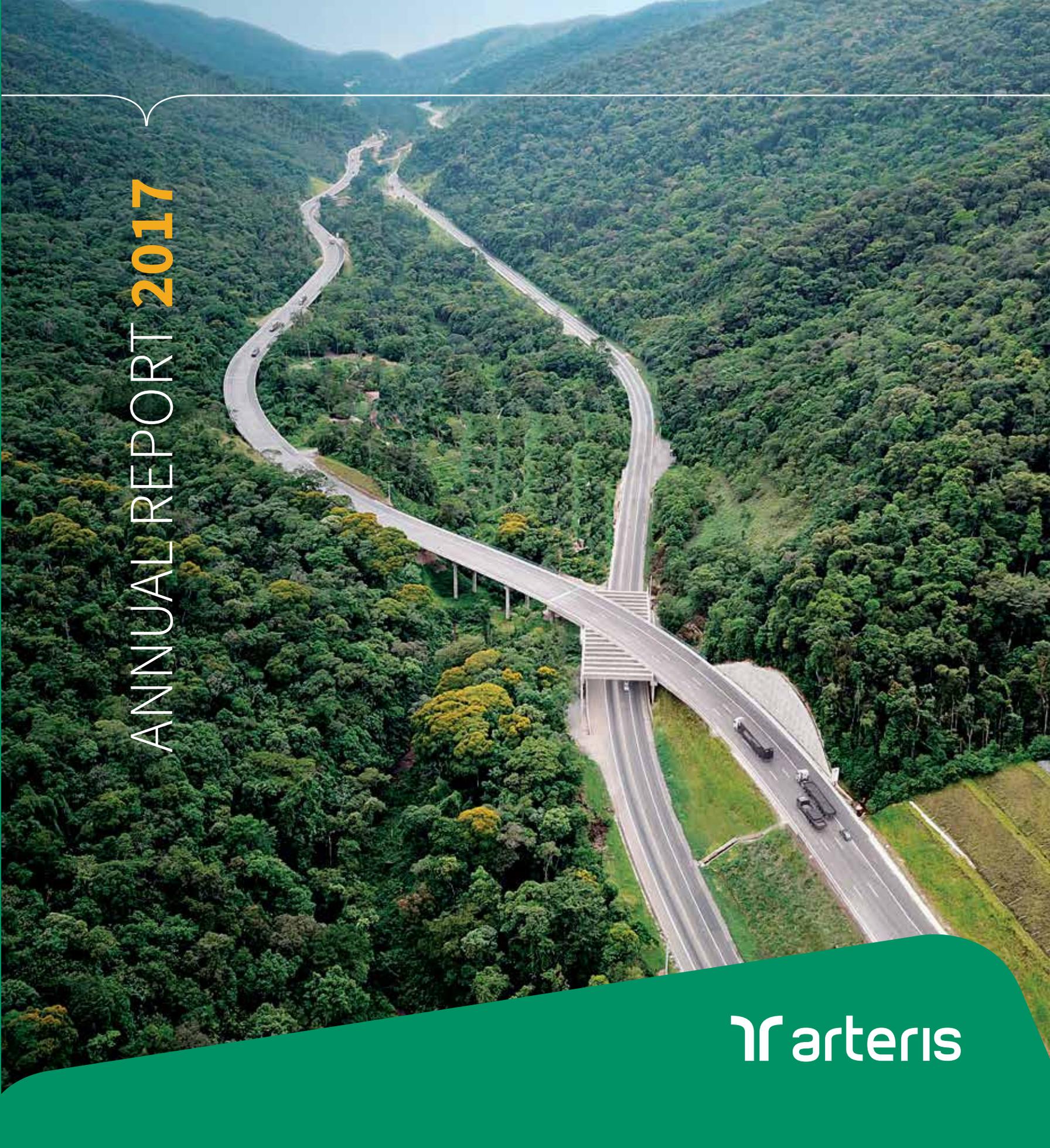


ANNUAL REPORT 2017





04	MESSAGE FROM THE PRESIDENT
08	CORPORATE PROFILE
11	Mission, vision and values
12	Map of operations
13	Timeline
14	Highlights of the year
15	Recognition
16	STRATEGY AND MANAGEMENT
18	Concession model
18	Strategic pillars
19	Standardization of operations
21	Knowledge management
22	Safety
26	Innovation
27	Growth
28	CORPORATE GOVERNANCE
30	Integrity management
32	Relationship with granting authorities and regulatory agencies
32	Governance structure
34	OPERATIONAL EXCELLENCE
36	Main investments
38	Performance of the toll roads
44	New investments
46	ECONOMIC AND FINANCIAL PERFORMANCE
54	SHARED VALUES
56	Employees
59	Suppliers
60	Users
62	Communities
70	Environment
76	CORPORATE INFORMATION

About this report

Since 2006, Arteris S.A. has annually published the results of its operations, as well as its progress in relationships with its stakeholders (employees, suppliers, investors, regulators, the government, users, and neighboring communities) and in the projects developed for the sustainable development of the Brazilian highway infrastructure. > **GRI 102-1, 102-5, 102-40, 102-52** <

In line with the constant improvement of the report, this publication is inspired by the Standards set out by Global Reporting Initiative (GRI) - an international benchmark for preparation of sustainability reports. This is a first adjustment cycle for later formal adoption. > **GRI 102-54** <

The content - developed after qualitative interviews with company leaders and quantitative data collection from several areas - refers to the activities of the holding company and its toll roads from January 1 to December 31, 2017. > **GRI 102-45, 102-46, 102-50** <

Financial information was verified by Deloitte Touche Tohmatsu Auditores Independentes, and the other information was evaluated internally - validated by the Executive Board. > **GRI 102-56** <

For more information, write to arteris@arteris.com.br or contact us by phone +55 (11) 3074-2404. > **GRI 102-53** <

Enjoy your reading!



The results reflect our successful strategy, and a stronger presence in major industrial and service centers in the Brazilian economy.

< David Díaz | President of Arteris

Message from the President

> GRI 102-14 <

The year 2017 was emblematic for Arteris, with investments of BRL 2.2 billion in improvements of the infrastructure of our operations. As a result of our efforts to renew our portfolio and strengthen our presence in São Paulo, we won the auction for Rodovias dos Calçados, under the administration of ViaPaulista, our newest concession, where we will invest BRL 5 billion throughout the term of the agreement.

Regarding the roadworks, I would like to highlight the completion of the second roadway on the Serra do Cafezal, on Régis Bittencourt highway, with four tunnels and 39 bridges and viaducts, a relevant improvement in safety and traffic conditions of an important logistics

corridor in Brazil. Another project that is worth mentioning is the widening of highway BR-101/RJ Norte, where 121.6 kilometers have already been delivered.

The ongoing effort to provide increasingly safe roads to our highway users and employees has also been an important focus. Committed to the United Nations “Decade of Action for Road Safety,” we have already reduced total fatalities by 36% compared with 2010, the year we signed the commitment. In addition, three of our toll roads - Régis Bittencourt, Planalto Sul, and Fluminense - have already reached the goal of reducing this indicator by 50%. This year, we also celebrated the reduction by 21% in the work accident rate and zero fatality



BRL 2.2 billion

INVESTED
THROUGHOUT
THE YEAR



121.6 km

COMPLETED IN
THE WIDENING OF
BR-101/RJ NORTE



8.3

OUR USER
SATISFACTION
RATE



BRL 4.7
billion
GROSS REVENUE



BRL 1.8
billion
ADJUSTED EBITDA



BRL 247
million
NET INCOME

among company employees and contractors. These results show that we are on the right track, and motivate us to invest more and more in safety.

The excellence of our operations is recognized by our users, whose degree of satisfaction with our toll roads is 8.3 (on a scale of 0 to 10), according to surveys. > GRI 102-43 <

We have monitored the signs of economic recovery, which have a direct impact on our performance, and we achieved better performance than that of the market. The index of the Brazilian Association of Highway Concessionaires (ABCR), which measures the flow of vehicles on toll roads under concession, recorded 1.9% growth compared with 2016. In the year, on our nine toll roads with tolls, we evolved 2.9%, one percentage point above the average for the industry.

The result reflects the improvement of economic indices, but also our sound strategy, present in industrial and service centers important to the Brazilian economy.

Maintaining this portfolio allows us to diversify financial returns and reduce risks. So much so that, in 2017, our adjusted EBITDA was BRL 1.8 billion, with a margin of 66% and a 14% increase compared with 2016 - less the effects of the disposal of STP in 2016. We also achieved net profit of BRL 247 million, influenced by the drop of almost 40%, or BRL 273 million, in financial expenses, reflecting the efficiency strategy adopted since 2013, reduced average indebtedness during the period, and the drop in the gross debt index rates (TJLP, CDI, and IPCA); and gross revenue of BRL 4.7 billion, which was 9% above the previous year.

This financial soundness was also recognized by the market. We successfully issued debentures in the amount of BRL 1.6 billion, the highest in our company history and one of the most significant in our sector in 2017.

Additionally, our shareholders made a capital contribution to Arteris of BRL 1.8 billion, demonstrating confidence in our management and in the development of the Brazilian highway concessions sector.

We know that our performance is a reflection of the commitment, effort, and dedication with which our employees carry out their activities. We seek to attract, develop, and retain talent and, in 2017, we invested over BRL 1 million in training. We expanded Arteris University with two new fronts: Arteris University Online, combining knowledge and technology for better learning, and Arteris Operations University, relevant so that we may have an increasingly meritocratic professional environment focused on operational excellence.

In search of continuous improvement, we consolidated actions for compliance and ethics into a structured Integrity Program, which qualifies our management and governance. We always seek alignment with the best market practices, aiming to create value throughout our chain. Therefore, we are also attentive to environmental conservation around our operations - from engineering processes to construction and operation - and social and economic development in our area of influence.

We continue watching for new business opportunities and remain committed to achieving the best results. This is because we know the importance of this infrastructure for Brazil - especially during a phase of economic recovery - and we are ready to take an active role in an industry full of opportunities. Thus, in 2018 alone, investments of around BRL 2.5 billion are planned for the whole Group.

We are confident that we will continue to build a path of success and pride alongside our teams, our shareholders, and regulatory agencies, to whom we are grateful for the confidence in one more year of great achievements.

Thank you very much.



CORPORATE PROFILE

Arteris is a Brazilian company, with headquarters in São Paulo (SP), which manages investments geared toward improvement, expansion, conservation, and operation of state and federal highways, focused on providing excellent services and developing projects that are relevant to the development of the regions in which it operates. > GRI 102-3 <



10
TOLL ROADS



3,700
KM OF HIGHWAYS



Through its toll roads; the company operates and manages approximately 3,700 kilometers of highways connecting the states of São Paulo, Minas Gerais, Paraná, Rio de Janeiro, and Santa Catarina (see map of operations) and highlights, this year, the ViaPaulista concession, recently incorporated into the contract portfolio. The company also controls the company Latina, which focuses on inspection, which focuses on signage and highway maintenance.

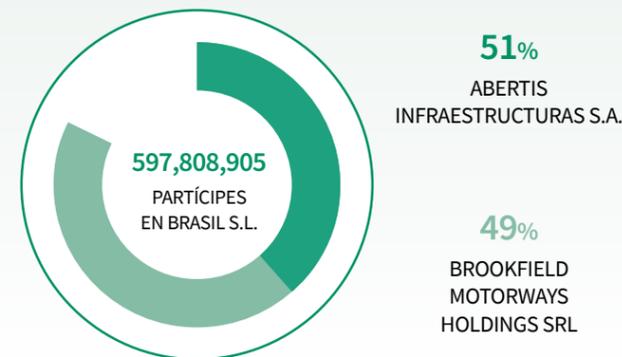
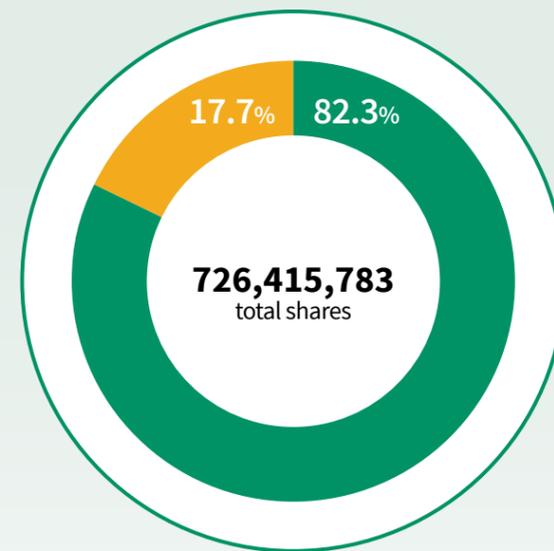
> GRI 102-2, 102-4, 102-6, 102-10 <

In 2017, gross revenue reached BRL 4.7 billion, a 9% increase compared with the previous year, and net income was BRL 247 million - results that reflect the commitment of 5,300 employees. > 102-7 <

SHAREHOLDING STRUCTURE > 102-5 <

128,606,878
BROOKFIELD AYLESBURY
S.A.R.L.

597,808,905
PARTÍCIPES
EN BRASIL S.L.



For more information, visit www.arteris.com.br.

Mission, vision and values

> GRI 102-16 <



MISSION

To contribute important actions toward the development of the infrastructure necessary for Brazil's sustainable growth, managing road concessions with excellence and long-term vision, in order to add value to our users, employees, the government, communities in the regions where we operate, and investors.



VISION

To be part of the history of Brazil's infrastructure, as a benchmark in the road concessions sector.



VALUES

Respect for life: we watch over the safety of our employees and users.

Integrity: We act with ethics, transparency, and respect for the rules.

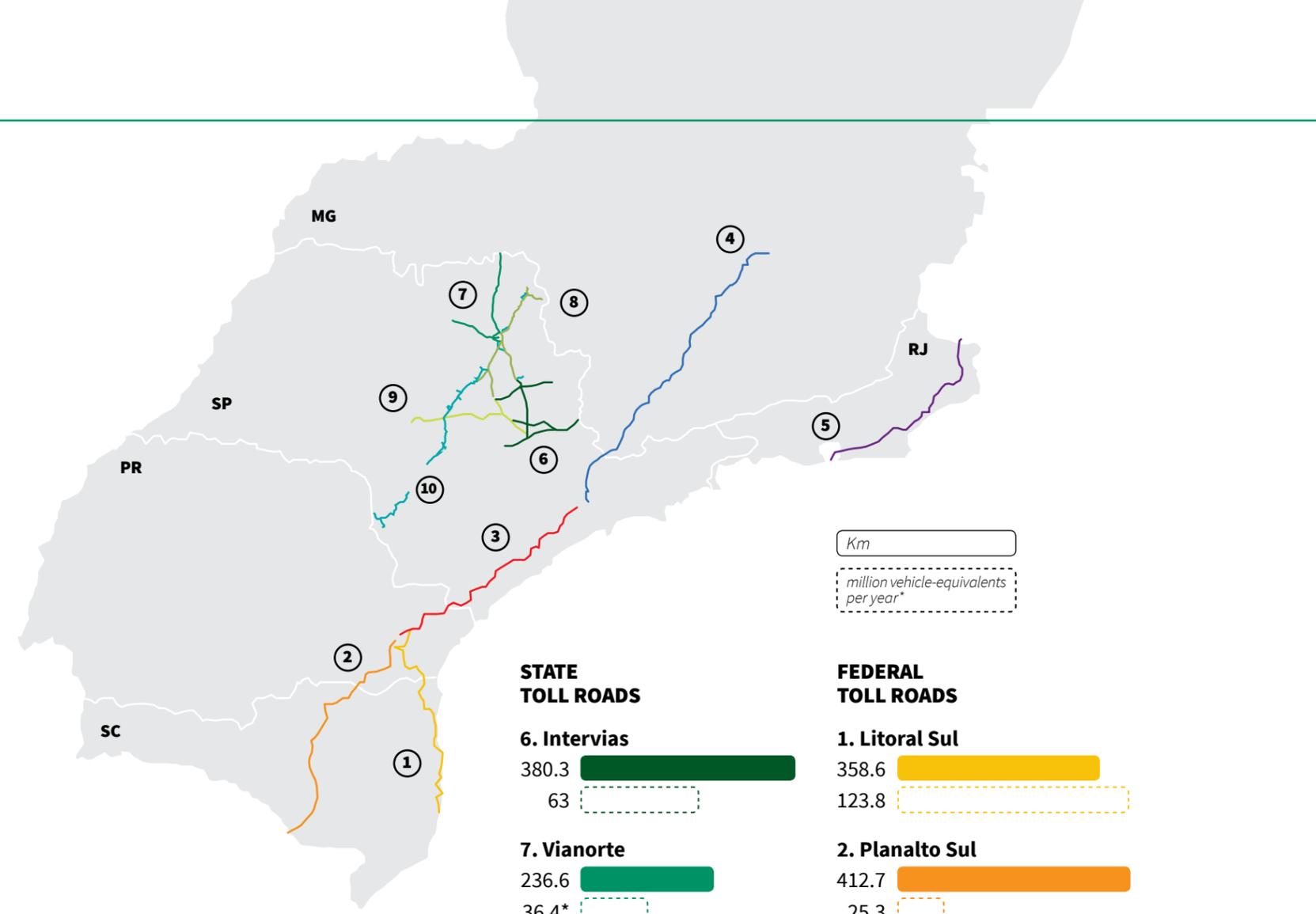
Sense of ownership: We encourage people to take responsibility. We persist in pursuing excellent and effective results. We are committed to quality results.

