

1st Quarter of 2020

Results

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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 other 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 situation and operational results, market share and 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 reliance on these forward-looking statements.

Strategy and opportunities remain, despite the impacts of the pandemic

1

Revenues

- **Increased share of high value-added products and services**, such as CGI and machined goods and assembly of components.

2

Operations

- **Production flexibility** and adjustment of costs to fluctuating demand;
- **Optimization** of the use of materials and data analytics.

3

Procurement

- Development of a **global supply chain**;
- **Scale gains** and process improvements.

4

Capital allocation

- **Selective investments**;
- Working capital management.

1 Employees

Protection and sustainability
measures

Decision Center

Key indicators and general
action strategy

Institutional relations &
public policies

2 Clients

Inventory management

3 Production scenarios

Flexibility, stoppage and
resumption measures

4 Supply chain

Assessment of critical suppliers

6 Social impact

5 Income protection

Cash and margin
management

› The fast implementation of the initiatives was essential to mitigate impacts for stakeholders

1

Protection of employees

- Implementation of initiatives to mitigate the epidemic
- Temporary preservation of jobs: alternatives for flexible working hours
- Continuous communication: Sense of urgency considering the severity of the crisis

2

Protection of clients

- Client-centric vision: risks of shortages
 - Inventory by part number
- Geography mismatch risks (supply vs. demand)

3

Production scenarios

- Production plans for different scenarios
- Critical management of absenteeism and productivity by area
- Cost reduction initiatives

4

Supply chain

- Supply chain stabilization due to possible disruptions
- Contingency plan for the most critical areas

5

Income protection

- Immediate liquidity expansion measures
- Immediate reduction: OPEX / CAPEX
- Continuous assessment of scenarios and cash flow impacts

6

Communities

- Installation of the screening center at Tupy's facilities, development of epidemiological data collection software and other actions with the community
- Interactions with authorities

Strong growth in operating income, despite lower volumes

1

Revenues

- R\$1,092.6 million, down 14.7% over 1Q19, with the drop of 24.2% in volumes partially offset by currency depreciation and **the higher share of machined and CGI goods**.

2

Operating
Result

- **Gross profit of R\$192.6 million, up 12.6% vs. 1Q19, with a margin of 17.6%.** Operating profit (before impairments) increased 38.5% vs. 1Q19.

3

Adjusted EBITDA

- **R\$164.6 million, an increase of 20.2%, with a margin of 15.1%** (growth of 440 bps vs. 1Q19).

4

Net Income

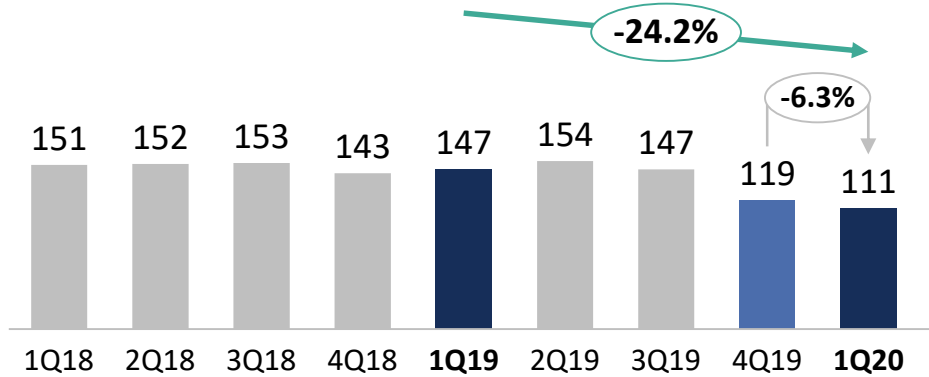
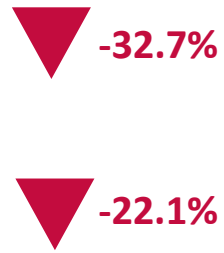
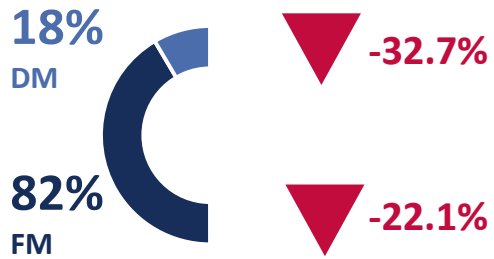
- Loss of R\$207.5 million, due to impairment, mark-to-market of derivative instruments used in the calculation of accounts receivable from Eletrobrás and hedge operations, and depreciation of the Peso on the tax base of Mexican operations.

5

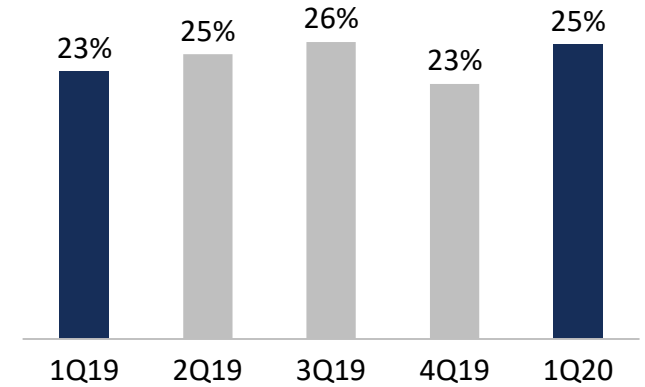
Cash Position

- **R\$1,365.0 million, an increase of R\$524.9 million vs. Dec/2019**, impacted by bank loans and foreign exchange rate variation on cash in foreign currency.

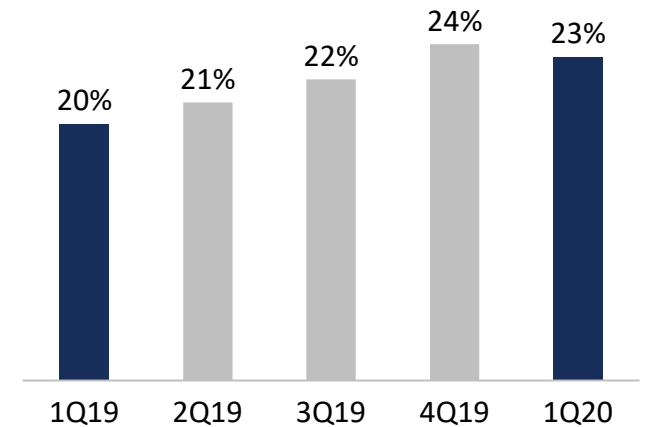
Volume [kton]



