

2T2020

Release de Resultados



Excelência e Inovação em
Soluções Logísticas Integradas



São José dos Pinhais, August 03, 2020 – BBM Logística S.A.– “BBM” or “Company” discloses its results for the second quarter of 2020 (2Q20). The comments included here refer to the results of the parent company and consolidated interim financial information, in Reais, prepared in accordance with the accounting practices adopted in Brazil (CPC 21 (R1)) and with the International Financial Reporting Standards (IFRS) (IAS 34) issued by the International Accounting Standards Board (IASB), whose comparisons are based on the second quarter of 2019 (2Q19).



CONSOLIDATED FINANCIAL HIGHLIGHTS (1H20)

Net Revenue

R\$435.5 million (+55.7% y/y)

+115% in TM (vs. 1H19)

+9% in DCC (vs. 1H19)

Adjusted EBITDA

R\$50.1 million

+77% y/y

Solid financial position

R\$110MM

in cash

ROIC of the TM Segment

27.1%

ROIC of the DCC Segment

17.1%



MESSAGE FROM MANAGEMENT

OUR DIVERSIFICATION STRATEGY, WITH PRESENCE IN PRACTICALLY ALL SECTORS OF THE PRODUCTIVE CHAIN AND IN DIFFERENT OPERATING PROFILES, HAS PROVEN TO BE EXTREMELY RESILIENT AND ASSERTIVE.

Throughout the second quarter of 2020, BBM Logística continued to prioritize the quality and safety of its operations, with a focus on customers, employees and affiliates, while carrying out its growth strategy at the same time. Our performance in this crisis period was exemplary and reinforces the importance of the logistics segment as a vital bridge to facilitate isolation periods during epidemic outbreaks.

BBM was fully operational during the period, delivering superior performance to the market, in addition to increasing volumes within our client base given the fact that we were able to absorb demand for new routes.

Our dedicated contract carriage operations not only maintained volumes practically stable for most of its clients, but also reported strong commercial expansion in the industrial and forestry segments. Such operations began in this quarter and their results will be consolidated in the upcoming semester.

In the transport management segment, even with an estimate of over 40% in retraction in certain logistics sectors*, impacted by the continued restrictions for social gatherings and the closing of malls and stores due to the pandemic, the reductions we reported in demand for the retail, automotive and chemical sectors were mostly offset by segments considered essential, such as food, hygiene and cleaning products, packaging, pharmaceutical and hospital supplies, all of which increased in volume during the quarter.

This performance, combined with the acquisition of Translovato in December 2019, made our consolidated net revenue grow 44% in 2Q20 compared to the same period of last year, with EBITDA rising by 133%, adding 5.2 p.p. to our margin, which totaled 13.6%.

This growth was accompanied by profitability: in the first half of 2020, Adjusted EBITDA, which excludes non-recurring items, increased by 77% to R\$50.1 million, while net income reached R\$3.0 million, compared to R\$1.7 million in the same period of 2019.

These results confirm the success of the strategic acquisition of Translovato at the end of 2019, which greatly reinforced our TM segment, mainly Less than Truckload freight, whose revenues doubled in the semester compared to the same period of last year, consolidating BBM as one of the main logistics operators

in this segment. We are already operating under a single organizational structure, with integrated systems and capturing diverse synergies and productivity. The next steps include terminals and back-office integrations.

(*) Source: NTC&Logística, updated as of June 08, 2020.

Continuing our growth strategy through acquisitions and the expansion of our logistics network, in mid-July, we announced the acquisition of Translag, a carrier focused in Less than Truckload (LTL) and Full Truckload (FTL) freight and with a strong presence mainly in the Midwest, Southeast and part of the Northeast regions of Brazil. This acquisition, which is expected to be concluded in August after complying with the conditions for the approval by CADE, will further increase our geographic presence and capillarity in the country, in line with our consolidation and expansion strategy through acquisitions and partnerships. Translag already operates under an asset light model, and its integration should benefit mainly the improvement in return freight and bring cross selling opportunities for the Company's service portfolio.

All this expressive growth has been supported by a robust management structure and a back-office that has been constantly enhanced. In addition to strengthening our Governance and Compliance, Human Resources, M&A and Integration areas, much of our investment is focused on IT, mainly towards the development of the largest logistics technology platform in Latin America, and also on the implementation of the new ERP system capable of integrating acquisitions and unify all the information of the acquired companies in such a way that it can keep pace with the growth and complexity of the Company's operations and capture important synergies.

From a liquidity perspective, BBM Logística continues to have a solid financial position, reflecting the efforts that have been made over the past few years and has enabled strong sustainable growth. In the quarter, the Company continued to implement initiatives that have already substantially improved its working capital needs through a strategy of extending payment terms to suppliers, as well as a better management of its receivables. BBM carried out funding transactions of approximately R\$56 million during the second quarter, aimed at reinforcing its cash balance, which gave us confidence to operate under these times of uncertainties as well as undergo new investments. We ended the quarter with cash and cash equivalents of R\$110 million.

It is worth noting that, on February 15, 2020, we requested the registration of IPO with CVM and the migration to B3's Novo Mercado Listing Segment. However, due to the COVID-19 pandemic, on April 14, 2020 we filed a request to suspend the IPO. BBM is analyzing the resumption of the IPO according to CVM Instruction 476/09, and the transaction will depend on the Company obtaining the necessary corporate approvals and favorable market conditions.

