

A person wearing a red and black plaid shirt and blue jeans is shown from the waist down, reaching out with their right hand to touch the golden wheat stalks in a field. The background is a soft, warm sunset or sunrise over the horizon. The image is divided into geometric sections by white and grey diagonal lines.

3Q19 and 9M19 Earnings Presentation

Disclaimer

The statements contained in this document relating to business prospects, projections of operating and financial results and growth forecasts for Kepler Weber are merely forward-looking statements and, as such, are based solely on management's expectations for the future of the business. These expectations are substantially dependent on the approvals and licenses required for the projects, market conditions, and the performance of the Brazilian economy, the sector and the international markets, and are therefore subject to changes without prior notice.

This performance report includes accounting and non-accounting data, such as operating and pro-forma financial information and projections based on the expectations of the Company Management. Non-accounting data have not been reviewed by the Company's independent auditors.

Highlights 3Q19 e YTD 2019

Net Revenues

Net Revenues stood at R\$149.5 million in 3Q19, down by 10% over the same quarter of 2018. In 9M19, net revenues amounted to R\$404.1 million, an increase of 5.7% against the same period in 2018.

Gross Profit

Gross Profit of R\$40.5 million in 3Q19, 56.5% higher than 3Q18. Gross margin for the quarter was 27.1%, 11.5 p.p. higher than in 3Q18. The accrued gross profit was R\$95.5 million, an increase of 147.2% against 2018. The gross margin for the period was 23.6%, up 13.5 p.p. against 9M18.

EBITDA

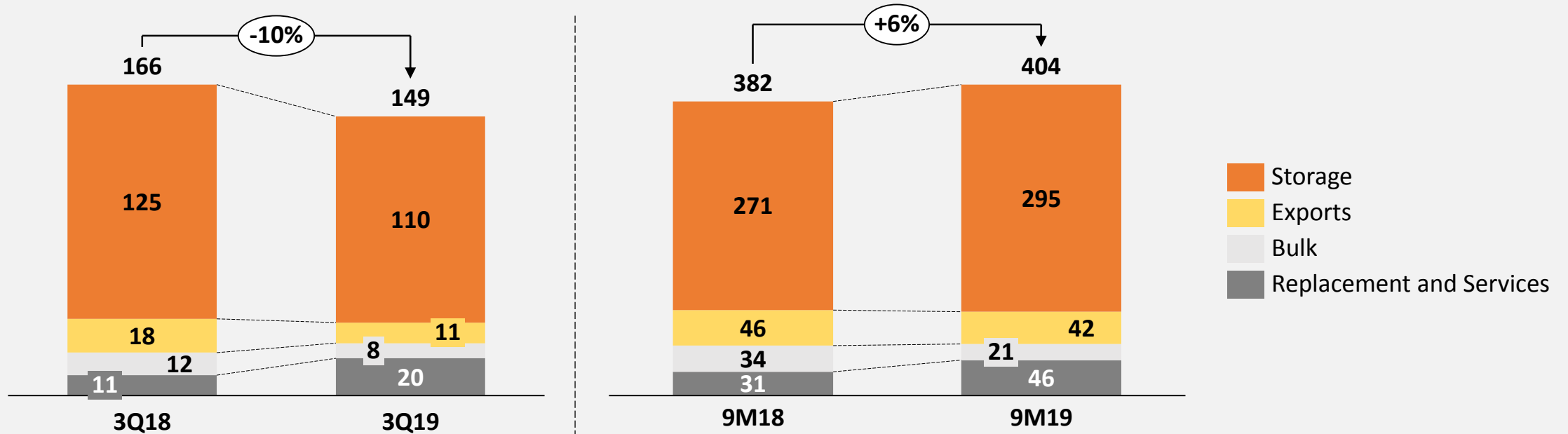
The Company's EBITDA amounted to positive R\$25.4 million in 3Q19, against R\$13.2 million in 3Q18. The EBITDA margin for the quarter was 17%, 9.0 percentage points higher than in the same period of 2018. The EBITDA in 9M19 was R\$52.4 million, against R\$5.2 million in 9M18. The EBITDA margin was 13.0% in 9M19, 11.6 percentage points against the same period in 2018.

