

**Caxias do Sul, May 25<sup>th</sup>, 2020 - Marcopolo SA (B3: POMO3; POMO4)** discloses the results for the first quarter of 2020 (1Q20). The financial statements are presented in accordance with accounting practices adopted in Brazil and with IFRS - International Financial Reporting Standards, established by IASB - International Accounting Standards Board.

### HIGHLIGHTS OF THE 1<sup>st</sup> QUARTER OF 2020

- ✿ Marcopolo's **Total Production** reached 3,441 units, 2.7% lower than 1Q19.
- ✿ **Net Revenue** totaled R\$ 919.4 million, an increase of 2.3% compared to 1Q19.
- ✿ **Gross Profit** reached R\$ 150.1 million, with a margin of 16.3%.
- ✿ **EBITDA** totaled R\$ 101.9 million, with a margin of 11.1%.
- ✿ **Net Income** reached R\$ 10.7 million, with a margin of 1.2%.

(R\$ million and percentage change, unless otherwise stated).

Selected Information	1Q20	1Q19	% Var.
Net operating revenue	919.4	898.6	2.3%
Revenue in Brazil	469.6	411.3	14.2%
Export revenue from Brazil	213.9	265.4	-19.4%
Revenue Abroad	235.9	221.9	6.3%
Gross Profit	150.1	138.0	8.7%
EBITDA <sup>(1)</sup>	101.9	60.6	68.0%
Net Profit	10.7	27.0	-60.3%
Earnings per share	0.011	0.029	-60.1%
Return on Invested Capital (ROIC) <sup>(2)</sup>	8.8%	9.9%	-1.1 pp
Return on Equity (ROE) <sup>(3)</sup>	8.1%	8.9%	-0.7 pp
Investments	49.8	29.5	69.0%
Gross Margin	16.3%	15.4%	0,9 pp
EBITDA Margin	11.1%	6.7%	4.4 pp
Net Margin	1.2%	3.0%	-1.8 pp
Balance Sheet Data	03/31/2020	12/31/2019	% Var.
Net Equity	2,411.4	2,310.0	4.4%
Cash and cash equivalents and Financial investments	980.6	1,226.4	-20.0%
Short-term financial liabilities	-702.2	-624.1	12.5%
Long-term financial liabilities	-1,290.1	-1,179.3	9.4%
Net financial liabilities - Industrial Segment	-532.7	-108.5	391.0%

Notes: <sup>(1)</sup> EBITDA = Earnings before interest, taxes, depreciation and amortization; <sup>(2)</sup> ROIC (Return on Invested Capital) = (Nopat for the last 12 months) / (customers + inventories + other accounts receivable + investments + fixed assets + intangible assets - suppliers - other accounts payable). The effects of Banco Moneo on the asset and liability base were excluded from the calculation. <sup>(3)</sup> ROE (Return on Equity) = Net Profit for the last 12 months / Initial Equity; pp = percentage points.

**PERFORMANCE OF THE BRAZILIAN BUS INDUSTRY**

In 1Q20, Brazilian bus production reached 4,549 units, down 13.7% compared to 1Q19.

**a) Domestic Market.** Production for the domestic market totaled 3,680 units in 1Q20, 0.4% higher than the 3,666 units produced in 1Q19.

**b) Foreign Market.** Exports totaled 869 units in 1Q20, 45.9% lower than the 1,606 units exported in 1Q19.

**BRAZILIAN BUS PRODUCTION (in units)**

PRODUCTS <sup>(1)</sup>	1Q20			1Q19			Change
	DM	FM <sup>(2)</sup>	TOTAL	DM	FM <sup>(2)</sup>	TOTAL	%
Road	843	296	<b>1,139</b>	562	542	<b>1,104</b>	3.2%
Urban	2,196	547	<b>2,743</b>	2,327	829	<b>3,156</b>	-13.1%
Micro	641	26	<b>667</b>	777	235	<b>1,012</b>	-34.1%
<b>TOTAL</b>	<b>3,680</b>	<b>869</b>	<b>4,549</b>	<b>3,666</b>	<b>1,606</b>	<b>5,272</b>	<b>-13.7%</b>

Sources: FABUS (National Association of Bus Manufacturers) and SIMEFRE (Interstate Union for the Industry of Materials and Railway and Road Equipment).

