

Results presentation 2019 Q3

November 8th, 2019

Quarter highlights

Gennaro Oddone

Tax credit relating to ICMS-exemption of PIS/CONFIS base

- Credit registred in September/19 relating to 2003-2017 period amounting R\$ 91.4 million
- Net profit positive impact of R\$ 55.3 million

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

- (...) 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.

tegUP - investiment Rabbot

- In 3Q18 tegUP, Tegma startup accelerator invested in Rabbot, na automated fleet management company
- tegUP will invest R\$ 3.2 million in convertible debentures in three tranches(...)

IR team awarded

- Tegma IR team was indicated for the second consecutive year in the IR Magazine Awards Brazil
- One of the five best CEO and CFO / IR of Small Caps companies in Brazil Gennaro Oddone and Ramón Pérez and one out of
 five IR executives of Small companies in Brazil -lan Nunes

Results (3Q19 vs 3Q18 ex non recurring events / IFRS 16)

Gennaro Oddone

- Increase of 5.3% domestic sales • 0.4% drop in wholesale sales • Imports fell 19% and production increased 2.3% • Decrease in exports (-20%). • 22% increase in inventories (in days)
- Source: ANFAVEA Fenabrave e BACEN

- Yard Management revenue increase
- Transport price readjustment in May/19
- Drop in transfer between yards revenues (...)
- 1.3% growth in net revenue

Auto market

Revenues Auto

Operational Auto division

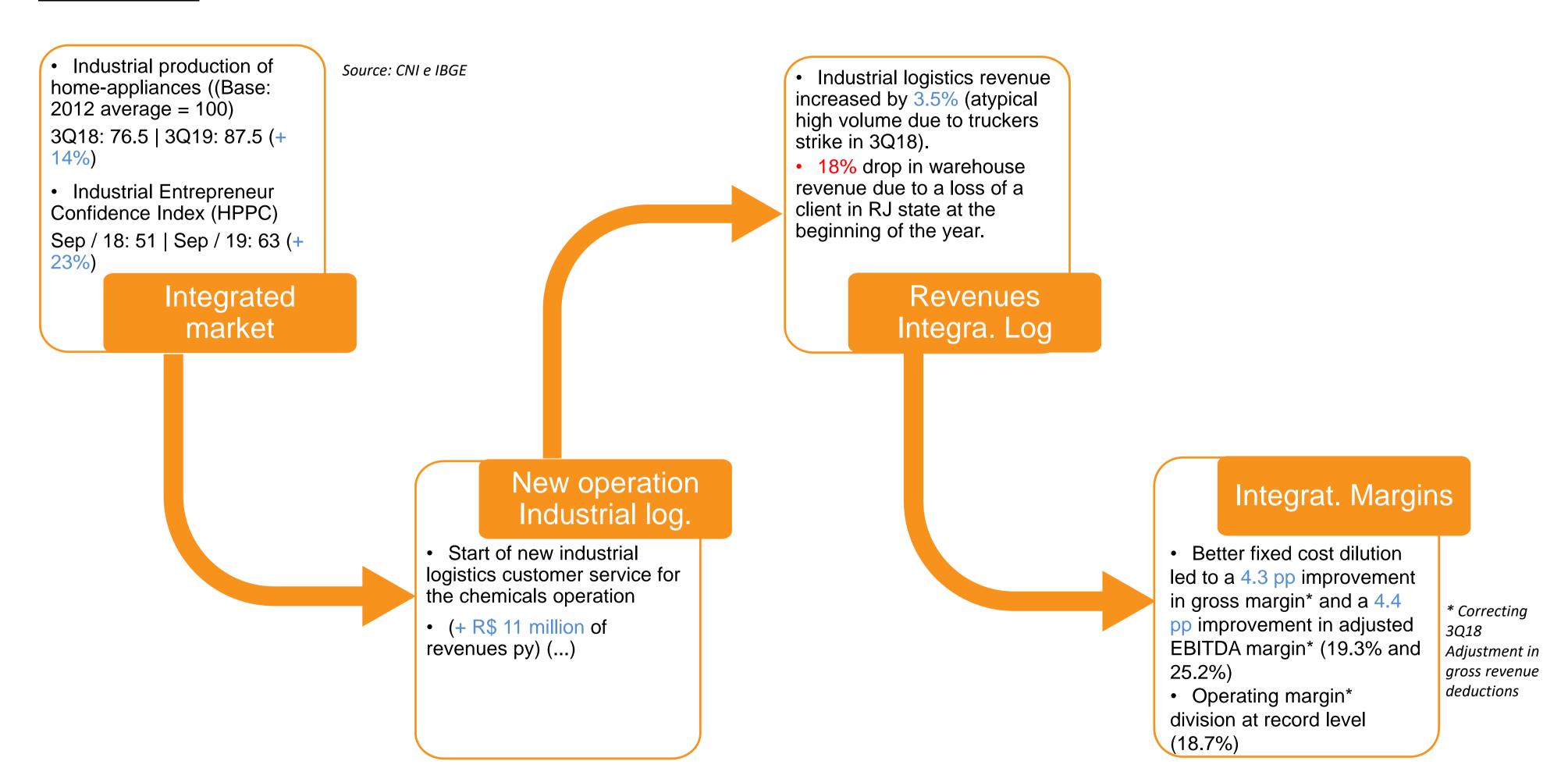
- Qty of vehicles transported was 1.1% lower, 0.2 pp loss of mkt share (25.7%)
- Increase of 6.4% average consolidated distance (+ 4.6% domestic) (...)
- 5.2% increase in total distance
- Increase of yard management in Araquari

Auto Margins

- Gross margin stability due to revenue stability
- Adjusted EBITDA margin decreased by 1.6 pp (15.0%) due to the R\$ 4.5 million increase of provision for lawsuit (...)

