



**TUPY3  
NOVO  
MERCADO**

# 4<sup>th</sup> Quarter 2020

## Results

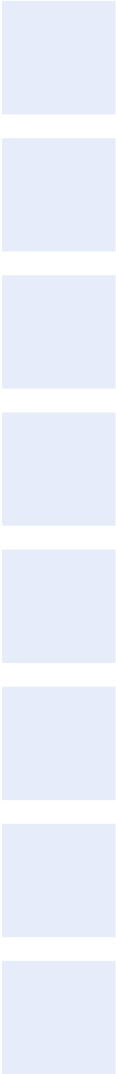
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**TUPY**

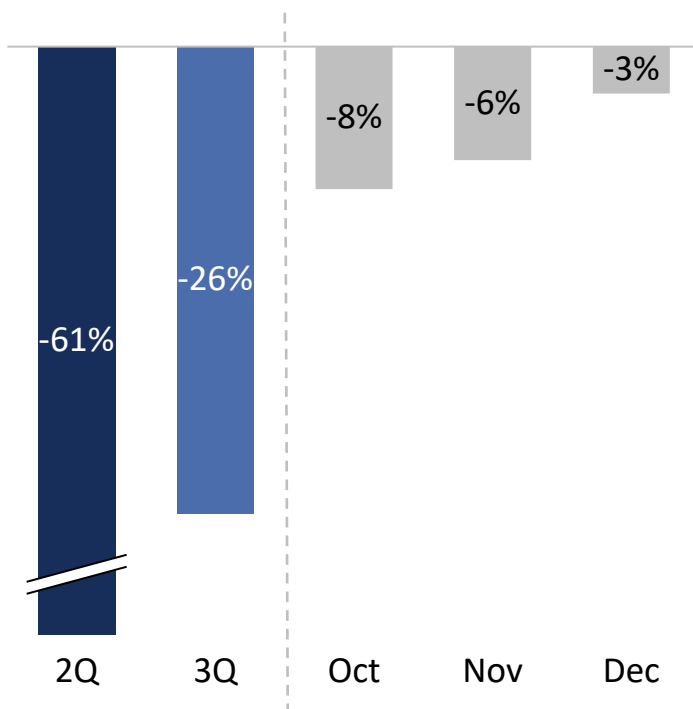
A vertical decorative element on the left side of the page, consisting of a series of light blue squares stacked vertically.

This presentation contains forward-looking statements, which are subject to risks and uncertainties and reflect the beliefs and expectations of the Company's management based on available information. Forward-looking statements include statements regarding our management's current intentions or expectations with respect to a number of matters, including Brazil's economic, political, and business environment, and especially the geographic markets in which we operate, the level of indebtedness and other financial obligations, and our ability to contract financing, when necessary and on reasonable terms, our ability to implement our investment plans, inflation and devaluation of the Brazilian real, as well as fluctuations in interest rates, existing and future laws and regulations, increased costs, our ability to uninterruptedly obtain materials and services from suppliers, at reasonable prices and with economies of scale, our ability to acquire other companies and integrate them in a satisfactory way, growth expectations of the automotive and hydraulic industries and success in implementing our strategic plans.

The reader should be aware that the factors mentioned above, in addition to others discussed in this Presentation, may affect our future results which may differ from those expressed in the forward-looking statements we make herein. We do not assume responsibilities for updating such statements.

The words "anticipates," "wishes," "expects," "estimates," "intends," "forecasts," "plans," "predicts," "projects," "targets" and similar words are intended to identify these statements.

Forward-looking statements involve risks, uncertainties and assumptions as they relate to future events and therefore depend on circumstances that may or may not occur. The future condition of our financial condition and operational results, market share and our competitive market position may materially differ from what is expressed or implied by these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. The reader is cautioned not to place undue confidence on these forward-looking statements.

Change in volumes vs.  
2019

## Resilient business model and efficiency gains

- Continuity of resumption started in 3Q20
- Exposure to **solid sectors and dynamic economies**
- **Restart of investment cycles** in important segments
- **Operational efficiency** due to the actions taken in recent years, which were intensified in 2020, **mitigating the effect of the increase in raw materials**
- **Production flexibility** and inventory adjustments
- **Strong cash generation** and substantial reduction in leverage

➤ A more agile Company ready for new growth cycles

The highest net revenue, gross profit and EBITDA reported by the Company in a fourth quarter, with strong cash generation and lower leverage.

1

Revenue

- R\$1,269.8 million, **11.6% increase over 4Q19**

2

Gross Profit

- R\$217.4 million, **24.6% higher than last year**. Gross margin reached **17.1%** in the period (**vs. 15.3% in 4Q19**)

3

EBITDA

- **R\$224.7 million, with a 17.7% margin vs. 17.0% in 4Q19**. Adjusted EBITDA was R\$185.5 million, with a margin of 14.6% (vs. 13.4% in 4Q19)

The highest net revenue, gross profit and EBITDA reported by the Company in a fourth quarter, with strong cash generation and lower leverage.

#### 4 Operational Cash Generation

- **R\$255.2 million**, corresponding to 113.6% of the EBITDA recorded in the period

#### 5 Net Income

- **R\$86.1 million, net margin of 6.8%** vs. R\$72.6 million and 6.4% in 4Q19

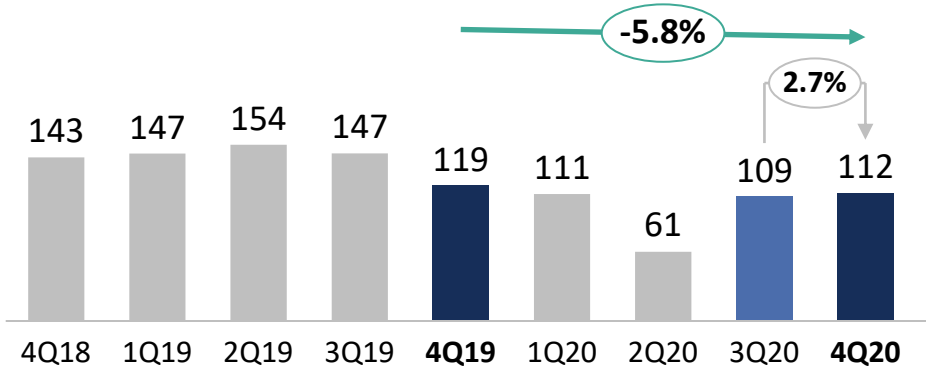
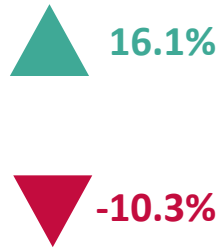
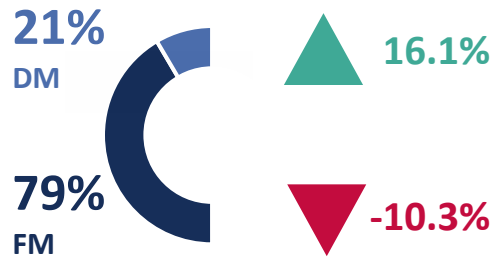
#### 6 Cash Position

- **R\$1,425.1 million in cash and cash equivalents**, higher than before the pandemic, despite debt payments in the amount of R\$180.6 million

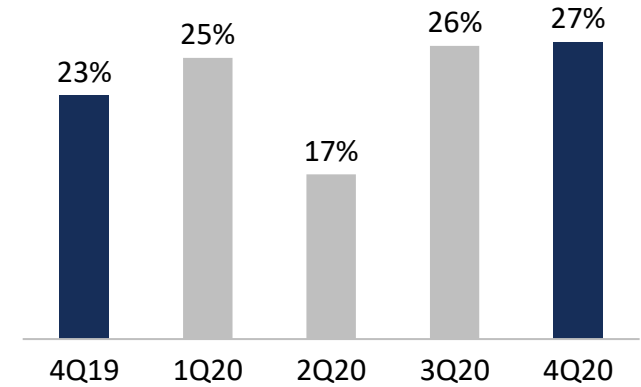
#### 7 Leverage

- **Net debt/LTM adjusted EBITDA ratio was 1.32x at the close of 2020**, a significant drop in relation to the peak of the pandemic (2.65x in 2Q20).

