

4Q19 Results

05 Mar, 2020

Webcast 9am (NY)

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singia

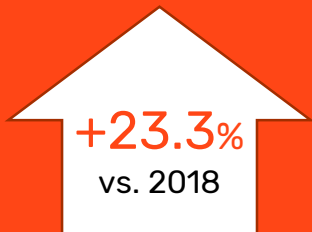




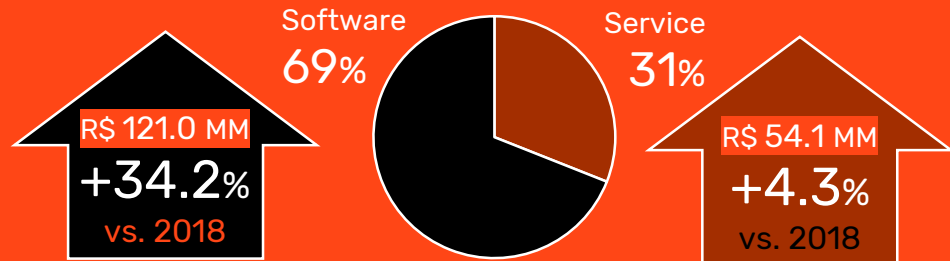
Records of 2019

Net Revenues

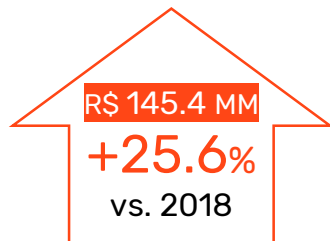
R\$
175.1
MM



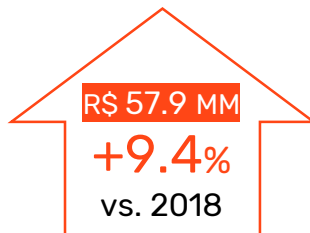
Net Revenues of Business Unit



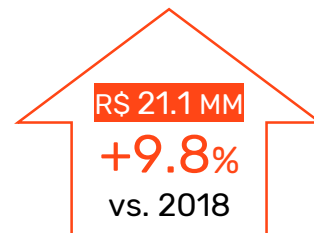
Recurring Revenues



Gross Profit

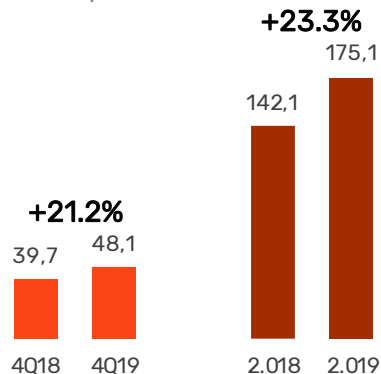


Adjusted EBITDA



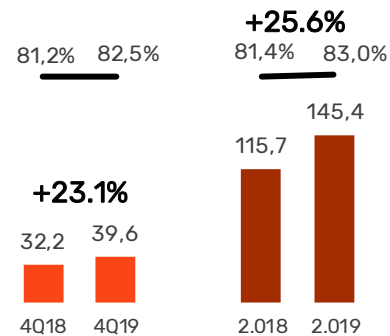
Net Revenues

4Q19: Record, due to the performance of Software unit



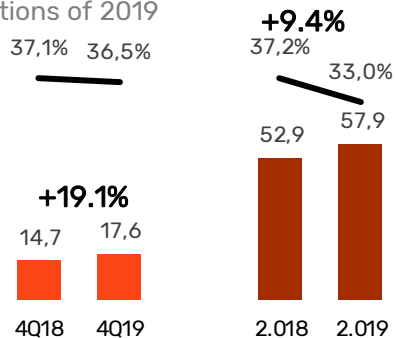
Recurring Revenues

4Q19: Record, with an additional R\$ 7.2 MM in Software Subscription and R\$ 0.2 million in Services Outsourcing



