Santos Brasil Participações S.A.

Financial statements
December 31, 2019 and 2018

Management Report

Dear Shareholders,

We submit to your appreciation the Management's Report and the Financial Statements of Santos Brasil Participações S.A. ("Santos Brasil") for the year ended December 31, 2019.

The standardized financial statements (DFP) are presented in compliance with accounting practices adopted in Brazil, the provisions in the Brazilian Corporation Law, the IFRS standards, and the standards of the Accounting Pronouncements Committee (CPC).

Message from Management

The year of 2019 consolidated important operational advances for Santos Brasil despite the unbalanced performance of the Brazilian economy, with Gross Domestic Product (GDP) growing 1.1%, well below initial market consensus (+2.55%, according to December 2018 Central Bank's Focus Report). The lackluster economic growth affected container throughput and imports, mainly at the Port of Santos. However, the Company stayed resilient in 2019, gaining market share and growing its operational and financial results.

Although the macroeconomic scenario proved more challenging than expected by the Company early in 2019, the consolidated 7.8% YoY growth in container throughput at its three terminals, which totaled 1,169,014 containers, confirms an upward trend. In the Company's main market, Tecon Santos registered 10.8% growth in container throughput, totaling 1,016,793 units, while the Port of Santos did not grow in 2019 (-0,3% YoY). Tecon Santos utilization rate surpassed 80%. The market share increased reflecting successful commercial initiatives throughout 2019, such as the maintenance and expansion of long-haul services in Asian routes, which brought the Company close to the leadership position at the Port of Santos, with 39.5% market share (vs. 35.4% in 2018), according to data published by the Santos Port Authority – SPA (former CODESP).

At the other units, the highlight was Tecon Vila do Conde, which has been growing consistently and invested R$60 million invested in the last 24 months, upgrading and expanding the terminal, including the purchase of new equipment. Tecon Vila do Conde container throughput grew 1.4% YoY, surpassing the mark of 104,000 containers handled. The terminal in the state of Pará is ready to absorb the potential demand in the North region, providing a reliable service through a highly productive operation. Santos Brasil Logística ("SBLog"), in turn, was adversely affected by a slowdown in imported containers at the Port of Santos, combined with the transfer of the long-haul services operated by Libra Santos, terminal located at the right bank of Port of Santos, where SBLog's main bonded warehouse is located, to DPW Santos, which is located on the

left bank at the Port. The management turnaround made in SBLog triggered a reorganization in the truck transportation business unit and intensified in-house logistics services and 3PL (Third Party Logistics) operations provided by the Company. The Vehicle Terminal – TEV – (volume down 26.5% YoY) was adversely affected by lower vehicle exports to Argentina, a scenario worsened by presidential elections in the country. Finally, Tecon Imbituba continued to be adversely affected by the economic and financial imbalance caused by the high Minimum Contractual Volume ("MMC", a take-or-pay clause in the leasing contract), despite Aliança's cabotage service container throughput and the volume growth in the terminal's general cargo operation, backed by wood and steel products exports.

From the financial standpoint, the better results were consequence of timely control of costs and expenses as soon as the growth expectation was frustrated, since GDP growth came lower than expected by the market. Company's consolidated EBITDA was R$ 221.6 million, up 16.9% YoY, with margin of 22.8% (+2.2 p.p. vs. 2018). Consolidated operational cash flow came to R$ 98.9 million in 2019. Santos Brasil ended the year with cash and equivalents of R$425.4 million which, after deducting gross debt, resulted in net debt of R$11.0 million and a leverage ratio of 0.09 time net debt/pro-forma EBITDA 2019. During the year, the Company benefited from the high liquidity in the domestic market with investors demanding local bonds issued by solid companies, with high ratings, and raised R$360 million in debt, to be invested in its operating units. R$300 million were raised by Santos Brasil Participações S.A. through its 4th Issue of Simple Debentures (two series: R$100 million with maturity in five years and coupon of CDI rate + 0.70% p.a., and R$200 million, with maturity in seven years and coupon of CDI rate + 1.00% p.a.), and R$60 million by the subsidiary Convicon S.A., which operates Tecon Vila do Conde, through its 1st Issue of Infrastructure Debentures in a single series, with maturity in 12 years and coupon of IPCA (inflation) + 4.20% p.a..

The Company will continue to invest in continuous improving of its assets to drive operational excellence, to expand its service offering and increase productivity through innovation and automation of processes, systems and equipment. The CapEx cycle at Tecon Santos, which exceeded R$100 million in 2019, will speed up in 2020, with investments in the expansion of TEV quay (additional 220 meters) and the reinforcement of Tecon Santos entire quay, as well as new Ship-to-Shore (STS) cranes, which will improve the terminal operational efficiency.

Likewise, the Company will continue investing in the development of its human capital and the safety of its operations, besides intensifying its environmental, social and corporate governance initiatives, which have been part of the Company's corporate values for years. We believe that fostering this culture is key to the Company's success in the long term as it creates value for stakeholders, generates faster and more sustainable growth opportunities and strengthens risk management, while reducing the cost of capital.

Santos Brasil's management believes that 2020 will consolidate the path of the Company's operating and financial results recovery, whose most important drivers are the expansion of domestic economic activity and the return of entrepreneurs and consumers confidence, as well as a larger share of imports in Tecon Santos' container mix and the repricing of services provided. Therefore, the Company should benefit from (i) Brazil's long-term, more sustainable growth - albeit moderate - with structural reforms being implemented (e.g. social security, labor, administration and tax reforms), lower interest rates and a controlled inflation; (ii) higher operational leverage, following adjustments in the Company's cost structure and increase in revenues; (iii) more rational competitive dynamics, with a better supply-demand balance at the Port of Santos, and price increase, creating value for all market players and expanding Santos Brasil's investment capacity; and (iv) a more stable and liberal regulatory environment that unlocks the potential of Brazil's port sector, paving the way for a more efficient capital allocation.

Santos Brasil

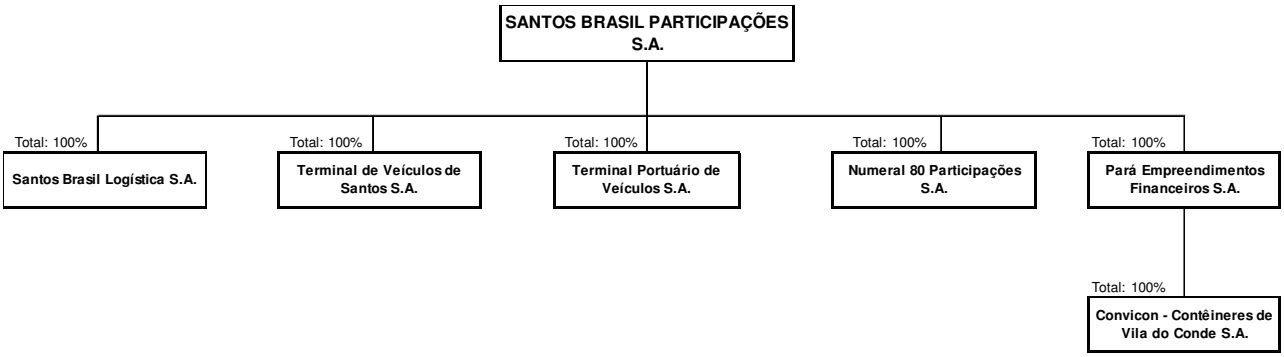
Santos Brasil is the leading company in the Brazilian market of port container handling, responsible for handling around 17% of the country's containers. It operates in ports located in the country's Southeast, South, and North regions, with five terminals, three container terminals, one general cargo terminal, and one vehicle terminal. The Company operates in virtually all stages of the logistics chain, from loading and unloading containers and general cargo from vessels to handling, warehousing, transportation, and distribution of containers, general cargo, and vehicles, synchronizing the steps that are part of the supply chain and offering customized solutions to its clients.

Santos Brasil provides services to shipping companies, owners of vessels and containers, and import and export clients from different segments, such as automotive, auto parts, chemicals, petrochemicals, pharmaceuticals, food, electronics, consumer goods, agribusiness, among others.

The Company was established in 1997 to operate the lease of Santos Container Terminal, in Guarujá (SP). In addition to Tecon Santos, its largest operation, the Company currently has four other port terminals, two of which are containers – Tecon Imbituba, in Imbituba (SC) and Tecon Vila do Conde, in Barcarena (PA) – a vehicle terminal (TEV), in Guarujá (SP) and a general cargo terminal, also in Imbituba (SC). Santos Brasil Logística represents the logistics operation business unit, with two Logistical Industrial Aduanery Centers ("CLIAs" - *Centros Logísticos Industriais Aduaneiros*), located in the São Paulo's cities of Santos and Guarujá, with a distribution center in São Bernardo do Campo and its own fleet of around 135 trucks.

The Company had no mergers and acquisitions or spin-offs in 2019 and currently has investments in subsidiaries, as in the following organization chart:

Corporate Structure



Interest - %	2019	2018
Direct Subsidiaries:		
Santos Brasil Logística S.A.	100	100
Terminal de Veículos de Santos S.A.	100	100
Terminal Portuário de Veículos S.A.	100	100
Numeral 80 Participações S.A.	100	100
Pará Empreendimentos Financeiros S.A.	100	100
Indirect Subsidiaries:		
Convicon Contêineres de Vila do Conde S.A.	100	100

The tables below represent the variation in investments. Pará Empreendimentos Financeiros S.A. is the direct parent company of Convicon Contêineres de Vila do Conde S.A.

(R$ Million)	2019	2018	Chg.%
Direct Subsidiaries:			
Santos Brasil Logística S.A.	135.8	147.5	-7.9%
Terminal de Veículos de Santos S.A.	168.3	167.0	0.8%
Terminal Portuário de Veículos S.A.	0.0	0.0	-
Numeral 80 Participações S.A.	0.2	0.1	100.0%
Pará Empreendimentos Financeiros S.A.	94.2	70.1	34.4%
Total	398.5	384.7	3.6%
Indirect Subsidiaries:			
Convicon Contêineres de Vila do Conde S.A.	93.9	70.0	34.1%

(R$ Million)	Equity in net income of subsidiaries	Capital contribution (Decrease)	Dividend	Other	Total
Direct Subsidiaries:					
Santos Brasil Logística S.A.	-1.0	0.0	-7.3	-3.4	-11.7
Terminal de Veículos de Santos S.A.	9.7	0.0	-8.4	0	1.3
Terminal Portuário de Veículos S.A.	0	0.0	0	0	0
Numeral 80 Participações S.A.	-0.1	0.2	0	0	0.1
Pará Empreendimentos Financeiros S.A.	26.2	0.1	-1.3	-0.9	24.1
Total	34.8	0.3	-17	-4.3	13.8
Indirect Subsidiaries:					
Convicon Contêineres de Vila do Conde S.A.	26.3	0	-1.5	-0.9	23.9

Market Context

The Brazilian Trade Balance had a surplus of US$46.6 billion in 2019, down by 19.6% over 2018. Exports fell 6.4%, totaling US$224 billion, and imports totaled US$177 billion, down by 2.1% over 2018. Total exports and imports in 2019 led to a 4.6% decrease over 2018, a performance consistent with the slow growth of domestic economy.

Container handling in the Port of Santos, with its dynamic directly linked to the country's foreign trade, remained virtually flat in 2019 compared to 2018. The first half of 2019 fell by 4.0% compared to 1H18, offset by a recovery in the second half (+3.1%). The volume of full containers imports was also flat. Cabotage containers handling in the Port of Santos increased slightly by 0.8% compared to 2018.

In 2019, the production of automotive vehicles grew 2.3% over 2018, according to the Brazilian Association of Motor Vehicle Manufacturers (ANFAVEA - *Associação Nacional dos Fabricantes de Veículos Automotores*). This is an important indicator regarding the handling of imports containers in the Port of Santos, due to the supply of parts and components to vehicle manufacturers installed in the country. On the other side, Argentina's economic crisis persisted, affecting the Brazilian vehicle export, which fell by 31.9% in 2019. As a result, there was a negative impact on TEV's (Vehicles Terminal) volume handled, with a 26.5% decrease in total vehicle handling. Therefore, the terminal's capacity utilization rate (300,000 vehicles per year) fell to 59%, compared to 81% in 2018.

Strategy and Business Model

In 2020, Santos Brasil will continue to seek the highest return on its assets, following a strategy based on promoting the competitiveness of its clients, based on five pillars: (i) excellence in services (ii) ethics and transparency; (iii) human development; (iv) the environment; and (v) security. The advances made in efficiency gain and operations productivity, focused on results and supported by the discipline in capital allocation, will continue mainly through technological innovation and process improvements.

Part of the Executive Project, that is the object of the early renewal of the terminal's leasing agreement, the investments in Tecon Santos totaled R$101.7 million in 2019 and should exceed R$250 million in 2020. The first phase of the project has been underway since 2018, with the acquisition of equipment and the project to expand and strengthen the quay of TEV/Tecon Santos, which started in January 2020 and is scheduled to be concluded in 18 months. Two STS (ship-to-shore) portainers purchased in 2018 were delivered in February 2020 and should start operating in April this year.

Tecon Santos project will add 220 meters to the current quay, which will total 1,510 meters long (considering the 310 meters of TEV's pier). The new infrastructure of mooring berths, added to the new quay cranes and other equipment acquired in 2018, will allow Tecon Santos to simultaneously operate up to three 366-meter long vessels, of the New Panamax class, reinforcing the terminal's competitive advantage, increasing the capacity and brining an important productivity gain for the activities in quay and container warehousing yards.

Prospects and Opportunities

In 2019, the Company's operating results continued to grow. The organizational restructuring started in 2016 continued last year, focusing mainly on the operational and commercial areas. In the second half of 2019, with the support of a first-in-class consultancy, the Company had a long-term strategic planning, focused on business expansion and competitiveness.

Long-term commercial partnerships are important to reduce the volatility in results, benefiting all the Company's stakeholders. In this context, Santos Brasil is well-positioned to meet the organic growth of its customers, as well as to sign new contracts in all business units. At Tecon Santos, the commercial agreement with one of the Company's largest customers, in force for over ten years, will expire in March 2021, with the expectation that it will be renewed. Contracts with other shipping companies were renewed in early 2020, with readjustments above inflation, reflecting the better balance between supply and demand in the Port of Santos. The price recovery should intensify in the coming years, correcting the distortion that the overcapacity and economic crisis in Brazil between 2014 and 2017 caused on the box rate (cost of the service to load and unload containers to or from vessels) at the Port of Santos.

In November 2019, Santos Port Authority (former CODESP) held a public tender to temporarily explore three areas in the Saboó region, on the right bank of the Port of Santos. The Company presented the best proposal for Area 2, where it will temporarily explore an area of 42,000 sqm, for 180 days, handling general cargo (e.g., pulp and vehicles). The achievement of this contract reinforces Santos Brasil's position in the Port of Santos, also in the right bank, allowing the Company to expand the service offers to its current and potential customer base, as well as to diversify the cargoes operated.

At Tecon Vila do Conde, investments made in 2018 and 2019 in the purchase of new equipment, modernization of the terminal infrastructure, and expansion of the warehousing area increased the dynamic capacity to handle containers by around 50%, to 217,000 TEUs per year. New improvements continue with technology implementation in several operational processes, following the standard used at Tecon Santos. The expectation for 2020 is that the export of mineral and agricultural commodities in the Northern region of the country will continue to grow and be transported by Tecon Vila do Conde. The cargo flow between the country's North and South regions, through coastal shipping, should also boost the terminal's volumes.

In Imbituba, the prospect is that there will be an increase in TCG's general cargo handling, such as wood, steel products, and grains. In the container operation, the Company continues with commercial efforts to close new contracts.

In the operation of the Vehicle Terminal, despite ANFAVEA's projection of a 9.4% growth in domestic vehicle production, exports to the Argentine market should continue at a slow pace, affecting the terminal's volume. On the other hand, with the Brazilian economy improving, vehicle imports may recover and, together with a potential improvement in the mix of heavy vehicles, offset the weak export volumes.

As for Santos Brasil Logística, the prospect is for improved contract profitability through a more effective cost management, enabling a better pricing, in addition to the growth of customized logistics operations, which have higher added value. The potential increase in imports at the Port of Santos, following the prospect of a more robust GDP growth in the country, should also boost warehousing volumes and, therefore, the result of the Company's integrated logistics operation.

Economic and Financial Performance

Operational Performance

UNITS	2019	2018	Chg. %
PORT TERMINALS			
Dock Operations - Containers	**1,169,014**	**1,084,487**	**7.8%**
Full Containers	898,046	837,297	7.3%
Empty Containers	270,968	247,190	9.6%
Pier Operations - General Cargo (tons)	**191,744**	**135,990**	**41.0%**
Storage Operations	**141,295**	**115,509**	**22.3%**
LOGISTICS			
Storage Operations	**56,330**	**54,288**	**3.8%**
VEHICLE TERMINAL			
Vehicles Handled	**177,699**	**241,921**	**-26.5%**
Export	153,916	206,921	-25.6%
Import	23,783	35,000	-32.0%

PORT TERMINALS

UNITS	2019	2018	Chg. %
PORT TERMINALS			
Tecon Santos	**1,016,793**	**917,327**	**10.8%**
Full Containers	811,400	742,238	9.3%
Empty Containers	205,393	175,089	17.3%
General Cargo (ton)	-	-	-
Tecon Imbituba	**47,959**	**64,294**	**-25.4%**
Full Containers	28,094	39,781	-29.4%
Empty Containers	19,865	24,513	-19.0%
General Cargo (ton)	190,165	134,971	40.9%
Tecon Vila do Conde	**104,262**	**102,866**	**1.4%**
Full Containers	58,552	55,278	5.9%
Empty Containers	45,710	47,588	-3.9%
General Cargo (ton)	1,579	1,018	55.1%

The consolidation of the three container operations in the Port Terminals segment grew by 7.8% in 2019's volume operated, totaling 1,169,014 containers handled. The mix of full containers registered by the Company in 2019 reached 76.8% (77.2%in 2018).

In 2019, the volume of containers at the Port of Santos barely increased. On the other hand, **Tecon Santos** handling grew by 10.8% YoY, to 1,016,793 containers (1,661,217 TEUs). This volume represents an 83.1% utilization of the terminal's capacity (vs. 72.3% in 2018). The market share of the terminal at the Port of Santos increased to 39.5%, over 35.4% in 2018. The highlights in volume were the services with a route to Asia, which grew more than other long-haul services with routes to Europe and North America. One of the Asian services, led by Maersk, started operations at Tecon Santos in the first quarter of 2019. The other Asian service started in 2018 by the shipowner PIL, increased in size with the merger of shipowners Cosco, Evergreen, and CMA CGM, starting to operate with weekly stopovers and with five additional vessels as of June 2019.

The handling volume of full and empty containers at Tecon Santos increased by 9.3% and 17.3%, respectively. In the handling of full long-haul containers, there was a 36.6% growth in imports (230,225 units) and a 5.0% growth in exports (215,302 units) compared to 2018.

Tecon Imbituba handled 47,959 containers in 2019, down by 25.4% over 2018, explained by the discontinuation of the Asian service ASAS in January 2019. ASAS ceased to exist due to the reorganization of Asian services by shipowners Maersk, Hamburg Süd, MSC, and Hapag Lloyd on the East Coast of South America.

In 2019, the volume of containers handled at **Tecon Vila do Conde** grew by 1.4% over 2018, totaling 104,262 containers. Exports grew 1.3% in 2019, despite the slowdown in manganese shipments due to the destocking process in China during the second half of the year. The import volume was also affected in the last quarter of 2019 due to the decreased handling of empty containers.

Santos Brasil Logística's warehousing operations totaled 56,330 containers in 2019, up by 3.8% over 2018. As of May, there was less pick up of containers on the right bank of Port of Santos by CLIA Santos, due to the migration of services that operated in the Libra Santos terminal to DPW Santos, which is located on the left bank of the Port.

The **Vehicle Terminal** handled 177,699 vehicles in 2019, down by 26.5% vs. 2018, due to the reduced volume of imports, the slow recovery of the domestic economy, and the sharp drop in vehicle exports to the Argentine market.

Financial Performance

Gross Service Revenue

R$ Million	2019	2018	Chg. %
PORT TERMINALS	**788.3**	**730.4**	**7.9%**
Pier Operations	438.6	402.2	9.1%
Storage Operations	349.6	328.2	6.5%
LOGISTICS	**292.1**	**300.1**	**-2.7%**
VEHICLE TERMINAL	**64.7**	**69.3**	**-6.6%**
Eliminations	-9.8	-14.2	-31.0%
Consolidated	**1,135.3**	**1,085.6**	**4.6%**

The Company's consolidated gross revenue grew by 4.6% in 2019 compared to 2018. As of August 2019, the Santos Port Authority (former CODESP) started to charge the TUP (Port Use Tariff) directly from the shipowner, previously billed against the port terminals. The Company discounted the TUP charge from the prices (box rate) for containers handled at the Tecon Santos quay. Therefore, the comparison between 2019 vs. 2018 quay operation revenues is impaired.

Gross revenue from quay operations grew by 9.1% in 2019, with higher volume of container handling. At a similar pace, gross warehousing revenue within the Port Terminals segment grew by 6.5%, mainly due to the growth in imports.

In Logistics, 2.7% decrease in gross revenue, reflecting the deterioration in the fragmented cargo mix (LCL - less than container), in the first half of the year, and the lower pick up of containers on the right bank of the Port of Santos by CLIA Santos, as of May. The decrease in vehicle exports to Argentina and the slow recovery of the domestic economy affected TEV's container handling volume and reflected in TEV's gross revenue, down by 6.6% in 2019.

Net Service Revenue

R$ Million	2019	2018	Chg. %
PORT TERMINALS	**690.8**	**632.3**	**9.3%**
Pier Operations	395.4	358.3	10.4%
Storage Operations	295.4	274.0	7.8%
LOGISTICS	**237.2**	**245.0**	**-3.2%**
VEHICLE TERMINAL	**53.5**	**57.1**	**-6.3%**
Eliminations	-9.0	-12.9	-30.2%
Consolidated	**972.5**	**921.5**	**5.5%**

Consolidated net revenue totaled R$972.5 million in 2019, up by 5.5% over 2018.

Cost of Services

R$ Million	2019	2018	Chg. %
PORT TERMINALS			
Handling Costs	104.8	125.1	-16.2%
Personnel Costs	236.0	193.2	22.2%
Depreciation and Amortization	100.0	92.7	7.9%
Other Costs	91.1	84.6	7.7%
Total	**532.0**	**495.6**	**7.3%**
LOGISTICS			
Handling Costs	70.0	63.0	11.3%
Personnel Costs	53.9	52.7	2.3%
Depreciation and Amortization	16.5	13.0	27.9%
Other Costs	26.3	25.0	5.2%
Total	**166.8**	**153.6**	**8.7%**
VEHICLE TERMINAL			
Handling Costs	12.9	17.7	-27.9%
Depreciation and Amortization	15.4	14.8	4.1%
Other Costs	4.4	5.4	-17.0%
Total	**32.7**	**37.9**	**-13.9%**
Eliminations	**-9.0**	**-12.9**	**-29.7%**
Consolidated	**722.5**	**674.2**	**7.1%**

The Company's costs of services in 2019 totaled R$722.5 million, up by 7.1% over 2018. The largest impact was due to non-manageable costs, mainly the increase in personnel costs with the end of the tax subsidy on the Company's payroll. However,

there was a negative non-recurring net effect totaling R$8.7 million, which contributed to increase costs in 2019. Among the non-recurring items, the main one was the severance payments. The details of 2019's non-recurring items can be found in the "EBITDA and EBITDA Margin" topic of this report.

In handling costs, essentially variable, for the operation of Port Terminals, more specifically Tecon Santos, two events stand out that contributed to the drop observed year-on-year: (i) the end of compulsory hiring of third-party labor, as of March 2019 and (ii) the change in the collection system of the port tariff (TUP) by Santos Port Authority (former CODESP), which is now collected by the authority directly from the shipping lines as of August 2019. Due to the effects above, the year-over-year comparison is adversely affected.

Operating Expenses

R$ Million	2019	2018	Chg. %
PORT TERMINALS			
Sales	41.0	42.4	-3.3%
General, Administrative and Others	11.4	20.0	-43.0%
Depreciation and Amortization	0.1	0.1	-
Total	**52.5**	**62.5**	**-16.0%**
LOGISTICS			
Sales	64.2	70.9	-9.4%
General, Administrative and Others	6.1	5.2	17.3%
Depreciation and Amortization	0.1	0.0	-
Total	**70.4**	**76.1**	**-7.5%**
VEHICLE TERMINAL			
Sales	2.6	2.2	18.2%
General, Administrative and Others	0.7	0.6	16.7%
Depreciation and Amortization	0.0	0.0	-
Total	**3.3**	**2.8**	**17.9%**
CORPORATE			
General and Administrative	34.3	37.0	-7.3%
Depreciation and Amortization	3.6	3.6	-
Total	**37.9**	**40.6**	**-6.7%**
Consolidated	**164.0**	**182.0**	**-9.8%**

The Company's expenses in 2019 totaled R$164.0 million, down by 9.8% over 2018. However, there was a positive non-recurring net effect totaling R$8.4 million, which contributed to reducing the operating expenses in 2019. Among the non-recurring items, the main one was an extraordinary gain resulting from a judicial agreement that established the payment of R$12.5 million by the Shanghai Zhenhua company, for the use of Tecon Santos quay, between May and June 2009, by a ship that had technical problems. The details of 2019's non-recurring items are described in the "EBITDA and EBITDA Margin" topic of this report.

