

Caxias do Sul, August 3rd, 2020 - Marcopolo S.A. (B3: POMO3; POMO4) publishes the results referring to the performance of the second quarter of 2020 (2T20). The financial statements are presented in accordance with accounting practices adopted in Brazil and with IFRS - *International Financial Reporting Standards*, established by IASB - *International Accounting Standards Board*.

HIGHLIGHTS OF THE 2ND QUARTER OF 2020

- ✿ Marcopolo's **Total Production** reached 2,335 units, 45.7% lower than 2Q19.
- ✿ **Net Revenue** totaled BRL 798.5 million, a reduction of 30.1% compared to 2Q19.
- ✿ **Gross Profit** reached BRL 130.5 million, with a margin of 16.3%.
- ✿ **EBITDA** totaled BRL 40.9 million, with a margin of 5.1%.
- ✿ **Net Profit** was BRL 1.3 million, with a margin of 0.2%.

(BRL million and percentage change, unless otherwise stated).

Selected Information	2Q20	2Q19	Var. %	1H20	1H19	Var. %
Net operating revenue	798.5	1,141.8	-30.1%	1,717.9	2,040.4	-15.8%
Revenue in Brazil	356.3	625.4	-43.0%	825.9	1,036.7	-20.3%
Export revenue from Brazil	247.7	238.5	3.9%	461.6	503.8	-8.4%
Revenue overseas	194.5	278.0	-30.0%	430.3	499.9	-13.9%
Gross Profit	130.5	175.5	-25.6%	280.5	313.5	-10.5%
EBITDA ⁽¹⁾	40.9	105.5	-61.3%	142.8	166.2	-14.1%
Net Profit	1.3	90.9	-98.6%	12.0	117.9	-89.8%
Profit per Share	0.001	0.096	-98.6%	0.021	0.117	-82.1%
Return on Invested Capital (ROIC) ⁽²⁾	6.4%	7.1%	-0.7 pp	6.4%	7.1%	-0.7 pp
Return on Equity (ROE) ⁽³⁾	4.8%	12.1%	-7.3 pp	4.8%	12.1%	-7.3 pp
Investments	23.4	44.2	-47.2%	73.1	73.6	-0.6%
Gross Margin	16.3%	15.4%	0,9 pp	16.3%	15.4%	0,9 pp
EBITDA Margin	5.1%	9.2%	-4.1 pp	8.3%	8.1%	0.2 pp
Net Margin	0.2%	8.0%	-7.8 pp	0.7%	5.8%	-5.1 pp
Balance Sheet Data	06/30/2020	03/31/2020	Var. %			
Shareholder Equity	2,469.4	2,411.4	2.4%			
Cash, cash equivalents and financial investments	881.9	980.6	-10.1%			
Short-term financial liabilities	-730.4	-702.2	4.0%			
Long-term financial liabilities	-1,386.9	-1,290.1	7.5%			
Net financial liability – Industrial Segment	-722.4	-532.7	35.6%			

Notes: ⁽¹⁾ EBITDA = Earnings before interest, taxes, depreciation and amortization; ⁽²⁾ ROIC (Return on Invested Capital) = (Nopat of the last 12 months) / (customers + inventories + other accounts receivable + investments + fixed assets + intangible assets - suppliers - other accounts payable). The effects of Banco Moneo on the asset and liability base were excluded from the calculation. ⁽³⁾ ROE (Return on Equity) = Net Profit of the last 12 months / Initial Shareholder Equity; pp = percentage points.

BRAZILIAN BUS INDUSTRY PERFORMANCE

In 2Q20, Brazilian bus production reached 3,300 units, down 43.2% compared to 2Q19.

a) Domestic Market. Domestic production totaled 2,504 units in 2Q10, 47.8% lower than the 4,796 units produced in 2Q19.

b) Foreign Market. Exports totaled 796 units in 2Q10, 21.3% lower than the 1,012 units exported in 2Q19.

