TAURUS™

COMPROMISSO COM A EXCELÊNCIA

3Q18

PRESS RELEASE

São Leopoldo, November 14, 2018 – Forjas Taurus S.A., listed in Level 2 for B3 Corporate Governance (Symbols: **FJTA3, FJTA4),** one of the world's largest manufacturers of light firearms and domestic leader in motorcycle helmets, as well as acting in area involving M.I.M. *(Metal Injection Molding),* announces the income (loss) for the **third quarter of 2018 (3Q18).**

1. Highlights of 3rd quarter of 2018 (3Q18)

Performance of Taurus - 9M18 compared to 9M17

Net revenue	R$ 623.5	R$ 537.6	+16.0%
Gross income	R$ 236.1	R$ 118.0	+100.1%
EBITDA	R$ 97.1	- 27.4	
Domestic market			+51.0%
Gross margin			+37.9%
EBITDA margin			+15.6%

Amounts in R$ million

The CEO, Mr. Salesio Nuhs, commented the results for 3Q18: "The results for 3Q18 confirm the success of the restructuring initiated at the end of the former year. Taurus recovered its profitability on sustainable basis, confirmed by the improvement in all its financial and operating indicators. Currently, we are a more agile and innovative company continuously focused on quality and costs. The launching of new products is again part of our daily routine, we invest in innovation and new technologies, we have a portfolio of state-of-the art products, 17 new products have been launched with great acceptance in the domestic and foreign markets.

We are investing in our major market, the USA, and with the transfer of our industrial park from Miami to Georgia we expect to double our production capacity in that market. The restructuring of the bank debt enabled us to focus on the operation, cash generation and demobilization required to comply with the payment schedule. The issuance of subscription bonus may anticipate the schedule of total amortization of our debt. The Company's operating improvement continues to be the principal attractiveness to our shareholders". He concluded: "With a production estimated at one million and three hundred thousand guns for this year and with the results presented on recurring basis in these past three quarters, we understand that Taurus is on the right path and back to the 'game' as the largest manufacturer of guns and the fourth largest manufacturer of pistols worldwide."

Quotes - Closing date 09/28/2018
FJTA3 R$ 3.25
FJTA4 R$ 3.72

Number of shares
FJTA3 46,445,314
FJTA4 18,242,898

Market value
R$ 218.8 million

Contacts:

Sergio Castilho Sgrillo Junior – CFO and DRI
sergio.sgrillo@taurus.com.br

Ricardo Martins - IR Analyst
ricardo.martins@taurus.com.br
+55 51 30213079

- ✓ **Consolidated net revenue in the first 9 months of 2018 was R$ 623.5 million, an increase of 16.0% in relation to the same period of 2017;** when we compare **3Q18** to **3Q17**, we notice an increase of 3.0%, with highlight to the improved result in the domestic market, whereas consolidated net revenue was favored by the appreciation of the U.S. dollar against the Brazilian real.

- ✓ **Consolidated gross margin presents increase of 15.9 p.p. in 9M18 compared to 9M17, reaching 37.9%,** affected by the reduction of cost of goods sold - COGS, showing structuring upward trend of the Company's profitability. Comparing 3Q18 to 3Q17, this increase of profitability is higher by 26.9 p.p. in the comparison of the period.

- ✓ **Consolidated EBITDA was R$ 97.1 million in the first 9 months of 2018 and R$ 24.3 million in 3Q18**, which compared to the negative EBTIDA recorded in the same periods last year, respectively, R$ -27.4 million and R$ -27.6 million, confirm the significant operating improvement.

- ✓ **Market value:** The Company reached R$ 218.8 million in 3Q18, an appreciation of 79.2% in relation to 2Q18.

- ✓ **Helmet Operation:** Since 1Q18, the helmet operation, due to the Company's commitment to the disposal thereof, became part of the Discontinued Operations line, thus no longer integrating the Company's consolidated financial information.

2. Economic and financial performance - consolidated

The following table shows the Company's consolidated financial performance in 3Q18 compared with the performance of 3Q18 and 3Q17 periods, with the helmet operation in the line of Net Income from Discontinued Operations, in light of Management's commitment to dispose of this operation. Accordingly, the comparison with periods of 2017 will be made on a Pro-Forma basis, in order to maintain comparability with the current period.

