

Tegma Gestão Logística SA

Earnings Release

2019 third quarter and first nine months

São Bernardo do Campo, November 7, 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 on .xls](#).

Highlights

- ♦ In 3Q19 tax credit relating to ICMS-exemption of PIS/COFINS base has been recognized, which impacted the net income in R\$ 55.3 million positive.
- ♦ In 3Q19 **net revenue** has increased 2,9% in the yearly comparison.
- ♦ In 3Q19 the quantity of **vehicles transported** was 204.500, 1.1% lower in comparison to the previous year, reflecting in a 25.7% market share or a loss of 0.2 p.p in comparison to 3Q18 and the quarter's average distance was 1,106 km, the highest in the last four years.
- ♦ 3Q19 **EBITDA** was R\$ 114.9 million. For comparison purposes, if we disconsider PIS/COFINS tax credit (with lawsuit-related costs) and impact of IFRS 16, adjusted EBITDA was R\$ 55.4 million, 16,3% of margin.
- ♦ 3Q19 **net income** was R\$ 91.4 million, influenced by a net effect of R\$ 55.3 million of PIS/COFINS tax credit. Not considering it, net income would had been R\$ 36.9 million, 18.8% higher than 3T18.
- ♦ In 3Q19, **free cash flow** was R\$ 42.1 million, influenced positively by IFRS 16. Not considering it Free cash flow would be R\$ 34.4 million vs R\$ 17.9 million in 3Q18.
- ♦ 3Q18 **return on invested capital** was 44.4%. If we disregard PIS/COFINS tax credit, it would be 34.9%.

Operational and financial highlights	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18		
Net revenue (R\$ million)	340.7	969.0	2.9%	9.3%	331.2	886.6
Operating income (R\$ million)	100.1	186.5	119.1%	78.5%	45.7	104.5
EBITDA (R\$ million)	114.9	230.4	118.7%	81.2%	52.5	127.1
EBITDA 1Q19 ex-IFRS16 (R\$ million)	55.4	152.9	-4.1%	15.5%	57.8	132.4
<i>EBITDA margin (ex-IFRS16) %</i>	<i>16.3%</i>	<i>15.8%</i>	<i>-1.2 p.p.</i>	<i>0.8 p.p.</i>	<i>0.2</i>	<i>14.9%</i>
Net income (R\$ million)	91.4	150.5	193.8%	105.4%	31.1	73.3
<i>Net margin %</i>	<i>26.8%</i>	<i>15.5%</i>	<i>17.4 p.p.</i>	<i>7.3 p.p.</i>	<i>0.1</i>	<i>8.3%</i>
Earnings per share (R\$)	1.4	2.3	193.8%	105.4%	0.5	1.1
Free cash flow (R\$ million)	42.1	129.3	135.8%	84.3%	17.9	70.2
CAPEX (R\$ million)	14.6	21.2	208.1%	194.9%	4.7	7.2
Vehicles transported (in thousand)	204.5	592.0	-1.1%	2.5%	206.7	577.8
<i>Market Share %</i>	<i>25.7%</i>	<i>25.8%</i>	<i>-0.2 p.p.</i>	<i>0.8 p.p.</i>	<i>0.3</i>	<i>25.0%</i>
Average Km per vehicle transported	1,106.0	1,072.8	6.4%	7.5%	1,040.0	998.1

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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]

Friday, November 8, 2019

3:00 pm (Brasília)

1:00 pm (US-ET)

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English Webcast: [click here](#)

Impacts of IFRS 16 in the results and cash flow

As explained in the [1Q19 earnings release](#), as of January/19, an accounting standard became effective regarding the accounting of rents and leases (IFRS 16 / CPC 06 (R2)).

The impacts in 3Q19 results were: +R\$ 9.1 million in rental expenses; -R\$ 8.3 million in amortization of right of use and - R\$ 1.6 million in lease liabilities [+R\$ 27.1 million; -R\$ 24.4 million and -R\$ 4.5 million, respectively on 9M19].

The impact in 3Q19 cash flow was: +R\$ 8.3 in operating cash flow and -R\$ 7.7 million in cash flow from financing activities [+R\$ 24.9 million and -R\$ 19.7 million, respectively on 9M19].

The impacts of IFRS 16 in the result and cash flow can be found in the [financial historical](#) file, in the Annex tabs and in the Income Statement tabs below the result lines.

Quarter Highlights

• Tax credit relating to ICMS-exemption of PIS/COFINS base

On July 15, 2019 a suit filed by Tegma Gestão Logística in which matter was adjudged wherein it was determined that the Company is entitled to ICMS exemption right of PIS/COFINS tax calculation base, retroactively to August 2003. By assessing PIS/COFINS tax already updated by SELIC, the Parent Company has verified credit in the amount of R\$ 101.4 million, resulting from ICMS exemption, after analyzing documents and calculations since it was verified the existence on the matter adjudged. Credits from March 2017 until November 2018 had already been recognized in December 2018.

In September 2019, the Parent Company recognized R\$ 91.4 million (R\$ 56.5 million in other revenues and expenses and R\$ 34.9 million in financial result relating to monetary correction), in addition to a cost of R\$ 6.1 million related to attorney's fees as a result lawsuit brought upon (other costs), R\$ 1.6 million of PIS/COFINS tax on financial income and provision of R\$ 28.4 million of income tax on book entry.

By entering into a credit approval before Internal Revenue Service, the Parent Company will be entitled to write-off the aforementioned amount with federal tax in the future.

The income tax related to this credit will be collected as soon as it becomes due.

Income statement - PIS COFINS tax credit	Auto log	Integ log	Consolidated
Gross revenue	-	-	-
Taxes and deductions	-	-	-
Net revenue	-	-	-
(-) Cost of services	(5.9)	(0.2)	(6.1)
Personnel	-	-	-
Freight	-	-	-
Other costs	(5.9)	(0.2)	(6.1)
Taxes credit (PIS and COFINS)	-	-	-
Gross profit	(5.9)	(0.2)	(6.1)
Other revenues and expenses	54.7	1.8	56.5
Operating income	48.8	1.6	50.4
Financial result	32.2	1.1	33.3
Financial expenses	(1.6)	(0.1)	(1.6)
Financial revenues	33.8	1.1	34.9
Equity	-	-	-
Income before tax	81.0	2.7	83.7
Income tax	(27.5)	(0.9)	(28.4)
Net income	53.5	1.8	55.3

It is worth to emphasize that, since December 2018, the Parent Company's ICMS has already been exempted from PIS/COFINS base.

Given the large number of reclassifications that were required to be made in the 2019 and 2018 results to maintain comparability, either on account of new accounting policies (IFRS 16) or by major adjustments, we have included in the historical series a detailed income statement reconciliation by division on the Attachments tab, starting at line 157. We hope it helps!

• tegUP - Investment in Rabbot

Rabbot is a company responsible for developing a SaaS (*software as a service*) platform which automates tasks of fleet and machinery management. In the market for three years, Rabbot serves major clients such as Movida, Grupo Petrópolis and Porto Seguro, which control and automate through robots stages of the management cycle of more than 400 thousand vehicles per month.

Rabbot platforms act as an orchestrator that solves operational fleet management challenges for rental companies, carriers, insurers, industries and companies that have historically had high costs and analog processes that are not scalable.



There are more than 20 applications related to vehicle life stages enhanced through robots. The Rabbot SaaS platform also has dashboard that provides visibility into the entire historical of the vehicle.

tegUP will invest R\$ 3.2 million through convertible debentures in three tranches. The funds raised by the startup will be used for investments in technology and to expand staff, which should contribute to boost the company's growth.

• Increase of services range for client a of industrial logistics

In 3Q19, we have increased the range of our services for a client of industrial logistics operation. This is a long-time client in which we provide road transportation of soda ash from port of Santos, Tegma's station in Cubatão-SP and São Sebastião-SP up to São Paulo's upstate client factory.

We started out a new operation in July consisting in transportation of sodium sulphate from the port of Santos to Tegma's station in Cubatão, in addition to storage and handling. This new operation should generate R\$ 11 million in extra revenues per year for the division.

• Interim dividend and IOC approved relating to 3Q19

Tegma disclosed on the minutes of the Board of Directors meeting held on November 7 that it was approved the distribution of interim proceeds amounting R\$ 45.7 million (R\$ 34.3 million in dividends and R\$ 11.4 million in IOC), or R\$ 0.69 per share (R\$ 0,67 per share net of tax), equivalent to 50% of 3Q19 net income. The interim dividends shall be paid to the shareholders on November 26, 2019, in benefit of shareholders holding the Company's shareholding position of November 12, 2019 ("Cut-off Date"). The Company's shares shall be negotiated as "ex-dividends and IOC" as of and including November 13, 2018. Over last 12 months dividend yield is equivalent to 5.1% (taking into account base price at the resolution date).

- **Tegma's RI team awarded**

On October 2019 we have been nominated for the second consecutive year by the IR Magazine Awards - Brazil, a very distinguished magazine of Investor Relations, such as i) one of the five best CEO/IR of Brazil's Small caps - Gennaro Oddone ii) one of the five best CFO/IR of Brazil's Small caps - Ramón Pérez and iii) one of the best five investor relations executives of Brazil's Small caps - Ian Nunes.



We are certain that awards like these shows how much effort IR's team put to portray our good standing, and focusing especially on the work developed by the employees. We won't, however, stop there and we will always pursuit development to enhance Tegma's dealings towards the market.

On November 12 the best of each category will be awarded.

[Click here](#) to access the full list of nominates.

