



Quarterly Financial Report September 30, 2018

Release
Financial Information
Explanatory Notes
Independent auditor's report



www.tupy.com.br

TUPY - Worldwide reference in casting



3Q18 Highlights

Operating cash generation of R\$ 200.0 million and payment of extraordinary dividends

Earnings conference call

Date: November 08, 2018

Portuguese/English

1:00 p.m. (Brasília) / 10:00 a.m. (EST)

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- **Revenue:** R\$1,315.8 million, Tupy's highest quarterly amount. Increase of 36.7% against 3Q17, due to volume growth, pass through of costs, improved mix of products and BRL depreciation.
- **Adjusted EBITDA:** R\$196.8 million, up 20.4% compared to the same period of the previous year and equivalent to 15.0% of revenue in 3Q18.
- **Operating cash generation:** R\$200.0 million, Tupy's best result for a third quarter, up 107.6% against 3Q17.
- **Net Income:** R\$88.6 million, up 16.1% compared to the same period of the previous year.
- **Payment of proceeds:** distribution of dividends and interest on equity in the amount of R\$50.0 million to be paid in November 2018, of which R\$12.5 million as extraordinary dividends (additional amount to what was previously disclosed to the market).
- **Sale of non-strategic assets:** long-term partnership for the development of allotment in one of the Company's lands. The net present value for Tupy is approximately R\$58.0 million, with R\$10.0 million down payment to be received by June, 2019.

MAIN INDICATORS

Consolidated (R\$ thousand)

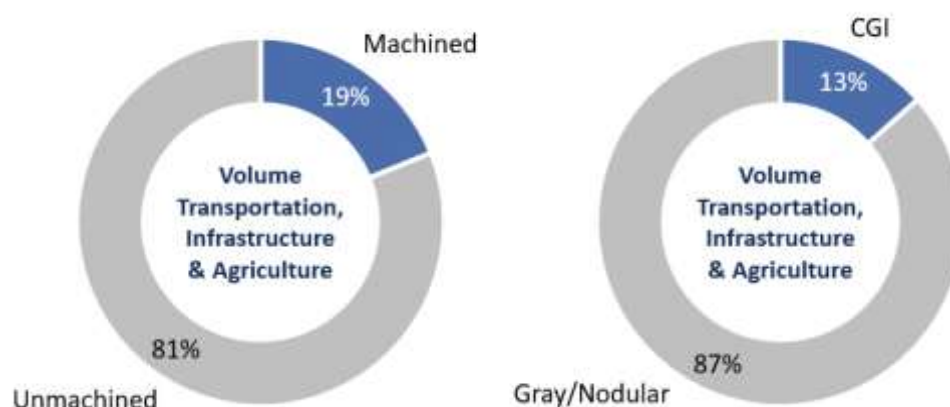
SUMMARY	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
Revenue	1,315,819	962,664	36.7%	3,593,194	2,738,851	31.2%
Cost of goods sold	(1,086,205)	(778,212)	39.6%	(2,983,598)	(2,287,307)	30.4%
Gross profit	229,614	184,452	24.5%	609,596	451,544	35.0%
% on revenue	17.5%	19.2%		17.0%	16.5%	
Operating expenses	(92,132)	(73,196)	25.9%	(253,008)	(224,666)	12.6%
Other operating expenses	(27,249)	(13,975)	95.0%	(65,697)	(84,313)	-22.1%
Income before financial results	110,233	97,281	13.3%	290,891	142,565	104.0%
% on revenue	8.4%	10.1%		8.1%	5.2%	
Net financial result	(19,239)	(13,415)	43.4%	(57,600)	(39,964)	44.1%
Income before taxes	90,994	83,866	8.5%	233,291	102,601	127.4%
% on revenue	6.9%	8.7%		6.5%	3.7%	
Income tax and social contribution	(2,357)	(7,506)	-68.6%	(39,484)	36,866	-
Net income	88,637	76,360	16.1%	193,807	139,467	39.0%
% on revenue	6.7%	7.9%		5.4%	5.1%	
EBITDA (Inst. CVM 527/12)	182,933	159,627	14.6%	497,055	335,760	48.0%
% on revenue	13.9%	16.6%		13.8%	12.3%	
Adjusted EBITDA	196,791	163,384	20.4%	525,893	388,850	35.2%
% on revenue	15.0%	17.0%		14.6%	14.2%	
Average exchange rate (BRL/USD)	3.95	3.16	24.9%	3.61	3.18	13.6%
Average exchange rate (BRL/EUR)	4.59	3.72	23.6%	4.30	3.54	21.4%

SALES VOLUME

Consolidated (ton)						
	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
Domestic market	30,253	30,651	-1.3%	86,543	84,150	2.8%
Transportation, Infrastructure & Agriculture	26,493	25,599	3.5%	75,825	69,221	9.5%
Hydraulics	3,760	5,052	-25.6%	10,718	14,929	-28.2%
Foreign market	122,372	111,010	10.2%	368,578	332,534	10.8%
Transportation, Infrastructure & Agriculture	118,361	105,846	11.8%	355,145	320,222	10.9%
Hydraulics	4,011	5,164	-22.3%	13,433	12,312	9.1%
Total sales volume	152,625	141,661	7.7%	455,121	416,684	9.2%

Sales volume in 3Q18 increased by 7.7% against 3Q17, chiefly due to the following factors:

- 11.8% increase in sales to the transportation, infrastructure and agriculture segment in the foreign market, mainly reflecting the growth of commercial vehicles in the North American market. The domestic market presented growth of 3.5%, especially the applications for commercial vehicles and agricultural machinery.
- Drop of 25.6% and 22.3% in the hydraulics segment in the domestic and foreign markets, respectively. The reduction in volume reflects the disinvestment of the steel shots unit in 3Q17, as well as the strong comparison base due to the increase in pipe fittings and iron bars in that period, in addition to the commercial repositioning of certain products.
- The transportation, infrastructure and agriculture segment portfolio comprised of 19% partially or fully machined products. The breakdown of products by type of material shows that Compacted Graphite Iron – CGI accounted for a sales volume of 13%.



REVENUES

Revenues increased by 32.3% compared to 3Q17, mainly due to volume growth, devaluation of the BRL and pass through of raw material costs.

In the domestic market, the 22.3% growth was due to the increase in revenues from all transportation, infrastructure and agriculture segments, highlighting commercial and off road vehicles, which increased by 38.0% and 44.0%, respectively.

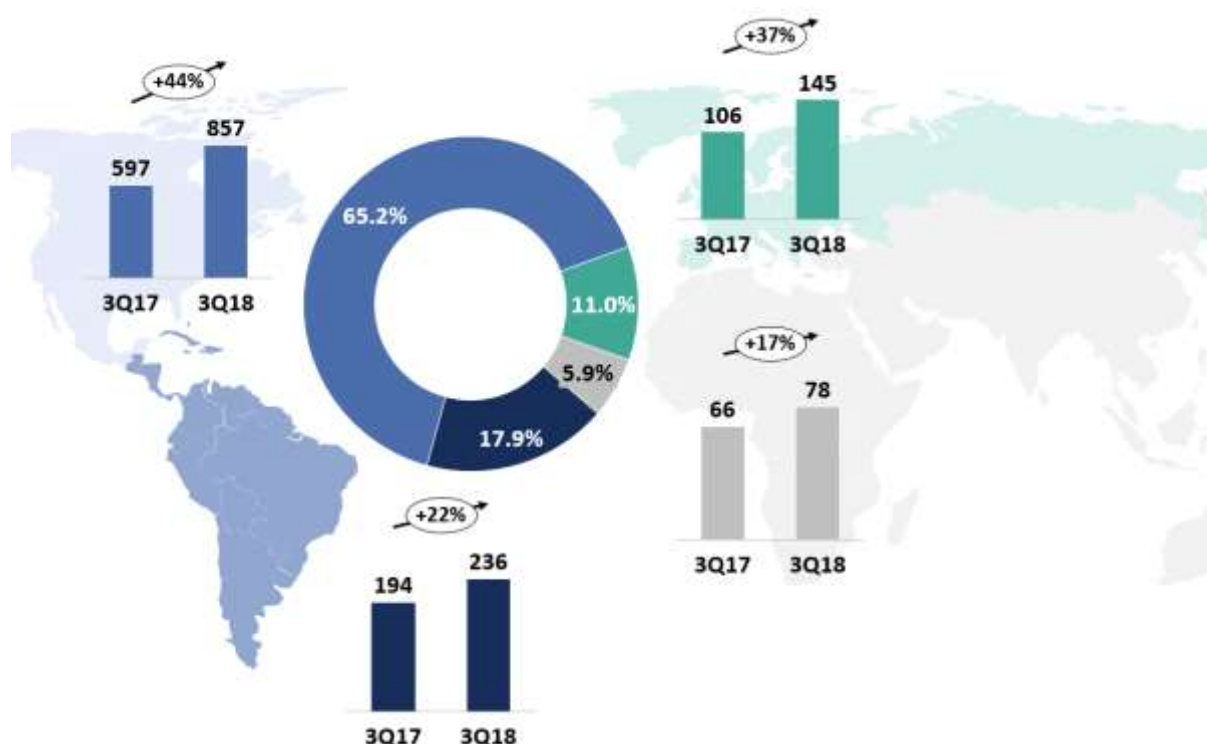
In the foreign market, net revenues increased by 40.1%, due to the significant growth in all applications, as well as the depreciation of the BRL against the US Dollar and the Euro in the period (average exchange rate of BRL/USD 3.95 and BRL/EUR 4.59 in 3Q18 vs. BRL/USD 3.16 and BRL/EUR 3.72 in 3Q17).

Consolidated (R\$ thousand)						
	3Q18	3Q17	Var.[%]	9M18	9M17	Var.[%]
Revenue by market	1,315,819	962,664	36.7%	3,593,194	2,738,851	31.2%
Domestic market	226,230	184,933	22.3%	615,484	489,547	25.7%
% share	17.2%	19.2%		17.1%	17.9%	
Foreign market	1,089,589	777,731	40.1%	2,977,710	2,249,304	32.4%
% share	82.8%	80.8%		82.9%	82.1%	
Revenue by market	1,315,819	962,664	36.7%	3,593,194	2,738,851	31.2%
Transportation, Infrastructure & Agriculture	1,257,160	902,712	39.3%	3,423,988	2,584,817	32.5%
% share	95.5%	93.8%		95.3%	94.4%	
Hydraulics	58,659	59,952	-2.2%	169,206	154,034	9.8%
% share	4.5%	6.2%		4.7%	5.6%	

Revenues by market and performance in the period

In 3Q18, 65.2% of revenues came from North America. In turn, South and Central America accounted for 17.9%, and Europe was 11.0% of total revenues. The remaining 5.9% came from Asia, Africa and Oceania.

It is worth mentioning that several customers with plants in the United States export their products worldwide. Therefore, a significant portion of our sales to this region is also driven by global demand for commercial vehicles, machinery and equipment.



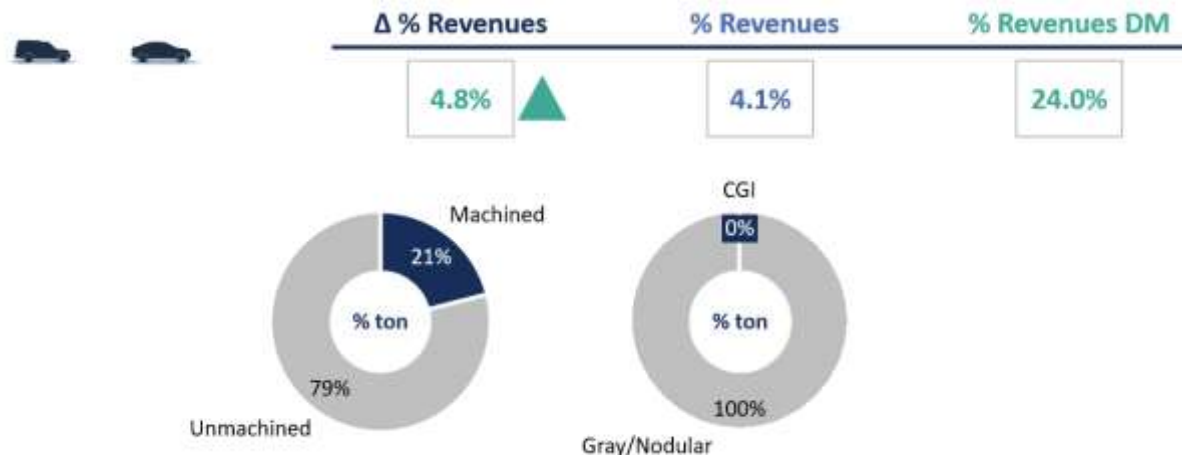
Consolidated (R\$ thousand)

	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
Revenue	1,315,819	962,664	36.7%	3,593,194	2,738,851	31.2%
Domestic market	226,230	184,933	22.3%	615,484	489,547	25.7%
Transportation, Infrastructure & Agriculture	195,001	152,887	27.5%	525,987	399,686	31.6%
Passenger cars	54,216	51,731	4.8%	151,895	141,649	7.2%
Commercial vehicles	112,032	81,188	38.0%	300,879	200,221	50.3%
Off road	28,752	19,968	44.0%	73,213	57,816	26.6%
Hydraulics	31,229	32,046	-2.5%	89,497	89,861	-0.4%
Foreign market	1,089,589	777,731	40.1%	2,977,710	2,249,304	32.4%
Transportation, Infrastructure & Agriculture	1,062,159	749,825	41.7%	2,898,001	2,185,131	32.6%
Passenger cars	124,439	98,490	26.3%	337,556	289,455	16.6%
Light commercial vehicles	421,564	280,507	50.3%	1,166,477	853,196	36.7%
Medium and heavy commercial vehicles	183,551	130,332	40.8%	511,038	409,047	24.9%
Off road	332,605	240,496	38.3%	882,929	633,433	39.4%
Hydraulics	27,430	27,906	-1.7%	79,709	64,173	24.2%

Note: The division between commercial and off road vehicles takes into account our best assumptions on the same product for these

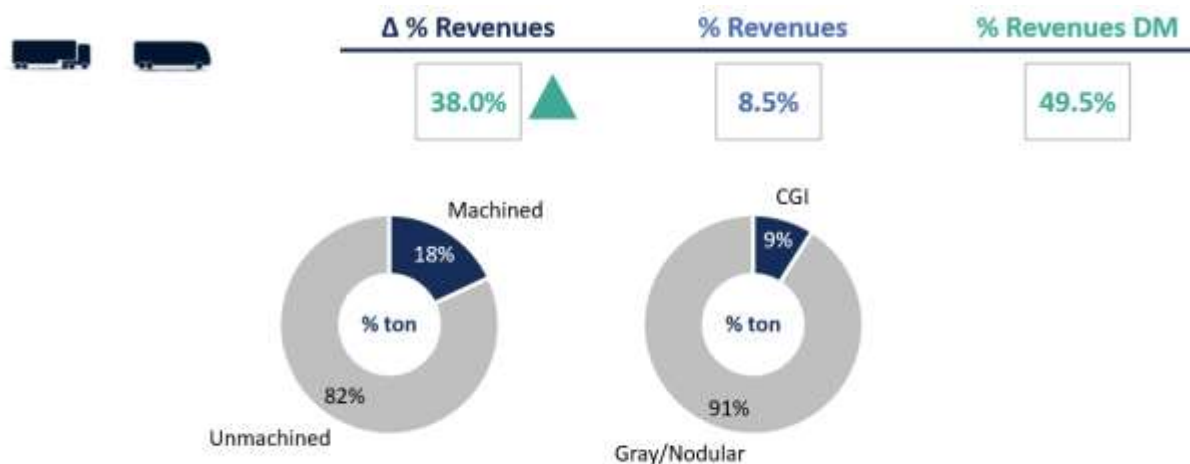
DOMESTIC MARKET (DM)

Passenger Cars



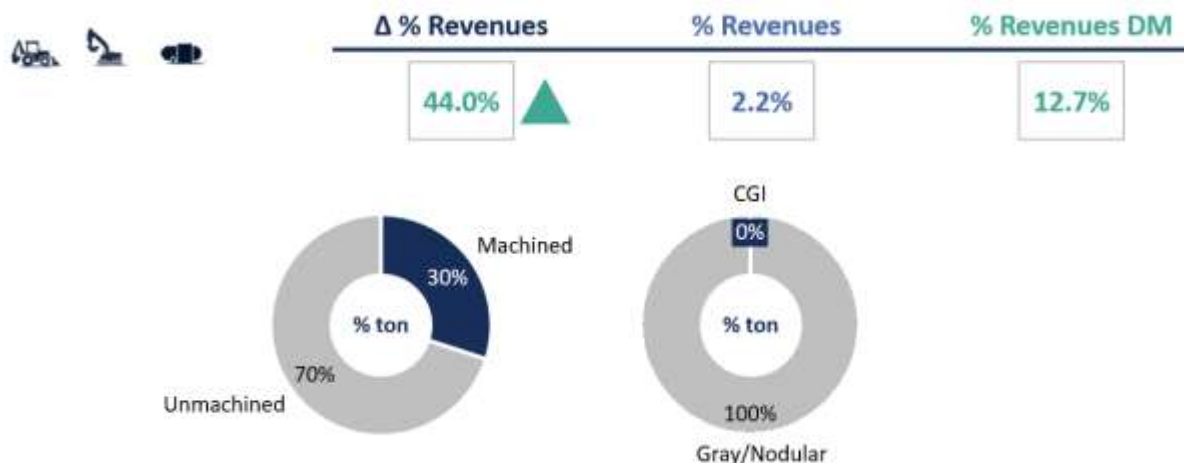
Revenues from sales of this application increased by 4.8% in 3Q18 compared to the same period of the previous year, mainly due to the resumption of licensing in the country.

