



ATTACHMENT V - BUSINESS PLAN

VOLUME I - BUSINESS PLAN GUIDELINES



1. INTRODUCTION

The purpose of this Attachment is to establish the guidelines for the Business Plan elaboration, that shall constitute bases for formulation and presentation of the Written Economical Proposal in a way to standardize regarding the:

- a. Evaluation of consistency of the economical-financial plan in a way to allow that the coherence analysis proceeds between different predictions made regarding the amount and the investments schedule, operational costs and revenues;
- b. Verification of reasonableness of estimates performed by the Bidder, especially regarding costs and schedule predicted for the investments, costs and operational expenses and its justifications.

Besides detailed description of the Business Plan, the Bidder shall fill out the Attachment V - Volume II - Business Plan - Financial Frameworks spreadsheets.

2. GENERAL CONDITIONS OF THE BUSINESS PLAN

2.1. Business Plan to be elaborated is of exclusive liability of the Bidder and shall be consistent itself with the Written Economical Proposal and sufficiently clear regarding adopted guidelines.

2.2. Business Plan shall contain the detail of assumptions used in its elaboration, embodied in the filling out of spreadsheets in the Attachment V - Volume II - Business Plan - Financial Frameworks.

2.3. In the elaboration of the Written Economical Proposal and the Business Plan, the Bidder shall observe the provisions of the Bidding Notice and its Attachments, the contract draft and the guidelines exposed in this Attachment, in particular the following topics:

2.3.1. all investments, taxes, costs and expenses, including, but not limited to, financial, necessary for the Concession exploration;

2.3.2. ICMS (State Tax on Circulation of Goods and Services) exoneration referring to the State of Bahia over the acquisition of cars and internal operations with goods and commodities destined to LRV deployment, pursuant to terms of ICMS specific Covenant;

2.3.3. ICMS exoneration over the provision of services of passenger inter-municipal transportation with characteristics of urban or metropolitan transport, pursuant to art. 265, item XVI of Regulation of Taxes on Operations Related to the Commodities Circulation and on Provision of Services of Inter-state and Inter-municipal Transport and of Communication-RICMS of the State of Bahia; the benefits of the Incentive Special Regimen for the Development of Infrastructure - REIDI, set by Federal Law no. 11.488, of June 15, 2007;



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- 2.3.4.** risks to be borne by the Concessionaire by virtue of Concession exploration;
 - 2.3.5.** the risks to be assumed by the Concessionaire by virtue of concession exploration;
 - 2.3.6.** description of funding's structure that the Bidder intends to use for the investment execution, except the power to alter such structure in the course of the Contract , which shall be integral part of its Business Plan, with the option of use or not of financial proposal presented by the State of Bahia, according to signed Term of Commitment.
 - 2.3.7.** revenues from the receipt of the LRV Remuneration Fee, different installments of considerations and Extraordinary Revenues exploration in values and consigned way in this Notice and Attachments;
 - 2.3.8.** the term of 20 (twenty) years from Concession considering the provisions in Attachment V of the Contract;
 - 2.3.9.** amortization of all investments predicted during the Concession term considering the deflation factor predicted in Attachment V - Volume II - Business Plan - Financial Frameworks;
 - 2.3.10.** that all values from the Business Plan shall be expressed considering the base date of January/2017;
 - 2.3.11.** do not consider any inflation expectation, except those defined in Attachment V - Volume II - Business Plan - Financial Frameworks for the costs deflation with impairment or amortization;
 - 2.3.12.** the conditions established in Attachment 7 - Consideration Payment Schedule, during all concession term under the terms defined in this Notice and the Contract draft;
 - 2.3.13.** application of Law 12.860 of September 2013 on the fare revenue and on Investments and Operation Considerations.
 - 2.3.14.** consider exemption of ISS over the fare revenue and consideration installments.
 - 2.3.15.** application of INSS (Social Security Withholding System) in the traditional form and not by discharged form (contribution over revenue) by optional setting introduced by Law 13.161/2015 to the Law 12.546/2011 during all concession term.
- 2.4.** The Business Plan shall be printed with all pages numbered and initialed, in ascending sequential order from 0 (zero), with presentation of index and beginning and finish term at the end, stating, mandatorily, the amount of pages, containing the content's title, proponent's name, notice number and bid object on the cover. Shall be presented in adequate bookbinding.
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2.5. The spreadsheets of Volume II - Business Plan - Financial Frameworks shall be supplied in disk-based files, recorded in PDF (Adobe Acrobat) pattern files and in software that originated, mandatorily in Excel (Windows), version 97/2003 or later, containing formulas and calculations in auxiliary spreadsheets that result in economical-financial projection, if needed and that enable a better analysis and calculations consistency. The spreadsheets shall be delivered respecting the standardization of spreadsheets and without any type of block or access password additional to those defined.

