

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

FRAS-LE UNIVERSE:

RESULTS AND PROSPECTS

3Q | 9M20



*WE DO OUR PART
TO KEEP YOUR
LIFE IN MOTION.*

ri.fras-le.com.br

BUILDING A NEW FRAS-LE Anderson Pontalti



WE DO OUR PART
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FRAS3

Listed on B3
Stock Exchange of Brazil

R\$ 1,2 BI

MARKET CAP

1971

IPO

1954

FOUNDATION



AMONG THE WORLD'S LARGEST COMPANIES

Production of brake linings for commercial vehicles



GROWTH WITH RESILIENCE

Diversified markets and segments



DIVERSIFIED MODEL

Diversified revenue base, both in currencies and markets



STRONG AND RECOGNIZED BRANDS

Most chosen brands by consumers, globally



GLOBAL PRESENCE

Substantial market share in markets such as NAFTA, South America, China and India.



DISTRIBUTION NETWORK

Presence in the major global distributors in its segment

PERFIL

Present in

125 COUNTRIES

Throughout the

5 CONTINENTS

Fras-le Employees (Brazil and abroad) as

+4,300

Net Revenue 9M2020

R\$ 1.1 MM

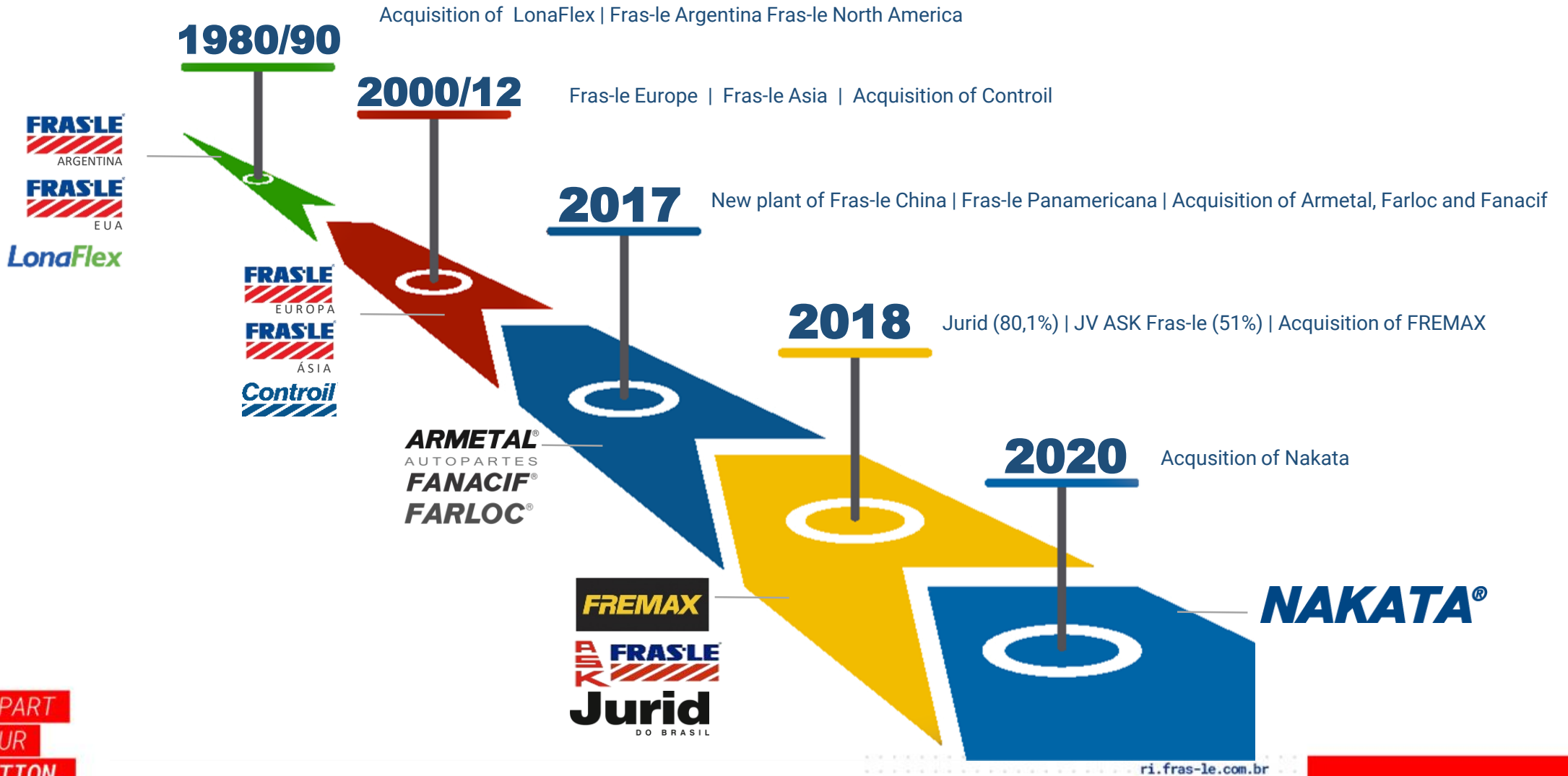
- ▶ **66** YEARS OF HISTORY
- ▶ **9** PLANTS
- ▶ **13** INTERNATIONAL OPERATIONS / UNITS
- ▶ **5** WAREHOUSES

CONSOLIDATED EXPANSION

History of Growth/ Time Line



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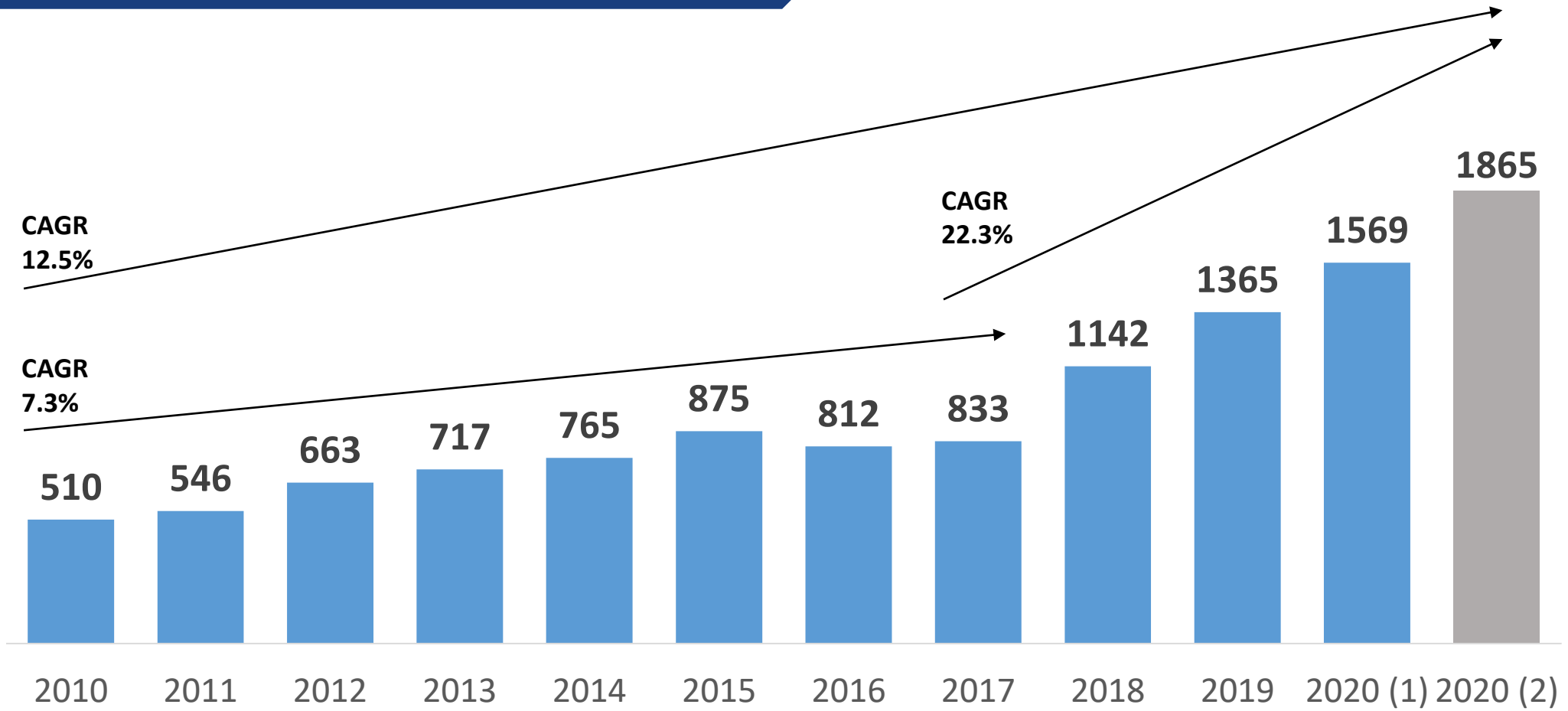
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GROWTH

Net Revenue



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2020 (1) 9M annualized + 4 months Nakata (Sep.x 4)
2020 (2) 9M annualized + 12 months Nakata

FOOTPRINT

Geopolitical Protection

LIFE IN MOTION

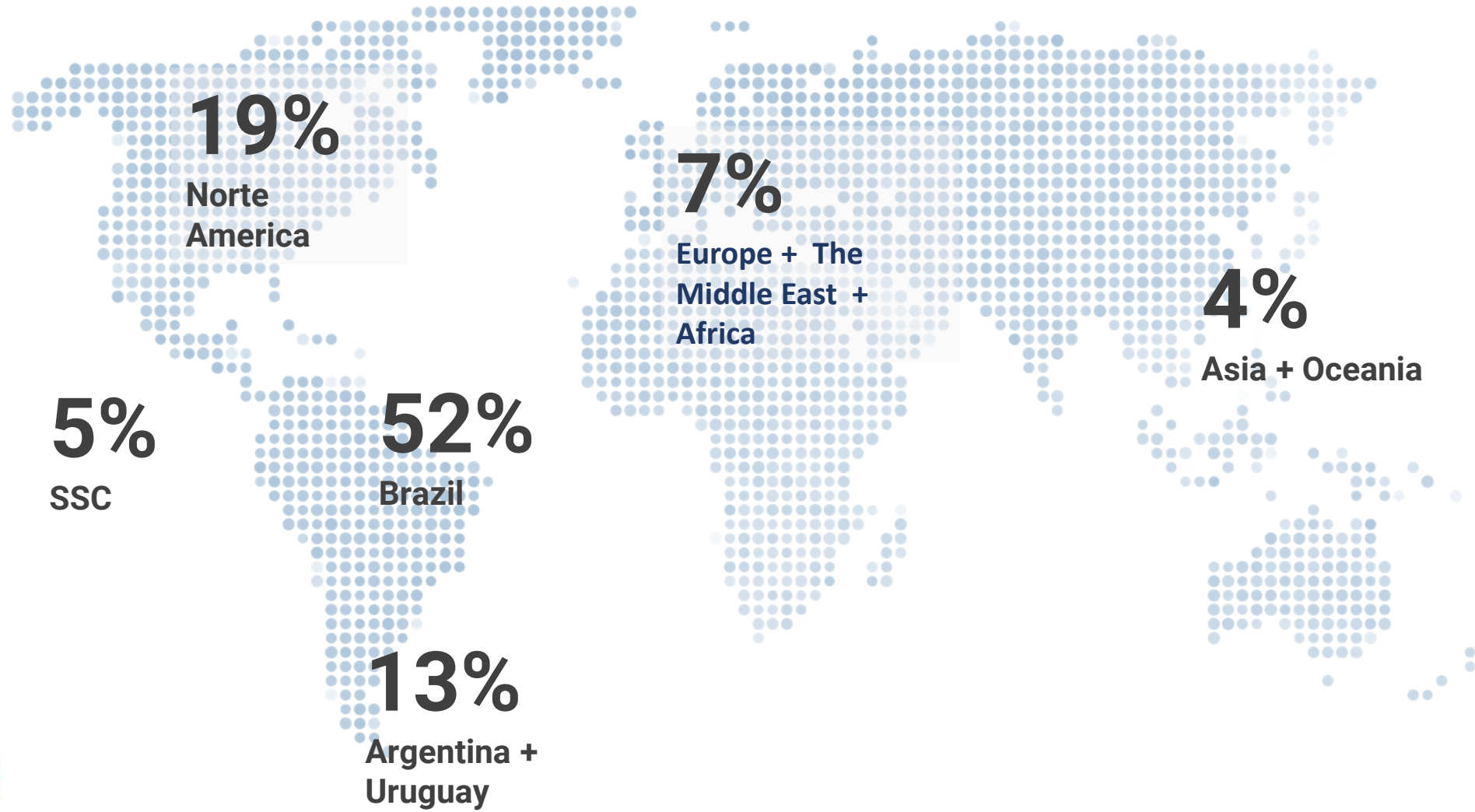


- ◆ Industrial Operation
- ◆ Distribution center
- ◆ Commercial Operation

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SALES BY REGION 2020

Geopolitical Protection



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OPERATIONS/ UNITS

FRAS-LE

Caxias do Sul | RS



CONTROIL

São Leopoldo | RS



JURID

Sorocaba | SP



FREMAX

Joinville | SC



NAKATA

Extrema | MG



Alabama



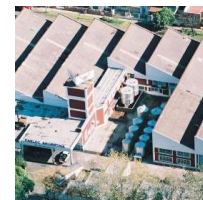
Detroit



Holanda



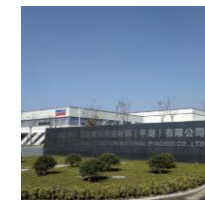
Alemanha



Argentina



Uruguai



China



Índia



Colômbia






LIFE IN MOTION

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ICONIC BRANDS - LEADERSHIP

282 years

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

 66 years	 50 years	 35 years	 63 years	 68 years
<ul style="list-style-type: none"> #1 Brake linings OEM Brazil and EUA. #1 Brake linings IAM in Brazil, North America and Latin America. #1 Brake pads and Brake Shoes in Brazil . 		<ul style="list-style-type: none"> #1 Sales of Disks Brake disks and drums IAM Brazil 	<ul style="list-style-type: none"> #1 Brake Hydraulic Actuators IAM Brazil 	<ul style="list-style-type: none"> #1 Chassis components IAM Brazil #1 Shock-Absorbers IAM Brazil. #1 The most dear by mechanics from Brazil.
<p>Source: IBOPE Inteligência</p>				

