Tegma Gestão Logística SA

Earnings Release

2020 first quarter

São Bernardo do Campo, May 12, 2020

Highlights

♦ In 1Q20 the quantity of **vehicles transported** was 156.7 thousand, 12.6% 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 1Q19 and the quarter´s **average distance** was 1,123 km, 6.7% higher in annual comparison. The second half of the month of March we could observe a reduction due to COVID-19 outbreak in Brazil.

♦ In 1Q20 **net revenue** fell 5.7% in the yearly comparison due to the decrease in the decrease of the quantity of vehicles transported in the automotive logistics division, impacted by the COVID-19 outbreak in Brazil.

♦ 1Q20 **operating income/EBIT** was R$ 26.8 million, 9.6% of margin, 4.1 p.p below last year because higher expenses and partly because the sharp decrease in revenues in the second half of the month of March after the COVID-19 outbreak in Brazil.

♦ 1Q20 **net income** was R$ 19.3 million, 27.6% lower than 1Q19 driven by higher expenses and by the COVID-19 outbreak in Brazil in the second half of March.

♦ In 1Q20, **free cash flow** was R$ 59.2 million, higher vs R$ 40.8 million in 1Q19 mainly because of a tax credit that became eligible in December 2019.

♦ 1Q20 **return on invested capital** was 40.4%. If we disregard the one-off 3Q19 tax credit, it would be 32.1%.

♦ The **net debt** in 1Q20 was R$ 7.6 million, 0.0x the EBITDA of the last 12 months.

Operational and financial highlights	**1Q20**	**Chg % vs 1Q19**	**1Q19**
Net revenue (R$ million)	279.7	-5.7%	296.7
Gross profit (R$ million)	58.9	-5.9%	62.5
Operating margin %	*21.0%*	-	*21.1%*
Operating Income (R$ million)	26.8	-34.2%	40.6
Operating margin/EBIT %	*9.6%*	*-4.1 p.p.*	*13.7%*
Net income (R$ million)	19.3	-27.6%	26.6
Net margin %	*6.9%*	*-2.1 p.p.*	*0.1*
Earnings per share (R$)	0.3	-27.6%	0.4
Free cash flow (R$ million)	59.2	45.1%	40.8
CAPEX (R$ million)	5.4	-18.2%	6.6
Vehicles transported (in thousand)	156.7	-12.6%	179.3
Market Share %	*25.7%*	*-0.2 p.p.*	*25.9%*
Average Km per vehicle transported	1,123	6.7%	1,053

Summary

Click here for the Financial historic and explanatory notes in EXCEL.
Click here for this report's spreadsheets in EXCEL.

Results conference call

|PORTUGUESE with simultaneous translation to ENGLISH|
Wednesday, May 13, 2020
3:00 pm (Brasília)
2:00 pm (US-ET)
Phone: +55 11 3181-8565 +55 11 4210-1803
Phone: +1 412 717-9627 +1 844 204-8942
Portuguese Webcast: click here English Webcast: click here

Upcoming websessions with management

- May 19, 3 pm BR time | **Credit Suisse** | Moderator: Regis Cardoso | *in Portuguese*
  Contact Barbara.braga@credit-suisse.com.br
- May 22, 3 pm BR time | **Santander** | Moderator: Pedro Bruno | *in Portuguese*
  Zoom link: https://zoom.us/j/98437744811?pwd=K3duR0ZPeklHb2lObC9uemxneDFNUT09
  ID meeting: 984 3774 4811
  Password: 159706
- May 29, 12:30 pm BR time; 8:30am US WEST, 11:30 am US EST 4:30p London | **Santander** | Moderator: Pedro Bruno | *in English*
  Zoom link: https://zoom.us/j/95115810801?pwd=SFhkb1F6bjBoRjhjUXc5WW84NURSZz09
  ID meeting: 951 1581 0801 | Password: 159706

NEW! For the first time Tegma is publishing its Interim Financial information simultaneously in English. Click here.

Forward-looking statements

This communication contains forward-looking statements based on the current expectations and beliefs of Tegma's management. The ongoing COVID-19 pandemic imposes significant risks and uncertainties on the statements, including those discussed below. Unless indicated, Tegma is providing this information as of the date of this communication and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project.

Responses to COVID-19 outbreak

In this unprecedented moment for all of us, we guide our decisions by placing the safety and health of our employees, customers and partners as a priority. That is why we would like to start our results disclosure by informing that, until the date of this *Earnings release*, two employees have been **tested positive for COVID-19**. All corporate areas of the company remain **working from home** and the activities in operation are taking all necessary precaution with its employees (providing transportation, masks and hand sanitizer, in addition to ensuring the minimum recommended distance).

The **interruption in the production of vehicles and of home appliances** in the country and the uncertainties about the return of these operations demand firm decisions to minimize the impacts on the health of our employees and third parties' and, at the same time, protect our business and preserve the company's liquidity. On the other hand, the segments involving essential products such as the **chemicals and warehouses** are close to normality.

We are well positioned with an extremely unleveraged capital structure and a solid competitive position based on long-term contracts and operational excellence. Tegma's business model, which is predominantly ***asset light***, greatly reduces the potential impacts of the crisis that we are going through, when compared to the average of companies, giving us more space to navigate in such a foggy scenario.

The current global uncertainty requires a realistic attitude about short term. It had become almost impossible to predict when restrictions to contain the pandemic will be lifted and the appearance of recovery. However, the change in behavior resulting from this pandemic will bring a **new normal** and we believe that logistics will play a fundamental role in this new reality. Some signs of change in behavior may contribute to Tegma's business, such as the **increase in the use of private vehicles** in the detriment of the use of public transport and the **greater permanence of people at home**, demanding more items of personal/household care and appliances. All of these sectors are served by Tegma.

Below there is a description of the current crisis' impact in our activities and in our balance sheet, cash and liquidity.

-------- Automotive and corporate logistics division ---

Since the end of March the vast majority of automakers in the country have halted their activities . The car dealerships, in turn, followed the governmental restrictions imposed in each region and, as a result, **transport operations** were gradually interrupted and operate intermittently and marginally until the present date. Our **logistics services operations**, which include yard management, vehicle equipment installation services - PDI (*pre-delivery-inspection*) and vehicle storage are dependent on the vehicle production/importation and suffer in the same way.

At the moment of this release, a few automakers have already resumed their operations in an incipient way. Most of them are planning the return of production in late May and early June.

The greater part of the vehicle logistics operation costs is composed by variable costs. **Fixed monthly OPEX (costs and expenses, including rental costs**) for automotive division and for Tegma's Corporate in 1Q20 were around R$ 22 million. In the first half of April, we took some **structural adjustments** to adapt to the pandemic scenario. These adjustments are:

- reduction of expenses with the maintenance of own fleet and in real estate,
- IT expenditures review,
- interruption in the contracting of consultancy services,
- renegotiation of cleaning and surveillance contracts,
- return of logistics services operation yards,
- reduction of working hours and suspension of the employment contract of operational and corporate employees for two months or three months (provided for in Provisional Measure 936),
- reduction of operational employees in the automotive logistics division.

