

# T4f

TIME FOR FUN



## 3Q18 Earnings Release

**T4F Entretenimento S.A.**  
B3: SHOW3

Closing on September 30, 2018: R\$7.17  
3Q18 Average Volume: 122.2 thousand  
(0.35% of the free float)  
Price on November 7, 2018: R\$7.57  
Market Cap: R\$511.0 million

Earnings Presentation through webcast  
[www.t4f.com.br/ri](http://www.t4f.com.br/ri)

**Date: November 8, 2018**

**English**

09:00 a.m. (US ET) | 12:00 p.m. (BR)

**Portuguese**

08:00 a.m. (US ET) | 11:00 a.m. (BR)

Sao Paulo, November 7, 2018 – T4F Entretenimento S.A. (“T4F” or “Company”) (B3: SHOW3), leading live entertainment company in South America, announces the revised results for the third quarter of 2018 (3Q18). The financial and operational information herein were prepared according to International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil.

### 3Q18 Highlights

- 121 events with 327 thousand tickets sold;
- Net revenue of R\$108.6 million (-18% vs. 3Q17);
- Gross profit of R\$32.1 million (-7% vs. 3Q17);
- EBITDA of R\$19.0 million (-30% vs. 3Q17); and
- **Net income of R\$14.8 million (+11% vs. 3Q17).**

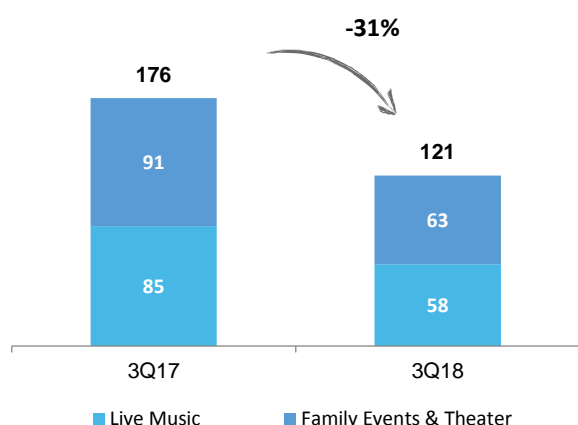
Financial Indicators (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Net Revenue	441.7	374.7	-15%	133.3	108.6	-18%
Events Promotion	265.0	243.5	-8%	77.4	71.0	-8%
Live Music	225.0	220.1	-2%	67.1	53.8	-20%
Family Events and Theater	33.5	15.6	-54%	7.0	13.7	94%
Sports Events	6.5	7.8	21%	3.2	3.6	12%
Ticketing, F&B and Venues Operation	118.0	60.3	-49%	32.0	17.0	-47%
Sponsorship	58.8	70.9	21%	23.9	20.5	-14%
Events Promotion	44.5	62.6	40%	18.4	18.0	-2%
Ticketing, F&B and Venues Operation	14.2	8.3	-41%	5.5	2.6	-53%
Cost	(343.4)	(296.4)	-14%	(98.7)	(76.5)	-23%
Gross Profit	98.3	78.2	-20%	34.6	32.1	-7%
<i>Gross Margin (%)</i>	<i>22.2%</i>	<i>20.9%</i>	<i>-1.4 p.p.</i>	<i>25.9%</i>	<i>29.6%</i>	<i>3.6 p.p.</i>
SG&A	(51.1)	(46.0)	-10%	(13.6)	(14.4)	5%
EBITDA	52.2	36.4	-30%	21.2	19.0	-10%
<i>EBITDA Margin (%)</i>	<i>11.8%</i>	<i>9.7%</i>	<i>-2.1 p.p.</i>	<i>15.9%</i>	<i>17.5%</i>	<i>1.6 p.p.</i>
Financial Result	1.5	4.8	n.a.	1.9	(0.6)	n.a.
Net Income	26.3	23.4	-11%	13.4	14.8	11%
<i>Net Margin (%)</i>	<i>6.0%</i>	<i>6.2%</i>	<i>0.3 p.p.</i>	<i>10.0%</i>	<i>13.6%</i>	<i>3.6 p.p.</i>