Proactivity: We seek to encourage our employees to have creative and daring attitudes in search of new solutions.

Collaboration: We act collaboratively, respecting and involving the people necessary in decision-making.

Sustainability: We believe in the sustainability of our business through respect for our people, resources, and the environment.

Meritocracy: We value our employees, developing professionals and recognizing the best performances based on meritocratic principles.



STATE TOLL ROADS

6. Intervias



7. Vianorte



8. Autovias



9. Centrovias



10. ViaPaulista



FEDERAL TOLL ROADS

1. Litoral Sul



2. Planalto Sul



3. Régis Bittencourt



4. Fernão Dias



5. Fluminense

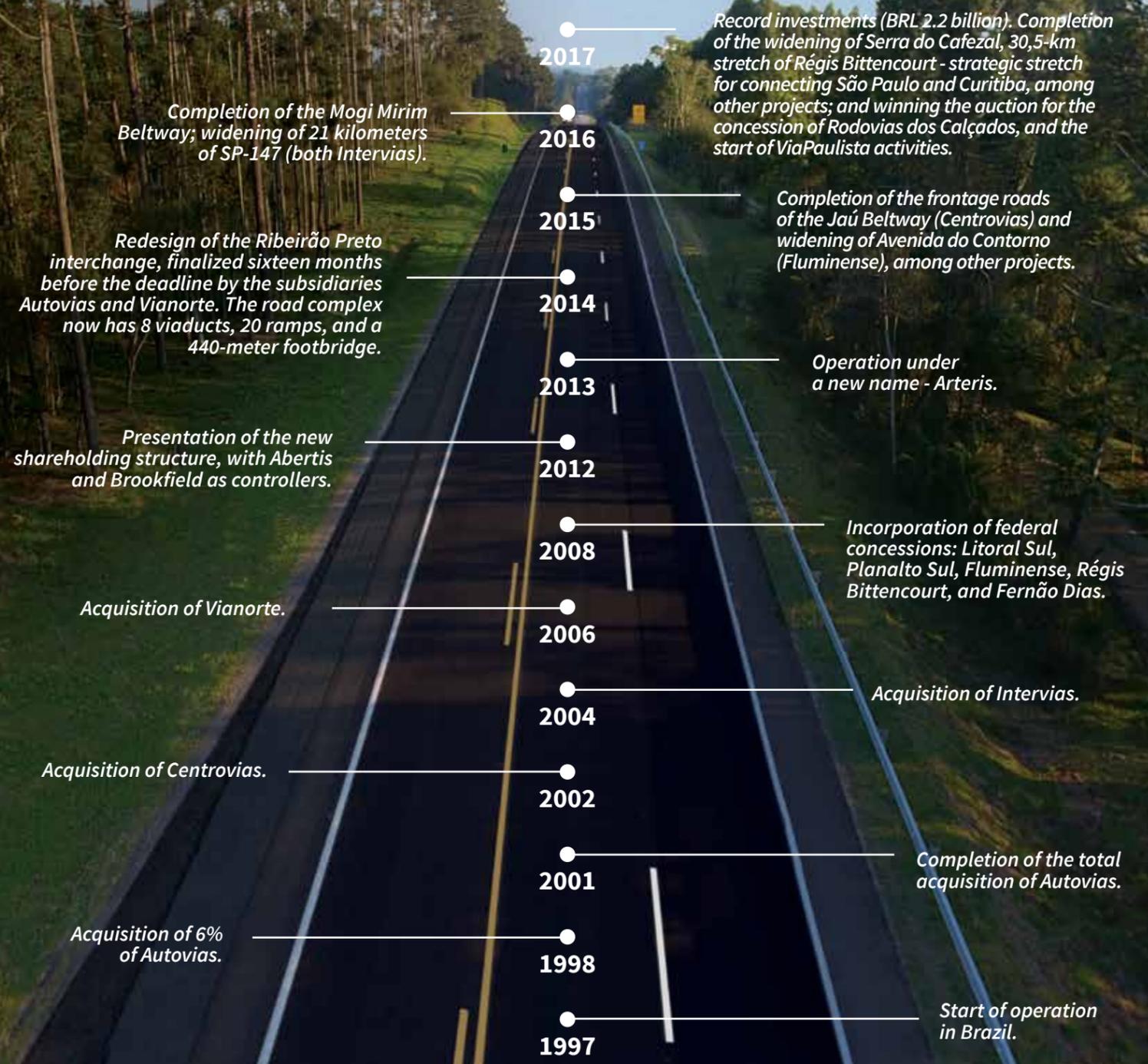


* Vehicle-equivalent is the measure used to determine the travel of light and heavy vehicles. Each light vehicle corresponds to one equivalent; for heavy vehicles, measurement considers the number of axles.
** As foreseen in the concession agreement, collection of toll charges on the ViaPaulista section did not begin in 2017.

Map of operations

> GRI 102-2, 102-4, 102-6 <

Timeline



Highlights of the year



VICTORY AT THE RODOVIAS DOS CALÇADOS AUCTION

On April 25, 2017, Arteris was the winner of International Call for Tender No. 05/2016, launched by the Government of the State of São Paulo, regarding the Rodovias dos Calçados road system, which extends 720 kilometers. The concession period is 30 years and the investments required over the period are estimated at approximately BRL 5 billion.

[Read more on pages 27 and 42.](#)



WIDENING OF SERRA DO CAFEZAL

After investing approximately BRL 1.3 billion, the company completed and inaugurated, on highway Régis Bittencourt, the widening of 30 kilometers at Serra do Cafezal. It is one of the most emblematic projects today, for resolving one of Brazil's historical logistics bottlenecks.

[Read more on page 36.](#)



PUBLIC OFFERING FOR DISTRIBUTION

The deed of issue was signed for a public offering for distribution of the 5th issue of common non-convertible debentures, one of the largest in the year in the infrastructure sector. The operation was carried out in two series, 1st and 3rd, and the 3rd series is under the terms of Law No. 12,431/11. As a result, a total of BRL 1.6 billion was recorded, maturing on October 15, 2022 and October 15, 2024, respectively.

[Read more on page 52.](#)



OPENING OF THE SOLUTIONS CENTER

Implementation of a Shared Services Center, called the Solutions Center, in Ribeirão Preto (SP), which focused on the execution of the following processes: People management, Accounting, Treasury, and Taxes. The new structure ensures even more agile and standardized internal processes.

Recognition

21ST CNT HIGHWAY SURVEY | A study conducted by the National Transport Confederation (CNT), highlighted the routes under the administration of Centrovias, Autovias, Intervias, Vianorte, and Litoral Sul among the 20 best in Brazil, and SP-225 (Centrovias) ranked third best in the country.

TOLL ROAD OF THE YEAR | Award granted by the São Paulo State Transport Agency (ARTESP). Vianorte was recognized among the top three in the state for the second consecutive year, while Centrovias was a winner in the Innovation category.

ÍMPAR AWARD | Grupo RIC highlighted Litoral Sul as the best highway in Santa Catarina.

VALOR CARREIRA | In 2017, for the second consecutive year, in a survey conducted by the trade journal Valor Econômico, Arteris was recognized as one of the best companies in people management.

5TH SPANISH CHAMBER SUSTAINABILITY AWARD | Arteris was awarded by the Official Spanish Chamber of Commerce in Brazil due to the results obtained in traffic education through the School Project, promoted at teaching locations in the municipalities served by the company's toll roads (see page 63).

CANNES LIONS INTERNATIONAL FESTIVAL OF CREATIVITY | The Speed-O-Track smartphone app, launched by Arteris and created by Dentsu Brasil, was awarded the Bronze Lion in the Radio category of the Cannes Lions Festival, the main award in global advertising.

ABERJE AWARD 2017 | The Gaudí Tour case was recognized by the Brazilian Association of Business Communication (ABERJE) as the best action to Communicate Programs, Projects, and Cultural Actions. In 2016, Arteris took the exhibition of architect Antoni Gaudí to Florianópolis (SC), in partnership with the Tomie Ohtake Institute and the Santa Catarina Art Museum (MASC). To promote the show, a "tour of Barcelona" was held, in which visitors, with virtual reality glasses, had the sensation of strolling through the Spanish city and visiting the buildings designed by the artist, such as the Church of the Holy Family, Güell Park, and Casa Milà.

COMPANIES THAT BEST COMMUNICATE WITH JOURNALISTS | Arteris was chosen as one of the companies that best communicates with the press in the award promoted by Negócios da Comunicação magazine. The company was the only one in the highway concessions segment to be included in the ranking.

GLOBAL KOFAX AWARD | With a project developed for Arteris, TR Process was the winner of the Kofax global award in the Process Intelligence & Analytics category. The awarding ceremony, which took place in Nashville, United States, recognized the Digital Transformation project of the Arteris Shared Services Center, which uses automated tools to carry out activities.

STRATEGY AND MANAGEMENT

Safety, Governance, Sustainability, Operational Excellence, and Growth are the five pillars that support Arteris's long-term strategy and aims to maximize mutual gains - for its businesses and stakeholders.



Over
157,000
hours

OF TRAINING TO 100%
OF ITS WORKFORCE



Concession model

Concession of public services is the transfer - from the public to the private sector - of the right to carry out business activities and manage business investments. This practice is governed by Law nº. 8,987 (02/13/1995), which allows the federal, state, and municipal governments to delegate services of public interest, in total or in part, through a bidding process.

In a scenario with more restricted resources of the National Treasury, expanding private sector participation is an alternative solution for developing the Brazilian road infrastructure.

On the other hand, according to an annual survey conducted by the National Transportation Confederation (CNT), 19 of the 20 best Brazilian highways are privately managed. The ranking, with 109 road connections, indicates that 74.4% of the group surveyed received an excellent or good evaluation.

Strategic pillars

Five pillars support the Arteris long-term strategy, intended to maximize mutual gains - for its businesses and stakeholders.

Safety | Watching over the lives of employees and users is a non-negotiable condition for Arteris, which constantly invests in awareness actions, training, and infrastructure to reduce the number of traffic accidents.

Governance | Acting ethically when executing activities and with transparency in relationships with stakeholders (see more on page 28).

Sustainability | Conducting investments in an economically viable, socially just, and environmentally correct manner - sharing with stakeholders the value created.

Operational Excellence | Planning with a focus on standardizing procedures, increasing operational efficiency, and leveraging synergies.

Growth | Being an inducer of long-term investments, as a relevant agent toward the development of Brazilian infrastructure.

Standardization of operations and processes

During the year, Arteris invested in adopting systems to standardize and better take advantage of synergies between toll roads. Important projects stood out for this purpose, including the revision and modernization of the toll collection system. Named the Cruzeiro do Sul Project, its purpose is to replace the equipment and toll collection system of all federal toll roads, in order to streamline toll plaza operations, with better quality and more efficient service to users. Information from toll plazas is automatically and electronically transferred to financial management systems, without the need for manual input from employees, nor the reprocessing of information in different systems. By the end of 2017, the pilot project was implemented at the Planalto Sul toll road, and will gradually be extended to other concessions.



GEOVANA WOLF
Controller of the Remote Collection Center (CCA) at Planalto Sul

In the toll plazas, Geovana is responsible for the remote operation processes, collection control, and traffic flow. She also controls human, technical, and operational resources, and monitors and records occurrences.

Two other projects included standardizing the software and the respective modules of the Operations Control Center (CCO) management system and the use of a single tool for the Maintenance Planning and Control (PCM) process of the equipment and machines in the toll roads. In general, both provide gains to the processes related to these areas and to controlling and sharing the information that guides the teams when providing services. Subsequently, the data will increase the historical database, so that Arteris has an overall view of its toll roads, which will allow for integrated and more efficient actions.

An important improvement was also the adoption of the matrix structure linked to processes, which allows for greater synergy between the teams involved. With this, a logic was adopted for initial evaluation of the business, strategy development, creation of processes to support the strategy and, finally, the positions and professionals that best fit into this structure. The consolidation of this matrix vision included two relevant projects. One of them was Inova Co-Operation, an integrated look by the administration based on identified opportunities for improvement. In this sense, the structure and areas of Engineering, Works, Conservation, and Technology were reviewed based on the design of the specific processes developed and the systems used in the activities. The second initiative was the implementation of a Solutions Center, in Ribeirão Preto (SP). The successful initiative included the toll roads administrative sector, with synergy, greater efficiency, and cost reduction.

Knowledge management > GRI 404-2 <

In order to develop its employees and the business itself, the company has a corporate education university, Arteris University. The goal is to develop key knowledge for Arteris, aiming at qualifying employees through a continuous learning space, based on open and candid dialogue, as well as sharing experiences, making learning simple, autonomous, participatory, and integrated into the everyday life of the company and its strategic pillars.

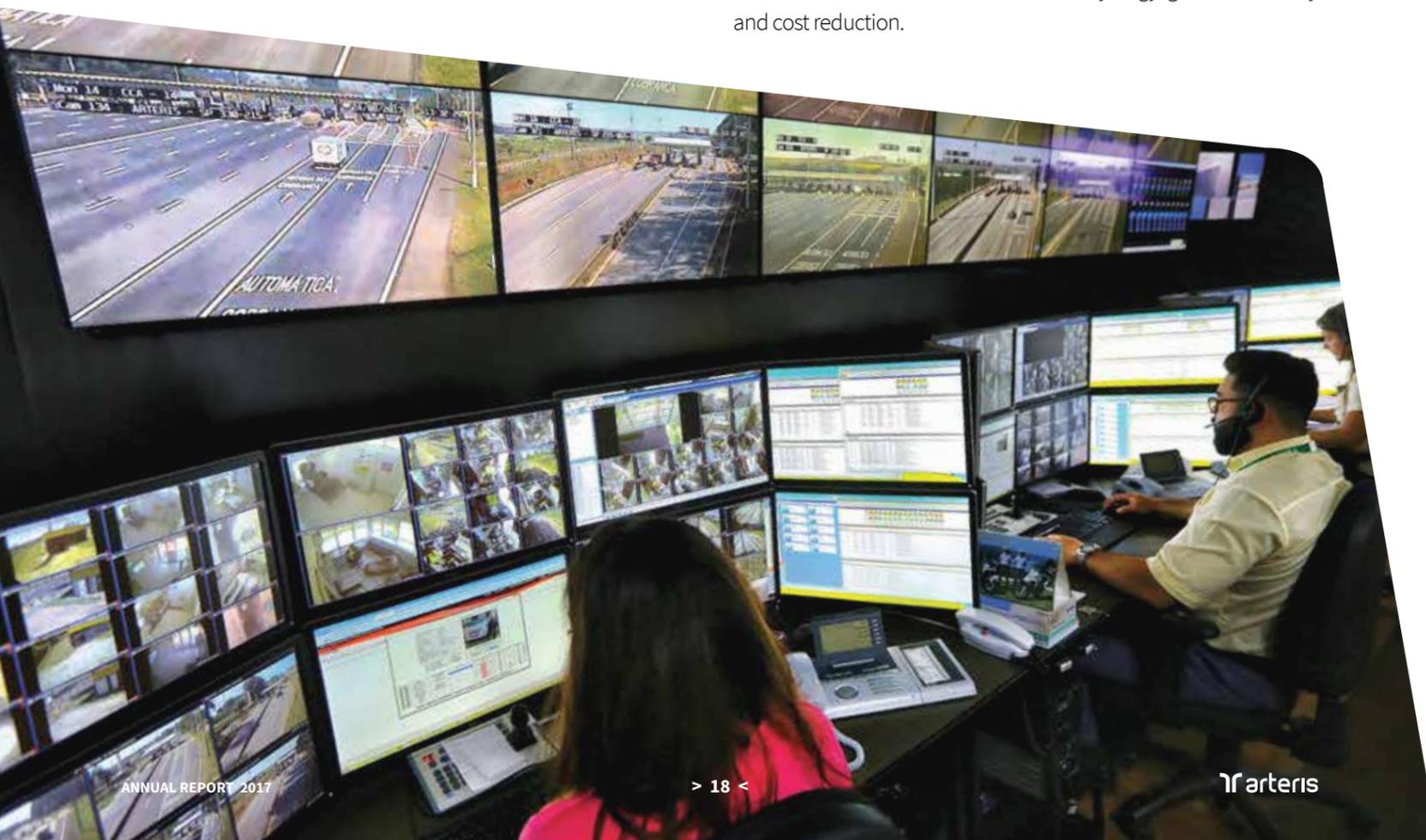
In 2017, linked to valuing the collective contribution to learning, Arteris University expanded its curriculum and launched Arteris Online University and Arteris Operations University. The first is to include and develop an increasing number of qualified employees with knowledge of the company's business, through online education tools. This year, 31 courses were made available and 92% of employees are active on the platform.

In turn, the purpose of Arteris Operations University is to align the relevant technical knowledge for the success of the company's strategy. Its focus is on operations processes, working with the Toll Collection and Traffic staff through internal multipliers. The basic training curriculum covers, among other topics, responding to occurrences, procedures for dealing with occurrences involving hazardous products on the roads, and how to act in case of fire, as well as emergency response drills. At the end of 2017, Arteris Operations University included 80 content subjects and eight classroom programs, and 60% of eligible employees attended at least one course.

With a specific training schedule for these processes, Arteris Operations University developed 54 content subjects, trained over 90 internal multipliers, and, since its launch in July 2017, trained 60% of eligible employees.