Notes: <sup>(1)</sup> DM = Internal Market; FM = Foreign Market, units produced for export; <sup>(2)</sup> Includes units exported in KD (disassembled).

**MARCOPOLO'S OPERATING AND FINANCIAL PERFORMANCE**
**Units recorded in Net Revenue**

In 1Q20, 3,077 units were recorded in net revenue, of which 2,212 were billed in Brazil (71.9% of the total), 381 exported from Brazil (12.4%) and 484 abroad (14.8%).

OPERATIONS (in units)	1Q20	1Q19	% Var.
<b>BRAZIL:</b>			
- Domestic Market	2,212	2,131	3.8%
- Foreign Market	648	896	-27.7%
<b>SUBTOTAL</b>	<b>2,860</b>	<b>3,027</b>	<b>-5.5%</b>
Exported KD eliminations <sup>(1)</sup>	267	103	159.2%
<b>TOTAL IN BRAZIL</b>	<b>2,593</b>	<b>2,924</b>	<b>-11.3%</b>
<b>ABROAD:</b>			
- South Africa	51	42	21.4%
- Australia	76	98	-22.4%
- China	8	15	-46.7%
- Mexico	323	355	-9.0%
- Argentina	26	-	-
<b>TOTAL ABROAD</b>	<b>484</b>	<b>510</b>	<b>-5.1%</b>
<b>GENERAL TOTAL</b>	<b>3,077</b>	<b>3,434</b>	<b>-10.4%</b>

Note: <sup>(1)</sup> KD (Knock Down) = Bodies partially or completely disassembled.

**PRODUCTION**

Marcopolo's consolidated production was 3,441 units in 1Q20. In Brazil, production reached 2,940 units, 1.0% lower than in 1Q19, while overseas production was 501, 11.5% lower than the units produced in the same period last year.

In related operations, not consolidated, considering only Marcopolo's share in the respective share capital of companies, production was 1,448 units, 4.1% lower than in 1Q19.

In the quarter, production was negatively affected by the granting of collective vacations as of March 23<sup>rd</sup> in Brazilian operations and by the various impacts on operations located abroad, with specific restrictions in each country and more profound effects on the Marcopolo China subsidiary.

Marcopolo's production data and its respective comparison with the previous year are shown in the following table:

**MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION**

OPERATIONS (in units)	1Q20	1Q19	% Var.
<b>BRAZIL:</b> <sup>(1)</sup>			
- Domestic Market	2,514	2,073	21.3%
- Foreign Market	693	999	-30.6%
<b>SUBTOTAL</b>	<b>3,207</b>	<b>3,072</b>	<b>4.4%</b>
Exported KD eliminations <sup>(2)</sup>	267	103	159.2%
<b>TOTAL IN BRAZIL</b>	<b>2,940</b>	<b>2,969</b>	<b>-1.0%</b>
<b>ABROAD:</b>			
- South Africa	51	55	-7.3%
- Australia	76	98	-22.4%
- China	8	45	-82.2%
- Mexico	353	368	-4.1%
- Argentina	13	-	-
<b>TOTAL ABROAD</b>	<b>501</b>	<b>566</b>	<b>-11.5%</b>
<b>GENERAL TOTAL</b>	<b>3,441</b>	<b>3,535</b>	<b>-2.7%</b>

NON-CONSOLIDATED OPERATIONS (in units) <sup>(3)</sup>	1Q20	1Q19	% Var.
- Colombia (50%)	174	235	-26.0%
- India (49%)	1,274	1,275	-0.1%
<b>TOTAL ASSOCIATES</b>	<b>1,448</b>	<b>1,510</b>	<b>-4.1%</b>

Notes: <sup>(1)</sup> Includes the production of the Volare model; <sup>(2)</sup> KD (*Knock Down*) = Bodies partially or completely disassembled; <sup>(3)</sup> Volume proportional to Marcopolo's participation in the respective companies.

**MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION BY MODEL**

PRODUCTS / MARKETS <sup>(2)</sup> Units place	1Q20			1Q19		
	DM	FM <sup>(1)</sup>	TOTAL	DM	FM <sup>(1)</sup>	TOTAL
Road	523	215	<b>738</b>	339	490	<b>829</b>
Urban	1,026	928	<b>1,954</b>	683	912	<b>1,595</b>
Micro	355	27	<b>382</b>	470	115	<b>585</b>
<b>SUBTOTAL</b>	<b>1,904</b>	<b>1,170</b>	<b>3,074</b>	<b>1,492</b>	<b>1,517</b>	<b>3,009</b>
Volares <sup>(3)</sup>	610	24	<b>634</b>	581	48	<b>629</b>
<b>Total production</b>	<b>2,514</b>	<b>1,194</b>	<b>3,708</b>	<b>2,073</b>	<b>1,565</b>	<b>3,638</b>

Notes: <sup>(1)</sup> The total FM production includes units exported in KD (bodies partially or completely disassembled); <sup>(2)</sup> DM = Internal Market; FM = Foreign Market; <sup>(3)</sup> The production of Volares is not part of the data from SIMEFRE and FABUS, or from the sector's production.

**MARCOPOLO - PRODUCTION IN BRAZIL**

PRODUCTS / MARKETS <sup>(2)</sup> Units place	1Q20			1Q19		
	DM	FM <sup>(1)</sup>	TOTAL	DM	FM <sup>(1)</sup>	TOTAL
Roads	523	109	<b>632</b>	339	352	<b>691</b>
Urbans	1,026	535	<b>1,561</b>	683	484	<b>1,167</b>
Micros	355	25	<b>380</b>	470	115	<b>585</b>
<b>SUBTOTAL</b>	<b>1,904</b>	<b>669</b>	<b>2,573</b>	<b>1,492</b>	<b>951</b>	<b>2,443</b>
Volares <sup>(3)</sup>	610	24	<b>634</b>	581	48	<b>629</b>
<b>Total production</b>	<b>2,514</b>	<b>693</b>	<b>3,207</b>	<b>2,073</b>	<b>999</b>	<b>3,072</b>

Note: See notes in the table Consolidated World Production by Model.

**MARKET SHARE IN BRAZIL**

Marcopolo's market share in Brazilian bodywork production was 57.0% in 1Q20 against 46.3% in 1Q19.

The highlight of the quarter was the increase of 16.7 percentage points in the urban segment in relation to the same period of 2019, showing growth of *market share* in the Brazilian market and sustaining high market share in exports of these models.

**PARTICIPATION IN BRAZILIAN PRODUCTION (%)**

PRODUCTS	1Q20	2019	4Q19	1Q19
Roads	64.3	67.9	69.4	62.6
Urbans	53.7	39.6	45.9	37.0
Micros	55.3	58.1	41.9	57.8
<b>Total <sup>(1)</sup></b>	<b>57.0</b>	<b>49.8</b>	<b>51.9</b>	<b>46.3</b>

Sources: FABUS and SIMEFRE

Note: <sup>(1)</sup> Volare is not counted for the purpose of market share.

**NET REVENUE**

Consolidated net revenue reached R\$ 919.4 million in 1Q20, of which R\$ 469.6 million, or 51.1% of the total, from the domestic market, and R\$ 449.8 million, representing the remaining 48.9%, of the foreign market.

The highlight of 1Q20 was the higher turnover of road transport, recovery compared to 1Q19, negatively affected by the entry into force of the rule that required the installation of elevators in all models of this segment sold in Brazil. The urban segment maintained its trajectory of volume recovery in the domestic market, helped by deliveries to the federal program Caminho da Escola.

The following table and graphs show the breakdown of net revenue by products and markets:

**CONSOLIDATED NET OPERATING REVENUE**  
**By Products and Markets (R\$ Million)**

PRODUCTS / MARKETS <sup>(1)</sup>	1Q20			1Q19		
	DM	FM	TOTAL	DM	FM	TOTAL
Roads	141.1	208.4	<b>349.5</b>	101.8	205.2	<b>307</b>
Urbans	136.0	166.7	<b>302.7</b>	101.6	213.9	<b>315.5</b>
Micros	36.2	5.7	<b>41.9</b>	49.1	15.6	<b>64.7</b>
<b>Subtotal bodies</b>	<b>313.3</b>	<b>380.8</b>	<b>694.1</b>	<b>252.5</b>	<b>434.7</b>	<b>687.2</b>
Volares <sup>(2)</sup>	131.1	6.7	<b>137.8</b>	138.9	13.0	<b>151.9</b>
Chassis	3.7	40.6	<b>44.3</b>	0.9	20.0	<b>20.9</b>
Bco. Moneo	9.5	-	<b>9.5</b>	7.7	-	<b>7.7</b>
Parts and Others	12.0	21.7	<b>33.7</b>	11.3	19.6	<b>30.9</b>
<b>GENERAL TOTAL</b>	<b>469.6</b>	<b>449.8</b>	<b>919.4</b>	<b>411.3</b>	<b>487.3</b>	<b>898.6</b>

