



## **Full-Year 2014 Results – Management Report**

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Dear Shareholders:

The Management of Marcopolo S.A. hereby submits the Management Report and Financial Statements for the year closed on December 31st 2014, accompanied by the independent auditors' report, for your consideration.

The Financial Statements are presented according to the accounting policies adopted in Brazil and the IFRS - International Financial Reporting Standards as established by IASB - International Accounting Standards Board.

### **1. OPERATIONAL CONTEXT**

Marcopolo is a publicly-held corporation with registered office in Caxias do Sul, Rio Grande do Sul, founded on August 6th 1949 for the purpose of manufacturing buses, bus bodies and components.

The product line encompasses a wide variety of models made up of intercity buses, urban vehicles, micro and minibuses, apart from the Volare family (fully-equipped bus with chassis and body).

The buses are manufactured in seventeen plants, five of them in Brazil (two plants in Caxias do Sul –RS, one in Duque de Caxias – RS, one in São Mateus – ES and a 45% share in the company San Marino Ônibus e Implementos Ltda., also in Caxias do Sul – RS) and twelve plants in foreign countries, one wholly-owned plant in South Africa, three in Australia, apart from associated/controlled companies in Argentina (2), Colombia, Egypt, India (2), Mexico and China. Marcopolo also has a 40% share in the company Spheros (air-conditioning), 30% in WSul (seat foam), 65% in Apolo Soluções in Plásticos Ltda., 26% in MVC - Componentes Plásticos Ltda and 19.99% in the Canadian company New Flyer Industries, Inc. Apart from these companies, Marcopolo fully controls Banco Moneo S.A., created to provide support for the financing of Marcopolo products.

### **2. PERFORMANCE INDICATORS**

The table below lists some of the relevant indicators for the management and analysis of the Company performance in 2014.

**CONSOLIDATED FIGURES**

(BRL million, except where otherwise stated)

<b>Operational Performance</b>	<b>2014</b>	<b>2013</b>	<b>Var. %</b>
Net Operating Revenue	3,400.2	3,659.3	(7.1)
- Revenue in Brazil	2,252.0	2,509.1	(10.2)
- Revenue in foreign countries	1,148.2	1,150.2	(0.2)
Gross Income	592.3	730.5	(18.9)
EBITDA <sup>(1)</sup>	306.4	435.1	(29.6)
Net Profit	224.1	292.1	(23.3)
Earnings per share	0.252	0.327	(22.9)
Return on Invested Capital – ROIC <sup>(2)</sup>	10.2%	16.2%	(6.0)pp
Return on Equity – ROE <sup>(3)</sup>	14.8%	22.5%	(7.7)pp
Investments	136.3	321.0	(57.5)
Shareholders' Equity	1,647.6	1,515.9	8.7
<b>Financial Position: Industrial Segment</b>			
Cash, Cash Equivalents and Financial Investments	888.1	761.2	16.7
Short Term Financial Liabilities	159.1	148.0	7.5
Long Term Financial Liabilities	1,204.2	998.8	20.6
Net Financial Liabilities	475.2	385.6	23.2
<b>Financial Position: Industrial and Financial Segments</b>			
Cash, Cash Equivalents and Financial Investments	915.6	795.4	15.1
Short Term Financial Liabilities	421.7	367.6	14.7
Long Term Financial Liabilities	1,691.2	1,468.6	15.2
Net Financial Liabilities	1,197.3	1,040.8	15.0
<b>Margins</b>			
Gross Margin	17.4%	20.0%	(2.6)pp
EBITDA Margin	9.0%	11.9%	(2.9)pp
Net Margin	6.6%	8.0%	(1.4)pp

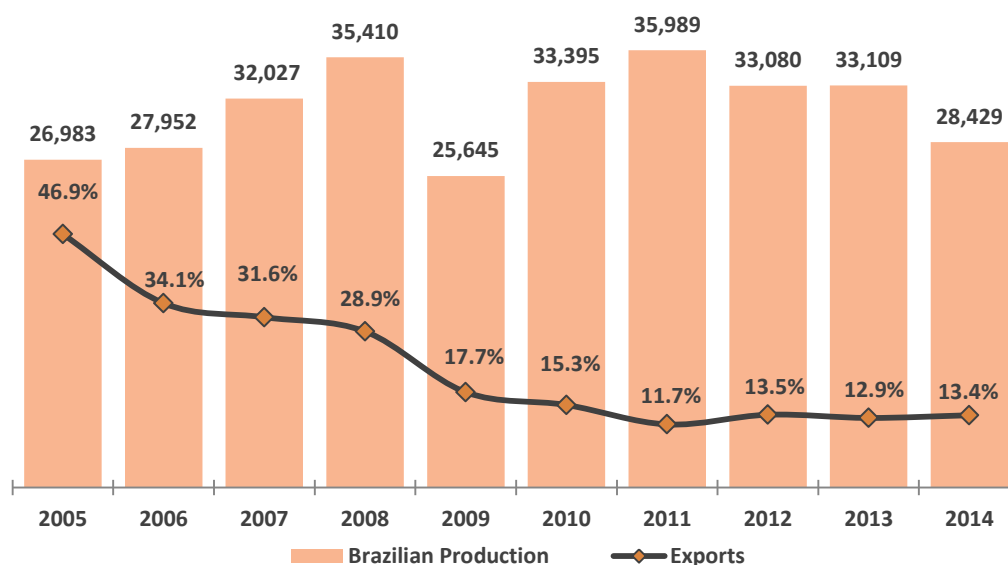
Notes: <sup>(1)</sup> EBITDA = Earnings before interest, taxes, depreciation and amortization; <sup>(2)</sup> ROIC (Return on Invested Capital) = EBIT/(inventories + customers + property, plant and equipment + intangible assets - suppliers); <sup>(3)</sup> ROE (Return on Equity) = Net Profit/Beginning Shareholders' Equity; pp = percentage points.

**3. BUS INDUSTRY PERFORMANCE IN BRAZIL**

The Brazilian production in 2014 reached 28,429 unites, which is 14.1% below the 33,109 units produced in 2013. Since the bus is sold fully-equipped, Volare is not computed in the Brazilian production of bodies. If the production of this kind of vehicle is considered, the domestic production would be 32,841 units per year.

The domestic market demand reached 24,628 units, a 14.6% drop compared to 2013, while the production to the foreign market was 3,801, 11.2% below exportation in the previous year.

The chart below shows the evolution of the Brazilian bus body production in the last ten years:



#### BRAZILIAN BUS PRODUCTION - TOTAL (in units)

PRODUCTS <sup>(1)</sup>	2010	2011	2012	2013	2014
Intercity	8,903	10,467	9,117	10,216	7,977
Urban	19,131	20,347	18,944	17,938	16,836
Micro	4,299	5,099	5,019	4,955	3,616
<b>SUBTOTAL</b>	<b>32,333</b>	<b>35,913</b>	<b>33,080</b>	<b>33,109</b>	<b>28,429</b>
Mini <sup>(2)</sup>	1,062	76	-	-	-
<b>TOTAL</b>	<b>33,395</b>	<b>35,989</b>	<b>33,080</b>	<b>33,109</b>	<b>28,429</b>

Sources: FABUS (National Bus Manufacturers Association) and SIMEFRE (Interstate Union of the Railroad and Road Material and Equipment Industry).

Notes: <sup>(1)</sup> Includes exported KD (knocked down) units; <sup>(2)</sup> Mini bus production data do not include the production of full units such as Volare.

