

Domo Business – São Bernardo do Campo/SP



**March, 31st
2020**

**4Q19 and 2019
Results**



- ❖ **Executive Summary**

- ❖ **Court-supervised Reorganization (CSR)**

- ❖ **Financial and Operational Results**

Sales Performance

G&A

Inventory

Debts not subjected to the Reorganization Plan

Income Statement



Corcovado
Rio de Janeiro/RJ



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4Q19 and 2019 Highlights

- ❖ Net Operating Revenue amounted to R\$ 64.2 million in 4Q19, compared to a negative result of R\$107.4 million in 4Q18. In 2019 Net Operating Revenue totaled R\$300.2 million, 41% higher than the R\$ 180.9 million Revenue recorded in 2018;
- ❖ G&A expenses follow a downward trend, registering a 66% fall QoQ and a 50% reduction YoY.
- ❖ In 2019, R\$175 million was amortized in extraconcursal debts and interest.
- ❖ Amortization of debts subjected to the Recovery Plan reached R\$280 million up to 4Q19.
- ❖ In August we re-established the construction activities of the 'Palm Beach' project, expected to be finished in May 2020. Located in Manaus and destined for middle-high income residents.



Covid-19 Pandemic – Main Actions

1^a Part – early march:

- ❖ Internal communications with the practices for prevention recommended by the Health Ministry;
- ❖ Intensification of office cleaning;
- ❖ Providing Alcohol Gel in several locations in the office, bathrooms and meeting rooms;
- ❖ Providing masks for employees who offer personal assistance for clients.

2^a Part – second half of March:

- ❖ March, 16 – management decision to place 100% of its employees in home office (goal until march, 20);
- ❖ March, 17 – first 'home office' test (small group);
- ❖ March, 18 – the second part of employees in 'home office' (50% of employees);
- ❖ March, 19 – (i) 100% of employees in home office; (ii) provide of remote access manuals and videoconference meetings;
- ❖ Daily monitoring of all employees to identify any confirmed or suspected cases of contamination (No cases identified so far).



Covid-19 Pandemic – Cash Actions

GUIDELINE 1: MAXIMUM CASH RETENTION

- ❖ Review of monthly payments, with possible renegotiations - cash preservation;
- ❖ Daily monitoring of the default rate - still without major variations;
- ❖ Adoption of the benefits generated by Provisional Measure 927 (FGTS and Sistema S);

GUIDELINE 2: MAINTENANCE OF JOBS FOR OPERATIONAL RESUMPTION

- ❖ Schedule of vacation and bank of hours for a group of employees;
- ❖ Evaluation and planning for the eventual implementation of flexible working hours.



