

L I F E I N M O T I O N



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LIFE IN MOTION.*

**2Q | 1H20  
RESULTS**

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- *By THIS INSTRUMENT, we make statements about future events that are subject to risks and uncertainties. Such statements are based on the beliefs and assumptions of our Management and on information that the Company has currently access to. Statements about future events include information about our intentions, beliefs or current expectations, as well as those of the members of the Board of Directors and Administrators of the Company.*
- *The statements and information about the future also include information about possible or presumed operating results, as well as statements preceded by, followed by or that include the words "believes", "may", "will", "continues", "expects", "anticipates", "intends", "plans", "estimates" or similar expressions.*
- *The statements and information about the future are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events, depending, therefore, on circumstances that may either occur or not. The future results and the creation of shareholder value may differ significantly from those expressed or suggested by statements regarding the future. Many of the factors that will determine these results and figures are beyond our ability to control or predict.*

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**Fras-le`s Universe**

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**Covid 19**



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**Main Events in 2Q/1H20**

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**Consolidated Net Revenue**

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**Markets**

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**EBITDA/Net Result**

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**Working Capital Need (WCN) and Free Cash Flow**

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**Outlook**

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**Attachments**

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## NAKATA®

Material Fact

CADE

EGM

Closing



Approval by CADE on July 03, and by the EGM<sup>2</sup> on July 23.

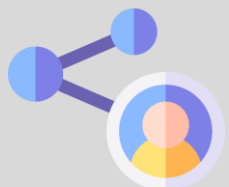
Launch of the Auto Experts Digital Catalogue, integrating the various Fras-le brands.

Fras-le ranks 1st in the Parts and Accessories category among the most innovative companies in Southern Brazil, according to a survey conducted by *Amanhã* Magazine.

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<sup>1</sup> Administrative Council for Economic Defense;

<sup>2</sup> Extraordinary General Meeting



### **Community and Government**

The resumption of operations by all Fras-le units is in line with the decrees issued by the locations where the Company is present. Actions have been taken to prevent and combat the spread of the virus, along with Randon Companies.



### **Employees**

Implementation of home office and strict safety, hygiene and health protocols; strict recommendations to use PPEs and wear masks for 100% of people; Access screening, and self-diagnostic culture.



### **Shareholders and Customers**

Intensified monitoring of liquidity and capital. Support in adapting to demands and purchase orders.





## **Satisfactory Results at the peak of the pandemic in the world**

- The strongest impact of the crisis was seen in March, April and May;
- Evolution of revenues in every month;
- EBITDA margin was resilient when excluding non-recurring effects.



## **EBITDA and Net Result**

- First half of the year with various non-recurring events; provisions and impacts of the pandemic.