Until this moment, we believe that these adjustments will be sufficient to provide cash flexibility to support the interruption of vehicle transportation operations.

-------- Integrated logistics division---

Among activities considered essential in the midst of this COVID-19 pandemic are the sectors served by Tegma for personal/domestic care and food/e-commerce warehousing. Changes in consumer behavior in quarantine and uncertainties about supply chains have sustained some of these activities. On the other hand, the important domestic appliance industry has been affected by the pandemic.

In this scenario, the **industrial logistics operation** for the **chemical segment** that serves personal care and glassware customers has resumed its activities. The criticality of logistics in this operation has been even most evident during the pandemic. However, the operation for the **home appliance segment** was interrupted on April 6, but has now resumed its activities on April 28.

The **warehousing operation** in São Paulo and Rio de Janeiro, as they are mainly responsible for the management of inventories of food products and e-commerce, has shown normal volumes in its activities.

-------- Consolidated results--

Tegma's **equity**, which represents mostly the share in the *joint venture* GDL, responsible for customs warehousing and general warehousing operations in the state of Espírito Santo, may be impacted by the COVID-19 crisis with the fall in imports of products such as cars, but on the other hand should present normal volumes of household goods activities.

Our **financial result** will invariably suffer an increase due to the contracting of a new debt of R$ 90 million in early April, explained below, at a cost much higher than the average of our previous debts. This new debt aims the strengthen of liquidity.

-------- Balance sheet, cash and liquidity ---

Thus, we can summarize our liquidity situation as follows:

i) **cash** in March/20 + R$90 million borrowed in the beginning of April, as explained in the debt section of this release, totaling R$ 215.9 million;

ii) Tegma's **monthly OPEX** in 1Q20 was around R$ 26 million. If we consider the expense of the corporate and automotive division that was interrupted, it was around R$ 22 million, before the reductions and cuts implemented;

iii) **gross profit** from integrated logistics without depreciation and amortization, adding the rental costs in 1Q20 was positive R$ 10.4 million.

iv) management is conducting stress tests on our liquidity to assess the need to roll over the **debt due to 2Q20 and 3Q20** totaling R$ 78.6 million;

v) the expected **CAPEX** from April to December 2020 is R$ 9.6 million, which corresponds to the total approved in AGM of R$ 15.0 million less the R$ 5,4 million of 1Q20. This CAPEX approved in AGM is significantly lower than previous' year and reflects only the essential investments in IT and improvements that were already in progress.

Due to various negotiations and operational procedures, it is difficult to estimate the amount of **working capital released** in the following months without operations, which corresponds mainly to the balance of receivable from clients. In March 2020, the balance of clients with interrupted operations was R$ 154 million. Only 9% of this amount was past due in March 2020 and so far we have had no indication of any significant delay in this balance.

Additionally, we adopted **government programs**, which allowed companies in postponing the payment of PIS and COFINS tax from March and April to July and September respectively, the same being true of the Employer's contribution. In addition, we adopted the program of postponement of FGTS contribution and the reduction of "System S" contribution by 50% for 3 months. This reduction does not affect the employee's contribution, but only the contributions due by the company.

It is also worth remembering that in March 2020 the **credit balance for offsetting federal taxes** at the Parent Company was R$ 52.8 million, already net of income tax/social contribution. At the time of resumption, such credit will be compensated faster in order to revamp our cash.

We did not propose the distribution of additional 2019 **dividends** to the 2020 AGM, which reduced our payout to 43% of 2019 earnings.

The Company has almost zero net debt and, as a result, the **covenants** on our debts are far from the limit stipulated in the contract.

Quarter Highlight

Reassignment of Tegma's Rating by Fitch

On May 4, 2020, Fitch released a report communicating the reassignment of corporate rating A (bra) on the Brazilian national scale, with a stable outlook

The Company's Management believes that the reassignment of the rating with a stable outlook at the moment of the current crisis means the sum of factors arising from our business model, such as our history of effectiveness in cutting costs and expenses, as carried out in recent crises and, finally, conservatism in terms of liquidity that the Company has always presented.

According to Fitch: "The statement reflects Fitch's view that Tegma has enough operational and financial flexibility to cope with a significantly weaker level of activity during the second quarter of 2020 without affecting its credit profile. The company has a relevant liquidity position, which allows it to withstand cash burns in the coming months and fully service its debt until the end of the year - considering a resumption of business in the third quarter. Positively, the company has low financial leverage, which makes it possible that the drastic reduction in EBITDA does not put a strong pressure on its indicators".

The report can be found at this link (in portuguese).

Change in operational efficiency indicator (EBITDA => Operating income/EBIT)

As is generally known, according to IFRS 16, the EBITDA indicator no longer represents a proxy for operating cash generation, as it no longer includes most of the rental costs and expenses, which are now accounted for amortization of the right to use. As a result, and after extensive research with investors, Tegma decided to focus its explanations regarding operating efficiency on operating income/EBIT, including the option of "adjusted" operating income.

Despite this change, we will continue to reconcile the EBITDA in the annex to the Earnings release, as well as in our historical series in the Attachment tab.

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Automotive Market

The performance of **domestic vehicle sales** in 1Q20 was significantly influenced by the second half of March, which was marked by national and state calamity decrees due to the COVID-19 outbreak. In addition, domestic sales for the first two months of the year have already shown weakness, falling 0.9% in the annual comparison, which reflected in the 8.2% decrease in the quarterly performance in the annual comparison. **Retail sales** where the ones that suffered most in this period, falling 11.3%.

Exports continued to fall (-14.7% in 1Q20) in the annual comparison, aggravated by the closing of land borders with Mercosur.

Inventories in March 2020 were 266.6 thousand vehicles, 10.1% lower in the annual comparison.

The 16.8% drop in **production** and the 12.3% in **importated vehicle sales** drop is due to the reductionin domestic sales in 1Q20, as explained above.

