

RESULTS PRESENTATION 2Q20

August/2020

TEGMA
GESTÃO LOGÍSTICA



DISCLAIMER FOWARD LOOKING STATEMENTS

This communication contains forward-looking statements based on the current expectations and beliefs of Tegma's management. The ongoing COVID-19 pandemic imposes significant risks and uncertainties on the statements, including those discussed below. Unless indicated, Tegma is providing this information as of the date of this communication and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project.

COVID-19 STATUS

Health Protocols

- Tegma had 58 notifications from employees that tested positive to COVID-19.
- A large part of the Company's corporate workers is still working from home.
- The safety protocols of the resuming operations follow the strictness levels adopted by the company. We have implemented a plastic partition inside the support cars in our main vehicle logistics operation.



Operation

- The results of **automotive logistics division** were seriously impacted by the reduction in vehicle sales, but the impact was mitigated by the residual revenue in the months of April and May, by the cost cutting and postponements of costs and expenses and by the resumption of sales in June.
- On the other hand, the **Integrated Logistics Division** performed positively during the crisis:
 - The **warehousing operation** recorded increase in volume due to the growth of e-commerce.
 - The **chemical operation** grew due to the fact that it involves essential products in high demand.
 - The **home appliance operation** came to a halt at the beginning of the pandemic, but it gradually resumed over the quarter, given the increase in e-commerce sales

QUARTER HIGHLIGHTS

- ▶ *Renewal and extension of integrated logistics contracts*
- ▶ *Tegma receives 2019 Supplier of the Year Award from GM*

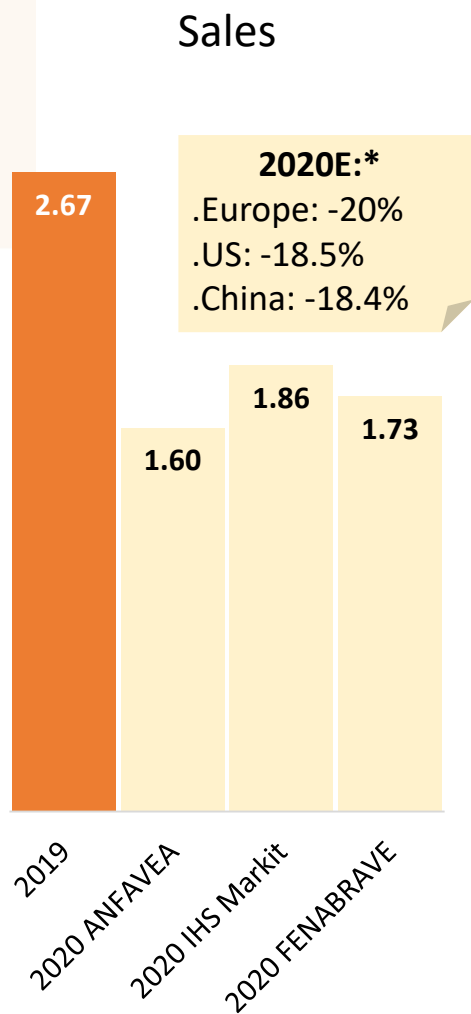


- ▶ *Updates from start-ups that received investments from **tegUP** ventures*

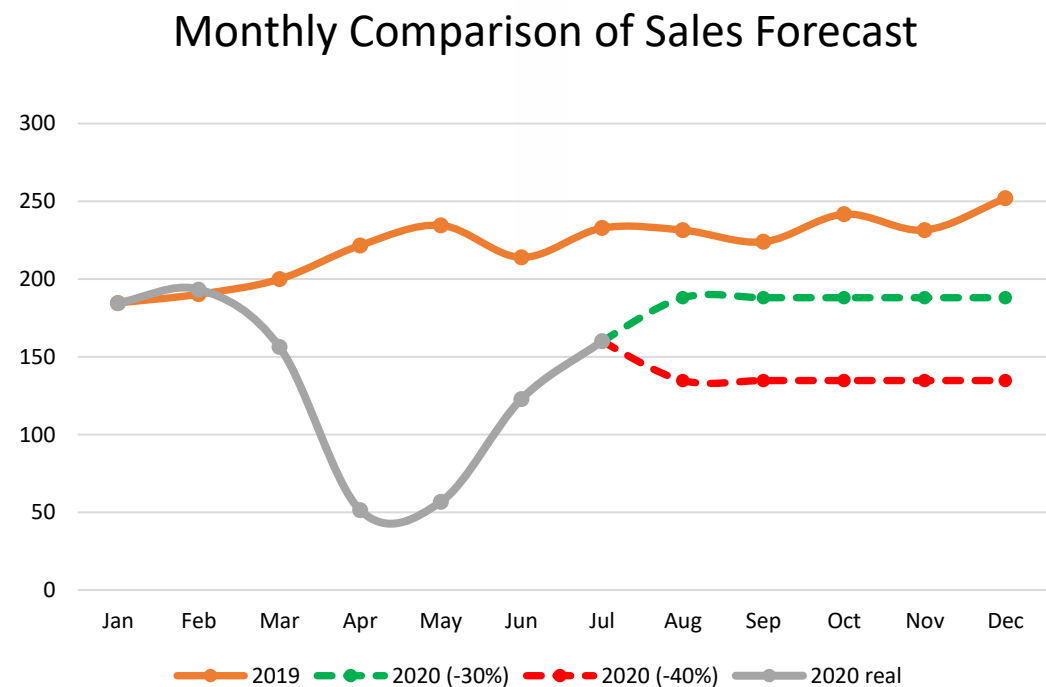


- ▶ *Non-anticipation of dividends and interest on own capital in August 2020*
- ▶ *Update on the investigation related to Operação Pacto*

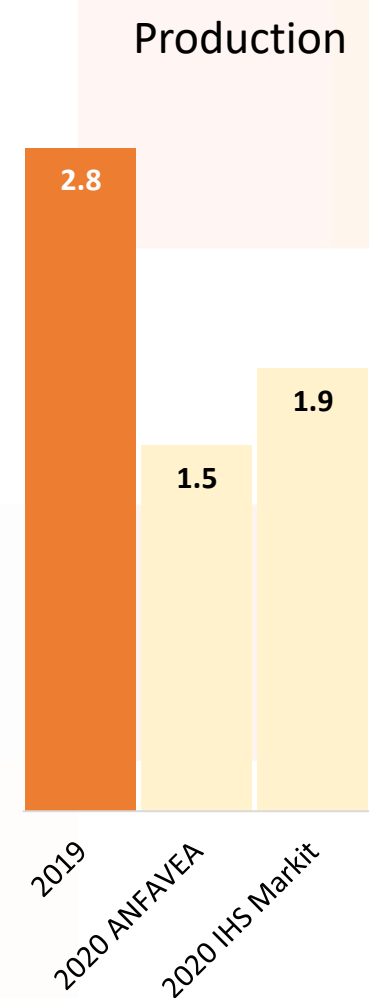
AUTOMOTIVE MARKET FORECAST 2020 (vehicles and light commercial, in million)



* LCM Data Group



- 2020's vehicle sales forecast in the domestic market are ranging between 30% and 40% reduction in the annual comparison and between 33% and 45% contraction for the production of new vehicles.
- Considering these forecasts, the Brazilian automotive market will be more affected than the three main global automotive markets.
- To reach the sales forecast of -40% in 2020 in the annual comparison, the average sales from August to December would have to be 18% lower than the sales registered in July 2020, to reach -30%, the same period should have an average sales 15% higher than the July 2020 level.



