4th Quarter 2016

Results

Investor Relations
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March 29th, 2017



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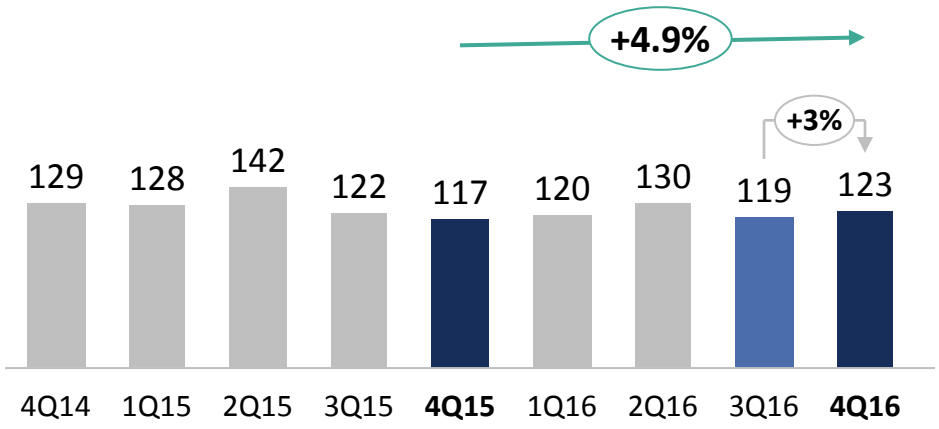
Strong Cash Generation and Payment of Interest on Equity

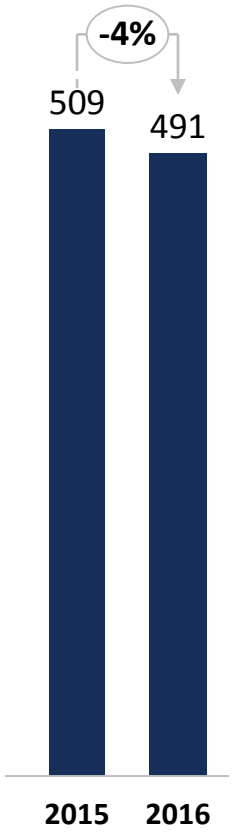
1 Operating Cash Flow	▪ Generation of R$118.3 million in 4Q16 (R$280.0 million in 2016, **corresponding to a cash flow yield of 16.2%).**
2 Interest on Equity	▪ Payment of Interest on Equity of R$41.0 million in 4Q16 (R$100.4 million paid in 2016 - **dividend yield de 5.8%).**
3 Sales Volume	▪ 122.7 Thousand tonnes, **up 4,9%** in relation to 4T15.
4 Revenue	▪ R$781.7 million, decrease of 10.3% in relation of 4Q15, **due to the rise of the BRL against to USD.**
5 Adjusted EBITDA	▪ R$88.2 million, equals to 11.3% of revenues in 4Q16 – **margin impacted by costs from infrastructure optimization and the higher efficiency of the production processes.**
6 Net Income	▪ R$179.0 million net loss in 4Q16, impacted mainly by the impairment of PP&E and intangible assets – **with no effect on cash.**

SALES VOLUME

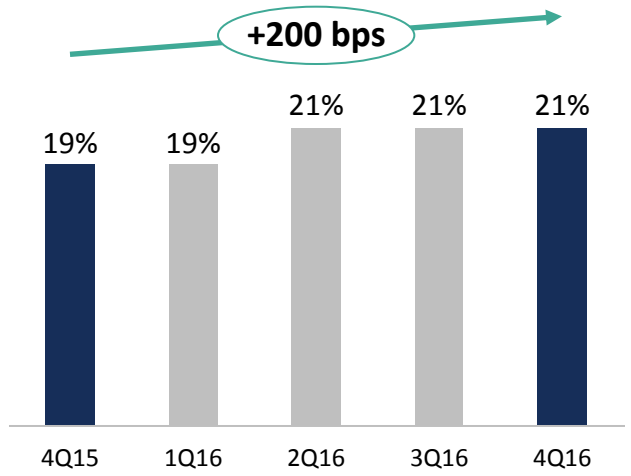
Volume [kton]



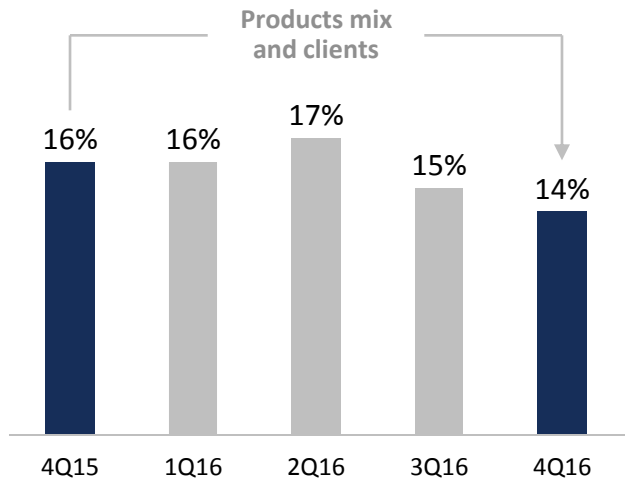




Machining [% automotive volume]

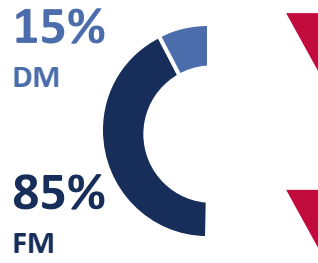


CGI [% automotive volume]



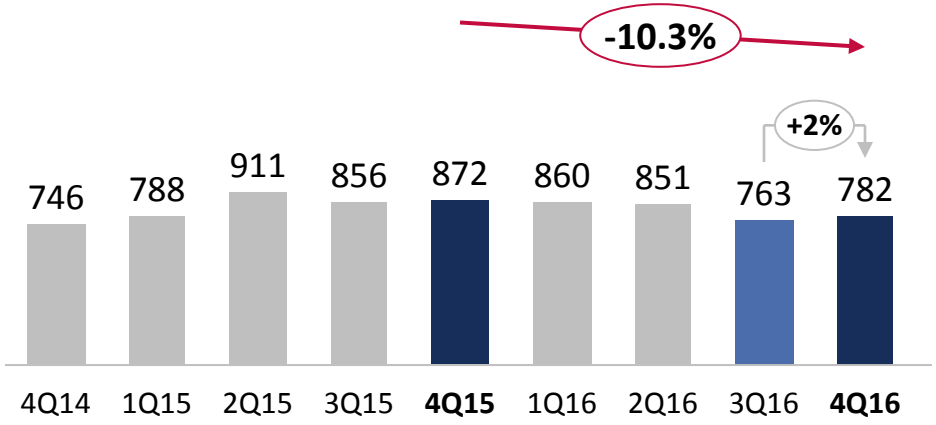
REVENUES

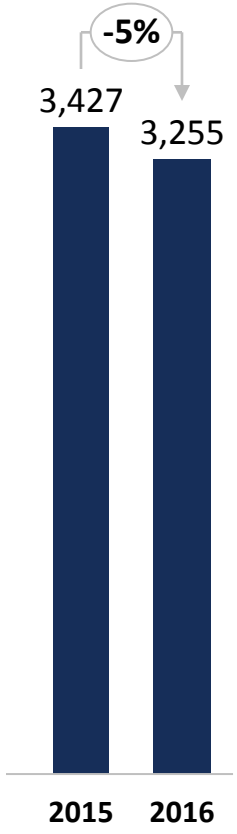
Revenues [M BRL]



