

# 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 06/30/2019
Paid-in capital	
Common	667,166
Preferred	0
Total	667,166
Treasury	
Common	2,716
Preferred	0
Total	2,716

**Company information / Dividends in cash**

<b>Event</b>	<b>Approval</b>	<b>Dividend</b>	<b>Start payment</b>	<b>Nature of share</b>	<b>Type of share</b>	<b>Dividend per share- (Reais / Share)</b>
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 06/30/2019	Prior year 12/31/2018
1	Total assets	2,936,191	2,653,689
1.01	Current assets	504,873	289,609
1.01.01	Cash and cash equivalents	108,657	189,069
1.01.02	Interest earning bank deposits	277,059	0
1.01.02.01	Interest earning bank deposits measured at fair value through profit or loss	277,059	0
1.01.02.01.02	Fair value securities	277,059	0
1.01.03	Accounts receivable	84,610	67,949
1.01.03.01	Trade accounts receivable	84,610	67,949
1.01.04	Inventories	19,528	19,721
1.01.06	Recoverable taxes	3,830	2,577
1.01.06.01	Current taxes recoverable	3,830	2,577
1.01.08	Other current assets	11,189	10,293
1.01.08.03	Other	11,189	10,293
1.01.08.03.01	Dividends receivable / proposed	0	4,466
1.01.08.03.02	Derivative financial instruments	1,125	792
1.01.08.03.03	Checking accounts - Related parties	1,033	801
1.01.08.03.04	Other accounts receivable	9,031	4,234
1.02	Non-current assets	2,431,318	2,364,080
1.02.01	Long-term assets	329,534	312,006
1.02.01.07	Deferred taxes	45,900	37,818
1.02.01.07.01	Deferred income tax and social contribution	45,900	37,818
1.02.01.10	Other non-current assets	283,634	274,188
1.02.01.10.04	Judicial deposits	265,820	256,891
1.02.01.10.05	Others assets	17,814	17,297
1.02.02	Investments	388,900	384,690
1.02.02.01	Equity interest	388,900	384,690
1.02.02.01.02	Interest in subsidiaries	388,900	384,690
1.02.03	Property, plant and equipment	146,558	95,847
1.02.03.01	Property, plant and equipment in operation	64,897	67,344
1.02.03.03	Constructions in progress	81,661	28,503
1.02.04	Intangible assets	1,566,326	1,571,537
1.02.04.01	Intangible assets	1,566,326	1,571,537
1.02.04.01.01	Concession contract	1,479,135	1,482,528
1.02.04.01.02	Other intangible assets	87,191	89,009

## Individual financial statements / Balance sheet - Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 06/30/2019	Prior year 12/31/2018
2	Total liabilities	2,936,191	2,653,689
2.01	Current liabilities	252,004	250,294
2.01.01	Social and labor obligations	37,207	24,635
2.01.01.01	Social charges	5,176	3,385
2.01.01.02	Labor obligations	32,031	21,250
2.01.02	Suppliers	37,462	30,339
2.01.02.01	Domestic suppliers	35,754	30,210
2.01.02.02	Foreign suppliers	1,708	129
2.01.03	Tax liabilities	5,808	5,692
2.01.03.01	Federal tax liabilities	2,659	3,308
2.01.03.01.02	Other federal tax liabilities	2,659	3,308
2.01.03.02	State tax liabilities	19	8
2.01.03.03	Municipal tax liabilities	3,130	2,376
2.01.04	Loans and financing	125,034	125,314
2.01.04.01	Loans and financing	122,322	125,314
2.01.04.01.01	In domestic currency	91,390	94,828
2.01.04.01.02	In foreign currency	30,932	30,486
2.01.04.02	Debentures	2,712	0
2.01.05	Other liabilities	46,493	64,314
2.01.05.02	Other	46,493	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	46,434	63,548
2.01.05.02.06	Other liabilities	46	46
2.02	Non-current liabilities	1,341,376	1,062,268
2.02.01	Loans and financing	335,916	80,033
2.02.01.01	Loans and financing	40,077	80,033
2.02.01.01.01	In domestic currency	40,077	80,033
2.02.01.02	Debentures	295,839	0
2.02.02	Other liabilities	975,806	950,045
2.02.02.02	Other	975,806	950,045
2.02.02.02.04	Actuarial liabilities - Supplementary Health Care Plan	35,741	33,881
2.02.02.02.05	Suppliers	15,021	15,021
2.02.02.02.06	Taxes on income - TRA	50,348	47,341
2.02.02.02.07	Obligations with the Concession Grantor	874,696	853,802
2.02.04	Provisions	29,654	32,190
2.02.04.01	Tax, social security, labor and civil provisions	29,654	32,190
2.02.04.01.01	Tax provisions	10,971	11,117
2.02.04.01.02	Social security and labor provisions	16,802	19,067
2.02.04.01.04	Civil provisions	1,529	1,472
2.02.04.01.05	Provisions - Others	352	534
2.03	Shareholders' equity	1,342,811	1,341,127
2.03.01	Realized capital	1,074,497	1,071,757
2.03.02	Capital reserves	84,682	82,660
2.03.02.02	Goodwill special reserve in the merger	18,897	18,897
2.03.02.04	Options granted	67,151	65,272
2.03.02.07	Income (loss) from disposal of treasury shares	-1,366	-1,509

**Individual financial statements / Balance sheet - Liabilities**  
**(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 06/30/2019</b>	<b>Prior year 12/31/2018</b>
2.03.04	Profit reserves	196,740	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	-8,775	-10,529
2.03.04.12	Buybacks expenses	-8	-9
2.03.05	Retained earnings / losses	-2,710	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 04/01/2019–06/30/2019	Accumulated of the current year 01/01/2019–06/30/2019	Same quarter of the prior year 04/01/2018–06/30/2018	Accumulated of the prior year 01/01/2018–06/30/2018
3.01	Income from sales of goods and/or services	165,410	302,612	134,848	255,235
3.02	Cost of goods and/or services sold	-128,221	-248,736	-107,985	-211,976
3.03	Gross income	37,189	53,876	26,863	43,259
3.04	Operating expenses / income	-18,042	-38,643	-21,217	-37,465
3.04.01	Sales expenses	-8,518	-20,235	-10,253	-20,084
3.04.02	General and administrative expenses	-23,385	-40,417	-18,142	-34,363
3.04.02.01	Amortization of goodwill	-871	-1,743	-871	-1,743
3.04.02.02	Other general and administrative expenses	-22,514	-38,674	-17,271	-32,620
3.04.04	Other operating income	2,305	4,439	1,064	3,314
3.04.05	Other operating expenses	449	336	-115	-236
3.04.06	Equity in earnings of subsidiaries	11,107	17,234	6,229	13,904
3.05	Income (loss) before financial income and taxes	19,147	15,233	5,646	5,794
3.06	Financial income (loss)	-14,006	-26,025	-13,646	-26,841
3.06.01	Financial income	7,239	15,420	3,231	7,030
3.06.02	Financial expenses	-21,245	-41,445	-16,877	-33,871
3.07	Income (loss) before income tax	5,141	-10,792	-8,000	-21,047
3.08	Income tax and social contribution	1,203	8,082	4,041	11,125
3.08.02	Deferred assets	1,203	8,082	4,041	11,125
3.09	Net income (loss) from continued operations	6,344	-2,710	-3,959	-9,922
3.11	Income/loss for the period	6,344	-2,710	-3,959	-9,922
3.99	Earnings per share - (Reais / Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.00955	-0.00408	-0.00598	-0.01498
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.00946	-0.00404	-0.00590	-0.01479

**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
		04/01/2019–06/30/2019	current year 01/01/2019–06/30/2019	prior year 04/01/2018–06/30/2018	prior year 01/01/2018–06/30/2018
4.01	Net income for the period	6,344	-2,710	-3,959	-9,922
4.03	Comprehensive income for the period	6,344	-2,710	-3,959	-9,922

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

(In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2019-06/30/2019	Accumulated of the prior year 01/01/2018-06/30/2018
6.01	Net cash from operational activities	-15,757	1,853
6.01.01	Cash generated in operations	63,855	57,623
6.01.01.01	Income before taxes and sharing	-10,792	-21,047
6.01.01.02	Stock option plan / long-term incentive	1,976	2,497
6.01.01.03	Equity in net income of subsidiaries	-17,234	-13,904
6.01.01.04	Inflation adjustment and exchange rate change	-663	142
6.01.01.05	Depreciation and amortization	48,213	46,484
6.01.01.06	Interest on debentures	3,700	1,811
6.01.01.07	Calculated interests on loans	6,274	6,947
6.01.01.09	Interest on interest earning bank deposits	-2,059	0
6.01.01.16	Formation (reversal) of provision for contingencies	3,911	4,243
6.01.01.17	Write-offs and income in the sale of permanent assets	-204	-226
6.01.01.18	Post-employment benefit – health care plans	1,860	2,134
6.01.01.19	Provision / reversal for expected credit losses and bad debt losses	5,583	4,926
6.01.01.20	Interest on obligations with the Concession Grantor	23,290	23,616
6.01.02	Changes in assets and liabilities	-14,961	-17,585
6.01.02.01	(Increase) decrease in accounts receivable	-22,244	-15,502
6.01.02.02	(Increase) decrease in inventories	193	147
6.01.02.03	(Increase) decrease in current taxes recoverable	-1,253	1,807
6.01.02.05	(Increase) decrease in judicial deposits	-8,929	-5,998
6.01.02.07	(Increase) decrease in other assets	-5,546	-4,749
6.01.02.11	Increase (decrease) in suppliers	7,123	1,670
6.01.02.12	Increase (decrease) in wage and social charges	12,572	908
6.01.02.13	Increase (decrease) in taxes, rates and contributions	116	1,966
6.01.02.15	Increase (decrease) in taxes on billing - TRA	3,007	2,166
6.01.03	Other	-64,651	-38,185
6.01.03.04	Write-off of payment contingencies	-6,447	-3,321
6.01.03.05	Payments - Obligations with the Concession Grantor	-58,204	-34,864
6.02	Net cash used in investment activities	-311,185	-6,120
6.02.01	Acquisition of property, plant and equipment/intangible assets	-55,081	-6,057
6.02.02	Sale of fixed assets	266	237
6.02.04	Increase of investments in subsidiaries	-375	-300
6.02.05	Interest earning bank deposits	-275,000	0
6.02.06	Dividends and interest on own capital received	17,865	0
6.02.07	Interest on capitalized loans	1,140	0
6.03	Net cash from financing activities	246,530	-40,413
6.03.01	Borrowings	294,851	0
6.03.02	Payments of debentures, loans and financing	-40,038	-30,188
6.03.03	Dividends and interest on own capital paid	-2,830	-2,066
6.03.04	Receipt of exercised options	4,541	5,036
6.03.05	Receipt / (payment) of Swap transactions	0	-20
6.03.06	Interest paid to debentures, loans and financing	-9,994	-13,175
6.05	Increase (decrease) in cash and cash equivalents	-80,412	-44,680
6.05.01	Opening balance of cash and cash equivalents	189,069	221,462

**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>01/01/2019–06/30/2019</b>	<b>01/01/2018–06/30/2018</b>
6.05.02	Closing balance of cash and cash equivalents	108,657	176,782

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019–06/30/2019**  
**(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	2,740	2,022	-368	0	0	4,394
5.04.01	Capital increases	2,740	0	0	0	0	2,740
5.04.03	Recognized options granted	0	1,879	0	0	0	1,879
5.04.06	Dividends	0	0	-2,123	0	0	-2,123
5.04.10	Stock options exercised	0	0	1,755	0	0	1,755
5.04.13	Income (loss) from disposal of treasury shares	0	143	0	0	0	143
5.05	Total comprehensive income	0	0	0	-2,710	0	-2,710
5.05.01	Net income for the period	0	0	0	-2,710	0	-2,710
5.07	Closing balances	1,074,497	84,682	196,740	-2,710	-10,398	1,342,811

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2018–06/30/2018**  
**(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	1,981	3,586	0	0	5,567
5.04.03	Recognized options granted	0	2,497	0	0	0	2,497
5.04.06	Dividends	0	0	-1,966	0	0	-1,966
5.04.10	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	-9,922	0	-9,922
5.05.01	Net income for the period	0	0	0	-9,922	0	-9,922
5.07	Closing balances	1,071,757	79,996	193,268	-9,922	-8,634	1,326,465

## Individual financial statements / Statement of added value

(In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2019–06/30/2019	Accumulated of the prior year 01/01/2018–06/30/2018
7.01	Income	339,499	287,502
7.01.01	Sale of merchandise, products and services	340,643	289,114
7.01.02	Other income	4,439	3,314
7.01.04	Provision / reversal of allowance for doubtful accounts	-5,583	-4,926
7.02	Inputs acquired from third parties	-119,686	-106,695
7.02.01	Cost of products, merchandise and services sold	-63,640	-58,071
7.02.02	Materials, energy, third-party services and other	-56,382	-48,388
7.02.04	Other	336	-236
7.03	Gross added value	219,813	180,807
7.04	Retentions	-48,213	-46,484
7.04.01	Depreciation, amortization and depletion	-48,213	-46,484
7.05	Net added value produced	171,600	134,323
7.06	Added value received as transfer	32,654	20,934
7.06.01	Equity income (loss)	17,234	13,904
7.06.02	Financial income	15,420	7,030
7.07	Total added value payable	204,254	155,257
7.08	Distribution of added value	204,254	155,257
7.08.01	Personnel	119,494	104,762
7.08.01.01	Direct remuneration	91,445	77,570
7.08.01.02	Benefits	22,022	21,177
7.08.01.03	Severance Pay Fund (FGTS)	6,027	6,015
7.08.02	Taxes, rates and contributions	44,048	25,471
7.08.02.01	Federal	27,072	13,686
7.08.02.02	State	55	67
7.08.02.03	Municipal	16,921	11,718
7.08.03	Third-party capital remuneration	43,422	34,946
7.08.03.01	Interest	41,445	33,871
7.08.03.02	Rentals	1,977	1,075
7.08.04	Remuneration of own capital	-2,710	-9,922
7.08.04.03	Retained earnings / loss for the period	-2,710	-9,922

## Consolidated financial statements / Balance sheet - Assets

(In thousands of reais)