Net Income

Net Income of R\$15.9 million positive in 3Q19, against a net income of R\$4.1 million in 3Q18. The net margin for the quarter stood at 10.6% positive. In 9M19, the net income was R\$16.5 million, with a margin of 4.1% against a R\$20.5 million loss in 9M18.

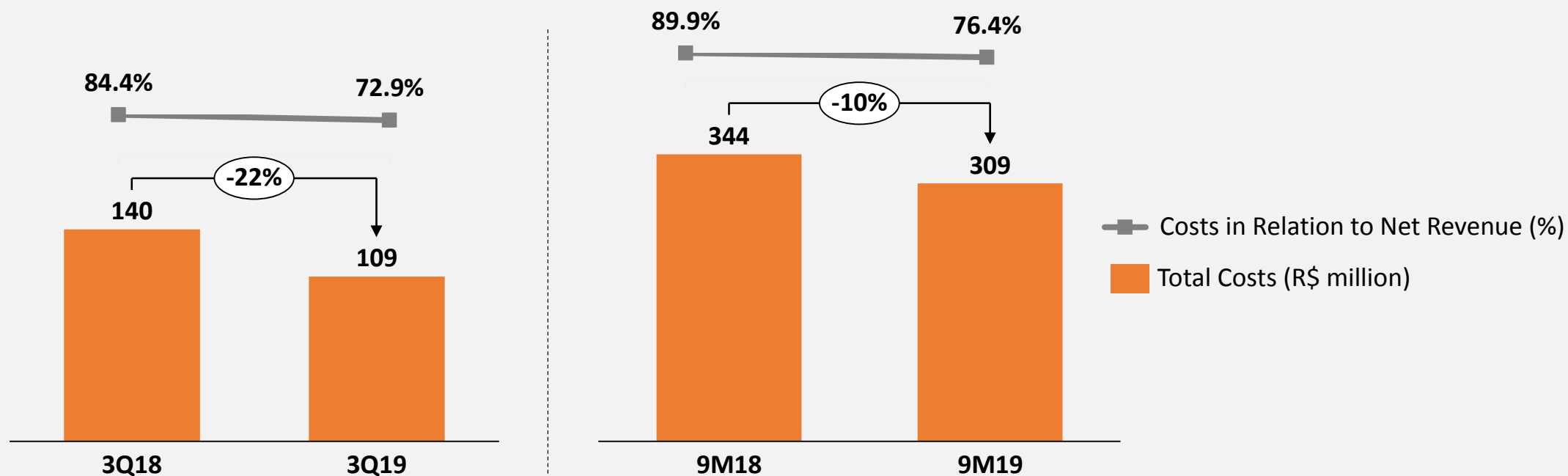
Net Revenue

Net Revenue (R\$ million)