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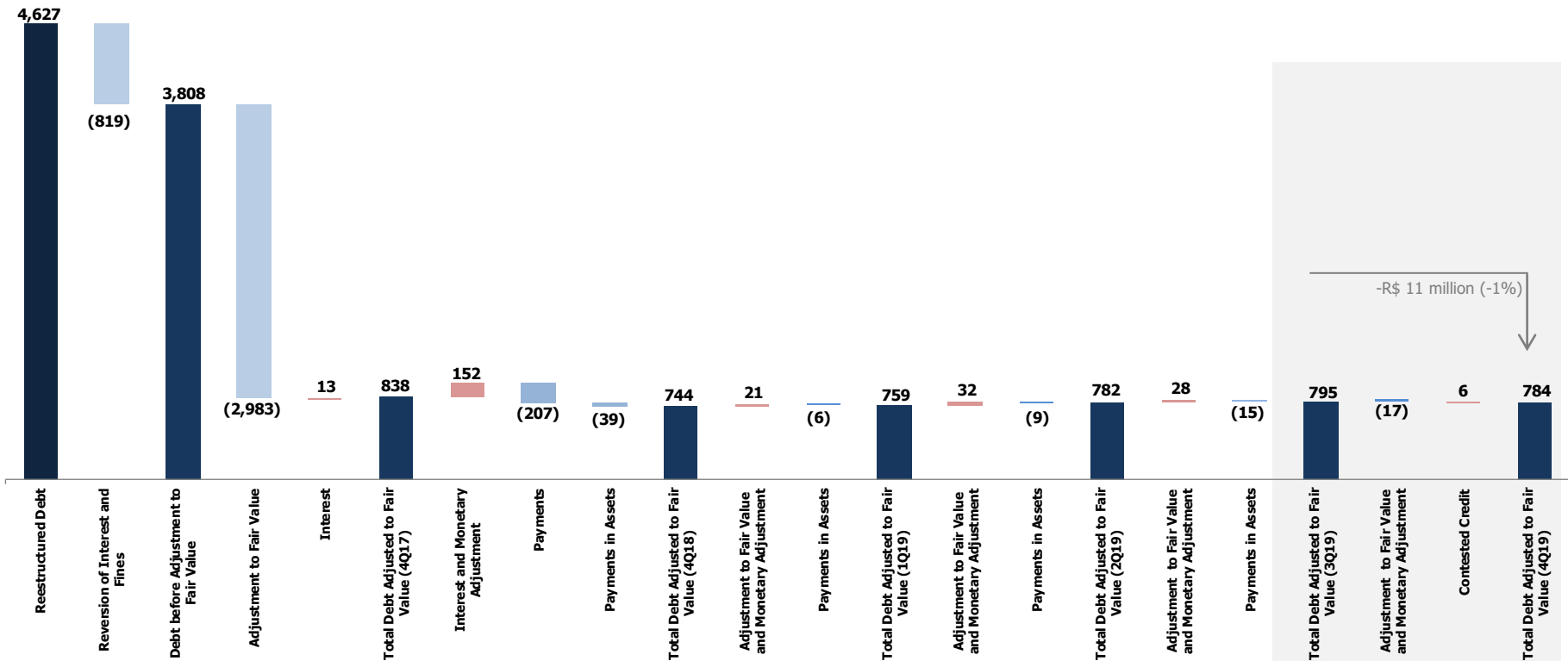


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Court-supervised Reorganization (CSR)

Debt Subjected to the Reorganization Plan (Concursal)

Debt Subjected to the Reorganization Plan Variation – R\$ million



- ❖ In 4Q19 Debts subjected to the Recovery Plan decreased by R\$11 million (1%) mainly due to charges recalculation;
- ❖ During 2019 were amortized R\$30 million in debts subjected to the Recovery Plan.
- ❖ The Company already amortized R\$281 million in debts subjected to the Recovery Plan.



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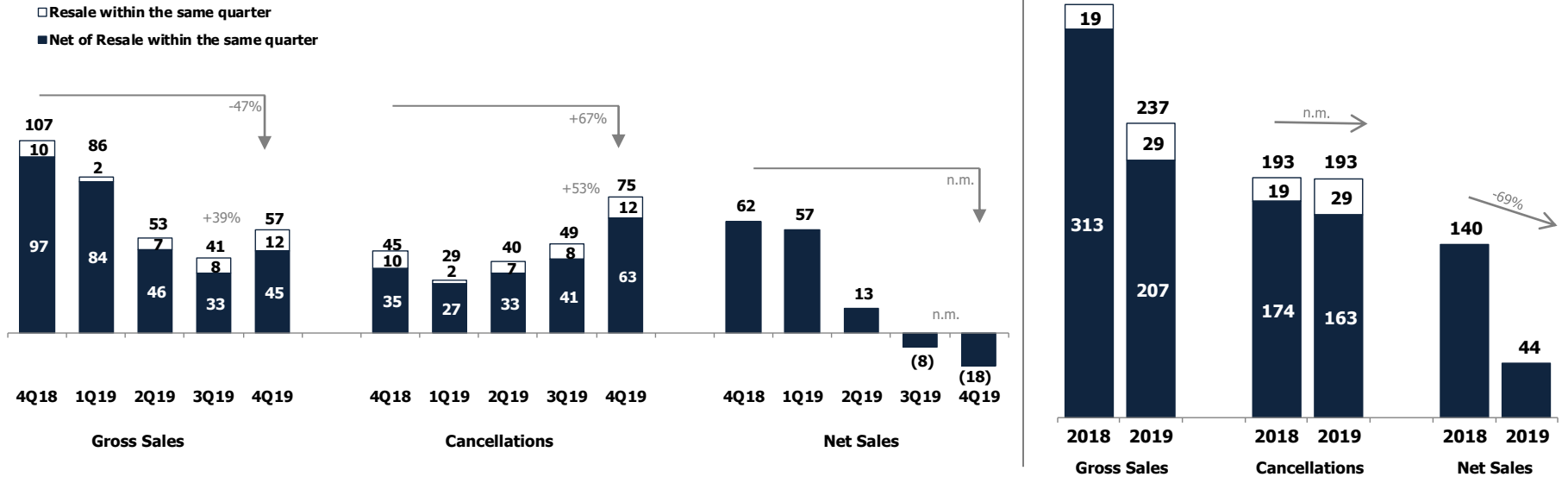
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Financial and Operational Results

