



# **Results presentation 2019 Q1**

**May 6th, 2019**

---



# Agenda

- ▶ Market performance and operational indicators

*Gennaro Oddone*

- ▶ Results

*Gennaro Oddone*

- ▶ Return, cash flow and indebtedness

*Ramón Pérez*

- ▶ Capital Market and expectations

*Ramón Pérez*

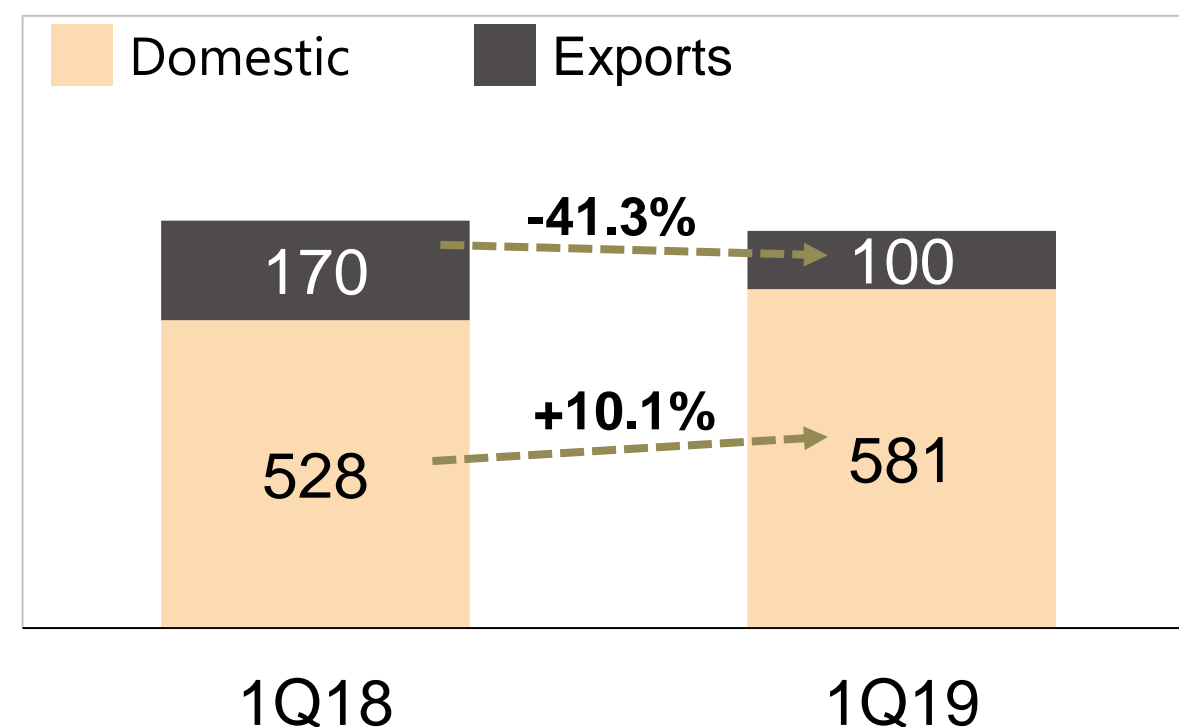




# Market performance and Tegma indicators

(in thousand, except average distance)

