

# Santos Brasil Participações S.A.

**Report on the Review of  
Quarterly Information – ITR**  
(Convenience Translation into English  
from the Original Previously Issued in Portuguese)

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**Company information / Capital composition**

Quantity of shares (Thousand)	Current quarter 09/30/2019
<b>Paid-in capital</b>	
Common	669,236
Preferred	0
Total	669,236
<b>Treasury</b>	
Common	2,220
Preferred	0
Total	2,220

**Company information / Dividends in cash**

Event	Approval	Dividend	Start payment	Nature of share	Type of share	Dividend per share (Reais / Share)
Ordinary General Meeting	04/25/2019	Dividends	05/09/2019	Common		0.00425

## Individual financial statements / Balance sheet Assets

(In thousands of reais)

Code of account	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
1	Total assets	2,959,938	2,653,689
1.01	Current assets	478,162	289,609
1.01.01	Cash and cash equivalents	123,478	189,069
1.01.02	Interest earning bank deposits	246,556	0
1.01.02.01	Interest earning bank deposits measured at fair value through profit or loss	246,556	0
1.01.02.01.02	Fair value securities	246,556	0
1.01.03	Accounts receivable	73,951	67,949
1.01.03.01	Trade accounts receivable	73,951	67,949
1.01.04	Inventories	19,627	19,721
1.01.06	Recoverable taxes	1,565	2,577
1.01.06.01	Current taxes recoverable	1,565	2,577
1.01.08	Other current assets	12,985	10,293
1.01.08.03	Other	12,985	10,293
1.01.08.03.01	Dividends receivable / proposed	0	4,466
1.01.08.03.02	Derivative financial instruments	4,029	792
1.01.08.03.03	Checking accounts - Related parties	936	801
1.01.08.03.04	Other accounts receivable	8,020	4,234
1.02	Non-current assets	2,481,776	2,364,080
1.02.01	Long- term assets	335,389	312,006
1.02.01.07	Deferred taxes	48,073	37,818
1.02.01.07.01	Deferred income tax and social contribution	48,073	37,818
1.02.01.10	Other non-current assets	287,316	274,188
1.02.01.10.04	Judicial deposits	269,514	256,891
1.02.01.10.05	Others assets	17,802	17,297
1.02.02	Investments	399,157	384,690
1.02.02.01	Equity interest	399,157	384,690
1.02.02.01.02	Interest in subsidiaries	399,157	384,690
1.02.03	Property, plant and equipment	164,588	95,847
1.02.03.01	Property, plant and equipment in operation	63,255	67,344
1.02.03.03	Construction in progress	101,333	28,503
1.02.04	Intangible assets	1,582,642	1,571,537
1.02.04.01	Intangible assets	1,582,642	1,571,537
1.02.04.01.01	Concession contract	1,496,358	1,482,528
1.02.04.01.02	Other intangible assets	86,284	89,009

## Individual financial statements / Balance sheet Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
2	Total liabilities	2,959,938	2,653,689
2.01	Current liabilities	230,649	250,294
2.01.01	Social and labor obligations	34,380	24,635
2.01.01.01	Social charges	4,564	3,385
2.01.01.02	Labor obligations	29,816	21,250
2.01.02	Suppliers	34,747	30,339
2.01.02.01	Domestic suppliers	32,975	30,210
2.01.02.02	Foreign suppliers	1,772	129
2.01.03	Tax liabilities	7,064	5,692
2.01.03.01	Federal tax liabilities	3,935	3,308
2.01.03.01.02	Other federal tax liabilities	3,935	3,308
2.01.03.02	State tax liabilities	42	8
2.01.03.03	Municipal tax liabilities	3,087	2,376
2.01.04	Loans and financing	107,887	125,314
2.01.04.01	Loans and financing	107,667	125,314
2.01.04.01.01	In domestic currency	73,621	94,828
2.01.04.01.02	In foreign currency	34,046	30,486
2.01.04.02	Debentures	220	0
2.01.05	Other liabilities	46,571	64,314
2.01.05.02	Other	46,571	64,314
2.01.05.02.01	Dividends and interest on own capital	13	720
2.01.05.02.05	Obligations with the Concession Grantor	46,512	63,548
2.01.05.02.06	Other liabilities	46	46
2.02	Non-current liabilities	1,371,786	1,062,268
2.02.01	Loans and financing	335,185	80,033
2.02.01.01	Loans and financing	40,058	80,033
2.02.01.01.01	In domestic currency	40,058	80,033
2.02.01.02	Debentures	295,127	0
2.02.02	Other liabilities	1,008,103	950,045
2.02.02.02	Other	1,008,103	950,045
2.02.02.02.04	Actuarial liabilities - Supplementary Health Care Plan	36,671	33,881
2.02.02.02.05	Suppliers	15,021	15,021
2.02.02.02.06	Taxes on income - TRA	52,055	47,341
2.02.02.02.07	Obligations with the Concession Grantor	904,356	853,802
2.02.04	Provisions	28,498	32,190
2.02.04.01	Tax, social security, labor and civil provisions	28,498	32,190
2.02.04.01.01	Tax provisions	11,088	11,117
2.02.04.01.02	Social security and labor provisions	15,538	19,067
2.02.04.01.04	Civil provisions	1,509	1,472
2.02.04.01.05	Provisions - Others	363	534
2.03	Shareholders' equity	1,357,503	1,341,127
2.03.01	Realized capital	1,080,407	1,071,757
2.03.02	Capital reserves	84,145	82,660
2.03.02.02	Goodwill special reserve in the merger	18,897	18,897
2.03.02.04	Options granted	67,043	65,272
2.03.02.07	Income (loss) from disposal of treasury shares	-1,795	-1,509

## Individual financial statements / Balance sheet Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
2.03.04	Profit reserves	198,346	197,108
2.03.04.01	Legal reserve	54,595	54,595
2.03.04.08	Additional dividend proposed	0	2,123
2.03.04.10	Profit reserve for investments	150,928	150,928
2.03.04.11	Repurchase of shares	-7,171	-10,529
2.03.04.12	Buybacks expenses	-6	-9
2.03.05	Retained earnings / losses	5,003	0
2.03.08	Other comprehensive income	-10,398	-10,398



## Individual financial statements / Statement of income

(In thousands of reais)

Code of account	Account description	Current quarter 07/01/2019–09/30/2019	Accumulated of the current year 01/01/2019–09/30/2019	Same quarter of the prior year 07/01/2018–09/30/2018	Accumulated of the prior year 01/01/2018–09/30/2018
3.01	Income from sales of goods and/or services	145,466	448,078	150,091	405,326
3.02	Cost of goods and/or services sold	-111,141	-359,877	-112,567	-324,543
3.03	Gross income	34,325	88,201	37,524	80,783
3.04	Operating expenses / income	-15,358	-54,001	-14,310	-51,775
3.04.01	Sales expenses	-11,332	-31,567	-11,236	-31,320
3.04.02	General and administrative expenses	-15,202	-55,619	-15,447	-49,810
3.04.02.01	Amortization of goodwill	-872	-2,615	-872	-2,615
3.04.02.02	Other general and administrative expenses	-14,330	-53,004	-14,575	-47,195
3.04.04	Other operating income	1,013	5,452	2,583	5,897
3.04.05	Other operating expenses	-94	242	-121	-357
3.04.06	Equity in earnings of subsidiaries	10,257	27,491	9,911	23,815
3.05	Income (loss) before financial income and taxes	18,967	34,200	23,214	29,008
3.06	Financial income (loss)	-13,427	-39,452	-13,443	-40,284
3.06.01	Financial income	10,976	26,396	2,824	9,854
3.06.02	Financial expenses	-24,403	-65,848	-16,267	-50,138
3.07	Income (loss) before income tax	5,540	-5,252	9,771	-11,276
3.08	Income tax and social contribution	2,173	10,255	-629	10,496
3.08.02	Deferred assets	2,173	10,255	-629	10,496
3.09	Net income (loss) from continued operations	7,713	5,003	9,142	-780
3.11	Income/loss for the period	7,713	5,003	9,142	-780
3.99	Earnings per share - (Reais / Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.01159	0.00752	0.01380	-0.00118
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.01152	0.00747	0.01364	-0.00116

**Individual financial statements / Statement of comprehensive income**  
**(In thousands of reais)**

Code of account	Account description	Current quarter	Accumulated of the	Same quarter of the	Accumulated of the
		07/01/2019–09/30/2019	current year 01/01/2019–09/30/2019	prior year 07/01/2018–09/30/2018	prior year 01/01/2018–09/30/2018
4.01	Net income for the period	7,713	5,003	9,142	-780
4.03	Comprehensive income for the period	7,713	5,003	9,142	-780

## Individual financial statements / Statement of cash flows - Indirect method

(In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2019–09/30/2019	Accumulated of the prior year 01/01/2018–09/30/2018
6.01	Net cash from operational activities	5,513	15,164
6.01.01	Cash generated in operations	107,202	103,265
6.01.01.01	Income before taxes and sharing	-5,252	-11,276
6.01.01.02	Stock option plan / long-term incentive	2,179	3,326
6.01.01.03	Equity in net income of subsidiaries	-27,491	-23,815
6.01.01.04	Inflation adjustment and exchange rate change	-985	135
6.01.01.05	Depreciation and amortization	72,666	69,671
6.01.01.06	Interest on debentures	9,247	2,153
6.01.01.07	Calculated interests on loans	8,478	10,359
6.01.01.09	Interest on interest earning bank deposits	-6,217	0
6.01.01.12	Formation (reversal) of provision for contingencies	6,250	6,862
6.01.01.13	Write-offs and income (loss) from sale of permanent assets	-229	-226
6.01.01.18	Post-employment benefits – health care plans	2,790	3,202
6.01.01.19	Provision / reversal for expected credit losses and bad debt losses	10,897	7,508
6.01.01.20	Interest on obligations with the Concession Grantor	34,869	35,366
6.01.02	Changes in assets and liabilities	-12,603	-23,268
6.01.02.01	(Increase) decrease in accounts receivable	-16,899	-25,551
6.01.02.02	(Increase) decrease in inventories	94	203
6.01.02.03	(Increase) decrease in current taxes recoverable	1,012	4,756
6.01.02.05	(Increase) decrease in judicial deposits	-12,623	-10,825
6.01.02.07	(Increase) decrease in other assets	-4,426	-4,017
6.01.02.08	Increase (decrease) in suppliers	4,408	2,493
6.01.02.09	Increase (decrease) in wage and social charges	9,745	5,217
6.01.02.10	Increase (decrease) in taxes, rates and contributions	1,372	937
6.01.02.12	Increase (decrease) in taxes on billing - TRA	4,714	3,519
6.01.03	Other	-89,086	-64,833
6.01.03.03	Write-off of payment contingencies	-9,942	-6,318
6.01.03.04	Payments - Obligations with the Concession Grantor	-79,144	-58,515
6.02	Net cash used in investment activities	-295,231	-1,473
6.02.01	Acquisition of property, plant and equipment	-74,782	-9,216
6.02.02	Sale of property, plant and equipment	292	237
6.02.03	Increase in intangible assets	0	-71
6.02.04	Increase (decrease) of investments in subsidiaries	-375	-415
6.02.06	Interest earning bank deposits	-240,339	0
6.02.07	Dividends and interest on own capital received	17,865	7,992
6.02.11	Interest on capitalized loans	2,108	0
6.03	Net cash from financing activities	224,127	-50,468
6.03.01	Borrowings	294,772	20,000
6.03.02	Payments of debentures, loans and financing	-60,057	-58,989
6.03.03	Dividends and interest on own capital paid	-2,830	-2,066
6.03.04	Receipt of exercised share purchase options	11,317	5,036
6.03.05	Receipt / (payment) of swap transactions	0	-20
6.03.06	Interest paid to debentures, loans and financing	-19,075	-14,429

**Individual financial statements / Statement of cash flows - Indirect method**  
**(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year</b>	<b>Accumulated of the prior year</b>
		<b>01/01/2019–09/30/2019</b>	<b>01/01/2018–09/30/2018</b>
6.05	Increase (decrease) in cash and cash equivalents	-65,591	-36,777
6.05.01	Opening balance of cash and cash equivalents	189,069	221,462
6.05.02	Closing balance of cash and cash equivalents	123,478	184,685

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019–09/30/2019**  
**(In thousands of reais)**

Code of account	Account description	Paid-up capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	1,071,757	82,660	197,108	0	-10,398	1,341,127
5.03	Adjusted opening balances	1,071,757	82,660	197,108	0	-10,398	1,341,127
5.04	Capital transactions with partners	8,650	1,485	1,238	0	0	11,373
5.04.01	Capital increases	8,650	0	0	0	0	8,650
5.04.03	Recognized options granted	0	1,771	0	0	0	1,771
5.04.06	Dividends	0	0	-2,123	0	0	-2,123
5.04.08	Stock options exercised	0	0	3,361	0	0	3,361
5.04.13	Income (loss) from disposal of treasury shares	0	-286	0	0	0	-286
5.05	Total comprehensive income	0	0	0	5,003	0	5,003
5.05.01	Net income for the period	0	0	0	5,003	0	5,003
5.07	Closing balances	1,080,407	84,145	198,346	5,003	-10,398	1,357,503

## Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2018–09/30/2018

(In thousands of reais)

Code of account	Account description	Paid-up capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	1,071,757	78,015	189,682	0	-8,634	1,330,820
5.03	Adjusted opening balances	1,071,757	78,015	189,682	0	-8,634	1,330,820
5.04	Capital transactions with partners	0	2,810	3,586	0	0	6,396
5.04.03	Recognized options granted	0	3,326	0	0	0	3,326
5.04.06	Dividends	0	0	-1,966	0	0	-1,966
5.04.08	Stock options exercised	0	0	5,552	0	0	5,552
5.04.13	Income (loss) from disposal of treasury shares	0	-516	0	0	0	-516
5.05	Total comprehensive income	0	0	0	-780	0	-780
5.05.01	Net income for the period	0	0	0	-780	0	-780
5.07	Closing balances	1,071,757	80,825	193,268	-780	-8,634	1,336,436

## Individual financial statements / Statement of added value

(In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2019–09/30/2019	Accumulated of the prior year 01/01/2018–09/30/2018
7.01	Income	499,150	458,921
7.01.01	Sale of merchandise, products and services	504,595	460,532
7.01.02	Other income	5,452	5,897
7.01.04	Provision / reversal of allowance for doubtful accounts	-10,897	-7,508
7.02	Inputs acquired from third parties	-167,669	-163,173
7.02.01	Cost of products, merchandise and services sold	-84,669	-91,719
7.02.02	Materials, energy, third-party services and other	-83,242	-71,097
7.02.04	Other	242	-357
7.03	Gross added value	331,481	295,748
7.04	Retentions	-72,666	-69,671
7.04.01	Depreciation, amortization and depletion	-72,666	-69,671
7.05	Net added value produced	258,815	226,077
7.06	Added value received as transfer	53,887	33,669
7.06.01	Equity income (loss)	27,491	23,815
7.06.02	Financial income	26,396	9,854
7.07	Total added value payable	312,702	259,746
7.08	Distribution of added value	312,702	259,746
7.08.01	Personnel	170,619	159,911
7.08.01.01	Direct remuneration	127,691	119,556
7.08.01.02	Benefits	33,242	32,032
7.08.01.03	Severance Pay Fund (FGTS)	9,686	8,323
7.08.02	Taxes, rates and contributions	68,191	48,883
7.08.02.01	Federal	42,873	28,556
7.08.02.02	State	60	67
7.08.02.03	Municipal	25,258	20,260
7.08.03	Third-party capital remuneration	68,889	51,732
7.08.03.01	Interest	65,848	50,138
7.08.03.02	Rentals	3,041	1,594
7.08.04	Remuneration of own capital	5,003	-780
7.08.04.03	Retained earnings / loss for the period	5,003	-780

## Consolidated financial statements / Balance sheet Assets

(In thousands of reais)

Code of account	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
1	Total assets	3,203,628	2,858,331
1.01	Current assets	627,642	409,649
1.01.01	Cash and cash equivalents	217,685	253,663
1.01.02	Interest earning bank deposits	246,556	0
1.01.02.01	Interest earning bank deposits measured at fair value through profit or loss	246,556	0
1.01.02.01.02	Fair value securities	246,556	0
1.01.03	Accounts receivable	121,624	113,369
1.01.03.01	Trade accounts receivable	121,624	113,369
1.01.04	Inventories	23,253	23,129
1.01.06	Recoverable taxes	1,952	12,295
1.01.06.01	Current taxes recoverable	1,952	12,295
1.01.08	Other current assets	16,572	7,193
1.01.08.03	Other	16,572	7,193
1.01.08.03.01	Derivative financial instruments	4,029	792
1.01.08.03.02	Other accounts receivable	12,543	6,401
1.02	Non-current assets	2,575,986	2,448,682
1.02.01	Long term assets	369,418	346,095
1.02.01.07	Deferred taxes	63,634	56,577
1.02.01.07.01	Deferred income tax and social contribution	63,634	56,577
1.02.01.10	Other non-current assets	305,784	289,518
1.02.01.10.04	Judicial deposits	279,326	266,369
1.02.01.10.05	Court-ordered debt. payments receivable	5,576	5,422
1.02.01.10.06	Others assets	20,882	17,727
1.02.03	Property, plant and equipment	297,550	238,275
1.02.03.01	Property, plant and equipment in operation	185,703	169,112
1.02.03.03	Construction in progress	111,847	69,163
1.02.04	Intangible assets	1,909,018	1,864,312
1.02.04.01	Intangible assets	1,909,018	1,864,312
1.02.04.01.01	Concession contract	1,782,916	1,735,620
1.02.04.01.02	Other intangible assets	126,102	128,692



## Consolidated financial statements / Balance sheet Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
2	Total liabilities	3,203,628	2,858,331
2.01	Current liabilities	294,370	299,557
2.01.01	Social and labor obligations	45,357	33,566
2.01.01.01	Social charges	6,380	5,163
2.01.01.02	Labor obligations	38,977	28,403
2.01.02	Suppliers	65,823	54,449
2.01.02.01	Domestic suppliers	64,049	54,317
2.01.02.02	Foreign suppliers	1,774	132
2.01.03	Tax liabilities	14,059	11,987
2.01.03.01	Federal tax liabilities	8,411	7,298
2.01.03.01.01	Income tax and social contribution payable	1,509	1,500
2.01.03.01.03	Other federal liabilities	6,902	5,798
2.01.03.02	State tax liabilities	409	306
2.01.03.03	Municipal tax liabilities	5,239	4,383
2.01.04	Loans and financing	112,025	130,129
2.01.04.01	Loans and financing	111,805	130,129
2.01.04.01.01	In domestic currency	74,244	95,842
2.01.04.01.02	In foreign currency	37,561	34,287
2.01.04.02	Debentures	220	0
2.01.05	Other liabilities	57,106	69,426
2.01.05.02	Other	57,106	69,426
2.01.05.02.01	Dividends and interest on own capital	13	720
2.01.05.02.08	Obligations with the Concession Grantor	52,350	68,660
2.01.05.02.09	Lease - rentals	4,693	0
2.01.05.02.10	Other accounts payable	50	46
2.02	Non-current liabilities	1,551,755	1,217,647
2.02.01	Loans and financing	348,866	97,266
2.02.01.01	Loans and financing	53,739	97,266
2.02.01.01.01	In domestic currency	41,591	82,004
2.02.01.01.02	In foreign currency	12,148	15,262
2.02.01.02	Debentures	295,127	0
2.02.02	Other liabilities	1,155,589	1,071,606
2.02.02.02	Other	1,155,589	1,071,606
2.02.02.02.07	Actuarial liabilities - Supplementary Health Care Plan	44,990	41,464
2.02.02.02.08	Suppliers	15,021	15,021
2.02.02.02.09	Taxes on income - TRA	52,055	47,341
2.02.02.02.10	Obligations with the Concession Grantor	1,017,532	962,357
2.02.02.02.11	Lease - rentals	20,414	0
2.02.02.02.12	Other liabilities	5,577	5,423
2.02.03	Deferred taxes	10,707	10,456
2.02.03.01	Deferred income tax and social contribution	10,707	10,456
2.02.04	Provisions	36,593	38,319
2.02.04.01	Tax, social security, labor and civil provisions	36,593	38,319
2.02.04.01.01	Tax provisions	17,002	14,175
2.02.04.01.02	Social security and labor provisions	17,692	22,120
2.02.04.01.04	Civil provisions	1,529	1,478

## Consolidated financial statements / Balance sheet Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
2.02.04.01.05	Provisions - Others	370	546
2.03	Consolidated shareholders' equity	1,357,503	1,341,127
2.03.01	Realized capital	1,080,407	1,071,757
2.03.02	Capital reserves	84,145	82,660
2.03.02.02	Goodwill special reserve in the merger	18,897	18,897
2.03.02.04	Options granted	67,043	65,272
2.03.02.07	Income (loss) from disposal of treasury shares	-1,795	-1,509
2.03.04	Profit reserves	198,346	197,108
2.03.04.01	Legal reserve	54,595	54,595
2.03.04.08	Additional dividend proposed	0	2,123
2.03.04.10	Profit reserve for investments	150,928	150,928
2.03.04.11	Repurchase of shares	-7,171	-10,529
2.03.04.12	Buybacks expenses	-6	-9
2.03.05	Retained earnings / losses	5,003	0
2.03.08	Other comprehensive income	-10,398	-10,398

## Consolidated financial statements / Statement of income

(In thousands of reais)

Code of account	Account description	Current quarter 07/01/2019–09/30/2019	Accumulated of the current year 01/01/2019–09/30/2019	Same quarter of the prior year 07/01/2018–09/30/2018	Accumulated of the prior year 01/01/2018–09/30/2018
3.01	Income from sales of goods and/or services	250,142	742,279	255,655	699,980
3.02	Cost of goods and/or services sold	-176,934	-549,234	-176,032	-510,792
3.03	Gross income	73,208	193,045	79,623	189,188
3.04	Operating expenses / income	-47,143	-140,706	-49,706	-142,221
3.04.01	Sales expenses	-30,560	-83,225	-33,113	-89,708
3.04.02	General and administrative expenses	-17,711	-64,280	-19,307	-59,212
3.04.02.01	Amortization of goodwill	-872	-2,615	-872	-2,615
3.04.02.02	Other general and administrative expenses	-16,839	-61,665	-18,435	-56,597
3.04.04	Other operating income	1,260	6,772	2,937	7,286
3.04.05	Other operating expenses	-132	27	-223	-587
3.05	Income (loss) before financial income and taxes	26,065	52,339	29,917	46,967
3.06	Financial income (loss)	-15,161	-43,082	-14,972	-45,764
3.06.01	Financial income	12,882	31,546	5,134	14,967
3.06.02	Financial expenses	-28,043	-74,628	-20,106	-60,731
3.07	Income (loss) before income tax	10,904	9,257	14,945	1,203
3.08	Income tax and social contribution	-3,191	-4,254	-5,803	-1,983
3.08.01	Current	-4,406	-11,060	-5,062	-11,310
3.08.02	Deferred	1,215	6,806	-741	9,327
3.09	Net income (loss) from continued operations	7,713	5,003	9,142	-780
3.11	Income / loss for the period	7,713	5,003	9,142	-780
3.11.01	Attributed to the Parent company's partners	7,713	5,003	9,142	-780
3.99	Earnings per share - (Reais / Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.01159	0.00752	0.01380	-0.00118
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.01152	0.00747	0.01364	-0.00116

## Consolidated financial statements / Statement of comprehensive income

(In thousands of reais)