Operational Indicators	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
<b>Live Music</b>						
Events Promoted	213	171	-20%	85	58	-32%
Tickets Sold (000)	1,018	990	-3%	313	238	-24%
Average Ticket Price (R\$)	213	212	0%	173	178	3%
<b>Family Events and Theater</b>						
Events Promoted	321	108	-66%	91	63	-31%
Tickets Sold (000)	329	106	-68%	56	88	58%
Average Ticket Price (R\$)	125	140	12%	142	146	3%
<b>Total</b>						
Events Promoted	534	279	-48%	176	121	-31%
Tickets Sold (000)	1,347	1,096	-19%	369	327	-12%
Average Ticket Price (R\$)	192	205	7%	168	169	0%

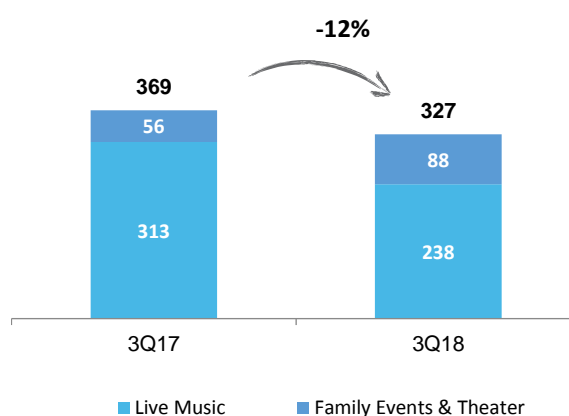
We report below comments on the financial statements related to the quarter ended on September 30, 2018 (3Q18). We recommend reading this material together with the Quarterly Financial Statements ("ITR").

## Comments on the Consolidated Financial Performance

### # Events



### Tickets Sold (000)



## Operating Indicators

In 3Q18, we promoted 121 live music, family and theater events with 327 thousand tickets sold, which represented a decrease of 31% and 12% in the number of events and tickets sold, respectively.

In live music, we promoted 58 concerts with 238 thousand tickets sold. The reduction of 24% in tickets sold was lower than the decrease in the activity of shows, since we promoted the Villa Mix Festival at the Interlagos circuit, while in 3Q17 we promoted only indoor concerts. We highlight that, unlike what we had been announcing, we have seen a reduction in the demand for live music tickets in general since June this year, which we believe is temporarily associated to or is a reflex of the truckers strike in Brazil, followed by the World Cup, the crisis in Argentina and, more recently, the strong polarization of the elections in Brazil.

In family and theater, we held 63 presentations with 88 thousand tickets sold. There was a significant increase of 58% in the number of tickets sold, especially considering that the musical *The Phantom of the Opera* premiered only in August 2018, while *Les Misérables* was performed throughout 3Q17.

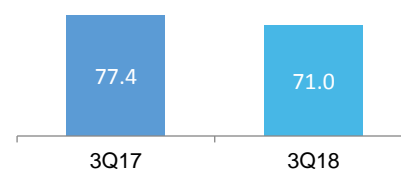
## Net Revenue

Net Revenue (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Events Promotion	265.0	243.5	-8%	77.4	71.0	-8%
Live Music	225.0	220.1	-2%	67.1	53.8	-20%
Family Events and Theater	33.5	15.6	-54%	7.0	13.7	94%
Sports Events	6.5	7.8	21%	3.2	3.6	12%
Ticketing, F&B and Venues Operation	118.0	60.3	-49%	32.0	17.0	-47%
Sponsorship	58.8	70.9	21%	23.9	20.5	-14%
Events Promotion	44.5	62.6	40%	18.4	18.0	-2%
Ticketing, F&B and Venues Operation	14.2	8.3	-41%	5.5	2.6	-53%
<b>TOTAL</b>	<b>441.7</b>	<b>374.7</b>	<b>-15%</b>	<b>133.3</b>	<b>108.6</b>	<b>-18%</b>