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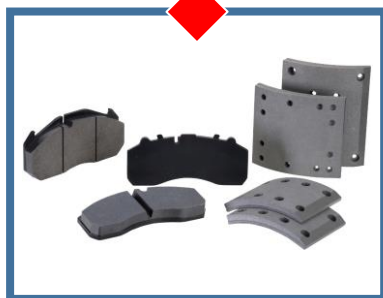
ONE STOP SHOP Brasil

SKUs – National Coverage

FRICTION

Comme. Line

>3.100 SKUs – 99%



FRICTION

Light Line

>1200 SKUs – 97%



BRAKE PERFORMANCE

>700 SKUs – 65%



DISCS BRAKE

>1.900 SKUs – 98%



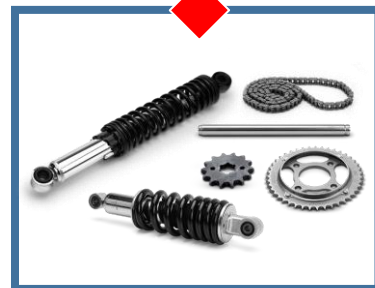
SHOCK ABSORBERS

>900 SKUs – 90%



MOTORCYCLES

>100 SKUs – 81%



SUSPENSION DIRECTION

>1.200 SKUs – 76%



Total :
>12,000 SKUs

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CUSTOMERS, MARKETS AND PRODUCTS

Paulo Gomes

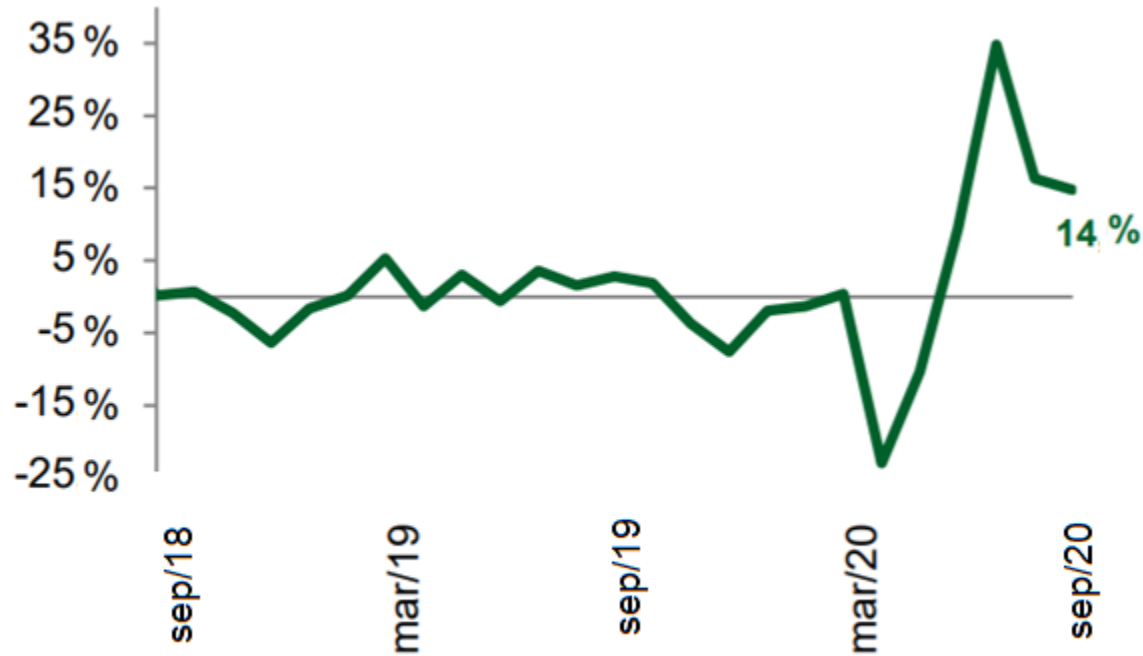


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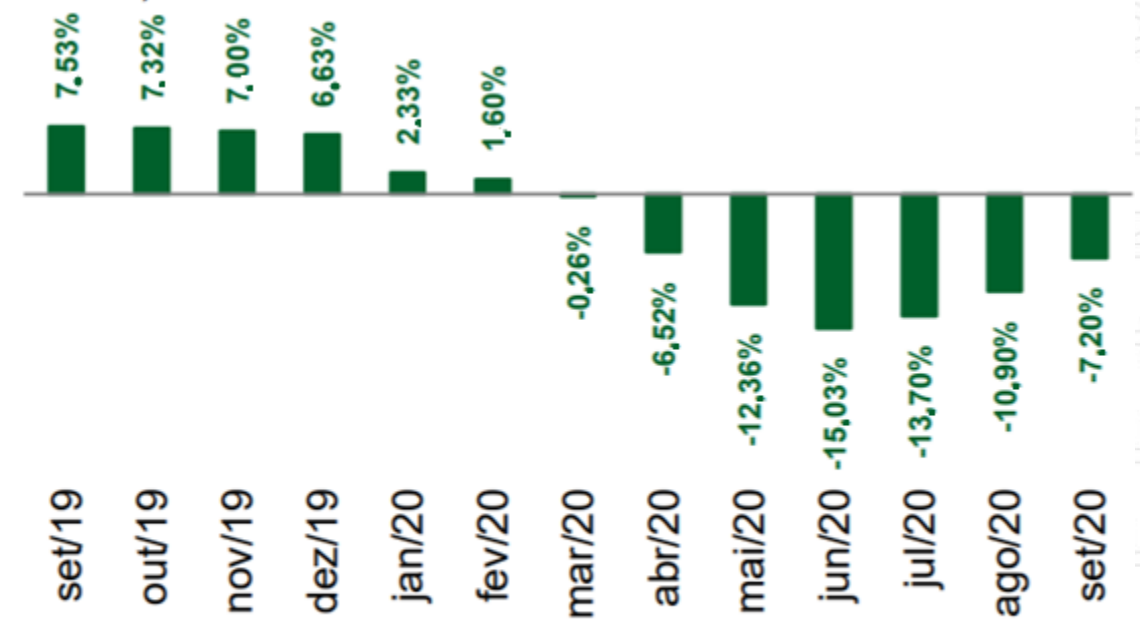
Aftermarket Sales in Brazil

Source: Sindipeças - Abipeças

% Change (month x previous month)



% Change (accumulated for the year x same period of the previous year)

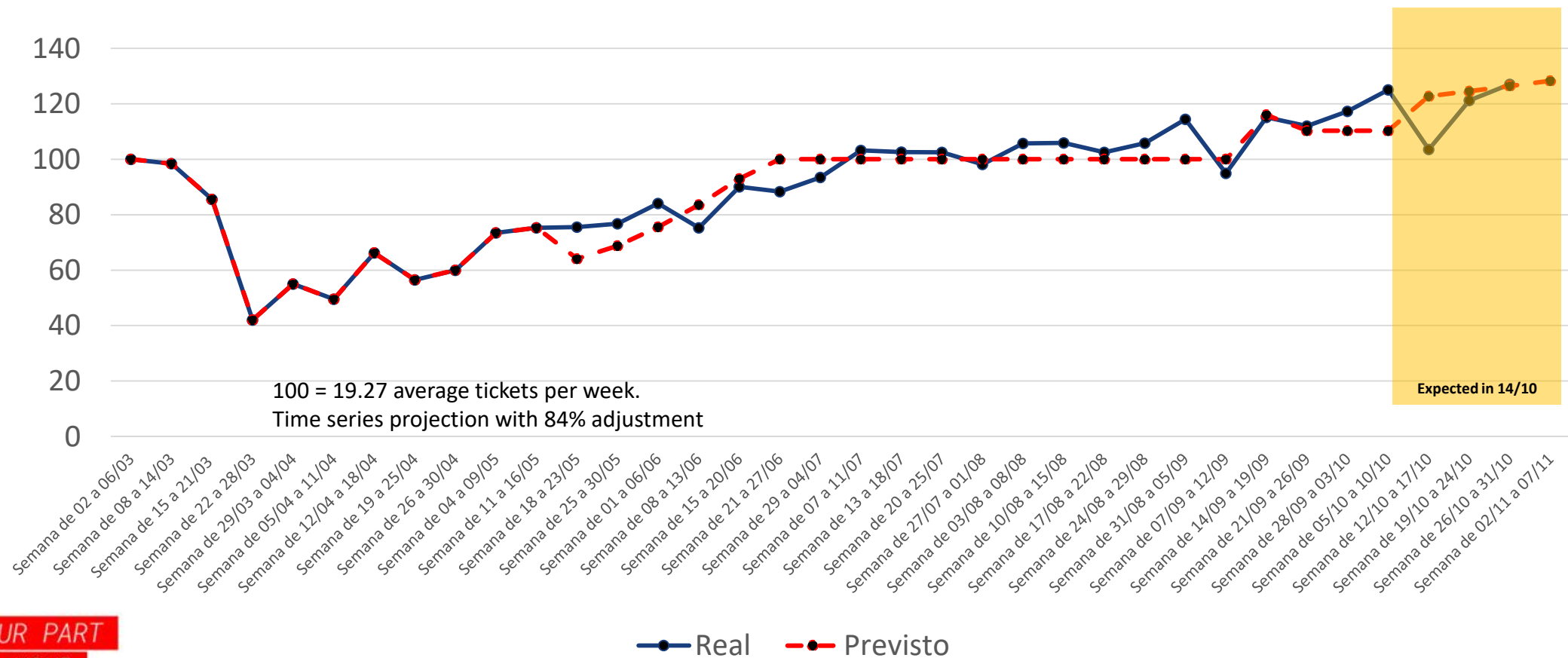


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Vehicles in shops/garages – Brazil

Source: CINAU – Oficina Brasil

Weekly Evolution - Average tickets per week, Expected in real and foreseen in light line mechanics workshops



LIFE IN MOTION

A NEW PORTFOLIO

WE ARE AN UNIQUE COMPANY

- The arrival of NAKATA, in September, changes the sales portfolio of Fras-le. About 50 % of our sales, in a year, will be of friction material. The remaining percentage consists of a variety of products.



FREMAX



NAKATA®

LonaFlex



**WE DO OUR PART
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LIFE IN MOTION.**

LEADING BRANDS

TOP OF MIND IN VARIOUS CATEGORIES

Our brands are the first ones to be remembered by applicators in Brazil, They are also a benchmark for leadership, quality and positioning.



FRASLE
FRASLE

FREMAX

Controil
Controil

NAKATA[®]

LonaFlex

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Net Revenue 9M2020

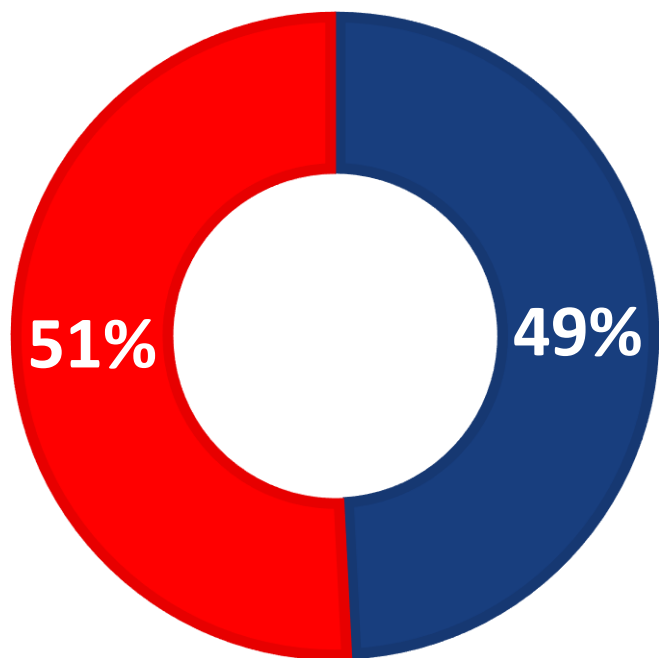
Breakdown - Only 01 month of Nakata.



