

# TUPY

1Q24



# Operational efficiency and cost management, mitigating impacts from FX and volumes

## Post-acquisitions cycles

**1st step:** initial synergies, preparing plants, costs and operational efficiency

**2nd step:** asset optimization, focus on lines with lower cash cost: positive impact on margins

## Impacts from external factors

- FX appreciation (BRL and MXN) & inflation
- Volumes: accommodation of the sale of heavy vehicles abroad and lower demand for off-road applications

## Net Revenue

**R\$ 2.6 billion** impact from lower volumes and exchange rate appreciation, mitigated by price recovery initiatives

## Adjusted EBITDA

**R\$ 308 million.** Reduction in costs and expenses mitigated effects from exchange rate variation and volumes, which impacted EBITDA by **R\$ 130** in the period.

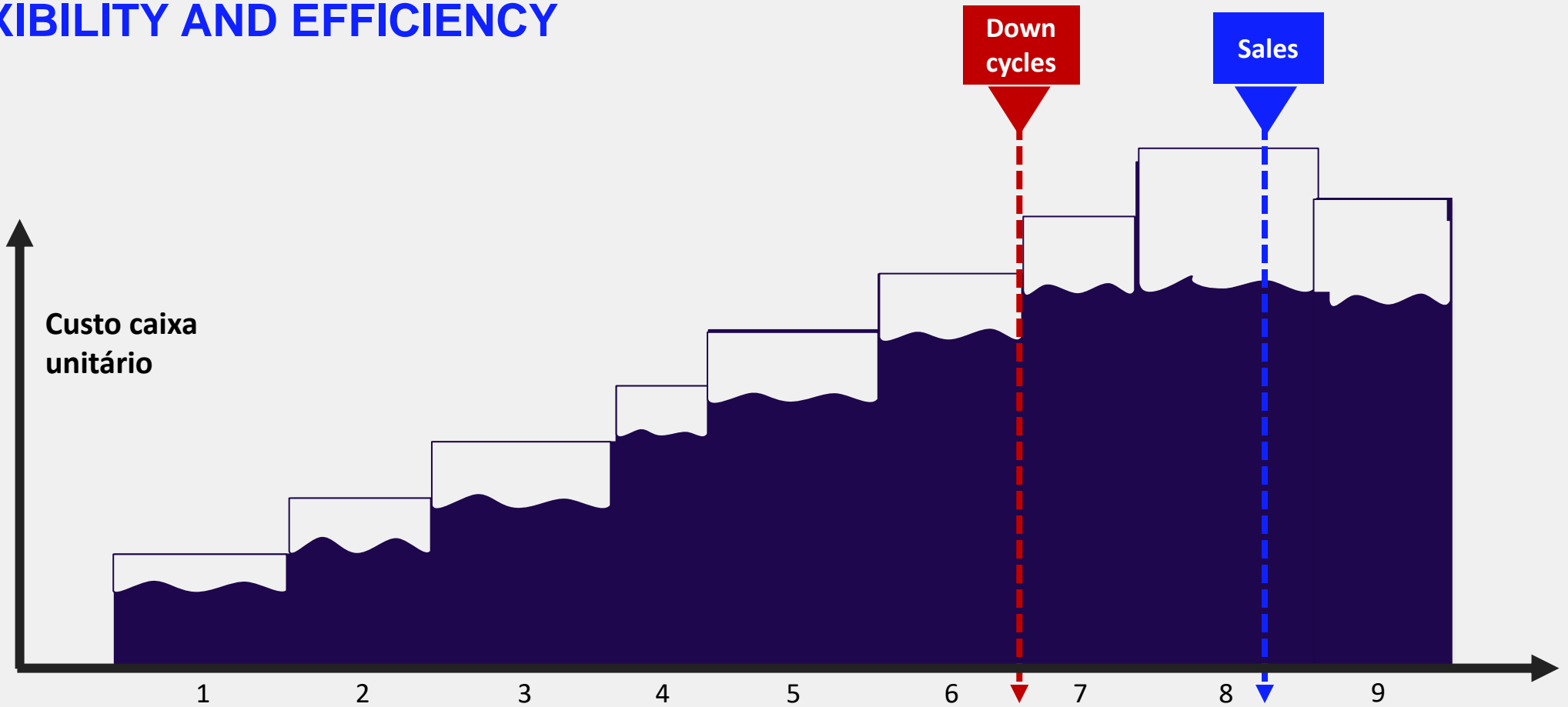
Margin of **11.9%**, compared to 11.2% in the previous year.

## Net Income

**R\$ 112 million**

Annual comparison affected by the FX effect on tax bases in foreign currency.

