

EARNINGS RELEASE 3Q18

Curitiba, November 8, 2018 – RUMO S.A. (B3: RAIL3) (“Rumo”) today announces its results for the third quarter of 2018 (3Q18), comprised of July, August, and September. The results are consolidated in accordance with the accounting criteria adopted in Brazil and International Financial Reporting Standards (IFRS). The comparisons included in this report consider 3Q18 and 3Q17, unless otherwise indicated.

Rumo 3Q18 and 9M18 Highlights

- In 3Q18, EBITDA climbed 19% to R\$953 million. In 9M18, EBITDA advanced 21% to R\$2.4 billion, with a margin 3 p.p. higher than the same period in 2017. This result reflects a 15% increase in transported volume, reaching 16.1 billion RTK in 3Q18 and 41.4 billion RTK in 9M18, 14% higher than in 9M17.
- Quarter-over-quarter, financial result improved significantly to R\$258 million, also reflecting an advance in the prepayment process and initiatives to reduce average cost of debt.
- In 3Q18, Rumo posted a net income of R\$229 million. In 9M18, net income stands at R\$136 million reversing the loss recorded during the first six months of the year due to a consistent operational execution and financial result evolution.
- Capex totaled R\$551 million in 3Q18 while in 9M18, it came to R\$1,594 million.

3Q18	3Q17	Chg.%	Summary of financial (Amounts in R\$ MM)	9M18	9M17	Chg.%
16,131	14,002	15.2%	Total transported volume (million RTK)	41,423	36,340	14.0%
3,468	3,967	-12.6%	Total volume loaded (TU '000)	8,615	9,760	-11.7%
1,877.1	1,648.9	13.8%	Net revenue	4,938.3	4,354.2	13.4%
678.3	558.5	21.4%	Gross profit	1,622.4	1,343.7	20.7%
36.1%	33.9%	2.3 p.p.	<i>Gross margin (%)</i>	32.9%	30.9%	1.9 p.p.
(79.1)	(63.9)	23.8%	Selling, general and administrative expenses	(223.0)	(211.1)	5.6%
(1.2)	2.0	>100%	Other op. revenues (expenses) and equity pickup	(4.6)	0.8	>100%
597.9	496.6	20.4%	Operational profit	1,394.7	1,133.3	23.1%
354.7	304.2	16.6%	Depreciation and amortization	1,051.7	892.9	17.8%
952.6	800.9	18.9%	EBITDA	2,446.4	2,026.2	20.7%
50.7%	48.6%	2.2 p.p.	<i>EBITDA margin (%)</i>	49.5%	46.5%	3.0 p.p.
228.6	77.7	>100%	Net profit (loss)	135.8	(201.1)	>100%
12.2%	4.7%	7.5 p.p.	<i>Net margin (%)</i>	2.7%	-4.6%	7.4 p.p.
551.4	473.8	16.4%	Capex	1,593.7	1,423.8	11.9%

Conference Call

Portuguese: 3:00 p.m. (Brasília time)

November 9, 2018 (Friday)

Phones: + 55 11 3193 1001

+ 55 11 2820 4001

Code: RUMO

English – 2:00 p.m. (Brasília time)

November 9, 2018 (Friday)

Phones (BR): + 55 11 3193 1001

+ 55 11 2820 4001

Phone (USA): +1 646 828 8246

Code: RUMO

Investor Relations

E-mail: ir@rumolog.com

Phones: +55 41 2141-7555

+55 11 3897-9797

Website: ir.rumolog.com



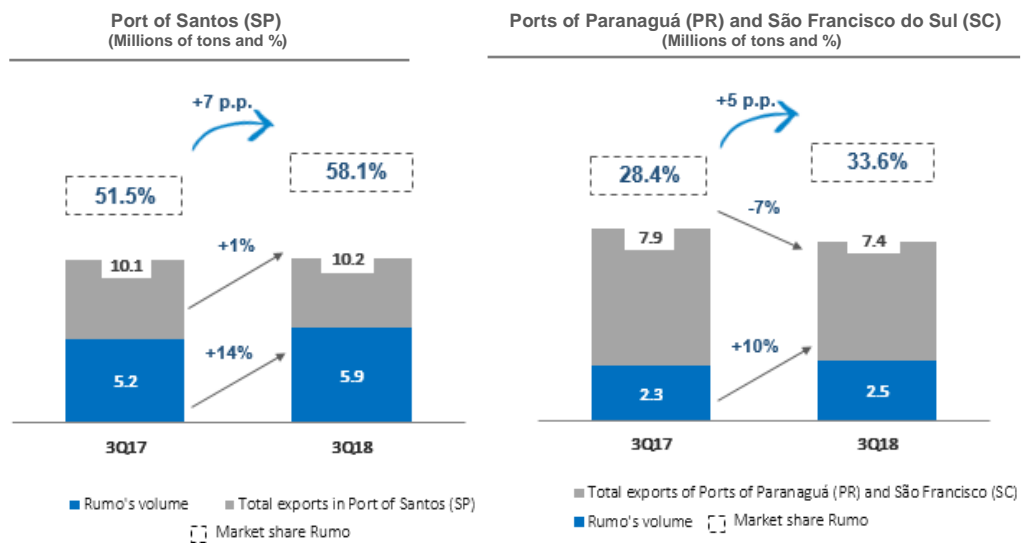
1. 3Q18 Executive Summary

Rumo's EBITDA reached R\$953 million in 3Q18, up 19% year-over-year. In 9M18, EBITDA advanced 21% to R\$2,446 million, bolstered by higher transported volumes and higher cost efficiency. In 3Q18, variable cost increase lagged volume growth, mainly due to continued reduction on fuel consumption year-over-year, which mitigated higher fuel expenses in the period. In addition, Rumo continues evidencing its ability to increase volumes without raising fixed costs. As a result, EBITDA margin reached 50.7% in 3Q18, 2 p.p. higher than in 3Q17.

