


# 1<sup>st</sup> Quarter 2019 Results

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May / 2019

 TUPY3  
NOVO  
MERCADO

 TUPY



This presentation contains forward-looking statements, which are subject to risks and uncertainties and reflect the beliefs and expectations of the Company's management based on available information. Forward-looking statements include statements regarding our management's current intentions or expectations with respect to a number of matters, including Brazil's economic, political, and business environment, and especially the geographic markets in which we operate, the level of indebtedness and other financial obligations, and our ability to contract financing, when necessary and on reasonable terms, our ability to implement our investment plans, inflation and devaluation of the Brazilian real, as well as fluctuations in interest rates, existing and future laws and regulations, increased costs, our ability to uninterruptedly obtain materials and services from suppliers, at reasonable prices and with economies of scale, our ability to acquire other companies and integrate them in a satisfactory way, growth expectations of the automotive and hydraulic industries and success in implementing our strategic plans.

The reader should be aware that the factors mentioned above, in addition to others discussed in this Presentation, may affect our future results which may differ from those expressed in the forward-looking statements we make herein. We do not assume responsibilities for updating such statements.

The words "anticipates," "wishes," "expects," "estimates," "intends," "forecasts," "plans," "predicts," "projects," "targets" and similar words are intended to identify these statements.

Forward-looking statements involve risks, uncertainties and assumptions as they relate to future events and therefore depend on circumstances that may or may not occur. The future condition of our financial condition and operational results, market share and our competitive market position may materially differ from what is expressed or implied by these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. The reader is cautioned not to place undue confidence on these forward-looking statements.

## Strong revenue and net income, ramp up of added value projects

1

Revenues

- R\$1,281.5 milhões, **second largest in Company's history**, (+21.0% vs 1Q18), despite the decrease in volumes due to operating issues.

2

Product mix

- **Significant growth in machining and CGI** ( reaching 23% and 20% of volumes, respectively)

3

Adjusted EBITDA

- **R\$136.9 million, margin of 10.7%**, due to ramp up of projects in Mexico e downtime for maintenance in Brazil in January and February. **Margin recovery as of March.**

4

Net income

- **R\$ 80.4 million**, up 41.4% vs 1Q18, net margin of 6.3%.

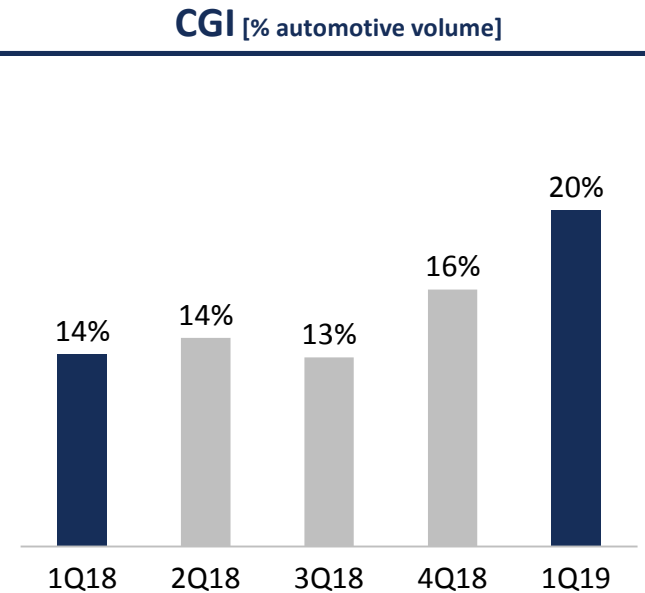
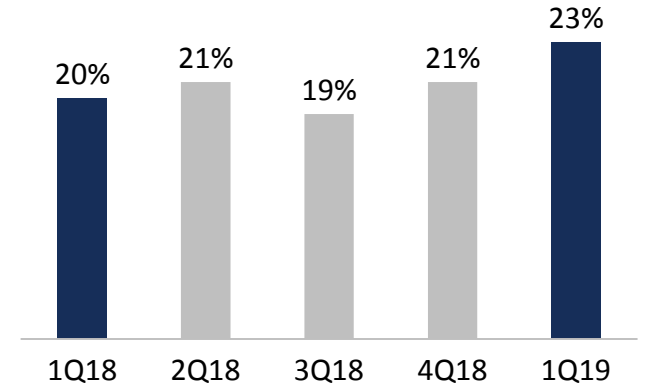
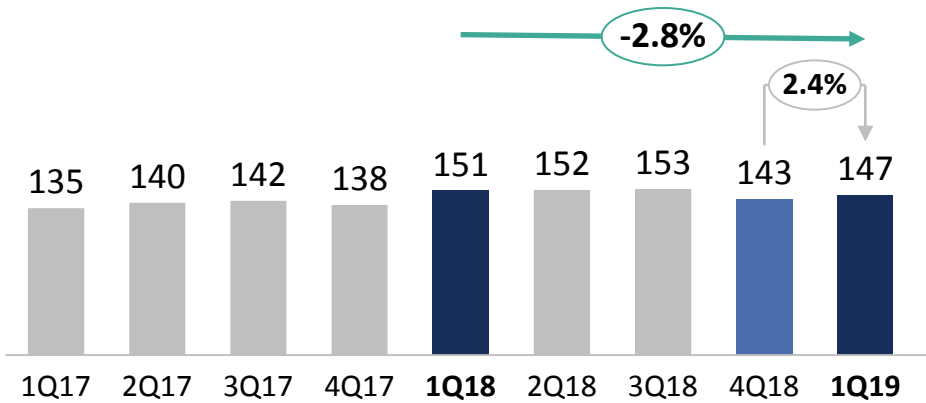
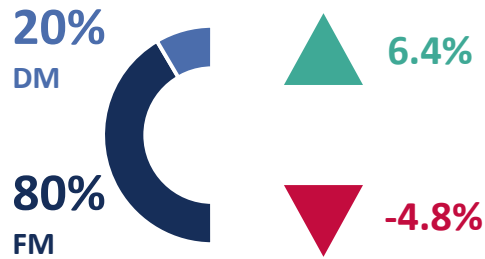
5

Cash conversion cycle

- **45 days**, corresponding to **11 days decrease** vs 1T18.