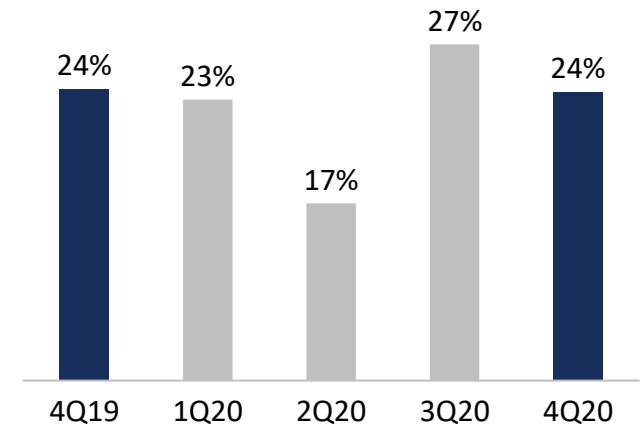
## Volume [kton]



## Machining [% automotive volume]

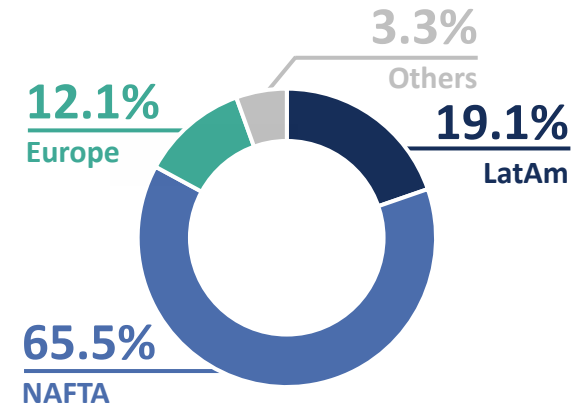
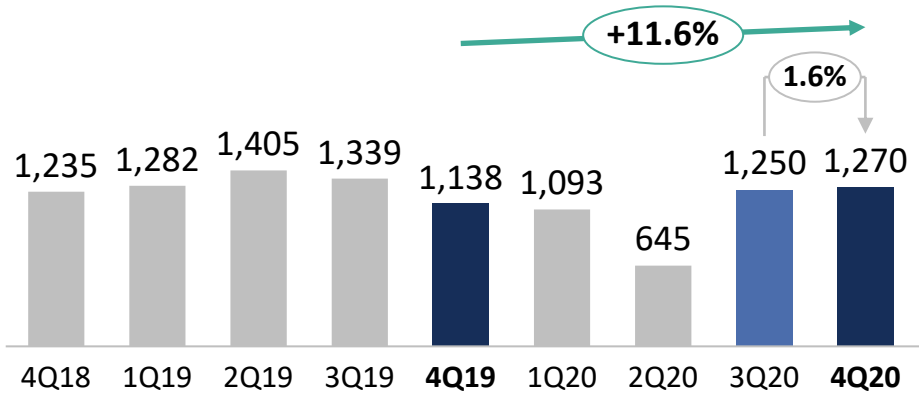


## CGI [% automotive volume]

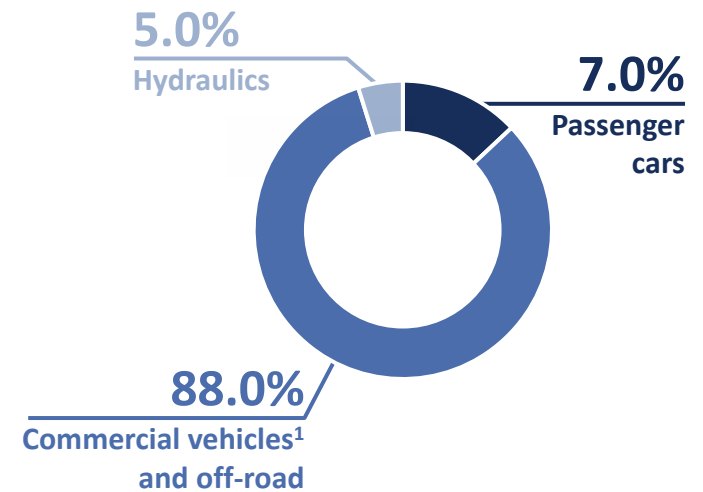


## Revenues [M BRL]

## Origin [% revenue]



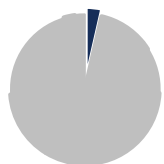
## Application [% revenue]



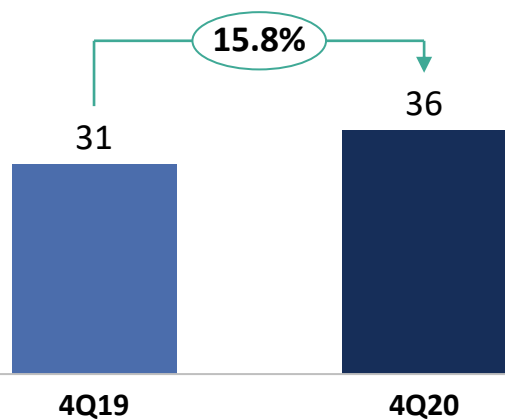
1) Includes light, medium and heavy commercial vehicles

## Domestic Market

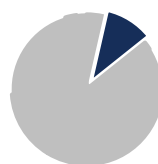
### Passenger cars [M BRL]



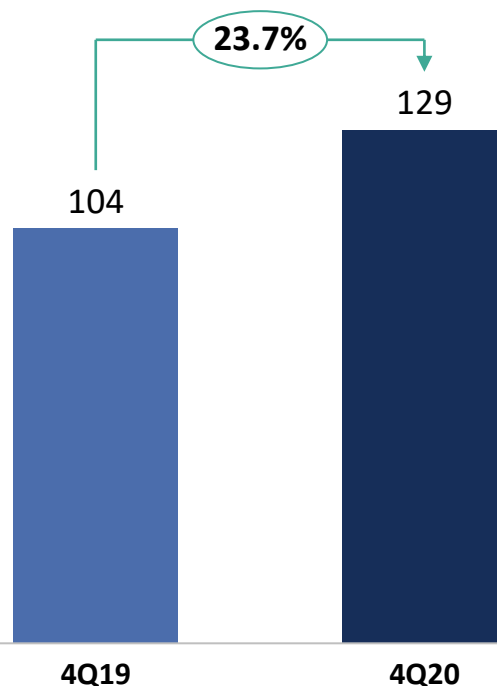
2.9%  
of revenue



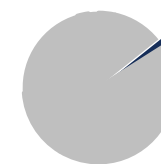
### Commercial vehicles [M BRL]



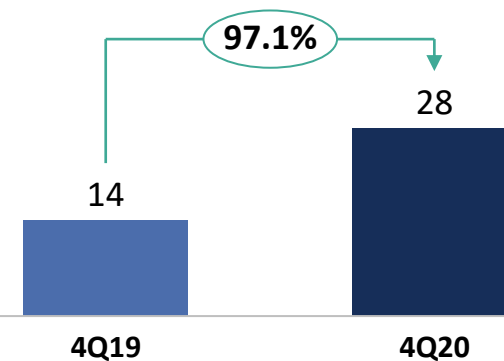
10.1%  
of revenue



### Off-road [M BRL]

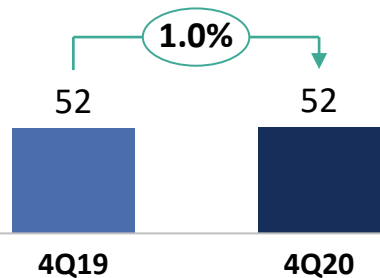


2.2%  
of revenue

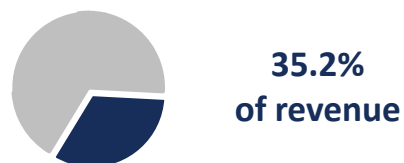


Foreign Market

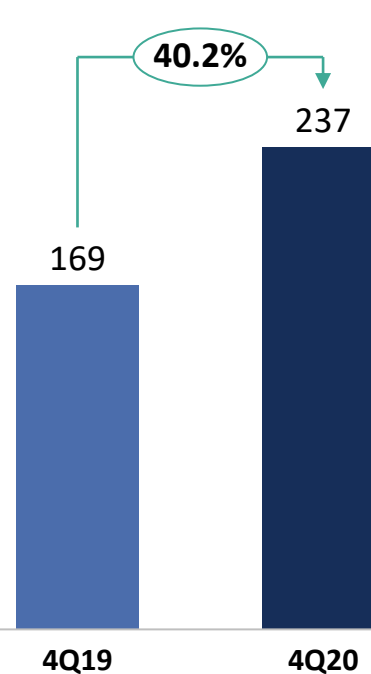
Passenger cars [M BRL]