Results (3Q19 vs 3Q18 ex non recurring events / IFRS 16)

Gennaro Oddone



Highlights and indicators (3Q19 vs 3Q18 ex non-recurring events / IFRS 16)

Ramón Pérez

- Reduction in financial results, given lower leverage, basic interest rates and spread;
- GDL results (...) improved equity income
- Recurring net income was R\$ 36.9 million, 19% higher (R\$ 91.4 real net income)

Net profit

Cash flow

- Operating cash flow 15% higher (ex IFRS 16)
- Lower CAPEX of R\$ 4.1 million (...) vs R\$ 15.0 million in 3Q18
- Free cash flow increase R\$
 34.4 million in 3Q18 (ex IFRS
 16) vs R\$ 17.9 million in
 3Q18

- Payment of R\$ 28.5 million in dividends and interest on capital in 1H19 (...)
- Covenant net debt / adjusted EBITDA by 0.1x (...)
- Average cost of debt at 1.44% a.a.
- Rating Fitch National A (bra) stable (...)

Indebtness and cash

Returns

- Return on invested capital (ROIC) was 44% (34.9% without tax credit) down 60 bps vs 2Q19
- ROE was 39.9% (28.0% without tax credit), +50 bps
 vs 2Q19

Proceeds 3Q19

- The Board of Directors meeting approved the distribution of R \$ 0.69 per share in dividends and JCP. Payment on 26/11.
- Amount corresponds to 50% of net income in 3Q19 and 2.1% of dividend yield.

- TGMA3 stock price at R\$ 30.5, 8% higher in 2019 vs 19% lbovespa
- 2019 ADTV at R\$ 7.7 million
- Tegma is trading at multiples of 14.4x Profit and 8.6x EV/EBITDA

TGMA3

Source: sell side analysts

New spreadsheet in Historical financials .xls

Ramón Pérez

Consolidated income statement	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Gross revenue	320.126	360.399	415.846	439.626	367.282	406.331	415.849
Taxes and deductions	(60.386)	(67.123)	(79.388)	(76.879)	(70.602)	(74.743)	(75.126)
PIS/COFINS tax base revision	-	-	-	4.478	-	-	-
Spontaneous denunciation TCE	-	-	(5.252)	-	-	-	-
Net revenue	259.740	293.275	336.457	362.747	296.681	331.588	340.723
Cost of services*	(204.685)	(229.983)	(258.371)	(274.428)	(229.558)	(258.037)	(260.810)
PIS/COFINS tax base revision lawsuit costs	-	-	-	-	-	-	(6.084)
IFRS16	-	-	-	-	9.699	8.272	9.105
Gross profit	55.055	63.292	78.086	88.319	67.122	73.551	79.913
Expenses*	(25.434)	(18.144)	(20.294)	(20.245)	(20.796)	(22.379)	(24.500)
Direct civil contingency	-	-	-	(14.500)	-	-	-
PIS/COFINS tax base revision	-	-	-	-	-	-	56.476
Succumbency costs Samsung lawsuit	-	-	-	(2.859)	-	-	-
Adjusted EBITDA	29.621	45.148	57.792	68.074	46.326	51.171	55.413
Depreciation and amortization	(6.594)	(8.910)	(6.854)	(6.617)	(6.470)	(6.498)	(6.567)
Depreciation and amortization (COGS)	(5.766)	(8.056)	(5.991)	(5.744)	(5.569)	(5.543)	(5.599)
IFRS16	-	-	-	-	(8.713)	(6.957)	(8.057)
Depreciation and amortization (SG&A)	(828)	(854)	(863)	(873)	(902)	(955)	(968)
IFRS16	-	-	-	-	(217)	(186)	(209)
Operating income	23.027	36.238	50.938	61.458	39.856	44.673	48.846
Financial result	(1.889)	(825)	(2.961)	(1.414)	(592)	(1.071)	(1.045)
IFRS16	-	-	-	-	(1.307)	(1.616)	(1.718)
Interest and fines - Spontaneous denunciation TCE			(2.030)				
PIS/COFINS tax base revision monetary correction	-	-	-	-	-	-	33.292
Equity	(911)	(227)	341	682	(529)	322	844
Income before tax	20.227	35.186	48.318	60.725	38.735	43.925	48.644
Income Tax	(6.233)	(7.000)	(12.406)	(17.813)	(11.576)	(10.924)	(11.675)
Income tax - Direct express civil contingenc	-	-	-	4.930	-	-	-
Income tax - Spontaneous denunciation TCE	-	-	2.476	-	-	-	-
Income tax - PIS/COFINS tax base revision	-	-	-	-	-	-	(28.382)
Net income	13.994	28.186	35.913	42.912	27.159	33.001	36.969



Q&A section

Gennaro Oddone – CEO and IRO Ramón Pérez - CFO

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