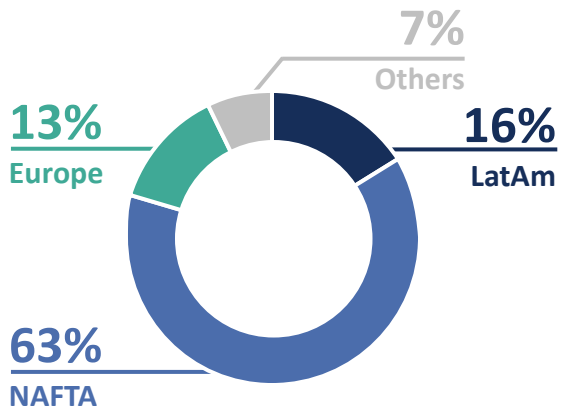
-1.7%

-11.8%

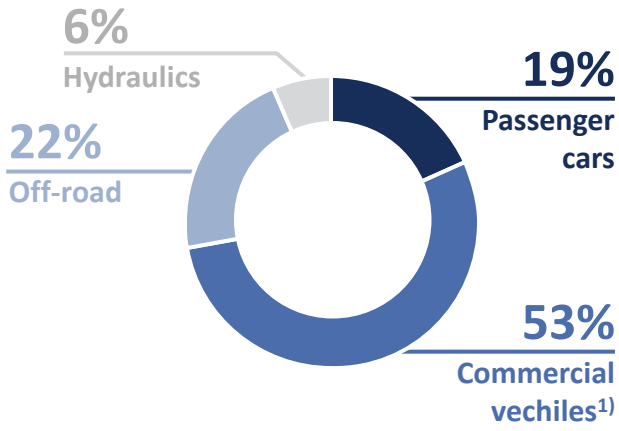




Origin [% revenues]



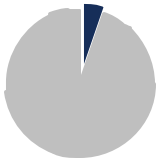
Application [% revenues]



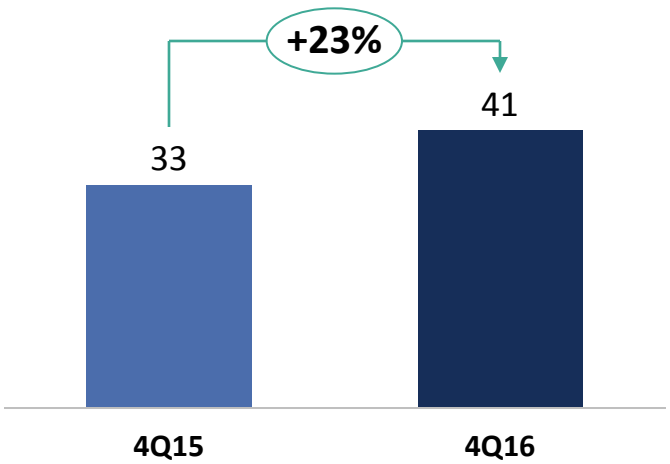
1) Includes light, medium and heavy comercial vehicles

AUTOMOTIVE DOMESTIC MARKET

Passenger cars [M BRL]



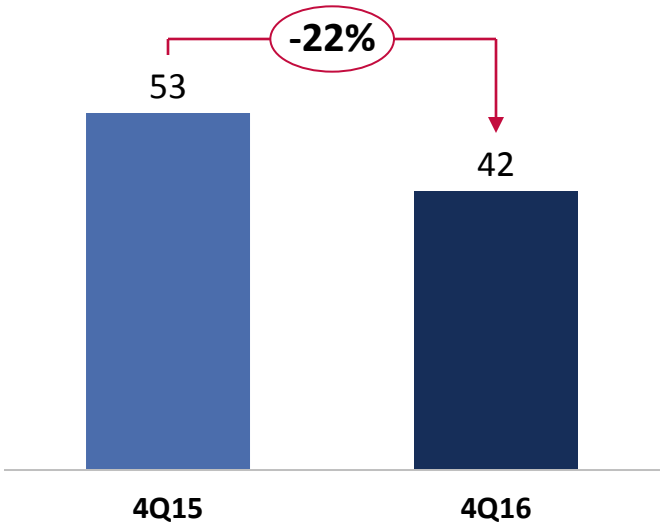
5.3%
of revenues



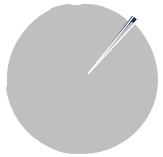
Commercial vehicles [M BRL]



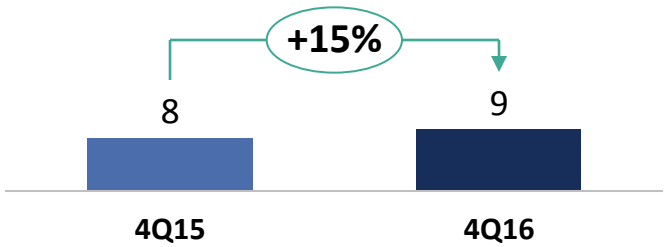
5.3%
of revenues



Off-road [M BRL]



1.2%
of revenues

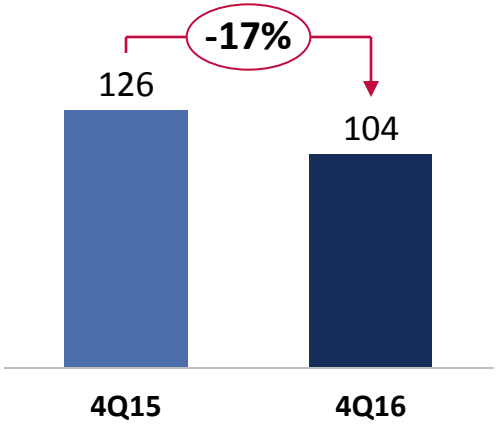


AUTOMOTIVE FOREIGN MARKET

Passenger cars [M BRL]



