term of the agreement.

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**(c) Guarantees over Company's indebtedness, granted by related parties**

Instrument	Guarantor	9/30/2018	12/31/2017
BNDES (i)	Hejoassu/VSA	339,562	408,923
Development agency	VSA (100%)	37,575	42,350
Eurobonds - USD (Voto 21) (ii)	VSA (100%), VCSA (50%) and CBA (50%)		806,781
Eurobonds - USD (Voto 24)	VSA (100%)	1,623,326	1,325,470
		<u>2,000,463</u>	<u>2,583,524</u>

- (i) On October 2018, BNDES approved the release of Hejoassu's guarantee from the contracts with the bank, as described in Note 28.
- (ii) Transfer to VSA of Eurobonds maturing in 2021, in the amount of R\$ 836,341, through capital reduction, as described in Note 1.1 (b)

**(d) Guarantees over related parties' indebtedness granted by the Company**

Instrument	Debtor	Guarantor	Percentage guaranteed by the Company	9/30/2018		12/31/2017	
				Debt	Amount guaranteed	Debt	Amount guaranteed
Eurobonds - USD (Voto 19)	VSA	VSA, VCSA, CBA	50%	827,811	413,905	695,272	347,636
Eurobonds - USD (Voto 21) (i)	VSA	VSA, VCSA, CBA	50%	992,723	496,362		
				<u>1,820,534</u>	<u>910,267</u>	<u>695,272</u>	<u>347,636</u>

- (i) Transfer to VSA of Eurobonds maturing in 2021, in the amount of R\$ 836.341, through capital reduction, as described in Note 1.1 (b). As at September 30, 2018, the Company remains the guarantor of 50% of this debt.

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13 Investments

(a) Breakdown

								Parent company	
	Information as at September 30, 2018				Equity in the results		Balance		
	Net equity	Net income (loss) for the period	Percentage of voting and total capital (%)	Percentage of interest total (%)	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	9/30/2018	12/31/2017	
Investments accounted for using the equity method									
Subsidiaries									
Metalex Ltda.	64,646	17,074	100,00	100,00	17,074	19,910	64,646	70,732	
CBA Energia Participações S.A. (i)	262,096	1,204	100,00	33,33	(45)	1,610	87,365	147,844	
CBA Machadinho Geração de Energia Ltda.	149,684	(2,307)	100,00	100,00	(2,307)		149,684	151,431	
Associates									
Alunorte - Alumina do Norte S.A.	3,674,795	(773,821)	3,52	3,03	(23,481)	2,335	111,508	135,405	
Mineração Rio do Norte S.A.	849,896	(35,349)	12,50	10,00	(3,535)	7,621	84,990	83,213	
Other investments						(8)	45	45	
Joint operations									
ENERCAN - Campos Novos Energia S.A.						69,649			
BAESA - Energética Barra Grande S.A.						3,774			
					(12,294)	104,891	498,238	588,670	
Goodwill									
Metalex Ltda.							49,430	49,430	
							49,430	49,430	
					(12,294)	104,891	547,668	638,100	

(i) The investment in CBA Energia Participações S.A. of 33.33%, represents 100% of the common shares, and therefore controls this investee.

								Consolidated	
	Information as at September 30, 2018				Equity in the results		Balance		
	Net equity	Loss for the period	Percentage of voting and total capital (%)	Percentual de participação total (%)	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	9/30/2018	12/31/2017	
Investments accounted for using the equity method									
Associates									
Alunorte - Alumina do Norte S.A.	3.674.795	(773.821)	3,52	3,03	(23.481)	2.335	111.508	135.405	
Mineração Rio do Norte S.A.	849.896	(35.349)	12,50	10,00	(3.535)	7.621	84.990	83.213	
Other investments						(8)	80	77	
					(27.016)	9.948	196.578	218.695	

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**(b) Changes in investments**

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
Balance at the beginning of the period	638,100	1,091,795	218,695	257,176
Equity in the results	(12,294)	104,891	(27,016)	9,948
Capital decrease in investee		(44,692)		
Investment write-off (i)	(60,430)	(311,787)		
Disposal with increase of investment (ii)		(120,990)		
Increase interest	5,894		5,315	
Increase of investment (iii)		275,487		
Dividends received and receivable	(23,602)	(252,169)	(416)	(43,912)
Other		5,828		(10)
Balance at the end of the period	<u>547,668</u>	<u>748,363</u>	<u>196,578</u>	<u>223,202</u>

- (i) Refers to the sale of the preferred shares of the investee CBA Energia Participações S.A. and common shares of Pollarix S.A. in the periods ended at September 30, 2018 and 2017, respectively.
- (ii) Refers to the contribution of the Barra Grande Energética S.A. ("BAESA") investment in the investee CBA Energia Participações S.A.
- (iii) Refers to the capital increase in the investee CBA Energia Participações S.A.