Volume transported by Rumo reached 16.1 billion RTK (revenue ton kilometer) in 3Q18, up 15% year-over-year. In 9M18, volume transported totaled 41.4 billion RTK, up 14% versus the same period last year. Higher capacity, enabled by our Capex plan, and continued operational efficiency contributed to the substantial growth of grain transportation. A record soybean crop extended the soybean export period, offsetting a lower corn production in a few states and drove a 14% increase in agricultural volume transported. This quarter, we highlight the fertilizers volume ramp-up in the North Operation, which has gradually been enhancing its contribution to consolidated results. Industrial products transportation also grew, mainly reflecting higher pulp volumes in the North Operation and containers handled.

In 3Q18, Rumo increased its share at major ports. At Santos Port of Santos (SP), Rumo's market share grew by 7 p.p. (an effect of higher rail capacity) implying 14% volume growth. The South Operation gained 5 p.p. market share in grains shipped to the ports of Paranaguá (PR) and São Francisco do Sul (SC). Despite the 7% drop in these ports' exports, Rumo increased its volume by 10%, due to higher capacity and competitiveness with trucks.

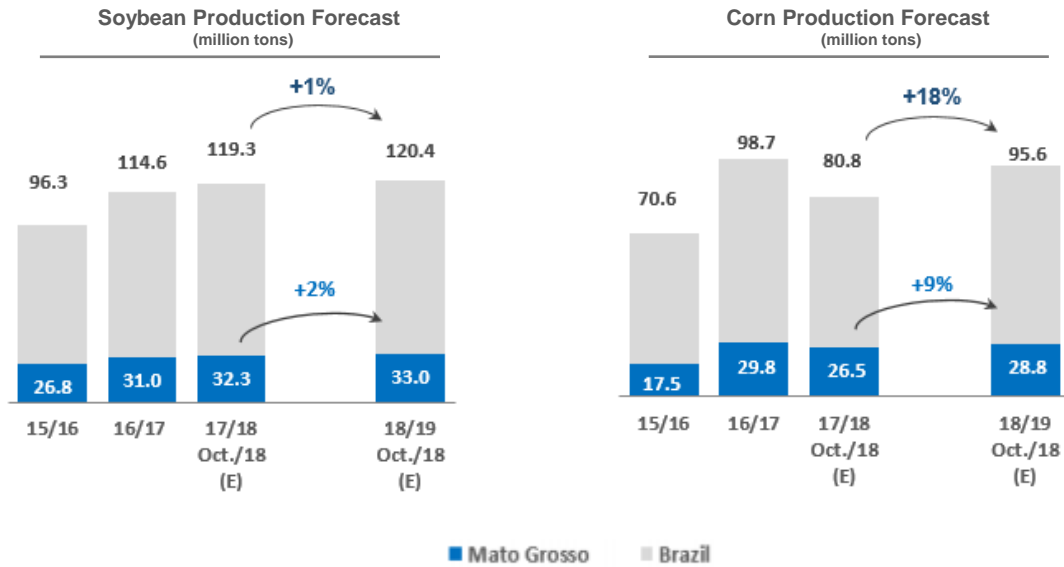
Rumo's Volume and Market Share Evolution in Grain Transportation:



Source: Marine Agency

Rumo posted net income of R\$229 million in 3Q18 and reversed its loss of R\$93 million in 1H18, reaching R\$136 million net income in 9M18, yet another evidence of turnaround consolidation. This result was driven by a consistent operational execution and financial result evolution, which improved significantly, reaching a net expense of R\$258 million on the back of the advance in the prepayment process and the initiatives to reduce average cost of debt.

As expected, the record soybean crop has been sustaining agricultural volumes performance, offsetting the reduced corn crop. Historically, the fourth quarter relies less on capacity and more on grain availability and exports, to the detriment of carryover inventory. The 4Q17 was atypical, as we saw a record corn crop significantly boosting transported volumes. Even so, the volume scenario foreseen for 4Q18 enables the Company to sustain its guidance for the year. For 2019, preliminary estimates indicate another record soybean crop and a robust corn crop growth.



Source: Agroconsult on 10/27/2018

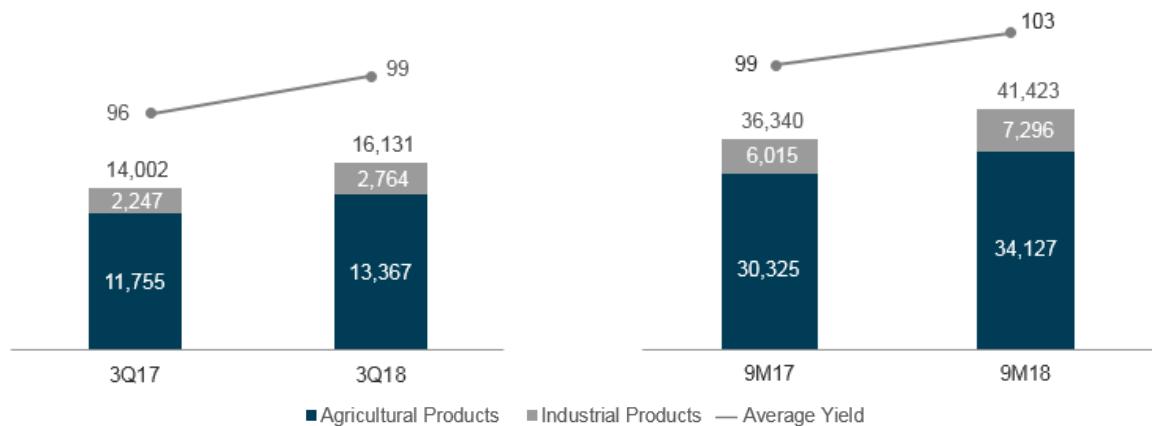
2. Consolidated Operating and Financial Indicators

3Q18	3Q17	Chg.%	Summary of financial information (Amounts in R\$ MM)	9M18	9M17	Chg.%
16,131	14,002	15.2%	Total transported volume (million RTK)	41,423	36,340	14.0%
13,367	11,755	13.7%	Agricultural products	34,127	30,325	12.5%
2,764	2,247	23.0%	Industrial products	7,296	6,015	21.3%
99.4	96.4	3.1%	Average transportation yield (R\$/000 RTK)	102.5	99.2	3.3%
3,468	3,967	-12.6%	Total volume loaded (TU '000)	8,615	9,760	-11.7%
24.5	25.3	-3.2%	Average loading yield (R\$/TU)	25.3	24.9	1.6%
1,877.1	1,648.9	13.8%	Net operating revenue	4,938.3	4,354.2	13.4%
1,613.0	1,364.1	18.2%	Transportation	4,280.1	3,648.0	17.3%
94.7	100.3	-5.6%	Port Loading	228.2	242.8	-6.0%
169.4	184.5	-8.2%	Other ²	430.0	463.4	-7.2%
952.6	800.9	18.9%	EBITDA	2,446.4	2,026.2	20.7%
50.7%	48.6%	2.2 p.p.	EBITDA margin (%)	49.5%	46.5%	3.0 p.p.