Code of account	Account description	Current quarter 06/30/2019	Prior year 12/31/2018
1	Total assets	3,176,566	2,858,331
1.01	Current assets	639,327	409,649
1.01.01	Cash and cash equivalents	183,250	253,663
1.01.02	Interest earning bank deposits	277,059	0
1.01.02.01	Interest earning bank deposits measured at fair value through profit or loss	277,059	0
1.01.02.01.02	Fair value securities	277,059	0
1.01.03	Accounts receivable	132,535	113,369
1.01.03.01	Trade accounts receivable	132,535	113,369
1.01.04	Inventories	22,995	23,129
1.01.06	Recoverable taxes	7,843	12,295
1.01.06.01	Current taxes recoverable	7,843	12,295
1.01.08	Other current assets	15,645	7,193
1.01.08.03	Other	15,645	7,193
1.01.08.03.01	Derivative financial instruments	1,125	792
1.01.08.03.02	Other accounts receivable	14,520	6,401
1.02	Non-current assets	2,537,239	2,448,682
1.02.01	Long term assets	361,335	346,095
1.02.01.07	Deferred taxes	62,327	56,577
1.02.01.07.01	Deferred income tax and social contribution	62,327	56,577
1.02.01.10	Other non-current assets	299,008	289,518
1.02.01.10.04	Judicial deposits	275,582	266,369
1.02.01.10.05	Court-ordered dept. payments receivable	5,563	5,422
1.02.01.10.06	Others assets	17,863	17,727
1.02.03	Property, plant and equipment	294,761	238,275
1.02.03.01	Property, plant and equipment in operation	187,089	169,112
1.02.03.03	Constructions in progress	107,672	69,163
1.02.04	Intangible assets	1,881,143	1,864,312
1.02.04.01	Intangible assets	1,881,143	1,864,312
1.02.04.01.01	Concession contract	1,754,310	1,735,620
1.02.04.01.02	Other intangible assets	126,833	128,692



## Consolidated financial statements / Balance sheet - Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 06/30/2019	Prior year 12/31/2018
2	Total liabilities	3,176,566	2,858,331
2.01	Current liabilities	311,845	299,557
2.01.01	Social and labor obligations	47,527	33,566
2.01.01.01	Social charges	7,086	5,163
2.01.01.02	Labor obligations	40,441	28,403
2.01.02	Suppliers	65,214	54,449
2.01.02.01	Domestic suppliers	63,502	54,317
2.01.02.02	Foreign suppliers	1,712	132
2.01.03	Tax liabilities	13,008	11,987
2.01.03.01	Federal tax liabilities	7,308	7,298
2.01.03.01.01	Income tax and social contribution payable	1,580	1,500
2.01.03.01.03	Other federal liabilities	5,728	5,798
2.01.03.02	State tax liabilities	324	306
2.01.03.03	Municipal tax liabilities	5,376	4,383
2.01.04	Loans and financing	129,196	130,129
2.01.04.01	Loans and financing	126,484	130,129
2.01.04.01.01	In domestic currency	92,010	95,842
2.01.04.01.02	In foreign currency	34,474	34,287
2.01.04.02	Debentures	2,712	0
2.01.05	Other liabilities	56,900	69,426
2.01.05.02	Other	56,900	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	52,230	68,660
2.01.05.02.09	Lease - rentals	4,609	0
2.01.05.02.10	Other accounts payable	48	46
2.02	Non-current liabilities	1,521,910	1,217,647
2.02.01	Loans and financing	350,917	97,266
2.02.01.01	Loans and financing	55,078	97,266
2.02.01.01.01	In domestic currency	41,757	82,004
2.02.01.01.02	In foreign currency	13,321	15,262
2.02.01.02	Debentures	295,839	0
2.02.02	Other liabilities	1,125,717	1,071,606
2.02.02.02	Other	1,125,717	1,071,606
2.02.02.02.07	Actuarial liabilities - Supplementary Health Care Plan	43,815	41,464
2.02.02.02.08	Suppliers	15,021	15,021
2.02.02.02.09	Taxes on income - TRA	50,348	47,341
2.02.02.02.10	Obligations with the Concession Grantor	989,349	962,357
2.02.02.02.11	Lease - rentals	21,620	0
2.02.02.02.12	Other liabilities	5,564	5,423
2.02.03	Deferred taxes	10,615	10,456
2.02.03.01	Deferred income tax and social contribution	10,615	10,456
2.02.04	Provisions	34,661	38,319
2.02.04.01	Tax, social security, labor and civil provisions	34,661	38,319
2.02.04.01.01	Tax provisions	13,797	14,175
2.02.04.01.02	Social security and labor provisions	18,955	22,120
2.02.04.01.04	Civil provisions	1,549	1,478

## Consolidated financial statements / Balance sheet - Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 06/30/2019	Prior year 12/31/2018
2.02.04.01.05	Provisions - Others	360	546
2.03	Consolidated shareholders' equity	1,342,811	1,341,127
2.03.01	Realized capital	1,074,497	1,071,757
2.03.02	Capital reserves	84,682	82,660
2.03.02.02	Goodwill special reserve in the merger	18,897	18,897
2.03.02.04	Options granted	67,151	65,272
2.03.02.07	Income (loss) from disposal of treasury shares	-1,366	-1,509
2.03.04	Profit reserves	196,740	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	-8,775	-10,529
2.03.04.12	Buybacks expenses	-8	-9
2.03.05	Retained earnings / losses	-2,710	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 04/01/2019–06/30/2019	Accumulated of the current year 01/01/2019–06/30/2019	Same quarter of the prior year 04/01/2018–06/30/2018	Accumulated of the prior year 01/01/2018–06/30/2018
3.01	Income from sales of goods and/or services	264,917	492,137	230,607	444,325
3.02	Cost of goods and/or services sold	-191,466	-372,300	-170,387	-334,760
3.03	Gross income	73,451	119,837	60,220	109,565
3.04	Operating expenses / income	-47,504	-93,563	-48,774	-92,515
3.04.01	Sales expenses	-24,203	-52,665	-29,442	-56,595
3.04.02	General and administrative expenses	-26,381	-46,569	-20,812	-39,905
3.04.02.01	Amortization of goodwill	-871	-1,743	-871	-1,743
3.04.02.02	Other general and administrative expenses	-25,510	-44,826	-19,941	-38,162
3.04.04	Other operating income	2,725	5,512	1,668	4,349
3.04.05	Other operating expenses	355	159	-188	-364
3.05	Income (loss) before financial income and taxes	25,947	26,274	11,446	17,050
3.06	Financial income (loss)	-14,918	-27,921	-16,152	-30,792
3.06.01	Financial income	8,640	18,664	4,846	9,833
3.06.02	Financial expenses	-23,558	-46,585	-20,998	-40,625
3.07	Income (loss) before income tax	11,029	-1,647	-4,706	-13,742
3.08	Income tax and social contribution	-4,685	-1,063	747	3,820
3.08.01	Current	-4,007	-6,654	-3,053	-6,248
3.08.02	Deferred	-678	5,591	3,800	10,068
3.09	Net income (loss) from continued operations	6,344	-2,710	-3,959	-9,922
3.11	Income / loss for the period	6,344	-2,710	-3,959	-9,922
3.11.01	Attributed to the Parent company's partners	6,344	-2,710	-3,959	-9,922
3.99	Earnings per share - (Reais / Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.00955	-0.00408	-0.00598	-0.01498
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.00946	-0.00404	-0.00590	-0.01479

## Consolidated financial statements / Statement of comprehensive income

(In thousands of reais)

Code of account	Account description	Current quarter 04/01/2019–06/30/2019	Accumulated of the current year 01/01/2019–06/30/2019	Same quarter of the prior year 04/01/2018–06/30/2018	Accumulated of the prior year 01/01/2018–06/30/2018
4.01	Consolidated net income for the period	6,344	-2,710	-3,959	-9,922
4.03	Consolidated comprehensive income for the period	6,344	-2,710	-3,959	-9,922
4.03.01	Attributed to the Parent company's partners	6,344	-2,710	-3,959	-9,922

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

(In thousands of reais)

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2019-06/30/2019	01/01/2018-06/30/2018
6.01	Net cash from operational activities	24,447	29,120
6.01.01	Cash generated in operations	111,278	102,417
6.01.01.01	Income before taxes and sharing	-1,647	-13,742
6.01.01.02	Inflation adjustment and exchange rate change	-977	2,564
6.01.01.03	Depreciation and amortization	65,286	61,921
6.01.01.05	Formation (reversal) of provision for contingencies	3,215	4,614
6.01.01.06	Stock option plan / long-term incentive	1,976	2,497
6.01.01.07	Write-offs and income in the sale of permanent assets	-204	-240
6.01.01.08	Interest on debentures	3,700	1,811
6.01.01.09	Calculated interest on loans	6,400	7,123
6.01.01.10	Interest on interest earning bank deposits	-2,059	0
6.01.01.17	Post-employment benefit – health care plans	2,351	2,526
6.01.01.18	Provision / reversal for expected credit losses and bad debt losses	6,163	6,832
6.01.01.19	Interest on obligations with the Concession Grantor	26,099	26,511
6.01.01.20	Interest on lease - rents	975	0
6.01.02	Changes in assets and liabilities	-9,535	-24,257
6.01.02.01	(Increase) decrease in accounts receivable	-25,329	-23,536
6.01.02.02	(Increase) decrease in inventories	134	196
6.01.02.03	(Increase) decrease in current taxes recoverable	4,452	2,277
6.01.02.05	(Increase) decrease in judicial deposits	-9,213	-6,300
6.01.02.06	(Increase) decrease in other assets	-8,396	-6,852
6.01.02.07	Increase (decrease) in suppliers	10,765	1,008
6.01.02.08	Increase (decrease) in wage and social charges	13,961	2,839
6.01.02.09	Increase (decrease) in taxes, rates and contributions	941	3,873
6.01.02.10	Increase (decrease) in accounts payable	141	72
6.01.02.11	Increase (decrease) in taxes on billing - TRA	3,007	2,166
6.01.02.12	Increase (decrease) in other liabilities	2	0
6.01.03	Other	-77,296	-49,040
6.01.03.01	Income tax and social contribution paid	-6,574	-5,048
6.01.03.04	Write-off of payment contingencies	-6,873	-3,771
6.01.03.05	Payments - Obligations with the Concession Grantor	-63,849	-40,221
6.02	Net cash used in investment activities	-335,212	-28,470
6.02.01	Acquisition of property, plant and equipment/intangible assets	-61,950	-29,057
6.02.02	Disposal of property, plant and equipment	275	305
6.02.04	Interest earning bank deposits	-275,000	0
6.02.05	Interests on capitalized loans	1,463	282
6.03	Net cash from financing activities	240,352	-24,256
6.03.01	Receipt of exercised share purchase options	4,541	5,036
6.03.02	Borrowings	294,851	20,359
6.03.03	Payments of debentures, loans and financing	-42,580	-33,979
6.03.04	Dividends and interest on own capital paid	-2,830	-2,066
6.03.07	Receipt / (payment) of Swap transactions	0	-259
6.03.08	Interest paid to debentures, loans and financing	-10,472	-13,347
6.03.11	Lease payments - Leases	-3,158	0

**Consolidated 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>01/01/2019–06/30/2019</b>	<b>01/01/2018–06/30/2018</b>
6.05	Increase (decrease) in cash and cash equivalents	-70,413	-23,606
6.05.01	Opening balance of cash and cash equivalents	253,663	270,731
6.05.02	Closing balance of cash and cash equivalents	183,250	247,125

## Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019–06/30/2019

(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	2,740	2,022	-368	0	0	4,394	0	4,394
5.04.01	Capital increases	2,740	0	0	0	0	2,740	0	2,740
5.04.03	Recognized options granted	0	1,879	0	0	0	1,879	0	1,879
5.04.06	Dividends	0	0	-2,123	0	0	-2,123	0	-2,123
5.04.10	Stock options exercised	0	0	1,755	0	0	1,755	0	1,755
5.04.13	Income (loss) from disposal of treasury shares	0	143	0	0	0	143	0	143
5.05	Total comprehensive income	0	0	0	-2,710	0	-2,710	0	-2,710
5.05.01	Net income for the period	0	0	0	-2,710	0	-2,710	0	-2,710
5.07	Closing balances	1,074,497	84,682	196,740	-2,710	-10,398	1,342,811	0	1,342,811

## Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2018–06/30/2018

(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	1,981	3,586	0	0	5,567	0	5,567
5.04.03	Recognized options granted	0	2,497	0	0	0	2,497	0	2,497
5.04.06	Dividends	0	0	-1,966	0	0	-1,966	0	-1,966
5.04.10	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	-9,922	0	-9,922	0	-9,922
5.05.01	Net income for the period	0	0	0	-9,922	0	-9,922	0	-9,922
5.07	Closing balances	1,071,757	79,996	193,268	-9,922	-8,634	1,326,465	0	1,326,465



## Consolidated financial statements/ Statement of added value

(In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2019–06/30/2019	Accumulated of the prior year 01/01/2018–06/30/2018
7.01	Income	562,181	508,461
7.01.01	Sale of merchandise, products and services	562,832	510,944
7.01.02	Other income	5,512	4,349
7.01.04	Provision / reversal of allowance for doubtful accounts	-6,163	-6,832
7.02	Inputs acquired from third parties	-215,706	-202,542
7.02.01	Cost of products, merchandise and services sold	-105,927	-98,276
7.02.02	Materials, energy, third-party services and other	-109,938	-103,902
7.02.04	Other	159	-364
7.03	Gross added value	346,475	305,919
7.04	Retentions	-65,286	-61,921
7.04.01	Depreciation, amortization and depletion	-65,286	-61,921
7.05	Net added value produced	281,189	243,998
7.06	Added value received as transfer	18,664	9,833
7.06.02	Financial income	18,664	9,833
7.07	Total added value payable	299,853	253,831
7.08	Distribution of added value	299,853	253,831
7.08.01	Personnel	162,256	145,903
7.08.01.01	Direct remuneration	119,886	104,712
7.08.01.02	Benefits	33,536	32,687
7.08.01.03	Severance Pay Fund (FGTS)	8,834	8,504
7.08.02	Taxes, duties and contributions	88,681	68,405
7.08.02.01	Federal	59,213	44,871
7.08.02.02	State	2,630	3,131
7.08.02.03	Municipal	26,838	20,403
7.08.03	Third-party capital remuneration	51,626	49,445
7.08.03.01	Interest	46,585	40,625
7.08.03.02	Rentals	5,041	8,820
7.08.04	Remuneration of own capital	-2,710	-9,922
7.08.04.03	Retained earnings / loss for the period	-2,710	-9,922

## Performance comment

## OPERATING INDICATORS

## Consolidated

Units	2Q19	2Q18	Var. %	6M19	6M18	Var. %
<b>PORT TERMINALS</b>						
Quay operations - containers	320,079	266,121	20.3%	575,008	519,278	10.7%
Full Containers	241,737	202,984	19.1%	442,388	396,739	11.5%
Empty Containers	78,342	63,137	24.1%	132,620	122,539	8.2%
Quay operations – general cargo (ton)	94,676	46,094	105.4%	163,100	83,288	95.8%
Warehousing operations – containers	36,978	28,083	31.7%	66,716	54,874	21.6%
<b>LOGISTICS</b>						
Warehousing operations – containers	14,715	13,506	9.0%	27,977	26,054	7.4%
<b>VEHICLE TERMINAL</b>						
Vehicles handled	53,435	80,802	-33.9%	102,383	152,362	-32.8%
Exports	43,978	72,234	-39.1%	87,003	136,083	-36.1%
Imports	9,457	8,568	10.4%	15,380	16,279	-5.5%