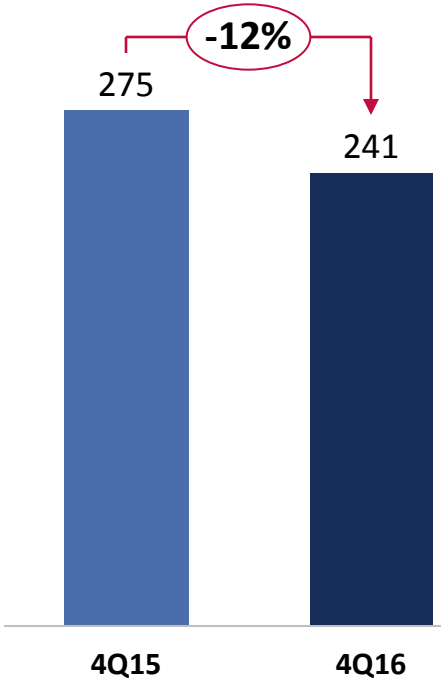
13.4% of revenues



Light comercial [M BRL]



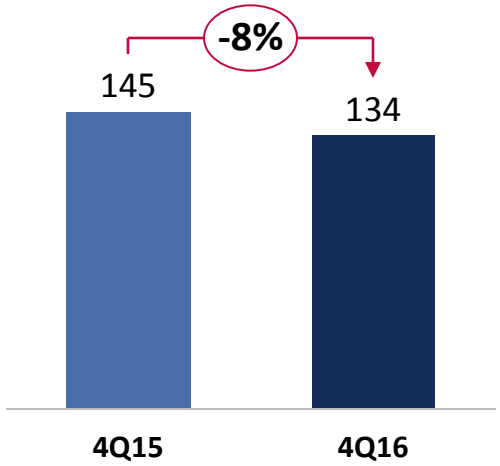
30.9% of revenues



Med. & heavy comercial [M BRL]



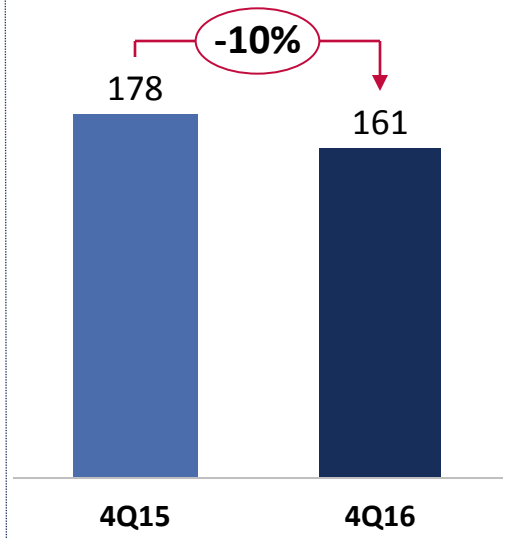
17.1% of revenues



Off-road [M BRL]



20.6% of revenues



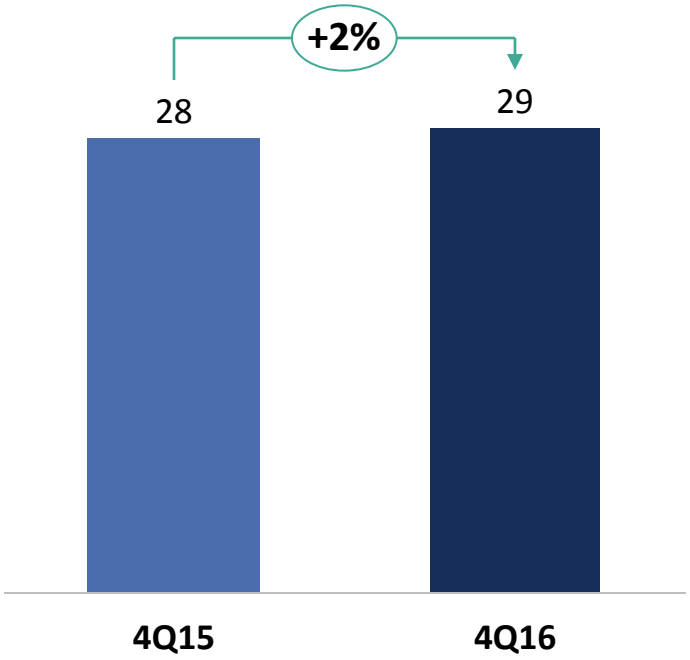
HYDRAULICS

Internal and Foreign Markets [M BRL]

