

B3 S.A. – Brasil, Bolsa, Balcão
Brazilian Federal Taxpayer CNPJ No.09.346.601/0001-25
Corporate Registry (NIRE) No. 35.300.351.452

MATERIAL FACT

Guidance for expenses, depreciation and amortization, CapEx, capture of synergies, financial leverage and payout

A B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”), hereby informs and reaffirms the guidance and budgets as follow:

Guidance for the 2018 adjusted expenses¹, depreciation and amortization and CapEx²:

Adjusted expenses: from R\$1,050 million to R\$1,100 million (same range announced for 2017);

Depreciation and amortization: from R\$910 million to R\$980 million (including amortization of intangible assets); and

CapEx: from R\$220 million to R\$250 million.

Guidance for 2017 reaffirmed (previously released via material fact on November 10, 2017 and 3rd quarter of 2017 earnings materials):

Adjusted expenses¹: from R\$1,050 million to R\$1,100 million;

Depreciation and amortization: from R\$710 million to R\$750 million (including amortization of intangible assets); and

CapEx²: from R\$230 million to R\$250 million.

Change to the guidance related to estimated synergies from the business combination between BM&FBOVESPA and Cetip (previously released via the 3rd quarter of 2017 earnings materials):

B3 expects that expense synergies connected to the business combination between BM&FBOVESPA and Cetip will reach R\$110 million per year in 2021. Between 2018 and 2020, it is expected to capture R\$100 million in expense synergies per year. In the previous guidance, the Company expected that expense synergies would reach R\$100 million on a recurring basis in the third year after the business combination approval. B3 expects to transfer part of the synergies captured to its clients.

Guidance related to financial leverage (previously released via the 3rd quarter of 2017 Earnings materials):

B3 expects to reduce its debt level to 1x Gross Debt/adjusted EBITDA³ by the end of 2019.

Guidance related to distributions to shareholders for the period of 2017 – 2019:

B3 targets to distribute between 70% and 80% of its IFRS net income to shareholders, subject to the Company’s performance, deleveraging targets and to the approval of the Board of Directors.

¹ Expenses adjusted for: (i) depreciation and amortization; (ii) stock grant program costs – principal plus charges and stock options plan; (iii) integration-related expenses; (iv) provisions.

² Excludes investment related to the business combination with Cetip.

³ Adjusted by non-recurring items.

Guidance for 2017 and 2018 non-recurring expenses and CapEx related to the business combination with Cetip (previously released via material fact on November 10, 2017):

Estimates on expenses and other impacts arising from the business combination with Cetip

	2016	2017e	2018e	Total
Contractual commitments and other accounting impact	-	233.9	-	233.9
Cetip's LT compensation and retention programs (cancellation of stock options and payroll taxes)	-	133.1	-	133.1
Impairment / write-offs / provision for contractual fines	-	100.8	-	100.8
Retention / severance programs approved in the AGM of 04/28/17¹	-	~85.0	~25.0	100.0 – 110.0
Advisors, consultants, branding	70.3	~90.0	~10.0	165.0 – 170.0
Total	70.3	~420.0	~35.0	505.0 – 515.0

Note: In comparison with the numbers disclosed in 1Q17, some expenses were reclassified between lines in the table and from expenses related to the combination with Cetip to recurring personal expenses.

¹ Includes payroll charges on the amount approved at the Annual General Meeting. In addition to the amount described above, approximately R\$44 million will be accrued between 2019 and 2021, according to the vesting periods of the stock grant program. The portion referring to payroll taxes on the stocks that will be transferred in future periods can vary significantly, since it will be calculated based on the stock price on the day of the transfer.

Estimates on expenses and CapEx necessary to capture synergies from the business combination with Cetip

	2016	2017e	2018e	Total
Severance and services providers' expenses	8.5	~135.0	~45.0	175.0 - 190.0
CapEx (projects and integration)		~10.0	~15.0	20.0 - 30.0

São Paulo, December 13, 2017

Daniel Sonder
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