

Tegma Gestão Logística SA

Earnings Release

2018 fourth quarter and full year

São Bernardo do Campo, March 19, 2019

Note: The Company ceased to consider Tegma Logística Integrada S.A. in February 2018 as a direct investment, due to the creation of the joint venture "GDL" which has the objective of providing general and bonded warehouse services in Cariacica-ES. From this date on, GDL now holds direct control of Tegma Logística Integrada S.A., therefore, GDL results will be accounted in equity in the Company. Cariacica operation result for 2017 and for January 2018 is shown in the [financial historical serial file in .xls](#) on the Attachments tab and the Earnings release pro-forma tables are shown in the [Earnings Release spreadsheets in .xls](#).

Highlights

- ◆ Tegma transported **203,600 vehicles** in 4Q18, 3.7% less vs the previous year, 25.8% of *market share* or a 1.7 p.p loss vs 4Q17.
- ◆ 4Q18 Tegma's **gross revenue** 11.4% growth was driven mainly by the improvement of average distance in automotive division.
- ◆ Tegma's **adjusted EBITDA** in 4Q18 was R\$ 68.1 million, superior vs the previous year and driven by better results from both divisions.
- ◆ 4Q18 Tegma's **net income** was R\$ 35.0 million, a reduction vs 4Q17 mainly because of a significant tax credit recognized last year.
- ◆ 4Q18 **free cash flow** was R\$ 1.5 million, influenced by better results, but also by higher working capital consumption and by a higher investments
- ◆ The company's **net debt** on December 31, 2018 was R\$ 70.5 million, corresponding to 0.4 x EBITDA of the last 12 months.
- ◆ Proposed distribution of R\$ 28.3 million in complementary dividends and IOC, resulting in a payout of 60% on 2018 earnings and a 4.3% dividend yield in 2018
- ◆ Tegma 4Q18 **ROIC** was 28.0%.

Operational and financial highlights	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Net revenue (R\$ million)	367.2	1,253.8	14.9%	10.9%	15.7%
Operating income (R\$ million)	48.6	153.0	-10.2%	6.3%	39.8%
EBITDA (R\$ million)	55.2	182.3	-10.3%	5.1%	32.5%
Adjusted EBITDA	68.1	200.5	52.4%	17.8%	48.7%
Adjusted EBITDA Margin %	18.5%	16.0%	4.6 p.p.	1.1 p.p.	3.6 p.p.
Net income (R\$ million)	35.0	108.2	-40.7%	12.4%	4.3%
Net margin %	9.5%	8.6%	-8.9 p.p.	0.1 p.p.	-0.9 p.p.
Earnings per share (R\$)	0.5	1.6	-40.7%	12.4%	4.3%
Free cash flow (R\$ million)	1.5	71.7	-86.6%	-91.7%	17.8%
CAPEX (R\$ million)	13.3	35.4	222.0%	-11.6%	40.5%
Vehicles transported (in thousand)	203.6	781.4	-3.7%	-1.5%	3.6%
Market Share %	25.8%	25.2%	-1.7 p.p.	-0.1 p.p.	-1.5 p.p.
Average Km per vehicle transported	1,054.5	1,012.8	9.2%	1.4%	7.0%



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[Click here](#) for our Financial historical and explanatory notes in EXCEL.

[Click here](#) for this report's spreadsheets in EXCEL.

Results conference call

[PORTUGUESE with simultaneous translation to ENGLISH]

Wednesday, March 20th, 2019

15:00 (Brasília)

2 pm (US-ET)

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Port Webcast: [click here](#)

English Webcast [click here](#)

Management comments

2018 was the second consecutive year of recovery in the Brazilian economy and in the brand-new vehicles market. The few reforms made in the last two years have already been able to restore, even if partially, the confidence of entrepreneurs and consumers. However, there are still reforms that will allow improve Brazilian governments fiscal situation and consequently foster the unemployment reduction and maintain the current interest rates and inflation levels in a sustainable way.

In 2018, we had the opportunity to observe the domestic new vehicles market recover 25% vs 2016, the worst year of the recent crisis. This growth is accompanied by a favorable credit scenario, in which default and interest rates are at record low levels, a growing auto financing granting and without any targeted tax incentives as there was in the past. We believe that despite the still high unemployment at the beginning of 2019, we will have good prospects for resumption of sales brand new vehicles growth also due to the increase in the average age of Brazilian fleet in the recent years. On the other hand, we are attentive to the performance of exports due to the crisis in Argentina, although this operation corresponds to a very small portion of our revenue.

In Tagma, in turn, we finally could reap the fruits of the efforts made over the difficult years, which routine of costs and expenses control have become imperative for most Brazilian companies, not mentioning the need to reevaluate loss-making businesses. Due to these measures, in 2018 we reached again the milestone of R\$ 200 million of adjusted EBITDA (the same level of 2013/2012) and R\$ 108 million of net profit (record level), despite the revenues still 20% lower than those years. This result, and the best economic scenario, also allowed us to resume gradually our distribution of dividends and JCP in the last years, without impairing our leveraging and our capacity to invest in the productivity improvement of our operations.

The innovation, which has always been in our DNA, was materialized into a source of knowledge and new ideas for us and our customers through the tegUP, our start-up accelerator. In 2018 we made our first investment in Company Frete Rapido, a marketplace of freights for the e-commerce retailers, which connects shippers and carriers to optimize the choice of the service provider. In addition, during the second round of selection 14 start-ups interacted with Tagma customers in an aggregating manner for in the Demoday. We are mindful of the transformations in the logistics world through tegUP and Tagma.

Our attention is also focused on the growth dynamics of direct sales of zero kilometer vehicles in the country, specially to car rental companies, which jointly represented 19% of vehicle sales in 2018 (according to ABLA – Brazilian Rent a Car Association) and might have an even greater representativeness in 2019. We believe that the trend of vehicle sharing and the use of transport apps are irreversible trends and we are ready to offer the quality service that we already provide to automakers, car rental companies and large fleet owners.

We are aware of the opportunities and transformations that the digital world can bring to the logistics in general and we believe that we are in a prime position to capture them.

Operational highlights – Automotive division

Domestic vehicle sales grew by 15.4% in 4Q18 versus 4Q17, confirming the trend of the year and 2018 volumes were 13.8% higher than 2017. Vehicles **exports**, in turn, reported a decrease of almost 47.4% compared to 4Q17 once again reflecting the crisis that Argentina is going through. Vehicles **production** in 4Q18 was 4.7% lower than 4Q17, due to lower exports consequently reduced automakers and dealers inventories.

The number of **vehicles transported** by Tegma dropped by 3.7% in 4Q18 [+3.6% in 2018] y-o-y, a performance that reflects in a loss of market share versus the same periods of the previous year, reflecting changes in customer mix sales.

The drop of 2.0% of **average distance for domestic** travels in 4Q18 [+1.9% in 2018], reflects the dynamics of vehicle sales across the country (Southeast and ex Southeast) and Tegma's delivery mix. **Average distance of exports** has remained at the level of the five last quarters.

Chart 1 – Wholesale sales (in thous) and Tegma market share

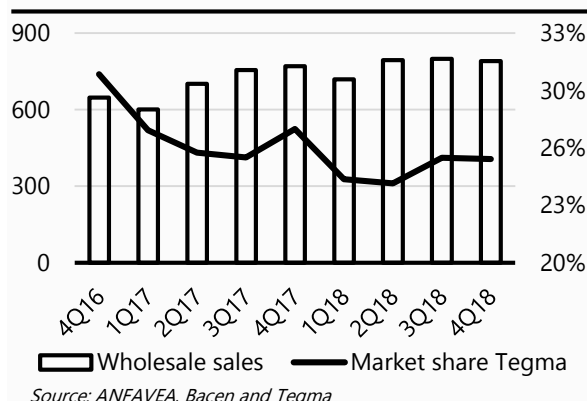
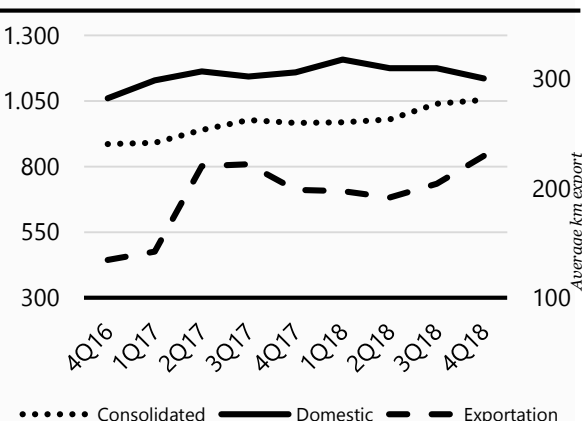


Chart 2 – Tegma's trips average distance (in km)



	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Vehicles and light commercial sales	790.5	3,070.8	0.5%	-0.1%	5.9%
Domestic	692.4	2,475.4	15.4%	5.9%	13.8%
Exportations	98.1	595.4	-47.4%	-28.6%	-17.8%
A - Estimated wholesale sales	789.9	3,102.1	2.5%	-1.2%	9.7%
(+) Production of vehicles and light commercial	651.9	2,746.7	-4.7%	-10.1%	5.8%
(+) Importation of vehicles	90.1	356.0	18.5%	-13.8%	41.7%
(-) OEM's inventories change	(47.9)	0.6	-	-	-
B - Vehicles transported	203.6	781.4	-3.7%	-1.5%	3.6%
Domestic	185.3	653.8	9.7%	4.2%	10.1%
Exportations	18.3	127.6	-56.9%	-36.6%	-20.5%
Market share (B / A) %	25.8%	25.2%	-1.7 p.p.	-0.1 p.p.	-1.5 p.p.
Average km per vehicle transported	1,054.5	1,012.8	9.2%	1.4%	7.0%
Domestic	1,136.0	1,171.1	-2.0%	-3.4%	1.9%
Exportations	229.9	202.0	15.7%	12.6%	3.2%

Source: ANFAVEA e BACEN

(in thousands, except average Km)