- **Measures to be taken in face of the search and seizure operation**

On October 17, the Company was the subject of a warrant for the search and seizure of data and documents authorized by the 1st Criminal Court of São Bernardo do Campo, due to an investigation that, until then, was not known to the Company. It was initiated by a "Partial Leniency Agreement" signed by one of Tegma's competing companies in the brand new vehicle transportation market. The investigation aims to investigate alleged concerted action in the transportation of brand new imported vehicles to the customer Kia, from the port of Vitória to the Interior Customs Station, an operation that was discontinued by the company in 2015, and that at that time represented a derisory volume for the Company. The search and seizure did not affect at all the Company's operations.

Due to the events described and, (i) despite the firm belief that the Company operates within the strictest Compliance and market rules, (ii) the origin of the allegations underlying the search and seizure request is grounded in commercial disputes and (iii) even in view of the various successes in previous proceedings that imputed to the Company the same practices of violation of the economic order; The Board of Directors, following the best market practices and, striving for transparency and exemption, determined at its meeting on November 1st 2019 the organization of an Independent Committee, consisting of three members and advised by a specialized law office, to carry out an in-depth and thorough investigation of the facts attributed to the Company, object of the documentation contained in the Leniency Agreement that gave rise to the aforementioned search and seizure. Work will be conducted independently and by qualified, experienced and exempt professionals and will report directly to the Board of Directors.

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Automotive Market

Domestic vehicle sales in the 3Q19 were 5.3% higher in a yearly comparison, a lower rate of increase comparing with 1S19 that grew 10.9% [+8,8% in 9M19]. The reduction on direct/corporate sales growth (5% growth in 3Q19 vs 24% growth in 1S19) in the yearly comparison. July and September's rate of increase in the yearly comparison were quite close to the ones in the 1S19. On the other hand, 2019's daily sales have increased less than total sales. ANFAVEA's forecast for domestic sales changed in October/19 for an increase of 8.1%, vs +11.3% in September/18. Credit conditions, even under such unfavorable scenario, were significantly better (interest and default rate declining and increase of credit granting) (information described in the historical series file at Qtl market's tab).

Vehicle exports are still shrinking (-20% in 3Q19), but not at the same rate of 1S19 (-41%) in the yearly comparison. ANFAVEA reviewed again 2019 vehicle exports estimates, indicating a reduction of 32% vs 2018 (vs previous reduction estimate of 28%). Vehicle exports in 3Q19, even under this scenario, were 12% higher than the lowest quarter of the latest decrease (4Q18).

Year-on-year production 2.7% growth is due to growth in domestic sales improvement, continued inventory growth and probably due to lower imports in 3Q19 and in 9M19.

	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18		
Vehicles and light commercial vehicles sales	798.6	2,262.6	0.9%	-0.8%	791.2	2,280.3
Domestic	688.4	1,940.2	5.3%	8.8%	653.8	1,783.0
Exportations	110.2	322.4	-19.8%	-35.2%	137.4	497.4
A - Estimated wholesale sales	796.2	2,291.6	-0.4%	-0.9%	799.4	2,312.2
(+) Production of vehicles and light commercial	744.3	2,149.2	2.7%	2.6%	724.8	2,094.8
(+) Importation of vehicles and light commercial*	85.1	228.0	-18.6%	-14.3%	104.5	265.9
(-) OEM's inventories change	33.2	85.6	N/A	N/A	29.9	48.5

(in thousand)

* Due to the lack of update from Central Bank of the number of vehicles imported by Brazil since December 2018, we temporarily replace this information by the number of imported vehicles sold.

Source: ANFAVEA and BACEN

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Operational highlights – Automotive logistics division

The quantity of vehicles transported by Tegma went down 1.1% in 3Q19 [up 2.5% in 9M19] in the yearly comparison. Such performance is reflected in a market share of 25.7%, -0.2 p.p [+0.8 p.p in 9M19] in the yearly comparison. It is important to remark that Tegma delivers brand new vehicles purchased by rental companies in the regions under Tegma's responsibility, just as it delivers to the final consumer.

In 3Q19, **average distance of domestic travels** was 4.6% higher [+1.3% in 9M19] in the yearly comparison, which portrays Tegma's car sales status within the country and range of delivery. **Average distance of exports** was 1.7% higher [+0.8% in 9M19] in the yearly comparison. Taking into account a decrease on export trips in the total shipped and latest increase on domestic distance, **consolidated average distance** has increased in 6.4% 3Q19 [7.5% in 9M19] in the yearly comparison.

In 3Q19, **total distance** was 5.2% higher [10.1% in 9M19] in the yearly comparison due to average distance increase vs 3Q18.

Total distance of export shrunk to 12.9% [-30.5% in 9M19] in the yearly comparison and is currently equivalent to 2.3% of total distance traveled by Tegma.

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

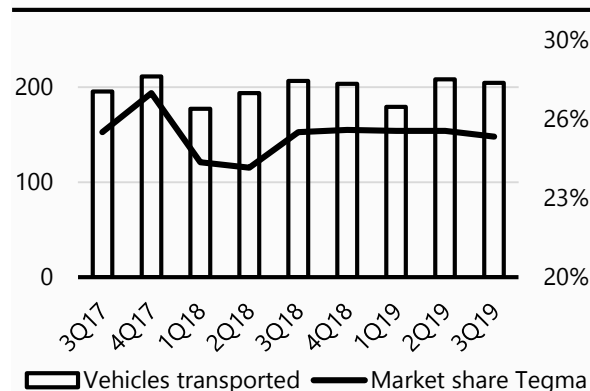
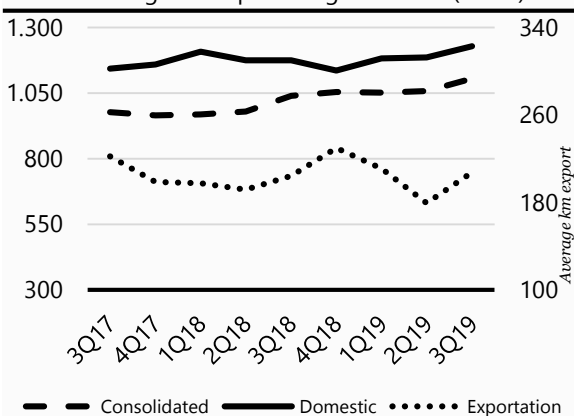


Chart 2 – Tegma's trips average distance (in km)



	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18		
B - Vehicles transported (thousand)	204.5	592.0	-1.1%	2.5%	206.7	577.8
Domestic	179.8	516.6	1.1%	10.3%	177.8	468.5
Export	24.7	75.4	-14.4%	-31.0%	28.9	109.3
Market share (B / A) %*	25.7%	25.8%	-0.2 p.p.	0.8 p.p.	25.9%	25.0%
Average km per vehicle transported (km)	1,106.2	1,072.8	6.4%	7.5%	1,040.0	998.1
Domestic	1,229.9	1,200.4	4.6%	1.3%	1,175.8	1,185.0
Export	207.6	198.8	1.7%	0.8%	204.2	197.3
Total km (million km)	226.2	635.1	5.2%	10.1%	215.0	576.7
Domestic total km	221.0	620.1	5.7%	11.7%	209.1	555.1
Export total km	5.1	15.0	-12.9%	-30.5%	5.9	21.6

Source: ANFAVEA and BACEN

* Considering the denominator the wholesale sales on the previous page.

(in thousand, except average km and total km in million)

Results – Automotive logistics division

In 3Q19, automotive logistics division **gross revenue** remained stable in the yearly comparison, and such variation is explained by: i) the reduction of 1.1% in 3Q19 in the yearly comparison of quantity of vehicles transported, favorably by ii) a 6.4% increase of average distance in 3Q19 vs previous year and iii) May 2019's price readjustment. Between 2Q18 and 4Q18, our revenues included vehicle transfer operations between automakers and secondary yards, which ceased to exist during 2019 due to the change of port of entry of imported vehicles from a major client.

In 3Q19, the division **gross margin** was 20.4% [21.4% in 9M19]. Not considering IFRS 16 and the tax credit effects, as evidenced on the next page and in [Exhibit I](#), 3Q19's margin would have been 22.2% [21.8% in 9M19], 10 bps lower and 110 bps higher in the yearly comparison. Quarter's margin stability in the yearly comparison is explained by the revenues evolution in the period.

In 3Q19, the division **adjusted EBITDA margin** was 16.6% [16.5% in 9M19]. Not considering IFRS 16 and tax credit effects, margin would have been 15.0% in 3Q19 [14.9% in 9M19], 160 bps lower and 60 bps higher, respectively in the yearly comparison, as detailed on the next page and in [Exhibit I](#). In 3Q19, margin decrease vs 3Q18 was due to the increase of provision for lawsuit [increase of R\$ 4.5 million in 3Q19 and increase of R\$ 3.8 million in 9M19] in the yearly comparison as a consequence of updates, agreement and closure of civil suits.

