(A free translation of the original in Portuguese)

Companhia de Locação das Américas

Quarterly information (ITR) at September 30, 2018 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Companhia de Locação das Américas

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Companhia de Locação das Américas (the "Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2018, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial 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 of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical 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, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

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Companhia de Locação das Américas

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2018. These statements are the responsibility of the Company's management, are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information, and are considered supplementary information under IFRS, which do not require the presentation of the statements of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, November 6, 2018

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1

Companhia de Locação das Américas

Balance sheet

All amounts in thousands of reais (A free translation of the original in Portuguese)

Assets	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018(*)**	**12/31/2017**
Current assets				
Cash and cash equivalents (Note 5(a))	706,818	385,683	1,015,216	402,489
Trade receivables (Note 6)	122,165	92,035	298,619	136,913
Marketable securities (Note 5(b))	139,849	21,248	139,849	21,516
Vehicles being decommissioned for fleet renewal (Note 7)	57,300	42,739	339,853	63,965
Taxes recoverable	38,889	36,766	55,625	38,935
Prepaid expenses	18,159	1,885	37,252	13,681
Assets held for sale		2,373		2,373
Related parties (Note 17)	258		14,139	
Other receivables	9,071	11,895	12,437	11,785
Total current assets	1,092,509	594,624	1,912,990	691,657
Non-current assets				
Trade receivables (Note 6)	1,921	2,639	13,052	2,639
Taxes recoverable			1,212	
Marketable securities (Note 5(b))	1,685	6,721	1,685	6,721
Prepaid expenses			1,108	
Other receivables	1,892	1,818	1,892	1,819
Judicial deposits (Note 15)	15,244	14,102	47,033	14,379
Assets held for sale	2,373		3,223	
Related parties (Note 17)	3,894	5,019	302	302
	27,009	30,299	69,507	25,860
Property and equipment (Note 10)	1,696,106	1,077,617	4,411,765	1,591,234
Investments (Note 9)	1,521,306	223,930	2	442
Intangible assets (Note 11)	83,564	4,381	900,680	85,409
Total non-current assets	3,327,985	1,336,227	5,381,954	1,702,945
Total assets	4,420,494	1,930,851	7,294,944	2,394,602

(*) As from the date of acquisition of the control of Unidas S.A. on March 9, 2018, this subsidiary is included in the consolidated financial information.

Companhia de Locação das Américas

Balance sheet
All amounts in thousands of reais **(continued)**

Liabilities and equity	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018(*)	12/31/2017
Current liabilities				
Trade payables (Note 12)	213,684	133,135	765,026	168,193
Borrowings, financing and debentures (Note 14)	142,603	197,639	314,398	220,923
Derivative financial instruments (Note 16)	10,695	25,416	11,740	29,371
Assignment of credits by suppliers (Note 13)	182,643	141,635	730,515	186,463
Salaries, charges, and social contributions	11,343	9,260	25,643	10,499
Tax liabilities	3,305	1,205	8,192	6,945
Dividends and interest on capital payable (Note 18)	21,960	4,941	21,960	4,941
Related parties (Note 17)	305		8,832	
Advances from customers			6,145	
Other payables	3,478	2,509	18,700	4,778
Total current liabilities	590,016	515,740	1,911,151	632,113
Non-current liabilities				
Borrowings, financing and debentures (Note 14)	2,162,019	898,963	3,659,691	1,212,482
Provision for contingencies (Note 15)	11,721	5,600	109,073	11,721
Deferred taxes (Note 8)	53,701	23,346	11,992	51,091
Other payables	2,374	3,921	2,374	3,914
Total non-current liabilities	2,229,815	931,830	3,783,130	1,279,208
Total liabilities	2,819,831	1,447,570	5,694,281	1,911,321
Equity (Note 18)				
Share capital	977,502	397,900	977,502	397,900
Treasury shares	(7,153)	(9,785)	(7,153)	(9,785)
Capital reserve and options granted	527,360	45,129	527,360	45,129
Revenue reserves	38,564	61,951	38,564	61,951
Carrying value adjustments	(4,243)	(11,914)	(4,243)	(11,914)
Retained earnings	68,633		68,633	
Total equity	1,600,663	483,281	1,600,663	483,281
Total liabilities and equity	4,420,494	1,930,851	7,294,944	2,394,602

(*) As from the date of acquisition of the control of Unidas S.A. on March 9, 2018, this subsidiary is included in the consolidated financial information.

The accompanying notes are an integral part of these quarterly information.

Companhia de Locação das Américas

Statement of income

Quarter and nine-month period ended September 30
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Quarter ended September 30				Nine-month period ended September 30			
	Parent company		Consolidated		Parent company		Consolidated	
	2018	2017	2018(*)	2017	2018	2017	2018(*)	2017
Operating revenue (Note 19)	290,771	212,341	832,578	305,036	906,888	633,782	2,020,632	773,039
Cost of rental and sales of vehicles (Note 20)	(193,732)	(149,307)	(588,669)	(213,371)	(622,479)	(451,236)	(1,418,739)	(548,892)
Gross profit	97,039	63,034	243,909	91,665	284,409	182,546	601,893	224,147
Selling expenses (Note 21)	(9,760)	(9,403)	(44,467)	(11,847)	(37,734)	(29,099)	(106,460)	(32,659)
General and administrative expenses (Note 22)	(19,212)	(9,580)	(46,004)	(12,881)	(59,146)	(30,112)	(116,146)	(35,118)
Other operating income (expenses)	61	11	3,445	(8)	464	69	1,480	101
Equity in the results of subsidiaries (Note 9)	33,208	7,401			67,355	9,333		
Profit before finance income (costs) and taxes	101,336	51,463	156,883	66,929	255,348	132,737	380,767	156,471
Finance income (Note 23)	7,631	5,857	12,274	6,958	22,971	17,646	35,842	19,172
Finance costs (Note 23)	(47,720)	(40,686)	(91,056)	(53,504)	(149,779)	(106,319)	(252,194)	(126,837)
Finance costs, net (Note 23)	(40,089)	(34,829)	(78,782)	(46,546)	(126,808)	(88,673)	(216,352)	(107,665)
Profit before income tax and social contribution	61,247	16,634	78,101	20,383	128,540	44,064	164,415	48,806
Deferred income tax and social contribution (Note 24)	(540)	(1,395)	(17,394)	(5,144)	(1,614)	(6,517)	(37,489)	(11,259)
Profit for the period	60,707	15,239	60,707	15,239	126,926	37,547	126,926	37,547
Basic earnings per share - R$ (Note 27)					1,1846	0.4654	1.1846	0.4654
Diluted earnings per share - R$ (Note 27)					1,1640	0.4554	1.1640	0.4554

(*) As from the date of acquisition of the control of Unidas S.A. on March 9, 2018, this subsidiary is included in the consolidated financial information.

The accompanying notes are an integral part of these quarterly information.

Companhia de Locação das Américas

Statement of comprehensive income
Quarter and nine-month period ended September 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Quarter ended September 30				Nine-month period ended September 30			
	Parent company		Consolidated		Parent company		Consolidated	
	2018	2017	2018(*)	2017	2018	2017	2018(*)	2017
Profit for the period	60,707	15,239	60,707	15,239	126,926	37,547	126,926	37,547
Other comprehensive income (loss)								
Hedge accounting - cash flow	(859)	(1,185)	(1,859)	(4,655)	12,623	(4,644)	11,623	(8,114)
Income tax and social contribution - hedge accounting	292	403	632	1,583	(4,292)	1,579	(3,952)	2,759
Hedge accounting effects – Subsidiary	(660)	(2,290)			(660)	(2,290)		
Other comprehensive income (loss) for the period, net of tax effects	(1,227)	(3,072)	(1,227)	(3,072)	7,671	(5,355)	7,671	(5,355)
Total comprehensive income for the period	59,480	12,167	59,480	12,167	134,597	32,192	134,597	32,192

(**) As from the date of acquisition of the control of Unidas S.A. on March 9, 2018, this subsidiary is included in the consolidated financial information.

The accompanying notes are an integral part of these quarterly information.

Companhia de Locação das Américas

Statements of changes in equity
Nine-month periods ended September 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

			Capital reserve		Revenue reserve				
	Share capital	**Treasury shares**	**Options granted**	**Reserves**	**Legal reserve**	**Investment reserves**	**Adjustment of equity valuation**	**Retained earnings**	**Total equity**
At January 1, 2017	299,279	(5,061)	2,639	(10,030)	5,740	17,502	(9,176)		300,893
Profit for the period								37,547	37,547
Hedge accounting - cash flow (Note 16)							(4,644)		(4,644)
Income tax/ social contribution – Hedge accounting effects (Note 8)							1,579		1,579
Hedge accounting effects – Subsidiary							(2,290)		(2,290)
Total comprehensive income for the period							(5,355)	37,547	32,192
Capital increase (Note 18)	98,621								98,621
Goodwill reserve (Note 18)				51,836					51,836
Share buyback plan		(7,957)							(7,957)
Options granted (Note 18)			660						660
Options exercised		2,328	(880)	273					1,721
Interest on capital (Note 18)								(16,370)	(16,370)
Total transactions with shareholders	98,621	(5,629)	(220)	52,109				(16,370)	128,511
At September 30, 2017	397,900	(10,690)	2,419	42,079	5,740	17,502	(14,531)	21,177	461,596
At January 1, 2018	397,900	(9,785)	2,921	42,208	8,770	53,181	(11,914)		483,281
First-time adoption of IFRS 9 (Note 2.4.1)						(5,885)			(5,885)
Adjusted opening balance	**397,900**	**(9,785)**	**2,921**	**42,208**	**8,770**	**47,296**	**(11,914)**		**477,396**
Profit for the period								126,926	126,926
Hedge accounting - cash flow (Note 16)							12,623		12,623
Income tax/ social contribution – Hedge accounting effects (Note 8)							(4,292)		(4,292)
Hedge accounting effects – Subsidiary							(660)		(660)
Total comprehensive income for the period							**7,671**	**126,926**	**134,597**
Capital increase (Note 18)	579,602			478,378					1,057,980
Options granted (Note 18)			4,019						4,019
Options exercised		2,632	(1,872)	1,706					2,466
Distribution of dividends (Note 18)						(17,502)			(17,502)
Interest on capital (Note 18)								(58,293)	(58,293)
Total transactions with shareholders	**579,602**	**2,632**	**2,147**	**480,084**		**(17,502)**		**(58,293)**	**988,670**
At September 30, 2018	**977,502**	**(7,153)**	**5,068**	**522,292**	**8,770**	**29,794**	**(4,243)**	**68,633**	**1,600,663**

The accompanying notes are an integral part of these quarterly information.

Companhia de Locação das Américas

Statement of cash flows
Nine-month period ended September 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit for the period	126,926	37,547	126,926	37,547
Adjustments to non-cash income and expenses				
Income tax and social contribution on net income	1,614	6,517	37,489	11,259
Equity in the results of subsidiaries	(67,355)	(9,333)		
Depreciation and amortization	114,396	72,629	210,306	104,002
Provision for stolen and/or damaged vehicles			19,099	
Written off residual value of vehicles decommissioned for fleet renewal	384,840	289,120	904,040	339,363
Residual value of stolen vehicles and total loss vehicles	14,207	7,005	14,207	10,270
Provision for share-based payment	3,408	659	4,019	659
Financial charges on borrowings	107,424	74,599	207,428	94,136
Estimated loss on doubtful accounts	(1,217)	4,932	4,196	5,001
Provision for contingencies		2,026	(607)	2,302
Profit sharing		1,825	541	1,825
Adjustment to present value	(216)	(663)	(216)	(663)
Provision for impairment		(3)		(869)
Assignment costs	3,681	9,412	15,333	10,108
Swaps	19,858	(12,946)	20,099	(12,953)
Others	6,917	25,678	34,204	30,137
	714,483	509,004	1,597,064	632,124
Changes in working capital				
Trade receivables	7,863	(13,225)	13,596	(14,131)
Taxes recoverable	18	(2,918)	3,215	(3,575)
Prepaid expenses	(14,835)	(4,558)	13,867	(10,409)
Trade payables - except automakers	(3,847)	35,861	(43,696)	40,641
Other assets	(23,099)	543	(23,840)	(4,745)
Acquisition of vehicles net of trade payables - automakers and assignment of credits	(554,727)	(352,626)	(1,335,088)	(450,371)
Other liabilities	(14,043)	(11,629)	(40,786)	(20,150)
Net cash inflow from operating activities	111,813	160,452	184,332	169,384
Cash flows from investing activities				
Acquisition of investments	(397,714)	(53,910)	(210,004)	
Acquisition of other investments			442	
Loans to related parties	1,125	(4,585)	3,470	
Acquisitions of other property and equipment and intangible assets	(3,695)	(4,619)	(16,591)	(24,839)
Net changes in marketable securities	(113,296)	22,680	(113,297)	22,412
Net cash (used in) investing activities	(513,580)	(40,434)	(335,980)	(2,427)
Cash flows from financing activities				
Proceeds from borrowings and debentures - net of funding costs	1,230,306	391,564	1,962,191	691,564
Repayment of borrowings and debentures	(378,850)	(335,399)	(941,570)	(625,764)
Interest paid on borrowings, debentures and preferred shares	(95,559)	(82,467)	(180,371)	(100,054)
Proceeds from stock option plan	2,466	1,721	2,466	1,721
Share buyback plan		(7,957)		(7,957)
Dividends and interest on equity paid	(50,805)	(9,879)	(78,341)	(9,879)
Net cash inflow (used in) financing activities	707,558	(42,417)	764,375	(50,369)
Increase in cash and cash equivalents	305,791	77,601	612,727	116,588
Cash and cash equivalents at the beginning of the period	385,683	172,478	402,489	172,478
Cash and cash equivalents at the beginning of the period	706,818	250,079	1,015,216	289,066
(-) Cash and cash equivalents arising from the acquisition of Auto Ricci S.A.	15,344			
Balance net of changes in cash and cash equivalents	305,791	77,601	612,727	116,588
Activities not affecting cash				
Derivatives - hedge	(12,623)	(4,644)	(11,623)	(8,114)
Interest on subscribed and unpaid capital	24,990	5,421	24,990	5,421
Share of other comprehensive income of subsidiaries	(660)	(2,290)		(2,290)
Capital increase through issuance of shares	579,602	98,621		
First-time adoption of IFRS 9 (Note 2.4.1)	8,916		8,916	
Supplemental disclosure of cash flow information				
Total vehicles + accessories purchased for property and equipment	(606,590)	(447,753)	(2,001,512)	(594,789)
Net changes in the balance of trade payables - automakers and assignment of credits	51,863	95,127	666,424	144,418
Total cash paid or provisioned on the acquisition of vehicles	(554,727)	(352,626)	(1,335,088)	(450,371)

The accompanying notes are an integral part of these quarterly information.

Companhia de Locação das Américas

Statement of value added
Nine-month period ended September 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated (*)	
	2018	**2017**	**2018**	**2017**
Revenue				
Gross revenue less discounts	949,326	664,997	2,117,219	976,267
Estimated impairment loss on trade receivables	47	(4,932)	(6,475)	(5,077)
	949,373	660,065	2,110,744	971,190
Inputs acquired from third parties				
Materials, electricity, third-party services and other	(41,378)	(17,898)	(62,833)	(23,479)
Costs of sales and rentals of cars/fleet	(475,478)	(357,515)	(1,207,382)	(496,107)
	(516,856)	(375,413)	(1,270,215)	(519,586)
Gross value added	432,517	284,652	840,529	451,604
Depreciation and amortization	(114,397)	(72,662)	(210,306)	(122,992)
Net value added generated	318,120	211,990	630,223	328,612
Value added received through transfer				
Equity in the results of subsidiaries	67,355	9,334		
Finance income (costs)	22,971	30,740	35,842	30,290
Total value added to distribute	408,446	252,064	666,065	358,902
Distribution of value added				
Taxes, charges and contributions				
Federal	58,370	43,878	120,571	69,189
State	25,138	16,065	25,225	24,891
Municipal	852	498	1,647	591
Personnel				
Direct compensation	32,792	24,169	84,894	32,479
Benefits	6,024	4,137	18,856	5,350
Government Severance Indemnity Fund for Employees (FGTS)	2,961	2,228	5,295	2,996
Remuneration of third-party capital				
Interest	149,779	119,413	252,194	180,258
Rentals	5,604	4,130	30,457	5,602
Remuneration of own capital				
Dividends and interest on capital	58,293	16,369	58,293	16,369
Retained earnings	68,633	21,177	68,633	21,177
Value added distributed	408,446	252,064	666,065	358,902

(*) As from the date of acquisition of the control of Unidas S.A. on March 9, 2018, this subsidiary is included in the consolidated financial information.

The accompanying notes are an integral part of these quarterly information.

1 Operations

Companhia de Locação das Américas ("Company" or "Locamerica"), established on July 18, 2008, is a listed corporation domiciled in Brazil. On March 9, 2018, the Company acquired Unidas S.A. (Note 1.1), expanding the portfolio of services offered to customers, and began operating the rent-a-car (RAC) segment through its indirect subsidiary Unidas Locadora. The Company and its subsidiaries (together "the Group") are engaged in the following activities:

- Renting domestically manufactured and imported vehicles with or without a driver - "Fleet" segment (Locamerica and Unidas). Auto Ricci was engaged in car rental activities up to January 2, 2018, when it was merged into Locamerica.
- Purchasing and reselling pre-owned vehicles (Acelero and Unidas Comercial);
- Third-party fleet management (Agile);
- Franchise management (Unidas Franquias); and
- Rental of vehicles (Unidas Locadora);

The Group's registered office is located at Avenida Engenheiro Caetano Álvares, 150, district of Limão, São Paulo, state of São Paulo, and it operates in a number of Brazilian states through its branches. Its main operating bases are located in the states of São Paulo, Minas Gerais, Rio de Janeiro, and Paraná.

The Company is listed on the São Paulo Stock Exchange (B3) and its shares are traded on the *Novo Mercado* (New Market) listing segment under the ticker symbol LCAM3.

At September 30, 2018, the Group's fleet comprised 118,810 vehicles (46,566 at December 31, 2017). The fleet is renewed after the end of the vehicles' useful lives, which range from 12 to 60 months, according to the characteristics of the vehicles and the terms of the agreements entered into with customers. After the end of their useful lives, the vehicles are either sold to independent dealers who have their own selling points, or through the Group's own showrooms.