Notes: <sup>(1)</sup> DM = Internal Market; FM = Foreign Market, units exported and produced in international operations by controlled companies; <sup>(2)</sup> Volares' revenue includes chassis.

**GROSS RESULT AND MARGINS**

Consolidated gross profit in 1Q20 reached R\$ 150.1 million, with a margin of 16.3%, against R\$ 138.0 million and margin of 15.4% in 1Q19. The improvement in the gross margin reflects the Company's efforts to gradually recover its results in Brazil, improve the *mix* sales in the domestic market with a higher volume of road transport, as well as the positive effects of the devaluation of the Real against the US Dollar in exports.

**SELLING EXPENSES**

Selling expenses totaled R\$ 52.9 million in 1Q20, or 5.8% of net revenue, against R\$ 47.6 million in 1Q19, 5.3% on net revenue. The biggest difference is explained by the increase in commissions related to sales to the foreign market and the exchange rate variation of companies controlled abroad.

**GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses totaled R\$ 47.7 million in 1Q20, or 5.2% of net revenue, while in 1Q19 these expenses totaled R\$ 42.0 million, or 4.7% of net revenue. The increase is associated with the consolidation of Metalsur, still an affiliate in 1Q19, and the foreign exchange variation of companies controlled abroad.

**OTHER NET OPERATING INCOME (EXPENSES)**

In 1Q20, R\$ 4.3 million was recorded as “Other Operating Expenses”, arising from labor provisions. The Company has been taking all necessary measures to defend itself, reduce losses and mitigate future labor risks.

**RESULTS FROM EQUITY EQUIVALENCE**

Equity income in 1Q20 was positive by R\$ 34.2 million against a loss of R\$ 0.4 million in 1Q19.

The main contribution, in the amount of R\$ 18.0 million, originated from NFI Group Inc., recovering from the performance of the last two quarters. In 1Q20, the Company also recognized a positive impact of R\$ 13.2 million, due to the exchange variation on capital reduction carried out at Marcopolo Canada, which holds the Company’s interest in NFI Group Inc. The capital reduction was possible due to the availability of cash from Marcopolo Canada, resulting from the dividend distribution made by NFI Group Inc. over the past few years.

Another highlight in the period was the reduction of losses from the Argentine subsidiary Loma Hermosa to R\$ 1.1 million, compared to the loss of R\$ 28.4 million in 1Q19, caused by the closure of Metalpar’s industrial activities in that quarter.

The equity income result is presented in detail in Note 11 to the Quarterly Information.

**NET FINANCIAL RESULTS**

The net financial result in 1Q20 was negative by R\$ 103.6 million against a positive result of R\$ 1.7 million registered in 1Q19.

The impact results mainly from the devaluation of the Real against the US Dollar on the dollar order book. The Company carries out the *hedge* exchange rate at the time of confirmation of sales orders (when the order enters the *backlog*), ensuring the business margin. As the products are delivered and invoiced, the Company captures the benefits of the devaluation of the Real in its operating margins.

The financial result is presented in detail in Note 26.

**EBITDA**

O *EBITDA* was R\$ 101.9 million in 1Q20, with a margin of 11.1%, versus a *EBITDA* of R\$ 60,6 million and margin of 6.7% in 1Q19.

The table below highlights the accounts that make up the *EBITDA*:

R\$ million	1Q20	1Q19
Financial results before tax return and social contribution on profits	-24.3	43.9
Financial Income	-250.3	-46.0
Financial Expenses	354.0	44.3
Depreciation / Amortization	22.5	18.4
<b>EBITDA</b>	<b>101.9</b>	<b>60.6</b>

**NET INCOME**

Consolidated net income in 1Q20 reached R\$ 10.7 million, with a margin of 1.2%, against a profit of R\$ 27.0 million and a margin of 3.0% in 1Q19.

