

Tegma Gestão Logística SA

Earnings Release

2019 first quarter

São Bernardo do Campo, May 3, 2019

Note: The Company ceased to consider Tegma Logística Integrada S.A. since February 2018 as a direct investment, due to the creation of the joint venture "GDL" which has the objective of providing general and bonded warehouse services in Cariacica-ES. From this date on, GDL now holds direct control of Tegma Logística Integrada S.A., therefore, GDL results will be accounted in equity in the Company. Cariacica operation result for January 2018 is shown in the financial historical serial file in .xls on the Attachments tab and the Earnings release pro-forma tables are shown in the Earnings Release spreadsheets in .xls.

Highlights

- ◆ The 13.2% growth in **net revenue** in 1Q19 vs 1Q18 reflected the improvement in the average distance, the relative stability of the number of vehicles transported and the significant increase in other services in the vehicle logistics division, mainly in yard management.
- ◆ Tegma **transported 179,3 thousand vehicles** in 1Q19, 1.2% more than the previous year, reflecting 26.0% of *market share* or a 1.3 p.p gain vs 1Q18.
- ◆ Tegma's **EBITDA** in 1Q19 was R\$ 56 million. For comparative purposes, if we disregard the impacts of IFRS 16, it was R\$ 46.3 million, 57.3% higher vs the previous year, driven by better results from both divisions.
- ◆ 1Q19 Tegma's **net income** was R\$ 26.6 million, 90.2% higher than 1Q18 mainly due to of operational improvement.
- ◆ 1Q19 **free cash flow** was R\$ 46.3 million, influenced by better operational results and IFRS 16, but negatively by higher CAPEX and higher cash cycle. For comparative purposes, if we disregard the impacts of IFRS16, it was R\$ 36.8 million.
- ◆ The company's **net debt** on March 31, 2019 was R\$ 34.7 million, corresponding to 0.2x adjusted EBITDA of the last 12 months.
- ◆ Tegma 1Q19 **ROIC** was 36.0%.

Operational and financial highlights	1Q19	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Net revenue (R\$ million)	296.7	13.2%	-19.2%	262.1	367.2
Operating income (R\$ million)	40.6	80.2%	-16.4%	22.5	48.6
EBITDA (R\$ million)	56.0	90.2%	1.5%	29.5	55.2
Adjusted EBITDA (R\$ million)	56.0	90.2%	-17.7%	29.5	68.1
EBITDA 1Q19 ex-IFRS16 (R\$ million)	46.3	57.3%	-31.9%	29.5	68.1
<i>Adjusted EBITDA Margin %</i>	<i>15.6%</i>	<i>4.4 p.p.</i>	<i>-2.9 p.p.</i>	<i>11.2%</i>	<i>18.5%</i>
Net income (R\$ million)	26.6	90.2%	-23.9%	14.0	35.0
<i>Net margin %</i>	<i>9.0%</i>	<i>3.6 p.p.</i>	<i>-0.5 p.p.</i>	<i>5.3%</i>	<i>9.5%</i>
Earnings per share (R\$)	0.4	90.2%	-23.9%	0.2	0.5
Free cash flow (R\$ million)	46.3	4.7%	2,960.5%	44.2	1.5
CAPEX (R\$ million)	6.6	169.7%	-50.0%	2.5	13.3
Vehicles transported (in thousand)	179.3	1.2%	-11.9%	177.2	203.6
<i>Market Share %</i>	<i>26.0%</i>	<i>1.3 p.p.</i>	<i>0.2 p.p.</i>	<i>24.6%</i>	<i>25.8%</i>
Average Km per vehicle transported	1,052.5	8.6%	-0.2%	969.2	1,054.5



Summary

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[Click here](#) for our Financial historical and explanatory notes in EXCEL.

[Click here](#) for this report's spreadsheets in EXCEL.

Results conference call

[PORTUGUESE with simultaneous translation to ENGLISH]

Monday, May 6th, 2019

16:00 (Brasília)

3 pm (US-ET)

Phone: +55 11 3193-1001 or +55 11 2820-4001

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Port Webcast: [click here](#)

English Webcast [click here](#)

Impacts of IFRS 16 in the results, cash flow and balance sheet of Tagma

As of January/19, an accounting standard became effective regarding the accounting of rents and leases (IFRS 16 / CPC 06 (R2)). The new accounting standard requires that the total amount of payable rent is registered as a financial liability and simultaneously a value as an asset called "Right of Use". For contracts with a term exceeding 12 months there is no more accounting of rental expenditure in the result, but rather an amortization expense (of the right of use asset) and the interests on the financial liability.

This methodology shall be applicable in contracts of Tagma, as follows:

- Real estate rental;
- Machines and equipment rental contracts;
- Vehicles rental contracts;

This new methodology impacts on the balance sheet, on the result and on the free cash flow, as shown below:

On the result:

1) There is no more rental expenses for contracts exceeding 12 months, which improved our 1Q19 EBITDA in R\$ 9.7 million¹ and increased the amortization/depreciation and financial expenses in R\$ 8.9 million and R\$ 1.3 million, respectively;

2) In 1Q19 there was a worsening in the net income of R\$ 0.5 million, because interest accrual are higher in early periods than in later periods (Timing-Effect). In the long term, this time difference will be zero. In the [financial historical](#) in .XLS it is possible to find in Income statement spreadsheets the results ex IFRS16;

On the balance sheet:

3) The right of use asset on March 31, 2019 was the sum of all future values of contracts with maturity exceeding 12 months (real estate and equipment), which, when brought to current value through the average interest rate of Tagma debts, net of amortization in the period, resulted in the amount of R\$ 65.8 million;

4) The lease liabilities on March 31, 2019 was R\$ 69.8 million, divided between the current (R\$ 27.2 million) and non-current (R\$ 42.6 million) on the basis of the installments maturity;

5) In the assets, the amortization will be linear by the contracts validity period. The liabilities balance will be updated according to a price table, and the interests will be recognized by the effective interest rate.

Adjusts 1Q19 - IFRS 16	Autom.	Integr.	Consol.
Effects on balance sheet			IFRS 16
Right of use			65.8
Lease liabilities			69.8
Effects on Result	IAS 17 vs IFRS 16	IAS 17 vs IFRS 16	IAS 17 vs IFRS 16
Rent costs and expenses	(5.0)	(4.7)	(9.7)
EBITDA	(5.0)	(4.7)	(9.7)
Amortization of the right of use (cost)	4.3	4.4	8.7
Amortization of the right of use (expense)	0.2	-	0.2
Operating Profit	(0.5)	(0.3)	(0.8)
Interest on lease	0.8	0.5	1.3
Income before tax	0.3	0.2	0.5
Cash Flow Effects			IFRS 16
Operational Cash Flow			9.5
Cash flow from investment			-
Cash flow from financing			(5.5)

On the cash flow:

6) Due to the fact that there is no rent expense and it has been replaced by amortization of the right of use and interest on lease, operating cash generation in 1Q19 is R\$ 9.5 million higher due to the new accounting standard. On the other hand, the cash flow from financing was charged at R\$ 5.5 million, which, it added to R\$ 0.8 million of interest on rent paid, corresponds to the amount paid for rent for two months of the quarter (the amortization of March will be held in April).

7) The non-paid amount of December that was paid in January (still in the IAS 17 regime) impacted the other liabilities in the amount of R\$ 3.2 million.

¹ Amount mentioned in explanatory notes 20.

