

SAFETY IN MOTION CONTROL,  
SAFETY TO GO  
**BEYOND**

SEGURANÇA NO CONTROLE DE MOVIMENTOS, SEGURANÇA PARA IR ALÉM

**DISCLOSURE OF THE COMPANY'S RESULTS  
1Q20**



# Important Information



Results Center



*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.*

# Summary

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**1Q20 Main Events**

**Consolidated Net Revenue**



**Markets**

**EBITDA/Net Result**

**Need for Working Capital and Free Cash Flow**

**Fremax**

**Nakata**

**Corona Virus**

**Expectations 2020**

**Attachments**

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# Main Events in 1Q20



## **We continue delivering good operating performance**

- Revenues growth leveraged by the foreign market and currency conversions;
- EBITDA margin is resilient when excluding non-recurring effects.



## **Working capital being affected by exchange rates and by the pandemic;**

- Increase in exchange rates has caused an increase in the balances of invested funds in our foreign operations;
- Higher level of provisioning due to Covid-19, such as employee pay advance and others.

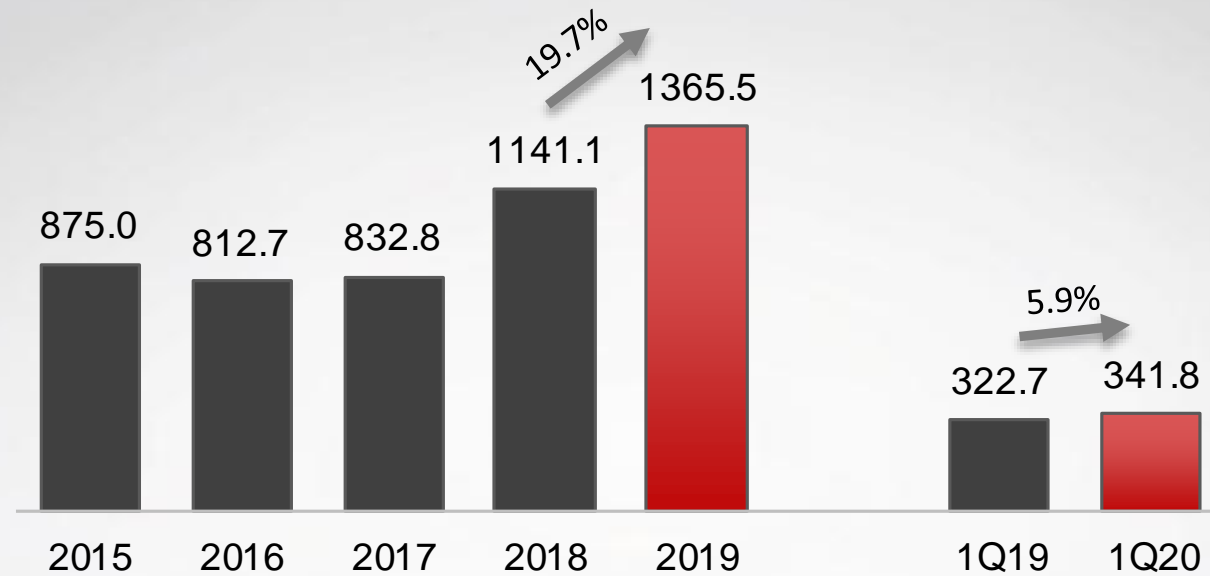


## **Net Income absorbing accounting and currency exchange effects**

- Impact of decreased deferred taxes in our foreign operations;
- Increase in financial expenses resulting from exchange rate fluctuation.

