

Rumo S.A.

**Interim financial statements
September 30, 2019**

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Report on review of interim financial information - ITR

To the Management, Board of Directors and Shareholders of
Rumo S.A.
Curitiba – PR

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Rumo S.A. ("Company"), contained in the Quarterly Information Form – ITR for the quarter ended September 30, 2019, which comprises the statement of financial position as of September 30, 2019 and the respective statements of profit and loss and comprehensive income for the three and nine-month periods then ended and changes in shareholders' equity and cash flows for the nine-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of these interim financial information in accordance with Technical Pronouncement *CPC 21 (R1)* and the International Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board - IASB, as well as for presenting this information in a manner consistent with the standards issued by the *Comissão de Valores Mobiliários*, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information - ITR and presented in accordance with the standards issued by the *Comissão de Valores Mobiliários*.

Other matters - Statements of added value

The individual and consolidated interim financial information referred to above include the statements of added value (DVA) for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company's management and presented as supplementary information for IAS 34 purposes. These individual and consolidated financial information have been subject to review procedures jointly performed with the review of the interim financial information in order to conclude that they are reconciled with the interim financial information and accounting records, as applicable, and whether their format and content are in accordance with the criteria determined in the Technical Pronouncement *CPC 09 - Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that these statements of added value were not prepared, in all material respects, in accordance with the criteria determined in this Technical Pronouncement and consistently with respect to the overall individual and consolidated interim financial information.

São Paulo, November 11, 2019

KPMG Auditores Independentes
CRC 2SP014428/O-6
(Original report in Portuguese signed by)
Rogério Hernandez Garcia
Accountant CRC 1SP213431/O-5

Rumo S.A.

Balance sheets

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Note	Parent Company		Consolidated	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Assets					
Cash and cash equivalents	5	76,207	595	1,395,255	141,527
Marketable securities	6	362,482	114,430	1,182,819	2,843,074
Accounts receivable	7	20,339	15,725	441,142	417,339
Inventories	8	1,005	1,030	284,752	263,386
Related parties	10	40,800	107,151	20,895	19,400
Income taxes		7,067	5,751	48,196	57,082
Other recoverable taxes	9	30,047	7,934	285,927	195,176
Dividends and interest on own capital receivable		18,649	33,044	644	-
Other assets		19,353	12,164	147,520	137,005
Total current assets		575,949	297,824	3,807,150	4,073,989
Accounts receivable	7	6,433	9,099	15,537	20,723
Restricted cash	6	3,590	3,416	155,417	115,124
Deferred income tax	17	-	-	1,100,144	1,046,195
Related parties	10	3,326	3,326	34,709	27,675
Income taxes		-	-	228,838	260,330
Other recoverable taxes	9	-	-	786,098	796,794
Judicial deposits	19	23,674	21,109	412,949	369,490
Derivative financial instruments	28	80,077	322	1,816,462	892,461
Other non-current assets		4,271	5,802	35,062	76,631
Equity method investments	11	11,041,728	10,363,142	46,940	44,001
Right-of-use assets	12	-	-	4,424,283	-
Property, plant and equipment	13	127,814	133,266	11,460,789	11,916,818
Intangible assets	14	359,445	388,769	7,397,306	7,493,882
Total non-current assets		11,650,358	10,928,251	27,914,534	23,060,124
Total assets		12,226,307	11,226,075	31,721,684	27,134,113

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

Rumo S.A.

Balance sheets

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Note	Parent Company		Consolidated	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Liabilities					
Loans, borrowings and debentures	15	945,444	172,838	938,724	924,904
Lease liabilities	12	269	342	541,984	120,491
Accounts payable - suppliers	18	50,948	44,730	434,631	451,619
Salaries payable		12,489	12,850	246,891	207,397
Income tax		237	182	6,963	7,733
Other taxes payable	16	1,926	6,480	50,655	46,717
Dividends payable		5,250	5,250	7,099	6,495
Leases and concessions	20	-	-	9,392	28,797
Related parties	10	30,129	103,469	162,720	156,169
Deferred income		2,802	2,802	7,606	9,473
Other financial liabilities	28.b	-	-	341,122	337,705
Other current liabilities		8,207	16,332	84,565	175,818
Total current liabilities		1,057,701	365,275	2,832,352	2,473,318
Loans, borrowings and debentures	15	1,141,157	1,348,526	9,960,626	9,669,477
Lease liabilities	12	-	171	3,997,157	432,859
Other taxes payable	16	-	-	8,216	3,755
Provision for judicial demands	19	59,985	39,871	519,797	514,652
Leases and concessions	20	-	-	3,375,035	3,179,771
Provision for capital deficiency	11	1,760,526	1,374,950	-	-
Related parties	10	30,760	28,950	-	-
Deferred income tax	17	-	-	2,514,984	2,436,797
Deferred income		19,612	21,714	37,525	42,044
Other current liabilities		14,519	18,418	66,892	86,817
Total non-current liabilities		3,026,559	2,832,600	20,480,232	16,366,172
Total liabilities		4,084,260	3,197,875	23,312,584	18,839,490
Shareholders equity	21				
Common stock		9,654,897	9,654,897	9,654,897	9,654,897
Capital reserve		2,469,265	2,462,045	2,469,265	2,462,045
Other equity		22,325	18,907	22,325	18,907
Profit reserve		266,817	266,817	266,817	266,817
Accumulated losses		(4,271,257)	(4,374,466)	(4,271,257)	(4,374,466)
Equity attributable to:					
Owners of the Company		8,142,047	8,028,200	8,142,047	8,028,200
Non-controlling interests	11.c	-	-	267,053	266,423
Total shareholders equity		8,142,047	8,028,200	8,409,100	8,294,623
Total liabilities and equity		12,226,307	11,226,075	31,721,684	27,134,113

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

Rumo S.A.

Statements of income

Nine months ended September 30, 2019 and 2018

(In thousands of Brazilian Reais – R\$, except earnings per share)

	Note	Parent Company			
		July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Net revenue from services	24	147,801	459,226	163,139	516,172
Cost of services	25	(118,374)	(371,010)	(134,419)	(394,601)
Gross profit		29,427	88,216	28,720	121,571
Selling	25	89	119	(181)	108
General and administrative expenses	25	(5,063)	(22,563)	(8,972)	(24,015)
Other, income (expenses), net	27	13,918	11,991	1,735	5,992
Operating expenses		8,944	(10,453)	(7,418)	(17,915)
Result before financial results and equity income on investments		38,371	77,763	21,302	103,656
Equity income on investments	11	364,233	623,217	251,289	139,465
Equity income on investments		364,233	623,217	251,289	139,465
Result before financial results and income taxes		402,604	700,980	272,591	243,121
Finance expenses		(59,512)	(188,063)	(29,967)	(102,968)
Finance income		12,952	15,838	1,409	13,531
Foreign exchange, net		(20,546)	(18,254)	(15,068)	(9,595)
Derivatives		33,303	70,385	-	-
Financial result, net	26	(33,803)	(120,094)	(43,626)	(99,032)
Result before taxes		368,801	580,886	228,965	144,089
Expense tax and social contribution benefit	17				
Current		(1,909)	(2,746)	(3,179)	(13,004)
		(1,909)	(2,746)	(3,179)	(13,004)
Result for the period		366,892	578,140	225,786	131,085

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

Rumo S.A.

Statements of income

Nine months ended September 30, 2019 and 2018

(In thousands of Brazilian Reais – R\$, except earnings per share)

	Note	Consolidated			
		July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Net revenue from services	24	2,059,864	5,423,550	1,877,111	4,938,340
Cost of services	25	(1,238,323)	(3,532,491)	(1,198,845)	(3,315,983)
Gross profit		821,541	1,891,059	678,266	1,622,357
Selling	25	(6,637)	(2,222)	(1,980)	(8,215)
General and administrative expenses	25	(94,700)	(263,736)	(77,122)	(214,804)
Other, income (expenses) net	27	35,450	8,434	(4,499)	(13,041)
Operating expenses		(65,887)	(257,524)	(83,601)	(236,060)
Result before financial results and equity income on investments		755,654	1,633,535	594,665	1,386,297
Equity income on investments	11	7,730	16,305	3,254	8,419
Equity income on investments		7,730	16,305	3,254	8,419
Result before financial results and income taxes		763,384	1,649,840	597,919	1,394,716
Finance expenses		(460,217)	(1,520,234)	(429,612)	(1,070,420)
Finance income		62,232	149,288	54,756	181,455
Foreign exchange, net		(440,280)	(380,925)	(187,044)	(820,184)
Derivatives		538,042	868,425	304,353	643,037
Financial result, net	26	(300,223)	(883,446)	(257,547)	(1,066,112)
Result before taxes		463,161	766,394	340,372	328,604
Expense tax and social contribution benefit	17				
Current		(73,647)	(116,797)	(21,634)	(30,311)
Deferred		(20,455)	(66,737)	(90,147)	(162,497)
		(94,102)	(183,534)	(111,781)	(192,808)
Result for the period		369,059	582,860	228,591	135,796
Total result attributable to:					
Owners of the Company		366,892	578,140	225,786	131,085
Non-controlling interest		2,167	4,720	2,805	4,711
Earning per share from:	22				
Basic		R\$0.23531	R\$0.37079	R\$0.14483	R\$0.08408
Diluted		R\$0.23446	R\$0.36955	R\$0.14449	R\$0.08390

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

Rumo S.A.

Statements of comprehensive income
Nine months ended September 30, 2019 and 2018
(In thousands of Brazilian Reais - R\$)

	Parent Company			
	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Result for the period	366,892	578,140	225,786	131,085
Items that won't be reclassified to the profit and loss				
Actuarial losses with pension plan	-	(3)	-	(1,042)
	-	(3)	-	(1,042)
Items that are or may subsequently be reclassified to profit or loss				
Foreign currency translation adjustment effect	4,182	3,881	4,898	13,976
	4,182	3,881	4,898	13,976
Other comprehensive result net of (loss) income tax and social contribution	4,182	3,878	4,898	12,934
Total comprehensive result	371,074	582,018	230,684	144,019

	Consolidated			
	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Result for the period	369,059	582,860	228,591	135,796
Items that won't be reclassified to the profit and loss				
Actuarial losses with pension plan	-	(3)	-	(1,042)
	-	(3)	-	(1,042)
Items that are or may subsequently be reclassified to profit or loss				
Foreign currency translation adjustment effect	4,182	3,881	4,898	13,976
	4,182	3,881	4,898	13,976
Other comprehensive result net of (loss) income tax and social contribution	4,182	3,878	4,898	12,934
Total comprehensive result	373,241	586,738	233,489	148,730
Comprehensive result attributable to:				
Owners of the Company	371,074	582,018	230,684	144,019
Non-controlling interest	2,167	4,720	2,805	4,711

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

Rumo S.A.

Statements of changes in equity
Nine months ended September 30, 2019 and 2018
(In thousands of Brazilian Reais - R\$)

Attributable to shareholders of the Company

	Common capital	Capital reserve	Profit reserve	Accumulated other comprehensive loss	Accumulated losses	Total	Non-controlling interest	Total equity
At December 31, 2018	9,654,897	2,462,045	266,817	18,907	(4,374,466)	8,028,200	266,423	8,294,623
Initial adoption of standard CPC 06 R2 / IFRS 16 (Note 3.2)	-	-	-	-	(475,391)	(475,391)	-	(475,391)
At January 01, 2019	9,654,897	2,462,045	266,817	18,907	(4,849,857)	7,552,809	266,423	7,819,232
Result for the period	-	-	-	-	578,140	578,140	4,720	582,860
Other comprehensive income:								
Foreign currency translation adjustment effect	-	-	-	3,881	-	3,881	-	3,881
Actuarial losses with pension plan	-	-	-	(3)	-	(3)	-	(3)
Attributable cost reflection adjustment of associates	-	-	-	(460)	460	-	-	-
Total comprehensive income, net of taxes	-	-	-	3,418	578,600	582,018	4,720	586,738
Contributions and distributions to shareholders								
Stock option plan	-	7,323	-	-	-	7,323	-	7,323
Effect of dividend distribution on non-controlling shareholders	-	(103)	-	-	-	(103)	103	-
Dividends	-	-	-	-	-	-	(4,193)	(4,193)
Total transactions with owners of the Company	-	7,220	-	-	-	7,220	(4,090)	3,130
At September 30, 2019	9,654,897	2,469,265	266,817	22,325	(4,271,257)	8,142,047	267,053	8,409,100

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

Rumo S.A.

Statements of changes in equity
 Nine months ended September 30, 2019 and 2018
(In thousands of Brazilian Reais - R\$)

	Attributable to shareholders of the Company						Non-	Total equity
	Common capital	Capital reserve	Profit reserve	Accumulated other comprehensive loss	Accumulated losses	Total	controlling interest	
At December 31, 2017	9,654,897	2,459,859	253,599	7,812	(4,624,707)	7,751,460	267,921	8,019,381
Initial adoption of standard CPC 48 / IFRS 9	-	-	-	-	(985)	(985)	(3)	(988)
At January 01, 2018	9,654,897	2,459,859	253,599	7,812	(4,625,692)	7,750,475	267,918	8,018,393
Result for the period	-	-	-	-	131,085	131,085	4,711	135,796
Other comprehensive income:	-	-	-	-	-	-	-	-
Foreign currency translation adjustment effect	-	-	-	13,976	-	13,976	-	13,976
Actuarial losses with pension plan	-	-	-	(1,042)	-	(1,042)	-	(1,042)
Attributable cost reflection adjustment of associates	-	-	-	(176)	176	-	-	-
Total comprehensive income, net of taxes	-	-	-	12,758	131,261	144,019	4,711	148,730
Contributions and distributions to shareholders								
Stock option plan	-	5,536	-	-	-	5,536	-	5,536
Effect of dividend distribution on non-controlling shareholders	-	(191)	-	-	-	(191)	191	-
Dividends	-	-	-	-	-	-	(2,933)	(2,933)
Total transactions with owners of the Company	-	5,345	-	-	-	5,345	(2,742)	2,603
At September 30, 2018	9,654,897	2,465,204	253,599	20,570	(4,494,431)	7,899,839	269,887	8,169,726

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

Rumo S.A.

Statements of cash flows

Nine months ended September 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

	Parent Company		Consolidated	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Cash flows from operating activities				
Result before income taxes and social contribution	580,886	144,089	766,394	328,604
Adjustments to:				
Depreciation and amortization	77,180	74,903	1,282,291	1,051,716
Equity pick-up from controlled and associated companies	(623,217)	(139,465)	(16,305)	(8,419)
Provision for profit sharing	1,132	6,107	98,908	72,591
Result on disposal of fixed and intangible assets	-	-	(1,084)	(6,023)
Provision for judicial demands	12,024	6,513	58,087	58,310
Expected gain on doubtful accounts	(119)	(108)	(11,109)	(2,096)
Stock option plan	7,323	5,536	7,323	5,536
Outdated tax credits	(13,244)	-	(40,447)	-
Lease and concessions	-	-	-	152,645
Interest, indexation charges and exchange variations, net	108,873	81,180	913,875	1,032,974
Other	(8,925)	(2,164)	(64,147)	(26,126)
	141,913	176,591	2,993,786	2,659,712
Changes in:				
Accounts receivable	5,715	9,814	50,761	(5,155)
Related parties, net	(5,026)	(4,805)	3,806	21,690
Other taxes, net	(8,693)	(3,171)	(87,094)	(79,908)
Inventories	24	(65)	(22,838)	(18,480)
Salaries payable	(1,494)	(16,636)	(61,799)	(51,567)
Accounts payable	3,266	(2,333)	(18,371)	(179,900)
Lease and concessions payable	-	-	-	(79,681)
Provision for judicial demands	(4,413)	(5,930)	(86,562)	(77,169)
Other financial liabilities	-	-	(11,516)	(2,880)
Other asset and liabilities, net	(22,369)	(43,050)	(214,532)	(175,924)
	(32,990)	(66,176)	(448,145)	(648,974)
Net cash generated from operating activities	108,923	110,415	2,545,641	2,010,738
Cash flow from investing activities				
Capital increase in subsidiary	(1,053,747)	(524,524)	-	-
Marketable securities	(245,844)	314,859	1,718,507	958,564
Restricted cash	(175)	(248)	(38,321)	112,539
Dividends received from controlled and associated companies	886,634	484,877	6,469	6,458
Related parties - mutual	-	(47,704)	-	-
Purchase of property, plant and equipment and intangible	(5,194)	(7,985)	(1,378,007)	(1,576,380)
Proceeds from the merger of subsidiaries	-	2,410	-	-
Net cash (used in) generated investing activities	(418,326)	221,685	308,648	(498,819)
Cash flow from financing activities				
Proceeds from debts	568,339	-	1,297,754	2,137,175
Repayments of principal from debts	(134,360)	(287,729)	(1,756,975)	(2,653,782)
Payments of interest from debts	(39,304)	(39,227)	(587,677)	(635,330)
Repayments of principal from leases	(243)	(206)	(354,256)	(352,506)
Payments of interest from leases	(47)	(69)	(145,569)	(130,294)
Repayments of principal from real estate certificates	-	(4,898)	-	(77,307)
Payments of interest from real estate certificates	-	(97)	-	(97)
Payments of derivative financial instruments	(9,370)	-	(52,761)	(59,583)
Receipt of derivative financial instruments	-	666	2,047	30,104
Dividends paid	-	-	(4,233)	(3,346)
Net cash generated from (used in) financing activities	385,015	(331,560)	(1,601,670)	(1,744,966)
Impact of exchange variation on cash and cash equivalents	-	-	1,109	127,101
Increase (decrease) in cash and cash equivalents	75,612	540	1,253,728	(105,946)
Cash and cash equivalents at beginning of the period	595	930	141,527	178,004
Cash and cash equivalents at end of the period	76,207	1,470	1,395,255	72,058
Supplemental disclosure of cash flow information:				
Income taxes paid	3,695	3,040	22,030	5,472

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

Rumo S.A.

Statements of value added

(In thousands of Brazilian Reais - R\$)

	Parent Company		Consolidated	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue				
Sales of goods and services, net	486,740	549,335	5,706,375	5,240,685
Other operating revenue, net	119	14,240	25,974	50,723
Expected gain on doubtful accounts	967	108	11,109	2,096
	487,826	563,683	5,743,458	5,293,504
Raw materials acquired from third parties				
Cost of services rendered	(347,288)	(375,293)	(1,518,222)	(1,206,742)
Materials, energy, third party services, other	55,478	42,604	(507,785)	(660,846)
	(291,810)	(332,689)	(2,026,007)	(1,867,588)
Gross value added	196,016	230,994	3,717,451	3,425,916
Retention				
Depreciation and amortization	(77,180)	(74,903)	(1,282,291)	(1,051,716)
	(77,180)	(74,903)	(1,282,291)	(1,051,716)
Net value added	118,836	156,091	2,435,160	2,374,200
Value added transferred in				
Equity in subsidiaries and associated companies	623,217	139,465	16,305	8,419
Rents received	10,080	-	-	-
Financial income	15,838	13,531	149,288	181,455
	649,135	152,996	165,593	189,874
Value added to be distributed	767,971	309,087	2,600,753	2,564,074
Distribution of value added				
Personnel	16,976	16,084	618,319	557,084
Direct remuneration	15,003	14,269	435,000	431,031
Benefits	1,776	1,554	158,963	102,911
FGTS (severance pay fund)	197	261	24,356	23,142
Taxes and contributions	34,279	48,432	314,615	340,563
Federal	31,998	47,209	215,136	262,565
State	294	358	80,505	59,904
Municipal	1,987	865	18,974	18,094
Third party capital remuneration	138,576	113,486	1,084,959	1,530,631
Interest	135,932	112,566	1,032,734	1,247,557
Leasing	2,644	920	52,225	283,074
Equity capital remuneration	578,140	131,085	582,860	135,796
Non-controlling interests	-	-	4,720	4,711
Result for the period	578,140	131,085	578,140	131,085
	767,971	309,087	2,600,753	2,564,074

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

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

1 Operations

Rumo S.A. ("The Company" or "Rumo"), is a publicly traded company with its shares traded on B3 S.A. – Brasil, Bolsa, Balcão ("B3") under the code RAIL3, and has its headquarters in the city of Curitiba, State of Paraná, Brazil. The Company is a direct subsidiary of Cosan Logística S.A. ("Cosan Logística"), which owns 28.47% of its capital.