Operational highlights – Automotive division

Domestic vehicle sales grew by 10.1% in 1Q19 versus 1Q18. Vehicles **exports**, in turn, reported a decrease of almost 41.3% compared to 1Q18 once again reflecting the crisis that Argentina is going through. Despite of lower exports, but having an increase on inventories, the vehicles **production** in 1Q19 was stable versus 1Q18.

The number of **vehicles transported** by Tegma increased by 1.2% in 1Q19 in the annual comparison. Compared to a 4% drop in **wholesale sales** in the same period, Tegma performance that reflects in a gain of market share of 1.3 p.p, reflecting the gain of market share of a major customer.

The drop of 2.1% of **average distance for domestic** travels in 1Q19 versus 1Q18, reflects the dynamics of vehicle sales across the country (Southeast and ex Southeast) and Tegma's delivery mix. **Average distance of exports** was 6.9% higher than in the annual comparison. The average consolidated distance grew 8.6% in 1Q19 in the annual comparison, mainly due to the fall in share of exports in total transported.

Chart 1 – Wholesale sales (in thous) and Tegma market share

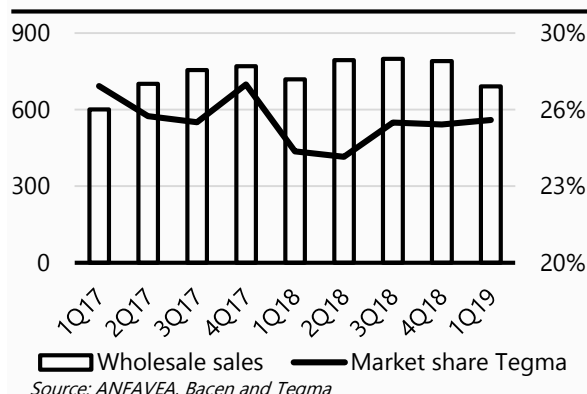
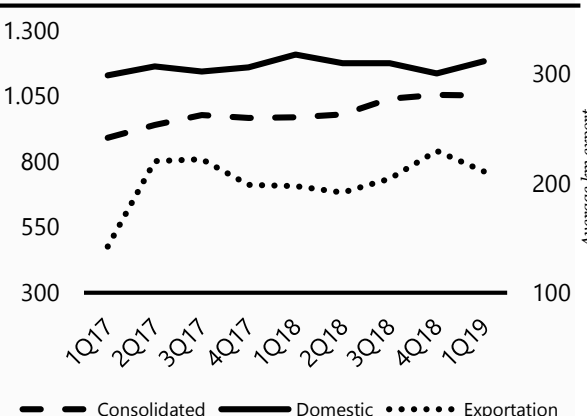


Chart 2 – Tegma's trips average distance (in km)



	1Q19	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Vehicles and light commercial sales	681.4	-2.5%	-13.8%	698.6	790.5
Domestic	581.5	10.1%	-16.0%	528.2	692.4
Exportations	100.0	-41.3%	1.9%	170.4	98.1
A - Estimated wholesale sales	690.5	-4.0%	-12.6%	719.0	789.9
(+) Production of vehicles and light commercial	664.9	-0.5%	2.0%	668.4	651.9
(+) Importation of vehicles and light commercial	68.1	-1.1%	-24.4%	68.8	90.1
(-) OEM's inventories change	42.5	N/A	N/A	18.3	(47.9)
B - Vehicles transported	179.3	1.2%	-11.9%	177.2	203.6
Domestic	155.3	14.8%	-16.2%	135.3	185.3
Exportations	24.0	-42.7%	31.2%	41.9	18.3
Market share (B / A) %	26.0%	1.3 p.p.	0.2 p.p.	24.6%	25.8%
Average km per vehicle transported	1,052.5	8.6%	-0.2%	969.2	1,054.5
Domestic	1,182.8	-2.1%	4.1%	1,208.4	1,136.0
Exportations	211.1	6.9%	-8.2%	197.5	229.9

Source: ANFAVEA e BACEN

(in thousands, except average Km)

Results – Automotive logistics division

The improvement trend of the automotive logistics division results is a consequence of a better economic scenario in the country, which was reflected in the vehicles sale improvement and in the regional distribution of this sale, in addition to the costs and expenses control.

The gross revenues of the **vehicles logistics** operation increased 17.0% in the 1Q19 in the annual comparison, a variation that is explained: i) by the 1.2% increase in the 1Q19 in the number of transported vehicles, ii) by the increase of 8.6% in the average km per vehicle in the 1Q19 vs. the previous year, iii) by the price adjustment carried out in 2018, and iv) by the significant increase in revenues from other services, such as storage, PDI and mainly from yards management, as announced in the 3Q18 highlights.

The 1Q19 **gross margin** of the division was 21.8%.

Disregarding the IFRS 16 in the 1Q19, as shown on the next page, and on [Annex I](#), the margin would have been 21.6%, 170 bps higher over in the annual comparison, a reflection of the transported vehicles volume increase, of the average distance and growing yards management services.

The 1Q19 **operating EBITDA and margins** of the division were 13.2% and 16.4%, respectively. Disregarding the IFRS 16, they would have been 13.0% and 14.5%, respectively, 450 and 430 bps higher in the annual comparison, as seen on the following page, due to the operating leverage from the revenues growth and the costs control, in addition to the drop in expenses, mainly explained by the atypical expenses in the 1Q18 with success fee of tax consulting, consulting related to the start-up's accelerator tegUP and legal fees.

Chart 3 – Gross revenue consolidated (in R\$ mi)

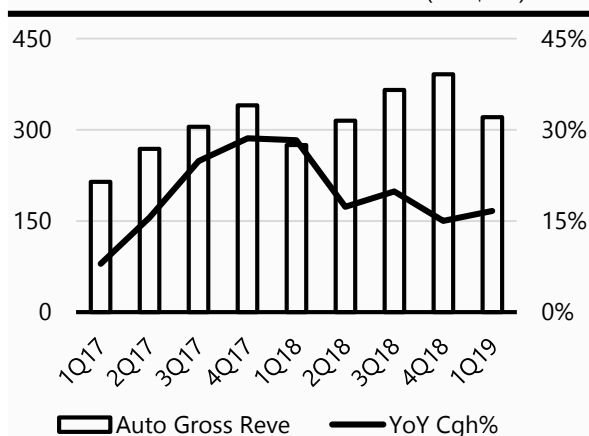
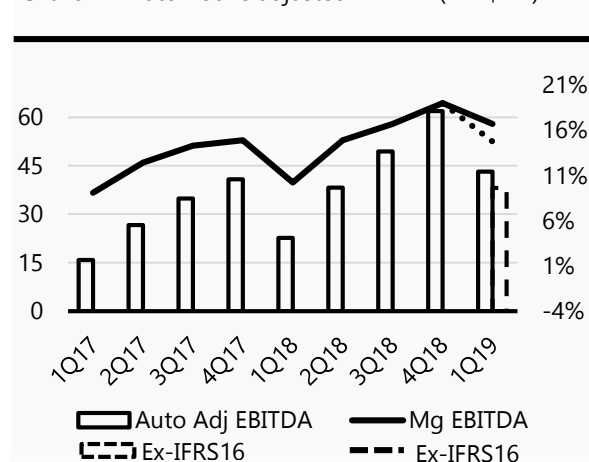


Chart 4 – Automotive adjusted EBITDA (in R\$ mi)



