

Rumo | Earnings Release 2Q17

The Rumo logo consists of the word "rumo" in a lowercase, white, sans-serif font. The letter "o" is stylized with a white circular dot in its center. The logo is positioned in the lower right area of the slide, above a white decorative line that curves from the bottom left towards the right.

rumo

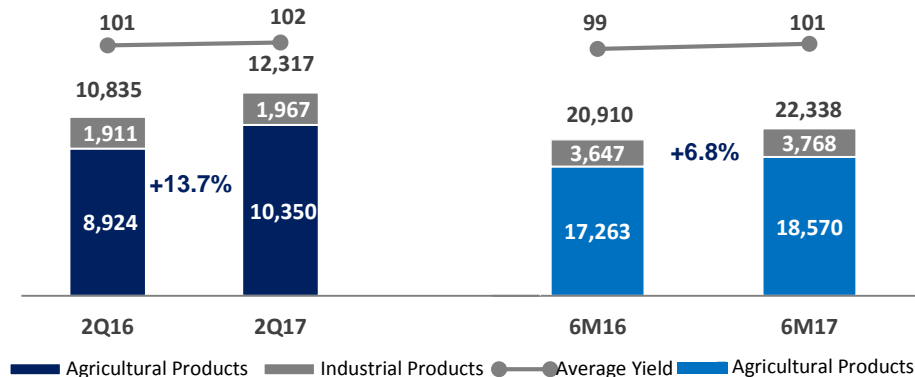
This presentation contains forward-looking estimates and statements on our strategies and future growth opportunities. This information is mainly based on our current expectations and estimates or projections of future events and trends affecting or which may affect our businesses and operating results. Despite the fact we believe these forward-looking estimates and statements are based on reasonable suppositions, they are subject to several risks and uncertainties and are made considering currently available information. Our forward-looking estimates and statements may be influenced by the following factors, amongst others: (1) general economic, political, demographic and commercial conditions in Brazil and specifically in the geographic markets where we operate; (2) inflation, depreciation of Brazilian Real; (3) competitive developments in the ethanol and sugar sectors; (4) our capacity to implement our Capex plan, including our ability to raise loan when necessary and under reasonable terms; (5) our ability to compete and conduct our businesses in the future; (6) changes in consumers' demand; (7) alterations in our businesses; (8) government interventions resulting in changes in economy, taxes, rates or regulatory environment; and (9) other factors to affect our financial condition, liquidity and operating results.

The words “believe”, “may”, “should”, “estimate”, “continue”, “foresee”, “intend”, “expect” and similar words aim at identifying forward-looking estimates and statements. Forward-looking estimates and statements only refer to the date when these are made and we do not assume any obligation to update or revise any forward-looking estimate or statement in view of new information, future events or other factors. The forward-looking estimates and statements involve risks and uncertainties and are not guarantees of future performance. Our future results may significantly differ from those expressed in our forward-looking estimates and statements. Considering the risks and uncertainties described above, the forward-looking estimates and statements discussed herein may not occur and our future results and performance may substantially differ from those expressed in the forward-looking statements, inclusive, amongst others, due to the factors mentioned above. In view of these uncertainties, investor should not make any investment decision based on these forward-looking estimates and statements.

Increased capacity and record harvests of soybeans and corn resulted in increased volume transported.
Reduction in elevation volumes related to the delay in the beginning of the sugar harvest.

Volume and Transportation yield

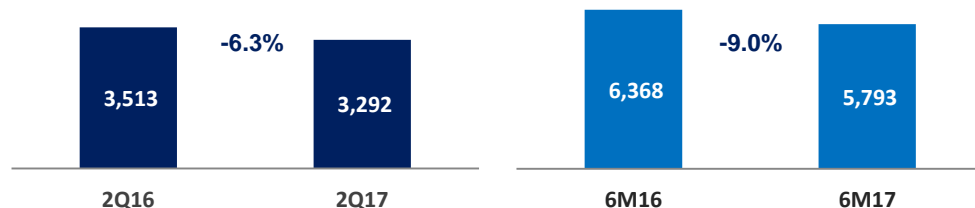
(MM TKU and R\$/TKU x 1000)



- Growth of 14% in the volume transported in 2Q17 due to increased capacity generated by investments.
- Higher share in the grain transportation to the Port of Santos (+7 p.p.), Paranaguá (+3 p.p.) and São Francisco (+8 p.p.) in the y-o-y comparison.
- Agricultural products volume grew 16% in the quarter. Good soybean and corn crops allowed Rumo to direct its capacity to grain transportation
- Industrial products transportation up 3%, mainly due to the beginning of a new pulp contract and to Rumo's operational improvements in the construction cargo service.