Note²: Includes revenue from 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 Consolidated Transported Volume

Transported Volume (Million RTK) and Average Railroad Transportation Yield (R\$/000 RTK)



3Q18	3Q17	Chg.%	Operational figures (Amounts in R\$ MM)	9M18	9M17	Chg. %
16,131	14,002	15.2%	Total transported volume (million RTK)	41,423	36,340	14.0%
13,367	11,755	13.7%	Agricultural products	34,127	30,325	12.5%
2,313	1,246	85.6%	Soybean	16,654	13,448	23.8%
1,520	1,384	9.8%	Soybean meal	4,777	4,258	12.2%
7,876	7,745	1.7%	Corn	8,921	9,108	-2.1%
1,006	1,214	-17.1%	Sugar	2,649	2,890	-8.3%
652	166	>100%	Fertilizers	1,102	485	>100%
-	1	-100.0%	Wheat	24	135	-82.2%
2,764	2,247	23.0%	Industrial products	7,296	6,015	21.3%
1,260	1,184	6.4%	Fuels	3,387	3,252	4.2%
603	282	>100%	Wood, pulp and paper	1,532	722	>100%
676	524	29.0%	Containers	1,711	1,325	29.1%
225	257	-12.6%	Other	666	716	-7.0%

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

Results by Business Unit 3Q18	North Operation	South Operation	Container Operations	Consolidated
Transported volume	11,264	4,191	676	16,131
Net revenue	1,405.5	400.3	71.3	1,877.1
Cost of services	(751.3)	(371.1)	(76.4)	(1,198.8)
Gross profit	654.2	29.2	(5.1)	678.3
<i>Gross margin (%)</i>	<i>46.5%</i>	<i>7.3%</i>	<i>-7.2%</i>	<i>36.1%</i>
Selling expenses, general and administrative expenses	(56.4)	(16.3)	(6.5)	(79.1)
Other operating revenues (expenses) and equity pickup	2.9	(5.0)	0.8	(1.2)
Depreciation and amortization ³	234.8	106.8	13.1	354.7
EBITDA	835.6	114.7	2.3	952.6
EBITDA margin (%)	59.5%	28.7%	3.3%	50.7%

Results by Business Unit 9M18	North Operation	South Operation	Container Operations	Consolidated
Transported volume	28,624	11,088	1,711	41,423
Net revenue	3,669.5	1,077.7	191.1	4,938.3
Cost of services	(2,038.7)	(1,054.5)	(222.8)	(3,316.0)
Gross profit (loss)	1,630.8	23.2	(31.7)	1,622.4
<i>Gross margin (%)</i>	<i>44.4%</i>	<i>2.2%</i>	<i>-16.6%</i>	<i>32.9%</i>
Selling expenses, general and administrative expenses	(157.3)	(46.5)	(19.2)	(223.0)
Other operating revenues (expenses) and equity pickup	6.6	(18.6)	7.4	(4.62)
Depreciation and amortization ³	703.9	307.1	40.7	1,051.7
EBITDA	2,184.0	265.2	(2.8)	2,446.4
EBITDA margin (%)	59.5%	24.6%	-1.5%	49.5%

Note³: Depreciation and amortization are allocated as the cost of services provided and as general and administrative expenses.

North Operation

3Q18	3Q17	Chg. %	Operational figures	9M18	9M17	Chg. %
11,264	9,205	22.4%	Total transported volume (million RTK)	28,624	24,595	16.4%
10,250	8,591	19.3%	Agricultural products	25,960	22,781	14.0%
349	278	25.7%	Soybean	11,045	9,620	14.8%
1,379	1,299	6.1%	Soybean meal	4,392	3,990	10.1%
7,701	6,705	14.9%	Corn	8,572	8,031	6.7%
369	309	19.4%	Sugar	1,357	1,139	19.1%
452	-	>100%	Fertilizers	594	-	>100%
1,015	615	65.1%	Industrial products	2,663	1,815	46.8%
693	615	12.7%	Fuels	1,866	1,815	2.8%
322	-	>100%	Others	797	-	>100%
102.0	99.4	2.6%	<i>Average transportation yield (R\$/'000 RTK)</i>	105.8	103.2	2.4%
3,468	3,967	-12.6%	Total volume loaded (TU '000)	8,615	9,760	-11.7%
27.3	25.3	7.9%	<i>Average loading yield (R\$/TU)</i>	26.5	24.9	6.4%

In 3Q18, total volume transported by the North Operation was 22% higher than in 3Q17, reaching 11.3 billion RTK. In 9M18, total volume grew by 16% to 28.6 billion RTK. Higher capacity enabled us to meet a higher demand for corn transportation from the state of Mato Grosso. The fertilizer operation was a highlight, contributing to transported agricultural volume growth. Concerning industrial products, the new operation to pulp transport continues to be a standout. In addition, increased transportation of biodiesel and ethanol contributed to higher fuel volumes in 3Q18. Port loading volume declined as a result of an unfavorable sugar exports scenario.