Commercial Vehicles



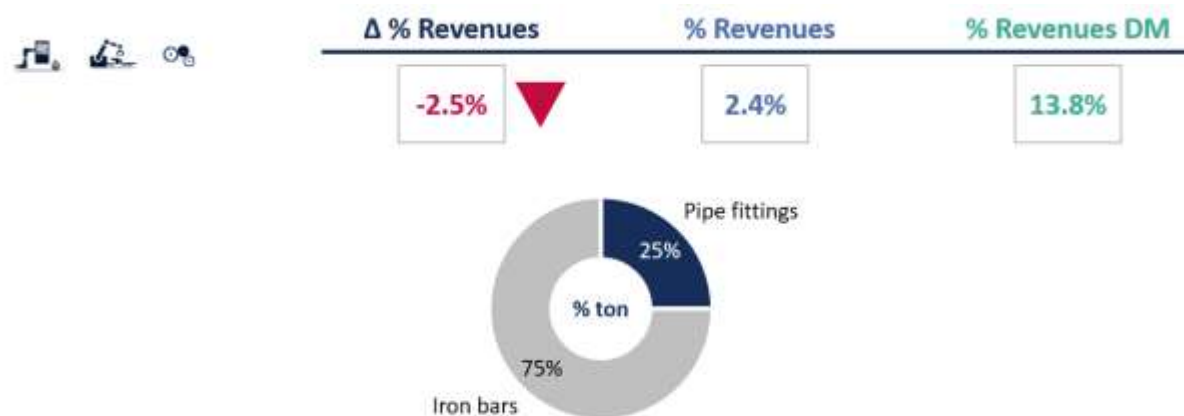
Despite the uncertainties arising from the economic and electoral scenarios, revenues from applications for commercial vehicles rose by 38.0% compared to the same period of the previous year, due to the increased production of trucks in Brazil. We highlight indirect exports opportunities (especially for the European market), as well as increased demand for heavy vehicles.

Off road



Tupy's revenues from machinery and off road vehicles rose by 44.0% in 3Q18 (higher than the market's growth) driven by the strong volume of applications produced in order to serve the domestic and foreign markets (indirect export).

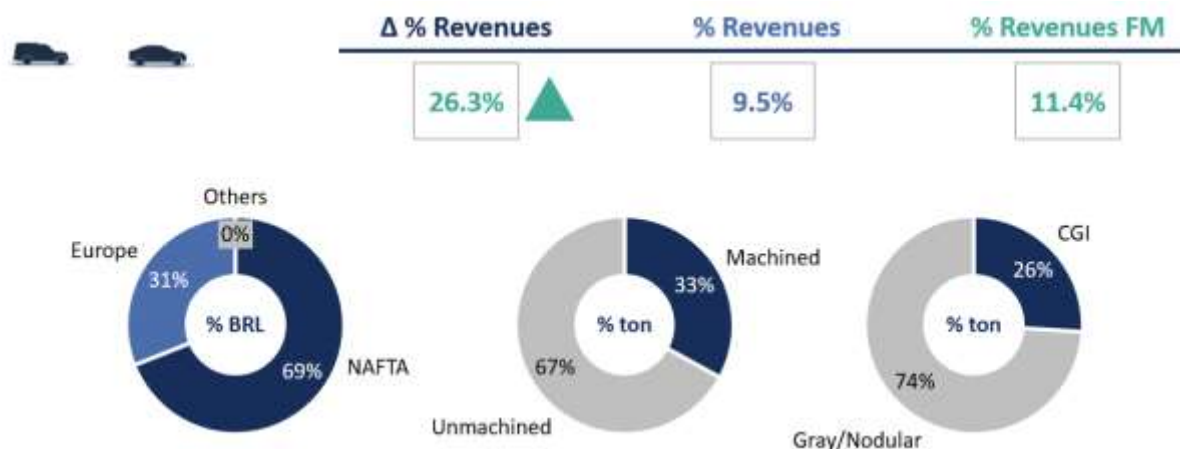
Hydraulics



In 3Q18, sales revenues from the hydraulics segment decreased by 2.5% compared to the same period in 2017. The reduction is mainly due to the disposal of the steel shots unit in 3Q17.

FOREIGN MARKET (FM)

Passenger Cars



Revenues from passenger cars increased by 26.3% compared to 3Q17. In addition to the favorable exchange rate scenario resulting from the devaluation of the BRL, the Company gained share in a high volume product in the period.

Light Commercial Vehicles



Sales for this application were positively impacted in the period by the performance of the US market, due to the demand for utility vehicles used by independent professionals and small & medium sized companies in a large number of applications, as well as phase in of projects. In 3Q18, the segment consisting of pick-ups and SUVs accounted for 70% of sales in the "light vehicles" category in the US, compared to 65% in 3Q17.

Medium and Heavy Commercial Vehicles



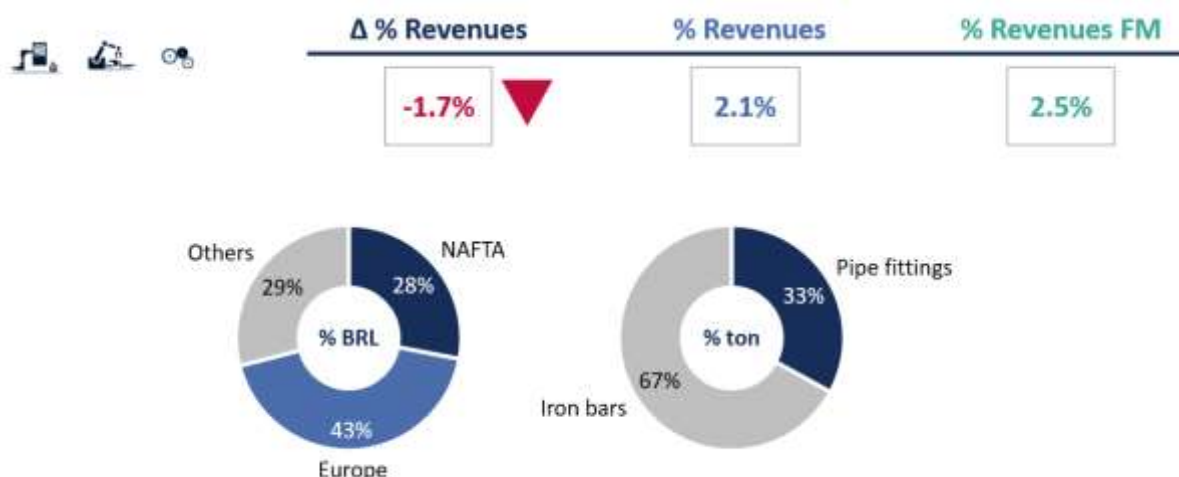
Revenues from medium and heavy commercial vehicles is mainly due to the positive performance of the US and European markets, especially in heavy vehicle applications (class 8), and is related to the growth of the economy and, consequently, the demand for cargo transportation and infrastructure. A gain in market share was also observed in this period.

Off road



Sales of off road applications in 3Q18 increased by 38.3% compared to the same period in 2017, due to the positive performance of the market, especially investments in the oil & gas, mining and infrastructure segments, among others.

Hydraulics



In 3Q18, net revenues from sales of pipe fittings and iron bars decreased by 1.7%.



COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) in 3Q18 amounted to R\$1,086.2 million, up by 39.6% compared to 3Q17. Operating expenses amounted to R\$92.1 million, up 25.9% over 3Q17.

Consolidated (R\$ thousand)						
	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
Revenue	1,315,819	962,664	36.7%	3,593,194	2,738,851	31.2%
Cost of goods sold	(1,086,205)	(778,212)	39.6%	(2,983,598)	(2,287,307)	30.4%
Raw material	(625,565)	(399,375)	56.6%	(1,698,090)	(1,167,456)	45.5%
Labor, profit sharing and social benefits	(239,014)	(186,708)	28.0%	(666,473)	(542,669)	22.8%
Maintenance and third parties	(97,096)	(86,525)	12.2%	(257,475)	(251,606)	2.3%
Energy	(57,263)	(55,149)	3.8%	(163,982)	(161,344)	1.6%
Depreciation	(56,342)	(48,991)	15.0%	(160,272)	(152,566)	5.1%
Others	(10,925)	(1,464)	646.2%	(37,306)	(11,666)	219.8%
Gross profit	229,614	184,452	24.5%	609,596	451,544	35.0%
<i>% on revenue</i>	<i>17.5%</i>	<i>19.2%</i>		<i>17.0%</i>	<i>16.5%</i>	
Operating expenses	(92,132)	(73,196)	25.9%	(253,008)	(224,666)	12.6%
<i>% on revenue</i>	<i>7.0%</i>	<i>7.6%</i>		<i>7.0%</i>	<i>8.2%</i>	

Gross margin was 17.5% in the period, against 19.2% in 3Q17. **However, there is a consistent improvement of this indicator throughout the year, which increased 1.3 e and 0.4 percentage points in relation to the gross margin presented in 1Q18 and 2Q18 (16.2% and 17.1%, respectively) due to several actions taken to increase operational efficiency.**

The COGS variation in 3Q18 compared to the same period in 2017 was impacted by specific factors such as the readjustment of the working hours in Joinville (with a positive effect from 2019) and the ramp up of new products, as well as a mix of more products complex. We also observed effects related to the truck stoppage that occurred in May, such as freight increase, and end of payroll tax exemption and incentives for export companies ("reintegra"), which will be compensated according to established commercial conditions and cost reduction initiatives. In relation to 3Q18 results, we highlight the following factors:

- 56.6% rise in raw material costs, driven by increased production volumes and higher raw material in the period (including the effect of the minimum freight rate, resulting from the truck drivers' strike in 2Q18), as well as the devaluation of the BRL, since raw material costs of our Mexican operations are denominated in US Dollars.
- 28.0% labor cost increase mainly due to higher headcount and overtime required to meet a higher volume of operations, as well as the collective bargain agreement and currency depreciation. The impact of the payroll taxes was also observed as of September.
- 12.2% increase in maintenance materials and third parties, mainly due to increased production volumes.
- 3.8% rise in energy costs. The increased volume produced was offset by the sale of the steel shots unit and efficiency measures.
- R\$9.5 million increase in other costs, chiefly due to reclassification among lines (amounts that were previously allocated as maintenance and third parties services). In addition, the annual comparison was affected by reversals of provisions made in 3Q17.

Operating expenses, which include administrative and commercial expenses, accounted for 7.0% of net revenues, reduction of 0.6 percentage point compared to the same period of the previous year, reaching R\$92.1 million. This figure represented an increase of 25.9% in relation to 3Q17, mainly due to higher labor and freight expenses, as well as commissions on sales, as a result of the increased sales volume and currency depreciation. The impact of the application of the freight table on the transportation of the finished and semi-finished products was also a factor.

OTHER OPERATING EXPENSES

Other net operating expenses amounted to R\$27.2 million in 3Q18, against R\$14.0 million in 3Q17, corresponding to a 95.0% increase.

Consolidated (R\$ thousand)						
	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
Depreciation of non-operating assets	(175)	(176)	-0.6%	(523)	(532)	-1.7%
Amortization of intangibles assets	(13,216)	(10,042)	31.6%	(36,336)	(30,691)	18.4%
Restructuring of the Mauá plant	-	1,517	-	-	(44,141)	-
Others	(13,858)	(5,274)	162.8%	(28,838)	(8,949)	222.2%
Other net operating expenses	(27,249)	(13,975)	95.0%	(65,697)	(84,313)	-22.1%

Expenses related to the amortization of intangible assets increased by 31.6%, mainly due to the exchange variation on the contractual relationship with customers, arising from the acquisition of operations in Mexico in 2012.

The "Others" item mainly includes constitution and updates of provisions, PP&E write-offs and income from the sale of unserviceable assets. The variation in relation to the previous year is mainly due to the difference between the value of the sale/write-off of assets and their residual value in the quarters.

NET FINANCIAL INCOME

In 3Q18, the Company recorded net financial expenses of R\$19.2 million, compared to R\$13.4 million in 3Q17.

Consolidated (R\$ thousand)						
	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
Financial expenses	(29,542)	(36,817)	-19.8%	(89,485)	(114,573)	-21.9%
Financial income	10,320	23,845	-56.7%	31,201	88,504	-64.7%
Net monetary and Exchange variation	(17)	(443)	-96.2%	684	(13,895)	-
Net financial income	(19,239)	(13,415)	43.4%	(57,600)	(39,964)	44.1%

The reduction in financial expenses is chiefly due to net amortizations in the last twelve months, which amounted R\$423.2 million, of which R\$291.1 million refers to early payment of debts in 1Q18. The comparison with the same period of the previous year was also impacted by the devaluation of the BRL against the US Dollar (average exchange rate of R\$3.95 in 3Q18 vs. R\$3.16 in 3Q17), which affected the recognition of interest on borrowings denominated in dollars.

Financial revenues fell by 56.7%, mainly because of the 57% decrease in the balance of cash & cash equivalents in Brazil (R\$311.3 million in 3Q18 vs. R\$735.7 million in 3Q17), and lower financial earnings due to lower interest rates in the country (our financial investments were remunerated at an average interest rate of 6.40% p.a. in 3Q18 vs. 9.34% p.a. in 3Q17).

The result of the net monetary and net exchange variations resulted from the impact of the depreciation of the BRL on the balance sheet and the effect of the mark-to-market of zero cost collar operations.

EARNINGS BEFORE TAXES AND NET INCOME

Consolidated (R\$ thousand)						
	3Q18	3Q17	Var. [%]	1S18	1S17	Var. [%]
Net income before income taxes	90,994	83,866	8.5%	233,291	102,601	127.4%
Tax effects before foreign Exchange impacts	(13,571)	(6,490)	109.1%	(52,680)	14,085	-
Net income before foreign Exchange effects on tax base	77,423	77,376	0.1%	180,611	116,686	54.8%
Foreign Exchange effects on tax base	11,214	(1,016)	-	13,196	22,781	-42.1%
Net income	88,637	76,360	16.1%	193,807	139,467	39.0%
% on revenue	6.7%	7.9%		5.4%	5.1%	

Tax effects before exchange impacts came to R\$13.6 million, as a result of the difference in expenses at the rate of (34%) on profit before tax effects and the effects of permanent additions/exclusions.

The effect of exchange rates on the tax base (deferred income tax in Mexican operations) is calculated in Mexican Pesos. The conversion from the functional currency, the US Dollar, resulted in an increase of R\$11.2 million due to the appreciation of the Mexican Peso against the US Dollar in 3Q18.

The net income from these effects amounted to R\$88.6 million in 3Q18, up 16.1% compared to 3Q17.

EBITDA

The combination of the factors mentioned above resulted in an adjusted EBITDA of R\$196.8 million, with margin of 15.0% and up to 20.4% over 3Q17.

Consolidated (R\$ thousand)						
RECONCILIATION OF NET INCOME TO EBITDA	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
Net income (loss) for the period	88,637	76,360	16.1%	193,807	139,467	39.0%
(+) Net financial result	19,239	13,415	43.4%	57,600	39,964	44.1%
(+) Income tax and social contribution	2,357	7,506	-	39,484	(36,866)	-
(+) Depreciation and amortization	72,700	62,346	16.6%	206,164	193,195	6.7%
EBITDA (Instr. CVM 527/12)	182,933	159,627	14.6%	497,055	335,760	48.0%
% on revenue	13.9%	16.6%		13.8%	12.3%	
(+) Other net operation expenses*	13,858	5,274	162.7%	28,838	8,949	222.2%
(+/-) Restructuring of the Mauá plant	-	(1,517)		-	44,141	
Adjusted EBITDA	196,791	163,384	20.4%	525,893	388,850	35.2%
% on revenue	15.0%	17.0%		14.6%	14.2%	

*Includes legal provisions, PP&E write-offs, and income from the sale of unserviceable assets.

Regarding the annual comparison, the 3Q17 EBITDA was positively impacted by non-recurring revenues in the amount of R\$11.0 million from services provided in past periods. Excluding this amount, the Company's Adjusted EBITDA in that period was R\$152.4 million, or 16.0% of adjusted revenues of R\$951.7 million.

Impacts caused by the truck drivers' strike

The margin in 3Q18 was impacted by factors related to the truck drivers' strike in the second quarter:

- (i) Reduction of the benefit to exporting companies (Reintegra): impact of approximately R\$9.2 million in net revenue;
- (ii) Re-calculation of payroll taxes: impact of approximately R\$8.5 million in the quarter, of which R\$4.5 million is related to adjustments of provisions for vacation pay and payment of 13th salary (non-recurring);
- (iii) Application of the minimum freight rate, with an impact on EBITDA of approximately R\$6.0 million in the quarter.

It is important to emphasize that the Company has been acting on several fronts with the purpose of offsetting these effects in the coming quarters.



INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Total investment in property, plant and equipment and intangible assets was R\$47.9 million in 3Q18.