We continue to strengthen our dedicated operations and to expand our network and volumes in our transportation management operations. We expanded our presence both geographically and through new services, by exploring the evolution of the omnichannel logistics model with the ability to offer quality transport services from raw material to the end customer. To achieve this, we are taking advantage of Translovato's robust distribution network, which was further strengthened with the acquisition of Translag, and structuring our capillarity expansion plan in the country's key urban centers, either through organic growth or acquisitions.

We thank all stakeholders for their support during this quarter. Clients, employees, affiliates, partners and shareholders were all fundamental for BBM Logística to continue transporting essential items in this challenging period that Brazil and the world are going through.

2Q20 HIGHLIGHTS

Highlights	Unit	2Q20	1Q20	Chg. %	2Q19	Chg. %	1H20	1S19	Chg. %
Paid Km ¹	mm	28.7	29.8	-3.7%	21.6	32.8%	58.5	42.1	39.0%
Net Revenue	R\$ mm	208.8	226.8	-8.0%	145.4	43.6%	435.5	279.8	55.7%
TM ²	R\$ mm	127.1	135.8	-6.4%	59.9	112.2%	266.0	123.8	114.9%
DCC ³	R\$ mm	82.8	91.0	-9.0%	85.5	-3.1%	169.5	156.0	8.7%
EBITDA⁴	R\$ mm	28.4	20.1	41.4%	12.2	132.6%	48.5	27.7	75.4%
EBITDA Margin ⁴	%	13.6%	8.9%	4.7 p.p.	8.4%	5.2 p.p.	11.1%	9.9%	1.3 p.p.
Gross Debt	R\$ mm	257.3	211.9	21.4%	176.0	46.2%	257.3	176.0	46.2%
Net Debt	R\$ mm	146.7	176.4	-16.8%	126.9	15.6%	146.7	126.9	15.6%
Shareholders' Equity	R\$ mm	123.7	118.1	4.7%	102.5	20.7%	123.7	102.5	20.7%
Property, plant and equipment	R\$ mm	228.6	239.0	-4.3%	150.3	52.1%	228.6	150.3	52.1%

¹ km paid: mileage traveled by vehicles on trips that generated revenue;

² TM: Transport Management – Transport Management in Jitney, Fractional, Intermodal and International;

³ DCC: Dedicated Contract Carriage – Dedicated contracts for Forestry and Inbound/Outbound for the Industry;

⁴ EBITDA: Considers the effect of CPC 06. For more details, see the EBITDA Reconciliation table (page 15);

- **Strong revenue and EBITDA growth with the acquisition of Translovato:** Net revenue increased by 55.7% and EBITDA growth was 75.4% in 1H20 compared to the same period of the previous year.
- **Growth strategy through acquisitions:** The actions taken to integrate BBM and Translovato are in advanced stages and the management model is in line with the Company's expectations, operating under unified teams that have been capturing synergies and gaining productivity. Administrative areas, such as marketing, legal and financial, have been fully integrated and the unification of the commercial area is in the process of being finalized.
 - **Subsequent Event:**

Acquisition of Translag: according to the Material Fact disclosed to the market on July 22, 2020, BBM announced the acquisition of Translag, a carrier that operates in the road transport segment, mainly through cargo and LTL freight in the Midwest, Southeast and part of the Northeast, with units in São Paulo, Goiás, Federal District, Minas Gerais and Bahia, strengthening BBM's operations in these markets. The acquisition is in line with BBM's consolidation and growth strategy through acquisitions, including geographic expansion and entry into new segments. The conclusion of the transaction is subject to complying with certain suspensive terms and conditions, including its approval by the Administrative Council for Economic Defense - CADE.
- **New DCC contracts:** start of an integrated operation, comprising three different services for a chemical client, being storage and bulk processing, in-house operations and bulk and packaged products transportation. We also began a wood loading operation for a new client in the pulp and paper sector. In addition, we advanced in a negotiation of a warehousing storage operation for an existing client, which is expected to begin in 3Q20.
- **BBM Partners Project:** consists of actions aimed at increasing the number of affiliates that contribute with the strategic management of our fleet through lower investments, optimizing operations, developing competitive advantages, and supporting profitable growth. At the end of the quarter, we had more than 900 exclusive partners, over approximately 600 in the same period of 2019.
- **BBM technological platform:** In the optimization project we started the test/verification phase for the first processes that will use the platform (i.e.: milk run operations) and began the modeling and algorithm construction phase. We advanced in the development of the largest technological logistics platform in Latin America, in a partnership with TOTVS. Now we are moving ahead with the development of the operational input process and demand processing.
- **Management:** We completed the Software Selection project to choose the new ERP system that will improve our internal controls and have us prepared to integrate new companies. The roll out is expected to be concluded in the first half of 2021. We also advanced with our SOD projects (Segregation of Duties) for the Risk Management and

Internal Control areas and for Routine Management, improving our procedures, controls and risk management actions.

- **ESG:** the Company initiated a project to measure the impact of its carbon emissions, as well as action plans to reduce its impacts on its operations. In addition, we concluded the first stage of the ESG strategic planning project with the support of an external specialized consultancy firm that will now advance to the next stage, which defines specific action plans for priority areas.

COVID-19

With the beginning of the quarantine in Brazil in mid-March, BBM quickly remodeled its strategic planning to consider such crisis scenario, thus anticipating potential impacts on its operations. The Company developed a contingency plan for the COVID-19 pandemic that details initiatives to ensure the preservation of its employees' health and its commitment to the full operation of its clients.