# CAPACITY ALLOCATION FLEXIBILITY AND EFFICIENCY



Production line \*

Ability to respond to fluctuations in demand



\* Imagem ilustrativa

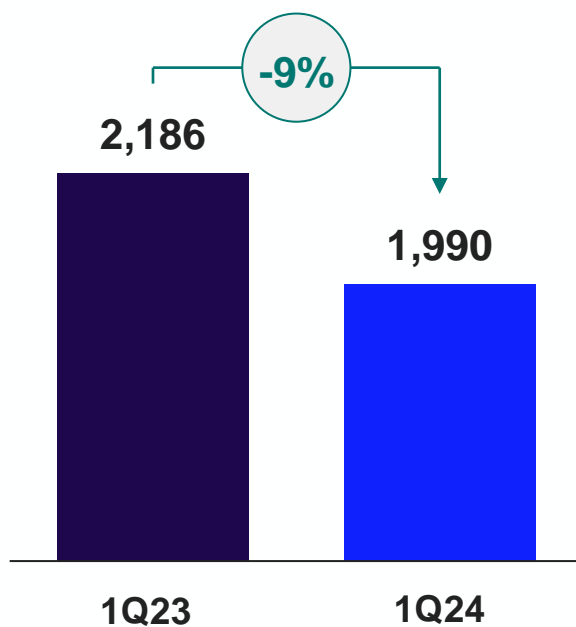
# CAPACITY ALLOCATION PRODUCTS AND PLANTS CHARACTERISTICS



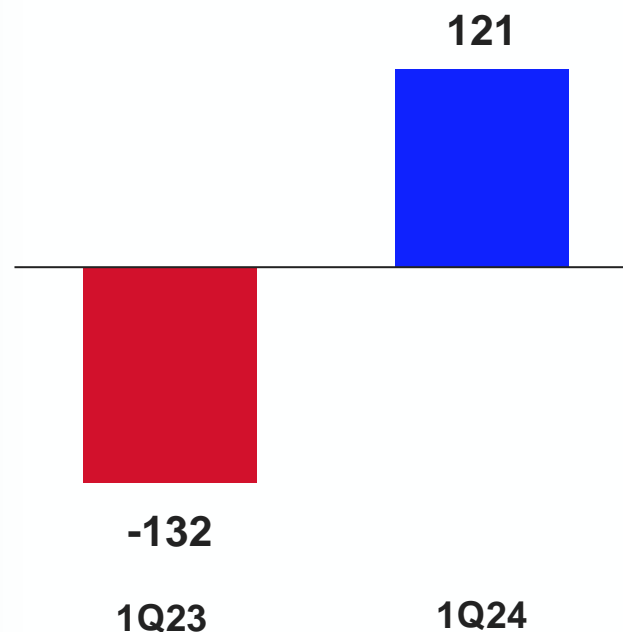
- **Joinville:** complex alloys and services
- **Betim:** competitiveness in gray iron products.
- **México:** USMCA opportunities added values services
- **Portugal:** Medium-size products aimed at the European market

# INCREASE IN CASH GENERATION ARISING FROM MANAGEMENT INITIATIVES

### Inventory [BRL Million]



### Operational Cash Generation [BRL Million]



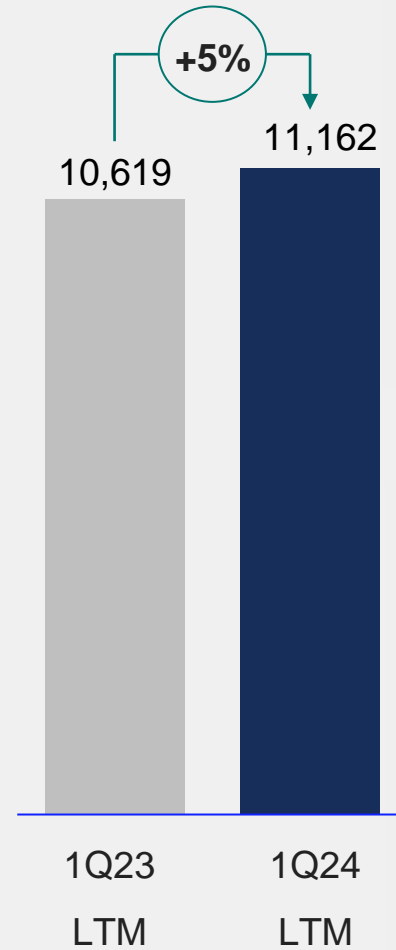
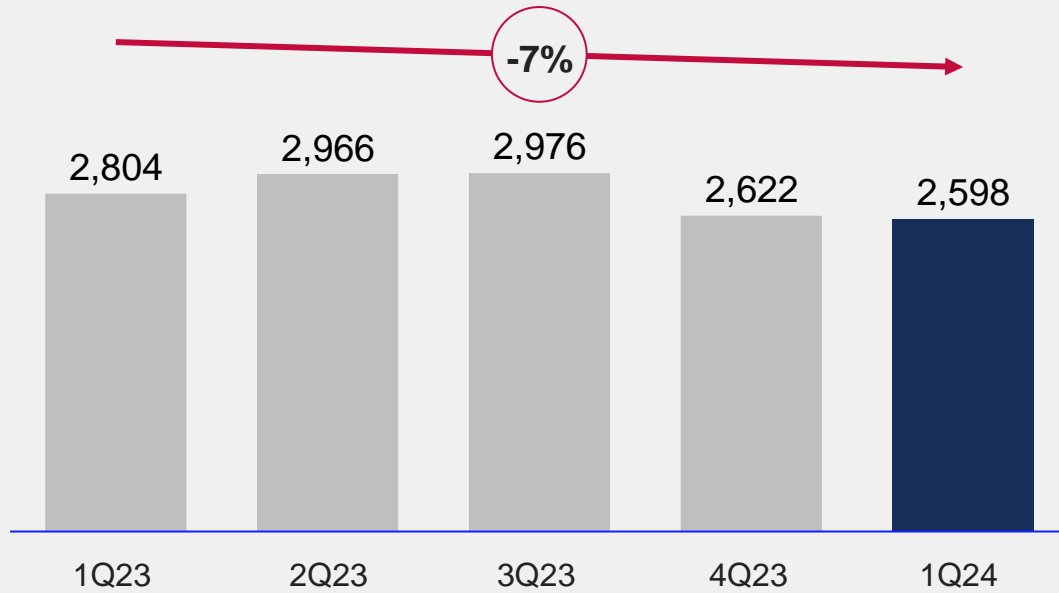
- Execution of business strategy
- Reduction of inventories from client shutdowns
- Positive effect on **operating cash generation**