2.6. In case of divergence between values indicated in the spreadsheet printed and those in disk-based spreadsheets, shall prevail those in the printed spreadsheet.

2.7. Shall be observed the fundamental principles of accounting accepted in Brazil and submitted to the regimen of Federal Law no. 6.404/76 and subsequent amendments, especially those introduced by Law no. 11.638/2007, as well as Brazilian Accounting Standards converged to international standards through application of International Financial Reporting Standards - IFRS, besides the provisions of current fiscal legislation referring to investments amortization and impairment.

2.8. The Bidder shall conduct projection in constant currency, for such all assumptions shall be compatible to this type of projection.

2.9. For conversion of values of foreign currency that shall be determined by the Concessionaire, the Bidder shall use the exchange rates of BRL 3.127 of 01/31/2017 (source Bacen: Ptax Closing quotations from US dollar, Currency Code - 220. Ptax Closing from 7/1/2011 is the arithmetic average of purchase taxes and selling taxes of daily bulletin according to Newsletter 3506 of 9/23/10 and 3537 of 5/25/11) for projection in constant currency.

2.10. The Business Plan shall be presented in thousands of *Reais* (BRL 1.000) and all values present shall be expressed in base date of January 2017 including the LRV Remuneration Fee.

2.10.1 For effect of calculation related to consideration installments, the values shall proceed according to installments schedule predicted in Attachment V - Volume II - Business Plan - Notice Financial Frameworks and the Attachment 7 Consideration Payment Schedule, identified in the spreadsheet "A.1.1.CONSIDERATION", with the discount in the CONSIDERATION OF OPERATION and of INVESTMENT of the economical proposal, F10 cell.



2.10.2 The presentation of values shall be with two decimal places, without rounding, being the others discarded.

3. GUIDELINES FOR THE BUSINESS PLAN

For the verification of installments values of considerations to be offered in the Written Economical Proposal and for the elaboration of the Business Plan, the Bidder shall observe the provisions of the bidding notice and its Attachments, including the contract draft.

In the Business Plan shall be informed the assumptions which shall constitute the economical-financial demonstrations for all the contract term, containing hypotheses in which they were based. To aid the descriptive process and the presentation of such demonstrations, the Bidders shall fill out the Spreadsheets in the Attachment V Volume II - Business Plan - Financial Frameworks which shall be available in digital environment.

The filling of frames shall follow the spreadsheets system form, with calculations and links elaborated and standardized. The spreadsheets are protected, being that only the fields in "blue" are those that must be mandatorily filled which are unprotected.

If necessary, the Bidders can include auxiliary spreadsheets in the Attachment V - Volume II - Business Plan - Financial Frameworks in a way to aid in assumptions projections and filling of standard demonstration frames. The filling shall adopt the form of a spreadsheet system with calculations elaborated by formulas and links that must be apparent and available for the analysis process.

All information resulting from bind shall comply with the instructions of this Attachment and present its origin in CD-ROM and formatted to be printed.

All values are in constant thousand BRL (*Reais*) except for spreadsheet "A.1.2.CONSIDERATION" in constant BRL (*Reais*) considering the first two decimal places.

The values informed for daily demand on spreadsheet "A.1.1.REVENUES" shall be in absolute numbers, while the volumes of passengers transported shall be in thousands units.

On the elaboration and presentation of the Business Plan, the Bidder shall observe the following structure:



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- I. TABLE OF CONTENTS
 - II. PRESENTATION
 - III. Business Plan including, but not limited to:
 - a. Revenues
 - b. Taxes
 - c. Investments
 - d. Impairment and amortization
 - e. Operational Costs and Expenses
 - f. Funding used
 - g. Demonstration of Results
 - h. Leveraged Enterprise Cash flow
 - i. Complementary Information

3.1. FRAME A.1.1.: REVENUES

The Bidder shall inform and detail the following predicted revenues (Frame A.1.1):

a) Revenues resulting from REMUNERATION FEE considering the value of BRL 2.10 (two *Reais* and ten cents):

- Daily demand projection by deployment phase - lines 14, 21 and 28. Inform projection in absolute numbers;
- Projection of transported volume by deployment phase shall be automatically calculated, considering 313 working days equivalent in the year and the months in operation by contract year - lines 11, 18 and 25. Inform the projection in thousands units;
- Number of months of commercial operation for each contract year, considering the beginning of operation of each stretch - lines 15, 22 and 29;
- Remuneration fee of BRL 2.10 (two *Reais* and ten cents) - lines 12, 19 and 26;

b) Installments from CONSIDERATIONS in annual base and in thousand BRL shall be automatically filled by spreadsheet "A.1.2.CONSIDERATION" observed, especially the provisions of the Written Economical Proposal, constant in the Bidding Notice;

c) EXTRAORDINARY REVENUES specially observed the provisions of Extraordinary Revenues, constant in the Contract Draft and shall be detailed in lines 40 to 44, if necessary.