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**14 Property, plant and equipment**

**(a) Breakdown and changes**

									Parent company	
									1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
	Land and improvements	Buildings	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Construction in progress	ARO (i)	Other	Total	Total
Balance at the beginning of the period										
Cost	98,480	2,449,228	5,716,429	106,379	25,374	366,319	135,395	326,648	9,224,252	9,208,587
Accumulated depreciation	(1,781)	(871,309)	(3,608,064)	(100,182)	(16,006)		(74,425)	(281,093)	(4,952,860)	(4,788,233)
Net balance	96,699	1,577,919	2,108,365	6,197	9,368	366,319	60,970	45,555	4,271,392	4,420,354
Acquisitions	2,255	539	14,409	205	9	124,473			141,890	126,625
Disposals		(341)	(2,223)	(7)	(23)			(91)	(2,685)	(20,185)
Depreciation		(36,919)	(146,105)	(1,710)	(1,608)		(6,047)	(352)	(192,741)	(198,987)
Payment in kind										(9,487)
Increase of assets										(154,497)
Reversal of impairment		148	2,586	9	12	43		92	2,890	29,935
Revision of cash flow										
Transfers	6,109	16,865	67,435	2,779	2,041	(66,946)		(32,050)	(3,767)	(3,027)
Balance at the end of the period	105,063	1,558,211	2,044,467	7,473	9,799	423,889	54,923	13,154	4,216,979	4,191,190
Cost	107,013	2,464,591	5,773,586	108,566	30,746	423,889	135,395	316,340	9,360,126	9,104,793
Accumulated depreciation	(1,950)	(906,380)	(3,729,119)	(101,093)	(20,947)		(80,472)	(303,186)	(5,143,147)	(4,913,603)
Net balance at the end of the period	105,063	1,558,211	2,044,467	7,473	9,799	423,889	54,923	13,154	4,216,979	4,191,190
Average annual depreciation rates - %		2	5	18	8		6			
										Consolidated
										1/1/2018 to 9/30/2018
										1/1/2017 to 9/30/2017
Balance at the beginning of the period										
Cost	112,737	2,934,356	6,026,737	106,430	25,707	368,120	135,395	326,648	10,036,130	10,135,575
Accumulated depreciation	(2,437)	(1,017,755)	(3,712,997)	(100,197)	(16,248)		(74,425)	(281,093)	(5,205,152)	(5,065,764)
Net balance	110,300	1,916,601	2,313,740	6,233	9,459	368,120	60,970	45,555	4,830,978	5,069,811
Acquisitions	2,255	539	14,683	205	10	126,020			143,712	128,932
Disposals		(341)	(2,223)	(7)	(23)			(91)	(2,685)	(20,294)
Depreciation	(1,986)	(48,666)	(155,205)	(1,715)	(1,619)		(6,047)	(352)	(215,590)	(224,628)
Payment in kind										(9,487)
Participation of subsidiary excluded from consolidation										(215,060)
Reversal of impairment		148	2,586	9	12	43		92	2,890	29,935
Revision of cash flow										459
Transfers	6,109	16,865	68,806	2,779	2,041	(68,317)		(32,050)	(3,767)	(2,999)
Balance at the end of the period	116,678	1,885,146	2,242,387	7,504	9,880	425,866	54,923	13,154	4,755,538	4,756,669
Cost	121,270	2,949,106	6,066,273	108,617	31,080	425,866	135,395	316,340	10,153,947	9,914,944
Accumulated depreciation	(4,592)	(1,063,960)	(3,823,886)	(101,113)	(21,200)		(80,472)	(303,186)	(5,398,409)	(5,158,275)
Net balance at the end of the period	116,678	1,885,146	2,242,387	7,504	9,880	425,866	54,923	13,154	4,755,538	4,756,669
Average annual depreciation rates - %	-	2	5	18	8		-	-	-	-

**(i) Asset Retirement Obligation**

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**(b) Construction in progress**

	Parent company and consolidated					
	9/30/2018			9/30/2017		
	Gross balance	Provision for asset impairment	Net balance	Gross balance	Provision for asset impairment	Net balance
Ferro Níquel Project	569,605	(569,605)		569,605	(569,605)	
Bauxita Rondon Project	122,953		122,953	110,916		110,916
Furnace of calcination	92,464	(92,464)		92,096	(92,096)	
Pot Recovery	90,768	(441)	90,327	74,984	(441)	74,543
Tijuco Alto Project	52,374	(52,374)		52,374	(52,374)	
Revitalization and adaptation of plant	43,271		43,271	50,952		50,952
Alumina Factory Project	42,838	(12,587)	30,251	37,924	(12,587)	25,337
Modernization of Automation System	36,248		36,248	32,221		32,221
Pot Room Projects	21,033		21,033	17,760		17,760
Downstream and casting projects	19,770		19,770	25,781		25,781
Other	86,981	(24,968)	62,013	55,989	(25,379)	30,610
	<u>1,178,305</u>	<u>(752,439)</u>	<u>425,866</u>	<u>1,120,602</u>	<u>(752,482)</u>	<u>368,120</u>