Among other initiatives, the plan included a policy to measure body temperature and a health checklist, the implementation of a working from home system for employees, the supply of personal protective equipment (PPE) for the cleaning of the company's facilities (headquarter and subsidiaries), as well as for the Transport Management (TM) and LTL freight, and Dedicated Operations (DCC F&A). The plan also included a special operation for drivers who have access to hospitals and homes to deliver oxygen cylinders. At the end of June 2020, approximately 30% of our administrative employees were using the home office work model.

Management and the Crisis Committee are constantly assessing how the pandemic is impacting the Company's operations and financial position and has implemented appropriate measures to mitigate the identified risks. The following actions have already been taken:

- Implementation of temporary or definitive measures in terms of headcount aimed at reducing salary expenses in the medium term, including suspension of new hires, reduction of working hours and cancellation of employment contracts (according to Provisional Measure 936/2020);
- Negotiations with property owners of rented warehouses in order to reduce rent prices or extend due dates of monthly rent payments;
- Extension of FINAME loan payments by 180 days, according to a payment schedule offered by BNDES;
- Extension of working capital loans by 120 days, according to a payment schedule offered by Banco do Brasil;
- Extension of federal tax payments, essentially PIS/Cofins and FGTS, according to the pandemic aid plan offered by the federal government;
- Freezing of all investment projects considered non-essential;
- Increase in bank loans to reinforce cash balance; and
- Reduction in travel expenses and revision of consultancy service contracts.

MARKET PERFORMANCE

Restrictive measures to fight the corona virus prevented social gatherings, closed stores and recommended remote working conditions. All of this impacted the supply of goods to urban centers and, consequently, the volume of goods being transported.

According to the most recent data disclosed by NTC&Logística, from March 16 to May 3, 2020, the drop in transported volume reached 41.4%. In the month of April alone, this number reached 43.9%. LTL freight, which includes the collection and distribution operations of small loads, reached a drop in demand of 43.2% in the same period. As for FTL freight, which occupy the full capacity of vehicles and are used especially in the industrial and agricultural segments, retraction until the last week of the period had reached 40.0%.

The five states mostly impacted from reduction in cargo demand were: Pernambuco 53.8%; Pará 50.5%; Alagoas 49.5%; Mato Grosso do Sul 49.3% and Bahia 47.4%. In the South and Southeast regions, the largest retractions were in Rio de Janeiro (46.1%) and Paraná (44.6%).

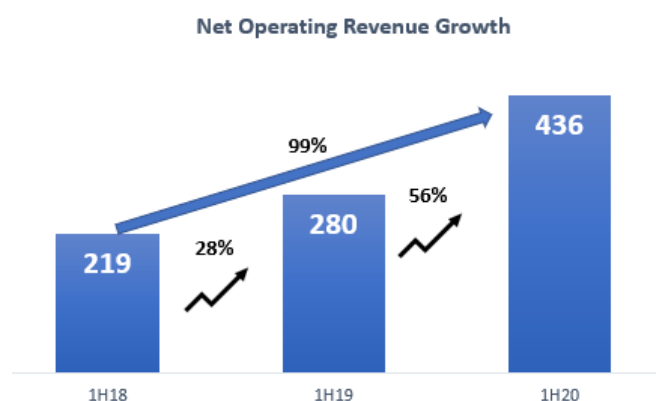
The 8% drop in net revenue in 2Q20 over 1Q20, and the EBITDA growth of 41.4% in the same period, demonstrates the resilience of BBM's business and its operational and management ability to sustain and expand profitability amidst a challenging scenario.

OPERATIONAL AND FINANCIAL PERFORMANCE

Consolidated Income Statement

R\$ MM	2Q20	1Q20	Chg. %	2Q19	Chg. %	1H20	1S19	Chg. %
Gross Revenue	250.0	272.6	-8.3%	171.0	46.3%	522.7	325.7	60.5%
Net Operating Revenue	208.8	226.8	-7.9%	145.4	43.6%	435.5	279.8	55.7%
Cost of Services Rendered	(178.4)	(210.2)	-15.1%	(134.2)	33.0%	(388.6)	(253.1)	53.6%
Gross Profit	30.3	16.6	82.9%	11.2	170.5%	46.9	26.7	75.9%
<i>Gross Profit Margin (%)</i>	<i>14.5%</i>	<i>7.3%</i>	<i>7.2 p.p.</i>	<i>7.7%</i>	<i>6.8 p.p.</i>	<i>10.8%</i>	<i>9.5%</i>	<i>1.2 p.p.</i>
Administrative Expenses	(11.3)	(17.8)	-36.4%	(6.6)	71.0%	(29.1)	(12.3)	137.5%
Sales Expenses	(0.9)	(1.4)	-39.3%	(0.2)	278.0%	(2.3)	(0.8)	177.6%
Other Operating Revenues	(5.8)	5.7	-200.2%	(0.0)	16829.4%	(0.0)	(0.8)	-98.7%
Operating Profit	12.4	3.1	301.8%	4.3	186.1%	15.5	12.8	20.7%
<i>Operational Profit Margin (%)</i>	<i>5.9%</i>	<i>1.4%</i>	<i>4.6 p.p.</i>	<i>3.0%</i>	<i>3.0 p.p.</i>	<i>3.5%</i>	<i>4.6%</i>	<i>-1.0 p.p.</i>
Financial Income	1.0	3.8	-72.8%	1.7	-38.1%	4.8	2.2	115.1%
Financial Expenses	(7.3)	(9.5)	-23.4%	(7.1)	2.3%	(16.8)	(12.7)	31.9%
Financial Expenses, Net	(6.2)	(5.7)	9.5%	(5.4)	14.7%	(11.9)	(10.5)	14.1%
Income (Loss) Before Taxes	6.1	(2.6)		(1.1)	-649.6%	3.5	2.3	50.1%
Current and Deferred Income	(0.5)	(0.0)	1227.0%	0.2	-299.6%	(0.5)	(0.7)	-24.7%
Net Income for the year	5.6	(2.7)		(0.9)	-748.6%	3.0	1.7	79.7%
<i>Net Income Margin (%)</i>	<i>2.7%</i>	<i>-1.2%</i>	<i>3.9 p.p.</i>	<i>-0.6%</i>	<i>3.3 p.p.</i>	<i>0.7%</i>	<i>0.6%</i>	<i>0.1 p.p.</i>