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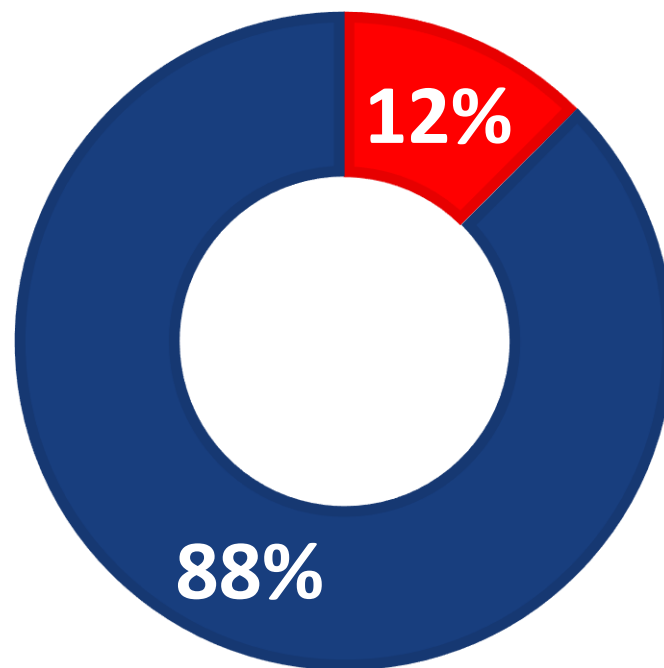
MARKET

■ Domestic ■ Foreign



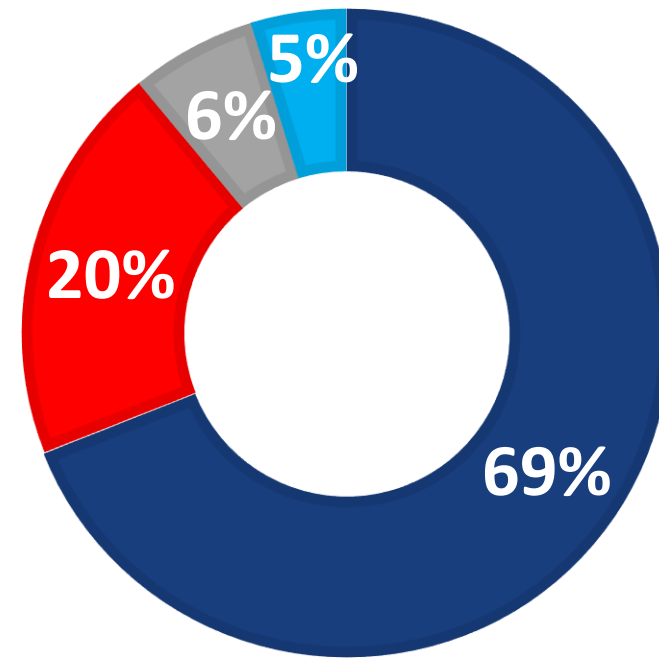
SEGMENT

■ OEM ■ Aftermarket



PRODUCT

■ Friction ■ Brakes ■ Suspensions ■ Others



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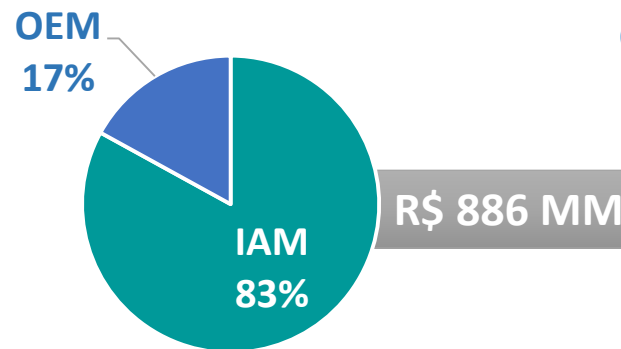
BUSINESS ENVIRONMENT

POTENTIAL MARKET BRAZIL 2019

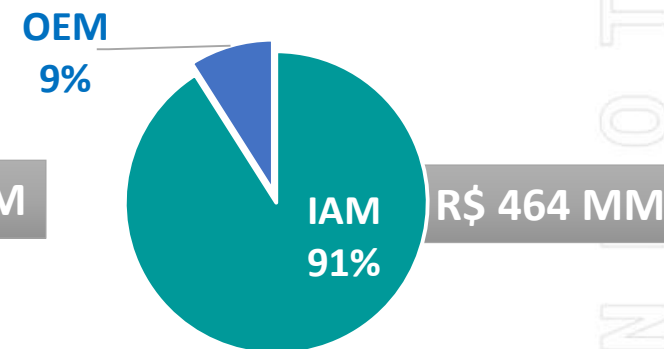


FRAS-LE

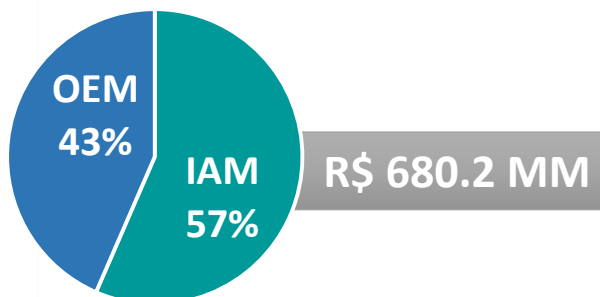
Light Line



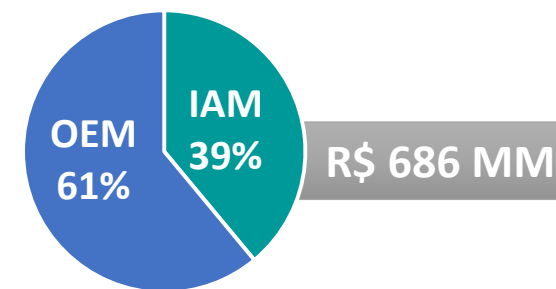
Heavy Line



FREMAX



CONTROIL



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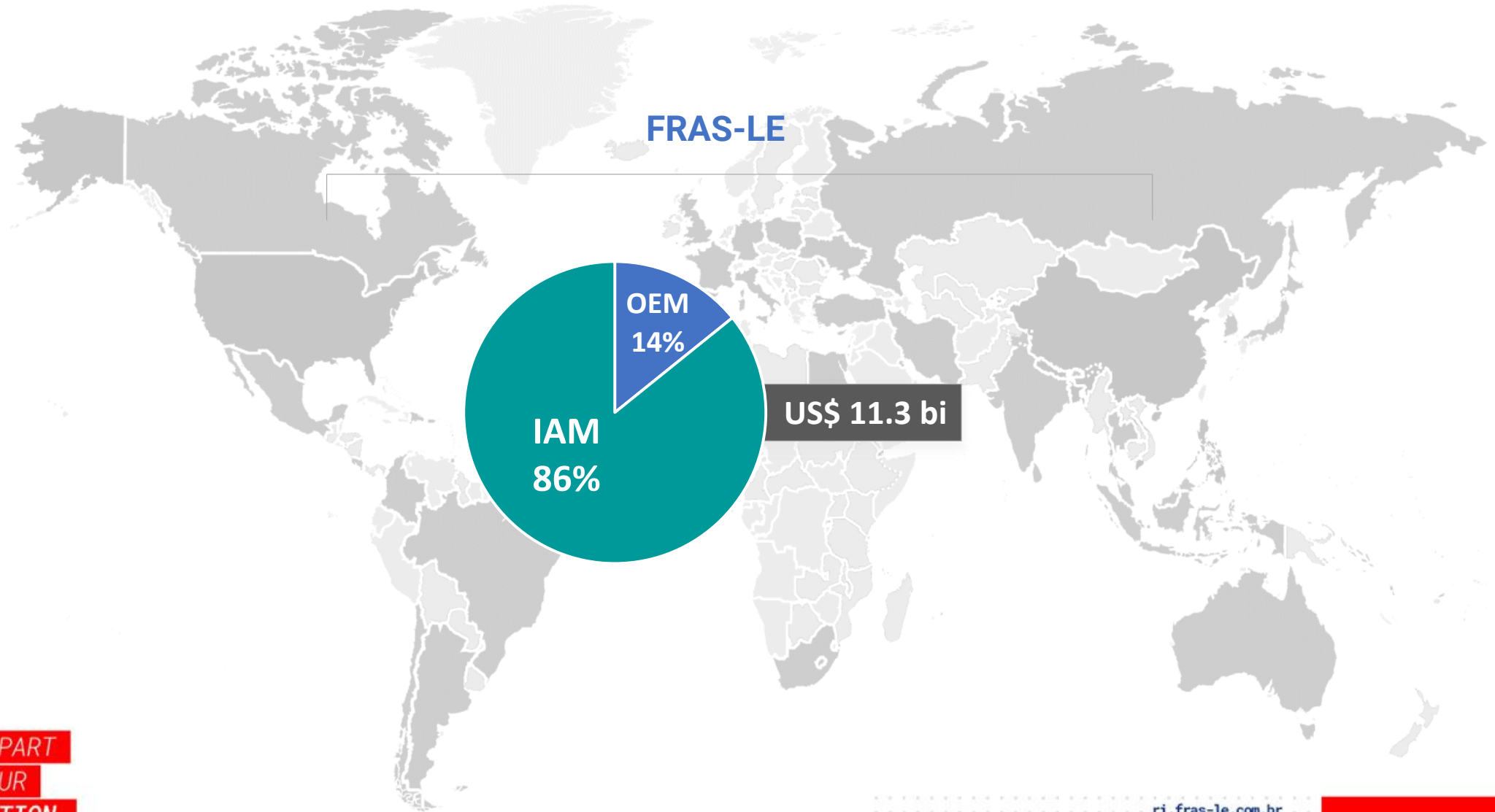
Fonte: Inteligência de Mercado Fras-le – Agosto 2020

BUSINESS ENVIRONMENT

GLOBAL 2019 – POTENTIAL MARKET IN FRICTION MATERIAL
(EXCEPT BRAZIL)



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SERVICE COVERAGE

Sales and Aftersales | Brazil

FRAS-LE

COMPLETE NATIONAL COVERAGE



NAKATA

COMPLETE NATIONAL COVERAGE

13 ACTION REGIONS

+500 ECONOMIC GROUPS

1,4 K POINTS OF SALE

12 ACTION REGIONS

+500 ECONOMIC GROUPS

1,4 K POINTS OF SALE

SERVICE COVERAGE

Sales and Aftersales | Global

4

WAREHOUSE

ARGENTINA | COLOMBIA | HOLANDA | EUA

6

SALES OFFICES

EUA | CHILE | COLOMBIA | MÉXICO | ALEMANHA | HOLANDA

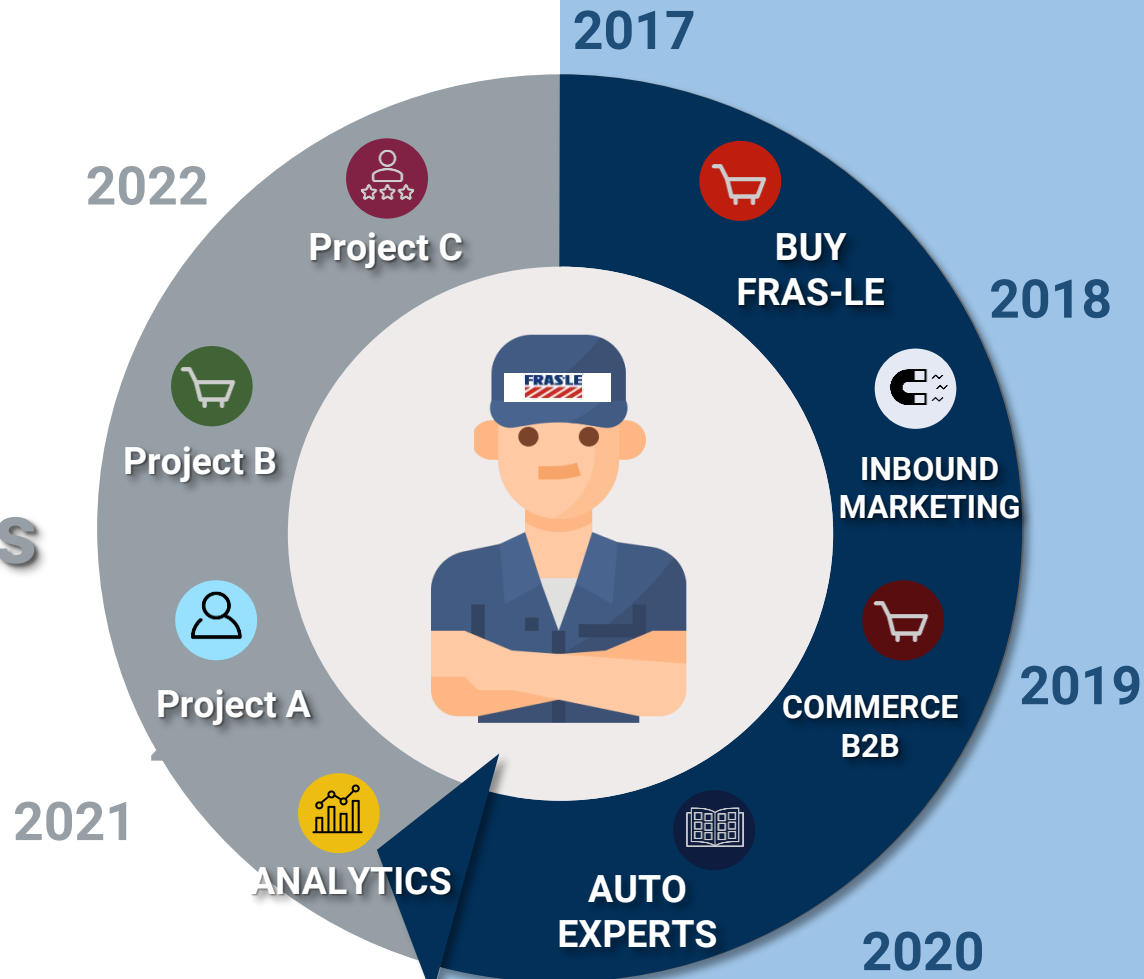
+100

PRESENCE IN COUNTRIES

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DIGITAL TRANSFORMATION

In progress



Done

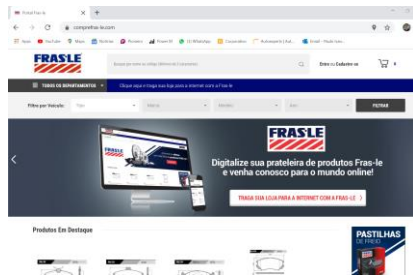
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CUSTOMER APPROACH