3Q18	3Q17	Chg. %	Financial data	9M18	9M17	Chg. %
1,405.5	1,197.2	17.4%	Net operating revenue	3,669.5	3,227.7	13.7%
1,148.5	914.7	25.6%	Transportation	3,027.3	2,539.1	19.2%
1,055.3	861.1	22.6%	Agricultural products	2,784.3	2,375.0	17.2%
93.2	53.6	73.9%	Industrial products	243.0	164.1	48.1%
94.7	100.3	-5.6%	Port loading	228.2	242.8	-6.0%
162.3	182.1	-10.9%	Other revenues ⁴	414.0	445.8	-7.1%
(751.3)	(677.2)	11.0%	Cost of services	(2,038.7)	(1,833.6)	11.2%
(326.2)	(316.4)	3.1%	Variable costs	(808.8)	(751.1)	7.7%
(192.1)	(166.5)	15.3%	Fixed costs	(530.3)	(515.4)	2.9%
(233.0)	(194.2)	20.0%	Depreciation and amortization	(699.6)	(567.1)	23.4%
654.2	520.0	25.8%	Gross Profit	1,630.8	1,394.1	17.0%
46.5%	43.4%	3.1 p.p.	<i>Gross Margin (%)</i>	44.4%	43.2%	2.9%
(56.4)	(43.7)	28.9%	Selling, general and administrative expenses	(157.3)	(146.5)	7.4%
2.9	4.8	-39.2%	Other op. revenues and equity pickup	6.6	3.2	>100%
234.8	194.4	20.8%	Depreciation and amortization	703.9	569.5	23.6%
835.6	675.6	23.7%	EBITDA	2,184.0	1,820.3	20.0%
59.5%	56.4%	3.0 p.p.	<i>EBITDA margin (%)</i>	59.5%	56.4%	3.1 p.p.

Note⁴: 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).

In 3Q18, EBITDA reached R\$836 million, up 24% from 3Q17. In 9M18, EBITDA increased to R\$2,184 million, up 20% versus 9M17. Net revenue recorded substantial growth, owing to higher transported volumes. Despite the higher diesel price (R\$/Liter +17%), variable cost increase lagged volume growth. Fixed costs rose due to tax credits (R\$18 million) recorded in 3Q17. EBITDA margin reached 60%, 3 p.p. higher than in 3Q17, reflecting cost dilution in the quarter.

South Operation

3Q18	3Q17	Chg. %	Operational figures	9M18	9M17	Chg. %
4,191	4,272	-1.9%	Transported volume (million RTK)	11,088	10,420	6.4%
3,117	3,164	-1.5%	Agricultural products	8,165	7,544	8.2%
1,964	968	>100%	Soybean	5,608	3,828	46.5%
141	85	67.0%	Soybean meal	385	268	43.7%
175	1,040	-83.1%	Corn	349	1,077	-67.6%
637	905	-29.6%	Sugar	1,292	1,751	-26.2%
188	166	13.5%	Fertilizers	474	485	-2.3%
12	1	>100%	Other	57	135	-57.4%
1,073	1,108	-3.2%	Industrial products	2,922	2,876	1.6%
567	569	-0.4%	Fuel	1,521	1,437	5.8%
281	282	-0.4%	Wood. pulp and paper	734	722	1.7%
225	257	-12.4%	Others	667	716	-6.8%
93.8	90.2	4.0%	Average transportation yield (R\$/000 RTK)	95.8	90.2	6.1%

In 3Q18, the South Operation's transported volume was 2% lower than in 3Q17, totaling 4.2 billion RTK. In 9M18, transported volume reached 11.1 billion RTK, up 6.4% from 9M17. Grains volume grew by 9% as a result of made investments. Higher transportation of the record soybean crop, whose exports extended to the second half, offset the impact of corn crop failure in the state of Paraná. However, agricultural products transportation was impacted by a reduced sugar volume, which resulted in the 30% shrinkage of exports at the Port of Paranaguá (PR). In addition, the sugar/ethanol ratio is more favorable to the latter. In the transportation of industrial products, a client's plant downtime impacted results.

3Q18	3Q17	Chg. %	Operational figures	9M18	9M17	Chg. %
400.3	387.9	3.2%	Net operating revenue	1,077.7	958.0	12.5%
393.4	385.5	2.0%	Transportation	1,061.9	940.3	12.9%
281.7	272.6	3.3%	Agricultural products	751.3	654.6	14.8%
111.7	112.9	-1.1%	Industrial products	310.6	285.7	8.7%
6.9	2.4	>100%	Other revenues ⁵	15.8	17.6	-10.2%
(371.1)	(331.3)	12.0%	Cost of services	(1,054.5)	(948.5)	11.2%
(98.8)	(88.5)	11.7%	Variable costs	(269.8)	(225.7)	19.6%
(165.5)	(149.1)	11.0%	Fixed costs	(477.9)	(447.7)	6.7%
(106.8)	(93.6)	14.0%	Depreciation and amortization	(306.7)	(275.1)	11.5%
29.2	56.6	-48.4%	Gross profit	23.2	9.5	>100%
7.3%	14.6%	-7.3 p.p.	Gross margin (%)	2.2%	1.0%	1.2 p.p.
(16.3)	(14.7)	11.1%	Selling, general and administrative expenses	(46.5)	(47.8)	-2.7%
(5.0)	(3.1)	62.7%	Other op. revenues (expenses) and equity pickup	(18.6)	(6.9)	>100%
106.8	93.7	14.0%	Depreciation and amortization	307.1	275.5	11.5%
114.7	132.5	-13.4%	EBITDA	265.2	230.1	15.3%
28.7%	34.2%	-5.5 p.p.	EBITDA margin (%)	24.6%	24.0%	0.6 p.p.

Note 5: Includes revenue from volumes contracted but not executed according to commercial agreements (take or pay)

The South Operation's EBITDA came to R\$115 million in 3Q18, while in 9M18, EBITDA grew 15% to R\$265 million. The increase in the practiced average yield contributed to net revenue growth. Variable cost was mainly impacted by diesel price variation (R\$/Liter: +20%) year-over-year. Fixed costs increased, chiefly due to the recognition of tax credits of R\$10.3 million in 3Q17, in addition to the end of payroll tax relief, which impacted EBITDA margin by 6 p.p., and reached 29% in the quarter.

Container Operations

3Q18	3Q17	Chg. %	Operational figures	9M18	9M17	Chg. %
18,495	15,377	20.3%	Total volume (containers '000)	48,319	44,358	8.9%
3.1	3.2	-3.1%	<i>Intermodal average yield (R\$ '000/containers)</i>	3.1	2.8	10.7%
676	524	28.9%	Total volume (million RTK)	1,711	1,325	29.1%

Volume of containers transported totaled 18,500 containers in 3Q18, 20% higher than in 3Q17. In 9M18, volume of containers transported grew by 9% to 48,300 containers. This operation continues recording volume growth (number of containers and RTK), as an effect of the Company's strategy of diversifying cargo and servicing routes with higher average distance.