3.2. FRAME A.1.1. CONSIDERATION

The frame represents the monthly flow of Investment Monthly Consideration and Operation Monthly Consideration, considering the deployment term in LRV stretches in Suburb. On the “F10” cell it shall correspond to discount in Operation and Investment Consideration in a linear form, respecting the defined curve and in accordance with the Bidder Economical Proposal.

| Operational Milestone | Deployment (Finish) | % due to Operation Monthly Consideration | Raw Value of Operation Monthly Consideration | Receipt of Operation Monthly Consideration | Receipt of Investment Monthly Consideration |
|-----------------------|------------------------|------------------------------------------|----------------------------------------------|--------------------------------------------|---------------------------------------------|
| 1 | 18 th month | 25% | BRL 535,208.33 | 19 th month | - |
| 2 | 24 th month | 100% | BRL 2,140,833.33 | 25 th month | 40 th month |

All values are expressed in BRL (*Reais*) and in absolute form.

3.3. FRAMES A.2: TAX DEMONSTRATION

The frames bear all information referring to tax values over the items of the revenues spreadsheet, considering its respective tax regimens and covenant predicted in the Notice and its bases of calculations and aliquot, demonstrated in column D:

| Taxes | Revenue with passengers | Investment and operation consideration | Ancillary Revenue |
|-----------------------------------------------------|-------------------------|----------------------------------------|-------------------|
| PIS (Social Integration Program) | 0.00% | 0.00% | 1.65% |
| COFINS (Collaboration to Social Security Financing) | 0.00% | 0.00% | 7.60% |
| ISS (Tax on Services) | 0.00% | 0.00% | 5.00% |

The spreadsheet structure is divided into 3 (three) frames:

1. Verification of taxes levied on revenue with passengers: PIS, COFINS and ISS;
2. Verification of taxes levied on Investment Consideration: PIS, COFINS and ISS;
3. Verification of taxes levied on Operation Consideration: PIS, COFINS and ISS;



4. Verification of taxes levied on extraordinary revenues: PIS, COFINS and ISS;
5. Verification of income tax and social contribution - Leveraged Demonstration
6. Verification of income tax and social contribution - Unleveraged Demonstration.

All values are expressed in thousand BRL (thousand *Reais*) and in absolute form.

3.4. FRAMES A.3: OPERATIONAL EXPENSES

Consider all assumptions predicted in the Business Plan according to grouping of costs defined in demonstration frame A.3.OP_EXPENSES of Attachment V - Volume II - Business Plan - Financial Frameworks:

- Operational Costs: in lines 10 to 20
- Administrative Costs: in lines 25 to 31
- Other Expenses: lines 35 to 39
- Impairment and amortization: line 42

The costs of Inspection and Concession shall be standardized according to definition in the Contract and Attachments, as well as values relating to compensation of modeling and Bovespa studies.

Insurances and Guarantees are detailed in specific spreadsheet (A.4.INSURANCES).

All values are expressed in thousand BRL (thousand *Reais*) and in absolute form.

a) Operational and maintenance costs

Describe the SPE costs model highlighting the operation and maintenance activities that shall be conducted by SPE personnel and those that shall be agreed with third parties by means of subcontracting contemplating, among others, the following information:

- i) Cost of workforce and social charges involved, including positions, quantitative, salaries and charges details.
- ii) Describe the main economical characteristics of each subcontract;
- iii) For the contracts with third parties, project the expected cost in the form predicted by it;
- iv) Discriminate material expenses, collection costs and other components of cost of services provided.



The costs with insurance and guarantees shall be automatically filled and its respective details shall be described in specific chapter and spreadsheet.

b) Administrative costs

- i) Cost of personnel and social charges involved, including positions, quantitative, salaries and charges details;
- ii) Describe the main economical characteristics of each subcontract;
- iii) For the contracts with third parties, project the expected cost in the form predicted by it;

c) Other expenses

Describe other expenses predicted in the Bidder Business Plan.

d) Impairment and amortization

Costs and expenses with impairment or amortization are automatically filled and its respective details shall be described in specific chapter and spreadsheet.