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15 Intangible assets

(a) Breakdown and changes

							Parent company	
							1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
	Rights over natural resources	Goodwill	Use of public assets	Software	Other	Total	Total	
Balance at the beginning of the period								
Cost	172,486	79,722	281,829	25,253	9,536	568,826	639,493	
Accumulated amortization and depletion	(36,953)		(77,533)	(17,312)	(1,899)	(133,697)	(163,027)	
Net balance	135,533	79,722	204,296	7,941	7,637	435,129	476,466	
Amortization and depletion	(588)		(8,100)	(2,570)	(13)	(11,271)	(10,955)	
Payment in kind							(2,268)	
Reversal of (provision for) impairment				(14)		(14)	6	
Transfers				3,767		3,767	3,027	
Balance at the end of the period	134,945	79,722	196,196	9,124	7,624	427,611	466,276	
Cost	172,486	79,722	281,829	29,160	7,624	570,821	596,459	
Accumulated amortization and depletion	(37,541)		(85,633)	(20,036)		(143,210)	(130,183)	
Net balance at the end of the period	134,945	79,722	196,196	9,124	7,624	427,611	466,276	
Average annual amortization and depletion rates - %	3		3	20				

							Consolidated	
							1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
	Rights over natural resources	Goodwill	Use of public assets	Software	Other	Total	Total	
Balance at the beginning of the period								
Cost	172,486	166,265	303,774	25,698	38,501	706,724	811,161	
Accumulated amortization and depletion	(36,953)		(83,519)	(17,688)	(27,477)	(165,637)	(197,019)	
Net balance	135,533	166,265	220,255	8,010	11,024	541,087	614,142	
Acquisitions							37	
Amortization and depletion	(588)		(8,756)	(2,573)	(16)	(11,933)	(11,752)	
Payment in kind							(2,268)	
Participation of subsidiary excluded from consolidation							(2,200)	
Disposal by sale of goodwill							(28,506)	
Reversal of impairment				(14)		(14)	6	
Transfers				3,767		3,767	2,999	
Balance at the end of the period	134,945	166,265	211,499	9,190	11,008	532,907	572,458	
Cost	172,486	166,265	303,774	29,452	38,630	710,607	734,414	
Accumulated amortization and depletion	(37,541)		(92,275)	(20,262)	(27,622)	(177,700)	(161,956)	
Net balance at the end of the period	134,945	166,265	211,499	9,190	11,008	532,907	572,458	
Average annual amortization and depletion rates - %	3		3	20				

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**16 Borrowings**

**(a) Breakdown and fair value**

Type	Average annual cost (j)	Current		Non-current		Total		Parent company	
		9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017
<b>In local currency</b>									
BNDES	TJLP + 2,27% / 5,70% Pré BRL / SELIC + 2,54%	87.905	145.763	242.717	289.172	330.622	434.935	307.393	417.221
FINAME	4,74% Fixed BRL	1.016	1.312	3.744	5.155	4.760	6.467	4.147	5.828
Development agency	10,00% Pré BRL / TJLP + 0,62%	18.000	14.098	57.389	58.450	75.389	72.548	72.416	71.359
Other				598	598	598	598	598	598
		<u>106.921</u>	<u>161.173</u>	<u>304.448</u>	<u>353.375</u>	<u>411.369</u>	<u>514.548</u>	<u>384.554</u>	<u>495.006</u>
<b>In foreign currency</b>									
BNDES	UMBNDES + 2,47%	5.331	11.170	2.265	4.607	7.596	15.777	7.826	16.305
Eurobonds - USD	4,75% Fixed USD	20.322	13.482	1.594.702	2.109.385	1.615.024	2.122.867	1.546.253	2.213.727
		<u>25.653</u>	<u>24.652</u>	<u>1.596.967</u>	<u>2.113.992</u>	<u>1.622.620</u>	<u>2.138.644</u>	<u>1.554.079</u>	<u>2.230.032</u>
		<u>132.574</u>	<u>185.825</u>	<u>1.901.415</u>	<u>2.467.367</u>	<u>2.033.989</u>	<u>2.653.192</u>	<u>1.938.633</u>	<u>2.725.038</u>
Interest on borrowing		23.014	17.318						
Current portion of long-term borrowing (principal)		109.560	168.507						
		<u>132.574</u>	<u>185.825</u>						



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Type	Average annual cost (i)	Current		Non-current		Total		Consolidated	
		9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017
<b>In local currency</b>									
BNDES	TJLP + 2,27% / 5,70% Pré BRL / SELIC + 2,54%	87.905	152.222	242.717	289.172	330.622	441.394	307.393	423.739
FINAME	4.74% Fixed BRL	1.016	1.312	3.744	5.155	4.760	6.467	4.147	5.828
Debentures	107.50% CDI	30.615	33.318	91.140	121.502	121.755	154.820	232.102	155.224
Development agency	10,00% Pré BRL / TJLP + 0,62%	18.000	14.098	57.389	58.450	75.389	72.548	72.416	71.359
Other				598	598	598	598	598	598
		<u>137.536</u>	<u>200.950</u>	<u>395.588</u>	<u>474.877</u>	<u>533.124</u>	<u>675.827</u>	<u>616.656</u>	<u>656.748</u>
<b>In foreign currency</b>									
BNDES	UMBNDDES + 2.47%	5.331	14.184	2.265	4.607	7.596	18.791	7.826	19.338
Eurobonds - USD (ii)	4.75% Fixed USD	20.322	13.482	1.594.702	2.109.385	1.615.024	2.122.867	1.546.253	2.213.727
		<u>25.653</u>	<u>27.666</u>	<u>1.596.967</u>	<u>2.113.992</u>	<u>1.622.620</u>	<u>2.141.658</u>	<u>1.554.079</u>	<u>2.233.065</u>
		<u>163.189</u>	<u>228.616</u>	<u>1.992.555</u>	<u>2.588.869</u>	<u>2.155.744</u>	<u>2.817.485</u>	<u>2.170.735</u>	<u>2.889.813</u>
Interest on borrowing		23.304	20.345						
Short-term borrowing (principal)		139.885	208.271						
		<u>163.189</u>	<u>228.616</u>						

