TUPY

2Q20 Highlights

Operating result impacted by the drop in volumes, with gradual recovery as of June.

Earnings Conference Call

Date: August 13, 2020

Portuguese/English

11:00 a.m. (Brasília) / **10:00 a.m.** (EST)

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- **Revenues:** R$644.9 million, down 54.1% year on year in 2Q20, impacted by the interruption of our customers' operations in order to curb the effects of the COVID-19 pandemic, mainly in April and May, which showed a 64% decline in revenues compared to the same period last year. In 1H20, revenues were R$1,737.4 million, down 35.3% from 2019;

- **Product mix:** lower share of machined and CGI goods, which accounted for 17% of the produced volume, as interruptions in the period affected customers that use these programs (mix effect), without loss of contracts;

- **Adjusted EBITDA:** negative by R$2.3 million, due to the lower dilution of fixed costs and expenses in the period, with gradual recovery as of June. In 1H20, adjusted EBITDA came to R$162.3 million, with a 9.3% margin;

- **Net income:** loss of R$82.8 million due to the operating result. Cash flow hedge operations (zero-cost collar) and mark-to-market of the financial instrument used to adjust the credits of Eletrobrás account for financial revenue (accounting effect) of R$2.0 million;

- **Cash position:** R$1,282.0 million, consumption of R$83.0 million in relation to March 31, 2019, with the effect of the decrease in volumes mitigated by several measures adopted by the management.

- **July Results (unaudited)**: growth of 68% in sales volume vs. 2Q20 average; **margins at pre-pandemic levels.**

Note: Except when otherwise recorded, comparisons expressed by percentage changes are based on the same period of 2019.

MESSAGE FROM MANAGEMENT

The COVID-19 pandemic has required that we be highly resilient, and this is the attitude that our team has adopted. To this end, we have worked to improve the physical and mental health of our employees, so they can rest assured that we believe in our purpose and the future of our organization despite the impacts we are experiencing. We understand that we are going through difficult times and that the Company's leadership is responsible for being close to those who work hard everyday to make Tupy a world reference in the segment where it operates.

The second quarter was marked by the interruption of a significant part of our customers’ operations in Brazil and abroad, as a result of the efforts to curb the spread of COVID-19. These interruptions significantly impacted our volumes, which shrank by 69% in April and May, as already disclosed in the 1Q20 Earnings Release.

Throughout the quarter, we increased our efforts to mitigate the effects of the decline in volumes on our results, especially in the cash position. Therefore, not only we benefited from the efficiency gain projects that were implemented in recent quarters, but we also intensified several initiatives to reduce costs and expenses, which will have a positive impact on the coming months. We also adjusted our production process and adopted legal provisions that enabled the relaxation of working hours in Brazil, which unfortunately, was not the case in Mexico.

We continue to make progress towards an increasingly flexible production process, with the transfer of several components among the factories. Thus, while we are optimizing our production system, we are creating safe inventories, which are fundamental to ensure the provision of services to our customers, whose plants are based in countries at different stages of the pandemic.

If, on the one hand, the results of the quarter as a whole were impacted by the interruptions, on the other hand, we saw a gradual resumption of our customers’ operations in Brazil and abroad throughout June, with sales volumes up by 74% compared to the average in April and May, mainly driven by applications used in commercial vehicles. It is worth noting that all contracts have been maintained and none of the ongoing co-development projects have been cancelled. They translate into solutions that will be present in machinery, vehicles and equipment that will be launched in up to 3-5 years, showing the market’s trust in the economic recovery.

Indicators such as a mortgage applications, manufacturing PMI (Purchasing Managers' Index) and truck traffic are clearly reflecting an economic recovery - albeit gradual - in markets that are important for us and that directly impact the demand for our products. The low inventory level of agricultural equipment and its high level of utilization should contribute to the increase in demand for this application. Regarding light commercial vehicles, dealership sales are reaching pre-lockdown levels, which will contribute to increasing our demand in the second half of the year. In July, our sales volume rose by 68% compared to the monthly average in the second quarter, and by 21% in comparison with June, with margins reaching pre-pandemic levels.

We believe that the second quarter was the most impacted period in the crisis. We are ready for the resumption and the opportunities that will come as a result of our strong brand, solid financial capacity and important assets for the acquisition of new contracts, including value-added services, such as machining and component assembly.

In the macroeconomic sphere, structurally low interest rates resulted in the depreciation of the Brazilian real, with a positive impact on our cash flow and competitiveness. In addition, this scenario contributes to product nationalization on the part of our customers who are currently using imported engines. This scale gain coupled with the benefits from implemented projects and new initiatives should contribute to a substantial increase in margins.

We continue to develop technological solutions that enable our customers to manufacture machinery and equipment that help build a better world by promoting access to infrastructure, drinking water, basic sanitation, food and energy, thus improving people's quality of life and life expectancy.

MAIN INDICATORS

Consolidated (R$ thousand)

SUMMARY	2Q20	2Q19	Var. [%]	1H20	1H19	Var.[%]
Revenues	**644,872**	**1,404,615**	**-54.1%**	**1,737,436**	**2,686,144**	**-35.3%**
Cost of goods sold	(651,588)	(1,158,456)	-43.8%	(1,551,590)	(2,268,896)	-31.6%
Gross Profit (Loss)	**(6,716)**	**246,159**	**-**	**185,846**	**417,248**	**-55.5%**
% on Revenues	*-1.0%*	*17.5%*		*10.7%*	*15.5%*	
Operating expenses	(73,347)	(106,192)	-30.9%	(173,188)	(203,275)	-14.8%
Other operating expenses	(27,673)	(44,547)	-37.9%	(54,999)	(71,331)	-22.9%
Impairment expenses	(3,404)	-	-	(37,804)	-	-
Income (Loss) before financial results	**(111,140)**	**95,420**	**-**	**(80,145)**	**142,642**	**-**
% on Revenues	*-17.2%*	*6.8%*		*-4.6%*	*5.3%*	
Net financial result	(25,777)	(6,805)	278.8%	(244,268)	6,441	-
Income (Loss) before tax effects	**(136,917)**	**88,615**	**-**	**(324,413)**	**149,083**	**-**
% on Revenues	*-21.2%*	*6.3%*		*-18.7%*	*5.6%*	
Income tax and social contribution	54,096	(29,167)	-	34,075	(9,193)	-
Net Income (Loss)	**(82,821)**	**59,448**	**-**	**(290,338)**	**139,890**	**-**
% on Revenues	*-12.8%*	*4.2%*		*-16.7%*	*5.2%*	
EBITDA (CVM Inst. 527/12)	**(22,430)**	**175,639**	**-**	**93,501**	**301,017**	**-68.9%**
% on Revenues	*-3.5%*	*12.5%*		*5.4%*	*11.2%*	
Adjusted EBITDA	**(2,304)**	**204,397**	**-**	**162,263**	**341,344**	**-52.5%**
% on Revenues	*-0.4%*	*14.6%*		*9.3%*	*12.7%*	
Average exchange rate (BRL/USD)	5.39	3.92	37.3%	4.91	3.85	27.8%
Average exchange rate (BRL/EUR)	5.93	4.41	34.5%	5.41	4.34	24.6%