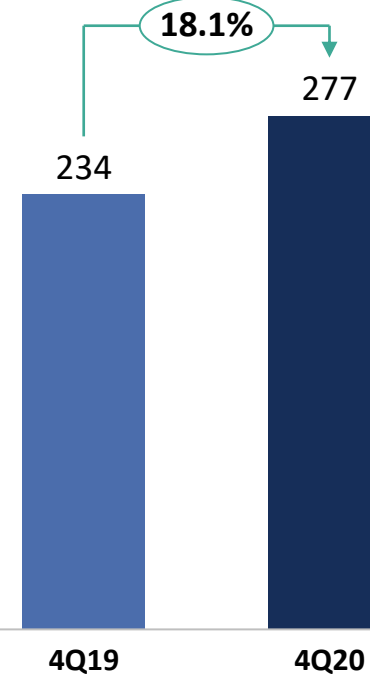
Commercial vehicles [M BRL]



Med. & heavy commercial [M BRL]

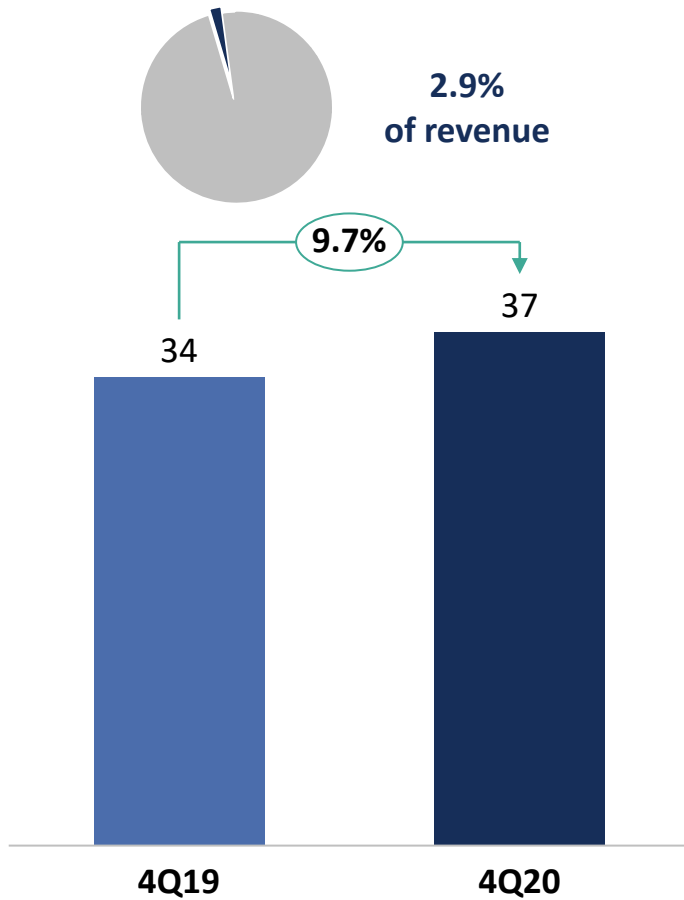


Off-road [M BRL]

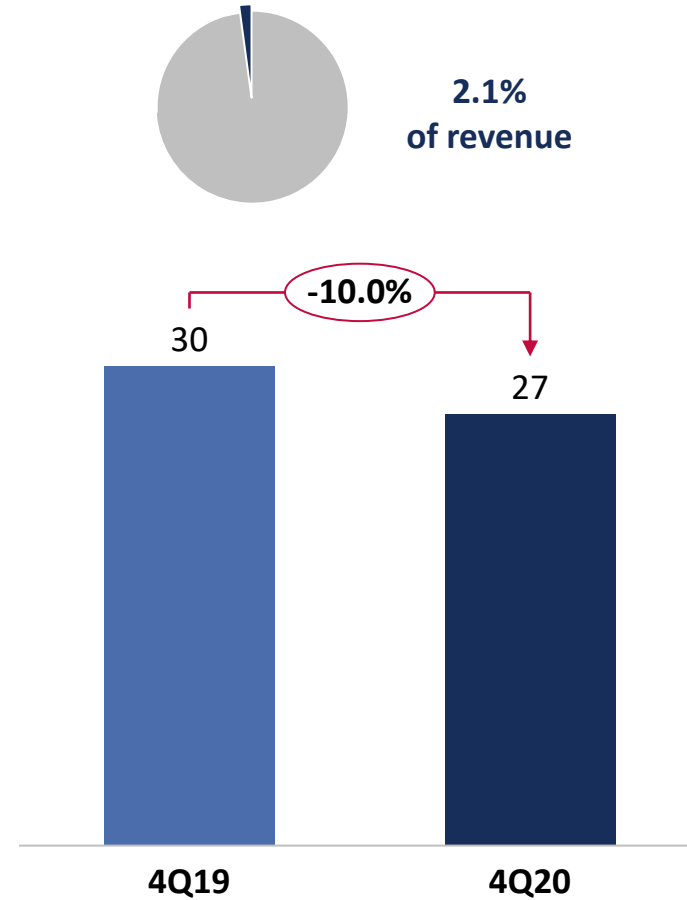


## Domestic & Foreign Markets [M BRL]

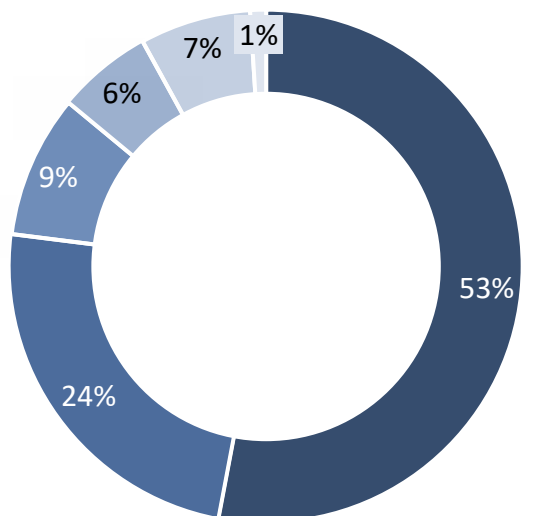
### Domestic Market



### Foreign Market



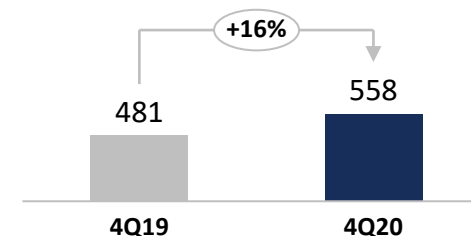
COGS Breakdown 4Q20 [%]



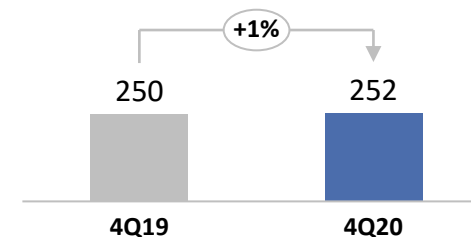
- Raw Material
- Labor & Profit Sharing
- Maintenance Materials
- Energy
- Depreciation
- Others

Variation of main cost inputs by nature [%]

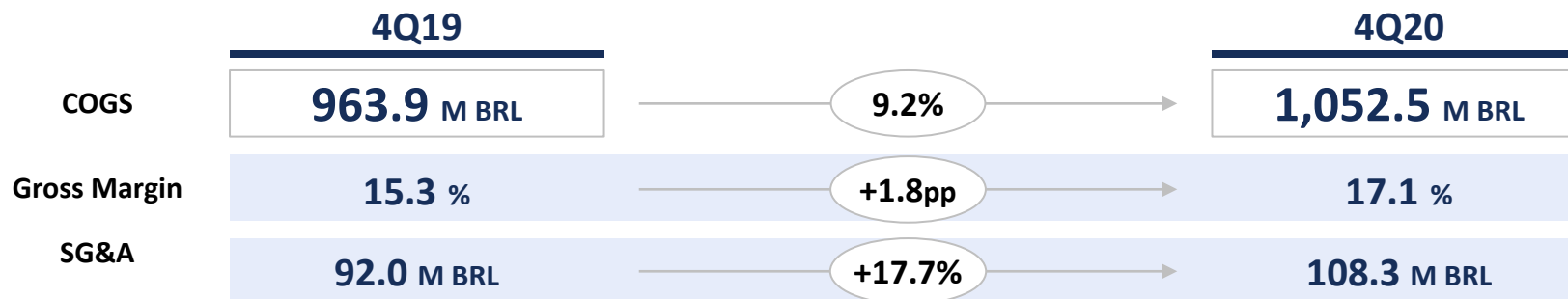
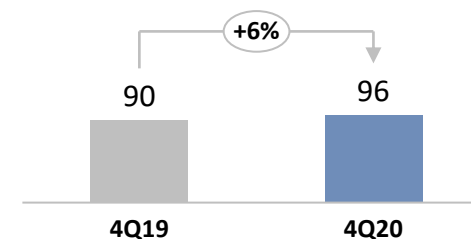
Materials



