

EARNINGS RELEASE 2Q19

Curitiba, August 12, 2019 – RUMO S.A. (B3: RAIL3) (“Rumo”) today announces its results for the second quarter of 2019 (2Q19), including April, May, and June. The results are consolidated in accordance with the accounting criteria adopted in Brazil and International Financial Reporting Standards (IFRS). The comparisons in this report consider 2Q19 and Proforma 2Q18 unless otherwise indicated.

Rumo 2Q19 and 6M19 Highlights

- 2Q19 EBITDA reached R\$924 million, 1.9% higher than proforma 2Q18. The EBITDA margin reached 53.5%. In 6M19, EBITDA grew 6.6% to R\$1,726 million, with 51.3% margin.
- Total transported volume reached 14.4 billion RTK in 2Q19, 7.1% higher than in 2Q18, driven by anticipation of the corn crop, which allowed record transportation in June. April and May volumes were negatively impacted by late commercialization resulting from lower international soybean prices.
- Loading volume in Port of Santos (SP) totaled 2.6 million tons in 2Q19, in line with the previous year, and reached 5.4 million tons in 6M19, 7% higher than in the year-to-date period.
- Rumo posted a net income of R\$185 million in 2Q19 compared to a loss of R\$38 million in 2Q18, reflecting improved financial results. Leverage ended the quarter at 2.0x broad net debt/EBITDA.
- Capex totaled R\$440 million in 2Q19 and R\$976 million in 6M19, in line with the Company's capex plan.

2Q19	2Q18 Proforma*	Chg. %	Summary of Financials (Amounts in R\$ MM)	6M19	6M18 Proforma*	Chg. %
14,416	13,464	7.1%	Total transported volume (million RTK)	27,722	25,291	9.6%
2,627	2,672	-1.7%	Total volume loaded (TU '000)	5,448	5,146	5.9%
1,729	1,665	3.9%	Net revenue	3,364	3,061	9.9%
588	586	0.4%	Gross profit	1,070	1,018	5.1%
34.0%	35.2%	-1.2 p.p.	Gross margin (%)	31.8%	33.2%	-1.4 p.p.
(79)	(70)	13.1%	Sales, general and administrative expenses	(165)	(144)	14.4%
(2)	(0.4)	>100%	Other op. revenues (expenses) and equity	(18)	(3)	>100%
507	515	-1.5%	Operational profit	886	870	1.8%
(417)	(392)	6.3%	Depreciation and amortization	(839)	(748)	12.2%
924	907	1.9%	EBITDA	1,726	1,619	6.6%
53.5%	54.5%	-1.0 p.p.	EBITDA margin (%)	51.3%	52.9%	-1.6 p.p.
185	(38)	>100%	Net profit (loss)	211	(98)	>100%
10.7%	-2.3%	13.0 p.p.	Net margin (%)	6.3%	-3.2%	9.5 p.p.
440	559	-21.4%	Capex	976	1,042	-6.3%

*As detailed in section IFRS 16 Implementation.

Conference Call

English* - 2:00 p.m. (Brasília time)

With simultaneous translation into Portuguese

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2. IFRS 16 Implementation

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

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

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

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

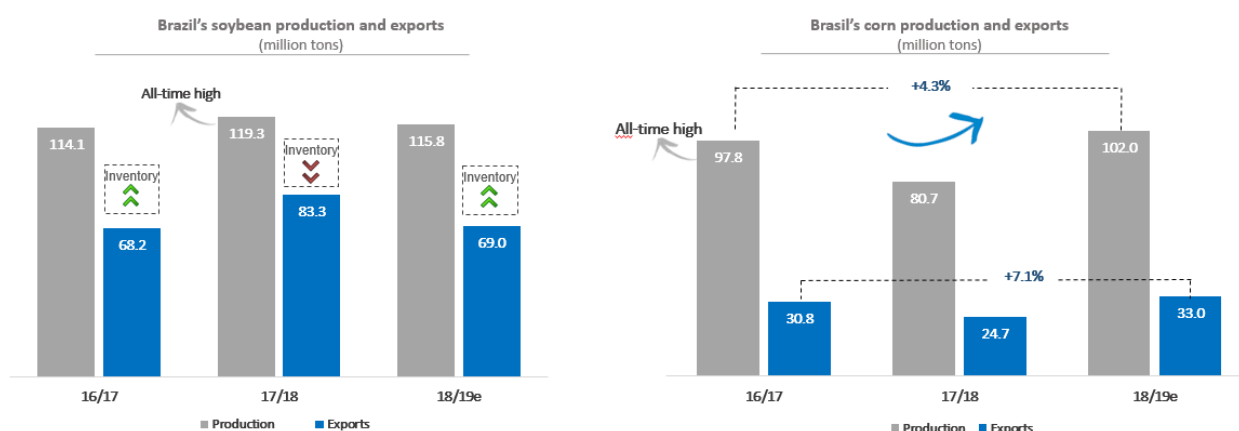
Income Statement for the year	2T18			2018		
Amounts in R\$ MM	Reported	IFRS 16	Proforma	Reported	IFRS 16	Proforma
Net operating revenue	1,665	-	1,665	6,585	-	6,585
Cost of goods sold	(1,116)	37	(1,079)	(4,466)	152	(4,314)
Gross profit (loss)	548	37	586	2,119	152	2,272
Gross margin (%)	32.9%	n/a	35.2%	32.2%	n/a	34.5%
Sales, general and administrative expenses	(70)	-	(70)	(313)	-	(313)
Other op. revenues (expenses) and equity pickup	(0.4)	-	(0.4)	(56)	-	(56)
Operational profit	478	37	515	1,750	152	1,903
Depreciation and amortization	366	26	392	1,419	105	1,523
Provision for impairment West Network	-	-	-	72	-	72
EBITDA	844	64	907	3,241	257	3,498
EBITDA margin	50.7%	n/a	54.5%	49.2%	n/a	53.1%
Financial result	(460)	(40)	(500)	(1,209)	(159)	(1,368)
Income tax/social contribution	(53)	1	(52)	(269)	3	(266)
Net profit (loss)	(35)	(2)	(36)	273	(4)	269
Net margin (%)	-2.1%	n/a	-2.2%	4.1%	n/a	4.1%

3. 2Q19 Executive Summary

Market dynamics was unusual this quarter. Due to a **strong soybean crop**, exports began earlier in January, and the market maintained regular export volumes through March. As of April, soybean prices were pressured by a **supply-demand mismatch**. Forecasts pointed to global oversupply due to record inventories and an estimated strong crop in the U.S., combined with expectations of strong crop in Argentina after last year set backs. In turn, China is expected to reduce imports of soybean by around 7 million tons this year¹, due to African swine flu.

