Tegma Gestão Logística S.A.

Individual and consolidated financial statements
December 31, 2018

(A free translation of the original report in Portuguese, containing the financial statements prepared in accordance with accounting practices adopted in Brazil)

KPDS 463749

Contents

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 Tegma, 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 Tegma customers in an aggregating manner for in the Demoday. We are mindful of the transformations in the logistics world through tegUP and Tegma.

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.

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone +55 (11) 3940-1500
kpmg.com.br

Independent auditors' report on the individual and consolidated financial statements

To the Directors and Shareholders of

Tegma Gestão Logística S.A.

São Bernardo do Campo - SP

Opinion

We have audited the individual and consolidated financial statements of Tegma Gestão Logística S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as of December 31, 2018 and the related statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Tegma Gestão Logística S.A. as of December 31, 2018, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in conformity with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conduced our audit in accordance with Brazilian and International standards on auditing. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of individual and consolidated financial statements" section of our report. We are independent in relation to the Company and its subsidiaries, in accordance with the ethical principles provided for in the Accountant's Code of Professional Ethics and professional standards issued by the Federal Accounting Council, and we have fulfilled with other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not express a separate opinion on these matters.

Income recognition

See Note 20 "Net income from services rendered" of the individual and consolidated financial statements

Key audit matters	How our audit conducted this matter
The Company and its Subsidiaries recognize the income from the logistics, transportation and warehousing management service in the period when services are rendered. Due to the fact that such operations involve significant amounts, are diluted, decentralized (transportations are provided to different localities), are carried out at large volume, and the determination of the period when the service is rendered is based on estimates of average delivery dates, the income recognition process involves judgment by the Company, particularly for determining the average delivery dates by geographical region of the rendered service, and is a complex process that requires the adoption of appropriate internal routines and controls to identify and measure income not billed. In view of the above, and the fact that possible failures in such controls may impact the appropriate recognition of income, and, consequently, the amount recognized in the individual and consolidated financial statements, we consider this matter significant for our audit.	Our audit procedures included, among others: (i) We evaluated the design of the significant internal controls used by the Company and components considered significant to obtain information required for determining the effective service provision date and the criteria for determining the performance obligation for the recognition of service rendering; (ii) The assessment of the estimated income amount regarding the performance obligation was already transferred within the period the accrual period. (iii) By adopting sampling procedures, we selected the income and the period of its recognition through daily analytical reports, we analyzed the supporting income documentation, as well as the subsequent financial settlement; and (iv) Assessment of whether the disclosures in the parent company and consolidated financial statements include all relevant information, particularly in relation to the Company's accounting policies for recognition of income arising from the adoption of IFRS 15 / CPC 47 - Revenue from Contracts with Customers. Our tests identified the need for improvements in internal controls related to income recognition, mainly transportation. In view of this fact, we expanded the extent of our substantive tests, beyond the originally planned, to obtain sufficient and appropriate audit evidence for income recognition. During our audit we identified adjustments to the caption of income that were not recognized in view of their immateriality. As a result of evidences obtained through above-summarized audit procedures, we consider as acceptable the recognition of income, as well as related disclosures, in the context of individual and consolidated financial statements taken as a whole referring to year ended December 31, 2018.

Recoverable property, plant and equipment and intangible assets, including Goodwill	
See Notes 9 "Investments", 10 "Property, plant and equipment" and 11 "Intangible assets" of the individual and consolidated financial statements.	
Key audit matters	**How our audit conducted this matter**
Individual and consolidated financial statements for the year ended December 31, 2018 include property, plant and equipment and intangible assets, including goodwill, whose realization is supported by estimated future earnings based on business plan prepared by the Company. Due to uncertainties inherent to the process of determining estimates of future earnings of cash generating units for evaluation of these assets' impairment, which involve assumptions as income growth, discount rate, inflation rate, among others, and to complexity of process, which required significant judgment by the Company, we consider this a significant matter in our audit work.	Our audit procedures included, among others: (i) Understanding of the process for preparation and review of business plan, budgets and analysis of impairment of cash generating units where property, plant and equipment and intangible assets, including goodwill, were allocated; (ii) Evaluation of reasonability for the determination of Cash Generating Units (CGU) for impairment test; (iii) With the help of our specialists in corporate finance, we evaluated the CGUs with higher risk, assumptions and methodologies used by the Company for preparation of forecasts and compared it with data obtained from external sources, such as projected economic growth, inflation and discount rates; and (iv) Assessment of whether the disclosures in the parent company and consolidated financial statements include all relevant information. Based on the audit procedures performed to test the recoverable amount of fixed and intangible assets of CGUs and on the results obtained, we consider that they are acceptable in the context of the individual and consolidated financial statements as a whole.

Other matters

Individual and consolidated financial statements of added value

Individual and consolidated statements of added value for the year ended December 31, 2018, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's financial statements. In order to form our opinion, we evaluated whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Other information accompanying individual and consolidated financial statements and the auditors' report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, when applicable, the matters related to its going concern, and the use of this accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Company and its subsidiaries, or cease their operations, or do not have any realistic alternative to avoid the discontinuance of operations.

Those charged with governance of the Company and its subsidiaries are the people responsible for overseeing the process of preparation of the financial statements.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue the audit report with our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted pursuant to Brazilian and international auditing standards will always detect any existing material misstatements. Misstatements can arise from fraud or error, and are considered material when, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted according to the Brazilian and international auditing standards, we exercise professional judgment, and maintain professional skepticism during the audit. We also:

- Identified and assessed the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, we planned and performed audit procedures in response to such risks, and we obtained proper and sufficient audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner consistent with the objective of fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those that were considered as the most significant in the audit of financial statements for current year and are therefore the key audit matters. We describe these matters in our audit report, unless a law or regulation has prohibited the public disclosure of the issue, or when, in extremely rare circumstances, we determine that the issue shall not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 19, 2019

KPMG Auditores Independentes
CRC SP014428/O-6
Original report in Portuguese signed by
Wagner Petelin
Accountant CRC 1SP142133/O-7

Tegma Gestão Logística S.A.

Statement of financial position

December 31, 2018 and 2017

In thousands of Reais

	Note	Parent company		Consolidated	
Assets		**2018**	**2017**	**2018**	**2017**
Cash and cash equivalents	5	75,713	46,534	83,542	148,732
Trade accounts receivable	6	195,543	146,052	226,227	171,180
Inventories (warehouse)		-	-	173	227
Income tax and social contribution		-	-	3,342	5,208
Recoverable taxes and contributions	8	10,477	36,234	12,007	42,770
Other accounts receivable	7	5,329	3,608	6,775	4,528
Related parties	24	4,182	589	4,126	768
Dividends receivable	24	-	6,035	-	-
Prepaid expenses		828	480	1,319	1,267
Total current assets		**292,072**	**239,532**	**337,511**	**374,680**
Recoverable taxes and contributions	8	6,153	5,908	9,417	23,928
Other accounts receivable	7	465	-	6,670	1,907
Related parties	24	15,626	-	15,626	-
Derivative financial instruments	4.h	1,614	-	1,614	-
Deferred tax assets	15	-	-	16,129	36,560
Judicial deposits	14	8,702	8,703	11,902	13,571
Total long-term assets		**32,560**	**14,611**	**61,358**	**75,966**
Investments	9	197,728	280,843	19,251	1,978
Property, plant and equipment	10	99,309	109,607	202,166	210,100
Intangible assets	11	165,022	164,027	189,147	175,127
Total non-current assets		**494,619**	**569,088**	**471,922**	**463,171**
Total assets		**786,691**	**808,620**	**809,433**	**837,851**

See the accompanying notes to the financial statements.

Tegma Gestão Logística S.A.

Statement of financial position

December 31, 2018 and 2017

In thousands of Reais

	Note	Parent company		Consolidated	
Liabilities and shareholders' equity		**2018**	**2017**	**2018**	**2017**
Loans and financing	12	6,703	151	6,703	1,112
Debentures	12	48,073	71,441	48,073	71,441
Suppliers		2,534	3,744	5,165	5,211
Freight payable		30,240	25,662	31,733	27,026
Taxes payable		12,945	12,611	15,095	15,453
Installment payment of taxes		-	5,307	-	6,034
Salaries and social charges	13	21,240	20,277	24,261	24,644
Other accounts payable	16	21,994	20,320	30,863	26,067
Related parties	24	7,869	1,297	2,311	826
Income tax and social contribution		6,327	11,635	6,438	12,170
Dividends payable		-	3,128	-	3,128
Total current liabilities		**157,925**	**175,573**	**170,642**	**193,112**
Loans and financing	12	55,414	50,000	55,414	53,635
Debentures	12	50,010	96,686	50,010	96,686
Related parties	24	1,958	-	1,958	-
Deferred tax liabilities	15	2,593	6,629	2,593	6,629
Provisions for lawsuits	14	34,419	30,926	44,444	38,983
Total non-current liabilities		**144,394**	**184,241**	**154,419**	**195,933**
Capital		144,469	144,469	144,469	144,469
Capital reserves		174,055	174,055	174,055	174,055
Profit reserves		138,195	94,896	138,195	94,896
Treasury shares		(342)	(342)	(342)	(342)
Equity valuation adjustment		(311)	-	(311)	-
Additional dividends proposed		28,306	35,728	28,306	35,728
Total shareholders' equity attributable	17	**484,372**	**448,806**	**484,372**	**448,806**
Total liabilities and shareholders' equity		**786,691**	**808,620**	**809,433**	**837,851**

See the accompanying notes to the financial statements.

Tegma Gestão Logística S.A.

Statements of profit or loss

December 31, 2018 and 2017

In thousands of Reais

		Parent company		Consolidated	
	Note	**2018**	**2017**	**2018**	**2017**
Net income from services rendered	19	1,136,165	943,182	1,253,779	1,083,975
Cost of services rendered	20	(888,886)	(727,068)	(995,805)	(850,043)
Gross income		**247,279**	**216,114**	**257,974**	**233,932**
General and administrative expenses	20	(60,837)	(59,733)	(62,500)	(63,822)
Management remuneration	20 / 24	(11,510)	(10,443)	(11,510)	(10,443)
Commercial expenses	20	(503)	(543)	(2,410)	(12,007)
Other expenses, net	21	(25,275)	(31,643)	(28,509)	(38,188)
Operating income (loss)		**149,154**	**113,752**	**153,045**	**109,472**
Equity in net income of subsidiaries	9	**4,408**	**13,235**	**371**	**(763)**
Financial income	22	21,271	24,380	24,716	40,596
Financial expenses	22	(31,084)	(29,924)	(33,836)	(31,812)
Net financial expenses		**(9,813)**	**(5,544)**	**(9,120)**	**8,784**
Income before taxes		**143,749**	**121,443**	**144,296**	**117,493**
Income tax and social contribution					
Current	15	(39,375)	(28,835)	(42,697)	(33,988)
Deferred	15	3,875	11,155	6,650	20,258
Net income for the year		**108,249**	**103,763**	**108,249**	**103,763**
Net earnings per share:					
Basic earnings per share (in R$)	23			1.64	1.57
Diluted earnings per share (in R$)	23			1.64	1.57

See the accompanying notes to the financial statements.

Tegma Gestão Logística S.A.

Statements of comprehensive income

December 31, 2018 and 2017

In thousands of Reais

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Net income for the year	108,249	103,763	108,249	103,763
Income (loss) from financial instruments designated as *hedge accounting*	(472)	-	(472)	-
Deferred taxes on hedge accounting	161	-	161	-
Exchange-rate change in foreign investee	-	203	-	203
Other components of the comprehensive income for the year	(311)	203	(311)	203
Total comprehensive income	**107,938**	**103,966**	**107,938**	**103,966**

See the accompanying notes to the financial statements.

Tegma Gestão Logística S.A.

Statements of changes in equity

December 31, 2018 and 2017

In thousands of Reais

			Profit reserves						
	Capital	**Capital reserves**	**Legal reserve**	**Profit retention**	**Additional dividends proposed**	**Treasury shares**	**Equity valuation adjustments**	**Retained earnings**	**Total shareholders' equity**
Balances at January 01, 2017	**144,469**	**174,055**	**27,213**	**25,169**	**4,716**	**(342)**	**(203)**	**-**	**375,077**
Net income for the year	-	-	-	-	-	-	-	103,763	**103,763**
Exchange-rate change in foreign investee	-	-	-	-	-	-	203	-	**203**
Destination:									
Formation of reserves	-	-		102,082	-	-	-	(102,082)	**-**
Formation of legal reserve	-	-	1,681	-	-	-	-	(1,681)	**-**
Dividends and interest on own capital	-	-		(61,249)	31,012	-	-	-	**(30,237)**
Balances at December 31, 2017	**144,469**	**174,055**	**28,894**	**66,002**	**35,728**	**(342)**	**-**	**-**	**448,806**
Balances at January 01, 2018	**144,469**	**174,055**	**28,894**	**66,002**	**35,728**	**(342)**	**-**	**-**	**448,806**
Net income for the year	-	-	-	-	-	-	-	108,249	**108,249**
Net income (loss) from financial instruments designated as hedge accounting	-	-	-	-	-	-	(311)	-	**(311)**
Destination:									
Formation of reserves	-	-	-	108,249	-	-	-	(108,249)	**-**
Dividends and interest on own capital	-	-	-	(64,950)	(7,422)	-	-	-	**(72,372)**
Balances at December 31, 2018	**144,469**	**174,055**	**28,894**	**109,301**	**28,306**	**(342)**	**(311)**	**-**	**484,372**

See the accompanying notes to the financial statements.

Tegma Gestão Logística S.A.

Statements of cash flows – Indirect method

December 31, 2018 and 2017

In thousands of Reais

		Parent company		Consolidated	
	Note	**2018**	**2017**	**2018**	**2017**
Income before taxes		143,749	121,443	144,296	117,493
Adjustments for:					
Depreciation and amortization	10 | 11	22,348	18,478	29,290	28,144
Loss on sale of assets	21	366	857	1,226	816
Provision for lawsuits	14	24,546	31,208	32,483	38,440
Provision for losses on investments	21	-	1,365	-	1,365
Loss in the sale of investment		-	(471)	-	(471)
Loss in the write-off of goodwill	21	2,527	-	2,527	-
Fair value at transfer of investment	21	(1,842)	-	(1,842)	-
Impairment loss of accounts receivable	6	(32)	(23)	1,096	93
Provision for impairment from sales of subsidiaries	20	-	-	1,907	11,464
Equity in net income of subsidiaries	9	(4,408)	(13,235)	(371)	763
Financial charges of installments of taxes and securities payable		-	(3,905)	-	(3,719)
Income (loss) from swap operation	22	(1,701)	-	(1,701)	-
Interest, inflation adjustment and exchange-rate changes on loans and debentures	12	14,306	26,356	14,476	26,713
Interest from purchase / call option		-	-	-	137
Extempore tax credits	8	(9,705)	(33,096)	(10,599)	(50,498)
		190,154	**148,977**	**212,788**	**170,740**
Changes in assets and liabilities					
Trade receivables		(49,459)	(17,428)	(59,372)	(17,018)
Recoverable taxes		15,420	(4,092)	17,603	(8,827)
Judicial deposits		(1,031)	(437)	(1,930)	(675)
Other assets		(2,443)	(323)	(9,246)	6,226
Suppliers and freight payable		3,241	(9,734)	3,061	(12,305)
Salaries and social charges		963	2,018	897	2,619
Related parties		444	(447)	189	(300)
Other liabilities and taxes payable		2,584	8,686	5,828	10,189
Net cash generated by operating activities		**159,873**	**127,220**	**169,818**	**150,649**
Interest paid on loans and financing	12	(3,927)	(2,541)	(4,073)	(2,776)
Interest paid on debentures	12	(11,657)	(29,412)	(11,657)	(29,412)
Interests paid on securities payable and tax installments		-	-	-	(39)
Lawsuits paid	14	(20,597)	(7,684)	(22,931)	(10,133)
Payments of securities payable and taxes in installments		-	(678)	-	(756)
Income tax and social contribution paid		(24,886)	(19,395)	(26,267)	(22,531)
Net cash flow from operating activities		**98,806**	**67,510**	**104,890**	**85,002**
Cash flows from investment activities					
Capital decrease in subsidiaries	9	75,991	-	491	-
Acquisition/Capital increase in subsidiaries	9	(23,801)	(500)	-	-
Cash and cash equivalents - Tegma Logística Integrada S.A.	2	-	-	(655)	-
Dividends received	9	24,243	2,657	244	736
Acquisition of intangible assets		(5,288)	(3,958)	(5,300)	(4,168)
Acquisitions of fixed assets		(8,386)	(6,137)	(27,933)	(20,013)
Income from sale of assets		299	474	378	616
Payment for the acquisition of investments	9	-	-	-	(12,678)
Net cash generated from (used in) investment activities		**63,058**	**(7,464)**	**(32,775)**	**(35,507)**
Cash flows from financing activities					
Dividends and interest on own capital paid	17.e	(75,500)	(30,393)	(75,500)	(30,393)
Funding of loans and financing	12	50,000	50,000	50,000	54,474
Payment of debentures	12	(66,666)	(116,655)	(66,666)	(116,655)
Payment of loans and financing	12	(40,134)	(1,047)	(44,754)	(1,047)
Derivative financial instruments		(385)	-	(385)	-
Payments made to related parties	24	-	(8,819)	-	-
Net cash used in financing activities		**(132,685)**	**(106,914)**	**(137,305)**	**(93,621)**
Net decrease in cash and cash equivalents		**29,179**	**(46,868)**	**(65,190)**	**(44,126)**
Cash and cash equivalents at January 1		46,534	93,402	148,732	192,858
Cash and cash equivalents at December 31		75,713	46,534	83,542	148,732

See the accompanying notes to the financial statements.

Tegma Gestão Logística S.A.

Statements of added value

December 31, 2018 and 2017

In thousands of Reais

		Parent company		Consolidated	
	Note	2018	2017	2018	2017
Income					
Gross sales of services, net of discounts	19	1,312,008	1,098,952	1,456,381	1,254,305
Other income		2,628	1,995	8,898	4,975
(Reversal) of estimated loss for allowance for doubtful accounts	6	32	23	(1,096)	(93)
		1,314,668	**1,100,970**	**1,464,183**	**1,259,187**
Inputs acquired from third parties					
Cost of services rendered		(773,096)	(646,383)	(803,079)	(674,042)
Material, energy, outsourced services and other operating items		(117,022)	(111,793)	(162,043)	(175,907)
Provision for losses on investments	21	-	(1,365)	-	(1,365)
		(890,118)	**(759,541)**	**(965,122)**	**(851,314)**
Gross added value		**424,550**	**341,429**	**499,061**	**407,873**
Depreciation and amortization	10 | 11	(22,348)	(18,478)	(29,290)	(28,144)
Net added value produced by Company		**402,202**	**322,951**	**469,771**	**379,729**
Added value received as transfer					
Equity in net income of subsidiaries	9	4,408	13,235	371	(763)
Financial income	22	21,271	24,380	24,716	40,596
Total added value payable		**427,881**	**360,566**	**494,858**	**419,562**
Distribution of added value					
Personnel and charges					
Direct remuneration		91,789	82,486	109,020	105,054
Benefits		20,490	17,295	25,881	25,234
FGTS		4,001	6,647	5,184	8,383
Taxes, rates and contributions					
Federal		85,031	44,804	95,807	49,506
State		61,489	52,278	72,779	48,426
Municipal		2,418	1,836	5,630	6,281
Third-party capital remuneration / Lenders					
Interest and exchange-rate changes		31,084	29,924	33,836	31,812
Rentals		23,330	21,533	38,472	41,103
Remuneration of own capital					
Dividends and interest on own capital		64,950	61,249	64,950	61,249
Retained earnings		43,299	42,514	43,299	42,514
Distributed added value		**427,881**	**360,566**	**494,858**	**419,562**

See the accompanying notes to the financial statements.