2018 non recurring events

Non-recurring events	3Q18	4Q18			2018		
	Int. log	Auto log	Int. log	Consol.	Auto log	Int. log	Consol.
Gross revenue	-	-	-	-	-	-	-
Deductions from gross revenue	(5.3)	4.1	0.4	4.5	4.1	(4.9)	(0.8)
(1) Spontaneous denunciation	(5.3)	-	-	-	-	(5.3)	(5.3)
(2) PIS/COFINS tax credit adjustments	-	4.1	0.4	4.5	4.1	0.4	4.5
Net Revenue	(5.3)	4.1	0.4	4.5	4.1	(4.9)	(0.8)
Cost of services provided	-	-	-	-	-	-	-
Gross profit	(5.3)	4.1	0.4	4.5	4.1	(4.9)	(0.8)
General and administrative expenses	-	(14.5)	(2.0)	(16.5)	(14.5)	(2.0)	(16.5)
(3) Discontinued operation defeat legal fees	-	-	(2.0)	(2.0)	-	(2.0)	(2.0)
(4) Direct civil contingency	-	(14.5)	-	(14.5)	(14.5)	-	(14.5)
Other net income (expenses)	-	-	(0.9)	(0.9)	-	(0.9)	(0.9)
(3) Discontinued operation defeat legal fees	-	-	(0.9)	(0.9)	-	(0.9)	(0.9)
Operating profit / EBITDA	(5.3)	(10.4)	(2.5)	(12.9)	(10.4)	(7.7)	(18.1)
Financial result	(2.0)	0.6	0.1	0.6	0.6	(2.0)	(1.4)
(1) Spontaneous denunciation monetary correction	(2.0)	-	-	-	-	(2.0)	(2.0)
(2) PIS/COFINS tax credit adjustments monetary correction	-	0.6	0.1	0.6	0.6	0.1	0.6
Profit before IR and CS	(7.3)	(9.8)	(2.4)	(12.3)	(9.8)	(9.7)	(19.5)
Income tax and social contribution	-	4.9	-	4.9	4.9	-	4.9
(4) Deferred tax under Direct civil contingency	-	4.9	-	4.9	4.9	-	4.9
Net profit/loss	(7.3)	(4.9)	(2.4)	(7.3)	(4.9)	(9.7)	(14.6)

1. Continuing our internal compliance process, we identified inaccuracies in the collection of tax related to the chemical operation of the integrated logistics division. As a result, we opted to present a **spontaneous denunciation** for the additional collection of ICMS (Tax on the Movement of Goods and Services) of the aforementioned operation regarding the last five years. Such regularization resulted in the recognition of an expense of R\$ 5.3 million in the line "Deductions of gross revenue", in addition to R\$ 2 million of fine and interest in the "financial expenses" line.

2. In December 2018, the Company recognized **PIS and COFINS tax credits** regarding the right to exclude the ICMS tax from the calculation basis of these two contributions. The recognized credits were based on the decision of Federal Supreme Court ("STF") of March 15, 2017 for a general impact. As the motion for clarification of the proceeding are still pending a decision, with no decision on the possibility of credits recognition of the preceding periods (in the case, five years before 2008), the recorded credits only cover the period from March 2017 to December 2018. The impact on the result was a credit of R\$ 10.6 million [R\$ 4.5 million related to 2017 and R\$ 6.1 million related to 2018] and a positive R\$ 0.6 million of monetary adjustment. Consider that the 4T18 adjusted EBITDA adjustment considers only the 2017 amount, or still considers the 9M18 amount.

3. The former subsidiary Direct Express (sold in 2014) had litigations with one of its customers claiming the additional payment for provided services. The claim was judged unfounded in the first and second instances, and because of this, that company, and consequently Tegma, as the successor of its liabilities and rights, was sentenced to the payment of **defeat legal fees** in the amount of R\$ 2.9 million. Although there is still the possibility of discussion in a higher instance, the result of Tegma has been affected by the beginning of the sentence execution.

4. The sale agreement of the former subsidiary Direct Express, signed between Tegma and 8M Participações, provided that Tegma would be liable to indemnify 8M Participações for any lawsuits corresponding to events prior to the date of purchase that exceeded R\$ 40 million. Considering that the analysis of potential future demands, based on the best estimates, shows that the amount has exceeded

it, Tagma decided to make an extraordinary **provision for possible future liabilities relating to Direct**, beyond the ordinary provisions along the year, in the amount of R\$ 14.5 million in December 2018, which impacted other expenses and revenues of the automotive division, as well as the corresponding impact on deferred income tax.

In [Annex I](#) there is a 2018 and 2017 income statement without non-recurring events and pro-forma without GDL.

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Results – Automotive division

The improvement in results by the automotive logistics division is a consequence of a better economic scenario in the country, which reflected in improved vehicle sales and the regional distribution of those sales, as well as the cost and expense control that we have been implementing for at least three years.

The gross revenue from the **vehicle logistics** operation grew by 15.0% for 4Q18 [19.4% in 2018] in the y-o-y comparison, a variation explained by: i) the decrease of 3.7% at 4Q18 [+3.6% for 2018] in the amount of vehicles transported (ii) average vehicle km growth of 9.2% for 4Q18 and 7.0% for 2018 versus the previous year; (iii) the price adjustment in 2018; and (iv) increased revenues from other services such as warehousing, yard management and PDI, as announced in the highlights.

The **deductions from gross revenue** at 4Q18 were impacted by non-recurring event 2 as described above. If disregarded, it would have grown 14% at 4Q18 [+14% in 2018] in the annual comparison, as shown in [Annex I](#).

The division **gross margin** variation for 2018 vs 2017 is equally impacted by the events described above. If we disregarded them, 4Q18 gross margin would have been 23.1% [21.7% in 2018] 40 bps lower [130 bps higher] in the annual comparison, respectively as shown in the [Annex I](#) and in the following page, reflecting the cost control carried out along 2018 and the fixed cost dilution, given the increase in revenue.

Operating and adjusted EBITDA margins were affected by several non-recurring events in 2018 and in 2017. Apart from those events described at the beginning of the document and in the [non-recurring events in 2017](#), we can see Adjusted EBITDA margins of 18.2% for 4Q18 [15.7% for 2018] a 340 bps margin growth for 4Q18 [270 bps for 2018] (as shown in [Annex I](#) and in the following page), driven by cost and expense control carried out along 2018 and the by better dilution of fixed costs, as a result of revenue growth.

Chart 3 – Gross revenue consolidated (in R\$ mi)

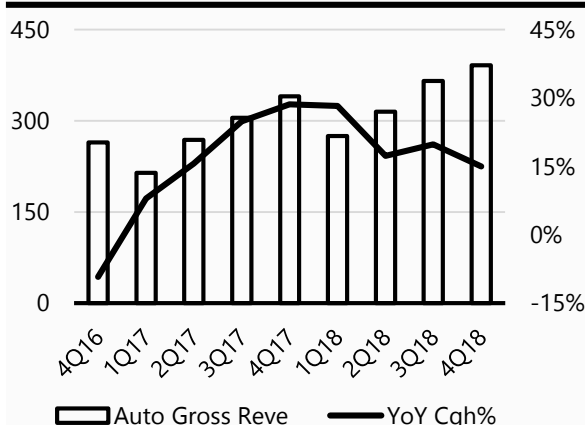
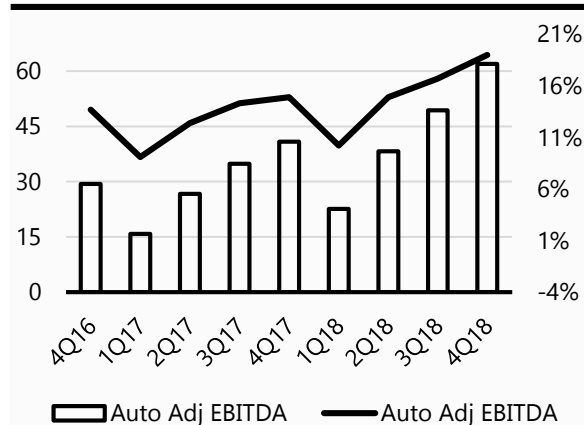


Chart 4 – Automotive adjusted EBITDA (in R\$ mi)



Automotive income statement	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Gross revenue	391.7	1,347.8	15.0%	7.1%	19.4%
Taxes and deductions	(65.4)	(247.0)	-0.5%	-6.2%	11.9%
Net revenue	326.3	1,100.8	18.7%	10.2%	21.2%
Cost of services	(244.8)	(858.5)	30.7%	6.4%	22.9%
Gross profit	81.5	242.3	-6.9%	23.4%	15.8%
Gross Margin	25.0%	22.0%	-6.9 p.p.	2.7 p.p.	-1.0 p.p.
Expenses	(33.8)	(98.5)	7.8%	63.3%	-4.2%
Operating income	47.6	143.8	-15.1%	5.1%	35.0%
EBITDA Margin%	14.6%	13.1%	-5.8 p.p.	-0.7 p.p.	1.3 p.p.
(+) Depreciation	3.9	18.0	3.3%	-3.7%	25.0%
EBITDA	51.6	161.8	-14.0%	4.4%	33.8%
(+) Non-recurring	10.4	10.4	-	-	-100.0%
Adjusted EBITDA	62.0	172.2	51.8%	25.4%	45.7%
EBITDA Margin%	19.0%	15.6%	4.1 p.p.	2.3 p.p.	2.6 p.p.