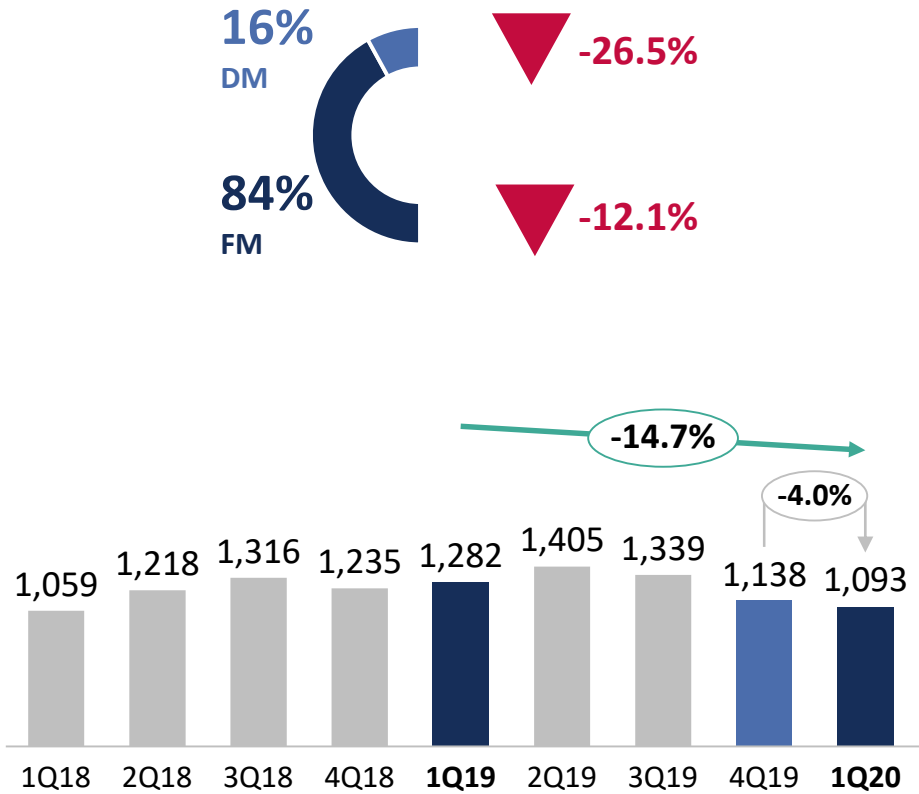
Machining [% automotive volume]



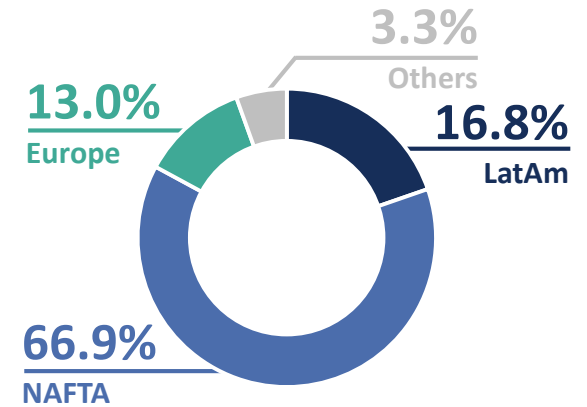
CGI [% automotive volume]



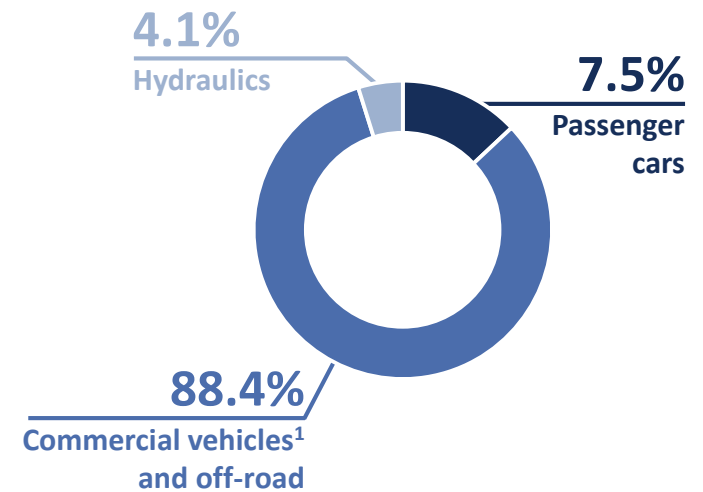
Revenues [M BRL]



Origin [% revenue]



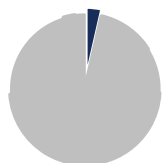
Application [% revenue]



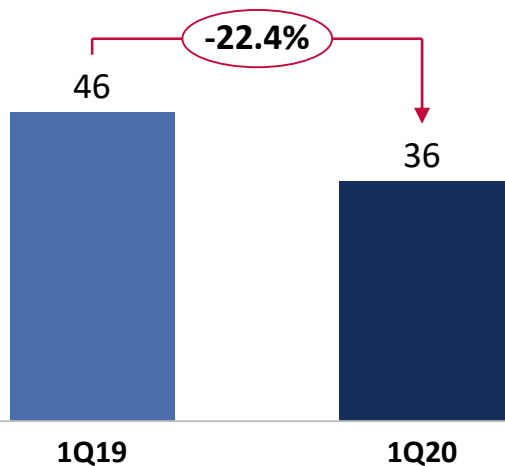
1) Includes light, medium and heavy commercial vehicles

Domestic Market

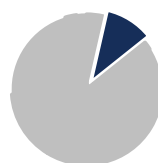
Passenger cars [M BRL]



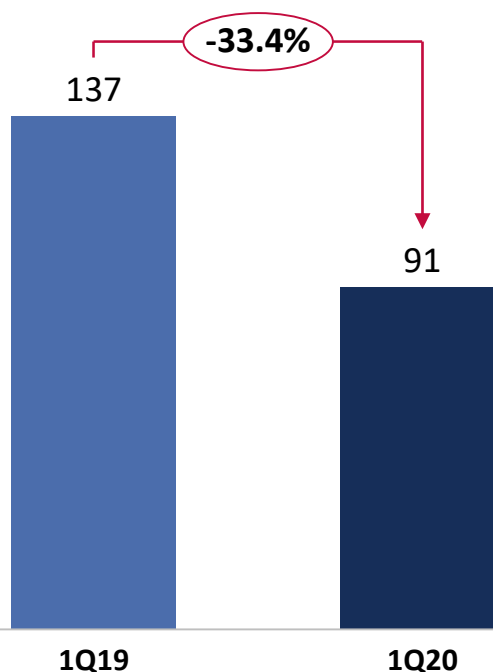
3.3%
of revenue



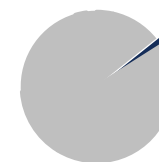
Commercial vehicles [M BRL]



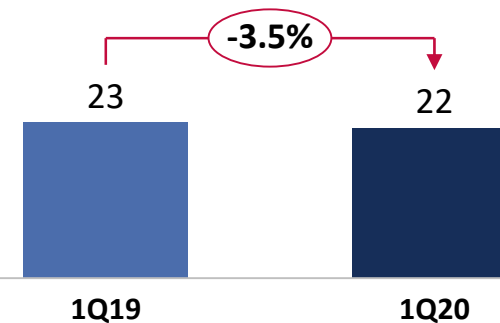
8.4%
of revenue



Off-road [M BRL]