Sales Performance



Gross Sales, Cancellations and Net Sales - R\$ million



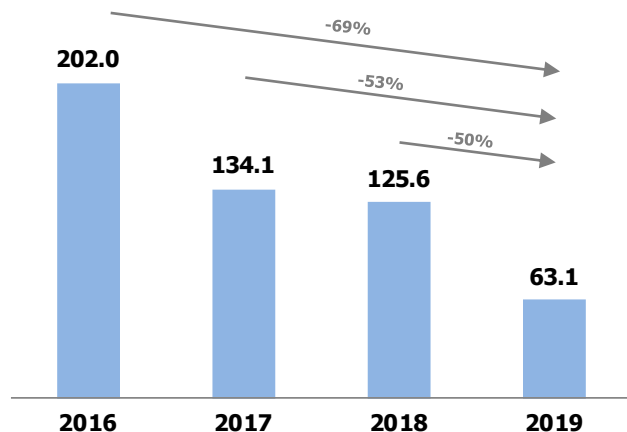
- ❖ In 4Q19 gross sales reached R\$57 million, 47% lower than 4Q18. During 2019 gross sales totaled R\$237 million, 29% lower than in 2018.
- ❖ Cancellations reached R\$75 million in 4Q19, 67% higher than 4Q18. In 2019 cancellations reached R\$193 million in line with the amount recorded in 2018. These figures emphasize the Company's strategy of effectively reducing its cancellation Backlog to release assets and generate liquidity.
- ❖ In the 4Q19 net sales were negative in R\$18 million. In 2019 net sales totaled R\$44 million, 69% lower than in 2018.

Financial and Operational Results

Selling, General & Administrative Expenses



G&A Evolution – R\$ million



SG&A

GENERAL, ADMINISTRATIVE E COMMERCIAL EXPENSES	QUARTER			YTD		
	4Q19	4Q18	(%) Var.	2019	2018	(%) Var.
Total Commercial Expenses	29.4	17.2	71%	57.5	43.7	32%
Salaries and Benefits	15.2	17.7	-14%	44.1	52.4	-16%
Third Party Services	4.9	45.3	-89%	13.1	63.4	-79%
Other Admin. Expenses	2.5	3.7	-32%	5.9	9.7	-39%
Other Admin. Expenses	22.6	66.7	-66%	63.1	125.5	-50%
Total G&A	52.0	83.9	-38%	120.6	169.2	-29%

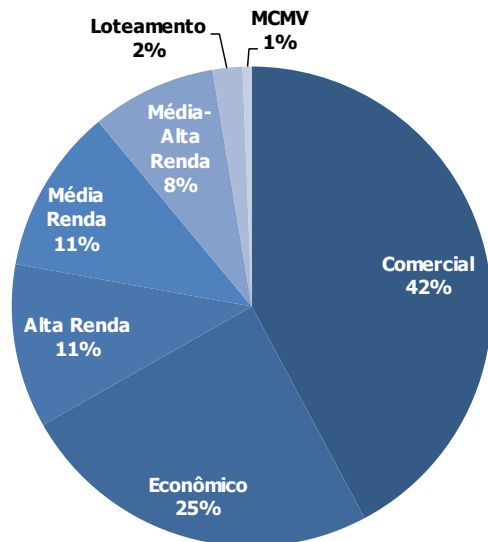
- ❖ G&A expenses decreased by 66% QoQ and by 50% YoY.
- ❖ Commercial expenses increased by 71% QoQ and 32% YoY.
- ❖ In this way, the general and administrative expenses added to commercial expenses (SG&A) recorded a 38% drop QoQ and a 29% drop YoY.