Loading Volume

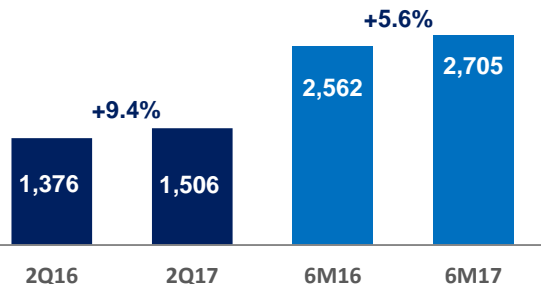
(Thousand tons)



- Port loading volume fell by 6% reflecting the slow beginning of sugar transportation and commercialization when compared to the previous year.

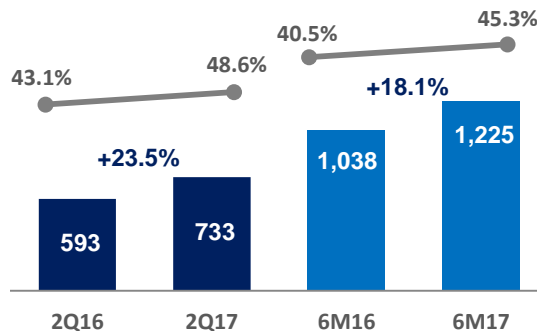
EBITDA growth due to higher volumes transported and cost cutting efforts.
Higher net debt due to execution of Business Plan.

Net Revenue
(R\$ MM)



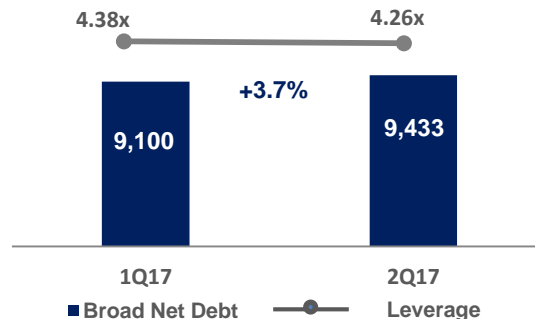
- Net revenue growth due to higher volumes transported and higher average yields

EBITDA and EBITDA Margin
(R\$ MM)



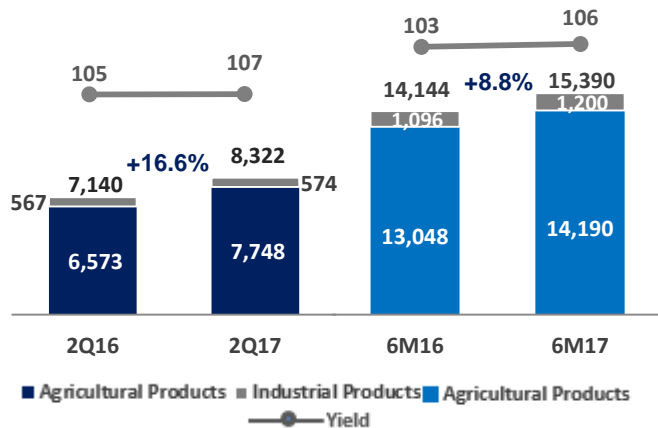
- EBITDA growth in the quarter from higher volumes transported, due to higher generated capacity, coupled with record corn and soybean crops
- Rumo maintains efforts to reduce costs and expenses. Variable costs grew less than volume expansion; and fixed costs, excluding depreciation and amortization, went down by 4.4%

Broad Net Debt and Leverage
(R\$ MM)



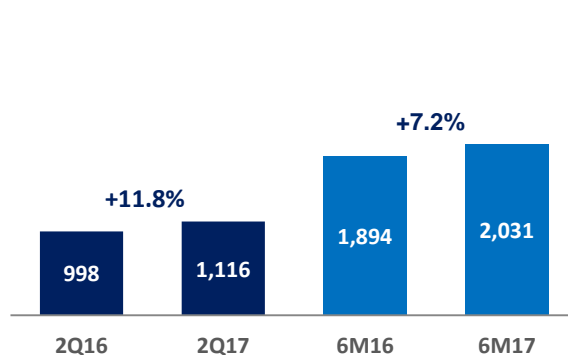
- 4% increase of the broad net debt due to execution of the Capex plan, which partially consumed cash in the period.