Notes to the financial statements

In thousands of reais

1 Operations

Tegma Gestão Logística S.A. (the “Company") and its Subsidiaries (“Company and its Subsidiaries”) are primarily engaged in the provision of logistics, transportation and storage services in a number of industries, such as the automotive, consumer goods, chemical and appliance industries.

The Company is a publicly-held corporation headquartered in the city of São Bernardo, State of São Paulo, and its shares are traded on the *Novo Mercado* (New Market) listing segment of B3, under the ticker symbol TGMA3. The Company is subject to arbitration by the Market Arbitration Chamber, pursuant to a commitment clause in its Bylaws.

The ownership structure of the Company is formed as follows:

Category	**Number of shares**	**% Total**
Mopia Participações e Empreendimentos Ltda. (i)	15,396,481	24%
Cabana Empreendimentos e Participações Ltda. (i)	4,817,704	7%
Coimex Empreendimentos e Participações Ltda.	13,207,034	20%
Other controlling shareholders (individuals)	509,774	1%
Management	1	0%
Treasury	65,143	0%
Controlling shareholders, administrators and treasury	**33,996,137**	**53%**
Shares Outstanding	**32,006,778**	**47%**
Total shares	**66,002,915**	**100%**

(i) On January 12, 2018, Sinimbú Participações Societárias e Empreendimentos S.A. transferred all its Tegma shares, with 77% going to Mopia Participações e Empreendimentos Ltda. and 23% to Cabana Empreendimentos e Participações Ltda.

The Company has two divisions: automotive logistics and integrated logistics.

Services provided by the Company’s automotive logistics division include:

- **Road transportation -** transfer and distribution of zero-kilometer and used vehicles, port transfers and management of inventories and yards for car manufacturers and services to prepare vehicles for sale;

Services provided by the Company’s integrated logistics division include:

- **Road transportation -** milk run (system to schedule collection of materials that uses a single transportation equipment of the logistics operator to carry out collections in one or more suppliers and deliver materials to final destination, always at pre-established times), full truck load (type of homogeneous load, usually with volume sufficient to fully load a truck dumpster or trunk), transfer of solid/ liquid bulk materials and parts between clients or suppliers’ plants;

- **General and bonded storing -** encompasses storage and management of parts and components, cross docking (distribution system in which goods received in a warehouse or Distribution Center is not stored but immediately prepared for delivery load), picking or separation and preparation of orders (collection of certain products, which may belong to different categories and at different quantities, to meet a client's order), handling and preparation, storage of liquid and solid chemicals in bulk, in-house storage (in client's facilities), storage of vehicles, and bonded storage inside structures that are in conformity with customs warehouse law;

- **Logistics management -** involves control over inventories, just-in-time supply to production line, management of returnable packaging, management of parts and components, management of vehicle yards, management of national and inventories of imported goods, and reverse logistics.

2 List of subsidiaries

The Group is comprised as follows:

Direct and indirect subsidiaries	**Interest (%) 2018**	**Interest (%) 2017**	**Relationship**
Tegma Cargas Especiais Ltda. ("TCE")	100.00	100.00	Subsidiary
Tegma Logística Integrada S.A. ("TLI") (i)	-	100.00	Subsidiary
Tegma Logística de Armazéns Ltda. ("TLA") (i)	100.00	100.00	Subsidiary
Tegmax Comércio e Serviços Automotivos Ltda. ("Tegmax")	100.00	100.00	Subsidiary
Tegma Logística de Veículos Ltda. ("TLV")	100.00	100.00	Subsidiary
Niyati Empreendimentos e Participações Ltda. ("Niyati")	100.00	100.00	Subsidiary
TegUp Inovação e Tecnologia Ltda. ("Tegup") (ii)	100.00	-	Subsidiary
Catlog Logística de Transportes S.A. ("Catlog")	49.00	49.00	Joint Venture
GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL"))	50.00	-	Joint Venture

(i) Corporate restructuring

On August 31, 2017, the Subsidiary Tegma Logística Integrada S.A. performed an increase in the capital of Tegma Logística de Armazéns Ltda. by granting a portion of the net assets it owned. The capital contribution amounted to R$ 20,639 by issuing 20,639 new quotas with par value of R$1.00 each.

Before this, the operations carried out in São Paulo and Rio de Janeiro were transferred to Tegma Logística de Armazéns Ltda., and Cariacica - ES operations remained at Tegma Logística Integrada S.A.

On December 22, 2017, Tegma Logística Integrada S.A transferred the quotas of the company Tegma Logística de Armazéns Ltda. to its Parent Company, TLA thus became a direct subsidiary of Tegma Gestão Logística S.A.

As of February 08, 2018, Tegma Logística Integrada S.A. was subject of the Association agreement between the Company, BCDF and JR Participações S.A. ("Holding Silotec") for the establishment of the joint venture GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL") that united the operations of warehousing and moving of the goods developed in Cariacica-ES by Tegma Logística Integrada S.A. ("TLI"), a wholly-owned subsidiary of the Company and by Companhia de Transportes e Armazéns Gerais ("Silotec"), a wholly-owned subsidiary of Holding Silotec.

Accordingly, GDL holds 100% shareholding interest in TLI and Silotec, and its capital is equally divided between Tegma Gestão Logística S.A. and Holding Silotec, becoming a joint venture

The Company does not consider Tegma Logística Integrada S.A. in its consolidation and starts to recognize income of GDLGestão de Desenvolvimento em Logística Participações S.A. (GDL) under the equity method from February 2018.

Balances as of January 31, 2018, contributed by the Company to form the joint venture are as follows:

Assets		**Liabilities and shareholders' equity**	
Cash and cash equivalents	655	Suppliers	606
Trade accounts receivable	3,229	Taxes payable	790
Inventories (warehouse)	40	Salaries and social charges	1,280
Recoverable taxes and contributions	3,127	Other accounts payable	681
Other accounts receivable	96	Related parties	250
Related parties	967		
Prepaid expenses	335	**Total current liabilities**	**3,607**
Total current assets	**8,449**	Provisions for lawsuits	1,482
		Total non-current liabilities	**1,482**
Recoverable taxes and contributions	14,847		
Deferred tax assets	17,172	Capital	49,122
Judicial deposits	1,064	Profit reserves	143
		Accumulated losses	(338)
Total long-term assets	**33,083**		
		Total shareholders' equity	**48,927**
Property, plant and equipment	11,449		
Intangible assets	1,035		
Total non-current assets	**45,567**		
Total assets	**54,016**	**Total liabilities and shareholders' equity**	**54,016**

Shareholders' equity at fair value totaled R$50,770, generating gains of R$1,842 (see note 21). Exchange of 100% interest in Tegma Logística Integrada S.A. by 50% interest in GDL Gestão de Desenvolvimento em Logística Participações S.A. (GDL) gave rise to a goodwill in the amount of R$ 16,693 determined at fair value, according to Note 9.

(ii) TegUp, a direct subsidiary of the Company, was incorporated with the purpose of introducing innovation in logistics, acting as startup accelerator. Pioneer in this segment, it seeks game-changing startups and technology companies that offer products, services and technology related to the logistics universe, show great potential for evolution and require some sort of support to accelerate their growth.

3 Basis for preparation and significant accounting policies

a. Statement of compliance (in relation to IFRS standards and CPC standards)

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting System (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP).

The issue of the financial statements was authorized by the Board of Directors on March 19, 2019.
All material information proper to the financial statements, and only it, is being evidenced, and corresponds to those used by Management for administration.

b. Functional and presentation currency

These financial statements are being presented in Brazilian Real, functional currency of the Company. All balances have been rounded to the nearest value, except otherwise indicated.

c. Use of estimates and judgments

In the preparation of these financial statements, management used judgments, estimates and assumptions that affect the Group's application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

The estimates and assumptions which present a significant risk, likelihood of causing an important adjustment to the book value of assets and liabilities for the coming fiscal year are shown below.

- **Note 6 -** Recognition and measurement of estimated credit losses;
- **Note 9 and 11 -** Intangible asset and goodwill impairment test;
- **Note 10 and 11 -** Definition of useful life of property, plant and equipment and intangible assets;
- **Note 15 -** Recognition of deferred tax assets;
- **Note 14 -** Recognition and measurement of provisions for lawsuits;

d. Measurement of fair value

A number of accounting policies and disclosures of the Company and its subsidiaries require the determination of fair value, for both financial and non-financial assets and liabilities.

The Company and its Subsidiaries establish a control structure related to measurement of fair value. An evaluation team with responsibility of reviewing all significant fair value measurements, including Level 3 fair values. Appraisal team regularly reviews significant non-observable data and valuation adjustments. If third-party information, such as brokerage firms' quotes or pricing services, is used to measure fair value, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the CPC / IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified.

The fair value method used by the Company and its Subsidiaries comprises making the projection at future value based on the conditions contracted and then calculating the present value, discounting the curves established in each contract.

4 Significant accounting policies

The significant accounting policies adopted by the Company and its subsidiaries are described in the specific notes related to the presented items. Meanwhile, those related to different aspects of the financial statements are described below. These policies have been consistently applied to all the years presented, unless otherwise indicated. It is emphasized that accounting policies of immaterial transactions were not included in financial statements.

4.1 Changes in significant accounting policies

The significant accounting policies and the measurement of estimates have not changed, except for items related to IFRS 9/CPC 48 - Financial Instruments and IFRS 15/CPC 47 - Revenue from Contracts with Customers, as follows:

4.1.1 New standards and interpretations adopted

The Company and its Subsidiaries adopted pronouncements and interpretations that became effective beginning as of January 1, 2018, as follows:

IFRS 9 / CPC 48 - Financial Instruments

The standard presents several changes in classification and measurement, especially in impairment measurement and hedge accounting.

(i) The following categories are presented for classification and measurement of financial assets: fair value through profit or loss (FVTPL), fair value through comprehensive income (FVTOCI), and amortized cost. These should be defined in accordance with financial instrument's characteristics and purpose.

(ii) As regards impairment, this new standard introduces the concept of expected credit losses to replace incurred losses model.

(iii) In relation to change in hedge accounting, this standard introduces a new model and better alignment with companies' risk management, allowing the use of better hedging strategies.

The Company and its subsidiaries did not verify any impact on book values of balance sheet or shareholders' equity upon adoption of IFRS 9/ CPC 48 measurement requirements. Assets and liabilities classified as "Loans and receivables" were classified as "Amortized cost" as follows:

Financial assets	**Basis of Measurement - IAS 39**	**Basis of Measurement - IFRS 9**
Cash and cash equivalents	Fair value through profit or loss	Fair value through profit or loss
Interest earning bank deposits	Fair value through profit or loss	Fair value through profit or loss
Trade accounts receivable	Borrowings and receivables	Amortized cost
Other accounts receivable	Borrowings and receivables	Amortized cost
Related parties	Borrowings and receivables	Amortized cost
Dividends receivable	Borrowings and receivables	Amortized cost
Financial liabilities		
Debentures	Amortized cost	Amortized cost
Loans and financing	Amortized cost	Amortized cost
Suppliers and freight payable	Amortized cost	Amortized cost
Other accounts payable	Amortized cost	Amortized cost
Related parties	Amortized cost	Amortized cost
Dividends payable	Amortized cost	Amortized cost

As losses with irrecoverable securities are not relevant in the Company and its Parent Companies and as possible risks with our clients were not verified, there were no significant impacts from this new provision recognition criterion.

In the end of 2017, the Company and its Subsidiaries did not have any transaction with derivatives or any hedging strategy classified as hedge accounting. In this sense, there is no impact arising from the adoption of IFRS 9 / CPC 48.

The derivative financial instrument purchased in 2018 to hedge the exposure to the risk of change in foreign currency is in the cash flow hedge category and is in compliance with the Company's policy on hedge, the recognition follows the criteria established in IFRS 9 / CPC 48, the change in fair value is recorded in other comprehensive income, and is reported in "equity valuation adjustments" account in shareholders' equity.

IFRS 15/CPC 47 - Revenue from Contracts with Customers
This standard introduces the principle that the entity should recognize the income as performance obligations are met, performed with a 5-step model for recognition and measurement: (1) Identification of contracts with customers; (2) identification of performance obligations provided for in contracts; (3) Determination of transaction price; (4) allocation of performance obligation transaction price provided for in contracts and (5) recognition of income when (or as) the entity meets a performance obligation.

The Company and its subsidiaries, as provider of logistics services, identified that its criteria for recognition and measurement of income from contracts with clients follow the provisions of the new standard. Its income is already recognized to the extent the Company and its Subsidiaries fulfill their performance obligations. Similarly, the income from contracts with clients are already measured at transaction price.

For this reason, the recognition and measurement of income from contracts with clients did not undergo significant changes. Therefore, the profit or loss of the Company and its Subsidiaries did not present material impacts from the adoption of the standard.

4.1.2 New standards and interpretations not yet effective

IFRS 16/CPC 6 (R2) - Financial leasing
The new standard requires a new evaluation of leases by replacing the IAS 17.

A lease is identified if there is a transfer of the right to control the use of a particular asset for a period of time in return for a consideration.

Based on this finding, lessees shall measure and record the lease agreement on their balance sheet, while the lease liability is recognized at the present value of its payments and the right-of-use asset is recognized in an amount equivalent to such liability.

Accordingly, the right-of-use assets are now amortized on a straight-line basis following the guidelines of CPC 27 - Property, Plant and Equipment, while lease liabilities bear interest expense, net of payment of the consideration.

The standard provides for exemptions in the applicability for short-term leases and low-value assets involved in the operation.

The main leases related to the new rule identified by the Management are real estate of third parties and equipment linked to the operation. The estimated impact as of January 1, 2019 is R$ 49,646 in the Parent Company and R$ 75,027 in the Consolidated without tax effects. The Company will adopt the modified retrospective method, so the financial statements for 2018 will not be updated. The amounts mentioned correspond to the right-of-use assets and the lease liabilities that will be recorded in the Parent Company and in the Consolidated.

Other standards
The amended standards and interpretations mentioned below should not have a significant impact on the financial statements of the Company and its subsidiaries.

- IFRIC 23/ICPC 22 Uncertainty on Income Tax Treatments.
- Characteristics of prepayment with negative remuneration (Amendments in IFRS 9).
- Investment in associated company, subsidiary and joint venture (Amendments to CPC 18(R2) / IAS 28).
- Changes to the plan, plan reductions or settlement (Amendments in CPC 33 / IAS 19).
- Annual improvements cycle in IFRS 2015-2017 standards - several standards.
- Changes in the references to the conceptual framework in IFRS standards.
- IFRS 17 - Insurance Contracts.

4.1.3 Basis of consolidation

(i) Subsidiaries and investments in entities accounted under the equity method
The consolidated financial statements include the financial statements of the Company and its subsidiaries. Control is achieved when the Company has the power to control financial and operating policies and indicate or remove most of Executive Board and Board of Directors' members of an entity to gain benefits from its activities.

The Company's Management, based on articles of incorporation and shareholders' agreement, controls the companies listed in Note 2 - List of subsidiaries - and, therefore, carries out the full consolidation of such companies, except for Catlog Logística de Transportes S.A. ("Catlog") and GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL") considered joint ventures, which profit or loss is considered in the consolidated financial statements under the equity method.

Results from subsidiaries acquired or disposed of during the year are included in the consolidated statements of income from date of effective acquisition to effective disposal date, as applicable.
In the Company's individual financial statements, the financial statements of subsidiaries and jointly-controlled subsidiaries are recognized under the equity method. Investments in subsidiaries and jointly-controlled subsidiaries are presented in Note 9 - Investments.

(ii) Transactions eliminated in the consolidation
Intragroup balances and transactions, and any unrealized income or expenses derived from intragroup transactions, are eliminated. Unrealized gains originating from transactions with investee recorded using the equity method, are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of impairment loss.

4.1.4 Foreign currency

(i) Foreign exchange transactions

Transactions with foreign currencies are converted into functional currency (Reais) by using exchange rates prevailing on the transaction or valuation dates, when the items are measured. Exchange gains and losses resulting from the settlement of those transactions and from the translation at year-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of operations. Exchange gains and losses related to loans and cash and cash equivalents and other are presented in the statement of income as financial income or expense.

4.1.5 Financial instruments

(i) Recognition and initial measurement

Trade accounts receivable and debt securities issued are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Company and its Parent Companies become a party to the instrument's contractual provisions.

A financial asset (unless it is trade accounts receivable without a material financing component) or a financial liability is initially measured at fair value, plus, for an item not measured at FVTPL (fair value through profit or loss), transaction costs which are directly attributable to its acquisition or issue. A trade accounts receivable without a significant financing component is initially measured at the price of the transaction.

(ii) Subsequent classification and measurement

Upon initial recognition, a financial asset is classified as measured: at amortized cost; fair value through other comprehensive income (FVTOCI); or fair value through profit or loss (FVTPL) - equity instruments; or at fair value through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Company and its Subsidiaries change the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and

- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

A debt instrument is measured at FVTOCI if it meets both conditions below and is not designated as measured at FVTPL.

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and

- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

In the initial recognition of an investment in an equity instrument not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value of the investment in Other comprehensive income. This choice is made on an investment basis.

At initial recognition, the Company and its subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or as FVTOCI, as FVTPL if it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Evaluation of business model
The Company carries out an evaluation of the purpose of the business in which a financial asset is held in the portfolio, since this better reflects the way in which the business is managed and the information is provided to management. The information considered is comprised by:

- the policies and goals established for the portfolio and practical operation of these policies. They include the question of whether management's strategy focuses on obtaining contractual interest income, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets:

- how the performance of the portfolio is evaluated and reported to the Company's management;

- risks that affect the performance of the business model (and the financial assets held in that business model) and the manner in which those risks are managed;

- the sales rate, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales expectations.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, which is consistent with the ongoing recognition of the assets of the Company and its subsidiaries.

Financial assets held for trading or managed with a performance evaluated based on fair value are measured at fair value through profit or loss.

Financial assets - evaluation whether the contractual cash flows represent solely payments of principal and interest
For this evaluation purposes, “principal” is defined as the fair value of the financial asset at initial recognition. “Interest” is defined as a consideration for the amount of cash at the time and for the credit risk associated to the outstanding principal value during a certain period and for other risks and base costs of loans (for example, liquidity risk and administrative costs), as well as for the profit margin.

The Company and its Subsidiaries consider the contractual terms of the instruments to evaluate whether the contractual cash flows are only payments of principal and interest. It includes evaluating whether the financial asset contains a contractual term that could change the time or amount of the contractual cash flows so that it would not meet this condition. In making this evaluation, the Company and its Subsidiaries consider the following:

- contingent events that change the amount or timing of cash flows;
- terms that may adjust the contractual rate, including variable rates;
- the prepayment and the extension of the term; and
- the terms that limit the Company's access to cash flows of specific assets (for example, based on the performance of an asset).

The prepayment is consistent with the principal and interest payment criterion if the prepayment amount mostly represents the unpaid principal and interest amounts on the outstanding principal amount - which may include an additional reasonable compensation due to the early termination of the contract. Furthermore, regarding a financial asset acquired for an amount lower or greater than the nominal value of the contract, the prepayment permission or requirement for an amount representing the nominal value of the contract plus contractual interest (which may also include reasonable additional compensation for early termination of the contract), accrued (but not paid), are treated as consistent with this criterion if the fair value of the prepayment is immaterial at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net income (loss), plus interest or dividend income, is recognized in income (loss). However, see Note for derivatives assigned as hedge instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is reduced for impairment losses. Interest income, foreign exchange gains and impairment losses are recognized in the income statement. Any gain or loss on derecognition is recognized in income (loss).
Debt instruments at fair value through other comprehensive income (FVTOCI)	These assets are subsequently measured at fair value. Income from interest calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in the income (loss). Other net results are recognized in OCI. In derecognition, the result accumulated in OCI is reclassified to the result.
Equity instruments at fair value through other comprehensive income (FVTOCI)	These assets are subsequently measured at fair value. Dividends are recognized as gain in income (loss), unless the dividend clearly represents a recovery of part of the investment cost. Other net results are recognized in OCI and are never reclassified to the income (loss).

