

2019 EARNINGS REPORT

Rio de Janeiro, November 29, 2019 - PRUMO PARTICIPAÇÕES E INVESTIMENTOS S.A. ("PRUMOPAR"), located at 804, Russel Street, 5º floor, Glória, Rio de Janeiro, was incorporated in 2015 in order to acquire interests in other company. The Company carries out its operations via the joint venture Ferroport Logística Comercial e Exportadora S.A. ("Ferroport") with Anglo American Participações Minério de Ferro Ltda. ("Anglo American").

Information about the Conference Call

Thursday, 02 at 11:00 AM (Brasília time); 10:00 (US-ET).

Telephone number for participants:

*No passcode is needed

BRASIL	+55 11 3181-8565
BRASIL	+55 11 4210-1803
EUA TF	+1 844 204-8942
EUA	+1 412 717 9627
UK	+44 20 3795 9972
Switzerland	+41 44 575 0267
Chile	+56 44 208 1274
Alemanha	+49 69 257 367 263
França	+33 1 8565 3688
Hong Kong	+852 3 018 4506
Taiwan	+886 2 55 924 959
Web Phone	https://bit.ly/2QW4JnO

Participants should connect 5 minutes before the conference call starts.

2019 Financial Highlights

2019 financial results for both PRUMOPAR and Ferroport were positively impacted by the resume of operations at the Iron Ore Terminal. This event, along with the appreciation of USD against BRL and the increase of T-Oil operations, strengthened Ferroport's financials for the year.

Ferroport handled 23 million tons of Iron Ore during 2019, an increase of 620% compared to 2018 and 37.1% compared to 2017, setting a record for a full year. The number of ships accessing the Channel to the T-Oil and paying Port Access Fees reached 123, an increment of 78.3% YoY. Gross revenues grew 272%, from R\$ 213.6 million in 2018 to R\$ 795.1 million in 2019, excluding the settlement of the arbitration. Adjusted EBITDA of R\$ 571.7 million represented an increase of 595% compared to the prior year.

As a result, Ferroport distributed to PRUMOPAR and Anglo American R\$ 419.0 million as intercompany loan, being R\$ 107.5 million as principal and R\$ 311.5 million as interests. PRUMOPAR received R\$ 194.2 million, net of taxes, 211% above the payment of Intercompany Loan in 2018.

The cash available for PRUMOPAR allowed it to pay interest, legal and target amortizations related to the 144A/RegS bonds issued in 2019, and excess cash were used to fund USD 11.9 million on the Target Amortization Reserve Account ("TARA").

Business Specifics:

Ferroport	2019	2018	Δ	Δ %
Volume T-Ore (K-ton)	23,042	3,217	19,825	616%
T-Ore Access (BRL k)	741,505	185,542	555,963	300%
Ships T-Oil (#)	123	69	54	78.3%
T-Oil Access (BRL k)	51,962	27,213	24,749	91.0%
Adjusted EBITDA ¹	571,725	82,208	489,517	595%
Adjusted EBITDA Margin ¹	81.1%	43.3%	3,754 bps	86.3%

¹ Excluding the Arbitration Settlement effect.

Prumopar	2019	2018	Δ	Δ %
IC Loan - Principal (BRL k)	107,453	44,570	62,883	141%
IC Loan - Interest (BRL k)	86,727	17,937	68,790	384%
IC Loan (BRL k)	194,181	62,508	131,673	211%

4th Quarter Debt Issuance:

On October 8, 2019, Prumo Participações e Investimentos S.A. issued a US\$270 million debenture, 100% underwritten by Goldman Sachs, as a bridge loan facility with a 3 months maturity. The issuance's proceeds were used to repay the existing notes and a portion of the transaction costs related to the US\$350 million long-term senior secured bonds under regulation 144A / RegS that Prumo Participações e Investimentos S.A. further would issue. The remaining proceeds of this bridge loan were transferred to Prumo Logística through capital reduction.

On October 22, 2019, Prumo Participações e Investimentos S.A. successfully priced a US\$350 million senior secured bonds under regulation 144A / RegS, with a coupon of 7.5% per year, semi-annual payments and a maturity date of December 2031. The net proceeds were used to repay the Bridge Loan, to pay for the remaining transaction costs of the operation and to be transferred to Prumo Logística through capital reduction and dividends distribution.

