

2014

Consolidated Earnings Release
2Q14



2Q14: 174 MILLION VEH-EQ. TOLLED, NET REVENUE OF R\$945.8 MILLION (+18.9%), EBITDA OF R\$299.4 MILLION (+3.0%) AND NET INCOME OF R\$92.0 MILLION

**EARNINGS CONFERENCE
CALL AGENDA**



IN PORTUGUESE

Friday (August 8, 2014)
10:00 a.m. (São Paulo)
9:00 a.m. (US Eastern Time)
Dial in: +55 (11) 3193-1001
Code: ARTERIS
Replay: from August 8 to August 14
Dial in: +55 (11) 3193-1012
Code: 2253577#

IN ENGLISH

Friday (August 8, 2014)
12:00 p.m. (São Paulo)
11:00 a.m. (US Eastern Time)
Dial in: +1 786 924-6977
+ 55(11) 3193-1001
Toll – Free: +1 888 700-0802
Code: ARTERIS
Replay: From August 8 to August 14
Dial in: +55 (11) 3193-1012
Code: 2335603#

WEBCAST

Live audio webcast available at
<http://webcall.riweb.com.br/arteris>
with replay available on the
Company's website after the event.



São Paulo, August 7, 2014 – Arteris S.A. – (BM&FBovespa Novo Mercado: ARTR3) announces its consolidated results for the second quarter of 2014, ended June 30, 2014. Except where stated otherwise, the following financial and operating information is presented on a consolidated basis and in Brazilian reais (R\$), pursuant to Brazilian Corporate Law.

2Q14 HIGHLIGHTS

- **Tolled Traffic:** The volume of tolled traffic decreased by 1.1% over 2Q13, totaling 174 million vehicle equivalents. On a same-comparison basis, i.e. excluding non-recurring effects, growth came to 1.5% in the quarter and 3.4% in the first half.
- **Toll Plaza Revenue** Toll plaza revenue amounted to R\$581.4 million in 2Q14, 4.1% up on 2Q13, with the state and federal highways recording respective growth of 6.9% and 0.4%. In 1H14, the Company recorded toll plaza revenue of R\$1.2 billion, up by 5.6%..
- **EBITDA:** EBITDA totaled R\$299.4 million in the second quarter with an EBITDA margin of 55.6%. Year-to-date EBITDA increased by 8.1% to R\$615.8 million, while the margin widened by 1.3 p.p.
- **Net Income:** Arteris posted net income of R\$92 million in 2Q14, 14% down on 2Q13, chiefly due to the financial result and amortization payments, and R\$192.8 million in 1H14, 3.4% less than in the first six months of 2013.
- **Debt:** Net debt closed 2Q14 at R\$3.7 billion, 12.5% higher than in the previous quarter. The leverage ratio, as measured by Net Debt / Adjusted EBITDA less Fixed Concession Fee (last 12 months) was 2.7x.
- **Investments:** Investments in fixed and intangible assets and highway maintenance totaled R\$426.1 million in 2Q14 and R\$801.8 million in 1H14.



Financial Indicators	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13
Vehicle-Equivalents (Thousand)	173,927	175,596	175,819	-1.0%	-1.1%
Toll plazas revenue (R\$ Thousand)	581,434	575,235	558,475	1.1%	4.1%
Net revenue (R\$ Thousand)	945,794	905,060	795,371	4.5%	18.9%
EBITDA (R\$ Thousand)	299,414	316,347	290,785	-5.4%	3.0%
Adjusted EBITDA (R\$ Thousand) ¹	336,424	354,840	345,653	-5.2%	-2.7%
Net income (R\$ Thousand)	91,949	100,858	106,932	-8.8%	-14.0%
EBITDA margin*	55.6%	60.0%	58.4%	-4.4 p.p.	-2.8 p.p.
Adjusted EBITDA margin*	62.5%	67.3%	69.5%	-4.8 p.p.	-7.0 p.p.
Equity (R\$ Thousand)	1,970,976	1,980,431	1,714,294	-0.5%	15.0%
Total assets (R\$ Thousand)	8,294,267	8,016,382	6,110,232	3.5%	35.7%
Gross debt / Total capitalization ²	71.3%	70.1%	64.7%	1.2 p.p.	6.6 p.p.
Net Debt (R\$ Thousand)	3,666,020	3,258,325	2,705,731	12.5%	35.5%
Net debt / Adjusted EBITDA minus fixed concession charge ³	2.7	2.4	2.1	0.3	0.6

¹ Refers to the provision set for the maintenance of highways.

² Total capitalization = equity + gross debt

⁴ Total capitalization = equity + net debt

³ Adjusted EBITDA accumulated last 12 months

* EBITDA Margin based on Net Operating Revenues, excluding construction Revenues

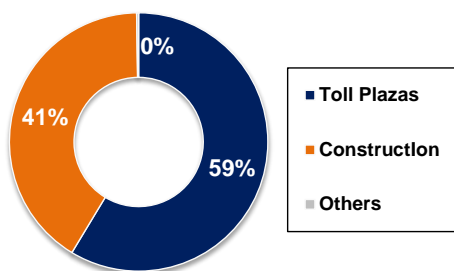
BM&FBovespa: ARTR3
Bloomberg: ARTR3 BZ
Thomson Reuters: ARTR.BR

Update on August 6, 2014
Closing Price: R\$17.50 per share
Market Cap: R\$6.0 billion

CONSOLIDATED INCOME STATEMENT									
(In thousands of Brazilian reais)									
	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13	
GROSS SERVICE REVENUE	986,586	966,719	848,828	2.1%	16.2%	1,953,305	1,639,480	19.1%	
Toll plazas revenue	581,434	575,235	558,475	1.1%	4.1%	1,156,669	1,094,990	5.6%	
State	341,999	333,330	320,020	2.6%	6.9%	675,329	620,809	8.8%	
Autovias	83,390	80,621	77,815	3.4%	7.2%	164,011	150,648	8.9%	
Centrovias	88,134	87,179	81,486	1.1%	8.2%	175,313	160,319	9.4%	
Intervias	93,175	91,138	88,241	2.2%	5.6%	184,313	170,286	8.2%	
Vianorte	77,300	74,392	72,478	3.9%	6.7%	151,692	139,556	8.7%	
Federal	239,435	241,905	238,455	-1.0%	0.4%	481,340	474,181	1.5%	
Planalto Sul	26,791	27,545	25,718	-2.7%	4.2%	54,336	50,578	7.4%	
Fluminense	40,322	38,136	38,203	5.7%	5.5%	78,458	77,058	1.8%	
Fernão Dias	60,120	60,236	57,153	-0.2%	5.2%	120,356	112,422	7.1%	
Régis Bittencourt	64,273	66,322	66,503	-3.1%	-3.4%	130,595	131,439	-0.6%	
Litoral Sul	47,929	49,666	50,878	-3.5%	-5.8%	97,595	102,684	-5.0%	
Others	(2,467)	13,793	(7,465)	n.d.	n.d.	11,326	19,866	-43.0%	
Construction services	407,619	377,691	297,818	7.9%	36.9%	785,310	524,624	49.7%	
DEDUCTIONS FROM REVENUE	(40,792)	(61,659)	(53,457)	-33.8%	-23.7%	(102,451)	(105,988)	-3.3%	
NET SERVICE REVENUE	945,794	905,060	795,371	4.5%	18.9%	1,850,854	1,533,492	20.7%	
COST AND EXPENSES	(646,380)	(588,713)	(504,586)	9.8%	28.1%	(1,235,093)	(963,868)	28.1%	
Cost of services (excl. depreciation and amortization)	(159,996)	(126,475)	(108,813)	26.5%	47.0%	(286,471)	(252,524)	13.4%	
Cost of construction services	(407,619)	(377,691)	(297,818)	7.9%	36.9%	(785,310)	(524,624)	49.7%	
Administrative expenses (excl. depreciation and amortization)	(37,982)	(45,711)	(38,581)	-16.9%	-1.6%	(83,693)	(78,559)	6.5%	
Directors' compensation	(4,066)	(5,251)	(4,953)	-22.6%	-17.9%	(9,317)	(9,371)	-0.6%	
Tax expenses	(1,066)	(1,008)	(700)	5.8%	52.3%	(2,074)	(1,509)	37.4%	
Provision for maintenance in highways	(37,010)	(38,493)	(54,868)	-3.9%	-32.5%	(75,503)	(103,762)	-27.2%	
Other operating income, net	1,358	5,916	1,147	-77.0%	18.4%	7,274	6,481	12.2%	
EBITDA	299,414	316,347	290,785	-5.4%	3.0%	615,761	569,624	8.1%	
EBITDA Margin*	55.6%	60.0%	58.4%			57.8%	56.5%		
DEPRECIATION AND AMORTIZATION	(80,767)	(77,773)	(68,152)	3.8%	18.5%	(158,540)	(133,766)	18.5%	
Depreciation and amortization	(80,767)	(77,773)	(68,152)	3.8%	18.5%	(158,540)	(133,766)	18.5%	
FINANCE INCOME (COSTS)	(81,913)	(83,752)	(64,567)	-2.2%	26.9%	(165,665)	(134,868)	22.8%	
Finance income	29,995	24,042	10,253	24.8%	192.5%	54,038	22,878	136.2%	
Finance costs	(112,158)	(107,788)	(74,829)	4.1%	49.9%	(219,947)	(157,741)	39.4%	
Foreign exchange gain (loss), net	250	(6)	9			244	(5)		
OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	136,735	154,822	158,066	-11.7%	-13.5%	291,556	300,990	-3.1%	
INCOME TAX AND SOCIAL CONTRIBUTION	(44,785)	(53,964)	(51,134)	-17.0%	-12.4%	(98,749)	(101,334)	-2.6%	
Current	(56,669)	(56,616)	(53,325)	0.1%	6.3%	(113,285)	(101,811)	11.3%	
Deferred	11,884	2,652	2,191	348.1%	442.4%	14,536	477	2947.4%	
NET INCOME FOR THE PERIOD	91,950	100,858	106,932	-8.8%	-14.0%	192,808	199,656	-3.4%	

* The EBITDA Margin is based on Net Operating Revenue excluding Construction Revenue.

Gross Revenue Breakdown
2Q14



Economic and Financial Performance

Gross Service Revenue

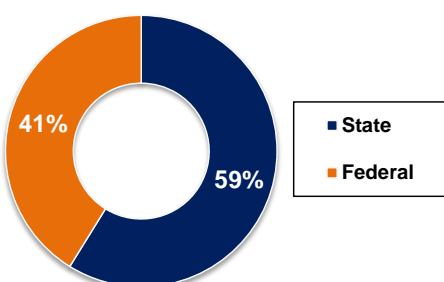
Arteris recorded **gross revenue** of **R\$986.6 million** in 2Q14, **16.2% up** on the same period in 2013.

Of this total, **59%** came from toll revenue, which came to **R\$581.4 million 4.1% more than in 2Q13**. **Construction revenue also made a substantial contribution to the upturn, climbing by 36.9%**. Although this revenue represents no cash inflow, it does reflect the Company's pace of investments in intangible assets, which is translated into highway infrastructure improvements.

As a result of a reclassification described below, **other revenue was negative by R\$2.5 million**.

In the **first six months**, gross revenue totaled close to **R\$2 billion, 19.1% more than in 1H13**, while toll revenue moved up by 5.6%.

Toll Revenue Breakdown
2Q14



Toll Plaza Revenue

Toll revenue totaled **R\$581.4 million** in 2Q14, **4.1% up** on the same period last year, chiefly due to the **6.6% increase in traffic volume** on the state highways and the average **4.7% upturn** in federal highway **tariffs**, which more than offset the reduction in their traffic volume.

The state concessionaires accounted for 59% of total 2Q14 toll revenue and continued to outperform the federal concessionaires, primarily due to the charging of heavy vehicle suspended axles, which began in July 2013, as well as the performance of heavy vehicle traffic on the federal highways. Accordingly, the **state concessionaires** closed 2Q14 with toll revenue of **R\$342.0 million, 6.9% more than in 2Q13**, while the **federal concessionaires** recorded **0.4% upturn** to **R\$239.4 million**.

In **1H14**, toll revenue came to **R\$1.2 billion, 5.6% up** on 1H13. The **state** concessionaires grew by **8.7%** to R\$675.3 million, and the **federal** concessionaires recorded a **1.5%** upturn to R\$481.3 million.

Tolled Traffic: In 2Q14, the Company's **consolidated tolled traffic** volume came to **173,927 thousand vehicle equivalents**, 1.1% down on 2Q13.

