

Records in the transportation of steel and agricultural products make up for part of the fall in the Mining group and lead to the best historical mark of Net Revenue for a 1st quarter.

1Q18 RESULTS SUMMARY

- The volume of General Cargo (steel, agricultural and other transported products) of 11.8 million tons represents a 13.5% growth compared to 1Q17, the best result of the Company for a first quarter, making up for part of the 12.7 reduction in the transportation of the Mining group (iron ore, coal and coke).
- Also for General Cargo, the highlight is the 19.5% growth in the transportation of steel products in 1Q18 compared to 1Q17, totaling 1.7 million tons, and of agricultural products, with a volume of 7.5 million tons, a 10.1% growth against the same basis for comparison. Both results are records for a first quarter.
- Net revenue of R\$ 820.6 million, a record for the first quarter and a 2.8% increase compared to the same period of 2017. Tariff adjustments and a favorable mix of transported products more than offset the decline in volume.
- There was an even greater expansion of Adjusted EBITDA¹ of 5.7%, reaching R\$ 330.9 million, showing the Company's efficiency in managing costs.
- Adjusted Net Profit¹ of R\$ 88.4 million, 15.3% higher than in 1Q17, incorporating EBITDA's efficiency as well as the better net financial result.

¹ The Adjusted EBITDA and Adjusted Net Profit are detailed in the financial chapter of this release (page 7).

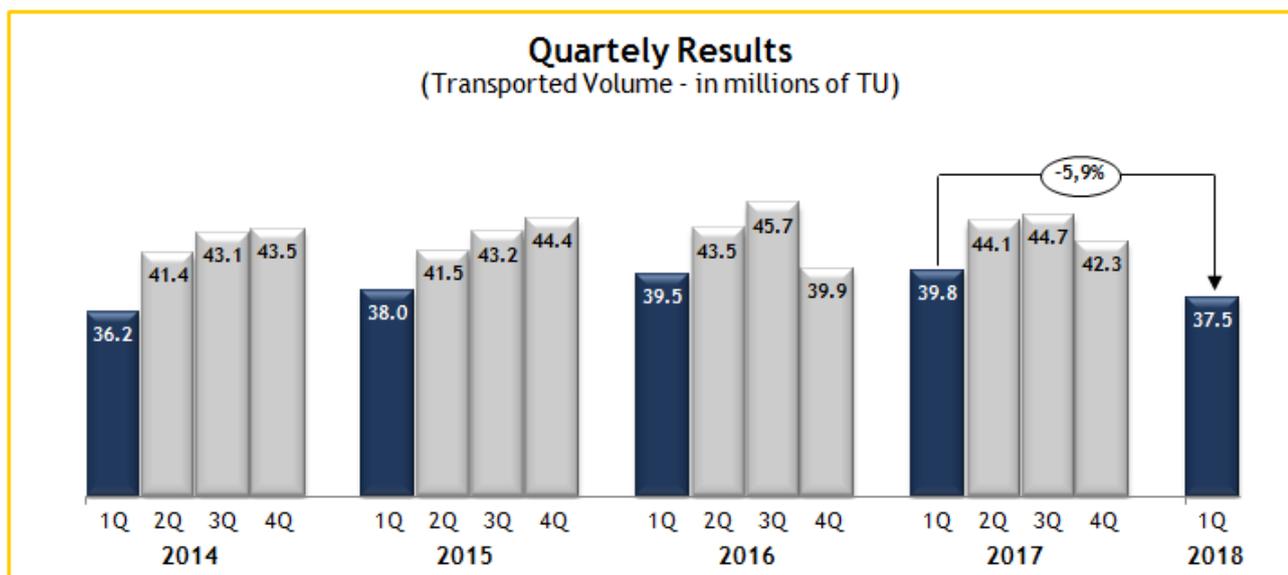
Selected Results	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Transported Volume (TU million)	37.435	42.273	39.814	-11,4%	-6,0%
Mining	25.729	28.707	29.478	-10,4%	-12,7%
General Cargo	11.706	13.566	10.337	-13,7%	13,2%
Net Revenues (R\$ million)	820,6	910,6	798,3	-9,9%	2,8%
Average Net Rate (R\$/ton)	21,9	21,5	20,1	1,8%	9,3%
Ajusted EBITDA (R\$ million)	330,9	404,0	353,7	-18,1%	-6,5%
Ajusted Net Profit (R\$ million)	88,4	152,1	103,4	-41,9%	-14,5%
Net Debt/EBITDA ¹ (x)	1,55x	1,46x	1,76x	6,0%	-12,0%