Consolidated Financial and Economic Summary

Indicators	3Q18	3Q17 Pro-Forma	2Q18	9M18	9M17 Pro-Forma	Change		
						3Q18/3Q17PF	3Q18/2Q18	9M18/9M17 PF
Net revenue	**192.3**	**186.7**	**200.2**	**623.5**	**537.6**	**3.0%**	**-3.9%**	**16.0%**
Domestic market	38.5	27.4	13.2	106.9	70.8	40.5%	191.7%	51.0%
Foreign market	153.8	159.3	187.0	516.6	466.8	-3.5%	-17.8%	10.7%
COGS	114.6	161.4	121.5	387.4	419.6	-29.0%	-5.7%	-7.7%
Gross income	77.7	25.3	78.7	236.1	118.0	207.1%	-1.3%	100.1%
Gross margin - %	**40.4%**	**13.6%**	**39.3%**	**37.9%**	**21.9%**	**26.9 p.p.**	**1.1 p.p.**	**15.9 p.p.**
Operating expenses - SG&A	-60.8	-60.2	-51.6	-162.9	-169.3	1.0%	17.8%	-3.8%
Operating income (EBIT)	16.9	-34.9	27.1	73.2	-51.3	-	-37.6%	-242.7%
EBIT Margin %	**8.8%**	**-18.7%**	**13.5%**	**11.7%**	**-9.5%**	**27.5 p.p.**	**-4.7 p.p.**	**21.3 p.p.**
Net financial income (loss)	-183.9	6.4	-118.6	-328.7	-60.8	-	55.1%	440.6%
Depreciation and amortization	7.4	7.3	8.7	23.9	23.9	1.4%	-14.9%	0.0%
Net income (loss) from continued operations	41.8	-17.6	-91.1	-48.2	-48.0	174.0%	-47.1%	187.9%
Net Margin Cont. Oper. - %	**-25.1%**	**-9.4%**	**-45.5%**	**-22.2%**	**-8.9%**	**1.7 p.p.**	**20.4 p.p.**	**-13.2 p.p.**
Net income (loss) from discontinued operations	6.2	-0.8	-2.8	3.6	-2.4	-543.4%	-230.2%	-145.8%
Consolidated income / loss	48.0	-18.5	-93.8	-44.6	-50.4	141.3%	-52.4%	172.2%
Consolidated Net Margin - %	**25.0%**	**-9.9%**	**-46.8%**	**-7.2%**	**-9.4%**	**-13.3 p.p.**	**23.6 p.p.**	**-12.6 p.p.**
EBITDA1	24.3	-27.6	35.9	97.1	-27.4	-	-32.3%	-
EBITDA Margin – %	**12.6%**	**-14.8%**	**17.9%**	**15.6%**	**-5.1%**	**27.4 p.p.**	**-5.3 p.p.**	**20.7 p.p.**
Total assets	985.3	923.1	934.7	985.3	923.1	6.7%	5.4%	6.7%
Unsecured liability	-456.1	-218.7	-510.1	-456.1	-218.7	108.6%	-10.6%	108.6%

1 - Non-accounting measurement calculated in accordance with CVM Instruction 527.
Note: EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is not a measure used in the accounting practices and it does not represent cash flow as well for the periods presented and shall not be considered as an alternative to cash flow as a liquidity indicator. The Company shows EBITDA to provide additional information on cash generation in the period. Amounts in R$ million

Reconciliation of consolidated EBTIDA	3Q18	3Q17 Pro-Forma	2Q18	9M18	9M17 Pro-Forma
EBTIDA- CVM Instruction[1]	24.3	-27.6	35.9	97.1	-27.4
Depreciation and amortization	7.4	7.3	8.7	23.9	23.9
Operating income before financial income and taxes [2]	16.9	-34.9	27.2	73.2	-51.2

1 - Non-accounting measurement calculated in accordance with CVM Instruction 527.
2 - Accounting Measurement disclosed in Consolidated Statement of Income
Amounts in R$ million

