



# singia

## 3Q19 Results

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14 Nov. 2019  
Webcast 9am (NY)  
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# Recent events

## *Follow-On*

**Goal:**  
Finance future  
acquisitions

**Pricing:**  
Sep. 17<sup>th</sup>

**Gross value:**  
R\$ 362.7 MM

## Stock split

**Goal:**  
Increase liquidity on  
the standard lot

**Stock credit:**  
Oct. 3<sup>rd</sup>

**Ratio:**  
1:4

## Incorporations

**Goal:**  
Reduce expenses

**Subsidiaries:**

- ADSPrev (Jul-19)
- Atena (Aug-19)
- NVA (Sep-19)
- Partec (Oct-19)

**Tax shield:**  
Up to R\$ 24.1 MM



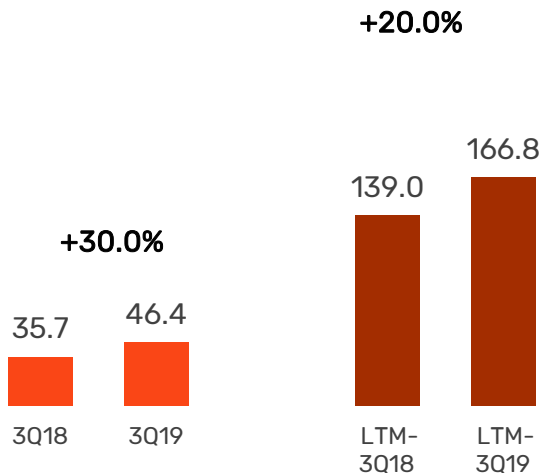
## Highlights

# Record net revenues and recurring revenues

### Net revenues

(R\$ MM)

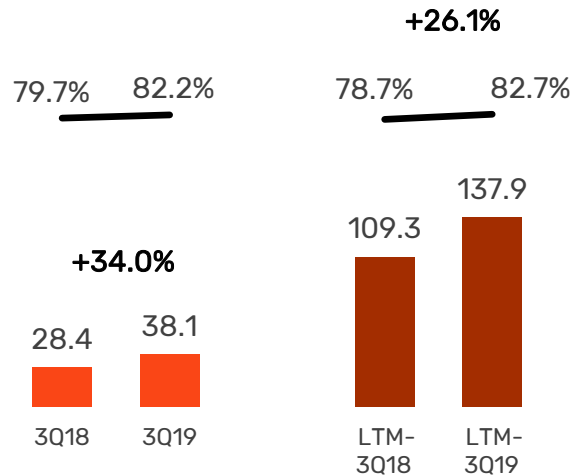
**3Q19:** Record, with addition of R\$ 9.9 MM inorganic and R\$ 0.8 MM organic



### Recurring revenues

(R\$ MM | % RL)

**3Q19:** Record, with addition of R\$ 8.7 MM inorganic and R\$ 0.6 MM organic (+R\$ 1.6 MM from Software Subscription and -R\$ 1.0 MM from Outsourcing)



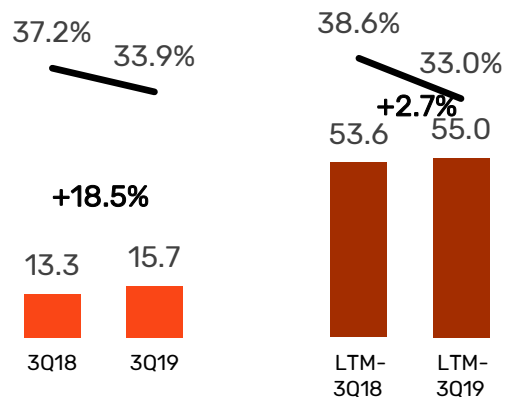
# Highlights

## Record gross profit and adjusted EBITDA

### Gross profit

(R\$ MM | Gross mg. %)