Financial and Operational Results

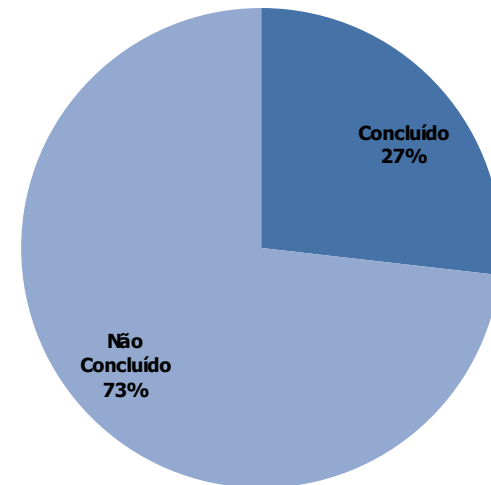
Inventory



Inventory by Product – % of PSV



Inventory by Conclusion – % of PSV

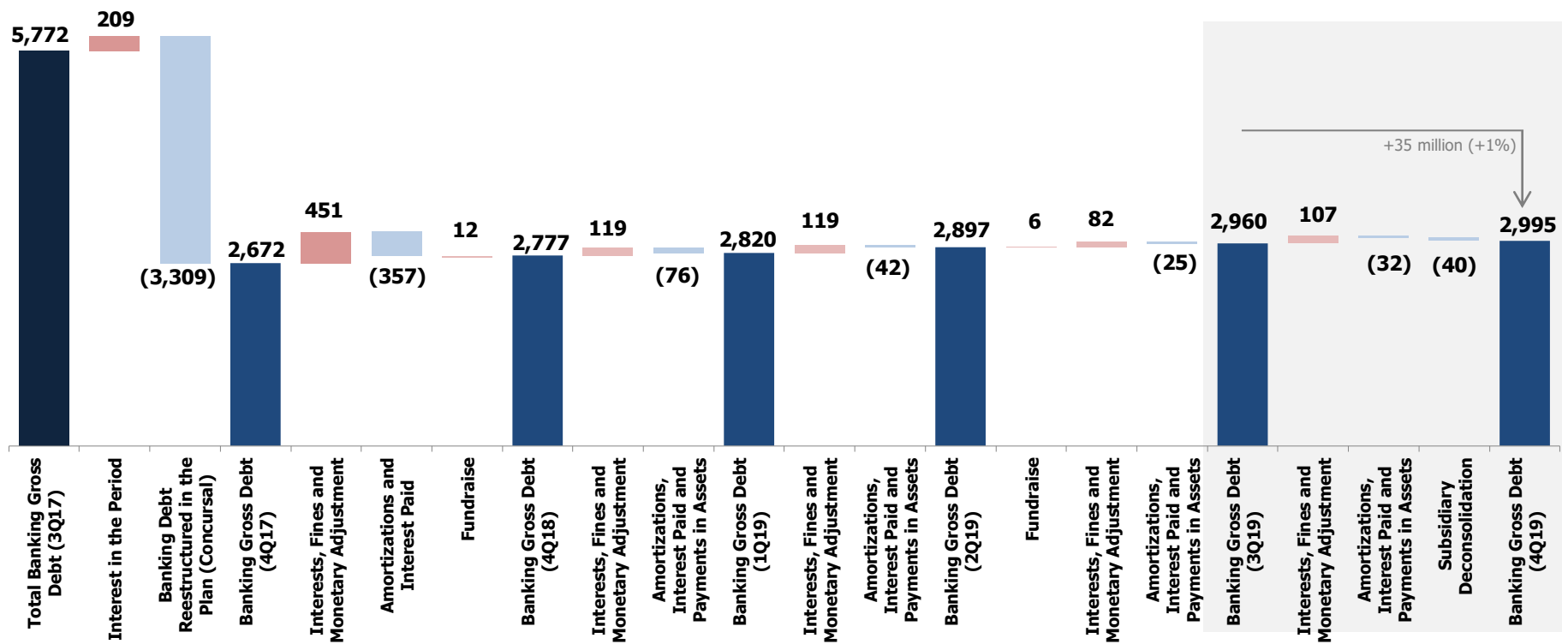


- ❖ The Company's total market value of inventory at the end of 4Q19 was R\$1,862 million, of which R\$499.1 million (27%) refer to concluded units.
- ❖ Concluded inventory features:
 - 73% are located in São Paulo and Rio de Janeiro;
 - 73% of the inventory (including commercial product) is concentrated in projects with sales range above 60% sold;
 - 62% of the inventory is concentrated in residential products (excluding MCMV, Land Plot and Commercial).

Financial and Operational Results

Debts not subjected to the Reorganization Plan

Debts not subjected to the Reorganization Plan Variation – R\$ milhões



❖ The Company's extra-concursal gross debt increased by R\$35 million (1%) in 4Q19.

❖ Considering the R\$14 million decrease in Cash and Cash Equivalents, net debt increased by R\$49 million (2%) between 3Q19 and 4Q19.

Financial and Operational Results

Income Statement

INCOME STATEMENTS (R\$ '000) - IFRS	QUARTER			YTD		
	4Q19	4Q18	(%) Var.	9M18	9M17	(%) Var.
Operating Gross Revenue						
Real Estate Sales	70,406	(153,844)	n.m.	293,773	180,388	63%
Other Operating Revenues	525	42,594	-99%	41,385	54,395	-24%
(-) Revenues Deduction	(6,716)	3,808	n.m.	(34,936)	(21,328)	64%