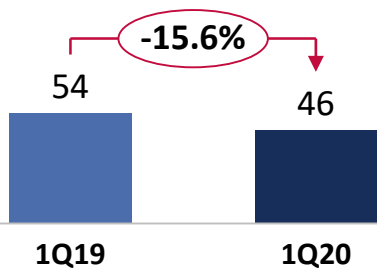


2.1%
of revenue

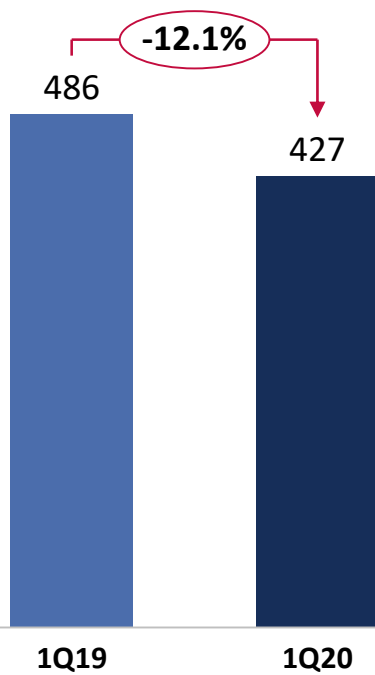
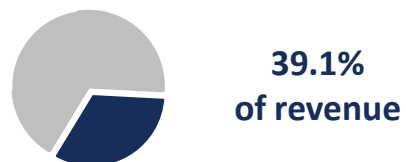


Foreign Market

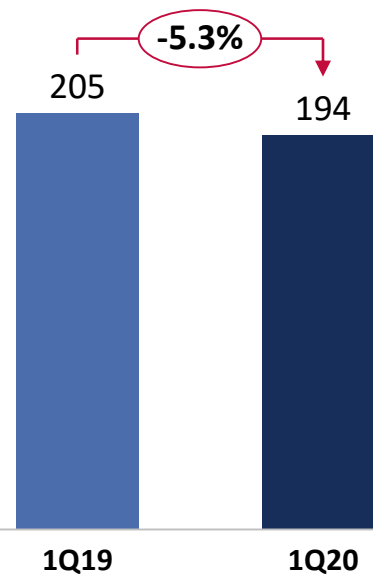
Passenger cars [M BRL]



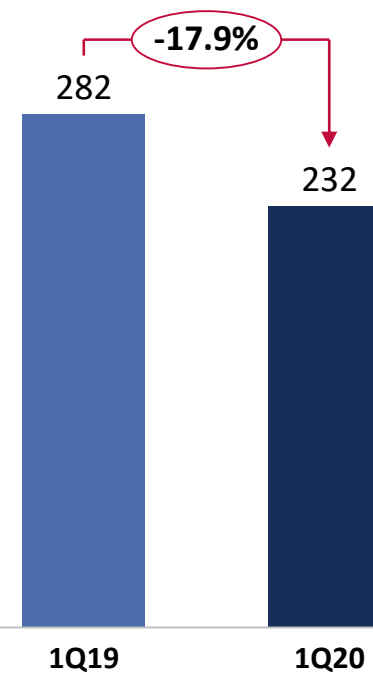
Commercial vehicles [M BRL]



Med. & heavy commercial [M BRL]

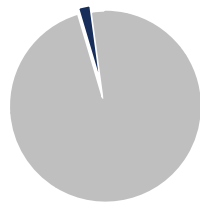


Off-road [M BRL]



Domestic & Foreign Markets [M BRL]

Domestic Market



2.3%
of revenue

31



1Q19

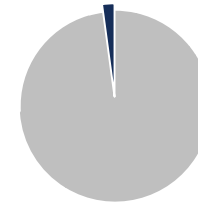
-19.1%

25



1Q20

Foreign Market



1.8%
of revenue

17



1Q19

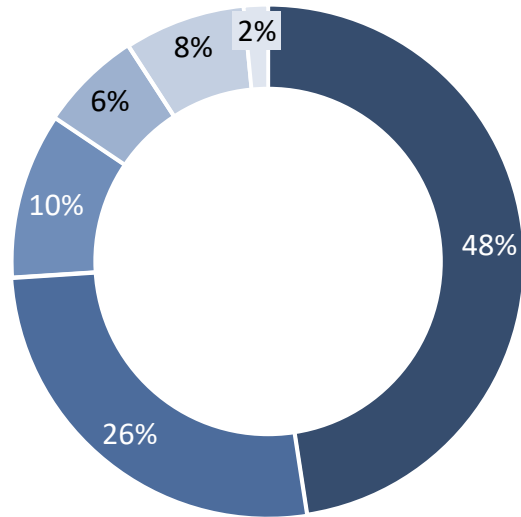
14.4%

19



1Q20

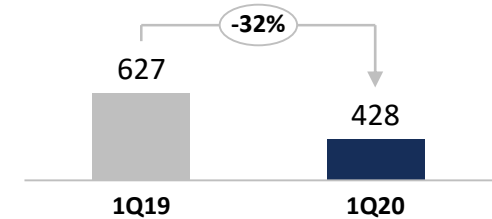
COGS Breakdown 1Q20 [%]



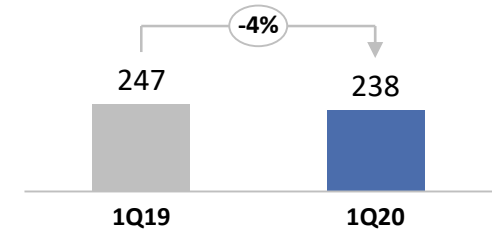
- Raw Material
- Labor & Profit Sharing
- Maintenance Materials
- Energy
- Depreciation
- Others

Variation of main cost inputs by nature [%]

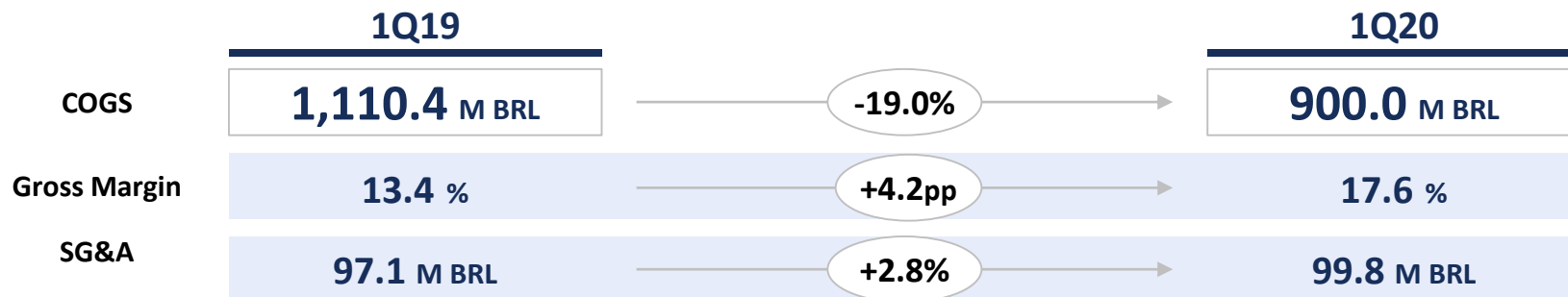
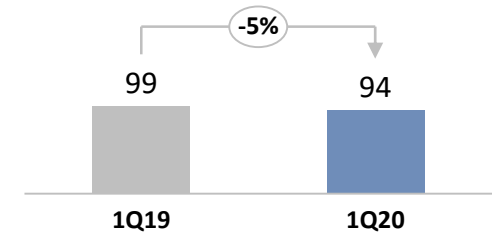
Materials