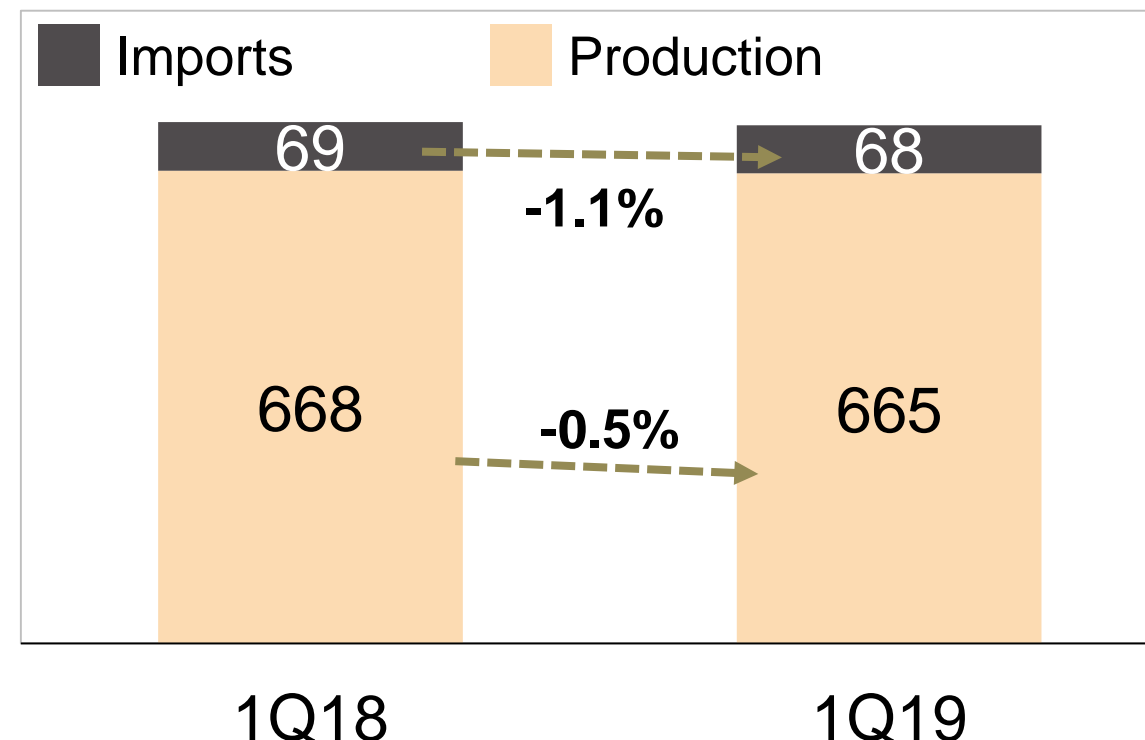
## Vehicle sales



- ▶ The 10.1% growth in domestic sales reflects basically the increase of direct sales.
- ▶ Vehicles exports were affected mainly by the crisis in Argentina, which fell 41.3%.

Source: ANFAVEA

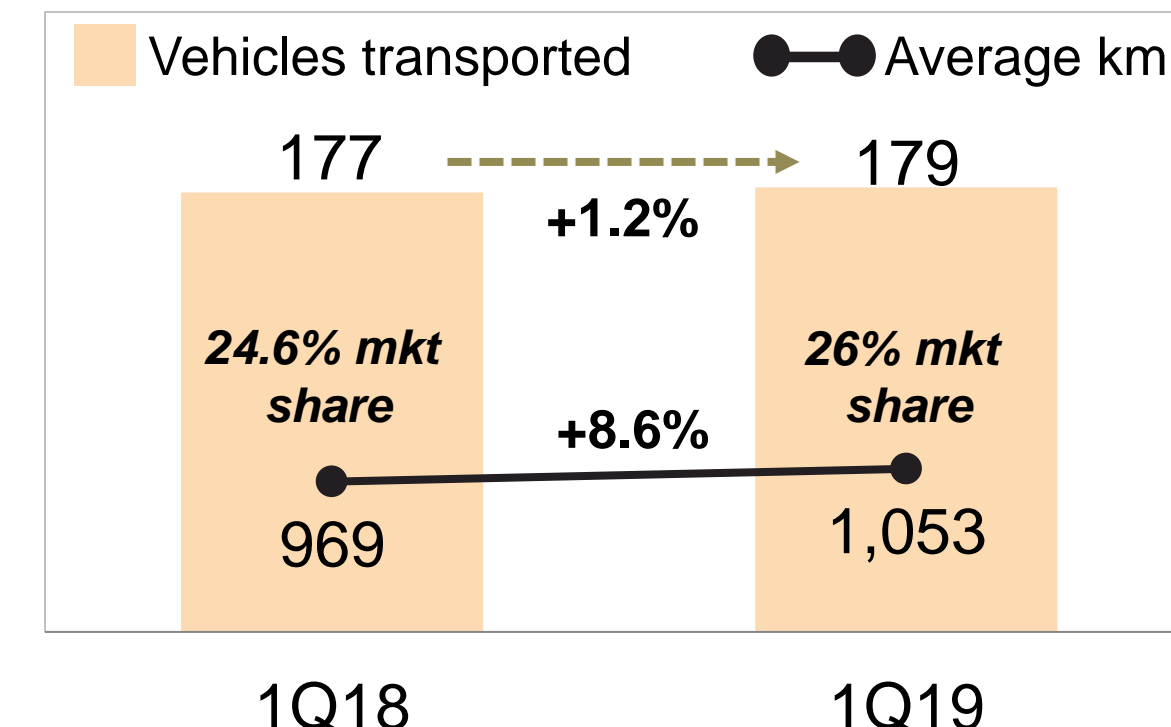
## Production and imports



- ▶ The period production was stable when compared to the same period of the previous year, mainly due to the poor export performance. The decrease in imports was due to the high inventories of the assemblers.