BRAZILIAN BUS PRODUCTION (in units)

PRODUCTS ⁽¹⁾	2Q20			2Q19			Var.
	MI	ME ⁽²⁾	TOTAL	MI	ME ⁽²⁾	TOTAL	%
Intercity	671	225	896	1099	563	1,662	-46.1%
Urban	1,313	553	1,866	2,777	295	3,072	-39.3%
Micro	520	18	538	920	154	1,074	-49.9%
TOTAL	2,504	796	3,300	4,796	1,012	5,808	-43.2%

PRODUCTS ⁽¹⁾	1H20			1H19			Var.
	MI	ME ⁽²⁾	TOTAL	MI	ME ⁽²⁾	TOTAL	%
Intercity	1,514	519	2,033	1,661	1,105	2,766	-26.5%
Urban	3,509	1,100	4,609	5,104	1,124	6,228	-26.0%
Micro	1,161	41	1,202	1,697	389	2,086	-42.4%
TOTAL	6,184	1,660	7,844	8,462	2,618	11,080	-29.2%

Sources: FABUS (Associação Nacional dos Fabricantes de Ônibus) and SIMEFRE (Sindicato Interestadual da Indústria de Materiais e Equipamentos Ferroviários e Rodoviários).

Notes: ⁽¹⁾ MI = Domestic Market; ME = Foreign Market, units produced for export; ⁽²⁾ Includes units exported in KD (dismantled).

OPERATIONAL AND FINANCIAL PERFORMANCE OF MARCOPOLO
Units recorded in Net Revenue

In 2Q20, 2,591 units were recorded in net revenue, 1,799 of which were invoiced in Brazil (71.9% of the total), 524 exported from Brazil (12.4%) and 304 abroad (14.8%).

OPERATIONS (in units)	2Q20	2Q19	Var. %	1H20	1H19	Var. %
BRAZIL:						
- Domestic Market	1,799	2,838	-36.6%	4,011	4,969	-19.3%
- Foreign Market	524	641	-18.2%	1,172	1,473	-20.4%
SUBTOTAL	2,323	3,479	-33.2%	5,183	6,442	-19.5%
Exported KD eliminations ⁽¹⁾	36	34	5.9%	298	73	308.2%
TOTAL IN BRAZIL	2,287	3,445	-33.6%	4,885	6,369	-23.3%
OVERSEAS:						
- South Africa	33	56	-41.1%	84	98	-14.3%
- Australia	93	108	-13.9%	169	206	-18.0%
- China	9	29	-69.0%	17	44	-61.4%

- Mexico	167	409	-59.2%	490	764	-35.9%
- Argentina	2	-	-	28	-	-
TOTAL OVERSEAS	304	602	-49.5%	788	1,112	-29.1%
GRAND TOTAL	2,591	4,047	-36.0%	5,673	7,481	-24.2%

Notes: ⁽¹⁾ KD (Knock Down) = Partially or fully disassembled bodies.

PRODUCTION

Marcopolo's consolidated production was 2,335 units in 2Q20. In Brazil, production reached 2,042 units, 45.5% lower than in 2Q19, while abroad production was 293, 47.1% lower than the units produced in the same period of the previous year.

In the related, unconsolidated operations, considering only Marcopolo's proportion in the respective share capital of the companies, production was 180 units, 91.4% lower than in 2Q19.

In the quarter, production was negatively affected by the granting of collective vacations in the first two weeks of April in Brazil, as well as by shutdowns in virtually all operations located abroad. After the shutdowns, most factories returned to work with lower production and labor levels compared to the same period in 2019. The interruption of activities is associated with the Covid-19 pandemic, which led to greater or lesser health restrictions in the areas where the Company maintains operations.

Marcopolo's production data and its respective comparison with the previous year are presented in the following table:

MARCOPOLO - CONSOLIDATED GLOBAL PRODUCTION

OPERATIONS (in units)	2Q20	2Q19	Var. %	1H20	1H19	Var. %
BRAZIL: ⁽¹⁾						
- Domestic Market	1,742	3,207	-45.7%	4,256	5,280	-19.4%
- Foreign Market	336	596	-43.6%	1,024	1,595	-35.8%
SUBTOTAL	2,078	3,803	-45.4%	5,280	6,875	-23.2%
Exported KD eliminations ⁽²⁾	36	55	-34.5%	298	158	88.6%
TOTAL IN BRAZIL	2,042	3,748	-45.5%	4,982	6,717	-25.8%
OVERSEAS:						
- South Africa	24	45	-46.7%	75	100	-25.0%
- Australia	93	108	-13.9%	169	206	-18.0%
- China	15	19	-21.1%	26	64	-59.4%
- Mexico	161	382	-57.9%	514	750	-31.5%
- Argentina	-	-	-	13	-	-
TOTAL OVERSEAS	293	554	-47.1%	797	1,120	-28.8%
GRAND TOTAL	2,335	4,302	-45.7%	5,779	7,837	-26.3%

UNCONSOLIDATED OPERATIONS (in units) ⁽³⁾	2Q20	2Q19	Var. %	1H20	1H19	Var. %
- Colombia (50%)	113	142	-20.4%	287	377	-24.0%
- India (49%)	67	1,949	-96.6%	1,341	3,224	-58.4%
TOTAL AFFILIATES	180	2,091	-91.4%	1,627	3,601	-54.8%

Notes: ⁽¹⁾ Includes the production of the Volare model; ⁽²⁾ KD (*Knock Down*) = Partially or fully disassembled bodies; ⁽³⁾ Volume proportional to Marcopolo's participation in the respective companies.