¹ Ajusted EBITDA last 12 months (undjusted result, that is, osidering the non-recurring events)

OPERATIONAL RESULTS

Note: Starting from the disclosure of 4Q17 and 2017 results, the transportation group called “Heavy Haul” was renamed to “Mining”, considering that coal and coke transportation does not have the operational features of a Heavy Haul cargo, in contrast to iron ore transportation. However, since iron ore, coal and coke represent important inputs in the steel process, the company decided to maintain their report in the same transportation group, inclusive to compare with the results previously disclosed.

Due to the seasonal nature of cargo transportation across MRS rail network, all comparisons of 1Q18 are to the same period of 2017, unless otherwise indicated.



MRS transported 37.5 million tons in the first quarter of 2018, a volume 5.9% lower than in the same period of 2017. Of this volume, 11.8 million tons were recorded in the General Cargo group, which showed a 13.5% growth over the same period of 2017, setting a record for a first quarter. The Mining group showed a lower performance, with a 12.7% decrease in 1Q18 result compared to 1Q17, totaling 25.7 million tons.

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Mining	25.729	28.707	29.478	-10,4%	-12,7%
Iron Ore	24.979	27.837	28.637	-10,3%	-12,8%
Export	21.278	24.029	25.090	-11,5%	-15,2%
Domestic Market	3.702	3.807	3.546	-2,8%	4,4%
Coal and Coke	750	870	841	-13,8%	-10,8%
General Cargo	11.760	13.601	10.360	-13,5%	13,2%
Agricultural Products	7.499	9.427	6.811	-20,5%	10,1%
Steel Products	1.683	1.747	1.408	-3,7%	19,5%
Container	420	413	432	1,7%	-3,0%
Cement	352	365	402	3,6%	-12,4%
Others	1.805	1.649	1.308	9,5%	-38,0%
Total	37.489	42.308	39.838	-11,4%	-5,9%

In the history of quarterly results, the first quarter of the year shows a volume level lower than the other periods due to the seasonality of the cargo transported by the Company. In any case, 1Q18 showed a downturn in comparison with the first quarter of 2017, mainly due to the decrease in the transportation of iron ore for export, which will be demonstrated in the sections below for the main transported products.

MINING

In 1Q18, the volume transported of the Mining group was 25.7 million tons, 12.7% lower than in 2017 due, essentially, to the lower performance in iron ore export. In early 2018, corrective maintenance was carried out at three major customer terminals located in the port regions of the state of Rio de Janeiro, which explains, to a large extent, the decrease in the volume transported by the Company.

Iron Ore

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Iron Ore	24,979	27,837	28,636	-10.3%	-12.8%
Export	21,278	24,029	25,090	-11.5%	-15.2%
Domestic Market	3,702	3,807	3,546	-2.8%	4.4%

Export

21.3 million tons of iron ore were transported for export, 15.2% below the volume verified in 1Q17.

As previously mentioned, in the first quarter of 2018, corrective maintenance was carried out at customer terminals, which affected the operating performance of the Company in the transportation of this product. Additionally, the extreme weather in the mining regions, with rainfall above the usual for the period, also negatively impacted this result.

Domestic Market

For supply the internal market, 3.7 million tons of iron ore were transported in 1Q18, a volume 4.4% higher than in the same period of the previous year.