- (i) The average annual costs are presented only for the most representative agreements in terms of the total debt amount.  
(ii) Transfer of Eurobonds to VSA, through capital reduction, as per note 1.1 (b).

BNDES	Brazilian Economic and Social Development Bank.
BRL	Brazilian currency (Real).
CDI	Brazilian Interbank Deposit Certificate.
FINAME	Subsidized rates to finance new machinery and equipment manufactured in Brazil.
SELIC	Brazilian Special System for Clearance and Custody.
TJLP	Long Term Interest Rate set by the National Monetary Council. Until December 2017, the TJLP was the basic cost of BNDES financing. As of January 2018, the Long Term Rate (TLP) became the main financial cost of BNDES financing.
UMBNDDES	Monetary unit of the BNDES reflecting the weighted basket of currencies of foreign currency debt obligations. At September 30, 2018, 99% of the basket comprised US Dollars.
USD	US Dollar.

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**(b) Maturity**

	Parent company and consolidated									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
<b>In local currency</b>										
BNDDES	24,034	84,404	68,975	58,066	29,454	17,517	17,517	17,517	13,138	330,622
FINAME	260	1,008	982	872	781	781	76			4,760
Debentures (i)	(29)	30,615	30,346	30,407	30,416					121,755
Development agency	4,789	17,617	17,617	17,617	7,246	6,303	4,200			75,389
Other		598								598
	<u>29,054</u>	<u>134,242</u>	<u>117,920</u>	<u>106,962</u>	<u>67,897</u>	<u>24,601</u>	<u>21,793</u>	<u>17,517</u>	<u>13,138</u>	<u>533,124</u>
% amortized per year	5,45%	25,18%	22,12%	20,06%	12,74%	4,61%	4,09%	3,29%	2,46%	100,00%
<b>In foreign currency</b>										
BNDDES	2,020	4,194	1,382							7,596
Eurobonds - USD (i)	21,405	(1,444)	(1,444)	(1,444)	(1,444)	(1,444)	1,600,839			1,615,024
	<u>23,425</u>	<u>2,750</u>	<u>(62)</u>	<u>(1,444)</u>	<u>(1,444)</u>	<u>(1,444)</u>	<u>1,600,839</u>			<u>1,622,620</u>
% amortized per year	1,44%	0,17%	0,00%	-0,09%	-0,09%	-0,09%	98,66%	0,00%	0,00%	100,00%
	<u>52,479</u>	<u>136,992</u>	<u>117,858</u>	<u>105,518</u>	<u>66,453</u>	<u>23,157</u>	<u>1,622,632</u>	<u>17,517</u>	<u>13,138</u>	<u>2,155,744</u>
% amortized per year	<u>2,43%</u>	<u>6,35%</u>	<u>5,47%</u>	<u>4,89%</u>	<u>3,08%</u>	<u>1,07%</u>	<u>75,27%</u>	<u>0,81%</u>	<u>0,63%</u>	<u>100,00%</u>

(i) The negative balances relate to funding costs amortized on a straight line basis.

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**(c) Changes**

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
Balance at the beginning of the period	2,653,192	2,820,301	2,817,485	2,950,525
New borrowing	34,951	9,923	34,951	162,135
Amortization of funding costs, net of additions	772	1,116	848	785
Exchange variation	323,496	(59,052)	323,728	(59,362)
Participation of subsidiary excluded from consolidation				(41,792)
Accrued interest	99,231	128,568	107,292	136,041
Interest paid	(93,734)	(93,593)	(104,519)	(100,768)
Eurobond transfer (i)	(836,341)		(836,341)	
Payments	(147,578)	(199,017)	(187,700)	(274,772)
Balance at the end of the period	<u>2,033,989</u>	<u>2,608,246</u>	<u>2,155,744</u>	<u>2,772,792</u>

(i) Refers mainly to the transfer of the Eurobonds to VSA, through capital reduction, as described in Note 1.1 (b).