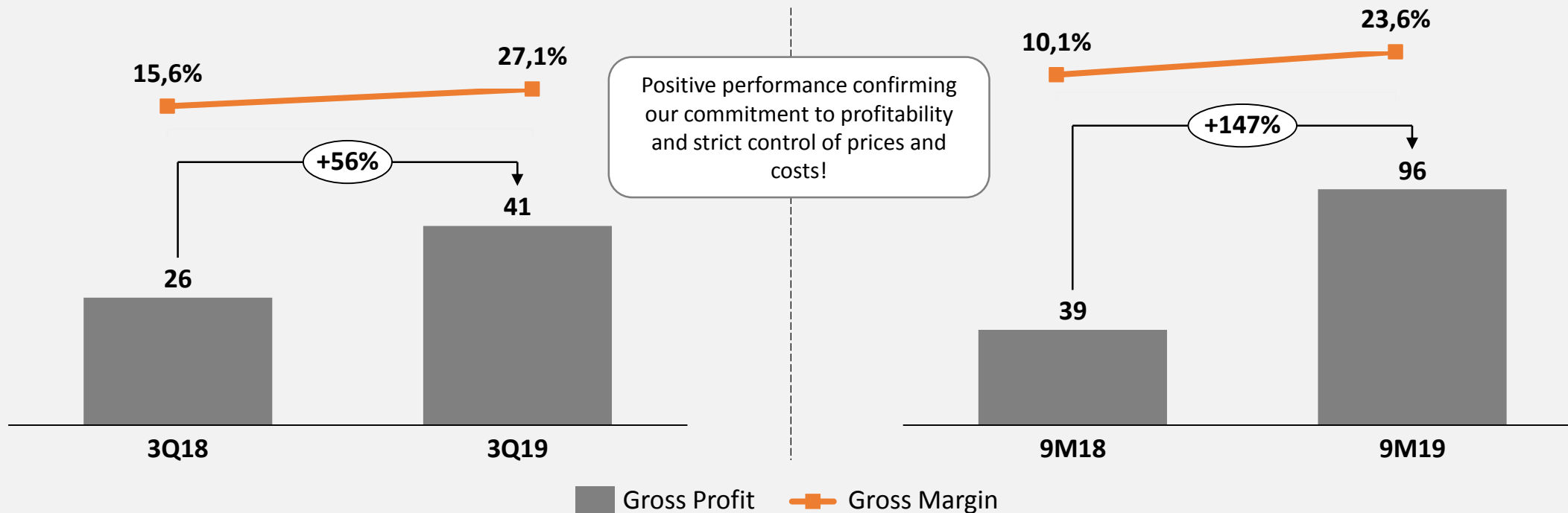
Cost of Goods Sold

Cost of Goods Sold / Net Revenue (%)



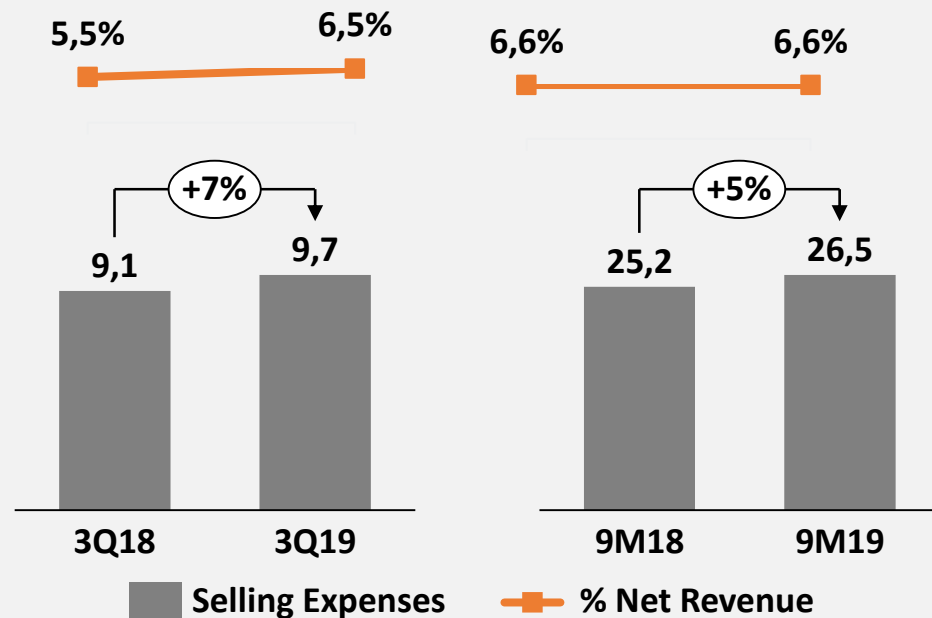
Gross Profit and Gross Margin

Gross Profit (R\$ million) and Gross Margin (%)