Consolidated (R\$ thousand)						
	3Q18	3Q17	Var. [%]	9M18	9M17	Var. [%]
PP&E						
Strategic investments	10,348	10,099	2.5%	20,858	29,745	-29.9%
Maintenance and sustenance	33,144	17,850	85.7%	80,959	49,832	62.5%
Environment	1,058	1,617	-34.6%	4,151	5,445	-23.8%
Interest and financial expenses	442	409	8.1%	1,525	1,116	36.6%
Intangible assets						
Software	2,332	1,646	41.8%	4,296	2,617	64.2%
Research and development	551	1,001	-45.0%	1,992	3,403	-41.5%
Total	47,875	32,621	46.8%	113,781	92,158	23.5%
% on revenue	3.6%	3.4%		3.2%	3.4%	

The increase in investments is mainly due to the execution of projects aimed at increasing productivity.

Investments in 3Q18 represented 3.6% of net revenues and 65.9% of depreciation and amortization in the period, lower than previous years and in line with Company's strategy of asset optimization and focus on return on invested capital, which reached 10.6% in the period, showing improvement over 2Q18 and 3Q17.

WORKING CAPITAL

Consolidated (R\$ thousand)					
	3Q18	2T18	1T18	4T17	3Q17
Balance sheet					
Accounts receivable	754,026	783,072	689,706	573,093	549,627
Inventories	486,753	467,613	426,933	419,492	354,009
Accounts payable	576,245	550,562	504,302	462,465	389,578
Sales outstanding [days]	60	68	64	56	57
Inventories outstanding [days]	47	49	48	49	44
Payables outstanding [days]	55	57	56	53	48
Cash conversion cycle [days]	52	60	56	52	53

Main working capital lines recorded the following variations against the previous quarter (2Q18):

- Reduction of R\$29.0 million in accounts receivable, corresponding to 8 sale days, which is mainly due to the change in the period of receipt of payments from customers and receipt of payments from tools sales.
- Inventories increased by R\$19.1 million, however corresponding to a 2-day reduction (relating to the cost of goods sold) despite growing volumes, COGS and FX depreciation.
- Increase of R\$25.7 million in accounts payable, corresponding to a 2-day reduction. **We highlight the significant improvement of this indicator compared to 3Q17 (7 days)**, due to several actions aimed at stretching payment terms with the current suppliers.

CASH FLOW

Consolidated (R\$ thousand)						
CASH FLOW SUMMARY	3Q18	3Q17	Var.[%]	9M18	9M17	Var.[%]
Cash at the beginning of period	614,101	1,046,217	-41.3%	865,368	1,203,940	-28.1%
Cash flow from operating activities	199,998	96,326	107.6%	368,432	151,695	142.9%
Cash flow from investing activities	(45,749)	(30,025)	52.4%	(103,704)	(89,902)	15.4%
Cash flow from financing activities	(41,805)	(140,142)	-70.2%	(443,743)	(293,801)	51.0%
Effect of Exchange variation on cash	16,068	(27,576)	-	56,260	(27,132)	-
Increase (decrease) in cash	128,512	(101,417)	-	(122,755)	(259,140)	-52.6%
Cash at the end of period	742,613	944,800	-21.4%	742,613	944,800	-21.4%

In 3Q18, cash from operating activities amounted to R\$200.0 million, compared to a cash generation of R\$96.3 million in 3Q17. The strong growth in relation to 3Q17 is mainly due to increased revenues and improved working capital.

Investment activities totaled R\$45.7 million in 3Q18, up 52.4% compared to the same period of the previous year.

In 3Q18, financing activities totaled R\$41.8 million, a reduction of 70.2% in relation to the same period of the previous year, driven by the decrease in payments of loans and financing (R\$4.3 million in 3Q18 vs. R\$86.2 million in 3Q17).

The combination between these factors and the exchange rate variation on cash resulted in an increase of R\$128.5 million in cash and cash equivalents in the period, which amounted to R\$742.6 million in 3Q18.

INDEBTEDNESS

At the close of 3Q18, Company's net debt amounted to R\$781.8 million, i.e., the net debt/adjusted EBITDA ratio for the previous 12-month period was 1.19.

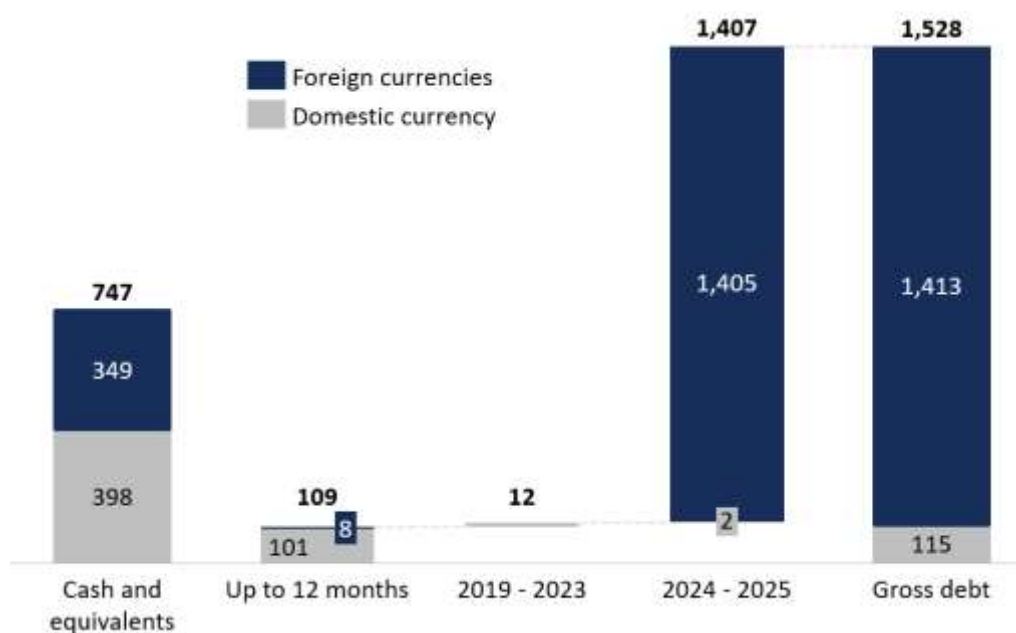
Obligations in foreign currency accounted for 92% of total obligations (1% short-term debt and 99% long-term debt), while 8% of debt is denominated in BRL (88% short-term debt and 12% long-term debt). Regarding cash balance, 53% is denominated in BRL, and 47% is denominated in foreign currency.

Consolidated (R\$ thousand)			
INDEBTEDNESS	3Q18	2T18	1T18
Short term*	123,278	156,912	131,021
Long term	1,405,145	1,354,399	1,170,223
Gross debt	1,528,423	1,511,311	1,301,244
Cash and equivalents**	746,592	614,105	494,909
Net debt	781,831	897,206	806,335
Gross debt/Adjusted EBITDA	2.32x	2.42x	2.37x
Net debt/Adjusted EBITDA	1.19x	1.44x	1.47x

* Includes derivatives

† Includes financial investments

The Company's debt profile is as follows:



All amounts in R\$ million.

PAYMENT OF DIVIDENDS AND INTEREST ON EQUITY

On November 26, 2018, the Company will distribute R\$ 50.0 million to its shareholders, of which R\$ 28.4 million in the form of interest on equity (gross amounts) and R\$ 21.6 million as dividends.

Of the total amount, R\$ 37.5 million refers to the third installment of the amount previously approved by the Board of Directors for the Fiscal Year of 2018, which is R\$ 150.0 million.

The remaining amount of R\$ 12.5 million represents extraordinary dividends due to the strong cash generation presented by the Company in the period

DISPOSAL NON-STRATEGIC ASSETS

In line with the strategy of optimizing its assets and increasing the return on invested capital, on November 5, 2018, Tupy signed a memorandum of understanding with the company Irineu Imóveis to enable the implementation of a real estate development in a non-operating property of Tupy located in the municipality of Araquari - SC. The property has an area of about 263 hectares and is located close to several industries, port terminals and highways.

According to the instrument signed by the parties, Tupy will assign the property and Irineu Imóveis will be responsible for the development and costs related to the activities necessary for the approval, implementation and commercialization of the development.

As a result of the operation, Tupy will receive an advance of R\$ 10.0 million, which will be paid until June 2019, in addition to the amount equivalent to 34% of the cash flow from sales of the land and

its respective financing portfolio of the lots that will compose the enterprise. The estimated net present value (NPV) of the project for Tupy is approximately R \$ 58.0 million.

OWNERSHIP STRUCTURE

On September 30, 2018, Tupy's ownership structure was as follows:



The Company is subject to the rules of the Novo Mercado Arbitration Chamber, in accordance with Article 60 of the Bylaws.

EXECUTIVE OFFICER'S STATEMENT

In compliance with the provisions established under Article 25 of CVM Instruction No. 480, of December 7, 2009, Tupy S.A.'s Executive Board declares that it has reviewed, discussed and agreed with the opinion presented in the Independent Auditor's Report on the Quarterly Financial Report, issued on this date, and with the Quarterly Financial Report of September 30, 2018.

* * *

Attachment I – Commercial vehicle production and sales in Brazil

	(Units)					
	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Production						
Trucks						
Semi-light	368	776	-52.6%	1,362	2,003	-32.0%
Light	5,329	4,767	11.8%	14,990	11,775	27.3%
Medium	1,958	2,079	-5.8%	5,010	5,040	-0.6%
Semi-heavy	7,826	6,349	23.3%	21,199	17,689	19.8%
Heavy	12,186	9,209	32.3%	34,693	22,694	52.9%
Total trucks	27,667	23,180	19.4%	77,254	59,201	30.5%
Buses	8,096	6,155	31.5%	23,051	16,128	42.9%
Commercial vehicles	35,763	29,335	21.9%	100,305	75,329	33.2%
Sales						
Trucks						
Semi-light	584	486	20.2%	1,700	1,265	34.4%
Light	2,839	3,079	-7.8%	8,505	8,073	5.4%
Medium	2,237	1,151	94.4%	5,216	2,945	77.1%
Semi-heavy	5,059	3,767	34.3%	12,418	9,286	33.7%
Heavy	9,527	4,971	91.7%	23,707	12,522	89.3%
Total trucks	20,246	13,454	50.5%	51,546	34,091	51.2%
Buses	4,910	3,665	34.0%	10,480	8,562	22.4%
Commercial vehicles	25,156	17,119	46.9%	62,026	42,653	45.4%
Exports						
Trucks						
Semi-light	51	207	-75.4%	271	540	-49.8%
Light	1,287	1,470	-12.4%	4,236	4,096	3.4%
Medium	403	464	-13.1%	1,140	1,347	-15.4%
Semi-heavy	2,126	2,947	-27.9%	7,417	7,895	-6.1%
Heavy	2,236	2,703	-17.3%	7,400	7,544	-1.9%
Total trucks	6,103	7,791	-21.7%	20,464	21,422	-4.5%
Buses	1,732	2,601	-33.4%	6,466	6,705	-3.6%
Commercial vehicles	7,835	10,392	-24.6%	26,930	28,127	-4.3%

Source: ANFAVEA

Attachment II – Production and sales of light and commercial vehicles in foreign markets

	(Units)					
	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
North America						
Production						
Passenger cars	1,226,828	1,350,054	-9.1%	3,889,251	4,576,453	-15.0%
Light commercial vehicles – Class 1-3	2,842,148	2,725,481	4.3%	8,893,549	8,630,582	3.0%
% Light commercial vehicles	69.8%	66.9%	+3.0p.p.	69.6%	65.3%	+4.2p.p.
Medium & Heavy Duty¹	4,068,976	4,075,535	-0.2%	12,782,800	13,207,035	-3.2%
United States						
Sales						
Passenger cars	1,320,945	1,571,056	-15.9%	4,074,161	4,694,318	-13.2%
Light commercial vehicles – Class 1-3	3,003,088	2,851,849	5.3%	8,867,527	8,185,281	8.3%
% Light commercial vehicles	69.5%	64.5%	+5.0p.p.	68.5%	63.6%	+5.0p.p.
Light Duty – Class 4-5	32,163	30,568	5.2%	98,259	94,255	4.2%
Medium Duty – Class 6-7	35,653	29,497	20.9%	101,641	90,677	12.1%
Heavy Duty – Class 8	68,231	48,326	41.2%	178,321	132,748	34.3%
Medium & Heavy Duty¹	136,047	108,391	25.5%	378,221	317,680	19.1%
Europe						
Sales						
Passenger cars	3,502,710	3,447,272	1.6%	11,951,957	11,658,651	2.5%

Source: Automotive News; Bloomberg; ACEA

Attachment III – Production and sales of agricultural machinery in global markets

	(Units)					
	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Production						
Americas						
Brazil	19,297	14,480	33.3%	46,197	42,314	9.2%
Sales						
Americas						
Brazil	14,697	11,759	25.0%	34,564	32,083	7.7%
United States and Canda	65,533	60,265	8.7%	204,087	190,515	7.1%
Europe						
Germany	10,415	9,924	4.9%	30,058	29,401	2.2%
United Kingdom	3,177	2,916	9.0%	9,706	9,058	7.2%

Source: ANFAVEA; Bloomberg; AEM

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES**BALANCE SHEETS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017****(All amounts in thousands of reais)****ASSETS**

	Note	Parent company		Consolidated	
		09/30/18	12/31/17	09/30/18	12/31/17
CURRENT ASSETS					
Cash and cash equivalents	3	437,889	667,827	742,613	865,368
Financial investments	4	-	1,077	-	1,077
Derivative financial instruments	25	3,324	18	3,979	18
Trade account receivables	5	331,963	280,213	754,026	573,093
Inventories	6	229,040	216,609	486,753	419,492
Tooling		35,031	25,694	160,910	102,000
Income tax and social contribution recoverable	7	-	-	7,808	7,943
Other taxes recoverable	8	59,016	55,364	117,278	119,486
Related parties	10	5,909	5,540	-	-
Notes and other receivables		20,771	32,062	45,404	44,286
Total current assets		1,122,943	1,284,404	2,318,771	2,132,763
NON-CURRENT ASSETS					
Income tax and social contribution recoverable	7	234,761	260,547	234,761	260,547
Other taxes recoverable	8	186,744	167,516	186,744	167,516
Deferred income tax and social contribution	9	195,671	113,978	170,606	76,243
Credits - Eletrobrás	11	102,170	102,170	102,170	102,170
Judicial deposits and other		51,919	50,139	53,014	51,234
Investments in equity instruments		1,183	1,442	7,785	6,762
Properties for investments		-	-	6,544	6,544
Investments	12	1,810,071	1,441,790	-	-
Property, plant and equipment	13	753,281	827,588	1,582,530	1,509,236
Intangible assets	13	55,338	58,277	292,860	296,141
Total non-current assets		3,391,138	3,023,447	2,637,014	2,476,393
Total assets		4,514,081	4,307,851	4,955,785	4,609,156

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

TUPY S.A. AND SUBSIDIARIES**BALANCE SHEETS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017****(All amounts in thousands of reais)****LIABILITIES**

	Note	Parent company		Consolidated	
		09/30/18	12/31/17	09/30/18	12/31/17
CURRENT LIABILITIES					
Trade accounts payables		261,813	216,687	576,245	462,465
Loans and financing	14	123,056	458,031	121,618	456,015
Derivative financial instruments	25	1,660	404	1,660	2,457
Income taxes payable		-	-	16,238	7,318
Other taxes payable		2,227	2,695	28,289	23,930
Salaries, social security charges and profit sharing		140,311	111,009	181,432	137,735
Advances from customers		38,160	22,898	124,946	63,997
Related parties	10	990	998	-	-
Dividends and interest on capital		105	50,076	105	50,076
Provision for tax, civil, social security and labor contingencies	15	17,791	16,115	17,791	16,247
Notes and other payables		150,402	133,924	74,763	70,300
Total current liabilities		736,515	1,012,837	1,143,087	1,290,540
NON-CURRENT LIABILITIES					
Borrowings	14	1,410,002	1,170,308	1,405,145	1,165,541
Provision for tax, civil, social security and labor contingencies	15	122,034	134,401	122,045	134,411
Retirement benefit obligations		-	-	39,461	27,927
Other long term liabilities		4,512	6,987	5,029	7,419
Total non-current liabilities		1,536,548	1,311,696	1,571,680	1,335,298
EQUITY					
Share capital	16	1,060,301	1,060,301	1,060,301	1,060,301
Share issuance costs		(6,541)	(6,541)	(6,541)	(6,541)
Share-based payments		11,082	9,172	11,082	9,172
Carrying value adjustments		622,333	492,399	622,333	492,399
Income reserves		352,987	427,987	352,987	427,987
Retained earnings		200,856	-	200,856	-
Total equity		2,241,018	1,983,318	2,241,018	1,983,318
Total liabilities and equity		4,514,081	4,307,851	4,955,785	4,609,156

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES**STATEMENTS OF INCOME****QUARTERS ENDED SEPTEMBER 30, 2018 AND 2017****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		7/1/18 9/30/18	7/1/17 9/30/17	7/1/18 9/30/18	7/1/17 9/30/17
NET REVENUE	17	701,181	564,281	1,315,819	962,664
Cost of products sold	18	(552,735)	(458,681)	(1,086,205)	(778,212)
GROSS PROFIT		148,446	105,600	229,614	184,452
Selling expenses	18	(29,457)	(24,534)	(47,996)	(36,645)
Administrative expenses	18	(30,428)	(26,922)	(41,714)	(33,343)
Management fees	18	(2,422)	(3,208)	(2,422)	(3,208)
Other operating expenses, net	20	(16,230)	(3,844)	(27,249)	(13,975)
Share of results of subsidiaries	12	37,060	33,265	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		106,969	80,357	110,233	97,281
Finance costs	19	(28,589)	(36,034)	(29,542)	(36,817)
Finance income	19	9,204	22,848	10,320	23,845
Monetary and foreign exchange variations, net	19	7,684	2,061	(17)	(443)
PROFIT BEFORE TAXATION		95,268	69,232	90,994	83,866
Income tax and social contribution	21	(6,631)	7,128	(2,357)	(7,506)
NET INCOME FOR THE PERIOD		88,637	76,360	88,637	76,360
EARNINGS PER SHARE					
Basic earnings per share	22	0.61478	0.52962	0.61478	0.52962
Diluted earnings per share	22	0.61226	0.52708	0.61226	0.52708