**(d) Breakdown by currency**

	Parent company					
	Current		Non-current		Total	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017
US Dollar	25,653	24,385	1,596,967	2,113,992	1,622,620	2,138,377
Real	106,921	161,173	304,448	353,375	411,369	514,548
Currency basket		267				267
	<u>132,574</u>	<u>185,825</u>	<u>1,901,415</u>	<u>2,467,367</u>	<u>2,033,989</u>	<u>2,653,192</u>

	Consolidated					
	Current		Non-current		Total	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017
US Dollar	25,653	24,385	1,596,967	2,113,992	1,622,620	2,138,377
Real	137,536	200,950	395,588	474,877	533,124	675,827
Currency basket		3,281				3,281
	<u>163,189</u>	<u>228,616</u>	<u>1,992,555</u>	<u>2,588,869</u>	<u>2,155,744</u>	<u>2,817,485</u>

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**(e) Breakdown by index**

	Parent company					
	Current		Non-current		Total	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017
<b>In local currency</b>						
BNDDES	20,535	32,062	33,183	38,545	53,718	70,607
Fixed rate	12,931	13,490	38,226	48,300	51,157	61,790
TJLP	73,455	115,621	233,039	266,530	306,494	382,151
	<u>106,921</u>	<u>161,173</u>	<u>304,448</u>	<u>353,375</u>	<u>411,369</u>	<u>514,548</u>
<b>In foreign currency</b>						
Fixed rate	20,322	13,482	1,594,702	2,109,385	1,615,024	2,122,867
UMBNDDES	5,331	11,170	2,265	4,607	7,596	15,777
	<u>25,653</u>	<u>24,652</u>	<u>1,596,967</u>	<u>2,113,992</u>	<u>1,622,620</u>	<u>2,138,644</u>
	<u>132,574</u>	<u>185,825</u>	<u>1,901,415</u>	<u>2,467,367</u>	<u>2,033,989</u>	<u>2,653,192</u>
	Consolidated					
	Current		Non-current		Total	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017
<b>In local currency</b>						
CDI	30,615	33,318	91,139	121,501	121,754	154,819
Fixed rate	12,931	13,490	38,226	48,300	51,157	61,790
TJLP	73,455	122,080	233,040	266,531	306,495	388,611
BNDDES	20,535	32,062	33,183	38,545	53,718	70,607
	<u>137,536</u>	<u>200,950</u>	<u>395,588</u>	<u>474,877</u>	<u>533,124</u>	<u>675,827</u>
<b>In foreign currency</b>						
Fixed rate	20,322	13,482	1,594,702	2,109,385	1,615,024	2,122,867
UMBNDDES	5,331	14,184	2,265	4,606	7,596	18,790
	<u>25,653</u>	<u>27,666</u>	<u>1,596,967</u>	<u>2,113,992</u>	<u>1,622,620</u>	<u>2,141,658</u>
	<u>163,189</u>	<u>228,616</u>	<u>1,992,555</u>	<u>2,588,869</u>	<u>2,155,744</u>	<u>2,817,485</u>

**(f) Collateral**

As of September 30, 2018, R\$ 2,000,463 (December 31, 2017 - R\$ 2,583,524) of the borrowings was guaranteed by sureties (Note 12 (c)), R\$ 4,760 (December 31, 2017 - R\$ 6,468) by liens on the company's assets and R\$ 38,008 (December 31, 2017 - R\$ 30,198) by bank guarantees.

**(g) New borrowings and repayments**

On April 30, 2018, the Company transferred its Eurobonds maturing in 2021 in the amount of R\$ 836,341 (USD 241,187) to VSA, through a capital reduction, as per Note 1.1 (b).

During the nine month period ended on September 30, 2018, the Company entered into loans agreements with BNDDES, in the aggregate amount of R \$ 20,632, at the average cost of TJLP + 2.48% / SELIC Fixed + 2.56%.

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**17 Confirming payables**

The Company entered into agreements with financial institutions, with the purpose of enabling suppliers in the domestic and foreign markets to anticipate its receivables. As part of this operation, the suppliers transfer the right of receipt of the securities from the sales of the goods to the Financial Institution.

<b>Confirming payables</b>	<b>Parent company</b>		<b>Consolidated</b>	
	<b>9/30/2018</b>	<b>12/31/2017</b>	<b>9/30/2018</b>	<b>12/31/2017</b>
Payables - Local customers	82,659	38,433	82,659	38,433
Payables - Foreign customers	75,959		75,959	
	<u>158,618</u>	<u>38,433</u>	<u>158,618</u>	<u>38,433</u>

**18 Current and deferred income tax and social contribution**

**(a) Reconciliation of income tax and social contribution expenses**

The current amounts are calculated based on the current rates levied on taxable income, adjusted upwards or downwards by the respective additions and exclusions.