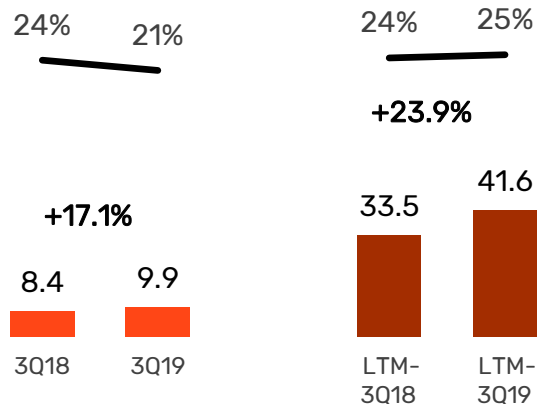
**3Q19:** Record, with R\$ 3.4 MM inorganic growth and R\$ 1.0 MM organic reduction



### Expenses<sup>1</sup>

(R\$ MM | % of revenues)

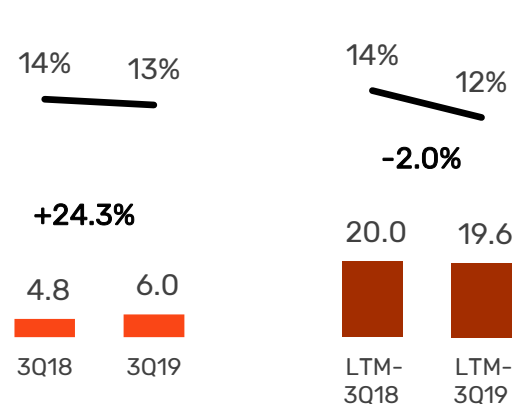
**3Q19:** Growth due to the last 4 acquisitions consolidations, and strong decrease of 2.3 p.p. as proportion of net revenues



### Adjusted EBITDA

(R\$ MM | EBITDA mg. %)

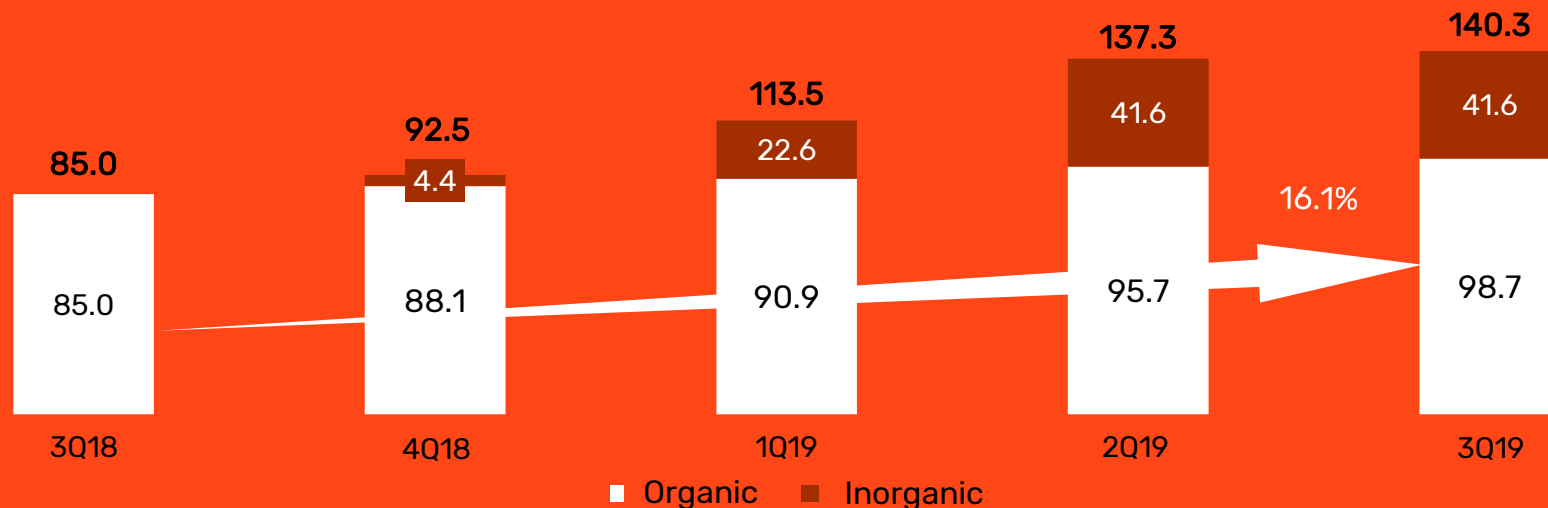
**3Q19:** Record, with growth driven by the last 4 acquisitions



