Taurus gross income reached R$ 307.6 million in 2018, more than three times higher than 2017, with margin of 36.4%

São Leopoldo, March 29, 2019 *– A Taurus Armas S.A. ("Taurus" or "Company") (B3: FJTA3; FJTA4), listed in Level 2 for B3 Corporate Governance (Symbols:* ***FJTA3, FJTA4****), one of the largest manufacturers of light firearms in the world, operating with brands Taurus, Rossi and Heritage, presents its profit or loss for the* ***4th quarter and year of 2018 (4Q18 and FY18).*** *Financial and operating information below, except where otherwise indicated, are presented in Brazilian Reais (R$), follow international accounting standards (IFRS) and Brazilian accounting principles. Comparisons refer to the same periods of 2017.*

HIGHLIGHTS OF THE YEAR

Net operating revenue of R$ 845.3 million in the year, a performance that is 21.6% higher than that recorded in 2017.

Gross profitability gain: gross income of R$ 307.6 million (+222.4%) and gross margin of 36.4% (+22.7 p.p.).

Adjusted Ebitda* of R$ 116.0 million, with a margin of 13.7%, reversing the negative

COMPARISON BASIS OF 2017 - PROFORMA

Beginning as of January 2018, profit or loss from helmets' operation (units in Paraná and Bahia States) are presented separately, and are incorporated to line "Discontinued operations" in the Statement of Income of Taurus S.A., in accordance with provisions of CPC 31 for operations for sale.

In order to maintain the same comparison basis, this report considers a pro-forma view of the Company's 2017 profit or loss, presenting profit or loss of helmet segment also as "Discontinued operations" for that year.

** Excludes R$ 37.1 million of non-recurring expenses related to court settlement in the US ("Burrow Case") recorded in the 4Q18.*

MAIN INDICATORS

R$ million	2018	2017	Change %	4Q18	4Q17	Change %
Net operating revenue	845.3	695.3	*21.6%*	221.8	157.7	*40.6%*
Domestic market	150.5	106.4	*41.4%*	43.6	35.6	*22.5%*
Foreign market	694.8	588.9	*18.0%*	178.2	122.1	*45.9%*
CPV	-537.7	-599.9	*-10.4%*	-150.2	-180.3	*-16.7%*
Gross income	307.6	95.4	*222.5%*	71.5	-22.6	-
Gross margin (%)	*36.4%*	*13.7%*	*+22.7 p.p.*	*32.2%*	*-14.3%*	*+47.2 p.p.*
Operating expenses - SG&A	-261.4	-256.2	*2.0%*	-98.5	-86.9	*13.3%*
Operating income (EBIT)	46.2	-160.8	-	-27.0	-109.5	*-75.4%*
EBIT margin %	*5.5%*	*-23.1%*	*+28.6 p.p.*	*-12.2%*	*-69.5%*	*+58.2 p.p.*
Net financial income (loss)	-183.6	-110.3	*66.5%*	0.3	-47.7	-
Income tax and social contribution	74.7	-9.6	-	12.3	-73.8	
Net income / (loss) (continued operations)	**-62.6**	**-280.7**	***-77.7%***	**-14.4**	**-231.0**	***-93.8%***
Net income (loss) from discontinued operations	2.7	-5.3	-	-0.9	-4.6	-
Net income / (loss)	**-59.9**	**-286.0**	***-79.1%***	**-15.2**	**-235.6**	***-93.5%***
EBITDA	78.9	-125.7	-	-18.4	-98.2	-
EBITDA margin	*9.3%*	*-18.1%*	*+27.4 p.p.*	*-8.3%*	*-62.3%*	*+54.0 p.p.*
ADJUSTED EBITDA	*116.2*	*-125.7*	-	18.7	-98.2	-
Adjusted EBITDA margin	*13.7%*	*-18.1%*	*+31.8 p.p.*	*8.4%*	*-62.3%*	*+70.7 p.p.*
Net debt (at the end of the period)	881.1	723.0	*21.9%*	881.1	723.0	*21.9%*

Note - Ebitda is not an indicator used in accounting practices. Its calculation is presented in item "Ebitda" of this report.

MESSAGE FROM THE BOARD

We have much to celebrate in relation to 2018 and started 2019 with renewed confidence in Taurus. Under operating terms, we adopted efficient and robust processes and worked very intensely to renew our portfolio: 32 models of firearms were launched, and their sales represented more than 60% of billings from firearms in the year. We won back the confidence of consumers, which responded very positively to products' quality and portfolio diversity. Revenue grew in Brazil, in the USA, and in other countries to where we export, reaching R$ 845 million - consolidated, 22% more than in 2017; in addition, with firearm Taurus Raging Hunter, we won another important international award, the American Handgun of the Year 2019.

In the international scenario, in 2019, we started the process of moving our USA unit from Florida to Georgia, where we will double our production capacity in that country to 800 thousand firearms/year. In addition, the Company contracted Galeazzi, a specialized advisory firm to implement a strong plan for the restructuring of production and administrative processes. In February 2019, we signed a memorandum of understanding (MoU) to establish a joint venture in India for the manufacturing and trading of firearms in that country, whose population is currently 1.37 billion people and, therefore, has large police and military forces.

Gross income was multiplied by more than three, reaching R$ 307 million with gross margin of 36%, which is higher than gross margin of the two foreign publicly-held companies in the industry. This increase was obtained due to the Company's structural change and not to price increase. Excluding non-recurring expenses related to legal agreement brought from prior years and referring to lawsuit in the US, with adjusted Ebitda reaching positive R$ 116 million and margin of 14%, which reversed 2017 negative position. Once again, this margin is in line with international competitors, and is even higher than that of one of the largest companies whose data is public.

Debt renegotiation postponed maturity and reduced average interest rate. Disposal of helmet operation, as well as of properties in the land of the Company's former head office in Porto Alegre, with book value of approximately R$ 50 million, were decided. Cash generated from sale of assets will be used to reduce indebtedness.

In the process of capital increase, virtually all 74 million of subscription bonuses made available were sold, with inflow of R$ 9.9 million of funds to Taurus. Conversion of bonuses into new shares will represent capital increase of up to R$ 390 million, which will also permit reducing debt and strengthening the Company's cash.