Volume and Transportation yield
(MM RTK and R\$/RTK x 1000)



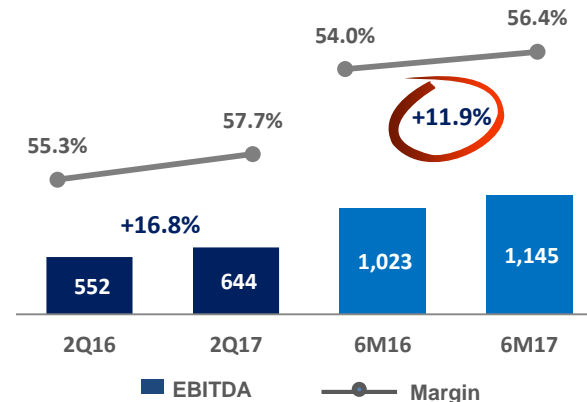
- Higher volumes transported in the period, despite unusual scenario of soybean storage and anticipation of corn transportation. Rumo's increased capacity allowed larger grain volumes reception from Mato Grosso state

Net Revenue
(R\$ MM)



- Net revenue growth mainly due to higher volumes of agricultural products transported

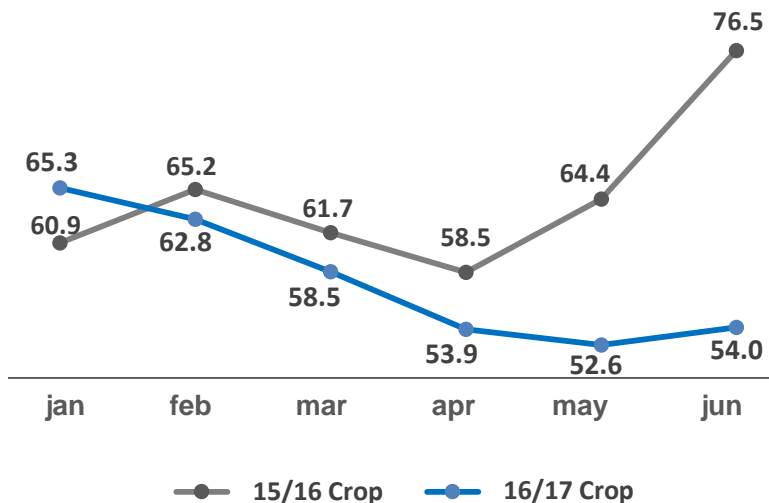
EBITDA and EBITDA Margin
(R\$ MM)



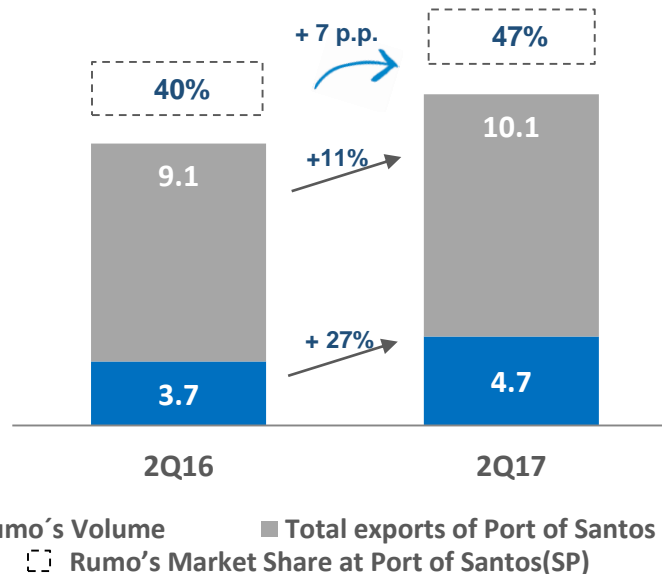
- EBITDA was benefited mainly by investments performed throughout 2016, increasing efficiency, resulting in larger capacity and higher margins.

In 2Q17, Rumo increased its share in grain transportation to the Port of Santos (SP) by 7 p.p.

