



Results presentation 2019 Q2

August 8th, 2019

Agenda

- ▶ Quarter Highlights

Gennaro Oddone

- ▶ Market performance and operational indicators

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- ▶ Results

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- ▶ Return, cash flow and indebtedness

Ramón Pérez

- ▶ Capital Market and expectations

Ramón Pérez



Quarter Highlights

Own fleet trucks renewal



- ▶ Acquisition of 20 trucks for the automotive logistics division's own fleet aiming to renewal of part of 109 owned truck.
- ▶ Sale of 28 trucks, resulting in a reduction of 8 trucks of our own fleet.
- ▶ For this operation the total investment was R\$ 5.2 million.

Acquisition of silo carriers



- ▶ Acquisition of 8 silo carriers to replace outsourced equipments. These new equipment developed by Tegma provide an increased load capacity, productivity and reduction in maintenance cost, fuel cost and therefore pollutant emissions.
- ▶ For this operation the total investment was R\$ 3.1 million.

Yard investment in Sorocaba



- ▶ Completion of investments in Tegma's yard in Sorocaba, which occur since 2Q18, amounting R\$ 23.3 million.
- ▶ On July 25, the Board of Directors approved the investment of R\$ 10 million for purchase and improvement on an adjacent land of 20,000 m², justified by the shipment of Toyota vehicles no longer passing through the consolidating centers in São Bernardo do Campo.

Quarter Highlights

TegUp Update



- ▶ The first investment in Frete Rápido made by tegUP has focused on implantation of new clients that should bring recurring revenue from September 2019, especially in this Black Friday.
- ▶ The startup has been recognized as an excellent digital transformation tool, being awarded at the TOP 10 at the Innovation Show event, held in July 2019.

Awards

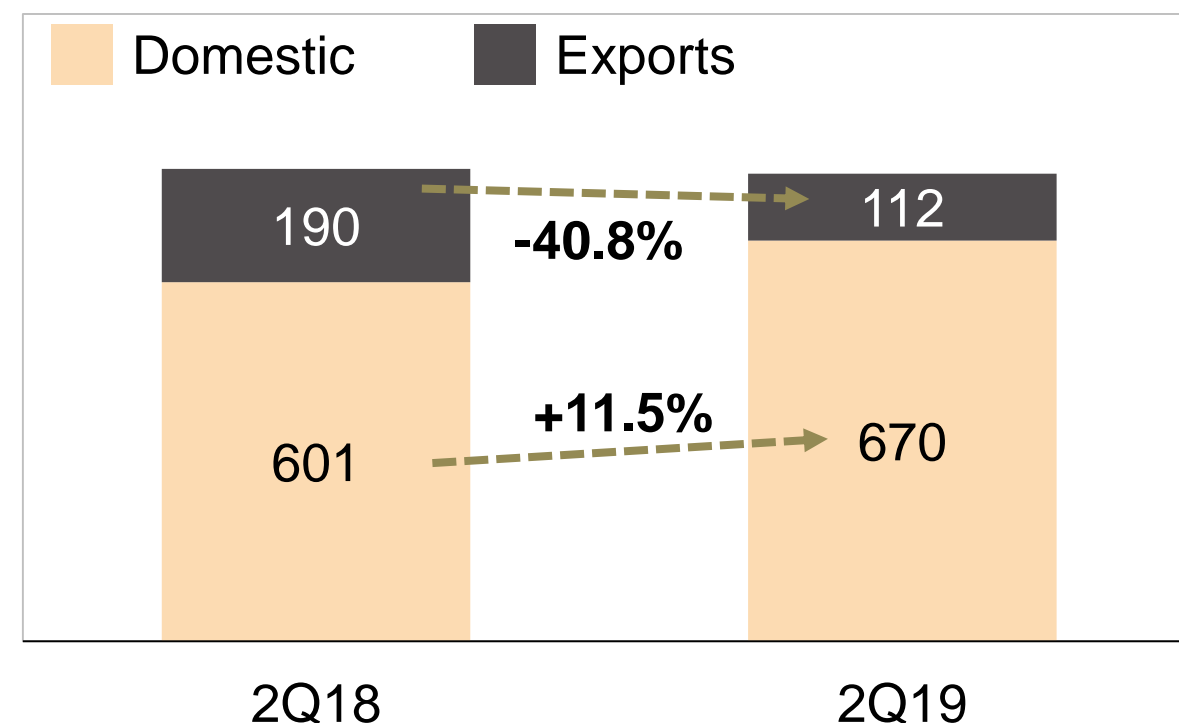


- ▶ On July 30, Tegma was awarded as the “Best Public Company” in the industrial goods category. This ranking considered three aspects: profitability, performance of stocks and corporate governance practices of the last 3 years (2016 to 2018).
- ▶ This quarter we were also ranked in the 36th place 2019 100 Open Startups Ranking, in the Top 50 Open Corps Category. This Award is the result of Tegma's startup accelerator tegUP.