	1Q20	Chg % vs 1Q19	1Q19
Vehicles and light commercial vehicles sales	**619.0**	**-9.2%**	**681.4**
Domestic	533.8	-8.2%	581.5
Exportations	85.2	-14.7%	100.0
Estimated wholesale sales	**610.2**	**-12.0%**	**693.3**
(+) Production of vehicles and light commercial	555.2	-16.8%	667.0
(+) Importated vehicles and light commercial sales*	60.4	-12.3%	68.8
(-) OEM's inventories change	5.4	N/A	42.5
Inventories (In OEM and dealers)	266.6	-10.1%	296.4
Inventories (In OEM and dealers in days)	-	-	28.9
Domestic Sales	**533.8**	**-8.2%**	**581.5**
Direct Sales	236.7	-4.1%	246.7
Retail Sales	297.1	-11.3%	334.8

Source: ANFAVEA and FENABRAVE *(in thousand)*

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

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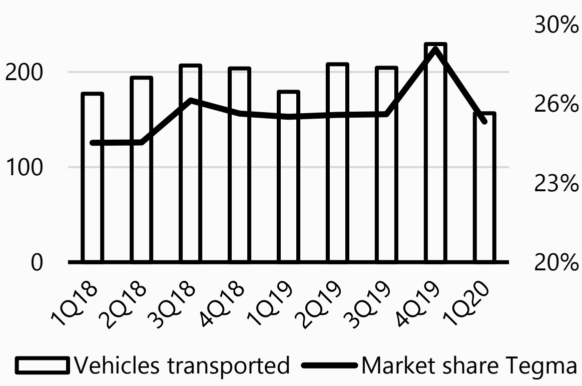
Operational highlights – Automotive logistics division

As explained in the previous session, domestic vehicle sales that had already shown a slowdown in sales in the first two months of 2020 were further affected in the second half of March by the COVID-19 outbreak. It reflected in the in the number of vehicles transported by Tegma which fell 12.6% in the annual comparison. This performance reflects a market share loss of 0.2 p.p in the annual comparison, totaling 25.7% in 1Q20. It is worth mentioning that Tegma delivers brand new vehicles purchased by rental car companies in the regions under Tegma's responsibility, just as it delivers to the final consumer.

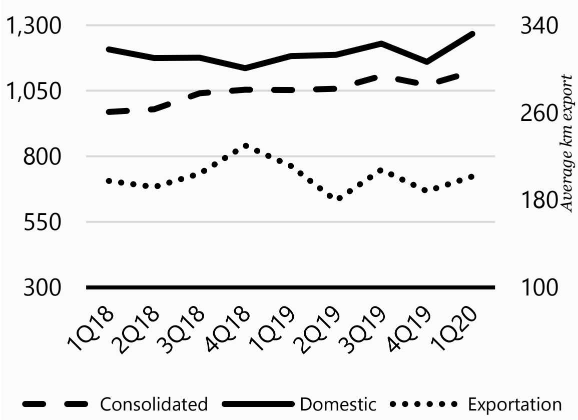
Chart 1 - Wholesale sales (in thous) and Tegma market share



In 1Q20, **average distance of domestic travels** was 7.1% higher in the yearly comparison, which portrays Tegma's car sales mix delivery within the country and range of delivery. **Average distance of exports** was 4.5% lower in the yearly comparison. The **consolidated average distance** has increased 6.7% in 1Q20 in the yearly comparison.

In 1Q20, **total distance** was 6.8% lower in the yearly comparison mainly due to the drop in delivers volume vs 1Q19.

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



	1Q20	Chg % vs 1Q19	1Q19
Vehicles transported (thousand)	**156.7**	**-12.6%**	**179.3**
Domestic	135.5	-12.8%	155.3
Exportations	21.2	-11.6%	24.0
*Market share %**	*25.7%*	*-0.2 p.p.*	*25.9%*
Average km per vehicle transported (km)	**1,122.6**	**6.7%**	**1,052.5**
Domestic	1,267.0	7.1%	1,182.8
Exportations	201.7	-4.5%	211.1
Total km (million km)	**175.9**	**-6.8%**	**188.7**
Domestic total km	171.6	-6.6%	183.7
Exportations total km	4.3	-15.6%	5.1

Source: ANFAVEA and BACEN *(in thousand, except average km and total km in million)*

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

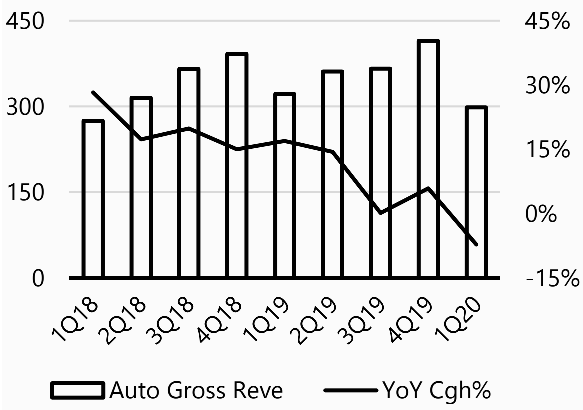
Results – Automotive logistics division

The sharp drop in sales of vehicles due to the COVID 19 outbreak in the second half of March is the reason to explain the vehicle logistics division's first drop in revenue in the last 12 quarters.

The automotive logistics division **gross revenue** fell 7.2% in 1Q20, in yearly comparison. Such variation is explained by: i) the reduction of 12.6% in 1Q20 in the yearly comparison of quantity of vehicles transported, ii) a 6.7% increase of average distance in 1Q20 vs previous year and iii) May 2019's price readjustment.

In 1Q20, the division **gross margin** was 20.8%, 1.0 p.p below last year, mainly due to the sudden drop in revenue in the second half of March without the counterpart in personnel and fixed costs reductions.

Chart 3 – Automotive gross revenue (in R$ mi)



In 1Q20, the division **operating/EBIT margin** was 7.6%, 5.6 p.p below 1Q20, mainly due to:

i) Attorney's fees expenses related to the Operação Pacto that took place in October 2019, [categorized as one-off] (R$ 3.3 million);

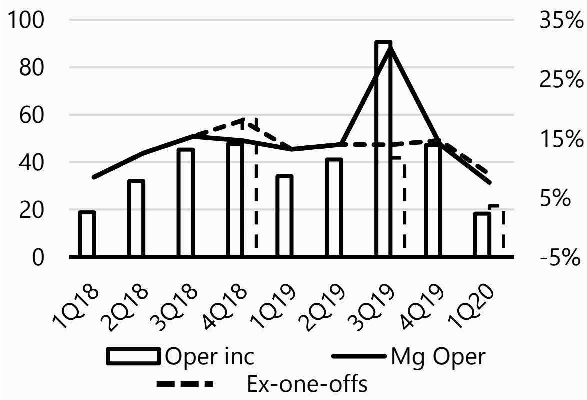
ii) expenses due to the audit company change announced in 1Q20 (termination of contract and new contract) in the amount of R$ 1.4 million;

iii) increase in the provision for civil contingencies in the amount of R$ 1.6 million;

iv) R$2.1 million of severance expense of a Company's executive;

v) sharp drop in revenue in the second half of March.

Chart 4 – Automotive operating Income (in R$ mi)



Automotive logistics division	1Q20	Chg % vs 1Q19	1Q19
Gross revenue	**298.7**	**-7.2%**	**321.7**
Taxes and deductions	(57.9)	-7.8%	(62.8)
Net revenue	**240.8**	**-7.0%**	**258.9**
Cost of services	(190.6)	-5.8%	(202.4)
Gross profit	**50.2**	**-11.2%**	**56.5**
Gross margin	*20.8%*	*-1.0 p.p.*	*21.8%*
Expenses	(32.0)	42.3%	(22.5)
Operating income/EBIT	**18.2**	**-46.5%**	**34.1**
Operating/EBIT margin%	*7.6%*	*-5.6 p.p.*	*13.2%*
(+) Non-recurring	3.3	-	-
Operating income/EBIT adjusted	**21.5**	**-36.7%**	**34.1**
Operating margin/EBIT adjusted %	*8.9%*	*-4.2 p.p.*	*13.2%*

To access this spreadsheets in Excel, Click here.
Click here to access EBITDA reconciliation.

Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

Results – Integrated logistics division

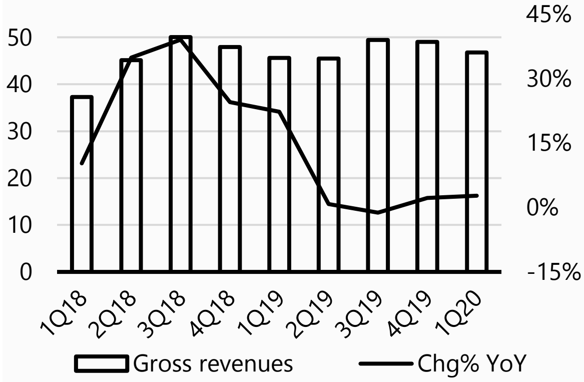
In the last quarters, the integrated logistics division has experienced a period of improvement in its operating mix, resulting in a maintenance of gross revenue, with margins improvement.

Gross revenue of warehouse operation in 1Q20 grew 2.1% in the annual comparison. Revenue from the industrial logistics operation in 1Q20 grew 2.8% compared to the previous year due to the good performance in chemical and home-appliances operation.

The division's **gross margin** in 1Q20 was 22.2%, 6.3 p.p higher in the annual comparison, in the annual comparison due to the business profile improvement in the industrial logistics operation.

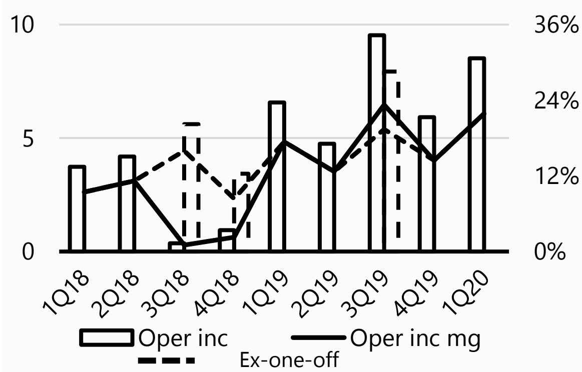
The division's **operating/EBIT margin** in 1Q20 was 21.9%, 4.5 p.p higher in annual comparison mainly due to the same reasons for the gross margin gains.

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



*** 2017 and jan/18 proforma ex-GDL*

Chart 6 – Operating income Integrated Logistics (in R$ mi)



*** 2017 and jan/18 proforma ex-GDL*

Integrated logistics division	1Q20	Chg % vs 1Q19	1Q19
Gross revenue	**46.8**	**2.7%**	**45.6**
Warehouse	8.7	2.1%	8.5
Industrial logistics	38.1	2.8%	37.1
Gross revenue deductions	(7.8)	0.1%	(7.8)
Net revenue	**39.0**	**3.2%**	**37.8**
Cost of services	(30.3)	-4.5%	(31.7)
Gross profit	**8.7**	**43.8%**	**6.0**
Gross margin %	*22.2%*	*6.3 p.p.*	*16.0%*
Expenses	(0.2)	-	0.5
Operating income/EBIT	**8.5**	**29.6%**	**6.6**
Operating/EBIT margin%	*21.9%*	*4.5 p.p.*	*17.4%*
(+) Non-recurring	-	-	-
Operating income/EBIT adjusted	**8.5**	**29.6%**	**6.6**
Operating margin/EBIT adjusted %	*21.9%*	*4.5 p.p.*	*17.4%*

To access this spreadsheets in Excel, Click here.
Click here to access EBITDA reconciliation.

Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

Results - Consolidated

The consolidated **gross revenue** in 1Q20 was impacted mainly by the retraction in the number of vehicles transported.

1Q20's **gross margin** was 21.0%, a stability vs. previous year, mainly due to the sharp drop in revenue of vehicle transportation operation in March 2020 related to COVID-19 outbreak and to the margin expansion in the integrated logistics division, which benefited from the improvement of services and customers profile in industrial logistics.

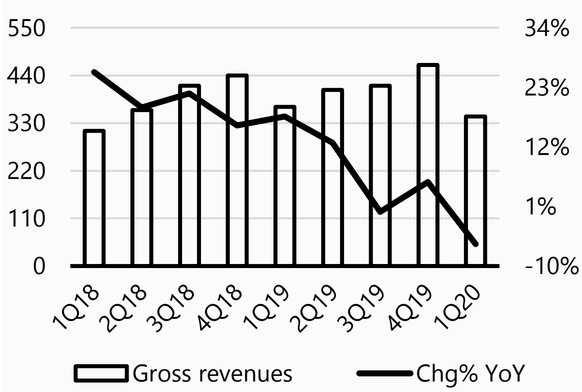
1Q20's **expenses** were R$ 32.1 million, 46.5% higher in the yearly comparison due to:

i) attorney fees expenses related to the Operação Pacto that took place in October 2019, [categorized as one-off] (R$ 3.3 million), ii) expenses due to the audit change announced in 1Q20 (termination of contract and new contract) in the amount of R$ 1.4 million, iii) increase in the provision for civil contingencies in the amount of R$ 1.4 million, iv) R$2.1 million severance expense for a Company's executive.

If we not consider the expenses mentioned above, the Company's expenses would be R$ 23.9 million.

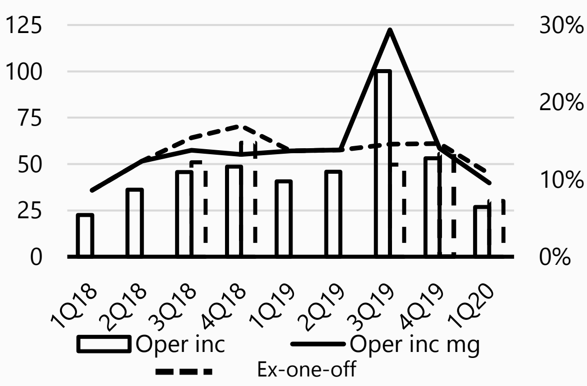
In 1Q20, **operating income/EBIT** was 10.7%, 2.9 p.p lower 1Q19 due to the above mentioned expenses, added to the impact of the sudden drop in automotive logistics revenue in second half of March, out of time to reduce personnel and fixed costs.