Given lower soybean prices, Brazilian farmers chose not to export, waiting for a price recovery. According to forecasts, Brazil exports should drop by 14 million tons¹ compared to 2018, implying that price pressure for farmers was more relevant than the decrease in China's demand.

On the other hand, the scenario is favorable **for corn** due to a **record high domestic crop** and expected crop failure in the U.S. These factors improved global corn prices and, together with soybean inventories, created strong pressure on corn exports, already benefiting June volumes and likely to continuing to the second half.



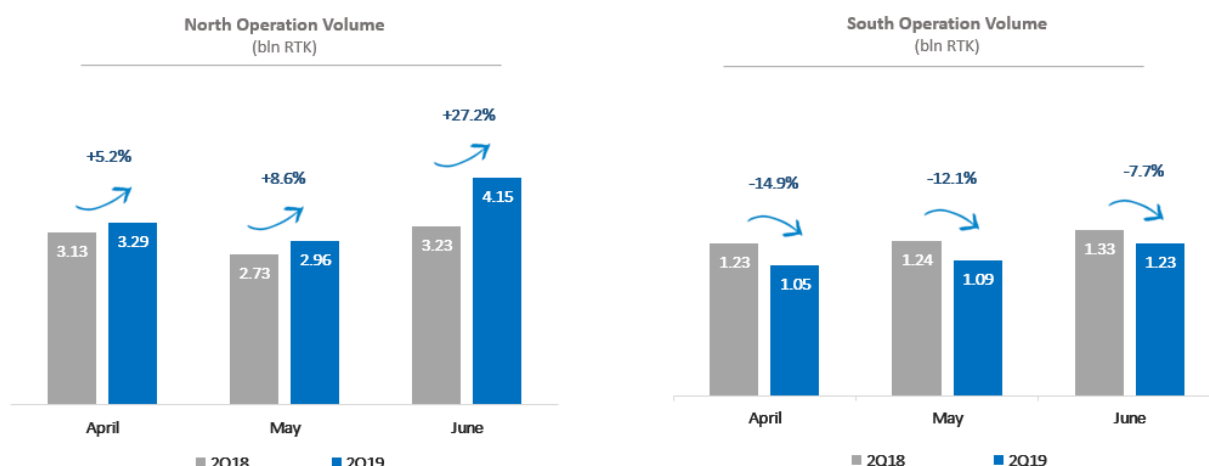
Source: AgRural (Aug/19).
Note: (e) Estimate.

The volume transported by Rumo in 2Q19 grew 7.1% from 2Q18 to 14.4 billion RTK. In 6M19, volume stood at 27.7 billion RTK, up 9.6% from 6M18. This result was not linear during the quarter. April and May were impacted by the unfavorable market dynamics for soybean. In turn, a record early crop of corn boosted volumes in June at North Operation. This fact, combined with the strong growth in the Company's capacity, led to a 27% increase in volumes at the North Operation in June, with record consolidated transported volume of 5.5 billion RTK, even before the first corn crop starts in South Operation.

The volume increase was also driven by the ramp up of **fertilizers** operation, which reached 1.2 billion RTK in 6M19, and **container** operations, which grew 20% from 2Q18.

¹Source: AgRural (Aug/19)

Volume growth in the quarter in the North and South Operations



Source: Marine Agency and Rumo System.

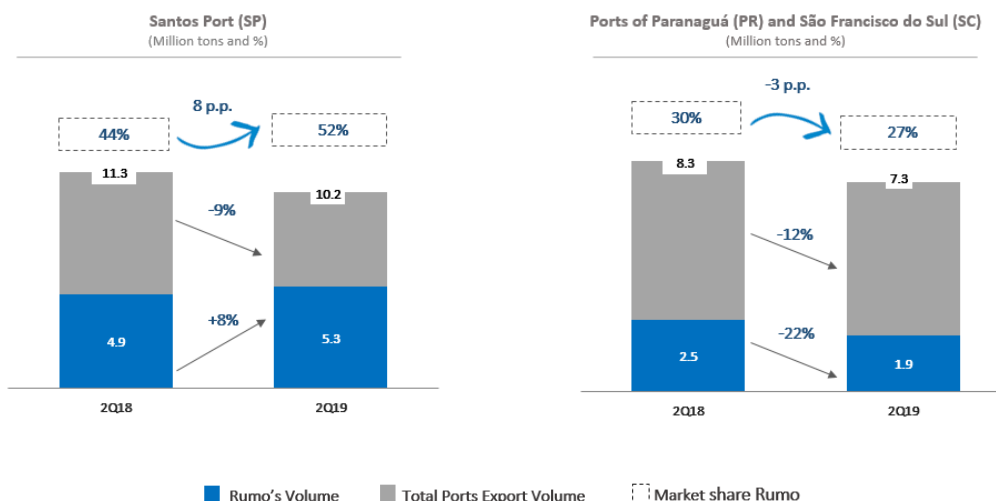
Tariffs decreased by 4% year-over-year, performing differently in each operation. The South and Container Operations had tariff increases of 5% and 2%, respectively, compared to 2Q18. North Operation had a 7% decrease in tariffs due to: (i) seasonality with better-price months posting lower volume (April and May); (ii) the grain mix, with a significant and unusual volume of corn in June, which has a lower tariff than soybean; (iii) exposure to lower spot prices in June when high demand exceeded pre-contracted volumes; (iv) the product mix, with growth in fertilizers volume, which have a lower-than-average tariff.