Market performance and Tegma indicators

(in thousand, except average distance)

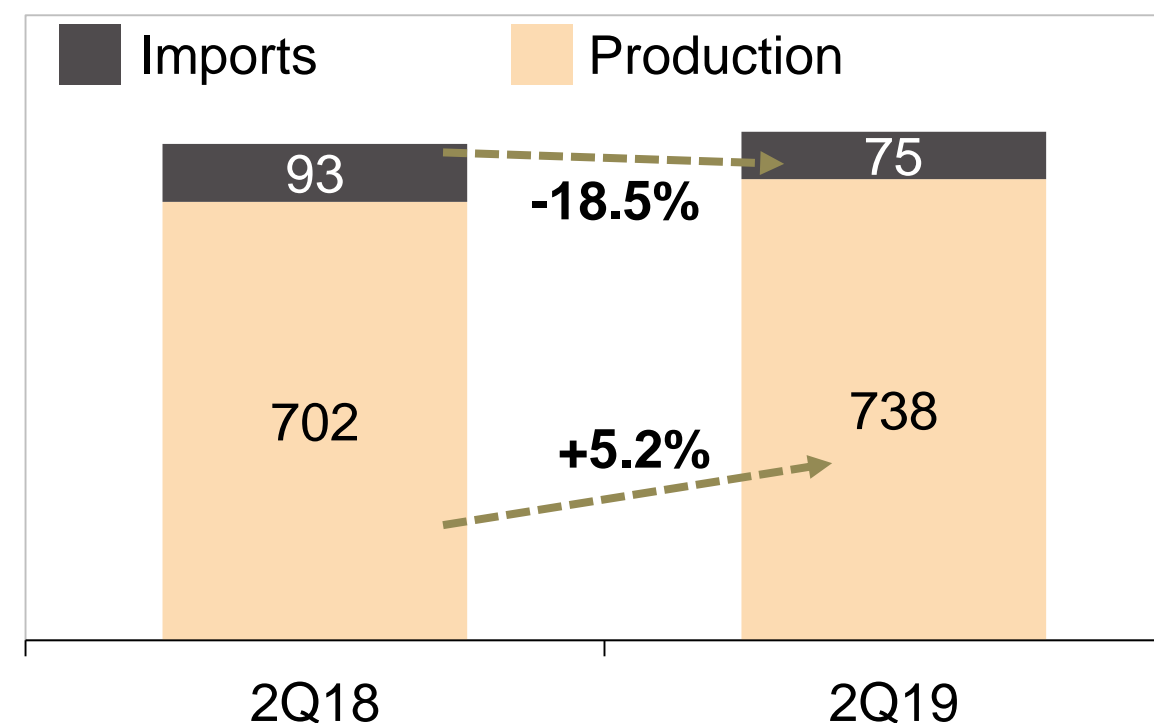
Vehicle sales



- ▶ The 11.5% growth in domestic sales has been in line with the initial expectations forecasted by the industry. Highlight the high share of direct sales of 45% of total sales.
- ▶ The 40.8% drop in exports is still a consequence of Argentinian crisis. In the quarterly comparison, however, it is possible to see a 12% recovery.