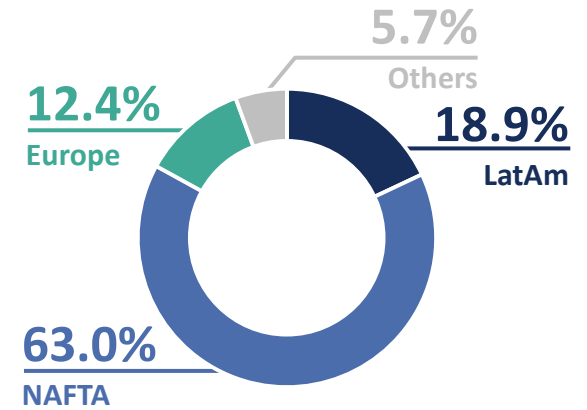
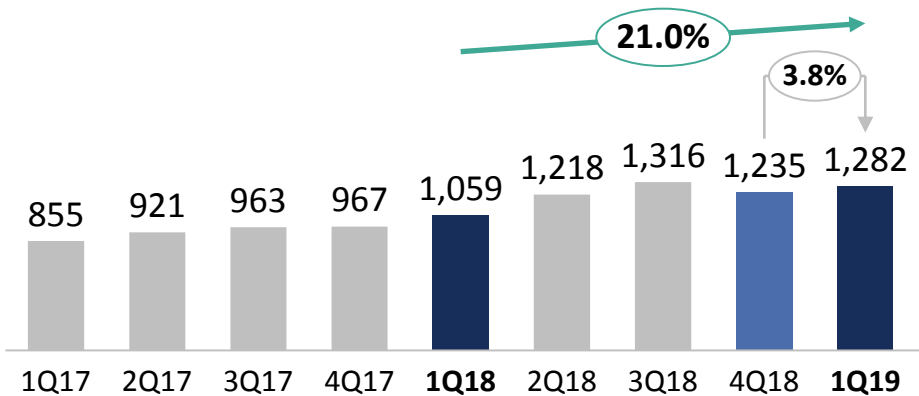
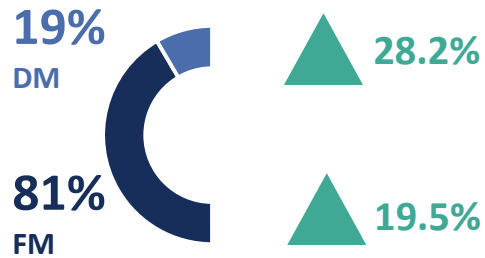
## Volume [kton]

## Machining [% automotive volume]

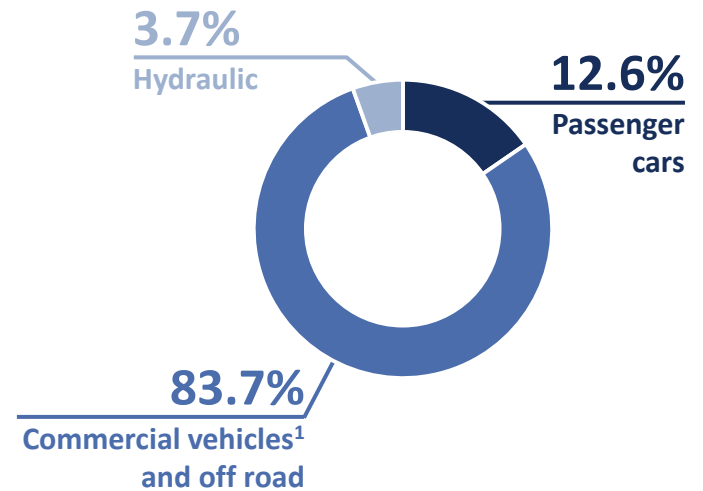


## Revenue [M BRL]

## Origin [% revenue]



## Application [% revenue]

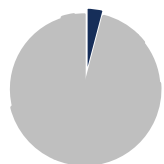


1) Includes light, medium and heavy commercial vehicles

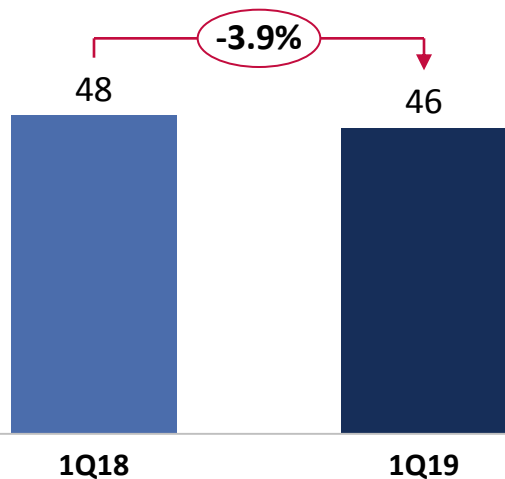


## Domestic Market

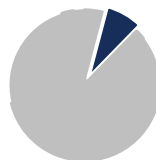
### Passenger cars [M BRL]



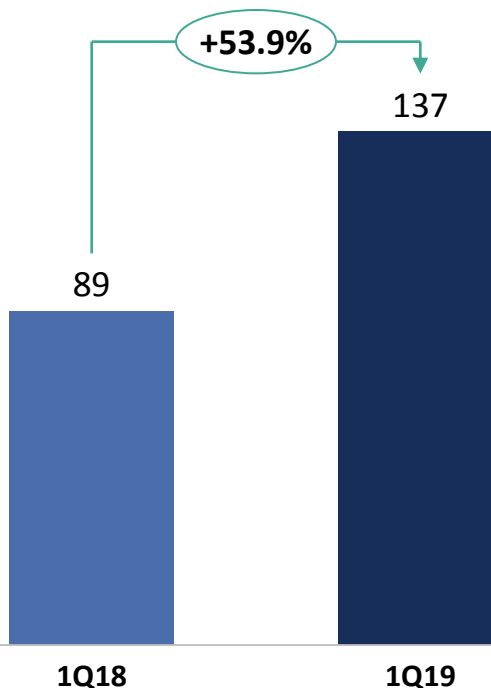
3.6%  
of revenue



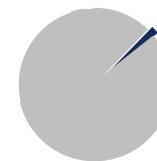
### Commercial vehicles [M BRL]