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

TUPY S.A. AND SUBSIDIARIES**STATEMENTS OF INCOME****NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		9/30/18	9/30/17	9/30/18	9/30/17
NET REVENUE	17	1,914,133	1,611,199	3,593,194	2,738,851
Cost of products sold	18	(1,562,875)	(1,372,407)	(2,983,598)	(2,287,307)
GROSS PROFIT		351,258	238,792	609,596	451,544
Selling expenses	18	(81,286)	(72,985)	(133,583)	(113,657)
Administrative expenses	18	(89,043)	(83,521)	(111,086)	(101,996)
Management fees	18	(8,339)	(9,013)	(8,339)	(9,013)
Other operating expenses, net	20	(34,953)	(54,828)	(65,697)	(84,313)
Share of results of subsidiaries	12	111,392	114,489	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		249,029	132,934	290,891	142,565
Finance costs	19	(85,978)	(111,957)	(89,485)	(114,573)
Finance income	19	27,235	85,479	31,201	88,504
Monetary and foreign exchange variations, net	19	4,849	(1,857)	684	(13,895)
PROFIT BEFORE TAXATION		195,135	104,599	233,291	102,601
Income tax and social contribution	21	(1,328)	34,868	(39,484)	36,866
NET INCOME FOR THE PERIOD		193,807	139,467	193,807	139,467
EARNINGS PER SHARE					
Basic earnings per share	22	1.34423	0.96733	1.34423	0.96733
Diluted earnings per share	22	1.33871	0.96268	1.33871	0.96268

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

STATEMENTS OF COMPREHENSIVE INCOME
QUARTERS ENDED SEPTEMBER 30, 2018 AND 2017
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
		7/1/18 9/30/18	7/1/17 9/30/17	7/1/18 9/30/18	7/1/17 9/30/17
NET INCOME FOR THE PERIOD		88,637	76,360	88,637	76,360
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	12	63,456	(52,127)	63,456	(52,127)
Hedge of net investment abroad	25	(51,686)	47,390	(51,686)	47,390
Tax effect on hedge of net investment abroad	9	17,573	(16,112)	17,573	(16,112)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		117,980	55,511	117,980	55,511

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(All amounts in thousands of reais, except earnings per share)

	Note	Parent company		Consolidated	
		9/30/18	9/30/17	9/30/18	9/30/17
NET INCOME (LOSS) FOR THE YEAR		193,807	139,467	193,807	139,467
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	12	297,275	(30,689)	297,275	(30,689)
Hedge of net investment abroad	25	(242,867)	35,947	(242,867)	35,947
Tax effect on hedge of net investment abroad		82,575	(12,224)	82,575	(12,224)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		330,790	132,501	330,790	132,501

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
(All amounts in thousands of reais)

Note	Share capital	Share issue cost	Shared based payments	Carrying value adjustments		Revenue reserves		Retained earnings (losses)	Total
				Exchange variation of investees	Deemed cost of fixed assets	legal reserve	Reserve for investments		
AT DECEMBER 31, 2016	1,060,301	(6,541)	7,580	420,911	61,215	60,553	403,113	-	2,007,132
Comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	139,467	139,467
Realization of carrying value adjustments	-	-	-	-	(7,428)	-	-	7,428	-
Foreign exchange variation of investees located abroad	-	-	-	(30,689)	-	-	-	-	(30,689)
Hedge of net investment abroad	25	-	-	35,947	-	-	-	-	35,947
Tax impact on hedge of net investment abroad	-	-	-	(12,224)	-	-	-	-	(12,224)
Total comprehensive income for the year	-	-	-	(6,966)	(7,428)	-	-	146,895	132,501
Contributions from stockholders and distributions to stockholders									
Management stock option plan	10	-	-	2,997	-	-	-	-	2,997
Interest on capital	-	-	-	-	-	-	(100,000)	-	(100,000)
Total contributions from stockholders and distributions to stockholders	-	-	2,997	-	-	-	(100,000)	-	(97,003)
AT SEPTEMBER 30, 2017	1,060,301	(6,541)	10,577	413,945	53,787	60,553	303,113	146,895	2,042,630
AT DECEMBER 31, 2017	1,060,301	(6,541)	9,172	440,932	51,467	68,223	359,764	-	1,983,318
Comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	193,807	193,807
Realization of carrying value adjustments	-	-	-	-	(7,049)	-	-	7,049	-
Foreign exchange variation of investees located abroad	-	-	-	297,275	-	-	-	-	297,275
Hedge of net investment abroad	25	-	-	(242,867)	-	-	-	-	(242,867)
Tax impact on hedge of net investment abroad	-	-	-	82,575	-	-	-	-	82,575
Total comprehensive income for the year	-	-	-	136,983	(7,049)	-	-	200,856	330,790
Contributions from stockholders and distributions to stockholders									
Management stock option plan	-	-	2,240	-	-	-	-	-	2,240
(-) Stock options exercised	-	-	(330)	-	-	-	-	-	(330)
Interest on capital	10	-	-	-	-	-	(75,000)	-	(75,000)
Total contributions from stockholders and distributions to stockholders	-	-	1,910	-	-	-	(75,000)	-	(73,090)
AT SEPTEMBER 30, 2018	1,060,301	(6,541)	11,082	577,915	44,418	68,223	284,764	200,856	2,241,018

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES**STATEMENTS OF CASH FLOW****NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017****(All amounts in thousands of reais, except earnings per share)**

		Parent company		Consolidated	
	Note	9/30/18	9/30/17	9/30/18	9/30/17
Cash flow from operating activities:					
Profit for the period before income tax and social contribution		195,135	104,599	233,291	102,601
Adjustment to reconcile profit (losses) with cash provided by operating activities:					
Depreciation and amortization	13	104,571	114,032	206,164	193,195
Share of results of subsidiaries	12	(111,392)	(114,489)	-	-
Disposals of property, plant and equipment		11,220	7,209	17,086	1,864
Interest accrued and foreign exchange variations		56,606	101,614	71,215	112,425
Provision for impairment of trade receivables	5	51	100	(609)	(377)
Provision for losses on inventory		(2,198)	8,589	122	9,022
Provision for contingencies	15	21,953	19,858	21,822	19,887
Stock option plan		2,240	2,997	2,240	2,997
Change in monetary exchange - IPI premium credit		3,394	1,973	3,394	1,973
Change in monetary exchange - Eletrobrás credit	11	259	204	259	204
		281,839	246,686	554,984	443,791
Changes in operating assets and liabilities:					
Trade accounts receivables		(5,117)	15,988	(75,742)	(121,183)
Inventories		(10,233)	33,085	(39,684)	43,190
Tooling		(9,337)	(2,912)	(38,394)	38,056
Other taxes recoverable		(1,822)	(36,082)	15,399	(55,109)
Notes and other receivables		11,291	117	(1,269)	(15,613)
Judicial deposits and other		(1,780)	(1,658)	(1,780)	(1,676)
Trade payables		17,812	10,616	23,102	85,567
Other taxes payable		(468)	(427)	(516)	2,474
Salaries, social security charges and profit sharing		29,302	24,884	37,410	32,838
Advances from customers		15,262	16,574	52,717	(34,219)
Notes and other payables		8,353	15,140	(4,694)	(27,277)
Retirement benefit obligations		-	-	18,260	4,864
Other long term liabilities		(34,231)	(36,824)	(34,146)	(36,826)
Cash generated by operations		300,871	285,187	505,647	358,877
Interest paid		(97,595)	(120,125)	(93,713)	(118,159)
Income tax and social contribution paid		-	-	(43,502)	(89,023)
Net cash generated (used) from operating activities		203,276	165,062	368,432	151,695
Cash flow from investment activities:					
Cash from capital reduction in subsidiaries	12	40,386	171,980	-	-
Additions to fixed assets or intangibles	13	(41,652)	(37,306)	(105,676)	(89,108)
Cash generated on PPE disposals		3,643	-	895	265
Financial investment	4	1,077	(1,059)	1,077	(1,059)
Subsidiaries and associates		(377)	(440)	-	-
Cash used in investment activities		3,077	133,175	(103,704)	(89,902)
Cash flow from financing activities:					
Payment of loans		(318,442)	(177,819)	(318,442)	(177,819)
Interest on capital and dividends paid		(118,400)	(106,765)	(118,400)	(106,765)
Income tax of interest on capital and dividends paid		(6,571)	(9,217)	(6,571)	(9,217)
Treasury stock		(330)	-	(330)	-
Cash used in financing activities		(443,743)	(293,801)	(443,743)	(293,801)
Effect of exchange rate differences on cash for the period		7,452	352	56,260	(27,132)
Increase (decrease) in cash and cash equivalents		(229,938)	4,788	(122,755)	(259,140)
Cash and cash equivalents at the beginning of the period		667,827	809,037	865,368	1,203,940
Cash and cash equivalents at the end of the period		437,889	813,825	742,613	944,800

All amounts in thousands of Reais unless otherwise stated.

See accompanying notes

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TUPY S.A. AND SUBSIDIARIES**STATEMENT OF VALUE ADDED****NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		9/30/18	9/30/17	9/30/18	9/30/17
Origination of value added					
Sale of products, net of returns and rebates	17	2,088,489	1,738,702	3,768,210	2,866,831
Provision for impairment of trade receivables		(51)	(100)	609	377
(-) Inputs acquired from third parties		(1,362,887)	(1,139,588)	(2,437,901)	(1,884,287)
Raw materials and processing material consumed		(1,010,974)	(777,710)	(1,764,461)	(1,283,748)
Materials, energy, third party services and other		(351,913)	(361,878)	(673,440)	(600,539)
GROSS VALUE ADDED		725,602	599,114	1,330,309	982,544
Retentions:		(104,571)	(114,032)	(206,164)	(193,195)
Depreciation and amortization	13	(104,571)	(114,032)	(206,164)	(193,195)
Net value added generated by the Company		621,031	485,082	1,124,145	789,349
Value added received through transfer		138,627	199,968	31,201	88,504
Share of results of subsidiaries	12	111,392	114,489	-	-
Finance income	19	27,235	85,479	31,201	88,504
VALUE ADDED TO DISTRIBUTE		759,658	685,050	1,155,346	877,853
Distribution of value added					
Personnel		441,109	426,532	790,239	605,996
Employees		310,054	300,633	649,749	472,754
Social charges - Government Severance Indemnity Fund for Emplo		22,195	23,635	22,195	23,635
Profit sharing		30,636	22,319	39,046	28,566
Management fees		8,339	9,013	8,339	9,013
Workplace healthcare and safety		52,298	52,087	52,298	52,087
Food		7,751	7,842	7,751	7,842
Professional education, qualification and development		632	483	881	662
Other amounts		9,204	10,520	9,980	11,437
Government		43,613	5,237	82,499	3,922
Federal taxes and contributions		39,582	(15,056)	78,457	(16,371)
State taxes and rates		(859)	14,322	(858)	14,322
Municipal taxes, rates and other		4,890	5,971	4,900	5,971
Third party capital		81,129	113,814	88,801	128,468
Finance costs	19	85,978	111,957	89,485	114,573
Monetary and foreign exchange variations, net	19	(4,849)	1,857	(684)	13,895
Own capital		193,807	139,467	193,807	139,467
Retained earnings (losses)		193,807	139,467	193,807	139,467
TOTAL VALUE ADDED		759,658	685,050	1,155,346	877,853

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

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(A free translation of the original in Portuguese)

1. GENERAL INFORMATION

Tupy S.A. (the "Parent company") and its subsidiaries (together the "Company" or "Consolidated") have domestic and foreign operations in the iron casting markets, especially engine blocks and cylinder heads. The Company also operates in the transportation, infrastructure and agriculture (blocks, cylinder heads and parts) and hydraulics (steel shots and iron bar) segments. With a diversified customer base in the Americas, Europe and Asia. The Company has plants in Brazil, at Joinville and Maua, and Mexico, at Saltillo and Ramos Arizpe. In addition, the Parent Company has investments in companies abroad that operate in logistics, trading and technical assistance.

Tupy S.A. is a publicly-held corporation headquartered in Joinville, State of Santa Catarina, listed on the São Paulo Stock Exchange (BOVESPA: ticker TUPY3) and in the Novo Mercado segment of B3 (former BM&FBOVESPA).

This quarterly information was approved for issue by the Company's Board of Directors on November 06, 2018.

2. PRESENTATION AND PREPARATION OF THE QUARTERLY INFORMATION

The Company presents the Parent company quarterly information prepared in accordance with Technical Pronouncement CPC 21 - "Interim Financial Reporting" and the Consolidated quarterly information in accordance with Technical Pronouncement CPC 21 and International Accounting Standard IAS 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR), and are identified as "Parent company" and "Consolidated", respectively.

Circular Letter CVM/SNC/SEP 003, of April 28, 2011, permits entities to present selected explanatory notes in cases of redundancy or duplication relative to the information already presented in the Company's annual financial statements. The quarterly information does not include all of the disclosures required in a complete set of financial statements, and should be read together with the annual financial statements for the year ended December 31, 2017.

Accordingly, the Company discloses below a list of the explanatory notes that are not partially or completely repeated in the quarterly information at September 30, 2018:

<i>Not completely repeated</i>	<i>Not partially repeated</i>
Financial investments	Trade receivables
Investment properties	Income tax and social contribution recoverable
Salaries, social security charges and profit sharing	Other taxes recoverable
Defined benefit obligations	Property, plant and equipment
Insurance	Intangible assets
Business combination	Borrowings
Commitments	Provision for tax, civil, social security and labor contingencies
	Share capital

2.1. Basis of preparation and functional and presentation currency

The quarterly information has been prepared based on the historical cost convention, except for certain financial instruments, which are measured at their fair values, as described in the accounting policies. The historical cost is generally based on the fair value of the consideration paid in exchange for assets. The functional and presentation currency are with the same as those for the annual financial statements for the year ended December 31, 2017.

2.2. Use of critical accounting estimates and judgments

The preparation of Parent Company and Consolidated quarterly information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported for assets, liabilities, revenue and expenses.

In the preparation of this quarterly information, the decisions made by the Company regarding the application of accounting policies and the main sources of uncertainty in estimates were the same as those for the annual financial statements for the year ended December 31, 2017. In the annual financial statements, these critical accounting estimates and judgments are disclosed in Note 2.4.

2.3. Significant accounting policies

The accounting policies used in the preparation of this quarterly information for the period ended September 30, 2018 are consistent with those used to prepare the annual financial statements for the year ended December 31, 2017, these policies are disclosed in Note 2 in the annual financial statements, except for the new standards, which are:

a. IFRS 9 - Financial Instruments (CPC 48 - Financial Instruments)

Financial assets

(i) Initial recognition and measurement

Classifications of financial assets are based on the Company's business model for the management of these assets in the characteristics of contractual cash flows, and are classified as follows:

- Debt instruments measured at amortized cost ("CA");
- Debt instruments measured at fair value through other comprehensive income ("VJORA");
- Debt instruments, derivatives, equity instruments and debt instruments measured at fair value through profit or loss ("VJR");

The Company determines the classification of financial assets at the time of its initial recognition, when it becomes part of the contractual provisions of the instrument.

Financial assets are initially recognized at fair value, plus, in the case of investments not designated at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets.

The Company's financial assets include cash and cash equivalents, trade accounts receivable and other accounts receivable, other loans and receivables are classified as financial assets at amortized cost.

(ii) Subsequent measurement

Subsequent measurement of financial assets depends on their classification, which can be as follows:

- At amortized cost

They should be measured at amortized cost if both of the following conditions are met:

(a) the financial asset is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows; and

(b) the contractual terms of the financial asset give rise, on specified dates, to cash flows that exclusively comprise payments of principal and interest on the principal amount outstanding.

- Fair value through other comprehensive income

Financial assets should be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is maintained within a business model whose objective is achieved by both the receipt of contractual cash flows and the sale of financial assets; and

(b) the contractual terms of the financial asset give rise, on specified dates, to cash flows that exclusively comprise principal and interest payments on the principal amount outstanding.

- Fair value through profit or loss

Financial assets must be measured at fair value through profit or loss, unless measured at amortized cost or at fair value through other comprehensive income.

(iii) Impairment of financial assets

The Company evaluates at the balance sheet dates whether there is any objective evidence that determines whether the financial asset or group of financial assets is not recoverable. A financial asset or group of financial assets is considered to be non-recoverable if, and only if, there is objective evidence of non-recoverability as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and this loss event has an impact on the estimated future cash flow of the financial asset or the Company from financial assets that can be reasonably estimated. Evidence of impairment may include indicators that borrowing parties are experiencing a time of significant financial hardship. The likelihood that they will go into bankruptcy or other financial reorganization, default or late payment of interest or principal and when there are indicators of a measurable fall in estimated future cash flow, such as changes in maturity or economic condition related to defaults.