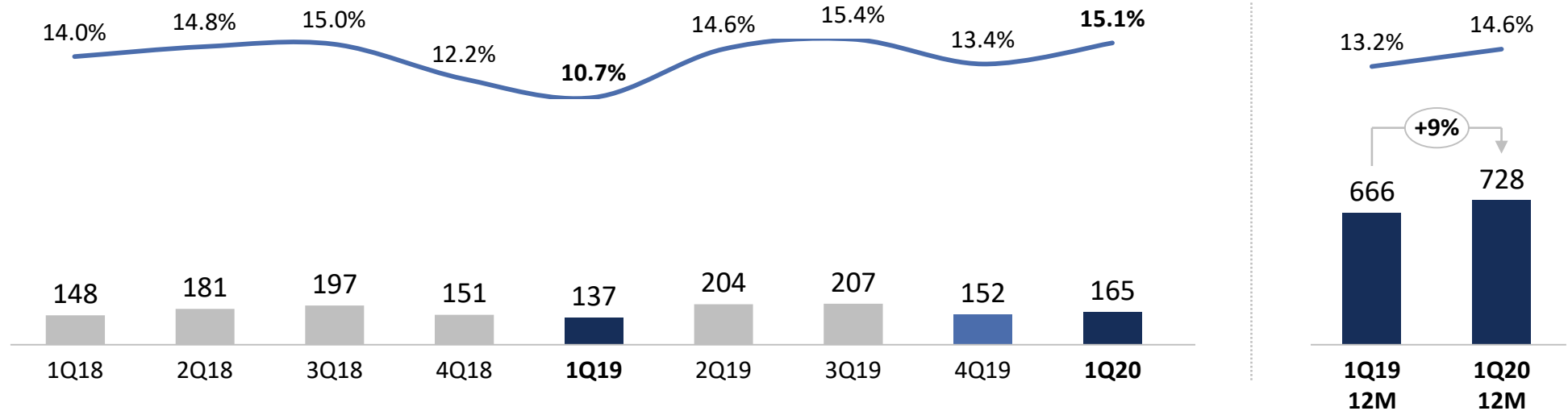
Labor



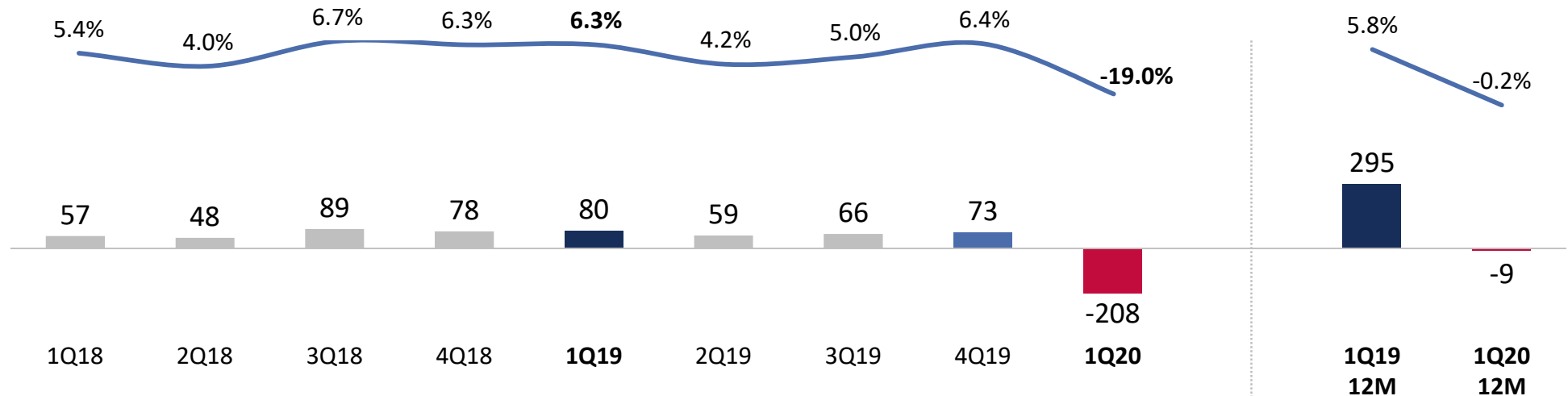
Maintenance materials & third-parties



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



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



(MtM) – No Cash Effect

Financial Result

	1Q19	1Q20
Financial expenses	-25.0	-36.9
Financial revenues	17.7	12.1
MtM – Eletrobrás Credits ¹	7.4	-54.8
Net monetary and exchange rate variations	-4.3	106.1
MtM Hedge operations ²	17.4	-245.0
TOTAL	13.2	-218.5

¹ Mark-to-Market – Eletrobrás Credits

- Balance receivable is adjusted by derivative instrument due to the jurisprudence that allows the payment of credits in shares;
- Pricing based on the Black-Scholes model, with treatment similar to the put option and strike price equal to Eletrobrás' book value/share;
- Financial result impacted by the mark-to-market effect, reflecting the drop in the share price (ELET6) and the increase in volatility;
- No cash effect.