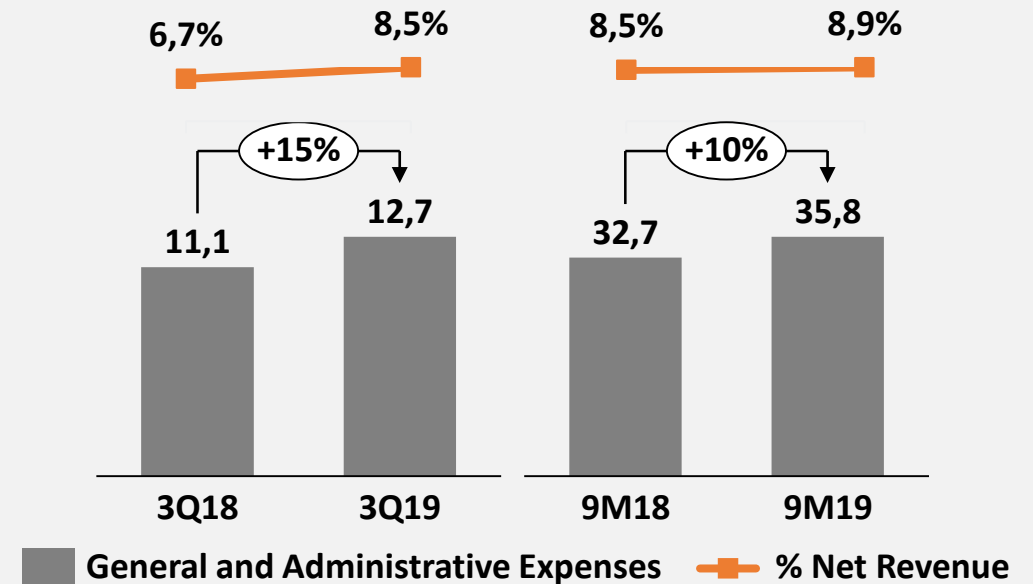
Expenses – SG&A

Selling Expenses (R\$ million) and
% Net Revenue



Increase due to growth in the Replacement and Services segment which impacted on commissions of dealers and logistic operators of parts Distribution Centers.

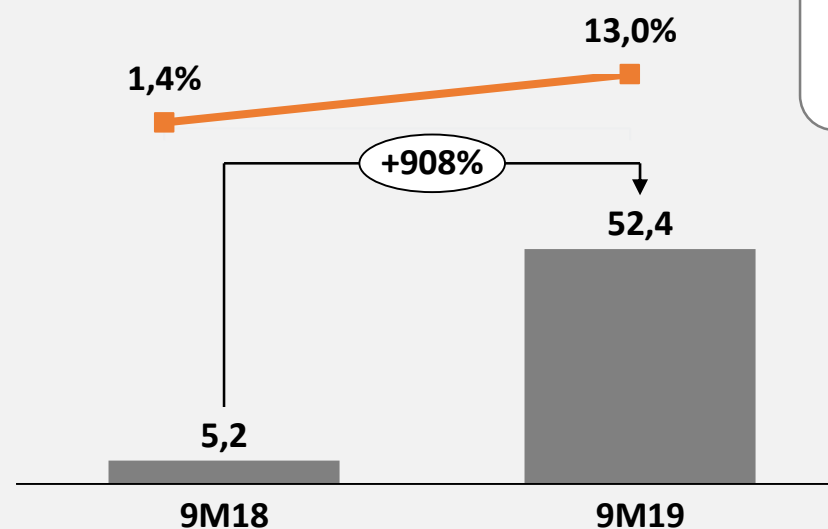
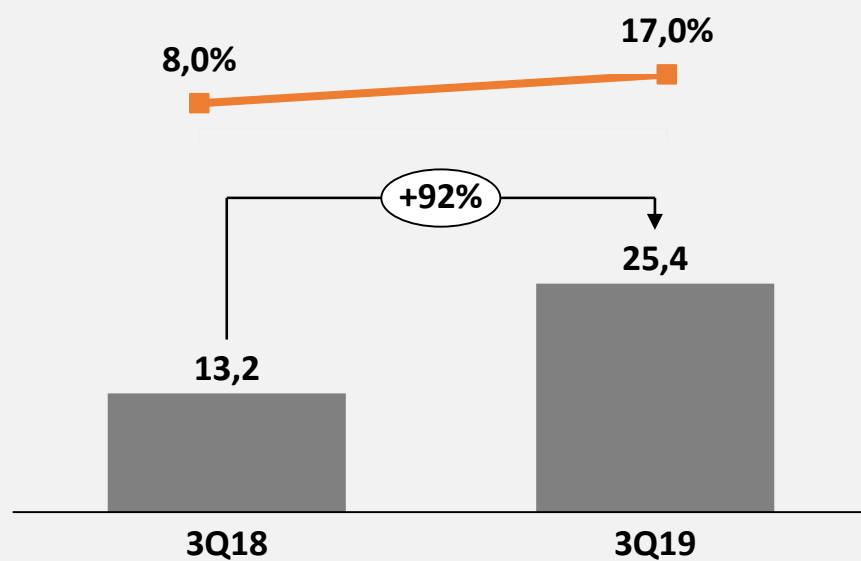
General and Administrative Expenses (R\$ million)
And % Net Revenue