The Company is a service provider in the logistics sector (transport and elevation), principally for export commodities, providing an integrated transport solution, handling, storage and shipment from the production centers to the main southern and southeast ports, and also holds interests in other companies and ventures related to logistic.

The Company operates in the rail transportation segment in Southern Brazil through its subsidiary Rumo Malha Sul S.A. ("Rumo Malha Sul"), and the Midwest region and State of São Paulo through its subsidiaries Rumo Malha Paulista S.A. ("Rumo Malha Paulista"), Rumo Malha Norte S.A. ("Rumo Malha Norte") and Rumo Malha Oeste S.A. ("Rumo Malha Oeste"). In addition, the subsidiary Brado Logística e Participações S.A. ("Brado") operates in the container segment while Elevações Portuárias S.A. ("Elevações Portuárias") has terminals for transshipment and terminals for export of sugar and grains at the Port of Santos.

On March 28, 2019, the Company won the International Competition (Bidding) for the north-south railway, through an economic proposal in the amount of R\$ 2,719,530, conducted by the National Ground Transportation Agency ("ANTT"), which its scope is the sub concession of the public rail freight service associated with the operation of the railway network infrastructure located between Porto Nacional / TO and Estrela d'Oeste / SP, in the stretches between (i) Porto Nacional / TO and Anápolis / GO; and (ii) Ouro Verde de Goiás / GO and Estrela d'Oeste / SP. The concession contract guarantees the right to operate the railway network for a period of 30 years from the date of signature on July 31, 2019.

The Company has formed a Special Purpose Entity (SPE) through the subsidiary Rumo Malha Central (Note 11), in which it recorded the initial effects of the sub concession agreement. Substantially the grant / right-of-use and the corresponding liability (Note 12). Future investments at rail infrastructure, as provided in the contract, will be recorded as improvements in third party assets at the time they are performed.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

The concession of railway operation and port terminal

The Company holds, through subsidiaries or affiliates, concession of railway services and port terminals, whose scope and concession terms are as follows:

Companies	Concession end	Coverage areas
Subsidiaries		
Elevações Portuárias	March 2036	Port of Santos-SP
Rumo Malha Paulista	December 2028	São Paulo State
Rumo Malha Sul	February 2027	South and São Paulo State
Rumo Malha Oeste	June 2026	Midwest and São Paulo State
Rumo Malha Norte	May 2079	Midwest
Rumo Malha Central	July 2049	North, Midwest and São Paulo State
Portofer	June 2025	Port of Santos-SP
Associates		
Terminal XXXIX	October 2050	Port of Santos-SP
TGG - Terminal de Granéis do Guarujá	August 2027	Port of Santos-SP
Termag - Terminal Marítimo de Guarujá	August 2027	Port of Santos-SP

The above subsidiaries and affiliates are subject to the fulfillment of certain conditions set forth in the privatization notices and railway network and port terminal concession agreements. To the extent that there is no substantive control over who should be provided and there is no substantive price control, IFRIC 12 / ICPC 01 is not applicable to the Company and therefore the assets acquired by it are treated under IFRS 16. / CPC 06 (R2) - Leases / IAS 17 / CPC 27 - Property, Plant and Equipment.

2 Basis of preparation

2.1 Statement of compliance

The individual and consolidated interim financial statements have been prepared in accordance with CPC 21 (R1) - Interim Financial Reporting and the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and are presented in accordance with the rules of the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly information (ITR).

Interim accounting information was prepared based on the preparation basis and accounting policies consistent with those adopted in the preparation of the financial statements as of December 31, 2018 and should be read together.

The information notes with no significant changes were not entirely repeated in these interim financial statements.

Certain amounts of comparative balances in the note 25 expenses by nature were reclassified to improve the level of detail of the disclosures in these consolidated interim financial statements. These reclassifications had insignificant impacts on the Company's consolidated interim financial statements.

The relevant information specific to the interim financial statements, and only them, are being evidenced and that correspond to those used by Board in its management.

These consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2019.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

2.2 Presentation of Information by segment

The Management are structured on three vice presidents, the first one is focused on South operations (comprised of railway and transshipment in the concession area of Rumo Malha Sul and Rumo Malha Oeste), the second one is focused on the North operations (composed by railway operations, road operations, transshipment and port elevation in the concession of the Company, Elevações Portuárias, Rumo Malha Norte and Rumo Malha Paulista) and the third one is focused on Central operations (comprised of railway and transshipment in the concession area of Rumo Malha Central). A fourth segment includes Brado, the Company's indirect subsidiary, focused on container operations and the container operations of other group companies. Therefore, the Company now discloses four segments: (i) Northern Operations, (ii) South Operations, (iii) Central Operations, and (iv) Container Operations.

3 Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

<u>Controlled</u>	<u>Directly and indirectly subsidiaries</u>	
	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Logisport Armazéns Gerais S.A.	51.00%	51.00%
Elevações Portuárias S.A.	100.00%	100.00%
Rumo Luxembourg Sarl	100.00%	100.00%
Rumo Intermodal S.A.	100.00%	100.00%
Rumo Malha Oeste S.A.	100.00%	100.00%
Rumo Malha Paulista S.A.	100.00%	100.00%
Rumo Malha Sul S.A.	100.00%	100.00%
Rumo Malha Norte S.A.	99.74%	99.74%
Rumo Malha Central S.A. ⁽ⁱ⁾	100.00%	-
Boswells S.A.	100.00%	100.00%
ALL Argentina S.A.	100.00%	100.00%
Paranaguá S.A.	100.00%	100.00%
ALL Armazéns Gerais Ltda.	100.00%	100.00%
Portofer Ltda.	100.00%	100.00%
Brado Logística e Participações S.A.	62.22%	62.22%
Brado Logística S.A.	62.22%	62.22%
ALL Mesopotâmica S.A.	70.56%	70.56%
ALL Central S.A.	73.55%	73.55%
Servicios de Inversión Logística Integrales S.A	100.00%	100.00%

(i) The Company has been incorporated on March 28, 2019.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

- **Investment in associates (equity of investees)**

The following associates are accounted for under the equity method:

<u>Associates (Equity)</u>	<u>Directly and indirectly subsidiaries</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Rhall Terminais Ltda.	30.00%	30.00%
Termag S.A. ⁽ⁱ⁾	19.85%	19.85%
TGG S.A. ⁽ⁱ⁾	9.92%	9.92%
Terminal XXXIX S.A.	49.62%	49.62%

- (i) For these associates, the conclusion on the existence of significant influence arises from the participation of the Company's representative on the board of the associate.

3.2 New regulations and interpretations adopted by the Company

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

Changes in accounting policies will also be reflected in the Company consolidated financial statements for the year ended December 31, 2019.

The Company initially adopted CPC 06 (R2) / IFRS 16 on January 1, 2019. Other new standards are effective as of this date, but do not materially affect the Company's financial statements.

CPC 06 (R2) / IFRS 16 - Leasing operations.

CPC 06 (R2) / IFRS 16 introduced a single model for the accounting of leases in the balance sheet of lessees. As a result, the Company, as a lessee, recognized the rights to use assets that represent its rights to use the underlying assets and the lease liabilities that represent its obligation to make lease payments. The lessor's accounting remains similar to previous accounting policies (the Company does not have significant transactions as a lessor).

The Company has chosen to use the modified retrospective approach in which the cumulative effect of the initial adoption is recognized as an adjustment to the opening balance of retained result on January 1, 2019. Therefore, the comparative information presented for 2018 has not been restated - or and is presented as previously reported in accordance with CPC 06 / IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

(a) In the definition of lease

Previously, the Company determined, at the inception of the agreement, whether it was or contained a lease under ICPC 03 / IFRIC 4 - Complementary Aspects of Leasing Operations. The Company now assesses whether a lease is or contains a lease based on the new lease definition. According to CPC 06 (R2) / IFRS 16, a contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

In the transition to CPC 06 (R2) / IFRS 16, the Company opted to apply the practical case of maintaining the evaluation of which transactions are leases, to which CPC 06 (R2) / IFRS 16 applied. The contracts that were not identified as leases in accordance with CPC 06 (R1) / IAS 17 and ICPC 03 / IFRIC 4 were not revalued. Accordingly, the new lease definition in accordance with CPC 06 (R2) / IFRS 16 was applied only to contracts entered into or amended on or after January 1, 2019.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

At the inception or revaluation of a lease component, the Company allocates the lease consideration to each lease component rather than lease based on its individual lease price.

(b) In the treatment as a lessee

The company leases assets, including real estate, rail infrastructure, port, rolling stock (locomotives and wagons), vehicles and IT equipment. As a lessee, the Company previously classified operating or financial leases based on its assessment as to whether the lease substantially transferred all the risks and benefits of the property. In accordance with CPC 06 (R2) / IFRS 16, the Company recognizes the right to use assets and the lease liabilities for most leases - that is, these leases are recorded in the balance sheet.

However, the Company has elected not to recognize right of use assets and lease liabilities for some leases of low value assets (eg IT equipment). The Company recognizes the payments associated with these leases as an expense under the straight-line method over the lease term.

The Company presents the carrying amounts of the right of use assets (including assets previously classified as financial leases) in a specific balance sheet line called "right of use". Likewise, it records the liabilities in a separate account called "Leasing".

(i) Significant accounting policy

The Company recognizes a right of use asset and a lease liability at the date of commencement of the lease. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated amortization depreciation and impairment losses and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that were not paid at the commencement date, discounted using the interest rate implied in the lease or, if that rate cannot be determined immediately, the incremental loan rate of the Company.

The Company has applied a judgment to determine the lease term of some contracts that include renewal options. The evaluation of whether the Company is reasonably certain to exercise these options has an impact on the term of the lease, which significantly affects the value of lease liabilities and recognized right of use assets. The extension and termination options are included in several lease agreements throughout the Company. These terms are used to maximize operational flexibility in terms of contract management. Most of the extension and termination options are exercisable by both participants (lessor and lessee).

(ii) Transition

Previously, the Company classified leases as a disregard to the concession contracts for rail, port and rolling infrastructure, as well as operating leases in accordance with CPC 06 / IAS 17. Some lease agreements are adjusted by inflation indexes such as IGP-M or IPCA.

Lease liabilities were measured at the present value of the remaining payments, discounted by the incremental loan rate of the Company on January 1, 2019. The rights to use assets are measured:

- i. At its book value as if CPC 06 (R2) / IFRS 16 had been applied since the commencement date, discounted by the lessee's incremental borrowing rate at the date of initial application - the Company applied this approach to its larger property leases infrastructure , port and rolling stock; or
- ii. At the amount equivalent to the lease liability, adjusted for the amount of any prepayment or accumulated rent - the Company applied this approach to all other leases.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

The Company used the following practical arrangements when applying CPC 06 (R2) / IFRS 16 to leases previously classified as operating leases in accordance with CPC 06 / IAS 17:

- i. It applied the exemption for not recognizing rights-of-use assets and liabilities for leases with terms less than 12 months.
- ii. Excluded the initial direct costs of measuring the right to use asset at the date of initial application.
- iii. It used late perception when determining the term of the lease if the contract contained options to extend or terminate the lease.

Leases classified and previously recorded as finance leases under CPC 06 (R1) / IAS 17 had the book value of the right to use the asset and the lease liability on January 1, 2019 determined by the carrying amount of the lease and liability assets lease immediately prior to that date.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

(c) Impact on financial statements

In the transition to CPC 06 (R2) / IFRS 16, the Company recognized additional rights to use assets and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below:

	Consolidated January 01,2019
Non-current assets	
Assets of right of use	954,555
Impairment	(131,541)
Deferred income and social contribution taxes	41,709
Total non-current assets	864,723
Total assets	864,723
Current liabilities	
Lease liabilities	59,318
Total current liabilities	59,318
Non-current liabilities	
Lease liabilities	1,332,389
Lease and concessions	(51,593)
Total non-current liabilities	1,280,796
Total liabilities	1,340,114
Equity	
Retained earnings reverses	(475,391)
Total equity	(475,391)
Total liabilities and equity	864,723

When measuring lease liabilities for those leases previously classified as operating leases, the Company discounted lease payments using its incremental loan rate on January 1, 2019. The weighted average rate applied is 12.70%.

In addition to recording the additional assets and liabilities highlighted in the previous table, the Company reclassified: R\$ 861,595 of property, plant and equipment (residual value of the right to use assets previously recorded as finance leases) and R\$ 50,167 of other assets paid in advance, which includes the costs of the respective rights of use.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

3.3 Other Standards and Interpretations Effective January 1, 2019, No Effect on the Financial Statements

Interpretation ICPC 22 / IFRIC 23 - Uncertainty about Income Tax Treatment

The Interpretation addresses income tax accounting when tax treatments involve uncertainty that affects the application of CPC 32 / IAS 12 and does not apply to taxes or fees outside the scope of CPC 32 / IAS 12, nor does it specifically include requirements regarding interest and penalties associated with uncertain tax treatments.

The Company is subject to review by the tax authorities, with the five fiscal years generally open. The Company has ongoing inspections at various stages of completion, some of which may be completed within the next 12 months. However, at this time, the Company has no uncertainty regarding the treatment of income tax.

No effects of the adoption of interpretation ICPC 22 / IFRIC 23 that affected the accounting policies of the Company and these interim financial statements were identified.

3.4 Statements of added value

The Company prepared statements of value added in accordance with CPC 09 - Statement of Added Value, which are presented as an integral part of these financial statements in accordance with accounting practices adopted in Brazil applicable to public companies, while for IFRS they represent supplementary financial information.

3.5 Cash flow

- **Non cash transactions**

The Company presents its statement of cash flows using the indirect method.

During the period ended September 30, 2019, the Company carried out the following transactions that did not involve cash and, therefore, are not reflected in the consolidated cash flow statement:

- (i) Purchase of fixed assets at term amounting R\$ 13,321 (R\$ 17,300 on September 30, 2018).
- (ii) Recognition of rights of use in the amount of R\$ 2,921,191 related to new lease agreements (See Note 12).

- **Classification of interest and dividends**

- (i) The Company classifies the dividends and interest on shareholders' equity received as cash flow from investing activities, with the purpose of avoiding distortions in its cash flows as a function of cash flow from these operations through the increase in dividends received from subsidiaries.
- (ii) Interest received or paid is classified as cash flow from financing activities, as it is considered to refer to the costs of obtaining financial resources.

- **Concession grant payment**

- (i) The amount disclosed as amortization of lease principal is R\$ 145,200, referring to the payment of 5% of Rumo Malha Central concession grant.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

4 New standards and interpretations not yet effective

Certain new standards and amendments to standards are effective for annual exercise beginning after January 1, 2019 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these consolidated financial statements.

4.1 IFRS 17 Insurance Contracts

This standard introduces a new model for accounting for insurance contracts. IFRS 17 is effective for reporting periods beginning on or after 1 January 2022, with comparative figures required. Based on preliminary work we estimate the impact will be immaterial, we are in the process of reviewing our existing arrangements to determine the impact on adoption.

No other new accounting pronouncement issued or in force during the fiscal year had or should have a material impact on the financial statements.

5 Cash and cash equivalent

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Cash and bank accounts	-	580	31,265	53,615
Financial investments	76,207	15	1,363,990	87,912
	<u>76,207</u>	<u>595</u>	<u>1,395,255</u>	<u>141,527</u>

Financial investments are composed as follows:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Bank investments				
Bank deposit certificates - CDB	76,207	15	1,321,506	86,738
Other investments	-	-	42,484	1,174
	<u>76,207</u>	<u>15</u>	<u>1,363,990</u>	<u>87,912</u>

The company's financial investments are remunerated at around 100% of the interbank deposit certificate - CDI rate on September 30, 2019 (100% of CDI rate on December 31, 2018). The sensitivity analysis on interest rate risks is in note 28.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

6 Marketable securities and restricted cash

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Marketable securities				
Government bonds ⁽ⁱ⁾	230,471	114,430	868,750	2,785,036
CDB investments linked to BNDES loans ⁽ⁱⁱ⁾	131,361	-	248,339	58,038
Financial letters ⁽ⁱⁱⁱ⁾	650	-	65,730	-
	362,482	114,430	1,182,819	2,843,074

- (i) Government bond classified as fair value through income statement have interest rates to Selic and daily liquidity, in accordance with the Company's liquidity policy;
- (ii) Certificates of bank deposit have interest rates linked to CDI and daily liquidity, in accordance with the Company's liquidity policy;
- (iii) Financial letters have interest rates linked to CDI and daily liquidity, in accordance with the Company's liquidity policy.

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Restricted cash				
Investments linked to loans	-	-	81,312	31,254
Securities pledged as collateral	3,590	3,416	74,105	83,870
	3,590	3,416	155,417	115,124

7 Accounts receivable

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Domestic – Brazilian Reais	28,666	26,837	417,505	382,925
Export – Foreign currency	-	-	45,273	72,975
Expected losses from doubtful accounts	(1,894)	(2,013)	(6,099)	(17,838)
	26,772	24,824	456,679	438,062
Current	20,339	15,725	441,142	417,339
Non-current	6,433	9,099	15,537	20,723
	26,772	24,824	456,679	438,062

8 Inventories

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Parts and accessories	929	874	224,075	224,005
Fuels and lubricants	-	4	6,055	6,224
Warehouse and other	76	152	54,622	33,157
	1,005	1,030	284,752	263,386

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

9 Other recoverable taxes

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Contribution to social security financing ("COFINS")	22,184	3,964	314,784	276,440
Social Integration program ("PIS")	4,620	676	104,815	90,009
Tax on circulation of goods, transport services and communication ("ICMS") ⁽ⁱ⁾	311	321	502,077	442,492
ICMS - CIAP ⁽ⁱⁱ⁾	-	-	139,853	174,455
Other	2,932	2,973	10,496	8,574
	30,047	7,934	1,072,025	991,970
Current	30,047	7,934	285,927	195,176
Non-current	-	-	786,098	796,794
	30,047	7,934	1,072,025	991,970

(i) ICMS credit on the acquisition of inputs and diesel used in transport.

(ii) ICMS credit arising from acquisition of fixed assets.