In order to ensure a more accurate analysis, however, it is better examine **traffic volume on a same-comparison basis**, i.e. excluding the non-recurring effects from Autopista Litoral Sul (see explanation on the following page). On this basis, traffic **increased by 1.5%** over the same period last year. In comparable basis**, traffic growth was 3.4% year-to-date.

Vehicle-Equivalents (Thousand)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	*Comparable Basis 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13	**Comparable Basis 1H14/1H13
State Concessions	52,648	51,489	49,402	2.3%	6.6%	6.6%	104,137	95,839	8.7%	8.7%
Autovias	12,155	11,847	11,442	2.6%	6.2%	6.2%	24,002	22,151	8.4%	8.4%
Centrovias	14,270	14,182	13,189	0.6%	8.2%	8.2%	28,452	25,957	9.6%	9.6%
Intervias	16,569	16,197	15,705	2.3%	5.5%	5.5%	32,766	30,306	8.1%	8.1%
Vianorte	9,654	9,262	9,065	4.2%	6.5%	6.5%	18,916	17,424	8.6%	8.6%
Federal Concessions	121,279	124,107	126,417	-2.3%	-4.1%	-0.5%	245,386	253,711	-3.3%	1.4%
Planalto Sul	7,047	7,245	7,143	-2.7%	-1.3%	-1.3%	14,293	14,049	1.7%	1.7%
Fluminense	11,849	11,359	11,576	4.3%	2.4%	2.4%	23,207	23,621	-1.8%	3.6%
Fernão Dias	40,067	40,147	40,823	-0.2%	-1.9%	-1.9%	80,214	80,301	-0.1%	-0.1%
Régis Bittencourt	35,697	36,833	36,946	-3.1%	-3.4%	-3.4%	72,529	73,022	-0.7%	-0.7%
Litoral Sul	26,620	28,523	29,928	-6.7%	-11.1%	4.7%	55,143	62,717	-12.1%	5.4%
Total	173,927	175,596	175,819	-0.9%	-1.1%	1.5%	349,523	349,550	0.0%	3.4%

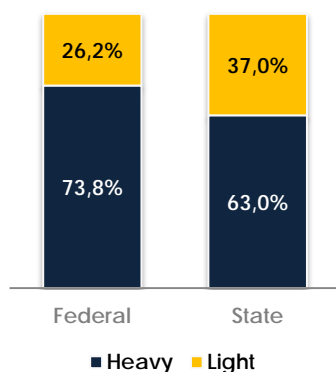
*Comparable basis by adjusting the non-recurring effects of the closure of the toll plaza P5 on Autopista Litoral Sul.

** Comparable basis by adjusting the non-recurring effects of the closure of the toll plazas P1 and P2 on Autopista Fluminense and toll plaza P5 on Autopista Litoral Sul.

The performance of tolled traffic on the state highways differed substantially from that on the federal highways. Whereas all Arteris' **state concessionaires** reported **growth** (averaging **6.6%**), all its **federal** counterparts, with the exception of Autopista Fluminense, recorded a downturn, which totaled 4.1%. On a same-comparison basis, i.e. excluding the effects of Autopista Litoral Sul, one of whose toll plazas was closed until June 20, the federal concessions would have posted a much smaller year-on-year decline of only 0.5%, impacted by:

- **The reduced share of heavy vehicles in the total federal highway traffic mix and their poorer performance in relation to light vehicles.** While heavy vehicles accounted for 76% of total tolled traffic in 2Q13, in 2Q14 they accounted for 74%, down by 2 p.p. In addition, while light vehicle volume increased by 5.6% over 2Q13, heavy vehicle volume fell by 6.6%, i.e., the light vehicle improvement was insufficient to offset the heavy vehicle deterioration.
- The poorer performance of heavy vehicles was due to the **economic slowdown** in the period, compounded by the lower number of business days* due to the **World Cup games**, when many trucks were absent from our highways. Additionally, in May and June, Brazil's South region suffered **intense rainfall** which closed some stretches of our highways for several days, as was the case with Autopista Planalto Sul, which also affected vehicle flows in the direction of Autopista Régis Bittencourt.
- In the case of **Autopista Litoral Sul**, one of its main toll plazas (in the municipality of Palhoça-SC) was closed in July 2013 until it was moved to a new location, as required by the ANTT. This plaza resumed operations on June 20, 2014, but this was very close to the end of the second quarter so the negative traffic impact remained.

**Traffic Breakdown
(Vehicle Equivalents)
2Q14**



If we exclude the non-recurring effects of Autopista Litoral Sul due to the relocation of the Palhoça toll plaza, the concessionaire would have recorded growth of 4.7%, the federal concessionaires would have reported a downturn of only 0.5% and Arteris as a whole would have registered growth of 1.5%.

As previously mentioned, **state concessionaire** growth was chiefly due to the increase in heavy vehicle volume due to the **charging of suspended axles** since July of last year in order to mitigate the 2013 tariff freeze. **Total light vehicles also increased** by 7.7% over 2Q13.

In terms of **composition**, **63.0%** of 2Q14 **tolled traffic** in the **state concessions** (measured in vehicle equivalents) consisted of **heavy vehicles** and **37.0% of light vehicles**, with respective ratios of **73.8% and 26.2%** in the **federal concessions**.

*There were 2 national holidays during business days between April and June 2013. Between April and June 2014 there were 4 national holidays, two occurred on Thursdays (affecting heavy vehicle traffic on Friday), besides that there were 4 days of Brazilian World Cup Game, where some cities have enacted holiday or half work days.

Average Toll Tariff: In 2Q14, the **average consolidated toll tariff** of Arteris' concessionaires was **R\$3.34**, an **increase of 5.2%** over 2Q13.

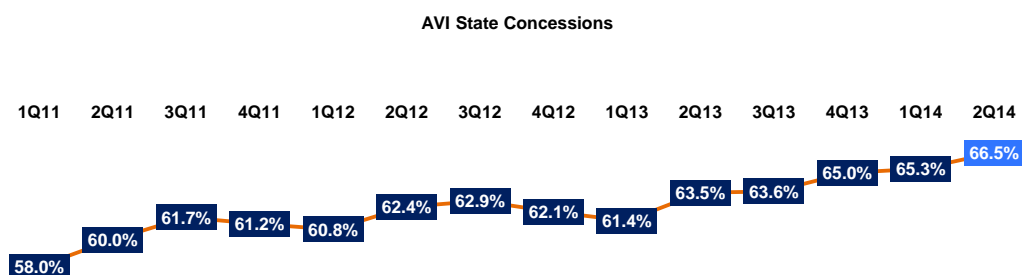
The following table shows average toll tariff trends in each of the concessionaires and on a consolidated basis:

Average Toll Tariff (R\$ / Vehicle-Equivalents)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13
State Concessions	6.50	6.47	6.48	0.3%	0.3%	6.49	6.48	0.1%
Autovias	6.86	6.81	6.80	0.8%	0.9%	6.83	6.80	0.5%
Centrovias	6.18	6.15	6.18	0.5%	0.0%	6.16	6.18	-0.2%
Intervias	5.62	5.63	5.62	-0.1%	0.1%	5.63	5.62	0.1%
Vianorte	8.01	8.03	7.99	-0.3%	0.1%	8.02	8.01	0.1%
Federal Concessions	1.97	1.95	1.89	1.3%	4.7%	1.96	1.87	5.0%
Planalto Sul	3.80	3.80	3.60	0.0%	5.6%	3.80	3.60	5.6%
Fluminense	3.40	3.36	3.30	1.4%	3.1%	3.38	3.26	3.6%
Fernão Dias	1.50	1.50	1.40	0.0%	7.2%	1.50	1.40	7.2%
Régis Bittencourt	1.80	1.80	1.80	0.0%	0.0%	1.80	1.80	0.0%
Litoral Sul	1.80	1.74	1.70	3.4%	5.9%	1.77	1.64	8.1%
Total	3.34	3.28	3.18	2.0%	5.2%	3.31	3.13	5.6%

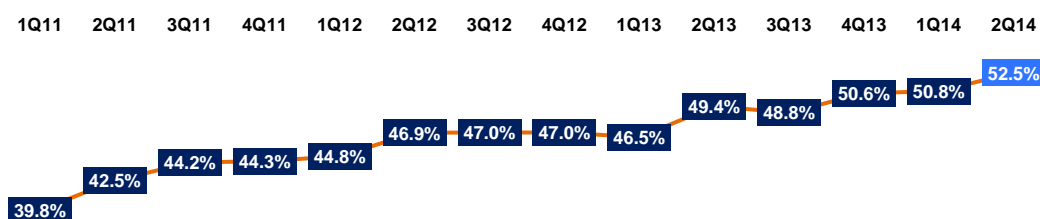
State concession tariffs did not change in 2Q14, averaging **R\$6.50**. There was no annual tariff adjustment in 2013, due to the imposition of a freeze by the São Paulo state government when it failed to pass on period inflation in July. At the same time, all the state concessionaires were compensated with a reduction in the variable concession fee paid to the granting authority and authorization to charge for the suspended axles of heavy vehicles. Both measures remained in effect for an indeterminate period. As of 3Q14, however, tariffs will increase, given that, in July 1, 2014 the state government authorized a tariff adjustment in line with inflation. In addition, the granting authority, via ARTESP, unilaterally imposed tariff adjustments (below inflation) for each concessionaire based on the results of the suspended axle charges, which the Company disagrees with the way in which this calculation measured by own ARTESP was made and will take all the necessary measures to ensure its rights and compliance with the concession agreements.

In both 2013 and 2014, the **federal concessionaires** were granted tariff adjustments according with the corresponding concession agreements, i.e. in line with the cumulative variation in the IPCA inflation index, any economic-financial rebalancing of the contracts, and rounding criteria. Adjustments are made in February of each year for Autopista Fluminense and Litoral Sul, and in December for Autopista Fernão Dias, Régis Bittencourt and Planalto Sul. The **average consolidated federal concession tariff** was **R\$1.97** in 2Q14, **4.7%** up on 2Q13.

Electronic Collection: Revenue from toll plaza electronic payments (AVI System) in the state concessionaires accounted for two-thirds of total revenue in 2Q14 (66.5%, versus 63.5% in 2Q13), while the average ratio in the federal concessionaires was 52.5%, compared to 49.4% in 2Q13. The following charts show the quarterly figures for revenue collected electronically since the first quarter of 2011:



AVI Federal Concessions



Construction Revenue

The Company has been investing heavily in its federal concessions in 2014. Given that construction revenue is simply an accounting representation of the contracting of construction services to improve highway infrastructure, it increases in line with investments. **Construction revenue** totaled **R\$407.6 million** in 2Q14, **36.9% up** on 2Q13, and **R\$785.3 million** in the first half, **49.7%** more than in the same period last year.

Other Revenue

In 2Q14, the Company undertook a reclassification of “Other Revenue” in order to adapt it the criteria used by its controlling shareholder, thereby standardizing this line of the financial statements.

Accordingly, the Company no longer classifies highway conservation and paving revenue from the Group’s construction companies under “Other Revenue”. Now, this line only includes ancillary revenue from the concessionaires, arising from the exploration/sale of services in the highways’ rights-of-way.

Given that conservation revenue for the entire first half (including the amount recorded in 1Q14) was reclassified in 2Q14, **other revenue** was **negative by R\$2.5 million** in the quarter and totaled **R\$11.3 million** in **1H14**. The amounts reclassified in 1Q14, totaling R\$7.1 million, and 2Q14 were recognized in the Company’s costs, in the “Other” line.

For more details on the reclassifications, see Appendix 4 to this report.

Net Service Revenue and Deductions from Revenue

The increase in toll revenue and construction revenue helped push up the Company’s second-quarter **net revenue** by **18.9% over** 2Q13 to **R\$945.8 million**.

Year-to-date net revenue totaled **R\$1.9 billion**, **20.7%**, more than in 1H13..

Revenue deductions, composed of PIS, COFINS and ISS taxes, totaled **R\$40.8 million in 2Q14** and R\$102.4 million in 1H14. Due to the above-mentioned “Other Revenue” reclassifications, the deductions line was also adjusted, with the variations being recorded in the “Other Costs” line (see Appendix 4 to this report).

Costs and Expenses

Costs and expenses totaled **R\$727.1 million** in **2Q14**, 27.0% up on 2Q13, and R\$1.4 billion **year-to-date**, also **27.0% more** than in 1H13, fueled in both periods by increased pressure from cash costs and non-cash items, such as construction services, which increased by 36.9% in the quarter and 49.7% in the first half, even though the latter had no effect on the Company's result.