# REVENUES [M BRL]

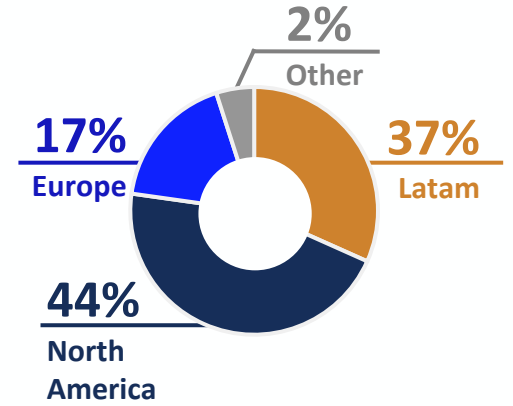
36%  
DM



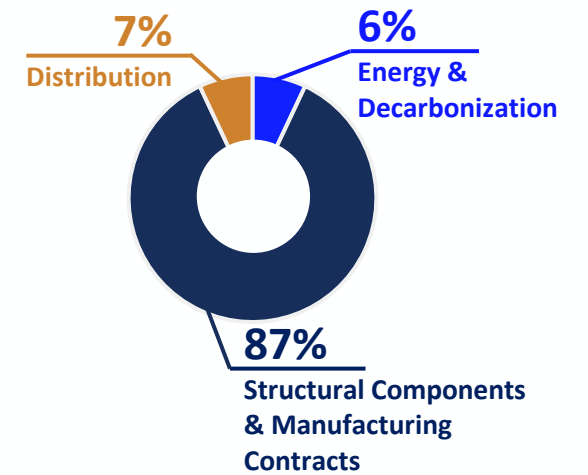
64%  
FM



## Source [% Revenue]

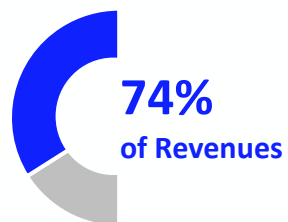


## Segments [% Revenue]

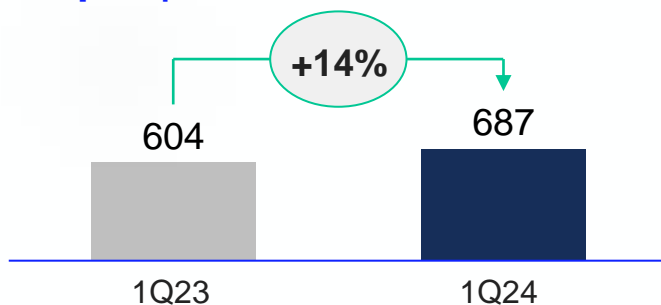


# STRUCTURAL COMPONENTS & MANUFACTURING CONTRACTS

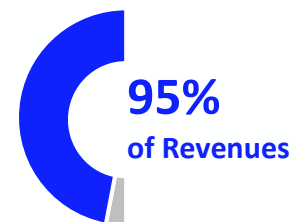
## Domestic Market



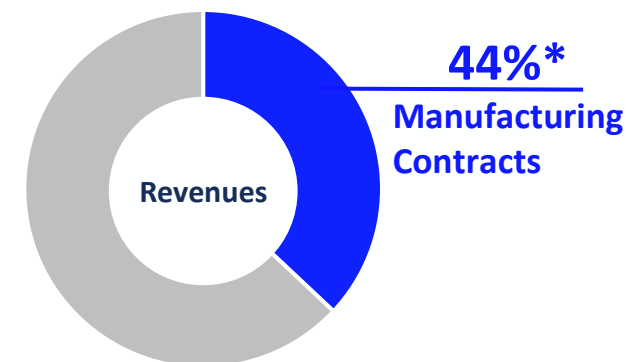
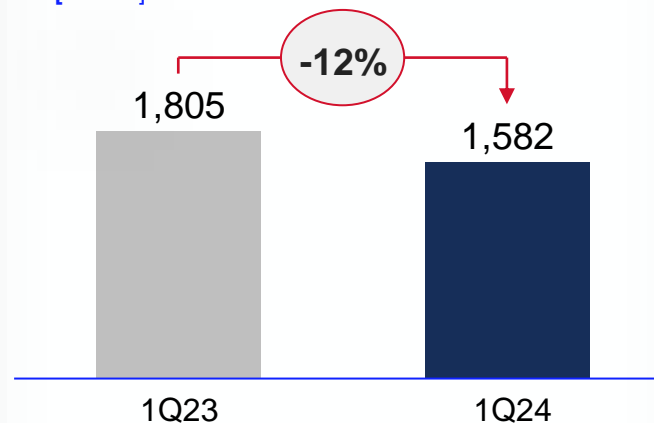
[M BRL]