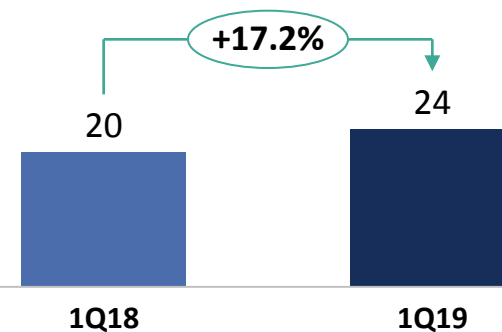
10.7%  
of revenue



### Off-road [M BRL]



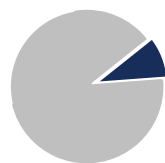
1.8%  
of revenue



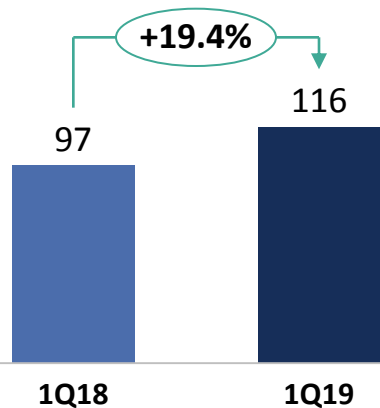


## Foreign Markets

### Passenger cars [M BRL]



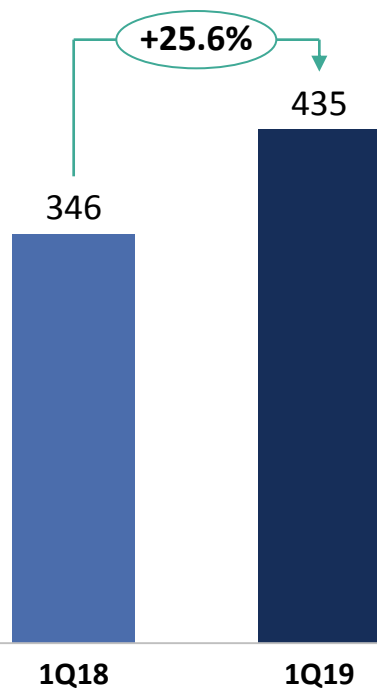
9.1%  
of revenue



### Light commercial [M BRL]



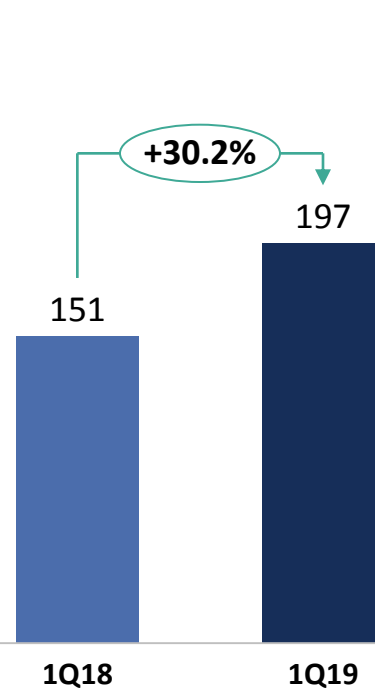
33.9%  
of revenue



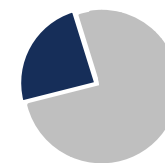
### Med. & heavy commercial [M BRL]