Rumo's EBITDA reached R\$924 million, up 1.9% from proforma 2Q18, with 53.5% margin. In 6M19, EBITDA grew 6.6%, reaching R\$1,726 million. This result was impacted by net revenue, which grew only 4% in 2Q19, as well as lower cost-efficiency. **Variable costs** increased by 4%, below volume growth, attesting efficiency gains, especially in fuel consumption (-5.3% liters/GTK). **Fixed costs** grew 7% due to (i) higher maintenance expenses resulting from idle capacity in April and May; (ii) end of payroll tax exemption in the South and West Networks.

The Company continues to increase the volume of grains at the Port of Santos (SP) despite the unfavorable export scenario, which dropped 9% in 2Q19. Rumo delivered market share growth of 8 p.p. in the period, emphasizing the strength of its business model.

The scenario of grain transportation to the ports of Paranaguá (PR) and São Francisco do Sul (SC) was diverse. Rumo's market share in these ports dropped 3 p.p. to 27%. The volume transported by Rumo in 2Q19 was 22% lower than in 2Q18, while the market decreased 12%. This is due to lower prices charged by trucks in the spot market in the areas where Rumo's operates, as well as a higher share of regions not yet served by the Company for exports through these ports.

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



Source: Marine Agency.

Rumo's net income was R\$185 million in 2Q19 compared to a net loss of R\$38 million 2Q18, on improved financial results, which were 48.2% lower than in 2Q18. This reflects the future interest curve reduction and a decrease in gross debt and average cost of debt. Leverage ended the quarter at 2.0x broad net debt/EBITDA.

4. Consolidated Operating and Financial Indicators

2Q19	2Q18 Proforma	Chg. %	Summary of Financial Information (Amounts in R\$ MM)	6M19	6M18 Proforma	Chg. %
14,416	13,464	7.1%	Total transported volume (million RTK)	27,722	25,291	9.6%
11,810	11,160	5.8%	Agricultural products	22,630	20,759	9.0%
2,606	2,304	13.1%	Industrial products	5,089	4,532	12.3%
102.6	106.8	-3.2%	Average transportation yield (R\$/000 RTK) ¹	103	105	-1.2%
2,627	2,672	-1.7%	Total volume loaded (TU '000)	5,448	5,146	5.9%
26	28	-5.8%	Average loading yield (R\$/TU)	26	26	-1.5%
1,729	1,665	3.9%	Net operating revenue	3,364	3,061	9.9%
1,479	1,441	2.6%	Transportation	2,878	2,644	8.9%
68	72	-5.4%	Port loading	141	133	5.7%
182	152	19.4%	Other ²	345	284	21.5%
924	907	1.9%	EBITDA	1,726	1,619	6.6%
53.5%	54.5%	-1.0 p.p.	EBITDA Margin (%)	51.3%	52.9%	-1.6 p.p.

Note¹: Average transportation tariff including the final amount charged from customer (container), excluding take-or-pay and right-of-way.

Note²: Includes revenue from right-of-way of other railways, revenue from sugar transportation using other railways, or road transportation and revenue from volumes contracted, but not executed, according to commercial agreements (take-or-pay).

Rumo's Transported Volume and Yield by Operation

2Q19	2Q18 Proforma	Chg.%	Operational Figures (Amounts in R\$ MM)	6M19	6M18 Proforma	Chg.%
14,416	13,464	7.1%	Total transported volume (million RTK)	27,722	25,290	9.6%
11,810	11,161	5.8%	Agricultural products	22,630	20,759	9.0%
5,471	7,770	-29.6%	Soybean	13,212	14,340	-7.9%
1,841	1,717	7.2%	Soybean meal	3,371	3,256	3.5%
2,723	362	>100%	Corn	3,227	1,045	>100%
805	1,014	-20.6%	Sugar	1,188	1,643	-27.7%
969	296	>100%	Fertilizers	1,582	429	>100%
0	3	-98.4%	Other	48	45	6.7%
2,606	2,303	13.2%	Industrial products	5,091	4,532	12.3%
1,128	1,060	6.4%	Fuels	2,245	2,127	5.5%
593	461	28.7%	Wood, pulp, and paper	1,165	929	25.4%
669	557	20.1%	Containers	1,260	1,035	21.7%
217	225	-3.8%	Other	421	441	-4.5%

2Q19	2Q18	Var.%	Yield by Operation	6M19	6M18	Chg.%
North Operation						
101.81	109.80	-7%	Yield (R\$/000 RTK)	104.00	108.20	-4%
72.0%	67.6%	4 p.p.	% Volume	71.5%	68.6%	3 p.p.
South Operation						
106.20	101.40	5%	Yield (R\$/000 RTK)	102.00	97.00	5%
23.4%	28.3%	-5 p.p.	% Volume	24.0%	27.3%	-3 p.p.
Container Operation						
96.60	94.60	2%	Yield (R\$/000 RTK)	97.70	91.90	6%
4.6%	4.1%	0 p.p.	% Volume	4.6%	4.1%	0 p.p.
Consolidated						
102.60	106.81	-4%	Yield (R\$/000 RTK)	103.23	104.49	-1%

Results by Business Unit

Business Units

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

- **North Operation** North Network, Paulista Network, and Port Operation in Santos
- **South Operation** West Network and South Network
- **Container Operation** Container operations, including Brado Logística

Results by Business Unit 2Q19	North Operation	South Operation	Container Operations	Consolidated
Transported volume	10,375	3,372	669	14,416
Net revenue	1,284	372	73	1,729
Cost of services	(707)	(355)	(78)	(1,140)
Gross profit (loss)	577	17	(5)	589
Gross margin (%)	44.9%	4.6%	-7.1%	34.0%
Sales, general and administrative expenses	(65)	(6)	(8)	(79)
Other operating revenues (expenses) and equity pickup	5	(7)	0	(2)
Depreciation and amortization ³	262	137	19	417
EBITDA	777	142	5	924
EBITDA margin (%)	60.5%	38.2%	7.0%	53.5%

Note³: Depreciation and amortization are allocated to costs of services provided and general and administrative expenses.