PURCHASE ORDERS PORTAL



E-COMMERCE ONLINE AND OFFLINE



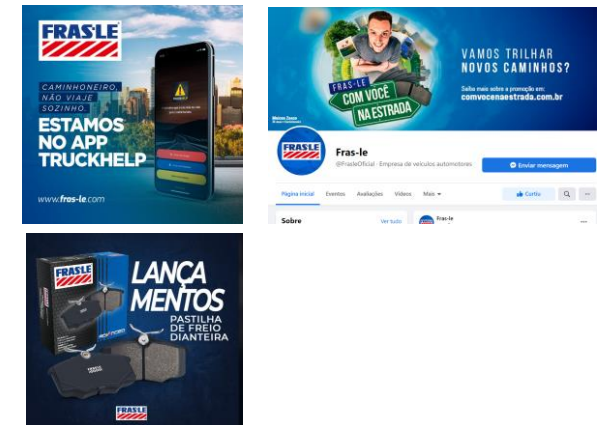
Acesse nossos catálogos individuais



TRAINING E-LEARNING

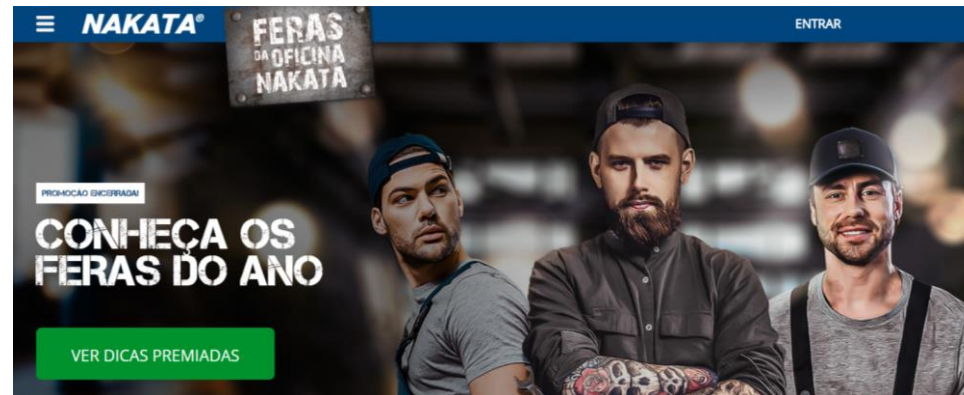


INBOUND MARKETING BLOG/NEWS



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CUSTOMER APPROACH



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CUSTOMER APPROACH



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TRACK TECHNOLOGY TO THE STREETS



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

FRAS-LE BRAKE PADS AND FREMAX DISCS ARE IN THE FOLLOWING COMPETITIONS:

- STOCK CAR
- STOCK LIGHT
- MERCEDES-BENZ CHALLENGE

FREMAX BRAKE DISCS

ALSO ARE IN THE FOLLOWING
COMPETITIONS:

- SPRINT RACE
- OLD STOCK RACE
- PORSCHE GT3 CUP CHALLENGE
BRASIL

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RESULTS:
THE 3Q / 9M2020
EXPANSION
PATH Hemerson Souza



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STRATEGY X RESULTS

BUILDING A SOLID FOUNDATION



- Even in market conditions impacted by the C-19 pandemic, Fras-le enjoys a very unique market moment in its history;
- This is the best Company`s quarter after the implementation of IFRS;



- Today's results correlates to discipline and adjustments made as of 2018 - and are complemented by investments in M&A, aligned with strategy and good execution;
- In 3Q20, most Units showed growth in revenue and performance – a positive achievement in the new business configuration, plus acquisitions;



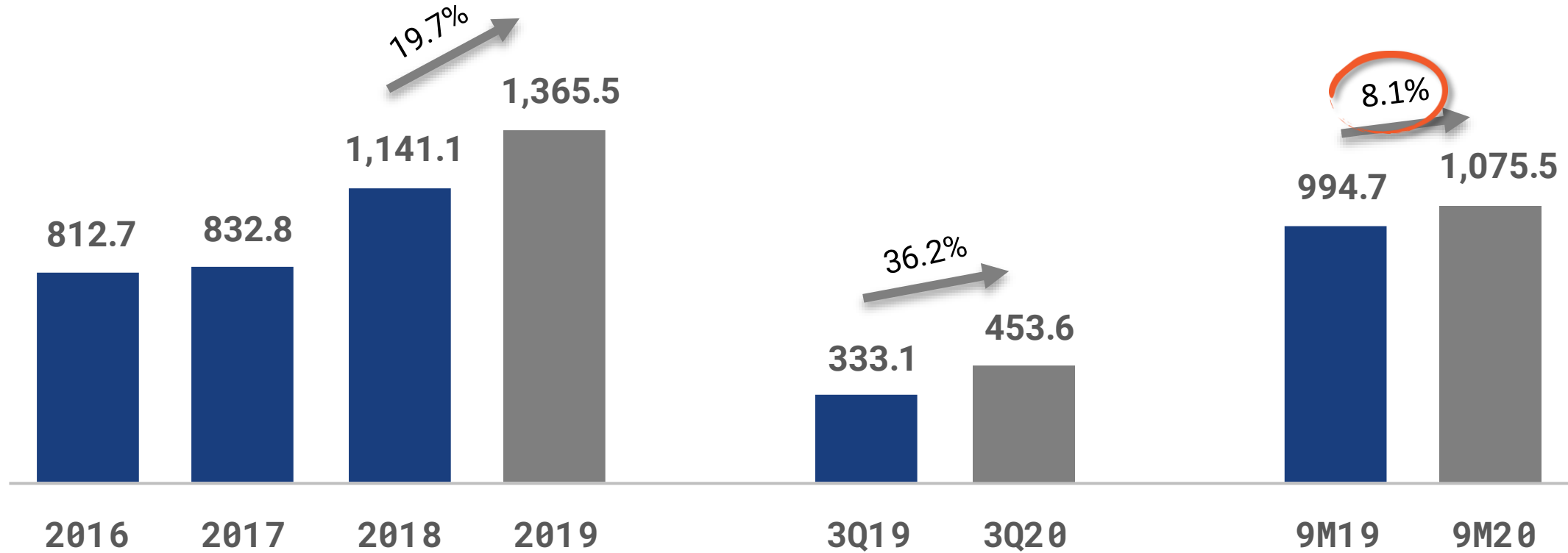
- September marks Nakata's entry into Fras-le consolidated record results;
- The current order book shows good revenue levels until the end of the year;



- Inflation and material shortage are beginning to pose as challenges and risks;

NET REVENUE

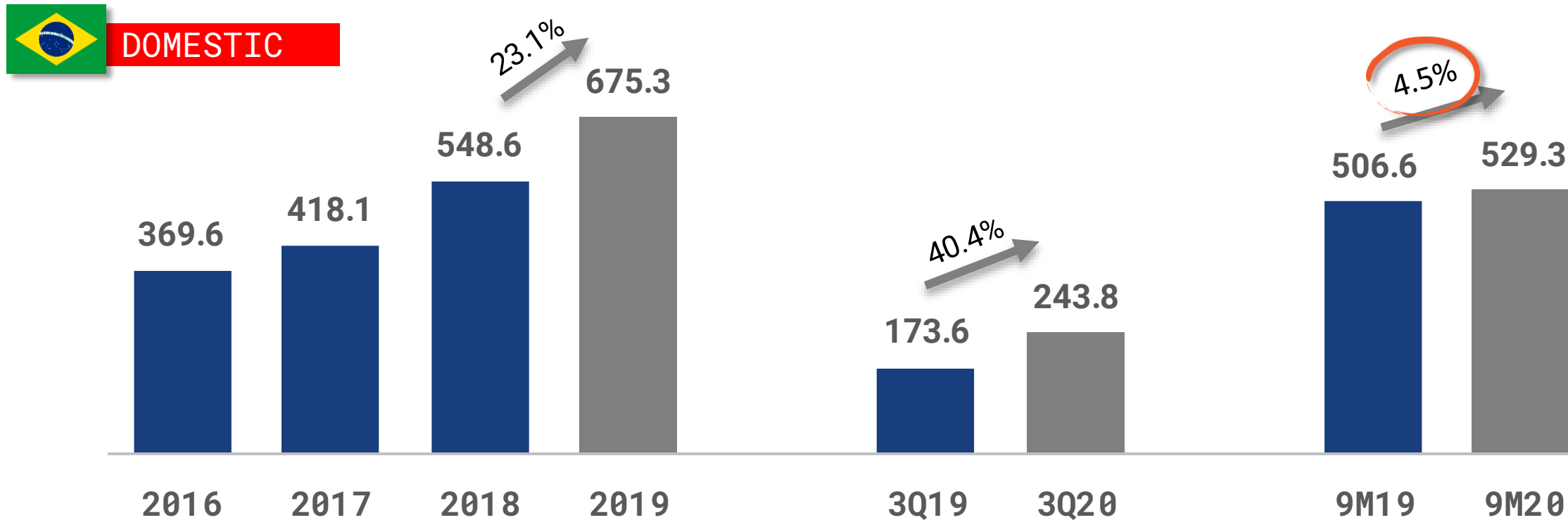
R\$ Million



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DOMESTIC MARKET

Net Revenue | R\$ Million



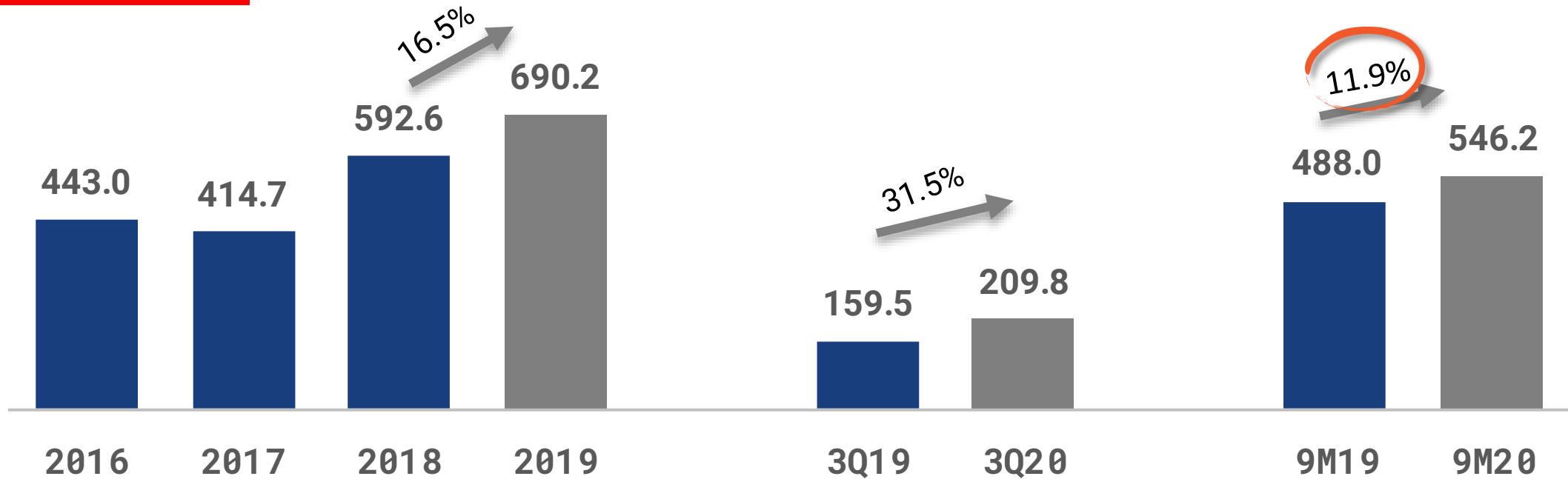
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FOREIGN MARK