Arbitration Settlement with Anglo American Minério de Ferro Brasil:

In 2018, Ferroport received a notification from its client, Anglo American Minério de Ferro Brasil S.A. ("Anglo Brasil"), invoking force majeure due to the occurrence of two leakages at its slurry pipeline on March 12 and 29, of that year. Anglo Brasil consequently suspended the take-or-pay payments from April to December of 2018. In June 2018, the Ferroport initiated an arbitral proceeding against Anglo Brasil for non-compliance with its obligations under the Framework Agreement.

Anglo Brasil, Ferroport and its shareholders signed an agreement on March 16, 2020 to permanently and irrevocably settle all claims made in respect of the disputes and to bring the Arbitration proceedings to a conclusion. Despite of being signed in 2020, the agreement was agreed by the parties on December 9, 2019 with compensation of USD 60 million. According to accounting rules, it signaled a change in the likelihood of receiving the proceeds from the arbitration, causing them to be registered in 2019.

Target Amortization Reserve Account (TARA) Funding:

By the end of 2019, PRUMOPAR transferred R\$ 47.9 million (USD 11.9 million) to the Target Amortization Reserve Account. Currently, deposits on TARA should not exceed USD 29.2 million (8.5% of the outstanding principal balance). The company expects

to transfer funds to the TARA in May, when the amount related to the settlement of the arbitration with Anglo Brasil will be transferred from Ferroport as a payment of the Intercompany Loan.

Coronavirus Impact on Activities:

Prumo Group has carefully monitored the developments in the spread of the new coronavirus (COVID-19) since the first cases have been identified in Brazil. In order to contribute to the reduction of the spread rate of Coronavirus in our country and in line with the guidelines of the health agencies, all the companies of Prumo Group (Ferroport included) have adopted home office for the administrative staff. Ferroport's operating activities at Porto do Açú remain in place as several special protection and prevention measures have been adopted in order to ensure the safety of its employees.

Financial Highlights:

FERROPORT CONSOLIDATED

Consolidated Simplified Analysis of the Income Statement:

Consolidated (BRL k)				
Income Statement	2019	2018	Δ	Δ %
Shipment of iron ore (Take or Pay)	741,477	185,542	555,935	300%
Oil transshipment (T-Oil)	51,962	27,213	24,749	91%
Port Services/Others	243,479	2,424	241,055	9,945%
Taxes	(112,127)	(26,265)	(85,862)	(327%)
Net revenue of services	924,791	188,914	735,877	390%
Cost of Services	(159,938)	(134,216)	(25,722)	(19%)
Gross Profit	764,853	54,698	710,155	1,298%
Operating Expenses	(22,966)	(26,108)	3,142	12%
Financial Income/Loss	(105,990)	(121,863)	15,873	13%
Income before income and social contribution taxes	635,897	(93,273)	729,170	782%
Income and social contribution taxes	(226,416)	64,511	(290,927)	(451%)
Net income (loss) for the year	409,481	(28,762)	438,243	1,524%
EBITDA	791,158	82,208	708,950	862%

The consolidated net revenue for 2019 increased in comparison to 2018, mostly due by the resumption of Ferroport's Project Iron Ore activities in 2019 and due to the arbitration settlement between Ferroport and Anglo Brasil, in the amount of USD 60 million. Besides that, the Dollar's appreciation against Real, from an average of R\$3.66 in 2018 to R\$3.95 in 2019, and the increase in T-Oil's activities also impacted the revenues positively. Port Access Fee from T-Oil increased more than 90%, or approximately R\$ 24.7 million, from R\$ 27.2 million to R\$ 52.0 million in 2019.

Cost of services increased 19.2%, mostly due to increase in consumables, such as energy and spare parts, caused by the resumption of activities.

Overall operating expenses decreased 9.8%, or R\$ 3.1 million, primarily due to the amounts provisioned, in 2018, relating to the civil and labor legal proceedings regarding the construction of the Port Facilities and due to the decrease in net sales of non-consumed electric energy, which was expected since the company restored its operations.

Net financial expenses summed R\$ 106.0 million, a decrease of 13.0% if compared to the same period of 2018. This reduction is mainly explained by the decrease of interests on intercompany loan due to the reduction of the principal amount, as well as the reduction of the CDI (base rate for Ferroport's intercompany debt). Besides, Ferroport had a tax debt regularization which resulted in a reversion of interests of R\$ 4.0 million, which also contributed to this decrease.