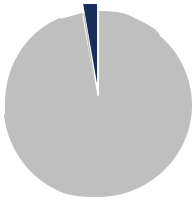
Domestic Market



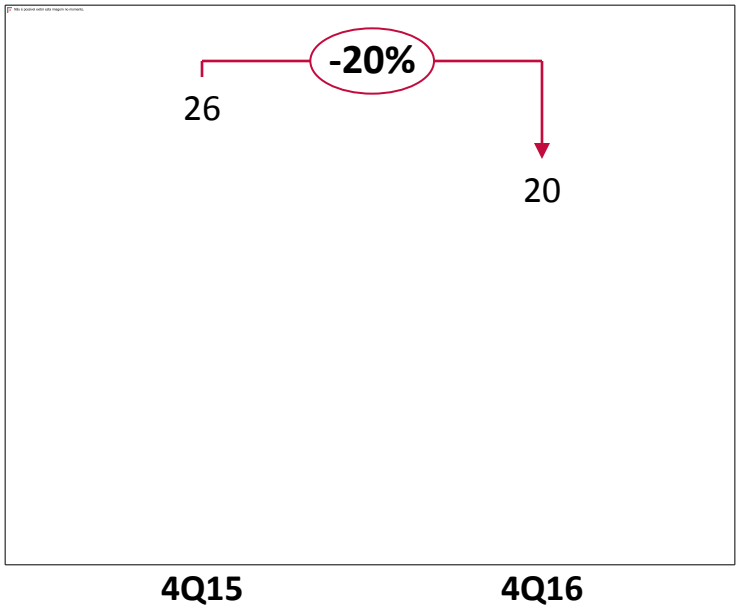
3.7%
of revenues



Foreign Markets

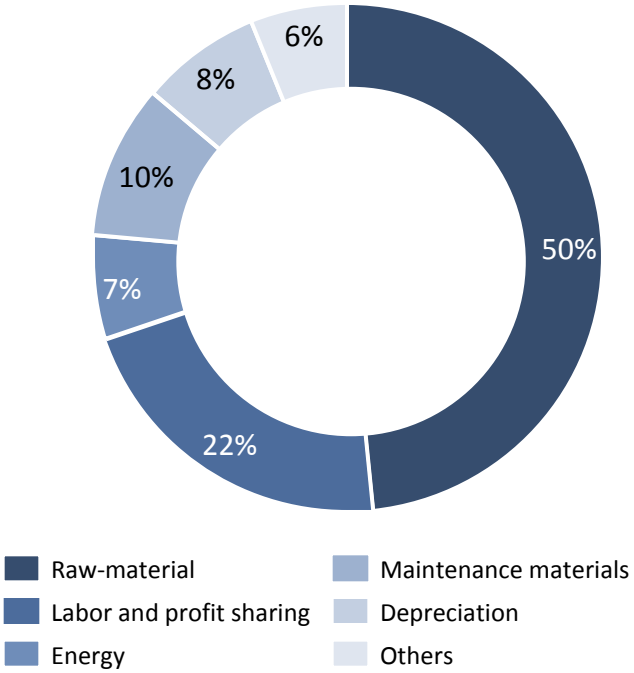


2.6%
of revenues

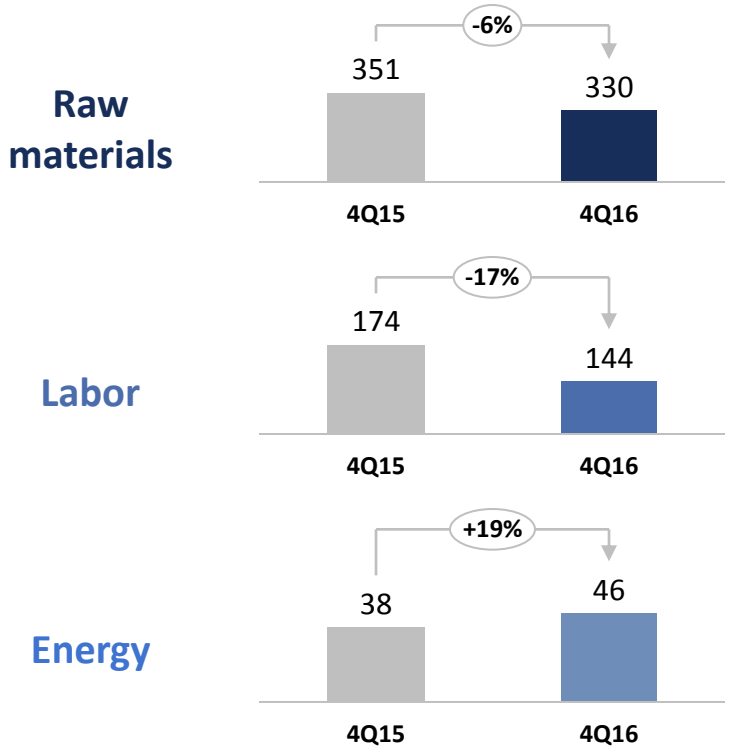


COGS AND SG&A

COGS by nature 4Q16 [%]



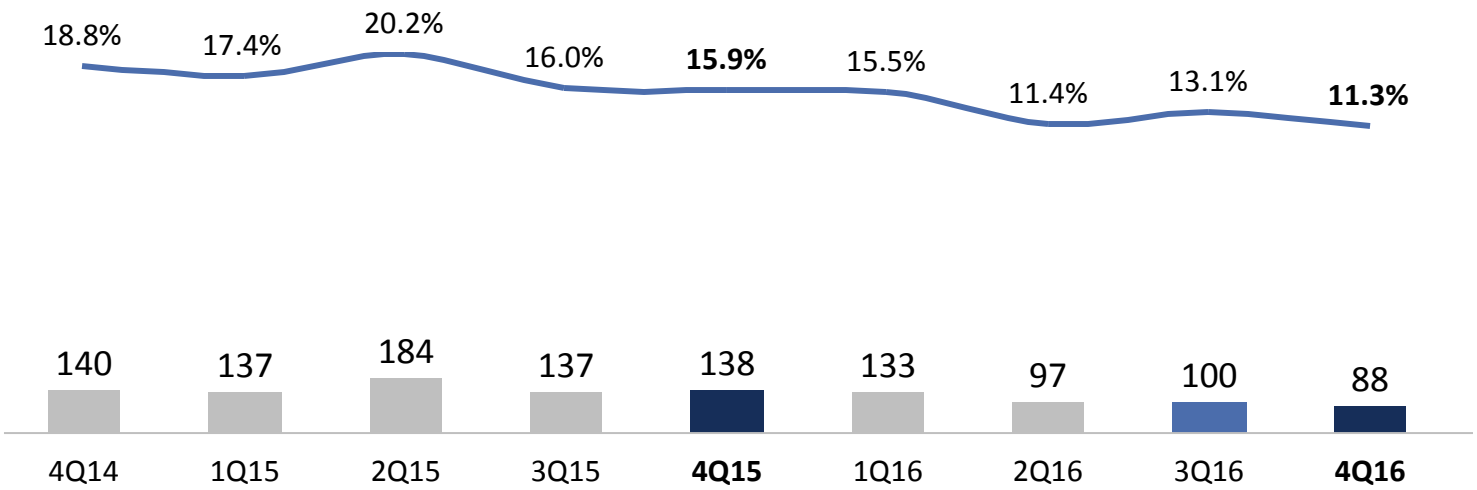
Variation of main costs inputs by nature [%]

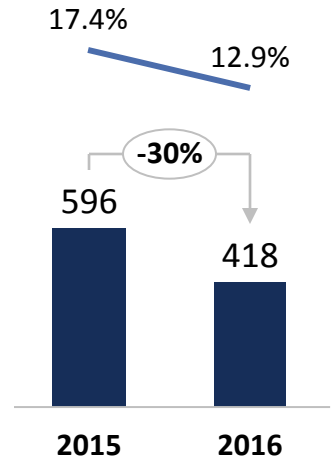


	4Q15		4Q16
COGS	719.6 M BRL	-5.3%	681.6 M BRL
Gross Margin	17.5 %	-4.7pp	12.8 %
SG&A	72.0 M BRL	-5.5%	68.1 M BRL