## Port terminals

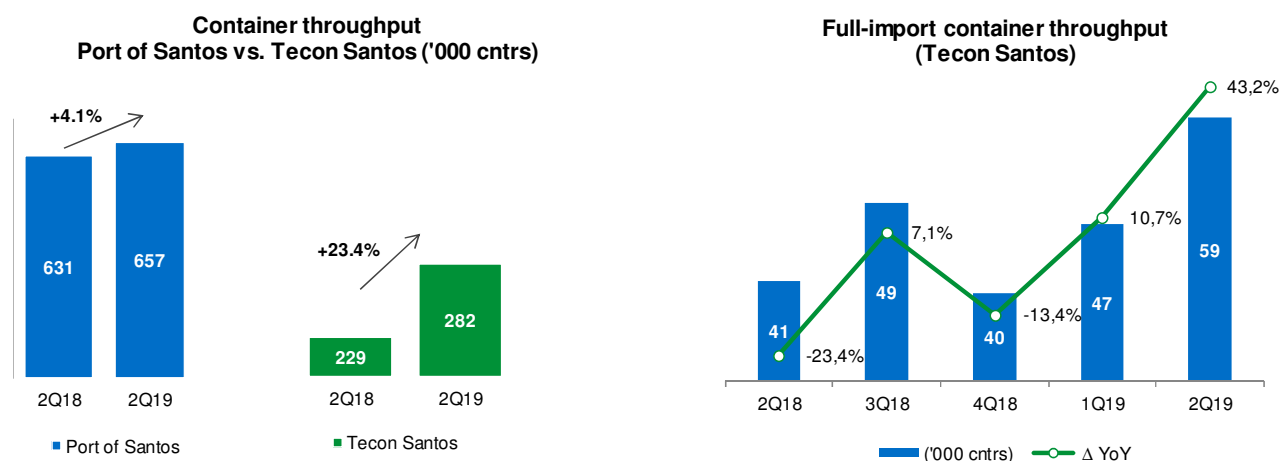
Units	2Q19	2Q18	Var. %	6M19	6M18	Var. %
<b>PORT TERMINALS</b>						
<b>Tecon Santos</b>	282,496	228,870	23.4%	501,029	444,237	12.8%
Full containers	220,669	181,753	21.4%	400,278	353,570	13.2%
Empty containers	61,827	47,117	31.2%	100,751	90,667	11.1%
General cargo (ton)	-	-	-	-	-	-
<b>Tecon Imbituba</b>	10,313	14,723	-30.0%	22,962	28,521	-19.5%
Full containers	5,997	9,023	-33.5%	13,285	16,609	-20.0%
Empty containers	4,316	5,700	-24.3%	9,677	11,912	-18.8%
General cargo (ton)	94,676	45,288	109.1%	163,100	82,387	98.0%
<b>Tecon Vila do Conde</b>	27,270	22,528	21.0%	51,017	46,520	9.7%
Full containers	15,071	12,208	23.5%	28,825	26,560	8.5%
Empty containers	12,199	10,320	18.2%	22,192	19,960	11.2%
General cargo (ton)	-	807	-100.0%	-	901	-100.0%

**Tecon Santos** handled 282,496 containers in 2Q19, up 23.4% from 2Q18. Considering 1H19 throughput, Tecon Santos capacity utilization stood at 80%, on an annualized basis, reaching 41.3% of market share (vs. 35.4% in 1H18), and maintaining its leadership at the Port of Santos.

In 2Q19, the volume of full containers handled at Tecon Santos grew 21.4% YoY. Full-import containers handled increased 43.2% to 58,573 units in the quarter, contributing to improve the terminal's mix. The ramp-up of the new service to Asia operated by Maersk/Hamburg Süd had an important effect on Tecon Santos' throughput growth, and also on the improvement in the terminal's mix of imported containers. Another volume driver was the Asian service SSA, leaded by PIL (Pacific International Lines), which became a joint service with the union of Cosco, Evergreen and CMA CGM, which together added five vessels to the service.

Tecon Santos' volume growth in 2Q19 exceeded Port of Santos' growth by more than five times:

## Performance comment



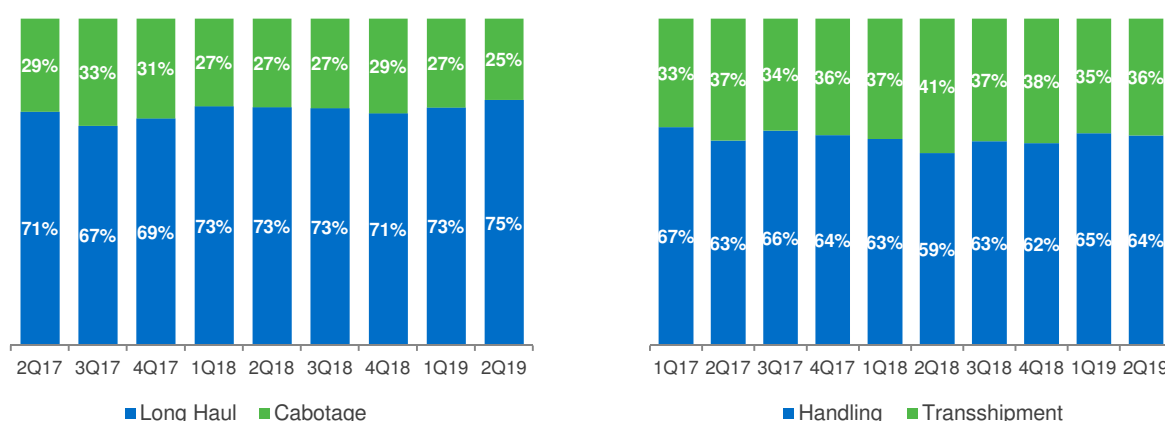
**Tecon Imbituba** handled 10,313 containers in 2Q19, down 30.0% YoY. The drop was caused by lower long-haul container volume due to the discontinuation of the ASAS Asian service, in January 2019, after Maersk, Hamburg Süd, MSC and Hapag Lloyd had to reorganize their Asian services in the East Coast of South America. In 2Q19, long-haul container handling accounted for 3.4% of the terminal's total volume (vs. 41.8% in 2Q18). On the other hand, cabotage volume, represented by ALCT2 service operated by the shipowner Aliança, increased 16.3% and accounted for 96.6% of the terminal's total volume (vs. 58.2% in 2Q18). Moreover, Imbituba General Cargo Terminal's operations ("TCG Imbituba") have offset the impact caused by the end of ASAS container service. In 2Q19, TCG handled 94.6 thousand tons, more than twice 2Q18 volume, driven by the import and export of steel products, washing soda and wood log exports to China.

**At Tecon Vila do Conde**, container throughput increased 21.0% YoY, reaching 27,270 units. Long-haul container volume accounted for 67.1% of total throughput (71.2% in 2Q18) and increased 14.1%. Exports increased 23.3% YoY, chiefly driven by manganese and copper shipping. Imports increased 3.8%, reversing the previous quarter downturn. The main drivers for imports in the quarter were the normalization of a mining plant's operation in the North region and the fertilizer chemical sector. Another important growth driver were project cargo operations in May and June, with the import of equipment and machinery for two large mining companies and a hydroelectric power plant located in the North region. Cabotage volume increased 38.2% YoY and accounted for 32.9% of Tecon Vila do Conde's throughput (vs. 28.8% in 2Q18). Cargo coastal transportation continued to benefit from new manufacturing plants in the region and the ramp-up of a new supermarket chain.

**Santos Brasil's three terminals' container throughput** grew 20.3% in 2Q19. In long-haul operations, which represented 75.1% of total throughput, imported and exported container volumes grew 30.7% and 33.1% YoY, respectively. Cabotage grew 10.2% and was 24.9% of the total handled volume (27.1% in 2Q18). Transshipment (long-haul + cabotage) increased 4.7% in the quarter, but reduced its share in the total volume to 35.8%, from 41.1% in 2Q18 (35.1% in 1Q19). The full-empty container mix slightly worsened, with full containers representing 75.5% of 2Q19 total throughput (vs. 76.3% in 2Q18).

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

## Performance comment



**Total container warehousing volume** at the port terminals grew 31.7% in 2Q19, explained by the higher volume of full imported containers at Tecon Santos and Tecon Vila do Conde. The retention rate increased to 58%, from 55% in 2Q18 and 56% in 1Q19. Tecon Santos' dwell time (average warehousing period of full-import containers) was 12.2 days in 2Q19, lower than 14.3 days in 2Q18, when dwell time abnormally increased due to the truck drivers' strike in May 2018.

## Logistics

The 9.0% YoY growth in container warehousing volume at Santos Brasil Logística was mostly driven by contract renewals and new contracts, mainly with clients in the chemical sector and fertilizer and pesticide importers. Moreover, the Company also renewed contracts with freight forwarders and NVOCC<sup>1</sup>. However, a recovery in LCL (less-container load) operations, carried out by them, did not happen in 2Q19. These operations have better margins due to the higher average ticket compared to FCL (full-container load) operations, which presented a volume increase in the quarter, despite insufficient to fully offset LCL worse mix.

## Vehicle Terminal

TEV handled 53,435 vehicles in 2Q19, down 33.9% YoY, mainly due to lower vehicle exports to Argentina by Brazilian automakers. On the other hand, mix improved with a 10.4% increase in vehicle imports, which accounted for 17.7% of total vehicle handling in the quarter (vs. 10.6% in 2Q18). Consequently, the better import mix led to a growth in dwell time (average period of stay of vehicles in the TEV's yard), reaching 8.8 days in 2Q19 (vs. 5.8 days in 2Q18). Heavy vehicle mix also improved, representing 9.4% of TEV's total volume in 2Q19 (vs. 7.1% in 2Q18 and 7.5% in 1T19). In the first half of 2019, TEV's capacity utilization stood at 68.2%, on an annualized basis.

(1) NVOCC (non-vessel operating common carrier): cargo consolidating companies that do not hold vessels and, therefore, buy slots in the shipping lines' vessels to load their customers' cargo;

## Performance comment

## FINANCIAL RESULTS

## GROSS REVENUE

R\$ million	2Q19	2Q18	Var.%	6M19	6M18	Var.%
<b>PORT TERMINALS</b>	<b>218.7</b>	<b>180.9</b>	<b>20.9%</b>	<b>400.4</b>	<b>344.6</b>	<b>16.2%</b>
Quay operations	129.5	95.7	35.3%	228.8	190.6	20.0%
Warehousing operations	89.2	85.2	4.7%	171.7	154.0	11.5%
<b>LOGISTICS</b>	<b>71.6</b>	<b>75.0</b>	<b>-4.5%</b>	<b>140.7</b>	<b>146.1</b>	<b>-3.7%</b>
<b>VEHICLE TERMINAL</b>	<b>19.3</b>	<b>19.2</b>	<b>0.5%</b>	<b>35.0</b>	<b>35.1</b>	<b>-0.3%</b>
<b>Eliminations</b>	<b>-2.9</b>	<b>-3.4</b>	<b>14.7%</b>	<b>-5.2</b>	<b>-7.5</b>	<b>30.7%</b>
<b>Consolidated</b>	<b>306.7</b>	<b>271.7</b>	<b>12.9%</b>	<b>570.9</b>	<b>518.3</b>	<b>10.1%</b>

## NET REVENUE

R\$ million	2Q19	2Q18	Var.%	6M19	6M18	Var.%
<b>PORT TERMINALS</b>	<b>192.6</b>	<b>155.9</b>	<b>23.5%</b>	<b>352.7</b>	<b>300.7</b>	<b>17.3%</b>
Quay operations	116.6	85.4	36.5%	206.2	171.6	20.2%
Warehousing operations	76.0	70.5	7.8%	146.5	129.1	13.5%
<b>LOGISTICS</b>	<b>58.4</b>	<b>61.3</b>	<b>-4.7%</b>	<b>114.8</b>	<b>120.1</b>	<b>-4.4%</b>
<b>VEHICLE TERMINAL</b>	<b>16.5</b>	<b>16.5</b>	<b>0.0%</b>	<b>29.3</b>	<b>30.4</b>	<b>-3.6%</b>
<b>Eliminations</b>	<b>-2.7</b>	<b>-3.1</b>	<b>12.9%</b>	<b>-4.7</b>	<b>-6.8</b>	<b>30.9%</b>
<b>Consolidated</b>	<b>264.9</b>	<b>230.6</b>	<b>14.9%</b>	<b>492.1</b>	<b>444.4</b>	<b>10.7%</b>

## Port Terminals

As a result of the volume increase in container and general cargo, combined with a partial price re-composition, quay operations' net revenue grew 36.5% YoY, reaching R\$116.6 million in 2Q19. Net revenue from warehousing operations grew 7.8% to R\$76.0 million, reflecting full-import container volume growth. However, the worse mix of NVOCC' fragmented cargo and a shorter dwell time impacted port terminals' warehousing average ticket, with unit net revenue down 18.1% YoY. Tecon Santos' net revenue increased 22.7% in 2Q19 and represented 88.2% of Port Terminal's net revenue (vs. 86.2% in 2Q18). Tecon Imbituba's net revenue grew 22.9%, mainly driven by the strong growth in general cargo handling at TCG. Tecon Vila do Conde's net revenue increased 29.3%, positively impacted by improvement in full container mix and an increase in project cargo volume with imports of machinery and equipment for mining companies and a hydropower plant located in the Northern Region of the country.

## Logistics

Despite warehousing volume growth in 2Q19, Santos Brasil Logística (SBLog) presented a worse mix in LCL (Less-Container Load) operations, volume originated by freight forwarders and NVOCC. Moreover, the shorter dwell time and a worse performance in truck transportation also affected SBLog's results. Nevertheless, the YoY comparison is impaired by the truck drivers' strike in May 2018, which caused an extraordinary increase in 2Q18 dwell time. All in all, Santos Brasil Logística's net revenue fell 4.7% in 2Q19, with average net revenue per stored container 12.6% down.

## Vehicle Terminal

TEV's net revenue totaled R\$16.5 million, practically flat YoY. TEV's vehicle throughput was negatively affected by lower exports to Argentina, but was offset by higher imported vehicle volumes and a better mix of heavy vehicles, all of which have higher margins. TEV's improved mix in 2Q19 drove the sharp 51.2% increase in the average net revenue per vehicle.