# Consolidated Net Revenue

BRL million



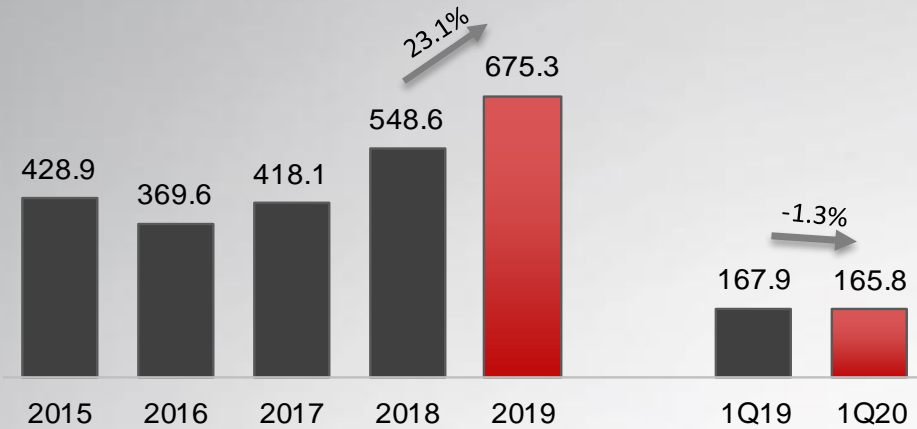
- Dollar rate helped boost revenues;
- Dollar conversion effects in the accounts of our controlled companies abroad.



# DOMESTIC MARKET

# Markets

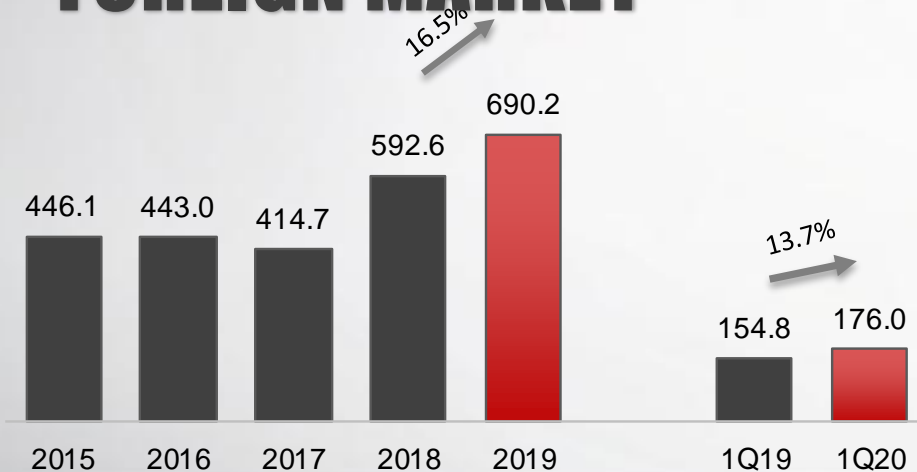
Net Revenue | BRL million



- First effects of the pandemic in Brazil, shutdown of customers` warehouses and vehicle repair shops;
- Reduced demand for products of the light vehicle line.