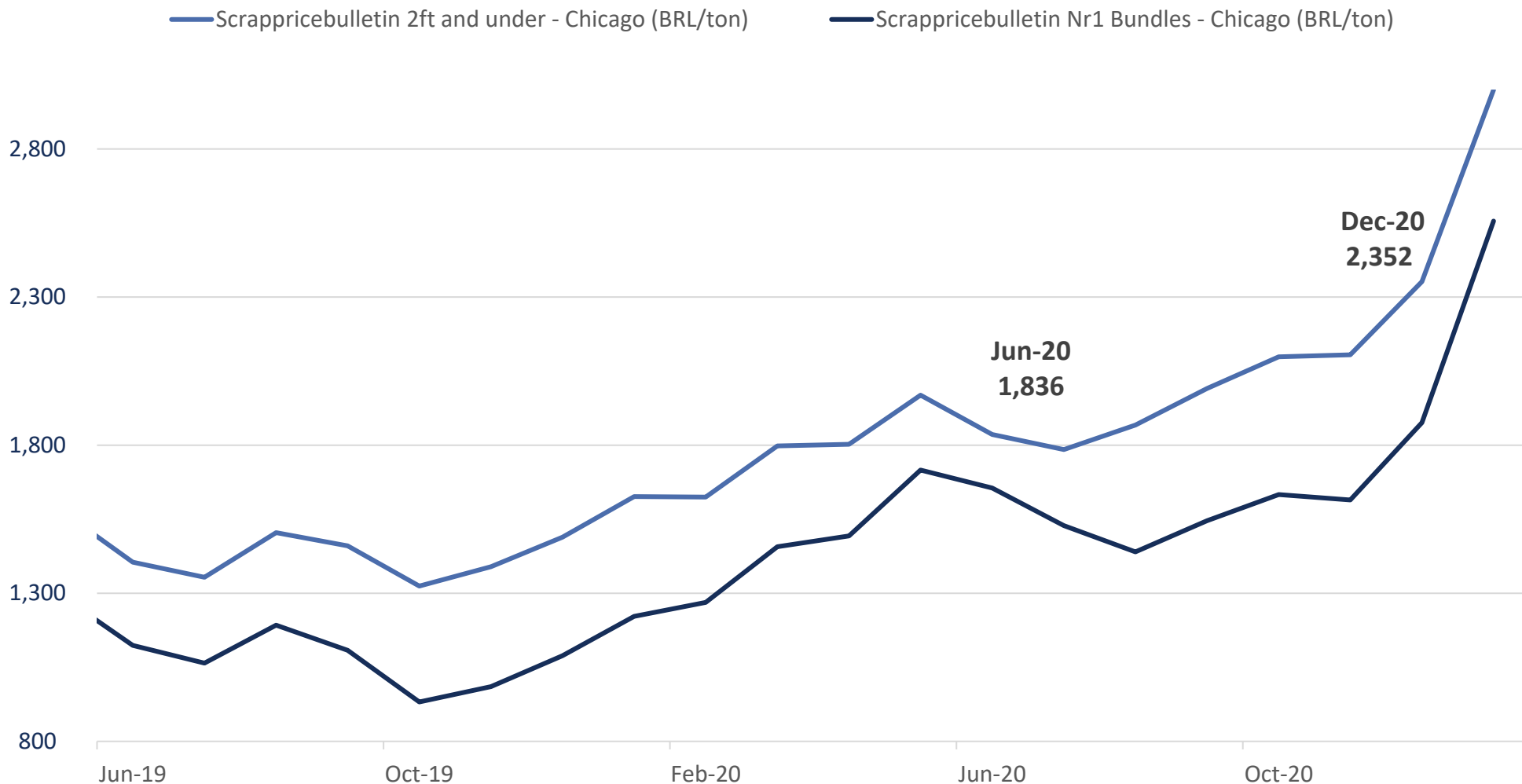
Labor



Maintenance materials & third-parties

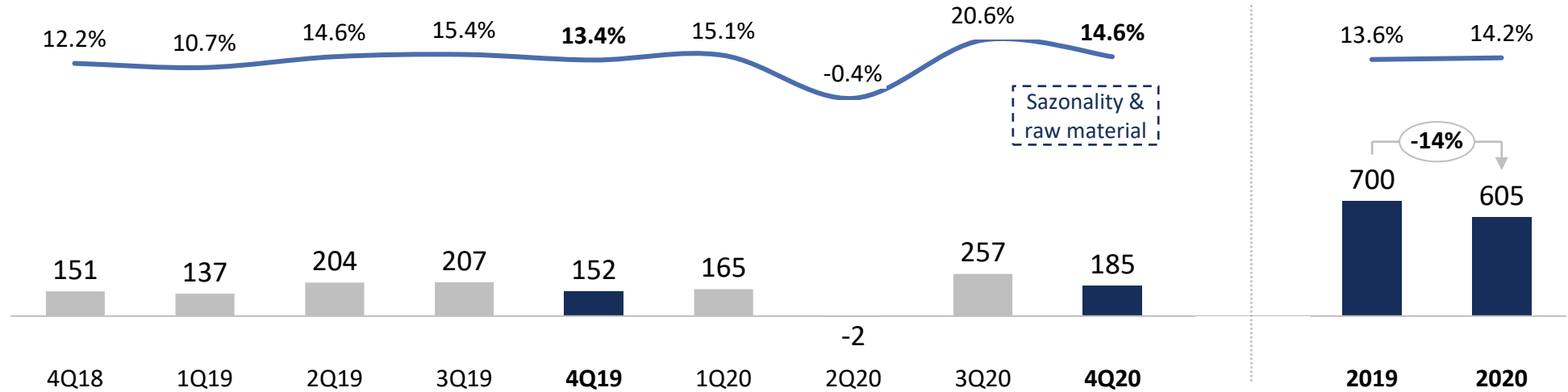


# RAW MATERIAL INCREASE OCCASIONED BY ECONOMIC RECOVERY AND MISMATCH BETWEEN SUPPLY AND DEMAND

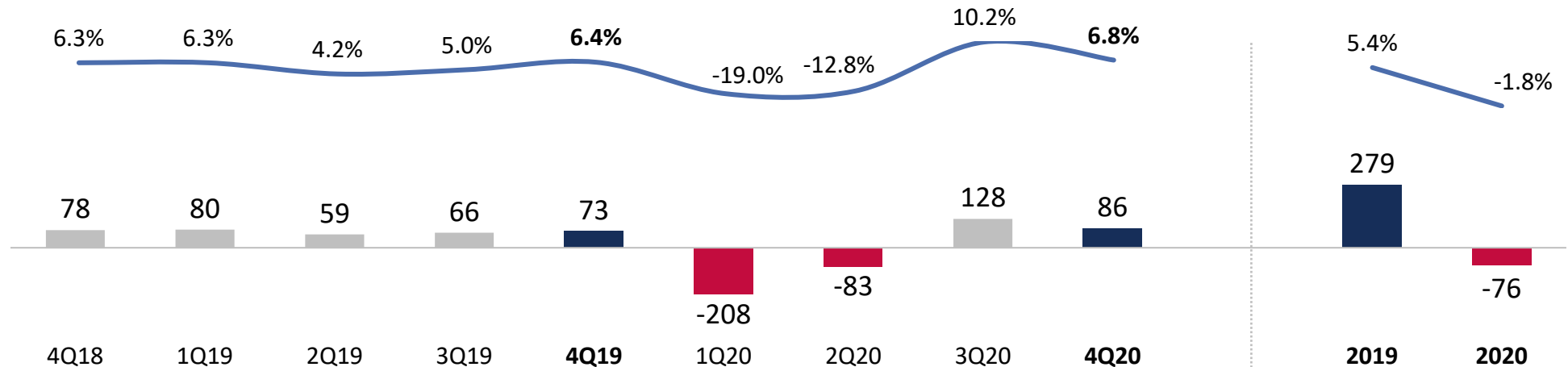


➤ Impact on the cost of materials of approximately 45 MBRL vs 3Q20 (350 bps in the Adjusted EBITDA margin), with pass-through in 2021