Operating Net Revenue	64,215	(107,442)	n.m.	300,222	213,455	41%
Cost of Sold Units	(43,786)	221,766	n.m.	(239,963)	(174,185)	38%
Interest Expenses	(11,982)	22,312	n.m.	(43,154)	(6,767)	n.m.
Cost of sold properties	(55,768)	244,078	n.m.	(283,117)	(180,952)	56%
Gross Income (loss)	8,447	136,636	-94%	17,105	32,503	-47%
Gross margin	13.2%	n.a.	n.m.	5.7%	15.2%	-9.5 pp
Adjusted gross margin ⁽¹⁾	31.8%	n.a.	n.m.	20.1%	18.4%	1.7 pp
Operating Revenues (expenses):						
Equity Income	190	(3,818)	n.m.	1,502	(5,132)	n.m.
General and Administrative	(22,597)	(66,702)	-66%	(63,126)	(125,549)	-50%
Commercial	(29,437)	(17,286)	70%	(57,452)	(43,739)	31%
Taxes	(1,219)	(409)	n.m.	(6,445)	(4,403)	46%
Depreciation & Amortization	(761)	(10,389)	-93%	(3,653)	(67,531)	-95%
Other	(152,191)	(13,229)	n.m.	(344,386)	(190,388)	81%
Financial Result	(124,114)	(154,236)	-20%	(463,555)	(465,352)	0%
Total operating revenues (expenses)	(330,129)	(266,069)	24%	(937,115)	(902,094)	4%
Income before taxes	(321,682)	(129,433)	n.m.	(920,010)	(869,591)	6%
Income Taxes and Social Contribution	29,603	7,806	n.m.	10,159	23,576	-57%
Income before minority stake	(292,079)	(121,627)	n.m.	(909,851)	(846,015)	8%
Minority interest	4,642	(8,299)	n.m.	9,805	7,105	38%
Net Income (loss)	(287,437)	(129,926)	n.m.	(900,046)	(838,910)	7%
Net margin	n.a.	n.a.	n.m.	n.a.	n.a.	n.m.

(1) Adjusted by interest expenses in cost of sold units and recognition of goodwill