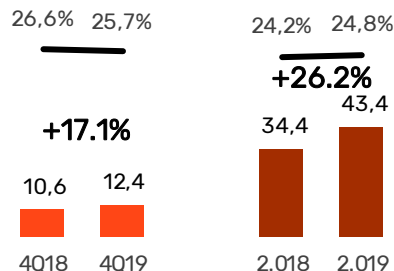
Gross Profit

4Q19: Record, contribution of the 4 acquisitions of 2019



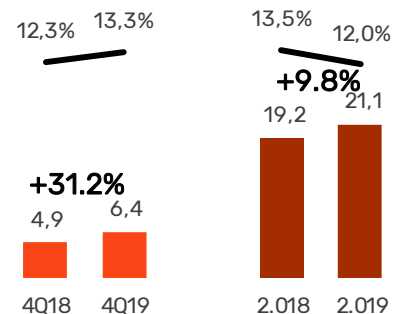
General and administrative expenses

4Q19: Reduction of 0,9 p.p. even with R\$ 1.0 MM extraordinaire



Adjusted EBITDA

4Q19: Record, addition of R\$ 1.5 MM



Software Unit

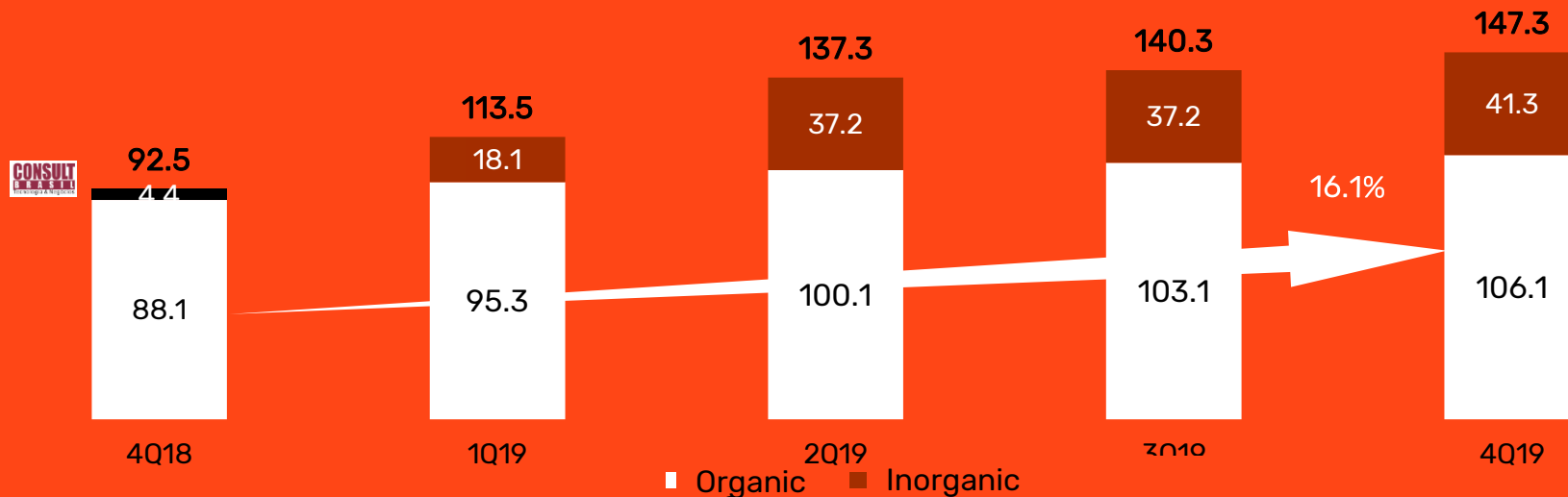
Portfolio of Recurring Contracts (R\$ MM)

Record of R\$ 147.3 MM (+59.3% vs. 4Q18):

Growth of R\$ 54.8 MM

+ R\$ 41.2 MM inorganic*

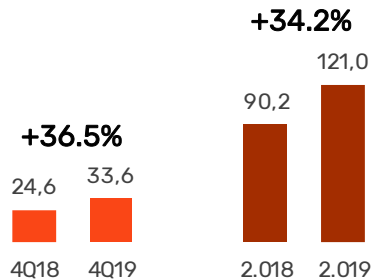
+ R\$ 13.6 MM organic (+14.7% vs. 4Q18)



Software Unit

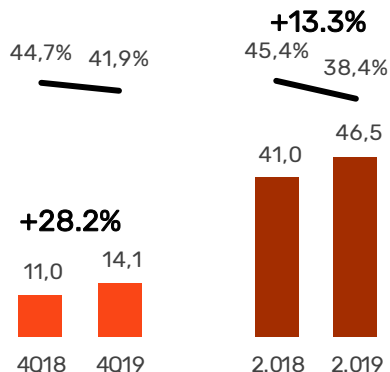
Net Revenues

4T19: Record, growth of R\$ 9.0 MM, with an additional R\$ 7.2 MM in Software Subscription and R\$ 1.8 million in Implementation



Gross Profit

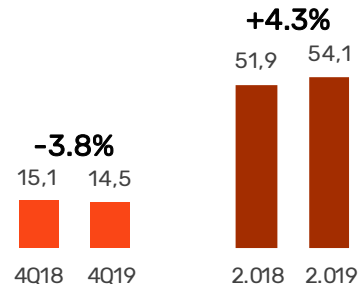
4T19: Record, with an increase of R\$ 3.1 MM despite the cost of implementation of R\$ 3.3 MM