In total, in the year, within the scope of the Arteris University alone, more than 44,000 training hours were offered to over 4,000 professionals. In all, in 2017, the Arteris Group provided more than 157,000 training hours to 100% of the company employees. **> GRI 404-1 <**

In order to improve the sector, the company also invests resources within the scope of the Technological Development Resource (RDT), provided for in the agreements between the toll roads Arteris Litoral Sul, Arteris Fernão Dias, and Arteris Régis Bittencourt and the National Land Transport Agency (ANTT). In 2017, a total of BRL 4.1 million was allocated and, since the beginning of the agreements, 20 projects have been completed. For the coming year, the amount allocated under the RDT will be 37% higher, with BRL 1.5 million referring to the inclusion of Planalto Sul and Fluminense in the program.



Arteris has been recognized for promoting road safety and workplace safety to its employees through to several policies implemented by the company.

Safety



ZERO

FATALITY RELATED TO THE WORK OF COMPANY EMPLOYEES AND CONTRACTORS

AVERAGE REDUCTION OF

12%

IN THE NUMBER OF HIGHWAY ACCIDENTS AND OF 36% IN HIGHWAY FATALITIES SINCE 2010

Arteris follows the guidelines of its parent companies, and commits to complying with legislation in order to promote road and employee safety, reflected in the Corporate Safety Policy. The document guides the technical standards and expected behavior of all teams. In addition, based on corporate standards, each toll road has in place actions and plans to eliminate accidents.

WORKPLACE SAFETY

Workplace safety is Arteris's primary commitment, and the company works to consolidate a prevention culture and invests in training and new technologies for the safe work of company employees and contractors. Investments in the topic are continuous and, in 2017, allowed the company to achieve the zero fatality rate among company employees and contractors.

There was also a 21% reduction in the lost time injury frequency, comparable with the best safety standards. In 2017, the company recorded 3.9 accidents per million hours worked. During the year, over 220 active safety management inspections were carried out in the company's works and services, with the presence of directors, and an external audit was conducted by experts with global experience. The safety instructions for 13 critical tasks on highways were revised, specifically targeting professionals for safe operations, supported by training sessions, which will feature virtual reality technology in 2018. > GRI 403-2 <

As a result of all of the company's initiatives, work was done to raise awareness of the team to encourage shared responsibility among all stakeholders, to make work environments safer and healthier. To monitor this evolution, a proactive goal was adopted to reduce the risk of work-related accidents.

All employees are trained in workplace safety - over 80,000 training hours were provided this year - and are represented in the Internal Accident Prevention Commissions (CIPAS), which define plans for improvement and organize the Internal Integrated Work Accident Prevention Week (SIIPAT). An annual event, SIIPAT promotes activities to prevent accidents and educates participants on issues related to health and well-being. Maintenance and works on the highways also rely on technology for safety: the use of "robotic flagmen," which replace humans, responsible for signaling the drivers in advance about roadworks, services, or accidents ahead; and cone-dispensing vehicles, which automatically place the cones used for temporary highway signaling. > GRI 403-1 <

ROAD SAFETY > GRI 203-1, 416-1 <

The nature of Arteris's activities, which include investment in highway improvements, maintenance, and expansion, allow for an increasingly modern and safe infrastructure. At the same time, the company has established partnerships with transportation agents, highway police, and regulatory agencies to promote traffic safety, with special emphasis on operations with the Highway Police of the State of São Paulo and the Federal Highway Police.



FLAVIO CASTRO
Workplace Safety
Coordinator at the
Florianópolis Beltway

Under the leadership of this employee, the mark of 1 million man-hours worked without lost-time accidents was reached at the worksite of the Florianópolis Beltway.



David Díaz
Arteris

To this end, Arteris has joined the United Nations (UN) Decade of Action for Road Safety 2011-2020 to prevent traffic accidents - the third leading cause of death in the 30-44 age bracket in the world. Brazil is the fifth among the countries with the highest number of traffic-related deaths. To this end, the company has set the goal of cutting in half the number of fatalities on its concessions, considering the period between 2010 and 2020.

In 2017, in line with this commitment and with the Abertis Road Safety Program, Arteris conducted a Highway Behavior Observation survey using the same methodology adopted in all countries where Abertis has operations. In addition, road safety audits were initiated in all concessions. Conducted by an international organization and in progress in 2018, the audits aim to classify the level of safety of Arteris roads in order to propose actions for improvement. Another important initiative to increase user safety was the partnership with Waze CCP (see page 60).

The company maintains the Accident Reduction Strategic Group (GERAR), formed by a multidisciplinary team and strengthened each year. The goal is for safety to be the focus of everyday management and for accountability of this issue to be shared by all internally. Thus, programs and plans are developed to reduce to zero the number of work-related

accidents, road accidents and fatalities. Each toll road has a local GERAR group, and the initiatives are shared and discussed in order to collaboratively solve problems and replicate the best initiatives.

On specific dates, Arteris also carries out campaigns for traffic safety awareness. In September 2017, the company promoted the Arteris Traffic Awareness Month with 64 actions involving the community and users in the cities of São Paulo, Rio de Janeiro, Paraná, Santa Catarina, and Minas Gerais. Indirectly, over 57,000 people were impacted.

The 4th edition of the Arteris Safety Forum - which included representatives from companies, government agencies, highway police, regulatory agencies, universities, civil society organizations, and transport sector experts - sought innovative solutions for the concrete development of actions to achieve zero-accident rate on highways. To this end, both domestic and international initiatives and technologies focusing on preserving life on highways were highlighted.

The proposal of initiatives in the field of road safety is still based on empirical data. In 2017, between June and July, Arteris conducted a survey on observation and behavior of users. Over 2,500 people were involved in the studies, which collaborated to define strategies to increase traffic safety.

The company also participates in the São Paulo Traffic Safety Movement, a task force created by the government of the State of São Paulo in 2015 with municipalities and state agencies, such as DETRAN and the Department of Public Safety, through which it shares its management and operation models on this topic, helping to improve the sector in Brazil. Arteris is the only group of highway toll roads that contributes to the development of this project.

With investments in the concessions and several initiatives undertaken, average reductions of 12% in the number of accidents and 36% in fatalities have been recorded since 2010. The highlights of the period were in the Fluminense toll roads - with 60% reduction in the number of fatalities after completion of the work to widen and illuminate stretches of the roads, and improve signage in areas for overtaking -, Planalto Sul, also 60%, and Régis Bittencourt, reduced by over 57%. These three of the ten toll roads have already met the goal of 50% reduction in the number of fatalities.



ARTERIS FLUMINENSE, ARTERIS RÉGIS BITTENCOURT AND ARTERIS PLANALTO SUL HAVE ALREADY EXCEED THE GOAL TO

REDUCE BY 50% THE NUMBER OF FATALITIES ON THE ROADS



EDILSON QUEIROZ
Operations Analyst and member of GERAR at Arteris Fluminense

The analyst is a reference in Operations at Arteris and works on major projects, such as installing new equipment at the CCO and weigh stations, and is a member of the GERAR at Fluminense.



GEORGE MOLINA
CCO Operator at
Arteris Intervias

Working for the concession since 2015, George is proud to work "at the heart of the toll road." For him, assisting the operation of the CCO is a constant challenge, since close attention is required to provide all support needed for different occurrences when serving users. "Responsibility and attention are essential for the different scenarios we encounter every day," he says.

Innovation

Innovation and operational excellence are part of Arteris's strategy for pursuing operational excellence. As an example, in 2017 the service teams began using mobile devices installed in service vehicles integrated with the CCO. With the technology, professionals involved in user service may receive and send relevant information, streamlining the operation and service on the highway.

The use of a dynamic reflectometer to measure reflectivity of highway markings was also a highlight. With this innovation, it is possible to navigate, read, and map the information from a whole stretch with GPS precision, verifying whether or not the reflectivity of the lanes, essential for highway safety, is at the required levels.

Arteris also installed for the first time rumble strips on Intervias, Régis Bittencourt, and Fernão Dias. This is a set of grooves on the lane, installed to cause noise and vibration in a vehicle, thus alerting drivers that they have repeatedly crossed over into another lane.

Growth

A milestone of the year was winning, at an auction, the Rodovias dos Calçados (Itaporanga-Franca), a 720-kilometer stretch in the State of São Paulo, which crosses 35 municipalities in the regions of Franca, Batatais, Ribeirão Preto, Araraquara, São Carlos, Jaú, Barra Bonita, and Itaí. This victory strengthens the leadership position of the company, which holds approximately 3,700 kilometers of highways to be managed in the Southern and Southeastern regions of the country.

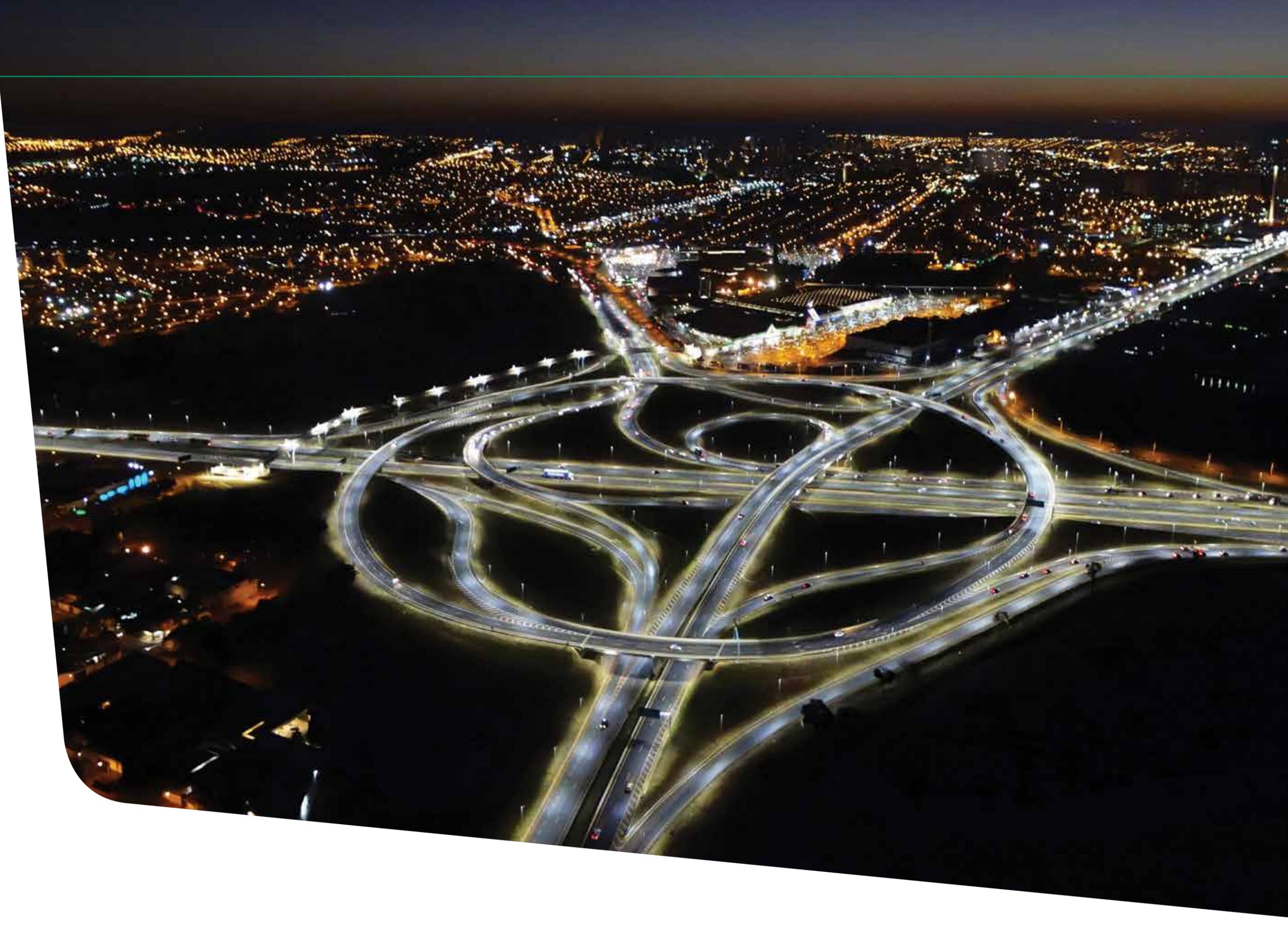
The new section includes the 317 kilometers currently managed by Autovias, the Group's toll road which, since 1998, has been operating in Ribeirão Preto and surrounding region, as well as another 403 kilometers directly managed by the state government. Investments of nearly BRL 5 billion are planned for over 30 years.



**Total
3,700
KILOMETERS
MANAGED
BY ARTERIS**

CORPORATE GOVERNANCE

Arteris has in place practices focused on transparency and ethics in relationships and, in 2017, enhanced its Integrity Program and reinforced guidelines for relationships with granting authorities and regulatory bodies within the framework of the Anti-Corruption Policy.



Committed to the constant advancement of processes and tools that guarantee an ethical, transparent, and legally compliant work environment, Arteris consolidated compliance practices by enhanced the Integrity Program in 2017.

Integrity management

> GRI 205-2, 412-2 <



4,837
EMPLOYEES
TRAINED ON THE
CODE OF ETHICS

3

NEW COMPLIANCE
POLICIES ADOPTED
DURING THE YEAR

The objective was to strengthen, even more, integrity culture and compliance practices in the company's daily life.

A comprehensive awareness campaign was conducted throughout the year with periodic and planned interventions. Thus, at each stage, videos were made available on the intranet, along with online training related to the topic covered and content at Arteris University.

In order to strengthen the engagement of the company's leadership in the topic, leaders and directors were the first to receive in-person training, with subsequent replication for the other professionals. In the year, 16 training sessions of 3 hours each were given to the managers of all Arteris companies, so that they could disseminate the topic to their teams.

There was also the launch of mandatory online training on the Code of Ethical Conduct, which must be completed by all Group employees. By December 2017, a total of 4,837 employees had completed the training.

The topics covered in these courses refer to items in the Code of Ethical Conduct, in force in the company since 2013 and revised in the previous year. In 2017, the document was printed and distributed to all employees in order to guide behavior standards to be adopted when conducting activities and when relating with external audiences. < GRI 102-16 >

The year was also marked by the approval of corporate documents related to the Arteris Integrity Program (see table). As the next steps, training will be provided to clarify these rules, since there will be federal and state elections.



NEW COMPLIANCE POLICIES

< GRI 205-2 >

- Compliance Standard
- Anti-corruption policy
- Standard for Prizes, Gifts and Hospitalitys



CONFIDENTIAL CHANNEL < GRI 102-17 >

0800 721 0741
arteris@canalconfidencial.com.br
www.canalconfidencial.com.br/arteris

Through the Confidential Channel, employees - as well as third parties, partners, suppliers, and users - may register concerns regarding attitudes that may violate the Code of Ethical Conduct, the other Arteris internal rules, and legislation. Throughout the year, the internal campaigns provided guidance on the correct use of the tool and information on total confidentiality in receiving and handling reports.

The reports are consolidated by an independent company, guaranteeing the anonymity of the complainant, and forwarded to the Internal Compliance Committee, in support of the Executive Board. The group meets monthly to assess the reports formalized. < GRI 102-33 >

The company has in place practices focused on transparency and ethics in the relationships and, in 2017, reinforced, within the framework of the Anti-Corruption Policy, the guidelines for relationships with granting authorities and regulatory bodies, in order to avoid undue advantages (gifts, hospitality, facilitation, among others) and systematize procedures for recording all contacts with the government. < GRI 205-1 >

> The state concessions are regulated and supervised by the Regulatory Agency of Delegated Public Transport Services of the State of São Paulo (ARTESP) and the federal concessions, by the National Land Transport Agency (ANTT).

Relationship with regulatory bodies

The company actively participates in sector debates. It is a member of the Brazilian Association of Highway Concessionaires (ABCR) and of the Brazilian Association of Infrastructure and Heavy Industries (ABDIB), and is also the only company in the segment that participates in the São Paulo Traffic Safety Movement, an initiative of the Government of State of São Paulo. **< GRI 102-13 >**

This close relationship allowed Arteris to incorporate into Fluminense the Barreto Manilha's third lane project, in 2017, eliminating of one of the causes of traffic congestion in the region. It also included funds for developing executive projects for roadworks included in the former Investment Partnerships Program (PPI), currently called "Avançar," ensuring the implementation of projects essential for growth of industrial production and increased traffic safety in Brazil. Another highlight was the inclusion of project totals for building the tunnels of the Florianópolis Beltway, making it possible to rebalance this important project that will represent the operational improvement of one of the most congested areas in the region, caused by urban traffic.

Governance structure

> GRI 102-18 <

In 2017, the company strengthened its governance structure by formalizing four statutory committees - Investments and Rebalancing; Mergers and Acquisitions; Finance; Audit and Compliance -, formed as provided in the Bylaws.

Composed of representatives from the Executive Board and shareholders, these committees convene prior the meetings of the Board of Directors in order to recommend topics for discussion.

GENERAL ASSEMBLY

- Makes resolutions it deems appropriate to defend and develop the company; elects and dismisses the members of the Board of Directors; establishes the remuneration of directors and board members; among other duties. **< GRI 102-24 >**
- Convenes ordinarily once a year, and extraordinarily whenever summoned.
- Chaired by a shareholder chosen by the attendees, who chooses a secretary to assist.
- Each common share is entitled to one vote in deliberations.