(iv) Derecognition (write-off) of financial assets

Derecognition of a financial asset occurs only when the contractual rights on the cash flow of the asset are realized or when the Company transfers the financial asset and substantially all its risks and returns to third parties. In transactions where such financial assets are transferred to third parties, but without the actual transfer of the respective risks and returns, the asset is not derecognised.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method to calculate interest expenses. The effective interest method calculates the amortized cost of a liability and allocates interest expense during the relevant period. These are classified as balances of suppliers, loans and financing, related parties and notes payable and others.

(ii) Derecognition (write-off) of financial liabilities

A financial liability is written off when the obligation is revoked, canceled or expired. When an existing financial liability is replaced by another of the same lender with substantially different terms, or the terms of an existing liability are significantly changed, such replacement or change is treated as write-off of the original liability and recognition of a new liability, the difference being accounting values recognized in the statement of income.

On September 30, 2018, the Company evaluated the three aspects of the standard and did not identify significant impacts on its financial statements.

b. IFRS 15 - Revenues from contracts with customers

Revenues are presented net of taxes and discounts. Sales taxes are recognized when sales are billed, and sales discounts when granted. Revenues from sales of products are recognized when the sales value is reliably measurable, the Company has no control over the merchandise sold or any other responsibility related to its ownership, costs incurred or that will be incurred in respect of the transaction may be measured reliably, it is probable that the economic benefits will be received by the Company and the control and benefits of the products have been fully transferred to the buyer. (note 17)

On September 30, 2018, the Company assessed the aspects of the standard and did not identify significant impacts on the recognition of revenues in its financial statements.

3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Cash and banks	1,933	5,791	2,321	6,138
Financial investments in Brazil	395,512	637,502	395,730	637,502
Financial investments abroad	40,444	24,534	344,562	221,728
	437,889	667,827	742,613	865,368

The financial investments disclosed as cash and cash equivalents are highly-liquid securities with an immaterial risk of changes in value. Those investments in Brazil are remunerated based on the variation of the Interbank Deposit Certificate (CDI) rate, with an average rate equivalent to 6.47% per annum (10.20% at December 31, 2017). The investments abroad are denominated mostly in US Dollars (US\$) at the average rate of 1.56% per annum (1.17% per annum in December 2017), denominated time deposit and overnight.

The reduction presented in the period is mainly due to settlement of short-term loans and financing contracts, amounting of R\$291,132.

4. FINANCIAL INVESTMENTS

Consolidated		
	Sep/18	Dec/17
Opening balance	1,077	-
Financial Investments	-	1,059
Redemptions	(1,089)	-
Changes in fair value	12	18
Closing balance	-	1,077

5. TRADE ACCOUNT RECEIVABLES

The composition of trade account receivables from clients by market is as follows:

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Domestic market	118,776	89,596	118,776	89,596
Foreign market	213,464	191,010	637,233	485,856
Provision for impairment of trade receivables	(277)	(393)	(1,983)	(2,359)
	331,963	280,213	754,026	573,093

Trade account receivable in the domestic market are denominated in Brazilian Reais and in the foreign market primarily in US Dollars.

The variation in trade account receivable is mainly due to the resumption of sales volume in the period when compared to the last quarter of 2017, which was substantially impacted by the seasonality due to vacations of the main customers and, also, impact of exchange rate.

The Company's trade receivable in the foreign market include related party amounts which are eliminated upon consolidation, amounting of R\$99,881 (R\$77,213 in December 31, 2017). (Note 10)

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Falling due in up to 30 days	151,915	110,765	376,765	295,935
Falling due within 31 to 60 days	96,641	72,313	263,189	174,621
Falling due in more than 61 days	47,064	77,293	36,316	45,550
Total falling due	295,620	260,371	676,270	516,106
Overdue for up to 30 days	17,704	9,104	51,164	39,632
Overdue for 31 to 60 days	8,293	1,772	12,976	3,762
Overdue for more than 61 days	10,623	9,359	15,599	15,952
Total overdue	36,620	20,236	79,739	59,346
Provision for impairment of trade receivables	(277)	(393)	(1,983)	(2,359)
Total	331,963	280,213	754,026	573,093

The overdue balance consists of occasional delays of customers that do not have a history of writ off and automotive debts under negotiation.

6. INVENTORIES

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Finished products	78,034	79,390	151,197	152,241
Work in progress	56,875	59,937	135,033	105,354
Raw materials	70,012	54,444	140,755	118,890
Maintenance and other materials	36,838	37,755	84,753	67,870
Provision for losses	(12,719)	(14,917)	(24,985)	(24,863)
	229,040	216,609	486,753	419,492

On September 30, 2018 the Company offered finished product inventory as collateral for labor and social security litigation amounting to R\$6,709 (R\$5,514 as at December 31, 2017) in the Parent company and Consolidated.

Inventory is carried at the average acquisition and/or production cost, considering the full manufacturing costs absorption method, adjusted to the net realizable value, when applicable.

7. INCOME TAX AND SOCIAL CONTRIBUTION RECOVERABLE

	Sep/18			Dec/17		
	Current	Non-current	Total	Current	Non-current	Total
Parent Company	-	234,761	234,761	-	260,547	260,547
Income tax	-	177,743	177,743	-	204,586	204,586
Social contribution	-	57,018	57,018	-	55,961	55,961
Subsidiaries	7,808	-	7,808	7,943	-	7,943
Income tax	7,808	-	7,808	7,943	-	7,943
Consolidated	7,808	234,761	242,569	7,943	260,547	268,490

8. OTHER TAXES RECOVERABLE

	Sep/18			Dec/17		
	Current	Non-current	Total	Current	Non-current	Total
Parent company	59,016	186,744	245,760	55,364	167,516	222,880
1988/1990 IPI premium credit	-	29,702	29,702	-	30,940	30,940
ICMS recoverable - São Paulo	4,829	30,056	34,885	631	37,707	38,338
ICMS recoverable - Santa Catarina	10,594	88,066	98,660	22,776	59,950	82,726
Reintegra benefit	6,749	-	6,749	8,333	-	8,333
COFINS, PIS and IPI recoverable	36,844	38,920	75,764	23,624	38,919	62,543
Subsidiaries	58,262	-	58,262	64,122	-	64,122
Value-added tax (VAT)	58,262	-	58,262	64,122	-	64,122
Consolidated	117,278	186,744	304,022	119,486	167,516	287,002

9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET

The composition of deferred tax assets and liabilities relating to income tax and social contribution, is as follows:

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Deferred assets				
Income tax and social contribution losses	131,121	48,080	131,121	52,433
Provisions for contingencies (*)	58,678	62,838	58,678	62,838
Property, plant and equipment - impairment	28,818	28,818	28,818	28,818
Taxes and contribution recoverable	27,315	26,733	27,315	26,733
Salaries, social security charges and profit sharing	11,019	13,761	29,753	32,929
Share-based payments	3,767	-	3,767	-
Credits – Eletrobrás	6,653	6,653	6,653	6,653
Provision for inventory losses	4,325	5,072	4,325	5,072
Provision for impairment of trade receivables	3,902	2,863	3,902	2,863
Tools	315	198	8,515	6,053
Other items	15,734	16,534	25,027	23,602
Unrealized profits in subsidiaries	-	-	6,318	3,445
Subtotal	291,647	211,550	334,192	251,439
Deferred liabilities				
Depreciation rate differences (*)	73,094	71,059	73,094	71,059
Property, plant and equipment - carrying value adjustments	22,882	26,513	22,882	26,513
Deferred tax on intangible assets	-	-	57,396	57,346
Property, plant and equipment - tax base (México)*	-	-	10,214	20,278
Subtotal	95,976	97,572	163,586	175,196
Total deferred liabilities, net	195,671	113,978	170,606	76,243

The Mexican tax legislation allows the depreciation of property, plant and equipment on a tax basis, and the Company accordingly records the temporary difference in the depreciation between the tax and the accounting bases. The temporary difference at September 30, 2018 was R\$22,882 (R\$20,278 at December 31, 2017). The change in the year is due to the foreign exchange difference between the currency in which the taxes are charged in Mexico (Mexican pesos) and the functional currency (US Dollar) of the subsidiaries in Mexico.

The Company estimates that the balance as at September 30, 2018, relating to deferred tax assets, will be recovered through future income tax.

During the period ended September 30, 2018, the changes in deferred tax assets and liabilities were as follow:

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Opening balance	113,978	101,399	76,243	44,353
Recognized in profit (loss)				
Recognized in profit (loss) for the year	(1,328)	13,140	12,135	35,384
Recognized in comprehensive income for the year	82,575	4,388	82,575	4,388
Effects of currency translation into presentation currency	-	-	(793)	(2,933)
Recognized in assets				
Transfer to income tax and social contribution recoverable	1,334	-	1,334	-
Compensations with other taxes	(888)	(4,949)	(888)	(4,949)
Closing balance	195,671	113,978	170,606	76,243

10. RELATED PARTY TRANSACTIONS

The main transactions of the Company with related parties are summarized as follows:

a. Subsidiaries:

Assets	Sep/18	Dec/17
Trade account receivables	99,881	77,213
Tupy American Foundry Corporation	16,854	49,899
Tupy Mexico Saltillo, S.A. de C.V	17,275	10,121
Tupy Europe GmbH	60,008	16,732
Technocast, S.A. de C.V.	5,744	461
Related parties – loans	5,909	5,540
Tupy Agroenergética Ltda.	5,909	5,540
	105,790	82,753
Liabilities	Sep/18	Dec/17
Fornecedores	346	-
Tupy Mexico Saltillo, S.A. de C.V	346	-
Loans and financing	1,417,625	1,191,238
Tupy Overseas S.A	1,417,625	1,191,238
Advances from customers	3,585	3,489
Tupy American Iron & Alloys Corporation	3,584	2,961
Tupy American Foundry Corporation	-	528
Tupy Europe GmbH	1	-
Notes and other payables	103,245	89,435
Tupy American Foundry Co.	27,628	24,854
Tupy Europe GmbH	74,120	63,345
Tupy American Iron & Alloys Corporation	1,497	1,236
Tupy México Saltillo S.A. de CV	-	-
Related parties – loans	990	998
Sociedade Técnica de Fundições	-	-
Gerais S.A. - Sofunge "in liquidation"	990	998
	1,525,791	1,285,160

All amounts in thousands of Reais unless otherwise stated.

Statement of income	3Q18	3Q17	9M18	9M17
Revenues	260,328	187,302	696,383	548,457
Tupy American Foundry Corporation	192,228	153,163	517,941	447,391
Tupy Europe GmbH	58,865	26,763	150,477	69,758
Tupy Mexico Saltillo, S.A. de C.V	9,235	7,375	27,965	31,309
Other operating expenses, net	2,519	270	11,985	7,250
Technocast, S.A. de C.V.	1,436	270	6,350	6,526
Tupy Mexico Saltillo, S.A. de C.V	1,083	-	5,635	724
Finance costs	(23,995)	(19,157)	(64,843)	(56,944)
Tupy Overseas S.A.	(23,995)	(19,162)	(64,843)	(56,968)
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	-	(1)	-	(6)
Tupy Agroenergética Ltda.	-	6	-	30
	238,852	168,415	643,525	498,763

The receivables and sales revenue of the Company with its subsidiaries mainly represent sales of products from the transportation, infrastructure & agriculture and hydraulic segments. Prices charged are in compliance with the Company's price lists, and terms range from 60 to 90 days, as established by the parties. At September 30, 2018, the Company's related parties had no overdue receivables and, therefore, the Company did not record a provision for the impairment of these receivables.

Advances from customers correspond to amounts sent by the subsidiaries abroad for the future delivery of goods.

Notes and other payables to subsidiaries abroad represent the current accounts between the subsidiaries and the Parent company. Refers mainly, to quality assistance for transportation, infrastructure & agriculture products. With an unspecified maturity.

The loan conditions granted by Tupy Overseas S.A. to the Parent company are disclosed in Note 16 to the annual financial statements for the year ended December 31, 2017.

The other operations refer to loan agreements between the subsidiaries in Brazil and the Company, with no defined maturities, which bear interest equivalent to the Referential Rate (TR).

b. Main stockholders:

The Company's main stockholders are BNDES Participações S.A. - BNDESPAR and PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil.

In September 30, 2018 the Parent company had repaid the financing agreement with BNDES (the controlling shareholder of BNDES Participações S.A. - BNDESPAR, as detailed in Note 14.

c. Management remuneration:

	Board of Directors		Board of Officers		Total	
	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17
Fixed remuneration	549	544	638	923	1,187	1,467
Variable remuneration	-	-	600	802	600	802
Stock option plan	172	228	463	711	635	939
	721	772	1,701	2,436	2,422	3,208

All amounts in thousands of Reais unless otherwise stated.

	Board of Directors		Board of Officers		Total	
	9M18	9M17	9M18	9M17	9M18	9M17
Fixed remuneration	1,631	1,556	2,208	2,706	3,839	4,262
Variable remuneration	-	-	2,260	1,754	2,260	1,754
Stock option plan	606	872	1,634	2,125	2,240	2,997
	2,237	2,428	6,102	6,585	8,339	9,013

The overall amount of the annual remuneration, net of taxes, for the current year approved by the Extraordinary and Ordinary General Meeting was R\$21,684.

Statutory management remuneration is paid only at the Parent company level and, therefore, no management remuneration has been recorded in the subsidiaries.

The amounts recorded as variable remuneration of the Board of Officers are considered as a provision, based on to the goals established for the period.

Information about the Stock option plan for the Company's statutory board members and the current Chairman of the Board of Directors (the "Plan"), approved in November 24, 2014, are presented in the annual financial statements from the year ended December 31, 2017. (Note 20).

Officers receive additional corporate benefits, such as company vehicles, reimbursement of vehicle-related expenses, health insurance, pension plan and severance pay. In the quarter ended September 30, 2018, these benefits totaled R\$2,234 (R\$988 in the same period of the previous year).

The Company does not offer its officers a post-employment benefit plan.

d. Payment of interest on capital

The Board of Directors, approved the payment of interest on capital support by revenue reserves. As follow:

Approved date	Form	Gross amount	per share	Net amount	Payment date
05.07.2018	JCP	37,500	0.2601	34,275	25.05.18
08.07.2018	JCP	37,500	0.2601	34,154	24.08.18
		75,000	0.5202	68,429	

e. Other related parties:

The Parent company sponsors the Associação Atlética Tupy (Tupy Athletic Association), a not-for-profit foundation that offers leisure activities and sports to the Company's employees. During the period of nine months ended at September 30, 2018, the Company recognized sponsorship expenses of R\$898 (R\$796 in the same period of the previous year).

11. CREDITS – ELETROBRÁS

Refer to credits arising from the right to additional inflation adjustment of the Eletrobrás compulsory loan and related interest, based on a final and unappealable court decision in 2003.

In December 2011, the Federal Regional Court of the 4th Region ("TRF4") confirmed the calculation made by the Company, based on a report signed by a professional expert, regarding the enforcement of the sentence. The Company and Eletrobrás lodged appeals with the Superior Court of Justice ("STJ") and the Federal Supreme Court ("STF") and, currently, only Eletrobrás appeal to the STF is pending judgment.

In October 2015, considering the pending proceedings (STJ/STF) does not suspending the proceeding progress. The Company filed petition, requiring compliance with the verdict, meaning that Eletrobrás is summoned to deposit the executed value with the court or submitted a defense about the amount calculated by the Company.

In September 2016, the 6th Civil Court in Joinville retained monies, on Eletrobras' checking accounts (online seizure), in the full amount claimed by the Company in the respective lawsuit. Until the court final decision is published, such amount will remain retained, by the judicial authority, in order to guarantee the Company's credit.

Since the initial recognition of the assets in 2003, there are just pro Company effects in the Court, including (a) a receive of a small part in 2008 for Eletrobrás, (b) the Company has the right of receive this amount (TRF4 decision at December 2011), (c) the blocking of the total amount of the Company's right, in September 2016.

The Company estimates that the credit will be effectively received within two years.