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

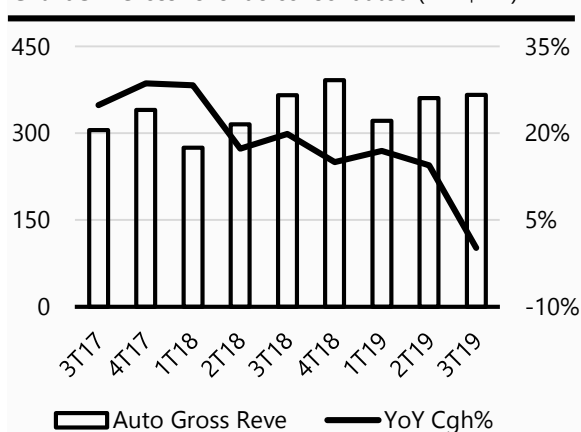
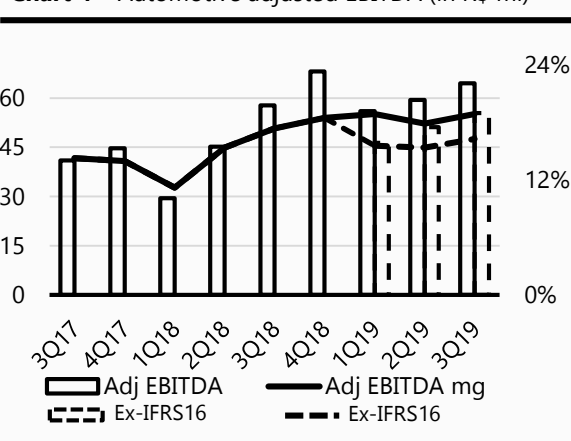


Chart 4 – Automotive adjusted EBITDA (in R\$ mi)



Automotive logistics division	3Q19	9M19	Chg % vs			
			3Q18	9M18	3Q18	9M18
Gross revenue	366.4	1,049.0	0.2%	9.7%	365.8	956.1
Taxes and deductions	(66.6)	(196.2)	-4.4%	8.0%	(69.7)	(181.6)
Net revenue	299.8	852.8	1.3%	10.1%	296.1	774.5
Cost of services	(238.5)	(670.0)	3.7%	9.2%	(230.0)	(613.7)
Gross profit	61.3	182.8	-7.2%	13.6%	66.0	160.8
Gross Margin	20.4%	21.4%	-1.9 p.p.	0.7 p.p.	22.3%	20.8%
Expenses	29.3	(17.1)	-	(0.7)	(20.7)	(64.6)
Operating income	90.5	165.6	99.8%	72.2%	45.3	96.2
Operating Margin%	30.2%	19.4%	14.9 p.p.	7.0 p.p.	15.3%	12.4%
(+) Depreciation	8.1	24.2	98.7%	71.5%	4.1	14.1
EBITDA	98.7	189.8	99.7%	72.1%	49.4	110.3
(+) Non-recurring	(48.8)	(48.8)	-	-	-	-
Adjusted EBITDA	49.9	141.0	0.9%	27.9%	49.4	110.3
EBITDA Margin%	16.6%	16.5%	-0.1 p.p.	2.3 p.p.	16.7%	14.2%

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

Automotive logistics division ex IFRS 16 non-recurring events	3Q19	1S19'	Chg % vs		2Q18	1S18
			2Q18	1S18		
Gross revenue	366.4	1,049.0	0.2%	9.7%	365.8	956.1
Taxes and deductions	(66.6)	(196.2)	-4.4%	8.0%	(69.7)	(181.6)
Net revenue	299.8	852.8	1.3%	10.1%	296.1	774.5
Cost of services	(233.4)	(666.5)	1.4%	8.6%	(230.0)	(613.7)
Gross profit	66.4	186.3	0.6%	15.8%	66.0	160.8
<i>Gross Margin</i>	<i>22.2%</i>	<i>21.8%</i>	<i>-0.1 p.p.</i>	<i>1.1 p.p.</i>	<i>22.3%</i>	<i>20.8%</i>
Expenses	(25.2)	(71.2)	21.8%	10.1%	(20.7)	(64.6)
Operating income	41.2	115.1	-9.1%	19.7%	45.3	96.2
<i>Operating Margin%</i>	<i>13.7%</i>	<i>13.5%</i>	<i>-1.6 p.p.</i>	<i>1.1 p.p.</i>	<i>15.3%</i>	<i>12.4%</i>
(+) Depreciation	3.9	11.8	-4.7%	-16.4%	4.1	14.1
EBITDA	45.1	126.9	-8.7%	15.1%	49.4	110.3
(+) Non-recurring	-	-	-	-	-	-
Adjusted EBITDA	45.1	126.9	-8.7%	0.2	49.4	110.3
<i>EBITDA Margin%</i>	<i>15.0%</i>	<i>14.9%</i>	<i>-1.6 p.p.</i>	<i>0.6 p.p.</i>	<i>16.7%</i>	<i>14.2%</i>

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

[Click here](#) to access the results conciliation in Exhibit 1.

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Results – Integrated logistics division

The integrated logistics division has been improving its profitability quarter by quarter, although its revenue has remained at the same level for a year. This is due to the improved mix of operations.

Gross revenue from **warehouse operation** in 3Q19 fell 18.6% [-21.5% in 9M19 without GDL] in the annual comparison, explained by the loss of a customer in January 2019 in the Rio de Janeiro warehouse. Revenue from the **industrial logistics** operation in 3Q19 grew 3.5% [+6.9% in 9M19] compared to the previous year due to the increase in the transported and stored volume in chemical operations (see quarterly highlights) and also due to the increase of trips in the home-appliances operation. The growth was not higher due to one-off increase of volume in chemical operation in 3Q18, related to the truckers strike in May 18.

The division's **gross margin** in 3Q19 was 19.5% [15.8% in 9M19]. Disregarding IFRS 16 and the effects of the tax credit, the margin would have been 19.3% in 3Q19 [15.1% in 9M19], 430 bps and 140 bps higher, respectively, in the annual comparison, as can be seen on page following and in [Exhibit I](#). The positive margin evolution in 2019 reflects the volume growth of industrial logistics operations, (see quarterly highlights). It is worth mentioning that, due to its cost structure, the business has been benefiting from its operational leverage.

The division's **adjusted EBITDA margin** in 3Q19 was 35.8% [33.5% in 9M19]. Disregarding IFRS 16 and the tax credit, as shown in [Exhibit I](#) and on the next page, the margin was 25.2% [22.4% in 9M19], an evolution that mainly reflects the growth of industrial logistics.

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

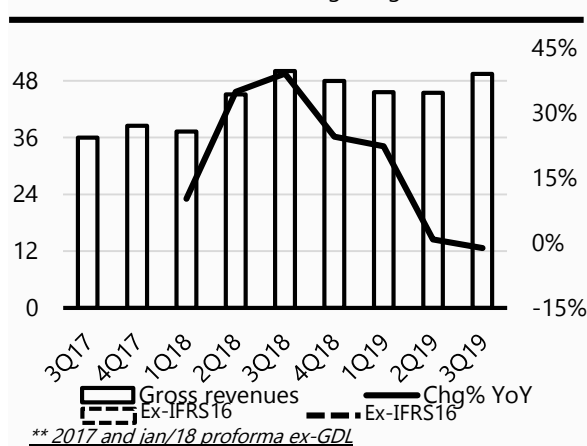
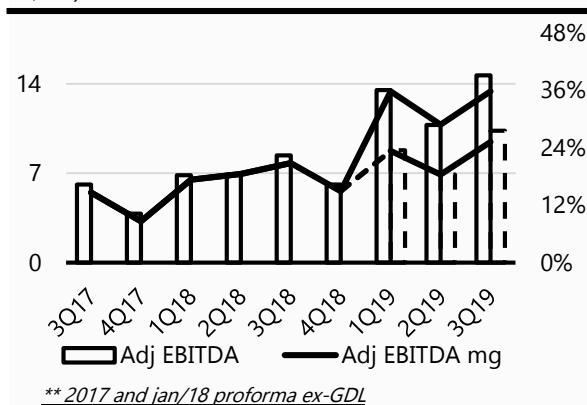


Chart 6 – Adjusted EBITDA Integrated Logistics (in R\$ mi)



Integrated logistics division	3Q19	9M19	Chg % vs			
			3Q18	9M18	3Q18	9M18
Gross revenue	49.4	140.5	-1.2%	-1.7%	50.1	143.0
Warehouse	8.8	25.9	-18.6%	-27.5%	10.8	35.8
Industrial logistics	40.7	114.6	3.5%	6.9%	39.3	107.2
Gross revenue deductions	(8.5)	(24.3)	-43.0%	-21.4%	(14.9)	(30.9)
Net revenue	40.9	116.2	16.5%	3.7%	35.1	112.0
Cost of services	(32.9)	(97.8)	-4.0%	-4.0%	(34.3)	(101.9)
Gross profit	8.0	18.4	887.3%	82.0%	0.8	10.1
Gross Margin %	19.5%	15.8%	17.2 p.p.	6.8 p.p.	2.3%	9.0%
Expenses	1.5	2.5	-	-	(0.4)	(1.8)
Operating income	9.5	20.9	2,534.1%	151.8%	0.4	8.3
Operating Margin%	23.3%	18.0%	22.3 p.p.	10.6 p.p.	1.0%	7.4%
(+) Depreciation	6.7	19.7	142.4%	129.5%	2.8	8.6
EBITDA	16.3	40.6	418.4%	140.4%	3.1	16.9
(+) Non-recurring	(1.6)	(1.6)	-	-	5.3	5.3
Adjusted EBITDA	14.7	39.0	74.7%	76.1%	8.4	22.1
EBITDA Margin%	35.8%	33.5%	11.9 p.p.	13.8 p.p.	23.9%	19.8%

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

Integrated logistics division ex IFRS 16 non-recurring events	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18		
Gross revenue	49.4	140.5	-1.2%	0.2%	50.1	140.2
Warehouse	8.8	25.9	-18.6%	-21.5%	10.8	33.0
Industrial logistics	40.7	114.6	3.5%	6.9%	39.3	107.2
Gross revenue deductions	(8.5)	(24.3)	-12.1%	(0.0)	(9.7)	(25.3)
Net revenue	40.9	116.2	1.4%	1.1%	40.4	114.9
Cost of services	(33.0)	(98.6)	-3.7%	-0.5%	(34.3)	(99.1)
Gross profit	7.9	17.6	30.2%	11.3%	6.1	15.8
<i>Gross margin %</i>	<i>19.3%</i>	<i>15.1%</i>	<i>4.3 p.p.</i>	<i>1.4 p.p.</i>	<i>15.0%</i>	<i>13.7%</i>
Expenses	(0.3)	0.7	-43.6%	-	(0.4)	(1.8)
Operating income	7.6	18.3	36.1%	30.3%	5.6	14.0
<i>Operating margin%</i>	<i>18.7%</i>	<i>15.7%</i>	<i>4.8 p.p.</i>	<i>3.5 p.p.</i>	<i>13.9%</i>	<i>12.2%</i>
(+) Depreciation	(2.7)	(7.8)	-3.3%	-6.1%	(2.8)	(8.3)
EBITDA	10.3	26.0	23.1%	16.8%	8.4	22.3
(+) Non-recurring	-	-	-	-	-	-
Adjusted EBITDA	10.3	26.0	23.1%	16.8%	8.4	22.3
<i>EBITDA margin%</i>	<i>25.2%</i>	<i>22.4%</i>	<i>4.4 p.p.</i>	<i>3.0 p.p.</i>	<i>20.8%</i>	<i>19.4%</i>

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

[Click here](#) to access the results conciliation in Exhibit 1.