BBM Logística's Net Operating Revenue totaled R\$208.8 million in 2Q20, increasing by 43.6% over the R\$145.4 million reported in 2Q19. Gross margin increased 6.8 p.p. compared to 2Q19, reaching 14.5% in 2Q20, with efficient cost management and the entrance of new clients with better margins. In 1H20, Net Operating Revenue totaled R\$435.5 million, compared to R\$ 279.8 million in 1H19, increasing by 55.7% and gross margin increased by 1.2 p.p. Net Income for the year also increased in all comparison periods, growing by 78% over 1H19, from R\$1.7 million to R\$3.0 million. This result was mainly due to the consolidation of Translovato and the gains in productivity achieved in the period.



TM SEGMENT

Transport Management in Jitney, Fractional, Intermodal and International

Highlights	Unit	2Q20	1Q20	Chg. %	2Q19	Chg. %	1H20	1S19	Chg. %
Gross Revenue	R\$ mm	153.8	173.5	-11.4%	76.8	100.2%	327.3	134.3	143.8%
Net Revenue	R\$ mm	124.8	141.3	-11.7%	65.1	91.6%	266.1	123.8	114.9%
EBITDA	R\$ mm	22.9	20.8	10.3%	5.9	288.7%	43.8	15.8	177.2%
EBITDA Margin	%	18.4%	14.7%	3.7 p.p.	9.0%	9.4 p.p.	16.5%	12.8%	3.7 p.p.
Paid Km	mm km	16.0	17.0	-5.9%	8.1	97.9%	33.0	15.1	119.2%
Net Revenue / KM	R\$/km	7.8	8.3	-6.2%	8.1	-3.2%	8.1	8.2	-2.0%

In the Transport Management Units (TM), where we allocate the LTL freight of Translovato, industrial inbound, FTL freight, intermodal operations and international road transport operations, we were strongly impacted by the pandemic, with reduced volumes in some important segments, mainly in consumer retail and inbound operations for the automobile segment.

These retractions were largely offset by the strong expansion in volume for segments considered essential (food, hygiene and cleaning products, pharmaceutical and hospital supplies, among others) and the diversification and expansion of our client portfolio, in line with our accelerated geographical expansion and the development of new logistics solutions for strategic supply chain segments during and after the pandemic period, such as e-commerce. With this, our results were better than the average market performance.

Net revenue for the TM Segment totaled R\$124.8 million in 2Q20, 11.7% lower than the previous quarter (1Q20), however 91.6% higher than in 2Q19, prior to the acquisition of Translovato. The acquisition of new clients in the food and hygiene and cleaning products sectors, an improved management and the maintenance of its client base, combined with better cost management and higher productivity resulted in an EBITDA of R\$22.9 million, more than three times the R\$5.9 million reported in the same period of 2019, with EBITDA margin increasing by nearly 9.4 p.p. versus 2Q19, even amidst the pandemic scenario.

DCC SEGMENT

Dedicated Contracts for Forestry and Inbound/Outbound for the Industry

Highlights	Unit	2Q20	1Q20	Chg. %	2Q19	Chg. %	1H20	1S19	Chg. %
Gross Revenue	R\$ mm	96.2	99.1	-3.0%	94.2	2.1%	195.3	179.3	8.9%
Net Revenue	R\$ mm	83.9	85.6	-2.0%	80.4	4.4%	169.5	156.0	8.7%
EBITDA	R\$ mm	17.8	18.0	-1.1%	13.9	28.1%	35.8	27.8	28.6%
EBITDA Margin	%	21.2%	21.0%	0.2 p.p.	17.3%	3.9 p.p.	21.1%	17.8%	3.3 p.p.
Paid Km	mm km	12.7	12.8	-0.6%	13.5	-6.1%	25.5	27.0	-5.8%
Net Revenue / KM	R\$/km	6.6	6.7	-1.4%	5.9	11.2%	6.7	5.8	15.3%

In the business units for dedicated contracts (DCC), we had little or no impact with the pandemic, maintaining volumes stable for most of the clients. The highlight of the period was its strong commercial growth, with the signing of important contracts and entrance of new clients, and also the implementation and consolidation of integrated transportation, storage and handling operations, for the Air Gases and Chemicals/ Petrochemicals industries, and harvest and in factory loading of wood, for Forestry and Pulp and Paper industries.

Net revenue totaled R\$83.9 million, 2.0% lower than the previous quarter (1Q20), impacted by the drop in revenue in the forestry sector due to rainfalls in the South region and a client's factory shutdown, which normally happens only in the second semester.