In 3Q18, net revenue totaled R\$108.6 million, down 18% from 3Q17. It is important to note that, as of this quarter, Argentina's consolidation reflects the effects of an economy with hyperinflation, which means that we started to use the final exchange rate, not the average rate, in the conversion of the financial statements. This resulted in a reduction of R\$8.8 million in total net revenue this quarter, with the most significant impacts on ticketing operation and sponsorships due to the low activity in event promotion in Argentina in 9M18.

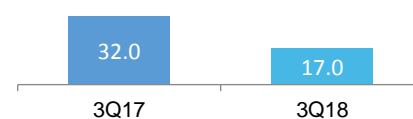
Net revenue in event promotion decreased 8% compared to 3Q17, amounting to R\$71.0 million. The reduction reflects the decrease in tickets sold in live music shows, as the average ticket price remained in line year-on-year.

**Events Promotion**  
R\$ mn



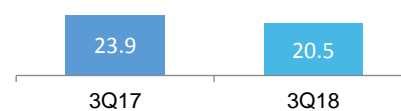
Net revenue of ticketing, F&B and venues operations fell by 47% in 3Q18 as a result the lower activity in event promotion, but due mainly to the decrease in tickets sold for live music shows in 3Q18 and in 4Q18.

**Ticketing, F&B and Venues Operation**  
R\$ mn



Net revenue of sponsorship totaled R\$20.5 million in 3Q18, down 14% from 3Q17 due to the hyperinflation effect in Argentina. Without this effect, sponsorship would have been in line with 3Q17.

**Sponsorship**  
R\$ mn



### Gross Profit

Gross Profit (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Events Promotion	8.6	(6.5)	n.a.	2.2	7.8	256%
Ticketing, F&B and Venues Operation	30.9	13.8	-55%	8.5	3.8	-55%
Sponsorship	58.8	70.9	21%	23.9	20.5	-14%
<b>Gross Profit</b>	<b>98.3</b>	<b>78.2</b>	<b>-20%</b>	<b>34.6</b>	<b>32.1</b>	<b>-7%</b>
<i>Gross Margin (%)</i>	<i>22.2%</i>	<i>20.9%</i>	<i>-1.4 p.p.</i>	<i>25.9%</i>	<i>29.6%</i>	<i>3.6 p.p.</i>

Gross profit reached R\$32.1 million in 3Q18 versus R\$34.6 million in 3Q17, due mainly to the lower result in ticketing operation with ticket sales below our expectations in the quarter and especially for future shows.

### Operating Expenses (Revenue)

SG&A (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Sales	(1.0)	(0.9)	-8%	(0.4)	0.0	n.a.
General and Administrative	(46.3)	(41.5)	-11%	(14.1)	(12.9)	-9%
Management Compensation	(6.7)	(7.8)	16%	(1.7)	(1.4)	-15%
<b>SG&amp;A</b>	<b>(54.0)</b>	<b>(50.1)</b>	<b>-7%</b>	<b>(16.1)</b>	<b>(14.3)</b>	<b>-12%</b>
Other Operating Revenues (Expenses)	2.9	4.2	45%	2.5	(0.1)	n.a.
<b>Total</b>	<b>(51.1)</b>	<b>(46.0)</b>	<b>-10%</b>	<b>(13.6)</b>	<b>(14.4)</b>	<b>5%</b>
<i>% Total/Net Revenue</i>	<i>11.6%</i>	<i>12.3%</i>	<i>0.7 p.p.</i>	<i>10.2%</i>	<i>13.2%</i>	<i>3.0 p.p.</i>

SG&A expenses and management compensation decreased 12% compared to 3Q17. Total expenses increased 5% due to the absence of credits related to sponsorship bonuses this quarter compared to 3Q17.