## Adjusted EBITDA [M BRL] and Adjusted EBITDA Margin [%]



## Net Income [M BRL] and Net Margin [%]

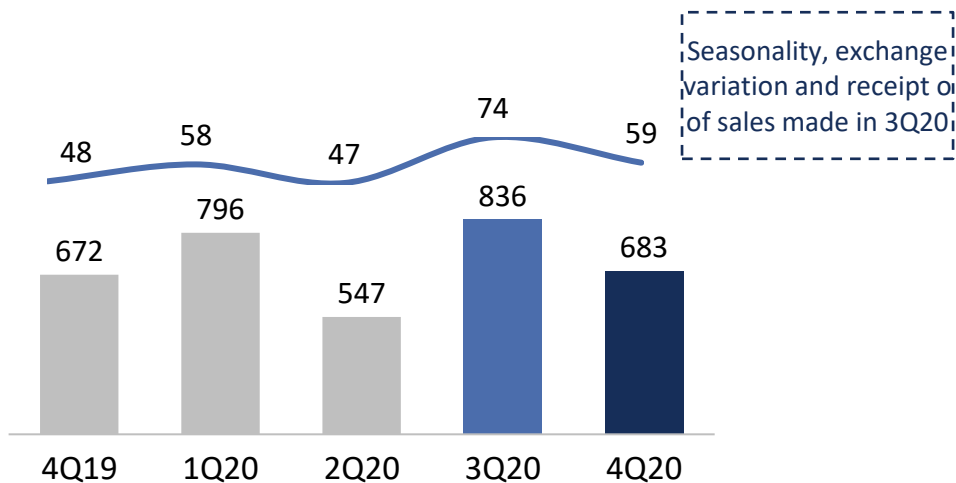


**Financial Result – MBRL**

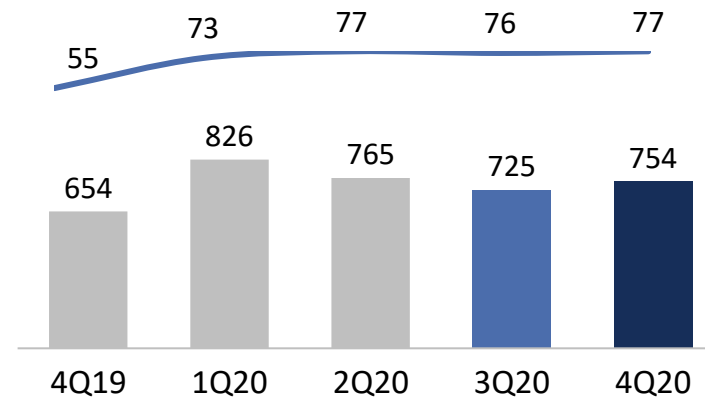
		<b>4Q20</b>	<b>4Q19</b>
Financial expenses	<b>1</b>	-42.1	-29.7
Financial income		15.1	13.9
Monetary and exchange variation	<b>2</b>	-54.8	-20.3
MtM credits - Eletrobrás	<b>3</b>	-37.3	-3.6
MtM hedge operations	<b>4</b>	25.2	7.2
<b>TOTAL</b>		<b>-93.9</b>	<b>-32.5</b>

- 1** Increased indebtedness as a result of funding in March (liquidity cushion) and currency depreciation (bond coupon).
- 2** FX appreciation (4Q20 vs. 3Q20)
- 3** Mark to market of derivative amount used to adjust Eletrobrás' receivable credits to present value (non-cash effect)
- 4** Cash flow hedge (zero-cost collar)
  - Mark to market: +R\$71.9 million
  - Adjustments (cash effect): -R\$46.7 million, partially offset by the positive effect of exchange rate depreciation on operating income and cash position in foreign currency.

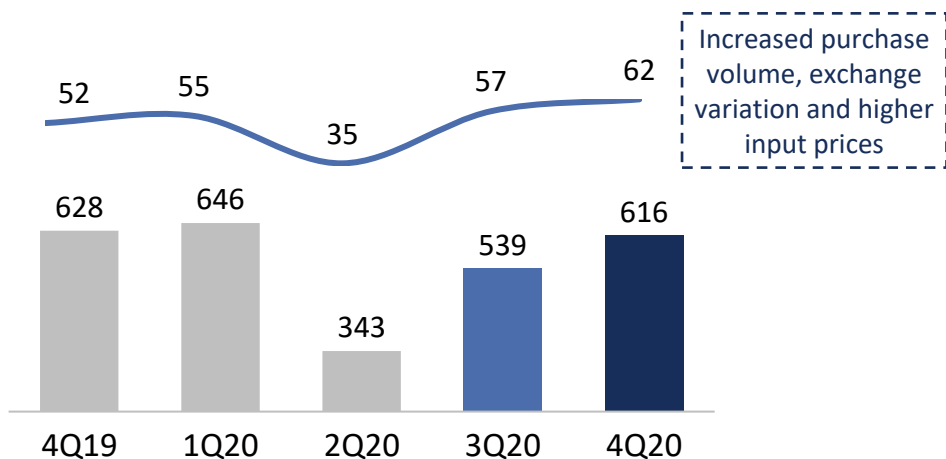
## Accounts receivable [M BRL] and DSO [days]



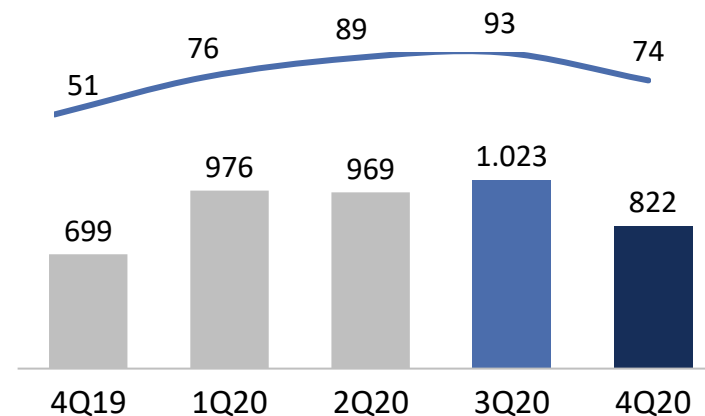
## Inventories [M BRL] and DIO [days]



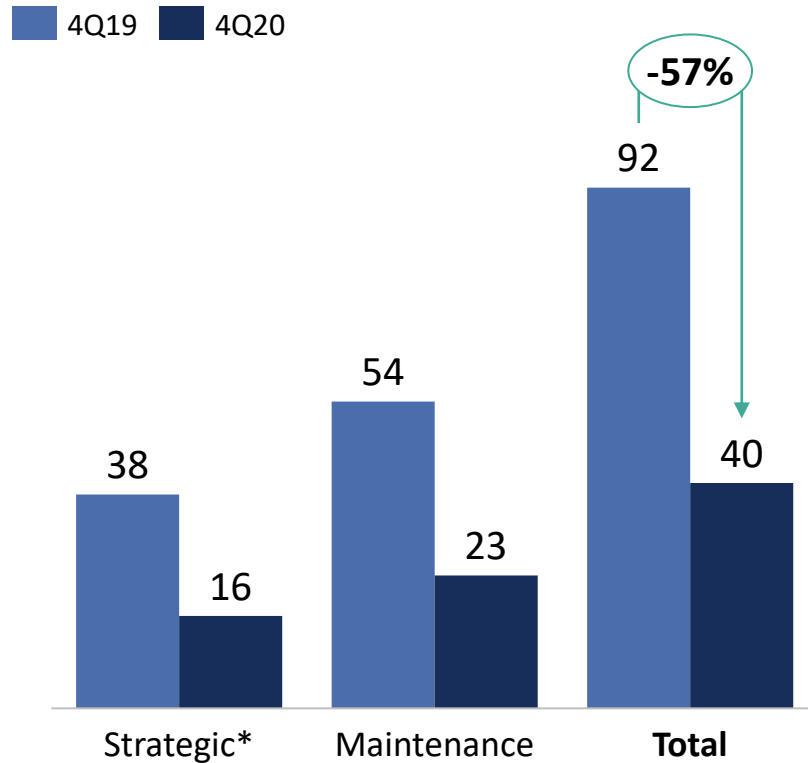
## Accounts payable [M BRL] and DPO [days]