EBITDA AND EBITDA Margin

R$ Million	2019 Realized	2019 Pro-Forma	Pro-Forma Margin[1]	2018 Realized	2018 Pro-Forma	Pro-Forma Margin[1]	% Chg.
Port Terminals	206.4	124.9	18.1%	167.0	93.2	14.7%	34.0%
Logistics[2]	16.6	10.3	4.3%	28.3	28.3	11.5%	-63.6%
Vehicle Terminal	32.9	23.4	43.7%	31.2	22.3	39.0%	4.9%
Corporate	-34.3	-34.3	-	-37.0	-37.0	-	-7.3%
Consolidated	**221.6**	**124.2**	**12.8%**	**189.5**	**106.8**	**11.6%**	**16.3%**
Non-Recurring Items	0.3	0.3	-	5.7	5.7	-	-94.7
Recurring Consolidated	**221.9**	**124.5**	**12.8%**	**195.2**	**112.5**	**12.2%**	**10.7%**

1. Pro-Forma EBITDA margin is calculated by dividing the Pro-Forma EBITDA by net revenue;

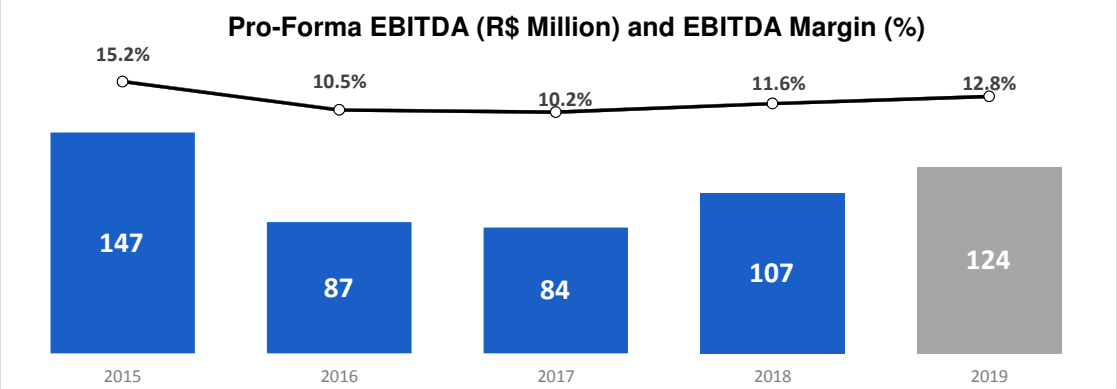
2. 2019's EBITDA realized in Logistics cannot be compared to the realized in 2018. According to the accounting rules related to IFRS 16, as of 2019, rent expenses of the São Bernardo do Campo Distribution Center are classified as Financial Result instead of Operating Costs/Expenses;

With IFRS 16, the EBITDA of Port Terminals and Logistics no longer reflects lease and rental expenses. For the comparison purpose with previous periods and to more accurately reflect the "cash" operating result of the Company, we calculated the "Pro-Forma EBITDA", which deducts lease and rental expenses from the reported EBITDA.

Given the mentioned operating performance of revenues, costs, and expenses, the Company recorded, in 2019, a 16.3% growth in Consolidated Pro-Forma EBITDA, to R$124.2 million, expanding the margin to 12.8%.

In 2019, the Company incurred non-recurring items (one-offs) in the net amount of R$0.3 million. The balance is the result of extraordinary revenues and expenses. Non-recurring gains in the year totaled R$32.6 million, driven by the judicial agreement with Zhenhua for the use of Tecon Santos quay, a reversal of provision for port guard expenses, accounting adjustment of equipment rent expenses at Tecon Vila do Conde to comply with IFRS16 standards, recovery of taxes (PIS/COFINS), revision of the bank contract related to payroll, partial reversal of the payment related to FAP (Accident Prevention Factor), adjustments in the PDD calculation and other gains related to labor lawsuits and tax recovery.

Non-recurring expenses totaled R$32.9 million in the year and are represented by terminations and labor compensations resulting from the process to re-adjust the organizational structure, legal counsel fees paid for the success obtained in the lawsuit to which the Company was a party, provisions for tax proceedings and consultancy and advisory expenses.



Net Income

R$ Million	2019	2018	Chg. %
EBITDA	**221.6**	**189.5**	**16.9%**
Depreciation and Amortization	135.7	124.1	9.4%
EBIT	**86.0**	**65.4**	**31.3%**
Financial Result	-61.0	-57.2	6.6%
Income Tax (IRPJ) / Social Contribution (CSLL)	-9.6	-5.2	84.6%
Net Income	**15.4**	**3.0**	**396.8%**

In 2019, due to IFRS 16, there was an increase in amortization expenses of property, plant & equipment, directly affecting the result for the year, which totaled R$15.4 million.

According to the Company's Bylaws, the net income for the fiscal year will be subject to the following deductions or additions, made on a decreasing basis and in the following order:

(a) 5% (five percent) will be allocated to the Legal Reserve, which will not exceed twenty percent (20%) of the share capital; The Legal Reserve may be waived in the fiscal year with a Reserve's balance, plus the capital reserves, exceeding 30% (thirty percent) of the Share Capital;

(b) Amount intended to Contingency Reserves and reversal of Reserves from previous years;

(c) Unrealized Profits and Reversal of Profits previously recorded in this reserve that have been realized in the year;
(d) 25% (twenty-five percent) will be allocated to pay the mandatory minimum dividend; and
(e) the remaining portion of the adjusted net income after the payment of the minimum mandatory dividend will be allocated to the Reserve for Investment and Expansion, which has the purpose of (i) securing resources for investments in permanent assets, without prejudice to retained earnings under Article 196 of Law 6404/76; (ii) reinforcing the working capital; and may also (iii) be used to redeem, refund or acquire shares in the Company's capital, and the Shareholders' Meeting may resolve to dismiss this in the case of payment of dividends in addition to the mandatory minimum dividend.

Debt and Cash & Cash Equivalents

(R$ Million)	Currency	December 31, 2019	December 31, 2018	Chg. %
Short-Term	Domestic	50.4	95.8	-47.4%
	Foreign	3.7	34.3	-89.2%
Long-Term	Domestic	370.2	82.0	351.5%
	Foreign	12.1	15.3	-20.9%
Total Indebtedness		**436.4**	**227.4**	**91.9%**
Cash, Cash Equivalents and Financial Investments		425.4	253.7	67.7%
Net Debt		**11.0**	**-26.3**	**-141.8%**

The Company ended 2019 with cash & cash equivalents of R$425.4 million, net debt of R$11.0 million, and a leverage ratio of 0.09 times the net debt/Pro-Forma EBITDA of the last 12 months.

Investments

In 2019, the Company invested R$119.9 million in its business units, with R$101.7 million invested in Tecon Santos. This disbursement is part of the Executive Project under the early renewal terminal's leasing agreement. The investments made in 2019 reached its highest level since 2011, consolidating the renovation and expansion cycle for the Company's business. The Company's own equity and third-party resources were used in the total invested in the year. The funds invested by the Company in 2019 were focused on improving productivity and increasing the dynamic capacity of the terminals.

Investments	R$ million	Objective	Sources of funds
Total consolidated	**119,9**		
Tecon Santos	**101,7**		
Continuous improvement and increased operational performance	2,1	Increase productivity	Own
Novation of Lease Agreement	99,6	Increase productivity/capacity	Own and third parties
Tecon Imbituba	**0,3**		
Continuous improvement and increased operational performance	0,3	Increase producitivity	Own
Tecon Vila do Conde	**13,7**		
Continuous improvement and increased operational performance	0,7	Increase productivity	Own
Novation of Lease Agreement	13,0	Increase productivity/capacity	Own and third parties
Logístics	**4,2**		
Continuous improvement and increased operational performance	4,0	Increase productivity	Own
Equipaments	0,0	Increase productivity	Own
Purchase of hardware and software	0,2	Increase productivity	Own

Capital Markets

Corporate Governance

Santos Brasil is committed to continuously seek to improve its corporate governance practices and relationships with shareholders, clients, suppliers, public bodies, and employees, among other entities involved with its businesses. After ten years listed in the Level-2 segment of B3 – Brasil Bolsa Balcão ("B3"), in August 2016 the Company completed the migration to "Novo Mercado", the highest corporate governance segment of B3, with the termination of the previous shareholders' agreement, with the one-share-one-vote model prevailing.

The Company has adopted transparency and security criteria to disclose information, according to CVM's rules, and establishing rules to disclose and keep the confidentiality regarding material information.

The Board of Directors, the Company's highest management and governance body, currently has seven (7) members and their alternates for a term of two years, with reelection allowed. The Board of Directors is responsible, among other duties, for resolving any transactions involving companies related to shareholders and related parties.

Besides the Board of Directors, the governance structure includes the Statutory Executive Board and the Fiscal Council, a model that enables the management's work and its inspection.

The Statutory Executive Board manages the business according to strategies and guidelines set by the Board of Directors. Currently, the Statutory Executive Board has the following positions: (i) Chief Executive Officer; (ii) Chief Financial Officer and Investor Relations Officer; (iii) Chief Commercial Officer; and (iii) Chief Operating Officer, all elected by the Board of Directors for a two-year term with reelection allowed. Currently, the Chief Executive Officer also holds the position of Chief Operating Officer.

The Company's Bylaws prohibits the same person from occupying the position of Chairman of the Board of Directors and Chief Executive Officer of the Company. Thus, the said positions cannot be occupied by the same executive.

The Fiscal Council currently has three (3) sitting members and three (3) alternate members. The Fiscal Council is permanent, working independently from the Management and the Company's external auditors. The Fiscal Council is responsible for overseeing the acts of the Management and the Management's compliance with its legal and statutory duties; verifying the quality and integrity of the reports and financial information prepared periodically by the Company; and examining and issuing an opinion on the financial statements for the fiscal year.

The company, its shareholders, members of the Management and members of the Fiscal Council undertake to resolve, through an arbitration, any and all disputes or controversies that may arise, especially related or arising from the application, validity, effectiveness, interpretation, violation and respective effects of the provisions included in Law 6404/76, the Company's Bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as any other rules applicable to capital market's operation in general, in addition to the provisions in the Novo Mercado's Corporate Governance Rules, the Novo Mercado's Agreement to Adopt Special Corporate Governance Practices and the Market Arbitration Chamber's Arbitration Rules.

Best Practices

As a signatory to the UN Global Compact since 2013, the Company is also committed to the 17 Sustainable Development Goals (SDGs), which include the environmental, economic and social spheres, and should be reached by all countries by 2030. Santos Brasil helps achieve these goals, with its strategy driven by four key aspects: (i) health and safety; (ii) CO2 emissions, water consumption and waste management; (iii) transparency and anti-corruption practices; and (iv) human development.

The Company has formal policies that guide operations and conduct, such as Compliance, established to reinforce the Company's commitment to the highest standards of ethics and integrity in the development of its activities, which underwent a wide restructuring in 2019.

The Compliance Policy also includes the Human Rights Policy, in force since 2017, regarding guidelines to respect, promote, and preserve essential rights in relationships with customers, employees, suppliers, and third parties. This structure is complemented by the Compliance Committee, which has its own Charter, and the Confidential Portal, to which demands from all our stakeholders can be forwarded. In 2019, the channel recorded 248 calls, with 84.7% anonymous reports, 12.9% complaints, and 2.4%

suggestions. All are initially dealt with by an internal audit and forwarded to the Compliance Committee, which evaluates measures and sanctions to be adopted.

Another instrument that supports the business-environment relationship is the Sustainability Policy, which has as purposes, among others, ensuring a transparent and fair corporate governance; increasingly leading Santos Brasil to be an environmentally responsible company, avoiding negative impacts on the Company's operations; and working for the benefit of the community and the society. To guarantee the fulfillment of these purposes, the Sustainability Committee works as responsible for defining socioenvironmental goals and for monitoring the initiatives developed to reduce accidents and CO2 emissions, waste generation, and water and electricity consumption.

The Company's staff is guided by the Code of Conduct, which was re-launched in 2019, and the People Regulation. In 2019, the Company held a training for employees to introduce the guidelines of the New Code of Conduct. The training was carried out in person for operational employees and via e-learning for administrative employees. Santos Brasil's Bylaws also establish rules to inhibit and manage conflicts, such as the prohibition on the election of Board Members who are controlling shareholders, occupy positions in competing companies or have conflicting interests with the Company.

Innovation and Technology

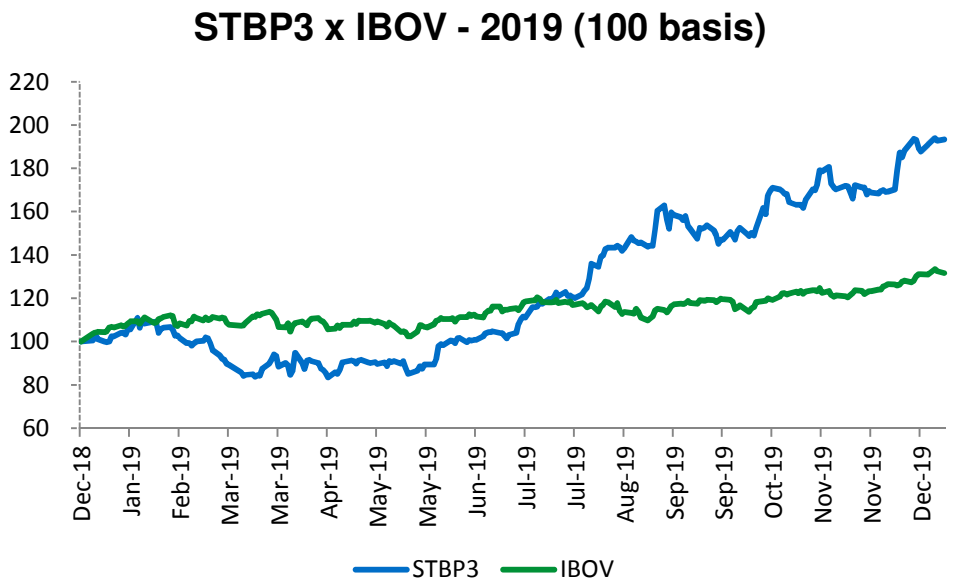
In line with the ongoing digital revolution, Santos Brasil adopts the Viva Voz APP, an internal relationship application that can be installed on smartphones. The purpose of the tool is to increase the reach and speed of communication, expand the integration and engagement of teams, and encourage the dissemination of digital culture in the Company.

More than a third of the employees have already subscribed to the Viva Voz APP and have been using it to keep up to date on the news, consult policies and procedures, ask questions and monitor the main corporate indicators.

The next step of the project is to expand the integration of the platform with the People & Management systems, to allow the implementation of new features that facilitate the transmission and security of information, reduce costs and boost productivity, such as extra hour bank consultations, work schedules, training and monitoring of various protocols.

Evolution of the Share Price

At the end of 2019, the equity price per share registered was R$2.00, while the closing price traded at B3 on December 30, 2019, was R$8.19 (R$4.23 in the previous year), resulting in an increase of 93.4% in the period. The Company's market cap reached R$5,478.95 million at the end of 2019, with an average daily trading volume of R$11.7 million in the year.



Shareholders' Rights

On August 22, 2016, the Company completed the migration to the Novo Mercado, B3's most strict corporate governance segment. Then, the Company's shares began to be traded exclusively as common shares (ONs), guaranteeing for each share one voting right as decided in the Shareholders' Meeting, prohibiting the issuance of beneficiary shares by the Company. Chapter II of the Company's Bylaws deals with the Capital Stock and Shares, their division and rights, without prejudice to other protection mechanisms provided for in specific provisions of the Bylaws.

Independent Audit

The financial statements of Santos Brasil and its subsidiaries are audited by KPMG Auditores Independentes, chosen exclusively by the Board of Directors.

The Company's policy to hire services not related to external audit has the purpose of assessing the existence of conflicts of interest. Thus, the following aspects are assessed: the auditor must not (i) audit its own work; (ii) held management positions at its client; and (iii) promote its client's interests; conditions that were observed in the fiscal year ended December 31, 2019.

In the fiscal year ended December 31, 2019, in addition to external audit services, accounting consultancy services were provided by KPMG Assessores Ltda, starting on May 9, 2019, and ending on December 31, 2019, with a total cost of R$338,000.

Social Performance

Human Capital

At the end of 2019, the Company had 3,026 employees, 2,336 at Baixada Santista, 142 at Imbituba, 234 at Planalto Paulista, and 329 at Vila do Conde.

The Company's compensation plan is based on meritocracy. Besides receiving a fixed income and benefits, employees participate in the Profit-Sharing Plan (PPR), according to their unit.

Individual and collective performance evaluations are linked to the technical skills and cultural compliance of employees. We carry out periodic evaluations to allow professionals to see their gaps objectively, creating an individual development plan, with the support of a mentor.

We constantly prepare Training Plans that include continuous learning programs to develop technical and management skills in our employees. One of our programs is the 'Leadership Training', with the Company's managers as a target audience. Our apprentices also have specific development programs, including meetings with specific subjects and assessment by skills, in addition to theoretical classes provided for in the program. The goal is to develop the apprentices and prepare them for the labor market.

At Santos Brasil, Diversity and Inclusion are part of the Company's strategy and culture, incorporating different perspectives, experiences, and world views, providing more innovation in the search for results.

		2019	2018
Number of Employees:		3,041	3,026
Turnover		10.11%	8.13%
Turnover by Geographic Location	São Paulo	11.15%	7.34%
	Pará	5.47%	14.14%
	Santa Catarina	2.81%	8.86%
	Federal District	0.00%	0.00%
Investment in Training (R$ million)		R$0.219	R$0.07
Insurance Funds		Private Social Security *	Private Social Security *
Others Social Plans		-	-
Educational Level	No education	0	0
	Incomplete Elementary School	47	45
	Complete Elementary School	182	193
	Incomplete High School	62	53
	Complete High School	1,923	1,914
	Technical Training incomplete	5	5
	Technical Training Complete	165	167
	College/University Not-Concluded	71	73
	College/University Concluded	517	512
	Post-Graduation	68	63
	Master's Degree	1	1
	PhD	0	0

** Benefit covers Tecon Santos employees*

Safety

Santos Brasil continuously invests in security, one of its corporate values. In 2019, the 'Zero Accident' campaign was promoted, with the main purpose to reinforce the importance of safety in the workplace and mainly to disseminate the risk and accident prevention culture. The campaign already achieved good results. For example, Tecon Imbituba has been operating for over a year without any accident with a leave of absence.

Safety precautions extend to the cargos that the Company's units handle. As an example, the Distribution Center has smoke detectors, sprinklers, explosion-proof electrical installations, gutter systems connected to the containment tank, alarm, and foam systems for flammable liquids and fire brigade, among other equipment necessary for an excellent customer service.

Social and Environmental Development

Santos Brasil operates with solid values committed to becoming a reference in the markets in which it operates, based on efficient, fast, and safe services, which respect the environment, individuals, and communities. The commitment to environmental preservation and the reduction of consumption of natural resources is translated into initiatives such as the 'Green Fleet Program', the 'Waste Management Program', and initiatives focused on reducing consumption and water losses.

Emissions

In 2019, emissions totaled 33,515 tons of CO2e. In terms of emissions intensity, the Company's port operations registered 13.29 kgCO2e/TEU, down by 5% year-over-year.

In logistics, the indicators of emission intensity performed well compared to last year. The São Bernardo Distribution Center has a 12.2% decrease in 2019 in the kgCO2e/TEU indicator, reaching 0.36. Although the Customs Warehouse (CLIAS) are the operations with the highest indicator of kgCO2e/TEU (23.62), this indicator decreased by 5.6% in 2019.

Water

The awareness of the water crisis is reflected in initiatives such as the dry cleaning of vehicles and equipment for road transportation - a system in which the water is replaced for biodegradable products, which do not harm the environment.

Santos Brasil also invests in other projects and actions to reduce consumption and reuse of resources, such as rainwater collection and Effluent Treatment Station, with water generation for reuse.

The benefit of these actions shows in the water consumption indicators per m^3, down by 24.8% in 2018 and 10.3% in 2019.

Waste

77% of the solid waste generated at the Company's units is recyclable (vs. 71.2% in 2018). Even so, investments were made in environmental education and solutions, such as the shredder of organic waste generated in the units' cafeterias, installed at Tecon Santos and CLIA Santos.

Due to the characteristics of the services provided by terminals that handle general cargo, such as Imbituba and Vila do Conde, the company produced 623 more tons of recyclable waste in 2019, a direct relationship with the expressive increase in the handling of this type of cargo in both terminals.

Communities

"Formare Aprendiz" Program is one of the examples of initiatives adopted to add value inside and outside the work environment. In 2019, the program completed ten years since the beginning of the first class, with relevant figures: 271 young people graduated, 102 hired by Santos Brasil, and 1,800 hours of classes taught by the Company's employees.

Developed in partnership with the Iochpe Foundation, the initiative is a pioneer in the port sector and offers vocational training to young people aged 18 and 19 from families in a situation of socio-economic disadvantage, living in Guarujá, who are in the 3rd year of high school or have completed the course in public schools in the municipality.

The program's success is largely due to the engagement of employees who serve as educators. In 2019, 80 employees were involved. However, over the past ten years of the Formare Program at Tecon Santos, more than 400 people shared their time, talent, and knowledge to work in the training of young people, giving practical and theoretical classes. Many of them were hired by Santos Brasil, returned to the classroom in a new role as an educator for the new generations of students in the Program.

Additionally, to encourage entrepreneurship in the regions where Santos Brasil operates, in partnership with Rede Asta, it was possible to organize free on-site courses on digital inclusion, assembling of collections, pricing and online sales for artisans in Belém, Pará; Imbituba, in Santa Catarina, and Santos, in São Paulo. Through the project, funds were provided for investments in the digital platform of Rede Asta, which hosts the Artisans' Business School (*Escola das Negócios das Artesãs*). The incentive also enabled the creation of new online courses in video format, with complete accessibility for the hearing impaired. Among the subjects developed are Health and Safety, Ethics and Labor Relations, and Fair Remuneration.

The Asta Network platform provides specialized business content, teaching you how to sell handmade products, manage and improve production, and create better goods. It promotes the exchange of experiences between artisans through virtual spaces and also connects entrepreneurs with customers.

Simultaneously, the Company supports *Instituto Novos Sonhos* in Guarujá, responsible for serving approximately 100 children and adolescents in the Aldeia community, close to the Vehicle Terminal (TEV). The project offers jiu-jitsu classes and social inclusion actions for the families of the young people assisted by the program in the community. The partnership also includes other initiatives, such as socio-cultural events, sponsorship of the project's students in regional jiu-jitsu championships, and several workshops focused on women in the community, and human development.

São Paulo, March 03, 2020

The Management

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brazil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brazil
Tel. +55 (11) 3940-1500, Fax +55 (11) 3940-1501
www.kpmg.com.br

Independent auditors' report on the individual and consolidated financial statements

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

Opinion

We have examined the individual and consolidated financial statements of Santos Brasil Participações S.A. ("Company"),respectively to as Company and Consolidated, which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Santos Brasil Participações S.A. as at December 31, 2019, the individual and consolidated performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and international auditing standards. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we have fulfilled our 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

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. 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 we do not provide a separate opinion on these matters.

Revenue recognition - cut off

See Notes 3 and 19 to the individual and consolidated financial statements

Key audit matters	How our audit addressed this matter
A substantial portion of the service revenue of the Company and its subsidiaries arises from quay, bonded warehousing and logistics operations. The transfer of the service takes place over time, i.e., as the Company and its subsidiaries provide the contracted service and the customer benefits from it. The Company and its subsidiaries estimate the revenue from services already provided but not yet billed based on the specific criteria defined for each service agreement. Due to the complexity and significant judgment inherent in the process of determining the moment when services related to quay operations, customs clearance and warehousing are transferred, revenue recognition is subject to errors regarding when the service was effectively rendered, and the amount charged.	Our audit procedures included, among others: (i) assessment of the key internal controls intended for revenue processing; (ii) assessment of the estimated revenue on services already transferred to the customer within the period the accrual period. (iii) assessment of whether the disclosures in individual and consolidated financial statements include all relevant information, particularly in relation to the Company's accounting policies for recognition of revenue. As a result of evidences obtained through above-summarized audit procedures, we consider as acceptable the recognition of revenue, as well as related disclosures, in the context of individual and consolidated financial statements taken as a whole referring to year ended December 31, 2019.

Deferred income tax and social contribution	
See Notes 3 and 24 to the individual and consolidated financial statements	
Key audit matters	**How our audit addressed this matter**
The individual and consolidated financial statements include significant amounts of deferred tax assets, related to temporary differences and tax losses, considered recoverable based on the generation of future taxable income. Estimate of future taxable income generation requires judgment and interpretation of tax laws. The Company estimates future profit based on its corporate strategies and on the macroeconomic scenario. Due to the uncertainties and judgment inherent in the process of estimating future taxable profit, which is the basis for recognition of tax credits, and due to the fact that changes in the methodologies and assumptions for determining these estimates may impact materially the amount of these assets and, consequently, the individual and consolidated financial statements as a whole, this matter was considered significant in our audit.	Our audit procedures included, among others: (i) Assessment of the assumptions and data used by the Company in the preparation of the study of profitability for tax purposes; assessment of the significant components of assumptions and data used in the preparation of said study or in the determination of future cash flow projections of the cash generating units commented below, conducted with the assistance of our experts in corporate finance; and analysis of adjustments made by the Company to these projections for the determination of future taxable income. (ii) Comparison of approved budgets for the prior year with the actual amounts to verify the Company's ability to project sufficient future tax results to support that unused tax losses and deductible temporary differences can be used by the Company. (iii) assessment of whether the disclosures in the individual and consolidated financial statements include all relevant information. Based on the audit evidence obtained through above-summarized audit procedures, we consider acceptable the deferred income tax and social contribution, as well as related disclosures, in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31, 2019.

Impairment of fixed and intangible assets, including Goodwill	
See Notes 3, 11 and 12 to the individual and consolidated financial statements	
Key audit matters	**How our audit addressed this matter**
Individual and consolidated financial statements for the year ended December 31, 2019 include values of fixed 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 revenue 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 engagement.	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 fixed and intangible assets, including goodwill, were recognized; (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. (iv) assessment of whether the disclosures in the individual 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.

Provision to tax, labor, civil risks	
See Notes 3 and 15 to the individual and consolidated financial statements	
Key audit matters	**How our audit addressed this matter**
Provisions for legal and administrative claims are made by the Company and its subsidiaries to cover probable losses on matters relating to taxes, labor and civil matters. The Company and its subsidiaries, with the help of internal and external legal counsel, exercise significant judgment in determining the amount of provisions to be made and the disclosure of non-provisioned lawsuits, if the likelihood of loss is considered possible. Due to the relevance of the amounts involved and judgment to the classification of lawsuits related to tax assessment notice on the use of tax loss from the amortization of goodwill to the individual and consolidated financial statements as a whole for the year ended December 31, 2019, the significant	Our audit procedures included, among others: (i) Inquiry of people responsible for the legal area into their understanding of the stage in which we found main tax, labor and civil matters of the Company and its subsidiaries. (ii) Sending of external confirmation letter to legal advisors which represented the Company and its subsidiaries in lawsuits and proceedings and evaluation of obtained responses regarding the information on amounts involved and evaluation of risk of loss for relevant ongoing tax, labor and civil matters.

judgments exercised by the Company and its subsidiaries to form provisions and required disclosures, we consider this matter as significant in our audit engagements.	(iii) With the support of our legal specialists, we verified the classification as a probable, possible or remote loss for lawsuits related to tax assessment notice on use of goodwill amortization; and (iv) assessment of whether the disclosures in the individual and consolidated financial statements include all relevant information. Based on evidence from the procedures summarized above, we consider that provision for tax, labor and civil risks is acceptable in the context of the individual and consolidated financial statements as a whole.