### EBITDA

EBITDA Reconciliation (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Net Result	26.3	23.4	-11%	13.4	14.8	11%
(+) Income Tax and Social Contribution	22.3	13.7	-39%	9.5	2.4	-75%
(+) Net Financial Result	(1.5)	(4.8)	219%	(1.9)	0.6	n.a.
(+) Depreciation	5.1	4.1	-20%	0.3	1.3	372%
<b>=EBITDA</b>	<b>52.2</b>	<b>36.4</b>	<b>-30%</b>	<b>21.2</b>	<b>19.0</b>	<b>-10%</b>
<i>EBITDA Margin (%)</i>	<i>11.8%</i>	<i>9.7%</i>	<i>-2.1 p.p.</i>	<i>15.9%</i>	<i>17.5%</i>	<i>1.6 p.p.</i>

As a consequence, EBITDA in 3Q18 amounted to R\$19.0 million, versus R\$21.2 million in 3Q17.

## Financial Result

Financial Result (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Financial Income	10.5	8.4	-20%	3.8	2.3	-40%
Interest Income	2.1	0.4	-79%	0.8	0.3	-68%
Income over Financial Investments	8.3	7.9	-4%	2.9	2.0	-31%
Others	0.2	0.1	-61%	0.1	(0.0)	n.a.
Financial Expenses	(10.5)	(5.1)	-52%	(2.6)	(1.2)	-52%
Interest Cost	(2.9)	(0.6)	-81%	(0.8)	(0.1)	-84%
Interests with Borrowings - Debentures	(3.5)	(1.3)	-64%	(0.9)	(0.4)	-61%
Losses with Swap Operations	(0.7)	(0.4)	-41%	-	(0.4)	n.a.
Tax on Financial Transactions	(2.3)	(1.3)	-45%	(0.8)	(0.2)	-81%
Taxes and Others	(1.2)	(1.6)	41%	(0.1)	(0.2)	73%
Exchange Variance	1.5	1.5	-3%	0.7	(1.6)	n.a.
Net Financial Result	1.5	4.8	219%	1.9	(0.6)	n.a.

In 3Q18, net financial result was negative in R\$0.6 million, versus positive R\$1.9 million in 3Q17. The result of a financial income R\$1.1 million higher than financial expenses (due to the low indebtedness) was eroded by the negative exchange variation of R\$1.6 million in the hedge operations in Brazil and Argentina.

## Net Result

Net Income (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Result Before Taxes	48.6	37.1	-24%	22.8	17.1	-25%
(-) Income Tax and Social Contribution (Current)	(10.3)	(9.3)	-10%	(4.8)	(1.2)	-74%
(-) Income Tax and Social Contribution (Deferred)	(12.0)	(4.3)	-64%	(4.7)	(1.1)	-76%
Net Income	26.3	23.4	-11%	13.4	14.8	11%
<i>Net Margin (%)</i>	<i>6.0%</i>	<i>6.2%</i>	<i>0.3 p.p.</i>	<i>10.0%</i>	<i>13.6%</i>	<i>3.6 p.p.</i>

As a consequence, the quarter ended on September 30, 2018, posted net income growth of 11% compared to 3Q17, reaching R\$14.8 million.

## Working Capital

Working Capital (R\$ million)	3Q17	2Q18	3Q18	Chg. % (3Q18/2Q18)	Chg. % (3Q18/3Q17)
Assets	201.9	154.3	241.8	-36%	-24%
Accounts Receivable	123.6	50.8	104.9	-52%	-59%
Inventories	1.1	0.9	1.5	-40%	-16%
Advances to Suppliers and Anticipated Costs	77.2	102.6	135.5	-24%	33%
Liabilities	241.5	194.1	235.4	-18%	-20%
Accounts Payable (Suppliers)	73.9	68.9	78.6	-12%	-7%
Advances from Clients	167.6	125.3	156.7	-20%	-25%
Net Working Capital	(39.6)	(39.9)	6.4	n.a.	1%

In 3Q18, we posted working capital of R\$6.4 million versus negative working capital of R\$39.9 million in 2Q18 and R\$39.6 million in 3Q17. Our business model runs with negative working capital, however this quarter we atypically had a concentration of installment sales of tickets and sponsorship at the end of 3Q18 for future events. Thus, the line accounts receivable increased R\$54.0 million and the line advance to suppliers / anticipated costs grew R\$32.9 million, due mainly to payment of artists' fees in advance.

