



ALL RAIL OPERATIONS



brado



RITMO



VETRIA

Material Fact

Curitiba, Brazil, October 29th, 2014 – América Latina Logística S.A. – ALL (BM&FBovespa: ALLL3; OTCQX: ALLAY), Latin America's largest independent logistics company, announces the preview of its results for the third quarter and first nine months of 2014 (3Q14 and 9M14). ALL Holding comprises four main businesses: (i) ALL Rail Operations, (ii) Brado Logística, (iii) Ritmo Logística and (iv) Vetria Mineração.

ALL HOLDING

ALL's Consolidated EBITDA increased 0.8% in 3Q14 against 3Q13 due to (i) an increase of 0.5% in Rail Operations EBITDA, (ii) a 23.5% increase in Brado Logística EBITDA and (iii) a 28.6% decrease in Ritmo Logística EBITDA.

Table 1	ALL Rail Operations			Brado			Ritmo			ALL Consolidated		
	3Q14	3Q13	Δ	3Q14	3Q13	Δ	3Q14	3Q13	Δ	3Q14	3Q13	Δ
Volume (RTK mm)	12,526	12,003	4.4%	-	-	-	-	-	-	12,526	12,003	4.4%
Volume (Thousand Container)	-	-	-	20.7	16.6	24.5%	-	-	-	20.7	16.6	24.5%
Volume (Driven Km mm)	-	-	-	-	-	-	14.8	21.7	-32.1%	14.8	21.7	-32.1%
EBITDA (R\$ Million)	483.0	480.4	0.5%	19.4	15.7	23.5%	5.3	7.4	-28.6%	507.7	503.6	0.8%

Table 2	ALL Rail Operations			Brado			Ritmo			ALL Consolidated		
	9M14	9M13	Δ	9M14	9M13	Δ	9M14	9M13	Δ	9M14	9M13	Δ
Volume (RTK mm)	33,936	33,192	2.2%	-	-	-	-	-	-	33,936	33,192	2.2%
Volume (Thousand Container)	-	-	-	55.6	47.5	17.0%	-	-	-	55.6	47.5	17.0%
Volume (Driven Km mm)	-	-	-	-	-	-	43.2	60.2	-28.2%	43.2	60.2	-28.2%
EBITDA (R\$ Million)	1,469.1	1,423.0	3.2%	49.5	37.1	33.4%	13.3	20.5	-35.3%	1,531.9	1,480.6	3.5%

ALL RAIL OPERATIONS

ALL Rail Operations volumes increased 4.4% in 3Q14 as compared to 3Q13, from 12,003 million RTK to 12,526 million RTK. Despite a better operational environment at Port of Santos than we faced in 3Q13 – as the two accidents that occurred in June of 2013 at our two most important rail terminals reduced the unloading capacity during the quarter – we faced a very tough demand scenario in 3Q14, which affected both transported volumes and yields throughout our rail network. Rail Operations EBITDA increased 0.5% in 3Q14 year-over-year, from R\$480.4 million to R\$483.0 million.

Agricultural commodities market conditions were impacted by a very good scenario of corn production in United States, which reduced materially international corn prices and Brazilian grain exports. With a solid supply of corn between the main producers and exporters of this commodity – United States and Brazil –, the competition environment increased in the quarter, shrinking transportation demand and spot freight prices. According to MDIC (Ministry of Development, Industry, and Foreign Trade) corn exports decreased 20.7% in Brazil and 18.5% at ports we serve.

In this market scenario, spot freight prices plunged abruptly, in approximately 25% in Wide Gauge corridor (from Mato Grosso to Santos) and more than 13% in some origins in Paraná corridor – which are the two main agricultural corridors that we operate –, when compared to 3Q13. However, since most of our volumes are take-or-pay contracts, we did not observe that drop in our consolidated rail yield.

In spite of a double-digit reduction in grain exports in Brazil, ALL agricultural commodities volumes grew 5.2% in 3Q14, mainly driven by (i) market share gains in corn transportation, (ii) the Government program PEPRO (Subsidy Equalizer Paid to Producer) – a monetary incentive to producers for each volume exported of the program –, which encouraged the flow from part of the commodity crop, (iii) an increase of soybean meal volumes, as there were high inventory levels of soy to be crushed from 1H14 and (iv) a full quarter contribution of Rondonópolis terminal, which started operations in August of 2013, increasing our average of transport distance.

Industrial products volumes increased 1.8% in 3Q14 compared to 3Q13. The high corn crop in United States also impacted Brazilian exports of Ethanol – as this product production in United States comes from corn – as the high global supply of this product led to a more competitive scenario. According to MDIC (Ministry of Development, Industry, and Foreign Trade), ethanol exports decreased 74.6% in Brazil year-over-year, impacting a small portion of our fuel products volumes. This impact was partially offset by another quarter of good performance of Wood Products and Brado's volumes, which continue to present good results in the quarter.