Source: ANFAVEA/Banco Central

## Vehicles Tegma and distance

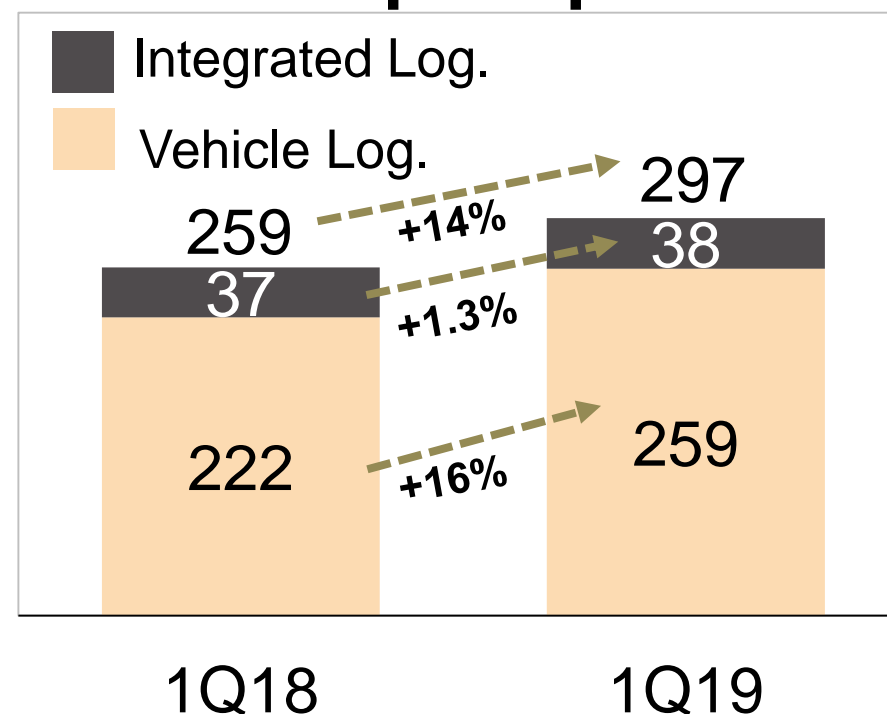


- ▶ Tegma carried 179,000 vehicles, a growth of 1.2%, which is reflected in a 1.3 p.p gain of market share driven by the gain of market share of a major customer.
- ▶ The increase in the average distance from travel mainly reflects the reduction in the deliveries exports share via port.

# Tegma results

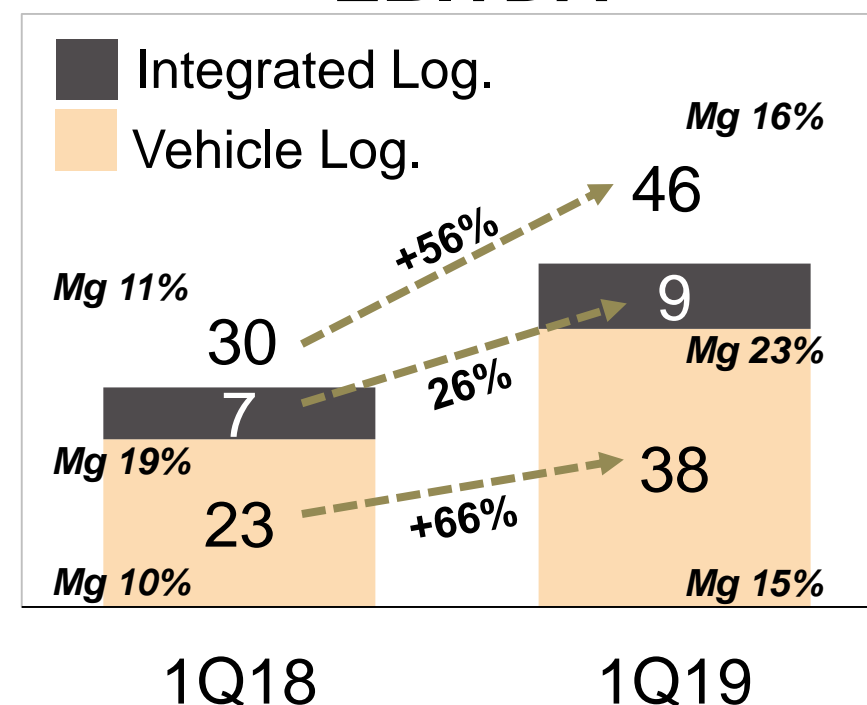
(in R\$ million | pro-forma disregarding Cariacica-ES in 2018 and IFRS 16)