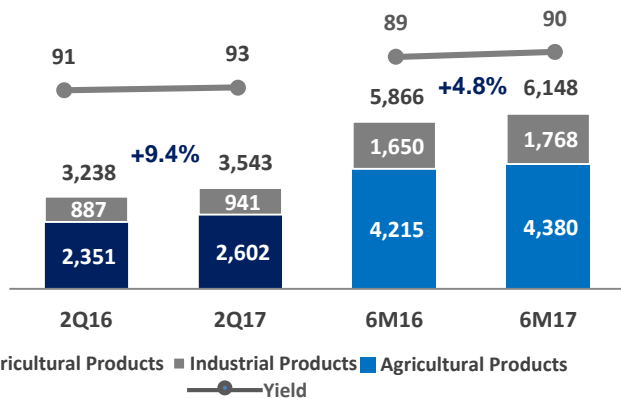
Soybean sack average price in Mato Grosso (R\$/sack)



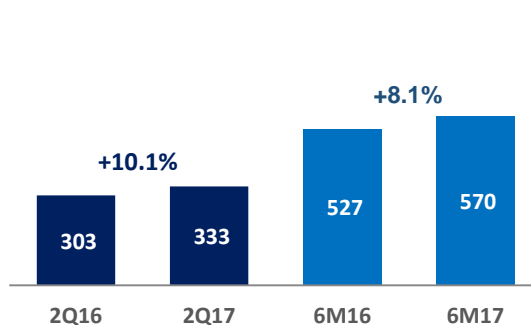
Rumo's higher market share in grain rail transportation to the Port of Santos (SP) (MM tons)



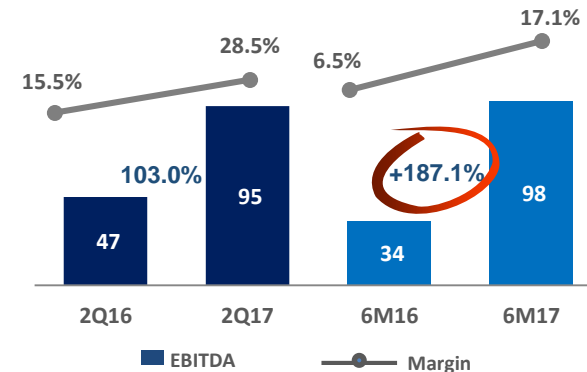
Volume and Transportation yield
(MM RTK and R\$/RTK x 1000)



Net Revenue
(R\$ MM)



EBITDA and EBITDA margin
(R\$ MM)

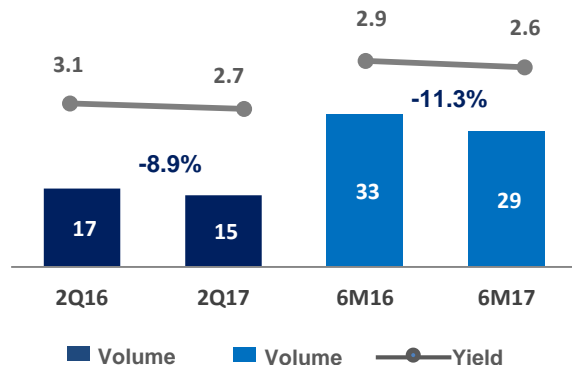


- Significant growth in industrial and agricultural products transportation, mainly soybean and sugar.

- Net revenue growth driven by higher volumes transported and higher average yield in the period.

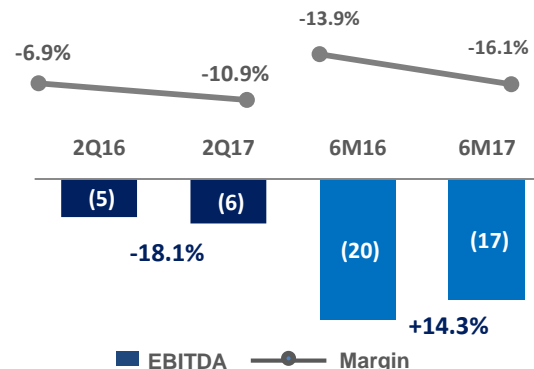
- EBITDA growth from higher volumes transported and efficiency gains in costs, which led to higher margins.

Volume and Transportation yield
(Containers thousand and R\$ thousand/containers)



- Reduced volumes of containers transported is mainly due to the rationalization of non-profitable routes and lower demand for refrigerated products transportation.