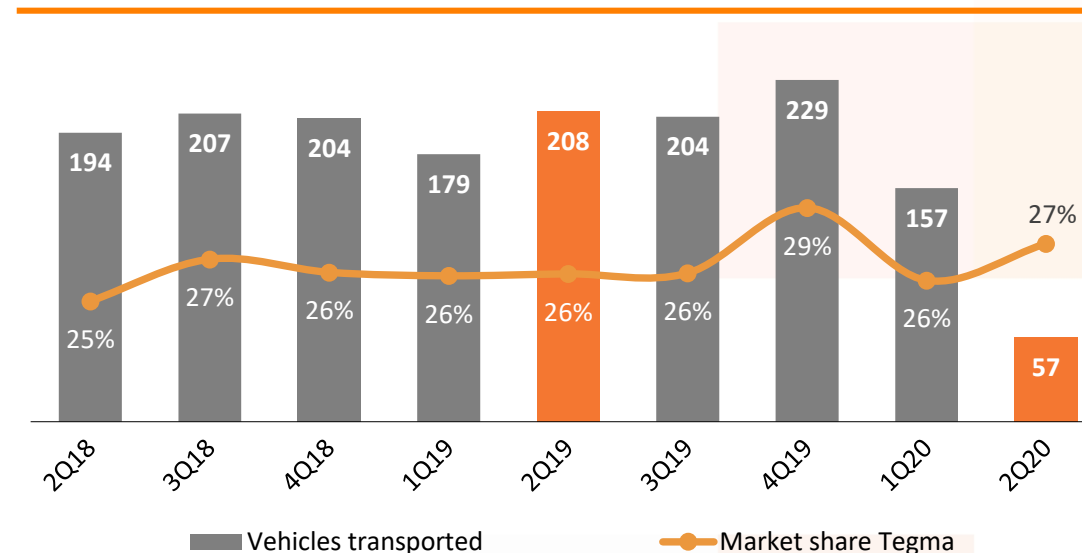
OPERATIONAL HIGHLIGHTS

MAIN INDICATORS

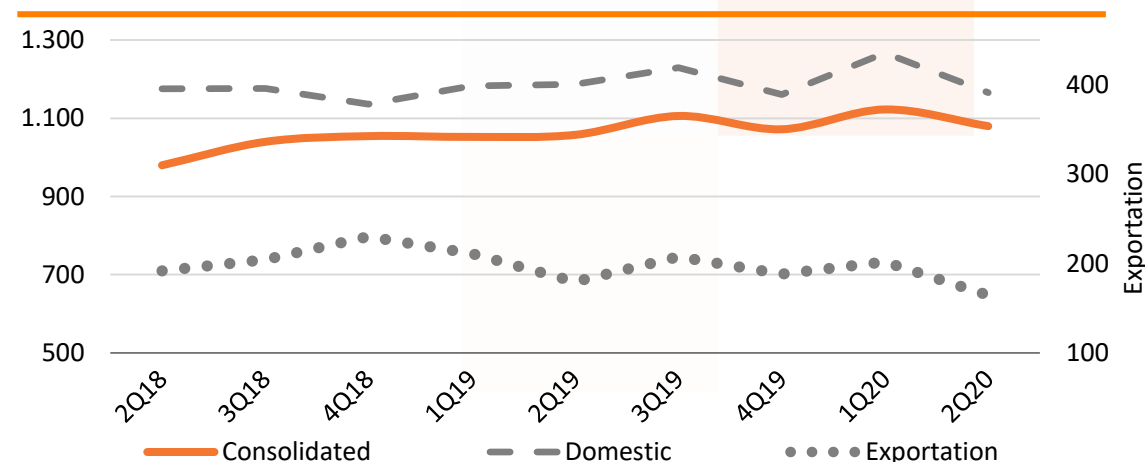
	2Q20	1S20	Chg % vs		2Q19	1S19
			2Q19	1S19		
Final sales¹	258.7	878.2	-66.9%	-40.0%	782.6	1,464.0
Domestic	231.0	765.2	-65.5%	-38.9%	670.3	1,251.8
Exportations	27.7	112.9	-75.3%	-46.8%	112.3	212.2
Estimated wholesale sales²	208.5	818.7	-74.0%	-45.3%	802.4	1,495.8
(+) Production of vehicles and light commercial	130.6	685.8	-82.3%	-51.2%	737.9	1,404.8
(+) Importation of vehicles and light commercial*	34.4	94.8	-53.8%	-33.8%	74.5	143.3
(-) OEM's inventories change	(43.5)	(38.1)	N/A	N/A	9.9	52.4
Inventories (In OEM and dealers)	157.6	-	-50.1%	-	316.0	-
Domestic Sales	231.0	765.2	-65.5%	-38.9%	670.3	1,251.8
Direct Sales	94.6	331.6	-70.0%	-41.1%	315.9	562.6
Retail Sales	136.3	433.7	-61.5%	-37.1%	354.4	689.1
Vehicles transported (thousand)	56.6	213.3	-72.8%	-44.9%	208.2	387.5
Domestic	51.8	187.3	-71.5%	-44.4%	181.6	336.8
Exportations	4.8	26.1	-81.8%	-48.5%	26.6	50.7
Market share %*	27.2%	26.1%	1.2 p.p.	0.2 p.p.	25.9%	25.9%
Average km per vehicle transported (km)	1,080.0	1,072.6	-2.1%	5.9%	1,057.8	1,012.8
Domestic	1,165.5	1,238.9	-1.8%	4.6%	1,186.6	1,184.8
Exportations	164.7	194.8	-8.3%	0.2%	179.5	194.5
Total km (million km)	61.2	237.1	-72.2%	-42.0%	220.2	409.0
Domestic total km	60.4	232.0	-72.0%	-41.9%	215.4	399.1
Exportations total km	0.8	5.1	-83.3%	-48.4%	4.8	9.9

¹ and ² the breakdown between final sales and wholesale sales is necessary to capture the time difference that exists in the automotive industry. Final sales are those that occur between the dealerships and the final consumer or between the OEM and the exported country, the estimated wholesale sales represent the previous flow (what is produced, more than imported, less what was held in OEM inventories), these are the vehicles that actually need to be transported. * Using Wholesales sales as denominator.