SALES VOLUME

Consolidated (ton)	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Domestic market	**9,800**	**30,865**	**-68.2%**	**29,765**	**60,525**	**-50.8%**
Transportation, Infrastructure and Agriculture	7,937	27,324	-71.0%	25,432	53,598	-52.6%
Hydraulics	1,864	3,541	-47.4%	4,334	6,927	-37.4%
Foreign market	**50,811**	**123,407**	**-58.8%**	**141,987**	**240,380**	**-40.9%**
Transportation, Infrastructure and Agriculture	49,350	119,105	-58.6%	138,521	233,701	-40.7%
Hydraulics	1,461	4,302	-66.0%	3,466	6,679	-48.1%
Total Sales	**60,612**	**154,272**	**-60.7%**	**171,753**	**300,905**	**-42.9%**

In the period, our customers' operations were fully or partially interrupted due to the effects of the COVID-19 pandemic, caused by the need to comply with sanitary regulations stipulated by the local authorities, in order to curb the spread of the virus and adjust inventories to the decline in dealership sales and other distribution channels. April and May were the periods with more interruptions, when our sales volume fell by 69.0% year on year.

We noted a gradual resumption of our customers' operations in Brazil and abroad throughout June, when our sales volume increased by 74.0% compared to the average of April and May, with emphasis on the recovery of the light commercial vehicle segment in the foreign market and the commercial vehicle segment in the domestic market.

Thus, the result for the period was impacted due to:

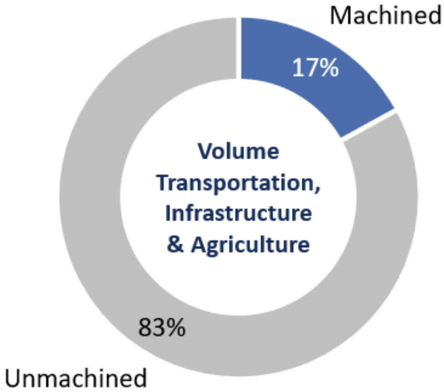
- A 71.0% sales reduction in the segments of Transportation, Infrastructure and Agriculture in the domestic market, due to the effects of the pandemic, including the drop in indirect imports and product phase-out;

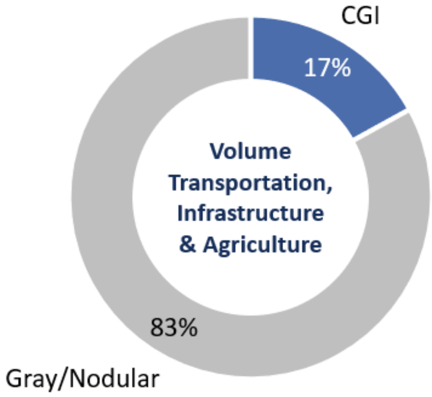
- A 58.6% sales decline in the segments of Transportation, Infrastructure and Agriculture in the foreign market, reflecting the interruption of our customers' operations, which mainly impacted the applications of light vehicles and light commercial vehicles; and

- The Hydraulics segment, which fell by 47.4% and 66.0% in the domestic and the foreign markets, respectively, as a result of a slowdown in the Brazilian and global economies.

Share of CGI (Compacted Graphite Iron) and machined goods:

- **Partially or fully machined goods** accounted for **17%** of the portfolio of the Transportation, Infrastructure and Agriculture segment **(vs. 25% in 2Q19).** The distribution of goods by type of material also shows that **CGI goods accounted for 17% of sales volume (vs. 21% in 2Q19).**





The substantial reduction in the share of CGI and machined goods was due to the sharp decrease in component volumes with these characteristics (mix effect) in the domestic and foreign markets, without loss of contracts.

REVENUES

Revenues declined by 54.1%, and **revenue/kilo rose by 16.9% over 2Q19**, chiefly due to the exchange rate variation.

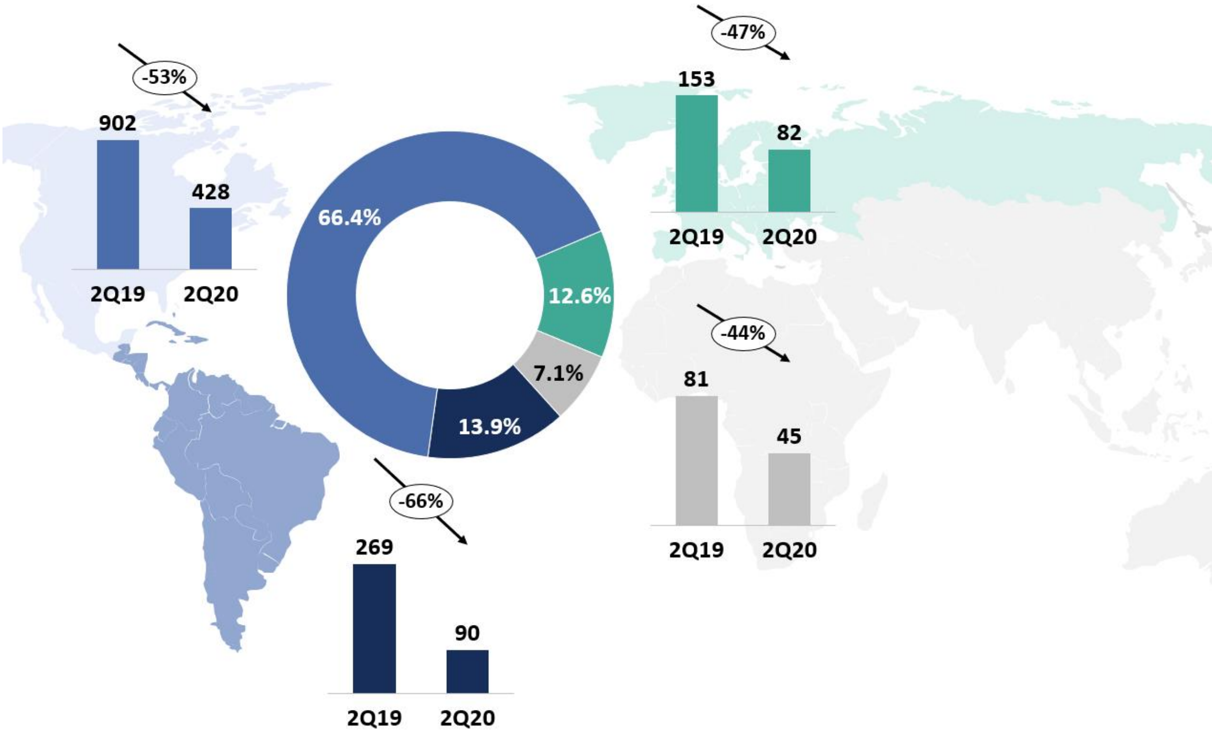
Consolidated (R$ thousand)