Services Unit

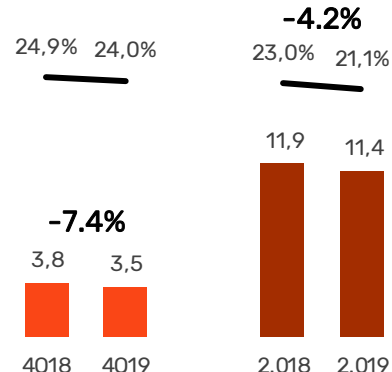
Net Revenues

4T19: Decrease of R\$ 0.6 MM, with an increase of R\$ 0.2 MM in Outsourcing and a reduction of R \$ 0.8 MM in Projects



Gross Profit

4T19: Decrease of R\$ 0.3 MM, of which R\$ 0.2 MM in Outsourcing and R\$ 0.1 MM in Projects



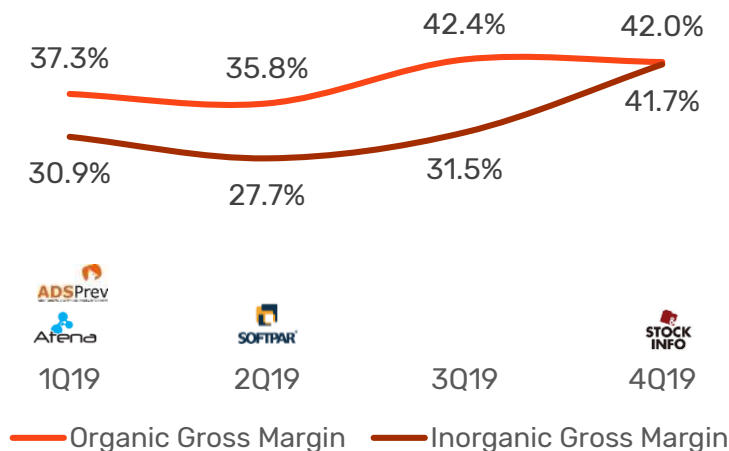


Inorganic results

Significant evolution due to successful integrations

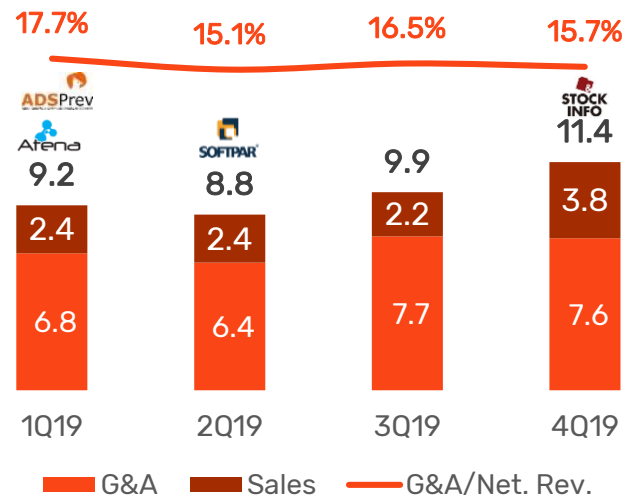
Software Gross Margin (%)

Convergence of the margin from acquired to organic, a few quarters after the acquisitions



General and administrative expenses (SG&A) (Without extraordinary expenses)

Representative dilution of general and administrative expenses (G&A), confirming the capture of synergies after the integrations

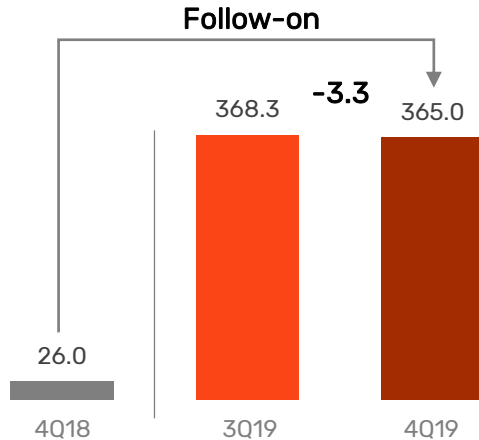




Comfortable financial position to intensify acquisitions

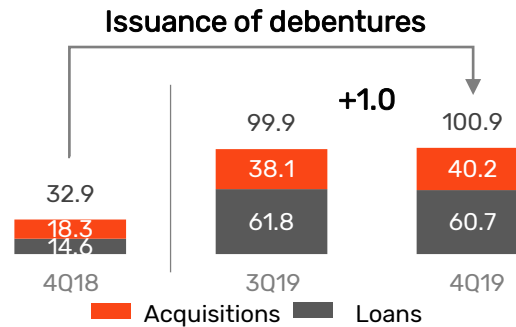
Gross Cash

Decrease mainly related to the acquisition of Stock & Info in December



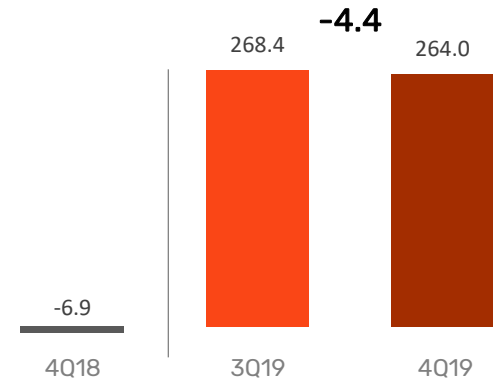
Gross Debt

Increase mainly related to the correction of the installments of the last 4 acquisitions