VEHICLES TRANSPORTED & MARKET SHARE



AVERAGE KM PER VEHICLE TRANSPORTATED

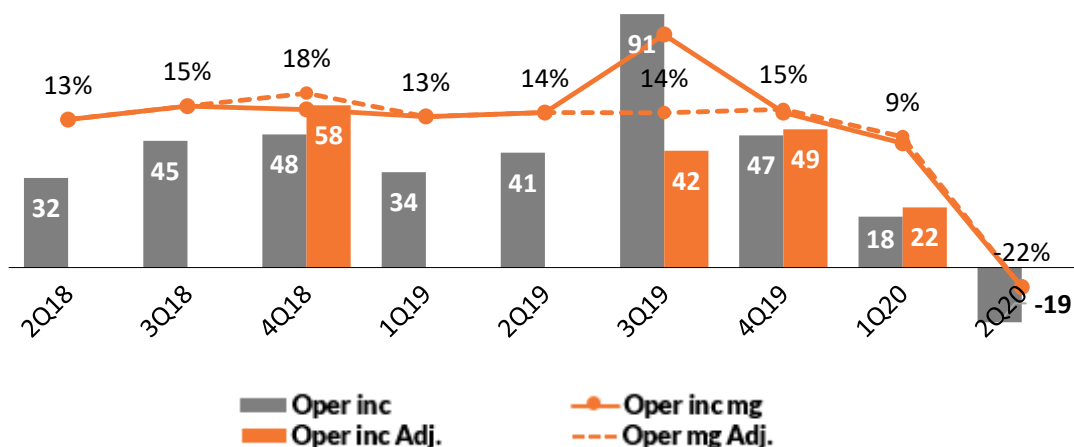


RESULTS – AUTOMOTIVE LOGISTICS

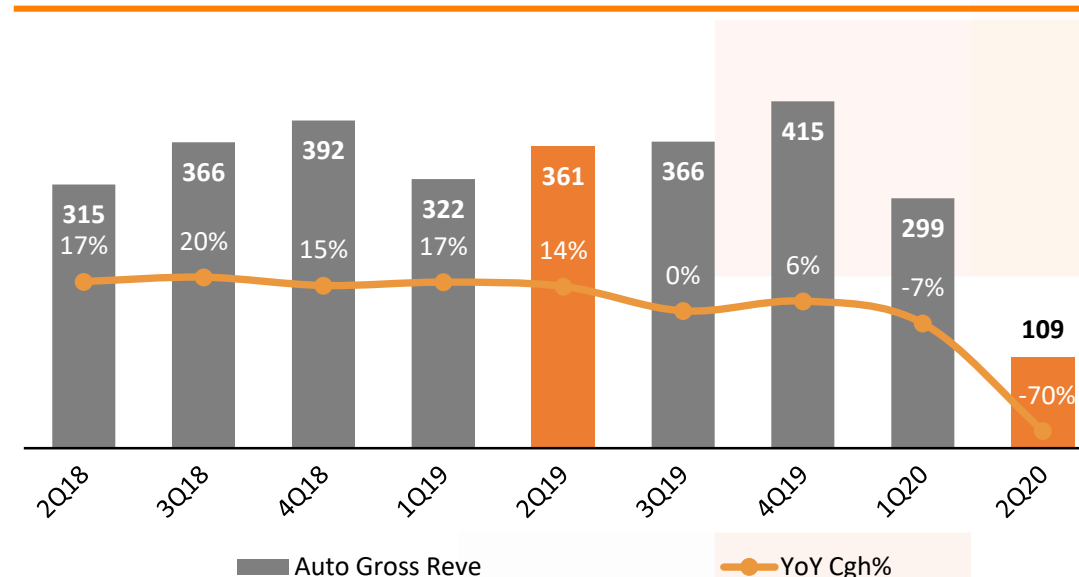
INCOME STATEMENT

	2Q20	1S20	Chg % vs		2Q19	1S19
			2Q19	1S19		
Automotive logistics division						
Gross revenue	108.6	407.3	-69.9%	-40.3%	360.9	682.6
Taxes and deductions	(21.7)	(79.6)	-67.4%	-38.5%	(66.7)	(129.5)
Net revenue	86.9	327.6	-70.5%	-40.8%	294.1	553.0
Cost of services	(85.9)	(276.5)	-62.5%	-35.9%	(229.1)	(431.5)
Gross profit	1.0	51.1	-98.5%	-57.9%	65.0	121.5
Gross margin	1.1%	15.6%	-21.0 p.p.	-6.4 p.p.	22.1%	22.0%
Expenses	(20.4)	(52.4)	-14.6%	12.9%	(23.9)	(46.4)
Operating income	(19.4)	(1.2)	-	-	41.1	75.1
Operating margin%	-22.4%	-0.4%	-36.3 p.p.	-14.0 p.p.	14.0%	13.6%
(+) Non-recurring	3.3	-	-	-	-	-
Operating income/EBIT adjusted	(19.4)	2.1	-	-97.2%	41.1	75.1
Operating margin/EBIT adjusted %	-22.4%	0.6%	-36.3 p.p.	-12.9 p.p.	14.0%	13.6%

OPERATING INCOME



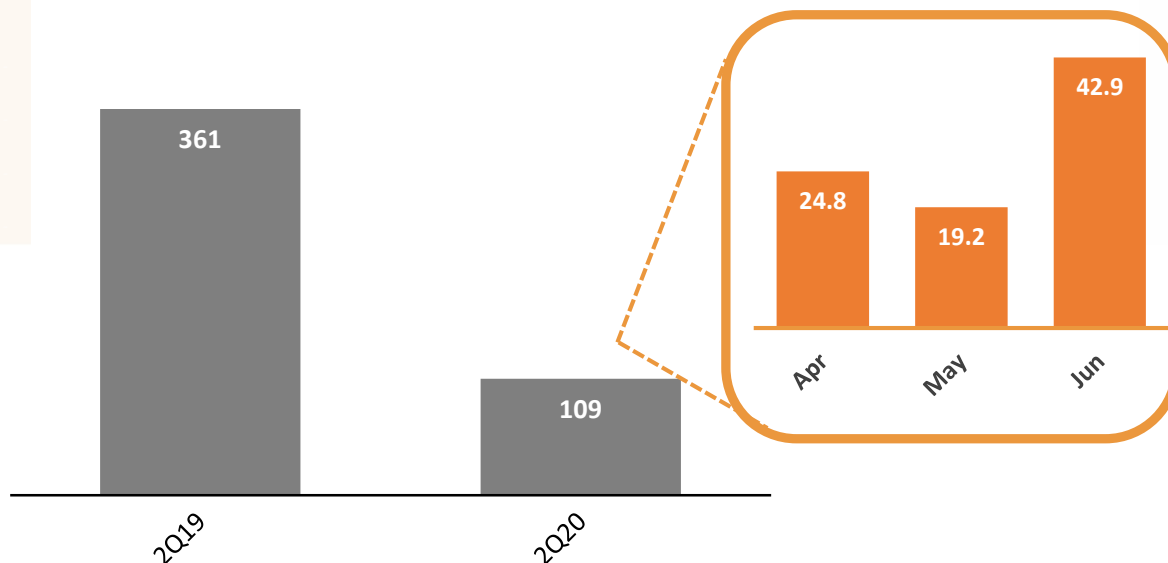
GROSS REVENUE



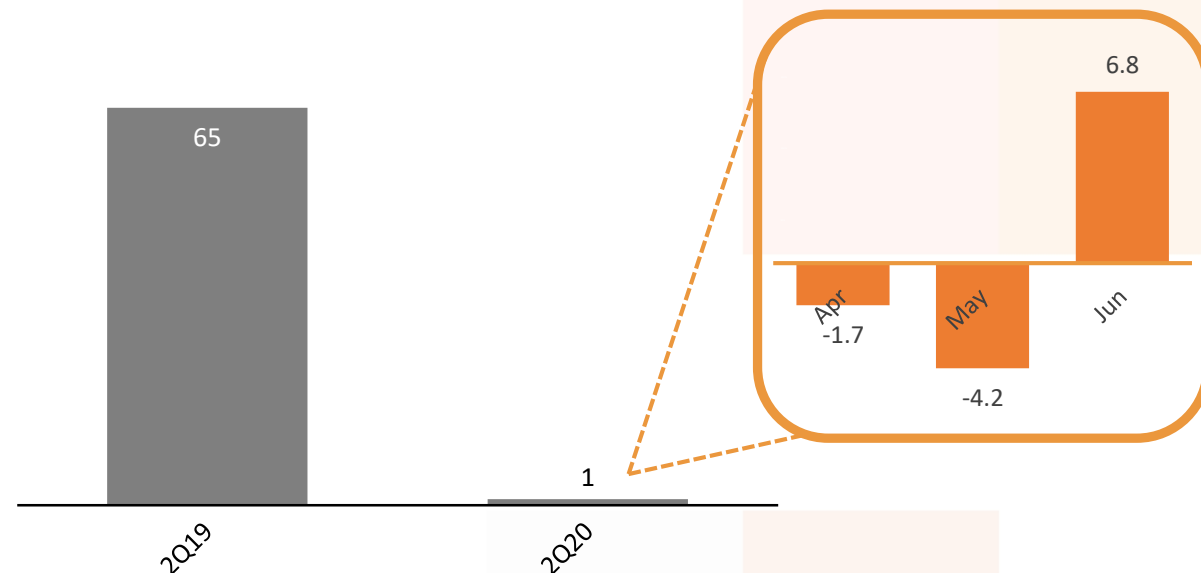
- Automotive logistics division gross revenue fell **69.9%** in 2Q20, in yearly comparison, due to the **72.8%** drop in the number of vehicles transported.
- Despite the sharp drop in revenue, automotive logistics division gross margin in 2Q20 was positive by 1.1%, **21.0 p.p** lower in yearly comparison, a result that was due to cost cutting initiatives throughout the crisis and the company's business model of variable costs predominance.
- Even with the 14.6% drop in the division's expenses in 2Q20 in the annual comparison due to several measures implemented at the beginning of the crisis, the division's operational margin/EBIT in the quarter was negative by 22.4%, **36.3 p.p** below 2Q19, mainly due to the sharply fall in revenue.