	2Q20	2Q19	Var.[%]	1H20	1H19	Var.[%]
Revenues	**644,872**	**1,404,615**	**-54.1%**	**1,737,436**	**2,686,144**	**-35.3%**
Domestic Market	87,226	258,942	-66.3%	261,631	496,210	-47.3%
Share %	*13.5%*	*18.4%*		*15.1%*	*18.5%*	
Foreign Market	557,646	1,145,673	-51.3%	1,475,805	2,189,934	-32.6%
Share %	*86.5%*	*81.6%*		*84.9%*	*81.5%*	
Revenues per segment	**644,872**	**1,404,615**	**-54.1%**	**1,737,436**	**2,686,144**	**-35.3%**
Transportation, Infrastructure and Agriculture	613,911	1,340,235	-54.2%	1,662,096	2,573,930	-35.4%
Share %	*95.2%*	*95.4%*		*95.7%*	*95.8%*	
Hydraulics	30,961	64,380	-51.9%	75,340	112,214	-32.9%
Share %	*4.8%*	*4.6%*		*4.3%*	*4.2%*	

Revenues by market and performance in the period

In 2Q20, 66.4% of revenues came from North America; 13.9% from South and Central America; 12.6% from Europe; and the remaining 7.1% from Asia, Africa and Oceania.

It is worth noting that multiple customers in the U.S. export their goods to other countries. Therefore, a substantial portion of sales to this region meets the global demand for commercial vehicles, machinery and equipment.



Consolidated (R$ thousand)

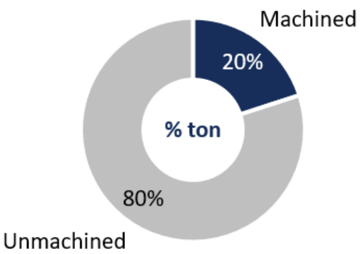
	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Revenues	**644,872**	**1,404,615**	**-54.1%**	**1,737,436**	**2,686,144**	**-35.3%**
Domestic market	**87,226**	**258,942**	**-66.3%**	**261,631**	**496,210**	**-47.3%**
Transportation, Infrastructure and Agriculture	**67,305**	**224,544**	**-70.0%**	**216,711**	**430,916**	**-49.7%**
Passenger cars	4,906	50,864	-90.4%	40,671	96,955	-58.1%
Commercial vehicles	45,857	150,427	-69.5%	137,096	287,500	-52.3%
Off-road	16,542	23,253	-28.9%	38,944	46,461	-16.2%
Hydraulics	**19,921**	**34,398**	**-42.1%**	**44,920**	**65,294**	**-31.2%**
Foreign market	**557,646**	**1,145,673**	**-51.3%**	**1,475,805**	**2,189,934**	**-32.6%**
Transportation, Infrastructure and Agriculture	**546,606**	**1,115,691**	**-51.0%**	**1,445,385**	**2,143,014**	**-32.6%**
Passenger cars	15,336	59,404	-74.2%	61,278	113,823	-46.2%
Light commercial vehicles	191,613	525,275	-63.5%	618,803	1,011,168	-38.8%
Medium and heavy commercial vehicles	131,925	224,938	-41.4%	325,990	429,773	-24.1%
Off-road	207,732	306,073	-32.1%	439,315	588,250	-25.3%
Hydraulics	**11,040**	**29,982**	**-63.2%**	**30,420**	**46,920**	**-35.2%**

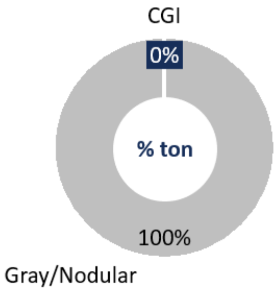
Note: The division among applications considers our best inference for cases in which the same product is categorized in two applications.

DOMESTIC MARKET (DM)

Passenger cars

Δ % Revenues	% Revenues	% Revenues DM
-90.4% ▼	0.8%	5.6%

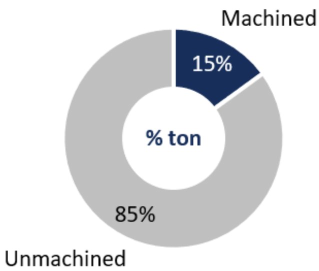


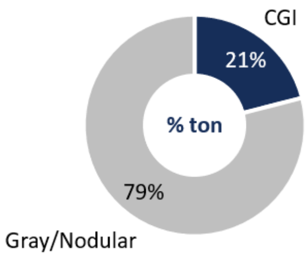


Revenues from sales of passenger cars fell by 90.4% year on year in 2Q20, reflecting the interruption of our customers' operations and the consequent reduction in the share of machined goods, as well as the product phase-out.

Commercial vehicles

Δ % Revenues	% Revenues	% Revenues DM
-69.5% ▼	7.1%	52.6%

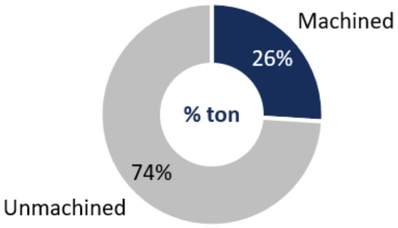


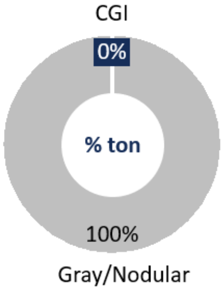


Revenues from commercial vehicles decreased by 69.5% year on year in 2Q20, including the decline in indirect exports to European and U.S. markets, in addition to the lower share of machined goods.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
-28.9% ▼	2.6%	19.0%

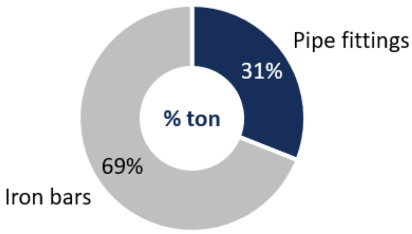




Revenues from sales of machinery and off-road vehicles shrank by 28.9% in 2Q20, mainly due to the drop in indirect exports to European and U.S. markets, in addition to the interruption of our customers' operations as a result of the pandemic.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
-42.1% ▼	3.1%	22.8%

