TUPY

TUPY3
NOVO
MERCADO
BM&FBOVESPA

2nd Quarter 2014

Results



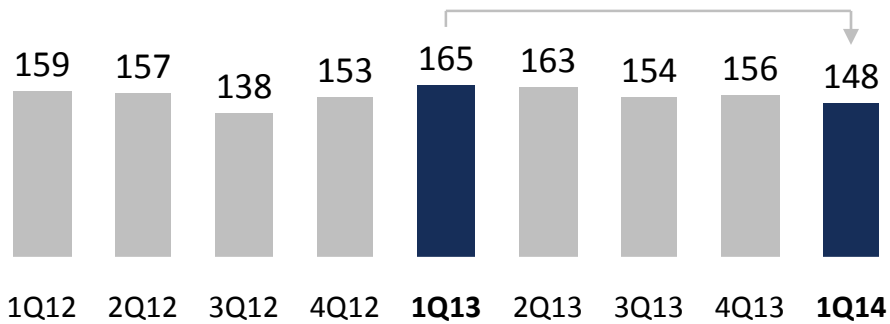
Joinville, August 8, 2014

HIGHLIGHTS – 2Q14

1 Sales volume	▪ **148.3 thousand tonnes on 2Q14**, 10% lower than 2Q13
2 Revenues	▪ **R$758.3 mm on 2Q14,** 5% lower than registered on 2Q13, **27%** from **domestic sales** and **73%** from **sales to foreign markets**
3 Gross profit	▪ **R$128.1 mm**, 16.9% margin, 0.8 p.p. lower than 2Q13
4 Net income	▪ **R$23.3 mm on 2Q14**, 120% increase over 2Q13
5 Adjusted EBITDA	▪ **R$111.7 mm on 2Q14** – 14.7% margin, 0.3 p.p. lower than 2Q13
6 Investments	▪ **R$52.2 mm on 2Q14**, in line with the 2014 investment plan

SALES VOLUME

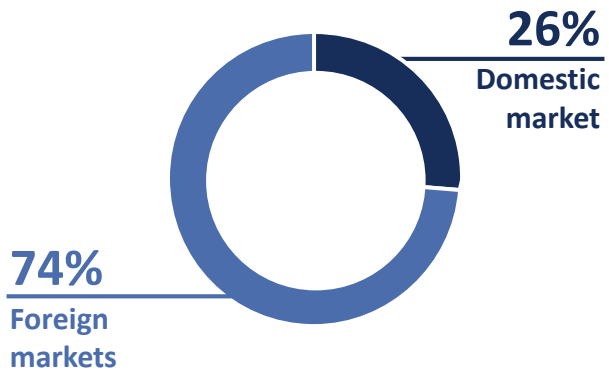
Sales volume [kton]



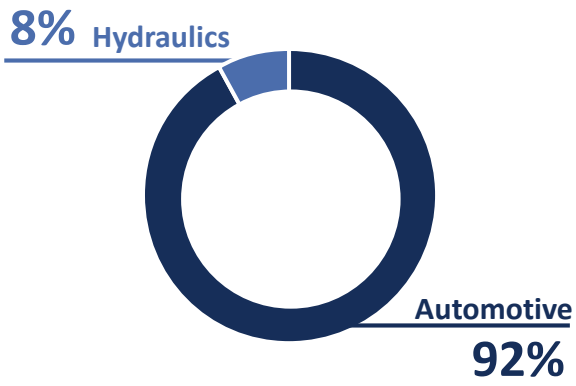
Change 2Q13 vs. 2Q14	
Consolidated:	**-10.3%**
Domestic Mkt.:	-31.7%
Foreign Mkt.:	1.1%



Destination 2Q14 [% volume]

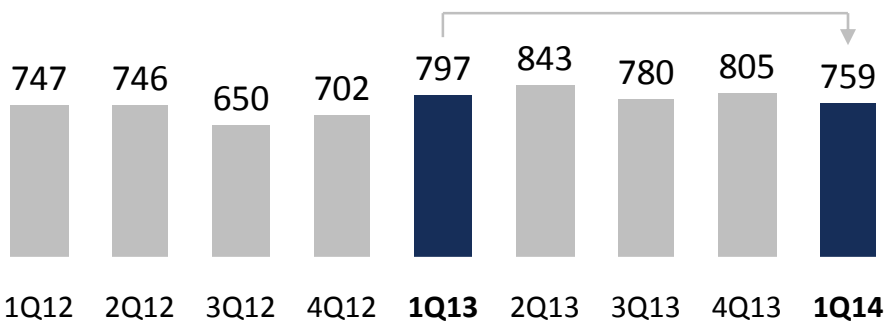


Segmentation 2Q14 [% volume]