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Results - Consolidated

3Q19's **gross revenue** was stable in comparison to 3Q18 largely due to the evolution of quantity of vehicles transported in the quarter.

The 11.2% decrease in **gross revenue deductions** in 3Q19 was due to the spontaneous denunciation, which had a negative impact of R\$ 5.3 million on the line in 3Q18, which dealt with the regularization of ICMS tax on chemical operations. Additionally, there was a reduction of discounts granted in both divisions and the exclusion of ICMS from the PIS COFINS calculation base in the parent company.

3Q19's **gross margin** was 20.3% [20.8% in 9M19]. Disregarding IFRS 16 and tax credit, margins would have been 21.8% [21.0% in 9M19], a 40 bps and 120 bps gain in the yearly comparison, as detailed in the [Exhibit I](#) or on the next page. This gain comes largely from the improvement in the integrated logistics division operations.

3Q19's **expenses** were 20.4% higher [+6.1% in 9M19] in the yearly comparison as can be seen in the [Exhibit I](#) or on the next page, was largely due to lawsuit provisions [increase of R\$ 3.5 million in 3Q19] in the yearly comparison as a consequence of updates, agreement and closure of civil suits

In 3Q19, **EBITDA margin** was 18,9% [18.6% in 9M19]. Not considering IFRS 16 and tax credit, as detailed in the [Exhibit I](#) and on the next page, margin was 16.3% [15.8% in 9M19]. In 3Q19, margin decreased in the yearly comparison largely due to the revenue stability on automotive logistic division and especially to the increase of provision for lawsuit, despite the improved results of integrated logistic division.

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

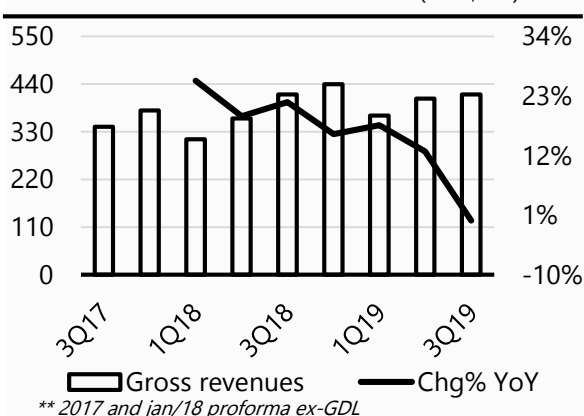
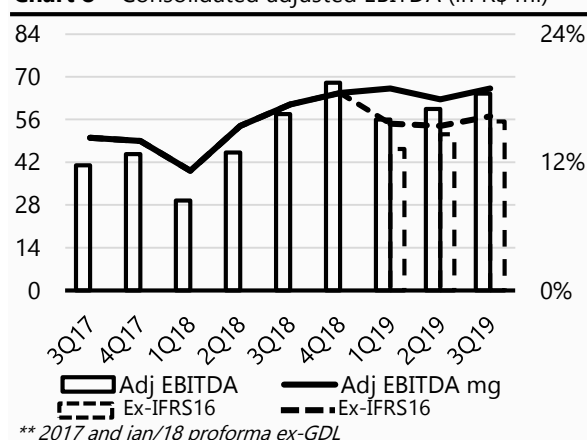


Chart 8 – Consolidated adjusted EBITDA (in R\$ mi)



Consolidated	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18		
Gross revenue	415.8	1,189.5	0.0%	8.2%	415.8	1,099.1
Automotive Logistics	366.4	1,049.0	0.2%	9.7%	365.8	956.1
Integrated Logistics	49.4	140.5	-1.2%	-1.7%	50.1	143.0
Gross revenue deductions	(75.1)	(220.5)	-11.2%	3.7%	(84.6)	(212.5)
Net revenue	340.7	969.0	2.9%	9.3%	331.2	886.6
Cost of services	(271.4)	(767.9)	2.7%	7.3%	(264.4)	(715.6)
Personel	(32.1)	(93.2)	9.6%	10.0%	(29.3)	(84.7)
Freight	(213.6)	(611.5)	-2.3%	6.8%	(218.7)	(572.4)
Others	(46.6)	(127.1)	17.5%	5.7%	(39.7)	(120.3)
PIS and COFINS credit	20.9	64.0	-10.2%	3.7%	23.2	61.8
Gross profit	69.3	201.1	3.6%	17.7%	66.8	170.9
Gross margin %	20.3%	20.8%	0.2 p.p.	1.5 p.p.	20.2%	19.3%
Expenses	30.8	(14.6)	-	(0.8)	(21.2)	(66.5)
Operating income	100.1	186.5	119.1%	78.5%	45.7	104.5
Operating margin%	29.4%	19.2%	15.6 p.p.	7.5 p.p.	13.8%	11.8%
(+) Depreciation	(14.8)	(43.9)	116.4%	93.5%	(6.9)	(22.7)
EBITDA	114.9	230.4	118.7%	81.2%	52.5	127.1
(+) Non-recurring	(50.4)	(50.4)	-	-	5.3	5.3
Adjusted EBITDA	64.5	180.0	11.6%	35.9%	57.8	132.4
EBITDA margin%	18.9%	18.6%	1.5 p.p.	3.6 p.p.	17.4%	14.9%

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

Consolidated ex IFRS 16 and non-recurring events	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18		
Gross revenue	415.8	1,189.5	0.0%	8.5%	415.8	1,096.4
Automotive Logistics	366.4	1,049.0	0.2%	9.7%	365.8	956.1
Integrated Logistics	49.4	140.5	-1.2%	0.2%	50.1	140.2
Gross revenue deductions	(75.1)	(220.5)	-5.4%	6.6%	(79.4)	(206.9)
Net revenue	340.7	969.0	1.3%	8.9%	336.5	889.5
Cost of services	(266.4)	(765.1)	0.8%	7.3%	(264.4)	(712.9)
Personel	(32.1)	(93.2)	9.6%	11.4%	(29.3)	(83.6)
Freight	(213.6)	(611.5)	-2.3%	6.8%	(218.7)	(572.4)
Others	(41.6)	(124.4)	4.8%	5.0%	(39.7)	(118.5)
PIS and COFINS credit	20.9	64.0	-10.2%	3.8%	23.2	61.6
Gross profit	74.3	203.9	3.1%	15.4%	72.1	176.6
<i>Gross margin %</i>	21.8%	21.0%	0.4 p.p.	1.2 p.p.	21.4%	19.9%
Expenses	(25.5)	(70.5)	20.4%	6.1%	(21.2)	(66.4)
Operating income	48.8	133.4	-4.1%	21.0%	50.9	110.2
<i>Operating margin%</i>	14.3%	13.8%	-0.8 p.p.	1.4 p.p.	15.1%	12.4%
(+) Depreciation	(6.6)	(19.5)	-4.2%	-12.6%	(6.9)	(22.4)
EBITDA	55.4	152.9	-4.1%	15.4%	57.8	132.6
(+) Non-recurring	-	-	-	-	-	-
Adjusted EBITDA	55.4	152.9	-4.1%	15.4%	57.8	132.6
<i>EBITDA margin%</i>	16.3%	15.8%	-0.9 p.p.	0.9 p.p.	17.2%	14.9%

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

[Click here](#) to access the results conciliation in Exhibit 1.

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Results – Consolidatedcontinuation

The 48.1% decrease in interest expenses, net of revenue from financial investments in 3Q19 [-30.8% in 9M19] in the annual comparison is mainly due to the reduction in gross debt and its spread in the period, as well as the reduction in basic interest rate.

	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18	3Q18	9M18
Revenue from financial investments	1.9	5.1	23.7%	-12.3%	1.5	5.9
Interest expenses	(2.7)	(7.8)	-12.1%	-19.7%	(3.1)	(9.8)
Interest expenses, net of revenue from financial investments	(0.8)	(2.7)	-48.1%	-30.8%	(1.5)	(3.9)
Interest on leasing	(1.7)	(4.6)	-	-	-	-
Monetary correction on spontaneous denunciation	-	-	-100.0%	-100.0%	(2.0)	(2.0)
Monetary correction PIS COFINS tax credit	33.3	33.3	-	-	-	-
Other financial revenues (expenses)	(0.3)	0.0	-82.3%	-	(1.4)	(1.8)
Financial result	30.5	25.9	-	-	(5.0)	(7.7)

Equity, which corresponds to 50% of GDL (Espírito Santo state customs and general warehousing) and 49% of non-operating company Catlog, was positive by R\$ 0.8 million in 3Q19 [+R\$ 0.6 million in 9M19]. The table beside is the 100% GDL income statement, which shows a significant growth in 3Q19 revenue vs 3Q18 due to the increase in imported vehicle movement and the volume increase in existing operations which resulted in a significant improvement in operating and net income.

