

MRV ENGENHARIA E PARTICIPAÇÕES S.A.

Corporate Taxpayers' Id. (CNPJ/MF): 08.343.492/0001-20

Company Registry (NIRE) No.31.300.023.907

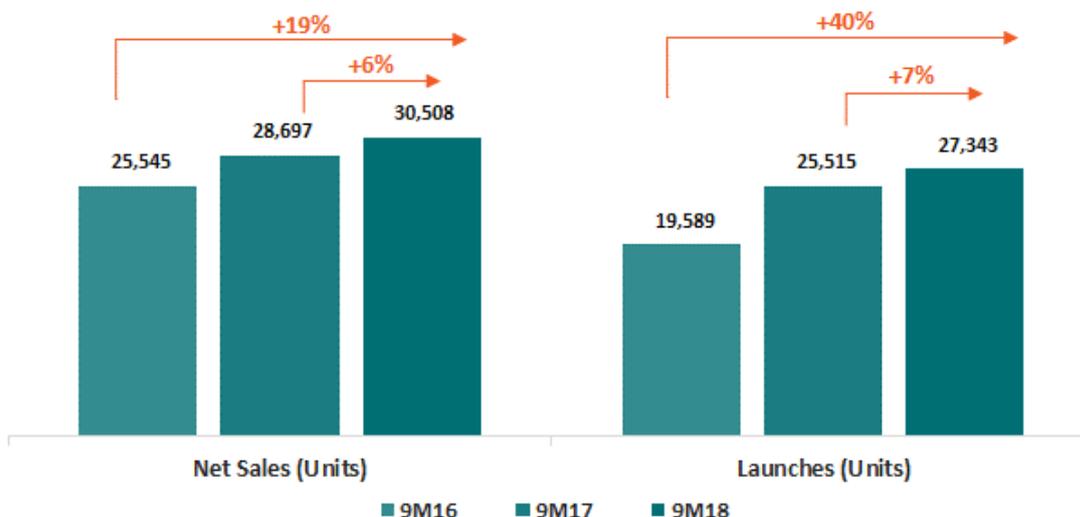
Notice to the Market

Cash generation of R\$ 237 million in the quarter

Belo Horizonte, October 09, 2018 – MRV Engenharia e Participações S.A. (B3: MRVE3), the largest homebuilder in Latin America, announces its preliminary and unaudited data for Launches, Pre-sales, Land bank, Built and Finished units, Construction and Client Financing, Cash Generation and Cancellations for the third quarter of 2018.

HIGHLIGHTS

- Launches of 10,926 units (% MRV) in the quarter and 27,343 units in 9M18, a growth of 7.2% when compared to 9M17.
- Sales of 9,804 units (% MRV) in the quarter and 30,508 units in 9M18, an increase of 6.3% when compared to 9M17.
- For the remained units required to launch 50k in 2018, the Company already got 81% of the permits.



*3Q18 cash generation has not been audited

Pre-sales (%MRV)

Pre-sales	3Q18	2Q18	3Q17	Chg. 3Q18 x 2Q18	Chg. 3Q18 x 3Q17	9M18	9M17	Chg. 9M18 x 9M17
%MRV								
Pre-sales (R\$ million)*	1,453	1,529	1,547	5.0% ↓	6.1% ↓	4,484	4,319	3.8% ↑
Units	9,804	10,425	10,434	6.0% ↓	6.0% ↓	30,508	28,697	6.3% ↑
Average Price - R\$'000 / unit	147	147	147	0.6% ↑	0.1% ↑	146	150	2.1% ↓
By financing source - FGTS	95%	96%	96%	0.9 p.p. ↓	0.5 p.p. ↓	96%	95%	0.8 p.p. ↑
By financing source - Savings accounts	5%	4%	4%	0.9 p.p. ↑	0.5 p.p. ↑	4%	5%	0.8 p.p. ↓
Sales over supply (%) - gross sales	20%	22%	22%	2.2 p.p. ↓	1.9 p.p. ↓	46%	44%	2.1 p.p. ↑