Increase due to repositioning of the Supplies area as an administrative sector.

Ebitda e Ebitda margin

Ebitda (R\$ million) e Ebitda margin (%)

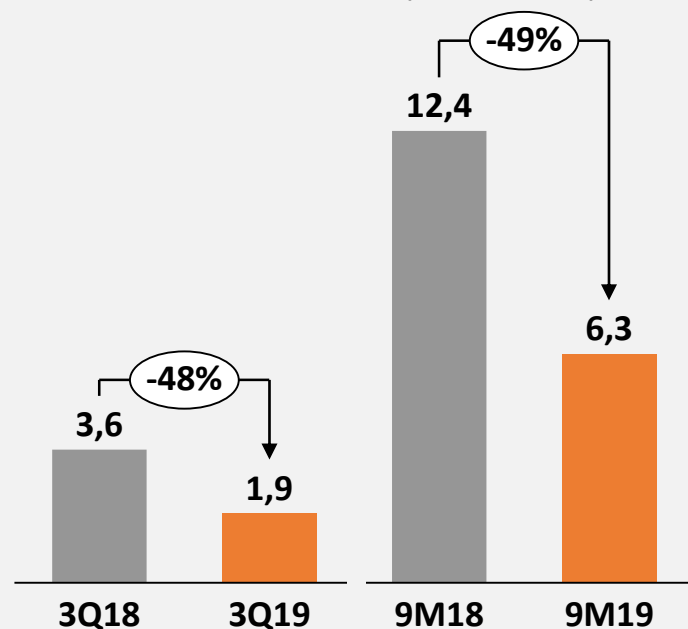


Reflects the Company's actions to both capture better prices and a favorable product mix, and constant reduction in costs.