Automotive division income statement ex non-recurring events	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Gross revenue	391.7	1,347.8	15.0%	7.1%	19.4%
Taxes and deductions	(73.5)	(251.1)	11.8%	5.4%	13.7%
Net revenue	318.2	1,096.7	15.8%	7.5%	20.8%
Cost of services	(244.8)	(858.5)	15.8%	6.4%	18.8%
Gross profit	73.4	238.2	15.7%	11.1%	28.6%
<i>Gross Margin</i>	<i>23.1%</i>	<i>21.7%</i>	<i>-0.0 p.p.</i>	<i>0.8 p.p.</i>	<i>1.3 p.p.</i>
Expenses	(19.3)	(84.0)	-26.9%	-6.7%	3.1%
Operating income	54.1	154.2	46.1%	19.3%	48.6%
<i>EBITDA Margin%</i>	<i>17.0%</i>	<i>14.1%</i>	<i>3.5 p.p.</i>	<i>1.7 p.p.</i>	<i>2.6 p.p.</i>
(+) Depreciation	3.9	18.0	3.3%	-3.7%	25.0%
EBITDA	58.0	172.2	42.1%	17.4%	45.7%
(+) Non-recurring	10,4	10,4	-	-	-
Adjusted EBITDA	58.0	172.2	42.1%	17.4%	45.7%
<i>EBITDA Margin%</i>	<i>18.2%</i>	<i>15.7%</i>	<i>3.4 p.p.</i>	<i>1.5 p.p.</i>	<i>2.7 p.p.</i>

* Note: The same adjustment nº 2 of 2018 events in income statement (gross revenue deductions) above was considered with different amounts:

i) R\$ 8.1 million for 4Q18 because this was the adjustment referring to 9M18 and 2017 and ii) R\$ 4.1 million in 2018, due to the fact that out of the total amount of the adjustment (R\$ 9.7 million) R\$ 5.6 million refers to the fiscal year of 2018.

* To access those spreadsheets in Excel, [Click here](#).

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Results – Integrated logistics division

The integrated logistics division has performed consistently with the restructuring that has been carried out in recent years. The resumption of economy allowed us to present a significant revenue growth, which, together with the cost and expense control, are reflected in better operating results.

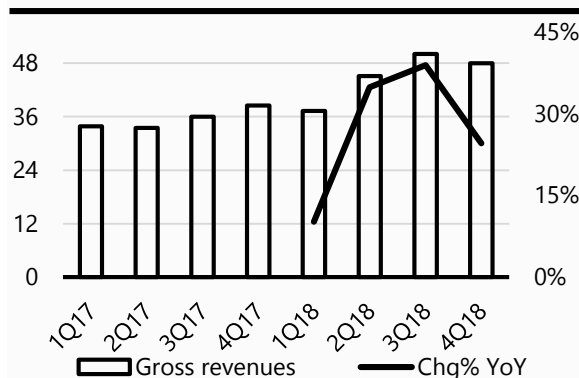
The warehouse operation **gross revenue** fell in 4Q18 versus 4Q17 due to the fact that GDL had become equity in January 2018. Disregarding this change, the operation revenue would have grown by 13.4% [28.7% in 2018] in the annual comparison, explained by new customers in the food sector and by the growth of current customers. The **industrial logistics** revenue for 4Q18 was stable versus 4Q17 and 4% higher for 2018 vs 2017.

The **deductions from gross revenue** of the industrial logistics operation were impacted by non-recurring events and by the reclassification of GDL to equity.

The 2018 vs 2017 division **gross margin** comparison was compromised by GDL becoming equity and by non-recurring events. If they were disregarded, in 4Q18 the gross margin would have been 12.1% [13.3% in 2018], 150 bps and 10 bps higher respectively in the annual comparison, due to the restructuring carried out mainly in the warehouse operation, coupled with the increase in revenue and cost control, as shown in [Annex I](#) and in the following page.

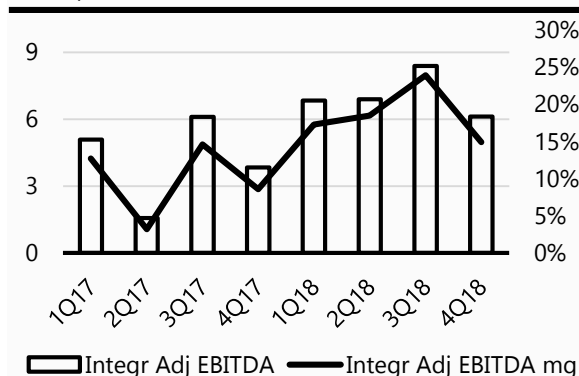
The division **adjusted EBITDA margins**, adjusted by the same criteria, as shown in [Annex I](#) or in the following page, was 14.3% for 4Q18 [18.1% for 2018], 120 bps and 230 bps higher y-o-y, respectively. An additional negative event that was not part of "non-recurring" was the accounts receivables withdraw of a warehouse operation client in judicial recovery amounting R\$ 1.75 million.

Chart 5 – Gross Revenue Integrated Logistics (in R\$ mi)



*** 2017 and jan/18 proforma ex-GDL*

Chart 6 – Adjusted EBITDA Integrated Logistics (in R\$ mi)



*** 2017 and jan/18 proforma ex-GDL*

Integrated Logistics Division	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Gross revenue	48.0	190.9	-11.3%	-4.1%	-5.2%
Warehouse	12.2	47.6	-33.6%	13.4%	-25.0%
Industrial logistics	35.8	143.3	0.1%	-8.9%	4.0%
Gross revenue deductions	(7.0)	(37.9)	-25.7%	-53.0%	49.3%
Net revenue	41.0	153.0	-8.3%	16.6%	-13.0%
Cost of services	(35.4)	(137.3)	-5.5%	3.0%	-9.2%
Gross profit	5.6	15.7	-22.7%	591.3%	-36.3%
Gross Margin %	13.7%	10.3%	-2.5 p.p.	11.4 p.p.	-3.8 p.p.
Expenses	(4.7)	(6.5)	-49.9%	939.5%	-70.2%
Operating income	0.9	9.2	-	160.7%	212.6%
EBIT Margin%	2.3%	6.0%	6.9 p.p.	1.3 p.p.	4.4 p.p.
(+) Depreciation	2.7	11.3	-26.0%	-3.2%	-17.9%
EBITDA	3.6	20.5	129.9%	15.7%	22.9%
(+) Non-recurring	2.5	7.7	10.0%	-52.7%	-
Adjusted EBITDA	6.1	28.2	59.3%	-27.1%	70.2%
EBITDA Margin%	14.9%	18.5%	6.3 p.p.	-8.9 p.p.	9.0 p.p.

Integrated Logistics Division ex-GDL in Jan/18 and 2017 and ex non-recurrings	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Gross revenue	48.0	188.2	3.2%	-4.1%	9.0%
Warehouse	12.2	44.9	13.4%	13.4%	28.8%
Industrial logistics	35.8	143.3	0.1%	-8.9%	4.0%
Gross revenue deductions	(7.8)	(33.1)	-2.7%	-19.7%	7.3%
Net revenue	40.2	155.1	4.4%	-0.4%	9.4%
Cost of services	(35.4)	(134.5)	2.6%	3.0%	9.2%
Gross profit	4.9	20.6	19.5%	-20.0%	10.4%
<i>Gross Margin %</i>	<i>12.1%</i>	<i>13.3%</i>	<i>1.5 p.p.</i>	<i>-2.9 p.p.</i>	<i>0.1 p.p.</i>
Expenses	(1.8)	(3.6)	3.8%	300.6%	-42.4%
Operating income	3.1	17.1	31.2%	-45.5%	36.5%
<i>EBIT Margin%</i>	<i>7.6%</i>	<i>11.0%</i>	<i>1.6 p.p.</i>	<i>-6.3 p.p.</i>	<i>2.2 p.p.</i>
(+) Depreciation	2.7	11.0	-0.4%	-3.2%	10.4%
EBITDA	5.7	28.0	14.2%	-31.5%	25.0%
(+) Non-recurring	-	-	-	-	-
Adjusted EBITDA	5.7	28.0	14.2%	-31.5%	25.0%
<i>EBITDA Margin%</i>	<i>14.3%</i>	<i>18.1%</i>	<i>1.2 p.p.</i>	<i>-6.5 p.p.</i>	<i>2.3 p.p.</i>

* Note: The same adjustment n° 2 of 2018 events in income statement (gross revenue deductions) above was considered with different amounts:

i) R\$ 0.7 million for 4Q18 because this was the adjustment referring to 9M18 and 2017 and ii) R\$ 0.3 million in 2018, due to the fact that out of the total amount of the adjustment (R\$ 0.9 million) R\$ 0.5 million refers to the fiscal year of 2018.

* To access those spreadsheets in Excel, [Click here](#).

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Results - Consolidated

For better analysis [click here](#) to access the pro-forma spreadsheet without GDL or in [Annex I](#) to see the pro forma result without non-recurring events.

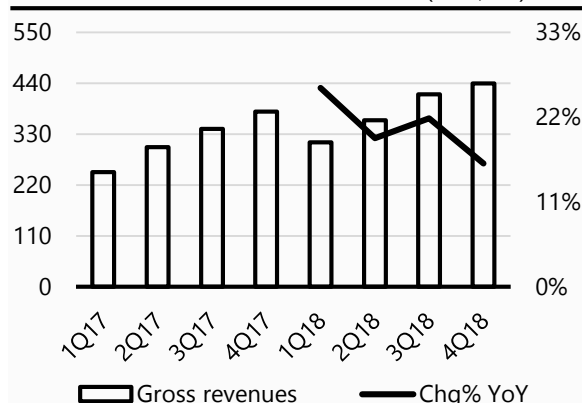
In the pro-forma figures we highlight the 14.4% growth of **net revenue** for 4Q18 [+19.2% for 2018] in the annual comparison.

The **gross margin** not considering the non-recurring events already explained would be 21.8% for 4Q18 [20.7% for 2018] a 30 bps gain [+130 bps for 2018] in y-o-y comparison, as shown in [Annex I](#), reflecting revenue growth and cost control.

The 2017 and 2018 **expenses** were heavily impacted by non-recurring events. If we disregarded them (as shown in the next page and in [Annex I](#)), expenses for 4Q18 would have been 25% lower than 4Q17 because in the previous year expenses were higher than usual. In the same comparison, 2018 expenses would have remained stable versus 2017 (R\$ 87.5 million), reflecting the control carried out throughout the year.

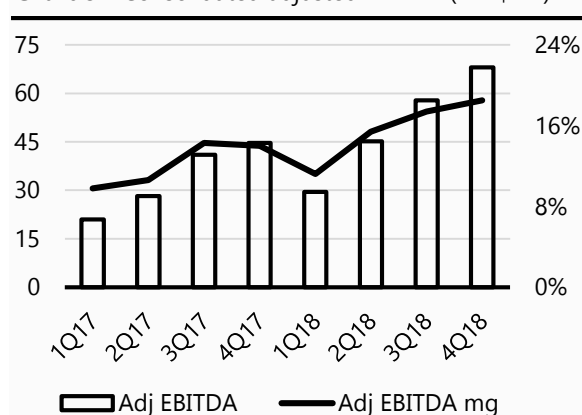
The expansion of 4Q18 and 2018 **EBITDA margin**, as can be seen in the next page and in [Annex I](#), would have been 18.9% and 16%, or a 430 and 260 bps expansion respectively, due to the growth of the automotive market and the improvement of integrated logistics operations.