## Foreign Market



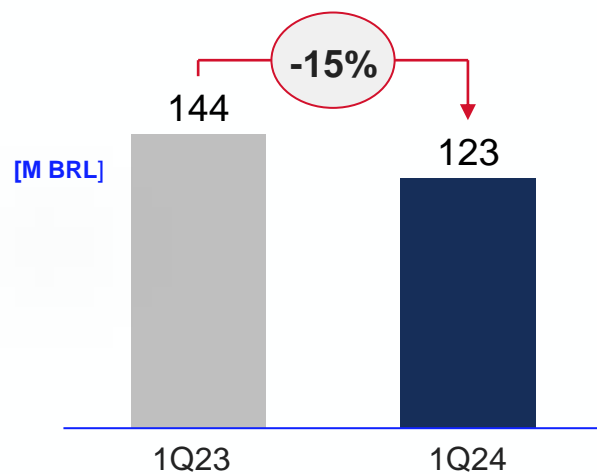
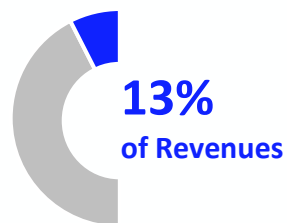
[M BRL]



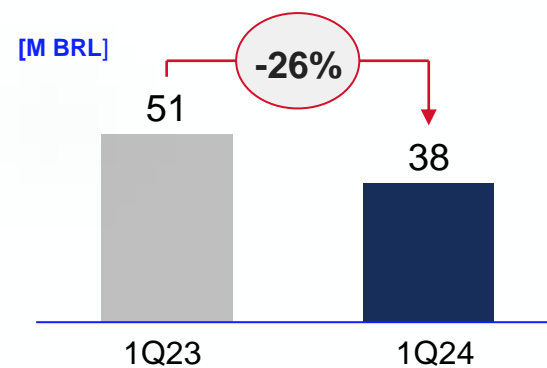
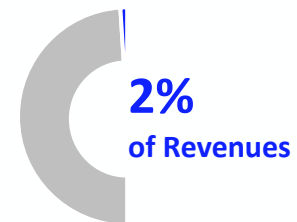
\*Percentage of value-added products  
(Machining and/or Assembly)

# ENERGY & DECARBONIZATION

## Domestic Market



## Foreign Market

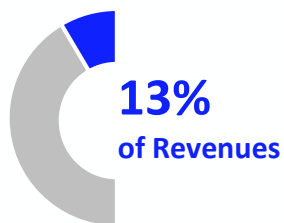


Engine sales impacted by lower demand from agribusiness

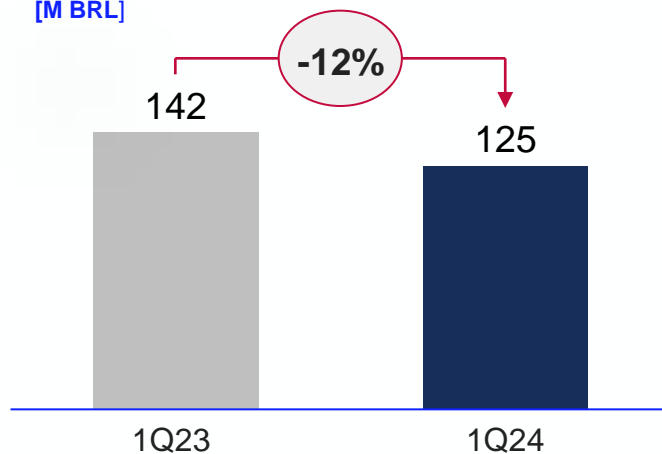


# DISTRIBUTION

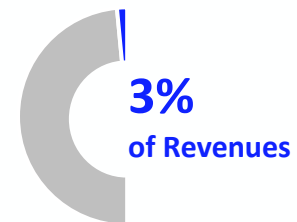
## Domestic Market



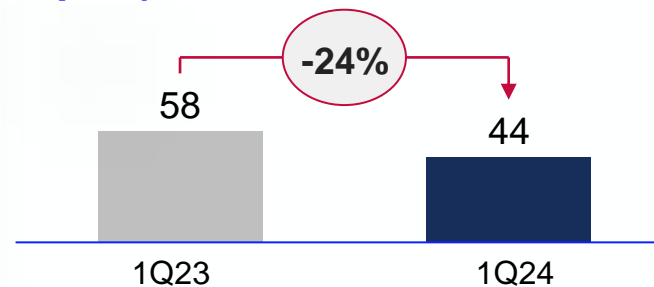
[M BRL]