BOARD OF DIRECTORS **< GRI 102-19 >**

- Establishes the general direction of the business, approving guidelines, policies, and objectives for the main areas of activity; approves the annual work plans and budgets, the investment plans and the company's new expansion programs; elects, supervises, and dismisses members of the Board; among other duties. **< GRI 102-20 >**
- Comprised of a minimum of five and a maximum of eleven members - all with a unified term of two years, reelection permitted.
- Convenes quarterly or whenever summoned by the Chairperson or by the majority of its members. **< GRI 102-32 >**
- Advised by four committees: Investments and Rebalancing; Mergers and Acquisitions; Finance; and Audit and Compliance.
- Decisions depend on the affirmative vote of at least 75% of the directors.
- The Chairperson of the Board may not simultaneously hold the position of Chief Executive Officer or main executive of the company. **< GRI 102-23 >**

EXECUTIVE BOARD

- Leads the development of the corporate strategy, coordinating planning processes; ensures the execution of deliberations of the General Assembly and of the Board of Directors; among other duties.
- Comprised of a minimum of two and a maximum of seven members - all with a one-year term, reelection permitted.
- Convenes whenever summoned by any of the directors.

FISCAL COUNCIL

- Non-permanent body, whose installation and responsibilities comply with Brazilian Corporation Law (Law n°. 6,404/76).
- Comprised of three full members and an equal number of alternates, with a one-year term.

> All responsibilities and composition of the Board of Directors, the Fiscal Council, and the Executive Board are described on the Investor Relations website (ri.arteris.com.br) and in the Company's Bylaws (also on the website).



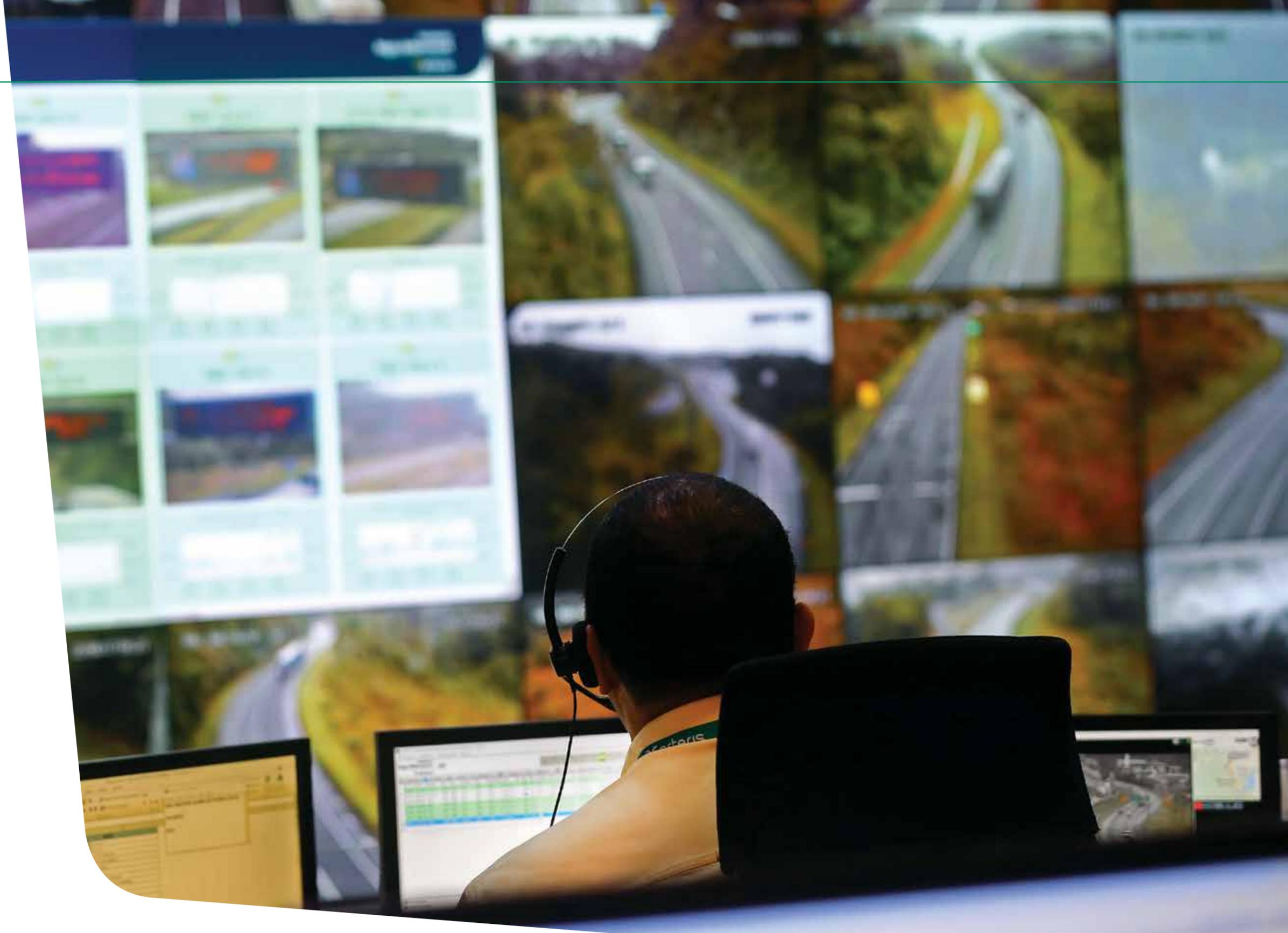
OPERATIONAL EXCELLENCE

Arteris invests focusing on standardizing procedures, increasing operational efficiency, and taking advantage of synergies, positioning itself as a relevant agent for the sustainable development of the Brazilian road infrastructure.



BRL 2.2billion

**INVESTED DURING
THE YEAR IN MODERNIZATION
AND MAINTENANCE OF
THE ROAD NETWORK**



Main investments

> GRI 203-1 <



30.5km

COMPLETED OF THE SECOND ROADWAY OF SERRA DO CAFEZAL (BR-116)

Arteris invested BRL 2.2 billion in 2017 in the modernization and maintenance of its road network. The amount, 15.8% higher than that of 2016 (BRL 1.9 billion), demonstrates the company's commitment to promoting advances in Brazilian road infrastructure.

One of the highlights in this sense is the completion of the works on the second roadway of the Serra do Cafezal, on highway Régis Bittencourt (BR-116). A total of 30.5 kilometers connect the municipalities of Jucituba (SP) to Miracatu (SP). The widening also includes the delivery of 39 bridges and viaducts, as well as four modern tunnels, with a modern automation and safety system.

The works required an investment of BRL 1.3 billion, from resources contributed by shareholders - Abertis and Brookfield - and from long-term lines of financing from the National Bank for Economic and Social Development (BNDES).

With the widening, Régis Bittencourt, the main logistics hub between the Southern and Southeastern regions of Brazil, has become the main corridor for the entry and exit of goods in the country and Mercosul. Every day, an average of 127,000 vehicles travel through the six toll plazas on the highway, 60% of them trucks.

In addition, the highway becomes a new option for access to points of interest and tourist destinations in municipalities in the Vale do Ribeira region and the coastal cities in the states of São Paulo, Paraná, and Santa Catarina, stimulating the increase of vehicle flow, and consequently, the social and economic development of these locations.

One of the main benefits of widening Serra do Cafezal is to provide greater road safety to users. On Régis Bittencourt, from 2010 to 2016, as a result of investments in safety devices and increase in road capacity and user education and awareness programs, the number of fatalities was reduced by over 50%. Specifically in the section of Serra do Cafezal, where there are more winding roads, there was a 26.5% reduction in the overall percentage of accidents and a 47% drop in fatalities in the same period. In line with international best practices, Arteris and its shareholders included in the expansion work an emergency tunnel for pedestrians. The goal was to offer users greater safety with an escape route in case of accidents.

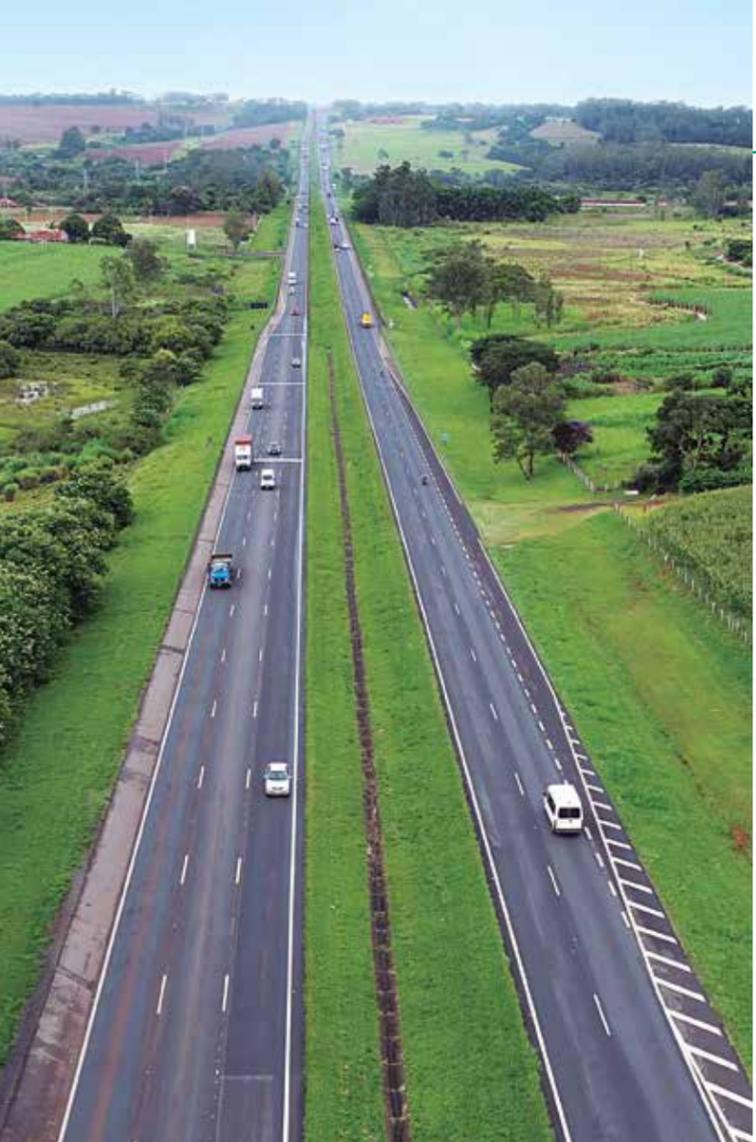
The backstage action of the works were recorded in the documentary "Mundo Inovação - Engenharia Verde," (Innovation World - Green Engineering) produced in partnership with Discovery Networks Brazil. The cameras showed the work of the teams - formed by multidisciplinary bodies, with engineers, geologists, and biologists, among other professionals - who were in charge of planning and developing the project.

> To watch, visit <https://youtu.be/LnUkEF5vijA>.



SEIGI ODA
Technical Adviser at
Arteris Régis Bittencourt

Arteris Régis Bittencourt Technical Adviser on the Arteris Régis Bittencourt since 2011, Oda has monitored the entire widening process of the Serra do Cafezal, responsible for the whole administrative area and acting directly on projects and execution of the works.



Performance of the toll roads

AUTOVIAS

Beginning in March 2016, the widening of the SP-345 Highway between Itirapuã (SP) and Patrocínio Paulista (SP) was completed in October 2017, in a 9.5-km stretch that includes three interchanges and a bridge over the Sapucazinho River. In addition, other completions highlighted the toll road for the year, including the widening of 2.1 kilometer of the Engenheiro Thales de Lorena Peixoto Júnior Highway (SP-318), in São Carlos (SP), with investments of BRL 32.8 million; the widening of 9.5 kilometers of the Engenheiro Ronan Rocha Highway (SP-345), connecting Itirapuã (SP) to Patrocínio Paulista (SP), a project that received an investment of BRL 81.3 million.

CENTROVIAS

In 2016, the implementation of devices and frontage roads in the region of the junction between SP-310 and SP-225 was initiated, aiming to provide access to the industrial district of Itapira, including the construction of 7 kilometers of frontage roads, 6 kilometers of bike lanes, and walkways for pedestrians, a footbridge, a grade separation return, and lighting.

FERNÃO DIAS

After its completion, in 2013, the Betim Beltway (MG), an 8.1-km stretch that allowed for the creation of an alternative for long-distance road traffic by the municipality, the toll road met the schedule of its main contracted works. However, other improvements have also been carried out on the highway, such as the completion of the grade separation return, at km 506.6, in the municipality of São Joaquim de Bicas (MG), and the construction of two footbridges.

In 2017, the Fernão Dias highway received investments in safety initiatives to reduce work accidents with company employees and contractors, and on the highway itself. In 2016, there were 22 accidents with lost time and five without lost time. In 2017, the figures were 11 and 3 respectively, a total reduction of 52%.

Maintenance of road surface was also prioritized in 2017, in order to maintain the quality and integrity of the roadway, to avoid accidents and reduce the number of complaints in the Ombudsman's Office, and consequent reimbursements.

The toll road has also been developing projects for works not foreseen under contract, envisioning better safety and traffic conditions, such as: design correction, implementation of additional lanes and grade separation returns along the highway, among others.





FLUMINENSE

During the year, the toll road maintained the intense schedule of the works to widen Highway BR 101/RJ, between the municipalities of Rio Bonito and Campos dos Goytacazes, started in the third quarter of 2011 after obtaining the Installation License from the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA). The work includes widening 176.6 kilometers, of which 121.6 were completed in 2017. Of the remaining 55 kilometers, 4.7 are under construction and 50.3 await environmental clearance. Other improvements were made on the highway. In June 2017, two new fixed scales began operations. During the course of the period, work was also carried out to complete the design correction from km 84.6 to km 93.6, and build nine footbridges and four grade separation interchanges.



INTERVIAS

In 2017, after having complete the implementation of 5 km of the second phase of the Mogi Mirim Beltway (SP), and widening SP-147, km 64.8 to km 85.7, which is 20.9 kilometers between Mogi Mirim and Engenheiro Coelho (SP), Intervias began widening the SP-147 highway, in the municipalities of Limeira (SP) and Engenheiro Coelho (SP). Stretching 15 kilometers, the work includes five grade separation interchanges, all in progress. Also during the year, the frontage roads and the grade separation interchange on highway SP-147, at km 46.25, both East and West, in the municipality of Itapira (SP), were completed.

LITORAL SUL

The Florianópolis Beltway, one of the most important projects for the region, began in May 2014, shortly after IBAMA issued the Installation License for a stretch of 14 kilometers. Subsequently, in May 2015, the rectifying Environmental License was issued, covering a total extension of 47 kilometers. Currently, the toll road is working on 34 kilometers of construction on the Northern and Intermediate stretches, which include four grade separation interchanges - at km 204.2, in progress, and km 215.38, completed - and 13 underpasses, of which six are in progress and three completed.

In 2017, the toll road also finished building two bridges over the Miringuava River (km 618) on the north and south frontage roads of BR-376, in São José dos Pinhais (PR); a bridge over the Bela Cruz River on the north frontage road of BR-101 (km 147.2), in Itapema (SC), and three grade separation interchanges in the cities of Joinville (SC - km 51, BR-101), Tijucas do Sul (PR - km 648.3, BR-376), and Guaratuba (PR - km 663.2).

An important achievement on Litoral Sul was the reduction of 2.5% in the number of accidents compared with the previous year, with 7.8% fewer fatalities and a 2% decrease in the number of people injured, despite a 5.23% growth in traffic. As a result, the National Transportation Confederation (CNT) recognized the stretch as the second best in the country's highways segment (ranked among the top 20 considering state highways as well). BR 101, in the section between Garuva and Palhoça, in Santa Catarina, also received the title of best highway in the state in an awarding event promoted by Grupo RIC de Comunicação.