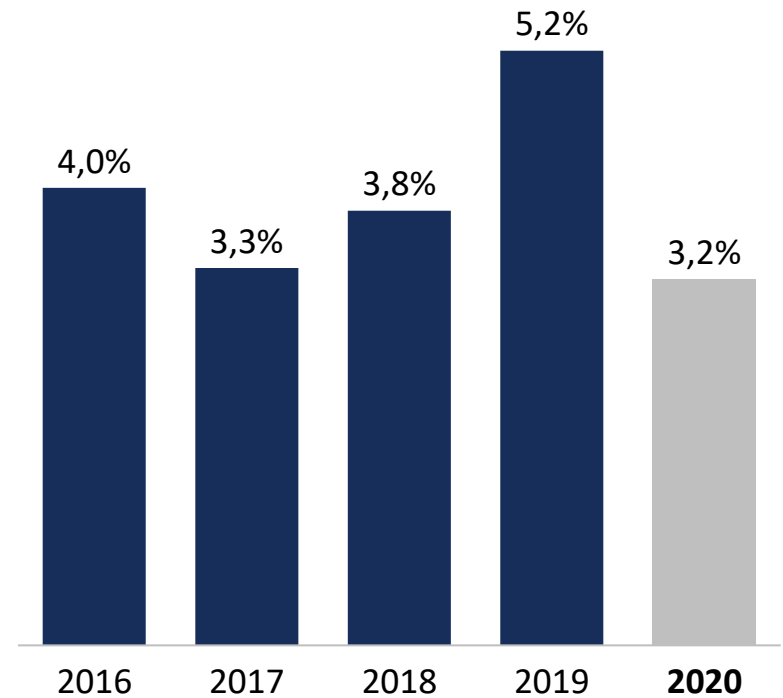
## Working capital [M BRL] and CCC [days]



## Investments 4Q20 vs 4Q19 [M BRL]



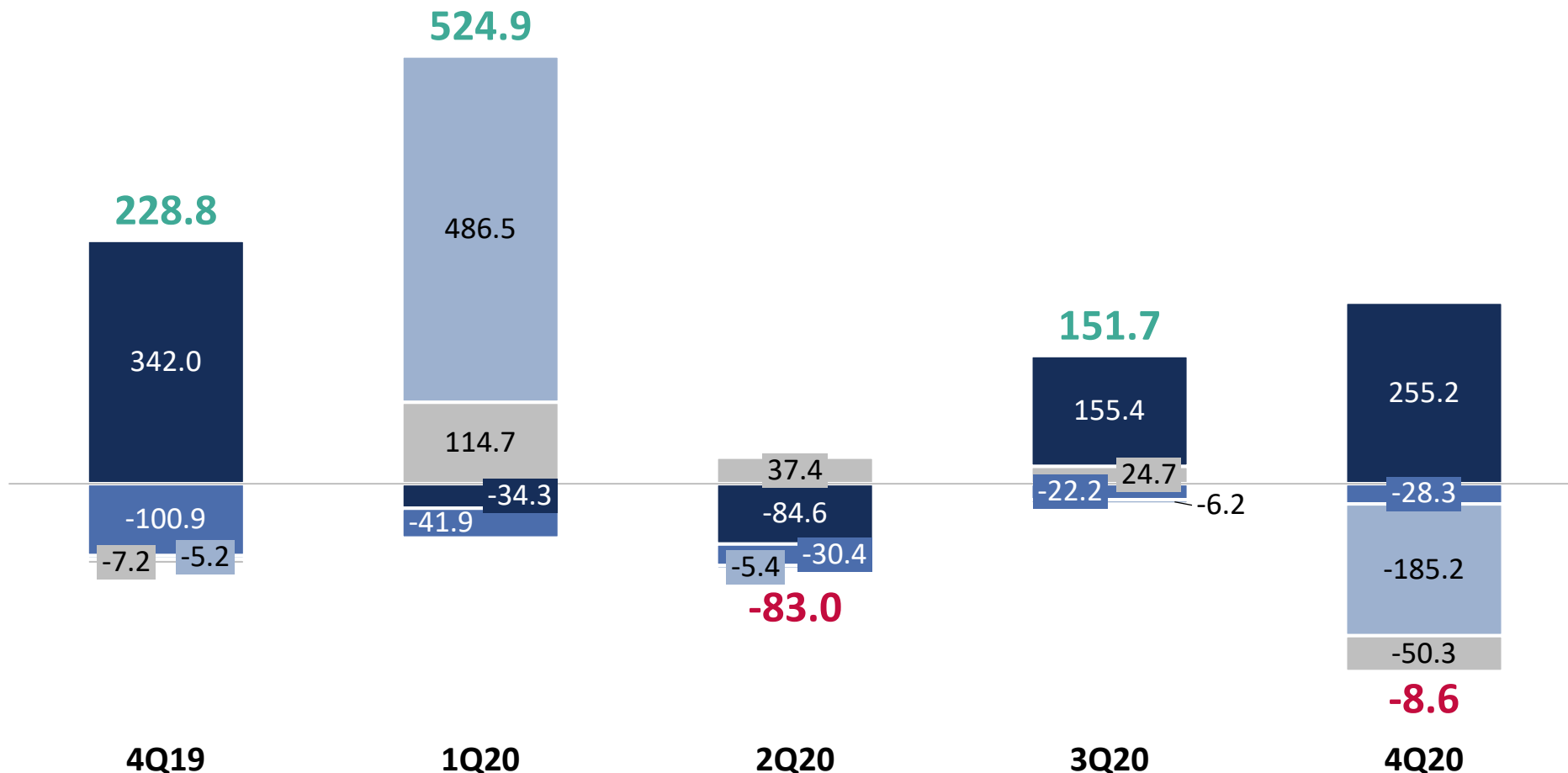
## % Investments / Net Revenue



› CapEx reduction of 57% due to cash protection strategy

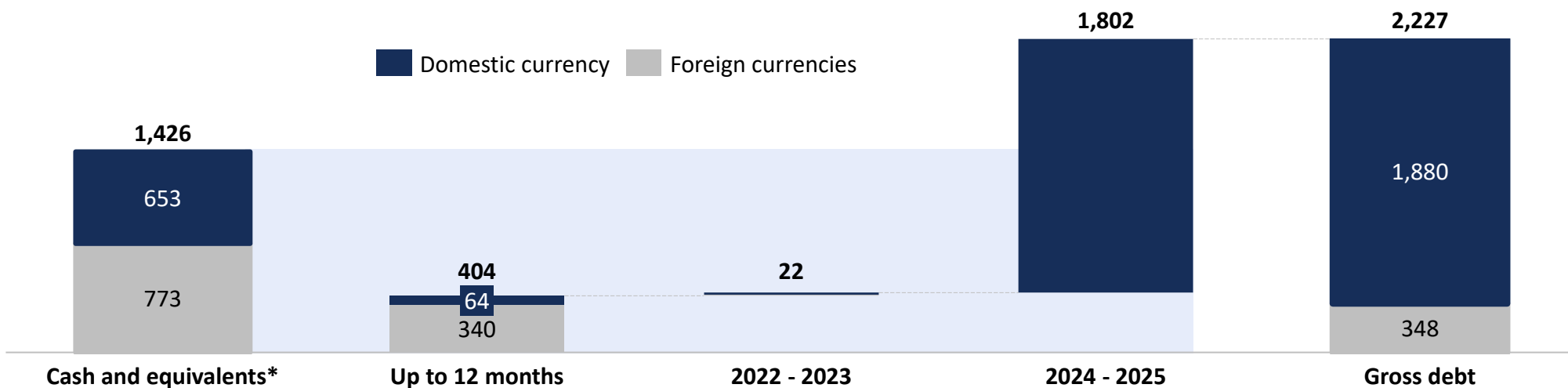
## Amounts in M BRL

FC Operating   FC Investments   FC Financing   Exchange Rate

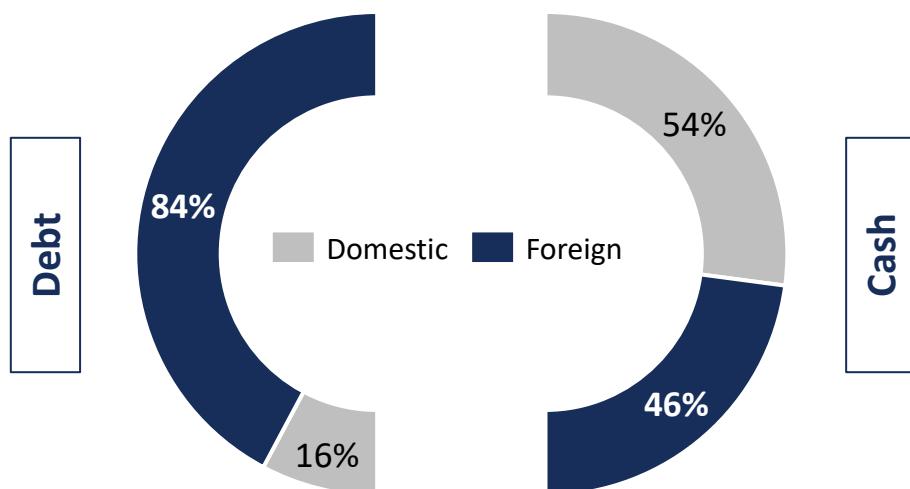


› Results impacted by the increase in volumes and operational efficiency in addition to several management initiatives