3Q18	3Q17	Chg. %	Financial results	9M18	9M17	Chg. %
71.3	63.8	11.6%	Net operating revenue	191.1	168.6	13.4%
(76.4)	(81.9)	-6.7%	Cost of services	(222.8)	(228.1)	-2.3%
(29.5)	(26.4)	11.6%	Variable costs	(81.8)	(69.9)	16.9%
(34.2)	(39.7)	-13.9%	Fixed costs	(101.6)	(110.8)	-8.3%
(12.7)	(15.8)	-19.1%	Depreciation and amortization	(39.4)	(47.4)	-16.8%
(5.1)	(18.0)	-71.5%	Gross loss	(31.7)	(59.5)	-46.8%
-7.2%	-28.3%	21.1 p.p.	<i>Gross margin (%)</i>	-16.6%	-35.3%	18.7 p.p.
(6.5)	(5.5)	18.1%	Selling, general and administrative expenses	(19.2)	(16.8)	14.8%
0.8	0.1	>100%	Other op. revenues (expenses) and equity pickup ⁶	7.4	4.5	64.4%
13.1	16.2	-19.0%	Depreciation and amortization	40.7	47.9	-15.0%
2.3	(7.2)	>100%	EBITDA	(2.8)	(23.8)	-88.2%
3.2%	-11.2%	14.5 p.p.	<i>EBITDA margin (%)</i>	-1.5%	-14.1%	12.6 p.p.

Note⁶: Includes revenue from service units.

EBITDA from Container Operations was R\$2.3 million in 3Q18. In 9M18, EBITDA was a loss of R\$2.8 million, an 88% improvement compared to 9M17. Net revenue increased reflecting operations qualification. Variable cost rose due to higher transported volumes, resulting in higher expenses for highway transportation to the terminals. Diesel average-price increase also impacted results in the period. Variable cost increase lagged transported volume growth. Higher operational efficiency significantly allowed reduced fixed costs, which were diluted in a scenario of 29% volume growth in RTK.

3. Other Results

Breakdown of Provided Services Costs

3Q18	3Q17	Chg. %	Consolidated costs (amounts in R\$ MM)	9M18	9M17	Chg. %
(1,198.8)	(1,090.4)	9.9%	Consolidated costs	(3,316.0)	(3,010.6)	10.1%
(454.7)	(431.4)	5.4%	Variable costs	(1,160.5)	(1,046.8)	10.9%
(270.9)	(218.1)	24.2%	Fuel and lubricants	(716.8)	(564.6)	27.0%
(65.4)	(57.7)	13.3%	Own logistic costs ⁷	(168.4)	(149.8)	12.4%
(118.4)	(155.6)	-23.9%	Third party freight costs ⁸	(275.3)	(332.3)	-17.1%
(391.5)	(355.4)	10.2%	Fixed costs	(1,110.0)	(1,073.8)	3.4%
(33.2)	(39.3)	-15.5%	Maintenance	(94.5)	(128.9)	-26.7%
(175.1)	(162.3)	7.9%	Payroll expenses	(515.2)	(467.6)	10.2%
(54.1)	(50.1)	8.0%	Leasing and concessions	(160.9)	(149.3)	7.7%
(7.7)	(17.3)	-55.5%	Operational leasing	(26.1)	(50.4)	-48.1%
(66.3)	(62.2)	6.6%	Third party services	(186.0)	(177.1)	5.0%
(55.1)	(24.2)	>100%	Other operational costs	(127.3)	(100.7)	26.4%
(352.6)	(303.6)	16.1%	Depreciation and amortization	(1,045.5)	(889.8)	17.5%

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

Note8: Third-party freight costs include contracts for road and railway freights with other operators.

Variable costs totaled R\$454.7 million in 3Q18, up 5.4% from 3Q17, drove by higher transported volume (+15%) in the quarter. The 18% increase in average diesel price was partially offset by efficiency gains in locomotives' consumption (Liters/GTK: -4.5%). Naturally, higher fertilizer volumes in North Operation contributed to increasing logistics costs (Termag, Port of Santos (SP)). Third-party freight costs decreased due to lower sugar volume transported via highway and other railways.

Fixed costs totaled R\$391.5 million in 3Q18, 10.2% higher than in 3Q17. This result reinforces the Company's operational leverage and cost dilution strategy. Corrective maintenance expenses decreased. Personnel expenses rose due to the end of payroll tax relief (South Operation). Tax credits (R\$28.3 million) were recognized in other operating expenses in 3Q17. In addition, costs due to depreciation and amortization increased due to the capitalization of investments made in 2017.

Financial Results

3Q18	3Q17	Chg.%	Financial results (amounts in R\$ MM)	9M18	9M17	Chg.%
(205.5)	(278.2)	-26.1%	Cost of bank debt ⁹	(850.2)	(966.4)	-12.0%
(16.7)	(32.1)	-48.0%	Charges over leasing	(89.2)	(98.6)	-9.6%
(1.0)	(4.4)	-77.1%	Charges on certificates of real estate receivables	(4.7)	(17.1)	-72.4%
41.2	53.0	-22.3%	Financial income from investments	144.3	155.4	-7.1%
(182.0)	(261.7)	-30.4%	(=) Cost of broad net debt	(799.8)	(926.8)	-13.7%
(48.0)	(60.3)	-20.3%	Monetary variation on liabilities of concessions	(140.6)	(195.3)	-28.0%
(19.5)	(18.5)	5.9%	Rates on contingencies and contracts	(68.3)	(54.4)	25.6%
(7.9)	(47.8)	-83.4%	Other financial expenses	(57.5)	(96.2)	-40.3%
(257.5)	(388.2)	-33.7%	(=) Financial result	(1,066.1)	(1,272.6)	-16.2%

Note⁹: Includes interest rates, foreign exchange variation, net result from derivatives and other debt charges.