Source: ANFAVEA

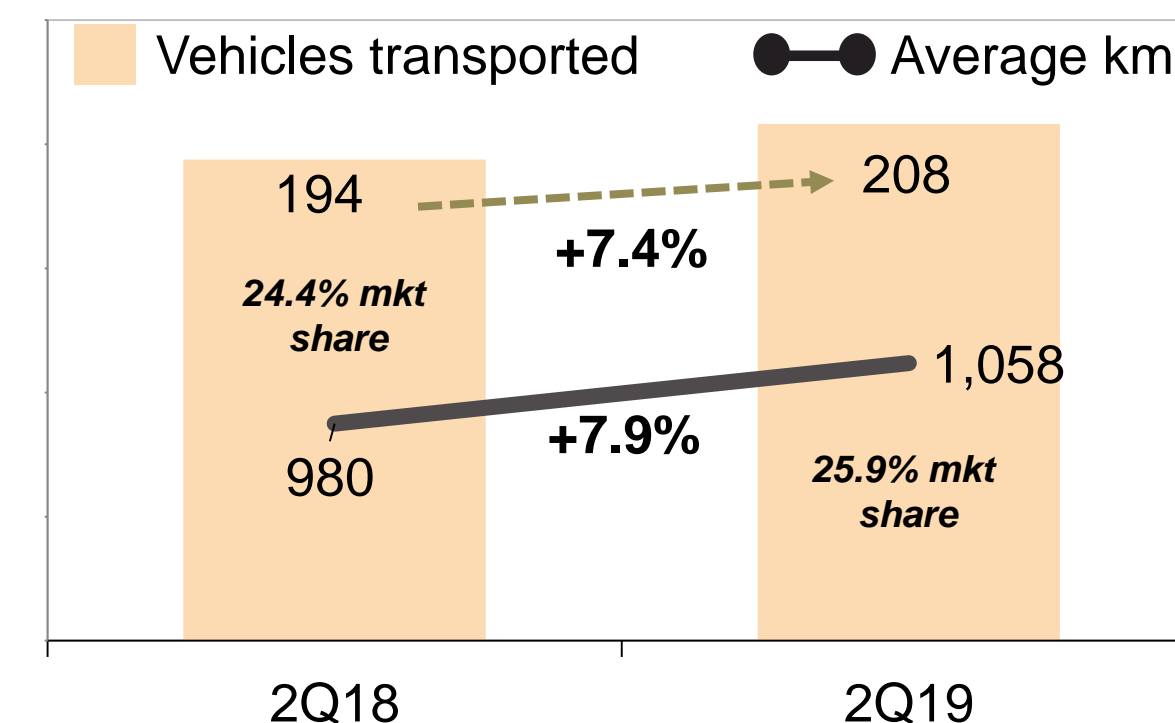
Production and imports



- ▶ The production increased compared to the same period of the previous year, mainly due to the growth in domestic sales and probably due to the drop in imports.

Source: ANFAVEA/Banco Central

Vehicles Tegma and distance

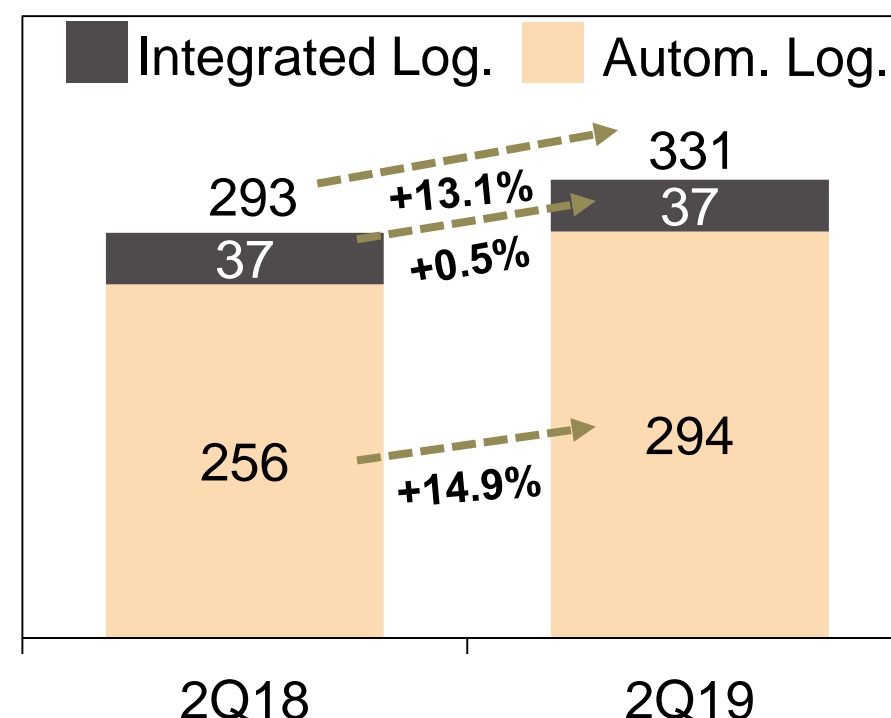


- ▶ Tegma transported 208,000 vehicles, 7.4% increase, which reflected a gain of 1.5 p.p. in market share due to the participation gain in two important clients in national licensing. (+ 16.8% domestic and -30.8% export).
- ▶ The increase in average travel distance mainly reflects the export reduction in deliveries and the distance increase in domestic travels.

