

(Convenience Translation into English from the  
Original Previously Issued in Portuguese)

# **EcoRodovias Infraestrutura e Logística S.A.**

Individual and Consolidated Financial Statements  
for the Year Ended December 31, 2018 and  
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Directors and Officers of  
EcoRodovias Infraestrutura e Logística S.A.  
São Paulo - SP

### **Qualified opinion**

We have audited the accompanying individual and consolidated financial statements of EcoRodovias Infraestrutura e Logística S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2018, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion on the individual and consolidated financial statements* section of our report, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of EcoRodovias Infraestrutura e Logística S.A. as at December 31, 2018, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (IASB).

### **Basis for qualified opinion on the individual and consolidated financial statements**

As described in note 21 to the financial statements, the Federal Prosecution Service is conducting investigations on certain claims involving two of the Company's indirect subsidiaries. Due to these claims, the Board of Directors has created an Independent Committee to conduct the related internal investigations. This work has been completed and the results, combined with the opinion of the Company's outside legal counsel, is currently inconclusive. Consequently, we were unable to obtain sufficient audit evidence to conclude on the possible impacts on the financial statements and additional disclosures that could be required.

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the individual and consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 286,200 professionals make an impact that matters, please connect with us on Facebook, LinkedIn or Twitter.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion on the individual and consolidated financial statements* section of our report, we determined that the matters outlined below are the key audit matters to be communicated in our report.

### a) Recognition of revenue from toll collection

The revenue from toll collection derives from the terms and conditions set out in the highway concession arrangements, which prescribe that "concession is a public service preceded by the performance of public works (intangible assets) which will be operated under toll collection regime and based on other services provided to users". Toll charges are annually adjusted as set forth in the concession arrangements, which directly impacts the revenue of each concessionaire based on the highway traffic volume. Toll collection systems are used to measure and collect toll charges from cars passing through the toll plazas, through manual (payment at the toll booths) and automatic collection (automatic opening of the toll gate after the electronic identification device ("tag") affixed inside cars is read, including the reading of the number of axles of each car passing through the toll gate, and the comparison between the number of axles registered in the tag and the real number of axles of the car). Based on such context, we considered the recognition of revenues from toll collection as a key audit matter that required special audit consideration.

Our key audit procedures adopted to confirm the proper recognition of revenues from toll collection included, without limitation: (i) understanding the internal controls designed by the Company and relevant for the collection, processing and recognition of toll collection revenues; (ii) involving our system audit specialists to support our assessment and understanding of the collection system operation and assess the existing systemic controls (iii) recalculating toll collection revenues based on the traffic reports extracted from the collection system and based on the toll charges effective in accordance with the concession grantor, to determine the accuracy and collection of revenues and (iv) assessing the disclosures in the financial statements.

Based on the audit evidence obtained through the procedures adopted, we believe that the recognition of the revenue from toll collection is acceptable within the context of the financial statements for the year ended December 31, 2018 taken as a whole.

### b) Assessment of the risk of impairment – Ecoporto goodwill

Management annually tests for impairment goodwill based on expected future earnings related to subsidiary Ecoporto Santos S.A. ("Ecoporto") or when circumstances indicate an impairment loss.

In light of the foregoing, this matter was considered as a key audit matter as the assessment process is complex, requires a significant level of judgment by Management and is based on assumptions that are affected by expected conditions arising from the performance of Ecoporto's activities, as well as due to future economic and market conditions.

Our key audit procedures adopted to confirm the proper assessment of the risk of impairment of Ecoporto's goodwill included, without limitation: (i) using specialists to determine the reasonableness of the discount rate adopted in Ecoporto's value-in-use appraisal report, prepared by Management together with external specialists, as well as the mathematical accuracy of the model and reasonableness of the macroeconomic assumptions used by Management; (ii) assessing the design and operation of the relevant internal controls implemented by the Company for the assessment of the risk of impairment of Ecoporto's goodwill; (iii) analyzing and challenging the reasonableness of the main cash generation assumptions, based on documentation that is appropriate and sufficient to support these assumptions used by Management. Additionally, we have also assessed the appropriateness of the related disclosures in the individual and consolidated financial statements.

Based on the audit procedures adopted, we believe that the assessment of the risk of impairment of Ecoporto's goodwill, as well as the related disclosures in the notes to the financial statements, are reasonable, within the context of the individual and consolidated financial statements.

## c) Capitalization of expenditures in concession intangible assets

The highway concession arrangements represent the right to operate the infrastructure, in accordance with ICPC 01 (R1) – Concession Arrangements, which provides for the obligation to build and/or operate the infrastructure (concession intangible asset) for the provision of public services in the name of the concession grantor, as set forth in the arrangement. The criteria adopted to recognize these amounts and the amounts invested in the infrastructure are disclosed in notes 4 and 13.

This matter was considered as a key audit matter, as the capitalizations in the concession intangible assets require the use of assumptions and judgments and the maintenance of controls by the highway concession management, since these capitalizations may not be in accordance with the obligations set forth in the concession arrangement and, when provided for, they can be recorded at incorrect amounts or be unduly capitalized.

Our key audit procedures adopted to confirm the proper recording of and control over these assets included, without limitation: (i) assessing the adequacy of the capitalization policies for the investees' concession intangible assets; (ii) conducting documentary tests with respect to the additions to the concession intangible assets, including validations by the engineering area of the measurements made based on the percentage-of-completion of the works, matching with the service agreements and/or related invoices and (iii) assessing the nature of the expenditures capitalized as concession intangible assets, considering the criteria and requirements set out in the concession arrangement. Additionally, we assessed the related disclosures in the financial statements.

Based on the audit procedures adopted with respect to the capitalization test for expenditures in the concession intangible assets, which is based on Management's assessment, we believe that the expenditure capitalization policies are reasonable, pursuant to the criteria and requirements set out in the concession arrangement to support the judgments, estimates and information included within the context of the financial statements taken as a whole.

## Other matters

### *Statements of value added*

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2018, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion on the individual and consolidated financial statements* section of our report, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

### *Audit of the corresponding figures for the prior year*

The financial statements for the year ended December 31, 2017 were audited by other independent auditors, who issued an unqualified audit report thereon, dated February 22, 2018.

## **Other information accompanying the individual and consolidated financial statements and the independent auditor's report**

Management is responsible for such other information. The other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether such report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. As described in the *Basis for qualified opinion on the individual and consolidated financial statements* section of our report, we were unable to obtain audit evidence that is sufficient and appropriate to conclude on the possible effects on the financial statements arising from the investigations being conducted by the Federal Prosecution Service in two of the Company's indirect subsidiaries. Therefore, we were unable to conclude whether such other information is misstated or not with respect to this matter.

## **Responsibilities of Management and those charged with governance for the individual and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

## **Auditor's responsibilities for the audit of the individual and consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 14, 2019

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

  
Alexandre Cassini Decourt  
Engagement Partner

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2018 AND 2017  
(In thousands of Brazilian reais - R\$)

ASSETS	Notes	Parent		Consolidated		LIABILITIES AND EQUITY	Notes	Parent		Consolidated	
		12/31/2018	12/31/2017	12/31/2018	12/31/2017			12/31/2018	12/31/2017		
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	7	141,953	8,188	2,650,489	1,607,979	Trade payables		2,832	520	100,708	89,544
Securities	8	-	-	61,521	60,234	Borrowings and financing	15	-	-	81,029	74,658
Trade receivables	9	-	-	138,338	148,954	Debentures	16	2,183	-	1,417,300	1,074,858
Recoverable taxes		25,258	27,176	100,757	55,686	Taxes, fees and contributions payable		26,301	229	64,704	36,075
Dividends and interest on capital receivable		-	8,801	-	-	Payroll and related taxes		10,339	10,880	65,572	67,677
Prepaid expenses		239	22	8,112	7,977	Tax Debt Refinancing Program (REFIS)		-	-	778	4,076
Related parties	17	29,708	1,324	186	583	Related parties	17	174,000	414,666	19,881	15,594
Other receivables		158	3,438	35,405	26,064	Payables to concession grantor	20	-	-	10,608	13,488
Assets held for sale	6.b)	74,443	42,118	80,502	231,916	Provision for income tax and social contribution	14.c)	-	-	45,091	24,551
Other receivables - sale of equity interest	6.b)	13,215	-	13,215	-	Provision for maintenance	18	-	-	79,074	90,503
Total current assets		<u>284,974</u>	<u>91,067</u>	<u>3,088,525</u>	<u>2,139,393</u>	Provision for future construction works	19	-	-	71,841	57,568
NONCURRENT ASSETS						Other payables		2,506	2,353	45,813	21,184
Securities	8	-	-	15,809	9,602	Liabilities held for sale	6.b)	-	-	6,059	189,798
Deferred taxes	14.a)	-	-	367,380	356,491	Total current liabilities		<u>218,161</u>	<u>428,648</u>	<u>2,008,458</u>	<u>1,759,574</u>
Escrow deposits	10	2,448	2,299	189,732	188,470	NONCURRENT LIABILITIES					
Related parties	17	42,029	38,681	-	-	Borrowings and financing	15	-	-	564,712	508,710
Other receivables		21,325	-	27,818	7,598	Debentures	16	516,207	84,053	5,445,468	4,340,390
Other receivables - sale of equity interest		69,848	-	69,848	-	Related parties	17	808,146	640,347	-	-
Prepaid expenses		-	-	13,713	13,801	Deferred taxes	14.a)	-	-	22,666	16,767
Investments:						Provision for civil, labor and tax risks	22	-	-	185,464	197,208
In subsidiaries and associates	11.a) e					Provision for maintenance	18	-	-	241,401	179,121
Goodwill	11.b)	1,419,268	1,294,690	1,105	1,071	Provision for future construction works	19	-	-	25,026	7,698
Property, plant and equipment	11.a)	370,806	382,396	-	-	Payables to concession grantor	20	-	-	764,830	-
Intangible assets	12	2,526	2,975	523,532	537,891	Other payables		30,548	757	84,062	49,720
Total noncurrent assets	13	<u>1,928,407</u>	<u>1,721,361</u>	<u>6,932,410</u>	<u>5,676,365</u>	Other payables - acquisition of companies		-	-	38,529	-
						Total noncurrent liabilities		<u>1,354,901</u>	<u>725,157</u>	<u>7,372,158</u>	<u>5,299,614</u>
						EQUITY					
						Issued capital	23.a)	360,900	360,900	360,900	360,900
						Earnings reserve - legal	23.c)	46,140	27,415	46,140	27,415
						Earnings reserve - proposed additional dividends		-	242,862	-	242,862
						Earnings reserve - capital budget		196,821	-	196,821	-
						Capital reserve - stock option plan		51,706	51,472	51,706	51,472
						Capital reserve - sale of noncontrolling interests		14,219	5,441	14,219	5,441
						Treasury shares	23.e)	(29,467)	(29,467)	(29,467)	(29,467)
						Attributable to noncontrolling interests		640,319	658,623	640,319	658,623
						Noncontrolling interests in subsidiaries' equity	23.f)	-	-	-	97,947
						Total equity		640,319	658,623	640,319	756,570
TOTAL ASSETS		<u>2,213,381</u>	<u>1,812,428</u>	<u>10,020,935</u>	<u>7,815,758</u>	TOTAL LIABILITIES AND EQUITY		<u>2,213,381</u>	<u>1,812,428</u>	<u>10,020,935</u>	<u>7,815,758</u>

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

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In thousands of Brazilian reais - R\$, except basic/diluted earnings per share)

	Notes	Parent		Consolidated	
		12/31/2018	12/31/2017	12/31/2018	12/31/2017
NET REVENUE	24	-	-	3,169,267	3,066,359
Cost of services	25	-	-	(1,780,016)	(1,643,157)
GROSS PROFIT		-	-	1,389,251	1,423,202
OPERATING INCOME (EXPENSES)					
General and administrative expenses	25	(39,329)	(28,132)	(219,173)	(225,131)
Share of profit (loss) of subsidiaries	11.a)	544,076	543,162	34	54
Investment amortization - goodwill	11.a)	(11,590)	(17,355)	-	-
Other income (expenses), net		630	602	14,192	13,558
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		493,787	498,277	1,184,304	1,211,683
FINANCE INCOME (COSTS)					
Finance income	26	15,539	13,269	234,631	122,877
Finance costs	26	(116,169)	(114,702)	(695,375)	(578,311)
		(100,630)	(101,433)	(460,744)	(455,434)
OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		393,157	396,844	723,560	756,249
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	14.b)	(142)	3,295	(327,910)	(327,341)
Deferred	14.b)	-	-	4,990	(8,924)
		(142)	3,295	(322,920)	(336,265)
PROFIT FROM CONTINUING OPERATIONS		393,015	400,139	400,640	419,984
LOSS FROM DISCONTINUED OPERATIONS	6.b)	(18,505)	(7,653)	(18,505)	(7,653)
PROFIT FOR THE YEAR		374,510	392,486	382,135	412,331
ATTRIBUTABLE TO:					
Owners of the Company		374,510	392,486	374,510	392,486
Noncontrolling interests		-	-	7,625	19,845
		374,510	392,486	382,135	412,331
EARNINGS PER SHARE - CONTINUING AND DISCONTINUED OPERATIONS					
Basic - earnings for the year attributable to owners of the Company holding common shares	27			0.67302	0.70532
Diluted - earnings for the year attributable to owners of the Company holding common shares	27			0.66634	0.69721
EARNINGS PER SHARE ARISING FROM CONTINUING OPERATIONS					
Basic - earnings for the year attributable to owners of the Company holding common shares	27			0.71998	0.75473
Diluted - earnings for the year attributable to owners of the Company holding common shares	27			0.71283	0.74606

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

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In thousands of Brazilian reais - R\$)

---

	Parent		Consolidated	
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
PROFIT FOR THE YEAR	374,510	392,486	382,135	412,331
OTHER COMPREHENSIVE INCOME	-	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR	<u>374,510</u>	<u>392,486</u>	<u>382,135</u>	<u>412,331</u>
ATTRIBUTABLE TO:				
Owners of the Company			<u>374,510</u>	<u>392,486</u>
Noncontrolling interests			<u>7,625</u>	<u>19,845</u>

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

---

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In thousands of Brazilian reais - R\$, except amount per share)

	Notes	Attributable to owners of the Company				Retained earnings	Equity attributable to owners of the Company	Noncontrolling interests in subsidiaries' equity	Consolidated equity
		Issued capital	Capital reserves, stock options granted and treasury shares	Reservas de lucros					
			Legal	Capital budget	Proposed additional dividends				
BALANCES AS AT DECEMBER 31, 2016		<u>360,900</u>	<u>7,791</u>	-	<u>105,014</u>	-	<u>499,964</u>	<u>72,583</u>	<u>572,547</u>
Stock options granted recognized		-	-	-	-	-	1,187	21	1,208
Capital contribution from noncontrolling shareholders		-	-	-	-	-	-	18,060	18,060
Dividends distributed (R\$0.42 per share)		-	-	-	(105,014)	(130,000)	(235,014)	(12,562)	(247,576)
Profit for the year		-	-	-	-	392,486	392,486	19,845	412,331
Allocation of profit:							-	-	-
Legal reserve	23.c)	-	19,624	-	-	(19,624)	-	-	-
Recognition for dividend reserve (R\$0.43 per share)	23.d)	-	-	-	242,862	(242,862)	-	-	-
BALANCES AS AT DECEMBER 31, 2017		<u>360,900</u>	<u>27,415</u>	-	<u>242,862</u>	-	<u>658,623</u>	<u>97,947</u>	<u>756,570</u>
Capital budget		-	-	196,821	-	(196,821)	-	-	-
Stock options granted recognized		-	-	-	-	-	9,012	3	9,015
Acquisition of noncontrolling interests		-	-	-	-	-	-	(103,420)	(103,420)
Dividends distributed (R\$0.72 per share)		-	-	-	(242,862)	(158,964)	(401,826)	(2,155)	(403,981)
Profit for the year		-	-	-	-	374,510	374,510	7,625	382,135
Allocation of profit:							-	-	-
Legal reserve	23.c)	-	18,725	-	-	(18,725)	-	-	-
BALANCES AS AT DECEMBER 31, 2018		<u>360,900</u>	<u>46,140</u>	<u>196,821</u>	-	-	<u>640,319</u>	-	<u>640,319</u>

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

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the year from continuing operations	393,015	400,139	400,640	419,984
Discontinued operations net of cash	(120,993)	(54,551)	(120,993)	(65,813)
Indemnity assets and liabilities from discontinued operations	3,494	-	3,494	-
Adjustments to reconcile profit (used in) generated by operating activities:				
Depreciation and amortization	664	674	433,569	418,506
Goodwill amortization	11,590	17,355	-	-
Share-based option premium	143	728	234	1,187
Share-based option premium - noncontrolling interests	-	-	4	21
Loss/write-off of property, plant and equipment and intangible assets	-	-	8,494	7,924
Finance charges and inflation adjustment on borrowings, financing and debentures	13,377	4,108	576,354	474,074
Inflation adjustment to concession grantor	-	-	(50)	(1,220)
Provision for civil, labor and tax risks	-	-	4,068	9,928
Inflation adjustment of provision for civil, labor and tax risks	-	-	8,513	20,850
Provision for maintenance and provision for future construction works	-	-	143,014	118,627
Inflation adjustment of provision for maintenance and provision for future construction works	-	-	31,329	34,770
Income from securities	-	-	(4,668)	(6,723)
Allowance for doubtful debts	-	-	2,015	143
Share of profit (loss) of subsidiaries and interest on capital received	(544,076)	(543,162)	(34)	(54)
Withdrawal of escrow deposits	-	-	11,404	5,401
Inflation adjustment of escrow deposits	(149)	(124)	(3,252)	(10,580)
Inflation adjustment of acquisition of equity interest	-	-	1,730	-
Deferred taxes	-	-	(4,990)	8,924
Interest capitalization	-	-	(27,680)	(18,472)
Interest on loans	(3,939)	(4,787)	-	-
Interest on borrowings	31,332	40,877	-	-
Interest on debt assignment	82,739	-	-	-
Payables to Concession Grantor	-	-	61,183	54,177
Provision for income tax and social contribution	142	(3,295)	327,910	327,341
Changes in operating assets:				
Trade receivables	-	-	8,601	5,693
Due from related parties	(27,793)	3,587	-	(582)
Recoverable taxes	1,918	6,161	(45,071)	5,196
Prepaid expenses	(217)	3	(47)	(3,444)
Payment of escrow deposits	-	(27)	(9,414)	(9,278)
Other receivables	3,278	(3,314)	(8,238)	(12,990)
Changes in operating liabilities:				
Trade payables	2,312	(1,264)	11,164	12,918
Payroll and related taxes	(541)	7	(2,105)	8,534
Taxes, fees and contributions payable	26,072	(2,771)	28,629	831
Due to related parties	-	-	4,287	8,847
Payment of provision for civil, labor and tax risks	-	-	(24,325)	(15,938)
Payments of maintenance	-	-	(120,376)	(147,017)
Payments of future construction works	-	-	(482)	(11,454)
Other payables	334	705	3,472	7,321
Payables to Concession Grantor	-	-	(47,267)	(32,978)
Income tax and social contribution	(142)	3,295	(307,370)	(335,306)
Net cash generated by (used in) operating activities	(127,440)	(135,656)	1,343,746	1,279,348
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends and interest on capital received	604,368	509,142	-	-
Capital contribution - noncontrolling shareholders	-	-	(60,000)	18,060
Payment of minority dividends	-	(7,647)	-	(12,562)
Acquisition of property, plant and equipment and intangible assets	(52)	(181)	(739,673)	(596,117)
Intragroup loans	-	-	-	-
Effect of payment/receipt for the sale of Elog	(8,106)	-	(8,106)	-
Investment in subsidiaries - capital contributions	(167,201)	(245,839)	-	-
Net cash (used in) generated by investing activities	429,009	255,475	(807,779)	(590,619)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Intragroup loans	(186,938)	40,342	-	-
Payables to Concession Grantor	-	-	(19,444)	(38,932)
Securities	-	-	(2,826)	6,006
Borrowings, financing and debentures	425,925	79,945	2,010,117	1,595,190
Repayment of borrowings, financing and debentures	-	-	(670,050)	(537,998)
Related parties	-	-	397	-
Tax Debt Refinancing Program (REFIS)	-	-	(3,298)	3,404
Payment of dividends and interest on capital	(401,826)	(235,014)	(401,825)	(235,014)
Interest paid	(4,965)	-	(406,528)	(462,910)
Net cash (used in) provided by financing activities	(167,804)	(114,727)	506,543	329,746
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>133,765</b>	<b>5,092</b>	<b>1,042,510</b>	<b>1,018,475</b>
Cash and cash equivalents at the beginning of the year	8,188	3,096	1,607,979	589,504
Cash and cash equivalents at the end of the year	141,953	8,188	2,650,489	1,607,979
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET</b>	<b>133,765</b>	<b>5,092</b>	<b>1,042,510</b>	<b>1,018,475</b>

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

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF ADDED VALUE  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
REVENUES				
From toll charge collection	-	-	2,528,660	2,533,994
From construction	-	-	653,066	586,536
Port activities	-	-	355,416	276,632
Accessory and intercompany services	-	-	96,871	95,746
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of services	-	-	(1,130,868)	(1,141,324)
Materials, power, outside services and other	(16,473)	(6,485)	(79,768)	(78,851)
GROSS ADDED VALUE (CONSUMED)	(16,473)	(6,485)	2,423,377	2,272,733
DEPRECIATION AND AMORTIZATION	(664)	(674)	(433,569)	(418,506)
INVESTMENT AMORTIZATION	(11,590)	(17,355)	-	-
Other	631	602	(158,486)	
NET ADDED VALUE (CONSUMED)				
PRODUCED BY THE COMPANY	(28,096)	(23,912)	1,831,322	1,854,227
VALUE ADDED RECEIVED IN TRANSFER				
Finance income	15,539	13,269	234,631	122,877
Share of profit (loss) of subsidiaries	544,076	543,162	34	54
Other	-	-	-	2,225
	559,615	556,431	234,665	125,156
TOTAL VALUE ADDED TO DISTRIBUTE	531,519	532,519	2,065,987	1,979,383
DISTRIBUTION OF VALUE ADDED	531,519	532,519	2,065,987	1,979,383
Personnel	21,123	20,072	321,581	330,675
Direct compensation	20,302	18,768	251,010	259,709
Benefits	245	551	55,032	53,870
Severance Pay Fund (FGTS)	576	753	15,539	17,096
Taxes, fees and contributions	142	(3,295)	614,987	617,136
Federal	142	(3,295)	468,621	475,576
State	-	-	4	1
Municipal	-	-	146,362	141,559
Lenders and lessors	117,239	115,603	728,779	611,588
Interest	82,739	71,625	449,867	387,736
Leases	1,069	901	33,404	33,277
Other financial effects	33,431	43,077	245,508	190,575
Shareholders	393,015	400,139	400,640	419,984
Noncontrolling interests	-	-	7,625	19,845
Legal reserve	18,725	19,624	18,725	19,624
Profit (loss) from discontinued operations	18,505	7,653	18,505	7,653
Interim dividends paid	158,964	130,000	158,964	130,000
Recognition of reserve	196,821	-	196,821	-
Dividends paid (payable) in the next year	-	242,862	-	242,862

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018  
(Amounts in thousands of Brazilian reais - R\$)

---

1. GENERAL INFORMATION

EcoRodovias Infraestrutura e Logística S.A. ("EcoRodovias", "EcoRodovias Infraestrutura", "Company" or "EIL") is a publicly held corporation listed on B3 S.A.– Brasil, Bolsa, Balcão, where Company shares are traded under the ticker symbol "ECOR3". The Company is primarily engaged in operating road, port, and logistics concession assets, and companies that provide services related to its core business. EcoRodovias current portfolio includes nine highway concessions, one logistics platform (Ecopátio Cubatão), and one port asset (Ecoporto) in seven states, located in the main trade corridors of the South and Southeast of Brazil. The Company's registered office is located at Rua Gomes de Carvalho, 1.510 - conjuntos 31 e 32, in the city of São Paulo, State of São Paulo (SP).

The Company's direct and indirect subsidiaries ("EcoRodovias Group") are summarized in note 11.

These financial statements were approved by the Company's executive committee and authorized for issue on March 14, 2019.

2. PRESENTATION OF FINANCIAL STATEMENTS

2.1. Statement of compliance and basis of preparation

The Company's financial statements comprise:

Parent's individual and consolidated financial statements

The individual and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and also in accordance with the accounting practices adopted in Brazil ("BR GAAP").

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporate Law and the technical pronouncements, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by the Federal Accounting Council ("CFC") and the Brazilian Securities and Exchange Commission ("CVM").

As there is no difference between the consolidated equity and the consolidated profit or loss attributable to the Parent's shareholders, disclosed in the consolidated financial statements prepared in accordance with IFRSs and the accounting practices adopted in Brazil, and the Parent's equity and profit or loss disclosed in the individual financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated financial statements in a single set, using a side-by-side format.

Management asserts that all relevant information for the financial statements, and only this information, is being disclosed and that it corresponds to the information used in managing the Company.

The financial statements have been prepared based on the historical cost, which is generally based on the fair value of the consideration paid in exchange for assets and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market players at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market players would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on this basis, except for share-based payment transactions that are within the scope of IFRS 2 (CPC 10 (R1)), or value in use in IAS 36 (CPC 01 (R1)) - Impairment of Assets.

## 2.2. Basis of consolidation and investments in subsidiaries

The consolidated financial statements comprise the control achieved when the Company is exposed, has rights to variable returns from its involvement with the investee and has the ability to affect those returns through the power exercised over an investee, which corresponds in the Company to an associate and joint venture.

An associate is an entity over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without exercising individual or joint control over those policies.

Joint venture is a joint business through which its parties holding joint control over the arrangement are entitled to the net assets of the joint venture. Joint control is the contractually agreed sharing of control, applicable solely when the decisions on the relevant activities require the unanimous approval of the parties sharing such control.

The Company's investments in its associate and joint venture are accounted for under the equity method of accounting.

The associates' financial statements have been prepared for the same reporting period as the Company's reporting period. Adjustments are made so that the accounting policies are aligned with those of the Company, when necessary.

The ownership interests in subsidiaries and joint ventures, which are all entities domiciled in Brazil, are shown below:

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Core business</u>
<u>Direct subsidiaries:</u>			
Ecorodovias Concessões e Serviços S.A.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder, and also providing administrative, financial, human resources, information technology, engineering and procurement services.
EIL01 Participações Ltda.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
Ecoporto Santos S.A.	100%	100%	Engaged in performing port activities, import and export cargo handling and storage in the Port of Santos.

Termares - Terminais Marítimos Especializados Ltda.	100%	100%	Engaged in customs controlled import and export cargo handling and storage.
ELG-01 Participações Ltda.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
EIL04 S.A.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
EIL02 S.A. (100% up to September 2018)	-	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
EIL03 S.A.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
Concessionária do Rodoanel Norte S.A. - Ecorodoanel	100%	100%	In preoperating stage, in the future engaged in operating the highway system Ponte Rodoanel Norte under concession regime.
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Core business</u>
Joint venture:			
Consórcio Rota do Horizonte S.A.	20%	20%	Engaged in operating the North Metropolitan Ring Road of the Metropolitan Region of the City of Belo Horizonte in Minas Gerais.
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Core business</u>
Indirect subsidiaries: via Ecorodovias Concessões e Serviços S.A.			
Concessionária Ecovias dos Imigrantes S.A.	100%	100%	Engaged in operating the highway system comprised of the Anchieta-Imigrantes System under concession regime.
Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas	100%	100%	Engaged in operating the highway system through the collection of toll charges and accessory revenues, as set forth in the concession arrangement.
Concessionária Ecovia Caminho do Mar S.A.	100%	100%	Engaged in operating Lot 006 of the Paraná State Highway Concession Program under concession regime.
Rodovia das Cataratas S.A. - Ecocataratas	100%	100%	Engaged in operating Lot 003 of the Paraná State Highway Concession Program under concession regime.
Empresa Concessionária de Rodovias do Sul S.A. - Ecosul (90% up to February/2018)	100%	90%	Engaged in operating certain sections comprising the so-called Pelotas Highway System under concession regime.
Eco101 Concessionária de Rodovias S.A. (58% up to August/2018)	100%	58%	Engaged in operating the concession of highway BR-101 ES/BA.
Concessionária da Ponte Rio-Niterói S.A. Ecoponte	100%	100%	Engaged in operating the concession of highway BR-101/RJ - Access to Ponte Presidente Costa e Silva (Niterói) - Entr. RJ-071 (Linha Vermelha) "Ponte Rio-Niterói".

Eco135 Concessionária de Rodovias S.A.	100%	-	Engaged in operating the lot of highways of the Minas Gerais State under concession regime.
EIL02 S.A. (beginning October/2018)	100%	-	Engaged in holding ownership interests in other entities, as a partner or shareholder.

On September 28, 2018, the Company has transferred all shares held in EIL02 S.A. to its direct subsidiary Ecorodovias Concessões e Serviços S.A., through the sale of all of its 3,300 shares, representing 100% of EIL02's capital, for R\$2,045.38.

### 2.3. Concession arrangements

The Company's main concession arrangements are described below by entity:

#### I) Concessionária Ecovias dos Imigrantes S.A.

Engaged in operating the Anchieta-Imigrantes System, which has a total length of 176.8 km, and basically comprises the following: (a) Anchieta highway (SP-150 - from km 9.7 to km 65.6); (b) Imigrantes highway (SP-160 - from km 11.5 to km 70.0); (c) Planalto intersection (SP-041 - with a length of 8 km); (d) Baixada intersection (SP-059 - with a length of 1.8 km); (e) Padre Manoel da Nóbrega highway (SP-055/170 - from km 270.6 to km 292.2); and (f) Cônego Domênico Rangoni highway (SP-055/248 - from km 0 to km 8.4 and km 248.0 to km 270.6). The arrangement, which was accounted for as an intangible asset, will be effective up to June 2026.

#### II) Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas

Engaged in managing the set of traffic lanes of the Ayrton Senna-Carvalho Pinto corridor, respective rights-of-way and buildings, facilities and equipment therein, with a length of 143.5 km. The arrangement, which was accounted for as an intangible asset, will be effective up to June 2039.

#### III) Concessionária Ecovia Caminho do Mar S.A.

Engaged in operating the section of 136.7 km comprising the following: (a) BR-277 highway stretch between the City of Curitiba and the Port of Paranaguá, with a length of 85.7 km; (b) PR-508 highway stretch between the BR-277 highway and the City of Matinhos, with a length of 32 km; and (c) PR-407 highway stretch between the BR-277 Highway and Praia de Leste, with a length of 19 km. The Company's head office is located at BR-277 highway, km 60.5. The arrangement, which was accounted for as an intangible asset, will be effective up to November 2021.

#### IV) Rodovia das Cataratas S.A. - Ecocataratas

Engaged in operating the section of 387.1 km between the City of Guarapuava, in the State of Paraná, and the City of Foz do Iguaçu, also in the State of Paraná. The concession arrangement will be effective for 24 years. The arrangement, which was accounted for as an intangible asset, will be effective up to November 2021.