Code of account	Account description	Current quarter 07/01/2019–09/30/2019	Accumulated of the current year 01/01/2019–09/30/2019	Same quarter of the prior year 07/01/2018–09/30/2018	Accumulated of the prior year 01/01/2018–09/30/2018
4.01	Consolidated net income for the period	7,713	5,003	9,142	-780
4.03	Consolidated comprehensive income for the period	7,713	5,003	9,142	-780
4.03.01	Attributed to the Parent company's partners	7,713	5,003	9,142	-780

## Consolidated financial statements / Statement of cash flows - Indirect method

(In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2019–09/30/2019	Accumulated of the prior year 01/01/2018–09/30/2018
6.01	Net cash from operational activities	74,394	55,070
6.01.01	Cash generated in operations	186,750	176,058
6.01.01.01	Income before taxes and sharing	9,257	1,203
6.01.01.02	Inflation adjustment and exchange rate change	-547	3,360
6.01.01.03	Depreciation and amortization	98,586	92,746
6.01.01.05	Formation / (reversal) of provisions for contingencies	9,424	8,559
6.01.01.06	Stock option plan / long-term incentive	2,179	3,326
6.01.01.07	Write-offs and income in the sale of permanent assets	-229	-240
6.01.01.08	Interest on debentures	9,247	2,153
6.01.01.09	Calculated interest on loans	8,827	10,657
6.01.01.10	Interest on interest earning bank deposits	-6,217	0
6.01.01.14	Post-employment benefits – health care plans	3,526	3,789
6.01.01.15	Provision / reversal for expected credit losses and bad debt losses	12,198	10,816
6.01.01.16	Interest on obligations with the Concession Grantor	39,067	39,689
6.01.01.17	Interest on lease - rents	1,432	0
6.01.02	Changes in assets and liabilities	-2,541	-37,378
6.01.02.01	(Increase) decrease in accounts receivable	-20,453	-43,806
6.01.02.02	(Increase) decrease in inventories	-124	125
6.01.02.03	(Increase) decrease in current taxes recoverable	10,343	5,605
6.01.02.05	(Increase) decrease in judicial deposits	-12,957	-11,412
6.01.02.06	(Increase) decrease in other assets	-9,451	-5,451
6.01.02.08	Increase (decrease) in suppliers	11,374	2,370
6.01.02.09	Increase (decrease) in wage and social charges	11,791	9,118
6.01.02.10	Increase (decrease) in taxes, rates and contributions	2,064	2,392
6.01.02.11	Increase (decrease) in accounts payable	154	162
6.01.02.12	Increase (decrease) in taxes on billing - TRA	4,714	3,519
6.01.02.13	Increase (decrease) in other liabilities	4	0
6.01.03	Other	-109,815	-83,610
6.01.03.01	Income tax and social contribution paid	-11,052	-10,073
6.01.03.03	Write-off of payment contingencies	-11,150	-6,992
6.01.03.04	Payments on Obligations with the Concession Grantor	-87,613	-66,545
6.02	Net cash used in investment activities	-324,423	-39,772
6.02.01	Acquisition of property, plant and equipment	-86,816	-40,424
6.02.02	Disposal of property, plant and equipment	301	305
6.02.03	Increase in intangible assets	0	-147
6.02.04	Interest earning bank deposits	-240,339	0
6.02.05	Interests on capitalized loans	2,431	494
6.03	Net cash from financing activities	214,051	-38,330
6.03.01	Receipt of exercised share purchase options	11,317	5,036
6.03.02	Borrowings	294,772	41,178
6.03.03	Payments of debentures, loans and financing	-64,529	-67,295
6.03.04	Dividends and interest on own capital paid	-2,830	-2,066
6.03.06	Receipt / (payment) of swap transactions	0	-35

## Consolidated financial statements / Statement of cash flows - Indirect method

(In thousands of reais)

Code of account	Account description	Accumulated of the	Accumulated of the
		current year 01/01/2019–09/30/2019	prior year 01/01/2018–09/30/2018
6.03.07	Interest paid to debentures, loans and financing	-19,942	-15,148
6.03.10	Lease payments - Leases	-4,737	0
6.05	Increase (decrease) in cash and cash equivalents	-35,978	-23,032
6.05.01	Opening balance of cash and cash equivalents	253,663	270,731
6.05.02	Closing balance of cash and cash equivalents	217,685	247,699

# Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019–09/30/2019 (In thousands of reais)

Code of account	Account description	Paid-up capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Non-controlling interest	Consolidated shareholders' equity
5.01	Opening balances	1,071,757	82,660	197,108	0	-10,398	1,341,127	0	1,341,127
5.03	Adjusted opening balances	1,071,757	82,660	197,108	0	-10,398	1,341,127	0	1,341,127
5.04	Capital transactions with partners	8,650	1,485	1,238	0	0	11,373	0	11,373
5.04.01	Capital increases	8,650	0	0	0	0	8,650	0	8,650
5.04.03	Recognized options granted	0	1,771	0	0	0	1,771	0	1,771
5.04.06	Dividends	0	0	-2,123	0	0	-2,123	0	-2,123
5.04.08	Stock options exercised	0	0	3,361	0	0	3,361	0	3,361
5.04.13	Income (loss) from disposal of treasury shares	0	-286	0	0	0	-286	0	-286
5.05	Total comprehensive income	0	0	0	5,003	0	5,003	0	5,003
5.05.01	Net income for the period	0	0	0	5,003	0	5,003	0	5,003
5.07	Closing balances	1,080,407	84,145	198,346	5,003	-10,398	1,357,503	0	1,357,503

## Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2018–09/30/2018

(In thousands of reais)

Code of account	Account description	Paid-up capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Non-controlling interest	Consolidated shareholders' equity
5.01	Opening balances	1,071,757	78,015	189,682	0	-8,634	1,330,820	0	1,330,820
5.03	Adjusted opening balances	1,071,757	78,015	189,682	0	-8,634	1,330,820	0	1,330,820
5.04	Capital transactions with partners	0	2,810	3,586	0	0	6,396	0	6,396
5.04.03	Recognized options granted	0	3,326	0	0	0	3,326	0	3,326
5.04.06	Dividends	0	0	-1,966	0	0	-1,966	0	-1,966
5.04.08	Stock options exercised	0	0	5,552	0	0	5,552	0	5,552
5.04.13	Income (loss) from disposal of treasury shares	0	-516	0	0	0	-516	0	-516
5.05	Total comprehensive income	0	0	0	-780	0	-780	0	-780
5.05.01	Net income for the period	0	0	0	-780	0	-780	0	-780
5.07	Closing balances	1,071,757	80,825	193,268	-780	-8,634	1,336,436	0	1,336,436



## Consolidated financial statements / Statement of added value

(In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2019–09/30/2019	Accumulated of the prior year 01/01/2018–09/30/2018
7.01	Income	844,079	803,746
7.01.01	Sale of merchandise, products and services	849,505	807,276
7.01.02	Other income	6,772	7,286
7.01.04	Provision / reversal of allowance for doubtful accounts	-12,198	-10,816
7.02	Inputs acquired from third parties	-317,528	-313,398
7.02.01	Cost of products, merchandise and services sold	-151,436	-154,133
7.02.02	Materials, energy, third-party services and other	-166,119	-158,678
7.02.04	Other	27	-587
7.03	Gross added value	526,551	490,348
7.04	Retentions	-98,586	-92,746
7.04.01	Depreciation, amortization and depletion	-98,586	-92,746
7.05	Net added value produced	427,965	397,602
7.06	Added value received as transfer	31,546	14,967
7.06.02	Financial income	31,546	14,967
7.07	Total added value payable	459,511	412,569
7.08	Distribution of added value	459,511	412,569
7.08.01	Personnel	234,697	222,817
7.08.01.01	Direct remuneration	170,567	161,615
7.08.01.02	Benefits	50,484	49,405
7.08.01.03	Severance Pay Fund (FGTS)	13,646	11,797
7.08.02	Taxes, duties and contributions	137,619	117,595
7.08.02.01	Federal	92,839	78,153
7.08.02.02	State	4,129	4,879
7.08.02.03	Municipal	40,651	34,563
7.08.03	Third-party capital remuneration	82,192	72,937
7.08.03.01	Interest	74,628	60,731
7.08.03.02	Rentals	7,564	12,206
7.08.04	Remuneration of own capital	5,003	-780
7.08.04.03	Retained earnings / loss for the period	5,003	-780

## Notes to the financial statements

### OPERATING INDICATORS

#### Consolidated

Units	3Q19	3Q18	Var. %	9M19	9M18	Var. %
<b>PORT TERMINALS</b>						
Quay operations - containers	304,143	288,798	5.3%	879,151	808,076	8.8%
Full Containers	234,865	226,448	3.7%	677,253	623,187	8.7%
Empty Containers	69,278	62,350	11.1%	201,898	184,889	9.2%
Quay operations – general cargo (ton)	11,059	39,527	-72.0%	174,160	122,815	41.8%
Warehousing operations – containers	38,125	33,454	14.0%	104,841	88,328	18.7%
<b>LOGISTICS</b>						
Warehousing operations – containers	13,988	14,691	-4.8%	41,965	40,745	3.0%
<b>VEHICLE TERMINAL</b>						
Vehicles handled	39,660	56,118	-29.3%	142,043	208,480	-31.9%
Exports	35,823	41,055	-12.7%	122,826	177,138	-30.7%
Imports	3,837	15,063	-74.5%	19,217	31,342	-38.7%

#### Port terminals

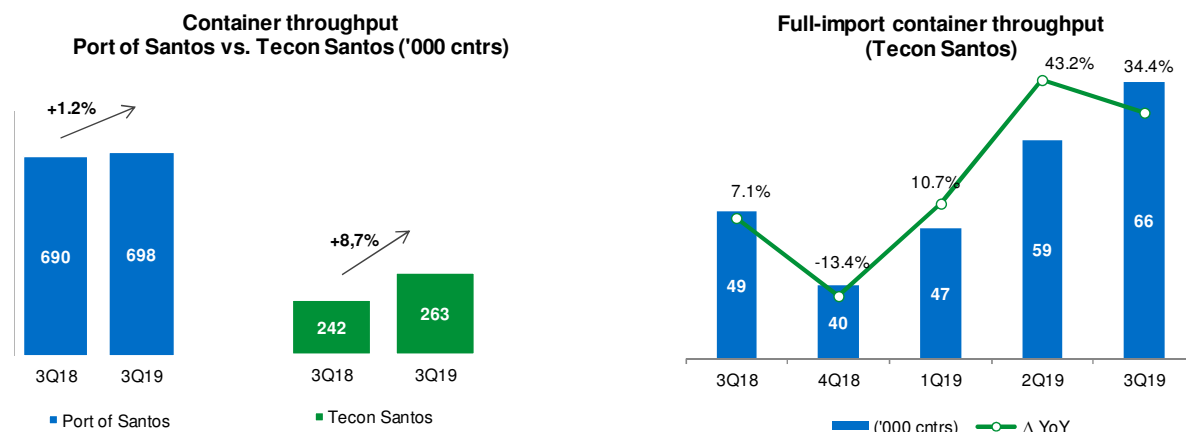
Units	3Q19	3Q18	Var. %	9M19	9M18	Var. %
<b>PORT TERMINALS</b>						
<b>Tecon Santos</b>	<b>262,993</b>	<b>241,892</b>	<b>8.7%</b>	<b>764,022</b>	<b>686,129</b>	<b>11.4%</b>
Full containers	211,968	199,386	6.3%	612,246	552,956	10.7%
Empty containers	51,025	42,506	20.0%	151,776	133,173	14.0%
General cargo (ton)	-	-	-	-	-	-
<b>Tecon Imbituba</b>	<b>11,740</b>	<b>19,991</b>	<b>-41.3%</b>	<b>34,702</b>	<b>48,512</b>	<b>-28.5%</b>
Full containers	7,272	13,573	-46.4%	20,557	30,182	-31.9%
Empty containers	4,468	6,418	-30.4%	14,145	18,330	-22.8%
General cargo (ton)	11,042	39,460	-72.0%	174,143	121,847	42.9%
<b>Tecon Vila do Conde</b>	<b>29,410</b>	<b>26,915</b>	<b>9.3%</b>	<b>80,427</b>	<b>73,435</b>	<b>9.5%</b>
Full containers	15,625	13,489	15.8%	44,450	40,049	11.0%
Empty containers	13,785	13,426	2.7%	35,977	33,386	7.8%
General cargo (ton)	18	67	-73.7%	18	968	-98.2%

**Tecon Santos** handled 262,993 containers in 3Q19, 8.7% more than in 3Q18. Considering the volume handled in the first nine months of 2019, capacity utilization at Tecon Santos stood at 83%, on an annualized basis, with 40.3% market share in the period (vs. 35.4% in 9M18), maintaining its leadership at the Port of Santos. In July, the Asian service led by Maersk transferred the (export) eastbound sling to a competitor terminal at the Port of Santos. With the exit of the sling, Tecon Santos ceased to handle an estimated 12,000 to 14,000 containers per month since July. The (import) westbound sling continued to operate regularly in the terminal. In 3Q19, as a mitigating effect, Tecon Santos operated an extra ship, handling 2,766 containers,

The volume of full containers handled at Tecon Santos grew 6.3% YoY in 3Q19, totaling 211,968 units. Of this total, 66,328 units were import containers, a 34.4% growth from 3Q18, contributing to an improvement in the terminal mix.

Tecon Santos' throughput growth in 3Q19 exceeded sevenfold Port of Santos' increase:

## Notes to the financial statements



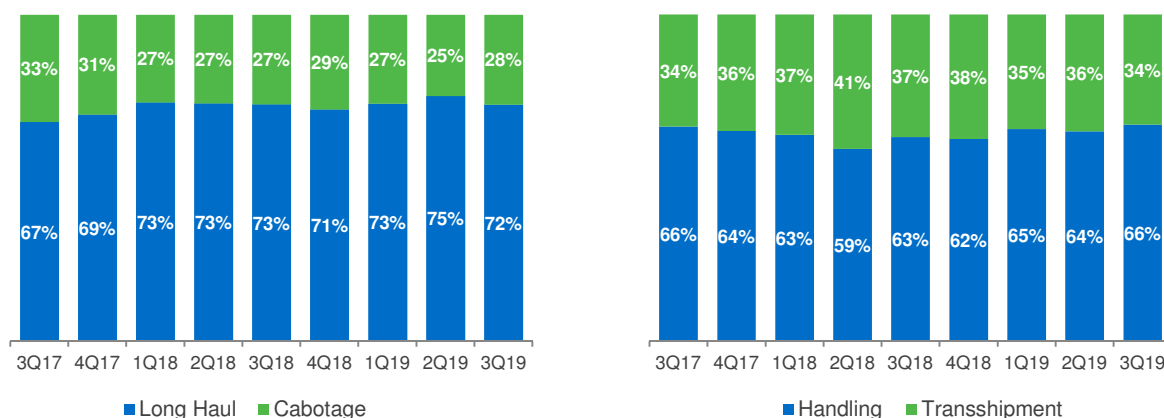
**Tecon Imbituba** handled 11,740 containers in 3Q19, down 41.3% from 3Q18 due to a decrease in long-haul operations on the back of the termination of the Asian service ASAS in January 2019. ASAS was discontinued after the reorganization of the Asian services operated by Maersk, Hamburg Süd, MSC and Hapag Lloyd along the east coast of South America. In 3Q19, long-haul container handling corresponded to 3.2% of Tecon Imbituba's total volume (compared to 38.3% in 3Q18). Container throughput from cabotage operations, represented by the ALCT2 service led by Aliança, decreased 7.9% YoY, and corresponded to 96.8% of total volume handled at the terminal (vs. 61.7% in 3Q18). The volume operated at the Imbituba General Cargo Terminal ("TCG Imbituba") declined as well, with 11,000 tons handled. On the other hand, the terminal handled project cargo (two press machines for the ceramic industry and thirty power generators), whose margins are higher.

**At Tecon Vila do Conde**, container throughput increased 9.3% in 3Q19, totaling 29,410 units. Long-haul operations accounted for 71.3% of total volume (65.1% in 3Q18) up 19.6% YoY. Exports increased 17.2%, led by the forestry and mineral sectors. The volume of imported containers increased 22.0%, growing for the second straight quarter, mainly due to the unloading of cargo for mining and fertilizer companies. On the other hand, cabotage volume, which accounted for 28.7% of total volume handled (vs. 34.9% in 3Q18), decreased 10.1% YoY in 3Q19. Apart from the competition with truck transportation, the decline in cabotage throughput was also influenced by the lackluster recovery in the Brazilian economy.

**Consolidated volume of the three terminals** in 3Q19 grew 5.3%. In long-haul operations, which accounted for 72.5% of total volume handled in the quarter, imported container throughput grew 31.9%, while exported container volume decreased 7.6% compared to 3Q18. Cabotage operations grew 5.5% and accounted for 27.5% of total containers handled (27.5% in 3Q18). Transshipment volume (long-haul + cabotage) declined 5.3% in the quarter, reducing its share in total throughput to 33.7%, from 37.5% in 3Q18 (35.8% in 2Q19). Full-empty container mix slightly deteriorated, with full containers corresponding to 77.2% of total throughput in 3Q19 (78.4% in 3Q18), but was better than in the previous quarter (75.5% in 2Q19).

Historical container mix of long-haul vs. cabotage and handling vs. transshipment is shown as below:

## Notes to the financial statements



**Total container warehousing volume** at the port terminals grew 14.0%, explained by the higher volume of full imported containers, mainly at Tecon Santos. The retention rate of full-import containers for warehousing stood at 55%, declining from 3Q18 (58%) and flat QoQ. Dwell time (average stay of full import containers) at Tecon Santos' backyard was 10.5 days in 3Q19, lower than the 14.1 days in 3Q18, a quarter that presented an above-normal dwell time due to the truck drivers' strike in May 2018. A small part of this difference can also be attributed to the increase in the volume of containers imported under the "Despacho sobre Águas" regime, in 3Q19, an instrument that allows registration of import declaration before the container is unloaded at the port of destination. As such, the cargo is cleared through customs during maritime transportation, arriving at the port already nationalized and ready to be taken by the importer within 48 hours. The Company estimates the practice of the aforementioned customs regime has contributed with a reduction of c.0.4 day in Tecon Santos' imported full container warehousing average dwell time in 3Q19.

### Logistics

Notwithstanding the growth in the volume of full imported containers handled at Tecon Santos in 3Q19, the container warehousing volume at Santos Brasil Logística decreased 4.8% YoY, mainly due to lower container pick-up on the right bank of the Port of Santos by CLIA Santos, caused by the migration of services that operated at Libra terminal to DPW Santos, located on the left bank.

### Vehicle Terminal

TEV handled 39,660 vehicles in 3Q19, 29.3% down YoY. Besides the persistent decline in vehicle exports by Brazilian automakers to Argentina, vehicle imports also dropped in the quarter. Therefore, the vehicle mix worsened, with imports accounting for 9.7% of total vehicles handled in the quarter, compared to 26.8% in 3Q18. Vehicle warehousing average dwell time was 7.8 days in 3Q19 (vs. 7.3 days in 3Q18). Partially offsetting the worse import mix, the share of high-margin heavy vehicles volume in total vehicles handled increased to 11.8% in 3Q19 (vs. 10.7% in 3Q18 and 9.4% in 2Q19). On an annualized basis, TEV's capacity utilization in 9M19 stood at 63%.

## Notes to the financial statements

### FINANCIAL RESULTS

#### GROSS REVENUE

R\$ million	3Q19	3Q18	Var. %	9M19	9M18	Var. %
<b>PORT TERMINALS</b>	<b>202.1</b>	<b>205.3</b>	<b>-1.6%</b>	<b>602.5</b>	<b>549.9</b>	<b>9.6%</b>
Quay operations	110.2	108.6	1.5%	339.0	299.3	13.3%
Warehousing operations	91.9	96.7	-5.0%	263.5	250.6	5.1%
<b>LOGISTICS</b>	<b>79.7</b>	<b>83.5</b>	<b>-4.6%</b>	<b>220.4</b>	<b>229.6</b>	<b>-4.0%</b>
<b>VEHICLE TERMINAL</b>	<b>16.8</b>	<b>19.7</b>	<b>-14.7%</b>	<b>51.7</b>	<b>54.7</b>	<b>-5.5%</b>
<b>Eliminations</b>	<b>-2.7</b>	<b>-4.2</b>	<b>-35.7%</b>	<b>-7.8</b>	<b>-11.7</b>	<b>-33.3%</b>
<b>Consolidated</b>	<b>295.9</b>	<b>304.3</b>	<b>-2.8%</b>	<b>866.8</b>	<b>822.5</b>	<b>5.4%</b>

#### NET REVENUE

R\$ million	3Q19	3Q18	Var. %	9M19	9M18	Var. %
<b>PORT TERMINALS</b>	<b>174.7</b>	<b>176.6</b>	<b>-1.1%</b>	<b>527.4</b>	<b>477.3</b>	<b>10.5%</b>
Quay operations	99.1	95.9	3.3%	305.2	267.5	14.1%
Warehousing operations	75.7	80.7	-6.2%	222.2	209.8	5.9%
<b>LOGISTICS</b>	<b>64.7</b>	<b>67.4</b>	<b>-4.0%</b>	<b>179.5</b>	<b>187.5</b>	<b>-4.3%</b>
<b>VEHICLE TERMINAL</b>	<b>13.2</b>	<b>15.5</b>	<b>-14.8%</b>	<b>42.5</b>	<b>45.8</b>	<b>-7.2%</b>
<b>Eliminations</b>	<b>-2.5</b>	<b>-3.8</b>	<b>-34.2%</b>	<b>-7.2</b>	<b>-10.6</b>	<b>-32.1%</b>
<b>Consolidated</b>	<b>250.1</b>	<b>255.7</b>	<b>-2.2%</b>	<b>742.2</b>	<b>700.0</b>	<b>6.0%</b>

#### Port Terminals

Previously charged from port terminals, in August 2019, CODESP started collecting the port tariff (TUP) directly from the shipping lines. As consequence of this change, since August, Santos Brasil has been deducting the port tariff from the price (box rate) charged from shipping lines for the container handling operation in Tecon Santos. This affects the revenue comparison between 3Q19 and 3Q18. However, since the port tariff no longer impacts handling costs – practically in the same proportion as the decline in revenues - there was no impact on Port Terminals' gross profit as result of the aforementioned change in the tariff regime.

Warehousing net revenue fell 6.2% YoY in 3Q19 to R\$75.7 million, reflecting the reduction in Tecon Santos' warehousing dwell time. Tecon Santos' net revenues fell 1.8% in 3Q19 and accounted for 79.7% of Port Terminals' net revenues (vs. 80.3% in 3Q18). Tecon Imbituba's net revenues fell 25.5% in 3Q19, mainly due to the end of the long-haul Asian service ASAS and the drop in general cargo volume handled at TCG. Tecon Vila do Conde's net revenue grew 10.5% YoY in 3Q19, positively impacted by higher throughput and better mix of full containers.

#### Logistics

Logistics' net revenue fell 4.0% in 3Q19, mainly impacted by lower volume of container pick-up from other terminals in the Port of Santos' right bank and by higher mix of export cargo compared to import cargo. As a result, the Company's two bonded warehouses' revenues went down and, also, due to fewer trips, truck transportation revenues decreased YoY. The positive highlight was the growth in São Bernardo do Campo Distribution Center's revenues, reflecting customized logistics operations, mainly for clients in the auto industry, which increased their volumes operated with Santos Brasil Logística due to domestic vehicles production growth.

## Notes to the financial statements

### Vehicle Terminal

TEV's net revenues fell 14.8% in 3Q19 vs. 3Q18, amounting to R\$13.2 million. Despite the better heavy-vehicle mix, TEV's total volume was adversely affected by lower exports of light vehicles to Argentina and a 74.5% decline in imports, on the back of a drop in imported vehicles licensing in the domestic market, according to ANFAVEA (National Association of Motor Vehicle Manufacturers) data.