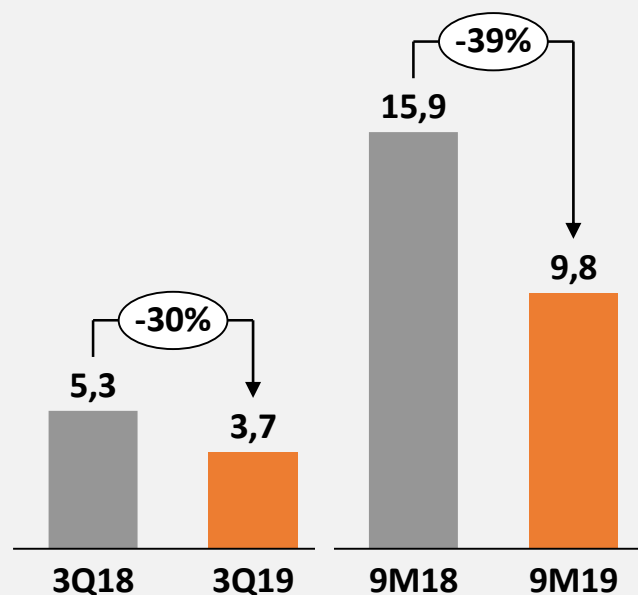
■ Ebitda
—■ Ebitda Margin

Financial Revenues/Expenses

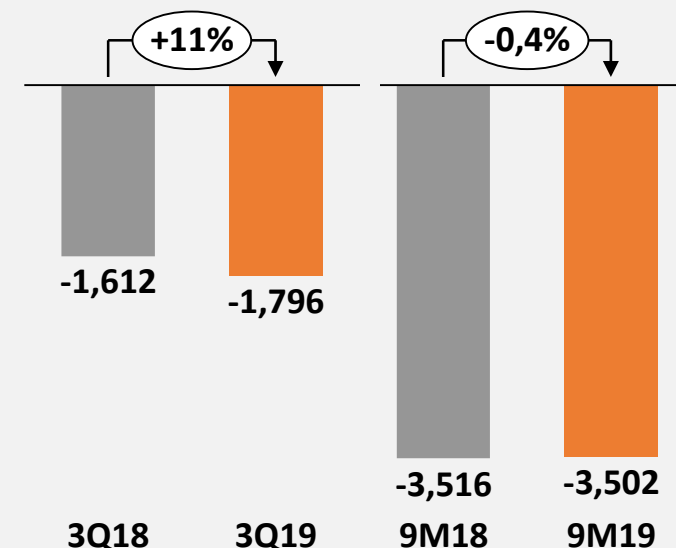
Financial Revenues (R\$ million)



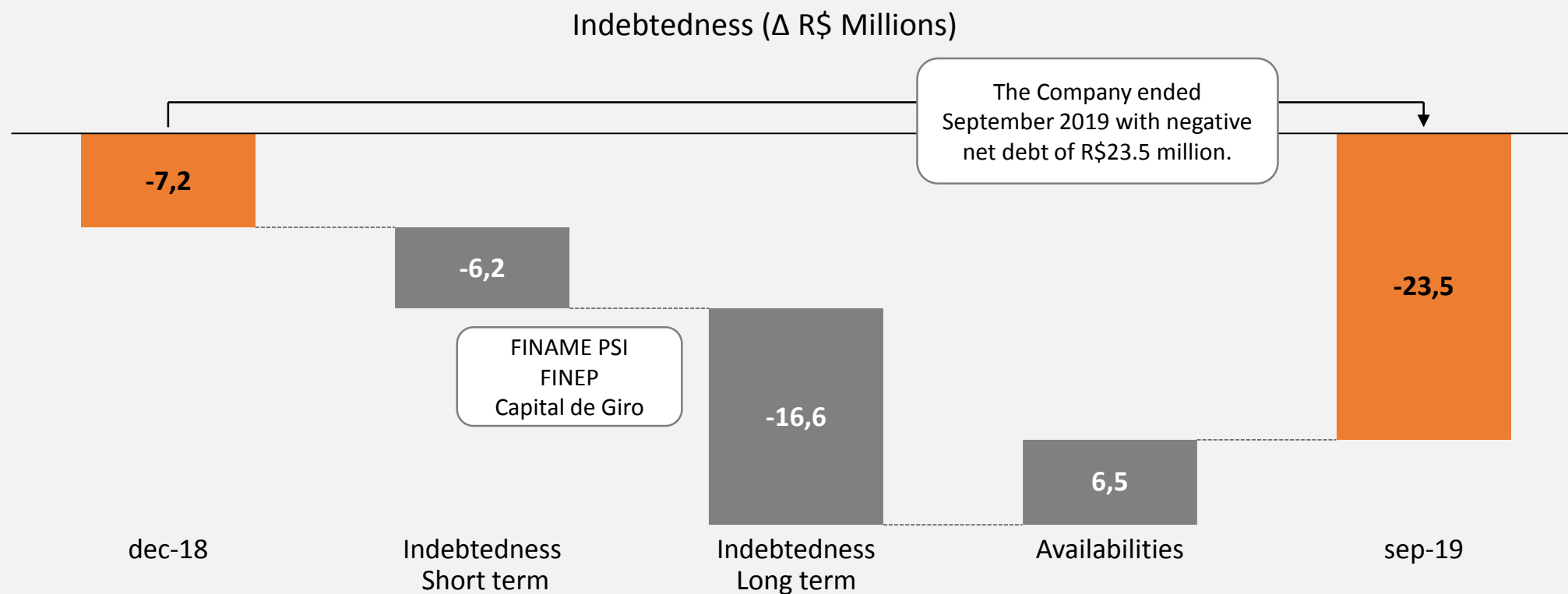
Financial Expenses (R\$ million)