3.5. FRAME A..4: GUARANTEES AND INSURANCES PLAN

Detail the guarantees and insurances to be hired to meet the contract requirements, during deployment and operation phases with the indication of conditions, characteristics of each product and costs.

- Deployment Phase: lines 10 to 14
- Operation Phase: lines 17 to 21

All values are expressed in thousand BRL (thousand *Reais*) and in absolute form.

3.6. FRAME A.5: PRE-OPERATIONAL EXPENSES

Describe SPE's pre-operational expenses that shall occur before the beginning of the LRV commercial operation and that shall be considered as fixed or intangible asset, according to its term for impairment or amortization.

All values are expressed in thousand BRL (thousand *Reais*) and in absolute form, in lines 7 to 12 for the pre-operational expenses and 15 to 19 for the financial pre-operational expenses.

The grouping by term of impairment or amortization is demonstrated on frame A.5.2 in lines 30 to 34.

The Frame A.5.2 shall, mandatorily, be linked to values of pre-operational Expenses of Frame A.5.1, according to proposition of lifespan (impairment or amortization).

3.7. FRAME A.6: INVESTMENTS SCHEDULE



Detail the Investments Plan for deployment and maintenance of Suburb LRV System, but not limited to:

- civil works;
- permanent way;
- track drainage systems;
- equipment;
- other systems;
- expropriation;
- social project;
- rolling material;
- systems and;
- necessary investment for concessionaire administration.

In Attachment V - Volume II - Business Plan - Financial Frameworks the Bidder shall transcribe that assumptions used for the Frame A.6.1 regrouping it according to classification in Fixed or Intangible Asset and by economic or lifespan (Frame A.6.2, lines 65 to 69):

- Investment Plan
 - Stretch 1 - Sidewalk - Comércio : lines 10 to 24
 - Stretch 2 - Sidewalk - Baixa do Fiscal : lines 29 to 40
 - Stretch 3 - Baixa do Fiscal - São Luís do Paripe: lines 45 to 56
- Summary by term of impairment and amortization: in lines 65 to 69

The Frame A.6.2 shall, mandatorily, be linked to values of Investment Plan of Frame A.6.1, according to proposition of lifespan (impairment or amortization).

All values are expressed in thousand BRL (thousand *Reais*) and in absolute form.

3.8. FRAMES A.7: IMPAIRMENT AND DEFLATED AMORTIZATION

Frame A.7 will not need to be filled once reflects the classification the Bidder shall define on Frame A.5.2 and Frame A.6.2 and, mandatorily, shall be linked to values classified by lifespan or economical for elaboration of calculations referring to impairment and amortization of Concession investments.

The frame structure is divided in blocks that refer to different terms of impairment and amortization. The blocks are disposed from line 37, where:

- Column B: there is a field of lifespan or term of amortization from investments in years to be depreciated or amortized in each frame.
- Column C: there is the concession year where the investments shall be predicted.



- Column D: annual investments values to be depreciated or amortized. Such investment shall be linked to values of investment deriving from FRAME A.5.2 - PRE-OPERATIONAL EXPENSES DEMONSTRATION BY TERM OF IMPAIRMENT OR AMORTIZATION and FRAME A.6.2 - IMPAIRMENT OR AMORTIZATION DEMONSTRATION and according to the prediction year and the respective term of impairment indicated on column B.
- Columns E and AH: annual expenses with impairment and amortization. Impairment and amortization calculation is automatically done in the space existing between the columns E and AH.

The table "IMPAIRMENT OR AMORTIZATION SUMMARY", sums the impairment and amortization values to be released in the tax calculations and FRAME C.2 - DEMONSTRATION OF RESULTS (ACCOUNTING).

Inflation project predicted, in line 28, for base of frame A.8 - Deflation factor.

3.9. FRAMES A.8: DEFLATION FACTOR

The frame reflects the blocks with different terms of impairment and amortization for calculation of deflation factor.

Once the Attachment V - Volume II - Business Plan - Financial Frameworks considers the projection in constant currency, to capture the non-correction effect of costs with impairment and amortization in bases of calculation of company's actual profit, it is necessary for IRPJ and CSSL analysis and verification purposes to deflate its cost during the concession term. It was considered an inflation of 4.5% p.a. and its effect occurs after the second year of investments impairment and amortization.

3.10. FRAME A.10: FINANCIAL EXPENSE

Describe the provisions of interest according to the Concessionaire Funding Plan with debentures, funding, loans emissions, securities and financial leasing emission besides the respective costs regarding interest, taxes, costs with structure, commission, insurances and guarantees expenses.