Net Cash

Slightly impacted by the Stock & Info acquisition, remaining solid for future acquisitions



Final message

1) Organic result

Growth of 14.7% in the organic contract portfolio, as a result of the correct change in the commercial model, should boost future growth

2) Inorganic result

The 4 acquisitions of 2019 contributed significantly to the records of the year, with an addition of R\$ 24.7 MM in revenues

3) Financial position

Sinqia is capitalized to continue with the strategic consolidation plan, with even more intense speed





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Recent events

Goal: 5th purchase in the vertical pension plan, consolidating 100+ customers (1/3 of entities in the country)

Gross Profit: R\$ 3.9 MM

EV: R\$ 5.5 MM
(+ *earnout* till R\$ 1.0 MM)

Incorporation: Feb/20, just 1.5 months after the acquisition, proving faster and faster integrations

Goal :
Efficiency gain with the rationalization of sites

Nov/19 | Rio de Janeiro:

- Professionals moving to SP
- Extraordinaire expenses of R\$ 0.4 MM no 4T19

Feb/20 | Salvador:

- development in BH and service in SP

Goal :
Reducing debt cost, given the option not to settle after follow-on, for use in acquisitions

Fev/19 | Spread anterior:

- Issued: CDI + 1.75%

Nov/19 | Spread atual:

- Renegotiation: CDI + 1.50%

Reconciliations

Table 1 – Reconciliation of EBITDA and Adjusted EBITDA

(R\$ '000)	4Q19	4Q18	Var.	3Q19	Var.	2019	2018	Var. YoY
Net Income	193	1,097	-82.4%	1,147	-83.2%	(4,579)	2,726	-
(+) Income tax/social contribution	(1,477)	817	-280.8%	(408)	262.0%	(3,131)	2,310	-
(+) Financial result	(316)	359	-188.0%	1,452	-	5,435	3,033	79.2%
(+) Depreciation/amort.	5,376	1,899	183.1%	3,677	46.2%	15,374	7,199	113.6%
EBITDA	3,776	4,172	-9.5%	5,868	-35.6%	13,099	15,268	-14.2%
(+) Extraordinary expenses - earnout	1,384	-	-	-	-	1,384	3,247	-57.4%
(+) Extraordinary expenses - integration	999	8	12387.5%	-	-	3,906	-	-
(+) Extraordinary expenses - new brand	-	627	-100.0%	-	-	244	-	-
(+) Extraordinary costs - integration	248	76	226.3%	148	67.6%	2,469	76	31
Adjusted EBITDA	6,407	4,883	31.2%	6,016	6.5%	21,102	19,226	9.8%
<i>Adj. EBITDA Margin</i>	<i>13.3%</i>	<i>12.3%</i>	<i>1.0 p.p.</i>	<i>13.0%</i>	<i>0.4 p.p.</i>	<i>12.0%</i>	<i>13.5%</i>	<i>-1.5 p.p.</i>

Table 2 – Reconciliation of Adjusted Cash Earnings

(R\$ '000)	4Q19	4Q18	Var.	3Q19	Var.	2019	2018	Var. YoY
Net income	193	1,097	-82.4%	1,147	-83.1%	(4,579)	2,726	-
(+) Extraordinary effects	2,631	711	-	148	1677.7%	8,003	5,320	50.4%
Adjusted net income	2,824	1,808	56.2%	1,295	118.2%	3,424	8,046	-57.4%
(+) Acquisitions amortization	3,670	1,424	157.7%	2,217	65.5%	9,356	5,864	59.5%
(+) Def. income tax/Social Contr.	(2,860)	(1,399)	104.4%	(1,425)	100.7%	(6,305)	(1,639)	284.7%
Adjusted Cash Earnings	3,634	1,833	98.3%	2,087	74.2%	6,475	12,271	-47.2%
<i>Adj. CE Margin</i>	<i>7.6%</i>	<i>4.6%</i>	<i>2.9 p.p.</i>	<i>4.5%</i>	<i>3.1 p.p.</i>	<i>3.7%</i>	<i>8.6%</i>	<i>-4.9 p.p.</i>

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