#### BRAZILIAN BUS PRODUCTION – DOMESTIC MARKET (in units)

PRODUCTS <sup>(1)</sup>	2010	2011	2012	2013	2014
Intercity	6,506	8,051	6,970	7,666	5,644
Urban	16,969	19,511	17,752	17,011	15,861
Micro	3,753	4,131	3,900	4,150	3,123
<b>SUBTOTAL</b>	<b>27,228</b>	<b>31,693</b>	<b>28,622</b>	<b>28,827</b>	<b>24,628</b>
Mini <sup>(2)</sup>	1,057	68	-	-	-
<b>TOTAL</b>	<b>28,285</b>	<b>31,761</b>	<b>28,622</b>	<b>28,827</b>	<b>24,628</b>

Note: See notes on the table – Brazilian Bus Production – TOTAL.

**BRAZILIAN BUS PRODUCTION – FOREIGN MARKET (in units)**

PRODUCTS <sup>(1)</sup>	2010	2011	2012	2013	2014
Intercity	2,397	2,416	2,147	2,550	2,333
Urban	2,162	836	1,192	927	975
Micro	546	968	1,119	805	493
<b>SUBTOTAL</b>	<b>5,105</b>	<b>4,220</b>	<b>4,458</b>	<b>4,282</b>	<b>3,801</b>
Mini <sup>(2)</sup>	5	8	-	-	-
<b>TOTAL</b>	<b>5,110</b>	<b>4,228</b>	<b>4,458</b>	<b>4,282</b>	<b>3,801</b>

Note: See notes on the table – Brazilian Bus Production – TOTAL.

**4. MARCOPOLO'S OPERATING PERFORMANCE**

The year 2014 brought a lot of challenges for the bus industry in Brazil. For the purpose of adjusting to less favorable times, Marcopolo spared no efforts in trying to improve its operating efficiency and cut costs, thus demonstrating its adaptation and resilience potential in different scenarios.

The learning curves concerning the launch of the urban model in the Marcopolo Rio unit, as well as the nationalization process of the intercity bus Paradiso 1200 in the Mexico unit and the Transformation Program in course in the Australia unit affected the Company margins for the year.

In the intercity segment, the demand was affected by the lack of definition of the model to be used in interstate and international line in Brazil and by a smaller demand in the freight segment. Regarding the first aspect, even if the definition of the authorized model was sanctioned by the President in June, the lack of regulation by the National Land Transportation Agency (ANTT) has caused and still causes uncertainties among entrepreneurs in the business, which keeps postponing investments in the renewal of their fleets for this reason. As for the freight industry, the smaller growth of the Brazilian GDP and subsequent retreat in the industrial activity have ultimately affected the demand for buses used in the transportation of employees.

In the urban bus segment, the frozen fares in major Brazilian cities, especially after the popular demonstrations in June 2013, resulted in a smaller demand for buses from companies in the industry. The recent fare adjustments implemented in more than eighty cities in the last six months, combined with greater demands from some cities, such as air conditioning and a retirement age for the fleet, point to a return of the demand for urban buses in Brazil.

As for the Road to School program, the last auction (Phase 6) was held in January 2014. According to a Notice to the Market issued on February 4th 2014, Marcopolo offered to produce and supply up to 4,100 units, approximately 40% of which were produced and invoiced in 2014. Because of the budgetary restrictions of the Federal Government, nothing has been defined to this date regarding the purchase of the remaining units under Phase 6 or a new auction in 2015. Marcopolo has

delivered more than 16,000 school vehicles since the beginning of the program, among Volares and Urban buses.

In the foreign market, in spite of the invoiced volume, the margins showed some recovery, both through the devaluation of the real and the return of the Special Reintegration Program (REINTEGRA) on a permanent basis in October, which partly helped offset the retreat in the domestic market margins.

Apart from the return of REINTEGRA, it is important to note Provisional Executive Act no 651, converted into Law no. 13,043/14, which made permanent the detaxation of the payroll.

In the foreign market, the positive highlights were Polomex in Mexico and Masa in South Africa, whose productions rose 18.4% and 24.8% respectively in 2014. In Mexico, this increase is explained by the beginning of the local production of the intercity model Paradiso 1200 of Generation 7.

Even in a challenging year, with a market retreat and subsequent production volume drop in all segments combined with the introduction of new products, which initially affected the Company's performance, Marcopolo continued delivering a return on invested capital (ROIC) above the weighted average capital cost (WACC) and kept its market share stable in all segments. It is important to note that Marcopolo has been able to maintain this spread (ROIC – WACC) for many years without losing market share, even in adverse moments, which shows its resilience.

#### **4.1 Units Recorded in Net Revenue**

In 2014, 17,973 units were recorded in net revenue, 15,560 of them in the domestic market, amounting to 86.6% of the consolidated figures, and 2,413 units in the foreign market, amounting to the remaining 13.4% of the aggregate, as shown in the table below:

TRANSACTIONS (in units)	2014	2013	Var. %
<b>BRAZIL</b>			
- Domestic market	13,955	16,249	(14.1)
- Foreign market	1,916	2,163	(11.4)
<b>SUBTOTAL</b>	<b>15,871</b>	<b>18,412</b>	<b>(13.8)</b>
Exclusion exported KD's <sup>(1)</sup>	311	144	116.0
<b>TOTAL IN BRAZIL</b>	<b>15,560</b>	<b>18,268</b>	<b>(14.8)</b>
<b>FOREIGN</b>			
- South Africa	359	340	5.6
- Australia	435	529	(17.8)
- Mexico	1,619	1,367	18.4
<b>TOTAL FOREIGN</b>	<b>2,413</b>	<b>2,236</b>	<b>7.9</b>
<b>GRAND TOTAL</b>	<b>17,973</b>	<b>20,504</b>	<b>(12.3)</b>

Note: <sup>(1)</sup> KD (Knock Down) = Partially or totally knocked down bodies.

#### 4.2 Production

In 2014, the consolidated Marcopolo production amounted to 17,713 units, 14.2% below the 20,643 manufactured in 2013. Out of these total figures, 86.6% have been produced in Brazil and the remaining 13.4% in foreign countries. Marcopolo's worldwide production figures are presented on the tables below:

#### MARCOPOLO – CONSOLIDATED WORLDWIDE PRODUCTION

TRANSACTIONS (in units)	2014	2013	Var. %
<b>BRAZIL</b> <sup>(1)</sup>			
- Domestic market	13,709	16,537	(17.1)
- Foreign market	1,964	2,129	(7.8)
<b>SUBTOTAL</b>	<b>15,673</b>	<b>18,666</b>	<b>(16.0)</b>
Exclusion exported KD's <sup>(2)</sup>	336	177	89.8
<b>TOTAL IN BRAZIL</b>	<b>15,337</b>	<b>18,489</b>	<b>(17.0)</b>
<b>FOREIGN</b>			
- South Africa	322	258	24.8
- Australia	435	529	(17.8)
- Mexico	1,619	1,367	18.4
<b>TOTAL FOREIGN</b>	<b>2,376</b>	<b>2,154</b>	<b>10.3</b>
<b>GRAND TOTAL</b>	<b>17,713</b>	<b>20,643</b>	<b>(14.2)</b>

Notes: <sup>(1)</sup> Includes the production of the Volare model, as well as the production of Marcopolo Rio (4,940 units in 2014 and 5,750 units in 2013); <sup>(2)</sup> KD (Knock Down) = Partially or totally knocked down bodies.