### Cash and Indebtedness

Cash and Indebtedness (R\$ million)	9M17	9M18	Chg. %	3Q17	3Q18	Chg. %
Operating Cash Flow	105.5	(60.7)	n.a.	53.5	(54.4)	n.a.
Investment Cash Flow	12.0	(1.3)	n.a.	5.8	0.2	-96%
Financing Cash Flow	(25.0)	(41.2)	65%	(11.7)	(15.2)	30%
Exchange Variance	2.4	9.8	305%	0.9	2.9	242%
Increase (Reduction) in Cash and Equivalents	94.9	(93.3)	n.a.	48.5	(66.4)	n.a.
Balance in Cash and Financial Investments	218.0	104.8	-52%	218.0	104.8	-52%
Borrowings and Financing - Short Term	16.8	8.3	-50%	16.8	8.3	-50%
Borrowings and Financing - Long Term	8.3	-	-100%	8.3	-	-100%
Total Indebtedness	25.1	8.3	-67%	25.1	8.3	-67%
Net Cash (Debt)	192.9	96.4	-50%	192.9	96.4	-50%

We ended 3Q18 with R\$104.8 million in cash and financial investments, or R\$115.6 million considering restricted cash.

- Operating cash: we consumed R\$54.4 million because, as explained above, we had an atypical use of working capital this quarter.
- Investments: we spent R\$274 thousand in maintenance capex and we withdrew R\$503 thousand in financial investments.
- Financing: we spent R\$9.1 million on the amortization of principal and interest of the next-to-last installment of the debentures and R\$6.1 million with related parties.

We ended 3Q18 with: (i) total indebtedness of R\$8.3 million, down 67% from 3Q17 and (ii) net cash of R\$96.4 million.

### Subsequent events: 3<sup>rd</sup> Issuance of Debentures

According to the material fact released on November 5, 2018, the Board of Directors approved the third issuance of simple debentures, not convertible into shares, with security interest, to be converted into the species with real guarantee, in a single tranche, for public distribution with restricted placement efforts, in compliance with CVM Instruction 476 of January 16, 2009, as amended ("CVM Instruction 476"), in the following summarized terms and conditions:

- Total Amount Issued: R\$ 120,000,000.00 (one hundred, twenty million reais);

- b) Term and Maturity Date: 4 (four) years, maturing so on November 5, 2022;
- c) Compensation: CDI + 1.6225% per year;
- d) Guarantees: (i) fiduciary assignment of naming rights agreements of venues operated by the Company, and (ii) fiduciary assignment of all receivables related to credit and/or debit cards payments; and
- e) Allocation of Proceeds: (i) payment in advance of the Issuer's second issue, (ii) reinforcement of the Issuer's cash position, and (iii) new investments planned for 2019 including, without limitation, possible acquisitions of equity interest.

## Event Pipeline

- **Live Music**

### *Outdoor*

In October, we promoted 8 concerts of Roger Waters' tour in seven cities in Brazil and, in November, 2 concerts in Buenos Aires.

Also in November, we will promote (i) the Solid Rock festival with Judas Priest, Alice in Chains and Black Star Riders and (ii) the Summer Break festival with Noel Gallagher and Foster the People.

Ticket sales for the 7<sup>th</sup> Edition of Lollapalooza Brazil Festival in April 2019 have already totaled approximately 100 thousand tickets, before the announcement of the lineup, which will be released soon.