The income tax and social contribution amounts presented in the statements of income for the years ending on September 30 are reconciled to their Brazilian standard rates as follows:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>1/1/2018 to 9/30/2018</b>	<b>1/1/2017 to 9/30/2017</b>	<b>1/1/2018 to 9/30/2018</b>	<b>1/1/2017 to 9/30/2017</b>
Profit before taxes	20,442	518,199	45,123	568,721
Standard rate	34%	34%	34%	34%
Income tax and social contribution at standard rates	(6,950)	(176,188)	(15,342)	(193,365)
Adjustments for the calculation of income tax and social contribution at effective rate				
Equity in the results of investees	(4,180)	35,663	(9,185)	3,382
Tax losses without creation of deferred tax assets	(19,245)	100,222	(29,582)	100,222
Other permanent additions, net	(2,228)	(2,494)	(1,926)	(3,558)
Income tax and social contribution	<u>(32,603)</u>	<u>(42,797)</u>	<u>(56,035)</u>	<u>(93,319)</u>
Current		63,849	(26,745)	13,260
Deferred	(32,603)	(106,646)	(29,290)	(106,579)
Income tax and social contribution in the income statement	<u>(32,603)</u>	<u>(42,797)</u>	<u>(56,035)</u>	<u>(93,319)</u>

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**(b) Breakdown of deferred tax balances**

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Tax credits on tax losses	379,529	354,413	382,565	354,413
Tax credits on temporary differences				
Provision	113,627	134,255	119,827	140,178
Use of public assets ("UBP")	71,909	73,333	71,909	73,333
Allowance for doubtful accounts	12,760	10,716	12,760	10,305
Asset impairment provision	697,782	702,735	697,782	702,735
Asset retirement obligation	55,214	50,540	55,214	50,540
Provision for inventory losses	20,681	20,794	20,681	20,794
Provision for profit sharing, bonus and collective bargaining agreement	15,989	32,278	15,989	32,316
Deferred exchange variations - effect on income	240,805	272,864	240,805	272,902
Deferred losses on derivative agreements	34,668	52,782	34,668	53,098
Other credits	19,896	24,636	19,896	24,636
Tax debts on temporary differences				
Adjustments to useful lives of property, plant and equipment (depreciation)	(696,064)	(685,232)	(696,064)	(685,232)
Amortization of goodwill	(14,019)	(12,577)	(14,019)	(12,577)
Interest capitalized	(23,479)	(28,181)	(23,479)	(28,181)
Adjustment to present value	(15,988)	(16,665)	(15,988)	(16,665)
Deferred gains on derivative agreements	(38,259)	(61,338)	(38,259)	(61,338)
Other debts	(16,317)	(13,562)	(16,175)	(13,542)
Net deferred tax assets of the same legal entity	858,734	911,791	867,971	917,715

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

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
Balance at the beginning of the period	911,791	968,286	917,715	973,309
Effect on income	(32,603)	(106,646)	(29,290)	(106,579)
Effect on other comprehensive income - hedge accounting	(20,860)	34,381	(20,860)	34,381
Sale of income tax and social contribution (i)		(35,308)		(35,308)
Participation of subsidiary excluded from consolidation				(2,386)
Other	406		406	
Balance at the end of the semester	858,734	860,713	867,971	863,417

(i) Sale of tax losses for the associate Votorantim Cimentos S.A .

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**19 Provision**

**Breakdown and changes**

							Parent company	
							1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
							Legal claims	
	ARO (i)	Tax	Civil	Labor	Environmental	Total	Total	
Balance at the beginning of the period	246.931	164.343	49.801	(2.431)	893	459.537	613.981	
Additions		5.414	7.009	32.503	334	45.260	72.040	
Reversals (ii)		(4.592)	(104.059)	(24.441)	(343)	(133.435)	(63.221)	
Judicial deposits, net of write-offs (ii)		1.180	94.222	(8.865)		86.537	(147.880)	
Settlements with cash effect	(4.754)	(1.501)	(502)	(11.842)		(18.599)	(33.957)	
Monetary adjustments		4.926	5.487	21.654	43	32.110	28.224	
Present value adjustment	8.464					8.464	12.810	
Reclassification to related liability							(17.535)	
Revision of estimated cash flow							459	
Balance at the end of the period	<u>250.641</u>	<u>169.770</u>	<u>51.958</u>	<u>6.578</u>	<u>927</u>	<u>479.874</u>	<u>464.921</u>	

							Consolidated	
							1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
							Legal claims	
	ARO (i)	Tax	Civil	Labor	Environmental	Total	Total	
Balance at the beginning of the period	246.931	164.343	50.799	(2.431)	893	460.535	614.069	
Additions		5.538	6.885	32.503	334	45.260	72.892	
Reversals (ii)		(4.592)	(104.324)	(24.441)	(343)	(133.700)	(63.221)	
Judicial deposits, net of write-offs (ii)		2.283	94.223	(8.865)		87.641	(147.880)	
Settlements with cash effect	(4.754)	(1.501)	(502)	(11.842)		(18.599)	(33.957)	
Monetary adjustments		4.926	5.487	21.654	43	32.110	28.224	
Present value adjustment	8.464					8.464	12.810	
Reclassification to related liability							(17.535)	
Revision of estimated cash flow							459	
Balance at the end of the period	<u>250.641</u>	<u>170.997</u>	<u>52.568</u>	<u>6.578</u>	<u>927</u>	<u>481.711</u>	<u>465.861</u>	

(i) Asset Retirement Obligation

(ii) The civil court claims value variation refers substantially to a claim that Parties discussed their contractual conditions. This claim was deemed groundless, but the respective decision was reversed by the appeal court, due recent precedent that has supported CBA's petition. The loss classification was changed from "Probable" to "Remote", resulting in a civil judicial provision reversal of R\$ 103,545, of which R\$ 65,726 refers to the claim's principal amount and R\$ 37,819 refers to its monetary adjustment. The claim is in progress, and as of September 30, 2018, CBA has judicial deposits amounting to R\$ 104,077.