MARCOPOLO - GLOBAL PRODUCTION CONSOLIDATED BY MODEL

PRODUCTS/MARKETS ⁽²⁾ (in units)	2Q20			2Q19		
	MI	ME ⁽¹⁾	TOTAL	MI	ME ⁽¹⁾	TOTAL
Intercity	244	142	386	780	444	1,224
Urban	704	462	1,166	1,097	486	1,583
Micro	356	7	363	654	72	726
SUBTOTAL	1,304	611	1,915	2,531	1,002	3,533
Volares ⁽³⁾	438	18	456	676	93	769
TOTAL PRODUCTION	1,742	629	2,371	3,207	1,095	4,302

PRODUCTS/MARKETS ⁽²⁾ (in units)	1H20			1H19		
	MI	ME ⁽¹⁾	TOTAL	MI	ME ⁽¹⁾	TOTAL
Intercity	767	358	1,125	1,119	866	1,985
Urban	1,730	1,390	3,120	1,780	1,363	3,143
Micro	711	29	740	1,124	187	1,311
SUBTOTAL	3,208	1,777	4,985	(4,023)	2,416	6,439
Volares ⁽³⁾	1,048	44	1,092	1,257	141	1,398
TOTAL PRODUCTION	4,256	1,821	6,077	5,280	2,557	7,837

Notes: ⁽¹⁾ The total production of ME includes the units exported in KD (partially or fully dismantled bodies); ⁽²⁾ MI = Domestic Market; ME = Foreign Market; ⁽³⁾ The production of Volares is not part of SIMEFRE and FABUS data, or of the production of the sector.

MARCOPOLO - PRODUCTION IN BRAZIL

PRODUCTS/MARKETS ⁽²⁾ (in units)	2Q20			2Q19		
	MI	ME ⁽¹⁾	TOTAL	MI	ME ⁽¹⁾	TOTAL
Intercity	244	104	348	780	376	1,156
Urban	704	208	912	1,097	55	1,152
Micro	356	7	363	654	72	726
SUBTOTAL	1,304	319	1,623	2,531	503	3,034
Volares ⁽³⁾	438	17	455	676	93	769
TOTAL PRODUCTION	1,742	336	2,078	3,207	596	3,803

PRODUCTS/MARKETS ⁽²⁾ (in units)	1H20			1H19		
	MI	ME ⁽¹⁾	TOTAL	MI	ME ⁽¹⁾	TOTAL
Intercity	767	211	978	1,119	728	1,847
Urban	1,730	743	2,473	1,780	539	2,319
Micro	711	29	740	1,124	187	1,311
SUBTOTAL	3,208	983	4,191	(4,023)	1,454	5,477
Volares ⁽³⁾	1,048	41	1,089	1,257	141	1,398
TOTAL PRODUCTION	4,256	1,024	5,280	5,280	1,595	6,875

Note: See notes in the table Consolidated Global Production by Model.

PARTICIPATION IN THE BRAZILIAN MARKET

Marcopolo's market share in Brazilian bodywork production was 49.2% in 2Q20 compared to 52.2% in 2Q19.

The highlight of the quarter was the 12.6 percentage point increase in the urban segment compared to the same period in 2019. Units produced for the federal program Caminho da Escola helped to sustain market share at a level higher than the historical level, at a time of reduced demand. The reduction in *market share* in the road segment is explained by the interruption of activities due to collective vacations in the first two weeks of April, as well as by the suspension of employment contracts of part of the employees upon return to work.

PARTICIPATION IN BRAZILIAN PRODUCTION (%)

PRODUCTS	1Q19	2Q19	1H19	1Q20	2Q20	1H20
Intercity	62.6	71.8	68.2	64.3	38.8	48.1
Urban	37.0	36.3	36.6	53.7	48.9	53.7
Micro	57.8	67.6	62.8	55.3	67.5	61.6
TOTAL ⁽¹⁾	46.3	52.2	49.4	57.0	49.2	53.4

Source: FABUS and SIMEFRE

Note: ⁽¹⁾ Volare is not calculated for market share purposes.