10 Related parties

a) Summary of the main balance and transactions with related parties:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current asset				
Commercial operations				
Cosan S.A.	484	282	3,646	382
Rumo Malha Norte S.A.	7,622	10,953	-	-
Rumo Malha Paulista S.A.	24,943	77,131	-	-
Rumo Malha Central S.A.	1,121	-	-	-
Rumo Malha Sul S.A.	46	1,109	-	-
Raízen Combustíveis S.A.	149	149	4,370	4,213
Raízen Energia S.A.	3,735	7,651	12,639	14,226
Brado Logística S.A.	384	1,179	-	-
Elevações Portuárias S.A.	1,850	5,046	-	-
Other	466	3,651	240	579
	40,800	107,151	20,895	19,400
Non-current assets				
Commercial operations				
Raízen Combustíveis S.A.	-	-	34,560	27,523
	-	-	34,560	27,523
Financial operations				
Other	3,326	3,326	149	152
	3,326	3,326	149	152
	3,326	3,326	34,709	27,675
Total	44,126	110,477	55,604	47,075

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current liabilities				
Commercial operations				
Rumo Malha Norte S.A.	5,195	5,311	-	-
Rumo Malha Sul S.A.	1	10,592	-	-
Rumo Malha Paulista S.A.	15,857	74,953	-	-
Rumo Malha Oeste S.A.	857	1,658	-	-
Raízen Combustíveis S.A.	1	1	139,549	126,318
Raízen Energia S.A.	5,706	5,552	16,462	18,948
Cosan S.A.	493	1,180	508	2,370
Cosan Lubrificantes e Especialidades S.A.	352	353	3,796	4,675
Logisport Armazéns Gerais S.A.	654	127	-	-
Elevações Portuárias S.A.	2	4	-	-
Other	1,011	3,738	2,405	3,858
	30,129	103,469	162,720	156,169
Non-current liabilities				
Commercial operations				
Boswells	26,028	24,218	-	-
Other	4,732	4,732	-	-
	30,760	28,950	-	-
Total	60,889	132,419	162,720	156,169

b) Summary of transactions with related parties:

	Parent Company			
	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Operating income				
Raízen Energia S.A.	33,791	154,019	72,192	187,385
Rumo Malha Norte S.A.	4,038	11,832	3,000	9,000
Rumo Malha Paulista S.A.	59,372	167,725	62,607	192,985
Elevações Portuárias S.A.	3,360	10,080	3,360	10,080
Other	-	-	261	1,035
	100,561	343,656	141,420	400,485
Purchases of products / inputs				
Rumo Malha Paulista S.A.	(15,071)	(69,480)	(13,130)	(88,662)
Logisport Armazéns Gerais S.A.	(672)	(1,566)	(523)	(1,607)
Other	(2)	(20)	-	(7)
	(15,745)	(71,066)	(13,653)	(90,276)
Shared expenses				
Cosan S.A.	(630)	(4,734)	(1,014)	(3,091)
Elevações Portuárias S.A.	537	695	159	139
Rumo Malha Oeste S.A.	156	301	351	873
Rumo Malha Paulista S.A.	1,581	2,506	1,432	3,494
Rumo Malha Sul S.A.	-	97	-	-
Rumo Malha Norte S.A.	1,516	1,273	3,505	8,216
Raízen Energia S.A.	(460)	(1,510)	(440)	(1,204)
	2,700	(1,372)	3,993	8,427
Financial result				
Rumo Luxembourg Sarl	-	-	(12,461)	(2,327)
Elevações Portuárias S.A.	-	-	684	1,599
Rumo Malha Norte S.A.	(14,005)	(40,636)	(13,214)	(38,631)
Other	(2,076)	(1,810)	(926)	(4,057)
	(16,081)	(42,446)	(25,917)	(43,416)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Consolidated			
	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Operating income				
Raízen Combustíveis S.A.	51,714	138,049	42,341	114,238
Raízen Energia S.A.	55,173	218,914	90,612	242,774
Other	383	6,620	270	9,415
	107,270	363,583	133,223	366,427
Purchases of products / inputs				
Raízen Combustíveis S.A.	(338,839)	(917,165)	(326,875)	(882,278)
Cosan Lubrificantes e Especialidades S.A.	(9,261)	(26,794)	(11,174)	(29,626)
Other	(161)	(445)	(211)	(338)
	(348,261)	(944,404)	(338,260)	(912,242)
Shared expenses				
Cosan S.A.	(630)	(4,838)	(2,378)	(8,062)
Raízen Energia S.A.	(8,533)	(17,116)	(6,582)	(20,547)
	(9,163)	(21,954)	(8,960)	(28,609)
Financial result				
Other	149	18	(20)	(1)
	149	18	(20)	(1)

c) Officers and directors remuneration

Fixed and variable remuneration of key management personnel, including directors and board members, are recognized in the consolidated results for the period, as follows:

	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Short-term benefits to employees and managers	5,940	20,128	2,885	13,931
Stock option recognized	2,901	4,681	1,207	2,716
	8,841	24,809	4,092	16,647

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

11 Equity method investments and provision for net capital deficiency in subsidiary

a) Parent Company

	Total shares of the investee	Shares held by the Company	Percentage of interest (%)	At January 1, 2019	Equity pick-up	Capital increase	Dividends and Interest on own capital receivable	Comprehensive income	Initial adoption of standard CPC 06 R2 / IFRS 16 (Note 3.2)	Amortization of the concession right	Other	At September 30, 2019	Equity pick- up on September 30, 2018
<u>Subsidiaries</u>													-
Elevações Portuárias	672,397,254	672,397,254	100.00%	707,886	49,176	-	(55,037)	-	(5,129)	-	-	696,896	48,006
Rumo Intermodal	91,064,313	91,064,313	100.00%	37,095	1,876	-	-	523	-	-	-	39,494	(1,250)
ALL Serviços	100,000	-	-	-	-	-	-	-	-	-	-	-	(321)
Rumo Malha Central	250,000,000	250,000,000	100.00%	-	(74,700)	250,000	-	-	-	-	-	175,300	-
Rumo Malha Norte	1,189,412,363	1,186,268,176	99.74%	8,099,091	774,304	-	(817,367)	(1)	-	(22,232)	(177)	8,033,618	445,332
Boswells	3,265,000	3,265,000	100.00%	24,585	-	-	-	1,838	-	-	-	26,423	-
Brado Holding	500	-	-	-	-	-	-	-	-	-	-	-	1,706
Brado Participações	12,962,963	8,065,556	62.22%	366,399	4,270	-	(2,236)	-	-	-	-	368,433	3,192
Paranaguá S.A.	6,119,802	6,113,851	99.90%	13,681	612	3,747	-	(4,739)	-	-	-	13,301	1,562
Logisport	2,040,816	1,040,816	51.00%	73,624	12	-	(590)	-	-	-	-	73,046	(467)
Rumo Luxembourg Sarl	500,000	500,000	100.00%	64,118	(844)	-	-	-	-	-	-	63,274	(17,033)
Rumo Malha Sul	6,677,710,494,907	6,677,710,494,907	100.00%	976,663	(42,337)	800,000	-	-	(182,383)	-	-	1,551,943	(175,230)
				10,363,142	712,369	1,053,747	(875,230)	(2,379)	(187,512)	(22,232)	(177)	11,041,728	305,497
<u>Provision for net capital deficiency in subsidiaries</u>													
ALL Argentina	9,703,000	8,826,110	90.96%	(17,019)	(6,135)	-	-	6,257	-	-	-	(16,897)	(5,139)
Rumo Malha Paulista	90,826,624,247	90,826,624,247	100.00%	(260,465)	33,489	-	-	-	(75,839)	(14,258)	(544)	(317,617)	(37,742)
Rumo Malha Oeste	478,460,074	478,460,074	100.00%	(1,097,466)	(116,506)	-	-	-	(212,040)	-	-	(1,426,012)	(123,151)
				(1,374,950)	(89,152)	-	-	6,257	(287,879)	(14,258)	(544)	(1,760,526)	(166,032)
				8,988,192	623,217	1,053,747	(875,230)	3,878	(475,391)	(36,490)	(721)	9,281,202	139,465

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

b) Consolidated

<u>Affiliates</u>	<u>Total shares of investee</u>	<u>Shares held by the Company</u>	<u>Percentage of interest (%)</u>	<u>At January 1, 2019</u>	<u>Equity pick-up</u>	<u>Dividends</u>	<u>Other</u>	<u>At September 30, 2019</u>	<u>Equity pick-up on September 30, 2018</u>
Rhall Terminais Ltda.	28,580	8,574	30.00%	3,166	785	(27)	-	3,924	280
Termag S.A.	500,000	99,246	19.85%	5,192	3,665	-	(5,700)	3,157	270
TGG S.A.	79,747,000	7,914,609	9.92%	19,601	3,951	(6,116)	-	17,436	3,988
Terminal XXXIX S.A.	200,000	99,246	49.62%	16,042	7,904	(1,523)	-	22,423	3,881
Total				44,001	16,305	(7,666)	(5,700)	46,940	8,419

c) Non-controlling interests

	<u>Total shares of investee</u>	<u>Shares held by the Company</u>	<u>Percentage of interest (%)</u>	<u>At January 1, 2019</u>	<u>Equity pick-up</u>	<u>Dividends</u>	<u>Other</u>	<u>At September 30, 2019</u>	<u>Equity pick-up on September 30, 2018</u>
Logisport	2,040,816	1,000,000	49.00%	34,657	12	(566)	-	34,103	(449)
Brado Participações	12,962,963	4,897,407	37.78%	223,032	2,593	(1,357)	-	224,268	3,012
Rumo Malha Norte	1,189,412,363	3,144,187	0.26%	8,734	2,115	(2,270)	103	8,682	2,148
Total				266,423	4,720	(4,193)	103	267,053	4,711

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

12 Lease

a. Right-of-use assets

As mentioned in the operating context, the Company has signed concession agreement for Rumo Malha Central, which guarantees the right to operate the railway network for a period of 30 years from the date of signature on July 31, 2019. Adjusted in accordance with contractual parameters, the auction value was registered as a right of use of railway infrastructure in the amount of R\$ 2,904,778. The lease liability in the amount of R\$ 2,759,539 represents the present value of future installments, using the implied contract rate. The auction provided for cash payment of 5% of R\$ 145,239. This transaction is the main addition of the year, as shown in the movement tables:

	Consolidated						
	Land, buildings and improvements	Machinery, equipment and facilities	Freight cars and locomotives	Software	Vehicle	Railway and port infrastructure	Total
Cost:							
Initial adoption of standard CPC 06 (R2)/ IFRS 16	31,485	8,555	41,884	66,931	13,085	792,615	954,555
Transfers of property, plant and equipment and other assets ⁽ⁱ⁾	130,000	2,538	1,244,787	-	-	50,167	1,427,492
At January 1, 2019	161,485	11,093	1,286,671	66,931	13,085	842,782	2,382,047
Additions	12,636	3,045	-	-	732	2,904,778	2,921,191
Contractual adjustment	10	-	552	-	525	6,153	7,240
Transfers	-	(2,538)	(249,744)	-	-	1,563	(250,719)
At September 30, 2019	174,131	11,600	1,037,479	66,931	14,342	3,755,276	5,059,759
Amortization							
Transfers of property, plant and equipment and other assets ⁽ⁱ⁾	(50,450)	(2,532)	(462,748)	-	-	-	(515,730)
Impairment ⁽ⁱⁱ⁾	-	-	-	-	-	(131,541)	(131,541)
At January 1, 2019	(50,450)	(2,532)	(462,748)	-	-	(131,541)	(647,271)
Additions	(7,166)	(2,219)	(6,709)	(5,962)	(4,793)	(74,860)	(101,709)
Transfers	(4,821)	2,532	115,791	-	2	-	113,504
At September 30, 2019	(62,437)	(2,219)	(353,666)	(5,962)	(4,791)	(206,401)	(635,476)
At January 1, 2019	111,035	8,561	823,923	66,931	13,085	711,241	1,734,776
At September 30, 2019	111,694	9,381	683,813	60,969	9,551	3,548,875	4,424,283

(i) The amount refers to transfers of property, plant and equipment, as shown in Note 13 and R\$ 50,167 related to advances made at the beginning of the concession which were presented under other assets.

(ii) The subsidiary Malha Oeste recorded a provision for impairment in the year ended December 31, 2018, limiting the balance of long-term assets to realizable value. Accordingly, the right of use balance recorded in the same was subject to an impairment provision in the initial registration.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

b. Liabilities leases

	Consolidated		
	Financial	Operating	Total
Balance at December 31, 2018	553,350	-	553,350
Initial Recognition	-	1,391,707	1,391,707
Balance at January 1, 2019	553,350	1,391,707	1,945,057
Additions	-	2,775,953	2,775,953
Interest appropriation	65,714	174,419	240,133
Transfers between liabilities ⁽ⁱ⁾	-	(90,071)	(90,071)
Amortization of principal	(104,962)	(104,056)	(209,018)
Interest payment	(57,142)	(88,427)	(145,569)
Contractual adjustment	-	22,656	22,656
Balance at September 30, 2019	456,960	4,082,181	4,539,141
Current	100,341	441,643	541,984
Non-current	356,619	3,640,538	3,997,157
	456,960	4,082,181	4,539,141

(i) Transfer of the shares under judicial discussion to lease and concessions item (Note 20).

The lease contracts have several maturity dates with the last maturity occurring in June 2043 (an opening by maturity is shown in Note 28). The amounts are updated annually by inflation indexes (such as IGPM and IPCA) or may incur interest calculated based on the TJLP or CDI and some contracts have options for renewals or purchase that were considered in determining the classification as financial lease.

In addition to the amortization and appropriation of interest and exchange variation highlighted in the previous tables, has been recorded for the other lease agreements, which were not included in the measurement of lease liabilities, the following impacts on income for the period ended September 30, 2019:

	Consolidated September 30, 2019
Variable lease payments not included in the measurement of lease liabilities	10,691
Expenses relating to short-term leases	26,374
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	174
	37,239

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

13 Property, plant and equipment

	Consolidated							Parent Company
	Land, buildings and improvements	Machinery, equipment and facilities	Freight cars and locomotives ^{(i)/(ii)}	Track structure ⁽ⁱ⁾	Construction in progress	Other	Total	Total
Cost:								
At December 31, 2018	1,034,802	825,503	8,716,302	8,005,887	999,026	768,383	20,349,903	189,018
Transfers to right-of-use ⁽ⁱⁱⁱ⁾	(130,000)	(2,538)	(1,244,787)	-	-	-	(1,377,325)	-
At January 01, 2019	904,802	822,965	7,471,515	8,005,887	999,026	768,383	18,972,578	189,018
Additions	4	299	30,681	40	1,331,832	423	1,363,279	5,194
Disposals	(1,169)	(476)	(104,637)	-	(272)	(3,409)	(109,963)	-
Transfers	52,477	147,871	642,008	509,878	(1,129,193)	9,220	232,261	(275)
At September 30, 2019	956,114	970,659	8,039,567	8,515,805	1,201,393	774,617	20,458,155	193,937
Depreciation:								
At December 31, 2018	(350,697)	(353,013)	(3,977,393)	(3,261,319)	(10,842)	(479,821)	(8,433,085)	(55,752)
Transfers to right-of-use ⁽ⁱⁱⁱ⁾	50,450	2,532	462,748	-	-	-	515,730	-
At January 01, 2019	(300,247)	(350,481)	(3,514,645)	(3,261,319)	(10,842)	(479,821)	(7,917,355)	(55,752)
Additions	(46,755)	(79,128)	(482,239)	(462,783)	-	(11,653)	(1,082,558)	(10,371)
Disposals	131	466	103,916	6	-	3,309	107,828	-
Transfers	6,485	6,121	(117,608)	(2,233)	2,335	(381)	(105,281)	-
At September 30, 2019	(340,386)	(423,022)	(4,010,576)	(3,726,329)	(8,507)	(488,546)	(8,997,366)	(66,123)
At December 31, 2018	684,105	472,490	4,738,909	4,744,568	988,184	288,562	11,916,818	133,266
At September 30, 2019	615,728	547,637	4,028,991	4,789,476	1,192,886	286,071	11,460,789	127,814

(i) Includes improvements in leased assets and financial leasing;

(ii) On September 30, 2019, the balance of wagons and locomotives on bail to guarantee bank loans (Note 15) is R\$ 745,203 (R\$ 745,203 on December 31, 2018);

(iii) The amount of R\$ 861,595 was transferred to the right of use, where R\$ 1,377,325 refers to cost and (R\$ 515,730) the accumulated depreciation due to the adoption of CPC 06 (R2) / IFRS 16.

Capitalization of loan costs

In the period ended September 30, 2019, there was a loan cost in the amount of R\$ 731 while at December 31, 2018, there were no capitalized loan costs

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

14 Intangible assets and goodwill

	Consolidated					Parent Company
	Goodwill ⁽ⁱ⁾	Concession rights	Operating license	Other	Total	Total
Cost:						
At January 01, 2019	100,451	8,000,700	343,177	189,045	8,633,373	615,511
Additions	-	-	-	1,407	1,407	-
Transfers	-	-	171	13,034	13,205	274
At September 30, 2019	100,451	8,000,700	343,348	203,486	8,647,985	615,785
Amortization:						
At January 01, 2019	-	(881,632)	(131,909)	(125,950)	(1,139,491)	(226,742)
Additions	-	(90,677)	(8,822)	(11,714)	(111,213)	(29,598)
Transfers	-	-	-	25	25	-
At September 30, 2019	-	(972,309)	(140,731)	(137,639)	(1,250,679)	(256,340)
At January 01, 2019	100,451	7,119,068	211,268	63,095	7,493,882	388,769
At September 30, 2019	100,451	7,028,391	202,617	65,847	7,397,306	359,445

- (i) Goodwill arising from business combination, of which R\$62,922 on Terminal T-16 in Santos and R\$37,529 of direct subsidiary Logispot presented only in consolidated balances.

Amortization methods and useful lives

Intangible (other than goodwill)	Annual rate of amortization - %	September 30, 2019	December 31, 2018
Concession rights ⁽ⁱ⁾	1.59%	7,028,391	7,119,068
Operating license ⁽ⁱⁱ⁾	3.70%	202,617	211,268
Software	20.00%	27,768	25,967
Other		38,079	37,128
Total		7,296,855	7,393,431

- (i) Refers to the concession agreement of Rumo Malha Norte. The asset was identified and valued at fair value in the business combination between Rumo and ALL. The amount will be amortized until the end of the concession in 2079, being recorded in the statement of income, under costs of services rendered, in the depreciation and amortization group;
- (ii) Port operating license and customer relationships of Rumo, from the business combinations.

Impairment analysis

The Company annually tests the recoverable value of goodwill for the expectation of future results arising from a business combination. Assets subject to depreciation and amortization are only tested if there are indications that the carrying amount is not recoverable. In the period ended September 30, 2019, no indicators for asset impairment testing were identified.