Results by Business Unit 6M19	North Operation	South Operation	Container Operations	Consolidated
Transported volume	19,815	6,647	1,260	27,722
Net revenue	2,524	700	139	3,364
Cost of services	(1,421)	(712)	(160)	(2,294)
Gross profit (loss)	1,103	(12)	(20)	1,070
Gross margin (%)	43.7%	-1.7%	-14.6%	31.8%
Sales, general and administrative expenses	(124)	(23)	(18)	(165)
Other operating revenues (expenses) and equity pickup	(13)	(7)	1	(19)
Depreciation and amortization ³	511	286	41	839
EBITDA	1,477	244	4	1,726
EBITDA margin (%)	58.5%	34.9%	3.0%	51.3%

Note³: Depreciation and amortization are allocated to costs of services provided and general and administrative expenses.

North Operation

2Q19	2Q18 Proforma	Chg. %	Operational Figures	6M19	6M18 Proforma	Chg. %
10,375	9,097	14.1%	Total transported volume (million RTK)	19,815	17,360	14.1%
9,454	8,259	14.5%	Agricultural products	17,976	15,711	14.4%
4,081	5,662	-27.9%	Soybean	10,131	10,697	-5.3%
1,656	1,572	5.4%	Soybean meal	3,060	3,013	1.6%
2,478	361	>100%	Corn	2,789	871	>100%
426	523	-18.6%	Sugar	717	988	-27.5%
813	143	>100%	Fertilizers	1,279	143	>100%
921	836	10.1%	Industrial products	1,839	1,648	11.5%
558	593	-5.9%	Fuels	1,149	1,174	-2.1%
363	243	49.2%	Other	689	475	45.1%
101.8	109.8	-7.3%	<i>Average transportation yield</i>	104.0	108.2	-3.9%
2,627	2,672	-1.7%	Total volume loaded (TU '000)	5,448	5,146	5.9%
25.9	27.5	-5.8%	<i>Average loading yield (R\$/TU)</i>	25.8	26.2	-1.5%

In 2Q19, total volume transported by the North Operation reached 10.4 billion RTK, up 14.1% than in 2Q18. In 6M19 it grew 14.1%, reaching 19.8 billion RTK. June saw a 27% increase in transported volumes due to the early sale of corn. Growth decelerated in April and May due to unfavorable scenario for the grain sales. The significant volume of fertilizers also contributed to the 14.5% growth in agricultural volumes transported in the quarter. Industrial products volume grew by 10.1% mainly due to pulp transportation. Port loading volume was slightly lower due to the unfavorable scenario for sugar exports.

2Q19	2Q18 Proforma	Chg. %	Financial Data (Amounts in R\$ MM)	6M19	6M18 Proforma	Chg. %
1,284	1,211	6.1%	Net operating revenue	2,524	2,264	11.5%
1,056	999	5.8%	Transportation	2,061	1,879	9.7%
965	922	4.7%	Agricultural products	1,883	1,729	8.9%
91	77	17.8%	Industrial products	178	150	19.1%
68	72	-5.6%	Port loading	141	134	5.3%
160	140	14.1%	Other revenues ⁴	322	252	28.2%
(707)	(672)	5.3%	Cost of services	(1,421)	(1,260)	12.8%
(285)	(266)	7.3%	Variable costs	(589)	(483)	22.1%
(162)	(150)	8.5%	Fixed costs	(324)	(291)	11.2%
(259)	(256)	1.4%	Depreciation and amortization	(509)	(486)	4.6%
577	539	7.0%	Gross profit	1,103	1,004	9.8%
44.9%	44.5%	0.4 p.p.	<i>Gross margin (%)</i>	43.7%	44.4%	-1.5%
(65)	(48)	35.2%	Sales, general and administrative expenses	(124)	(102)	21.7%
5	3	92.5%	Other op. revenues (expenses) and equity pickup	(13)	4	>100%
261	257	1.4%	Depreciation and amortization	511	489	4.5%
777	751	3.5%	EBITDA	1,477	1,396	5.8%
60.5%	62.0%	-1 p.p.	<i>EBITDA margin (%)</i>	58.5%	61.6%	-3 p.p.

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

EBITDA totaled R\$777 million in 2Q19, up 3.5% from proforma 2Q18. In 6M19, EBITDA grew 5.8% from 6M18, totaling R\$1,477 million. Net revenue grew 6.1% due to positive volume contributions and lower tariffs. Variable costs grew less than volume mainly due to the decrease in fuel consumption (Liters/GTK: -5.3%). Fixed costs grew 8.5% from 2Q18 due to higher maintenance expenses, which were anticipated due to idle capacity in May and April. As a result, the EBITDA margin reached 60.5% in the quarter.

South Operation

2Q19	2Q18 Proforma	Chg. %	Operational Figures	6M19	6M18 Proforma	Chg. %
3,372	3,811	-11.5%	Transported volume (million RTK)	6,647	6,897	-3.6%
2,356	2,899	-18.7%	Agricultural products	4,654	5,047	-7.8%
1,391	2,108	-34.0%	Soybean	3,085	3,644	-15.4%
185	144	27.9%	Soybean meal	311	244	27.5%
245	0	>100%	Corn	438	174	>100%
380	491	-22.6%	Sugar	471	655	-28.1%
156	153	1.9%	Fertilizers	303	286	5.9%
0	3	-98.4%	Other	48	45	6.7%
1,016	912	11.5%	Industrial products	1,993	1,850	7.7%
570	467	22.0%	Fuel	1,096	954	14.9%
230	218	5.4%	Wood, pulp, and paper	476	454	4.9%
217	227	-4.4%	Other	421	442	-4.8%
106.2	101.4	4.7%	Average transportation yield	102.0	97.0	5.2%

The South Operation saw an 11.5% decrease in 2Q19 transported volume. In 6M19, it dropped to 6.6 billion RTK, down 3.6%. This performance is explained by weak soybean volumes in the quarter due to the unfavorable scenario for soybean trade and, in contrast to the North Operation, there was no significant inflow of corn volumes in June. Industrial products grew by 11.5% in the year, driven by the large volume of transported fuel.