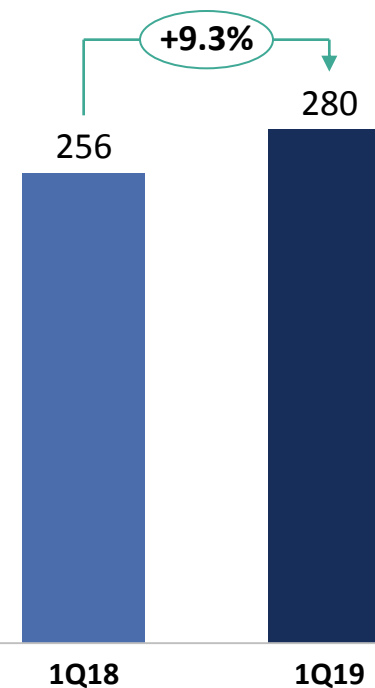
15.3%  
of revenue



### Off-road [M BRL]

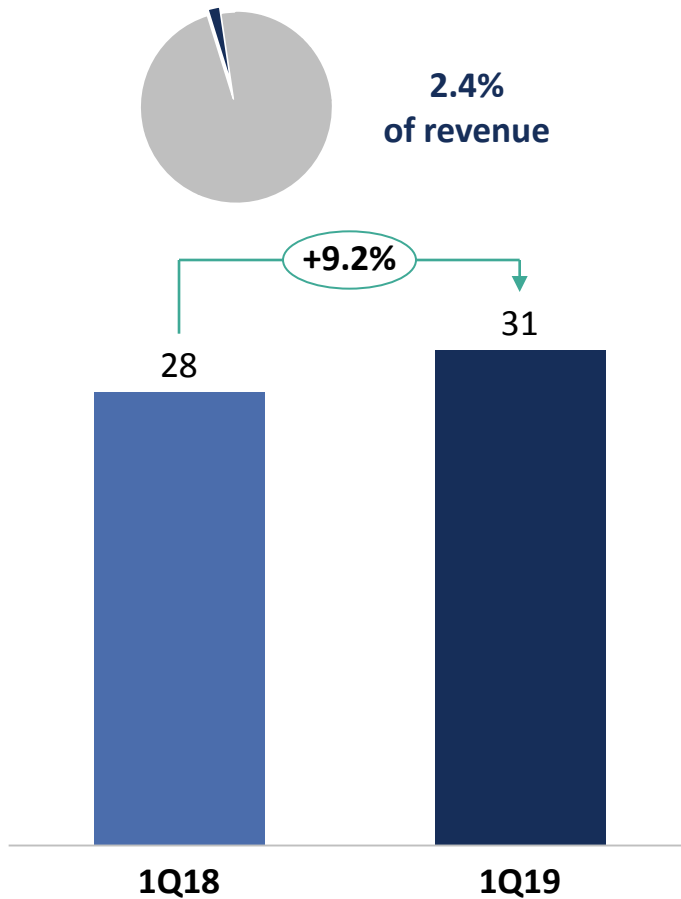


21.9%  
of revenue

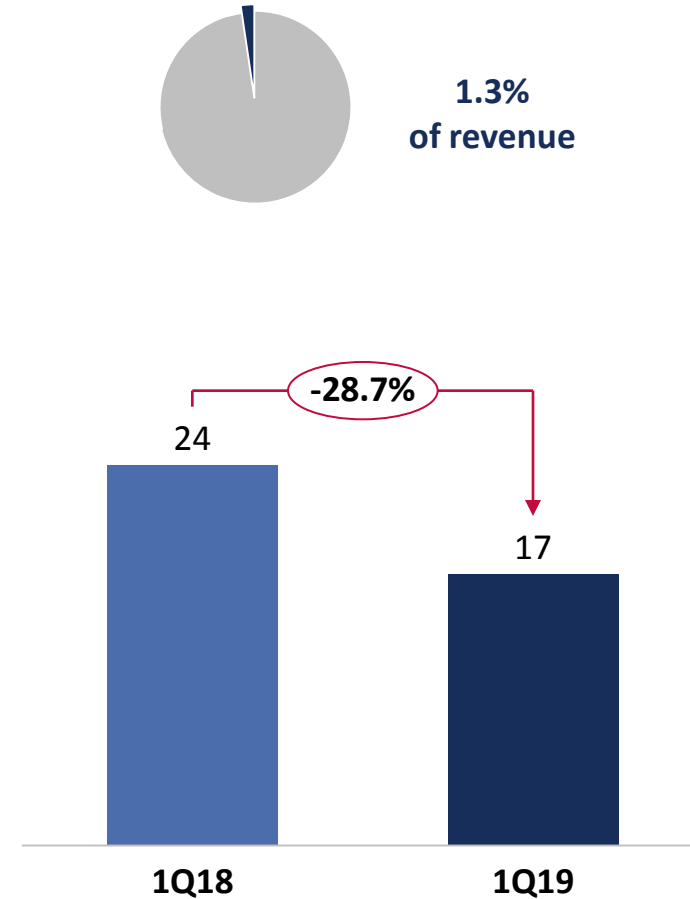


## Domestic & Foreign Markets [M BRL]

### Domestic Market

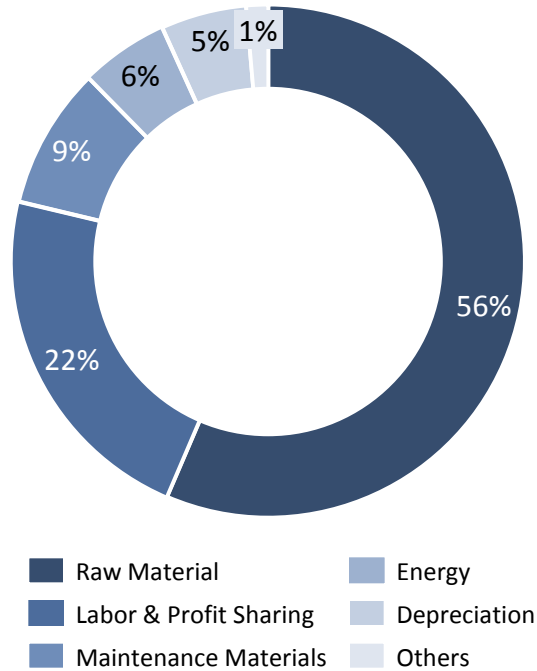


### Foreign Market



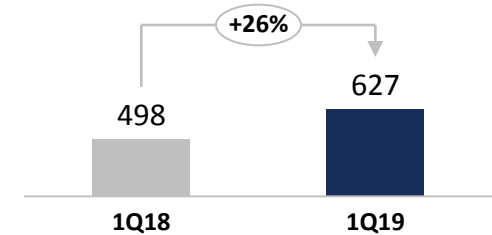


COGS Breakdown 1Q19 [%]

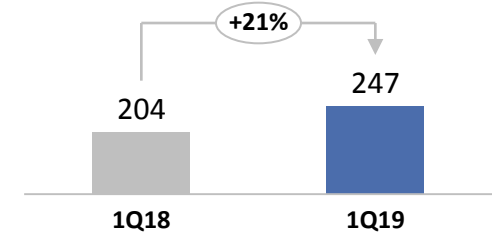


Variation of main cost inputs by nature [%]

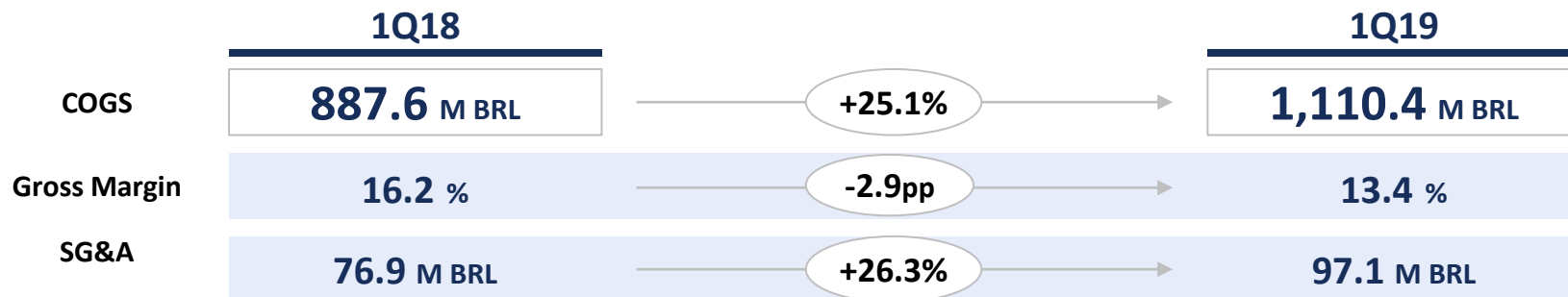
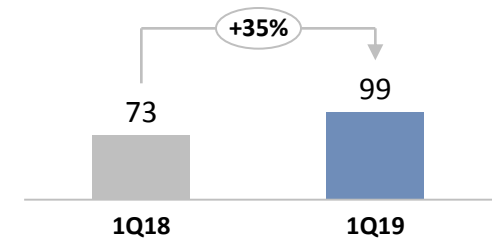
Materials