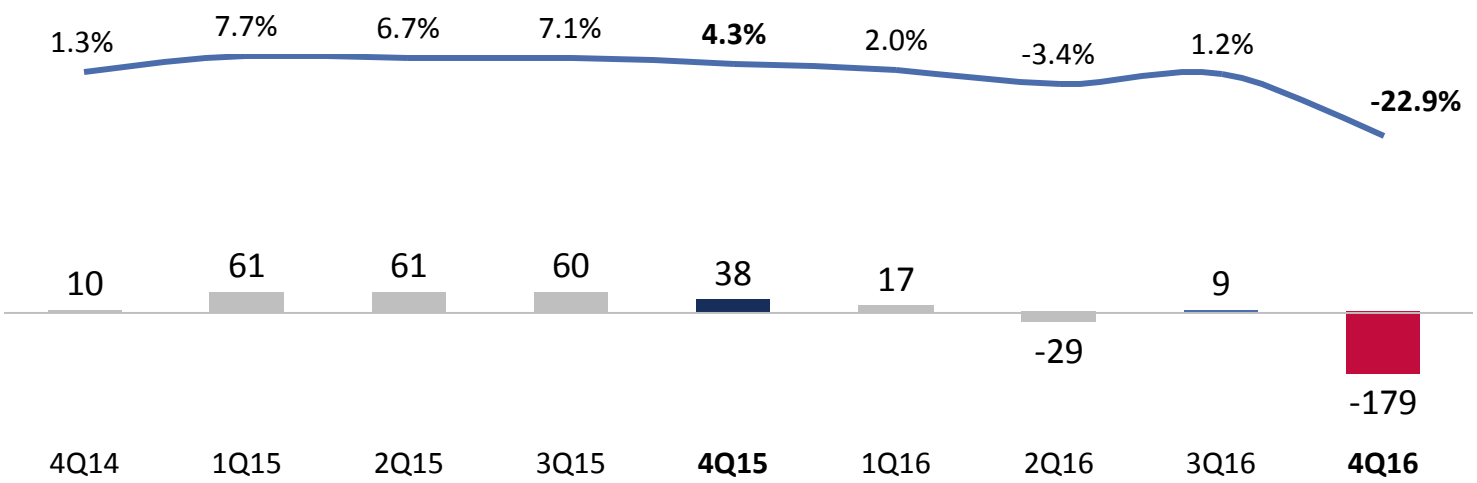
ADJUSTED EBITDA AND NET INCOME

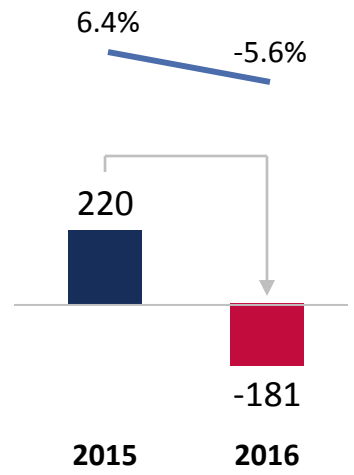
Adjusted EBITDA [M BRL] and EBITDA margin [%]





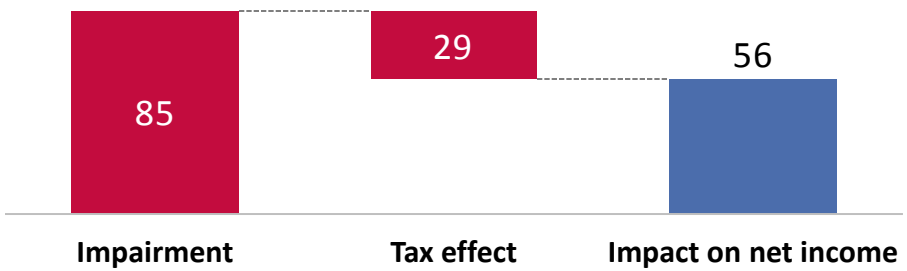
Net income [M BRL] and net margin [%]





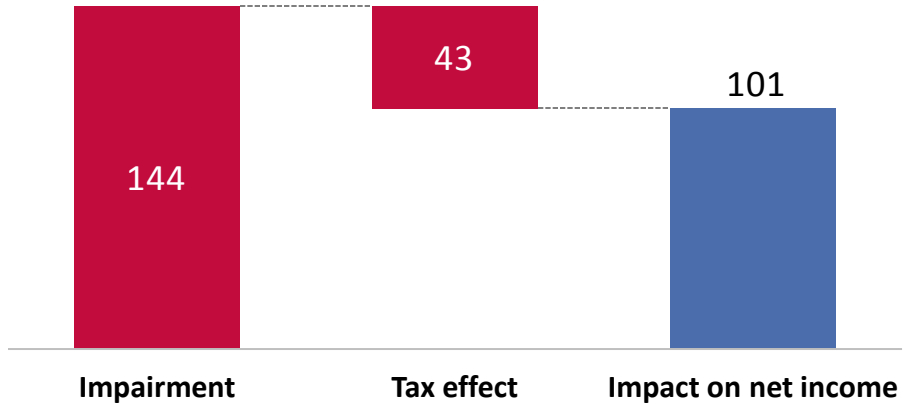
IMPACT ON NET INCOME: 157 M BRL

PP&E – Brazil



- **Optimization of manufacturing plants and consequent cost reduction,** along with revision of the future plans for Brazilian operations
- Current capacity exceeds demand for the next years, due to lower demand in domestic markets
- **No effect on cash**

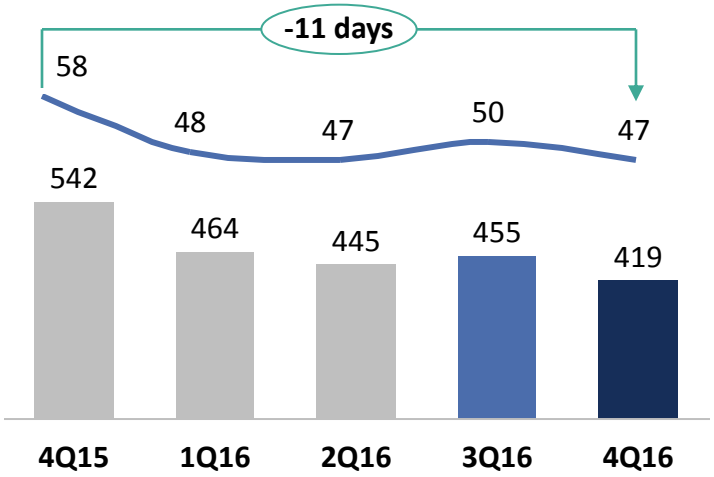
Intangible Assets – Mexico



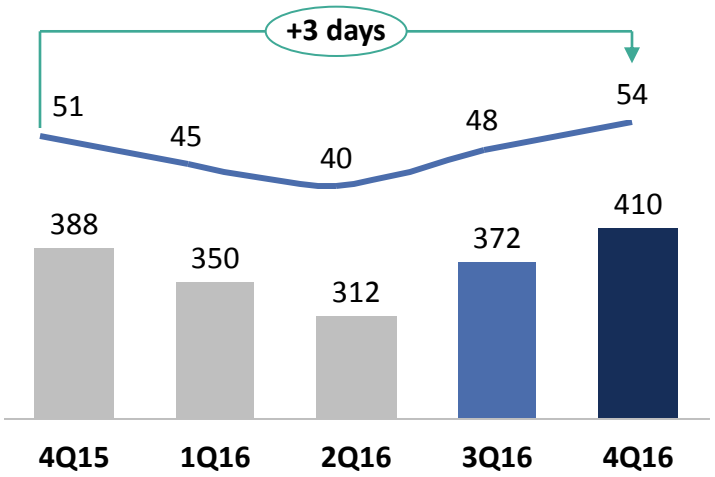
- Company recognized as intangible asset the contractual relationship with customers by portfolio
- **Although the aggregate portfolio shows a significantly higher profitability than the initial recognition of the asset,** accounting rules does not allow a compensation among them
- **Reduction in annual amount of intangible amortization:** From 21.1 to 12.8 M USD
- **No effect on cash**