2018 was the first year with the new Company's results, which positively surprised us, especially because it occurred together with adverse economic scenario in Brazil. We believe that our country will grow, and that Taurus will also grow.
Salesio Nuhs
CEO

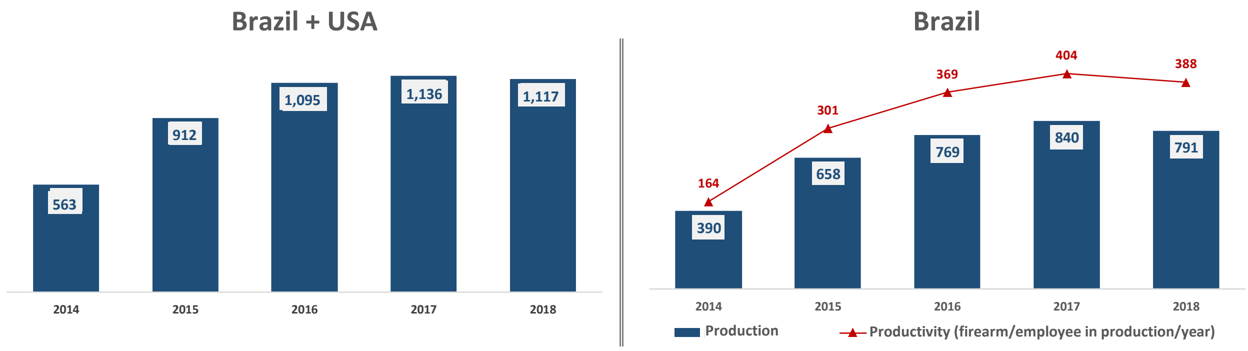
Operating Performance

Taurus' operation focuses on production and trading of light firearms under brands Taurus, Rossi and Heritage, manufactured in its unit in Brazil and in the USA, with sales to more than 100 countries.

It maintains a segment of injection molding metal production and trading (M.I.M. – Metal Injection Molding), with production mainly for own use and punctual sales to third parties, on demand. In January 2018, the Company closed its operation in the plastics segment and, as part of the agreement entered into for restructuring its financial liabilities with banks' unions, it put helmet operations on sale.

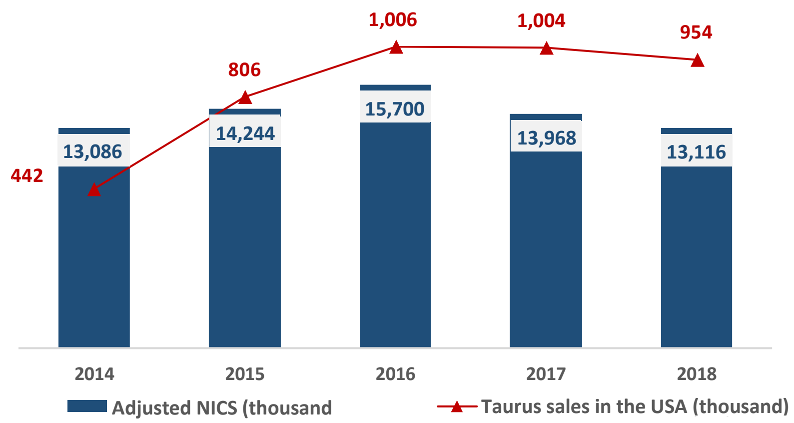
In the beginning of 2016, firearms' plant in São Leopoldo, Rio Grande do Sul State, RS, centralized operations of the three old units with the highest efficiency, based on a robust industrial process, to guarantee quality and productivity. Based on new products' development protocols and manufacturing line, in 2018, Taurus launched 32 models, publicizing new products in several exhibitions in Brazil and abroad. The entire line of light firearms has been updated in accordance with new development protocols, and production of models with negative profitability was closed.

Production of firearms (thousand units)



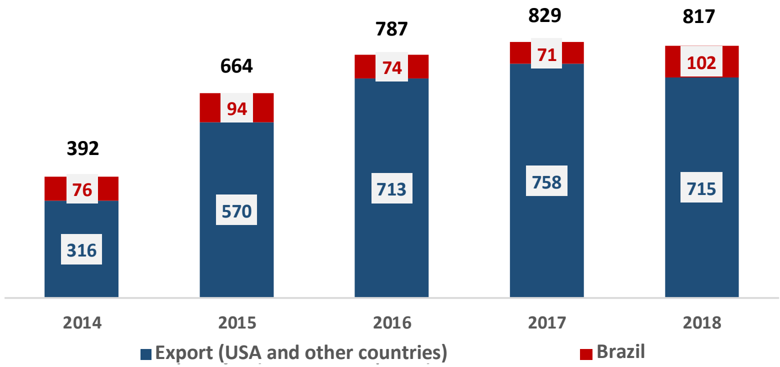
In 2018, **firearm market in the US** was very competitive for the industry, and sales in commerce did not accelerate. Index of firearm purchase intentions measured by "Adjusted NICS" (*National Instant Background Check System*) was low in the last two years, after presenting increase in 2016 due to the possibility of restrictive measures being adopted in relation to acquisition and possession of firearms in that country.

Adjusted NICS (National Instant Background Check System) and Taurus' sales in USA



The Company's releases, with products that incorporate innovation and quality, have been well accepted by North-American consumers and have, therefore, contributed to recover the brand's image in the market. These new line items and the Company's good position allowed it to maintain good sales performance in the US in 2018, even in a reduced market. Index of firearm purchase intentions in that country – NICS – fell by 6.1% in comparison with the already small indicator of 2017, at the same time in which the number of Taurus gun sales in the US reduced by a smaller percentage, 5.0% in the year.

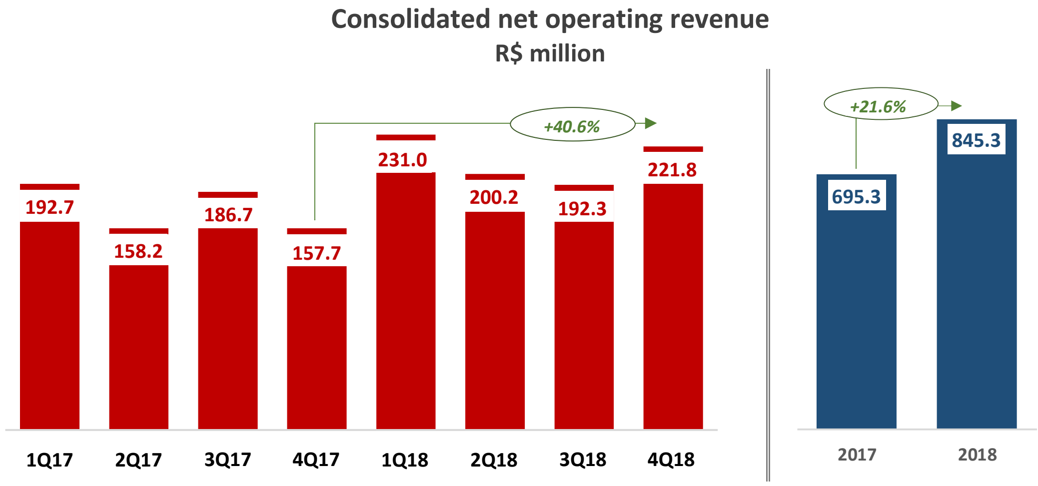
In the **domestic market**, increase of 43.7% in sales volume in the year in comparison with 2017 allows us to identify resumption of credibility and admiration for the brand, based on efforts made to take care of quality, to review production processes and to launch innovative and quality products. Diversification of the Company's portfolio is a highlight in this process, with new models representing a significant portion of sales. The Brazilian market showed resumption of activity level in the year, in terms of both institutional acquisitions and individual purchases, the later represented by acquisition of firearms by police officers, magistrates, and CAC's (hunters, shooters and collectors) for private use. This proves that confidence in the brand has returned.