#### MARCOPOLO – CONSOLIDATED WORLDWIDE PRODUCTION BY MODEL

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	2014			2013		
	DM	FM <sup>(1)</sup>	TOTAL	DM	FM <sup>(1)</sup>	TOTAL
Intercity	3,334	1,253	4,587	4,487	1,195	5,682
Urban	5,369	2,353	7,722	6,013	2,232	8,245
Micro	770	222	992	792	444	1,236
<b>SUBTOTAL</b>	<b>9,473</b>	<b>3,828</b>	<b>13,301</b>	<b>11,292</b>	<b>3,871</b>	<b>15,163</b>
Volare <sup>(3)</sup>	4,236	176	4,412	5,245	235	5,480
<b>TOTAL PRODUCTION</b>	<b>13,709</b>	<b>4,004</b>	<b>17,713</b>	<b>16,537</b>	<b>4,106</b>	<b>20,643</b>

Notes: <sup>(1)</sup> The total FM production includes exported KD units (partially or totally knocked down bodies), which amounted to 336 units in 2014 against 177 units in 2013; <sup>(2)</sup> DM = Domestic Market; FM = Foreign Market; <sup>(3)</sup> The production of Volares is not a part of the SIMEFRE and FABUS figures or the industry production.

**MARCOPOLO – PRODUCTION IN BRAZIL**

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	2014			2013		
	DM	FM <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity	3,334	1,213	4,547	4,487	1,235	5,722
Urban	5,369	353	5,722	6,013	215	6,228
Micro	770	222	992	792	444	1,236
<b>SUBTOTAL</b>	<b>9,473</b>	<b>1,788</b>	<b>11,261</b>	<b>11,292</b>	<b>1,894</b>	<b>13,186</b>
Volare <sup>(3)</sup>	4,236	176	4,412	5,245	235	5,480
<b>TOTAL PRODUCTION</b>	<b>13,709</b>	<b>1,964</b>	<b>15,673</b>	<b>16,537</b>	<b>2,129</b>	<b>18,666</b>

Note: See notes in the Consolidated Worldwide Production by Model table.

**4.3 Market Share**

Marcopolo maintained its leading position in the Brazilian market, closing the year with a 39.6% market share. The market recovery took place gradually over the year, especially after a weaker first six-month period, in which the Company's market share was ultimately affected by the learning curve after the launch of the new Torino Model in Marcopolo Rio. The table below shows Marcopolo's market share in the Brazilian production by product line.

**MARKET SHARE IN BRAZILIAN PRODUCTION (%)**

PRODUCTS <sup>(1)</sup>	2014	2013	2012	2011	2010
Intercity	57.0	56.0	58.9	61.5	64.3
Urban	34.0	34.7	34.6	35.1	34.3
Micro	27.4	24.9	22.8	22.4	21.0
Mini <sup>(2)</sup>	-	-	-	-	46.9
<b>TOTAL</b>	<b>39.6</b>	<b>39.8</b>	<b>39.5</b>	<b>40.9</b>	<b>41.0</b>

Source: FABUS and SIMEFRE

Notes: <sup>(1)</sup> Includes 100% of Marcopolo Rio; <sup>(2)</sup> Volare is not computed for market share purposes.

**5. CONSOLIDATED NET REVENUE**

The consolidated net revenue achieved BRL 3,400.2 million in 2014, 7.1% below the BRL 3,659.3 million in 2013. This results mostly from a 14.1% drop in units recorded in domestic market net revenue and smaller revenue with chassis. The domestic market yielded revenue of BRL 2,252.0 million or 66.2% of the total net revenue (68.6% in 2013). Exportation, added to foreign transactions, reached revenue of BRL 1,148.2 million or 33.8% of the total. Revenue by product and destination market is shown on the table below:

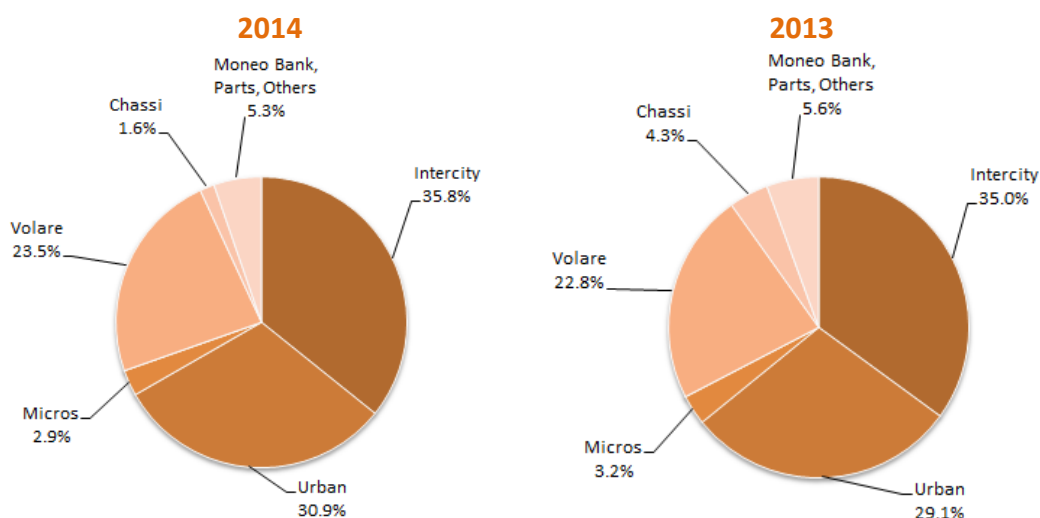
**TOTAL CONSOLIDATED NET REVENUE BY PRODUCTS AND MARKETS (BRL million)**

PRODUCTS/MARKETS <sup>(1)</sup>	2014			2013		
	DM	FM	TOTAL	DM	FM	TOTAL
Intercity	701.4	515.1	1,216.5	863.7	418.3	1,282.0
Urban	597.9	453.6	1,051.5	570.1	495.3	1,065.4
Micro	77.6	20.8	98.4	75.9	42.4	118.3
<b>Body subtotal</b>	<b>1,376.9</b>	<b>989.5</b>	<b>2,366.4</b>	<b>1,509.7</b>	<b>956.0</b>	<b>2,465.7</b>
Volare <sup>(2)</sup>	769.0	29.7	798.7	794.3	38.3	832.6
Chassis	19.7	35.1	54.8	103.5	52.0	155.5
Bco Moneo, Parts, Others	86.4	93.9	180.3	101.6	103.9	205.5
<b>GRAND TOTAL</b>	<b>2,252.0</b>	<b>1,148.2</b>	<b>3,400.2</b>	<b>2,509.1</b>	<b>1,150.2</b>	<b>3,659.3</b>

Note: <sup>(1)</sup> DM = Domestic Market; FM = Foreign Market; <sup>(2)</sup> The Volares revenue includes bodies

Out of the total consolidated net revenue in 2014, 69.6% came from the sale of bodies, 23.5% from the sale of Volares and 6.9% of the revenue from parts, Banco Moneo and chassis.

The charts below show the source of the consolidated revenue by product line in further detail (in %):



**6. GROSS INCOME AND MARGINS**

In 2014, gross income totaled BRL 592.3 million, 18.9% less than the BRL 730.5 million of 2013, or 17.4% of the net revenue (20% in 2013). The smallest percentage on income basically results from a smaller volume and a lighter mix of intercity models in Ana Rech – fewer 1,175 models were produced in 2014 than in 2013 in Brazil – which resulted in less industrial efficiency. The lack of definition about the rules for the authorized models for interstate and international lines in Brazil was the main cause for this drop in volume and for the mix of lighter models. Apart from that, the impact resulting from the learning curves in Marcopolo Rio and in Mexico, the Volgren performance in Australia affected by the Transformation program have also impacted the Company's consolidated margins.