NET REVENUE

Consolidated net revenue reached BRL 798.5 million in 2Q20, of which BRL 356.3 million, or 44.6% of the total, came from the domestic market, and BRL 442.2 million, representing the remaining 55.4%, from the foreign market.

All market segments were affected by the contraction of demand caused by restrictions on the transportation of people, affecting the Company's customers in Brazil and overseas. The highlight of the quarter was the resilience of the urban segment in the foreign market, with revenue growth of 21.8% driven by currency devaluation, sales to the African continent, and the lower drop in volume in Volgren's Australian operation.

The table and charts below present the net revenue opening by products and markets:

TOTAL CONSOLIDATED NET REVENUE
By Products and Markets (BRL Million)

PRODUCTS/MARKETS ⁽¹⁾	2Q20			2Q19		
	MI	ME	TOTAL	MI	ME	TOTAL
Intercity	98.1	92.2	190.2	249.1	226.7	475.8
Urban	94.1	275.5	369.7	130.5	226.1	356.7
Micro	37.4	5.8	43.2	70.8	10.6	81.3
Bodywork subtotal	229.6	373.5	603.1	450.4	463.4	913.8
Volares ⁽²⁾	105.9	2.3	108.2	152.6	21.9	174.4
Chassis	0.5	49.7	50.2	0.5	8.9	9.5
Bco. Moneo	16.0	-	16.0	9.4	-	9.4
Parts and Others	4.3	16.7	21.0	12.5	22.2	34.7
GRAND TOTAL	356.3	442.2	798.5	625.4	516.4	1,141.8

PRODUCTS/MARKETS ⁽¹⁾	1H20			1H19		
	MI	ME	TOTAL	MI	ME	TOTAL
Intercity	239.2	300.6	539.8	350.9	431.9	782.8
Urban	230.1	442.2	672.4	232.1	440	672.1
Micro	73.6	11.4	85.1	119.9	26.2	146.1
Bodywork subtotal	543.0	754.3	1,297.2	702.9	898.1	1,601.0
Volares ⁽²⁾	237.0	8.9	245.8	291.5	34.9	326.3
Chassis	4.3	90.3	94.6	1.4	28.9	30.3
Bco. Moneo	25.5	-	25.5	17.1	-	17.1
Parts and Others	16.3	38.5	54.7	23.8	41.8	65.6
GRAND TOTAL	825.9	891.9	1,717.9	1,036.7	1,003.7	2,040.4

Notes: ⁽¹⁾ MI = Domestic Market; ME = Foreign Market, units exported and produced in international operations by subsidiaries;
⁽²⁾ Volares revenue includes chassis.

GROSS PROFIT AND MARGINS

Consolidated gross profit in 2Q20 reached BRL 130.5 million, with a margin of 16.3%, versus BRL 175.5 million and a margin of 15.4% in 2Q19. The gross margin was benefited by the greater representativeness of exports in relation to revenue and by the better efficiency of operations located in Brazil, as a result of plant optimization processes.

If we isolated the costs related to compensatory aid, provided for in Law No. 14.020/20 and due to employees who remained in suspension of the employment contract and/or reduction of working hours in the quarter, we would reach the amount of BRL 10.1 million, making a gross margin of 17.6% in 2Q20 when suppressing these expenses.

SELLING EXPENSES

Sales expenses totaled BRL 53.8 million in 2Q20, or 6.7% of net revenue, versus BRL 62.7 million in 2Q19, 5.5% on net revenue. The higher relative representativeness is explained by the drop in net revenue and the higher exposure of sales to the foreign market, which have commissions higher than the sales in the Brazilian market.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled BRL 39.2 million in 2Q20, or 4.9% of net revenue, while in 2Q19 these expenses totaled BRL 47.3 million, or 4.1% of net revenue. The percentage increase is associated with the drop in net revenue in proportion to the reduction in expenses.

OTHER NET OPERATING REVENUE/EXPENSES

In 2Q20, BRL 31.2 million were recorded as "Other Operating Revenues".

The Company accounted for part of the benefits under this heading due to the success obtained in a lawsuit seeking the exclusion of ICMS from the PIS and COFINS tax bases by the subsidiary San Marino Ônibus Ltda.

EQUITY INCOME RESULT

The equity income result in 2Q20 was negative by BRL 51.8 million compared to BRL 29.1 million in 2Q19.