The issue of this quarterly information was authorized by the Board of Directors on November 6, 2018.

(a) Significant funding in the period

17th Issue of Debentures - Locamerica

On September 21, 2018, the Company' Board of Directors approved the 176th Issue of Non-convertible Debentures, totaling R$400,000. The net proceeds obtained from the Offer, placed pursuant to the terms of CVM Instruction 476, were used by the Issuer in the normal course of business, for working capital. Below is a detailed description of the Issue:

· Approved as per the minutes of the Board of Directors' Meeting on September 21, 2018;
· Issue of debentures as per CVM Instruction 476;
· Issue of up to 400 thousand debentures;
· Date of issue – September 27, 2018;
· Payment date – September 27, 2018;
· Maturity date – September 27, 2023;

· Amortization – Compensatory interest will be paid on a monthly basis, and the debentures will be amortized in two annual installments, the first of which maturing on September 27, 2022, and corresponding to 50.00% of the unit face value of the debentures, the second, on final maturity date, and corresponding to 100.00% of the balance of the unit face value of the debentures. Interest rate – 113% of the Interbank Deposit (DI) rate.

16th Issue of Debentures - Locamerica

On April 24, 2018, the Board of Directors approved the 16th Issue of Non-convertible Debentures, totaling R$350,000. The net proceeds obtained from the Offer placed pursuant to CVM Instruction 476, will be used to settle the optional early redemption of the total debentures of the 7th Issue of Debentures, and the optional early redemption of the total debentures of the 9th Issue of Debentures. Below is a detailed description of the Issue:

· Approved as per the minutes of the Board of Directors' Meeting on April 24, 2018;
· Issue of debentures as per CVM Instruction 476;
· Issue of up to 350 million debentures;
· Date of issue – April 27, 2018;
· Payment date – May 7, 2018;
· Maturity date – April 27, 2024;
· Amortization – Compensatory interest will be paid on a monthly basis, and the debentures will be amortized in three annual installments, the first of which maturing on April 27, 2022, and corresponding to 33.33% of the unit face value of the debentures, the second maturing on April 27, 2023, and corresponding to 50.00% of the unit face value of the debentures, and the third on the final maturity date, corresponding to 100.00% of the balance of the unit face value of the debentures.
· Interest rate – 119% of the DI rate.

15th Issue of Debentures - Locamerica

On February 19, 2018, the Company completed the 15th Issue of Non-convertible Debentures, totaling R$500,000. The net proceeds obtained from the Offer, placed pursuant to CVM Instruction 476, were used to settle the payable for the acquisition, of shares of Unidas S.A. ("Unidas"), as per the investment agreement executed on December 27, 2017 among the Issuer, its controlling shareholders, Unidas, and certain shareholders of Unidas. This agreement regulates the terms and conditions for the business combination between Unidas and the Issuer, in accordance with the significant event notice disclosed by the Issuer on December 27, 2017 ("Unidas Operation"). The funds that exceed the amount of the payment due in connection with Unidas Operation will be used in the normal course of the Issuer's activities, for working capital. Below is a detailed description of the Issue:

· Approved as per the minutes of the Board of Directors' Meeting held on January 15, 2018, as amended on February 8, 2018 following the book-building procedure;
· Issue of debentures as per CVM Instruction 476;
· A total of 50 thousand debentures issued: 41,140 in the First Series and 8,860 in the Second Series;
· Date of issue – February 19, 2018;
· Maturity Date of the First Series Debentures – February 19, 2023;
· Maturity Date of the Second Series Debentures – February 19, 2021;
· Interest on the First and Second Series will be paid on a half-yearly basis.
· Amortization – The First Series debentures will be amortized in three annual installments, the first of which maturing on February 19, 2021, and corresponding to 33.33% of the balance of the unit face value of the First Series debentures, the second maturing on February 19, 2022, and corresponding to

50% of the balance of the unit face value of the First Series debentures, and the third on the final maturity date, and corresponding to 100% of the balance of the unit face value. The Second Series debentures will be amortized in a single installment on the maturity date;
· Interest rate – The First Series debentures will accrue interest at 100% of the DI rate, plus a spread of 1.4% per year, and the Second Series debentures, at 100% of the DI rate plus a spread of 1.15% per year.

12th Issue of Debentures - Unidas

On September 20, 2018, Unidas S.A. completed the 12th Issue of Non-convertible Debentures, totaling R$250,000. The net proceeds obtained from the Offer, placed pursuant to CVM Instruction 476, were used by the Issuer in the normal course of business, for working capital. Below is a detailed description of the Issue:

· Approved as per the minutes of the Board of Directors' meeting held on August 14, 2018, as amended on September 18, 2018 following the book-building procedure;
· The debentures were issued pursuant to CVM Instruction 476;
· A total of 250,000 (two hundred and fifty thousand) debentures were issued, 150,000 of which in the First Series, and 100,000 in the Second Series;
· Date of issue – September 15, 2018;
· Maturity Date of the First Series Debentures – September 15, 2023;
· Maturity Date of the Second Series Debentures – September 15, 2025;
· Interest on the First and Second Series debentures will be paid on a half-yearly basis.
· Amortization – The First Series debentures will be amortized in two annual installments, the first of which maturing on September 15, 2022, and corresponding to 50.00% of the balance of the unit face value of the First Series debentures, and the second one on the final maturity date, and corresponding to 100% of the balance of the unit face value. The Second Series debentures will be amortized in two annual installments, the first of which maturing on September 15, 2024, and corresponding to 50.00% of the balance of the unit face value of the Second Series debentures, and the second one on the final maturity date, and corresponding to 100% of the balance of the unit face value.
· Interest rate – The First Series debentures will accrue interest at 110.60% of the Interbank Deposit (DI) rate, and the Second Series debentures will accrue interest at 7.3032% p.a., adjusted by the Amplified Consumer Price Index (IPCA) variation.

11th Issue of Debentures - Unidas

On March 29, 2018, Unidas S.A. completed the 11th Issue of Non-convertible Debentures, totaling R$500,000. The net proceeds obtained from the Offer, placed pursuant to CVM Instruction 476, were used for working capital. Below is a detailed description of the Issue:

· Approved as per the minutes of the Board of Directors’ meeting on March 22, 2018;
· The debentures were issued pursuant to CVM Instruction 476;
· A total of 50 thousand non-convertible debentures were issued;
· Date of issue – March 29, 2018;
· Maturity date of the debentures - March 29, 2023;
· Interest on the debentures will be paid on a half-yearly basis;
· Amortization – The debentures will be amortized in two consecutive annual installments, the first of which falling due on March 29, 2022, corresponding to 50% of the balance of the unit face value of

All amounts in thousands of reais unless otherwise stated

the debentures, and the second falling due on the final maturity date, corresponding to 100% of the balance of the unit face value of the debentures.
· Interest rate – The debentures will accrue interest at 117.5% of the DI rate.

(b) Acquisition of vehicles from Meridional Locadora de Veículos Ltda.

On April 29, 2017, the Company, through its direct subsidiary Agile Car Locações Ltda., entered into a purchase and sale agreement to acquire 620 vehicles from Meridional Locadora de Veículos Ltda., for resale. This agreement was subsequently assigned to Acelero Comércio de Veículos Ltda., a direct subsidiary of the Company, which became the successor of Agile Car Locações Ltda. with respect to all the rights and obligations under the agreement.

This transaction, totaling R$ 12,670, has been approved by the Administrative Council for Economic Defense (CADE). The transaction had been fully concluded at September 30, 2018,

1.1. Business combination - Acquisition of equity interest in Unidas S.A.

On December 27, 2017, the Company signed an investment agreement with the shareholders of Unidas, which was approved by the Board of Directors on the same date, establishng the terms and conditions for the business combination between Unidas and the Company.

The completion of this transaction was contingent on the fulfillment of the following conditions:

- Approval by CADE, which was granted and published on January 22, 2018; and
- Approval by the shareholders, which was obtained at the Extraordinary General Meeting held on March 9, 2018.

Unida's book balances at March 9, 2018, are summarized as follows:

Assets	
Current assets	679,242
Cash and cash equivalents	187,710
Trade receivables	186,652
Other current assets	304,880
Non-current assets	2,179,123
Other non-current assets	124,118
Property and equipment	1,981,541
Intangible assets	73,464
Total assets	2,858,365
Liabilities	
Current liabilities	1,090,323
Borrowings, financing and debentures	509,185
Other current liabilities	581,138
Non-current liabilities	1,001,985
Borrowings, financing and debentures	941,999
Other non-current liabilities	59,986
Equity	766,057
Total liabilities and equity	2,858,365

All amounts in thousands of reais unless otherwise stated

Primary reasons for the business combination and a description of the acquisition of control by the acquirer

Consistent with the strategic plan jointly agreed by the Company's Executive Board and its Board of Directors, the acquisition of Unidas is expected to broaden the customer base, as well as to significantly increase procurement economies of scale. The resulting combined company is expected to be able to benefit from significant economic and financial synergies through the optimization of the capital structure of Unidas, as well as gains arising from an exchange of best practices between the two companies.

Not only is Unidas engaged, similar to the Company, in renting vehicles (without drivers) and in selling used cars, but, also, as part of its core operating activity, is in the "rent-a-car" business segment.

The 100% equity interest in Unidas S.A. was acquired for R$ 1,455,694, which includes the effects of temporary differences on the business combination. The acquisition was carried out as follows:

- Acquisition, in cash, of 40.3% of the share capital of Unidas S.A, for R$397,714 paid for on March 9, 2018; and

- Acquisition of the remaining shares (59.7%) of Unidas S.A. through a share tender offer whereby Locamerica issued 34,394,689 new shares. The share value, for purposes of determining the purchase price, was based on the opening price quoted on March 9, 2018 (date of the Extraordinary General Shareholders' Meeting).

Fair value of the net assets acquired and recorded at the acquisition date

The acquiree's equity at fair value, totaling R$ 770,139, was comprised as follows:

The book value of the acquiree's equity on the date of the Extraordinary General Shareholders' Meeting (March 9, 2018)		766,057
- Fair value adjustments:		
a)	Surplus on revaluation of “Vehicles being decommissioned for fleet renewal"	266
b)	Surplus on revaluation of property and equipment – Vehicles	28,400
c)	Surplus on revaluation of the customer portfolio	31,173
d)	Surplus on revaluation of trademark	26,406
e)	Adjusted purchase price allocation for possible loss contingencies	(65,413)
f)	Deferred taxes on the business combination	(16,750)
Fair value of Acquiree's equity		770,139

All amounts in thousands of reais unless otherwise stated

Methodology used to calculate fair value

The fair value of the assets acquired and liabilities assumed was estimated by management, supported by a report of its independent consultants, considering the following methodologies:

(i) Customer agreements/portfolio: the fair value of the customer relationships intangible assets was calculated under the Multi-Period Excess Earnings Method (MPEEM)". On March 9, 2018, Unidas had an allowance for doubtful accounts of R$ 108,188;

ii) Property and equipment and vehicles being decommissioned for fleet renewal: The market value of these assets was determined based on the following valuation criteria:

The cars were valued based on the ownership certificates and spreadsheets provided by the acquiree, reconciled to the accounting records, based on details of brands, models, year of manufacture and model year. The fair value of these assets was determined based on market research from industry-specific publications (Institute of Economic Research - FIPE), considering the history of sales of the vehicles in comparison with the FIPE chart.

iii) Trademark: the fair value of the trademark intangible asset was calculated under the Relief from Royalties methodology.

iv) Contingencies: the fair value of the contingent liabilities was calculated supported by an estimate made by external legal advisors, based on the likelihood of an unfavorable outcome on the claims assessed. At March 9, 2018, Unidas had approximately R$ 181,615 of contingencies for which a favorable gain is possible, of which R$ 87,226 are of a tax nature and R$ 94,389 are labor and civil.

Goodwill on acquisitions

Consideration transferred	1,455,694
Less the fair value of the acquiree's equity	(770,139)
Goodwill based on expected future profitability	685,555

Goodwill was generated on the acquisition considering that the cost of the business combination included the amount paid as control premium. In addition, the considerations paid for the combination included amounts referring to the benefits of the expected synergies, revenue growth, and future development of the markets. These benefits are not recognized separately from goodwill, since they do not meet the criteria for recognition of identifiable intangible assets.

Disclosure of the acquisition price for purposes of presentation of the consolidated cash flow

Consideration paid	397,714
Cash and cash equivalents arising from the acquisition of Unidas S.A.	(187,710)
Acquisition of investments, net of the acquiree's cash	210,004

All amounts in thousands of reais unless otherwise stated

The results of Unidas relating to the periods prior and subsequent to the business combination are presented below:

			Consolidated
	January 1 to March 8	March 9 to June 30	9/30/2018
Operating revenue	351,310	1,100,673	1,451,983
Cost of rental and sale of vehicles	(248,683)	(786,250)	(1,034,933)
Gross profit	102,627	314,423	417,050
Administrative and selling expenses	(69,843)	(123,826)	(193,669)
Other operating income (expenses)	(974)	1,561	587
Profit before finance income (costs) and taxes	31,810	192,158	223,968
Finance income	3,426	13,236	16,662
Finance costs	(32,177)	(102,388)	(134,565)
Finance costs, net	(28,751)	(89,152)	(117,903)
Profit before income tax and social contribution	3,059	103,006	106,065
Income tax and social contribution	53	(35,815)	(35,762)
Profit for the period	3,112	67,191	70,303

All amounts in thousands of reais unless otherwise stated

Following the business combination with Unidas, the fair value balance sheet on March 9, 2018, was as follows:

	Unidas S.A.		
	Carrying amount	**Adjustments**	**Fair value**
Assets			
Current assets	679,242	266	679,508
Cash and cash equivalents	187,710		187,710
Trade receivables	186,652		186,652
Other current assets	304,880	266	305,146
Non-current assets	2,179,123	85,979	2,265,102
Other non-current assets	124,118		124,118
Property and equipment	1,981,541	28,400	2,009,941
Intangible assets	73,464	57,579	131,043
Total assets	2,858,365	86,245	2,944,610
Liabilities			
Current liabilities	1,090,323		1,090,323
Borrowings, financing and debentures	509,185		509,185
Other current liabilities	581,138		581,138
Non-current liabilities	1,001,985	82,163	1,084,148
Borrowings, financing and debentures	941,999		941,999
Other non-current liabilities	59,986	82,163	142,149
Equity	766,057	4,082	770,139
Total liabilities and equity	2,858,365	86,245	2,944,610

All amounts in thousands of reais unless otherwise stated

1.2. Merger of Companhia Auto Ricci S.A.

The Extraordinary General Shareholders' Meeting of January 2, 2018 approved the merger of the subsidiary Auto Ricci S.A., in which Locamerica assumed all its assets and liabilities at such date. The merged balances are as follows:

Assets	**1/2/2018**	**Liabilities and equity**	**1/2/2018**
Current assets		**Current assets**	
Cash and cash equivalents	15,344	Trade receivables	25,032
Trade receivables	44,758	Borrowings, financing and debentures	23,284
Marketable securities	268	Derivative financial instruments	3,955
Vehicles being decommissioned for fleet renewal	16,199	Assignment of credits by suppliers	44,828
Taxes recoverable	2,141	Salaries, charges, and social contributions	1,304
Prepaid expenses	1,439	Tax liabilities	5,120
Other receivables	22	Other payables	1,215
Total current assets	80,171	**Total current liabilities**	104,738
Non-current assets		**Non-current liabilities**	
		Borrowings, financing and debentures	313,519
		Provision for contingencies	362
		Deferred taxes	28,456
Deposits in court	277	Related parties	2,387
		Total non-current liabilities	344,724
		Total liabilities	449,462
		Equity	
Property and equipment	515,328	Share capital	50,081
Investments	52	Revenue reserves	98,713
Intangible assets	348	Carrying value adjustments	(2,080)
Total non-current assets	516,005	**Total equity**	146,714
Total assets	596,176	**Total liabilities and equity**	596,176

2 Summary of significant accounting policies

The quarterly information has been prepared in accordance with accounting practices adopted in Brazil, including the standards issued by the Brazilian Accounting Pronouncements Committee (CPC), as well the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and discloses all (and only) the applicable significant information related to the quarterly information, which is consistent with the information utilized by management in the performance of its duties.

The main accounting policies applied in the preparation of this quarterly information are set out below. These policies have been consistently applied in the periods presented, unless otherwise stated.

2.1 Basis of preparation

The quarterly information has been prepared under the historical cost convention, as modified for certain financial assets and liabilities (including derivative instruments) measured at fair value. The quarterly information has been prepared in accordance with Technical Pronouncement CPC 21(R1) -

Interim Financial Statements, International Standard IAS 34 - Interim Financial Reporting issued by IASB, as well as the regulations issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

The preparation of quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the quarterly information, are disclosed in Note 3.

There have been no changes in the accounting policies adopted in the consolidated or parent company quarterly information, except for the new IFRSs, as presented in Note 2.4, in relation to the policies adopted in the financial statements for the year ended December 31, 2017.

The interim financial information should be read in conjunction with the annual financial statements approved by the Executive Board and Board of Directors on March 26, 2018 and filed on the same date.

(a) Parent company and consolidated quarterly information

The parent company quarterly information has been prepared in accordance with accounting practices adopted in Brazil issued by the CPC. Because the accounting practices adopted in Brazil applicable to individual financial statements, as from 2014, do not differ from the IFRS applicable to separate financial statements, which now allow entities to use the equity method to account for investments in subsidiaries, associates and joint ventures in the separate financial statements, they are also in compliance with the IFRS issued by the IASB. The parent company quarterly information is disclosed together with the consolidated quarterly information.

The consolidated quarterly information has been prepared and is being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the CPC, and in accordance with the IFRS issued by the IASB.

The presentation of the parent company and consolidated statements of value added, which is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, was prepared in accordance with the criteria defined by Accounting Pronouncement CPC 09 - "Statement of Value Added". The IFRS do not require the presentation of this statement. Therefore, under the IFRS, the presentation of such statement is considered supplementary information, and not part of the set of financial statements.