The determination of the recoverability of the assets depends on certain key assumptions as described above that are influenced by the market, technological, and economic conditions in force at the time this recovery is tested and, therefore, it is not possible to determine whether new losses by recovery will occur in the future and, if they occur, whether these would be material.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

15 Loans, borrowings and debentures

Description	Financial charges		Parent Company		Consolidated		Maturity date
	Index	Average interest rate	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	
Loans and borrowings							
Finame (BNDES)	Pre-fixed	5.36%	397,975	485,352	886,921	1,055,281	February/2025
Finem (BNDES)	Pre-fixed	4.28%	-	-	2,646	2,261	January/2024
	URTJLP	8.20%	66,259	111,270	2,350,725	2,584,347	December/2029
	IPCA	11.45%	-	-	2,404	2,211	November/2021
	Selic	13.65%	-	-	1,894	3,930	September/2020
NCE	125% of CDI	8.06%	-	-	-	646,024	March/2019
	CDI + 0.80%	6.24%	-	-	504,629	514,817	December/2023
Senior Notes 2024	Pre-fixed (US\$)	7.38%	-	-	3,413,079	3,061,566	February/2024
Senior Notes 2025	Pre-fixed (US\$)	5.88%	-	-	2,246,648	1,997,394	January/2025
Commercial Banks	Pre-fixed (US\$)	5.33%	-	-	-	15,499	July/2019
ECA	Euribor +0.58%	0.58%	-	-	71,252	-	September/2026
Loan 4131	Dollar (US\$)	2.92%	224,825	209,987	224,825	209,987	November/2022
			689,059	806,609	9,705,023	10,093,317	
Debentures							
Non-convertible debentures	128% of CDI	8.26%	-	-	-	501,064	March/2019
	IPCA + 4.50%	8.12%	642,150	-	642,150	-	February/2029
	IPCA + 4.50%	8.30%	-	-	552,177	-	February/2026
	CDI + 1.30%						
Private debentures	p.y.	8.28%	755,392	714,755	-	-	January/2020
			1,397,542	714,755	1,194,327	501,064	
Total			2,086,601	1,521,364	10,899,350	10,594,381	
Current			945,444	172,838	938,724	924,904	
Non-current			1,141,157	1,348,526	9,960,626	9,669,477	

All loans and financing are guaranteed by Company guarantees and bank guarantees, in the same amounts and conditions of the total financed, including financing of locomotives and wagons, in which the financed goods are pledged as collateral.

Some financing agreements with the BNDES, destined to investments, are also guaranteed, according to each agreement, by bank guarantee, with the average cost of 1.16% p.y. or by real guarantees (assets) and escrow account. As of September 30, 2019 the balance of bank guarantees contracted was R\$ 2,009,745 (R\$ 2,475,175 on December 31, 2018).

For the calculation of the average rates, the annual average CDI of 6.30% and TJLP of 5.95% was considered on an annual basis.

Export credit agreement (ECA)

On February 28, 2019, the Company raised funds from the Austrian development agency OEKB through ECA transaction operated by Banco Santander in the total amount of R\$ 91,253, maturing in September 2026 and interest of Euribor + 0.58% p.y. paid semi-annually. This debt is protected by exchange and interest rate swaps.

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Notes to the interim financial statements

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Debentures

On March 19, 2019, the Company raised funds through an issue of ICVM 400 debentures in the total amount of R\$ 600,000, maturing in February 2029 and interest of IPCA + 4.5% p.y. paid semi-annually. This debt is protected by interest swap.

On February 22, 2019, the Company raised funds through an issue of ICVM 476 debentures in the total amount of R\$ 500,000, maturing in February 2029 and interest of IPCA + 4.50% p.y. paid semi-annually. This debt is protected by interest swap.

Unused line of credit

As of September 30, 2019, the Company had available credit lines from BNDES, which were not used, in the total amount of R\$ 1,935,490 (R\$ 2,108,824 at December 31, 2018).

The carrying amounts of the Company's loans and financing are denominated in these currencies:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Brazilian Real	1,861,776	1,311,377	4,943,546	5,309,935
US Dollar ⁽ⁱ⁾	224,825	209,987	5,884,552	5,284,446
EUR ⁽ⁱ⁾	-	-	71,252	-
Total	2,086,601	1,521,364	10,899,350	10,594,381

- (i) As of September 30, 2019, the amount of foreign currency-denominated debt in subsidiaries is hedged against foreign exchange risk through derivatives as shown in note 28.

Changes occurred for the period ended September 30, 2019 is as follows:

	Parent Company	Consolidated
At January 1, 2019	1,521,364	10,594,381
Proceeds from debts	568,339	1,297,754
Interest, monetary and exchange correction	170,562	1,351,867
Repayments of principal from debts	(134,360)	(1,756,975)
Payments of interest from debts	(39,304)	(587,677)
At September 30, 2019	2,086,601	10,899,350

Financial covenants

The Company's main lines of loans are subject to restrictive covenants, based on financial and non-financial indicators. The Company evaluates the conditions of the restrictive clauses annually.

On September 30, 2019, the Company and its subsidiaries were complying with all financial covenants.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

16 Other taxes payable

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Tax on circulation of goods, transport services and communication ("ICMS")	-	48	17,601	5,281
National social security institute ("INSS")	293	165	7,235	6,027
Social integration program ("PIS")	63	912	1,917	2,598
Contribution to social security financing ("COFINS")	301	4,212	9,430	12,325
Tax amnesty and refinancing program	902	902	12,461	10,297
Tax on services - ISS	-	-	4,037	4,666
Financial transaction tax	198	15	627	1,318
Other	169	226	5,563	7,960
	1,926	6,480	58,871	50,472
Current	1,926	6,480	50,655	46,717
Non-current	-	-	8,216	3,755

17 Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses.

	Parent Company			
	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Result before income taxes	368,801	580,886	228,965	144,089
Income tax and social contribution nominal rate (34%)	(125,392)	(197,501)	(77,848)	(48,990)
<i>Adjustments to determine the effective rate</i>				
Equity pick-up	123,839	211,894	85,438	47,418
Unrecognized NOLs and temporary differences ⁽ⁱ⁾	1,768	(3,214)	(884)	9,519
Effect of amortization of goodwill	(4,217)	(12,652)	(4,136)	(12,407)
Result of companies abroad	(3,060)	(6,460)	(5,100)	(6,732)
Other	5,153	5,187	(649)	(1,812)
Tax and social contribution (current and deferred)	(1,909)	(2,746)	(3,179)	(13,004)
Effective rate - %	0.52%	0.47%	1.39%	9.02%

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Consolidated			
	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Result before income taxes	463,161	766,394	340,372	328,604
Income tax and social contribution nominal rate (34%)	(157,475)	(260,574)	(115,726)	(111,725)
<i>Adjustments to determine the effective rate</i>				
Equity pick-up	2,628	5,544	1,106	2,862
Permanent differences	(92)	(113)	29	(6)
Unrecognized NOLs and temporary differences ⁽ⁱ⁾	(12,181)	(70,115)	(18,551)	(79,946)
Exploration profit - tax incentive	65,882	137,985	11,287	-
Result of companies abroad	1,133	(2,539)	4,727	(7,387)
Other	6,003	6,278	5,347	3,394
Tax and social contribution (current and deferred)	(94,102)	(183,534)	(111,781)	(192,808)
Effective rate - %	20.32%	23.95%	32.84%	58.67%

- (i) Refers mainly to tax losses and temporary differences of the Company and its subsidiaries Rumo Malha Sul, Rumo Malha Oeste and Rumo Malha Central, which do not meet the requirements for accounting of deferred income tax and social contribution assets due to the lack of predictability of future generation of taxable income.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

b) Deferred corporate income tax (IRPJ) and social contribution (CSLL) assets and liabilities

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Assets credits from:				
Tax losses carry forwards - income tax	249,729	252,203	1,791,210	1,784,856
Tax losses of social contribution	100,718	101,617	657,084	654,311
Temporary differences:				
Provision for judicial demands	22,036	15,242	212,447	210,429
Impairment provision	30,327	30,327	213,667	241,083
Allowance for doubtful accounts	644	685	14,821	18,596
Provision for non-performing tax	-	-	40,456	36,983
Provision for profit sharing	3,875	4,080	37,119	38,482
Review of useful life - Fixed assets	-	-	636,758	562,699
Fair value adjustment on debts	18,887	-	196,387	57,298
Temporary differences from other provisions	4,223	7,505	94,128	103,614
Fair value adjustment on debts	1,796	1,507	59,032	88,793
Exchange rate variation	5,259	-	128,840	-
Other	6,866	4,377	59,485	57,309
Deferred taxes - Assets	444,360	417,543	4,141,434	3,854,453
 (-) Unrecognized deferred assets credits	 (349,280)	 (346,718)	 (2,253,300)	 (2,074,432)
 Liabilities credits from:				
Temporary differences:				
Tax goodwill amortized	-	-	(24,838)	(24,268)
Lease	(803)	(787)	(45,960)	(228,041)
Unrealized result from derivatives	(27,117)	-	(621,624)	(307,098)
Review of useful life - Fixed assets	(967)	(851)	-	-
Business combination - Intangible assets	(66,193)	(69,187)	(2,573,704)	(2,578,722)
Other	-	-	(36,848)	(32,494)
Deferred taxes - Liabilities	(95,080)	(70,825)	(3,302,974)	(3,170,623)
 Total deferred taxes	 -	 -	 (1,414,840)	 (1,390,602)
 Deferred assets	 -	 -	 1,100,144	 1,046,195
Deferred liabilities	-	-	(2,514,984)	(2,436,797)

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(Amounts in thousands of Brazilian Reals – R\$, unless otherwise stated)

c) Realization of deferred income and social contribution taxes

In assessing the recoverability of deferred taxes, management considers the projections of future taxable income and the changes in temporary differences.

When it is more likely that part or all of the taxes will not be paid, this portion is no longer recorded. In the period ended September 30, 2019, credits totaling R\$ 178,868 are no longer recorded (R\$ 133,782 as of December 31, 2018). There is no expiration date for the use of tax loss carryforwards and negative bases, but the use of these accumulated tax loss carryforwards is limited to 30% of annual taxable income.

d) Changes in deferred taxes (net)

	Consolidated
At January 1, 2019	(1,390,602)
Income statement	(66,737)
Initial adoption of standard CPC 06 (R2) / IFRS 16	41,709
Other	790
At September 30, 2019	(1,414,840)

18 Accounts payable - suppliers

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Material and services suppliers	39,970	40,161	419,332	439,031
Fuels and lubricants suppliers	-	-	1,102	1,367
Other	10,978	4,569	14,197	11,221
Total	50,948	44,730	434,631	451,619

19 Provision for judicial demands and judicial deposits

	Provision for judicial demands			
	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Tax	3,728	1,782	81,242	76,770
Civil, regulatory and environmental	18,728	6,435	157,514	145,735
Labor claims	37,529	31,654	281,041	292,147
	59,985	39,871	519,797	514,652

	Judicial deposits			
	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Tax	7,722	7,022	41,442	35,152
Civil, regulatory and environmental	2,466	1,647	176,609	163,579
Labor claims	13,486	12,440	194,898	170,759
	23,674	21,109	412,949	369,490

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Changes in the provision were:

	Parent Company			
	Tax	Civil, regulatory and environmental	Labor	Total
At January 1, 2019	1,782	6,435	31,654	39,871
Provision	1,405	5,749	8,189	15,343
Settlement or write-offs	(1,278)	(9,077)	(8,499)	(18,854)
Monetary restatement ⁽ⁱ⁾	1,819	15,621	6,185	23,624
At September 30, 2019	3,728	18,728	37,529	59,985

	Consolidated			
	Tax	Civil, regulatory and environmental	Labor	Total
At January 1, 2019	76,770	145,735	292,147	514,652
Provision	5,062	15,012	47,259	67,332
Settlement or write-offs	(4,334)	(33,680)	(84,304)	(122,318)
Monetary restatement ⁽ⁱ⁾	3,744	30,447	25,940	60,131
At September 30, 2019	81,242	157,514	281,041	519,797

(i) Write-off interest expense included.

a) Tax

Judicial claims deemed as probable losses:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
ICMS credit	-	-	50,717	33,806
PIS and COFINS	-	-	2,011	11
INSS	649	-	24,138	12,542
Other	3,079	1,782	4,376	30,411
	3,728	1,782	81,242	76,770

(i) The accrued amounts refer to essentially the disallowance of ICMS credits on the acquisition of production inputs. In the opinion of the tax authorities, such inputs would be classified as consumable materials, not entitled to VAT credits.

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Capital gain	542,680	529,788	542,680	529,788
Isolated fine federal tax ⁽ⁱ⁾	463,480	449,039	479,137	449,039
IRPJ and CSLL	260,009	252,368	488,123	504,862
ICMS Rumo Malha Paulista ⁽ⁱⁱ⁾	-	-	175,951	322,927
ICMS - Export ⁽ⁱⁱⁱ⁾	-	-	604,386	293,638
Foreign financial operations ⁽ⁱⁱ⁾	-	-	28,505	290,220
MP 470 installment debts	-	-	114,541	112,666
Withholding income tax ("IRRF") Swap	-	-	76,861	75,007
ICMS TAD	77	76	70,317	67,092
Stock option plan	59,569	58,226	69,607	67,991
IOF on loan	53,501	52,585	53,501	52,585
Compensation with credit award	69	-	44,482	43,121
PIS/COFINS mutual traffic ^(iv)	-	-	45,041	33,805
IRRF ^(v)	53,444	-	53,444	-
PIS/COFINS	3,870	3,750	58,470	30,702
ICMS Material of use and consumption	-	-	9,548	9,462
ICMS - Passenger transport	-	-	6,372	6,002
ICMS Armazéns Gerais	-	-	7,351	6,500
Other	39,925	35,903	199,899	186,097
	1,476,624	1,381,735	3,128,216	3,081,504

(i) The addition refers to a supplement to the isolated fine imposed due to the non-approval of the credits claimed in PER / DCOMP.

(ii) Reversal of definitive successes in administrative proceedings.

(iii) The addition referring to new assessments for alleged misuse of ICMS credit on invoices for the provision of rail freight services for export.

(iv) The additions refer to the revaluation of lawsuits related to assessments for the alleged non-taxation by PIS and COFINS of traffic revenues and billed right of way.

(v) Tax assessment notice referring to alleged capital gain on the merger of shares from 2014 to 2016, with the need to prove the cost of shares of non-resident shareholders, upon the merger of ALL - América Latina Logística S.A.

b) Civil, regulatory and environmental

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Civil	241,588	222,911	2,037,504	1,785,541
Regulatory	29,374	904	842,267	647,182
Environmental	1,539	1,456	509,957	460,911
	272,501	225,271	3,389,728	2,893,634

c) Labor claims

Judicial claims deemed as possible losses:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Labor claims	117,481	126,451	866,555	845,346
	117,481	126,451	866,555	845,346

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

20 Lease and concessions

	September 30, 2019			December 31, 2018
	Leases	Concessions	Total	Total
<u>Amounts payables:</u>				
Rumo Malha Sul	-	36,032	36,032	60,761
Rumo Malha Paulista	-	19,545	19,545	45,892
	-	55,577	55,577	106,653
<u>Amounts under judicial discussions:</u>				
Rumo Malha Paulista	1,830,620	-	1,830,620	1,695,770
Rumo Malha Oeste	1,412,312	85,918	1,498,230	1,406,145
	3,242,932	85,918	3,328,850	3,101,915
Total	3,242,932	141,495	3,384,427	3,208,568
Current			9,392	28,797
Non-current			3,375,035	3,179,771
			3,384,427	3,208,568

Judicial deposits concerning the above claims totaled:

	September 30, 2019	December 31, 2018
Rumo Malha Paulista	119,806	119,806
Rumo Malha Oeste	20,803	20,690
	140,609	140,496

Judicial deposits are recorded in the line "regulatory" under Note 19.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

21 Equity

a. Common Capital

The subscribed and fully paid-in capital on September 30, 2019 and December 31, 2018 is R\$9,654,897 and is represented by 1,559,015,898 common shares nominative, without nominal value.

b. Capital reserve

Changes of the period are comprised of the transactions with shareholders highlighted below:

- Increase of R\$7,323 related to stock option transactions;

c. Other comprehensive income

	December 31, 2018	Net	September 30, 2019
Foreign currency translation differences - equity - accounted subsidiaries	18,221	3,881	22,102
Defined benefit plan actuarial loss	(2,694)	(3)	(2,697)
Attributed cost	3,380	(460)	2,920
Total	18,907	3,418	22,325

d. Tax incentives – SUDAM

Rumo Malha Norte obtained through the Superintendence of the Development of the Amazon - SUDAM the right to the reduction of income tax on corporate entities - IRPJ and additional non-refundable income, as it is located in the area covered by the Legal Amazon and since it is the transport sector considered a priority project for regional development.

The tax benefit includes a reduction of 75% on IRPJ and additional non-refundable income on operating profit up to 2024. The effect of the reduction of 75% on IRPJ and additional non-refundable calculated up to September 30, 2019 on the operating profit was R\$137,985 (on September 30, 2018 there was no reduction effect due tax loss on subsidiary Rumo Malha Norte).

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

22 Earnings per share

Basic earnings per share are calculated by dividing the loss by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated by adjusting the income and number of shares for the impacts of potentially dilutive instruments.

The table below shows the calculation of earnings per share (in thousands, except per share amounts) for the period ended September 30, 2019 and 2018:

Basic and diluted

	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Result of the period	366,892	578,140	225,786	131,085
Effects dilution:				
Effects dilution - Brado Logística	455	-	1,559,016	1,559,016
Diluted result for the period attributable to controlling shareholders	367,347	578,140	1,784,802	1,690,101
Denominator:				
Weighted average number of common share	1,559,214	1,559,214	1,559,016	1,559,016
Effects diluted:				
Effects diluted - Brado Logística	3,264	3,264	-	-
Effects diluted - Stock option plan	4,336	4,103	3,849	3,436
Weighted average number of common share - diluted	1,566,814	1,566,581	1,562,865	1,562,452
Basic earning per ordinary share	R\$0.23531	R\$0.37079	R\$0.14483	R\$0.08408
Diluted earning per ordinary share	R\$0.23446	R\$0.36955	R\$0.014449	R\$0.08390

Dilutive instruments

The non-controlling shareholders of the subsidiary Brado are entitled to exercise the Liquidity Option provided for in the shareholders' agreement executed on August 5, 2013. Such option consists in the replacement of all the shares held by said non-controlling shareholders for a number of shares of the Company determined in accordance with the established exchange ratio, which takes into account the economic value to be established for both the Brado business and the Company's business. At the sole discretion of the Company, an equivalent cash payment is also possible. Assumptions of value and form of settlement are subject to the decision of the arbitration proceeding and at September 30, 2019 the best estimate is 3,264 shares, with dilutive effect, which were therefore considered in the diluted earnings per share analysis.

On September 30, 2019, the Company has share-based compensation plans with dilutive effect, as detailed in note 23, whose instruments (options or restricted shares) whereas on September 30, 2018, the effect was antidilutive, thus reducing the result per share and therefore were not considered in the diluted earnings per share analysis.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

23 Stock option plan

1) Program Features:

Stock Grants Plans	Lack period (years)	Grant date	Interest rate	Volatility	Granted shares	Exercised / canceled	Effective on September 30, 2019	Market price on grant date - R\$	Fair value on grant date - R\$
2015 Plan	5	October 1, 2015	11.33%	42.75%	1,485,900	(214,000)	1,271,900	6.10	6.10
2016 Plan	5	January 2, 2017	11.33%	42.75%	1,476,000	(185,700)	1,290,300	6.10	6.10
2017 Plan	5	September 1, 2017	9.93%	29.76%	870,900	(118,150)	752,750	10.42	10.42
2018 Plan	5	August 1, 2018	10.93%	31.97%	1,149,544	(71,099)	1,078,445	13.94	13.94
2019 Plan	5	August 15, 2019	6.28%	27.46%	843,152	-	843,152	22.17	22.17
					5,825,496	(588,949)	5,236,547		

2) Changes:

	<i>Stock option</i>		<i>Stock grant</i>	
	Number of options	Average exercise price	Number of options	
January 1, 2019	198,225	54.83	4,538,373	
Granted	-	-	843,152	
Exercised / delivered	-	-	(25,932)	
Lost	(47,563)	61.04	(119,046)	
September 30, 2019	150,662	56.51	5,236,547	

In the period ended September 30, 2019, R\$7,323 were recognized as expenses related to the appropriation of the Stock Grant Plans (R\$5,536 on September 30, 2018).