## 7. SALE EXPENSES

Sale expenses totaled BRL 196.4 million in 2014, or 5.8% of the net income against BRL 179.9 million, or 4.9% of the revenue in 2013. These expenses have increased mostly because of the provision for doubtful debtors in the industrial segment in the amount of BRL 9.1 million, against a reversal of BRL 2.7 million in 2013.

## 8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled BRL 171.3 million in 2014 and BRL 173.8 million in 2013, amounting to 5.0% and 4.7% of the net income respectively.

## 9. OTHER OPERATING REVENUE/EXPENSES

In 2014, BRL 5.4 million were recorded as "Other Operating Revenue", mostly resulting from tax liabilities.

## 10. EQUITY METHOD RESULT

The equity method result in 2014 was BRL 35.3 million against BRL 25 million in 2013. The largest contributions to the increase of this account come from MVC – Componentes Plásticos Ltda and New Flyer Industries, Inc. The equity method result is described in detail in Explanatory Note no. 11 to the Financial Statements.

## 11. NET FINANCIAL INCOME

The 2014 net financial income was BRL 11.1 million positive against BRL 4.6 million negative in 2013. This result is mostly explained by the yield of financial investments, resulting from an increase in interest rates. See Explanatory Note 26 to the Financial Statements.

## 12. EBITDA

EBITDA reached BRL 306.4 million in 2014, with a 9% margin against BRL 435.1 million and an 11.9% margin in 2013. This margin retreat is explained by the same factors presented for a drop in the gross margin, as well as by an increase in sale expenses. The table below shows the accounts that make up the EBITDA:

(BRL million)	2014	2013
Operating income	276.4	390.2
Financial Revenue	(240.2)	(196.1)
Financial expenses	229.1	200.8
Depreciation / Amortization	41.1	40.2
<b>EBITDA</b>	<b>306.4</b>	<b>435.1</b>

### **13. NET PROFIT**

The 2014 net profit reached BRL 224.1 million, with a 6.6% net margin, against BRL 292.1 million and an 8% margin in 2013. This result is explained by the same factors as the drop in the gross margin and increase of sale expenses, partly offset by a better financial result and by the equity method result.

### **14. COMPREHENSIVE INCOME**

Comprehensive income in 2014 was BRL 266.0 million made up of BRL 224.1 million from net profit of the year, BRL 40.8 million from exchange variation on foreign investments and BRL 1.1 million from the interest of non-controlling interest.

### **15. FINANCIAL INDEBTEDNESS**

The net financial indebtedness totaled BRL 1,197.3 million on 12.31.2014 (BRL 1,040.8 million on 12.31.2013). Out of this total BRL 722.1 million came from the financial segment, while the industrial segment had net liabilities in the amount of BRL 475.2 million.

It should be noted that the financial segment indebtedness comes from the consolidation of the Banco Moneo activities and must be analyzed separately, as it has different characteristics from the indebtedness arising from the Company's operating activities. The financial liabilities of the Banco Moneo have a corresponding entry in the "Customers" account in the Bank's Assets. The credit risk is properly provisioned for. Since these are transfers from the FINAME, each disbursement BNDES has a corresponding entry in the customer receivables account of the Banco Moneo, both in term and fixed rate. See Explanatory Note 28 to the Financial Statements.

The increase in net indebtedness of the industrial segment arises from investments made in the São Mateus plant and the receivables from school vehicles invoiced for the Road to School program, which amount to BRL 210.9 million.

On December 31st, the net financial indebtedness of the industrial segment amounted to 1.6 times the EBITDA of the last 12 months.

### **16. CASH GENERATION**

In 2014, the operating activities generated funds in the order of BRL 72 million. The investment activities demanded BRL 107.3 million, while the financing activities generated BRL 47.6 million, BRL 185 million net of funding and repayment of loans, BRL 121.9 million consumed in the payment of dividends and interest on equity capital and BRL 15.5 million referring to the balance of treasury shares. As a result, the beginning cash balance rose from BRL 624.7 million, adding BRL 5.6 million of exchange rate change on cash, to BRL 642.6 million at the end of the year. Considering the financial investments, the cash balance on December 31st 2014 was BRL 915.6 million. The cash flow statement of the industrial and financial segments is presented in detail in Explanatory Note 29 to the Financial Statements.

## **17. PERFORMANCE OF CONTROLLED AND ASSOCIATED COMPANIES**

### **17.1 Controlled Companies**

In 2014, the controlled companies in foreign companies produced 2,376 units, 10.3% increase compared to the 2,154 units produced in 2013. This volume amounted to 13.4% of Marcopolo's consolidated production. Below are some of the highlights of controlled companies in foreign countries and Banco Moneo:

**VOLGREN.** Volgren is headquartered in Melbourne - Australia and produced 435 units in 2014. During the year, the Company started the Transformation Program, the purpose of which was to obtain efficiency gains and improvements in the operating margins, incurring in non-recurrent costs in the amount of A\$ 3.9 million.

**MARCOPOLO CHINA - MAC.** Located in the city of Jiangyin, Marcopolo China has a sourcing area for the production of parts, components and knocked down bus bodies, as well as production of full buses for exportation.

**POLOMEX.** Located in Mexico, Polomex produced 1,619 units in 2014, 18.4% more than the volume produced in 2013. The highlight of the year was the nationalization of the production of the Paradiso 1200 Generation 7 model, which contributed to a 49% income increase compared to the previous year.

**MARCOPOLO SOUTH AFRICA.** In 2014, Marcopolo South Africa – MASA, located in Johannesburg, produced 322 units, a 24.8% growth compared to 2013, especially to serve the BRT systems installed in that country.

**BANCO MONEO.** Banco Moneo S.A. began operating in July 2005 for the purpose of financing Marcopolo products. The Bank is authorized to operate in investment, lease-purchase, credit and investment. The Bank's profit in 2014 was BRL 19.8 million. The credit and accommodation transactions totaled BRL 932.8 million on 12.31.2014 against BRL 854.5 million on 12.31.2013. The Bank maintained a policy of prioritizing the quality of its credit portfolio by means of a strict credit assessment and approval system. In spite of the limitations of the spread in the FINAME PSI line from BNDES, the Bank has been managing to maintain its results.

### **17.2 Associated Companies**

**METALPAR.** The production of Metalpar and Metalsur, both located in Argentina, totaled 1,383 units in 2014. The urban bus market was rather weak during 2014 as a result of the economical difficulties experienced by that country, but already shows some sign of recovery. The sale of intercity buses produced by Metalsur continues with good margins, in spite of the low volume. Metalpar has begun producing minibuses, thus getting into a new segment.

**GB POLO.** Marcopolo's joint venture in Egypt, located in the city of Suez, produced 776 units, which amounted to a 43.6% increase compared to last year. Even so, this venture recorded a loss in 2014. Marcopolo, along with its local partner, continues searching for solutions to make the venture profitable.

**SUPERPOLO.** Located in Colombia, Superpolo produced 1,984 units in units, amounting to a 9.7% growth compared to the previous year. The trend for 2015 is for this unit to continue showing good performance.

**TATA MARCOPOLO MOTORS.** The Indian bus market had a retreat in 2014, as a result of the less favorable economical conditions in that country. TMML's production was 10,910 units, 7.8% below the production in 2013. For 2015, TMML expects a gradual recovery of the market and improved results. It should be further noted that TMML got a batch of 3,000 units from the JnNURN II program, to be delivered by April 2015. Some units were delivered in 2014.

**NEW FLYER.** Marcopolo has a 19.99% strategic investment in the capital stock of NFI, a leading company in the production of fully-equipped buses in Canada and United States.

