



Corporate Taxpayer No. (CNPJ) 84.683.374/0003-00
Commercial Register No. (NIRE): 42.3.0001628-4
PUBLICLY TRADED COMPANY



MATERIAL FACT NOTICE

ACQUISITION OF IRON CASTINGS BUSINESS FROM TEKSID S.P.A.

Joinville, December 19th, 2019 – Tupy S.A. (“Company”, B3: TUPY3), pursuant to Article 157, Paragraph 4 of Federal Law No. 6.404 of December 15, 1976, (“Brazilian Corporates Law”) and Brazilian Securities Commission (“CVM”) Instruction No. 358 of January 3, 2002, both as amended and currently in effect, hereby advises its shareholders and the market in general that Tupy S.A. and Fiat Chrysler Automobiles N.V. (“Seller”), a company organized under the laws of the Netherlands, have entered into a Share Purchase Agreement for the acquisition of 100% of Teksid’s iron castings business (“Teksid”), including operations located in Brazil, Mexico, Poland, Portugal and China (joint venture in which Teksid holds a 50% stake) as well as its offices in the United States and Italy (“Transaction”).

Teksid posted approximately €526 million (five hundred and twenty-six million euros) of net operating revenue in 2018 and has approximately 6,000 employees.

The Transaction will provide several benefits and synergies, enhancing Company’s competitiveness, including: (i) pooling structures for R&D and technical knowledge in advanced manufacturing; (ii) harnessing the Company’s competencies related to machining process for Teksid’s products, since it does not currently offer these services; (iii) possibility of reallocating manufacturing across their combined plants to benefit from the cyclical nature of the business; (iv) growing capacity to enable the Company to add new programs for the heavy vehicles, machinery & equipment segments; and (v) obtaining scale gains, operational efficiency and cost savings.

The acquisition price (Enterprise Value) is €210,000,000 (two hundred and ten million euros) corresponding to approximately 4.9x Teksid’s projected EBITDA for 2019, to be paid after closing, subject to customary purchase price adjustments. In addition, Tupy will grant commercial bonuses and discounts, typical of the industry, in connection with the agreed long-term supply arrangements.

The Company will in due course review its capital allocation strategy (combining cash and third parties capital) to effect payment of the transaction price, having already obtained a first-tier financial institution’s firm commitment to finance the entire transaction price.

The Transaction has been approved on this date by the Company’s Board of Directors and is subject to approval by antitrust authorities in the competent jurisdictions, as well as verification of the usual conditions precedent for similar deals.

The Company will convene an Extraordinary General Meeting to approve the Transaction prior to closing, as per article 256 of Brazil’s Law (Brazilian Corporates Law) at which time it will inform its shareholders and the market of the existence of any right of withdrawal.

Finally, the Company informs that it has received, on the date hereof, notice from BNDES Participações S.A. - BNDESPAR and Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI, holders of shares issued by the Company representing 28.19% and 25.88% of its capital stock, respectively, pursuant to which such shareholders undertake, irrevocably and irreversibly, to approve the Transaction at the Company’s shareholders’ meeting.



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The Company will hold a conference call on December, 20th as shown below to inform the next steps for the Transaction.

Conference call details: December 20th, 2019

09h00 – EST

11h00 – BRT

USA dial-in: +1 646 828 8246 / +1 646 291 8936

USA toll-free: +1 800 469 5743 / +1 800 492 3904

Brazil dial-in: (11) 3193 1001 / (11) 2820 4001

Access code: Tupy

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