### COST OF SERVICES RENDERED

R\$ million	3Q19	3Q18	Var. %	9M19	9M18	Var. %
<b>PORT TERMINALS</b>						
Handling Costs	22.2	34.6	-35.8%	88.4	95.1	-7.0%
Personnel Costs	56.9	49.7	14.5%	178.6	144.1	23.9%
Depreciation and Amortization	24.7	23.0	7.4%	72.1	69.0	4.5%
Other Costs	23.9	19.3	23.8%	67.4	59.5	13.3%
<b>Total</b>	<b>127.6</b>	<b>126.6</b>	<b>0.8%</b>	<b>406.5</b>	<b>367.6</b>	<b>10.6%</b>
<b>LOGISTICS</b>						
Handling Costs	19.5	19.2	1.6%	51.7	49.5	4.4%
Personnel Costs	13.0	13	0.0%	39.3	39.0	0.8%
Depreciation and Amortization	3.8	3.2	18.8%	12.2	9.9	23.2%
Other Costs	6.9	8.9	-22.5%	19.5	25.1	-22.3%
<b>Total</b>	<b>43.2</b>	<b>44.2</b>	<b>-2.3%</b>	<b>122.7</b>	<b>123.5</b>	<b>-0.6%</b>
<b>VEHICLE TERMINAL</b>						
Handling Costs	3.9	4.0	-2.5%	12.1	15.0	-19.3%
Depreciation and Amortization	3.9	3.7	5.4%	11.6	11.1	4.5%
Other Costs	0.9	1.4	-35.7%	3.5	4.2	-16.7%
<b>Total</b>	<b>8.6</b>	<b>9.1</b>	<b>-5.5%</b>	<b>27.2</b>	<b>30.3</b>	<b>-10.2%</b>
<b>Eliminations</b>	<b>-2.5</b>	<b>-3.8</b>	<b>-34.2%</b>	<b>-7.2</b>	<b>-10.6</b>	<b>-32.1%</b>
<b>Consolidated</b>	<b>176.9</b>	<b>176.0</b>	<b>0.5%</b>	<b>549.2</b>	<b>510.8</b>	<b>7.5%</b>

### Port Terminals

In the YoY comparison, as already seen in the first two quarters of 2019, costs in 3Q19 were affected by the end of tax subsidy on the Company's payroll (except for the vehicle terminal, for which such tax subsidy ended in 2018). The end of compulsory hiring of third-party unionized labor for stowage operations in Tecon Santos, in March 2019, reduced variable costs of hiring temporary workers. In return, headcount slightly increased to compensate the end of intermittent workforce hiring, increasing labor costs, but less than the variable cost saving reached. This change in the labor structure should generate productivity gains in port operations, reducing the cost per container handled. Another change in the variable cost structure was the end of collection of the port tariff (TUP) in August 2019, which has started to be charged by the port authority (CODESP) directly from the shipping lines.

Due to the aforementioned effects, the YoY comparison of 3Q19 handling costs becomes distorted. Costs were negatively driven by a 16.7% adjustment in the port tariff, with impact only in July (in August, TUP ceased to be charged from terminals), higher fuel and electricity expenses and increase in transportation vehicles maintenance costs. The positive impact in the quarter came from lower expenses with third-party labor and freight.

## Notes to the financial statements

### Logistics

Variable handling costs increased 1.6%, mainly due to higher expenses with container pick-up by the bonded warehouses and with vehicle maintenance, offset by reduction in freight expenses. Labor costs were stable in 3Q19 YoY. The reduction in "other costs" in 3Q19 was mainly due to the accounting reclassification of the São Bernardo do Campo Distribution Center rent expenses, recognized as "Financial Expenses" in accordance with IFRS 16.

### Vehicle Terminal

TEV's costs fell 5.5% in 3Q19 YoY due to the lower volume of vehicles handled at the terminal. Given less fixed costs dilution, average cost per vehicle (ex-D&A) increased 24.3% YoY in 3Q19.

## OPERATING EXPENSES

R\$ million	3Q19	3Q18	Var. %	9M19	9M18	Var. %
<b>PORT TERMINALS</b>						
Selling	11.5	12.6	-8.7%	32.6	34.3	-5.0%
General, Administrative and other	6.2	4.1	51.2%	23.6	16.4	43.9%
Depreciation and Amortization	-	-	-	0.1	-	-
<b>Total</b>	<b>17.7</b>	<b>16.7</b>	<b>6.0%</b>	<b>56.3</b>	<b>50.7</b>	<b>11.0%</b>
<b>LOGISTICS</b>						
Selling	18.4	19.7	-6.6%	48.5	53.6	-9.5%
General, Administrative and other	1.4	2.4	-41.7%	4.4	5.7	-22.8%
Depreciation and Amortization	-	-	-	-	-	-
<b>Total</b>	<b>19.8</b>	<b>22.1</b>	<b>-10.4%</b>	<b>52.9</b>	<b>59.3</b>	<b>-10.8%</b>
<b>VEHICLE TERMINAL</b>						
Selling	0.6	0.8	-25.0%	2.1	1.8	16.7%
General, Administrative and other	0.1	0.1	0.0%	0.4	0.4	0.0%
Depreciation and Amortization	-	-	-	-	0	-
<b>Total</b>	<b>0.7</b>	<b>0.9</b>	<b>-22.2%</b>	<b>2.5</b>	<b>2.2</b>	<b>13.6%</b>
<b>CORPORATE</b>						
General, Administrative and other	7.9	9.1	-13.2%	26.2	27.3	-4.0%
Depreciation and Amortization	0.9	0.9	0.0%	2.7	2.7	0.0%
<b>Total</b>	<b>8.8</b>	<b>10</b>	<b>-12.0%</b>	<b>28.9</b>	<b>30.0</b>	<b>-3.7%</b>
<b>Consolidated</b>	<b>47.0</b>	<b>49.7</b>	<b>-5.4%</b>	<b>140.6</b>	<b>142.2</b>	<b>-1.1%</b>

### Port Terminals

Selling expenses in 3Q19 were influenced by the same effects of the previous quarter, with a slight increase in labor expenses, offset by a decrease in sales commissions and, mainly, by losses on bad debts. As for general and administrative expenses, despite the decline in labor expenses, there was an increase in legal advisory expenses.

### Logistics

The decline in selling expenses was driven by a drop in commission payments due to lower warehousing volume. General and administrative expenses decreased due to decrease in expenses with labor lawsuits compared to 3T18.

### Vehicle Terminal

TEV's operating expenses decreased 22.2% YoY in 3Q19 on the back of lower volume of vehicles handled at the terminal. General and administrative expenses remained flat.

## Notes to the financial statements

### Corporate

The YoY decrease in 3Q19 corporate expenses was driven by a decrease in personnel costs and labor indemnities expenses.

### EBITDA and EBITDA MARGIN

R\$ million	3Q19 reported	3Q19 pro-forma	Pro-forma mg, <sup>1</sup>	3Q18 reported	3Q18 pro-forma	Pro-forma mg, <sup>1</sup>	% YoY
Port Terminals	54.1	34.2	19.6%	56.3	37.8	21.4%	-9.5%
Logistics <sup>2</sup>	5.5	3.9	6.0%	4.3	4.3	6.4%	-9.3%
Vehicle Terminal	7.7	5.3	40.5%	9.2	7.0	45.1%	-24.3%
Corporate	-7.9	-7.9	-	-9.1	-9.1	-	-13.2%
<b>Consolidated</b>	<b>59.4</b>	<b>35.5</b>	<b>14.2%</b>	<b>60.7</b>	<b>40.0</b>	<b>15.7%</b>	<b>-11.3%</b>
Non-recurring items	6.5	6.5	-	5.9	5.9	-	-
<b>Consolidated (recurring)</b>	<b>65.9</b>	<b>42.0</b>	<b>16.8%</b>	<b>66.6</b>	<b>45.9</b>	<b>18.0%</b>	<b>-8.5%</b>

R\$ million	9M19 reported	9M19 pro-forma	Pro-forma mg, <sup>1</sup>	9M18 reported	9M18 pro-forma	Pro-forma mg, <sup>1</sup>	% YoY
Port Terminals	136.7	78.0	14.8%	128.0	73.2	15.3%	6.6%
Logistics <sup>2</sup>	16.1	11.4	6.3%	14.6	14.6	7.8%	-21.9%
Vehicle Terminal	24.3	17.1	40.4%	24.5	17.8	38.7%	-3.9%
Corporate	-26.2	-26.2	-	-27.3	-27.3	-	-4.0%
<b>Consolidated</b>	<b>150.9</b>	<b>80.3</b>	<b>10.8%</b>	<b>139.8</b>	<b>78.3</b>	<b>11.2%</b>	<b>2.6%</b>
Non-recurring items	17.9	17.9	-	17.2	17.2	-	-
<b>Consolidated (recurring)</b>	<b>168.8</b>	<b>98.2</b>	<b>13.2%</b>	<b>157.0</b>	<b>95.5</b>	<b>13.6%</b>	<b>2.8%</b>

1. Pro-forma EBITDA margins were calculated by dividing pro-forma EBITDA by net revenue;

2. Logistics' 2019 EBITDA cannot be compared on a year-on-year basis. With IFRS 16, São Bernardo do Campo Distribution Center 2019 rent expenses are classified as Financial Result instead of Operating Costs/Expenses;

With IFRS 16, Port Terminals' and Logistics' EBITDA ceased to reflect leasing and rental expenses. For the purpose of comparison with previous periods and to more accurately reflect the 'cash' operating result of the Company, we calculate "pro-forma EBITDA," which adds leasing and rental expenses to reported EBITDA.

3Q19 pro-forma EBITDA amounted to R\$35.5 million, with margin of 14.2%. The quarter was impacted by non-recurring items totaling R\$6.5 million, related to costs and expenses with (i) labor indemnities resulting from the organizational restructuring and (ii) corporate consulting and advisory service fees. Excluding these non-recurring items, recurring pro-forma EBITDA in 3Q19 was R\$42.0 million, with margin of 16.8%.

### Port Terminals

Port Terminals' recurring pro-forma EBITDA was R\$38.3 million in 3Q19, with margin of 21.9%. Despite the increase in Tecon Santos' and Tecon Vila do Conde's container throughput, warehousing revenue was adversely affected by a shorter dwell time.



## Notes to the financial statements

### Logistics

Excluding non-recurring items, Santos Brasil Logística's recurring pro-forma EBITDA totaled R\$4.8 million in 3Q19, with margin of 7.5%. The Logistics' result was adversely affected by the reduction in volume and the lower warehousing average ticket.

### Vehicle Terminal

TEV posted recurring pro-forma EBITDA of R\$5.3 million in 3Q19, with margin of 40.5%. The drop in the volume of vehicle exports and imports negatively impacted EBITDA.

### Corporate

Represented by expenses, corporate recurring EBITDA in 3Q19 came to a negative R\$6.5 million, down 25.8% in comparison to 3Q18, due to lower personnel expenses.

## NET INCOME

R\$ million	3Q19	3Q18	Var. %	9M19	9M18	Var. %
<b>EBITDA</b>	<b>59.4</b>	<b>60.7</b>	<b>-2.1%</b>	150.9	139.8	7.9%
Depreciation and Amortization	33.3	30.8	8.1%	98.6	92.7	6.4%
<b>EBIT</b>	<b>26.1</b>	<b>29.9</b>	<b>-12.7%</b>	<b>52.3</b>	<b>47.0</b>	<b>11.3%</b>
Financial Result	-15.2	-15.0	-1.3%	-43.1	-45.8	5.9%
Income and Social Contribution Taxes	-3.2	-5.8	44.8%	-4.3	-2.0	-115.0%
<b>Net income</b>	<b>7.7</b>	<b>9.1</b>	<b>-15.4%</b>	<b>4.9</b>	<b>-0.8</b>	<b>712.5%</b>

In 3Q19, the Company posted net income of R\$7.7 million, down 15.4% from 3Q18 (R\$9.1 million). Due to IFRS 16, there was an increase in amortization expenses of intangible assets, direct impacting the quarterly results.

## DEBT, CASH AND CASH EQUIVALENTS

R\$ million	Currency	09/30/2019	09/30/2018	Var. %
Short term	BRL	73.6	95.4	-22.9%
	Foreign	37.6	5.3	609.4%
Long term	BRL	337.6	92.1	266.6%
	Foreign	12.1	16.0	-24.4%
<b>Total Debt</b>		<b>460.9</b>	<b>208.8</b>	120.7%
Cash and cash equivalents		464.2	247.7	87.4%
<b>Net Debt</b>		<b>-3.3</b>	<b>-38.9</b>	<b>-91.5%</b>
<b>Net Debt / pro-forma EBITDA LTM*</b>		<b>-0.03 x</b>	<b>-0.37x</b>	

\* Last-twelve months;

The Company ended 3Q19 with R\$3.3 million of net cash, and leverage ratio of -0,03x net debt/last-twelve-month pro-forma EBITDA.

## Notes to the financial statements

### SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

NOTES TO THE QUARTERLY INFORMATION  
INDIVIDUAL AND CONSOLIDATED  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019  
(Amounts expressed in thousands of reais - R\$)

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#### 1. OPERATIONS

Santos Brasil Participações S.A. (Company), domiciled in Brazil, headquartered in São Paulo, is engaged in holding interest, as partner or shareholder, in the capital of other Brazilian or foreign entities and in consortium, as well as the commercial exploration of integrated port and logistics solutions, with the movement of containers and alike, that are carried out by operating branches: Tecon Santos and Tecon Imbituba.

During the period ended September 30, 2019, there were no changes in the operations or in the commitments assumed by the Company and by its subsidiaries, in relation to the information disclosed in the financial statements, related to the year ended December 31, 2018.

#### 2. LIST OF SUBSIDIARIES

The consolidated quarterly financial information includes information from the Company and the following fully-controlled subsidiaries:

	Interest – %	
	09/30/2019	12/31/2018
Direct subsidiaries:		
Terminal Portuário de Veículos S.A. (“TPV”)	100	100
Pará Empreendimentos Financeiros S.A. (“Pará Empreendimentos”)	100	100
Terminal de Veículos de Santos S.A. (“Vehicles Terminal /TEV”)	100	100
Numeral 80 Participações S.A. (“Numeral 80”)	100	100
Santos Brasil Logística S.A. (“Santos Brasil Logistics”)	100	100
Indirect subsidiary:		
Convicon Contêineres de Vila do Conde S.A. (“Tecon Vila do Conde”)	100	100

#### 3. PREPARATION BASIS

##### Compliance statement

This individual and consolidated interim financial information of the Company was prepared according to IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and also in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement as accounting practices adopted in Brazil.

All relevant information in interim financial information, and only them, are being evidenced and correspond to that used by Management.

## Notes to the financial statements

Issuance of individual and consolidated interim financial information was authorized by the board on November 06, 2019.

No changes occurred in the measurement basis, functional and presentation currencies and in the use of estimates and judgments, in comparison with those presented in financial statements for the year ended December 31, 2018, disclosed on February 21, 2019.

Accordingly, this interim financial information should be read together with the financial statements of that year.

### 4. MAIN ACCOUNTING POLICIES

In the quarter ended September 30, 2019, there were no changes in accounting policies adopted by the Company and its subsidiaries compared to the policies disclosed in the financial statements for the year ended December 31, 2018, except for the adoption of the practice on January 1, 2019 of the technical pronouncement CPC 06 (R2) / IFRS 16 - Leases.

CPC 06 (R2) / IFRS 16 replaced the current lease standards, including CPC 06 (IAS 17) Commercial Lease Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Complementary Aspects of Commercial Lease Operations.

IFRS 16 introduced a single model of lease accounting in the balance sheet for lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset and a lease liability that represents its obligation to make the lease payments. Exemptions are available for short-term leases and low value items.

The impact of the application of IFRS 16 on interim financial information in the first-time adoption period will be focused on the recognition of assets and liabilities for operating lease of the Distribution Center located in São Bernardo do Campo - SP, and the replacement of operating lease linear expense for an amortization cost of right-of-use assets and interest expense on lease obligations.

The Company and its parent companies adopted the IFRS 16 initially on by using the modified and retrospective approach. Therefore, cumulative effect of adopting IFRS 16 was recognized as an adjustment to opening balance of balances on January 1, 2019, without updating comparative information.

The impact of the first adoption of CPC 06 (R2) / IFRS 16 was R\$28,412, under the caption Lease in Fixed Assets and in liabilities, where R\$4,446 in current and R\$23,966 in non-current, against the caption Right of use in assets, according to note 18.

The impacts on consolidated income (loss) for the period ended September 30, 2019 were R\$3,934 in depreciation and R\$1,432 in financial expenses.

The Company and its subsidiaries are not obliged to make adjustments for one-lessor leases, except when it refers to an intermediary lessor in a sublease.

## Notes to the financial statements

### 5. RELATED PARTY TRANSACTIONS

#### a) Dividends receivable – parent company

	09/30/2019	12/31/2018
Current assets:		
Dividends receivable:		
Santos Brasil Logística S.A.	-	2,434
Terminal de Veículos de Santos S.A.	-	2,032
Total	-	4,466

#### b) Other significant balances

	Parent company		Consolidated (*)	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Current assets:				
Trade accounts receivable (I)	542	352	1,626	1,502
Checking accounts (II)	936	801	936	801
	<u>1,478</u>	<u>1,153</u>	<u>2,562</u>	<u>2,303</u>
Current liabilities:				
Suppliers	1,084	1,149	1,626	1,502
Checking accounts (II)	-	-	936	801
	<u>1,084</u>	<u>1,149</u>	<u>2,562</u>	<u>2,303</u>

(\*) Values eliminated in the consolidation

- (I) The Company and its subsidiaries provide port and transportation services to each other, as explained in note 5.c);
- (II) Refer to provision of expenses with shared administrative services provided by the Company to its subsidiaries.

#### c) Rendering of port service

Operating branch Tecon Santos provided, in the period from January to September 2019, port services to the subsidiary Santos Brasil Logistics concerning: (i) immediate delivery of containers in the amount of R\$1,106 (R\$431 on September 30, 2018), referring to 4,605 containers (1,843 containers on September 30, 2018); (ii) non-invasive inspection of containers in the amount of R\$774 (R\$1,772 on September 30, 2018), referring to 7,795 moved containers (9,300 containers on September 30, 2018) and (iii) reefers monitoring in the amount of R\$22 (R\$3 on September 30, 2018) related to 41 containers (5 containers on September 30, 2018).

In the same period, subsidiary Santos Brasil Logistics provided the operational branch Tecon Santos with: (i) container transportation service, in the amount of R\$5,912 (R\$9,461 on September 30, 2018), referring to 6,857 containers (11,333 containers on September 30, 2018); (ii) freight forwarding service, in the amount of R\$44 (R\$1 on September 30, 2018), referring to 1,620 containers (42 containers as of September 30, 2018); (iii) other services, in the amount of R\$7.

## Notes to the financial statements

In September 30, 2018, the subsidiary Santos Brasil Logistics provided to Tecon Vila do Conde Road transportation services in the amount of R\$30.

### d) Remuneration of key personnel

	Parent company			
	09/30/2019		09/30/2018	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	1,376	8,031	1,311	9,703
Other benefits	-	402	-	412
Stock option plan / Share-based incentive plan	-	2,178	-	3,326
Total	1,376	10,611	1,311	13,441

	Consolidated			
	09/30/2019		09/30/2018	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	1,393	8,217	1,328	10,121
Other benefits	-	402	-	412
Stock option plan / Share-based incentive plan	-	2,178	-	3,326
Total	1,393	10,797	1,328	13,859

Statutory directors and other directors are included in the executive board's amounts.

Certain directors are signatories to the Confidentiality and non-Competition Agreement, approved by the Board of Directors. Upon termination, no benefits and obligations set out in this agreement.

Directors have 0.40% of the Company's voting shares.

### e) Benefits to collaborators - Consolidated

The Company and its subsidiaries provide their employees with benefits including basically private pension plan with defined contribution managed by Brasilprev, life insurance, health insurance, basic food basket, food stamps, meal voucher and ready meals. In September 30, 2019, the above benefits represented an expense of R\$38,855 (R\$37,897 on September 30, 2018), corresponding to 5.24% and 5.41% of consolidated net revenue, respectively.

Operating branch Tecon Santos and subsidiaries Santos Brasil Logistics and Vehicles Terminal/TEV include the Profit Sharing Plan - PPR in its human resources policies, and all employees with formal employment relationship not included in any other variable remuneration program offered by those companies are eligible. The goals and criteria for distribution of funds and awards are agreed to between the parties, including unions representing employees, with the goals of increased productivity, competitiveness and motivation and engagement among participants. In September 30, 2019, the Company and its subsidiaries, as they did not meet these goals and/or criteria, did not have provision for profit sharing plan (R\$4,152 on September 30, 2018).

## Notes to the financial statements

### f) Sureties and guarantees

The Company has guaranteed certain obligations of its subsidiaries as follows:

- Surety for the acquisition of trailers to Tecon Vila Conde, in the amount of R\$1,227;
- Surety for the acquisition of trucks to Tecon Vila Conde, in the amount of R\$1,482;
- Joint debtor of crane acquisition for Tecon Vila do Conde, in the amount of EUR 3,635, equivalent to R\$16,512;
- Joint debtor of full containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 678, equivalent to R\$3,081;
- Joint debtor of empty containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 271, equivalent to R\$1,231.

## 6. CASH AND CASH EQUIVALENTS, OTHER FINANCIAL INVESTMENTS AND INVESTMENT NATURE

### a) Cash and cash equivalents

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and balance in banks	8,012	18,476	12,006	23,380
Interest earning bank deposits	115,466	170,593	205,679	230,283
Total	123,478	189,069	217,685	253,663

### b) Other interest earning bank deposits

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Interest earning bank deposits	246,556	-	246,556	-

### c) Nature of interest earning bank deposits

	Average rates -		Parent company	
	% CDI	Maturity	09/30/2019	12/31/2018
Investment funds (*)	98.09	Undetermined	362,022	170,593

(\*) Non-exclusive fund

	Average rates -		Consolidated	
	% CDI	Maturity	09/30/2019	12/31/2018
Investment funds (*)	97.89	Undetermined	452,235	230,283

(\*) Non-exclusive fund

## Notes to the financial statements

Highly liquid short-term interest earning bank deposits, considered as cash equivalents are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

Average investment rates presented above refer to remunerations obtained in the period from January to September 2019 and are related to the CDI (Interbank Deposit Certificate) rate.

### 7. TRADE ACCOUNTS RECEIVABLE

#### Current

	Parent company	
	09/30/2019	12/31/2018
Domestic	85,352	81,944
To be billed	2,264	-
Related parties (Note 5.b))	542	352
(-) Provision for expected credit losses	(14,207)	(14,347)
Total	<u>73,951</u>	<u>67,949</u>

	Consolidated	
	09/30/2019	12/31/2018
Domestic	132,798	129,345
To be billed	4,991	-
(-) Provision for expected credit losses	(16,165)	(15,976)
Total	<u>121,624</u>	<u>113,369</u>

On September 30, 2019, three clients have balance between 8% and 5% each.

In September 30, 2019, the amount of R\$1,626 (R\$1,502 as of December 31, 2018) was eliminated for consolidation purposes; such amount refers to amounts receivable between the Company and its subsidiaries and derives from billing of service rendering and shared administrative services, as explained in note 5.b).