The result was benefited by the recovery of tax credits that had been paid in Canada by NFI Group Inc. from 2016 to 2018, with a positive impact on IR/CS of R\$ 26.7 million in the quarter.

**FINANCIAL INDEBTEDNESS**

Net financial debt totaled R\$ 1,011.7 million on March 31<sup>st</sup>, 2020 (R\$ 576.9 million on December 31<sup>st</sup>, 2019). Of this total, R\$ 479.0 million came from the financial segment (Banco Moneo) and R\$ 532.7 million from the industrial segment.

It is worth mentioning that the financial segment's indebtedness stems from the consolidation of Banco Moneo's activities and must be analyzed separately, since it has different characteristics from that arising from the Company's industrial activities. Banco Moneo's financial liabilities are matched against the "Customers" account in the Bank's assets. The credit risk is properly provisioned. Since these are FINAME on lends, each disbursement from BNDES has an exact counterpart in Banco Moneo's receivables account, both in term and rate.

As of March 31<sup>st</sup>, the net financial indebtedness of the industrial segment represented 1.3x the EBITDA the past 12 months.

**CASH GENERATION**

In 1Q20, operating activities consumed R\$ 61.1 million of cash, while investment activities, net of dividends and exchange variation, demanded R\$ 49.3 million and financing activities demanded R\$ 90.6 million.

The initial cash balance of R\$ 1,226.4 million at the end of December 2019, considering the short-term investments and decreasing R\$ 44.9 million of the difference between the foreign exchange variation and the variation in the accounts related to financial investments not available, decreased to R\$ 980.5 million at the end of March 2020.

The increase in cash consumption is associated with lower than expected deliveries, especially in March, due to the start of the collective vacation; formation of greater stocks of raw materials, acquired to face an increasing volume of production, as

expected until February; and, higher sales directed to the Caminho da Escola Program, which has a longer financial cycle compared to other customers in the domestic market.

### INVESTMENTS IN FIXED ASSETS

In 1Q20, Marcopolo invested R\$ 49.8 million in its fixed assets, of which R\$ 38.4 million were spent by the parent company and applied as follows: R\$ 34.9 million in machinery and equipment, R\$ 2.3 million in *software* and computer equipment and R\$ 1.2 million in other fixed assets R\$ 11.4 million was invested in subsidiaries, R\$ 6.2 million in Metalsur, R\$ 1.7 million in Volare Veículos, R\$ 1.6 million in San Marino and R\$ 1.9 million in other units.

### CAPITAL MARKET

In 1Q20, transactions with Marcopolo shares moved R\$ 2,677.4 million. On March 31<sup>st</sup>, foreign investors' participation in Marcopolo's share capital totaled 42.2% of preferred shares and 27.8% of total share capital. At the end of the period, the Company had 54,174 shareholders.

After the credit of interest on own capital, approved on February 20<sup>th</sup>, 2020 and related to the first of three installments scheduled for the year 2020, in the amount of R\$ 0.025 per share, the Company announced the cancellation of the credit of the others installments, attentive to the possible impacts of the Covid-19 pandemic on their businesses.

The following table shows the evolution of the main indicators related to the capital market:

INDICATORS	1Q20	1Q19
Transacted amount (R\$ million)	2,677.4	995.8
Market value (R\$ million) <sup>(1) (2)</sup>	2,338.8	3,692.9
Existing shares (millions)	946.9	946.9
Book value per share (R\$)	2.55	2.27
POMO4 quote at the end of the period	2.47	3.90

Notes: <sup>(1)</sup> Price of the last transaction for the period of the Preferred Book-entry Share (PE), multiplied by the total number of shares (OE + PE) existing in the same period. <sup>(2)</sup> Of this total, 7,951,506 preferred shares were held in treasury on March 31<sup>st</sup>, 2020.



**ANALYSIS & PROSPECTS**

The results now reported still portray a scenario of almost normal demand and an increase in Brazilian bus production, supported by positive prospects for the domestic economy that lasted until the beginning of March 2020. In the quarter, the main impacts caused by the Covid-19 pandemic refer to the interruption of activities at the subsidiary Marcopolo China, exchange rate variation caused by the devaluation of local currencies against the Dollar and the fall in production and deliveries in Brazil from the beginning of holidays. on March 23<sup>rd</sup>, 2020.