## COST OF SERVICES RENDERED

## Performance comment

R\$ million	2Q19	2Q18	Var. %	6M19	6M18	Var.%
<b>PORT TERMINALS</b>						
Handling Costs	34.6	30.3	14.2%	66.2	60.6	12.0%
Personnel Costs	61.5	48.3	27.3%	121.8	94.4	29.0%
Depreciation and Amortization	23.9	22.9	4.4%	47.4	46.0	3.0%
Other Costs	22.9	20.9	9.6%	43.6	40.1	4.8%
<b>Total</b>	<b>142.9</b>	<b>122.4</b>	<b>16.7%</b>	<b>278.9</b>	<b>241.1</b>	<b>15.7%</b>
<b>LOGISTICS</b>						
Handling Costs	17.4	15.6	11.5%	32.2	30.3	6.3%
Personnel Costs	13.7	13.1	4.6%	26.2	26.0	0.8%
Depreciation and Amortization	4.1	3.3	24.2%	8.3	6.7	23.9%
Other Costs	6.6	7.9	-16.5%	12.7	16.3	-22.1%
<b>Total</b>	<b>41.8</b>	<b>39.9</b>	<b>4.8%</b>	<b>79.4</b>	<b>79.3</b>	<b>0.1%</b>
<b>VEHICLE TERMINAL</b>						
Handling Costs	4.6	6.1	-24.6%	8.3	11.1	-25.2%
Depreciation and Amortization	3.9	3.7	5.4%	7.7	7.4	4.1%
Other Costs	0.9	1.4	-35.7%	2.7	2.8	-3.6%
<b>Total</b>	<b>9.4</b>	<b>11.2</b>	<b>-16.1%</b>	<b>18.6</b>	<b>21.2</b>	<b>-12.3%</b>
<b>Eliminations</b>	<b>-2.7</b>	<b>-3.1</b>	<b>12.9%</b>	<b>-4.7</b>	<b>-6.8</b>	<b>30.9%</b>
<b>Consolidated</b>	<b>191.5</b>	<b>170.4</b>	<b>12.4%</b>	<b>372.3</b>	<b>334.8</b>	<b>11.2%</b>

### Port Terminals

In the YoY comparison, just as in 1Q19, costs in 2Q19 were negatively impacted by the end of the tax subsidy on payroll (except for the Vehicle Terminal, which had its tax regime changed in 2018) and the 16.7% adjustment in the port tariff charged by CODESP (Sao Paulo state port authority), which took in force in June 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. The recommissioning of out-of-operation equipment continued in 2Q19 on the back of increasing container throughput in Tecon Santos, more intense in 2Q19 compared to the previous quarter.

Despite the aforementioned negative effects on costs, scale gains with the higher container throughput of Tecon Santos and Vila do Conde helped 2Q19 results. Port Terminals' average cost per container handled / stored (ex-D&A) of R\$333 fell 1.5% YoY and was 15.7% down QoQ. Variable handling costs (third-party labor, port tariff - TUP and other variable costs) increased 14.2% YoY, as a result of higher volumes handled. Results were negatively impacted by hike in port tariffs and higher fuel and electricity costs, and positively impacted by lower costs with temporary workers and freight. At the end, unit variable cost dropped 5.9% YoY.

### Logistics

Variable costs increased 11.5%, mainly due to higher freight expenses resulting from more container transfer from Tecon Santos to (CLIA) Guarujá bonded warehouse, aiming to optimize the terminal's operating flow. Personnel costs remained nearly stable YoY. The reduction in "other costs" was due to the accounting reclassification of São Bernardo do Campo Distribution Center rent expenses that, pursuant to IFRS 16, now impact the P&L 'Financial Result' account.

## Performance comment

### Vehicle Terminal

TEV's total cost fell 16.1% YoY, driven by lower volume of vehicles handled in the terminal. Due to lower fixed cost dilution, average cost per vehicle (ex-D&A) increased 10.9% in 2Q19.

## OPERATING EXPENSES

R\$ million	2Q19	2Q18	Var. %	6M19	6M18	Var. %
<b>PORT TERMINALS</b>						
Selling	9.0	11.2	-19.6%	21.1	21.6	-2.3%
General, Administrative and other	12.9	6.8	89.7%	17.4	12.3	41.5%
Depreciation and Amortization	-	-	-	0.1	-	-
<b>Total</b>	<b>22.0</b>	<b>18.0</b>	<b>22.2%</b>	<b>38.6</b>	<b>33.9</b>	<b>13.9%</b>
<b>LOGISTICS</b>						
Selling	14.4	17.5	-17.7%	30.1	33.9	-11.2%
General, Administrative and other	1.3	1.3	0.0%	3.0	3.3	-9.1%
Depreciation and Amortization	-	-	-	-	-	-
<b>Total</b>	<b>15.7</b>	<b>18.8</b>	<b>-16.5%</b>	<b>33.1</b>	<b>37.2</b>	<b>-11.0%</b>
<b>VEHICLE TERMINAL</b>						
Selling	0.8	0.8	0.0%	1.4	1.0	40.0%
General, Administrative and other	0.1	0.1	0.0%	0.3	0.3	0.0%
Depreciation and Amortization	-	-	-	-	-	-
<b>Total</b>	<b>0.8</b>	<b>0.9</b>	<b>-11.1%</b>	<b>1.7</b>	<b>1.3</b>	<b>30.8%</b>
<b>CORPORATE</b>						
General, Administrative and other	8.0	10.2	-21.6%	18.3	18.2	0.5%
Depreciation and Amortization	0.9	0.9	0.0%	1.8	1.8	0.0%
<b>Total</b>	<b>8.9</b>	<b>11.1</b>	<b>-19.8%</b>	<b>20.1</b>	<b>20.0</b>	<b>0.5%</b>
<b>Consolidated</b>	<b>47.5</b>	<b>48.8</b>	<b>-2.7%</b>	<b>93.6</b>	<b>92.4</b>	<b>1.3%</b>

### Port Terminals

Selling expenses were slightly impacted by labor, but offset by a larger drop in sales commissions and lower losses from uncollectable dues. Increase in G&A expenses was chiefly driven by non-recurring negative impact of *ad exitum* legal advisory fees (R\$3.9 million), in view of lawsuits favorable outcome for the Company, and provisions for tax proceedings related to the payment of interest and penalties on federal tax reimbursed amounts (R\$1.6 million). At a lesser extent, higher labor expenses also had a negative effect.

### Logistics

The decline in selling expenses in 2Q19 was mainly due to lower payment of commissions to freight forwarders and NVOCC given lower volume operated by these clients. General and administrative expenses remained stable YoY.

### Vehicle Terminal

TEV's operating expenses in 2Q19 remained flat YoY, with increase in sales commissions that was offset by lower provisions for doubtful accounts.

### Corporate

Corporate expenses decreased, positively impacted by lower personnel expenses that, in 2Q18, soared on the back of non-recurring labor indemnities that did not occur in 2Q19. Advisory expenses also decreased in the quarter.

## Performance comment

### EBITDA and EBITDA MARGIN

R\$ million	2Q19 reported	2Q19 pro-forma	Pro-forma mg. <sup>1</sup>	2Q18 reported	2Q18 pro-forma	Pro-forma mg. <sup>1</sup>	% YoY
Port Terminals	51.7	32.0	16.6%	38.5	20.3	13.0%	57.6%
Logistics <sup>2</sup>	5.0	3.4	5.8%	5.9	5.9	9.7%	-42.4%
Vehicle Terminal	10.0	7.6	46.1%	8.1	5.9	35.7%	28.8%
Corporate	-8.0	-8.0	-	-10.2	-10.2	-	21.6%
<b>Consolidated</b>	<b>58.7</b>	<b>35.0</b>	<b>13.2%</b>	<b>42.3</b>	<b>21.9</b>	<b>9.5%</b>	<b>59.8%</b>
Non-recurring items	7.7	7.7	-	5.1	5.1	-	-
<b>Consolidated (recurring)</b>	<b>66.4</b>	<b>42.6</b>	<b>16.1%</b>	<b>47.4</b>	<b>27.0</b>	<b>11.7%</b>	<b>57.8%</b>

R\$ million	6M19 reported	6M19 pro-forma	Pro-forma mg. <sup>1</sup>	6M18 reported	6M18 pro-forma	Pro-forma mg. <sup>1</sup>	% YoY
Port Terminals	82.6	43.8	12.4%	71.7	35.4	11.8%	23.7%
Logistics <sup>2</sup>	10.6	7.4	6.5%	10.3	10.3	8.6%	-28.2%
Vehicle Terminal	16.6	11.8	40.4%	15.2	10.8	35.5%	9.3%
Corporate	-18.3	-18.3	-	-18.2	-18.2	-	-0.5%
<b>Consolidated</b>	<b>91.6</b>	<b>44.8</b>	<b>9.1%</b>	<b>79.0</b>	<b>38.3</b>	<b>8.6%</b>	<b>17.0%</b>
Non-recurring items	11.4	11.4	-	11.3	11.3	-	-
<b>Consolidated (recurring)</b>	<b>102.9</b>	<b>56.0</b>	<b>11.4%</b>	<b>90.3</b>	<b>49.6</b>	<b>11.2%</b>	<b>12.9%</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 the reported EBITDA.

Pro-forma EBITDA in 2Q19 totaled R\$35.0 million, with margin of 13.2%. The quarter was impacted by non-recurring items totaling R\$7.7 million, represented by costs and expenses with (i) severance pay/labor indemnities as result of corporate restructuring, (ii) legal advisory fees related to lawsuits with favorable outcome for the Company, and (iii) provisions for tax proceedings related to the payment of interest and penalties on federal tax reimbursed amounts. EBITDA was also adjusted for extraordinary gains from (i) partial reversal of FAP (Accident Prevention Factor) fee payment, and (ii) adjustments on the provision for doubtful accounts. Excluding such non-recurring items, the recurring pro-forma EBITDA in 2Q19 was R\$42.6 million, with margin of 16.1%.

### Port Terminals

Port Terminals' recurring pro-forma EBITDA was R\$38.2 million in 2Q19, with margin of 19.9%. Despite higher payroll expenses and the hike in port tariffs at the Port of Santos, port terminals sound financial and operating performance reflected the volume recovery in Tecon Santos, Tecon Vila do Conde and Imbituba's general cargo terminal (TCG), along with a better mix of import containers and partial re-composition in prices.

### Logistics

Excluding non-recurring costs, Santos Brasil Logística's pro-forma recurring EBITDA totaled R\$4.8 million in 2Q19, with margin of 8.3%. Logística's results were negatively impacted by a weak mix of fragmented cargo, due to lower volumes of freight forwarders and NVOCC, similar dynamics to the previous two quarters.



## Performance comment

### Vehicle Terminal

TEV's recurring pro-forma EBITDA was R\$7.6 million in 2Q19, with margin of 46.1%. Despite lower vehicle exports to Argentina, there was an improvement in vehicle import mix and handling of heavy vehicles, all of which have higher margins.

### Corporate

Represented by corporate expenses, Corporate EBITDA was stable in 2Q19 at a negative amount of R\$8.0 million, despite the increase in personnel expenses due to the end of tax subsidy in payroll.

## NET INCOME

R\$ million	2Q19	2Q18	Var. %	6M19	6M18	Var. %
<b>EBITDA</b>	<b>58.7</b>	<b>42.3</b>	<b>38.8%</b>	<b>91.6</b>	<b>79.0</b>	<b>15.9%</b>
Depreciation and Amortization	32.8	30.9	6.1%	65.3	61.9	5.5%
<b>EBIT</b>	<b>25.9</b>	<b>11.4</b>	<b>127.2%</b>	<b>26.3</b>	<b>17.1</b>	<b>53.8%</b>
Financial Result	-14.9	-16.2	8.0%	-27.9	-30.8	9.4%
Income and Social Contribution Taxes	-4.7	0.8	-	-1.1	3.8	-
<b>Net income</b>	<b>6.3</b>	<b>-4.0</b>	<b>-</b>	<b>-2.7</b>	<b>-9.9</b>	<b>72.7%</b>

In 2Q19, the Company recorded a net income of R\$6.3 million, reverting the net loss of R\$4.0 million in 2Q18. Due to IFRS 16, intangible assets' amortization expenses increased, causing a negative impact on results.

## DEBT, CASH AND CASH EQUIVALENTS

R\$ million	Currency	06/30/2019	06/30/2018	Var. %
Short term	BRL	94.7	101.8	-7.0%
	Foreign	34.5	7.5	360.0%
Long term	BRL	337.6	92.3	265.8%
	Foreign	13.3	16.5	-19.4%
<b>Total Debt</b>		<b>480.1</b>	<b>218.1</b>	<b>120.1%</b>
Cash and cash equivalents		460.3	247.1	86.3%
<b>Net Debt</b>		<b>19.8</b>	<b>-29.0</b>	<b>-</b>
<b>Net Debt / pro forma EBITDA LTM*</b>		<b>0.17 x</b>	<b>-0.31 x</b>	

\* Last-twelve months.

The Company ended 2Q19 with R\$19.8 million in net debt, and leverage ratio of 0.17x net debt/LTM pro-forma EBITDA, having amortized R\$39.6 million (principal + interest) in the quarter.

## Notes to the financial statements

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

#### NOTES TO THE QUARTERLY INFORMATION FOR INDIVIDUAL AND CONSOLIDATED THE PERIOD ENDED JUNE 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 June 30, 2019, there were no other changes in the operating context 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 – %	
	06/30/2019	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 executive Board on August 08, 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 June 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 statements 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 17.

The impacts on consolidated profit or loss for the period ended June 30, 2019 were R\$2,623 in depreciation and R\$975 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**

	06/30/2019	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 (*)	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Current assets:				
Trade accounts receivable (I)	904	352	2,225	1,502
Checking accounts (II)	1,033	801	1,033	801
	1,937	1,153	3,258	2,303
Current liabilities:				
Suppliers	1,321	1,149	2,225	1,502
Checking accounts (II)	-	-	1,033	801
	1,321	1,149	3,258	2,303

(\*) 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 following port services to the subsidiary Santos Brasil Logistics from January to June 2019: (i) immediate delivery of containers, in the amount of R\$745 (R\$280 on June 30, 2018), referring to 3,112 moved containers (1,197 containers on June 30, 2018); (ii) non-invasive inspection of containers, in the amount of R\$450 (R\$470 on June 30, 2018), related to 4,542 containers (2,194 containers on June 30, 2018); and (iii) reefer monitoring, in the amount of R\$20, referring to 35 containers. Of these services, on June 30, 2019 the amount of R\$904 was outstanding (R\$354 on June 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\$3,898 (R\$6,702 on June 30, 2018), related to 4,515 containers (8,004 containers on June 30, 2018); (ii) freight forwarding service, in the amount of R\$30 (R\$1 on June 30, 2018), related to 1,132 containers (30 containers on June 30, 2018); (iii) other services, in the amount of R\$7. Of these services, on June 30, 2019 the amount of R\$1,321 was outstanding (R\$1,702 on June 30, 2018).

## Notes to the financial statements

In June 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			
	06/30/2019		06/30/2018	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	918	6,581	852	6,460
Other benefits	-	278	-	271
Stock option plan / Share-based incentive plan	-	1,975	-	2,500
Total	918	8,834	852	9,231

	Consolidated			
	06/30/2019		06/30/2018	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	929	6,827	863	6,739
Other benefits	-	278	-	271
Stock option plan / Share-based incentive plan	-	1,975	-	2,500
Total	929	9,080	863	9,510

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 0.30% 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 June 30, 2019, the above benefits represented an expense of R\$25,729 (R\$24,900 on June 30, 2018), corresponding to 5.23% and 5.60% 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 June 30, 2019, only operating branch Tecon Santos and subsidiaries Santos Brasil Logistics and Vehicles Terminal/TEV had recorded a provision of R\$2,552 (R\$2,753 on June 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\$15,844;
- Joint debtor of full containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 678, equivalent to R\$2,956;
- Joint debtor of empty containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 271, equivalent to R\$1,181.