EBITDA and EBITDA margin
(R\$ MM)



- EBITDA impacted by reduction of volumes transported and lower average yield practiced

Net Debt and Leverage (R\$ MM)

Total Indebtness (Amounts in R\$ MM)	2Q17	1Q17	Chg.%
Total Gross Broad Debt	12,030.4	12,302.1	-2.2%
Cash and Cash Equivalents and Securities ¹²	-2,564.6	-3,217.9	-20.3%
Net Derivative Instruments	-33.2	16.2	n.a.
Total Net Broad Debt	9,432.7	9,100.3	3.7%
EBITDA LTM	2,216.3	2,076.7	6.7%
Net Broad Debt / EBITDA LTM	4.26x	4.38x	n.a.

Note¹²: In 1Q17 includes restricted cash linked to bank debts of R\$88.1 million. The 2Q17 includes restricted cash from bank debts totaling R\$90.6 million.

Main changes in 2Q17

Funding

R\$ 118 million

Amortizations

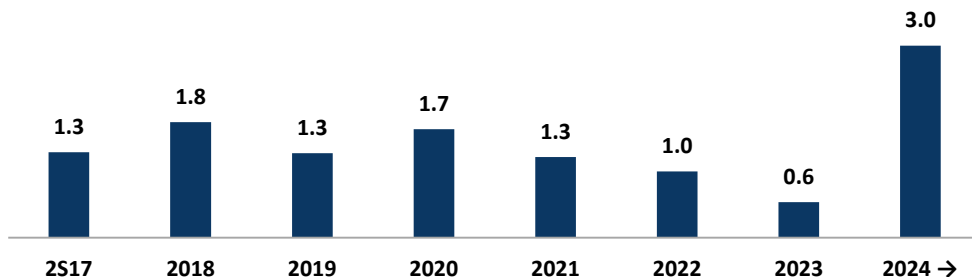
Principal: R\$ 375 million

Interest: R\$ 410 million

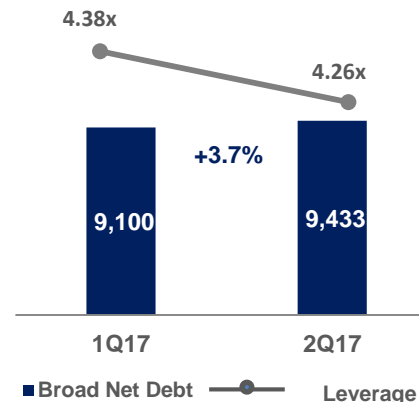
Average Debt Cost

115% of CDI

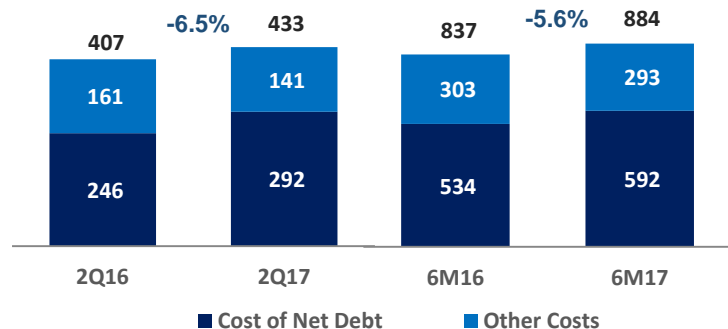
Debt Amortization Schedule (R\$ BLN)



Broad Net Debt and Leverage (R\$ MM)



Financial Result (R\$ MM)



- Higher gross debt charges mainly due to the process of debt restructuring and internalization of Senior Notes 2024.
- Lower expenses with leasing and real estate receivables certificates (CRIs) due to the amortizations, without new funding.
- Higher investment yield due to higher average cash position, partially offset by lower interest rates.