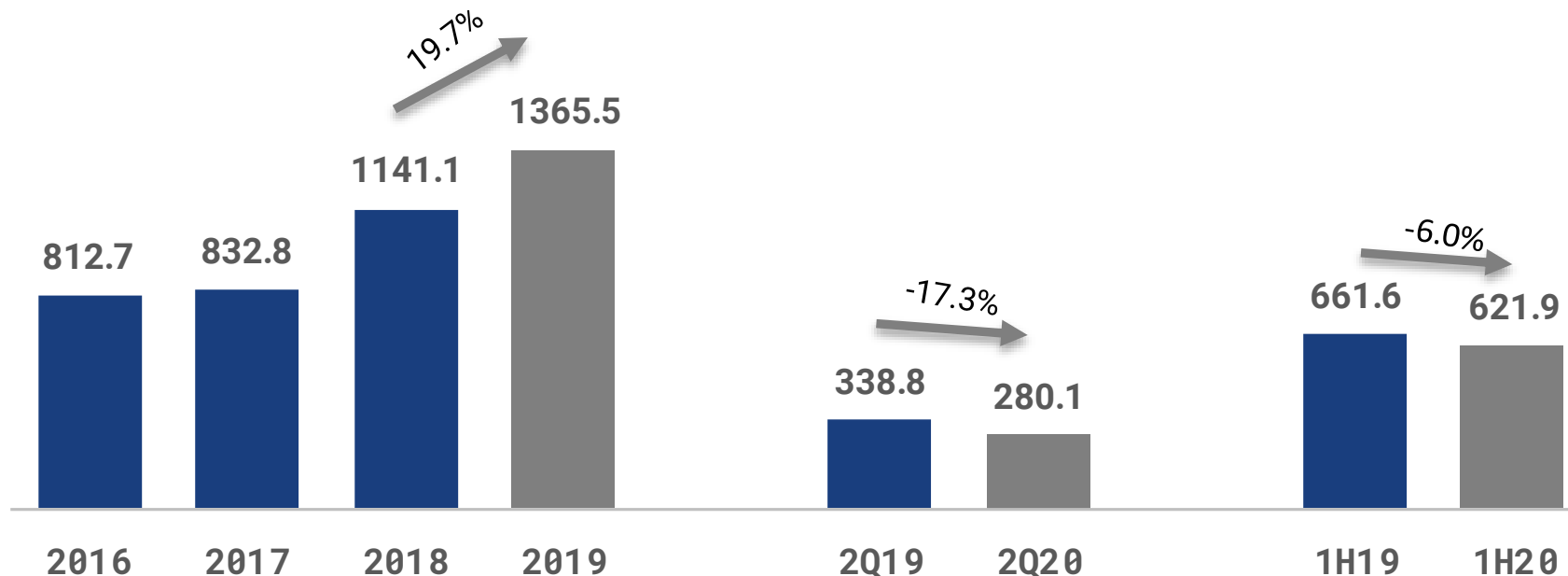


## **Exchange rate are favorable to exports, although market performance, in terms of volumes, has declined.**

- Important markets, such as the USA and South America, suffered declines in sales due to the impacts of the CV-19 pandemic.

# NET REVENUE\_

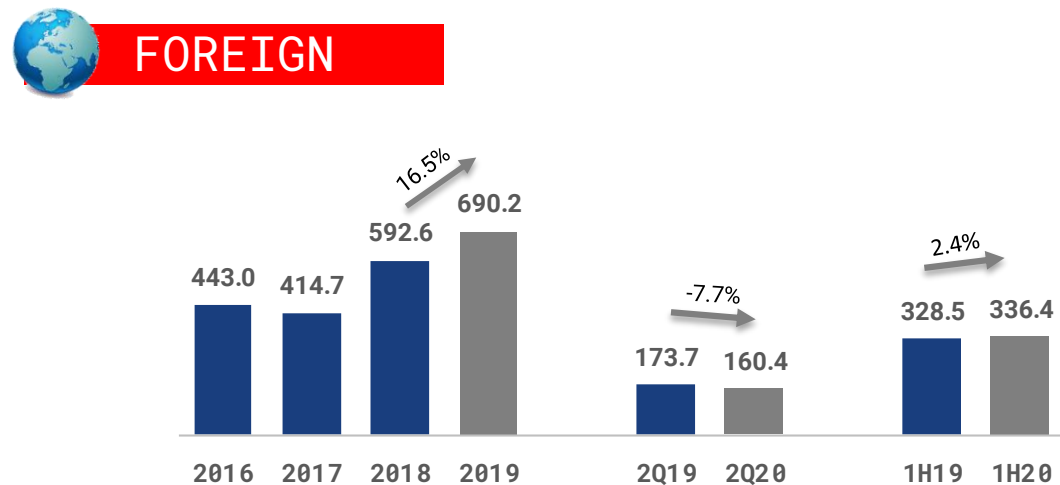
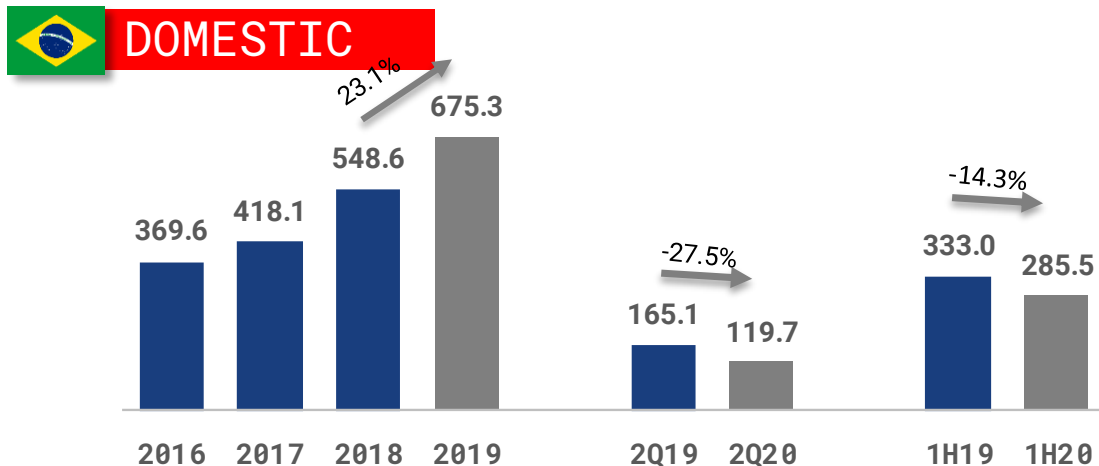
R\$ Million