# FOREIGN MARKET

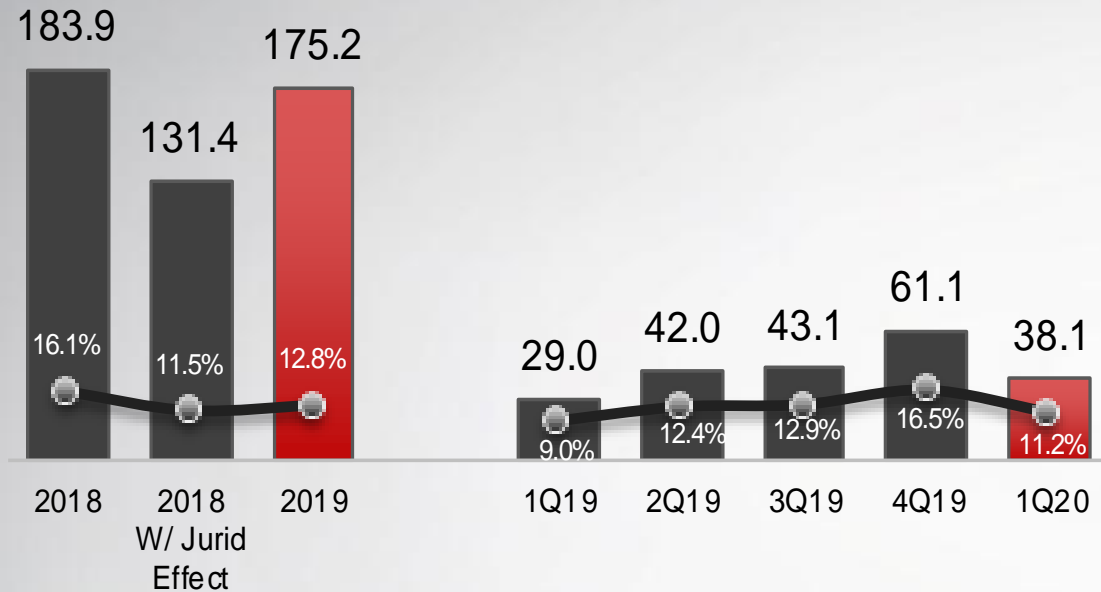


- Despite halt in operations abroad, the exchange rate and conversion effects positively sustain revenues;
- Larger volumes of friction material for commercial vehicles.

# EBITDA/ NET INCOME

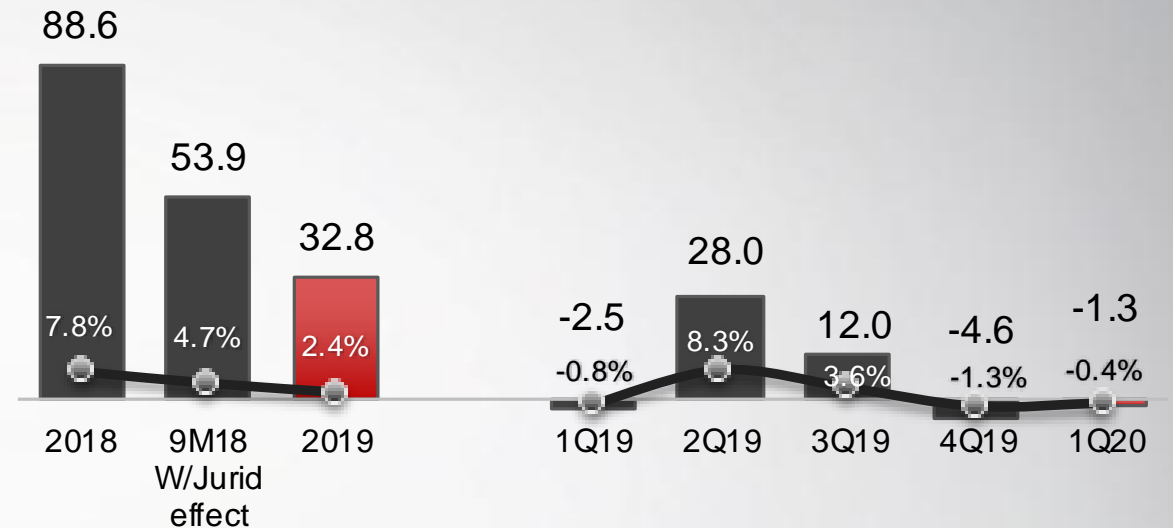
BRL million

## EBITDA | EBITDA Margin



- Impacts of assets write-off, JURID *imparment* – Recurrent of 13.5% Ebitda margin;
- Good operating and exchange rate levels help margins;
- 2019 Adjustments have improved RUN RATE levels.