(b) Consolidation

The Company acquired control of Unidas S.A. on March 9, 2018, and of Auto Ricco S.A. on May 11, 2017, and started to include these subsidiaries in the consolidated quarterly information as from those dates. The Company also consolidates financial information of Acelero Comércio de Veículos Ltda., which, as a result of the merger of Auto Ricci S.A. on January 2, 2018, was directly owned by the Company, and Ágile Car Locações Ltda., which began to operate in 2017. These two companies were wholly-owned subsidiaries of the Company on the reporting date.

2.2 Segment reporting

Operating segments are defined as components that carry out business activities: (i) which generate revenues and incur expenses; (ii) the operating results of which are regularly reviewed by management to make decisions; and (iii) for which separate financial information is available.

The Group has defined two operating segments, which are managed separately, based on the reports used for strategic decision-making by the Executive Board and Board of Directors. The accounting policies of these operating segments are the same as those described in Note 2 or in the explanatory notes for the respective line items.

Management considers that the Group's operations are divided into two identifiable operating segments: (i) rental of vehicles under long-term contracts ("fleet"); and (ii) rental of vehicles under short-term contracts (“RAC” or “rent-a-car”), carried out by its indirect subsidiary Unidas Locadora. The Group's management considers that the fleet renewal activity (pre-owned vehicles) is not a separate operating segment, as this activity is inherent in the operations of the fleet and RAC segments.

2.3 Business combination

In the consolidated quarterly information, the Company uses the acquisition method to account for business acquisitions. The consideration transferred in a business combination is measured at fair value, which equals the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer in exchange of the acquiree's control.

The assets and liabilities of a subsidiary are measured at their fair value on the date of acquisition.

Any excess of the cost of acquisition over the fair value of the identifiable assets acquired and liabilities assumed is recorded as goodwill. Where the cost of acquisition is lower than the fair value of the net assets identified, the difference is recorded as a gain in the statement of income for the period in which the acquisition takes place.

Transaction costs incurred in a business combination, other than those associated with the issuance of debt securities or ownership interests, are recognized as expenses as incurred.

2.4 New standards, amendments and interpretations to standards

2.4.1 Recently issued accounting standards and interpretations

- IFRS 9 / CPC 48 – Financial instruments

In July 2014, the IASB issued IFRS 9, addressing the recognition and measurement of financial assets and liabilities, in addition to agreements for purchase and sale of financial items. This standard supersedes IAS 39 – Financial Instruments: Recognition and Measurement. In December 2016, CVM, through Resolution No. 763/16, approved CPC 48, which is consistent with IFRS. The Company and its subsidiaries adopted this new standard on its effective date, January 1, 2018.

All amounts in thousands of reais unless otherwise stated

Classification, measurement and impairment:

Investments and trade receivables are maintained to capture contractual cash flows and are expected to generate cash flows, representing only payments of principal amounts and interest. The Company and its subsidiaries analyzed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for measurement at amortized cost in accordance with IFRS 9.

IFRS 9 requires the Group to recognize the expected credit losses on all its financial assets, calculated over a 12-month period or their lifetime. From January 1, 2018, the Group started to record a provision for expected impairment losses calculated over the lifetime of its trade receivables. The impact of the first-time adoption of this standard on the previously issued financial statements was as follows:

			Parent company
	As originally presented	**Adjustments arising from adoption of IFRS 9**	**Adjusted opening balance**
Balance sheet			
Assets			
Current assets	594,624	(8,916)	585,708
Trade receivables	92,035	(8,916)	83,119
Other current assets	502,589		502,589
Non-current assets	1,336,227		1,336,227
Trade receivables	2,639		2,639
Other non-current assets	1,333,588		1,333,588
Total assets	1,930,851	(8,916)	1,921,935
Liabilities			
Current liabilities	515,740		515,740
Non-current liabilities	931,830	(3,031)	928,799
Deferred taxes	23,346	(3,031)	20,315
Other current liabilities	908,484		908,484
Equity	483,281	(5,885)	477,396
Other equity instruments	421,330		421,330
Revenue reserve	61,951	(5,885)	56,066
Total liabilities and equity	1,930,851	(8,916)	1,921,935

All amounts in thousands of reais unless otherwise stated

			Consolidated
	As originally presented	**Adjustments arising from adoption of IFRS 9**	**Adjusted opening balance**
Balance sheet			
Assets			
Current assets	691,657	(8,916)	682,741
Trade receivables	136,913	(8,916)	127,997
Other current assets	554,744		554,744
Non-current assets	1,702,945		1,702,945
Trade receivables	2,639		2,639
Other non-current assets	1,700,306		1,700,306
Total assets	2,394,602	(8,916)	2,385,686
Liabilities			
Current liabilities	632,113		632,113
Non-current liabilities	1,279,208	(3,031)	1,276,177
Deferred taxes	51,091	(3,031)	48,060
Other current liabilities	1,228,117		1,228,117
Equity	483,281	(5,885)	477,396
Other equity instruments	421,330		421,330
Revenue reserve	61,951	(5,885)	56,066
Total liabilities and equity	2,394,602	(8,916)	2,385,686

The losses were estimated based on the prior year's actual credit losses. The Company calculated the losses separately for each type of customer, using the percentage of delinquency up to 360 after the due date, since, after this period, the effectiveness of collection efforts is no longer significant. The profiles for each type of customer were segregated based on credit risk characteristics, such as risk rating, type of product purchased, and level of delinquency.

Taking into account the cost-benefit and estimated impact on the interim financial information, the Company has not restated the comparative information for previous years arising from changes in the classification and measurement of financial instruments (including expected credit losses). As previously stated, the differences in the book balances of financial assets and liabilities resulting from the adoption of IFRS 9 were recognized in the Revenue reserve at January 1, 2018.

The impacts arising from the first-time adoption of IFRS 9 on the consolidated financial statements of Unidas S.A. affected the purchase price allocation, as shown in Note 1.1.

The new hedge accounting rules are consistent with the risk management practices adopted by the Group. The major impact arising from CPC 48 hedge accounting rules relates to the hedge accounting documentation used by the Company.

- IFRS 15/CPC 47 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which addresses the recognition of revenues from contracts with customers in accordance with the transfer of assets and provision of services to the customer, at amounts that reflect the payment the Company expects to be entitled to upon transfer of such assets and services. This standard supersedes IAS 18 - Revenue, IAS 11 – Construction Contracts and corresponding interpretations. In December 2016, CVM, through Resolution No. 762/16, approved CPC 47, which is consistent with IFRS. The Company and its subsidiaries adopted this new standard on its effective date, January 1, 2018.

The Company performed a detailed analysis of IFRS 15 and did not identify material impacts in relation to the accounting practices currently adopted.

2.4.2 Accounting standards and interpretations Recently issued and not yet adopted by the Company

- IFRS 16 – "Leases"

This new standard requires lessees to recognize a liability for the future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may be out of the scope of this new standard.

The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially maintained. On December 21, 2017, the CVM, through Resolution 787/17, approved CPC 06 (R2), which is consistent with IFRS. IFRS 16 is effective for years beginning on or after January 1, 2019 and replaces IAS 17 - "Leases" and corresponding interpretations. Management understands that there will be impacts on the lease contracts of the properties where the pre-owned vehicle showrooms and administrative head office are located, but it is still assessing the full impact of the adoption of this standard.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) *Residual value of vehicles*

The Company and the Group frequently estimates the residual value of vehicles (estimated selling price at the end of their useful lives, less estimated selling costs), which has an impact on the depreciable costs of operational vehicles.

This estimate takes into consideration a number of assumptions involving a high degree of judgment, such as the estimated selling prices. Any changes in these assumptions might imply a change to the actual result and, consequently, the appreciation or depreciation of these assets.

(b) *Fair value of derivatives*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses judgment to select among a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(c) *Provision for estimated losses on doubtful loans*

When measuring the provision for estimated losses on doubtful loans, the Group considers the expected credit losses (Note 2.4.1). In addition, the Group performs a continuous assessment of its receivables portfolio, so as to identify whether there is evidence of impairment of the receivables from each customer that comprises the portfolio. If this is so determined, the Group assesses whether the customer in default has provided secured guarantees, and if these guarantees are sufficient to cover the Company's net exposure. In the event the guarantees are not sufficient, the Group recognizes a provision for estimated losses on doubtful loans, classified under "Selling expenses".

(d) *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policies adopted. The recoverable amounts of cash-generating units (CGUs) are determined based on value-in-use calculations. These calculations require the use of estimates. Goodwill is allocated for CGUs, which are identified at the operating segment level.

4 Financial risk and fair value management

4.1 *Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow or fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's treasury department. The Company’s treasury department identifies, evaluates and hedges financial risks.

The Executive Board has overall responsibility for establishing and overseeing the Company's risk management framework and regularly reports to the Board of Directors on its activities.

The Company's risk management practices are established in order to identify and analyze the risks, define risk limits and controls, and monitor risks and adherence to the limits. The Company's management has established specialized committees (Internal Audit Committee, People Management Committee and Pre-owned Vehicles Committee) to address critical business topics, and has implemented an internal control system to support the achievement of the Company's operational and strategic goals.

All amounts in thousands of reais unless otherwise stated

(a) Market risk

(i) *Foreign exchange risk*

Foreign exchange risks arise from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. In conformity with its financial risk management policy, the Company enters into derivative financial instruments to hedge its exchange rate exposure through a currency swap for active contracts. At September 30, 2018, the Company had no material operation subject to foreign exchange risk.

(ii) *Cash flow and fair value interest rate risk*

This risk arises from the possibility that the Company may accrue gains or incur losses due to fluctuations in interest rates to which its financial assets and liabilities are subject. Aiming to mitigate this risk, the Company seeks to diversify its funding strategy in terms of fixed and floating rates contracted with financial institutions.

The Company carries out transactions with financial instruments, which are managed through operating strategies and internal controls that aim at ensuring liquidity, profitability and security. The contracting of financial instruments for hedging purposes is carried out through a periodical analysis of the exposure to risk that management intends to hedge (exchange rate, interest rate), which is reviewed by the Executive Board for approval and implementation of the strategy presented. Management's control policy consists of the ongoing monitoring of the conditions contracted as compared with the conditions prevailing in the market. The Company has not invested in derivatives or any other risk assets for speculative purposes. The results obtained from these transactions are consistent with the practices and strategies defined by the Company's management.

In conformity with its financial risk management practice, the Company contracts derivative financial instruments for the purpose of maintaining its interest rate exposure on finance costs within certain levels.

On the reporting date, the profile of the Company's interest-earning financial instruments was as follows:

	Parent company		Consolidated	
Carrying amount	**9/30/2018**	**12/31/2017**	**9/30/2018**	**12/31/2017**
Financial instruments linked to the CDI/ IPCA				
Financial assets	847,756	417,792	1,153,423	426,782
Financial liabilities	(2,264,798)	(1,044,764)	(3,880,984)	(1,381,566)
	(1,417,042)	(626,972)	(2,727,561)	(954,784)
Fixed-rate financial instruments				
Financial liabilities	(39,824)	(51,838)	(93,105)	(51,839)
	(39,824)	(51,838)	(93,105)	(51,839)

All amounts in thousands of reais unless otherwise stated

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables and commitments. For banks and other financial institutions, only independently rated parties with a minimum rating of "A" in the Standard & Poor's rating scale are accepted. The Group's credit analysis department assesses the credit quality of the customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Company. The utilization of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties in excess of the amounts already provisioned.

The carrying amount of financial assets represents the maximum exposure to credit. On the reporting date, the maximum exposure to credit risk was as follows:

		Parent company		Consolidated
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Cash and cash equivalents (Note 5.a)	706,818	385,683	1,015,216	402,489
Related parties (Note 17)	4,152	5,019	14,441	302
Marketable securities (Note 5.b)	141,534	27,969	141,534	28,237
Trade and other receivables (Note 6)	133,157	106,569	324,108	151,337
Total	985,661	525,240	1,495,299	582,365

(i) *Credit quality of financial assets*

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings for cash and cash equivalents and marketable securities, or to historical information about counterparties' default rates:

All amounts in thousands of reais unless otherwise stated

Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Bank deposits in current accounts (Fitch Ratings)				
AAA	236	849	2,351	849
AA+		2,228		2,931
AA	133		376	
AA-	3	29	(86)	29
A-	72	7	310	7
	444	3,113	2,951	3,816
Cash	152	128	376	128
Total	596	3,241	3,327	3,944
Financial investments (Fitch Ratings)				
AAA	313,294	24,900	570,356	24,900
AAA		26,280		26,280
AA+		870		870
AA	165,385		183,729	
AA-	109,799	142,385	138,316	158,488
A-	117,744	188,007	119,488	188,007
Total	706,222	382,442	1,011,889	398,545
Marketable securities (Fitch Ratings)				
AAA	42,515	21,248	42,515	21,516
AA	43,809	3,333	43,809	3,333
AA-		3,388		3,388
A+	3,091		3,091	
A	52,119		52,119	
Total	141,534	27,969	141,534	28,237

(ii) *Trade and other receivables*

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group's customers are widely dispersed, and the largest customer represents 3% of total revenue for the period, and 5% of total trade receivables. Therefore, the Group does not consider that its receivables are concentrated, and the Executive Board conducts periodic analyses, with a view to spreading even more the customer base.

In Note 6, the Group presents its receivables portfolio by maturity range, and the amount recorded in the provision for impairment of trade receivables.

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Trade receivables - individual and corporate customers	177,603	131,361	474,068	174,585
Trade receivables - credit cards (Standard & Poor's)	1,569	10,103	6,737	12,570
AAA	775	230	1,531	319
AA-		8,992	4,250	8,992
Others	794	881	956	3,259
Total trade receivables	179,172	141,464	480,805	187,155

(c) Liquidity risk

Liquidity risk could arise if the Company had difficulty in fulfilling the obligations associated with its financial liabilities to be settled in cash or through other financial assets. The Group's approach to managing liquidity is to ensure, to the maximum extent possible, that it will always have sufficient liquidity to pay its obligations as they fall due, under normal or stress conditions, without incurring unacceptable losses or adversely affecting its reputation.

The contractual exposures of financial liabilities, including payments of estimated future interest and excluding the net impact of currency negotiation agreements, are as follows:

	Parent company				
	Book value at 9/30/2018	**Less than 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Non-derivative financial liabilities					
Borrowings, financing and debentures (Note 14)	2,304,622	142,603	2,494,633	50,780	2,688,016
Trade payables, credit assignment and other payables (Notes 12 and 13)	402,179	399,805	2,374		402,179
Total	2,706,801	542,408	2,497,007	50,780	3,090,195

	Consolidated				
	Book value at 9/30/2018	**Less than 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Non-derivative financial liabilities					
Borrowings, financing and debentures (Note 14)	3,974,089	314,398	4,317,464	158,851	4,790,713
Trade payables, credit assignment and other payables (Notes 12 and 13)	1,516,615	1,514,241	2,374		1,516,615
Total	5,490,704	1,828,639	4,319,838	158,851	6,307,328

All amounts in thousands of reais unless otherwise stated

(d) Additional sensitivity analysis required by the Brazilian Securities Commission (CVM)

With respect to significant interest rate risk, the Group, based on external research by financial institutions, estimates that, in a Probable Scenario, the CDI rate at September 30, 2019 will be 7.78%. The Group entered into swaps with financial institutions in order to hedge its exposure to floating interest rates. According to a Sensitivity Analysis conducted by the Group, the effects of stressing the CDI rate by 25% (possible) and 50% (remote) for financial assets and liabilities indexed to floating CDI rates would have the following effects on its results:

			9/30/2018 (12 months hence) - Parent company					
			Probable scenario		Possible scenario		Remote scenario	
	Carrying amount 9/30/2018	Index	Rate (%)	Gain (loss)	Rate (%)	Gain (loss)	Rate (%)	Gain (loss)
Financial investments and marketable securities	847,756	CDI	7.78%	49,047	9.73%	60,456	11.67%	71,540
Derivative financial instruments	(10,695)	(CDI	7.78%	(21,010)	9.73%	(7,949)	11.67%	4,989
Borrowings, financing and debentures	(2,264,798)	CDI+Spread (*)	7.78%	(184,820)	9.73%	(224,301)	11.67%	(263,426)
Net effect on results				**(156,783)**		**(171,794)**		**(186,897)**
Change in results in relation to the probable scenario						**(15,011)**		**(30,114)**

			9/30/2018 (12 months hence) - Consolidated					
			Probable scenario		Possible scenario		Remote scenario	
	Carrying amount 9/30/2018	Index	Rate (%)	Gain (loss)	Rate (%)	Gain (loss)	Rate (%)	Gain (loss)
Financial investments and marketable securities	1,153,423	CDI	7.78%	63,909	9.73%	78,510	11.67%	92,430
Derivative financial instruments	(11,740)	CDI	7.78%	(22,290)	9.73%	(8,581)	11.67%	4,998
Borrowings, financing and debentures	(3,781,762)	CDI+Spread (*)	7.78%	(309,829)	9.73%	(373,067)	11.67%	(437,071)
Borrowings, financing and debentures	(99,222)	IPCA	3.98%	(11,320)	4.98%	(14,094)	5.97%	(16,847)
Net effect on results				**(279,530)**		**(317,232)**		**(356,490)**
Change in results in relation to the probable scenario						**(37,702)**		**(76,960)**

All amounts in thousands of reais unless otherwise stated

4.2 Capital management

The Executive Board's policy is to maintain a solid capital basis to preserve the trust of shareholders, creditors and the market, and sustain the future development of the business. Capitalization consists of the sum of funds obtained from shareholders and financial institutions, net of cash and cash equivalents.

The Executive Board seeks to maintain a balance between the highest returns possible and adequate levels of borrowings, and the advantages and security afforded by a sound capital position.

The Group's consolidated net debt-to-capital ratio at the end of the period was as follows:

	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Borrowings, debentures, and derivative liabilities (Notes 14 and 16) (*)	(2,315,317)	(1,122,018)	(3,985,829)	(1,462,776)
(-) Cash and cash equivalents (Note 5.a) and marketable securities (Note 5.b)	848,352	413,652	1,156,750	430,726
Net debt	(1,466,965)	(708,366)	(2,829,079)	(1,032,050)
Total equity (Note 19)	(1,600,663)	(483,281)	(1,600,663)	(483,281)
Total capitalization	(3,067,628)	(1,191,647)	(4,429,742)	(1,515,331)
Debt-to-equity ratio	48%	59%	64%	68%

(*) Not including balances of assignments of receivables and trade payables.