RESULTS – AUTOMOTIVE LOGISTICS

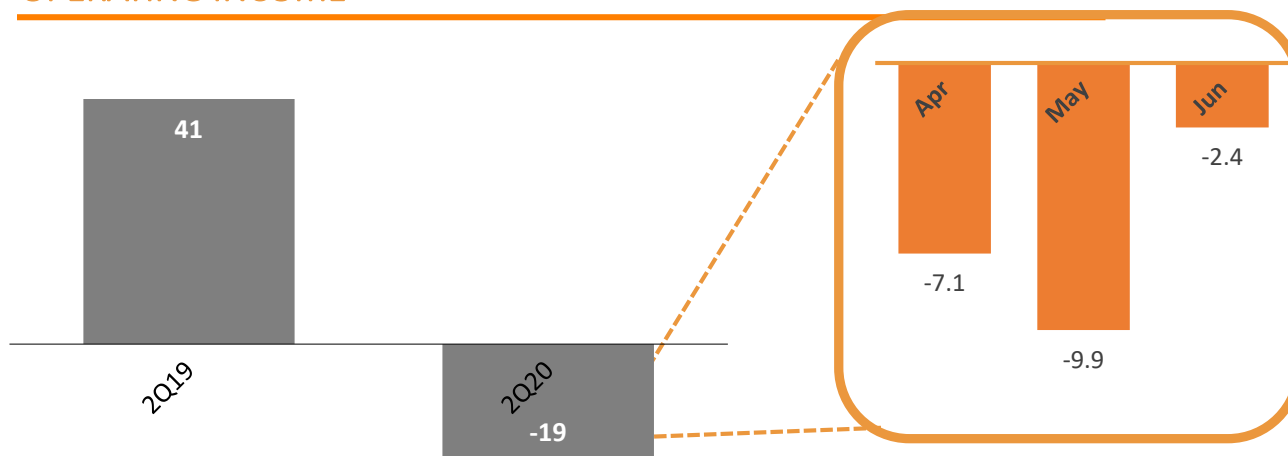
GROSS REVENUE



GROSS PROFIT



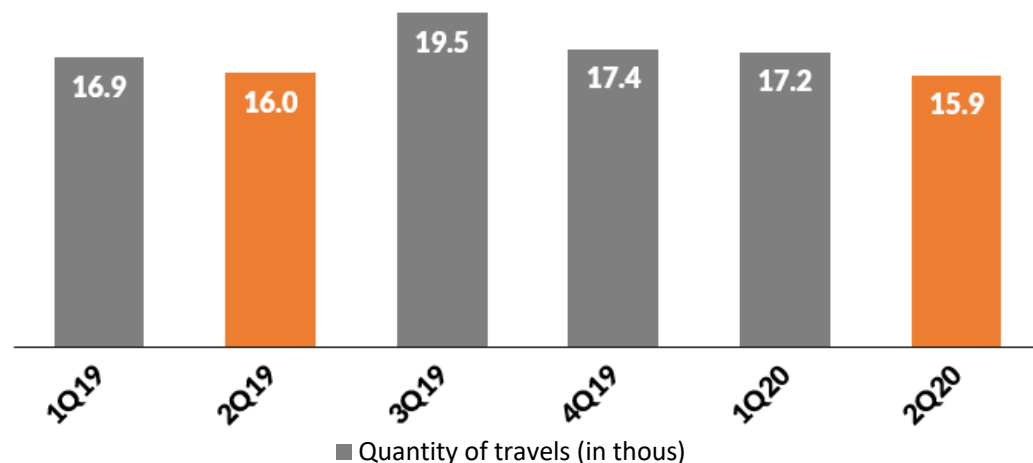
OPERATING INCOME



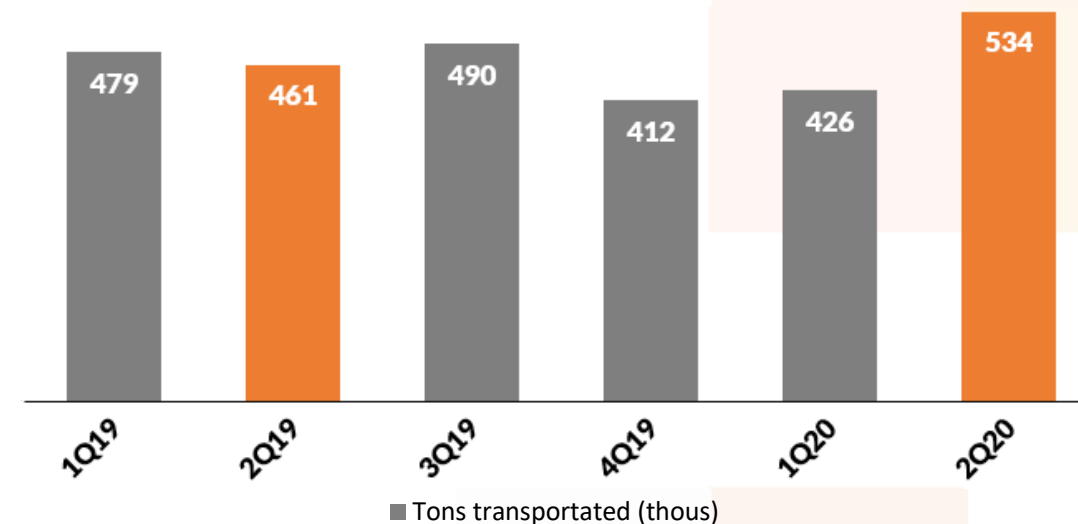
- There was a sharp drop in revenue in the months of April and May, which is a consequence of the sharp reduction in the quantity of vehicle transported and a lighter reduction in logistics services such as yard management, PDI and other services.
- Along the first two months of the quarter, there was also a sharp reduction in personnel costs, due to the employee layoffs and the implementation of PD 936, as mentioned above, in addition to the transversal cut in costs and expenses.
- The recovery of revenues in June, due to the recovery of the number of vehicles transported, combined with lower costs and expenses, allowed us to report a significantly lower operating loss/EBIT compared to the rest of the quarter and a positive EBITDA for the month