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



*** 2017 and jan/18 proforma ex-GDL*

Chart 8 – Consolidated operating income (in R$ mi)



*** 2017 and jan/18 proforma ex-GDL*

Consolidated	1Q20	Chg % vs 1Q19	1Q19
Gross revenue	**345.5**	**-5.9%**	**367.3**
Automotive Logistics	298.7	-7.2%	321.7
Integrated Logistics	46.8	2.7%	45.6
Gross revenue deductions	(65.7)	-6.9%	(70.6)
Net revenue	**279.7**	**-5.7%**	**296.7**
Cost of services	(220.9)	-5.7%	(234.1)
Gross profit	**58.9**	**-5.9%**	**62.5**
Gross margin %	21.0%	-	21.1%
Expenses	(32.1)	46.5%	(21.9)
Operating income/EBIT	**26.8**	**-34.2%**	**40.6**
Operating/EBIT margin%	9.6%	*-4.1 p.p.*	13.7%
(+) Non-recurring	3.3	-	-
Operating income/EBIT adjusted	**30.1**	**-26.0%**	**40.6**
Operating margin/EBIT adjusted %	*10.7%*	*-2.9 p.p.*	*13.7%*

To access those spreadsheets in Excel, Click here..
Click here to access EBITDA reconciliation.

Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

Results – Consolidated *....continuation*

The 60.4% decrease in interest expenses, net of revenue from financial investments in 1Q20 in the annual comparison is mainly due to the increase of cash holdings, as well as the reduction in basic interest rate.

	1Q20	Chg % vs 1Q19	1Q19
Revenue from financial investments	1.3	-7.8%	1.4
Interest expenses	(1.7)	-32.0%	(2.6)
Interest expenses, net of revenue from financial investments	**(0.5)**	**-60.4%**	**(1.2)**
Interest on leasing	(1.6)	20.4%	(1.3)
Other financial revenues (expenses)	0.0	-94.7%	0.6
Financial result	**(2.0)**	5.7%	**(1.9)**

Equity, which corresponds to 50% of GDL (Espirito Santo state bounded and general warehousing) and 49% of the non-operating Company Catlog, was positive by R$ 1.4 million in 1Q20. The table beside is the 100% GDL income statement, which shows a significant growth in 1Q20 revenue vs 1Q19 due to the increase of imported vehicle's handling and the volume increase in existing operations, which resulted in a significant improvement in operating and net income.

The **income tax rate** in 1Q20 was -26.2% mainly due to the exclusion of ICMS tax credit from the income tax calculation base and to the payment of interest on capital (IOC), which reduced the rate by 5.7 p.p.

GDL (100%)	1Q20	Chg % vs 1Q19	1Q19
Net Revenue	**18.4**	**17.1%**	**15.7**
Costs of services	(11.7)	-20.7%	(14.8)
General and administrative expenses	0.8	-	(2.1)
Operating income	**7.4**	**-**	**(1.3)**
Operating margin%	*40.3%*	*48.4 p.p.*	*-8.1%*
Net income	**2.9**	**-**	**(0.9)**
Net margin %	*15.9%*	*21.4 p.p.*	*-5.5%*

	1Q20	Chg % vs 1Q19	1Q19
Income before tax	**26.1**	**-31.6%**	**38.2**
Real tax rate	-34.0%	-	-34%
Income tax and social contribution at the nominal rates	**(8.9)**	**-31.6%**	**(13.0)**
Presumed ICMS tax credit	1.5	-10.7%	1.7
Interest on own capital	-	-	-
Permanent differences, equity equivalence and others	0.5	-	(0.3)
Income tax	**(6.9)**	**-40.8%**	**(11.6)**
Effective tax Rate	*-26.2%*	*4.1 p.p.*	*-30.3%*

Net income in 1Q20 fell 27.6% compared to the previous year due to the sudden drop in automotive logistics revenue in second half of March, out of time for reducing in the same proportion the fixed and personnel costs, by one-off expenses with auditing and attorneys' fees, in addition to provision for legal claims.

Consolidated	1Q20	Chg % vs 1Q19	1Q19
Operating income/EBIT	**26.8**	**-34.2%**	**40.6**
Financial result	(2.0)	5.7%	(1.9)
Equity	1.4	-	(0.5)
Income before tax	**26.1**	**-31.6%**	**38.2**
Income tax	(6.9)	-40.8%	(11.6)
Net income	**19.3**	**-27.6%**	**26.6**

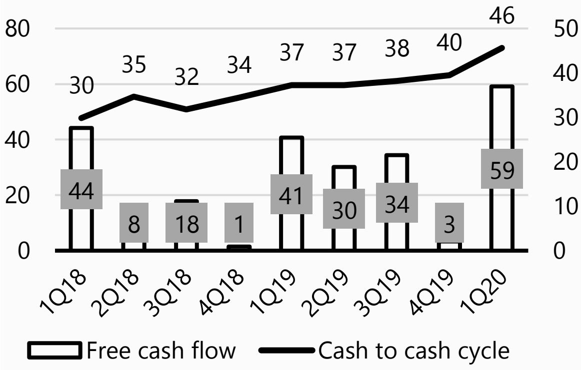
Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

Cash flow

As can be seen in Chart 9, the pressure on the company's **cash to cash** cycle persists. This is due, in most cases, to the demand for longer payment terms as a counterpart of renegotiation and extension of commercial contracts, whenever possible, with the inclusion of new services and revenues.

Despite the cash to cash cycle increase, the 1Q20 **free cash flow** was R$ 59.2 million vs R$40.8 million in 1Q19. The operating flow in 1Q20 was impacted by the use of the PIS COFINS tax credit (R$ 18 million, net of income tax). The federal taxes credit balance as of March 2020 was R$ 52.8 million, net of income tax.

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



Cash to cash cycle: days to receive - days to pay (Suppliers and freight / daily COGS) – Excluding IFRS 16

CAPEX for 1Q20 was R$ 5.4 million, according to the segregation shown in the following table. The most relevant investment in the quarter were general improvements in an extra piece of land in Sorocaba for Toyota's operation in the amount of R$ 2.4 million. The CAPEX for 2020 approved in the AGM that took place on April 30 was R$ 15 million and the most relevant investment will be the improvements made in this piece of land.

Net cash generated by investing activities for 1Q20 was negative by R$ 8.9 million mainly due to the lease payment of R$ 8.3 million.