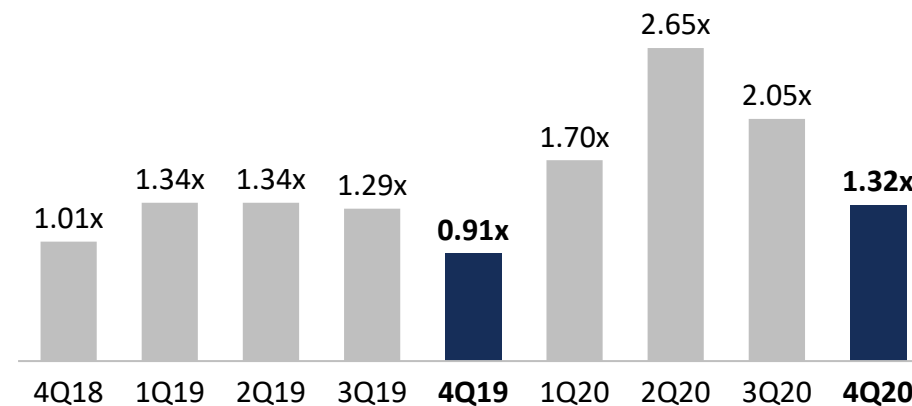
## Debt [M BRL]



## Currency breakdown [% total]



## Net debt/Adjusted EBITDA LTM



\*Includes derivatives

DURATION EXTENSION AND SIGNIFICANT COSTS REDUCTION

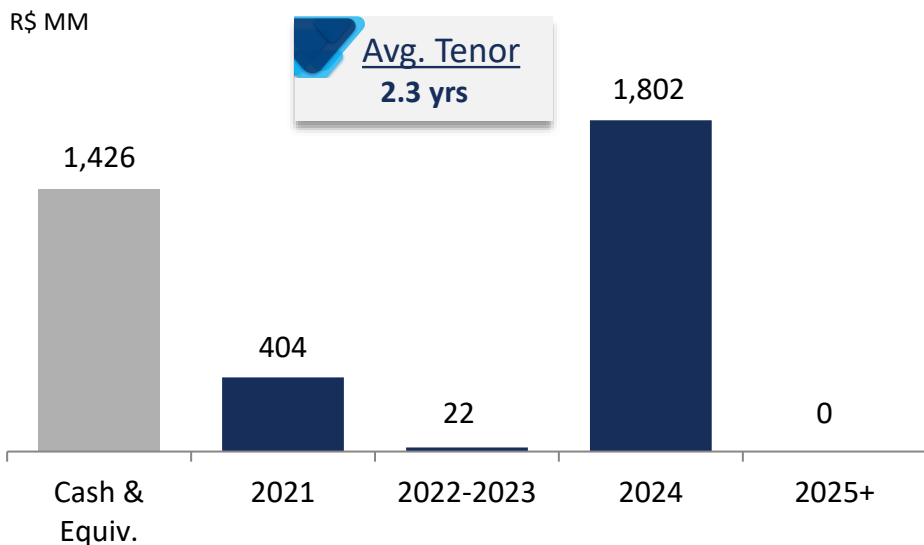
Goals

- Extends main debt maturity tower and removes refinancing risks (market conditions)
- Alignment of debt profile and business long-term cycles
- Meaningful reduction in interest expenses

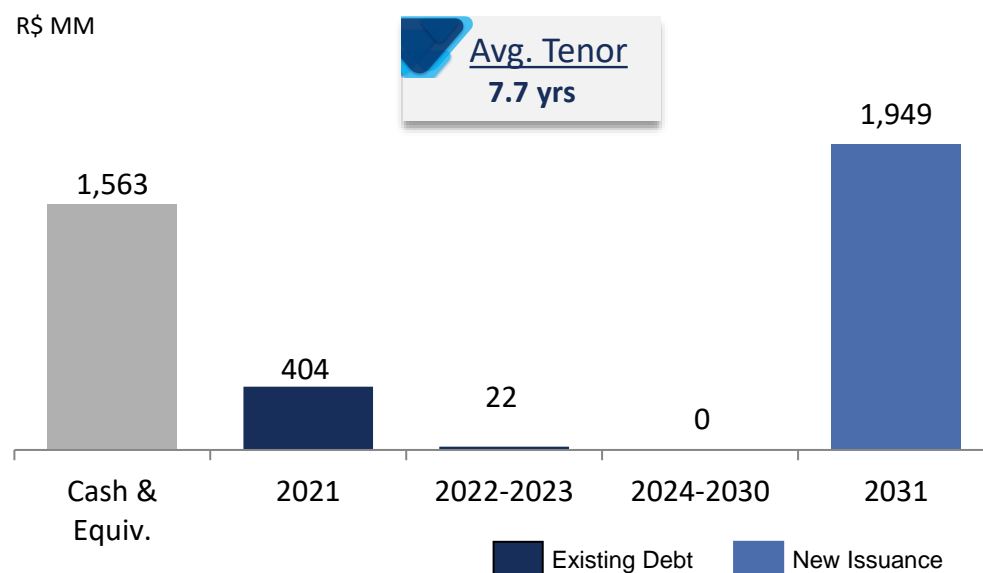
Results

- Strong demand from institutional investors (**+ 10x book**)
- Cost reduction: from 6.625% aa to 4.5%, savings around 6.0 MUSD/year, based on current financial expenses.