### *Indoor*

In indoor music, we will promote around 60 concerts in 4Q18, including important local and international artists like Loreena McKennitt, Noel Gallagher, Sandy, Roupa Nova, Maria Bethânia and Zeca Pagodinho, Jorge & Mateus, among others.

- **Family Events & Theater**

We will keep promoting the musical The Phantom of the Opera in 4Q18, which in this version continues to be the biggest box office success among all the musicals we have presented.

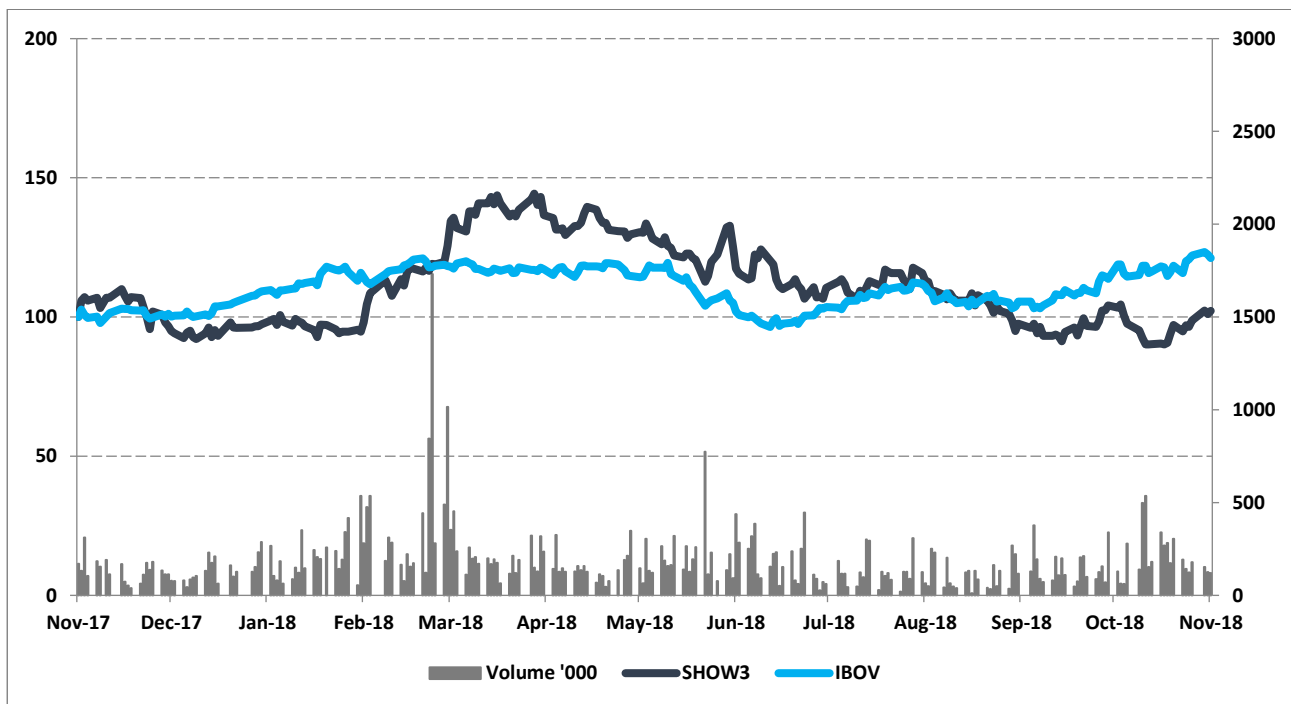
- **Sports Events**

In 4Q18, we will promote the 3 final series of the 12 races of Stock Car and 2 of the 8 series of *Campeonato Brasileiro de Marcas* and *Stock Car Light*



### SHOW3 Performance

SHOW3 closing price on November 7, 2018 was R\$7.57, up 6.3% YTD and 2.2% in the last twelve months.