(MtM) – No Cash Effect

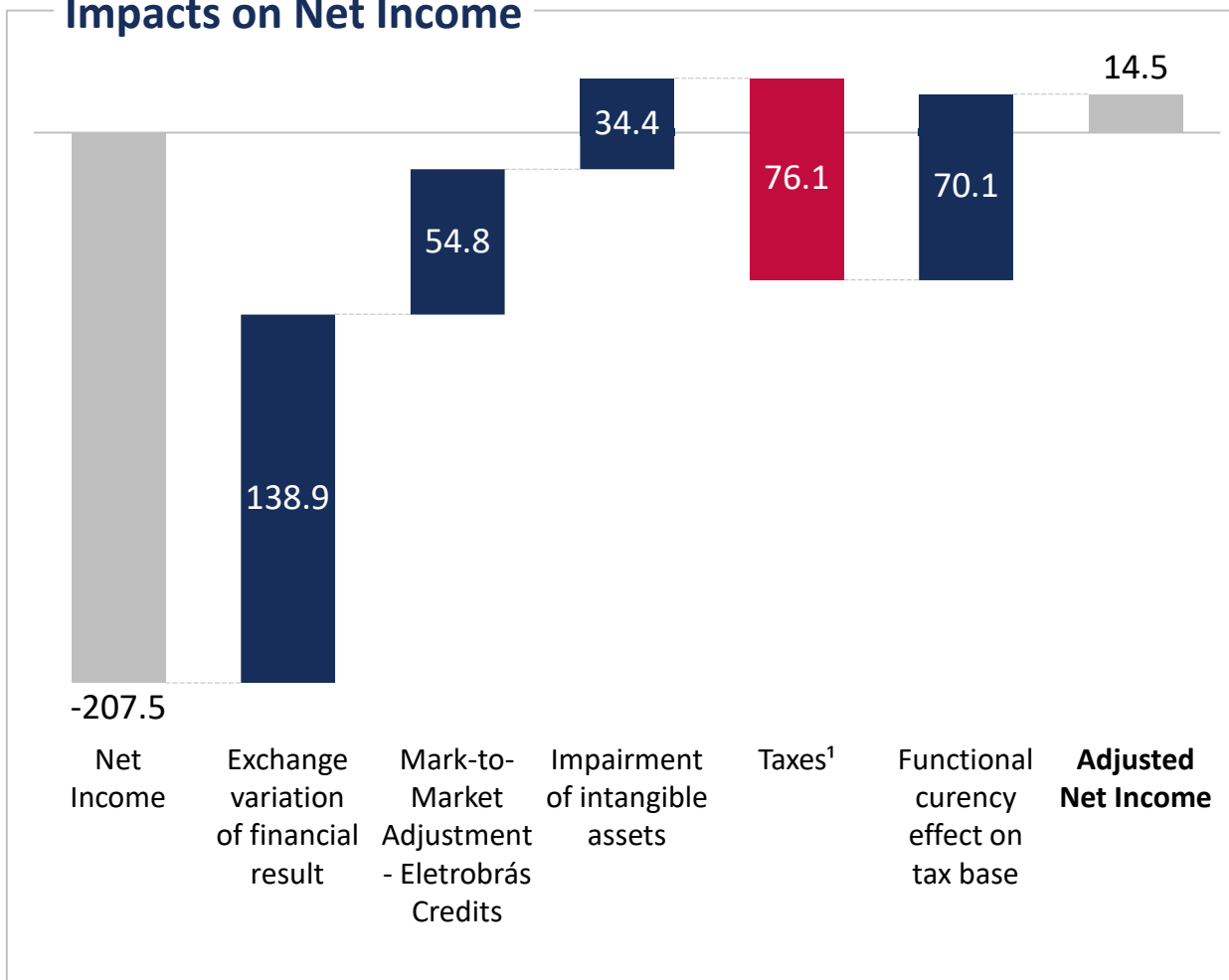
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2 Mark-to-Market – Hedge operations

- Cash flow hedge, due to the mismatch of currencies (revenues vs. costs), with protection of values exported from Brazil and internalized, as well as costs denominated in MXN;
- Adoption of the zero-cost collar strategy, with payments/receipts, if any, only on the contract settlement date;
- Financial result impacted by mark-to-market, in the amount of 245MBRL, with a cash effect of 17.6MBRL; offset by the positive effect of the BRL depreciation on operating results;
- Positions contracted until Dec/20. Since March, the Company has not initiated new operations, due to the low operational predictability and atypical volatility of exchange rates.

Impacts on Net Income



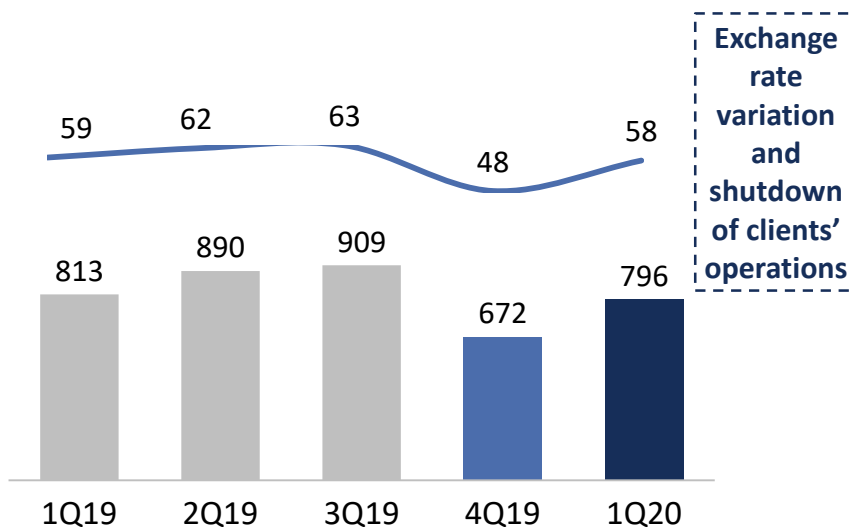
▪ Impairment of intangible assets:

- Decline of some portfolios in Mexico vs. projection made in the acquisition of assets (2012), with aggregate volumes above expectations;
- Depreciation reduction by approximately 17MBRL/year;

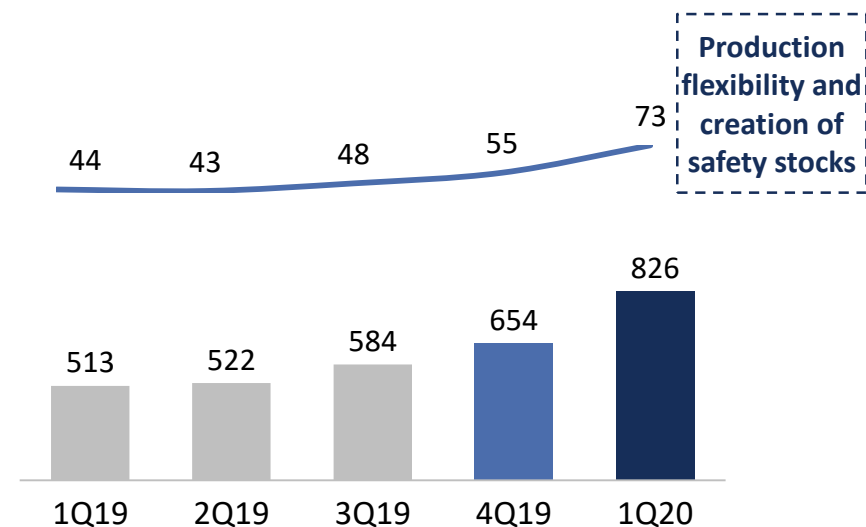
▪ Functional currency effect on Mexican operations:

- Conversion of the balance sheet functional currency (USD) to MXN, for tax purposes;
- Amount impacted by the MXN variation against the USD – in 1Q19, the result was positive by 8.6MBRL.