Out of total costs and expenses, **cash costs** came to **R\$201.7 million** in 2Q14 and **R\$374.3 million** in 1H14, representing respective increases of 32.8% and 11.6%.

In the second quarter, **cash costs came under non-recurring pressure** from **increased civil, labor and tax provisions** and the **negative margins** recorded by the **Group's construction companies**, which affected the Company's overall results. As a result, the **cash cost x net revenue ratio** (ex-construction) worsened by 7.0 p.p. in the second quarter, moving up from 30.5%, in 2Q13, to 37.5%, and by 1.8 p.p. in the first half, increasing from 33.3%, in 1H13, to 35.1%.

Costs and Services Expenses (R\$ Thousand)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13
Third Party Services	(50,339)	(50,012)	(48,007)	0.7%	4.9%	(100,351)	(93,803)	7.0%
Personnel	(49,580)	(56,647)	(54,096)	-12.5%	-8.3%	(106,227)	(103,421)	2.7%
Conservation	(25,526)	(26,460)	(24,571)	-3.5%	3.9%	(51,986)	(48,308)	7.6%
Inspection fee	(9,707)	(9,613)	(9,184)	1.0%	5.7%	(19,320)	(18,281)	5.7%
Costs with granting authority	(5,436)	(5,317)	(9,965)	2.2%	-45.4%	(10,753)	(19,288)	-44.3%
Insurance and guarantees	(5,659)	(6,465)	(4,488)	-12.5%	26.1%	(12,124)	(10,301)	17.7%
Directors' compensation	(4,066)	(5,251)	(4,953)	-22.6%	-17.9%	(9,317)	(9,371)	-0.6%
Civil, labor and tax risks	(7,817)	(1,072)	(1,114)	629.2%	601.7%	(8,889)	(2,283)	289.4%
Tax expenses	(1,066)	(1,008)	(700)	5.8%	52.3%	(2,074)	(1,509)	37.4%
Other operating expenses, net	(42,555)	(10,684)	5,178	298.3%	-921.8%	(53,239)	(28,917)	84.1%
Total (Cash Costs)	(201,751)	(172,529)	(151,900)	16.9%	32.8%	(374,280)	(335,482)	11.6%
% Cash Costs / Net Revenue (excl. construction)	37.5%	32.7%	30.5%	4.8 p.p.	7.0 p.p.	35.1%	33.3%	1.8 p.p.
Cost of construction services	(407,619)	(377,691)	(297,818)	7.9%	36.9%	(785,310)	(524,624)	49.7%
Provision for maintenance in highways	(37,010)	(38,493)	(54,868)	-3.9%	-32.5%	(75,503)	(103,762)	-27.2%
Depreciation and amortization	(80,767)	(77,773)	(68,152)	3.8%	18.5%	(158,540)	(133,766)	18.5%
Total	(727,147)	(666,486)	(572,738)	9.1%	27.0%	(1,393,633)	(1,097,634)	27.0%

Efficiency Plan

Arteris has defined three vectors* for its long-term strategy, one of which refers to efficient operations, which in turn means concentrating on cost management in order to improve the Company's operations and expand its margins. The efficiency program has been under way since the second half of 2013 and, among the measures implemented, it is particularly worth mentioning the redefinition of organizational policies, the creation of a corporate purchasing area centralized in the holding company in order to reduce operating costs and investments (through increased purchasing and bargaining power and the use of electronic bids for purchases), the implantation of a SAP program linking all the companies, the development of new toll collection technologies and a performance-based compensation system.

* The other strategic vectors are: Compliance with the investment plan, with social, economic and environmental sustainability, and strengthening of the corporate image with social and corporate responsibility.

The main **variations in cash costs** were:

As previously mentioned in the “Other Revenue” section, in order to adopt its accounting criteria to those of its controlling shareholder, in 2Q14 Arteris made certain between-the-line adjustments/reclassifications in regard to total costs and expenses (**the adjusted lines are highlighted with an asterisk***). These reclassifications refer to the treatment given to the Group’s construction companies, Latina Manutenção and Latina Sinalização, in regard to the consolidation of the financial statements. **However, these adjustments do not affect the Company’s results (EBITDA and profit)**. For comparative purposes, see Appendix 4 of this report for the period reconciliations.

- **Third-party services (*):** Increased by 4.9% year-on-year to R\$50.3 million in 2Q14, due to the annual inflationary adjustment of agreements with the Company’s service providers, as well as the adjustments resulting from collective bargaining agreements for outsourced employees. In the first half, these services moved up by 7% to R\$100.3 million. On a same-comparison basis, and for the same reasons, growth would have come to 8.9% in the quarterly comparison and 9.5% in the year-to-date comparison (see the table in Appendix 4).
- **Personnel (*):** Totaled R\$49.6 million in 2Q14, impacted by the increase in the workforce between the periods, especially in the holding company and due to the restructuring of certain teams and areas, such as the creation of the purchasing area. Personnel costs are also impacted every year by the collective bargaining agreements, which averaged 6.8% for all employees in 2013. As a result of all this, these costs increased by 9.0% year-on-year in 1H14, as shown in the table in Appendix 4 of this report.
- **Conservation:** Increased by 3.9% over 2Q13 to R\$25.5 million. This is a variable cost which depends on the volume of repaving and infrastructure works, in accordance with the specific need for highway repairs. In 1H14, conservation totaled R\$52 million, 7.6% up on the same period last year.
- **Inspection:** These amounts are paid by the federal highways to the granting authority (ANTT) and are adjusted annually in line with the IPCA consumer price index. In 2Q14, these fees totaled R\$9.7 million, 5.7% up on 2Q13.
- **Costs with the granting authority:** Came to R\$5.4 million in 2Q14, substantially less than in the same period last year due to the measure adopted by the São Paulo state government which reduced the variable concession fee from 3% of toll revenue to 1.5%. This is one of the measures announced by the Government to offset the tariff freeze in July 2013.
- **Insurance and guarantees:** Due to the increase in the volume of the Company’s insured construction works and the reassessment of operational risk insurance based on accident claim levels, in the second quarter this line increased by 26.1% over 2Q13 to R\$5.7 million. This revaluation process has improved significantly the Company’s risks coverage, mitigating the impacts on its Balance Sheet. Year-to-date, these costs climbed by 17.7% to R\$12.1 million.

- **Management compensation:** Totaled R\$4.1 million in 2Q14 and R\$9.3 million year-to-date . On a comparable basis (see Appendix 4), this cost declined by 11.2% over 2Q13 and grew by 3.3% over 1H13. The quarterly downturn was due to the new criterion for the apportionment of the holding company's expenses, which removed from this line amounts corresponding to management of the construction companies, which are now recorded under other operating expenses.
- **Civil, labor and tax risks:** The amounts recognized refer to expectations of a probable loss in lawsuits involving Arteris and its subsidiaries. Part of the 2Q14 upturn was related to provisions for fines imposed by the ANTT related to the Company's operation of its federal highways.
- **Other operating expenses(*):** Posted high non-recurring growth chiefly due to two factors :
 - The impact of the Company's reclassifications, given that the 1H14 reversals of Other Revenue as well as all other cost line adjustments, were rebooked in this line, as shown in the tables in Appendix 4; and
 - The impact of the negative operating margins recorded by the Group's construction companies, which are recorded in this line. In accordance with the Group's efficiency plan, all contracting of works related to the execution and delivery of contractual investments must go to the supplier offering the best cost-benefit ratio, even if the latter is a third party. In fact, most of these works are not being performed by the Group's construction companies, whose temporarily maintain the same fixed cost structure. In line with its cost reduction plan, the Company will be adapting this structure in order to minimize the impact from its construction companies.

On a comparable basis, as shown in Appendix 4 hereto, Other expenses increased by 120.1% and 42.3% year-on-year in the second quarter 2013 and first half 2013, respectively.

The main changes in **non-cash costs** were:

- **Construction costs:** Similarly to construction revenue, construction costs are an accounting representation of the Company's investments in improving its highways. Accordingly, the increased volume of works in 2014 helped push up construction costs by 36.9% in the second quarter over 2Q13 and by 49.7% in the first half over 1H13, to R\$407.6 million and R\$785.3 million, respectively.
 - **Provisions for maintenance:** Totaled R\$37 million in 2Q14, 32.5% less than in the same period last year, due to the Company's adjustments in 3Q13 after revising its future highway paving investment estimates. In 1H14, these provisions totaled R\$75.5 million, 27.2% down on 1H13.
 - **Depreciation and amortization:** Depreciation and amortization refer to the adoption of IFRS rules, which require the complete amortization of intangible assets by the end of the concession period, weighted by the projected traffic curve for each highway. As a result, the increase in intangible assets as a function of the Company's investments and the constant growth in traffic have been pushing up the amounts amortized. This line recorded growth of 18.4% in 2Q14, reaching R\$80.8 million, and 18.5% in 1H14, totaling R\$158.5 million.
-

EBITDA and Adjusted EBITDA

Arteris reported **EBITDA** of **R\$299.4 million** in **2Q14**, **3.0% up** on 2Q13, accompanied by a 3.0 p.p. reduction in the EBITDA margin due to the impacts of the negative operating margins of the construction companies and adjustments to risk provisions, as mentioned previously. First-half EBITDA totaled **R\$615.8 million**, an **8.1% improvement** over 1H13, with a margin of 57.8%, **1.3 p.p. up** on the 56.5% recorded in the same period last year.

EBITDA adjusted for provisions for highway maintenance, which have no cash effect, totaled **R\$336.4 million** in **2Q14**, 2.7% down on 2Q13, and **R\$691.3 million** in **1H14**, **2.7% up** on 1H13. The **Adjusted EBITDA margin** came to **62.5%** in **2Q14** and **64.9%** in **1H14**.

EBITDA (In thousands of Brazilian reais)								
	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13
NET REVENUE	945,794	905,060	795,371	4.5%	18.9%	1,850,854	1,533,492	20.7%
Cost and expenses (excl. depreciation and amortization)	(646,380)	(588,713)	(504,586)	9.8%	28.1%	(1,235,093)	(963,868)	28.1%
EBITDA ¹	299,414	316,347	290,785	-5.4%	3.0%	615,761	569,624	8.1%
<i>EBITDA Margin*</i>	55.6%	60.0%	58.4%	-4.4 p.p.	-2.8 p.p.	57.8%	56.5%	1.3 p.p.
(+) Provision for maintenance in highway	37,010	38,493	54,868	-3.9%	-32.5%	75,503	103,762	-27.2%
Adjusted EBITDA ²	336,424	354,840	345,653	-5.2%	-2.7%	691,264	673,386	2.7%
<i>Adjusted EBITDA Margin*</i>	62.5%	67.3%	69.5%	-4.8 p.p.	-7.0 p.p.	64.9%	66.7%	-1.9 p.p.

* The EBITDA Margin is based on Net Operating Revenue excluding Construction Revenue.

¹EBITDA is Earnings before Interest, Taxes, Depreciation and Amortization, an operating performance indicator also known for its Portuguese acronym LAJIDA. EBITDA is not a measure adopted in accounting standards and does not represent cash flow for the periods presented and therefore should not be considered an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and therefore cannot be compared to the EBITDA of other companies.

²Includes adjustments related to reversals of the provision for highway maintenance (accounting pronouncement ICPC 01).

It is important to note that Arteris' consolidated EBITDA is composed not only of the results of its state and federal concessionaires, but also includes the structures of its holding company and construction companies.

In order to provide a better analysis of the Company's **operating result**, the following table gives a **breakdown** of **Adjusted EBITDA**.

Adjusted EBITDA (R\$ Thousand)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13
Adjusted EBITDA - Consolidated	336,424	354,840	345,653	-5.2%	-2.7%	691,264	673,386	2.7%
State Concessions	247,618	251,034	234,737	-1.4%	5.5%	498,652	452,323	10.2%
Federal Concessions	90,400	102,594	109,236	-11.9%	-17.2%	192,995	219,264	-12.0%
Holding	6,093	(5,173)	(5,703)	-217.8%	-206.8%	920	(8,577)	-110.7%
Construction Companies	(7,687)	6,384	7,383	-220.4%	-204.1%	(1,303)	10,376	-112.6%

The Company altered the criterion for the apportionment of the holding company's costs and expenses with its subsidiaries, which were previously recorded by the former. The effects of this new criterion in the entire first half were reclassified in 2Q14, which was responsible for the holding company's positive margin and the negative impacts this quarter on the EBITDA of the state and federal concessionaires, as well as the construction companies.