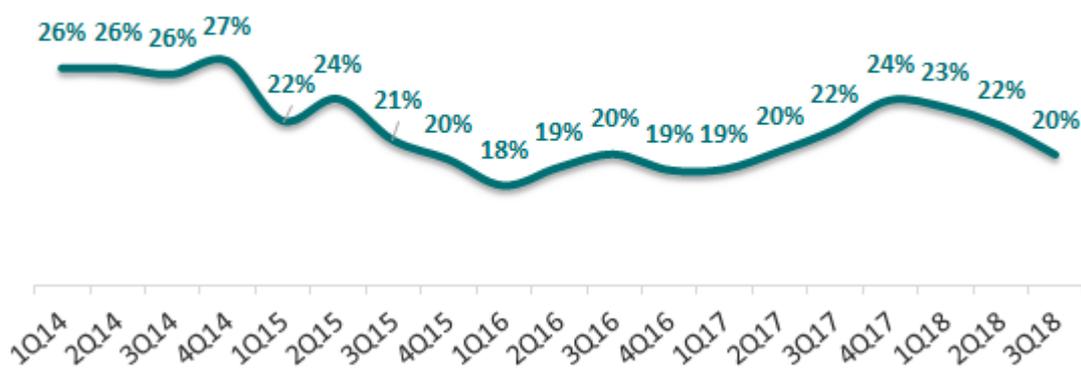
* Includes the residential and allotment segments.

We reached 30,508 units sold in 9M18, an increase of 6.3% when compared to the same period of the previous year.

In 3Q18, we had a 6% decrease in the volume of units sold due to the instability in the sales transfer process in the State of São Paulo, and an increase in the volume of “Zero Cancellation” (4 new regions).

➔ As a consequence, we did not recognize in this quarter a PSV of R\$ 115 million, when compared to 2Q18.

SoS - (%)



Quarter by quarter we increased the number of regions with “Zero Cancellation” implemented, which temporarily delays the recognition of sales, impacting the SoS.

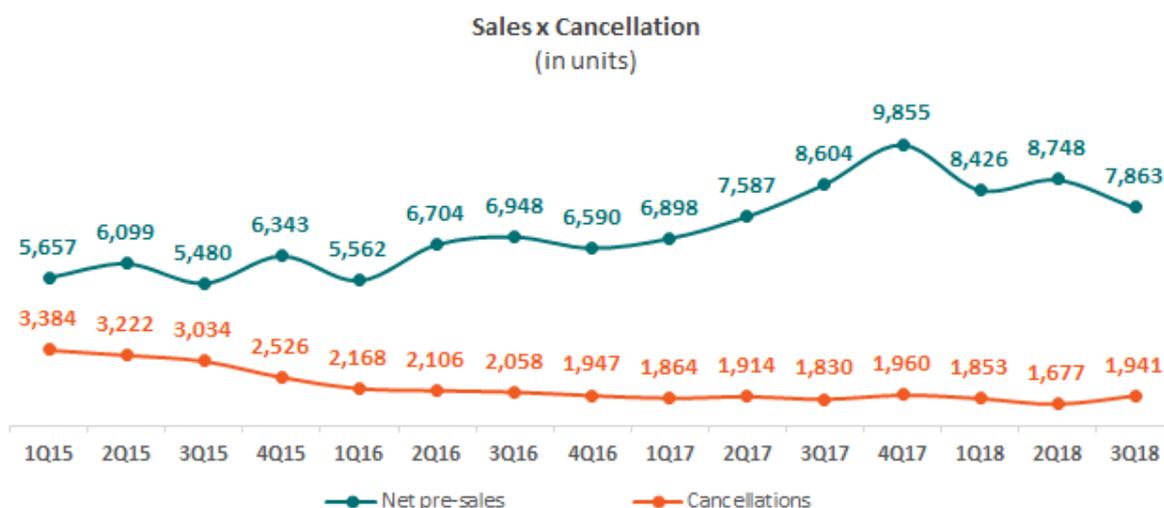
Net Sales and Cancellations (%MRV)