PLANALTO SUL

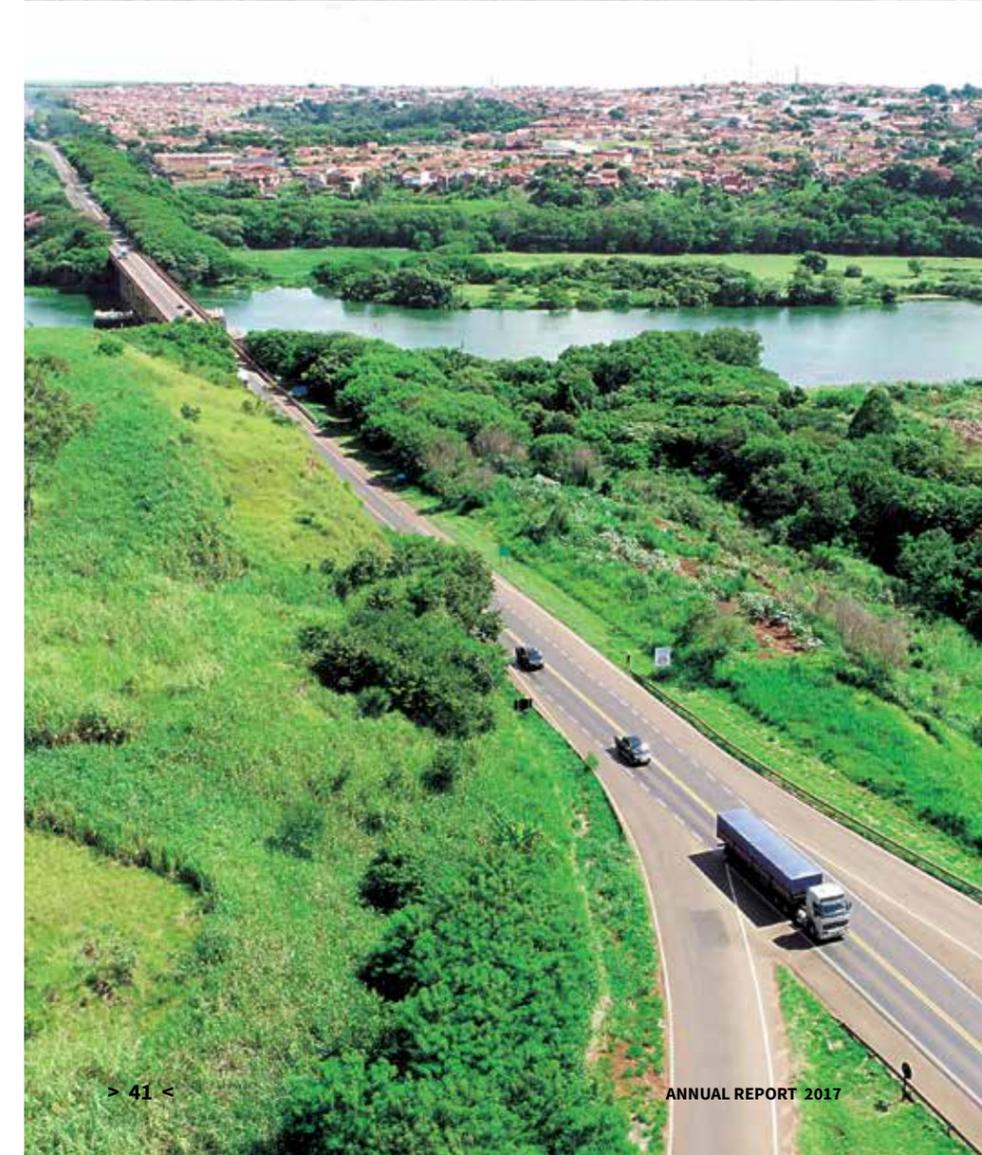
The main work on the toll road was widening 25.4 kilometers of BR-116/PR, between Curitiba (PR) and Mandirituba (PR), which was completed in December 2017. During the year, the auxiliary roadway to interconnect the highway with the Curitiba Beltway East was built, plus 2.4 kilometers of an additional lane in Monte Castelo (SC) and Mafra (SC), and two grade separation interchanges at km 4.5, in Mafra, and km 138.8 in Mandirituba (PR). In Monte Castelo, Arteris is working on containment project in Serra do Espigão, on BR 116. The project is the largest ongoing containment work in Southern Brazil and offers advanced engineering solutions, with high resistance mesh starting at a height of 90 meters. Beginning in January 2017, the works are being conducted at 26 points, in which technical solutions developed include resloping, containment using soil nail walls, and application of anchored mesh - 13 points have already been completed. After mapping the critical points in the region, the toll road identified areas with a greater propensity for landslides and falling blocks. The gains obtained after completing the works include greater user safety for local traffic, since the works are aimed at keeping large blocks from falling. A total of BRL 95 million was invested in 2017.

RÉGIS BITTENCOURT

In addition to widening BR-116/SP, improvements have been made to the highway, such as completing the grade separation interchange at km 297.6 in the city of Itapeceira da Serra (SP), and six footbridges over divided highways.

VIAPAULISTA

Just 30 days after signing the concession agreement for the Rodovias dos Calçados, ViaPaulista began important interventions on the highways. The beginning of the project already includes implementing a complete operating system to support users, with first aid care and towing and traffic inspection services. Throughout 2017, a total of BRL 25.5 million was invested, of which BRL 12.5 was invested in the Initial Intensive Program (PII), which includes emergency work on the lanes and signage, and on highway's right of way, in order to adapt the stretch to the parameters of the Road Concessions Program of the State of São Paulo. All PII works will be completed by November 2018, when the toll road may start toll collection and, from there, continue the remaining stretches that are also under the concession of Autovias.





RICARDO GERAB
Operations Manager
at Arteris ViaPaulista

Ricardo actively participated in studies on Rodovias dos Calçados. He is responsible for heading the user service team, in order to guarantee traffic flow and safety.

New Investments

Under the Federal Government's Investment Partnership Program (PPI), Arteris is studying projects to be approved by the National Land Transport Agency (ANTT), among which are:

78.8 km

NON-CONSECUTIVE WIDENING OF BR-116 IN PARANÁ AND SANTA CATARINA BY ARTERIS PLANALTO SUL

23 km

OF ADDITIONAL LANES EACH DIRECTION ON BR-101/RJ BETWEEN NITERÓI AND ITABORAÍ BY ARTERIS FLUMINENSE

92 km

OF A THIRD LANE ON ARTERIS FERNÃO DIAS



VARIOUS PROJECTS TO BROADEN CAPACITY ON THE HIGHWAYS MANAGED BY ARTERIS LITORAL SUL, AMONG WHICH ARE INTERCHANGES, BRIDGES, EXITS, AND ADDITIONAL LANES.

In addition, resources are being provided for:

- **ViaPaulista:** At the beginning of the works, work fronts to recover pavement are already in full activity. Over 6,000 meters of fences, 2,000 meters of gutters, and 728 meters of metal guard rails will also be installed, reinforcing Arteris's focus on the safety of users and communities near the highway.
- **Vianorte:** The first actions included flexible pavement intervention on highway SP-330 - from km 318.5 to km 449.73 - and maintenance of flexible pavement on stretches under concession; recovery of rigid pavement at toll plazas; implementation of safety features such as metal guard rails, energy absorbers, energy-absorbing terminals, transitional defense kits; horizontal signage (painting and reflectors), implementation of signs and recovery of Highway Infrastructure; and maintenance of planting in reforestation areas.

FIVE-YEAR REVIEW

Through the second five-year review, Arteris proposed several projects to improve road operations. The funding process, with the aim of going public and obtaining contributions from society on the process, ended on April 8, 2018. After this date, the agency will analyze the requests, commissioning from the toll road studies and complementary projects. Some of the main projects proposed by Arteris (there were about 170 projects presented by the company) were:

PLANALTO SUL: widening segments, including Serra do Espigão; improvements of access to municipalities; and design correction.

FLUMINENSE: additional lane Barreto Manilha, grade separation structures, and footbridges.

FERNÃO DIAS: third lanes, grade separation returns, and design correction.

RÉGIS BITTENCOURT: new Curitiba Beltway North and design correction projects.

LITORAL SUL: capacity expansion in the Greater Florianópolis, grade separation returns, frontage roads, design correction, and additional lanes.

ECONOMIC AND FINANCIAL PERFORMANCE

The financial results achieved by Arteris in 2017 follow the gradual recovery of the Brazilian economy and the company's growth in the period.



BRL 4.7

BILLION GROSS REVENUE

BRL 246.9

MILLION NET INCOME



The positive scenario of the year 2017, with a recovered economy, contributed to improving the industry's and the consumer's trust.

Sectorial Context



1%

**GROWTH IN
HOUSEHOLD
CONSUMPTION**

Household consumption grew 1% during the year compared with 2016, after two consecutive years of decline (-4.3% in 2016 and -3.2% in 2015). According to the Brazilian Institute of Geography and Statistics (IBGE), this is due to the drop in inflation, which ended the year at 2.95%, below the government target; and in the interest rate, whose base rate of the Special Settlement and Custody System (SELIC) reached 6.75%, the lowest historical rate since adopting the inflation targeting regime in 1999.

Also, the trade balance recorded the best result in 29 years (surplus of USD 67 billion). Industrial production ended 2017 with a high of 2.5%, highlighting the important contribution of vehicles (which accumulated a 17.2% increase, providing a 1.7 p.p. impact on the total index).



2.1%

**INCREASE IN THE
FLOW OF VEHICLES
ON TOLLED ROADS**

As a result, the sector recorded an increase in the traffic flow of vehicles on tolled roads, as measured by the Brazilian Association of Highway Concessionaires (ABCR) and Tendências Consultoria Integrada. During the period between February 2017 and January 2018, the total flow indicator accumulated growth of 2.1%, reflecting the aggregate increase in the rates for light and heavy vehicles, which varied 2.2% and 1.8%, respectively.

Tolled traffic and average fare

In line with the sector's performance, the total volume of the company's tolled traffic in 2017 was 670.7 million of vehicle-equivalents, 2.9% more than in 2016. Average Daily Intensity (IMD) increased 3.2%.

The average consolidated fare practiced by Arteris at its toll plazas was BRL 4.36, an increase of 9.1% compared with the average fare in 2016. The readjustments follow the contractual provisions in state and federal concessions.

> *Measurement used to add up traffic for light and heavy vehicles. Each light vehicle corresponds to one equivalent; in heavy vehicles, the measurement considers number of axles.



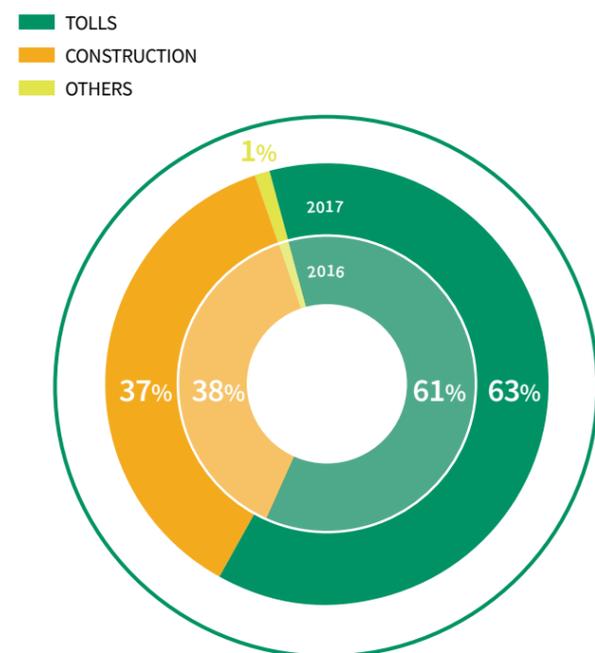
DEUSAIRIS RODRIGUES
Toll operator
at Arteris Vianorte

Deusairis is an employee who works in the tollbooths on Arteris Vianorte, contributing to maintaining a qualified relationship with users.

Gross revenue from services

Gross revenue was BRL 4.7 billion for the year, an increase of 8.8% over the previous year. The result was mainly driven by toll revenues, which increased by 12.3% due to the gradual recovery of the economy, reflected in traffic increases; and fare readjustments, which were above inflation in federal concessions due to rebalancing, basically, by additional investments.

BREAKDOWN OF GROSS REVENUE FROM SERVICES



Operating costs and expenses

Costs and expenses totaled BRL 3.6 billion, a total of 16.6% more than the previous year. The variation refers mainly to non-cash costs, such as depreciation and amortization, which increased by 28.1% compared with 2016.

Cash costs totaled BRL 926.1 million, an increase of 40.6% in the same comparison, due to the effect of the disposal of Serviços e Tecnologia de Pagamentos S.A. (STP) in 2016, when it was recorded as a positive entry in the cost line. This also reflects the reversal of expenses with the National Social Security Institute (INSS) and the start of ViaPaulista operations.

Disregarding these effects, cash costs would increase by 5.3%, and total costs, by 8.9%.

EBITDA and Adjusted EBITDA

EBITDA AND ADJUSTED EBITDA (IN THOUSANDS OF REAIS)

	2017	2016	Variation (%)
Net operating revenue	4,406,011	4,052,399	8.7
Costs and expenses (excluding depreciation and amortization)	(2,854,475)	(2,507,691)	13.8
EBITDA	1,551,536	1,544,708	0.4
EBITDA margin ¹ (%)	57.4	64.2	(6.8 p.p.)
(+) Provision for highway maintenance	224,654	203,961	10.1
Adjusted EBITDA	1,776,190	1,748,669	1.6
Adjusted EBITDA Margin (%)	65.7	72.6	(6.9 p.p.)

1. EBITDA Margin considers net operating revenue, less revenue from construction.

The operating result was BRL 1.6 billion, an increase of 0.4% compared with 2016, even taking into account the disposal of STP. Excluding this effect, EBITDA would have increased 14.3%, and Adjusted EBITDA, 13.8%, in the same comparison.

Financial result

At the end of 2017, the company recorded a negative financial result of BRL 385.3 million, an improvement of 30.9% compared with 2016, when it recorded a negative result of BRL 557.4 million.

The result reflects a reduction of BRL 273.5 million in financial expenses between 2016 and 2017 - mainly explained by the management of financial liabilities, supported in large part by capital contributions made by shareholders in the amount of BRL 1.8 billion -, combined with lower financial revenue (BRL 35.7 million) in the same comparison, mainly due to the drop in interest rates that remunerate financial investments (pegged to CDI).

Net Income

Consolidated net income was BRL 246.9 million, a reduction of 4.9% when compared with the previous year, when the effect of the disposal of STP was recorded. If this effect were disregarded, the variation for the period would be 243.2%, with growth associated with recovery in the volume of tolled traffic and the readjustment of fares above inflation on some federal concessions.

Indebtedness

In December 2017, net debt totaled BRL 5.3 billion, an amount 14.5% higher than in 2016.

INDEBTEDNESS (IN THOUSANDS OF REAIS)

	2017	2016	Variation (%)
Gross debt	6,090,874	5,261,855	15.8
Short term	1,067,373	1,600,502	(33.3)
Long term	5,023,501	3,661,353	37.2
Cash Position	802,365	643,364	24.7
Cash and cash equivalents	698,941	384,111	82.0
Related financial investments ¹	103,424	259,253	(60.1)
Net debt	5,288,509	4,618,491	14.5

1. Short and long term.

The 15.8% increase in gross debt results mainly from the readjustment and extension of the term of financial liability.

Arteris relies on resources granted by the National Bank for Economic and Social Development (BNDES) to finance federal concession investment programs. Thus, all federal toll roads have long-term approved credit lines, which guarantee the resources necessary to complete the main contracted works by the end of the contract. By December 31, 2017, approximately BRL 3.8 billion had already been disbursed, leaving a balance of BRL 191.3 million to be utilized.

The company also carried out, in two series, the 5th issue of debentures, the first series in the amount of BRL 1.5 billion at a cost of CDI + 1.6%, semiannual interest payments, and maturity on October 15, 2022; and the 3rd in the amount of BRL 161.5 million, at a cost of IPCA + 5.09%, annual interest payment, and maturity on October 15, 2024.

The debentures were also issued by Autovias toll roads (in the amount of BRL 100 million, CDI + 1.4%, semiannual interest payment, and maturity on September 10, 2018), Centrovias (in the amount of BRL 100 million, cost of CDI + 1.25%, semiannual interest payment, and maturity on March 11, 2019), and ViaPaulista (carried out in 2 series, the first series in the amount of BRL 200 million, cost of CDI + 2.1%, quarterly interest payment, and maturity on October 10, 2019, and the second, disbursement still pending).

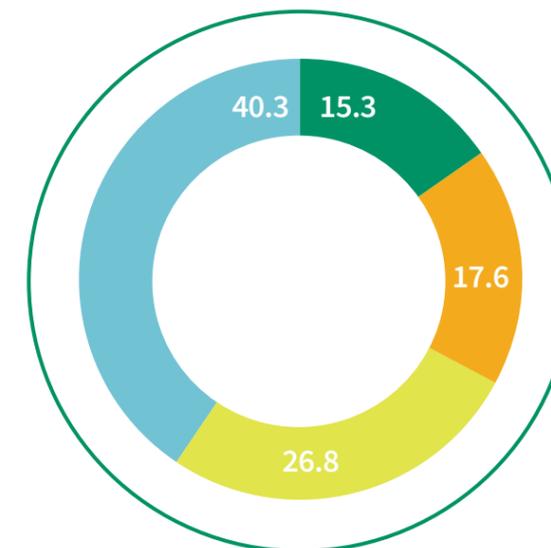
Value Added Distribution (VAD)

> GRI 201-1 <

Value added was BRL 1.6 billion, a total of 14.1% lower than in 2016 due to the disposal of STP. Disregarding this disposal, reduction would be only 4.2%.

VALUE ADDED DISTRIBUTION (%)

- RETAINED EARNINGS
- PERSONNEL AND PAYROLL CHARGES
- TAXES, FEES, AND CONTRIBUTIONS
- FINANCIAL EXPENSES, LEASES, AND OTHERS



> * Revenue from services rendered (BRL 4.7 billion), less costs related to concession and construction, materials and consumer goods, outsourced services, and depreciation and amortization (BRL 2.6 billion), plus dividends, capitalized interest, and other financial income (BRL 237.2 million).



SHARED VALUES

Arteris is committed to training its employees, developing partners, user safety, preserving biodiversity, and ensuring the progress of the communities surrounding the highways under its administration.



14,187

EMPLOYEES



1,841

SUPPLIERS



The company continuously invests in disseminating and strengthening values advocating respect for life, integrity, collaboration, sense of ownership, proactivity, meritocracy, and sustainability.