When analyzing the performance by segment, we can see that the 54.3% growth in road bus production in 1Q20 represented a recovery in deliveries, after the negative impacts of anticipated demand in 1Q19 caused by the mandatory installation of elevators in these models.

Currently, we see a sharp drop in demand for Roads due to the impacts of the pandemic on charter activities, tourism and regular lines. Passenger transport, whether between municipalities, states, or for tourism, was severely affected by the restriction of locomotion, adopted in the wake of the Covid-19 prevention measures. Since the end of the collective vacation, the Company has been working approximately 50% of the workforce at the Ana Rech unit, a factory dedicated to the production of road buses in Brazil.

In the urban bus segment, the 50.2% growth in production aimed at the domestic market in 1Q20 followed a resumption that began in 4Q18, with the gradual return of this market to its historical volumes. The segment was also helped by the large volume of urban people dedicated to Caminho da Escola, mostly produced at the São Mateus, ES plant. The plant has been consolidating itself as a manufacturer of urban buses, delivering 218 of these units in 1Q20 (against 55 in 1Q19).

Urban public transport also feels the effects of the pandemic, with the reduction of municipal fleets in circulation in several important cities in the country. The Caminho da Escola program has helped to sustain production volumes, with good prospects for deliveries until the end of 2020. The Rio de Janeiro plant works with approximately 50% of the contracted labor, maintaining one shift, while the São Mateus plant approaches 100% of the labor working in two shifts.

The minibus market remained stable in 1Q20, benefiting from the volumes generated by Caminho da Escola. In the quarter, the Company delivered 623 units linked to the program, of which 259 micro, 318 urban and 46 Volare models. The volume is part of the portfolio of 4,800 units for 2020 (2,000 micros, 1,600 urban and 1,200 Volare models).

The drop in demand is also a reality in this segment and the main unit dedicated to the manufacture of micros and Volares is working with approximately 50% of the workforce. In all units in Brazil, employees who are not working are, in general, with their employment contract suspended and must enter a rotation system, returning to work in June and alternating with those who are currently working normally. All employees, including management and the administrative and commercial workforce, are part of the rotation in question, which can extend for up to four months (end of August).

Exports decreased 19.4% in net revenue against 1Q19, signaling difficulties in the Company's main markets, with smaller volumes being sold to Chile, Peru and Argentina. With locomotion restrictions, related to the prevention of Covid-19, equivalent or more severe than those that have been applied in Brazil, we do not see a rapid recovery of volumes in the South American markets.

The lower number of deliveries has been partially offset in results by higher profitability in operations, considering that the current exchange rate helped operating margins in 1Q20. The positive expectations for exports in the short term are represented by the order backlog focused on the African continent, with the maturing of negotiations started in 2019. In the long run, maintaining the US dollar exchange rate at its current value should benefit sales and profitability as the main markets return to normal conditions.

Controlled and affiliated operations abroad were also affected by developments in the pandemic. In the subsidiaries, we observed the major impacts derived from the crisis in 1Q20 in Marcopolo China, located in the country of origin of the disease, with a production drop of 82.2% and a negative result of R\$ 3.3 million in 1Q20, and in Marcopolo México.

Marcopolo México's results were affected by the high devaluation of the Mexican Peso against the Dollar, the subsidiary's functional currency. While a significant part of the costs are made up of imports, relevant sales were reported in local currency. The conversion of business results to functional currency, adding the impact of increased costs, led the operation to record a negative result of R\$ 10.7 million in 1Q20.

Among the related operations, the positive highlight was the recovery of results from NFI Group Inc., contributing R\$ 18.0 million to equity income.

Each operation abroad experiences the current crisis in a specific way, based on the extent of the contagion and the Covid-19 prevention measures adopted in each country. The vast majority of subsidiaries and affiliates carried out *lockdowns* that persisted throughout the month of April. So far, the unit with the least impact has been Australia's Volgren, whose operations have been suspended for just 10 days, with good sales prospects for the remainder of 2020.

Since the first signs of Covid-19 in China, Marcopolo has been working to mitigate the risks associated with the disease, seeking preventively to protect the health of its employees.