## **18. CORPORATE GOVERNANCE**

Marcopolo adopts good Corporate Governance practices, following the principles of transparency, equity, accountability and corporate responsibility. The shares are listed in Corporate Governance Level 2 of BM&FBovespa since 2002. The Company is bound to the arbitration of the Market Arbitration Chamber, according to an Arbitration Clause contained in its Articles of Incorporation.

Marcopolo's management is formalized on the basis of distinction between the roles and responsibilities of the Board of Directors, the Executive Committee and the Executive Board. The Board of Directors is made up of seven members, four of which are external and independent, one elected by the minority shareholders, one by shareholders holding preferred shares and the other two by controlling shareholders. The Chairman of the Board of Directors does not take part in the Executive Board. The Board of Directors has a consulting technical committee on a permanent basis, established by its Articles of Incorporation, named Executive Committee, which assists and provides opinion on the conduct of business. The competences of each of these bodies are established by the Company's Articles of Incorporation. Furthermore, in order to support, opine and support the conduct of business, the Board of Directors also has the following Committees: (i) Audit and Risks; (ii) Human Resources and Ethics; and (iii) Strategy and Innovation. The roles of each of these supporting Committees can be found on the Company's website: [www.marcopolo.com.br/ri](http://www.marcopolo.com.br/ri), on the menu Corporate Governance/Bylaws Committees.

The Company also has an Audit Committee made up of three members, one appointed by the minority shareholders, one by shareholders holding preferred shares

and one by the controlling shareholders. The competences of each body are established by the Company's Articles of Incorporation.

The Company gives fair and equal treatment to all minority shareholders, either capital owners or other stakeholders. When reporting information, the company uses high transparency standards in order to establish an atmosphere of reliability, both internally and in the company relationship with third parties. In order to comply with legal provisions and improve the information provided to the market in general and foreign shareholders in particular, the Financial Statements are reported according to the standards established by the IFRS - International Financial Reporting Standard. In 2014, the Company held meetings with the Stock Market Investment Analysts and Professionals Association (APIMEC) in São Paulo and Porto Alegre and non-deal road shows in Brazil and foreign countries. Marcopolo's relationship with its shareholders and potential investors is conducted by the Investor Relationship department. In 2014, analysts from Brazil and foreign countries were received and contacted by phone many times. There was also the eighth edition of the Marcopolo Day, an event in which the Company receives analysts and investors in its Caxias do Sul facilities for a presentation about the company, its strategy, products and productive process. Marcopolo's Investor Relationship website ([www.marcopolo.com.br/ri](http://www.marcopolo.com.br/ri)) has current information for the investing audience.

## **19. INDEPENDENT AUDITORS**

### **19.1 Change of Independent Auditors**

In 2012, the Company changed its auditors and engaged the services of KPMG Auditores Independentes, with registered office in Porto Alegre, RS. at Av. Borges de Medeiros, 2.233, 8º andar, replacing PricewaterhouseCoopers - Auditores Independentes.

### **19.2 CVM Instruction 381/03**

In compliance with the CVM Instruction 381/03, subdivisions I through IV of Section 2, Marcopolo hereby declares that it has no agreements with its Independent Auditors other than for the auditing of the Company's Financial Statements.

## **20. STOCK MARKET**

### **20.1 Capital Stock**

The Company's capital stock is BRL 1.2 billion divided into 896,900,084 shares, 341,625,744 of them being common shares (38.1%) and 555,274,340 being preferred shares (61.9%), all of them registered, book-entry and without par value.

## 20.2 Performance of the Marcopolo Shares in BM&Bovespa

In 2014, 1.578.2 thousand transactions were conducted with Marcopolo shares, a 42.6% growth compared to the 1,106.4 conducted in 2013, and 918.2 million shares were traded. Transactions with shares issued by Marcopolo moved BRL 3.9 billion in the year, a volume 1.2% lower than 2013. The interest of foreign investors in Marcopolo's capital stock amounted to 58.6% of the preferred shares and 39.2% of the capital stock on 12.31.2014.

In 2014, Marcopolo was awarded “The Company of the Year - 2014” by Exame Magazine. Marcopolo also stood out as the winner in the Autoparts category. The strategy outlined by Marcopolo to conquer the domestic market and especially abroad was one of the highlight that led the company to be chosen. According to a recent research from “Fundação Dom Cabral,” Marcopolo is the 19th most internationalized Brazilian company.

In July, Marcopolo was announced as the winner of the APIMEC Award in the "B" Publicly Company category. Also in 2014, the Company won the ANEFAC Transparency Award. This award is given to companies chosen by the panel of judges as showing transparency and quality of information contained in the financial statements and explanatory notes, besides the quality of the management report and consistency of the reported details, among other factors.

Marcopolo's preferred share - POMO4 – became a part of IBOVESPA, the main Brazilian stock exchange index, in September 2014.

The table below shows the evolution of the main stock market indicators:

INDICATORS	2014	2013
Number of transactions (thousands)	1,578.2	1,106.4
Traded Shares (million)	918.2	455.8
Traded amount (BRL million)	3,923.5	3,971.7
Market value (BRL million) <sup>(1) (2)</sup>	2,963.0	4,553.1
Book value per share (R\$)	1.83	1.69
POMO4 quotation (last business day)	3.33	5.10
Interest on Equity Capital and dividends per share (BRL/share)	0.110	0.145

Notes: <sup>(1)</sup> Quotation of the last transaction of the period of the Preference Book-entry share (PE), multiplied by the total number of shares (OE+PE) in the same period; <sup>(2)</sup> Out of this total, 7,095,615 preferred shares were in treasury on 21.31.2014.

## 21. DIVIDENDS/INTEREST ON EQUITY CAPITAL

In a Board of Directors Meeting held on February 21st 2014, the payment of interest on equity capital was approved concerning the first, second and third quarters of 2014, in a total amount of BRL 0.0175 per share. In a Board of Directors Meeting held on November 10th, 2014, the payment of interest on equity capital was approved in the amount of BRL 0.0236 per share (4th Step 2014). In a Board of Directors, to be held on February 23, 2015, will be appreciated the proposal of the payment of dividends concerning the year 2014 in the amount of BRL 0.0339 per share. The

amounts of interest (4th Step 2014) and the dividends concerning the year 2014 will be paid beginning on March 31st 2015. The total amount proposed for payment of interest on equity capital and dividends for the year 2014 amounts to BRL 97.9 million, with BRL 67.7 million as interest on equity capital and BRL 30.2 million as dividends. The total amount to be paid corresponds to 44.1% of the Company's adjusted net income in 2014 and amounts to a 3.3% yield (dividend per share/share quotation at the end of the period).

## **22. INVESTMENT/NON-CURRENT ASSETS**

In 2014, Marcopolo invested BRL 136.3 millions, BRL 28.1 million of which were spent in the parent company and applied towards: BRL 10.9 million in machines and equipment; BRL 4.7 million in land, buildings and improvements; BRL 5.1 million in computer equipment and software and BRL 7.4 million in other non-current assets. In controlled companies BRL 80.2 million were invested in Volare Espírito Santo; BRL 14.7 million in Marcopolo Rio; BRL 2.2 million in Polomex; BRL 2.6 million in Volgren and BRL 8.5 million in other units. The net balance of the investments in controlled companies, minus BRL 29 million received as dividends, was BRL 79.2 million.