The steel industry, which uses iron ore as raw material in its production process, is recovering, allowing to see an increase in the iron ore consumption. It is also worth mentioning that an important customer of the Company prioritized the transportation of products for the domestic market, thus contributing to the increased result.

Coal and Coke

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Coal and Coke	750	870	841	-13.8%	-10.8%

In the period 750 thousand tons of coal and coke were transported, a decrease of 10.8% when compared to the first quarter of 2017, which showed atypical volume above the historical results.

GENERAL CARGO

For the General Cargo group (other products not included in the Mining group), which considers the volumes transported by the Company itself and by other railroads through paid right of way, 11.8 million tons were transported in the first three months of 2018, a result 13.5% higher than in 2017.

The increase in the volume of agricultural products and the recovery of the steel industry contributed to the good result of this group.

Farm Products

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Agricultural Products	7,499	9,427	6,811	-20.5%	10.1%
Corn	590	5,405	199	-89.1%	196.0%
Sugar	1,658	2,758	1,594	-39.9%	4.0%
Soy	4,171	237	4,124	-	1.2%
Soybean Meal	1,080	1,027	894	5.1%	20.8%

The volume of agricultural products transported by the company or by third-parties (through right of way) reached 7.5 million tons in 1Q18, 10.1% higher than in the same period of 2017, which can be explained mainly by the good performance in the cargoes transported across the Company's rail network through paid right of way.

Good performance was showed for corn volume, with 590 thousand tons in the period, about three times higher than in the same period of 2017, which had the negative impact of the crop failure. Also contributing positively to the result was the transportation of 1.1 million tons of soybean meal, a 20.8% increase compared to the first quarter of 2017.

On a smaller scale, there was also an increase in the transportation of sugar and soybeans when comparing the first quarters of 2018 and 2017. It should be noted that, in 1Q18, there was a delay in the release for navigation of the Tietê-Paraná waterway by the Navy. If this were not the case, the performance in agricultural products would have been even better, especially in the cargoes transported by the Company itself.

Steel Products

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Steel Products	1,683	1,747	1,408	-3.7%	19.5%

In 1Q18, 1.7 million tons of steel products were transported, an increase of 19.5% compared to 1Q17 result, representing a difference of 275 thousand tons.

The recovery process of this industry, following a long downturn period, is still reflected in 2018. In addition, operational changes made by one of the Company's customers in 2017 increased in 18.5% the transportation of plates to a plant in the state of São Paulo when comparing 1Q18 with 1Q17.

Containers

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Container	420	413	432	1.7%	-3.0%

With 420 thousand tons, the transportation of containers showed 1.7% increase in 1Q18 compared to the previous quarter and 3.0% decrease in relation to the same period of 2017, with such fall also recorded in the transportation by other railroads through paid right of way. The container segment is still a cargo with results that demonstrate growth potential among the transportation operations carried out by the Company.

The railway mode is strengthening in this segment due to the logistic and safety solutions presented. A specific operational model was established in the Company for containers, with fixed servicing hours in the different routes of the major economic centers of Brazil's southeast region.

Cement

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Cement	352	365	402	-3.6%	-12.4%

The transportation of cement by the Company is directly related to the performance of the construction industry, which is still in downturn. Thus, the volumes transported in 1Q18 are lower than in 4Q17 and 1Q17.

Others

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Others	1,805	1,649	1,308	9.5%	38.0%

All other products totaled 1.8 million tons in 1Q18, 38.0% higher than in the same period of 2017 and 9.5% higher than in the immediately previous quarter. This result includes the transportation of several cargoes by the Company and by other railroads through paid right of way, with good performance shown in the transportation of inputs complementary to the steel industry and of bauxite, which recorded a 7.0% increase in comparison between the first quarters of 2018 and 2017.