In Attachment V - Volume II - Business Plan - Financial Frameworks the Bidder shall transcribe that assumptions used for the Frame A.10 segregating the debentures emissions from other lines of funding and loans.

- Debentures
 - Interest provision: lines 10 to 15
 - Other financial expenses: lines 18 to 24
- Loans and Funding



- Provision of interest during the deployment: lines 35 to 41
- Provision of interests during operation: lines 44 to 50
- Other financial expenses: lines 53 to 59

All values are expressed in thousand BRL (thousand *Reais*) and in absolute form.

3.11. FRAMES A.10: DEBT SERVICE

Describe the Concessionaire's Funding Plan with debentures, funding, loans emissions, securities and financial leasing emission besides the respective costs regarding interest, taxes, costs with structure, commission, insurances and guarantees expenses.

Shall also contemplate the loan/funding value, the nominal and real interest rate, other charges, term, lack of interests and principal.

In Attachment V - Volume II - Business Plan - Financial Frameworks the Bidder shall transcribe that assumptions used for the Frame A.10 segregating the debentures emissions from other lines of funding and loans.

- Debentures
 - Entries: lines 10 to 14
 - Amortization: lines 21 to 25
 - Interest payment: lines 28 to 32
 - Other disbursements: lines 35 to 39
- Loans and Funding
 - Entries: lines 49 to 55
 - Amortization: lines 62 to 68
 - Payment of interest during deployment: lines 72 to 78
 - Payment of interest during operation: lines 81 to 87
 - Other disbursements: lines 90 to 96

All values are expressed in thousand BRL (thousand *Reais*) and in absolute form.

3.12. FRAMES A.11: WORKING CAPITAL

Detail the need of Working Capital to meet the obligations established for the Concessionaire during all Contract term.

The Bidder shall inform the balance spreadsheet account of Current Assets and Liability in lines 12 to 16 for the rights and 20 to 24 for operational obligations.



3.13. FRAME B: CASH FLOW

In Frame B there are information referring to Concessionaire Cash Flow, in a synthetic form, compatible with the assumptions presented in Frames from “Group A” and transcribed in the Business Plan.

The Internal Return Tax for the Shareholder is calculated in the D65 cell.

3.14. FRAME C: SPE FINANCIAL STATEMENTS

In Frame C there are information referring to Concessionaire economic demonstrations, in a synthetic form, compatible with the assumptions presented in Frames from “Group A” and transcribed in the Business Plan:

Frame C: Concessionaire Demonstration of Results annually projected for each contract year during all concession;

3.15. FRAME D: USES AND SOURCES

In Frame D there are information referring to Concessionaire Uses and Sources, in a synthetic form, compatible with the assumptions presented in Frames from “Group A” and Frame B. Cash Flow and transcribed in the Business Plan.

Frame D: Uses and Sources annually projected for each contract year during all concession;

ATTACHMENT V - VOLUME II - BUSINESS PLAN - FINANCIAL FRAMEWORK

Spreadsheets that shall be prepared by the Bidder:

| SPREADSHEETS | DESCRIPTION |
|----------------------|----------------------------------------------------------------------------------------------------------------------|
| A.1.REVENUES | Demonstration of Revenues and Extraordinary Revenues |
| A.1.1. CONSIDERATION | Monthly payment flow of the Investment Consideration (installment A) and the Operation Consideration (installment B) |
| A.2.TAXES | Tax Demonstration |
| A.3.OP_EXPENSES | Demonstration of Operational Costs/Expenses |
| A.4.INSURANCES | Guarantees and Insurances Plan |
| A.5.PRE_OPER_EXPE | Pre-Operational Expenses Demonstration |
| A.6.INV_SCH | Demonstration of Investments Schedule |
| A.7.IMPA_AMORT | Impairment and amortization demonstration |
| A.8.FACTOR | Demonstration of deflation factor of the Impairment and Amortization |
| A.9.ASSETS | Demonstration of Intangible and Fixed Asset |



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|----------------------|------------------------------------------------------------------------|
| A.10.FINANCIAL_EXPE | Demonstration of provisions with interest and other financial expenses |
| A.11.DEBT_SERV | Demonstration of Debt Services with Debentures, Loans and Funding |
| A.12.CAPITAL | Demonstration of own resources necessary for the enterprise |
| A.13.CAPITAL | Demonstration of the need of Working Capital for the Project |
| B.CASH_FLOW | Synthetic Cash Flow Demonstration |
| C.DRE | Demonstration of Results |
| D.FRAME_USES_SOURCES | Uses and Sources Frame |