Automotive Logistics Division	Chg % vs				
	1Q19	1Q18	4Q18	1Q18	4Q18
Gross revenue	321.7	17.0%	-17.9%	275.1	391.7
Taxes and deductions	(62.8)	19.4%	-4.0%	(52.6)	(65.4)
Net revenue	258.9	16.4%	-20.6%	222.5	326.3
Cost of services	(202.4)	13.6%	-17.3%	(178.1)	(244.8)
Gross profit	56.5	27.4%	-30.6%	44.4	81.5
Gross Margin	21.8%	1.9 p.p.	-3.1 p.p.	19.9%	25.0%
Expenses	(22.5)	-12.1%	-33.6%	(25.6)	(33.8)
Operating income	34.1	81.1%	-28.5%	18.8	47.6
Operating Margin%	13.2%	4.7 p.p.	-1.4 p.p.	8.5%	14.6%
(+) Depreciation	8.4	121.6%	114.9%	3.8	3.9
EBITDA	42.5	87.9%	-17.6%	22.6	51.6
(+) Non-recurring	-	-	-	-	10.4
Adjusted EBITDA	42.5	87.9%	-31.4%	22.6	62.0
EBITDA Margin%	16.4%	6.2 p.p.	-2.6 p.p.	10.2%	19.0%

To access those spreadsheets in Excel, [Click here](#).

Automotive Logistics Division Ex-IFRS 1Q19	1Q19'	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Gross revenue	321.7	17.0%	-17.9%	275.1	391.7
Taxes and deductions	(62.8)	19.4%	-4.0%	(52.6)	(65.4)
Net revenue	258.9	16.4%	-20.6%	222.5	326.3
Cost of services	(202.9)	13.9%	-17.1%	(178.1)	(244.8)
Gross profit	56.0	26.3%	-31.2%	44.4	81.5
<i>Gross Margin</i>	<i>21.6%</i>	<i>1.7 p.p.</i>	<i>-3.3 p.p.</i>	<i>19.9%</i>	<i>25.0%</i>
Expenses	(22.5)	-12.1%	-33.6%	(25.6)	(33.8)
Operating income	33.6	78.5%	-29.5%	18.8	47.6
<i>Operating Margin%</i>	<i>13.0%</i>	<i>4.5 p.p.</i>	<i>-1.6 p.p.</i>	<i>8.5%</i>	<i>14.6%</i>
(+) Depreciation	4.0	3.9%	0.7%	3.8	3.9
EBITDA	37.5	65.9%	-27.2%	22.6	51.6
(+) Non-recurring	-	-	-	-	10.4
Adjusted EBITDA	37.5	65.9%	-39.4%	22.6	62.0
<i>EBITDA Margin%</i>	<i>14.5%</i>	<i>4.3 p.p.</i>	<i>-4.5 p.p.</i>	<i>10.2%</i>	<i>19.0%</i>

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Results – Integrated logistics division

The integrated logistics division has presented a performance consistent with the restructuring of the customers' portfolio and costs that was accomplished in recent years. The economic upturn has allowed us to present an important revenue growth that, combined with the costs and expenses control, reflects better operating results.

The gross revenues of **warehouse** operations regardless of the GDL in January 2018 decreased 20.6% in the annual comparison, as shown on the next page, explained by the loss of a customer in January 2019 in the warehouse in Rio de Janeiro. The income from the **industrial logistics** operation in the 1Q19 grew 7.9% vs. the 1Q18 due to the increase in the transported and stored volume of the chemicals operation and the increased travels of the home appliances operation.

The 1Q19 **gross margin** of the division was 16.0%. Disregarding the IFRS 16 it would be 15.2% (200 bps higher in the annual comparison, not considering the GDL in January 2018) as shown on the next page.

The **operating EBITDA and margins** of the division 1Q19 were 17.4% and 35.8%, respectively. Disregarding the IFRS 16, as shown in [Annex I](#) and on the next page, the margins were 16.7% and 23.3%, 530 bps and 450 bps higher in the annual comparison (not considering the GDL in January 2018) mainly due to the industrial logistics revenues growth.

Chart 5 – Gross Revenue Integrated Logistics (in R\$ mi)

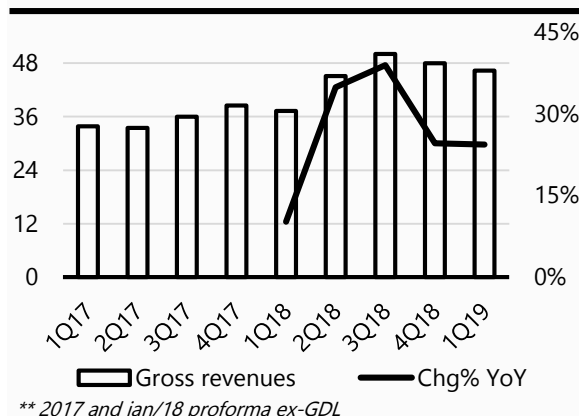
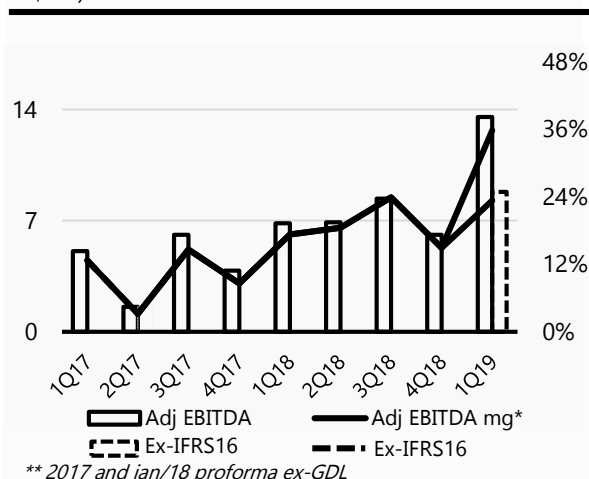


Chart 6 – Adjusted EBITDA Integrated Logistics (in R\$ mi)



Integrated Logistics Division	1Q19	Chg % vs			
		1Q18	4Q18	1Q18	4Q18
Gross revenue	45.6	-4.6%	-5.0%	47.8	48.0
Warehouse	8.5	-36.7%	-30.3%	13.4	12.2
Industrial logistics	37.1	7.9%	3.6%	34.4	35.8
Gross revenue deductions	(7.8)	-4.6%	11.3%	(8.2)	(7.0)
Net revenue	37.8	-4.6%	-7.8%	39.6	41.0
Cost of services	(31.7)	-9.6%	-10.2%	(35.1)	(35.4)
Gross profit	6.0	34.3%	7.8%	4.5	5.6
Gross Margin %	16.0%	4.6 p.p.	2.3 p.p.	11.3%	13.7%
Expenses	0.5	-	-	(0.7)	(4.7)
Operating income	6.6	75.7%	597.0%	3.7	0.9
Operating Margin%	17.4%	8.0 p.p.	15.1 p.p.	9.4%	2.3%
(+) Depreciation	7.0	124.4%	158.8%	3.1	2.7
EBITDA	13.5	97.7%	272.7%	6.8	3.6
(+) Non-recurring	-	-	-	-	2.5
Adjusted EBITDA	13.5	97.7%	121.2%	6.8	6.1
EBITDA Margin%	35.8%	18.5 p.p.	20.9 p.p.	17.3%	14.9%

To access this spreadsheets in Excel, [Click here](#).