REVENUES

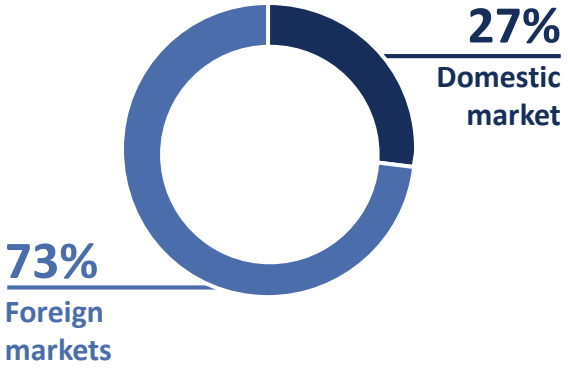
Revenues [R$ mm]



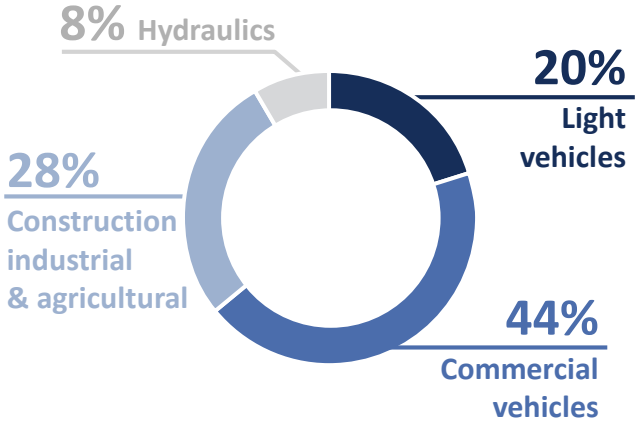
Change 2Q13 vs. 2Q14	
Consolidated:	**-4.9%**
Domestic Mkt.:	-25.5%
Foreign Mkt.:	6.1%



Origin 2Q14 [% revenues]



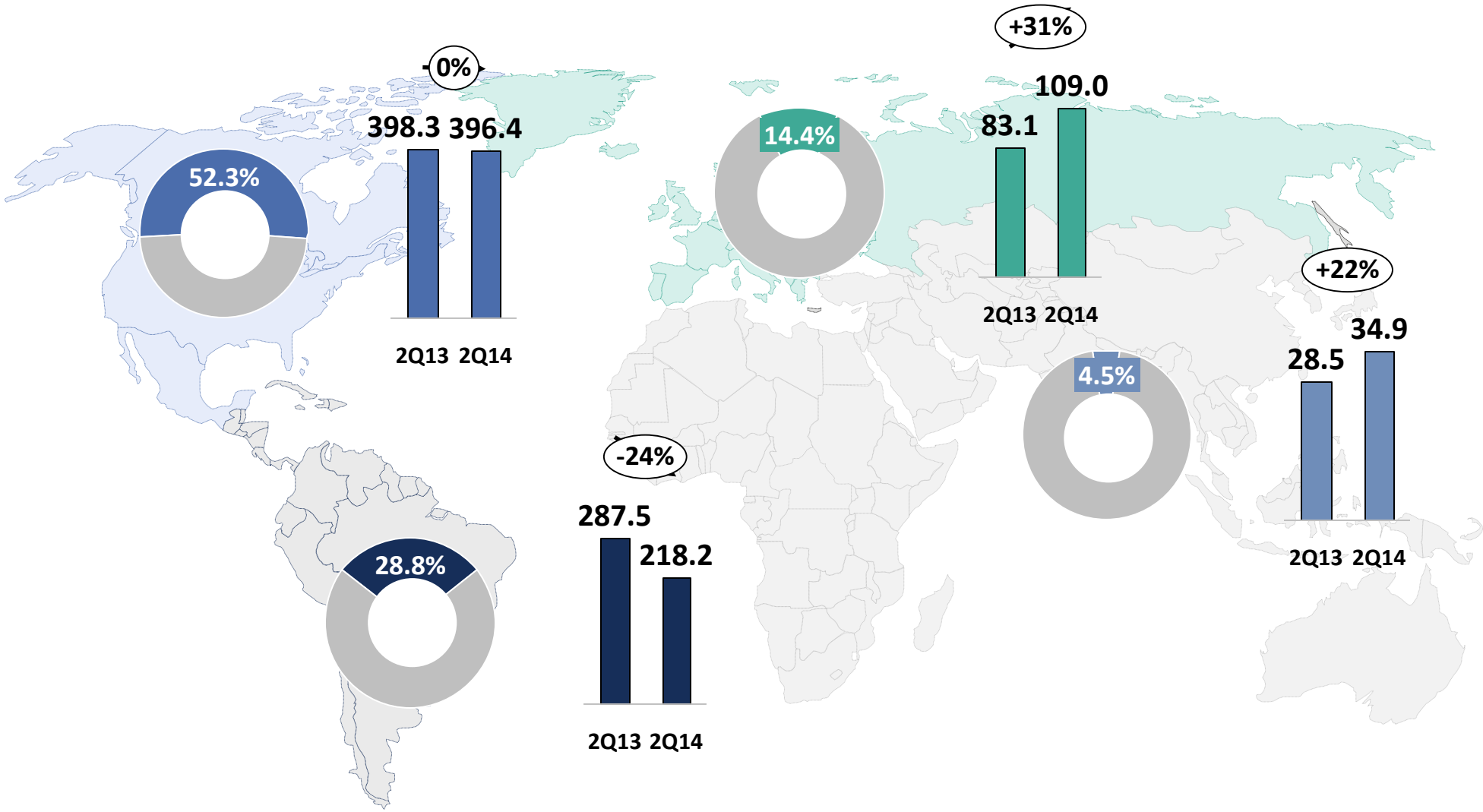
Aplication 2Q14 [% revenues]