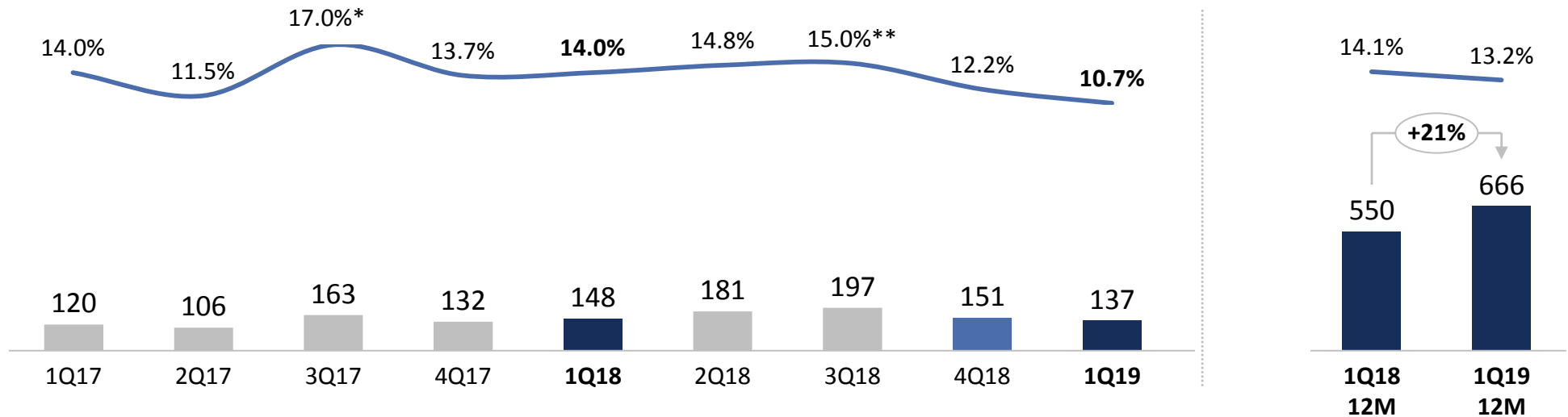
Labor



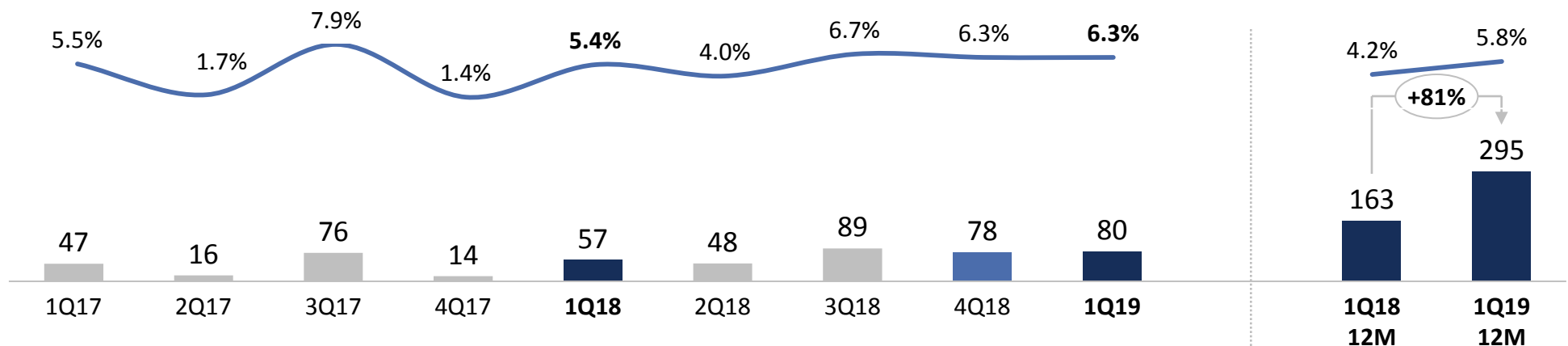
Maintenance materials & third-parties



## Adjusted EBITDA [M BRL] and Adjusted EBITDA Margin [%]



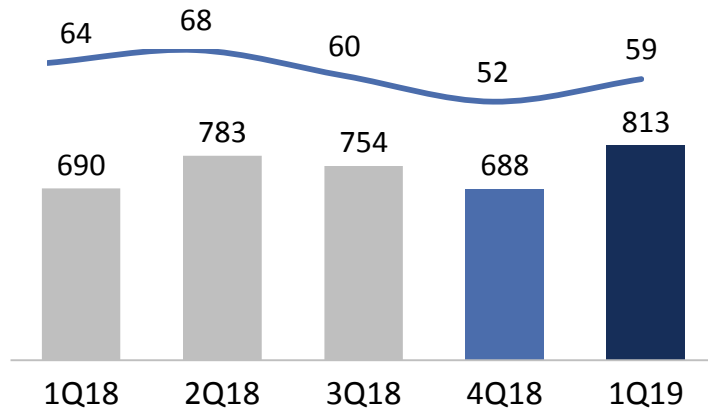
## Net Income [M BRL] and Net Margin [%]



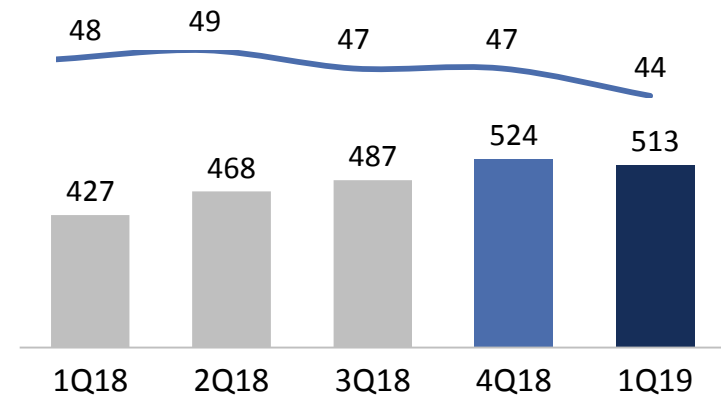
• Adjusted EBITDA was positively affected by non-recurring revenues amounting to R\$11.0 million.