## Foreign Market



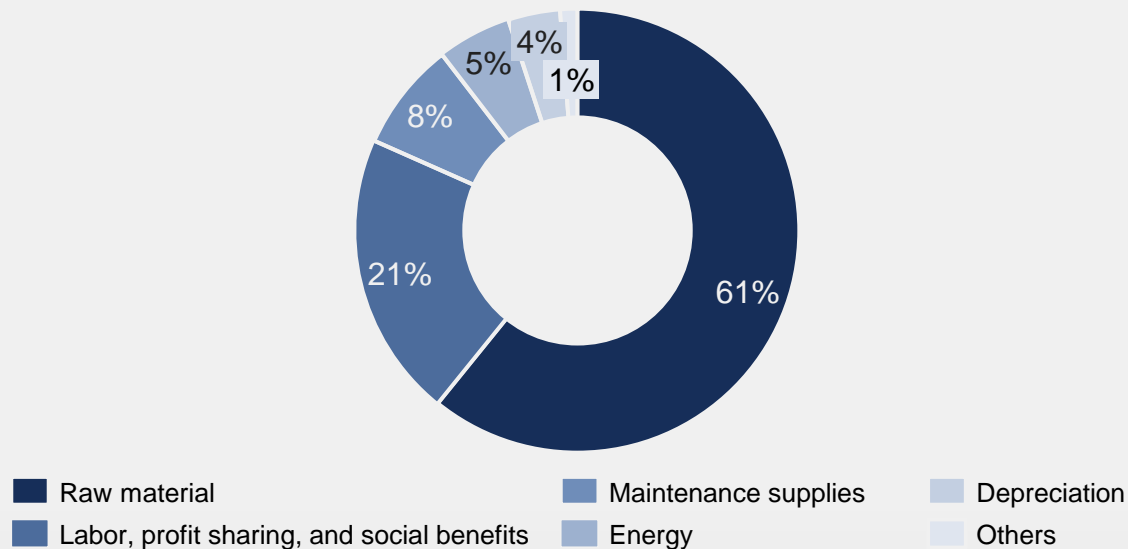
[M BRL]



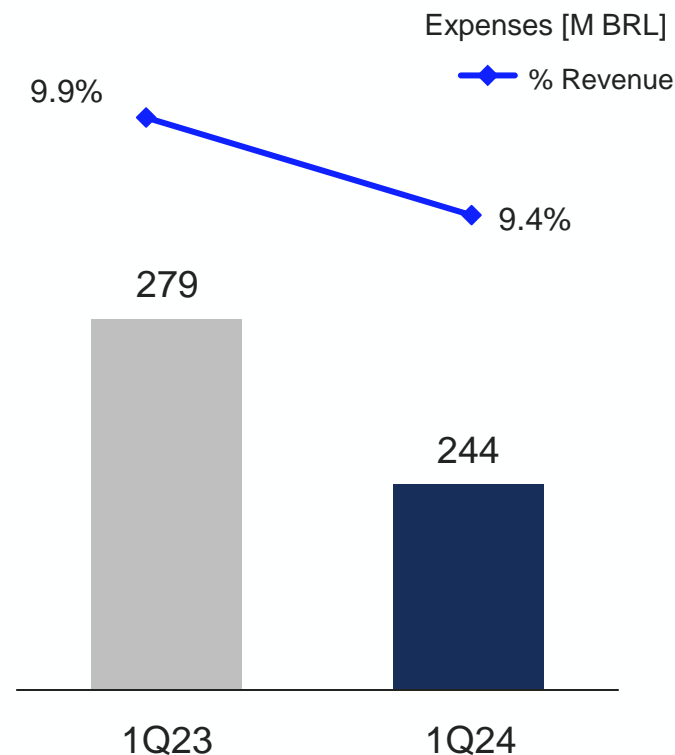
**Non-recurring impact with the implementation of new warehouse management software and drop in exports**

# OPERATING COSTS AND EXPENSES [M BRL]

BREAKDOWN OF COGS [%]



Expenses impacted by the reduction in freight prices, synergies and efficiency gains



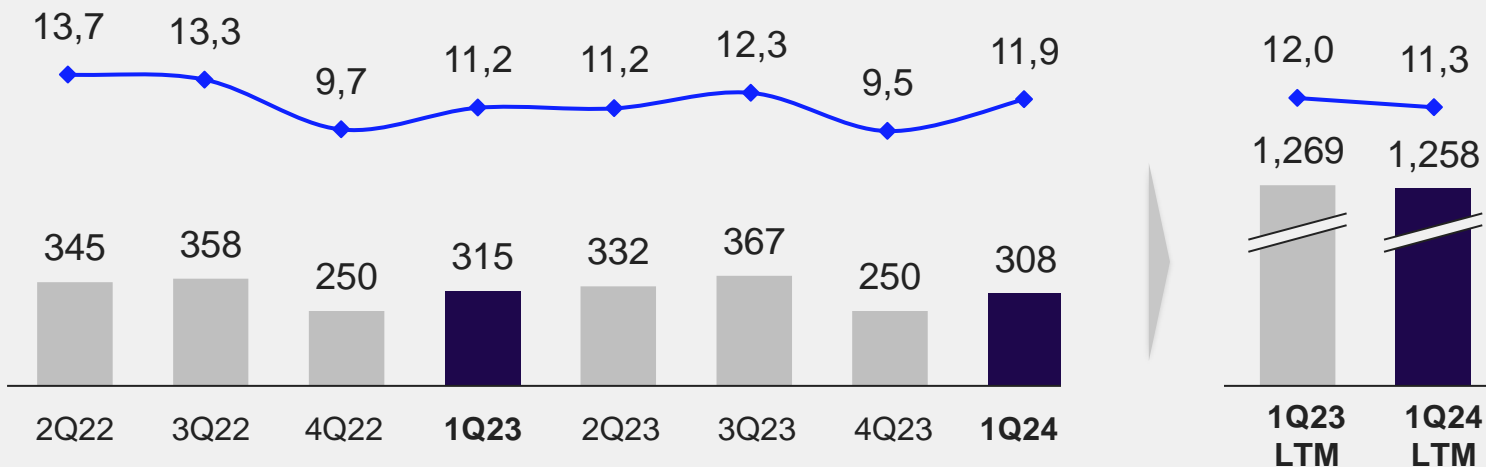
	1Q23		1Q24
COGS	2,300M BRL	-7%	2,134M BRL
Gross Margin	18.0 %	-0.1 p.p.	17.9 %
SG&A	279M BRL	-13%	244M BRL