Integrated Logistics Division ex-GDL in Jan/18 and IFRS16 in 1Q19	1Q19'	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Gross revenue	45.6	1.1%	-5.0%	45.1	48.0
Warehouse	8.5	-20.6%	-30.3%	10.7	12.2
Industrial logistics	37.1	7.9%	3.6%	34.4	35.8
Gross revenue deductions	(7.8)	0.2%	11.3%	(7.8)	(7.0)
Net revenue	37.8	1.3%	-7.8%	37.3	41.0
Cost of services	(32.0)	-1.0%	-9.4%	(32.3)	(35.4)
Gross profit	5.8	16.6%	2.8%	4.9	5.6
Gross Margin %	15.2%	2.0 p.p.	1.6 p.p.	13.2%	13.7%
Expenses	0.5	-	-	(0.7)	(4.7)
Operating income	6.3	49.1%	567.6%	4.2	0.9
Operating Margin%	16.7%	5.3 p.p.	14.4 p.p.	11.3%	2.3%
(+) Depreciation	2.5	-9.7%	-6.5%	2.8	2.7
EBITDA	8.8	25.7%	142.7%	7.0	3.6
(+) Non-recurring	-	-	-	-	2.5
Adjusted EBITDA	8.8	25.7%	44.0%	7.0	6.1
EBITDA Margin%	23.3%	4.5 p.p.	8.4 p.p.	18.8%	14.9%

To access this spreadsheets in Excel, [Click here](#).

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Results - Consolidated

For a better analysis, please [click here](#) to access the pro-forma table without the GDL and adjusted to IFRS 16 in the 1Q19 or in [Annex I](#).

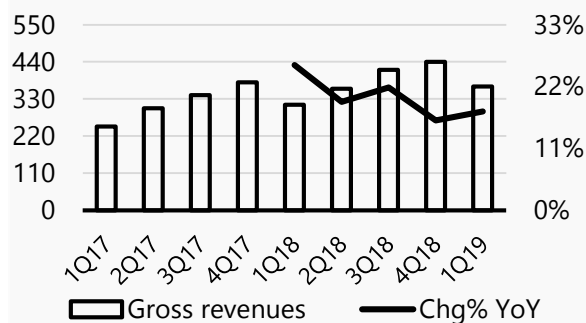
We point out in the pro-forma values the growth of 14.2% of **net revenues** in the 1Q19 in the annual comparison.

The 1Q19 **gross margin** was 21.1%. Disregarding the IFRS 16, it would be 20.8%, a gain of 180 bps in the annual comparison (not considering the GDL in January 2018) as shown in [Annex I](#) or on the next page, reflecting the revenues growth and the costs control mainly in the automotive division.

The **expenses** in the 1Q19 were 16.7% lower than 1Q18 because in the last year there were atypical expenses with *success fee* of tax consulting, consulting related to the accelerator of start-up's tegUP and legal fees.

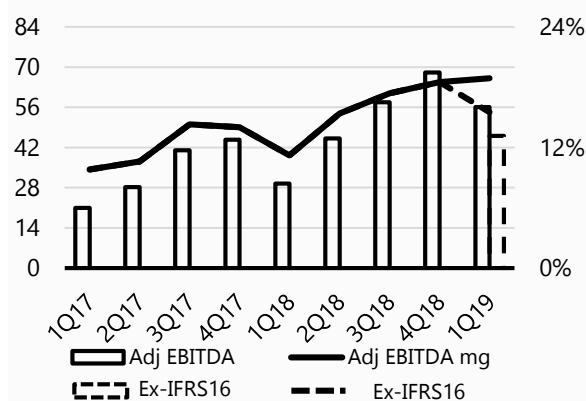
The 1Q19 **operating EBITDA and margins** were 13.7% and 18.9%, respectively. Disregarding the IFRS 16, as shown in [Annex I](#) and on the next page, they were 13.4% and 15.6%, with a 460 bps and 420 bps growth vs. the 1Q18 (not considering the GDL in January 2018) due to the operational improvement of both divisions, combined with the growth of automotive logistics revenues.

Chart 7 – Gross revenue consolidated (in R\$ mi)



** 2017 and jan/18 proforma ex-GDL

Chart 8 – Consolidated adjusted EBITDA (in R\$ mi)



** 2017 and jan/18 proforma ex-GDL

Consolidated	1Q19	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Gross revenue	367.3	13.8%	-16.5%	322.8	439.6
Automotive Logistics	321.7	17.0%	-17.9%	275.1	391.7
Integrated Logistics	45.6	-4.6%	-5.0%	47.8	48.0
Gross revenue deductions	(70.6)	16.2%	-2.5%	(60.8)	(72.4)
Net revenue	296.7	13.2%	-19.2%	262.1	367.2
Cost of services	(234.1)	9.8%	-16.4%	(213.2)	(280.2)
Personel	(28.2)	5.4%	-10.3%	(26.7)	(31.4)
Freight	(186.8)	12.9%	-19.0%	(165.5)	(230.7)
Others	(39.5)	1.2%	-6.8%	(39.0)	(42.4)
PIS and COFINS credit	20.3	12.7%	-16.4%	18.0	24.3
Gross profit	62.5	28.0%	-28.2%	48.8	87.1
Gross Margin %	21.1%	2.4 p.p.	-2.6 p.p.	18.6%	23.7%
Expenses	(21.9)	-16.7%	-43.0%	(26.3)	(38.5)
Operating income	40.6	80.2%	-16.4%	22.5	48.6
Operating Margin%	13.7%	5.1 p.p.	0.5 p.p.	8.6%	13.2%
(+) Depreciation	15.4	122.9%	132.7%	6.9	6.6
EBITDA	56.0	90.2%	1.5%	29.5	55.2
(+) Non-recurring	-	-	-	-	12.9
Adjusted EBITDA	56.0	90.2%	-17.7%	29.5	68.1
EBITDA Margin%	18.9%	7.6 p.p.	0.3 p.p.	11.2%	18.5%

To access this spreadsheets in Excel, [Click here](#).

Consolidated ex-GDL in Jan/18 and IFRS16 in 1Q19	1Q19	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Gross revenue	367.3	14.7%	-16.5%	320.1	439.6
Automotive Logistics	321.7	17.0%	-17.9%	275.1	391.7
Integrated Logistics	45.6	1.1%	-5.0%	45.1	48.0
Gross revenue deductions	(70.6)	16.9%	-2.5%	(60.4)	(72.4)
Net revenue	296.7	14.2%	-19.2%	259.7	367.2
Cost of services	(234.9)	11.6%	-16.2%	(210.5)	(280.2)
Personel	(28.2)	9.8%	-10.3%	(25.6)	(31.4)
Freight	(186.8)	12.9%	-19.0%	(165.5)	(230.7)
Others	(40.3)	7.3%	-5.0%	(37.5)	(42.4)
PIS and COFINS credit	20.3	11.4%	-16.4%	18.2	24.3
Gross profit	61.8	25.3%	-29.0%	49.3	87.1
<i>Gross Margin %</i>	20.8%	1.8 p.p.	-2.9 p.p.	19.0%	23.7%
Expenses	(21.9)	-16.6%	-43.0%	(26.3)	(38.5)
Operating income	39.9	73.1%	-18.0%	23.0	48.6
<i>Operating Margin%</i>	13.4%	4.6 p.p.	0.2 p.p.	8.9%	13.2%
(+) Depreciation	6.5	-1.9%	-2.2%	6.6	6.6
EBITDA	46.3	56.4%	-16.1%	29.6	55.2
(+) Non-recurring	-	-	-	-	12.9
Adjusted EBITDA	46.3	56.4%	-31.9%	29.6	68.1
<i>EBITDA Margin%</i>	15.6%	4.2 p.p.	-2.9 p.p.	11.4%	18.5%

To access this spreadsheets in Excel, [Click here](#).