1) Excluding Mexico

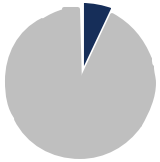
REVENUES DIVERSIFICATION

By region

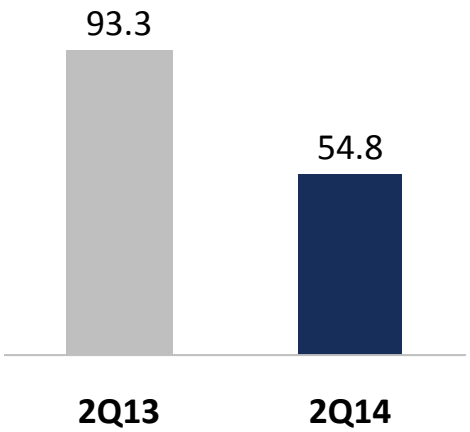


AUTOMOTIVE DOMESTIC MARKET

Light vehicles



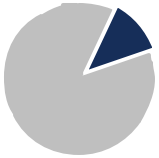
7.3%
of revenues



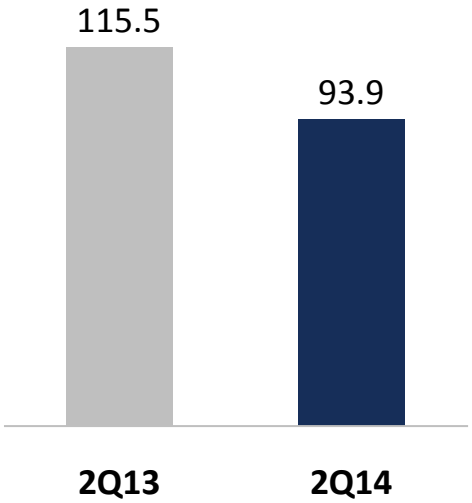
Growth

▼ 41.2%

Commercial vehicles



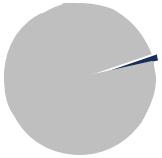
12.4%
of revenues



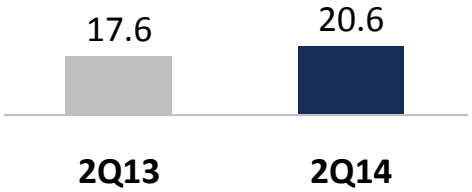
Growth

▼ 18.7%

Construction, industrial & agricultural



2.3%