12. INVESTMENTS

a. Composition of investments

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT DECEMBER 31, 2017							
investment in subsidiary company							
Tupy Mexico Saltillo, S.A. de C.V.	1,027,862	666,401	30,513	64,277	100,00	64,087	696,190
Technocast, S.A. de C.V.	674,913	492,778	10,713	53,302	100,00	53,302	503,491
Servicios Industriales Technocast, S.A. de C.V.	10,621	8,927	-	1,026	100,00	1,026	8,927
Tupy Overseas	1,199,357	13,430	-	1,111	100,00	1,111	13,430
Tupy American Foundry Co.	192,084	91,977	-	4,450	100,00	3,289	88,302
Tupy American Iron & Alloys Co.	4,530	4,530	-	(66)	100,00	(66)	4,530
Tupy Europe GmbH	145,527	121,927	-	3,605	100,00	5,597	119,639
Tupy Agroenergética Ltda.	10,697	4,985	-	(658)	100,00	(658)	4,985
Sociedade Técnica de Fundições	-	-	-	-	-	-	-
Gerais SA. - Sofunge "em liquidação"	2,298	2,296	-	2,848	100,00	2,848	2,296
						130,536	1,441,790

(*) Adjusted by unrealized profits

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT SEPTEMBER 30, 2018							
investment in subsidiary company							
Tupy Mexico Saltillo, S.A. de C.V.	1,353,572	862,988	30,513	67,277	100,00	68,051	892,786
Technocast, S.A. de C.V.	867,136	610,633	10,713	26,936	100,00	26,936	621,346
Servicios Industriales Technocast, S.A. de C.V.	10,035	8,131	-	(101)	100,00	(101)	8,131
Tupy Overseas	1,429,252	17,036	-	751	100,00	751	17,036
Tupy American Foundry Co.	185,913	116,775	-	4,620	100,00	7,982	112,923
Tupy American Iron & Alloys Co.	5,480	5,480	-	1	100,00	1	5,480
Tupy Europe GmbH	221,080	152,793	-	9,246	100,00	7,784	145,100
Tupy Agroenergética Ltda.	10,643	4,719	-	(266)	100,00	(266)	4,719
Sociedade Técnica de Fundições	-	-	-	-	-	-	-
Gerais SA. - Sofunge "in liquidation"	2,604	2,550	-	254	100,00	254	2,550
						111,392	1,810,071

(*) Adjusted by unrealized profits

Changes in investments

Parent company	
AT DECEMBER 31, 2016	1,454,691
Share in the results of subsidiaries	130,536
Exchange variations of investees located abroad	28,543
Dividends Received	(171,980)
AT DECEMBER 31, 2017	1,441,790
Share in the results of subsidiaries	111,392
Exchange variations of investees located abroad	297,275
Dividends	(40,386)
AT SEPTEMBER 30, 2018	1,810,071

All amounts in thousands of Reais unless otherwise stated.

b. Composition of investments

On August 2018, the Company received from its Mexican subsidiaries the amount of R\$40,386 (USD10,000) as dividend, of which USD4,900 refers to Tupy México Saltillo S.A. de C.V., USD3,000 to Technocast S.A. de C.V. and USD2,100 to Servicios Industriales Technocast, S.A. de C.V.

13. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**Parent company**

	Dec/17	Additions	Disposals	Transfers	Depreciation/ Amortization	Exchange variation	Sep/18	Historical Cost	Accumulated Depreciation
Property, plant and equipment	827,588	38,831	(14,863)	-	(98,275)	-	753,281	2,057,957	(1,304,676)
Machinery, facilities and equipment	572,436	-	(14,644)	36,389	(85,577)	-	508,604	1,642,747	(1,134,143)
Buildings	201,370	-	(30)	3,266	(10,884)	-	193,722	345,293	(151,571)
Land	8,956	-	-	-	-	-	8,956	8,956	-
Vehicles	9,089	-	(185)	483	(1,468)	-	7,919	22,859	(14,940)
Furniture, fittings and other	2,244	-	(4)	281	(346)	-	2,175	6,197	(4,022)
Construction in progress	33,493	38,831	-	(40,419)	-	-	31,905	31,905	-
Intangible assets	58,277	3,357	-	-	(6,296)	-	55,338	94,584	(39,246)
Software	54,185	1,365	-	(466)	(6,218)	-	48,866	88,034	(39,168)
Research and development costs	4,092	1,992	-	466	(78)	-	6,472	6,550	(78)

Consolidated

	Dec/17	Additions	Disposals	Transfers	Amortization	Exchange variation	Sep/18	Historical Cost	Accumulated Depreciation
Property, plant and equipment	1,509,236	107,493	(15,490)	-	(161,517)	142,808	1,582,530	4,644,555	(3,062,025)
Machinery, facilities and equipment	935,401	-	(14,828)	99,668	(139,753)	78,912	959,400	3,582,359	(2,622,959)
Buildings	357,499	-	(472)	17,429	(18,425)	32,941	388,972	794,460	(405,488)
Land	58,461	-	-	(5)	-	10,328	68,784	68,784	-
Vehicles	9,297	-	(185)	815	(1,546)	66	8,447	24,619	(16,172)
Furniture, fittings and other	8,981	-	(5)	2,468	(1,793)	1,005	10,656	28,062	(17,406)
Construction in progress	139,597	107,493	-	(120,375)	-	19,556	146,271	146,271	-
Intangible assets	296,141	6,288	(2,491)	-	(44,647)	37,569	292,860	1,151,081	(858,221)
Contractual customer relationships	191,153	-	-	-	(36,336)	36,505	191,322	987,859	(796,537)
Goodwill	41,226	-	-	-	-	-	41,226	41,226	-
Software	59,670	4,296	(2,491)	(466)	(8,233)	1,064	53,840	115,446	(61,606)
Research and development costs	4,092	1,992	-	466	(78)	-	6,472	6,550	(78)

The Company offered property, plant and equipment items as collateral for borrowing amounting to R\$113,143 (R\$130,548 as at December 31, 2017) and R\$2,765 (R\$5,895 as at December 31, 2017) as collateral for tax litigation (Parent Company and Consolidated).

Construction in progress mainly comprises several investment at capacity, environment, job safety program, and expansion of machining capacity in Mexico plants.

During the period, interest of loans and financing was capitalized on property, plant and equipment in the amount of R\$1,525 (R\$1,116 in the same period of the previous year). The Company carried out investment transactions that did not affect cash and which, amounting of R\$14,780 (R\$ 8,200 as at December 31, 2017). During the period of nine months ended at September 30, 2017, the liquid effect as at R\$1,934.

During the period, the Company did not observe impairment indicators of its assets, thus maintaining the calculation made on December 31, 2017.

14. LOANS AND FINANCING

Parent company

	Maturity	Effective rate	Sep/18	Dec/17
Local currency			115,433	431,934
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	TJLP* + 2.46% p.a.	-	15,755
(b) BNDES Exim - Pre-shipment of the Investment Sustainability Program	Sep/2018	8%p.a. / TJLP* + 3.3%pa	-	92,149
(c) Export credit notes	Dec/2018	10.53% p.a.	95,915	300,828
Government Agency for Machinery and Equipment Financing (FINAME)	Jan/2025	6.02% p.a.	19,518	23,202
Foreign currency			1,417,625	1,196,405
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	VC* + 6.88% p.a.	-	5,167
(d) Export prepayment - Tupy Overseas	Jul/2024	VC* +6.78% p.a.	1,417,625	1,191,238
Current portion			123,056	458,031
Non-current portion			1,410,002	1,170,308
			1,533,058	1,628,339

*VC = Foreign exchange variation

*TJLP = Long-term Interest Rate

Consolidated

	Maturity	Effective rate	Sep/18	Dec/17
Local currency			115,433	431,934
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	TJLP* + 2.46% p.a.	-	15,755
(b) BNDES Exim - Pre-shipment of the Investment Sustainability Program	Sep/2018	8%p.a. / TJLP* + 3.3%pa	-	92,149
(c) Export credit notes	Dec/2018	10.53% p.a.	95,915	300,828
Government Agency for Machinery and Equipment Financing (FINAME)	Jan/2025	6.02% p.a.	19,518	23,202
Foreign currency			1,411,330	1,189,622
(a) Expansion project of Tupy S.A. - BNDES	Jul/2018	VC* + 6.88% p.a.	-	5,167
(e) Senior Unsecured Notes - US\$350.000	Jul/2024	VC+6.63% a.a.	1,411,330	1,184,455
Current portion			121,618	456,015
Non-current portion			1,405,145	1,165,541
			1,526,763	1,621,556

*VC = Foreign exchange variation

*TJLP = Long-term Interest Rate

Long term maturities are as follow:

Year	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
2019	1,058	4,233	1,058	4,233
2020-2023	11,072	11,072	11,072	11,072
2024	1,397,841	1,154,972	1,392,984	1,150,205
2025	31	31	31	31
	1,410,002	1,170,308	1,405,145	1,165,541

The fair value of the Company's borrowing (classified at Level 2 of the fair value hierarchy) is calculated through the discounting of the future payment flows based on the curves, interest rates and currencies observable in the financial market. At September 30, 2018, the fair value of borrowings was R\$1,516,642 (R\$1,664,536 at December 31, 2017).

On September 30, 2018, The Company is in compliance with the Covenant terms. These are presented in annual financial statements for the year ended December 31, 2017, Note 16.

a. Expansion project of Tupy S.A. (BNDES)

The variations in the period are substantially due to the amortization of R\$21,148.

b. BNDES Exim - Pre-shipment of the Investment Sustainability Program (PSI)

In January 2018, the Company settled in advanced the amount of R\$91,132 in short-term loans and financing contracts.

c. Export prepayments notes

In January 2018, the Company settled in advanced the amount of R\$200,000 in short-term loans contracted in December 2015.

d. Export Prepayments – Tupy Overseas S.A.

In January and July, was paid interest of R\$84,769. The impact of foreign exchange variations on the export prepayment amount with Tupy Overseas S.A. was a loss of R\$245,762.

e. Senior Unsecured Notes

The foreign exchange variations reduction recognized in the period from senior unsecured notes in the period amounted to R\$244,737. In January and July, was paid interest of R\$82,064.

15. PROVISIONS FOR TAX, CIVIL, SOCIAL SECURITY AND LABOR CONTINGENCIES

The Company is a party to ongoing litigation arising in the normal course of its business and for which provisions (in the case of probable losses) were constituted based on estimates made by its legal counsel.

The changes in the provisions for tax, civil, social security and labor contingencies in the period of nine months ended September 30, 2018 and the related judicial deposits were as follows:

Parent company

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2016	46,641	44,925	56,978	17,989	(19,794)	146,739
Additions	-	26,572	33,391	6,213	(31,162)	35,014
Restatements	188	1	(13,339)	(926)	(677)	(14,753)
Payments	(2)	(3,430)	(24,109)	(6,274)	-	(33,815)
Deposit Redemption	-	-	-	-	17,331	17,331
AT DECEMBER 31, 2017	46,827	68,068	52,921	17,002	(34,302)	150,516
Additions	-	4	2,670	-	(10,248)	(7,574)
Restatements	1,124	(3,066)	20,178	1,043	(829)	18,450
Payments	-	(12,616)	(21,172)	(399)	-	(34,187)
Deposit Redemption	-	-	-	-	12,620	12,620
AT SEPTEMBER 30, 2018	47,951	52,390	54,597	17,646	(32,759)	139,825
Current						17,791
Non-current						122,034
						139,825

All amounts in thousands of Reais unless otherwise stated.

Consolidated

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2016	47,100	44,925	59,559	17,989	(19,960)	149,613
Additions	-	26,584	30,942	6,213	(30,996)	32,743
Restatements	(271)	1	(13,339)	(926)	(677)	(15,212)
Payments	(2)	(3,432)	(24,109)	(6,274)	-	(33,817)
Deposit Redemption	-	-	-	-	17,331	17,331
AT DECEMBER 31, 2017	46,827	68,078	53,053	17,002	(34,302)	150,658
Additions	-	4	2,670	-	(10,248)	(7,574)
Restatements	1,124	(3,065)	20,046	1,043	(829)	18,319
Payments	-	(12,616)	(21,172)	(399)	-	(34,187)
Deposit Redemption	-	-	-	-	12,620	12,620
AT SEPTEMBER 30, 2018	47,951	52,401	54,597	17,646	(32,759)	139,836
Current						17,791
Non-current						122,045
						139,836

The aforementioned provisions are adjusted mainly based on the Special System for Settlement and Custody (SELIC) rate and the General Market Price Index (IGPM), the impact of which on profit or loss for the period is described in Note 20.

Generally, the Company's provisions for contingencies are long term provisions. Considering the period necessary to conclude judicial proceedings in the Brazilian judicial system, making accurate estimates about the specific year in which a certain lawsuit will be concluded is difficult. For this reason, the Company does not disclose the settlement flows of these liabilities.

Contingencies involving possible losses

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
IRPJ and CSLL processes	165,768	188,963	166,136	189,895
PIS, COFINS and IPI credits	136,878	129,536	136,878	129,536
ICMS credits	135,158	123,257	135,158	123,257
Expired tax debts	144,951	141,749	144,951	141,749
Customs	59,268	57,700	59,268	57,700
Social security (b)	79,940	89,110	79,940	89,110
Labor lawsuits	95,635	133,631	95,768	134,636
Civil and other	55,727	48,657	55,918	50,102
	873,325	912,602	874,017	915,985

The contingencies involving a risk of loss deemed "possible" are, substantially, the same as those disclosed in Note 19 to the annual financial statements for the year ended in December 31, 2017.

16. SHARE CAPITAL

Share capital breakdown in number of shares	Sep/18		Dec/17	
	Number	%	Number	%
Controlling stockholders				
BNDES Participações S.A. – BNDESPAR	40,645,370	28.2%	40,645,370	28.2%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	37,314,154	25.9%	37,536,454	26.0%
Officers	48,161	0.0%	41,589	0.0%
Non-controlling interests	-		-	
Amundi AM London Branch*	7,720,855	5.4%	7,625,500	5.3%
Fundação Embratel de Seguridade Social - TELOS	-	0.0%	7,744,156	5.4%
Other stockholders	58,448,960	40.5%	50,584,431	35.1%
Total outstanding shares	144,177,500	100.0%	144,177,500	100.0%

*The company has changed the name from Pioneer Funds to Amundi AM London Branch.

17. REVENUE

The reconciliation between gross and net sales and service revenue for the period is as follows:

	Parent company		Consolidated	
	3Q18	3Q17	3Q18	3Q17
Gross revenue	776,462	622,433	1,408,685	1,030,320
Returns and rebates	(9,570)	(8,236)	(27,155)	(17,740)
Revenue net of returns and rebates	766,892	614,197	1,381,530	1,012,580
Sales taxes	(65,711)	(49,916)	(65,711)	(49,916)
Net revenue	701,181	564,281	1,315,819	962,664

Net revenue

Domestic market	226,230	184,933	226,230	184,933
Foreign market	474,951	379,348	1,089,589	777,731
	701,181	564,281	1,315,819	962,664

	Parent company		Consolidated	
	9M18	9M17	9M18	9M17
Gross revenue	2,118,265	1,767,474	3,847,188	2,924,784
Returns and rebates	(29,725)	(28,672)	(79,587)	(58,330)
Revenue net of returns and rebates	2,088,540	1,738,802	3,767,601	2,866,454
Sales taxes	(174,407)	(127,603)	(174,407)	(127,603)
Net revenue	1,914,133	1,611,199	3,593,194	2,738,851

Net revenue

Domestic market	615,484	489,547	615,484	489,547
Foreign market	1,298,649	1,121,652	2,977,710	2,249,304
	1,914,133	1,611,199	3,593,194	2,738,851

Since June 2018, with the reduction of the rate of Reitegra, from 2% to 0.10% over the amount of revenues from exports. The Company did not recognize in the quarter R\$9,174 and accumulated in 2018 amounting of R\$12,489.

18. COSTS AND EXPENSES BY NATURE

The composition of costs and expenses by nature, reconciled with the costs and expenses by function presented in the statement of income, is as follows:

	Parent company		Consolidated	
	3Q18	3Q17	3Q18	3Q17
Raw and processing materials	(304,362)	(225,251)	(625,565)	(399,375)
Maintenance and consumption materials	(47,479)	(47,541)	(107,840)	(93,350)
Salaries, payroll taxes and profit sharing	(145,681)	(116,594)	(244,392)	(182,028)
Social benefits	(22,693)	(25,142)	(23,120)	(27,690)
Electricity	(28,600)	(35,159)	(57,565)	(55,403)
Freight and commission on sales	(21,068)	(17,866)	(34,516)	(25,682)
Management fees	(2,422)	(3,208)	(2,422)	(3,208)
Other costs	(8,210)	(6,709)	(23,607)	(12,544)
	(580,515)	(477,470)	(1,119,027)	(799,280)
Depreciation	(34,527)	(35,875)	(59,310)	(52,128)
Costs and expenses total	(615,042)	(513,345)	(1,178,337)	(851,408)
Cost of products sold	(552,735)	(458,681)	(1,086,205)	(778,212)
Selling expenses	(29,457)	(24,534)	(47,996)	(36,645)
Administrative expenses	(30,428)	(26,922)	(41,714)	(33,343)
Management fees	(2,422)	(3,208)	(2,422)	(3,208)
Costs and expenses total	(615,042)	(513,345)	(1,178,337)	(851,408)

	Parent company		Consolidated	
	9M18	9M17	9M18	9M17
Raw and processing materials	(838,445)	(661,419)	(1,698,090)	(1,167,456)
Maintenance and consumption materials	(133,865)	(148,765)	(287,384)	(272,358)
Salaries, payroll taxes and profit sharing	(413,527)	(362,368)	(678,068)	(540,736)
Social benefits	(69,884)	(67,224)	(70,803)	(73,993)
Electricity	(90,356)	(102,223)	(164,879)	(162,080)
Freight and commission on sales	(57,627)	(52,968)	(96,300)	(81,182)
Management fees	(8,339)	(9,013)	(8,339)	(9,013)
Other costs	(25,449)	(20,444)	(63,437)	(43,183)
	(1,637,492)	(1,424,424)	(3,067,300)	(2,350,001)
Depreciation	(104,051)	(113,502)	(169,306)	(161,972)
Costs and expenses total	(1,741,543)	(1,537,926)	(3,236,606)	(2,511,973)
Cost of products sold	(1,562,875)	(1,372,407)	(2,983,598)	(2,287,307)
Selling expenses	(81,286)	(72,985)	(133,583)	(113,657)
Administrative expenses	(89,043)	(83,521)	(111,086)	(101,996)
Management fees	(8,339)	(9,013)	(8,339)	(9,013)
Costs and expenses total	(1,741,543)	(1,537,926)	(3,236,606)	(2,511,973)

Since September, the Company is adopting the procedure established in Law 13,670/18, which provides for the reoperation of payroll. The approximate impact in the quarter related to this adoption is R\$8,500.