2Q19	2Q18 Proforma	Chg. %	Financial Data (Amounts in R\$ MM)	6M19	6M18 Proforma	Chg. %
372	389	-4.5%	Net operating revenue	700	677	3.4%
358	386	-7.2%	Transportation	678	668	1.4%
242	288	-16.0%	Agricultural products	457	470	-2.7%
116	97	19.1%	Industrial products	221	199	11.1%
14	4	>100%	Other revenues ⁵	23	9	>100%
(355)	(333)	6.6%	Cost of services	(712)	(638)	11.7%
(83)	(92)	-9.8%	Variable costs	(165)	(171)	-3.3%
(134)	(122)	9.9%	Fixed costs	(261)	(241)	8.4%
(137)	(118)	16.0%	Depreciation and amortization	(286)	(227)	26.4%
17	56	-69.7%	Gross profit (loss)	(12)	39	>100%
4.6%	14.5%	-9.9 p.p.	Gross margin (%)	-1.7%	5.8%	-7.5 p.p.
(6)	(16)	-64.6%	Sales, general and administrative expenses	(23)	(30)	-24.2%
(7)	(7)	-7.0%	Other op. revenues (expenses) and equity pickup	(7)	(14)	49.5%
137	119	15.7%	Depreciation and amortization	286	227	26.1%
142	152	-6.4%	EBITDA	244	222	10.1%
38.2%	39.0%	-0.8 p.p.	EBITDA margin (%)	34.9%	32.8%	2.1 p.p.

Note⁵: Includes revenue from volumes contracted but unperformed according to commercial agreements (take-or-pay).

EBITDA totaled R\$142 million in 2Q19, down 6.4% from proforma 2Q18. In 6M19, EBITDA grew by 10.1% from 6M18, totaling R\$244 million. Impacted by lower soybean volumes, net revenue dropped 4.5%. The decrease in variable costs was higher than the decrease in volume mainly due to lower fuel consumption (Liters/GTK: -1%). Fixed cost grew 9.9% from 2Q18 mainly due to end of payroll exemption. As a result, EBITDA margin reached 38.2% in the quarter.

Container Operation

2Q19	2Q18 Proforma	Chg. %	Operational Figures	6M19	6M18 Proforma	Chg. %
19,539	16,219	20.5%	Total volume (containers)	37,502	29,824	25.7%
96.6	94.6	2.0%	<i>Intermodal average yield (R\$/000 RTK)</i>	97.7	91.9	6.3%
669	557	20.1%	Total volume (million RTK)	1,260	1,035	21.7%

Container Operation volume was up 20.1% in 2Q19 when compared to 2Q18. In 6M19, volume grew 21.7% from 6M18. The business strategy of taking advantage of return freights to increase transportation volumes in the domestic market and import cargoes has been increasing container operations profitability. In June, *double-stack* operations started in the stretch between Sumaré (SP) and Rondonópolis (MT), expanding the Company's export cargoes transportation capacity.

2Q19	2Q18 Proforma	Chg. %	Financial Data (Amounts in R\$ MM)	6M19	6M18 Proforma	Chg. %
73	65	13.0%	Net operating revenue⁶	139	120	16.3%
65	53	22.3%	Transportation	123	95	29.3%
9	12	-28.6%	Other revenues	16	25	-33.3%
(78)	(75)	4.7%	Cost of services	(160)	(145)	10.0%
(34)	(28)	25.0%	Variable costs	(67)	(52)	27.9%
(26)	(30)	-13.8%	Fixed costs	(53)	(61)	-13.4%
(18)	(16)	11.0%	Depreciation and amortization	(40)	(32)	26.4%
(5)	(10)	-46.5%	Gross loss	(20)	(25)	-18.9%
-7.1%	-15.6%	8.5 p.p.	<i>Gross margin (%)</i>	-14.6%	-21.2%	6.6 p.p.
(8)	(6)	37.6%	Sales, general and administrative expenses	(18)	(13)	38.7%
0	4	-97.6%	Other op. revenues (expenses) and equity pickup	1	7	-83.2%
19	16	19.1%	Depreciation and amortization	41	32	29.9%
5	5	-6.3%	EBITDA	4	1	>100%
7.0%	7.5%	-0.5 p.p.	<i>EBITDA margin (%)</i>	3.0%	0.6%	2.5 p.p.

Note⁶: Includes revenue from service units.

2Q19 EBITDA from Container Operations was in line with proforma 2Q18. The qualification of operations was reflected in a 22.3% increase in net transportation revenue and a decrease of R\$3 million in other revenue due to the sale of service units. Variable cost increased in line with volume growth in RTK and the selling of a few deficit service units enabled cutting fixed costs by 13.8% year-over-year. Nevertheless, EBITDA did not increase due to a gain recognition in 2Q18 of R\$ 4 million in other revenues due to the sale of service units.