Impact from FX, volumes and inflation for labor and services, mitigated by cost reduction and synergies

# ADJUSTED EBITDA & NET INCOME [M BRL]

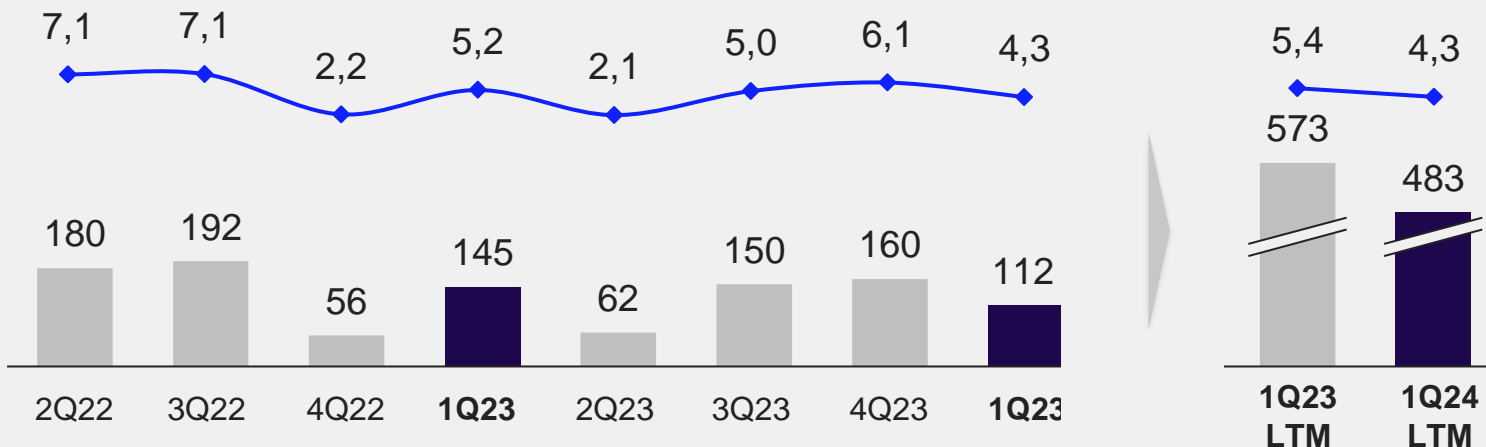
## Adjusted EBITDA

Adjusted EBITDA Margin %



## Net Income

% Net Margin



- The capture of synergies and cost-cutting initiatives mitigated the negative impact of the FX variation (USD and MXN), reduced volumes and inflation of services and labor.

- Net income comparison affected by FX variation on tax bases in foreign currency.

## FINANCIAL RESULT [M BRL]

	1Q24	1Q23
<b>Financial Expenses</b>	<b>1</b> (78)	(83)
<b>Financial Income</b>	<b>2</b> +31	+29
<b>Monetary and FX Var.</b>	<b>3</b> (5)	(12)
<b>TOTAL</b>	<b>(52)</b>	<b>(66)</b>

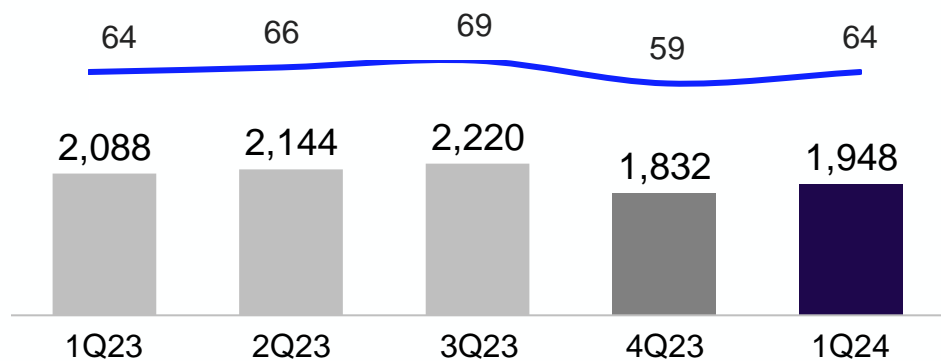
**1** Reduction in CDI rate and FX appreciation, impacting interest payments

