

# OPERATIONAL PREVIEW

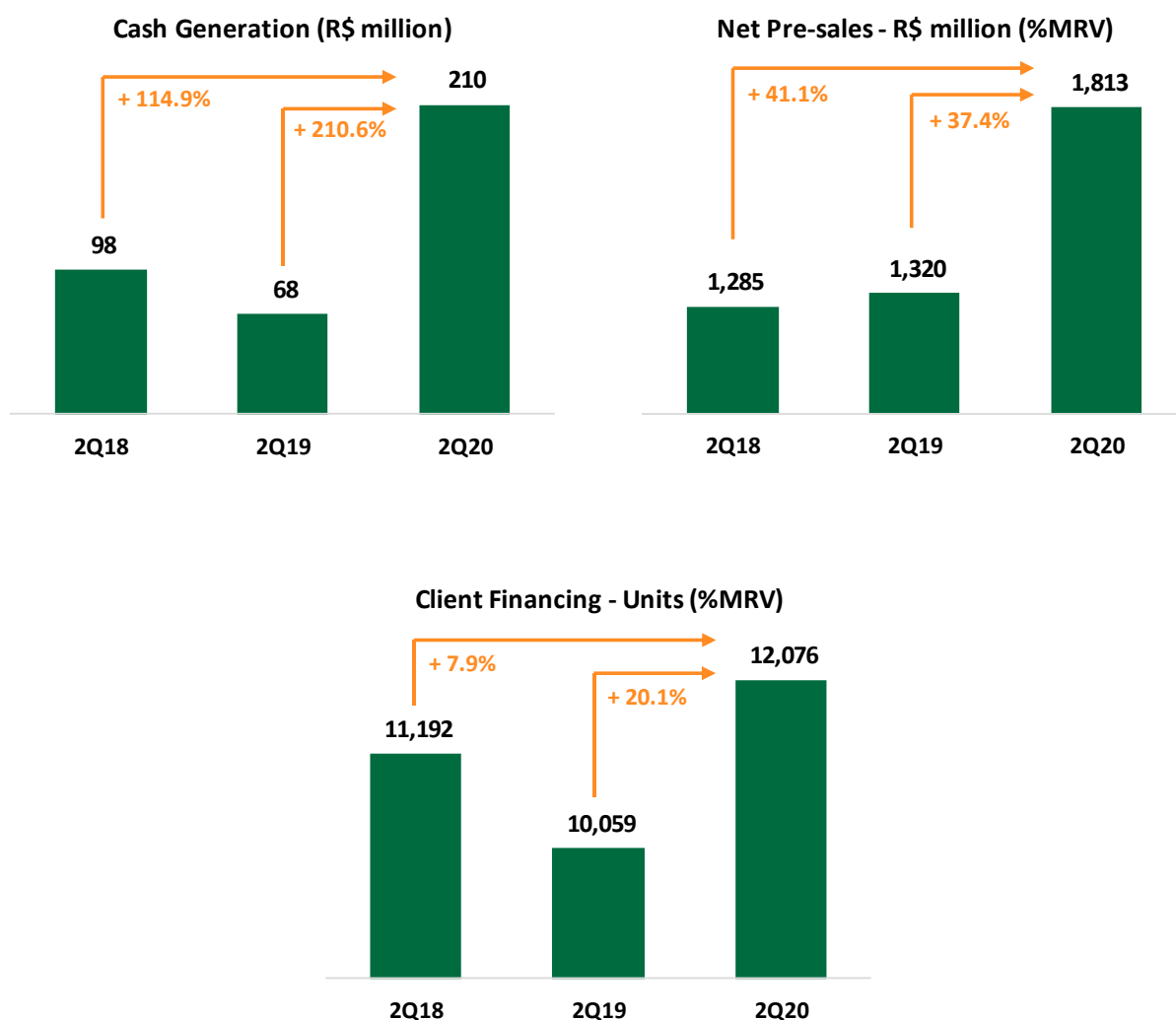
2<sup>nd</sup> Quarter 2020

## Operational Preview 2Q20

**Belo Horizonte, July 07, 2020 – MRV Engenharia e Participações S.A. (B3: MRVE3)**, the largest homebuilder in Latin America, informs its preliminary and non-audited operational results of Launches, Pre-Sales, Land bank, Production, Real Estate Financing, Cash Generation and Cancellations for the second quarter of 2020.