## **23. SOCIOENVIRONMENTAL RESPONSIBILITY**

In a constant search for best practices, Marcopolo seeks economic development, simultaneously improving the quality of life of its employees, their families and society as a whole. The Marcopolo Solidarity Production system (SIMPS) promotes industrial development for growth, market leadership, productivity, quality, workplace improvement and profitability of products and services. The system provides conditions for continuous improvement of the quality of its products, processes and services, controlling the dangers to the environment and the health and safety of the workers, eliminating waste wherever it is occurring and maintaining a fully integrated chain. Marcopolo remains with international management certifications ISO 14001 – Environment, ISO 9001 – Quality, OHSAS 18001 – Health and Safety and SA 8000 – Social Responsibility.

### **23.1 Social Responsibility**

Marcopolo and its employees develop social responsibility under the coordination of the Marcopolo Foundation, by means of several programs in the fields of Education, Culture, Sports and Leisure. One of the main projects targeted at the community is the Schools Project, for the purpose of contributing to the development of the educational environment, school community relationship and citizenship education. The Schools Project provides diversified opportunities of activities out of school hours, such as futsal, chess, choir singing, flute orchestra, among others. The Marcopolo Foundation also contributes on a monthly basis to educational and

healthcare charities. We note the contribution to the Bruno Segalla Institute, which serves nearly ten thousand children and adolescents by means of different projects.

Marcopolo, Banco Moneo and Marcopolo Rio give 1% of the Income Tax Payable to the Municipal Fund of the Children and Adolescents Right of the cities of Caxias do Sul (RS) and Duque de Caxias (RJ), where the companies are established. The Marcopolo Foundation also encourages and facilitates the allotment of 6% by means of the Individual Income Tax of its employees to such by means of the program You Should Allot Too, thus generating funds for the development of social projects targeted at children and adolescents in the cities where the companies are located.

In units outside Brazil, specific actions are carried out according to the needs detected in the local communities, with special attention being paid to healthcare and educational requirements.

### **23.2 Satisfaction of Employees**

The satisfaction of the company employees is measured by means of the Internal Organizational Climate Survey that is conducted every two years by the Company Internal Communication Department. The last survey was conducted in April 2014 for the Caxias do Sul units, with 66% satisfaction level; in the Rio de Janeiro unit the survey was conducted in June 2014, with 74% satisfaction. In an innovative fashion, the improvement suggestions were found among the employees themselves by means of Focal Groups conducted with the SUMAM members (Marcopolo Environment Improvement Suggestion Groups). These suggestions are serving as input to the Action Plan for the 2014-2015 period. A sampling survey will be conducted in the fourth quarter in order to monitor the progress of the improvement actions. The company also provides internal and external ombudsman channels for the employees to submit comments, criticisms, ideas and suggestions about various topics concerning their work, apart from the ViaPolo communication network, which features Intranet surveys on several topics. The ombudsman channels include the topics Code of Conduct, which has a specific contact channels for reporting.

### **23.3 Education and Training**

Marcopolo believes that the development of its employees is an essential pillar for its sustainable growth. Based on this belief, the Company held operational training sessions in 2014 focused on the processes and quality of its products, with an average of 67 hours per employee. For this purpose, it used its Training Center in the Ana Rech unit, which has specific and independent cells for each area and/or step of Marcopolo's production process, and the training center in the Rio de Janeiro unit. Training sessions were also conducted for customers, with 1,659 participants in the domestic market and 251 in the foreign market.

In 2014, the Marcopolo Leadership School was opened, targeted at officers, managers, coordinators and supervisors, where 385 managers were trained. The purpose of the School is to align the Company's strategic contents and the



competences required from leaders in training programs that can be applied on the day-to-day business. The main training topics were Marcopolo's business and scenarios, market, planning, indicators and the management of people. The operating leaders also took part in a development program focuses on their roles as team trainers. The companies maintained its Languages Program seeking to build the capacities of professionals in various work fields by expanding the English and Spanish programs. As a supplement to the employees' development, Marcopolo offered scholarships for intermediary schools, technical courses, higher learning and graduate courses.

In 2014, the Professional Education School (EFPM) maintained industrial courses for young people in partnership with SENAI, University of Caxias do Sul and the Caxias do Sul Social Assistance Foundation (FAS). EFPM also receives young people in a vulnerable situation as a way to get the community involved and promote employability.

#### **23.4 Quality of Life**

The quality of life programs targeted at employees and their families are adapted for the peculiarities of each country where Marcopolo has controlled or associated companies. In Brazil, several activities have been conducted by the Marcopolo Foundation including education, leisure, culture and sports. The Ana Rech and Planalto units in Caxias do Sul (RS) and Marcopolo Rio in Rio de Janeiro (RJ) have their own recreational facilities for the enjoyment of its employees and family members. In Africa, Mexico and Colombia specific activities are provided such as workshops, tours and tournaments. In India, several recreational, educational and religious celebrations have been conducted on the company premises including employees and family members.

#### **23.5 Environment**

Observing its Environment Policy, Marcopolo conducts its environment-oriented programs. The company continuously invests in new technologies in order to minimize and control the environmental impact of its business. We note the reuse of treated water in the Effluent Treatment Station of the Planalto Unit in toilets as the main improvement of 2014.

#### **23.6 Compensation**

The employees' compensation is made up of a fixed part, connected to their competences and skills, and a variable part, contingent upon the attainment of the goals of the Profit-sharing Program. Wage researches are conducted periodically in order to assess whether the amounts paid to the employees are within the regional standards, so that the company can remain competitive in the labor market.

### **23.7 Share Purchase Option Plan**

The shareholders in the Extraordinary General Meeting held on December 22nd 2005 approved the "Share Purchase Option Plan". The plan, whose participants are executives of the Company and its controlled companies (except controlling officers) has as main purposes: (i) Align the interests of participants and shareholders; (ii) Get the participants committed to the company's short, mid and long term results; (iii) Encourage a feeling of ownership; and (iv) Attract and retain talent. The Plan is monitored by the HR and Ethics committee and approved by the Board of Directors.

### **24. MANAGERS' COMPENSATION**

The aggregate amount of the fixed compensation is established by the General Meeting and paid to the managers by the Board of Directors. The greatest annual individual compensation of the Board of Directors/Executive Committee totaled BRL 4,060.9 thousand in 2014, the average compensation was BRL 1,189.9 thousand and the smallest was BRL 365.0 thousand. On the statutory board, the greatest individual compensation was BRL 3,295.9 thousand in 2014, the average was BRL 2,264.6 thousand and the smallest was BRL 1,616.2 thousand. In the Audit Committee, the greatest individual compensation was BRL 211.0 thousand in 2014, the average was BRL 182.3 thousand and the smallest was BRL 168.0 thousand.

### **25. PERSONNEL**

<b>No. of EMPLOYEES</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Controlling Company	7,883	8,158	8,204	8,719	8,449
Controlled Companies in Brazil	2,776	2,554	2,617	3,001	2,587
Controlled Companies in Foreign	1,889	2,105	1,680	1,052	1,147
Associated Companies	4,270	5,699	3,834	4,451	3,888
<b>TOTAL <sup>(1)</sup></b>	<b>16,818</b>	<b>18,516</b>	<b>16,335</b>	<b>17,223</b>	<b>16,071</b>
<b>GRAND TOTAL <sup>(2)</sup></b>	<b>21,435</b>	<b>21,002</b>	<b>20,508</b>	<b>21,993</b>	<b>20,393</b>

Notes: <sup>(1)</sup> Includes employees in the controlled/associated companies proportionally to their equity interest;

<sup>(2)</sup> Refers to the total participation in controlled/associated companies.