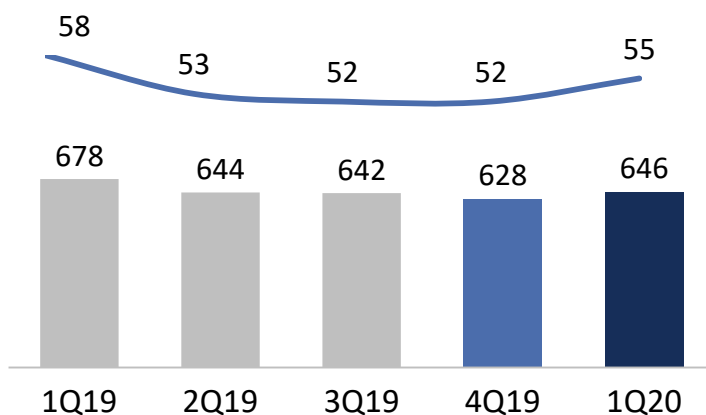
Accounts receivable [M BRL] and DSO [days]



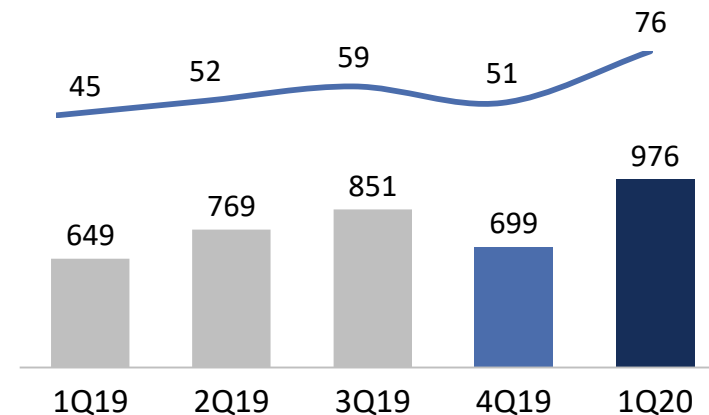
Inventories [M BRL] and DIO [days]



Accounts payable [M BRL] and DPO [days]



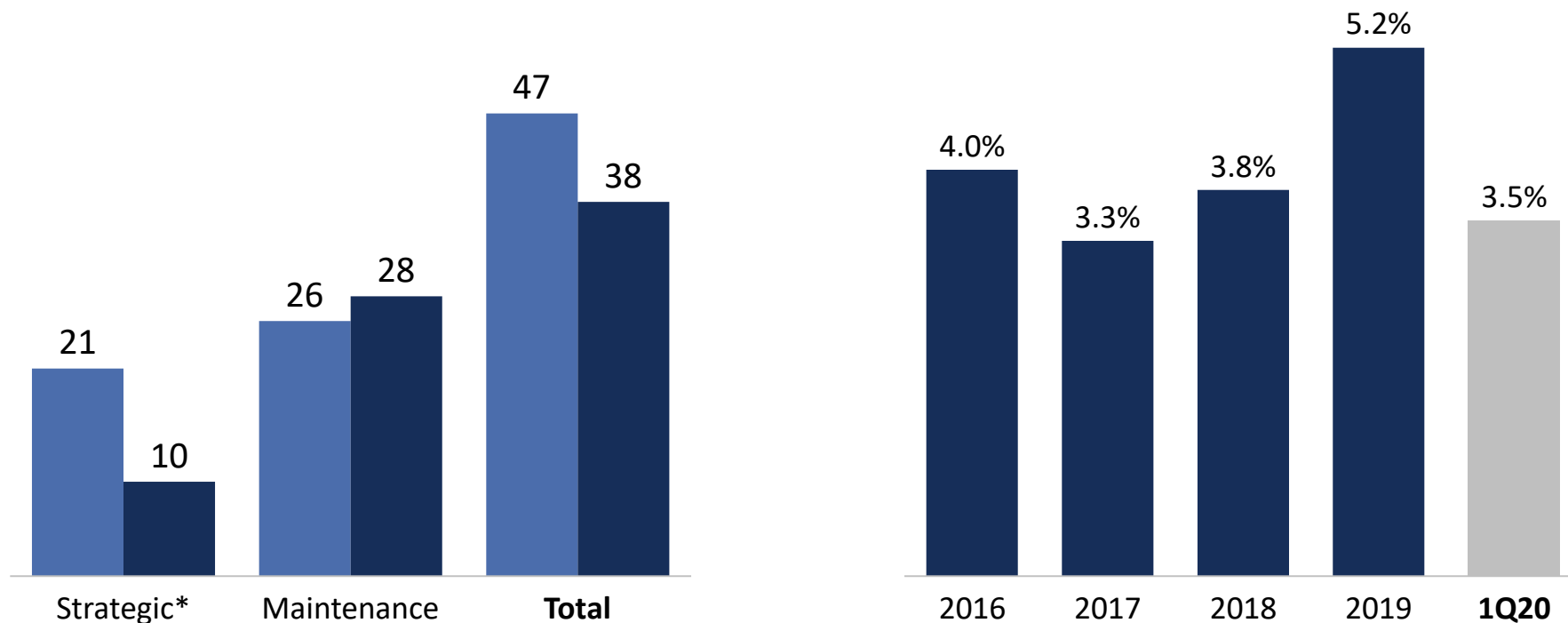
Working capital [M BRL] and CCC [days]



Investments 1Q20 vs 1Q19 [M BRL]