### HIGHLIGHTS

- **Cash Generation of R\$ 210 million in the 2Q20;**
- **Highest volume of net pre-sales in the Company's history**, totaling R\$ 1.81 billion and 11,479 units sold, an increase of 37.4% compared to 2Q19 and 8.4% to 1Q20;
- **The highest volume of transfers in the Company's history**, totaling 12,076 units in 2Q20, an increase of 20.1% compared to 2Q19 and 78.8% to 1Q20;
- **Significant increase in Sales Speed (SoS – Sales over Supply), reaching 19.7%**, the highest mark since 4T17, equivalent to an increase of 5.2 p.p compared to in 2Q19 and 3.1 p.p in 1Q20.





### LAUNCHES (%MRV)

To take advantage of the high levels of inventory presented by the Company since the beginning of the year, in this quarter the Company adopted a strategy for reducing the volume of launches, giving preference to launches in locations with lower levels of inventory.

Another factor that impacted launches were the preventive measures of social distancing adopted throughout the COVID-19 pandemic, city halls, and notary public offices, which are essential in the launch process of our projects were forced to adopt the home office mode and/or scheduled services.

Thus, the volume of launches in the quarter reached a total of 5,349 units, 20.4% below 1Q20, and 51.7% below when compared to the 2Q19.

The Company believes its inventory has already returned to a healthy level and hopes the situation of the city halls and notary public authorities will normalize in the next few months. Based on the excellent pre-sales figures reported in the past quarters, the Company intends to significantly intensify the volume of launches in the second half of 2020.

It is fitting to observe, the increased average price registered throughout 2Q20 is due to an increased volume of launches in capital cities, as well as an increment in the percentage of projects aimed at the SBPE funding, above the Minha Casa Minha Vida Program (MCMV) threshold.

Launches	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
<b>%MRV</b>								
Launches (R\$ million) *	942	1,083	1,808	13.0% ↓	47.9% ↓	2,025	2,901	30.2% ↓
Units	5,349	6,719	11,083	20.4% ↓	51.7% ↓	12,068	17,929	32.7% ↓
Average Price - R\$'000 / unit	174	161	161	8.2% ↑	8.0% ↑	167	161	3.9% ↑

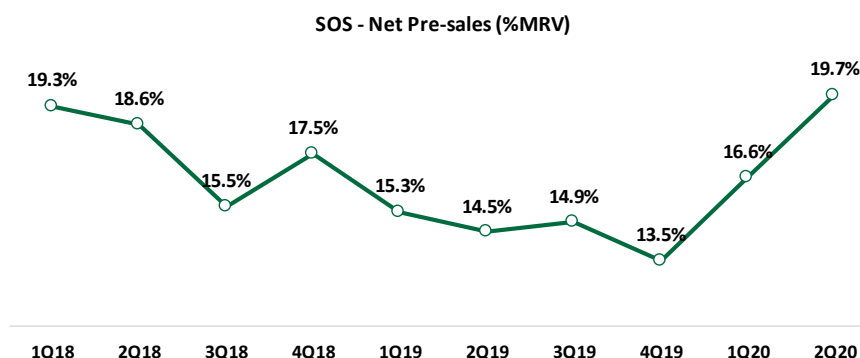
\* Includes the residential, allotment segments and LUGGO projects