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Results – Consolidatedcontinuation

The 7.1% decrease in interest expenses, net of revenue from financial investments for 1Q19 in the annual comparison is due to the reduction of basic interest rate, of nominal gross debt and its spread, and also the company's average cash decrease.

	1Q19	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Revenue from financial investments	1.4	-44.3%	-20.6%	2.5	1.7
Interest expenses	(2.6)	-31.7%	-13.9%	(3.7)	(3.0)
Interest expenses, net of revenue from financial investments	(1.2)	-7.1%	-4.5%	(1.3)	(1.2)
Interest on leasing	(1.3)	-	-	-	-
Other financial revenues (expenses)	0.6	-	-	(0.6)	(0.8)
Financial result	(1.9)	0.5%	34.2%	(1.9)	(1.4)

Equity, which corresponds to the operation of GDL (50% of bonded and general warehousing in Espírito Santo), was negative by R\$ 0.5 million in 1Q19. In the table beside we can see the 100% GDL result, showing a revenue reduction versus 4Q18 and a reversal of operating and net income because of seasonality and the loss of a client in January 2019.

The effective **income tax** rate for 1Q19 was 30.3% mainly due to the tax benefit of payment of interest on equity and to the income from ICMS tax credit if it were excluded from the tax base.

	Chg % vs		
	1Q19	4Q18	4Q18
GDL			
Net Revenue	15.7	-9.7%	17.4
Costs of services	(14.8)	0.7%	(14.7)
Expenses	(2.1)	42.2%	(1.5)
EBIT	(1.3)	-210.9%	1.1
<i>EBIT Margin%</i>	<i>-8.1%</i>	<i>-14.7 p.p.</i>	<i>6.6%</i>
Net income/(loss)	(0.9)	-160.9%	1.4
<i>Net margin %</i>	<i>-5.5%</i>	<i>-13.6 p.p.</i>	<i>8.1%</i>

	1Q19	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Income before tax	38.2	88.8%	-20.2%	20.2	47.8
<i>Real tax rate</i>	<i>-34.0%</i>	<i>-</i>	<i>-</i>	<i>-34%</i>	<i>-34%</i>
Income tax and social contribution at the nominal rates	(13.0)	88.8%	-20.2%	(6.9)	(16.3)
Presumed ICMS tax credit	1.7	-	-	1.1	1.5
Interest on own capital	-	-	-	-	1.3
Permanent differences, equity equivalence and others	(0.3)	-37.3%	-	(0.4)	0.5
Income tax	(11.6)	85.7%	-10.1%	(6.2)	(12.9)
<i>Effective tax Rate</i>	<i>-30.3%</i>	<i>0.5 p.p.</i>	<i>-3.4 p.p.</i>	<i>-30.8%</i>	<i>-26.9%</i>

1Q19 **net income** was significantly better in the annual comparison mainly due to operational improvements.

	1Q19	Chg % vs		1Q18	4Q18
		1Q18	4Q18		
Consolidated					
Operating income	40.6	80.2%	-16.4%	22.5	48.6
Financial result	(1.9)	0.7%	34.3%	(1.9)	(1.4)
Equity	(0.5)	24.3%	-	(0.4)	0.7
Income before tax	38.2	88.8%	-20.2%	20.2	47.8
Income tax	(11.6)	85.7%	-10.1%	(6.2)	(12.9)
Net income	26.6	90.2%	-23.9%	14.0	35.0

Cash flow

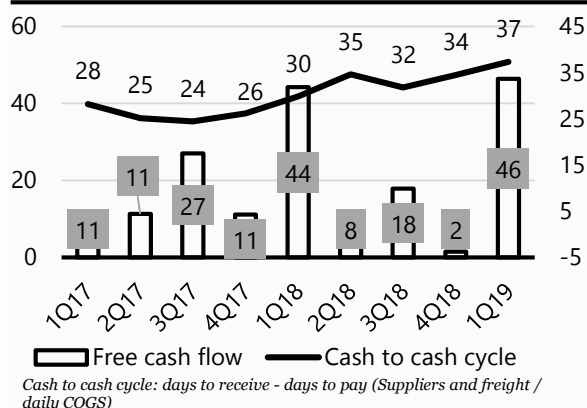
1Q19 **free cash flow** was R\$ 46.3 million. If we disregard the effect of IFRS 16, it would have been R\$ 37.4 million. Compared to 1Q18, free cash flow in 1Q19 was lower due to higher CAPEX, since the larger cash cycle offset the better operating results.

The company's **cash to cash cycle** has been at a higher level in recent quarters, as shown in Chart 9, due to the renegotiation of deadlines with important clients. The increase in 1Q19 vs. 4Q18 was mainly in reason of the retention of the payment of a major customer due to the adjustment of the collection system to change the toll rates. By April 2019, the pending balance had already been settled.

CAPEX for 1Q19 was R\$ 6.6 million, according to the segregation shown in the following table. The most relevant investment in the quarter, was the yard improvements in the city of Sorocaba, state of São Paulo, which totaled R\$ 3.4 million to support the operations of the Toyota plant in the same city.

Net cash generated by investing activities for 1Q19 was negative by R\$ 22.8 million due to the payment of principal of bonds (1st emission) in the amount of R\$ 46.7 million, of the raising debt of R\$ 30 million in the NCE (Export Credit Notes) modality and of the principal lease payment (in accordance with IFRS 16) of R\$ 5.5 million.

Chart 9 – Free cash flow (in R\$ mi) and cash to cash cycle (in days) consolidated



CAPEX	1Q19	1Q18
Land improvements	3.4	-
New operations	0.2	-
Maintenance	0.4	1.4
General improvements	0.6	-
Transport equipment	0.2	-
IT	1.8	1.0
Contract renewal	0.1	-
Total	6.6	2.5

(consolidated)

	1Q19	1Q18
A - Cash at beginning of period	83.5	148.7
Operating cash flow (1)	55.6	47.3
(-) Capital expenditures "cash" (2)	(9.4)	(3.1)
B - Free cash flow (1 + 2)	46.3	44.2
C - Net cash generated by investing activities (ex CAPEX)	0.4	(0.7)
D - Net cash from financing activities	(22.2)	(66.8)
(=) Cash at end of period (A + B + C + D)	108.0	125.5

(consolidated)

Debt and Cash

The company's leverage is under control below the 0.5x level of adjusted EBITDA of the last twelve months.

The **net debt** on March 31, 2019 was R\$ 34.7 million vs R\$ 75.0 million on December 31, 2018.

1Q19 **net debt / LTM adjusted EBITDA index** was 0.2x vs 0.4x in 4Q18. The calculation of the coverage ratio (which is equivalent to **adjusted EBITDA / financial result of the last 12 months**) was 24.9x. The company's *covenants* are <2.5x e >1.5x, respectively.