For the final year ended in December 31, 2019, Income before social contribution taxes amounted R\$ 635.9 million, leading to a net income of R\$409.5 million.

Consolidated Simplified Analysis of the Balance Sheet:

Consolidated (BRL k)				
Balance Sheet	2019	2018	Δ	Δ %
Current Assets	517,122	176,722	340,400	193%
Cash and equivalent	39,327	31,925	7,402	23%
Receivables from related parties	373,521	30,264	343,257	1134%
Noncurrent Assets	2,351,291	2,422,861	(71,570)	(3%)
Total Assets	2,868,413	2,599,584	268,830	10%
Current Liabilities	317,313	209,623	107,690	51%
Related parties – loans	137,000	129,000	8,000	6%
Income taxes and social contribution	112,802	16,663	96,139	577%
Noncurrent Liabilities	1,515,756	1,764,098	(248,342)	(14%)
Related parties – loans	1,111,814	1,426,545	(314,731)	(22%)
Shareholders' equity	1,035,344	625,863	409,481	65%
Total Liabilities plus Shareholders' equity	2,868,413	2,599,584	268,831	10%

The Company's consolidated cash and securities at the end of 2019 was R\$ 39.3 million. Receivables from related parties rose R\$ 343 million mainly, but not only, because of the arbitration settlement of USD 60 million that is expected to be paid on April. Anglo Brasil also postponed the take-or-pay payment from December 30, 2019 to January 03, 2020.

In line with the increase in receivables, the company presented an increase on its Income taxes and social contribution payable of R\$ 96.1 million, to R\$ 112.8 million.

Company's gross debt, as of December 31, 2019, was R\$ 1.2 billion, out of which R\$ 646.4 million related to PRUMOPAR's intercompany loan.

Consolidated Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)				
Cash Flow Statement	2019	2018	Δ	Δ %
Net income (loss) before taxes	635,897	(93,273)	729,170	782%
Depreciation and Amortization	49,271	48,107	1,164	2%
Other Cash Adjustments	(85,218)	154,830	(240,048)	(155%)
Working Capital Variation	(456,619)	(40,759)	(415,860)	(1,020%)
Cash Flow from Operating Activities	143,331	68,905	74,426	108%
Capex/Intangibles	(26,940)	(17,438)	(9,502)	(54%)
Cash Flow from Investing Activities	(26,940)	(17,438)	(9,502)	(54%)
Intercompany Loans Settled	(107,453)	(44,570)	(62,883)	(141%)
Cash Flow from Financing Activities	(108,989)	(44,570)	(64,419)	(145%)

Ferroport reported a cash flow from operating activities of R\$ 143.3 million for 2019, an increase of R\$ 74.4 million if compared to the same period of 2018. This increase was driven by the resumption of Ferroport's operations by the end of December 2018 and offset by the revenues from Anglo that were due in 2019 but postponed to the first week of 2020.

Ferroport's Capex for 2019 summed R\$ 26.9 million. The main expenditures were related to stay in business capex, such as environmental compensation, spare parts, clogging of equipment and dust emissions and painting restoration.

During 2019, Ferroport amortized R\$ 107.4 million of principal from the intercompany loan. Variations on interests and withholding taxes paid are accounted in working capital variation in the cash flow from operations.

PRUMOPAR CONSOLIDATED

Consolidated Simplified Analysis of the Income Statement:

Consolidated (BRL k)				
Income Statement	2019	2018	Δ	Δ %
Net Operating Revenue	-	-	-	-
Sales Cost	-	-	-	-
Gross Profit	-	-	-	-
General and Administrative Expenses	(944)	(297)	(647)	(218%)
Financial Income/Loss	(125,492)	(47,041)	(78,451)	(167%)
Equity in income of subsidiaries	208,817	(4,438)	213,255	4,805%
Income before income and social contribution taxes	82,381	(51,776)	134,157	259%
Taxes (IR and CSLL)	13,268	16,119	(2,851)	(18%)
Profit (Loss) for the period	95,649	(35,657)	131,306	368%

For the twelve months ended December 31, 2019, PRUMOPAR's net financial loss increased R\$ 78.4 million, if compared to 2018, primarily due to commission and fees paid for the issuance of the current debt and repayment of the former one. The results were also impacted by the depreciation of the Real against the U.S. dollar and due to the increase of the company's indebtedness in the fourth quarter of the year.