Net revenue

The Company's consolidated net revenue totaled R$ 623.5 million in the first nine-month period, an increase of 16.0% in relation to the same period in 2017, mainly due to the sale to foreign market where the launching of 17 new products represented a significant portion of such increase. However, part of this result was due to the excellent performance in the domestic market, with increase of 51.0% in the same period. When we compare the consolidated net revenue for 3Q18 and 2Q18, sales presented a reduction of 3.9%, due to the seasonality of the U.S. market, where the sales of guns traditionally decrease during the summer. It is important to point out that the Company has been forming stocks in the U.S. unit in order to meet 100% of the demands of the U.S. Black Friday. The increase in the domestic market shows the recovery of credibility of the brand before the institutions and, mainly, the policemen, which proves the confidence on the new products launched by Taurus.

We highlight that the Company invests in research and development of new products to the several markets where it operates, which have already shown significant share in the Company's income in these 9 months, particularly, Rifle T4 and the new Pistol G2c.

In the USA, the firearm market remained highly competitive, with indexes of purchase intentions showing reduction in the compared periods. However, the Company, in 9M18 in relation to 9M17, recorded better results in that market. As a result, US sales increased by 4.9% in the first nine months of 2018 compared to the same period in 2017, showing an strength of the new products launched in this market.

Gross income

The net income recorded in the first 9 months of 2018 was R$ 236.1 million against R$ 118.0 million in the same period of 2017, an increase of 100.1%, the gross margin was 37.9% in 9M18 and 21.9% in 9M17, an increase of 15.9 p.p. in the comparison of the period. This upward trend in the Company's margins was consolidated in 3Q18, when the Company reached important 40.3% of gross margin against 13.6% in 3Q17, an increase of 26.9 p.p. in the same period.

EBITDA

The Company's cash generation measured by the EBITDA was R$ 97.1 million in the first 9 months against a loss of R$ 27.6 million in the first 9 months of 2017. The result for the first 9 months of 2018 shows the Company's effort to increase net revenue and reduce the cost of product sold, which produced positive EBITDA and EBITDA Margin during the year.

Operating expenses

In the first 9 months, operating expenses recorded R$ 162.9 million, 3.8% lower than in the same period of 2017 Pro-Forma, in the same period net revenue presented an increase of 16% of net revenue and the relation between operating expenses and net revenue reduced by 5.4 p.p.

OPERATING EXPENSES (SG&A)
In millions of R$

	3Q18	3Q17 PRO-FORMA	2Q18	9M18	9M17 PRO-FORMA	3Q18 x 3Q17 PF	3Q18 x 2Q18	9M18 x 9M17 PF
Operating expenses	60.8	60.2	51.6	162.9	169.3	1.0%	17.8%	-3.8%
Net revenue	192.3	186.7	200.2	623.5	537.6	3.0%	-3.9%	16.0%
% Operating expenses	31.6%	32.2%	25.8%	26.1%	31.5%	-0.6 p.p.	22.5%	-5.4 p.p.

Consolidated income (loss)

During the first nine months of 2018, the Company recorded a loss of R$ 44.6 million, also against a loss of R$ 50.4 million in the same period of 2017. This result was strongly affected by financial expenses, mainly due to the sharp appreciation of 26.4% of the U.S. dollar in relation to the Brazilian real. This appreciation affects, mainly, loans contracted in U.S. dollar, which at the end of each quarter are priced based on the quotation of the last day of the quarter. When we compare the U.S. dollar closing rate in 2Q18 (R$ 3.8558) and 3Q18 (R$ 4.0039), we obtained an appreciation of 3.8%, which has directly affected the Company's net result, but without effect on cash, since the debt is renegotiated in the long term.

3. Financial position

The Company, on July 18, 2018, published Relevant Fact informing the process of formalization and signing of funding agreements in order to make the payment and/or rescheduling of debts with certain Financial Institutions, as well as of its 3rd public issuance of debentures ("Creditors" and "Operation").

The terms of the Operation included the extension of the maturity term of debts with Creditors in the approximate amount of US$ 161.8 million. The total term of the Operation is now 5 (five) years, with grace period for

payments of principal and interest in 2018. The amortization of principal and interest will be made on monthly basis beginning on January 21, 2019.