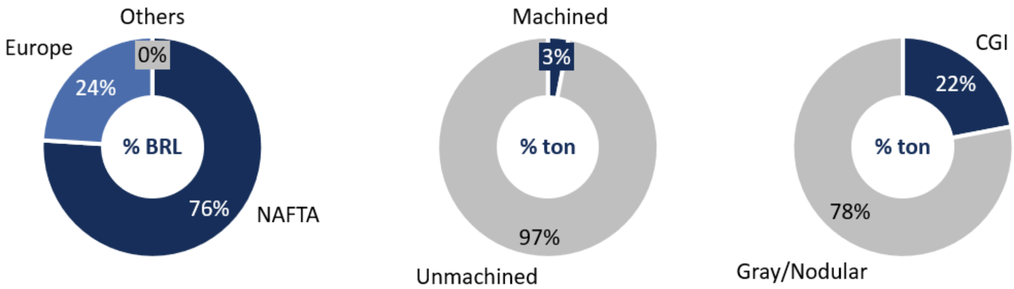


Revenues from sales in the Hydraulics segment declined by 42.1% year on year in 2Q20, due to the economic slowdown.

FOREIGN MARKET (FM)

Passenger cars

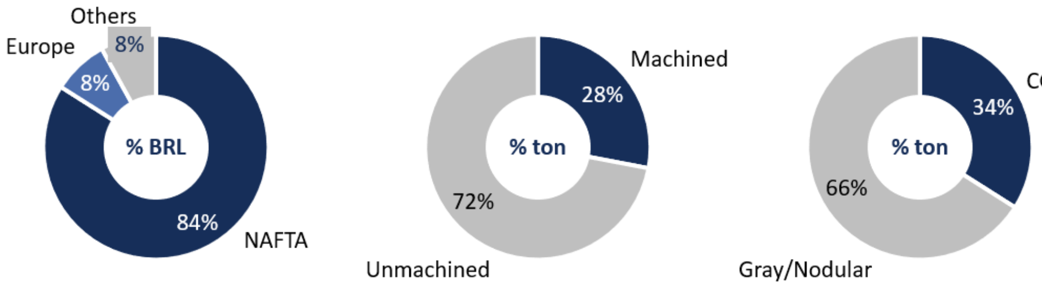
Δ % Revenues	% Revenues	% Revenues FM
-74.2% ▼	2.4%	2.8%



Revenues from products for passenger cars decreased by 74.2% from 2Q19, due to the interruption of customers’ operations in Europe and the U.S. due to the pandemic, which not only affected volumes but also the percentage of machined goods.

Light commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
-63.5% ▼	29.7%	34.4%

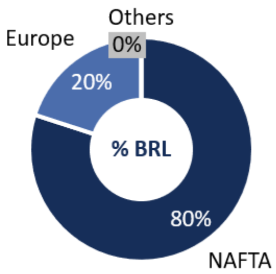


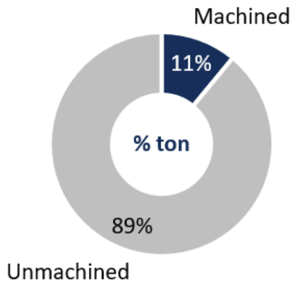
As in previous quarters, we observed a high share of pick-ups and SUVs in the U.S. sales of light vehicles (77% vs. 70% in 2Q19), reflecting the consumers’ consistent choice for this type of vehicle, which increased in 2Q20 due to the aggressive conditions offered by manufacturers.

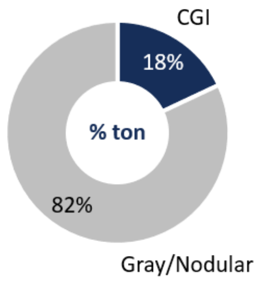
The year-on-year comparison was affected by the lower demand as a result of the pandemic, and the phase out of some products.

Medium and heavy commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
-41.4% ▼	20.5%	23.7%



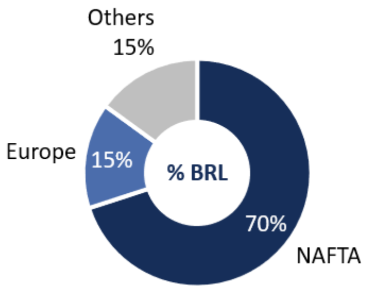


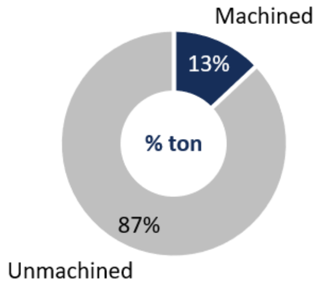


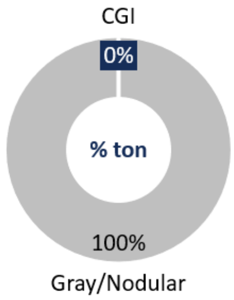
The reduction in medium and heavy commercial vehicle volumes in the second quarter of 2020 was due to the cyclical contraction in relevant markets, such as Europe and the Class 8 Trucks in the U.S., which worsened as a result of the COVID-19 impacts on demand and the product mix (lower share of machined and CGI goods).

Off-road

Δ % Revenues	% Revenues	% Revenues FM
-32.1% ▼	32.2%	37.3%



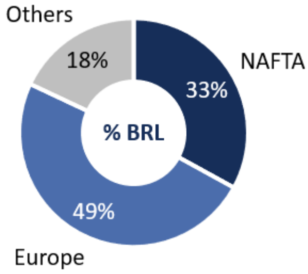


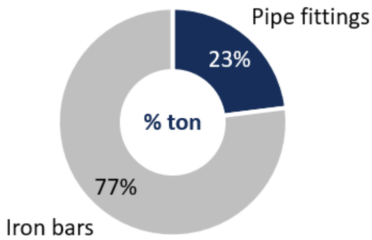


Sales from off-road applications declined by 32.1% year on year in 2Q20, as these customers' plants' operations were suspended for shorter periods, since they manufacture items that are essential for fighting the pandemic (e.g. power generators). Despite the impacts on sectors such as Oil and Gas, we saw a good performance of applications used in the agricultural segment.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
-63.2% ▼	1.7%	2.0%





In the second quarter of 2020, we saw a 63.2% decline in net revenues from the Hydraulics segment, due to the economic impacts of the pandemic and the worst product mix.

We observed the continuity of the resumption started in June throughout July, when our customers' operations were resumed. The volumes sold in the period increased by 68% in relation to the average in 2Q20 and by 21% compared to June.