## Net Rev. per operation



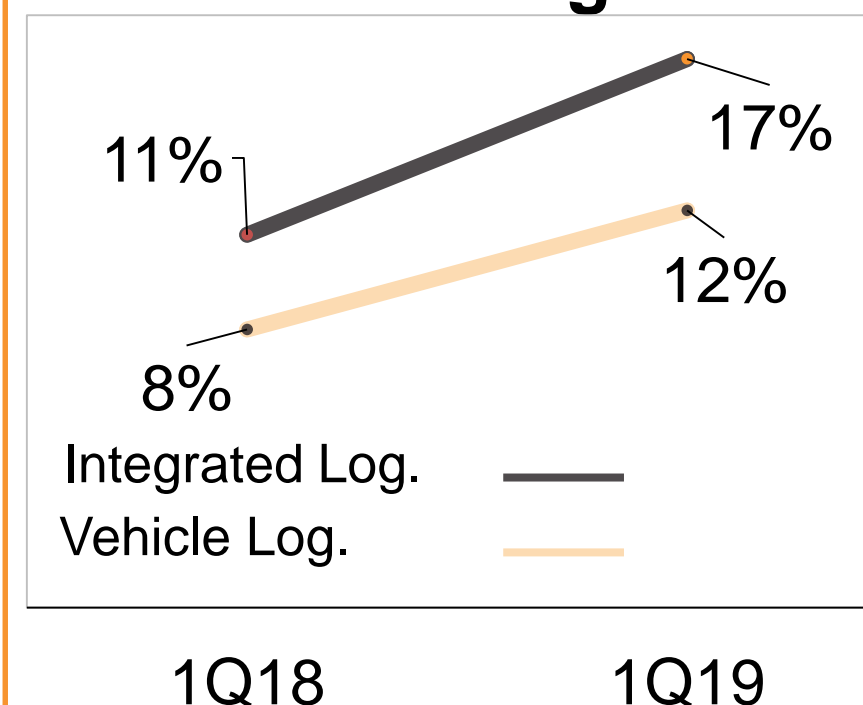
- ▶ The 16% growth in vehicle logistics revenue was due to the growth of the average distance and number of vehicles transported, the price readjustment and other services of transportation and yard management
- ▶ Integrated logistics growth driven by the good performance of industrial logistics in the period.

## EBITDA



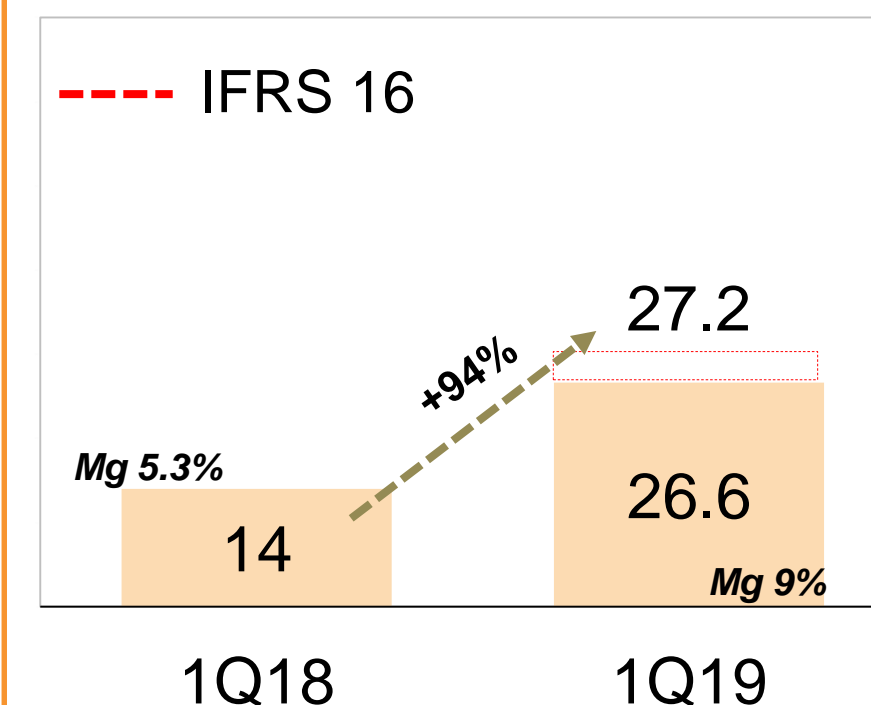
- ▶ The increment in the EBITDA and in margins of vehicle logistics reflected the increase in revenues combined with cost and expense control.
- ▶ The growth in EBITDA and in margins of logistics integrated was due to the growth in revenues from industrial logistics.