With this rescheduling, we obtained a 50% reduction of the interest rate of loans in relation to the former negotiation; in addition, there has been a significant change in the amortization schedule, in which the first payment of principal would be in 2018 and after quarterly amortizations, with the rescheduling, there will be a grace period for the payment of principal in 2018 and as of 2019, monthly payments. We point out that, in conjunction, the negotiations brought as main benefits the extension of debt and the reduction of more than R$ 120 million of charges on this indebtedness during the five-year period.

The operation was formed by the following real guarantees: (i) lien of all Taurus Blindagens Ltda. and Taurus Blindagens Nordeste Ltda. quotas (“Lien”); (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.

The conclusion of this Operation represented an important step in the process of restructuring of Company’s indebtedness, reduction of financial costs, creating new conditions for the Company to concentrate efforts in its operating and financial development and strengthening.

On September 30, 2018, the gross debt was R$ 901.9 million, of which 18.5% of maturities in the short-term and 81.5% in the long term. The debt in foreign currency represented 81.9% of the Company’s total debt and 18.1% in domestic currency.

The Company contracts foreign-currency debt, because it has natural hedge, since the breakdown of net revenue is mainly generated in foreign currency. This structural exposure allows the Company to contract financing operations in U.S. dollars and reconcile the payments of financing operations with the flow of receiving of sales from foreign markets.

Indebtedness
Amounts in R$ million

	INDEBTEDNESS	Sep/18	Jun/18	Dec/17	Sep/18 x Jun/18	Sep/18 x Dec/17
Cost Term	Loans and financing	103.3	578.2	458.9	-82.1%	-77.5%
	Debentures	9.8	81.1	75.8	-87.9%	-87.1%
	Advance from receivables	30.7	0.5	15.4	6485.8%	99.3%
	Foreign exchange withdrawals	22.7	15.6	24.2	45.4%	-6.3%
	Financial instruments	0.1	0.1	0.2	118.5%	-41.0%
	TOTAL SHORT-TERM	**166.5**	**675.4**	**574.5**	**-75.3%**	**-71.0%**
Long term	Loans and financing	661.8	139.6	158.0	374.0%	318.8%
	Debentures	73.6	0.0	0.0	-	-
	TOTAL LONG-TERM	**735.4**	**139.6**	**158.0**	**426.7%**	**365.4%**
TOTAL DEBT		**901.9**	**815.0**	**732.5**	**10.7%**	**23.1%**
Cash and cash equivalents and interest earning bank deposits		14.3	8.6	9.5	66.5%	50.7%
Net indebtedness		**887.5**	**806.4**	**723.0**	**10.1%**	**22.8%**

Taurus’s short-term maturities totaled R$ 166.5 million in Sept/18, and R$ 735.4 million in the period. The result was strongly affected by the U.S. dollar rate change of 26.4%, comparing the quotation in 3Q17 (R$ 3.1680) and 3Q18 (R$ 4.0039).

We highlight that the reduction occurred in Sep/18 compared to Jun/18 in the short-term debt under the captions of Loans and Financing, as well as in Debentures, refers to the rescheduling, in which the Company renegotiated the payment conditions, term and interest rate. The creditors understood and supported the Company aimed to relieve the cash flow and adjust the Company's future disbursements. In addition, as the Note, 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$ 43.7 million which are recorded in the short term, but with chance of being settled up to 10/17/2022; this amount represents 26.3% of total short-term debt.

Information per business segment

The following table shows consolidated net revenue and gross margin per segment.

Quarterly comparison - Current x Previous quarter

	Net revenue					Gross margin		
	3Q18	**Int.%**	**2Q18**	**Int.%**	**Change**	**3Q18**	**2Q18**	**Change**
Firearms	188.6	98%	197.8	99%	-4.6%	40.5%	38.6%	1.9 p.p.
Other	3.7	2%	2.4	1%	58.3%	72.2%	38.1%	34.1 p.p.
Total	**192.3**	**100%**	**200.2**	**100%**	-4.0%	**41.1%**	**38.6%**	**2.6 p.p.**