Consolidated CAPEX	1Q20	1Q19
Land improvements	2.4	3.4
New operations	-	0.2
Maintenance and general improvements	1.4	1.0
Transport equipment	-	0.2
IT	1.6	1.8
Contract renewal	-	0.1
Total	**5.4**	**6.6**

	1Q20	1Q19
A - Cash at beginning of period	**67.3**	**83.5**
1- Net cash generated by operating activities	73.0	55.6
2 - Capital expenditures "cash"	(5.5)	(9.4)
3 - Payment of leasing	(8.3)	(5.5)
Free cash flow (1 + 2 +3)	59.2	40.8
4 - Net cash generated by investing activities (ex cash CAPEX)	0.0	0.4
5 - Net cash from financing activities	(8.9)	(22.2)
(=) Cash at end of period (A + 1 + 2 + 4 + 5)	**125.9**	**108.0**

(consolidated)

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Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

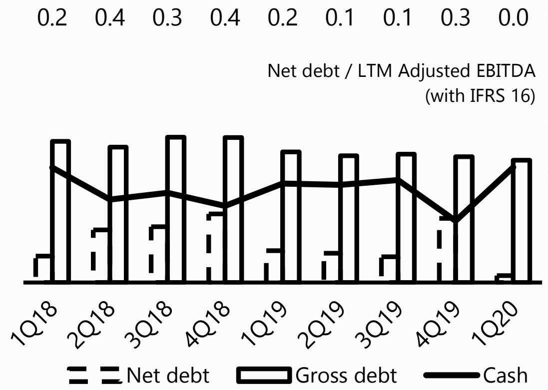
Debt and Cash

The Company's capital structure remain extremely unleveraged for some years due to the cash flow generated as a result of the increase in revenues combined with cost and expense control.

The **net debt** of March 2020 was R$ 7.6 million vs R$ 70.1 million of December 2019. The reduction was due to the regularization of the dammed payment from customers at the turn of the year in the automotive logistics division and the use of the PIS COFINS tax credit in the amount of R$ 18 million.

1Q20 **net debt / LTM adjusted EBITDA index** was 0.0x vs 0.3x in 4Q19. The calculation of the coverage ratio (which is equivalent to **adjusted EBITDA / financial result**) is not applicable because of tax credits recognized in 3Q19 that turned the financial result positive, considering the last 12 months. The Company's *covenants* are <2.5x and >1.5x, respectively.

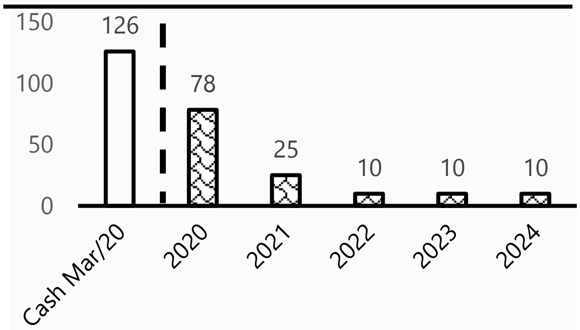
Chart 10 – Debt and cash consolidated (in R$ mi)



In May, 2020 **Fitch reassigned Tegma rating** (A [bra] stable) and the gross **debt average cost** in March was CDI + 1.41% p.y, the same as December 2019.

Early April, the Company **contracted two debts**: i) R$ 50 million of Export Credit Notes with Banco Itaú for a period of two years at a rate of CDI+3.8% and ii) R$ 40 million with Santander in Res. 4.131 for a period of one year at a rate of CDI+4.0%, an operation in USD but 100% swapped to BRL, without exchange risk.

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



	2Q19	3Q19	4Q19	1Q20
Current debt	8.6	85.1	82.4	78.5
Non-current debt	130.0	55.0	55.0	55.0
Gross debt	**138.6**	**140.1**	**137.4**	**133.5**
(-) Cash	1.3	0.9	1.4	0.9
(-) Banking investments	105.4	111.2	66.0	125.0
Net debt	**31.9**	**28.0**	**70.1**	**7.6**
Adjusted EBITDA TTM	**241.3**	**248.1**	**250.1**	**238.7**
Net debt / Adjusted EBITDA TTM	*0.1*	*0.1*	*0.3*	*0.0*
Financial result TTM	**(11.0)**	**24.5**	**22.7**	**22.6**
Adjusted EBITDA TTM / Financial result TTM	*22.0*	*N/A*	*N/A*	*N/A*

(consolidated)

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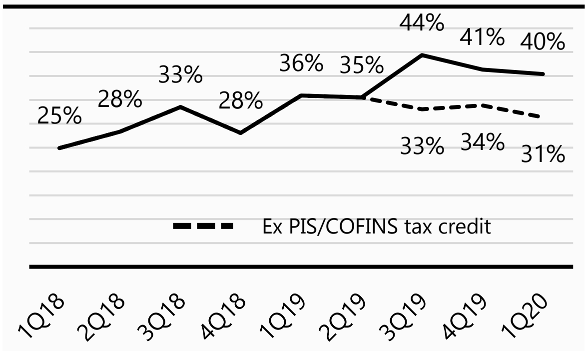
Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

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.

Chart 12 – Return on invested capital (ROIC) consolidated



ROIC: NOPAT / (Net debt + Equity – goodwill)
Indicator math in the file Historical Financials.xlm (Qtl figures)

ROIC in 1Q20 was 40.4%, however if we disregarded the tax credit that was recognized in 3Q19, which impacted NOPAT by R$ 50.4 million, ROIC would have been 32.1%. The drop in ROIC vs. the level of the beginning of 2019 is mainly due to the reduced growth of the Automotive Logistics Division and the investments made due to contractual issues that did not result in new revenues (land in the city of Sorocaba-SP for the operation of Toyota).

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
ROIC (A / B)	**24.9%**	**28.3%**	**33.5%**	**28.0%**	**35.9%**	**35.5%**	**44.4%**	**41.3%**	**40.4%**
NOPAT (Oper inc *(1-34%) (A)	**77.7**	**92.9**	**104.6**	**101.0**	**112.9**	**119.3**	**155.2**	**158.1**	**149.2**
Operating income (TTM)	117.7	140.8	158.5	153.0	171.1	180.7	235.1	239.6	226.1
Capital employed (B) (previous 12 months)	**312.0**	**328.3**	**312.7**	**360.4**	**314.8**	**336.0**	**349.6**	**382.7**	**369.0**
(+) Net debt	95.4	90.8	74.7	74.1	28.7	57.4	60.9	75.0	34.7
(+) Equity	380.5	400.1	400.6	448.8	462.8	455.3	465.4	484.4	511.0
(-) Aquisition's goodwill	163.9	162.6	162.6	162.6	176.7	176.7	176.7	176.7	176.7

(consolidated)

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Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