OPERATIONAL HIGHLIGHTS – INTEGRATED LOGISTICS

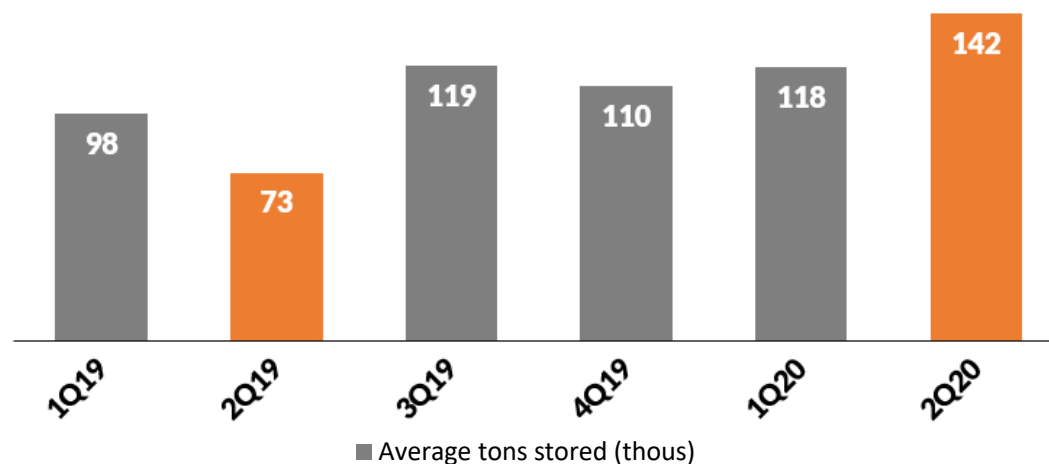
CONSOLIDATED # OF TRAVELS BY THE INTEGRATED LOGISTICS



TONS TRANSPORTED BY THE CHEMICAL OPERATION



AVERAGE TONS STORED BY CHEMICAL OPERATION



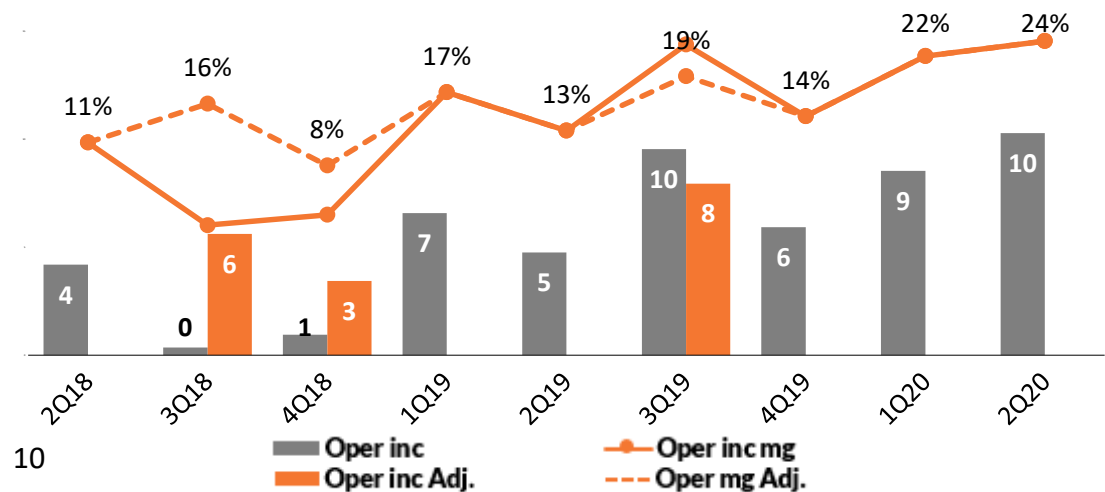
- The integrated logistics division performed positively in the midst of the current crisis due to the fact that a significant part of its operations consists of providing services for essential products, such as cleaning products and food
- The **quantity of travels** by Tegma fell **0.7%** in the annual comparison due to the interruption of an important client operation in April, despite its resumption in May and in June almost to levels pre-COVID-19 pandemic.
- The **tons transported by the chemical operation** grew **15.7%** in the annual comparison due to the increase in consumption by our clients.
- The **average tons stored by the chemicals division** increased **95.1%** in the annual comparison due to the expansion of clients contracts in 2S19 and an atypical increase in inventories due to uncertainties related to the pandemic.

RESULTS – INTEGRATED LOGISTICS

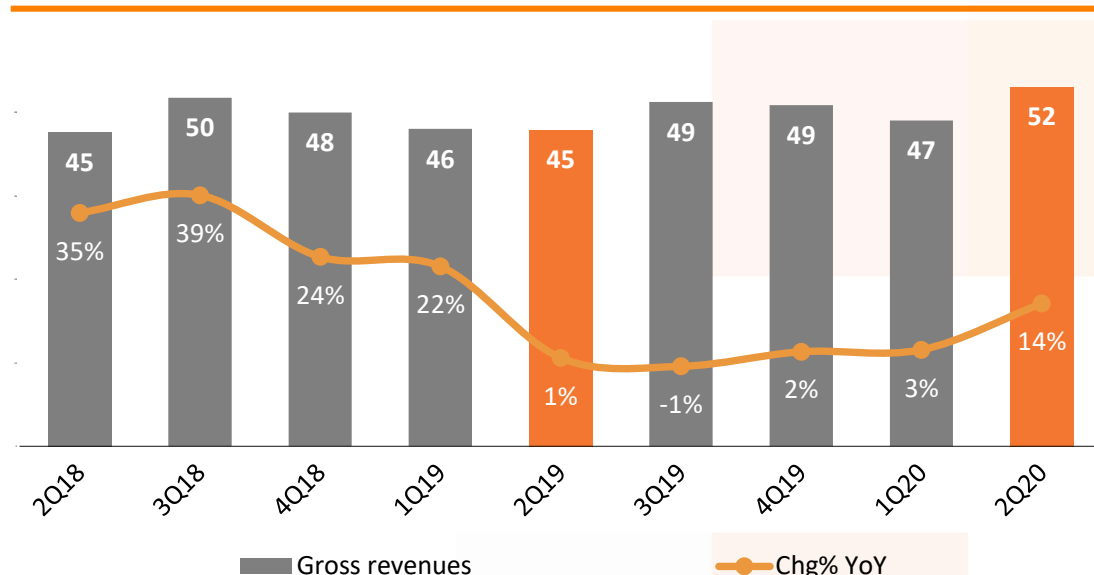
INCOME STATEMENT

Integrated logistics division	2Q20	1S20	Chg % vs		2Q19	1S19
			2Q19	1S19		
Gross revenue	51.6	98.4	13.6%	8.1%	45.5	91.1
Warehouse	11.8	20.5	36.2%	19.4%	8.7	17.2
Industrial logistics	39.8	77.9	8.2%	5.5%	36.8	73.9
Gross revenue deductions	(8.4)	(16.2)	4.8%	2.5%	(8.0)	(15.8)
Net revenue	43.3	82.2	15.4%	9.3%	37.5	75.3
Cost of services	(32.7)	(63.1)	1.1%	-2.8%	(33.1)	(64.9)
Gross profit	10.5	19.2	141.2%	84.7%	4.4	10.4
Gross margin %	24.3%	23.3%	12.7 p.p.	9.5 p.p.	11.6%	13.8%
Expenses	(0.3)	(0.4)	-	-	0.4	0.9
Operating income	10.3	18.8	115.9%	65.8%	4.8	11.3
Operating margin%	23.7%	22.8%	11.0 p.p.	7.8 p.p.	12.7%	15.1%
(+) Non-recurring	-	-	-	-	-	-
Operating income/EBIT adjusted	10.3	18.8	115.9%	65.8%	4.8	11.3
Operating margin/EBIT adjusted %	23.7%	22.8%	11.0 p.p.	7.8 p.p.	12.7%	15.1%

OPERATING INCOME



GROSS REVENUE



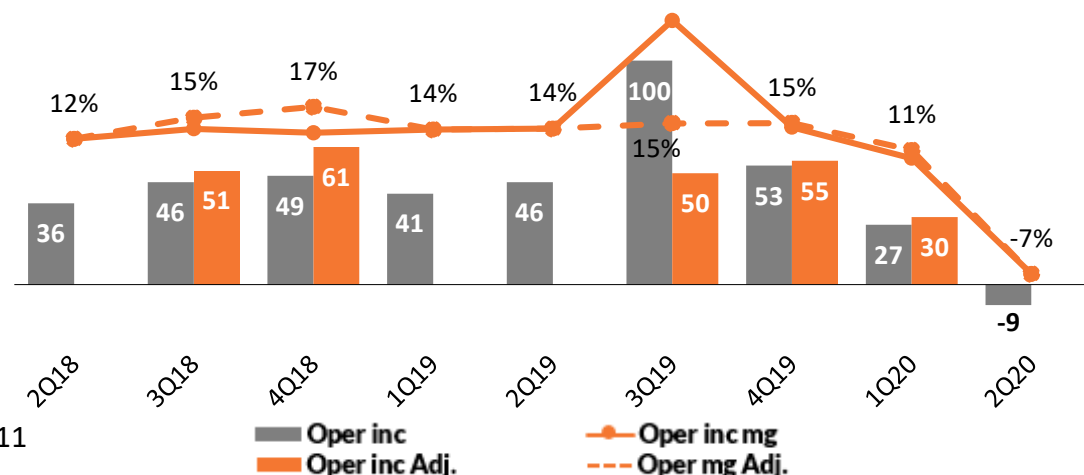
- Gross revenue from the warehousing operation grew **36.2%** in 2Q20 in annual comparison. Revenue of industrial logistics operation in 2Q20 grew **8.2%** in the annual comparison mainly due to the dynamics of chemical and home appliance operations explained on the previous slide.
- The division's **gross margin** in 2Q20 was 24.3%, **12.7 p.p** higher in the annual comparison due to the growth in revenue from chemicals logistics operation and from warehousing, allowing for a better dilution of fixed costs and also for improving the business profile in industrial logistics.
- The division's **operating/EBIT margin** in 2Q20 was 23.7%, **11.0 p.p** higher in annual comparison mainly due to the same reasons for the gross margin gains. This is the division's highest margin and nominal EBIT level since it began in 2007.