WORKING CAPITAL

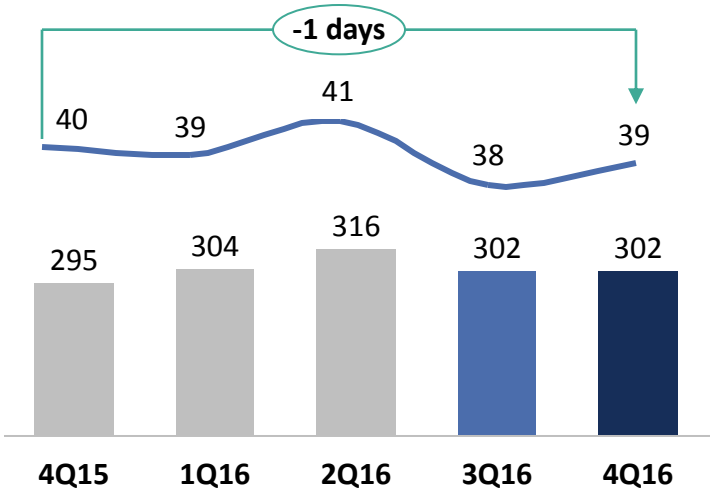
Accounts receivable [M BRL] and DSO [days]



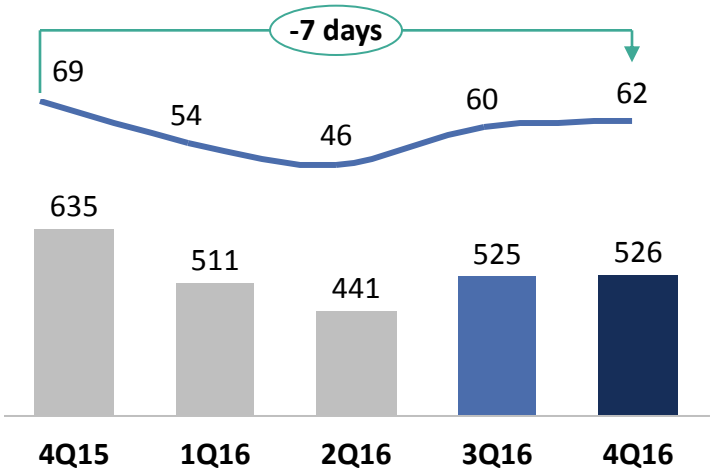
Inventories [M BRL] and DIO [days]



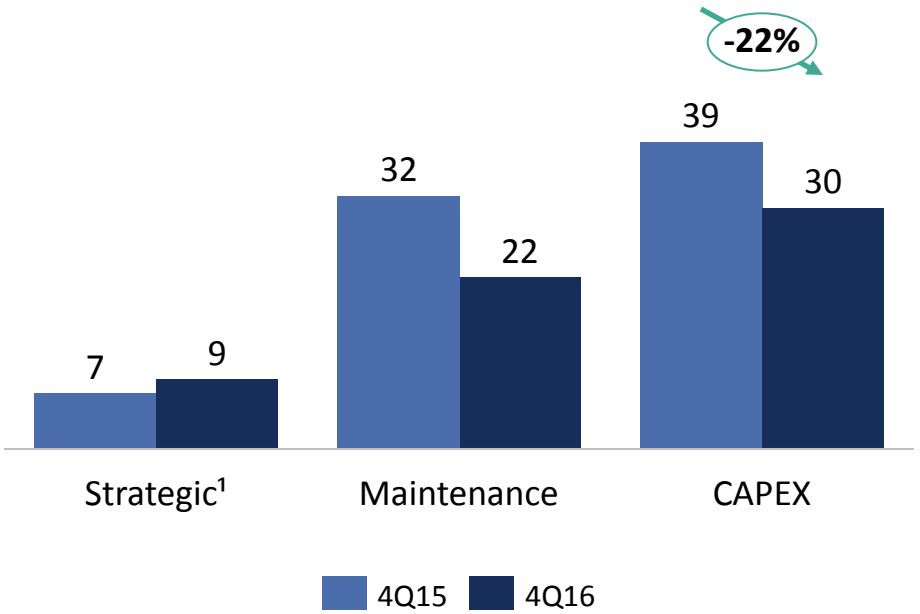
Accounts payable [M BRL] and DPO [days]



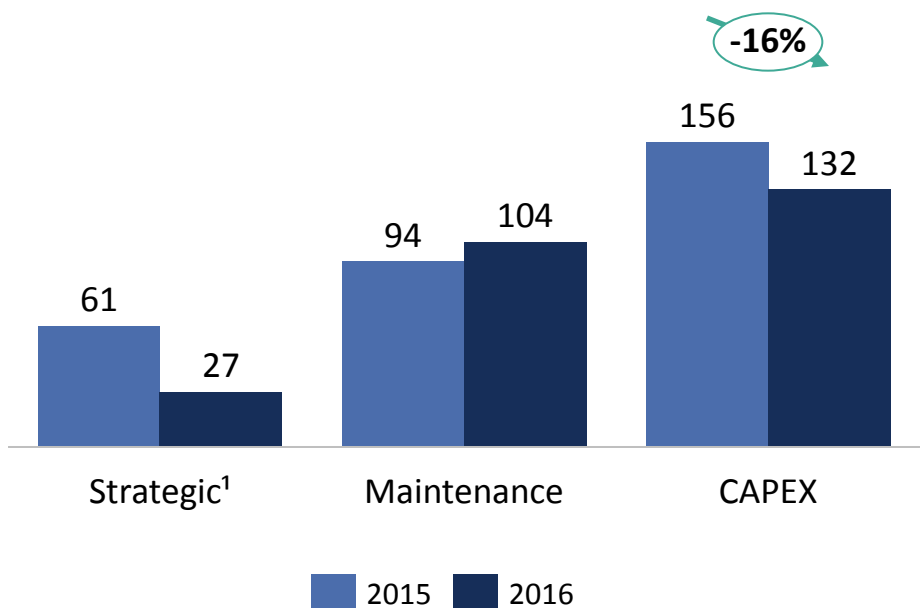
Working capital [M BRL] and CCC [days]



Investments 4Q16 vs. 4Q15 [M BRL]