There were no changes in the Group's approach to capital management during the period.

All amounts in thousands of reais unless otherwise stated

Year-to-date changes in net debt were as follows:

					Parent company
	Borrowings and debentures	Derivative financial instruments	Total debt	Cash and cash equivalents and marketable securities	Net debt
Net debt at January 1, 2018	(1,096,602)	(25,416)	(1,122,018)	413,652	(708,366)
Changes affecting cash flows					
Proceeds from borrowings and debentures, net of funding cost	(1,230,622)		(1,230,622)	1,230,622	
Repayment of the principal amount of borrowings	378,850		378,850	(378,850)	
Payment of interest on borrowings	95,559		95,559	(95,559)	
Funding costs disbursed during the period	316		316	(316)	
Cash effect of derivative financial instrument		35,469	35,469	(35,469)	
Distribution of dividends				(17,502)	(17,502)
Proceeds from stock option plan				2,466	2,466
Other receipts (payments)				(286,304)	(286,304)
Changes not affecting cash flows					
Balance arising from the merger of Auto Ricci S.A.	(336,803)	(3,955)	(340,758)		(340,758)
Funding cost charged to profit or loss	(7,896)		(7,896)	15,612	(7,716)
Interest on loans – competence	(107,424)	(19,858)	(127,282)		(127,282)
Effect of marking-to-market - hedge accounting		3,065	3,065		3,065
Net debt at September 30, 2018	(2,304,622)	(10,695)	(2,315,317)	848,352	(1,466,965)

					Consolidated
	Borrowings and debentures	Derivative financial instruments	Total debt	Cash and cash equivalents and marketable securities	Net debt
Net debt at January 1, 2018	(1,433,405)	(29,371)	(1,462,776)	430,726	(1,032,050)
Changes affecting cash flows					
Proceeds from borrowings and debentures, net of funding cost	(1,967,475)		(1,967,475)	1,967,475	
Repayment of the principal amount of borrowings	941,570		941,570	(941,570)	
Payment of interest on borrowings	180,371		180,371	(180,371)	
Funding costs disbursed during the period	5,284		5,284	(5,284)	
Cash effect of derivative financial instrument		35,469	35,469	(35,469)	
Distribution of dividends				(45,038)	(45,038)
Proceeds from stock option plan				2,466	2,466
Other receipts (payments)				(223,895)	(223,895)
Changes not affecting cash flows					
Balance coming from the acquisition of Unidas	(1,478,624)	196	(1,478,428)	187,710	(1,290,718)
Cost of funding appropriated to income	(14,382)		(14,382)		(14,382)
Interest on loans – competence	(207,428)	(20,099)	(227,527)		(227,527)
Effect of marking-to-market - hedge accounting		2,065	2,065		2,065
Net debt at September 30, 2018	(3,974,089)	(11,740)	(3,985,829)	1,156,750	(2,829,079)

All amounts in thousands of reais unless otherwise stated

Changes in net debt for 2017, accumulated up to September 30, 2017, were as follows:

					Parent company
	Borrowings and debentures	Derivative financial instruments	Total debt	Cash and cash equivalents and marketable securities	Net debt
Net debt at January 1, 2017	(823,623)	(9,680)	(833,303)	205,355	(627,948)
Changes affecting cash flows					
Proceeds from borrowings and debentures, net of funding cost	(391,564)		(391,564)	391,564	
Funding costs disbursed during the period	(2,539)		(2,539)	2,539	
Repayment of the principal amount of borrowings	335,399		335,399	(335,399)	
Payment of interest on borrowings	82,467		82,467	(82,467)	
Cash effect of derivative financial instrument		2,119	2,119	(2,119)	
Share buyback plan				1,721	1,721
Proceeds from stock option plan					
Other receipts (payments)				79,082	79,082
Changes not affecting the cash flow					
Funding cost charged to profit or loss	(3,777)		(3,777)		(3,777)
Interest on borrowings - accrual basis	(74,599)		(74,599)		(74,599)
Effect of derivative financial instrument		(12,946)	(12,946)		(12,946)
Effect of marking-to-market - hedge accounting		(4,644)	(4,644)		(4,644)
Net debt at September 30, 2017	(878,236)	(25,151)	(903,387)	260,276	(643,111)

					Consolidated
	Borrowings and debentures	Derivative financial instruments	Total debt	Cash and cash equivalents and marketable securities	Net debt
Net debt at January 1, 2017	(823,623)	(9,680)	(833,303)	205,355	(627,948)
Changes affecting cash flows					
Proceeds from borrowings and debentures, net of funding cost	(691,564)		(691,564)	691,564	
Funding costs disbursed during the period	21,959		21,959	(21,959)	
Repayment of the principal amount of borrowings	625,764		625,764	(625,764)	
Payment of interest on borrowings	100,054		100,054	(100,054)	
Cash effect of derivative financial instrument		2,119	2,119	(2,119)	
Distribution of dividends					
Proceeds from stock option plan				1,721	1,721
Other receipts (payments)				116,707	116,707
Changes not affecting cash flows					
Balance arising from the acquisition of Auto Ricci S.A. on June 30, 2017	(367,115)		(367,115)	34,080	(333,035)
Funding cost charged to profit or loss	(3,777)		(3,777)		(3,777)
Interest on borrowings - accrual basis	(94,136)		(94,136)		(94,136)
Effect of derivative financial instrument		(16,386)	(16,386)		(16,386)
Effect of marking-to-market - hedge accounting		(4,644)	(4,644)		(4,644)
Net debt at September 30, 2017	(1,232,438)	(28,591)	(1,261,029)	299,531	(961,498)

All amounts in thousands of reais unless otherwise stated

4.3 Fair value estimation

The carrying values of trade receivables and payables, less impairment provision in the case of trade receivables, are assumed to approximate their fair values.

The table below classifies financial instruments carried at fair value, by valuation method. The respective fair values do not differ significantly from the carrying amounts. The different levels were defined as follows:

. Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

. Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

. Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The table below presents the fair value hierarchy of the Group's assets and liabilities at September 30, 2018.

		Fair value at September 30, 2018 (Parent company)		
	At 9/30/2018	**Active Market - Quoted Price (Level 1)**	**Without Active Market - Valuation Technique (Level 2)**	**Without Active Market - Equity Instrument (Level 3)**
Derivative financial instruments	(10,695)		(10,695)	
Marketable securities	141,534	139,428	2,106	

		Fair value at December 31, 2017 (Parent company)		
	At 12/31/2017	**Active Market - Quoted Price (Level 1)**	**Without Active Market - Valuation Technique (Level 2)**	**Without Active Market - Equity Instrument (Level 3)**
Derivative financial instruments	(25,416)		(25,416)	
Marketable securities	27,969	20,106	7,863	

		Fair value at September 30, 2018 (Consolidated)		
	At 9/30/2018	**Active Market - Quoted Price (Level 1)**	**Without Active Market - Valuation Technique (Level 2)**	**Without Active Market - Equity Instrument (Level 3)**
Derivative financial instruments	(11,740)		(11,740)	
Marketable securities	141,534	139,428	2,106	

		Fair value at December 31, 2017 (Consolidated)		
	At 12/31/2017	**Active Market - Quoted Price (Level 1)**	**Without Active Market - Valuation Technique (Level 2)**	**Without Active Market - Equity Instrument (Level 3)**
Derivative financial instruments	(29,371)		(29,371)	
Marketable securities	28,237	20,374	7,863	

All amounts in thousands of reais unless otherwise stated

(i) Share-based payment transactions

The fair value of employee stock options and share appreciation rights are measured using the Black-Scholes option pricing model. This model takes into consideration measurement variations that include the fair value at the measurement date, the instrument's exercise price, the expected volatility based on competitors' share prices for Plans contracted before the Company's IPO and the volatility of the Company's shares for Plans after the IPO, the weighted average life of the instruments, expected dividends and risk-free interest rates (based on government bonds), and total capital shares. Non-market service and performance conditions inherent in the transactions are not taken into account when determining fair value.

The fair value of the options granted to the Group's executive managers is measured on the grant date, and the expense is recognized in the statement of income during the vesting period, after certain specific conditions are met. The Group's management reviews the estimates with respect to the number of options at the balance sheet dates, the rights of which should be recognized, based on pre-defined conditions, in profit or loss for the period, with a corresponding entry to equity, where applicable.

(ii) Main financial instruments contracted and respective fair values

				Parent company
	9/30/2018		12/31/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets (liabilities) at fair value through profit or loss				
Marketable securities (i)	141,534	141,534	27,969	27,969
Derivative financial instruments (ii)	(5,786)	(5,786)	(5,675)	(5,675)
Assets (liabilities) carried at amortized cost				
Financial investments (v)	706,222	706,222	382,442	382,442
Trade and other receivables (iii)	133,157	133,157	106,569	106,569
Related parties (iii)	4,152	4,152	5,019	5,019
Borrowings and debentures (iv)	(2,304,622)	(2,258,444)	(1,096,602)	(1,106,021)
Trade payables, credit assignments and other payables (iii)	(402,179)	(402,179)	(281,200)	(281,200)
Derivatives used for hedging				
Derivative financial instruments (ii)	(4,909)	(4,909)	(19,741)	(19,741)
Assets (liabilities) at fair value through other comprehensive income				
Derivative financial instruments (ii)	7,671	7,671	2,738	2,738

				Consolidated
	9/30/2018		12/31/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets (liabilities) at fair value through profit or loss				
Marketable securities (i)	141,534	141,534	28,237	28,237
Derivative financial instruments (ii)	(5,831)	(5,831)	(7,500)	(7,500)
Assets (liabilities) carried at amortized cost				
Financial investments (v)	1,011,889	1,011,889	398,545	398,545
Trade and other receivables (iii)	324,108	324,108	151,337	151,337
Related parties (iii)	14,441	14,441	302	302
Borrowings and debentures (iv)	(3,974,089)	(4,055,697)	(1,433,405)	(1,452,876)
Trade payables, credit assignments and other payables (iii)	(1,516,615)	(1,528,078)	(363,348)	(363,348)
Derivatives used for hedging				
Derivative financial instruments (ii)	(5,909)	(5,909)	(21,871)	(21,871)
Assets (liabilities) at fair value through other comprehensive income				
Derivative financial instruments (ii)	7,671	7,671	2,738	2,738

The fair values of borrowings and debentures was estimated by the Group's management considering the future value of such instruments on their maturity dates at the contracted rates and discounted to present value by the market rate at September 30, 2018 (Level 2 Hierarchy).

Management believes that the carrying amounts of other financial instruments recognized in the financial statements, such as trade receivables, trade payables, cash and cash equivalents, marketable securities and related parties, do not differ significantly from their fair values, as the maturity dates of these instruments are close to the reporting date.

The following methods and assumptions were used to determine fair value:

(i) **Marketable securities -** The carrying amounts recorded in the balance sheet correspond substantially to the fair values, due to the fact that the related interest rates are CDI linked.

On the reporting date, there were no differences between the carrying amount and the fair value of marketable securities.

(ii) **Derivative financial instruments -** The fair value of interest rate swaps is based on active market rates for identical financial instruments. The reasonableness of these rates is tested through the discount of estimated future cash flows based on the conditions and maturity of each contract. The fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the Group and the counterparty, where appropriate.

(iii) **Trade and other receivables, trade payables, assignments, and other payables -** These balances arise directly from the Group's operations, and are measured at amortized cost and stated at their original amounts, less the provision for impairment and adjustment to present value, where applicable or relevant.

(iv) **Borrowings and debentures -** These are classified as financial liabilities not measured at fair value, and are carried at amortized cost, in accordance with the contractual terms. This definition was adopted because the amounts are not held for trading, and management understands that it reflects the most relevant accounting information. The fair values of these borrowings are similar to their carrying amounts, as their rates are in line with the market rates and they have exclusive characteristics, deriving from specific sources of financing for the Group's activities.

(v) **Financial investments -** Financial investments are measured at amortized cost and stated at their original amounts, plus income earned. On the reporting date, there were no differences between the carrying amount and the fair value of financial investments.

All amounts in thousands of reais unless otherwise stated

5 Cash and cash equivalents and marketable securities

(a) Cash and cash equivalents

	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Cash on hand and deposits with banks	596	3,241	3,327	3,944
Financial investments	706,222	382,442	1,011,889	398,545
Total cash and cash equivalents	706,818	385,683	1,015,216	402,489

Highly liquid short-term financial investments are readily convertible into a known amount of cash and are subject to immaterial risk of change in value. The Group has the option to early redeem the aforementioned financial investments, without facing any loss of return. These financial investments comprise Bank Deposit Certificates (CDBs) and securities purchased under resale agreements, with a return ranging from 96.65% to 99.78% of the Interbank Deposit Certificate (CDI) variation at September 30, 2018.

(b) Marketable securities

	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Marketable securities not subject to redemption restriction*	128,112		128,112	
Marketable securities subject to redemption restriction	13,422	27,969	13,422	28,237
Total marketable securities	141,534	27,969	141,534	28,237
Current	139,849	21,248	139,849	21,516
Non-current	1,685	6,721	1,685	6,721

At September 30, 2018, the Group's marketable securities comprised investments in Funds, Bank Deposit Certificates (CDBs) and securities purchased under resale agreements with a return ranging from 96.65% to 99.78% of the CDI rate variation in the Parent company and Consolidated

The financial investments classified as cash and cash equivalents and marketable securities are valued by reference to external credit ratings and are presented in Note 4.1 (a).

Securities without redemption restriction comprise investments in fixed income investment funds whose investment portfolios are substantially composed of securities that do not meet all the conditions to be classified as cash and cash equivalents.

Securities with redemption restriction comprise investments in CDBs, in order to provide guarantees for the Group's debentures, as described in Note 14.

All amounts in thousands of reais unless otherwise stated

6 Trade receivables

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Vehicle rentals	155,913	109,747	417,291	150,476
Vehicle sales	23,259	31,717	63,514	36,679
Sub-total	179,172	141,464	480,805	187,155
(-) Adjustment to present value	(218)	(434)	(218)	(434)
(-) Estimated impairment loss on trade receivables	(54,868)	(46,356)	(168,916)	(47,169)
Total	124,086	94,674	311,671	139,552
Current	122,165	92,035	298,619	136,913
Non-current	1,921	2,639	13,052	2,639

The Group has trade receivables pledged as collateral for borrowings (Note 14).

In order to calculate the adjustment to present value, an interest rate of 9.02% p.a. was applied, which represents the expected interest yield curve for the average maturity term of non-current trade receivables, increased by the cost of debt (spread), calculated on the estimated contractual cash flows from receivables. The Group considered the possibility of an increase in domestic interest rates as a risk factor.

The maximum exposure to credit risk on the reporting date corresponds to the carrying amounts, as shown below:

	Parent company		Consolidated	
Maturity range	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Not yet due	96,410	75,190	279,823	102,923
Overdue:				
From 1 to 60 days	20,733	10,266	54,224	24,617
From 61 to 90 days	8,675	641	15,936	2,973
From 91 to 180 days	2,294	3,728	9,186	3,850
Over 181 days	51,060	51,639	121,636	52,792
Total	179,172	141,464	480,805	187,155

All amounts in thousands of reais unless otherwise stated

At September 30, 2018, the Company's trade receivables overdue but not impaired (with embedded loss) totaled R$27,894 (R$19,918 at December 31, 2017), while the amount overdue but not impaired (with embedded loss) at the Group totaled R$32,066 (R$37,063 at December 31, 2017). Changes in the provision for impairment of trade receivables at September 30, 2018 were as follows:

	Parent company	Consolidated
At December 31, 2017	46,356	47,169
First-time adoption of IFRS 9 (Note 2.4.1)	8,916	8,916
Balance arising from the merger of Auto Ricci S.A.	813	
Balance arising from the acquisition of Unidas S.A.		36,098
Effect of first-time adoption of IFRS 9 arising from Unidas S.A. (**)		72,537
Provision recorded (reversed) in the period	(1,217)	4,196
Balance at September 30, 2018	54,868	168,916

(**) As from the date of acquisition of the control of Unidas S.A. on March 9, 2018, this subsidiary is included in the consolidated financial information.

The expense incurred with the constitution of the provision for impairment of trade receivables was recognized within "Selling expenses" in the statement of income for the period. Receivables that are no longer expected to be recovered are written off.

7 Vehicles being decommissioned for fleet renewal

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Vehicles	57,689	43,128	340,242	64,396
Adjustment to realizable value	(389)	(389)	(389)	(431)
Total	57,300	42,739	339,853	63,965

The Group has policies and procedures in place to review and compare the carrying amount of vehicles that are being decommissioned for fleet renewal purposes with their fair value, net of the selling cost. When there are uncertainties as to the realization of the net realizable value, a provision for write-down to net realizable value is recorded.

The change in the provision for adjustment of vehicles that are being decommissioned to their net realizable value was as follows:

	Parent company	Consolidated
At December 31, 2017	389	431
Provision recorded (reversed)		(42)
Balance at September 30, 2018	389	389

All amounts in thousands of reais unless otherwise stated

None of the vehicles being decommissioned for fleet renewal has been pledged as collateral. The vehicles pledged as collateral are disclosed in Note 10.

8 Deferred taxes

Deferred tax assets (liabilities) recognized

Deferred income tax and social contribution are recorded to reflect the future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts.

The Group's deferred tax assets were substantially generated as a result of income tax and social contribution losses and temporary differences, caused by the recording of provisions to write down trade receivables to their net recoverable value, and provisions for contingencies.

Deferred tax liabilities are generated substantially due to the fact that the Group computes: (i) the considerations paid under finance leases for the acquisition of vehicles in the tax base of current taxes, as provided for in the tax legislation; (ii) the difference in tax base and depreciation rate between the corporate accounting legislation and the prevailing tax legislation; and (iii) deferred taxes on the surpluses or deficits referring to the acquisition of the shareholding control of Unidas.