## Net Income

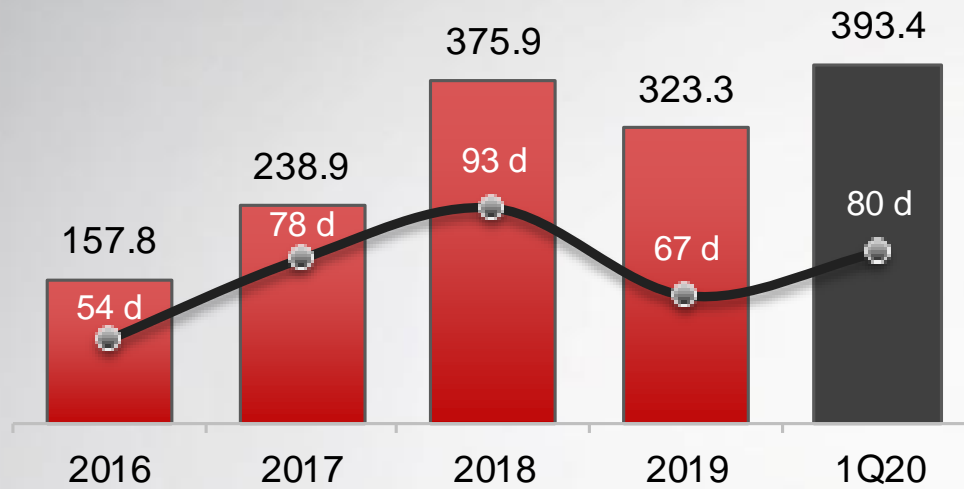


- Impacts of decreased deferred taxes in our India Unit;
- Increase in financial expenses due to exchange rate adjustments.

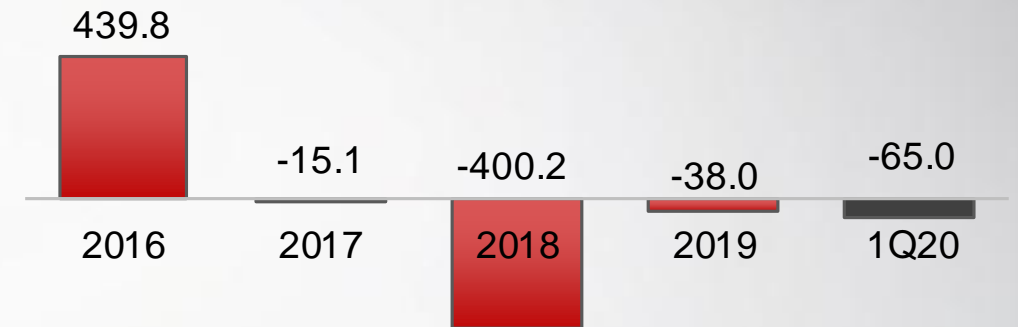
# Need for Working Capital and Free Cash Flow

BRL million

## Need for Working Capital



## Free Cash Flow



- Exchange rate impact has raised fund balances invested in our operations abroad and thus in the Need for Working Capital;
- Higher level of provisioning has raised Cash Flow.





# Fremax

# FREMAX



## Opportunities



- Production capacity expansion has been completed from that of acquisition time (28% total additional capacity and 50% in the casting line);
- Expansion allows to increase supply of products in other markets.



# Nakata

## Status

Material Fact


CADE

Ext. General Meeting

Closing




Information on the Transaction










# Corona Virus – 1Q20

 No employee has been contaminated or has shown contamination symptoms;

 Impacts in China in February and in the other Units as of the second fortnight of March;

 Implementation of several measures aimed at combating the spread of the Virus, in compliance with the Municipal and State decrees, and with the WHO and health Ministry recommendations;

 Participation, along with Randon Companies, in prevention actions and combat to the spread of the virus, while supporting nearby communities.



# Expectations 2020

- **Covid-19**
  - The main impacts on the Company will be known in 2Q2020;
  - Characteristics of the markets supported by the Company show good resilience for sales and results;
  - The moment still requires attention, mainly in the health conditions of the locations where the Company has Operations.
- **Markets**
  - All markets are studying post-pandemic demand;
  - China: the first market to suffer the effects of the C-19 is now delivering normal performance;
  - Integration of business in Argentina (Armetal, Fras-le, Fremax) are in the final stage to increase competitiveness and efficiency in a downturn market.
- **Result**
  - Adjustments made in 2019 boost the Company`s results in 2020;
  - Exchange rates helping exports.