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

## a) Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and balance in banks	13,924	18,476	18,169	23,380
Interest earning bank deposits	94,733	170,593	165,081	230,283
Total	<u>108,657</u>	<u>189,069</u>	<u>183,250</u>	<u>253,663</u>

## b) Other interest earning bank deposits

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Interest earning bank deposits	<u>277,059</u>	<u>-</u>	<u>277,059</u>	<u>-</u>

## c) Nature of interest earning bank deposits

	Average rates -		Parent company	
	% CDI	Maturity	06/30/2019	12/31/2018
Investment funds (*)	98.43	Undetermined	<u>371,792</u>	<u>170,593</u>

(\*) Non-exclusive fund

	Average rates -		Consolidated	
	% CDI	Maturity	06/30/2019	12/31/2018
Investment funds (*)	98.20	Undetermined	<u>442,140</u>	<u>230,283</u>

(\*) Non-exclusive fund

## Notes to the financial statements

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

The average rates of financial investments, previously mentioned, refer to interest earned from January to June 2019 and are related to the Certificate of Interbank Deposit – CDI rate.

### 7. TRADE ACCOUNTS RECEIVABLE

#### Current

	Parent company	
	06/30/2019	12/31/2018
Domestic	97,088	81,944
To be billed	2,278	-
Related parties (note 5.b))	904	352
(-) Provision for expected credit losses	(15,660)	(14,347)
Total	84,610	67,949

	Consolidated	
	06/30/2019	12/31/2018
Domestic	144,598	129,345
To be billed	5,196	-
(-) Provision for expected credit losses	(17,259)	(15,976)
Total	132,535	113,369

On June 30, 2019, three clients have balance between 6% and 7% each.

In June 30, 2019, the amount of R\$2,225 (R\$1,502 on 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	
	06/30/2019	12/31/2018
Loans falling due	56,720	41,817
Past due receivables - up to 60 days	19,338	21,156
Past due receivables - from 61–90 days	4,998	2,941
Past due receivables - from 91–180 days	5,817	5,640
Past due receivables - from 181–360 days	4,262	2,332
Past due receivables for more than 361 days	9,135	8,410
Total	100,270	82,296

**Notes to the financial statements**

	Consolidated	
	06/30/2019	12/31/2018
Loans falling due	98,311	76,630
Past due receivables - up to 60 days	23,734	28,637
Past due receivables - from 61–90 days	5,641	4,044
Past due receivables - from 91–180 days	6,504	7,050
Past due receivables - from 181–360 days	5,122	3,539
Past due receivables for more than 361 days	10,482	9,445
Total	149,794	129,345

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\$4,903, 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	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Provision for expected credit losses				
Additions	3,416	2,469	4,360	4,412
Reversals	(2,103)	(1,194)	(3,077)	(1,635)
Subtotal	1,313	1,275	1,283	2,777
Bad debt losses				
Additions	6,138	3,875	7,212	4,437
Reversals	(1,868)	(224)	(2,332)	(382)
Subtotal	4,270	3,651	4,880	4,055
Effect in income	5,583	4,926	6,163	6,832

The losses on uncollectible accounts are recognized based on Law No. 9430/96.



**Notes to the financial statements****8. INVENTORIES**

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Maintenance material	18,196	18,305	21,150	21,233
Administrative material	300	307	413	412
Security material	187	258	396	455
Other	845	851	1,036	1,029
	<u>19,528</u>	<u>19,721</u>	<u>22,995</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.

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

	06/30/2019	12/31/2018
Non-current assets:		
Court-ordered debt payments receivable	<u>5,563</u>	<u>5,422</u>
Non-current liabilities:		
Judicial bonds to pass on to the former shareholders, net of attorney's fees (*)	<u>4,451</u>	<u>4,338</u>

(\*) These judicial bonds 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 June 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 June 30, 2019, the non-current liability amount was adjusted principally considering the inflation adjustment mentioned in the paragraph above. Purchase agreement of Santos Brasil Logistics sets forth that the amounts from the judicial bonds received shall be transferred to the former controlling shareholders. These amounts are transferred net of legal fees associated with them.

**10. CURRENT TAX ASSETS**

	Parent company	
	06/30/2019	12/31/2018
Withholding income tax - IRRF	3,767	2,448
Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL)	62	47
Other	1	82
Total current	<u>3,830</u>	<u>2,577</u>

**Notes to the financial statements**

	Consolidated	
	06/30/2019	12/31/2018
Withholding income tax - IRRF	3,880	2,559
Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL)	408	87
Recoverable credit from Fund for Development and Management of Collection and Inspection - FUNDAF	3,263	9,295
Other	292	354
Total current	<u>7,843</u>	<u>12,295</u>

Consolidated withholding income tax (IRRF) credits, in the amount of R\$3,880 (R\$2,559 on December 31, 2018) were mainly from financial investments.

Consolidated credits from Income Tax and Social Contribution in the amount of R\$408 (R\$87 at December 31, 2018), were mainly related to subsidiary Santos Brasil Logistics, from payments made in the year, as advances in monthly calculations. These credits will be offset in the calculation for the year.

The consolidated credits from FUNDAF, on June 30, 2019, in the amount of R\$3,263 (R\$9,295 on December 31, 2018), 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**

	06/30/2019	12/31/2018
Non-current assets:		
Interest in subsidiaries	<u>388,900</u>	<u>384,690</u>

**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	(93)	(17)	11,552	908	4,884	17,234
Additional dividend as Annual Shareholder's Meeting on April 30, 2019	-	-	-	(7,302)	(6,097)	(13,399)
Balance at June 30, 2019	<u>249</u>	<u>45</u>	<u>81,799</u>	<u>141,034</u>	<u>165,773</u>	<u>388,900</u>

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

## Notes to the financial statements

	Número 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

## d) Information on subsidiaries - position on June 30, 2019

	Número 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	-
(Loss) income for the year	(93)	(17)	11,552	908	4,884
Shareholders' equity	249	45	81,799	141,034	165,773
Interest in capital - %	100	100	100	100	100
Interest in the shareholders' equity	249	45	81,799	141,034	165,773
Current assets	248	45	48,202	52,200	37,017
Non-current assets	7	-	80,116	171,894	242,804
Total assets	255	45	128,318	224,094	279,821
Current liabilities	6	-	16,446	34,312	12,335
Non-current liabilities	-	-	30,073	48,748	101,713
Total liabilities	6	-	46,519	83,060	114,048
Net revenue	(a)	(a)	50,047	114,820	29,332
(Loss) income for the year	(93)	(17)	11,552	908	4,884

(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	871	674	53,162	258	-	-	26	-	-	90	55,081
Write-offs	-	(59)	-	-	-	(1)	(2)	-	-	-	(62)
Reclassifications (**)	(803)	12	(4)	-	-	-	-	-	-	-	(795)
Depreciations	(16)	(1,274)	-	(957)	-	(985)	(233)	(23)	(16)	(9)	(3,513)
Net balances at June 30, 2019	95	12,389	81,661	2,565	39,943	6,429	1,431	66	1,877	102	146,558
Balances at June 30, 2019											
Cost	2,056	57,212	81,661	38,174	39,943	26,972	9,458	1,533	1,955	341	259,305
Accumulated depreciation	(1,961)	(44,823)	-	(35,609)	-	(20,543)	(8,027)	(1,467)	(78)	(239)	(112,747)
Net balances at June 30, 2019	95	12,389	81,661	2,565	39,943	6,429	1,431	66	1,877	102	146,558

(\*) 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	871	1,055	59,347	366	-	158	32	-	-	28,412	121	90,362
Write-offs	-	(67)	-	-	-	(2)	(2)	-	-	-	-	(71)
Reclassifications (**)	(803)	24	(20,838)	1	-	3	9	-	-	-	-	(21,604)
Depreciations	(264)	(4,306)	-	(1,036)	-	(1,485)	(2,185)	(23)	(268)	(2,622)	(12)	(12,201)
Net balances at June 30, 2019	3,856	39,313	107,672	2,976	66,368	10,356	18,015	66	20,216	25,790	133	294,761
Balances at June 30, 2019												
Cost	10,844	141,177	107,672	47,141	66,368	44,431	57,475	1,721	27,136	28,412	757	533,134
Accumulated depreciation	(6,988)	(101,864)	-	(44,165)	-	(34,075)	(39,460)	(1,655)	(6,920)	(2,622)	(624)	(238,373)
Net balances at June 30, 2019	3,856	39,313	107,672	2,976	66,368	10,356	18,015	66	20,216	25,790	133	294,761

(\*) 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 June 30, 2019 were R\$1,463 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\$1,140 relating to those not directly attributable (R\$202 on December 31, 2018); at, the average interest rate on these loans and financing is 7.05% p.a. (3.02% on 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 June 30, 2019, was stated as R\$676.

## Notes to the financial statements

### 13. INTANGIBLE ASSETS

	Parent company							
	Defined useful life							
	Exploration right			Goodwill in acquisitions			Software	Other intangible assets
	Tecon Santos	Tecon Imituba	TCG Imituba	Shares of Santos-Brasil S.A.	Pará Empreendimentos	TCG Imituba	Data processing system	Software under development
								Total
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	-	38,426	268	-	-	-	-	-
Reclassifications (*)	791	-	-	-	-	-	79	(75)
Amortizations	(19,843)	(22,581)	(454)	(1,243)	(86)	(415)	(78)	-
Net balances at June 30, 2019	828,828	638,533	11,774	70,641	2,451	10,622	432	3,045
Balances at June 30, 2019								
Cost	1,566,701	1,001,301	19,566	321,264	37,760	18,983	22,518	3,045
Accumulated amortization	(737,873)	(362,768)	(7,792)	(250,623)	(35,309)	(8,361)	(22,086)	-
Net balances at June 30, 2019	828,828	638,533	11,774	70,641	2,451	10,622	432	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 Imituba	TCG Imituba	Tecon Vila do Conde	Vehicles Terminal/ TEV	Shares of Santos-Brasili S.A.	Pará Empreendimentos	TCG Imituba	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	-	38,426	268	-	9,618	-	-	-	-	-	-	48,312
Reclassifications (**)	791	-	-	20,789	-	-	-	-	99	(75)	-	21,604
Amortizations	(19,843)	(22,581)	(454)	(709)	(7,615)	(1,243)	(85)	(415)	(140)	-	-	(53,085)
Net balances at June 30, 2019	828,828	638,533	11,774	37,436	237,739	70,641	2,451	10,622	609	3,045	39,465	1,881,143
Balances at June 30, 2019												
Cost	1,566,701	1,001,301	19,566	78,618	360,808	321,264	37,760	18,983	31,578	3,045	47,576	3,487,200
Accumulated amortization	(737,873)	(362,768)	(7,792)	(41,182)	(123,069)	(250,623)	(35,309)	(8,361)	(30,969)	-	(8,111)	(1,606,057)
Net balances at June 30, 2019	828,828	638,533	11,774	37,436	237,739	70,641	2,451	10,622	609	3,045	39,465	1,881,143

(\*) 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
	Interest	Restatements	Amortization	06/30/2019	12/31/2018	currency
Local currency:						
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	155	191	R\$
CCE (a)	1.85% p.a.	CDI	Semi-annual	10,116	30,320	R\$
CCE (c)	1.83% p.a.	CDI	Bullet	20,030	20,027	R\$
NCE (b)	1.85% p.a.	CDI	Semi-annual	80,068	104,046	R\$
NCE (e)	130% of CDI	CDI	Bullet	21,098	20,277	R\$
				<u>131,467</u>	<u>174,861</u>	
Foreign currency:						
CCE	5.22% p.a.	Foreign exchange variation	Bullet	30,932	30,486	US\$
				<u>30,932</u>	<u>30,486</u>	
Total				<u>162,399</u>	<u>205,347</u>	
(-) Short term installments				(122,322)	(125,314)	
Long term installments				40,077	80,033	
				Consolidated		Transaction
	Interest	Restatements	Amortization	06/30/2019	12/31/2018	currency
Local currency:						
FINAME	6.00% p.a.	-	Monthly	-	400	R\$
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	155	191	R\$
FINAME	TLP + 4.60% p.a.	UMSELIC	Monthly	2,301	2,585	R\$
CCE (a)	1.85% p.a.	CDI	Semi-annual	10,116	30,320	R\$
CCE (c)	1.83% p.a.	CDI	Bullet	20,030	20,027	R\$
NCE (b)	1.85% p.a.	CDI	Semi-annual	80,068	104,046	R\$
NCE (e)	130% of CDI	CDI	Bullet	21,098	20,277	R\$
				<u>133,768</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	16,862	18,892	€
CCE	5.22% p.a.	Foreign exchange variation	Bullet	30,932	30,486	US\$
				<u>47,794</u>	<u>49,549</u>	
Total				<u>181,562</u>	<u>227,395</u>	
(-) Short term installments				(126,484)	(130,129)	
Long term installments				55,078	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 NCE 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, the Company contracted CCE - Bank Credit Bills in the amount of R\$20,000 with Banco Safra. The debt balance will bear interest corresponding to 100% of the CDI rate, plus a surcharge of 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. The debt balance will bear fixed interest 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 assumes the rate equivalent to 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. The debt balance will bear interest corresponding 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	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Opening balance	205,347	165,928	227,395	173,600
Funding	-	70,000	-	91,178
Recognized interest and costs	6,274	14,171	6,400	14,564
Compound interest	1,140	202	1,463	873
Inflation adjustment and exchange rate change	(330)	328	(644)	2,883
(-) Debt amortization	(40,038)	(32,113)	(42,580)	(41,637)
(-) Interest paid	(9,994)	(13,169)	(10,472)	(14,066)
Closing balance	162,399	205,347	181,562	227,395

FINIMP of the subsidiary Tecon Vila do Conde have covenants, to be annually determined by the Company, arising from the quotient of the division of Net Debt by EBITDA, which shall be equal to or lower 2.5 times the financial ratio, based on the Company's audited Consolidated Financial Statements, the first calculation being related to the year ended December 31, 2018 and this quotient was achieved.

**Notes to the financial statements**Guarantees

- Guarantees granted

	Maturity	Currency	Guarantees
FINAME	June 2021	R\$	Equipment object of transaction (a)
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 June 30, 2019, the Company had no guarantee given to outstanding transactions or any other existing transaction.