In the quarter, NFI Group Inc. brought negative equity income of BRL 39.3 million, with the company's results being affected by the unfolding of the pandemic in North America, by the marking to market of certain financial contracts and by the realization of an *impairment* of its road operation.

The Indian affiliate TMML reported negative income of BRL 12.1 million, in the wake of lower volumes due to the pandemic and shutdown of its activities during most of the quarter, while Superpolo's Colombian operation was the positive highlight, adding BRL 3.1 million to the income.

The equity income result is presented in detail in Explanatory Note No. 11 to the Quarterly Information.

NET FINANCIAL RESULT

The net financial result of 2Q20 was negative by BRL 16.9 million, compared to a positive result of BRL 8.9 million in 2Q19. The financial result was positively affected by BRL 23.0 million as a reflection of the monetary restatement on the amount discussed in the lawsuit seeking the exclusion of ICMS from the PIS and COFINS tax bases in the subsidiary San Marino Ônibus Ltda.

The negative impact is mainly due to the exchange rate variation generated by the devaluation of the Brazilian Real against the US dollar on the portfolio of orders in dollars. The Company performs the export exchange *hedge* at the time of confirmation of sales orders, ensuring the business margin. As the products are delivered and invoiced, the Company captures the benefits of devaluation of the Real in its operating margins.

The financial result is presented in detail in Explanatory Note No. 28.

EBITDA

EBITDA was BRL 40.9 million in 2Q20, with a margin of 5.1%, versus an *EBITDA* of 105.5 million and a margin of 9.2% in 2Q19.

EBITDA was positively affected by the success in legal action already mentioned and negatively by the effects of the pandemic on revenue and lower dilution of costs, as well as by the equity equivalence originated by affiliates located overseas.

The table below highlights the accounts that make up the *EBITDA*:

BRL million	2Q20	2Q19	1H20	1H19
Result before IR and CS	0.0	93.6	-24.3	137.5
Financial Revenue	-130.9	-46.6	-381.2	-92.6
Financial Expenses	147.8	37.7	501.8	82.1
Depreciation / Amortization	24.0	20.8	46.6	39.2
EBITDA	40.9	105.5	142.8	166.2

NET PROFIT

Consolidated net profit in 2Q20 was BRL 1.3 million, with a margin of 0.2%, versus a profit of BRL 90.9 million and a margin of 8.0% in 2Q19. The worsening of the net margin is explained by the same factors pointed out above and, in particular, by the negative impacts of operational deleveraging and results of operations located overseas.

FINANCIAL DEBT

Net financial debt totaled BRL 1,235.4 million on June 30, 2020 (BRL 767.2 million on June 30, 2019). BRL 513.0 million of this total came from the financial segment (Banco Moneo) and BRL 722.4 million from the industrial segment.

It should be noted that the debt from the financial segment comes from the consolidation of Banco Moneo's activities and should be analyzed separately, since it has characteristics that are different from those of the Company's industrial activities. Banco Moneo's financial liabilities have as counterparty the "Customer" account in the Bank's Assets. The credit risk is properly provisioned. Since these are FINAME transfers, each disbursement from BNDES has an exact counterpart in the receivables account of Banco Moneo's customer, both in term and in rate.

On June 30, the net financial debt of the industrial segment represented 2.2x the *EBITDA* of the last 12 months.

CASH GENERATION

In 2Q20, operating activities consumed BRL 164.4 million of cash, while investment activities, net of dividends and exchange variation, demanded BRL 23.4 million and financing activities generated BRL 73.3 million.

The initial cash balance of BRL 980.6 million at the end of March 2020, considering the unavailable financial investments and decreasing BRL 15.8 million from the difference between the exchange rate change and the change in accounts related to unavailable financial investments, was reduced to BRL 881.9 million at the end of March 2020.

INVESTMENTS IN FIXED ASSETS

In 2Q20, Marcopolo invested BRL 23.4 million in its fixed assets, BRL 16.2 million of which was spent by the parent company and invested as follows: BRL 13.8 million in machinery and equipment, BRL 2.1 million in land, buildings and improvements, and BRL 0.3 million in other fixed assets. BRL 7.2 million was invested in the subsidiaries, BRL 2.0 million of which was invested in Metalsur, BRL 1.6 million in Volgren, BRL 1.2 million in Volare Veículos and BRL 2.4 million in the other units.