The changes in deferred taxes in the year ended December 31, 2017 and period ended September 30, 2018 were as follows:

					Parent company
	12/31/2016	**Changes - profit/loss**	**12/31/2017**	**Changes - profit/loss**	**9/30/2018**
Provision for impairment of trade receivables	3,729	1,478	5,207	2,822	8,029
Adjustment to present value	404	(256)	148	(74)	74
Profit sharing	799	513	1,312	(156)	1,156
Impairment of assets	134	(2)	132	14	146
Other provisions		551	551	417	968
Provision for contingencies	882	1,022	1,904	123	2,027
Financial instruments	(1,436)	4,233	2,797	(1,188)	1,609
Stock options	970	95	1,065	611	1,676
Debenture issuance costs	(2,131)	(2,310)	(4,441)	(7,350)	(11,791)
Lease	(3,307)	(5,347)	(8,654)	1,398	(7,256)
Depreciation	(46,150)	(4,480)	(50,630)	(37,585)	(88,215)
Hedge accounting*	4,727	338	5,065	(4,292)	773
Tax amortization of goodwill				(2,030)	(2,030)
Income tax and social contribution losses	23,664	(1,466)	22,198	16,935	39,133
Total	(17,715)	(5,631)	(23,346)	(30,355)	(53,701)

* The effect of hedge accounting does not generate impact on results, being shown in equity.

All amounts in thousands of reais unless otherwise stated

Breakdown of changes in deferred taxes:	
Deferred taxes arising from the merger of Auto Ricci S.A.	(28,455)
Impact of adopting IFRS9 on the opening balance	3,031
Impact of the changes in deferred taxes recorded in equity	(4,292)
Impact of the changes in deferred taxes recorded in profit or loss	(639)
Total changes in deferred taxes during the nine-month period ended September 30, 2018 - Parent company	(30,355)
Movement of deferred charges that transits against investments (amortization plus (minus) United value) (b)	1,275
Impact of deferred taxes on income for the period = (a) + (b)	636

					Consolidated
	12/31/2016	**Changes - profit/loss**	**12/31/2017**	**Changes - profit/loss**	**9/30/2018**
Provision for impairment of trade receivables	3,729	1,429	5,158	40,900	46,058
Adjustment to present value	404	(256)	148	(74)	74
Profit sharing	799	513	1,312	(156)	1,156
Impairment of assets	134	12	146		146
Other provisions		551	551	36,348	36,899
Provision for contingencies	882	1,145	2,027	9,856	11,883
Financial instruments	(1,436)	4,507	3,071	(1,325)	1,746
Stock options	970	95	1,065	819	1,884
Debenture issuance costs	(2,131)	(4,789)	(6,920)	(4,871)	(11,791)
Lease	(3,307)	(5,347)	(8,654)	1,398	(7,256)
Depreciation	(46,150)	(34,787)	(80,937)	(109,072)	(190,009)
Hedge accounting*	4,727	1,414	6,141	(3,952)	2,189
Tax amortization of goodwill				(16,975)	(16,975)
Income tax and social contribution losses	23,664	2,137	25,801	101,678	127,479
Deferred taxes arising from the business combination – Unidas S.A.				(15,475)	(15,475)
Total	17,715	(33,376)	(51,091)	39,099	(11,992)

* Hedge accounting effects do not impact profit or loss and are recognized in equity.

Breakdown of changes in deferred taxes:	
Deferred taxes arising from the acquisition of Unidas S.A.	78,474
Effect of first-time adoption of IFRS 9	3,031
Impact of changes in deferred taxes recorded in equity	(3,952)
Impact of changes in deferred taxes recorded in profit or loss	(21,704)
Deferred taxes arising from the business combination – Unidas S.A.	(16,750)
Total changes in deferred during the nine-month period ended September 30, 2018 – Consolidated	39,099

Deductible temporary differences and accumulated tax losses can be carried forward indefinitely pursuant to the prevailing tax legislation. Deferred tax assets are recognized for unused tax losses and credits and deductible temporary differences only to the extent it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed on each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are presented net of deferred tax assets in the balance sheet.

All amounts in thousands of reais unless otherwise stated

9 Investments

(a) Equity interest in investments

Name	Country	Relationship	Direct interest in common shares	Indirect interest in common shares
Acelero Comércio de Veículos Ltda.	Brazil	Subsidiary	100	
Agile Car Locações Ltda.	Brazil	Subsidiary	100	
Unidas S.A.	Brazil	Subsidiary	100	
Unidas Comercial de Veículos Ltda.	Brazil	Indirect subsidiary		100
Unidas Locadora de Veículos Ltda.	Brazil	Indirect subsidiary		100
Unidas Franquias do Brasil S.A.	Brazil	Indirect subsidiary		100

Acelero Comércio de Veículos Ltda. – Wholly-owned subsidiary of Locamerica, engaged in the resale of pre-owned vehicles and headquartered in the city of Maringá, state of Paraná.

Agile Car Locações Ltda. – Wholly-owned subsidiary of Locamerica, operating in the fleet management segment and headquartered in the city of Belo Horizonte, state of Minas Gerais.

Unidas S.A. – Wholly-owned subsidiary of Locamerica, operating in the segment of fleet rental without a driver and headquartered in the city of São Paulo, state of São Paulo, whose control was acquired by the Company on March 9, 2018 (as disclosed in Note 1.1).

Unidas Locadora de Veículos Ltda. – Indirect subsidiary of Locamerica, through Unidas S.A., operating in the rent-a-car (RAC) segment. Unidas S.A. held a 99.99% equity interest in Unidas Locadora de Veículos Ltda. at September 30, 2018 and December 31, 2017;

Unidas Comercial de Veículos Ltda. – Indirect subsidiary of Locamerica, through Unidas S.A., engaged in the sale of pre-owned vehicles. Unidas S.A. held a 99.99% equity interest in Unidas Comercial de Veículos Ltda. at September 30, 2018 and December 31, 2017;

Unidas Franquias do Brasil S.A. – Indirect subsidiary of Locamerica, through Unidas Locadora de Veículos Ltda., engaged in the franchise business. The indirect subsidiary Unidas Locadora de Veículos Ltda. held a 99.99% equity interest in Unidas Franquias do Brasil S.A. at September 30, 2018 and December 31, 2017.

(b) Breakdown of investments

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Acelero Comércio de Veículos Ltda.	(1,353)			
Auto Ricci S.A.		222,884		
Agile Car Locações Ltda.	2,299	1,046		
Unidas S.A.	1,520,358			
Other investments	2		2	442
	1,521,306	223,930	2	442

All amounts in thousands of reais unless otherwise stated

(c) Changes in investments

	Acelero Comércio de Veículos Ltda. (**)	Auto Ricci S.A.	Agile Car Locações Ltda.	Unidas S.A.(***)	Other investments	Total
At December 31, 2017		222,884	1,046			223,930
Acquisition of investment (*)				1,455,694	2	1,455,696
Write-off of investments			(50)			(50)
Merger	(214)	(222,884)				(223,098)
Equity in the results of subsidiaries	(1,139)		1,303	67,191		67,355
Stock options				611		611
Amortization of surplus on revaluation, net				(3,753)		(3,753)
Deferred from goodwill amortization				1,275		1,275
Hedge accounting				(660)		(660)
At September 30, 2018	(1,353)		2,299	1,520,358	2	1,521,306

	Consolidated		
	12/31/2017	Investment realization	9/30/2018
Other investments	442	(440)	2
	442	(440)	2

(*) Locamerica acquired the control of Unidas S.A. on March 9, 2018, and of Auto Ricci S.A on May 11, 2017. The latter was merged into the Company on January 2, 2018 and started to be recorded in the parent company. Equity in the results of subsidiaries was recognized as from the dates on which control was acquired, and the same applies to the consolidation of these investees.

(**) Acelero Comércio de Veículos Ltda. became a direct subsidiary of Locamerica as from the merger of Auto Ricci S.A. on January 2, 2018.

(***) The quarterly information of Unidas S.A. was disclosed to the market on November 6, 2018.

All amounts in thousands of reais unless otherwise stated

The cost of acquisition is broken down as follows:

Breakdown of the investment in Unidas S.A.:	
Equity value of Unidas S.A.	766,057
Surplus on revaluation of the acquisition	4,082
Goodwill based on expected future profitability of Unidas S.A.	685,555
	1,455,694

Breakdown of the investment in Auto Ricci S.A.:	
Equity value of Auto Ricci S.A.	130,112
Surplus on revaluation of the acquisition	2,597
Goodwill based on expected future profitability of Auto Ricci S.A.	71,658
	204,367

(d) Summarized financial information

The table below provides summarized financial information on the Company's subsidiaries:

Direct subsidiaries	**September 30, 2018**			**December 31, 2017**		
Summarized balance sheet	**Acelero Comércio de Veículos Ltda.**	**Agile Car Locações Ltda.**	**Unidas S.A.(*)**	**Acelero Comércio de Veículos Ltda.**	**Agile Car Locações Ltda.**	**Auto Ricci S.A.**
Current						
Assets	7,130	2,554	812,027	14,054	1,559	79,406
Liabilities	9,607	300	1,315,230	10,052	513	105,134
Current assets, net	(2,477)	2,254	(503,203)	4,002	1,046	(25,728)
Non-current						
Assets	1,124	45	2,866,010	382		516,058
Liabilities			1,529,611	4,598		341,701
Non-current assets, net	1,124	45	1,336,399	(4,216)		174,357
Equity	(1,353)	2,299	833,196	(214)	1,046	148,629

All amounts in thousands of reais unless otherwise stated

Indirect subsidiaries			**September 30, 2018**
Summarized balance sheet	**Unidas Comercial de Veículos Ltda.**	**Unidas Locadora de Veículos Ltda.**	**Unidas Franquias do Brasil S.A.**
Current			
Assets	611	178,616	31,385
Liabilities	9,249	212,574	7,734
Current assets, net	(8,638)	(33,958)	23,651
Non-current assets			
Assets	426	69,015	216
Liabilities			2,950
Non-current assets, net	426	69,015	(2,734)
Equity	(8,212)	35,057	20,917

(*) The accounting balances presented do not reflect the adjustments of added or decreases in value identified upon the acquisition of Unidas S.A. and its parent companies. The adjustments, as well as the balance sheet at fair value, are presented in Note 1.1.

	September 30, 2018			**September 30, 2017**		
Summarized statement of income	**Acelero Comércio de Veículos Ltda.**	**Agile Car Locações Ltda.**	**Unidas S.A.**	**Acelero Comércio de Veículos Ltda.**	**Agile Car Locações Ltda.**	**Auto Ricci S.A.**
Net revenue	11,218	2,047	1,095,575	3,701	485	135,081
Cost	(10,047)	(157)	(780,633)	(3,482)		(94,188)
Gross profit	1,171	1,890	314,942	219	485	40,893
Operating income (expenses) and finance income (costs)	(2,896)	58	(211,936)	(389)	(3)	(27,212)
Profit before taxes	(1,725)	1,948	103,006	(170)	482	13,681
Income tax and social contribution	586	(645)	(35,815)	58	(168)	(4,631)
Profit for the period	(1,139)	1,303	67,191	(112)	314	9,050

All amounts in thousands of reais unless otherwise stated

	September 30, 2018 (*)		
Summarized statement of income	**Unidas Comercial de Veículos Ltda.**	**Unidas Locadora de Veículos Ltda.**	**Unidas Franquias do Brasil S.A.**
Net revenue		393,702	3,707
Cost	(1)	(93,647)	(4)
Gross profit	(1)	300,055	3,703
Operating expenses and finance costs	(12)	(304,494)	(1,016)
Profit before taxes	(13)	(4,439)	2,687
Income tax and social contribution		2,338	(509)
Profit	(13)	(2,101)	2,178

(*) As the acquisition of Unidas S.A., the parent of these companies, took place on March 9, 2018, the comparative balances of the indirect subsidiaries at September 30, 2017 are not being presented.

All amounts in thousands of reais unless otherwise stated

10 Property and equipment

(i) Changes in cost and depreciation

			Parent company
Cost	**Vehicles**	**Other P&E**	**Total**
At December 31, 2017	1,212,165	29,562	1,241,727
Additions	606,590	1,663	608,253
Write-offs	(14,895)		(14,895)
Cost of property and equipment arising from the merger of Auto Ricci S.A.	583,297	3,031	586,328
Deficit on revaluation of property and equipment arising from the merger of Auto Ricci S.A.	(2,060)		(2,060)
Transfer of vehicles being decommissioned for fleet renewal	(476,197)		(476,197
At September 30, 2018	1,908,900	34,256	1,943,156
Depreciation			
At December 31, 2017	(152,394)	(11,716)	(164,110)
Depreciation for the period	(104,030)	(3,240)	(107,27
Write-offs	688		688
Amortization of the deficit on revaluation of property and equipment arising from the merger of Auto Ricci	1,545		1,545
Accumulated depreciation arising from the merger of Auto Ricci S.A.	(69,754)	(1,246)	(71,000)
Transfer of vehicles being decommissioned for fleet renewal	93,097		93,097
At September 30, 2018	(230,848)	(16,202)	(247,05
At December 31, 2017	1,059,771	17,846	1,077,617
At September 30, 2018	1,678,052	18,054	1,696,106

Cost	**Vehicles**	**Other P&E**	**Total**
At December 31, 2016	1,052,732	25,030	1,077,762
Additions	643,281	4,532	647,813
Write-offs	(2,668)		(2,668)
Transfer of vehicles being decommissioned for fleet renewal	(481,180)		(481,180)
At December 31, 2017	1,212,165	29,562	1,241,727
Depreciation			
At December 31, 2016	(152,647)	(7,708)	(160,355)
Depreciation for the period	(90,299)	(4,008)	(94,307)
Write-offs	338		338
Transfer of vehicles being decommissioned for fleet renewal	90,214		90,214
At December 31, 2017	(152,394)	(11,716)	(164,110)
At December 31, 2016	900,085	17,322	917,407
At December 31, 2017	1,059,771	17,846	1,077,617

All amounts in thousands of reais unless otherwise stated

			Consolidated
Cost	**Vehicle**	**Other P&E**	**Total**
At December 31, 2017	1,795,652	31,968	1,827,620
Additions	1,991,737	8,584	2,000,321
Write-offs	(22,341)	(4,102)	(26,443)
Fair value of intangible assets arising from the acquisition of Unidas S.A.	1,985,993	23,948	2,009,941
Transfer of vehicles being decommissioned for fleet renewal	(1,144,583)	(1,000)	(1,145,583)
At September 30, 2018	4,606,458	59,398	4,665,856
Depreciation			
At December 31, 2017	(224,005)	(12,381)	(236,386)
Depreciation for the period	(193,348)	(7,086)	(200,434)
Write-offs	8,134	4,494	12,628
Amortization of the deficit on revaluation of property and equipment arising from the merger of Auto Ricci	1,545		1,545
Amortization of surplus on revaluation _- Unidas	(1,739)		(1,739)
Transfer of vehicles being decommissioned for fleet renewal	170,145	150	170,295
At September 30, 2018	(239,268)	(14,823)	(254,091)
At December 31, 2017	1,571,647	19,587	1,591,234
At September 30, 2018	4,367,190	44,575	4,411,765

			Consolidated
Cost	**Vehicles**	**Other P&E**	**Total**
At December 31, 2016	1,052,732	25,030	1,077,762
Additions	859,385	5,008	864,393
Write-offs	(10,419)	(179)	(10,598)
Cost of property and equipment arising from the acquisition of Auto Ricci S.A.	510,203	1,930	512,133
Deficit on revaluation of assets arising from the acquisition of Auto Ricci S.A.	(2,060)		(2,060)
Transfer of vehicles being decommissioned for fleet renewal	(614,189)	179	(614,010)
At December 31, 2017	1,795,652	31,968	1,827,620
Depreciation			
At December 31, 2016	(152,647)	(7,708)	(160,355)
Depreciation for the period	(135,910)	(4,181)	(140,091)
Write-offs	1,165	98	1,263
Accumulated depreciation of property and equipment from the acquisition of Auto Ricci S.A.	(55,515)	(590)	(56,105)
Transfer of vehicles being decommissioned for fleet renewal	118,902		118,902
At December 31, 2017	(224,005)	(12,381)	(236,386)
At December 31, 2016	900,085	17,322	917,407
At December 31, 2017	1,571,647	19,587	1,591,234

All amounts in thousands of reais unless otherwise stated

The items included in the "Vehicles" sub-group are depreciated according to their economic useful lives, which may range from 12 to 60 months, based on the characteristics of the vehicles leased and the terms of the agreements entered into with customers. The items included in the "Other property and equipment" sub-group are depreciated according to their nature and useful lives. The depreciation rate for these assets is calculated over a useful life from 5 to 10 years. The nature of the items under this category is as follows:

- IT equipment;
- Machinery and equipment;
- Furniture and fittings;
- Other equipment.

(ii) Collateral

At September 30, 2018, the Company had vehicles totaling R$41,827 (R$78,445 at December 31, 2017) pledged as collateral for bank borrowings and leases in progress, as disclosed in Note 14. The Group had vehicles totaling R$159,645 (R$107,932 at December 31, 2017) pledged as collateral for bank borrowings.

	Parent company				Consolidated			
	9/30/2018	%	12/31/2017	%	9/30/2018	%	12/31/2017	%
Fleet vehicles - property and equipment	1,678,052	97	1,059,771	96	4,367,781	93	1,571,647	96
Vehicles being decommissioned for fleet renewal (Note 7)	57,300	3	42,739	4	339,860	7	63,965	4
Total	1,735,352	100	1,102,510	100	4,707,641	100	1,635,612	100
Fleet pledged as collateral	41,827	2	78,445	7	159,645	3	107,932	7

(iii) Reconciliation of depreciation and amortization for the purpose of preparing the statements of cash flows and income (including the intangible assets) and investment

	Parent company		Consolidated	
	2018	2017	2018	2017
Depreciation	107,270	47,302	200,434	62,739
Amortization	1,556	1,211	5,368	1,211
Amortization of adjusted value of fixed and intangible assets	814		4,504	
Amortization of adjusted value of cars in deactivation for fleet renewal	1,003			
Amortization of adjusted value of investment	3,753			
Total	114,396	48,513	210,306	63,950

11 Intangible assets

Software, trademarks and patents are amortized on a straight-line basis over a period of five years.

Surplus on revaluation of the customer list

Surplus on revaluation of the acquisition of Unidas S.A.

As mentioned in Note 1.1, the Company acquired Companhia Unidas S.A. In the purchase price allocation, the valuation of existing agreements with customers presented a surplus.

Surplus on revaluation of the customer list

The amount of the surplus on revaluation identified in each acquisition is recognized on a straight-line basis, in accordance with the remaining useful life determined based on a valuation report, and is amortized over approximately four years.