**20 Equity**

**Share capital**

This is represented exclusively by common shares that are classified in shareholders' equity

On April 30, 2018, was approved a capital reduction of R\$ 687,204, with the cancellation of 189,835,324 common shares, as described in Note 1.1 (b).

At September 30, 2018, the Company's fully subscribed and paid-up capital of R\$ 4,950,095 (December 31, 2017 - R\$ 5,637,299), equivalent to 1,420,294,211 (December 31, 2017 - 1,610, 129,535) of registered common shares.

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**21 Revenue**

**(a) Reconciliation of revenue**

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
Gross revenue				
Domestic sales	3.273.148	2.591.536	3.346.625	2.829.952
Foreign sales	495.243	308.985	495.243	308.985
Electricity sales	809.703	955.085	816.455	922.318
	<u>4.578.094</u>	<u>3.855.606</u>	<u>4.658.323</u>	<u>4.061.255</u>
Taxes on sales and services and other deductions	(679.065)	(581.766)	(737.404)	(627.670)
Net revenue from goods sold and services rendered	<u>3.899.029</u>	<u>3.273.840</u>	<u>3.920.919</u>	<u>3.433.585</u>

**22 Expenses by nature**

					Consolidated	
					1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
	Cost of products sold and services	Selling	General and administrative	Total	Total	
Raw materials, inputs and consumables	2,113,958	42	1,064	2,115,064	1,857,959	
Employee benefit expenses	379,358	16,543	63,826	459,727	457,127	
Depreciation, amortization and depletion	224,324	180	3,018	227,522	236,380	
Outsourced services	131,079	1,627	40,462	173,168	134,531	
Transportation expenses	67,376	131	1	67,508	55,732	
Other expenses	254,709	7,605	28,593	290,907	308,138	
	<u>3,170,804</u>	<u>26,128</u>	<u>136,964</u>	<u>3,333,896</u>	<u>3,049,867</u>	

- (i) In the Company's accumulated balance as of September 30, 2018, the Company recorded the amount of R\$ 22,326 (September, 30, 2017 – R\$ 14,993) related to the idle production costs of Niquelândia and São Miguel Paulista plants located in Niquelândia (State of Goiás) and São Paulo (State of São Paulo), respectively.

**23 Employee profit sharing**

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
Direct remuneration	243,448	252,539	248,909	258,221
Social charges	143,612	140,059	146,352	142,862
Benefits	63,133	54,646	64,466	56,044
	<u>450,193</u>	<u>447,244</u>	<u>459,727</u>	<u>457,127</u>



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**24 Other operating income, net**

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
ACR - Realization financial instruments – firm commitment (i)	(86,893)	(103,035)	(86,893)	(103,035)
ACL - Realization financial instruments – firm commitment (i)	(7,548)	(7,412)	(7,548)	(7,412)
ACR - Increase (decrease) of volume of financial instrument - firm commitment (ii)	3,008	(82,059)	3,008	(82,059)
ACL - Recognition financial instruments – firm commitment (iii)	23,554	(849)	23,554	(849)
Gain on sales of investments, net (Note 1.1 (a))	111,070	378,213	111,070	378,213
Reversal of impairment of property, plant and equipment (Note 14 & 15)	2,876	29,941	2,876	29,941
Loss on sales of property, plant and equipment and intangible assets, net	(186)	(1,844)	(186)	(1,906)
Judicial provisions (reversals), net (iv)	38,062	(3,580)	38,062	(3,580)
Expenditures with non-activatable projects	(47,917)	(9,399)	(47,917)	(9,399)
Other operating income (expenses), net	(2,563)	3,856	(6,084)	2,193
	<u>33,463</u>	<u>203,832</u>	<u>29,942</u>	<u>202,107</u>

- (i) The realization of the financial instrument is recognized against revenue from energy sales, according to the physical delivery of energy.
- (ii) The reduction in volume is explained by the to exit of distributors from the regulated trade market, which migrated to the free trade market.
- (iii) The Company purchased energy according to its consumption through firm commitments. These agreements resulted in gains (losses) due to the surplus of energy, which were recognized at their fair value.
- (iv) Refers substantially to the favorable decision in a civil lawsuit that discussed contractual conditions, as described in Note 19 (ii).