ECONOMIC AND FINANCIAL RESULTS

Quarterly Results	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Gross Revenues (R\$ million)	906,5	1.000,5	884,7	-9,4%	2,5%
Gross Average Tariff (R\$/ton)	24,2	23,6	22,2	2,5%	9,0%
Net Revenues (R\$ million)	820,6	904,0	798,3	-9,2%	2,8%
Net Average Tariff (R\$/ton)	21,9	21,4	20,1	2,3%	9,0%
Adjusted EBITDA ¹ (R\$ million)	330,9	298,4	353,7	10,9%	-6,4%
Adjusted EBITDA Margin ¹ (%)	40,3%	33,0%	44,3%	7,3pp	-4,0pp
Adjusted Net Income ¹ (R\$ million)	88,4	68,0	103,4	30,0%	-14,5%
Net Debt/EBITDA ¹ (x)	1,55x	1,50x	1,76x	0,04x	-0,21x

¹ Last 12 months (unadjusted result, that is, considering the non-recurring events).

In order to better reflect the operating cash generation and net income of the Company, a 1Q17 non-recurring event was adjusted, referring to the sale of assets not strategic to the company.

Reconciliation of EBITDA (R\$ Million)	1Q18	1Q17	1Q18 x 1Q17
Net Income for the Year	88.4	103.4	-14.5%
(+) Taxes on Profit	47.0	55.9	-
(+) Depreciation and Amortization	147.5	139.7	-
	47.9	54.7	-
(=) EBITDA	330.9	353.7	-6.4%
	-	40.5	-
(=) EBITDA Adjusted	330.9	313.2	5.7%

¹ Taxes (PIS and COFINS, when incidents)

Reconciliation of Net Income (R\$ million)	1Q18	1Q17	1Q18 x 1Q17
Net Income for the Year	88.4	103.4	-14.5%
(-) Non-recurring events ¹	-	9.5	-
(=) Adjusted Net Income	88.4	93.9	-5.9%

² Net of taxes (PIS, COFINS, IRPJ and CSLL, when incidents)

Non-recurring effects reported for the EBITDA adjustment related to the sale of assets not strategic to the company, affecting 1Q17 EBITDA in R\$ 40.5 million, which consequently cause an adjustment to the Net Income of R\$ 26.7 million after deductions of due tax withholdings.

NET REVENUE

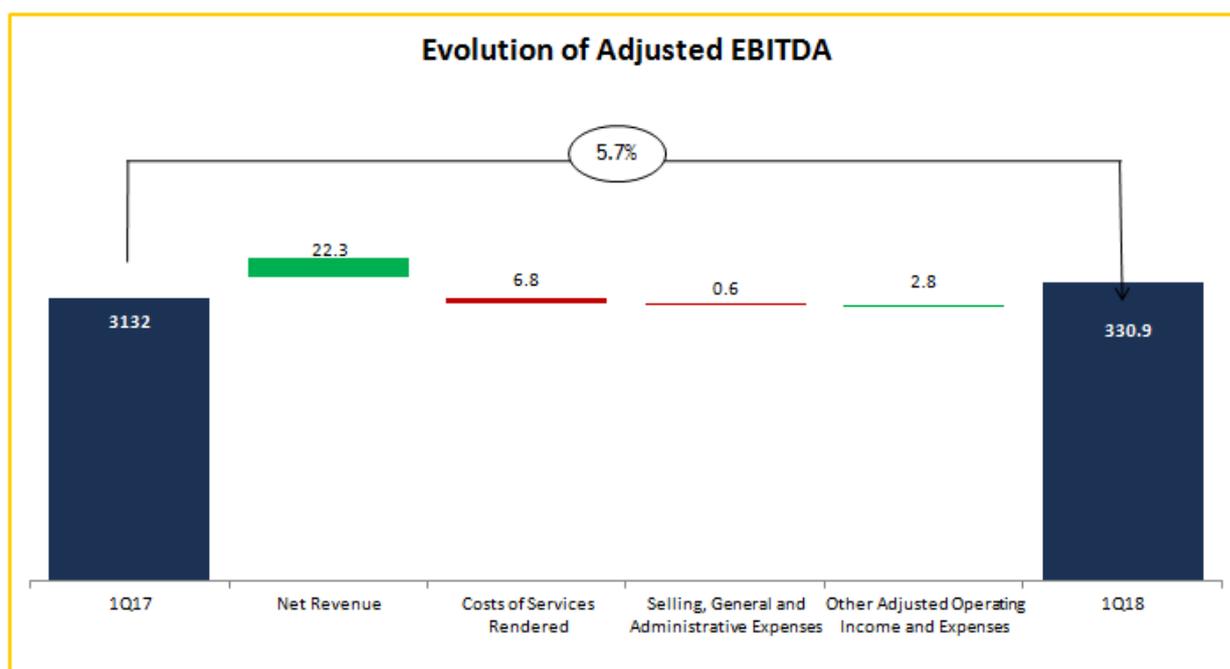
Despite the 5.9% decrease in transported volume, in 1Q18 MRS recorded a Net Revenue of R\$ 820.6 million, 2.8% higher than in the same period of 2017. The superior performance of 1Q18 can be explained by the higher tariffs practiced and by a more favorable mix of products transported.