Chart 7 – Gross revenue consolidated (in R\$ mi)



*** 2017 and jan/18 proforma ex-GDL*

Chart 8 – Consolidated adjusted EBITDA (in R\$ mi)



*** 2017 and jan/18 proforma ex-GDL*

Consolidated	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Gross revenue	439.6	1,538.7	11.4%	5.7%	15.7%
Warehouse	391.7	1,347.8	15.0%	7.1%	19.4%
Industrial logistics	48.0	190.9	-11.3%	-4.1%	-5.2%
Gross revenue deductions	(72.4)	(284.9)	-3.7%	-14.4%	15.7%
Net revenue	367.2	1,253.8	14.9%	10.9%	15.7%
Cost of services	(280.2)	(995.8)	24.7%	6.0%	17.1%
Personel	(31.4)	(116.1)	7.3%	7.3%	4.8%
Freight	(230.7)	(803.1)	14.9%	5.5%	19.1%
Others	(42.4)	(162.7)	-4.6%	6.8%	-0.6%
PIS and COFINS credit	24.3	86.0	-51.2%	4.4%	-12.7%
Gross profit	87.1	258.0	-8.1%	30.2%	10.3%
Gross Margin %	23.7%	20.6%	-6.0 p.p.	3.5 p.p.	-1.0 p.p.
Expenses	(38.5)	(104.9)	-5.4%	81.9%	-15.7%
Operating income	48.6	153.0	-10.2%	6.3%	39.8%
EBIT Margin%	13.2%	12.2%	-3.7 p.p.	-0.6 p.p.	2.1 p.p.
(+) Depreciation	6.6	29.3	-11.0%	-3.5%	4.1%
EBITDA	55.2	182.3	-10.3%	5.1%	32.5%
(+) Non-recurring	12.9	18.1	-	145.3%	-
Adjusted EBITDA	68.1	200.5	52.4%	17.8%	48.7%
EBITDA Margin%	18.5%	16.0%	4.6 p.p.	1.1 p.p.	3.6 p.p.

Consolidated ex-GDL in Jan/18 and 2017 and ex non-recurrings	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Gross revenue	439.6	1,536.0	13.6%	5.7%	18.0%
Warehouse	391.7	1,347.8	15.0%	7.1%	19.4%
Industrial logistics	48.0	188.2	3.2%	-4.1%	9.0%
Gross revenue deductions	(81.2)	(284.2)	10.2%	2.4%	12.9%
Net revenue	358.4	1,251.8	14.4%	6.5%	19.2%
Cost of services	(280.2)	(993.0)	14.0%	6.0%	17.4%
Personel	(31.4)	(115.0)	21.5%	7.3%	18.1%
Freight	(230.7)	(803.1)	14.9%	5.5%	19.1%
Others	(42.4)	(161.2)	7.3%	6.8%	10.7%
PIS and COFINS credit	24.3	86.2	20.1%	4.4%	21.5%
Gross profit	78.2	258.8	15.9%	8.5%	26.9%
<i>Gross Margin %</i>	21.8%	20.7%	0.3 p.p.	0.4 p.p.	1.3 p.p.
Expenses	(21.1)	(87.5)	-25.0%	-0.2%	-0.1%
Operating income	57.1	171.3	45.2%	12.1%	47.3%
<i>EBIT Margin%</i>	15.9%	13.7%	3.4 p.p.	0.8 p.p.	2.6 p.p.
(+) Depreciation	6.6	29.0	1.8%	-3.5%	19.0%
EBITDA	63.7	200.2	39.0%	10.3%	42.4%
(+) Non-recurring	-	-	-	-	-
Adjusted EBITDA	63.7	200.2	39.0%	10.3%	42.4%
<i>EBITDA Margin%</i>	17.8%	16.0%	3.2 p.p.	0.6 p.p.	2.6 p.p.

* Note: The same adjustment nº 2 of 2018 events in income statement (gross revenue deductions) above was considered with different amounts:
 i) R\$ 8.8 million for 4Q18 because this was the adjustment referring to 9M18 and 2017 and ii) R\$ 4.5 million in 2018, due to the fact that out of the total amount of the adjustment (R\$ 10.6 million) R\$ 6.1 million refers to the fiscal year of 2018.

* To access those spreadsheets in Excel, [Click here](#).

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Results – Consolidated ...continuation

The decrease in interest expenses, net of revenue from financial investments for 4Q18 and for 2018 in the annual comparison is due to the reduction of basic interest rate, of nominal gross debt and its spread, and also the company's average cash. In 2018 and in 4Q18 we also had the following non-recurring events.

	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Revenue from financial investments	1.7	7.6	-38.5%	12.8%	-51.7%
Interest expenses	(3.0)	(12.7)	-36.8%	3.8%	-52.3%
Interest expenses, net of revenue from financial investments	(1.2)	(5.2)	-34.3%	-6.7%	-53.2%
(1) Spontaneous denunciation monetary correction	-	(2.0)	-100.0%	-	-100.0%
(2) PIS/COFINS tax credit adjustments monetary correction	0.6	0.6	-	-	-
Other	(0.8)	(2.6)	-	-51.4%	170.2%
Financial result	(1.4)	(9.1)	-	-71.7%	-

Equity, which corresponds to the operation of GDL (50% bonded and general warehousing in Espírito Santo), was positive by R\$ 0.7 million in 4Q18. In 2018 it became positive in R\$ 0.4 million. In the table beside we can see the 100% GDL income statement, showing a revenues growth and positive operational and net results for 4Q18. In 2017, when the operation was still 100% consolidated in Tegma results, the net loss of the operation was R\$ 9.9 million (pro-forma result, not considering the FUNDAP lawsuit favorable decision of R\$ 9.8 million, since the operation was not a corporate unit in itself). This piece of information for 2017 is contained in the financial historical file in the Annex tab.

	Chg % vs		
GDL	4Q18	3Q18	4Q18
Net Revenue	17.4	14.9	16.6%
Costs of services	(14.7)	(12.6)	16.3%
General and administrative expenses	(1.5)	(1.6)	-8.2%
EBIT	1.1	0.6	90.8%
<i>EBIT Margin%</i>	<i>6.6%</i>	<i>4.0%</i>	<i>2.6 p.p.</i>
Net income/(loss)	1.4	0.5	166.4%
<i>Net margin %</i>	<i>8.1%</i>	<i>3.6%</i>	<i>4.6 p.p.</i>

The effective **income tax** rate for 4Q18 was 26.9% due to the tax benefit of payment of interest on equity and to the income from ICMS tax credit if it were excluded from the tax base. For 2018 the effective income tax rate was 25.0% due to the combination of the same events as previously explained.

	4Q18	2018	Chg % vs		
			4Q17	3Q18	2017
Income before tax	47.9	144.3	-28.9%	16.6%	22.8%
<i>Real tax rate</i>	-34.0%	-34.0%	-	-	-
Income tax and social contribution at the nominal rates	(16.3)	(49.1)	-28.9%	16.6%	22.8%
LALUR 2014	-	-	-	-	-100.0%
Presumed ICMS tax credit	1.5	5.7	-	-	-
Interest on own capital	1.3	7.0	-	-	-
Permanent differences, equity equivalence and others	0.5	0.3	-	43.1%	-
Income tax	(12.9)	(36.0)	54.9%	29.7%	162.5%
<i>Effective tax Rate</i>	<i>-26.9%</i>	<i>-25.0%</i>	<i>-14.6 p.p.</i>	<i>-2.7 p.p.</i>	<i>-13.3 p.p.</i>

The decrease in **net profit** in 4Q18 and modest growth in 2018 in the annual comparison is a consequence of non-recurring positive events in 2017 and negative ones in 2018.

	4Q18	2018	Chg % vs		
Consolidated			4Q17	3Q18	2017
Operating income	48.6	153.0	-10.1%	6.3%	40.1%
Financial result	(1.4)	(9.1)	-	-71.7%	-
Equity	0.7	0.4	14.4%	99.6%	-
Income before tax	47.9	144.3	-28.9%	16.6%	22.8%
Income tax	(12.9)	(36.0)	54.9%	29.7%	162.5%
Net income	35.0	108.2	-40.7%	12.5%	4.3%

Cash flow

4Q18 **free cash flow** was R\$ 1.5 million, impacted positively by better operating results, but negatively by higher CAPEX and a higher cash cycle. In 2018 free cash flow totaled R\$ 71.7 million, positively impacted by the utilization of R\$ 38 million extemporaneous tax credits, as explained in the event 7 explained in [non-recurring events in 2017](#). Disregarding this non-recurring event, the free cash flow for 2018 would have been R\$ 27.2 million lower than for 2017 despite the better operating result, mainly due to the CAPEX of 2018 R\$ 9.1 million higher and also to the increase of cycle, explained below.

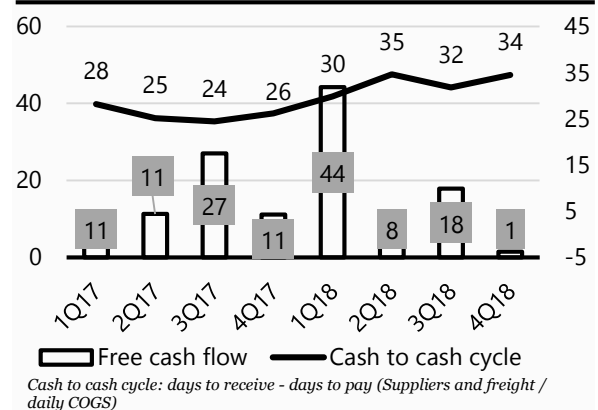
The company's **cash to cash cycle** has been at a higher level in recent quarters, as shown in Chart 9 due to the renegotiation of the term of receipt for some customers. The cash to cash cycle tends to remain at a higher level than historical ones.