The gross **debt average cost** on March 31, 2019 was CDI + 1.47% a.a, vs CDI + 1.38% on December 31, 2018, mainly due to the liquidation of 1st debentures emission, that had an average cost of CDI + 0.9%

On February 15, 2019, the Company paid the principal and interest of bonds (1st emission) in the amount of R\$ 48.4 million

In 1Q19, the Company raised debt in the NCE (Export Credit Notes) modal in the amount of R\$ 30 million maturing in 2022, 2023 and 2024 at a cost of the CDI (Interbank Deposit Certificate) + 1.14% in order to reinforce the cash with the payment previously mentioned.

Chart 10 – Debt and cash consolidated (in R\$ mi)

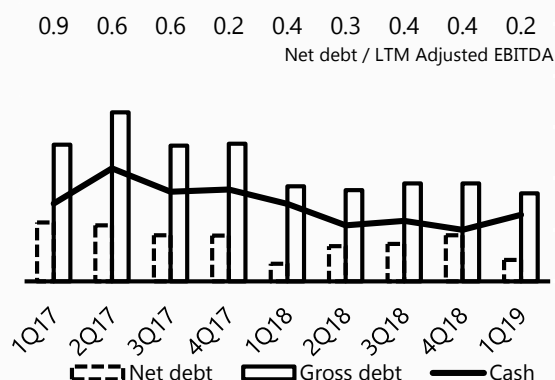
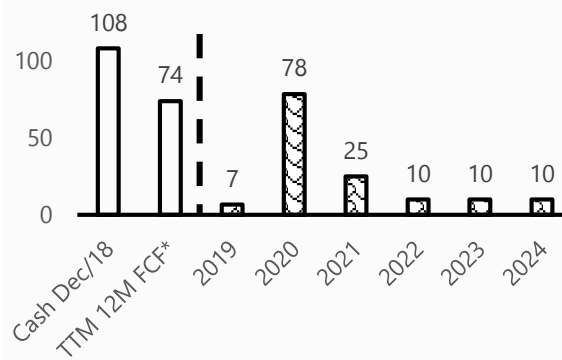


Chart 11 – Cash, FCF and Principal debt schedule amortization (R\$ mi)



	1Q19	4Q18
Current debt	8.7	54.8
Non-current debt	134.0	103.8
Gross debt	142.7	158.6
(-) Cash	1.0	1.3
(-) Banking investments	107.0	82.2
Net debt	34.7	75.0
Adjusted EBITDA TTM	227.0	200.5
<i>Net debt / Adjusted EBITDA TTM</i>	<i>0.2</i>	<i>0.4</i>
Financial result TTM	(9.1)	(9.1)
<i>Adjusted EBITDA TTM / Financial result TTM</i>	<i>24.9</i>	<i>22.0</i>

(consolidated)

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Return on invested capital

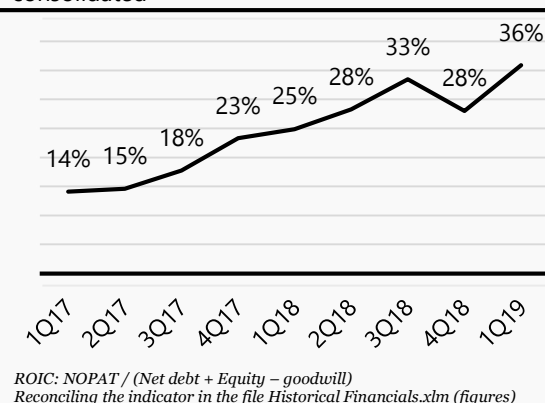
Given that the company believes that **return on invested capital** (ROIC) is significant for investors, since it reflects the company's value creation, we disclose the criteria that we consider the most appropriate for the company. ROIC is not a substitute for other accounting measures in accordance with IFRS and may not be comparable to similar measures used by other companies. The Company defines ROIC as operating profit (after-tax of 34%), divided by the capital invested (shareholders' equity plus net debt minus merger and acquisition goodwill) of the previous 12 months.

The consolidated **ROIC** of the company, as shown in chart 12 and in table below, presented a significant recovery in the last two years.

The recovery since 2017 has occurred because of the improved revenues and operating result of both divisions and the discipline in the operational assets management. Additionally, the positive free cash flow in recent years resulted in the reduction of the net debt of the company and, consequently, the reduction of the employed capital.

The recovery of the ROIC in 1Q19 compared to 4Q18 occurs mainly due to the operational results improvement (12% growth in the NOPAT vs. 4Q18). We remind that the influence of the IFRS 16 on ROIC is ignorable, considering that the operating profit is with positive impact of the interests on the leasing that now is in the financial expenses and has not affected the employed capital.

Chart 12 – Return on invested capital (ROIC) consolidated



	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
ROIC (A / B)	14.6%	17.7%	23.3%	24.9%	28.3%	33.5%	28.0%	36.0%
NOPAT (Oper inc *(1-34%) (A)	47.0	53.5	72.3	77.7	92.9	104.6	101.0	113.5
Operating income (TTM)	71.2	81.0	109.5	117.7	140.8	158.5	153.0	171.9
Capital employed (B) (previous 12 months)	321.5	301.8	309.9	312.0	328.3	312.7	360.4	314.8
(+) Net debt	123.4	99.8	98.7	95.4	90.8	74.7	74.1	28.7
(+) Equity	362.1	365.9	375.1	380.5	400.1	400.6	448.8	462.8
(-) Aquisitions goodwill	163.9	163.9	163.9	163.9	162.6	162.6	162.6	176.7

(consolidated)

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Annex I – Income statement ex-GDL in Jan/18 and ex-IFRS

Automotive logistics	1Q18	1Q19	IFRS16	1Q19'	1Q19' Vs 1Q18
Gross revenue'	275.1	321.7	-	321.7	17.0%
Deductions from gross revenue'	(52.6)	(62.8)	-	(62.8)	19.4%
Net Revenue'	222.5	258.9	-	258.9	16.4%
(-) Cost of services provided'	(178.1)	(202.4)	0.5	(202.9)	13.9%
Gross profit'	44.4	56.5	0.5	56.0	26.3%
Gross mg %'	19.9%	21.8%	(0.2)	21.6%	1.7
Expenses'	(25.6)	(22.5)	-	(22.5)	-12.1%
Operating profit'	18.8	34.1	0.5	33.6	78.5%
Operating mg %'	8.5%	13.2%	(0.2)	13.0%	4.5
(+) Depreciation'	3.8	8.4	4.5	4.0	3.9%
EBITDA'	22.6	42.5	5.0	37.5	65.9%
EBITDA mg%'	10.2%	16.4%	(1.9)	14.5%	4.3

Integrated logistics ex GDL	1Q18	1Q19	IFRS16	1Q19'	1Q19' Vs 1Q18
Gross revenue'	45.1	45.6	-	45.6	1.1%
Warehouses'	10.7	8.5	-	8.5	-20.6%
Industrial logistics'	34.4	37.1	-	37.1	7.9%
Deductions from gross revenue'	(7.8)	(7.8)	-	(7.8)	0.2%
Net Revenue'	37.3	37.8	-	37.8	1.3%
(-) Cost of services provided'	(32.3)	(31.7)	0.3	(32.0)	-1.0%
Gross profit'	4.9	6.0	0.3	5.8	16.6%
Gross mg %'	13.2%	16.0%	(0.7)	15.2%	2.0
Expenses'	(0.7)	0.5	-	0.5	-176.9%
Operating profit'	4.2	6.6	0.3	6.3	49.1%
Operating mg %'	11.3%	17.4%	(0.7)	16.7%	5.3
(+) Depreciation'	2.8	7.0	4.4	2.5	-9.7%
EBITDA'	7.0	13.5	4.7	8.8	25.7%
EBITDA mg%'	18.8%	35.8%	(12.5)	23.3%	4.5