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured as amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

(iii) Derecognition

Financial assets
The Company and its subsidiaries derecognize a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company and its subsidiaries transfer the contractual rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred or in which the Company nor transfers or maintains all ownership risks and rewards of the financial assets and also does not hold the control over the financial asset.

The Company and its Subsidiaries carry out transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

Financial liabilities
The Company and its Subsidiaries derecognize a financial liability when its contractual obligations are discharged or canceled or expired. The Company and its Subsidiaries also derecognize a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in the income (loss).

(iv) Offset
Financial assets and liabilities are offset and the net value reported in the balance sheet only when the Company and its subsidiaries have a legally exercisable right to offset and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instruments
The Company maintains a financial hedge derivative financial instrument to hedge exposure to foreign exchange rate risk. This derivative financial instrument is initially recognized at fair value on the date of contracting and subsequently remeasured at fair value periodically, while the hedged item and the derivative financial instrument are recorded separately. These contracts have the same terms.

At the beginning of the operation, the hedged item and the derivative financial instrument are documented as follows:

(a) hedge objective and description;

(b) the identification of hedged item and type of hedged risks;

(c) identification of financial instrument;

(d) hedge ratio;

(e) forward-looking effectiveness demonstration.

Thus, they are categorized and recorded according to the hedging accounting criteria. The Company has a single transaction with a derivative financial instrument classified as a cash flow hedge classification. Thus, its fair value is recorded in other comprehensive income (shareholders' equity).

4.2 Provisions

A provision is formed if the Company and its subsidiaries have a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

4.3 Statements of added value

The Company and its subsidiaries prepared statements of added value in accordance with the rules of technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to publicly-held companies, whereas under IFRS they represent supplementary financial information.

5 Financial risk management

Risk management is carried out by the central treasury department of the Company, which evaluates and defines strategies to hedge against potential financial risks, in cooperation with the operating units of the Company and its Subsidiaries. The Management establishes principles, for global risk management and for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and cash surplus investment.

5.1 Market risk - foreign exchange rate

In August 2018, the Company obtained credit facility granted according to the benefits of Law 4131 indexed to US dollars, as described in Note 12. With the purpose of hedging itself against exchange rate fluctuations, the Company purchased a derivative financial instrument (swap) with the same notional amount and maturities.

This financial instrument designated as cash flow swap, consists of swapping the exchange-rate change plus a fixed rate of 4.89% per annum, for percentages related to the change in the Interbank Deposit Certificate (CDI) plus a fixed rate of 0.89% per annum.

As of December 31, 2018, the Company has the following net exposure at exchange-rate change in USD (amounts in Reais):

	Parent company and Consolidated
Loans and financing in foreign currency (Note 12)	52,102
Derivative financial instruments - Long position swap (i)	(52,102)
Net foreign exchange exposure	-

(i) It does not include fair value of swap.

The Company and its Subsidiaries do not operate with Derivative financial instruments for speculation purposes.

5.2 Market risk - Basic interest rate

The interest rate risk of the Company and its subsidiaries derives from short and long-term loans. Loans issued at variable rates expose the Company and its Subsidiaries to cash flow interest rate risk. Loans issued at fixed rates expose the Company and its subsidiaries to fair value risk associated to interest rate.

The loans that were issued and indexed to US dollars, but which were the subject of the purchase of derivative instrument aiming at hedging against foreign exchange fluctuations, also became exposed to local interest rate.

The interest rate risk of the Company and its Subsidiaries arises from their exposure to the Interbank Deposit Certificate (CDI). We present below the exposure to interest rate risk of operations tied to these changes:

	December 31, 2018		**December 31, 2017**	
	Parent company	**Consolidated**	**Parent company**	**Consolidated**
Loans and financing - foreign currency (Note 12)	(52,102)	(52,102)	-	-
Loans and financing - domestic currency (Note 12)	(10,015)	(10,015)	(50,151)	(54,747)
Derivative financial instruments	2,086	2,086	-	-
Derivative financial instruments - fair value	(472)	(472)	-	-
Debentures (Note 12)	(98,083)	(98,083)	(168,127)	(168,127)
Cash equivalents (Note 5)	74,400	82,206	46,128	148,306
Net exposure	**(84,186)**	**(76,380)**	**(172,150)**	**(74,568)**

5.3 Credit risk

The credit risk arises from cash and cash equivalents, deposits in banks and other financial institutions, and exposure to client credit, including outstanding accounts receivable. For banks and other financial institutions, the Company only accepts securities from entities that are independently classified as having a rating of at least "A" on *Standard & Poor's* scale or equivalent in other rating agencies. The Credit Analysis area evaluates the client's creditworthiness by taking into account their financial position, past experience and other factors. Clients' individual risk limits are determined with basis on internal classifications. Credit risk management practices, including methods and assumptions, are described in note 6. The use of credit limits is regularly monitored.

The Company's exposure is as follows:

	Parent company		**Consolidated**	
	2018	**2017**	**2018**	**2017**
Cash and cash equivalents (Note 5)	75,713	46,534	83,542	148,732
Trade accounts receivable (Note 6)	195,543	146,052	226,227	171,180
	271,256	192,586	309,769	319,912

5.4 Liquidity risk

The forecast of cash flow is performed in the operating entities of the Company and its subsidiaries and consolidated by the Finance department.

Through this estimate the finance department monitors the cash and cash equivalents to meet the operating and financial needs of the Company and its Subsidiaries, maintaining and engaging available credit facilities at appropriate levels.

The cash surplus is invested in conservative financial transactions and with liquidity in very short term, to meet the above-mentioned estimates.

The table below shows the financial liabilities and derivative operations of the Company and its subsidiaries per maturity intervals, corresponding to balance sheet's remaining period until contract maturity date. These amounts are undiscounted cash flows, including contractual interest payments and excluding the impact of offsetting agreements:

	Parent company				
	Book value	**Financial flow**	**<1 year**	**1-2 years**	**2-6 years**
Loans and financing (Note 12)	62,117	68,796	7,410	61,386	-
Debentures (Note 12)	98,083	107,237	52,556	28,379	26,302
Suppliers and freight payable	32,774	32,774	32,774	-	-
Other accounts payable (Note 16)	21,994	21,994	21,994	-	-
Derivative financial instruments	(1,614)	(1,614)	-	(1,614)	-
Related parties (Note 24)	9,827	9,827	7,869	1,958	-
December 31, 2018	**223,181**	**239,014**	**122,603**	**90,109**	**26,302**

	Consolidated				
	Book value	**Financial flow**	**<1 year**	**1-2 years**	**2-6 years**
Loans and financing (Note 12)	62,117	68,796	7,410	61,386	-
Debentures (note 12)	98,083	107,237	52,556	28,379	26,302
Suppliers and freight payable	36,898	36,898	36,898	-	-
Other accounts payable (Note 16)	30,863	30,863	30,863	-	-
Derivative financial instruments	(1,614)	(1,614)	-	(1,614)	-
Related parties (Note 24)	4,269	4,269	2,311	1,958	-
December 31, 2018	**230,616**	**246,449**	**130,038**	**90,109**	**26,302**

5.5 Sensitivity analysis

The table below analyzes the sensitivity of financial instruments, describing the risks that may cause significant losses to the Company and its subsidiaries. Considering that the amount invested and all debts of the Company (Loans and Financing and Debentures) are linked to the CDI (6.40% p.a. in December 2018), this index would be the only existing risk variable. According to the Management's evaluation, the most likely scenario (Scenario I) has impacts in an one-year horizon considering the maintenance of the CDI.

In addition, under the terms set forth by Securities Commission (CVM), Instruction 475/08, two other scenarios are presented, to present the impacts of an increase of 25% and 50%, in the risk variable considered. Scenarios II and III, respectively.

The table below shows possible impacts in income (loss) and shareholders' equity for each of the scenarios:

	Parent company			Consolidated		
	Probable scenario (I)	**Possible scenario (II) - 25%**	**Remote scenario (III) - 50%**	**Probable scenario (I)**	**Possible scenario (II) - 25%**	**Remote scenario (III) - 50%**
Interest earning bank deposits	4,738	5,922	7,107	5,235	6,544	7,852
Income	**4,738**	**5,922**	**7,107**	**5,235**	**6,544**	**7,852**
NCE Safra	(906)	(1,067)	(1,227)	(906)	(1,067)	(1,227)
4131 Itaú	(3,646)	(4,446)	(5,247)	(3,646)	(4,446)	(5,247)
Debentures I	(3,532)	(4,299)	(5,066)	(3,532)	(4,299)	(5,066)
Debentures II	(4,213)	(5,016)	(5,818)	(4,213)	(5,016)	(5,818)
Expenses	**(12,297)**	**(14,828)**	**(17,358)**	**(12,297)**	**(14,828)**	**(17,358)**
Net effect in income (loss)/ Shareholders' equity	**(7,559)**	**(8,906)**	**(10,251)**	**(7,062)**	**(8,284)**	**(9,506)**

5.6 Capital management

The Company and its subsidiaries monitor the capital based on financial leveraging index which corresponds to the net debt divided by total capital. Net debt, corresponds to total loans (including short and long-term loans, as shown in balance sheet) less cash and cash equivalents and interest earning bank deposits, plus or less the balance of swap. The total capital is calculated through the sum of shareholders' equity, as shown in the balance sheet, with net debt.

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Loans and financing - Note 12	62,117	50,151	62,117	54,747
Debentures - Note 12	98,083	168,127	98,083	168,127
Derivative financial instruments	(1,614)	-	(1,614)	-
Cash and cash equivalents - Note 5	(75,713)	(46,534)	(83,542)	(148,732)
Net debt	82,873	171,744	75,044	74,142
Total shareholders’ equity	484,372	448,806	484,372	448,806
Total capital	567,245	620,550	559,416	522,948
Leverage ratio	15%	28%	13%	14%

5.7 Classification of financial instruments

CPC 40 (R1) (IFRS 7) defines fair value as the exchange price that would be received for an asset or the price paid to transfer a liability (output price) in the main market, or in the most advantageous market for the asset or liability, in a normal transaction between market players on the date of measurement, also establishing a hierarchy of three levels to be used to measure the fair value, namely:

- **Level 1 -** Prices quoted (not adjusted) in active markets for identical assets and liabilities.
- **Level 2 -** Other information, except that included at level 1, whereby the quoted prices (not adjusted) are for the similar assets and liabilities, (directly as prices or indirectly as by-products of the prices) in non-active markets, or other information that is available or that can be corroborated by the information observed in the market for substantially all the terms of the assets and liabilities.
- **Level 3 -** Information unavailable due to reduced or non-existent market activity and that is significant for definition of the fair value of assets and liabilities (unobservable).

The classification of financial instruments is presented in the table below, and there are no instruments classified in other categories besides those informed.

	Parent company			Consolidated		
December 31, 2018	**Book value**	**Fair value**	**Fair value hierarchy**	**Book value**	**Fair value**	**Fair value hierarchy**
Assets						
Fair value through profit or loss						
Interest earning bank deposits - Note 5	74,400	74,400	Level 2	82,206	82,206	Level 2
Cash and cash equivalents - Note 5	1,313	1,313	Level 1	1,336	1,336	Level 1
Financial instrument designated to hedge						
Derivative financial instruments (i)	1,614	1,614	Level 2	1,614	1,614	Level 2
Assets at amortized cost						
Trade accounts receivable - note 6	195,543	195,543	Level 2	226,227	226,227	Level 2
Related parties - Note 24	19,808	19,808	Level 2	19,752	19,752	Level 2
Other accounts receivable (i) - Note 7	542	542	Level 2	6,747	6,747	Level 2
	293,220	**293,220**		**337,882**	**337,882**	
Liabilities						
Liabilities at amortized cost						
Debentures - Note 12	98,083	100,159	Level 2	98,083	100,159	Level 2
Loans and financing - Note 12	62,117	61,395	Level 2	62,117	61,395	Level 2
Suppliers and freight payable	32,774	32,774	Level 2	36,898	36,898	Level 2
Other accounts payable - Note 16	21,994	21,994	Level 2	30,863	30,863	Level 2
Related parties - Note 24	9,827	9,827	Level 2	4,269	4,269	Level 2
	224,795	**226,149**		**232,230**	**233,584**	

(i) the Company maintains derivative financial instruments to hedge against exposure to foreign currency, arising from the modality 4131 loan contract.

(ii) Amounts related to advances to employees and suppliers are not included.

December 31, 2017	**Parent company** Book value	Fair value	Fair value hierarchy	**Consolidated** Book value	Fair value	Fair value hierarchy
Assets						
Fair value through profit or loss						
Interest earning bank deposits - Note 5	46,128	46,128	Level 2	148,306	148,306	Level 2
Cash and cash equivalents - Note 5	406	406	Level 1	426	426	Level 1
Assets at amortized cost						
Trade accounts receivable - note 6	146,052	146,052	Level 2	171,180	171,180	Level 2
Related parties - Note 24	589	589	Level 2	768	768	Level 2
Dividends receivable - Note 24	6,035	6,035	Level 2	-	-	Level 2
Other accounts receivable (i) - Note 7	55	55	Level 2	2,268	2,268	Level 2
	199,265	**199,265**		**322,948**	**322,948**	
Liabilities						
Liabilities at amortized cost						
Debentures - Note 12	168,127	151,730	Level 2	168,127	151,730	Level 2
Loans and financing - Note 12	50,151	43,688	Level 2	54,747	47,291	Level 2
Suppliers and freight payable	29,406	29,406	Level 2	32,237	32,237	Level 2
Other accounts payable - Note 16	20,320	20,320	Level 2	26,067	26,067	Level 2
Related parties - Note 24	1,297	1,297	Level 2	826	826	Level 2
Dividends payable	3,128	3,128	Level 2	3,128	3,128	Level 2
	272,429	**249,569**		**285,132**	**261,279**	

(i) Amounts related to advances to employees and suppliers are not included.

5.8 Hedge accounting

Accounting policy

The Company's hedge transaction is aimed at hedging the cash flows indexed to US dollars arising from loan in foreign currency (as Note 12) once practically all transactions of the Company is indexed to the domestic currency.

Accordingly, the transaction meets the cash flow hedge classification and calculation pursuant to CPC 48 - Financial instruments is adopted:

The aim of hedge accounting (understood as hedge accounting policy adopted) is to affect the Company's income (loss) only by the local interest rates to which it is exposed, only considering the net effect of the engaged hedge.

The contract effective on December 31, 2018 is as follows:

Instrument	**Type of financial instrument**	**Operation**	**Notional value**	**Maturity**	**Hedge index**	**Contracted rate**
Swap contract	*Cash flow hedge*	*Swap* USD x CDI	USD 13,441	08/2020	FX+4.89%p.a.	CDI +0.89%

Outstanding balances are as follows:

Description	**Principal value (national)**	**Curve value**	**Fair value**	**Gain (loss) from adjustment to fair value**
Swap contract				
Long position:				
USD Long position	50,000	52,102	52,320	218
Short position:				
Short position in CDI	50,000	50,016	50,706	690
Total net financial instrument	**-**	**2,086**	**1,614**	**(472)**

According to the applicable accounting practices, the adjustment to fair value determined for the financial instrument was R$ 472 and is recorded in other comprehensive income (shareholders' equity). It is worth emphasizing that the current hedge transaction is fully linked, including contractually, to the loan taken on according to the resolution 4131 modality, which cannot be separately terminated.

6 Cash and cash equivalents

Accounting policy

Cash and cash equivalents are held for the purposes of meeting the commitments of the Company and its Subsidiaries, and do not represent an investment aimed at earning gains. They include cash, bank deposits and other highly liquid short-term investments.

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Funds in banks and in cash	1,313	406	1,336	426
Interest earning bank deposits	74,400	46,128	82,206	148,306
	75,713	**46,534**	**83,542**	**148,732**

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

Financial investments are represented by repurchase and resale agreements backed by securities with immediate liquidity, earning interest agreed between 96.5% and 100.8% for terms established (96.5% and 102.5% in December 2017) of the change in the index of Interbank Deposit Certificate (CDI).

The Company's cash management is centralized in the Parent Company, although consolidated cash is distributed among its subsidiaries.

The exposure of the Company and its subsidiaries to risk and the sensitivity analysis are disclosed in Note 4.

7 Trade accounts receivable

Accounting policy

Trade accounts receivable correspond to the amounts from provision of services in the normal course of activities of the Company and its subsidiaries. Trade accounts receivable are initially recognized at fair value of services, less estimated losses when required.

The Company and its Subsidiaries assess at the end of each period whether there is evidence that the credit quality of the financial asset is considered impaired.

In evaluations, the Company and its Subsidiaries consider the expected losses over entire life approach to trade accounts receivable in order to establish estimated losses, based on history of incurred losses and expected continuity of their clients.

As practical expedient - allowed by CPC 48 - the expected losses are recognized based on accounts receivable past due (aging) considering Tegma's history of losses. As a general rule, securities overdue for more than 180 days are fully provisioned. In this evaluation the clients that do not have history of losses are excluded. These clients substantially refer to the automotive sector.

In case the amount originally provisioned is received, the Company makes a reversal of the estimated loss. When there is no expectation of receiving the amounts, the Company recognizes the effective loss of securities, equally reversing the recognized allowance.

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Accounts receivable from sale of services:				
In Brazil	195,622	146,163	229,165	173,148
Accounts receivable - Domestic	**195,622**	**146,163**	**229,165**	**173,148**
Estimated loss	(79)	(111)	(2,938)	(1,968)
	195,543	**146,052**	**226,227**	**171,180**

As of December 31, 2018, the average collection term is 44 days -Parent Company and 46 days - Consolidated (37 days - Parent Company and 39 days - Consolidated - in December 2017).

The ageing analysis of these accounts receivable is as follows:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Securities falling due	175,971	127,318	205,673	151,858
Securities overdue (days):				
Up to 30	18,512	16,729	19,440	17,252
31-90	419	758	452	812
91-180	293	589	838	600
>181	427	769	2,762	2,626
	195,622	**146,163**	**229,165**	**173,148**

Changes in the estimated loss of the Company and its subsidiaries are as follows:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Opening balance	**(111)**	**(12,372)**	**(1,968)**	**(18,072)**
Write-off	-	12,238	-	16,197
Additions	(162)	(44)	(2,238)	(266)
Reversals	194	67	1,142	173
Corporate restructuring - formation effect JV (i)	-	-	126	-
Closing balance	**(79)**	**(111)**	**(2,938)**	**(1,968)**

(i) Balance at January 31, 2018, belonging to Tegma Logística Integrada S.A., which was the object of joint venture formation in February 2018, as described in note 2 item i.

Changes in the estimated loss were recorded in income (loss) for the year under "Other net expenses" (Note 21).

The maximum exposure to credit risk is the book value of each of the types of accounts receivable mentioned above. The Company and its subsidiaries do not maintain any security as a guarantee.

As at December 31, 2017, the write-offs of trade accounts receivable arising from the former Subsidiary Direct Express, amounted to R$ 12,238 in the Parent company’s balance and R$ 16,197 in the Consolidated balance, having as contra-entry the allowance for doubtful accounts, both current assets accounts, not having effect on profit or loss for the year.

8 Other accounts receivable

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Indemnity assets (i)	465	-	5,970	-
Advance to suppliers	3,072	2,359	4,330	2,811
Advances to employees	2,180	1,194	2,368	1,356
Amounts receivable	-	-	-	1,907
Recovery of expenses receivable	-	-	-	298
Claims recoverable	77	55	77	61
Other receivables	-	-	700	2
	5,794	**3,608**	**13,445**	**6,435**
Current	5,329	3,608	6,775	4,528
Non-current	465	-	6,670	1,907
	5,794	**3,608**	**13,445**	**6,435**

(i) Refers to provision for refunding civil contingencies covered by insurance policy in the amount of R$5,970, as explained in note 21 - item iv.