Employees



5,375

COMPANY EMPLOYEES

8,812

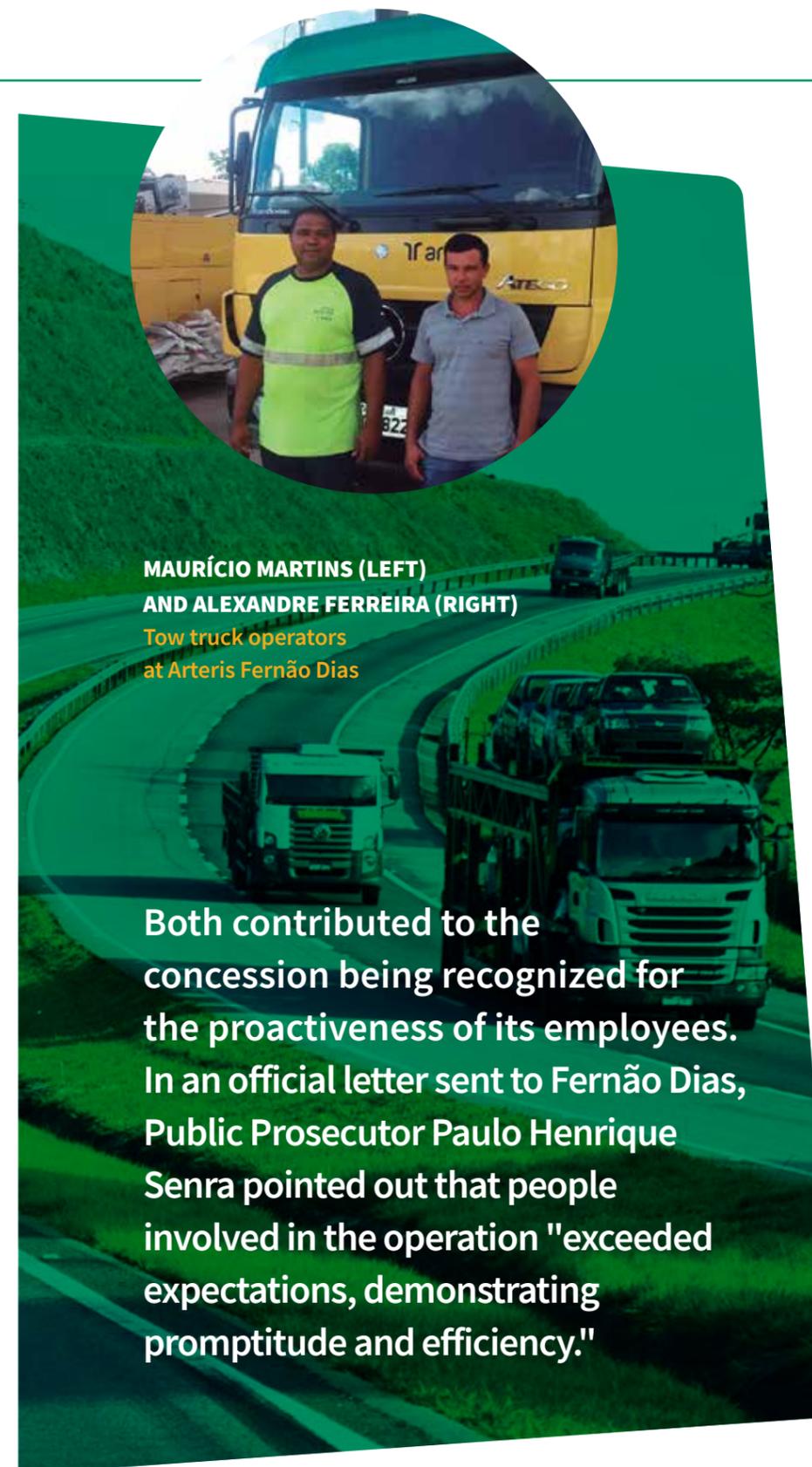
CONTRACTORS

The organizational climate is measured by engagement surveys, which seek to map strengths and needs for improvement. In the most recent edition of "Sua Palavra Tem Valor" ("Your Word Is Valuable"), carried out in 2017, for the first time, all employees were invited to participate. There were over 4,700 responses (76% of respondents), with 80% engagement. [< GRI 102-43 >](#)

In response to one of the topics in the survey, in 2017 Arteris also implemented the recognition program "Prêmio Valores" ("Values Award") for employees who represent company values, indicated by the company professionals themselves. The award was given to 77 professionals.

DEVELOPMENT

In addition to investments in training (see the topic Knowledge Management), Arteris adopts Human Resource tools to identify potential leaders and talents. In 2017, the company set up potential and performance evaluation committees, encouraging the practice of "cultivating talent" in all managers regarding their teams and to promote leadership and meritocracy. Every year, all employees undergo individual performance evaluation processes, with overall and individual goals linked to the company's strategy, and the results are reflected in their variable remuneration. The goals agreed between the managers and their teams totaled 27,000, an average of 4.8 goals per employee. In total, 5,629 were evaluated (100% of the staff). [< GRI 404-3 >](#)



**MAURÍCIO MARTINS (LEFT)
AND ALEXANDRE FERREIRA (RIGHT)**
Tow truck operators
at Arteris Fernão Dias

Both contributed to the concession being recognized for the proactiveness of its employees. In an official letter sent to Fernão Dias, Public Prosecutor Paulo Henrique Senra pointed out that people involved in the operation "exceeded expectations, demonstrating promptitude and efficiency."

COMMUNICATION

Arteris has in place communication channels to facilitate sharing of experience among the toll roads. In 2017, in order to strengthen integration among employees through the use of digital tools, the company launched its Intranet, with important information about the business. The platform contributes to promoting integrated communication, disseminating strategy, policies and practices, safety, and personal and professional development, among other relevant topics.

To this end, a printed journal, a digital newsletter, press releases, physical bulletin boards, and a Corporate TV channel are also in place. In 2018, also in line with digitalizing communication channels, the company will launch a smartphone app, to which all employees will have access.

WORKFORCE DATA

At the end of 2017, Arteris had 14,187 employees, of which 5,375 are company employees and 8,812 contractors for its operations. A total of 1,640 were terminated and 1,269 were hired in the period, with a turnover rate of 3%. Among the company's own professionals, 58% were men and 42% women, the position of toll collector predominantly filled by women, while, in construction works, labor was predominantly carried out by men. [< GRI 102-8, 401-1 >](#)

COMPANY WORKFORCE < GRI 102-8 >

	2015	2016	2017
<i> Holding </i>	162	159	236
<i> Autovias </i>	306	301	280
<i> Centrovias </i>	271	265	269
<i> Intervias </i>	421	409	439
<i> Vianorte </i>	266	276	249
 Subtotal - state toll roads 	 1,264 	 1,251 	 1,317
<i> Litoral Sul </i>	690	696	692
<i> Planalto Sul </i>	352	328	330
<i> Fluminense </i>	479	469	453
<i> Fernão Dias </i>	827	772	773
<i> Régis Bittencourt </i>	614	601	597
 Subtotal - federal toll roads 	 2,962 	 2,866 	 2,842
<i> Latina Manutenção </i>	1,428	1,470	977
<i> Latina Sinalização¹ </i>	157	-	-
 Subtotal - construction companies 	 1,585 	 1,470 	 977
 Total 	 5,973 	 5,746 	 5,375

1. In April 2016, Latina Sinalização was incorporated by Latina Manutenção.

REMUNERATION AND BENEFITS

Total remuneration is part of the strategic basis for attracting, retaining, and motivating employees, as well as promoting a workplace environment and organizational climate that foster engagement and are conducive to excellence in results. The benefits package, in addition to generating retention, attraction, and motivation, aims to improve the quality of life of employees. < GRI 401-2 >

Attention to employees' family members also stood out in 2017 through the first Arteris Educational Incentive Program, which aims to contribute to differentiated education. To this end, the action promotes the possibility of entering private higher education institutions and preparing for the National High School Exam (ENEM).

With the slogan "Valorize o Caminho da Educação" ("Value the Path of Education"), the program was intended for the children of, or children under the care of, the company's direct employees, who, according to the regulation, sent essays written on the topic "How can this educational incentive add value to my life?". As a result, Arteris awarded 10 Higher Education subsidy grants and 100% free online courses to prepare for ENEM, reinforcing its commitment to the satisfaction of its employees and the development of the communities surrounding its operations.

Suppliers

At the end of 2017, Arteris had business relations with 1,841 suppliers, including materials companies and service providers, who served the toll roads and administrative areas. < GRI 102-9 >

Negotiations are conducted in a transparent manner through an online system, in which companies register their data and their proposals. To this end, an integrated global solutions platform is in place to manage suppliers and solutions for the supply chain, reducing risks, costs, and time spent on activities related to supplier training.

On the platform, trade partners sign a statement attesting to their commitment to not hiring child labor and not using slave labor. In addition, if there are any irregularities, contract managers inform the Purchasing area, and the supplier is included on the company black list. < GRI 408-1, 409-1, 412-3 >

In procurement processes for large projects, the Engineering area provides Purchasing with technical support, aiming to make an even more assertive choice. These projects are also bid in comprehensive lots in order to attract the most qualified partners. In addition, concentrating projects in a smaller number of companies makes it possible to optimize controls. A Supplier Satisfaction survey is also promoted annually. < GRI 102-43 >



Users > GRI 102-43 <

In 2017, the relationship with users became even more digital, with increased corporate communication on digital social networks: Facebook, Instagram, and LinkedIn. The federal toll roads joined Twitter, a tool that has proved to be efficient during the year for informing about traffic incidents with more agility - an initiative that should be extended to the state toll roads next year.

Users also gained access to information about road conditions and possible incidents due to the interaction of Operational Control Centers (CCOs) with Waze, one of the world's leading traffic and navigation apps. Through this initiative, Arteris CCOs have become a source of quality information to guide users of the app in their areas of operation.

The action is part of the Connected Citizens Program of Abertis, one of Arteris's shareholders, and aims to promote road safety. Through this partnership, both users and toll roads can create alerts in the app, verified by the CCOs, which take appropriate measures to solve reported problems more quickly and effectively. Through the platform, users may also obtain traffic information and thus better plan their trips.

Another highlight was the launch of the Speed-O-Track smartphone app, a partnership between the company, Spotify, and Google Maps. By logging in to Spotify, the app accesses all of the songs from the connected account and uses the Google Maps data to identify the maximum speed allowed for that location. When the limit is exceeded, the music playing speeds up the rhythm and only returns to normal when the vehicle returns to the permitted speed.

The traditional channels for requesting service (toll-free and emergency telephones on the state highways - call box) were also maintained. In order to provide services,



36,586

CALLS RECEIVED BY THE OMBUDSMAN'S OFFICE

the company has over 100 tow trucks, 90 ambulances for first response and rescue medical services, 70 traffic inspection vehicles, as well as 72 trucks and tanker trucks for fighting fires, plus four cone placement and retrieval trucks, and 33 vehicles for animal rescue. The company also has 25 scales, 13 fixed and 12 mobile, which weighed over 1.2 million cargo vehicles during the year.

Through the Ombudsman's Office, the company receives compliments, suggestions, grievances, and complaints. In 2017, the channel recorded 36,586 calls, of which 59% were requests for information, 14% complaints, and 13% requests for reimbursement.

Continuous monitoring of these calls serves as input for adopting internal improvements, correcting deviations and problems in operations management. Therefore, in 2017, the Ombudsman Dialogue (Diálogo de Ouvidoria - DDO) was created, aiming to integrate the flow of information between the Ombudsman's Office and the operations teams (who work at the CCO, in inspection, towing, medical assistance, etc.). The goal is to increase data efficiency and the quality of services provided. < GRI 102-44, 102-34 >

The satisfaction of users of Arteris highways is measured by surveys applied quarterly on all concessions. In the last months of the year, the average satisfaction score rose from 8.2 to 8.3 - the best index since 2015.

-  www.facebook.com/ArterisOficial
-  <https://www.linkedin.com/company/391591/>
-  www.instagram.com/arterisbr
-  [@arteris_oficial](https://twitter.com/arteris_oficial)
-  [Arteris Litoral Sul: @Arteris_ALS](https://twitter.com/Arteris_ALS)
-  [Arteris Fluminense: @Arteris_AFL](https://twitter.com/Arteris_AFL)
-  [Arteris Régis Bittencourt: @Arteris_ARB](https://twitter.com/Arteris_ARB)
-  [Arteris Fernão Dias: @Arteris_AFD](https://twitter.com/Arteris_AFD)

With a careful look at the specificities of the regions in which it operates, Arteris seeks to adopt, with its various stakeholders, a forum for joint development.

Communities

> GRI 102-43, 413-1 <



112.6+

PARTICIPANTS IN THE SCHOOL PROJECT IN 2017 ALONE



NEARLY
90

STUDENTS GATHERED AT THE ARTERIS YOUTH FORUM FOR TRAFFIC SAFETY

In this sense, several areas of the company are involved in an action supported by three pillars – a platform for education, private social investment, and corporate volunteering -, which guide the implementation of initiatives undertaken in all toll roads.

All projects are aligned with the Arteris business and its corporate values. They are also periodically evaluated in order to ensure the continuous improvement of this performance.

AWARENESS ACTIONS

The education platform contains awareness-raising programs for safe transit and citizenship.

The most traditional is the School Project, undertaken 16 years ago in partnership with Municipal Boards and Departments of Education.

The initiative consists of training educators to develop activities with students about identifying traffic problems, reflecting on alternatives, and practicing a solution - which involves communicating with the government so that the necessary changes are promoted for the benefit of the community.

When it started in 2001, the program focused on elementary school students. Over time, other age groups have been incorporated, and currently the initiative also includes High School, Youth and Adult Education classes (EJA), and schools of the Association of Parents and Friends of People with

SCHOOL PROJECT (overall figures)

138

MUNICIPALITIES

590

SCHOOLS

16,315

TEACHERS

287,174

STUDENTS

> See more at projetoscolaarteris.com.br

Intellectual Disability (APAE). The latter was integrated in 2017, in a process of learning and adjusting to the specific needs of the new audience. APAE in the city of Registro (SP), for example, joined the initiative. At the association's school, where nearly 100 students aged 6 to 30 are served, a mock-up roadway was set up on the court for students to learn how traffic signs work.

The contests - aimed at students under this initiative to strengthen their involvement - select drawing, phrases, and parodies that best capture the program's proposal. The 2017 edition had over 112,600 participants.

Nearly 90 students from the educational institutions that make up the School Project participated in the Arteris Youth Forum for Traffic Safety, an initiative carried out by the company since the previous year. The best projects were chosen by the youngsters themselves, and the participants presented their ideas to the authorities who attended. The goal is to give youths a voice and raise awareness of the importance of taking responsibility through a proactive attitude. Through dialogue and cooperation, they contribute to improving public policy and implementing initiatives toward respect for life. The event was broadcast live on the Arteris Facebook page.



Another result of the School Project was receiving recognition from the 5th Spanish Chamber Sustainability Award, granted by the Spanish Official Chamber of Commerce in Brazil, which aims to recognize the value of business initiatives in promoting social, environmental, and governance actions.

Arteris also promotes - in partnership with the National Land Transport Agency (ANTT), the São Paulo State Transport Agency (ARTESP), the Federal Highway Police, and the Highway Patrol of the State of São Paulo - the campaign "Tô de Cinto, Tô Seguro," (I'm Buckled Up, I'm Safe), which draws the attention of passengers and professionals of public transport companies to the importance of using seat belts - which may reduce the risk of death and injuries by 70%. The 16 campaigns carried out in 2017 impacted 6,400 drivers and passengers in all sections of the road network.

The year was also highlighted by the consolidation of Viva Comunidade. Launched in 2016 in state toll roads, the initiative was extended to all federal toll roads as well. The goal is to raise awareness of society concerning traffic safety. It consists of an event - carried out off the highways, in places with great circulation in the cities surrounding the road network - which includes activities on health, welfare, education, and safety, as well as cultural attractions and community services. In 2017, a total of 17,000 people were included in the nine municipalities where the action was held.

On the highways specifically, the following Viva programs were extended:



Passarela Viva: guides pedestrians toward safe crossing over the footbridges and the correct use of the sidewalks.

Viva Ciclista: action for cyclists who travel in the sections with the highest incidence of accidents.

Viva Motociclista: aims to reduce the number of motorcycle accidents.

Viva Meio Ambiente: conducted in partnership with schools in the concession area, aims to raise young people's awareness about environmental preservation.

Viva Pedestre: informs pedestrians of safety measures.

Viva Seguro: aims to raise the awareness of employees of companies located around the highways about attitudes in traffic.

Saúde na Boleia: program focused on the health and well-being of truck drivers. The initiative includes measuring Body Mass Index (BMI); blood sugar, cholesterol, and triglyceride tests; vaccination; and others.

Serra Segura: also aimed toward truck drivers, draws attention to the maintenance of heavy vehicles - since cases of irregularity may put everyone's safety at risk.

Acorda Motorista: alerts drivers to the risks of driving while tired or drowsy. The program provides for the inspection of lighting conditions and reflectors.



17,000
PEOPLE INVOLVED
IN THE VIVA
COMMUNITY

CORPORATE VOLUNTEERING

Since 2012, the company has created opportunities for its employees to carry out volunteer work through the Arteris Volunteer Program. Through the program, professionals voluntarily donate part of their time, skills, and knowledge to improving the lives of people in the communities where companies are located. In return, they gain experiences that are enriching for personal and professional growth. The program's main challenge is encouraging volunteer actions that bring benefits to all involved: the community, the professionals, and the company.