The following table shows the calculation of EBITDA and Adjusted EBITDA for the Arteris companies in 2Q14:

Group Companies (R\$ Thousand)	Net Revenue			Costs and Services ¹			EBITDA	Provision for highways's maintenanc e	Adjusted EBITDA	Adjusted EBITDA Margin*
	Services Revenue (A)	Construct Revenue (B)	Total (A + B)	Cost of Services (A)	Cost of Constructio n Service (B)	Total (A + B)				
Autovias	76,676	19,161	95,837	(26,109)	(19,161)	(45,270)	50,567	9,493	60,060	78.3%
Centrovias	81,149	1,445	82,594	(21,877)	(1,445)	(23,322)	59,272	6,002	65,274	80.4%
Intervias	86,077	11,118	97,195	(26,790)	(11,118)	(37,908)	59,287	7,921	67,208	78.1%
Vianorte	70,989	6,219	77,208	(19,225)	(6,219)	(25,444)	51,764	3,312	55,076	77.6%
State Concessions	314,891	37,943	352,834	(94,001)	(37,943)	(131,944)	220,890	26,728	247,618	78.6%
Planalto Sul	24,488	43,403	67,891	(15,988)	(43,403)	(59,391)	8,500	1,280	9,780	39.9%
Fluminense	36,893	81,544	118,437	(23,747)	(81,544)	(105,291)	13,146	1,249	14,395	39.0%
Fernão Dias	54,978	40,356	95,334	(37,416)	(40,356)	(77,772)	17,562	3,133	20,695	37.6%
Régis Bittencourt	59,987	127,894	187,881	(32,963)	(127,894)	(160,857)	27,024	2,059	29,083	48.5%
Litoral Sul	43,584	76,479	120,063	(29,697)	(76,479)	(106,176)	13,886	2,561	16,447	37.7%
Federal Concessions	219,930	369,676	589,606	(139,811)	(369,676)	(509,487)	80,118	10,282	90,400	41.1%
Total Concessionaires	534,821	407,619	942,440	(233,812)	(407,619)	(641,431)	301,008	37,010	338,018	63.2%
Arteris Holding	-	-	-	6,093	-	6,093	6,093	-	6,093	
Constructors	-	115,210	115,210	-	(122,898)	(122,898)	(7,687)	-	(7,687)	
Other companies and eliminations for consolidation	3,354	(115,210)	(111,856)	(9,738)	121,594	111,856	-	-	-	
Total Consolidated	538,175	407,619	945,794	(237,457)	(408,922)	(646,380)	299,414	37,010	336,424	62.5%

¹ Excludes Depreciation and mortization

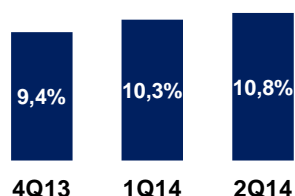
* The EBITDA Margin is based on Net Operating Revenue, excluding Construction Revenue.

Financial Result

Financial Result (R\$ Thousand)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13
Financial Income	29,995	24,043	10,253	24.8%	192.5%	54,038	22,878	136.2%
Interest Receivable	778	414	203	87.9%	283.3%	1,192	417	185.9%
Financial Investments	29,064	23,474	9,870	23.8%	194.5%	52,538	22,218	136.5%
Financial Charges - Reversal of Present Value Adjustments	(2)	2	-	-200.0%	-	-	-	0.0%
Other Revenues	155	153	180	1.3%	-13.9%	308	243	26.7%
Financial Expenses	(112,158)	(107,789)	(74,829)	4.1%	49.9%	(219,947)	(157,741)	39.4%
Financial Charges	(91,857)	(79,146)	(57,605)	16.1%	59.5%	(171,003)	(119,277)	43.4%
Monetary Adjustment of Concession Charges	(4,508)	(8,970)	(5,896)	-49.7%	-23.5%	(13,478)	(12,184)	10.6%
Financial Charges - Reversal of Present Value Adjustments	(7,257)	(9,462)	(3,453)	-23.3%	110.2%	(16,719)	(12,773)	30.9%
Other Expenses	(8,536)	(10,211)	(7,875)	-16.4%	8.4%	(18,747)	(13,507)	38.8%
Net Exchange Variation	250	(6)	9	-4266.7%	2677.8%	244	(5)	-4980.0%
Financial Result	(81,913)	(83,752)	(64,567)	-2.2%	26.9%	(165,665)	(134,868)	22.8%

The 2Q14 financial result was a net expense of R\$81.9 million, a slight 2.2% improvement over the previous quarter.

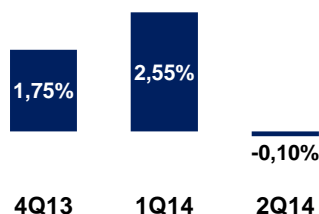
DI Index (quarterly index)



The main variations in relation to 1Q14 were:

- **Financial income climbed by R\$5.9 million (+24.8%)**, due to the increase in the average volume of cash invested in 2Q14 and the upturn in the average CDI rate that remunerates these investments.
- **Financial expenses moved up by R\$4.4 million (+4.1%)**, chiefly due to higher financial charges as a result as the period increase in the Company's gross debt. **The monetary adjustment of concession charges fell by R\$4.5 million**, given that these fees are pegged to the variation in the IGP-M general market price index, which dropped from 2.55% in 1Q14 to -0.10% in 2Q14.

IGP-M (quarterly)

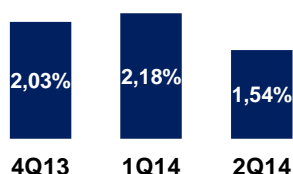


Net Income

Despite the 18.9% upturn in net revenue and the 3.0% increase in EBITDA, net income declined by 14% over 2Q13, closing the second quarter at R\$91.9 million, mainly due to:

- The **R\$12.6 million, or 18.5%, increase in depreciation and amortization**; and
- The **financial result**, which worsened from a negative R\$64.6 million in 2Q13, to a negative R\$81.9 million in 2Q14 (**variation of 26.9%**).

IPCA (quarterly)



Year-to-date net income came to **R\$192.8 million, 3.4% down** on 1H13 for the same reasons.

Indebtedness

On June 30, 2014, **net debt** totaled **R\$3.7 billion, 12.4%**, or R\$404.2 million, more than in 1Q14.

Debt (In thousands of Brazilian reais)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13
Gross Debt	4,906,655	4,632,406	3,140,893	5.9%	56.2%
Short Term	512,211	404,529	466,467	26.6%	9.8%
Long Term	4,394,444	4,227,877	2,674,426	3.9%	64.3%
Cash Position	1,240,635	1,374,081	435,162	-9.7%	185.1%
Cash and equivalents	1,105,266	1,283,907	320,043	-13.9%	245.3%
Restricted investments ¹	135,369	90,174	115,119	50.1%	17.6%
Net Debt	3,666,020	3,258,325	2,705,731	12.5%	35.5%

¹ Short and long term

The quarter-on-quarter increase was primarily due to:

- The **R\$133.4 million reduction** in the **cash position** (cash and cash equivalents + restricted investments), due to disbursements made for investments and the amortization of debt;
- The **R\$274.2 million increase in gross debt**, related to the following:
 - The disbursement of long-term loans by the BNDES totaling R\$225 million;
 - The amortization of R\$30.1 million in BNDES financing;
 - R\$64.5 million in accrued interest on the Company's loans;
 - The contracting of equipment financing totaling R\$14.8 million

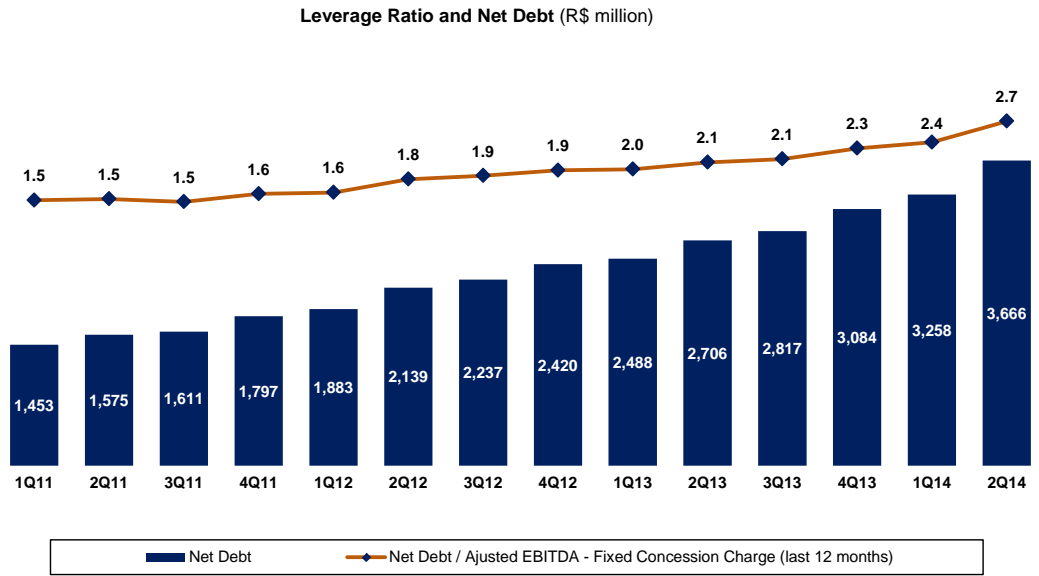
BNDES Financing: Arteris receives long-term loans from the BNDES to finance federal concession investment programs. **All five federal concessionaires have already received approval** for long-term financing lines, **guaranteeing** the funds needed to **implement the main contractual construction projects**.

Up to June 30, 2014, approximately **R\$2.8 billion** in BNDES funding had been disbursed, leaving **R\$922.6 million still available**.

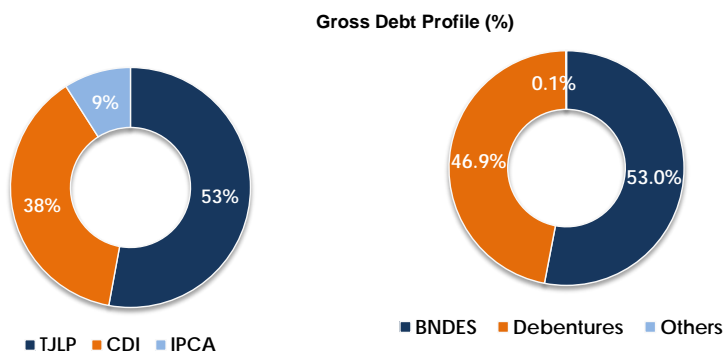
BNDES (R\$ Thousand)			
Concessionaries	Total Contracted	Total Taken	Available
Total	3,694,549	2,771,905	922,644
Planalto Sul	331,344	313,885	17,459
Fluminense	780,819	489,701	291,118
Fernão Dias	702,754	629,795	72,959
Régis Bittencourt	1,069,495	848,706	220,789
Litoral Sul	810,137	489,818	320,319

More details on the Company's debt profile are shown below:

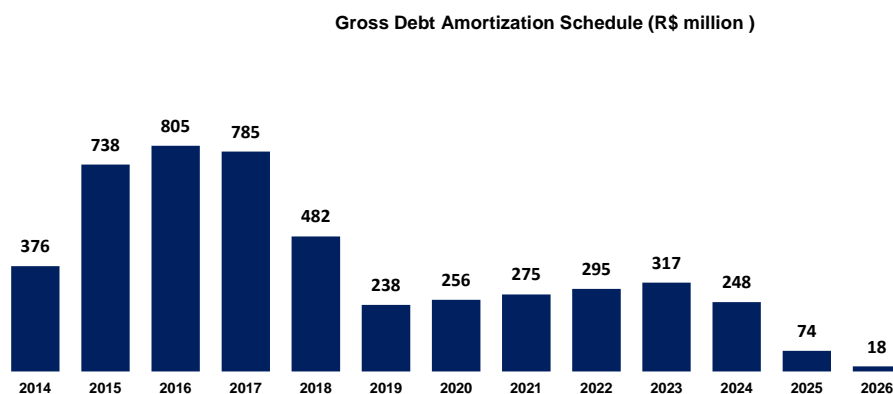
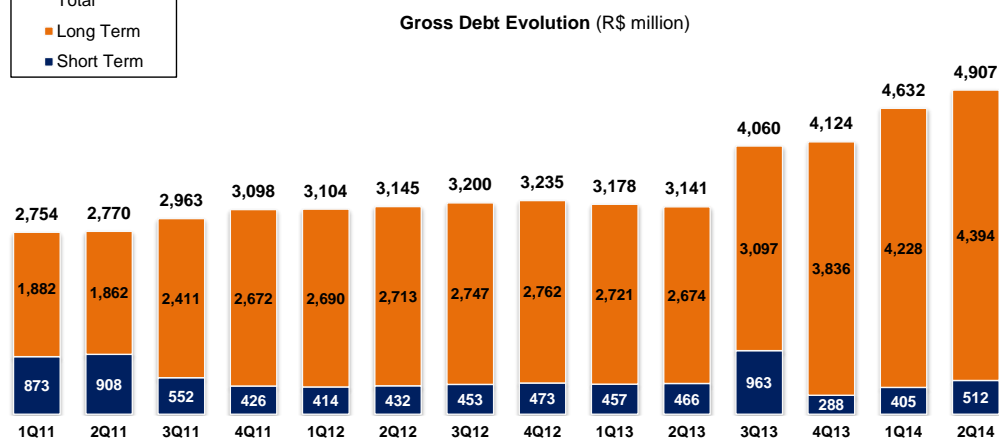
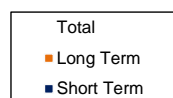
At the close of 2Q14, net debt represented 2.7x Adjusted EBITDA less payment of the fixed concession fee in the last 12 months, a slight increase in leverage over the 2.4x recorded in 1Q14.