Financial Revenues/Expenses (R\$ million)

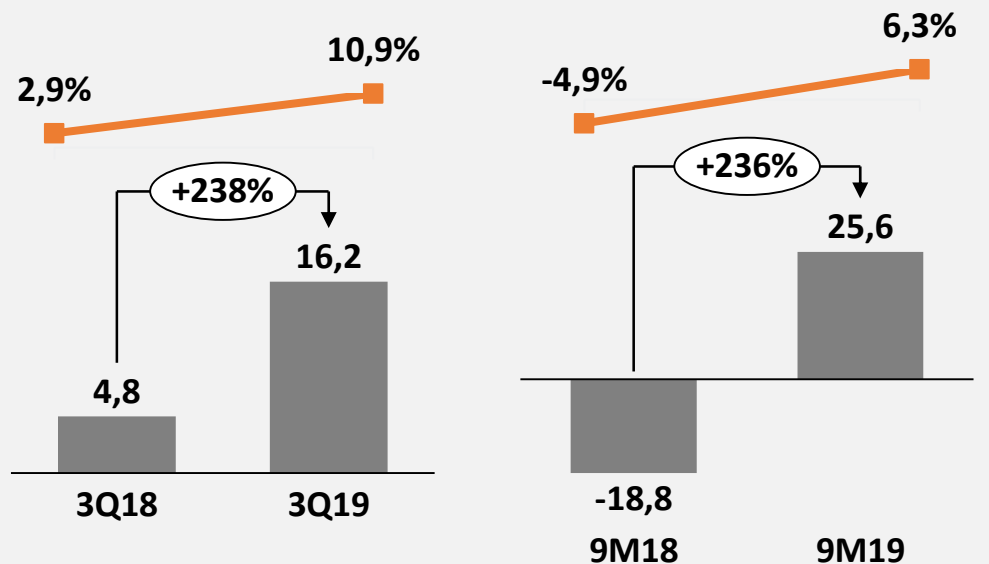


Indebtedness



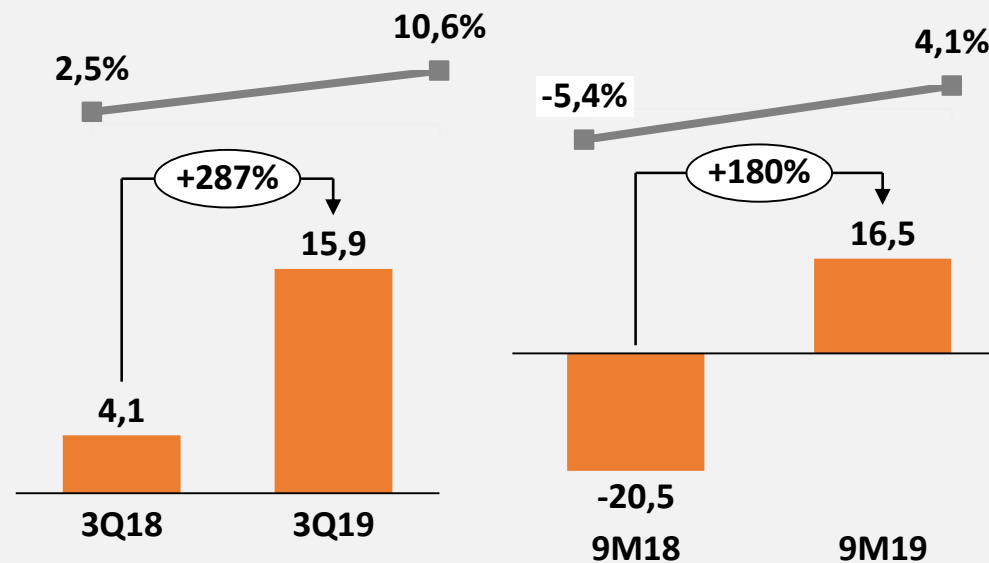
Net Income and Net Margin

Income before IRPJ/CSLL (R\$ million) and Net margin (%)