The **income tax** rate in 3Q19 was -30.5%. If we exclude the effect of PIS/COFINS credit, the rate would be -24.5%, lower than the nominal rate of 34%, mainly due to the exclusion of ICMS tax credit from the income tax calculation base and to the payment of interest on capital (IOC) in September/19 for regarding 1S19.

	Chg % vs		
	3Q19	9M19	3Q18
GDL (100%)			
Net Revenue	19.4	51.4	30.2%
Operating income	3.1	4.8	422.7%
<i>Operating margin%</i>	<i>16.2%</i>	<i>9.3%</i>	<i>12.2 p.p.</i>
Net income	1.7	1.9	219.4%
<i>Net margin %</i>	<i>8.7%</i>	<i>3.7%</i>	<i>5.2 p.p.</i>

	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18	3Q18	9M18
Income before tax	131.4	213.1	220.3%	120.9%	41.0	96.5
<i>Real tax rate</i>	<i>-34.0%</i>	<i>-34.0%</i>	<i>-</i>	<i>-</i>	<i>-34%</i>	<i>-34%</i>
Income tax and social contribution at the nominal rates	(44.7)	(72.4)	220.3%	120.9%	(14.0)	(32.8)
Presumed ICMS tax credit	1.5	4.7	-17.3%	13.8%	1.9	4.2
Interest on own capital	2.5	4.9	40.2%	-13.7%	1.8	5.7
Permanent differences, equity equivalence and others	0.3	0.2	-11.9%	-	0.4	(0.2)
Income tax	(40.1)	(62.6)	303.4%	170.1%	(9.9)	(23.2)
<i>Effective tax Rate</i>	<i>-30.5%</i>	<i>-29.4%</i>	<i>-6.3 p.p.</i>	<i>-5.3 p.p.</i>	<i>-24.2%</i>	<i>-24.0%</i>

Net income in 3Q19 grew 193.8% [+105.4% in 9M19] compared to the previous year, mainly due to the tax credit recognized this quarter. If we disregard this effect and the temporal effect of IFRS 16, net income would have been R\$ 36.8 million [R\$ 97.1 million in 9M19], 18.8% higher [+32.2% in 9M19] in the annual comparison, due to operational results improvements, to the improvement of equity and to the reduction of net financial expenses.

	3Q19	9M19	Chg % vs		3Q18	9M18
			3Q18	9M18	3Q18	9M18
Consolidated						
Operating income	100.1	186.5	119.1%	78.5%	45.7	104.5
Financial result	30.5	25.9	-	-	(5.0)	(7.7)
Equity	0.8	0.6	147.1%	-	0.3	(0.3)
Income before tax	131.4	213.1	220.3%	120.9%	41.0	96.5
Income tax	(40.1)	(62.6)	303.4%	170.1%	(9.9)	(23.2)
Net income	91.4	150.5	193.8%	105.4%	31.1	73.3

Cash flow

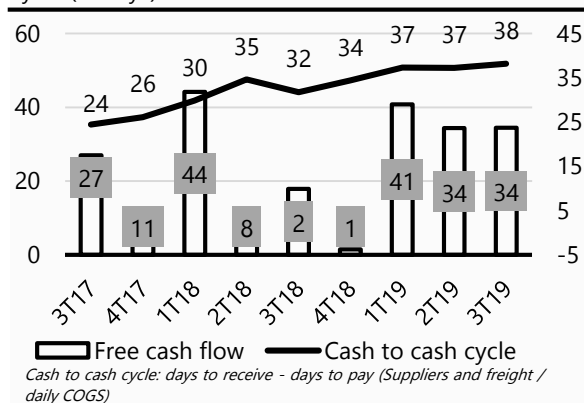
3Q19 **free cash flow** was R\$ 42.1 million [R\$ 129.3 million in 9M19]. If we disregard the effect of IFRS 16, it would have been R\$ 34.4 million in 3Q19 [+R\$ 109.5 million in 9M19].

The company's **cash to cash cycle** has been at a higher level, as shown in Chart 9, due to the negotiation of payments terms of important clients alongside with new services rendered and with contracts renewal.

CAPEX for 3Q19 was R\$ 4.1 million [R\$ 25.3 million in 9M19], according to the segregation shown in the following table. The most relevant investment in the quarter was the acquisition of packages for the home appliances inbound logistics operation amounting R\$ 1.0 million in the maintenance category.

Net cash generated by investing activities for 3Q19 was negative by R\$ 37.3 million due to: i) payment of dividends and IOC for 1S19 in the amount of R\$ 29.6 million and ii) IFRS 16 lease payment in the amount of R\$ 7.8 million. In 9M19 the line was negative in R\$ 97.6 million due to debt settlement, net of funding amounting R\$ 20.0 million, lease payment (IFRS 16) of R\$ 19.8 million and dividends/IOC amounting R\$ 57.9 million.

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



Consolidated CAPEX	3Q19	9M19	3Q18	9M18
Land improvements and purchases	0.4	10.5	5.4	10.7
New operations	0.1	0.5	0.4	1.9
Maintenance	1.9	1.4	5.4	4.5
General improvements	0.8	0.7	2.1	1.1
Transport equipment	-	-	5.4	-
IT	1.0	1.9	3.6	4.0
Contract renewal	0.0	-	3.2	-
Total	4.1	15.0	25.3	22.2

	3Q19	9M19	3Q18	9M18
A - Cash at beginning of period	106.8	90.7	83.5	148.7
Operating cash flow (1)	45.6	33.0	152.7	92.2
(-) Capital expenditures "cash" (2)	(3.5)	(15.1)	(27.6)	(22.1)
B - Free cash flow (1 + 2)	42.1	17.9	125.1	70.2
(-) Payment of leasing	7.7	-	19.8	-
B - Free cash flow (1 + 2) ex IFRS16	34.4	17.9	105.3	70.2
C - Net cash generated by investing activities (ex cash CAPEX)	0.5	0.5	1.1	0.4
D - Net cash from financing activities	(37.3)	(11.1)	(97.6)	(121.4)
(=) Cash at end of period (A + B + C + D)	112.1	98.0	112.1	98.0

(consolidated)

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Debt and Cash

The company's leverage has been in a downward trend for a few years due to the cash flow generated as a result of the increase in revenues combined with cost and expense control.

The **net debt** in September 2019 was R\$ 34.0 million vs R\$ 31.9 million in June 2019.

3Q19 **net debt / LTM adjusted EBITDA index** was 0.1x the same level of 2Q19. The calculation of the coverage ratio (which is equivalent to **adjusted EBITDA / financial result**) is not applicable because of tax credits recognized in 3Q19 turned the financial result positive, considering the last 12 months. The company's *covenants* are <2.5x and >1.5x, respectively.

Despite the rating improvement assigned by Fitch to Tegma, the gross **debt average cost** in September 2019 was CDI + 1.44% p.y, the same of June 2019, given that there were no new debt issuances.

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 + 1.14% in order to reinforce the cash with the payment previously mentioned.

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

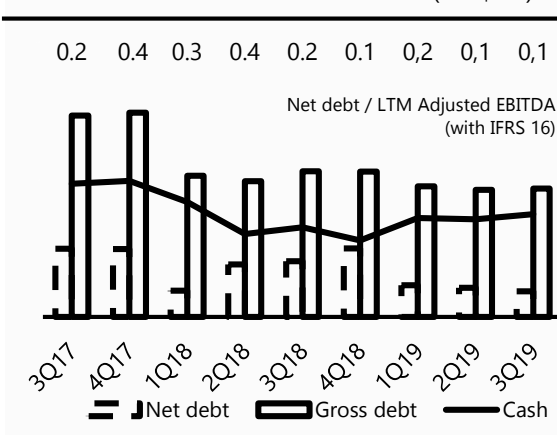
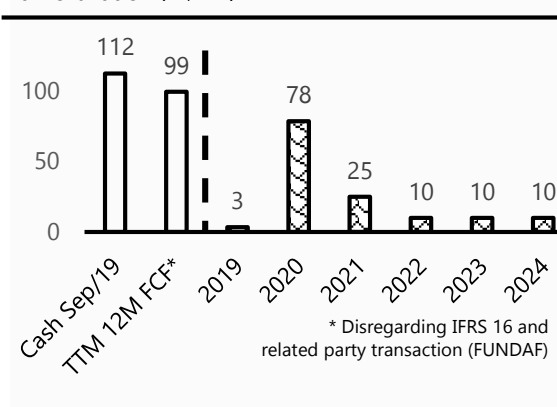


Chart 11 – Cash, FCF and Principal debt schedule amortization (R\$ mi)



	4Q18	1Q19	2Q19	3Q19
Current debt	54.8	8.7	8.6	85.1
Non-current debt	103.8	134.0	130.0	55.0
Gross debt	158.6	142.7	138.6	140.1
(-) Cash	1.3	1.0	1.3	0.9
(-) Banking investments	82.2	107.0	105.4	111.2
Net debt	75.0	34.7	31.9	28.0
Adjusted EBITDA TTM	200.5	227.0	241.3	248.1
<i>Net debt / Adjusted EBITDA TTM</i>	<i>0.4</i>	<i>0.2</i>	<i>0.1</i>	<i>0.1</i>
Financial result TTM	(9.1)	(9.1)	(11.0)	-
<i>Adjusted EBITDA TTM / Financial result TTM</i>	<i>22.0</i>	<i>24.9</i>	<i>22.0</i>	<i>N/A</i>