At the end of 2Q14, consolidated gross debt (loans and financing plus debentures) totaled R\$4.9 billion, 53.0% of which corresponding to contracts indexed to the TJLP (long-term interest rate), 38% indexed to the CDI interbank rate and 9.0% indexed to the IPCA inflation rate.



Gross Debt (In thousands of Brazilian reais)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13
Indexes					
TJLP	2,599,821	2,395,984	2,054,693	8.5%	26.5%
CDI	1,877,664	1,811,642	664,337	3.6%	182.6%
IPCA	447,853	432,868	420,754	3.5%	6.4%
Other	-	24	4,834	-	-
<i>Prepaid charges</i>	(18,683)	(8,113)	(3,725)	130.3%	401.6%
Total	4,906,655	4,632,406	3,140,893	5.9%	56.2%



Fixed Concession Charge paid to the Granting Authority (State Concessionaires)

In accordance with the concession contracts, the state concessionaires must pay the concession authority a fixed fee in exchange for granting the concession. This amount totaled R\$17.2 million in 2Q14 and R\$34.4 million in 1H14.

Fixed Concession Charge Paid (R\$ Thousands)	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13
Total	(17,215)	(17,219)	(16,210)	0.0%	6.2%	(34,434)	(32,419)	6.2%
Autovias	(1,811)	(1,813)	(1,707)	-0.1%	6.1%	(3,624)	(3,414)	6.2%
Centrovias	(2,712)	(2,713)	(2,554)	0.0%	6.2%	(5,425)	(5,107)	6.2%
Intervias	(1,688)	(1,688)	(1,589)	0.0%	6.2%	(3,376)	(3,178)	6.2%
Vianorte	(11,004)	(11,005)	(10,360)	0.0%	6.2%	(22,009)	(20,720)	6.2%

On June 30, 2014, the nominal amount and number of monthly installments to be paid in regard to the fixed concession charge were as follows:

Concessionaires	Real Value (R\$ thousand)			# of Monthly Payments
	Short Term	Long Term	Total	
Autovias	7,820	24,579	32,399	50
Centrovias	11,700	34,126	45,826	47
Intervias	7,281	33,128	40,409	67
Vianorte	47,468	125,643	173,111	44
Total	74,269	217,476	291,745	

Investments and Highway Maintenance

Arteris maintains an intense pace of investments in accordance with the concession agreements and the new works schedule for its federal concessions entered into with the granting authority.

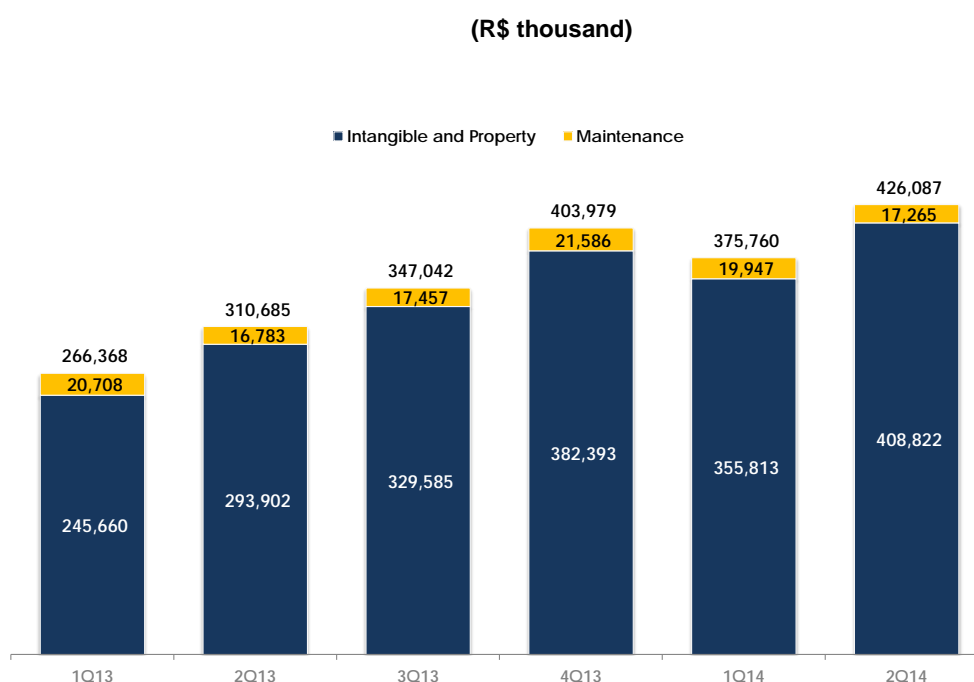
In **2Q14**, investments totaled **R\$426.1 million, 13.4% up on 1Q14** and **36.9% more** than in the same period last year. Of this total, 95.9% went to **infrastructure works and improvements** (intangible and fixed assets), almost all of which in the federal concessionaires, and the remainder in state highway **maintenance**.

In the first half as a whole, Arteris invested more than R\$800 million, 39% up on 1H13.

Capex Cash Flow (R\$ Thousand)	2Q14			1H14		
	Before IFRS (A + B)	IFRS		Before IFRS (A + B)	IFRS	
		Intangible and Property (A)	Maintenance Realized (B)		Intangible and Property (A)	Maintenance Realized (B)
Autovias	24,081	18,228	5,853	45,896	32,368	13,528
Centrovias	6,435	1,688	4,747	12,231	2,632	9,599
Intervias	12,594	9,338	3,256	17,973	10,580	7,393
Vianorte	10,020	6,611	3,409	19,323	12,631	6,692
State Concessions	53,130	35,865	17,265	95,423	58,211	37,212
Planalto Sul	41,622	41,622	-	70,416	70,416	-
Fluminense	81,650	81,650	-	142,768	142,768	-
Fernão Dias	52,750	52,750	-	106,324	106,324	-
Régis Bittencourt	100,046	100,046	-	181,532	181,532	-
Litoral Sul	79,428	79,428	-	185,248	185,248	-
Federal Concessions	355,496	355,496	-	686,288	686,288	-
Total	408,626	391,361	17,265	781,711	744,499	37,212
<i>Others invest. and consolidation adjustments</i>	17,461	17,461	-	20,136	20,136	-
Total	426,087	408,822	17,265	801,847	764,635	37,212

Investments through the end of all the concession agreements, including maintenance, are estimated at around R\$6.2 billion. Of this total, around R\$1.8 billion is expected to be invested in 2014.

The Company's total investments in recent quarters are presented below:





Duplication of Serra do Cafezal (Autopista Régis Bittencourt)

The most important construction projects receiving investments in the period are described below:

Autopista Fluminense

In 2Q14, the concessionaire continued the duplication of Highway BR 101/RJ between the cities of Rio Bonito and Campos dos Goytacazes, a project that began in 3Q11 after it obtained the construction permit from IBAMA, Brazil's environmental protection agency. The project involves 176 km of highway, 20 km of which have already been concluded and were opened to traffic at the beginning of 2014 and other 13 Km in July. Of the remaining 143 km, 84 are undergoing works. Two interchanges have already been installed and another six are being built.

In October 2012, the Company began the works on Avenida do Contorno in the city of Niterói, which will substantially improve this stretch of the highway by expanding its capacity.

In 2Q14, the Company concluded the structural reinforcement and widening of a bridge.

Autopista Fernão Dias

The highway's most important project was the implantation of the Betim Beltway (MG), creating an alternative for long-distance highway traffic, which used to pass through the city. The works were concluded on September 30, 2013 with the delivery of the 5.4 kilometers of the second phase of the project. In 2012, the Company concluded the 2.7 kilometer first phase, including the construction of an interchange.

In 2Q14, Autopista Fernão Dias completed the construction of two interchanges, two pedestrian overpasses, 4.2 kilometers of side roads and 2.6 kilometers of auxiliary lanes. It also structurally reinforced and widened two bridges.

Autopista Régis Bittencourt

The Serra do Cafezal (BR-116/SP) project continues to move ahead. The Company has already concluded and delivered 11.5 kilometers of the duplication, 4.2 kilometers of which in the city of Miracatu and 7.3 kilometers in Juquitiba (SP), including two interchanges. The beginning of 2013 marked the issue, by the environmental authority, of the long-awaited construction permit for the duplication of the remaining 19.0 kilometers out of a total of 30.5 kilometers of the project. This phase, which is expected to last for around four years and depends on the execution of works amendments with the ANTT, will include the construction of four tunnels and 33 bridges and overpasses.

In June 2013, work began on two segments, one of 5.0 kilometers and the other of 1.4 kilometers. Work on an additional 5.0 kilometer stretch began in January 2014, giving 11.4 kilometers ongoing, with three tunnels (1.3 km) and 14 overpasses. In July 2014, 3 Km of these stretches above were completed and delivered.

In 2Q14, the concessionaire also structurally reinforced and widened one bridge, installed one interchange and built one kilometer of side road.



Duplication of BR101-RJ / Macaé – Campos (Autopista Fluminense)



Betim Beltway (Autopista Fernão Dias)



Duplication of BR-116/PR – Fazenda Rio Grande (Autopista Planalto Sul)

Autopista Planalto Sul

The Concessionaire's main project is the duplication of 25.0 kilometers of the BR-116/PR between Curitiba (PR) and Mandirituba (PR), whose construction permit has already been obtained from IBAMA. Of this total, 7.2 kilometers between Curitiba and Fazenda Rio Grande have already been concluded and freed for traffic, and the remainder, up to Mandirituba, is under construction.

In 2Q14, the concessionaire built one overpass and one 0.4-kilometer side road .

Autopista Litoral Sul

On May 9, 2014, IBAMA issued the Installation License for a 14 kilometer stretch of the Florianópolis Beltway and the works began on May 28, 2014.

In 2Q14, the concessionaire completed the construction of 15.7 kilometers of side roads and 4.5 kilometers of new auxiliary lanes and structurally reinforced and widened two special structures (bridges and overpasses).

Through a contractual addendum, the concessionaire also relocated a toll plaza in Palhoça (SC) to a new location 23 kilometers away. In addition to the new toll plaza, which has already been completed and is now fully operational, the 23 kilometers, including their maintenance, have been incorporated into the concessionaire's stretch.



Proposed configuration of the access to Ribeirão Preto (Autovias and Vianorte)

Autovias and Vianorte

Through its subsidiaries Autovias and Vianorte, the Company is remodeling the main access way to Ribeirão Preto (Waldo Adalberto da Silveira interchange) at km 307+500 of the SP 330 – Rodovia Anhanguera – at the junction of SP 333, SP 255 and Avenida Castelo Branco (SPA 307/330). The project will increase the safety of Rodovia Anhanguera users, organize highway and urban vehicle traffic in the Ribeirão Preto region and ensure access for pedestrians through overpasses. The R\$120 million project includes the construction of eight overpasses, 20 access loops, one return and a 440-meter pedestrian overpass, benefiting more than 1.5 million people in the region.