Net Revenue | R\$ Million



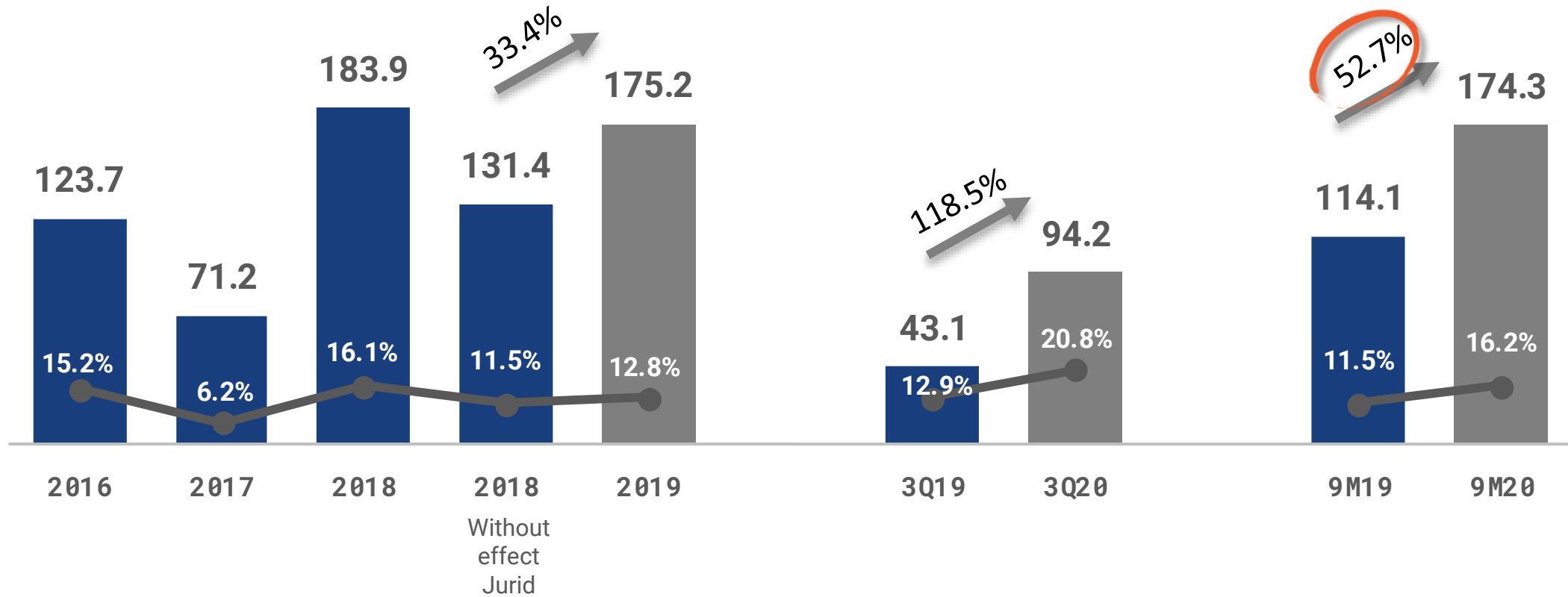
FOREIGN



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EBITDA

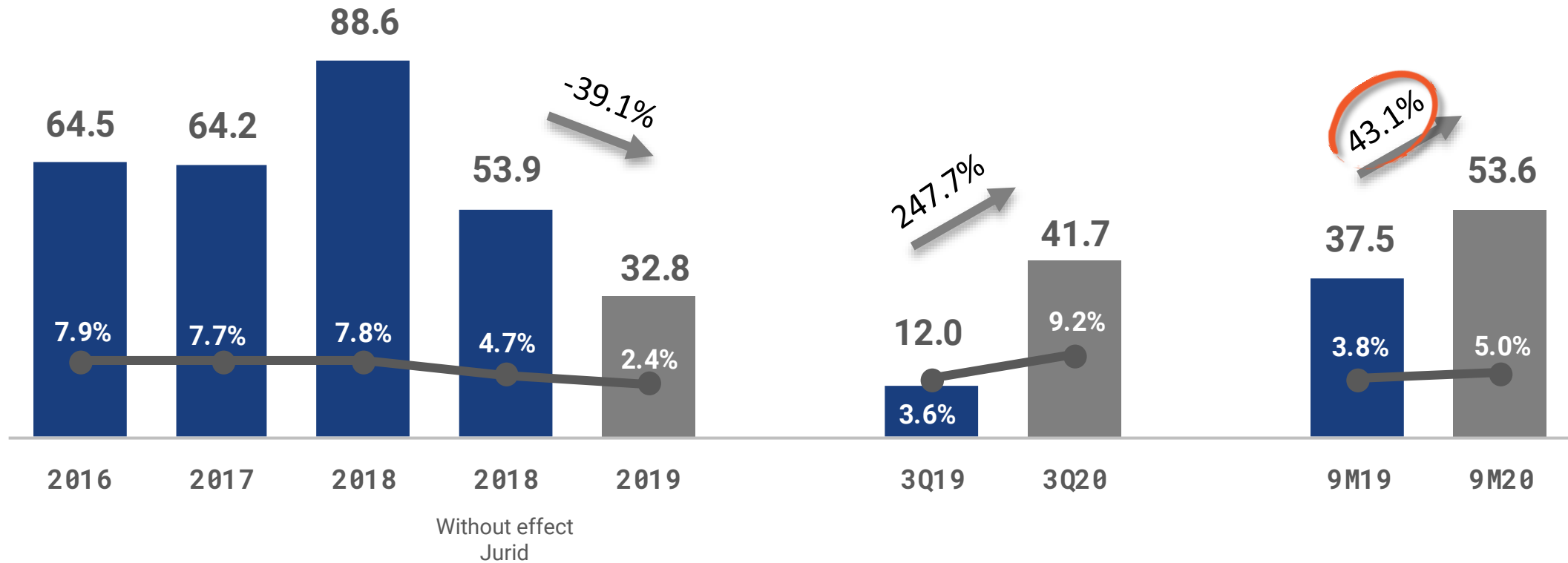
R\$ Million



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NET RESULT

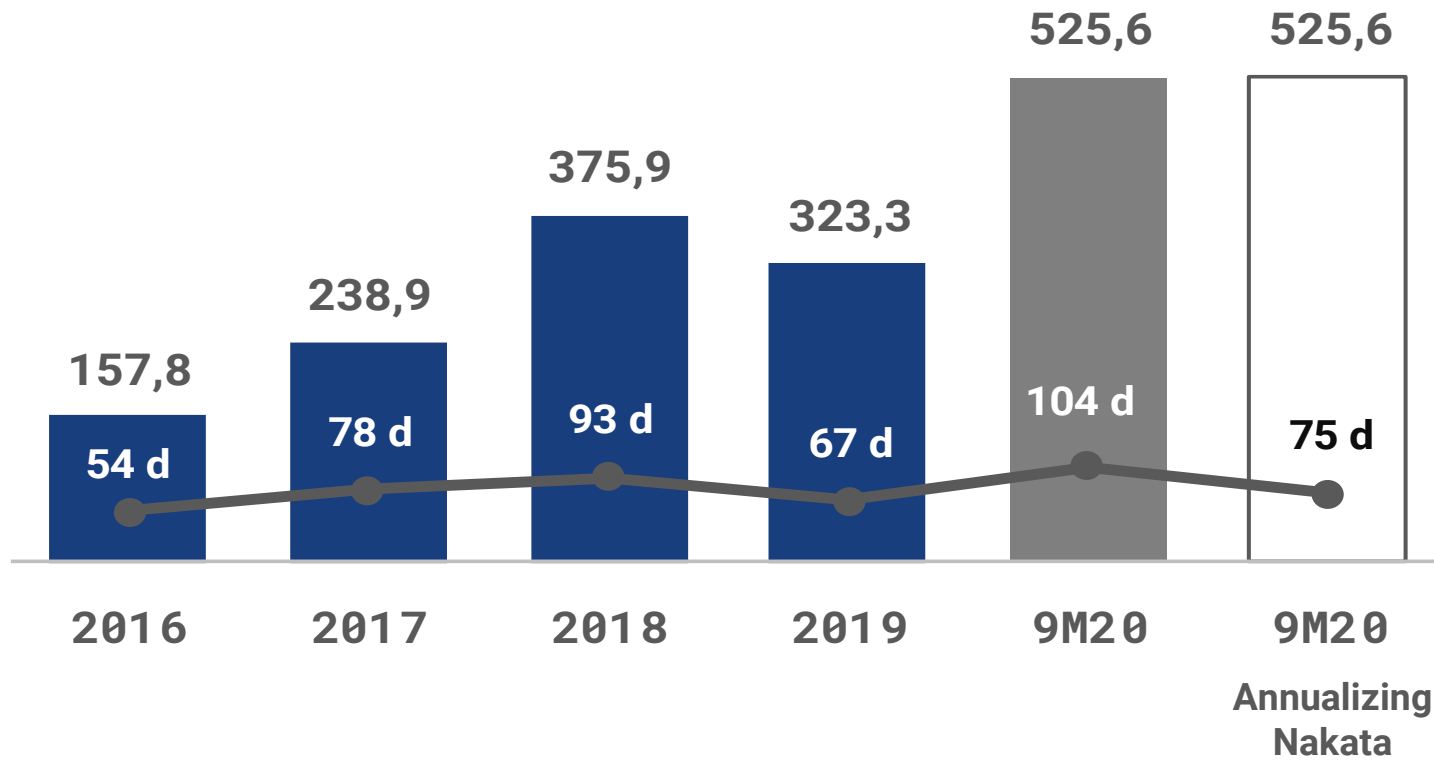
R\$ Million



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NEED FOR WORKING CAPITAL

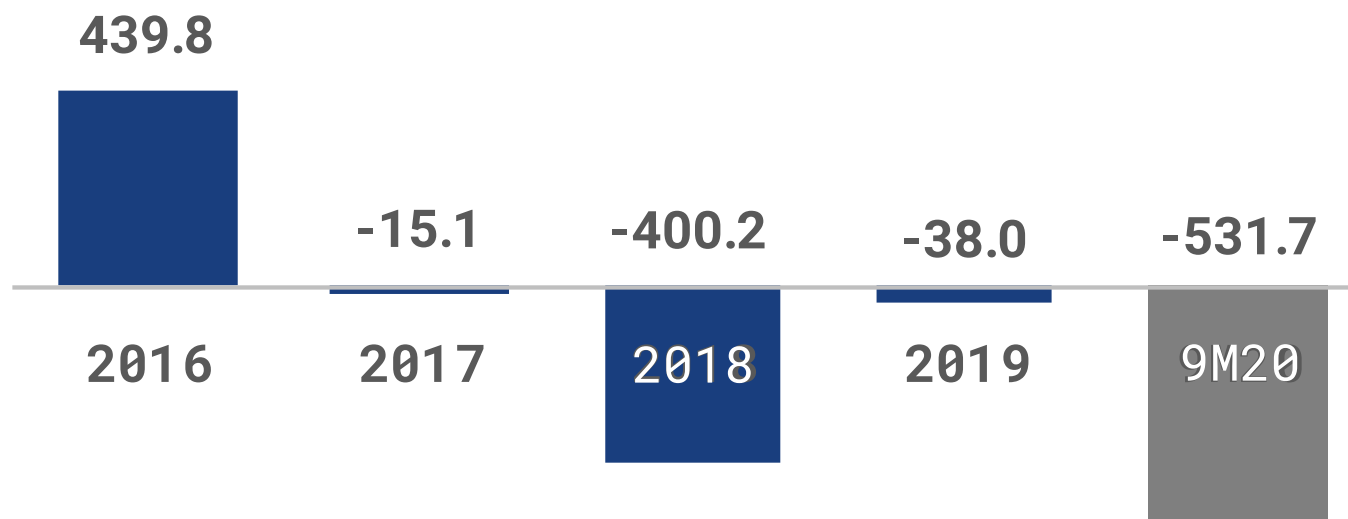
R\$ Million



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FREE CASH FLOW

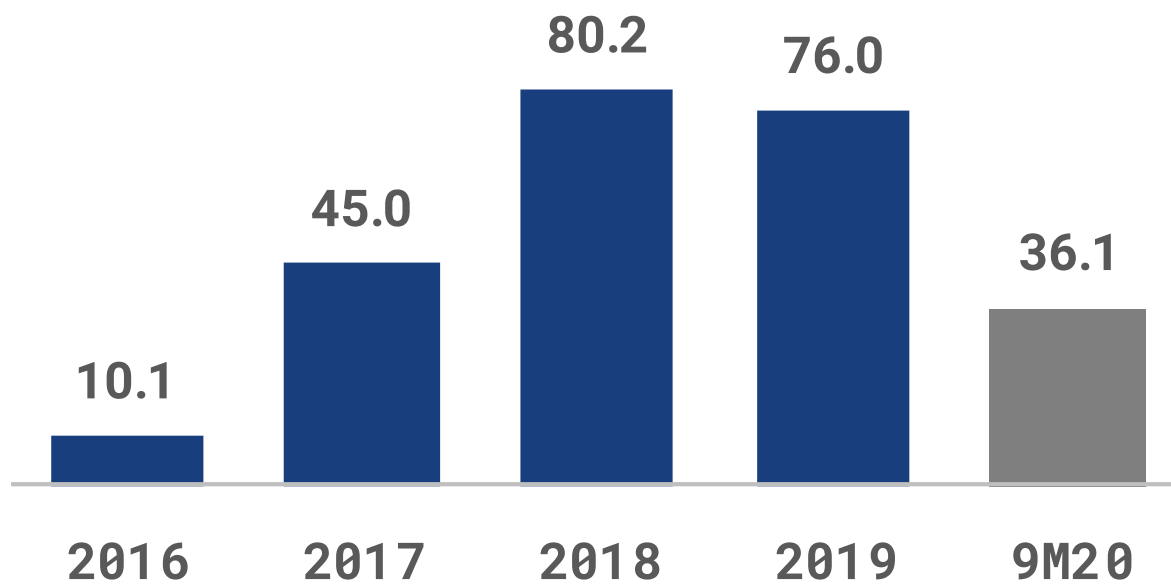
R\$ Million



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CAPEX

R\$ Million



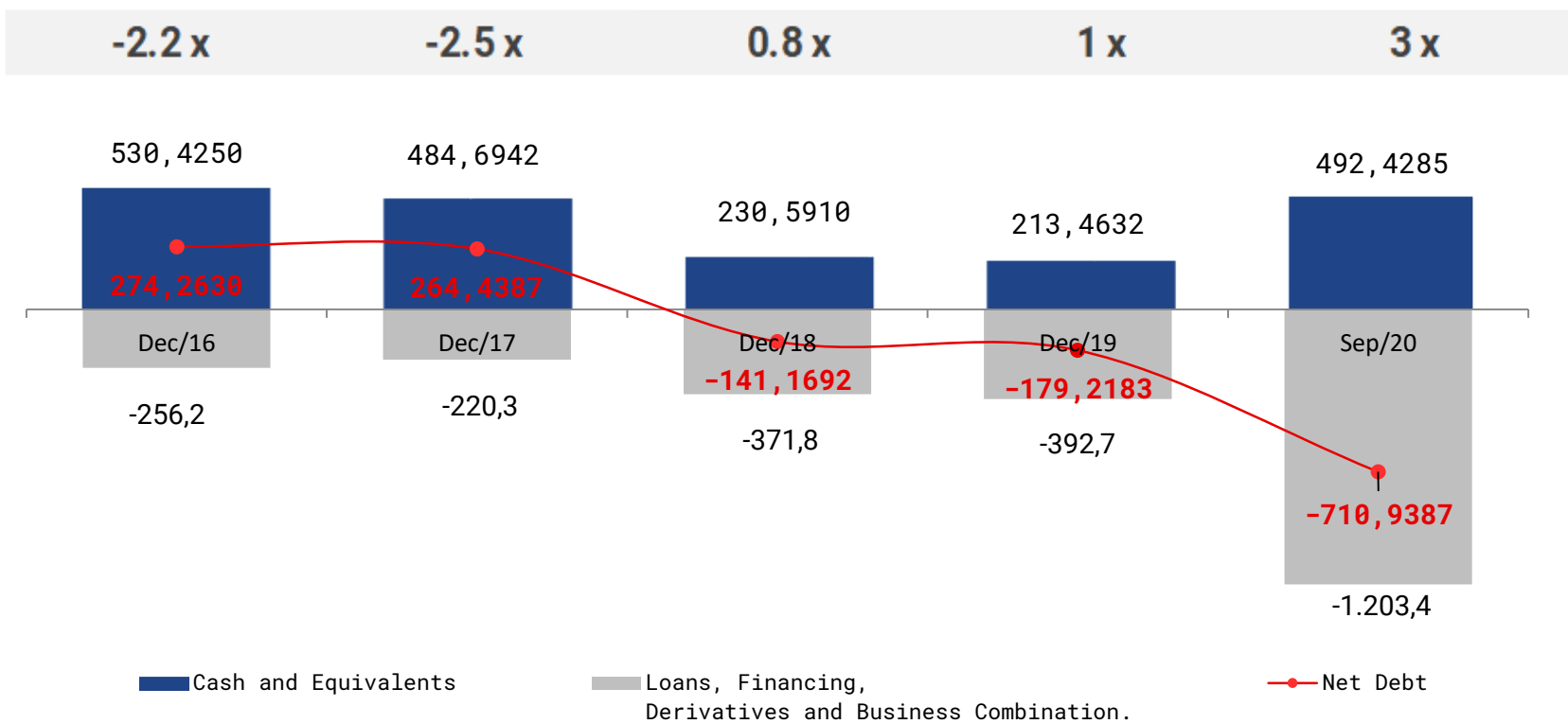
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NET DEBT

R\$ Million

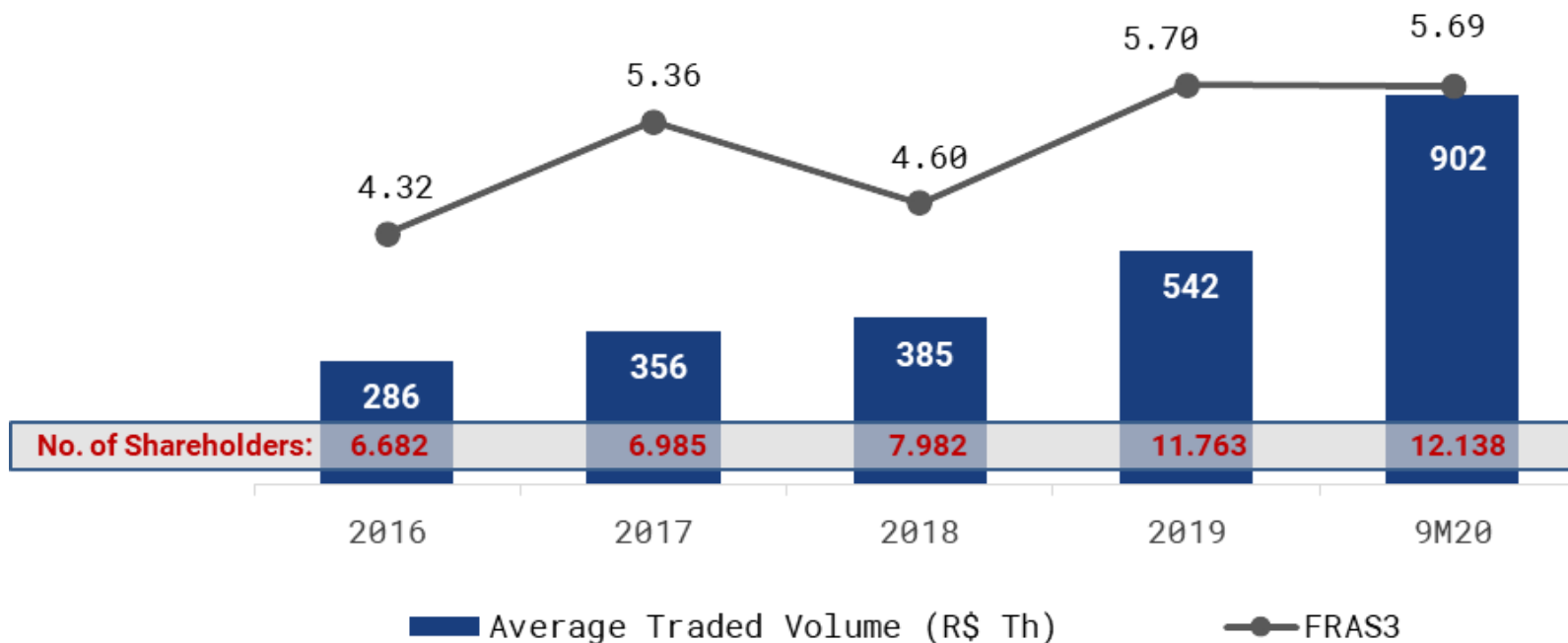


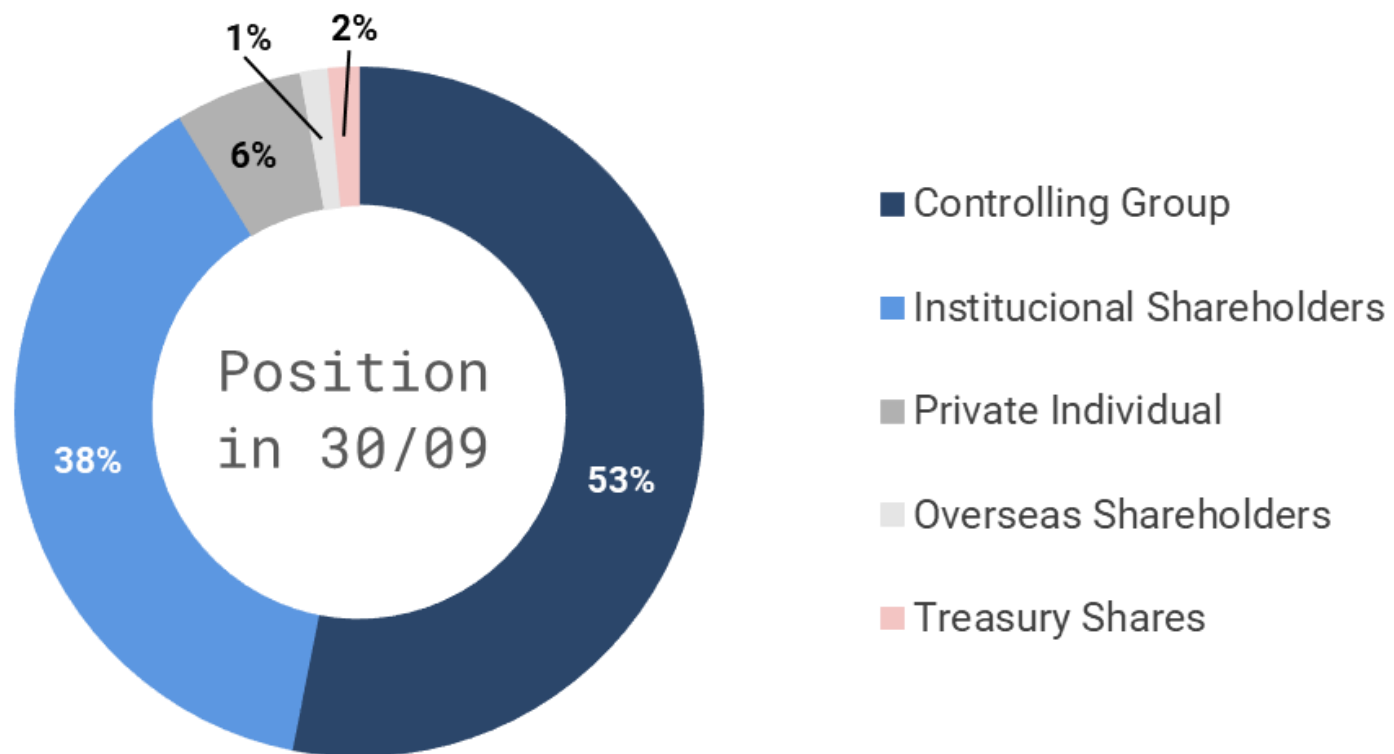
Net Debt/EBITDA



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Average Daily Volume (R \$ thousand),
Quotation and No. of Shareholders





TECHNOLOGY, TRENDS AND INNOVATION

Cesar Ferreira



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PRODUCT INNOVATION STRATEGY