CAPEX for 4Q18 was R\$ 13.3 million [R\$ 35.4 million for 2018], according to the segregation shown in the following table. The most relevant investment in the quarter, as announced in 3Q18, was the acquisition and improvement of land plot in the city of Sorocaba, state of São Paulo, which totaled R\$ 17.4 million in 2018 to support the operations of the Toyota plant in the same city.

Net cash generated by investing activities (ex CAPEX)

for 4Q18 was negative by R\$ 15.9 million due to the payment of IOC/dividends. In 2018, the payment of dividends and IOC added up to R\$ 75 million, the payment (net from funding) of debts was R\$ 61.4 million, totaling the net R\$ 137.3 million in the year.

Chart 9 – Free cash flow (in R\$ mi) and cash to cash cycle (in days) consolidated



CAPEX	4Q18	4Q17	2018	2017
Land improvements	6.8	-	17.4	-
New operations	0.4	-	2.3	-
Maintenance	2.0	2.8	6.4	9.5
General improvements	1.4	-	2.5	2.9
IT	2.7	1.3	6.7	5.0
Contract renewal	-	-	-	7.8
Total	13.3	4.1	35.4	25.2

(consolidated)

	4Q18	4Q17	2018	2017
A - Cash at beginning of period	98.0	145.3	148.7	192.9
Operating cash flow (1)	12.7	16.5	104.9	85.0
(-) Capital expenditures "cash" (2)	(11.2)	(5.4)	(33.2)	(24.2)
B - Free cash flow (1 + 2)	1.5	11.2	71.7	60.8
C - Net cash generated by investing activities (ex CAPEX)	0.0	0.2	0.5	(11.3)
D - Net cash from financing activities	(15.9)	(7.9)	(137.3)	(93.6)
(=) Cash at end of period (A + B + C + D)	83.5	148.7	83.5	148.7

(consolidated)

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Debt and Cash

The company's leverage is under control below the 0.5x level of adjusted EBITDA of the last twelve months for an year.

The **net debt** in December 31, 2018 was R\$ 75.0 million vs R\$ 60.9 million in September 30, 2018.

4Q18 **net debt / LTM adjusted EBITDA** index was 0.4x vs 0.3x in 3Q18. The calculation of the coverage ratio (which is equivalent to adjusted EBITDA / financial result) was 22x. The company's covenants are <2.5x e >1.5x, respectively.

The **gross debt average cost** in December 31, 2018 was CDI + 1.38% a.a, vs CDI + 1.56% in December 31, 2017.

In 3Q18 Tegma issued a debt in res. 4,131 amounting R\$ 50 million at a cost of CDI + 0.89% with maturity of 2020 and with the proceeds we pre – paid a NCE (export credit bill) amounting R\$ 40 million that would expire in 2019 and at a cost of CDI + 2.0%. With that, we reduce the maturities of 2019 and the average cost of the gross debt.

As mentioned in a subsequent event in the 4Q18 FS's, on February 15, 2019, the Company paid the principal and interest of the debentures (1st series) in the amount of R\$ 48.4 million. As a result, the debt amortization schedule shown in chart 11 would show a debt of R\$ 5 million due for 2019.

Chart 10 – Debt and cash consolidated (in R\$ mi)

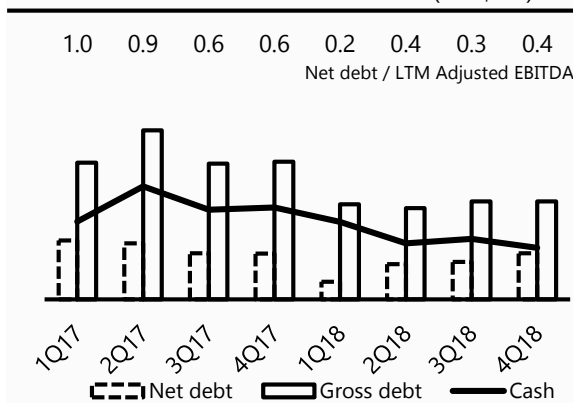
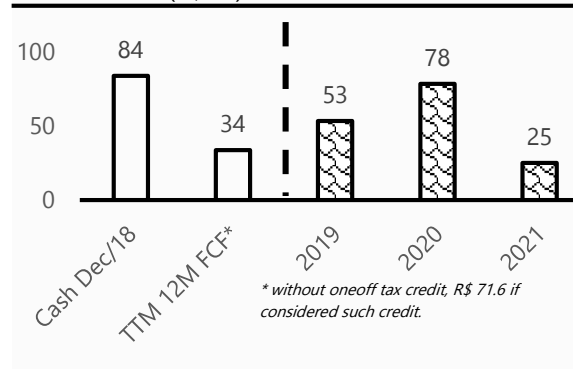


Chart 11 – Cash, FCF and Principal debt schedule amortization (R\$ mi)



	4Q18	3Q18	4Q17
Current debt	54.8	52.3	72.6
Non-current debt	103.8	106.6	150.3
Gross debt	158.6	158.9	222.9
(-) Cash	1.3	1.2	0.4
(-) Banking investments	82.2	96.7	148.3
Net debt	75.0	60.9	74.1
Adjusted EBITDA TTM	200.5	177.0	134.8
<i>Net debt / Adjusted EBITDA TTM</i>	<i>0.4</i>	<i>0.3</i>	<i>0.6</i>
Financial result TTM	(9.1)	3.5	8.8
<i>Adjusted EBITDA TTM / Financial result TTM</i>	<i>22.0</i>	-	-

(consolidated)

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Return on invested capital

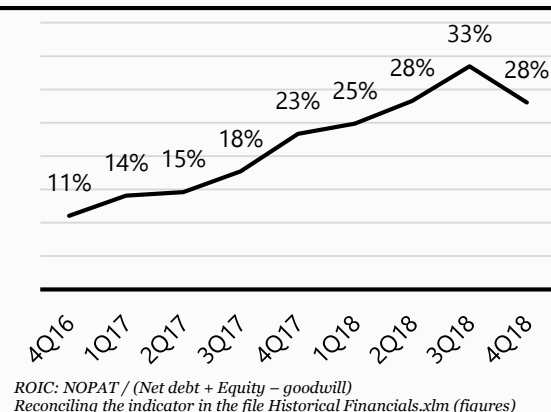
Given that the company believes that return on invested capital (ROIC) is significant for investors, since it reflects the company's value creation, we disclose the criteria that we consider the most appropriate for the company. ROIC is not a substitute for other accounting measures in accordance with IFRS and may not be comparable to similar measures used by other companies. The Company defines ROIC as operating profit (after-tax of 34%), divided by the capital invested (shareholders' equity plus net debt minus merger and acquisition goodwill) of the previous 12 months.

The consolidated ROIC of the company, as shown in graph 12 and in table below, presented a significant recovery in the last two years.

The recovery from half of 2016 was due to improved revenue and operating results of both divisions and discipline in the management of operational assets. In addition, the positive free cash flow in recent years has resulted in the reduction of the company's net debt and, consequently, the reduction of the capital employed.

The ROIC decrease in 4Q18 vs 3Q18, despite the improvement in operating results, is due to non-recurring events impacting operating profit and NOPAT (based on the last 12 months). In 3Q18 these events totaled positive R\$ 11.6 million (consisting mainly of the 4Q18 PIS-COFINS credit), and that, in 4Q18, those events became negative R\$ 18 million mainly as a result of the civil contingency of the former subsidiary Direct Express in 4Q18.

Chart 12 – Return on invested capital (ROIC) and



	4T16	1T17	2T17	3T17	4T17	1T18	2T18	3T18	4T18
ROIC (A / B)	11,1%	14,1%	14,6%	17,7%	23,3%	24,9%	28,3%	33,5%	28,0%
NOPAT (L. Oper *(1-34%) (A)	38,9	43,4	47,0	53,5	72,3	77,7	92,9	104,6	101,0
Lucro operacional (soma 4 trimestres)	58,9	65,7	71,2	81,0	109,5	117,7	140,8	158,5	153,0
Capital empregado (B) (12 meses atrás)	351,5	308,0	321,5	301,8	309,9	312,0	328,3	312,7	360,4
(+) Dívida líquida	150,0	109,2	123,4	99,8	98,7	95,4	90,8	74,7	74,1
(+) Patrimônio líquido	365,4	362,8	362,1	365,9	375,1	380,5	400,1	400,6	448,8
(-) Ágios de aquisição	163,9	163,9	163,9	163,9	163,9	163,9	162,6	162,6	162,6

(consolidated)

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Annex I – Income stat ex-GDL in 2017 and in Jan/18 and ex non recurr. events

Automotive logistics ex non recurring events	4Q17	Adj's	4Q17'	4Q18	Adj's	4T18'	2017	Adj's	2017'	2018	Adj's	2018'	4Q18' Vs 4Q17'	2018' Vs 2017'
Gross revenue'	340.6	-	340.6	391.7	-	391.7	1,128.9	-	1,128.9	1,347.8	-	1,347.8	15.0%	19.4%
Deductions from gross revenue'	(65.7)	-	(65.7)	(65.4)	8.1	(73.5)	(220.8)	-	(220.8)	(247.0)	4.1	(251.1)	11.8%	13.7%
Net Revenue'	274.8	-	274.8	326.3	8.1	318.2	908.1	-	908.1	1,100.8	4.1	1,096.7	15.8%	20.8%
(-) Cost of services provided'	(187.3)	24.1	(211.4)	(244.8)	-	(244.8)	(698.8)	24.1	(722.9)	(858.5)	-	(858.5)	15.8%	18.8%
Gross profit'	87.5	24.1	63.4	81.5	8.1	73.4	209.3	24.1	185.2	242.3	4.1	238.2	15.7%	28.6%
Gross mg %'	31.8%	(8.8)	23.1%	25.0%	(1.9)	23.1%	23.0%	(2.7)	20.4%	22.0%	(0.3)	21.7%	(0.0)	1.3
Expenses'	(31.4)	(5.0)	(26.4)	(33.8)	(14.5)	(19.3)	(102.8)	(21.3)	(81.4)	(98.5)	(14.5)	(84.0)	-26.9%	3.1%
Operating profit'	56.1	19.1	37.0	47.6	(6.4)	54.1	106.5	2.8	103.8	143.8	(10.4)	154.2	46.1%	48.6%
Operating mg %'	20.4%	(7.0)	13.5%	14.6%	2.4	17.0%	11.7%	(0.3)	11.4%	13.1%	1.0	14.1%	3.5	2.6
(+) Depreciation'	3.8	-	3.8	3.9	-	3.9	14.4	-	14.4	18.0	-	18.0	3.3%	25.0%
EBITDA'	59.9	19.1	40.8	51.6	(6.4)	58.0	120.9	2.8	118.2	161.8	(10.4)	172.2	42.1%	45.7%
(+) Non recurring'	(19.1)	(19.1)	-	10.4	10.4	-	(2.8)	(2.8)	-	10.4	10.4	-	-	-
Adjusted EBITDA'	40.8	-	40.8	62.0	4.0	58.0	118.2	-	118.2	172.2	-	172.2	42.1%	45.7%
Adjusted EBITDA mg %'	14.9%	-	14.9%	19.0%	(0.8)	18.2%	13.0%	-	13.0%	15.6%	0.1	15.7%	3.4	2.7