Tegma results

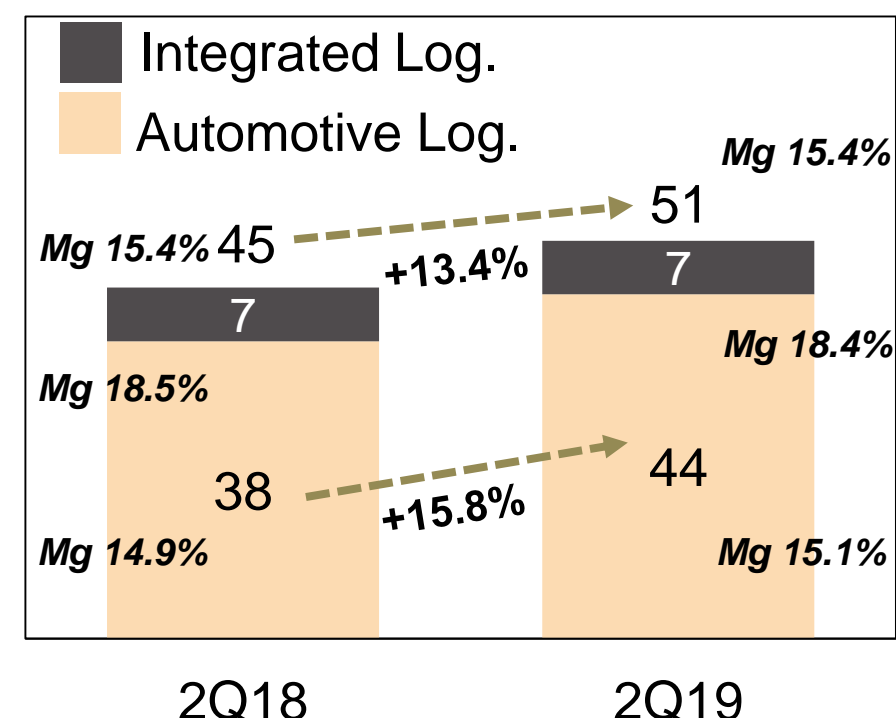
(in R\$ million | ex-IFRS 16)

Net Rev. per operation



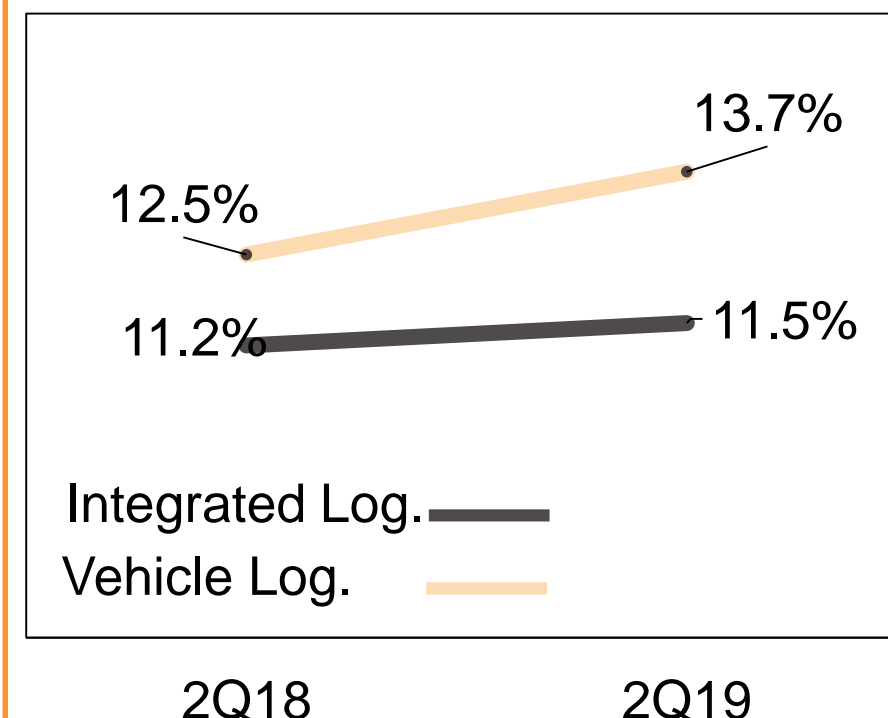
- ▶ The 14.9% growth in automotive logistics revenue was due to the increase in vehicles transported, increase in average distance and price adjustment that happened in May.
- ▶ Integrated logistics was stable due to a client loss in warehousing operations, despite of the improvement in industrial logistics operations.