Personnel

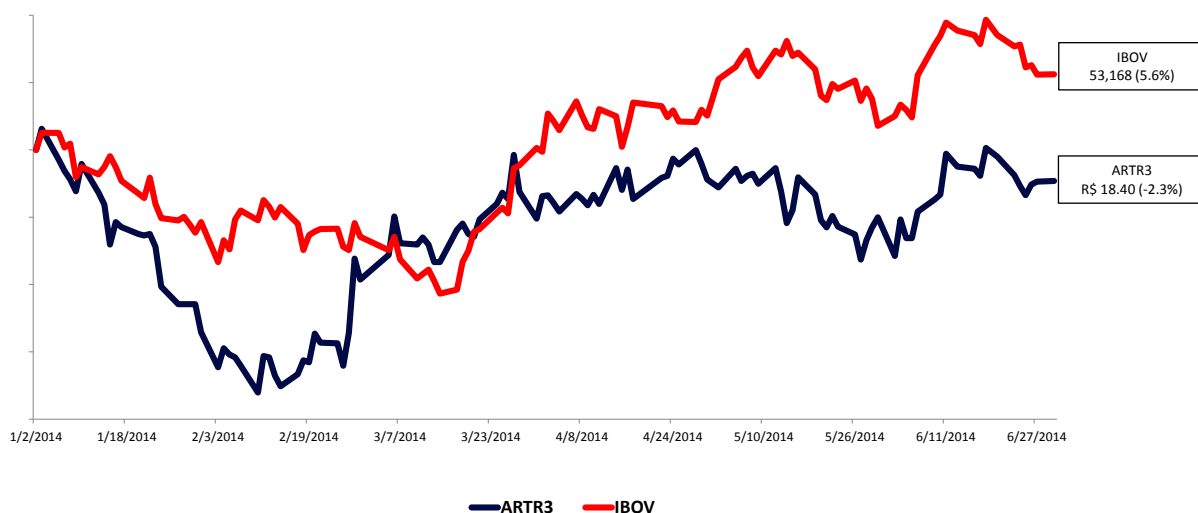
Arteris closed 2Q14 with **6,700 employees**, 42.1% of whom work for the **federal concessionaires**, 19.1% for the **state concessionaires**, 36.6% for the group's **construction companies** and the remaining, or 2.2% for the **holding company**, as shown in the table below.

Personnel	2Q14	1Q14	2Q13	Var. 2Q14/1Q14	Var. 2Q14/2Q13
Arteris (Holding)	145	131	112	14	33
<i>State Concessions</i>	1,280	1,307	1,309	(27)	(29)
Autovias	195	205	204	(10)	(9)
Centrovias	309	317	313	(8)	(4)
Intervias	520	525	529	(5)	(9)
Vianorte	256	260	263	(4)	(7)
<i>Federal Concessions</i>	2,818	2,734	2,744	84	74
Litoral Sul	599	574	571	25	28
Planalto Sul	277	272	260	5	17
Fluminense	429	412	406	17	23
Fernão Dias	868	845	884	23	(16)
Régis Bittencourt	645	631	623	14	22
Latina Manutenção	2,277	2,416	2,268	(139)	9
Latina Sinalização	180	173	173	7	7
Total	6,700	6,761	6,606	(61)	94

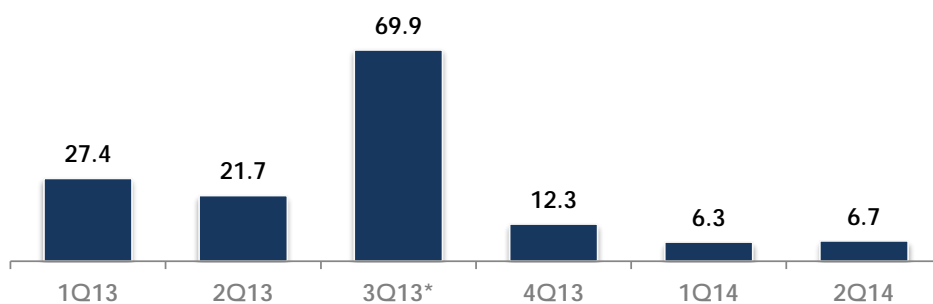
Capital Markets

Arteris closed 2Q14 with a **market capitalization** of **R\$6.3 billion**, based on the closing price of R\$18.40 per share on June 30, 2014, representing **depreciation** of **2.3%** since the beginning of the year. In the same period, the **Bovespa Index** **increased** by **5.6%**. Under the ticker **ARTR3**, the Company's stock was traded in 100% of BM&FBOVESPA trading sessions, with **financial trading volume** of approximately **R\$403.9 million** in 2Q14.

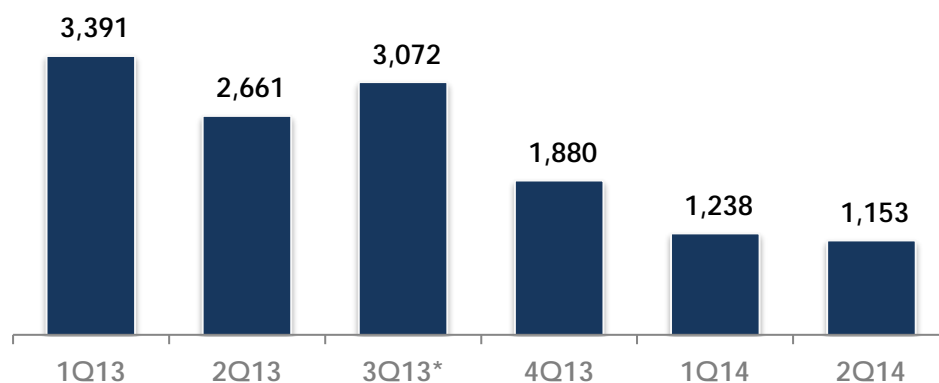
Performance of ARTR3 vs. Ibovespa Index (Base 2Q14)



Trading Volume – Daily Average (R\$ million)



Number of Trades – Daily Average

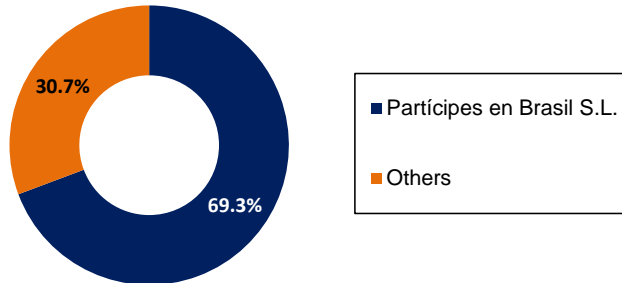


* In September 2013, Arteris held a public tender offer for the acquisition of shares which reduced the Company's free float, influencing trading volume since then.

Daily Average	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13
Nº of Trades	1,153	1,238	2,661	-6.9%	-56.7%
Nº of Shares Traded	369,622	358,202	1,038,903	3.2%	-64.4%
Volume (R\$ Million)	6.7	6.3	21.7	6.3%	-69.1%

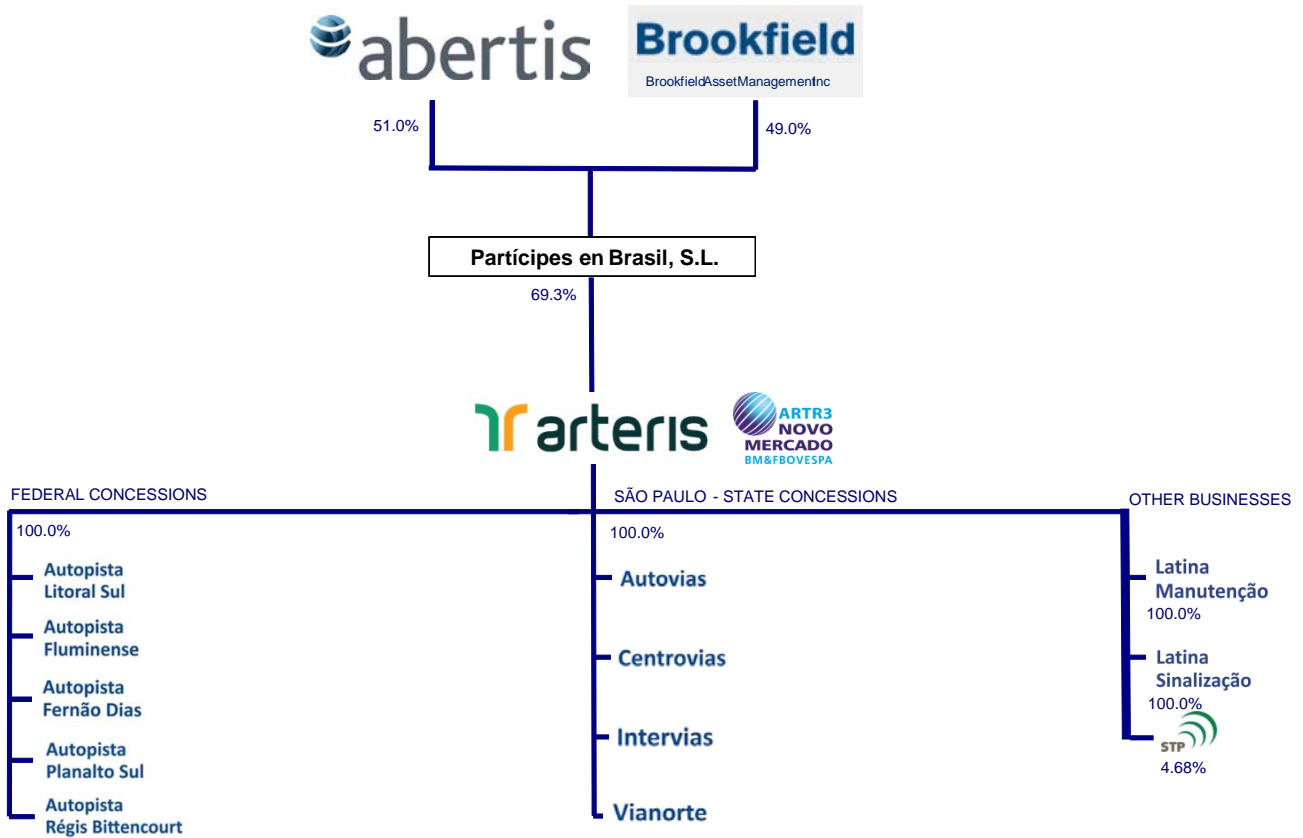
Shareholding Structure

The Company's subscribed and paid-in capital was approximately R\$772.4 million on June 30, 2014, represented by a single class of 344,444,440 common shares.



Base date: June 30, 2014

Ownership Structure



Portfolio of Concession Assets

Key data on our concession portfolio is presented below:

Concessionaires	Km	Toll Plazas	Fixed Concession Charge	Concession Maturity	Contract Index
State Concessions					
Autovias	316.6	5	Aug-18	Aug-18	IGP-M
Centrovias	218.2	5	Jun-18	Jun-19	IGP-M
Intervias	375.7	9	Feb-20	Jan-28	IGP-M
Vianorte	236.6	4	Mar-18	Mar-18	IGP-M
Federal Concessions					
Planalto Sul	412.7	5	n.a.	Feb-33	IPCA
Fluminense	320.1	5	n.a.	Feb-33	IPCA
Fernão Dias	562.1	8	n.a.	Feb-33	IPCA
Régis Bittencourt	401.6	6	n.a.	Feb-33	IPCA
Litoral Sul	405.9	5	n.a.	Feb-33	IPCA

Information disclosed by Abertis

The quarterly financial and operating information related to Arteris disclosed by Abertis is not necessarily identical to that reported by the Company, as IFRS rules in Brazil are somewhat different from those reported by Abertis. Abertis also includes in its results certain impacts related to the booking of the acquisition of Participes en Brasil S.L., which owns 69.3% of Arteris.

The table below shows the traffic trends of the Company's concessionaires as measured by ADT (Average Daily Traffic Intensity), a concept normally used by Abertis to measure traffic performance. ADT represents the concessionaires' average daily traffic volume in absolute vehicle terms and is calculated by taking the average daily number of vehicles in each toll plaza, weighted by the extension of the highway in kilometers.

ADT	2Q14	2Q13	Var%	1H14	1H13	Var%
State	12,661	12,234	3.5%	12,632	12,183	3.7%
Autovias	12,172	11,691	4.1%	12,089	11,597	4.2%
Centrovias	14,715	14,014	5.0%	14,823	14,258	4.0%
Intervias	10,393	10,191	2.0%	10,341	10,080	2.6%
Vianorte	15,023	14,568	3.1%	14,977	14,396	4.0%
Federal	20,458	19,736	3.7%	21,477	20,690	3.8%
Planalto Sul	6,853	6,751	1.5%	6,981	6,746	3.5%
Fluminense	15,739	15,043	4.6%	16,620	15,644	6.2%
Fernão Dias	25,148	24,213	3.9%	25,398	24,590	3.3%
Régis Bittencourt	21,483	21,382	0.5%	22,313	22,081	1.1%
Litoral Sul	30,500	28,812	5.9%	33,786	32,069	5.4%
Total	17,705	17,088	3.6%	18,354	17,687	3.8%

Corporate Profile

Arteris is a Brazilian highway concession company with more kilometers under management than any of its peers. Through its nine concessionaires – Autovias, Centrovias, Intervias, Vianorte, Autopista Fernão Dias, Autopista Fluminense, Autopista Litoral Sul, Autopista Planalto Sul and Autopista Régis Bittencourt – Arteris manages 3,250 kilometers in the states of São Paulo, Rio de Janeiro, Minas Gerais, Paraná and Santa Catarina. Arteris is a publicly-held company with shares listed in the Novo Mercado trading segment of the BM&FBovespa. The Company is controlled by Abertis and Brookfield Motorways. More information can be found at: www.arteris.com.br.