Integrated logistics ex GDL (2017 and Jan/18) and ex 2017/2018 non recurring events	4Q17	Adj's	4Q17'	4Q18	Adj's	4T18'	2017	Adj's	2017'	2018	Adj's	2018'	4Q18' Vs 4Q17'	2018' Vs 2017'
Gross revenue'	46.5	-	46.5	48.0	-	48.0	172.6	-	172.6	188.2	-	188.2	3.2%	9.0%
Warehouses'	10.7	-	10.7	12.2	-	12.2	34.9	-	34.9	44.9	-	44.9	13.4%	28.8%
Industrial logistics'	35.7	-	35.7	35.8	-	35.8	137.8	-	137.8	143.3	-	143.3	0.1%	4.0%
Deductions from gross revenue'	(8.0)	-	(8.0)	(7.0)	0.7	(7.8)	(30.8)	-	(30.8)	(37.9)	(4.9)	(33.1)	-2.7%	7.3%
Net Revenue'	38.5	-	38.5	41.0	0.7	40.2	141.8	-	141.8	150.2	(4.9)	155.1	4.4%	9.4%
(-) Cost of services provided'	(29.3)	5.1	(34.4)	(35.4)	-	(35.4)	(118.0)	5.1	(123.1)	(134.5)	-	(134.5)	2.6%	9.2%
Gross profit'	9.2	5.1	4.1	5.6	0.7	4.9	23.8	5.1	18.7	15.7	(4.9)	20.6	19.5%	10.4%
Gross mg %'	23.9%	(13.4)	10.5%	13.7%	(1.6)	12.1%	16.8%	(3.6)	13.2%	10.5%	2.8	13.3%	1.5	0.1
Expenses'	(9.1)	(7.4)	(1.7)	(4.7)	(2.9)	(1.8)	(21.1)	(14.9)	(6.2)	(6.4)	(2.9)	(3.6)	3.8%	-42.4%
Operating profit'	0.1	(2.3)	2.3	0.9	(2.1)	3.1	2.8	(9.7)	12.5	9.3	(7.7)	17.1	31.2%	36.5%
Operating mg %'	0.2%	5.9	6.1%	2.3%	5.3	7.6%	2.0%	6.9	8.8%	6.2%	4.8	11.0%	1.6	2.2
(+) Depreciation'	2.7	-	2.7	2.7	-	2.7	9.9	-	9.9	11.0	-	11.0	-0.4%	10.4%
EBITDA'	2.8	(2.3)	5.0	3.6	(2.1)	5.7	12.7	(9.7)	22.4	20.3	(7.7)	28.0	14.2%	25.0%
(+) Non recurring'	2.3	2.3	-	2.5	2.5	-	9.8	9.8	-	7.7	7.7	-	-	-
Adjusted EBITDA'	5.0	-	5.0	6.1	0.4	5.7	22.5	-	22.5	28.0	-	28.0	14.3%	24.8%
Adjusted EBITDA mg %'	13.1%	-	13.1%	14.9%	(0.6)	14.3%	15.8%	-	15.8%	18.6%	(0.6)	18.1%	1.2	2.2

Consolidated ex GDL (2017 and Jan/18) and ex 2017/2018 non recurring events	4Q17	Adj's	4Q17'	4Q18	Adj's	4T18'	2017	Adj's	2017'	2018	Adj's	2018'	4Q18' Vs 4Q17'	2018' Vs 2017'
Gross revenue'	387.0	-	387.0	439.6	-	439.6	1,301.5	-	1,301.5	1,536.0	-	1,536.0	13.6%	18.0%
Deductions from gross revenue'	(73.7)	-	(73.7)	(72.4)	8.8	(81.2)	(251.6)	-	(251.6)	(284.9)	(0.8)	(284.2)	10.2%	12.9%
Net Revenue'	313.3	-	313.3	367.2	8.8	358.4	1,049.9	-	1,049.9	1,251.1	(0.8)	1,251.8	14.4%	19.2%
(-) Cost of services provided'	(216.6)	29.2	(245.8)	(280.2)	-	(280.2)	(816.8)	29.2	(846.0)	(993.0)	-	(993.0)	14.0%	17.4%
Gross profit'	96.7	29.2	67.5	87.1	8.8	78.2	233.1	29.2	203.9	258.0	(0.8)	258.8	15.9%	26.9%
Gross mg %'	30.9%	(9.3)	21.5%	23.7%	(1.9)	21.8%	22.2%	(2.8)	19.4%	20.6%	0.0	20.7%	0.3	1.3
Expenses'	(40.5)	(12.4)	(28.1)	(38.5)	(17.4)	(21.1)	(123.8)	(36.2)	(87.6)	(104.9)	(17.4)	(87.5)	-25.0%	-0.1%
Operating profit'	56.2	16.9	39.3	48.6	(8.5)	57.1	109.3	(7.0)	116.3	153.1	(18.1)	171.3	45.2%	47.3%
Operating mg %'	17.9%	(5.4)	12.6%	13.2%	2.7	15.9%	10.4%	0.7	11.1%	12.2%	1.4	13.7%	3.4	2.6
(+) Depreciation'	6.5	-	6.5	6.6	-	6.6	24.3	-	24.3	29.0	-	29.0	1.8%	19.0%
EBITDA'	62.7	16.9	45.8	55.2	(8.5)	63.7	133.6	(7.0)	140.6	182.1	(18.1)	200.2	39.0%	42.4%
(+) Non recurring'	(16.9)	(16.9)	-	12.9	12.9	-	7.0	7.0	-	18.1	18.1	-	-	-
Adjusted EBITDA'	45.8	-	45.8	68.1	4.3	63.7	140.6	-	140.6	200.2	-	200.2	39.0%	42.4%
Adjusted EBITDA mg %'	14.6%	-	14.6%	18.5%	(0.8)	17.8%	13.4%	-	13.4%	16.0%	(0.0)	16.0%	3.2	2.6
Operating profit'	56.2	16.9	39.3	48.6	(8.5)	57.1	109.3	(7.0)	116.3	153.1	(18.1)	171.3	45.2%	47.3%
Financial result'	12.6	13.0	(0.4)	(1.4)	0.6	(2.0)	9.0	20.7	(11.7)	(9.1)	(1.4)	(7.7)	451.4%	-34.2%
Equity'	(1.5)	-	(1.5)	0.7	-	0.7	(0.8)	-	(0.8)	0.4	-	0.4	-144.2%	-145.4%
Profit before IR and CS'	67.3	29.9	37.4	47.8	(7.9)	55.8	117.5	13.8	103.7	144.4	(19.5)	163.9	49.0%	58.0%
Income tax and social contribution'	(8.3)	1.1	(9.5)	(12.9)	4.9	(17.8)	(13.7)	17.2	(31.0)	(36.0)	4.9	(41.0)	88.2%	32.3%
Net profit/loss'	59.0	31.0	28.0	35.0	(3.0)	38.0	103.8	31.0	72.8	108.3	(14.6)	123.0	35.7%	69.0%

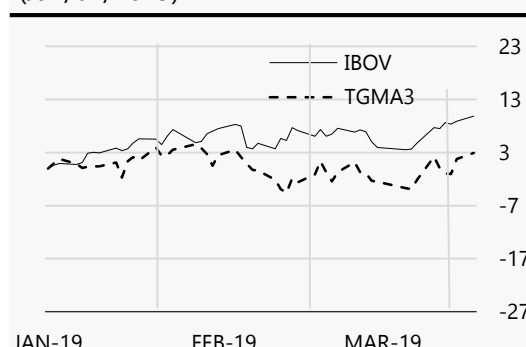
* Note: The 2018 adjustment nº 2 in income statement (gross revenue deductions) in the beginning of the document was considered with different amounts in this reconciliation: i) R\$ 8.8 million for 4Q18 because this was the adjustment referring to 9M18 and to 2017 and ii) R\$ 4.5 million in 2018, due to the fact that out of the total amount of the adjustment (R\$ 10.6 million) R\$ 6.1 million refers to the fiscal year of 2018.

* To access those spreadsheets in Excel, [Click here](#).

Capital Markets TGM A3

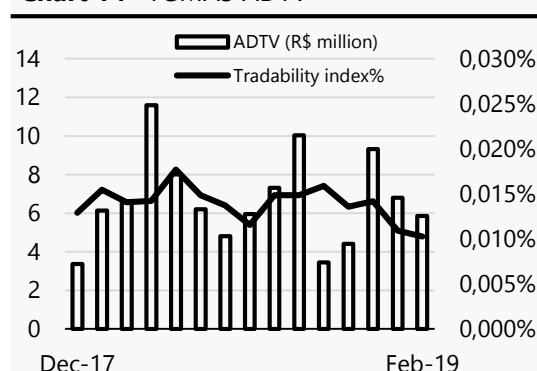
- At the beginning of 2019, Tegma's shares had a slightly lower performance than the market. The market cap of the company today is around R\$ 1.9 billion (R\$ 28 per share), 3% higher vs the beginning of the year, as we can see in the chart zero base next.