EBITDA

In the first quarter of 2018, the Company recorded EBITDA of R\$ 330.9 million, an increase of 5.7% in relation to the Adjusted EBITDA of the first quarter of 2017.

From the chart below, the following EBITDA variations stand out:

- Net Revenue increased by R\$ 22.3 million, reflecting the tariff adjustment and favorable mix of products transported;
- Costs and expenses increased by R\$ 7.4 million due to the reclassification of social security expenses arising from the payment of the social charges on payroll mentioned above. This effect was partially offset by reducing the expenses with insurance and accidents;
- Other Revenues (Operating Expenses) decrease by R\$ 2.8 million, due to the reduction in legal provisions and expenses.



INDEBTEDNESS

The Company's Gross Debt closed 1Q18 at R\$ 2,524.9 million, 5.1% lower than in 1Q17 and 6.3% less than that in 4Q17, explained by amortizations throughout 2017, which exceeded the volume of funding. The increase of 1.4% in the Net Debt in 1Q18 compared to 4Q17 can be explained by the reduced cash position. Important payments are made in the first quarter of the year, such as the annual adjustment of IRPJ and CSLL, which explains the expected reduction of cash.

In R\$ Millions	1Q18	4Q17	1Q18 x 4Q17	1Q17	1Q18 x 1Q17
Gross Debt¹	2.524,9	2.695,9	-6,3%	2.661,8	-5,1%
Gross Debt in Reais	2.127,0	2.229,2	-4,6%	2.425,2	-12,3%
Gross Debt in US\$ ²	397,9	466,6	-14,7%	236,6	-68,2%
Cash³	285,8	486,7	-41,3%	251,9	13,5%
Net Debt	2.239,1	2.209,2	1,4%	2.409,9	-7,1%
EBITDA ⁴	1.446,5	1.469,5	-1,6%	1.369,6	5,60%
Net Debt/EBITDA (x) ⁴	1,55x	1,50x	0,05x	1,76x	0,21x

¹ The difference in relation to the sum of the Lines of Loans and Financing (Balance Sheet) corresponds to the Transaction Costs.

² Incorporates the fair value of derivative instruments.

³ Includes restricted cash.

⁴ EBITDA accumulated in the last 12 months (unadjusted result, that is, considering non-recurring events)

The financial leverage metrics measured by Net Debt/EBITDA in 12 months decreased from 1.76x to 1.55x when comparing the first quarters of 2017 and 2018, given the significant reduction above 7% of Net Debt in the period, in addition to the strong cash generation. When compared to 4Q17, there was an increase by 0.05x, mainly explained by the natural fluctuation of the Company's cash position, which is lower in the first quarter.