9 Recoverable taxes and contributions

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
PIS and COFINS (i) (ii)	9,993	33,264	11,333	39,037
Recoverable INSS	6,413	8,508	9,826	13,354
IRRF (Withholding income tax) on interest earning bank deposits	51	204	91	1,952
Fundaf (iii)	-	-	-	12,162
Other	173	166	174	193
	16,630	**42,142**	**21,424**	**66,698**
Current	10,477	36,234	12,007	42,770
Non-current	6,153	5,908	9,417	23,928
	16,630	**42,142**	**21,424**	**66,698**

(i) In December 2018, the Company recognized PIS and COFINS credits related to the right to exclude the ICMS amount from the calculation bases of these two contributions. The credits recognized were based on the decision of the Federal Supreme Court (“STF”) dated March 15, 2017, in view of general repercussion. Since the motions for clarification of the proceeding are still pending decision, and there is still no decision on the possibility of recognizing credits from previous periods (in the case of the Company five years before 2008), the recorded credits only cover the period of March 2017 to December 2018. The impact on the profit or loss was a credit of R$ 10,263 (R$ 9,702 of principal (R$ 4,106 referring to 2017 and R$ 5,596 referring to 2018) and R$ 561 of monetary restatement) and R$ 11,209 in the Consolidated (R$ 10,596 of principal (R$ 4,479 referring to 2017 and R$ 6,117 referring to 2018) and R$ 613 of monetary restatement). Regarding said amount, R$ 558 has already been offset in the Parent Company and R$ 610 in the Consolidated.

(ii) Tin December 2017, the Company identified with the support of independent experts tax opportunities for PIS and COFINS contributions in the review of the past five years, related to credits on expenditures incurred in the outsourcing of transportation companies and property, plant and equipment items, which resulted in a credit of R$ 33,096 in the Parent company, of which R$ 25,624 of principal and R$ 7,472 of inflation adjustment (R$ 38,336 in Consolidated balance, of which R$ 29,757 of principal and R$ 8,579 of inflation adjustment). In July 2018, this amount was fully used. Therefore, the balance shown above does not include this amount.

(iii) The former subsidiary Tegma Logística Integrada S.A. paid until 2014 a contribution on customs service income in the city of Cariacica/Espírito Santo to FUNDAF (Special Fund for Development and Improvement of Inspection Activities). In 2014, the former subsidiary filed a request for reimbursement of said amounts with the Federal Government since it was an unconstitutional charge. In June 2017, the former subsidiary was awarded a final and unappealable favorable decision. Therefore, this refund has a balance as at December 31, 2017 in the amount of R$ 12,162 (of which R$ 7,677 of principal and R$ 4,485 of inflation adjustment). In February 2018, this balance was the object of joint venture formation, as described in note 2 item (i), the full reimbursement of those amounts will be made by means of court-ordered debt payments issued by the Federal Government. On June 21, 2018, the inclusion of this amount in the federal government’s budget for 2019 was confirmed, therefore, the corresponding court-ordered debt payments will be settled up to December 2019.

Taxes recoverable have been generated by the own operation of the Company and its subsidiaries, and will be offset against future debts of the same nature, and, therefore, are stated at realizable value.

10 Investments

Subsidiaries and jointly-controlled subsidiaries

	Parent company					
	2018			2017		
	Investment	**Net goodwill**	**Total**	**Investment**	**Net goodwill**	**Total**
Subsidiaries						
Tegma Cargas Especiais Ltda. (TCE)	33,533	6,364	**39,897**	108,886	6,364	**115,250**
Tegma Logística de Armazéns Ltda. (TLA)	26,099	-	**26,099**	22,236	-	**22,236**
Tegma Logística Integrada S.A. (TLI) (i)	-	-	**-**	43,465	2,491	**45,956**
Niyati Empreendimentos e Participações Ltda. (Niyati)	76,452	-	**76,452**	64,203	-	**64,203**
PDI Comércio, Indústria e Serviços Ltda. (PDI)	-	-	**-**	-	37	**37**
Tegmax Comércio e Serviços Automotivos Ltda. (Tegmax)	2,640	-	**2,640**	8,319	-	**8,319**
Tegma Logística de Veículos Ltda. (TLV)	15,248	-	**15,248**	22,864	-	**22,864**
Tegup Inovação e Tecnologia Ltda. (“Tegup”) (ii)	1,448	-	**1,448**	-	-	**-**
	155,420	**6,364**	**161,784**	**269,973**	**8,892**	**278,865**
Joint ventures						
Catlog Logística de Transportes S.A. (Catlog)	1,413	-	**1,413**	1,978	-	**1,978**
GDL Gestão de Desenvolvimento em Logística Participações S.A. (“GDL”) (i)	17,838	16,693	**34,531**	-	-	**-**
	19,251	**16,693**	**35,944**	**1,978**	**-**	**1,978**
Total parent company’s investments	**174,671**	**23,057**	**197,728**	**271,951**	**8,892**	**280,843**

(i) Former subsidiary Tegma Logística Integrada S.A. (TLI), together with Silotec, form joint venture GDL Gestão de Desenvolvimento em Logística Participações S.A. (GDL), as described in Note 2, item (i).

(ii) Subsidiary incorporated for the purpose of seeking innovation in logistics, acting as startup accelerator, as described in Note 2, item (ii).

	Consolidated	
	2018	**2017**
Joint ventures		
Catlog Logística de Transportes S.A. (Catlog)	1,413	1,978
GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL")	17,838	-
	19,251	**1,978**

Changes in investments

	TCE	**TLI**	**TLA**	**Niyati**	**Tegmax**	**TLV**	**Tegup**	**Catlog (i)**	**TV**	**GDL**	**Total**
January 01, 2017	**99,728**	**66,487**	**-**	**61,947**	**14,025**	**30,136**	**-**	**4,364**	**-**	**-**	**276,687**
Provision for shareholders' deficit	-	-	-	-	-	-	-	-	(196)	-	**(196)**
Equity in net income of subsidiaries	17,443	146	1,596	1,756	329	(7,272)	-	(285)	(478)	-	**13,235**
Increase in investments (ii)	-	-	20,640	500	-	-	-	-	-	-	**21,140**
Capital decrease (ii)	-	(20,640)	-	-	-	-	-	-	-	-	**(20,640)**
Write-off of shareholders' deficit (iii)	-	-	-	-	-	-	-	-	674	-	**674**
Dividends (iv)	(1,921)	-	-	-	(6,035)	-	-	(736)	-	-	**(8,692)**
Provision for loss of investment	-	-	-	-	-	-	-	(1,365)	-	-	**(1,365)**
December 31, 2017	**115,250**	**45,993**	**22,236**	**64,203**	**8,319**	**22,864**	**-**	**1,978**	**-**	**-**	**280,843**
Equity in net income of subsidiaries	5,219	(338)	(1,388)	1,979	134	(1,616)	47	170	-	201	**4,408**
Capital decrease (vi)	(64,000)	-	-	-	(5,500)	(6,000)	-	(491)	-	-	**(75,991)**
Capital increase	-	5,800	5,251	11,349	-	-	1,400	-	-	-	**23,800**
Acquisition of subsidiary	-	-	-	-	-	-	1	-	-	-	**1**
Corporate restructuring (v)	-	(48,927)	-	-	-	-	-	-	-	17,637	**(31,290)**
Dividends (iv)	(16,572)	-	-	(1,079)	(313)	-	-	(244)	-	-	**(18,208)**
Formation/write-off goodwill (GDL-TLI) (v)	-	(2,528)	-	-	-	-	-	-	-	16,693	**14,165**
December 31, 2018	**39,897**	**-**	**26,099**	**76,452**	**2,640**	**15,248**	**1,448**	**1,413**	**-**	**34,531**	**197,728**

(i) The investee Catlog has not been operating since January 2015. Catlog's activities may be resumed in the event the Company finds it appropriate to do so.

(ii) Transfer of the quotas of subsidiary Tegma Logística de Armazéns Ltda, originally held by subsidiary Tegma Logística Integrada S.A., to Parent Company (see Note 2 - item i). And capital contribution in the amount of R$500 to Subsidiary Niyati.

(iii) Reversal of negative shareholders' equity of the jointly-controlled subsidiary Tegma Venezuela S.A. on account of the disposal made in May 2017.

(iv) The dividends distributed by the Subsidiaries Tegma Cargas Especiais Ltda. R$ 1,921 and Catlog Logística de Transportes S.A., R$ 736 for the year 2016 and were paid in 2017. The Subsidiary Tegmax Comércio e Serviços Automotivos Ltda allocated dividends in the amount of R$ 6,035 for the year 2016, paid in 2018. The distributed dividends amounting to R$ 18,208 of Subsidiaries in 2018, refer to the year 2017 and were fully paid in 2018.

(v) Recognition of shareholding interest and goodwill of GDL Gestão de Desenvolvimento em Logística Participações S.A. (GDL) and write-off of interest and goodwill in former subsidiary Tegma Logística Integrada S.A. (TLI), as described in note 2, item (i).

Reductions in the capital of the indicated investees, once they have already been deemed excessive for carrying out the corporate purpose of the Subsidiaries.

	Consolidated			
	Catlog	**TV**	**GDL**	**Total**
January 01, 2017	2,999	-	-	2,999
Provision for shareholders' deficit (i)	-	(196)	-	(196)
Equity in net income of subsidiaries	(285)	(478)	-	(763)
Write-off of shareholders' deficit	-	674	-	674
Dividends received	(736)	-	-	(736)
December 31, 2017	**1,978**	**-**	**-**	**1,978**
Equity in net income of subsidiaries	170	-	201	371
Equity interest	-	-	17,637	17,637
Dividends	(244)	-	-	(244)
Capital decrease	(491)	-	-	(491)
December 31, 2018	**1,413**	**-**	**17,838**	**19,251**

(i) As a result of the disposal of the 25%-interest in the subsidiary Tegma Venezuela S.A., occurred in May 2017, the provision for negative shareholders' equity was reversed and recognized as the selling cost of shareholdings and equity in net income of subsidiaries.

The Company's share of the results of its direct Subsidiaries, all of which are privately-held corporations or limited partnerships, as well as of their total assets and liabilities, is as follows:

	TCE	**TLI**	**TLA**	**Niyati**	**Tegmax**	**TLV**	**Tegup**
Balances at December 31, 2018							
Assets	53,384	-	32,552	78,440	2,731	16,967	1,451
Liabilities	19,851	-	6,453	1,988	91	1,719	3
Shareholders' equity	33,533	-	26,099	76,452	2,640	15,248	1,448
Net income	75,975	2,333	39,318	3,606	77	-	47
Income /(loss)	5,219	(338)	(1,388)	1,979	134	(1,616)	47
Balances at December 31, 2017							
Assets	121,642	53,295	33,583	64,324	14,575	23,394	-
Liabilities	12,756	9,830	11,347	121	6,256	530	-
Shareholders' equity	108,886	43,465	22,236	64,203	8,319	22,864	-
Net income	77,060	51,090	11,585	3,296	1,317	-	-
Income /(loss)	17,443	146	1,596	1,756	329	(7,272)	-

Total balances of the balance sheet and income statement (100%) accounts of jointly-controlled companies:

	Catlog		GDL
	2018	**2017**	**2018**
Assets			
Current assets	3,282	5,508	19,439
Non-current assets	615	674	37,156
Property, plant and equipment	-	-	14,028
Other	-	-	1,939
	3,897	**6,182**	**72,562**
Liabilities and shareholders' equity			
Current liabilities	236	68	16,339
Non-current liabilities	777	2,077	20,546
Shareholders' equity	2,884	4,037	35,677
	3,897	**6,182**	**72,562**
Net assets for the period			
Net income	-	-	52,126
Cost of services rendered	-	-	(45,907)
General and administrative expenses	(311)	(578)	(5,340)
Financial income, net	284	562	706
Other (expenses) income, net	374	(566)	(1,393)
Income tax and social contribution	-	-	210
Income (loss) for the year	347	(582)	402

As described in note 2 item i, beginning as of February 2018, GDL Gestão de Desenvolvimento em Logística Participações S.A. (“GDL”) investment was recognized.

11 Property, plant and equipment

Accounting policy

Property, plant and equipment items are stated at historical cost less accumulated depreciation. Historical cost includes expenditures directly attributable to the acquisition of items. Historical cost also includes, when applicable, financing costs related to the construction of qualified assets. Subsequently incurred costs are added to the asset's book value or are recognized as a separate asset, as applicable, and only when it is likely that associated future economic benefits will flow and that the item's cost can be reliably measured.

The book value of replaced items and parts is written off. All other maintenance and repair costs are recorded as a contra entry to income (loss) for the year, when incurred.

Depreciation of assets is calculated using the straight-line method, considering the residual values of PP&E items over the estimated useful life as follows:

	Years
Buildings	25
Computers and peripherals	5
Facilities	10
Vehicles	3 | 5
Machinery and equipment/tools	5-10
Leasehold improvements	From 4 to 10
Furniture and fixtures and packaging and other	5-10

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses from divestitures are determined by the comparison of results with the book value and are recognized in "Other net expenses" in the statement of income.

Changes in property, plant and equipment

	Parent company									
	Land	**Buildings**	**Computers and peripherals**	**Facilities**	**Vehicles**	**Machinery and equipment/ tools**	**Leasehold improvements**	**Furniture, fixtures and packaging and other (i)**	**Construction in progress (ii)**	**Total**
Net balances at December 31, 2016	15,402	20,498	2,569	2,043	33,392	3,185	6,547	12,961	22,021	118,618
Changes										
Acquisitions	946	137	229	268	-	294	1,674	3,214	378	7,140
Disposals	-	-	(3)	-	(1,016)	(8)	-	(327)	-	(1,354)
Transfers	-	22,235	-	6	-	-	-	(6)	(22,235)	-
Depreciation	-	(1,129)	(986)	(285)	(4,153)	(715)	(2,988)	(4,541)	-	(14,797)
Net balances at December 31, 2017	16,348	41,741	1,809	2,032	28,223	2,756	5,233	11,301	164	109,607
Balances at December 31, 2017										
Cost	16,348	49,200	11,834	3,924	62,058	10,014	50,151	23,597	164	227,290
Accumulated depreciation	-	(7,459)	(10,025)	(1,892)	(33,835)	(7,258)	(44,918)	(12,296)	-	(117,683)
Net balances at December 31, 2017	16,348	41,741	1,809	2,032	28,223	2,756	5,233	11,301	164	109,607
Changes										
Acquisitions	-	234	1,087	840	1,305	624	1,394	2,631	543	8,658
Disposals	-	-	-	-	(744)	-	-	(12)	-	(756)
Depreciation	-	(3,926)	(871)	(303)	(4,745)	(662)	(2,849)	(4,844)	-	(18,200)
Net balances at December 31, 2018	16,348	38,049	2,025	2,569	24,039	2,718	3,778	9,076	707	99,309
Balances at December 31, 2018										
Cost	16,348	49,434	12,920	4,765	61,488	10,634	51,545	25,923	707	233,764
Accumulated depreciation	-	(11,385)	(10,895)	(2,196)	(37,449)	(7,916)	(47,767)	(16,847)	-	(134,455)
Net balances at December 31, 2018	16,348	38,049	2,025	2,569	24,039	2,718	3,778	9,076	707	99,309

(i) The additions to furniture, fixtures, packaging materials and others during the period are substantially represented by packaging materials (industrial logistics division).

(ii) Construction in progress refers mainly to construction works and improvements in progress.

	Consolidated									
	Land	**Buildings**	**Computers and peripherals**	**Facilities**	**Vehicles**	**Machinery and equipment/ tools**	**Leasehold improvements**	**Furniture and fixtures and packaging and other (i)**	**Construction in progress (ii)**	**Total**
Net balances at December 31, 2016	49,661	47,649	5,501	12,311	38,921	7,753	15,313	14,809	22,222	214,140
Changes										
Acquisitions	946	137	338	742	7,408	808	6,555	3,302	623	20,859
Disposals	-	-	(58)	(42)	(1,016)	(11)	-	(328)		(1,455)
Transfers	-	22,235	9	65	60	-	-	(65)	(22,304)	-
Depreciation	-	(2,229)	(1,930)	(1,863)	(4,872)	(1,636)	(6,056)	(4,858)	-	(23,444)
Net balances at December 31, 2017	50,607	67,792	3,860	11,213	40,501	6,914	15,812	12,860	541	210,100
Balances at December 31, 2017										
Cost	50,607	76,741	20,154	23,323	84,335	21,545	91,258	27,117	541	395,621
Accumulated depreciation	-	(8,949)	(16,294)	(12,110)	(43,834)	(14,631)	(75,446)	(14,257)	-	(185,521)
Net balances at December 31, 2017	50,607	67,792	3,860	11,213	40,501	6,914	15,812	12,860	541	210,100
Changes										
Acquisitions	9,466	231	1,218	2,493	2,186	941	2,552	2,691	8,060	29,838
Disposals	-	-	-	(693)	(852)	(23)	(130)	(25)	-	(1,723)
Transfers	-	-	-	-	(2)	-	2	-	-	-
Depreciation	-	(5,026)	(1,543)	(1,403)	(5,610)	(1,211)	(4,738)	(5,069)	-	(24,600)
Other (iii)	-	-	(442)	(2,842)	(70)	(1,953)	(5,833)	(309)	-	(11,449)
Net balances at December 31, 2018	60,073	62,997	3,093	8,768	36,153	4,668	7,665	10,148	8,601	202,166
Balances at December 31, 2018										
Cost	60,073	76,937	18,952	17,715	84,294	17,290	72,455	28,271	8,601	384,588
Accumulated depreciation	-	(13,940)	(15,859)	(8,947)	(48,141)	(12,622)	(64,790)	(18,123)	-	(182,422)
Net balances at December 31, 2018	60,073	62,997	3,093	8,768	36,153	4,668	7,665	10,148	8,601	202,166

(i) The additions to furniture, fixtures, packaging materials and others during the period are substantially represented by packaging materials (industrial logistics division).

(ii) Construction in progress refers mainly to construction works and improvements in progress.

(iii) Balances at January 31, 2018, belonging to Tegma Logística Integrada S.A., which was the object of joint venture formation in February 2018, as described in note 2 item (i).

The depreciation and amortization amounts were recorded as follows:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Depreciation	(18,200)	(14,797)	(24,600)	(23,444)
Amortization	(4,148)	(3,681)	(4,690)	(4,700)
Total	(22,348)	(18,478)	(29,290)	(28,144)

The depreciation and amortization amounts segregated between costs and expenses were recorded as follows:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Cost of services rendered	(19,201)	(15,635)	(25,873)	(24,939)
General and administrative expenses	(3,147)	(2,843)	(3,417)	(3,205)
Total	(22,348)	(18,478)	(29,290)	(28,144)

12 Intangible

Accounting policy

Recognition and measurement

Goodwill

Goodwill is represented by the positive difference between the amount paid or payable amount and the net fair value of assets and liabilities of the acquired entity and recorded as “Intangible Assets” in consolidated financial statements. The goodwill is annually tested for probably losses (impairment) and recorded at cost less accumulated impairment losses, which are not reversed. Gain and losses for the disposal of an entity include the book value of the goodwill related to the sold entity. For impairment test purposes, goodwill is allocated to Cash Generating Units or to groups of Cash Generating Units that should benefit from the business combination from which the goodwill was generated, duly segregated, in accordance with the operating segment.

Goodwill is measured at cost, less accumulated impairment losses.