Chart 13 – TGM A3 and IBOV Base zero (Jan/02/2019)



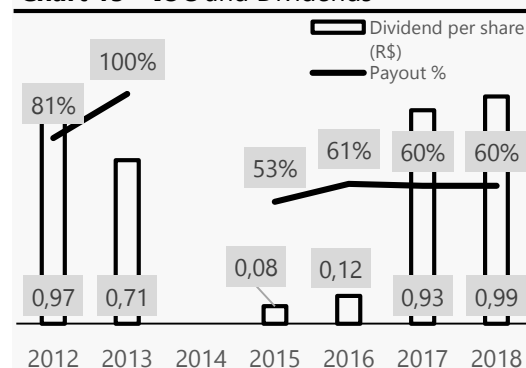
- The ADTV of our shares has been in the last three months around R\$ 7 million traded daily (USD 2 million), stable compared to the average of 2018. However, the tradability index of TGM A3 in relation to the IBX-100 has been slightly below the 2018 average.

Chart 14 –TGM A3 ADTV



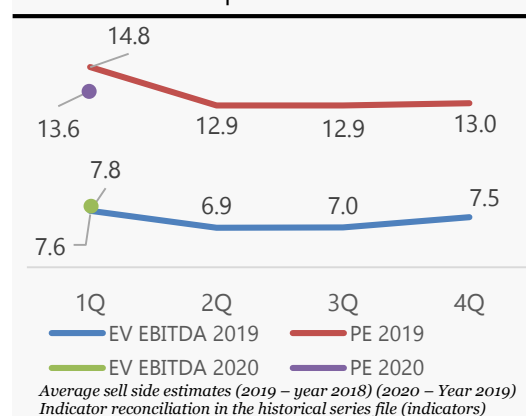
- In 2018, we distributed 60% of the year's earnings corresponding to R\$ 64.9 million (complementary dividends and IOC proposed to the Annual General Meeting held on 04/24/2019). We have complied with the indicative policy of distributing at least 50% of the Company's results. The dividend yield of the last two years has been around 4-5%.

Chart 15 – IOC and Dividends



- In 1Q19, TGM A3 was trading at a lower level in terms of multiples than in 1Q18, but a similar level compared to the rest of 2018.

Chart 16 – Multiples TGM A3



Shareholder composition

Shareholder	# stocks TGM3 ON	% Total
Mopia Participações e Empreendimentos Ltda.	15,396,481	23%
Cabana Empreendimentos e Participações Ltda.	4,817,704	7%
Coimex Empreendimentos e Participações Ltda.	13,207,034	20%
Other controlling shareholders (physical person)	509,774	1%
Directors and administration board	1	0%
Treasury	65,143	0%
Controllers, administrators e treasury	33,996,137	52%
Free float	32,006,778	48%
Total stocks	66,002,915	100%

Complementary dividend and interest on own capital proposal

In a management proposal of March 19th, 2018, the management proposed for approval at the Shareholders' Meeting to be held on April 24th, 2018, the distribution of **complementary dividends and interest on own capital** amounting R\$ 28.3 million (R\$ 21.2 million in dividends and R\$ 7.1 in interest on capital). Combined with the two anticipations made in August and November, 2018 distributions totaled R\$ 64.9 million (R\$ 0.99 per share, 60% payout on 2018 earnings and 4.3% of dividend yield) vs R\$ 61.2 million distributed in 2017 (R\$ 0.93 per share, 60% payout and 4.9% of dividend yield).

Services provided by the external Company Accounts Auditor

The financial statements of the company and its subsidiary for the fiscal year ended December 31, 2018 were audited by KPMG Auditores Independentes S.S. Pursuant to article 2 of CVM Instruction 381/03 and Circular OFÍCIO-CIRCULAR/CVM/SEP/Nº 03/2019, Tagma hereby declares that it did not hire the independent auditors or any related parties thereof to perform any services beyond those related to the external audit.

The Company's hiring procedures of services from its independent auditors not relating to an external audit is based on principles that preserve the independence of these professionals. These principles, which follow internationally accepted guidelines, consist of the following: (a) the auditor must not audit his/her own work; (b) the auditor must not perform managerial functions for his/her client; and (c) the auditor must not promote the interests of his/her clients.

Pursuant to CVM Instruction 480/09, management at a meeting held on 03/19/2019 declares that it has discussed, reviewed and agreed with the information expressed in the independent auditors' review report on the financial information for 2018.

Tegma Gestão Logística SA and subsidiaries

Income statement

(in R\$ million)

Income statement	4Q18	4Q17	Chg % vs 4Q17	2018	2017	Chg % vs 2017
Gross revenue	439.6	394.7	11.4%	1,538.7	1,330.2	15.7%
Taxes and deductions	(72.4)	(75.2)	-3.7%	(284.9)	(246.2)	15.7%
Net revenue	367.2	319.5	15.0%	1,253.8	1,084.0	15.7%
(-) Cost of services	(280.2)	(224.7)	24.7%	(995.8)	(850.0)	17.1%
Personnel	(31.4)	(29.3)	7.3%	(116.1)	(110.8)	4.8%
Freight	(230.7)	(200.7)	14.9%	(803.1)	(674.0)	19.1%
Others	(42.4)	(44.4)	-4.6%	(162.7)	(163.7)	-0.6%
Taxes credit (PIS and COFINS)	24.3	49.7	-51.2%	86.0	98.5	-12.7%
Gross profit	87.1	94.8	-8.1%	258.0	233.9	10.3%
General and administrative expenses	(21.7)	(25.7)	-15.5%	(76.4)	(74.8)	2.2%
Other expenses and revenues	(16.8)	(15.0)	11.9%	(28.5)	(49.7)	-42.6%
Operating income	48.6	54.1	-10.1%	153.0	109.5	39.8%
(+) Depreciation	6.6	7.4	-11.0%	29.3	28.1	4.1%
= EBITDA	55.2	61.5	-10.2%	182.3	137.6	32.5%
(+) Non-recurring events	12.9	(16.9)	-	18.1	(2.8)	-
= Adjusted EBITDA	68.1	44.7	52.5%	200.5	134.8	48.7%
<i>Mg% EBITDA</i>	<i>18.5%</i>	<i>14.0%</i>	<i>4.6 p.p.</i>	<i>16.0%</i>	<i>12.4%</i>	<i>3.6 p.p.</i>
Financial result	(1.4)	12.6	-	(9.1)	8.8	-
Equity	0.7	0.6	14.4%	0.4	(0.8)	-
Income before tax	47.9	67.3	-28.9%	144.3	117.5	22.8%
Income tax	(12.9)	(8.3)	54.9%	(36.0)	(13.7)	162.5%
Net income	35.0	59.0	-40.7%	108.2	103.8	4.3%
<i>Net margin %</i>	<i>9.5%</i>	<i>18.5%</i>	<i>-8.9 p.p.</i>	<i>8.6%</i>	<i>9.6%</i>	<i>-0.9 p.p.</i>

Income statement - pro forma without Caracica-ES operation	4Q18	4Q17	Chg % vs 4Q17	2018	2017	Chg % vs 2017
Gross revenue	439.6	387.0	13.6%	1,536.0	1,301.5	18.0%
Taxes and deductions	(72.4)	(73.7)	-1.8%	(284.5)	(251.6)	13.1%
Net revenue	367.2	313.3	17.2%	1,251.4	1,049.9	19.2%
(-) Cost of services	(280.2)	(216.6)	29.3%	(993.0)	(816.8)	21.6%
Personnel	(31.4)	(25.8)	21.5%	(115.0)	(97.4)	18.1%
Freight	(230.7)	(200.7)	14.9%	(803.1)	(674.0)	19.1%
Others	(42.4)	(38.6)	9.9%	(160.8)	(141.7)	13.5%
Taxes credit (PIS and COFINS)	24.3	48.5	-50.0%	85.9	96.4	-10.9%
Gross profit	87.1	96.7	-10.0%	258.4	233.1	10.9%
General and administrative expenses	(21.7)	(25.5)	-15.0%	(76.4)	(74.2)	3.0%
Other expenses and revenues	(16.8)	(15.0)	11.9%	(28.5)	(49.7)	-42.6%
Operating income	48.6	56.2	-13.5%	153.5	109.3	40.5%
(+) Depreciation	6.6	6.5	1.8%	29.0	24.3	19.0%
= EBITDA	55.2	62.7	-11.9%	182.5	133.6	36.6%
(+) Non-recurring events	12.9	(16.9)	-	18.1	7.0	158.7%
= Adjusted EBITDA	68.1	45.8	48.5%	200.6	140.6	42.7%
<i>Mg% EBITDA</i>	<i>18.5%</i>	<i>14.6%</i>	<i>3.9 p.p.</i>	<i>16.0%</i>	<i>13.4%</i>	<i>2.6 p.p.</i>

Tegma Gestão Logística SA and subsidiaries
Balance sheet
(in R\$ million)