**2** Increase in cash position due to funding and generation of operating cash

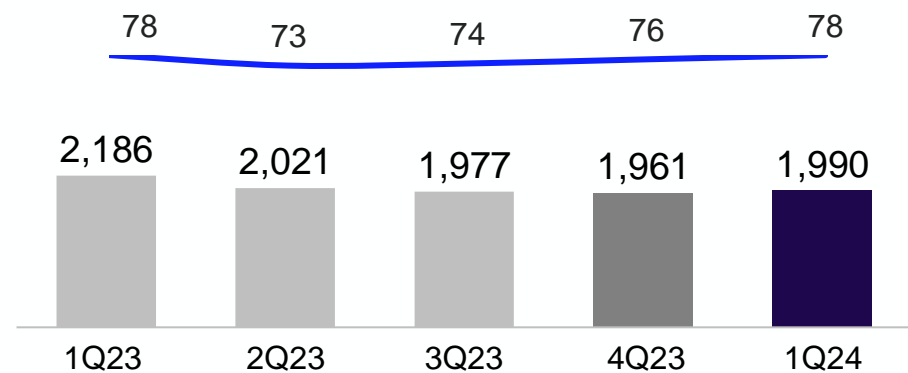
**3** FX variation in the balance sheet lines in foreign currency and results from hedge transactions

# WORKING CAPITAL

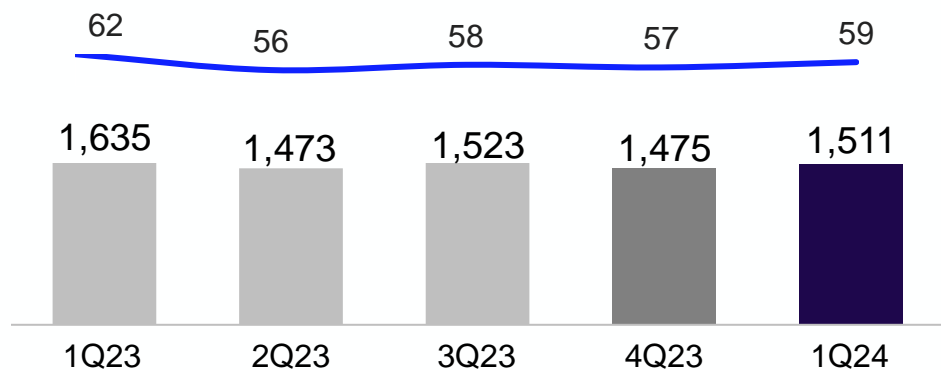
### Receivables [M BRL] and PMR [days]



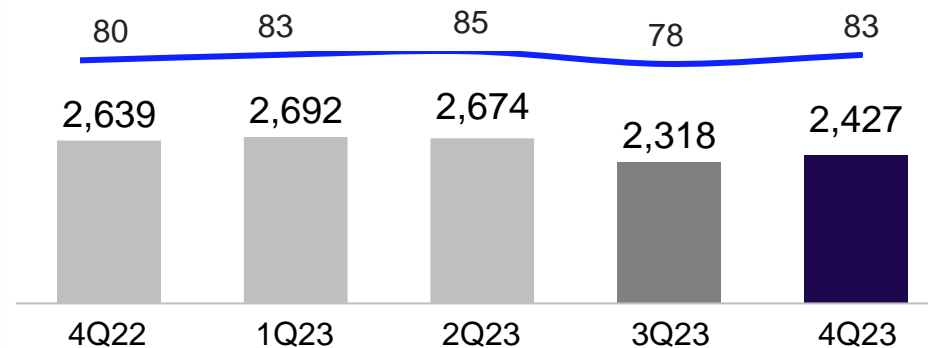
### Inventories [M BRL] and inventory days [days]



### Accounts payable [M BRL] and DPO [days] \*



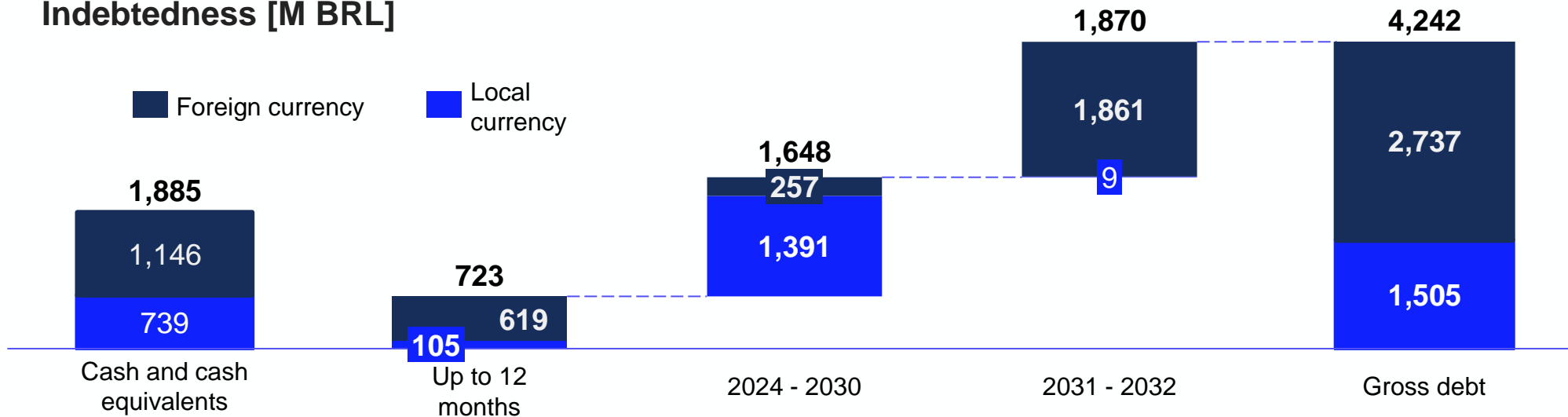
### Working capital [M BRL] and CCC [days]