24 Net Sales

	Parent Company			
	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Gross revenue from sales of services	156,974	486,740	172,975	549,335
Taxes and deductions over sales of services	(9,173)	(27,514)	(9,836)	(33,163)
Net revenue	147,801	459,226	163,139	516,172

	Consolidated			
	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Gross revenue from sales of services	2,162,347	5,706,374	1,993,888	5,240,686
Taxes and deductions over sales of services	(102,483)	(282,824)	(116,777)	(302,346)
Net revenue	2,059,864	5,423,550	1,877,111	4,938,340

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

25 Cost and expenses by nature

The reconciliation of results by nature / purpose is detailed as follows:

a) Expenses by nature

	Parent Company			
	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Material use in providing service	(164)	(400)	(669)	(1,900)
Employee benefit expense	(2,303)	(7,138)	(7,531)	(16,902)
Depreciation and amortization	(25,823)	(77,180)	(25,022)	(74,903)
Third-party services expense	(222)	(4,136)	(2,750)	(7,358)
Transportation expenses	(89,116)	(284,079)	(106,703)	(313,464)
Other expenses	(5,720)	(20,521)	(897)	(3,981)
	(123,348)	(393,454)	(143,572)	(418,508)

b) Classified as:

Cost of services sold	(118,374)	(371,010)	(134,419)	(394,601)
Selling expenses	89	119	(181)	108
General and administrative expenses	(5,063)	(22,563)	(8,972)	(24,015)
	(123,348)	(393,454)	(143,572)	(418,508)

	Consolidated			
	July 01, 2019 to September 30, 2019	January 01, 2019 to September 30, 2019	July 01, 2018 to September 30, 2018	January 01, 2018 to September 30, 2018
Material use in providing service	(35,804)	(107,478)	(34,055)	(96,499)
Employee benefit expense	(241,672)	(701,343)	(210,188)	(612,480)
Depreciation and amortization	(442,714)	(1,282,291)	(354,663)	(1,051,716)
Third-party services expense	(88,478)	(243,961)	(86,159)	(237,962)
Transportation expenses	(457,796)	(1,278,934)	(458,141)	(1,149,336)
Lease and concessions	-	-	(54,088)	(160,852)
Operational lease	(12,387)	(37,239)	(3,273)	(10,653)
Other expenses	(60,809)	(147,203)	(77,380)	(219,504)
	(1,339,660)	(3,798,449)	(1,277,947)	(3,539,002)

b) Classified as:

Cost of services sold	(1,238,323)	(3,532,491)	(1,198,845)	(3,315,983)
Selling expenses	(6,637)	(2,222)	(1,980)	(8,215)
General and administrative expenses	(94,700)	(263,736)	(77,122)	(214,804)
	(1,339,660)	(3,798,449)	(1,277,947)	(3,539,002)

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26 Financial result

	Parent Company				Consolidated			
	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Cost of gross debt								
Interest and monetary variations on debts	(31,917)	(95,331)	(23,250)	(74,764)	(173,353)	(536,077)	(182,448)	(633,097)
Net exchange rate changes on debts	(17,797)	(15,521)	-	-	(441,248)	(380,944)	(183,090)	(806,772)
Result from derivatives and fair value	17,866	12,687	-	-	462,901	462,052	186,869	703,274
Amortization of funding expenses	(2,350)	(3,866)	(170)	(554)	(10,254)	(31,025)	(10,316)	(42,836)
Guarantees and warranties on loans	(3,679)	(12,054)	(5,232)	(22,958)	(11,872)	(41,584)	(16,520)	(70,763)
	(37,877)	(114,085)	(28,652)	(98,276)	(173,826)	(527,578)	(205,505)	(850,194)
Income from financial investments	1,941	5,124	2,756	12,465	40,632	112,895	41,166	144,315
	1,941	5,124	2,756	12,465	40,632	112,895	41,166	144,315
Cost of debt, net	(35,936)	(108,961)	(25,896)	(85,811)	(133,194)	(414,683)	(164,339)	(705,879)
Other charges and monetary variations								
Interest on other receivables	11,011	10,714	(1,347)	1,067	21,601	36,394	13,590	37,141
Lease and concessions	-	-	-	-	(49,051)	(147,442)	(48,016)	(140,583)
Finance leases	(13)	(46)	(24)	(76)	(101,599)	(237,124)	(16,694)	(89,189)
Banking expenses and other	(178)	(537)	(108)	(937)	(11,667)	(35,518)	(9,138)	(28,837)
Real estate credit certificate	-	-	-	(183)	-	-	(1,017)	(4,719)
Interest on contingencies and commercial contracts	(2,834)	(14,358)	(1,147)	(2,862)	(18,055)	(65,630)	(19,536)	(68,271)
Foreign exchange, net	(2,750)	(2,733)	(15,068)	(9,595)	968	18	(3,954)	(13,413)
Interest on other liabilities	(3,103)	(4,173)	(36)	(635)	(9,226)	(19,461)	(8,443)	(52,362)
	2,133	(11,133)	(17,730)	(13,221)	(167,029)	(468,763)	(93,208)	(360,233)
Finance result, net	(33,803)	(120,094)	(43,626)	(99,032)	(300,223)	(883,446)	(257,547)	(1,066,112)
Finance expenses	(59,512)	(188,063)	(29,967)	(102,968)	(460,217)	(1,520,234)	(429,612)	(1,070,420)
Finance income	12,952	15,838	1,409	13,531	62,232	149,288	54,756	181,455
Foreign exchange, net	(20,546)	(18,254)	(15,068)	(9,595)	(440,280)	(380,925)	(187,044)	(820,184)
Derivatives	33,303	70,385	-	-	538,042	868,425	304,353	643,037
Finance result, net	(33,803)	(120,094)	(43,626)	(99,032)	(300,223)	(883,446)	(257,547)	(1,066,112)

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Notes to the interim financial statements

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27 Other income (expenses), net

Parent Company				
	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Net effect of judicial demands and tax installment	(3,216)	(12,023)	(1,489)	(6,513)
Rental and leases revenue	3,360	10,080	3,360	10,080
Outdated tax credits	13,244	13,244	-	-
Result on sale of scrap / eventual	299	1,525	233	1,129
Other	231	(835)	(369)	1,296
	13,918	11,991	1,735	5,992

Consolidated				
	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018	January 1, 2018 to September 30, 2018
Net effect of judicial demands and tax installment	(18,591)	(58,087)	(16,196)	(58,310)
Result on port operations	2,192	4,668	1,673	3,933
Result on sale of scrap / eventual	16,066	30,564	11,002	36,327
Result on disposals of fixed assets and intangible assets	31,847	40,447	62	2,237
Result on disposals of fixed assets and intangible assets	266	1,084	1,097	6,023
Other	3,670	(10,242)	(2,137)	(3,251)
	35,450	8,434	(4,499)	(13,041)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

28 Financial instruments

Financial risk management

Overview

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Company's and its subsidiaries exposure, to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The carrying amounts and the separation by category of financial assets and liabilities are as follows:

	September 30, 2019	December 31, 2018
Assets		
Fair value through profit or loss		
Marketable securities	1,182,819	2,843,074
Derivate financial instruments	1,816,462	892,461
	<u>2,999,281</u>	<u>3,735,535</u>
Amortized cost		
Cash and cash equivalents	1,395,255	141,527
Accounts receivable	456,679	438,062
Related parties	55,604	47,075
Restricted cash	155,417	115,124
	<u>2,062,955</u>	<u>741,788</u>
Total	<u>5,062,236</u>	<u>4,477,323</u>
Liabilities		
Amortized cost		
Long-term debts	3,749,219	5,325,434
Liabilities leases	4,539,141	553,350
Accounts payable - suppliers	434,631	451,619
Other financial liabilities	341,122	337,705
Related parties	162,720	156,169
Dividends payable	7,099	6,495
Debt payment in installments	23,175	10,297
	<u>9,257,107</u>	<u>6,841,069</u>
Fair value through profit or loss		
Long-term debts	7,150,131	5,268,947
	<u>7,150,131</u>	<u>5,268,947</u>
Total	<u>16,407,238</u>	<u>12,110,016</u>

During the period, there was no reclassification between categories, the fair value through the result and amortized cost presented above.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Structure of risk management

Management is responsible for establishing and overseeing the Company's risk management framework. The Board of Directors follows the Risk Management through the Company's senior management reporting, which is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyze the risks to which the Company is exposed to define limits of appropriate risks and controls, and to monitor risks and adherence to defined limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. Management through its standards and training procedures and management seek to maintain a discipline and control environment in which all employees are aware of their duties and obligations.

The Audit Committee oversees how management monitors compliance with policies and risk management procedures and reviews the adequacy of the risk management framework in relation to the risks to which the Company is exposed. The Audit Committee is supported by the internal audit team in carrying out its functions. The internal audit performs regular and sporadic revisions in policies and risk management procedures and the result of the following is reported to the Audit Committee.

All derivative activities for risk management purposes are carried out by specialized teams with the skills, experience and appropriate supervision. It is the Company's policy not to engage in any derivative transactions for speculative purposes.

The use of financial instruments for the purpose of protection is done through an analysis of the risk exposure that management intends to cover.

On September 30, 2019 and December 31, 2018, the fair values related to transactions involving derivative financial instruments to hedge risk exposure of the Company are presented next:

	Notional		Fair value	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Interest rate risk				
Swap contracts (interest and exchange) ⁽ⁱ⁾	5,525,991	4,346,145	1,816,462	892,461
	5,525,991	4,346,145	1,816,462	892,461
Total financial instruments	5,525,991	4,346,145	1,816,462	892,461

- (i) For the period ended September 30, 2019, the Company contracted Swap operations, where it will be active in USD + Libor 3M and passive in percentage of CDI as of November 14, 2018.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

(a) Credit risk

	September 30, 2019	December 31, 2018
Cash and cash equivalents ⁽ⁱ⁾	1,395,255	141,527
Marketable securities ⁽ⁱ⁾	1,182,819	2,843,074
Restricted cash ⁽ⁱ⁾	155,417	115,124
Account receivables ⁽ⁱⁱ⁾	456,679	438,062
Related parties ⁽ⁱⁱ⁾	55,604	47,075
Derivative financial instruments	1,816,462	892,461
	5,062,236	4,477,323

- (i) Credit risk of balances with banks and financial institutions is managed by the Company's Treasury in accordance with established policy. Excess resources are invested only in approved counterparties and within the limit set for each. Counterparty credit limits are reviewed annually and may be updated throughout the year. These limits are set to minimize risk concentration and thus mitigate financial loss in the event of potential bankruptcy of a counterparty. The Company's maximum exposure to credit risk in relation to the balance sheet components at September 30, 2019 and December 31, 2018 is the amount recorded.
- (ii) Customer credit risk is centrally managed by each business segment, subject to the procedures, controls and policy established by the Company with respect to this risk. Credit limits are set for all customers based on internal rating criteria. Customer credit quality is assessed based on an extensive internal credit rating procedure. Receivables from open customers are tracked frequently. The need for a provision for impairment is analyzed at each reporting date on an individual basis for key customers. In addition, a large number of accounts receivable with smaller balances are grouped into homogeneous groups and in these cases the recoverable loss is assessed collectively. The calculation is based on actual historical data.

The credit risk on cash and cash equivalents, marketable securities are determined by rating instruments widely accrued by the market and are arranged as follows:

	September 30, 2019
AA	1,220,199
AAA	3,329,754
Total	4,549,953

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

(b) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company's approach and its subsidiaries to managing liquidity is to ensure, as much as possible, there is always a sufficient liquidity to meet the obligations falling due under normal and stress conditions, without causing unacceptable losses or risk damaging the reputation of the Company and its subsidiaries.

Financial liabilities of the Company sorted by due dates (based on undiscounted cash flows contracted) are as follows:

	September 30, 2019					December 31, 2018
	Up to 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total	Total
Long-term debt	(1,523,960)	(1,318,708)	(6,666,294)	(3,856,191)	(13,365,153)	(13,535,036)
Accounts payable - suppliers	(434,631)	-	-	-	(434,631)	(451,619)
Other financial liabilities ⁽ⁱ⁾	(341,122)	-	-	-	(341,122)	(337,705)
Debt payment in installments	(4,417)	(2,462)	(4,692)	(1,620)	(13,191)	(11,059)
Liabilities leases	(595,379)	(548,259)	(1,488,693)	(5,021,505)	(7,653,836)	(837,662)
Related parties payable	(162,720)	-	-	-	(162,720)	(156,169)
Dividends payable	(7,099)	-	-	-	(7,099)	(6,495)
Derivate financial instruments	69,268	27,234	984,282	735,677	1,816,461	846,452
	<u>(3,000,060)</u>	<u>(1,842,195)</u>	<u>(7,175,397)</u>	<u>(8,143,639)</u>	<u>(20,161,291)</u>	<u>(14,489,293)</u>

- (i) On September 30, 2019, the consolidated balance anticipated by our suppliers with financial institutions was R\$ 341,122 (R\$337,705 on December 31, 2018). All these operations were with Banco Itaú and Banco Bradesco at an average interest rate of 6.27% p.a. The average term of these operations, which are recorded at their present values at the interest rate previously mentioned, is three months.

(c) Market risk

Market risk is the risk that changes in market prices - such as exchange rates and interest rates - will affect the Company's earnings or the value of its holdings of financial instruments. The objective of market risk management is to manage and control exposures to market risks within acceptable parameters, while improving the return.

The Company uses derivatives to manage market risks. All these operations are conducted within the guidelines established by the risk management policy. Generally, the Company seeks to apply hedge accounting to manage the volatility in the result.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

• Foreign exchange risk

On September 30, 2019 and December 31, 2018, the Company and its subsidiaries had the following net exposure to exchange rates on assets and liabilities:

	September 30, 2019	December 31, 2018
Cash and cash equivalents	21,746	16,034
Account receivables	10,856	20,354
Accounts payable - suppliers	-	(26,168)
Long-term debts	(5,955,805)	(5,178,357)
Exchange rate derivatives (<i>notional</i>) ⁽ⁱ⁾	6,005,583	5,162,858
Lease liabilities	(70,893)	-
Foreign exchange exposure, net	11,487	(5,279)

- (i) These balances are equivalent to the value of the notional currency in US Dollars converted to R\$ at the Dollar rate of September 30, 2019.

Sensitivity analysis of changes in exchange rates:

In the probable scenario, the Company uses the dollar projected by specialized consulting for September 30, 2020. Stressed scenarios (positive and negative, before taxes) were defined based on adverse impacts of 25% and 50% on exchange rates used in the probable scenario:

	Exchange rate sensitivity analysis (R\$/US\$)					
	September 30, 2019	Probable	25 %	50 %	-25 %	-50 %
US Dollars	4.1644	3.9700	4.9625	5.9550	2.9775	1.9850
EUR	4.5425	4.4464	5.5580	6.6696	3.3348	2.2232

Based on financial instruments denominated in foreign currency, as of September 30, 2019, in the probable scenario, the Company sensitized the positive or negative effect on income before taxes. The scenarios with increasing and decreasing exchange rates of 25% and 50% show the incremental effect in relation to the probable scenario as follows:

Instrument	Risk factor	Probable	25 %	50 %	-25 %	-50 %
Cash and cash equivalents	Exchange fluctuation	(1,015)	5,183	10,365	(5,183)	(10,365)
Accounts receivable	Exchange fluctuation	(507)	2,587	5,175	(2,587)	(5,175)
Liabilities leases	Exchange fluctuation	3,309	(16,896)	(33,792)	16,896	33,792
Exchange rate derivatives (<i>notional</i>)	Exchange fluctuation	(278,530)	1,431,763	2,863,526	(1,431,763)	(2,863,526)
Long-term debt	Exchange fluctuation	276,207	(1,419,900)	(2,839,799)	1,419,900	2,839,799
Impacts on result of the period		(536)	2,737	5,475	(2,737)	(5,475)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

• Interest rate risk

The Company and its subsidiaries monitor fluctuations in variable interest rates tied to some debts, mainly those linked to the risk of CDI/TJLP, and makes use of derivative instruments in order to minimize these risks.

Sensitivity analysis of changes in interest rates:

The Company uses the following interest rate scenarios:

	Probable	25%	50%	-25%	-50%
SELIC	4.90%	6.13%	7.35%	3.68%	2.45%
CDI	4.90%	6.13%	7.35%	3.68%	2.45%
TJLP	5.20%	6.50%	7.80%	3.90%	2.60%
IPCA	3.85%	4.81%	5.77%	2.89%	1.92%

The probable scenario considered by the Company uses the market projections made by specialized external consulting (Tendências).

The sensitivity analysis below shows the projected annual impact on interest expenses on loans and financing and the remuneration of financial investments (before taxes) in the probable scenario, with the other variables being maintained. The scenarios with increase and decrease in interest rates of 25% and 50% show the incremental effect in relation to the probable scenario:

	September 30, 2019				
Exposure interest rate⁽ⁱ⁾	Probable	25%	50%	-25%	-50%
Cash and cash equivalents	68,367	17,092	34,184	(17,092)	(34,184)
Marketable securities	57,958	14,490	28,979	(14,490)	(28,979)
Restricted cash	7,615	1,904	3,808	(1,904)	(3,808)
Long-term debt	(192,635)	(48,159)	(96,317)	48,159	96,317
Interest rate derivative	153,950	(564,525)	(1,084,690)	564,525	1,084,690
Liabilities leases	(12,734)	(2,802)	(5,604)	2,802	5,604
Impacts on result of the period	82,521	(582,000)	(1,119,640)	582,000	1,119,640

- (i) The rates of CDI and TJLP considered: 5.40% p.a. and 5.95% p.a., respectively, were obtained from information provided by the market.

Fair value of financial instruments

The fair value of financial assets and liabilities represents the amount at which the instrument could be exchanged in a current transaction between willing parties, and not in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair value:

- The Cash and cash equivalents, accounts receivable, accounts payable and other short-term liabilities approximate their carrying amount largely due to the short-term maturity of these instruments.
- The fair value of bonds and marketable bonds is based on price quotations at the balance sheet date. The fair value of non-negotiable instruments, bank loans and other financial debts, obligations under finance leases as well as other non-current financial liabilities is estimated by means of future cash flows discounted using rates currently available for debt or deadlines and the like remaining.

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

The fair values of the Senior Notes are quoted on the Luxembourg Stock Exchange (Note 15) and are based on the quoted market price as follows:

Loans	Company	September 30, 2019	December 31, 2018
Senior Notes Due 2024	Rumo Luxembourg	105.77%	104.27 %
Senior Notes Due 2025	Rumo Luxembourg	108.00%	94.94 %

The fair value of other loans and financing, their market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates, see details in note 15.

The Company and its subsidiaries enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings.

The fair value of derivative financial instruments is determined using valuation techniques and observable market data such as quoted prices in active markets or discounted flows based on market curves. The most commonly used valuation techniques include fixed rate pricing models and swaps, with present value calculations. The models consider various data, including counterparty credit quality, spot and forward exchange rates, interest rate curves.