Post-employment benefits	
See Notes 3 and 26 to the individual and consolidated financial statements	
Key audit matters	**How our audit addressed this matter**
Significant estimates are made for evaluation of actuarial liabilities related to supplementary health care of some professionals that will be entitled to post-employment benefit. Assumptions or estimates used to valuate this social security liability, such as discount rate, inflation rate and expected mortality/life may have a relevant effect on the Company's financial statements and, therefore, we consider that this matter is relevant to our audit of the year ended December 31, 2019.	Our audit procedures included, among others: (i) With the support of our actuarial specialists, we evaluated main assumptions used to calculate liabilities, such as discount rate, inflation rate and mortality table. This included comparison of key assumptions against data obtained from external sources. (ii) Evaluation of data used to determine this obligation, such as number of employees and health care values. (iii) Evaluation of adequacy of disclosures in individual and consolidated financial statements. Based on evidence from the procedures summarized above, we consider the actuarial liabilities recognized by the Management as acceptable in the context of the individual and consolidated financial statements as a whole.

Other matters - Statements of added value

Individual and consolidated statements of added value (DVA) for the year ended December 31, 2019, 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 these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. In our opinion, these statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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 Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report 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 in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with 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 preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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 to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with with Brazilian and international auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assess the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 the internal controls 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 of the Company's internal controls.
- 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 to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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 determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should 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 03, 2020

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Wagner Petelin
Accountant CRC 1SP142133/O-7

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018
(Amounts expressed in thousands of reais - R$)

		Parent company		Consolidated	
ASSETS	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
CURRENT ASSETS					
Cash and cash equivalents	5.a)	108.462	189.069	266.376	253.663
Interest earning bank deposits	5.b)	159.067	-	159.067	-
Accounts receivable	6	81.352	67.949	120.432	113.369
Inventories	7	19.156	19.721	22.771	23.129
Current tax assets	9	3.446	2.577	7.476	12.295
Dividends receivable	4.a)	3.632	4.466	-	-
Derivative financial instruments	27.a)	-	792	-	792
Other assets		17.555	5.035	21.913	6.401
Total current assets		392.670	289.609	598.035	409.649
NON-CURRENT ASSETS					
Judicial deposits	15	274.770	256.891	284.401	266.369
Deferred tax assets	24.b)	51.222	37.818	65.637	56.577
Court-ordered debt payments receivable	8	-	-	5.605	5.422
Other assets		18.145	17.297	21.223	17.727
Investments	10	398.460	384.690	-	-
Property, plant and equipment	11	87.924	95.847	220.055	238.275
Intangible asset	12	1.661.760	1.571.537	2.001.166	1.864.312
Total non-current assets		2.492.281	2.364.080	2.598.087	2.448.682
TOTAL ASSETS		2.884.951	2.653.689	3.196.122	2.858.331

		Parent company		Consolidated	
LIABILITIES AND SHAREHOLDERS' EQUITY	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
CURRENT LIABILITIES					
Loans and financing	13	40.104	125.314	44.387	130.129
Debentures	14	4.645	-	9.689	-
Suppliers		35.386	30.339	60.834	54.449
Salaries and social charges		26.077	24.635	34.841	33.566
Taxes, rates and contributions		7.577	5.692	12.652	10.487
Income tax and social contribution payable		-	-	628	1.500
Dividends and interest on own capital payable		3.665	720	3.665	720
Obligations with the concession grantor	16	53.619	63.548	60.139	68.660
Leases	17	-	-	8.830	-
Other liabilities		46	46	47	46
Total current liabilities		171.119	250.294	235.712	299.557
NON-CURRENT LIABILITIES					
Loans and financing	13	20.039	80.033	33.538	97.266
Debentures	14	295.340	-	348.782	-
Suppliers	15.(f)	15.021	15.021	15.021	15.021
Provision to tax, labor, civil risks	15	29.164	32.190	37.493	38.319
Deferred tax liabilities	24.b)	-	-	8.498	10.456
Actuarial liabilities - supplementary health care	26	52.291	33.881	67.593	41.464
Taxes on income - BWs	15.(c)	53.572	47.341	53.572	47.341
Obligations with the concession grantor	16	896.021	853.802	1.015.847	962.357
Leases	17	-	-	22.075	-
Other liabilities		-	-	5.607	5.423
Total non-current liabilities		1.361.448	1.062.268	1.608.026	1.217.647
SHAREHOLDERS' EQUITY					
Capital	18.a)	1.081.907	1.071.757	1.081.907	1.071.757
Capital reserve	18.b)	84.458	82.660	84.458	82.660
Profit reserve	18.c)	202.309	194.985	202.309	194.985
Additional dividends proposed	18.d)	8.033	2.123	8.033	2.123
Equity valuation adjustment	18.e)	(24.323)	(10.398)	(24.323)	(10.398)
Total shareholders' equity		1.352.384	1.341.127	1.352.384	1.341.127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.884.951	2.653.689	3.196.122	2.858.331

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts expressed in thousands of Reais, except earnings per share)

		Parent company		Consolidated	
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
NET REVENUE	19	584.826	534.784	972.594	921.515
COST OF SERVICES RENDERED	20	(469.397)	(436.403)	(722.568)	(674.238)
GROSS INCOME		115.429	98.381	250.026	247.277
OPERATING INCOME (EXPENSES)					
Sales expenses	20	(25.578)	(32.298)	(92.753)	(105.387)
Provision for expected credit losses and bad debt losses	20	(13.706)	(9.291)	(14.986)	(10.090)
General and administrative expenses	20	(71.322)	(65.020)	(82.846)	(76.653)
Equity in net income of subsidiaries	10	34.819	40.045	-	-
Other operating income	21	22.704	8.082	26.645	11.315
Other operating expenses	21	162	(661)	(101)	(1.093)
Total		(52.921)	(59.143)	(164.041)	(181.908)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME		62.508	39.238	85.985	65.369
FINANCIAL INCOME (LOSS)					
Financial income	22	30.314	17.185	37.455	25.246
Financial expenses	22	(85.941)	(69.012)	(98.444)	(82.434)
Total financial income		(55.627)	(51.827)	(60.989)	(57.188)
INCOME/(LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		6.881	(12.589)	24.996	8.181
INCOME TAX AND SOCIAL CONTRIBUTION					
Income tax and social contribution - current	24.a)	-	-	(13.465)	(16.789)
Income tax and social contribution - deferred	24.a)	8.494	15.568	3.844	11.587
Total income tax and social contribution		8.494	15.568	(9.621)	(5.202)
NET INCOME FOR THE YEAR		15.375	2.979	15.375	2.979
BASIC EARNINGS PER SHARE - R$					
Common	25	0,02309	0,00449	0,02309	0,00449
DILUTED EARNING PER SHARE - R$					
Common	25	0,02296	0,00444	0,02296	0,00444

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts expressed in thousands of reais - R$)

		Parent company		Consolidated	
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
NET INCOME FOR THE YEAR		15.375	2.979	15.375	2.979
OTHER COMPREHENSIVE INCOME					
Supplementary health care	26	(14.441)	(877)	(21.098)	(2.671)
Income tax and social contribution - deferred on (gain) / loss - supplementary health care	26	4.909	296	7.173	907
Equity on supplementary health care	26	(4.393)	(1.183)	-	-
Total supplementary health care	26	(13.925)	(1.764)	(13.925)	(1.764)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1.450	1.215	1.450	1.215

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts expressed in thousands of reais - R$)

		Parent company and Consolidated									
			Capital reserve		Profit reserve						
	Note	Capital	Stock option plan / Share-based incentive plan	Other	Legal	Investment	Treasury shares	Additional dividend proposed	Retained earnings (losses)	Equity valuation adjustment	Total shareholders' equity
RESTATED BALANCES AT DECEMBER 31, 2017		1.071.757	59.713	18.302	54.446	152.894	(17.658)	-	-	(8.634)	1.330.820
Dividends paid		-	-	-	-	(1.966)	-	-	-	-	(1.966)
Net income for the year		-	-	-	-	-	-	-	2.979	-	2.979
Actuarial liabilities - health expenses - Company and subsidiaries	26	-	-	-	-	-	-	-	-	(1.764)	(1.764)
Stock option plan / Share-based incentive plan	23	-	5.559	-	-	-	-	-	-	-	5.559
Exercised option	23	-	-	-	-	-	7.120	-	-	-	7.120
Use of income:											
Legal reserve	18.c)	-	-	-	149	-	-	-	(149)	-	-
Intermediary dividends	18.d)	-	-	-	-	-	-	-	(707)	-	(707)
Additional dividend proposed	18.d)	-	-	-	-	-	-	2.123	(2.123)	-	-
Income (loss) from disposal of treasury shares	18.c)	-	-	(914)	-	-	-	-	-	-	(914)
BALANCES AT DECEMBER 31, 2018		1.071.757	65.272	17.388	54.595	150.928	(10.538)	2.123	-	(10.398)	1.341.127
Dividends paid		-	-	-	-	-	-	(2.123)	-	-	(2.123)
Net income for the year		-	-	-	-	-	-	-	15.375	-	15.375
Actuarial liabilities - health expenses - Company and subsidiaries	26	-	-	-	-	-	-	-	-	(13.925)	(13.925)
Stock option plan / Share-based incentive plan	23	-	2.106	-	-	-	-	-	-	-	2.106
Exercised option	19.a) and c)	10.150	-	-	-	-	3.634	-	-	-	13.784
Use of income:											
Legal reserve	18.c)	-	-	-	769	-	-	-	(769)	-	-
Minimum compulsory dividends	18.d)	-	-	-	-	-	-	-	(3.652)	-	(3.652)
Additional dividends proposed	18.d)	-	-	-	-	-	-	8.033	(8.033)	-	-
Reserve for investment and expansion	18.c)	-	-	-	-	2.921	-	-	(2.921)	-	-
Income (loss) from disposal of treasury shares	18.c)	-	-	(308)	-	-	-	-	-	-	(308)
BALANCES AT DECEMBER 31, 2019		1.081.907	67.378	17.080	55.364	153.849	(6.904)	8.033	-	(24.323)	1.352.384

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts expressed in thousands of reais - R$)

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
CASH FLOW FROM OPERATING ACTIVITIES				
Income/(loss) before income tax and social contribution	6.881	(12.589)	24.996	8.181
Adjustments to reconcile the income before income tax and social contribution with the cash and cash equivalents from operating activities:				
Inflation adjustments and exchange-rate changes	1.388	(514)	2.083	1.846
Depreciation and amortization	97.456	93.843	135.650	124.166
Formation of provision for contingencies	9.800	7.805	13.880	9.584
Provision for expected credit losses and bad debt losses	13.706	9.291	14.986	10.090
Equity in net income of subsidiaries	(34.819)	(40.045)	-	-
Stock option plan/ performance share/ matching	2.514	5.669	2.514	5.669
Write-offs and income in the sale of permanent assets	(262)	(164)	(262)	(86)
Supplementary health care	3.969	4.109	5.031	4.914
Interest on debentures	13.885	2.153	14.086	2.153
Recognized Interest on Loans	9.291	14.171	9.828	14.564
Interest on interest earning bank deposits	(8.013)	-	(8.013)	-
Lease interest	-	-	2.363	-
Interest on obligations with the Concession Grantor	46.403	47.074	51.980	52.817
	162.199	130.803	269.122	233.898
(Increase) decrease in operating assets:				
Accounts receivable	(27.109)	(22.887)	(22.049)	(27.207)
Inventories	565	(408)	358	(392)
Current tax assets	(869)	3.951	4.819	(4.463)
Judicial deposits	(17.879)	(13.801)	(18.032)	(15.561)
Other assets	(13.368)	(1.222)	(19.191)	(1.357)
Increase (decrease) in operating liabilities:				
Suppliers	5.047	1.280	6.385	(5.138)
Salaries and social charges	1.442	(2.218)	1.275	(886)
Taxes, rates and contributions	1.885	498	2.166	968
Accounts payable	-	-	184	186
Taxes on income - BWs	6.231	4.707	6.231	4.707
Other liabilities	-	-	1	-
	118.144	100.703	231.269	184.755
Payments - Obligations with the Concession Grantor	(91.906)	(73.811)	(103.323)	(84.513)
Income tax and social contribution	-	-	(14.338)	(15.989)
Write-off of payment contingencies	(12.826)	(7.983)	(14.706)	(9.027)
Cash flow generated by operating activities	13.412	18.909	98.902	75.226
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of fixed assets	(21.880)	(26.590)	(30.584)	(71.616)
Funds from disposal of property, plant and equipment	341	442	350	588
Investment increase, net of capital decrease in subsidiaries	(375)	(415)	-	-
Increase in intangible assets	(80.163)	(71)	(89.163)	(143)
Interest earning bank deposits	(151.054)	-	(151.054)	-
Dividends and interest on own capital received	17.865	7.992	-	-
Interest on capitalized loans	2.920	202	3.243	873
Cash flow applied in investment activities	(232.346)	(18.440)	(267.208)	(70.298)
CASH FLOW FROM FINANCING ACTIVITIES				
Receipt of exercised share purchase options	13.068	6.098	13.068	6.098
Loans obtained	294.771	70.000	352.766	91.178
Payment of loans and debentures	(142.380)	(89.613)	(147.006)	(99.137)
Receipt of derivative financial instruments	1.581	39	1.581	148
Interest paid on debentures / loans	(25.883)	(17.320)	(26.788)	(18.217)
Lease payments	-	-	(9.772)	-
Dividends and interest on own capital paid	(2.830)	(2.066)	(2.830)	(2.066)
Cash flow generated by (invested in) in financing activities	138.327	(32.862)	181.019	(21.996)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	(80.607)	(32.393)	12.713	(17.068)
NET (DECREASE) INCREASE IN BALANCE OF CASH AND CASH EQUIVALENTS REPRESENTED BY				
Cash and cash equivalents at the beginning of the year	189.069	221.462	253.663	270.731
Cash and cash equivalents at the end of the year	108.462	189.069	266.376	253.663
	(80.607)	(32.393)	12.713	(17.068)

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF ADDED VALUE
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts expressed in thousands of reais - R$)

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
REVENUES (EXPENSES)				
Sale of merchandise, products and services	658.725	607.771	1.113.348	1.062.857
Other income	22.704	8.082	26.645	11.315
Provision for expected credit losses and bad debt losses	(13.706)	(9.291)	(14.986)	(10.090)
	667.723	606.562	1.125.007	1.064.082
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of products, goods, and services sold	(100.980)	(121.871)	(187.828)	(202.092)
Materials, energy, outsourced services and other	(110.094)	(99.565)	(222.031)	(216.511)
Other	162	(661)	(101)	(1.093)
	(210.912)	(222.097)	(409.960)	(419.696)
GROSS ADDED VALUE	456.811	384.465	715.047	644.386
DEPRECIATIONS, AMORTIZATIONS AND DEPLETION	(97.456)	(93.843)	(135.650)	(124.166)
NET ADDED VALUE PRODUCED BY THE COMPANY	359.355	290.622	579.397	520.220
ADDED VALUE RECEIVED AS TRANSFER				
Equity in net income of subsidiaries	34.819	40.045	-	-
Financial income	30.314	17.185	37.455	25.246
	65.133	57.230	37.455	25.246
TOTAL ADDED VALUE PAYABLE	424.488	347.852	616.852	545.466
DISTRIBUTION OF ADDED VALUE	424.488	347.852	616.852	545.466
Personnel:				
Direct remuneration	167.763	156.706	226.570	212.906
Benefits	44.666	42.802	67.906	66.210
FGTS	12.471	10.738	17.383	15.459
	224.900	210.246	311.859	294.575
Taxes, rates and contributions:				
Federal	61.304	35.431	124.831	96.225
State	60	67	5.433	6.352
Municipal	32.920	27.608	53.128	46.706
	94.284	63.106	183.392	149.283
Third parties' capital remuneration				
Interest	85.941	69.012	98.444	82.434
Rents	3.988	2.509	7.782	16.195
	89.929	71.521	106.226	98.629
Remuneration of own capital:				
Dividends	3.652	707	3.652	707
Additional dividends proposed	8.033	2.123	8.033	2.123
Retained earnings (losses)	3.690	149	3.690	149
	15.375	2.979	15.375	2.979

See the accompanying notes to the financial statements.

1. OPERATIONS

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

a) Company's Operations:

- Operating branch Tecon Santos is engaged in the commercial exploration of port facilities of Santos Port Containers Terminal - Tecon 1, under lease agreement valid from November 1997 to November 2022, through operations with containers and similar equipment that involve the recovery of existing facilities and its technological and managerial updating, as well as the expansion of said facilities with improvements, following legal and contractual standards of the respective Port and the Union, pursuant to the terms of Bid Notice PND/MT/CODESP No. 01/97.

  On September 30, 2015, the Company entered into an agreement with the Federal Government, through the Secretary of Ports of the Presidency of Republic, with the intervention of the ANTAQ and CODESP, for the Fifth Rectification, Ratification and Amendment to the Lease Agreement PRES/69.97 of November 28, 1997, related to the operating branch Tecon Santos. The Fifth Amendment extends the lease agreement period through November 28, 2047.

- Operating branch Tecon Imbituba is engaged in the commercial exploration of port facilities of Imbituba Port Containers Terminal, under lease agreement valid from April 2008 to April 2033, through operations with containers or similar equipment that involve the recovery of existing facilities and its technological and managerial updating, as well as the expansion of said facilities with improvements, following legal and contractual standards of the respective Port and the Union, pursuant to the terms of Bid Notice 2 of Public Bidding No. 01/07 - Port Management.

  That branch also includes the operations of General Cargo Terminal do Porto de Imbituba ("TCG Imbituba"), under a lease contract and its addendum No.1, in effect from June 2007 through June 2032, through operation, conservation and improvement and expansion of its bonded patio and warehouse facilities, and with preferential docking at a berth near Tecon Imbituba berths.

The consolidated financial statements include the Company's financial statements and the following fully-controlled subsidiaries:

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

* Dormant company;
** Holding company.

b) Operations of the subsidiary Santos Brasil Logística S.A. ("Santos Brasil Logístics")

The subsidiary Santos Brasil Logístics engages in the provision of integrated logistics and customized logistics solution development services and related services. It operates containers and bulk cargo in import and export transactions and is authorized to receive cargo under different customs systems, especially bonded warehouse, at its two Customs Logistics Centers (CLIAs).

c) Operations of the subsidiary Terminal de Veículos de Santos S.A. ("Vehicles Terminal/TEV")

In January 2010, the subsidiary Vehicles Terminal/TEV, through its branch in the Guarujá municipality, assumed the operations of the Vehicle Export Terminal under a lease agreement valid through January 2035. The subsidiary's purpose is the management, operation and investment in the port's vehicle handling and storage facilities used for importing, exporting and coastal shipping, under a lease agreement entered into on that date.

There is a possibility of expanding the Vehicles Terminal/TEV, already provided in lease contract, considering about 27,500 m² by obtaining approval from the port management.

d) Operations of the subsidiary Convicon Contêineres de Vila do Conde S.A. ("Tecon Vila do Conde")

Indirect subsidiary Tecon Vila do Conde's purpose is the commercial exploitation of the port facilities of Vila do Conde container terminal, located in the municipality of Barcarena, in the state of Pará, from May 2005 through September 2018. It assumed the terminal lease under Addendum No. 2 of Agreement No. 14/03. The lease was previously held by Transnav Ltda., since September 2003. The activities are the implementation and exploitation of the container and vehicle storage and handling patio, technological and managerial modernization, facilities expansion and improvement, granting of right of way on the bridge leading to the piers, and use of public berth No. 301, with observation of federal and port regulations and contractual rules.

On November 16, 2017, the Summary of the 8th Amendment to the Lease Agreement 14/2003, entered into between Convicon and the Federal Government, with intermediation of the Ministry of Transportation, Ports and Civil Aviation ("MTPAC"), having as intervening parties the National Agency of Water Transportation ("ANTAQ") and Companhia Docas do Pará ("CDP"), which purpose was the advanced extension of said port lease until September 18, 2033, was published in the Federal Official Gazette - DOU.

Exploration of the area at the Saboó quay

On November 19, 2019, the Company communicated to shareholders and the market that under the Simplified Selection Process Notice No. 01/2019 to provisionally explore three areas on the Saboó quay, on the right bank of the Port of Santos – its final offer for Area 2 was considered the most advantageous for the Port of Santos and, therefore, obtained the best classification.

This involves the temporary exploration of an area of 42,000 m^2 for 180 days, where the Company will handle general cargo, reinforcing its participation in the Port of Santos and expanding the services offered to its current and potential customer base, also on the right bank of the port.

The Company is awaiting the legal process of conclusion of the selection process for signing the contract.

Commitments undertaken in contracts:

i. Main commitments arising from the Container Terminal No. 1 Exploitation Agreement entered into with Companhia Docas do Estado de São Paulo (CODESP)

   Operating branch Tecon Santos, besides the initial disbursement made when the auction was held, assumed a commitment corresponding to the bid amount, totaling R$74,312, payable in monthly and quarterly installments of lease for commercially operating the area over the term of the agreement (25 years, renewable for an equal period, as provided for in the initial agreement), adjusted for inflation using the General Market Price Index (IGP-M).

   The branch also makes monthly payments for services provided by CODESP based on specific tables established by port authorities.

   There is a commitment whereby Minimum Contractual Handling (MMC) in loading and unloading vessels is provided for. Failure to comply the conditions set forth under the MMC commitment, or breach of any other contractual clause, is subject to penalty of up to 2% of the sum of monthly and quarterly installments due in the 12 months prior to the default.

   In view of the Fifth Amendment to the original agreement, the Company undertook to invest the amount of R$1,276,859 in works and other interventions to ensure the consolidation of a terminal that reaches a minimum dynamic capacity of 1,500,000 containers per year. The executive project relating to the approved investments shall be submitted to the Special Secretary of Ports (SEP) through September 29, 2016. If the amount invested is lower than the amount committed, the difference shall be paid in a single installment to CODESP. An area of 13,346 m^2 will be incorporated into the lease agreement of the operating branch Tecon Santos, through the completion of the extension of the public quay by 220 m^2.

Such amendment changed the commitment of Minimum Contractual Handing (MMC), starting October 1, 2015, which requires the payments of amounts if the MMC is not reached or is exceeded, as mentioned in note 16. By the end of 2020 or the completion of the estimated investments, the MMC will be changed from 513,000 containers per year to 590,000 containers per year.

The facilities being commercially operated and the assets belonging to CODESP that have been used by the branch must be kept in perfect conditions of use. All improvements made in these facilities, such as any equipment and software, information systems and computers, communication and security systems and systems used to control the port area, which are required for container operations, will be reversed in favor of CODESP at the end or termination of the agreement.

On November 5, 2019, the 468th Ordinary Meeting of the National Agency for Waterway Transportation – ANTAQ was held was held, which resolved on the request for review of the investment schedule regarding the Fifth Addendum. ANTAQ expressed itself in favor of reviewing the investment schedule, and the process was referred to the Ministry of Infrastructure for decision, preparation and signature of the respective Addendum.

ii. Main commitments under Tecon Imbituba operating agreement with SCPAR Porto de Imbituba S.A. (SCPAR), successor of Companhia Docas de Imbituba (CDI)

Operating branch Tecon Imbituba, as part of the fixed portion of the lease, makes monthly payments for the use of the leased area, as shown in note 16.

The commitment for minimum investments considers works for expanding the back area, and construction of an administrative area, gates, warehouse, berth reinforcement and containment works and a 120-meter expansion of the berth. It also included the acquisition of pieces of equipment for harbors, and the port retro-docking area, which are compatible with facilities, that is, mobile cranes (Mobile Harbor Crane - MHC), reach stackers, tow trucks and forklifts. New harbor equipment and also equipment for the port retro-docking area are expected to be purchased to replace the existing ones and expand the Terminal's handling capacity.

As part of the variable portion of the lease, there is a commitment to make monthly payments for the use of the land infrastructure, as shown in note 16.

There is also a commitment for a minimum handling of 65,000 containers in the Terminal in the first year of activity, 150,000 containers in the second year of activity, 280,000 containers in the third year of activity and 360,000 containers from the fourth year of activity. Failure to meet this minimum handling volume shall require the entity to pay an additional amount, as shown in note 16.

Operating standards were established whereby Tecon Imbituba shall perform at least 6 handling activities per hour per trio, when resources other than MHC are used, and at least 15 handling activities per hour, when MHC is used.

As of July 1, 2016, we filed a Request for the Recovery of Economic-Financial Balance of Tecon Imbituba lease agreement with the Ministry of Transport, Ports and Civil Aviation. Thus, no accounting effect was recognized in these financial statements.

iii. Main commitments under the General Cargo Terminal operating agreement with SCPAR, successor of CDI

Operating branch TCG Imbituba is required to make minimum investments that include the expansion of the warehouse by 1,500 m², construction of a new warehouse of 3,000 m², repairs in pavement, streets, fences and gates, implementation of facilities and networks of services and expansion of refrigerated containers' capacity. In addition, the agreement requires the entity to implement the ISPS Code and a Port Public Security Plan (PSPP) for Port of Imbituba and purchase its own general cargo handling equipment.

Terminal is required to pay per ton handled, on a monthly basis, as compensation for the leased area, and per ton per vessel, as remuneration for using the land infrastructure, as shown in note 16.

Terminal has a commitment to handle at least 120,000 tons of general cargo in the first year of activity, 140,000 tons in the second year of activity, 180,000 tons in the third year of activity, and 200,000 tons from the fourth year of activity until the end of the agreement. Failure to meet this minimum handling volume shall require the entity to pay an additional amount, as shown in note 16.

iv. Main commitments under Vehicles Terminal/TEV operating agreement with CODESP.

Vehicles Terminal/TEV has a commitment to handle at least 182,931 vehicles in second year of operations, 214,147 vehicles in the third year of operations, 250,691 vehicles in the third year of operations, 293,470 vehicles in the fifth year of operations and 300,000 vehicles as of the sixth year of operations. Failure to meet this minimum handling volume shall require the entity to pay an additional amount, as shown in note 16.