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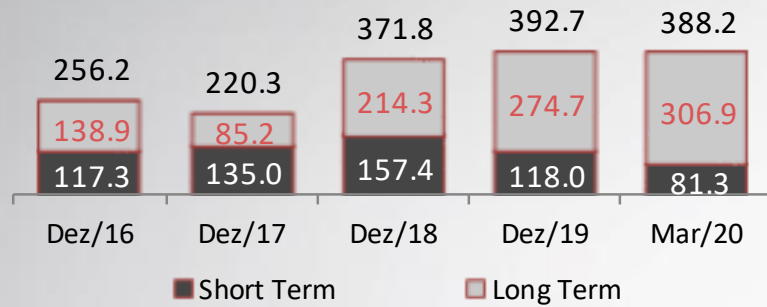
**ATTACHMENTS**



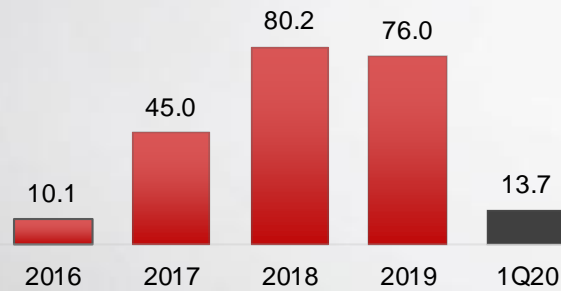
# Financial Performance

## Financial and Investment Performance

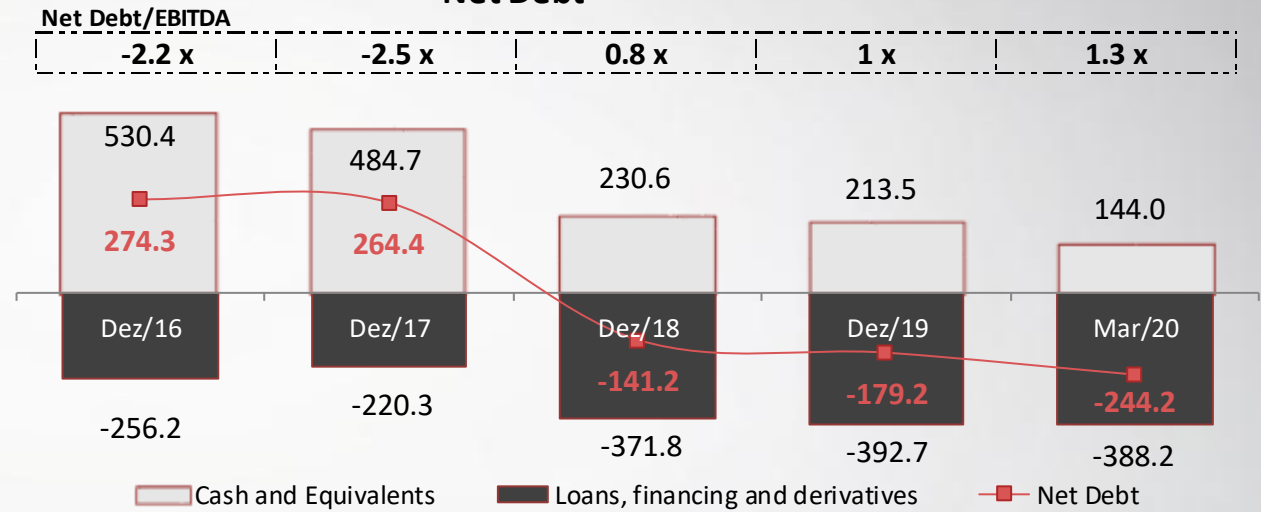