Consolidated	1Q18	1Q19	IFRS16	1Q19'	1Q19' Vs 1Q18
Gross revenue'	320.1	367.3	-	367.3	14.7%
Deductions from gross revenue'	(60.4)	(70.6)	-	(70.6)	16.9%
Net Revenue'	259.7	296.7	-	296.7	14.2%
(-) Cost of services provided'	(210.5)	(234.1)	0.8	(234.9)	11.6%
Gross profit'	49.3	62.5	0.8	61.8	25.3%
Gross mg %'	19.0%	21.1%	(0.3)	20.8%	1.8
Expenses'	(26.3)	(21.9)	-	(21.9)	-16.6%
Operating profit'	23.0	40.6	0.8	39.9	73.1%
Operating mg %'	8.9%	13.7%	(0.3)	13.4%	4.6
(+) Depreciation'	6.6	15.4	8.9	6.5	-1.9%
EBITDA'	29.6	56.0	(9.7)	46.3	56.4%
EBITDA mg%'	11.4%	18.9%	(3.3)	15.6%	4.2
Operating profit'	23.0	40.6	0.8	39.9	73.1%
Financial result'	(1.9)	(1.9)	(1.3)	(0.6)	-68.6%
Equity'	(0.9)	(0.5)	-	(0.5)	-41.9%
Profit before IR and CS'	20.2	38.2	(0.5)	38.7	91.5%
Income tax and social contribution'	(6.2)	(11.6)	-	(11.6)	85.7%
Net profit/loss'	14.0	26.6	(0.5)	27.2	94.0%

To access this spreadsheets in Excel, [Click here](#).

Capital Markets TGM A3

- At the beginning of 2019, Tegma shares had a lower performance than the market (-11% vs. + 5%). We believe that the uncertainties related to the transportation sector and to the readjustment of diesel are the main factors that have influenced the volatility in share prices, despite the good 4Q18 results. The company's market cap today stands at around R\$ 1.7 billion (R\$ 25 per share).

- The ADTV of our shares has been in the last three months around R\$ 8 million (USD 2 million), stable compared to the average of 2018. The tradability index of the TGM A3 in relation to the IBX-100 has been constant in relation to 2018.

- In 2018, we distributed 60% of the year's earnings corresponding to R\$ 64.9 million. We have complied with the indicative policy of distributing at least 50% of the Company's results. The dividend yield of the last two years has been around 4-5%.

- In 2019 TGM A3 was trading at a level of EV / EBITDA multiple similar to that of 2018, as well as 2Q19 in relation to 2Q18.

Chart 13 – TGM A3 and IBOV Base zero (Jan/02/2019)

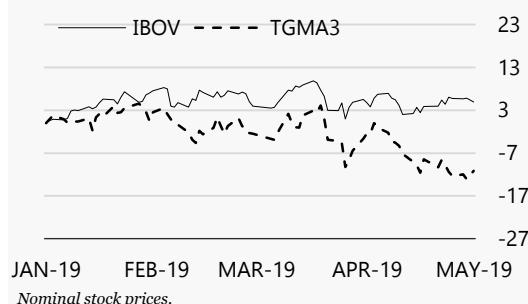


Chart 14 –TGM A3 ADTV

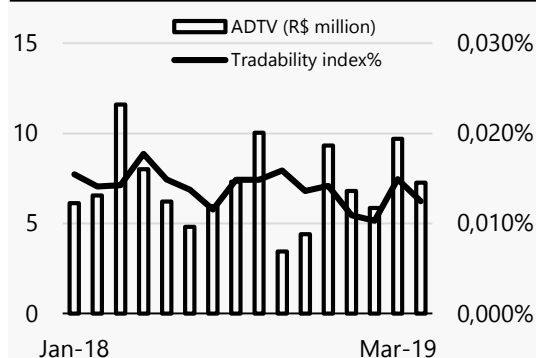


Chart 15 – IOC and Dividends

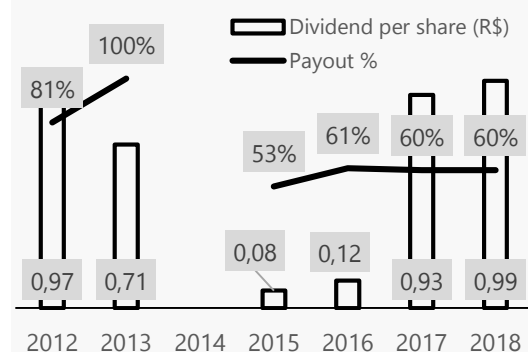
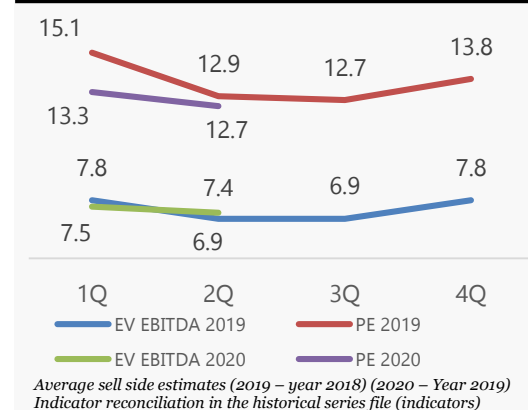


Chart 16 – Multiples TGM A3



Shareholder composition

Shareholder	# stocks TGM3 ON	% Total
Mopia Participações e Empreendimentos Ltda.	15,396,481	23.3%
Cabana Empreendimentos e Participações Ltda.	4,817,704	7.3%
Coimex Empreendimentos e Participações Ltda.	13,207,034	20.0%
Other controlling shareholders (physical person)	509,774	0.8%
Directors and administration board	1	0.0%
Treasury	65,143	0.1%
Controllers, administrators e treasury	33,996,137	51.5%
Free float	32,006,778	48.5%
Total stocks	66,002,915	100.0%

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Tegma Gestão Logística SA and subsidiaries
Income statement
(in R\$ million)

Income statement	1Q19	1Q18	Chg % vs 1Q18
Gross revenue	367.3	322.8	13.8%
Taxes and deductions	(70.6)	(60.8)	16.2%
Net revenue	296.7	262.1	13.2%
(-) Cost of services	(234.1)	(213.2)	9.8%
Personnel	(28.2)	(26.7)	5.4%
Freight	(186.8)	(165.5)	12.9%
Others	(39.5)	(39.0)	1.2%
Taxes credit (PIS and COFINS)	20.3	18.0	12.7%
Gross profit	62.5	48.8	28.0%
General and administrative expenses	(18.8)	(20.6)	-8.7%
Other expenses and revenues	(3.1)	(5.7)	-45.7%
Operating income	40.6	22.5	80.2%
(+) Depreciation	15.4	6.9	122.9%
= EBITDA	56.0	29.5	90.2%
(+) Non-recurring events	-	-	-
= Adjusted EBITDA	56.0	29.5	90.2%
<i>Mg% EBITDA</i>	<i>18.9%</i>	<i>11.2%</i>	<i>7.6 p.p.</i>
Financial result	(1.9)	(1.9)	-0.5%
Equity	(0.5)	(0.4)	24.3%
Income before tax	38.2	20.2	88.8%
Income tax	(11.6)	(6.2)	85.7%
Net income	26.6	14.0	90.2%
<i>Net margin %</i>	<i>9.0%</i>	<i>5.3%</i>	<i>3.6 p.p.</i>