NET PROFIT

Net Income in 1Q18 was R\$ 88.4 million, 30.0% higher than in the immediately previous quarter. Compared to the same period in 2017, a 15.3% growth was recorded in the adjusted result. The reduction in the Company's net debt, coupled with the effects of the overall reduction in the interest rates of the debt (SELIC, CDI, IPCA etc.), reduced interest spending.

CASH FLOW

The cash balance in the first quarter of 2018 was negative in R\$ 201.7 million compared to the negative result of R\$ 94.6 million recorded in the first quarter of 2017. The cash balance variation is largely explained by the higher volume of investments in 1Q18 compared to the same period in 2017 and the existence of non-recurring revenue in 2017, related to the sale of assets not strategic to the company.

Statement of Cash Flow - R\$ Million	1Q18	1Q17
Cash at beginning of period	422.8	296.1
Net Income before IR and CSLL	135.5	159.3
Income from the disposal of property, plant and equipment	(0.3)	(40.6)
Depreciation and amortization	147.5	139.7
Monetary variation, exchange rate and financial charges	45.2	65.6
Low fixed asset value and investment	3.8	3.0
Others	12.0	21.9
Net Income cash basis	343.7	349.0
Changes in assets and liabilities	(262.7)	(340.4)
Accounts receivable and related parties	65.1	42.7
Stocks	(40.2)	(8.2)
Taxes Recoverable	16.8	31.9
Providers	(42.3)	(103.9)
Tax liabilities	(2.5)	(3.7)
Taxes on profit	(156.6)	(176.2)
Social and labor obligations	(48.4)	(39.6)
Payment of interest on loans and financing	(61.1)	(75.3)
Others	6.5	(8.1)
Net cash provided by operating activities	80.9	8.7
Immobilized	(126.3)	(80.4)
Intangible	(4.1)	(0.8)
Proceeds from the sale of property, plant and equipment	0.3	83.6
Investment activities	(130.1)	2.4
Borrowing and financing	1.1	-
Payment of loans and financing	(152.4)	(105.7)
Payment Leasing	(1.2)	-
Financing activities	(152.6)	(105.7)
Cash at end of period	221.0	201.5
Cash flow	(201.7)	(94.6)

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CONSOLIDATED TABLES: FINANCIAL AND OPERATIONAL RESULTS

Transported Volume TU Millions	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Mining	25,729	28,707	29,478	-10.4%	-12.7%
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Total	37,489	42,308	39,838	-11.4%	-5.9%
Average Gross Tariff (R\$/ton)	37,435	42,273	39,814	-11.4%	-6.0%

Investments - R\$ Millions	1Q18	4Q17	1Q17	2018	2017
Chains	118.2	183.6	114.7	118.2	553.4
Improvement	3.2	7.9	1.4	3.2	17.1
Expansion	23.7	46.5	17.5	23.7	181.3
Total	145.1	238.0	133.6	145.1	751.8

Number of Employees (End of Period)	5,992	6,016	6,068	5,992	6,016
Locomotives in Production (Average)	524	536	529	524	536