The financial result in 3Q18 was a net expense of R\$257.5 million, a 33.7% improvement from 3Q17. The debt cost was benefited by a 27% CDI interest rate drop year-over-year, besides reduced debt cost. Charges over leasing and real estate receivables certificates tumbled due to the amortization of these instruments, without relevant new funding. Financial investment yield declined 22.3% due to the CDI interest rate quarter-over-quarter drop. Monetary variation on leasing and concession agreements reflects the adjustment (SELIC) to the unpaid concession amounts of the West and Paulista Networks, which are currently under litigation.

Income Tax and Social Contribution

3Q18	3Q17	Chg. %	Income tax and social contribution (amounts in R\$ MM)	9M18	9M17	Chg. %
340.4	108.4	>100%	Income (loss) before IT / SC	328.6	(139.3)	>100%
34%	34%	0 p.p.	Theoretical rate IR / SC	34%	34%	0 p.p.
(115.7)	(36.9)	>100%	Theoretical Income (expense) with IR / SC	(111.7)	47.4	>100%
Adjustments to calculate the effective rate						
(18.6)	(29.4)	-36.9%	Tax losses and temporary differences not recognized ¹⁰	(79.9)	(148.9)	-46.3%
11.3	31.3	-63.9%	Tax incentives arising from the North network ¹¹	-	46.3	-100.0%
2.2	1.4	61.0%	Equity pickup	2.9	2.4	16.9%
9.0	2.8	>100%	Other effects	(4.1)	(9.0)	-55.6%
(111.8)	(30.8)	>100%	Income (expense) with IT / SC	(192.8)	(61.8)	>100%
-32.8%	-28.4%	4.4 p.p.	Effective rate (%)	-58.7%	44.3%	14.4 p.p.
(21.6)	(16.6)	30.4%	IT/SC current	(30.3)	(32.9)	-7.9%
(90.1)	(14.2)	>100%	IT/SC deferred	(162.5)	(28.8)	>100%

Note10: We did not record deferred income tax and social contribution on tax losses in certain companies, 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.

4. Loans and Financing

Broad gross debt at the end of 3Q18 was R\$10.6 billion, 1.9% lower than 2Q18 and down 5.4% year-over-year. Leverage decreased to 2.3x (broad net debt/EBITDA), considering EBITDA of R\$3.2 billion over the last 12 months. The balance of broad net debt came to R\$7.4 billion, 3.7% lower than in 2Q18 and down 21.2% year-over-year.

Total indebtedness (amounts in R\$ MM)	3Q18	2Q18	Chg.%
Commercial banks	16.0	97.7	-83.6%
NCE	1,476.8	1,485.5	-0.6%
BNDES	3,060.4	3,253.4	-5.9%
Debentures	511.4	558.2	-8.4%
Senior notes 2024 and 2025	4,981.0	4,753.0	4.8%
Total bank debt	10,045.6	10,147.7	-1.0%
Leases	585.6	671.3	-12.8%
Certificate of real estate receivables	14.1	36.9	-61.9%
Total broad gross debt	10,645.3	10,855.9	-1.9%
Cash and cash equivalents and securities ¹²	(2,414.9)	(2,639.6)	-8.5%
Net derivative instruments	(782.6)	(480.5)	62.9%
Total broad net debt	7,447.8	7,735.7	-3.7%
EBITDA LTM	3,176.8	3,025.1	5.0%
Leverage (broad net debt / EBITDA LTM)	2.3x	2.6x	-11.5%

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

Bank gross indebtedness (amounts in R\$ MM)	3Q18
Opening balance of broad net debt	7,735.7
Cash and cash equivalents and marketable securities ¹²	(2,639.6)
Net derivative instruments	(480.5)
Opening balance of broad gross debt	10,855.9
Items with cash impact	(725.9)
New funding	0.4
Amortization of principal	(407.7)
Amortization of interest rates	(318.5)
Items without cash impact	515.3
Provision for interest rates (accrual)	200.6
Monetary variation, MtM adjustments of debt and others	314.7
Closing balance of broad gross debt	10,645.3
Cash and cash equivalents and marketable securities ¹²	(2,414.9)
Net derivative instruments	(782.6)
Closing balance of broad net debt	7,447.8

Note ¹²: In 3Q18 includes restricted cash linked to bank debts of R\$31.1 million. The 2Q18 includes restricted cash from bank debts totaling R\$70.5 million.

Rumo is subject to certain restrictive covenants referring to its leverage level and debt service coverage in a few of its contracts. Most restrictive provisions are verified 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 and cash and cash equivalents. For December 31, 2018, the covenants were defined for maximum leverage of 5.5x (broad net debt/LTM EBITDA) and minimum interest rate coverage index of 2.0x EBITDA/financial result.

5. Capex

3Q18	3Q17	Chg.%	Investments (amounts in R\$ MM)	9M18	9M17	Chg.%
551.4	473.8	16.4%	Total investments	1,593.7	1,423.8	11.9%
186.5	233.9	-20.3%	Recurring	603.1	590.9	2.1%
364.9	239.9	52.1%	Expansion	990.6	832.9	18.9%

In 3Q18, Capex totaled R\$551 million, up 16.4% from 3Q17. In 9M18, Capex increased 12% to R\$1,594 million vs. 9M17. Recurring Capex came to R\$186.5 million, 20% lower than 3Q17. Expansion Capex totaled R\$364.9 million in the quarter. In 3Q18, the main investments in capacity expansion were: (i) upgrade of permanent way, by replacing tracks and sleepers; (ii) infrastructure improvements to remove restrictions and (iii) expansions and renovations of yards and terminals, aiming at reducing the train dwell time and increasing operational productivity.