In addition, developing the program sustains and strengthens social values necessary for community life, encourages the exercise of human rights and responsibilities, increases the credibility and public recognition of projects and the company in the social sphere, and qualifies professional volunteers to provide excellent, quality services.

Thus, it is through this program, among others, that employees may see value in their work and in the activity developed by the company. Employees feel a part of the context of the actions, and feel more proud to belong. This is because the goals and the social and transformation targets are common to professionals and to Arteris, giving meaning to the organizational culture to which they belong.

In this model, teamwork, multiple skills, a workforce willing to commit and manage each skill set, and a new concern for the issue of organizational culture become fundamental.



HUMBERTO VANDERLEI PIOTO AND MS. BETE
Arteris Centrovias Driver and owner
of an inn in Itirapina (SP), respectively

Humberto is a member of the toll road's volunteer group and helps transport various materials to be donated by Arteris, such as wheelchairs, food, and clothing. This activity is strengthened by partnerships such as the one signed with Ms. Bete, which offers wanderers food, baths, clean clothes, and other care.

The search is through social responsibility and corporate citizenship initiatives, practicing the skills of ethical behavior that go beyond the "walls" of the companies with new projects and employees.

The actions are coordinated by the Internal Volunteer Committee (CIV), and allow for the program's mission to be developed in actions such as:

- Promote transformational volunteering through citizenship, contributing to the common good, and building a better world;
- Be a part of the lives of those with whom they interact, so that they share Arteris's purpose, in an interdependent relationship;
- Work on internal values and bring out in employees their true value, allowing them to become more active and socially transform the world around them; and
- To be a company recognized for the transformative capacity of its actions through its professionals.

Annually, committee representatives meet in São Paulo (SP), for "V Day: Arteris Volunteer Day." The goal is to promote sharing experiences and knowledge about issues related to corporate volunteering.

In 2017, the program was improved, with a study to align the actions and campaigns with the Sustainable Development Goals (SDG), a global agenda promoted by the United Nations (UN). The company develops initiatives based on several of the SDG: (03) Good health and well-being, (10) Reducing inequality, (11) Sustainable Cities and Communities, (12) Responsible consumption and production, and (17) Partnerships for the goals. [< GRI 102-12 >](#)

Some initiatives were also reviewed in order to bring employee volunteer work closer to the sector in which the company operates.

ARTERIS VOLUNTEER PROGRAM - 2017



1,470

VOLUNTEER EMPLOYEES



102

INSTITUTIONS SERVED



6,500+

PEOPLE BENEFITED



159

ACTIONS CARRIED OUT



254

HOURS DONATED
(on average, each employee donated an hour and a half to each action)



143

CITIES POSITIVELY IMPACTED ACROSS FIVE BRAZILIAN STATES



285

**WHEEL CHAIRS
DONATED
SINCE 2012,
A TOTAL OF 50
IN 2017 ALONE**

Lacre Amigo

One of the main initiatives of the Volunteer Program is the Arteris Lacre Amigo project, whose pillars are solidarity, safety, and sustainability. The project promotes the collection of aluminum pull tabs from beverage cans to trade for wheelchairs, thus mobilizing employees, volunteers, family members, road users, trades, partners, Project School students, and other partner institutions and companies.

Every 140 two-liter bottles filled with tabs is traded for a wheelchair. In 2017, in 24 initiatives, 50 wheelchairs were donated. Since 2012, there have been 285 donated chairs. The project provides better mobility, social inclusion, dignity, empathy, recycling, a new path, and the wheelchair itself, and is also part of 5 SDG.

Waiting for a wheelchair in Brazil is one of the biggest problems faced by People with Disabilities (PWD). According to data from the World Health Organization (WHO), in Brazil alone, about 2 million people need a wheelchair for mobility, but only 10% are able to access the equipment provided by the Unified Health System (SUS).

The average wait time to receive a chair is about 2 years, but in some states it may reach 5 years. Thus, with this action, Arteris directly, positively impacts the institutions in the municipalities to which the company and its partners belong, transforming the lives of the beneficiaries and reducing the number of people on the SUS waiting list.

FOSTERED PROJECTS

In order to support public interest projects capable of generating high social impact in the regions where it operates, Arteris has in place a private social investment program, through which it allocated, in 2017, BRL 4.8 million in resources from the fiscal incentive acts to 25 initiatives, among which the following stand out:

Gaudí, Barcelona 1900 | After its success in Florianópolis (SC) and São Paulo (SP) in 2016, the exhibition "Gaudí Barcelona 1900" went to the Museum of Modern Art (MAM) in Rio de Janeiro (RJ), where 46 models were assembled, three of them on a monumental scale; and 25 design pieces, from objects to furniture - all created by the Catalan architect. In addition, nearly 40 works by other contemporary artists and artisans from Barcelona by architect Antoni Gaudí completed the show. In 2017,

the strategy to communicate the initiative won recognition from the Brazilian Association of Business Communication (ABERJE), as the best national action of Communication of Programs, Projects, and Cultural Actions in 2016 (see more on page 15).

Bolshoi Theater School in Brazil | The company supports, in Joinville (SC), the institution's only school outside Russia. It is one of the world's leading ballet and opera companies, which is considered a cultural heritage by the UN and the United Nations Educational, Scientific, and Cultural Organization (UNESCO). The school serves at no cost 228 students between the ages of 9 and 20 in basic and technical courses in classical and contemporary dance. For more information, visit www.escolabolshoi.com.br.

Children's Orchestra in Campos dos Goytacazes (RJ) | The project consists of the Orquestra de Campos Tour, composed of young, talented musicians, from communities in the State of Rio de Janeiro - specifically Campos dos Goytacazes. The youngsters are assisted by the NGO Orquestrando a Vida, which uses classical music as a means of education and indirectly benefits nearly 10,000 families. The organization serves 1,180 children and adolescents with a structure involving 30 choirs, five symphony orchestras, and two symphonic bands.



In order to conserve biodiversity in the concession areas, Arteris establishes constant dialogue with control agencies and adopts measures that go beyond the obligations established by current environmental laws.

Environment

> GRI 304-1, 304-2, 304-3 <



300

**WILDLIFE
PASSAGEWAYS
FOR ANIMAL
PROTECTION**

In 2017, the effort of the Environment area was mainly focused on standardizing processes in order to strengthen management of the topic in all toll roads. Among the initiatives, it is worth mentioning the global environmental supervision contract, which unifies this work in all subsidiaries, in order to allow for better comparative analysis of the performance of each one by the company's senior management, beginning 2018. In addition, the Environmental Management System has been updated and next year all documentation will adopt the latest version of standard ISO 14001.

The Gold Rules of Environmental Protection were also defined, which, like the Gold Rules of Safety, establish minimum measures to be adopted by all employees and contractors - who will subscribe to them beginning 2018 as a contractual requirement. Training on these rules will be applied over the next year to inform all of these practices throughout the workforce.

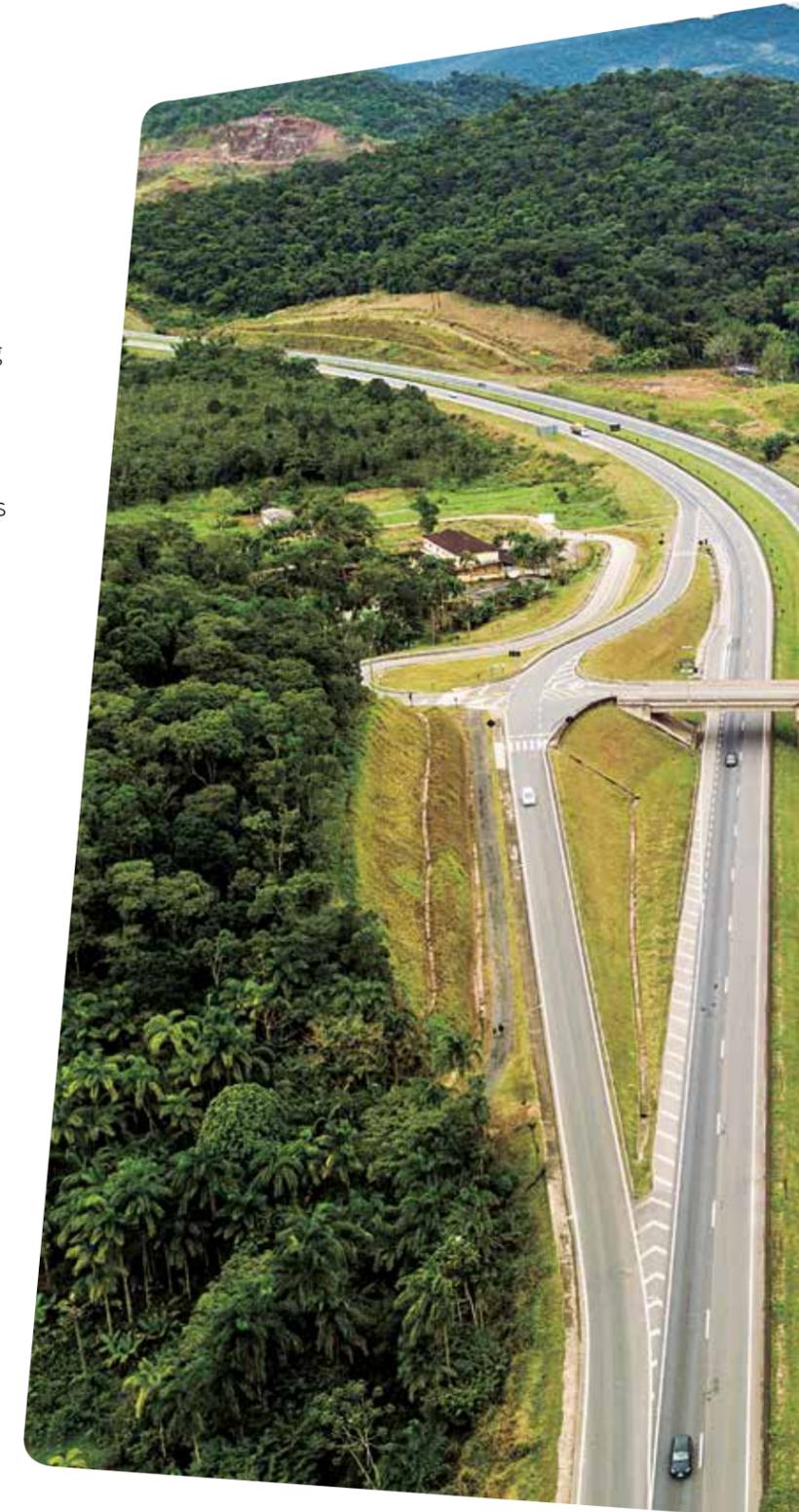
Internal policies and regulations reinforce the responsible operation of Arteris and its toll roads. In addition, in all locations where there is an operation, actions are taken to conserve flora and wildlife, to raise the awareness of surrounding communities, to appropriately dispose of waste, and to rationalize consumption of natural resources.

The initiatives include installing fences and guide screens so that animals may move safely, without running into traffic. Wildlife passageways were also built, which allow wild animals to cross the highway without putting their own lives or the lives of users at risk. In total, Arteris maintains over 300 passageways along the entire stretch of highway under its administration. In addition, priority is given to building tunnels and viaducts, such as widening the Serra do Cafezal on Régis Bittencourt, which do not interrupt the ecological corridor. On Fluminense, considering the fragility of species living mainly on trees, when widening the stretch of BR-101/RJ, near the Biological Reserves, a road ecology expert was commissioned to propose new types of wildlife passageways.

All toll roads establish agreements with veterinary entities and veterinarians to handle and collect wild animals found on highways. On highway Fernão Dias, the study of habits and species of wild animals on the 570-kilometer extension of BR-381 was completed. Based on the data collected on the wildlife and its interaction with the highway, actions will be planned to reduce road kill. On Autovias, Intervias, Vianorte, and Centrovias, the wildlife survey was also carried out to help propose actions.

Care also includes voluntary actions focused on reforestation, which go beyond compensatory planting. In this sense, Litoral Sul, in the framework of the works on the Florianópolis Beltway, undertook reforestation actions in an area of restinga, by planting native species instead of exotic ones. In addition, social and environmental initiatives are in place for ten indigenous communities, demonstrating Arteris's commitment to traditional communities.

Another example on Planalto Sul, as a result of the widening works on BR-116, between Curitiba and Mandirituba, was planting approximately 77,000 native tree seedlings,



in addition to an area of 100 hectares of forest preserved in the Fazenda Valle do Ribeira, municipality of Bocaiúva do Sul (PR) - including the vinaceous-breasted amazon Private Natural Heritage Reserve (RPPN). This forest restoration methodology also protects the native wildlife. It is a model that is under study to be replicated in other works. There was also the concern for recovering three springs off the main highway on the Serra do Espigão that were deteriorated. The technique used was an enclosure to prevent the circulation of livestock, and planting native seedlings.

On Litoral Sul, a success case will be used as an example for other toll roads: the treatment of effluents by root zone, in which the effluent, before unsuitable to be released in nature, passes through a system of natural filters, becoming suitable for discharge into the environment.

On Régis Bittencourt, within the Environmental Education and Social Communication Program for the works on Serra do Cafezal, the undeveloped area of the Serra do Cafezal neighborhood was rehabilitated, where there was a garbage dump, with weekly collection from the city government. Arteris built two dumpsters in the neighborhood, transforming the old garbage dumping ground into a square.

There is also the social and environmental challenge after winning ViaPaulista, whose works will be carried out along stretches of the Cerrado biome in the region.

SOLAR ENERGY

In 2017, Arteris implemented a pilot project, on Fluminense, for micro-generation of photovoltaic energy, with solar panels in the toll plazas directly connected to the electric power grid, due to the rationing of electricity consumption and consequent cost reduction. Energy efficiency was also boosted by implementing 29.2 kilometers of LED lighting along the Niterói and Itaboraí stretches from 2014 to 2015. This model, which allows for more light efficiency with less consumption, is 50% more economical than that previously used.

GRI Content Index

> GRI 102-55 <

ORGANIZATIONAL PROFILE	Page number/ Direct disclosure
102-1: Name of the organization	3, 76
102-2: Activities, brands, products, and services	10, 12
102-3: Location of headquarters	8, 76
102-4: Location of operations	10, 12
102-5: Ownership and legal form	3, 10
102-6: Markets served	10, 12
102-7: Scale of the organization	10
102-8: Information on employees and other workers	57, 58
102-9: Supply chain	59
102-10: Significant changes to the organization and its supply chain	10
102-12: External initiatives	67
102-13: Membership of associations	32
STRATEGY	
102-14: Statement from senior decision-maker	4
ETHICS AND INTEGRITY	
102-16: Values, principles, standards, and norms of behavior	11, 30
102-17: Mechanisms for advice and concerns about ethics	31

GOVERNANCE	Page number/ Direct disclosure
102-18: Governance structure	32
102-19: Delegating authority	33
102-20: Executive-level responsibility for economic, environmental, and social topics	33
102-22: Composition of the highest governance body and its committees	76
102-23: Chair of the highest governance body	33, 76
102-24: Nominating and selecting the highest governance body	32
102-32: Highest governance body's role in sustainability reporting	33
102-33: Communicating critical concerns	31
102-34: Nature and total number of critical concerns	61
STAKEHOLDER ENGAGEMENT	
102-40: List of stakeholder groups	3
102-43: Approach to stakeholder engagement	6, 56, 59, 60, 62
102-44: Key topics and concerns raised	61
REPORTING PRACTICE	
102-45: Entities included in the consolidated financial statements	3
102-46: Defining report content and topic Boundaries	3
102-48: Restatements of information	There wasn't
102-50: Reporting period	3
102-51: Date of most recent report	July 2017
102-52: Reporting cycle	3
102-53: Contact point for questions regarding the report	3
102-54: Claims of reporting in accordance with the GRI Standards	3
102-55: GRI content index	74, 75
102-56: External assurance	3

ECONOMIC PERFORMANCE	Page number/ Direct disclosure
201-1: Direct economic value generated and distributed	53
INDIRECT ECONOMIC IMPACTS	
203-1: Infrastructure investments and services supported	23, 36
ANTI-CORRUPTION	
205-1: Operations assessed for risks related to corruption	31
205-2: Communication and training about anti-corruption policies and procedures	30, 31
205-3: Confirmed incidents of corruption and actions taken	There wasn't
ANTI-COMPETITIVE BEHAVIOR	
206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There wasn't
BIODIVERSITY	
304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	70
304-2: Significant impacts of activities, products, and services on biodiversity	70
304-3: Habitats protected or restored	70
EMPLOYMENT	
401-1: New employee hires and employee turnover	57
401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	58
OCCUPATIONAL HEALTH AND SAFETY	
403-1: Workers representation in formal joint management-worker health and safety committees	23
403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	22

TRAINING AND EDUCATION	Page number/ Direct disclosure
404-1: Average hours of training per year per employee	21
404-2: Programs for upgrading employee skills and transition assistance programs	21
404-3: Percentage of employees receiving regular performance and career development reviews	56
NON-DISCRIMINATION	
406-1: Incidents of discrimination and corrective actions taken	There wasn't
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	
407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There wasn't
CHILD LABOR	
408-1: Operations and suppliers at significant risk for incidents of child labor	59
FORCED OR COMPULSORY LABOR	
409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	59
RIGHTS OF INDIGENOUS PEOPLES	
411-1: Incidents of violations involving rights of indigenous peoples	There wasn't
HUMAN RIGHTS ASSESSMENT	
412-2: Employee training on human rights policies or procedures	30
412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	59
LOCAL COMMUNITIES	
413-1: Operations with local community engagement, impact assessments, and development programs	62
CUSTOMER HEALTH AND SAFETY	
416-1: Assessment of the health and safety impacts of product and service categories	23

Corporate Information

> GRI 102-1, 102-3 <

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< GRI 102-22, 102-23 >

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Managing Director of Arteris Régis Bittencourt

Odilio Ferreira

Managing Director of Arteris Fluminense

Olga Cotrim

*Managing Director of Arteris Autovias
and Arteris Vianorte*

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Amounts in thousands of Brazilian reais - BRL, except for basic and diluted earnings per share)

	Accompanying note ¹	Parent company		Consolidated	
		2017	2016	2017	2016
Net operating revenue	20	-	-	4,406,011	4,052,399
Cost of services rendered	21	-	-	(3,358,667)	(3,040,377)
Gross profit		-	-	1,047,344	1,012,022
Operating revenues (expenses)					
General and administrative	21	(14,287)	(11,728)	(251,278)	(249,819)
Management Remuneration	15	(11,661)	(4,615)	(27,160)	(20,268)
Results of Equity accounting	10	285,759	204,426	-	-
Taxes		(329)	(266)	(506)	(575)
Other operating income, net	22	2,894	194,030	3,695	194,787
		262,376	381,847	(275,249)	(75,875)
Operating income before financial result		262,376	381,847	772,095	936,147
Financial result					
Financial income	23	238,999	353,298	66,062	101,757
Financial expenses	23	(253,834)	(518,311)	(448,829)	(722,286)
Exchange rate, net	23	(2,526)	63,146	(2,527)	63,139
		(17,361)	(101,867)	(385,294)	(557,390)
Operating income before income tax and social contribution		245,015	279,980	386,801	378,757
Income tax and social contribution					
Current	8	(7,630)	(28,813)	(166,425)	(231,780)
Deferred	8	-	-	26,570	112,593
Net income for the year		237,385	251,167	246,946	259,570
Earnings per basic and diluted share - brl	25	0.3783	0.6499	0.3935	0.6717

1. The accompanying notes are an integral part of the financial statements.

For more information, see the Complete Annual Financial Statements for 2017, available at ri.arteris.com.br.