(R\$ million)	3Q18	2Q18	3Q17	Var. 3Q18 x 2Q18	Var. 3Q18 x 3Q17	9M18	9M17	Var. 9M18 x 9M17
Gross Sales	1,453	1,529	1,547	5.0% ↓	6.1% ↓	4,484	4,319	3.8% ↑
Cancellations (Contract Value)	279	243	264	14.6% ↑	5.5% ↑	790	818	3.4% ↓
Cancellations / Gross Sales	19.2%	15.9%	17.1%	3.28 p.p. ↑	2.11 p.p. ↑	17.6%	18.9%	1.32 p.p. ↓
Net Sales	1,174	1,285	1,282	8.7% ↓	8.5% ↓	3,694	3,501	5.5% ↑

(units)	3Q18	2Q18	3Q17	Var. 3Q18 x 2Q18	Var. 3Q18 x 3Q17	9M18	9M17	Var. 9M18 x 9M17
Gross units Sold	9,804	10,425	10,434	6.0% ↓	6.0% ↓	30,508	28,697	6.3% ↑
Cancelled Units	1,941	1,677	1,830	15.7% ↑	6.1% ↑	5,471	5,608	2.4% ↓
Cancellations / Gross Sales	19.8%	16.1%	17.5%	3.71 p.p. ↑	2.26 p.p. ↑	17.9%	19.5%	1.61 p.p. ↓
Net Sales (units)	7,863	8,748	8,604	10.1% ↓	8.6% ↓	25,037	23,089	8.4% ↑

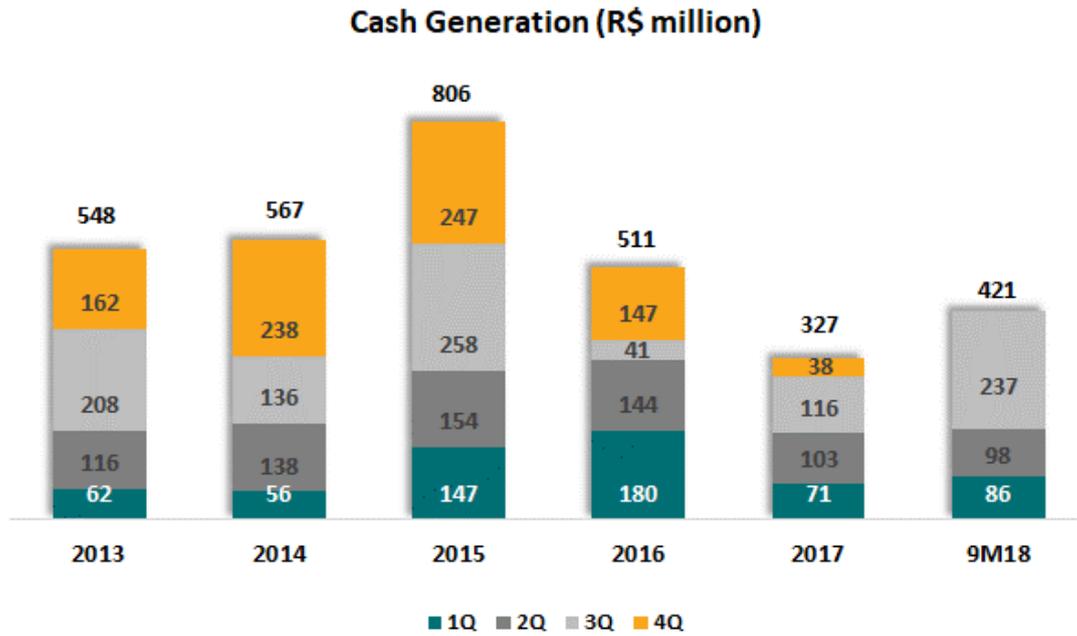
In 9M18 we reached 25,037 units in net sales, a growth of 8.4% when compared to 9M17. The increase in cancellations in 3Q18 reflects the Company's efforts to reduce the liability of not transferred units, mainly in regions with low inventory, in order to resell it. Thereby, the units are resold within the "Zero Cancellation" process, which guarantees the transfer to the bank and cash generation.