# Software Unit

## Record Portfolio of recurring contracts (R\$ MM)

Increase of R\$ 55.3 MM (+65.1% vs. 3Q18), out of which R\$ 41.6 MM inorganic\* and R\$ 13.7 MM organic (+16.1% vs. 3Q18)



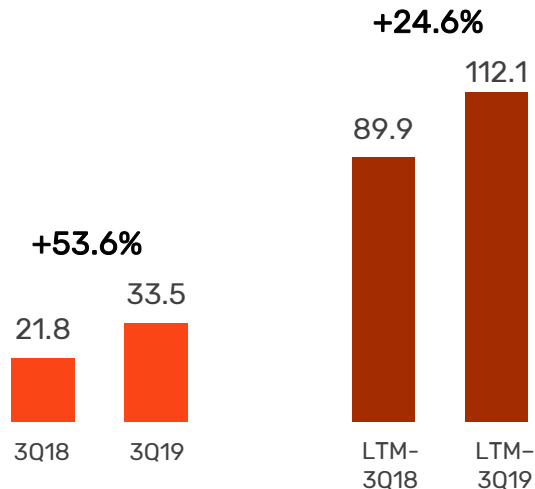


## Software Unit (72% of Total)

### Record revenues and gross profit

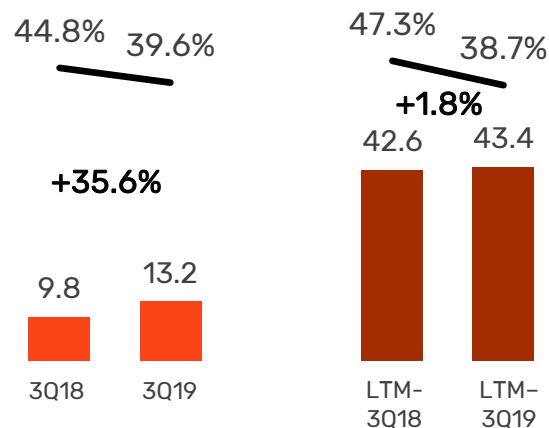
Net revenues from Software  
(R\$ MM)

**3Q19:** Record, increase of R\$ 11.7 MM, out of which R\$ 9.9 MM inorganic and R\$ 1.8 MM organic



Gross profit from Software  
(R\$ MM | Gross mg. %)

**3Q19:** Record, with R\$ 3.5 MM increase, out of which R\$ 3.4 MM inorganic and R\$ 0.1 MM organic; change in the commercial model is pressuring margins





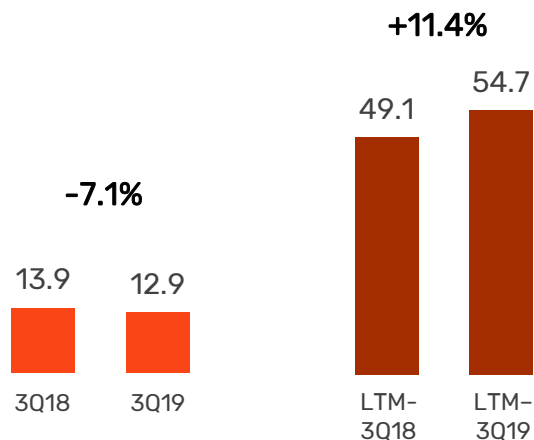
## Services Unit (28% of Total)

### Decrease of revenues and gross profit

#### Net revenues from Services

(R\$ MM)