### **26. LAW NO. 12,846/13 – COMPLIANCE PRACTICE**

With the advent of Law no. 12,846 dated August 1st 2013, in force since January 2014, Marcopolo is trying to adjust to the requirements of the new law by supplementing the good governance and risk management practices already adopted by the Company. Thus, a compliance department has been created the structure of which includes a Compliance Consulting Committee, made up of the executive officers, by the chairman of the Board of Directors and by the legal manager; a Compliance Officer, a compliance analyst and internal compliance agents. The Compliance Program was officially launched on 07.10.2014 with all the company officers and managers in attendance. This started a number of actions for the implementation of compliance,

with the review and adjustment of the company's Code of Conduct to include clauses pertaining to the matter, which is already available in the Company, CVM and BM&FBovespa websites. The training and distribution of the new version of the Code to the employees took place in October 2014, also including the dissemination thereof among commercial representatives, dealers and under development for controlled companies. The internal and external channels have also been enhanced for communication and reporting, and all agreements executed by the company are being reviewed to include compliance clauses. Also, risk mapping, auditing, reviews and the Company's policies and procedures are being worked upon to contemplate the compliance requirements. Simultaneously, the Compliance team has taken place in outside training and benchmarking events.

## **27. PROSPECTS FOR 2015**

The bus market in Brazil begins the year impacted by the recent changes in loan rules through the BNDES FINAME and FINAME PSI lines, as well as by lack of definition of the terms and conditions of the authorization models of the interstate lines to be published by ANTT on a date to be announced. On the other hand, there are important transactions in progress for the foreign market which combined with a depreciating exchange rate may result in a more favorable year for exportation.

In the intercity segment, there is an expectation that as soon as ANTT publishes the authorization model rules established by the Law no. 12,996/14, the companies resume renewing their fleets, which has been postponed for more than a year and a half as a result of the uncertainties regarding the new regulation.

In the urban bus segment, as a result of the transfer of fares from some of the main Brazilian cities, some actions are already being taken towards the renewal of the fleets.

The new Volare plant in the state of Espírito Santo has begun the assembly of knocked-down kits sent from Caxias do Sul in January. In the second half of the year, the unit will begin producing the new 5-ton Volare.

As for Marcopolo's controlled units in foreign countries, the Company expects better performance in 2015 both in Australia, where the transformation program shall result in an improved operating efficiency, and in Mexico, where product sales are expected to improve, with a greater volume of intercity buses.

## **28. ACKNOWLEDGEMENTS**

Marcopolo is honored to thank customers, suppliers, representatives, shareholders, financial institutions, government bodies, the communities and especially the employees for their effort, devotion and commitment.

The Management.

**BALANCE SHEETS**

*IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais*

ASSETS	Consolidated	
	12/31/14	12/31/13
<b>Current assets</b>		
Cash and cash equivalents	642.615	624.717
Financial assets at fair value through profit or loss	241.786	143.702
Derivatives financial instruments	1.088	978
Trade accounts receivable	1.150.598	1.166.496
Inventories	467.522	447.456
Taxes and contributions recoverable	80.218	73.320
Other accounts receivable	84.238	68.178
	<b>2.668.065</b>	<b>2.524.847</b>
<b>Non-current assets</b>		
<b>Long-term receivables</b>		
Financial assets available for sale	30.152	26.037,00
Taxes and contributions recoverable	1.358	1.974
Deferred income tax and social contribution	56.502	52.684
Judicial Deposits	13.784	12.408
Trade accounts receivable	565.518	521.400
Other accounts receivable	548	524
Investments	403.270	371.911
Property, plant and equipment	435.024	338.056
Goodwill and Intangible assets	264.344	267.999
	<b>1.770.500</b>	<b>1.592.993</b>
<b>TOTAL ASSETS</b>	<b>4.438.565</b>	<b>4.117.840</b>
LIABILITIES AND STOCKHOLDERS' EQUITY	Consolidated	
	12/31/14	12/31/13
<b>Current liabilities</b>		
Suppliers	286.709	308.165
Loans and financing	419.734	367.145
Derivative financial instrucionis	1.942	467
Salaries and vacation pay	98.629	117.038
Taxes and contributions payable	52.063	62.271
Advances from customers	31.240	70.119
Comissioned representatives	36.360	36.255
Interest on own capital and dividends	6.046	20.395
Management profit sharing	6.658	7.241
Other accounts payable	90.348	66.122
	<b>1.029.729</b>	<b>1.055.218</b>
<b>Non-current liabilities</b>		
Loans and financing	1.691.191	1.468.614
Provision	12.164	14.494
Taxes contributions payable	88	20
Obligations to purchase equity interests	32.959	44.126
Other accounts payable	1.423	1.377
	<b>1.737.825</b>	<b>1.528.631</b>
<b>Stockholders' equity</b>		
Capital	1.200.000	1.200.000
Capital reserves	325	593
Revenue reserves	403.469	294.791
Treasury stock	(32.909)	(17.624)
Equity valuation adjustments	76.696	38.136
	<b>1.647.581</b>	<b>1.515.896</b>
<b>Non-controlling Interest</b>	<b>23.430</b>	<b>18.095</b>
	<b>1.671.011</b>	<b>1.533.991</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>4.438.565</b>	<b>4.117.840</b>

The consolidated financial statements including the notes to financial statements and the report of independent auditors KPMG Auditores Independentes - are available at the sites [www.cvm.gov.br](http://www.cvm.gov.br) and [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br).

STATEMENTS OF INCOME

IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais

ACCOUNTS		
	2014	2013
<b>Net sales and service revenues</b>	<b>3.400.194</b>	<b>3.659.309</b>
Cost of sales and services	(2.807.859)	(2.928.774)
<b>Gross Profit</b>	<b>592.335</b>	<b>730.535</b>
<b>Operating income (expenses)</b>		
Selling expenses	(196.438)	(179.890)
Administrative expenses	(171.341)	(173.823)
Other operating income (expenses), net	5.386	(6.913)
Equity in the results of investees	35.320	24.984
<b>Net income (loss) from operations</b>	<b>265.262</b>	<b>394.893</b>
Financial revenue	240.239	196.141
Financial expenses	(229.138)	(200.785)
<b>Financial Income/loss</b>	<b>11.101</b>	<b>(4.644)</b>
<b>Profit before income tax and social contribution</b>	<b>276.363</b>	<b>390.249</b>
<b>Income taxes and social contribution</b>		
Current	(56.111)	(85.640)
Deferred charges	3.818	(12.492)
<b>Net income from continued operations</b>	<b>224.070</b>	<b>292.117</b>
<b>Net income per share - R\$</b>	<b>0,252</b>	<b>0,327</b>