## EBIT Mg.



- ▶ The EBIT margin of logistics automotive industry expanded 450 bps vs. 1Q18 due to revenue growth and cost control.
- ▶ The EBIT margin of logistics integrated expanded 530 bps vs. 1Q18, due to the growth in revenues from the industrial logistics operation.

## Net Profit

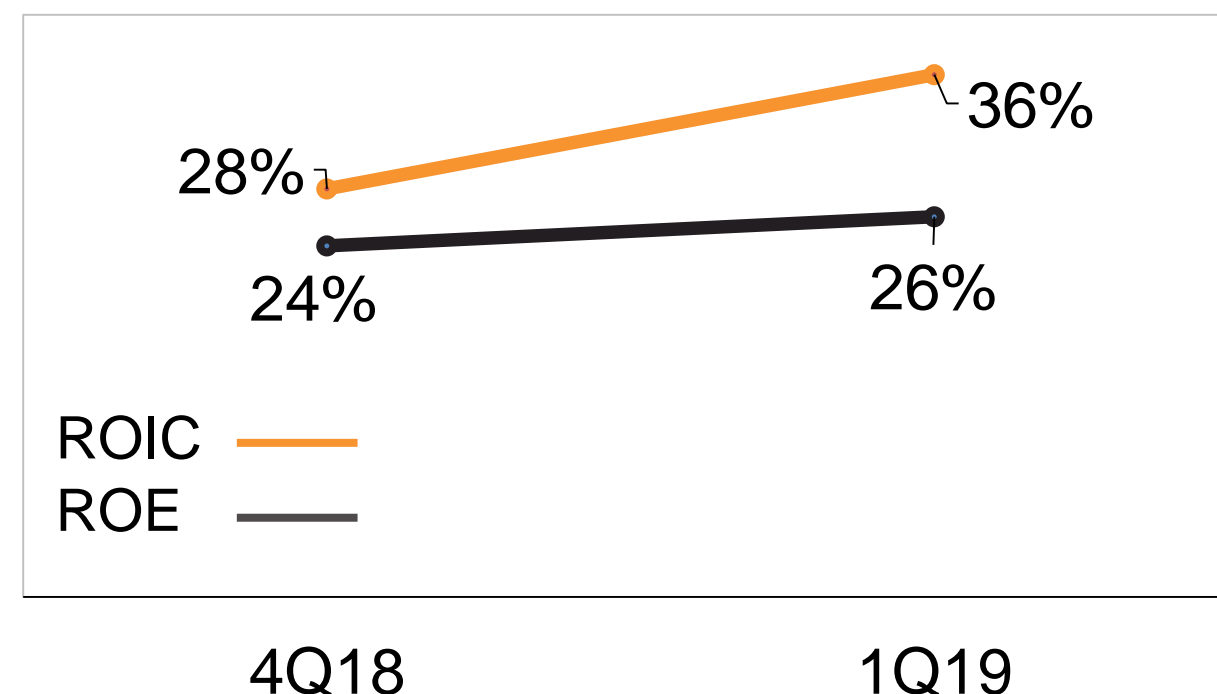


- ▶ The 94% growth in 1Q19 (excluding IFRS 16) when compared to 1Q18, resulted mainly from revenue growth and operating improvement in the period, in addition to the reduction in financial expenses.