Exhibit I – Reconciliation of EBITDA

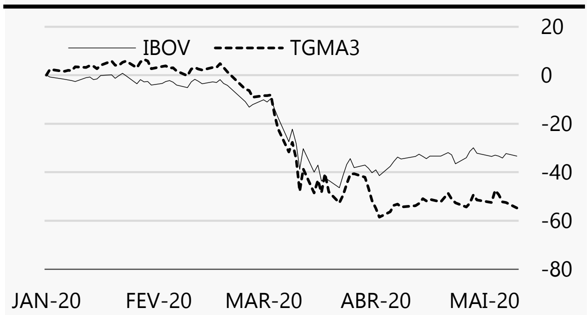
EBITDA Reconciliation	1Q20	Var % vs 1Q19	1Q19
Automotive division			
Net Revenue	**240.8**	**-7.0%**	**258.9**
Operating income	18.2	-46.5%	34.1
(-) Depreciation	(7.7)	-8.5%	(8.4)
EBITDA	**26.0**	**-38.9%**	**42.5**
(-) Non-recurring	3.3	-	-
Adj EBITDA	**29.3**	**-31.1%**	**42.5**
Adjusted EBITDA Mg%	*12.2%*	*-4.3 p.p.*	*16.4%*
Integrated logistics division			
Net Revenue	**39.0**	**3.2%**	**37.8**
Operating income	8.5	29.6%	6.6
(-) Depreciation	(6.4)	-7.7%	(7.0)
EBITDA	**14.9**	**10.5%**	**13.5**
(-) Non-recurring	-	-	-
Adj EBITDA	**14.9**	**10.5%**	**13.5**
Adjusted EBITDA Mg%	*38.3%*	*2.5 p.p.*	*35.8%*
Consolidated			
Net Revenue	**279.7**	**-5.7%**	**296.7**
Operating income	26.8	-34.2%	40.6
(-) Depreciation	(14.2)	-8.1%	(15.4)
EBITDA	**40.9**	**-27.0%**	**56.0**
(-) Non-recurring	3.3	-	-
Adj EBITDA	**44.2**	**-21.1%**	**56.0**
Adjusted EBITDA Mg%	*15.8%*	*-3.1 p.p.*	*18.9%*

Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

Capital Markets TGMA3

- At the beginning of 2020, Tegma's shares underperformed IBOV Index because uncertainties regarding auto industry recovery and from the end of March on because of COVID-19 outbreak in Brazil that halted Brazillian auto production. The Company's market cap is around R$ 1.17 billion (R$ 17.51 per share).

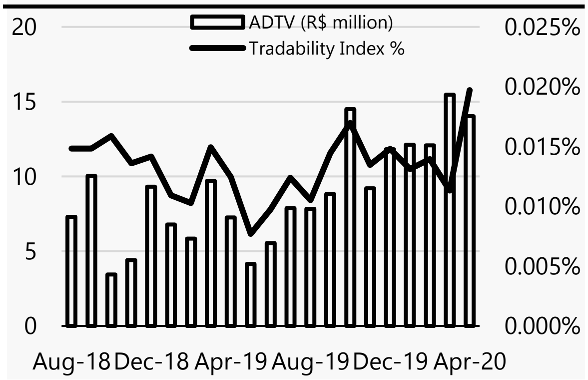
Chart 13 – TGMA3 and IBOV Base zero (Jan/02/2020)



Nominal stock prices.

- The ADTV of Tegma's shares at the beginning of 2020 was around R$ 13 million traded daily (USD 2.4 million), maintaining last quarters growth. TGMA3's tradability index vs IBX-100 has been growing compared to the same period in 2019.

Chart 14 –TGMA3 ADTV



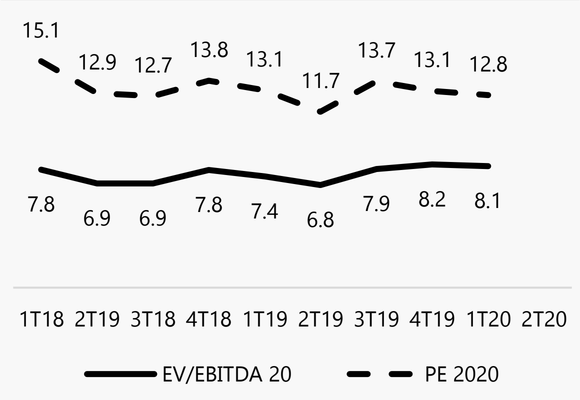
- Due to the COVID-19 outbreak, management did not propose for approval at AGM of April 30, 2020 the distribution of complementary dividends for the year 2019, nevertheless complying with the mandatory minimum dividends in its statute (25%), reaching the distribution of 43% of profit and 3.7% of dividend yield in 2019.

Table 3 – Dividends and Payout

	Dividend per share (R$)	Payout %	Div Yld % LTM
2019	1.14	43%	3.7%
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%

- Due to the COVID-19 outbreak, recent sell side earnings estimates do not reflect reality and 2Q20 multiples are not applicable.

Chart 15 – Multiples TGMA3



Índice Brasil Amplo BM&FBOVESPA IBRA Índice Small Cap SMLL

Tegma Gestão Logística S.A | Earnings release | 1Q20 | in R$ million

Shareholder composition

Shareholder	# stocks TGMA3 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 S.A | Earnings release | 1Q20 | in R$ million

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

Income statement	1Q20	Chg % vs 1Q19	1Q19
Gross revenue	**345.5**	**-5.9%**	**367.3**
Taxes and deductions	(65.7)	-6.9%	(70.6)
Net revenue	**279.7**	**-5.7%**	**296.7**
(-) Cost of services	(220.9)	-5.7%	(234.1)
Personnel	(30.2)	7.2%	(28.2)
Freight	(174.7)	-6.4%	(186.8)
Other costs	(34.5)	-12.6%	(39.5)
Taxes credit (PIS and COFINS)	18.5	-8.5%	20.3
Gross profit	**58.9**	**-5.9%**	**62.5**
General and administrative expenses	(26.9)	43.1%	(18.8)
Other expenses and revenues	(5.2)	67.0%	(3.1)
Operating income	**26.8**	**-34.2%**	**40.6**
Financial result	(2.0)	-5.4%	(1.9)
Equity	1.4	-	(0.5)
Income before tax	**26.1**	**-31.6%**	**38.2**
Income tax	(6.9)	-40.8%	(11.6)
Net income	**19.3**	**-27.6%**	**26.6**
Net margin %	*6.9%*	*-2.1 p.p.*	*9.0%*

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

	Mar-19	Dec-19	Mar-20
Current assets	**338.4**	**449.1**	**425.4**
Cash	1.0	1.4	0.9
Banking investments	107.0	66.0	125.0
Accounts receivable	202.6	261.2	208.5
Related parties	2.6	0.7	0.6
Inventories	0.2	0.1	0.1
Income tax and social contribution	3.5	1.1	0.8
Taxes to recover	12.3	106.3	57.1
Other receivables	6.2	6.7	8.6
Prepaid expenses	2.9	2.0	3.2
Derivative financial instruments	-	3.7	20.7
Non-current assets	**62.1**	**46.6**	**46.5**
Taxes to recover	9.5	9.7	9.7
Other receivables	6.7	1.8	1.9
Deferred taxes	15.7	16.9	15.5
Marketable securities	-	2.6	3.6
Related parties	16.0	1.1	1.1
Derivative financial instruments	2.7	-	-
Judicial deposits	11.6	14.5	14.7
Long term Assets	**475.5**	**489.8**	**497.5**
Investments	18.6	38.3	39.7
Property, plant and equipment	201.7	209.0	207.8
Intangible assets	189.3	171.4	171.8
Right of use assets	65.8	70.9	78.2
Total assets	**876.0**	**985.4**	**969.4**