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

	Parent company		
	2020	2021	Total
NCE	26,667	13,333	40,000
FINAME	38	39	77
Total	<u>26,705</u>	<u>13,372</u>	<u>40,077</u>

	Consolidated					
	2020	2021	2022	2023	2024	Total
NCE	26,667	13,333	-	-	-	40,000
FINAME	345	651	613	148	-	1,757
FINIMP	1,665	3,330	3,330	3,330	1,666	13,321
Total	<u>28,677</u>	<u>17,314</u>	<u>3,943</u>	<u>3,478</u>	<u>1,666</u>	<u>55,078</u>

**15. DEBENTURES**

	Interest	Restatements	Amortization	Parent company and Consolidated 06/30/2019
Debentures:	0.70%-1.00% p.a.	CDI	Annual	<u>298,551</u>
(-) Short term installments				(2,712)
Long term installments				295,839

## Notes to the financial statements

Changes in debentures are shown in the following table:

	Parent company and Consolidated 06/30/2019
Opening balance	-
Funding	300,000
(-) Funding cost	(5,149)
Net amount raised	294,851
Recognized interest and costs	3,700
Closing balance	298,551

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

	Consolidated 06/30/2019
Assets	
Cash and cash equivalents	183,250
Other interest earning bank deposits	277,059
Derivative financial instruments	1,125
Liabilities	
Loans and financing	480,113
Leases - rentals	26,229
Net debt	44,908
Adjusted EBITDA (*)	93,984
Net debt / Adjusted EBITDA equal or less than 3.0 times	0.5

## 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	
	06/30/2019	12/31/2018
Labor provision (a)	16,802	19,067
Provision for the Accident Prevention Factor - FAP lawsuit (b)	9,380	11,117
Other proceedings (d)	3,472	2,006
Total	29,654	32,190

	Consolidated	
	06/30/2019	12/31/2018
Labor provision (a)	18,955	22,120
FAP provision for profit sharing (b)	11,807	13,839
Other proceedings (d)	3,899	2,360
Total	34,661	38,319

The amounts of court deposits were:

	Parent company	
	06/30/2019	12/31/2018
Related to contingencies:		
Labor proceedings (a)	4,583	3,297
FAP Lawsuit (b)	5,546	5,446
CADE Lawsuit - fine (c)	2,283	2,255
CADE Lawsuit - billing bonded warehouses (c)	193,725	187,220
Other proceedings (d)	1,246	1,246
Other judicial deposits (e)	42,070	42,344
Subtotal	249,453	241,808

**Notes to the financial statements**

## Related to supplier:

SCPar Porto de Imbituba S.A. ("SCPar") (f)	15,083	15,083
OGMO – Labor Management Body (g)	1,284	-
Subtotal	16,367	15,083
Total	265,820	256,891

## Consolidated

## Related to contingencies:

	06/30/2019	12/31/2018
Labor proceedings (a)	5,439	4,036
FAP Lawsuit (b)	6,963	6,838
CADE Lawsuit - fine (c)	2,283	2,255
CADE Lawsuit - billing bonded warehouses (c)	193,725	187,220
Other proceedings (d)	1,246	1,246
Other judicial deposits (e)	49,559	49,691
Subtotal	259,215	251,286

## Related to supplier:

SCPar (f)	15,083	15,083
OGMO (g)	1,284	-
Subtotal	16,367	15,083
Total	275,582	266,369

- (a) Refer to liability lawsuits: (i) of the operating branch Tecon Santos, provisioned in the amount of R\$16,802, for which there are judicial deposits of R\$4,583 and 27 insurance policies guaranteeing the amount of R\$35,154; (ii) of subsidiary Santos Brasil Logistics, provisioned in the amount of R\$2,034, for which there are judicial deposits of R\$844; and (iii) of subsidiary Tecon Vila do Conde, provisioned in the amount of R\$119, for which there are judicial deposits of R\$12 and 4 insurance policies 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\$5,546, comprised of: (i) R\$1,327 - Santos Brasil Logistics; (ii) R\$64 - 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 (BW's) 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 warehouses. 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\$193,725 and R\$2,283 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\$60,653 already deposited. Taxes levied on billing bonded warehouses, in the amount of R\$50,348 (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 provided to three bonded warehouses, 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 warehouses.

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 risks recognized in the year 2015 through the issue of the above-mentioned decision.

- (d) The consolidated provision, in the amount of R\$3,899, mainly refers to the following: (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\$1,107; (ii) tax assessment notices by ANTAQ – National Waterway Transportation Agency, in the amount of R\$189; (iii) tax assessment notice from the Federal Government, amounting to R\$200; (iv) action for annulment of tax debits, in the amount of R\$1,591; (v) other lawsuits, in the amount of R\$812.



## 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\$1,486 and R\$9,415, respectively, the provisions for which were reversed; (ii) discussion about CPMF on loan transfer during the merger, amounting to R\$2,848; (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\$16,902; (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\$9,734. Judicial deposits classified as Other in subsidiaries are related to: (i) subsidiary Santos Brasil Logistics, refer to tax foreclosures 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\$1,761; (ii) at the subsidiary Tecon Vila do Conde, relate to labor lawsuits amounting to R\$706, 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\$7.
- (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 "Trade payables". On 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 handling 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 factfinding stage. In June 30, 2019, these deposits represented the amount of R\$1,284.

## 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\$7 was recorded in non-current assets under "Other Assets".

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

	Parent company				Balance at 06/30/2019
	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	
Labor provision	19,067	1,275	(6,425)	2,885	16,802
Provision for FAP	11,117	215	-	(1,952)	9,380
Other proceedings	2,006	32	(22)	1,456	3,472
Total	32,190	1,522	(6,447)	2,389	29,654

	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
Total	32,368	2,261	(7,983)	5,544	32,190

	Consolidated				Balance at 06/30/2019
	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	
Labor provision	22,120	1,515	(6,829)	2,149	18,955
Provision for FAP	13,839	265	-	(2,297)	11,807
Other proceedings	2,360	99	(44)	1,484	3,899
Total	38,319	1,879	(6,873)	1,336	34,661

	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
Total	37,762	2,808	(9,027)	6,776	38,319

(\*) 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\$505,310, and in this case, no provision for loss was recorded in the interim financial information.

Changes in possible lawsuits in the period ended June 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 06/30/2019</u>
Customs	15,576	-	(407)	15,169
Civil	39,874	84	(12,665)	27,293
Labor	56,293	9,279	(4,958)	60,614
Tax	394,125	19	1,635	395,779
Other	5,417	1,888	(850)	6,455
<b>Total</b>	<b>511,285</b>	<b>11,270</b>	<b>(17,245)</b>	<b>505,310</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, value of penalty that is the object of tax assessment was reduced from R\$334,495 to R\$259,001 (values 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 movements) in liabilities, and installments were brought to present value on lease contracts' initial date.

	Parent company				Book balance 06/30/2019
	Book balance 12/31/2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	
<u>Agreements</u>					
Fixed installments:					
Tecon Santos	529,955	16,071	-	(20,550)	525,476
Tecon Imbituba	34,789	776	3,960	(1,767)	37,758
	<u>564,744</u>	<u>16,847</u>	<u>3,960</u>	<u>(22,317)</u>	<u>563,234</u>
Variable installments:					
Tecon Imbituba	346,594	6,332	34,466	(35,562)	351,830
TCG Imbituba	6,012	111	268	(325)	6,066
	<u>352,606</u>	<u>6,443</u>	<u>34,734</u>	<u>(35,887)</u>	<u>357,896</u>
Obligations with the Concession Grantor	<u>917,350</u>	<u>23,290</u>	<u>38,694</u>	<u>(58,204)</u>	<u>921,130</u>
(-) Short-term	(63,548)				(46,434)
Long-term	853,802				874,696

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

## Notes to the financial statements

<u>Agreements</u>	Parent company				Book balance 06/30/2018
	Book balance 12/31/2017	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	
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
	<u>463,112</u>	<u>33,879</u>	<u>109,745</u>	<u>(41,992)</u>	<u>564,744</u>
Variable installments:					
Tecon Imituba	364,370	12,967	719	(31,462)	346,594
TCG Imituba	6,010	228	131	(357)	6,012
	<u>370,380</u>	<u>13,195</u>	<u>850</u>	<u>(31,819)</u>	<u>352,606</u>
Obligations with the Concession Grantor	<u>833,492</u>	<u>47,074</u>	<u>110,595</u>	<u>(73,811)</u>	<u>917,350</u>
(-) Short-term	(60,811)				(63,548)
Long-term	772,681				853,802

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

<u>Agreements</u>	Consolidated				Book balance 06/30/019
	Book balance 12/31/2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	
Fixed installments:					
Tecon Santos	529,955	16,071	-	(20,550)	525,476
Tecon Imituba	34,789	776	3,960	(1,767)	37,758
Tecon Vila do Conde	6,959	335	-	(443)	6,851
Vehicles Terminal/TEV	45,206	971	4,369	(2,158)	48,388
	<u>616,909</u>	<u>18,153</u>	<u>8,329</u>	<u>(24,918)</u>	<u>618,473</u>
Variable installments:					
Tecon Imituba	346,594	6,332	34,466	(35,562)	351,830
TCG Imituba	6,012	111	268	(325)	6,066
Tecon Vila do Conde	6,841	329	-	(435)	6,735
Vehicles Terminal/TEV	54,661	1,174	5,249	(2,609)	58,475
	<u>414,108</u>	<u>7,946</u>	<u>39,983</u>	<u>(38,931)</u>	<u>423,106</u>
Obligations with the Concession Grantor	<u>1,031,017</u>	<u>26,099</u>	<u>48,312</u>	<u>(63,849)</u>	<u>1,041,579</u>
(-) Short-term	(68,660)				(52,230)
Long-term	962,357				989,349

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

# Notes to the financial statements

<u>Agreements</u>	Consolidated				Book balance 06/30/2018
	Book balance 12/31/2017	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	
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 intangible assets recorded in non-current assets.

In June 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	4,644	9,474	9,743	492,497	516,358
Tecon Imbituba	11,113	22,655	23,272	296,200	353,240
TCG Imbituba	171	349	359	4,219	5,098
	<u>15,928</u>	<u>32,478</u>	<u>33,374</u>	<u>792,916</u>	<u>874,696</u>
	Consolidated				Total
	2020	2021	2022	2023 - End of contract	
Tecon Santos	4,644	9,474	9,743	492,497	516,358
Tecon Imbituba	11,113	22,655	23,272	296,200	353,240
TCG Imbituba	171	349	359	4,219	5,098
Tecon Vila do Conde	248	535	589	11,750	13,122
Vehicles Terminal/TEV	2,714	5,534	5,685	87,598	101,531
	<u>18,890</u>	<u>38,547</u>	<u>39,648</u>	<u>892,264</u>	<u>989,349</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 2018–July 2019
Vehicles Terminal/TEV	July 2018–July 2019

In agreements, the Company and its subsidiaries have commitments to pay amounts based on their operating changes. These amounts were in effect on June 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.

(f) Amount due by use of terrestrial infrastructure (yard) relating to cargo handling from unitization and non-unitization of containers.

**Notes to the financial statements**

- (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**

On 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 06/30/ 2019
Agreements					
Santos Brasil Logistics	28,412	975	-	(3,158)	26,229
(-) Short-term	(4,446)				(4,609)
Long-term	23,966				21,620

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

On June 30, 2019, the balance of long-term had the following maturity structure:

	Consolidated				
	2020	2021	2022	2023 - End of contract	Total
Santos Brasil Logistics	2,432	5,136	5,519	8,533	21,620

**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 June 30, 2019, gave rise to expenses in the amount of R\$671 (R\$644 on June 30, 2018).



**Notes to the financial statements****19. SHAREHOLDERS' EQUITY – PARENT COMPANY****a) Capital**

	Common shares	
	06/30/2019	12/31/2018
Existing at the beginning of the year	666,317,880	666,317,880
Stock options exercised during the year	848,060	-
Issued/authorized with no par value	667,165,940	666,317,880

Out of the total shares, 662,430,876 were outstanding on June 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\$64,009 on June 30, 2019 (R\$63,087 on December 31, 2018) and performance share in the amount of R\$2,814 (R\$2,056 on December 31, 2018) and Matching of shares in the amount of R\$328 (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.

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

On 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).

In June 30, 2019, stock options were exercised, and the Company delivered shares which were under treasury, generating a result of R\$(1,366).

## Notes to the financial statements

### 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

On 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.

On 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 on June 30, 2019, 543,021 treasury shares were delivered, related to exercised options, generating a profit of R\$1,755.

Shares acquired by the Company on June 30, 2019 are as follows:

	Quantity of common shares	Amount	Market value (*)	Price		
				Weighted average	Minimum	Maximum
Original balance	6,138,745	19,844	26,765	3,23	2,90	3,70
(-) Delivered shares	(3,422,435)	(10,547)				
Current balance	<u>2,716,310</u>	<u>9,297</u>	11,843			

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

### 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.

**Notes to the financial statements**

## e) Equity evaluation 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 revenue for tax purposes and the revenues presented in the statement of income for the quarters ended June 30, 2019 and 2018:

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Gross revenue	343,762	291,673	570,944	518,295
Port Terminals	343,762	291,673	399,221	343,835
Port operations	179,516	147,411	215,637	181,810
Customs Warehousing	155,229	140,238	171,209	153,469
General Cargo	9,017	4,024	12,375	8,556
Logistics	-	-	136,726	139,407
Transportation	-	-	21,759	21,148
Customs Warehousing	-	-	92,726	98,742
Distribution Center	-	-	19,642	16,894
K-10 Logistic Terminal	-	-	2,599	2,623
Vehicles Terminal/TEV	-	-	34,997	35,053
Customs Warehousing	-	-	34,997	35,053
Deductions from revenue:				
Sales taxes	(38,031)	(33,880)	(70,697)	(66,619)
Other	(3,119)	(2,558)	(8,110)	(7,351)
Total	302,612	255,235	492,137	444,325

**Notes to the financial statements****21. OPERATING EXPENSES BY TYPE**

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Outsourced Labor	(14,184)	(14,747)	(14,356)	(14,958)
Rates – Companhia Docas	(27,316)	(21,605)	(28,456)	(21,900)
Electric power	(4,907)	(4,732)	(6,541)	(6,121)
Fuels and lubricants	(11,487)	(8,479)	(18,696)	(14,715)
Freight	(4,566)	(6,734)	(18,887)	(17,739)
Changes in vehicles	-	-	(9,852)	(13,002)
Other services and materials	(1,022)	(1,577)	(5,806)	(7,378)
Personnel expenses	(135,017)	(108,890)	(181,011)	(151,885)
Consulting, Advisory and Auditing	(10,196)	(5,525)	(10,970)	(6,346)
Other third-party services	(10,106)	(8,734)	(15,279)	(13,638)
Operational maintenance	(15,078)	(13,547)	(19,753)	(18,490)
Depreciation and amortization	(48,213)	(46,484)	(65,286)	(61,921)
Rents / condominium - operating areas	-	-	(3,158)	(2,820)
Commissions on sales of services	(12,345)	(13,126)	(41,583)	(45,821)
Provision for expected credit losses and bad debt losses	(5,583)	(4,926)	(6,163)	(6,832)
Other expenses	(9,368)	(7,317)	(25,737)	(27,694)
<b>Total</b>	<b>(309,388)</b>	<b>(266,423)</b>	<b>(471,534)</b>	<b>(431,260)</b>
Classified as:				
Cost of goods and/or services rendered	(248,736)	(211,976)	(372,300)	(334,760)
Sales expenses	(14,652)	(15,158)	(46,502)	(49,763)
Provision for expected credit losses and bad debt losses	(5,583)	(4,926)	(6,163)	(6,832)
General and administrative expenses and amortization of goodwill	(40,417)	(34,363)	(46,569)	(39,905)
<b>Total</b>	<b>(309,388)</b>	<b>(266,423)</b>	<b>(471,534)</b>	<b>(431,260)</b>