All amounts in thousands of Reais unless otherwise stated.

19. FINANCE RESULTS

	Parent company		Consolidated	
Finance results	3Q18	3Q17	3Q18	3Q17
Financial liabilities at amortized cost	(26,455)	(32,450)	(25,687)	(31,863)
Borrowing	(26,403)	(32,460)	(25,635)	(31,873)
Notes payable and other financial liabilities	(52)	10	(52)	10
Financial assets at fair value through profit or loss	366	35	366	35
IPI - premium credit (note 8)*	366	35	366	35
Other finance costs	(2,500)	(3,619)	(4,221)	(4,989)
Finance costs	(28,589)	(36,034)	(29,542)	(36,817)
Financial assets at fair value through profit or loss	322	399	322	399
Investments in equity instruments	322	399	322	399
Amortized cost	4,954	17,010	4,954	17,010
Cash and cash equivalents	4,954	17,010	4,954	17,010
Tax credits and other finance income	3,928	5,439	5,044	6,436
Finance income	9,204	22,848	10,320	23,845
Derivative financial instruments				
Foreign exchange variations	5,876	(2,718)	(2,823)	(3,850)
Derivative financial instruments	1,808	4,779	2,806	3,407
Foreign exchange variations, net	7,684	2,061	(17)	(443)
Finance results	(11,701)	(11,125)	(19,239)	(13,415)

	Parent company		Consolidated	
Finance results	9M18	9M17	9M18	9M17
Financial liabilities at amortized cost	(73,477)	(99,764)	(72,175)	(98,537)
Borrowing	(73,202)	(99,757)	(71,900)	(98,530)
Notes payable and other financial liabilities	(275)	(7)	(275)	(7)
Financial assets at fair value through profit or loss	(1,238)	183	(1,238)	183
IPI - premium credit (note 8)	(1,238)	183	(1,238)	183
Other finance costs	(11,263)	(12,376)	(16,072)	(16,219)
Finance costs	(85,978)	(111,957)	(89,485)	(114,573)
Financial assets at fair value through profit or loss	(259)	(203)	(259)	(203)
Investments in equity instruments	(259)	(203)	(259)	(203)
Amortized cost	14,484	57,568	14,484	57,568
Cash and cash equivalents	14,484	57,568	14,484	57,568
Tax credits and other finance income	13,010	28,114	16,976	31,139
Finance income	27,235	85,479	31,201	88,504
Derivative financial instruments				
Foreign exchange variations	18,562	(5,098)	12,710	(19,784)
Derivative financial instruments	(13,713)	3,241	(12,026)	5,889
Foreign exchange variations, net	4,849	(1,857)	684	(13,895)
Finance results	(53,894)	(28,335)	(57,600)	(39,964)

In accordance of the IFRS 9 since January 1, 2018 the Company started on to recognize the cash and cash equivalents as an Amortized Cost. Previously it was considered as a Loans and Receivables.

20. OTHER OPERATING INCOME (EXPENSES)

	Parent company		Consolidated	
	3Q18	3Q17	3Q18	3Q17
Constitution and restatement of provision	(8,106)	(10,544)	(8,106)	(10,556)
Disposals of property, plant and equipment	(2,346)	(542)	(6,202)	(595)
Partial factory deactivation	-	1,517	-	1,517
Loss on the sale of unusable assets and write-off of third party tools and other assets	(5,604)	5,900	450	5,877
	(16,056)	(3,669)	(13,858)	(3,757)
Depreciation of non-operating assets	(174)	(175)	(175)	(176)
Amortization of intangible assets	-	-	(13,216)	(10,042)
Total other operating expenses, net	(16,230)	(3,844)	(27,249)	(13,975)

	Parent company		Consolidated	
	9M18	9M17	9M18	9M17
Constitution and restatement of provision	(21,953)	(13,645)	(21,822)	(13,674)
Disposals of property, plant and equipment	274	41	(5,808)	5,121
Partial factory deactivation	-	(44,141)	-	(44,141)
Loss on the sale of unusable assets and write-off of third party tools and other assets	(12,754)	3,447	(1,208)	(396)
	(34,433)	(54,298)	(28,838)	(53,090)
Depreciation of non-operating assets	(520)	(530)	(523)	(532)
Amortization of intangible assets	-	-	(36,336)	(30,691)
Total other operating expenses, net	(34,953)	(54,828)	(65,697)	(84,313)

21. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent company		Consolidated	
	3Q18	3Q17	3Q18	3Q17
Net income (loss) before tax effects	95,267	69,232	90,994	83,866
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	(32,391)	(23,539)	(30,938)	(28,514)
Tax effect of permanent (additions) exclusions:				
Share of results of subsidiaries	12,600	11,310	-	-
Depreciation of non-operating assets	(59)	(59)	(59)	(59)
Interests on capital	12,750	17,000	12,750	17,000
Additional income tax (Services Companies – Mexico)	-	-	(6,100)	(1,312)
Effect of correction of fixed assets	-	-	(2,160)	(1,882)
Reintegra – benefit	163	2,452	163	2,452
Finance income from monetary assets			5,531	(680)
Other permanent (additions) exclusions	306	(36)	7,242	6,505
Tax effects recorded in the statement of income before exchange effects	(6,631)	7,128	(13,571)	(6,490)
Effective rate of income tax before exchange effects	7%	-10%	15%	8%
Effect of functional currency on tax base (a)	-	-	11,214	(1,016)
Tax effects recorded in the statement of income	(6,631)	7,128	(2,357)	(7,506)
Effective rate of income tax	7%	-10%	3%	9%

All amounts in thousands of Reais unless otherwise stated.

	Parent company		Consolidated	
	9M18	9M17	9M18	9M17
Net income (loss) before tax effects	195,135	104,599	233,291	102,601
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	(66,346)	(35,564)	(79,319)	(34,884)
Tax effect of permanent (additions) exclusions:				
Share of results of subsidiaries	37,873	38,926	-	-
Depreciation of non-operating assets	(177)	(180)	(177)	(180)
Interests on capital	25,500	34,000	25,500	34,000
Additional income tax (Services Companies – Mexico)	-	-	(12,244)	(4,329)
Effect of correction of fixed assets	-	-	(383)	981
Reintegra – benefit	4,527	7,191	4,527	7,191
Finance income from monetary assets	-	-	5,242	11,054
Other permanent (additions) exclusions*	(2,705)	(9,505)	4,174	252
Tax effects recorded in the statement of income before exchange effects	(1,328)	34,868	(52,680)	14,085
Effective rate of income tax before exchange effects	1%	-33%	23%	-14%
Effect of functional currency on tax base (a)	-	-	13,196	22,781
Tax effects recorded in the statement of income	(1,328)	34,868	(39,484)	36,866
Effective rate of income tax	1%	-33%	17%	-36%

a) Effect of Functional currency on tax

The tax bases of assets and liabilities of the companies located in Mexico, where the functional currency is the US Dollars, are held in Mexican Pesos at their historical values. Fluctuations in exchange rates change the tax bases and consequently exchange effects are recognized as revenues and / or expenses for deferred income tax.

b) Composition of the tax effects recorded in the statement of income:

	Parent company		Consolidated	
	3Q18	3Q17	3Q18	3Q17
Tax effects recorded in the statement of income				
Current income tax and social contribution	783	-	(9,724)	(14,179)
Deferred income tax and social contribution	(7,414)	7,128	7,367	6,673
	(6,631)	7,128	(2,357)	(7,506)

	Parent company		Consolidated	
	9M18	9M17	9M18	9M17
Tax effects recorded in the statement of income				
Tax effects recorded in the statement of income	-	(7,869)	(51,619)	(37,198)
Current income tax and social contribution	(1,328)	42,737	12,135	74,064
Deferred income tax and social contribution	(1,328)	34,868	(39,484)	36,866

22. EARNINGS PER SHARE

a) Basic:

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

	3Q18	3Q17	9M18	9M17
Profit attributable to the stockholders of the Company	88,636	76,360	193,807	139,467
Outstanding shares	144,177,500	144,177,500	144,177,500	144,177,500
Basic earnings (loss) per share - R\$	0.61477	0.52962	1.34423	0.96733

b) Diluted:

Diluted earnings per share is measured by the weighted average number of ordinary shares outstanding, with the addition of the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares. The Company issue a potential convertible stock option plan. The number of ordinary shares that would be issued is determined from fair value, based on market price.

	3Q18	3Q17	9M18	9M17
Profit attributable to the stockholders of the Company	88,636	76,360	193,807	139,467
Outstanding shares	144,771,368	144,873,285	144,771,368	144,873,285
Diluted earnings (loss) per share - R\$	0.61225	0.52708	1.33871	0.96268

23. SEGMENT REPORTING

The Company discloses information by operating segment based on the information reported to management and utilized in decision-making, in order to allocate funds to the segments and to assess their performance, as described below:

Transportation, infrastructure & agriculture - Manufacture, to order, of cast and machined products, with significant technological content, such as powertrain (blocks and cylinder heads), brake, transmission, steering, axle and suspension components for global manufacturers of engines, commercial vehicles (trucks, buses, etc.), construction machines, tractors, agricultural machines, power generators and passenger vehicles.

Hydraulics - Manufacture of flexible iron connections for the construction industry, and cast-iron shapes for general use.

The following is the information on each reported segment:

a) Reconciliation of revenue, costs, expenses and profit

Consolidated	Transportation, infrastructure & agriculture		Hydraulics		Total	
	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17
Net revenue (Note 17)	1,257,161	902,712	58,658	59,952	1,315,819	962,664
Costs and expenses, except depreciation (Note 18)	(1,063,952)	(744,861)	(55,076)	(54,419)	(1,119,028)	(799,280)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 20)	(13,173)	(4,051)	(685)	294	(13,858)	(3,757)
Depreciation and amortization	(70,677)	(59,844)	(2,023)	(2,502)	(72,700)	(62,346)
Profit (loss) before finance results	109,359	93,956	874	3,325	110,233	97,281
Finance results (Note 19)					(19,239)	(13,415)
Profit (loss) before taxation					90,994	83,866
Income tax and social contribution (Note 21)					(2,357)	(7,506)
Profit (loss) for the period					88,637	76,360

Consolidated	Transportation, infrastructure & agriculture		Hydraulics		Total	
	9M18	9M17	9M18	9M17	9M18	9M17
Net revenue (Note 17)	3,423,990	2,584,817	169,204	154,034	3,593,194	2,738,851
Costs and expenses, except depreciation (Note 18)	(2,908,287)	(2,204,762)	(159,014)	(145,239)	(3,067,301)	(2,350,001)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 20)	(27,366)	(51,726)	(1,472)	(1,364)	(28,838)	(53,090)
Depreciation and amortization	(199,951)	(185,521)	(6,213)	(7,674)	(206,164)	(193,195)
Profit (loss) before finance results	288,386	142,808	2,505	(243)	290,891	142,565
Finance results (Note 19)					(57,600)	(39,964)
Profit (loss) before taxation					233,291	102,601
Income tax and social contribution (Note 21)					(39,484)	36,866
Profit (loss) for the period					193,807	139,467

All amounts in thousands of Reais unless otherwise stated.

b) Reconciliation of costs and expenses by segment

Consolidated	Transportation, infrastructure & agriculture		Hydraulics		Total	
	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17
Raw and processing materials*	(599,766)	(373,887)	(25,799)	(25,488)	(625,565)	(399,375)
Maintenance and consumption materials	(103,961)	(89,617)	(3,879)	(3,733)	(107,840)	(93,350)
Salaries and payroll taxes	(229,751)	(169,790)	(14,641)	(12,238)	(244,392)	(182,028)
Social benefits	(22,617)	(25,300)	(503)	(2,390)	(23,120)	(27,690)
Electricity	(53,112)	(50,250)	(4,453)	(5,153)	(57,565)	(55,403)
Depreciation	(57,287)	(49,626)	(2,023)	(2,502)	(59,310)	(52,128)
Freight and commissions on sales	(30,472)	(21,309)	(4,044)	(4,373)	(34,516)	(25,682)
Management fees	(2,227)	(2,919)	(195)	(289)	(2,422)	(3,208)
Other costs	(22,045)	(11,789)	(1,562)	(755)	(23,607)	(12,544)
	(1,121,238)	(794,487)	(57,099)	(56,921)	(1,178,337)	(851,408)

Consolidated	Transportation, infrastructure & agriculture		Hydraulics		Total	
	9M18	9M17	9M18	9M17	9M18	9M17
Raw and processing materials*	(1,623,787)	(1,103,293)	(74,303)	(64,163)	(1,698,090)	(1,167,456)
Maintenance and consumption materials	(276,586)	(260,376)	(10,798)	(11,982)	(287,384)	(272,358)
Salaries and payroll taxes	(635,143)	(505,995)	(42,925)	(34,741)	(678,068)	(540,736)
#REF!	(69,307)	(67,458)	(1,496)	(6,535)	(70,803)	(73,993)
Social benefits	(151,933)	(149,613)	(12,946)	(12,467)	(164,879)	(162,080)
Electricity	(163,093)	(154,298)	(6,213)	(7,674)	(169,306)	(161,972)
Depreciation	(83,760)	(68,677)	(12,540)	(12,505)	(96,300)	(81,182)
Freight and commissions on sales	(7,630)	(8,211)	(709)	(802)	(8,339)	(9,013)
Management fees	(60,140)	(41,139)	(3,297)	(2,044)	(63,437)	(43,183)
	(3,071,379)	(2,359,060)	(165,227)	(152,913)	(3,236,606)	(2,511,973)

c) Reconciliation of assets and liabilities

ASSETS	Sep/18	Dec/17	Sep/18	Dec/17	Sep/18	Dec/17
Trade account receivables (Note 5)	713,264	524,707	40,762	48,386	754,026	573,093
Inventories (Note 6)	429,354	363,814	57,399	55,678	486,753	419,492
Tooling	160,910	102,000	-	-	160,910	102,000
Notes and other receivables	43,285	41,016	2,119	3,270	45,404	44,286
Property, plant and equipment (Note 13)	1,522,009	1,472,024	60,521	37,212	1,582,530	1,509,236
Intangible assets (Note 13)	292,860	296,141	-	-	292,860	296,141
Other assets not allocated	-	-	-	-	1,633,302	1,664,908
Total assets	3,161,682	2,799,702	160,801	144,546	4,955,785	4,609,156

LIABILITIES	Sep/18	Dec/17	Sep/18	Dec/17	Sep/18	Dec/17
Trade accounts payables	545,371	433,705	30,874	28,760	576,245	462,465
Income taxes payable	28,044	23,634	245	296	28,289	23,930
Salaries, social security charges and profit sharing	170,207	128,854	11,225	8,881	181,432	137,735
Advances from customers	114,609	54,899	10,337	9,098	124,946	63,997
Notes and other payables	68,938	64,298	5,825	6,002	74,763	70,300
Deferred tax on intangible assets (Note 9)	57,396	57,346	-	-	57,396	57,346
Income and social contribution tax	16,238	7,318	-	-	16,238	7,318
Other liabilities not allocated	-	-	-	-	1,655,458	1,802,747
Equity (Note 16)	-	-	-	-	2,241,018	1,983,318
Total liabilities and equity	1,000,803	770,054	58,506	53,037	4,955,785	4,609,156

Segment-specific assets and liabilities are allocated directly to each segment, and criteria relating to the applicability and origin are used for common assets and liabilities. The Company does not allocate cash and cash equivalents, recoverable and deferred taxes, judicial and other deposits, and investments in companies to the reporting segments, as they are not

directly related to the operations. For the same reason, borrowing, dividends, provisions and other long-term liabilities are also not allocated to the segments.

d) Major customers accounting for over 10% of the Company's total revenue

The Company has a diversified portfolio of local and foreign customers. The transportation, infrastructure and agriculture segment has customers that individually account for more than 10% of consolidated revenue, as follows:

Consolidated								
Revenue	3Q18	%	3Q17	%	9M18	%	9M17	%
Transportation, infrastructure & agriculture	1,257,161	95.5	902,712	93.8	3,423,990	95.3	2,584,817	94.4
Customer A	235,431	17.9	187,228	19.4	695,636	19.4	586,330	21.4
Customer B	213,624	16.2	169,861	17.6	612,426	17.0	497,130	18.2
Customer C	127,721	9.7	108,735	11.3	381,253	10.6	292,440	10.7
Other customers	680,385	51.7	436,888	45.4	1,734,675	48.3	1,208,917	44.1
Hydraulics	58,658	4.5	59,952	6.2	169,204	4.7	154,034	5.6
Total Revenue	1,315,819	100.0	962,664	100.0	3,593,194	100.0	2,738,851	100.0

The sales in the Hydraulics segment are diversified.

e) Information on the countries from which the Company derives revenue

The revenue derived from customers in Brazil and from customers in each foreign country and their respective shares in the Company's total revenue for the period, are as follow:

Consolidated								
	3Q18	%	3Q17	%	9M18	%	9M17	%
North America	857,304	65.2	596,786	61.9	2,326,509	64.8	1,712,862	62.5
United States	447,572	34.0	315,262	32.7	1,217,171	33.9	891,502	32.6
Mexico	394,466	30.0	264,752	27.5	1,071,341	29.8	779,133	28.4
Canada	15,266	1.2	16,772	1.7	37,997	1.1	42,227	1.5
South and Central Americas	235,741	17.9	193,538	20.1	642,000	17.8	511,505	18.7
Brazil - head office	226,230	17.2	184,933	19.2	615,484	17.1	489,547	17.9
Other countries	9,511	0.7	8,605	0.9	26,516	0.7	21,958	0.8
Europe	145,188	11.0	105,793	11.0	414,270	11.5	313,059	11.3
United Kingdom	62,920	4.8	60,004	6.2	203,395	5.7	166,967	6.1
Italy	14,812	1.1	4,470	0.5	48,347	1.3	20,105	0.7
Hungary	14,944	1.1	17,127	1.8	42,385	1.2	55,995	2.0
Netherlands	16,640	1.3	7,420	0.8	33,550	0.9	26,261	1.0
Spain	10,680	0.8	5,237	0.5	30,410	0.8	11,537	0.4
Spain	12,848	1.0	-	-	16,313	0.5	-	-
Germany	3,068	0.2	6,242	0.7	15,256	0.4	20,297	0.7
Other countries	9,276	0.7	5,293	0.5	24,614	0.7	11,897	0.4
Asia, Africa and Oceania	77,586	5.9	66,547	7.0	210,415	5.9	201,425	7.5
South Africa	27,197	2.1	23,863	2.5	77,259	2.2	64,704	2.4
Thailand	20,998	1.6	14,394	1.5	50,452	1.4	45,901	1.7
Japan	17,690	1.3	10,447	1.1	39,323	1.1	34,981	1.3
China	8,843	0.7	10,651	1.1	26,294	0.7	44,464	1.6
Other countries	2,858	0.2	7,192	0.8	17,087	0.5	11,375	0.5
Total	1,315,819	100.0	962,664	100.0	3,593,194	100.0	2,738,851	100.0

24. FINANCIAL INSTRUMENTS

	Note	Parent company		Consolidated	
		Sep/18	Dec/17	Sep/18	Dec/17
Loans and receivables		842,542	1,030,241	1,595,057	1,533,981
Cash and cash equivalents	3	437,889	667,827	742,613	865,368
Trade account receivables	5	331,963	280,213	754,026	573,093
Notes and other financial assets		72,690	82,201	98,418	95,520
<i>Effect on the results</i>		<i>14,433</i>	<i>57,468</i>	<i>15,093</i>	<i>57,945</i>
Financial assets at fair value through profit or loss		103,353	104,689	109,955	110,009
Financial investments		-	1,077	-	1,077
Credits - Eletrobrás		102,170	102,170	102,170	102,170
Investments in equity instruments		1,183	1,442	7,785	6,762
<i>Effect on the results</i>		<i>(259)</i>	<i>(203)</i>	<i>(259)</i>	<i>(203)</i>
Financial liabilities at amortized cost		1,949,890	2,036,013	2,182,905	2,211,816
Trade accounts payables		261,813	216,687	576,245	462,465
Loans and financing	14	1,533,058	1,628,339	1,526,763	1,621,556
Dividends and interest on capital		105	50,076	105	50,076
Notes payable and other financial liabilities		154,914	140,911	79,792	77,719
<i>Effect on the results</i>		<i>(73,477)</i>	<i>(99,764)</i>	<i>(72,175)</i>	<i>(98,537)</i>
Financial liabilities at fair value through profit or loss		(1,664)	386	(2,319)	2,439
Derivative financial instruments	25	(1,664)	386	(2,319)	2,439
<i>Effect on the results</i>		-	-	-	-

(*) Includes the provision for impaired receivables

In accordance of the IFRS 9 since January 1, 2018 the Company started on to recognize the cash and cash equivalents as an Amortized Cost. Previously it was considered as a Loans and Receivables.

25. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET INVESTMENT ABROAD

a) Derivative financial instruments

In order to minimize the impact of exchange rate on cash flow and financial results, the Company contracted and remains contracting derivative financial instruments since July 1, 2016. The financial instrument used by the Company in these operation were (i) ZCC - zero-cost collar, which consists of purchasing a "PUT" option and the sale of a "CALL" option. Those operations have the same notional value, same counterparty, same maturity and there is no net premium, (ii) purchase of sale option "PUT" and, (iii) sale off NDF non-deliverable forward, which consists of the future sale of currency at a pre-defined rate. The fair value of this instrument is determined by observable market pricing model (through market information providers) and widely used by market participants to measure similar instruments.

i. Parent company

In September 30, 2018, the Company derivative financial instruments in the zero-cost collar type totaled the amount of US\$76,900, with a due date at June 24, 2019. Which were made purchasing "PUT" with an average weighted price of exercise of R\$3.8786 and sales "CALL" with an average weighted price of exercise of R\$4.4252.

In the period of 9 months ended at September 30, 2018, the Company recognized in finance results as net loss of R\$13,713. Considering, payment of R\$15,763 from the settlement of contracts in the period and R\$2,050 due to the gain for the mark to market of these instruments.

ii. Subsidiaries

In 2017, the Company contracted derivative financial instruments in their Mexicans subsidiaries, due to their exposure to the Mexican Pesos. In September 30, 2018, the Subsidiaries derivative financial instruments in the zero-cost collar type totaled the amount of US\$15,000, with a due date at March 25, 2019. Which were made purchasing "PUT" with an average weighted price of exercise of MXN18.700 and sales "CALL" with an average weighted price of exercise of MXN20.8056.

On September 30, 2018, the Mexican subsidiaries recognized in their finance results as net profit the amount of R\$1,687. Considering, gain of R\$1,024 from the settlement of contracts in the period and R\$2,708 due to the gains for the mark to market of these instruments. There was also a gain in the amount of R\$3 from the exchange variation from this mark to market.

The financial derivative instruments net position is presented as follow:

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Current liabilities				
<i>Financial derivative instruments</i>	(1,660)	(404)	(1,660)	(2,457)
Current assets				
Financial derivative instruments	3,324	18	3,979	18
Financial derivative instruments, net	1,664	(386)	2,319	(2,439)

b) Hedges of net investments abroad

With the objective of mitigating the effects of foreign exchange volatility on the results, the Company adopted hedges for the net investments abroad on January 10, 2014, as presented in the annual financial statement of year ended December 31, 2017 note 32.b.

In September 30, 2018, the Company has export prepayment contracts amounting to US\$349,000, equivalent to R\$1,397,361 as hedges of the investments in the subsidiaries in Mexico, Tupy México Saltillo, S.A. de C.V. and Technocast, S.A. de C.V., the functional currency of which is the US Dollar (US\$), and which had net assets of US\$370,077, equivalent to R\$1,481,751, representing 94,3% effectiveness.

In the period of 9 months ended at September 30, 2018, the Company recognized in carrying value adjustments, within equity, a gross loss of R\$242,869 arising from the conversion of the prepayment contracts designated as hedge instruments. As a result, the investments in Mexicans subsidiaries resulted in a gross gain of R\$297,275. The net result was a gain of R\$136,983.

26. FINANCIAL RISK MANAGEMENT

The Company has a financial management policy and internal procedures monitored by Risk and internal controlling area, which determines practices to identify, monitoring and controlling the exposure to financial risk.

26.1 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and financial investments, as well from credit exposure to customers, including outstanding trade receivables.

The Company sets exposure limits for each customer to limit the credit risk on trade receivables and risks are managed according to specific credit rating criteria, which include an analysis of customers in based on their payment ability, indebtedness level, market behavior and history with the Company. Furthermore, the Company carries out quantitative and qualitative analyses of its portfolio of trade receivables in order to determine the provision for probable losses on receivables. As at September 30, 2018, estimated losses on trade receivables amounted to R\$1,983 (R\$2,359 as at December 31, 2017), representing 0.3% of the consolidated balance of outstanding receivables at that date (0.4% as at December 31, 2017).

The Company does not hold any credit guarantee to cover credit risks related to its financial assets.

Credit quality of financial assets

The credit quality of financial assets is assessed by reference to external credit ratings (if available) or based on historical information about counterparty default rates.

	Parent company		Consolidated	
	Sep/18	Dec/17	Sep/18	Dec/17
Counterparties with external credit ratings*				
Cash and cash equivalents	437,889	668,904	742,613	866,445
AAA	121,443	-	125,088	2,109
AA+ / AA / AA-	276,002	563,813	426,191	694,236
A+ / A / A-	40,444	91,762	191,334	144,865
Outros	-	13,329	-	25,235
Financial investments				
AAA	-	1,077	-	1,077
Derivative financial				
AA+ / AA / AA-	3,324	18	3,979	18
Credits - Eletrobrás				
BB-	102,170	102,170	102,170	102,170
Counterparties without external credit rating				
Trade receivables	331,963	280,213	754,026	573,093
Low risk	322,674	266,882	737,950	554,555
Moderate risk	8,973	12,572	15,760	12,572
High risk	316	759	316	5,966
Other financial assets	73,873	83,643	106,203	102,282
Total	945,895	1,136,007	1,705,012	1,645,067

(*) The Company considers, for the classification of risk, the lowest rating between the rating agencies.

The risk assessment of trade receivables is as follows:

- Low risk - transportation, infrastructure & agriculture segment customers, except those customers with a history of losses.
- Moderate risk - hydraulics segment customers, except those who already have a history of losses.
- High risk - customers with provisioned balances and historical losses.

The other financial assets held by the Company are considered of high quality and do not present indications of losses.

26.2 Liquidity risk

Liquidity risk is the risk that the Company will have difficulty complying with its obligations associated with financial liabilities that are to be settled in cash or other financial assets. The Company's approach to managing this risk is the maintenance of a minimum cash.

In order to ensuring that, the Company has sufficient liquidity to settle its obligations without incurring losses or affecting its operations. This minimum cash amount corresponds to a two-month projection of: operating cash generation in in an unfavorable scenery, plus the balance of the short-term borrowing, net of derivative instruments. Moreover, the Company manages its investment portfolio using criteria for concentration in financial institutions, in addition to global and local ratings.

The contractual maturities of financial liabilities are as follow:

Consolidated FINANCIAL LIABILITIES	Contractual cash flow					
	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total flow
Borrowings	146,774	49,270	98,313	288,458	1,495,072	2,077,887
Financial derivative instruments	1,660	-	-	-	-	1,660
Trade payables and notes and other payables	651,008	-	-	-	-	651,008
Dividends payable	105	-	-	-	-	105
	799,547	49,270	98,313	288,458	1,495,072	2,730,660

The Company does not expect that the cash outflows included in its maturity analyses will occur significantly sooner or at amounts, which are significantly different. Furthermore, the Company generates sufficient cash to cover future payment obligations.

26.3 Market risk

Market risk is the risk of changes in the value of the Company's financial instruments as a result of changes in interest and foreign exchange rates and market prices. The objective of market risk management is to maintain exposure to market risks within acceptable levels, while optimizing returns.

Interest rate risk

This risk refers to the Company's financial investments and borrowing. The financial instruments with floating rates expose the Company to cash flow variation risk, whereas the financial instruments with fixed rates expose the Company to fair value risk. The Company uses derivative financial instruments, as follow:

Consolidated			
	Note	Sep/18	Dec/17
Floating-rate instruments		395,730	526,579
Financial assets		395,730	639,656
Financial liabilities	14	-	(113,077)
Fixed-rate instruments		(1,182,201)	(1,189,429)
Financial assets		344,562	221,728
Financial liabilities	14	(1,526,763)	(1,411,157)

Sensitivity analysis of variations in floating interest rates

The Company has financial investments and derivative financial instruments exposed to the CDI rate variation, as well as borrowing linked to the TJLP and LIBOR rates.

The fluctuations in interest rates may affect the Company's future results. Presented below are the impacts that would have been generated by changes in interest rates to which the Company is exposed.

Interest rate risk				Consolidated			
Floating rate instruments	Risk	Disclosed	Scenarios - Normative Instruction 475				
			Probable	+25%	+50%	-25%	-50%
In Brazilian reais							
Investments	Interest rate (CDI - % p.a.)	6.39	6.68	8.35	10.02	5.01	3.34
Financial assets		395,730	395,730	395,730	395,730	395,730	395,730
Potential impact		-	-	6,195	12,390	(6,293)	(12,790)

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the Company's functional currency, the Brazilian Real. The main currency in which these transactions are denominated is the US Dollar.

The Company manages its exposure to exchange rates through a combination of debts, financial investments, accounts receivable and export revenues in foreign currency, derivative transactions and hedges of the net investments abroad. The Company's exposure to foreign currency risk considering the subsidiaries that use the Real (R\$) as their functional currency, is as follows:

Parent company				
Net exposure impacting profit		Note	Sep/18	Dec/17
Assets			253,908	215,544
Cash and cash equivalents abroad	3		40,444	24,534
Customers in the foreign market	5		213,464	191,010
Liabilities			(164,304)	(172,013)
Borrowings in foreign currency	14		(1,417,625)	(1,196,405)
Hedge of net investment abroad	25		1,397,361	1,154,492
Other amounts			(144,040)	(130,100)
Net exposure impacting profit				
In thousands of R\$			89,604	43,531
In thousands of US\$			22,379	13,159

Subsidiaries that use a functional currency other than the Brazilian real have limited exposure to the Mexican Peso and the Euro.

Sensitivity analysis of foreign exchange exposure

This analysis is based on the foreign exchange rate fluctuation, pursuant to CVM Normative Instruction 475, in which the risk variables are evaluated with a 25% and 50% fluctuation compared to the probable scenario estimated by the Company. This analysis assumes that all other variables, especially the interest rates, will remain constant.

Consolidated	Scenarios - Normative Instruction 475					
	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	4.0039	3.2970	4.12	4.95	2.47	1.65
Asset position	253,908	209,080	261,271	313,905	156,635	104,635
Liability position	(164,304)	(135,296)	(169,068)	(203,128)	(101,359)	(67,709)
Net exposure (R\$ thousand)	89,604	73,784	92,203	110,777	55,276	36,926
Net exposure (US\$ thousand)	22,379	22,379	22,379	22,379	22,379	22,379
Potential impact (R\$ thousand)	-	(15,820)	2,599	21,173	(34,328)	(52,678)

Price risk

This risk relates to the possibility of fluctuations in the market prices of the inputs used in the manufacturing process, especially scrap, pig iron, metal alloys, coke and electricity. These price fluctuations could have an impact on the Company's costs. The Company monitors these prices, in order to pass on to customers any changes in its input prices.

26.4 Operating risk

This risk arises from all of the Company's operations and can cause direct or indirect losses associated with a variety of factors, such as processes, personnel, technology, infrastructure and external factors.

The Company's objective is to manage the operating risk to avoid losses and damages to its reputation, and to seek cost efficiencies.

The primary responsibility for developing and implementing operating risk controls lies with a centralized area of internal controls reporting to senior management.

26.5 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, management can make (or can propose to the stockholders, when their approval is required) adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company's management monitors the relationship between the Company's own capital (equity) and third-party capital that the Company utilizes to finance its operations. To mitigate liquidity risks and optimize the average cost of capital, the Company monitors its compliance with financial ratios required under borrowing agreements.

The relationship between own capital versus third-party capital, at the end of each period, was as follows:

Consolidated		
	Sep/18	Dec/17
Own capital	2,241,018	1,983,318
Equity	2,241,018	1,983,318
Third party capital	1,972,154	1,760,470
Total current and non-current liabilities	2,714,767	2,625,838
Cash and cash equivalents	(742,613)	(865,368)
Own capital versus third-party capital ratio	1.14	1.13

26.6 Fair value

The carrying values of cash and cash equivalents and trade receivables and payables, less impairment provisions in the case of trade receivables, are assumed to approximate their fair values.

All financial instruments classified as financial assets and financial liabilities at fair value through profit or loss (Note 24) and the fair value of the borrowing disclosed in Note 14 are calculated by discounting the future contractual cash flow at the current market interest rate that is available to the Company for similar financial instruments.

The valuations technique used by the Company are classified at Level 2 of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (Level 2) is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the minimum extent possible on Company-specific estimates.

27. SUBSEQUENT EVENTS

On October 29, 2018 the Company's Board of Directors approved a partnership for development of allotment in one of the lands that its subsidiary Tupy Agroenergética Ltda. maintained as properties for investments.

On November 7, the Company's Board of Directors approved the distribution to its shareholders of interest on shareholders' equity in the amount of R\$ 37,500. The payment will be made on November 26, 2018.

* * *

A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated financial information in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB)

Independent auditor's review report on quarterly financial information

To
Shareholders, Board of Directors and Officers
Tupy S.A.
Joinville, Santa Catarina, Brazil

Introduction

We have reviewed the interim individual and consolidated financial information of Tupy S.A. (Company) contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2018, comprising the statement of financial position at September 30, 2018, and the related statements of profit and loss, comprehensive income, for the three-month and the nine-month period then ended, and the changes in equity and cash flows for the nine month period then ended including the explanatory notes.

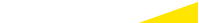
Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim individual and consolidated financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information (ITR), and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).



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Other matters

Interim statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2018, prepared under the responsibility of Company management, whose presentation in the interim financial statements is required by rules issued by the CVM applicable to the preparation of the quarterly information (ITR), and treated as supplementary information by IFRS, under which the presentation of SVA is not required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that these were not prepared, in all material respects, in a manner consistent with the overall accompanying individual and consolidated interim financial information.

Curitiba, November 06, 2018.

ERNST & YOUNG
Auditores Independentes S/S
CRC 2SP 015199/O-6

Alexandre Rubio
Accountant CRC-1SP 223.361/O-2