This release contains forward-looking statements relating to the business prospects, estimates of operating and financial results and growth prospects of Arteris. These are merely projections and as such are based exclusively on the expectations of Arteris' management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend substantially on changes in market conditions, government regulations, competitive pressures, and the performance of the Brazilian economy and the industry and are therefore subject to change without prior notice.

APPENDIX 1
CONSOLIDATED BALANCE SHEET

BALANCE SHEET			
(In thousands of Brazilian reais)			
ASSETS	06/30/14	03/31/14	06/30/13
CURRENT ASSETS			
Cash and equivalents	1,105,266	1,283,907	320,043
Trade receivables	126,125	115,198	122,734
Amounts due from related parties	-	-	1
Inventories	9,598	9,662	9,277
Prepaid expenses	14,009	8,421	7,122
Recoverable taxes	36,257	22,226	25,277
Advances for new projects	-	-	-
Restricted investments	61,148	22,713	50,687
Other receivables	7,652	5,051	4,473
Total current assets	1,360,055	1,467,178	539,614
NON-CURRENT ASSETS			
Restricted investments	74,221	67,461	64,432
Contractual guarantees	114	342	347
Recoverable taxes	-	15,136	-
Prepaid expenses	12	17	1
Deferred income tax and social contribution	188,531	178,057	131,517
Escrow deposits	47,265	20,510	20,044
Other receivables	235	235	208
Investments in subsidiaries	1,053	1,053	1,053
Property and equipment	52,142	41,169	48,346
Intangible assets	6,570,639	6,225,224	5,304,670
Total non-current assets	6,934,212	6,549,204	5,570,618
TOTAL ASSETS	8,294,267	8,016,382	6,110,232
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Loans and financing	176,778	152,477	118,532
Debentures	335,433	252,052	347,935
Suppliers	150,772	129,648	109,035
Payroll taxes	76,248	86,823	62,925
Taxes payable	76,608	79,831	73,441
Amounts due to related parties	155	155	259
Contractual guarantees	53,708	45,914	40,467
Proposed dividends	-	22,183	-
Concession fee obligations	73,748	71,485	70,380
Provision for maintenance in highways	95,095	84,444	105,232
Provision for investments in highways	84,618	82,126	55,633
Advance insurance	33,451	39,266	43,760
Other payables	18,144	11,024	13,130
Total current liabilities	1,174,758	1,057,428	1,040,729
NONCURRENT			
Loans and financing	2,429,772	2,246,829	1,940,995
Debentures	1,964,672	1,981,048	733,431
Concession fee obligations	192,068	207,137	236,064
Deferred revenue	1,152	107	1,067
Deferred income tax and social contribution	78,214	79,623	62,941
Provision for maintenance in highways	431,141	418,140	308,411
Provision for investments in highways	29,129	30,556	56,744
Reserve for civil, labor and tax risks	22,173	13,035	11,552
Other payables	212	2,048	4,004
Total non-current liabilities	5,148,533	4,978,523	3,355,209
EQUITY			
Capital	873,822	772,417	772,417
Legal reserves	101,425	101,425	80,076
Profit reserves	1,018,000	1,128,860	884,072
Valuation adjustments to capital - foreign exchange differences on capital	(22,271)	(22,271)	(22,271)
Total equity	1,970,976	1,980,431	1,714,294
TOTAL LIABILITIES AND EQUITY	8,294,267	8,016,382	6,110,232

APPENDIX 2

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT								
(In thousands of Brazilian reais)								
	2Q14	1Q14	2Q13	Var% 2Q14/1Q14	Var% 2Q14/2Q13	1H14	1H13	Var% 1H14/1H13
GROSS SERVICE REVENUE	986,586	966,719	848,828	2.1%	16.2%	1,953,305	1,639,480	19.1%
Toll plazas revenue	581,434	575,235	558,475	1.1%	4.1%	1,156,669	1,094,990	5.6%
State	341,999	333,330	320,020	2.6%	6.9%	675,329	620,809	8.8%
Autovias	83,390	80,621	77,815	3.4%	7.2%	164,011	150,648	8.9%
Centrovias	88,134	87,179	81,486	1.1%	8.2%	175,313	160,319	9.4%
Intervias	93,175	91,138	88,241	2.2%	5.6%	184,313	170,286	8.2%
Vianorte	77,300	74,392	72,478	3.9%	6.7%	151,692	139,556	8.7%
Federal	239,435	241,905	238,455	-1.0%	0.4%	481,340	474,181	1.5%
Planalto Sul	26,791	27,545	25,718	-2.7%	4.2%	54,336	50,578	7.4%
Fluminense	40,322	38,136	38,203	5.7%	5.5%	78,458	77,058	1.8%
Fernão Dias	60,120	60,236	57,153	-0.2%	5.2%	120,356	112,422	7.1%
Régis Bittencourt	64,273	66,322	66,503	-3.1%	-3.4%	130,595	131,439	-0.6%
Litoral Sul	47,929	49,666	50,878	-3.5%	-5.8%	97,595	102,684	-5.0%
Others	(2,467)	13,793	(7,465)	-117.9%	-66.9%	11,326	19,866	-43.0%
Construction services	407,619	377,691	297,818	7.9%	36.9%	785,310	524,624	49.7%
DEDUCTIONS FROM REVENUE	(40,792)	(61,659)	(53,457)	-33.8%	-23.7%	(102,451)	(105,988)	-3.3%
NET SERVICE REVENUE	945,794	905,060	795,371	4.5%	18.9%	1,850,854	1,533,492	20.7%
COST OF SERVICES	(685,392)	(620,432)	(525,973)	10.5%	30.3%	(1,305,824)	(1,007,257)	29.6%
GROSS PROFIT	260,402	284,628	269,398	-8.5%	-3.3%	545,030	526,235	3.6%
OPERATING (EXPENSES) INCOME	(41,756)	(46,054)	(46,765)	-9.3%	-10.7%	(87,810)	(90,377)	-2.8%
General and administrative expenses	(37,982)	(45,711)	(42,259)	-16.9%	-10.1%	(83,693)	(85,978)	-2.7%
Management compensation	(4,066)	(5,251)	(4,953)	-22.6%	-17.9%	(9,317)	(9,371)	-0.6%
Tax expenses	(1,066)	(1,008)	(700)	5.8%	52.3%	(2,074)	(1,509)	37.4%
Other operating income, net	1,358	5,916	1,147	-77.0%	18.4%	7,274	6,481	12.2%
NET FINANCE INCOME (COSTS)	(81,913)	(83,752)	(64,567)	-2.2%	26.9%	(165,665)	(134,868)	22.8%
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	136,734	154,822	158,066	-11.7%	-13.5%	291,556	300,990	-3.1%
INCOME TAX AND SOCIAL CONTRIBUTION	(44,785)	(53,964)	(51,134)	-17.0%	-12.4%	(98,749)	(101,334)	-2.6%
Current	(56,669)	(56,616)	(53,325)	0.1%	6.3%	(113,285)	(101,811)	11.3%
Deferred	11,884	2,652	2,191	348.1%	442.4%	14,536	477	2947.4%
NET INCOME FOR THE PERIOD	91,949	100,858	106,932	-8.8%	-14.0%	192,807	199,656	-3.4%

APPENDIX 3

CONSOLIDATED CASH FLOW STATEMENT

STATEMENT OF CASH FLOWS		
(In thousand of Brazilian reais)		
	6/30/14	6/30/13
CASH FLOW FROM OPERATING ACTIVITIES		
NET INCOME	192,808	199,656
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	158,540	133,766
Disposal of permanent assets	6,811	1,113
Deferred income tax and social contribution	(14,536)	(477)
Foreign exchange gain (loss) and interest on concession fees	13,509	12,184
Income from restricted investments	(6,087)	(3,767)
Interest and inflation adjustment on loans	56,700	57,562
Interest and inflation adjustment on debentures	121,598	63,268
Finance costs DPV	16,581	12,773
Recognition (reversal) of reserve for civil, labor and tax risks	11,308	3,208
Recognition (reversal) of provision for maintenance	39,993	71,151
Decrease (increase) in operating assets:		
Trade receivables	584	(11,720)
Amounts due from related parties	(5)	89
Inventories	(1,936)	(399)
Prepaid expenses	(3,588)	1,962
Recoverable taxes	(1,940)	(820)
Other credits	(1,956)	(1,992)
Contractual guarantees	217	261
Escrow deposits	(26,893)	(5,335)
Other receivables	(18)	8
Increase (decrease) in operating liabilities:		
Trade payables	(14,868)	(952)
Trade payables - related parties	107	1
Contractual guarantees	5,581	-
Payroll taxes	(3,651)	3,229
Taxes payable	93,603	90,394
Payable income tax and social contribution	(99,328)	(90,781)
Deferred revenue	725	-
Advances for insurance	(6,168)	(10,334)
Other payables	5,144	9,187
Concession fee	(2,752)	56
Reserve for civil, labor and tax risks	(922)	(1,832)
Payment of interest	(84,129)	(74,519)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	455,032	456,940
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(19,211)	(7,665)
Increase in intangible	(745,424)	(531,897)
Restricted cash investments	(90,820)	(173,093)
Redemption of deposits	71,899	193,931
NET CASH USED IN INVESTING ACTIVITIES	(783,556)	(518,724)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings		
Loans and financing	931,905	127,796
Payments - interest and principal	(270,004)	(282,427)
Payment of concession fee	(34,434)	(32,419)
Payment of dividends	(123,588)	(112,560)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	503,879	(299,610)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	175,355	(361,394)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	929,911	681,437
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,105,266	584,399

APPENDIX 4

CONSOLIDATED INCOME STATEMENT - AMOUNTS RECLASSIFIED 1Q14 AND 2Q14							
(In thousands of Brazilian reais)							
	1Q14	Adjust.*	1Q14 adjusted	2Q14	Adjust.*	2Q14 adjusted	1H14
GROSS SERVICE REVENUE	966,719	(7,105)	959,614	986,586	7,105	993,691	1,953,305
Toll plazas revenue	575,235	-	575,235	581,434	-	581,434	1,156,669
Others	13,793	(7,105)	6,688	(2,467)	7,105	4,638	11,326
Construction services	377,691	-	377,691	407,619	-	407,619	785,310
DEDUCTIONS FROM REVENUE	(61,659)	10,459	(51,200)	(40,792)	(10,459)	(51,251)	(102,451)
NET SERVICE REVENUE	905,060	3,354	908,414	945,794	(3,354)	942,440	1,850,854
COST AND EXPENSES	(588,713)	(3,354)	(592,067)	(646,380)	3,354	(643,026)	(1,235,093)
Third Party Services	(50,012)	839	(49,173)	(50,339)	(839)	(51,178)	(100,351)
Personnel	(56,647)	3,027	(53,620)	(49,580)	(3,027)	(52,607)	(106,227)
Conservation	(26,460)	-	(26,460)	(25,526)	-	(25,526)	(51,986)
Inspection fee	(9,613)	-	(9,613)	(9,707)	-	(9,707)	(19,320)
Costs with granting authority	(5,317)	-	(5,317)	(5,436)	-	(5,436)	(10,753)
Insurance and guarantees	(6,465)	-	(6,465)	(5,659)	-	(5,659)	(12,124)
Directors' compensation	(5,251)	172	(5,079)	(4,066)	(172)	(4,238)	(9,317)
Civil, labor and tax risks	(1,072)	-	(1,072)	(7,817)	-	(7,817)	(8,889)
Tax expenses	(1,008)	5	(1,003)	(1,066)	(5)	(1,071)	(2,074)
Other operating expenses, net	(10,684)	(7,397)	(18,081)	(42,555)	7,397	(35,158)	(53,239)
Cost of construction services	(377,691)	-	(377,691)	(407,619)	-	(407,619)	(785,310)
Provision for maintenance in highways	(38,493)	-	(38,493)	(37,010)	-	(37,010)	(75,503)
EBITDA	316,347	-	316,347	299,414	-	299,414	615,761
NET INCOME FOR THE PERIOD	100,858	-	100,858	91,950	-	91,950	192,808

*Adjustments occurred in 2Q14 are inverse to the adjustments of 1Q14, since 1H14 is already accounted under the new standard, it means, the values adjusted in 2Q14, were from the effects of the new classification criteria in the numbers of 1Q14.