\*\* Includes the residential and LUGGO projects

### NET PRE-SALES (%MRV)

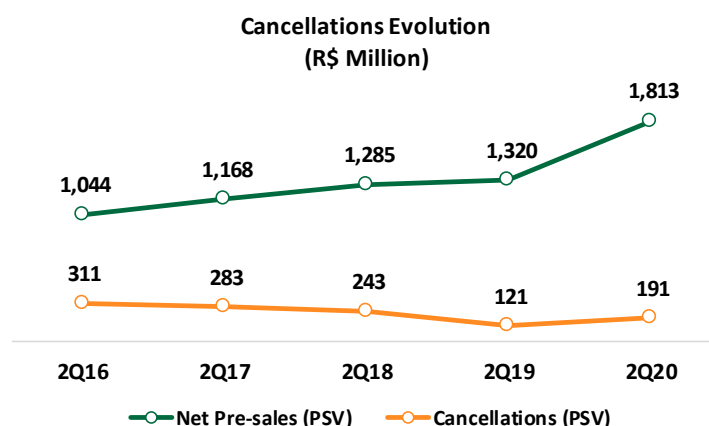
MRV set, again, a record of its highest volume of net pre-sales in the Company's history in the 2Q20, totaling **R\$ 1.81 billion sold, equivalent to 11,479 units** (%MRV). That included a **37.4% increase compared to 2Q19 and 8.4% to 1Q20**. This record of sales confirms the success of product diversification and funding strategy adopted by the Company, as well as the resilience of the low-income segment.

As a result of the current positive momentum, the Company's sales speed (SoS – Sales over Supply) have been rapidly increasing, and is already at similar levels as seen in 4Q17, representing an increase of 5.2 p.p compared to 2Q19 and 3.1 p.p to 1Q20.



During the entire quarter, the customer demand has maintained at high levels, and therefore a more aggressive commercial strategy has proven to achieve effective results. We reinforce that this strategy does not include the increased concession of unsecured credit to customers.

Once again, the robust technological structure of the Company mitigated a possible adverse sales effects caused by the COVID-19 pandemic. Thanks to our digital sales platform that has been confirmed as the most state-of-the-art in the sector.



Pre-sales Contracted	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
<b>%MRV</b>								
Pre-sales (R\$ million) *	1,813	1,673	1,320	8.4% ↑	37.4% ↑	3,487	2,628	32.7% ↑
Units **	11,479	10,493	8,587	9.4% ↑	33.7% ↑	21,973	17,252	27.4% ↑
Average Price - R\$'000 / unit **	155	159	150	2.3% ↓	3.4% ↑	157	150	4.5% ↑

\* Includes the residential, allotment segments and LUGGO projects

\*\* Includes the residential and LUGGO projects

## CASH GENERATION

Due to withdrawing the mandatory participation of the Union in the payment of a portion of the subsidies from the Minha Casa Minha Vida program, that now applies only to FGTS until the end of 2020, the transfers of the sales contracts to the mortgage lending bank (Caixa Econômica Federal) in 2Q20 were normalized.

As a result, it was possible to transfer a record volume of units in the quarter that, coupled with record net sales, **made it possible for the Company to report a robust cash generation of R\$ 210 million in 2Q20.**

The forecast for the second semester is positive cash generation, considering the maintenance of the dynamics of strong number of pre-sales and the high volume of transfers.

## LAND BANK

The Company holds a robust land bank, including qualified land plots, fully capable of sustaining its operations and has been paying attention to current acquisition opportunities of new land plots, especially for Luggo and SBPE funded projects.

Land bank	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
<b>%MRV</b>								
Land Bank (R\$ billion)*	52.6	52.1	49.0	1.0% ↑	7.4% ↑	52.6	49.0	7.4% ↑
Units	321,507	321,988	311,870	0.1% ↓	3.1% ↑	321,507	311,870	3.1% ↑
Average Price - R\$'000 / unit	162	160	155	1.3% ↑	4.3% ↑	162	155	4.3% ↑

\* Includes the residential, allotment segments and LUGGO projects

## PRODUCTION

Due to the COVID-19 pandemic, the Company has chosen to postpone the effective starting of most of the scheduled worksites from the 2Q20 to the 3Q20. Besides that, there have been legislation decisions in some Brazilian municipalities and states causing a portion of the Company worksites to temporarily paralyze its activities throughout the quarter, as part of the preventive measures for combating the pandemic.

These factors have negatively impacted the production in this quarter, that totaled 7,976 units, aligned to 1Q20, and an equivalent drop of 24.9% compared to 2Q19.

By the end of the quarter, most construction sites were already operating normally, and the Company only accounted for 2% of paralyzed sites due to the pandemic. With that, the expectation is for production to shortly be normalized, and activities to return to 100% operation of the construction sites.