Net revenue increased by 4.4% in comparison with 2Q19 due to the new projects already mentioned. The segment's EBITDA totaled R\$17.8 million in 2Q20, 1.1% lower than the previous quarter, and increasing by 28.1% over 2Q19, an improvement of 3.9 p.p.

Gross Profit

Gross profit increased 82.9% when compared to the previous quarter, going from R\$16.6 million to R\$30.3 million, with gross margin increasing by 7.2 p.p., reaching 14.5%. The increase in gross margin reflects the Company's efficient managing of costs, which fell by 15.1% in 2Q20 over 2Q19, compared to a 7.9% reduction in net revenue.

Administrative Expenses

Administrative expenses totaled R\$ 11.3 million in 2Q20, against R\$17.8 million in 1Q20. This decrease was due to a reclassification, in the amount of R\$3.4 million, of transaction costs for the equity offering in progress, which was initially allocated as expenses in 1Q20 but were transferred to a temporary asset account in 2Q20.

In the semester, administrative expenses totaled R\$29.1 million, 137.5% higher than in 1H19, due to three factors: (i) R\$7.9 million related to the consolidation of administrative expenses of Translovato; (ii) R\$1.6 million in M&A expenses, in line with the Company's expansion strategy through acquisitions; and (iii) increase in BBM's corporate structure throughout 2020 in order to execute its strategic plans, strengthen the Company's structure and guarantee the foundations that will enable long-term growth.

As a percentage of net revenues, administrative expenses accounted for 5.4% in 2Q20 and 6.7% in 1H20.

EBITDA/Adjusted EBITDA

R\$ MM	2Q20	2Q19	Chg. %	1H20	1S19	Chg. %
TM	22.9	5.9	288.7%	43.8	13.8	217.3%
DCC	17.8	13.9	27.8%	35.8	27.8	28.8%
EBITDA Segments	40.7	19.8	105.6%	79.6	41.6	91.3%
Administrative and Sales Expenses*	-12.4	-7.6	62.8%	-31.1	-13.9	123.7%
EBITDA	28.3	12.2	132.2%	48.5	27.7	75.1%
(+) Merge and Acquisitions Expenses**	0.6	0.2	157.6%	1.6	0.6	154.1%
Adjusted EBITDA	28.9	12.4	132.7%	50.1	28.3	76.8%
<i>EBITDA Margin</i>	<i>13.9%</i>	<i>8.5%</i>	<i>5.3 p.p.</i>	<i>11.5%</i>	<i>10.1%</i>	<i>1.4 p.p.</i>

*Administrative/Selling Expenses = Overhead + Other Non-Operating Income/Expenses.

** Adjusted EBITDA is calculated excluding non-recurring items, such as expenses with mergers and acquisitions, which are not part of the Company's operating structure but are in line with its expansion strategy.

BBM Logística's EBITDA presented solid growth both in comparison with the previous quarter and with the second quarter of 2019. This increase was due to the integration of Translovato's operations, the increases in client base, the productivity and operational efficiency combined with strict cost management. It should also be noted that EBITDA was impacted by the increase in administrative and selling expenses, which are in line with the Company's structuring to meet its accelerated growth, including necessary adjustments to its corporate structure, especially in the IT, Processes, Governance, Compliance and HR areas.

See below the Company's reconciliation of EBITDA to EBITDA Segments, in accordance with CVM Instruction 527/2012, and the nature of the reconciliation items.

EBITDA Reconciliation

R\$ MM	2Q20	2Q19	Chg. %	1H20	1S19	Chg. %
Net income for the period	5.6	-0.9	-	3.0	1.7	78.0%
Net financial expenses	6.2	5.4	14.7%	11.9	10.5	14.1%
Current and deferred income tax and social contribution	0.5	-0.2	-299.6%	0.5	0.7	-20.5%
Depreciation and amortization	16.0	7.9	102.1%	33.0	14.9	122.3%
EBITDA	28.3	12.2	131.8%	48.5	27.7	75.3%

INVESTMENTS

R\$ MM	Unit	2Q20	1Q20	Chg. %	2Q19	Chg. %	1H20	1H19	Chg. %
Investments	R\$ mm	5.5	22.5	-75.7%	33.9	-83.9%	28.0	39.9	-29.9%
DCC	R\$ mm	4.0	21.3	-81.0%	27.6	-85.4%	25.3	31.6	-19.9%
TM	R\$ mm	0.0	0.0	-94.9%	6.0	-100.0%	0.0	7.9	-99.6%
Technology and others	R\$ mm	1.4	1.2	18.1%	0.2	530.4%	2.6	0.4	578.7%

One of the main characteristics of the dedicated contracts segment (DCC) is its need for CAPEX, however, it does not require a significant volume of working capital since receipt terms are shorter while the payment terms to suppliers are longer, resulting in shorter financial cycle.

The TM segment requires lower CAPEX; however, its receipt terms are longer and payment terms to suppliers (charterers) are shorter, thus resulting in longer financial cycle when compared to the dedicated operations.

The 75.7% reduction in investment volume in 2Q20 compared to 1Q20 was because a large part of investments in 2020 occurred during the first quarter. The main investment projects in 1Q20 took place in the air gases unit, with the acquisition of 38 vehicles, as well as 2 loading machines for a new operation in the pulp and paper sector.