* Gross debt does not consider swap instrument fair value gain (R\$ 0.6 million)

(consolidated)

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Return on invested capital

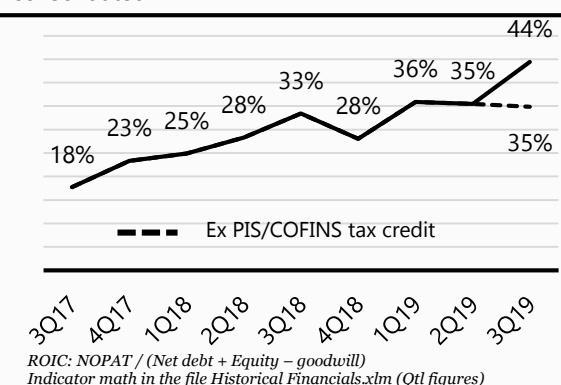
The company consider that **return on invested capital (ROIC)** is significant for investors, since it reflects the company's value creation. ROIC is not a substitute for other accounting measures in accordance with IFRS and may not be comparable to similar measures used by other companies. The Company defines ROIC as operating profit (after-tax of 34%), divided by the capital invested (shareholders' equity plus net debt minus 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 improvement of ROIC in 3Q19 compared to 2Q19 occurs mainly due to the PIS/COFINS tax credit amounting R\$ 50.4 million. Disregarding the non-recurring event, 3Q19 ROIC would be 34.9%.

The recovery since 2017 has occurred because of the improved revenues and operating result of both divisions and because of 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 capital employed.

Chart 12 – Return on invested capital (ROIC) consolidated



	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
ROIC (A / B)	17.7%	23.3%	24.9%	28.3%	33.5%	28.0%	35.9%	35.5%	44.4%
NOPAT (Oper inc *(1-34%) (A)	53.5	72.3	77.7	92.9	104.6	101.0	112.9	119.3	155.2
Operating income (TTM)	81.0	109.5	117.7	140.8	158.5	153.0	171.1	180.7	235.1
Capital employed (B) (previous 12 months)	301.8	309.9	312.0	328.3	312.7	360.4	314.8	336.0	349.6
(+) Net debt	99.8	98.7	95.4	90.8	74.7	74.1	28.7	57.4	60.9
(+) Equity	365.9	375.1	380.5	400.1	400.6	448.8	462.8	455.3	465.4
(-) Aquisitions goodwill	163.9	163.9	163.9	162.6	162.6	162.6	176.7	176.7	176.7

(consolidated)

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

Automotive logistics	3Q18	Fine TCE	3Q18'	3Q19	IFRS16	PISCOFINS tax credit	3Q19'	3Q19' Vs 3Q18'
Gross revenue'	365.8	-	365.8	366.4	-	-	366.4	0.2%
Deductions from gross revenue'	(69.7)	-	(69.7)	(66.6)	-	-	(66.6)	-4.4%
Net Revenue'	296.1	-	296.1	299.8	-	-	299.8	1.3%
(-) Cost of services provided'	(230.0)	-	(230.0)	(238.5)	(0.8)	5.9	(233.4)	1.4%
Gross profit'	66.0	-	66.0	61.3	-	-	66.4	0.6%
Gross mg %'	22.3%	-	22.3%	20.4%	-	-	22.2%	-0.1 p.p.
Expenses'	(20.7)	-	(20.7)	29.3	0.2	(54.7)	(25.2)	21.8%
Operating profit'	45.3	-	45.3	90.5	-	-	41.2	-9.1%
Operating mg %'	15.3%	-	15.3%	30.2%	-	-	13.7%	-1.6 p.p.
(+) Depreciation'	(4.1)	-	(4.1)	(8.1)	4.2	-	(3.9)	-4.7%
EBITDA'	49.4	-	49.4	98.7	-	-	45.1	-8.7%
EBITDA mg%'	16.7%	-	16.7%	32.9%	-	-	15.0%	-1.6 p.p.

Integrated logistics	3Q18	Fine TCE	3Q18'	3Q19	IFRS16	PISCOFINS tax credit	3Q19'	3Q19' Vs 3Q18'
Gross revenue'	50.1	-	50.1	49.4	-	-	49.4	-1.2%
Warehouses'	10.8	-	10.8	8.8	-	-	8.8	-18.6%
Industrial logistics'	39.3	-	39.3	40.7	-	-	40.7	3.5%
Deductions from gross revenue'	(14.9)	5.3	(9.7)	(8.5)	-	-	(8.5)	-12.1%
Net Revenue'	35.1	-	40.4	40.9	-	-	40.9	1.4%
(-) Cost of services provided'	(34.3)	-	(34.3)	(32.9)	(0.3)	0.2	(33.0)	-3.7%
Gross profit'	0.8	-	6.1	8.0	-	-	7.9	30.2%
Gross mg %'	2.3%	-	15.0%	19.5%	-	-	19.3%	4.3 p.p.
Expenses'	(0.4)	-	(0.4)	1.5	-	(1.8)	(0.3)	-43.6%
Operating profit'	0.4	-	5.6	9.5	-	-	7.6	36.1%
Operating mg %'	1.0%	-	13.9%	23.3%	-	-	18.7%	4.8 p.p.
(+) Depreciation'	(2.8)	-	(2.8)	(6.7)	4.0	-	(2.7)	-3.3%
EBITDA'	3.1	-	8.4	16.3	-	-	10.3	23.1%
EBITDA mg%'	8.9%	-	20.8%	39.7%	-	-	25.2%	4.4 p.p.

Consolidated	3Q18	Fine TCE	3Q18'	3Q19	IFRS16	PISCOFINS tax credit	3Q19'	3Q19' Vs 3Q18'
Gross revenue'	415.8	-	415.8	415.8	-	-	415.8	0.0%
Deductions from gross revenue'	(84.6)	5.3	(79.4)	(75.1)	-	-	(75.1)	-5.4%
Net Revenue'	331.2	-	336.5	340.7	-	-	340.7	1.3%
(-) Cost of services provided'	(264.4)	-	(264.4)	(271.4)	(1.0)	6.1	(266.4)	0.8%
Gross profit'	66.8	-	72.1	69.3	-	-	74.3	3.1%
Gross mg %'	20.2%	-	21.4%	20.3%	-	-	21.8%	0.4 p.p.
Expenses'	(21.2)	-	(21.2)	30.8	0.2	(56.5)	(25.5)	20.4%
Operating profit'	45.7	-	50.9	100.1	-	-	48.8	-4.1%
Operating mg %'	13.8%	-	15.1%	29.4%	-	-	14.3%	-0.8 p.p.
(+) Depreciation'	(6.9)	-	(6.9)	(14.8)	8.3	-	(6.6)	-4.2%
EBITDA'	52.5	-	57.8	114.9	-	-	55.4	-4.1%
EBITDA mg%'	15.9%	-	17.2%	33.7%	-	-	16.3%	-0.9 p.p.
Financial result'	(5.0)	2.0	(3.0)	30.5	1.7	(33.3)	(1.0)	-64.7%
Equity'	0.3	-	0.3	0.8	-	-	0.8	147.1%
Profit before IR and CS'	41.0	-	48.3	131.4	-	-	48.6	0.7%
Income tax and social contribution'	(9.9)	(2.5)	(12.4)	(40.1)	-	28.4	(11.7)	-5.9%
Net profit/loss'	31.1	-	35.9	91.4	-	-	37.0	2.9%

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

Automotive logistics	9M19	GDL	Fine TCE	9M18'	9M19	IFRS16	PISCOFINS tax credit	9M18'	9M19' Vs 9M18
Gross revenue'	956.1	-	-	956.1	1,049.0	-	-	1,049.0	9.7%
Deductions from gross revenue'	(181.6)	-	-	(181.6)	(196.2)	-	-	(196.2)	8.0%
Net Revenue'	774.5	-	-	774.5	852.8	-	-	852.8	10.1%
(-) Cost of services provided'	(613.7)	-	-	(613.7)	(670.0)	(2.4)	5.9	(666.5)	8.6%
Gross profit'	160.8	-	-	160.8	182.8	-	-	186.3	15.8%
Gross mg %'	20.8%	-	-	20.8%	21.4%	-	-	21.8%	1.1 p.p.
Expenses'	(64.6)	-	-	(64.6)	(17.1)	0.6	(54.7)	(71.2)	10.1%
Operating profit'	96.2	-	-	96.2	165.6	-	-	115.1	19.7%
Operating mg %'	12.4%	-	-	12.4%	19.4%	-	-	13.5%	1.1 p.p.
(+) Depreciation'	(14.1)	-	-	(14.1)	(24.2)	12.4	-	(11.8)	-16.4%
EBITDA'	110.3	-	-	110.3	189.8	-	-	126.9	15.1%
EBITDA mg %'	14.2%	-	-	14.2%	22.3%	-	-	14.9%	0.6 p.p.