Software licenses

Acquired software licenses are recorded as capital expenditures at the costs incurred to acquire the software and prepare them for use. These costs are amortized over its estimated useful life from three to five years. Costs associated with maintaining computer software programs are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company and its Subsidiaries are recognized as intangible assets when recognition criteria are addressed. Software development costs recognized as assets are amortized through the estimated useful life of the software.

	Parent company								
	2016	**Addition**	**Amortization**	**Other**	**2017**	**Addition**	**Amortization**	**Other**	**2018**
Software	9,935	4,105	(3,681)	-	10,359	5,143	(4,148)	-	11,354
Goodwill paid in the acquisition of investments									
Nortev	120,877	-	-	-	120,877	-	-	-	120,877
Boni Amazon	32,791	-	-	-	32,791	-	-	-	32,791
	163,603	**4,105**	**(3,681)**	**-**	**164,027**	**5,143**	**(4,148)**	**-**	**165,022**

	Consolidated								
	2016	**Addition**	**Amortization**	**Other**	**2017**	**Addition**	**Amortization**	**Other (ii)**	**2018**
Software	12,897	4,371	(4,700)	**-**	**12,568**	5,601	(4,690)	(1,057)	**12,422**
Goodwill paid in the acquisition of investments									
Nortev	120,877	-	-	-	120,877	-	-	-	120,877
Boni Amazon	32,791	-	-	-	32,791	-	-	-	32,791
Tegma Logística Integrada S.A.	2,491	-	-	-	2,491	-	-	(2,491)	-
Tegma Cargas Especiais Ltda.	6,364	-	-	-	6,364	-	-	-	6,364
Catlog Logística de Transportes S.A. (i)	1,365	-	-	(1,365)	-	-	-	-	-
PDI Comércio, Indústria e Serviços Ltda.	36	-	-	-	36	-	-	(36)	-
GDL Gestão de Desenvolvimento em Logística Participações S.A. (“GDL”) (iii)	-	-	-	-	-	16,693	-	-	16,693
	163,924	**-**	**-**	**(1,365)**	**162,559**	**16,693**	**-**	**(2,527)**	**176,725**
Net	**176,821**	**4,371**	**(4,700)**	**(1,365)**	**175,127**	**22,294**	**(4,690)**	**(3,584)**	**189,147**

(i) In 2017, due to the inactivity of Catlog Logística de Transportes S.A., management made a provision for loss on goodwill in the amount of R$ 1,365.

(ii) The balance of R$ 2,527 is included as of January 31, 2018 of goodwill written-off due to the corporate restructuring of Tegma Logística Integrada S.A., and the balance of software contributed of R$ 1,036 to form the joint venture in February 2018, as described in Note 2, item (i).

(iii) Goodwill recorded when adding shareholding portion of GDL Gestão de Desenvolvimento em Logística Participações S.A. (GDL) to form the joint venture, as described in Note 2, item (i).

Impairment tests

Goodwill is allocated to the Cash-generating Units (CGUs) identified according to the operating segment. Impairment tests for goodwill were performed for the following investments considered material:

	2018	2017
Nortev (automotive)	120,877	120,877
TCE/Boni Amazon (integrated logistics)	39,155	39,155
GDL Gestão de Desenvolvimento em Logística Participações S.A.	16,693	-

The recoverable value of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management. The main assumptions used to calculate value in use as of December 31, 2018 and 2017 are as follows:

	2018	2017
GDP (i)	2.50%	2.50%
Annual inflation (ii)	3.90%	4.00%
Perpetuity growth (iii)	2.50%	2.50%
Discount rate (iv)	8.95%	9.40%
Discount rate (v)	12.18%	-

(i) Average projected growth of the Gross Domestic Product (GDP) for the next 10 years, according to information disclosed by the Central Bank of Brazil;

(ii) Average of growth projection of the Amplified Consumer Price Index (IPCA) for the next 10 years, in accordance with projections disclosed by the Central Bank of Brazil;

(iii) Growth rate based on the GDP growth projections;

(iv) Discount rate calculated in accordance with the Company's capital cost assessment (Nortev and TCE/Boni).

(v) Discount rate calculated in accordance with the Company's capital cost assessment (GDL).

The recoverable amount calculated based on the value in use of the three CGUs was higher than the book value, even in a scenario with a discount rate increasing by 1 p.p. and the perpetuity growth rate decreasing 1 p.p. for the three UGCs. Accordingly, there was no need to recognize an impairment loss in 2018.

The Company reviews the impairment tests on an annual basis.

13 Loans and financing

Accounting policy

Loans and financings are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the redemption amount is recognized in the income statement during the period while the loans are in progress, under the effective interest rate method.

Loans are classified as current liabilities unless the Company and its Subsidiaries have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Loans and financing - domestic currency				
Finame (a.)	-	134	-	4,730
NCE - Export Credit Note (a.ii)	10,015	50,017	10,015	50,017
Loans and financing - foreign currency				
Resolution 4131 (a.iii)	52,102	-	52,102	-
Total loans and financing	**62,117**	**50,151**	**62,117**	**54,747**
(-) Current	6,703	151	6,703	1,112
Non-current	55,414	50,000	55,414	53,635
Debentures (b)				
Total debentures	**98,083**	**168,127**	**98,083**	**168,127**
(-) Current	48,073	71,441	48,073	71,441
Non-current	50,010	96,686	50,010	96,686
Loans and financing	**160,200**	**218,278**	**160,200**	**222,874**
Derivative financial instruments - SWAP (assets)	**(1,614)**	**-**	**(1,614)**	**-**
(-) Current	-	-	-	-
Non-current (i)	(1,614)	-	(1,614)	-
Loans and financing, net of swap	**158,586**	**218,278**	**158,586**	**222,874**

(i) Includes the fair value on the swap in the amount of R$ 472, according to Note 4 item h.

a. Bank loans

(i) Finame

In March 2017, the former subsidiary Tegma Logística Integrada S.A., entered into a loan agreement with the National Bank for Economic and Social Development (BNDES) in the amount of R$ 4,474 by means of financial agent Banco Safra S.A. whose funds of which will be used for acquisitions of semi-trailers and are guaranteed by own assets. The release of the amount occurred during the year 2017.

As a result of restructuring mentioned in note 2 item (i) and with the consent of BNDES, debt and semi-trailers were transferred to Subsidiary Tegma Logística de Armazéns Ltda. in 2017.

In May 2018, the loan agreement was paid off in advance.

(ii) NCE - Export Credit Note

In June 2017, the Company entered into two NCE loan agreements without collateralized guarantees. With:

- Banco do Brasil S.A. in the amount of R$ 40,000, with the principal maturing in June 2019 and amortization of monthly interest. The negotiated interest rate was the Interbank Deposit certificate (CDI) rate for the period plus 2% per annum (with a flat fee of 1.15% paid when loan was contracted). In August 2018, this contract was early settled.

- And other with Banco Safra S.A., in the amount of R$ 10,000, with the principal maturing in 3 equal installments (June 2019, December 2019 and June 2020), with semi-annual interest payments as of December 2017. The negotiated interest rate was the Interbank Deposit certificate (CDI) rate for the period plus 2.65% per annum (without a flat fee). The average interest rate is 9.05% per annum for this contract in December 2018 (9.55% in December 2017).

The Company does not have any covenant on such loans.

(iii) Resolution 4131

In August 2018, the Company signed a loan contract in US dollars in the amount of US$ 13,441, equivalent to R$ 50,000, on the transaction date, with the financing agent Itau BBA Internacional PLC, without pledged guarantees, with the payment of principal in the end of the contract, August 2020, and interest to be paid in December 2018, February 2020 and August 2020.

For exchange-rate hedge of loan, the Company purchased derivative financial instrument, cash flow swap, from Itaú Unibanco S.A. in the same amount and maturities, swapping the exposure of US$ currency change plus fixed rate of 4.89% per annum, for the CDI change plus 0.89 % per year, and with this, assigning the credit receivables from the swap transaction as guarantee to the creditor of the loan in US dollars.

In December 2018, the average interest rate is 7.29% per annum.

This operation is subject to accelerated maturity in the event the following debt and interest coverage ratios are not complied with: (i) net debt/EBITDA (1) ratio equal to or lower than 2.50, and adjusted EBITDA/net financial expense equal to or higher than 1.50. As of December 31, 2018, the Company had addressed all these clauses.

b. Debentures

In 2013, the Company issued simple, non-convertible, unsecured debentures. The net funds obtained are fully used to meet the Company's basic management requirements, such as the repayment of debts and the reinforcement of cash.

The debentures pay interest semi-annually. Under the first issue, interest is paid on February 15 and August 15 of each year. Under the second issue, interest is paid on December 15 and June 15 of each year.

The nominal value of the debentures of the two issues will be amortized as follows:

- In 1st issuance: first series, 33.33% was paid on February 15, 2016, 33.33% on February 15, 2017, 33.33% on February 15, 2018; while in the second series, 33.34% was paid on February 15, 2017, 33.33% on February 15, 2018, and next amortization date is February 15, 2019 (33.34%).

- As regards both series of the second issue, as of December 15, 2016, 33.33% was paid on September 28, 2017 and the installment of 33.33%, previously estimated for December 15, 2017 was settled in advance. In relation to the latest installment, originally set to be paid on December 15, 2018, there was a renegotiation, and the amount corresponding to 33.34 % of the issuance was extended in the proportion of 50% to July 31, 2020, and 50% to July 31, 2021, as approved in the Annual Debentureholders' Meeting held on September 25, 2017.

				Date				Parent company and Consolidated	
Series	**Type**	**Issuance amount**	**Outstanding debentures**	**Issuance**	**Maturity**	**Annual financial charges**	**Unit price**	**2018**	**2017**
1st issue - 1st series	Simple	60,000	-	02/15/2013	02/15/2018	DI + 0.84%	10	**-**	20,636
1st issue - 2nd series	Simple	140,000	14,000	02/15/2013	02/15/2019	DI + 0.97%	10	**47,927**	96,334
2nd issue - 1st series	Simple	80,000	8,000	12/15/2013	07/31/2021	DI + 2.00%	10	**26,750**	27,283
2nd issue - 2nd series	Simple	70,000	7,000	12/15/2013	07/31/2021	DI + 2.00%	10	**23,406**	23,874
Current								**48,073**	71,441
Non-current								**50,010**	96,686

The issues of debentures are subject to accelerated maturity in the event the following debt and interest coverage ratios are not complied with: (i) adjusted(1) net debt/EBITDA(2) ratio equal to or lower than 2.50, and adjusted EBITDA/net financial expense equal to or higher than 1.50. As of December 31, 2018, the Company had addressed all these clauses.

1. **EBITDA -** net income for the period, plus taxes on profit, financial costs net of financial income, and depreciation, amortization and depletion.

2. **Adjusted EBITDA -** means EBITDA as defined above, but excludes the net results from discontinued operations and other items that contribute to the information on the gross cash generation potential **-** CVM Regulatory Instruction (INCVM) No. 527/2012.

The installments due in the non-current are payable according to the following schedule for loans and financing:

	Parent company		**Consolidated**	
	2018	**2017**	**2018**	**2017**
Months:				
13-24	80,419	93,343	80,419	94,462
25-36	25,005	28,338	25,005	29,457
37-48	-	25,005	-	26,124
49-60	-	-	-	278
Total	**105,424**	**146,686**	**105,424**	**150,321**

Changes for the periods of 2018 and 2017 are as follows:

	Parent company	Consolidated
Loans and financing		
Balance at December 31, 2017	**50,151**	**54,747**
Funding	50,000	50,000
Recognized interest	3,888	4,058
Payment of principal	(40,134)	(44,754)
Interest paid	(3,927)	(4,073)
Exchange-rate change	2,139	2,139
Balance at December 31, 2018	**62,117**	**62,117**
Debentures		
Balance at December 31, 2017	**168,127**	**168,127**
Recognized interest	8,279	8,279
Payment of principal	(66,666)	(66,666)
Interest paid	(11,657)	(11,657)
Balance at December 31, 2018	**98,083**	**98,083**
Total	**160,200**	**160,200**

	Parent company	Consolidated
Loans and financing		
Balance at December 31, 2016	**1,182**	**1,182**
Funding	50,000	54,474
Recognized interest	2,557	2,914
Payment of principal	(1,047)	(1,047)
Interest paid	(2,541)	(2,776)
Balance at December 31, 2017	**50,151**	**54,747**
Debentures		
Balance at December 31, 2016	**290,395**	**290,395**
Recognized interest	23,799	23,799
Payment of principal	(116,655)	(116,655)
Interest paid	(29,412)	(29,412)
Balance at December 31, 2017	**168,127**	**168,127**
Total	**218,278**	**222,874**

14 Salaries and social security charges

Accounting policy

(i) Short-term employee benefits

Obligations for short-term employee benefits recognized as personnel expenses as the related service is rendered. The liability is recognized at the amount expected to be paid, if the Group has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated. The Company and its subsidiaries have benefit plans for management and employees in the form of profit sharing and bonus plans.

(ii) Post-employment benefits

The Company and its Subsidiaries do not hold private pension plans or any pension plan for its employees and management.

Law No. 9.656/98 provides that dismissed and/or retired employees who contribute to the costing of the private health plan are entitled to use the same conditions of assistance coverage granted by the Company and its Subsidiaries, pursuant to the legal provisions. According to the report prepared by an independent actuary, there is no actuarial risk for the Company and its Subsidiaries.

Profit sharing and bonus plans are expected to be settled in up to 12 months and are presented at expected settlement value.

	Parent company		**Consolidated**	
	2018	**2017**	**2018**	**2017**
Vacations payable	10,138	9,632	12,004	12,220
INSS	2,224	2,020	2,695	2,645
Bonuses and profit sharing payable	7,402	7,014	7,888	7,783
FGTS	645	598	765	780
Other	831	1,013	909	1,216
Total	**21,240**	**20,277**	**24,261**	**24,644**

15 Judicial deposits and provision for lawsuits

Accounting policy

A provision is recognized when the Company and its subsidiaries have a present obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made. Determination of the likelihood of loss includes determination of evidences existing, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of external attorneys. Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, conclusions of tax audits or additional exposures identified based on new matters or court rulings. The expense referring to any provision is presented in the statement of income, net of any reimbursement.

When Company and its subsidiaries expect some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Judicial deposits are classified into non-current assets and are not offset with such provisions.

The Company is a party to ongoing labor, civil and tax lawsuits and other ongoing lawsuits, that totaled as of December 31, 2018, R$ 573,739 (R$198,858 as of December 31, 2017) Parent Company, and R$598,870 (R$244,248 as of December 31, 2017) Consolidated has been discussing these issues in both the administrative and judicial scopes and, when applicable, said lawsuits are backed by judicial deposits. These amounts contemplate all lawsuits classified as probable, possible and remote. Provisions for probable losses arising from these lawsuits are estimated and updated by Management as there is an estimate for future disbursement, backed by the opinion of the external legal advisors.

The above-mentioned amounts are broken down as indicated below:

	Parent company		**Consolidated**	
	2018	**2017**	**2018**	**2017**
Probable	34,419	30,926	44,444	38,983
Possible	92,363	109,126	99,760	132,824
Remote	446,957	58,806	454,666	72,441
Total	**573,739**	**198,858**	**598,870**	**244,248**

Provisions recognized

The provisions recorded and related judicial deposits, when applicable, are as follows:

	Parent company			
	Judicial deposits		**Provisions for lawsuits**	
	2018	**2017**	**2018**	**2017**
Labor and social security	7,001	7,002	11,826	14,903
Tax (ii)	1,608	1,608	-	-
Civil (i)	93	93	22,593	16,023
Total	**8,702**	**8,703**	**34,419**	**30,926**

	Consolidated			
	Judicial deposits		**Provisions for lawsuits**	
	2018	**2017**	**2018**	**2017**
Labor and social security	10,104	11,750	16,335	22,889
Tax	1,608	1,631	-	-
Civil (i)	190	190	28,109	16,094
Total	**11,902**	**13,571**	**44,444**	**38,983**

(i) Contains provision arising from business combination, as detailed below:

The agreement for purchase and sale of Direct Express, entered into between the Company and 8M Participações, establishes that the Company will only be required to indemnify 8M Participações for any lawsuits referring to facts that took place before the date of the acquisition with an aggregate amount exceeding R$40,000. On the other hand, 8M Participações is required to indemnify the Company for any lawsuits referring to facts that took place after the date of the acquisition. In the year 2017, the amount of obligations paid by 8M Participações by the Company is above the aggregated amount. In December 2018, Management reviewed the calculation assumptions, which resulted in a supplementary provision, in addition to the current provisions made during the year in the amount of R$ 14,500 to cover this contractual clause. Thus, the balance of said provisions totals R$ 22,098 (R$ 15,993 in December 2017).

The changes in the provision during for 2018 and 2017 were as follows:

	Parent company	Consolidated
Balance at December 31, 2017	**30,926**	**38,983**
Formation	24,397	32,334
Recognition INSS FAP	149	149
Corporate restructuring (i)	-	(1,482)
Other lawsuits payable	(336)	(1,168)
Write-off by judicial deposit	(1,032)	(2,535)
Payment	(19,685)	(21,837)
Balance at December 31, 2018	**34,419**	**44,444**

(i) Balance at January 31, 2018, belonging to Tegma Logística Integrada S.A., which was the object of joint venture formation in February 2018, as described in note 2 item (i).

	Parent company	Consolidated
Balance at December 31, 2016	**4,946**	**14,938**
Formation	31,208	38,440
Transfer to tax liability	4,575	5,464
Other lawsuits payable	(912)	(1,095)
Write-off by judicial deposit	(1,207)	(8,631)
Payment	(7,684)	(10,133)
Balance at December 31, 2017	**30,926**	**38,983**

Possible losses, not provisioned in the balance

The Company and its subsidiaries are parties to tax, civil and labor lawsuits for which no provision has been recorded due to the fact that these lawsuits have been classified by Management and its legal advisors as possible losses, as presented below:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Labor and social security	45,769	65,083	48,512	76,550
Tax	25,703	14,767	30,135	20,086
Civil	20,891	29,276	21,113	36,188
Total	**92,363**	**109,126**	**99,760**	**132,824**

Labor and social security contingencies refer mainly to cases involving discontinued operations, as well as cases in which the Company is held jointly liable for lawsuits filed against outsourced service providers.

Before, the main civil lawsuit is classified as possible, corresponded to the claim for material damages, pain and suffering and death pension due to a traffic accident occurred in December 2011, involving a carrier subcontracted by the Company, and that has a contingency amount of R$ 2,029 as of December 31, 2018 (R$ 12,996 as of December 31, 2017), and the decrease was due to the court decision that only partially covered the request of the plaintiffs.

The main claim was classified as possible, a tax claim deriving from a charge made by ISS inspection in the municipality of Mauá/SP through tax assessment notices issued between December 2017 and January 2018 in the amount of R$ 6,460 based only on revenue earned by the Mauá/SP subsidiary.

Remote losses, not provisioned in the balance sheet

Tax, civil and labor lawsuits for which no provision has been recorded due to the fact that these lawsuits have been classified by Management and its legal advisors as remote losses as of December 31, 2018 totaled R$ 446,957 in parent company (R$ 58,806 as of December 31, 2017) and R$ 454,666 in Consolidated (R$ 72,441 as of December 31, 2017). The main demand in tax sphere derives from collection made by ISS (tax on services) inspection authorities of the municipality of Mauá/SP, through a tax assessment notice of R$ 402,958, in which the municipality erroneously considered total gross income earned by the Company and not only that of Mauá/SP branch, which should be the basis for said inspection. In this context, based on the opinion of the lawyers, the Company considers the amount of R$ 396,498 as remote. In February 2018, our defense was made in the administrative level, and all additional supporting documentation was presented to the municipality, and since then the finance department of the municipal government of Mauá has not issued any opinion.