The investment commitment primarily includes the construction of external accesses to the Terminal and the public harbor and the construction of a gate and a gatehouse for internal access to the Terminal.

As part of the monthly lease payment, the entity is required to pay for the use of the total leased area and infrastructure. There is also a commitment to pay per vehicle handled, as shown in note 16.

v. Main commitments arising from Tecon Vila do Conde's Exploration Contract with the Companhia Docas do Pará - CDP

Tecon Vila do Conde has the commitment to provide pavement, fences and lighting for at least 20,000 m² of lot A and purchase the equipment required for it to be capable of handling at least 30,000 containers after the fifth year of signature of the agreement.

As part of the remuneration guaranteed to CDP for the commercial operation by Tecon Vila do Conde, the subsidiary is required to make payments of amounts per container handled and ton handled of unitized cargo, as show in note 16. The facilities being commercially operated and the assets belonging to CDP that have been used by Tecon Vila do Conde must be kept in perfect conditions of use. All improvements made in these facilities, such as any equipment and software, information systems and computers, communication and security systems and systems used to control the port area, which are required for container operations, will be reversed to CDP at the end or termination of the agreement.

Tecon Vila do Conde has the contractual commitment to pay CDP a compensation for the operation by Terminal over the term of the agreement (15 years) in monthly lease payments plus inflation adjustment, every September of each year, based on IGP-M.

By virtue of the Eight Amendment to the Lease Agreement No.14/2003, the Company assumed the commitment of investing the amount of R$129,044 in expansion, equipment and systems, until the end of 2033.

2. PREPARATION BASIS

a) Statement of conformity

These Company's individual and consolidated financial statements were prepared according to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil.

The issue of individual and consolidated financial statements was authorized by the Executive Board on March 03, 2020.

This is the first set of annual financial statements in which CPC 06 (R2) / IFRS 16 - Leases have been applied. Changes in significant accounting policies are described in note 3.a).

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

b) Functional currency and presentation

These individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's and subsidiaries' functional currency. All financial information presented in Brazilian Reais has been rounded to the nearest value, except otherwise indicated.

c) Use of estimates and judgments

The preparation of these financial statements, individual and consolidated, Management used judgments, estimates and assumptions that affect the application of accounting principles of the Company and subsidiaries, and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the financial statements are included in the following notes:

- Note 1 - context: determination in case the Company effectively holds the control;
- Note 17 - classification of leases.

Information on uncertainties as to assumptions and estimates that pose a high risk of resulting in a material adjustment within the year to end at December 31, 2020 are included in the following notes:

- Notes 11 and 12 - impairment test: main assumptions in relation to recoverable values;
- Note 15 - recognition and measurement of provision for tax, labor and civil risks;
- Note 24 - recognition of deferred tax assets: availabilities of future taxable income;
- Note 26 - measurement of benefit obligations: main actuarial assumptions.

Measurement of fair value

Several of the Company's accounting policies and disclosures require the measurement of the fair value of both financial assets and financial liabilities and nonfinancial assets and liabilities.

The Company and its subsidiaries establish a control structure related to measurement of fair value. This includes the general evaluation and responsibility of reviewing all significant fair value measurements, including Level 3 fair values.

Significant non-observable data are regularly reviewed, as well as valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, evidences obtained from the third parties are analyzed 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.

When measuring fair value of an asset or liability, the Company and its subsidiaries use market observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities.
- Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices);
- Level 3: inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Company and its subsidiaries recognize transfers between fair value hierarchic levels at the end of the financial statements period in which changes occurred.

Additional information on the assumptions adopted in the measurement of fair values is included in the following notes:

- Note 23 - Stock option plan; and
- Note 27 - Derivative or non-derivative financial instruments.

3. MAIN ACCOUNTING POLICIES

The accounting policies described in detail below have been consistently applied by the Company and its subsidiaries to all the years presented in these individual and consolidated financial statements, except for item a) below.

a) Changes in accounting policies

IFRS 16 - Leases (CPC 06 (R2) - Leases)

The Company and its subsidiaries initially adopted the CPC 06 (R2) / IFRS 16 - Leases as of January 1, 2019.

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

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

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

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

The Company and its parent companies used several practical expedients when adopting CPC 06 (R2) / IFRS 16 to the leases previously classified as operating leases in accordance with CPC 06 (R1) / IAS 17. Particularly:

- it did not recognize right-of-use assets and liabilities for lease agreements, which term of lease is due within 12 months from the standard's first-time adoption date;
- it did not recognize right-of-use assets and liabilities for low-value assets (e.g., IT equipment);
- it excluded the initial direct costs of measuring the right-of-use asset at the date of first-time adoption; and
- it used the retrospective approach when determining the lease term.

The impact of the first-time adoption of CPC 06 (R2) / IFRS 16 was R$31,308, under the "Lease" caption in Fixed Assets and in liabilities, where R$4,900 in current and R$26,408 in non-current, against the "Right-of-use" caption in assets, according to note 17.

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

IFRIC 23 (ICPC 22) – Uncertainty on Income Tax Treatment

The new interpretation provides for requirements for recognition and measurement in situations in which the Company and its subsidiaries have defined during the process for determination of income taxes (income tax and social contribution), the use of uncertain tax treatments, which may be questioned by the tax authority. In situations where certain treatments are uncertain, the Company and its subsidiaries must define the likelihood of acceptance by the tax authorities regarding the subject and present them separately, thus calculating a possible contingency if it concludes that the tax authority will not accept such treatment.

The Management of the Company and its subsidiaries started considering the aspects of IFRIC 23 (ICPC 22) and reviewed the judgments made in calculating income tax and social contribution, concluding that there are no uncertain treatments used in their financial statements, since all the procedures adopted for the collection of income taxes are supported by the applicable legislation and judicial precedents.

b) Consolidation basis

Subsidiaries

The financial information of the subsidiaries is included in the consolidated financial statements as from the date the Company starts have control, until the date such control ceases. The accounting policies of the subsidiaries are aligned with the policies adopted by the Company.

The financial information of the parent company is recognized under the equity method in the individual financial statements of the subsidiary. The financial information of the subsidiaries on the same base date of submittal of the financial information is used to calculate equity in the earnings and consolidation.

Investments in entities are accounted for under the equity method

The Company’s investments in entities accounted for at the equity method include interests in subsidiaries.

Transactions eliminated in the consolidation

The balances and transactions among the Company and its subsidiaries, and any unrealized revenues or expenses derived from transactions among these companies, are eliminated in the preparation of the consolidated financial statements.

Unrealized gains originating from transactions with investees recorded using the equity method are eliminated against the investment in the proportion of the Company'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 loss due to impairment.

c) Foreign currency

Transactions in foreign currency are translated into the respective functional currency of the Company and its subsidiaries at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the reporting date of financial statements are reconverted into the functional currency at the exchange rate determined on that dates. Exchange gain or loss in monetary items is the difference between the amortized cost of the functional currency at the beginning of the year, adjusted by interest and effective payments during the year, and the amortized cost in foreign currency at the exchange rate at the end of the presentation year.

d) Operating revenue

Service revenue is recognized in profit or loss as services are provided and is related, mainly, to harbor, bonded warehouse and logistics operations. Harbor operations refer basically to the loading and unloading of containers from vessels and are recognized in profit or loss as operations of each vessel is completed. Bonded warehouse operations are related to the storage of import or export loads. Storage revenue is recognized upon customs clearance and withdrawal of the imported cargo by the importing company or upon shipping the exported cargo into the vessel. Logistics operations refer mainly to the transport and storage in the Distribution Centers. Storage revenue is recognized in the income (loss), semimonthly or monthly, according to the customer agreement, and freight revenue is recognized when there is a delivery of stored goods.

e) Financial and equity instruments

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 subsidiaries 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, transaction costs which are directly attributable to its acquisition or issue. Trade accounts receivable without a significant financing component are initially measured at the price of the transaction.

Subsequent classification and measurement

In the initial recognition, a financial asset is classified as measured: at amortized cost; at FVTPL – debt instrument; at FVTOCI - equity instrument; or to the 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 FVTPL:

- 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 and its subsidiaries may irrevocably choose to present subsequent changes in the fair value of the investment in other comprehensive income ("OCI"). This choice is made on an investment basis.

The Company and its subsidiaries carry 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 revenue, 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 management of the Company and its subsidiaries;

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

- how business managers are remunerated - for example, if the remuneration is based on the fair value of managed assets or in contractual cash flows obtained; and

- 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 access of the Company and its subsidiaries to cash flows of specific assets (for example, based on the performance of an asset).

Financial assets - Evaluation of business model

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 offset 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 FVTPL	These assets are subsequently measured at fair value. Net income (loss), plus interest or dividend revenue, is recognized in income (loss).
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is impaired. Interest revenue, foreign exchange gains and impairment losses are recognized in income (loss). Any gain or loss on derecognition is recognized in income (loss).
Debt instruments at FVTOCI	These assets are subsequently measured at fair value. Interest revenue calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in income (loss). Other net income is recognized in OCI. In derecognition, the retained earnings in OCI are reclassified to the income (loss).
Equity instruments at 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 income is 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).

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 and its subsidiaries nor transfer or maintain 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 income (loss).

Offset

Financial assets and liabilities are offset and the net amount 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.

Derivative financial instruments

The Company and its subsidiaries hold derivative financial instruments to hedge its exposure to exposure to foreign currency changes. Embedded derivatives are separated from the host contracts and separately recorded when the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After the initial recognition, derivatives are measured at fair value and changes are normally recorded in profit or loss.

Capital - Common shares

Common shares are classified as shareholders' equity. Additional costs directly attributable to the issue of shares are recognized as reduction in the shareholders' equity.

The compulsory minimum dividends, as established in the By-laws, are recognized as liabilities.

Equity instruments

When shares recognized as shareholders' equity are repurchased, the value of the consideration paid which includes any costs directly attributable is recognized as a deduction from net assets. The repurchased shares are classified as treasury shares and presented as a deduction from shareholders' equity. When treasury shares are sold or reissued subsequently, value received is recognized as an increase to shareholders' equity, and gains or losses resulting from transactions are presented as capital reserve.

f) Adjustment to present value

Accounts subject to adjustment to present value are trade accounts receivable and trade accounts payable. They have not been stated at present value as maturities are in less than 60 days.

g) Inventories

Inventories are mainly represented by maintenance items, which are stated at the average cost that does not exceed the market value.

h) Investments

Investments in subsidiaries and affiliated companies and in other companies that are part of the same group or are under a common control are evaluated under the equity method in the individual financial statements.

i) Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses, when required.

Cargo equipment reported in property, plant and equipment is equipment that is not reversible at the end of lease contracts.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

When parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the book value of Property, plant and equipment and are recognized net within other revenues in the statement of income.

Subsequent costs

The replacement cost of a component of an item of property, plant and equipment is recognized in the book value of the item when it is probable that the future economic benefits embodied in the component will flow to the Company and its subsidiaries and cost can be reliably measured. The book value of the component that is replaced is written off. Costs of normal maintenance on property, plant and equipment are charged to the income (loss) as incurred.

Depreciation

It is recognized in the income statement using the straight-line method over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or the estimated useful life of the asset, unless it is reasonably certain that the ownership will be obtained at the end of the lease term.

The useful estimated lives for the current and comparative periods are shown in the note 11.

The depreciation methods, useful lives and residual values are reviewed at each year closing, and potential adjustments will be recognized as a change in accounting estimates.

j) Intangible assets

Exploration right

The exploration right is recognized upon the port area lease contracts as intangible assets as contra-entry to the recognition at present value of minimum fixed and variable payments (minimum contractual changes) established in the lease contract, in liabilities, in a line item especially created for this purpose, “Obligations with Concession Grantor”.

Goodwill

The goodwill arising from the acquisition of subsidiaries is included in intangible assets in the financial statements.

The goodwill generated in the acquisitions of entities holding exploitation rights and amortized within the term of the agreement and the agreement renewal is not considered.

Other intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. After the initial recognition, the intangible assets are stated at cost, less accumulated amortization and impairment losses. There are no intangible assets generated internally.

Subsequent expenditures

They are capitalized only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditures are recognized in profit or loss as incurred.

Amortization

Intangible assets with defined life are amortized over the economic useful life and valued in relation to impairment whenever there is indication of loss of economic value of the asset. Amortization method and period of an intangible asset with defined life are reviewed at least at the end of each year. Changes in these assets' estimated useful lives or in expected consumption of future economic benefits are accounted for through changes in amortization method or period, as applicable, and are addressed as changes in bookkeeping. The amortization of intangible assets with defined life is recognized in the statement of income in the category of expense consistent with the use of the intangible assets.

Intangible assets with undefined useful lives are not amortized but tested for impairment on an annual basis, individually or at cash generating unit level. The evaluation of indefinite useful life is reviewed annually to determine whether it is still justifiable. When applicable, the change in useful life from indefinite to finite is made on a prospective basis.

k) Leased assets

The Company and its subsidiaries applied CPC 06 (R2) / IFRS 16 using the modified retrospective approach; therefore, comparative information was not restated and continues to be reported pursuant to CPC 06 (R1) / IAS 17 and ICPC 03 / IFRIC 4. The details of the accounting policies in accordance with CPC 06 (R1) / IAS 17 and ICPC 03 / IFRIC 4 are disclosed separately.

Accounting policies applicable as of January 1, 2019

At the inception of an agreement, the Company and its subsidiaries evaluate whether the agreement is for or contains a lease. A contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration. The Company and its subsidiaries follow the definition of lease under CPC 06 (R2) / IFRS 16 to assess whether an agreement transfer the right to control the use of an identified asset.

This policy is adopted to contracts executed into as of January 1, 2019.

(i) As a lessee

At the inception or amendment of an agreement containing a lease component, the Company and its subsidiaries allocate the lease consideration to each lease component based on its individual prices. However, for leases of real estate, the Company and its subsidiaries have chosen to not separate non-lease components and lease and non-lease components are calculated as a single component.

The Company and its subsidiaries recognize a right-of-use asset and a lease liability on the lease inception date. The right-of-use asset is initially measured at cost, which comprises the value of initial measurement of the lease liability adjusted to any lease payments made to the initial date, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee to disassemble and remove the underlying asset, by returning it to the place where it is located or returning the underlying asset to the state required under the lease terms and conditions, less any lease incentives received accordingly.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of underlying asset to the lessee at the end of lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the call option. In this case, the right-of-use asset will be depreciated over the service life of the underlying asset, which is determined on the same basis as that of fixed assets. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date, and discounted using the interest rate implied in the lease or, if that rate cannot be immediately determined, the incremental loan rate of the Company and its subsidiaries. Usually, the Company and its subsidiaries use their incremental loan rate as discount rate.

The Company and its subsidiaries set its incremental rate on loans by obtaining interest rates from a number of external funding sources and making some adjustments to reflect the agreement terms and the type of leased asset.

Lease payments included in the measurement of lease liability are comprised by the following:

- fixed payments, including initial fixed payments;
- variable lease payments based on an index or rate, initially measured based on the index or rate at the initial date;
- amounts expected to be paid by the lessee, in accordance with the residual value guarantees; and
- the call option exercise price if the lessee is reasonably certain to exercise such option, and payments of fines due to termination of the lease agreement, if the term of the lease reflects the fact that the lessee is exercising their option to terminate the lease agreement.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when a change occurs in future lease payments as a result of a change in an index or rate, if there is a change in the amounts expected to be paid in accordance with the residual value guarantee, if the Company and its subsidiaries change its assessment if they exercise a call option, extend or terminate it, or if there is a payment of a initially fixed revised lease.

When the lease liability is thus remeasured, an adjustment corresponding to the book value of the right-of-use asset is made or recorded in income if the right-of-use asset is reduced to zero.

The Company and its subsidiaries record right-of-use assets that fall outside the definition of investment property in “fixed assets” and lease liabilities in “loans and financing” in the balance sheet.

Leases of low value assets

The Company and its subsidiaries opted not to recognize the assets of right-of-use and the lease liabilities for low-value lease assets and short-term lease, including IT equipment. The Company and its subsidiaries recognize payments of those leases as an straight-line method expense during the lease term.

(ii) As a lessor

At the inception or amendment of an agreement containing a lease component, the Company and its subsidiaries allocate the lease consideration to each lease and non-lease component based on its independent prices.

When the Company and its subsidiaries operate as a lessor, it is determined, at the beginning of the term of the lease, whether each lease is a financial or an operating lease.

To classify each lease, the Company and its subsidiaries carry out an overall assessment of whether the lease transfers substantially all risks and benefits inherent in the property of the underlying asset. In this case, this will be a financial lease; otherwise it will be an operating lease. As part of this assessment, the Company and its subsidiaries take into account certain indicators, such as whether the term of the lease is equal to the greatest part of the economic life of the underlying asset.

When the Company and its subsidiaries are intermediate lessors, their interests are accounted for in principal lease and in the sublease on a separate basis. It assesses the classification of the sublease based on the right-of-use asset arising from the main lease rather than on the underlying asset. If the main lease is a short-term lease that the Company and its subsidiaries, as lessees, record by applying the aforementioned exemption, it will classify the sublease as an operating lease.

If an agreement has both lease and non-lease elements, the Company and its subsidiaries adopted the CPC 47 / IFRS 15 to allocate the consideration under the agreement.

The Company and its subsidiaries adopt the requirements for derecognition and impairment of CPC 48 / IFRS 9 to the net lease investment. Also, the Company and its subsidiaries estimated non-guaranteed residual amounts used to calculate the gross investment are periodically reviewed.

The Company and its subsidiaries recognize lease receivables arising from operating leases under the straight-line method over the term of the lease as part of ‘other revenues’.

In general, the accounting policies applicable to the Company as a lessor in the comparative period were not different from CPC 06 (R2) / IFRS 16, except for the sub-lease classification entered into during the current reporting period, which resulted in a financial lease classification.

Accounting policies applicable before January 1, 2019.

For agreements entered into before January 1, 2019, the Company and its subsidiaries determined whether it was or included a lease, by assessing whether:

- compliance with the agreement depended on using one or specific assets; and
- the agreement granted the right to use the asset. The agreement conveyed the right to use the asset if one of the following items were satisfied:
    - the buyer was capable of operating or had the right to operate the asset while obtaining or controlling more than an insignificant part of the production or utility of the asset;
    - the buyer was capable of controlling or had the right to control the physical access to the asset while obtaining or controlling more than an insignificant part of the production or utility of asset; or
    - any facts or circumstances indicating that it is rare that one or more parties, except for the buyer, obtains more than an insignificant part of the production or utility that will be produced or generated by the asset during the term of the agreement, and that the price the buyer will pay for the production is not contractually fixed by production unit or equal to the current market price by production unit at the time of the production delivery.

(i) As a lessee

In the comparative period, as a lessee, the Company and its subsidiaries classified the leases that transferred substantially all the risks and rewards inherent to the ownership as financial leases. When it was the case, leased assets were initially measured at an amount equal to the lower between its fair and the present value of minimum lease payments. The minimum lease payments were those payments during the lease term that the lessee was required to make, excluding any contingent lease. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to this asset.

Assets held under other leases were classified as operating leases and were not recognized in the balance sheet of the Company and its subsidiaries. Payments for operating leases were recognized in income (loss) under the straight-line method over the lease period. Incentives received were recognized as part of the total lease cost during the lease term.

(ii) As a lessor

When the Company and its subsidiaries operated as a lessor, they determined, at the beginning of lease, whether each lease was a financial or an operating lease.

To classify each lease, the Company and its subsidiaries carried out an overall assessment of whether the lease transferred substantially all risks and rewards inherent in the property of the underlying asset. In this case, this was a financial lease; otherwise, it was an operating lease. As part of this assessment, the Company and its subsidiaries took into account certain indicators, such as whether the term of the lease referred to the greatest part of the economic life of the asset.

l) Impairment

Non-derivative financial assets

Financial instruments and contractual assets

The Company and its subsidiaries recognize the contractual terms for estimated credit losses regarding:

- financial assets measured at amortized cost;
- debt investments measured at FVTOCI; and
- contract assets.

The Company and its subsidiaries measure the provision for loss in an amount equal to credit loss expected for the whole life time, except for the items described below, which are measured as credit loss expected for 12 months:

- debt securities with low credit risk on balance sheet date; and
- other debt securities and bank balances for which the credit risk (i.e., default risk throughout the expected life of financial instrument) has not significantly increased since the beginning of initial recognition.

Provisions for trade accounts receivable losses and contract assets are measured at a value equal to a credit loss estimated for the instrument's entire life.

When determining if the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Company and its subsidiaries consider reasonable and tolerable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analysis, based on the historical experience of the Company and its subsidiaries, credit assessment, and considering forward-looking information.

The Company and its subsidiaries assume that the credit risk in a financial asset increased significantly if it is more than 30 days overdue.

The Company and its subsidiaries consider a financial asset in default when:

- it is very unlikely that the debtor will fully pay its credit obligations to the Company and its subsidiaries, without having to resort to actions like the realization of guarantee (if any); or
- financial asset is overdue for more than 90 days.

The Company and its subsidiaries consider that a debt security has a low credit risk when its credit risk rating is equivalent to the generally accepted definition of "investment grade":

- Lifetime expected credit losses are estimated credit losses that result from all possible default events over the expected life of a financial instrument.

- Estimated credit losses for 12 months are credit losses that result from potential delinquency events within 12 months after the balance sheet date (or in a shorter period if the estimated life of the instrument is lower than 12 months).

The maximum period considered in the estimate of expected credit loss is the maximum contractual period during which the Company and its subsidiaries are exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash insufficiencies (that is, the difference between the cash flows owed to the Company and its subsidiaries in accordance with the contract and the cash flows that the Company and its subsidiaries expect to receive).

The expected credit losses are discounted by the effective interest rate of the financial asset.

Financial assets with recovery problems

On each balance sheet date, the Company and its subsidiaries assess whether the financial assets accounted for at amortized cost and the debt securities measured at FVTOCI are experiencing recovery problems. A financial asset has "recovery problems" when one or more events with a negative impact on the estimated future cash flows of the financial asset occur.

Objective evidence that financial assets had impairment issues includes the following observable data:

- significant financial difficulties of the issuer or borrower;
- breach of contractual clauses, such as delinquency or late payment of more than 90 days;
- restructuring of an amount due to the Company and its subsidiaries would not accept under conditions not considered normal;
- the probability that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of the expected provision for credit loss in the balance sheet.

Provision for losses for financial assets measured at amortized cost are deducted from the gross book value of assets.

For debt instruments measured at FVTOCI, the provision for losses is debited to the result and recognized in other comprehensive income.

Write-off

The gross book value of a financial asset is written off when the Company and its subsidiaries have no reasonable expectation of recovering the financial asset in full or in part With respect to individual customers, the Company and its subsidiaries, based on the history of recovery of similar assets, adopt the policy of writing off the gross book value when the financial asset is overdue for 180 days. With respect to corporate customers, the Company and its subsidiaries assess, on an individual basis, the time and amount of write-off based on the existence or not of reasonable expectation of recovery. The Company and its subsidiaries do not expect any significant recovery of amount written off. However, financial assets written off may still be subject to credit collection, in compliance with procedures of the Company and its subsidiaries for the recovery of the amounts due.

Non-financial assets

The book values of the non-financial assets of the Company and its subsidiaries, inventories, biological assets and deferred tax assets are reviewed at each balance sheet date for indication of impairment. If such indication exists, the asset's recoverable amount is estimated. In case of goodwill has no defined useful life, the recoverable value is tested on an annual basis.

For impairment tests, assets are grouped into the cash generating units (CGUs), that is, smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or cash generating units. Goodwill from business combinations is allocated to cash generating units or groups of cash generating units that are expected to benefit combination synergy.

Recoverable value of an assets or CGU is the higher of value in use and fair value less selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations of times value of money and the specific risks of the assets or CGU.

An impairment loss is recognized when the book value of an asset or its CGU exceeds its recoverable value.

Impairment losses are recognized in profit or loss. Recognized losses referring to CGUs are initially allocated to reduce any goodwill allocated to that CGU (or CGU group) and then to reduce the book value of other assets of that CGU (or CGU group) on a pro rata basis.

An impairment loss related to goodwill is not reversed. Regarding other assets, impairment losses are reversed only with the condition that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

m) Employee benefits

Share-based payment transactions

The fair value of share-based payment agreements is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, over the period when employees become unconditionally entitled to the premiums. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and performance conditions will be met, so that the amount ultimately recognized as an expense is based on the number of awards meeting these performance conditions at vesting date.

For share-based payment awards with non-vesting conditions, the fair value at grant date of share-based payment is measured to reflect such conditions and no further adjustments are made for differences between expected and actual results.

Post-employment benefits

Post-employment benefits are recognized as an expense when is provenly committed, without the possibility of retraction, to a formal detailed plan to terminate the employment contract before the normal retirement date, or to provide employment termination benefits as a result of an offer made to encourage voluntary dismissals. Post-employment benefits arising from voluntary dismissals are recognized as an expense when it had made a voluntary dismissal offer, it is probable that the offer will be accepted, and the number of employees who will adhere to the program can be reliably estimated. Should the benefits be payable for more than 12 months from the reporting date of financial statements, they are discounted to their present values.

Short-term employee benefits

Obligations for short-term employee benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered.

The liability is recognized at the expected amount to be paid under the cash-bonus or short--term profit share plans when the Company has a legal or constructive obligation to pay such amount as result of the past service provided by an employee, and such obligation can be reliably estimated.

Defined contribution plan

The Company and its subsidiaries provide to its employees benefits that basically comprise a private pension plan with defined contribution administered by BrasilPrev, as note 4.e).

Supplementary health care

Health care expenses on retirement are recognized under the Projected Credit Unit approach based on an actuarial valuation performed annually at the reporting dates. Past service cost is recognized immediately on a straight-line basis over the average period until the benefits become vested.

Obligations relating to health care benefits recognized in the statement of financial position represent the present value of the obligation with the benefits defined, adjusted for actuarial losses and gains and for the cost of past services, as mentioned in note 26.

n) Provisions

A provision is recognized when the Association has a legal or constituted obligation as result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

o) Financial revenues and expenses

Financial income mostly comprises revenues from interest on interest earning bank deposits, recognized in the income (loss), under the effective interest rate method.