**22. OTHER OPERATING REVENUES (EXPENSES)**

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Other operating revenues:				
Adjustment of advances for dredging fund	447	511	447	511
Judicial deposits adjustment	2,614	1,619	2,640	1,646
Restatement of credit recoverable - FUNDAF	-	-	201	-
Adjustment of court-ordered debt payments	-	-	140	73
Gain in the sale of assets	111	238	123	303
Insurance reimbursement	138	426	138	522
Income from non-identified deposits	515	356	865	983
Recovery of expenses	-	-	200	-
Recovery of electricity generation	378	-	378	-
Other income	236	164	380	311
<b>Total</b>	<b>4,439</b>	<b>3,314</b>	<b>5,512</b>	<b>4,349</b>

**Notes to the financial statements**

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Other operating expenses:				
Gains and losses in the sale of assets	(49)	(7)	(52)	(23)
Restatement of provisions	385	(229)	330	(283)
Court-ordered debt payments	-	-	(112)	(58)
Other expenses	-	-	(7)	-
Total	<u>336</u>	<u>(236)</u>	<u>159</u>	<u>(364)</u>

**23. FINANCIAL REVENUES (EXPENSES)**

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Financial income:				
Yield of interest earning bank deposit	7,062	5,832	9,094	7,507
Holding gain and foreign-exchange income	5,673	263	6,678	988
Fair value of the swap transaction	1,764	24	1,763	79
Restatement of taxes recoverable	578	599	578	602
Judicial deposits adjustment	16	86	54	96
Other income	327	226	497	561
Total	<u>15,420</u>	<u>7,030</u>	<u>18,664</u>	<u>9,833</u>
Financial expenses:				
Interest on debentures and loans	(9,974)	(8,758)	(10,100)	(8,934)
Holding loss and foreign-exchange costs	(6,120)	(317)	(6,811)	(3,302)
Fair value of the swap transaction	(654)	(112)	(653)	(329)
Tax on Financial Operations - IOF on loan operations	(88)	(16)	(95)	(28)
Interest on obligations with the Concession Grantor	(23,290)	(23,616)	(26,099)	(26,511)
Interest on lease - rents	-	-	(975)	-
Other expenses	(1,319)	(1,052)	(1,852)	(1,521)
Total	<u>(41,445)</u>	<u>(33,871)</u>	<u>(46,585)</u>	<u>(40,625)</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 June 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	540,008	625,607	211,981
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		34,640	212,577	211,981
Total options granted		9,581,720				2,638,163	6,731,576	211,981

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

On 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	1,052,429	409,042	1,435,924
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		158,902	113,712	693,184
3rd Annual Lot		965,799	03/02/2019	03/02/2021		87,156	135,903	742,740
08/23/2017 - Program 2017	2,02	6,609,811			0,71	409,675	2,336,633	3,863,503
1st Annual Lot		2,203,270	08/23/2018	08/23/2021		409,675	882,473	911,122
2nd Annual Lot		2,203,270	08/23/2019	08/23/2022		-	727,080	1,476,190
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				1,621,115	3,348,612	7,452,364

(\*) Original amounts 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 statement of income for the period ended June 30, 2019, in the amount of R\$1,019 (R\$1,691 on June 30, 2018).

In 2018, a portion of the 2017 program was exercised, having withholding income tax in the amount of R\$110. In 2019 a portion of the 2018 program was exercised, having withholding income tax in the amount of R\$97, both recorded in capital reserves.

Of options prevailing up to June 30, 2019, those that were exercised represented a dilution in the interest of shareholders of 2.23% 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 1.26%.

### 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	-	-	1,970,443
- Annual Lot	1,970,443	08/23/2020		-	-	1,970,443
Total shares granted	<u>1,970,443</u>			<u>-</u>	<u>-</u>	<u>1,970,443</u>

(\*) Original values on Stock Option Programs.

The Company recognized the effect in income (loss) for the period ended June 30, 2019, in the amount of R\$759 (R\$759 on June 30, 2018).



## Notes to the financial statements

Of options prevailing up to June 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 0.30%.

- 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 shares	Number of overdue / expired shares	Number of shares - balance
08/23/2017 - Program 2017	903,896		2,31	215,000	688,896	-
- Annual Lot	903,896	3 years		215,000	688,896	-
02/28/2018 - Program 2018	615,369		3,71	314,000	301,369	-
- Annual Lot	615,369	3 years		314,000	301,369	-
Total shares granted	<u>1,519,265</u>			<u>529,000</u>	<u>990,265</u>	-

(\*) Original values on Stock Option Programs.

The Company recognized the effect on the profit or loss for the period ended June 30, 2019, in the amount of R\$198 (R\$47 on June 30, 2018), because there was the Contract for Adherence to such Program.

Up to June 30, 2019, there was the adherence of 529,000 shares, in case such adherence remains until the end of the grace period, from the adherence date, its dilution percentage would be 0.08%.

## 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	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
(Loss) before taxation	(10,792)	(21,047)	(1,647)	(13,742)
Exclusion of equity in investees	(17,234)	(13,904)	-	-
(Loss) before adjusted taxation	(28,026)	(34,951)	(1,647)	(13,742)
I - Base value - IRPJ and CSLL:	(9,541)	(11,895)	(572)	(4,684)
Rates of 15% income tax and 9% social contribution	(6,726)	(8,388)	(395)	(3,298)
Additional rate of 10% income tax with deduction of R\$120	(2,815)	(3,507)	(177)	(1,386)
II - Effects of permanent additions and exclusions of expenses and revenues	1,459	770	1,625	909
Permanent additions:				
Variable remuneration of Executive Board	530	471	530	471
Stock option plan / Performance Share	672	849	672	849
Other	650	465	816	604
Permanent exclusions:				
Exercised options	(393)	(537)	(393)	(537)
Variable remuneration of Executive Board	-	(478)	-	(478)
III - Effects of tax incentives:	-	-	(45)	(70)
Tax incentives	-	-	(45)	(70)
IV - Effective rate:				
Adjusted IRPJ and CSLL (I + II + III)	(8,082)	(11,125)	1,008	(3,845)
Effective rate	28.8%	31.8%	(61.2)%	28.0%
V - Effects of deferred IRPJ and CSLL;	-	-	7	-
Non-recognition of tax losses and temporary differences (*)	-	-	7	-
VI - Extraordinary adjustments:	-	-	48	25
Income and social tax contribution of the prior year	-	-	48	25
Effects of IRPJ and CSLL on profit figures (IV + V + VI)	(8,082)	(11,125)	1,063	(3,820)
Current income tax and social contribution	-	-	6,654	6,248
Deferred income tax and social contribution	(8,082)	(11,125)	(5,591)	(10,068)
Total	(8,082)	(11,125)	1,063	(3,820)

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

## b) Composition of deferred tax assets and liabilities

Assets (liabilities)	Parent company					
	06/30/2019			12/31/2018		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	21,288	8,009	29,297	13,268	4,851	18,119
Temporary differences:						
Provision for expected credit losses	3,915	1,409	5,324	3,587	1,291	4,878
Provision for contingencies	24,580	8,849	33,429	24,450	8,802	33,252
Amortization of goodwill	(17,660)	(6,358)	(24,018)	(17,971)	(6,470)	(24,441)
Depreciation	(40,808)	(14,691)	(55,499)	(41,700)	(15,012)	(56,712)
Loss for devaluation of assets	6,113	2,201	8,314	6,334	2,280	8,614
Obligations with the Concession Grantor	23,980	8,633	32,613	22,764	8,195	30,959
Other	8,459	3,203	11,662	13,332	5,039	18,371
Actuarial losses	3,514	1,264	4,778	3,514	1,264	4,778
Total	33,381	12,519	45,900	27,578	10,240	37,818

## Notes to the financial statements

Assets (liabilities)	Parent company					
	06/30/2019			12/31/2018		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Assets	33,381	12,519	45,900	27,578	10,240	37,818
Consolidated						
Assets (liabilities)	06/30/2019			12/31/2018		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	35,846	13,250	49,096	29,218	10,593	39,811
Temporary differences:						
Provision for expected credit losses	4,314	1,553	5,867	3,994	1,438	5,432
Provision for contingencies	26,383	9,498	35,881	26,396	9,503	35,899
Amortization of goodwill	(27,527)	(9,910)	(37,437)	(27,837)	(10,021)	(37,858)
Depreciation	(46,872)	(16,874)	(63,746)	(47,979)	(17,272)	(65,251)
Loss for devaluation of assets	6,113	2,201	8,314	6,334	2,280	8,614
Obligations with the Concession Grantor	27,217	9,798	37,015	25,847	9,305	35,152
Other	9,633	3,626	13,259	15,127	5,684	20,811
Court-ordered debt payments receivable	(1,389)	(502)	(1,891)	(1,354)	(489)	(1,843)
Actuarial losses	3,937	1,417	5,354	3,937	1,417	5,354
Total	37,655	14,057	51,712	33,683	12,438	46,121
Assets	45,460	16,867	62,327	41,371	15,206	56,577
Liabilities	(7,805)	(2,810)	(10,615)	(7,688)	(2,768)	(10,456)

In June 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. INCOME PER SHARE

## a) Basic earnings per share

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

	06/30/2019	06/30/2018
	Common	Common
Loss for the period	(2,710)	(9,922)
Weighted average of shares	663,312,846	662,573,514
Basic earnings per share	(0.00408)	(0.01498)

## b) Diluted earnings per share

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

## Notes to the financial statements

	06/30/2019	06/30/2018
	Common	Common
Loss for the period	(2,710)	(9,922)
Weighted average of shares	663,312,846	662,573,514
Possible effects of share option subscription	6,047,884	8,112,185
Diluted earnings per share	(0.00404)	(0.01479)

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 June 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%

##### Other Assumptions:

Family Composition	<u>Active Participants</u>
	90% are married
	Holder Age Difference / Wife - 4 years
	<u>Assisted participants</u>
	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 June 30, 2019 and year ended December 31, 2018:

## Notes to the financial statements

	Parent company	
	06/30/2019	12/31/2018
Present value of the actuarial obligations	1,860	4,109
Calculated actuarial losses	33,881	29,772
Total net actuarial liability to be provisioned	35,741	33,881

	Consolidated	
	06/30/2019	12/31/2018
Present value of the actuarial obligations	2,351	4,914
Calculated actuarial losses	41,464	36,550
Total net actuarial liability to be provisioned	43,815	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	06/30/2019		12/31/2018		06/30/2019		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	84,610	84,610	67,949	67,949	132,535	132,535	113,369	113,369
Dividends receivable	2	-	-	4,466	4,466	-	-	-	-
Court-ordered debt payments receivable	2	-	-	-	-	5,563	5,563	5,422	5,422
		84,610	84,610	72,415	72,415	138,098	138,098	118,791	118,791
Fair value through profit or loss:									
Cash and balance in banks	1	13,924	13,924	18,476	18,476	18,169	18,169	23,380	23,380
Investment Funds	2	94,733	94,733	170,593	170,593	165,081	165,081	230,283	230,283
Other interest earning bank deposits	2	277,059	277,059	-	-	277,059	277,059	-	-
Derivative financial instruments	2	1,125	1,125	792	792	1,125	1,125	792	792
		386,841	386,841	189,861	189,861	461,434	461,434	254,455	254,455
Liabilities:									
Measured at the amortized cost:									
Loans and financing	2	162,399	164,523	205,347	208,714	181,562	182,678	227,395	229,529
Debentures	2	298,551	334,243	-	-	298,551	334,243	-	-
Suppliers	2	52,483	52,483	45,360	45,360	80,235	80,235	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	921,130	1,176,873	917,350	1,171,722	1,041,579	1,319,215	1,031,017	1,316,398
Leases - rentals	2	-	-	-	-	26,229	28,262	-	-
Court-ordered debt payments payable*	2	-	-	-	-	4,451	4,451	4,338	4,338
		1,434,576	1,728,135	1,168,777	1,426,516	1,632,620	1,949,097	1,332,940	1,620,455

\* The court-ordered debts are classified in the statement of financial position in line item "Other payables", 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 June 30, 2019. Column "Receipts/Payments" shows the amounts received/paid for settlements made during the period ended June 30, 2019, and column "Income/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
						Jun 2019	Dec 2018		
Parent company and Consolidated	30,000	Oct. 2019	Associated with exchange variation	-	(778)	1,125	792	Foreign exchange variation + 5.22%	CDI + 1.80% p.a.

### b) Market risk

The Company's income 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 June 30, 2019 with a devaluation of US Dollar and Euro in relation to Brazilian Real by 1.1% and 1.8%, 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.

At June 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.

## Notes to the financial statements

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 June 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 I II (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
<u>Equity balances</u>								
Financial liabilities:								
Loans and financing	€	4,36	16,862	-	4,216	8,431	(4,216)	(8,431)
Net debt			16,862	-	4,216	8,431	(4,216)	(8,431)

(\*) 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

Operation	Risk	Rate	Exposure	Parent company				
				Probable scenario I	Scenario II (+) 25%	Scenario I II (+) 50%	Scenario I V (-) 25%	Scenario V (-) 50%
<u>Equity balances</u>								
Financial assets:								
Interest earning bank deposits	CDI	6.40%	94,733	6,063	7,578	9,094	4,547	3,031
Other interest earning bank deposits	CDI	6.40%	277,059	17,732	22,165	26,598	13,299	8,866
Financial liabilities:								
Loans and financing	CDI	6.40%	131,312	8,404	10,505	12,606	6,303	4,202
Obligations with the Concession Grantor	IGP-M	6.53%	915,065	59,735	74,668	89,602	44,801	29,897
Obligations with the Concession Grantor	INPC	3.31%	6,065	201	251	302	151	101
Net debt			680,650	44,545	55,681	66,818	33,409	22,303

Operation	Risk	Rate	Exposure	Probable scenario I	Consolidated			
					Scenario I I (+) 25%	Scenario I II (+) 50%	Scenario I V (-) 25%	Scenario V (-) 50%
<u>Equity balances</u>								
Financial assets:								
Interest earning bank deposits	CDI	6.40%	165,081	10,565	13,206	15,847	7,924	5,282
Other interest earning bank deposits	CDI	6.40%	277,059	17,732	22,165	26,598	13,299	8,866
Financial liabilities:								
Loans and financing	CDI	6.40%	131,312	8,404	10,505	12,606	6,303	4,202
Obligations with the Concession Grantor	IGP-M	6.53%	1,035,514	67,597	84,497	101,396	50,698	33,799
Obligations with the Concession Grantor	INPC	3.31%	6,065	201	251	302	151	101
Lease - rentals	IGP-M	6.53%	26,229	1,712	2,140	2,568	1,284	856
Net debt			756,980	49,617	62,022	74,427	37,213	24,810

## c) Credit risk

The allowance for doubtful accounts as at June 30, 2019, was R\$17,259, representing 11.52% 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.