Quarterly comparison - Year x Year

	Net revenue					Gross margin		
	3Q18	**Int.%**	**3Q17**	**Int.%**	**Change**	**3Q18**	**3Q17**	**Change**
Firearms	188.6	98%	182.5	98%	3.4%	40.5%	12.3%	28.2 p.p.
Other	3.7	2%	4.1	2%	-8.8%	72.2%	68.3%	3.9 p.p.
Total	**192.3**	**100%**	**186.7**	**100%**	3.0%	**41.1%**	**13.6%**	**27.5 p.p.**

Nine-month period comparison

	Net revenue					Gross margin		
	9M18	**Int.%**	**9M17**	**Int.%**	**Change**	**9M18**	**9M17**	**Change**
Firearms	613.6	98%	522.7	97%	17.4%	37.4%	21.4%	16.0 p.p.
Other	9.9	3%	14.9	3%	-33.6%	79.8%	40.3%	39.5 p.p.
Total	**623.5**	**100%**	**537.6**	**100%**	16.0%	**38.1%**	**21.9%**	**16.1 p.p.**

I. Firearms

This segment includes handguns (revolvers and guns used for public security, private, restricted military and civil use), long guns (rifles, carbines and shotguns), and submachine guns. Forjas Taurus S.A. in São Leopoldo/RS and Taurus Holdings, Inc. in the US carry out operations in this segment.

NET REVENUE In millions of R$	3Q18	3Q17	2Q18	9M18	9M17	3Q18/3Q17	3Q18/2Q18	9M18/9M17
Firearms	**188.6**	**182.5**	**197.8**	**613.6**	**522.7**	**3.3%**	**-4.7%**	**17.4%**
Brazil	**36.5**	**24.0**	**32.5**	**101.2**	**58.5**	**52.1%**	**12.3%**	**73.0%**
Exports	**152.1**	**158.5**	**165.3**	**512.4**	**464.2**	**-4.0%**	**-8.0%**	**10.4%**
United States	136.2	142.7	154.2	458.2	436.9	-4.6%	-11.7%	4.9%
Other countries	15.9	15.8	11.1	54.2	27.3	0.6%	43.2%	98.5%

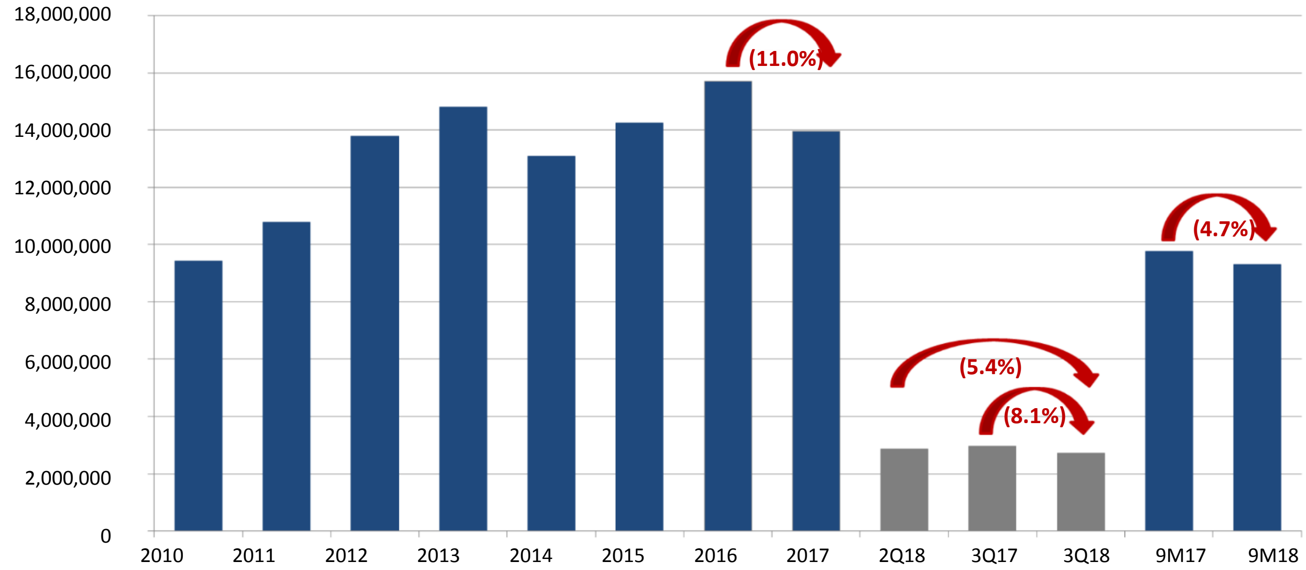
Net sales of firearms amounted to R$ 613.6 million in the first nine months, 17.4% higher than in the same period of 2017. This is mainly due to sales efforts in the domestic and foreign markets, with increase of 73.0% and 10.4%, respectively. This increase results from the diversification of the portfolio of Company's diversification of the portfolio, as well as the appropriate return of institutional purchases 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. Following a trend presented in 2Q18. Figures that show the recovery of the Company's credibility and perception of the quality of the products manufactured by the Company.