\*\* Results impacted by trucks' driver strike. Excluding these effects, the margin was 16.6%.

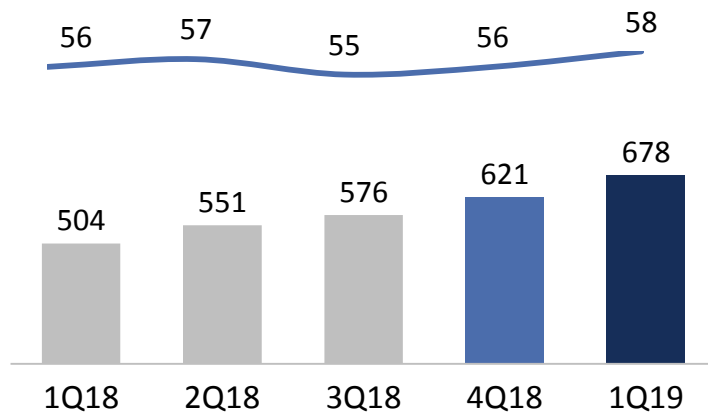
## Accounts receivable [M BRL] and DSO [days]



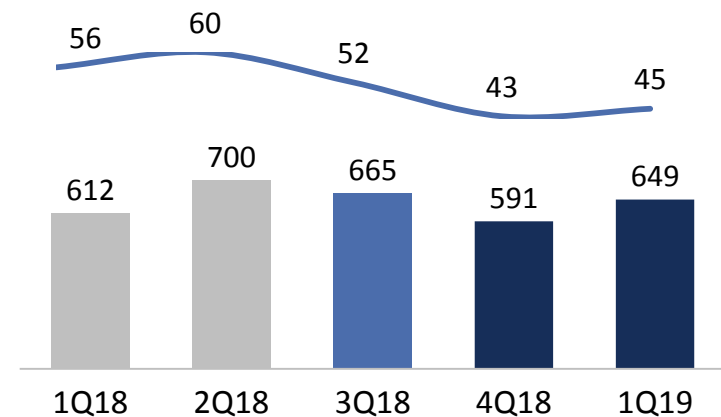
## Inventories [M BRL] and DIO [days]



## Accounts payable [M BRL] and DPO [days]



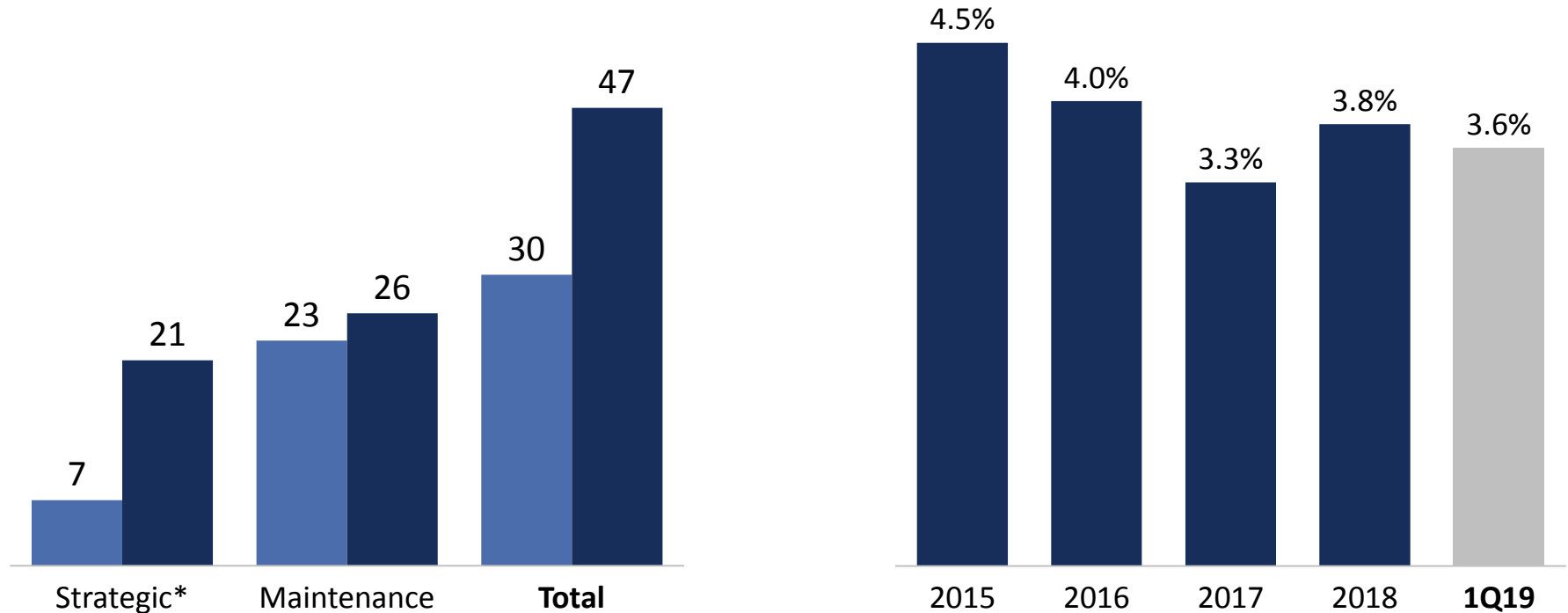
## Working capital [M BRL] and CCC [days]



## Investments 1Q19 vs 1Q18 [M BRL]

## % Investments / Revenue

■ 1Q18 ■ 1Q19



➤ Investments related to new contracts and efficiency gains.