The table below summarizes the balances receivable by maturity:

	Parent company	
	09/30/2019	12/31/2018
Loans falling due	50,990	41,817
Past due receivables - up to 60 days	13,787	21,156
Past due receivables - from 61–90 days	5,749	2,941
Past due receivables - from 91–180 days	7,702	5,640
Past due receivables - from 181–360 days	4,313	2,332
Past due receivables for more than 361 days	5,617	8,410
Total	<u>88,158</u>	<u>82,296</u>

## Notes to the financial statements

	Consolidated	
	09/30/2019	12/31/2018
Loans falling due	91,601	76,630
Past due receivables - up to 60 days	18,968	28,637
Past due receivables - from 61–90 days	6,736	4,044
Past due receivables - from 91–180 days	8,608	7,050
Past due receivables - from 181–360 days	4,930	3,539
Past due receivables for more than 361 days	6,946	9,445
Total	<u>137,789</u>	<u>129,345</u>

The expressive reduction of credit default up to 60 days, where the volume of write-offs was higher than the inclusions of new securities in the amount of R\$9,669, is mainly due to effective actions of collection and direct negotiation with big clients.

### Impairment

The Company implemented, in 2018, the model for calculating the provision for expected credit losses based on the changes introduced by the effectiveness of CPC 48 / IFRS 9.

The provision for expected credit losses expected is recorded on a forward-looking basis, through analysis of the credit risk and delinquency history. Therefore, the calculation and constitution of the provision consider the credits falling due and overdue.

The following charts reflect the changes in the allowance for expected credit losses and the securities written-off of profit or loss of the parent company and consolidated.

	Parent company	Consolidated
Balance at 12/31/2018	14,347	15,976
Additions, net of reversals.	10,897	12,198
Write-offs	(11,037)	(12,009)
Balance at 09/30/2019	<u>14,207</u>	<u>16,165</u>

## 8. INVENTORIES

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Maintenance material	18,289	18,305	21,364	21,233
Administrative material	322	307	438	412
Security material	264	258	492	455
Other	752	851	959	1,029
	<u>19,627</u>	<u>19,721</u>	<u>23,253</u>	<u>23,129</u>

Materials maintained in inventory are used mainly for maintenance of operating equipment and are recognized in income for the year, when used.



## Notes to the financial statements

### 9. COURT-ORDERED DEBT PAYMENTS ("PRECATÓRIOS") - CONSOLIDATED

	<u>09/30/2019</u>	<u>12/31/2018</u>
Non-current assets:		
Court-ordered debt payments receivable	<u>5,576</u>	<u>5,422</u>
Non-current liabilities:		
Court-ordered debt payments to be transferred to the former shareholders, net of attorney's fees (*)	<u>4,460</u>	<u>4,338</u>

(\*) These court-ordered debt payments are classified in the balance sheet under "Other liabilities", in non-current liabilities.

In 1993, subsidiary Santos Brasil Logistics filed a collection lawsuit referring to storage services provided to and not paid by the São Paulo State Financial Department. In 2001, said lawsuit was finally judged valid to be received in ten annual installments and, on September 30, 2019, only one installment remained to be received, adjusted to inflation according to legal debt adjustment rate of the São Paulo State Justice Court and recognized in assets.

In the period ended September 30, 2019, the non-current liabilities were adjusted principally considering the adjustment mentioned in the paragraph above. Purchase agreement of Santos Brasil Logistics sets forth that the amounts from the court-ordered debt payments received shall be transferred to the former controlling shareholders. These amounts are transferred net of legal fees associated with them.

### 10. CURRENT TAX ASSETS

	<u>Parent company</u>	
	<u>09/30/2019</u>	<u>12/31/2018</u>
Withholding income tax - IRRF	1,515	2,448
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)	47	47
Other	3	82
Total current	<u>1,565</u>	<u>2,577</u>

	<u>Consolidated</u>	
	<u>09/30/2019</u>	<u>12/31/2018</u>
Withholding income tax - IRRF	1,602	2,559
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)	47	87
Recoverable credit from Fund for Development and Management of Collection and Inspection - FUNDAP	-	9,295
Other	303	354
Total current	<u>1,952</u>	<u>12,295</u>

Consolidated withholding income tax (IRRF) credits, in the amount of R\$1,602 (R\$2,559 on December 31, 2018) were mainly from financial investments.

## Notes to the financial statements

Consolidated credits from Income Tax and Social Contribution in the amount of R\$47 (R\$87 at December 31, 2018), were related to the Company, payments made in previous years, as advances in monthly calculations. These credits will be offset in the calculation for the year.

The consolidated credits from FUNDAF, as of December 31, 2018, in the amount of R\$9,295, referred to the subsidiary Santos Brasil Logistics, derived from payments made in the period from May 2013 to September 2018.

### 11. INVESTMENTS - PARENT COMPANY

#### a) Composition of balances

	09/30/2019	12/31/2018
Non-current assets:		
Interest in subsidiaries	399,157	384,690

#### b) Changes in balances - as from December 31, 2018

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.	Total
Balance at December 31, 2018	142	22	70,112	147,428	166,986	384,690
Capital contribution	200	40	135	-	-	375
Equity in net income of subsidiaries	(116)	(25)	18,812	1,824	6,996	27,491
Additional dividend as Annual Shareholder's Meeting on April 30, 2019	-	-	-	(7,302)	(6,097)	(13,399)
Balance at September 30, 2019	226	37	89,059	141,950	167,885	399,157

#### c) Changes in balances - as from December 31, 2017

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.	Total
Balance at December 31, 2017	24	7	48,653	140,724	166,465	355,873
Capital contribution	260	40	115	-	-	415
Equity in net income of subsidiaries	(142)	(25)	21,407	10,248	8,557	40,045
Minimum mandatory dividends of the prior year	-	-	-	-	(5,994)	(5,994)
Minimum compulsory dividends	-	-	-	(2,434)	(2,032)	(4,466)
Actuarial liabilities – Supplementary Health Care Plan	-	-	(63)	(1,110)	(10)	(1,183)
Balance at December 31, 2018	142	22	70,112	147,428	166,986	384,690

## Notes to the financial statements

### d) Information of the subsidiaries - position on September 30, 2019

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.
Capital	1,330	460	84,484	126,374	128,751
Number of shares held:					
Common	917,966	460,000	84,484,349	115,935,256	204,269,217
Preferred shares	412,034	-	-	115,935,255	-
Income (loss) for the period	(116)	(25)	18,812	1,824	6,996
Shareholders' equity	226	37	89,059	141,950	167,885
Interest in capital - %	100	100	100	100	100
Interest in the shareholders' equity	226	37	89,059	141,950	167,885
Current assets	224	37	53,300	57,642	40,839
Non-current assets	6	-	81,829	172,409	239,123
Total assets	230	37	135,129	230,051	279,962
Current liabilities	4	-	17,323	37,243	11,713
Non-current liabilities	-	-	28,747	50,858	100,364
Total liabilities	4	-	46,070	88,101	112,077
Net revenue	(a)	(a)	79,314	179,510	42,513
(Loss) income for the period	(116)	(25)	18,812	1,824	6,996

(a) Company with shutdown operations.

## Notes to the financial statements

### 12. PROPERTY, PLANT AND EQUIPMENT

	Parent company										
	Leasehold improvements	Cargo handling equipment	Construction in progress (*)	IT equipment	Land	Machinery, equipment and accessories	Facilities, furniture and fixtures	Vehicles	Real estate	Other items	Total
Depreciation rate (% p.a.)	9.4	8.1	-	20	-	10	10	20	1.7	10	
Net balances at January 1, 2018	236	11,211	13,136	5,380	39,943	9,390	2,135	183	1,927	28	83,569
Changes											
Acquisitions / Transfers	1,417	1	24,994	178	-	-	-	-	-	-	26,590
Write-offs	-	(267)	(5)	-	-	-	1	(7)	-	-	(278)
Reclassifications (**)	(1,417)	4,508	(9,622)	709	-	38	8	1	(1)	1	(5,775)
Depreciations	(193)	(2,417)	-	(3,003)	-	(2,013)	(504)	(88)	(33)	(8)	(8,259)
Net balances at December 31, 2018	43	13,036	28,503	3,264	39,943	7,415	1,640	89	1,893	21	95,847
Balances at December 31, 2018											
Cost	2,056	58,954	28,503	39,933	39,943	26,987	9,439	1,533	1,955	251	209,554
Accumulated depreciation	(2,013)	(45,918)	-	(36,669)	-	(19,572)	(7,799)	(1,444)	(62)	(230)	(113,707)
Net balances at December 31, 2018	43	13,036	28,503	3,264	39,943	7,415	1,640	89	1,893	21	95,847
Net balances at January 1, 2019	43	13,036	28,503	3,264	39,943	7,415	1,640	89	1,893	21	95,847
Changes											
Acquisitions / Transfers	-	674	73,733	258	-	-	27	-	-	90	74,782
Write-offs	-	(59)	-	(1)	-	(1)	(2)	-	-	-	(63)
Reclassifications (**)	2	(2)	(903)	1	-	-	-	-	-	-	(902)
Depreciations	42	(1,905)	-	(1,337)	-	(1,460)	(341)	(35)	(25)	(15)	(5,076)
Net balances at September 30, 2019	87	11,744	101,333	2,185	39,943	5,954	1,324	54	1,868	96	164,588
Balances at September 30, 2019											
Cost	2,056	56,905	101,333	37,807	39,943	26,969	9,454	1,533	1,955	341	278,296
Accumulated depreciation	(1,969)	(45,161)	-	(35,622)	-	(21,015)	(8,130)	(1,479)	(87)	(245)	(113,708)
Net balances at September 30, 2019	87	11,744	101,333	2,185	39,943	5,954	1,324	54	1,868	96	164,588

(\*) The value of additions in "Construction in progress" caption, is net of transfers, upon entry of assets into the groups that represent them.

(\*\*) Reclassifications, mainly to intangible assets.

# Notes to the financial statements

	Consolidated											
	Leasehold improvements	Cargo handling equipment	Construction in progress (*)	IT equipment	Land	Machinery, equipment and accessories	Facilities, furniture and fixtures	Vehicles	Real estate	Right-of-use - Rents	Other items	Total
Depreciation rate (% p.a.)	6.5 - 9.4	8.1 - 12.5	-	20	-	10	10	20	1.7 - 2.2	18.5	10	
Net balances at January 1, 2018	3,700	44,538	15,735	6,195	66,369	14,796	24,649	187	21,023	-	43	197,235
Changes												
Acquisitions / Transfers	3,734	3,898	63,327	239	-	321	97	-	-	-	-	71,616
Write-offs	-	(455)	(39)	-	-	-	(1)	(7)	-	-	-	(502)
Reclassifications (**)	(2,571)	4,486	(9,860)	710	(1)	57	9	1	-	-	-	(7,169)
Depreciations	(811)	(9,860)	-	(3,499)	-	(3,492)	(4,593)	(92)	(539)	-	(19)	(22,905)
Net balances at December 31, 2018	4,052	42,607	69,163	3,645	66,368	11,682	20,161	89	20,484	-	24	238,275
Balances at December 31, 2018												
Cost	10,844	142,654	69,163	48,817	66,368	44,285	57,453	1,721	27,136	-	635	469,076
Accumulated depreciation	(6,792)	(100,047)	-	(45,172)	-	(32,603)	(37,292)	(1,632)	(6,652)	-	(611)	(230,801)
Net balances at December 31, 2018	4,052	42,607	69,163	3,645	66,368	11,682	20,161	89	20,484	-	24	238,275
Net balances at January 1, 2019	4,052	42,607	69,163	3,645	66,368	11,682	20,161	89	20,484	-	24	238,275
Changes												
Acquisitions / Transfers	-	5,282	80,751	433	-	166	63	-	-	28,412	121	115,228
Write-offs	-	(67)	-	(1)	-	(2)	(2)	-	-	-	-	(72)
Reclassifications (**)	2	(2)	(38,067)	1	-	-	-	-	-	-	-	(38,066)
Depreciations	(320)	(6,179)	-	(1,449)	-	(2,205)	(3,270)	(35)	(404)	(3,934)	(19)	(17,815)
Net balances at September 30, 2019	3,734	41,641	111,847	2,629	66,368	9,641	16,952	54	20,080	24,478	126	297,550
Balances at September 30, 2019												
Cost	10,844	145,096	111,847	46,837	66,368	44,433	57,488	1,721	27,136	28,412	757	540,939
Accumulated depreciation	(7,110)	(103,455)	-	(44,208)	-	(34,792)	(40,536)	(1,667)	(7,056)	(3,934)	(631)	(243,389)
Net balances at September 30, 2019	3,734	41,641	111,847	2,629	66,368	9,641	16,952	54	20,080	24,478	126	297,550

(\*) The value of additions in “Construction in progress” caption, is net of transfers, upon entry of assets into the groups that represent them.

(\*\*) Reclassifications, mainly to intangible assets.

## Notes to the financial statements

Consolidated loan and financing costs capitalized in the period ended September 30, 2019 were R\$2,431 and comprised the following: (i) R\$323 relating to loans and financing directly attributable to these property, plant and equipment (R\$671 on December 31, 2018); and (ii) R\$2,108 relating to those not directly attributable (R\$202 on December 31, 2018); at, the average interest rate on these loans and financing is 7.43% p.a. (3.02% as of December 31, 2018).

The Company has equipment which was provided as guarantee to the financing of the respective acquisition (Financing Fund for Acquisition of Industrial Machineries and Equipment - FINAME). The cost value of these assets was R\$298. In addition to these guarantees, the Company also has a Rubber Tyred Gantry - RTG pledged in guarantee of ongoing labor lawsuit No. 369/03 which, on September 30, 2019, had the book value of R\$650.

## Notes to the financial statements

### 13. INTANGIBLE ASSETS

	Parent company							
	Defined useful life							
	Exploration right			Goodwill in acquisitions		Software	Other intangible assets	Total
	Tecon Santos	Tecon Imituba	TCG Imituba	Shares of Santos-Brasil S.A.	Pará Empreendimentos	TCG Imituba	Data processing system	Software under development
Amortization rate (% p.a.)	5.5	4.6	4.6	3.1	6.3	4.4	20	-
Net balances at January 1, 2018	772,469	666,107	12,723	74,370	2,709	11,865	363	75
Changes								
Acquisitions / Transfers	109,645	820	131	-	-	-	69	1
Reclassifications (*)	2,474	-	1	(1)	-	-	256	3,044
Amortizations	(36,708)	(44,239)	(895)	(2,485)	(172)	(828)	(257)	-
Net balances at December 31, 2018	847,880	622,688	11,960	71,884	2,537	11,037	431	3,120
Balances at December 31, 2018								
Cost	1,565,829	962,875	19,298	321,264	37,760	18,983	22,438	3,120
Accumulated amortization	(717,949)	(340,187)	(7,338)	(249,380)	(35,223)	(7,946)	(22,007)	-
Net balances at December 31, 2018	847,880	622,688	11,960	71,884	2,537	11,037	431	3,120
Net balances at January 1, 2019	847,880	622,688	11,960	71,884	2,537	11,037	431	3,120
Changes								
Acquisitions / Transfers	39,099	38,426	268	-	-	-	75	(75)
Reclassifications (*)	871	27	-	-	-	-	4	-
Amortizations	(29,851)	(34,327)	(683)	(1,865)	(129)	(621)	(114)	-
Net balances at September 30, 2019	857,999	626,814	11,545	70,019	2,408	10,416	396	3,045
Balances at September 30, 2019								
Cost	1,605,798	1,001,328	19,566	321,264	37,760	18,983	22,518	3,045
Accumulated amortization	(747,799)	(374,514)	(8,021)	(251,245)	(35,352)	(8,567)	(22,122)	-
Net balances at September 30, 2019	857,999	626,814	11,545	70,019	2,408	10,416	396	3,045

(\*) Reclassifications of property, plant and equipment.

## Notes to the financial statements

	Consolidated											
	Defined useful life										Undefined useful life	
	Exploration right					Goodwill in acquisitions			Software	Other intangible assets	Goodwill in acquisitions	
	Tecon Santos	Tecon Imbituba	TCG Imbituba	Tecon Vila do Conde	Vehicles Terminal/T EV	Shares of Santos-Brasil S.A.	Pará Empreendimentos	TCG Imbituba	Data processing system	Software under development	Santos Brasil Logistics (*)	Total
Amortization rate (% p.a.)	5.5	4.6	4.6	8.1	4.2	3.1	6.3	4.4	20	-	-	
Net balances at January 1, 2018	772,469	666,107	12,723	16,054	250,545	74,370	2,708	11,865	646	75	39,465	1,847,027
Changes:												
Acquisitions / Transfers	109,645	820	131	1,246	(607)	-	-	-	141	1	-	111,377
Reclassifications (**)	2,474	-	1	851	501	(1)	-	-	299	3,044	-	7,169
Amortizations	(36,708)	(44,239)	(895)	(795)	(14,703)	(2,485)	(172)	(828)	(436)	-	-	(101,261)
Net balances at December 31, 2018	847,880	622,688	11,960	17,356	235,736	71,884	2,536	11,037	650	3,120	39,465	1,864,312
Balances at December 31, 2018												
Cost	1,565,829	962,875	19,298	57,816	351,191	321,264	37,759	18,983	31,478	3,120	47,576	3,417,189
Accumulated amortization	(717,949)	(340,187)	(7,338)	(40,460)	(115,455)	(249,380)	(35,223)	(7,946)	(30,828)	-	(8,111)	(1,552,877)
Net balances at December 31, 2018	847,880	622,688	11,960	17,356	235,736	71,884	2,536	11,037	650	3,120	39,465	1,864,312
Net balances at January 1, 2019	847,880	622,688	11,960	17,356	235,736	71,884	2,536	11,037	650	3,120	39,465	1,864,312
Changes:												
Acquisitions / Transfers	39,099	38,426	268	-	9,618	-	-	-	75	(75)	-	87,411
Reclassifications (**)	871	27	-	36,941	-	-	-	-	227	-	-	38,066
Amortizations	(29,852)	(34,327)	(683)	(1,644)	(11,448)	(1,865)	(128)	(620)	(204)	-	-	(80,771)
Net balances at September 30, 2019	857,998	626,814	11,545	52,653	233,906	70,019	2,408	10,417	748	3,045	39,465	1,909,018
Balances at September 30, 2019												
Cost	1,605,798	1,001,328	19,566	94,758	360,808	321,264	37,760	18,983	31,781	3,045	47,576	3,542,667
Accumulated amortization	(747,800)	(374,514)	(8,021)	(42,105)	(126,902)	(251,245)	(35,352)	(8,566)	(31,033)	-	(8,111)	(1,633,649)
Net balances at September 30, 2019	857,998	626,814	11,545	52,653	233,906	70,019	2,408	10,417	748	3,045	39,465	1,909,018

(\*) Accumulated amortization up to December 31, 2008.

(\*\*) Reclassifications of property, plant and equipment.



## Notes to the financial statements

There were no changes in conditions of exploration rights and of goodwill acquisition with defined and undefined useful lives, in comparison with those presented in financial statements for the year ended December 31, 2018.

### 14. LOANS AND FINANCING

				Parent company		Transaction currency
	Interest	Restatements	Amortization	09/30/2019	12/31/2018	
Local currency:						
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	134	191	R\$
CCE (a)	1.85% p.a.	CDI	Semi-annual	10,318	30,320	R\$
CCE (c)	1.83% p.a.	CDI	Bullet	-	20,027	R\$
NCE (b)	1.85% p.a.	CDI	Semi-annual	81,711	104,046	R\$
NCE (e)	130% of CDI	CDI	Bullet	21,516	20,277	R\$
				<u>113,679</u>	<u>174,861</u>	
Foreign currency:						
CCE (d)	5.22% p.a.	Foreign exchange variation	Bullet	34,046	30,486	US\$
				<u>34,046</u>	<u>30,486</u>	
Total				<u>147,725</u>	<u>205,347</u>	
(-) Short term installments				(107,667)	(125,314)	
Long term installments				40,058	80,033	

				Consolidated		Transaction currency
	Interest	Restatements	Amortization	09/30/2019	12/31/2018	
Local currency:						
FINAME	6.00% p.a.	-	Monthly	-	400	R\$
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	134	191	R\$
FINAME	TLP + 4.60% p.a.	UMSELIC	Monthly	2,156	2,585	R\$
CCE (a)	1.85% p.a.	CDI	Semi-annual	10,318	30,320	R\$
CCE (c)	1.83% p.a.	CDI	Bullet	-	20,027	R\$
NCE (b)	1.85% p.a.	CDI	Semi-annual	81,711	104,046	R\$
NCE (e)	130% of CDI	CDI	Bullet	21,516	20,277	R\$
				<u>115,835</u>	<u>177,846</u>	
Foreign currency:						
FINIMP	LIBOR + 3.80% p.a.	Foreign exchange variation	Semi-annual	-	171	US\$
FINIMP (*)	EURIBOR + 3.02% p.a.	Foreign exchange variation	Semi-annual	15,663	18,892	€
CCE (d)	5.22% p.a.	Foreign exchange variation	Bullet	34,046	30,486	US\$
				<u>49,709</u>	<u>49,549</u>	
Total				<u>165,544</u>	<u>227,395</u>	
(-) Short term installments				(111,805)	(130,129)	
Long term installments				53,739	97,266	

(\*) The FINIMP of the subsidiary Tecon Vila do Conde contains covenants.

## Notes to the financial statements

- (a) On May 14, 2018, parties entered into an addendum for CCE Safra operation, changing amortization maturity from May 2018 to November 2019, referring to the raising of R\$60,000 carried out on May 12, 2017. There was no change in rate percentage added of CDI.
- (b) On June 22, 2018, parties entered into an addendum for NCE Itaú operation, changing amortization maturity from June 2020 para to June 2021, referring to the raising of R\$100,000 held on June 21, 2017. There was also change in percentage rate added of CDI, from 2.00% p.a. to 1.85% p.a.
- (c) On September 24, 2018, a new agreement was signed with Banco Safra regarding the raising of R\$20,000 via CCE - Bank Credit Note, settled in September 2019. The interest on interest corresponded to 100% of CDI plus surcharge 1.85% p.a.
- (d) On October 5, 2018, a new contract was entered into with Banco Itaú to raise USD 7,775 through Export Credit Bills - Bank Credit Bill upon Transfer of External Funds (Forex) equivalent to R\$30,000 maturing in October 2019. Pre-fixed interest rates of 5.22% p.a. On the same date, the Company entered into swap transactions equivalent to R\$30,000, intended for hedging against changes in the foreign-exchange rate. Accordingly, the Company assumed the equivalent rate of 100% of the CDI plus a surcharge of 1.80% p.a.
- (e) On October 26, 2018, the Company contracted Export Credit Notes (NCE) in the amount of R\$20,000 with Banco BOCOM BBM, settled in October 2019. The interest on interest corresponded to 130% of the CDI rate.

Loans and financing in foreign currency have increased the interest of the Income Tax Withholding on consignment as contractual provision.

Changes in loans and financing are shown in the following table:

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Opening balance	205,347	165,928	227,395	173,600
Funding	-	70,000	-	91,178
Recognized interest and costs	8,478	14,171	8,827	14,564
Compound interest	2,108	202	2,431	873
Inflation adjustment and exchange rate change	2,252	328	2,690	2,883
(-) Debt amortization	(60,057)	(32,113)	(64,529)	(41,637)
(-) Interest paid	(10,403)	(13,169)	(11,270)	(14,066)
Closing balance	147,725	205,347	165,544	227,395

FINIMP of the subsidiary Tecon Vila do Conde has a covenant to be determined by the Company, resulting from the division of Net Debt by EBITDA, whose ratio should be equal to or less than 2.5 (times), based on the Company's audited Consolidated Financial Statements, of the Company. The first calculation refers to the year ended December 31, 2018, when the ratio of Net Debt to EBITDA was below the limit.