# Return, cash flow e indebttness

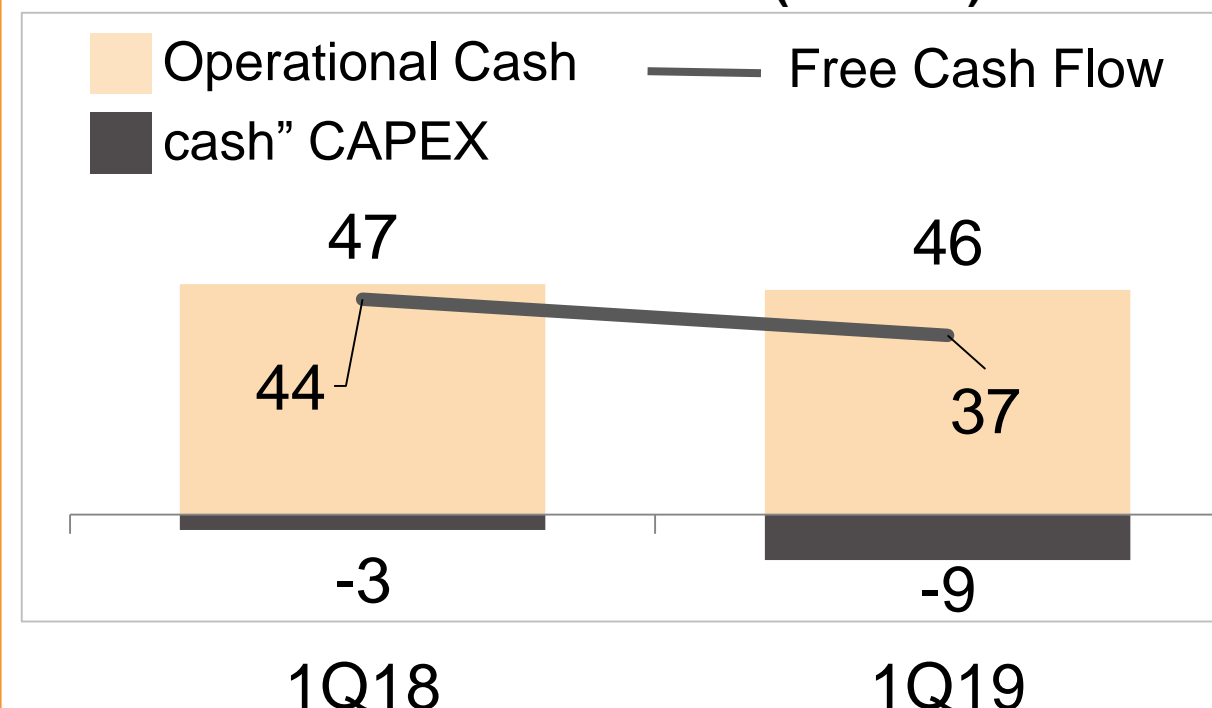
(in R\$ million, consolidated)

## ROE and ROIC



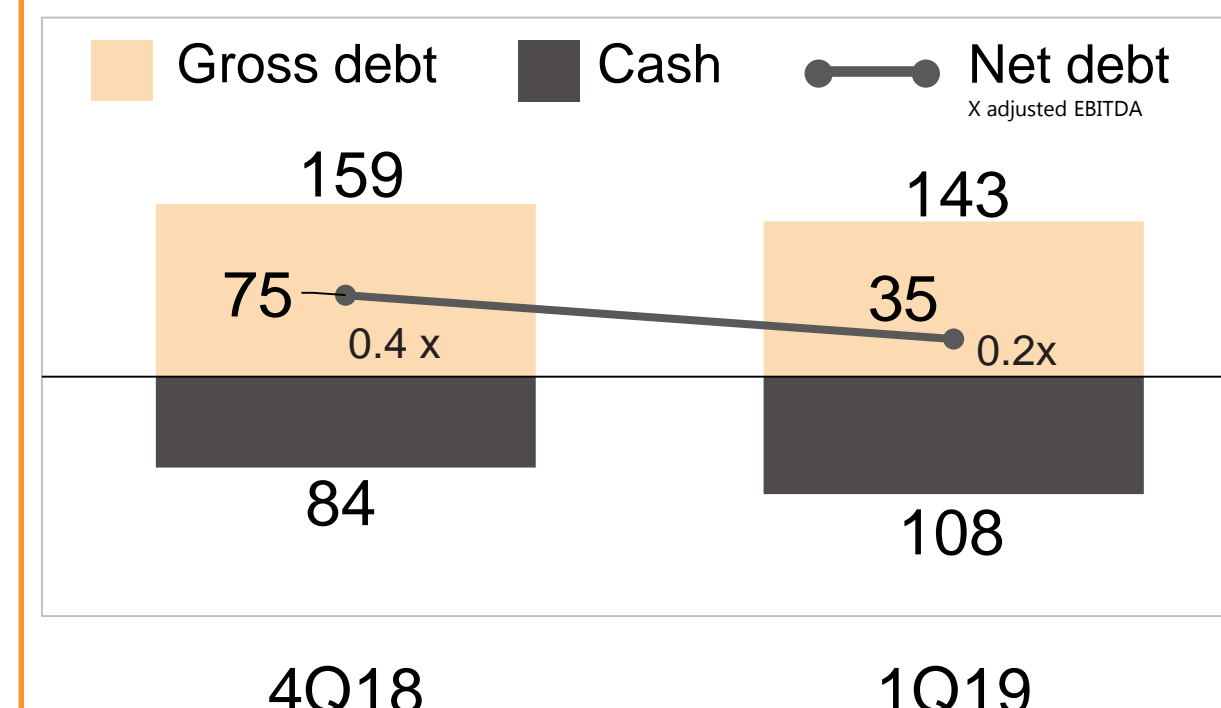
- ▶ The ROIC recovery in 1Q19 vs. 1Q18 was mainly due to the improvement in operating results (NOPAT growth of 12% vs. 1Q18). We remind that the influence of IFRS 16 on ROIC is negligible if we consider that right of use amortization is slightly inferior to effective rent expenses.