of revenues



Growth

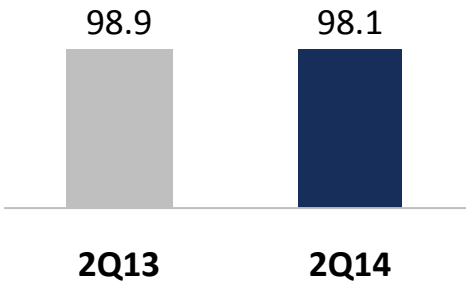
▼ 14.4%

AUTOMOTIVE FOREIGN MARKET

Light vehicles



12.9% of revenues



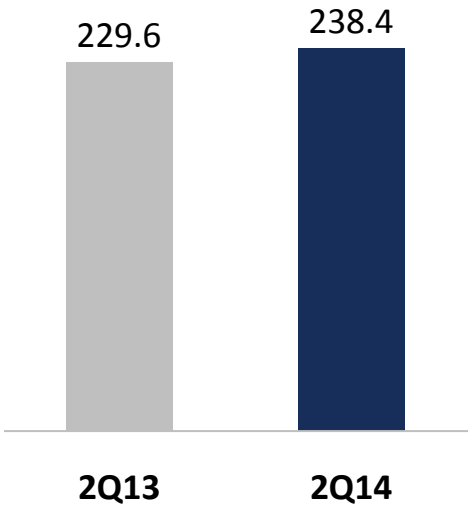
Growth

▼ 0.8%

Commercial vehicles



31.5% of revenues



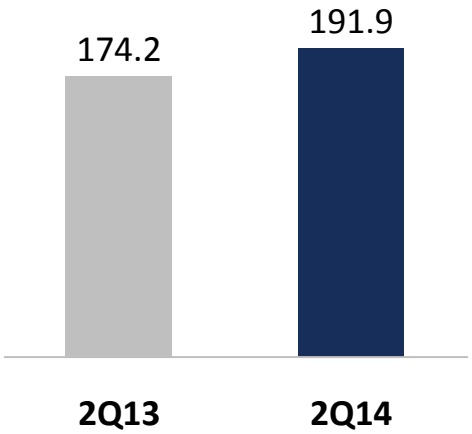
Growth

▲ 3.9%

Construction, industrial & agricultural



25.3% of revenues

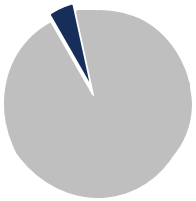


Growth

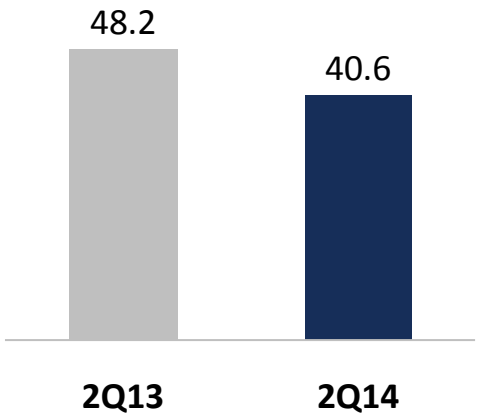
▲ 10.2%

HYDRAULICS

Domestic market