#### V) Empresa Concessionária de Rodovias do Sul S.A. - Ecosul

Engaged in operating the so-called Pelotas Highway System, the following highways and sections under concession regime: BR-116, between the cities of Pelotas and Camaquã, with a length of 123.4 km; BR-116, between the cities of Pelotas and Jaguarão, with a length of 137.1 km; BR-392, between the cities of Pelotas and Rio Grande, with a length of 68.4 km and BR-392, between the cities of Pelotas and Santana da Boa Vista, with a length of 128.4 km. The arrangement, which was accounted for as an intangible asset, will be effective up to March 2026.

## VI) ECO101 Concessionária de Rodovias S.A.

Engaged in operating the BR-101/ES/BA federal highway between BA-698 (access to Mucuri-BA) up to the border of the states of ES/RJ under concession regime. The 25-year concession (counted from the asset assumption and transfer date on May 10, 2013) consists of operating the infrastructure and providing public recovery, operating, maintenance, monitoring, upkeep, improvement implementation and highway system capacity expansion services for BR101/ES/BA federal highway between BA-698 (access to Mucuri-BA) up to the border of the states of ES/RJ, through the collection of toll charges and other sources of accessory revenue. The arrangement, which was accounted for as an intangible asset, will be effective up to May 2038.

## VII) Concessionária da Ponte Rio-Niterói S.A. Ecoponte

On May 18, 2015, the Company, through its subsidiary Concessionária Ponte Rio-Niterói S.A. - Ecoponte, has signed the concession arrangement for the operation of the infrastructure and provision of public operating, maintenance, monitoring, upkeep and improvement implementation services for the highway system, through the collection of toll charges, within a period of 30 years, counted from June 1, 2015, of BR-101/RJ: access to Ponte Presidente Costa e Silva (Niterói) - Entr. RJ-071 (Linha Vermelha). The arrangement, which was accounted for as an intangible asset, will be effective up to June 2045.

## VIII) Ecoporto Santos S.A.

The lease agreement entered into between Companhia Docas do Estado de São Paulo - CODESP and Ecoporto Santos S.A. is effective for 25 years. Five amendments to the agreement were entered into; however, these amendments do not change the agreement period, which in principle expires on June 12, 2023. Clause Sixteen to the agreement provides for its extension by up to 12 months if requested prior to the agreement's expiration date, which can be granted by the concession grantor if Ecoporto Santos meets all its legal and contractual obligations. In the aftermath of the industry's new regulatory framework, the concession grantor is now the Ministry of Transportation, Ports and Civil Aviation (MTPAC), while the National Water Transportation Agency (ANTAQ) is responsible for the industry's oversight and regulation. Ecoporto Santos requested the early extension of the agreement by filing a request and all the relevant documentation and the administrative process should continue to be processed by the relevant agencies. With regard to the agreement extension, lessee is required to comply with the sectorial laws and regulations (Article 57 of Law 12815/2013, Decree 8033/2013, as amended, SEP Administrative Rule 349/2014 and ANTAQ Resolution 3220/2014), and Ecoporto Santos' request must be filed together with an Investment Plan, a Technical, Economic and Environmental Feasibility Study (EVTEA), and the information necessary to evaluate compliance with existing contractual obligations. In light of the current laws and regulations, Management believes that the likelihood of having its right to the extension of the lease agreement acknowledged is more than probable, provided that Ecoporto Santos' performance is maintained and it complies with the provisions of sectorial regulations, especially the feasibility study for the new lease period. Accordingly, the public interest in maintaining the activities will remain unchanged, which is the line of action that Ecoporto Santos will adopt. The two class actions No. 0010874-75.2002.403.6104 and No. 0002925-92.2005.4.03.6104 (1<sup>st</sup> Federal Court of Santos) were dismissed and shelved. The Legal Settlement Instrument entered into among the 3<sup>rd</sup> Region Federal Attorneys' Office, Companhia Docas do Estado de São Paulo, Ecoporto Santos S.A., Ministry of Transportation, Ports and Civil Aviation (MTPAC) and the Municipality of Santos, whereby the discussion related to the validity of the agreement and respective addenda was ended, has been ratified. The agreement ratifies the lease agreement

and the necessary maintenance of the public port services provided by Ecoporto. There are decisions issued on Representation No. 012.194/2002-1 of the Federal Court of Auditors and ANTAQ's Litigation Administrative Proceeding No. 50300.000155/2013-62 acknowledging the possibility of extending a lease agreement. The amortization and depreciation period takes into consideration the extension of the agreement for another 25 years (until 2048), and Management will review this scenario annually.

IX) ECO135 Concessionária de Rodovias S.A.

Established on April 18, 2018 to solely provide, under the concession regime, public services consisting of the operation, management, widening, upkeep and investments required to operate the highway system denominated Highway Lot: (i) BR-135 – from km 367.65 (beginning of the interchange ramp in the intersection of BR-135 with BR-122/251/365 – contorno Montes Claros) to km 668.85 (beginning of the interchange ramp in the intersection of BR-135 with BR-040(A) – São José da Lagoa, 301.20 km long; (ii) MG-231 – from km 41.00 (intersection of MG-231 with LMG-754 – Cordisburgo city urban limits) to km 63.65 (beginning of the interchange ramp in the intersection of MG-231 with BR-040 - Paraopeba), 22.65 km long; and (iii) LMG-754 – from km 2.85 (end of the interchange ramp in the intersection of LMG-754 with Avenida Brasil – Curvelo city urban limits) to km 42.95 (intersection of LMG-754 with MG-231 – Cordisburgo city urban limits), 40.10 km long, a total length of 363.95 km, as well as performance and management of delegated services, support to inspection and management of supplementary services directly provided by the concessionaire. The arrangement, which was accounted for as an intangible asset, will be effective up to 2048. The collection of toll charges is expected to begin on April 1, 2019.

X) Concessionária do Rodoanel Norte S.A.– Ecorodoanel

Established on February 20, 2018 to solely provide, under the concession regime, public services consisting of the operation, management, widening, upkeep and investments required to operate the highway system denominated North Ring Road Lot between the cities of Guarulhos and São Paulo, located at Rodovia dos Imigrantes, S/N, 1º andar, Sala 01, Bairro Alvarenga – São Bernardo do Campo – SP: The North Ring Road section has 46 km. The company is in preoperating stage, waiting for the execution of the concession arrangement.

2.4. Functional presentation currency

The financial statements of the Parent and its subsidiaries included in the consolidated financial statements are presented in Brazilian reais, the currency of the main economic environment where the companies operate ("functional currency").

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies described below were consistently applied for all years presented and for the Company's individual and consolidated financial statements:

## a) Transactions and balances in foreign currency

Foreign currency-denominated transactions are translated into the Company's functional currency (Brazilian real – R\$) at the exchange rates prevailing on the transaction dates. Balance sheet accounts denominated in foreign currency are translated at the exchange rates prevailing at the end of the reporting periods. Exchange gains and losses resulting from the settlement of such transactions and the translation of foreign currency-denominated monetary assets and monetary liabilities are recognized in profit or loss for the year.

## b) Financial instruments

Financial assets and financial liabilities are recognized in the Company's and its direct and indirect subsidiaries' balance sheet when the Company and its subsidiaries are parties to the underlying contract. Financial assets and financial liabilities are initially measured at their fair values. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, if applicable, upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

Financial assets

All financial assets recognized are subsequently measured at amortized cost or at fair value, depending on their classification. The classification is made based on both the Company's business model for the financial asset management and the contractual cash flow characteristics of the financial asset.

Classification of financial assets

The debt instruments are subsequently measured at amortized cost provided that the following conditions are met:

- i) The financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

The debt instruments are subsequently measured at fair value through other comprehensive income provided that the following conditions are met:

- i) The financial assets are held within a business model whose objective is achieved upon collecting contractual cash flows and selling financial assets; and
- ii) The contractual terms of the financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount. In general, all other financial assets are subsequently measured at fair value through profit or loss.

Amortized cost

The effective interest method is used to calculate the amortized cost of a debt instrument and allocate its interest income over the relevant period.

For financial assets, except for impaired financial assets acquired or originated (i.e., assets that might be impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), less any expected credit losses, through the expected life of the debt instrument or, when appropriate, over a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For impaired financial assets acquired or originated, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, plus expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of financial assets corresponds to the amount at which the financial assets are measured on initial recognition, less any principal repayments, including accumulated amortization of any difference between the original amount and the amount repayable at maturity determined using the effective interest method, adjusted for any loss allowance.

The gross carrying amount of a financial asset corresponds to its amortized cost before adjustment for any loss allowance. Interest income is recognized using the effective interest method for debt instruments subsequently measured at amortized cost. For financial assets, except for impaired financial assets acquired or originated, interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets other than financial assets that might be subsequently impaired (see below). For financial assets that might be subsequently impaired, the Company and its subsidiaries recognize interest income by applying the effective interest rate to the amortized cost of financial assets. If, in subsequent reporting periods, the credit risk underlying the impaired financial instruments improves so that the financial assets are no longer impaired, interest income will be recognized by applying the effective interest rate to the gross carrying amount of financial assets.

Interest income is recognized in profit or loss and included in "Finance income" (see note 26).

#### Financial assets measured at fair value through comprehensive income

Financial assets are measured at fair value through comprehensive income if they satisfy cash flow criterion that are solely payments of outstanding principal and interest, and that are held within a business model whose objective is achieved both by obtaining contractual cash flows and selling financial assets. Not applicable to the Company and its subsidiaries.

#### Financial assets measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss when assets fail to satisfy the classification criteria of other previous categories or when they are designated to eliminate or reduce an accounting mismatch upon initial recognition.

#### Impairment of financial assets

At the balance sheet date the Company assesses whether there is any objective evidence that determines if the financial assets or groups of financial assets are impaired as a result of one or more events that occurred after initial recognition, with an impact on the estimated future cash flows of the financial assets or groups of financial assets, that can be reasonably estimated.

#### Financial liabilities

All financial liabilities are subsequently measured at amortized cost under the effective interest method or measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss

Financial liabilities are measured at fair value through profit or loss when they are (i) a contingent consideration from a buyer in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company refer to contracts that require payment for the holder's reimbursement for losses incurred when the specified debtor fails to make the payment according to the terms of the corresponding debt instrument. Financial guarantee contracts are initially recognized as a liability measured at fair value, adjusted by transaction costs directly related to the issuance of the guarantee. Subsequently, the liability is measured based on the higher of the best estimate of the expense required to settle the present obligation at the balance sheet date or the recognized amount less amortization.

Derecognition

A financial liability is derecognized when the obligation is revoked or discharged, or when it expires. When an existing financial liability is replaced for another one from the same lender with terms and conditions substantially different, or the terms of an existing liability are significantly modified, such replacement or modification is recognized as derecognition of the original liability and recognition of a new liability, and the difference in the carrying amounts is recorded in the income statement.

c) Impairment test of non-financial assets

Management reviews annually the carrying amount of assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable value, an allowance for impairment is recorded to adjust the carrying amount to the recoverable value.

The following criterion is applied to assess the impairment loss of specific assets:

Goodwill paid based on expected future earnings

Goodwill is annually tested for impairment (on December 31) or whenever circumstances indicate that it is impaired.

Intangible assets

Intangible assets with indefinite useful lives are annually tested for impairment (on December 31), individually or at the cash-generating unit level, as the case may be, or whenever circumstances indicate that they are impaired.

d) General provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects that the amount of a provision will be reimbursed, whether fully or partially, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense related to any provision is disclosed in the income statement.

e) Business combination

Business combinations are recognized using the acquisition method. The cost of an acquisition is measured based on the sum of the consideration transferred, determined using the fair value at the date of acquisition, and the amount of any noncontrolling interests in the acquiree. For each business combination, the acquirer must measure noncontrolling interests in the acquiree at fair value or based on its share of the acquiree's identifiable net assets. Costs directly attributable to the acquisition are accounted for as expense when incurred. Goodwill is initially measured as the excess of the consideration transferred in relation to the net assets acquired (identifiable net assets acquired and liabilities assumed).

If the consideration is lower than the fair value of the net assets acquired, the difference must be recognized as a gain in the income statement.

f) Present value adjustment of assets and liabilities

Long-term monetary assets and liabilities were adjusted to present value on the transaction date, according to their maturities, using the average rate of finance charges on funding, both for customers and suppliers. The present value adjustment of short-term monetary assets and liabilities is calculated, and only recorded, if considered material in relation to the financial statements taken as a whole. For the purpose of recording and determination of materiality, the present value adjustment is calculated considering the contractual cash flows and the explicit, and in certain cases implicit, interest rate of the respective assets and liabilities.

g) Borrowing, financing and debenture costs

Borrowing, financing and debenture costs directly related to the acquisition, construction or production of an asset that necessarily requires a significant time to be completed for use or sale are capitalized as part of the cost of the corresponding asset. All other borrowing costs are recorded as expenses when incurred.

h) Assets and liabilities held for sale

An operation is classified as discontinued when it has been disposed of or at an earlier date if the criteria for classification as held for sale have been met. When an operation is classified as a discontinued operation, the comparative income statement and statement of cash flow are presented as if the operation had been discontinued from the beginning of the comparative year; for this reason, the term "reclassified" was included in the comparative statements.

These assets are measured at the lower of the carrying amount and the fair value less selling expenses.

Upon classification as held for sale, intangible assets and property, plant and equipment are not amortized or depreciated.

Gains or losses on discontinued operations is stated as a single amount in the income statement, comprising total profit or loss after income tax and social contribution on these transactions.

i) New and revised standards and interpretations already issued and adopted

The accounting pronouncements and interpretations below, issued up to December 31, 2018 by the International Accounting Standards Board (IASB), were adopted by the Company in the financial statements for the year ended December 31, 2018.

Standard	Requirement	Impact on the financial statements
IFRS 9 (CPC 48)- Financial Instruments (i)	In 2014, IASB published IFRS 9 in its entirety, which mostly supersedes IAS 39. IFRS 9 establishes requirements for the recognition and measurement of financial assets, financial liabilities and some non-financial item purchase and sale agreements, in addition to the impairment methodology, hedge accounting, etc.	Adoption in annual periods beginning on January 1, 2018 with change in the classification of the financial assets and financial liabilities.
IFRS 15 (CPC 47) - Revenue from Contracts with Customers	IFRS 15 (CPC 47 - Revenue from Contracts with Customers) was issued in May 2014 and amended in April 2016, establishing a five-step model to account for revenues from contracts with customers. Under IFRS 15, revenue is recognized in an amount that reflects the consideration an entity expects to receive in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements according to the IFRS. Full retrospective adoption or modified retrospective adoption will be mandatory for annual periods beginning on January 1, 2018. The Group plans on adopting the new standard on the required effective date under the full retrospective approach.	The Company has identified impacts when compared to the current revenue requirements in relation to the revenue recognition prescribed by IFRS 15 for services in the highway, ports and logistics concession segments. The Company has identified new disclosure requirements related to the reclassification of variable consideration, rebate per volume, and, consequently, there was a reclassification in the ports segment by IFRS 15, the adjustments in the current year will decrease sales revenue by approximately R\$134,345.
(i)	CPC 48 Financial Instruments that introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities and replaces the "incurred loss" model of IAS 39 for an expected credit loss model is effective beginning January 1, 2018.	

The change with respect to the classification of the Company's financial assets and financial liabilities in accordance with CPC 48 is shown below:

	Previous classification	Classification in accordance with CPC 48
<b>Assets:</b>		
Cash and banks	Loans and receivables	Fair value through profit or loss
Trade receivables	Loans and receivables	Amortized cost
	Loans and receivables	Fair value through profit or loss
Short-term investments and securities		
	Previous classification	Classification in accordance with CPC 48
<b>Liabilities:</b>		
Trade payables	Other financial liabilities	Amortized cost
Borrowings and financing	Other financial liabilities	Amortized cost
Debentures	Other financial liabilities	Amortized cost
Payables to concession grantor	Other financial liabilities	Amortized cost
Phantom Stock Option	Other financial liabilities	Amortized cost

j) New standards not yet effective

Standard	Requirement	Impact on the financial statements
IFRS 16 Leases (effective beginning 01/01/2019)	The new standard establishes the principles, both for the customer (lessee) and the supplier (lessor), on the provision of relevant information on leases to clearly disclose lease transactions in the financial statements. To achieve such objective, the lessee is required to recognize assets and liabilities resulting from a lease agreement.	The Company's Management is assessing the impacts from IFRS 16 and understands that its adoption will impact the financial statements.
IFRIC 23 Uncertainty over Income Tax Treatments (effective beginning 01/01/2019)	The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the adoption of IAS 12, and is not applicable to taxes or emoluments outside the scope of IAS 12, nor specifically includes the requirements related to interest and fines related to uncertainties over the applicable tax treatment.	The Company's Management is assessing the impacts from IFRIC 23 and understands that its adoption will not significantly impact the financial statements.

(i) CPC 06 (R2)/IFRS 16 – Leases

The Company has assessed the potential impact arising from the initial adoption of CPC 06 (R2) / IFRS 16 on the consolidated financial statements, as described below. The real impacts arising from the adoption of the standard beginning January 1, 2019 can change because:

The new accounting policies are subject to change until the Group discloses its first financial statements including the initial adoption date.

IFRS 16 introduces a single model for the recognition of leases in the lessees' balance sheet. A lessee recognizes a right-of-use asset that represents its right to use the asset and a lease liability that represents its obligation to make lease payments. Exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, i.e., lessors continue to classify leases as finance or operating leases.

IFRS 16 supersedes the existing lease standards, including CPC 06/IAS 17 - Leases and ICPC 03/IFRIC 4, SIC 15 and SIC 27 - Supplemental Aspects of Leases.

Leases where the Company is a lessee

The Company will recognize new assets and liabilities for the operating leases of properties, vehicles, machinery and equipment, containers, etc. The nature of the expenses related to those leases will change because the Group will recognize a depreciation cost for right-of-use assets and interest expense on lease obligations.

The Company previously recognized a straight-line operating lease expense during the lease term, and recognized assets and liabilities to the extent that there was a timing difference between effective lease payments and expenses recognized.

No significant impact on the Company's finance leases is expected.

Based on currently available information, the Company and its direct and indirect subsidiaries expect to recognize additional lease obligations in the amount of R\$8,554 on January 1, 2019.

k) Reclassification

As at December 31, 2017, the direct subsidiaries Ecoporto Santos and Termareis Terminais Marítimos, as service providers, observed that the criteria for recognition and measurement of revenues from contracts with customers are in accordance with CPC 47 as their revenues are already recognized to the extent that they fulfill performance obligations. Similarly, revenues from contracts with customers are equally measured at the transaction price.

However, the amounts of variable consideration and rebate per volume, previously classified as cost of services, were reclassified to sales deductions. The amount reclassified as at December 31, 2017 was R\$134,345 for purposes of comparability, adjusted in note 24, as shown below:

	12/31/2017		
	Originally stated	Application of CPC 47	Adjusted
Revenue from toll collection	2,533,994	-	2,533,994
Construction revenue – ICPC 01	586,536	-	586,536
Port revenues	276,632	-	276,632
Accessory revenues and intercompany revenue	95,746	-	95,746
Total gross revenue	3,492,908	-	3,492,908
Revenue deductions	(292,204)	(134,345)	(426,549)
Net revenue	3,200,704	(134,345)	3,066,359

	12/31/2017		
	Originally stated	Application of CPC47	Adjusted
<u>Tax base</u>			
Revenue from toll collection	2,533,994	-	2,533,994
Port revenues	276,632	-	276,632
Accessory revenues and intercompany revenue	95,746	-	95,746
	2,906,372	-	2,906,372
<u>Deductions</u>			
COFINS (tax on revenue)	(114,503)	-	(114,503)
PIS (tax on revenue)	(24,808)	-	(24,808)
ISS (service tax)	(141,559)	-	(141,559)
Other – State Vat (ICMS)	(1)	-	(1)
Deduction of revenue recognition (*)	(11,333)	(134,345)	(145,678)
	(292,204)	(134,345)	(426,549)

(\*) Under the new requirement of CPC 47 - Revenue from Contracts with Customers, the Company reclassified variable consideration and rebates per volume previously disclosed as selling expenses.

In relation to the highway concession and logistics segments, the Company did not identify impacts arising from the adoption of this accounting pronouncement.

#### l) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the year, excluding common shares bought by the Company and held in treasury.

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all potential common shares that would result in dilution. The Company has only one category of potential common shares that would result in dilution: the stock option plan.

#### 4. USE OF KEY ESTIMATES AND JUDGMENT

The Company's Management establishes judgments, estimates and assumptions in relation to future events. These judgments, estimates and assumptions that represent a significant risk and that would probably cause a material adjustment to the carrying amounts of assets and liabilities for the next year are as follows:

- Discount rate: determination of discount rates at present value used in measuring certain current and noncurrent assets and liabilities;

- Amortization rate: determination of amortization rates for intangible assets obtained based on economic traffic projection studies;
- Provisions: determination of provisions for maintenance, determination of provisions for future investments arising from concession arrangements which economic benefits are diluted in current toll charges, provisions for civil, labor and tax risks, losses on trade receivables and preparation of projections for deferred income tax and social contribution realization; and
- Impairment: Management reviews annually the carrying amount of assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable value, an allowance for impairment is recorded to adjust the carrying amount to the recoverable value.

#### Accounting for concession arrangements

In accounting for concession arrangements, the Company conducts analyses involving Management's judgment mainly with respect to the application of the interpretation on concession arrangements, determination and classification of improvement and construction costs as intangible asset and assessment of future economic benefits in order to determine when intangible assets generated under concession arrangements are recognized. The disclosures for each of the Company's concession arrangement and its characteristics are described in note 2.3.

#### Intangible assets recognition timing

The Company's Management assesses the intangible assets recognition timing based on the economic characteristics of each concession arrangement. Subsequent additions to the intangible asset will only be accounted for upon provision of the related service that has potential to generate additional revenue. In these cases, for example, the construction obligation is not recognized when the concession arrangement is executed but at the time of the construction, as a contra entry to the intangible asset.

#### Determination of the annual amortization expense of intangible assets arising from concession arrangements

The Company recognizes the effect of the amortization of intangible assets arising from concession arrangements limited to the final term of the respective concession, except for direct subsidiary Ecoporto Santos S.A., where the Company already calculates the concession term considering the renewal. The calculation is made based on the expected pattern of consumption of the economic benefit generated, which normally arises from the traffic curve. Accordingly, the amortization rate is determined based on economic studies that seek to reflect the projected highway traffic growth and future economic benefits arising from each concession arrangement. The Company uses traffic projection and study models for its concession highways.

#### Determination of construction revenues

Construction revenue is recognized at fair value, as well as the related costs transformed into expenses related to the construction service provided. Under ICPC (Accounting Pronouncements Committee Interpretation) 01, whenever a service concessionaire performs works, even if provided for in an agreement, it performs construction services, which can be compensated under two methods: upon receipt of the amounts from the concession grantor (financial asset) or toll charge payment (intangible asset). In the latter case, which is applicable to all concessionaires of highways managed by the Company, the construction revenue must be recognized at fair value, and the respective costs must be transformed into expenses related to the construction service provided. In accounting for construction profit margins, Management assesses issues related to the primary

responsibility for the provision of construction services, even in the cases in which services are outsourced; costs on works management and/or monitoring; and the EcoRodovias Group's company that performs construction services. The Company's Management understands that construction services are contracted at market value and, therefore, does not recognize a profit margin for construction activities.

#### Determination of the adjustment to present value of certain assets and liabilities

The effects of the adjustment to present value are assessed and recognized based on the time value of money and the related uncertainties. As at December 31, 2018 and 2017, assets and liabilities adjusted to present value, as well as the main assumptions used by Management to measure and recognize them, are as follows:

- a) Provision for maintenance and future construction work arising from estimated disbursements to meet the concession contractual obligations whose economic benefits are already accrued by the Company, and provision for maintenance arising from estimated costs to meet the concession contractual obligations concerning the use and maintenance of highways at predefined use levels. The present values of these provisions were measured using the projected cash flow method on the dates in which funds are expected to be disbursed to meet the related obligations (estimated for the entire concession period) and discounted using a discount rate ranging between 6.91% and 12.33% per year. The discount rate used by Management is based on the weighted average rate of funding. The measurement and criteria of related amounts are described in notes 18 and 19.
- b) Obligations to the concession grantor arising from obligations incurred by the Company related to the concession right. The measurement and criteria of related amounts are described in note 20.

#### 5. RECLASSIFICATIONS MADE BY MANAGEMENT

Indirect subsidiaries Ecovias, Ecocataratas, Ecopistas and Ecovia reclassified R\$8,833, R\$4,990, R\$4,568 and R\$3,323, respectively, between line items 'Property, plant and equipment' and 'Intangible assets' for the year ended December 31, 2017, thus reflecting in the Company's consolidated financial statements. The purpose of such reclassification is to conform the presentation of line items 'Buildings' and 'Facilities'.

	<u>Originally reported</u>	<u>Reclassification</u>	<u>Restated</u>
Property, plant and equipment	559,605	(21,714)	537,891
Intangible assets	<u>4,539,727</u>	<u>21,714</u>	<u>4,561,441</u>
	<u>5,099,332</u>	<u>-</u>	<u>5,099,332</u>

Management reclassified the amount of R\$6,437 between line items 'Net cash from financing activities' and 'Net cash from operating activities' for the year ended December 31, 2017. The purpose of such reclassification is to conform the presentation of line items 'Payables to concession grantor'.

	<u>Originally reported</u>	<u>Reclassification</u>	<u>Restated</u>
Net cash from financing activities			
Payables to Concession Grantor	(45,369)	6,437	(38,932)
Net cash from operating activities			
Payables to Concession Grantor	<u>(26,541)</u>	<u>(6,437)</u>	<u>(32,978)</u>
	<u>(71,910)</u>	<u>-</u>	<u>(71,910)</u>

## 6. DISCONTINUED OPERATIONS

### a) Sale of equity interest

According to the material event notice disclosed to the market on December 13, 2017, on that date the Company entered into a Share Purchase and Sale Agreement, which established the terms and conditions for the sale of 100% of Elog S.A.'s capital to Multilog S.A. for R\$90,000 to be paid in 84 monthly, equal and consecutive installments, adjusted for inflation based on the CDI (interbank deposit rate) as from the date of completion. The completion of the disposal was subject to the verification of certain conditions precedent, which included: (i) previous communication and /or approval from the Brazilian Federal Revenue Service, received on March 1, 2018; (ii) approval from the CADE (Brazilian antitrust agency), which granted approval without restrictions on December 27, 2017; (iii) transfer of the shares of Ecopátio Logística Cubatão Ltda. to the Company, occurred on February 8, 2018; and (iv) payment of the total debt of Elog, occurred on March 8, 2018. The completion of the transaction occurred on March 7, 2018, with the effective transfer of shares. On August 09, 2018, the "purchase price adjustment" was determined in the amount of R\$2,790 on behalf of the Company, thus the sale totaled R\$92,790.

The sale of Elog S.A. is consistent with the EcoRodovias Group's strategy to focus on highway concession assets.

The purchase and sale agreement establishes an indemnity clause and the Company's responsibility for indemnifying the buyer in case of losses on events occurred until the sale closing date, including any litigations related to existing contingent liabilities. The agreement establishes the following limitations:

- (i) The indemnity obligation is limited to a minimum of R\$10 per individual loss for losses of labor nature and of R\$20 for losses of any other nature, and the maximum limit of thirty-five percent (35%) of the purchase price, both adjusted for inflation based on the CDI rate as from the closing date. Special Indemnity: If, within five (5) years from the closing date, the CLIA Santos license is canceled, revoked or extinguished exclusively due to the Tax Enforcement in effect, the Company shall pay the buyer an indemnity of R\$4,000 adjusted for inflation according to the IPCA (Extended Consumer Price Index) as from the closing date;
- (ii) The deadline for payment of the indemnities will be April 30 of each year, or when the total amount of the accumulated indemnifiable losses exceeds R\$500, whichever occurs first, in the latter case the indemnity shall be paid within ten (10) business days counted from the receipt of the notice; and
- (iii) The time limit may be of three (3), five (5), six (6) or ten (10) years, according to the nature of the respective loss.

The existing escrow deposits will belong to the Company and the buyer shall transfer them within ten (10) business days from their actual receipt and calculation of all costs, expenses, taxes and any losses.

On December 31, 2018, the Company recognized the negative net amount of R\$3,494 related to indemnity liabilities and assets identified on the transaction closing date. The amount is recognized in line item 'Profit (loss) from discontinued operations'.

### b) Assets and liabilities held for sale

In compliance with item 9 of CPC 31 – Non-Current Assets Held For Sale and Discontinued Operations, the Company informs that it continues firmly committed to its plan to sell Ecopátio Logística Cubatão Ltda.

The assets and liabilities of these units were classified to line item 'Assets and liabilities from discontinued operations' and the related information is no longer included in the Company's consolidated information.

These assets and their associated liabilities must be measured at the lower of the carrying amount and the net fair value of the selling expenses.

Assets and liabilities held for sale include:

	Ecopátio Cubatão (*) <u>12/31/2018</u>	Combined (**) <u>12/31/2017</u>		Ecopátio Cubatão (*) <u>12/31/2018</u>	Combined (**) <u>12/31/2017</u>
<b>Assets:</b>			<b>Liabilities:</b>		
Cash and cash equivalents	4,443	7,691	Trade payables	1,281	12,341
Trade receivables	2,776	33,018	Borrowings and financing	-	668
Related parties	-	17	Debentures	-	124,905
Recoverable taxes	33	1,184	Taxes payable	222	2,273
Prepaid expenses	12	674	Payroll and related taxes	1,647	6,932
Other receivables	454	9,564	Related parties	190	509
Deferred taxes	4,178	59,278	Other payables	779	6,890
Escrow deposits	618	48,407	Provision for labor, tax and civil risks	1,940	35,280
Property, plant and equipment	66,687	66,477			
Intangible assets	<u>1,301</u>	<u>5,606</u>			
Total assets held for sale	<u><u>80,502</u></u>	<u><u>231,916</u></u>	Total liabilities held for sale	<u><u>6,059</u></u>	<u><u>189,798</u></u>

(\*) The amounts refer to the assets and liabilities of Ecopátio Logística Cubatão Ltda. since, as mentioned in note 6.a, Elog S.A. was sold and the proceeds from the sale are recognized in line item 'Receivables from sale of companies'.

(\*\*) The amounts refer to the combined assets and liabilities of Elog S.A. and Ecopátio Logística Cubatão Ltda., already adjusted to fair value.

An assessment was performed to determine the fair value of Ecopátio Logística Cubatão Ltda., which was based on multiples of recent transactions involving similar assets from the same market segment and on the transaction of Elog Sul and Elog S.A. with Multilog S.A.

The result of the fair value measurement due to the classification as assets and liabilities held for sale is shown below:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Sales price (a)	70,000	160,000
Net cash/(net debt) (b)	<u>4,443</u>	<u>(117,882)</u>
Book value of assets and liabilities held for sale (c)	<u><u>74,443</u></u>	<u><u>42,118</u></u>

(a) As at December 31, 2018, refers to the estimated sales price of subsidiary Ecopátio Logística Cubatão Ltda. (as at December 31, 2017, referred to the estimated sales price of subsidiaries Ecopátio Logística Cubatão Ltda. and Elog S. A.).