In order to measure the credit risk of the parties involved in the derivative instruments, the Company uses the forward rate structure disclosed by B3 and adds discount rates that reflect the counterparty credit risk that are applied in each of the maturities in the calculation of the fair value of all financial instruments. The Company adopts counterparty ratings for positive flows and its own rating for negative flows, available on the market and disclosed by renowned rating agencies, as a necessary premise to extract the probability of default.

The carrying amounts and fair values of financial assets and liabilities are as follows:

	Book value		Assets and liabilities measured at fair value	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	Level 2	Level 2	Level 2	Level 2
Assets				
Marketable securities	1,182,819	2,843,074	1,182,819	2,843,074
Derivative financial instruments	1,816,462	892,461	1,816,462	892,461
Total	2,999,281	3,735,535	2,999,281	3,735,535
Liabilities				
Long-term debts	(7,150,131)	(5,268,947)	(7,150,131)	(5,268,947)
Total	(7,150,131)	(5,268,947)	(7,150,131)	(5,268,947)

Hedge accounting – Fair value

Currently, the Company adopts a fair value hedge for some of its operations in that both (hedge instruments and hedged items) are accounted for at fair value through profit or loss. Operations and accounting effects of this adoption are as follows:

	Debt	Derivatives	Total
Balance on January 1, 2019	(5,058,959)	892,139	(4,166,820)
Interest amortization	324,343	36,311	360,654
Fair value	(925,111)	756,248	(168,863)
Balance on September 30, 2019	(5,659,727)	1,684,698	(3,975,029)

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

29 Operating segment information

Management evaluates the performance of its operating segments based on EBITDA (earnings before income tax and social contribution, interest, depreciation and amortization).

Operational segments

- (i) North Operations: comprised of the railway operations, road operations, transshipment and port elevation in the areas of the Company concession, Elevações Portuárias, Rumo Malha Norte and Rumo Malha Paulista.
- (ii) South Operations: comprised of the railway and transshipment in the concession area of Rumo Malha Sul and Rumo Malha Oeste.
- (iii) Central Operations: comprised of railway and transshipment in the concession area of Rumo Malha Central
- (iv) Container Operations: comprised by the group company that focuses on container logistics either by rail or road transport and other container operations results.

The segment information has been prepared in accordance with the same accounting policies used in preparing the consolidated information.

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Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Period:	July 1, 2019 to September 30, 2019					January 1, 2019 to September 30, 2019				
	North Operations	South Operations	Central Operations	Container Operations	Consolidated	North Operations	South Operations	Container Operations	Container Operations	Consolidated
Results by segment										
Net revenue	1,546,342	433,961	-	79,561	2,059,864	4,070,302	1,134,194	-	219,054	5,423,550
Cost of services	(781,887)	(361,250)	(15,333)	(79,853)	(1,238,323)	(2,203,720)	(1,073,684)	(15,333)	(239,754)	(3,532,491)
Gross profit	764,455	72,711	(15,333)	(292)	821,541	1,866,582	60,510	(15,333)	(20,700)	1,891,059
Gross margin (%)	49.44%	16.76%	0.00%	-0.37%	39.88%	45.86%	5.34%	0.00%	-9.45%	34.87%
Selling, general and administrative	(62,886)	(17,307)	(12,219)	(8,925)	(101,337)	(186,791)	(40,221)	(12,219)	(26,727)	(265,958)
Other income and equity	25,568	15,254	(1)	2,359	43,180	12,773	8,385	-	3,581	24,739
Depreciation and amortization	273,492	134,522	16,138	18,706	442,858	785,270	420,937	16,138	59,946	1,282,291
EBITDA	1,000,629	205,180	(11,415)	11,848	1,206,242	2,477,834	449,611	(11,414)	16,100	2,932,131
Margin EBITDA (%)	64.71%	47.28%	0.00%	14.89%	58.56%	60.88%	39.64%	0.00%	7.35%	54.06%

Period:	July 1, 2018 to September 30, 2018				January 1, 2018 to September 30, 2018			
	North Operations	South Operations	Container Operations	Consolidated	North Operations	South Operations	Container Operations	Consolidated
Results by segment								
Net revenue	1,405,529	400,301	71,281	1,877,111	3,669,554	1,077,646	191,140	4,938,340
Cost of services	(751,291)	(371,154)	(76,400)	(1,198,845)	(2,038,720)	(1,054,321)	(222,942)	(3,315,983)
Gross profit	654,238	29,147	(5,119)	678,266	1,630,834	23,325	(31,802)	1,622,357
Gross margin (%)	46.55%	7.28%	-7.18%	36.13%	44.44%	2.16%	-16.64%	32.85%
Selling, general and administrative	(56,367)	(16,276)	(6,459)	(79,102)	(157,214)	(46,516)	(19,289)	(223,019)
Other income and equity	2,910	(4,979)	824	(1,245)	6,623	(18,564)	7,319	(4,622)
Depreciation and amortization	234,821	106,813	13,092	354,726	704,075	307,073	40,568	1,051,716
EBITDA	835,602	114,705	2,338	952,645	2,184,318	265,318	(3,204)	2,446,432
Margin EBITDA (%)	59.45%	28.65%	3.28%	50.75%	59.53%	24.62%	-1.68%	49.54%

Rumo S.A.

Notes to the interim financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

30 Subsequent events

The company has made the 13th issue of debentures in the amount of R\$ 1,129,136 that is not convertible into shares, of unsecured type. The amount will be transferred to its subsidiaries Rumo Malha Sul and Rumo Malha Central in the following proportion: (i) R\$203,000 to Rumo Malha Sul; and (ii) R\$926,136 to Rumo Malha Central.

* * *

EARNINGS RELEASE 3Q19

Curitiba, November 11, 2019 – RUMO S.A. (B3: RAIL3) (“Rumo”) today announces its results for the third quarter of 2019 (3Q19), including July, August, and September. The results are consolidated in accordance with the accounting criteria adopted in Brazil and International Financial Reporting Standards (IFRS). Comparisons in this report consider 3Q19 and proforma 3Q18 unless otherwise indicated.

Rumo 3Q19 and 9M19 Highlights

- 3Q19 EBITDA reached R\$1,206 million, 18.5% higher than Proforma 3Q18. EBITDA margin reached 58.6%, 4 p.p. higher than 3Q18. In 9M19, EBITDA grew 11.2% to R\$2,932 million, with 54.1% margin.
- Total transported volume in 3Q19 reached 17.4 billion RTK in 3Q19, 7.7% higher than in 3Q18, particularly driven by the operational performance in July, which allowed record transported volumes.
- Rumo posted a net income of R\$369 million in 3Q19, up 61% from 3Q18. Cash generation before funding and amortizations totaled R\$489 million in the quarter. Leverage decreased to 1.8x broad net debt/EBITDA.
- Capex totaled R\$390 million in 3Q19 and R\$1,366 million in 9M19.
- As of this quarter, Rumo reports results including the Central Network (North-South Railway). This consolidation, as reported in section 2, caused negative impacts of R\$12 million on EBITDA and R\$75 million on net income.

3Q19	3Q18 Proforma*	Chg. %	Summary of Financials (Amounts in BRL mln)	9M19	9M18 Proforma*	Chg. %
17,377	16,131	7.7%	Total transported volume (million RTK)	45,099	41,423	8.9%
3,100	3,468	-10.6%	Total volume loaded (TU '000)	8,548	8,615	-0.8%
2,060	1,877	9.7%	Net revenue	5,424	4,938	9.8%
822	717	14.6%	Gross profit	1,891	1,735	9.0%
39.9%	38.2%	1.7 p.p.	Gross margin (%)	34.9%	35.1%	-0.2 p.p.
(101)	(79)	27.7%	Sales, general and administrative expenses	(266)	(223)	19.2%
43	(1)	>100%	Other op. revenues (expenses) and equity pickup	25	(5)	>100%
763	637	19.9%	Operational profit	1,650	1,507	9.5%
443	381	16.1%	Depreciation and amortization	1,282	1,130	13.5%
1,206	1,018	18.5%	EBITDA	2,932	2,637	11.2%
58.6%	54.2%	4.4 p.p.	EBITDA margin (%)	54.1%	53.4%	0.7 p.p.
369	229	61.2%	Net profit (loss)	583	131	367.1%
17.9%	12.2%	5.7 p.p.	Net margin (%)	10.7%	2.5%	8.0 p.p.
390	551	-29.2%	Capex	1,366	1,593	-14.3%

*As detailed in section 1 - IFRS 16 Implementation.

Conference Call

English* - 2:00 p.m. (Brasília time)

*With simultaneous translation into Portuguese

November 12, 2019 (Tuesday)

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1. IFRS 16 Implementation

As of January 1, 2019, the Company implemented the Accounting Standard CPC 06 (R2)/IFRS 16, which introduced a unique model of accounting for leasing in the lessee's balance sheet. As a lessee, Rumo recognized the right to use assets representing its right to use underlying assets and leasing liabilities representing its obligation to pay for the lease. In its operational results, the Company no longer records leasing expenses by the amount incurred/paid and now records amortization expenses of the right-to-use and financial charges of interest rates over leasing liabilities.

Rumo opted to use the modified retrospective approach in which the cumulative effect of initial adoption is recognized as an adjustment to the opening balance of retained earnings as of January 1, 2019.

Given the option of a modified retrospective approach, 2018 comparative information has not been restated in the financial statements. To ensure comparison of the information contained herein, the Company will report the 2018 Proforma results under the same basis of the criteria adopted in 2019.

2018 Proforma Results (Comparable)

The reconciliation of information reported in 2018 and the Proforma information are summarized below:

Income Statement for the year	3Q18			2018		
Amounts in BRL mln	Reported	IFRS 16	Proforma	Reported	IFRS 16	Proforma
Net operating revenue	1,877	-	1,877	6,585	-	6,585
Cost of goods sold	(1,199)	39	(1,160)	(4,466)	152	(4,314)
Gross profit (loss)	678	39	717	2,119	152	2,272
Gross margin (%)	36.1%	-	38.2%	32.2%	n/a	34.5%
Sales, general and administrative expenses	(79)	-	(79)	(313)	-	(313)
Other op. revenues (expenses) and equity pickup	(1.2)	-	(1.2)	(56)	-	(56)
Operational profit	598	39	637	1,750	152	1,903
Depreciation and amortization	355	27	381	1,419	105	1,523
Provision for impairment West Network	-	-	-	72	-	72
EBITDA	953	66	1,018	3,241	257	3,498
EBITDA Margin (%)	0.0%	-	0.0%	49.2%	n/a	53.1%
Financial result	(258)	(40)	(297)	(1,209)	(159)	(1,368)
Income tax/social contribution	(112)	1	(111)	(269)	3	(266)
Net profit (loss)	229	(0)	229	273	(4)	269
Net Margin (%)	12.2%	-	12.2%	4.1%	n/a	4.1%

2. Recognition of Central Network Contract (North-South Railway)

On July 31, 2019, the Company signed the Central Network sub-concession contract, which ensures the right to explore the railway network for 30 years, as of that date. The R\$2,905 million referring to the auction amount was duly restated in accordance with contractual parameters and recorded as railway infrastructure **right-of-use**. The amount of R\$145 million, corresponding to 5% of the total amount, was paid upfront, as per contract. In addition, the first quarterly installment of R\$74.5 million was paid, and the balance as of September 30, 2019, totals R\$2,732 million in the **leasing** account (liabilities), which represents the present value of due installments, applying the contract's implicit rate.

Balance sheet (Amounts in BRL mln)		Position on September 30, 2019
Right of use		2,889
Leases		(2,732)

The consolidation of Central Network in the Company's results caused an impact of R\$12.2 million on EBITDA on account of general and administrative expenses for the quarter. Net income was impacted by R\$74.7 million, mainly referring to additional financial expenses and depreciation due to the contract, affecting August and September.

Impact on Results - Central Network (Amounts in BRL mln)		3Q19
Fixed costs and general and administrative expenses		12.2
Depreciation		16.1
Financial result		46.3
Total		74.7

When considering the Company's results, excluding the Central Network, EBITDA rose by 19.6% in 3Q19 to R\$1,218 million, with an EBITDA margin of 59.2%. Net income totaled R\$444 million, 94% higher than 3Q18.

3Q19 Adjusted ¹	3Q18 Proforma	Chg. %	Summary of Financial Information (Amounts in BRL mln)	9M19 Adjusted ¹	9M18 Proforma	Chg. %
2,060	1,877	9.7%	Net operating revenue	5,424	4,938	9.8%
838	717	16.8%	Gross profit	1,907	1,735	9.9%
40.7%	38.2%	2.5 p.p.	Gross Margin (%)	35.2%	35.1%	0.1 p.p.
(89)	(79)	12.3%	Sales, general and administrative expenses	(254)	(223)	13.8%
43	(1)	>100%	Other op. revenues (expenses) and equity pickup	24	(5)	>100%
792	637	24.3%	Operational profit	1,677	1,507	11.3%
427	381	11.9%	Depreciation and amortization	1,266	1,130	12.1%
1,218	1,018	19.7%	EBITDA	2,943	2,637	11.6%
59.2%	54.2%	5.0 p.p.	EBITDA Margin (%)	54.3%	53.4%	0.9 p.p.
444	229	93.9%	Net profit (loss)	658	131	>100%
21.5%	12.2%	9.3 p.p.	Net margin (%)	12.1%	2.7%	9.4 p.p.

Note¹: Excluding the effects of Central Network consolidation.

All the other sections of this Earnings Release include the Central Network, unless otherwise indicated.

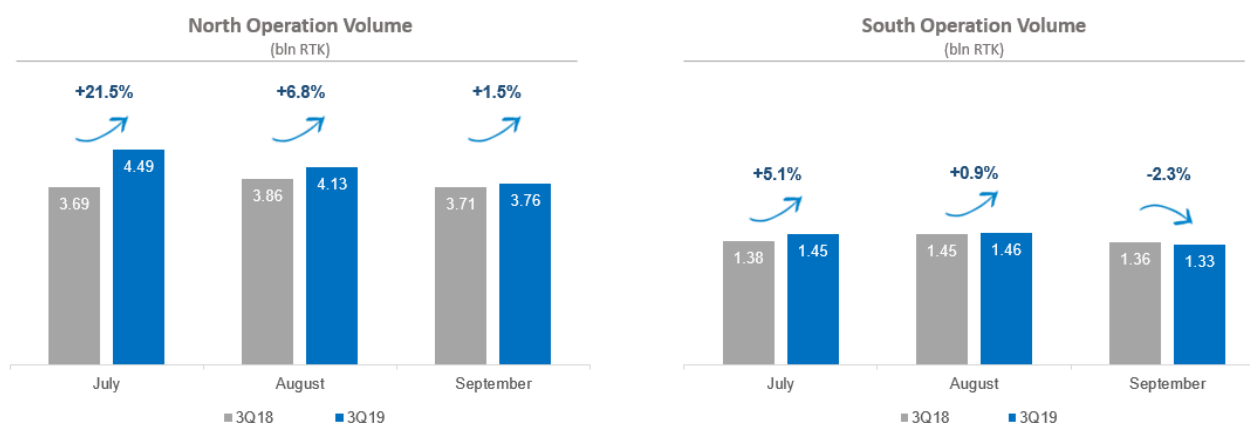
3. 3Q19 Executive Summary

Rumo's EBITDA reached R\$1,206 million in 3Q19, up 18.5% from Proforma 3Q18. In 9M19, EBITDA grew 11.2% reaching R\$2,932 million. This result reflects higher transported volumes and greater efficiency of costs and expenses. **Variable costs** only increased by 0.7% mainly due to efficiency on fuel consumption (Liters/GTK: -6.2%). In addition, the Company increased operational leverage, and despite volume growth, **fixed costs** only grew 4.3%. As a result, **EBITDA margin** reached 58.6% in 3Q19, 4 p.p. higher than 3Q18.

The volume transported by Rumo in 3Q19 grew 7.7% from 3Q18 to 17.4 billion RTK. In 9M19, volume stood at 45.1 billion RTK, up 8.9% from 9M18. Record corn crop combined with favorable business conditions bolstered exports throughout 3Q19. Especially in July, Rumo's excellent operational performance allowed transported volumes to a record of 6.2 billion RTK. In August, Rumo delivered a positive operational performance. In September, despite grain availability, the Company's operation was impacted by above-average rainfall at the ports and by operational constraints due to accidents. The Company remains committed to improving the efficiency and safety of its operations.

The **North Operation's** transported volume grew 10% in 3Q19, 22% in July alone. This increase was driven by **corn** and also **fertilizer** volumes, that reached 2 billion RTK in 9M19. The **South Operation's** transported volume rose 1%, mainly due to a 14% increase in **fuel** transportation. In 3Q19, soybean transported volume switched to corn compared to 3Q18, when soybean volumes atypically increased on account of lower corn volumes in the market.

Volume growth in the quarter in the North and South Operations

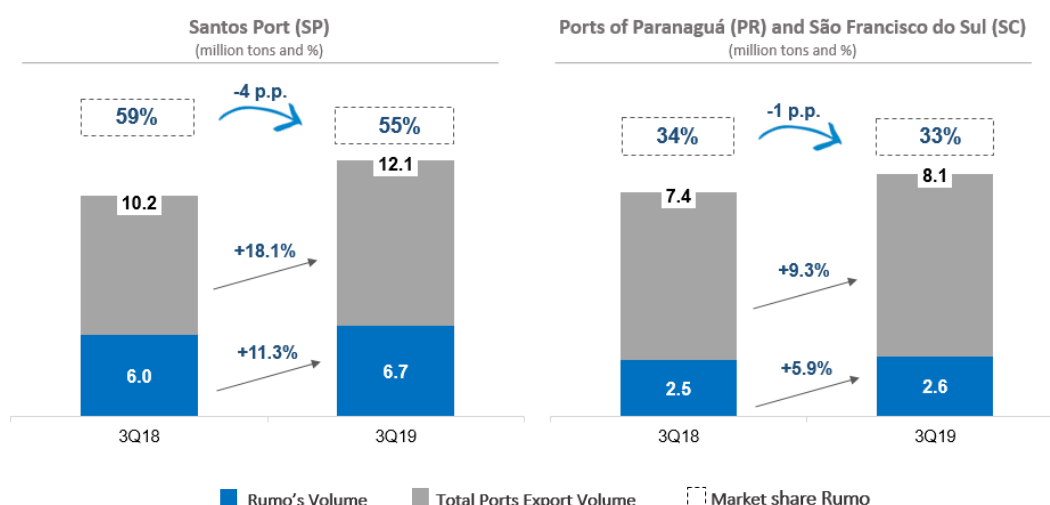


Source: Marine Agency and Rumo System.

Yields increased 4.6% year-over-year, reversing the unfavorable scenario of previous quarters, resulting in a gain of 1% in 9M19. The North, South, and Container operations had yield increases of 3.6%, 7.0%, and 6.7%, respectively, on the back of (i) seasonality, which got back on track; (ii) yield increases from 2018 to 2019; and (iii) a lower impact of fertilizer volume on average price, as 3Q18 already had transported volumes.

Rumo increased the volume of grains to the Port of Santos (SP) by 11%. Driven by favorable market conditions, exports grew 18% in 3Q19, exceeding North Operation's capacity. As a consequence, the Company's market share decreased 4 p.p. **Grain transportation to the ports of Paranaguá (PR) and São Francisco do Sul (SC)** increased by 6% from 3Q18, and exports grew by 9%, exceeding South Operation's capacity, causing a drop of 1p.p. on Rumo's market share.