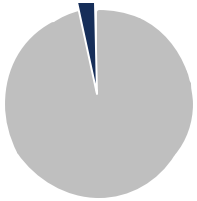
5.3%
of revenues



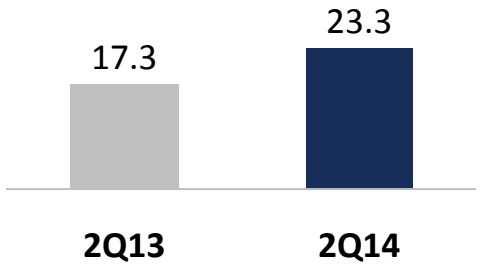
Growth

▼ **15.9%**

Foreign market



3.1%
of revenues

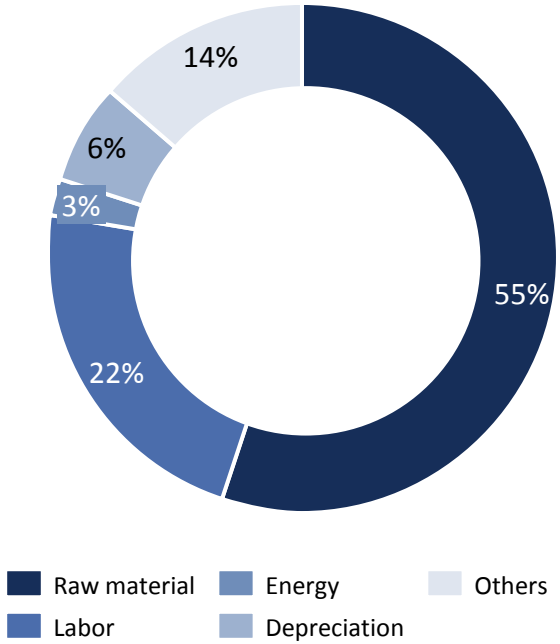


Growth

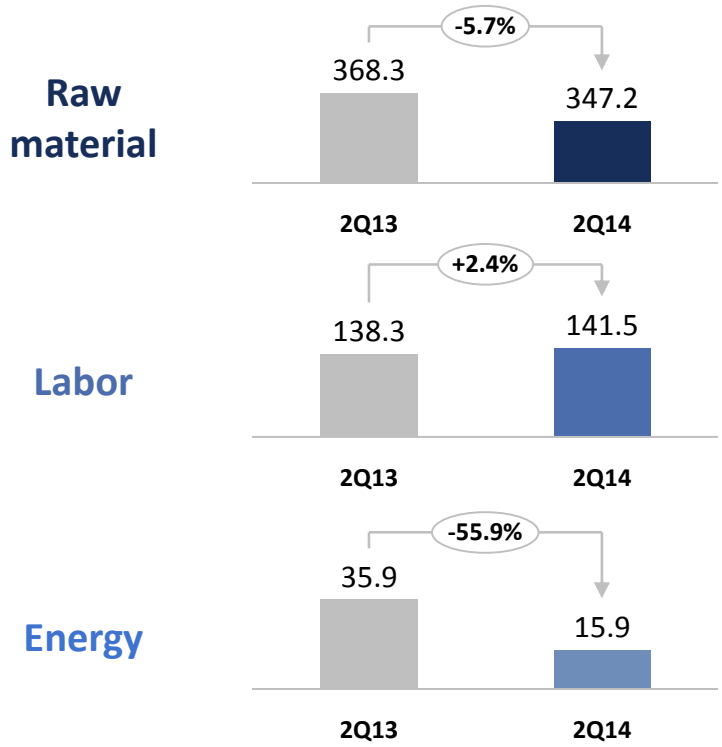
▲ **35.1%**

COGS AND SG&A

COGS by nature 2Q13 [%]



Variation of main cost inputs by nature [%]

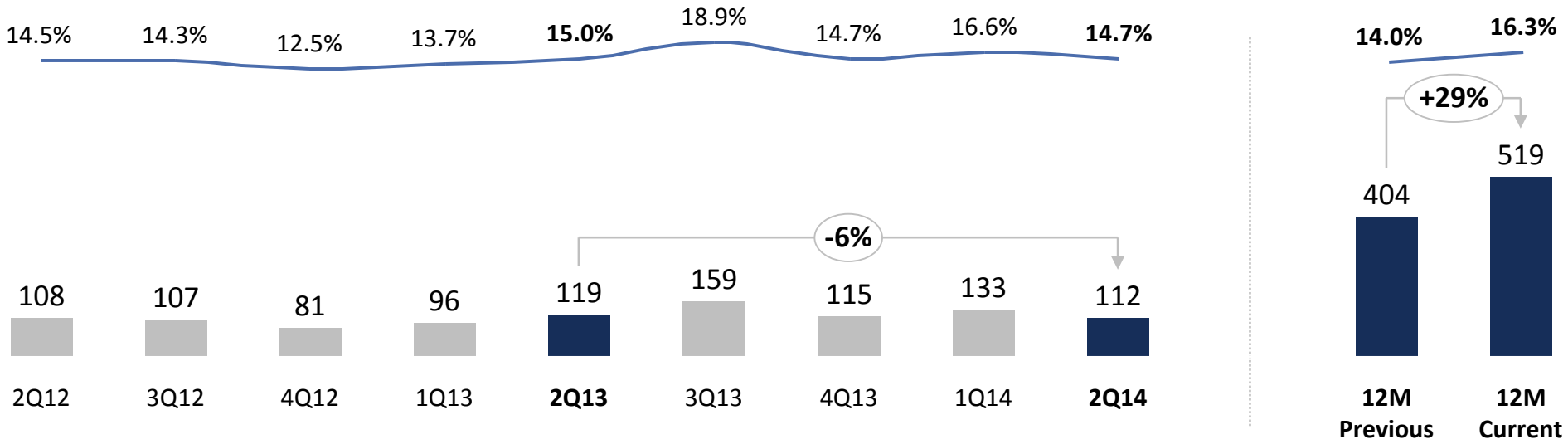


	2Q13		2Q14
COGS	656.5 M BRL	-4%	630.5 M BRL
Gross margin	17.7 %	-0.8pp	16.9 %
Operating expenses	57.5 M BRL	-1%	56.8 M BRL