Tegma Gestão Logística SA and subsidiaries
Balance sheet
(in R\$ million)

	Mar-18	Dec-18	Mar-19
Current assets	301.1	337.5	338.4
Cash	0.4	1.3	1.0
Banking investments	125.1	82.2	107.0
Accounts receivable	149.5	226.2	202.6
Related parties	0.6	4.1	2.6
Inventories	0.2	0.2	0.2
Income tax and social contribution	2.4	3.3	3.5
Taxes to recover	14.8	12.0	12.3
Other receivables	5.0	6.8	6.2
Dividends receivable	-	-	0.1
Prepaid expenses	3.2	1.3	2.9
Non-current assets	459.4	471.9	537.6
Taxes to recover	9.2	9.4	9.5
Other receivables	6.2	6.7	6.7
Deferred taxes	14.1	16.1	15.7
Related parties	16.4	15.6	16.0
Judicial deposits	12.4	11.9	11.6
Derivative financial instruments	-	1.6	2.7
Investments	19.2	19.3	18.6
Property, plant and equipment	193.7	202.2	201.7
Intangible assets	188.1	189.1	189.3
Right of use assets	-	-	65.8
Total assets	760.5	809.4	876.0
	Mar-18	Dec-18	Mar-19
Current liabilities	145.4	170.6	134.7
Loans and financing	1.5	6.7	7.6
Bonds	49.3	48.1	1.2
Lease liabilities	-	-	27.2
Suppliers and freights payable	28.0	36.9	32.1
Taxes payable	13.4	15.1	15.9
Salaries and social charges	20.7	24.3	20.6
Other accounts payable	22.7	30.9	22.6
Related parties	0.8	2.3	0.1
Income tax and social contribution	5.8	6.4	7.4
Dividends payable	3.1	-	-
Non-current liabilities	152.3	154.4	230.3
Loans and financing	53.4	55.4	86.7
Related parties	-	2.0	2.1
Bonds	50.0	50.0	50.0
Lease liabilities	-	-	42.6
Deferred taxes	5.2	2.6	5.8
Provision for contingencies and other liabilities	43.8	44.4	43.2
Shareholders equity	462.8	484.4	511.0
Capital stock	144.5	144.5	144.5
Capital reserve	174.1	174.1	174.1
Profit reserve	94.9	138.2	138.2
Retained earnings	14.0	-	26.6
Treasury shares	(0.3)	(0.3)	(0.3)
Assets valuation adjustment	-	(0.3)	(0.3)
Additional proposed dividend	35.7	28.3	28.3
Total liabilities and shareholders' equity	760.5	809.4	876.0

Tegma Gestão Logística SA and subsidiaries
Cash flow statement
(in R\$ million)

	1Q19	1Q18
Income before income and social contribution taxes	38.2	20.2
Depreciation and amortization	6.5	6.9
Right of use assets amortization	8.9	-
Interest and exchange variation on unpaid loans and debentures	3.6	3.7
(Reversal of) provision for contingencies	4.4	10.3
Interest on leasing	1.3	-
Loss in goodwill withdraw	-	2.5
Fair value in investment transfer	-	(1.8)
Swap result	(1.0)	-
Equity	0.5	0.4
Loss (gains) on disposal of assets	0.1	0.4
Allowance for (reversal of) doubtful accounts	0.1	0.1
Expenses (revenues) not affecting cash flows	24.4	22.5
Accounts receivable	23.5	18.4
Taxes recoverable	(0.7)	13.5
Judicial deposits	(0.5)	(0.4)
Other assets	(1.1)	(6.9)
Suppliers and freight payable	(2.0)	(2.5)
Salaries and related charges	(3.7)	(2.7)
Increase (decrease) in related parties	(0.9)	(0.6)
Other liabilities	(7.8)	(3.4)
Changes in assets and liabilities	6.9	15.5
Interest on loans, financing and swap	-	(0.9)
Interest on debentures	(1.7)	(4.7)
Interest on leasing	(0.8)	-
Lawsuits paid	(4.6)	(4.6)
Income and social contribution taxes paid	(6.7)	(0.7)
(A) Net cash generated by (used in) operating activities	55.6	47.3
Acquisition of intangible assets	(1.7)	(1.2)
Acquisition of property and equipment and intangible assets	(7.7)	(2.0)
Proceeds from sale of assets	0.4	-
(B) Net cash generated by (used in) investing activities	(9.0)	(3.8)
Dividend paid	-	-
New loans	30.0	-
Payment of debentures	(46.7)	(66.8)
Payment of leasing	(5.5)	-
(C) Net cash generated by (used in) financial activities	(22.2)	(66.8)
Changes in cash (A + B + C)	24.5	(23.3)
Cash at beginning of period	83.5	148.7
Cash at end of year	108.0	125.5

Tegma Gestão Logística SA and subsidiaries
Statements of change in equity
(in R\$ million)

	Capital	Capital reserve	Legal reserve	Retained profit	Additional dividend proposed	Treasury stock	Equity adjustment	Retained earnings (accumulated losses)	Total equity
Balance on January 1, 2018	144.5	174.1	28.9	66.0	35.7	(0.3)	-	-	448.8
Net income for the period	-	-	-	-	-	-	-	14.0	14.0
Balance on March 31, 2018	144.5	174.1	28.9	66.0	35.7	(0.3)	-	14.0	462.8
Balance on January 1, 2019	144.5	174.1	28.9	109.3	28.3	(0.3)	(0.3)	-	484.4
Net income for the period	-	-	-	-	-	-	-	26.6	26.6
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	0.012	-	0.012
Balance on March 31, 2019	144.5	174.1	28.9	109.3	28.3	(0.3)	(0.3)	26.6	511.0

Tegma Gestão Logística SA and subsidiaries
Statements of value added
(in R\$ million)

	1Q19	1Q18	Chg % vs 1Q18
Gross sale of services	348.7	305.5	14.2%
Other income	1.4	7.6	-81.4%
(Reversal of) allowance for doubtful accounts	(0.1)	(0.1)	20.6%
Income	350.1	313.0	11.8%
Cost of services provided	(186.8)	(165.5)	12.9%
Materials, energy, third-party services and other operating expenses	(34.6)	(44.9)	-23.0%
Input products acquired from third parties	(221.4)	(210.4)	5.2%
Net value added produced by the Company	128.7	102.6	25.4%
Depreciation and amortization	(6.5)	(6.9)	-6.4%
Right of use assets amortization	(8.9)	-	-
Gross value added	113.3	95.7	18.4%
Equity pickup	(0.5)	(0.4)	24.5%
Financial income	8.2	2.7	206.8%
Total value added to be distributed	121.0	97.9	23.5%
Personnel and related charges	33.6	32.9	2.2%
Direct compensation	25.1	25.4	-1.0%
Benefits	6.6	5.9	12.4%
FGTS	1.9	1.6	15.4%
Taxes, charges and contributions	48.8	37.0	31.8%
Federal	27.0	21.6	25.1%
State	20.5	14.1	45.7%
Local	1.3	1.3	-5.7%
Financing agents	38.6	28.0	37.6%
Interest and exchange variations	10.1	4.6	121.4%
Rent	1.9	9.5	-80.4%
Retained profits (losses)	26.6	14.0	90.2%
Value added distributed	121.0	97.9	23.5%