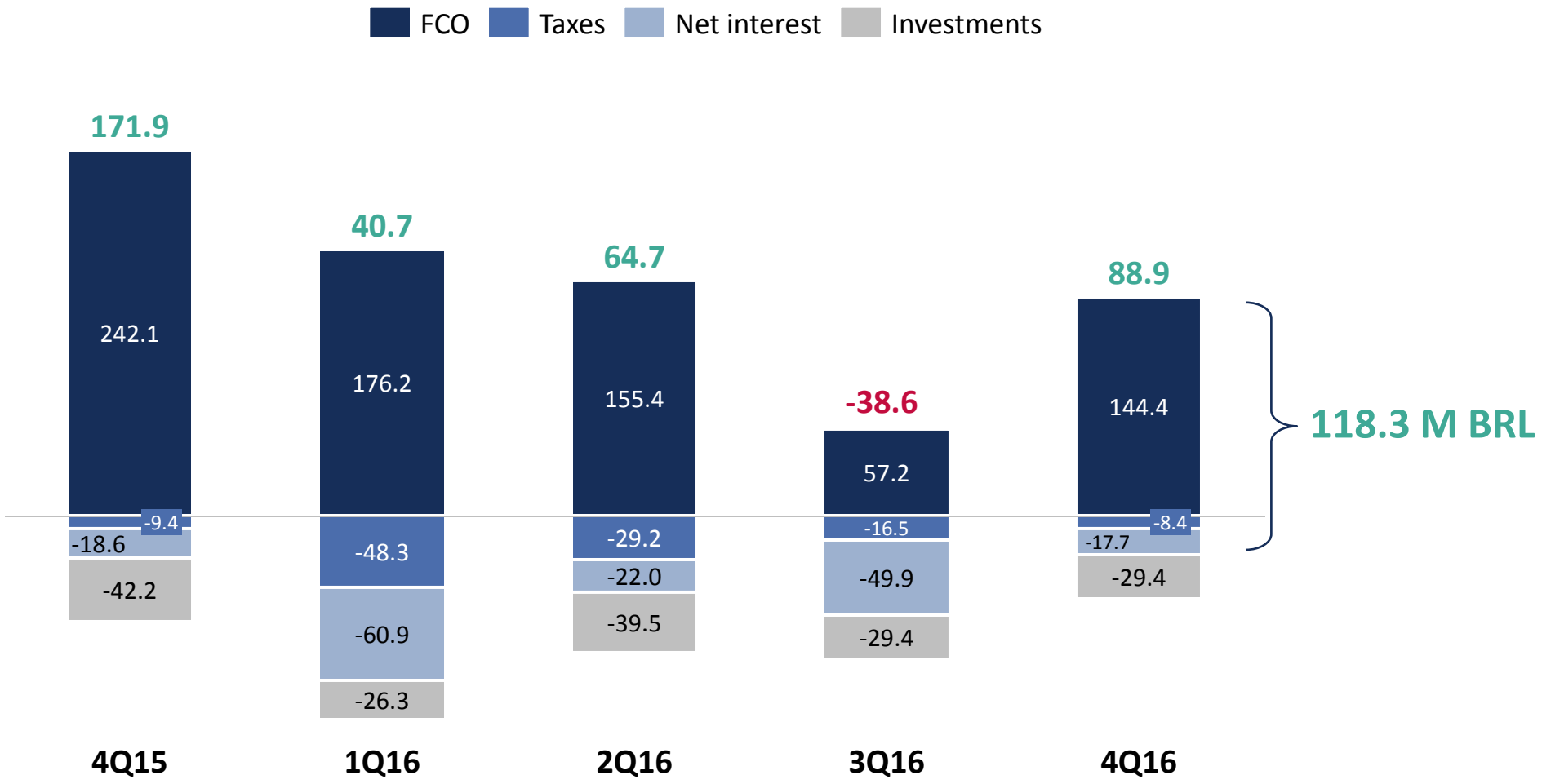
Investments 2016 vs. 2015 [M BRL]



› Significant reduction in investments, with focus on return on invested capital

1) Includes intangibles

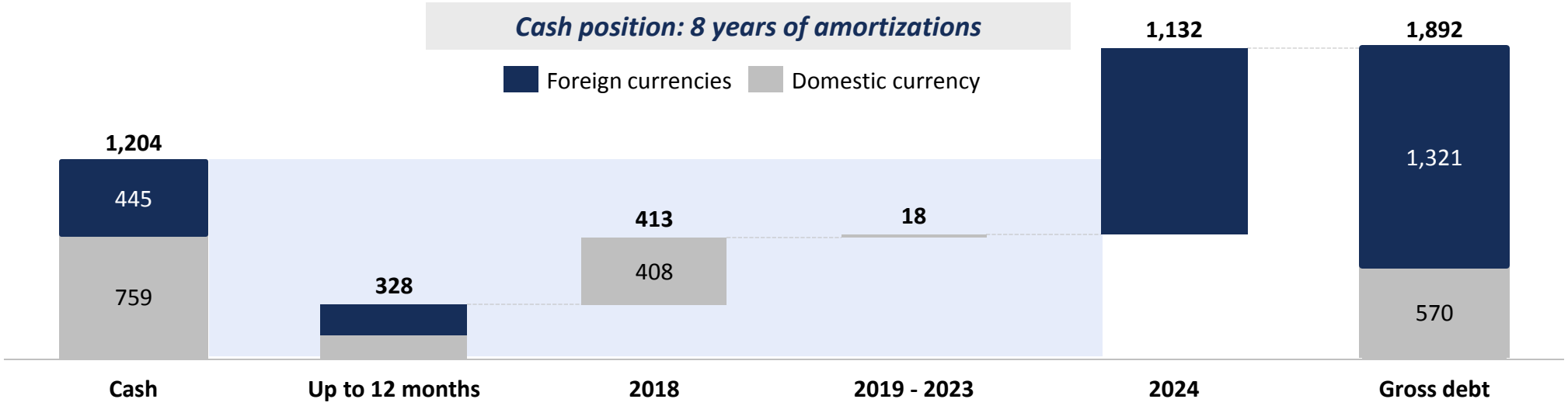
FREE CASH FLOW



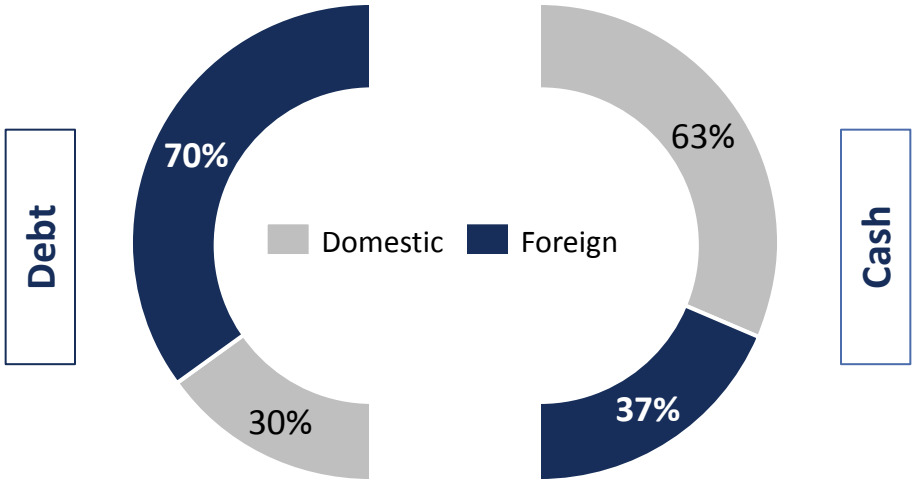
› **Consistent cash generation, despite non-recurring items in 2016**