EBITDA



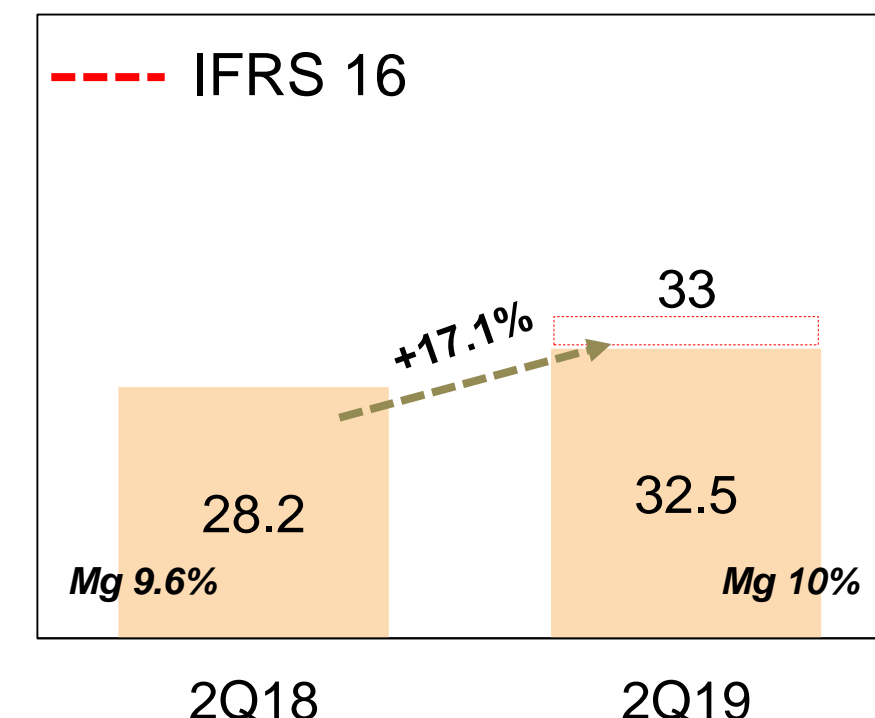
- ▶ The 2Q19 EBITDA margin in automotive logistics was impacted by higher expenses related to discontinued operations and the long-term Executive comp.
- ▶ In integrated logistics, we had a stable EBITDA margin, mainly due to the improvement of the industrial logistics operation and the worsening of the warehouse operation.

EBIT Mg.



- ▶ Automotive logistics EBIT margin increased 120 bps vs. 2Q18 due to revenue growth, and cost control.
- ▶ The integrated logistics EBIT margin was stable vs. 2Q18, due to the improvement of industrial logistics and the worsening of warehouse operations.