## Income Statement

(R\$ 000)

	3Q17	3Q18
<b>NET OPERATING REVENUE</b>	<b>133,266</b>	<b>108,629</b>
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(98,701)	(76,493)
<b>GROSS PROFIT</b>	<b>34,565</b>	<b>32,136</b>
OPERATING INCOME (EXPENSES)		
Sales	(361)	37
General and administrative	(14,117)	(12,884)
Management compensation	(1,667)	(1,412)
Other operating income (expenses), net	2,521	(114)
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME</b>	<b>20,941</b>	<b>17,763</b>
FINANCIAL RESULT		
Financial expenses	(2,595)	(1,248)
Financial income	3,798	2,273
Net exchange rate and monetary variation	666	(1,640)
<b>OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>22,810</b>	<b>17,148</b>
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(4,799)	(1,234)
Deferred	(4,658)	(1,132)
<b>NET RESULT</b>	<b>13,353</b>	<b>14,782</b>

	9M17	9M18
<b>NET OPERATING REVENUE</b>	<b>441,691</b>	<b>374,674</b>
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(343,427)	(296,425)
<b>GROSS PROFIT</b>	<b>98,264</b>	<b>78,249</b>
OPERATING INCOME (EXPENSES)		
Sales	(979)	(901)
General and administrative	(46,343)	(41,463)
Management compensation	(6,695)	(7,775)
Other operating income (expenses), net	2,871	4,161
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME</b>	<b>47,118</b>	<b>32,271</b>
FINANCIAL RESULT		
Financial expenses	(10,547)	(5,100)
Financial income	10,515	8,407
Net exchange rate and monetary variation	1,536	1,484
<b>OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>48,622</b>	<b>37,062</b>
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(10,349)	(9,349)
Deferred	(11,957)	(4,337)
<b>NET RESULT</b>	<b>26,316</b>	<b>23,376</b>

## Balance Sheet

(R\$ 000)

ASSETS	3Q17	2Q18	3Q18
<b>CURRENT</b>			
Cash and Cash Equivalent	218,042	171,148	104,740
Financial Investments	-	503	35
Restricted Cash	5,337	2,003	10,782
Accounts Receivables	123,582	50,826	104,855
Inventories	1,061	886	1,489
Recoverable Taxes	24,136	26,276	28,068
Advances to Suppliers	37,192	13,678	19,088
Anticipated Costs	40,035	88,876	116,367
Other Receivables	15,564	23,825	23,024
<b>Total Current Assets</b>	<b>464,949</b>	<b>378,021</b>	<b>408,448</b>
<b>NON-CURRENT</b>			
Deferred Income Tax and Social Contribution	61,306	56,697	56,148
Judicial Deposits	24,272	26,046	10,130
Anticipated Costs	-	-	15,387
Related Parties	3,476	897	7,008
<b>Total Long Term Assets</b>	<b>89,054</b>	<b>83,640</b>	<b>88,673</b>
Fixed Assets (Property, Plant and Equipment)	21,226	14,086	13,031
Intangible:			
Goodwill on investments acquisition	113,255	112,397	111,903
Other intangibles	4,335	3,508	3,177
<b>Total Non-Current Assets</b>	<b>227,870</b>	<b>213,631</b>	<b>216,784</b>
<b>TOTAL ASSETS</b>	<b>692,819</b>	<b>591,652</b>	<b>625,232</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3Q17</b>	<b>2Q18</b>	<b>3Q18</b>
<b>CURRENT</b>			
Suppliers	73,874	68,858	78,616
Borrowings, financing and debentures	16,753	17,074	8,349
Payroll, Provisions and Social Contributions	7,248	6,017	6,436
Taxes Payable	13,313	5,903	8,264
Advances from Clients	167,586	125,270	156,735
Sponsorships - Culture Incentive Law (Rouanet Act)	4,437	-	-
Dividends Payable	-	-	-
Other Payables	53,327	10,787	9,596
<b>Total Current Liabilities</b>	<b>336,538</b>	<b>233,909</b>	<b>267,996</b>
<b>NON-CURRENT</b>			
Borrowings, financing and debentures	8,341	-	-
Provision for Tax, Civil and Labor Contingencies	23,568	24,882	9,189
Deferred Income Tax and Social Contribution	488	181	797
Taxes Payable	5,830	5,376	5,340
Other Payables	3,372	1,141	1,049
<b>Total Non-Current Liabilities</b>	<b>41,599</b>	<b>31,580</b>	<b>16,375</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital Stock	243,022	243,022	243,022
Costs with Shares Issuance	(9,665)	(9,665)	(9,665)
Capital Reserve	4,377	5,560	5,797
Revaluation Reserve	455	905	811
Earnings Retention Reserve	63,824	67,630	80,771
Treasury Stocks	(46)	(2,131)	(2,131)
Comprehensive Results	10,834	16,467	16,035
<b>Controlling Shareholders' Stake</b>	<b>312,801</b>	<b>321,788</b>	<b>334,640</b>
Non-controlling Interests in Equity of Subsidiaries	1,881	4,375	6,221
<b>Total Consolidated Shareholders' Equity</b>	<b>314,682</b>	<b>326,163</b>	<b>340,861</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>692,819</b>	<b>591,652</b>	<b>625,232</b>