Taurus has devoted commercial efforts to expand its operation to **other international markets (in addition to USA)**. Due to authorizations obtained from the Ministry of Foreign Affairs and robust compliance work to meet defined requirements, the Company has been successful in expanding its markets, with highlight to sales in Middle Eastern and Asian countries in 2018. Similarly, increase in sales to other countries, such as South Africa and Germany, and resumption or opening of new markets are relevant in the year, even if less expressive in terms of absolute volumes and values.

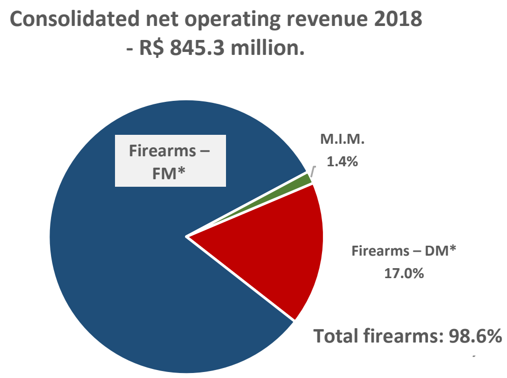
ECONOMIC FINANCIAL PERFORMANCE

Net operating revenue



In 2018, with the closing of plastics operations and commitment assumed by the Company to sell helmet operations, Taurus net operating revenue is now formed basically by firearm segment, being supplemented by the production and sale of metal injection molding parts, or M.I.M. This second operating segment has a punctual demand and little representativeness in the Company.

During the four quarters of 2018, positive revenue evolution trend was maintained in comparison with the same periods of prior year. In the 4Q18, net operating revenue was R$ 221.8 million, with rise of 40.6%. Yearend firearm sales in the US, considering Black Friday promotions in that country and good acceptance of releases were the main factors that contributed to this performance.

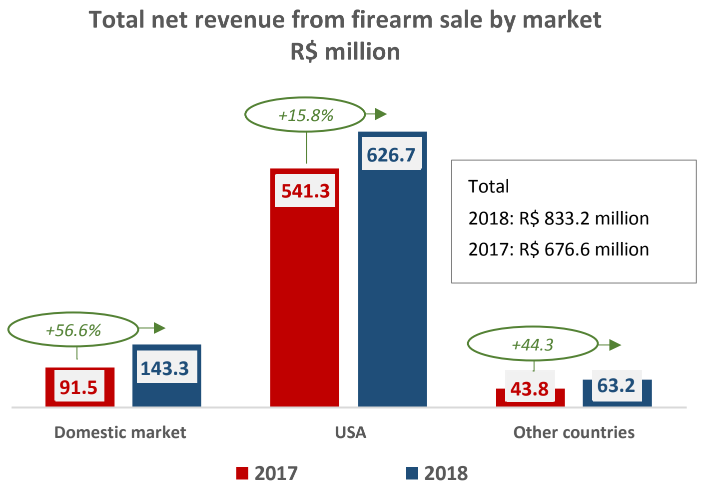


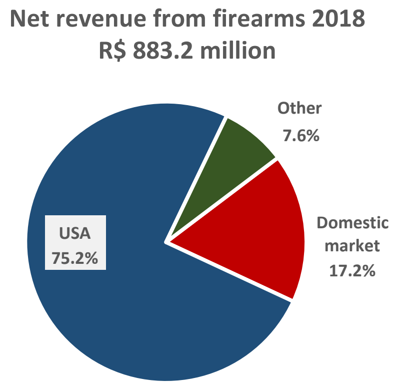
* Firearms – FM includes revenue in the US and exports to other countries
* Armas - ME inclui receita nos EUA e exportações para outros países

In the year to date, adjustment of product price and definition of a product mix with higher added value contributed to growth of 21.6% in consolidated net operating revenue, which reached R$ 845.3 million for the year, in relation to 2017. Positive effect from Brazilian Real devaluation in relation to the US dollar on foreign market sales also favored performance, considering that most of the Company's revenue is in foreign currency.

In **firearms segment**, net revenue in 2018 was R$ 833.2 million, 23.1% greater than the result of the previous year. Growth occurred both in domestic market and in North-American market revenues, as well as in export to other countries, evidencing the success of adopted strategy, which focused on innovation, quality and profitability. Work that has been developed starts to show its effects in resumption of Taurus credibility and quality perception of its products by the consumer market, which is materialized in positive evolution of sales revenue.

Net operating revenue





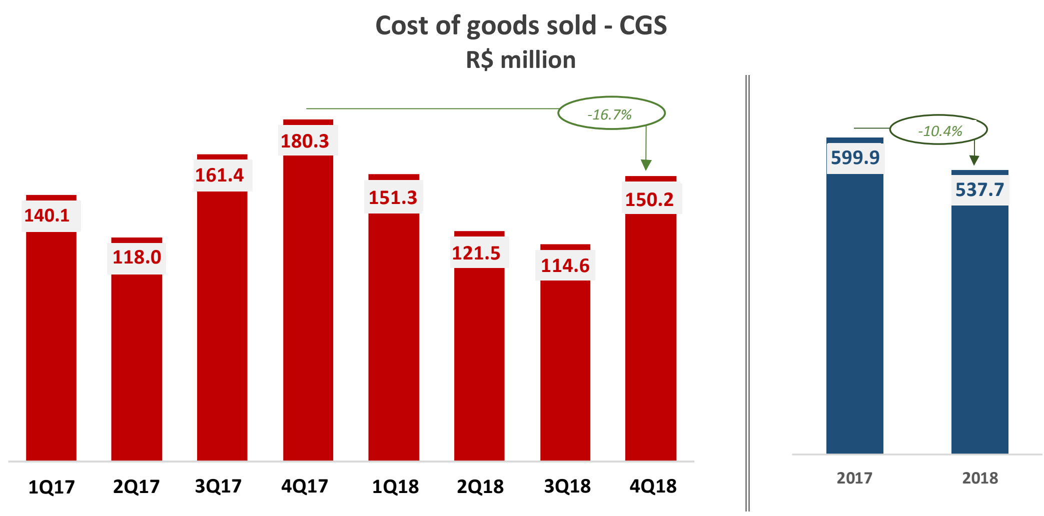
It was the **domestic market** that provided the greatest increase in net revenue, in terms of percentage evolution, with sales of firearms in 2018: +56.6% in relation to 2017 performance. This is the second market of the Company, as it responded for 17.2% of net revenue from firearms in the year. Main factors that explain positive evolution during the year are: (i) return of institutional purchases (polices and Armed Forces) and increase in the individual sales segment, which includes police officers in general, magistrates, and HSCs (hunters, shooters and collectors), who purchase a firearm for private use; and (ii) expansion of product portfolio with higher added value.