RESULTS - CONSOLIDATED

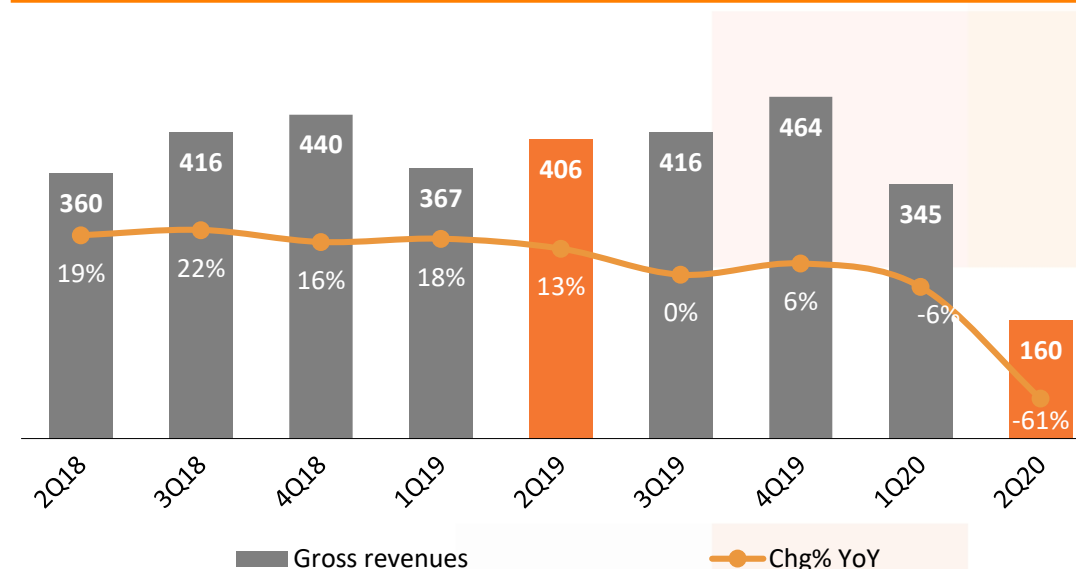
INCOME STATEMENT

	2Q20	1S20	Chg % vs		2Q19	1S19
			2Q19	1S19		
Consolidated						
Gross revenue	160.3	505.7	-60.6%	-34.6%	406.3	773.6
Automotive Logistics	108.6	407.3	-69.9%	-40.3%	360.9	682.6
Integrated Logistics	51.6	98.4	13.6%	8.1%	45.5	91.1
Gross revenue deductions	(30.1)	(95.8)	-59.7%	-34.1%	(74.7)	(145.3)
Net revenue	130.1	409.9	-60.8%	-34.8%	331.6	628.3
Cost of services	(118.7)	(339.6)	-54.8%	-31.6%	(262.3)	(496.4)
Gross profit	11.5	70.3	-83.4%	-46.7%	69.3	131.9
Gross margin %	8.8%	17.2%	-12.1 p.p.	-3.8 p.p.	20.9%	21.0%
Expenses	(20.7)	(52.8)	-12.1%	16.2%	(23.5)	(45.4)
Operating income	(9.2)	17.6	-	-79.7%	45.8	86.4
Operating margin%	-7.1%	4.3%	-20.9 p.p.	-9.5 p.p.	13.8%	13.8%
(+) Non-recurring	-	3.3	-	-	-	-
Operating income/EBIT adjusted	(9.2)	20.9	-	-75.8%	45.8	86.4
Operating margin/EBIT adjusted %	-7.1%	5.1%	-20.9 p.p.	-8.7 p.p.	13.8%	13.8%

OPERATING INCOME

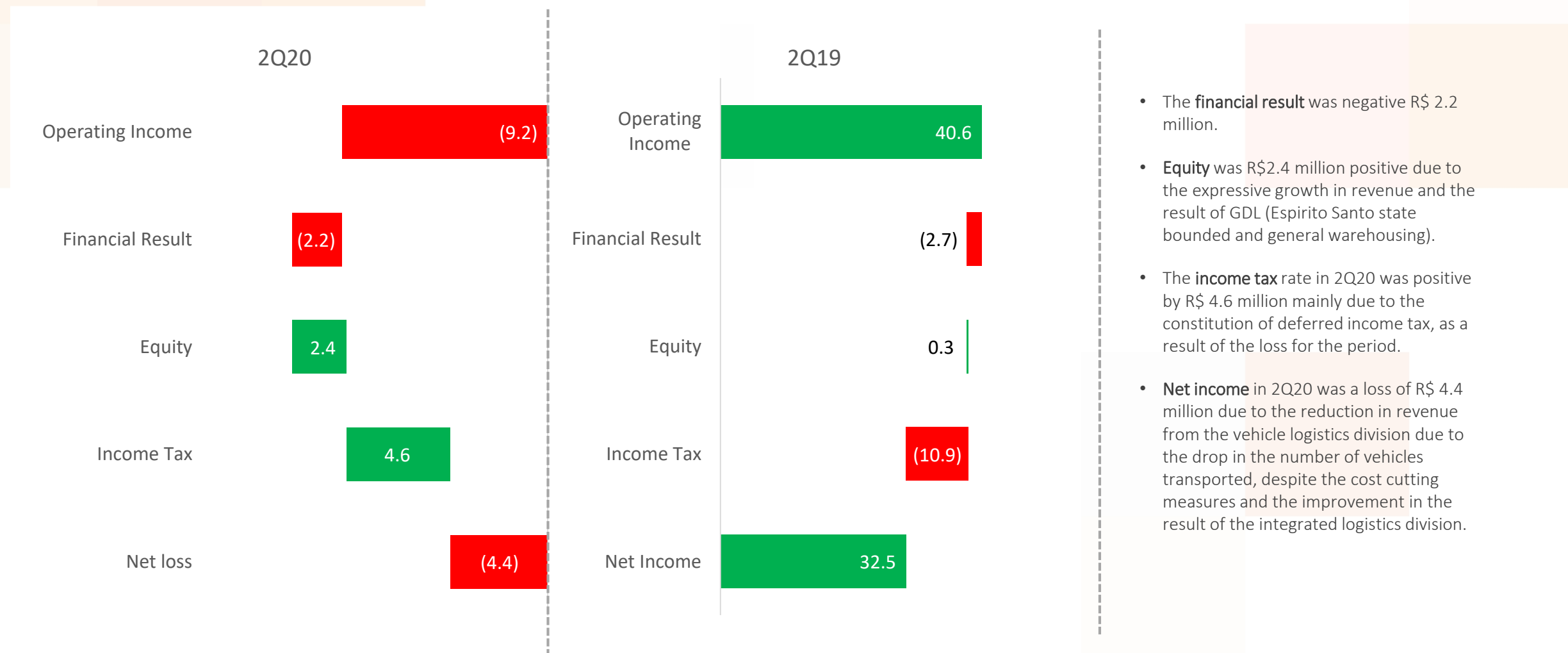


GROSS REVENUE



- The consolidated **gross revenue** as mentioned in slide 6 was impacted by the retraction in the number of vehicles transported and positively by the resilience of integrated logistics division.
- 2Q20's **gross margin** was 8.8%, a decrease of **12.1 p.p** vs. previous year, due to the margin reduction in the vehicle logistics division, given the sharp drop in automotive logistics division revenue and despite the substantial integrated logistics division margin growth, which was benefited from the improvement of the profile of services and clients in industrial logistics, in addition to the growth in revenue.
- 2Q20's **expenses** were R\$ 20.7 million, **12.1%** lower in the annual comparison, mainly reflecting the cost cutting in corporate expenses.
- In 2Q20, **operating income** was negative by 7.1%, **20.9 p.p** lower than 2Q19 due to the impact of the abrupt reduction in revenue from the vehicle logistics division, despite the division's costs reduction and corporate expenses and despite the improved performance of the integrated logistics division in the period.