Rumo's Volume and Market Share Evolution in Transportation at the Ports



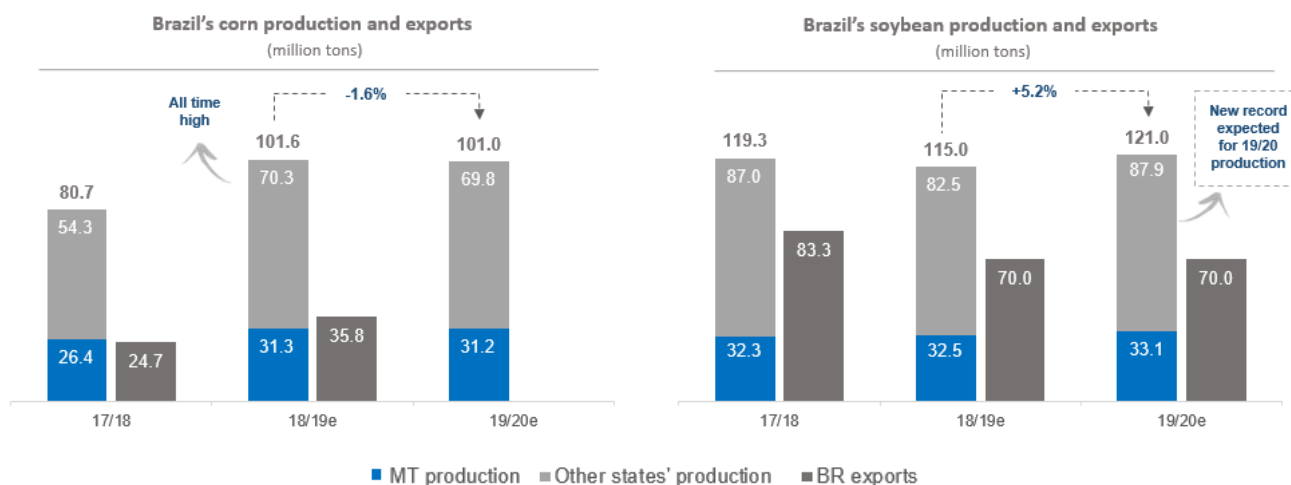
Source: Marine Agency.

Rumo's net income was R\$369 million in 3Q19, 61% higher than in 3Q18. In 9M19, net income totaled R\$583 million, versus R\$131 million in 9M18. A solid EBITDA and lower investments execution allowed positive cash generation performance and a decrease in the Company's leverage. Cash generation before funding and amortizations totaled R\$489 million in 3Q19, reversing a net loss of R\$127 million in 9M18 to a positive result of R\$406 million in 9M19. Thus, leverage stood at 1.8x broad net debt/EBITDA.

According to AgRural's analysis, a record corn crop of 35.8 million tons should result in record exports this year, though carryover stocks should still increase. Good corn availability, if combined with favorable market conditions, may boost Rumo's volumes in 4Q19, a period where transported volumes are more a function of the market than of Company's capacity.

Soybean forecasts for 2020, which already include preliminary planting data, indicate record soybean production in Brazil and in the State of Mato Grosso, and Brazilian exports should come in line with 2019. This scenario may result in higher volumes for Rumo, especially in the first three months of the crop, when commodity prices and demand for efficient logistics increase. Regarding corn, AgRural's projections indicate that production should come in line with this year's record figures, i.e., 101 million tons. However, there's still no data for either Brazilian exports or exports by state.

Evolution of soybean and corn production and export in Brazil



Source: AgRural and CONAB (Oct/19)
Note: (e) - Estimate.

4. Consolidated Operating and Financial Indicators

3Q19	3Q18 Proforma	Chg.%	Summary of Financial Information (Amounts in BRL mln)	9M19	9M18 Proforma	Chg.%
17,377	16,131	7.7%	Total transported volume (million RTK)	45,099	41,423	8.9%
14,464	13,367	8.2%	Agricultural products	37,094	34,126	8.7%
2,913	2,763	5.4%	Industrial products	8,005	7,297	9.7%
104.0	99.5	4.6%	Average transportation yield (R\$/000 RTK)²	103.5	102.5	1.0%
3,100	3,468	-10.6%	Total volume loaded (TU '000)	8,548	8,615	-0.8%
25.3	27.3	-7.3%	Average loading yield (R\$/TU)	25.6	26.5	-3.3%
2,060	1,877	9.7%	Net operating revenue	5,424	4,938	9.8%
1,808	1,604	12.7%	Transportation	4,670	4,247	10.0%
79	95	-17.1%	Port loading	219	228	-4.0%
173	178	-2.6%	Other ³	535	463	15.5%
1,206	1,018	18.5%	EBITDA	2,932	2,637	11.2%
58.6%	54.2%	4.4 p.p.	EBITDA Margin (%)	54.1%	53.4%	0.7 p.p.

Note²: Average transportation tariff including the final amount charged from customer (container), excluding take-or-pay and right-of-way.

Note³: Includes revenue from the right-of-way of other railways, revenue from sugar transportation using other railways, or road transportation and revenue from volumes contracted, but not executed, according to commercial agreements (take-or-pay).

Rumo's Transported Volume and Yield by Operation

3Q19	3Q18 Proforma	Chg.%	Operational Figures (Amounts in BRL MLN)	9M19	9M18 Proforma	Chg.%
17,377	16,131	7.7%	Total transported volume (million RTK)	45,099	41,423	8.9%
14,464	13,367	8.2%	Agricultural products	37,094	34,126	8.7%
1,372	2,313	-40.7%	Soybean	14,587	16,654	-12.4%
1,635	1,520	7.5%	Soybean meal	5,006	4,777	4.8%
9,751	7,876	23.8%	Corn	12,978	8,921	45.5%
797	1,006	-20.8%	Sugar	1,982	2,649	-25.2%
909	640	42.2%	Fertilizers	2,494	1,068	133.6%
-	12	0.0%	Wheat	48	57	-17.3%
2,913	2,763	5.4%	Industrial products	8,005	7,297	9.7%
1,304	1,260	3.5%	Fuels	3,549	3,387	4.8%
604	603	0.2%	Wood, pulp, and paper	1,770	1,532	15.5%
758	677	12.0%	Containers	2,018	1,713	17.8%
247	224	10.2%	Other	668	665	0.4%

3Q19	3Q18	Chg.	Yield by Operation	9M19	9M18	Chg.
North Operation						
105.6	102.0	3.6%	Yield (BRL/000 RTK)	104.6	105.8	-1.1%
71.2%	69.8%	1.4 p.p.	% Volume	71.4%	69.1%	2.3 p.p.
South Operation						
100.6	94.1	7.0%	Yield (BRL/000 RTK)	101.4	95.9	5.8%
24.4%	26.0%	-1.6 p.p.	% Volume	24.1%	26.8%	-2.7 p.p.
Container Operation						
97.2	91.2	6.7%	Yield (BRL/000 RTK)	97.5	91.6	6.5%
4.4%	4.2%	0.2 p.p.	% Volume	4.5%	4.1%	0.4 p.p.
Consolidated						
104.0	99.5	4.6%	Yield (BRL/000 RTK)	103.5	102.5	1.0%

Results by Business Unit

Business Units

The business units (reporting segments) are organized as follows:

- **North Operation** North Network, Paulista Network, and Port Operation in Santos
- **South Operation** West Network and South Network
- **Container Operation** Container operations, including Brado Logística
- **Central Operation¹** Central Operation, under the pre-operating phase

Results by Business Unit 3Q19	North Operation	South Operation	Container Operations	Subtotal	Central Operation	Consolidated
Transported volume (million RTK)	12,376	4,242	758	17,377	-	17,377
Net revenue	1,546	434	80	2,060	-	2,060
Cost of services	(782)	(361)	(80)	(1,223)	(15)	(1,238)
Gross profit (loss)	764	73	0	837	(15)	822
Gross margin (%)	49.4%	16.8%	-0.4%	40.6%	n/a	39.9%
Sales, general and administrative expenses	(63)	(17)	(9)	(89)	(13)	(101)
Other operating revenues (expenses) and equity	26	15	2	43	0	43
Depreciation and amortization	273	135	19	427	16	443
EBITDA	1,000	205	12	1,218	(12)	1,206
EBITDA margin (%)	64.7%	47.3%	14.9%	59.1%	n/a	58.6%

Results by Business Unit 9M19	North Operation	South Operation	Container Operations	Subtotal	Central Operation	Consolidated
Transported volume (million RTK)	32,191	10,890	2,018	45,099	-	45,099
Net revenue	4,070	1,134	219	5,424	-	5,424
Cost of services	(2,202)	(1,074)	(240)	(3,517)	(15)	(3,532)
Gross profit (loss)	1,868	61	(21)	1,906	(15)	1,891
Gross margin (%)	45.9%	5.2%	-9.6%	35.1%	n/a	34.9%
Sales, general and administrative expenses	(187)	(40)	(27)	(254)	(13)	(267)
Other operating revenues (expenses) and equity	13	8	4	25	0	25
Depreciation and amortization	785	421	60	1,266	16	1,282
EBITDA	2,478	450	16	2,943	(12)	2,932
EBITDA margin (%)	60.9%	39.6%	7.4%	54.3%	n/a	54.1%

¹ The section of Central Operation will not be reported, as this unit is under pre-operating phase, and currently there's only information on costs.

North Operation

3Q19	3Q18 Proforma	Chg. %	Operational figures	9M19	9M18 Proforma	Chg. %
12,376	11,264	9.9%	Total transported volume (million RTK)	32,191	28,624	12.5%
11,366	10,249	10.9%	Agricultural products	29,342	25,961	13.0%
428	349	22.8%	Soybean	10,559	11,045	-4.4%
1,440	1,379	4.4%	Soybean meal	4,500	4,392	2.5%
8,511	7,701	10.5%	Corn	11,301	8,572	31.8%
277	369	-24.9%	Sugar	994	1,357	-26.8%
710	452	57.1%	Fertilizers	1,989	594	234.7%
1,010	1,015	-0.5%	Industrial products	2,849	2,663	7.0%
654	693	-5.6%	Fuels	1,803	1,866	-3.4%
356	322	10.6%	Other	1,046	797	31.2%
105.6	102.0	3.6%	<i>Average transportation yield (R\$/RTK x 1000)</i>	104.6	105.8	-1.1%
3,100	3,468	-10.6%	Total volume loaded (TU '000)	8,548	8,615	-0.8%
25.3	27.3	-3.8%	<i>Average loading yield (BRL/TU)</i>	25.6	26.5	-0.5%

In 3Q19, total volume transported by North Operation reached 12.4 billion RTK, up 9.9% from 3Q18. In 9M19, it grew 12.5%, reaching 32.2 billion RTK. July saw a 22% increase in transported volumes due to excellent operational performance, and the North Operation hit its historical record. August was up 7% year-over-year and, in September, volume was impacted by above-average rainfall at the Port of Santos and operational constraints. Agricultural volumes rose by 10.9% on the back of strong corn volumes and fertilizers, that grew 57%. Industrial products fell 0.5% due to a 5.6% decrease in fuel transportation. Port loading decreased 10.6% due to an unfavorable scenario for sugar exports.

3Q19	3Q18 Proforma	Chg. %	Financial Data (Amounts in BRL mln)	9M19	9M18 Proforma	Chg. %
1,546	1,406	10.0%	Net operating revenue	4,070	3,670	10.9%
1,307	1,148	13.8%	Transportation	3,368	3,027	11.3%
1,203	1,055	14.0%	Agricultural products	3,086	2,784	10.8%
104	93	11.9%	Industrial products	283	243	16.3%
79	95	-17.1%	Port loading	219	228	-4.0%
160	162	-1.2%	Other revenues ⁴	483	414	16.6%
(782)	(737)	6.1%	Cost of services	(2,202)	(1,997)	10.3%
(328)	(326)	0.6%	Variable costs	(917)	(809)	13.4%
(181)	(167)	8.5%	Fixed costs	(506)	(458)	10.5%
(272)	(244)	11.7%	Depreciation and amortization	(778)	(730)	6.6%
764	668	14.3%	Gross profit	1,868	1,673	11.7%
49.4%	47.6%	3.9%	<i>Gross margin (%)</i>	45.9%	45.6%	0.7%
(63)	(57)	11.1%	Sales, general and administrative expenses	(187)	(158)	17.9%
26	3	686.2%	Other op. revenues (expenses) and equity pickup	13	7	85.0%
273	245	11.4%	Depreciation and amortization	785	735	6.4%
1,000	861	16.3%	EBITDA	2,478	2,256	9.8%
64.7%	61.2%	3.5 p.p	<i>EBITDA margin (%)</i>	60.9%	61.5%	-1.4 p.p.

Note⁴: Includes revenue for the right-of-way of other railroads, revenue from sugar transportation using other railroads or the road method, and revenue for contracted and unrealized volumes under take-or-pay agreements.

EBITDA totaled R\$1,000 million in 3Q19, up 16.3% from Proforma 3Q18. In 9M19, EBITDA reached R\$2,478 million, up 9.8% from 9M18. Net revenue from transportation grew 13.8% on the back of volume and yield. Variable costs only increased 0.6%, reinforcing efficiency gains and a decrease in fuel consumption (Liters/GTK: -6.0%). Fixed costs grew 8.5% from 3Q18 due to higher maintenance expenses. As a result, EBITDA margin reached 64.7% in the quarter, 3.5 p.p. higher than in 3Q18.

South Operation

3Q19	3Q18 Proforma	Chg. %	Operational Figures	9M19	9M18 Proforma	Chg. %
4,242	4,189	1.3%	Transported volume (million RTK)	10,890	11,086	-1.8%
3,097	3,118	-0.7%	Agricultural products	7,752	8,165	-5.1%
943	1,964	-52.0%	Soybean	4,028	5,609	-28.2%
195	141	38.0%	Soybean meal	506	385	31.4%
1,239	175	606.3%	Corn	1,677	349	381.0%
520	637	-18.4%	Sugar	988	1,292	-23.5%
200	188	6.4%	Fertilizers	505	474	6.7%
-	12	-100.0%	Other	48	57	-17.3%
1,145	1,071	6.9%	Industrial products	3,138	2,920	7.5%
650	567	14.7%	Fuel	1,746	1,521	14.8%
248	281	-11.7%	Wood, pulp, and paper	724	734	-1.4%
247	224	10.2%	Other	668	665	0.4%
100.6	94.1	7.0%	Average transportation yield	101.4	95.9	5.8%

The South Operation saw a 1.3% increase in 3Q19 transported volume. In 9M19, it dropped to 10.9 billion RTK, down 1.8%. This performance is mainly explained by a 15% increase in fuel transportation. The weaker performance of agricultural products reflects an unfavorable scenario for sugar trading. In 3Q19, soybean transported volume switched to corn volumes compared to 3Q18, when atypically soybean volumes increased due to lower corn volumes in the market

3Q19	3Q18 Proforma	Chg. %	Financial data (Amounts in BRL mln)	9M19	9M18 Proforma	Var. %
434	400	8.4%	Net operating revenue	1,134	1,078	5.3%
427	394	8.3%	Transportation	1,105	1,063	3.9%
299	282	6.1%	Agricultural products	756	752	0.6%
128	112	13.8%	Industrial products	349	311	12.1%
7	6	14.3%	Other revenues ⁵	30	15	99.3%
(361)	(347)	4.1%	Cost of services	(1,074)	(985)	9.0%
(94)	(99)	-4.8%	Variable costs	(259)	(270)	-3.9%
(133)	(128)	3.5%	Fixed costs	(394)	(369)	6.7%
(134)	(120)	12.0%	Depreciation and amortization	(421)	(347)	21.4%
73	53	36.8%	Gross profit (loss)	61	93	-34.6%
16.8%	13.3%	3.5 p.p.	Gross margin (%)	5.3%	8.6%	-3.3 p.p.
(17)	(16)	10.2%	Sales, general and administrative expenses	(40)	(47)	-13.5%
15	(5)	-406.5%	Other op. revenues (expenses) and equity pickup	8	(19)	-145.2%
135	120	12.0%	Depreciation and amortization	421	347	21.4%
205	153	34.5%	EBITDA	450	374	20.3%
47.3%	38.1%	9.2 p.p.	EBITDA margin (%)	39.6%	34.7%	4.9 p.p.

Note⁵: Includes revenue from volumes contracted, but not executed according to commercial agreements (take-or-pay)

EBITDA totaled R\$205 million in 3Q19, up 34.5% from Proforma 3Q18. In 9M19, EBITDA grew by 20.2% from 9M18, totaling R\$450 million. Net revenue rose by 8.4%, mainly on the back of higher industrial products volume and higher yields. Variable costs dropped 4.8%, on the back of lower fuel consumption (Liters/GTK: -4.9%), despite steady volumes. Fixed costs were up only 3.5% from 3Q18, reflecting good cost management, mitigating the impact of a R\$6 million payroll exemption. As a result, EBITDA margin reached 47.3% in 3Q19.

Container Operation

3Q19	3Q18 Proforma	Chg. %	Operational figures	9M19	9M18 Proforma	Chg. %
23,066	18,495	24.7%	Total volume (containers)	60,568	48,319	25.3%
97.2	91.2	6.7%	<i>Intermodal average yield (BRL/000 RTK)</i>	97.5	91.6	6.5%
758	677	12.0%	Total volume (million RTK)	2,018	1,713	17.8%

Container Operation volume was up 12% from 3Q18. In 9M19, volume grew 17.8% from 9M18. The business strategy of taking advantage of return freights to increase transportation volumes in the domestic market and import cargoes has been increasing container operations profitability.

3Q19	3Q18 Proforma	Chg. %	Financial Data (Amounts in BRL mln)	9M19	9M18 Proforma	Chg. %
80	71	11.8%	Net operating revenue⁶	219	191	14.6%
74	62	19.5%	Transportation	197	157	25.5%
6	9	-38.5%	Other revenues	22	34	-34.9%
(80)	(76)	5.3%	Cost of services	(240)	(221)	8.7%
(36)	(30)	20.2%	Variable costs	(102)	(82)	25.1%
(26)	(31)	-14.4%	Fixed costs	(79)	(92)	-13.7%
(18)	(15)	16.2%	Depreciation and amortization	(58)	(47)	23.8%
0	(5)	-93.7%	Gross loss	(21)	(30)	-29.5%
-0.4%	-6.5%	14.5 p.p.	<i>Gross margin (%)</i>	-9.6%	-15.6%	6 p.p.
(9)	(6)	38.0%	Sales, general and administrative expenses	(27)	(19)	38.5%
2	1	187.4%	Other op. revenues (expenses) and equity pickup	4	7	-51.9%
19	16	17.7%	Depreciation and amortization	60	48	24.6%
12	6	>100.0%	EBITDA	16	7	>100.0%
14.9%	7.9%	7 p.p.	<i>EBITDA Margin (%)</i>	7.3%	3.5%	3.8 p.p.

Note⁶: Includes revenue from service units.

EBITDA from Container Operations in 3Q19 more than doubled year-over-year, totaling R\$12 million. Net revenue from transportation increased 19.5% due to a 12.0% volume growth and a 6.7% yield gain. Other revenue decreased by R\$3 million due to the selling of deficits service units in 3Q18, which, on the other hand, reduced fixed costs by 14.4%. Variable costs increased 20% due to (i) a 12% volume growth of RTK and (ii) higher expenses with road transportation, which are passed on tariffs.