USA is the largest market in the world for light firearms and, therefore, is also the main market for Taurus products, representing, in 2018, 75.2% of net revenue from sale of firearms. In the year, net revenue of R$ 626.7 million from sales in the US was recognized, indicating growth of 15.8% in relation to 2017. Considering that average dollar presented appreciation of 14.5% in relation to Brazilian Real in 2018, positive effect from translation of these sales to be accounted for in domestic currency greatly explains revenue gain in that country. In addition, good acceptance of products launched in the year and better adjustment of sales price permitted real revenue gain, in spite of smaller regional market.

Commercial work carried out to expand firearm exports to **other countries** also gave positive results. Revenue from these sales presented a growth of 44.3% in relation to prior year, reaching R$ 63.2 million in 2018. Even though its representativeness is small (7.6% of revenue from sale of firearms in 2018), this performance is in line with the Company's strategy of diversifying sales destinations in order to reduce dependency from North-American market. In 2018, Taurus exported firearms to 32 countries, with sales to Oman being a highlight; revenue from sales to this country represented more than 40% of total exports to other countries.

Net revenue from sale of M.I.M. - Metal Injection Molding, which totaled R$ 12.1 million in 2018, supplements the Company's performance, with retraction of 35.2% in relation to that recorded in prior year (R$ 18.6 million).

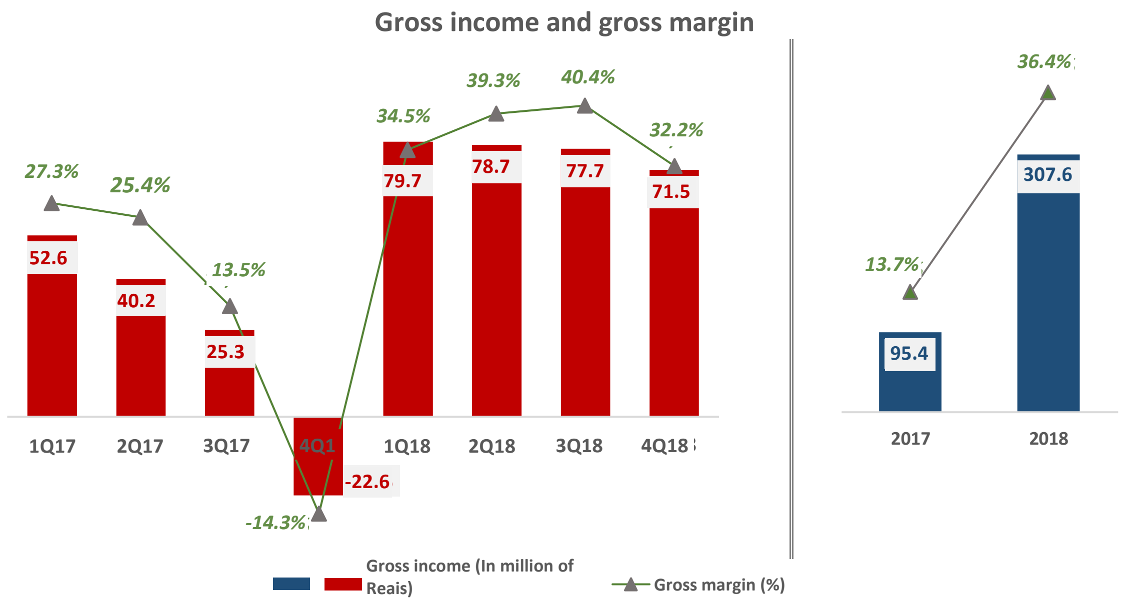
Cost of goods sold - CGS



In 2018, focus on quality and innovation was maintained for the purpose of ensuring profitability and resumption of business growth, according to the strategic plan. This model includes cost management, with strict control over the Company's purchases, which involves close follow-up of inventories turnover so as to avoid excess purchases. Purchase routines were reviewed for the purpose of identifying opportunities with suppliers, which were requalified, as well as guaranteeing volumes and quality, with maintenance of adequate costs.

Results were perceived along 2018, especially in the second semester of the year. As a result of portion represented by variable costs, the Company's CGS presents change in the course of the quarters according to sales seasonality. In the 4Q18, CGS was R$ 150.2 million, which represents reduction of 16.7% in relation to the same period of 2017. This performance contributed to reduction of 10.4% in the account in 2018 in relation to that recorded in 2017.

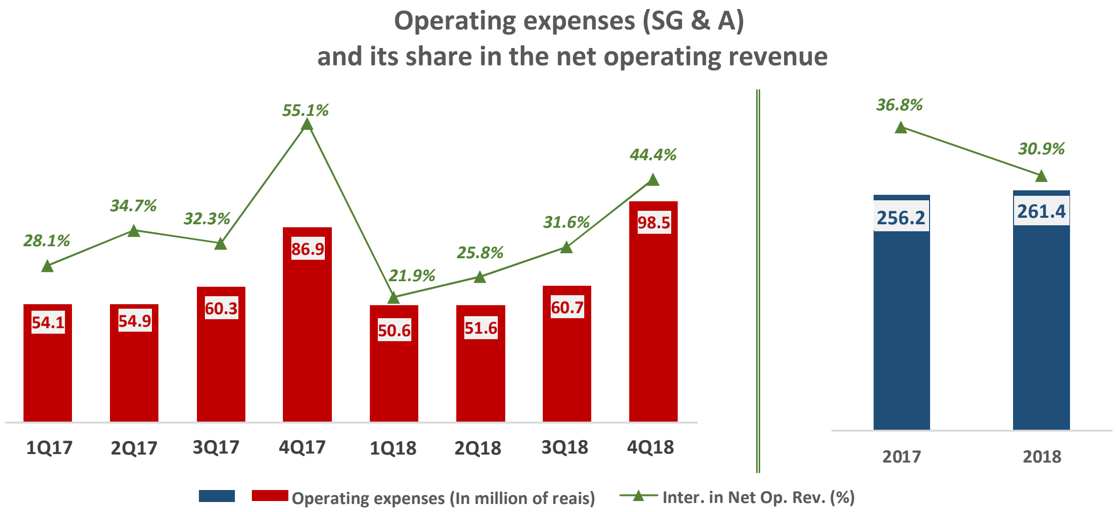
Gross income



At every quarter of 2018, the Company recorded an increase in revenue in relation to the same quarter of prior year and, beginning as of the second half of the year, also recorded reduction in costs, generating recurring profitability gains in the course of the year. This performance is the result of work developed to adjust processes and product mix, which involved actions such as elimination of negative margin models, redesign of components, and investment in research and development with launching of products that incorporate innovation to the customer and profitability to the Company.