CAPITAL MARKET

In 2Q20, transactions with Marcopolo shares moved BRL 2,179.8 million. On June 30, the participation of foreign investors in Marcopolo's share capital amounted to 40.2% of the preferred shares and 26.5% of the total share capital. At the end of the period, the Company had 88,767 shareholders.

The following table shows the evolution of the main indicators related to the capitals market:

INDICATORS	2Q20	2Q19	1H20	1H19
Number of transactions (thousand)	798.2	280.1	1,181.1	615.1
Traded value (BRL million)	2,179.8	738.2	4,857.2	1,693.9
Market value (BRL million) ⁽¹⁾⁽²⁾	2,774.4	3,645.6	2,774.4	3,645.6
Existing shares (millions)	946.9	946.9	946.9	946.9
Equity value per share (BRL)	2.63	2.32	2.63	2.32
POMO4 quotation at the end of the period	2.93	3.85	2.93	3.85

Notes: ⁽¹⁾ Quotation of the last transaction of the Book-entry Preferred share (PE) period, multiplied by the total of the shares (OE+PE) existing in the same period. ⁽²⁾ Of this total, 7,951,506 preferred shares were in treasury on 06.30.2020.

ANALYSIS & PERSPECTIVES

The results of 2Q20 summarize the difficulties faced by the Company as a reflection of the Covid-19 pandemic in its markets. In greater or lesser degree, all factories suffered health restrictions that affected production in the quarter and kept idle a relevant part of their employees. After the outages, operations returned with reduced production levels, represented by the respective decrease of 45.5% and 47.1% in domestic and foreign market production compared to 2Q19. By limiting production, the Company extended the duration of the existing order portfolio, allowing greater visibility in relation to its next steps.

In the domestic market, the demand for new buses has been impacted mainly in the tourism sectors, interstate and international road lines, school transportation and urban public transport, with developments in all segments of the Company's product. The charter activities, intercity road lines and public sales, mainly under the federal program Caminho da Escola, continue to sustain sales of light intercity, urban, Volares and micros. In the quarter, the Company delivered 724 units linked to the Caminho da Escola program, with 271 micros, 380 urban and 73 Volare models, and the pace of deliveries should accelerate in 3Q20.

Exports have been showing a better performance compared to the Brazilian market due to the exchange rate devaluation and the good timing of deliveries to the African continent. The lower volume of units continues to be partially offset by the higher profitability of operations, considering the current level of exchange rate. The Company notes that exports should increase again from 4Q20, taking into account the seasonality of the period and new deliveries to Africa.

In this context, the two plants located in Caxias do Sul (Ana Rech and San Marino) continue to work with approximately 50% of the workforce, while the São Mateus, ES plant is consolidated as a manufacturer of urban buses, with delivery of 281 units in 2Q20 (versus 138 in 2Q19). To compensate for the lower volume of roads destined for the domestic market, Ana Rech's unit continues to produce urban roads for export.

Controlled and related operations abroad were impacted in different ways from the treatment of the pandemic by the authorities of each country.

The positive highlight among the subsidiaries was the result of Australian Volgren, which had its production interrupted for only 10 days, bringing profit in 2Q20 and with positive prospects also for 2Q20. Marcopolo Mexico and Marcopolo South Africa were affected by the suspension of activities throughout April and reduction of production from the return to work at levels similar to Brazil, at 50%. Despite the possibility of returning production to normal, Marcopolo China faces a drop in demand in its markets, considering that its products are directed exclusively to exports to countries that still suffer from the pandemic. Argentine Metalsur remained closed throughout the quarter, with the prospect of recovery of results from 3Q20, with the return of production in July.

In the affiliates, Superpolo's Colombian operation achieved a rapid resumption from the return of production in early May and is expected to continue delivering consistent results throughout 2020, with a broader order portfolio associated with the renewal of the Bogota fleet. The Indian affiliate TMML remained with its activities suspended due to the pandemic during almost the entire quarter as a reflection of

health restrictions, shutdown of suppliers and drop in demand. In 2Q20, the Canadian NFI Group Inc. also brought negative results, related to non-recurring events as detailed above.

In response to this scenario, the Company quickly concentrated its efforts on two major fronts: cost adequacy and cash preservation, and development of alternatives that enable its customers to return to operate securely.

At the end of the expenses, Marcopolo has maintained approximately 50% of its employees in Brazil under suspension of the employment contract and/or reduction of working hours. In international operations, the workforce has been adjusted to reflect current market conditions. The Company continues to reduce non-compulsory expenses and review processes that allow savings. Regarding cash, aggressive targets for working capital reduction were adopted, and the payment of revenues and the realization of investments for new projects remain contingent, allowing estimating possible reversal of the current cash consumption condition in the next quarters.