Results of equity-accounted investees increased R\$ 213.3 million due to the resumption of Ferroport's activities and to the settlement of arbitration between Ferroport and Anglo American.

Income and social contribution taxes resulted in a deferred tax credit of R\$ 13.3 million as compared to a tax credit of R\$ 16.1 million for 2018.

Consolidated Simplified Analysis of the Balance Sheet:

Consolidated (BRL k)				
Balance Sheet	2019	2018	Δ	Δ %
Current Assets	188,737	71,750	116,987	163%
Escrow accounts	100,956	375	100,581	26,822%
Accounts receivable from related parties	68,188	57,601	10,587	18%
Noncurrent Assets	1,116,449	1,083,642	32,807	3%
Accounts receivable from related parties	578,245	733,884	(155,639)	(21%)
Equity investments	537,965	329,148	208,817	63%
Total Assets	1,305,186	1,155,392	149,794	13%
Current Liabilities	21,117	58,683	(37,566)	(64%)
Loans and financing	17,597	54,778	(37,181)	(68%)
Noncurrent Liabilities	1,247,647	309,006	938,641	304%
Loans and financing	1,247,647	295,961	951,686	322%
Shareholders' Equity	36,422	787,703	(751,281)	(95%)
Total Liabilities plus Shareholders' equity	1,305,186	1,155,392	149,794	13%

In 2019, PRUMOPAR's assets reflected some movements in taxes, receivables from Ferroport's IC loans, and equity investees (Ferroport's value), which were all in line with the resumption of payments from Ferroport, under the intercompany loan, after the restoration of activities in this year. In addition, due to the issuance of the USD 350 million senior secured bonds maturing in 2031, the company had to constitute two escrow accounts, the Debt Service Reserve Account and the Target Amortization Reserve Account, that summed, on December 31, 2019, R\$ 53.1 million and R\$ 47.9 million, respectively.

PRUMOPAR's total debt increased by approximately R\$ 914.5 million, to R\$ 1.27 billion, after the issuance of the USD 350 million senior secured bonds and repayment of the existing debt.

On December 31, 2019, PRUMOPAR reported a shareholders' equity of R\$ 36.4 million, a decrease of R\$ 751.3 million if compared to the same date of 2018. This decrease was due to the distribution of the excess of cash generated by all debt issuances in 2019, when the shareholders capital has been reduced. The company also distributed R\$ 44.1 million of dividends in 2019.

Consolidated Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)				
Cash Flow Statement	2019	2018	Δ	Δ %
Cash flows from operating activities	-46,832	-2,437	-44,395	(1,822%)
Loans received from related parties	194,181	62,510	131,671	211%
Cash flows from investment activities	194,181	62,494	131,687	211%
Capital increase/(reduction) and dividends	-832,645	35,395	-868,040	(2,452%)
Loans settled with third parties (net)	967,777	-59,550	1,027,327	1,725%
Interest paid	-51,396	-34,441	-16,955	(49%)
Escrow accounts (Debt Requirement)	-100,581	-375	-100,206	(26,722%)
Transaction costs	-132,552	-	-132,552	-
Cash flows from financing activities	-149,397	-58,971	-90,426	(153%)

During 2019, PRUMOPAR received R\$ 194.2 million of principal on the intercompany loan from Ferroport (net of taxes). It is important to mention that, due to the suspension of Ferroport's activities in 2018, PRUMOPAR did not receive any payment from Ferroport from May 2018 to January 2019.

Regarding cash flows from financing activities, it is worth mentioning that during the fourth quarter of 2019, the Company issued and repaid a USD 270.0 million bridge loan with Goldman Sachs. Regarding the current indebtedness, by the end of December 2019, PRUMOPAR honored 100% of the interest and target amortization due and filled the TARA with R\$ 47.9 million (or USD 11.9 million).

Investor Relations Department:

Website: <https://www.prumologistica.com.br/en/investors/>

Contact:

E-mail: ir.prumopar@prumologistica.com.br

Telephone: +55 21 3725 8000