COST OF GOODS SOLD AND OPERATING EXPENSES

Cost of goods sold (COGS) in 2Q20 totaled R$651.6 million, down 43.8% from 2Q19.

In recent quarters, we implemented several initiatives that led to operating gains, such as the transfer of production to more efficient lines, use of mathematical models to optimize the use and cost of materials and the review of procurement processes. And since March, we have been taking initiatives to curb the effects of the pandemic on our operations, such as the reduction of fixed costs and expenses, change in the production process and the adoption of legal provisions that allow the relaxation of working hours.

Despite these initiatives, the operating margin was impacted by the dilution of fixed costs in the period, due to the drop in volumes. Taking into consideration the resumption and its employees' professional qualification, the Company made only small adjustments in its staff. **We observed a gradual resumption of our customers' operations as of June, and despite the one-week interruption of operations in Brazil to adjust inventories, the Company posted operating income in the month.**

Consolidated (R$ thousand)

	2Q20	2Q19	Var. [%]	1H20	1H19	Var.[%]
Revenues	**644,872**	**1,404,615**	**-54.1%**	**1,737,436**	**2,686,144**	**-35.3%**
Cost of goods sold	**(651,588)**	**(1,158,456)**	**-43.8%**	**(1,551,590)**	**(2,268,896)**	**-31.6%**
Raw material	(287,793)	(655,269)	-56.1%	(716,143)	(1,282,273)	-44.2%
Labor, profit sharing and social benefits	(174,992)	(270,745)	-35.4%	(412,523)	(518,088)	-20.4%
Maintenance materials and third parties	(63,590)	(100,666)	-36.8%	(157,630)	(199,639)	-21.0%
Energy	(40,650)	(64,260)	-36.7%	(98,165)	(126,071)	-22.1%
Depreciation	(74,796)	(61,370)	21.9%	(143,540)	(121,292)	18.3%
Other	(9,767)	(6,146)	58.6%	(23,589)	(21,533)	9.5%
Gross profit (loss)	**(6,716)**	**246,159**	**-**	**185,846**	**417,248**	**-55.5%**
% on Revenues	*-1.0%*	*17.5%*		*10.7%*	*15.5%*	
Operating expenses	**(73,347)**	**(106,192)**	**-30.9%**	**(173,188)**	**(203,275)**	**-14.8%**
% on Revenues	*11.4%*	*7.6%*		*10.0%*	*7.6%*	

- Decrease of 56.1% in raw material costs, due to the drop in volumes. The depreciation of the Brazilian real impacted the inputs used in the Mexican operations, which was mitigated by the lower share of CGI and machined goods (which use more noble materials), in addition to the productivity gain initiatives recently implemented;

- Reduction of 35.4% in the labor costs, mainly due to lower headcount and overtime volumes. The adoption of measures to relax working hours and salaries contributed to a cost reduction of R$46.3 million the period. Employment contract termination costs in Mexico throughout the quarter totaled R$5.3 million;

- Decrease of 36.8% in maintenance materials and third parties costs, reflecting the lower dilution of fixed costs and the effect of exchange rate devaluation on foreign currency costs;

- Decrease of 36.7% in energy costs. Despite the lower volume produced, energy costs were affected by the increase in distribution and generation tariffs in the annual comparison, as well as by the exchange rate variation, since part of the energy contracts in Mexico are denominated in USD. Our energy contracts specify minimum volumes, and any surpluses may be sold by the Company in the energy free market. The net effect of this obligation was R$4.1 million in 2Q20.

Operating expenses, including selling and administrative expenses totaled R$73.3 million, down 30.9% of net revenues in the annual comparison due to the decrease in sales and freight expenses and the adoption of flexible working hours.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses reached R$27.7 million in 2Q20, down 37.9% from R$44.5 million in 2Q19.

Consolidated (R$ thousand)

	2Q20	2Q19	Var. [%]	1H20	1H19	Var.[%]
Depreciation of non-operating assets	(165)	(225)	-26.7%	(333)	(448)	-25.7%
Amortization of intangible assets	(10,786)	(15,564)	-30.7%	(23,708)	(30,556)	-22.4%
Land sale	10,500	-	-	10,500	-	-
Others	(27,222)	(28,758)	-41.9%	(41,458)	(40,327)	-23.2%
Other operating expenses, net	**(27,673)**	**(44,547)**	**-37.9%**	**(54,999)**	**(71,331)**	**-22.9%**
Impairment of property, plant and equipment	(3,404)	-	-	(3,404)	-	-
Impairment of intangible assets	-	-	-	(34,400)	-	-
Total impairment adjustments	**(3,404)**	**-**	**-**	**(37,804)**	**-**	**-**

Expenses related to the amortization of intangible assets decline by 30.7%, due to an decrease in the asset base, as a result of the impairment in December 2019 and March 2020 in the amount of R$45.5 million and R$34.4 million, respectively.

In June, the Company sold one of its non-operating lands located in Joinville for R$10.5 million, amount fully recognized in the 2Q20 result. The amount will be received in 60 installments, monetarily restated by the positive variation of the IPCA.

The line "Others" consists of (i) R$15.9 million for updating/constituting provisions (over R$25.8 million in 2Q19); (ii) R$9.1 million related to the provision for depreciation of inventory items and maintenance materials, related to the suspension of operations in Mauá; (iii) R$19.4 million related to the sale of non-operating assets and other costs; and (iv) R$17.2 million related to the recognition of Reintegra credit, arising from remaining tax losses from 2H18.

During the period, the Company recorded R$3.4 million of impairment, related to the indefinite suspension of operating activities realized in Mauá.

NET FINANCIAL INCOME (LOSS)

In 2Q20, the Company recorded net financial loss of R$25.8 million, versus R$6.8 million in 2Q19.

Consolidated (R$ thousand)

	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Financial expenses	(25,116)	(26,641)	5.7%	(116,831)	(51,621)	126.3%
Financial revenues	11,544	20,499	43.7%	23,615	5,643	48.3%
Net monetary and exchange rate variations	(12,205)	(663)	-	(151,052)	12,419	-
Net Financial Income/Loss	**(25,777)**	**(6,805)**	**278.8%**	**(244,268)**	**6,441**	**-**

Financial expenses were mainly impacted due to the depreciation of the Brazilian Real against the Dollar (average exchange rate of R$5.39 in 2Q20 versus R$3.92 in 2Q19) in the period, which affected the recognition of interest on borrowings denominated in USD, as well as the recognition of interest on bank debts amounting to R$494.4 million, took out in March 2020. These effects totaled R$39.4 million in the period, mitigated by the restatement of the derivative instrument used to adjust Eletrobras' receivable credits to present value (with no cash effect), in the amount of R$18.6 million, registered as an expense reducer. Other financial expenses in the quarter totaled R$4.3 million.