% Investments / Net Revenue

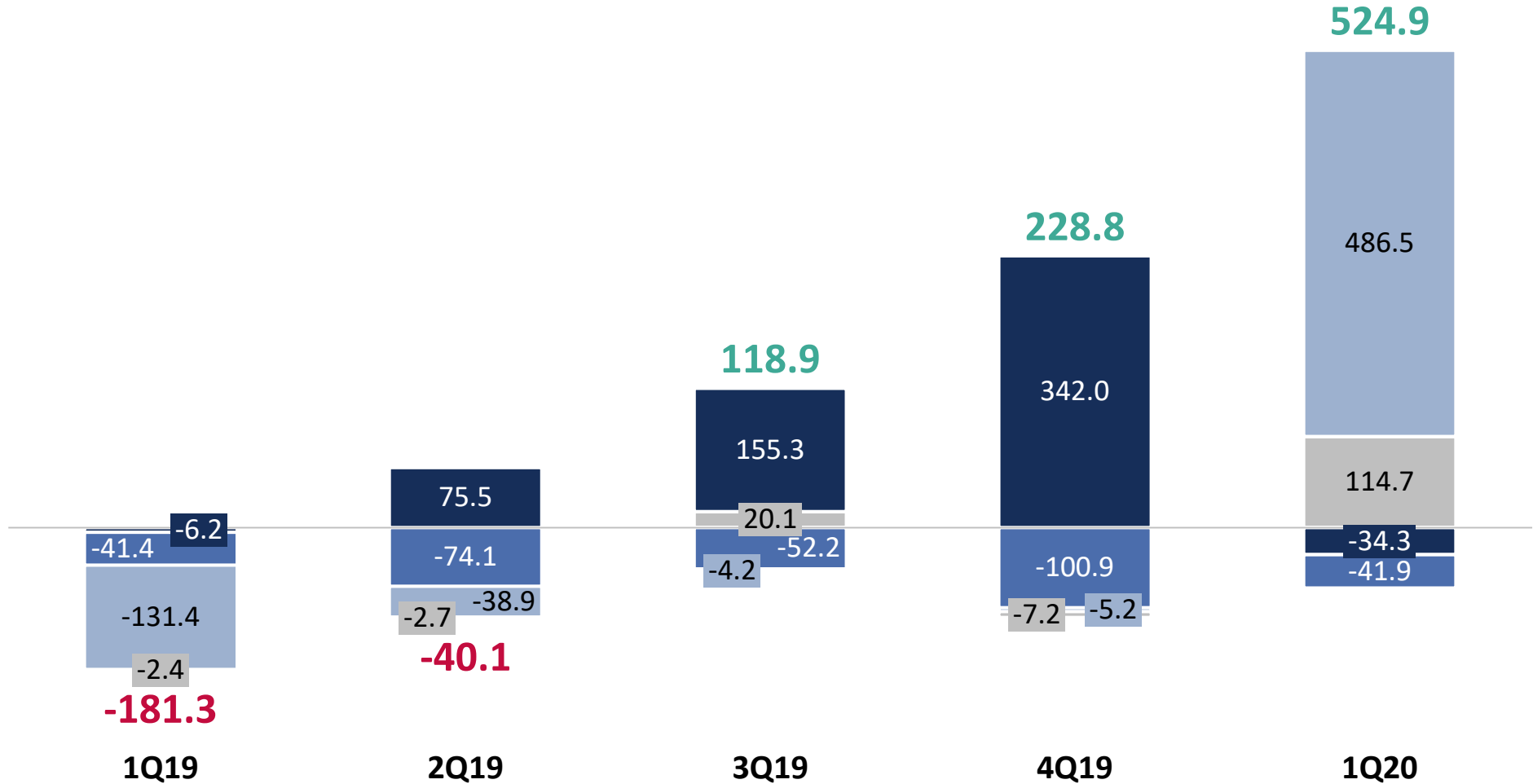
■ 1Q19 ■ 1Q20



› Investments in safety, reforms and adjustment of operations

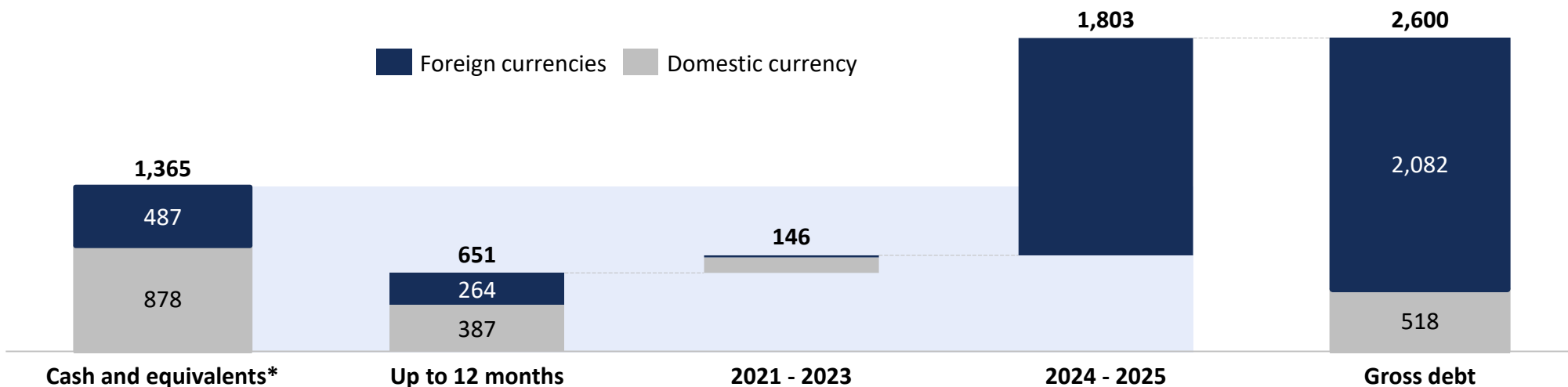
Amounts in M BRL

■ CF Operating
 ■ CF Investments
 ■ CF Financing
 ■ Exchange Rate

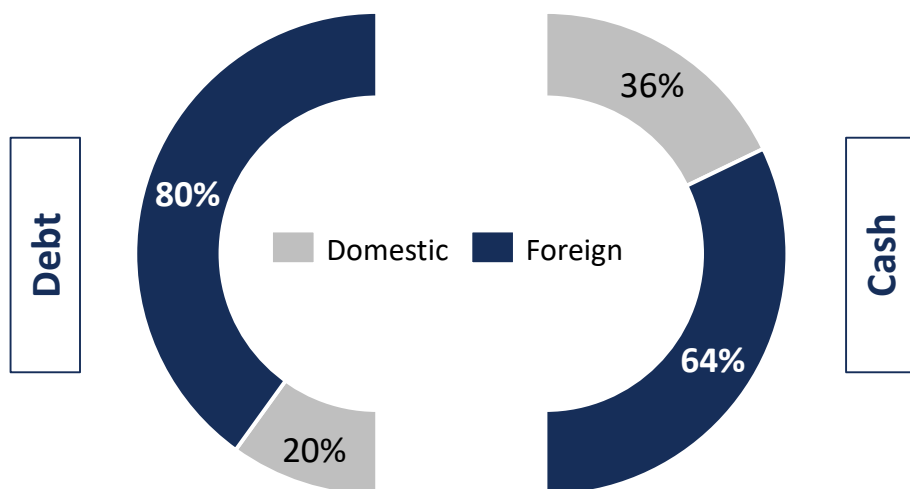


› New bank loans in the amounting to 494MBRL

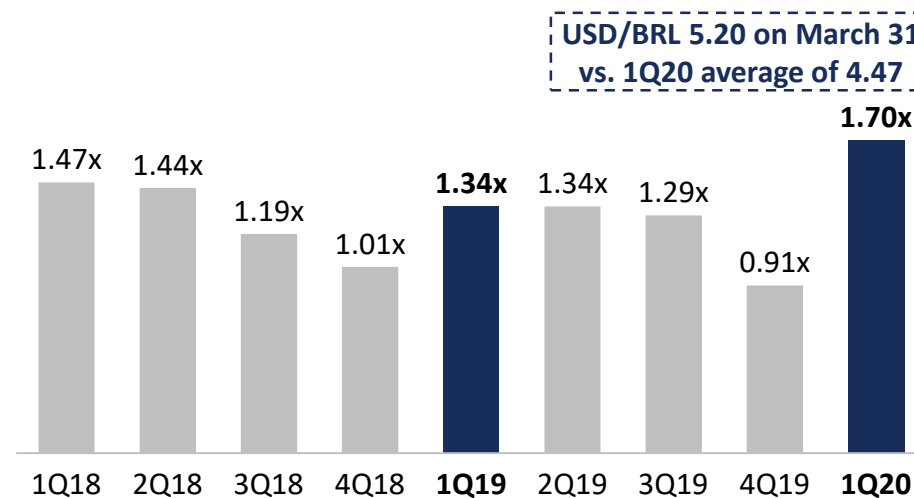
Debt [M BRL]