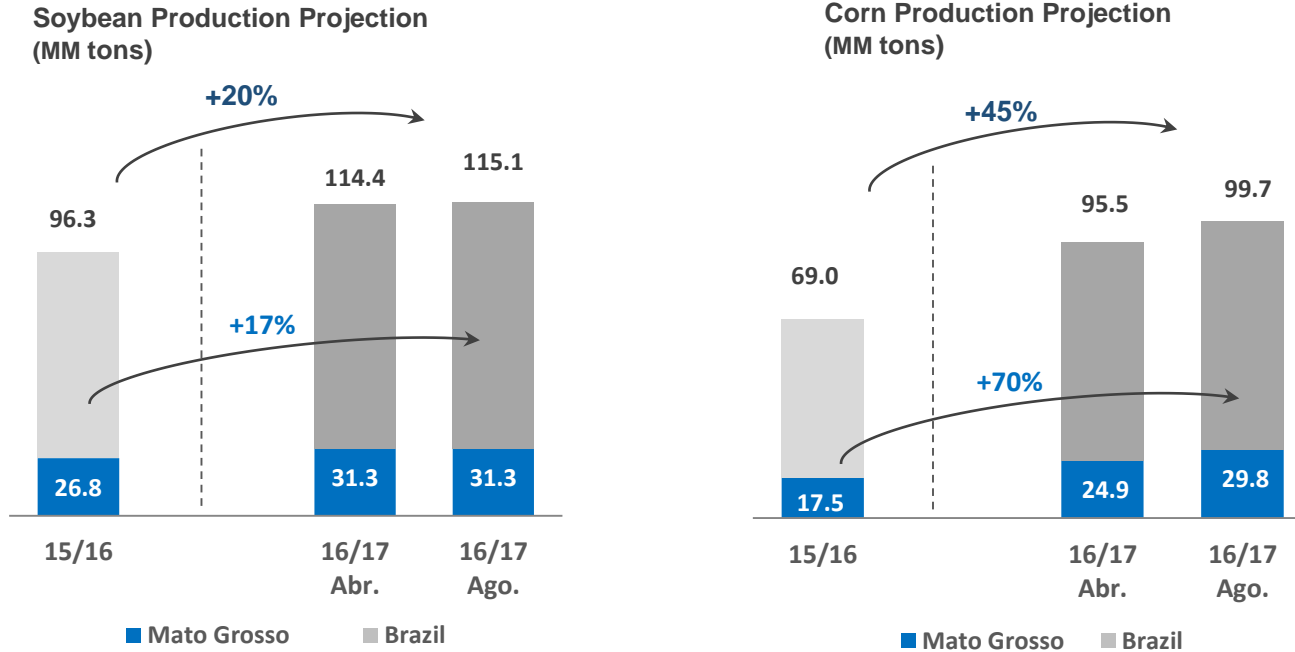
CASH FLOW (R\$ MM)

	2Q17	2Q16 Pro forma	Chg.%	Indirect Cash Flow (Amounts in R\$ MM)	6M17	6M16 Pro forma	Chg.%
	732.7	593.1	23.5%	EBITDA	1,225.4	1,037.6	18.1%
	79.4	(9.1)	n.a.	Non-cash effects in EBITDA	143.4	31.5	n.a.
	(311.4)	(209.9)	48.3%	Working capital variation	(284.1)	(320.0)	-11.2%
	25.9	18.7	38.8%	Operating financial result	9.8	(2.5)	n.a.
(a)	526.7	392.7	34.1%	(=) Operating Cash Flow	1,094.5	746.7	46.6%
	(478.2)	(539.2)	-113%	Capex	(950.1)	(824.1)	15.3%
(b)	(192.5)	(197.0)	-2.3%	Recurring	(357.0)	(345.0)	3.5%
	(285.6)	(342.2)	-16.5%	Expansion ¹³	(593.1)	(479.1)	23.8%
	-	-	n.a.	Asset Sale	7.0	-	n.a.
	1.3	-	n.a.	Dividends Received	3.8	1.7	n.a.
(c)	(476.9)	(539.2)	-11.6%	(=) Cash Flow from investing activities	(939.3)	(822.4)	14.2%
	67.6	2,531.7	-97.3%	Funding	2,456.1	2,857.8	-14.1%
	(375.0)	(3,025.4)	-87.6%	Amortization of Principal	(719.5)	(3,433.4)	-79.0%
	(410.7)	(454,8)	-9.7%	Amortization of Interest Rates	(631.6)	(699.6)	-9.7%
	(0.6)	-	n.a.	Paid Dividends	(0.6)	-	n.a.
	-	2,537.3	-100.0%	Paid-in Capital	-	2,537.3	-100.0%
	27.5	20.0	37.4%	Derivative Financial Instruments and others	28.3	2.9	n.a.
	5.4	(7.3)	n.a.	Restricted Cash	(18.7)	11.7	n.a.
(d)	(685.8)	1,601.6	n.a.	(=) Cash flow from financing activities	1,114.0	1,276.7	-12.7%
(e)	(19.9)	-	n.a.	Impact of exchange variation on cash and cash	27.6	-	n.a.
	(655.9)	1,455.1	n.a.	(=) Net Cash Generation (Consumption)	1,296.8	1,201.0	8.0%
	3,129.9	327.8	n.a.	(+) Initial Total Cash (includes Cash and	1,177.1	581.8	n.a.
	2,473.9	1,782.9	38.8%	(=) Final Total Cash (includes Cash and Marketable Securities)	2,473.9	1,782.9	38.8%
Metrics							
	334.1	195.7	70.7%	(=) Cash Generation after Recurring Capex (a+b)	737.5	401.7	83.6%
	49.8	(146.5)	n.a.	(=) Cash Generation after Cash from Investments (a+c)	155.2	(75.7)	n.a.
	(655.9)	1,455.1	n.a.	(=) Total Cash Generation (Consumption) (a+c+d+e)	1,296.8	1,201.0	8.0%