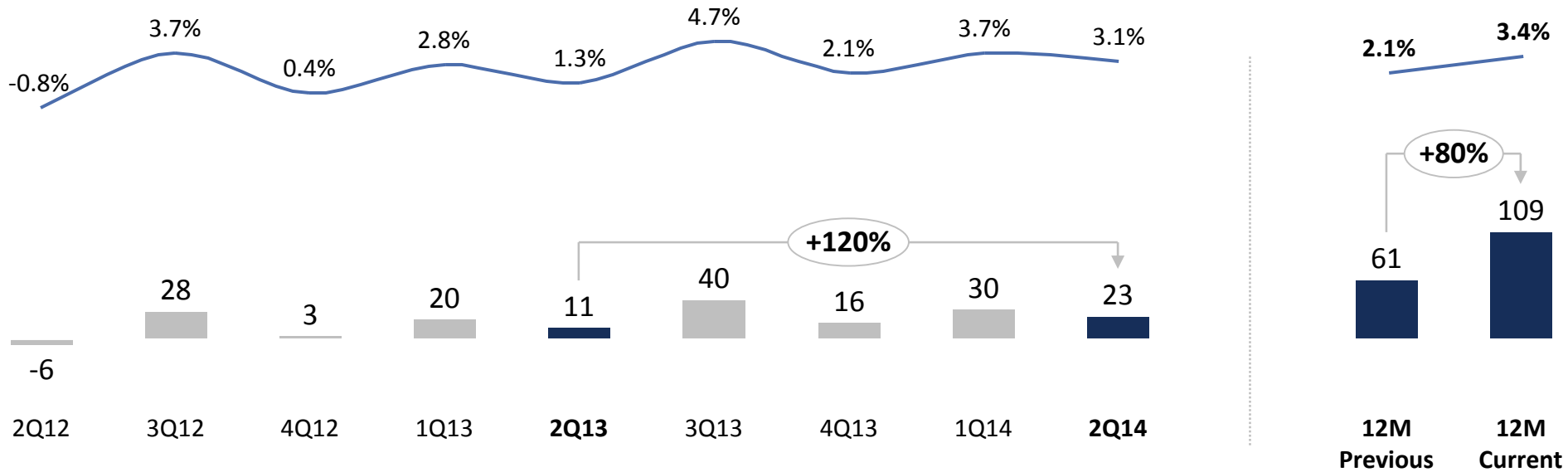
ADJUSTED EBITDA AND NET INCOME

Change
period vs. period

Adjusted EBITDA [M BRL] and EBITDA margin [%]

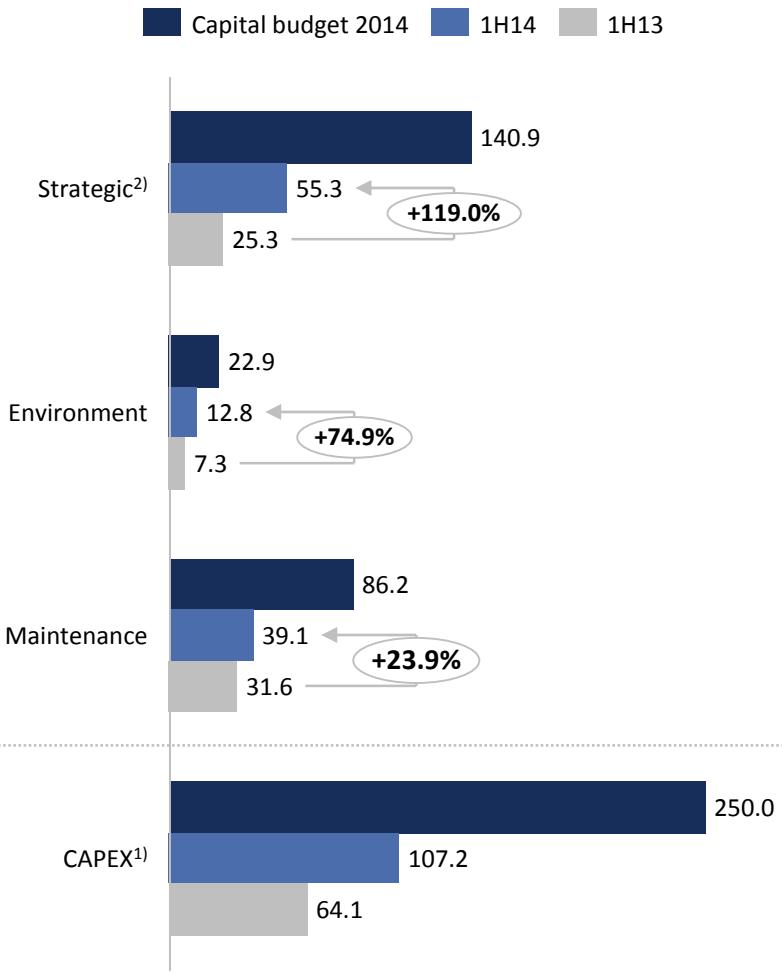


Net income [M BRL] and net margin [%]