It is worthwhile to highlight **the resilience of the low-income segment has been confirmed by the high reported sales volume reported during the entire semester, giving the Company confidence for intensifying the production of its worksites in the next few months**, which will result in a significant increase in built units.

Production	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
<b>%MRV</b>								
Built Units*	7,976	7,927	10,624	0.6% ↑	24.9% ↓	15,903	20,505	22.4% ↓
Finished units	8,339	9,429	10,164	11.6% ↓	18.0% ↓	17,768	16,554	7.3% ↑
<b>100%</b>								
Built Units*	8,544	8,494	11,108	0.6% ↑	23.1% ↓	17,038	22,111	22.9% ↓
Finished units	8,812	9,604	10,886	8.2% ↓	19.1% ↓	18,416	17,630	4.5% ↑
Construction sites*	248	239	265	3.8% ↑	6.4% ↓	248	265	6.4% ↓

\* Includes the residential, allotment segments and LUGGO

## REAL ESTATE CREDIT

Due to the normalization of sales transfers from Minha Casa Minha Vida program, **the Company totaled 12,076 units transferred in the quarter**, a 78.8% increase compared to 1Q20 and 20.1% compared to 2Q19.

**This is the highest volume of transfers in one quarter in the history of the Company.** Caixa Econômica Federal has demonstrated excellent efficiency in transfers since June and the expectation is for the volume of transfers to remain at high levels for the next quarters.

Real Estate Financing	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
<b>%MRV</b>								
Client Financing (units)	12,076	6,752	10,059	78.8% ↑	20.1% ↑	18,828	17,872	5.4% ↑
Construction Financing	14,053	8,186	9,481	71.7% ↑	48.2% ↑	22,239	15,845	40.4% ↑
<b>100%</b>								
Client Financing (units)	12,857	7,141	10,245	80.0% ↑	25.5% ↑	19,998	18,815	6.3% ↑
Construction Financing	14,821	8,647	10,128	71.4% ↑	46.3% ↑	23,468	18,242	28.6% ↑

## URBA

The strong pre-sales momentum reported by MRV has also been observed in the operation of URBA in the 2Q20. In this period, a total of R\$51.5 million have been sold (net pre-sales), equivalent to an increase of 406.2% compared to 1Q20.