CONFIRMING A VIEW OF THE FUTURE



INNOVATION

APRESENTAÇÃO APIMEC 2019

CIÊNCIA DOS MATERIAIS
BUSCA DE SOLUÇÃO TECNOLÓGICAS PARA ATENDER

SMART MATERIALS



CIÊNCIA DOS MATERIAIS
OTIMIZAÇÃO DE LIGAS E COMPOSTOS BUSCANDO DIFERENCIAL

SMART MATERIALS



CIÊNCIA DOS MATERIAIS
COMPETITIVIDADE E SUSTENTABILIDADE

SMART MATERIALS



ENCARANDO OS NOVOS DESENVOLVIMENTOS
PASTILHA DE FREIO VOCACIONADA PARA VEÍCULOS COM

ELETRIFICAÇÃO



MEGATENDÊNCIAS DA INDÚSTRIA AUTOMOTIVA
FOCO DO PROCESSO DE DESENVOLVIMENTO DO PRODUTO DA FRAS-LE

SMART MATERIALS

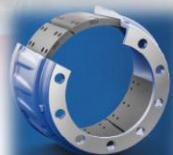


ELETRIFICAÇÃO



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DUETECH SYSTEM



ZOE O ELÉTRICO DA RENAULT

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PRODUCT INNOVATION STRATEGY

CONFIRMING A VIEW OF THE FUTURE

SMART MATERIALS



FRASLE



ELECTRIFICATION



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PRODUCT INNOVATION S

CONFIRMING A VIEW OF THE FUTURE

	Veículo	Preço inicial
1	Audi e-tron	R\$ 499.900
2	BMW i3	R\$ 357.000
3	Chevrolet Bolt	R\$ 259.900
4	JAC IEV330P	R\$ 229.900
5	JAC IEV60	R\$ 199.900
6	JAC IEV40	R\$ 179.900
7	JAC IEV20	R\$ 149.900