	Dec-17	Sep-18	Dec-18
Current assets	374.7	304.3	337.5
Cash	0.4	1.2	1.3
Banking investments	148.3	96.7	82.2
Accounts receivable, net	171.2	190.5	226.2
Related parties	0.8	1.6	4.1
Inventories	0.2	0.2	0.2
Income tax and social contribution	5.2	2.5	3.3
Taxes to recover	42.8	3.0	12.0
Other receivables	4.5	6.1	6.8
Prepaid expenses	1.3	2.5	1.3
Non-current assets	463.2	468.9	471.9
Taxes to recover	23.9	9.3	9.4
Other receivables	1.9	6.9	6.7
Deferred taxes	36.6	14.5	16.1
Related parties	-	17.7	15.6
Judicial deposits	13.6	12.4	11.9
Fair value hedge	-	3.9	1.6
Investments	2.0	18.6	19.3
Property, plant and equipment, net	210.1	197.4	202.2
Intangible assets	175.1	188.1	189.1
Total assets	837.9	773.1	809.4
	Dec-17	Sep-18	Dec-18
Current liabilities	193.1	151.9	170.6
Loans and financing	1.1	4.0	6.7
Bonds	71.4	48.3	48.1
Suppliers and freights payable	32.2	27.8	36.9
Taxes payable	15.5	13.4	15.1
Refinanced taxes	6.0	-	-
Salaries and social charges	24.6	26.3	24.3
Other accounts payable	26.1	26.4	30.9
Related parties	0.8	1.6	2.3
Income tax and social contribution	12.2	4.1	6.4
Dividends payable	3.1	-	-
Non-current liabilities	195.9	155.8	154.4
Provision for capital deficiency	-	-	-
Loans and financing	53.6	60.6	55.4
Related parties	-	1.5	2.0
Bonds	96.7	50.0	50.0
Deferred taxes	6.6	6.9	2.6
Provision for contingencies and other liabilities	39.0	36.8	44.4
Shareholders equity	448.8	465.4	484.4
Capital stock	144.5	144.5	144.5
Capital reserve	174.1	174.1	174.1
Profit reserve	94.9	94.9	138.2
Retained earnings	-	52.2	-
Treasury shares	(0.3)	(0.3)	(0.3)
Assets valuation adjustment	-	0.1	(0.3)
Additional proposed dividend	35.7	-	28.3
Total liabilities and shareholders' equity	837.9	773.1	809.4

Tegma Gestão Logística SA and subsidiaries
Cash flow statement
(in R\$ million)

	4Q18	4Q17	2018	2017
Income before income and social contribution taxes	47.8	67.3	144.3	117.5
Depreciation and amortization	6.6	7.4	29.3	28.1
Interest and exchange variation on unpaid loans, debentures	1.0	4.4	14.5	26.7
(Reversal of) provision for contingencies	16.2	11.0	32.5	38.4
Loss in goodwill withdraw	-	-	2.5	-
Allowance for doubtful accounts	1.8	0.0	1.1	0.1
Fair value in investment transfer	-	-	(1.8)	-
Swap result	2.0	-	(1.7)	-
Provision for loss of value on sales of controlled company	1.9	5.7	1.9	11.5
Equity pickup	(0.7)	(0.6)	(0.4)	0.8
Interest on installment of taxes and payable notes	-	(3.7)	-	(3.7)
Extemporaneous tax credits	(10.6)	(50.5)	(10.6)	(50.5)
Loss (gains) on disposal of assets	0.8	0.5	1.2	0.8
Loss in investment sale	-	-	-	0.9
Interest on acquisition/stock option	-	0.1	-	0.1
Expenses (revenues) not affecting cash flows	19.0	(25.5)	68.5	53.2
Accounts receivable	(37.5)	(33.8)	(59.4)	(17.0)
Taxes recoverable	(0.4)	4.1	17.6	(8.8)
Judicial deposits	(0.4)	2.1	(1.9)	(0.7)
Other assets	(1.3)	4.3	(9.2)	6.2
Suppliers and freight payable	7.0	6.5	3.1	(12.3)
Salaries and related charges	(2.1)	(2.0)	0.9	2.6
Increase (decrease) in related parties	0.7	(0.2)	0.2	(0.3)
Other liabilities	5.6	8.1	5.8	10.2
Changes in assets and liabilities	(28.2)	(10.8)	(43.0)	(20.1)
Interest paid on loans, financing and swap	(1.5)	(1.5)	(4.1)	(2.8)
Interest paid on debentures	(2.1)	0.3	(11.7)	(29.4)
Interest paid on notes payable and tax installments	-	(0.0)	-	(0.0)
Indemnities paid	(7.3)	(3.8)	(22.9)	(10.1)
Notes payable and tax instalments	-	(0.8)	-	(0.8)
Income and social contribution taxes paid	(15.1)	(8.5)	(26.3)	(22.5)
(A) Net cash generated by (used in) operating activities	12.7	16.5	104.9	85.0
Dividends received	-	0.0	0.2	0.7
Capital Reduction in Subsidiaries	-	-	0.5	-
Acquisition of intangible assets	(2.1)	(1.3)	(5.3)	(4.2)
Acquisition of property and equipment and intangible assets	(9.1)	(4.1)	(27.9)	(20.0)
Proceeds from sale of assets	0.0	0.3	0.4	0.6
Payment of acquisition of investments	-	(0.1)	-	(12.7)
Cash from Tegma Logística Integrada S.A.	-	-	(0.7)	-
(B) Net cash generated by (used in) investing activities	(11.1)	(5.2)	(32.8)	(35.5)
Dividend paid	(15.6)	(7.6)	(75.5)	(30.4)
New loans	-	-	50.0	54.5
Payment of debentures	-	(0.3)	(111.4)	(117.7)
Payment of notes payable and tax installments	-	-	-	-
(C) Net cash generated by (used in) financial activities	(15.9)	(7.9)	(137.3)	(93.6)
Changes in cash (A + B + C)	(14.4)	3.4	(65.2)	(44.1)
Cash at beginning of period	98.0	145.3	148.7	192.9
Cash at end of year	83.5	148.7	83.5	148.7

Tegma Gestão Logística SA and subsidiaries
Statements of change in equity
(in R\$ million)

	Capital	Capital reserve	Legal reserve	Retained profit	Additional dividend proposed	Treasury stock	Equity adjustment	Retained earnings (accumulated losses)	Total equity
Balance on October 1, 2017	144.5	174.1	27.2	25.2	-	(0.3)	-	30.0	400.6
Net income for the period	-	-	-	-	-	-	-	59.0	59.0
Allocation:	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	-	102.1	-	-	-	(102.1)	-
Set up of legal reserves	-	-	1.7	-	-	-	-	(1.7)	-
Dividends and interest on capital	-	-	-	(61.2)	35.7	-	-	14.8	(10.8)
Balance on December 30, 2017	144.5	174.1	28.9	66.0	35.7	(0.3)	-	-	448.8
Balance on October 1, 2018	144.5	174.1	28.9	66.0	-	(0.3)	-	52.2	465.4
Net income for the period	-	-	-	-	-	-	-	35.0	35.0
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	(0.5)	-	(0.5)
Allocation	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	-	108.2	-	-	-	(108.2)	-
Dividends and interest on capital	-	-	-	(64.9)	-	-	-	21.1	(43.9)
Balance on December 30, 2018	144.5	174.1	28.9	109.3	-	(0.3)	(0.5)	-	456.1
Balance on January 1, 2017	144.5	174.1	27.2	25.2	4.7	(0.3)	(0.2)	-	375.1
Net income for the period	-	-	-	-	-	-	-	103.8	103.8
Foreign exchange variation of investment located abroad	-	-	-	-	-	-	0.2	-	0.2
Allocation:	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	-	102.1	-	-	-	(102.1)	-
Set up of legal reserves	-	-	1.7	-	-	-	-	(1.7)	-
Dividends and interest on capital	-	-	-	(61.2)	31.0	-	-	-	(30.2)
Balance on December 30, 2017	144.5	174.1	28.9	66.0	35.7	(0.3)	-	0.0	448.8
Balance on January 1, 2018	144.5	174.1	28.9	66.0	35.7	(0.3)	-	-	448.8
Net income for the period	-	-	-	-	-	-	-	108.2	108.2
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	(0.3)	-	(0.3)
Allocation	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	-	108.2	-	-	-	(108.2)	-
Dividends and interest on capital	-	-	-	(64.9)	(7.4)	-	-	-	(72.4)
Balance on December 30, 2018	144.5	174.1	28.9	109.3	28.3	(0.3)	(0.3)	-	484.4

Tegma Gestão Logística SA and subsidiaries
Statements of value added
(in R\$ million)

	4Q18	4Q17	Chg % vs 4Q17	2018	2017	Chg % vs 2017
Gross sale of services, net	416.6	373.1	11.6%	1,456.4	1,254.3	16.1%
Other income	2.2	1.7	28.1%	8.9	5.0	78.9%
(Reversal of) allowance for doubtful accounts	(1.8)	(0.0)	6,904.0%	(1.1)	(0.1)	1,078.5%
Income	417.0	374.8	11.2%	1,464.2	1,259.2	16.3%
Cost of services provided	(230.7)	(200.7)	14.9%	(803.1)	(674.0)	19.1%
Materials, energy, third-party services and other operating expenses	(50.9)	(54.4)	-6.5%	(162.0)	(175.9)	-7.9%
Asset loss and recovery	-	(0.0)	-	-	(1.4)	-
Input products acquired from third parties	(281.5)	(255.1)	10.4%	(965.1)	(851.3)	13.4%
Net value added produced by the Company	135.4	119.7	13.2%	499.1	407.9	22.4%
Depreciation and amortization	(6.6)	(7.4)	-11.0%	(29.3)	(28.1)	4.1%
Gross value added	128.8	112.2	14.8%	469.8	379.7	23.7%
Equity pickup	0.7	0.6	13.9%	0.4	(0.8)	-
Financial income	8.9	18.1	-50.8%	24.7	40.6	-39.1%
Total value added to be distributed	138.4	130.9	5.7%	494.9	419.6	17.9%
				-	-	-
Personnel and related charges	38.8	39.2	-1.1%	140.1	138.7	1.0%
Direct compensation	29.5	21.7	35.7%	109.0	105.1	3.8%
Benefits and allowances	7.2	13.6	-47.2%	25.9	25.2	2.6%
FGTS	2.1	3.8	-45.2%	5.2	8.4	-38.2%
Taxes, charges and contributions	43.5	16.5	164.2%	174.2	104.2	67.2%
Federal	22.3	(2.6)	-	95.8	49.5	93.5%
State	19.7	17.3	14.0%	72.8	48.4	50.3%
Local	1.5	1.7	-14.4%	5.6	6.3	-10.4%
Financing agents	56.1	75.3	-25.4%	180.6	176.7	2.2%
Interest and exchange variations	10.3	5.4	89.4%	33.8	31.8	6.4%
Rent	10.9	10.9	0.1%	38.5	41.1	-6.4%
Dividends	43.9	46.5	-5.7%	64.9	61.2	6.0%
Retained profits (losses)	(8.9)	12.5	-	43.3	42.5	1.8%
Value added distributed	138.4	130.9	5.7%	494.9	419.6	17.9%