Note¹³: During 2Q16, 268 HPT railcars were acquired through operations characterized as financial leasing totaling R\$59.9 million. Considering these non-cash effects, the Expansion Capex came to R\$402 million in 2Q16. There were no financial leasing operations in 2017.

Historical trend of Company's main operating and financial indicators

Operating and Financial Performance Indexes	2Q16	3Q16	4Q16	1Q17	2Q17	2Q17	2Q16	Chg.%
Consolidated								
Unitary Variable Rail Cost (R\$/'000 RTK)	(19.6)	(18.9)	(21.1)	(19.0)	(19.3)	(19.3)	(19.6)	-1.5%
Unitary Fixed Cost + SG&A excluding depreciation (R\$/'000 RTK)	(41.0)	(37.4)	(57.7)	(42.7)	(35.4)	(35.4)	(41.0)	-13.7%
Operating ratio	76%	75%	95%	83%	71%	71%	76%	-6.6%
Diesel Consumption (Liters/ '000 GTK)	4.8	4.6	4.9	4.5	4.4	4.4	4.8	-8.3%
North Operation								
Grains from Rondonópolis (MT) to Port of Santos (SP)								
Average number freight cars loaded per day	361	352	97	369	408	408	361	13.0%
Transit time (hours)	101.4	105.6	96.7	107.1	102.1	102.1	101.4	0.7%
Cycle time of railcars (days)	10.4	9.9	11.0	10.2	9.8	9.8	10.4	-5.8%
South Operation								
Grains from terminals in north of Paraná to Port of Paranaguá (PR) and São Francisco do Sul (SC)								
Average number freight cars loaded per day	352	175	36	277	342	342	352	-2.8%
Transit time (hours)	46.1	45.9	47.6	57.9	50.0	50.0	46.1	8.5%
Cycle time of railcars (days)	7.4	7.7	7.8	7.6	7.0	7.0	7.4	-5.4%



- Soybean (+20%) and corn (+45%) crop production in 2016/2017, should exceed grain record crop of 2014/2015
- Estimate of grain production growth in the state of Mato Grosso higher than Brazilian average, with additional total of 13 million tons in 2016/2017 crop

		2017
Rumo	EBITDA (R\$ MM)	2,600 ≤ Δ ≤ 2,800
	Total Capex(R\$ MM)	2,000 ≤ Δ ≤ 2,200
	Recurring Capex (R\$ MM)	700 ≤ Δ ≤ 800
	Expansion Capex (R\$ MM)	1,300 ≤ Δ ≤ 1,400

Disclaimer: Information related to 2017 on businesses and projections of operating and financial results are merely estimates, and as such, these are mainly based on the Management beliefs and assumptions, not representing promise of performance. These estimates are subject to several risks and uncertainties and are made considering information currently available, which takes into account the existence of usual lines of credit for this type of business. Thus, these estimates substantially rely on the market conditions, Brazilian economy performance and business sectors in which the Company operates and international markets, therefore, subject to changes without prior notice. In view of these uncertainties, investor should not make any investment decision exclusively based on these forward-looking estimates and statements. Any change in the perception or factors mentioned above may cause concrete results to diverge from projections made and disclosed.

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