### Loans, financing and derivatives



### Capex

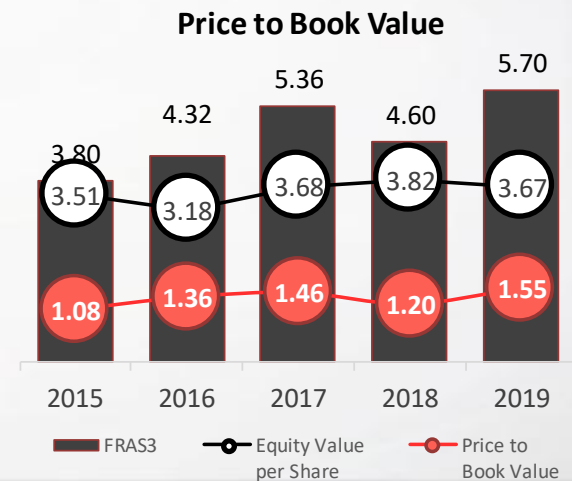
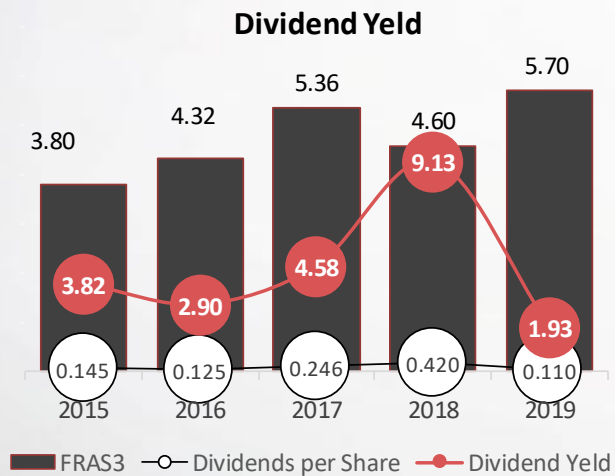
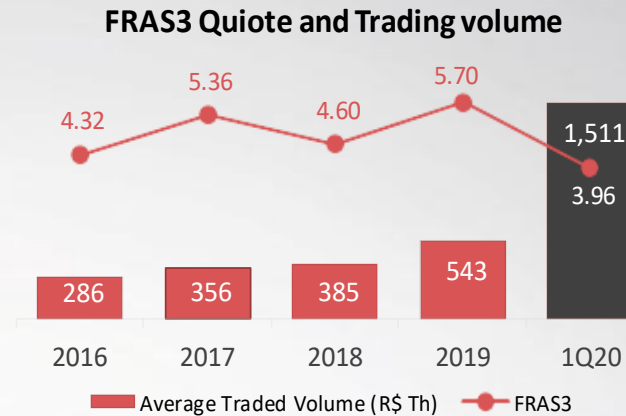
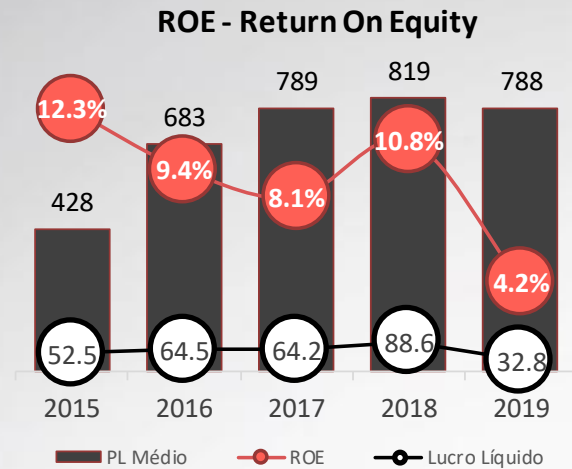


### Net Debt



# Capital Markets

## Indicators





Thank You!

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