16 Income tax and social contribution

Accounting policy

a. Current income tax and social contribution

Current income tax and social contribution assets or liabilities are measured at the estimated amount to be offset or paid to the tax authorities. The rates and tax laws adopted for calculating tax are those in effect at the reporting dates of balance sheets. Offset of tax loss carryforwards is considered, limited to 30% of annual taxable income.

b. Deferred income tax and social contribution

Deferred income tax and social contribution are calculated on income tax losses and the negative basis of social contribution and the corresponding temporary differences between the calculation basis of tax on assets and liabilities, and book values of financial statements. Such tax rates, currently defined to find the deferred taxes, are of 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized inasmuch as it is likely that the future taxable income is available for use to offset temporary differences, based on projections of future income prepared and based on internal assumptions and on future economic scenarios that may, however, be subject to change. Deferred income tax assets are recognized for tax losses in proportion to the likelihood of realization of the respective tax benefit by means of future taxable profit.

The book value of deferred income tax and social contribution assets is reviewed at the reporting date of each balance sheet, and reduced, when applicable by the provision, to the extent it is no longer probable that there will be future taxable profit sufficient to allow its realization.

Income tax and social contribution expense comprises both current and deferred income tax and social contribution. Current taxes and deferred taxes are recognized in profit or loss unless they are related to the business combination, or items directly recognized in shareholders' equity or other comprehensive income.

The reconciliation between the tax expense as calculated by the combined nominal rates and the income tax and social contribution expense charged to income is presented below:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Income before income tax and social contribution	**143,749**	**121,443**	**144,296**	**117,493**
Combined nominal rate of income tax and social contribution	34%	34%	34%	34%
Income tax and social contribution at nominal rate	**(48,875)**	**(41,291)**	**(49,061)**	**(39,948)**
Effect of Corporate income tax and social contribution on permanent differences				
Equity in net income of subsidiaries	1,499	4,500	126	(259)
Permanent differences	(632)	(2,586)	(896)	(2,917)
Correction of the LALUR 2014 (i)	-	12,206	-	12,206
ICMS credit granted	4,774	4,100	5,697	4,502
Interest on own capital	7,022	1,299	7,022	1,299
Deferred - Prior periods (ii)	-	2,605	-	9,690
Other	712	1,487	1,065	1,697
Income tax and social contribution on income (loss)	**(35,500)**	**(17,680)**	**(36,047)**	**(13,730)**
Current	(39,375)	(28,835)	(42,697)	(33,988)
Deferred	3,875	11,155	6,650	20,258
Effective rate	**24.7%**	**14.6%**	**25.0%**	**11.7%**

(i) Refers to the difference between the actual value and the estimated value of the loss on the disposal of ownership interest in Direct Express Logística Integrada S.A. considered as basis for determining income tax and social contribution.

(ii) Substantially refers to the confirmation of the balances arising from Tax Losses and negative basis of social contribution on net income with the Federal Revenue Service of Brazil, we recognize the deferred tax asset in the amount of R$ 6,354 in the Subsidiary Tegma Cargas Especiais Ltda. We also recorded deferred tax asset on the difference between the accounting goodwill and tax goodwill in the parent company in the amount of R$ 2,605.

Breakdown of deferred income tax and social contribution as of December 31, 2018 and December 31, 2017 is as follows:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Tax loss from recoverable income tax	-	-	10,286	27,398
Negative basis of social contribution	-	-	3,816	9,809
Temporary differences				
Provisions for profit sharing and bonuses	2,517	2,385	2,682	2,646
Estimated loss for allowance for doubtful accounts	27	38	999	669
Provisions for lawsuits	11,702	10,515	15,111	13,254
Provisions for freight payable	882	853	882	867
Provision for toll fees payable	813	1,368	919	1,430
Cut-off provision	3,518	1,107	3,518	1,107
Provision for losses with former subsidiary	-	-	4,546	3,898
Other	6,078	6,587	7,910	7,812
Subtotal	**25,537**	**22,853**	**50,669**	**68,890**
Amortization of tax goodwill (i)	(20,459)	(20,459)	(20,459)	(20,459)
Difference for depreciation rate (ii)	(7,671)	(9,023)	(14,925)	(16,751)
Other	-	-	(1,749)	(1,749)
Subtotal	**(28,130)**	**(29,482)**	**(37,133)**	**(38,959)**
Total	**(2,593)**	**(6,629)**	**13,536**	**29,931**

(i) Refers to deferred income tax and social contribution calculated on the amortization, for tax purposes, of the goodwill arising from the acquisition of Subsidiaries.

(ii) Refers to deferred income tax and social contribution on the difference between the depreciation of property, plant and equipment items calculated for tax and accounting purposes.

The breakdown of deferred income and social contribution tax between assets and liabilities by company is as follows:

	Consolidated			
	2018			
	Assets	**Liabilities**	**Net assets**	**Net liabilities**
Tegma Gestão Logística S.A.	25,537	(28,130)	-	(2,593)
Tegma Logística de Armazéns Ltda.	1,820	-	1,820	-
Tegmax Comércio e Serviços Automotivos Ltda.	26	-	26	-
Tegma Logística de Veículos Ltda.	8,699	-	8,699	-
Tegma Cargas Especiais Ltda.	14,587	(9,003)	5,584	-
Total	**50,669**	**(37,133)**	**16,129**	**(2,593)**

	Consolidated			
	2017			
	Assets	**Liabilities**	**Net assets**	**Net liabilities**
Tegma Gestão Logística S.A.	22,853	(29,482)	-	(6,629)
Tegma Logística Integrada S.A.	17,409	-	17,409	-
Tegma Logística de Armazéns Ltda.	1,502	-	1,502	-
Tegmax Comércio e Serviços Automotivos Ltda.	49	-	49	-
Tegma Logística de Veículos Ltda.	12,673	-	12,673	-
Tegma Cargas Especiais Ltda.	14,404	(9,477)	4,927	-
Total	**68,890**	**(38,959)**	**36,560**	**(6,629)**

Changes in deferred income tax and social contribution, net as of December 31, 2018 are as follows:

	Parent company	**Consolidated**
Balance at December 31, 2017	**(6,629)**	**29,931**
Formation - effect on profit or loss	3,875	6,650
Tax credit granting (i)	-	(5,307)
Corporate restructuring (ii)	-	(17,172)
User of tax loss and negative social contribution basis (PERT)	-	(720)
Deferred taxes on hedge accounting	161	161
Other	-	(7)
Balance at December 31, 2018	**(2,593)**	**13,536**

(i) As shown in Note 24, the amount is comprised by the credits from tax loss and social contribution that were granted to the parent company by the Subsidiaries Tegma Logística de Veículos Ltda. totaling R$ 4,806 and Tegma Cargas Especiais Ltda. totaling R$ 501.

(ii) Balance at January 31, 2018 of deferred, belonging to Tegma Logística Integrada S.A., which was the object of joint venture formation in February 2018, as described in note 2 item (i).

As of December 31, 2018, the assets are expected to be realized as follows:

Year	**Parent company**	**Consolidated**
2019	5,107	10,030
2020	5,107	10,745
2021	5,107	9,471
2022	5,107	9,183
>2023	5,109	11,240
	25,537	**50,669**

The Company and its Subsidiaries do not have deferred assets to be recognized.

17 Other accounts payable

	Parent company		Consolidated	
	2018	2017	2018	2017
Insurance	5,391	5,931	5,700	6,028
Toll fees	2,395	4,026	2,736	4,209
Benefits (i)	3,193	3,524	3,729	3,927
Changes in vehicles and cargo	1,308	1,565	2,043	2,095
Rental	1,648	1,307	3,227	3,133
Consultancy services	1,393	1,184	1,470	1,306
Surveillance	2,040	788	2,341	1,069
Sundry maintenance	1,542	563	1,884	1,024
Other (ii)	3,084	1,432	7,733	3,276
Total	21,994	20,320	30,863	26,067

(i) Transportation voucher, meal ticket, basic basket, severance costs, and others.

(ii) Includes the amount of R$ 2,074 related to the fine and interest on the voluntary report on the ICMS recognition (Value-Added Tax on Sales and Services) as mentioned in Note 19.

18 Shareholders' equity

Accounting policy

Common shares are classified in shareholders’ equity. Incremental costs directly attributable to issuance of new shares or options are shown in shareholders' equity as a deduction of funds obtained, net of taxes.

Distribution of dividends and interest on own capital regarding the minimum mandatory amount, as per Company’s bylaws, is recognized as a liability in the financial statements at the end of the year. Any amount above the minimum mandatory is only recognized in liabilities on the date it is approved by shareholders, in Shareholders’ Meeting, being separated in a specific account in equity called “Proposed additional dividend”. The tax benefit of interest on own capital is recognized in profit or loss. When resolved by the Board of Directors, interest on own capital are computed to dividends for the period.

The Company offers to its executives a share-based remuneration plan according to which the entity receives employees’ services as consideration for equity instruments (stock options) of the Company. Fair value of stock options granted to the Company’s executives is measured on grant date and the expense is recognized in income for the period in which the right is acquired, after meeting certain specific conditions. On balance sheet date, the Company reviews estimated regarding the number of stock options whose rights should be acquired based on such conditions, and, when applicable, recognized in income for the year, as a contra-entry to shareholders' equity, effect from review of these initial estimates.

a. Capital

The Company’s capital is fully paid-in, totaling R$ 144,469, divided into 66,002,915 common nominative shares with no par value.

b. *Capital reserve - goodwill upon subscription of shares*

The Company's capital reserve is derived as follows: (i) on April 27, 2007, a Shareholders' Meeting approved the formation of a capital reserve - share premium, totaling R$2,245, and (ii) on June 28, 2007, the Company's Board of Directors approved the issue of 9,706,639 registered common shares, with no par value, at an issue price of R$26.00, in the public share offering, with the allocation of R$47,757 to the Capital line item, and R$204,616 to the Capital reserve, as provided for in the sole paragraph of Article 14 of the Brazilian Corporate Law.

Due to cancellation, on December 16, 2008, of 2,547,145 common shares issued by the Company and held in treasury, in the amount of R$32,806, balance on December 31, 2018 and December 31, 2017 is R$174,055.

c. *Legal and profit retention reserve*

The legal reserve is formed annually by the allocation of 5% of net income for the year, and may not exceed 20% of the Company's capital. The purpose of the legal reserve is to guarantee that the capital is paid up and it is used solely to offset losses and/or increase capital. Profit retention reserve refers to retained income remaining balance intended to aid business growth project established in the Company's investment plan, according to capital budget proposed by management and to be decided in the Annual Shareholders Meeting, in compliance with Article 196 of the Brazilian Corporate Law.

d. *Treasury shares*

As of December 31, 2018 and December 31, 2017, the balance of treasury shares corresponds to 65,143 common shares totaling R$ 342.

e. *Dividends and interest on own capital*

After offsets and deductions set forth in law and bylaws, net income for each fiscal year shall be allocated as follows: (i) 5% for legal reserve, until reaches 20% of paid-up capital and (ii) 25% of balance, after allocation of legal reserve, shall be allocated to pay mandatory minimum dividend to all shareholders.

The dividends above such limit are separated in a specific account in shareholders' equity called "Proposed additional dividend" as mentioned before. When resolved by the Board of Directors, interest on own capital are computed to dividends for the period.

In the meeting of the Board of Directors held on February 11, 2010, the adoption of the dividend allocation policy of the Company was approved, so that future dividend distributions, including interest on own capital, are made at an amount at least equivalent to 50% (fifty percent) of net income for the year, calculated as provided in art. 193 to 203 of Law 6404/76, as amended, the Brazilian accounting practices and the rules of the Brazilian Securities Exchange Commission.

The calculation of dividends for 2018 and 2017 is as follows:

	2018	**2017**
Net income for the year	108,249	103,763
Legal reserve	-	(1,681)
Calculation basis	108,249	102,082
Minimum compulsory dividend 25 %	27,062	25,521
Interim dividends paid	27,483	18,572
Interest on own capital paid	9,161	3,821
Interest on own capital proposed	7,076	11,491
Dividends payable	21,230	27,365
% on calculation basis	60%	60%

In a Board of Directors' meeting held on August 4, 2017, the dividend distribution in 2017 in the amount of R$ 14,750 was approved, paid on August 21, 2017.
In the meeting of the Board of Directors held on November 6, 2017, the distributions of interim dividends in the amount of R$ 3,822 and interim interest on own capital in the amount of R$ 3,821 were approved, paid on November 23, 2017.

Annual Shareholders' Meeting held on April 20, 2018 approved Management proposal for destination of net income for the year ended December 31, 2017, which resulted in distribution of supplementary dividends and interest on own capital to the Company’s shareholders in the amount of R$38,856, being R$27,365 dividends and R$11,491 interest on own capital, both paid on May 3 and 4, 2018.

In the meeting of the Board of Directors held on August 7, 2018, the distributions of interim dividends in the amount of R$ 15,818 and interim interest on own capital in the amount of R$ 5,272 for the year 2018, both paid on August 22, 2018.

In the meeting of the Board of Directors held on November 8, 2018, the distributions of interim dividends and interest on own capital in the amount of R$ 11,665 and interim interest on own capital in the amount of R$ 3,889 were approved, paid on November 26, 2018.

In a meeting held on March 19, 2019, members of the Company’s Board of Directors expressed their favorable opinion on the proposal for destination of results for year ended December 31, 2018, and recommended their approval to the Company’s Annual Shareholders' Meeting.

f. Stock option plan

The Special Shareholders’ Meeting, held on December 15, 2011, approved the Company’s Stock option Plan to Company’s executives. Actions that are the object of the Plan must derive from: (i) issuance of new common shares, within capital limit authorized by the Company, according to decision of the Board of Directors; and/or (ii) common shares held in treasury.

Currently, there is no stock option plan in place.

19 Information per business segment

Accounting policy

The Company classifies its business analyses into: (i) automotive logistics, division engaged in the transfer and distribution of zero-kilometer and used vehicles, port transfers and management of inventories and yards for car manufacturers and services to prepare vehicles for sale, comprised by the Parent Company and its Subsidiaries Tegmax Comércio e Serviços Automotivos Ltda. and Niyati Empreendimentos e Participações Ltda, and into (ii) integrated logistics, division that is engaged in transporting, storing, managing inventory, to several market segments such as chemical, appliances and consumables comprised of its subsidiaries comprised by its Subsidiaries Tegma Cargas Especiais Ltda., Tegma Logística de Armazéns Ltda. Tegma Logística de Veículos Ltda and parent company. The Company has inaugurated the start-up accelerator called TegUP (TegUp Inovação e Tecnologia Ltda) which we understand that does not belong to the integrated division.

Starting as of February 2018, the Company no longer considers Tegma Logística Integrada S.A. as a direct investment due to creation of joint venture “GDL”, which is engaged in providing general and bonded warehouse services in Cariacica, Espírito Santo State, ES. Beginning as of that date, GDL became direct parent company of Tegma Logística Integrada S.A.; accordingly, GDL equity change started to be accounted for in the Company’s equity in investees.

	Consolidated					
	Automotive logistics		Integrated Logistics		Total	
	2018	2017	2018	2017	2018	2017
Net income from services	1,100,807	908,082	152,972	175,893	1,253,779	1,083,975
Costs	(843,660)	(687,234)	(126,272)	(137,870)	(969,932)	(825,104)
Operating expenses	(95,317)	(99,915)	(6,195)	(21,340)	(101,512)	(121,255)
Expenses with depreciation and amortization (i)	(18,012)	(14,415)	(11,278)	(13,729)	(29,290)	(28,144)
Financial expenses	(31,094)	(30,057)	(2,742)	(1,755)	(33,836)	(31,812)
Financial income	21,649	25,737	3,067	14,859	24,716	40,596
Equity in net income of subsidiaries	419	(1,869)	(48)	1,106	371	(763)
Income tax and social contribution	(35,984)	(18,246)	(63)	4,516	(36,047)	(13,730)
Net income for the year	98,808	82,083	9,441	21,680	108,249	103,763

	Automotive logistics		Integrated Logistics		Total	
	2018	2017	2018	2017	2018	2017
Current assets	295,821	250,266	41,690	124,414	337,511	374,680
Non-current assets	416,219	360,891	55,703	102,280	471,922	463,171
Total assets	712,040	611,157	97,393	226,694	809,433	837,851
Current liabilities	159,528	175,432	11,114	17,680	170,642	193,112
Non-current liabilities	144,471	184,374	9,948	11,559	154,419	195,933
Total liabilities	303,999	359,806	21,062	29,239	325,061	389,045

(i) R$ 25,873 refer to the portion of depreciation attributed to the cost of services and R$ 3,417 attributed to general administrative expenses in December 2018 (R$ 24,939 and R$ 3,205, respectively, in December 2017), according to Note 10.

The income from four clients of the automotive logistics segment represented approximately 68% of total income.

The services to the automotive and integrated logistics segments are rendered throughout the Brazilian territory.

20 Net income from services rendered

Accounting policy

The Company and its subsidiaries render logistics, transportation and storage services in a number of industries, such as the automotive, consumer goods, chemical and appliance industries. Income from services rendered is recognized to the extent services are rendered. The Company makes its estimates with basis on historical results, taking into account the type of client, type of transaction and the specifications of each sale. Income is presented net of taxes, goods returned, rebates and discounts, and after elimination of intercompany sales.

The reconciliation of gross income to net income from services rendered is as follows:

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Gross income from services	1,392,552	1,173,778	1,538,720	1,330,190
Discounts, insurance and toll fees	(80,544)	(74,826)	(82,339)	(75,885)
	1,312,008	**1,098,952**	**1,456,381**	**1,254,305**
Taxes levied (i) (ii)	(175,843)	(155,770)	(202,602)	(170,330)
Net income from services	**1,136,165**	**943,182**	**1,253,779**	**1,083,975**

(i) In July 2018, the subsidiary Tegma Cargas Especiais Ltda., following the internal compliance process, identified errors in the collection of tax related to its operations. In view of this fact, it opted for voluntarily reporting it for additional ICMS collection (Value-Added Tax on Sales and Services) of such operations over the past five years. Such regularization resulted in the recognition of an expense of R$ 5,252.

(ii) Includes PIS and COFINS credit recognition referring to the right to exclude the ICMS value from the calculation bases of these two contributions in the amount of R$ 9,702 in the Parent Company and R$ 10,596 in the Consolidated, as mentioned in note 8, item (i) .

21 Expenses per type

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Cost of services rendered	(888,886)	(727,068)	(995,805)	(850,043)
General and administrative expenses	(60,837)	(59,733)	(62,500)	(63,822)
Management remuneration	(11,510)	(10,443)	(11,510)	(10,443)
Commercial expenses	(503)	(543)	(2,410)	(12,007)
Total	**(961,736)**	**(797,787)**	**(1,072,225)**	**(936,315)**

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Freight services - aggregated	(773,095)	(646,383)	(803,079)	(674,042)
Salaries	(68,826)	(61,403)	(80,923)	(77,868)
Social charges	(37,869)	(32,036)	(45,319)	(41,406)
Outsourced services	(36,106)	(34,579)	(42,165)	(44,079)
Rentals and lease	(23,330)	(21,533)	(38,472)	(41,103)
Depreciation and amortization	(22,348)	(18,478)	(29,290)	(28,144)
Employee benefits	(20,296)	(17,215)	(25,660)	(25,087)
Variable costs	(12,793)	(11,010)	(28,695)	(25,326)
Other overhead expenditures	(8,450)	(8,546)	(11,989)	(15,460)
Maintenance	(12,874)	(8,725)	(17,745)	(15,496)
Fuels and lubricants	(8,555)	(7,631)	(9,375)	(8,774)
Utilities	(3,476)	(3,107)	(5,411)	(6,164)
Communication	(2,402)	(2,438)	(2,919)	(3,190)
Other personnel expenditures	(3,642)	(5,019)	(5,208)	(6,252)
Termination costs	(2,418)	(3,189)	(2,889)	(4,029)
Material	(2,007)	(1,993)	(3,389)	(4,050)
Expenses with travel	(1,864)	(1,889)	(1,867)	(1,962)
Misplacement indemnity	(643)	(596)	(801)	(815)
Contributions and donations	(861)	(581)	(864)	(598)
Contractual fines	(476)	-	(476)	(5)
Provision for impairment from sales of subsidiaries (i)	-	-	(1,907)	(11,464)
PIS/Cofins tax credits	80,595	88,564	86,218	98,999
Total	**(961,736)**	**(797,787)**	**(1,072,225)**	**(936,315)**

(i) In 2018, provision for loss of amounts arising from the Subsidiary’s accounts receivable, due to the defeated party's fees in the total amount of R$ 2,859. See note 21, item (v).