Currency breakdown [% total]

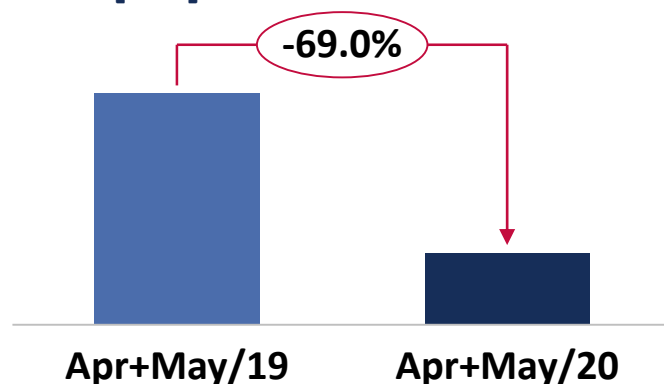


Net debt/Adjusted EBITDA LTM

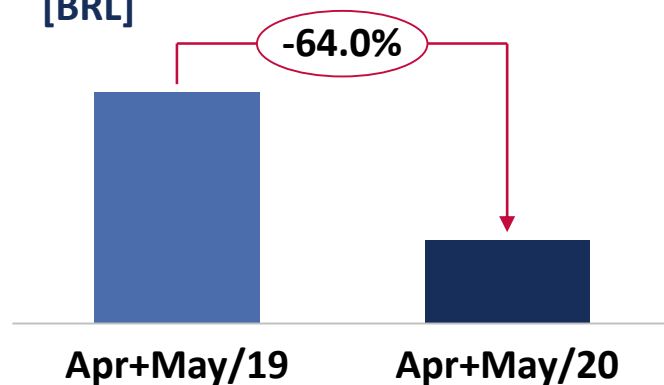


*Includes derivatives

Volume [ton]



Revenues [BRL]

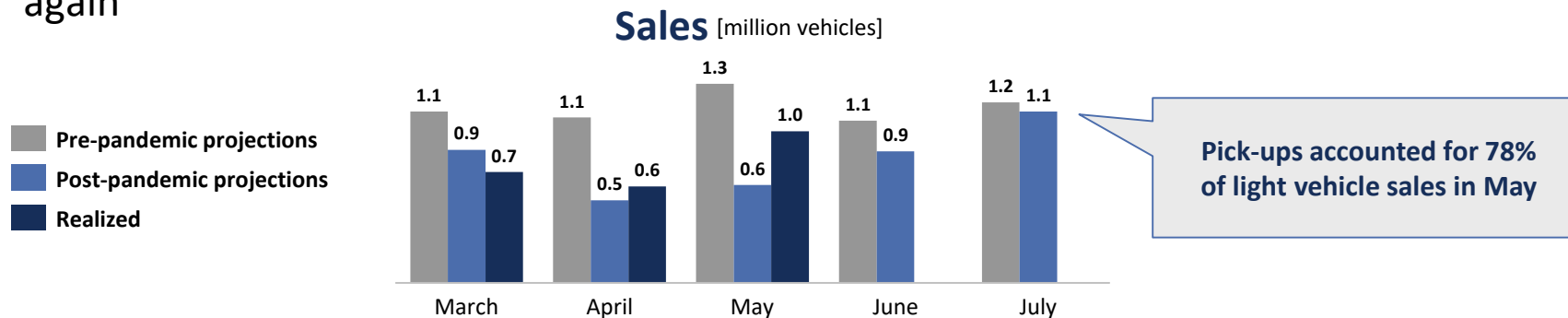


- 2Q20 impacted by the shutdown of clients' operations for approximately 2 months;
- Actions aimed at the health of our employees, inventory management and cash preservation;
- Gradual resumption from 3Q20 and exposure to resilient markets and applications;
- The Company's foundations remain solid, with exposure to perennial sectors;
- Companies with good corporate governance and a healthy balance sheet have an important competitive advantage in the post-pandemic scenario.

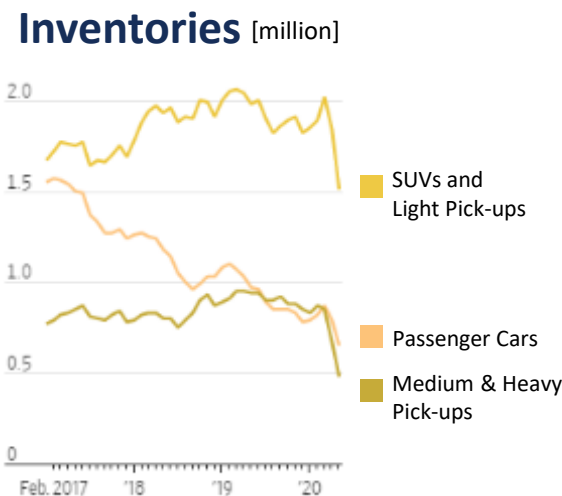
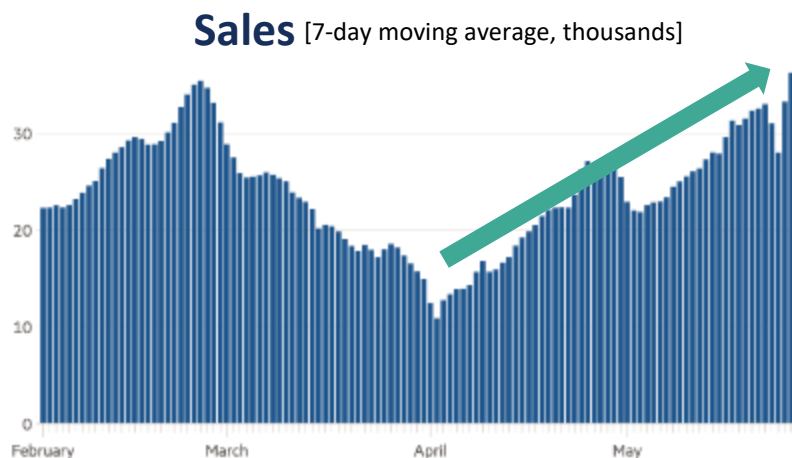
› Team engaged and motivated

Light Vehicles (including pick-ups and SUVs)

- 1** Sales in May were ~60% higher than in April, exceeding the revised post-pandemic forecast once again



- 2** Quick resumption promoting reduction of inventories and shortage of more popular pick-up and SUV models



➤ Inventory building will benefit a relevant portion of our portfolio



Conversion of the Company's sports gym into a COVID-19 Screening and Testing Center, open to the entire community, with 20 consulting rooms and capacity to assist 150 people/hour.



Manufacturing of stretchers and maintenance of hospital equipment



Donations of PPE, clothing, food and essential supplies to entities in Brazil and Mexico



Software development to process epidemiological data



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