Integrated logistics ex GDL	9M19	GDL	Fine TCE	9M18'	9M19	IFRS16	PISCOFINS tax credit	9M18'	9M19' Vs 9M18
Gross revenue'	143.0	(2.7)	-	140.2	140.5	-	-	140.5	-1.7%
Warehouses'	35.8	(2.7)	-	33.0	25.9	-	-	25.9	-27.5%
Industrial logistics'	107.2	-	-	107.2	114.6	-	-	114.6	6.9%
Deductions from gross revenue'	(30.9)	0.4	5.3	(25.3)	(24.3)	-	-	(24.3)	-21.4%
Net Revenue'	112.0	(2.3)	-	114.9	116.2	-	-	116.2	3.7%
(-) Cost of services provided'	(101.9)	2.8	-	(99.1)	(97.8)	(1.0)	0.2	(98.6)	-3.2%
Gross profit'	10.1	0.4	-	15.8	18.4	-	-	17.6	74.0%
Gross mg %'	9.0%	-	-	13.7%	15.8%	-	-	15.1%	6.1 p.p.
Expenses'	(1.8)	0.0	-	(1.8)	2.5	-	(1.8)	0.7	-
Operating profit'	8.3	0.5	-	14.0	20.9	-	-	18.3	120.4%
Operating mg %'	7.4%	-	-	12.2%	18.0%	-	-	15.7%	8.3 p.p.
(+) Depreciation'	(8.6)	0.3	-	(8.3)	(19.7)	11.9	-	(7.8)	-9.6%
EBITDA'	16.9	0.2	-	22.3	40.6	-	-	26.0	54.2%
EBITDA mg %'	15.1%	-	-	19.4%	34.9%	-	-	22.4%	7.3 p.p.

Consolidated ex GDL	9M19	GDL	Fine TCE	9M18'	9M19	IFRS16	PISCOFINS tax credit	9M18'	9M19' Vs 9M18
Gross revenue'	1,099.1	(2.7)	-	1,096.4	1,189.5	-	-	1,189.5	8.2%
Deductions from gross revenue'	(212.5)	0.4	5.3	(206.9)	(220.5)	-	-	(220.5)	3.7%
Net Revenue'	886.6	(2.3)	-	889.5	969.0	-	-	969.0	9.3%
(-) Cost of services provided'	(715.6)	2.8	-	(712.9)	(767.9)	(3.3)	6.1	(765.1)	6.9%
Gross profit'	170.9	0.4	-	176.6	201.1	-	-	203.9	19.3%
Gross mg %'	19.3%	-	-	19.9%	20.8%	-	-	21.0%	1.8 p.p.
Expenses'	(66.5)	0.0	-	(66.4)	(14.6)	0.6	(56.5)	(70.5)	6.1%
Operating profit'	104.5	0.5	-	110.2	186.5	-	-	133.4	27.7%
Operating mg %'	11.8%	-	-	12.4%	19.2%	-	-	13.8%	2.0 p.p.
(+) Depreciation'	(22.7)	0.3	-	(22.4)	(43.9)	24.3	-	(19.5)	-13.8%
EBITDA'	127.1	0.2	-	132.6	230.4	-	-	152.9	20.3%
EBITDA mg %'	14.3%	-	-	14.9%	23.8%	-	-	15.8%	1.4 p.p.
Financial result'	(7.7)	0.0	2.0	(5.7)	25.9	4.6	(33.3)	(2.7)	-64.9%
Equity'	(0.3)	(0.5)	-	(0.8)	0.6	-	-	0.6	-
Profit before IR and CS'	96.5	-	-	103.7	213.1	-	-	131.3	36.1%
Income tax and social contribution'	(23.2)	-	(2.5)	(25.6)	(62.6)	-	28.4	(34.2)	47.5%
Net profit/loss'	73.3	-	-	78.1	150.5	-	-	97.1	32.5%

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

Capital Markets TGM3

-Tegma's shares were up 8% in 2019 vs +19% of Ibovespa index. The company's market cap today stands at around R\$ 2.0 billion (R\$ 30.5 per share).

- The daily liquidity of Tegma shares in 9M19 was R\$ 7.2 million traded daily (USD 2.0 million). TGM3's tradability index vs IBX-100 has been improving since June 2019 slightly lower in 2019 compared to 2018.

- The dividends and interest on capital of the last two years corresponded to 60% of payout and a dividend yield between 4-5%. In 9M19 the payout was 50% of net income and it corresponded to 5.0% of dividend yield

- Tegma stocks has been traded in 4Q19 at multiples PE and EV/EBITDA 2019 of 15.6x and 9.3x in 3Q19

Chart 13 – TGM3 and IBOV Base zero (Jan/02/2019)

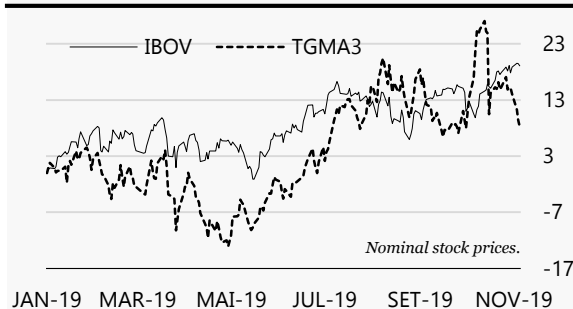


Chart 14 –TGM3 ADTV

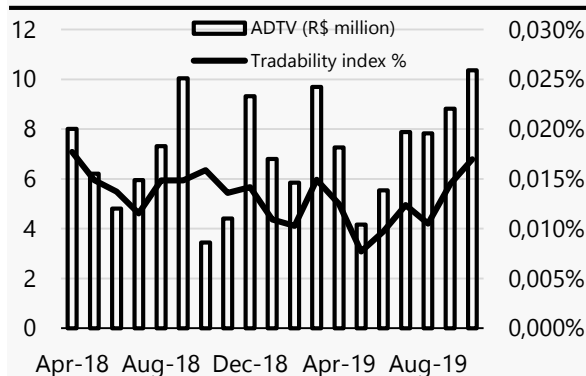
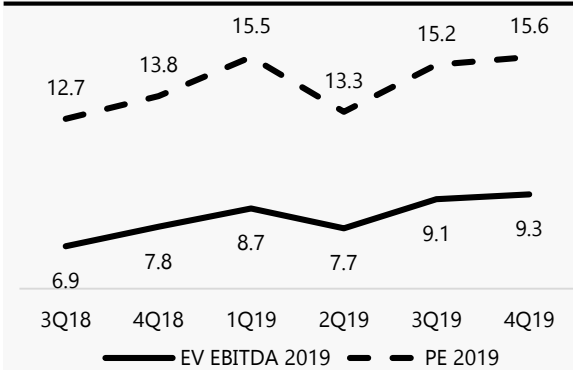


Table 3 – Dividends and Payout

	Dividend per share (R\$)	Payout %	Div Yld % LTM
2019	1.14	50%	5.0%
2018	0.99	60%	4.3%
2017	0.93	60%	4.9%
2016	0.12	61%	1.0%
2015	0.08	53%	1.4%
2014	-	-	-
2013	0.71	100%	3.4%
2012	0.97	81%	3.2%
2011	1.00	71%	4.2%
2010	0.95	59%	4.7%

Chart 15 – Multiples TGM3



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 (individuals)	509,473	0.8%
Directors and administration board	101	0.0%
Treasury	65,143	0.1%
Controllers, administrators e treasury	33,996,036	51.5%
Free float	32,006,979	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	3Q19	3Q18	Chg % vs 3Q18	9M19	9M18	Chg % vs 9M18
Gross revenue	415.8	415.8	0.0%	1,189.5	1,099.1	8.2%
Taxes and deductions	(75.1)	(84.6)	-11.2%	(220.5)	(212.5)	3.7%
Net revenue	340.7	331.2	2.9%	969.0	886.6	9.3%
(-) Cost of services	(271.4)	(264.4)	2.7%	(767.9)	(715.6)	7.3%
Personnel	(32.1)	(29.3)	9.6%	(93.2)	(84.7)	10.0%
Freight	(213.6)	(218.7)	-2.3%	(611.5)	(572.4)	6.8%
Others	(46.6)	(39.7)	17.5%	(127.1)	(120.3)	5.7%
Taxes credit (PIS and COFINS)	20.9	23.2	-10.2%	64.0	61.8	3.7%
Gross profit	69.3	66.8	3.6%	201.1	170.9	17.7%
General and administrative expenses	(20.5)	(17.9)	14.6%	(59.6)	(54.7)	9.0%
Other expenses and revenues	51.3	(3.3)	-	45.0	(11.8)	-
Operating income	100.1	45.7	119.1%	186.5	104.5	78.5%
(+) Depreciation	14.8	6.9	116.4%	29.0	22.7	28.1%
= EBITDA	114.9	52.5	118.7%	215.5	127.1	69.5%
(+) Non-recurring events	(50.4)	5.3	-	(50.4)	5.3	-
= Adjusted EBITDA	64.5	57.8	11.6%	165.2	132.4	24.7%
<i>Mg% EBITDA</i>	<i>18.9%</i>	<i>17.4%</i>	<i>1.5 p.p.</i>	<i>17.0%</i>	<i>14.9%</i>	<i>2.1 p.p.</i>
Financial result	30.5	(5.0)	-	25.9	(7.7)	-
Equity	0.8	0.3	147.1%	0.6	(0.3)	-
Income before tax	131.4	41.0	220.3%	213.1	96.5	120.9%
Income tax	(40.1)	(9.9)	303.4%	(62.6)	(23.2)	170.1%
Net income	91.4	31.1	193.8%	150.5	73.3	105.4%
<i>Net margin %</i>	<i>26.8%</i>	<i>9.4%</i>	<i>17.4 p.p.</i>	<i>15.5%</i>	<i>8.3%</i>	<i>7.3 p.p.</i>