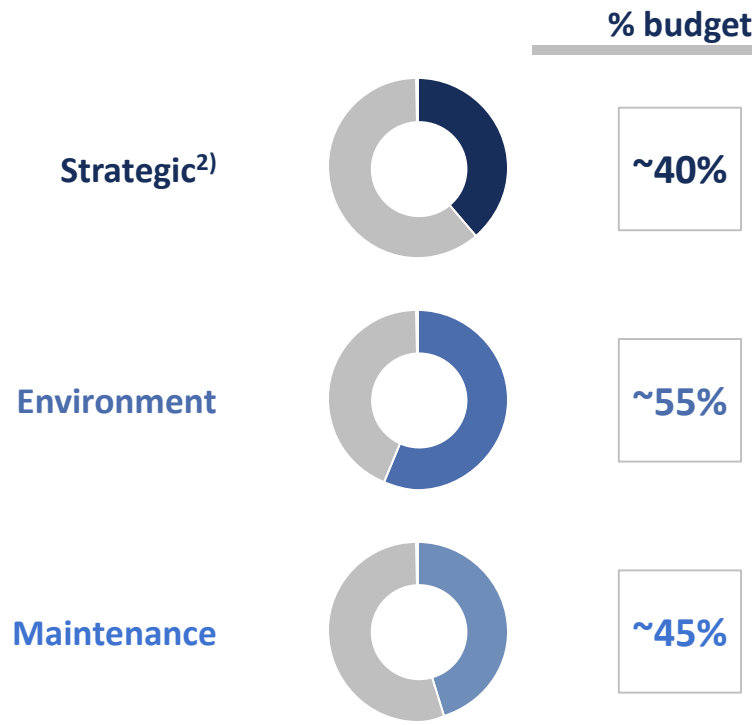


INVESTMENTS

Investments 1H13 vs. 1H14 [M BRL]



Investment monitoring



Highlights

- Automation
- New products
- Sand regeneration
- ERP implementation
- CGI

› Investments are in line with the 2014 capital budget

1) Does not include financial interest
2) Includes addition to intangibles

ISSUANCE IN INTERNATIONAL MARKET

Bonds – 10 Years

Transaction highlights

- **10NC5** - **US$350 mm** with
- **6.625%** coupon
- Listed in **Luxembourg** Stock Exchange
- Rating: **BB** (Fitch) / **BB-** (S&P)

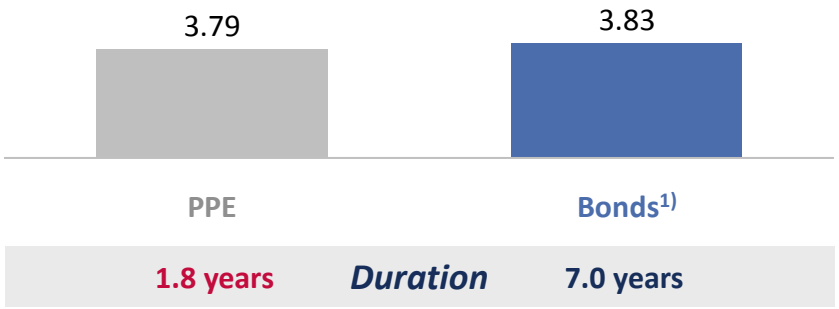
Rational

- **Longer debt profile** with same **leverage**
- **Predictability** of cash flow
- **Benchmarking** for future issuances
- **Reduction of risks** relative to na eventual **increase of international interest rates**
- **Decreased exposure to refinancing risks**
- Access to **new investor profile**

Cost comparison: PPE vs. Bonds

- **Similar debt cost with longer duration**

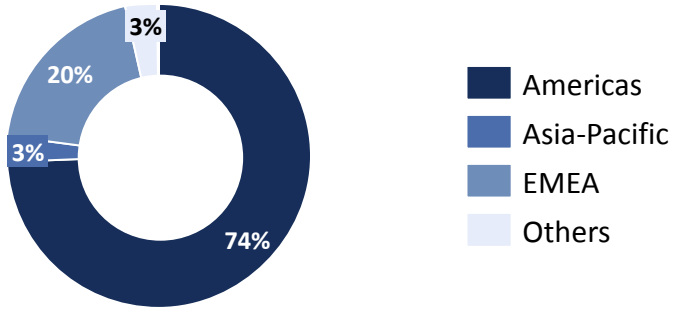
Spread over benchmark [%]