Balance Sheet - R\$ Million

ASSETS	1Q18	2017	1Q17	LIABILITIES	1Q18	2017	1Q17
CURRENT				CURRENT			
Cash and Bank	221.0	422.8	201.5	Suppliers	226.0	221.0	167.5
Restricted Cash	64.7	62.2	50.4	Labor Express	121.6	169.9	120.0
Accounts Receivable	23.8	25.8	33.4	Liabilities with Related Parties	44.8	39.5	2.2
Accounts Receivable with Related Parties	198.7	252.8	112.2	Income Tax and Social Contribution	32.5	131.0	19.9
Other Accounts Receivable	3.3	3.0	1.9	Taxes Obligations	26.3	28.8	20.1
Stocks	126.5	85.9	100.1	Loans and Financing	629.5	672.3	674.8
Recoverable Taxes	84.5	96.1	78.7	Derivative Financial Instruments	8.6	10.1	2.8
Prepaid Expenses	22.2	17.6	26.2	Payable Dividends	109.6	109.6	99.3
Derivative Financial Instruments	43.9	39.6	6.8	Payable Concessions and Lease	67.1	67.1	67.8
Other Current Assets	12.2	14.9	8.0	Client Advances	2.7	2.2	1.6
Total Current Assets	800.8	1,020.6	619.0	Provisions	26.8	30.6	36.7
				Other Obligations	8.9	3.1	13.7
NOT CURRENT				Other Current Liabilities	8.8	8.8	-
Long Term Realizable				Total Current Liabilities	1,313.3	1,494.2	1,226.3
Restricted Cash	-	1.7	-				
Accounts Receivable with Related Parties	134.3	145.1	145.1	NOT CURRENT			
Other Accounts Receivable	55.3	54.0	51.0	Suppliers	15.4	38.9	17.2
Recoverable Taxes	38.0	43.2	56.7	Loans and Financing	1,904.4	2,056.5	2,006.4
Prepaid Expenses	154.9	151.9	157.1	Liabilities with Related Parties	14.6	14.6	16.3
Derivative Financial Instruments	4.3	35.9	50.3	Payable Concessions and Lease	59.0	60.8	66.7
Other Not-Current Assets	105.1	104.1	89.7	Client Advances	0.0	0.0	0.4
Immobilized	6,226.7	6,234.5	6,124.2	Diferred Taxes	224.4	235.6	256.8
Intangible	44.3	42.9	34.2	Provisions	385.9	375.1	327.6
Total Not-Current Assets	6,763.0	6,813.3	6,708.3	Other Obligations	2.9	3.0	3.3
				Total Not-Current Liabilities	2,606.7	2,784.4	2,694.6
Total Assets	7,563.8	7,833.9	7,327.3				
				Total Liabilities	3,920.0	4,278.6	3,921.1
				STOCKHOLDERS EQUITY			
				Capital Stock	1,718.4	1,597.4	1,597.4
				Reserve Allocation for Capital	-	121.1	-
				Profit Reserves	1,828.0	1,828.0	1,696.5
				Legal Reserves		269.3	
				Investment Reserves		1,449.2	
				Proposed Additional Dividend		109.5	
				Accumulated Profit	88.4	-	103.4
				Equity Valuation Adjustments	8.9	8.9	9.0
				Total Stockholders Equity	3,643.8	3,555.3	3,406.3
				Total Liabilities and Stockholders	7,563.8	7,833.9	7,327.3

Income Statement - R\$ Millions	1Q18	4Q17	1Q17	2018	2017
Net Revenue	820.6	904.0	798.3	820.6	3,492.8
Costs of Provided Services	(431.6)	(471.4)	(424.7)	(431.6)	(1,755.4)
(=) Gross Profit	389.1	432.6	373.6	389.1	1,737.4
Income (Expenses)	(58.2)	(134.3)	(20.0)	(58.2)	(268.0)
Sales Expenses	(3.1)	(3.3)	(2.7)	(3.1)	(11.7)
General and Administrative Expenses	(44.2)	(54.8)	(44.0)	(44.2)	(181.1)
Other Operating Income	14.2	52.6	101.5	14.2	183.1
Other Operating Expenses	(25.1)	(128.7)	(74.7)	(25.1)	(258.2)
(=) EBITDA	330.9	298.4	353.7	330.9	1,469.5
Depreciation/ Amortization	(147.5)	(144.1)	(139.7)	(147.5)	(566.9)
(=) Operating Income Before Financial Effects	183.4	154.2	214.0	183.4	902.6
Financial Income	45.6	25.0	33.3	45.6	130.4
Financial Expenses	(93.5)	(64.5)	(88.0)	(93.5)	(317.7)
(=) Income Before Income Tax and Social	135.4	114.7	159.3	135.4	715.3
IR/CS Current/Deferred	(47.0)	(46.7)	(55.9)	(47.0)	(254.0)
(=) NET INCOME	88.4	68.0	103.4	88.4	461.2