(b) As at December 31, 2018, refers to the net cash of subsidiary Ecopátio Logística Cubatão Ltda. classified as discontinued operation (as at December 31, 2017, referred to the net debt of subsidiaries Ecopátio Logística Cubatão Ltda. and Elog S.A.).

(c) Refers to net amount of assets and liabilities measured at the lower of the carrying amount and the net fair value of the selling expenses.

The profit (loss) for the year ended December 31, 2018 related to the discontinued operations is shown below:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Profit (loss) from discontinued operations (*)		
Net revenue	49,886	197,520
Cost of services	<u>(60,507)</u>	<u>(182,679)</u>
Gross profit/(loss)	(10,621)	14,841
Operating income (expenses) and finance income (costs)	(74,121)	(24,243)
Finance income (costs)	<u>(13,295)</u>	<u>(17,593)</u>
Operating profit (loss)	(98,037)	(26,995)
Income tax and social contribution	(56,212)	(573)
Profit (loss) from discontinued operations	<u>(154,249)</u>	<u>(27,568)</u>
Effect of recovery from loss previously recognized upon the subsidiary's transfer to asset held for sale/discontinued operations (**)		
	<u>135,744</u>	<u>19,915</u>
Profit (loss) from discontinued operations	<u>(18,505)</u>	<u>(7,653)</u>

(\*) Considering: Elog S.A. (January and February/2018); Ecopátio Logística Cubatão Ltda. (January to December/2018).

(\*\*) Statement of fair value adjustment of assets and liabilities held for sale:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Fair value adjustment of intangible assets and property, plant and equipment	-	5,715
Indemnity clause in purchase and sale agreement	(1,033)	-
Fair value adjustment (Sales price x Net debt)	4,926	(13,368)
Contributions made (January to December)	(57,700)	(62,200)
Debentures settled	125,438	-
Fair value adjustment of other assets and liabilities	<u>64,113</u>	<u>89,768</u>
Total	<u>135,744</u>	<u>19,915</u>

Cash flows of assets and liabilities held for sale

	<u>12/31/2018</u>	<u>12/31/2017</u>
Loss for the year	(154,249)	(27,568)
Non-cash items	155,069	41,963
From changes in equity	8,079	(1,599)
Used in investing activities	(1,690)	(4,488)
Used in financing activities	<u>(128,202)</u>	<u>(74,121)</u>
Discontinued operations net of cash	<u>(120,993)</u>	<u>(65,813)</u>

## 7. CASH AND CASH EQUIVALENTS

### Accounting policy

The Company considers as cash equivalents any short-term investments that are readily convertible into a known cash amount and subject to an insignificant risk of change in value.

	Parent		Consolidated	
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Cash and banks	21	14	30,927	38,078
Short-term investments:				
Investment fund (a)	141,794	8,032	1,340,800	1,528,089
Repurchase agreements (b)	-	-	5,275	18,030
Bank Certificates of Deposit (CDB) (c)	-	-	1,247,571	-
Automatic investments (d)	138	142	25,916	23,782
	<u>141,953</u>	<u>8,188</u>	<u>2,650,489</u>	<u>1,607,979</u>

- (a) Investment fund, classified into the category 'Fixed income - private credit', pursuant to the prevailing legislation, whose investment policy's main risk factor is the variation in the domestic interest rate or price index, or both, and which aims at pursuing appreciation of its shares through the investment of funds in a conservative portfolio. It may be redeemed at any time, without significant loss of value.

The Fund cannot invest in speculative transactions or transactions that expose it to obligations in excess of its equity. The Fund cannot invest in certain assets, such as shares, share index and derivatives.

As at December 31, 2018, the Fund's portfolio of securities was comprised as follows: 29.9% in Bank Certificates of Deposit (CDB), 6.5% in Repurchase Transactions, 1.2% in Financial Bills (LF), 62.4% in Financial Treasury Bills (LFT). (As at December 31, 2017, the Fund's portfolio of securities was comprised as follows: 59.7% in Bank Certificates of Deposit (CDB), 23.3 % in Repurchase Transactions, 1.3% in Financial Bills (LF), 15.7% in Financial Treasury Bills (LFT)).

The investments linked to investment funds yield interest based on the rate of 99.1% as at December 31, 2018 (98.9% as at December 31, 2017) of the CDI rate and reflect the market conditions at the balance sheet dates.

- (b) The amounts related to the repurchase transactions yield interest based on the rate of 75% of the CDI rate as at December 31, 2018 (79.9% as at December 31, 2017), without risk of significant change in value. Such investment has immediate liquidity and a very short term, being used before 30 days, and are not subject to the levy of IOF (tax on financial transactions).
- (c) The funds related to the short-term investments in the form of Bank Certificates of Deposit (CDB) yield interest based on the weighted average rate of 100.6% of the CDI rate as at December 31, 2018, without risk of significant change in value. Such investment has immediate liquidity.
- (d) In addition to the investments described above, the Company holds a short-term investment known as APLIC AUT at Banco Itaú, in which the funds available in the checking account are automatically invested and yield interest according to a holding period scale, which can range from 2% to 100% of the CDI rate; the Group maintains only a minimum balance in this type of investment and the excess volume is allocated on a daily basis to more profitable investments.

## 8. SECURITIES - CONSOLIDATED

Securities are current temporary investments, represented by highly liquid securities:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Investment fund	<u>77,330</u>	<u>69,836</u>
	<u>77,330</u>	<u>69,836</u>
Current	61,521	60,234
Noncurrent	15,809	9,602

The Investment Fund yields interest based on the weighted average rate of 97.6% of the CDI rate as at December 31, 2018 (97.9% as at December 31, 2017) and reflects the market conditions at the balance sheet dates. Although the investments have immediate liquidity, they were classified as securities – since they are linked to the financing agreement of the National Bank for Economic and Social Development (Banco Nacional de Desenvolvimento Econômico e Social – BNDES) and Debentures as a collateral for part of the interest and principal payment of indirect subsidiaries Concessionária de Rodovias Ayrton Senna and Carvalho Pinto S.A. and for Eco101 Concessionária de Rodovias S.A. and Concessionária Ponte-Rio Niterói – Ecoporte, for BNDES transactions and Ecoporto Santos S.A. for CETESB.

## 9. TRADE RECEIVABLES - CONSOLIDATED

The breakdown is as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Electronic toll (a)	110,670	123,216
Accessory revenues (b)	5,466	5,849
Receivables from ports (c)	21,336	16,339
Other receivables	4,392	5,061
Allowance for doubtful debts (d)	<u>(3,526)</u>	<u>(1,511)</u>
	<u>138,338</u>	<u>148,954</u>

- (a) Receivables for services provided to users related to toll charges that will be passed on to concessionaires and receivables for toll tickets.
- (b) Basically represented by right-of-way exploration, rental of outdoors and other services established in the concession agreements.
- (c) Represented by invoices receivable from customers for storage movements and repair of empty containers.
- (d) The amount of allowance for doubtful debts is adjusted at the end of each period to reflect any changes in the credit risk occurred since the initial recognition of the respective financial instrument.

The aging list of trade receivables is as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Current	135,533	144,614
Past due:		
Up to 30 days	1,779	1,727
31-90 days	869	789
90-120 days	157	1,824
Over 120 days	<u>3,526</u>	<u>1,511</u>
	<u>141,864</u>	<u>150,465</u>

The variations for the year in the allowance for doubtful debts are as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Balance at the beginning of the year	1,511	1,368
Amounts recovered and written off	(1,411)	(1,328)
Recognition of allowance for doubtful debts	<u>3,426</u>	<u>1,471</u>
Balance at the end of the year	<u><u>3,526</u></u>	<u><u>1,511</u></u>

#### 10. ESCROW DEPOSITS

The escrow deposits that represent Company's restricted assets refer to amounts deposited in court until the resolution of the litigations to which they are related.

	<u>Parent</u>		<u>Consolidated</u>	
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Balance at the beginning of the year	2,299	2,148	188,470	174,013
Additions	-	58	9,414	9,278
Write-offs	-	(31)	(11,404)	(5,401)
Inflation adjustment	<u>149</u>	<u>124</u>	<u>3,252</u>	<u>10,580</u>
Balance at the end of the year	<u><u>2,448</u></u>	<u><u>2,299</u></u>	<u><u>189,732</u></u>	<u><u>188,470</u></u>

The nature of the escrow deposits is as follows:

<u>Type</u>	<u>Parent</u>		<u>Consolidated</u>	
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Civil	64	63	7,264	7,584
Tax	-	-	5,930	9,434
Labor	-	-	19,300	19,278
Environmental	-	-	51,649	49,405
Expropriations	-	-	23,952	23,814
THC2 – Terminal Handling Charge (see note 22.a.ii)	-	-	79,253	76,719
Others (Distribell S.A.)	<u>2,384</u>	<u>2,236</u>	<u>2,384</u>	<u>2,236</u>
	<u><u>2,448</u></u>	<u><u>2,299</u></u>	<u><u>189,732</u></u>	<u><u>188,470</u></u>

The main balances of escrow deposits are disclosed in 'Provision for civil, tax and labor risks' (note 22).

## 11. INVESTMENTS

## a) Parent

	Direct subsidiaries							
	Values of investees 31/12/2018		Direct equity percentage - %		Investment		Share of profit (loss) of subsidiaries	
	Equity/(equity deficit)	Profit (loss) for the year	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Ecorodovias Concessões e Serviços S.A.	1,022,255	590,218	100	100	1,022,255	1,018,305	590,218	622,674
Ecoporto Santos S.A.	332,704	(33,009)	100	100	332,704	200,696	(33,009)	(74,882)
ELG-01 Participações Ltda.	56,050	(1,971)	100	100	56,050	55,821	(1,971)	(2,461)
Termares - Terminais Marítimos Especializados Ltda.	16,426	(3,498)	100	100	16,426	20,365	(3,498)	(2,291)
Consórcio Rota do Horizonte S.A.	5,525	168	20	20	1,105	1,071	34	54
EIL-01 Participações Ltda.	343	10	100	100	343	333	10	16
Concessionária do Rodoanel Norte S.A. - Ecorodoanel	(7,758)	(7,759)	100	-	(7,758)	-	(7,759)	-
EIL 02 S.A.	-	-	-	100	-	2	-	-
EIL 03 S.A.	-	-	100	100	-	-	-	(1)
EIL 04 S.A.	-	-	100	100	-	-	-	(1)
Unrealized profits - Eco101	-	54	-	-	(995)	(1,044)	54	54
Unrealized profits - Ecoporto	-	-	-	-	(862)	(859)	(3)	-
					<u>1,419,268</u>	<u>1,294,690</u>	<u>544,076</u>	<u>543,162</u>

The Company presents below the main balances of its subsidiaries as at December 31, 2018:

	Direct subsidiaries						Indirect subsidiaries										
	EIL01	Ecorodovias Concessões	Ecoporto Santos	Termares	Ecorodoanel	ELG01	Ecovia	Ecosul	Ecovias	Ecocataratas	Ecopistas	Eco101	Ecoponte	Eco135	EIL02	Anish	Paquetá
Assets	344	4,353,138	749,909	38,335	892,678	56,050	274,632	372,189	1,942,144	459,591	1,613,595	782,035	334,064	1,064,032	1	64,229	11,029
Current assets	344	1,201,587	51,141	12,303	888,681	80	105,349	38,248	235,468	102,581	154,876	36,473	45,845	194,637	1	269	29
Noncurrent assets	-	3,151,551	698,768	26,032	3,997	55,970	169,283	333,941	1,706,676	357,010	1,458,719	745,562	288,219	869,395	-	63,960	11,000
Liabilities	344	4,353,138	749,909	38,335	892,678	56,050	274,632	372,189	1,942,144	459,591	1,613,595	782,035	334,064	1,064,032	1	64,229	11,029
Current liabilities	1	732,820	201,184	12,698	2,764	-	196,248	38,544	259,523	255,568	175,144	50,323	79,151	49,815	-	872	4
Noncurrent liabilities	-	2,598,063	216,022	9,211	897,672	-	31,491	284,927	1,233,618	98,913	856,541	382,618	99,382	1,004,592	-	7,597	-
Equity/(equity deficiency)	<u>343</u>	<u>1,022,255</u>	<u>332,703</u>	<u>16,426</u>	<u>(7,758)</u>	<u>56,050</u>	<u>46,893</u>	<u>48,718</u>	<u>449,003</u>	<u>105,110</u>	<u>581,910</u>	<u>349,094</u>	<u>155,531</u>	<u>9,625</u>	<u>1</u>	<u>55,760</u>	<u>11,025</u>

	Direct subsidiaries						Indirect subsidiaries										
	EIL01	Ecorodovias Concessões	Ecoporto Santos	Termares	Ecorodoanel	ELG01	Ecovia	Ecosul	Ecovias	Ecocataratas	Ecopistas	Eco101	Ecoponte	Eco135	EIL02	Anish	Paquetá
Net revenue	-	164,517	84,309	50,634	-	-	286,397	356,781	1,069,132	368,910	335,392	395,065	182,732	53,467	-	24	-
Cost of services	-	(101,571)	(73,881)	(40,633)	(296)	-	(152,982)	(174,404)	(403,020)	(279,277)	(176,045)	(311,449)	(107,698)	(60,212)	-	-	-
Gross profit/(loss)	-	62,946	10,428	10,001	(296)	-	133,415	182,377	666,112	89,633	159,347	83,616	75,034	(6,745)	-	24	-
General and administrative expenses	(1)	(59,033)	(22,518)	(16,471)	-	-	(15,842)	(17,606)	(45,022)	(16,780)	(19,004)	(9,376)	(11,494)	(5,215)	(1)	(1,451)	(172)
Investment amortization	-	(5,593)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income/(expenses), net	-	(17)	10,384	895	-	-	1	(8)	2,466	479	(3)	-	(6)	2	-	-	-
Share of profit (loss) of subsidiaries	-	667,375	-	-	-	(1,974)	-	-	-	-	-	-	-	-	-	(179)	-
Operating profit/(loss) before finance income (costs)	(1)	665,678	(1,706)	(5,575)	(296)	(1,974)	117,574	164,763	623,556	73,332	140,340	74,240	63,534	(11,958)	(1)	(1,606)	(172)
Finance income (costs)	14	(78,517)	(30,149)	428	(11,460)	3	(10,445)	(18,607)	(81,441)	(20,632)	(83,587)	(17,709)	(6,388)	(1,250)	-	(368)	(7)
Profit/(loss) before taxes	13	587,161	(31,855)	(5,147)	(11,756)	(1,971)	107,129	146,156	542,115	52,700	56,753	56,531	57,146	(13,208)	(1)	(1,974)	(179)
Income tax and social contribution	(3)	3,056	(1,154)	1,649	3,997	-	(35,775)	(48,462)	(176,662)	(20,281)	(17,522)	(18,456)	(17,653)	4,490	-	-	-
Profit/(loss) for the year	<u>10</u>	<u>590,217</u>	<u>(33,009)</u>	<u>(3,498)</u>	<u>(7,759)</u>	<u>(1,971)</u>	<u>71,354</u>	<u>97,694</u>	<u>365,453</u>	<u>32,419</u>	<u>39,231</u>	<u>38,075</u>	<u>39,493</u>	<u>(8,718)</u>	<u>(1)</u>	<u>(1,974)</u>	<u>(179)</u>

The variations in investments in the year ended December 31, 2018 are shown below:

	12/31/2017	Proposed dividends and interest on capital	Capital decrease	Capital contribution	Stock option plan	Acquisition of noncontrolling interests	Sale of equity interest	Share of profit (loss) of subsidiaries	12/31/2018
Ecorodovias Concessões e Serviços S.A.	1,018,305	(595,126)	-	-	81	8,777	-	590,218	1,022,255
Ecoporto Santos S.A.	200,696	-	-	165,000	17	-	-	(33,009)	332,704
ELG-01 Participações Ltda.	55,821	-	-	2,200	-	-	-	(1,971)	56,050
Termares Terminais Marítimos Especializados Ltda.	20,365	(441)	-	-	-	-	-	(3,498)	16,426
Consórcio Rota do Horizonte S.A.	1,071	-	-	-	-	-	-	34	1,105
EIL-01 Participações Ltda.	333	-	-	-	-	-	-	10	343
Concessionária do Rodoanel Norte S.A. - Ecorodoanel	-	-	-	1	-	-	-	(7,759)	(7,758)
EIL02 S.A.	2	-	-	-	-	-	(2)	-	-
EIL03 S.A.	-	-	-	-	-	-	-	-	-
EIL04 S.A.	-	-	-	-	-	-	-	-	-
Unrealized profits - Eco101	(1,044)	-	(5)	-	-	-	-	54	(995)
Unrealized profits - Coporto	(859)	-	-	-	-	-	-	(3)	(862)
	<u>1,294,690</u>	<u>(595,567)</u>	<u>(5)</u>	<u>167,201</u>	<u>98</u>	<u>8,777</u>	<u>(2)</u>	<u>544,076</u>	<u>1,419,268</u>

The variations in investments in the year ended December 31, 2017 are shown below:

	<u>12/31/2016</u>	Proposed dividends and interest on capital	Capital contribution	Others	Stock option plan	Share of profit (loss) of subsidiaries	<u>12/31/2017</u>
Ecorodovias Concessões e Serviços S.A.	878,786	(483,545)	-	-	390	622,674	1,018,305
Ecoporto Santos S.A.	45,509	-	230,000	-	69	(74,882)	200,696
ELG-01 Participações Ltda.	55,447	-	2,835	-	-	(2,461)	55,821
Termares Terminais Marítimos Especializados Ltda.	9,655	-	13,001	-	-	(2,291)	20,365
Consórcio Rota do Horizonte S.A.	1,017	-	-	-	-	54	1,071
EIL-01 Participações Ltda.	317	-	-	-	-	16	333
EIL02 S.A.	1	-	1	-	-	-	2
EIL03 S.A.	-	-	1	-	-	(1)	-
EIL04 S.A.	-	-	1	-	-	(1)	-
Unrealized profits	(7,676)	-	-	5,719	-	54	(1,903)
	<u>983,056</u>	<u>(483,545)</u>	<u>245,839</u>	<u>5,719</u>	<u>459</u>	<u>543,162</u>	<u>1,294,690</u>

Eco101 Concessionária de Rodovias S.A. - On December 28, 2017, the Company and its direct subsidiary Ecorodovias Concessões e Serviços S.A.– “ECS” (direct parent of Eco101), through a Material Event Notice, communicated to the market that they had entered into a Share Purchase and Sale Agreement with Coimex Empreendimentos e Participações Ltda., Rio Novo Locações Ltda., A. Madeira Indústria e Comércio Ltda., Urbesa Administração e Participações Ltda., Tervap Pitanga Mineração e Pavimentação Ltda., Contek Engenharia S.A., and MMF Empreendimentos e Participações Ltda., which comprise Centaurus Participações S.A. (“Centaurus”) and with Grant Concessões e Participações Ltda. (“Grant”) referring to the acquisition, by Ecorodovias Concessões e Serviços S.A., of 42% of Eco101’s capital, currently held by Grant and by the shareholders of Centaurus. ECS will pay for such interest the amount of R\$46,650 in 60 installments, adjusted for inflation based on the IPCA variation as from August 2017, with a grace period of two years from the agreement execution date. The completion of the purchase was subject to the verification of the usual conditions precedent, which include the previous communication to ANTT (Brazilian Land Transportation Agency), approval from BNDES (National Bank for Economic and Social Development) and from CADE (Brazilian Antitrust Agency), the latter received on January 26, 2018.

On September 19, 2018, the last condition precedent, i.e., approval from BNDES (National Bank for Economic and Social Development), has been met. Accordingly, on that date, direct subsidiary Ecorodovias Concessões e Serviços S.A. started to hold 100% stake in the capital of indirect subsidiary ECO101 Concessionária de Rodovias.

Concessionária do Rodoanel Norte S.A. - Ecorodoanel - On January 10, 2018, the Company was the winning bidder in International Tender No. 01/2017 for the concession of public services consisting of the operation, maintenance, and making investments such as the installation of traffic and user service equipment in the North section of the Mário Covas Ring Road during a 30-year period, as from the agreement execution. The classification is motivated by the higher fixed grant amount offered, corresponding to R\$883,000. After the homologation and adjudication of the auction outcome by the São Paulo State Transportation Regulatory Agency (Artesp), the Company will be requested to execute the concession agreement.

Empresa Concessionária de Rodovias do Sul S.A. - Ecosul - On January 16, 2018, the Company and its direct subsidiary Ecorodovias Concessões e Serviços S.A. (“ECS”), through a Material Event Notice, communicated to the market that they had entered into a Share Purchase and Sale Agreement with Grant Concessões e Participações Ltda. (“Grant”) referring to the acquisition, by ECS, of 10% of Ecosul’s capital, held by Grant. ECS will pay R\$60,000 for such interest, and (i) the first installment (R\$44,000) will be paid on the closing date, and (ii) the second installment (R\$16,000, adjusted for inflation based on the CDI rate) was paid within 60 days counted from the payment of the first installment. The completion of the purchase was subject to the compliance with certain usual conditions precedent, as well as to the previous communication to ANTT (Brazilian Land Transportation Agency) and approval from CADE (Brazilian Antitrust Agency), the latter received on February 8, 2018.

Concessionária de Rodovias Minas Gerais Goiás S.A. - MGO - On February 1, 2018, the Company and its direct subsidiary EcoRodovias Concessões e Serviços S.A., through a Material Event Notice, communicated to the market that they had entered into a Share Purchase and Sale Agreement with the shareholders of Concessionária de Rodovias Minas Gerais Goiás S.A. ("MGO"), referring to the acquisition, by ECS, of 100% of holding Argovias Administração e Participações S.A.'s capital, which holds 100% stake in MGO, on the closing date. The acquisition price is R\$600,000 and will be settled on the closing date. The completion of the purchase is subject to the verification of the usual conditions precedent, which include the previous approval from ANTT (Brazilian Land Transportation Agency), BNDES and other creditors. MGO is responsible for the management, recovery, upkeep, maintenance, widening, and operation of BR-050 (GO/MG), 436.6 kilometer section beginning in the junction with BR-040, in Cristalina, State of Goiás (GO), and extending until the Minas Gerais border with São Paulo, in the municipality of Delta (MG). The agreement was executed on December 5, 2013 and expires on January 8, 2044.

Eco135 Concessionária de Rodovias S.A. - On February 6, 2018, the Company through its direct subsidiary EcoRodovias Concessões e Serviços S.A. was the winning bidder in International Public Tender No. 006/2017 and, on June 19, Eco135 entered into the Concession Agreement with the Minas Gerais State Department of Transportation and Public Works ("SETOP"), for the operation during a 30-year period of a lot of highways in Minas Gerais State consisting of the following sections: (i) BR-135, 301.20-km long; (ii) MG-231, 22.65-km long; and (iii) LMG-754, 40.10-km long, totaling 363.95 kilometers according to the tender notice. The Company's bid won because it was the highest bid for the concession and will be paid in 348 monthly installments of R\$5.920 each, to be adjusted using the IPCA, starting on the first month of the second concession arrangement year, totaling R\$2,060,000 (base date of January/2016).

EIL02 S.A. - On September 28, 2018, the Company has transferred all shares held in EIL02 S.A. to its direct subsidiary Ecorodovias Concessões e Serviços S.A., through the sale of all of its 3,300 shares, representing 100% of EIL02's capital, for R\$2,045.38.

The goodwill balances in the parent classified as 'Other corporate investments' (reclassified to intangible assets and property, plant and equipment in Consolidated) are as follows:

	<u>12/31/2016</u>	<u>Amortization</u>	<u>12/31/2017</u>	<u>Amortization</u>	<u>12/31/2018</u>
Goodwill - Ecosul	4,753	(515)	4,238	(514)	3,724
Goodwill - ELG01	37,744	-	37,744	-	37,744
Goodwill - Ecoporto	<u>357,254</u>	<u>(16,840)</u>	<u>340,414</u>	<u>(11,076)</u>	<u>329,338</u>
	<u>399,751</u>	<u>(17,355)</u>	<u>382,396</u>	<u>(11,590)</u>	<u>370,806</u>

b) Consolidated

	<u>Values of investees 31/12/2018</u>		<u>Direct equity percentage - %</u>		<u>Investment</u>		<u>Share of profit (loss) of subsidiaries</u>	
	<u>Equity</u>	<u>Profit (loss) for the year</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Consórcio Rota do Horizonte S.A.	5,525	168	20	20	<u>1,105</u>	<u>1,071</u>	<u>34</u>	<u>54</u>
					<u>1,105</u>	<u>1,071</u>	<u>34</u>	<u>54</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment is stated at historical cost, less respective depreciation and impairment losses, if applicable. An item of property, plant and equipment is derecognized when sold or when no future economic benefit from its use or sale is expected. Any gain or loss arising from the derecognition of an asset is recognized in the income statement in the year the asset is derecognized. The residual value and useful life of the assets and the depreciation methods are reviewed at the end of each reporting period and adjusted on a prospective basis. Depreciation is calculated on a straight-line basis at rates that take into consideration the estimated useful lives of the assets. The tables below show the annual rates and average depreciation rates for each group of property, plant and equipment items.

## a) Parent

	Annual depreciation rate - %	Weighted average depreciation rate - %	Cost			Depreciation			Residual			
			Balances as at 12/31/2017	Additions	Transfers	Balances as at 12/31/2018	Balances as at 12/31/2017	Additions	Transfers	Balances as at 12/31/2018	12/31/2018	12/31/2017
			Hardware	20.0	8.3	1,439	39	(1)	1,477	(1,233)	(91)	2
Machinery and equipment	10.0	1.0	264	-	-	264	(250)	(2)	-	(252)	12	14
Furniture and fixtures	10.0	3.6	549	-	-	549	(473)	(15)	-	(488)	61	76
Buildings	4.0	5.2	1,956	-	-	1,956	(835)	(76)	1	(910)	1,046	1,121
Others	-	11.5	3,617	8	1	3,626	(2,059)	(312)	(3)	(2,374)	1,252	1,558
			<u>7,825</u>	<u>47</u>	<u>-</u>	<u>7,872</u>	<u>(4,850)</u>	<u>(496)</u>	<u>-</u>	<u>(5,346)</u>	<u>2,526</u>	<u>2,975</u>

  

	Annual depreciation rate - %	Weighted average depreciation rate - %	Cost		Depreciation		Residual			
			Balances as at 12/31/2016	Additions	Balances as at 12/31/2017	Balances as at 12/31/2016	Additions	Balances as at 12/31/2017	12/31/2017	12/31/2016
			Hardware	20.0	7.0	1,317	122	1,439	(1,137)	(96)
Machinery and equipment	10.0	1.1	258	6	264	(247)	(3)	(250)	14	11
Furniture and fixtures	10.0	2.9	549	-	549	(457)	(16)	(473)	76	92
Buildings	4.0	3.9	1,956	-	1,956	(759)	(76)	(835)	1,121	1,197
Others	-	8.9	3,601	16	3,617	(1,749)	(310)	(2,059)	1,558	1,852
			<u>7,681</u>	<u>144</u>	<u>7,825</u>	<u>(4,349)</u>	<u>(501)</u>	<u>(4,850)</u>	<u>2,975</u>	<u>3,332</u>

## b) Consolidated

	Annual depreciation rate - %	Weighted average depreciation rate - %	Cost				Depreciation				Residual			
			Balances as at 12/31/2017	Additions	Write-offs	Transfers	Balances as at 12/31/2018	Balances as at 12/31/2017	Additions	Write-offs	Transfers	Balances as at 12/31/2017	12/31/2018	12/31/2017
			Hardware	20.0	6.9	264,162	21,294	(125)	23	285,354	(232,356)	(19,043)	125	(153)
Machinery and equipment	10.0	3.3	278,076	3,374	(1,062)	86	280,474	(120,650)	(9,165)	1,023	104	(128,688)	151,786	157,426
Furniture and fixtures	10.0	6.8	27,217	706	(177)	-	27,746	(15,738)	(1,858)	161	50	(17,385)	10,361	11,479
Land	-	-	55,157	7	-	-	55,164	-	-	-	-	-	55,164	55,157
Buildings	4.0	1.9	21,701	-	-	2	21,703	(2,750)	(422)	-	1	(3,171)	18,532	18,951
Construction in progress	-	-	70,335	-	-	(498)	69,837	-	-	-	-	-	69,837	70,335
Improvements	4.0	2.9	218,736	24	-	7,210	225,970	(62,324)	(6,472)	-	(2,283)	(71,079)	154,891	156,412
Company cars	20.0	9.9	19,865	869	(741)	1,090	21,083	(14,308)	(2,044)	741	(371)	(15,982)	5,101	5,557
Facilities	10.0	9.6	9,008	971	(17)	533	10,495	(244)	(956)	6	136	(1,058)	9,437	8,764
Others	-	5.2	31,836	617	(1,024)	(8,446)	22,983	(9,832)	(1,171)	-	2,516	(8,487)	14,496	22,004
			<u>996,093</u>	<u>27,862</u>	<u>(3,146)</u>	<u>-</u>	<u>1,020,809</u>	<u>(458,202)</u>	<u>(41,131)</u>	<u>2,056</u>	<u>-</u>	<u>(497,277)</u>	<u>523,532</u>	<u>537,891</u>

  

	Annual depreciation rate - %	Weighted average depreciation rate - %	Cost				Depreciation				Residual			
			Balances as at 12/31/2016	Additions	Write-offs	Transfers	Balances as at 12/31/2017	Balances as at 12/31/2016	Additions	Write-offs	Transfers	Balances as at 12/31/2017	12/31/2017	12/31/2016
			Hardware	20.0	8.2	254,679	9,779	(443)	147	264,162	(211,495)	(21,297)	437	(1)
Machinery and equipment	10.0	5.5	299,894	4,981	(26,833)	34	278,076	(128,978)	(15,157)	23,485	-	(120,650)	157,426	170,916
Furniture and fixtures	10.0	7.3	26,640	594	(22)	5	27,217	(13,805)	(1,954)	21	-	(15,738)	11,479	12,835
Land	-	-	55,150	7	-	-	55,157	-	-	-	-	-	55,157	55,150
Buildings	4.0	3.3	21,692	-	-	9	21,701	(2,701)	(49)	-	-	(2,750)	18,951	18,991
Construction in progress	-	-	105,907	100	-	(35,672)	70,335	-	-	-	-	-	70,335	105,907
Improvements	4.0	2.5	200,509	45	(70)	18,252	218,736	(56,792)	(5,565)	33	-	(62,324)	156,412	143,717
Company cars	20.0	11.3	33,406	732	(14,473)	200	19,865	(24,403)	(2,197)	12,301	(9)	(14,308)	5,557	9,003
Facilities	10.0	11.5	7,956	1,105	-	(53)	9,008	-	(249)	-	5	(244)	8,764	7,956
Others	-	6.3	31,029	1,538	(731)	-	31,836	(8,054)	(1,955)	94	83	(9,832)	22,004	22,975
			<u>1,036,862</u>	<u>18,881</u>	<u>(42,572)</u>	<u>(17,078)</u>	<u>996,093</u>	<u>(446,228)</u>	<u>(48,423)</u>	<u>36,371</u>	<u>78</u>	<u>(458,202)</u>	<u>537,891</u>	<u>590,634</u>

As at December 31, 2018, certain assets (of property, plant and equipment), classified in line item 'Company cars' (trucks and tow trucks), were pledged as collateral for borrowings and financing. There are no collaterals of such nature for debentures.