22 Other net expenses

	Parent company		Consolidated	
	2018	**2017**	**2018**	**2017**
Recovery of expenses (i)	786	1,301	3,063	3,733
Inventory adjustments	-	-	(75)	(34)
(Loss) on sale of fixed assets, net	(366)	(855)	(1,226)	(814)
Bad debt losses	32	23	(1,096)	(93)
Loss in the disposal of investments	-	(223)	-	(223)
Formation of provisions for lawsuits and indemnities paid	(24,546)	(31,208)	(32,483)	(38,440)
Loss in the write-off of goodwill (ii)	(2,527)	-	(2,527)	-
Fair value upon investment transfer (iii)	1,842	-	1,842	-
Provision for investment loss	-	(1,365)	-	(1,365)
Other (iv) (v)	(496)	684	3,993	(952)
Other net (expenses)	**(25,275)**	**(31,643)**	**(28,509)**	**(38,188)**

(i) Refer to onlendings of fixed operating costs of areas sub-rented to clients.

(ii) Goodwill balances recognized upon acquisition of former subsidiary Tegma Logística Integrada S.A., which were written-off due to joint venture formation, as described in note 2 item (i).

(iii) Amount referring to evaluation made by independent advisors of Tegma Logística Integrada S.A. assets fair value, which was the object of joint venture formation, as described in note 2 item (i).

(iv) Includes recognition of a provision for reimbursement of civil contingencies covered by insurance policy, in the amount of R$5,970. In addition, we established the provision for lawsuits at the same amount in caption "Recognition of provisions for lawsuits and indemnities paid". Thus, there is no effect in income (loss) for the period.

(v) Includes expense in the amount of R$ 952 related to the defeated party's fees related to the provision for loss with sale of Subsidiary (total defeated party's fees of R$ 2,859).

23 Net financial income (expenses)

	Parent company		**Consolidated**	
	2018	**2017**	**2018**	**2017**
Financial income				
Positive income (loss) from swap operation	8,339	-	8,339	-
Income from interest earning bank deposits	4,511	6,581	7,584	15,707
Exchange gains	6,680	98	6,680	315
Interest receivable	1,741	13,796	2,113	20,669
Reversal of interest paid in installments (REFIS)	-	3,905	-	3,905
Total	**21,271**	**24,380**	**24,716**	**40,596**
Financial expense				
Interest on bank financings	(12,167)	(26,356)	(12,337)	(26,713)
Exchange losses	(8,775)	(147)	(8,779)	(147)
Negative income (loss) from swap operation	(6,638)	-	(6,638)	-
Bank expenses	(1,730)	(1,566)	(1,758)	(1,622)
Interest payable (i)	(557)	(589)	(2,906)	(955)
Interest paid in installments (REFIS)	-	-	-	(186)
Other financial expenses	(1,217)	(1,266)	(1,418)	(2,189)
Total	**(31,084)**	**(29,924)**	**(33,836)**	**(31,812)**
Net financial income (loss)	**(9,813)**	**(5,544)**	**(9,120)**	**8,784**

(i) Includes the amount of R$ 2,074 related to the fine and interest on the voluntary report on the ICMS recognition (Value-Added Tax on Sales and Services) as mentioned in Note 19.

24 Earnings per share

a. Basic earnings per share

Basic earnings per share is calculated by dividing net income attributable to Company's shareholders by the weighted average number of common shares issued during the period:

	2018	**2017**
Income attributable to Company's shareholders	108,249	103,763
Weighted average number of outstanding common shares (thousands)	65,938	65,938
Basic earnings per share - R$	**1.64**	**1.57**

b. Basic and diluted balance

Diluted profit per share is calculated by adjusting the weighted average number of common shares, presuming the conversion of all the potential diluted common shares.

As of December 31, 2018 and December 31, 2017, the Company did not have any dilution factor in relation to the basic. Accordingly, diluted earnings per share as of December 31, 2018 and 2017 is equal to basic earnings per share of R$1.64 and R$1.57, respectively.

25 Related parties

During the normal course of its business, the Company carries out transportation operations, rental of properties, delivery and Pre-Delivery Inspection - PDI with related parties at prices, and with terms, financial charges and other conditions compatible with those of the market conditions. The Company also apportions costs and operating expenses.

Main related party transactions are:

(i) The Company maintains a contract for the provision of services such as storage, transportation, review and delivery of vehicles, as well as review, delivery, and Pre-Delivery Inspection (PDI) with some companies of Itavema Group that are directly and/or indirectly related to the Company, by means of Parent Company Mopia Participações e Empreendimentos Ltda (“Mopia”);

(ii) The Company has with Sinimbu Participações Societárias e Empreendimentos S.A. (“Sinimbu”) company related to the indirect majority shareholders of the Company, and indirectly to the companies of the Company’s control group, Mopia Participações e Empreendimentos Ltda. (“Mopia”) and Cabana Empreendimentos e Participações Ltda. (“Cabana”), a rental contract of the business property located in São José dos Campos-SP;

(iii) The Company maintains with Pactus Empreendimentos e Participações Ltda., company jointly-controlled by the Company, a contract for rent of commercial properties located in São Bernardo do Campo, SP and Gravataí, RS;

(iv) The Company is engaged in transportation services to Cisa Trading S.A., company directly and/or indirectly related to a company that is part of the Company’s controlling group, Coimex Empreendimentos e Participações Ltda. (“Coimex”). The former subsidiary Tegma Logística Integrada S.A., on the other hand, has warehousing, moving, logistics and transportation service contract;

(v) Due to adhesion to Refis in November 2014, and aiming at settling its debts, the Company used part of credits deriving from tax losses and Social Contribution on Net Income negative basis (CSLL) of its subsidiary Tegma Logística de Veículos Ltda. (R$ 311). Due to adhesion to Program for Reduction of Tax Disputes (PRORELIT) in October 2015, the Company used part of credits deriving from tax losses and Social Contribution on Net Income negative basis (CSLL) (R$3,016). In October 2017, the Company was excluded from PRORELIT, so that the amounts paid in cash on the program were allocated to the respective debits. The amounts of tax loss and loss carryforwards used within PRORELIT were transferred to Tegma Logística de Veículos Ltda. in the amount of R$ 2,985. Due to adhesion to Special Program for Tax Regularization (PERT) in October 2017, and aiming at settling its debts, in January 2018, the Company used part of credits deriving from tax losses and Social Contribution on Net Income negative basis (CSLL) of its subsidiary Tegma Logística de Veículos Ltda. (R$ 4,086).

(vi) Due to adhesion to Refis in November 2014, and aiming a settling its debts, the Company used part of credits deriving from tax losses and Social Contribution on Net Income negative basis (CSLL) of its former subsidiary Tegma Logística Integrada S.A. (R$ 8,819). In the year 2017 the same was settled.

(vii) Due to adhesion to Program for Reduction of Tax Disputes (PRORELIT) in October 2015, the Company used part of credits deriving from tax losses and Social Contribution on Net Income negative basis (CSLL) of its subsidiary Tegma Cargas Especiais Ltda. R$6,979. In October 2017, the Company was excluded from PRORELIT, so that the amounts paid in cash on the program were allocated to the respective debits. The amounts of tax loss and negative basis in the scope of PRORELIT were fully reversed to Tegma Cargas Especiais Ltda. Due to adhesion to PERT (Special Tax Regularization Program) in October 2017, and aiming at the settlement of its debits, in January 2018, the Company used part of credits deriving from tax losses and Social Contribution on Net Income negative basis (CSLL) of its subsidiary Tegma Cargas Especiais Ltda. (R$ 501).

(viii) Refers to the dividend distribution of Tegmax Comércio e Serviços Automotivos Ltda. settled in 2018, as mentioned in Note 9.

(ix) According to negotiation between the Company and Holding Silotec to form the joint venture, part of former subsidiary Tegma Logística Integrada S.A. assets should be reimbursed to Tegma Gestão Logística S.A as they are realized. Likewise, Tegma Gestão Logística S.A should pay part of the liabilities.

(x) The former subsidiary Tegma Logística Integrada S.A., during the period over which it was under the direct control of the Company, had rental contract of the property located in Cariacica-ES with Coimex Empreendimentos e Participações Ltda. - "Coimex" (lessor and controlling shareholder of the Company), in which the Company was the guarantor. The termination of this contract, when setting up the joint venture, resulted in the indemnity by the Company to the lessor, in September 2018, in the amount of R$ 1,600 for works to readjust the property to its original condition.

The Company provides to Renove Corretora de Seguros Ltda., company related to the Company's indirect controlling shareholders, and indirectly to entity of the Company's control group, Mopia Participações e Empreendimentos Ltda. ("Mopia"), insurance administrative services; these services are not remunerated by Tegma.

	Parent company		**Consolidated**	
	2018	**2017**	**2018**	**2017**
Current assets				
Itavema group (i)	565	294	565	294
Cisa Trading S.A. (iv)	1	233	1	440
Coimex Empreendimentos e Participações Ltda.	-	-	34	34
Cia de Transportes e Armazéns Gerais	-	-	49	-
Tegma Logística Integrada S.A.	2,648	35	3,477	-
Tegma Cargas Especiais Ltda.	9	9	-	-
Tegma Logística de Armazéns Ltda.	7	18	-	-
Tegma Logística de Veículos Ltda.	952	-	-	-
Total	**4,182**	**589**	**4,126**	**768**
Dividends receivable				
Tegmax Comércio e Serviços Automotivos Ltda. (viii)	-	6,035	-	-
Total current	**4,182**	**6,624**	**4,126**	**768**
Non-current assets				
Tegma Logística Integrada S.A. (ix)	15,626	-	15,626	-
Total assets	**19,808**	**6,624**	**19,752**	**768**
Current liabilities				
Tegma Logística de Armazéns Ltda.	77	49	-	-
Tegma Logística Integrada S.A. (vi)	1,064	1	1,865	-
Tegma Logística de Veículos Ltda. (v)	5,461	342	-	-
Tegma Cargas Especiais Ltda. (vii)	508	-	-	-
Niyati Empreendimentos e Participações Ltda.	313	310	-	-
Coimex Empreendimentos e Participações Ltda.	-	-	-	231
Pactus Empreendimentos e Participações Ltda. (iii)	360	360	360	360
Sinimbu Participações Societárias e Empreendimentos S.A. (ii)	86	235	86	235
Total current	**7,869**	**1,297**	**2,311**	**826**
Non-current liabilities				
Tegma Logística Integrada S.A. (ix)	1,958	-	1,958	-
Total liabilities	**9,827**	**1,297**	**4,269**	**826**

	Parent company		Consolidated	
Income (loss)	**2018**	**2017**	**2018**	**2017**
Income from services rendered				
Itavema group (i)	2,231	1,804	2,231	1,804
Cisa Trading S.A. (iv)	973	3,345	1,925	12,267
Tegma Logística Integrada S/A	2	215	-	-
Other operating income				
Itavema group (i)	134	111	134	111
Cisa Trading S.A. (iv)	-	-	-	139
Tegma Logística Integrada S/A	369	501	631	-
Tegma Cargas Especiais Ltda.	91	133	-	-
Tegma Logística de Armazéns Ltda.	109	11	-	-
Tegmax Comércio e Serviços Automotivos Ltda.	1	1	-	-
	3,910	**6,121**	**4,921**	**14,321**
Administrative and general expenses				
Niyati Empreendimentos e Participações Ltda.	(3,426)	(3,421)	-	-
Tegma Logística Integrada S/A (x)	(1,709)	(347)	(2,259)	-
Tegma Cargas Especiais Ltda.	(4)	(3)	-	-
Tegma Logística de Armazéns Ltda.	(574)	(71)	-	-
Tegmax Comércio e Serviços Automotivos Ltda.	-	-	-	-
Tegma Logística de Veículos Ltda.	(1,565)	-	-	-
Pactus Empreendimentos e Participações Ltda. (iii)	(4,314)	(4,314)	(4,314)	(4,314)
Sinimbu Participações Societárias e Empreendimentos S.A. (ii)	(1,867)	(2,825)	(1,867)	(2,825)
Coimex Empreendimentos e Participações Ltda. (iv)	(1,600)	-	(1,810)	(2,773)
	(15,059)	**(10,981)**	**(10,250)**	**(9,912)**

Remuneration of key management personnel

Key management personnel includes the CEO, Board members, statutory officers, and, possibly, people related to indirect controlling shareholders. Remuneration paid or payable due to employee services is as follows:

	Parent company and Consolidated	
	2018	**2017**
Salaries and charges	(6,507)	(5,832)
Directors' fees (Board members)	(2,796)	(2,513)
Profit sharing	(2,207)	(2,098)
	(11,510)	**(10,443)**

At the Annual Shareholders' Meeting held on April 20, 2018, the annual remuneration of the members of the Company's Board of Directors, Tax Council and Executive Board was set at R$10,193, including salary, benefits, variable remuneration and Contribution for Social Security Funding - COFINS.

26 Insurance

The Company and its subsidiaries maintain insurance and contracted coverage, as indicated below, is considered sufficient by management to cover possible risks on its assets and/or responsibilities:

(a) Cargo transportation - variable coverage up to R$1,700, depending on transportation nature and type, for general cargo and for vehicles according to the model that is being transported.

(b) With the creation of the joint venture, mentioned in Note 2 item i, it is necessary to change the commodity warehousing policy coverage. This coverage, in a variable way, according to location and type of goods, was stipulated in the amount of US$ 50,000.

(c) Civil liabilities against third parties, material damage, personal injuries, pain and suffering, and personal accidents - coverage of up to R$1,000; and in case of third parties' fleet, coverage is the same.

(d) Supporting fleet - hull, collision, theft and fire - 100% of market value, FIPE table.

(e) Other property, plant and equipment assets, fire, lightning, explosion, aggravated theft, electric damages and other - corporate coverage of R$59,900.

(f) Management civil liability - coverage of R$ 63,000.

The Company's management - considering financial costs involved in contracting insurance for its truck and semi-trailers fleet, as well as the probability of claims and their possible financial impact on operations - adopts the policy of not contracting this protection, though maintaining insurance for civil liability against third parties, as previously mentioned.

27 Commitment with operating lease

Accounting policy

Leases made by the Company as lessee in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments for operating leasing are recognized in income (loss) under the straight-line basis over the lease period. The incentives received are recognized as integral part of total lease expenses, over the lease period.

As of December 31, 2018 and 2017, the Company and its subsidiaries had no lease contracts.

On December 31, 2018, total minimum lease payments according to operating leases are summarized as follows:

	Parent company	Consolidated
Gross operating lease obligations - Minimum lease payments		
Up to 12 months	18,939	34,380
13-60 months	31,691	41,853
>60 months	3,453	3,453
	54,083	**79,686**

28 Cash flow supplementary information

The preparation and presentation of statements of cash flows, based on indirect method, is carried out in accordance with the accounting pronouncement CPC 03 (R2) - Statements of Cash Flows.

Additional information is as follows

	Parent company	Consolidated
Acquisition of PP&E 2018 - not paid	1,315	3,395
Paid prior years' acquisition of property, plant and equipment - in installments	-	282
Acquisition of property, plant and equipment in 2017 - paid	1,043	1,208
Sale of assets not yet received	91	140
Acquisition of intangible assets 2018 - not paid	134	435
Acquisition of intangible assets in 2017 - paid	279	134
Disposals of intangible asset in 2018	-	21
Payments of lawsuits in 2017	912	1,094
Offset of current income tax and social contribution	19,797	22,162
Tax installment payment - PERT offsetting	5,307	6,027
Goodwill on acquisition - GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL")	16,693	16,693
Related parties - Tegma Logística Integrada S.A.	16,440	16,440
Derecognition of investment - Tegma Logística Integrada S.A.	-	48,927

29 Subsequent events

Payment of principal and interest of debentures

As mentioned in Note 12, on February 15, 2019, the Company paid the principal and interests of debentures (1st series) in the amounts of R$ 46,676 and R$ 1,703, respectively.

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 disivion.
- 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%.

			Chg % vs		
Operational and financial highlights	**4Q18**	**2018**	**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%

Summary

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)
Phone: +55 11 3193-1001 or +55 11 2820-4001
Phone: +1 646 828-8246 +1 646 291-8936
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 Tegma, 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 Tegma customers in an aggregating manner for in the Demoday. We are mindful of the transformations in the logistics world through tegUP and Tegma.

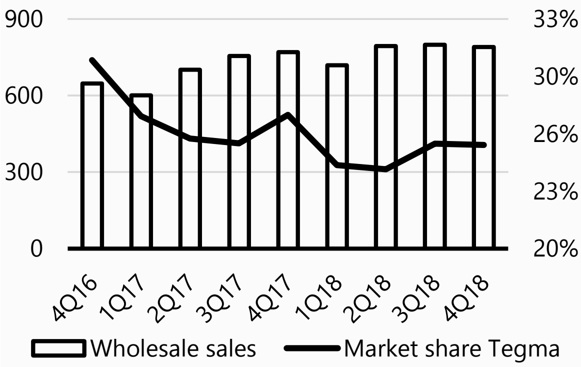
Our attention is also focused on the growth dynamics of direct sales of zero kilometer vehicles in the country, specially to car rental companies, which jointly represented 19% of vehicle sales in 2018 (according to ABLA – Brazilian Rent a Car Association) and might have an even greater representativeness 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.

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

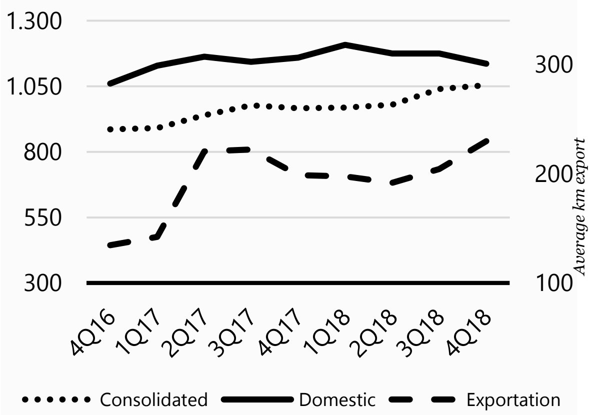


Source: ANFAVEA, Bacen and Tegma

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 2 – Tegma´s trips average distance (in km)



	4Q18	2018	Chg % vs 4Q17	Chg % vs 3Q18	Chg % vs 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 Int. log	4Q18 Auto log	4Q18 Int. log	4Q18 Consol.	2018 Auto log	2018 Int. log	2018 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

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it, Tegma 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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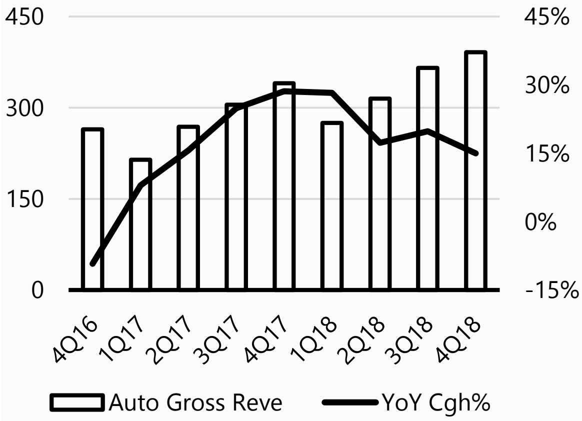
Results – Automotive division

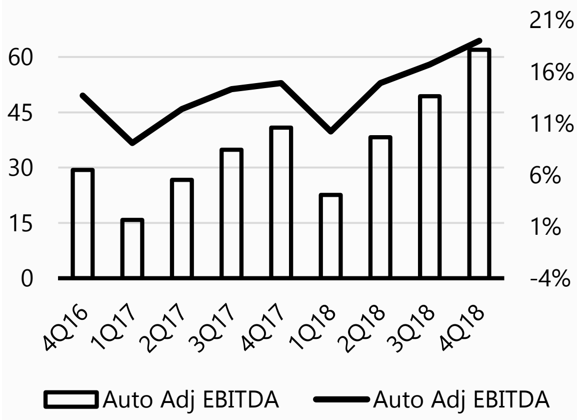
The improvement in results by the automotive logistics division is a consequence of a better economic scenario in the country, which reflected in improved vehicle sales and the regional distribution of those sales, as well as the cost and expense control that we have been implementing for at least three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

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



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.