We reinforce that the cancellation will continue its downward trajectory, as it can be observed in the 9M18 x 9M17 comparison.



Cash Generation

We reached the 25th consecutive quarter of cash generation, reaching R\$ 237 million in 3Q18. The process of transferring units to the bank remain solid and the increase of the units produced contributed to increase the cash collection.



*3Q18 cash generation has not been audited.

Launches (%MRV)

Launches	3Q18	2Q18	3Q17	Chg. 3Q18 x 2Q18	Chg. 3Q18 x 3Q17	9M18	9M17	Chg. 9M18 x 9M17
%MRV								
Launches (R\$ million)*	1,680	1,709	1,413	1.7% ↓	18.9% ↑	4,193	3,956	6.0% ↑
Units	10,926	11,377	9,134	4.0% ↓	19.6% ↑	27,343	25,515	7.2% ↑
Average Price - R\$'000 / unit	153	150	154	2.1% ↑	0.2% ↓	153	155	1.1% ↓
By financing source - FGTS	96%	100%	100%	3.7 p.p.	3.6 p.p.	99%	99%	0.2 p.p.
By financing source - Savings accounts	4%	0%	0%	3.7 p.p.	3.6 p.p.	1%	1%	0.2 p.p.

* Includes the residential and allotment segments.

In this quarter we had a consistent volume of units launched, an increase of 20% when compared to 3Q17. For the remained units required to launch 50k in 2018, the Company already got 81% of the permits.

We accumulated 44.3 thousand units in our landbank with construction licenses, totaling R\$ 6.7 billion of PSV, of which R\$ 3.0 billion already have incorporation register (IR) issued – 19.8 thousand units. In 3Q18, we acquired 49 land plots, representing a potential PSV of R\$ 4.3 billion and equivalent to 25 thousand units.

Land bank (%MRV)

Land bank	3Q18	2Q18	3Q17	Chg. 3Q18 x 2Q18	Chg. 3Q18 x 3Q17	9M18	9M17	Chg. 9M18 x 9M17
%MRV								
Land Bank (R\$ billion)*	47.6	46.0	44.2	3.4% ↑	7.7% ↑	47.6	44.2	7.7% ↑
Units*	318,326	305,687	293,201	4.1% ↑	8.6% ↑	318,326	293,201	8.6% ↑
Average Price - R\$'000 / unit	150	147	148	1.5% ↑	1.3% ↑	150	148	1.3% ↑
By financing source - FGTS	100%	100%	100%	0.2 p.p. ↓	0.2 p.p. ↓	100%	100%	0.2 p.p. ↓
By financing source - Savings accounts	0%	0%	0%	0.2 p.p. ↑	0.2 p.p. ↑	0%	0%	0.2 p.p. ↑

* Includes the residential and allotment segments.

In this quarter, the Company continued with its land plots investment strategy, focusing on capitals and metropolitan regions taking advantage of good market opportunities. We will focus on replenish land in cities where we are already established as well as expanding operations in major cities. After this balance, we will focus on the maintenance of the landbank.

Production and Real Estate Financing (100%)

Production	3Q18	2Q18	3Q17	Chg. 3Q18 x 2Q18	Chg. 3Q18 x 3Q17	9M18	9M17	Chg. 9M18 x 9M17
%MRV								
Built Units	10,131	8,935	8,717	13.4% ↑	16.2% ↑	27,027	25,078	7.8% ↑
Finished units	12,873	8,100	8,182	58.9% ↑	57.3% ↑	28,479	22,912	24.3% ↑
100%								
Built Units*	10,967	9,720	9,462	12.8% ↑	15.9% ↑	29,336	27,171	8.0% ↑
Finished units	13,362	8,301	9,161	61.0% ↑	45.9% ↑	29,701	25,994	14.3% ↑
Construction sites*	245	225	223	8.9% ↑	9.9% ↑	245	223	9.9% ↑

*Includes the residential and allotment segments.