In the 4Q18, Taurus' gross income was R$ 71.5 million, with a gross margin of 32.2%, reversing the negative income (loss) recorded in 4Q17. In 2018 year-to-date, gross income achieved R$ 307.6 million, more than three times (+222.5%) gross income recorded in 2017, with margin of 36.4%, gain of 22.7 p.p. in relation to prior-year margin.

Operating expenses



	2018	2017	Change %	4Q18	4Q17	Change %
Sales expenses	97.1	94.4	*2.9%*	24.3	22.9	*6.0%*
General and administrative expenses	146.6	139.7	*5.0%*	48.2	38.4	*25.4%*
Other operating revenues/expenses*	17.7	22.2	*-20.0%*	26.0	25.6	*-18.7%*
Operating expenses (SG&A)	**261.4**	**256.2**	*2.0%*	**98.5**	**86.9**	*13.3%*
Net Oper. Exp./ Revenue (%)	*30.9%*	*36.8%*	*-5.9 p.p.*	*44.4%*	*55.1%*	*-10.7 p.p.*

The group with greatest representativeness in the Company's total operating expenses is **general and administrative expenses** (56.1% in 2018). In the 4Q18, this group of expenses totaled R$ 48.2 million, with rise of 25.4% in relation to the same period of 2017, mainly due to non-recurring expenses related to legal advisory and claims (see "Subsequent Events: Court settlement – "Burrow Case").

In 2018, general and administrative expenses were pressed by extraordinary disbursements of R$ 15.6 million in the last quarter of the year. At the same time, actions taken in the ambit of the strategic plan intended to firmly control expenses, such as elimination of three non-statutory offices and staff reduction, partially offset pressure of additional expenses. Accordingly, 2018 general and administrative expenses totaled R$ 146.6 million, with rise of 5.0% in relation to prior year, a percentage that is still much lower than increase in net revenue recorded in the same period, 21.6%.

Even though it has burdened profit or loss for the 4Q18 and, therefore, also for 2018, the Company's decision of signing an agreement for the USA lawsuit, based on its legal advisors' recommendation, solves this issue that was pending for two years, cancelling future expenses as maintenance of lawsuit would involve growing costs.

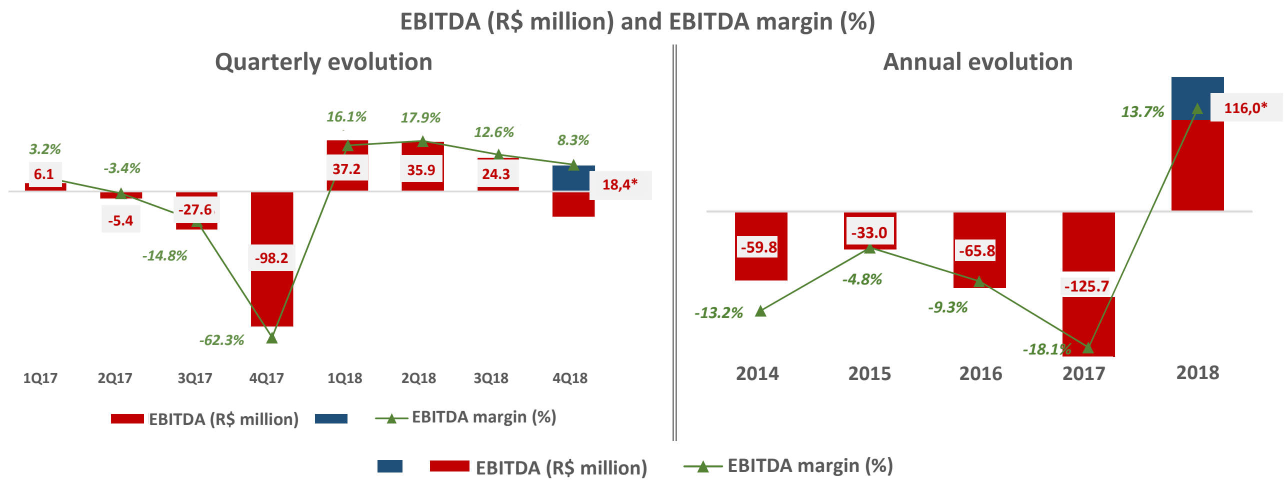
Sales expenses totaled R$ 24.3 million in the 4Q18 and R$ 97.1 million in year-to-date, with rise of 6.0% and 2.9% in relation to equal periods of prior year, respectively. Also, in this group of expenses, adopted review of processes and controls permitted to halt account evolution so that it is lower than that of revenue; recorded increase is mainly due to variable expenses represented by commissions, freights and insurance.

Expenses classified as "**other operating expenses**" had a balance of expense of R$ 26 million in 4Q18, with a 18.7% decrease when compared to the same period in the previous year. Even so, in the 4Q18, the amount of R$ 21.5 million was recorded in this line, referring to court settlement in the USA ("Burrow Case"). In 2018 year-to-date, account balance totaled net expenses of R$ 17.7 million, 20.0% lower than that determined in 2017.

Total **operating expenses** for the last quarter of the year, of R$ 98.5 million, were 13.3% higher than those recorded in the 4Q17, mainly due to non-recurring disbursements accounted for in general and administrative expenses for the quarter (court settlement "*Burrow Case*", total of R$ 37.1 million). If we do not consider such extraordinary expenses, accounts would total R$ 61.4 million in the 4Q18, amount that is 29.3% lower than that determined in the same quarter of prior year.

In 2018, operating expenses amounted R$ 261.4 million, an increase of 2.0% in the period. Efforts made to control expenses, according to strategic planning that focuses on recovering the Company's profitability, permitted a small evolution of account in the year, in spite of extraordinary expenditures. Success of measures is still more evident when the account is evaluated with exclusion of R$ 37.1 million of expenses related to "*Burrow Case*". In this case, operating expenses would have presented reduction of 12.5% in relation to prior year, totaling R$ 224.3 million, or 26.5% of net operating revenue for the year.