## Free Cash Flow (ex-IFRS)



- ▶ Free cash flow in 1Q19 was R\$ 46.3 million. If we disregard the effect of IFRS 16, it would have been R\$ 37.4 million. Compared to 1Q18, free cash flow in 1Q19 was lower due to higher CAPEX, as the higher cash cycle offset the better operating results.
- ▶ The 1Q19 cash CAPEX was higher than in 1Q18 due to improvements in a Sorocaba-SP yards for the operation of Toyota.

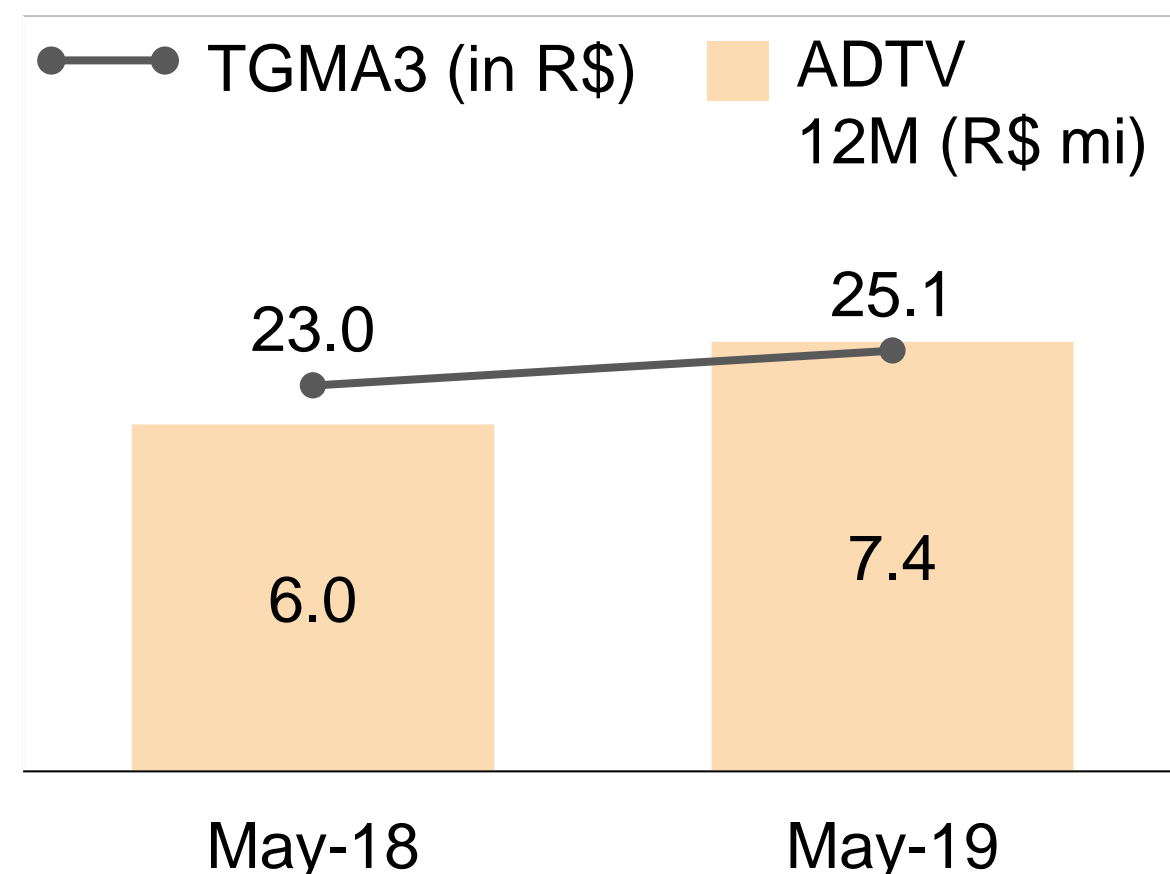
## Indebtness



- ▶ The decrease in gross indebtedness occurred due to the payment of the principal and interest of the debentures (1st emission) in the amount of R\$ 48.4 million, even with the new debt contracted in the amount of R\$ 30 million.
- ▶ The sharp decrease in net debt was due to the strong free cash flow in the quarter. We remind you that the complementary amount of dividends payable of R\$ 28 million will be settled on May 7.