Allocation of goodwill to the cash generating units

Goodwill and trademarks were tested for impairment at December 31, 2017, and no need for adjustments to the amounts of goodwill and surplus on revaluation of the customer portfolio was identified. The impairment test will be performed again at December 31, 2018.

The amounts related to goodwill based on expected future profitability were allocated by legal entity, which management understands as representing the lowest level at which goodwill is monitored in its internal reports.

Impairment tests for goodwill

Goodwill impairment was calculated according to the future profitability methodology, which is based on retrospective analysis, projected scenarios, and discounted cash flows.

The economic and financial modeling starts with the definition of macroeconomic assumptions concerning sales, production, costs, and investments of the company or business unit that is being valued. The assumptions used in this work are based on estimates published by the Brazilian Geography and Statistics Institute (IBGE), Brazilian Central Bank, National Bank for Economic and Social Development (BNDES) and other institutions. The projections of volume and selling price of services, costs and investments were prepared by management in accordance with the Company's business plan.

In executing impairment tests of the Company's assets, revenue growth assumptions were considered with a discount rate ranging from 17.7% to 19.7%, and a perpetuity rate of 4%, in accordance with the actual market demand and installed capacity utilization rates. In the Consolidated, revenue growth assumptions with a discount rate of 11.3%, and a perpetuity rate of 3.7% were considered, in accordance with the actual market demand and the installed capacity utilization rates. These revenue growth assumptions were based on initiatives included in the business plan, by projecting an average annual growth of net revenue arising from volume and price.

All amounts in thousands of reais unless otherwise stated

						Parent company
	Software	Contracts with customers	Trademarks and patents	Goodwill	Others	Total
At January 1, 2017						
Cost	13,121	1,070	363			14,554
Accumulated amortization	(9,391)		(363)			(9,754)
Net book value	3,730	1,070				4,800
At December 31, 2017						
Opening balance	3,730	1,070				4,800
Purchases	2,090					2,090
Amortization	(1,742)	(767)				(2,509)
Net book value	4,078	303				4,381
At December 31, 2017						
Cost	15,211	1,070	363			16,644
Accumulated amortization	(11,133)	(767)	(363)			(12,263)
Net book value	4,078	303				4,381
Opening balance	4,078	303				4,381
Purchases	2,032					2,032
Cost of intangible assets arising from the merger of Auto Ricci S.A.	326	9,022		71,658	60	81,066
Amortization	(1,253)	(303)				(1,556)
Amortization of surplus on revaluation		(2,320)				(2,320)
Accumulated amortization arising from the merger of Auto Ricci S.A.	(39)					(39)
Net book value	5,144	6,702		71,658	60	83,564
At September 30, 2018						
Cost	17,569	10,092	363	71,658	60	99,742
Accumulated amortization	(12,425)	(3,390)	(363)			(16,178)
Net book value	5,144	6,702		71,658	60	83,564

All amounts in thousands of reais unless otherwise stated

						Consolidated
	Software	Contracts with customers	Trademarks and patents	Goodwill	Others	Total
At January 1, 2017						
Cost	13,121	1,070	363			14,554
Accumulated amortization	(9,391)		(363)			(9,754)
Net book value	3,730	1,070				4,800
At December 31, 2017						
Opening balance	3,730	1,070				4,800
Purchases	2,445	9,022		71,658		83,125
Amortization	(1,759)	(757)				(2,516)
Net book value	4,416	9,335		71,658		85,409
At December 31, 2017						
Cost	15,566	10,092	363	71,658		97,679
Accumulated amortization	(11,150)	(757)	(363)			(12,270)
Net book value	4,416	9,335		71,658		85,409
Opening balance	4,416	9,335		71,658		85,409
Purchases	5,969				2,038	8,007
Disposals and write-offs	593	409			(658)	344
Fair value of intangible assets arising from the acquisition of Unidas S.A.	6,810	41,528	30,984	48,843	2,878	131,043
Goodwill arising from the acquisition of Unidas S.A.				685,555		685,555
Amortization of surplus on revaluation - Unidas		(1,990)				(1,990)
Amortization of surplus on revaluation - Auto Ricci		(2,320)				(2,320)
Amortization	(3,330)	(1,666)	(280)		(92)	(5,368)
Net book value	14,458	45,296	30,704	806,056	4,166	900,680
At September 30, 2017						
Cost	28,938	52,029	31,347	806,056	4,258	922,628
Accumulated amortization	(14,480)	(6,733)	(643)		(92)	(21,948)
Net book value	14,458	45,296	30,704	806,056	4,166	900,680

12 Trade payables

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Automakers	200,762	119,913	723,176	141,093
Others	12,922	13,222	41,850	27,100
	213,684	133,135	765,026	168,193

All amounts in thousands of reais unless otherwise stated

13 Assignment of credits by suppliers

As part of its strategy, the Group purchases a large number of vehicles from automakers, seeking to obtain better financial conditions. The payment terms negotiated with the suppliers are of less than six months.

The Group's suppliers, in turn, discount the invoices with prime financial institutions through assignment of credits, which essentially consist of selling these receivables without the right of recourse. Accordingly, these invoices are no longer payable to the suppliers, but to the financial institutions, which take into account the Group's credit risk. At September 30, 2018, the discount rates on credit assignment agreements entered into by the Group's suppliers with local financial institutions ranged from 0.56% to 0.65% per month on the amount of the transactions, and finance costs were defrayed by the Group. Therefore, at September 30, 2018, the balances referring to these transactions were as follows:

	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Assignment of credits by suppliers	187,471	142,782	747,877	188,492
(-) Credit assignment cost to be amortized	(4,828)	(1,147)	(17,362)	(2,029)
	182,643	141,635	730,515	186,463

At September 30, 2018, these amounts mature as follows:

	Parent company	Consolidated
From 1 to 30 days		46,479
From 31 to 120 days	182,643	480,407
Over 121 days		203,629
Total	182,643	730,515

The Group classified these transactions as operating activities in the statement of cash flows.

All amounts in thousands of reais unless otherwise stated

14 Borrowings and debentures

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
FINAME	6,714	8,672	6,714	8,672
Lease	205	5,185	50,160	5,185
Working capital (Note 14.2)	16,882	34,704	16,882	57,988
Debentures (Note 14.1)	118,993	149,257	240,833	149,257
Promissory note (Note 14.1)	(191)	(179)	(191)	(179)
Current liabilities	142,603	197,639	314,398	220,923
FINAME	32,775	37,749	32,775	37,749
Lease	130	233	3,456	233
Working capital (Note 14.2)		286		20,714
Debentures (Note 14.1)	2,004,060	742,745	3,498,406	1,035,836
Promissory note (Note 14.1)	125,054	117,950	125,054	117,950
Non-current liabilities	2,162,019	898,963	3,659,691	1,212,482
Total	2,304,622	1,096,602	3,974,089	1,433,405

The fair values of borrowings and debentures do not significantly differ from their respective carrying amounts and are disclosed in Note 4.

At September 30, 2018, the breakdown of borrowings and debentures recorded in liabilities, net of borrowing costs, by maturity year, is as follows:

	Parent company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Maturity				
2018	93,139	197,640	216,936	220,923
2019	115,525	155,198	164,389	263,783
2020	155,994	205,184	341,796	256,093
2021 to 2024	1,939,964	538,580	3,250,968	692,606
	2,304,622	1,096,602	3,974,089	1,433,405

All amounts in thousands of reais unless otherwise stated

The carrying amounts of the Group's borrowings are denominated in the following currencies and subject to the following interest rates:

				Parent company	
Type	**Currency**	**Rate (%)**	**Maturity**	**9/30/2018**	**12/31/2017**
FINAME	R$	6.00% p.a.	2024	39,489	46,421
Lease	R$	13.79% to 20.60% p.a.	2020	335	5,417
Working capital (Note 14.2)	R$	100% of CDI + 2.67% p.a. and CDI + 4.5 to 7.25 p.a.	2018	16,882	34,991
Debentures (Note 14.1)	R$	100% of CDI + 1.20 to 3% p.a.	2020 to 2023	1,371,395	892,002
Debentures (Note 14.1)	R$	110.6% to 119% of CDI	2021 to 2024	751,658	
Promissory note (Note 14.1)	R$	CDI + 1.4% p.a.	2021	124,863	117,771
				2,304,622	1,096,602

				Consolidated	
Type	**Currency**	**Rate (%)**	**Maturity**	**9/30/2018**	**12/31/2017**
FINAME	R$	6.00% p.a.	2024	39,489	46,421
Lease	R$	13.79% to 20.60% p.a.	2020	53,616	5,417
Working capital (Note 14.2)	R$	100% of CDI + 2.67% p.a. and CDI + 4.5 to 7.25 p.a.	2018	16,882	34,991
CDC	R$	14.71% to 21.27% p.a.	2020		43,674
Debentures (Note 14.1)	R$	100% of CDI + 1.20 to 3% p.a.	2020 a 2023	2,227,273	1,185,131
Debentures (Note 14.1)	R$	110.6% to 119% of CDI	2023 a 2024	1,412,744	
Debentures (Note 14.1)	R$	7.3032% p.a. + IPCA	2025	99,222	
Promissory note (Note 14.1)	R$	CDI + 1.4% p.a.	2021	124,863	117,771
				3,974,089	1,433,405

14.1 Debentures

At September 30, 2018, the Group had twelve debenture issues outstanding, none of them convertible into shares.

Contractual guarantees

For compliance with the obligations related to the debentures, the Group provided the following guarantees:

- Marketable securities (Note 5(b));
- Rights under rental agreements entered into with the Group customers, accounting for 7.56% (R$ 13,423) of trade receivables item in the Parent company, and 12.12% (R$45,318) of trade receivables in the Consolidated.
- Vehicles of the Parent company totaling R$41,827 (Note 10).
- Vehicles of the subsidiary Unidas S.A. totaling R$117,818 (Note 10).

Acceleration covenants

The debenture issues include certain hypotheses of accelerated maturity, addressing the following, among other aspects:

- Non-compliance with financial obligations, not cured within two business days;
- Issues concerning partial or total default;
- Full or partial sale of vehicles included in the list of agreements for assignment of credit rights, without the respective replacement of the vehicles sold.Additionally, non-compliance with certain financial ratios may cause the accelerated maturity of the debentures. At September 30, 2018, and December 31, 2017, the Group was in full compliance with all of the following covenants:

a) Net debt/ EBITDA ratio: equal to or lower than 3.25;
b) EBITDA/ Net finance cost ratio: equal to or higher than 1.75;

c) Net debt/ Equity ratio: equal to or lower than 3.50;

d) Net debt/ Carrying amount of the fleet ratio: equal to or lower than 80%.

e) Short-term Debt Service Coverage ratio: greater than or equal to 50% up to December 31, 2018, greater than or equal to 80% up to December 31, 2018 and 120% up to the maturity date of the 16th issue. This ratio will no longer be required once complied with for two consecutive years.

Unidas S.A. is also subject to certain financial ratios, to assure non-acceleration of the maturity of the debentures, as described below:

a) Net debt/ EBITDA ratio of the Guarantor and Issuer: equal to or lower than 3.50;

b) EBITDA/ Net finance cost ratio of the Guarantor: equal to or higher than 1.50;

c) Net debt/ Equity ratio of the Guarantor: equal to or lower than 3.50.

Funding cost of debentures and promissory note

Transaction costs incurred in connection with the issuance of debentures and not yet charged to the Group's statement of income, are presented as a reduction of the balance of liabilities and allocated to the statement of income under the effective interest rate method.

All amounts in thousands of reais unless otherwise stated

The amounts issued net of the transaction cost, per nature of loans, are presented below:

				Parent company
Debentures	**Amount raised**	**Funding cost**	**Net amount raised**	**Book value at 9/30/2018**
Debentures	2,275,000	(41,180)	2,233,820	2,123,053
Promissory Notes	118,000	(782)	117,218	124,863
	2,393,000	(41,962)	2,351,038	2,247,916

				Consolidated
Debentures	**Amount raised**	**Funding cost**	**Net amount raised**	**Book value at 9/30/2018**
Debentures	3,995,000	(64,699)	3,930,301	3,739,239
Promissory Notes	118,000	(782)	117,218	124,863
	4,113,000	(65,481)	4,047,519	3,864,102

14.2 Working capital

The transaction costs incurred to raise working capital, and not yet allocated to the Group's results are presented as a reduction of the balance of liabilities and allocated to the results under the effective interest rate method.

The amounts issued net of the transaction cost, for working capital purposes, are presented below:

				Parent company and Consolidated
Working capital	**Amount raised**	**Funding cost**	**Net amount raised**	**Book value at 9/30/2018**
Working capital	50,000	(1,932)	48,068	16,882
	50,000	(1,932)	48,068	16,882

Contractual guarantees

For compliance with the obligations arising from the working capital borrowing, the Group provided the following guarantees:

- Marketable securities (R$11,316 relates to collateral for debentures) (Note 5(b));
- Fiduciary assignment of credit rights to make up the collateral for the Group's debentures and working capital, representing 9.48% of the marketable securities in the Parent company and Consolidated (R$13,422);

All amounts in thousands of reais unless otherwise stated

15 Deposits in court and provision for contingencies

The Group recorded provisions for the lawsuits considered probable losses and for which there is a present obligation at the balance sheet date.

Changes in the provisions were as follows:

			Parent company
	Civil and labor contingencies	**Tax contingencies**	**Total**
At December 31, 2017	4,338	1,262	5,600
Balance arising from the merger of Auto Ricci S.A.	86	276	362
Deficit on revaluation of contingencies arising from the merger of Auto Ricci S.A.	5,759		5,759
At September 30, 2018	10,183	1,538	11,721

			Consolidated
	Civil and labor contingencies	**Tax contingencies**	**Total**
At December 31, 2017	10,459	1,262	11,721
Provision for contingencies from the acquisition of Unidas S.A.(a)	9,790	22,756	32,546
Business combination with Unidas S.A. - adjusted purchase price allocation for possible loss contingencies (Note 1.1)	4,585	60,828	65,413
Provision recorded (reversed) in the period	117	(724)	(607)
At September 30, 2018	24,951	84,122	109,073

(a) On the date of the acquisition of Unidas S.A., the Company adjusted the purchase price allocation for possible loss contingencies, totaling R$65,413. This allocation was carried out at the time of the acquisition for purposes of determining the purchase consideration. The main purchase price allocation for possible loss contingencies relate to a portion of the balance of the tax lawsuits of Unidas S.A., disclosed below.

All amounts in thousands of reais unless otherwise stated

Deposits in court

The breakdown of the balances, by type of lawsuit, is shown below:

	Parent company		Consolidated	
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**
Civil and labor contingencies	71	236	8,090	239
Tax contingencies	15,173	13,866	38,943	14,140
	15,244	14,102	47,033	14,379

Contingencies

At September 30, 2018, the Group was a party to a number of lawsuits totaling approximately R$240,228 (R$57,923 at December 31, 2017) classified as possible losses, as supported by the legal advisors, and for which no provision has been recorded.

Main lawsuits of the Group classified as possible losses

Most of the lawsuits classified as possible losses are of a tax nature. There are also assessments by the government of the state of São Paulo based on State Law 13,296/2008 (Tax on Vehicles (IPVA)) amounting to R$12,189 (R$7,877 at 31 December 2017).

Locamerica is discussing in court the use of certain PIS and COFINS credits, seeking to preclude the application of Interpretative Declaratory Act of the Brazilian Federal Revenue Service (RFB), of April 2015, and ensure the right to use the PIS and COFINS credits computed on the acquisition cost of vehicles recognized as property and equipment, which are intended for rental. The Group requests the full use of these credits, based on the provisions of Law 10,833/2003, Article 3, paragraph 14, item VI, and Article 15, item II. At September 30, 2018, the Company's management classified the likelihood of an unfavorable outcome as possible and estimated the related loss at R$49,162 (R$36,546 at December 31, 2017).

On May 21, 2009, the Brazilian Federal Revenue Service (SRFB) issued tax assessment notices against Unidas S.A., requesting the payment of Corporate Income Tax and Social Contribution on Net Income debts, referring mainly to the deductibility of goodwill amortization from 2004 to 2007. At September 30, 2018, the total adjusted amount of these debts was R$ 55,609 (R$54,401 at December 31, 2017).

On December 11, 2014, the SRFB issued tax assessment notices against Unidas S.A., requesting the payment of Corporate Income Tax and Social Contribution on Net Income debts, relating mainly to the deductibility of goodwill amortization and swap contract expenses referring to 2009. At September 30, 2018, the total adjusted amount of these debts was R$33,082 (R$32,147 at December 31, 2017).

The Company's management disagrees with the grounds that led to the issue of the aforementioned tax assessment notices, and, therefore, challenged these assessments at the administrative level, within the applicable deadlines established by law, and awaits the judgment of the appeals.

All amounts in thousands of reais unless otherwise stated

The other cases cited as a possible cause are mostly of civil, labor and tax nature.

16 Derivative financial instruments

During the period ended September 30, 2018, exclusively for hedging purposes, the Group entered into 29 swap transactions (12, 24, 30, 36, 39, and 40 months), amounting to R$417,126, which swap the CDI rate variation for a fixed rate, and swap transactions (15, 25, and 36 months) amounting to R$33,809, which swap 117.5% of the DI rate for a fixed rate. These transactions, together with others entered into in previous periods, cover a total amount of R$965,837. The fair value of the swaps was determined by using prices quoted in an active market for identical financial instruments. The instruments were segregated in order to demonstrate the asset and liability effect on each group of instruments, as follows:

Parent company

At September 30, 2018			Rates		Fair value		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	12 to 40 months	Quarterly/ semi-annual	100% of CDI	6.41% to 16.62%	952,641	(963,336)	(10,695)

At December 31, 2017			Rates		Fair value		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	24 to 36 months	Quarterly/ semi-annual	100% of CDI	8.16% to 16.62%	633,062	(658,478)	(25,416)

Consolidated

At September 30, 2018			Rates		Fair value		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	12 to 40 months	Quarterly/ semi-annual	100% to 117.5% of CDI	6.41% to 16.62%	992,176	(1,003,916)	(11,740)

At December 31, 2017			Rates		Fair value		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	24 to 36 months	Quarterly/ Semi-annual	100% of CDI	8.16% to 16.62%	853,741	(883,112)	(29,371)

All amounts in thousands of reais unless otherwise stated

Changes in derivative financial instruments during the periods ended September 30, 2018 and 2017 were as follows:

Parent company

	At December 31, 2017	Other comprehensive income	Effect on profit/loss for the period	(Receipt)/ Payment	At September 30, 2018
Derivative financial instruments - swap	(25,416)	(12,623)	19,858	7,486	(10,695)
Derivative financial instruments	(25,416)	(12,623)	19,858	7,486	(10,695)

Consolidated

	At December 31, 2017	Other comprehensive income	Effect on profit/loss for the period	(Receipt)/ Payment	At September 30, 2018
Derivative financial instruments - swap	(29,371)	(11,623)	20,099	9,155	(11,740)
Derivative financial instruments	(29,371)	(11,623)	20,099	9,155	(11,740)

Parent company and Consolidated

	At December 31, 2016	Other comprehensive income	Effect on profit or loss for the period	(Receipt)/ Payment	At September 30, 2017
Derivative financial instruments - swap	(9,680)	(4,644)	(12,946)	2,119	(25,151)
Derivative financial instruments	(9,680)	(4,644)	(12,946)	2,199	(25,151)

The mark-to-market of derivative financial instruments ("hedge accounting") is recognized in the statement of comprehensive income and will only be recognized in the result for the period in which the derivative financial instruments are settled.