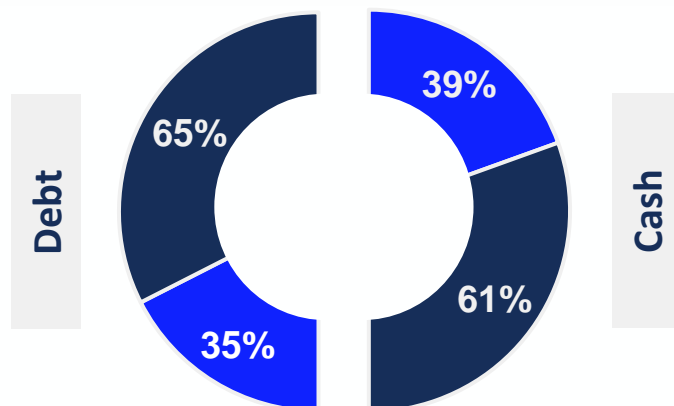
\* Includes advance payment, by clients, for working capital on the MWM engine manufacturing contract.

# CASH AND INDEBTEDNESS | DECEMBER 2023

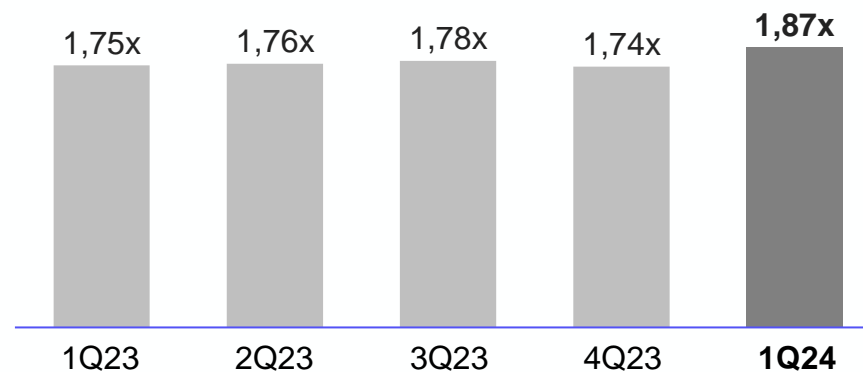
## Indebtedness [M BRL]



## Currency distribution [% total]



## Net debt/12M Adjusted EBITDA



**TUPY**



# Agenda 2024

# MARKET



## Commercial Vehicles & Passenger Cars

### FOREIGN MARKET

- Trucks: normalized after 2023 with sales higher than historical levels (class 8 USA with sales 20% higher than average in the last 10 years)
- Review of projections point to lower drops than previously predicted for North America
- Good performance in the light commercial vehicle (utility) segment; passenger cars impacted by inflation and high interest rates

### DOMESTIC MARKET

- Recovery of truck production in Brazil (+29 % Jan-Apr 24 vs 23)
- Increase in sales of passenger cars (+17% Jan-Apr 24 vs 23) and reduction in financing interest rates



## Off-Road

- Sales from agricultural machinery impacted by falling commodity prices
- High interest rates reflecting lower demand for light equipment (residential construction)
- Good performance for the non-residential construction segment (infrastructure)
- Lower level of investment and economic activity in China

- Demand for agricultural machinery impacted by commodity prices and high interest rates
- Road machinery: growth from infrastructure works and purchases of rental equipment



# NEW BUSINESSES: ADDING VALUE AND GROWTH IN SECTORS WITH HIGH PROFITABILITY

## Energy & Decarbonization



- Bioplants: integrated circular economy solutions
- Ramp for vehicle transformation projects
- Leadership in generator sets in Brazil (energy security)

## Distribution / After Market



- +1,000 points of sale and technical assistance
- Expansion of the diesel engine portfolio

# AGRISHOW 2024

**Launch of an ethanol engine**, an important solution to decarbonize the countryside

**Circular economy solutions:** motor pumps, gensets and photovoltaic lighting towers.



# ESG



## NATURAL CAPITAL

**95%**

of metallic materials used as raw material is recycled

**1.1 million tons**

waste recycled



## SOCIAL CAPITAL

**5,671**

active suppliers

**+ 18K people**

Impacted by social initiatives



## HUMAN CAPITAL

**21,112**

direct jobs

**1<sup>st</sup> Diversity Census**



## INTELLECTUAL CAPITAL

**R\$ 84.4 million**

invested in Research and Development

**Company awarded**

in National Innovation category by the National Confederation of Industry (CNI)

## 2023 SUSTAINABILITY REPORT



- Comprises 100% of the plants
- Compliance with the new GRI standards
- Elements of the International Integrated Reporting Framework (IIRC) and SASB indicators
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Executive summary with key highlights.

## ESG SCORES

	2022	2023	Desempenho
SUSTAINALYTICS	18.8 (Low Risk)	16.9 (Low Risk)	↑
MSCI	B	BB	↑
S&P Global	31	38	↑



## O Relatório de Sustentabilidade 2023 está no ar!

Aponte a câmera do seu celular para acessar.





Tupy



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