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Assets:				
Cash and cash equivalents	108,657	189,069	183,250	253,663
Other interest earning bank deposits	277,059	-	277,059	-
Accounts receivable	84,610	67,949	132,535	113,369
Dividends receivable	-	4,466	-	-
Court-ordered debt payments receivable	-	-	5,563	5,422
Total	470,326	261,484	598,407	372,454

**Notes to the financial statements****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 06/30/2019	Payment flow				
		Expected flow	Up to 1 year	1–3 years	3–5 years	5–30 years
<u>Liabilities</u>						
Loans and financing	162,399	172,646	107,276	65,370	-	-
Debentures	298,551	444,382	8,974	47,677	168,500	219,231
Suppliers	52,483	52,483	37,462	15,021	-	-
Dividends and interest on own capital payable	13	13	13	-	-	-
Obligations with the Concession Grantor	921,130	1,683,776	92,477	154,658	154,658	1,281,983
Total	1,434,576	2,353,300	246,202	282,726	323,158	1,501,214

	Consolidated					
	Book balance 06/30/2019	Payment flow				
		Expected flow	Up to 1 year	1–3 years	3–5 years	5–30 years
<u>Liabilities</u>						
Loans and financing	181,562	193,538	109,648	74,359	9,531	-
Debentures	298,551	444,382	8,974	47,677	168,500	219,231
Suppliers	80,235	80,235	65,214	15,021	-	-
Dividends and interest on own capital payable	13	13	13	-	-	-
Obligations with the Concession Grantor	1,041,579	1,856,586	103,767	177,239	177,239	1,398,341
Lease - rentals	26,229	31,055	6,316	12,632	12,107	-
Court-ordered dept. payments payable	4,451	4,451	-	4,451	-	-
Total	1,632,620	2,610,260	293,932	331,379	367,377	1,617,572

**e) Capital management**

In the period ended June 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 June 30, 2019 and year ended December 31, 2018 is as follows:

**Notes to the financial statements**

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Total liabilities current and non-current	1,593,380	1,312,562	1,833,755	1,517,204
(-) Cash and cash equivalents and other investments	(385,716)	(189,069)	(460,309)	(253,663)
Net debt	1,207,664	1,123,493	1,373,446	1,263,541
Total shareholders' equity	1,342,811	1,341,127	1,342,811	1,341,127
Net debt-to-equity ratio	0.89936	0.83772	1.02281	0.94215

**29. NON-CASH EFFECTS**

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

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Increase in intangible assets of obligations with the Concession Grantor	(38,694)	(950)	(48,312)	(1,589)
Increase in property, plant and equipment of leases - leases	-	-	(28,412)	-
Investment activities' transactions	(38,694)	(950)	(76,724)	(1,589)

**30. INSURANCE COVERAGE**

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

	Parent company and Consolidated		
	Coverage	Currency	Maturity
<b><u>Branch - Tecon Imbituba</u></b>			
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\$	
Vehicle 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\$	
Vehicle fleet insurance (trucks):			October 2019

**Notes to the financial statements**

	Parent company and Consolidated		
	Coverage	Currency	Maturity
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
Vehicle 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\$	
Vehicle fleet insurance (passenger vehicle):			October 2019

**Notes to the financial statements**

	Parent company and Consolidated		
	Coverage	Currency	Maturity
Hull	100% FIPE table	R\$	
APPs	5	R\$	
Material damages to third parties	500	R\$	
Bodily injury to third parties	500	R\$	
Moral damages	100	R\$	
Vehicle fleet insurance (trucks):			October 2019
Material damages to third parties	500	R\$	
Bodily injury to third-parties	500	R\$	
Moral damages	100	R\$	

**Vehicles Terminal/TEV**

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\$	

**Institutional**

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 June 30, 2019, there were requests (purchase orders) linked to the future acquisition of fixed asset items in the amount of R\$6,139 (R\$1,925 on December 31, 2018) which are not recorded in this quarterly information.

**32. OPERATING SEGMENTS**

In the period ended June 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.

**Notes to the financial statements****Consolidated statement of income per operating segment – From January to June 2019**

Accounts	Port Terminals	Logistics	Vehicles Terminal/TEV	Institutional	Eliminations	Consolidated
Gross operating revenue	400,435	140,661	34,997	-	(5,150)	570,943
Deductions from revenue	(47,777)	(25,840)	(5,665)	-	476	(78,806)
Net operating revenue	352,658	114,821	29,332	-	(4,674)	492,137
Cost of services rendered	(278,913)	(79,430)	(18,631)	-	4,674	(372,300)
Variable/fixed costs	(231,484)	(71,117)	(10,976)	-	4,674	(308,903)
Depreciation / amortization	(47,429)	(8,313)	(7,655)	-	-	(63,397)
Gross income	73,745	35,391	10,701	-	-	119,837
Operating expenses	(38,595)	(33,134)	(1,740)	(20,094)	-	(93,563)
Sales expenses	(21,146)	(30,087)	(1,415)	-	-	(52,648)
General and administrative expenses	(21,024)	(3,766)	(340)	(19,567)	-	(44,697)
Depreciation / amortization	(61)	(36)	-	(1,792)	-	(1,889)
Other	3,636	755	15	1,265	-	5,671
EBIT	35,150	2,257	8,961	(20,094)	-	26,274
Depreciation / amortization	47,490	8,349	7,655	1,792	-	65,286
EBITDA	82,640	10,606	16,616	(18,302)	-	91,560
Financial income (loss)	-	-	-	(27,921)	-	(27,921)
Equity in net income of subsidiaries	-	-	-	17,234	(17,234)	-
Income tax and social contribution	-	-	-	(1,063)	-	(1,063)
Net loss	N/A	N/A	N/A	N/A	N/A	(2,710)

**Consolidated statement of income per operating segment – From January to June 2018**

Accounts	Port Terminals	Logistics	Vehicles Terminal/TE V	Institutional	Eliminations	Consolidated
Gross operating revenue	344,583	146,140	35,054	-	(7,482)	518,295
Deductions from revenue	(43,903)	(26,071)	(4,687)	-	691	(73,970)
Net operating revenue	300,680	120,069	30,367	-	(6,791)	444,325
Cost of services rendered	(241,055)	(79,271)	(21,225)	-	6,791	(334,760)
Variable/fixed costs	(195,095)	(72,560)	(13,834)	-	6,791	(274,698)
Depreciation / amortization	(45,960)	(6,711)	(7,391)	-	-	(60,062)
Gross income	59,625	40,798	9,142	-	-	109,565
Operating expenses	(33,951)	(37,256)	(1,287)	(20,021)	-	(92,515)
Sales expenses	(21,623)	(33,933)	(1,021)	-	-	(56,577)
General and administrative expenses	(14,947)	(3,990)	(264)	(18,863)	-	(38,064)
Depreciation / amortization	(39)	(24)	-	(1,796)	-	(1,859)
Other	2,658	691	(2)	638	-	3,985
EBIT	25,674	3,542	7,855	(20,021)	-	17,050
Depreciation / amortization	45,999	6,735	7,391	1,796	-	61,921
EBITDA	71,673	10,277	15,246	(18,225)	-	78,971
Financial income (loss)	-	-	-	(30,792)	-	(30,792)
Equity in net income of subsidiaries	-	-	-	13,904	(13,904)	-
Income tax and social contribution	-	-	-	3,820	-	3,820
Net loss	N/A	N/A	N/A	N/A	N/A	(9,922)

In June 30, 2019, income from a client of the Port Terminal segment represent approximately R\$67,258 (R\$72,606 on June 30, 2018), representing 16.9% of total consolidated gross revenue.

**Consolidated statement of capital invested per operating segment -**

**Notes to the financial statements**June 30, 2019

Accounts	Port Terminals	Logistics	Vehicles Terminal/ TEV	Institutional	Eliminations	Consolidated
<u>Invested capital</u>						
Current assets	130,552	31,100	10,641	470,292	(3,258)	639,327
Cash and cash equivalents	-	-	-	183,250	-	183,250
Other interest earning bank deposits	-	-	-	277,059	-	277,059
Other	130,552	31,100	10,641	9,983	(3,258)	179,018
Non-current assets	1,929,134	166,294	238,069	592,642	(388,900)	2,537,239
Other	268,188	7,361	26	85,760	-	361,335
Investment	-	-	-	388,900	(388,900)	-
Property, plant and equipment	140,853	119,337	304	34,267	-	294,761
Intangible assets	1,520,093	39,596	237,739	83,715	-	1,881,143
Current liabilities	(89,681)	(29,161)	(6,498)	(3,715)	3,258	(125,797)
Suppliers	(43,205)	(18,498)	(5,351)	(385)	2,225	(65,214)
Other	(46,476)	(10,663)	(1,147)	(3,330)	1,033	(60,583)
Non-current liabilities	(95,633)	(4,172)	(113)	(16,291)	-	(116,209)
Suppliers	(15,021)	-	-	-	-	(15,021)
Provision to tax, labor, civil risks	(30,264)	(4,172)	(113)	(112)	-	(34,661)
Other	(50,348)	-	-	(16,179)	-	(66,527)
Total	1,874,372	164,061	242,099	1,042,928	(388,900)	2,934,560
<u>Capital sources</u>						
Current liabilities	-	-	-	-	-	186,048
Loans and financing	-	-	-	-	-	129,196
Dividends / Interest on own capital payable	-	-	-	-	-	13
Obligations with the Concession Grantor	-	-	-	-	-	52,230
Lease - rentals	-	-	-	-	-	4,609
Non-current liabilities	-	-	-	-	-	1,405,701
Loans and financing	-	-	-	-	-	350,917
Obligations with the Concession Grantor	-	-	-	-	-	989,349
Lease - rentals	-	-	-	-	-	21,620
Actuarial liability	-	-	-	-	-	43,815
Shareholders' equity	-	-	-	-	-	1,342,811
Shareholders' equity	-	-	-	-	-	1,353,209
Actuarial liability	-	-	-	-	-	(10,398)
Total	N/A	N/A	N/A	N/A	N/A	2,934,560

**Notes to the financial statements****Consolidated statement of capital invested per operating segment -  
December 31, 2018**

Accounts	Port Terminals	Logistics	Vehicles Terminal/ TEV	Institutional	Eliminations	Consolidated
<b><u>Invested capital</u></b>						
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
<b><u>Capital sources</u></b>						
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



## Notes to the financial statements

### Board of Directors

Verônica Valente Dantas (President)  
Maria Amalia 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  
Marcos de Magalhães Tourinho - 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 movement 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 June 30, 2019.

<b>BREAKDOWN OF EQUITY CAPITAL OF LEGAL ENTITIES (COMPANY SHAREHOLDERS), UP TO THE LEVEL OF INDIVIDUAL.</b>				
<b>Corporate name: SANTOS BRASIL PARTICIPAÇÕES S.A.</b>			<b>(In unit - Shares)</b>	
<b>Shareholder</b>	<b>Common shares</b>		<b>Total shares</b>	
	<b>Quantity</b>	<b>%</b>	<b>Quantity</b>	<b>%</b>
INTERNATIONAL MARKETS INVESTMENTS C.V.	198,897,030	29.81	198,897,030	29.81
PW237 PARTICIPAÇÕES S.A.	149,382,595	22.39	149,382,595	22.39
DYNAMO ADMINISTRAÇÃO DE RECURSOS LTDA.	74,626,526	11.19	74,626,526	11.19
MULTI STS PARTICIPAÇÕES S.A.	39,161,100	5.87	39,161,100	5.87
RICHARD KLIEN	19,393,975	2.91	19,393,975	2.91
RK EXCLUSIVE FIA	12,104,625	1.81	12,104,625	1.81
Treasury shares	2,716,310	0.41	2,716,310	0.41
Other	170,883,779	25.61	170,883,779	25.61
<b>Total</b>	<b>667,165,940</b>	<b>100.00</b>	<b>667,165,940</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 11.19% of the common shares of the Company and the funds managed by Dynamo now currently hold a total of 74,626,526 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, members of the Board of Directors and members of the Tax Council of the Company, on June 30, 2019:

<b>CONSOLIDATED SHAREHOLDING POSITION OF THE CONTROLLING SHAREHOLDERS AND DIRECTORS AND OFFICERS AND SHARES IN CIRCULATION</b>				
<b>Shareholder</b>	<b>Number of common shares (In units)</b>	<b>%</b>	<b>Total number of Shares (In units)</b>	<b>%</b>
<b>Controlling shareholders</b>	-	-	-	-
<b>Directors</b>				
Board of Directors	305,924	0.05	305,924	0.05
Executive board	1,712,830	0.26	1,712,830	0.26
<b>Tax Council</b>	-	-	-	-
<b>Treasury shares</b>	<b>2,716,310</b>	<b>0.41</b>	<b>2,716,310</b>	<b>0.41</b>
<b>Other shareholders</b>	<b>662,430,876</b>	<b>99.29</b>	<b>662,430,876</b>	<b>99.29</b>
<b>Total</b>	<b>667,165,940</b>	<b>100.00</b>	<b>667,165,940</b>	<b>100.00</b>
<b>Shares in circulation</b>	<b>662,430,876</b>	<b>99.29</b>	<b>662,430,876</b>	<b>99.29</b>

3) We inform that, on June 30, 2019, the number of outstanding shares was 662,430,876, i.e. 99.29% 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 Information - ITR Form for the quarter ended June 30, 2019, which comprise the balance sheet as of June 30, 2019 and related statements of income, of comprehensive income for the three and six-months period then ended, of changes in shareholders' equity and of cash flows for the quarter then ended, including the explanatory notes.

Management is responsible for the preparation of the interim accounting 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 Brazilian and International Standards on Auditing 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 on the interim information

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 issued by IASB to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

### Other issues

#### Statements of added value

The individual and consolidated interim financial information related to statements of added value (DVA) for the six-month period ended June 30, 2019, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes, was submitted to review procedures carried out jointly with the audit of Company's quarterly information. To form a conclusion, we evaluated whether these statements are reconciled with interim financial information and accounting 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.

São Paulo, August 08, 2019.

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Wagner Petelin  
Accountant CRC 1SP142133/O-7

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

The Tax Council reviewed the Interim Financial Information, Individual and Consolidated, included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2019 and the "Report on the Review of Quarterly Financial Statements" issued by KPMG Auditores Independentes on August 08, 2019 and declares in the format of the CVM/SEP/CVM Circular Letter No. 03/2019, item 3.3.4, that the quarterly information referred to is in accordance with accounting practices adopted in Brazil, applicable to your preparation, and consistent with the standards issued by the Brazilian Securities and Exchange Commission.

São Paulo, August 08, 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**

In compliance with 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, No. 387, 2o floor, part, São Paulo, SP hereby state that they reviewed, discussed, and agree with the presented financial statements.

São Paulo, August 08, 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 / Statement of the Executive Officers on Independent Auditor's Report**

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, August 08, 2019.

Antonio Carlos Duarte Sepúlveda  
Chief Executive Officer and Chief Operating Officer

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