Rail operations capex will get over our original guidance of R\$800 million for 2014, and should amount between R\$900 million and R\$950 million in the year, reflecting extraordinary investments in addition to our recurrent organic capex. The amount does not include the investments on the duplication of our rail track from Campinas to Port of Santos, which is part of the agreement set with Rumo in 2009.

For 4Q14, it is still difficult to anticipate agricultural commodity demand conditions. With depressed international agricultural commodity prices, export volumes will depend on traders and producers commercial decisions and might be positively impacted by (i) volumes related to the last Brazilian Government PEPRO auctions and (ii) the pressure to open storage capacity to accommodate the 2015 Brazilian harvest season. For industrial volumes, we expect a more regular scenario of ethanol exports, and the positive contributions of Brado and Eldorado volumes.

BRADO LOGÍSTICA

Brado Logística had another good quarter, increasing 24.5% of volume in 3Q14, from 16.6 thousand containers in 3Q13 to 20.7 thousand containers. In 9M14, volumes increased 17.0% against 9M13, reaching 55.6 thousand containers. The growth in Brado's transported volumes in 3Q14 was pushed by an increment of 44.8% in the Wide Gauge corridor and 50.3% in Paraná corridor – the corridors where we added locomotives and railcars for 2014 and the major part of Brado's investments are concentrated.

Paraná corridor had its best quarter in terms of volumes, from 5.6 thousand containers in 3Q13 to 8.4 thousand containers handled in 3Q14, mainly pushed by a new cargo of wood products volumes, which was loaded before by road operations, and a good performance of refrigerated products. Wide Gauge continued to present good results, increasing volumes of pulp and paper and sugar cargo from Araraquara and Campinas.

In Rio Grande corridors, volumes decreased 3.5% in 3Q14 year-over-year, mainly due to the end of a polyethylene operation during 3Q13 and the excessive rainfalls in June 2014, which continued to impact through 3Q14 operations. In Mercosur corridor – which connects Brazil and Argentina – volumes dropped 26.5%, being mostly impacted by operations in Argentine rail network.

Table 3 - Brado Logística (Thousand Containers)	3Q14	3Q13	Δ	9M14	9M13	Δ
Wide Gauge	7.0	4.8	44.8%	18.6	14.2	31.0%
Mercosur	2.2	3.0	-26.5%	7.1	8.3	-14.0%
Paraná	8.4	5.6	50.3%	21.1	15.1	39.8%
Rio Grande	3.1	3.2	-3.5%	8.8	10.0	-11.5%
Brado Total Volume	20.7	16.6	24.5%	55.6	47.5	17.0%

In terms of RTK, Brado's volumes grew 21.1% in 3Q14, from 469,5 million RTK in 3Q13 to 568,8 million RTK. The growth in RTK was a result of the (i) increase in the number of containers handled and (ii) improvement in average transportation distance, mainly pushed by the boost of operations in Rondonópolis terminal in the Wide Gauge corridor.

Brado's EBITDA increased 23.5% in the quarter when compared to 3Q13, reaching R\$19.4 million, and 33.4% in 9M14 against 9M13, achieving R\$49.5 million. This significant growth was driven by (i) the increase in RTK and (ii) expansions of Brado's logistic complexes in Cambé (PR) and Cubatão (SP).

RITMO LOGÍSTICA

Ritmo Logística did not perform well in 3Q14, as volumes dropped 32.1% year-over-year, driven by the results of both Dedicated Solutions and Intermodal Business Units.

Table 4 - Ritmo Logística (million Driven km)	3Q14	3Q13	Δ	9M14	9M13	Δ
Dedicated Solutions	10.2	13.4	-23.9%	31.2	40.2	-22.3%
Automotive	0.8	1.4	-42.3%	2.2	4.0	-44.2%
General Cargo	3.6	5.7	-37.7%	11.5	16.7	-31.3%
Specialized Assets	5.9	6.3	-7.6%	17.5	19.5	-10.2%
Intermodal	4.5	8.3	-45.3%	12.0	20.0	-40.1%
Ritmo Total Volume	14.8	21.7	-32.1%	43.2	60.2	-28.2%

Dedicated Solutions volumes dropped 23.9% in 3Q14, driven by the decrease of (i) Automotive segment, due to the lower economic activity in this sector and customs restrictions in Argentina, (ii) General Cargo volumes, due to the discontinuation of low profitability operations in this segment and also a lower demand of an important client, and (iii) Specialized Assets volumes, driven by the discontinuation of a chemical volume in 3Q13, that partially impacted volumes in this quarter.

In Intermodal Business Unit, volumes dropped 45.3% in 3Q14 year-over-year, mainly pushed by the (i) shortage in agricultural commodities transportation demand, shrinking margins due to the drop in spot market freight prices in the period and (ii) volume losses related to the redesign of an important client logistics in 4Q13, as it started to operate with its own trucks.

Ritmo's EBITDA decreased 28.6% in 3Q14, to R\$5.3 million, as transported volumes decreased in the quarter and the company lost operational leverage over its fixed costs.