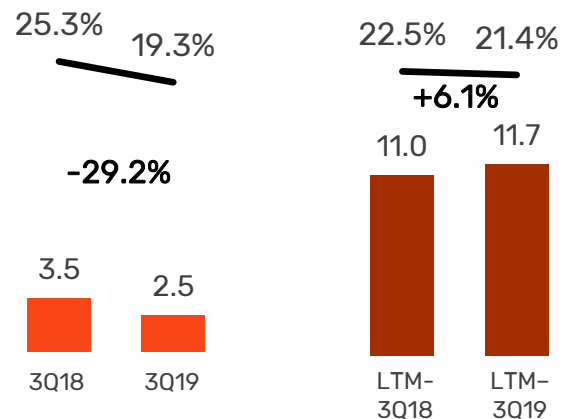
**3Q19:** Reduction of R\$ 1.0 MM, out of which R\$ 0.7 MM in Outsourcing and R\$ 0.3 MM in Projects



#### Gross profit from Services

(R\$ MM | Gross mg. %)

**3Q19:** Reduction of R\$ 1.0 MM, out of which R\$ 0.6 MM in Outsourcing and R\$ 0.4 MM in Projects





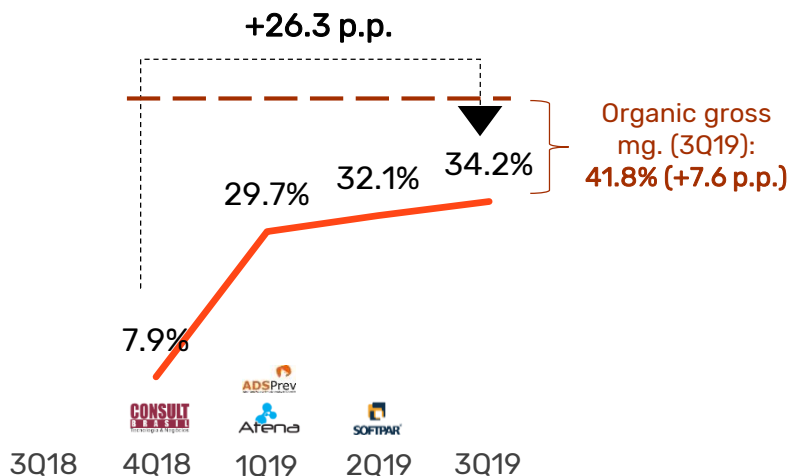
## Inorganic results

Significant evolution due to successful integrations

### Inorganic gross profit

(Gross mg. %)

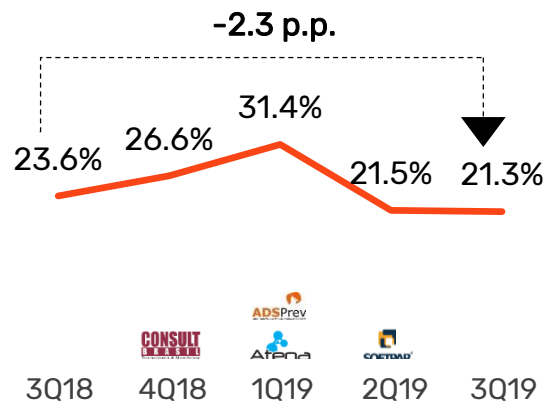
**3Q19:** Solid gain in profitability, with potential expansion in the mid-term



### Total SG&A

(% Net revenues)

**3Q19:** Substantial dilution, confirming one-time increase expectations followed by persistent reduction







## Financial position

# Sinquia ready to improve its consolidation plan

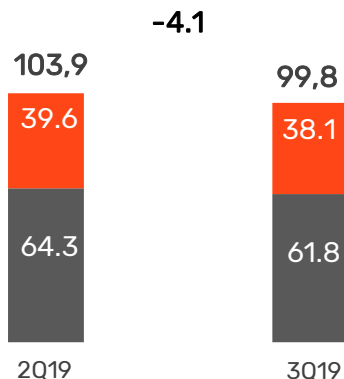
Gross cash  
(R\$ MM)

Growth in balance related to the R\$ 362.7 MM follow-on in Sep-19



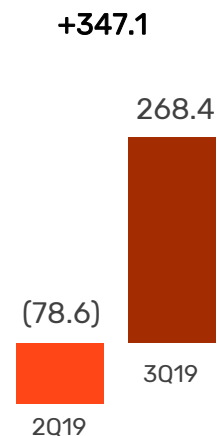
Gross debt  
(R\$ MM)