Management has not identified significant differences in the economic useful lives of the assets part of its property, plant and equipment and of its subsidiaries.

No losses were identified and recognized related to the impairment of tangible assets in the years ended December 31, 2018 and 2017.

## 13. INTANGIBLE ASSETS

Accounting policy

Intangible assets acquired separately are measured at cost upon initial recognition. After initial recognition, intangible assets are recorded at cost, less accumulated amortization and accumulated impairment losses. Intangible assets generated internally, excluding capitalized development costs, are not capitalized, and the expenditure is reflected in the income statement for the year in which it is incurred. The tables below show the annual rates and average amortization rates for each group of intangible assets.

The amortization of intangible assets arising from the concession rights is recognized in profit or loss through the estimated traffic curve projection for the concession term as from the date in which they are available for use, as this is the method that best reflects the pattern of use of future economic benefits incorporated into the asset.

Goodwill allocated to concession rights, as well as those related but not directly allocated to the concession or other assets and liabilities, and whose economic benefit is limited to the time (defined term) in view of the concession right with finite useful live, comprising the balance of intangible assets are amortized based on the same criteria described in the preceding paragraph.

As at December 31, 2018, the direct parent Ecoporto Santos has accounted for the agreement with the General Attorneys' Office in the total amount of R\$25,000 and R\$888 of additional expenses for performance of the works, which financial disbursements will be made beginning March 2019, with no cash effect for the current year.

As at December 31, 2018, the concession of indirect subsidiary ECO135 in the amount of R\$28,967 was reclassified from intangible assets to provision for future construction works, with no cash effect for the current year.

## a) Parent

	Annual amortization rate - %	Weighted average amortization rate - %	Cost		Amortization		Residual			
			Balances as at 12/31/2017	Balances as at 12/31/2018	Balances as at 12/31/2017	Balances as at 12/31/2018	12/31/2018	12/31/2017		
				Additions		Additions				
Software from third parties	20.0	20.5	1,086	5	1,091	(766)	(168)	(934)	157	320
			1,086	5	1,091	(766)	(168)	(934)	157	320

	Annual amortization rate - %	Weighted average amortization rate - %	Cost			Amortization			Residual	
			Balances as at 12/31/2016	Additions	Balances as at 12/31/2017	Balances as at 12/31/2016	Additions	Balances as at 12/31/2017	12/31/2017	12/31/2016
			Software from third parties	20.0	16.2	1,049	37	1,086	(593)	(173)
			<u>1,049</u>	<u>37</u>	<u>1,086</u>	<u>(593)</u>	<u>(173)</u>	<u>(766)</u>	<u>320</u>	<u>456</u>

## b) Consolidated

	Annual amortization rate - %	Weighted average amortization rate - %	Cost				Amortization				Residual		
			Balances as at 12/31/2017	Additions	Write- off	Transfers	Balances as at 12/31/2018	Balances as at 12/31/2017	Additions	Transfers	Balances as at 12/31/2018	12/31/2018	12/31/2017
			Concession agreements (i)	-	(ii)	6,539,932	1,027,928	(7,404)	367,925	7,928,381	(2,470,826)	(374,819)	-
Goodwill - Ecosul	-	-	8,561	-	-	-	8,561	(4,186)	(514)	-	(4,700)	3,861	4,375
Software from third parties	20.0	12.1	134,777	11,362	-	760	146,899	(90,178)	(17,104)	7	(107,275)	39,624	44,599
Intangible assets in progress (iii)	-	-	405,281	522,575	-	(368,687)	559,169	-	-	-	-	559,169	405,281
Goodwill - ELG01	-	-	37,744	-	-	-	37,744	-	-	-	-	37,744	37,744
Others	-	-	391	9	-	2	402	(55)	(1)	(7)	(63)	339	336
			<u>7,126,686</u>	<u>1,561,874</u>	<u>(7,404)</u>	<u>-</u>	<u>8,681,156</u>	<u>(2,565,245)</u>	<u>(392,438)</u>	<u>-</u>	<u>(2,957,683)</u>	<u>5,723,473</u>	<u>4,561,441</u>

	Annual amortization rate - %	Weighted average amortization rate - %	Cost					Amortization				Residual			
			Balance as at 12/31/2016	Additions	Write- offs	Other	Transfers	Balance as at 12/31/2017	Balance as at 12/31/2016	Additions	Write- offs	Transfers	Balance as at 12/31/2017	12/31/2017	12/31/2016
			Concession agreements (i)	-	(ii)	6,139,882	232,753	(1,345)	5,714	162,928	6,539,932	(2,118,826)	(351,922)	-	(78)
Goodwill - Ecosul	-	-	8,561	-	-	-	-	8,561	(3,802)	(384)	-	-	(4,186)	4,375	4,759
Software from third parties	20.0	15.6	109,767	7,746	(98)	-	17,362	134,777	(72,437)	(17,757)	16	-	(90,178)	44,599	37,330
Intangible assets in progress (iii)	-	-	201,153	367,625	(285)	-	(163,212)	405,281	-	-	-	-	-	405,281	201,153
Goodwill - ELG01	-	-	37,744	-	-	-	-	37,744	-	-	-	-	-	37,744	37,744
Others	-	5.1	402	-	(11)	-	-	391	(35)	(20)	-	-	(55)	336	367
			<u>6,497,509</u>	<u>608,124</u>	<u>(1,739)</u>	<u>5,714</u>	<u>17,078</u>	<u>7,126,686</u>	<u>(2,195,100)</u>	<u>(370,083)</u>	<u>16</u>	<u>(78)</u>	<u>(2,565,245)</u>	<u>4,561,441</u>	<u>4,302,409</u>

- (i) The items relating to the concession agreement basically comprise the highway infrastructure and the concession right. As at December 31, 2018, the main additions to this line item refer to: (i) Ecovia R\$12,080 of construction of overpass and recovery of the pavement at BR 277; (ii) Ecosul R\$59,525 of recovery of the pavement and horizontal and vertical signaling of Pelotas Highway System; (iii) Ecovias R\$15,832 of recovery of the rigid pavement and recovery of special work arts at the Anchieta-Imigrantes System; (iv) Ecocataratas R\$59,692 of recovery of the pavement and widening of two sections of BR 277 highway; (v) Ecopistas R\$8,597 of recovery of the pavement at Carvalho Pinto and Ayrton Senna highways; (vi) Eco101 R\$16,653 of recovery of protection and safety items and works surrounding Iconha; (vii) Ecoponte R\$11,187 recovery of the pavement and expropriations; (viii) Eco135 R\$706,805 of concession right payable over the concession term (with no disbursement of opening cash) and initial highway operation activities; (ix) Ecoporto Santos provision of R\$26,504 relating to the agreement with the General Attorneys' Office.
- (ii) The amortization of intangible assets arising from the concession rights is recognized in profit and loss through the estimated traffic curve projection for the concession period as from the date in which they are available for use, method that reflects the pattern of use of future economic benefits incorporated into the asset. The average amortization rates as at December 31, 2018 were 5.45% p.a. (5.58% p.a. as at December 31, 2017).
- (iii) In the year ended December 31, 2018, the main additions to line item 'Intangible assets in progress' refer to: (i) Ecovia R\$3,370 escape area implementation, traffic circle implementation and access works at BR 277; (ii) Ecosul R\$7,692 recovery of lightning and recovery of special work arts at the Pelotas Highway System; (iii) Ecovias R\$98,884 implementation of north section of Anchieta highway from km 18 to km 23 in São Bernardo do Campo and implementation of intersection Port-City of Santos; (iv) Ecocataratas R\$4,149 readjustment of the SAU base in conformity with Anvisa and implementation of return at km 660 of BR 277; (v) Ecopistas R\$34,832 construction works of the extension of Carvalho Pinto highway in Taubaté and recovery of environmental liabilities and safety equipment; (vi) Eco101 R\$163,163 of widening works at BR 101, recovery of pavement, recovery of draining of OAC, intersections, expropriations, recovery of special artworks and pavement at the surroundings of Vitória; (vii) Ecoponte R\$45,286 of replacement of the enlargement junctions and construction works of the section of Linha Vermelha; (viii) Eco135 R\$12,864 of initial works for the highway operation and capitalization of charges and adjustment to present value on concession charges (with no disbursement of opening cash).

In the year ended December 31, 2018, R\$27,680 relating to finance charges (R\$18,472 as at December 31, 2017) on financing relating to intangible assets in progress was capitalized. The average capitalization rate for the year ended December 31, 2018 is 15.52% p.a. (borrowing costs divided by the average balance of borrowings, financing and debentures) and 8.96% p.a. for the year ended December 31, 2017.

## 14. INCOME TAX AND SOCIAL CONTRIBUTION

Accounting policy

Deferred income tax and social contribution ("deferred taxes") are recognized on temporary differences at the end of the balance sheet date between the balances of assets and liabilities recognized in the financial statements and the related tax bases adopted to calculate taxable income, including tax loss carryforwards, when applicable. Deferred tax liabilities are usually recognized on all temporary taxable differences and deferred tax assets are recognized on all temporary deductible differences and only when it is probable that the Company will present future taxable income at a sufficient amount so that these temporary deductible differences can be utilized. Deferred tax assets and liabilities are measured using the tax rate applicable for the year in which the asset is expected to be realized or the liability is expected to be settled, based on the tax rates (and tax law) prevailing at the end of the reporting period.

## a) Deferred taxes

The recovery of deferred tax assets is reviewed at the end of each year and adjusted based on the expected recoverable amount.

Current and deferred income tax and social contribution are recognized as expense or income in profit or loss for the year, except when they relate to items that are recognized in other comprehensive income, when applicable.

Deferred income tax and social contribution were recognized considering the rate of 34% (income tax and social contribution) in effect and have the following breakdown and variations for the year:

	Consolidated				
	Balance sheet			Profit or loss	
	12/31/2017	Additions	Write-offs	12/31/2018	12/31/2018
Realization of goodwill on merger - Ecoporto	166,755	-	-	166,755	-
Realization of goodwill on merger - Ecosul	2,929	-	(351)	2,578	(351)
Realization of goodwill on merger - Ecoataratas	36,158	-	(9,231)	26,927	(9,231)
Provision for civil, labor and tax risks	47,443	3,520	(6,623)	44,340	(3,103)
Tax losses (*)	49,591	29,378	(17,246)	61,723	12,132
Provision for maintenance	95,399	39,228	(25,665)	108,962	13,563
PVA concession burden	1,966	-	(519)	1,447	(519)
Allowance for doubtful debts	83	848	(214)	717	634
Others	6,215	2,199	(4,869)	3,545	(2,670)
Effect Law 12973/14 - RTT extinguishment	(48,430)	-	3,341	(45,089)	3,341
Corporate depreciation	(9,529)	-	274	(9,255)	274
Capitalized interest	(8,856)	(9,259)	179	(17,936)	(9,080)
Deferred income tax and social contribution - asset/(liability)	<u>339,724</u>	<u>65,914</u>	<u>(60,924)</u>	<u>344,714</u>	
Deferred income tax and social contribution income (expenses)					<u>4,990</u>

(\*) Refers to tax loss of subsidiaries: Ecorodovias Concessões e Serviços, Ecoporto Santos, Termares, Eco101, Ecorodoanel and Eco135.

Management has prepared a study of the future realization of the deferred tax asset, considering the probable capacity of future generation of taxable income, in the context of the main variables of its business, which may, therefore, be subject to changes.

As at December 31, 2018, in compliance with CPC 32, item 73, we recorded R\$367,380 in noncurrent assets and R\$22,666 in noncurrent liabilities. (As at December 31, 2017, R\$356,491 in noncurrent assets and R\$16,767 in noncurrent liabilities).

The Company's studies and projections determine that the realization of tax losses and goodwill on mergers of investees will occur within ten years. The Company's Management believes that the assumptions used in the business plans are robust, feasible and consistent with the current economic scenario.

Based on the projections prepared by the Company's Management, deferred income tax and social contribution in noncurrent assets will be realized in the following years:

	Consolidated					
	12/31/2018			12/31/2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
2 018	-	-	-	32,232	(25)	32,207
20 19	40,531	782	41,313	31,519	(50)	31,469
2020	38,448	486	38,934	26,509	(50)	26,459
202 1	36,179	(1,850)	34,329	24,906	(50)	24,856
2022	7,835	(1,847)	5,988	7,307	(50)	7,257
2023	7,835	(1,848)	5,987	7,307	(50)	7,257
After 2023 (*)	<u>236,552</u>	<u>(18,389)</u>	<u>218,163</u>	<u>226,711</u>	<u>(16,492)</u>	<u>210,219</u>
	<u>367,380</u>	<u>(22,666)</u>	<u>344,714</u>	<u>356,491</u>	<u>(16,767)</u>	<u>339,724</u>

(\*) The abovementioned ten-year unrealizable amounts refer to goodwill amortization, ICPC 01 and RTT adjustment.

b) Reconciliation of income tax and social contribution (expense) income

The following amounts of current and deferred income tax and social contribution were recognized in profit or loss for the years:

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Profit for the year before income tax and social contribution	393,157	396,844	723,560	756,249
Statutory tax rate	34%	34%	34%	34%
Income tax and social contribution at combined rate	(133,673)	(134,927)	(246,010)	(257,125)
Adjustments to effective tax rate:				
Officers' bonuses/profit sharing	(2,296)	(1,454)	(5,659)	(4,175)
Share of profit (loss) of subsidiaries	183,356	181,229	11	18
Nondeductible expenses	(7)	(28)	(263)	(349)
Amortization of goodwill	(3,940)	(5,901)	24,476	22,893
Tax incentives (PAT)	-	-	1,766	1,574
Unrecognized tax credits (*)	(50,099)	(39,464)	(98,051)	(98,593)
Tax credit - PERT Ecosul	(142)	3,295	(142)	3,295
Others	6,659	545	952	(3,803)
Income tax and social contribution expenses	<u>(142)</u>	<u>3,295</u>	<u>(322,920)</u>	<u>(336,265)</u>
Current income tax and social contribution	(142)	3,295	(327,910)	(327,341)
Deferred taxes	-	-	4,990	(8,924)
Effective tax rate	-	-	44.6%	44.5%

(\*) Comprised of Ecoporto Santos and EcoRodovias Infraestrutura e Logística.

c) Provision for income tax and social contribution

Variations in the year of income tax and social contribution are as follows:

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Balance at the beginning of the year of the provision for income tax and social contribution	-	-	24,551	32,516
Income tax and social contribution expense in profit or loss	142	(3,295)	327,910	327,341
Total income tax and social contribution paid	(142)	3,295	(307,370)	(335,306)
Balance at the end of the year of the provision for income tax and social contribution	-	-	45,091	24,551

## 15. BORROWINGS AND FINANCING - CONSOLIDATED

Type	Company	Final maturity	Interest rate	12/31/2018	12/31/2017
In local currency:					
Finame (a)	Ecosul	11/2020	6.0% p.a.	97	148
Finame (b)	Ecocataratas	10/2022	2.5% p.a.	168	212
Finame (c)	Ecocataratas	06/2018	3.0% p.a.	-	27
Finem (d)	Ecocataratas	07/2018	TJLP + 2.10% p.a.	-	3,920
Finame (e)	Ecocataratas	07/2020	6.0% p.a.	292	494
Finem (f)	Ecopistas	07/2025	IPCA + 2.45% p.a.	27,390	31,083
Finem (f)	Ecopistas	06/2025	TJLP+ 2.45% p.a.	92,799	120,526
Finame (g)	Ecoporto Santos	10/2020	6.0% p.a.	2,919	4,715
Finem (h)	Eco101	12/2028	TJLP + 3.84% p.a.	169,567	178,071
Finem (h)	Eco101	06/2030	TJLP + 3.84% p.a.	187,354	107,022
Financiamento (i)	Eco101	12/2019	21.27% p.a.	111	203
Finem (j)	Ecoponte	08/2032	TJLP + 3.48% p.a.	51,410	49,275
Finem (j)	Ecoponte	12/2032	TJLP + 3.48% p.a.	28,461	-
Lease (k)	Ecosul	03/2018	25.13% p.a.	-	28
In foreign currency:					
Finimp (l)	Ecoporto Santos	01/2023	Libor 6M+2.0% p.a.	85,173	87,644
				<u>645,741</u>	<u>583,368</u>
Current				81,029	74,658
Noncurrent				564,712	508,710

The maturities of the noncurrent portion per year are as follows:

	12/31/2018	12/31/2017
2019	-	68,524
2020	79,283	69,476
2021	68,992	59,366
2022	60,998	50,735
2023	53,175	43,607
2024	42,081	33,302
After 2024	<u>260.183</u>	<u>183.700</u>
	<u>564.712</u>	<u>508.710</u>

The variations in the year in borrowings and financing are as follows:

	12/31/2018	12/31/2017
Balance at the beginning of the year	583,368	823,632
Additions	115,926	91,301
Finance charges (note 26):	70,512	67,751
Payment of principal	(77,662)	(307,713)
Payment of interest	(46,403)	(91,603)
Balance at the end of the year	<u>645,741</u>	<u>583,368</u>

## Description of the main bank borrowing and financing agreements in effect:

Item	Company	Financial institution	Required financial ratios	Collaterals
(a)	Ecosul	Itaú	Does not require maintenance of ratios.	Disposal of asset.
(b)	Ecocataratas	Itaú	Does not require maintenance of ratios.	Disposal of asset.
(c)	Ecocataratas	Bradesco	Does not require maintenance of ratios.	Disposal of asset.
(d)	Ecocataratas	BNDES	Does not require maintenance of ratios.	Letter of guarantee
(e)	Ecocataratas	Itaú	Does not require maintenance of ratios.	Disposal of asset.
(f)	Ecopistas	BNDES	(i) the ratio of equity to total liabilities must be equal to or higher than 20% based on the issuer's information; (ii) the debt service coverage ratio must be equal to or higher than 1.20 points; and (iii) the ratio of net debt to adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) must be lower than 4.00 points.	Assignment of credit rights of toll receivables, as well as accessory revenues from the concession and all and any indemnities to be received according to the collaterals and insurance policies of loss of profits contracted according to the concession agreement.
(g)	Ecoporto Santos	Itaú	Does not require maintenance of ratios.	No collateral.
(h)	Eco101	BNDES	Does not require maintenance of ratios	Assignment of credit rights.
(i)	Eco101	Banco Volkswagen	Does not require maintenance of ratios	No collateral.
(j)	Ecoponte	BNDES	Debtor: (i) The ratio of adjusted equity to total liabilities must be equal to higher than 20%; (ii) the debt service coverage ratio must be equal to or higher than 1.30; the Guarantor Ecorodovias Concessões: (i) the ratio of net debt to adjusted EBITDA must be lower than or equal to 4.00 points.	Pledge of EcoRodovias shares, fiduciary assignment of Ecoponte receivables arising from the concession arrangement, the rights arising from the concession including those related to possible indemnities. Guarantee by Ecorodovias.
(k)	Ecosul	Bradesco	Does not require maintenance of ratios.	Promissory note.
(l)	Ecoporto Santos	Banco Deutsche Bank AS	(i) Tangible equity > 20,000 (ii) Equity/Asset Total of parent EcoRodovias I&L > 20%	Pledge of EcoRodovias Infraestrutura e Logística.

As at December 31, 2018, the summary of the financial ratios is as follows:

<u>Ecopistas financial ratios (f)</u>	<u>Required</u>	<u>Measured</u>
(i) Equity-to-total liabilities	≥ 20%	36.06%
(i) Debt Service Coverage Ratio (DSCR)	≥ 1.20	2.35
(ii) Net debt-to-adjusted EBITDA	< 4.00	3.32
<u>Ecoporto Santos financial ratios (l)</u>	<u>Required</u>	<u>Measured</u>
Tangible equity (Ecoporto)	> 20,000	280, 851
Equity-to-total assets (Parent – Ecorodovias Infraestrutura)	> 20%	6.4%(b)
<u>Ecoponte financial ratios (j)</u>	<u>Required</u>	<u>Measured</u>
(i) Equity-to-total liabilities	≥ 20%	50%
(ii) Debt Service Coverage Ratio (DSCR)	≥ 1.30	n.m. (a)
(iii) Net debt-to-adjusted EBITDA (Parent - Ecorodovias Concessões e Serviços S.A.)	≤ 4.00	2.40

(a) DSCR not measured pursuant to clause 16, c): it will be calculated one year after beginning of amortization (January/19).

(b) The ratio is supported by Waiver.

BNDES subloans and releases made are as follows:

Eco101

<u>Subloan</u>	<u>Total</u>	<u>Released</u>	<u>Amortization</u>	<u>Installments</u>
A	188,473	188,473	22,350	150 installments
B1	66,237	66,237	2,924	150 installments
B2	52,483	39,556	1,473	150 installments
B3	117,799	84,901	1,606	150 installments
B4	28,388	-	-	150 installments
B5	22,493	-	-	150 installments
B6	50,485	-	-	150 installments
C1	54,165	-	-	150 installments
C2	28,231	-	-	150 installments
C3	99,159	-	-	150 installments
C4	50,671	-	-	150 installments
C5	26,409	-	-	150 installments
C6	92,762	-	-	150 installments
C-SOCIAL	4,389	-	-	150 installments
Total	<u>882,144</u>	<u>379,167</u>	<u>28,353</u>	

Ecocataratas

<u>Subloan</u>	<u>Total</u>	<u>Released</u>	<u>Amortization</u>	<u>Installments</u>
A1	22,681	22,681	22,681	60 monthly
A2	<u>9,720</u>	<u>9,720</u>	<u>9,720</u>	60 monthly
Total	<u>32,401</u>	<u>32,401</u>	<u>32,401</u>	

Ecopistas

<u>Subloan</u>	<u>Total</u>	<u>Released</u>	<u>Amortization</u>	<u>Installments</u>
a	99,200	99,200	73,096	114 monthly
b	85,528	85,528	58,162	114 monthly
c	-	-	-	-
d	27,999	27,999	14,736	114 monthly
e	21,769	21,769	8,163	8 annually
f	21,769	-	-	8 annually
g	21,769	-	-	8 annually
h	22,218	-	-	8 annually
i	4,848	-	-	8 annually
j	11,281	11,281	3,562	114 monthly
k	29,846	22,438	7,086	114 monthly
l	9,169	9,169	2,751	10 annually
Total	<u>355,396</u>	<u>277,384</u>	<u>167,556</u>	

Ecoponte

<u>Subloan</u>	<u>Total</u>	<u>Released</u>	<u>Amortization</u>	<u>Installments</u>
a	107,465	53,729	1,793	177 monthly
b	177,920	29,126	-	157 monthly
c	118,915	-	-	163 monthly
d	10,625	620	7	177 monthly
e	2,075	-	-	157 monthly
Total	<u>417,000</u>	<u>83,475</u>	<u>1,800</u>	

## 16. DEBENTURES

Debentures are summarized as follows:

<u>Description</u>	<u>Maturity</u>	<u>Average interest rate</u>	<u>Parent</u>		<u>Consolidated</u>	
			<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
1 <sup>st</sup> issue - Ecovia Caminho do Mar	05/2019	106.5% CDI	-	-	161,665	151,294
1 <sup>st</sup> issue - Ecosul	05/2020	107.0% CDI	-	-	167,414	156,626
2 <sup>nd</sup> issue - Ecosul	06/2020	110.75% CDI	-	-	50,123	50,073
3 <sup>rd</sup> issue - Ecosul	06/2020	107.0% CDI	-	-	56,122	52,443
2 <sup>nd</sup> issue - Ecovias dos Imigrantes	04/2024	IPCA+3.8/IPCA+4.28% p.a.	-	-	1,244,376	1,194,292
1 <sup>st</sup> issue - Ecocataratas	05/2019	106.5% CDI	-	-	208,864	195,228
1 <sup>st</sup> issue - Ecopistas	01/2023	IPCA+8.25% p.a.	-	-	407,561	447,317
1 <sup>st</sup> issue - Eco101	12/2020	CDI + 2.56% p.a.	-	-	25,000	24,847
1 <sup>st</sup> issue - Eco135	08/2020	117.5% CDI	-	-	226,224	-
1 <sup>st</sup> issue - Ecorodovias Concessões (Assignment)	04/2020	CDI+1.18% p.a./CDI+1.42% p.a.	-	-	373,229	608,943
2 <sup>nd</sup> issue - Ecorodovias Concessões (1 <sup>st</sup> Series)	10/2018	CDI+0.79% p.a.	-	-	-	80,850
2 <sup>nd</sup> issue - Ecorodovias Concessões (2 <sup>nd</sup> and 3 <sup>rd</sup> Series)	10/2022	IPCA+5.0%/IPCA+5.35% p.a.	-	-	694,574	778,926
3 <sup>rd</sup> issue - Ecorodovias Concessões	08/2019	106.0% CDI	-	-	220,106	216,840
5 <sup>th</sup> issue - Ecorodovias Concessões	12/2019	114.85% CDI	-	-	100,113	104,574
6 <sup>th</sup> issue - Ecorodovias Concessões (1 <sup>st</sup> and 2 <sup>nd</sup> Series)	11/2022	106.0% and 110.25% of CDI	-	-	1,076,561	1,070,399
6 <sup>th</sup> issue - Ecorodovias Concessões (3 <sup>rd</sup> Series)	11/2024	IPCA+6.0% p.a.	-	-	31,346	30,038
7 <sup>th</sup> issue - Ecorodovias Concessões	06/2025	IPCA + 7.44% p.a.	-	-	365,532	-
1 <sup>st</sup> issue - Ecorodoanel	03/2020	119.0% CDI	-	-	900,048	-
1 <sup>st</sup> issue - Ecoporto Santos	06/2019	CDI + 1.85% p.a.	-	-	125,290	252,558
2 <sup>nd</sup> issue - EcoRodovias Infraestrutura	06/2020	105.5% CDI	89,770	84,053	-	-
3 <sup>rd</sup> issue - EcoRodovias Infraestrutura	04/2020	CDI +1.25% p.a.	131,265	-	131,265	-
4 <sup>th</sup> issue - EcoRodovias Infraestrutura	12/2021	115.0% CDI	<u>297,355</u>	-	<u>297,355</u>	-
			<u>518,390</u>	<u>84,053</u>	<u>6,862,768</u>	<u>5,415,248</u>
Current			2,183	-	1,417,300	1,074,858
Noncurrent			516,207	84,053	5,445,468	4,340,390

The variations in debentures in the year are as follows:

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Balance at the beginning of the year	84,053	-	5,415,248	4,106,628
Addition	425,925	79,945	1,894,191	1,503,889
Finance charges (note 26)	13,377	4,108	505,842	406,323
Payment of principal	-	-	(592,388)	(230,285)
Payment of interest	(4,965)	-	(360,125)	(371,307)
Balance at the end of the year	518,390	84,053	6,862,768	5,415,248

#### Concessionária Ecovias dos Imigrantes S.A.

On April 15, 2013, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in two series, with a total nominal value of R\$881 million, adjusted for inflation according to the IPCA variation, plus interest, of which:

- (i) 1<sup>st</sup> series - R\$200 million, with interest of 3.80% p.a. paid annually from the issue date every April 15; the first payment made on April 15, 2014 and the last payment on April 15, 2020, amortization paid in two annual and consecutive installments, on April 15, 2019 and 2020;
- (ii) 2<sup>nd</sup> series - R\$681 million, with interest of 4.28% p.a. paid annually as from the issue date every April 15; the first payment made on April 15, 2014 and the last payment on April 15, 2024, amortization paid in three annual and consecutive installments, on April 15, 2022, 2023 and 2024.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas

##### 1<sup>st</sup> Issue

On January 15, 2011, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible debentures, with real collateral represented by pledge of shares and fiduciary assignment of credit rights in four series, with a notional amount of R\$370 million, adjusted for inflation based on the IPCA variation, plus interest, of which:

- (i) 1<sup>st</sup> series - R\$92,500 thousand, with interest of 8.25% p.a. paid annually as from the issue date every January 15; the first payment made on January 15, 2013 and the last payment on January 15, 2023, amortization paid in eleven annual and consecutive installments, on January 15, 2013 to 2023;
- (ii) 2<sup>nd</sup> series - R\$92,500 thousand, with interest of 8.25% p.a. paid annually as from the issue date every April 15; the first payment made on April 15, 2012 and the last payment on April 15, 2022, amortization paid in eleven annual and consecutive installments, on April 15, 2012 to 2022;
- (iii) 3<sup>rd</sup> series - R\$92,500 thousand, with interest of 8.25% p.a. paid annually as from the issue date every July 15; the first payment made on July 15, 2012 and the last payment on July 15, 2022, amortization paid in eleven annual and consecutive installments, on July 15, 2012 to 2022; and
- (iv) 4<sup>th</sup> series - R\$92,500 thousand, with interest of 8.25% p.a. paid annually as from the issue date every October 15; the first payment made on October 15, 2012 and the last payment on October 15, 2022, amortization paid in eleven annual and consecutive installments, on October 15, 2012 to 2022;

The issue is supported by real collateral represented by pledge of 100% of shares and fiduciary assignment of 100% of credit rights, shared with BNDES.

### 2<sup>nd</sup> Issue (Private)

On July 12, 2017, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, nonconvertible, unsecured debentures, in five series, amounting to R\$300 thousand, for private placement, and the direct parent Ecorodovias Concessões e Serviços S.A. acquired all the debentures and the settlement of the series will occur according to the Company's cash requirements. The remuneration rate of debentures will be: 1<sup>st</sup> series: 105.0% of CDI; 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> series: 105.5% of CDI. The principal and interest payments will be made in full on their maturity dates, as follows: 1<sup>st</sup> series July 14, 2025; 2<sup>nd</sup> series: October 14, 2025; 3<sup>rd</sup> series: January 14, 2026; 4<sup>th</sup> series April 14, 2026; and 5<sup>th</sup> series July 14, 2026. The financial settlements occurred as follows:

- On July 14, 2017, R\$100 thousand were settled referring to the first series and the compliance with financial ratios is not required.
- On December 14, 2017, R\$70 thousand were settled referring to the second series, R\$40 thousand referring to the third series and R\$40 thousand referring to the fourth series and the compliance with financial ratios is not required.

The issue is not supported by collaterals of any nature.

### Concessionária Ecovia Caminho do Mar S.A.

On November 04, 2014, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$143 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures as follows: (i) from the issue date to March 4, 2016 105.7% of the CDI – settled (ii) from March 4, 2016 to May 15, 2017 115.0% of the CDI, settled (iii) from May 15, 2017 to May 15, 2019 106.5% of the CDI, and amortization in one single installment on the maturity date, May 15, 2019.

On November 27, 2018, the 3<sup>rd</sup> amendment was made to include the guarantee from the Guarantor Intervening Party.

The issue is supported by additional fiduciary collateral and is not subject to scheduled renegotiation.