Net Profit

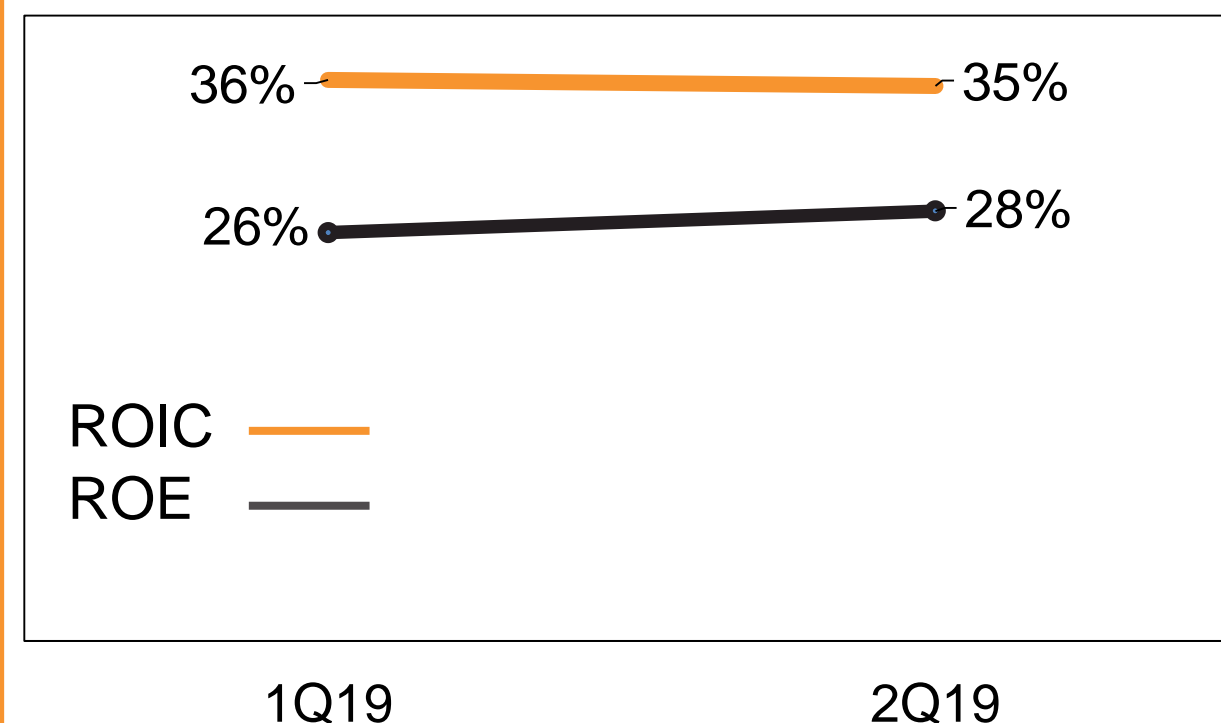


- ▶ The 17.1% growth in 2Q19 net profit (without IFRS16) when compared to 2Q18 was mainly due to the growth in automotive logistics revenue and the operational improvement in the period, as well as the reduction in the financial result and the effective income tax rate.

Return, cash flow e indebttness

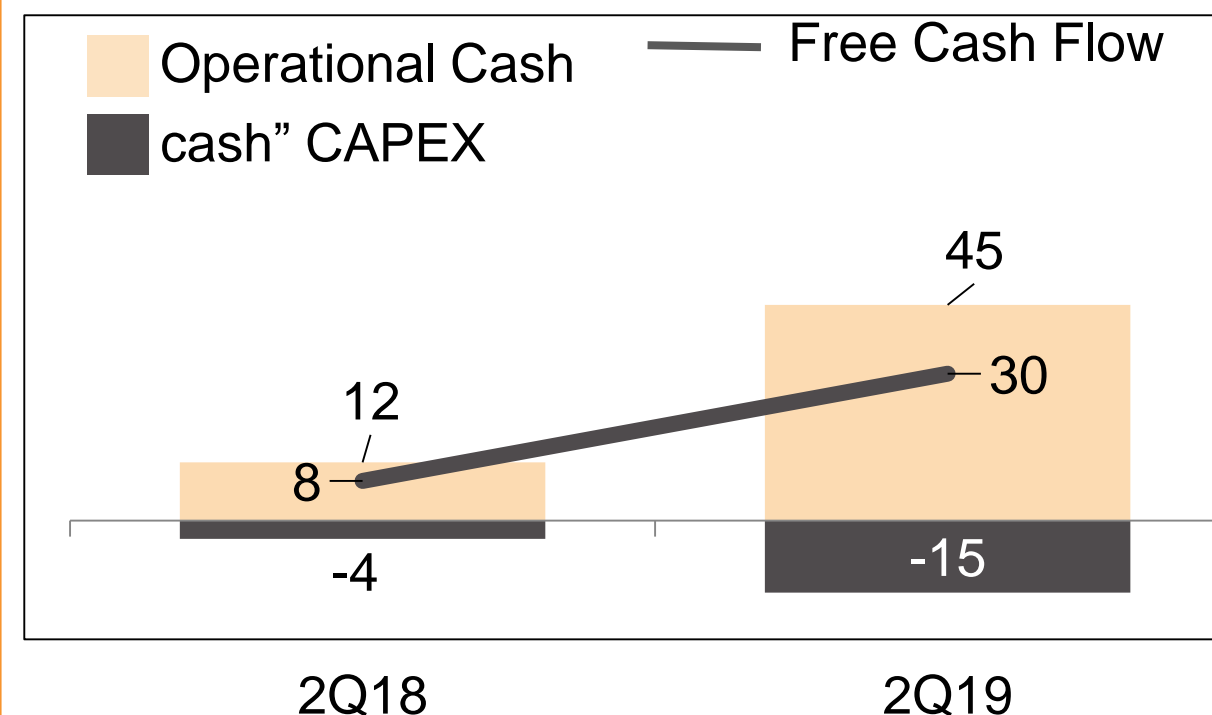
(in R\$ million, consolidated)