Ebitda



** Ebitda adjusted in 2018 and the 4Q18 excluding extraordinary non-recurring expenses related to legal advisory and claims of court settlement signed in the USA (see Subsequent events: Court settlement – "Burrow Case").*

2018: R$ 78.9 million + Burrow Case expenses R$ 37.1 million = R$ 116.0 million

4Q18: -R$ 18.4 + Burrow Case expenses R$ 37.1 million = R$ 18.7 million

*** Data from 2014 to 2016 include helmets operation.*

Restructuring work carried out for the purpose of recovering the Company's growth, focused on profitability, innovation, quality and resulting improvement of financial and operating indicators, shows its effects. If extraordinary expenses of R$ 37.1 million related to the "Burrow Case" were excluded from the 4Q18, operating profit or loss measured by Ebitda (earnings before interest, taxes, depreciation and amortization) would present positive profit in all quarters. In the 4Q18, adjusted Ebitda was R$ 18.4 million (without this adjustment, it would be negative by R$ 18.6 million) in comparison with negative performance of R$ 98.2 million in the 4Q17.

In 2018, adjusted Ebitda totaled R$ 116.0 million due to increase in revenue and gross income, and to controlled evolution of operating expenses in year-to-date, reversing negative performance of R$ 125.7 million in 2017. In that year, indicator was impacted by factors such as increase in provisions for labor and civil contingencies, impairment of inventories, and smaller operating margins due to normalization of performance in North-American market, the Company's main market.

Ebitda calculation – reconciliation in accordance with ICVM 527/12

R$ million	2018	2017	*Change %*	4Q18	4Q17	*Change %*
Income (loss) before financial income (loss) and taxes (Ebit)	46.2	-160.8	-	-27.0	-109.5	*-75.4%*
Depreciation and amortization	32.7	35.1	*-6.8%*	8.4	11.3	*-26.0%*
Ebitda	**78.9**	**-125.7**	**-**	**-18.6**	**-98.2**	**-**
EBITDA margin	*9.3%*	*-18.1%*	-	*-8.4%*	*-62.3%*	*+ 54.0 p.p.*
Burrow Case						
General and administrative expenses	15.6		-	15.6		-
Other operating expenses	21.5		-	21.5		-
Adjusted EBITDA	**116.0**	**-125.7**	**-**	**18.4**	**-98.2**	**-**
Adjusted EBITDA margin	*13.7%*	*-18.1%*	-	*8.3%*	*-62.3%*	*+70.7 p.p.*

Ebitda (earnings before interest, taxes, depreciation and amortization) is not a financial measurement according to BR GAAP, International Accounting Standard and IFRS and should not be considered on its own as an operating performance measurement or alternative to operating cash flow as liquidity measurement. This indicator is a managerial measurement, presented to offer additional information on operating cash generation. Other companies may calculate Ebitda differently.

Financial income (loss)

The Company recognized total financial expenses of R$ 211.7 million in 2018, amount that is 83.7% higher than that of 2017. This performance reflects negative effect from devaluation of Brazilian Real in relation to average North-American dollar by 14.5% on provision for bank debt charges, as most of the Company's indebtedness (86.4% as of 12/31/18) is denominated in foreign currency. With grace period obtained for payment of debt and its charges from July to December 2018, based on agreement entered into with the bank Union, the Company will no longer incur such expenses beginning as of the second semester of the year. It is also important to mention that most of Taurus' revenue (81.6% of consolidated net revenue for 2018) derives from sales abroad and, therefore, has a natural hedge against exchange-rate change.

Financial revenues in the year summed up R$ 28.1 million, leading to net expenses of R$ 183.6 million, an increase of 66.5% in relation to prior year's net financial expenses.

Net income

In 2018, Taurus' performance positively reflected restructuring that was carried out, reversing prior-year performance with positive operating income. Financial expenses, however, continued to press the Company's profit or loss. With credit recognition referring to Income Tax and Social Contribution in the amount of R$ 74.7 million and positive results of R$ 2.7 million from operations classified as discontinued (helmets operation), the Company reported net losses of R$ 59.9 million for the year. Compared to 2017, when negative net income of R$ 286.0 million was recorded, advance obtained from measures taken to guarantee activities' sustainable profitability is evident.

INDEBTEDNESS

In July 2018, the Company completed renegotiation of its indebtedness with banks, which was carried out by an external specialized advisory firm, with signature of a new agreement for the rescheduling of debts with a group of creditors, and completion of the 3rd public issuance of Taurus debentures. New payment, period and interest rate conditions were established. The creditors understood and supported the Company aimed to relieve the cash flow and adjust the Taurus' future disbursements.

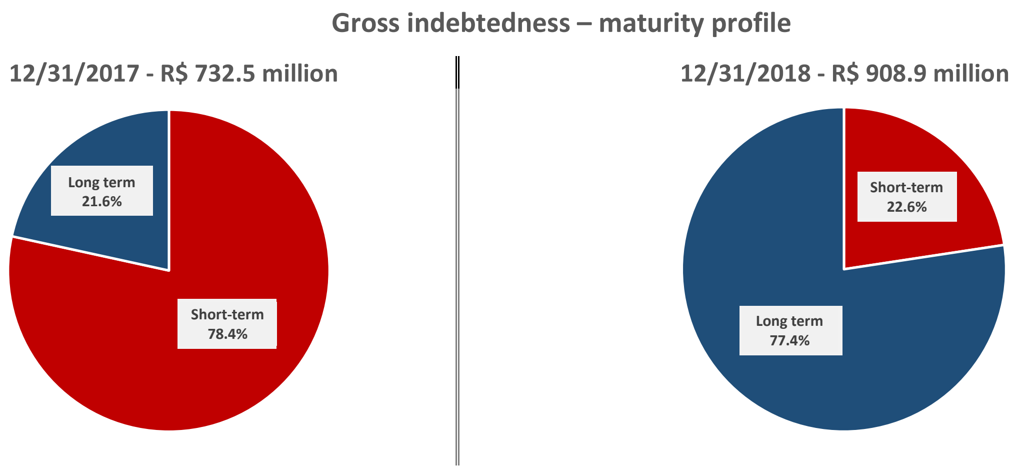
Maturities corresponding to approximately US$ 162 million of the debt were postponed, thus becoming five years, with grace period for payment of principal and interest amortization installments in 2018. First installment was paid on 1/21/2019. Accordingly, at the end of 2018, 77.4% of debt had long-term maturities.