### Empresa Concessionária de Rodovias do Sul S.A. – Ecosul

#### 1<sup>st</sup> Issue

On November 17, 2014, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$148 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures as follows: (i) from the issue date to March 4, 2016 105.7% of the CDI over – settled (ii) from March 4, 2016 to May 15, 2017 115.0% of the CDI over, settled (iii) from May 15, 2017 to May 15, 2019 107% of the CDI over, and amortization in one single installment on the maturity date, May 15, 2020.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

### 2<sup>nd</sup> Issue

On January 17, 2017, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, nonconvertible, unsecured debentures, in a single series, with a total nominal value of R\$50 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 107.5% of the CDI over, paid semiannually as from the issue date on the 17<sup>th</sup> of June and December, the first payment was made on June 17, 2017 and the last on the maturity date with amortization on June 17, 2018.

On June 11, 2018, an addendum was entered into with respect to the 2<sup>nd</sup> issue of debentures authorizing the change of the maturity date of the debentures to June 17, 2020. In view of the change of the maturity date of the debentures, a new interest rate was defined. Interest will be charged on the unit nominal value of debentures at 110.75% of the CDI, the first payment being made on June 17, 2017 and the last on the maturity date with amortization on June 17, 2020.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

### 3<sup>rd</sup> Issue

On June 2, 2017, the Company carried out the 3<sup>rd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$50 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 107% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, June 2, 2020.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

### Rodovias das Cataratas S.A. - Ecocataratas

On May 17, 2017, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$185 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 106.50% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, May 17, 2019.

On November 27, 2018, the 1<sup>st</sup> amendment was made to include the guarantee from the Guarantor Intervening Party.

The issue is supported by additional fiduciary collateral and is not subject to scheduled renegotiation.

### Eco101 Concessionária de Rodovias S.A.

On June 29, 2017, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with an additional fiduciary collateral, in a single series, with a total nominal value of R\$25 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over, plus 1.80% p.a., paid semiannually on the 29<sup>th</sup> of June and December, the first payment made on December 29, 2017 and the last on the maturity date with amortization on December 29, 2018.

On December 14, 2018, an addendum was entered into with respect to the 1<sup>st</sup> issue of debentures authorizing the change of the maturity date of the debentures to December 29, 2020. In view of the change of the maturity date of the debentures, a new interest rate was defined. Interest will be charged on the unit nominal value of debentures at 100% of the CDI *over*, plus 2.56% p.a., paid semiannually on the 29<sup>th</sup> of June and December, the first payment made on December 29, 2017 and the last on the maturity date with amortization on December 29, 2020.

The issue is supported by real and fiduciary collaterals as pledge of Ecorodovias Concessões e Serviços S.A. and is not subject to scheduled renegotiation.

#### Ecorodovias Concessões e Serviços S.A.

##### 1<sup>st</sup> Issue (EcoRodovias Infraestrutura – Debt assignment)

On April 24, 2015, the Company carried out the 1<sup>st</sup> issue of simple debentures, non-convertible into unsecured shares, with additional fiduciary collateral, in two series, with a total nominal value of R\$600 million.

On August 10, 2016, the 2<sup>nd</sup> amendment to the Deed was signed in which the Issuer (EcoRodovias Infraestrutura e Logística S.A.) assigned to the Guarantor (Ecorodovias Concessões e Serviços S.A.) all the rights and obligations acquired and assumed in the documents related to the Debentures, by replacing the contract position of the Issuer by the Guarantor and assumption of Debt represented by Debentures by the Guarantor (“assignment”). Due to the Assignment, the Guarantor is now the issuer of the Debentures and, consequently, the Issue (after the Assignment) was no longer supported by fiduciary collateral from the Guarantor or third parties.

- (i) 1<sup>st</sup> series R\$232 million, not adjusted for inflation, on the unit nominal value, in which interest will be charged at 100% of the CDI *over*, plus 1.18% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment made on October 15, 2015 and the last on the maturity date on April 15, 2018, amortization paid in a single installment on April 15, 2018;
- (ii) 2<sup>nd</sup> series R\$368 million, not adjusted for inflation, on the unit nominal value of debentures, in which interest will be charged at 100% of the CDI *over*, plus 1.42% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment made on October 15, 2015 and the last on the maturity date on April 15, 2020, amortization paid in two installments on April 15, 2019 and 2020;

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

##### 2<sup>nd</sup> Issue

On October 15, 2012, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in three series, with a total nominal value of R\$800 million, of which:

- (i) 1<sup>st</sup> series R\$240 million, not adjusted for inflation, on the unit nominal value of debentures, in which interest will be charged at 100% of the CDI *over*, plus 0.79% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment made on April 15, 2013 and the last on the maturity date on October 15, 2018, amortization paid in three annual installments on October 15, 2016 to 2018;

- (ii) 2<sup>nd</sup> series R\$160 million, adjusted for inflation based on the IPCA variation, plus interest, levied on the inflation adjusted amount, of 5.0% p.a., paid annually as from the issue date on October 15, the first payment on October 15, 2013 and the last payment on the maturity date, October 15, 2019, amortization paid in two annual and consecutive installments, on October 15, 2018 and 2019;
- (iii) 3<sup>rd</sup> series R\$400 million, adjusted for inflation based on the IPCA variation, plus interest, levied on the inflation adjusted amount, of 5.35% p.a., paid annually ad from the issue date on October 15, the first payment on October 15, 2013 and the last payment on the maturity date, October 15, 2022, amortization paid in three annual and consecutive installments, on October 15, 2020 to 2022.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 3<sup>rd</sup> Issue

On November 18, 2016, the Company carried out the 3<sup>rd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$215 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 114.0% of the CDI over, paid in two semiannual installments and one quarterly installment, the first payment made on May 18, 2017 and the last on the maturity date with amortization on February 19, 2018.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 4<sup>th</sup> issue

On April 12, 2017, the Company carried out the 4<sup>th</sup> issue of simple, non-convertible into unsecured shares, for PRIVATE placement in a single series, with a total nominal value of R\$300 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 105.5% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, April 12, 2025.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 5<sup>th</sup> Issue

On June 22, 2017, the Company carried out the 5<sup>th</sup> issuance of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$100 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 109.0% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, December 22, 2018.

On December 17, 2018, the 1<sup>st</sup> addendum was entered into with respect to the 5<sup>th</sup> issue of debentures authorizing the change of the maturity date to December 22, 2019. In view of the change of the maturity date of the debentures, a new interest rate was defined. Interest will be charged on the unit nominal value of debentures at 114.85% of the CDI over, paid on December 22, 2018 and together with amortization on December 22, 2019.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 6<sup>th</sup> Issue

On December 14, 2017, the Company carried out the 6<sup>th</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, without cautions, in three series, with a total nominal value of R\$1,100 billion, of which:

- (i) 1<sup>st</sup> series R\$319,550 million, not adjusted for inflation, on the unit nominal value, in which interest will be charged at 106.0% of the CDI p.a., paid semiannually as of the issue date on the 15<sup>th</sup> of May and November, the first payment made on May 15, 2018 and the last on the maturity date, November 15, 2020, amortization paid in a single installment on the maturity date;
- (ii) 2<sup>nd</sup> series R\$750,450 million, not adjusted for inflation, on the unit nominal value, in which interest will be charged at 110.25% of the CDI p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of May and November, the first payment made on May 15, 2018 and the last on the maturity date, November 15, 2022, amortization paid in two annual installments on November 15, 2021 and November 15, 2022;
- (iii) 3<sup>rd</sup> series R\$30,000 million, adjusted for inflation based on the IPCA variation, plus interest, levied on the inflation adjusted amount, of 6.0% p.a., paid annually as from the issue date on November 15, the first payment on October 15, 2018 and the last payment on the maturity date, October 15, 2024, amortization paid in two annual and consecutive installments, on October 15, 2023 and 2024;

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 7<sup>th</sup> Issue

On July 07, 2018, the Company carried out the 7<sup>th</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$350 million, adjusted for inflation based on the IPCA fluctuation plus interest, levied on the adjusted amount, of 7.4438% p.a. paid annually as from the issue date on June 15, the first payment made on June 15, 2019 and the last on the maturity date, June 15, 2025, amortization paid in two annual and successive installments on June 15, 2024 and 2025;

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### EcoRodovias Infraestrutura e Logística S.A.

#### 2<sup>nd</sup> Issue

On June 2, 2017, the Company carried out the 2<sup>nd</sup> issue of simple, non-convertible, unsecured debentures, for PRIVATE placement in a single series, with a total nominal value of R\$80 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 105.50% of the CDI over. Interest and amortization will be paid in a single installment on maturity date, June 2, 2020.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

The issue does not require compliance with financial (covenants).

#### 3<sup>rd</sup> Issue

On March 23, 2018, the Company approved the 3<sup>rd</sup> issue of simple, non-convertible, unsecured debentures, in single series, totaling R\$130, 000. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over plus 1.25% p.a. The effective period of the debentures shall be two years from the date of issue, thus maturing on April 13, 2020.

These debentures do not carry any type of guarantee.

#### 4<sup>th</sup> Issue

On December 27, 2018, the Company carried out the 4<sup>th</sup> issue of simple, non-convertible, unsecured debentures, in single series, totaling R\$300, 000. The effective period of the debentures shall be three years from the date of issue, thus maturing on December 15, 2021. Interest will be charged on the unit nominal value of debentures at 115.00% of the CDI over. Interest will be paid semiannually on the 15<sup>th</sup> of June and December, the first payment made on June 15, 2019 and the last on the maturity date. Amortization will be paid in two installments on December 15, 2020 and on the maturity date, December 15, 2021.

These debentures do not carry any type of guarantee.

#### Concessionária do Rodoanel Norte S.A. - Ecorodoanel

On March 29, 2018, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$900 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 119.0% of the CDI, interest will be paid on a quarterly basis on the 15<sup>th</sup> of June, September, December and March, the first maturity date is June 15, 2018 and the last payment on the maturity date with amortization in a single installment on March 15, 2020.

The issue is supported by additional fiduciary collateral as pledge of Ecorodovias Infraestrutura e Logística S.A and is not subject to scheduled renegotiation.

#### Ecoporto Santos S.A.

On June 15, 2012, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with an additional real and fiduciary collateral, in a single series, with a total nominal value of R\$600 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over, plus 1.85% p.a., paid annually on the 15<sup>th</sup> of June 2013 to 2019. Amortization of principal will be paid in six annual installments on June 15, 2014 to 2019.

The issue is supported by real collateral and additional fiduciary collateral as pledge of Ecorodovias Infraestrutura e Logística S.A. and is not subject to scheduled renegotiation.

#### Eco135 Concessionária de Rodovias S.A.

On August 15, 2018, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with additional fiduciary collateral, in a single series, with a total nominal value of R\$225 million, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 117.50% of the CDI over, paid on a quarterly basis on the 15<sup>th</sup> of February, May, August and November, the first maturity date on November 15, 2018 and the last payment on the maturity date with amortization on August 15, 2020.

The issue is supported by real and fiduciary collaterals as pledge of Ecorodovias Concessões e Serviços S.A. and is not subject to scheduled renegotiation.

The maturities of the noncurrent portion per year are as follows:

	Parent					
	12/31/2018			12/31/2017		
	Installment	Cost	Total	Installment	Cost	Total
2018	-	-	-	-	(10)	(10)
2019	-	(1,694)	(1,694)	-	(10)	(10)
2020	369,784	(1,319)	368,465	84,077	(4)	84,073
2021	150,000	(564)	149,436	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
After 2024	-	-	-	-	-	-
	<u>519,784</u>	<u>(3,577)</u>	<u>516,207</u>	<u>84,077</u>	<u>(24)</u>	<u>84,053</u>

	Consolidated					
	12/31/2018			12/31/2017		
	Installment	Cost	Total	Installment	Cost	Total
2019	-	(1,590)	(1,590)	-	(231)	(231)
2020	2,632,406	(10,588)	2,621,818	967,249	(7,583)	959,666
2021	840,190	(5,950)	834,240	1,122,409	(6,138)	1,116,271
2022	964,979	(3,084)	961,895	678,645	(5,231)	673,414
2023	346,907	(1,429)	345,478	943,362	(2,954)	940,408
2024	330,135	(574)	329,561	334,192	(1,326)	332,866
After 2024	354,650	(584)	354,066	318,035	(39)	317,996
	<u>5,469,267</u>	<u>(23,799)</u>	<u>5,445,468</u>	<u>4,363,892</u>	<u>(23,502)</u>	<u>4,340,390</u>

The Company is a party to agreements with covenants linked to financial ratios, as shown in the table below:

Company	Issue	Covenant description	Required ratio	Reached
Ecocataratas	1 <sup>st</sup>	Net debt-to-adjusted EBITDA	≤ 3.5x	0.62x
Ecovias	2 <sup>nd</sup>	Net debt-to-adjusted EBITDA	≤ 3.5x	1.40x
		Adjusted EBITDA-to-net finance cost	> 2.0x	9.41x
Ecopistas	1 <sup>st</sup>	Equity-to-total liabilities	> 20%	36.06%
		Debt-Service Coverage Ratio (DSCR)	≥ 1.20x	2.35x
		Total net debt-to-adjusted EBITDA	≤ 5.5x	4.04x
		Net debt-to-adjusted EBITDA	< 4.0x	3.32x
Ecosul	1 <sup>st</sup>	Net debt-to-adjusted EBITDA	≤ 3.5x	1.15x
	2 <sup>nd</sup>	Net debt-to-adjusted EBITDA	< 3.0x	1.15x
	3 <sup>rd</sup>	Net debt-to-adjusted EBITDA	≤ 3.5x	1.15x
Ecorodovias Concessões	1 <sup>st</sup>	Net debt-to-Adjusted EBITDA	≤ 3.75x	2.40x
	2 <sup>nd</sup>	Net debt-to-EBITDA	< 3.5x	2.60x
		EBITDA-to-net finance cost	> 2.0x	5.16x
	3 <sup>rd</sup>	Net debt-to-adjusted EBITDA	≤ 3.75x	2.40x
		Adjusted EBITDA-to-net finance cost	≥ 2.0x	5.61x
4 <sup>th</sup>	Net debt-to-adjusted EBITDA	≤ 3.75x	2.40x	
	Adjusted EBITDA-to-net finance cost	≥ 2.5x	5.61x	
5 <sup>th</sup>	Net debt-to-adjusted EBITDA	≤ 3.5x	2.40x	
	Adjusted EBITDA-to-net finance cost	≥ 2.0x	5.61x	

Company	Issue	Covenant description	Required ratio	Reached
	6 <sup>th</sup>	Net debt-to-adjusted EBITDA Adjusted EBITDA-to-net finance cost	≤ 3.75x ≥ 2.0x	2.40x 5.61x
	7 <sup>th</sup>	Net debt-to-adjusted EBITDA	≤ 3.75x	2.40x
Ecovia	1 <sup>st</sup>	Net debt-to-adjusted EBITDA	≤ 3.5x	0.35x
Eco135	1 <sup>st</sup>	Net debt-to-adjusted EBITDA	≤ 3.75x	2.40x
Ecorodoanel (Intervening EIL)	1 <sup>st</sup>	Net debt-to-adjusted EBITDA	≤ 4.15	2.71x
Ecorodoanel (ECS)		Net debt-to-adjusted EBITDA	≤ 3.75x	2.40x
Ecoporto Santos (*)	1 <sup>st</sup>	Net debt-to-EBITDA EBITDA-to-net finance cost	< 3.0x > 3.0x	11.66x 0.58x

(\*) Ratio backed by a letter of guarantee from the Company.

The non-financial covenants provides for an accelerated maturity clause due to non-strictly financial events including, without limitation: (i) filing for or adjudication of bankruptcy or judicial recovery by the Issuer or third parties not suspended within the legal term; (ii) matters related to the failure to perform non-monetary obligations not remedied within a predetermined period; (iii) capital decrease or change of the corporate type without previous authorization from creditors; (iv) merger, spin-off, consolidation or merger of shares, except in cases of corporate reorganization within the Company's economic group; (v) transfer of obligations of the financial instrument without previous authorization from the creditor; (vi) disposal of assets in an amount higher than that previously established in the respective debt instruments; (vii) funds allocated differently from the allocation established in the respective debt instruments.

The table below shows the Internal Rate of Return (IRR) of these transactions:

Issuer	Series	Date	Notional amount	Issue costs	Net amount	Interest rate	IRR
	1 <sup>st</sup> series	10/15/2012	240,000	(6,626)	233,374	CDI + 0.79% p.a.	11.55% p.a.
	2 <sup>nd</sup> series	10/15/2012	160,000	(4,417)	155,583	5.00%+ IPCA p.a.	11.44% p.a.
	3 <sup>rd</sup> series	10/15/2012	400,000	(11,043)	388,957	5.35%+ IPCA p.a.	11.28% p.a.
	2 <sup>nd</sup> series	04/24/2015	368,000	(2,609)	365,391	CDI + 1.42% p.a.	12.03% p.a.
Ecorodovias	Single series	11/18/2016	215,000	(248)	214,752	106.0% CDI	9.09% p.a.
Concessões e Serviços	Single series	04/12/2017	300,000	(112)	299,888	105.5% CDI	6.98% p.a.
	Single series	06/22/2017	100,000	(198)	99,802	114.85% CDI	7.72% p.a.
	1 <sup>st</sup> /2 <sup>nd</sup> /3 <sup>rd</sup> series	12/14/2017	319,550	-	319,550	106.0% CDI	6.78% p.a.
			750,450	(2,908)	747,542	110.25% CDI	7.06% p.a.
			30,000	-	30,000	IPCA + 6.0% p.a.	10.27% p.a.
Ecorodovias	Single series	07/04/2018	350,000	(1,972)	348,028	IPCA + 7.4438% p.a.	11.69% p.a.
Infraestrutura e Logística	Single series	06/03/2017	80,000	(55)	79,945	105.5% CDI	7.18% p.a.
	Single series	04/13/2018	130,000	(1,167)	128,833	CDI + 1.25%	7.68% p.a.
	Single series	12/15/2018	300,000	(2,907)	297,093	115.0% CDI	7.36% p.a.
Ecovias dos Imigrantes	1 <sup>st</sup> series	04/15/2013	200,000	(6,890)	193,110	IPCA + 3.80% p.a.	9.82% p.a.
	2 <sup>nd</sup> series	04/15/2013	681,000	(23,462)	657,538	IPCA + 4.28% p.a.	9.77% p.a.
	1 <sup>st</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25% p.a.	14.68% p.a.
	2 <sup>nd</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25% p.a.	14.82% p.a.
	3 <sup>rd</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25% p.a.	14.78% p.a.
	4 <sup>th</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25% p.a.	14.69% p.a.
Ecopistas	1 <sup>st</sup> series	07/14/2017	100,000	(206)	99,794	105.0% of CDI	6.81% p.a.
	2 <sup>nd</sup> series	12/14/2017	70,000	(144)	69,856	105.0% of CDI	6.75% p.a.
	3 <sup>rd</sup> series	12/14/2017	40,000	(82)	39,918	105.0% of CDI	6.75% p.a.
	4 <sup>th</sup> series	12/14/2017	40,000	(82)	39,918	105.0% of CDI	6.75% p.a.

Issuer	Series	Date	Notional amount	Issue costs	Net amount	Interest rate	IRR
Eco101	Single series	06/30/2017	25,000	(242)	24,758	CDI + 2.56% p.a.	9.01% p.a.
Ecocataratas	Single series	05/17/2017	185,000	(481)	184,519	106.5% CDI	7.60% p.a.
Ecosul	Single series	11/17/2014	148,000	(258)	147,742	107.0% CDI	11.12% p.a.
Ecosul	Single series	01/17/2017	50,000	(122)	49,878	110.75% CDI	8.13% p.a.
Eco135	Single series	08/15/2018	225,000	(953)	224,999	117.5% CDI	7.51% p.a.
Ecosul	Single series	06/02/2017	50,000	(175)	49,825	107.0% CDI	7.28% p.a.
Ecovia	Single series	11/04/2014	143,000	(233)	142,767	106.5% CDI	11.93% p.a.
Ecorodoanel	Single series	03/29/2018	900,000	(3,722)	896,278	119.0% CDI	7.61% p.a.
Ecoporto Santos	Single series	06/15/2012	600,000	(4,267)	595,733	CDI + 1.85% p.a.	12.12% p.a.
			<u>7,570,000</u>	<u>(88,601)</u>	<u>7,482,351</u>		

## 17. RELATED PARTIES

The Company and its subsidiaries engage services from their shareholders or from companies related to their shareholders, either directly or through consortiums, for the performance of upkeep, improvement and expansion services in the highway system, and administrative and financial, human resources, information technology, engineering and corporate procurement services.

Pursuant to the Company's bylaws, the Board of Directors is responsible for approving agreements entered into by the Company and any of its shareholders or owners of its shareholders or the Company's or its controlling shareholders' subsidiaries or associates, and any member of the Board of Directors can request, in advance and on a timely basis, the preparation of an independent valuation, conducted by a specialized firm, to review the terms and conditions of any proposed agreement and if such agreement is being negotiated on an arm's length basis.

As at December 31, 2018, the balances of related-party transactions are as follows:

	Type	Assets		Liabilities		Profit or loss	
		Current	Noncurrent Intangible assets	Current	Noncurrent	(Expense)/Income	Interest on debt assignment
Parent							
Ecorodovias Concessões e Serviços S.A. (a)	Direct subsidiary	1,014	-	-	-	-	-
Ecorodovias Concessões e Serviços S.A. (b)	Direct subsidiary	-	-	-	353,073	-	31,332
Ecorodovias Concessões e Serviços S.A. (c)	Direct subsidiary	-	-	174,000	455,073	-	69,884
Ecorodovias Concessões e Serviços S.A. (d)	Direct subsidiary	25,408	-	-	-	-	-
Empresa Concessionária de Rodovias do Sul S.A. Ecosul (e)	Indirect subsidiary	54	-	-	-	633	-
Empresa Concessionária de Rodovias do Sul S.A. Ecosul (aa)	Indirect subsidiary	3,152	-	-	-	-	-
Concessionária do Rodoanel Norte S.A. - Ecorodoanel (f)	Direct subsidiary	80	-	-	-	-	-
Ecoporto Santos S.A. (g)	Direct subsidiary	-	37,115	-	-	-	(3,479)
Termares Term. Mar. Alfandegados Ltda. (h)		-	4,914	-	-	-	(460)
Total as at December 31, 2018		<u>29,708</u>	<u>42,029</u>	<u>174,000</u>	<u>808,146</u>	<u>633</u>	<u>27,393</u>
Total as at December 31, 2017		<u>1.324</u>	<u>38.681</u>	<u>414.666</u>	<u>640.347</u>	<u>5.397</u>	<u>67.548</u>

Consolidated	Type	Assets		Liabilities	Profit or loss	
		Current Trade receivables	Noncurrent Intangible assets	Current	Revenue	Costs and expenses
Ecopátio Logística Cubatão Ltda. (i)	Other related parties	47	-	-	822	-
Ecopátio Logística Cubatão Ltda. (j)	Other related parties	12	-	-	-	-
Ecopátio Logística Cubatão Ltda. (k)	Other related parties	127	-	-	-	-
Elog S.A. (y)	Other related parties	-	-	-	1,026	-
CBB Indústria e Comércio de Asfaltos e Engenharia Ltda. (l)	Other related parties	-	52,148	2,618	-	-
TB Transportadora Betumes Ltda. (l)	Other related parties	-	4,252	107	-	-
CR Almeida S.A. Engenharia de Obras (m)	Other related parties	-	5,797	-	-	-
SBS Engenharia e Construções S.A (n)	Other related parties	-	24,042	-	-	-
A. Madeira Indústria e Comércio Ltda. (o)	Other related parties	-	9,006	-	-	-
Contek Engenharia S.A. (p)	Other related parties	-	7,650	-	-	-
Engenharia e Construtora Araribóia Ltda. (q)	Other related parties	-	7,171	-	-	-
Incospal Construções Ltda. (r)	Other related parties	-	739	-	-	-
Consórcio Baixada Santista (s)	Other related parties	-	11,100	-	-	-
Consórcio MG135 (t)	Other related parties	-	16,318	7,838	-	-
Consórcio Binário Porto de Santos (u)	Other related parties	-	10,543	3,263	-	-
Consórcio Alças da Ponte (v)	Other related parties	-	24,983	6,055	-	-
Vix Logística S.A (w)	Other related parties	-	-	-	-	4,252
Unimar Transportes Ltda. (x)	Other related parties	-	-	-	-	3,951
Itínera Construções Ltda (z)	Other related parties	-	-	-	2	-
Total as at December 31, 2018		<u>186</u>	<u>173,749</u>	<u>19,881</u>	<u>1,850</u>	<u>8,203</u>
Total as at December 31, 2017		<u>583</u>	<u>290,677</u>	<u>15,594</u>	<u>-</u>	<u>12,223</u>

Related-party transactions are broken down as follows:

- (a) Refers to the apportionment of compensation costs of the officers shared among the Company and subsidiary Ecorodovias Concessões e Serviços (see Management compensation note).
- (b) The amount of R\$353,073 (R\$326,441 as at December 31, 2017) refers to an intragroup loan agreement with subsidiary Ecorodovias Concessões e Serviços S.A. The loan bears 105.0% of the CDI maturing on June 12, 2020.
- (c) On August 10, 2016, the Company entered into an Assignment and onerous assumption of obligations and other covenants agreement with Ecorodovias Concessões e Serviços S.A., which bear the same interest provided for in the Deed, under which it assigned the debt of R\$600,000 in debentures in two series: 1<sup>st</sup> series: CDI+1.18% p.a. maturing on April 15, 2018 and 2<sup>nd</sup> series CDI+1.42% p.a. maturing on April 15, 2020. The final maturity of the debt assignment is December 2023. The balance payable as at December 31, 2018 is R\$629, 073.
- (d) Refers to the income tax on debt assignment with direct subsidiary Ecorodovias Concessões e Serviços S.A.
- (e) Refers to the rental of the property where indirect subsidiary Ecosul's head office, owned by the Company, is located. The outstanding balance receivable of R\$54 (rents already incurred) falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (f) The balance refers to the transfer of employees between companies (accrued 13<sup>th</sup> salary and vacation pay) and falls due within 45 days, not subject to finance charges, and no collateral was pledged to the creditors.
- (g) Refers to an intragroup loan agreement with subsidiary Ecoporto Santos S.A. as the borrower. The loan bears 105% of the CDI maturing on December 31, 2021.
- (h) Refers to an intragroup loan agreement with Termares as the borrower. The loan bears 105% of the CDI maturing on December 31, 2021.
- (i) Direct subsidiary Ecorodovias Concessões e Serviços S.A. provides administrative, financial, human resources, information technology, engineering and corporate procurement services. The annual amount of the agreements entered into with the service companies is approximately R\$886, effective for a 12-month period, from January to December of each year. The outstanding balance of service invoices already performed on December 31, 2018 is R\$47 (services already performed), falling due within 45 days and not subject to finance charges, and no collateral was pledged to the creditors.
- (j) Refers to the exchange of cash between subsidiaries Ecopátio Cubatão and Ecopistas.
- (k) Refers to administrative expenses shared among subsidiaries Ecoporto Santos and Ecopátio Cubatão.

- (l) CBB Indústria e Comércio de Asfaltos e Engenharia Ltda. and TB Transportadora de Betumes Ltda., which are owned by the shareholders of C.R. Almeida Engenharia e Obras S.A., the Company's parent company, provide services involving supply and transport of asphalt to: Concessionária Ecovia Caminho do Mar S.A., Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas, Rodovias das Cataratas S.A. - Ecocataratas, Concessionária Ecovias dos Imigrantes S.A. The overall price agreed to deliver the services contracted between the companies and CBB Indústria e Comércio de Asfaltos e Engenharia Ltda. and TB Transportadora de Betumes Ltda. is R\$124,830. The deadline for these services completion is May 31, 2020. As at December 31, 2018, the outstanding balance payable of R\$2,725 (services already performed) falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (m) CR Almeida Engenharia e Obras S.A., which holds a stake in Primav Infraestrutura S.A., parent company of the EcoRodovias Group, was hired to build the extension of Highway Carvalho Pinto, Taubaté/SP125 section, notably Lots 02 and 03 of indirect subsidiary Ecopistas. The contract amount is R\$120,779. The deadline to complete the services was March 31, 2018. As at December 31, 2018, there is no outstanding balance payable (services already performed).
- (n) SBS Engenharia S.A. was a related party until September 19, 2018, through Grant Concessões e Participações, which held a 14.5% stake in indirect subsidiary Eco101 Concessionária de Rodovias S.A. There is no balance payable as at December 31, 2018.
- (o) A.Madeira Ind e Com. Ltda was a related party until September 19, 2018, through Centaurus Participações, which held a 27.5% stake in indirect subsidiary Eco101 Concessionária de Rodovias S.A.
- (p) Contek Engenharia S.A. was a related party until September 19, 2018, through Centaurus Participações, which held a 27.5% stake in indirect subsidiary Eco101 Concessionária de Rodovias S.A. There is no balance payable as at December 31, 2018.
- (q) Engenharia e Construções Araribóia Ltda was a related party until September 19, 2018, through Centaurus Participações, which held a 27.5% stake in indirect subsidiary Eco101 Concessionária de Rodovias S.A.
- (r) Incospal Construções Ltda was a related party until September 19, 2018, through Centaurus Participações, which held a 27.5% stake in indirect subsidiary Eco101 Concessionária de Rodovias S.A. There is no balance payable as at December 31, 2018.
- (s) Baixada Santista Consortium, owned by the shareholders of C.R. Almeida Engenharia e Obras S. A. e Itinera Construções Ltda., provided services consisting of the ramp implementation at SP-150 Rodovia Anchieta - northern runway - KM 56. The overall price agreed is R\$22,899. The deadline to complete the services is December 31, 2018. As at December 31, 2018, there is no outstanding balance payable (services already performed).
- (t) MG-135 Consortium, comprised of related parties CR Almeida Engenharia e Obras S.A. and Itinera Construções Ltda, provides infrastructure services for the six (6) toll plazas to be implemented at the highways under the subsidiary's concession. The overall price agreed is R\$25,878. The deadline to complete the services is March 1, 2019. As at December 31, 2018, the outstanding balance is R\$7,838 (services already performed) and falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.

- (u) Binário Porto de Santos Consortium, comprised of related parties CR Almeida Engenharia e Obras S.A. and Itinera Construções Ltda, provides implementation services regarding the intersection Port-City between KM 60 and KM 65+600 of SP 150, municipalities of Santos and Cubatão. The overall price agreed is R\$184,837. The deadline to complete the services is November 30, 2020. As at December 31, 2018, the outstanding balance is R\$3,263 (services already performed) and falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (v) Alças da Ponte Consortium provides services consisting of the implementation of the ramp between Ponte Rio-Niterói with Linha Vermelha and Avenida Portuária in the City of Rio de Janeiro. The overall price agreed is R\$228,605. The deadline to complete the services is March 31, 2020. As at December 31, 2018, the outstanding balance is R\$6,055 (services already performed) and falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (w) Vix Logística Ltda. was a related party until September 19, 2018, through Centaurus Participações, which held a 27.5% stake in indirect subsidiary Eco101 Concessionária de Rodovias S.A. There is no balance payable as at December 31, 2018.
- (x) Unimar Transportes Ltda. was a related party until September 19, 2018, through Centaurus Participações, which held a 27.5% stake in indirect subsidiary Eco101 Concessionária de Rodovias S.A. There is no balance payable as at December 31, 2018.
- (y) Direct subsidiary Ecorodovias Concessões e Serviços S.A. provided administrative, financial, human resources, information technology, engineering and corporate procurement services to the then subsidiary Elog S.A. up to April 30, 2018.
- (z) Direct subsidiary Ecorodovias Concessões e Serviços S.A. provides administrative, financial, human resources, information technology, engineering and corporate procurement services to related party Itinera Construções Ltda, up to February 28, 2018.
- (aa) Refers to the payment of tax loss acquired by indirect subsidiary Ecosul, for settlement of the PERT of said subsidiary.