NET INCOME

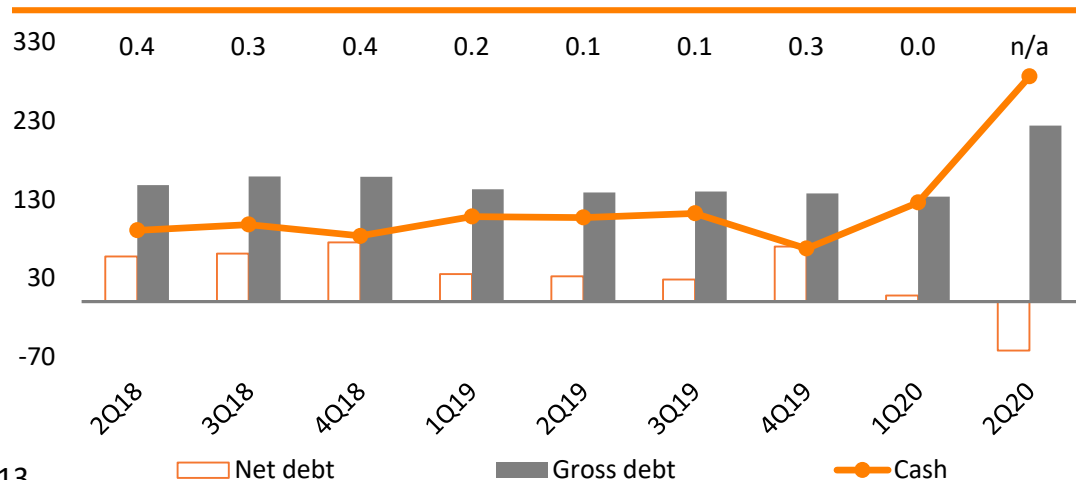


CASH & INDEBTEDNESS

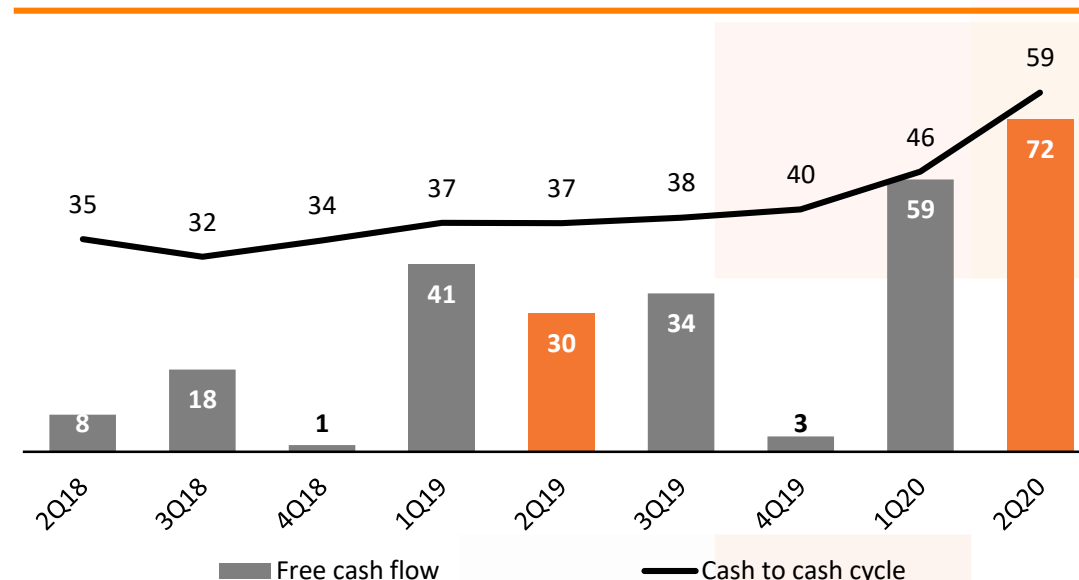
CASH FLOW

	2Q20	2Q19	1S20	1S19
A - Cash at beginning of period	125.9	108.0	67.3	83.5
1- Net cash generated by operating activities	83.6	51.4	156.6	107.0
2 - Capital expenditures "cash" (2)	(4.5)	(14.8)	(10.1)	(24.1)
3 - Payment of leasing	(6.7)	(6.5)	(15.1)	(12.1)
Free cash flow (1 + 2 + 3)	72.3	30.1	131.4	70.9
4 - Net cash generated by investing activities (ex cash CAPEX)	1.6	0.3	1.6	0.7
5 - Net cash from financing activities	79.9	(38.2)	71.0	(60.4)
(=) Cash at end of period (A + 1 + 2 + 4 + 5)	286.5	106.8	286.5	106.8

CASH & INDEBTEDNESS



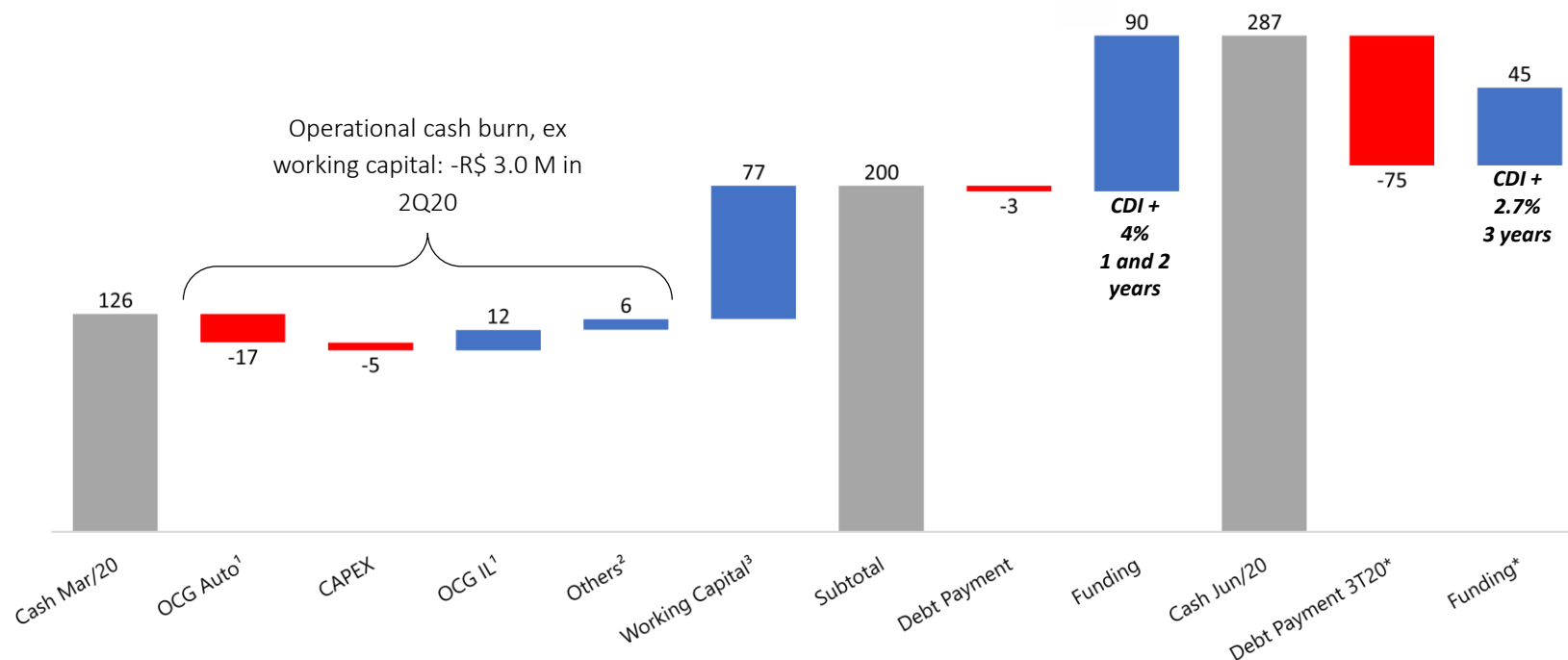
FREE CASH FLOW & CASH TO CASH CYCLE



- The Company's **free cash flow** in 2Q20 was negatively influenced by the sharp drop in revenue from vehicle logistics, but on the other hand, it was positively impacted by: i) continuity of integrated logistics operations, ii) cutting and postponement of costs, expenses and taxes in automotive and corporate operations and iii) release of working capital coming from the drop in revenue from the main division.
- The **cash to cash cycle** increased in 2Q20 mainly due to the higher representativeness of the Integrated logistics division in total revenue, a division that has a longer receivables terms.
- The **cash surplus** on June 30, 2020 was R\$ 62.5 million vs a net debt of R\$ 7.6 million as of March 31, 2020. As explained in the cash flow session, this reduction was due to several factors, despite the sharp drop in revenue from the automotive division.