ROE and ROIC



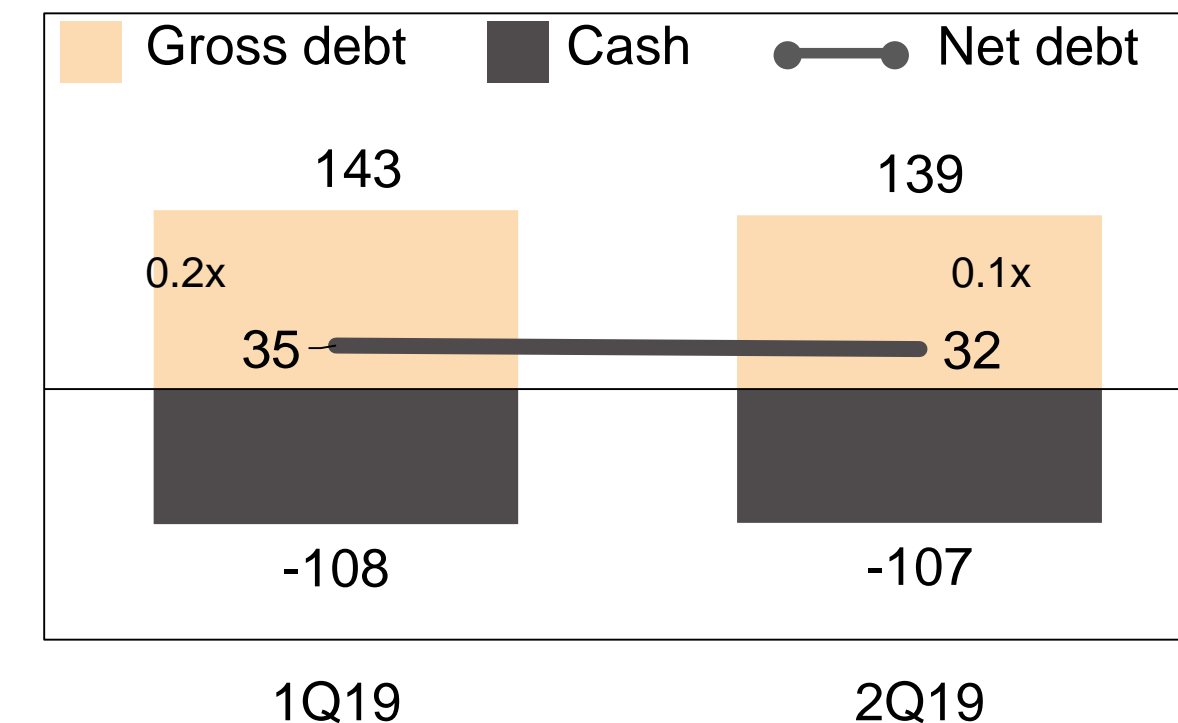
- ▶ 2Q19 ROIC remained stable compared to 1Q19 in 35%.
- ▶ ROE improved slightly 2Q19 vs 1Q19 due to the result of the period combined with a decrease in equity when compared to the first quarter.

Free Cash Flow (ex-IFRS)



- ▶ The 2Q19 free cash flow was R\$ 30.1 million disregarding the effect of IFRS 16 which classifies part of the lease payment as a financing activity. Compared to 2Q18, the 2Q19 free cash flow was higher, mainly due to the receipt of R\$ 12.3 million related to a tax cause gain in Cariacica-ES.
- ▶ The increase in 2Q19 cash CAPEX refers mainly to the acquisition of transportation equipment for both operations, as previously mentioned.