In the USA, the Company has managed to improve the operation and, when we compare 9M18 in relation to 9M17, we notice an improvement in net revenue of 10.4% in the period, driven by the new products traded in the U.S. market.

Also noteworthy is the US market performance as measured by the Adjusted NICS (National Instant Criminal Background Check System) indicator, below, which allows one to determine intentions for firearm purchases in the US. This indicator declined in all the compared periods. In the 9M18 versus 9M17 comparison, we notice a lower decline between these periods; however, the Company's sales in the USA grew 4.9%, when we compare the same period. This result takes on special importance, in that the US market went through a period of normalization of demand in 2017 with the election of Donald Trump.

Adjusted NICS - *National Instant Background Check System*

Number of inquiries



Sales to other countries recorded a growth of 98.5%, in the same comparison period, totaling R$54.2 million, representing an strengthening of the Company in other markets and strategy to diversify the Company's portfolio, with highlight to Middle East and Asia, by means of the Ministry of Foreign Affairs and a robust compliance process.

In 3Q18, the gross margin of guns was 40.5%, and 28.2 p.p. higher than in 3Q17, as result of processes of cost reduction commenced in 1Q18, which have been consolidating and generating consistent results during year 2018.

II. Other

Starting in January/18, this segment is composed exclusively of parts made via Metal Injection Molding (MIM).

NET REVENUE In millions of R$	3Q18	3Q17	2Q18	9M18	9M17	3Q18/3Q17	3Q18/2Q18	9M18/9M17
Other	**3.7**	**4.1**	**2.4**	**9.9**	**14.9**	**-9.8%**	**54.2%**	**-33.6%**
Brazil	2.0	3.3	1.2	5.7	12.3	-39.4%	66.7%	-53.7%
Exports	1.7	0.8	1.2	4.2	2.6	-	-	61.5%

This segment presented R$ 3.7 million in net sales in 3Q18, a 54.2% increase in relation to 2Q18. This segment has little representation in the Company's income. It is worth mentioning that the plastics operation was discontinued in January/18, causing this segment to operate exclusively with operations of parts made via Metal Injection Molding (MIM) since that time.

4. Capital market and corporate governance

Forjas Taurus S.A. is a Brazilian publicly-held company, listed in B3 S.A. - Brasil, Bolsa, Balcão (Codes: FJTA3, FJTA4) for more than 30 years, and since July/2011 has been ranked Level 2 in Corporate Governance. Below shows the evolution of share value and the market value of Taurus. In the end of 3Q18 the Company's preferred shares had a appreciation of 76.3% as compared to 2Q18. As for common shares, 80.6% had an appreciation over the same period. As a result, the Company's market value, recorded a growth of 79.2% in 3Q18, compared to 3Q18, reaching R$ 218.8 million. IBOVESPA index in the same period appreciated 9%.

PERFORMANCE OF SHARES AND MARKET VALUE

Share quotation Closure	3Q18	3Q17	2Q18	Change 3Q18x3Q17	3Q18x2Q18
Common shares - FJTA3	R$ 3.25	R$ 2.12	R$ 1.80	53.3%	80.6%%
Preferred shares - FJTA4	R$ 3.72	R$ 2.54	R$ 2.11	46.5%	76.3%
IBOVESPA	79,342	74,294	72,763	6.8%	9.0%%