- Performance was impacted by the slowdown in the world economy due to the pandemic.
- Dollar was favorable to exports and to our Units abroad (2Q19: R \$ 3.92 - 2Q20: R \$ 5.38);

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- Partial shutdown of operations in Brazil due to the restrictions introduced to combat the **pandemic**.
- Relevant drop in revenues in April, **showing a reaction in May and June** following the gradual reopening of the market.

- Despite the halt in operations abroad, the exchange rate and conversion effects sustain a **low drop in revenues, although volumes showed a more considerable drop**;
- **Sustained** volumes of sales for commercial vehicles in the Aftermarket.

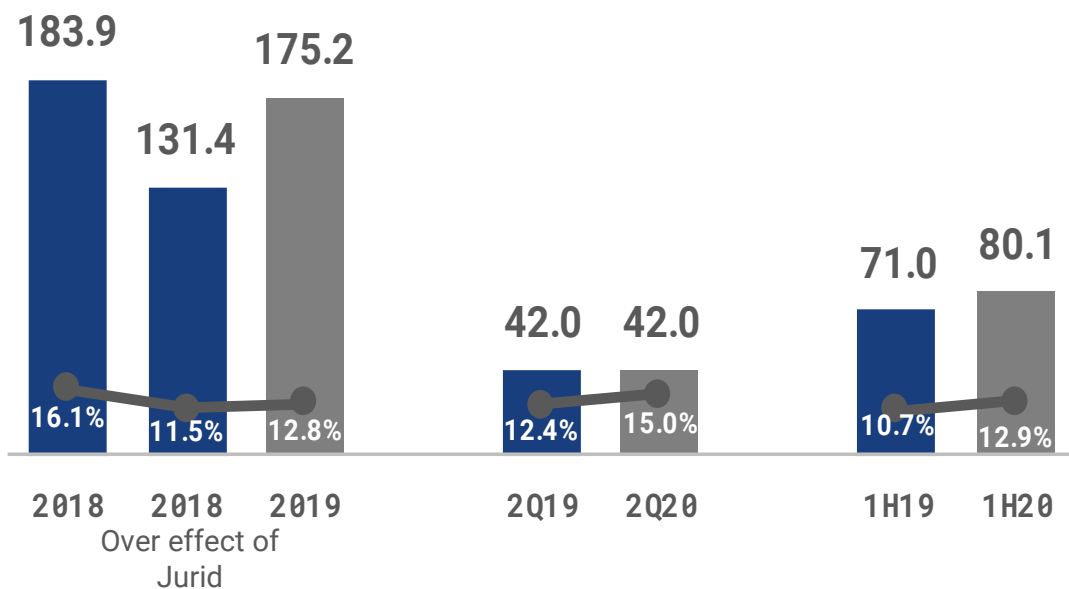


# EBITDA / NET RESULT

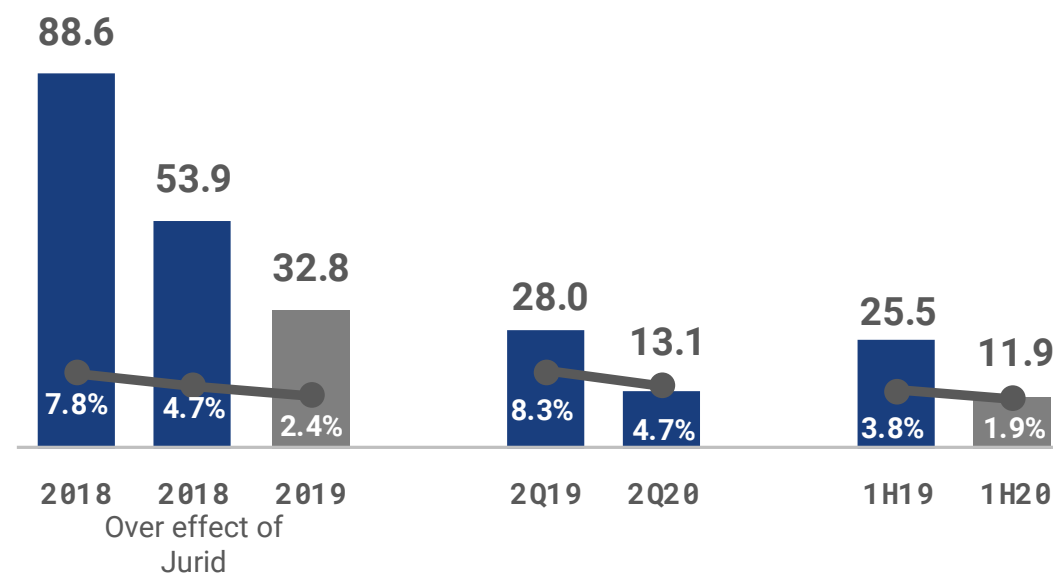
R\$ Million



## EBITDA



## Net Result

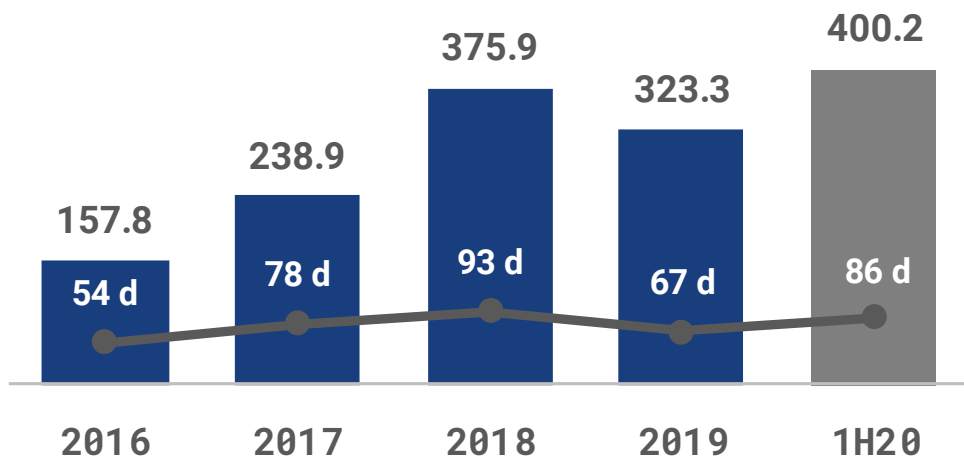


- Gains from tax lawsuits have positively impacted the 2Q results; In 1H20, the effect is negative;