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

	Dec-18	Jun-19	Sep-19
Current assets	337.5	350.7	457.4
Cash	1.3	1.3	0.9
Banking investments	82.2	105.4	111.2
Accounts receivable	226.2	215.9	222.8
Related parties	4.1	3.0	0.2
Inventories	0.2	0.2	0.1
Income tax and social contribution	3.3	3.3	2.2
Taxes to recover	12.0	12.6	104.6
Other receivables	6.8	5.5	6.2
Prepaid expenses	1.3	3.4	3.3
Derivative financial instruments	-	-	5.9
Non-current assets	61.4	49.7	45.9
Taxes to recover	9.4	9.6	9.6
Other receivables	6.7	7.2	1.8
Deferred taxes	16.1	15.7	14.0
Marketable securities	-	-	2.4
Related parties	15.6	3.4	3.7
Derivative financial instruments	1.6	1.9	-
Judicial deposits	11.9	12.0	14.5
Long term Assets	410.6	499.5	489.9
Investments	19.3	18.8	19.3
Property, plant and equipment	202.2	210.3	208.2
Intangible assets	189.1	188.7	188.3
Right of use assets	-	81.6	74.1
Total assets	809.4	899.9	993.2
	Dec-18	Jun-19	Sep-19
Current liabilities	170.6	143.6	267.3
Loans and financing	6.7	8.5	64.8
Bonds	48.1	0.1	26.2
Lease liabilities	-	29.1	28.2
Suppliers and freights payable	36.9	30.7	30.3
Taxes payable	15.1	14.8	16.5
Salaries and social charges	24.3	24.3	28.2
Other accounts payable	30.9	25.3	31.9
Related parties	2.3	1.0	0.0
Income tax	6.4	9.9	41.2
Non-current liabilities	154.4	240.4	148.2
Loans and financing	55.4	81.9	30.0
Related parties	2.0	2.4	2.8
Bonds	50.0	50.0	25.0
Lease liabilities	-	57.1	51.1
Deferred tax	2.6	6.1	2.7
Provision for contingencies	44.4	42.8	36.6
Shareholders equity	484.4	515.8	577.7
Capital stock	144.5	144.5	144.5
Capital reserve	174.1	174.1	174.1
Profit reserve	138.2	138.2	138.2
Retained earnings	-	59.1	121.0
Treasury shares	(0.3)	(0.3)	(0.3)
Assets valuation adjustment	(0.3)	0.3	0.4
Additional proposed dividend	28.3	-	-
Total liabilities and shareholders' equity	809.4	899.9	993.2

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

	3Q19	3Q18	9M19	9M18
Income before income and social contribution taxes	131.4	41.0	213.1	96.5
Depreciation and amortization	6.6	6.9	19.5	22.7
Right of use assets amortization	8.3	-	24.3	-
Interest and exchange variation on unpaid loans and debentures	6.5	6.8	11.1	13.5
(Reversal of) provision for contingencies	6.1	3.8	15.1	16.3
Interest on leasing	1.7	-	4.6	-
Allowance for doubtful accounts	(91.4)	-	(91.4)	-
Swap result	(3.8)	(3.7)	(3.2)	(3.7)
Equity	(0.8)	(0.3)	(0.6)	0.3
Loss (gains) on disposal of assets	(0.0)	(0.0)	0.0	0.4
Allowance for (reversal of) doubtful accounts	0.1	0.3	(1.3)	(0.7)
Fair value in investment transfer	-	-	-	(1.8)
Loss in goodwill withdraw	-	-	-	2.5
Expenses (revenues) not affecting cash flows	(66.8)	13.7	(21.8)	49.5
Accounts receivable	(7.0)	(14.9)	4.7	(21.9)
Taxes recoverable	0.4	(0.5)	(1.1)	18.0
Judicial deposits	(2.4)	(0.4)	(3.6)	(1.6)
Other assets	2.5	(0.4)	1.2	(8.0)
Suppliers and freight payable	(1.0)	3.5	(4.3)	(4.0)
Salaries and related charges	3.9	4.1	3.9	3.0
Increase (decrease) in related parties	1.9	-	14.5	(0.5)
Other liabilities	7.4	3.0	1.2	0.2
Changes in assets and liabilities	5.7	(5.6)	16.4	(14.7)
Interest on loans, financing and swap	(1.1)	(0.3)	(1.6)	(2.6)
Interest on debentures	-	(1.7)	(3.8)	(9.6)
Interest on leasing	(1.6)	-	(4.0)	-
Lawsuits paid	(11.4)	(8.2)	(20.6)	(15.7)
Income and social contribution taxes paid	(10.6)	(5.8)	(25.1)	(11.2)
(A) Net cash generated by (used in) operating activities	45.6	33.0	152.7	92.2
Dividends received	-	-	0.3	0.2
Acquisition of intangible assets	(0.8)	(1.5)	(3.3)	(3.2)
Acquisition of property and equipment and intangible assets	(2.7)	(13.7)	(24.3)	(18.8)
Proceeds from sale of assets	0.1	0.0	0.6	0.4
Payment of acquisition of investments	0.3	0.5	0.3	0.5
Cash from Tegma Logística Integrada S.A.	-	-	-	(0.7)
(B) Net cash generated by (used in) investing activities	(3.0)	(14.6)	(26.5)	(21.6)
Dividend paid	(29.6)	(21.1)	(57.9)	(59.9)
New loans	-	50.0	30.0	50.0
Payment of debentures	-	(40.0)	(50.0)	(111.4)
Payment of leasing	(7.7)	-	(19.8)	-
(C) Net cash generated by (used in) financial activities	(37.3)	(11.1)	(97.6)	(121.4)
Changes in cash (A + B + C)	5.3	7.3	28.6	(50.8)
Cash at beginning of period	106.8	90.7	83.5	148.7
Cash at end of year	112.1	98.0	112.1	98.0

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	-	-	-	-	-	-	-	73.3	73.3
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	0.1	-	0.1
Dividends and interest on capital	-	-	-	-	(35.7)	-	-	(21.1)	(56.8)
Balance on September 30, 2018	144.5	174.1	28.9	66.0	-	(0.3)	0.1	52.2	465.4
Balance on July 1, 2018	144.5	174.1	28.9	66.0	-	(0.3)	-	42.2	455.3
Net income for the period	-	-	-	-	-	-	-	31.1	31.1
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	0.139	-	0.139
Dividends and interest on capital	-	-	-	-	-	-	-	(21.1)	(21.1)
Balance on September 30, 2018	144.5	174.1	28.9	66.0	-	(0.3)	0.1	52.2	465.4
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	-	-	-	-	-	-	-	150.5	150.5
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	0.710	-	0.710
Dividends and interest on capital	-	-	-	-	(28.3)	-	-	(29.6)	(57.9)
Balance on September 30, 2019	144.5	174.1	28.9	109.3	-	(0.3)	0.4	121.0	577.7
Balance on July 1, 2019	144.5	174.1	28.9	109.3	-	(0.3)	0.3	59.1	515.8
Net income for the period	-	-	-	-	-	-	-	91.4	91.4
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	0.071	-	0.071
Dividends and interest on capital	-	-	-	-	-	-	-	(29.6)	(29.6)
Balance on September 30, 2019	144.5	174.1	28.9	109.3	-	(0.3)	0.4	121.0	577.7

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

	3Q19	3Q18	Chg % vs 3Q18	9M19	9M18	Chg % vs 9M18
Gross sale of services	395.5	392.7	0.7%	1,130.3	1,039.8	8.7%
Other income	57.3	(1.5)	-	59.5	6.7	783.4%
(Reversal of) allowance for doubtful accounts	(0.1)	(0.3)	-53.4%	1.3	0.7	96.0%
Income	452.8	390.9	15.8%	1,191.0	1,047.2	13.7%
Cost of services provided	(213.6)	(218.7)	-2.3%	(611.5)	(572.4)	6.8%
Materials, energy, third-party services and other operating expenses	(43.3)	(31.3)	38.3%	(115.3)	(111.2)	3.7%
Input products acquired from third parties	(257.0)	(250.0)	2.8%	(726.8)	(683.6)	6.3%
Net value added produced by the Company	195.8	140.9	39.0%	464.2	363.6	27.7%
Depreciation and amortization	(6.6)	(6.9)	-4.4%	(19.5)	(22.7)	-13.9%
Right of use assets amortization	(8.3)	-	-	(24.3)	-	-
Gross value added	181.0	134.0	35.0%	420.3	341.0	23.3%
Equity pickup	0.8	0.3	146.8%	0.6	(0.3)	-
Financial income	40.3	10.2	297.2%	45.5	15.8	187.3%
Total value added to be distributed	222.2	144.5	53.7%	466.5	356.5	30.8%
				-	-	-
Personnel and related charges	39.6	35.7	11.0%	113.5	101.3	12.0%
Direct compensation	30.2	27.4	10.2%	86.3	79.5	8.5%
Benefits	7.6	6.7	14.2%	21.4	18.7	14.6%
FGTS	1.9	1.7	11.8%	5.8	3.1	88.8%
Taxes, charges and contributions	79.6	53.6	48.6%	176.6	130.7	35.1%
Federal	59.6	28.6	108.7%	114.6	73.5	55.8%
State	18.6	23.6	-21.2%	58.0	53.1	9.3%
Local	1.4	1.4	1.4%	4.1	4.2	-2.0%
Financing agents	103.0	55.3	86.2%	176.3	124.4	41.7%
Interest and exchange variations	9.8	15.2	-35.2%	19.6	23.5	-16.9%
Rent	1.7	9.0	-80.7%	6.2	27.6	-77.4%
Retained profits (losses)	61.8	10.0	517.2%	121.0	52.2	131.7%
Value added distributed	222.2	144.5	53.7%	466.5	356.5	30.8%