Reduction due to loans' settlements and amortizations



Net cash  
(R\$ MM)

Current balance makes Sinquia prepared to intensify its consolidation plan



## Final message

### 1) Organic result

Quality growth, but profitability is still compressed due to the costs to convert the implementation backlog into revenues

### 2) Inorganic result

Significant evolution due to the successful integrations: synergies has been already captured and expected results exceeded

### 3) Financial position

Robust cash position, making Sinqia ready to intensify its consolidation plan





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## Reconciliations

Table 1 - Reconciliation of EBITDA and Adjusted EBITDA								
(R\$ '000)	3T19	3T18	Var.	2T19	Var.	LTM-3T19	LTM-3T18	Var.
<b>Net Income</b>	<b>1,147</b>	<b>1,418</b>	<b>-19.1%</b>	<b>(3,578)</b>	-	<b>(3,675)</b>	<b>4,517</b>	-
(+) Income tax/social contribution	(408)	1,218	-	412	-	(837)	1,850	-
(+) Financial result	1,452	386	276.2%	3,014	-51.8%	6,110	3,423	78.5%
(+) Depreciation/amort.	3,677	1,818	102.3%	3,484	5.5%	11,897	7,007	69.8%
<b>EBITDA</b>	<b>5,868</b>	<b>4,840</b>	<b>21.2%</b>	<b>3,332</b>	<b>76.1%</b>	<b>13,495</b>	<b>16,797</b>	<b>-19.7%</b>
(+) Extraordinary expenses - earnout	-	-	-	-	-	-	3,247	-
(+) Extraordinary expenses - integration	-	-	-	288	-	2,915	-	-
(+) Extraordinary expenses - new brand	-	-	-	-	-	871	-	-
(+) Extraordinary costs - integration	148	-	-	1,472	-89.9%	2,297	-	-
<b>Adjusted EBITDA</b>	<b>6,016</b>	<b>4,840</b>	<b>24.3%</b>	<b>5,092</b>	<b>18.1%</b>	<b>19,578</b>	<b>20,044</b>	<b>-2.3%</b>
<i>Adj. EBITDA Margin</i>	<i>13.0%</i>	<i>13.6%</i>	<i>-0.6 p.p.</i>	<i>12.1%</i>	<i>0.9 p.p.</i>	<i>11.7%</i>	<i>14.4%</i>	<i>-2.7 p.p.</i>

Table 2 - Reconciliation of Adjusted Cash Earnings								
(R\$ '000)	3T19	3T18	Var.	2T19	Var.	LTM-3T19	LTM-3T18	Var.
<b>Net income</b>	<b>1,147</b>	<b>1,418</b>	<b>-19.1%</b>	<b>(3,578)</b>	-	<b>(3,675)</b>	<b>4,517</b>	-
(+) Extraordinary effects	148	-	-	1,760	-91.6%	6,083	4,609	32.0%
<b>Adjusted net income</b>	<b>1,295</b>	<b>1,418</b>	<b>-8.7%</b>	<b>(1,818)</b>	-	<b>2,408</b>	<b>9,126</b>	<b>-73.6%</b>
(+) Acquisitions amortization	2,217	1,488	49.0%	1,972	12.4%	7,110	5,909	20.3%
(+) Def. income tax/Social Contr.	(1,425)	(28)	-	(146)	-	(4,844)	(533)	-
<b>Adjusted Cash Earnings</b>	<b>2,087</b>	<b>2,878</b>	<b>-27.5%</b>	<b>8</b>	-	<b>4,674</b>	<b>14,502</b>	<b>-67.8%</b>
<i>Adj. CE Margin</i>	<i>4.5%</i>	<i>8.1%</i>	<i>-3.6 p.p.</i>	<i>0.0%</i>	<i>4.5 p.p.</i>	<i>2.8%</i>	<i>10.4%</i>	<i>-7.6 p.p.</i>

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