During this period, the Company adopted collective vacations, extended holidays, flexibility, suspension or reduction of working hours in all operations, in the most diverse formats. The distribution of masks, provision of alcohol gel, installation of additional sinks, enabling greater spacing in the production lines and transportation services of employees, broadcasting of lectures and sharing of information booklets, are also among the preventive measures promoted by the Company.

At the same time, Marcopolo works on cost containment and cash preservation measures, reducing non-mandatory expenses as much as possible, making use of payroll cost reduction instruments, restricting investments, canceling new steps in the earnings distribution program, renegotiating payment terms, redoubling attention to accounts receivable and collection, including Banco Moneo and units billed under the Caminho da

Escola program. Inventories of finished products and raw materials are also being adapted to the new market reality.

The Company's low indebtedness, healthy cash position and lean fixed-cost structure help it to make the necessary adjustments. Marcopolo has acted daily in actions focused on overcoming the current scenario, making use of the tools available to maintain its results at healthy levels, considering the rapid drop in demand. The moment calls for a balance between objectivity and thrift.

The challenge facing the world is unprecedented. There is a search in various ways to limit the circulation of the population and data on their movement were raised in the news. In this environment, public transport seeks alternatives to reinvent itself, since millions of people depend on this fundamental system to perform activities essential to society.

Aware of its mission and as a protagonist in sustainable mobility solutions, the Company has been developing, together with customers and partners, options focused on the prevention of Covid-19. Public transport systems cannot stop and Marcopolo remains committed to making travel increasingly comfortable and safe. We remain confident that we will soon be able to focus again on bringing people together.

We started the crisis with a good order book and there were few cancellations. Despite lower volumes, we continue to receive new orders on a daily basis, both for the domestic market and, especially, for the foreign market, composing a portfolio that, keeping the current production pace in Brazil, gives us visibility until the end of July. We believe that this production mix, combined with the efficient use of internal and governmental levers to reduce costs, will allow us to go through this moment of global difficulty with safety and consistency.

The Management.

**BALANCE SHEET**

IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais

ASSETS	Consolidated	
	31/03/20	31/12/19
<b>Current Assets</b>		
Cash and cash equivalents	911.666	1.074.622
Short-term investments valued at fair value	-	98.314
Derivatives financial instruments	1.605	1.849
Trade accounts receivable	976.252	863.015
Inventories	707.521	552.691
Recoverable taxes	217.308	158.941
Other accounts receivable	105.580	85.787
	<b>2.919.932</b>	<b>2.835.219</b>
<b>Non-current Assets</b>		
Related parties	-	-
Financial assets available for sale	67.284	51.646
Recoverable taxes	4.734	4.151
Deferred income tax and social contribution	154.723	120.258
Judicial Deposits	67.914	68.787
Trade accounts receivable	427.773	360.775
Other accounts receivable	6.328	1.976
Investments	615.548	472.580
Investment Property	48.680	48.906
Property, plant and equipment	989.240	941.203
Intangible assets	313.882	288.177
	<b>2.696.106</b>	<b>2.358.459</b>
<b>TOTAL ASSETS</b>	<b>5.616.038</b>	<b>5.193.678</b>
LIABILITIES AND STOCKHOLDERS' EQUITY	Consolidated	
	31/03/20	31/12/19
<b>Current Liabilities</b>		
Suppliers	436.952	377.527
Loans and financing	695.689	623.543
Derivative financial instructions	6.494	548
Salaries and vacation pay	108.468	141.051
Taxes and contributions payable	97.921	75.519
Related parties	-	-
Advances from customers	97.079	90.792
Comissioned representatives	59.232	37.884
Interest on own capital and dividends	65.793	16.958
Management profit sharing	1.591	4.924
Other accounts payable	137.182	143.660
	<b>1.706.401</b>	<b>1.512.406</b>
<b>Non-current Liabilities</b>		
Loans and financing	1.290.081	1.179.282
Provision	86.673	85.242
Taxes contributions payable	-	-
Obligations to purchase equity interests	23.178	23.178
Other accounts payable	39.798	35.158
	<b>1.439.730</b>	<b>1.322.860</b>
<b>Stockholders' equity</b>		
Capital	1.334.052	1.334.052
Capital reserves	3.690	3.690
Revenue reserves	733.119	796.145
Treasury stock	(31.454)	(31.454)
Equity valuation adjustments	371.960	207.646
	<b>2.411.367</b>	<b>2.310.079</b>
<b>Non-controlling Interest</b>	<b>58.540</b>	<b>48.333</b>
	<b>2.469.907</b>	<b>2.358.412</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>5.616.038</b>	<b>5.193.678</b>