## Notes to the financial statements

### Guarantees

- Guarantees granted

	Maturity	Currency	Guarantees
FINAME	June 2021	R\$	Equipment object of transaction <sup>(a)</sup>
CCE - Banco Safra	November 2019	R\$	Receivables limited to 33.33% of debt balance

(a) According to note 12.

Other loans and financing do not have guarantees.

- Obtained guarantees

On the reference date of September 30, 2019, the Company had no guarantee given to outstanding transactions or any other existing transaction.

On September 30, 2019, the long-term debt had the following maturity structure:

	Parent company		
	2020	2021	Total
NCE	26,667	13,333	40,000
FINAME	19	39	58
Total	26,686	13,372	40,058

	Consolidated					
	2020	2021	2022	2023	2024	Total
NCE	26,667	13,333	-	-	-	40,000
FINAME	173	654	615	149	-	1,591
FINIMP	-	3,471	3,471	3,471	1,735	12,148
Total	26,840	17,458	4,086	3,620	1,735	53,739

## 15. DEBENTURES

	Interest	Restatements	Amortization	Parent company and Consolidated 09/30/2019
Debentures:	0.70% - 1.00% p.a.	CDI	Annual	295,347
Long term installments				295,347

## Notes to the financial statements

Changes in debentures are shown in the following table:

	Parent company and Consolidated 09/30/2019
Opening balance	-
Funding	300,000
(-) Funding cost	(5,228)
Net amount raised	294,772
Recognized interest and costs	9,247
(-) Interest paid	(8,672)
Closing balance	295,347

On February 20, 2019, the Board of Directors approved the 4<sup>th</sup> issue by the Company of simple non-convertible debentures in up to 2 series, unsecured, in the total amount of R\$300,000. On April 26, 2019, the Bookbuilding Procedure was completed, and on April 30, 2019 the transaction was settled.

The table below shows a summary containing the final conditions obtained and the allocation of Debentures among the series of Issue:

Series	Maturity	Final rate (Bookbuilding)	Allocated volume (R\$)
Series 1	March 25, 2024	CDI + 0.70% p.a.	100,000
Series 2	March 25, 2026	CDI + 1.00% p.a.	200,000

Based on clause 6.27.2, item XXI, of the Fourth Issue Indenture, the non-compliance by the with the financial ratio of Net Debt to adjusted EBITDA (as defined below), which shall be equal to or lower than 3.0 times, may cause the acceleration of the obligations arising from the Debentures. The financial ratio shall be quarterly determined, based on the Company's Consolidated Financial Statements.

In September 30, 2019, the financial ratio was being complied with, as follow:

	Consolidated 09/30/2019
Assets	
Cash and cash equivalents	217,685
Other interest earning bank deposits	246,556
Derivative financial instruments	4,029
Liabilities	
Loans and financing	165,544
Debentures	295,347
Leases - rentals	25,107
Net debt	17,728
Adjusted EBITDA (*)	95,168
Net debt / Adjusted EBITDA equal or less than 3.0 times	0.2

## Notes to the financial statements

(\*) For purposes of determining the financial ratio, "Adjusted EBITDA" means, based on the Company's Consolidated Financial Statements for the four (4) immediately prior quarters, the result of EBITDA less the payments on obligations with granting power (statement of cash flows) related to the fixed and minimum variable installments of lease contracts.

### 16. PROVISION TO TAX, LABOR, CIVIL RISKS AND JUDICIAL DEPOSITS

The Company and its subsidiaries are exposed to certain risks represented in tax, labor and civil lawsuits for which there is a provision recognized in the interim financial information, as they were evaluated with a likelihood of probable loss. The procedure for determining the provisioned proceedings were considered by Management as adequate based on several factors, including (but not limited to) the opinion of the legal advisors of the Company and its subsidiaries, nature of lawsuits and historic experience.

Provisioned amounts for contingencies being discussed in court are as follows:

	Parent company	
	09/30/2019	12/31/2018
Labor provision (a)	15,538	19,067
Provision for the Accident Prevention Factor - FAP lawsuit (b)	9,474	11,117
Other proceedings (d)	3,486	2,006
Total	<u>28,498</u>	<u>32,190</u>

	Consolidated	
	09/30/2019	12/31/2018
Labor provision (a)	17,692	22,120
FAP provision for profit sharing (b)	11,925	13,839
Other proceedings (d)	6,976	2,360
Total	<u>36,593</u>	<u>38,319</u>

The amounts of judicial deposits were:

	Parent company	
	09/30/2019	12/31/2018
Related to contingencies:		
Labor proceedings (a)	4,232	3,297
FAP Lawsuit (b)	5,596	5,446
CADE Lawsuit - fine (c)	2,298	2,255
CADE Lawsuit - billing bonded warehouses (c)	196,287	187,220
Other proceedings (d)	1,053	1,246
Other judicial deposits (e)	42,355	42,344
Subtotal	<u>251,821</u>	<u>241,808</u>

## Notes to the financial statements

	Parent company	
	09/30/2019	12/31/2018
Related to supplier:		
SCPar Porto de Imbituba S.A. ("SCPar") (f)	15,083	15,083
OGMO - Labor Management Body (g)	2,610	-
Subtotal	17,693	15,083
Total	269,514	256,891

	Consolidated	
	09/30/2019	12/31/2018
Related to contingencies:		
Labor proceedings (a)	5,279	4,036
FAP Lawsuit (b)	7,026	6,838
CADE Lawsuit - fine (c)	2,298	2,255
CADE Lawsuit - billing bonded warehouses (c)	196,287	187,220
Other proceedings (d)	1,053	1,246
Other judicial deposits (e)	49,690	49,691
Subtotal	261,633	251,286

Related to supplier:		
SCPar (f)	15,083	15,083
OGMO (g)	2,610	-
Subtotal	17,693	15,083
Total	279,326	266,369

- (a) Refer to liability lawsuits: (i) of the operating branch Tecon Santos, provisioned in the amount of R\$15,538, for which there are judicial deposits of R\$4,232 and 30 insurance policies guaranteeing the amount of R\$42,953; (ii) of the subsidiary Santos Brasil Logistics, for which a provision of R\$1,995 was recognized and judicial deposits of R\$844 were made; and (iii) subsidiary Tecon Vila do Conde, for which a provision of R\$159 was recorded and judicial deposits of R\$12 and 4 insurance contracts guaranteeing the amount of R\$3,718.
- (b) The provisions refer to administrative appeals filed with the National Institute of Social Security - INSS, due to the new system of calculating social security contributions, based on the creation of so-called FAP multiplier index mainly calculated based on the number of occupational accidents in companies and leaves of employees compared to companies engaged in the same economic activity (National Classification of Economic Activities - NCEA). As the charge was maintained, an injunction was filed requiring authorization to the court deposit and suspension of the tax credit related to the FAP for 2010. The injunction was accepted authorizing the full deposit of the Parent company's and its subsidiaries' credit of R\$5,596, comprised of: (i) R\$1,339 - Santos Brasil Logistics; (ii) R\$65 - Tecon Vila do Conde; and (iii) R\$26 - Vehicles Terminal/TEV. Later, a lawsuit was filed to dispute the constitutionality and legality of FAP. Also, lawsuits were filed regarding FAP for 2011 of Santos Brasil Logistics and FAP for 2012 of Santos Brasil Participações S.A., aiming at the suspension of debt enforceability upon judicial deposits.

## Notes to the financial statements

- (c) Deposits related to CADE (Administrative Council of Economic Defense) refer to the lawsuit filed in the agency on the charge of possible actions not complying with the economic order, involving several companies exploring leased quays or private management, including operating branch Tecon Santos.

The matter under discussion referred to the legality of the charge made to Bonded Warehouses (Bws) by container separation and delivery services. This lawsuit was judged and the Company was convicted in the ambit of CADE to: (i) monetary fine; and (ii) interruption of charges made to the bonded warehouse. Operating branch Tecon Santos filed a lawsuit and obtained an injunction to resume the charge through a judicial deposit for the full charged amount and a deposit of the full pecuniary fine amount applied by CADE, resulting in judicial deposits in the amount of R\$133,817 and R\$2,298, respectively. Operating branch Tecon Santos filed two other lawsuits to cancel the payment of taxes arising from billing: (i) a lawsuit at the Federal Court, which comprises PIS, COFINS, IRPJ and CSLL taxes; and (ii) other lawsuit that is ongoing in the city of Guarujá, including the Tax on Services of Any Nature - ISSQN, with total amounts of R\$62,470 already deposited. Taxes levied on billing bonded warehouse, in the amount of R\$52,055 (R\$47,341 on December 31, 2018), are stated in non-current liabilities.

On September 4, 2013, the mentioned lawsuit was judged by the lower court, which rendered a sentence partially favorable to the Company, since the decision made by the Administrative Council for Economic Defense (CADE) of hindering the charge of segregation and delivery services was annulled, while the fine was maintained, based on the court understanding that CADE has exercised its ruling authority. As for the prohibition of the charges, the order said that CADE's decision was void, because the jurisdiction to regulate the port sector belongs to ANTAQ only. Such jurisdiction was properly exercised by CODESP through DIREXE Orders No. 371.2005 and No. 50.2006, setting the maximum amounts of the services to which the dispute relate to.

The Company filed motions for clarification requiring the continuity of judicial deposits of charges for services to be assessed by the final judgment of the lawsuit and judicial deposits of the taxes, in addition to other related issues. The motions for clarification were judged and published on November 4, 2013 and the decision authorized only to continue with the deposits of taxes incurred on the charge of services, but it did not authorize the judicial deposits of the amounts of invoices issued by the Company.

This court decision resulted in the following effects on the Company: (i) now it has the invoiced amounts, which shall no more be deposited; (ii) charged retroactively the invoiced amounts that were stuck; and (iii) court required the search of judicial deposits of services. Additionally, the Company's legal advisors in the lawsuit began to classify the lawsuit as "remote loss" until the final judgment, especially considering that the decision of first court referred to CADE's regulatory non-jurisdiction on the matter.

As for the search of judicial deposits of services billed and received until the court order, the first court judge ruled against it, which was upheld by the Federal Court to deny the preliminary injunction in the Interlocutory Appeal by understanding that, at this point of the lawsuit, there is no "*periculum in mora*", explaining: (i) the possibility of appeal by the parties; and (ii) not be affecting the liquidity situation and the non-availability of these amounts to the Company.

## Notes to the financial statements

Thus, due to the above and considering that services rendered to three bonded warehouse, two joint parties in the process and the third contesting the charge in court, the Company, in 2013, made the partial reversal of the provision for contingencies recorded until the court order, excluding the reversal of amounts related to these bonded warehouse.

On March 26, 2015, it was published the ruling where the 4<sup>th</sup> Panel of the Federal Regional Court of the 3<sup>rd</sup> Region, in São Paulo, judged the reexamination necessary (appeal of the Judge himself) and the appeals filed by the parties, unanimously decided: (i) to uphold the official delivery, to partially uphold the Company's appeal so as to cancel the CADE's decision and the consequent fine; (ii) to refuse CADE's appeals; (iii) to uphold the Federal Government's appeal to exclude it from the dispute; and (iv) to judge impaired the request filed by CODESP.

Motions for Clarification were filed by the Company, CADE and Marimex, and in May 2016 it was published a decision partially accepting the motions filed by Marimex and rejecting the ones filed by the Company and CADE. The Company, CADE and Marimex filed Special Appeal and Marimex also filed an extraordinary appeal. The Special Appeals lodged by Marimex and CADE were accepted and await the respective decisions from the Superior Court of Justice. The Special Appeal and the Extraordinary Appeal lodged by the Company and Marimex, respectively, were rejected. Currently, the decision on the Order Overruling the Extraordinary Appeal lodged by Marimex is being awaited.

Regarding precautionary measure 0008783-19.2005.4.03.6100, on December 7, 2017, the lawsuit was considered terminated, without prejudice, due to the supervening lack of interest in the claim, in compliance with article 267, VI, of CPC/1973, appeals dismissed. The judgment was published on April 25, 2018, with the final decision rendered on December 11, 2018.

Accordingly, based on the above-mentioned facts and considering the remote likelihood of loss by its external legal counsel, the Company reversed the remaining portion of the provision for contingencies recognized in the year 2015 through the issue of the above-mentioned decision.

- (d) The consolidated provision of R\$6,976, refers mainly to: (i) the Recourse Action filed by the insurance company responsible for paying the claim to the client, because of damages caused to the stored cargo amounting to R\$1,241; (ii) the Municipal property tax (IPTU) of the Municipal Government of Santos, in the amount of R\$3,063; (iii) tax assessment notice from the Federal Government, amounting to R\$200; (iv) action for annulment of tax debits, in the amount of R\$1,614; (v) other lawsuits, in the amount of R\$858.



## Notes to the financial statements

- (e) Judicial deposits classified as Other, related to the Parent company, are comprised as follows: (i) deposit referring to the expansion of PIS and COFINS calculation basis in years from 1999 to 2003, in the amounts of R\$1,493 and R\$9,461, respectively, the provisions for which were reversed; (ii) discussion about CPMF on loan transfer during the merger, amounting to R\$2,867; (iii) deposit referring to federal taxes that prevented the issuance of a Joint Tax Debt Certificate with Clearance Effects on Federal Taxes and Debts to the Federal Government, in the amount of R\$17,013; (iv) INSS and IR on Voluntary Termination Plan (PDV) deposit and the Non-salary Fund of SINDESTIVA (Dockworkers Union of Santos, São Vicente, Guarujá and Cubatão) in the amount of R\$1,685 and (v) other deposits in Tax and Civil spheres, in the amount of R\$9,836. Judicial deposits classified as Other in subsidiaries are related to: (i) subsidiary Santos Brasil Logistics, refer to fiscal executions of federal taxes that prevented obtaining the Tax Debt Clearance Certificate, in the amount of R\$3,430 and labor lawsuits in the amount of R\$1,612; (ii) at the subsidiary Tecon Vila do Conde, relate to labor lawsuits amounting to R\$702, other deposits at tax and civil levels, of R\$1,578, and court-ordered blocked accounts of R\$7; (iii) at the subsidiary Numeral 80, relate to court-ordered blocked accounts of R\$6.
- (f) On November 26, 2012, the Delegation Agreement No. 01/2012 was concluded between the Federal Government and the State of Santa Catarina, by which the Federal Government has delegated the management and operation of the Port of Imbituba to SCPAR, a Special Purpose Company - SPE, from December 25, 2012. Companhia Docas de Imbituba S.A., former manager, filed a lawsuit against ANTAQ and the Federal Government, asking to maintain the effectiveness of its concession agreement until December 2016. The Company, in this situation, decided to make payments of its obligations related to its agreements of exploration in the Container Terminal and General Cargo Terminal at that port and proposed a consignment in payment suit for deposit in the amount of R\$23,774. In July 2014, the SCPAR - Port of Imbituba, through judicial approval raised the amount of R\$8,691. In December 31, 2017, these deposits totaled R\$15,083. The amount of R\$15,021 relating to such deposit is recognized in noncurrent liabilities, in line item "Suppliers". In August 27, 2018, the lawsuit was deemed valid, extinguishing the Company's obligation, and acknowledging SCPAR as creditor of the amounts deposited relating to the contractual period after December 25, 2013, and Companhia Docas de Imbituba as creditor of the amounts relating to the contractual period that preceded the termination of the concession. In view of the decision rendered, SCPAR and Companhia Docas de Imbituba filed motions for clarification. The motions filed by Companhia Docas de Imbituba were accepted, and the Contract termination date was corrected from December 25, 2013 to December 25, 2012. At present, the lawsuit is pending judgment of Appeal.
- (g) In March 30, 2019, the contribution paid by Port Operators to the Labor Management Body (OGMO), for costing its administrative and operating expenses, as well as the liability of existing lawsuits, started to be calculated based on the volume of moved tons by each Port Operator. This new model differs from the criterion effective thus far, which considered the amount of freelance labor requested to the OGMO for moving cargo. In April 1, 2019, the Ordinary Action No. 10063282820198260562, filed for annulling the Meeting which established the new contribution type and recognizing the illegality of such criterion. In view of urgent protection, the Justice of the 8<sup>th</sup> Lower Civil Court of Santos, suspended the effects of such Meeting, determining that Santos Brasil to start to deposit, in court, the disputed surplus, maintaining the payment according to the previous criterion, directly to the OGMO. This lawsuit is in fact finding stage. In September 30, 2019, these deposits represented the amount of R\$2,610.

## Notes to the financial statements

Lawsuits referring to subsidiary Santos Brasil Logistics, mentioned in (a) item, the origin of which is prior to acquisition date, as contractual definition, will be the responsibility of its former shareholders. Thus, the amount of R\$3,071 was recorded in non-current assets under "Other Assets".

Changes in provisions for contingencies in the period ended September 30, 2019 and year ended December 31, 2018 are shown in the tables below:

	Parent company				Balance at 09/30/2019
	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	
Labor provision	19,067	1,303	(9,702)	4,870	15,538
Provision for FAP	11,117	309	-	(1,952)	9,474
Other proceedings	2,006	32	(240)	1,688	3,486
<b>Total</b>	<b>32,190</b>	<b>1,644</b>	<b>(9,942)</b>	<b>4,606</b>	<b>28,498</b>
	Parent company				Balance at 12/31/2018
	Balance at 12/31/2017	Additions	Payment of award	Other movements (*)	
Labor provision	19,935	394	(7,506)	6,244	19,067
Provision for FAP	10,276	841	-	-	11,117
Other proceedings	2,157	1,026	(477)	(700)	2,006
<b>Total</b>	<b>32,368</b>	<b>2,261</b>	<b>(7,983)</b>	<b>5,544</b>	<b>32,190</b>
	Consolidated				Balance at 09/30/2019
	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	
Labor provision	22,120	1,543	(10,881)	4,910	17,692
Provision for FAP	13,839	411	-	(2,325)	11,925
Other proceedings	2,360	99	(269)	4,786	6,976
<b>Total</b>	<b>38,319</b>	<b>2,053</b>	<b>(11,150)</b>	<b>7,371</b>	<b>36,593</b>
	Consolidated				Balance at 12/31/2018
	Balance at 12/31/2017	Additions	Payment of award	Other movements (*)	
Labor provision	22,708	408	(8,403)	7,407	22,120
Provision for FAP	12,802	1,037	-	-	13,839
Other proceedings	2,252	1,363	(624)	(631)	2,360
<b>Total</b>	<b>37,762</b>	<b>2,808</b>	<b>(9,027)</b>	<b>6,776</b>	<b>38,319</b>

(\*) Refer to reversal of provision, cases closed, and contingency additions and reductions or changes in the probability of loss.

In addition to the lawsuits abovementioned, the Company and its subsidiaries have administrative and lawsuits in progress, and the evaluations carried out by legal advisors showed a likelihood of loss in the amount of R\$568,771, and in this case, no provision for loss was recorded in the interim financial information.

Changes in possible lawsuits in the period ended September 30, 2019 are shown below:

## Notes to the financial statements

<u>Nature of the lawsuit</u>	<u>Balance at 12/31/2018</u>	<u>Additions</u>	<u>Other movements (*)</u>	<u>Balance at 09/30/2019</u>
Customs	15,576	-	(407)	15,169
Civil	39,874	-	3,374	43,248
Labor	56,293	4,853	13,023	74,169
Tax	394,125	29,041	5,128	428,294
Other	5,417	175	2,299	7,891
<b>Total</b>	<b>511,285</b>	<b>34,069</b>	<b>23,417</b>	<b>568,771</b>

(\*) Refer to reversal of provision, cases closed, and contingency additions and reductions or changes in the probability of loss.

On December 14, 2012, the Company and its subsidiary Numeral 80 received tax assessment and termination of liability to unlimited taxation from Federal Revenue Service that were filed for collection of IRPJ and CSLL related to base years from 2006 to 2011, with interest on arrears, fine of aggravated craft and isolated fine, in the amount of R\$334,495. Contingency was classified in prior chart as having tax nature. According to said tax assessment notice, Numeral 80 did not add expenses with goodwill amortization deriving from merger of entities that acquired shares issued by it to taxable income and CSLL calculation basis.

The Company's Management and its subsidiary Numeral 80 challenged said tax assessment notice within regular time, reaffirming its view that the goodwill on the acquisition of equity interests held in Numeral 80 (then Santos-Brasil S.A.) and transferred thereto through the merger was regularly constituted, in strict accordance with corporate and tax law.

On October 17, 2013, a subpoena was received informing Federal Tax office (1<sup>st</sup> Panel of Federal Tax Office in São Paulo-I, SP) decision of considering impugnation presented as partially proceeding, with reduction of applied craft to 75%. This subpoena also informs that Federal Revenue Service filed a mandatory appeal related to fine reduction (from 150% to 75%).

The Company and its subsidiary Numeral 80 objected the voluntary appeals within the statutory term, and the appeal of the appeal of subsidiary Numeral 80, which by majority of votes by the judges of the 2<sup>nd</sup> Ordinary Panel of the 3<sup>rd</sup> Chamber of the 1<sup>st</sup> Section Administrative Council of Tax Appeals (CARF), was granted at session held on September 14, 2016. In the same session, an appeal to of National Treasury was denied.

On December 5, 2016, the National Treasury Attorney's Office (PGFN) filed amendments of judgement that were decided on April 11, 2017, and accepted with no infringing effects, only to clarify that the Company's Voluntary Appeal (joint liability) was considered harmed, as all requirements for main debtor's Voluntary Appeal reasons were cancelled (Numeral 80).

On June 12, 2017, the General Attorney's Office of the National Treasury – PGFN to the CARF's Higher Court, claiming the reform of the decision made by the 2<sup>nd</sup> Ordinary Panel of the 3<sup>rd</sup> Chamber of the 1<sup>st</sup> Section of the Administrative Council of Tax Appeals and presented by the Company and Numeral 80 its reasons. The Company, on its turn, required in counter-reasons that, in case tax assessment is re-established, records be submitted to the 2<sup>nd</sup> Ordinary Panel of the 3<sup>rd</sup> Chamber of the 1<sup>st</sup> Section of CARF for analysis of arguments referring to impossibility of imputation of joint liability to the Company.

## Notes to the financial statements

On April 5, 2018, CARF's Superior Chamber accepted Special Appeal filed by PGFN that re-establishes disallowance of goodwill tax amortization expenses. On the other hand, decision acknowledged definitive cancellation of qualified fine of 150%, considering that this matter was not the object of PGFN's Special Appeal. In this context, the amount of penalty that is the object of tax assessment was reduced from R\$334,495 to R\$259,001 (amounts in December 2012).

In addition, CARF's Superior Chamber determined that proceedings should be sent to the 2<sup>nd</sup> Ordinary Panel of the 3<sup>rd</sup> Chamber of CARF's 1<sup>st</sup> Section so that arguments presented in Voluntary Appeal filed by Numeral 80 and the Company, which were not analyzed in session held on September 14, 2016 due to full acceptance of Voluntary Appeal filed by subsidiary Numeral 80, are analyzed.

On July 25, 2018, decision of CARF's Superior Chamber was formalized and published and Numeral 80 was against the motion to clarify due to the decision issued. And in the absence of appeal from the General Counsel to the National Treasury (PGFN), the decision that reduced the penalty from 150% to 75% became definitive. At present the judgment of the Voluntary Appeal and Ex-Officio Appeal is pending.

Firm responsible for defending the Company evaluates likelihood of loss as possible and that time for lawsuit conclusion is uncertain.

### 17. OBLIGATIONS WITH THE CONCESSION GRANTOR

The Company and its subsidiaries recognize fixed and variable installments (minimum contractual changes) in liabilities, and installments were brought to present value on lease contracts' initial date.