ROIC – Return on Invested Capital

The Company defines ROIC (Return on Invested Capital) as Operating Profit (after tax of 34%), divided by the 12-month average invested capital (Working Capital + Property, Plant & Equipment). This indicator reflects the Company's creation of value and basic remuneration of capital invested by shareholders. ROIC does not replace other accounting measures in the IFRS and may not be comparable between companies.

Consolidated

Return on Invested Capital	Unit	2Q20	1Q20	Chg. %	1H20	1S19	Chg. %
% ROIC DCC	%	17.1%	17.2%	0.0 p.p.	17.1%	18.0%	-0.9 p.p.
% ROIC TM	%	27.1%	21.5%	5.5 p.p.	27.1%	23.1%	3.9 p.p.
% Consolidated ROIC	%	9.3%	8.8%	0.5 p.p.	9.3%	10.4%	-1.1 p.p.
NOPLAT LTM	R\$ mm	25.7	23.8	8.3%	25.7	21.0	22.7%
EBIT	R\$ mm	39.0	36.0	8.3%	39.0	31.8	22.7%
Tax 34%	R\$ mm	-13.3	-12.2	8.3%	-13.3	-10.8	22.7%
Ke - Invested Capital	R\$ mm	276	269	2.7%	276	202	36.9%
Working Capital	R\$ mm	68.4	67.8	0.8%	68.4	78.6	-12.9%
Property, Plant, and Equipment	R\$ mm	207.5	200.8	3.3%	207.5	123.0	68.7%

% ROIC = NOPLAT / Ke - Invested Capital

The Company's consolidated ROIC was 9.3% in 2Q20, an increase of 0.5 p.p. compared to 1Q20. In the first six months, the variation was negative by 1.1 p.p. compared to 1H19. Invested Capital had a positive variation of 2.7% over 1Q20, and a positive variation of 36.9% over the first six months (1H20 x 1H19), mainly due to the acquisition of vehicles for new operations of which results will mature in the second semester, as well as to the inclusion of Translovato. Additionally, the Company invested in technology, with returns to be captured in the medium term.

TM

Return on Invested Capital	Unit	2Q20	1Q20	Chg. %	1H20	1S19	Chg. %
% ROIC (NOPLAT / Ke)	%	27.1%	21.5%	5.5 p.p.	27.1%	23.1%	3.9 p.p.
NOPLAT LTM	R\$ mm	29.4	23.3	26.3%	29.4	15.1	94.1%
EBIT	R\$ mm	44.5	35.3	26.3%	44.5	22.9	94.1%
Tax 34%	R\$ mm	-15.1	-12.0	26.3%	-15.1	-7.8	94.1%
Ke - Invested Capital	R\$ mm	109	108	0.5%	109	65	65.9%
Working Capital	R\$ mm	39.3	34.9	12.6%	39.3	40.3	-2.4%
Property, Plant, and Equipment	R\$ mm	69.3	73.2	-5.3%	69.3	25.2	175.4%

The ROIC of the TM segment was 27.1% in 2Q20, increasing by 5.5 p.p. over 1Q20 due to better results achieved with practically the same capital requirements since Invested Capital varied by 0.5% in comparison with the previous quarter. Operating Profit reached R\$44.5 million in 2Q20, compared to R\$35.3 million in 1Q20, corresponding to a 26.3% growth. It is worth mentioning that the TM segment requires less investment in CAPEX, as mentioned above.

DCC

Return on Invested Capital	Unit	2Q20	1Q20	Chg. %	1H20	1S19	Chg. %
% ROIC (NOPLAT / Ke)	%	17.1%	17.2%	-0.1%	17.1%	18.0%	-0.9 p.p.
NOPLAT	R\$ mm	28.1	26.9	4.6%	28.1	24.3	15.6%
EBIT	R\$ mm	42.6	40.7	4.6%	42.6	36.8	15.6%
Tax 34%	R\$ mm	-14.5	-13.8	4.6%	-14.5	-12.5	15.6%
Ke - Invested Capital	R\$ mm	164.1	156.6	4.8%	164.1	135.1	21.4%
Working Capital	R\$ mm	29.1	31.5	-7.5%	29.1	38.0	-23.5%
Property, Plant, and Equipment	R\$ mm	135.0	125.1	7.9%	135.0	97.1	39.0%

The ROIC of the DCC segment was 17.1% in 2Q20, a negative variation of 0.1 p.p. compared to 1Q20, since the operating result of the investments made will be accounted only in the coming months. The Invested Capital increased by 21.4% over 1Q20, mainly due to fleet renewal and the acquisition of equipment for new operations, as already mentioned.

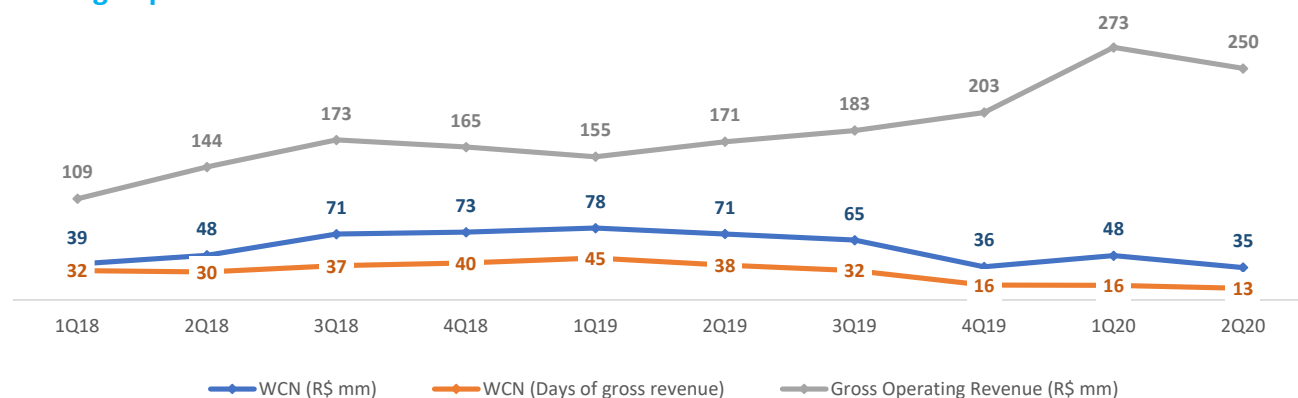
Operating Profit totaled R\$42.6 million, a 4.6% positive variation against 1Q20, reflecting the results obtained with new operations in the last months, thus improving the LTM ROIC.