CASH EVOLUTION

Cash Var Mar/20 - Jun/20

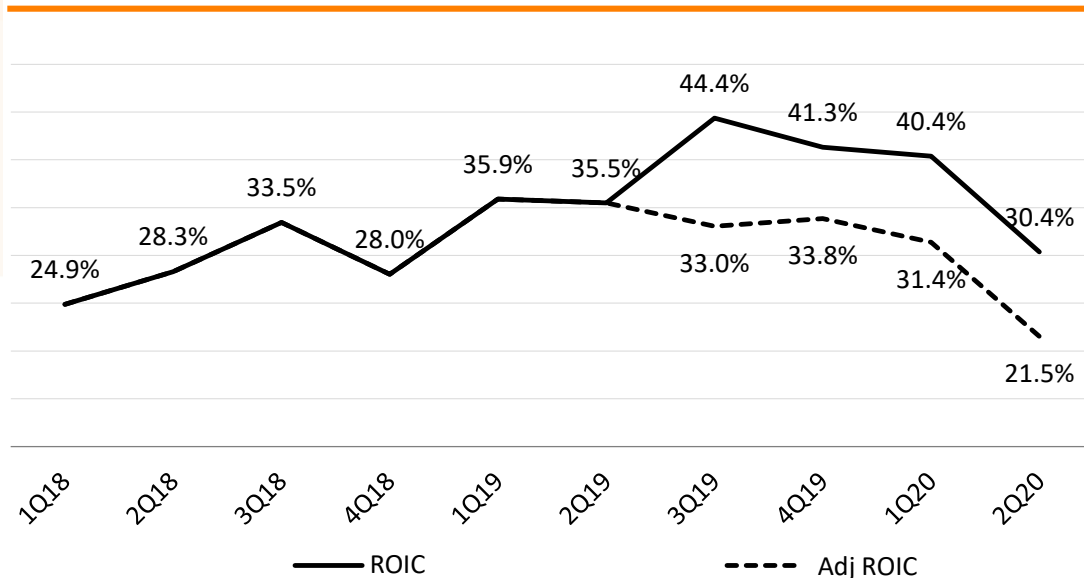


¹ Operational cash generation (OGC) Automotive and Integrated Logistics Division: Operating profit - depreciation and amortization + rental costs (IAS17); ² financial result, income tax, dividends from subsidiaries, other equity variations and adjustments to provisions; ³ Variation in accounts receivable and suppliers; *Debt payments and raise according to subsequent events of 2Q20 interim financial information and according to the debt amortization schedule.

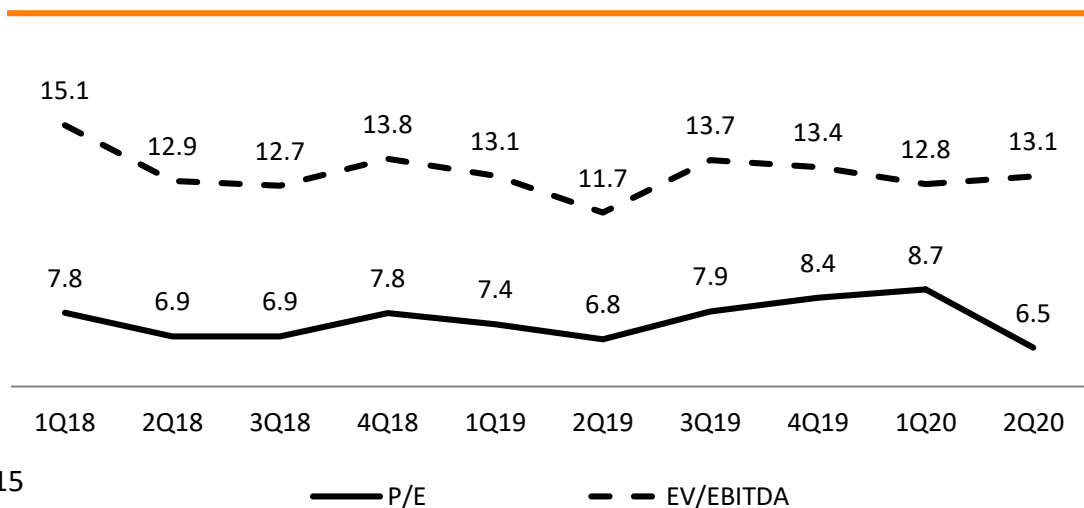
- The Company's liquidity during the crisis has been resilient.
- The remaining revenue from the operation, added to the cuts in costs and expenses made throughout the quarter, resulted in a “operational cash burn” of the automotive division/corporate amounting to R\$ 17 million in the whole quarter
- Company's consolidated CAPEX in 2Q20 amounting to R\$ 5 million
- The positive integrated logistics division “operational cash generation” in the quarter, amounting to R\$ 12 million (vs R\$ 10.4 million in 1Q20).
- Interest, income tax, dividends from subsidiaries, other balance sheet variations and provisions adjustments amounting to R\$ 6 million positive
- The company's operational cash burn, without working capital effects, amounted to R\$ 3.0 million negative

MAIN INDICATORS

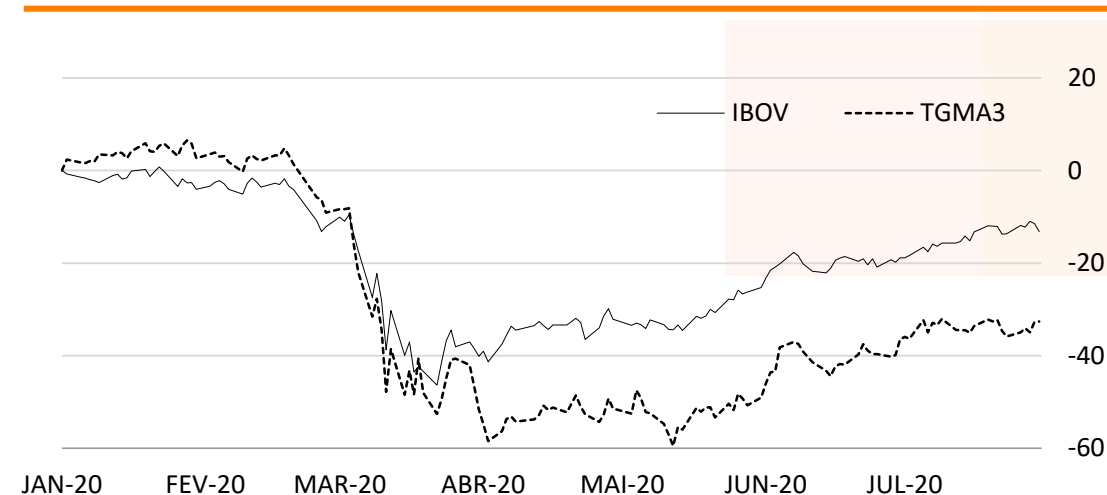
ROIC – RETURN ON INVESTED CAPITAL



MULTIPLES TGMA3



CAPITAL MARKETS



- **ROIC** in 2Q20 was 30.4%, however if we disregarded the tax credit that which impacted 3Q19 NOPAT by R\$ 50.4 million, ROIC would have been 21.5%.
- Tagma's **shares** underperformed IBOV Index because uncertainties regarding auto industry recovery and from the end of March on because of COVID-19 outbreak in Brazil. The company's market cap is around R\$ 1.7 billion (R\$ 26 per share).
- The 2Q20 **multiples**, considering only the 2021 results of sell side analysts who reviewed projections after a pandemic, were 13.1 EV/EBITDA and 6.5 P/E.



Q&A SECTION

Marcos Medeiros – CEO
Ramón Pérez – CFO & DRI

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