Parent company

At September 30, 2018			Rates		Interest (accrual)			MtM *		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Result**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	12 to 40 months	Quarterly/ semi-annual	100% of CDI	6.41% to 16.62%	936,718	(942,504)	(5,786)	15,923	(20,832)	(4,909)

Consolidated

At September 30, 2018			Rates		Interest (accrual)			MtM *		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Result**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	12 to 40 months	Quarterly/ semi-annual	100% to 117.5% of CDI	6.41% to 16.62%	976,091	(981,922)	(5,831)	16,085	(21,994)	(5,909)

All amounts in thousands of reais unless otherwise stated

Parent company

At September 30, 2017			Rates		Interest (accrual)			MtM *		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Result**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	12 to 36 months	Quarterly /Semi-annual	100% of CDI	8.16% to 16.62%	536,577	(540,320)	(3,743)	16,420	(37,828)	(21,408)

Consolidated

At September 30, 2017			Rates		Interest (accrual)			MtM *		
Transactions	**Period (months)**	**Interest**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Result**	**Assets**	**Liabilities**	**Net**
CDI X Fixed rate	12 to 36 months	Quarterly /Semi-annual	100% of CDI	8.16% to 16.62%	843,358	(847,073)	(3,715)	23,173	(48,049)	(24,876)

17 Related parties

Remuneration of the key management personnel

The remuneration of the key management personnel (statutory officers and members of the Board of Directors), by category, for the periods nine months end September 30, 2018 and 2017, was as follows:

	Parent company		Consolidated	
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Direct remuneration, profit sharing, and fringe benefits	2,146	1,670	5,073	1,670
Stock options	379	98	990	98
	2,525	1,768	6,063	1,768

Transactions with related parties

	Parent company				Consolidated			
	9/30/2018	**12/31/2017**	**9/30/2018**	**12/31/2017**	**9/30/2018**	**12/31/2017**	**9/30/2018**	**12/31/2017**
Related parties		**Assets**		**Liabilities**		**Assets**		**Liabilities**
Acelero Comércio de Veículos Ltda.	3,592	4,717						
Enterprise Holdings Brazil LLC.					13,881		8,658	
SLR Comércio de Veículos Ltda.	302	302			302	302		
Unidas Locadora de Veículos Ltda.			127					
Unidas S.A.			4					
Via Jap Comércio de Veículos Ltda.			174				174	
Via Trucks Comércio de Caminhões Ltda.	258	77			258	77		
	4,152	5,096	305		14,441	379	8,832	

All amounts in thousands of reais unless otherwise stated

				Parent company				Consolidated
	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Related parties		Income		Costs and expenses		Income		Costs and expenses
Armal Empreendimentos e Participações Ltda.			(60)	(67)			(60)	(67)
Enterprise Holdings Brazil LLC.					17,885		(9,531)	
FRG – Desenvolvimento Urbano Ltda.			(139)				(139)	(29)
Guerra Empreendimentos e Participações			(60)	(56)			(60)	(56)
Unidas Locadora de Veículos Ltda.			(190)					
Unidas S.A.			(4)					
Via Jap Comércio de Veículos Ltda.		1,428				1,428		
Via Trucks Comércio de Caminhões Ltda.	2,477	798	(179)		2,477	798	(179)	
	2,477	2,226	(632)	(123)	20,362	2,226	(9,969)	(152)

Relationship between the Company and its related parties

See references in the table below:

(a) Direct or indirect subsidiary of the Company
(b) Entity which has a controlling partner of the Company as a shareholder

Description of the transactions carried out with related parties

Acelero Comércio de Veículos Ltda. (a) – The Company has a loan agreement with this indirect subsidiary.
Agile Car Locações Ltda. (a) - The Company did not carry out any transactions with this subsidiary and its customers.
Armal Empreendimentos e Participação (b) - Property rental transaction.
Auto Ricci S.A. (a) - The Company did not carry out any transactions with this subsidiary and its customers.
FRG – Desenvolvimento Urbano Ltda. (b) - Property rental transaction.
Guerra Empreendimentos e Participações (b) - Property rental transaction.
Ls Mg Comércio de Veículos Ltda. (b) - Purchase and sale of vehicles
SLR Comércio de Veículos Ltda. (b) - Purchase and sale of vehicles
Via Jap Comércio de Veículos Ltda. (b) - Purchase and sale of vehicles
Via Trucks Comércio de Caminhões Ltda. (b) - Purchase and sale of vehicles.
Enterprise Holdings Brazil LLC. (b)– The direct subsidiary Unidas S.A. has lease operations in partnership with Enterprise. The balance payable refers to commissions related to such operations.
Unidas S.A. (a) - Maintains vehicle rental operations.
Unidas Comercial de Veículos Ltda. (a)– The transactions relate to indirect expenses incurred by Unidas S.A. on behalf of the subsidiary, not subject to remuneration, and to be settled in the future, and expenses incurred by the subsidiary on behalf of Unidas S.A., also not subject to remuneration, and to be settled in the future.
Unidas Locadora de Veículos Ltda. (a) – Maintains vehicle rental operations with Unidas S.A.
Unidas Franquias do Brasil S.A. (a) – The transactions relate to indirect expenses incurred by Unidas S.A. on behalf of the subsidiary, not subject to remuneration, and to be settled in the future, and expenses incurred by the subsidiary on behalf of Unidas S.A., also not subject to remuneration, and to be settled in the future.

All amounts in thousands of reais unless otherwise stated

18 Equity

(a) Share capital

At September 30, 2018 and December 31, 2017, the Group's shares were held as follows:

	9/30/2018		12/31/2017	
	Shares	**%**	**Shares**	**%**
Principal – Gestao de Activos e Cons. Adm. e Financeira S.A.	16,404,391	14.04		
Luís Fernando Memoria Porto	15,292,922	13.09	15,292,922	18.54
Sergio Augusto Guerra de Resende	15,292,920	13.09	15,292,920	18.54
RCC Participações Sociais Ltda.	3,438,860	2.94	14,621,131	17.73
Enterprise Holdings Brazil, LLC	12,564,242	10.75		
Dirley Pingnatti Ricci	11,182,271	9.57		
Free Float (*)	41,571,875	35.57	35,739,649	43.34
Total shares outstanding	115,747,481	99.04	80,946,622	98.15
Treasury shares	1,116,346	0.96	1,522,516	1.85
Total	116,863,827	100	82,469,138	100

(*) Relates to shares traded on the São Paulo Stock Exchange (B3)

On May 11, 2017, the Extraordinary General Shareholders' Meeting approved the issue of 17,393,816 new shares in connection with the investment agreement for the acquisition of Auto Ricci S.A., which resulted in an increase in share capital of R$98,621.

The Extraordinary General Shareholders' Meeting held on March 9, 2018 approved the issue of 34,394,689 new shares in connection with the investment agreement for the acquisition of Unidas S.A., which resulted in an increase in share capital of R$579,602.

At September 30, 2018, the Group's subscribed and paid-up share capital, totaling R$ 977,502, was represented by 116,863,827 thousand registered common shares with no par value (R$397,900, represented by 82,469,138 thousand common shares at December 31, 2017).

(b) Share buyback plan

At a meeting held on June 13, 2014, the Company's Board of Directors approved the First Share Buyback Program, thereby authorizing the Company's Executive Board to acquire shares of the Company, to be held in treasury and subsequently sold, without reducing share capital, in order to cover a potential exercise of stock options under the Company's Stock Option Programs. Up to 3,448,948 shares could be acquired, corresponding to 10% of the outstanding shares in the market. By December 31, 2015, upon the end of the program, 1,393,300 shares had been acquired on the São Paulo Stock Exchange (B3), at a total cost of R$ 5,906, and average acquisition cost of R$ 4.24 per share.

On March 19, 2017, the Company's Board of Directors approved the "second share buyback plan". This plan provides for the acquisition of up to 3,197,993 registered, book-entry common shares, without par value, issued by the Company. The shares acquired may be used to cover exercises of stock options under the stock option plans, or other types of share-based compensation. By March 18, 2018, at the end of the program, 894,800 shares had been purchased from the Stock Exchange (B3) at a total cost of R$ 7,957, resulting in an average acquisition cost of R$ 8.89 per share.

On October 5, 2018, the Company's Board of Directors approved the "third share buyback plan". This plan provides for the acquisition of up to 3,037,432 registered, book-entry common shares, without par value, issued by the Company. The shares acquired may be used to cover exercises of stock options under the stock option plans, or other types of share-based compensation valid for 18 months from the date of approval as detailed in Events after the reporting date

At September 30, 2018, the Company had treasury shares amounting to R$7,153 (R$ 9,785 at December 31, 2017).

(c) Capital reserve

At December 31, 2017, the Company had: (i) R$42,208 referring to share premium in connection with the initial public offering, net of the costs incurred to go public; and (ii) R$2,921 referring to a stock option plan.

On March 9, 2018, the Company recorded a reserve for additional goodwill, totaling R$478,378, arising from the difference between the fair value of the share issued and the amount stated upon the new share issue, arising from the acquisition of the shareholding control of Unidas S.A. In addition, the Company recognized new obligations in connection with the stock option plan, totaling R$4,019, and receipts arising from the exercise of stock options under the plan totaling R$2,466.

Capital reserve at September 30, 2018 amounted to R$ 527,360 (R$ 45,129 at December 31, 2017).

(d) Revenue reserve

- **Legal reserve**

The legal reserve is credited annually with 5% of the profit for the year and cannot exceed 20% of the capital, in accordance with the provisions of Article 193 of Law 6,404/76. The purpose of the legal reserve is to protect capital, and it can only be used to offset losses and increase capital.

- **Investment reserve**

The investment reserve refers to the retention of the remaining balance of retained earnings, approved by the Executive Board and Board of Directors, intended for investments, the 2018 budget revision and maintenance of the Company's working capital. At September 30, 2018, the investment reserve amounted to R$29,794 (R$53,181 at December 31, 2017).

All amounts in thousands of reais unless otherwise stated

(e) Dividends

In compliance with the provisions set forth in the Company's Bylaws, at least 25% of the balance of the profit for each year, after the deduction of the legal reserve, will be allocated as mandatory dividends and/or interest on capital, unless otherwise determined at the Annual General Shareholders' Meeting.

	12/31/2017
Profit for the year	60,598
Legal reserve (5%)	(3,030)
Dividend calculation basis	57,568
Minimum mandatory dividend (25%)	14,392
Additional proposed dividends payable	7,497
Total dividends and interest on capital	21,889
Percentage on profit for the year	36.1%

In addition, the Company paid dividends totaling R$17,502 referring to profit from prior years, approved by the Board of Directors in a meeting held on January 3, 2018.

Interest on capital

The approval dates and amounts of the payments of interest on capital and dividends approved by the Board of Directors were as follows:

Approval date	**Gross amount**	**Net amount**	**Amount per share (in R$)**	**Date of shareholding position**
3/26/2018	8,088	7,200	0.062674277	3/26/2018
6/22/2018	25,215	22,195	0.2180625181	6/22/2018
9/19/2018	24,990	21,960	0.215909162	9/24/2018
Total	58,293	51,355		

(f) Share-based payments

The Company's share-based payment plans (options exercised, and options vested but not yet exercised) correspond to 2.74% of its total share capital, limited to 3,506 options (3% of the total share capital) at September 30, 2018.

The stock option plans that grant the right to purchase the Company's registered common shares without par value were formalized pursuant to Article 168, paragraph 3, of the Brazilian Corporate Legislation, and include beneficiaries to be appointed by the Board of Directors. These plans have the purpose of motivating and retaining professionals in strategic positions, and aligned with the Group's objectives.

All amounts in thousands of reais unless otherwise stated

The exercise of the stock options by the Beneficiary is contingent on his/her remaining in the Group, as an employee or officer, from the date the respective grant agreement is entered into until the end of each vesting period. The exercise price may be paid by the Beneficiary, in cash, within 20 business days of the date the Company is notified of the exercise of the stock option.

The stock option agreement will be automatically terminated in the event the beneficiary's statutory or employment relationship with the Company ceases, or if one of the vesting conditions is not met within the service period counted from the date of execution of the stock option agreement, or after the exercise of all stock options, whichever occurs first.

The services received from the beneficiaries during the period are recognized as expenses, irrespective of whether the non-vesting conditions have been satisfied.

The main characteristics of the plans are described below:

Plan	Program	Grant date	Vesting (Service clause)	Exercise price at 9/30/2018 (in reais)	Expiration date
1	Single	12/23/2010	Up to 5.4 years	4.48	5/29/2021
1	Single	1/19/2011	Up to 5.4 years	4.48	5/29/2021
1	Single	5/25/2011	Up to 5 years	4.45	5/29/2021
1	Single	2/23/2012	Up to 4.3 years	4.77	5/29/2021
2	1	2/23/2012	Up to 4.3 years	4.25	5/29/2021
2	2	2/23/2012	Up to 2.7 years	4.77	5/29/2019
2	3	11/1/2012	Up to 4 years	3.93	10/31/2021
2	4	8/13/2013	Up to 1 year	11.15	8/12/2019
2	3	9/21/2015	Up to 3.2 years	3.35	12/4/2023
2	3	2/15/2016	Up to 3.9 years	3.19	12/31/2024
2	3	7/27/2016	Up to 5 years	4.14	7/26/2026
2	3	3/8/2017	Up to 5 years	5.16	3/7/2027
2	3	7/5/2017	Up to 5 years	7.67	7/4/2027
2	5	3/8/2018	Up to 5 years	15.60	3/7/2028
2	3	4/2/2018	Up to 5 years	23.90	4/1/2028

The changes in options of each program in the nine-month period ended September 30, 2018 are shown below:

All amounts in thousands of reais unless otherwise stated

Changes in the number of options in the nine-month period ended September 30, 2018							
Plan	Program	Grant date	Opening balance	New grants	Expired/canceled	Exercised	Closing balance
1	Single	12/23/2010	519,404		236,685	240,397	42,322
1	Single	1/19/2011	169,288		8,466	120,300	40,522
1	Single	5/25/2011	247,003		167,130	75,873	4,000
1	Single	2/23/2012	216,195		70,903	84,170	61,122
2	1	2/23/2012	467,847		187,140	187,138	93,569
2	2	2/23/2012	91,970			91,970	
2	3	11/1/2012	220,000		154,000	44,000	22,000
2	4	8/13/2013	68,500			68,500	
2	3	9/21/2015	400,000		160,000	240,000	
2	3	2/15/2016	250,000				250,000
2	3	7/27/2016	150,000				150,000
2	3	3/8/2017	100,000			20,000	80,000
2	3	7/5/2017	815,000		24,000	81,680	709,320
2	5	3/8/2018		150,000			150,000
2	3	4/2/2018		350,000			350,000
			3,715,207	500,000	1,008,324	1,254,028	1,952,855

Changes in the balance of stock options in the nine-month period ended September 30, 2018 were as follows:

Balance of stock options at December 31, 2017	2,921
Stock option expenses from prior plans recognized in the statement of income	3,408
Expenses related to stock options granted to employees of the subsidiaries recognized in equity	611
Expired stock options	(1,872)
Balance of stock options at September 30, 2018	5,068

Share-based compensation is recorded in the financial statements at fair value, which was estimated based on the Black & Scholes valuation model, considering the following assumptions:

Plan	Program	Grant date	Risk-free rate	Vesting period	Option fair value (in reais)
1	Single	12/23/2010	5.81%	Up to 5.4 years	3.21
1	Single	1/19/2011	6.17%	Up to 5.4 years	3.25
1	Single	5/25/2011	6.23%	Up to 5.0 years	3.25
1	Single	2/23/2012	4.25%	Up to 4.3 years	1.51
2	1	2/23/2012	4.25%	Up to 4.3 years	1.51
2	2	2/23/2012	4.25%	Up to 2.7 years	1.51
2	3	11/1/2012	7.12%	Up to 4.0 years	6.85
2	4	8/13/2013	5.10%	Up to 1 year	2.31
2	3	9/21/2015	8.36%	Up to 3.2 years	0.91
2	3	2/15/2016	12.09%	Up to 3.9 years	1.00
2	3	7/27/2016	11.65%	Up to 5.0 years	2.55
2	3	3/8/2017	4.86%	Up to 5.0 years	6.39
2	3	7/5/2017	4.86%	Up to 5.0 years	8.77
2	5	3/8/2018	6.96%	Up to 5.0 years	18.49
2	3	4/2/2018	6.96%	Up to 5.0 years	12.30

All amounts in thousands of reais unless otherwise stated

The expected volatility was estimated based on the historical data of the Company up to the initial date of each plan, except for options granted prior to the initial public offering, for which the volatility of companies operating in the same industry was considered. The risk-free interest rate considered the maturity of the options granted on each plan's initial date.

(g) Carrying value adjustments

In the periods ended September 30, 2018 and 2017, the Company recognized other comprehensive income (loss) of R$ 7,671 and (R$5,355), respectively (net of taxes), relating to hedge operations.