BALANCE SHEETS AS OF DECEMBER 31, 2017 AND 2016 (Values expressed in thousands of reais - BRL)

ASSETS	Accompanying Note ¹	Parent company		Consolidated	
		2017	2016	2017	2016
CURRENT					
Cash and cash equivalents	5	468,880	151,383	698,941	384,111
Accounts receivable	6	-	-	156,073	150,926
Accounts receivable - related parties	15	103,510	789,347	215	223
Derivative financial instrument	26	1,862	-	1,862	-
Inventory		-	-	15,564	15,881
Prepaid expenses		4,057	333	18,348	22,746
Taxes recoverable	7	26,931	48,785	70,706	102,952
Advances to suppliers		196	-	5,174	-
Related financial investments	9	-	1	-	161,014
Other credits		281	414	7,951	6,562
Total current assets		605,717	990,263	974,834	844,415
NONCURRENT					
Accounts receivable	6	-	-	236	2,650
Related financial investments	9	-	-	103,424	98,239
Taxes recoverable	7	32,295	-	47,066	-
Accounts receivable - related parties	15	1,555,115	1,519,429	-	-
Prepaid expenses		-	-	19,940	18,971
Deferred income tax and social contribution	8	-	-	382,689	358,579
Judicial bonds	18	6,279	6,266	93,779	129,475
Investments	10	7,207,295	3,836,275	19	19
Fixed assets	11	7,039	8,604	60,000	63,598
Intangible assets	12	47,323	31,555	12,630,306	9,871,107
Total noncurrent assets		8,855,346	5,402,129	13,337,459	10,542,638
TOTAL ASSETS		9,461,063	6,392,392	14,312,293	11,387,053

BALANCE SHEETS AS OF DECEMBER 31, 2017 AND 2016 (Values expressed in thousands of reais - BRL)

LIABILITIES AND SHAREHOLDERS' EQUITY	Accompanying Note ¹	Parent company		Consolidated	
		2017	2016	2017	2016
CURRENT					
Loans and financing	13	246,708	163,809	573,797	459,062
Derivative financial instrument	26	-	5,092	-	5,092
Debentures	14	19,985	206,383	493,576	923,222
Accounts payable - related parties	15	309,426	507,699	-	215,099
Suppliers		3,202	4,285	169,095	224,454
Social obligations		24,142	15,228	91,607	79,507
Tax liabilities		2,960	15,572	78,745	108,459
Contract bonds		88	-	93,233	82,368
Inspection fee		-	-	4,083	3,868
Proposed dividends	19	56,379	59,652	56,379	59,652
Creditors by concession	17	-	-	257,637	86,961
Provision for maintenance on highways	18	-	-	178,542	332,903
Provision for investments in highways	18	-	-	26,639	63,749
Claims Received		-	18	-	816
Other accounts payable		5,066	7,479	27,452	33,243
Total current liabilities		667,956	985,217	2,050,785	2,678,455
NONCURRENT					
Loans and financing	13	-	-	2,625,322	2,831,769
Debentures	14	1,606,903	-	2,398,179	829,584
Accounts payable - related parties	15	569,649	857,823	-	-
Suppliers		-	-	178	-
Creditors by concession	17	-	-	8,645	36,487
Deferred income tax and social contribution	8	-	-	49,764	52,224
Provision for maintenance on highways	18	-	-	283,501	350,453
Provision for investments in highways	18	-	-	154,284	2,014
Civil, labor, tax and regulatory risks	18	182	408	101,000	73,073
Tax liabilities		14,770	-	47,066	-
Other accounts payable		-	-	2,726	4,371
Total noncurrent liabilities		2,191,504	858,231	5,670,665	4,179,975
Total liabilities		2,859,460	1,843,448	7,721,450	6,858,430
SHAREHOLDERS' EQUITY					
Capital stock	19	5,047,469	3,175,816	5,047,469	3,175,816
Capital reserve		1,576,405	1,395,399	1,565,645	1,375,078
Adjustment of shareholders' equity - exchange rate variation in capital		(22,271)	(22,271)	(22,271)	(22,271)
Total shareholders' equity		6,601,603	4,548,944	6,590,843	4,528,623
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,461,063	6,392,392	14,312,293	11,387,053

Financial Statements

> FOR THE PERIOD ENDING ON DECEMBER 31, 2017 AND INDEPENDENT AUDITOR'S REPORT <

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Administrators and Shareholders of Arteris S.A.

OPINION

We have reviewed the individual and consolidated financial statements of Arteris S.A. ("Company"), identified as parent company and consolidated, respectively, which comprise the individual and consolidated balance sheets as of December 31, 2017 and the related individual and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the period ending on said date, as well as the related accompanying notes, including a summary of the main accounting policies.

OPINION ON THE INDIVIDUAL FINANCIAL STATEMENTS

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the individual financial position of Arteris S.A. as of December 31, 2017, the individual performance of its operations and its respective cash flows for the period ending on said date, in accordance with the accounting practices adopted in Brazil.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arteris S.A. as of December 31, 2017, the consolidated performance of its operations and its respective cash flows for the period ending on said date, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

BASIS FOR THE OPINION

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "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 set forth in the Code of Professional Ethics for Accountants and in the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

EMPHASES

Difference between accounting practices in individual statements

As described in accompanying note 3, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil, which, in the case of Arteris S.A., differ from the IFRS applicable to individual financial statements, only with respect to the option of maintaining the balance of deferred assets, existing on December 31, 2008, which is amortized. Our opinion is not qualified in respect of this matter.

Continuity of operations of subsidiaries Vianorte S.A. and Autovias S.A.

Without qualifying our opinion we refer to accompanying note No.2 of the financial statements, which indicates that the subsidiaries Vianorte S.A. and Autovias S.A. hold the concession to operate their activities for 20 years, whose operations will continue, respectively, until March 27, 2018 and December 18, 2018. This situation indicates the existence of uncertainty that may raise significant doubt as to the normal continuity of the operations of the subsidiaries Vianorte S.A. and Autovias S.A. The financial statements of the subsidiaries Vianorte S.A. and Autovias S.A. were prepared based on the assumption of closing the operations and include necessary adjustments resulting from such closure. Requests from subsidiaries Vianorte S.A. and Autovias S.A. are under discussion with the Granting Authorities, which may alter the date for terminating their activities. Our opinion is not qualified in respect of this matter.

OTHER MATTERS

Value Added Statement

The individual and consolidated value added statement ("VAS") for the period ending December 31, 2017, prepared under the responsibility of the Company's Management, was subjected to audit procedures in conjunction with the auditing of the Company's individual and consolidated financial statements. For the purposes of forming our opinion, we evaluated whether this statement is reconciled with the other individual and consolidated financial statements and the accounting records, as applicable, and whether its form and content are in accordance with the criteria set forth in the technical pronouncement CPC 09 - Value Added Statement. In our opinion, this individual and consolidated value added statement has been fairly prepared in all material respects, in accordance with the criteria set forth in this technical pronouncement and is consistent with the financial statements taken as a whole.

MAIN AUDIT MATTERS

Main audit matters are those that, in our professional judgment, were the most significant in our audit 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 the formation of our opinion on these individual and consolidated financial statements and, therefore, we do not express a separate opinion on such matters.

Intangible assets - Assessment of the risk of reducing intangible assets to their recoverable value - federal toll roads

Intangible assets consist mainly of investments and works carried out on highways and account for 88% of total assets in the consolidated financial statements. The evaluation of the recovery of intangible assets of the Company's federal toll roads, which execute works to expand capacity and improve the highways that represent significant additions to the intangible asset, was significant for our audit because the evaluation process is complex, involves a significant degree of judgment on the part of the Administration and is based on assumptions that are affected by expected future economic and market conditions. Thus, our auditing procedures included, among others, the use of specialists to evaluate the assumptions and the methodologies used by the Company, especially those that refer to the expected revenue growth from toll collection, which may be impacted by economic reduction or growth, expected inflation rates, demographic trends, volume of vehicle traffic, among other assumptions. The Company's disclosures on intangible assets are provided in accompanying note 2, "Concessions," which shows the nature of each concession, as well as the investments in infrastructure improvements planned for the coming years, and in accompanying note 12 "Intangible assets," which shows the movement of balances of intangible assets in the period.

Recognition of Revenue from toll collection

Revenue from toll collection is derived from the terms and conditions established in the highway concession agreements, which determine that "the concession is a public service preceded by the execution of public works (intangible assets) that will be operated under a toll collection regime and other services provided to users." Toll rates are adjusted annually according to the concession agreements, which directly impacts the revenue of each toll road based on the traffic on the highways. Toll collection systems are used for measuring and charging the passage of vehicle through manual lanes (collection in-kind in toll booths) and automatic lanes (automatic opening of the toll gate due to the reading of the electronic identification device ("Tag") attached inside vehicles, in addition to reading the number of axles of each passing vehicle, and the consistency between the number of axles registered in the "tag" and the number of actual axles of the passing vehicle). In this sense, we identified the recognition of revenue from toll collection as a significant issue that required special consideration from audit, as well as the use of system audit specialists to support our evaluation and understanding of the operation of collection systems and to evaluate the existing controls on the recognition of revenue from toll collection.

OTHER INFORMATION ACCOMPANYING THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT

The Company's Administration is responsible for this other information that comprises the report from the administration. Our opinion on the financial statements does not cover the report from the administration and we did not express any audit conclusion about this report.

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

ADMINISTRATION AND GOVERNANCE RESPONSIBILITIES FOR THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Administration is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board - ("IASB") and for the internal controls it has determined to be necessary to enable the preparation of such financial statements free of material misstatements, regardless of having been caused by fraud or error.

In preparing the individual and consolidated financial statements, the Administration is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the individual and consolidated financial statements, unless the Administration intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing the operations. Those responsible for Company governance are those responsible for overseeing the process of preparing the individual and consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken together, are free from material misstatements, regardless of having been caused by fraud or error, and to issue an audit report containing our opinion. Reasonable safety is a high level of security, but does not guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of users, made based on said 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. In addition:

- We identify and assess risks of material misstatement in the individual and consolidated financial statements regardless of whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve the act of evade internal controls, collusion, forgery, omission, or false intentional representations.
- We obtain an understanding of the internal controls that are material to the audit in order to plan audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures by the Administration.
- We conclude on the adequate use, by the Administration, of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the Company's operational continuity. Should we conclude that there is material uncertainty, we should point out in our audit report to the respective disclosures in the individual and consolidated financial statements, or include a change in our opinion should the disclosures be inadequate. Our findings are based on audit evidence obtained as of the date of our report. However, future events or conditions may lead the Company to discontinue the operations.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the respective transactions and events in a manner consistent with the objective of fair presentation.
- We obtain appropriate and sufficient audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion.

We communicate with those responsible for governance regarding, among other aspects, the planned scope, audit period, and significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

We also provide those responsible for governance with a statement that we have complied with the relevant ethical requirements, including the applicable independence requirements, and we communicate all possible relationships or matters that could materially affect our independence, including, where applicable, related safeguards.

Among those matters that have been the subject of communication with those responsible for governance, we determined those that were considered most significant in auditing the financial statements for the current period and, therefore, constitute the main auditing matters. We describe these matters in our audit report, unless law or regulation has prohibited public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be disclosed in our report because the adverse consequences of such disclosure may, within a reasonable perspective, outweigh the benefits of communication to public interest.

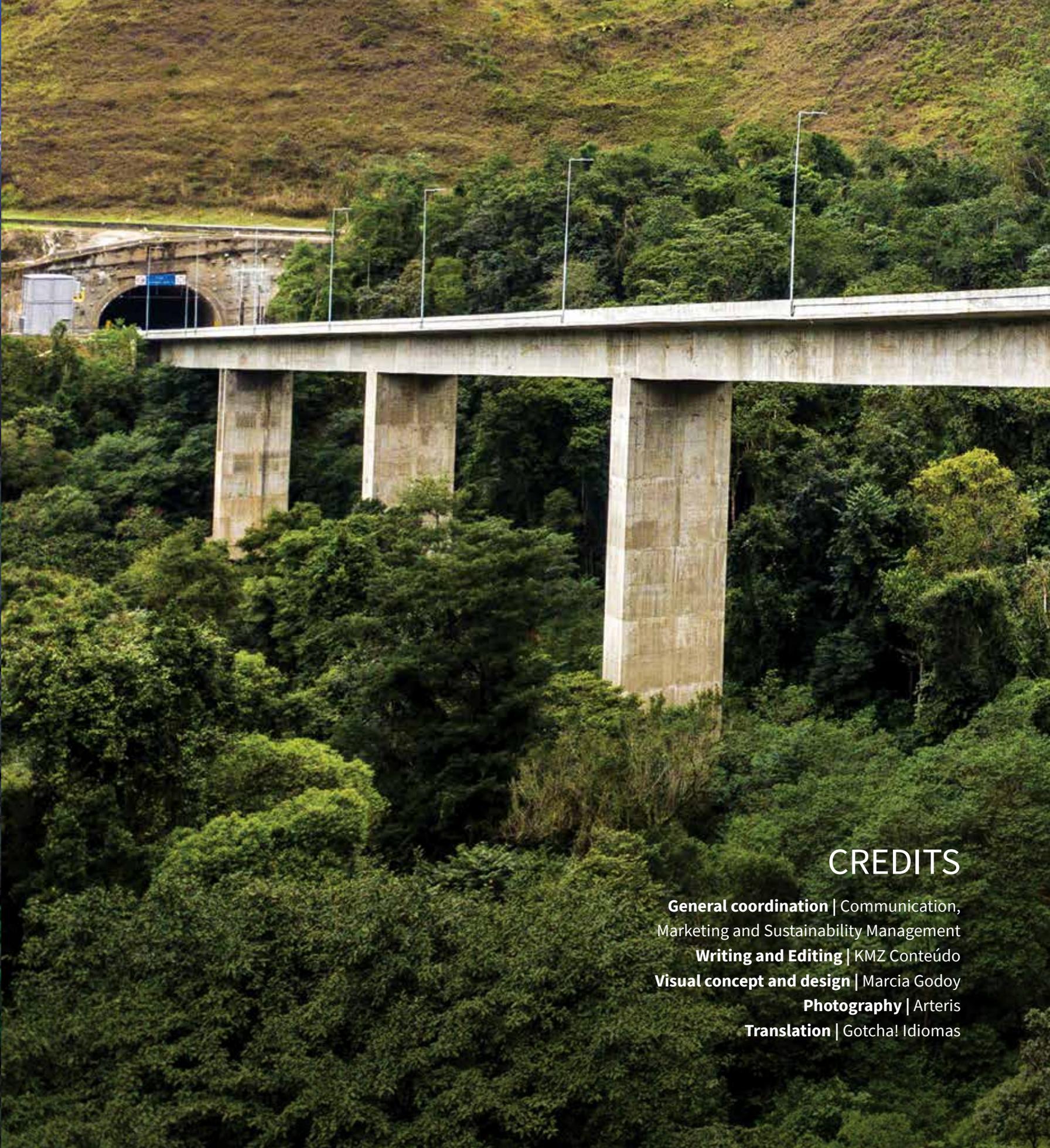
Campinas, February 20, 2018



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