	Parent company				
	Book balance 12/31/2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance 09/30/ 2019
<b>Agreements</b>					
Fixed installments:					
Tecon Santos	529,955	24,087	39,099	(30,940)	562,201
Tecon Imbituba	34,789	1,159	3,960	(2,685)	37,223
	<u>564,744</u>	<u>25,246</u>	<u>43,059</u>	<u>(33,625)</u>	<u>599,424</u>
Variable installments:					
Tecon Imbituba	346,594	9,457	34,466	(44,846)	345,671
TCG Imbituba	6,012	166	268	(673)	5,773
	<u>352,606</u>	<u>9,623</u>	<u>34,734</u>	<u>(45,519)</u>	<u>351,444</u>
Obligations with the Concession Grantor	<u>917,350</u>	<u>34,869</u>	<u>77,793</u>	<u>(79,144)</u>	<u>950,868</u>
(-) Short-term	(63,548)				(46,512)
Long-term	853,802				904,356

(\*) The contra-entry to this amount is the right of exploration in intangible asset, as Note 13.

## Notes to the financial statements

	Parent company				Book balance 12/31/2018
	Book balance 12/31/2017	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	
<u>Agreements</u>					
Fixed installments:					
Tecon Santos	426,621	32,290	109,645	(38,601)	529,955
Tecon Imituba	36,491	1,589	100	(3,391)	34,789
	463,112	33,879	109,745	(41,992)	564,744
Variable installments:					
Tecon Imituba	364,370	12,967	719	(31,462)	346,594
TCG Imituba	6,010	228	131	(357)	6,012
	370,380	13,195	850	(31,819)	352,606
Obligations with the Concession Grantor	833,492	47,074	110,595	(73,811)	917,350
(-) Short-term	(60,811)				(63,548)
Long-term	772,681				853,802

(\*) The contra-entry to this amount is the right of exploration in intangible asset, as Note 13.

	Consolidated				Book balance 09/30/2019
	Book balance 12/31/ 2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	
<u>Agreements</u>					
Fixed installments:					
Tecon Santos	529,955	24,087	39,099	(30,940)	562,201
Tecon Imituba	34,789	1,159	3,960	(2,685)	37,223
Tecon Vila do Conde	6,959	500	-	(665)	6,794
Vehicles Terminal/TEV	45,206	1,451	4,369	(3,238)	47,788
	616,909	27,197	47,428	(37,528)	654,006
Variable installments:					
Tecon Imituba	346,594	9,457	34,466	(44,846)	345,671
TCG Imituba	6,012	166	268	(673)	5,773
Tecon Vila do Conde	6,841	491	-	(653)	6,679
Vehicles Terminal/TEV	54,661	1,756	5,249	(3,913)	57,753
	414,108	11,870	39,983	(50,085)	415,876
Obligations with the Concession Grantor	1,031,017	39,067	87,411	(87,613)	1,069,882
(-) Short-term	(68,660)				(52,350)
Long-term	962,357				1,017,532

(\*) The contra-entry to this amount is the right of exploration in intangible asset, as Note 13.

## Notes to the financial statements

	Consolidated				Book balance 12/31/2018
	Book balance 12/31/2017	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	
<u>Agreements</u>					
Fixed installments:					
Tecon Santos	426,621	32,290	109,645	(38,601)	529,955
Tecon Imbituba	36,491	1,589	100	(3,391)	34,789
Tecon Vila do Conde	5,916	695	1,246	(898)	6,959
Vehicles Terminal/TEV	47,545	1,980	(275)	(4,044)	45,206
	<u>516,573</u>	<u>36,554</u>	<u>110,716</u>	<u>(46,934)</u>	<u>616,909</u>
Variable installments:					
Tecon Imbituba	364,370	12,967	719	(31,462)	346,594
TCG Imbituba	6,010	228	131	(357)	6,012
Tecon Vila do Conde	7,038	674	-	(871)	6,841
Vehicles Terminal/TEV	57,488	2,394	(332)	(4,889)	54,661
	<u>434,906</u>	<u>16,263</u>	<u>518</u>	<u>(37,579)</u>	<u>414,108</u>
Obligations with the Concession Grantor	<u>951,479</u>	<u>52,817</u>	<u>111,234</u>	<u>(84,513)</u>	<u>1,031,017</u>
(-) Short-term	(65,769)				(68,660)
Long-term	885,710				962,357

(\*) The contra-entry to this amount is the right of exploration in intangible asset, as Note 13.

In September 30, 2019, the commitment with the Concession Grantor had the following maturity structure:

	Parent company				Total
	2020	2021	2022	2023 - End of contract	
Tecon Santos	2,676	10,858	11,127	526,983	551,644
Tecon Imbituba	5,574	22,655	23,272	296,199	347,700
TCG Imbituba	86	349	359	4,218	5,012
	<u>8,336</u>	<u>33,862</u>	<u>34,758</u>	<u>827,400</u>	<u>904,356</u>
	Consolidated				Total
	2020	2021	2022	2023 - End of contract	
Tecon Santos	2,676	10,858	11,127	526,983	551,644
Tecon Imbituba	5,574	22,655	23,272	296,199	347,700
TCG Imbituba	86	349	359	4,218	5,012
Tecon Vila do Conde	125	535	589	11,749	12,998
Vehicles Terminal/TEV	1,362	5,534	5,685	87,597	100,178
	<u>9,823</u>	<u>39,931</u>	<u>41,032</u>	<u>926,746</u>	<u>1,017,532</u>

## Notes to the financial statements

### Validity period of contracts

<u>Agreements</u>	<u>Start of contract</u>	<u>Contract termination</u>
Tecon Santos	November 1997	November 2047
Tecon Imbituba	April 2008	April 2033
TCG Imbituba	June 2007	June 2032
Tecon Vila do Conde	September 2003	September 2033
Vehicles Terminal/TEV	January 2010	January 2035

### Guarantee insurance

<u>Agreements</u>	<u>Maturity</u>
Tecon Santos	April 2019–April 2020
Tecon Imbituba	July 2019–July 2020
Tecon Vila do Conde	July 2019–July 2020
Vehicles Terminal/TEV	July 2019–July 2020

In agreements, the Company and its subsidiaries have commitments to pay amounts based on their operating changes. These amounts were in effect on September 30, 2019 and are updated annually in accordance with the lease agreements, the IGP-M/INPC:

<u>Agreements</u>	<u>In reais - R\$</u>		
	<u>Cost by container handled</u>	<u>Cost by ton handled</u>	<u>Cost by vehicle handled</u>
Tecon Santos (a)	40.20	-	-
Tecon Santos (b)	20.01	-	-
Tecon Imbituba (c)	97.97	-	-
TCG Imbituba (d)	-	3.03	-
TCG Imbituba (e)	-	6.70	-
TCG Imbituba (f)	-	4.04	-
Tecon Vila do Conde (g)	18.78	-	-
Tecon Vila do Conde (h)	3.76	-	-
Tecon Vila do Conde (i)	-	1.88	-
Vehicles Terminal/TEV (j)	-	-	19.16

(a) Amount due when the MMC is not reached, limited to the MMC.

(b) Amount due when the changes exceed MMC.

(c) Amount due for the use of the land infrastructure and also when the MMC is not reached, limited to the MMC.

(d) Amount by use of the leased area and also when the MMC is not achieved, limited to the MMC.

(e) Amount due by use of terrestrial infrastructure (quay), referring to cargo handling from the ship.

## Notes to the financial statements

- (f) Amount due by use of terrestrial infrastructure (yard) relating to cargo handling from unitization and non-unitization of containers.
- (g) Amount due by full container and also when the MMC is not achieved, limited to the MMC.
- (h) Amount due by empty container.
- (i) Amount due per ton.
- (j) Amount due by vehicle and also when the MMC is not achieved, limited to the MMC.

### 18. LEASE OPERATIONS

#### a) Lease - rentals

In January 1, 2019, the subsidiary Santos Brasil Logistics made the first-time adoption of CPC 06 (R2) - Lease Operations, regarding the lease of the Distribution Center, with maturity in May 2024, applying a discount rate of 7.47% p.a.

	Consolidated				
	Initial adoption 01/01/2019	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance 09/30/ 2019
Agreements					
Santos Brasil Logistics	28,412	1,432	-	(4,737)	25,107
(-) Short-term	(4,446)				(4,693)
Long-term	23,966				20,414

(\*) The contra-entry to this amount is the intangible assets in non-current assets.

In September 30, 2019, the balance of long-term had the following maturity structure:

	Consolidated				
	2020	2021	2022	2023 - End of contract	Total
Santos Brasil Logistics	1,227	5,136	5,519	8,532	20,414

#### b) Operating lease

The Company and its subsidiary Vehicles Terminal/TEV also have rental contracts for administrative areas, with short-term maturities, which, in the period ended September 30, 2019, gave rise to expenses in the amount of R\$999 (R\$959 on September 30, 2018).



## Notes to the financial statements

### 19. SHAREHOLDERS' EQUITY – PARENT COMPANY

#### a) Capital

	Common shares	
	09/30/2019	12/31/2018
Existing at the beginning of the year	666,317,880	666,317,880
Stock options exercised during the year	2,918,593	-
Issued/authorized with no par value	669,236,473	666,317,880

Out of the total shares, 664,050,673 were outstanding on September 30, 2019, of which all are common shares.

The Company is authorized to increase its capital independently from a decision of the Shareholders' Meeting, up to the limit of 2,000,001,000 shares, through a resolution of the Board of Directors, which will establish issuance and placement conditions of said securities.

Each common share entitles holders to one vote on general meeting resolutions.

#### b) Capital reserve

- Stock option plan / Share-based incentive plan

Represented by the book record of the stock option plan totaling R\$63,972 on September 30, 2019 (R\$63,087 on December 31, 2018) and performance share in the amount of R\$2,639 (R\$2,056 on December 31, 2018) and Matching of shares in the amount of R\$432 (R\$129 on December 31, 2018), in compliance with the determinations of Technical Pronouncement CPC 10 - Share-based payments.

- Other

The merger of shares, the value of the shareholders' equity of the then subsidiary Santos-Brasil S.A., on the base date of December 31, 2006, was taken under the heading "Capital" of the parent company, as provided for in the Protocol and Justification of Merger of Shares. The value of net income, equity in the former subsidiary Santos-Brasil S.A., represented by the results of its operations in the period between that date and the base date of the merger, in October 2007, net of distributions made to shareholders, R\$28,923, was classified in this group of Capital Reserve.

In April 30, 2010, the Company made the purchase of an indirect stake of its subsidiary Pará, in its direct subsidiary Nara Valley at the time, ranging from 75% ownership interest to 87.67%. This operation resulted in the change in interest in the amount of R\$(4,548).

In April 20, 2011, subsidiary Nara Valley Participações S.A. acquired, pursuant to a share purchase and sales agreement and other covenants, 12.327% of shareholding interest of its direct subsidiary Pará Empreendimentos, for the amount of R\$4,500, and it now holds 100% of interest. This operation resulted in the change in interest in the amount of R\$(5,478).

## Notes to the financial statements

In September 30, 2019, stock options were exercised, and the Company delivered shares which were under treasury, generating a result of R\$(1,795).

### c) Profit reserve

- Legal reserve

In compliance with article 193 of Law No.6404/76, the reserve is recorded at the rate of 5% of the net income (loss) for the year, up to the limit of 20% of the capital.

- Reserve for investment and expansion

Represented by Management proposals for the retention of net income for the year, and prior years, remaining balances, after retentions provided for in the law or approved by shareholders to face investment plans in subsidiaries' expansion, according to Capital Budgets.

- Repurchase of shares

In December 17, 2013, the Program of Share Buyback was approved by the Board of Directors' Meeting, with the objective of maximizing the returns to shareholders.

The program authorized the purchase of up to 4,215,556 units being 4,215,556 common shares and 16,862,225 preferred shares, within a maximum period of 365 days to purchase the shares, beginning on December 20, 2013 and ending on December 20, 2014.

In August 22, 2016, with migration to B3 – Brasil Bolsa Balcão (New Market), units were canceled and converted from preferred shares into common shares.

In the year ended December 31, 2017 and 676,258 treasury shares were delivered regarding options exercised in the amount of R\$2,186.

In the year ended December 31, 2018, 2,203,156 treasury shares were delivered regarding options exercised, generating an income (loss) of R\$7,120.

In the period ended September 30, 2019, 1,039,608 treasury shares were delivered regarding options exercised, generating an income (loss) of R\$3,361.

Shares acquired by the Company as of September 30, 2019 are as follows:

	Quantity of Common Shares	Amount	Market value (*)	Price		
				Weighted average	Minimum	Maximum
Original balance	6,138,745	19,844	39,105	3.23	2.90	3.70
(-) Delivered shares	(3,919,022)	(12,667)				
Current balance	<u>2,219,723</u>	<u>7,177</u>	14,140			

(\*) Market value based on the last quotation prior to the year end.

## Notes to the financial statements

### d) Shareholders' compensation

Shareholders are entitled to annual minimum dividends of 25% of profit, adjusted in accordance with Corporate Law and the Company's bylaws.

### e) Equity valuation adjustment

- Supplementary health insurance

Represented by the accounting record of the actuarial calculation of supplementary health insurance (Note 27), according to what the CPC 33 (R1) - Employee Benefits provides for.

## 20. OPERATING REVENUE

We present below the reconciliation between gross revenues for tax purposes and the revenues presented in the statement of income for the periods ended September 30, 2019 and 2018:

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Gross revenue	513,000	466,613	866,794	822,562
Port Terminals	513,000	466,613	600,598	547,703
Port operations	266,200	235,879	324,072	288,272
Customs Warehousing	236,708	224,734	262,753	248,848
General Cargo	10,092	6,000	13,773	10,583
Logistics	-	-	214,443	220,126
Transportation	-	-	34,800	35,177
Customs Warehousing	-	-	145,015	154,180
Distribution Center	-	-	30,356	26,403
K-10 Logistic Terminal	-	-	4,272	4,366
Vehicles Terminal/TEV	-	-	51,753	54,733
Customs Warehousing	-	-	51,753	54,733
Deductions from revenue:				
Sales taxes	(56,518)	(55,206)	(107,226)	(107,297)
Other	(8,404)	(6,081)	(17,289)	(15,285)
Total	448,078	405,326	742,279	699,980

## Notes to the financial statements

### 21. OPERATING EXPENSES BY TYPE

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Outsourced Labor	(18,024)	(23,411)	(18,281)	(23,744)
Rates – Companhias Docas	(33,238)	(35,135)	(35,289)	(36,026)
Electric power	(7,305)	(6,628)	(9,716)	(8,398)
Fuels and lubricants	(16,761)	(13,505)	(27,799)	(23,545)
Freight	(7,264)	(10,230)	(30,951)	(30,750)
Changes in vehicles	-	-	(14,322)	(17,692)
Other services and materials	(1,846)	(2,477)	(9,476)	(10,186)
Personnel expenses	(194,706)	(166,232)	(263,615)	(231,972)
Consulting, Advisory and Auditing	(14,287)	(8,091)	(15,420)	(9,313)
Other third-party services	(14,882)	(13,308)	(22,492)	(20,388)
Operational maintenance	(23,263)	(19,914)	(30,559)	(27,017)
Depreciation and amortization	(72,666)	(69,671)	(98,586)	(92,746)
Rents / condominium - operating areas	-	-	(4,737)	(4,266)
Commissions on sales of services	(17,376)	(20,863)	(64,019)	(73,132)
Provision for expected credit losses and bad debt losses	(10,897)	(7,508)	(12,198)	(10,816)
Other expenses	(14,548)	(8,700)	(39,279)	(39,721)
Total	<u>(447,063)</u>	<u>(405,673)</u>	<u>(696,739)</u>	<u>(659,712)</u>
Classified as:				
Cost of goods and/or services rendered	(359,877)	(324,543)	(549,234)	(510,792)
Sales expenses	(20,670)	(23,812)	(71,027)	(78,892)
Provision for expected credit losses and bad debt losses	(10,897)	(7,508)	(12,198)	(10,816)
General and administrative expenses and amortization of goodwill	(55,619)	(49,810)	(64,280)	(59,212)
Total	<u>(447,063)</u>	<u>(405,673)</u>	<u>(696,739)</u>	<u>(659,712)</u>

### 22. OTHER OPERATING REVENUES (EXPENSES)

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Other operating revenues:				
Adjustment of advances for dredging fund	417	785	417	785
Judicial deposits adjustment	3,258	3,633	3,296	3,672
Restatement of credit recoverable - FUNDAF	-	10	220	10
Adjustment of court-ordered debt payments	-	-	153	162
Gain in the sale of assets	112	233	124	263
Insurance reimbursement	-	420	-	516
Income from non-identified deposits	775	567	1,257	1,374
Recovery of expenses	-	-	200	-
Recovery of electricity generation	569	-	569	-
Other Income	321	249	536	504
Total	<u>5,452</u>	<u>5,897</u>	<u>6,772</u>	<u>7,286</u>

## Notes to the financial statements

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Other operating expenses:				
Gains and losses in the sale of assets	(49)	(7)	(52)	(23)
Restatement of provisions (*)	291	(350)	211	(434)
Court-ordered debt payments	-	-	(122)	(130)
Other expenses	-	-	(10)	-
Total	<u>242</u>	<u>(357)</u>	<u>27</u>	<u>(587)</u>

(\*) In June 30, 2019, the reversal of correction concerning the Prevention of Accidents Factor - FAP for 2014 and 2015 was carried out.

### 23. FINANCIAL REVENUES (EXPENSES)

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Financial income:				
Yield of interest earning bank deposit	12,567	8,097	15,776	10,733
Holding gain and foreign-exchange income	9,834	324	11,479	2,263
Fair value of the swap transaction	2,479	37	2,479	113
Restatement of taxes recoverable	847	885	848	890
Judicial deposits adjustment	36	119	78	129
Other income	633	392	886	839
Total	<u>26,396</u>	<u>9,854</u>	<u>31,546</u>	<u>14,967</u>

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Financial expenses:				
Interest on debentures and loans	(17,725)	(12,512)	(18,074)	(12,810)
Holding loss and foreign-exchange costs	(10,394)	(380)	(12,477)	(5,396)
Fair value of the swap transaction	(934)	(116)	(934)	(340)
Tax on Financial Operations - IOF on loan operations	(89)	(17)	(96)	(29)
Interest on obligations with the Concession Grantor	(34,869)	(35,366)	(39,067)	(39,689)
Interest on lease - rents	-	-	(1,432)	-
Other expenses	(1,837)	(1,747)	(2,548)	(2,467)
Total	<u>(65,848)</u>	<u>(50,138)</u>	<u>(74,628)</u>	<u>(60,731)</u>

### 24. STOCK OPTION PLAN AND SHARE-BASED INCENTIVE PLAN - PARENT COMPANY

On August 4, 2017, the Special Shareholders' Meeting approved the change of the Stock Option Plan approved by the Special Shareholders' Meeting held on January 9, 2008, amended on April 1, 2015 and the creation of the Share-Based Incentive Plan of the Company (Plan of Performance Shares and Matching of Shares).

## Notes to the financial statements

The purpose of Company's Share-Based Incentive Plan is to regulate the possibility of granting incentives linked to Company's common shares to the directors and employees with whom it has employment or statutory relationship, aiming to: (i) increase the capacity to attract talents; (ii) strengthen the culture of sustainable performance and search for the development of certain directors and employees, aligning their interests to the interests of the shareholders; (iii) allow the Company to maintain its professionals, offering them as additional advantage and incentive, the opportunity of becoming shareholders; and (iv) foment the expansion of and attain and exceed its corporate targets, allowing greater integration of its directors and employees, in the capacity of shareholders of the Company.

The shares granted as incentive under the programs of the Stock Option Plan and Share-Based Incentive Plan cannot exceed the maximum limit of 4.5% of the shares of the subscribed and paid-up capital of the Company.

### a) Stock option plan

In the Special Shareholders' Meeting held on September 22, 2006, shareholders of the then subsidiary Santos-Brasil S.A. approved the Stock Option Plan ("Plan") for management and high level employees. At a Special General Meeting, held on January 9, 2008, the Plan was transferred to the Company.

The Plan is managed by the Board of Directors or, at its discretion, by a Committee comprised of three members, provided that one of these members (effective or alternate) is also a member of the Board of Directors.

The Board of Directors or the Committee periodically create Stock Option Programs ("Programs"), grouped in units to determine the beneficiaries that will receive the options, the number of Company's units that each beneficiary will be authorized to subscribe or acquire with the exercise of the option, the subscription price, the initial grace period, over which the option cannot be exercised, and the limit dates for total or partial exercise. Terms and conditions are defined in a Stock option Agreement, entered into by the Company and each Beneficiary.

Prices of Units to be acquired by Beneficiaries upon option exercise ("strike price") are equivalent to the average value of Units in the last 30 trading sessions of B3 – Brasil Bolsa Balcão, prior to the option grant date, and may be added of inflation adjustment based on a price index change and also of interest, at the discretion of the Board of Directors or the Committee, which may also grant to Beneficiaries a discount of up to 15% in strike price.

The Company's Units that were acquired within the Plan may only be disposed of if the minimum unavailability period defined in the Program for each batch of Units, is complied with. This period should never be lower than three years, counting on exercise date of each annual batch.

In September 30, 2019, prevailing Programs were those listed in the table below:

## Notes to the financial statements

Plans	Strike prices R\$/units (*)	Number of granted units	Grace periods	Exercise terms	Option value R\$/units (*)	Number of exercised units	Number of overdue / expired units	Number of units - balance
2006–2014 programs		8,204,124				2,098,155	6,105,969	-
02/05/2015 - Program 2015	12.85	1,377,596			4.40	715,744	627,526	34,326
1st Annual Lot		459,199	02/05/2016	02/05/2018		294,993	164,206	-
2nd Annual Lot		459,199	02/05/2017	02/05/2019		210,375	248,824	-
*3rd Annual Lot		459,198	02/05/2018	02/05/2020		210,376	214,496	34,326
Total options granted		9,581,720				2,813,899	6,733,495	34,326

(\*) Original amounts on options grant programs' dates.

In March 2 and 3, 2016, the exercise price for the Stock Option Plan 2016 was approved by the Board of Directors' Meeting and the Board also resolved to submit the same to the prior review and recommendation of the Compensation Committee of the Board of Directors for further examination and approval of the Board of Directors.

In August 22, 2016, with cancellation of units, in case program's options are exercised up to 2015, five common shares will be issued to the beneficiary.

Plans	Strike prices - R\$/shares (*)	Number of shares granted	Grace periods	Exercise terms	Option value - R\$/shares (*)	Number of exercised shares	Number of overdue/ expired shares	Number of shares - balance
03/02/2016 - Program 2016	2.29	2,897,395			1.18	1,660,479	416,269	820,647
1st Annual Lot		965,798	03/02/2017	03/02/2019		806,371	159,427	-
2nd Annual Lot		965,798	03/02/2018	03/02/2020		743,880	120,939	100,979
3rd Annual Lot		965,799	03/02/2019	03/02/2021		110,228	135,903	719,668
08/23/2017 - Program 2017	2.02	6,609,811			0.71	1,479,913	2,742,585	2,387,313
1st Annual Lot		2,203,270	08/23/2018	08/23/2021		1,070,238	1,133,032	-
2nd Annual Lot		2,203,270	08/23/2019	08/23/2022		409,675	882,473	911,122
3rd Annual Lot		2,203,271	08/23/2020	08/23/2023		-	727,080	1,476,191
02/28/2018 - Program 2018	3.51	2,914,885			1.61	159,011	602,937	2,152,937
1st Annual Lot		971,628	02/28/2019	02/28/2022		159,011	241,189	571,428
2nd Annual Lot		971,628	02/28/2020	02/28/2023		-	180,874	790,754
3rd Annual Lot		971,629	02/28/2021	02/28/2024		-	180,874	790,755
Total options granted		12,422,091				3,299,403	3,761,791	5,360,897

(\*) Original values on options grant programs' dates.