Economia - Fro

12 de jan. de 2020 —

elétricos, que dever



Volkswagen's Curious Use of Drum Brakes in New ID.4



By THE BRAKE REPORT — September 25, 2020 No Comments



será

de 180 mil unidades/ano em 2030

Estimativa foi apresentada pela EPE, Empresa de Pesquisa Energética, durante Simpósio da SAE

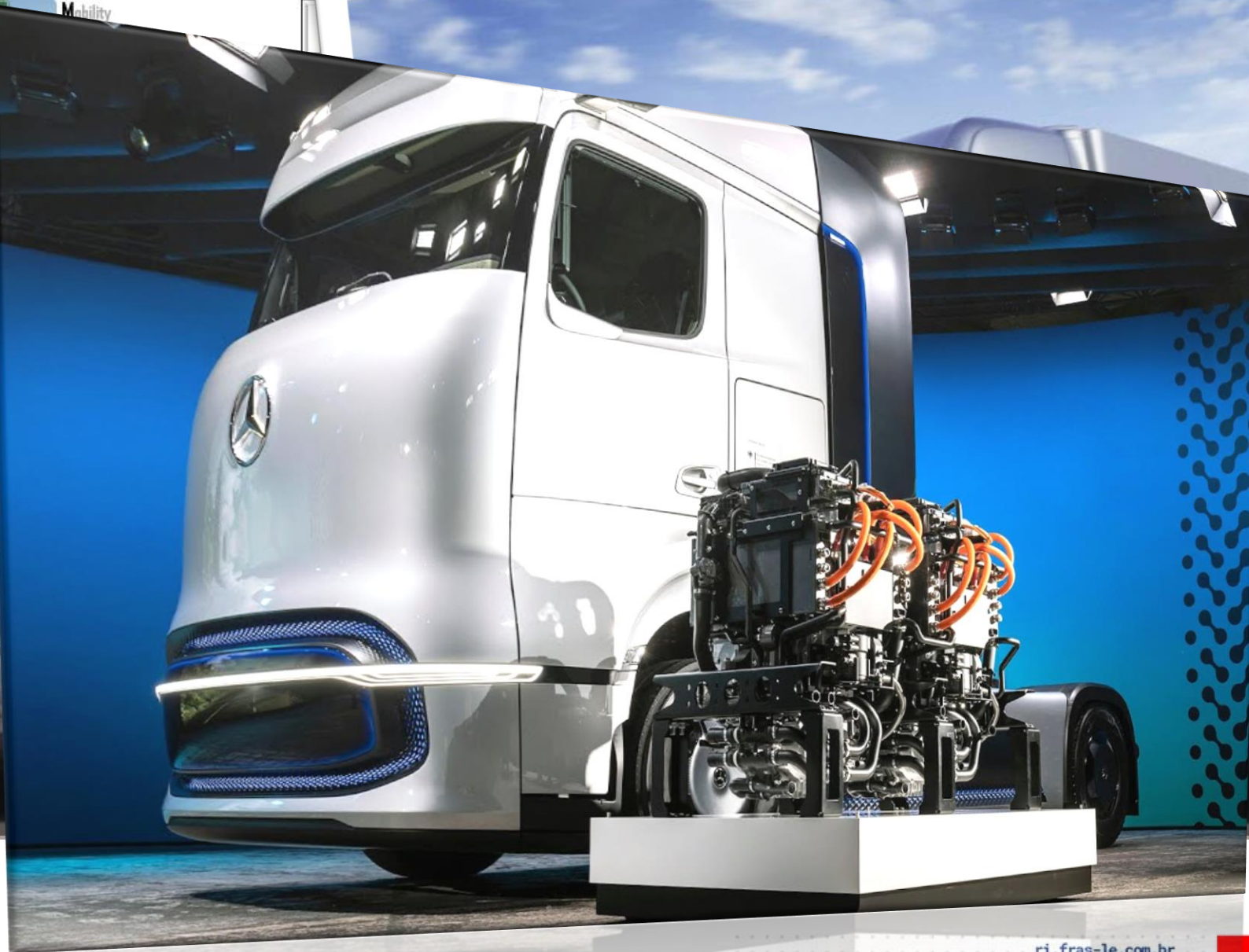
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PRODUCT INNOVATION STRATEGY

CONFIRMING A VIEW OF THE FUTURE

The Future
NEXT EXIT

Mobility



LXE 90L

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SMART MATERIALS



ELECTRIFICATION



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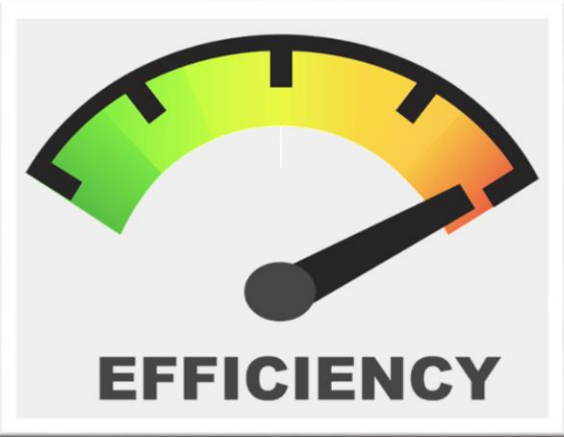
COMING SOON
COMING SOON
COMING SOON



By comparison, the 777 uses 12 percent composites and 50 percent aluminum.

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WHAT IS THE FUTURE OF THE FRAS-LE PRODUCT?



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EXECUTION OF THE STRATEGY AND THE FUTURE

Sérgio Carvalho



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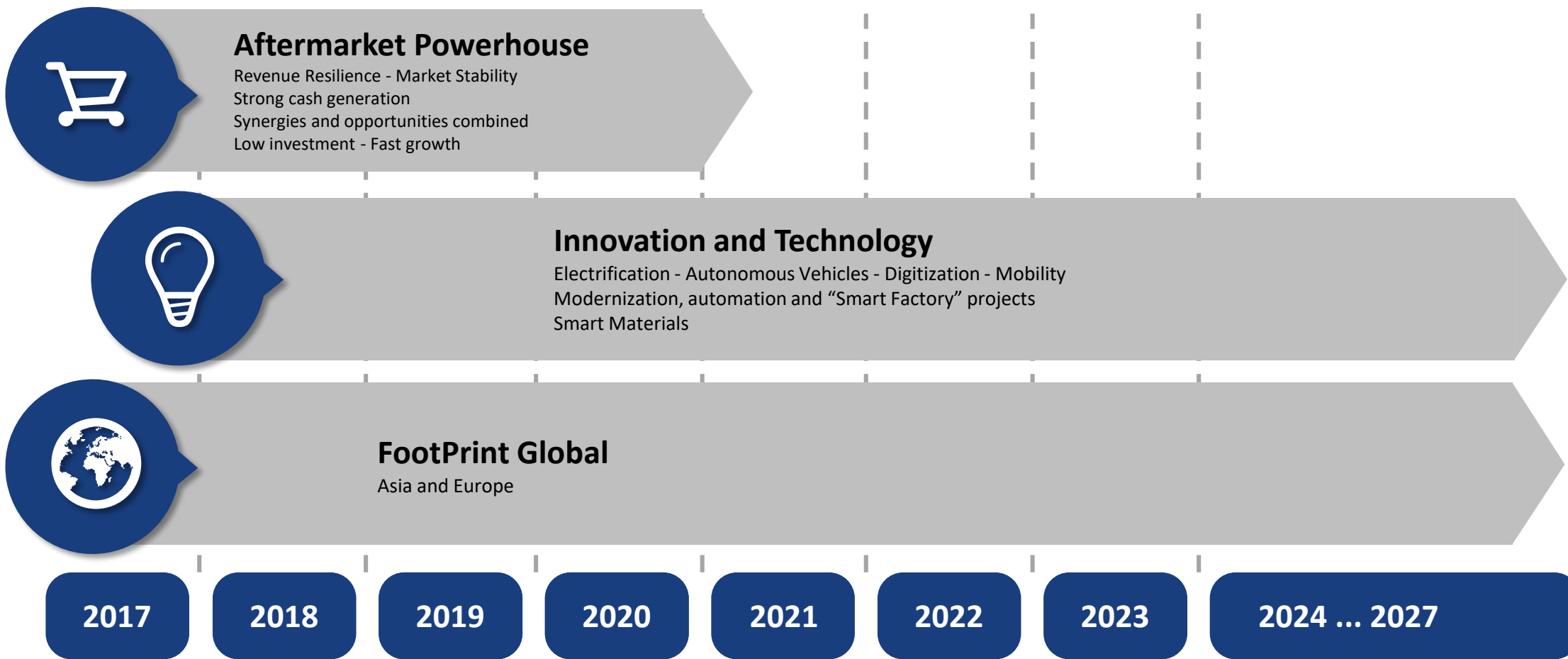
DEVELOPING STRATEGIC PLANS



EXPANSION

FROM THE STRATEGY TO EXECUTION

FRAS-LE EXPANSION PATH OVER THE LAST YEARS



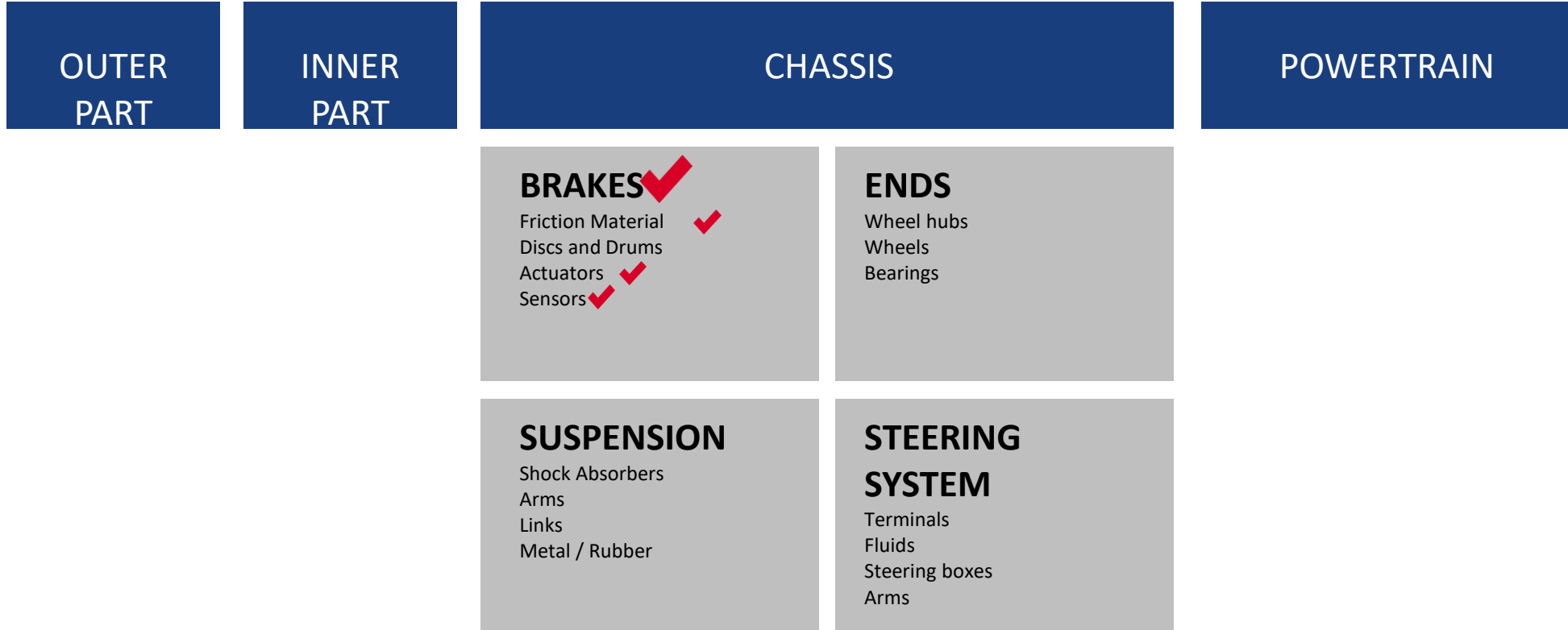
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FRAS-LE PRODUCT PROFILE 2016

AFTERMARKET POWEHOUSE



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Items supplied by Fras-le in its operation markets

AFTERMARKET POWERHOUSE

THE DEVELOPMENT OF A STRATEGY IN PROGRESS



2012

RL R\$ 100mm
95% Aftermarket
5% Exports



2017

RL U\$ 25mm
100% Aftermarket



2018

RL R\$ 200mm
90% Aftermarket
40% Exports



2020

RL R\$ 500mm
98% Aftermarket
5% Exports

COMING SOON

~ RL R\$ 850 mm
95% Aftermarket
25% Exports

EXPANSION CYCLE 1

Use of 2016 follow-on resources + leverage
Reinforcement of the Aftermarket PowerHouse
Business in Argentina, Brazil and Uruguay