In addition, as the Note accompanying Financial Statements, the Company obtained extension of term and reduction of rates in PPE operations (Export Prepayment) and ACC (Advance on Exchange Agreement), which together amount to approximately R$ 74.7 million. These amounts are accounted for in the short term, but agreement signed with creditor bank provides for automatic renewal at every maturity, with the possibility of them being settled by 10/17/2022. As of 12/31/2018, this amount represents 36.4% of total short-term debt.

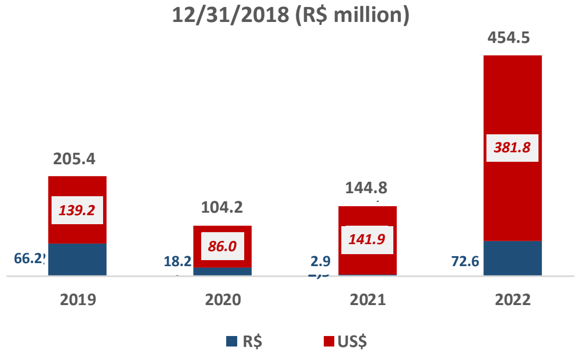
Renegotiation provided reduction of 50% in interest rate in relation to previous rate, which represents more than R$ 120 million of charges in five years, in addition to change in amortization schedule, with extended debt profile.

Signed agreement involves the following real guarantees: (i) lien of all Taurus Blindagens Ltda. and Taurus Blindagens Nordeste Ltda. quotas (helmet operation); (ii) 2nd degree mortgage of 02 properties located in Mandirituba/PR, and 02 properties located in Porto Alegre, RS and 1st degree mortgage of 01 property located in São Leopoldo, RS ("Mortgage"); and (iii) lien of credit receivables derived from total funds object of possible sale of quotas object of the Lien and Mortgage, as well as rights inherent in the title of the Company's restricted account to be opened with the purpose of receiving the funds.

Change in indebtedness profile based on renegotiation entered into in July 2018



Schedule of debt expiration
12/31/2018 (R$ million)



R$ million	12/31/2018	12/31/2017	Change %
Loans and financing	103.7	458.9	*-77.4%*
Debentures	9.5	75.8	*-87.5%*
Advance from receivables	48.5	15.4	*214.2%*
Foreign exchange withdrawals	43.8	24.2	*81.0%*
Financial instruments	0.0	0.2	*-100.0%*
Short-term	**205.4**	**574.5**	***-64.3%***
Loans and financing	627.9	158.0	*297.4%*
Debentures	75.6	0.0	-
Long term	**703.6**	**158.0**	***345.3%***
Gross indebtedness	**908.9**	**732.5**	***24.1%***
Cash and investments	29.6	9.5	*213.0%*
Net indebtedness	879.3	723.0	*21.6%*

CAPITAL MARKET

In 2018, international scenario was marked by the decline in China's economic activity, increased risk of rise in interest rates of main world economies, commercial tension between China and the USA, and negotiation between England and European Union over Brexit. Accordingly, Dow Jones index fell 5.6% in 2018, and December recorded the worst fall since the 1929 crisis. On the other hand, in spite of a more complex external environment, Ibovespa, index that measures change in percentage of shares with higher negotiation volume in Bolsa Brasil Balcão – B3, advanced 15.3% in the year, and the market believes that economy will recover and reforms will advance after presidential election.

Performance of Taurus' shares (B3: FJTA3, FJTA4) in 2018 indicated valuation of 146.9% of ON (FJTA3) shares, quoted at R$ 4.79 at the end of the year, and appreciation of 88.4% of PN (FJTA4) shares, quoted at R$ 4.05 on that date. Considering that same period, average daily volume of ON (FJTA3) shares traded totaled R$ 1.6 million, with average of 314 deals concluded, while PN (FJTA4) shares reached average daily volume of R$ 4.7 million and average of 922 deals concluded. The market value reached R$ 275.5 million.

Performance of shares and Ibovespa

	FJTA3	FJTA4	IBOV	Market value
12/31/2017	R$ 1.94	R$ 2.15	76,383	R$ 129.3 million
12/31/2018	R$ 4.79	R$ 4.05	88,104	R$ 337.6 million
Change	**+146.9%**	**+88.4%**	**+15.3%**	**+161.1%**

CAPITAL INCREASE - PRIVATE ISSUE

Approved in Board of Directors' Meeting held on 10/5/18, according to Notice to Shareholders disclosed on 10/8/18.

Series	Number of bonus		Price of subscription bonus	Share price to bonus holders	Term to acquire shares
	Originally issued	Undersigned			
A	25 million	24.9 million	R$ 0.20	R$ 4.00	04/05/2019
B	20 million	20 million	R$ 0.10	R$ 5.00	07/05/2019
C	20 million	20 million	R$ 0.10	R$ 6.00	10/07/2019
D	9 million	9 million	R$ 0.10	R$ 7.00	10/04/2020

Preference right to shareholders on 10/11/2018.

Term for exercise of preemptive rights: 10/15/2018–11/13/2018.

End of period for apportionment of surplus: 11/28/2018.

Surplus settlement: completed on 12/10/2018, fully meeting requests made by bonus holders and cancellation of bonuses not exercised due to conditioned subscriptions (0.14% of total), represented by 100,126 bonuses of series A).

Start of subscription bonus negotiation in B3 trading session: 11/23/2018.

All details on capital increase, including about conversion of subscription bonuses into shares, may be obtained from Notices to Shareholders available in CVM website and in the Company's Investors' Relations website dated 10/ 8/2018; 11/21/2018 and 01/17/2019.

SUBSEQUENT EVENTS

Capital increase - private issue

In Board of Directors' Meeting held on 1/15/2019, 100,126 series A bonuses that were not exercised due to conditioned subscriptions were cancelled (0.0076% of total). Therefore, 73.9 thousand bonuses were subscribed, which provided R$ 9.9 million to the Company.

Conversion of bonuses into new shares may represent capital increase of up to R$ 390 million. Funds to be obtained will be assigned to debt amortization and strengthening of the Company's cash.

All details on capital increase, including about conversion of subscription bonuses into shares, may be obtained from Notices to Shareholders available in CVM website and in the Company's Investors' Relations website dated 10/ 8/2018; 11/21/2018 and 01/17/2019.

Preliminary agreement – lawsuit in the USA ("Burrow Case")

On January 8, 2019, a Relevant Event announcing execution of a preliminary agreement to end lawsuit filed in the USA against Taurus and its subsidiary in that country was published; it refers to alleged faults presented by certain revolver models manufactured by the Company under brand Rossi in a given period.

Preliminary agreement involves total estimated cost to the Company from US$ 7.1 to US$ 7.9 million, which includes procedural costs, indemnities, and fees of lawsuit plaintiffs' legal advisors. Execution of definitive agreement pursuant to the terms proposed will imply recognition of negative effect on Taurus' profit or loss, and may affect its shareholders' equity by the above-mentioned amount.