Grace period reflect conditions established in Programs, according to which options may be exercised in three annual batches, each equivalent to 33.3333% of total option granted in each Program.

Annual batches exercise prices will be adjusted at IGP-M/FGV, at the lowest permitted periodicity, up to the options exercise dates.

Exercise term reflects the period of 24 months for the Plans up to 2016 and Plans on 2017, shows the period of 36 months, and they are all counted as of the ends of annual batches' initial grace periods.

## Notes to the financial statements

Cost of granted options is calculated during their respective grant period, based on options values determined by the Black-Scholes evaluation method on the date of programs. As a result of low historic turnover of management and high-level employees that are the beneficiaries of stock option plan, 100% of options in said calculation are considered as vested.

As determined by Technical Pronouncement CPC 10, the Company and its subsidiaries recognized, to the extent services were provided in share-based payment transactions, the effect in the income (loss) for the period ended September 30, 2019, in the amount of R\$1,270 (R\$2,100 on September 30, 2018).

In 2018, a portion of the 2017 program was exercised, having withholding income tax in the amount of R\$110. In 2019, part of 2017 and 2018 programs were delivered and having withholding income tax in the amount of R\$385, both recorded in capital reserves.

Of options prevailing up to September 30, 2019, those that were exercised represented a dilution in the interest of shareholders of 2.62% and were not exercised, in case they were fully exercised under certain conditions provided in agreements, would represent a dilution of the interest of current shareholders by 0.82%.

### b) Share-incentive plan

- Performance shares

The beneficiaries will be entitled to receive, on free basis, common shares of the Company, if the targets are attained by the beneficiaries. The transfer of the ownership of the Company's common shares granted to the beneficiaries as Performance Shares will be made in a single lot, after 3 (three) years ("Grace Period"), from the date defined for each beneficiary in the respective Admission Agreement ("Start Date"). The Board of Directors, however, may, at its sole discretion, anticipate the transfer of ownership of the Company's common shares granted to the Beneficiaries as Performance Shares, in case the targets described in the program have been attained before 3 years, when the end of the Grace Period may be anticipated. In case of employee termination (rescission or dismissal) the options granted and not yet exercised will be automatically extinguished.

On August 23, 2017, it was approved the granting of 1,970,443 common shares to the Performance Shares Program within the limit established in the Share-Based Incentive Plan.

Plans	Number of shares granted	Grace periods	Value of shares - R\$ (*)	Number of exercised shares	Number of overdue/ expired shares	Number of shares - balance
08/23/2017 - Program 2017	1,970,443		2.31	-	322,436	1,648,007
- Annual Lot	1,970,443	08/23/2020		-	322,436	1,648,007
Total shares granted	<u>1,970,443</u>			<u>-</u>	<u>322,436</u>	<u>1,648,007</u>

(\*) Original values on Stock Option Programs.

The Company recognized the effect in income (loss) for the period ended September 30, 2019, in the amount of R\$584 (R\$1,138 on September 30, 2018).



## Notes to the financial statements

Of options prevailing up to September 30, 2019, options were not exercised and those that were not exercised, in case they were fully exercised under certain conditions provided in agreements, would represent a dilution of the interest of current shareholders by 0.25%.

- Matching of shares

The beneficiaries will be entitled to receive, on free basis, one (1) common share of the Company for each common share of the Company acquired through the Brokerage Firm (Matching), up to the limit established in their respective Admission Agreement and observing the period of fifteen (15) days to transfer the shares acquired under this Program to a deposit account for the shares held by the Company, maintained by Itaú Corretora de Valores S.A., institution responsible for the bookkeeping of the Company's shares ("Bookkeeping Agent"), as well as to authorize the blocking, by the Bookkeeping Agent, of these shares due to the joining to the present Program.

Plans	Number of shares granted	Grace periods	Value of shares - R\$ (*)	Number of adhered/delivered shares	Number of overdue/expired shares	Number of shares - balance
08/23/2017 - Program 2017	903,896		2.31	200,674	703,222	-
- Annual Lot	903,896	3 years		200,674	703,222	-
02/28/2018 - Program 2018	615,369		3.71	277,678	337,691	-
- Annual Lot	615,369	3 years		277,678	337,691	-
Total shares granted	<u>1,519,265</u>			<u>478,352</u>	<u>1,040,913</u>	<u>-</u>

(\*) Original values on Stock Option Programs.

The Company recognized the effect in income (loss) for the period ended September 30, 2019, in the amount of R\$325 (R\$88 on September 30, 2018) since there was a Adhesion Contract to such program.

In 2019, 10,152 shares of 2017 and 2018 programs were delivered and having withholding income tax in the amount of R\$23, both recorded in capital reserves. The shares delivered showed a dilution in shareholding of less than 0.01%.

Up to September 30, 2019, there was the adherence of 468,200 shares, in case such adherence remains until the end of the grace period, from the adherence date, its dilution percentage would be 0.07%.

## 25. INCOME TAX AND SOCIAL CONTRIBUTION

### a) Reconciliation of Corporate Income Tax and Social Contribution (CSLL) current and deferred

IRPJ and CSLL reconciliation recognized in income is as follows:

## Notes to the financial statements

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
(Loss) / income before taxation	(5,252)	(11,276)	9,257	1,203
Exclusion of equity in investees	(27,491)	(23,815)	-	-
(Loss) before adjusted taxation	(32,743)	(35,091)	9,257	1,203
I - Base value - IRPJ and CSLL:	(11,150)	(11,949)	3,130	391
Rates of 15% income tax and 9% social contribution	(7,858)	(8,422)	2,222	289
Additional rate of 10% income tax with deduction of R\$180	(3,292)	(3,527)	908	102
II - Effects of permanent additions and exclusions of expenses and revenues	895	1,453	1,143	1,668
Permanent additions:				
Variable remuneration of Executive Board	421	707	421	707
Stock option plan / Performance Share	741	1,131	741	1,131
Other	885	630	1,133	845
Permanent exclusions:				
Exercised options	(1,152)	(537)	(1,152)	(537)
Variable remuneration of Executive Board	-	(478)	-	(478)
III - Effects of tax incentives:	-	-	(71)	(146)
Tax incentives	-	-	(71)	(146)
IV - Effective rate:				
Adjusted IRPJ and CSLL (I + II + III)	(10,255)	(10,496)	4,202	1,913
Effective rate	31.32%	29.91%	45.39%	159.02%
V - Effects of deferred IRPJ and CSLL;	-	-	-	15
Non-recognition of tax losses and temporary differences (*)	-	-	-	15
VI - Extraordinary adjustments:	-	-	52	55
Income and social tax contribution of the prior year	-	-	52	55
Effects of IRPJ and CSLL on profit figures (IV + V + VI)	(10,255)	(10,496)	4,254	1,983
Current income tax and social contribution	-	-	11,060	11,310
Deferred income tax and social contribution	(10,255)	(10,496)	(6,806)	(9,327)
Total	(10,255)	(10,496)	4,254	1,983

(\*) It refers to subsidiary Numeral 80, TPV and Pará, for which deferred tax assets are recorded upon the generation of future positive results.

## Notes to the financial statements

### b) Composition of deferred tax assets and liabilities

Assets (liabilities)	Parent company					
	09/30/2019			12/31/2018		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	24,239	9,071	33,310	13,268	4,851	18,119
Temporary differences:						
Provision for expected credit losses	3,552	1,280	4,832	3,587	1,291	4,878
Provision for contingencies	24,613	8,861	33,474	24,450	8,802	33,252
Amortization of goodwill	(17,505)	(6,302)	(23,807)	(17,971)	(6,470)	(24,441)
Depreciation	(40,437)	(14,557)	(54,994)	(41,700)	(15,012)	(56,712)
Loss for devaluation of assets	6,003	2,161	8,164	6,334	2,280	8,614
Obligations with the Concession Grantor	24,572	8,846	33,418	22,764	8,195	30,959
Other	6,456	2,442	8,898	13,332	5,039	18,371
Actuarial losses	3,514	1,264	4,778	3,514	1,264	4,778
Total	35,007	13,066	48,073	27,578	10,240	37,818
Assets	35,007	13,066	48,073	27,578	10,240	37,818

Assets (liabilities)	Consolidated					
	09/30/2019			12/31/2018		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	37,793	13,951	51,744	29,218	10,593	39,811
Temporary differences:						
Provision for expected credit losses	4,041	1,455	5,496	3,994	1,438	5,432
Provision for contingencies	26,442	9,519	35,961	26,396	9,503	35,899
Amortization of goodwill	(27,371)	(9,854)	(37,225)	(27,837)	(10,021)	(37,858)
Depreciation	(46,475)	(16,731)	(63,206)	(47,979)	(17,272)	(65,251)
Loss for devaluation of assets	6,003	2,161	8,164	6,334	2,280	8,614
Obligations with the Concession Grantor	27,888	10,040	37,928	25,847	9,305	35,152
Other	7,711	2,896	10,607	15,127	5,684	20,811
Court-ordered debt payments receivable	(1,393)	(503)	(1,896)	(1,354)	(489)	(1,843)
Actuarial losses	3,937	1,417	5,354	3,937	1,417	5,354
Total	38,576	14,351	52,927	33,683	12,438	46,121
Assets	46,449	17,185	63,634	41,371	15,206	56,577
Liabilities	(7,873)	(2,834)	(10,707)	(7,688)	(2,768)	(10,456)

In September 30, 2019, deferred tax credits on temporary differences were recorded by the Company and its subsidiaries Tecon Vila do Conde, Santos Brasil Logistics and Vehicles Terminal/TEV.

## 26. EARNINGS PER SHARE

### a) Basic earnings per share

The basic earnings per share was calculated based on the Company's results for the quarters ended September 30, 2019 and 2018 and their average number of common shares outstanding in these periods, as per table below:

## Notes to the financial statements

	09/30/2019	09/30/2018
	Common	Common
Income / (loss) for the period	5,003	(780)
Weighted average of shares	665,196,808	662,573,514
Basic earnings per share	0.00752	(0.00118)

### b) Diluted earnings per share

On the Company's earnings (loss) for the periods ended September 30, 2019 and 2018, the diluted earnings (losses) per share was calculated as follows:

	09/30/2019	09/30/2018
	Common	Common
Income / (loss) for the period	5,003	(780)
Weighted average of shares	665,196,808	662,573,514
Possible effects of share option subscription	4,415,186	7,548,597
Diluted earnings per share	0.00747	(0.00116)

Diluted earnings per share is calculated considering the instruments that may have potential dilutive effect in the future.

## 27. ACTUARIAL LIABILITIES – SUPPLEMENTARY HEALTH CARE PLAN

Refer to a provision for medical assistance plan, which reflects the cost of health care to employees and statutory officers who will be entitled to the benefit in the post-retirement period, as prescribed by Law No. 9656/98 and technical pronouncement CPC 33 (R1), determined based on an actuarial study.

Actuarial calculations, carried out by independent actuary Ernst & Young Serviços Atuariais S/S, had the following basic assumptions in the period ended September 30, 2019 and for the year ended December 31, 2018:

### Assumptions

#### Economic assumptions:

Discount rate	4.95% p.a.
Economic Inflation	4.00% p.a.
Health Care inflation (HCCTR)	3.00% p.a.
Aging factor	3.50% p.a.
Evolution of Medical Cost	Economic Inflation + Medical Inflation + Age Factor
Evolution of the contribution	Economic Inflation + Medical Inflation

#### Biometric assumptions:

Mortality Table	AT-2000, segregated by gender
Turnover	10% (Santos Brasil Logística S.A.) and 5% (Other companies)
Age to Entry into retirement	65 years
Hypotheses for Retirement	100% at first eligibility
Stay in Retirement	40%

## Notes to the financial statements

### Assumptions

#### Other Assumptions:

Family Composition

Active Participants

90% are married

Holder Age Difference / Wife - 4 years

Assisted participants

Actual Family

Pursuant to the independent actuary's reports prepared which contain the sums of the projected expenses, the Company and its subsidiaries recorded proportional provisions for the period ended September 30, 2019 and year ended December 31, 2018:

	Parent company	
	09/30/2019	12/31/2018
Present value of the actuarial obligations	2,790	4,109
Calculated actuarial losses	33,881	29,772
Total net actuarial liability to be provisioned	36,671	33,881

	Consolidated	
	09/30/2019	12/31/2018
Present value of the actuarial obligations	3,526	4,914
Calculated actuarial losses	41,464	36,550
Total net actuarial liability to be provisioned	44,990	41,464

## Notes to the financial statements

### 28. FINANCIAL INSTRUMENTS

The policy of contracting financial instruments, methods and assumptions adopted to determine fair values, as well as criteria for recording and classifying are the same as those disclosed in financial statements for the year ended December 31, 2018.

#### a) Classification of financial instruments

		Parent company				Consolidated			
	Hierarchy level	09/30/2019		12/31/2018		09/30/2019		12/31/2018	
		Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets:									
Measured at the amortized cost:									
Accounts receivable	2	73,951	73,951	67,949	67,949	121,624	121,624	113,369	113,369
Dividends receivable	2	-	-	4,466	4,466	-	-	-	-
Court-ordered debt payments receivable	2	-	-	-	-	5,576	5,576	5,422	5,422
		73,951	73,951	72,415	72,415	127,200	127,200	118,791	118,791
Fair value through profit or loss:									
Cash and balance in banks	1	8,012	8,012	18,476	18,476	12,006	12,006	23,380	23,380
Investment Funds	2	115,466	115,466	170,593	170,593	205,679	205,679	230,283	230,283
Other interest earning bank deposits	2	246,556	246,556	-	-	246,556	246,556	-	-
Derivative financial instruments	2	4,029	4,029	792	792	4,029	4,029	792	792
		374,063	374,063	189,861	189,861	468,270	468,270	254,455	254,455
Liabilities:									
Measured at the amortized cost:									
Loans and financing	2	147,725	149,735	205,347	208,714	165,544	166,478	227,395	229,529
Debentures	2	295,347	344,290	-	-	295,347	344,290	-	-
Suppliers	2	49,768	49,768	45,360	45,360	80,844	80,844	69,470	69,470
Dividends and interest on own capital payable	2	13	13	720	720	13	13	720	720
Obligations with the Concession Grantor	2	950,868	1,120,301	917,350	1,171,722	1,069,882	1,259,848	1,031,017	1,316,398
Leases - rentals	2	-	-	-	-	25,107	27,080	-	-
Court-ordered debt payments payable*	2	-	-	-	-	4,460	4,460	4,338	4,338
		1,443,721	1,664,107	1,168,777	1,426,516	1,641,197	1,883,013	1,332,940	1,620,455

\* The court-ordered debts are classified in the balance sheets under "Other liabilities", under non-current liabilities.

## Notes to the financial statements

### Fair value

For financial assets without an active market or public quotation, the Company established the fair value through valuation techniques. These techniques include the use of recent operations contracted with third parties, and reference to other instruments that are substantially similar, the analysis of discounted cash flows and the swap pricing model that makes the greatest possible use of information generated by the market and has the minimum amount of information possible generated by the Management of the Company itself.

### Derivative financial instruments

The Company uses derivative financial instruments to protect the oscillations of short-term liabilities denominated in foreign currency related to loans and financing. These transactions are not used for speculative purposes.

The table below shows all transactions with existing derivative financial instruments or that produced financial effects for the period ended September 30, 2019. Column "Receipts/Payments" shows the amounts received/paid for settlements made during the period ended September 30, 2019, and column "Revenue/Expense" shows the effect recognized in financial income (loss) associated to settlements and fair value change of derivatives in this year:

Identification	Nominal value	Maturity	Purpose	Feature (payment)	Revenue (expense)	Fair value		Asset	Short position
						Sep./2019	Dec./2018		
Parent company and Consolidated	30,000	Oct./ 2019	Associated with exchange variation	-	1,692	4,029	792	Foreign exchange variation + 5.22%	CDI + 1.80% p.a.

### b) Market risk

The Company's income (loss) is liable to changes due to effects of foreign exchange rate volatility and interest rate on financial instruments.

The Company maintains constant mapping of risks, threats and opportunities, with a basis on the projection of the scenarios and their impacts on the results. In addition, any other risk factors and the possibility of conducting hedge transactions for said risks are also analyzed.

#### b.1) Exchange risk and sensitivity analysis

Transactions linked to foreign currencies, US dollar and Euro, which closed the period ended September 30, 2019 with an appreciation of US Dollar and Euro in relation to Brazilian Real by 7.5% and 2.3%, respectively, in relation to December 31, 2018.

The Company's policy is to manage its exposures considering the flows foreseen for the period of 12 months on average. Thus, the net exposure presented above refers to amortization exceeding the stipulated period in policy.

The Company and its subsidiaries have loans financing denominated in foreign currency and Management considers them as the only financial instruments that may offer relevant coverage risks.

## Notes to the financial statements

At September 30, 2019, the Company had a single borrowing in foreign currency, obtained through Export Credit Bills (CCE), which is linked to a derivative financial instrument, as described in Note 14. The derivative contract was entered into for the purpose of neutralizing the foreign exchange exposure. Its subsidiaries have loans financing denominated in foreign currency and Management considers them as the only financial instruments that may offer relevant coverage risks.

In the chart below we considered five risk scenarios for the currency indexes of these financial liabilities, whereas the probable scenario is that adopted by the Company and its subsidiaries. In addition to this scenario, CVM, through Instruction No. 475/08, determined the presentation of another two scenarios with increase or decrease of 25% and 50% of the risk variables considered, for which September 30, 2019 was appointed the base date. Scenarios II and III were estimated as an additional devaluation of 25% and 50%, for rates in the probable scenario. While scenarios IV and V have estimated additional devaluation of 25% and 50%, for the probable scenario rates.

Operation	Risk	Rate	Exposure	Consolidated				
				Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
<u>Equity balances</u>								
Financial liabilities:								
Loans and financing	€	4.54	<u>15,663</u>	<u>-</u>	<u>3,916</u>	<u>7,831</u>	<u>(3,916)</u>	<u>(7,831)</u>
Net debt			15,663	-	3,916	7,831	(3,916)	(7,831)

(\*) The amount showed refers to the nominal amount regarding the contracts in force.

### b.2) Interest exposure and sensitivity analysis

The Company manages this risk considering the floating and fixed rates. These agreements are exposed to the risk of fluctuations in interest rates due to the liability of the debt referenced operations in CDI. The balance of cash and cash equivalents, indexed at CDI, neutralizes the interest rate risk.

The liability portion of payables to the concession grantor is exposure to the risk of fluctuation in the General Market Price Index (IGP-M) and Brazilian Consumer Price Index (INPC).

Balances which are exposed to practiced interest rate volatility are being presented in the “Sensitivity Analysis of interest rate changes” chart as follows:

#### Sensitivity analysis of changes in the interest rates

For the sensitivity analysis of changes in the interest rates, Management adopted, for the probable scenario, the rates accumulated in the last 12 months. Scenarios II and III were estimated with additional valuation of rates of 25% and 50% respectively, for the next year, while scenarios IV and V have estimated additional devaluation of 25% and 50%, respectively, for the next year, for the probable scenario.



## Notes to the financial statements

				Parent company				
Operation	Risk	Rate	Exposure	Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
<u>Equity balances</u>								
Financial assets:								
Interest earning bank deposits	CDI	5.40%	115,466	6,235	7,794	9,353	4,676	3,118
Other interest earning bank deposits	CDI	5.40%	246,556	13,314	16,643	19,971	9,986	6,657
Financial liabilities:								
Loans and financing	CDI	5.40%	113,545	6,131	7,664	9,197	4,599	3,066
Obligations with the Concession Grantor	IGP-M	3.38%	945,096	31,960	39,951	47,941	23,969	15,981
Obligations with the Concession Grantor	INPC	2.92%	5,772	169	211	253	127	84
Net debt			702,391	18,711	23,389	28,067	14,033	9,356

				Consolidated				
Operation	Risk	Rate	Exposure	Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
<u>Equity balances</u>								
Financial assets:								
Interest earning bank deposits	CDI	5.40%	205,679	11,107	13,883	16,660	8,330	5,553
Other interest earning bank deposits	CDI	5.40%	246,556	13,314	16,643	19,971	9,986	6,657
Financial liabilities:								
Loans and financing	CDI	5.40%	113,545	6,131	7,664	9,197	4,599	3,066
Obligations with the Concession Grantor	IGP-M	3.38%	1,064,110	35,985	44,982	53,977	26,988	17,992
Obligations with the Concession Grantor	INPC	2.92%	5,772	169	211	253	127	84
Lease - rentals	IGP-M	3.38%	25,107	849	1,061	1,274	637	425
Net debt			756,299	18,713	23,392	28,070	14,035	9,357

### c) Credit risk

The allowance for doubtful accounts as at September 30, 2019, was R\$16,165, representing 11.73% of the outstanding balance of accounts receivable. In December 31, 2018, this allowance was R\$15,976, equivalent to 12.35%.

Moreover, aiming to minimize the credit risks linked to financial institutions, Management aims to diversify its operations in high class institutions.

## Notes to the financial statements

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Assets:				
Cash and cash equivalents	123,478	189,069	217,685	253,663
Other interest earning bank deposits	246,556	-	246,556	-
Accounts receivable	73,951	67,949	121,624	113,369
Dividends receivable	-	4,466	-	-
Court-ordered debt payments receivable	-	-	5,576	5,422
Total	443,985	261,484	591,441	372,454

### d) Liquidity risk

Management considers that the Company has no liquidity risk, considering their ability to generate cash and its capital structure with low participation of third-party capital.

Additionally, they mechanisms are periodically analyzed aiming to raise funds to reverse positions that could affect the liquidity of the Company.

	Parent company					
	Book balance 09/30/2019	Payment flow				
		Expected flow	Up to 1 year	1-3 years	3-5 years	5-30 years
<u>Liabilities</u>						
Loans and financing	147,725	154,477	111,692	42,785	-	-
Debentures	295,347	435,305	22,830	82,492	110,752	219,231
Suppliers	49,768	49,768	34,747	15,021	-	-
Dividends and interest on own capital payable	13	13	13	-	-	-
Obligations with the Concession Grantor	950,868	1,701,935	92,368	157,426	157,426	1,294,715
Total	1,443,721	2,341,498	261,650	297,724	268,178	1,513,946
	Consolidated					
	Book balance 09/30/2019	Payment flow				
		Expected flow	Up to 1 year	1-3 years	3-5 years	5-30 years
<u>Liabilities</u>						
Loans and financing	165,544	173,227	116,320	51,512	5,395	-
Debentures	295,347	435,305	22,830	82,492	110,752	219,231
Suppliers	80,844	80,844	65,823	15,021	-	-
Dividends and interest on own capital payable	13	13	13	-	-	-
Obligations with the Concession Grantor	1,069,882	1,871,921	103,659	180,007	180,007	1,408,248
Lease - rentals	25,107	29,475	6,316	12,632	10,527	-
Court-ordered debt payments payable	4,460	4,460	-	4,460	-	-
Total	1,641,197	2,595,245	314,961	346,124	306,681	1,627,479

## Notes to the financial statements

### e) Capital management

In the period ended September 30, 2019, the Company and its subsidiaries maintained the same policy described in the financial statements on December 31, 2018.