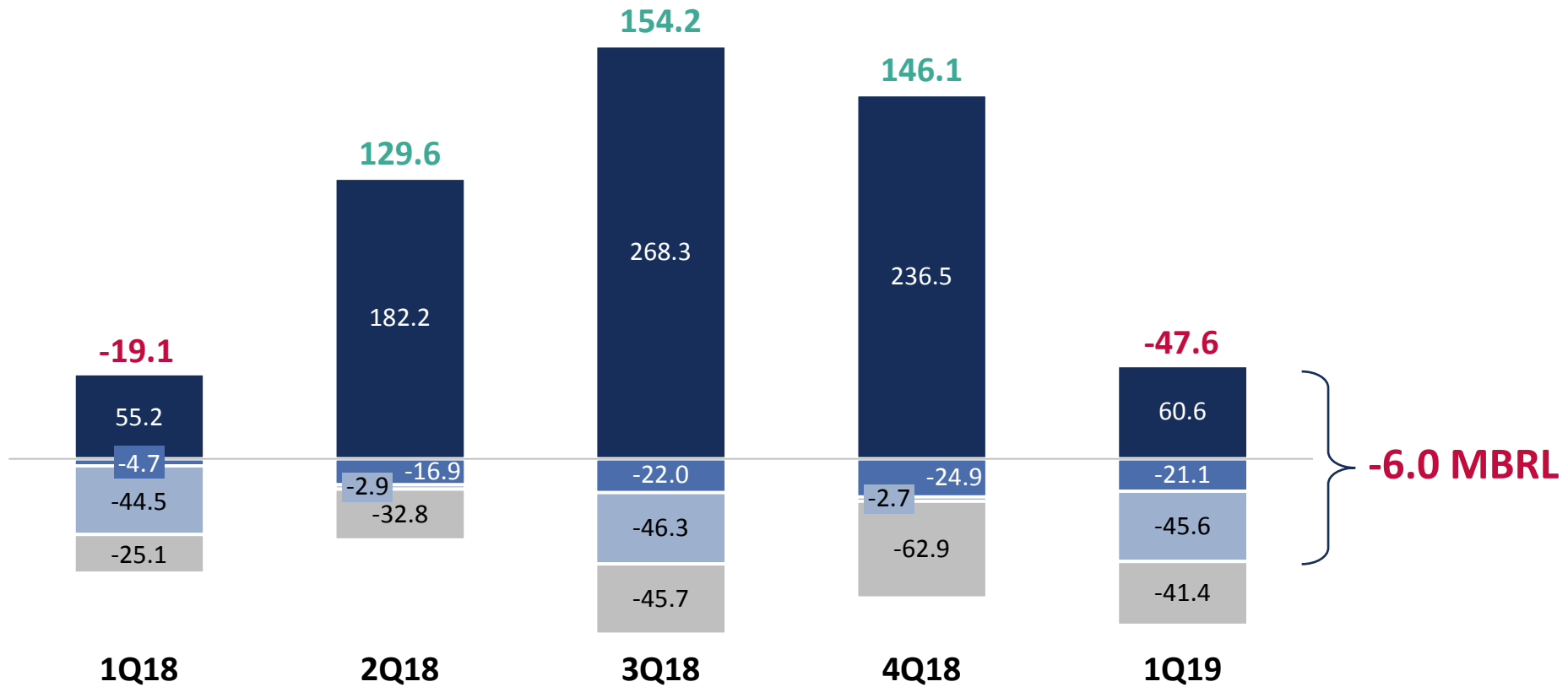
# FREE CASH FLOW

[M BRL]