5. Other Results

Breakdown of Costs of Services Rendered

2Q19	2Q18 Proforma	Chg. %	Consolidated Costs (Amounts in R\$ MM)	6M19	6M18 Proforma	Chg. %
(1,141)	(1,079)	5.7%	Consolidated costs	(2,294)	(2,044)	12.2%
(404)	(386)	4.4%	Variable costs	(821)	(706)	16.3%
(241)	(238)	1.3%	Fuel and lubricants	(468)	(446)	4.9%
(70)	(56)	25.0%	Own logistics costs ⁷	(146)	(103)	54.4%
(93)	(92)	1.1%	Third-party freight costs ⁸	(194)	(157)	23.6%
(323)	(303)	6.5%	Fixed costs	(637)	(594)	7.3%
(39)	(33)	18.2%	Maintenance	(73)	(61)	19.7%
(193)	(174)	10.9%	Payroll expenses	(377)	(340)	10.9%
(37)	(60)	-38.3%	Third-party services	(77)	(120)	-35.8%
(54)	(36)	50.0%	Other operational costs	(111)	(73)	53.4%
(414)	(390)	6.2%	Depreciation and amortization	(835)	(744)	12.2%

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

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

Variable costs totaled R\$404 million in 2Q19, an increase of 4.4% from 2Q18. In 6M19, the increase was 16.3% compared to 6M18. In the quarter, the 2% increase in average diesel cost was offset by efficiency gains in locomotives' fuel consumption (Liters/GTK: -5.3%). Own logistics costs grew due to higher fertilizer volumes in the North Operation as well as higher expenses with the right-of-way.

Fixed costs totaled R\$323 million in 2Q19, 6.5% higher than in 2Q18. In 6M19, it increased by 7.3%. Personnel expenses variation is due to the end of payroll tax exemption as well as higher maintenance expenses due to idle capacity in May and April. In addition, costs due to depreciation and amortization increased by 6.2% year-over-year due to investments made over the course of last year.

Financial Results

2Q19	2Q18 Proforma	Chg.%	Financial results (Amounts in R\$ MM)	6M19	6M18 Proforma	Chg.%
(131)	(386)	-66.0%	Cost of bank debt ⁹	(358)	(645)	-44.5%
(88)	(60)	46.2%	Charges over leasing	(136)	(153)	-11.3%
-	(2)	-100.0%	Charges on certificates of real estate receivables	-	(4)	-100.0%
39	47	-17.2%	Financial income from investments	72	103	-29.9%
(181)	(401)	-55.0%	(=) Cost of broad net debt	(421)	(698)	-39.7%
(50)	(47)	6.4%	Monetary variation on liabilities of concessions	(98)	(93)	5.4%
(21)	(25)	-16.0%	Rates on contingencies and contracts	(48)	(49)	-2.4%
(7)	(27)	-74.3%	Other financial expenses	(16)	(50)	-67.2%
(259)	(500)	-48.2%	(=) Financial result	(583)	(889)	-34.4%

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

The financial result in 2Q19 was a net expense of R\$259 million, down 48.2% year-over-year. Banking debt costs decreased significantly, mainly due to future interest curve reduction (positive mark-to-market impact of R\$79 million in 2Q19 compared to a negative R\$120 million in 2Q18) and a decrease in gross debt and average cost of debt. Charges over leasing have significantly decreased due to amortization in this instrument. Financial investments yield fell by 17.2% due to average cash decrease quarter-over-quarter. The monetary variation on leasing and concession agreements reflects the SELIC interest rate adjustment to the unpaid concession amounts of the West and Paulista Networks, which are currently under litigation. Other financial expenses include bank collaterals and other financial operations.

Income Tax and Social Contribution

2T19	2T18 Proforma	Var. %	Imposto de renda e contribuição social (Valores em R\$ MM)	6M19	6M18 Proforma	Var. %
249	18	>100%	Income (loss) before IT / SC	303	(12)	>100%
34%	34%	0 p.p.	Theoretical rate IR / SC	34%	34%	0 p.p.
(84)	(6)	>100%	Theoretical income (expense) with IT / SC	(103)	4	>100%
Adjustments to calculate the effective rate						
(21)	(25)	-16.0%	Tax losses and temporary differences not recognized ¹⁰	(58)	(61)	-5.7%
44	(16)	>100%	Tax incentives arising from the North Network ¹¹	72	(11)	>100%
1	1	1.1%	Equity pickup	3	2	66.0%
(1)	(6)	-82.1%	Other effects	(3)	(12)	-75.0%
(61)	(52)	19.1%	Income (expense) with IT / SC	(89)	(79)	12.7%
>100%	>100%	n/a	Effective rate (%)	>100%	>100%	n/a
(23)	(4)	>100%	IT/SC current	(43)	(8)	>100%
(38)	(47)	-19.3%	IT/SC deferred	(46)	(71)	-35.1%

Note¹⁰: We did not record deferred income tax and social contribution on tax losses in certain companies due to the lack of prospects for future taxable income.

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

6. Loans and Financing

Broad gross debt at the end of 2Q19 was R\$11.2 billion, up 0.3% from 1Q19. Leverage was down to 2.0x (broad net debt/ EBITDA). The balance of broad net debt came to R\$7.3 billion, 3.0% lower than in 1Q19.

Total Indebtedness (Amounts in R\$ MM)	2Q19	1Q19	Chg.%
Commercial banks	290	291	-0.1%
NCE	507	498	1.8%
BNDES	3,431	3,626	-5.4%
Debentures	1,171	1,108	5.6%
Senior notes 2024 and 2025	5,266	5,079	3.7%
Total bank debt	10,666	10,602	0.6%
Leases ¹²	489	519	-5.7%
Total broad gross debt	11,155	11,121	0.3%
Cash and cash equivalents and securities ¹³	(2,620)	(2,596)	0.9%
Net derivative instruments	(1,249)	(1,013)	23.3%
Total broad net debt	7,287	7,512	-3.0%
EBITDA LTM ¹⁴	3,606	3,589	0.5%
Leverage (broad net debt / EBITDA LTM)	2.0x	2.1x	-4.8%

Note¹²: Excludes operating lease IFRS 16.

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

Note¹⁴: LTM considering the proforma 2018 quarters.