EXPANSION CYCLE 2

Em construção

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AFTERMART POWERHOUSE

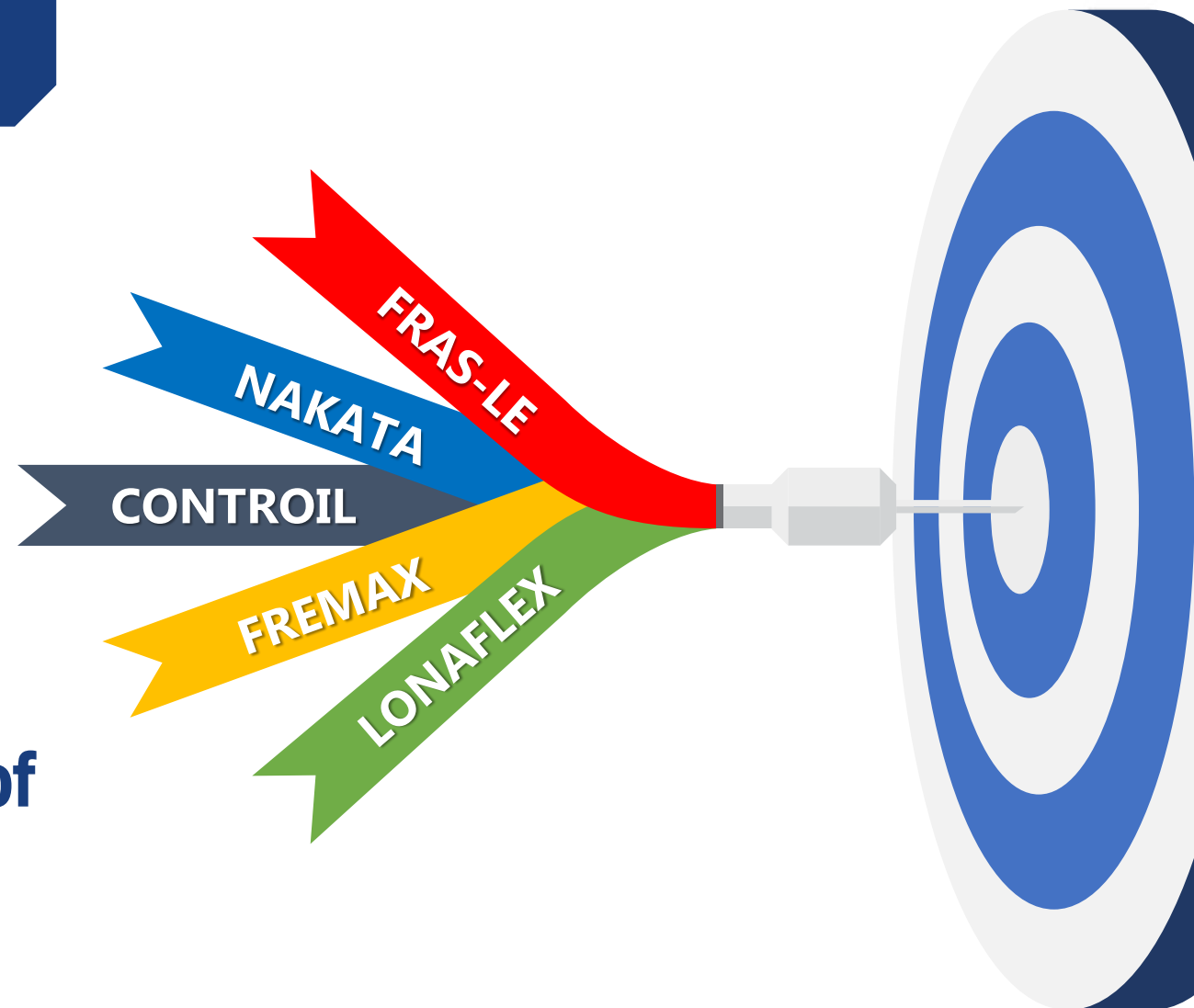
ONE OF THE MAIN POWERHOUSES IN THE DOMESTIC MARKET



R\$ 1.1 bi

Estimated Annual Net Revenue - Aftermarket

... And one of the major suppliers of auto parts in Brazil. _



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AFTERMARKET POWERHOUSE

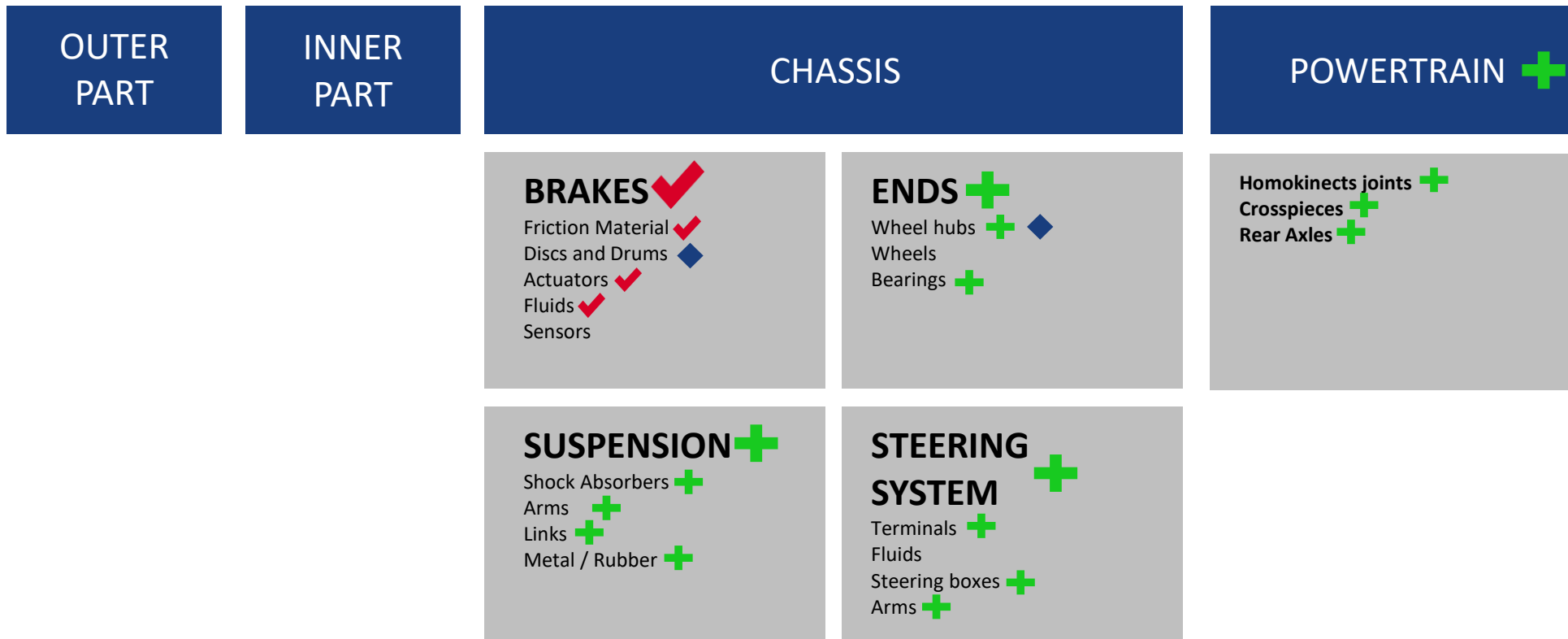
BUILDING A SOLID FOUNDATION



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- **We have created an accelerated growth model via M&A, with good multiples and potential for synergy at scale;**
- **We expanded our businesses in an area of robust and resilient growth;**
- **Expand presence in the main distributors;**
- **Distribution, logistics and customer management synergies;**
- **Diversification of product portfolio; offering products and systems;**
- **Expand the brand profile: unique asset in the aftermarket;**
- **Achieve a cash coverage ratio for more robust movements in the future;**
- **Shielding attention and growth of foreigners in Brazil;**

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- Items supplied by Fras-le in its operation markets
- Items supplied by FREMAX in its operation markets
- Items supplied by NAKATA in its operation markets

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MATERIALIZING DREAMS AND EXPANSION INTO REALITY



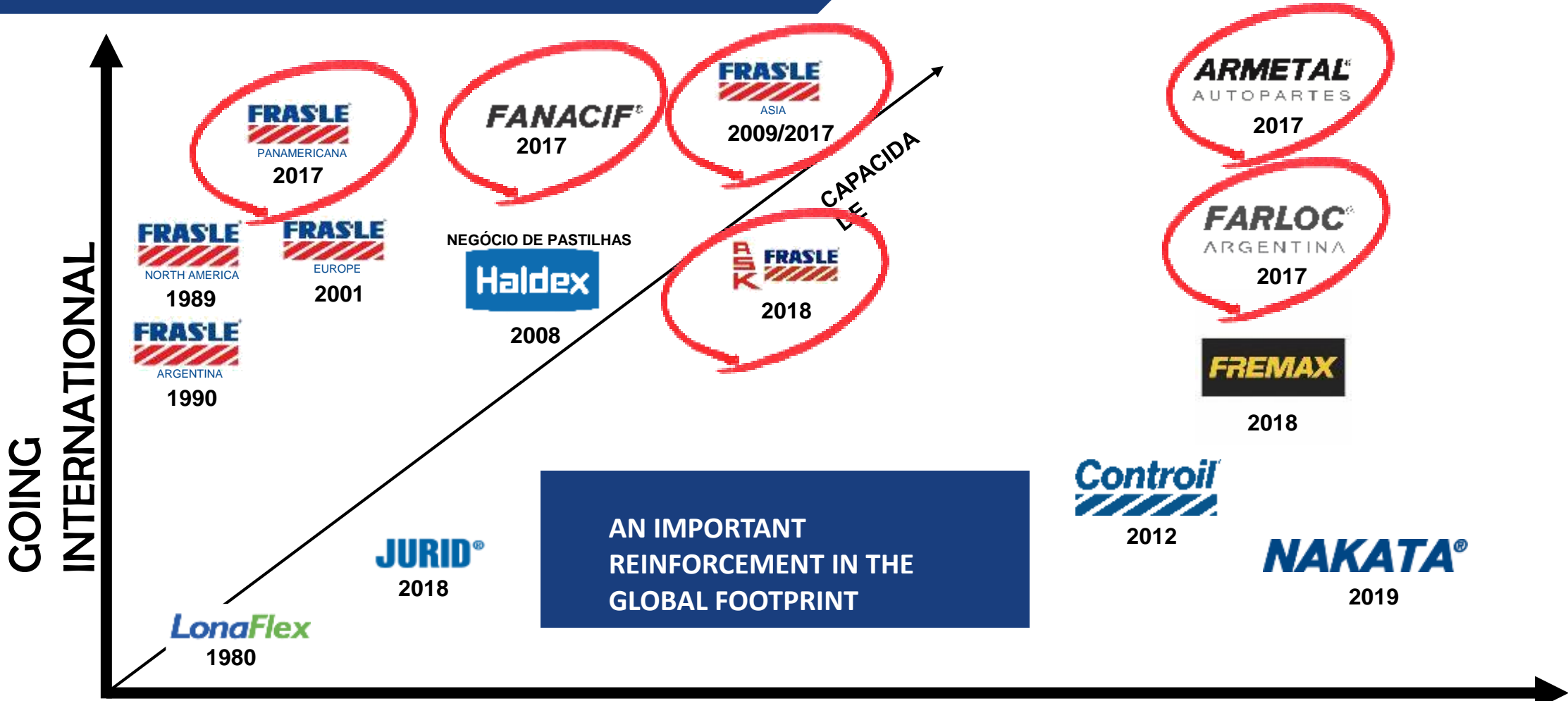
NAKATA®

FRAS-LE + NAKATA

JOINING FORCES FOR YOU TO GO EVEN
FURTHER.

FROM STRATEGY TO EXECUTION

FRAS-LE EXPANSION PATH OVER THE LAST YEARS



WE DO OUR PART
TO KEEP YOUR
LIFE IN MOTION.

Product Portfolio
Expansion

AN IMPORTANT
REINFORCEMENT IN THE
GLOBAL FOOTPRINT

LIFE IN MOTION

FUTURE VISION

OVERCOMING 2020 VISION



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

By annualizing our 9M20 results and including NAKATA's revenue, we exceeded our 2015 vision, which pointed to a company of R \$ 2 billion in revenue. It is time for new goals ...

WE DO OUR PART
TO KEEP YOUR
LIFE IN MOTION.



**INCREASING
PRODUCTION
CAPACITY**



INTEGRATED LOGISTICS

INNOVATION AND TECHNOLOGY



VDA
53.000 metros
quadrados

**PISTA DE
BAIXO ATRITO**
300 metros



JOURNEY FOR STRATEGIC AMBITION



**CONSIDERABLE
GEOPOLITICAL
UNCERTAINTIES**

**CONSUMER
HABITS
ARE CHANGING**

**MAJOR
TECHNOLOGICAL
TRENDS**

**DIGITAL
TRANSFORMATION**

**WE ARE
UNDERGOING RADICAL
TRANSFORMATIONS**

WHAT TO DO TO ENSURE SUCCESS IN THE FUTURE?



INNOTATION AND TECHNOLOGY
PRODUCTS – PROCESSES - MAMAGEMENT



FINANCIAL CAPABILITY



COOPERATIONS



AGILITY



LOGISTICS



DATE – A NEW PROTAGONIST



**IS IT TIME TO “BRAKE”,
“KEEP”
OR “ACCELERATE” ?**





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