Regarding recovery of demand, the Company has been a pioneer in the development of innovative solutions, reaching its customers the opportunity to return to operate safely and providing end users of public transportation services with confidence that when traveling they will have adequate health conditions. Among the products launched by the Company in 2Q20, we can highlight the new configuration of 1x1x1 seats, with greater distance between passengers, ultraviolet lamps for disinfection of toilets and air, through circulation in the air conditioning, activation of reading lights without the need to touch them, coverings on fabrics suitable for disinfection, protections for drivers and collectors, among others. These initiatives have been well received by the market, with part of the bodies produced since June being equipped with components from Marcopolo Biosafe.

The Company also started to offer biosecurity services via *Fog in Place* technology, which applies a non-toxic mist inside the bus disinfecting the environment without leaving damp armchairs or interfering with the operation of internal electronic equipment.

This set of actions, associated with the stretching of the portfolio due to the reduction of daily production, has allowed the Company to go through the most critical period of the crisis with balance of results even with the sharp decrease in new orders. Demand has been recovering since May and, maintaining the current pace of production, we have deliveries forecast until the first fortnight of September. From October it is expected that volumes will recover due to orders already placed, especially in exports, as well as due to the dissipation of the pandemic and gradual reopening of cities, which has already begun in the vast majority of countries.

Every day, millions of people use buses as the main means of transportation between their homes and work, and in a short time tourism will return, especially regional tourism, along with school transportation and interstate and international travel. As a result, Marcopolo continues to adopt a propositional stance, as a protagonist in the development of technologies that can prioritize and ensure the safety of users and support the return of our customers to the new normal.

The Management.

BALANCE SHEETS
IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais

ASSETS	Consolidated	
	06/30/2020	12/31/2019
Current assets		
Cash and cash equivalents	805.857	1.074.622
Short-term investments valued at fair value	-	98.314
Derivatives financial instruments	4.655	1.849
Trade accounts receivable	1.174.718	863.015
Inventories	681.217	552.691
Recoverable taxes	256.880	158.941
Other accounts receivable	103.495	85.787
	3.026.822	2.835.219
Non-current assets		
Related parties	-	-
Financial assets available for sale	71.437	51.646
Recoverable taxes	5.088	4.151
Deferred income tax and social contribution	153.442	120.258
Judicial Deposits	67.175	68.787
Trade accounts receivable	479.071	360.775
Other accounts receivable	7.080	1.976
Investments	589.048	472.580
Investment Property	48.455	48.906
Property, plant and equipment	1.022.419	941.203
Intangible assets	337.030	288.177
	2.780.245	2.358.459
TOTAL ASSETS	5.807.067	5.193.678
LIABILITIES AND STOCKHOLDERS' EQUITY	Consolidated	
	06/30/2020	12/31/2019
Current liabilities		
Suppliers	361.201	377.527
Loans and financing	727.880	623.543
Derivative financial instruciones	2.508	548
Salaries and vacation pay	114.812	141.051
Taxes and contributions payable	89.473	75.519
Related parties	-	-
Advances from customers	117.084	90.792
Comissioned representatives	65.524	37.884
Interest on own capital and dividends	21.798	16.958
Management profit sharing	1.464	4.924
Other accounts payable	161.587	143.660
	1.663.331	1.512.406
Non-current liabilities		
Loans and financing	1.444.171	1.179.282
Provision	85.826	85.242
Taxes contributions payable	13.419	-
Employees' pension plan and benefits	6.312	-
Obligations to purchase equity interests	23.178	23.178
Other accounts payable	44.170	35.158
	1.617.076	1.322.860
Stockholders' equity		
Capital	1.334.052	1.334.052
Capital reserves	3.690	3.690
Revenue reserves	738.522	796.145
Treasury stock	(31.454)	(31.454)
Equity valuation adjustments	424.571	207.646
	2.469.381	2.310.079
Non-controlling Interest	57.279	48.333
	2.526.660	2.358.412
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	5.807.067	5.193.678

The consolidated financial statements including the notes to financial statements and the report of independent auditors PricewaterhouseCoopers Auditores Independentes - are available at the sites www.cvm.gov.br and www.bmfbovespa.com.br.