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

Gross bank indebtedness (Amounts in R\$ MM)	2Q19
Opening balance of broad net debt	7,512
Cash and cash equivalents and marketable securities ¹⁵	(2,596)
Net derivative instruments	(1,013)
Opening balance of broad gross debt	11,121
Items with cash impact	(338)
New funding ¹⁶	(18)
Amortization of principal	(234)
Amortization of interest rates	(86)
Items without cash impact	372
Provision for interest rates (accrual)	203
Monetary variation, MTM adjustments of debt, and others	169
Closing balance of broad gross debt	11,155
Cash and cash equivalents and marketable securities ¹⁵	(2,620)
Net derivative instruments	(1,249)
Closing balance of broad net debt	7,287

Note¹⁵: 2Q19 includes restricted cash linked to bank debts of R\$80.4 million. 1Q19 includes restricted cash from bank debts totaling R\$37.6 million.

Note¹⁶: The amount is negative due to a cash flow mismatch between new loans in 1Q19 and the fee of these operations, which occurred in 2Q19.

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

7. Capex

2T19	2T18	Chg.%	Investments (Amounts in R\$ MM)	6M19	6M18	Chg.%
440	559	-21.4%	Total investments	976	1.042	-6.3%
244	206	18.4%	Recurring	464	417	11.3%
196	352	-44.3%	Expansion	512	625	-18.1%

In 2Q19, capex reached R\$440 million, down 21% from 2Q18, in line with the guidance disclosed. In 6M19, capex totaled R\$976 million, down 6.3% from 6M18. In the quarter, recurring Capex came to R\$244 million, up 18.4% year-over-year mainly due to mechanical and permanent way maintenance expenses, which were anticipated due to idle capacity in April and May. Expansion Capex totaled R\$196 million, 44.3% lower than in 2Q18 due to the concentration of investments in the second half, given by the strategic plan, especially regarding to rolling stock acquisition.

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

8. Cash Flow Statement

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

	2Q19	2Q18 Proforma	Chg.%	Indirect Cash Flow (Amounts in R\$ MM)	2019	2018 Proforma	Chg.%
	924	907	1.9%	Adjusted EBITDA	1,726	1,619	6.6%
	(107)	(161)	-33.5%	Working capital variations and non-cash effects	(395)	(558)	-29.3%
	24	15	58.1%	Operating financial result	54	46	16.1%
(a)	841	761	10.5%	(=) Operating cash flow (FCO)	1,385	1,107	25.1%
	(439)	(556)	-21.1%	Capex	(981)	(1,040)	-5.6%
(b)	(243)	(203)	19.3%	Recurring	(469)	(414)	13.5%
	(196)	(352)	-44.3%	Expansion	(512)	(625)	-18.1%
	3	6	-58.8%	Dividends received	4	6	-30.8%
(c)	(436)	(550)	-20.6%	(=) Cash flow from investing activities (FCI)	(977)	(1,032)	-5.4%
(d)	(18)	61	>100%	Funding	1,298	2,137	-39.3%
	(247)	(1,919)	-87.1%	Amortization of principal	(1,660)	(2,676)	-38.0%
(e)	(111)	(196)	-43.3%	Amortization of interest rates	(408)	(447)	-8.8%
	(5)	(2)	>100%	Paid dividends	(5)	(3)	90.4%
	(1)	7	>100%	Derivative financial instruments	(25)	(32)	-19.8%
	(42)	30	>100%	Restricted cash	(53)	59	>100%
	(424)	(2,017)	-79.0%	(=) Cash flow from financing activities (FCF)	(853)	(961)	-11.2%
(g)	(0)	72	>100%	Forex variation impact on cash balances	0	127	-100.0%
(f)	(19)	(1,734)	-98.9%	(=) Net cash generated (consumed)	(445)	(760)	-41.4%
	2,558	4,303	-40.6%	(+) Total cash (includes cash + marketable securities) opening	2,985	3,330	-10.4%
	2,539	2,569	-1.2%	(=) Total cash (includes cash + marketable securities) closing	2,539	2,569	-1.2%
Metrics							
	598	558	7.3%	(=) Cash generation after recurring capex (a+b)	915	693	32.1%
	405	212	91.2%	(=) Cash generation after cash from investments (a+c)	408	74	>100%
	246	52	>100%	(=) Cash generation (consumption) before funding and amortization (f-e-d-g)	(83)	(348)	-76.1%

9. Operating and Financial Performance Indicators

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

Operating and Financial Performance Index	2Q19	2Q18	Chg. %	6M19	6M18	Chg. %
Consolidated						
Operating ratio ¹⁷	71%	69%	2.2%	73%	74%	-1.2%
Diesel consumption (liters/ '000 GTK)	4.0	4.2	-5.3%	4.1	4.4	-6.8%
Rail accidents (MM Train/Km)	16.4	15.1	9.0%	16.3	14.6	11.1%
Personal accidents (accidents /MM MHW)	0.2	0.4	-52.5%	0.2	0.4	-48.8%
North Operation						
Cycle of railcars (days)	10.3	10.7	-3.7%	10,7	10.3	3.9%
South Operation						
Cycle of railcars (days)	9.1	7.4	22.9%	8.6	7.5	14.7%

Note¹⁷: It only considers variable costs of railway operations.

Operating ratio: This index, which represents the portion of costs and expenses as a percentage of net revenue, was 2.2% worse in the quarter due to lower than expected volume in April and May, which did not dilute fixed costs.

Diesel consumption: The 5.3% improvement in 2Q19 versus 2Q18 reflects consistent efforts to improve energy efficiency, especially by locomotives renewal and investments on the permanent way.

Rail accidents: This index, which measures the number of accidents per million kilometers, increased from 2Q18, reflecting a higher number of accidents involving third parties, despite the Company's efforts and investments to improve railway safety.

Personal accidents: This index, which measures the number of accidents with required work leave, dropped by 52% from 2Q18, a significant improvement reflecting the Company's efforts to reduce personal accidents, in line with international railways' benchmarks.