CONSOLIDATED INCOME STATEMENT - AMOUNTS RECLASSIFIED 1Q13, 2Q13 AND 1H13									
(In thousands of Brazilian reais)									
	1Q13	Adjust.**	1Q13 adjusted	2Q13	Adjust.**	2Q13 adjusted	1H13	Adjust.	1H13 adjusted
GROSS SERVICE REVENUE	790,652	(21,249)	769,403	848,828	11,405	860,233	1,639,480	(9,844)	1,629,636
Toll plazas revenue	536,515	-	536,515	558,475	-	558,475	1,094,990	-	1,094,990
Others	27,331	(21,249)	6,082	(7,465)	11,405	3,940	19,866	(9,844)	10,022
Construction services	226,806	-	226,806	297,818	-	297,818	524,624	-	524,624
DEDUCTIONS FROM REVENUE	(52,531)	4,487	(48,044)	(53,457)	5,435	(48,022)	(105,988)	9,922	(96,066)
NET SERVICE REVENUE	738,121	(16,762)	721,359	795,371	16,840	812,211	1,533,492	78	1,533,570
COST AND EXPENSES	(459,282)	16,762	(442,520)	(504,586)	(16,840)	(521,426)	(963,868)	(78)	(963,946)
Third Party Services	(45,796)	1,101	(44,695)	(48,007)	1,021	(46,986)	(93,803)	2,122	(91,681)
Personnel	(49,325)	2,835	(46,490)	(54,096)	3,094	(51,002)	(103,421)	5,929	(97,492)
Conservation	(23,737)	-	(23,737)	(24,571)	-	(24,571)	(48,308)	-	(48,308)
Inspection fee	(9,097)	-	(9,097)	(9,184)	-	(9,184)	(18,281)	-	(18,281)
Costs with granting authority	(9,323)	-	(9,323)	(9,965)	-	(9,965)	(19,288)	-	(19,288)
Insurance and guarantees	(5,813)	-	(5,813)	(4,488)	-	(4,488)	(10,301)	-	(10,301)
Directors' compensation	(4,418)	172	(4,246)	(4,953)	182	(4,771)	(9,371)	354	(9,017)
Civil, labor and tax risks	(1,169)	-	(1,169)	(1,114)	-	(1,114)	(2,283)	-	(2,283)
Tax expenses	(809)	-	(809)	(700)	12	(688)	(1,509)	12	(1,497)
Other operating expenses, net	(34,095)	12,654	(21,441)	5,178	(21,149)	(15,971)	(28,917)	(8,495)	(37,412)
Cost of construction services	(226,806)	-	(226,806)	(297,818)	-	(297,818)	(524,624)	-	(524,624)
Provision for maintenance in highways	(48,894)	-	(48,894)	(54,868)	-	(54,868)	(103,762)	-	(103,762)
EBITDA	278,839	-	278,839	290,785	-	290,785	569,624	-	569,624
NET INCOME FOR THE PERIOD	92,724	-	92,724	106,932	-	106,932	199,656	-	199,656

**Proforma adjustments to make 2013 basis comparable to new criteria adopted in 2Q14.

CONSOLIDATED INCOME STATEMENT - COMPARABLE BASIS 2013/2014

(In thousands of Brazilian reais)

	2Q14 adjusted	2Q13 adjusted	Var. 2Q14adj./ 2Q13adj.	1H14	1H13 adjusted	Var.1H13 adj./1H14
GROSS SERVICE REVENUE	993,691	860,233	15.5%	1,953,305	1,629,636	19.9%
Toll plazas revenue	581,434	558,475	4.1%	1,156,669	1,094,990	5.6%
Others	4,638	3,940	17.7%	11,326	10,022	13.0%
Construction services	407,619	297,818	36.9%	785,310	524,624	49.7%
DEDUCTIONS FROM REVENUE	(51,251)	(48,022)	6.7%	(102,451)	(96,066)	6.6%
NET SERVICE REVENUE	942,440	812,211	16.0%	1,850,854	1,533,570	20.7%
COST AND EXPENSES	(643,026)	(521,426)	23.3%	(1,235,093)	(963,946)	28.1%
Third Party Services	(51,178)	(46,986)	8.9%	(100,351)	(91,681)	9.5%
Personnel	(52,607)	(51,002)	3.1%	(106,227)	(97,492)	9.0%
Conservation	(25,526)	(24,571)	3.9%	(51,986)	(48,308)	7.6%
Inspection fee	(9,707)	(9,184)	5.7%	(19,320)	(18,281)	5.7%
Costs with granting authority	(5,436)	(9,965)	-45.4%	(10,753)	(19,288)	-44.3%
Insurance and guarantees	(5,659)	(4,488)	26.1%	(12,124)	(10,301)	17.7%
Directors' compensation	(4,238)	(4,771)	-11.2%	(9,317)	(9,017)	3.3%
Civil, labor and tax risks	(7,817)	(1,114)	601.7%	(8,889)	(2,283)	289.4%
Tax expenses	(1,071)	(688)	55.7%	(2,074)	(1,497)	38.5%
Other operating expenses, net	(35,158)	(15,971)	120.1%	(53,239)	(37,412)	42.3%
Cost of construction services	(407,619)	(297,818)	36.9%	(785,310)	(524,624)	49.7%
Provision for maintenance in highways	(37,010)	(54,868)	-32.5%	(75,503)	(103,762)	-27.2%
EBITDA	299,414	290,785	3.0%	615,761	569,624	8.1%
NET INCOME FOR THE PERIOD	91,950	106,932	-14.0%	192,808	199,656	-3.4%

GLOSSARY

Adjustment to Present Value (AVP): On December 28, 2007, Federal Law 11,638 was enacted, which amended, revoked and introduced new provisions to Brazilian Corporate Law, most notably Chapter XV concerning accounting matters, with the law coming into force on January 1, 2008. The main purpose of the new law was to update Brazilian Corporate Law to enable the convergence of generally accepted accounting practices in Brazil with International Financial Reporting Standards (IFRS), as well as to allow new rules and procedures to be issued by the Securities and Exchange Commission of Brazil (CVM), in accordance with international accounting standards.

Complementing this process, the CVM, through Instruction 469 dated May 2, 2008, instructed publicly traded companies on the disclosure and accounting treatment of certain changes introduced by Federal Law 11,638/07.

The main changes introduced by Federal Law 11,638/07 that impact the Company's standalone and consolidated Quarterly Financial Information include the mandatory valuation of significant long-term assets and liabilities, such as "Concession Rights" and "Concession Fee Obligations", at present value (Adjustment to Present Value). Previously the Company accounted "Concession Rights" and "Concession Fee Obligations" at their nominal value.

The effects from the adjustments to present value from "Concession Rights" and "Concession Fee Obligations" that occurred up to December 31, 2007 were accounted directly under Equity in 2008.

Monetary Restatement of the Fixed Concession Fee: The concession contracts between the state concessionaires and the concession authority establish that the monthly payments of the fixed concession fee be adjusted by the IGP-M index every July 1st, which is the same date on which the tolls are adjusted by the same index.

State Concessionaires: Specific Purpose Companies created by the winners of the bidding process with which the Concession Contracts were signed which have the specific corporate purpose of maintaining, conserving and operating state highways. State Concessionaires are regulated by the São Paulo State Public Transportation Services Regulatory Agency (ARTESP). Arteris currently manages four state concessionaires in the state of São Paulo (Autovias, Centrovias, Intervias and Vianorte).

Federal Concessionaires: Specific Purpose Companies created by the winners of the bidding process with which the Concession Contracts were signed which have the specific corporate purpose of maintaining, conserving and operating federal highways. Federal Concessionaires are regulated by the National Road Transportation Agency (ANTT). Arteris currently operates five federal concessionaires in Brazil: (Autopista Planalto Sul, Autopista Fluminense, Autopista Fernão Dias, Autopista Régis Bittencourt and Autopista Litoral Su).

Costs with the Concession Authority: These are payments that have been stipulated in the concession contracts. These costs are composed of: expenses with the "Variable Fee" for state concessions, which corresponds to 3% of gross revenue at the concessions Autovias, Centrovias and Vianorte, plus 3% of toll revenue and 25% of ancillary revenue; and by costs with "Inspection Funds" and "Technological Development" at the federal concessions, which are adjusted annually by the IPCA inflation index.

EBITDA and EBITDA Margin: EBITDA is Earnings before Interest, Taxes, Depreciation and Amortization, an operating performance indicator also known for its Portuguese acronym LAJIDA. EBITDA is not a measure adopted in accounting standards and does not represent cash flow for the periods presented and therefore should not be considered an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and therefore cannot be compared to the EBITDA of other companies.

EBITDA Margin is the ratio between net operating revenue excluding construction revenue and EBITDA.

Adjusted EBITDA and Adjusted EBITDA Margin: EBITDA adjusted by the reversal of the provisions for road maintenance. The Company believes adjusted EBITDA is the best way to show its operating cash flow. Adjusted EBITDA Margin is the ratio between net operating revenue excluding construction revenue and Adjusted EBITDA.

Leverage Ratio: The leverage ratio is defined as Net Debt (Gross Debt less Cash and Cash Equivalents) divided by Adjusted EBITDA (adjusted by the reversal of the provision for maintenance), less the Fixed Concession Fee in cash flow. The lower the leverage ratio, the greater the amount of funding that can be raised in credit markets.

Fixed Concession Fee: In accordance with our concession contracts, the state concessionaires must pay the concession authority a fixed fee in exchange for the granting of the concession. The contracts also establish that the amount for the fixed fee must be settled in monthly payments over the duration of the concession period. We have opted to account the value of the grant of concession under assets and the total amount payable to the concession authority for the fixed concession fee under liabilities.

Electronic Toll Collection / AVI System: The AVI system is an electronic payment system used on our highways. Drivers who use the AVI system have an electronic sensor mounted on their windshield that enables the system to recognize the category of vehicle that they are driving. As they pass through the toll plaza lane, antennae capture the signals emitted and the sensors record the vehicle's presence and calculate the total amount owed, without the driver having to stop the vehicle.

Concession authority: The federal, state or local government or federal district that is responsible for the public service, prior to the execution of works or otherwise, that is the subject matter of concession or permission. (Federal Law 8,987 of 1995 - Article 2 - CF. Article 1). The concessionaire has access to operate the infrastructure to provide the public services on behalf of the concession authority pursuant to the contractual conditions. The concession authority relies on the regulatory agencies (ARTESP in the state of São Paulo and ANTT for the federal government) to monitor and inspect the transportation services delegated and to regulate the highway concession program.

Provision for Maintenance: Estimated spending required to settle the current obligations to maintain infrastructure at the operating levels stipulated in the contract, considering the wear caused by use. The Concessionaire must constitute a provision based on its best estimate of the spending required to maintain a certain level of service or to recuperate infrastructure to operating conditions prior to returning the assets to the concession authority at the end of the concession period, as stipulated in the contract.

Toll Adjustments: As established in the concession contracts in the state of São Paulo, tolls are readjusted every July based on the variation in inflation measured by the IGP-M index in the 12-month period ending on May 31. On July 1, 2013, the IGP-M index will be replaced by the IPCA index as the basis for adjustment. The economic and financial imbalances resulting from the change in index will be evaluated once every two years and be rebalanced in relation to the contract duration transpired. Toll adjustments at the federal concessions are based on the variation in inflation measured by the IPCA index published by the Brazilian Geography and Statistics Institute (IBGE) in the period from the month preceding the base date in the toll proposal presentation, i.e., June 2007, to the month preceding the date on which tolls began to be collected. After this first adjustment, all subsequent adjustments take place annually and are also based on the cumulative variation in the IPCA index in the 12 months since the previous adjustment.

Construction Revenue and Costs: These are non-cash accounting entries under the new rules implemented by IFRS that seek to translate the amount of investment the Company makes in intangible assets. The amount recorded as construction revenue is exactly the same as the amount recorded as construction cost, i.e. it does not affect the Company's results.

Vehicle Equivalents: Vehicle equivalent unit (VEU) is used as the basis for charging tolls. A passenger vehicle is considered a vehicle equivalent and a commercial vehicle (such as a truck or bus) is calculated by the number of axles, with each axle counting as one passenger vehicle. One passenger vehicle is equivalent to one axle on a commercial vehicle.