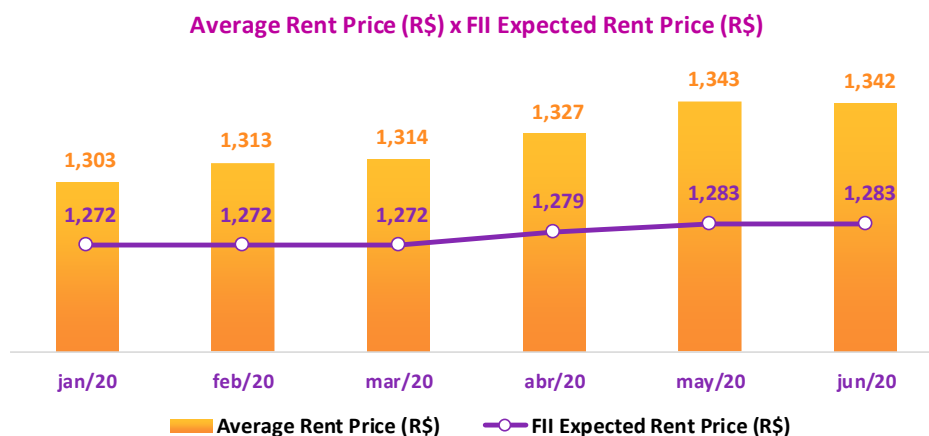
Urba Operation	2Q20	1Q20	2Q19	Var. 2Q20 x 1Q20	Var. 2Q20 x 2Q19	1H20	1H19	Var. 1H20 x 1H19
<b>Land Bank</b>								
Land bank (R\$ million - %Urba)	1,053	1,148	1,077	8.3% ↓	2.2% ↓	1,053	1,077	2.2% ↓
Landbank Units (%Urba)	10,061	11,256	11,848	10.6% ↓	15.1% ↓	10,061	11,848	15.1% ↓
Land bank (R\$ million - 100%)	1,942	2,090	1,892	7.1% ↓	2.7% ↑	1,942	1,892	2.7% ↑
Landbank Units (100%)	16,709	18,473	20,130	9.5% ↓	17.0% ↓	16,709	20,130	17.0% ↓
<b>Launches</b>								
Launches (R\$ million - %Urba)	22.3	-	36.3	-	38.5% ↓	22.3	36.3	38.5% ↓
Launches Units (%Urba)	84	-	390	-	78.5% ↓	84	390	78.5% ↓
Launches (R\$ million - 100%)	39.8	-	52.5	-	24.2% ↓	39.8	52.5	24.2% ↓
Launches Units (100%)	150	-	564	-	73.4% ↓	150	564	73.4% ↓
<b>Net Pre-sales</b>								
Net Pre-sales (R\$ million - %Urba)	31.0	7.1	57.1	335.1% ↑	45.7% ↓	38.1	59.8	36.3% ↓
Net Pre-sales (Units - %Urba)	206	90	628	128.6% ↑	67.1% ↓	297	668	55.6% ↓
Net Pre-sales (R\$ million - 100%)	51.5	10.2	60.8	406.2% ↑	15.3% ↓	61.7	64.7	4.6% ↓
Net Pre-sales (Units - 100%)	344	151	656	127.8% ↑	47.6% ↓	495	704	29.7% ↓
<b>Production</b>								
Construction Sites	4	3	5	33.3% ↑	20.0% ↓	4	5	20.0% ↓
Built Units (%Urba)	172	81	162	112.5% ↑	6.2% ↑	253	278	9.0% ↓
Built Units (100%)	185	110	333	68.8% ↑	44.4% ↓	295	488	39.6% ↓
Finished Units (%Urba)	-	-	-	-	-	-	-	-
Finished Units (100%)	-	-	-	-	-	-	-	-

## LUGGO

The month of June has been the best month for rentals since the beginning of the Luggo operation, in 2019. This success is attributed to the digital commercial platform, where the customer can select the unit, perform credit analysis, sign the contract, and even make credit card payment transactions.

The projects sold to the LUGG11 FII (REIT) continue performing stably, as expected. Luggo Lindoia was rolled out on April 18, and based on this forecast, it will reach 100% occupancy by August.

It was expected, when the Luggo Projects were sold to the LUGG11 FII (REIT), an average rental price of R\$ 1,283.10. The average current rental is R\$ 1,341.87, equivalent to 4.6% over its initial forecast.



The success of the Luggo operation has confirmed the potential of this business model, a pioneer in the Brazilian real estate market.

### AHS

AHS operation continues to show the expected resilience and reported a vacancy under 2% on the stabilized developments, with a growing evolution on the Leasing Up projects.

Completed Projects	# Units	Leased units			%
		4Q19	1Q20	2Q20	
<b>Stabilized</b>	<b>550</b>	<b>536</b>	<b>539</b>	<b>544</b>	<b>99%</b>
Village of Lake Worth	216	210	211	215	100%
Village of Lake Osborne	118	113	117	117	99%
Princeton Groves	216	213	211	212	98%
<b>Leasing Up</b>	<b>696</b>	<b>217</b>	<b>303</b>	<b>425</b>	<b>61%</b>
Deering Groves	281	143	192	225	80%
Village at Mangonia Lake	240	74	107	145	60%
Coral Reef	175	-	4	55	31%
<b>Total / Average</b>	<b>1,246</b>	<b>753</b>	<b>842</b>	<b>969</b>	<b>78%</b>

## **INVESTOR RELATIONS**

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## **ABOUT MRV**

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MRV Engenharia e Participações S.A. is the largest Brazilian real estate developer and homebuilder in the lower-income segment, with more than 40 years of experience, active in 162 cities, in 22 Brazilian states including the Federal District. MRV is listed on the Novo Mercado - B3 under the ticker MRVE3 and is included, among others, in the theoretical portfolio IBOV.