19 Operating revenue

The reconciliation between gross revenue and the net revenue reported in the statements of income for the periods ended September 30, 2018 and 2017 is shown below:

				Parent company
		Quarter ended		**Nine-month period ended**
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Gross revenue	324,837	235,971	1,001,933	701,096
Discounts and cancellations	(17,745)	(12,894)	(46,360)	(35,538)
Taxes on rentals (*)	(16,321)	(10,736)	(48,685)	(31,776)
Operating revenue	290,771	212,341	906,888	633,782

				Consolidated
		Quarter ended		**Nine-month period ended**
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Gross revenue	904,334	339,104	2,196,955	855,830
Discounts and cancellations	(29,449)	(18,325)	(73,682)	(43,371)
Taxes on rentals (*)	(42,307)	(15,743)	(102,641)	(39,420)
Operating revenue	832,578	305,036	2,020,632	773,039

The breakdown of net operating revenue by each significant category is as follows:

				Parent company
		Quarter ended	**Nine-month period ended**	
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Vehicle rentals	174,031	114,396	518,861	339,854
Vehicle sales	133,061	108,681	436,712	325,704
Taxes levied on vehicle rentals (*)	(16,321)	(10,736)	(48,685)	(31,776)
Net revenue	290,771	212,341	906,888	633,782

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	Quarter ended		Nine-month period ended	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Vehicle rentals	450,137	172,513	1,100,071	427,072
Franchising	973		2,600	
Third Party Fleet Management	441		2,047	
Vehicle sales	423,334	148,266	1,018,555	385,387
Taxes levied on vehicle rentals (*)	(42,307)	(15,743)	(102,641)	(39,420)
Net revenue	832,578	305,036	2,020,632	773,039

(*) Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) are not levied on sales of pre-owned vehicles, since these vehicles are classified as "Property and equipment".

20 Cost of rental and sale of vehicles

	Parent company			
	Quarter ended		Nine-month period ended	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Cost of sale of vehicles	(120,083)	(93,607)	(384,840)	(285,662)
Maintenance	(53,118)	(39,897)	(165,537)	(114,965)
Depreciation cost of fleet vehicles	(31,495)	(22,371)	(104,031)	(67,950)
Recovery of PIS/COFINS tax credits	13,029	10,686	38,938	31,303
Other operating expenses	(2,065)	(4,118)	(7,009)	(13,962)
Total	(193,732)	(149,307)	(622,479)	(451,236)

	Consolidated			
	Quarter ended		Nine-month period ended	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Cost of sale of vehicles	(382,674)	(128,449)	(904,040)	(339,093)
Maintenance	(154,154)	(56,807)	(359,251)	(139,585)
Depreciation cost of fleet vehicles	(69,532)	(38,531)	(196,246)	(93,375)
Recovery of PIS/COFINS credits on other operating (expenses) income	30,011	15,569	73,120	38,876
Other operating expenses	(12,320)	(5,153)	(32,322)	(15,715)
Total	(588,669)	(213,371)	(1,418,739)	(548,892)

All amounts in thousands of reais unless otherwise stated

21 Selling expenses

				Parent company
	Quarter ended		Nine-month period ended	
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Salaries and social charges	(4,503)	(3,096)	(14,640)	(9,814)
Commissions	(1,670)	(986)	(5,207)	(2,857)
Estimated impairment loss (reversal) on trade receivables	1,909	(1,375)	1,217	(4,932)
Write-off of bad debts	(230)		(1,171)	
Property rental and others	(5,266)	(3,946)	(17,933)	(11,496)
Total	(9,760)	(9,403)	(37,734)	(29,099)

				Consolidated
	Quarter ended		Nine-month period ended	
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Salaries and social charges	(14,946)	(4,437)	(34,802)	(12,065)
Commissions	(15,744)	(986)	(32,679)	(2,857)
Estimated impairment loss (reversal) on trade receivables	(58)	(1,410)	(4,196)	(5,005)
Write-off of bad debts	(206)		(2,280)	
Property rental and others	(13,513)	(5,014)	(32,503)	(12,732)
Total	(44,467)	(11,847)	(106,460)	(32,659)

22 General and administrative expenses

				Parent company
	Quarter ended		Nine-month period ended	
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
General expenses	(3,644)	(2,884)	(26,850)	(6,157)
Third-party service fees	(4,253)	(1,107)	(8,402)	(8,491)
Taxes	(320)	(314)	(1,474)	(1,153)
Depreciation/amortization	(6,180)	(1,745)	(10,364)	(4,711)
Personnel expenses	(4,815)	(3,530)	(12,056)	(9,600)
Total	(19,212)	(9,580)	(59,146)	(30,112)

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	Quarter ended		Nine-month period ended	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
General expenses (*)	(9,344)	(4,581)	(38,285)	(8,637)
Fees, consulting, and third-party services (*)	(10,543)	(1,470)	(22,055)	(9,002)
Taxes (*)	(320)	(332)	(1,711)	(1,194)
Depreciation/amortization	(8,157)	(1,745)	(14,060)	(4,762)
Personnel expenses	(17,640)	(4,753)	(40,035)	(11,523)
Total	(46,004)	(12,881)	(116,146)	(35,118)

(*) As described in Note 1.1., the Company acquired the control of Unidas S.A. on March 9, 2018, and, as a result of this acquisition, incurred the following costs: (i) costs inherent to the acquisition process, and (ii) costs arising from the process of integration between Locamerica and Unidas. These costs are of a one-off nature (non-operational), which are not incurred in the normal course of the Group's activities. The breakdown of these costs is shown below:

	Nine-month period ended 9/30/2018 Parent company and Consolidated
General expenses	(13,772)
Third-party service fees	(3,331)
Taxes	(85)
	(17,188)

23 Finance income (costs), net

	Parent company			
	Quarter ended		Nine-month period ended	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Interest received from customers	164	344	565	791
Interest on financial investments	7,136	5,151	20,533	15,625
Other finance income	331	362	1,873	1,230
Total finance income	7,631	5,857	22,971	17,646
Funding cost and assignment interest	(2,526)	(4,089)	(11,544)	(7,719)
Interest on borrowings	(37,961)	(23,451)	(107,605)	(74,599)
Swap (a)	(4,293)	(8,176)	(19,858)	(12,946)
Other finance costs	(2,940)	(4,970)	(10,772)	(11,055)
Total finance costs	(47,720)	(40,686)	(149,779)	(106,319)
Total	(40,089)	(34,829)	(126,808)	(88,673)

All amounts in thousands of reais unless otherwise stated

				Consolidated
	Quarter ended	**Nine-month period ended**		
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Interest received from customers	2,541	384	5,571	843
Interest on financial investments	9,458	6,315	28,631	17,194
Other finance income	275	259	1,640	1,135
Total finance income	12,274	6,958	35,842	19,172
Funding cost and assignment interest	(5,493)	(4,170)	(14,511)	(7,838)
Interest on borrowings	(75,492)	(35,450)	(194,726)	(94,103)
Swap (a)	(4,387)	(8,176)	(20,099)	(12,953)
Other finance costs	(5,684)	(5,708)	(22,858)	(11,943)
Total finance costs	(91,056)	(53,504)	(252,194)	(126,837)
Total	(78,782)	(46,546)	(216,352)	(107,665)

(a) At September 30, 2018, the amount of R$792 relates to mark-to-market revenue, and the amount of R$20,650, to interest expenses in the Parent company. In the Consolidated, mark-to-market revenue totaled R$597, and interest expenses, R$20,696.

24 Income tax and social contribution expenses

The provision for income tax and social contribution is calculated based on the taxable profit for the year. Taxable profit differs from the profit for the year as reported in the statement of income, since it excludes items of income or expense that are taxable or deductible in a different period, and further excludes items that are never taxable or deductible.

The reconciliation between the nominal and effective expenses for the periods ended September 30, 2018 and 2017 is as follows:

All amounts in thousands of reais unless otherwise stated

		Parent company		Consolidated
	9/30/2018	**9/30/2017**	**9/30/2018**	**9/30/2017**
Profit for the year before taxation	128,540	44,064	164,415	48,806
Statutory rates	34%	34%	34%	34%
Income tax and social contribution at the nominal rate	(43,704)	(14,982)	(55,901)	(16,594)
Adjustments to the nominal expense:				
Equity in the results of subsidiaries	22,901	3,173		
Interest on capital	19,820	3,723	19,820	3,723
Other (additions) deductions, net	(1,872)	5,635	19,459	7,568
(*) Tax incentive from "*Lei do Bem*"(Law 11,196/05)	605		837	
Current income tax and social contribution expenses	(2,250)	(2,451)	(15,785)	(5,303)
Total deferred income tax and social contribution expenses (Note 8)	636	(4,066)	(21,704)	(5,956)
Total income tax and social contribution expenses	(1,614)	(6,517)	(37,489)	(11,259)

(*) During 2018, the Group formally adhered to the “*Lei do Bem*” tax incentive, related to 2017. This incentive allows technological development expenses to be deducted from the income tax for the year in which they were incurred, within the limits established by the referred law. The impact of the benefits arising from this tax incentive amounted to R$ 605 thousand in the Parent company, and R$ 837 thousand in the Consolidated.

25 Segment reporting

Operating segments are defined as components that carry out business activities: (i) which may earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by management to make decisions; and (iii) for which separate financial information is available.

The Group has defined the following two operating segments, which are managed separately, based on the reports used for strategic decision-making by the Executive Board and the Board of Directors: (i) rental of vehicles under long-term contracts ("fleet"); and (ii) rental of vehicles under short-term contracts (“RAC” or “rent-a-car”), carried out by its indirect subsidiary Unidas Locadora de Veículos Ltda. The accounting policies of these operating segments are the same as those described in Note 2 or in the explanatory notes for the respective line items.

All amounts in thousands of reais unless otherwise stated

Below is a breakdown of the Group's results by segment, without including the results of fleet renewal activities (pre-owned vehicles):

	2018			2017
	RAC	**Fleet (*)**	**Consolidated**	**Consolidated Fleet**
Net rental car	308,023	689,227	997,430	427,072
Franchising	2,600		2,600	
Third Party Fleet Management		2,047	2,047	
Net operating revenue from pre-owned vehicles	411,763	606,792	1,018,555	345,967
Lease costs (excluding depreciation)	(138,685)	(179,768)	(318,453)	(116,424)
Cost of disposal of vehicles for fleet renewal (*)	(384,006)	(520,034)	(904,040)	(339,093)
Gross profit	199,875	598,264	798,139	317,522
Selling expenses	(28,899)	(77,561)	(106,460)	(32,659)
General and administrative expenses	(20,618)	(81,468)	(102,086)	(30,356)
Other operating income (expenses), net	(114)	1,594	1,480	101
EBITDA	150,244	440,829	591,073	254,608
Depreciation and amortization	(46,636)	(163,670)	(210,306)	(98,137)
EBIT	103,608	277,159	380,767	156,471
Finance costs, net	(56,773)	(159,579)	(216,352)	(107,665)
EBT	46,835	117,580	164,415	48,806
Taxes	(468)	(37,021)	(37,489)	(11,259)
Profit for the period	46,367	80,559	126,926	37,547

(*) The Group's management understands that the fleet renewal activity (pre-owned vehicles) is not a separate operating segment, since this activity is inherent in the process of the fleet and RAC segments..

The Group does not segregate its assets and liabilities by segment to manage its business, and, therefore, does not present the balance sheet by business segment.

26 Capital commitments

The Company's contractual obligations and commitments comprise only the repayments of borrowings and debentures, according to the schedule presented in Note 14.

27 Basic and diluted earnings per share

(a) Basic earnings (loss) per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased and held as treasury shares.

	Parent company and Consolidated	
	9/30/2018	**9/30/2017**
Profit attributable to shareholders of the Group	126,926	37,547
Weighted average number of common shares outstanding (in thousands)	107,143	80,678
Basic earnings per share - R$	1.1846	0.4654

(b) Diluted earnings (loss) per share

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common shares with dilutive effects. For stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to stock options outstanding. The number of shares calculated as above is compared with the number of shares that would be outstanding assuming the exercise of the stock options.

	Parent company and Consolidated	
	9/30/2018	**9/30/2017**
Profit	126,926	37,547
Weighted average number of common shares outstanding (in thousands)	107,143	80,678
Adjustments for stock options (thousands) (Note 18)	1,904	1,779
Weighted average number of common shares for diluted earnings per share (thousands)	109,047	82,457
Diluted earnings per share - R$	1.1640	0.4554

All amounts in thousands of reais unless otherwise stated

28 Insurance (not reviewed by auditor)

According to its risk management program to mitigate risks, the Group contracts in the market insurance coverage compatible with its size and operations. The insurance amounts are considered sufficient by management to cover possible losses, taking into account the risks associated with the Company's assets and/or responsibilities. At September 30, 2018, the Company had the following insurance coverage:

Risks covered	
Material damages	830,940
Bodily injuries	44,950

At September 30, 2018, the Company had a liability insurance policy covering 54,276 vehicles, of which 19,630 had comprehensive insurance coverage.

29 Commitments undertaken by the subsidiary Unidas S.A.

Unidas S.A. directly carries out rentals of vehicles without a driver in the 22 major airports in Brazil, while its franchisees carry out the same vehicle rental operations in other 19 airports nationwide.

These vehicle rental operations are carried out by means of a tender, in which the Company or its franchisees are awarded a for a winning bid and sign agreements for the use of the area either with the Grantor, which is the Brazilian Airport Infrastructure Company (INFRAERO), private companies that hold airport concession agreements, or municipal and/or state companies responsible for airport management in their respective cities or states.

The purpose of these agreements is the concession of an area for vehicle lease operations, either through the installation of a counter on the airport's premises to offer vehicle lease services, or through the concession of an area that enables the provision of the same services, but also the possibility of storing the vehicles (yard) on the airport's premises.

The prices paid by the concessionaire to use the area adjacent to airports may be a fixed monthly amount or a minimum fixed monthly amount, which varies in accordance with the location of each airport, plus an additional agreed-upon amount, to be calculated according to the gross monthly revenues of the box installed in an airport, ranging from 5% to 8.5%.

The fixed monthly amount or minimum fixed monthly amount is annually adjusted by government price indices, mostly the National Consumer Price Index (INPC),

There may also be other adjustments due to changes in the tax legislation that affect the economic and financial balance of the agreements, or when the amounts are below the market prices.

The average term of the concession agreements is 60 months, and the agreements may be renewed at the sole discretion of the airports, in compliance with the minimum and maximum deadlines established by paragraph 2 of Article 1 of Law 9,074/1995.

All amounts in thousands of reais unless otherwise stated

Certain concession areas are already provided with a proper structure available and the operator does not need to make constructions/improvements. However, in other cases, the concession operator is responsible for the construction of all the infrastructure required to provide the services to its customers. In these cases, the operator will not be entitled to any indemnification or retention in relation to the investments made.

The concession operator is also responsible for obtaining any permits that may be required for its operations, including environmental permits, if applicable, as well as for training its staff to provide the services, as may be required by the Grantor.

Additionally, Unidas rents properties for the installation of its own RAC stores. The table below presents the obligations arising from store lease agreements at September 30, 2018:

Store rental obligations	Stores inside airports		Stores outside airports		Total	
	Number of stores	Amount payable	Number of stores	Amount payable	Number of stores	Amount payable
2018	37	4,707	86	4,383	123	9,090
2019	34	14,149	85	14,453	119	28,602
2020	25	11,251	35	7,972	60	19,223
2021	17	8,467	22	6,136	39	14,603
2022	10	7,047	16	2,358	26	9,405
2023	3	2,438	6	648	9	3,086
2024	2	2,265	-	-	2	2,265
2025	2	2,265	-	-	2	2,265
2026	2	2,202	-	-	2	2,202
		54,791		**35,950**		**90,741**

30 Events after the reporting date

Share buyback plan

At a meeting held on October 5, 2018, the Company's Board of Directors approved the Third Share Buyback Program, thereby authorizing the Company's Executive Board to acquire shares of the Company, to be held in treasury and subsequently sold, without reducing share capital, and/or order to cover a potential exercise of stock options granted under the Company's Stock Option Programs.

Under the Program, up to 3,037,432 shares may be repurchased, which corresponds to 7.31% of the 41,568,775 Company's shares outstanding.

The Program approved may be carried out at the convenience of the Company, by decision of its Board of Directors, within a period of up to 18 months from the approval date.

* * *

(A free translation of the original in Portuguese)

Officers' Statement on the Quarterly Information

In compliance with item VI of Article 25 of CVM Instruction 480, of December 7, 2009, the CEO and the Chief Financial and Investor Relations Officer of Companhia de Locação das Américas, a corporation headquartered at Avenida Engenheiro Caetano Álvares, 150, Limão, São Paulo, State of São Paulo, and enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 10. 215.988/0001-60, and enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 10. 215.988/0001-60, hereby state that they have:

i. Reviewed, discussed and approved the quarterly information of Companhia de Locação das Américas for the period ended September 30, 2018.

Belo Horizonte, November 6, 2018

Luis Fernando M. Porto - Chef Executive Officer

Marco Túlio de Carvalho Oliveira - Chief Financial Officer

(A free translation of the original in Portuguese)

Officers' statement on the independent auditor's report

In compliance with item VI of Article 25 of CVM Instruction 480, of December 7, 2009, the CEO and the Chief Financial and Investor Relations Officer of Companhia de Locação das Américas, a corporation headquartered at Avenida Engenheiro Caetano Álvares, 150, Limão, São Paulo, State of São Paulo, and enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 10. 215.988/0001-60, National Corporate Taxpayers' Registry (CNPJ) under No. 10. 215.988/0001-60, hereby state that they have:

i. Reviewed, discussed and agreed with the conclusion expressed in the independent auditor's report (PricewaterhouseCoopers Auditores Independentes) on review of the quarterly information of Companhia de Locação das Américas for the period ended September 30, 2018.

Belo Horizonte, November 6, 2018

Luis Fernando M. Porto - Chef Executive Officer

Marco Túlio de Carvalho Oliveira - Chief Financial Officer

Luis Fernando M. Porto
CEO

Marco Túlio de Carvalho Oliveira
Chief Financial Officer

Rodrigo Ziccardi Carvalho
General Manager of the Shared Service Center
CRC-MG 097.874/O-3

Leandro Lúcio Gomes da Silva
Accounting Manager
CRC-MG 093.866/O-3