STATEMENTS OF INCOME

IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais

ACCOUNTS	Consolidated			
	2Q20	2Q19	1H20	1H19
Net sales and service revenues	798.469	1.141.812	1.717.868	2.040.399
Cost of sales and services	(668.008)	(966.304)	(1.437.335)	(1.726.888)
Gross Profit	130.461	175.508	280.533	313.511
Operating income (expenses)				
Selling expenses	(53.757)	(62.701)	(106.672)	(110.274)
Administrative expenses	(39.187)	(47.308)	(86.857)	(89.260)
Other operating income (expenses), net	31.170	(9.904)	26.873	(15.697)
Equity in the results of investees	(51.818)	29.065	(17.664)	28.661
Net income (loss) from operations	16.869	84.660	96.213	126.941
Financial revenue	130.906	46.646	381.248	92.649
Financial expenses	(147.814)	(37.713)	(501.765)	(82.053)
Financial Income/loss	(16.908)	8.933	(120.517)	10.596
Profit before income tax and social contribution	(39)	93.593	(24.304)	137.537
Income taxes and social contribution				
Current	1.209	(15.153)	1.119	(18.796)
Deferred charges	137	12.466	35.210	(842)
Net income from continued operations	1.307	90.906	12.025	117.899
Net income per share - R\$	0,00139	0,09632	0,01281	0,12492

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CASH FLOWS

IFRS 10 E 11 (CPC 36 R3 E CPC 19 R2) - in thousands of reais

Statement of Cash Flows	Consolidated			
	2Q20	2Q19	06/30/2020	06/30/2019
Cash flows from operating activities				
Net income for the period	1.307	90.906	-	-
Adjustments to reconcile net income with cash generated by (used in) operating activities:				
Depreciation and amortization	24.000	20.863	46.556	39.232
Gain (loss) on disposal of investments, property, plant and equipment and intangible assets	832	(267)	2.551	841
Equity in the results of investees	51.818	(29.065)	17.664	(28.661)
Provision for credit losses	6.706	3.826	3.777	5.585
Current and deferred income tax and social contribution	(1.346)	2.687	(36.329)	19.638
Interest and appropriated exchange variations	37.512	3.744	261.271	22.044
Non-controlling Interest	(4.096)	4.595	(7.673)	7.369
Changes in assets and liabilities				
(Increase) decrease in trade accounts receivable	(243.429)	120.660	(396.523)	179.256
(Increase) decrease in other accounts receivable	(7.203)	(4.907)	75.717	(14.113)
(Increase) decrease in inventories	45.446	19.022	(75.138)	20.677
(Increase) decrease in short-term investment	(31.758)	(18.610)	(133.733)	(29.132)
(Increase) decrease in actuarial liabilities	(87.604)	26.299	(50.364)	15.403
Increase (decrease) in accounts payable	33.863	(21.199)	45.255	(44.357)
Cash flows from operating activities	(167.640)	218.554	(240.657)	193.782
Income taxes paid	3.235	(15.153)	3.145	(18.796)
Net cash provided by (used in) operating activities	(164.405)	203.401	(237.512)	174.986
Cash flows from investing activities				
Investments	-	-	-	-
Investments acquisition	-	-	-	-
Dividends from subsidiaries, jointly-controlled entities and associates	-	6.946	448	8.146
Purchase of fixed assets	(22.818)	(43.700)	(71.174)	(70.737)
Purchase of intangible assets	(539)	(479)	(1.961)	(2.902)
Proceeds from sale of fixed	(6)	2.038	-	2.150
Net cash obtained in investing activities	(23.363)	(35.195)	(72.687)	(63.343)
Cash flows from financing activities				
Issued shares	-	-	-	69.430
Treasury stock	-	1.027	-	2.295
Borrowings from third parties	114.295	254.153	362.623	588.695
Payment of borrowings - principal	12.115	(442.272)	(286.418)	(767.214)
Payment of borrowings - interest	(8.099)	(18.008)	(23.496)	(35.253)
Payment of interest on capital and dividends	(45.005)	-	(69.971)	(82.909)
Net cash applied financing activities	73.306	(205.100)	(17.262)	(224.956)
Foreign exchange gains on cash and cash equivalents	8.653	(1.405)	46.671	100
Foreign exchange gains/(losses) on cash equivalents	8.653	(1.405)	46.671	100
Cash and cash equivalents at the beginning of the period	911.666	906.452	1.074.622	863.467
Cash and cash equivalents at the end of the period	805.857	868.153	805.857	868.153
Net increase (decrease) in cash and cash equivalents	(105.809)	(38.299)	(268.765)	4.686

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