Financial expenses include basically loan interest expenses. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

p) Income tax and social contribution

Current and deferred income tax and social contribution for the year are calculated based on the rates of 15% with a surcharge of 10% on taxable profit exceeding R$240 for income tax and 9% on taxable profit for the social contribution on net income, and consider the offset of income tax and social contribution losses, limited to 30% of the annual taxable profit.

Current tax is the expected tax payable or receivable on taxable profit or loss for the year at tax rates that have been enacted or substantially enacted by the end of the reporting period and any adjustment to taxes payable in relation to prior years.

Deferred taxes on tax losses, negative basis of social contribution and temporary differences are recognized in relation to the temporary differences between the book values of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination, and not affecting the accounts nor taxable profit or loss; and differences related to investments in subsidiaries when it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets and liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred asset for income tax and social contribution is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred income tax and social contribution assets are reviewed at each reporting date of financial statements and will be reduced when their realization is no longer probable.

q) Earnings per share

Basic earnings per share are calculated based on the income for the year attributable to the Company's controlling shareholders and the weighted average of outstanding common shares in the respective year. The diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments that can potentially be converted into shares, with a dilution effect, in the years presented, pursuant to Technical Pronouncement CPC 41- Earnings per share and IAS 33 - Earnings per share.

r) Segment information

An operating segment is a component of the Company and its subsidiaries which engage in business activities from which it may earn revenues and incur expenses, including income and expenses relating to transactions with other components. All operating income (loss) of the operating segments are frequently reviewed together with their managers and reported to the Statutory Board; thus, are presented in Board of Directors' meetings for decisions regarding the resources to be allocated to the segment to be taken and to assess their performance, for which individual financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The unallocated items include mostly the institutional assets (mainly the Company's head office) and income and social contribution tax assets and liabilities.

s) Statements of cash flows

The Company has elected to classify interest paid and received as cash flow from financing activity, and dividends and interest on own capital received as cash flow from investing activity, an option provided for in technical pronouncement CPC 03 (R2) - Statement of Cash Flows.

t) Statements of added value

The Company prepared individual and consolidated 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 IFRSs they represent additional financial information.

u) New standards and interpretations not yet adopted

Several new standards will become effective for the years started after January 1, 2019. The Company and its subsidiaries did not adopt these changes in the preparation of these financial statements. The Company and its subsidiaries do not plan to adopt these standards in advance.

The following changed standards and interpretations should not have a significant impact on the financial statements of the Company and its subsidiaries.

- Changes in the references to the conceptual framework in IFRS standards;
- Definition of business (amendments to CPC 15 / IFRS 3);

- Definition of materiality (amendments to CPC 26 / IAS 1 and CPC 23 / IAS 8);
- IFRS 17 Insurance Contracts.

4. RELATED PARTY TRANSACTIONS

a) Dividends receivable – parent company

	12/31/2019	12/31/2018
Current assets:		
Dividends receivable:		
Direct subsidiaries:		
Pará Empreendimentos Financeiros S.A.	1,322	-
Santos Brasil Logística S.A.	-	2,434
Terminal de Veículos de Santos S.A.	2,310	2,032
	3,632	4,466

b) Other significant balances

	Parent company		Consolidated (*)	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current assets:				
Trade accounts receivable (I)	428	352	1,258	1,502
Checking accounts (II)	1,035	801	1,035	801
	1,463	1,153	2,293	2,303
Current liabilities:				
Suppliers	830	1,149	1,258	1,502
Checking accounts (II)	-	-	1,035	801
	830	1,149	2,293	2,303

(*) Values eliminated in the consolidation

(I) The Company and its subsidiaries provide port and transportation services to each other, as explained in note 4.c);

(II) Refer to provision of expenses with shared administrative services provided by the Company to its subsidiaries.

c) Rendering of port service

Operating branch Tecon Santos provided, in the period from January to December 2019, port services to the subsidiary Santos Brasil Logístics concerning: (i) immediate delivery of containers, in the amount of R$1,305 (R$540 as of December 31, 2018), referring to 5,414 containers moved (2,310 containers as of December 31, 2018); (ii) non-invasive inspection of containers, in the amount of R$999 (R$1,978 as of December 31, 2018), referring to 10,000 containers (11,292 containers as of December 31, 2018); and (iii) reefers monitoring in the amount of R$24 (R$6 as of December 31, 2018), referring to 46 containers (12 containers as of December 31, 2018).

In the same period, subsidiary Santos Brasil Logístics provided the operational branch Tecon Santos with: (i) container transportation services in the amount of R$7,454 (R$11,601 as of December 31, 2018), referring to 8,699 containers (13,741 containers as of December 31, 2018); and (ii) freight forwarding service in the amount of R$63 (R$31 as of December 31, 2018), referring to 2,344 containers (1,158 containers as of December 31, 2018); and (iii) other services, in the amount of R$7.

In December 31, 2018, the subsidiary Santos Brasil Logístics provided to Tecon Vila do Conde Road transportation services in the amount of R$30.

d) Remuneration of key personnel

	Parent company			
	12/31/2019		12/31/2018	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	1,835	10,644	1,770	11,482
Other benefits	-	515	-	553
Stock option plan / Share-based incentive plan	-	2,788	-	5,794
Total	1,835	13,947	1,770	17,829

	Consolidated			
	12/31/2019		12/31/2018	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	1,857	10,891	1,792	11,873
Other benefits	-	515	-	553
Stock option plan / Share-based incentive plan	-	2,788	-	5,794
Total	1,857	14,194	1,792	18,220

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

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

Directors have 0.38% of the Company's voting shares.

e) Benefits to collaborators - Consolidated

The Company and its subsidiaries provide their employees with benefits including basically private pension plan with defined contribution managed by Brasilprev, life insurance, health insurance, basic food basket, food stamps, meal voucher and ready meals. On December 31, 2019, benefits above totaled the expense of R$52,078 (R$51,147 as of December 31, 2018), corresponding to 5.35% and 5.55% of consolidated net revenue, respectively.

Operating branch Tecon Santos and subsidiaries Santos Brasil Logístics and Vehicles Terminal/TEV include the Profit Sharing Plan - PPR in its human resources policies, and all employees with formal employment relationship not included in any other variable remuneration program offered by those companies are eligible. The goals and criteria for distribution of funds and awards are agreed to between the parties, including unions representing employees, with the goals of increased productivity, competitiveness and motivation and engagement among participants. As of December 31, 2019, only the subsidiary Santos Brasil Logístics had provided the amount of R$164, the Company and other subsidiaries, as they did not meet these goals and/or criteria, did not have provision for profit sharing plan (R$3,812 as of December 31, 2018).

f) Sureties and guarantees

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

- Surety for the acquisition of trailers to Tecon Vila Conde, in the amount of R$1,227;
- Surety for the acquisition of trucks to Tecon Vila Conde, in the amount of R$1,482;
- Joint debtor of crane acquisition for Tecon Vila do Conde, in the amount of EUR 3,635, equivalent to R$16,468;
- Joint debtor of full containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 678, equivalent to R$3,073;
- Joint debtor of empty containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 271, equivalent to R$1,228.

5. CASH AND CASH EQUIVALENTS, OTHER FINANCIAL INVESTMENTS AND INVESTMENT NATURE

a) Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and balance in banks	2,550	18,476	5,991	23,380
Interest earning bank deposits	105,912	170,593	260,385	230,283
Total	108,462	189,069	266,376	253,663

b) Other interest earning bank deposits

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Interest earning bank deposits	159,067	-	159,067	-

c) Nature of interest earning bank deposits

	Average rates - % CDI	Maturity	Parent company 12/31/2019	Parent company 12/31/2018
Investment funds (*)	94.38	Undetermined	264,979	170,593

(*) Non-exclusive fund

	Average rates - % CDI	Maturity	Consolidated 12/31/2019	Consolidated 12/31/2018
Investment funds (*)	94.83	Undetermined	419,452	230,283

(*) Non-exclusive fund

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

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

6. TRADE ACCOUNTS RECEIVABLE

Current

	Parent company 12/31/2019	Parent company 12/31/2018
Domestic	90,739	81,944
To be billed	3,112	-
Related parties (note 4.b))	428	352
(-) Provision for expected credit losses	(12,927)	(14,347)
Total	81,352	67,949

	Consolidated 12/31/2019	Consolidated 12/31/2018
Domestic	129,694	129,345
To be billed	5,072	-
(-) Provision for expected credit losses	(14,334)	(15,976)
Total	120,432	113,369

On December 31, 2019, three clients have balance between 8% and 5% each.

As of December 31, 2019, the amount of R$1,258 (R$1,502 as of December 31, 2018) was eliminated for consolidation purposes; such amount refers to amounts receivable between the Company and its subsidiaries and derives from billing of service rendering and shared administrative services, as explained in note 4.b).

The table below summarizes the balances receivable by maturity:

	Parent company	
	12/31/2019	12/31/2018
Loans falling due	45,692	41,817
Past due receivables - up to 60 days	22,629	21,156
Past due receivables - from 61–90 days	6,231	2,941
Past due receivables - from 91–180 days	9,971	5,640
Past due receivables - from 181–360 days	5,607	2,332
Past due receivables for more than 361 days	4,149	8,410
Total	94,279	82,296

	Consolidated	
	12/31/2019	12/31/2018
Loans falling due	75,492	76,630
Past due receivables - up to 60 days	29,523	28,637
Past due receivables - from 61–90 days	7,098	4,044
Past due receivables - from 91–180 days	11,165	7,050
Past due receivables - from 181–360 days	5,899	3,539
Past due receivables for more than 361 days	5,589	9,445
Total	134,766	129,345

Impairment

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

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

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

	Parent company	Consolidated
Balance at 12/31/2018	14,347	15,976
Additions, net of reversals	13,705	14,986
Write-offs	(15,125)	(16,628)
Balance at 12/31/2019	12,927	14,334

	Parent company	Consolidated
Balance at 12/31/2017	12,233	13,943
Additions, net of reversals	9,291	10,090
Write-offs	(7,177)	(8,057)
Balance at 12/31/2018	14,347	15,976

7. INVENTORIES

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Maintenance material	17,724	18,305	20,839	21,233
Administrative material	308	307	418	412
Security material	271	258	470	455
Other	853	851	1,044	1,029
	19,156	19,721	22,771	23,129

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

8. COURT-ORDERED DEBT PAYMENTS ("PRECATÓRIOS") - CONSOLIDATED

	12/31/2019	12/31/2018
Non-current assets:		
Court-ordered debt payments receivable	5,605	5,422
Non-current liabilities:		
Court-ordered debt payments to be transferred to the former shareholders, net of attorney's fees (*)	4,484	4,338

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

In 1993, subsidiary Santos Brasil Logístics filed a collection lawsuit referring to storage services provided to and not paid by the São Paulo State Financial Department. In 2001, said lawsuit was finally judged valid to be received in ten annual installments and, on December 31, 2019, only one installment remained to be received, adjusted to inflation according to legal debt adjustment rate of the São Paulo State Court of Justice and recognized in assets.

In the year ended December 31, 2019, the non-current liability amount was adjusted principally considering the inflation adjustment mentioned in the paragraph above. Purchase agreement of Santos Brasil Logístics sets forth that the amounts from the judicial bonds received shall be transferred to the former controlling shareholders. These amounts are transferred net of legal fees associated with them.

9. CURRENT TAX ASSETS

	Parent company	
	12/31/2019	12/31/2018
Withholding income tax - IRRF	3,395	2,448
Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL	47	47
Other	4	82
Total current	3,446	2,577

	Consolidated	
	12/31/2019	12/31/2018
Withholding income tax - IRRF	3,492	2,559
Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL	910	87
Credit recoverable from Fund for Development and Management of Collection and Inspection - FUNDAF	969	9,295
Credits from Social Integration Program - PIS / Contribution for the Financing of Social Security - COFINS	1,850	-
Other	255	354
Total current	7,476	12,295

Consolidated withholding income tax (IRRF) credits, in the amount of R$3,492 (R$2,559 as of December 31, 2018) were mainly from financial investments.

Consolidated credits from IRPJ and CSLL, in the amount of R$910 (R$87 as of December 31, 2018), were mainly from advances in monthly calculations. These credits will be offset in future year calculations.

The consolidated credits from PIS and COFINS, in the amount of R$1,850, related to the subsidiary Tecon Vila do Conde, which filed a writ of mandamus to exclude the tax over services (ISS) from the PIS and COFINS calculation basis. The lawsuit was upheld, generating the credit right for the period from October 2012 to December 2019. These credits are being offset in monthly calculations of contributions themselves.

FUNDAF's consolidated credits, in the amount of R$969, related to undue collection in subsidiary Tecon Vila do Conde, according to article 6 of Decree-Law No. 1,437/75, resulting from payments made from January 2014 to April 2017. As of December 31, 2018, in the amount of R$9,295, referred to the subsidiary Santos Brasil Logístics, derived from payments made in the period from May 2013 to September 2018.

10. INVESTMENTS - PARENT COMPANY

a) Composition of balances

	12/31/2019	12/31/2018
Non-current assets:		
Interest in subsidiaries	398,460	384,690

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

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.	Total
Balance at December 31, 2018	142	22	70,112	147,428	166,986	384,690
Capital contribution	200	40	135	-	-	375
Equity in net income of subsidiaries	(135)	(28)	26,246	(991)	9,727	34,819
Additional dividend as Annual Shareholder's Meeting on April 30, 2019 (*)	-	-	-	(7,302)	(6,097)	(13,399)
Minimum mandatory dividends (*)	-	-	(1,322)	-	(2,310)	(3,632)
Actuarial liabilities – Supplementary Health Care	-	-	(965)	(3,386)	(42)	(4,393)
Balance at December 31, 2019	207	34	94,206	135,749	168,264	398,460

(*) The dividends received are being presented in the "Statement of Cash Flow" under "Financing Activity" caption.

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

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

(*) The dividends received are being presented in the "Statement of Cash Flow" under "Financing Activity" caption.

d) Information of the subsidiaries - position as of December 31, 2019

	Numeral 80 Participações S.A. (a)	Terminal Portuário de Veículos S.A. (a)	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.
Capital	1,330	460	84,484	126,374	128,751
Number of shares held:					
Common	917,966	460,000	84,484,349	115,935,256	204,269,217
Preferred shares	412,034	-	-	115,935,255	-
(Loss) income for the year	(135)	(28)	26,246	(991)	9,727
Shareholders' equity	207	34	94,206	135,749	168,264
Interest in capital - %	100	100	100	100	100
Interest in the shareholders' equity	207	34	94,206	135,749	168,264
Current assets	202	34	114,898	52,304	43,852
Non-current assets	6	-	97,339	172,320	234,601
Total assets	208	34	212,237	224,624	278,453

	Numeral 80 Participações S.A. [(a)]	Terminal Portuário de Veículos S.A. [(a)]	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.
Current liabilities	1	-	25,538	33,859	11,120
Non-current liabilities	-	-	92,493	55,016	99,069
Total liabilities	1	-	118,031	88,875	110,189
Net revenue	-	-	105,929	237,211	53,544
(Loss) income for the year	(135)	(28)	26,246	(991)	9,727

(a) Company with shutdown operations.

11. PROPERTY, PLANT AND EQUIPMENT

	Parent company										
	Leasehold improvements	Cargo handling equipment	Construction in progress (*)	IT equipment	Land	Machinery, equipment and accessories	Facilities, furniture and fixtures	Vehicles	Real estate	Other items	Total
Depreciation rate (% p.a.)	9.4	8.1	-	20	-	10	10	20	1.7	10	
Net balances at January 1, 2018	236	11,211	13,136	5,380	39,943	9,390	2,135	183	1,927	28	83,569
Changes											
Acquisitions / Transfers	1,417	1	24,994	178	-	-	-	-	-	-	26,590
Write-offs	-	(267)	(5)	-	-	-	1	(7)	-	-	(278)
Reclassifications (**)	(1,417)	4,508	(9,622)	709	-	38	8	1	(1)	1	(5,775)
Depreciation	(193)	(2,417)	-	(3,003)	-	(2,013)	(504)	(88)	(33)	(8)	(8,259)
Net balances at December 31, 2018	43	13,036	28,503	3,264	39,943	7,415	1,640	89	1,893	21	95,847
Balances at December 31, 2018											
Cost	2,056	58,954	28,503	39,933	39,943	26,987	9,439	1,533	1,955	251	209,554
Accumulated depreciation	(2,013)	(45,918)	-	(36,669)	-	(19,572)	(7,799)	(1,444)	(62)	(230)	(113,707)
Net balances at December 31, 2018	43	13,036	28,503	3,264	39,943	7,415	1,640	89	1,893	21	95,847
Depreciation rate (% p.a.)	9.5	8.6	-	20	-	10	10	20	1.7	10	
Net balances at January 1, 2019	43	13,036	28,503	3,264	39,943	7,415	1,640	89	1,893	21	95,847
Changes											
Acquisitions / Transfers	-	876	19,926	258	-	166	103	455	-	96	21,880
Write-offs	-	(75)	-	(1)	-	(1)	(2)	-	-	-	(79)
Reclassifications (**)	2,038	(2)	(23,018)	1	-	-	-	-	-	-	(20,981)
Depreciation	(2,001)	(2,548)	-	(1,711)	-	(1,933)	(449)	(47)	(33)	(21)	(8,743)
Net balances at December 31, 2019	80	11,287	25,411	1,811	39,943	5,647	1,292	497	1,860	96	87,924
Balances at December 31, 2019											
Cost	4,092	56,683	25,411	37,807	39,943	27,135	9,530	1,988	1,955	347	204,891
Accumulated depreciation	(4,012)	(45,396)	-	(35,996)	-	(21,488)	(8,238)	(1,491)	(95)	(251)	(116,967)
Net balances at December 31, 2019	80	11,287	25,411	1,811	39,943	5,647	1,292	497	1,860	96	87,924

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

	Consolidated											
	Leasehold improvements	Cargo handling equipment	Construction in progress (*)	IT equipment	Land	Machinery, equipment and accessories	Facilities, furniture and fixtures	Vehicles	Real estate	Right-of-use - Rents	Other items	Total
Depreciation rate (% p.a.)	6.5 - 9.4	8.1 - 12.5	-	20	-	10	10	20	1.7 - 2.2	-	10	
Net balances at January 1, 2018	3,700	44,538	15,735	6,195	66,369	14,796	24,649	187	21,023	-	43	197,235
Changes												
Acquisitions / Transfers	3,734	3,898	63,327	239	-	321	97	-	-	-	-	71,616
Write-offs	-	(455)	(39)	-	-	-	(1)	(7)	-	-	-	(502)
Reclassifications (**)	(2,571)	4,486	(9,860)	710	(1)	57	9	1	-	-	-	(7,169)
Depreciation	(811)	(9,860)	-	(3,499)	-	(3,492)	(4,593)	(92)	(539)	-	(19)	(22,905)
Net balances at December 31, 2018	4,052	42,607	69,163	3,645	66,368	11,682	20,161	89	20,484	-	24	238,275
Balances at December 31, 2018												
Cost	10,844	142,654	69,163	48,817	66,368	44,285	57,453	1,721	27,136	-	635	469,076
Accumulated depreciation	(6,792)	(100,047)	-	(45,172)	-	(32,603)	(37,292)	(1,632)	(6,652)	-	(611)	(230,801)
Net balances at December 31, 2018	4,052	42,607	69,163	3,645	66,368	11,682	20,161	89	20,484	-	24	238,275
Depreciation rate (% p.a.)	5.9 - 9.5	8.6 - 12.6	-	20	-	10	10	20	1.7 - 2.2	18.5-37.5	10	
Net balances at January 1, 2019	4,052	42,607	69,163	3,645	66,368	11,682	20,161	89	20,484	-	24	238,275
Changes												
Acquisitions / Transfers	-	5,485	21,733	2,255	-	390	139	455	-	38,314	127	68,898
Write-offs	-	(83)	-	(1)	-	(2)	(2)	-	-	-	-	(88)
Reclassifications (**)	2,038	(2)	(60,819)	1	-	554	-	-	-	-	-	(58,228)
Depreciation	(2,474)	(8,105)	-	(1,868)	-	(2,981)	(4,354)	(47)	(539)	(8,407)	(27)	(28,802)
Net balances at December 31, 2019	3,616	39,902	30,077	4,032	66,368	9,643	15,944	497	19,945	29,907	124	220,055
Balances at December 31, 2019												
Cost	12,880	144,874	30,077	48,661	66,368	45,212	57,564	2,176	27,136	38,314	763	474,025
Accumulated depreciation	(9,264)	(104,972)	-	(44,629)	-	(35,569)	(41,620)	(1,679)	(7,191)	(8,407)	(639)	(253,970)
Net balances at December 31, 2019	3,616	39,902	30,077	4,032	66,368	9,643	15,944	497	19,945	29,907	124	220,055

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

The consolidated cost of loans and financing capitalized during the year ended December 31, 2019 totaled R$3,243 , comprised as follows: (i) R$323 referring to loans and financing directly attributable to these fixed assets (R$671 as of December 31, 2018); and (ii) R$2,920 referring to those not directly attributable (R$202 on December 31, 2018); these loans and financing average rate is 7.30% p.a. (3.02% as of December 31, 2018).

The Company has equipment which was provided as guarantee to the financing of the respective acquisition (Financing Fund for Acquisition of Industrial Machineries and Equipment - FINAME). The cost value of these assets was R$298. In addition to these guarantees, the Company also has a Rubber Tyred Gantry - RTG pledged in guarantee of ongoing labor lawsuit No. 369/03 which, on December 31, 2019, was stated as R$624.

12. INTANGIBLE ASSETS

	Parent company								
	Defined useful life								
	Exploration right (a)			Goodwill in acquisitions (b)			Software	Other intangible assets	
	Tecon Santos	Tecon Imbituba	TCG Imbituba	Shares of Santos-Brasil S.A.	Pará Empreendimentos	TCG Imbituba	System data processing	Intangible in progress	Total
Amortization rate (% p.a.)	5.5	4.6	4.6	3.1	6.3	4.4	20	-	
Net balances at January 1, 2018	772,469	666,107	12,723	74,370	2,709	11,865	363	75	1,540,681
Changes									
Acquisitions / Transfers	109,645	820	131	-	-	-	69	1	110,666
Reclassifications (*)	2,474	-	1	(1)	-	-	256	3,044	5,774
Amortizations	(36,708)	(44,239)	(895)	(2,485)	(172)	(828)	(257)	-	(85,584)
Net balances at December 31, 2018	847,880	622,688	11,960	71,884	2,537	11,037	431	3,120	1,571,537
Balances at December 31, 2018									
Cost	1,565,829	962,875	19,298	321,264	37,760	18,983	22,438	3,120	2,951,567
Accumulated amortization	(717,949)	(340,187)	(7,338)	(249,380)	(35,223)	(7,946)	(22,007)	-	(1,380,030)
Net balances at December 31, 2018	847,880	622,688	11,960	71,884	2,537	11,037	431	3,120	1,571,537
Amortization rate (% p.a.)	5.3	4.7	4.6	3.1	6.3	4.4	20	-	
Net balances at January 1, 2019	847,880	622,688	11,960	71,884	2,537	11,037	431	3,120	1,571,537
Changes									
Acquisitions / Transfers	39,352	38,626	268	-	-	-	75	79,635	157,956
Reclassifications (*)	(1,153)	28	(1)	-	-	-	4	22,102	20,980
Amortizations	(37,889)	(46,277)	(912)	(2,486)	(172)	(828)	(149)	-	(88,713)
Net balances at December 31, 2019	848,190	615,065	11,315	69,398	2,365	10,209	361	104,857	1,661,760
Balances at December 31, 2019									
Cost	1,604,227	1,001,328	19,566	321,264	37,760	18,983	22,518	104,857	3,130,503
Accumulated amortization	(756,037)	(386,263)	(8,251)	(251,866)	(35,395)	(8,774)	(22,157)	-	(1,468,743)
Net balances at December 31, 2019	848,190	615,065	11,315	69,398	2,365	10,209	361	104,857	1,661,760

(*) Reclassifications of property, plant and equipment.

	Consolidated											
	Defined useful life										Undefined useful life (c)	
	Exploration right (a)					Goodwill in acquisitions (b)			Software	Other intangible assets	Goodwill in acquisitions	
	Tecon Santos	Tecon Imbituba	TCG Imbituba	Tecon Vila do Conde	Vehicles Terminal / TEV	Shares of Santos-Brasil S.A.	Pará Empreendimentos	TCG Imbituba	System data processing	Intangible in progress	Santos Brasil Logístics (*)	Total
Amortization rate (% p.a.)	5.5	4.6	4.6	8.1	4.2	3.1	6.3	4.4	20	-	-	
Net balances at January 1, 2018	772,469	666,107	12,723	16,054	250,545	74,370	2,708	11,865	646	75	39,465	1,847,027
Changes:												
Acquisitions / Transfers	109,645	820	131	1,246	(607)	-	-	-	141	1	-	111,377
Reclassifications (**)	2,474	-	1	851	501	(1)	-	-	299	3,044	-	7,169
Amortizations	(36,708)	(44,239)	(895)	(795)	(14,703)	(2,485)	(172)	(828)	(436)	-	-	(101,261)
Net balances at December 31, 2018	847,880	622,688	11,960	17,356	235,736	71,884	2,536	11,037	650	3,120	39,465	1,864,312
Balances at December 31, 2018												
Cost	1,565,829	962,875	19,298	57,816	351,191	321,264	37,759	18,983	31,478	3,120	47,576	3,417,189
Accumulated amortization	(717,949)	(340,187)	(7,338)	(40,460)	(115,455)	(249,380)	(35,223)	(7,946)	(30,828)	-	(8,111)	(1,552,877)
Net balances at December 31, 2018	847,880	622,688	11,960	17,356	235,736	71,884	2,536	11,037	650	3,120	39,465	1,864,312
Amortization rate (% p.a.)	5.3	4.7	4.6	7.4	4.2	3.1	6.3	4.4	20	-	-	
Net balances at January 1, 2019	847,880	622,688	11,960	17,356	235,736	71,884	2,536	11,037	650	3,120	39,465	1,864,312
Changes:												
Acquisitions / Transfers	39,352	38,626	268	8,901	9,618	-	-	-	75	88,635	-	185,475
Reclassifications (**)	(1,153)	28	(1)	36,941	(554)	-	-	-	649	22,317	-	58,227
Amortizations	(37,889)	(46,277)	(912)	(2,777)	(15,225)	(2,486)	(171)	(828)	(283)	-	-	(106,848)
Net balances at December 31, 2019	848,190	615,065	11,315	60,421	229,575	69,398	2,365	10,209	1,091	114,072	39,465	2,001,166
Balances at December 31, 2019												
Cost	1,604,227	1,001,328	19,566	103,659	360,253	321,264	37,760	18,983	32,202	114,072	47,576	3,660,890
Accumulated amortization	(756,037)	(386,263)	(8,251)	(43,238)	(130,678)	(251,866)	(35,395)	(8,774)	(31,111)	-	(8,111)	(1,659,724)
Net balances at December 31, 2019	848,190	615,065	11,315	60,421	229,575	69,398	2,365	10,209	1,091	114,072	39,465	2,001,166

(*) Accumulated amortization up to December 31, 2008.
(**) Reclassifications of property, plant and equipment.