6. Cash Flow Statement

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

	3Q18	3Q17	Chg.%	Indirect cash flow (amounts in R\$ MM)	9M18	9M17	Chg.%
	952.6	800.9	18.9%	EBITDA	2,446.4	2,026.2	20.7%
	31.0	(47.4)	>100%	Working capital variations and non-cash effects	(402.6)	(188.0)	>100%
	38.2	10.8	>100%	Operating financial result	84.7	20.6	>100%
(a)	1,021.8	764.3	33.7%	(=) Operating cash flow	2,128.6	1,858.8	14.5%
	(536.5)	(473.8)	13.2%	Capex	(1,576.4)	(1,423.8)	10.7%
(b)	(186.5)	(233.9)	-20.2%	Recurring	(603.1)	(590.9)	2.1%
	(350.0)	(239.9)	45.9%	Expansion ¹³	(973.3)	(832.9)	16.9%
	-	-	>100%	Asset sale	-	7.0	-100.0%
	-	1.3	>100%	Dividends received	6.5	5.1	27.5%
(c)	(536.5)	(472.5)	13.5%	(=) Cash flow from investing activities	(1,569.9)	(1,411.8)	11.2%
(d)	0.4	34.0	-98.9%	Funding	2,137.2	2,490.2	-14.2%
(e)	(407.7)	(763.1)	-46.6%	Amortization of principal	(3,083.6)	(1,482.6)	>100%
	(318.5)	(278.6)	14.3%	Amortization of interest rates	(765.7)	(910.2)	-15.9%
	(0.7)	(1.5)	-51.1%	Paid dividends	(3.3)	(2.1)	61.7%
	2.2	(46.3)	>100%	Derivative financial instruments	(29.5)	(18.1)	63.0%
	53.4	(6.0)	>100%	Restricted cash	112.5	(24.7)	>100%
	(671.0)	(1,061.5)	-36.8%	(=) Cash flow from financing activities	(1,632.4)	52.5	>100%
	0.3	(0.2)	>100%	Forex variation impact on cash balances	127.1	27.4	>100%
(f)	(185.4)	(769.8)	-75.9%	(=) Net cash generated (consumed)	(946.7)	527.0	>100%
	2,569.1	2,473.9	3.8%	(+) Total Cash (includes cash + marketable securities) opening	3,330.4	1,177.1	>100%
	2,383.8	1,704.2	39.9%	(=) Total Cash (includes cash + marketable securities) closing	2,383.8	1,704.2	39.9%
Metrics							
	835.3	530.5	57.5%	(=) Cash generation after recurring capex (a+b)	1,525.4	1,267.9	20.3%
	485.3	291.8	66.3%	(=) Cash generation after cash from investments (a+c)	558.6	447.0	25.0%
	221.9	(40.7)	>100%	(=) Cash generation (consumption) before funding and amortizations (f-e-d)	(0.3)	(480.6)	>100%

It is worth mentioning that this quarter, for the first time, Rumo reached R\$222 million cash generation, before funding and amortizations. In 9M18, Rumo reaches its breakeven, reversing cash consumption of R\$481 million in 9M17 to R\$0.3 million in 9M18.

7. Operating and Financial Performance Indicators

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

Operating and Financial Performance Index	3Q17	3Q18	Chg. %	9M17	9M18	Var. %
Consolidated						
Operating ratio	70%	68%	-2.7%	74%	72%	-3.1%
Diesel consumption (liters/ '000 GTK)	4.4	4.2	-4.5%	4.6	4.4	-4.3%
Rail accidents (accidents /Km)	15.4	15.0	-2.6%	15.4	15.0	-2.6%
Personal Accidents (accidents /MM MHW)	0.31	0.30	-3.2%	0.31	0.30	-3.2%
North operation						
Grains from Rondonópolis (MT) – Santos (SP)						
Volume transported (RTK million)	9.2	11.3	22.4%	24.6	28.6	16.4%
Cycle of railcars (days)	9.6	9.3	-3.1%	9.8	10.0	2.0%
South operation						
Grains from North PR – Ports Paranaguá (PR) and São Francisco do Sul (SC)						
Volume transported (RTK million)	4.3	4.2	-1.9%	10.4	11.1	6.4%
Cycle of railcars (days)	6.9	7.0	1.4%	7.1	7.7	8.5%

Operating ratio: This index, which represents the portion of costs and expenses as a percentage of net revenue, improved 3% in 3Q18, reflecting higher yields practiced and reduced fixed and variable unit costs.

Diesel Consumption: The 4.5% improvement in 3Q18 versus 3Q17 reflects higher efficiency in unitary diesel consumption of new locomotives included in the operation. In addition, higher volume of grains transported in the North Operation contributed to this result, since this commodity route has lower average diesel consumption (liters/GTK), compared to sugar flows from the State of São Paulo.

Rail accidents: This index, which measures the number of accidents per million kilometers, improved 2.6% versus 3Q17. Rumo continues reducing the number of rail accidents, thus generating greater operational efficiency.

Personal accidents: This index, which measures the number of accidents that required leave, improved 3.2% in 3Q18 vs. 3Q17. Rumo maintains its commitment to safe operations, in line with international railways' benchmarks.

Transported volume: The total volume transported by North Operation increased, as an effect of higher capacity generated through investments made by the Company. However, the volume transported by South Operation partially reflected lower sugar exports.

Cycle time of railcars: A continued improvement of this index in the North Operation is chiefly due to higher efficiency at terminals operated by the Company, gradually reducing load and unload time.

8. Guidance

This section contains the guidance ranges for some of the key parameters that will influence Rumo's consolidated results for 2018. 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

		2018 Guidance
Rumo	EBITDA (R\$ MM)	3,050 ≤ Δ ≤ 3,250
	Total capex (R\$ MM)	1,900 ≤ Δ ≤ 2,100
	Recurring capex (r\$ mm)	800 ≤ Δ ≤ 900
	Expansion capex (r\$ mm)	1,100 ≤ Δ ≤ 1,200

Disclaimer

This document contains forward-looking statements and information. These forward-looking statements and information are solely forecasts and are not guarantees of future performance. All stakeholders are advised that these forward-looking statements and information are and will be, as applicable, subject to risks, uncertainties and factors related to the operations and business environments of Cosan and its subsidiaries, and hence actual results of these companies could differ significantly from the future results expressed or implied by said forward-looking statements and information.