The balances of intragroup loan agreements between subsidiaries as at December 31, 2018 are not disclosed in the financial statements because they do not include the parent company and are eliminated in the consolidated financial statements. The balances are as follows:

<u>Lender</u>	<u>Borrower</u>	<u>Issuance</u>	<u>Maturity</u>	<u>Rate</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Ecorodovias Concessões	Ecopistas	10/2010	03/2025	100% CDI + 1.20% p.a.	142,317	133,628
Ecorodovias Concessões	EcoRodovias Infraestrutura	06/2015	06/2020	105.0% CDI	353,073	326,441
Ecorodovias Infra	Ecoporto Santos	10/2015	12/2021	105.0% CDI	37,115	34,158
Ecorodovias Infra	Termares	11/2015	12/2021	105.0% CDI	4,914	4,522
Termares	Ecoporto Santos	09/2015	12/2021	105.0% CDI	6,246	5,748
Termares	Ecoporto Santos	10/2015	12/2021	105.0% CDI	2,114	1,946
					<u>545,779</u>	<u>506,443</u>

### Management compensation

Management members are the persons with authority and responsibility for the planning, management, and control of the Company's activities.

In the year ended December 31, 2018, key management personnel received short-term benefits (salaries, profit sharing, private pension plan, and stock options) recognized in line item 'General and administrative expenses'.

No amounts were paid as: (a) postemployment benefits (pensions, other retirement benefits, postemployment life insurance, and postemployment healthcare); (b) long-term benefits (leave of absence for length of service and long-term disability benefits); or (c) severance benefits.

The overall annual compensation of key management personnel for the year ended December 31, 2018 was set at the Annual General Shareholders' Meeting at R\$19,324 (R\$19,254 for 2017), and part of the proposed amount for compensation of certain management members may be apportioned between the Company and its subsidiaries as set forth in a cost sharing agreement.

Accrued management compensation for the year is as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Compensation (fixed/variable)	5,762	3,321
Retention plan	4,500	4,307
Stock option plan	68	727
Share-based compensation (Phantom Stock Option/ Restricted Stock)	713	2,877
Life insurance	4	8
Health care	113	179
Private pension plan	175	345
INSS (on salaries, retention plan and long-term incentives Term - ILP (Phantom Stock Option - PSO + Phantom Restricted Stock - PRS)	<u>1,898</u>	<u>2,629</u>
	<u>13,233</u>	<u>14,393</u>

#### 18. PROVISION FOR MAINTENANCE - CONSOLIDATED

The amounts recognized as provision for maintenance costs refer to the estimated future costs incurred on the upkeep of the highway infrastructure at the contractual roadworthiness level, recognized at present value using rates from 6.91% to 12.33% per year, on average, corresponding to weighted average borrowing rates. The amounts are accrued by highway section, and interventions occur, on average, every four years, as follows:

	<u>12/31/2017</u>	Addition (cost)	Payment	Financial effect	<u>12/31/2018</u>
Recognition of provision for maintenance (see note 25)	1,142,368	185,823	-	-	1,328,191
Effect of present value on the provision setup	(232,403)	(42,809)	-	-	(275,212)
Performance of maintenance	(809,532)	-	(120,376)	-	(929,908)
Present value adjustment - realizations (see note 26)	<u>169,191</u>	<u>-</u>	<u>-</u>	<u>28,213</u>	<u>197,404</u>
	<u>269,624</u>	<u>143,014</u>	<u>(120,376)</u>	<u>28,213</u>	<u>320,475</u>
Current	90,503				79,074
Noncurrent	179,121				241,401

	<u>12/31/2016</u>	<u>Addition (cost)</u>	<u>Payment</u>	<u>Financial effect</u>	<u>12/31/2017</u>
Recognition of provision for maintenance (see note 25)	1,002,111	140,257	-	-	1,142,368
Present value effect on the provision recognition	(210,773)	(21,630)	-	-	(232,403)
Performance of maintenance	(662,515)	-	(147,017)	-	(809,532)
Present value adjustment – realizations (see note 26)	<u>139,249</u>	<u>-</u>	<u>-</u>	<u>29,942</u>	<u>169,191</u>
	<u>268,072</u>	<u>118,627</u>	<u>(147,017)</u>	<u>29,942</u>	<u>269,624</u>
Current	87,531				90,503
Noncurrent	180,541				179,121

## 19. PROVISION FOR FUTURE CONSTRUCTION WORKS - CONSOLIDATED

The provision for future construction works recognized as a contra entry to intangible assets, arises from the estimated amounts required to comply with contractual concession obligations, whose economic benefits are already flowing into the Company as a contra entry to intangible assets. The amounts are adjusted to present value at rates ranging from 9.50% to 10.73% per year, on average, corresponding to weighted average borrowing rates.

This provision is in accordance with the Brazilian Accounting Pronouncements Committee Guidance OCPC-05, paragraphs 31-33, which address construction services not representing potential generation of additional revenue, where the Company is required to estimate the amounts relating to these works and recognize liabilities as a contra entry to intangible assets at the beginning of the contractual terms.

The provision's variations and balances are as follows:

	<u>12/31/2017</u>	<u>Addition</u>	<u>Payment</u>	<u>Financial effect</u>	<u>12/31/2018</u>
Recognition of provision for future construction works	117,975	31,180	-	-	149,155
Present value effect on the provision recognition	(21,327)	(2,213)	-	-	(23,540)
Performance of construction	(47,321)	-	(482)	-	(47,803)
Present value adjustment – realizations (see note 26)	<u>15,939</u>	<u>-</u>	<u>-</u>	<u>3,116</u>	<u>19,055</u>
	<u>65,266</u>	<u>28,967</u>	<u>(482)</u>	<u>3,116</u>	<u>96,867</u>
Current	57,568				71,841
Noncurrent	7,698				25,026

	<u>12/31/2016</u>	<u>Payment</u>	<u>Financial effect</u>	<u>12/31/2017</u>
Recognition of provision for future construction works	117,975	-	-	117,975
Present value effect on the provision recognition	(21,327)	-	-	(21,327)
Performance of construction	(35,867)	(11,454)	-	(47,321)
Present value adjustment – realizations (see note 26)	<u>11,111</u>	<u>-</u>	<u>4,828</u>	<u>15,939</u>
	<u>71,892</u>	<u>(11,454)</u>	<u>4,828</u>	<u>65,266</u>
Current	38,124			57,568
Noncurrent	33,768			7,698

## 20. PAYABLES TO THE CONCESSION GRANTOR - CONSOLIDATED

## i) Fixed and variable fees

	<u>12/31/2018</u>	<u>12/31/2017</u>
Installments:		
Fixed - Ecovias (a)	-	6,330
Variable - Ecovias (b)	1,482	1,500
Variable - Ecopistas (b)	445	412
Other - Ecovia - Inspection fee (c)	278	257
Other - Ecovia - Highway Patrol fee (d)	587	466
Variable - Ecosul (e)	232	214
Other - Ecocataratas - Inspection fee (f)	325	302
Inspection fee - Ecoporte (g)	276	269
Inspection fee - Eco101 (h)	532	518
Other - Ecocataratas - PRE/PRF (i)	2,663	2,794
Other - Ecoporto - CODESP fees (j)	977	426
Other - Termares - CODESP fees (j)	114	-
Fixed - Eco135 (k)	<u>767,527</u>	-
	<u>775,438</u>	<u>13,488</u>
Current	10,608	13,488
Noncurrent	764,830	-

- (a) Under the concession agreement of subsidiary Ecovias dos Imigrantes, dated May 27, 1998, the fixed concession fee was paid in 240 fixed monthly, consecutive installments, beginning in the first month of collection, annually adjusted based on the IGP-M variance released by Fundação Getúlio Vargas (FGV). In May 2018, indirect subsidiary Ecovias paid the last installment.

Under technical pronouncement CPC 12 - Present Value Adjustment and CVM Resolution 564/08, the concept of adjustment to present value was introduced for payables to the concession grantor considering a discount rate of 9.50%, which is similar to the interest rate attributable to second and third series of the first issue of debentures, also adjusted for inflation using the IGP-M. The discount of R\$0 (R\$1,063 as at December 31, 2017) was reversed to profit or loss for the year ended December 31, 2018, added to the inflation adjustment of the concession right of R\$50 (R\$157, positive, as at December 31, 2017), and totaling the net amount of R\$50 (R\$1,220, positive, as at December 31, 2017) of financial adjustments to the concession right, recorded in line item 'Finance income (costs)'.

- (b) The variable portion of indirect subsidiaries Ecovias and Ecopistas is calculated and paid monthly and corresponds to 1.5% of revenue collection.
- (c) Payment of an annual inspection fee in monthly installments during the agreement term, which is R\$60 per month from the start to the 11<sup>th</sup> year and R\$66 per month from the 12<sup>th</sup> year to the end of the arrangement. The adjusted monthly fee as at December 31, 2018 is R\$277 (R\$257 as at December 31, 2017).
- (d) Payment of a fee to equip the Highway Patrol by indirect subsidiary Ecovia.
- (e) The variable portion is calculated and paid monthly and corresponds to 1% of the toll revenue.

- (f) Annual inspection fee in 12 monthly installments of R\$77 during the agreement term, adjusted based on the toll charge adjustment indices. As at December 31, 2018, the adjusted installment is R\$325 (R\$302 as at December 31, 2017).
- (g) Pursuant to the agreement entered into on May 18, 2015, the notional amount of R\$210 must be paid as inspection fee up to the end of the concession period, adjusted within the same terms and according to the toll charge adjustments. The adjusted monthly fee as at December 31, 2018 is R\$276 (R\$269 as at December 31, 2017).
- (h) Indirect subsidiary Eco101 inspection fee: the annual amount payable as inspection fee totals R\$3,722 divided into 12 installments payable to the Brazilian Land Transportation Agency (ANTT) by the fifth business day of the month subsequent to the calculation month. This amount is adjusted annually, on the same date and at the same percentages of toll charge adjustments. As at December 31, 2018, the monthly amount of the adjusted installment is R\$532 (R\$518 as at December 31, 2017).
- (i) Payment of a fee to equip the Highway Patrol. The amount is intended for equipment to be used by the Patrol.
- (j) Refer to the payments of fees to Companhia de Docas do Estado de São Paulo (CODESP) by subsidiaries Ecoporto Santos and Termares, as: container clearance and handling, berth infrastructure, and customs transit declaration fees.
- (k) Pursuant to the concession agreement of Eco135 Concessionária de Rodovias S.A., entered into on June 19, 2018, the concession will be paid in 348 monthly installments in the amount of R\$5,920 thousand adjusted based on the IPCA, as from the 1<sup>st</sup> month of the 2<sup>nd</sup> contractual year, corresponding to a total amount of R\$2,060,000 (R\$2,312,752 adjusted on the agreement execution date). CPC 12 – Adjustment to Present Value applied the concept of present value adjustment for payables to the Concession Grantor, considering a discount rate of 9.7% p.a. in the amount of R\$1,605,947.

Additionally, indirect subsidiaries Ecovia and Ecocataratas pay a monthly inspection fee to the Paraná State Regulatory Agency (AGEPAR) corresponding to 0.5% of the toll collection revenue.

Indirect subsidiaries Ecovias dos Imigrantes and Ecopistas have insurance coverage against risks incidental to the performance of all their concession-related activities. The insurance coverage must be fully effective until an agreement for the definitive hand over of the highway system is executed.

The variations in the payables to the concession grantor are as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Balance at the beginning of the year	13,488	32,441
Addition – principal (*)	2,312,752	-
Adjustment to present value (*)	(1,605,947)	-
Cost (see note 25)	61,183	54,177
Intangible assets (***)	2,223	
Inflation adjustment to payables to the concession grantor (see note 26)	(50)	(1,220)
Realization of APV (**)	34,980	-
Capitalized finance costs (**)	25,743	-
Principal payment	<u>(68,934)</u>	<u>(71,910)</u>
Balance at the end of the year	<u>775,438</u>	<u>13,488</u>

- (\*) Refers to the concession agreement of subsidiary Eco135 Concessionária de Rodovias S.A.
- (\*\*) Pursuant to item 32 of technical pronouncement CPC 04 – Intangible Assets, subsidiary Eco135 is capitalizing the finance costs until the date of beginning of toll collection.
- (\*\*\*) Amounts monthly accrued in intangible assets (contractual obligation) and contemplated in payments, but with no cash effect.

ii) Other concession-related commitments

Concessionária Ecovia Caminho do Mar S.A.

The concessionaire is also responsible for the repair and performance of routine pavement maintenance and upkeep of highway access roads, as follows:

- 2.6 km of highway PR-804, section between BR-277 and PR-408.
- 13.2 km of highway PR-408, section between Morretes and BR-277.
- 9.6 km of highway PR-408, section between PR-340 and Morretes.
- 13 km of highway PR-411, section between PR-410 (São João da Graciosa) and Morretes.

Concessionária Ecovias dos Imigrantes S.A.

The Concessionaire operates the Anchieta-Imigrantes System, which interconnects the São Paulo metropolitan region to the Santos port, the biggest in Latin America, the Cubatão Petrochemical Complex, the ABCD Paulista and Baixada Santista industries by managing 176.8 kilometers length.

Empresa Concessionária das Rodovias do Sul S.A. - Ecosul

The Concessionaire's exclusive purpose is the operation of highway under the concession regime of the so-called Pelotas Highway System.

Rodovia das Cataratas S.A. – Ecocataratas

The concessionaire assumed the following commitments under the concession:

- Repair and routine upkeep and maintenance of the pavement of the highway access roads, as follows (except operation):
  - 7.64 km of Highway PR-474, access road between BR-277 and the municipality of Campo Bonito, PR.
  - 37.03 km of Highway PR-180, access road between BR-277 and the Juvinópolis district, municipality of Cascavel, PR.
  - 13.58 km of Highway PR-590, access road between BR-277 and the municipality of Ramilândia, PR.
  - 13.59 km of Highway PR-874, access road to the Santa Terezinha de Itaipu, PR touristic terminal.

Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas

The Concessionaire's purpose is the operation, upon collection of toll fee and accessory revenues under the terms and within the limits of the concession agreement, of the set of highway lanes of the Ayrton Senna and Carvalho Pinto corridor, under the concession regime with initial 30-year period, expected to end on June 18, 2039, its respective rights of way and buildings, facilities and equipment therein in accordance with the concession terms granted by the São Paulo State Government.

Eco101 Concessionária de Rodovias S.A.

The concessionaire assumed the following commitments under the concession:

- Technological development funds: during the concession period, the concessionaire must allocate R\$620 annually to technological development projects and studies, pursuant to ANTT regulations.
- ANTT inspection fee: the concessionaire must pay to ANTT, during the concession term, the inspection fee used to pay for the concession inspection expenses.
- Traffic safety fee: the concessionaire must provide to ANTT, during the concession term, an annual traffic security fee, exclusively intended to finance programs related to accident prevention, traffic education, communication and provision of equipment to the Federal Highway Patrol.

Concessionária Ponte Rio-Niterói S.A. - Ecoponte

The concessionaire assumed the following commitments under the concession:

- Payment of an inspection Fee to the ANTT in the initial annual amount of R\$2,524, annually adjusted using the toll adjustment index;
- Technological development funds: during the concession period, the concessionaire must allocate R\$421 annually to technological development projects and studies, pursuant to ANTT regulations.

Eco135 Concessionária de Rodovias S.A.

The concessionaire assumed the following commitments under the concession:

- provide, under the concession regime, public services consisting of the operation, management, widening, upkeep and investments required to operate the highway system denominated Highway Lot: (i) BR-135 – from km 367.65 (beginning of the interchange ramp in the intersection of BR-135 with BR-122/251/365 – contorno Montes Claros) to km 668.85 (beginning of the interchange ramp in the intersection of BR-135 with BR-040(A) – São José da Lagoa, 301.20 km long; (ii) MG-231 – from km 41.00 (intersection of MG-231 with LMG-754 – Cordisburgo city urban limits) to km 63.65 (beginning of the interchange ramp in the intersection of MG-231 with BR-040 - Paraopeba), 22.65 km long; and (iii) LMG-754 – from km 2.85 (end of the interchange ramp in the intersection of LMG-754 with Avenida Brasil – Curvelo city urban limits) to km 42.95 (intersection of LMG-754 with MG-231 – Cordisburgo city urban limits), 40.10 km long.

The concessionaires estimate the amounts listed below, as at December 31, 2018, to meet their investment, repair and maintenance obligations until the termination of the service concession arrangements. These amounts may be changed due to contractual adjustments and periodic revisions of the cost estimates in the course of the concession period, and are reviewed at least annually. The investments relating to Eco135 Concessionária de Rodovias S.A. are being revised and will be disclosed in due time.

	12/31/2018							
	Estimate at the end of the concession							
	Ecovia	Ecosul	Ecovias	Ecocataratas	Ecopistas	ECO101	Ecoponte	Total
<u>Cost nature</u>								
Infrastructure improvements	61,976	169,068	277,598	47,595	78,657	1,557,704	578,503	2,771,101
Special upkeep (maintenance)	27,147	68,280	179,458	153,410	428,813	682,198	427,050	1,966,356
Equipment	10,977	37,515	54,393	9,075	231,126	355,576	86,959	785,621
Total	<u>100,100</u>	<u>274,863</u>	<u>511,449</u>	<u>210,080</u>	<u>738,596</u>	<u>2,595,478</u>	<u>1,092,512</u>	<u>5,523,078</u>

  

	12/31/2017							
	Estimate at the end of the concession							
	Ecovia	Ecosul	Ecovias	Ecocataratas	Ecopistas	ECO101	Ecoponte	Total
<u>Cost nature</u>								
Infrastructure improvements	64,373	229,019	89,439	72,787	63,522	1,657,807	611,686	2,788,633
Special upkeep (maintenance)	44,384	66,950	223,586	194,627	385,860	562,604	417,870	1,895,881
Equipment	11,090	37,114	53,000	8,747	225,202	343,021	86,332	764,506
Total	<u>119,847</u>	<u>333,083</u>	<u>366,025</u>	<u>276,161</u>	<u>674,584</u>	<u>2,563,432</u>	<u>1,115,888</u>	<u>5,449,020</u>

On March 27, 2018, a lower court decision favorable to Ecopistas was published for the lawsuit concerning the contractual imbalance related to the change of Highway Carvalho Pinto extension project under concession of Ecopistas.

On April 24, 2018, Ecovias dos Imigrantes signed an amendment to the agreement with Artesp, which included construction works in the amount of R\$270 million in the concession agreement which will be balanced by the marginal cash flow, with concession term extension by 7 months and 24 days.

## 21. INFORMATION ON THE CONCESSION AGREEMENT OF ECOVIA, ECOCATARATAS AND ECOPORTO SANTOS

### Additional information on the concession agreement

#### Rodovia das Cataratas S.A. – Ecocataratas

Rodovia das Cataratas S.A. - Ecocataratas is part of the Paraná State concession program, duly tendered and contracted in 1997, together with five other concessionaries. The concession expires in November 2021.

On October 27, 2016, the concessionaire and the concession grantor—the Paraná State Department of Roads (DER/PR)—signed Amendment 073/97 to the Concession Agreement under which both parties achieve the economic and financial balance of the arrangement and end all legal claims relating to this matter.

A Federal Court of Auditors decision was issued in November 2016, after the examination of the review requests submitted by the concessionaires in April 2012, in response to a request from the National Congress to audit the concession agreements of the Paraná State highways. This decision requires the concession grantor to analyze the existence of any economic and financial unbalance in the agreements and enforce the periodic tariff review clause.

Also in December 2016, the Paraná State Court of Auditors issued a decision on the preliminary audit report on the Ecocataratas' concession agreements. This decision agrees with part of the audit report recommending the implementation of an appropriate audit structure by the regulatory agencies, and converted this procedure into an extraordinary accountability assessment. The concessionaire, the concession grantor, and the regulatory agency filed appeals against this decision. There is still no final decision.

Management assessed these matters in detail and concluded that, even though there are associated risks, the likelihood of these events affecting significantly the Company's financial position and results from operations is less than probable.

Any decisions by the Courts of Auditors may still be subject to analysis by judicial courts.

#### Concessionária Ecovia Caminho do Mar S.A.

Concessionária Ecovia Caminho do Mar S.A. is part of the Paraná State concession program, duly tendered and contracted in 1997, together with five other concessionaries. The concession expires in November 2021.

A Federal Court of Auditors decision was issued in November 2016, after the examination of the review requests submitted by the concessionaires in April 2012, in response to a request from the National Congress to audit the concession agreements of the Paraná State highways. This decision requires the concession grantor to analyze the existence of any economic and financial unbalance in the agreements and enforce the periodic tariff review clause.

On September 6, 2017, the concessionaire and the concession grantor—DER/PR—signed the 5<sup>th</sup> Amendment to the Concession Agreement 076/97, under which both parties achieve the economic and financial balance of the agreement and end all legal claims relating to this matter.

Management assessed these matters in detail and concluded that, even though there are risks associated to the final decisions of the ongoing proceedings, the likelihood of these events affecting significantly the Company's financial position and results from operations is less than probable.

#### Concessionária Ecovia Caminho do Mar e Rodovia das Cataratas – Ecocataratas

With respect to the police investigation No. 5002963-29.2015.404.7013 and the police investigation related to the enactment of Provisional Act 752/2016, the Company informs that both investigations are being currently conducted by the 23<sup>rd</sup> Federal Court of Curitiba/PR, after the 13<sup>th</sup> Federal Court of Curitiba/PR has declined to judge the matter, as the facts being investigated are not related to facts under the exclusive authority of that court for determination of irregularities. With respect to the searches and seizures to obtain information on the subsidiaries of Companhia Concessionaria Ecovia Caminho do Mar e Rodovia das Cataratas – Ecocataratas, temporary detention of one superintendent officer and preventive detention of one employee (both already released and removed from their positions), which orders were issued under the search and seizure process No. 5036128-042.2018.4.04.7000, the Company informs that an indictment against these two executives has been filed and accepted in the case records of criminal case No. 5003165-06.2019.4.04.7000 in progress at the 23<sup>rd</sup> Federal Court of Curitiba/PR. Subsidiaries Concessionaria Ecovia Caminho do Mar, Rodovia das Cataratas – Ecocataratas and Ecorodovias Concessões e Serviços inform that they were not subject to indictment in criminal case, only their removed executives, with a request from the General Attorneys' Office to determine the minimum amount for reimbursement of damages, which estimated amount for Ecovia is R\$200,499 and for Ecocataratas is R\$935,476. The Company and its investees are subject to Law 8.429/92 and Law 12.846/13 and, if the news reported are true, any penalties can have material impacts on the financial condition, results of operations and future cash flows of the Company and its investees. The Company is currently verifying the facts alleged in the claim and consulting its legal counsel to assess, with respect to potential claims that can be possibly filed in the future, the underlying risks, possible alternatives and defense allegations. However, it is not possible to currently determine a probable loss arising from present obligation resulting from past event or accurately determine the potential underlying risk. This because, among other factors: (i) the Federal Prosecution Service has not filed a lawsuit against the Company or its subsidiaries based on the abovementioned events; and (ii) it is not currently known to

which extent the allegations from the Federal Prosecution Service are correct and which claims and evidence would be used to support the allegations.. In addition to the internal procedures performed by the Company's Management, in the context of the Corporate Crisis Management Committee, the Board of Directors, in fulfilling its due diligence duty, approved on March 7, 2018 the creation of an Independent Committee, with the following key responsibilities: (a) independently, cautiously, and responsibly determine, in a fair and impartial manner, allegations made against the Company and its subsidiaries; (b) hire an outside independent specialized firm to assist in the internal investigation of the facts referred to in the previous item; (c) approve an investigation plan; (d) receive and review the information sent by the team charged of the investigation, whether internal or external; (e) ensure that the investigation is conducted independently, by making sure that it is not barred or obstructed; (f) analyze and report to the Board of Directors the recommendations made by the team charged of the investigation; (g) authorize the team charged of the investigation to communicate with the competent authorities, including regulators, to clear doubts or make questions; (h) prepare a final report on the investigation's findings, and the Committee's recommendations regarding internal policies and procedures related to the investigation, and including the applicable disciplinary and/or legal actions. The Company hereby informs that, pursuant to the Minutes of the Board of Directors' Meeting held on April 16, 2018, it was decided to hire renowned firms to perform the work described in item b above. The Independent Committee has tried to make sure that the investigation team would use a forensics investigation methodology recognized by the market and that the work would be conducted on a comprehensive and unrestricted manner, resulting in the analysis of approximately 19,000 documents, 230,000 electronic files, 170 integrity reports and 248 transaction tests. With respect to the performance of the independent investigation work, the Company informs that the work was completed with the submission on February 7, 2019 of a final report to the Board of Directors, with the support of the representatives of the renowned firms hired. The Independent Committee's work was inconclusive in relation to the existence of illegal acts identified in the allegations of the General Attorneys' Office and did not indicate the applicability of legal or disciplinary measures. Also, the Independent Committee has warned that the result of the investigations conducted by the General Attorneys' Office can provide new information which, in turn, can potentially result in new allegations or evidence. The Independent Committee has completed the work and was extinguished on February 15, 2019. In view of such scenario, the Company currently does not have any elements that allow it to identify the existence of potential loss related to these events or not.

#### Ecoporto Santos S.A.

The lease agreement entered into between Companhia Docas do Estado de São Paulo - CODESP and Ecoporto Santos S.A. is effective for 25 years. Five amendments to the agreement were entered into; however, these amendments do not change the agreement period, which in principle expires on June 12, 2023. Clause Sixteen to the agreement provides for its extension by up to 12 months if requested prior to the agreement's expiration date, which can be granted by the concession grantor if Ecoporto Santos meets all its legal and contractual obligations. In the aftermath of the industry's new regulatory framework, the concession grantor is now the Ministry of Transportation, Ports and Civil Aviation (MTPAC), while the National Water Transportation Agency (ANTAQ) is responsible for the industry's oversight and regulation. Ecoporto Santos requested the early extension of the agreement by filing a request and all the relevant documentation and the administrative process should continue to be processed by the relevant agencies. With regard to the agreement extension, lessee is required to comply with the sectorial laws and regulations (Article 57 of Law 12815/2013, Decree 8033/2013, as amended, SEP Administrative Rule 349/2014 and ANTAQ Resolution 3220/2014), and Ecoporto Santos' request must be filed together with an Investment Plan, a Technical, Economic and Environmental Feasibility Study (EVTEA), and the information necessary to evaluate compliance with existing contractual obligations. In light of the current laws and

regulations, Management believes that the likelihood of having its right to the extension of the lease agreement acknowledged is more than probable, provided that Ecoporto Santos' performance is maintained and it complies with the provisions of sectorial regulations, especially the feasibility study for the new lease period. Accordingly, the public interest in maintaining the activities will remain unchanged, which is the line of action that Ecoporto Santos will adopt. The two class actions No. 0010874-75.2002.403.6104 and No. 0002925-92.2005.4.03.6104 (1st Federal Court of Santos) were dismissed and shelved. The Legal Settlement Instrument entered into among the 3<sup>rd</sup> Region Federal Attorneys' Office, Companhia Docas do Estado de São Paulo, Ecoporto Santos S.A., Ministry of Transportation, Ports and Civil Aviation (MTPAC) and the Municipality of Santos, whereby the discussion related to the validity of the agreement and respective addenda was ended, has been ratified. The agreement ratifies the lease agreement and the necessary maintenance of the public port services provided by Ecoporto. There are decisions issued on Representation No. 012.194/2002-1 of the Federal Court of Auditors and ANTAQ's Litigation Administrative Proceeding No. 50300.000155/2013-62 acknowledging the possibility of extending a lease agreement. The amortization and depreciation period takes into consideration the extension of the agreement for another 25 years (until 2048), and Management will review this scenario annually.

## 22. PROVISION FOR CIVIL, LABOR AND TAX RISKS

### Accounting policy

EcoRodovias Group is a party to several lawsuits and administrative proceedings. Provisions are recognized for all contingencies arising from lawsuits for which it is probable that an outflow of funds will be required to settle the contingency/obligation and a reliable estimate can be made.

The unfavorable outcome on its lawsuits, individually or in the aggregate, will not have a material adverse effect on the Company's financial condition or on its business.

The variations in the provision in the years are as follows:

	<u>Civil (a)</u>	<u>Labor (b)</u>	<u>Tax (c)</u>	<u>Total</u>
Balance as at January 1, 2018	153,329	33,695	10,184	197,208
(+/-) Increase (reversal) of provision	(1,246)	9,213	(3,899)	4,068
(-) Payments	(6,414)	(17,910)	(1)	(24,325)
(+) Inflation adjustment	<u>5,613</u>	<u>3,106</u>	<u>(206)</u>	<u>8,513</u>
Balance as at December 31, 2018	<u>151,282</u>	<u>28,104</u>	<u>6,078</u>	<u>185,464</u>

	<u>Civil (a)</u>	<u>Labor (b)</u>	<u>Tax (c)</u>	<u>Total</u>
Balance as at January 1, 2017	146,521	26,623	9,224	182,368
(+/-) Increase (reversal) of provision	545	9,996	(256)	10,285
(-) Payments	(9,022)	(7,273)	-	(16,295)
(+) Inflation adjustment	<u>15,285</u>	<u>4,349</u>	<u>1,216</u>	<u>20,850</u>
Balance as at December 31, 2017	<u>153,329</u>	<u>33,695</u>	<u>10,184</u>	<u>197,208</u>

### (a) Civil lawsuits

The provisioned amount refers mainly to compensation claims for losses and damages due to highway accidents. The Company and its subsidiaries are parties to other civil lawsuits totaling R\$602,255 as at December 31, 2018 (R\$530,826 as at December 31, 2017), the likelihood of loss of which is assessed by the Company's legal counsel and Management as possible; accordingly, no provision was recognized.