(a) Exploration rights

Exploration rights refer to the installments composing the amounts paid for the commercial exploitation of the following port facilities, Tecon 1 Santos, from November 29, 1997, Tecon Imbituba, from April 7, 2008 and TCG Imbituba, from February 13, 2006 and are amortized within the term of their respective lease agreements.

The subsidiary Terminal de Veículos de Santos S.A. was declared to be the winner of the bid of Vehicles Terminal/TEV and, at the execution of the agreement, made the initial payment of R$133,495, plus the bid costs amounting to R$4,711, and made the final payment on January 4, 2010 in the amount of R$85,287, assuming on that same date the operations of Vehicles Terminal/TEV through the Deed of Delivery Receipt of the Area.

Besides the above-described amounts, the Company and its subsidiaries recognized in intangible assets the lease and MMC installments, of all lease contracts, including its indirect subsidiary Tecon Vila do Conde, and being amortized over the periods of the respective lease contracts.

(b) Goodwill on acquisitions - with definite useful life

In 2006, former shareholders of subsidiary Santos-Brasil granted options to purchase its shares, which were exercised by third parties, with a goodwill of R$321,264. In the same year, the subsidiary Santos-Brasil at the time proceeded to reverse merger of those companies acquiring purchase options, including said goodwill which was amortized up to December 31, 2008 based on its tax use in five years, according to applicable law. From January 1, 2009, according to technical guidance OCPC 02 - Clarifications on the Financial Statements of 2008, the goodwill based on expected future profitability for the term of the lease agreement of Tecon 1 Santos was considered with a definite useful life and its amortization will follow the residual term of the lease agreement.

The acquisition of Tecon Vila do Condewas executed on April 9, 2008 - through its subsidiary Nara Valley - for the amount of R$45,000, which compared to the net book equity on the acquisition date, generated a goodwill of R$37,760. This transaction took place through the acquisition of 75% of the shares representing the capital of Pará Empreendimentos Financeiros S.A., which holds 100% of the shares representing the capital of Tecon Vila do Conde.

The economic basis of goodwill on the acquisition of Tecon Vila do Conde is the expectation of future profitability during the term of the lease agreement of Vila do Conde Container Terminal and is being amortized over the remaining term of the agreement.

The acquisition of 100% of the common shares representing the capital of the Union, at the time, leaseholder of General Cargo Terminal of Imbituba - through the subsidiary Tremarctos Participações S.A., was agreed by the amount of R$25,000, generating a goodwill of R$18,983.

The economic basis of goodwill on the acquisition of TCG Imbituba is the expectation of future profitability for the duration of the lease agreement of terminal abovementioned and is being amortized over the remaining term of the agreement.

(c) Goodwill on acquisitions - with indefinite useful life

The acquisition of Santos Brasil Logístics, formerly named Mesquita was executed on November 1, 2007, for the amount of R$95,000, which compared to the net book equity, generated a goodwill of R$47,576.

The economic basis of goodwill on the acquisition of Santos Brasil Logístics is the expectation of future profitability and, until December 31, 2008, was amortized based on their tax use in 5 years, pursuant to the applicable laws. From January 1, 2009, its amortization was ceased due to the fact that related operations do not have any definite term; however, its recovery is tested annually and when necessary a provision is recorded.

For purposes of impairment test, goodwill was allocated to the segment of the logistics business - Santos Brasil Logístics, since it corresponds to the lowest level of the cash generating unit. The goodwill is followed for purposes of the internal Management, never above the Company's operating segments.

As of December 31, 2019 the recovery was tested, based on present value of expected future cash flows (value in use) of CGU, considering the annual budget for the year of 2020 and a long term planning up to 2029 + perpetuity, prepared for the subsidiary Santos Brasil Logístics, which represents the logistics business segment with the following most relevant assumptions:

- Changes in conservative customs storage volumes, considering only a small growth in 2020;

	2020	2021	2022	2023	2024
Growth rate for the next 5 years:	0.9%	0.0%	0.0%	0.0%	0.0%

- Projection of maintaining the Distribution Center with a high occupancy rate and thus with no room for growth;
- Consolidated Transport Unit maintaining the same level in terms of volume;
- Concentration in actions focused on costs with efficiency gains and renegotiations with clients (tariffs or cargo mix);
- Discount actual rate applied in the concept of discounted cash flow, and having Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA as inflow of funds and value in use of fixed and intangible assets as outflow.
- On the base date at December 31, 2019, the amount of operating assets was recorded, in which net value of goodwill is included.

	12/31/2019	12/31/2018
Discount rate:	5.91%	7.47%

The discount rate was estimated through studies of entities that accompany the company with updated market data up to December 2019.

The estimated recoverable value of logistic unit is higher than the value of operating assets as of December 31, 2019, in which goodwill is included. Based on the assumptions adopted/used in the calculation, the Management does not estimate any impact in recoverable value.

(d) Loss for devaluation of assets

As of December 31, 2019 the recovery was tested, in Tecon Imbituba CGU, based on present value of expected future cash flows (value in use) of CGU, considering the annual budget for the year of 2020 and a long term planning up to 2033, prepared for the operating branch Tecon Imbirituba, with the following most relevant assumptions:

- Growth in the volume of quay and customs warehousing operations, growing with the estimate of operations of large vessels as of 2023;

	2020	2021	2022	2023	2024
Growth rate for the next 5 years:	3.9%	10.1%	10.2%	124.6%	7.3%

- Cost management focused on efficiency growth and unit cost reduction;
- Discount actual rate applied in the concept of discounted cash flow, and having *Earnings* Before Interest, Taxes, Depreciation and Amortization - EBITDA as inflow of funds and value in use of fixed and intangible assets as outflow.
- On the base date at December 31, 2019, the amount of operating assets was recorded, in which net value of exploration right is included.

	12/31/2019	12/31/2018
Discount rate:	6.50%	7.47%

The discount rate was estimated after the taxes, using the historical weighted average rate of capital cost of the CGU operates.

As of December 31, 2015, the estimated recoverable in the operating branch Tecon Imbituba was lower than R$30,639 at the value of operating assets of R$412,076, in which the exploration right is included. From 2016 to 2019, the estimated recoverable value in the operating branch Tecon Imbituba was higher than the value of operating assets in which the exploration right is included, net of the adjustment made in 2015. Based on the assumptions adopted/used in the calculation, the Management does not estimate any impact in recoverable value.

As of December 31, 2019, other CGU's, Tecon Santos, General Cargo Terminal, Vehicles Terminal/TEV and Tecon Vila do Conde were also tested, based on the same calculation methodology presented previously, and the result was that estimated recoverable value is higher than these assets' value.

13. LOANS AND FINANCING

	Interest	Monetary connections	Amortization	Parent company 12/31/2019	Parent company 12/31/2018	Transaction currency
Local currency:						
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	115	191	R$
CCE (a)	1.85% p.a.	CDI	Semi-annual	-	30,320	R$
CCE (c)	1.83% p.a.	CDI	Bullet	-	20,027	R$
NCE (b)	1.85% p.a.	CDI	Semi-annual	60,028	104,046	R$
NCE (e)	130% of CDI	CDI	Bullet	-	20,277	R$
				60,143	174,861	
Foreign currency:						
(CCE) (d)	5.22% p.a.	Foreign exchange variation	Bullet	-	30,486	US$
				-	30,486	
Total				60,143	205,347	
(-) Short term installments				(40,104)	(125,314)	
Long term installments				20,039	80,033	

	Interest	Monetary connections	Amortization	Consolidated 12/31/2019	Consolidated 12/31/2018	Transaction currency
Local currency:						
FINAME	6.00% p.a.	-	Monthly	-	400	R$
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	115	191	R$
FINAME	TLP + 4.60% p.a.	UMSELIC	Monthly	2,011	2,585	R$
CCE (a)	1.85% p.a.	CDI	Semi-annual	-	30,320	R$
CCE (c)	1.83% p.a.	CDI	Bullet	-	20,027	R$
NCE (b)	1.85% p.a.	CDI	Semi-annual	60,028	104,046	R$
NCE (e)	130% of CDI	CDI	Bullet	-	20,277	R$
				62,154	177,846	
Foreign currency:						
FINIMP	LIBOR + 3.80% p.a.	Foreign exchange variation	Semi-annual	-	171	US$
FINIMP (*)	EURIBOR + 3.02% p.a.	Foreign exchange variation	Semi-annual	15,771	18,892	€
(CCE) (d)	5.22% p.a.	Foreign exchange variation	Bullet	-	30,486	US$
				15,771	49,549	
Total				77,925	227,395	
(-) Short term installments				(44,387)	(130,129)	
Long term installments				33,538	97,266	

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

(a) On May 14, 2018, the addendum of CCE Safra executed into, settled in November 2019, referring to the raising of R$60,000 carried out on May 12, 2017. There was no change in rate percentage added of CDI.

(b) On June 22, 2018, parties entered into an addendum for NCE (Export Credit Note) Itaú operation, changing amortization maturity from June 2020 para to June 2021, referring to the raising of R$100,000 held on June 21, 2017. There was also change in percentage rate added of CDI, from 2.00% p.a. to 1.85% p.a.

(c) On September 24, 2018, the Company contracted CCE - Bank Credit Bills in the amount of R$20,000 with Banco Safra, settled in September 2019. Late-payment interest corresponded to 100% of CDI plus a surtax of 1.85% p.a.

(d) On October 5, 2018, a new contract was entered into with Banco Itaú to raise USD 7,775 through Export Credit Bills - Bank Credit Bill upon Transfer of External Funds (Forex) equivalent to R$30,000, settled in October 2019. Fixed late-payment interest of 5.22% p.a. was levied. Also, in October 2019, the Company settled a swap operation contract in the amount of R$30,000, intended for hedging against changes in the foreign-exchange rate with equivalent rate of 100% of CDI, plus surtax of 1.80% p.a.

(e) On October 26, 2018, the Company contracted Export Credit Notes (NCE) in the amount of R$20,000 with Banco BOCOM BBM, settled in October 2019. Late-payment interest corresponded to 130% of CDI.

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

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

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Opening balance	205,347	165,928	227,395	173,600
Funding	-	70,000	-	91,178
Recognized interest and costs	9,291	14,171	9,828	14,564
Compound interest	2,920	202	3,243	873
Inflation adjustment and exchange rate change	2,176	328	2,581	2,883
(-) Debt amortization	(142,380)	(32,113)	(147,006)	(41,637)
(-) Interest paid (*)	(17,211)	(13,169)	(18,116)	(14,066)
Closing balance	60,143	205,347	77,925	227,395

(*) Interest paid are presented in the "Statement of Cash Flow" under "Financing Activity" caption.

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

As of December 31, 2019, the index ("covenants") was being addressed as follows:

	Consolidated
	12/31/2019
Assets	
Cash and cash equivalents	266,376
Interest earning bank deposits	159,067
Liabilities	
Loans and financing	77,925
Debentures	358,471
Leases	30,905
Net debt	41,858
EBITDA	221,635
Net debt / EBITDA equal or less than 2.5 times	0.2

Guarantees

- Guarantees granted

	Maturity	Currency	Guarantees
FINAME	June 2021	R$	Equipment object of transaction [(a)]

(a) According to note 11.

Other loans and financing do not have guarantees.

- Obtained guarantees

On the base date of December 31, 2019, the Company did not have any warranty from outstanding transactions or any other existing operation.

As of December 31, 2019, the long-term debt had the following maturity structure:

	Parent company	
	2021	Total
NCE	20,000	20,000
FINAME	39	39
Total	20,039	20,039

	Consolidated				
	2021	2022	2023	2024	Total
NCE	20,000	-	-	-	20,000
FINAME	656	618	150	-	1,424
FINIMP	3,461	3,461	3,461	1,731	12,114
Total	24,117	4,079	3,611	1,731	33,538

14. DEBENTURES

	Interest	Restatements	Amortization	Parent company 12/31/2019
Debentures:	0.70% - 1.00% p.a.	CDI	Annual	299,985
(-) Short term installments				(4,645)
Long term installments				295,340

	Interest	Restatements	Amortization	Consolidated 12/31/2019
Debentures	0.70% - 1.00% p.a.	CDI	Annual	299,985
Debentures	4.20% p.a.	IPCA	Semi-annual	58,486
				358,471
(-) Short term installments				(9,689)
Long term installments				348,782

(a) On February 20, 2019, the Board of Directors approved the 4th issue by the Company of simple non-convertible debentures in up to 2 series, unsecured, in the total amount of R$300,000.

On April 26, 2019, the Bookbuilding Procedure was completed, and on April 30, 2019 the transaction was settled. The table below shows a summary containing the final conditions obtained and the allocation of Debentures among the series of Issue:

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

(b) On October 25, 2019, the extraordinary general meeting of shareholders of the indirect subsidiary Tecon Vila do Conde approved the first 1st issue of unsecured single and non-convertible debentures in the amount total of R$60,000. The debentures will have the incentive under article 2, Law No. 12431, as of June 24, 2011.

On August 26, 2019, the Board of Directors of the parent company Santos Brasil decided to grant the guarantee for this issue. The operation was settled on December 03, 2019.

The table below shows a summary containing the final conditions of debentures:

Series	Maturity	Final rate	Allocated volume (R$)
Single series	November 17, 2031	IPCA + 4.20% p.a.	60,000

Changes in debentures are shown in the following table:

	Parent company	Consolidated
	12/31/2019	12/31/2019
Opening balance	-	-
Funding	300,000	360,000
(-) Funding cost	(5,228)	(7,234)
Net amount raised	294,772	352,766
Recognized interest and costs	13,885	14,086
Inflation adjustment over principal	-	291
(-) Interest paid (*)	(8,672)	(8,672)
Closing balance	299,985	358,471

(*) Interest paid are presented in the "Statement of Cash Flow" under "Financing Activity" caption.

Based on clause 6.27.2, item XXI, of the Fourth Issue Indenture of Santos Brasil and in clause 7.1.2, item II of First Issue Indenture of Convicon, the non-compliance by the with the financial ratio of Net Debt to adjusted EBITDA (as defined below), which shall be equal to or lower than 3.0 times, may cause the acceleration of the obligations arising from the Debentures. The financial ratio shall be quarterly determined, based on the Company's Consolidated Financial Statements.

In December 31, 2019, the financial ratio was being complied with, as follows:

	Consolidated
	12/31/2019
Assets	
Cash and cash equivalents	266,376
Interest earning bank deposits	159,067
Liabilities	
Loans and financing	77,925
Debentures	358,471
Leases	30,905
Net debt	41,858
Adjusted EBITDA (*)	118,312
Net debt / Adjusted EBITDA equal or less than 3.0 times	0.4

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

15. PROVISION TO TAX, LABOR, CIVIL RISKS AND JUDICIAL DEPOSITS

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

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

	Parent company	
	12/31/2019	12/31/2018
Labor provision (a)	16,124	19,067
Provision for the Accident Prevention Factor - FAP lawsuit (b)	9,554	11,117
Other proceedings (d)	3,486	2,006
Total	29,164	32,190

	Consolidated	
	12/31/2019	12/31/2018
Labor provision (a)	18,491	22,120
FAP provision for profit sharing (b)	12,026	13,839
Other proceedings (d)	6,976	2,360
Total	37,493	38,319

The amounts of judicial deposits were:

	Parent company	
	12/31/2019	12/31/2018
Related to contingencies:		
Labor proceedings (a)	4,365	3,297
FAP Lawsuit (b)	5,639	5,446
CADE Lawsuit - fine (c)	2,310	2,255
CADE Lawsuit - billing bonded warehouses (c)	200,802	187,220
Other proceedings (d)	1,053	1,246
Other judicial deposits (e)	41,610	42,344
Subtotal	255,779	241,808
Related to supplier:		
SCPar Porto de Imbituba S.A. (“SCPar”) (f)	15,083	15,083
OGMO - Labor Management Body (g)	3,908	-
Subtotal	18,991	15,083
Total	274,770	256,891

	Consolidated	
	12/31/2019	12/31/2018
Related to contingencies:		
Labor proceedings (a)	5,386	4,036
FAP Lawsuit (b)	7,080	6,838
CADE Lawsuit - fine (c)	2,310	2,255
CADE Lawsuit - billing bonded warehouses (c)	200,802	187,220
Other proceedings (d)	1,053	1,246
Other judicial deposits (e)	48,779	49,691
Subtotal	265,410	251,286
Related to supplier:		
SCPar (f)	15,083	15,083
OGMO (g)	3,908	-
Subtotal	18,991	15,083
Total	284,401	266,369

(a) Refer to liability lawsuits: (i) of the operating branch Tecon Santos, provisioned in the amount of R$16,124, for which there are judicial deposits of R$4,365 and 31 insurance policies guaranteeing the amount of R$55,259; (ii) the subsidiary Santos Brasil Logistics, with provisions in the amount of R$2,215, for which there are judicial deposits of R$981; and (iii) of subsidiary Tecon Vila do Conde, provisioned in the amount of R$152, for which there are judicial deposits of R$40 and 4 insurance policies guaranteeing the amount of R$3,718.

(b) The provisions refer to administrative appeals filed with the National Institute of Social Security - INSS, due to the new system of calculating social security contributions, based on the creation of so-called FAP multiplier index mainly calculated based on the number of occupational accidents in companies and leaves of employees compared to companies engaged in the same economic activity (National Classification of Economic Activities - NCEA). As the charge was maintained, an injunction was filed requiring authorization to the court deposit and suspension of the tax credit related to the FAP for 2010. The injunction was accepted authorizing the full deposit of the Parent company's and its subsidiaries' credit of R$5,639, comprised of: (i) R$1,350 - Santos Brasil Logístics; (ii) R$65 - Tecon Vila do Conde; and (iii) R$26 - Vehicles Terminal/TEV. Later, a lawsuit was filed to dispute the constitutionality and legality of FAP. Also, lawsuits were filed regarding FAP for 2011 of Santos Brasil Logístics and FAP for 2012 of Santos Brasil Participações S.A., aiming at the suspension of debt enforceability upon judicial deposits.

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

The matter under discussion referred to the legality of the charge made to Bonded Warehouses (Bws)by container separation and delivery services. This lawsuit was judged and the Company was convicted in the ambit of CADE to: (ii) pecuniary fine; and (ii) interruption of charges made to the bonded warehouse. Operating branch Tecon Santos filed a lawsuit and obtained an injunction to resume the charge through a judicial deposit for the full charged amount and a deposit of the full pecuniary fine amount applied by CADE, resulting in judicial deposits in the amount of R$136,692 and R$2,310, respectively. Operating branch Tecon Santos filed two other lawsuits to cancel the payment of taxes arising from billing: (i) a lawsuit at the Federal Court, which comprises PIS, COFINS, IRPJ and CSLL taxes; and (ii) other lawsuit that is ongoing in the city of Guarujá, including the Tax on Services of Any Nature - ISSQN, with total amounts of R$64,110 already deposited. Taxes levied on bonded warehouse billing, in the amount of R$53,572 (R$47,341 as of December 31, 2018), are stated in non-current liabilities.

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

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

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

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

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

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

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

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

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

(d) The consolidated provision of R$6,976 refers mainly to: (i) the Recourse Action filed by the insurance company responsible for paying the claim to the client, because of damages caused to the stored cargo amounting to R$1,293; (ii) the Municipal property tax (IPTU) of the Municipal Government of Santos, in the amount of R$3,063; (iii) tax assessment notice from the Federal Government, amounting to R$200; (iv) action for annulment of tax debits, in the amount of R$1,614; (v) other lawsuits, in the amount of R$806.

(e) Judicial deposits classified as Other, related to the Parent company, are comprised as follows: (i) deposit referring to the expansion of PIS and COFINS calculation basis in years from 1999 to 2003, in the amounts of R$1,499 and R$9,501, respectively, the provisions for which were reversed; (ii) discussion about CPMF on loan transfer during the merger, amounting to R$2,883; (iii) deposit referring to federal taxes that prevented the issuance of a Joint Tax Debt Certificate with Clearance Effects on Federal Taxes and Debts to the Federal Government, in the amount of R$17,210; (iv) INSS and IR on Voluntary Termination Plan (PDV) deposit and the Non-salary Fund of SINDESTIVA (Dockworkers Union of Santos, São Vicente, Guarujá and Cubatão) in the amount of R$1,685; and (v) other deposits in the tax and civil spheres, in the amount of R$8,832. Judicial deposits classified as Other in subsidiaries are related to: (i) subsidiary Santos Brasil Logístics, refer to fiscal executions of federal taxes that prevented obtaining the Tax Debt Clearance Certificate , in the amount of R$3,383 and labor lawsuits in the amount of R$1,529; (ii) at the subsidiary Tecon Vila do Conde, relate to labor lawsuits amounting to R$666, other deposits at tax and civil levels, of R$1,578, and court-ordered blocked accounts of R$7; and (iii) at the subsidiary Numeral 80, relate to court-ordered blocked accounts of R$6.

(f) In November 26, 2012, the Delegation Agreement No. 01/2012 was concluded between the Federal Government and the State of Santa Catarina, by which the Federal Government has delegated the management and operation of the Port of Imbituba to SCPAR, a Special Purpose Company - SPE, from December 25, 2012. Companhia Docas de Imbituba S.A., former manager, filed a lawsuit against ANTAQ and the Federal Government, asking to maintain the effectiveness of its concession agreement until December 2016. The Company, in this situation, decided to make payments of its obligations related to its agreements of exploration in the Container Terminal and General Cargo Terminal at that port and proposed a consignment in payment suit for deposit in the amount of R$23,774. In July 2014, the SCPAR - Port of Imbituba, through judicial approval raised the amount of R$8,691. In December 31, 2017, these deposits totaled R$15,083. The amount of R$15,021 relating to such deposit is recognized in non-current liabilities, in line item “Trade payables”. In August 27, 2018, the lawsuit was deemed valid, extinguishing the Company’s obligation, and acknowledging SCPAR as creditor of the amounts deposited relating to the contractual period after December 25, 2013, and Companhia Docas de Imbituba as creditor of the amounts relating to the contractual period that preceded the termination of the concession. In view of the decision rendered, SCPAR and Companhia Docas de Imbituba filed motions for clarification. The motions filed by Companhia Docas de Imbituba were accepted, and the Contract termination date was corrected from December 25, 2013 to December 25, 2012. At present, the lawsuit is pending judgment of Appeal.

(g) In March 30, 2019, the contribution paid by Port Operators to the Labor Management Body (OGMO), for costing its administrative and operating expenses, as well as the liability of existing lawsuits, started to be calculated based on the volume of moved tons by each Port Operator. This new model differs from the criterion effective thus far, which considered the amount of freelance labor requested to the OGMO for moving cargo. In April 1, 2019, the Ordinary Action No. 10063282820198260562, filed for annulling the Meeting which established the new contribution type and recognizing the illegality of such criterion. In view of urgent protection, the Justice of the 8th Lower Civil Court of Santos, suspended the effects of such Meeting, determining that Santos Brasil to start to deposit, in court, the disputed surplus, maintaining the payment according to the previous criterion, directly to the OGMO. This lawsuit is in factfinding stage. In December 31, 2019, these deposits totaled R$3,908.

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

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

	Parent company				
	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	Balance at 12/31/2019
Labor provision	19,067	1,340	(11,775)	7,492	16,124
Provision for FAP	11,117	389	-	(1,952)	9,554
Other proceedings	2,006	32	(1,051)	2,499	3,486
Total	32,190	1,761	(12,826)	8,039	29,164

	Balance at 12/31/2017	Additions	Payment of award	Other movements (*)	Balance at 12/31/2018
Labor provision	19,935	394	(7,506)	6,244	19,067
Provision for FAP	10,276	841	-	-	11,117
Other proceedings	2,157	1,026	(477)	(700)	2,006
Total	32,368	2,261	(7,983)	5,544	32,190

	Consolidated				
	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	Balance at 12/31/2019
Labor provision	22,120	1,590	(13,627)	8,408	18,491
Provision for FAP	13,839	511	-	(2,324)	12,026
Other proceedings	2,360	99	(1,079)	5,596	6,976
Total	38,319	2,200	(14,706)	11,680	37,493

	Balance at 12/31/2017	Additions	Payment of award	Other movements (*)	Balance at 12/31/2018
Labor provision	22,708	408	(8,403)	7,407	22,120
Provision for FAP	12,802	1,037	-	-	13,839
Other proceedings	2,252	1,363	(624)	(631)	2,360
Total	37,762	2,808	(9,027)	6,776	38,319

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

In addition to the aforementioned lawsuits, the Company and its subsidiaries have ongoing administrative and judicial proceedings, which were estimated by its legal advisors as chance of possible loss in the amount of R$581,770, in which case no provision for loss has been recorded in the financial statements.

Changes in possible lawsuits in the year ended December 31, 2019 are shown below:

Nature of the lawsuit	Balance at 12/31/2018	Additions	Other movements (*)	Balance at 12/31/2019
Customs	15,576	-	(407)	15,169
Civil	39,874	2,287	(2,743)	39,418
Labor	56,293	29,122	(7,815)	77,600
Tax	394,125	34,461	13,285	441,871
Other	5,417	2,816	(521)	7,712
Total	511,285	68,686	1,799	581,770

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

Goodwill process

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

The Management of the Company and its subsidiary Numeral 80 objected such tax assessment notice within the statutory term, reaffirming its understanding that the goodwill recorded on the acquisition of equity interests held in Numeral 80 (then Santos-Brasil S.A) and transferred thereto through the merger was recognized appropriately, strictly in compliance with the tax and corporate legislation.

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

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

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

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

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

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

In November 12, 2019, the 2nd Ordinary Panel of the 3rd Chamber of the 1st Section of CARF partially upheld the appeals of Numeral 80 and the Company to only accept the preliminary decay for the year 2006. Until the publication of this Note, the Company was awaiting receipt of the decision.