## Cash Flow

(R\$ 000)

	3Q17	2Q18	3Q18
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the period	13,353	3,739	14,782
Adjustments to reconcile profit for the period to net cash provided by (used in) generated by operating activities:			
Depreciation and amortization	272	1,312	1,284
Result on the merger of the subsidiary company Aurolights	-	-	(35)
Residual value of property, plant and equipment written-off	8,042	183	453
Deferred income tax and social contribution	4,624	3,222	1,132
Financial charges and exchange differences on balances with subsidiaries, financing, borrowings and taxes payable	(126)	(3,124)	(4,139)
Share-based payments	298	255	237
Recognition (reversal) of tax, civil and labor contingencies	(634)	(780)	258
Constitution (reversal) of allowance for doubtful accounts	-	(627)	(22)
(Increase) Decrease in operating assets and liabilities:			
Trade accounts receivables	26,102	82,690	(54,469)
Inventories	615	(69)	(724)
Recoverable taxes	(1,102)	(4,348)	(4,534)
Advances to suppliers	947	700	(5,472)
Other receivables	(2,648)	(1,508)	(460)
Escrow deposits	751	(1,592)	15,890
Prepaid expenses	667	(53,681)	(42,885)
Trade payables	(63,074)	(43,238)	13,190
Taxes payable	736	(21,311)	3,289
Accrued payroll and related taxes	403	(734)	566
Advances from customers	45,866	3,277	31,465
Payments of tax, civil and labor lawsuits	-	(779)	(15,779)
Other payables	18,386	(21,666)	(8,385)
<b>Cash generated by (used in) operating activities</b>	<b>53,478</b>	<b>(58,079)</b>	<b>(54,358)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial Investments	6,581	(503)	503
Goodwill on acquisition of investments	-	-	-
Acquisition of property, plant and equipment and intangible assets	(744)	(567)	(274)
<b>Net cash generated y (used in) investing activities</b>	<b>5,837</b>	<b>(1,070)</b>	<b>229</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Aquisition of own shares	(9)	(1,124)	-
Related parties	(1,271)	3,430	(6,111)
Payment of dividends	-	(21,068)	-
Payment of debentures - principal	(8,334)	-	(8,334)
Payment of debentures - interests	(2,056)	(62)	(757)
<b>Net cash generated by (used in) financing activities</b>	<b>(11,670)</b>	<b>(18,824)</b>	<b>(15,202)</b>
Exchange Variance on Cash and Cash Equivalents	855	6,130	2,923
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>48,500</b>	<b>(71,843)</b>	<b>(66,408)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period	169,542	242,991	171,148
Cash and cash equivalents at end of period	218,042	171,148	104,740
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>48,500</b>	<b>(71,843)</b>	<b>(66,408)</b>