WORKING CAPITAL AND FINANCIAL CYCLE

R\$ MM	2Q20	1Q20	Chg. %	2Q19	Chg. %
Accounts Receivable	(153.8)	(154.2)	-0.3%	(124.6)	23.4%
Inventories	(5.1)	(4.8)	6.3%	(1.8)	184.0%
Suppliers	45.4	46.6	-2.6%	29.4	54.2%
Corporate liabilities	43.1	35.3	22.1%	16.0	169.1%
Tax liabilities	35.4	29.3	20.8%	9.6	268.0%
WCN	(35.0)	(47.8)	-26.9%	(71.3)	-51.0%
Gross Operating Revenue	250.0	272.8	-8.3%	171.0	46.3%
WCN (Days of gross revenue)	13	16	(0)	38	-66.5%

The reduction in Working Capital Needs (WCN) during 2Q20 was essentially due to the extension of payment deadlines for social and tax obligations, as provided for in the measures adopted by the Government as a result of the COVID-19 pandemic.

Working Capital Needs



INDEBTEDNESS

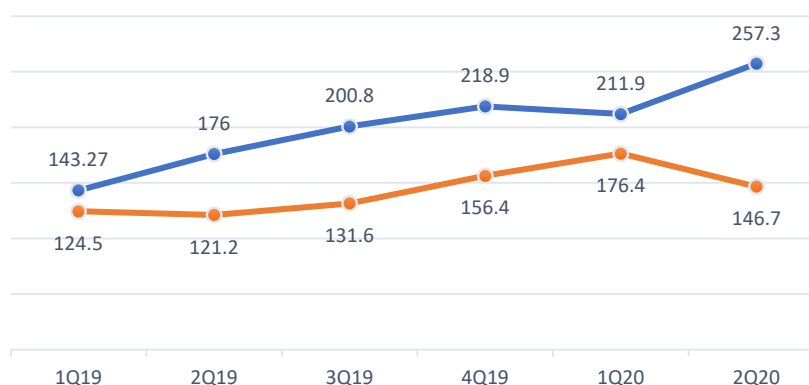
R\$ mm	2Q20	1Q20	Chg. %	2Q20	4Q19	Chg. %
Financing	214.0	164.9	29.8%	214.0	169.4	26.3%
Debentures	43.3	47.0	-	43.3	49.4	-
Gross Debt	257.3	211.9	21.4%	257.3	218.9	17.6%
Cash	110.6	35.5	211.5%	110.6	62.5	77.0%
Net Debt	146.7	176.4	-16.8%	146.7	156.4	-6.2%

During 2Q20, working capital resources, in the amount of R\$56 million, were raised to reinforce cash and ensuring BBM's financial security. Despite the 17.6% increase in gross debt since December 31, 2019, the Company's operating cash generation was positive, therefore increasing its cash balance and resulting in a lower net debt than the one on December 31, 2019.

	Average Charges %		30/06/2020 (R\$ mm)			31/12/2019 (R\$ mm)	
	30/06/2020	31/12/2019	Current	Non-Current	Total	Total	Chg. %
Working capital	5.5%	7.7%	61.5	122.4	183.9	143.8	27.9%
Finame	8.1%	10.0%	16.2	13.4	29.6	25.0	18.6%
Leasing	16.8%	16.8%	0.3	0.3	0.6	0.7	-12.2%
Total	5.9%	8.1%	78.0	136.0	214.0	169.4	26.3%
Debentures	5.5%	7.8%	14.9	28.4	43.3	49.4	0.0%
Total	5.8%	8.0%	92.9	164.4	257.3	218.9	17.5%

Most loans and financing contracts have charges that are indexed to the variation of the CDI rate, therefore the recurring drop in Brazilian interest rate (SELIC) have contributed to the decrease in the average charges of these obligations when compared to 4Q19.

INDEBTEDNESS GROWTH (R\$ MM)



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Chief Financial and Investor Relations Officer

About BBM Logística

BBM Logística is one of the largest logistics operators in Mercosur, providing state-of-the-art integrated solutions to a number of the main companies in the region. The Company combines comprehensive operations, significant scale and professional management, standing as a distinguished player of the sector. It provides **Inbound, Outbound, Distribution and Parcel** services – consolidated and fractional cargo transportation services – through BBM and Translovato. Its client portfolio includes the pulp and paper, agribusiness, chemical, gases, automotive and electronics segments, among others, with international transportation services, general and fractional cargo, dedicated agreements, storage and a number of customized solutions. In the last two years, it carried out significant acquisitions that increased revenues to R\$600 million at the end of 2019. All of the Company's activities are certified by ISO 9001, ISO 14001 and SASSMAQ. With a solid governance structure supporting the execution of its growth plan and more than 4,000 employees, BBM is an investee of Stratus and is listed on the Bovespa Mais segment of B3.