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

PIS / COFINS proceeding

On October 8, 2019, the Company received the Assessment Notice No. 0816500.2018.00316 filed by the Special Inspection Office of the Brazilian Federal Revenue of Foreign Trade, in the amount of R$18,742, related to the collection of PIS and COFINS, base date 2015. The Federal Revenue Service understands that the Company unduly used the credit of some inputs. In November 1, 2019, the Company filed an appeal, since all credits were generated in accordance with the current legislation. The Company awaits the decision about the Tax Assessment Notice.

16. OBLIGATIONS WITH THE CONCESSION GRANTOR

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

	Parent company				
Agreements	Book balance 12/31/2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance 12/31/2019
Lease:					
Tecon Santos	529,955	32,090	39,099	(41,561)	559,583
Tecon Imbituba	34,789	1,537	3,960	(3,603)	36,683
	564,744	33,627	43,059	(45,164)	596,266
MMC:					
Tecon Imbituba	346,594	12,556	34,466	(46,025)	347,591
TCG Imbituba	6,012	220	268	(717)	5,783
	352,606	12,776	34,734	(46,742)	353,374
Obligations with the Concession Grantor	917,350	46,403	77,793	(91,906)	949,640
(-) Short-term	(63,548)				(53,619)
Long-term	853,802				896,021

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

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

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

Agreements	Consolidated				
	Book balance 12/31/2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance 12/31/2019
Lease:					
Tecon Santos	529,955	32,090	39,099	(41,561)	559,583
Tecon Imbituba	34,789	1,537	3,960	(3,603)	36,683
Tecon Vila do Conde	6,959	663	4,776	(915)	11,483
Vehicles Terminal/TEV	45,206	1,928	4,369	(4,317)	47,186
	616,909	36,218	52,204	(50,396)	654,935
MMC:					
Tecon Imbituba	346,594	12,556	34,466	(46,025)	347,591
TCG Imbituba	6,012	220	268	(717)	5,783
Tecon Vila do Conde	6,841	653	4,125	(968)	10,651
Vehicles Terminal/TEV	54,661	2,333	5,249	(5,217)	57,026
	414,108	15,762	44,108	(52,927)	421,051
Obligations with the Concession Grantor	1,031,017	51,980	96,312	(103,323)	1,075,986
(-) Short-term	(68,660)				(60,139)
Long-term	962,357				1,015,847

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

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

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

In December 31, 2019, the commitment with the Concession Grantor had the following maturity structure:

	Parent company				
	2021	2022	2023	2024 - End of contract	Total
Tecon Santos	10,858	11,127	11,423	515,560	548,968
Tecon Imbituba	22,655	23,272	23,953	272,247	342,127
TCG Imbituba	349	359	371	3,847	4,926
	33,862	34,758	35,747	791,654	896,021

	Consolidated				
	2021	2022	2023	2024 - End of contract	Total
Tecon Santos	10,858	11,127	11,423	515,560	548,968
Tecon Imbituba	22,655	23,272	23,953	272,247	342,127
TCG Imbituba	349	359	371	3,847	4,926
Tecon Vila do Conde	1,173	1,228	1,288	17,322	21,011
Vehicles Terminal/TEV	5,534	5,685	5,852	81,744	98,815
	40,569	41,671	42,887	890,720	1,015,847

Validity period of contracts

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

Guarantee insurance

Agreements	Maturity
Tecon Santos	April 2019 - April 2020
Tecon Imbituba	July 2019 - July 2020
Tecon Vila do Conde	July 2019 - July 2020
Vehicles Terminal/TEV	July 2019 - July 2020

In agreements, the Company and its subsidiaries have commitments to pay amounts based on their operating changes. These amounts were in effect as of December 31, 2019 and are adjusted for inflation annually based on the lease agreements using IGP-M/INPC:

Agreements	In reais - R$		
	Cost by container handled	Cost by ton handled	Cost by vehicle handled
Tecon Santos (a)	40.20	-	-
Tecon Santos (b)	20.01	-	-
Tecon Imbituba (c)	97.97	-	-
TCG Imbituba (d)	-	3.03	-
TCG Imbituba (e)	-	6.70	-
TCG Imbituba (f)	-	4.04	-
Tecon Vila do Conde (g)	25.10	-	-
Tecon Vila do Conde (h)	5.02	-	-
Tecon Vila do Conde (i)	-	2.51	-
Vehicles Terminal/TEV (j)	-	-	19.16

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

(b) Amount due when the changes exceed MMC.

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

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

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

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

(g) Amount due by full container and also when the MMC is not achieved, limited to the MMC.

(h) Amount due by empty container.

(i) Amount due per ton.

(j) Amount due by vehicle and also when the MMC is not achieved, limited to the MMC.

17. LEASE - CONSOLIDATED

a) Lease - rentals

Right-of-use (Asset)	Consolidated			
	Initial adoption 01/01/2019	Additions / Write-offs	Amortization	Book balance 12/31/2019
Santos Brasil Logístics				
Property	31,308	-	(5,780)	25,528
Tecon Vila do Conde				
Machinery and equipment	-	7,006	(2,627)	4,379
Total assets	31,308	7,006	(8,407)	29,907

Leases (Liability)	Consolidated					
	Initial adoption 01/01/2019	Additions	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance 12/31/2019
Santos Brasil Logístics (I)	31,308	-	2,060	-	(6,960)	26,408
Tecon Vila do Conde (II)	-	7,006	303	-	(2,812)	4,497
Total liabilities	31,308	7,006	2,363	-	(9,772)	30,905
(-) Short-term	(4,900)					(8,830)
Long-term	26,408					22,075

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

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

(II) In April 1, 2019, the subsidiary Tecon Vila do Conde signed a lease agreement, referring to the lease of a quay mobile crane (MHC), which matures in March 2021, using the discount rate of 7.47% p.a.

The discount rate for the year ended December 31, 2019, of 7.47% p.a. for contracts maturing in up to 5 years, was based on risk-free interest rates observed in the Brazilian market and adjusted to the reality of subsidiaries.

In December 31, 2019, the balance of long-term had the following maturity structure:

	Consolidated				
	2021	2022	2023	2024 - End of contract	Total
Santos Brasil Logístics	5,659	6,082	6,536	2,865	21,142
Tecon Vila do Conde	933	-	-	-	933
	6,592	6,082	6,536	2,865	22,075

Tax credits were not highlighted in the measurement of cash flows from leases, and the potential PIS / COFINS effects are presented in the table below:

Cash flow	Nominal	Adjustment to present value
Lease consideration	35,428	30,905
Potential PIS / COFINS (9.25%)	3,277	2,859

b) Operating lease

The Company and its subsidiary Vehicles Terminal/TEV also have rental contracts for administrative areas, with short-term maturities, which, in the year ended December 31, 2019, gave rise to expenses in the amount of R$1,323 (R$1,277 as of December 31, 2018).

18. SHAREHOLDERS' EQUITY – PARENT COMPANY

a) Capital

	Common shares	
	12/31/2019	12/31/2018
Existing at the beginning of the year	666,317,880	666,317,880
Stock options exercised during the year	3,480,498	-
Issued/authorized with no par value	669,798,378	666,317,880

Out of the total shares, 665,083,313 are outstanding as of December 31, 2019, of which all are common shares.

The Company is authorized to increase its capital independently from a decision of the Shareholders' Meeting, up to the limit of 2,000,001,000 shares, through a resolution of the Board of Directors, which will establish issuance and placement conditions of said securities. Each common share entitles holders to one vote on general meeting resolutions.

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

b) Capital reserve

- Stock option plan / Share-based incentive plan

  Represented by the book record of the stock option plan in the amount of R$63,909 as of December 31, 2019 (R$63,087 as of December 31, 2018) and share-based incentive plan: performance share, in the amount of R$2,916 (R$2,056 as of December 31, 2018) and share matching in the amount of R$553 (R$129 as of December 31, 2018) in compliance with the determinations of Technical Pronouncement CPC 10 - Share-based payments.

- Other

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

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

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

Up to December 31, 2019, stock options were exercised, and the Company delivered shares which were under treasury, generating a result of R$(1,817).

c) Profit reserve

- Legal reserve

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

- Reserve for investment and expansion

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

- Repurchase of shares

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

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

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

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

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

In the year ended December 31, 2019, 1,124,142 treasury shares were delivered regarding options exercised, generating an income (loss) of R$3,634.

Shares acquired by the Company as of December 31, 2019 are as follows:

	Quantity of Common Shares	Amount	Market value (*)	Price		
				Weighted average	Minimum	Maximum
Original balance	6,138,745	19,844	50,214	3.23	2.90	3.70
(-) Delivered shares	(4,003,556)	(12,940)				
Current balance	2,135,189	6,904	17,466			

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

d) Shareholders' compensation

Shareholders are entitled to annual minimum dividends of 25% of adjusted net income, in accordance with corporate law and Company's by-laws.

The statement of shareholders' remuneration for the year ended December 31, 2019 is as follows:

	%	12/31/2019
Net income for the year		15,375
Formation of legal reserve	5%	(769)
Adjusted net income (a)		14,606
Minimum compulsory dividends	25%	3,652
Remuneration to shareholders		
Minimum compulsory dividends		3,652
Additional dividends proposed		8,033
Gross remuneration to shareholders (b)	80%	11,685
Proposed minimum mandatory dividends and supplementary dividends		11,685
Quantity of common shares		667,663,189
Unit value of dividends per share		0.0017570278
Profit retention (a - b)		2,921

e) Equity valuation adjustment

- Supplementary health care

Represented by the book record of the Actuarial calculation of supplementary health care (note 26), in compliance with the determinations of Technical Pronouncement CPC 33 (R1) - Employee Benefits.

19. OPERATING REVENUE

We present below the reconciliation between gross income for tax purposes and the revenues presented in the statement of income for the years ended December 31, 2019 and 2018, as well as breakdown of revenue, as follows:

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Gross revenue:	668,724	617,177	1,135,279	1,085,605
Port Terminals	668,724	617,177	785,945	727,869
Port operations	344,234	315,832	421,632	390,095
Customs Warehousing	313,521	294,412	348,619	326,231
General Cargo	10,969	6,933	15,694	11,543
Logistics	-	-	284,588	288,457
Transportation	-	-	47,270	47,693
Customs Warehousing	-	-	191,141	198,916
Distribution Center	-	-	40,203	35,796
Logistics Terminals	-	-	5,974	6,052
Vehicles Terminal/TEV	-	-	64,746	69,279
Customs Warehousing	-	-	64,746	69,279
Deductions from revenue:				
Sales taxes	(73,899)	(72,986)	(140,754)	(141,340)
Other	(9,999)	(9,407)	(21,931)	(22,750)
Total	584,826	534,784	972,594	921,515

20. OPERATING EXPENSES BY TYPE

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Outsourced Labor	(21,846)	(30,147)	(22,197)	(30,576)
Rates - Companhia Docas	(35,670)	(48,010)	(38,702)	(49,991)
Electric power	(9,596)	(8,740)	(12,069)	(11,581)
Fuels and lubricants	(21,919)	(18,806)	(36,774)	(32,928)
Freight	(9,697)	(12,731)	(42,713)	(41,952)
Changes in vehicles	-	-	(18,443)	(20,893)
Other services and materials	(2,358)	(3,095)	(12,399)	(8,830)
Personnel expenses	(256,677)	(218,821)	(350,150)	(307,034)
Consulting, Advisory and Auditing	(17,649)	(12,442)	(19,343)	(14,241)
Other third-party services	(20,774)	(18,662)	(31,310)	(28,251)
Operational maintenance	(31,795)	(27,590)	(42,228)	(37,437)
Depreciation and amortization	(97,456)	(93,843)	(135,650)	(124,166)
Rents / condominium - operating areas	-	-	(6,316)	(5,714)
Commissions on sales of services	(21,396)	(28,441)	(83,604)	(97,586)
Provision for expected credit losses and bad debt losses	(13,706)	(9,291)	(14,986)	(10,090)
Other expenses	(19,464)	(12,393)	(46,269)	(45,098)
Total	(580,003)	(543,012)	(913,153)	(866,368)

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Classified as:				
Cost of goods and/or services rendered	(469,397)	(436,403)	(722,568)	(674,238)
Sales expenses	(25,578)	(32,298)	(92,753)	(105,387)
Provision for expected credit losses and bad debt losses	(13,706)	(9,291)	(14,986)	(10,090)
General and administrative expenses and amortization of goodwill	(71,322)	(65,020)	(82,846)	(76,653)
Total	(580,003)	(543,012)	(913,153)	(866,368)

21. OTHER OPERATING REVENUES (EXPENSES)

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Other operating revenues:				
Adjustment of advances for dredging fund	745	714	745	714
Judicial deposits adjustment	4,600	4,938	4,649	4,990
Restatement of credit recoverable - FUNDAF	-	10	491	1,429
Adjustment of court-ordered debt payments	-	-	183	186
Gain in the sale of assets	128	362	140	455
Insurance reimbursement	778	541	778	637
Income from non-identified deposits	908	963	1,531	2,013
Recovery of electricity generation	857	452	857	452
Recovery of INSS - Payroll	626	-	626	-
Recovery of extemporaneous PIS / COFINS	-	-	1,850	-
Reimbursement of berth occupation	12,493	-	12,493	-
Contract remuneration - Payroll	908	-	908	-
Other income	661	102	1,394	439
Total	22,704	8,082	26,645	11,315
Other operating expenses:				
Gains and losses in the sale of assets	(49)	(198)	(52)	(369)
Restatement of provisions	211	(463)	111	(573)
Court-ordered debt payments	-	-	(146)	(149)
Other expenses	-	-	(14)	(2)
Total	162	(661)	(101)	(1,093)

22. FINANCIAL REVENUES (EXPENSES)

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Financial income:				
Yield of interest earning bank deposit	15,595	10,860	20,035	14,452
Monetary and foreign-exchange variations active	9,921	3,029	12,269	6,858
Fair value of the swap transaction	2,479	868	2,479	945
Restatement of taxes recoverable	1,047	1,665	1,047	1,670
Judicial deposits adjustment	358	161	402	178
Other income	914	602	1,223	1,143
Total	30,314	17,185	37,455	25,246
Financial expenses:				
Interest on debentures and loans	(23,176)	(16,324)	(23,914)	(16,717)
Monetary and foreign-exchange variations in liabilities	(10,478)	(3,254)	(13,521)	(9,282)
Fair value of the swap transaction	(3,310)	(129)	(3,310)	(367)
Tax on Financial Operations - IOF on loan operations	(96)	(19)	(103)	(32)
Interest on obligations with the Concession Grantor	(46,403)	(47,074)	(51,980)	(52,817)
Interest on lease	-	-	(2,363)	-
Other expenses	(2,478)	(2,212)	(3,253)	(3,219)
Total	(85,941)	(69,012)	(98,444)	(82,434)

23. STOCK OPTION PLAN AND SHARE-BASED INCENTIVE PLAN - PARENT COMPANY

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

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

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

a) Stock option plan

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

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

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

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

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

In December 31, 2019, prevailing Programs were those listed in the table below:

Plans	Strike prices – R$/units (*)	Number of granted units	Grace periods	Exercise terms	Option valueR$/units (*)	Number of exercised units	Number of overdue / expired units	Number of units - balance
2006–2014 programs		8,204,124				2,098,155	6,105,969	-
02/05/2015 - Program 2015	12.85	1,377,596			4.40	722,487	627,526	27,583
1st Annual Lot		459,199	02/05/2016	02/05/2018		294,993	164,206	-
2nd Annual Lot		459,199	02/05/2017	02/05/2019		210,375	248,824	-
3rd Annual Lot		459,198	02/05/2018	02/05/2020		217,119	214,496	27,583
Total options granted		9,581,720				2,820,642	6,733,495	27,583

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

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

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

Plans	Strike prices - R$/shares (*)	Number of shares granted	Grace periods	Exercise terms	Option value – R$/shares (*)	Number of exercised shares	Number of overdue / expired shares	Number of shares - balance
03/02/2016 - Program 2016	2.29	2,897,395			1.18	2,273,199	416,269	207,927
1st Annual Lot		965,798	03/02/2017	03/02/2019		806,371	159,427	-
2nd Annual Lot		965,798	03/02/2018	03/02/2020		769,288	120,939	75,571
3rd Annual Lot		965,799	03/02/2019	03/02/2021		697,540	135,903	132,356
08/23/2017 - Program 2017	2.02	6,609,811			0.71	1,479,913	2,916,132	2,213,766
1st Annual Lot		2,203,270	08/23/2018	08/23/2021		1,070,238	1,133,032	-
2nd Annual Lot		2,203,270	08/23/2019	08/23/2022		409,675	882,473	911,122
3rd Annual Lot		2,203,271	08/23/2020	08/23/2023		-	900,627	1,302,644
02/28/2018 - Program 2018	3.51	2,914,885			1.61	159,011	774,280	1,981,594
1st Annual Lot		971,628	02/28/2019	02/28/2022		159,011	241,189	571,428
2nd Annual Lot		971,628	02/28/2020	02/28/2023		-	266,546	705,082
3rd Annual Lot		971,629	02/28/2021	02/28/2024		-	266,545	705,084
Total options granted		12,422,091				3,912,123	4,106,681	4,403,287

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

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

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

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

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

As determined by Technical Pronouncement CPC 10, the Company and its subsidiaries recognized, to the extent services were provided in share-based payment transactions, the effect in the statement of income for the year ended December 31, 2019, in the amount of R$1,207 (R$4,023 on December 31, 2018).

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

With respect to the options effective by December 31, 2019, those exercised represented a reduction in shareholders' interest of 2.13%; and those not exercised, if fully exercised under certain conditions provided for in the agreements, would represent a dilution in current shareholders' interest of 0.67%.

b) Share-incentive plan

- Performance shares

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

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

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

(*) Original values on Stock Option Programs.

The Company recognized the effect in income (loss) for the year ended December 31, 2019, in the amount of R$860 (R$1,517 as of December 31, 2018).

Of options prevailing up to December 31, 2019, options were not exercised and those that were not exercised, in case they were fully exercised under certain conditions provided in agreements, would represent a dilution of the interest of current shareholders by 0.25%.

- Matching of shares

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

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

(*) Original values on Stock Option Programs.

The Company recognized the effect in income (loss) for the year ended December 31, 2019, in the amount of R$447, (R$129 as of December 31, 2018) because of the Adhesion contract of such Program.

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

Up to December 31, 2019, there was the adherence of 468,200 shares, in case such adherence remains until the end of the grace period, from the adherence date, its dilution percentage would be 0.07%.

24. INCOME TAX AND SOCIAL CONTRIBUTION

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

IRPJ and CSLL reconciliation recognized in income is as follows:

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Income / (loss) before taxation	6,881	(12,589)	24,996	8,181
Exclusion of equity in investees	(34,819)	(40,045)	-	-
Adjusted income / (loss) before taxation	(27,938)	(52,634)	24,996	8,181
I - Base value - IRPJ and CSLL:	(9,523)	(17,919)	8,475	2,757
Rates of 15% income tax and 9% social contribution	(6,705)	(12,632)	5,999	1,963
Additional rate of 10% IRPJ with deduction of R$240	(2,818)	(5,287)	2,476	794
II - Effects of permanent additions and exclusions of expenses and revenues	1,029	2,351	1,385	2,702
Permanent additions:				
Variable remuneration of Executive Board	530	660	530	660
Stock option plan / Performance Share	855	1,928	855	1,928
Other	1,148	877	1,504	1,228
Permanent exclusions:				
Exercised options	(1,504)	(636)	(1,504)	(636)
Variable remuneration of Executive Board	-	(478)	-	(478)
III - Effects of tax incentives:	-	-	(429)	(328)
Tax incentives	-	-	(429)	(328)

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
IV - Effective rate:				
Adjusted IRPJ and CSLL (I + II + III)	(8,494)	(15,568)	9,431	5,131
Effective rate	30.40%	29.58%	37.73%	62.72%
V - Effects of deferred IRPJ and CSLL;	-	-	128	8
Non-recognition of tax losses and temporary differences (*)	-	-	128	8
VI - Extraordinary adjustments:	-	-	62	63
Income and social tax contribution prior year	-	-	62	63
Effects of IRPJ and CSLL on profit figures (IV + V + VI)	(8,494)	(15,568)	9,621	5,202
Income and social contribution taxes - Current	-	-	13,465	16,789
Income and social contribution taxes - Deferred	(8,494)	(15,568)	(3,844)	(11,587)
Total	(8,494)	(15,568)	9,621	5,202

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

b) Composition of deferred tax assets and liabilities

	Parent company					
	12/31/2019			12/31/2018		
Assets (liabilities)	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	18,894	7,147	26,041	13,268	4,851	18,119
Temporary differences:						
Provision for expected credit losses	3,232	1,163	4,395	3,587	1,291	4,878
Provision for contingencies	24,439	8,798	33,237	24,450	8,802	33,252
Amortization of goodwill	(17,350)	(6,246)	(23,596)	(17,971)	(6,470)	(24,441)
Depreciation	(40,025)	(14,409)	(54,434)	(41,700)	(15,012)	(56,712)
Loss for devaluation of assets	5,892	2,121	8,013	6,334	2,280	8,614
Obligations with the Concession Grantor	25,182	9,066	34,248	22,764	8,195	30,959
Other	9,905	3,725	13,630	13,332	5,039	18,371
Actuarial losses	7,125	2,563	9,688	3,514	1,264	4,778
Total	37,294	13,928	51,222	27,578	10,240	37,818
Assets	37,294	13,928	51,222	27,578	10,240	37,818

Assets (liabilities)	Consolidated					
	12/31/2019			12/31/2018		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	31,803	11,794	43,597	29,218	10,593	39,811
Temporary differences:						
Provision for expected credit losses	3,584	1,290	4,874	3,994	1,438	5,432
Provision for contingencies	25,654	9,235	34,889	26,396	9,503	35,899
Amortization of goodwill	(27,216)	(9,798)	(37,014)	(27,837)	(10,021)	(37,858)
Depreciation	(46,028)	(16,570)	(62,598)	(47,979)	(17,272)	(65,251)
Loss for devaluation of assets	5,892	2,121	8,013	6,334	2,280	8,614
Obligations with the Concession Grantor	28,563	10,283	38,846	25,847	9,305	35,152
Other	11,581	4,329	15,910	15,127	5,684	20,811
Court-ordered debt payments receivable	(1,400)	(506)	(1,906)	(1,354)	(489)	(1,843)
Actuarial losses	9,212	3,316	12,528	3,937	1,417	5,354
Total	41,645	15,494	57,139	33,683	12,438	46,121
Assets	47,893	17,744	65,637	41,371	15,206	56,577
Liabilities	(6,248)	(2,250)	(8,498)	(7,688)	(2,768)	(10,456)

Up until December 31, 2019, deferred tax credits on temporary differences were recorded by the Company and its subsidiaries Tecon Vila do Conde, Santos Brasil Logístics and Vehicles Terminal/TEV.

25. EARNINGS PER SHARE

a) Basic earnings per share

The basic earnings per share was calculated with a basis on the Company's results for the years ended December 31, 2019 and 2018 and the respective average number of outstanding common shares in these years, according to the chart below:

	12/31/2019	12/31/2018
	Common	Common
Income for the year	15,375	2,979
Weighted average of shares	665,864,720	663,058,549
Basic earnings per share	0.02309	0.00449

b) Diluted earnings per share

On the Company's earnings (loss) for the years ended December 31, 2019 and 2018, the diluted earnings (losses) per share was calculated as follows:

	12/31/2019	12/31/2018
	Common	Common
Income for the year	15,375	2,979
Weighted average of shares	665,864,720	663,058,549
Possible effects of share option subscription	3,763,001	8,399,345
Diluted earnings per share	0.02296	0.00444

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

26. ACTUARIAL LIABILITIES – SUPPLEMENTARY HEALTH CARE

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

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

Assumptions	12/31/2019	12/31/2018
Economic assumptions:		
Discount rate	3.38% p.a.	4.95% p.a.
Economic Inflation	3.50% p.a.	4.00% p.a.
Health Care inflation (HCCTR)	3.00% p.a.	3.00% p.a.
Aging factor	3.50% p.a.	3.50% p.a.
Evolution of Medical Cost	Economic Inflation + Medical Inflation + Age Factor	Economic Inflation + Medical Inflation + Age Factor
Evolution of the contribution	Economic Inflation + Medical Inflation	Economic Inflation + Medical Inflation
Biometric assumptions:		
Mortality Table	AT-2000, segregated by gender	AT-2000, segregated by gender
Turnover	10% (Santos Brasil Logístics S.A.) and 5% (Other companies)	10% (Santos Brasil Logístics S.A.) and 5% (Other companies)
Age to Entry into retirement	Men: 65 years Women: 62 years	65 years
Hypotheses for Retirement	100% at first eligibility	100% at first eligibility
Stay in Retirement	40%	40%
Other assumptions		
Family Composition	Active Participants 90% are married Holder Age Difference / Wife - 4 years Assisted participants Actual Family	Active Participants 90% are married Holder Age Difference / Wife - 4 years Assisted participants Actual Family

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

	Parent company	
	12/31/2019	12/31/2018
Present value of the actuarial obligations	3,969	4,109
Calculated actuarial losses	48,322	29,772
Total net actuarial liability to be provisioned	52,291	33,881

	Consolidated	
	12/31/2019	12/31/2018
Present value of the actuarial obligations	5,031	4,914
Calculated actuarial losses	62,562	36,550
Total net actuarial liability to be provisioned	67,593	41,464

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Opening balance	33,881	28,895	41,464	33,879
Service cost	1,584	1,795	2,083	2,254
Interest on obligation	3,069	3,225	3,757	3,778
Benefits paid in the year (-)	(684)	(911)	(809)	(1,118)
Actuarial (gain) / loss on defined benefit obligations	14,441	877	21,098	2,671
Closing balance	52,291	33,881	67,593	41,464
Actuarial (gain) / loss on defined benefit obligations	14,441	877	21,098	2,671
Deferred income tax and social contribution on (gain) / loss	(4,909)	(296)	(7,173)	(907)
Equity in the (gain) / loss	4,393	1,183	-	-
Effect in shareholders' equity	13,925	1,764	13,925	1,764

Sensitivity analysis of actuarial liability

	Parent company		Consolidated	
Effects	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Discount rate -0.5% on nominal rate	58,617	37,450	75,996	45,876
Discount rate +0.5% on nominal rate	46,893	30,783	60,436	37,636
Mortality table -10%	55,526	34,894	71,764	42,699
Mortality table +10%	49,459	32,319	63,941	39,564
Medical costs +1.0% on growth effective rate	63,559	41,660	83,367	51,080
Medical costs -1.0% on growth effective rate	39,896	27,935	51,903	34,119

27. FINANCIAL INSTRUMENTS

These instruments are managed through operating strategies and internal controls, aimed at assuring liquidity, profitability and security. The contracting of financial instruments with the objective of offering protection is performed by means of a periodic analysis of the risk exposure that Management intends to cover (exchange rate, interest rate, etc, which is approved by the Board of Directors. The control consists of the continuous monitoring of the agreed conditions versus the conditions prevailing in the market. The Company and its subsidiaries do not invest in derivatives or any other risk assets on a speculative basis. The results obtained from such operations are consistent with the policies defined by Company's management.