Said agreement depends on final homologation by the North-American Court, which is expected to occur in the second half of 2019. All payments provided for in the agreement will only be mandatory after final and definitive approval.

Memorandum of understanding (MOU) - study on operation in India

Through Relevant Event, the Company disclosed the fact that the Board of Directors approved, in a Meeting held on 2/14/2018 and signed on 2/18/2019, non-binding MoU (memorandum of understanding) to allow feasibility study on establishment of a joint venture with a large company of the metallurgy industry in India.

The purpose of this joint venture, in case all statutory and legal authorizations are obtained, will be to manufacture and trade firearms in Indian territory, according to the program for support of local war industry development denominated "Make in India".

Based on MoU signature, the parties will have up to 180 days to complete joint venture creation studies and the business plan to be developed.

Execution of this agreement is another important step in Taurus global restructuring strategy based on sustainable profitability, quality, and improvement of financial and operating indicators, in addition to strong investment in the development of new products and technologies.

The document may contain statements that form future perspectives of the Company's business. The projections, results and their impacts depend on estimates, information or methods that may be inaccurate and may not be realized. These estimates are also subject to risks, uncertainties and assumptions, including, but not limited to: general economic, political and commercial conditions in Brazil and in the foreign markets where the Company operates and current and future government regulations. Shareholders and possible investors are herein warned that none of these forecasts and/or expectations is guarantee of future performance, since they involve risks and uncertainties. Future results and the perspective of creation of value for shareholders may significantly differ from those expressed or suggested by statements on the future. Many of the factors that will determine these results and values are beyond Taurus' control or foresight capacity. The Company does not assume, and specifically denies any obligation to update any forecasts, which makes sense only on the date in which they had been made.

ATTACHMENTS

Statement of income

	2018	2017
Revenue from sales of goods and/or services	845.3	695.3
Cost of goods and/or services sold	-537.7	-599.9
Gross income	307.6	95.4
Operating expenses/revenue	-261.4	-256.2
Loss due to the non-recoverability of assets	-3.0	1.8
Sales expenses	-97.1	-94.4
General and administrative expenses	-146.6	-139.7
Other operating revenue	63.3	16.5
Other operating expenses	-78.0	-40.5
Equity in net income of subsidiaries	-	-
Income (loss) before financial income (loss) and taxes	**46.2**	**-160.8**
Financial income (loss)	-183.6	-110.3
Financial revenues	28.1	5.0
Financial expenses	-211.7	-115.2
Income (loss) before income tax	**-137.3**	**-271.1**
Income tax and social contribution	74.7	-9.6
Current	-1.9	13.6
Deferred	76.6	-23.2
Net income (loss) of continued operations	**-62.6**	**-280.7**
Net income (loss) from discontinued operations	2.7	-5.3
Consolidated income/loss for the period	**-59.9**	**-286.0**
Attributed to the Parent company's partners	-59.9	-286.0
Earnings per share - (Reais / Shares)	-	-
Basic earnings per share	-	-
Common shares	*-0.9254*	*-4.42165*
PN	*-0.9254*	*-4.42165*
Diluted earning per share	-	-
Common shares	*-0.9254*	*-4.42165*
PN	*-0.9254*	*-4.42165*

Assets

R$ million	12/31/2018	12/31/2017
Total assets	**921.1**	**769.1**
Current assets	**616.2**	**451.6**
Cash and cash equivalents	26.8	6.7
Cash and banks	23.6	6.3
Marketable securities	3.2	0.4
Interest earning bank deposits	1.8	1.8
Accounts receivable	140.4	122.6
Inventories	277.0	211.9
Recoverable taxes	29.5	44.5
Prepaid expenses	6.3	6.7
Other current assets	134.4	57.4
Non-current assets held for sale	122.6	51.4
Assets from discontinued operations	-	-
Other	11.9	6.0
Non-current assets	**304.9**	**317.5**
Long term assets	84.5	21.5
Interest earning bank deposits measured at amortized cost	1.1	1.0
Deferred taxes	73.4	3.5
Other non-current assets	10.1	17.0
Recoverable taxes	0.2	0.5
Other	9.8	16.5
Investments	0.2	0.3
Property, plant and equipment	144.4	222.7
Fixed assets in operation	140.1	218.4
Constructions in progress	4.3	4.2
Intangible assets	75.8	73.0

Liabilities

R$ million	12/31/2018	12/31/2017
Total liabilities	**921.2**	**769.0**
Current liabilities	**535.6**	**965.7**
Social and labor obligations	31.9	41.9
Social charges	14.7	20.5
Labor obligations	17.3	21.5
Suppliers	94.7	100.0
Domestic suppliers	55.9	60.4
Foreign suppliers	38.8	39.6
Tax liabilities	41.9	40.0
Federal tax liabilities	37.7	26.2
Income tax and social contribution payable	8.1	3.8
Other Taxes	29.6	22.4
State tax liabilities	4.2	13.8
Loans and financing	113.1	534.7
In domestic currency	8.3	7.6
In foreign currency	95.4	451.3
Debentures	9.5	75.8
Other liabilities	175.8	181.8
Other	175.8	181.8
Derivative financial instruments	-	0.2
Foreign exchange withdrawals	43.8	24.2
Advance from receivables	48.5	15.4
Advances from clients	28.8	50.0
Other liabilities	33.3	0.0
Other liabilities	21.5	92.0
Provisions	78.2	67.3
Tax, social security, labor and civil provisions	60.3	55.3
Tax provisions	27.7	28.0
Social security and labor provisions	5.2	21.5
Civil provisions	27.3	5.8
Other provisions	17.9	12.0
Provision for guarantees	17.9	12.0
Non-current liabilities	**792.5**	**248.5**
Loans and financing	627.9	158.0
In domestic currency	18.1	8.4
In foreign currency	609.8	149.6
Debentures	75.6	-
Other liabilities	1.0	7.6
Taxes payable	0.6	4.7
Other liabilities	-	2.9
Suppliers	0.4	-
Deferred income tax and social contribution	20.8	30.9
Provisions	67.1	52.0
Social security and labor provisions	49.8	43.2
Civil provisions	11.7	4.1
Other provisions	5.6	4.7
Consolidated shareholders' equity	**-407.0**	**-445.2**
Realized capital	465.2	404.5
Capital reserves	-31.2	-41.0
Capital reserves and transactions	-31.2	-41.0
Retained Earnings/Losses	-1,012.9	-952.6
Equity valuation adjustments	47.0	48.2
Accumulated translation adjustments	124.9	95.7