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**STATEMENTS OF INCOME**

ACCOUNTS	IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais	
	Consolidated	
	31/03/20	31/03/19
<b>Net sales and service revenues</b>	<b>919.399</b>	<b>898.587</b>
Cost of sales and services	(769.327)	(760.584)
<b>Gross Profit</b>	<b>150.072</b>	<b>138.003</b>
<b>Operating income (expenses)</b>	16,3%	15,8%
Selling expenses	(52.915)	(47.573)
Administrative expenses	(47.670)	(41.952)
Other operating income (expenses), net	(4.297)	(5.793)
Equity in the results of investees	34.154	(404)
<b>Net income (loss) from operations</b>	<b>79.344</b>	<b>42.281</b>
Financial revenue	250.342	46.003
Financial expenses	(353.951)	(44.340)
<b>Financial Income/loss</b>	<b>(103.609)</b>	<b>1.663</b>
<b>Equity in earnings of affiliates</b>	<b>(24.265)</b>	<b>43.944</b>
<b>Income taxes and social contribution</b>		
Current	(90)	(3.643)
Deferred	35.073	(13.308)
<b>Net income from continued operations</b>	<b>10.718</b>	<b>26.993</b>
<b>Net income per share - R\$</b>	<b>0,01141</b>	<b>0,02595</b>

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**CASH FLOWS**

IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais

Statement of Cash Flows	Consolidated	
	31/03/20	31/03/19
<b>Cash flows from operating activities</b>		
<b>Net income for the period</b>	<b>10.718</b>	<b>26.993</b>
Adjustments to reconcile net income with cash generated by (used in) operating activities:		
Depreciation and amortization	22.556	18.369
Equity in the results of investees	1.719	1.108
Provision for credit losses	(34.154)	404
Current and deferred income tax and social contribution	(2.929)	1.759
Interest and appropriated exchange variations	(34.983)	16.951
Cumulative translation adjustments	223.759	18.300
Non-controlling Interest	(3.577)	2.774
<b>Changes in assets and liabilities</b>		
(Increase) decrease in trade accounts receivable	(153.094)	58.596
(Increase) decrease in other accounts receivable	82.920	(9.206)
(Increase) decrease in inventories	(120.584)	1.655
(Increase) decrease in short-term investment	(101.975)	(10.522)
(Increase) decrease in actuarial liabilities	37.240	(10.896)
Increase (decrease) in accounts payable	11.392	(23.158)
<b>Cash flows from operating activities</b>	<b>(60.992)</b>	<b>93.127</b>
Income taxes paid	(90)	(3.643)
<b>Net cash provided by (used in) operating activities</b>	<b>(61.082)</b>	<b>89.484</b>
<b>Cash flows from investing activities</b>		
Investments	-	-
Related parties	-	-
Dividends from subsidiaries, jointly-controlled entities and associates	448	1.200
Purchase of fixed assets	(48.356)	(27.037)
Purchase of intangible assets	(1.422)	(2.423)
Proceeds from sale of fixed	6	112
<b>Net cash obtained in investing activities</b>	<b>(49.324)</b>	<b>(28.148)</b>
<b>Cash flows from financing activities</b>		
Issued shares	-	69.430
Treasury stock	-	1.268
Borrowings from third parties	248.328	334.542
Payment of borrowings - principal	(298.533)	(324.942)
Payment of borrowings - interest	(15.397)	(17.245)
Interest on capital and dividends	(24.966)	(82.909)
<b>Net cash applied financing activities</b>	<b>(90.568)</b>	<b>(19.856)</b>
Foreign exchange gains on cash and cash equivalents	38.018	1.505
<b>Foreign exchange gains/(losses) on cash equivalents</b>	<b>38.018</b>	<b>1.505</b>
Cash and cash equivalents at the beginning of the period	1.074.622	863.467
Cash and cash equivalents at the end of the period	911.666	906.452
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(162.956)</b>	<b>42.985</b>

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