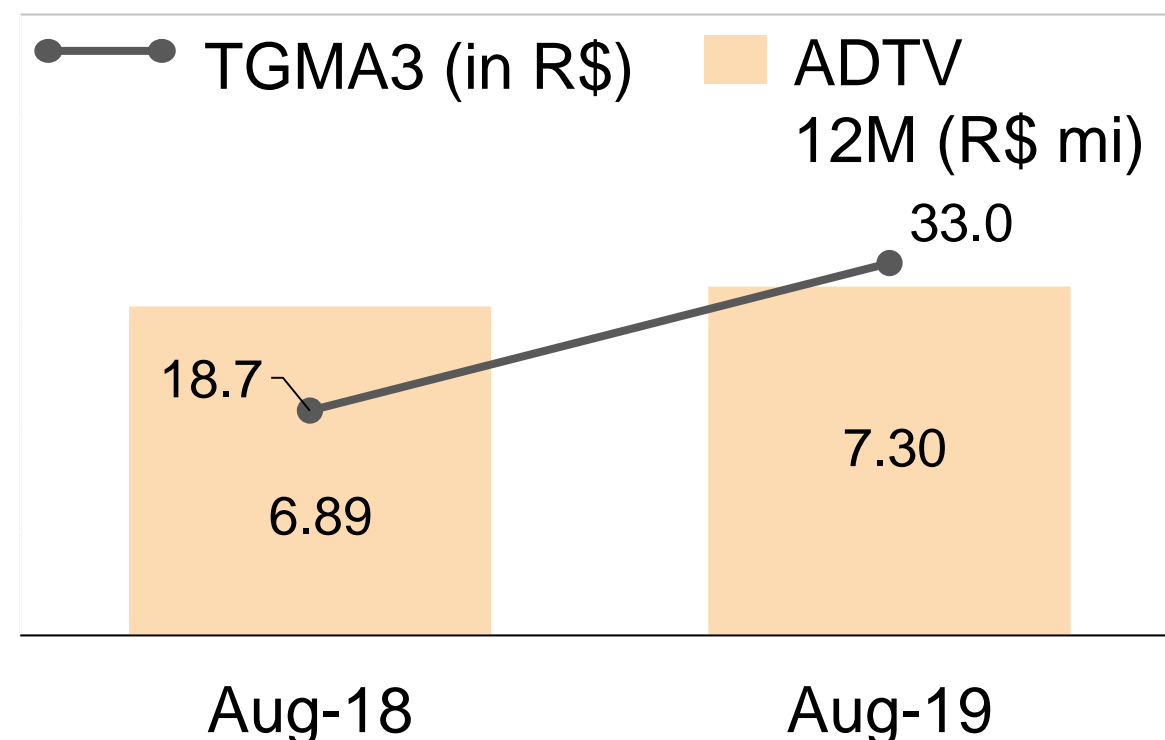
Indebttness



- ▶ Debt stability between 2Q19 and 1Q19 occurred because of the events previously explained.

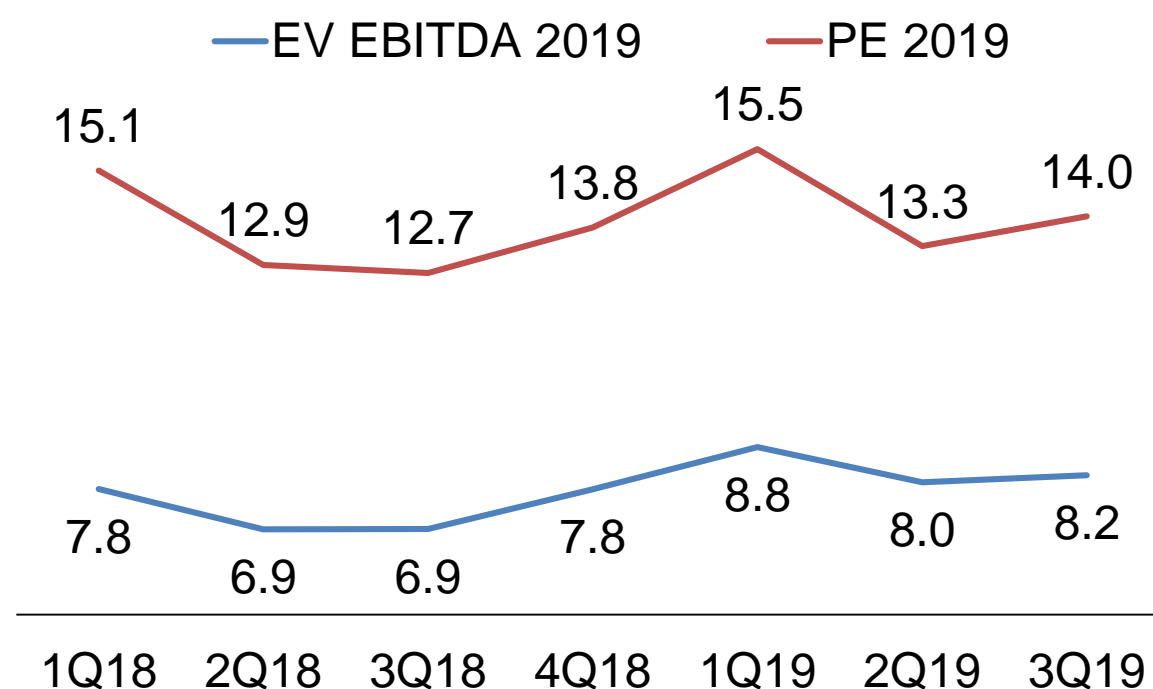
Capital markets and expectation

TGMA3



- ▶ Tegma shares increased 76% in the last 12 months vs. 26% of Ibovespa increase. We believe that the expectations improvement of the economic agents with the social pension reform, besides the market perception regarding the Company's potential, are among the main factors that influenced the shares price increase.

Multiples TGMA3



- ▶ In 3Q19 Tegma was traded at multiple PE and EV / EBITDA levels of 14x and 8.1x respectively, higher than the previous quarters due to the reasons explained below.

Analysis TGMA3

Rating Moody's

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

Sell side Coverage

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

Q&A section

Gennaro Oddone – CEO and IRO
Ramón Pérez - CFO

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