- Vacations granted in advance, voluntary resignation and use of government programs to reduce and suspend working hours were instruments used to adjust manpower needs;
- *Impairment* and adjustments in the structure of our controlled company FANACIF and effects of Surplus Value in Jurid and ASK Fras-le (Índia).

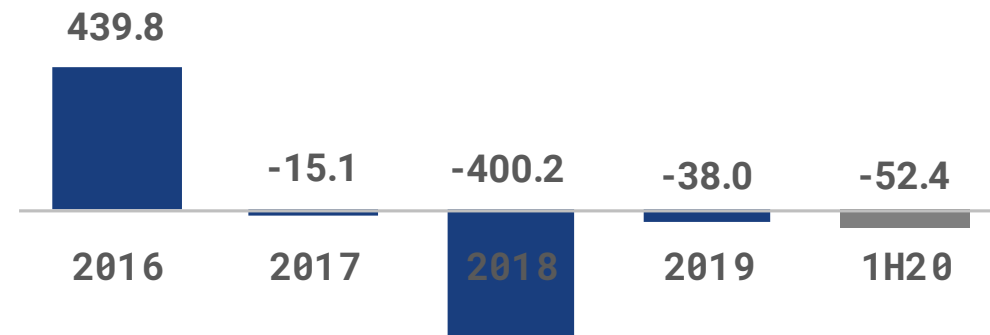
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### Working Capital Need



### Free Cash Flow



- **Expansion cycle**, adding new structures - Need of resources to operate the business;
- Impact of exchange rates has increased the balances of foreign operations;

## MARKETS

- Demand for products in the replacement line remains heated, especially for trucks and semi-trailers, automobiles and motorcycles;
- USA stabilizes downward path, with possible slight recovery;
- South America: business pick up in important markets, such as Colombia and Peru;
- China: performance higher than the projected one, following the stabilization of the pandemic.