The increase in units produced is in line with the Company's sales growth in recent quarters, which contributed to the strong cash generation in 3Q18.

Real Estate Financing	3Q18	2Q18	3Q17	Chg. 3Q18 x 2Q18	Chg. 3Q18 x 3Q17	9M18	9M17	Chg. 9M18 x 9M17
%MRV								
Client Financing (units)	10,167	11,192	8,892	9.2% ↓	14.3% ↑	32,047	24,174	32.6% ↑
Construction Financing	6,587	9,817	7,059	32.9% ↓	6.7% ↓	27,313	20,194	35.3% ↑
100%								
Client Financing (units)	10,759	11,619	9,714	7.4% ↓	10.8% ↑	33,835	25,912	30.6% ↑
Construction Financing	7,022	10,380	7,732	32.4% ↓	9.2% ↓	28,793	21,722	32.6% ↑

*Includes the residential and allotment segments.

Construction financing and transferred units operated normally, except in the states of RJ and SP, ensuring recurring cash generation for the Company.

Urbamais

Urbamais (100%)	3Q18	2Q18	3Q17	Chg. 3Q18 x 2Q18	Chg. 3Q18 x 3Q17	9M18	9M17	Chg. 9M18 x 9M17
Land bank (R\$ million)	2,656	2,656	2,440	0.0% ↑	8.9% ↑	2,656	2,440	8.9% ↑
PSV Launched (R\$ million)	64	-	35	N/A	80.2% ↑	64	35	N/A
Number of units	847	-	494	N/A	71.5% ↑	847	494	N/A
Launched area - sq.m.	165	-	106	N/A	55.3% ↑	165	106	N/A
Pre-sales (R\$ million)	44.9	8.2	23.4	446.8% ↑	91.9% ↑	67.1	53.6	25.3% ↑
Number of units	586	132	404	343.9% ↑	45.0% ↑	949	941	0.9% ↑
Average price per unit (R\$ thousand)	77	62	58	23.2% ↑	32.3% ↑	71	57	24.2% ↑
Built Units	294	304	403	3.3% ↓	27.2% ↓	774	1,192	35.1% ↓
Construction sites	3	2	5	50.0% ↑	40.0% ↓	2	5	60.0% ↓
% Urbamais	3Q18	2Q18	3Q17	Chg. 3Q18 x 2Q18	Chg. 3Q18 x 3Q17	9M18	9M17	Chg. 9M18 x 9M17
Land bank (R\$ million)	1,656	1,656	1,545	0.0% ↑	7.2% ↑	1,656	1,545	7.2% ↑
PSV Launched (R\$ million)	7.7	-	21.6	N/A	64.6% ↓	8	22	N/A
Number of units	102	-	301	N/A	66.3% ↓	102	301	N/A
Launched area - sq.m.	33	-	65	N/A	49.1% ↓	33	65	N/A
Pre-sales (R\$ million)	12.2	6.7	15.7	81.6% ↑	22.4% ↓	28	40.0	29.2% ↓
Number of units	28	108	269	74.0% ↓	89.6% ↓	292	718	59.3% ↓
Average price per unit (R\$ thousand)	433	62	58	598.1% ↑	643.6% ↑	97	56	74.1% ↑
Built Units	187	248	297	24.3% ↓	36.8% ↓	566	911	37.9% ↓

* Urbamais % capital structure is composed by 60% of MRV and 40% of its owners.

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About MRV

MRV Engenharia e Participações S.A. is the largest Brazilian real estate developer and homebuilder in the lower-income segment, with 38 years of experience, active in 149 cities, in 22 Brazilian states and in the Federal District. MRV is listed on the B3's Novo Mercado under the ticker MRVE3 and is part of the Bovespa index (Ibovespa).