Cycle time of railcars: The improvement in the North Operation index reflects the expansion of the rail capacity, which allowed us to reach additional volumes by reducing the cycle. In the South Operation, the assets were idle due to low volumes, which generated an increase in the cycle.

10. Guidance

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

Short-Term

Rumo	Guidance		2019
	EBITDA (R\$ MM)		3,850 ≤ Δ ≤ 4,150
	Total Capex (R\$ MM)		2,000 ≤ Δ ≤ 2,200
	Volume (TKU)		62.0 ≤ Δ ≤ 64.0

11. Attachments

11.1 Financial Statements - Rumo

11.1.1 Balance Sheet

Balance sheet (Amounts in R\$ MM)	06/30/19	03/31/19
Current assets	3,765	3,705
Cash and cash equivalents	1,391	958
Marketable securities	1,148	1,600
Trade receivables	494	434
Inventories	289	267
Peer company receivables	20	22
Income tax and social contribution	54	50
Other taxes recoverable	226	218
Other assets	143	155
Non-current assets	24,507	24,434
Trade receivable	17	19
Restricted cash	168	126
Deferred income tax and social contribution	1,113	1,106
Recoverable income tax and social contribution	258	260
Other taxes recoverable	772	781
Judicial deposits	400	387
Financial and derivative instruments	1,249	1,013
Other assets	69	57
Investments in associates	40	39
Property and equipment	11,383	11,227
Intangible	7,431	7,465
Right of use	1,607	1,953
Total assets	28,272	28,139
Current liabilities	2,452	2,360
Loans, financing, and debentures	1,007	856
Leases	190	272
Suppliers	434	429
Labor and social security obligations	186	140
Income tax and social contribution taxes	5	5
Other payable taxes	36	38
Dividends payables	4	7
Leases and concessions	10	30
Payable to related parties	162	167
Deferred revenue	8	8
Other financial liabilities	302	263
Other payables	107	145
Non-current liabilities	17,786	17,989
Loans, financing, and debentures	9,659	9,746
Leases	1,661	1,866
Financial and derivative instruments	-	0
Other payables	9	3
Provision for lawsuits	533	538
Leases and concessions	3,299	3,252
Deferred income tax and social contribution	2,508	2,459
Deferred revenues	39	40
Other payables	77	84
Shareholders' equity	8,035	7,790
Total liabilities	28,272	28,139

11.1.2 Income Statement

2Q19	2Q18	Chg.%	Income Statement (Amounts in R\$ MM)	6M19	6M18	Var.%
1,729	1,665	3.9%	Net operating revenue	3,364	3,061	9.9%
(1,141)	(1,116)	2.2%	Cost of goods sold	(2,294)	(2,117)	8.4%
588	548	7.3%	Gross profit	1,070	944	13.3%
(79)	(70)	13.1%	Sales. general and administrative expenses	(165)	(144)	14.4%
(5)	(4)	32.5%	Other net operating income (expenses)	(27)	(9)	>100%
(259)	(460)	-43.7%	Net financial result	(583)	(809)	-27.9%
4	4	1.1%	Equity pickup	9	5	66.0%
(62)	(53)	17.1%	Income tax and social contribution	(89)	(81)	10.4%
187	(35)	>100%	Net profit (loss)	214	(93)	>100%
10.8%	-2.1%	12.9 p.p.	Net margin (%)	6.4%	-3.0%	9.4 p.p.

11.1.3 Cash Flows

2Q19	2Q18	Accounting cash flow (Amounts in R\$ MM)	6M19	6M18
249	18	Profit before income tax and social contribution	303	(12)
432	366	Depreciation and amortization	855	697
(4)	(4)	Equity pickup	(9)	(5)
33	24	Provision for profit sharing and bonuses	66	47
(1)	(6)	Result of disposals of fixed assets and intangible assets	(1)	(5)
17	22	Provision for lawsuits	39	42
(12)	(2)	Provision (reversal) for losses on doubtful accounts	(13)	(1)
2	2	Stock option plan	4	3
-	51	Leases and concessions	-	101
248	437	Interest, monetary and exchange variation, Net	580	774
(42)	(8)	Other	(39)	(12)
921	900	(=) Adjustments	1.788	1.630
(23)	(30)	Trade receivables	(22)	(26)
0	33	Related parties, net	6	(2)
(17)	(37)	Taxes	(43)	(42)
(21)	(50)	Inventories	(26)	(62)
13	(5)	Labor and social security payable	(88)	(67)
1	(31)	Suppliers	(17)	(175)
-	(27)	Leases and concessions payable	-	(53)
(47)	(27)	Lawsuits	(83)	(51)
35	48	Other financial liabilities	(44)	(5)
(40)	(51)	Other assets and liabilities, Net	(128)	(119)
(100)	(176)	(=) Changes in assets and liabilities	(444)	(604)
822	723	(=) Cash Flow from Operating Activities	1.343	1.026
471	167	Marketable securities	1.736	746
(42)	30	Restricted cash	(53)	59
3	6	Dividends received from subsidiaries and associated companies	4	6
(439)	(556)	Additions to property, plant and equipment, software, and other	(981)	(1.040)
(7)	(353)	(=) Cash Flow from Investing Activities	706	(228)
(18)	61	Funding	1.298	2.137
(247)	(1.919)	Amortization of principal	(1.660)	(2.676)
(111)	(196)	Amortization of interest	(408)	(447)
(1)	7	Derivative financial instruments	(25)	(32)
(5)	(2)	Dividend paid	(5)	(3)
(382)	(2.047)	(=) Cash generated by (used in) financing activities	(801)	(1.021)
(0)	72	Impact of exchange variation in cash balance	0	127
433	(1.606)	(=) Net increase (decrease) in cash and cash equivalents	1.249	(96)
958	1.687	Beginning balance of cash and cash equivalents	142	178
1.391	82	Final balance of cash and cash equivalents	1.391	82