Income before IRPJ/CSLL (R\$ million) Net margin (%)

Net Income (R\$ million) and Net Margin (%)



Net Income (R\$ million) Net Margin (%)

Statement of income (quarterly)

CONSOLIDATED STATEMENTS OF INCOME	3Q19	Vertical Analysis - 3Q19	3Q18	Vertical Analysis - 3Q18	Horizontal Analysis 3Q19 vs 3Q18
<i>(In thousands of Reais, except for percentages)</i>					
NET OPERATING REVENUES	149.522	100,00%	166.100	100,00%	-9,98%
COST OF GOODS SOLD	(109.016)	-72,91%	(140.221)	-84,42%	-22,25%
GROSS PROFIT	40.506	27,09%	25.879	15,58%	56,52%
Selling Expenses	(9.725)	-6,50%	(9.059)	-5,45%	7,35%
General and Administrative Expenses	(12.697)	-8,49%	(11.079)	-6,67%	14,60%
Other operating revenues	5.887	3,94%	3.573	2,15%	64,76%
Other operating expenses	(5.927)	-3,96%	(2.900)	-1,75%	104,38%
OPERATING INCOME (LOSS)	18.044	12,07%	6.414	3,86%	181,32%
Financial expenses	(3.694)	-2,47%	(5.257)	-3,16%	-29,73%
Financial revenues	1.898	1,27%	3.645	2,19%	-47,93%
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	16.248	10,87%	4.802	2,89%	238,36%
Income and social contribution taxes - Current	(352)	-0,24%	(268)	-0,16%	0,00%
Income and social contribution taxes - Deferred	3	0,00%	(429)	-0,26%	-100,70%
INCOME AND SOCIAL CONTRIBUTION TAXES	(349)	-0,23%	(697)	-0,42%	-49,93%
NET INCOME (LOSS) FOR THE YEAR	15.899	10,63%	4.105	2,47%	287,31%

Statement of income (YTD)

CONSOLIDATED STATEMENTS OF INCOME (ACCUMULATED)	9M19	Vertical Analysis - 9M19	9M18	Vertical Analysis - 9M18	Horizontal Analysis 9M19 vs 9M18
<i>(In thousands of Reais, except for percentages)</i>					
NET OPERATING REVENUES	404.105	100,00%	382.344	100,00%	5,69%
COST OF GOODS SOLD	(308.651)	-76,38%	(343.732)	-89,90%	-10,21%
GROSS PROFIT	95.454	23,62%	38.612	10,10%	147,21%
Selling Expenses	(26.485)	-6,55%	(25.172)	-6,58%	5,22%
General and Administrative Expenses	(35.796)	-8,86%	(32.678)	-8,55%	9,54%
Other operating revenues	13.245	3,28%	12.202	3,19%	8,55%
Other operating expenses	(17.361)	-4,30%	(8.200)	-2,14%	111,72%
OPERATING INCOME (LOSS)	29.057	7,19%	(15.236)	-3,98%	-290,71%
Financial expenses	(9.762)	-2,42%	(15.886)	-4,15%	-38,55%
Financial revenues	6.260	1,55%	12.370	3,24%	-49,39%
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	25.555	6,32%	(18.752)	-4,90%	-236,28%
Income and social contribution taxes - Current	(737)	-0,18%	(620)	-0,16%	0,00%
Income and social contribution taxes - Deferred	(8.355)	-2,07%	(1.110)	-0,29%	652,70%
INCOME AND SOCIAL CONTRIBUTION TAXES	(9.092)	-2,25%	(1.730)	-0,45%	425,55%
NET INCOME (LOSS) FOR THE YEAR	16.463	4,07%	(20.482)	-5,36%	-180,38%

Q&A



Piero Abbondi
CEO and Investor Relations Officer

Sandra Firmino
IR Analyst

Investor Relations
Phone:
+55 11 4873-0302
Email: ri@Kepler.com.br

KEPLERWEBER®
RESPECT FOR YOUR FUTURE