The main lawsuits classified as probable losses, i.e., for which a provision was recognized, are as follows:

- (i) Indirect subsidiary Ecovias is a party to a class action brought by the São Paulo State Public Prosecution Office alleging that Ecovias did not paid part of the environmental compensation for the construction of the downward lane of Highway Imigrantes. In August 2014, a court decision upholding part of the claims sentence Ecovias to the payment of R\$36,917 thousand. On September 29, 2014, R\$38,828 was deposited in escrow. On April 9, 2018, the appellate court issued a decision that required: (i) the payment to CDHU (of the installment provided for in the Arrangement entered into on December 22, 2006) and (ii) the inflation adjustment of residual amount of R\$3,787 (March 2004) using the TJSP practice table, plus arrears interest of 1% per month, starting on the 31<sup>st</sup> day after the completion of the works. Ecovias filed an appeal to clarify that the residual amount has already been deposited taking into account the inflation adjustment required by the appellate court's decision and the final date to apply the arrears interest. On September 30, 2014, because the likelihood of an unfavorable outcome was assessed as probable, R\$30,920 was provisioned. This amount as adjusted for December 31, 2018 is R\$51,649 (R\$49,405 as at December 31, 2017), recognized as a contra entry to intangible assets, in line item 'Concession agreements'. The assumption used to recognize the amount in line item 'Concession agreements' was used by the Company's Management because this amount will be subject to a request for economic and financial balance of the concession arrangement to be filed with the concession grantor.
- (ii) Direct subsidiary Ecoporto Santos filed for an injunction (THC – Terminal Handling Charge) to suspend the effects of the administrative decision issued by the Administrative Council for Economic Defense (CADE), which found the collection of the Container Segregation and Delivery service a violation of the economic order. The collection was made up to August 2012, under a court authorization by means of deposit available to the lower court. Upon the issue of a decision unfavorable to the Terminal in August 2012, the Company decided to suspend such collection, safeguarding its right to charge it in due time. On December 7, 2017, by a majority vote, the appeals filed by the Federal Government and Ecoporto Santos were dismissed. Currently, the motions to clarify with respect to the appeal are pending judgment, for subsequent filing of appeals with the Higher Courts. As at December 31, 2018, the contingency amounts to R\$79,553 (R\$76,719 as at December 31, 2017). Escrow deposits were made for this contingency and these adjusted amounts are equivalent to the recognized provision.
- (iii) Washington Barbeito de Vasconcellos, Zardust Empreendimentos Marítimos Ltda. Agnes Dagmar Bullentini Barbeito de Vasconcellos, and Yuri Bullentini Barbeito de Vasconcellos ("Plaintiffs") filed a lawsuit against the Company and its subsidiaries Ecoporto Transporte Ltda. ("Ecoporto Transporte"), Ecoporto Santos S.A. ("Ecoporto Santos"), and Termares Terminais Marítimos Especializados Ltda. ("Termares"). Aba Infra-Estrutura e Logística Ltda. ("Aba") and FCA Comércio Exterior e Logística Ltda. (FCA") are also defendants in the lawsuit. The plaintiffs request that the defendants be sentenced to paying approximately R\$175,822 as at December 31, 2018 (R\$164.670 as at December 31, 2017), as a "premium for the sale of equity interests in the TECONDI COMPLEX", which allegedly corresponds to a 50% overprice that its former shareholders Aba and FCA received from the Company for the sale of Ecoporto Santos. The plaintiffs also request that the defendants be required to disburse part of the sale price already paid and deposited in an escrow account, in the adjusted amount of R\$112,082 as at December 31, 2018 (R\$111,586 as at December 31, 2017), alleging that this retention has no legal basis, in addition to a contractual fine of approximately R\$7,846 (R\$7,811 as at December 31, 2017). On July 27, 2015, the Company

challenged the claim together with its subsidiaries. A reply and rejoinders were filed subsequently. No settlement was reached at the designated hearing and the parties currently await that accounting expert evidence be produced. Based on the opinion of the lawyers retained for the case, the Company believes that the outcome will be favorable and the likelihood of a loss is classified as possible. As at December 31, 2018, the amount claimed is R\$370,704, of which R\$112,082 relating to the release of the escrow account (R\$334,877 as at December 31, 2017).

(b) Labor lawsuits

The provisioned amount refers mainly to claims for compensation for occupational accidents and payment of overtime. There are no lawsuits involving an individually material amount. As at December 31, 2018, there are also other lawsuits of the same nature totaling R\$84,231 (R\$115,828 as at December 31, 2017), which were assessed as possible losses by the legal counsel and Management. The main labor claim refers to recognition of the employment relationship of a service provider. This lawsuit awaits a hearing, but indirect subsidiary Ecovia Caminho do Mar assessed the likelihood of loss as possible and, therefore, no provision was recognized.

(c) Tax lawsuits

The provisioned amount corresponds mainly to tax rate and tax base differences of taxes paid. As at December 31, 2018, there are also other tax lawsuits totaling R\$183,445 (R\$158,746 as at December 31, 2017), which were assessed as possible losses by the Company's legal counsel and Management and, therefore, no provision was recognized.

The main tax lawsuit is as follows:

Proceeding involving indirect subsidiary Ecocataratas classified as possible, i.e., for which no provision was recognized, refers to the requirement to pay income tax and social contribution on the amortization of goodwill arising on the acquisition of equity interests deducted by the Company in calendar years 2010-2015. On November 14, 2016, an objection was filed against the Tax Assessment and Fine Notice, judged groundless on August 2, 2018. On August 30, 2018, a voluntary appeal was filed with CARF, which is pending judgment. The amount in dispute as at December 31, 2018 is R\$128,386 (R\$121,739 as at December 31, 2017).

With regard to the news disclosed in the media relating to the purchase of a provisional act by "Zelotes" Operation, the Company informs that it has regularly sought to defend Elog's institutional interest, which was a logistics company comprising the group at that time, of entering the bonded warehouse market for free competition by relocating the areas with higher demand for such logistics services. Additionally, the Company informs that the office Spindola Palmeira and LBS Consultoria e Participações Ltda. were hired to prepare consultations and legal opinions related to tax and social security matters and to provide consulting services on customs and tax matters. In response to the Federal Prosecution Service in connection with the investigation proceeding 1.16.000.002352/2018-11, the Company has submitted the requested information on the services hired from office Spindola Palmeira and LBS Consultoria e Participações.

## 23. EQUITY

## a) Issued capital

As at December 31, 2018 and 2017, subscribed and paid-in capital is R\$360,900, represented by 558,699,080 common shares without par value.

## b) Authorized capital

Pursuant to its Bylaws, the Company is authorized to increase its capital by up to R\$2,000,000, under a Board of Directors' resolution, subject to the statutory issue terms and conditions and the exercise of preemptive rights.

## c) Earnings reserve - legal

Recognized as 5% of adjusted profit for the year, limited to 20% of issued capital.

## d) Proposed dividends

Shareholders are entitled to dividends and/or interest on capital of at least 25% of the adjusted profit for the year, calculated in accordance with Article 202 of Law 6.404/76.

The amount of dividends paid up to at December 31, 2018 of R\$401,826 refers to: R\$242,862 as remaining 2017 dividends, approved at the Annual General Meeting held on April 25, 2018 and October 30, 2018, and R\$158,964 as 2018 interim dividends, approved at the meetings of the Board of Directors.

	<u>12/31/2018</u>	<u>12/31/2017</u>
Profit for the year	374,510	392,486
Recognition of legal reserve	<u>(18,725)</u>	<u>(19,624)</u>
Dividend calculation basis	<u>355,785</u>	<u>372,862</u>
Interim dividends paid	158,964	130,000
Capital budget (*)	196,821	-
Recognition of reserve for dividends	-	242,862

(\*) Management proposes the recognition of R\$196,821 relating to the capital budget concerning projects currently retained by the Company under approval process.

## e) Treasury shares

The Board of Directors approved four Share Buyback Programs that would take place without capital reduction and with the use of reserves, for purposes of cancelling shares or holding them in treasury, as well as for resale, replacement in the market, or to back for the Company's stock option plans, as follows:

	<u>1<sup>st</sup> Program</u>	<u>2<sup>nd</sup> Program</u>	<u>3<sup>rd</sup> Program</u>	<u>4<sup>th</sup> Program</u>
Date	08/31/2010	05/30/2012	06/05/2013	06/06/2014
Period	365 days	365 days	365 days	365 days
Free float	144,003,000	143,737,879	200,669,081	199,611,859
Maximum number of common shares to be bought back	4,000,000	1,500,000	1,700,000	2,400,000

The Company holds 2,232,992 common shares in treasury calculated based on their closing price on the last trading session on December 31, 2018, R\$9.38 per share (R\$12.30 as at December 31, 2017). The total amount of these shares, based on the trading session closing price on December 31, 2018, is R\$20, 978.

The Company recognized a reserve for future share buybacks for its employee stock option plan totaling R\$9,011, which was transferred to line item 'Capital reserve', as prescribed by the Company's Bylaws.

f) Noncontrolling interests

The variations in the year in noncontrolling interests are as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Balance at the beginning of the year	97,947	72,583
Profit sharing	7,625	19,845
Capital reserve - stock option plan	3	21
Acquisition of equity interest - Ecosul	(4,025)	-
Acquisition of equity interest - Eco101	(99,395)	-
Capital increase	-	18,060
Payment of dividends/interest on capital	<u>(2,155)</u>	<u>(12,562)</u>
Balance at the end of the year	<u><u>-</u></u>	<u><u>97,947</u></u>

24. NET REVENUE - CONSOLIDATED

Accounting policy

Revenues

Revenue is measured at the fair value of the consideration received or receivable, less any estimated cancellations, and profit or loss from operating activities are determined on the accrual basis, including:

- (a) Toll revenue is recognized as users pass through the toll plaza.

Revenues from advance sales of toll coupons are recognized as 'Deferred revenue' in current liabilities, in line item 'Other payables', and are recognized as revenue in profit or loss for the year as users pass through the toll plaza.

- (b) Revenue related to construction or improvement services under the service agreement is recognized based on the percentage of completion of the construction or improvement performed. Operation or construction revenue is recognized over the period in which services are provided by the Company. When the Company provides more than one service under a service concession agreement, the consideration received is allocated by reference to the fair values of the services delivered.
- (c) Revenue is derived from port operations, and also from the import and export cargo handled and stored at an own terminal in the Port of Santos.
- Revenue earned by direct subsidiaries operating in the Port of Santos: Ecoporto Santos and Termares.
- (d) Accessory revenue refers to the other revenues of the highway concessionaires, such as lease of the area for fiber optics, use of highway land, sale of advertising, implementation and concession of accesses, etc.
- (e) Refers to the provision of administrative, financial, human resources, information technology, engineering, and corporate procurement services to the EcoRodovias Group companies and Elog S.A.

	<u>12/31/2018</u>	<u>12/31/2017 Adjusted (*)</u>
Revenue from toll collection (a)	2,528,660	2,533,994
Construction revenue (b)	653,066	586,536
Port revenues (c)	355,416	276,632
Accessory revenues (a)	95,021	92,006
Intercompany services revenue (e)	1,850	3,740
Total gross revenue	<u>3,634,013</u>	<u>3,492,908</u>
Revenue deductions	(292,239)	(292,204)
Deductions of revenue recognition (*)	<u>(172,507)</u>	<u>(134,345)</u>
Net revenue	<u>3,169,267</u>	<u>3,066,359</u>

(\*) Under CPC 47 - Revenue from Contracts with Customers, the Company reclassified variable consideration and rebates per volume previously disclosed as selling expenses (see note 3).

	<u>12/31/2018</u>	<u>12/31/2017 Adjusted (*)</u>
<u>Tax base</u>		
Revenue from toll collection	2,528,660	2,533,994
Port revenues	355,416	276,632
Accessory revenues and intercompany revenue	96,871	95,746
	<u>2,980,947</u>	<u>2,906,372</u>
<u>Deductions</u>		
Tax on revenue (COFINS) (i)	(119,748)	(114,503)
Tax on revenue (PIS) (ii)	(25,952)	(24,808)
Service tax (ISS) (iii)	(146,362)	(141,559)
Other – State Vat (ICMS)	(4)	(1)
Deduction of revenue recognition (*)	(172,507)	(134,345)
Rebates	(173)	(11,333)
	<u>(464,746)</u>	<u>(426,549)</u>

(\*) Under the new requirement of CPC 47 - Revenue from Contracts with Customers, the Company reclassified variable consideration and rebates per volume previously disclosed as selling expenses (see note 3).

- (i) Tax rate for: concessionaires 3% and ports 7.6%.
- (ii) Tax rate for: concessionaires 0.65% and ports 1.65%.
- (iii) Rate average of 4.8%.

## 25. OPERATING COSTS AND EXPENSES - BY NATURE

	<u>Parent</u>		<u>Consolidated</u>	
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Personnel expenses	21,123	20,072	321,581	330,675
Upkeep, maintenance and other	292	275	85,586	81,665
Outside services (*)	14,317	4,648	186,384	172,642
Insurance	548	371	14,758	16,383
Concession grantor (see note 20)	-	-	61,183	54,177

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Provision for maintenance (see note 18)	-	-	143,014	118,627
Cost of construction works	-	-	653,066	586,536
Depreciation and amortization (see notes 12 and 13)	664	674	433,569	418,506
Lease of properties, machinery and forklifts	1,069	901	33,404	33,277
Other operating costs and expenses	1,316	1,191	66,644	55,800
	39,329	28,132	1,999,189	1,868,288
Classified as:				
Cost of services	-	-	1,780,016	1,643,157
General and administrative expenses	39,329	28,132	219,173	225,131
	<u>39,329</u>	<u>28,132</u>	<u>1,999,189</u>	<u>1,868,288</u>

(\*) Outside services consist basically of consulting and advisory services, freight, and cleaning, surveillance, ambulance, rescue, and removal services.

## 26. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Finance income:				
Income from short-term investments	6,033	6,077	140,389	66,214
Interest on loans	3,939	4,787	-	-
Capitalized interest	-	-	27,680	18,472
Inflation adjustment on debentures	-	-	26,607	11,571
Inflation adjustment gains on payables to the concession grantor (see note 20)	-	-	50	1,220
Inflation adjustment gains on tax credits	-	2,405	5,800	14,409
Exchange/inflation adjustment gains on borrowings	-	-	15,596	10,460
Other	5,567	-	18,509	531
	<u>15,539</u>	<u>13,269</u>	<u>234,631</u>	<u>122,877</u>
Finance costs:				
Interest on debentures	(12,855)	(4,077)	(396,989)	(329,512)
Debt assignment and assumption	(69,884)	(67,548)	-	-
Interest on borrowings and financing	-	-	(52,880)	(58,224)
Inflation adjustment on debentures	-	-	(122,113)	(78,166)
Amortization of costs on issue of debentures	(522)	(31)	(13,347)	(10,216)
Present value adjustment – provision for maintenance and provision for future works	-	-	(31,329)	(34,770)
Exchange/inflation adjustment on borrowings and financing	-	-	(33,228)	(19,987)
Interest on loan	(31,332)	(40,877)	-	-
PIS/COFINS on other finance income	(1,224)	(1,611)	(22,353)	(17,821)
Inflation adjustment on tax payable	(147)	(191)	(9,041)	(20,262)
Other	(205)	(367)	(14,095)	(9,353)
	<u>(116,169)</u>	<u>(114,702)</u>	<u>(695,375)</u>	<u>(578,311)</u>
Finance income (costs), net	<u>(100,630)</u>	<u>(101,433)</u>	<u>(460,744)</u>	<u>(455,434)</u>

## 27. EARNINGS PER SHARE - CONSOLIDATED

	<u>12/31/2018</u>	<u>12/31/2017</u>
Basic earnings – profit for the year	0.67	0.71
Diluted earnings – profit for the year	0.66	0.70
Basic earnings – profit from continuing operations	0.72	0.75
Diluted earnings – profit from continuing operations	0.71	0.75

## a) Basic earnings per share

	<u>12/31/2018</u>	<u>12/31/2017</u>
Profit attributable to owners of the Company	<u>374,510</u>	<u>392,486</u>
Profit attributable to owners of the Company from continuing operations	<u>400,640</u>	<u>419,984</u>
Weighted average number of common shares issued	558,699	558,699
Weighted average of treasury shares	<u>(2,236)</u>	<u>(2,233)</u>
Weighted average number of outstanding common shares	556,463	556,466
Basic earnings per share - R\$	<u>0.67</u>	<u>0.71</u>
Basic earnings per share from continuing operations - R\$	<u>0.72</u>	<u>0.75</u>

## b) Diluted earnings

	<u>12/31/2018</u>	<u>12/31/2017</u>
Profit attributable to owners of the Company	<u>374,510</u>	<u>392,486</u>
Profit attributable to owners of the Company from continuing operations	<u>400,640</u>	<u>419,984</u>
Weighted average number of outstanding common shares	556,463	556,466
Executive stock option plan	<u>5,580</u>	<u>6,472</u>
Weighted average number of common shares to diluted earnings	562,043	562,938
Diluted earnings per share - R\$	<u>0.67</u>	<u>0.70</u>
Diluted earnings per share from continuing operations - R\$	<u>0.71</u>	<u>0.75</u>

## 28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - CONSOLIDATED

Capital management

The EcoRodovias Group manages its capital to ensure that group companies can continue as going concerns, and at the same time maximize the return for all their stakeholders by optimizing the debt and equity balances.

The Company's capital structure comprises net debt and equity.

The Company reviews its capital structure semiannually. As part of this review, Management considers the cost of capital and related risks.

Debt-to-equity ratio

	Parent		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Debt (a)	518,390	84,053	8,283,947	6,012,104
Cash, cash equivalents and securities - restricted	(141,953)	(8,188)	(2,727,819)	(1,677,815)
Net debt	376,437	75,865	5,556,128	4,334,289
Equity (b)	640,319	658,623	640,319	756,570
Net debt-to-equity ratio	0.59	0.12	8.68	5.73

(a) Debt is defined as borrowings and financing, debentures and payables to the concession grantor, as detailed in notes 15, 16 and 20.

(b) Equity includes all the Company's capital and reserves, managed as capital.

General considerations

- The Company and its subsidiaries' management elects the financial institutions in which short-term investments can be made and sets the limits of the fund allocation percentages and amounts to be invested in each financial institution. Short-term investments are defined at fair value.
- Short-term investments and securities - restricted: consist of fixed income investment funds, repurchase agreements, and bank certificates of deposit (CDB) which yield interest equivalent to the weighted average rate of 99.7% of the CDI as at December 31, 2018 (98.6% as at December 31, 2017), and reflect the market conditions at the end of the reporting period.
- Trade receivables and trade payables: arise directly from the Company's operations, are classified at amortized cost and are recognized at original amounts, subject to an allowance for doubtful debts and present value adjustment, when applicable.
- Borrowings and financing, debentures and payables to the concession grantor: classified as other financial liabilities; thus, they are measured at amortized cost, as shown in notes 15, 16 and 20.

Fair value of financial assets and financial liabilities

The carrying amounts and fair values of the Company's and its subsidiaries' main consolidated financial instruments as at December 31, 2018 are as follows:

	Classification	Carrying amount	Fair value
<b>Assets:</b>			
Cash and banks (ii)	Fair value through profit or loss	30,927	30,927
Trade receivables (i)	Amortized cost	138,338	138,338
Short-term investments and securities (ii)	Fair value through profit or loss	2,696,892	2,696,892
<b>Liabilities:</b>			
Trade payables (i)	Amortized cost	100,708	100,708
Borrowings and financing (iii)	Amortized cost	645,741	645,741
Debentures (iii)	Amortized cost	6,862,768	6,862,768
Payables to concession grantor (iv)	Amortized cost	775,438	775,438
Phantom Stock Option (v)	Amortized cost	8,851	8,851

(i) The balances of line items 'Trade receivables' and 'Trade payables' mature substantially within up to 45 days.

(ii) The balances of cash and banks, short-term investments and securities approximate their fair values at the balance sheet date.

- (iii) Borrowings, financing, and debentures are recorded at amortized cost at the balance sheet date.
- (iv) Calculated excluding the adjustment to present value of the fixed installments of 'Payables to concession grantor'.
- (v) The Phantom Stock Option amount is recognized in line item 'Payroll and related taxes'.

**Risk management**

The risk management strategy involves three lines of defense to protect the company for material risks:

Risk	Subcategory
Strategic	Political, mergers & acquisitions, concession grantor/contractual, competition;
Operational	Capex, natural disasters, lawsuits, highway security, asset security, traffic, climate conditions, health and safety, environment, engineering, information technology, automation, and infrastructure;
Financial	Financial ratios, credit, liquidity, and foreign exchange;
Compliance	Corporate ethics, regulation, internal rules, and noncompliance events; and
Reputation	Image, credibility and reputation.

At the Ecorodovias Group risks are identified at the corporate level, using Macro Level (Holistic and Strategic Management) and Micro Level approaches (Individualized and Operational Management).

The strategy adopted by Ecorodovias Group to manage risks is based on the principle that it is supported by two essentially different and supplementary pillars:

- Holistic management, which is intended to fully understand risks, that is, considers the potential impact of all types of risks on all processes; and
- Individualized management, which contemplates the set of management actions focused on identifying, analyzing, validating, treating and monitoring a given risk.

The Holistic Management - Macro Level – is strategically focused and is performed at the Top Management level where the authority levels, information and necessary resources for the analysis and decision making are found. The methodology used at this risk management level tends to vary according to the operating segment and the existing organizational structure, and is developed internally.

The Individualized Management - Micro Level – has operating nature and is mainly performed by other company employees during their routine activities, through measures supported by preventive actions in relation to possible threats.

Risk assessment involves quantifying the impact of a risk event on the business and the likelihood of it occurring, as well as the analysis of other impacts.

The dimensions assessed in other impacts include: Image, Strategic, Operating, Financial, Compliance and Reputation.

The Ecorodovias Group conducts the assessment of the residual risk, i.e., the risk exposure that remains after considering the effectiveness of the control environment existing in the Company.

The Company's Management oversees the management of financial risks, which are summarized as follows:

a) Market risk

The market risk is the risk that the fair value of future cash flows from financial instruments fluctuates due to changes in market price. For the Company, market prices include the exchange rate risk and interest rate risk.

i) Exchange rate risk

The exchange rate risk arises from possible fluctuations of the exchange rates of the foreign currencies used by certain Company subsidiaries, which are parties to foreign currency-denominated equipment financing agreements.

As at December 31, 2018, the outstanding foreign currency-denominated balance - Finimp is as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Ecoporto Santos S.A. - USD	22,429	27,047

ii) Interest rate risk

The Company and its subsidiaries' interest rate risk arises from short-term investments and current and noncurrent borrowings bearing floating interest, which may be pegged to inflation rates. This risk is managed by the Company by keeping borrowings at fixed and floating interest rates.

The EcoRodovias Group's exposure to the interest rates of financial assets and financial liabilities is described in item liquidity risk management below.

Pursuant to its financial policies, the Company and its subsidiaries invest their funds in prime banks and have not entered into transactions with financial instruments for speculative purposes.

b) Credit risk

Financial instruments that potentially subject the Company to credit risk concentrations consist primarily of cash, banks, short-term investments, and trade receivables.

The Company holds bank accounts and short-term investments in prime financial institutions, approved by Management, according to objective credit risk diversification criteria.

As at December 31, 2018, the Company had receivables from Serviços de Tecnologia de Pagamentos S.A. - STP amounting to R\$84,737 (R\$102,928 as at December 31, 2017), arising from toll revenues collected by the electronic payment system ("Sem Parar"), recognized in line item 'Trade receivables'.

c) Liquidity risk

The liquidity risk arises from the choice made by the Company between own capital (earnings retention and/or capital contributions) and debt capital from to finance its operations. The Company manages the liquidity risk using an appropriate liquidity risk management model to manage funding requirements and short-, medium- and long-term liquidity management. The Company manages the liquidity risk by maintaining adequate reserves, bank and other credit facilities to raise new borrowings that it considers appropriate, based on the continual monitoring of budgeted and actual cash flows, and a mix of the maturity profiles of financial assets and financial liabilities.

Contractual maturity is based on the most recent date in which the Company and its subsidiaries should settle the related obligations:

Type	Effective interest rate - % p.a.	Next 12 months	From 13 to 24 months	From 25 to 36 months	37 months onwards
Debentures - Ecovia	106.5% CDI	165,611	-	-	-
Debentures - Ecosul	107.0% CDI	30,950	152,389	-	-
Debentures - Ecosul	110.75% CDI	3,632	51,582	-	-
Debentures - Ecosul	107.0% CDI	10,080	51,669	-	-
Private Debentures - EIL	105.5% CDI	15,882	82,625	-	-
Debentures - EIL	CDI + 1.25% p.a.	11,913	132,760	-	-
Debentures - ECS	CDI + 1.42% p.a.	208,273	188,112	-	-
Debentures - ECS	106.0% CDI	228,791	-	-	-
Private Debentures - ECS	105.5% CDI	64,998	24,586	26,242	399,360
Debentures - ECS	114.85% CDI	107,385	-	-	-
Debentures - ECS	106.0% CDI	23,960	338,142	-	-
Debentures - ECS	110.25% CDI	58,560	51,992	423,847	397,956
Debentures - ECS	IPCA + 6.0% p.a.	2,179	2,023	2,106	44,134
Debentures - ECS	IPCA + 7.4438% p.a.	40,292	28,566	29,726	546,609
Debentures - Eco101	CDI + 2.56% p.a.	2,239	26,080	-	-
BNDES - Ecoponte	TJLP + 3.48% p.a.	6,795	6,823	6,847	73,412
BNDES - Ecoponte	TJLP + 3.48% p.a.	2,994	3,825	3,825	42,073
Private Debentures Ecopistas	105.0% CDI	18,360	7,933	8,465	134,681
Private Debentures Ecopistas	105.5% CDI	21,539	11,555	12,333	208,135
Debentures - Ecoporto Santos	CDI + 1.85% p.a.	129,997	-	-	-
Debentures - Ecocataratas	106.5% CDI	214,174	-	-	-
Debentures - Ecorodoanel	119.0% CDI	69,696	913,586	-	-
Debentures - Eco135	117.5% CDI	18,578	235,320	-	-
BNDES - Ecopistas	TJLP + 2.45 p.a.	35,454	33,096	19,822	19,658
BNDES - Eco101	TJLP + 3.84 p.a.	26,464	26,464	26,464	185,247
BNDES - Eco101	TJLP + 3.84 p.a.	26,697	26,713	26,712	227,057
Debentures - ECS	IPCA + 5.00% p.a.	125,328	-	-	-
Debentures - Ecopistas	IPCA + 8.25% p.a.	125,672	124,184	150,246	119,724
Debentures - ECS	IPCA + 5.35% p.a.	38,561	238,015	236,078	233,710
Debentures - Ecovias	IPCA + 3.80% p.a.	155,214	148,028	-	-
Debentures - Ecovias	IPCA + 4.28% p.a.	70,782	43,705	45,465	1,185,596
BNDES - Ecopistas	IPCA + 2.45% p.a.	7,078	6,677	6,253	14,150
Eco101 Borrowings and financing	21.27% p.a.	122	-	-	-
Finame Ecosul	6.00% p.a.	55	48	-	-
Finame - Ecocataratas	6.00% p.a.	212	92	-	-
Finame - Ecocataratas	2.50% p.a.	48	46	45	37
Finame - Ecoporto Santos	6.00% p.a.	1,912	1,147	-	-
Finimp - Ecoporto Santos	6M Libor + exchange difference +2.00% p.a.				
		<u>22,916</u>	<u>21,999</u>	<u>21,055</u>	<u>29,827</u>
		<u>2,093,393</u>	<u>2,979,782</u>	<u>1,045,531</u>	<u>3,861,366</u>

### Sensitivity analysis

#### Risk of changes in interest rates

The sensitivity analysis was determined based on the exposure to interest rates of non-derivative financial instruments at the end of the year. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the year was outstanding during the entire year.

The sensitivity analysis was developed taking into consideration exposure to changes in CDI, TJLP, USD, IPCA and IGP-M, the main indices of debentures and borrowings and financing contracted by the Company and its subsidiaries:

Transaction	Risk	Interest to be incurred		
		Scenario I Probable	Scenario II - 25%	Scenario III - 50%
Interest on short-term investments (a)	CDI increase	98,493	123,116	147,739
Interest on debentures (a)	CDI increase	(525,652)	(610,058)	(693,778)
Interest on debentures (b)	IPCA increase	(199,879)	(202,905)	(205,949)
Borrowings and financing (b)	IPCA increase	(3,101)	(3,876)	(4,652)
Interest on payables to concession grantor (b)	IPCA increase	(1,657)	(2,072)	(2,486)
Borrowings and financing (c)	TJLP increase	(47,073)	(57,668)	(68,262)
Borrowings and financing USD (d)	USD appreciation	(3,894)	(5,585)	(7,564)
Interest to be incurred, net		<u>(682,763)</u>	<u>(759,048)</u>	<u>(834,952)</u>

Borrowings in foreign currency outstanding on December 31, 2018 are subject to fixed interest rate and were measured at amortized cost.

The considered rates (projected for 12 months, except Libor) are as follows:

Index	Scenario I - probable	Scenario II - 25%	Scenario III - 50 %
CDI (a)	8.0%	10.0%	12.0%
IPCA (b)	4.0%	5.0%	6.0%
TJLP (c)	7.0%	8.7%	10.5%
USD (d)	3.8	4.6	5.7

Source: Focus Market Report – Market Expectations, December 28, 2018.

Gains and losses on these transactions are consistent with the policies and strategies designed by the management of the Company and its subsidiaries.

## 29. SEGMENT REPORTING - CONSOLIDATED

The Company's operating segments are reported consistently with the internal reports provided to the chief operating decision-maker (CODM).

For performance assessment purposes, the set of information on the segments and fund allocation is analyzed.

The Company's main segmentation by business line is based on:

### a) Concessions

Highway system is the longest and most developed transport modality in Brazil. The highway concessions connect major industrial, production, consumption, tourist centers, and Brazil's three largest ports (Santos, Paranaguá and Rio Grande), in addition to providing access to other Mercosur countries. This segment includes the following concessionaires: Concessionária Ecovias dos Imigrantes S. A., Concessionária Ecovia Caminho do Mar S. A., Empresa Concessionária de Rodovias do Sul S.A. - Ecosul, Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas, Rodovia das Cataratas S.A. – Ecocataratas, ECO101 Concessionária de Rodovias S.A., Concessionária Ponte Rio Niterói S.A. – Ecoponte and Concessionária do Rodoanel Norte S.A. – Ecorodoanel, Eco135 Concessionária de Rodovias S.A.

### b) Holding and services

This segment includes the companies EIL01, EIL02, EIL03, EIL04, and the holding companies EcoRodovias Concessões e Serviços S.A., concessionaire segment holding company, and the parent company EcoRodovias Infraestrutura e Logística S.A.

### c) Ports

This segment comprises port operations, as well as import and export cargo handling and warehousing activities, with its own port terminal in the Port of Santos and thus, the following companies are included in this segment: Ecoporto Santos S.A. and Termares – Terminais Marítimos Especializados Ltda.

Net revenue by segment is broken down as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Highway concessions	91.1%	87.7%
Holding and services	4.0%	5.1%
Ports	4.9%	7.2%

The performance of the Company's segments was assessed based on the net operating revenue, profit for the year, and noncurrent assets. This measurement base excludes the effects of interest, income tax and social contribution, and depreciation and amortization.