Financial revenues reached R$11.5 million in the period, due to the increase in the cash position in Brazilian Reais from loan of 1Q20, with an impact on interest received. The comparison basis was impacted by the adjustment to present value of credits receivable from Eletrobrás, in the amount of R$14.6 million in 2Q19.

The expenses of net monetary and exchange variations, in the amount of R$12.2 million, was due to (i) positive variation in the balance sheet accounts, in the amount of R$4.4 million and (ii) the result of hedge operations based on the zero-cost collar instrument, corresponding to an expense of R$16.6 million in the period.

The cash effect of the derivative operations in the quarter was a disbursement of R$90.0 million, which was largely offset by the positive impact of foreign exchange on operating income and foreign exchange variation on cash. On the other hand, the positive effect of the mark-to-market of operations with maturity up to December 2020 (no cash effect) was R$73.4 million.

EARNINGS BEFORE TAXES AND NET INCOME

The Company recorded net loss of R$82.8 million, compared to net income of R$59.5 million in 2Q19.

Consolidated (R$ thousand)	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Income (loss) before tax effects	**(136,917)**	**88,615**	**-**	**(324,413)**	**149,083**	**-**
Tax effects before foreign exchange impacts	31,358	(28,632)	-	81,417	(17,265)	-
Gains before exchange effects on the tax base	**(105,559)**	**59,983**	**-**	**(242,996)**	**131,818**	**-**
Exchange effects on the tax base	22,738	(535)	-	(47,342)	8,072	-
Net Income (Loss)	**(82,821)**	**59,448**	**-**	**(290,338)**	**139,890**	**-**
% on Revenues	*-12.8%*	*4.2%*		*-16.7%*	*5.2%*	

The Company recorded tax effects before foreign exchange impacts in the amount of R$31.4 million, mainly due to the impact of reduced volumes in the operating income.

The tax basis of the assets and liabilities of companies located in Mexico, where the functional currency is the Dollar, are held in Mexican Pesos for their historical values. Fluctuations in exchange rates modify tax bases and, consequently, exchange effects are recognized as deferred income tax profit and/or loss. In 2Q20, revenues recorded R$22.7 million, with no cash effect, due to the appreciation of the Mexican peso against the dollar compared to the previous quarter (1Q20).

EBITDA

The above factors combined resulted in a negative EBITDA of R$22.4 million, due to the decrease in volumes and consequent impact on operating income, mainly in April and May.

Adjusted EBITDA for the effect of the constitution/update of provisions, write-off of property, plant and equipment and inventories, sale of land and non-operating assets, recognition of tax credits and impairment were negative by R$2.3 million.

It is important to highlight that both operations located in Brazil and Mexico reported positive Adjusted EBITDA in June, a month in which we observed the progressive return of demand from our customers.

The progress of margin recovery was maintained throughout July, with margins at pre-pandemic levels*.

*Unaudited amounts

RECONCILIATION OF NET INCOME TO EBITDA	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
	Consolidated (R$ thousand)					
Net Income (Loss) for the Period	**(82,821)**	**59,448**	**-**	**(290,338)**	**139,890**	**-**
(+) Net financial result	25,777	6,805	278.8%	244,268	(6,441)	-
(+) Income tax and social contribution	(54,096)	29,167	-	(34,075)	9,193	-
(+) Depreciation and amortization	88,710	80,219	10.6%	173,646	158,375	9.6%
EBITDA (CVM Instr. 527/12)	**(22,430)**	**175,639**	**-**	**93,501**	**301,017**	**-68.9%**
% on Revenues	*-3.5%*	*12.5%*		*5.4%*	*11.2%*	
(+) Other net operating expenses*	16,722	28,758	-41.9%	30,958	40,327	-23.2%
(+) Impairment	3,404	-	-	37,804	-	-
Adjusted EBITDA	**(2,304)**	**204,397**	**-**	**162,263**	**341,344**	**-52.5%**
% on Revenues	*-0.4%*	*14.6%*		*9.3%*	*12.7%*	

The adjustments made to EBITDA have the purpose of offsetting the effect of items that present less correlation with the Company's business, are non-recurring or have no cash effect. These expenses totaled R$16.7 million in 2Q20 and included (i) R$15.9 million for updating/constituting provisions; (ii) R$9.1 million related to the provision for devaluation of inventory items and maintenance materials, related to the suspension of operations in Mauá; (iii) R$19.4 million related to the sale of non-operating assets and other costs; (iv) R$17.2 million related to the recognition of Reintegra credit, arising from remaining tax losses from 2H18; and (v) R$10.5 million from the sale of non-operating land.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R$27.3 million in 2Q20.

	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
	Consolidated (R$ thousand)					
PP&E						
Strategic investments	10,729	44,261	-75.8%	17,816	60,941	-70.8%
Maintenance and sustenance	15,534	27,463	-43.4%	42,157	51,789	-18.6%
Environment	215	214	0.5%	1,389	1,227	13.2%
Interest and financial expenses	449	396	13.4%	884	785	12.6%
Intangible assets						
Software	2	1,262	-99.8%	1,485	4,880	-69.6%
Projects under development	350	260	34.6%	1,316	912	44.3%
Total	**27,279**	**73,856**	**-63.1%**	**65,047**	**120,534**	**-46.0%**
% on Revenues	*4.2%*	*5.3%*		*3.7%*	*4.5%*	

The 63.1% reduction was caused by the suspension/renewal of projects arising from the Company's strategy to preserve cash and prioritize investments related to maintenance, safety and the environment.

WORKING CAPITAL

Consolidated (R$ thousand)

	2Q20	1Q20	4Q19	3Q19	2Q19
Balance Sheet					
Accounts receivables	547,149	796,215	672,356	909,148	890,013
Inventories	765,179	825,971	654,107	584,464	522,374
Accounts payable	343,151	645,820	627,565	642,209	643,790
Sales outstanding [days]	47	58	48	63	62
Inventories outstanding [days]	77	73	55	48	43
Payables outstanding [days]	35	55	52	52	53
Cash conversion cycle [days]	**89**	**76**	**51**	**59**	**52**

There was a 13-day increase in working capital in the period compared to the previous quarter (1Q20), due to the effects of the suspension in the Company's operations during the quarter. The main lines presented the following variations:

- A decrease of R$249.1 million in accounts receivables, with a decline of 11-day of sales. Despite the 5.3% depreciation of our foreign currency receivables, which represented approximately 90.6% of receivables, the line was affected by the volumes reduction and, consequently, in revenues reduction since the end of March;

- Decrease of R$60.8 million in inventory, although with a 4-day rise in relation to the cost of goods sold. Similarly to 1Q20, the Company implemented a strategy of increasing inventories of vital products in order to mitigate the effect of possible supply interruptions to customers, in addition to intensifying production flexibility initiatives between facilities in order to increase operating efficiency. There was an effect of the exchange rate variation on foreign currency inventories, corresponding to 69.2% of the total in 2Q20;

- Decrease of R$302.7 million in accounts payable, corresponding to a reduction of 20 days compared to the previous quarter, due to the lower volume of raw materials acquired in the period, in order to preserve cash. In addition, the reduction in produced volumes resulted in a higher share of fixed costs, composed of a mix of materials with products and services more relevant and with reduced payment terms (e.g. electric power).