Disclaimer

The statements in this report regarding the Company's business outlook, forecasts and results and its growth potential are based on mere forecasts and on Management's expectations regarding the Company's future. These expectations are highly dependent on market changes and on the general economic performance of the country, the industry, and the international market and, therefore, are subject to changes.

BBM Logística S.A.

Balance sheets at June 30, 2020 and December 31, 2019

(In thousands of reais)

R\$ MM	30/06/20	31/12/19	R\$ MM	30/06/20	31/12/19
Assets	701.0	664.1	Liabilities	701.0	664.1
Current	310.9	264.7	Current liabilities	291.3	243.3
Cash and cash equivalents	110.6	62.5	Suppliers	45.4	56.2
Trade accounts receivable	153.8	149.0	Loans and financing	82.3	51.9
Inventories	5.1	2.9	Debentures	14.9	13.6
Recoverable Taxes	22.0	29.5	Leases	24.4	25.4
Trucks prepurchase financial pool	3.3	4.3	Dividends payable	0.0	3.3
Other Receivables	16.1	16.6	Social charges	43.1	32.1
			Tax payable	35.4	27.8
Non-Current	390.1	399.4	Tax debt installment payment plans	2.4	3.1
Collateral deposits	0.5	0.5	Trucks prepurchase financial pool	6.0	6.0
Recoverable taxes	10.6	13.4	Acquisition of subsidiaries	15.0	9.5
Other Receivables	3.5	0.0	Other accounts payable	22.4	14.6
Security deposits	3.9	6.1			
Impostos diferidos	14.8	10.4	Non-current liabilities	286.0	300.1
Right to use assets	54.9	67.4	Suppliers	0.1	0.3
Property, plant and equipment	228.6	229.7	Loans and financing	131.7	117.6
Intangible assets	73.3	72.0	Debentures	28.4	35.9
			Leasing	31.9	42.4
			Tax installment payment	8.1	8.6
			Trucks prepurchase financial pool	1.5	1.3
			Provision for contingencies	26.4	22.7
			Acquisition payable	39.3	48.7
			Other Accounts Payable	18.6	22.7
			Shareholders' Equity	123.7	120.8
			Capital (net of transaction costs)	95.3	95.3
			Equity valuation adjustment	1.6	1.8
			Profit reserves	23.7	23.7
			Lucro do exercício	3.2	0.0

BBM Logística S.A.**Statements of cash flows - Indirect method****For the six-months period ended June 30, 2020 and and 2019***(In thousands of reais)*

R\$ MM	1H20	1S19	Chg. %
Earnings before income tax and social contribution	3.5	2.3	50.1%
Depreciation	41.6	19.8	109.8%
Financial Result	11.2	10.5	7.3%
Other	3.4	2.4	40.8%
Δ Working Capital	16.3	-3.9	-521.6%
(i) Cash flow generated by operating activities	76.1	31.2	143.6%
Income Tax and Social Contribution Paid	-8.9	-1.4	525.2%
(ii) Net Cash flow generated from operational activities	67.2	29.8	125.3%
Property, plant and equipment and intangible acquisition	-27.7	-35.4	-21.7%
Trucks prepurchase financial pool quotas not yet granted	-1.1	-1.6	-31.8%
Customers advances receivable	2.1	0.2	879.1%
Amount received for sale of property, plant and equipment	0.0	0.0	
(iii) Cash flow from investing activities	-26.7	-25.2	6.0%
Loans and financing obtained	61.4	39.7	54.7%
Dividends payment	-3.3	0.0	
Debentures obtained	0.0	49.3	
Trucks prepurchase financial pool quotas granted	-4.8	-2.4	99.1%
Payment of debentures - principal	-6.3	0.0	
Payment of interest on debentures	-1.6	0.0	
Payment of loans and financing - principal	-16.5	-46.5	-64.5%
Payment of interest on loans and financing	-6.2	-7.7	-19.9%
Payment of lease - principal	-12.5	-5.6	122.3%
Payment of interest on lease	-2.7	-1.1	154.7%
(iii) Cash flow from financing activities	7.6	25.7	-70.4%
Total Cash Flow (I) + (ii) + (iii)	48.1	30.3	58.7%
Cash and cash equivalents at the end of the period	110.6	49.1	125.4%

BBM Logística S.A.**Statements of income**

For the six and three-months period ended June 30, 2020 and and 2019

<i>(In thousands of reais)</i>	30/06/2020	30/06/2019
Net revenue	435,530	279,753
Cost of services rendered	(388,637)	(253,096)
Gross profit	46,893	26,657
Administrative expenses	(29,112)	(12,260)
Sales expenses	(2,321)	(836)
Impairment loss on accounts receivable	(1,283)	(738)
Other operating (expenses) income, net	1,273	(20)
(Loss) income before financial expenses, net and taxes	15,450	12,803
Financial income	4,825	2,243
Financial expenses	(16,758)	(12,703)
Financial expenses, net	(11,933)	(10,460)
Equity in net income of subsidiaries	-	-
Income (loss) before taxes	3,517	2,343
Current and deferred income tax and social contribution	(528)	(664)
Net income (loss) for the period	2,989	1,679