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CASH FLOWS

IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais

Statement of Cash Flows	Consolidated	
	12/31/14	12/31/13
<b>Cash flows from operating activities</b>		
<b>Net income for the year</b>	<b>224.070</b>	<b>292.117</b>
Adjustments to reconcile net income with cash generated by (used in) operating activities:		
Depreciation and amortization	41.175	40.221
Profit (loss) on disposal of investments, fixed and intangible assets	12.403	13.651
Equity in the results of investees	(35.320)	(24.984)
Provision for credit losses	14.641	(6.820)
Current and deferred income tax and social contribution	52.293	98.132
Interest and appropriated exchange variations	86.965	73.454
Non-controlling Interest	3.020	4.157
<b>Changes in assets and liabilities</b>		
Increase in trade accounts receivable	(34.975)	(138.810)
(Increase) decrease in other accounts receivable	(24.364)	16.580
(Increase) decrease in inventories	(10.441)	(78.585)
(Increase) decrease in short-term investment	(102.309)	(13.301)
Decrease in actuarial liabilities	-	(43.368)
Decrease in suppliers	(27.767)	(27.738)
Increase (decrease) in accounts payable	(71.327)	60.902
<b>Cash flows from operating activities</b>	<b>128.064</b>	<b>265.608</b>
Income taxes paid	(56.111)	(85.640)
<b>Net cash provided by (used in) operating activities</b>	<b>71.953</b>	<b>179.968</b>
<b>Cash flows from investing activities</b>		
Investments	-	(174.086)
Dividends from subsidiaries	28.986	20.966
Purchase of fixed assets	(134.028)	(77.925)
Purchase of intangible assets	(2.921)	(69.572)
Proceeds from sale of fixed	639	598
<b>Net cash obtained in investing activities</b>	<b>(107.324)</b>	<b>(300.019)</b>
<b>Cash flows from financing activities</b>		
Borrowings from third parties	697.329	1.411.199
Payment of borrowings - principal	(444.862)	(838.326)
Payment of borrowings - interest	(67.422)	(62.431)
Interest on capital and dividends	(121.897)	(136.034)
Treasury stock	(15.553)	(8.234)
<b>Net cash applied financing activities</b>	<b>47.595</b>	<b>366.174</b>
Foreign exchange gains on cash and cash equivalents	5.674	4.375
<b>Foreign exchange variation on cash and cash equivalents</b>	<b>5.674</b>	<b>4.375</b>
Cash and cash equivalents at the beginning of the year	624.717	374.219
Cash and cash equivalents at the end of the year	642.615	624.717
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17.898</b>	<b>250.498</b>

The consolidated financial statements including the notes to financial statements and the report of independent auditors - KPMG Auditores Independentes - are available at the sites [www.cvm.gov.br](http://www.cvm.gov.br) and [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br).

**EXHIBIT:**

**Marcopolo S.A. (BM&FBOVESPA: POMO3; POMO4)**, seeking transparency in the disclosure of the results, presents for comparison in this Exhibit, the main operational indicators based on the standard prior to adoption of IFRS 10 and 11.

**UNITS REGISTERED IN NET REVENUES**

OPERATIONS	2014	2013	Var. %
<b>BRAZIL:</b>			
- Domestic Market	15,108	17,808	(15.2)
- Foreign Market	2,075	2,303	(9.9)
<b>SUBTOTAL</b>	<b>17,183</b>	<b>20,111</b>	<b>(14.6)</b>
Eliminations KD's exported <sup>(1)</sup>	311	144	116.0
<b>TOTAL IN BRAZIL</b>	<b>16,872</b>	<b>19,967</b>	<b>(15.5)</b>
<b>ABROAD:</b>			
- South Africa	359	340	5.6
- Argentina – Metalpar (50%)	691	1,187	(41.8)
- Argentina – Metalsur (25%)	27	-	-
- Australia	435	529	(17.8)
- Colombia (50%)	982	933	5.3
- Egypt (49%)	383	274	39.8
- India (49%) <sup>(2)</sup>	5,346	5,800	(7.8)
- Mexico	1,619	1,367	18.4
<b>TOTAL ABROAD</b>	<b>9,842</b>	<b>10,430</b>	<b>(5.6)</b>
<b>GRAND TOTAL</b>	<b>26,714</b>	<b>30,397</b>	<b>(12.1)</b>

Notes: <sup>(1)</sup> KD (Knock Down) = Partially or totally disassembled bodies; <sup>(2)</sup> In India, the units produced at the factory in Lucknow are summed.

**MARCOPOLO – CONSOLIDATED WORLDWIDE PRODUCTION**

OPERATIONS (in units)	2014	2013	Var.%
<b>BRAZIL: <sup>(1)</sup></b>			
- Domestic Market	14,862	18,084	(17.8)
- Foreign Market	2,123	2,281	(6.9)
<b>SUBTOTAL</b>	<b>16,985</b>	<b>20,365</b>	<b>(16.6)</b>
Eliminations KD's exported <sup>(2)</sup>	336	189	77.8
<b>TOTAL IN BRAZIL</b>	<b>16,649</b>	<b>20,176</b>	<b>(17.5)</b>

<b>ABROAD:</b>			
- South Africa	322	258	24.8
- Argentina – Metalpar (50%)	637	1,132	(43.7)
- Argentina – Metalsur (25%)	28	-	-
- Australia	435	529	(17.8)
- Colombia (50%)	992	904	9.7
- Egypt (49%)	379	264	43.6
- India (49%) <sup>(3)</sup>	5,346	5,800	(7.8)
- Mexico	1,619	1,367	18.4
<b>TOTAL ABROAD</b>	<b>9,758</b>	<b>10,254</b>	<b>(4.8)</b>
<b>GRAND TOTAL</b>	<b>26,407</b>	<b>30,430</b>	<b>(13.2)</b>

Notes: <sup>(1)</sup> Includes production of Volare model, as well as the production of Marcopolo Rio (4,940 units in 2014 and 5,750 units in 2013) and proportional share in the production of San Marino/Neobus (1,312 units in 2014 and 1,699 units in 2013);

<sup>(2)</sup> KD (Knock Down) = Bodies partially or totally disassembled; <sup>(3)</sup> In India, the units produced at the factory in Lucknow are summed.

#### MARCOPOLO – CONSOLIDATED WORLDWIDE PRODUCTION PER MODEL

PRODUCTS (in units)	2014			2013		
	DM	FM <sup>(1)</sup>	TOTAL	DM	FM <sup>(1)</sup>	TOTAL
Intercity	3,432	1,495	<b>4,927</b>	4,631	1,376	<b>6,007</b>
Urban	5,993	4,032	<b>10,025</b>	6,425	3,556	<b>9,981</b>
Micro	1,201	741	<b>1,942</b>	1,783	1,074	<b>2,857</b>
Minis (LCV)	-	5,101	<b>5,101</b>	-	6,105	<b>6,105</b>
<b>SUBTOTAL</b>	<b>10,626</b>	<b>11,369</b>	<b>21,995</b>	<b>12,839</b>	<b>12,111</b>	<b>24,950</b>
Volares <sup>(2)</sup>	4,236	176	<b>4,412</b>	5,245	235	<b>5,480</b>
<b>TOTAL PRODUCTION</b>	<b>14,862</b>	<b>11,545</b>	<b>26,407</b>	<b>18,084</b>	<b>12,346</b>	<b>30,430</b>

Notes: <sup>(1)</sup> Total production figures of FM include units exported in KD (bodies partially or completely disassembled) totaling 336 units in 2014 and 189 units in 2013; <sup>(2)</sup> The production of Volares is not part of the data of SIMEFRE and FABUS, or the production of the sector.

#### MARCOPOLO – PRODUCTION IN BRAZIL

PRODUCTS (in units)	2014			2013		
	DM	FM <sup>(1)</sup>	TOTAL	DM	FM <sup>(1)</sup>	TOTAL
Intercity	3,432	1,290	<b>4,722</b>	4,631	1,303	<b>5,934</b>
Urban	5,993	406	<b>6,399</b>	6,425	246	<b>6,671</b>
Micro	1,201	251	<b>1,452</b>	1,783	497	<b>2,280</b>
<b>SUBTOTAL</b>	<b>10,626</b>	<b>1,947</b>	<b>12,573</b>	<b>12,839</b>	<b>2,046</b>	<b>14,885</b>
Volares <sup>(2)</sup>	4,236	176	<b>4,412</b>	5,245	235	<b>5,480</b>
<b>TOTAL PRODUCTION</b>	<b>14,862</b>	<b>2,123</b>	<b>16,985</b>	<b>18,084</b>	<b>2,281</b>	<b>20,365</b>

Note: See table notes for Consolidated Worldwide Production per Model.