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	2Q20	2Q19	Var.[%]	1H20	1H19	Var.[%]
Cash and equivalents at the beginning of the period	**1,364,975**	**532,389**	**156.4%**	**840,030**	**713,733**	**17.7%**
Cash from operating activities	(84,631)	75,525	-	(118,927)	69,364	-
Cash used in investments	(30,373)	(74,062)	-59.0%	(72,279)	(115,458)	-37.4%
Cash used in financing activities	(5,350)	(38,896)	-86.2%	481,104	(170,252)	-
Effects of exchange rate on cash for the period	37,378	(2,697)	-	152,071	(5,128)	-
Increase (decrease) in cash and cash equivalents	**(82,976)**	**(40,130)**	**106.8%**	**441,969**	**(221,474)**	**-**
Cash and cash equivalents at the end of period	**1,281,999**	**492,259**	**160.4%**	**1,281,999**	**492,259**	**160.4%**

In 2Q20, the Company used R$84.6 million in cash from operating activities, compared to a generation of R$75.5 million in 2Q19. The result of the period was impacted by the decrease in volumes since March, which impacted the customer receivables and the changes in working capital. There was also the payment of adjustments in the maturity of operations with derivatives (zero-cost collar), of R$90.0 million, partially offset by the positive effect of the exchange depreciation on the operating result.

The effects were offset by a several initiatives aiming to preserve cash flow, such as control of fixed costs and expenses, renegotiation of contracts and flexibilization of lines. In addition, the main objective of financial management was to preserve cash despite possible impacts of adjustments in the production process at the margins (e.g., use of a mix of nobler materials available in inventory and production stoppages).

Investment activities consumed R$30.4 million in 2Q20, a 59.0% decrease over the same period of the previous year, due to the strategy of postponement and revaluation of investments.

Financing activities came from R$5.4 million in 2Q20 compared to R$38.9 million in 2Q19. The year-on-year comparison base was affected by the payment of dividends of R$25.0 million in the previous year.

The combination between these factors and the exchange rate variation on cash, in the amount of R$37.4 million, resulted in a decrease of R$83.0 million in cash in the period. Therefore, we ended the semester with a cash balance of R$1,282.0 million.

INDEBTEDNESS

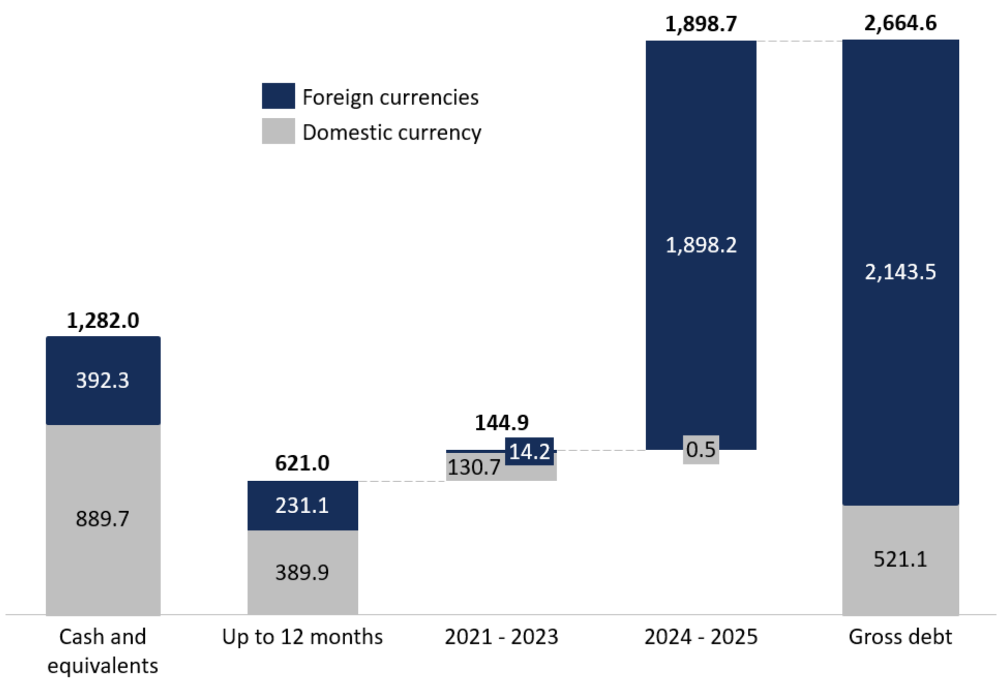
The Company closed 2Q20 with net debt of R$1,382.6 million and a net debt/LTM adjusted EBITDA ratio of 2.65x. The increase related to the previous quarters was due to the appreciation of the dollar at the end of the quarter, with the debt being calculated based on the closing price of the quarter (USD/BRL 5.48), meanwhile EBITDA was affected by the average price for the period (USD/BRL 5.39), resulting on the gradually exchange effect.

Foreign currency liabilities represented 80.4% of the total (10.8% short-term and 89.2% long-term debt), while 19.6% of the debt is denominated in BRL (74.8% short-term and 25.2% long-term debt). Regarding the cash balance, 69.4% is denominated in BRL and 30.6% in foreign currency.

Consolidated (R$ thousand)

INDEBTEDNESS	2Q20	1Q20	4Q19	3Q19	2Q19
Short term	621,013	651,268	62,920	41,557	59,589
Financing and loans	456,928	420,833	62,920	38,776	59,003
Derivative financial instruments	164,085	230,435	-	2,781	586
Long term	2,043,544	1,948,534	1,421,061	1,468,802	1,356,083
Gross debt	**2,664,557**	**2,599,802**	**1,483,981**	**1,510,359**	**1,415,672**
Cash and cash equivalents	1,281,999	1,364,975	840,030	611,186	492,259
Derivative financial instruments	-	-	4,751	408	2,291
Net debt	**1,382,558**	**1,234,827**	**639,200**	**898,765**	**921,122**
Gross debt/adjusted EBITDA	5.11x	3.57x	2.12x	2.16x	2.05x
Net debt/adjusted EBITDA	**2.65x**	**1.70x**	**0.91x**	**1.29x**	**1.34x**