## NAKATA

- During the biggest movement of mergers and acquisitions in the **history** of Fras-le, the purchase of Nakata Automotiva (which was disclosed to the market on Dec 17, 2019) was approved by **CADE** <sup>1</sup> on Jun 3, 2020 and by the Company's shareholders at the **EGM** <sup>2</sup> **held in July 23, 2020**. The completion of the the transaction still depends on compliance with the precedent conditions provided for in the Share Purchase and Sale Agreement, which is expected to take place within 3Q20;

## FREMAX

- Incorporation of all of Fremax's shareholders' equity by Fras-le, seeking to optimize the Company's corporate and business structures. The main one is to amortize (in tax terms) the premium (goodwill) related to the acquisition, by Fras-le, of its stake in Fremax, in the amount of approximately R\$ 70 million.



ATTACHMENTS

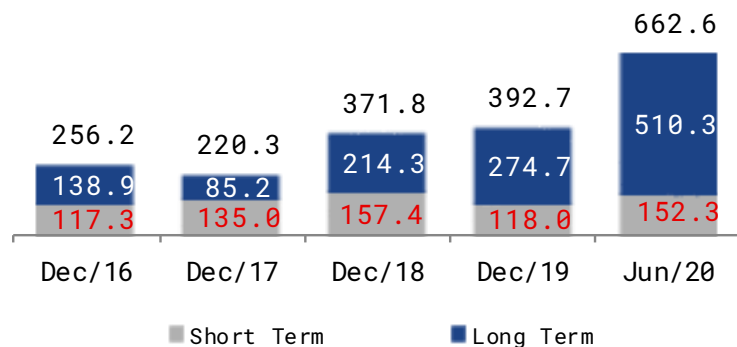


# FINANCIAL PERFORMANCE

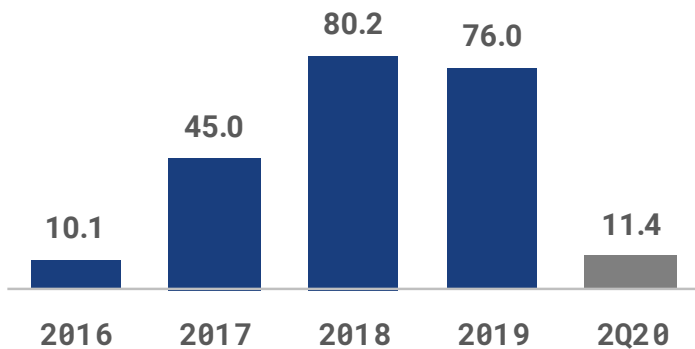
R\$ Million



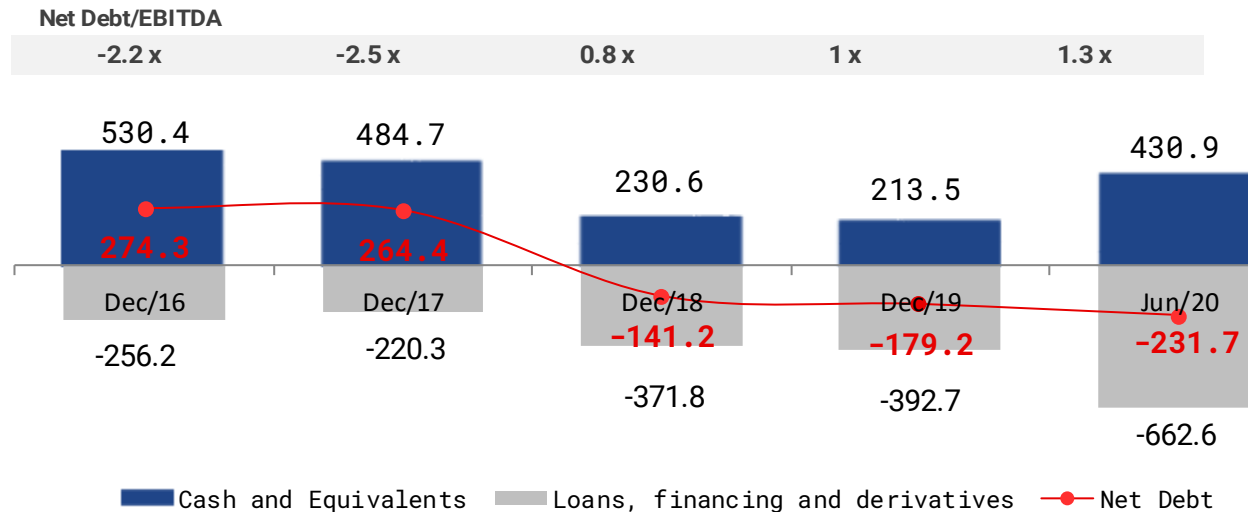
## Loans, financing and derivatives



## Capex



## Net Debt



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