The estimated realization values of financial assets and liabilities of the Company and its subsidiaries were determined through information available in the market and appropriate valuation methodologies. Judgments were required for interpreting the market data, to arrive at the best estimates of the realizable values. Consequently, the following estimates do not necessary represent the amounts that could be realized on the current exchange market.

Derivatives are initially recognized at their fair value, and respective transaction costs are recognized in the result when incurred.

a) Classification of financial instruments

	Hierarchy level	Parent company				Consolidated			
		12/31/2019		12/31/2018		12/31/2019		12/31/2018	
		Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets:									
Cash and balance in banks	-	2,550	2,550	18,476	18,476	5,991	5,991	23,380	23,380
		2,550	2,550	18,476	18,476	5,991	5,991	23,380	23,380
Measured at the amortized cost:									
Accounts receivable	2	81,352	81,352	67,949	67,949	120,432	120,432	113,369	113,369
Dividends receivable	2	3,632	3,632	4,466	4,466	-	-	-	-
Court-ordered debt payments receivable	2	-	-	-	-	5,605	5,605	5,422	5,422
		84,984	84,984	72,415	72,415	126,037	126,037	118,791	118,791
Fair value through profit or loss:									
Investment Funds	2	105,912	105,912	170,593	170,593	260,385	260,385	230,283	230,283
Other interest earning bank deposits	2	159,067	159,067	-	-	159,067	159,067	-	-
Derivative financial instruments	2	-	-	792	792	-	-	792	792
		264,979	264,979	171,385	171,385	419,452	419,452	231,075	231,075
Liabilities:									
Measured at the amortized cost:									
Loans and financing	2	60,143	60,603	205,347	208,714	77,925	78,386	227,395	229,529
Debentures	2	299,985	302,757	-	-	358,471	364,588	-	-
Suppliers	2	50,407	50,407	45,360	45,360	75,855	75,855	69,470	69,470
Dividends and interest on own capital payable	2	3,665	3,665	720	720	3,665	3,665	720	720
Obligations with the Concession Grantor	2	949,640	1,178,446	917,350	1,171,722	1,075,986	1,332,112	1,031,017	1,316,398
Court-ordered debt payments payable*	2	-	-	-	-	4,484	4,484	4,338	4,338
		1,363,840	1.595.878	1,168,777	1,426,516	1,596,386	1.859.090	1,332,940	1,620,455

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

Fair value

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

The fair value of derivatives is obtained by the model of future cash flows in accordance with the contractual rates, discounted to present value using market rates. We used information and forecasts for the dollar, LIBOR and CDI, disclosed by B3 - Brasil Bolsa Balcão.

Derivative financial instruments

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

Transactions with existing derivative financial instruments or that produced financial effects for the year ended December 31, 2019 are as follows: Column “Receipts/Payments" shows the amounts received/paid for settlements made during the year ended December 31, 2019, and column “Revenue/Expense" shows the effect recognized in financial income (loss) associated to settlements and fair value change of derivatives in this year:

Identification	Nominal value	Maturity	Purpose	Receipt (payment)	Revenue (expense)	Fair value		Long position	Short position
						Dec 2019	Dec 2018		
Parent company and Consolidated	30,000	Oct 2019	Associated with exchange variation	1,580	1,618	-	792	Foreign exchange variation + 5.22%	CDI + 1.80% p.a.

b) Market risk

The Company’s market risk management policies include, among others, development studies and economic-financial analysis evaluating the impact of different scenarios in the market positions, and reports that monitor the risks to which the Company is subject.

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

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

b.1) Exchange risk and sensitivity analysis

Transactions liked to foreign currencies, US dollar and Euro, which closed the year ended December 31, 2019 with appreciation of Dollar and Euro in relation to Brazilian Real by 4.0% and 2.1%, respectively, in relation to December 31, 2018.

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

As of December 31, 2019, the Company and its subsidiaries did not have a derivative contract in force. Its subsidiaries have loans financing denominated in foreign currency and Management considers them as the only financial instruments that may offer relevant coverage risks.

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

				Consolidated				
Operation	Risk	Rate	Exposure	Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
Equity balances								
Financial liabilities:								
Loans and financing	€	4.53	15,771	-	3,943	7,886	(3,943)	(7,886)
Net debt			15,771	-	3,943	7,886	(3,943)	(7,886)

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

b.2) Interest exposure and sensitivity analysis

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

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

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

Sensitivity analysis of changes in the interest rates

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

				Parent company				
Operation	Risk	Rate	Exposure	Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
Equity balances								
Financial assets:								
Interest earning bank deposits	CDI	4.40%	105,912	4,660	5,825	6,990	3,495	2,330
Other interest earning bank deposits	CDI	4.40%	159,067	6,999	8,749	10,498	5,249	3,499
Financial liabilities:								
Loans and financing	CDI	4.40%	60,028	2,641	3,302	3,962	1,981	1,321
Debentures	CDI	4.40%	299,985	13,200	16,499	19,797	9,899	6,598
Obligations with the Concession Grantor	IGP-M	7.32%	943,858	69,090	86,363	103,636	51,818	34,545
Obligations with the Concession Grantor	INPC	4.48%	5,782	259	324	389	194	130
Net debt			1,044,674	73,531	91,914	110,296	55,148	36,765

				Consolidated				
Operation	Risk	Rate	Exposure	Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
Equity balances								
Financial assets:								
Interest earning bank deposits	CDI	4.40%	260,385	11,457	14,321	17,185	8,593	5,728
Other interest earning bank deposits	CDI	4.40%	159,067	6,999	8,749	10,498	5,249	3,499
Financial liabilities:								
Loans and financing	CDI	4.40%	60,028	2,641	3,302	3,962	1,981	1,321
Debentures	CDI	4.40%	299,985	13,200	16,499	19,797	9,899	6,598
Debentures	IPCA	4.31%	58,486	2,518	3,148	3,778	1,889	1,259
Obligations with the Concession Grantor	IGP-M	7.32%	1,070,204	78,339	97,924	117,508	58,754	39,169
Obligations with the Concession Grantor	INPC	4.48%	5,782	259	324	389	194	130
Net debt			1,075,033	78,501	98,127	117,751	58,875	39,250

c) Credit risk

The credit policies determined by Management aim to minimize any problems arising from defaults by its clients. This objective is achieved by management through the careful selection of its client portfolio that considers the ability to pay (credit analysis) and diversification (spreading risk). The consolidated allowance for doubtful accounts as at December 31, 2019, was R$14,334, representing 10.64% of the outstanding balance of accounts receivable. As of December 31, 2018, this allowance was R$15,976, equivalent to 12.35%.

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

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Assets:				
Cash and cash equivalents	108,462	189,069	266,376	253,663
Other interest earning bank deposits	159,067	-	159,067	-
Accounts receivable	81,352	67,949	120,432	113,369
Dividends receivable	3,632	4,466	-	-
Court-ordered debt payments receivable	-	-	5,605	5,422
Total	352,513	261,484	551,480	372,454

d) Liquidity risk

The liquidity risk represents the possibility of mismatches between the maturity dates of assets and liabilities, which could result in the inability to comply with obligations on the dates established.

The Company's general policy calls for maintaining adequate liquidity levels to ensure its ability to meet present and future obligations and make use of opportunities.

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

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

	Parent company					
	Book balance 12/31/2019	Payment flow				
		Expected flow	Up to 1 year	1–3 years	3–5 years	5–30 years
Liabilities						
Loans and financing	60,143	63,854	43,170	20,684	-	-
Debentures	299,985	397,556	16,205	67,727	98,889	214,735
Suppliers	50,407	50,407	35,386	15,021	-	-
Dividends and interest on own capital payable	3,665	3,665	3,665	-	-	-
Obligations with the Concession Grantor	949,640	1,689,173	99,284	158,787	157,425	1,273,677
Total	1,363,840	2,204,655	197,710	262,219	256,314	1,488,412

	Consolidated					
	Book balance 12/31/2019	Payment flow				
		Expected flow	Up to 1 year	1–3 years	3–5 years	5–30 years
Liabilities						
Loans and financing	77,925	83,285	47,998	29,745	5,542	-
Debentures	358,471	507,649	23,797	83,974	116,235	283,643
Suppliers	75,855	75,855	60,834	15,021	-	-
Dividends and interest on own capital payable	3,665	3,665	3,665	-	-	-
Obligations with the Concession Grantor	1,075,986	1,865,112	111,213	182,645	181,283	1,389,971
Court-ordered dept payments payable	4,484	4,484	-	4,484	-	-
Total	1,596,386	2,540,050	247,507	315,869	303,060	1,673,614

e) Capital management

The policy of Management is to maintain a solid capital base to maintain the confidence of investors, creditors and market and the future development of the business. The Management monitors the return on capital invested, considering the results of the economic activities of operating segments, as well as the level of dividends for the holders of common and preferred shares.

Management strives to maintain a balance between the highest possible returns with more adequate levels of loans and the advantages and the assurance afforded by a healthy capital position. The objective is to achieve a return compatible with its capital cost reviewed annually through the WACC - Weighted Average Cost of Capital concept.

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

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Total liabilities current and non-current	1,532,567	1,312,562	1,843,738	1,517,204
(-) Cash and cash equivalents and other investments	(267,529)	(189,069)	(425,443)	(253,663)
Net debt	1,265,038	1,123,493	1,418,295	1,263,541
Total shareholders' equity	1,352,384	1,341,127	1,352,384	1,341,127
Net debt-to-equity ratio	0.93541	0.83772	1.04874	0.94215

28. NON-CASH EFFECTS

Effects in statements that did not affect the cash in the years ended December 31, 2019 and 2018, if the operation had affected the cash, it would be stated under “Cash flow” caption as follows:

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Increase in intangible assets of obligations with the Concession Grantor	(77,793)	(110,595)	(96,312)	(111,234)
Increase in intangible assets of lease	-	-	(38,314)	-
Investment activities' transactions	(77,793)	(110,595)	(134,626)	(111,234)

29. INSURANCE COVERAGE

In December 31, 2019, the following insurance policies were valid:

	Parent company and Consolidated		
	Coverage	Currency	Maturity
Branch - Tecon Imbituba			
Port Operator Insurance - SOP:			July 2020
Civil liability	20,000	US$	
Movable property and real estate	16,000	US$	
Employer Civil Liability (RCE)	1,000	US$	
Civil Liability - moral damages	1,000	US$	
Income loss due to blockage of berth and channel	600	US$	
Electrical damages	250	US$	
Vehicles fleet insurance (passenger vehicle):			October 2020
Hull	100% FIPE table	R$	
Personal accidents of passengers - APPs	10	R$	
Material damages to third parties	75	R$	
Bodily injury to third parties	100	R$	
Moral damages	20	R$	
Vehicles fleet insurance (trucks):			October 2020
Material damages to third parties	500	R$	
Bodily injury to third-parties	500	R$	
Moral damages	100	R$	
Branch - Tecon Santos			
SOP:			July 2020
Civil liability	20,000	US$	
Movable property and real estate	17,850	US$	
RCE	1,000	US$	
Civil Liability - moral damages	1,000	US$	
Transportation of goods	2,000	US$	
Passenger transportation in vessels - RC and moral damages	1,000	US$	
Income loss due to blockage of berth	4,000	US$	
Electrical damages	250	US$	

	Parent company and Consolidated		
	Coverage	Currency	Maturity
Vehicles fleet insurance (passenger vehicle):			October 2020
Hull	100% FIPE table	R$	
APPs	10	R$	
Material damages to third parties	75	R$	
Bodily injury to third parties	100	R$	
Moral damages	20	R$	
Santos Brasil Logístics			
SOP:			July 2020
Civil liability	20,000	US$	
Movable property and real estate	20,000	US$	
RCE	1,000	US$	
Civil Liability - moral damages	1,000	US$	
Transportation of goods	2,000	US$	
Broad Civil Liability for CD - São Bernardo doCampo	50,000	US$	
Electrical damages	250	US$	
Cargo Road Transportation - RCTR-C	10,000	R$	December 2020
Cargo Robbery and Deviation - RCF-DC	10,000	R$	December 2020
Vehicle fleet insurance (trucks):			October 2020
Material damages to third parties	200	R$	
Bodily injury to third-parties	700	R$	
Moral damages	90	R$	
Tecon Vila do Conde			
SOP:			July 2020
Civil liability	20,000	US$	
Movable property and real estate	7,600	US$	
RCE	1,000	US$	
Civil Liability - moral damages	1,000	US$	
Income loss due to blockage of berth and channel	600	US$	
Electrical damages	250	US$	
Vehicles fleet insurance (trucks):			October 2020
Material damages to third parties	500	R$	
Bodily injury to third-parties	500	R$	
Moral damages	100	R$	
Vehicles Terminal/TEV			
SOP:			July 2020
Civil liability	20,000	US$	
Movable property and real estate	1,000	US$	
RCE	1,000	US$	
Civil Liability - moral damages	1,000	US$	
Income loss due to blockage of berth and channel	600	US$	
Electrical damages	250	US$	

	Parent company and Consolidated		
	Coverage	Currency	Maturity
Institutional			
Civil liability - Management and Directors	40,000	R$	June 2020
Nominated Risks - Santos and São Paulo offices	4,392	R$	April 2020

30. CAPITAL COMMITMENT

In December 31, 2019, there were requests (purchase orders) linked to the future acquisition of fixed asset items in the amount of R$2,084 (R$1,925 as of December 31, 2018) which are not recorded in this quarterly information.

31. OPERATING SEGMENTS

Information by operating segment is presented in the statements below that are part of this note, in compliance with CPC 22 - Segment Information.

The definition of operating segments and the structure of statements follow the management model already used in monitoring the managers of business units, along with their managers and reporting to the Statutory Board; likewise they are presented at the Board of Directors' Meeting.

The accounting policies used in the segment information are the same used in the financial statements and consolidated, pursuant to note 3.

Operating segments

Container Port Terminals, representing the aggregation of results and capital employed business units: (a) Tecon Santos; (b) Tecon Imbituba, including TCG Imbituba; and (c) Tecon Vila do Conde, whose contexts are described in notes 1.a) and 1.d). Their activities are a port operator to load and unload container ships and bonded in the primary zone including mainly the storage of cargoes handled in their docks.

The aggregation of container port terminals is performed by units to deal with similar economic characteristics, and also similar: (a) type of production proceedings; (b) type of category of its services' clients; (c) methods used to provide services; and (d) nature of regulatory environment.

Logístics, with business units in Santos, Guarujá, São Bernardo do Campo, São Paulo and Imbituba, with operations described in note 1.b), includes also the activities of road, center distribution and transmission distribution, in synergy with the container port terminals.

Vehicles Terminal, with business unit at the Port of Santos and history described in note 1.c), comprises the activities of loading and unloading of vehicles on ships of the trade flow of export and import activities patio, especially customs warehousing.

Statements

Statement of Income to the EBITDA (Income before interest, taxes, depreciation and amortization EBITDA), representing the performance of operating units, portrayed by ledger accounts under the direct management of the administrators. In this statement, is also presented, the Earnings Before Interest and Taxes - EBIT.

Statement of Employed Capital, representing the financial accounts of the operating assets, net of liabilities related to the claims of the operation, under the direct management of the directors of the units.

In addition to the information of the operating segments are highlighted in its own column in the statements, the information of institutional activities that cannot be allocated to operating segments, i.e., related values: (a) central administration; (b) financial management; and (c) to direct income taxes.

The quoted statements for the years referred to in these financial statements are as follow:

Consolidated statement of income by operating segment – December 31, 2019

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Gross operating income	788,275	292,092	64,745	-	(9,833)	1,135,279
Deductions from income	(97,520)	(54,881)	(11,201)	-	917	(162,685)
Net operating income	690,755	237,211	53,544	-	(8,916)	972,594
Cost of services rendered	(532,000)	(166,755)	(32,729)	-	8,916	(722,568)
Variable / fixed costs	(431,937)	(150,305)	(17,368)	-	8,916	(590,694)
Depreciation / amortization	(100,063)	(16,450)	(15,361)	-	-	(131,874)
Gross income	158,755	70,456	20,815	-	-	250,026
Operating expenses	(52,538)	(70,347)	(3,246)	(37,910)	-	(164,041)
Sales expenses	(41,024)	(64,146)	(2,542)	-	-	(107,712)
General and administrative expenses	(34,808)	(7,445)	(736)	(36,108)	-	(79,097)
Depreciation / amortization	(118)	(71)	-	(3,587)	-	(3,776)
Other	23,412	1,315	32	1,785	-	26,544
EBIT	106,217	109	17,569	(37,910)	-	85,985
Depreciation / amortization	100,181	16,521	15,361	3,587	-	135,650
EBITDA	206,398	16,630	32,930	(34,323)	-	221,635
Financial income (loss)	-	-	-	(60,989)	-	(60,989)
Equity in net income of subsidiaries	-	-	-	34,819	(34,819)	-
Income tax and social contribution	-	-	-	(9,621)	-	(9,621)
Net income	N/A	N/A	N/A	N/A	N/A	15,375

Consolidated statement of income by operating segment – December 31, 2018

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Gross operating income	730,395	300,120	69,280	-	(14,190)	1,085,605
Deductions from incomee	(98,141)	(55,096)	(12,163)	-	1,310	(164,090)
Net operating income	632,254	245,024	57,117	-	(12,880)	921,515
Cost of services rendered	(495,621)	(153,567)	(37,930)	-	12,880	(674,238)
Variable / fixed costs	(402,909)	(140,602)	(23,148)	-	12,880	(553,779)
Depreciation / amortization	(92,712)	(12,965)	(14,782)	-	-	(120,459)
Gross income	136,633	91,457	19,187	-	-	247,277
Operating expenses	(62,430)	(76,169)	(2,763)	(40,546)	-	(181,908)
Sales expenses	(42,366)	(70,916)	(2,157)	-	-	(115,439)
General and administrative expenses	(26,634)	(7,763)	(619)	(37,968)	-	(72,984)
Depreciation / amortization	(73)	(40)	-	(3,594)	-	(3,707)
Other	6,643	2,550	13	1,016	-	10,222
EBIT	74,203	15,288	16,424	(40,546)	-	65,369
Depreciation / amortization	92,785	13,005	14,782	3,594	-	124,166
EBITDA	166,988	28,293	31,206	(36,952)	-	189,535
Financial income (loss)	-	-	-	(57,188)	-	(57,188)
Equity in net income of subsidiaries	-	-	-	40,045	(40,045)	-
Income tax and social contribution	-	-	-	(5,202)	-	(5,202)
Net loss	N/A	N/A	N/A	N/A	N/A	2,979

In December 31, 2019, the revenues from a client of the Port Terminal segment represented R$129,637 (R$148,939 on December 31, 2018), representing 16.4% of total consolidated gross revenue.

Consolidated statement of capital invested per operating segment - December 31, 2019

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Invested capital						
Current assets	134,040	22,959	9,505	433,824	(2,293)	598,035
Cash and cash equivalents	-	-	-	266,376	-	266,376
Other interest earning bank deposits	-	-	-	159,067	-	159,067
Other	134,040	22,959	9,505	8,381	(2,293)	172,592
Non-current assets	1,995,386	163,644	230,363	607,154	(398,460)	2,598,087
Other	277,126	7,243	26	92,471	-	376,866
Investment	-	-	-	398,460	(398,460)	-
Property, plant and equipment	68,589	116,453	762	34,251	-	220,055
Intangible assets	1,649,671	39,948	229,575	81,972	-	2,001,166
Current liabilities	(76,511)	(28,225)	(3,096)	(3,463)	2,293	(109,002)
Suppliers	(40,683)	(19,221)	(2,113)	(75)	1,258	(60,834)
Other	(35,828)	(9,004)	(983)	(3,388)	1,035	(48,168)
Non-current liabilities	(98,404)	(7,456)	(114)	(14,217)	-	(120,191)
Suppliers	(15,021)	-	-	-	-	(15,021)
Provision to tax, labor, civil risks	(29,811)	(7,456)	(114)	(112)	-	(37,493)
Other	(53,572)	-	-	(14,105)	-	(67,677)
Total	1,954,511	150,922	236,658	1,023,298	(398,460)	2,966,929

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Capital sources						
Current liabilities	-	-	-	-	-	126,710
Loans and financing	-	-	-	-	-	54,076
Dividends / Interest on own capital payable	-	-	-	-	-	3,665
Obligations with the Concession Grantor	-	-	-	-	-	60,139
Leases	-	-	-	-	-	8,830
Non-current liabilities	-	-	-	-	-	1,487,835
Loans and financing	-	-	-	-	-	382,320
Obligations with the Concession Grantor	-	-	-	-	-	1,015,847
Leases	-	-	-	-	-	22,075
Actuarial liability	-	-	-	-	-	67,593
Shareholders' equity	-	-	-	-	-	1,352,384
Shareholders' equity	-	-	-	-	-	1,376,707
Actuarial liability	-	-	-	-	-	(24,323)
Total	N/A	N/A	N/A	N/A	N/A	2,966,929

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

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

Board of Directors

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

Executive Board

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

Tax Council

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

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

Santos Brasil Participações S.A.

Attachment to the financial statements

In compliance with the provisions of article 25, first paragraph, of CVM Instruction 480/09

Contents

FISCAL COUNCIL'S OPINION

THE FISCAL COUNCIL of SANTOS BRASIL PARTICIPAÇÕES S.A., using its powers granted by law and the Bylaws of the Company, pursuant to article 163 of Federal Law 6,404/1976, examined the annual management report, the financial statements and the management proposal for the allocation of net income for the year, all of which pertaining to the fiscal year ended on **December 31, 2019**. Based on the documents examined, analyses made and clarifications provided by the Company's representative, as well as the Independent Auditor's Report on the Separate and Consolidated Financial Statements, prepared by KPMG Auditores Independentes, the FISCAL COUNCIL unanimously decided that said documents are in fair conditions to be submitted to the Shareholders Meeting for consideration and recommended their approval.

São Paulo, March 03, 2020.

Gilberto Braga
Chairman and Member of the Fiscal Council

Leonardo Guimarães Pinto
Member of the Fiscal Council

Luis Fernando Moran de Oliveira
Member of the Fiscal Council

PROPOSAL OF THE MANAGEMENT OF CAPITAL BUDGET FOR FISCAL YEAR 2020

Dear shareholders,

The Management of **SANTOS BRASIL PARTICIPAÇÕES S.A.**, ("SBPAR" or "Company") as set forth in Article 196 of Law No.6404/76, proposes to the General Meeting the approval of the Capital Budget, with investments of R$2,921 (two million, nine hundred twenty-one thousand reais) for the year of 2020, as follows:

Summary Table of Uses and Sources - Base Budget 2020	**R$ Thousand**
USES	
Fixed assets and investments	**278,380**
Property, plant and equipment Tecon Santos - Terminal cntrs	274,366
Property, plant and equipment Tecon Imbituba - Terminal cntrs	3,667
Property, plant and equipment Tecon Imbituba - General Cargo Terminal	217
Increase of investments in subsidiaries	130
Amortization of loans / financing	**59,374**
Amortization of principal (Finame, Debentures, NCE)	40,077
Amortization of interests (Finame, Debentures, NCE)	19,297
Payments of liabilities with Concession Grantor	**81,816**
Payment of lease installments and MMC payment	81,816
TOTAL USES	**419,570**
SOURCES	
Financial realization of income for the year of 2019	**2,844**
Dividends received from Terminal de Veículos de Santos	9,241
Dividends received from Pará Empreendimentos	5,288
Payment of dividends	(11,685)
Financial realization of income for the year of 2020	**149,197**
Cash generation - (from the 2020 EBITDA)	149,197

Statement of cash flows as of 12/31/2019see statement of cash flow.	**108,462**
Profit retention	2,921
Other amounts comprising the cash balance	105,541
Balance of interest earning bank deposits at 12/31/2019	**159,067**
TOTAL SOURCES	**419,570**
Net income in 2019	**15,375**
Legal reserve	769
Minimum mandatory dividends	3,652
Additional dividend proposed	8,033
Profit retention	**2,921**

São Paulo, March 2020

The Management.

SANTOS BRASIL

STATEMENT

In compliance with the provisions of Article 25, sub-item VI, of CVM Instruction No. 480 of December 7, 2009, the Chief Executive Officer and Economic-Financial Director of Finances and Relations with Investors of **SANTOS BRASIL PARTICIPAÇÕES S.A.**, an incorporated publicly-held corporation, enrolled with the CNPJ (Corporate Taxpayer's Registry) No.02.762.121/0001-04, with headquartered at Rua Dr. Eduardo de Souza Aranha, nº 387, 2º floor, part, São Paulo, SP hereby state that they reviewed, discussed, and agree with the presented financial statements.

São Paulo, March 03, 2020.

Antonio Carlos Duarte Sepúlveda
Chief Executive Officer and
Chief Operations Officer

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

SANTOS BRASIL

STATEMENT

In compliance with the provisions of Article 25, sub-item V, of CVM Instruction No.480 of December 7, 2009, the Chief Executive Officer and the Economic-Financial Director of Finances and Relations with Investors of **SANTOS BRASIL PARTICIPAÇÕES S.A.**, an incorporated publicly-held corporation, enrolled with the CNPJ (Corporate Taxpayer's Registry) No. 02.762.121/0001-04, with headquartered at Rua Dr. Eduardo de Souza Aranha, nº 387, 2º floor, part, São Paulo, SP hereby state that they reviewed, discussed and agree with the opinions expressed in independent auditors' report.

São Paulo, March 03, 2020.

Antonio Carlos Duarte Sepúlveda
Chief Executive Officer and
Chief Operations Officer

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