The debt in relation to the capital in the period ended September 30, 2019 and year ended December 31, 2018 is as follows:

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Total liabilities current and non-current	1,602,435	1,312,562	1,846,125	1,517,204
(-) Cash and cash equivalents and other interest earning bank deposits	(370,034)	(189,069)	(464,241)	(253,663)
Net debt	1,232,401	1,123,493	1,381,884	1,263,541
Total shareholders' equity	1,357,503	1,341,127	1,357,503	1,341,127
Net debt-to-equity ratio	0.90784	0.83772	1.01796	0.94215

## 29. NON-CASH EFFECTS

Effects in these statements that did not affect the cash in the periods ended September 30, 2019 and 2018, if the operation had affected the cash, it would be stated under "Cash flow" caption as follows:

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Increase in intangible assets of obligations with the Concession Grantor	(77,793)	(110,595)	(87,411)	(111,234)
Increase in property, plant and equipment of leases - leases	-	-	(28,412)	-
Investment activities' transactions	(77,793)	(110,595)	(115,823)	(111,234)

## 30. INSURANCE COVERAGE

In September 30, 2019, the following insurance policies were valid:

Parent company and Consolidated		
Coverage	Currency	Maturity

### Branch - Tecon Imbituba

Port Operator Insurance - SOP:

July 2020

Civil liability	20,000	US\$
Movable property and real estate	16,000	US\$
Storage in canvas (vinilona) sheds	5,000	US\$
Employer Civil Liability (RCE)	1,000	US\$
Civil Liability - moral damages	1,000	US\$
Income loss due to blockage of berth and channel	600	US\$
Electrical damages	250	US\$

## Notes to the financial statements

	Parent company and Consolidated		
	Coverage	Currency	
Vehicles fleet insurance (passenger vehicle):			October 2019
Hull	100% FIPE table	R\$	
Personal accidents of passengers - APPs	10	R\$	
Material damages to third parties	75	R\$	
Bodily injury to third parties	100	R\$	
Moral damages	20	R\$	
Vehicles fleet insurance (trucks):			October 2019
Material damages to third parties	500	R\$	
Bodily injury to third-parties	500	R\$	
Moral damages	100	R\$	
<u>Branch - Tecon Santos</u>			
SOP:			July 2020
Civil liability	20,000	US\$	
Movable property and real estate	17,850	US\$	
RCE	1,000	US\$	
Civil Liability - moral damages	1,000	US\$	
Transportation of goods	2,000	US\$	
Passenger transportation in vessels - RC and moral damages	1,000	US\$	
Income loss due to blockage of berth	4,000	US\$	
Electrical damages	250	US\$	
Vehicle fleet insurance (passenger vehicle):			October 2019
Hull	100% FIPE table	R\$	
APPs	10	R\$	
Material damages to third parties	75	R\$	
Bodily injury to third parties	100	R\$	
Moral damages	20	R\$	
<u>Santos Brasil Logistics</u>			
SOP:			July 2020
Civil liability	20,000	US\$	
Movable property and real estate	20,000	US\$	
RCE	1,000	US\$	
Civil Liability - moral damages	1,000	US\$	
Transportation of goods	2,000	US\$	
Broad Civil Liability for CD - São Bernardo do Campo	50,000	US\$	
Broad Civil Liability for CD - Jaguaré	50,000	US\$	
Electrical damages	250	US\$	
Cargo Road Transportation - RCTR-C	10,000	R\$	December 2019
Cargo Robbery and Deviation - RCF-DC	10,000	R\$	December 2019

## Notes to the financial statements

	Parent company and Consolidated		
	Coverage	Currency	Maturity
Vehicles fleet insurance (trucks):			October 2019
Material damages to third parties	200	R\$	
Bodily injury to third-parties	700	R\$	
Moral damages	90	R\$	
<u>Tecon Vila do Conde</u>			
SOP:			July 2020
Civil liability	20,000	US\$	
Movable property and real estate	7,600	US\$	
RCE	1,000	US\$	
Civil Liability - moral damages	1,000	US\$	
Income loss due to blockage of berth and channel	600	US\$	
Electrical damages	250	US\$	
Vehicles fleet insurance (passenger vehicle):			October 2019
Hull	100% FIPE table	R\$	
APPs	5	R\$	
Material damages to third parties	500	R\$	
Bodily injury to third parties	500	R\$	
Pain and suffering	100	R\$	
Vehicles fleet insurance (trucks):			October 2019
Material damages to third parties	500	R\$	
Bodily injury to third-parties	500	R\$	
Moral damages	100	R\$	
<u>Vehicles Terminal /TEV</u>			
SOP:			July 2020
Civil liability	20,000	US\$	
Movable property and real estate	1,000	US\$	
RCE	1,000	US\$	
Civil Liability - moral damages	1,000	US\$	
Income loss due to blockage of berth and channel	600	US\$	
Electrical damages	250	US\$	
<u>Institutional</u>			
Civil liability - Management and Directors	40,000	R\$	June 2020
Nominated Risks - Santos and São Paulo offices	4,392	R\$	April 2020

### 31. CAPITAL COMMITMENT

In September 30, 2019, there were requests (purchase orders) linked to the future acquisition of fixed asset items in the amount of R\$6,351 (R\$1,925 on December 31, 2018) which are not recorded in this quarterly financial information.

## Notes to the financial statements

### 32. OPERATING SEGMENTS

In the period ended September 30, 2019, no conceptual changes were made to operating segment, statement of income and invested capital definitions, and those described in financial statements on December 31, 2018 were maintained.

#### Consolidated statement of income by operating segment - January - September 2019

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Gross operating revenue	602,501	220,405	51,753	-	(7,865)	866,794
Deductions from revenue	(75,109)	(40,895)	(9,240)	-	729	(124,515)
Net operating revenue	527,392	179,510	42,513	-	(7,136)	742,279
Cost of services rendered	(406,524)	(122,655)	(27,191)	-	7,136	(549,234)
Variable / fixed costs	(334,390)	(110,544)	(15,683)	-	7,136	(453,481)
Depreciation / amortization	(72,134)	(12,111)	(11,508)	-	-	(95,753)
Gross income	120,868	56,855	15,322	-	-	193,045
Operating expenses	(56,383)	(52,927)	(2,490)	(28,906)	-	(140,706)
Sales expenses	(32,686)	(48,472)	(2,046)	-	-	(83,204)
General and administrative expenses	(28,101)	(5,308)	(469)	(27,590)	-	(61,468)
Depreciation / amortization	(89)	(53)	-	(2,691)	-	(2,833)
Other	4,493	906	25	1,375	-	6,799
EBIT	64,485	3,928	12,832	(28,906)	-	52,339
Depreciation / amortization	72,223	12,164	11,508	2,691	-	98,586
EBITDA	136,708	16,092	24,340	(26,215)	-	150,925
Financial income (loss)	-	-	-	(43,082)	-	(43,082)
Equity in net income of subsidiaries	-	-	-	27,491	(27,491)	-
Income tax and social contribution	-	-	-	(4,254)	-	(4,254)
Net income	N/A	N/A	N/A	N/A	N/A	5,003

#### Consolidated statement of income by operating segment - January - September 2018

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Gross operating revenue	549,911	229,617	54,734	-	(11,700)	822,562
Deductions from revenue	(72,648)	(42,118)	(8,896)	-	1,080	(122,582)
Net operating revenue	477,263	187,499	45,838	-	(10,620)	699,980
Cost of services rendered	(367,634)	(123,499)	(30,279)	-	10,620	(510,792)
Variable / fixed costs	(298,653)	(113,602)	(19,194)	-	10,620	(420,829)
Depreciation / amortization	(68,981)	(9,897)	(11,085)	-	-	(89,963)
Gross income	109,629	64,000	15,559	-	-	189,188
Operating expenses	(50,670)	(59,365)	(2,185)	(30,001)	-	(142,221)
Sales expenses	(34,259)	(53,626)	(1,796)	-	-	(89,681)
General and administrative expenses	(21,162)	(6,606)	(386)	(28,302)	-	(56,456)
Depreciation / amortization	(56)	(33)	-	(2,694)	-	(2,783)
Other	4,807	900	(3)	995	-	6,699
EBIT	58,959	4,635	13,374	(30,001)	-	46,967
Depreciation / amortization	69,037	9,930	11,085	2,694	-	92,746
EBITDA	127,996	14,565	24,459	(27,307)	-	139,713
Financial income (loss)	-	-	-	(45,764)	-	(45,764)
Equity in net income of subsidiaries	-	-	-	23,815	(23,815)	-
Income tax and social contribution	-	-	-	(1,983)	-	(1,983)
Net loss	N/A	N/A	N/A	N/A	N/A	(780)

## Notes to the financial statements

In September 30, 2019, the revenues from a client of the Port Terminal segment represented approximately R\$103,032 (R\$112,763 on September 30, 2018), representing 11.8% of total consolidated gross revenue.

### Consolidated statement of capital invested per operating segment - September 30, 2019

<u>Accounts</u>	<u>Port Terminals</u>	<u>Logistics</u>	<u>Vehicles Terminal</u>	<u>Institutional</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Invested capital</u>						
Current assets	117,687	32,461	8,839	471,218	(2,563)	627,642
Cash and cash equivalents	-	-	-	217,685	-	217,685
Other interest earning bank deposits	-	-	-	246,556	-	246,556
Other	117,687	32,461	8,839	6,977	(2,563)	163,401
Non-current assets	1,970,808	163,762	234,216	606,357	(399,157)	2,575,986
Other	271,906	7,388	26	90,098	-	369,418
Investment	-	-	-	399,157	(399,157)	-
Property, plant and equipment	146,211	116,796	284	34,259	-	297,550
Intangible assets	1,552,691	39,578	233,906	82,843	-	1,909,018
Current liabilities	(86,650)	(32,137)	(5,876)	(3,189)	2,563	(125,289)
Suppliers	(41,147)	(21,378)	(4,737)	(187)	1,626	(65,823)
Other	(45,503)	(10,759)	(1,139)	(3,002)	937	(59,466)
Non-current liabilities	(96,227)	(7,217)	(114)	(16,395)	-	(119,953)
Suppliers	(15,021)	-	-	-	-	(15,021)
Provision to tax, labor, civil risks	(29,150)	(7,217)	(114)	(112)	-	(36,593)
Other	(52,056)	-	-	(16,283)	-	(68,339)
Total	1,905,618	156,869	237,065	1,057,991	(399,157)	2,958,386
<u>Capital sources</u>						
Current liabilities	-	-	-	-	-	168,220
Loans and financing	-	-	-	-	-	111,164
Dividends / Interest on own capital payable	-	-	-	-	-	13
Obligations with the Concession Grantor	-	-	-	-	-	52,350
Lease - rentals	-	-	-	-	-	4,693
Non-current liabilities	-	-	-	-	-	1,432,663
Loans and financing	-	-	-	-	-	349,727
Obligations with the Concession Grantor	-	-	-	-	-	1,017,532
Lease - rentals	-	-	-	-	-	20,414
Actuarial liability	-	-	-	-	-	44,990
Shareholders' equity	-	-	-	-	-	1,357,503
Shareholders' equity	-	-	-	-	-	1,367,901
Actuarial liability	-	-	-	-	-	(10,398)
Total	N/A	N/A	N/A	N/A	N/A	2,958,386

## Notes to the financial statements

### Consolidated statement of capital invested per operating segment - December 31, 2018

<u>Accounts</u>	<u>Port Terminals</u>	<u>Logistics</u>	<u>Vehicles Terminal</u>	<u>Institutional</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Invested capital</u>						
Current assets	108,233	26,198	9,328	268,193	(2,303)	409,649
Cash and cash equivalents	-	-	-	253,663	-	253,663
Other	108,233	26,198	9,328	14,530	(2,303)	155,986
Non-current assets	1,868,450	144,496	236,121	584,305	(384,690)	2,448,682
Other	259,087	7,094	41	79,873	-	346,095
Investment	-	-	-	384,690	(384,690)	-
Property, plant and equipment	105,898	97,750	343	34,284	-	238,275
Intangible assets	1,503,465	39,652	235,737	85,458	-	1,864,312
Current liabilities	(67,360)	(25,548)	(5,284)	(4,160)	2,304	(100,048)
Suppliers	(35,601)	(16,046)	(4,197)	(107)	1,502	(54,449)
Other	(31,759)	(9,502)	(1,087)	(4,053)	802	(45,599)
Non-current liabilities	(95,815)	(4,718)	(112)	(15,915)	-	(116,560)
Suppliers	(15,021)	-	-	-	-	(15,021)
Provision to tax, labor, civil risks	(33,453)	(4,718)	(112)	(36)	-	(38,319)
Other	(47,341)	-	-	(15,879)	-	(63,220)
Total	1,813,508	140,428	240,053	832,423	(384,689)	2,641,723
<u>Capital sources</u>						
Current liabilities	-	-	-	-	-	199,509
Loans and financing	-	-	-	-	-	130,129
Dividends / Interest on own capital payable	-	-	-	-	-	720
Obligations with the Concession Grantor	-	-	-	-	-	68,660
Non-current liabilities	-	-	-	-	-	1,101,087
Loans and financing	-	-	-	-	-	97,266
Obligations with the Concession Grantor	-	-	-	-	-	962,357
Actuarial liability	-	-	-	-	-	41,464
Shareholders' equity	-	-	-	-	-	1,341,127
Shareholders' equity	-	-	-	-	-	1,351,525
Actuarial liability	-	-	-	-	-	(10,398)
Total	N/A	N/A	N/A	N/A	N/A	2,641,723

### 33. SUBSEQUENT EVENT

#### Review of investment schedule related to the Fifth Instrument of Rectification, Ratification and Amendment to the Lease Contract PRES/69.97

On November 5, 2019, the 468<sup>th</sup> Ordinary Meeting of the Executive Board of the National Agency for Waterway Transportation - ANTAQ was held, which Agenda included the resolution on the request for the revision of the investment timeline related to the early extension of Tecon Santos, made within the Fifth Instrument of Rectification, Ratification and Amendment to the Lease Contract PRES/69.97 ("Tecon Santos Lease Contract").



## Notes to the financial statements

Despite the respective Minutes of the Executive Board's Meeting has not yet been made available, and, therefore, the corresponding agreement has not yet been published, it is in short gathered from the Meeting that the ANTAQ Executive Board has expressed a favorable opinion on the revision of the investment timeline requested by the Company, with the maintenance of the economic-financial equation of the Tecon Santos Lease Contract, under the submitted terms; as well as that the Executive Project submitted by the Company is compliant with the investment plan which supported the early extension of the contract.

Under the terms of Ordinance No. 530/2019, of the Ministry of Infrastructure, after the analysis of ANTAQ's responsibility is completed, the process shall be sent to the Ministry of Infrastructure (Concession Grantor) for decision, preparation and signature of the competent Amendment Instrument, in which the new deadlines for performance of contractual obligations will be established, under the terms of article 63 of Ordinance No. 530/2019.

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## Notes to the financial statements

### Board of Directors

Verônica Valente Dantas (President)  
Maria Amália Delfim de Melo Coutrim (Vice-president)  
Valdecyr Maciel Gomes  
Eduardo de Britto Pereira de Azevedo  
Ricardo Schenker Wajnberg (Independent)  
José Luis Bringel Vidal (Independent)  
Felipe Villela Dias (Independent)

### Executive Board

Antonio Carlos Duarte Sepúlveda - Chief Executive Officer and Chief Operating Officer  
Daniel Pedreira Dorea - Economic-Financial Director of Finances and Relations with Investors  
Ricardo dos Santos Buteri - Commercial Director

### Tax Council

Gilberto Braga (President)  
Leonardo Guimarães Pinto  
Luís Fernando Moran de Oliveira

Thiago Otero Vasques – CRC 1 SP 238735/O-0  
Accountant

## Comments on the Behavior of the Business Projections

### 2019 business projections

In the year 2019, the market of container terminals in Brazil continues uncertain regarding the growth of the handling volumes. Although 2018 has showed a recovery in the volume export and import volumes of containers in the ports the Company operates, with the current political and economic scenario, the achievement of projections regarding the flow of containers, both of long-haul and cabotage, has become a challenge. The containers market for the Port of Santos should grow, although will continue facing an uncertain operating and competitive scenario, which leads the Company to not provide guidance for 2019.

#### **Legal Notice**

*We make statements on future events that are subject to risks and uncertainties. These statements are based on our Management's beliefs and assumptions and on information to which the Company has current access. Statements on future events include information on our current intentions, beliefs or expectations, as well as those of the Board of Directors' members and Company's Directors.*

*Exceptions to statements and information on the future also include information on possible or assumed operating results, as well as statements that are preceded, followed of that include the words "believes", "may", "will", "continues", "waits", "provides", "intends", "plans", "estimates" or similar expressions.*

*Statements and information on the future are not guarantees of performance. They involve risks, uncertainties and assumptions because they refer to future events, thus depending on circumstances that may or may not occur. Future results and the creation of value for shareholders may significantly differ from those expressed or suggested by statements on the future. Many of the factors that will determine these results and values are beyond Santos Brasil control or foresight capacity.*

## Other information the Company deems to be relevant

The company is subject to arbitration in the court of arbitration of the market, pursuant to an arbitration clause contained in its bylaws.

In compliance with the Differentiated Corporate Governance Practices Regulation (New Market), we present the following information (not reviewed by Independent Auditors):

1) Statement of shareholding position of each investor or shareholder that holds more than 5% of shares of each species and class, directly or indirectly, up to individual level on September 30, 2019.

### BREAKDOWN OF EQUITY CAPITAL OF LEGAL ENTITIES (COMPANY SHAREHOLDERS), UP TO THE LEVEL OF INDIVIDUAL.

Corporate name: SANTOS BRASIL PARTICIPAÇÕES S.A.			(In unit - Shares)	
Shareholder	Common shares		Total shares	
	Quantity	%	Quantity	%
THE BANK OF NEW YORK ADR DEPARTMENT	198,897,030	29.72	198,897,030	29.72
PW237 PARTICIPAÇÕES S.A.	149,382,595	22.32	149,382,595	22.32
DYNAMO ADMINISTRAÇÃO DE RECURSOS LTDA.	46,724,861	6.98	46,724,861	6.98
MULTI STS PARTICIPAÇÕES S.A.	39,161,100	5.85	39,161,100	5.85
RICHARD KLIEN	17,239,675	2.58	17,239,675	2.58
RK EXCLUSIVE FIA	12,104,625	1.81	12,104,625	1.81
Treasury shares	2,219,723	0.33	2,219,723	0.33
Other	203,506,864	30.41	203,506,864	30.41
<b>Total</b>	<b>669,236,473</b>	<b>100.00</b>	<b>669,236,473</b>	<b>100.00</b>

\* Dynamo Administração de Recursos Ltda. and Dynamo Internacional Gestão de Recursos Ltda. (collectively, "Dynamo") are not direct or indirect shareholders of the Company; they are investment fund managers and non-resident investors in Brazil that have similar interests and together own an ownership interest of 6.98% of the common shares of the Company and the funds managed by Dynamo now currently hold a total of 46,724,861 shares. Dynamo said that it does not intend to acquire control of the Company with the acquisitions, it is an investment that does not aim to change the management, control composition or regulate the operation of SBPar.

2) Securities held by Controlling Shareholders, Directors, Board members of the Board of Directors and members of the Tax Council of the Company, on September 30, 2019:

CONSOLIDATED SHAREHOLDING POSITION OF THE CONTROLLING SHAREHOLDERS AND DIRECTORS AND OFFICERS AND SHARES IN CIRCULATION				
Shareholder	Number of common shares (In units)	%	Total number of Shares (In units)	%
<b>Controlling shareholders</b>	-	-	-	-
<b>Directors</b>				
Board of Directors	305,924	0.05	305,924	0.05
Executive board	2,660,153	0.40	2,660,153	0.40
<b>Tax Council</b>	-	-	-	-
<b>Treasury shares</b>	<b>2,219,723</b>	<b>0.33</b>	<b>2,219,723</b>	<b>0.33</b>
<b>Other shareholders</b>	<b>664,050,673</b>	<b>99.22</b>	<b>664,050,673</b>	<b>99.22</b>
<b>Total</b>	<b>669,236,473</b>	<b>100.00</b>	<b>669,236,473</b>	<b>100.00</b>
<b>shares in circulation</b>	<b>664,050,673</b>	<b>99.22</b>	<b>664,050,673</b>	<b>99.22</b>

3) We inform that, on September 30, 2019, the number of outstanding shares was 664,050,673, i.e. 99.22% of the total capital, which is comprised by all common shares.

## **Opinions and Statements / Special Review Report - Unqualified**

To the Board Members and Shareholders of  
Santos Brasil Participações S.A.  
São Paulo – SP

### **Introduction**

We have reviewed the interim, individual and consolidated financial information of Santos Brasil Participações S.A. ("Company"), contained in the Quarterly Financial Information – ITR Form for the quarter ended September 30, 2019, which comprise the balance sheet as of September 30, 2019 and related statements of income, of comprehensive income for the three and nine-month periods then ended, of changes in shareholders' equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of the review**

Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with audit standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

### **Other matters**

#### **Statements of added value**

The interim financial information referred to above includes the individual and consolidated of added value (DVA) for the nine-month period ended September 30, 2019, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes. These statements were submitted to review procedures carried out jointly with the audit of Company's quarterly information to form a conclusion whether these statements are reconciled with interim financial information and book records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any other event that make us believe that these statements of added value were not prepared, in all material respects, in accordance with individual and consolidated interim financial information taken as a whole.

**Opinions and Statements / Special Review Report - Unqualified**

São Paulo, November 06, 2019.

KPMG Auditores Independentes  
CRC 2SP014428/O-6  
*Original report in Portuguese signed by*

Wagner Petelin  
Accountant CRC 1SP142133/O-7

**Opinions and Statements / Tax Council opinion or equivalent body**

The Tax Council of Santos Brasil Participações S.A. examined the Separate and Consolidate Interim Financial Statements in the Quarterly Information Form ITR for the quarter ended September 30, 2019 and the “Report on Review of the Quarterly Information,” issued by KPMG Auditores Independentes on November 06, 2019 and, in accordance with Official Letter CVM/SEP/CVM No. 03/2019, item 3.3.4, stated that such interim information is in accordance with the accounting practices adopted in Brazil, applicable to its preparation, and in accordance with the rules issued by the Securities and Exchange Commission of Brazil.

São Paulo, November 6, 2019.

Gilberto Braga  
President of the Tax Council

Leonardo Guimarães Pinto  
Tax Council Member

Luis Fernando Moran de Oliveira  
Tax Council Member

**Opinions and Statements / Statement of the Executive Officers on the Financial Statements**

Pursuant to the provisions contained in Article 25, sub-item VI, CVM Instruction No. 480 dated December 07, 2009, the Chief Executive Officer and Economic-Financial Director of Finances and Relations with Investors of SANTOS BRASIL PARTICIPAÇÕES S.A., an incorporated publicly-held company, enrolled with the CNPJ (Corporate Taxpayer's Registry) No. 02.762.121/0001-04, with headquarters at Rua Dr. Eduardo de Souza Aranha, 387, 2o floor, part, São Paulo, SP hereby state that they reviewed, discussed, and agree with the presented financial statements.

São Paulo, November 06, 2019.

Antonio Carlos Duarte Sepúlveda  
Chief Executive Officer and Chief Operating Officer

Daniel Pedreira Dorea  
Economic-Financial Director of Finances and Relations with Investors



## **Opinions and Statements / Tax Council opinion or equivalent body**

In compliance with the provisions of Article 25, sub-item V, of CVM Instruction No. 480 of December 07, 2009, the Executive Officer and Economic-Financial Director of Finances and Relations with Investors of SANTOS BRASIL PARTICIPAÇÕES S.A., publicly-held corporation enrolled in CNPJ (Corporate Taxpayer's Registry) No.02.762.121/0001-04, headquartered at Rua Dr. Eduardo de Souza Aranha, 387, 2o floor, part, São Paulo, SP hereby state that they reviewed, discussed and agree with the opinions expressed in independent auditors' report.

São Paulo, November 06, 2019.

Antonio Carlos Duarte Sepúlveda  
Chief Executive Officer and Chief Operating Officer

Daniel Pedreira Dorea  
Economic-Financial Director of Finances and Relations with Investors