DEBT STRUCTURE – DECEMBER/2016

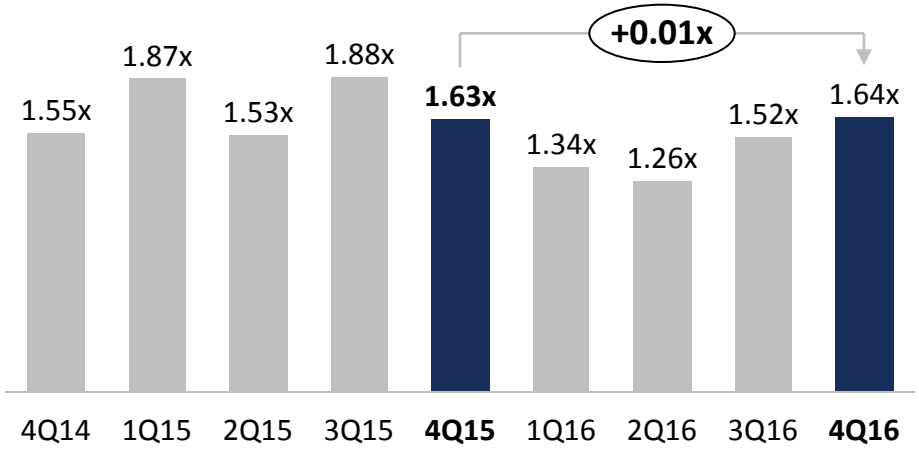
Debt [M BRL]



Currency distribution [% total]



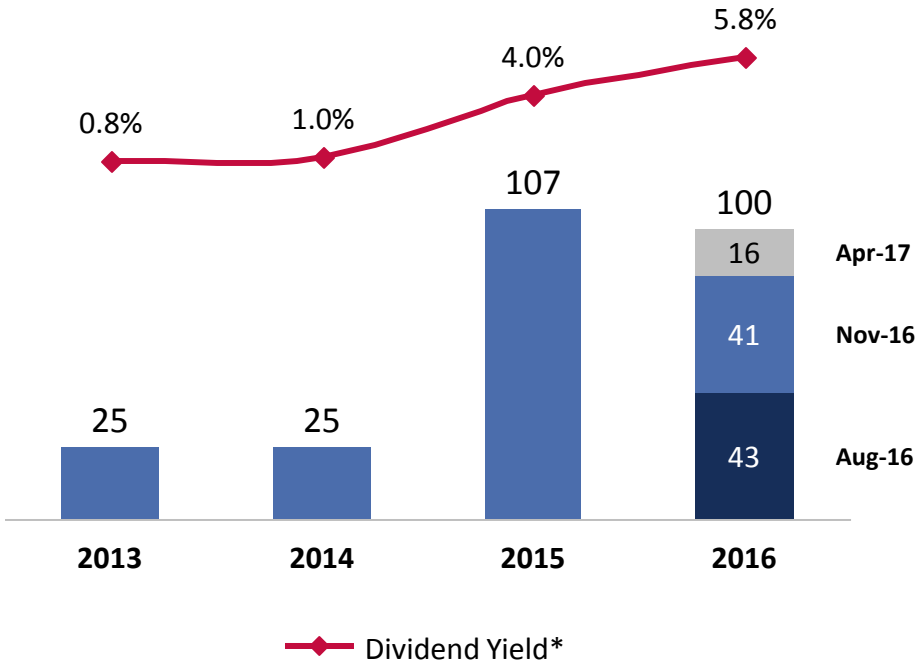
Net debt/Adjusted EBITDA LTM



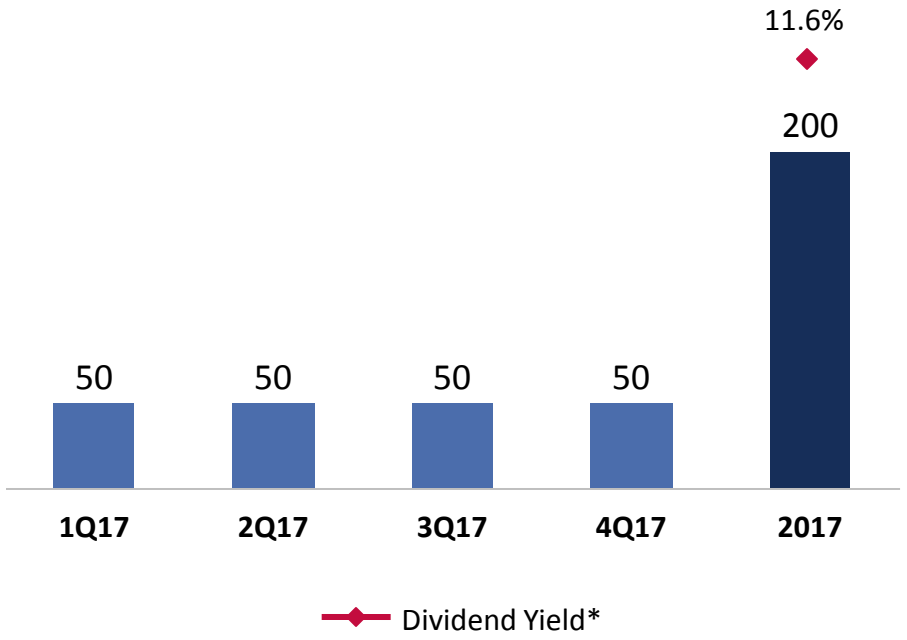
1) Does not include current portion

DISTRIBUTION OF INTEREST ON EQUITY AND DIVIDENDS

Historical Interest on Equity and Dividends [M BRL]



Proposed Interest on Equity and Dividends 2017 [M BRL]



- **Consistent increase in return to shareholders,** despite the incidence of non-recurring costs in 2016
- **Distribution of 84 M BRL** until November/2016

- **Proposal for payment of interest on equity and dividends in the amount of 200 M BRL related to fiscal year 2017,** with quarterly distribution
- Proposed value takes into account capital structure, cash policy and investment opportunities

* According to the last trade session of 2016

TUPY

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