The tables below include summarized (combined) financial information relating to the segments as at December 31, 2018. The amounts of profit or loss and total assets provided to the Executive Committee are in line with the balances recognized in the (combined) financial statements, as well as with the applied accounting policies:

Balance sheet	12/31/2018				
	Highway concessions	Ports	Holding and services	Eliminations	Consolidated
Assets	7,734,958	788,244	6,698,172	(5,200,439)	10,020,935
Current assets	1,802,155	63,444	1,487,284	(264,358)	3,088,525
Noncurrent assets	5,932,803	724,800	5,210,888	(4,936,081)	6,932,410
Liabilities	7,734,958	788,244	6,698,172	(5,200,439)	10,020,935
Current liabilities	1,107,078	213,882	951,857	(264,359)	2,008,458
Noncurrent liabilities	4,889,755	225,233	3,960,563	(1,703,393)	7,372,158
Equity	1,738,125	349,129	1,785,752	(3,232,687)	640,319

  

Profit or loss	12/31/2018				
	Concessions	Ports	Holding and services	Eliminations	Consolidated
Net revenue	3,047,876	134,166	164,542	(177,317)	3,169,267
Cost of services	(1,665,383)	(113,737)	(101,571)	100,675	(1,780,016)
Gross profit	1,382,493	20,429	62,971	(76,642)	1,389,251
General and administrative expenses	(140,338)	(38,989)	(99,987)	60,141	(219,173)
Amortization of investments	-	-	(17,183)	17,183	-
Other income/expenses	2,929	11,280	613	(630)	14,192
Share of profit (loss) of subsidiaries	-	-	1,209,297	(1,209,263)	34
Operating profit (loss) before finance income (costs)	1,245,084	(7,280)	1,155,711	(1,209,211)	1,184,304
Finance income (costs)	(251,518)	(29,721)	(179,505)	-	(460,744)
Operating profit/(loss) before taxes	993,566	(37,001)	976,206	(1,209,211)	723,560
Income tax and social contribution	(326,325)	494	2,911	-	(322,920)
Profit/(loss) for the year	667,241	(36,507)	979,117	(1,209,211)	400,640
Profit (loss) from discontinued operations	-	-	(18,505)	-	(18,505)
Profit (loss) from continuing operations	667,241	(36,507)	960,612	(1,209,211)	382,135
Noncontrolling interests	-	-	-	7,625	7,625

Balance sheet	12/31/2017				
	Highway concessions	Ports	Holding and services	Eliminations	Consolidated
Assets	5,400,998	759,799	6,226,393	(4,571,432)	7,815,758
Current assets	661,509	54,281	1,711,667	(288,064)	2,139,393
Noncurrent assets	4,739,489	705,518	4,514,726	(4,283,368)	5,676,365
Liabilities	5,400,998	759,799	6,226,393	(4,571,432)	7,815,758
Current liabilities	619,458	192,378	1,237,957	(290,219)	1,759,574
Noncurrent liabilities	3,234,937	346,361	3,188,761	(6,770,059)	5,299,614
Noncontrolling interests	-	-	-	-	97,947
Equity	1,546,603	221,060	1,799,675	(2,908,715)	658,623

Profit or loss	12/31/2017				
	Concessions	Ports	Holding and services	Eliminations	Consolidated
Net revenue	2,968,685	108,771	172,487	(183,584)	3,066,359
Cost of services	(1,549,465)	(104,320)	(87,759)	98,387	(1,643,157)
Gross profit	1,419,220	4,451	84,728	(85,197)	1,423,202
General and administrative expenses	(137,552)	(46,123)	(105,471)	64,015	(225,131)
Amortization of investments	-	-	(21,841)	21,841	-
Other income/expenses	214	13,357	594	(607)	13,558
Share of profit (loss) of subsidiaries	-	-	1,223,230	(1,223,176)	54
Operating profit (loss) before finance income (costs)	1,281,882	(28,315)	1,181,240	(1,223,124)	1,211,683
Finance income (costs)	(233,513)	(53,630)	(168,291)	-	(455,434)
Operating profit/(loss) before taxes	1,048,369	(81,945)	1,012,949	(1,223,124)	756,249
Income tax and social contribution	(345,813)	4,772	4,776	-	(336,265)
Profit/(loss) for the year	702,556	(77,173)	1,017,725	(1,223,124)	419,984
Profit (loss) from discontinued operations	-	-	(7,653)	-	(7,653)
Profit (loss) from continuing operations	702,556	(77,173)	1,010,072	(1,223,124)	412,331
Noncontrolling interests	-	-	-	19,845	19,845

### 30. STATEMENT OF CASH FLOWS - CONSOLIDATED

#### a) Cash and cash equivalents

The breakdown of cash and cash equivalents included in the statements of cash flows is disclosed in note 7.

#### b) Supplemental information

The information on income tax, social contribution, and dividends paid is disclosed in variations in cash flows.

These variations that did not affect cash refer to sale transactions of equity interests in Elog S.A. amounting to R\$3,494, detailed in note 6.b).

c) Non-cash effect

On June 19, 2018, indirect subsidiary Eco135 Concessionária de Rodovias S.A. has recorded the Concession right in the amount of R\$706,805 (R\$767,527 as at December 31, 2018, due to the adjustment to present value and adjustment for inflation) as a contra entry to 'Payables to Concession Grantor'.

As at December 31, 2018, indirect subsidiary Eco135 Concessionária de Rodovias S.A. has recorded the provision for future construction works in the amount of R\$28,967 as a contra entry to 'Intangible assets'.

As at December 31, 2018, the direct parent Ecoporto Santos has accounted for the agreement with the General Attorneys' Office in the total amount of R\$25,000 and R\$888 of additional expenses for performance of the works.

### 31. EVENTS AFTER THE REPORTING PERIOD

On February 18, 2019, the Company has announced to the market that its direct subsidiary Ecoporto Santos S.A. ("Ecoporto") has resumed the regular operation of vessels at the pier through the partnership with Italian shipowner Grimaldi.

The service, dedicated to container, rolling cargo, vehicles and Break Bulk handling, consolidates the terminal as a reference for multi-purpose vessel operations at the Port of Santos. The terminal is also the leader in the Less than Container Load (LCL) warehousing market. Ecoporto is expected to fulfill up to six monthly schedules of export and import vessels, in February already.

These vessels cruise through the Europe/Africa/South America route and berth at approximately 15 ports throughout the world, such as, for example, Hamburg, Antwerp, Lisbon, Dakar, Vitória, Rio de Janeiro, Santos, Buenos Aires and Montevideo. The agreement is effective for 24 months, beginning February 2019 and ending January 2021.

---

## 2018 MANAGEMENT REPORT

### PROFILE

The EcoRodovias Group is one of Brazil's largest highway concession groups, managing, since 2018, 10 concessions totaling about 2,649 kilometers of highways. In 2018, around 292 million vehicle equivalents passed through our highway concessions. The Group also controls Ecoporto Santos, located at the largest port in Latin America. Around 44% of Brazil's import and export cargo passes through EcoRodovias' assets located in the country's main import, export and tourism corridors.

### OWNERSHIP STRUCTURE

EcoRodovias is controlled by Primav Infraestrutura, whose partners are the Gavio Group, one of Italy's largest infrastructure conglomerates, managing over 1,400 km of highways, and the CR Almeida Group, which has been operating in the heavy construction sector for 50 years and is responsible for important infrastructure projects in Brazil.

The Gavio and CR Almeida groups have a strategic long-term vision and commitment to Brazil's infrastructure sector, especially highway concessions, aligned with the Company.

### 2018 HIGHLIGHTS

In 2018, the Ecorodovias Group won the concession for the North Beltway conducted by the São Paulo State Government, signed the agreement for the acquisition of Concessionária de Rodovias Minas Gerais Goiás (MGO) in the secondary market, won the concession for the BR-135 Highway conducted by the Minas Gerais State Government and signed the contractual amendment of Ecovias dos Imigrantes, adding seven months to the concession period, and concluded the divestment of Elog.

In 2018, the Company won, for the fourth time, the award for best infrastructure company in Época Negócios 360º and its shares remained a component of the Corporate Sustainability Index (ISE) of B3 for the eighth year in a row.

### OPERATING PERFORMANCE

#### Highway Concessions

Consolidated traffic volume of equivalent paying vehicles at the concessionaires decreased by 1.4% in 2018 compared to 2017. Excluding tolls for suspended axles and the period from May 21 to June 3, when traffic was affected by the truckers' strike, consolidated traffic grew 1.7% in 2018. The main reasons for this variation were:

**Heavy vehicle** – down 3.1% in 2018. Excluding tolls for suspended axles and the period from May 21 to June 3, when traffic was affected by the truckers' strike, traffic grew 2.8% in 2018. Excluding the aforementioned effects, the concessionaires Ecopistas and ECO101 recorded traffic growth due to the recovery of industrial production in the regions, while growth at Ecocataratas and Ecosul was driven by the increased flow of grain exports from the regions. Traffic at Ecovias dos Imigrantes and Ecovia Caminho do Mar was adversely affected by the decline in agricultural commodity exports at the ports of Santos and Paranaguá through road transportation, while Ecoponte was affected by the economic situation of the state of Rio de Janeiro.

**Light vehicle** – stable in 2018 compared to 2017. Excluding the period from May 21 to June 3, when traffic was affected by the truckers' strike, traffic increased 0.9% in 2018. Excluding the aforementioned effect, traffic at Ecovias dos Imigrantes and Ecopistas was impacted by the higher flow of tourists and by favorable weather. Ecovia Caminho do Mar, Ecosul and ECO101 registered lower traffic due to the reduced flow of tourists on account of adverse weather in the first half of 2018. Ecoponte registered lower traffic due to the economic situation of the state of Rio de Janeiro. Ecocataratas registered lower traffic due to the volatility of the U.S. dollar against the Brazilian real, which affected the flow of shopping tourism in Paraguay.

Consolidated average tariff per equivalent paying vehicle increased 1.3% in 2018, lagging inflation in the period, mainly due to tariff increases at the highway concessions, the tariff adjustment at ECO101, which was negative 4.2% in June 2018, and the higher share of vehicle traffic at toll plazas with lower tariffs.

## FINANCIAL RESULTS

### GROSS REVENUE

Consolidated gross revenue reached R\$3,634.0 million in 2018, increasing 4.0% from 2017. Excluding construction revenue, gross revenue amounted to R\$2,980.9 million, up 2.6% from 2017, due to the aforementioned performance of traffic and average tariff, as well as revenue growth at Ecoporto due to increased handling at the terminal.

### OPERATING COSTS AND ADMINISTRATIVE EXPENSES

In 2018, operating costs and administrative expenses totaled R\$1,999.2 million, up 7.0% from 2017. Cash costs, excluding depreciation and amortization, provision for maintenance and construction costs, increased 3.3% from 2017, lagging the inflation of 3.7% in the period, reflecting the focused and disciplined operating management. (Details of costs on a comparable basis are available in the 2018 Earnings Release at [www.ecorodovias.com.br/ri](http://www.ecorodovias.com.br/ri).)

### EBITDA & EBITDA MARGIN

EBITDA in 2018 was R\$1,617.82 million. Comparable pro forma EBITDA, excluding revenue, construction costs and provision for maintenance, totaled R\$1,760.9 million, up 0.7%, accompanied by EBITDA margin of 70.0%.

EBITDA (R\$ million)	2018	2017	Chg.
Net Income	382.1	412.3	-7.3%
(+) Net Loss from Discontinued Operations	18.5	7.7	141.8%
<b>Net Income from Continuing Operations</b>	<b>400.6</b>	<b>420.0</b>	<b>-4.6%</b>
(+) Income and Social Contribution Taxes	322.9	336.3	-4.0%
(+) Financial Result	460.7	455.4	1.2%
(+) Depreciation and Amortization	433.6	418.5	3.6%
<b>EBITDA<sup>1</sup></b>	<b>1,617.8</b>	<b>1,630.1</b>	<b>-0.8%</b>
(+) Provision for Maintenance	143.0	118.6	20.6%
<b>PRO-FORMA EBITDA<sup>2</sup></b>	<b>1,760.9</b>	<b>1,748.8</b>	<b>0.7%</b>
<b>PRO-FORMA EBITDA MARGIN<sup>2</sup></b>	<b>70.0%</b>	<b>70.5%</b>	<b>-0.5p.p.</b>

<sup>1</sup> EBITDA calculated according to the instruction CVM 527, of October 4, 2012

<sup>2</sup> EBITDA calculated excluding the Provision for Maintenance

### FINANCIAL RESULT

Net financial result was an expense of R\$460.7 million in 2018, up 1.2% in relation to 2017, mainly due to the higher level of debt, which was partially offset by the decline in the IPCA inflation index, to which 37% of the debt is indexed, and the CDI overnight rate, to which 55% of the debt is indexed, compared to the previous year.

### NET INCOME

In 2018, EcoRodovias recorded net income, excluding the effects of assets held for sale, of R\$400.6 million, a decline of 4.6%.

## **CASH AND CASH EQUIVALENTS AND CONSOLIDATED DEBT**

At the end of December 2018, EcoRodovias recorded a balance of cash, cash equivalents and marketable securities of R\$2,727.8 million and gross debt of R\$7,508.5 million, with 80% maturing in the long term. Debt with the government totaled R\$775.4 million, an increase from 2017 due to the accounting of the ECO135 concession that will be paid on a monthly basis until 2048.

Net debt, excluding debt with government, ended the year at R\$4,780.7 million, with Net Debt/ Adjusted EBITDA ratio standing at 2.71 times.

For further information about the Company's debt, see the notes to the financial statements.

### **Capex**

Capex, which consists of intangible assets and maintenance costs, was R\$888.2 million in 2018. Following were the main investments: (i) Ecovias dos Imigrantes: construction of the North marginal lane on Anchieta Highway, the New Access to Santos – Highway System project, object of a contractual amendment, which will eliminate the current bottlenecks at the entrance and exit ways of Port of Santos, and conservation works; (ii) Ecopistas: conclusion of extension works on the Carvalho Pinto Highway and conservation works; (iii) Ecovia, Ecocataratas and Ecosul: maintenance and pavement conservation works; (iv) ECO101: addition of lanes and highway recovery works as per the timetable defined in the concession agreement; (v) Ecoponte: start of construction of access to the Red Line and Avenida Portuária; (vi) ECO135: investments in maintenance and construction of toll plazas; and (vii) Ecoporto: investments in technology and maintenance.

### **DIVIDENDS**

In 2018, Ecorodovias distributed dividends totaling R\$401.8 million, with R\$242.9 million related to fiscal year 2017, and advanced the distribution of R\$158.9 million related to the results up to September 30, 2018.

### **CAPITAL MARKETS**

EcoRodovias stock, which is listed on the Novo Mercado segment of the São Paulo Stock Exchange (B3) under the ticker ECOR3, ended the year quoted at R\$9.38. Average daily financial trading volume in the stock in 2018 was R\$31.2 million, 8.0% higher than in 2017. Total common shares are 558,699,080 and market cap on December 31, 2018 was R\$5.2 billion.

EcoRodovias stock is a component of Brazil's leading stock market indices (Ibovespa, IBRX-100, IGC, ITAG and ISE).

### **CORPORATE GOVERNANCE**

EcoRodovias is recognized in the market for having adopted a series of corporate governance good practices such as transparency, accountability and corporate responsibility, which are fundamental for ensuring respect to both majority and minority shareholders, employees, the environment and society.

The Company constantly seeks to adopt the best practices for its healthy performance and longevity.

With this goal, the Ecorodovias Group Integrity Program was launched in 2005 and has been updated each year. Some examples of initiatives adopted during this period are: (a) drafting of the Code of Conduct, which is updated every two years; (b) establishment of the Working Group on Compliance; (c) creation of the Ethics Committee; (d) implementation of the internally-managed Ethics Channel; (e) implementation of diverse online training programs for employees; and (f) campaigns to disseminate the Integrity Program and the recognition program.

In 2018, the Ecorodovias Group restructured its Integrity Program by hiring dedicated professionals with domestic and international experience in Compliance and took several measures to improve governance and its Ethics and Integrity Program, such as: (a) creation of a 24x7 hotline for anonymous complaints, operated by an independent company; (b) revision of the Code of Conduct; (c) creation of Normative Instruction for Interaction with

Government, with the implementation of prevention and transparency controls for interactions with government officials; (d) creation of the Normative Instruction on Supplier Control and the program to evaluate and reassess the integrity and reputation of suppliers and partners; (e) contracting of intelligence systems for integrity monitoring and analyzes; (f) creation of Normative Instructions and/or Controls for Receiving and Offering Gifts, Presents and Entertainment, Conflict of Interests and Politically Exposed Persons; (g) launch of the new Ethics and Integrity Portal for monitoring and coordinating all initiatives and information; (h) creation of a Doubts Hotline to facilitate interaction of employees and third parties with the Compliance department; (i) recurrent disclosure of initiatives, controls, policies and procedures to all employees and partners; (j) development of new electronic and on-site training programs for employees and third parties; (l) additional budget outlay for the Ethics and Integrity Program; and (m) review of Procurement and Document Retention policies.

Notable among the best practices adopted by the Company are risk management and internal controls that, in recent years, adopted several initiatives to improve governance, especially the following: (a) assessment of strategic risks and creation of Key Risk Indicators (KRI); (b) general analysis of risks of across all the businesses of the Group; (c) creation of the position of Risks & Internal Controls Manager; (d) creation of the Information Security Committee; (e) creation of the Policy on the Information Security Committee; (f) publication of Master Plan and the Risk Management & Internal Controls Policy; (g) publication of normative instructions on the use of IT resources by users and security requirements for technology; (h) development of the Business Continuity Project with the implementation of Corporate Policies and Crisis Response Protocols; (i) integration of the Information Security (IS) team with the Risks & Internal Controls department; (j) revision of the Risks Matrix of Highway Concessions; (l) review and automation of the Access Management process; (m) diagnosis of governance and corporate risk management practices; (n) analysis and assessment of the risks of highway concession units; (o) integration of accesses of the main business support systems; and (p) diagnosis of cyber risks conducted by Deloitte with approval of budget to implement the 2018 Information Security restructuring program.

During 2018, the risks and internal controls department was restructured in accordance with best market practices, and the following initiatives were adopted: (a) remodeling and improvement of the risk methodology; (b) process of review of the Risks & Controls Policies; (c) update of risk matrices of highway concessionaires; and (d) improvement of processes and systems involving information security.

In 2019, the Ecorodovias Group will continue to adopt measures to improve its corporate governance through the Integrity Program and management of the risks and internal controls departments, including the implementation of additional initiatives for prevention, monitoring, detection and response by Senior Management, such as: (a) creation of new Compliance policies and procedures; (b) on-site training programs for directors, executive officers and managers; (c) training programs on operations at all business units; (d) intensification of transaction tests and Compliance audits; (e) expansion of research and analyses of integrity of suppliers and partners; (f) expanding the execution of risk matrix to all highway business units; (g) deployment of Risk Management & Internal Controls software at the Company; (h) review, remodeling and improvement of routine internal control and audit activities, subject to recurrent supervision and monitoring; and (i) periodical review of the risk matrices of concessionaires, as well as the identification of operating, financial and compliance risks.

All these efforts give us the confidence that we are on the right track, which is exactly why we will continue to follow the best governance practices: the Code of Business Conduct, updated and supported by the top management of the EcoRodovias Group; an active Ethics Committee; establishment of the Audit Board; transparency in the disclosure of results; the positions of chairman of the Board and CEO are held by different people; engagement of an independent audit firm to analyze the balance sheets and financial statements; use of the arbitration chamber to resolve shareholder disputes and policies on the use of information and disclosure of material facts or events and trading on securities; advisory committees to the Board headed by independent directors; use of a modern Governance Portal that enables rapid and secure flow of information to directors and executives, and an Ethics and Integrity Portal for employees and the general public, containing all the material on the subject.

## PEOPLE MANAGEMENT

Our main objective is to contribute to achieving the results desired by the Ecorodovias Group, to leverage the engagement and development of employees and to create a working environment that encourages innovative ideas and best management practices.

Major challenges moved the People Management area, which used structured programs and management tools to create an environment of continuous development, preparing teams that are trained for the current and future scenarios.

To reinforce the Ecorodovias culture and strengthen its commitment to results, we reviewed our vision, mission and values through a process that involved the mapping of the strategy, interviews with directors and survey among employees, led by Company executives. The survey covered 606 employees, who stated the values they wish for Ecorodovias and based on the findings, the executive officers defined five new values: Collaboration, Ethics, Focus on Results, Initiative and Sustainability. These values are aligned with the skills desired for all professionals of the company, which are: Act as Owner, Build Together, Make It Happen and, for leaders, Leadership that Inspires.

In 2018, leadership development efforts were consolidated in a program called How to Inspire, composed of six action fronts: Trainee Program, Building the Future, Leader Development, Executive Development, Acceleration of Readiness, and Support.

To attract youth with leadership potential, the second batch of the Ecorodovias Trainee Program was held in 2018, with eight trainees hired after a selection process that covered more than 7,000 applicants. As for the 2017 batch, 50% of the trainees were promoted to coordinator and specialist positions.

The Building the Future program aims to groom administrative employees with the potential to take up leadership positions in the future. This program includes themes such as: Leadership Pipeline, Neuroscience and Social Motivators, Team Dysfunctions, Values and People Management.

For leader/executive development, in 2018 the company explored the topic of Leadership Driven by Values, and executive coaching was offered as support. In 2019, this topic will be developed further to continue the work of strengthening our culture.

In 2018, the Performance Cycle enabled the identification of talents and training needs. The system is an instrument to enhance the use of internal talent in the Company. In 2018, for example, five employees were promoted as executive officers at the concessionaires and the holding company. Likewise, seven employees were promoted as managers during the year.

On the Acceleration of Readiness front, the highlight was the promotion of 19 employees as coordinators in 2018, accompanied by training, coaching and mentoring programs.

The establishment of the Innovation Committee, with quarterly meetings and participation of leaders from the concessionaires, statutory officers and corporate areas, was the first step in strengthening the access and management of intellectual capital at the Company.

Anchored in the expertise and skills of its employees to rethink the business and its processes, Ecorodovias has been studying opportunities for improvement based on collaboration. In 2018, this objective was translated into the InovaECO program.

Through a digital platform, each employee of the Group can send suggestions for innovation applicable to the routine of the areas or units. Up to December, 110 ideas had been published by employees and 24 initiatives had been pre-selected for the second phase of the program, which includes the presentation of a feasibility study

and/or business plan. Feasible ideas may eventually be implemented and the employee who suggests the best initiative will win a trip to a resort, all expenses paid. Ecorodovias' trajectory in the field of diversity was redefined with the launch in 2016 of the Diversity Program, which brought together instruments and a corporate vision on the subject, to be disseminated across all business units. In 2018, governance in this field was strengthened with the creation of the Diversity Committee, which mobilized leaders of all units and executive officers from the holding company.

In 2018, we also organized the Diversity Week during which all the employees learned more about the following topics: Blacks, Gender, LGBTQIA+ and Disabled People, and all leaders had a day of lectures on these topics, with the focus being on the role of Ecorodovia leaders with regard to diversity. We had specific projects for the hiring and inclusion of refugees and transgender people.

Thinking about the health and well-being of our employees, in 2018 we intensified and expanded actions such as the vaccination campaign, check-up for executives, diverse health programs such as monitoring chronic health conditions, hospitalization and post-discharge monitoring, all of them extended to dependents. We also worked on a specific program for pregnant women, launched campaigns to encourage sports and healthy eating habits, as well as campaigns aligned with important dates in the calendar of the World Health Organization (WHO). Conte Comigo, the employee support program that offers legal, psychological, financial and social guidance through an exclusive 24/7 channel, was broadly disseminated. In specific and highly complex cases, the program was recommended by the medical area to provide all the necessary support.

As for management of the benefits package offered to our employees, we participated in important market surveys conducted by specialized consulting firms in order to expand our vision and compare the best practices with our policies. The results brought opportunities that were evaluated and implemented, in line with the strategies of Ecorodovias. Among the main actions are the levelling of Medical Care reimbursement amounts to market standards, negotiations for the implementation of "MultiBenefits," a card with a limited amount (according to the salary) to be used by employees in diverse establishments (supermarkets, drugstores and opticians, among others), directly deducted from payroll. As for the Private Pension benefit, we launched an audit project with an external consulting firm, which will evaluate whether all contractual conditions are being observed correctly by the insurer.

In addition, several studies and bidding processes were conducted, which resulted in fresh negotiations and contract renewals in accordance with corporate guidelines.

In 2018, the company implemented a project to review Human Resources processes and procedures to mitigate risks, optimize and streamline processes, reinforce compliance and governance, and promote the concept of continuous improvement, all of which reflects on the employee, the main beneficiary of the results achieved.

With regard to eSocial, a Federal Government requirement for the submission of our employee records, payroll, admissions, sick leaves, terminations and employee movements (promotions, changes in work shift, among others), after four years of work involving the adaptation of routines, processes, systems and leadership training, in 2018 the company began to officially submit information about the entire Group. During the year, we intensified actions, reporting timetables with the Units and training programs to ensure compliance with all obligations. For 2019, in accordance with the Federal Government calendar, we will submit the information related to Occupational Safety and Health processes.

The Company ended 2018 with 3,742 employees distributed across the states of São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais, Paraná and Rio Grande do Sul.

## **SOCIAL AND ENVIRONMENTAL RESPONSIBILITY**

With ECO in its name and its corporate DNA, the EcoRodovias Group's mission is to operate sustainably by launching initiatives that effectively contribute to the social and cultural development of its diverse stakeholder groups, especially local communities, users and employees.

In 2018, the Ecorodovias Group once again neutralized a sizeable portion of emissions from its operations. The Company continued in the select group of companies participating in the "Amigo do Clima" Program, a voluntary environmental program aimed at ensuring transparency and traceability of climate responsibility activities.

In addition, another important highlight in 2018 was the continuation of the Energy Efficiency Program at the EcoRodovias Group, which aims to reduce electricity consumption and improve energy efficiency in its operations and business units. These actions, implemented by the highway concessionaires, are part of our commitment to practices designed to mitigate climate change. Note that all these actions followed the Sustainability Guidelines, corporate strategies and other standards related to the sound performance of the Integrated Management System, the including ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and OHSAS 18001 (Occupational Health and Safety Management) certifications of the Group.

Still on sustainability, EcoRodovias stock remains for the seventh straight year in the ISE/B3 index portfolio, which is an important recognition for the Company.

For the third straight year, EcoRodovias was included in the Leadership category of the Climate "A" List of the Carbon Disclosure Project (CDP), an international non-profit organization that selects the world's best public corporations based on their management of greenhouse gas emissions (climate change).

This recognition is the result of EcoRodovias' intense efforts to identify the level of greenhouse gas emissions through an emission inventory, which provided real data on this topic and served as the basis for the efforts.

Besides optimizing resources in its operations, which resulted in more efficient use of tow trucks, Ecorodovias units invested in other initiatives to reduce the effects of climate change, such as large-scale rental of buses to transport employees, which reduced commute in personal vehicles, and the use of ethanol and VNG instead of gasoline in a part of the administrative and operational fleet.

Various other projects that we have implemented over our history at all companies of the Group and which honor our commitment to the name ECO are described below:

- Ecoviver: engages professors, students and the community in educational and cultural activities and sponsors environmental education in schools located near the highways. In 2018, the project served 20 municipalities, with approximately 919 teachers and 18,070 students from 239 schools participating.
- Launched by the EcoRodovias Group in 2008, the "De Bem com a Via" project organizes activities that are aligned with the UN Decade of Action for Road Safety 2011-2020. These include providing access to traffic education, especially to more vulnerable stakeholders, namely children, youth and inhabitants of socially vulnerable communities, by involving schools and communities located around the highways managed by our concessionaires.
- Volunteers for Good: a volunteer program in which employees administer classes to children at public schools on the value of natural resources, the use of highways and the basic concepts involved in managing a company.
- Trucker Health: several times a year, the concessionaires organize medical exams for truck drivers and lectures on health.
- Virando o Jogo: project that encourages the practice of sports among children from age six to ten in communities located in Diadema, São Paulo. The project sponsors sports, dance lessons and traffic education,

among other activities. The goal is to keep kids away from the highways and to offer recreational and educational activities.

- Wildlife Preservation: organizes various projects focused on wildlife preservation, such as I Respect Life at Ecocataratas, which offers environmental education in partnership with PNI and the Chico Mendes Institute. The goal is to raise awareness among the local communities and users of Highway BR-277 on respecting the fauna, flora and speed limits in conservation areas. The Group also helps to maintain the parks and preservation areas located near the highways and conducts campaigns to combat the illegal trafficking of plants and wildlife.

- Emissions: prioritizes the use of renewable fuels (ethanol) in the vehicle fleet, the use of more energy efficient equipment and the chartering of vehicles for employee commutes.

- Santa Claus is Real: the Company's stakeholders write letters as if they were Santa Claus and EcoRodovias distributes presents in the region's underprivileged communities.

The EcoRodovias Group also continued to participate in the "Decade of Action for Road Safety" campaign launched by the United Nations, which seeks to reduce the number of traffic accidents.

In 2018, as a result of our commitment to mitigate various environmental impacts, EcoRodovias invested in tax incentive projects and initiatives targeted at the environment. The priority topics included water, energy, solid waste and emissions.

In 2018, Ecorodovias received honors and special mentions from various organizations and entities.

### **Institutional Investor**

The Company was featured in Institutional Investor, the most prominent publication in the segment in the United States, in the Sustainability and Small Cap (shares with lower liquidity) categories. Ecorodovias was one of the 39 recognized companies, among over 200 companies.

### **Época Negócios 360º**

For the fourth time - after 2012, 2015 and 2017 - Ecorodovias won the Época Negócios 360º award for the best infrastructure company from Época magazine. The Company also ranked 3<sup>rd</sup> in Innovation and Vision of Future.

### **ISE**

For the eighth straight year the Company was included in the Corporate Sustainability Index (ISE) of Brasil Bolsa Balcão – B3 (formerly BM&FBovespa), the biggest stock exchange in Latin America.

### **UN Best Practices Award**

Seedling Nursery, the social impact project of Ecovias, was recognized by the United Nations (UN) and by Permanent Mission of Brazil at the "Good Practices of Employability for Workers with Disabilities" award. The initiative won the award in the Pioneerism category.

### **Abrasca Award**

For the third time, the Annual Sustainability Report of Ecorodovias figured among the best in the Public Companies category at the Abrasca Awards for Annual Reports, organized by the Brazilian Association of Public Companies (Abrasca). At the 20<sup>th</sup> edition of the awards, the report was among the ten best, with a score of 92.67.

### **Na Mão Certa**

Due to the actions rolled out by the units, the Group was honored at the 12<sup>th</sup> Annual Meeting of the Na Mão Certa program, which recognizes the performance of the signatories to the Business Pact against the Sexual Exploitation of Children and Teens on Brazilian Highways.

## **RELATIONSHIP WITH INDEPENDENT AUDITORS**

Pursuant to CVM Instruction 381/2003, we inform that Deloitte Touche Tohmatsu Auditores Independentes was engaged to provide the following services in 2018: audit of financial statements in accordance with the generally accepted accounting practices in Brazil and the International Financial Reporting Standards (IFRS); review of the Interim Quarterly Financial Information in accordance with Brazilian and international standards for the review of interim information (NBC TR 2410 – *Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade* and ISRE2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity). Total fees for fiscal year 2018 were R\$95,600. The Company did not engage the Independent Auditors for work other than that related to independent audit.

## **STATEMENT FROM THE BOARD OF EXECUTIVE OFFICERS**

The Executive Board of EcoRodovias Infraestrutura e Logística S.A. declares, pursuant to article 25 of CVM Instruction 480 of December 7, 2009, that it has reviewed, discussed and agreed(i) with the contents and opinion expressed in the report from Deloitte Touche Tohmatsu Auditores Independentes; and (ii) with the financial statements for the fiscal year ended December 31, 2018.

São Paulo, March 14, 2019

**The Management**