	Mar-19	Dec-19	Mar-20
Current liabilities	**134.7**	**268.7**	**224.2**
Loans and financing	7.6	61.0	73.3
Bonds	1.2	25.1	25.9
Lease liabilities	27.2	28.9	33.5
Suppliers and freights payable	32.1	36.3	21.3
Taxes payable	15.9	19.4	14.9
Salaries and social charges	20.6	26.3	22.0
Other accounts payable	22.6	29.6	28.8
Related parties	0.1	0.1	0.0
Income tax	7.4	42.0	4.5
Non-current liabilities	**230.3**	**141.6**	**150.0**
Loans and financing	86.7	30.0	30.0
Related parties	2.1	0.5	0.7
Bonds	50.0	25.0	25.0
Lease liabilities	42.6	48.1	51.0
Deferred tax	5.8	2.8	6.5
Provision for contingencies	43.2	35.3	36.8
Shareholders equity	**511.0**	**575.1**	**595.1**
Capital stock	144.5	144.5	144.5
Capital reserve	174.1	174.1	174.1
Profit reserve	138.2	256.9	260.9
Retained earnings	26.6	-	15.2
Treasury shares	(0.3)	(0.3)	(0.3)
Assets valuation adjustment	(0.3)	(0.0)	0.8
Additional proposed dividend	28.3	-	-
Total liabilities and shareholders' equity	**876.0**	**985.4**	**969.4**

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

	1Q20	1Q19
Income before income and social contribution taxes	**26.1**	**38.2**
Depreciation and amortization	6.3	6.5
Right of use assets amortization	7.9	8.9
Interest and exchange variation on unpaid loans and debentures	17.0	3.6
(Reversal of) provision for contingencies	5.8	4.4
Interest on leasing	1.6	1.3
Allowance for doubtful accounts	-	-
Swap result	(15.2)	(1.0)
Equity	(1.4)	0.5
Loss (gains) on disposal of assets	(0.0)	0.1
Allowance for (reversal of) doubtful accounts	(0.1)	0.1
Expenses (revenues) not affecting cash flows	**21.9**	**24.4**
Accounts receivable	52.8	23.5
Taxes recoverable	10.9	(0.7)
Judicial deposits	(0.6)	(0.5)
Other assets	(3.4)	(1.1)
Suppliers and freight payable	(14.9)	(2.0)
Salaries and related charges	(4.3)	(3.7)
Increase (decrease) in related parties	0.2	(0.9)
Other liabilities	(5.4)	(7.8)
Changes in assets and liabilities	**35.3**	**6.9**
Interest on loans, financing and swap	(4.0)	-
Interest on debentures	-	(1.7)
Interest on leasing	(1.6)	(0.8)
Lawsuits paid	(3.8)	(4.6)
Income and social contribution taxes paid	(1.0)	(6.7)
(A) Net cash generated by (used in) operating activities	**73.0**	**55.6**
Acquisition of intangible assets	(1.7)	(1.7)
Acquisition of property and equipment and intangible assets	(3.8)	(7.7)
Proceeds from sale of assets	0.0	0.4
(B) Net cash generated by (used in) investing activities	**(5.5)**	**(9.0)**
New loans	-	30.0
Payment of debentures	-	(46.7)
Derivative financial instruments	(0.6)	-
Payment of leasing	(8.3)	(5.5)
(C) Net cash generated by (used in) financial activities	**(8.9)**	**(22.2)**
Changes in cash (A + B + C)	**58.6**	**24.5**
Cash at beginning of period	67.3	83.5
Cash at end of year	125.9	108.0

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

	Capital	Capital reserve	Legal reserve	Tax incentive reserve	Retained profit	Addicional dividend proposed	Treasury stock	Equity adjustment	Retained earnings (accumulated losses)	Total equity
Balance on January 1st, 2019	**144.5**	**174.1**	**28.9**	**26.0**	**83.3**	**28.3**	**(0.3)**	**(0.3)**	**-**	**484.4**
Net income for the period	-	-	-	-	-	-	-	-	26.6	26.6
Net result with financial instruments designated as H edge Accounting	-	-	-	-	-	-	-	0.0	-	0.0
Tax incentives	-	-	-	4.6	-	-	-	-	(4.6)	-
Allocation:										
Set up of reserves	-	-	-	-	-	-	-	-	-	-
Dividends and interest on capital	-	-	-	-	-	-	-	-	-	-
Balance on March30, 2019	**144.5**	**174.1**	**28.9**	**30.5**	**83.3**	**28.3**	**(0.3)**	**(0.3)**	**22.1**	**511.0**
Balance on Janyary 1st, 2020	**144.5**	**174.1**	**28.9**	**43.7**	**184.3**	**-**	**(0.3)**	**(0.0)**	**-**	**575.1**
Net income for the period	-	-	-	-	-	-	-	-	19.3	19.3
Net result with financial instruments designated as H edge Accounting	-	-	-	-	-	-	-	0.8	-	0.8
Tax incentives	-	-	-	4.0	-	-	-	-	(4.0)	-
Allocation										
Set up of reserves	-	-	-	-	-	-	-	-	-	-
Dividends and interest on capital	-	-	-	-	-	-	-	-	-	-
Balance on March 30, 2020	**144.5**	**174.1**	**28.9**	**47.7**	**184.3**	**-**	**(0.3)**	**0.8**	**15.2**	**595.1**

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

	1Q20	1Q20 vs 1Q19	1Q19
Gross sale of services	328,2	-5,9%	348,7
Other income	0,6	-60,6%	1,4
(Reversal of) allowance for doubtful accounts	0,1	-	(0,1)
Income	**328,8**	**-6,1%**	**350,1**
Cost of services provided	(174,7)	-6,4%	(186,8)
Materials, energy, third-party services and other operating expenses	(37,3)	7,8%	(34,6)
Input products acquired from third parties	**(212,0)**	**-4,2%**	**(221,4)**
Net value added produced by the Company	116,8	-9,2%	128,7
Depreciation and amortization	(6,3)	-3,1%	(6,5)
Right of use assets amortization	(7,9)	-11,7%	(8,9)
Gross value added	**102,7**	**-9,4%**	**113,3**
Equity pickup	1,4	-	(0,5)
Financial income	17,1	349,2%	3,8
Total value added to be distributed	**121,1**	**3,9%**	**116,6**
Personnel and related charges	**38,5**	**14,4%**	**33,6**
Direct compensation	29,6	17,6%	25,1
Benefits	6,9	4,6%	6,6
FGTS	2,0	5,5%	1,9
Taxes, charges and contributions	**42,2**	**-13,6%**	**48,8**
Federal	22,5	-16,7%	27,0
State	18,0	-12,1%	20,5
Local	1,7	31,2%	1,3
Financing agents	**40,5**	**18,4%**	**34,2**
Interest and exchange variations	19,1	234,7%	5,7
Rent	2,1	14,2%	1,9
Dividends	-	-	-
Retained profits (losses)	19,3	-27,6%	26,6
Value added distributed	**121,1**	**3,9%**	**116,6**

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