Market value In millions of R$	3Q18	3Q17	2Q18	3Q18x3Q17	3Q18x2Q18
Common shares - FJTA3	R$ 150.9	R$ 98.5	R$ 83.6	53.3%	80.6%%
Preferred shares - FJTA4	R$ 67.9	R$ 46.3	R$ 38.5	46.5%	76.3%%
TOTAL	R$ 218.8	R$ 144.8	R$ 122.1	51.1%	79.2%%

5. Discontinued operation

Helmets

Due to the decision to discontinue the investment, it was classified as "held for sale" and accounted for in accordance with technical pronouncement IFRS 5 and CPC 31 – Non-current Assets Held for Sale and Discontinued Operations; this reclassification has a merely accounting character. The helmet segment continues to operate normally. It is worth remembering that this operation is in guarantee to the renegotiation of debt with the banking syndicate, so the proceeds from this disposal will be used exclusively for the amortization of debts with financial institutions.

The segment of helmets is the second largest in the company, with the production units of Taurus Blindagens Ltda., in Mandirituba/PR, and Taurus Blindagens Nordeste Ltda., in Simoes Filho/BA. Below is the comment on performance for this segment in 3Q18.

NET REVENUE In millions of R$	3Q18	3Q17	2Q18	9M18	9M17	3Q18/3Q17	3Q18/2Q18	9M18/9M17
Helmets	21.7	24.5	20.7	63.2	67.6	-11.4%	4.8%	-6.5%
Brazil	21.5	24.0	20.7	63.0	67.1	-10.4%	3.9%	-6.1%
Exports	0.2	0.5		0.2	0.5			-60%

Sales of helmets in 3Q18 reached R$ 21.7 million, an increase of 4.8% in relation to 2Q18; when compared to 3Q17, there was a decline of 11.4%. This result reflects the reduction projected for the GDP – Gross Domestic Product in year 2018.

Sales of helmets in 9M18 reached R$ 63.2 million, 6.5% lower than the sales recorded in 9M17. Since this segment has strong correlation with the economic performance, this decline reflects the aggravation in relation to the expectation of recovery of growth of the Brazilian economy.

Quarterly comparison - Current x Previous quarter

	Net revenue					Gross margin		
	3Q18	**Int.%**	**2Q18**	**Int.%**	**Change**	**3Q18**	**2Q18**	**Change**
Helmets	21.7	11%	20.7	10%	5.1%	35.9%	32.9%	3.0 p.p.

Nine-month period comparison

	Net revenue					Gross margin		
	9M18	**Int.%**	**9M17**	**Int.%**	**Change**	**9M18**	**9M17**	**Change**
Helmets	63.2	10%	67.6	13%	-6.5°%	34.8%	30.3%	4.5 p.p.

6. Subsequent event –

On October 05, 2018, the Board of Directors' meeting approved the Executive Board's proposal for issuance of 74 million subscription bonuses by the Company, divided into 4 series: (i) up to 25,000,000 series A bonus; (i) up to 20,000,000 series B bonus; (iii) up to 20,000,000 series C bonus; and (iv) up to 9,000,000 series D bonus.

Bonus issuance price: (i) R$ 0.20 for series A bonus; and (ii) R$ 0.10 for bonuses of the other series.

Strike price of the Subscription Right: (i) R$ 4.00 for shares derived from Series A bonus; (ii) R$ 5.00 for shares derived from Series B bonus; (iii) R$ 6.00 for shares derived from Series C bonus; and (iv) R$ 7.00 for shares derived from series D bonus.

Reasons for issuance of bonus: The subscription bonus will be issued in order to reduce the Company's indebtedness.

Up to R$ 300,000,000.00 (three hundred million reais) of funds from the exercise of subscription and payment of the Company's shares by the holders of subscription bonus will be used for reduction of the Company's indebtedness. Any funds exceeding this limit will be allocated to increase the Company's cash, at the percentage corresponding to 50% of the excess value.

Another reason for the issuance of the subscription bonus is to increase the free float of the Company's issued shares, in case the bonuses are converted into shares.

Potential of the capital increase operation through issuance of subscription bonus, in case all the subscription bonuses are exercised.