5. Other Results

Breakdown of Costs of Services Rendered

3Q19	3Q18 Proforma	Chg. %	Consolidated Costs (Amounts in BRL mln)	9M19	9M18	Chg. %
(1,238)	(1,160)	6.7%	Consolidated costs	(3,532)	(3,203)	10.3%
(458)	(455)	0.7%	Variable costs	(1,279)	(1,161)	10.2%
(271)	(271)	0.0%	Fuel and lubricants	(740)	(717)	3.2%
(98)	(65)	50.8%	Own logistics costs ⁷	(257)	(168)	53.0%
(88)	(118)	-25.4%	Third-party freight costs ⁸	(282)	(275)	2.5%
(340)	(326)	4.2%	Fixed costs	(977)	(919)	6.3%
(36)	(33)	9.1%	Maintenance	(109)	(95)	14.7%
(194)	(175)	10.9%	Payroll expenses	(572)	(515)	11.1%
(41)	(45)	-8.9%	Third-party services	(118)	(127)	-7.1%
(68)	(72)	-5.6%	Other operational costs	(179)	(182)	-1.6%
(441)	(379)	16.4%	Depreciation and	(1,276)	(1,123)	13.6%

Note⁷: Own logistics costs include sand, right-of-way, terminals, and other variable costs.

Note⁸: Third-party freight costs include road and railroad carriers contracted from other concessionaires.

Variable costs totaled R\$458 million in 3Q19, only 0.7% higher than in 3Q18. In 9M19, variable costs increased 10.3%. In 3Q19, diesel and lubricant expenses did not increase, and a higher volume was offset by efficiency gains in locomotives' fuel consumption (Liters/GTK: -6.2%). Own logistics costs grew due to: (i) an additional cost of R\$5.9 million at terminals resulting from higher fertilizer volumes in the North Operation; (ii) higher right-of-way expenses of R\$6.5 million due to higher volume and inflation; and (iii) rolling stock rental of R\$13.1 million to support additional volume in the second half of 2019.

Fixed costs totaled R\$340 million in 3Q19, 4.3% higher than in 3Q18. In 9M19, fixed costs increased 6.3%. Personnel expenses were impacted at R\$6 million by the end of payroll exemption and inflation. Costs referring to depreciation and amortization grew 16.4% year-over-year due to executed investments and the addition of R\$16.2 million regarding the amortization of the right-of-use of Central Network's sub-concession contract.

Financial Results

3Q19	3Q18 Proforma	Chg.%	Financial results (Amounts in BRL mln)	9M19	9M18 Proforma	Chg.%
(162)	(189)	-14.3%	Cost of bank debt ⁹	(486)	(779)	-37.6%
(101)	(56)	80.8%	Charges over leasing	(237)	(209)	13.5%
-	(1)	-100%	Charges on certificates of real estate receivables	-	(5)	-100%
41	41	-1.3%	Interest Income	113	144	-21.8%
(223)	(205)	8.7%	(=) Cost of broad net debt	(610)	(849)	-28.1%
(49)	(48)	2.2%	Monetary variation on liabilities of concessions	(147)	(141)	4.9%
(18)	(20)	-7.8%	Rates on contingencies and contracts	(66)	(68)	-3.9%
(10)	(25)	-59.6%	Other financial expenses	(60)	(129)	-53.5%
(300)	(298)	0.8%	(=) Financial result	(883)	(1.187)	-25.6%

Note⁹: Includes interest, monetary variation, net derivative income, and other debt charges.

The financial result in 3Q19 was a net expense of R\$300 million, in line with 3Q18. Banking debt costs decreased significantly, mainly due to future interest curve reduction (positive mark-to-market impact of R\$28.1 million in 3Q19 compared to R\$4.6 million in 3Q18), and a decrease in gross debt and the average cost of debt. Charges over leasing increased due to the inclusion of interest rates on installments referring to the Central Network. Interest income yields fell 1.3% due to reduced CDI interest rate quarter-over-quarter. The monetary variation on leasing and concession agreements reflects the SELIC interest rate adjustment to the unpaid concession amounts of the West and Paulista Networks, which are currently under litigation. Other financial expenses include bank collaterals and other financial operations.

Income Tax and Social Contribution

3Q19	3Q18	Chg. %	Income Tax and Social Contribution (Amounts in BRL mln)	9M19	9M18	Chg. %
463	340	36.1%	Income before IT / SC	766	329	>100%
34%	34%	0 p.p.	Theoretical rate IR / SC	34%	34%	0 p.p.
(157)	(116)	36.1%	Theoretical income (expense) with IT / SC	(261)	(112)	>100%
Adjustments to calculate the effective rate						
(12)	(19)	-34.4%	Tax losses and temporary differences not recognized ¹⁰	(80)	(80)	0.1%
66	11	>100%	Tax incentives arising from the North network ¹¹	138	-	>100%
3	2	19.1%	Equity pickup	6	3	93.7%
7	9	-22.2%	Other effects	13	(4)	>100%
(94)	(112)	-15.8%	Income (expense) with IT / SC	(184)	(193)	-4.5%
-20.3%	-32.9%	12.5 p.p.	Effective rate (%)	-24.0%	-58.7%	34.6 p.p.
(74)	(22)	>100%	IT/SC current	(117)	(30)	>100%
(20)	(90)	-77.3%	IT/SC deferred	(67)	(162)	-58.9%

Note¹⁰: Deferred income tax and social contribution on tax losses in certain companies were not recorded due to the lack of prospects for future taxable income.

Note¹¹: North Network enjoys the Amazon Development Office (SUDAM) benefit that entitles it to a 75% reduction in corporate income tax (rate of 25%) until 2023.

6. Loans and Financing

Broad gross debt at the end of 3Q19 was R\$11.4 billion, up 1.8% from 2Q19. Rumo reduced leverage, which stood at 1.8x (broad net debt/EBITDA). The balance of broad net debt was R\$6.9 billion, 5.7% lower than in 2Q19.

Total Indebtedness (Amounts in BRL mln)	3Q19	2Q19	Chg%
Commercial banks	296	290	2.0%
NCE	505	507	-0.4%
BNDES	3,245	3,431	-5.4%
Debentures	1,194	1,171	2.0%
Senior notes 2024 and 2025	5,660	5,266	7.5%
Total bank debt	10,899	10,666	2.2%
Leases ¹²	457	489	-6.6%
Total broad gross debt	11,356	11,155	1.8%
Cash and cash equivalents and securities ¹³	(2,659)	(2,620)	1.5%
Net derivative instruments	(1,816)	(1,249)	45.5%
Total broad net debt	6,880	7,287	-5.6%
EBITDA LTM ¹⁴	3,794	3,606	5.2%
Leverage (broad net debt / EBITDA LTM)	1.8x	2.0x	-10.4%

Note¹²: Excludes operating lease IFRS 16.

Note¹³: In 2Q19, it includes restricted cash linked to bank debts totaling R\$80.4 million. 1Q19 includes restricted cash from bank debts totaling R\$37.6 million.

Note¹⁴: LTM considering the proforma 2018 quarters.

The following table gives a breakdown of the items that impacted Rumo's consolidated debt.

Gross bank indebtedness (Amounts in BRL mln)	3Q19
Opening balance of broad net debt	7,287
Cash and cash equivalents and marketable securities ¹⁵	(2,620)
Net derivative instruments	(1,249)
Opening balance of broad gross debt	11,155
Items with cash impact	(515)
New funding	-
Amortization of principal	(235)
Amortization of interest rates	(280)
Items without cash impact	716
Provision for interest rates (accrual)	187
Monetary variation, MTM adjustments of debt, and others	529
Closing balance of broad gross debt	11,356
Cash and cash equivalents and marketable securities ¹⁵	(2,659)
Net derivative instruments	(1,816)
Closing balance of broad net debt	6,880

Note¹⁵: In 3Q19, it includes restricted cash from bank debts totaling R\$81.3 million. 2Q19 includes restricted cash from bank debts totaling R\$80.4 million.

Rumo is subject to certain restrictive covenants regarding its leverage level and debt service coverage in a few of its contracts. Most restrictive provisions are verified at year-end and refer to broad net debt. Broad net debt includes bank debts, debentures, leases, real estate receivables certificates, and derivatives linked to credit operations, less marketable securities, cash, and cash equivalents. The covenants for this quarter are: a maximum leverage of 4.0x (broad net debt/LTM EBITDA), a minimum interest rate coverage index of 1.4x EBITDA/Financial result, and a minimum interest rate coverage index of 0.25x (Shareholders' equity/total assets).

7. Capex

3Q19	3Q18	Chg.%	Investment (Amounts in BRL mln)	9M19	9M18	Chg.%
390.4	551.4	-29.2%	Total investments	1,366.0	1,593.2	-14.3%
226.8	186.3	21.7%	Recurring	690.6	602.9	14.5%
163.6	365.0	-55.2%	Expansion	675.4	990.3	-31.8%

In 3Q19, Capex reached R\$390.4 million, down 29% from 3Q18. In 9M19, Capex totaled R\$1,366 million, down 14% from 9M18. In the quarter, recurring Capex came to R\$227 million, up 21.7% year-over-year, mainly due to mechanical and permanent way maintenance expenses. Expansion Capex totaled R\$164 million, 55.2% lower than in 3Q18 due to investments phasing that concentrates them in the last quarter of the year.

The main investments in capacity expansion this quarter were: (i) upgrading the permanent way by replacing tracks and sleepers; (ii) expanding yards to adjust for the 120-railcar train, (iii) implementing infrastructure improvements to remove restrictions, and (iv) renovating yards and terminals to reduce train dwell time and increase operational productivity.

8. Cash Flow Statement

Below is Rumo's consolidated cash flow statement. Marketable securities were considered cash and cash equivalents in this statement.

	3Q19	3Q18 Proforma	Chg.%	Indirect Cash Flow (Amounts in BRL mln)	9M19	9M18 Proforma	Chg.%
	1,206	1,018	18.5%	Adjusted EBITDA	2,932	2,637	11.2%
	(22)	(35)	-36.4%	Working capital variations and non-cash effects	(417)	(593)	-29.7%
	35	38	-9.1%	Operating financial result	89	85	4.7%
(a)	1,219	1,022	19.3%	(=) Operating cash flow (FCO)	2,604	2,129	22.3%
	(397)	(537)	-26.1%	Capex	(1,378)	(1,576)	-12.6%
(b)	(216)	(187)	15.7%	Recurring	(680)	(603)	12.7%
	(181)	(350)	-48.3%	Expansion	(698)	(973)	-28.2%
	2	(0)	>100%	Dividends received	6	6	0.2%
(c)	(395)	(537)	-26.4%	(=) Cash flow from investing activities (FCI)	(1,372)	(1,570)	-12.6%
(d)	-	0	-100.0%	Funding	1,298	2,137	-39.3%
(e)	(451)	(408)	10.7%	Amortization of principal	(2,111)	(3,084)	-31.5%
	(325)	(319)	2.1%	Amortization of interest rates	(733)	(766)	-4.2%
	1	(1)	>100%	Paid dividends	(4)	(3)	26.5%
	(25)	2	>100%	Derivative financial instruments	(51)	(29)	72.1%
	14	53	-72.8%	Restricted cash	(38)	113	>100%
	(787)	(671)	17.2%	(=) Cash flow from financing activities (FCF)	(1,640)	(1,632)	0.5%
(g)	1	0	>100%	Forex variation impact on cash balances	1	127	-99.1%
(f)	39	(185)	>100%	(=) Net cash generated (consumed)	(407)	(947)	-57.1%
	2,539	2,569	-1.2%	(+) Total cash (includes cash + marketable securities) opening	2,985	3,330	-10.4%
	2,578	2,384	8.2%	(=) Total cash (includes cash + marketable securities) closing	2,578	2,384	8.2%
Metrics							
	1,003	835	20.1%	(=) Cash generation after recurring capex (a+b)	1,924	1,525	26.2%
	824	485	69.9%	(=) Cash generation after cash from investments (a+c)	1,232	559	>100%
	489	222	>100%	(=) Cash generation (consumption) before funding and amortization (f-e-d-g)	406	(127)	>100%

9. Operating and Financial Performance Indicators

Below is the historical trend of main operating and financial performance indicators.

Operating and Financial Performance Index	3Q18	3Q19	Chg. %	9M18	9M19	Chg. %
Consolidated						
Operating ratio	66%	65%	-1.5%	69%	70%	0.9%
Diesel consumption (liters/ '000 GTK)	4.1	3.8	-6.2%	4.2	4.0	-5.5%
Rail accidents (MM Train/Km)	15.2	17.0	12.3%	15.0	17.0	13.6%
Personal accidents (accidents /MM MHW)	0.4	0.5	17.4%	0.6	0.5	-16.2%
North Operation						
Cycle of railcars (days)	9.3	9.1	-2.2%	10	11	7.0%
South Operation						
Cycle of railcars (days)	7.0	7.0	0.0%	7.7	7.9	2.6%

Operating ratio: This index, which represents the portion of costs and expenses as a percentage of net revenue, improved by 1.5% in the quarter, reflecting volume growth and increased yields with a higher dilution of costs.

Diesel consumption: The 6.2% improvement in 3Q19 versus 3Q18 reflects consistent efforts to improve energy efficiency, especially renewing locomotives and investing in a permanent way.

Rail accidents: This index, which measures the number of accidents per million kilometers, increased from 3Q18, reflecting a higher number of accidents involving third parties, despite the Company's efforts and investments to improve railway safety.

Personal accidents: This index, which measures the number of accidents that required leave, grew versus 3Q18, but shows an improvement in the 9M19,

Cycle time of railcars: This index improved in the North Operation, reflecting an expansion of rail capacity, which enabled achieving additional volumes through cycle reduction. In the South Operation, this index came in line with 3Q18.

10. Guidance

This section contains the guidance ranges for the key parameters that will influence Rumo's consolidated results for 2019. Note that other sections of this earnings release may also contain projections. Such projections and guidance are estimates and indications and should not be taken as a guarantee of future results.

Short Term

Rumo	Guidance		2019
	EBITDA (BRL mln)		$3,850 \leq \Delta \leq 4,150$
	Total Capex (BRL mln)		$2,000 \leq \Delta \leq 2,200$
	Volume (RTK)		$62.0 \leq \Delta \leq 64.0$

11. Attachments

11.1 Financial Statements - Rumo

11.1.1 Balance Sheet

Balance sheet (Amounts in BRL mln)	09/30/19	06/30/19
Current assets	3,807	3,765
Cash and cash equivalents	1,395	1,391
Marketable securities	1,183	1,148
Trade receivables	441	494
Inventories	285	289
Peer company receivables	21	20
Income tax and social contribution	48	54
Other taxes recoverable	286	226
Other assets	148	143
Non-current assets	27,915	24,507
Trade receivable	16	17
Restricted cash	155	168
Deferred income tax and social contribution	1,100	1,113
Recoverable income tax and social contribution	229	258
Other taxes recoverable	786	772
Judicial deposits	413	400
Financial and derivative instruments	1,816	1,249
Other assets	70	69
Investments in associates	47	40
Property and equipment	11,461	11,383
Intangible	7,397	7,431
Right of use	4,424	1,607
Total assets	31,722	28,272
Current liabilities	2,832	2,452
Loans, financing, and debentures	939	1,007
Leases	542	190
Suppliers	435	434
Labor and social security obligations	247	186
Income tax and social contribution taxes	7	5
Other payable taxes	51	36
Dividends payables	7	4
Leases and concessions	9	10
Payable to related parties	163	162
Deferred revenue	8	8
Other financial liabilities	341	302
Other payables	85	107
Non-current liabilities	20,480	17,786
Loans, financing, and debentures	9,961	9,659
Leases	3,997	1,661
Financial and derivative instruments	-	-
Other payables	8	9
Provision for lawsuits	520	533
Leases and concessions	3,375	3,299
Deferred income tax and social contribution	2,515	2,508
Deferred revenues	38	39
Other payables	67	77
Shareholders' equity	8,409	8,035
Total liabilities	31,722	28,272

11.1.2 Income Statement

3Q19	3Q18	Chg.%	Income Statement (Amounts in BRL mln)	9M19	9M18	Chg.%
2,060	1,877	9.7%	Net operating revenue	5,424	4,938	9.8%
(1,238)	(1,199)	3.3%	Cost of goods sold	(3,532)	(3,316)	6.5%
822	678	21.1%	Gross profit	1,891	1,622	16.6%
(101)	(79)	28.1%	Sales, general and administrative expenses	(266)	(223)	19.3%
35	(5)	>100%	Other net operating income (expenses)	8	(13)	>100%
(300)	(258)	16.6%	Net financial result	(883)	(1,066)	-17.1%
8	3	>100%	Equity pickup	16	8	93.7%
(94)	(112)	-15.8%	Income tax and social contribution	(184)	(193)	-4.8%
369	229	61.4%	Net profit (loss)	583	136	>100%
17.9%	12.2%	5.7 p.p.	<i>Net margin (%)</i>	10.7%	2.7%	8 p.p.

11.1.3 Cash Flows

3Q19	3Q18	Accounting cash flow (Amounts in BRL mln)	9M19	9M18
463	340	Profit before income tax and social contribution	766	329
443	355	Depreciation and amortization	1,282	1,052
(8)	(3)	Equity pickup	(16)	(8)
33	25	Provision for profit sharing and bonuses	99	73
(0)	(3)	Result of disposals of fixed assets and intangible assets	(1)	(8)
19	16	Provision for lawsuits	58	58
2	(1)	Provision (reversal) for losses on doubtful accounts	(11)	(2)
3	2	Stock option plan	7	6
-	52	Leases and concessions	-	153
318	259	Interest, monetary and exchange variation, Net	914	1,033
(40)	-	Other	(40)	-
(26)	(12)	Depreciation and amortization	(64)	(24)
1,206	1,030	(=) Adjustments	2,994	2,660
73	21	Trade receivables	51	(5)
(2,7)	24	Related parties, Net	4	22
(44)	(37)	Taxes	(87)	(80)
3	44	Inventories	(23)	(18)
27	16	Labor and social security payable	(62)	(52)
(1)	(4)	Suppliers	(18)	(180)
-	(26)	Leases and concessions payable	(0)	(80)
(53)	(50)	Lawsuits	(135)	(101)
32	2	Other financial liabilities	(12)	(3)
(38)	(33)	Other assets and liabilities, Net	(166)	(152)
(4)	(45)	(=) Changes in assets and liabilities	(448)	(649)
1,202	985	(=) Cash Flow from Operating Activities	2,546	2,011
(18)	213	Marketable securities	1,719	959
14	53	Restricted cash	(38)	113
2	(0)	Dividends received from subsidiaries and associated companies	6	6
(397)	(537)	Additions to property, plant and equipment, software, and other intangibles	(1,378)	(1,576)
(398)	(270)	(=) Cash Flow from Investing Activities	309	(499)
-	0	Funding	1,298	2,137
(451)	(408)	Amortization of principal	(2,111)	(3,084)
(325)	(319)	Amortization of interest	(733)	(766)
(25)	2	Derivative financial instruments	(51)	(29)
1	(1)	Dividend paid	(4)	(3)
(801)	(724)	(=) Cash generated by (used in) financing activities	(1,602)	(1,745)
1	0	Impact of exchange variation in cash balance	1	127
4	(10)	(=) Net increase (decrease) in cash and cash equivalents	1,254	(106)
1,391	82	Beginning balance of cash and cash equivalents	142	178
1,395	72	Final balance of cash and cash equivalents	1,395	72