INVESTOR  
RELATIONS

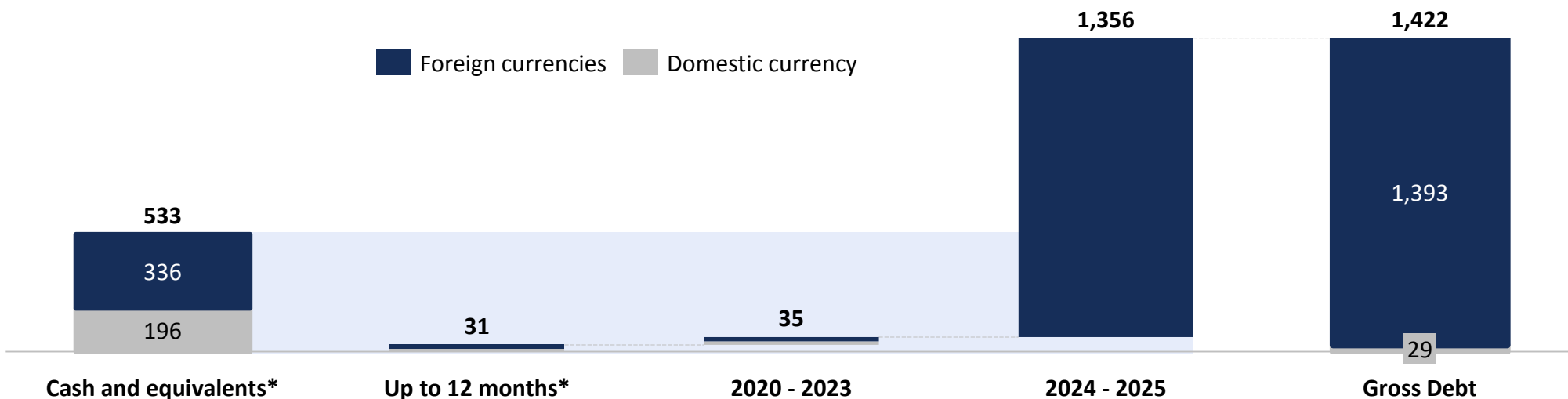


FCO Taxes Net Interest Investments

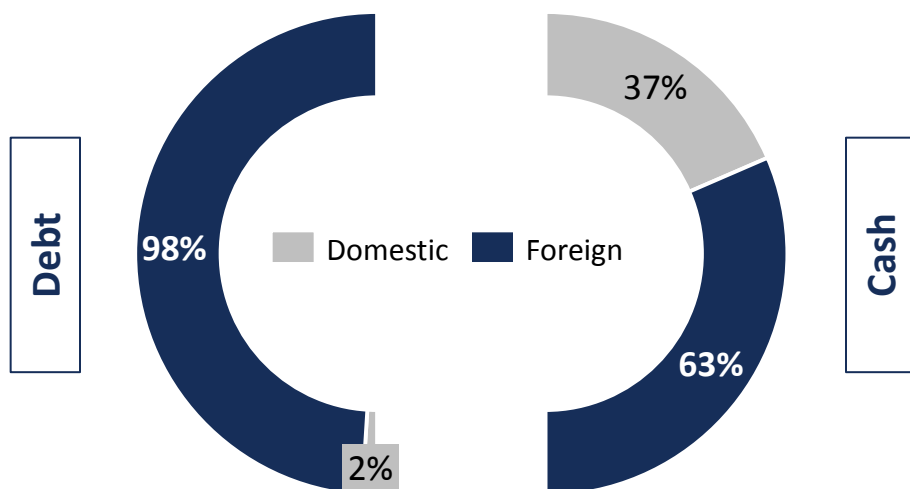


› Cash flow affected by seasonal factors

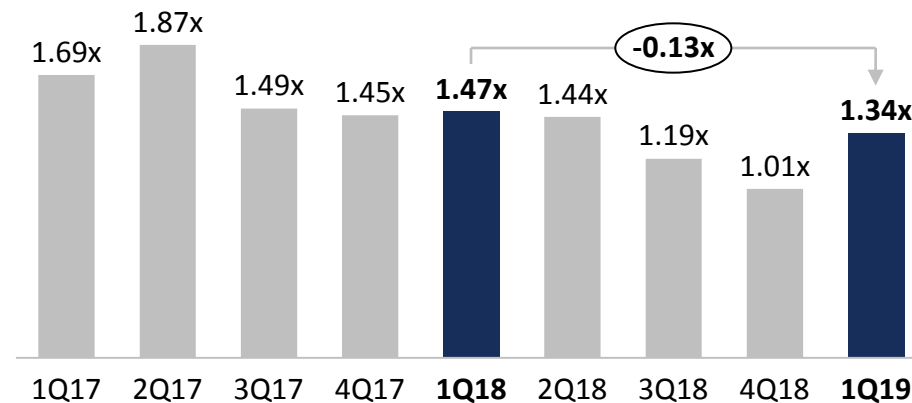
## Debt [M BRL]



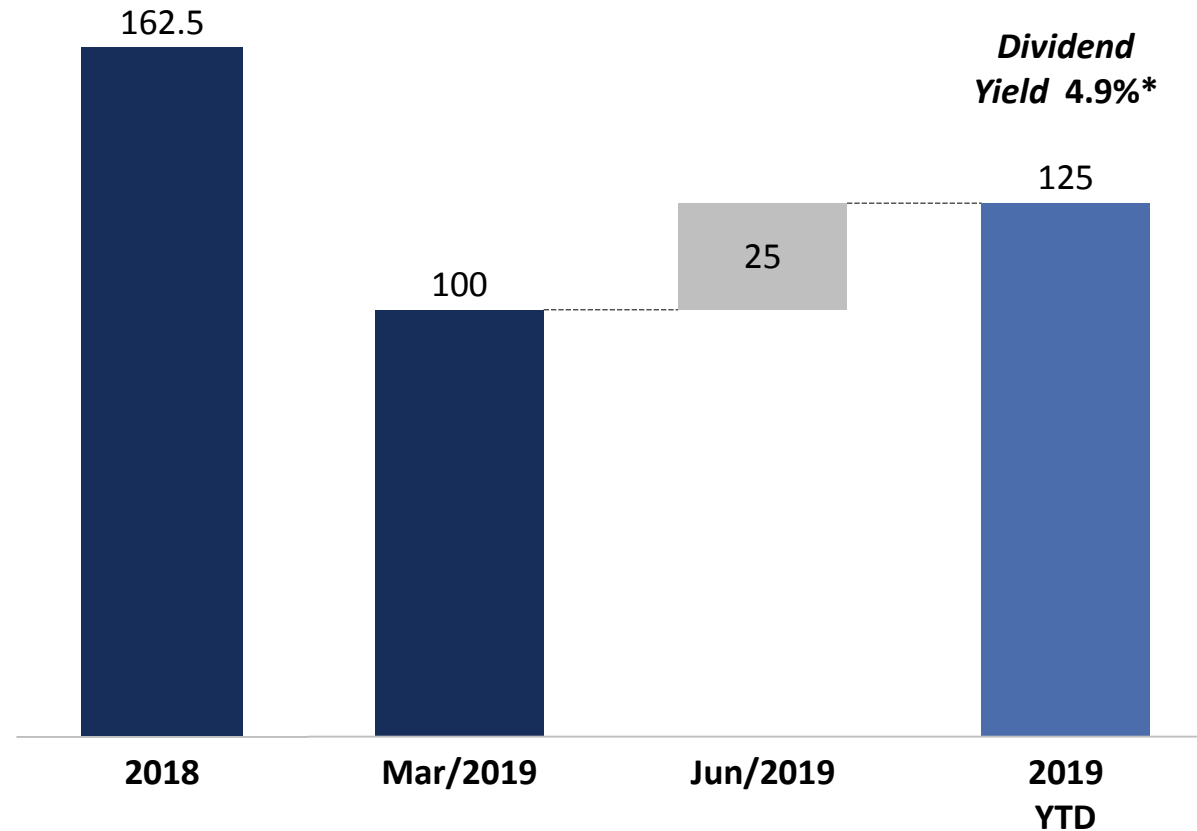
## Currency breakdown [% total]



## Net debt/Adjusted EBITDA LTM



\*Inclui instrumentos derivativos



➤ **Additional payments in 2019 are subjected to cash generation and development of strategic projects**

\* Based on price as of May 13<sup>th</sup>

1. **Sales management:** strong demand, broad portfolio and increasing share of machining and CGI
2. **Operational excellence:** higher margins
3. **Organizacional structure:** seasoned management, focused on execution and results
4. **Strategic projects:** disinvestments and *M&A*