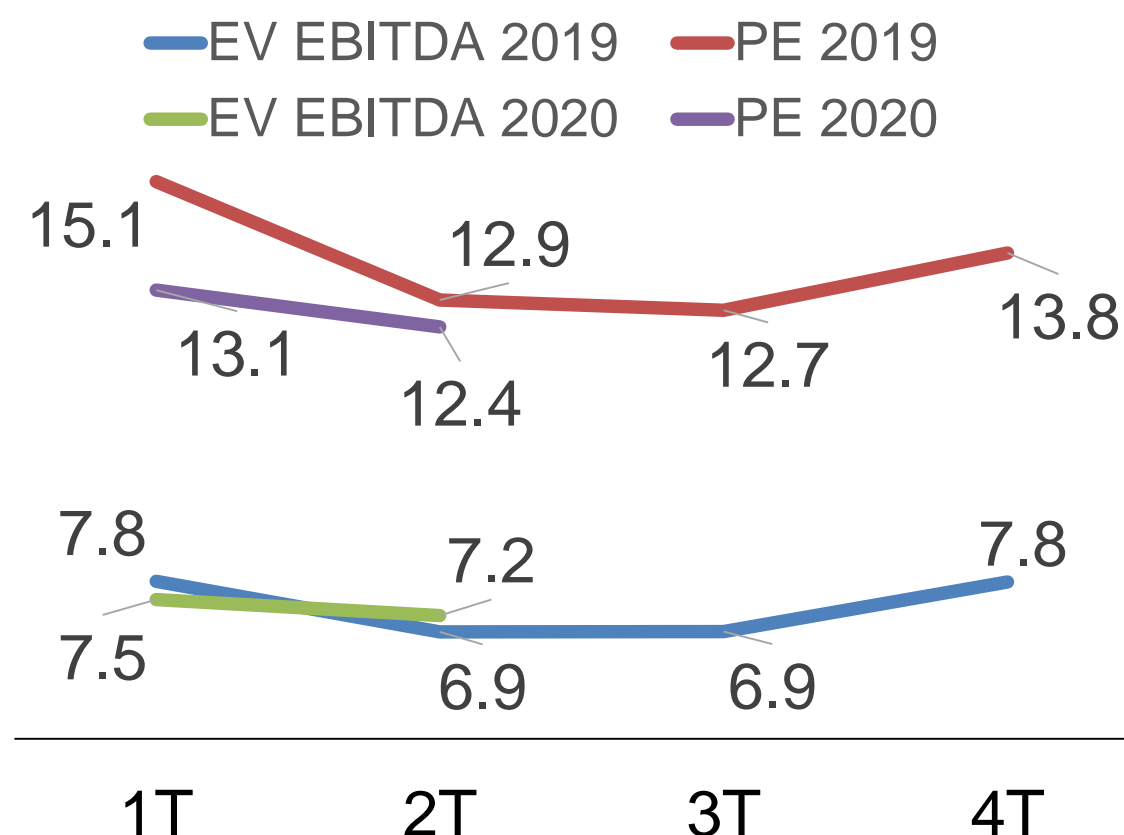
# Capital markets and expectation

## TGMA3



- ▶ The shares of Tegma increased 9% in the last 12 months, similar vs the market. We believe that the uncertainties related to Brazilian economy that influenced the volatility of the shares, despite of the last good results reported.

## Multiples TGMA3



- ▶ The chart above reflects the TEGMA evolution of the quarterly multiples over 2018 (referring to the expected results for 2019) and the same for 2019 (referring to expectations for 2020 results).

## Analysis TGMA3

### Rating Moody's

- ▶ Global B1  
Persp.: Stable
- ▶ National Baa2.br

### Sell side Coverage

- ▶ Safra, Itaú, BTG  
Pactual, Empiricus,  
BAML and  
Santander
- ▶ Average target price: R\$31

# Q&A section

Gennaro Oddone – CEO and IRO  
Ramón Pérez - CFO

[ri.tegma.com.br/en/](http://ri.tegma.com.br/en/)