9. Attachments

9.1 Financial Statements - Rumo

9.1.1 Balance Sheet

Balance sheet (amounts in R\$ MM)	09/30/18	06/30/18
Current assets	3,545.2	3,794.2
Cash and cash equivalents	72.1	81.6
Marketable securities	2,311.7	2,487.5
Trade receivables	363.3	384.8
Inventories	305.6	354.2
Peer company receivables	20.6	39.4
Income tax and social contribution	43.4	76.3
Other taxes recoverable	259.3	206.5
Other assets	169.2	163.8
Non-current assets	22,853.9	22,454.2
Trade receivable	22.4	17.3
Restricted cash	113.9	166.4
Deferred income tax and social contribution	1,028.2	1,086.6
Income tax and social contribution	281.1	257.5
Other taxes recoverable	703.1	728.5
Judicial deposits	346.6	344.1
Derivative and financial instruments	782.6	480.5
Other assets	107.7	108.8
Investments in associates	42.6	39.4
Property and equipment	11,904.3	11,667.8
Intangible	7,521.4	7,557.4
Total assets	26,399.1	26,248.4
Current liabilities	2,747.3	2,933.8
Loans, financing and debentures	1,176.7	1,348.9
Leases	121.7	173.8
Certified real estate receivables - CRI	14.1	36.9
Trade accounts payable	477.7	484.7
Labor and social security obligations	190.4	147.8
Income tax and social contribution taxes	3.2	5.0
Other payable taxes	44.2	42.4
Dividends payables	7.7	6.6
Leases and concessions	29.4	28.8
Payable to related parties	171.0	163.6
Deferred revenue	9.6	10.8
Other financial liabilities	312.2	301.3
Other payables	189.4	183.0
Non-current liabilities	15,482.1	15,379.5
Loans, financing and debentures	8,868.9	8,798.8
Leases	463.9	497.4
Other payables	5.4	7.4
Provision for lawsuits	513.3	534.9
Leases and concessions	3,113.2	3,042.5
Deferred income tax and social contribution	2,379.9	2,348.3
Deferred revenues	43.9	52.4
Other payables	93.6	97.9
Shareholder's equity	8,169.7	7,935.1
Total liabilities	26,399.1	26,248.4

9.1.2 Income Statement

3Q18	3Q17	Chg.%	Income Statement (amounts in R\$ MM)	9M18	9M17	Chg.%
1,877.1	1,648.9	13.8%	Net operating revenue	4,938.3	4,354.2	13.4%
(1,198.8)	(1,090.4)	9.9%	Cost of goods sold	(3,316.0)	(3,010.6)	10.1%
678.3	558.5	21.4%	Gross profit	1,622.4	1,343.7	20.7%
(79.1)	(63.9)	23.8%	Sales, general and administrative expenses	(223.0)	(211.1)	5.6%
(4.5)	(2.0)	>100%	Other net operating income (expenses)	(13.0)	(6.4)	>100%
(257.5)	(388.2)	-33.7%	Net financial result	(1,066.1)	(1,272.6)	-16.2%
3.3	4.0	-19.5%	Equity pickup	8.4	7.2	16.9%
(111.8)	(30.8)	>100%	Income tax and social contribution	(192.8)	(61.8)	>100%
228.6	77.7	>100%	Net profit (loss)	135.8	(201.1)	>100%
12.2%	4.7%	7.5 p.p.	Net margin (%)	2.7%	-4.6%	7.4 p.p.

9.1.3 Cash Flow

3Q18	3Q17	Accounting Cash Flow (amounts in R\$ MM)	9M18	9M17
340.4	108.4	Profit before income tax and social contribution	328.6	(139.3)
354.7	304.2	Depreciation and amortization	1,051.7	892.9
(3.3)	(4.0)	Equity pickup	(8.4)	(7.2)
25.4	22.1	Provision for profit sharing and bonuses	72.6	54.9
(2.9)	2.5	Result on disposals of fixed assets and intangible assets	(7.9)	(1.1)
16.2	15.1	Provision for lawsuits	58.3	47.4
(1.2)	(0.1)	Provision (reversal) for losses on doubtful accounts	(2.1)	11.1
2.1	1.4	Stock option plan	5.5	3.9
52.0	48.1	Leases and concessions	152.6	143.3
258.8	352.7	Interest, monetary and exchange variation, Net	1,033.0	1,164.6
(12.3)	(11.5)	Other	(24.3)	(35.4)
1,029.9	838.8	(=) Adjustments	2,659.7	2,135.1
20.9	(61.1)	Trade receivables	(5.2)	31.2
23.7	1.5	Related parties, net	21.7	34.8
(37.5)	(69.8)	Taxes	(79.9)	(148.2)
43.9	(16.0)	Inventories	(18.5)	26.1
15.6	7.7	Labor and social security payable	(51.6)	(20.6)
(4.4)	64.1	Suppliers	(179.9)	(86.0)
(26.4)	(28.5)	Leases and concessions payable	(79.7)	(84.0)
(49.9)	(34.2)	Lawsuits	(100.7)	(88.3)
2.5	6.4	Other financial liabilities	(2.9)	45.4
(33.4)	9.1	Other assets and liabilities, Net	(152.4)	(115.2)
(45.0)	(120.8)	(=) Changes in assets and liabilities	(649.0)	(404.9)
984.9	718.0	(=) Operational cash flow	2,010.7	1,730.2
212.8	820.2	Marketable securities	958.6	(471.2)
53.4	(6.0)	Restricted cash	112.5	(24.7)
-	1.3	Dividends received from subsidiaries and associated companies	6.5	5.1
(536.5)	(473.8)	Additions to property, plant and equipment, software and other intangibles	(1,576.4)	(1,423.8)
-	-	Cash received from sales of other permanent assets	-	7.0
(270.3)	341.7	(=) Net cash used in investing activities	(498.8)	(1,907.7)
0.4	34.0	Funding	2,137.2	2,490.2
(407.7)	(763.1)	Amortization of principal	(3,083.6)	(1,482.6)
(318.5)	(278.6)	Amortization of interest	(765.7)	(910.2)
2.2	(46.3)	Derivative financial instruments	(29.5)	(18.1)
(0.7)	(1.5)	Dividend paid	(3.3)	(2.1)
(724.4)	(1,055.5)	(=) Cash generated by (used in) financing activities	(1,745.0)	77.2
0.3	(0.2)	Impact of Exchange variation in cash balance	127.1	27.4
(9.5)	4.1	(=) Net increase (decrease) in cash and cash equivalents	(105.9)	(72.8)
81.6	183.5	Beginning balance of cash and cash equivalents	178.0	260.5
72.1	187.7	Final balance of cash and cash equivalents	72.1	187.7