Book

- Book 8x greater than offering

Alocation



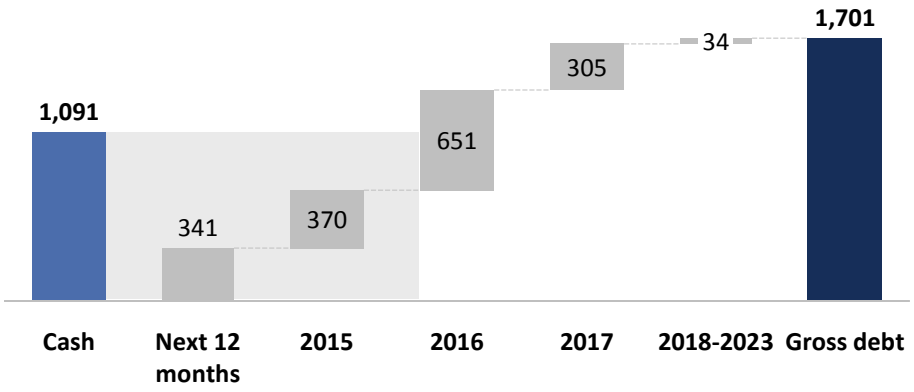
1) The cost of the Bonds is fixed at 6.625%/year. The post-swap indication is merely for comparative reason

DEBT STRUCTURE

July/14 vs. Proforma

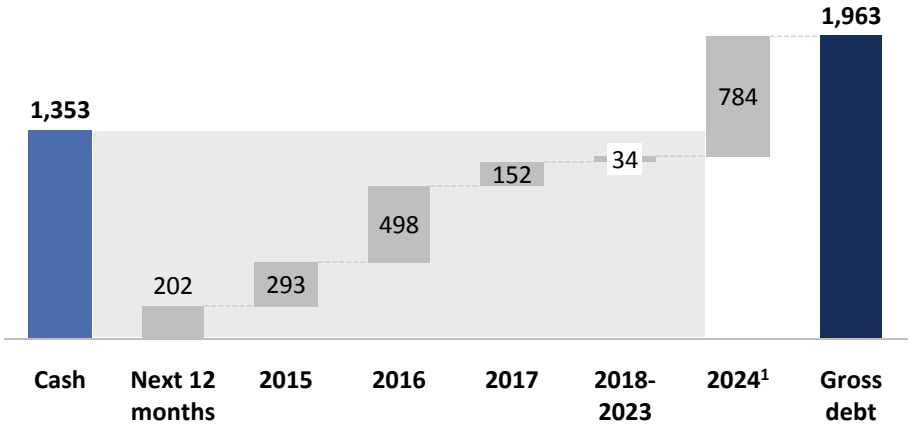
Debt 2Q14 [M BRL]

Duration: 1.8 Years

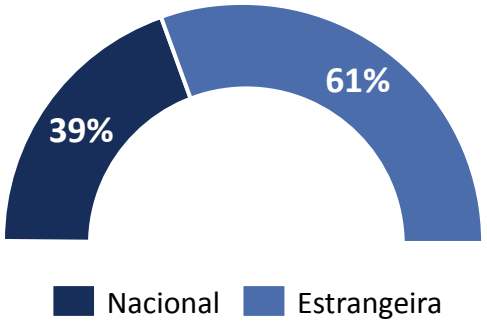


Proforma debt [M BRL]

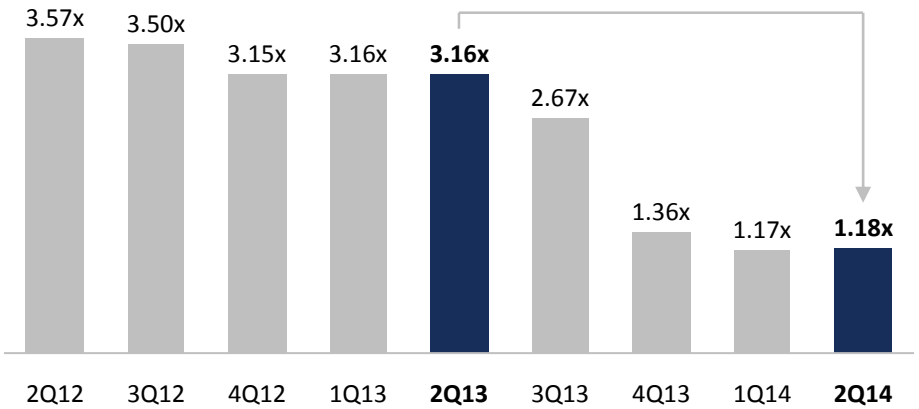
Duration: 4.1 Years



Debt currency breakdown [% total]



Net debt/adjusted EBITDA LTM



1) The higher proforma gross debt position in comparison with 2Q14 is due to the mismatch between resource inflow from the bonds issuance and termination PPE debt lines

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