Preference rights - Maximum deadline on 11/13/2018

Series	Quantity	Issuance price[1]	Bonus amount
A	25,000,000	R$ 0.20	R$ 5,000,000.00
B	20,000,000	R$ 0.10	R$ 2,000,000.00
C	20,000,000	R$ 0.10	R$ 2,000,000.00
D	9,000,000	R$ 0.10	R$ 900,000.00
Total	74,000,000		R$ 9,900,000.00

[1]price per unit

Subscription bonus - Maximum deadline on 10/07/2020

Series	Quantity	Issuance price[1]	Bonus	Maturity	Share value
A	25,000,000	R$ 4.00	R$ 0.20	04/05/2019	R$ 100,000,000.00
B	20,000,000	R$ 5.00	R$ 0.10	07/05/2019	R$ 100,000,000.00
C	20,000,000	R$ 6.00	R$ 0.10	10/07/2019	R$ 120,000,000.00
D	9,000,000	R$ 8.00	R$ 0.10	10/05/2020	R$ 72,000,000.00
Total	74,000,000				R$ 392,000,000.00

[1]price per unit

For further information, please refer to the Company's website www.taurusri.com.br and carefully read the documents submitted to CVM – Brazilian Securities Commission and to the market.

On October 25, 2018, the Company sent Communication to the Market, informing that Tauruspar Participações S.A. had declared that:

(i) On 10/23/2018, Tauruspar concluded the subscription of 16,732,385 (sixteen million, seven hundred and thirty-two thousand, three hundred and eighty-five) Subscription Bonus of Series A, 13,385,908 (thirteen million, three hundred and eighty-five, nine hundred and eight) Subscription Bonus of Series B, 13,385,908 (thirteen million, three hundred and eighty-five, nine hundred and eight) Subscription Bonus of Series C and 6,023,658 (six million, twenty-three thousand and six hundred and fifty-eight) Subscription Bonus of Series D issued by the Company, as approved by the Board of Directors' meeting held on October 05, 2018;

(ii) The subscribed Subscription Bonuses correspond to the total Subscription Bonuses to which the controlling shareholder was entitled due to the exercise of its preemptive right;

(iii) On 10/25/2018, Tauruspar converted 10,000,000 (ten million) Subscription Bonuses of Series C into preferred shares, upon payment of the respective exercise price corresponding to R$ 6.00 (six reais) per Subscription Bonus.

For further information and entire communication, please refer to the Company's website www.taurusri.com.br

On October 30, 2018, the Rio Grande do Sul Board of Trade accepted the approval of the General Shareholders' Meeting occurred on June 29, 2018, which deliberated on the change of the corporate name to TAURUS ARMAS S.A.

The change of the corporate name corroborates the new cycle that the Company is undergoing. The Company's CEO, Mr. Salesio Nuhs, commented: "The change in the corporate name to TAURUS ARMAS S.A. is part of the strategy to focus its efforts on the Company's core business:

Production – To produce following the strictest local and international security protocols;

Sale – Cover the foreign and domestic markets providing firearms, mainly, to the armed forces, policemen, magistrates and CACs (hunters, shooters and collectors); and

Development – In the past months, 17 new products have been developed and launched, so as to meet the needs of the domestic and foreign markets, mainly, the United States, and also the opening of new markets, such as Asia and Middle East, after authorizations of the Ministry of Foreign Affairs and a sound compliance process".

On November 1, 2018, the Company launched the pistol Striker TS9 9mm, developed especially for police and military use, but which may also be acquired in the factory by Hunters, Shooters and Collectors (CACs).

The launching has striker-firing system, mechanism with the exclusive security system of double trigger lock (trigger lock and manual lock), striker lock and dropping lock, which combined with the firing mechanism and innovative design, ensure practical prompt use and easy maintenance.

The TS Series firearms have an efficient sealing system against dust, sand and iodine and are ideal for use by special forces under extreme conditions.

The words that define the new pistol TS9 are innovation, reliability, security and precision. The exclusive project of the striker pistol was developed following the strictest quality and security standards required by the most qualified policemen worldwide.

The new pistol will make the Company's portfolio even more complete and prepared to meet the needs of the Brazilian police and military institutions.

THE MANAGEMENT

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 incorrect or 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 markets where we operate and current and future government regulations. Possible investors are herein warned that none of these forecasts is guarantee of future performance, since they involve risks and uncertainties. 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.