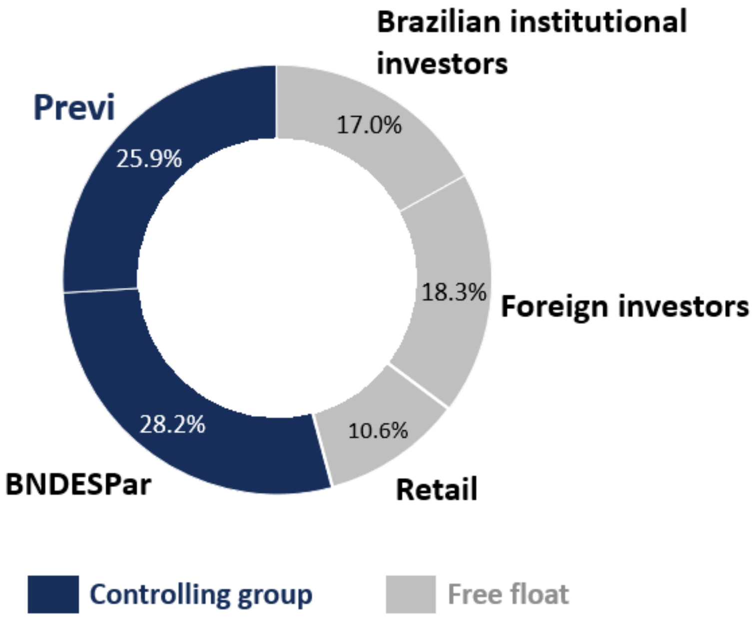
The Company's debt profile is as follows:



All amounts in R$ million.

OWNERSHIP STRUCTURE

Tupy's ownership structure as of June 30, 2020, was as follows:



Attachment I – Commercial vehicle production and sales in Brazil

(Units)

	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)
Production						
Trucks						
Semi-light	52	279	-81.4%	295	526	-43.9%
Light	1,266	4,433	-71.4%	5,346	9,066	-41.0%
Medium	443	1,640	-73.0%	1,381	2,761	-50.0%
Semi-heavy	2,697	6,722	-59.9%	9,147	12,416	-26.3%
Heavy	5,574	17,561	-68.3%	18,569	30,627	-39.4%
Total trucks	**10,032**	**30,635**	**-67.3%**	**34,738**	**55,396**	**-37.3%**
Buses	3,000	7,948	-62.3%	8,974	14,064	-36.2%
Commercial vehicles	**13,032**	**38,583**	**-66.2%**	**43,712**	**69,460**	**-37.1%**
Sales						
Trucks						
Semi-light	993	1,254	-20.8%	2,036	2,642	-22.9%
Light	1,672	2,819	-40.7%	3,877	5,396	-28.2%
Medium	1,734	2,479	-30.1%	3,521	4,669	-24.6%
Semi-heavy	4,500	5,409	-16.8%	9,405	10,034	-6.3%
Heavy	8,826	13,357	-33.9%	19,021	24,041	-20.9%
Total trucks	**17,725**	**25,318**	**-30.0%**	**37,860**	**46,782**	**-19.1%**
Buses	2,055	4,939	-58.4%	5,716	9,619	-40.6%
Commercial vehicles	**19,780**	**30,257**	**-34.6%**	**43,576**	**56,401**	**-22.7%**
Exports						
Trucks						
Semi-light	18	197	-90.9%	35	221	-84.2%
Light	363	588	-38.3%	765	1,199	-36.2%
Medium	35	70	-50.0%	222	231	-3.9%
Semi-heavy	381	788	-51.6%	1,126	1,633	-31.0%
Heavy	1,286	1,829	-29.7%	2,694	2,707	-0.5%
Total trucks	**2,083**	**3,472**	**-40.0%**	**4,842**	**5,991**	**-19.2%**
Buses	717	1,717	-58.2%	1,726	3,797	-54.5%
Commercial vehicles	**2,800**	**5,189**	**-46.0%**	**6,568**	**9,788**	**-32.9%**

Source: ANFAVEA

Attachment II – Production and sales of light and commercial vehicles in foreign markets

	2Q20	2Q19	Var. (%)	2H20	2H19	Var. (%)
			(Units)			
North America						
Production						
Passenger cars	351,244	1,152,847	-69.5%	1,385,128	2,362,013	-41.4%
Light commercial vehicles – Class 1-3	1,172,092	3,147,569	-62.8%	3,979,863	6,167,046	-35.5%
% Light commercial vehicles	**76,9%**	**73,2%**	**+3.8p.p.**	**74,2%**	**72,3%**	**+1.9p.p.**
Light Duty – Class 4-5	12,655	23,388	-45.9%	38,791	41,698	-7.0%
Medium Duty – Class 6-7	16,910	41,941	-59.7%	45,452	82,642	-45.0%
Heavy Duty – Class 8	42,890	90,007	-52.3%	99,783	168,270	-40.7%
Medium & Heavy Duty[1]	**72,455**	**155,336**	**-53.4%**	**184,026**	**292,610**	**-37.1%**
United States						
Sales						
Passenger cars	696,548	1,305,455	-46.6%	1,620,012	2,523,734	-35.8%
Light commercial vehicles – Class 1-3	2,270,562	3,151,885	-28.0%	4,860,494	5,947,583	-18.3%
% Light commercial vehicles	**76,5%**	**70,7%**	**+5.8p.p.**	**75,0%**	**70,2%**	**+4.8p.p.**
Light Duty – Class 4-5	26,926	34,343	-21.6%	56,973	62,179	-8.4%
Medium Duty – Class 6-7	19,299	36,398	-47.0%	45,245	70,956	-36.2%
Heavy Duty – Class 8	35,091	71,980	-51.2%	82,707	134,891	-38.7%
Medium & Heavy Duty[1]	**81,316**	**142,721**	**-43.0%**	**184,925**	**268,026**	**-31.0%**
Europe						
Sales						
Passenger cars	1,800,694	3,583,245	-49.7%	4,281,549	6,915,760	-38.1%

Source: Automotive News; Bloomberg; ACEA

Attachment III – Production and sales of agricultural machinery in global markets

(Units)

	2Q20	2Q19	Var. (%)	2H20	2H19	Var. (%)
Production						
Americas						
Brazil	8,788	13,908	-36.8%	19,135	24,724	-22.6%
Sales						
Americas						
Brazil	10,174	10,611	-4.1%	19,633	19,896	-1.3%
United States and Canada	110,311	93,173	18.4%	155,980	143,322	8.8%
Europe						
Germany	13,794	13,763	0.2%	24,334	23,338	4.3%
United Kingdom	2,380	3,852	-38.2%	5,195	6,902	-24.7%

Source: ANFAVEA; Bloomberg; AEM