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



The **deductions from gross revenue** at 4Q18 were impacted by non-recurring event 2 as described above. If disregarded, it would have grew 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.

			Chg % vs		
Automotive income statement	**4Q18**	**2018**	**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.*

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Automotive division income statement ex non-recurring events	**4Q18**	**2018**	**Chg % vs 4Q17**	**Chg % vs 3Q18**	**Chg % vs 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%**
Gross Margin	*23.1%*	*21.7%*	*-0.0 p.p.*	*0.8 p.p.*	*1.3 p.p.*
Expenses	(19.3)	(84.0)	-26.9%	-6.7%	3.1%
Operating income	**54.1**	**154.2**	**46.1%**	**19.3%**	**48.6%**
EBITDA Margin%	*17.0%*	*14.1%*	*3.5 p.p.*	*1.7 p.p.*	*2.6 p.p.*
(+) 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%**
EBITDA Margin%	*18.2%*	*15.7%*	*3.4 p.p.*	*1.5 p.p.*	*2.7 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$ 8.1 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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Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

Results – Integrated logistics division

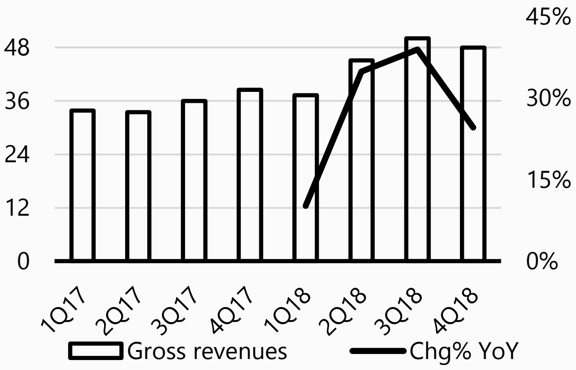
The integrated logistics division has performed consistently with the restructuring that has been carried out in recent years. The resumption of economy allowed us to present a significant revenue growth, which, together with the cost and expense control, are reflected in better operating results.

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.

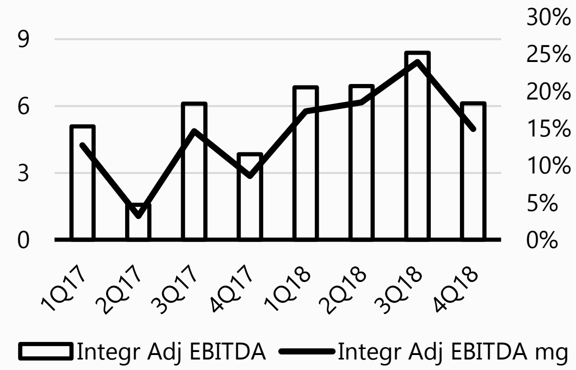
The 2018 vs 2017 division **gross margin** comparison was compromised by GDL becoming equity and by non-recurring events. If they were disregarded, in 4Q18 the gross margin would have been 12.1% [13.3% in 2018], 150 bps and 10 bps higher respectively in the annual comparison, due to the restructuring 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.

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

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.

			Chg % vs		
Integrated Logistics Division	**4Q18**	**2018**	**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.*

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Integrated Logistics Division ex-GDL in Jan/18 and 2017 and ex non-recurrings	4Q18	2018	Chg % vs 4Q17	Chg % vs 3Q18	Chg % vs 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%**
Gross Margin %	*12.1%*	*13.3%*	*1.5 p.p.*	*-2.9 p.p.*	*0.1 p.p.*
Expenses	(1.8)	(3.6)	3.8%	300.6%	-42.4%
Operating income	**3.1**	**17.1**	**31.2%**	**-45.5%**	**36.5%**
EBIT Margin%	*7.6%*	*11.0%*	*1.6 p.p.*	*-6.3 p.p.*	*2.2 p.p.*
(+) 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%**
EBITDA Margin%	*14.3%*	*18.1%*	*1.2 p.p.*	*-6.5 p.p.*	*2.3 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$ 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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Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

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.

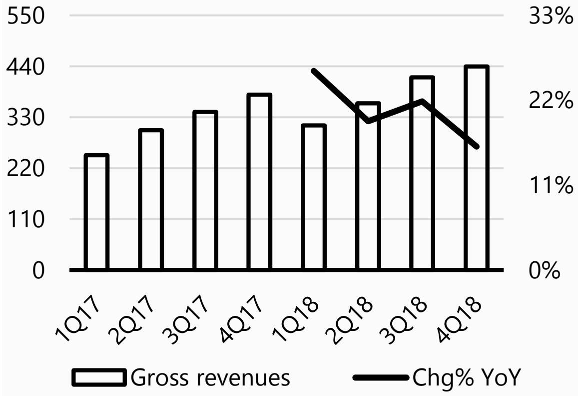
In the pro-forma figures we highlight the 14.4% growth of **net revenue** for 4Q18 [+19.2% for 2018] in the annual comparison.

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.

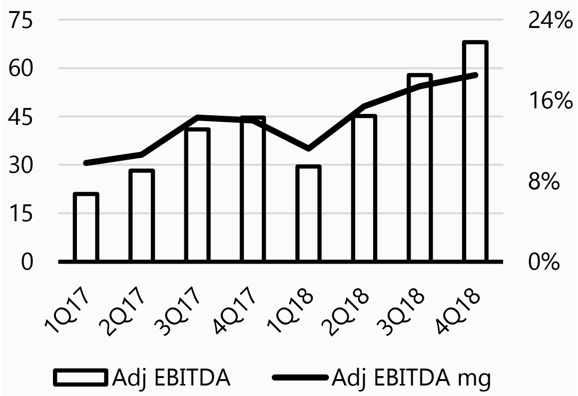
The expansion of 4Q18 and 2018 **EBITDA margin**, as can be seen in the next page and in Annex I, would have been 18.9% and 16%, or a 430 and 260 bps expansion respectively, due to the growth of the automotive market and the improvement of integrated logistics operations.

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*

			Chg % vs		
Consolidated	**4Q18**	**2018**	**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.*

Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

Consolidated ex-GDL in Jan/18 and 2017 and ex non-recurrings	4Q18	2018	Chg % vs 4Q17	Chg % vs 3Q18	Chg % vs 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%**
Gross Margin %	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%**
EBIT Margin%	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%**
EBITDA Margin%	*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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Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

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	Chg % vs 3Q18	Chg % vs 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 Espirito 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 FUNDAF 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.

GDL	4Q18	3Q18	Chg % vs 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%**
EBIT Margin%	*6.6%*	*4.0%*	*2.6 p.p.*
Net income/(loss)	**1.4**	**0.5**	**166.4%**
Net margin %	*8.1%*	*3.6%*	*4.6 p.p.*

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	Chg % vs 3Q18	Chg % vs 2017
Income before tax	**47.9**	**144.3**	**-28.9%**	**16.6%**	**22.8%**
Real tax rate	-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%**
Effective tax Rate	*-26.9%*	*-25.0%*	*-14.6 p.p.*	*-2.7 p.p.*	*-13.3 p.p.*

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.

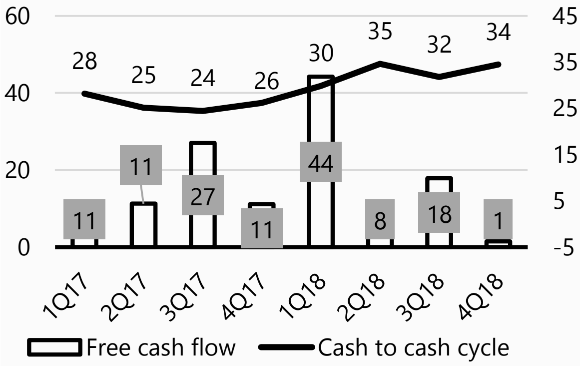
Consolidated	4Q18	2018	Chg % vs 4Q17	Chg % vs 3Q18	Chg % vs 2017
Operating income	**48.6**	**153.0**	**-10.1%**	**6.3%**	**40.1%**
Financial result	(1.4)	(9.1)	-	-71.7%	-
Equity	0.7	0.4	14.4%	99.6%	-
Income before tax	**47.9**	**144.3**	**-28.9%**	**16.6%**	**22.8%**
Income tax	(12.9)	(36.0)	54.9%	29.7%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

Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

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.

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



Cash to cash cycle: days to receive - days to pay (Suppliers and freight / daily COGS)

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.

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)

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.

	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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Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

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)

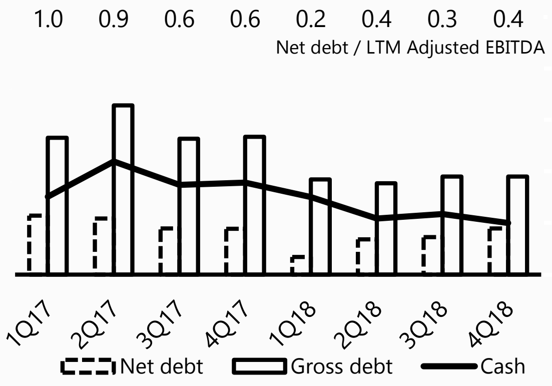
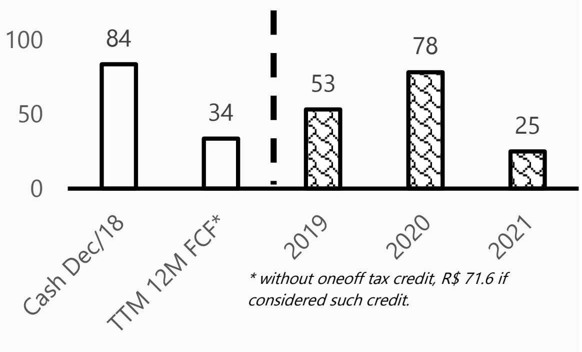


Chart 11 – Cash, FCF and Principal debt schedule amortization (R$ mi)



	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**
Net debt / Adjusted EBITDA TTM	*0.4*	*0.3*	*0.6*
Financial result TTM	**(9.1)**	**3.5**	**8.8**
Adjusted EBITDA TTM / Financial result TTM	*22.0*	-	-

(consolidated)

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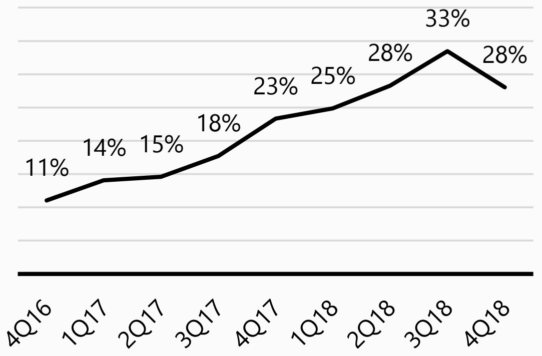
Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

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.

Chart 12 – Return on invested capital (ROIC) and



ROIC: NOPAT / (Net debt + Equity – goodwill)
Reconciling the indicator in the file Historical Financials.xlm (figures)

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.

	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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Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

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 recurrring´	(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 recurrring´	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 recurrring´	(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.

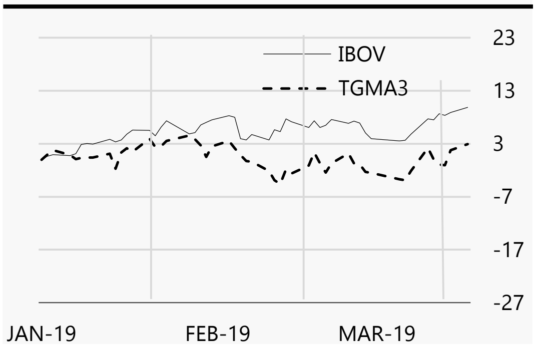
* To access those spreadsheets in Excel, *Click here*.

Tegma Gestão Logística S.A | Earnings release | 4Q18 | in R$ million

Capital Markets TGMA3

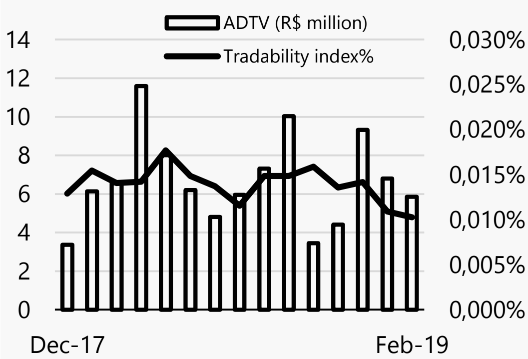
- At the beginning of 2019, Tegma's shares had a slightly lower performance than the market. The market cap of the company today is around R$ 1.9 billion (R$ 28 per share), 3% higher vs the beginning of the year, as we can see in the chart zero base next.

Chart 13 – TGMA3 and IBOV Base zero (Jan/02/2019)



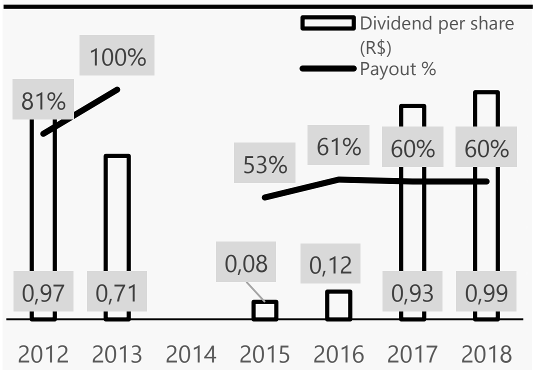
- The ADTV of our shares has been in the last three months around R$ 7 million traded daily (USD 2 million), stable compared to the average of 2018. However, the tradability index of TGMA3 in relation to the IBX-100 has been slightly below the 2018 average.

Chart 14 –TGMA3 ADTV



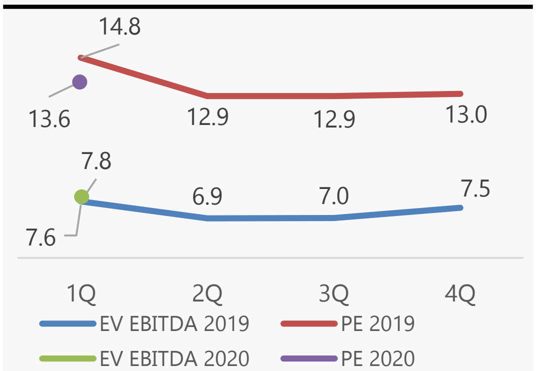
- In 2018, we distributed 60% of the year's earnings corresponding to R$ 64.9 million (complementary dividends and IOC proposed to the Annual General Meeting held on 04/24/2019). We have complied with the indicative policy of distributing at least 50% of the Company's results. The dividend yield of the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

Chart 15 – IOC and Dividends



- In 1Q19, TGMA3 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 TGMA3



Average sell side estimates (2019 – year 2018) (2020 – Year 2019)
Indicator reconciliation in the historical series file (indicators)

Índice Brasil Amplo BM&FBOVESPA IBRA   Índice Small Cap SMLL

Shareholder composition

Shareholder	# stocks TGMA3 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, Tegma 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 S.A | Earnings release | 4Q18 | in R$ million

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%**
Mg% EBITDA	*18.5%*	*14.0%*	*4.6 p.p.*	*16.0%*	*12.4%*	*3.6 p.p.*
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%**
Net margin %	*9.5%*	*18.5%*	*-8.9 p.p.*	*8.6%*	*9.6%*	*-0.9 p.p.*

Income statement - pro forma without Caricacica-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%**
Mg% EBITDA	*18.5%*	*14.6%*	*3.9 p.p.*	*16.0%*	*13.4%*	*2.6 p.p.*

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 controled 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 payed	(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 Logistica 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	Addicional 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%**

Capital budget proposed by the administration

The Company deems it necessary to create a capital budget in the amount of R$ 32,900,000 that will last for the 2019 fiscal year to maintain its operations, as shown in the table below:

Capital budget (in R$ thousand)	2018E	2018	2019E
Land improvements	22.000	17.424	5.200
New operations	1.500	2.348	0
TI	7.200	6.700	8.700
Contract renewal	-	-	6.700
General improvements	1.300	2.534	1.500
Transport equipments	-	-	5.400
Maintenance	9.000	6.434	5.400
TOTAL	**41.000**	**35.440**	**32.900**

The funds for the realization of the investments described above will be financed by the retention of the balance of net income for the year ended December 31, 2019, in the amount of R$ 43,300,000, of operating cash generation and, when necessary, bank loans.

Changes in the macroeconomic scenario, market conditions, operating factors, new business opportunities, among others, involve risks and uncertainties and may materially alter the amounts provided in this capital budget.

FISCAL COUNCIL REPORT

TEGMA GESTÃO LOGÍSTICA S.A

The Fiscal Council of Tegma Gestão Logística S.A., in compliance with legal and statutory provisions, reviewed the Management Report and the Financial Statements of the Company (parent and consolidated), for the year ended in December 31, 201,. comprising the Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, Statement of Cash Flow, Statement of Added Value and Explanatory Notes, based on examinations performed and considering the Independent Auditor's Report on Financial Statements, without qualification, issued by KPMG Auditores Independentes S/S on March 19th, 2019, opines that these documents as well as the proposed allocation of net income for the year, including the early distribution of dividends, and the capital budget in all material aspects are able to be appreciated and voted on by the Shareholders annual meeting.

São Bernardo do Campo, March 19th, 2019

COUNSELORS:

Marco Tulio Clivati Padilha

Mauro Stacchini Jr

Rubens Barletta

DECLARATION BY THE DIRECTORS ON THE FINANCIAL STATEMENTS

In compliance with article 25, section VI, of CVM Instruction 480 of December 7, 2009, the directors of Tegma Logistics Management SA, a publicly traded corporation, registered in the Ministry of Finance under CNPJ 02.351.144/0001-18 declare that they have reviewed, discussed and agreed with the financial statements presented.

São Bernardo do Campo, March 19th, 2019

DIRECTORS:

Gennaro Oddone
Chief Executive Officer and Investor Relations

Ramón Pérez Arias Filho
Chief Financial Executive

Tarcisio Francisco Felisardo
Director

STATEMENT BY THE BOARD ON THE REPORT OF INDEPENDENT AUDITING COMPANY

In compliance with the provisions contained in Article 25 of CVM Instruction nº 480/09 of 07 December 2009, the directors of the Company declare that reviewed, discussed and agreed with the opinions expressed in the Independent Auditors' Report on the Financial Statements issued by KPMG Auditores Independentes S.S for the period ended December 31, 2019.

São Bernardo do Campo, March 19th, 2019

DIRECTORS:

Gennaro Oddone
Chief Executive Officer and Investor Relations

Ramón Pérez Arias Filho
Chief Financial Executive

Tarcisio Francisco Felisardo
Director