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**25 Finance results, net**

	Parent company		Consolidated	
	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017
<b>Financial income</b>				
Income from financial investments	34,425	64,931	37,445	80,267
Interest on financial assets	5,506	24,570	5,620	24,644
Interest on transactions with related parties (Note 12)	2,841			
Reversal of monetary adjustment of provisions (ii)	45,924		45,924	
Indexation of assets	9,692	38,461	9,693	38,461
Interest and indexation charges - UBP (i)		13,331		13,331
Other financial income	49	643	981	1,650
	<u>98,437</u>	<u>141,936</u>	<u>99,663</u>	<u>158,353</u>
<b>Financial expenses</b>				
Interest payable on borrowing and others	(88,807)	(122,824)	(96,886)	(130,368)
Indexation charges on provision	(39,098)	(28,224)	(39,914)	(28,224)
New borrowing expenses	(5,842)	(3,813)	(5,842)	(3,813)
Adjustment to present value CPC 12	(19,547)	(24,218)	(19,547)	(24,218)
Interest and indexation charges - UBP (i)	(54,396)		(54,396)	(1,960)
Income tax on remittance of interest abroad	(10,800)	(9,111)	(10,800)	(9,111)
Charges on discount operations	(6,841)	(7,807)	(6,841)	(7,807)
Interest on transactions with related parties (Note 12)		(9,662)		(9,662)
PIS and COFINS on financial results	(2,650)	(4,377)	(2,727)	(4,484)
Interest on prepayment of receivables with related parties (Note 12)	(67,969)	(67,969)	(67,969)	(67,969)
Other financial expenses	(5,385)	(16,686)	(9,589)	(18,181)
	<u>(301,335)</u>	<u>(294,691)</u>	<u>(314,511)</u>	<u>(305,797)</u>
<b>Derivative financial instruments</b>				
Income	254	99	254	99
Expenses		(183)		(183)
	<u>254</u>	<u>(84)</u>	<u>254</u>	<u>(84)</u>
<b>Net foreign exchange result</b>				
	<u>(329,985)</u>	<u>120,144</u>	<u>(330,232)</u>	<u>120,476</u>
	<u>(532,629)</u>	<u>(32,695)</u>	<u>(544,826)</u>	<u>(27,052)</u>

- (i) During the period ended in September 30, 2017, the Company recognized a monetary restatement revenue of UBP - Use of Public Property, as a result of the index used for updating (IGP-M "General Market Price Index") to be negative.
- (ii) Refers substantially to the favorable decision in a civil lawsuit that discusses contractual conditions, as described in Note 19 (ii).

**26 Insurance**

The Company contracts different types of insurance policies, such as operational risk insurance and civil liability, providing protection related to possible losses with interruption in production, damages to third parties and assets. The Company and its subsidiaries maintain civil liability insurance for their operations in Brazil, whose coverage limits and conditions are considered by Management to be appropriate to the inherent risks. In addition to the coverage limits, the Company maintains in force a civil liability policies for executives and directors in amounts considered adequate by Management.

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**27 Supplementary information**

**Capital management**

The Company's goals in managing its capital are to safeguard the ability to provide consistently shareholder returns, benefits to other stakeholders and maintain an optimal capital structure.

This supplementary information is not defined by Brazilian and international accounting standards, however, the Company uses adjusted EBITDA as an indicator of its operational performance. Adjusted EBITDA is calculated from net income plus/minus financial income, plus income and social contribution taxes, plus depreciation, amortization and depletion, less income from equity investments, plus dividends received from investees and less exceptional non-cash items ( non-cash items considered by Management to be exceptional are excluded from the adjusted EBITDA measurement), in accordance with CVM Instruction 527 of October 4, 2012.

	Consolidated			
	At September 30, 2018		At December 31, 2017	
Borrowings	2,155,744		2,817,485	
Cash and cash equivalents	(32,044)		(18,854)	
Derivative financial instruments	101,964		155,241	
Financial investments	(553,904)		(974,719)	
Net debt - (A)	<b>1,671,760</b>		<b>1,979,153</b>	

	Consolidated			
	Nine-month period ended	Nine-month period ended	Twelve-month period ended	Twelve-month period ended
	At September 30, 2018	At September 30, 2017	At September 30, 2018	At December 31, 2017
Profit (loss) for the period	(10,912)	475,402	31,450	517,764
Income tax and social contribution	56,035	93,319	(51,660)	(14,376)
Income before taxes	45,123	568,721	(20,210)	503,388
Equity in the results	27,016	(9,948)	24,584	(12,380)
Depreciation and amortization	227,522	236,380	309,339	318,197
Finance income and costs	544,826	27,052	727,690	209,916
EBITDA	<b>844,487</b>	<b>822,205</b>	<b>1,041,403</b>	<b>1,019,121</b>
Exceptional items				
Net gain with investment	(111,070)	(378,213)	(322,209)	(589,352)
Dividends received		33,694	17,306	51,000
Reversal for asset impairment	(2,876)	(29,941)	(4,707)	(31,772)
Adjusted EBITDA (B)	<b>730,541</b>	<b>447,745</b>	<b>731,793</b>	<b>448,997</b>
Financial leverage ratio - (AB)			<b>2,28</b>	<b>4,41</b>

**28 Events after the reporting period**

**Management of financial liabilities**

On October 2018, BNDES approved (i) the refinancing of some contracts with the bank, in amount of approximately R\$ 46,000, and (ii) the exoneration of Hejoassu as guarantor in the contracts with the bank.