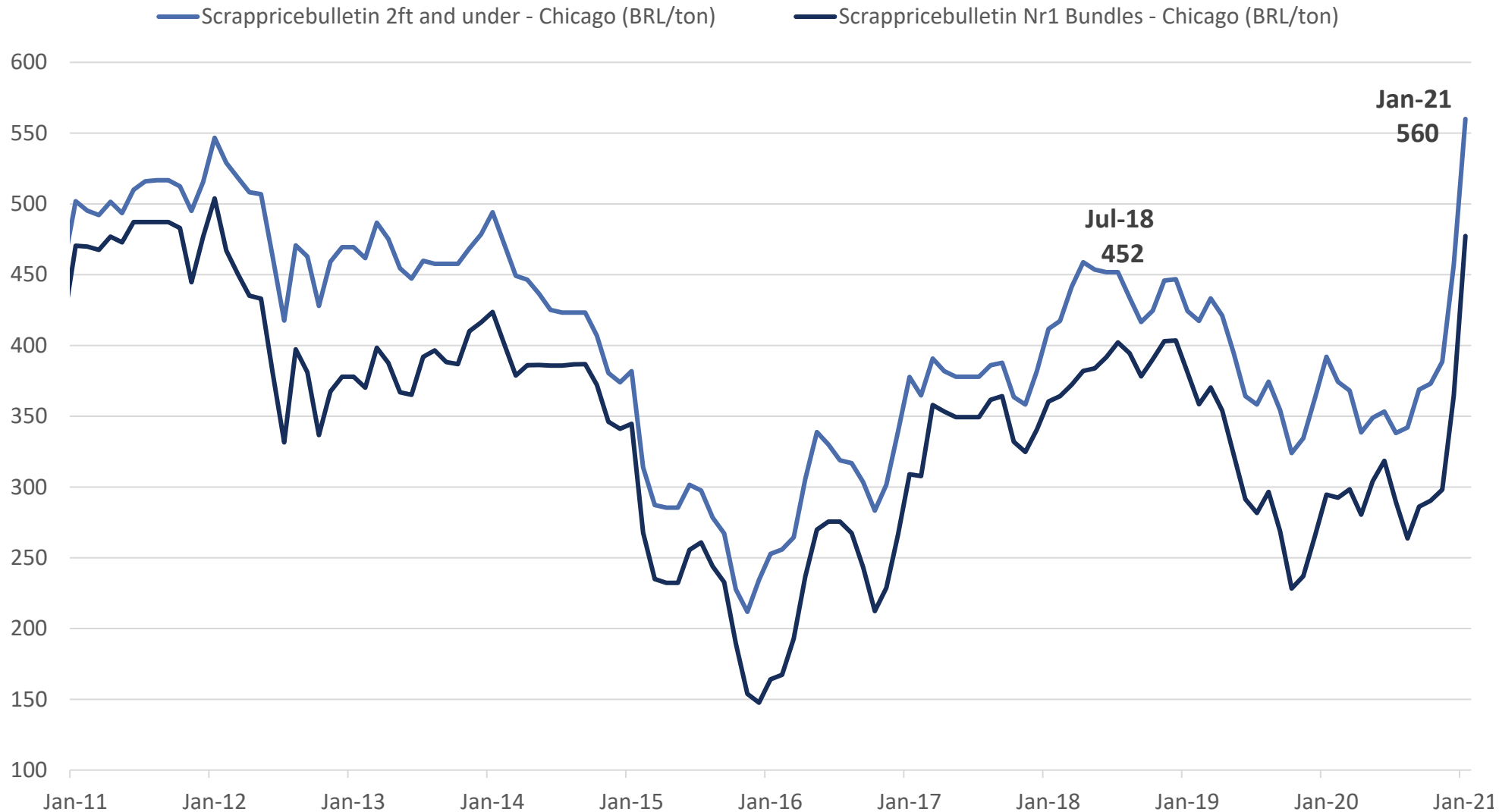
Current Amortization Profile 4Q20



Pro-Forma<sup>1</sup>: US\$375 MM Bond

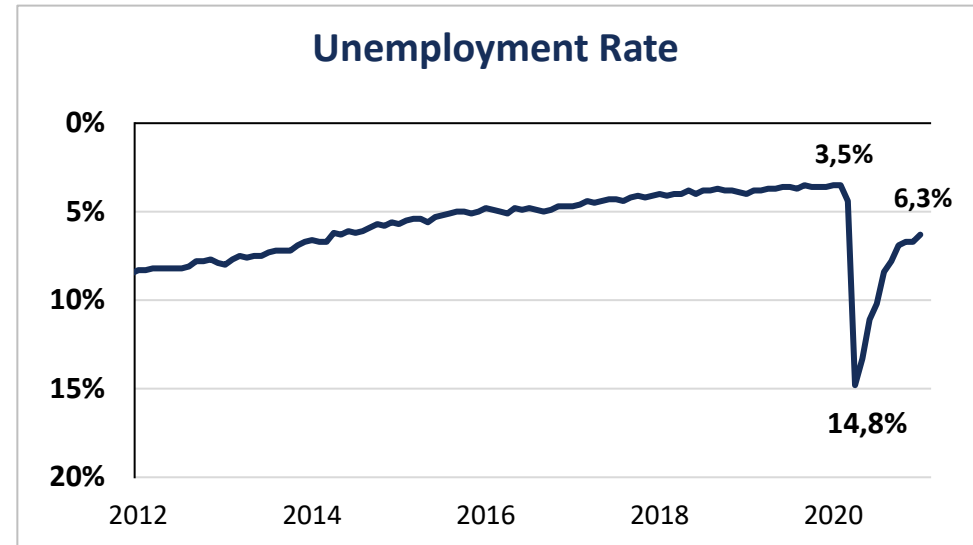


1. Does not consider transaction costs or repurchase premium; USD/BRL 5.1967;

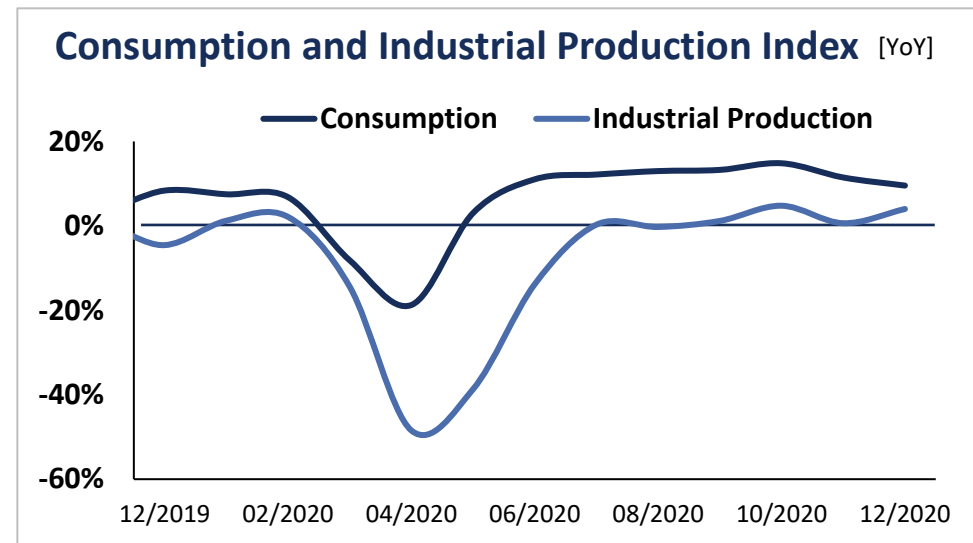


› Despite short-term pressure, rising commodity prices have a positive impact on commercial and off-road vehicle volumes (88% of total revenues)

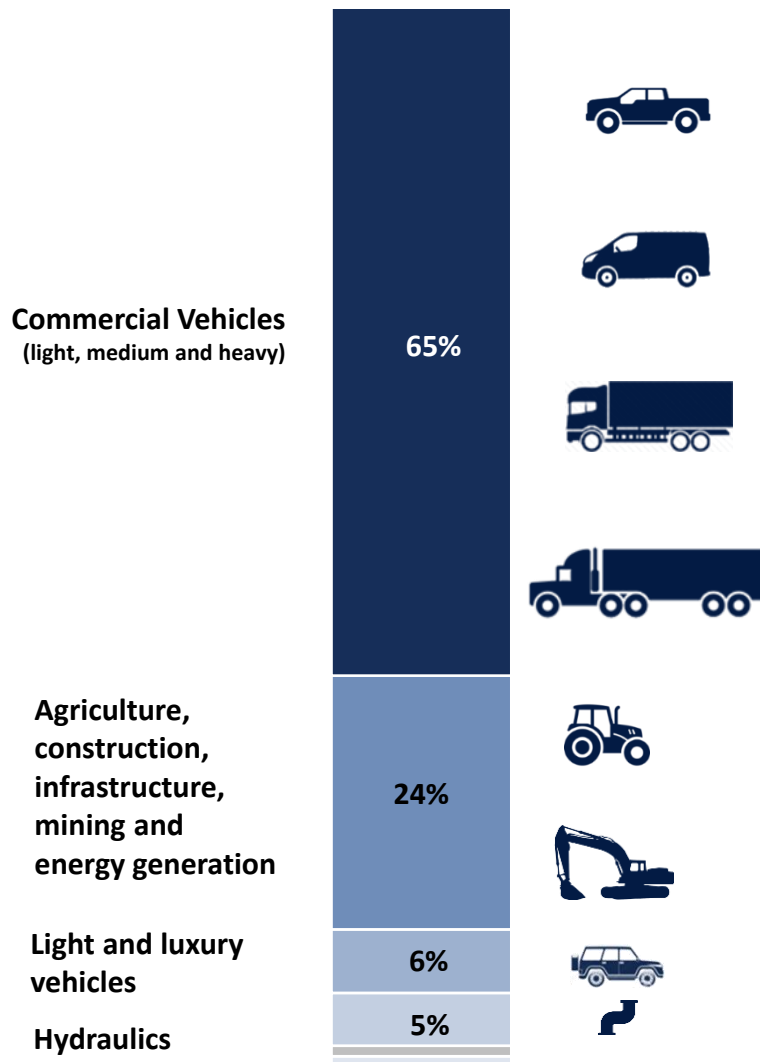
**1** Improved employment rates, due to the economic recovery and government stimuli



**2** Positive prospect for the manufacturing industry, due to the growth in consumption above production in recent months



## 2020 Net Revenue



- Pick-ups
  - Economic growth and lower interest rate
  - More jobs and higher salaries
  - Housing Starts and Agriculture
- Freight indicators
- E-commerce
- Brazil: Harvest and resumption of activities

- Replacement cycle
- Pent-up demand
- Commodity prices
- Fiscal stimuli

- Consumer credit and confidence

- Construction and renovations (nonresidential)

➤ **Segments served by Tupy should perform well in 2021, due to the recovery of the global economy and pent-up demand**

### Materials

- Lagged pass-through
- Availability of raw materials

### Operations in Mexico

- Stoppage s due to **rationing/suspension** of supply of energy and natural gas

### COVID-19

- **Tight safety protocols and risk management**

› **One-off impacts that will be offset throughout the year with the increase in volumes, contractual pass-throughs and currency depreciation**

## Growth

- Increase in volume in important markets
- Prospect of **new businesses with high value added** (machining and assembling)
- Approval of the acquisition of Teksid's iron foundry business and **capture of synergies**

## Operations

- **Continuous improvement** of processes and automation
- **Mitigation** of increasing raw materials prices
  - Supplier development
  - Mix of materials (procurement & engineering)
- Investments in machining (news projects, with revenue as of 2022) and information system (ERP - Mexico)

## ESG and Innovation

- **Sustainability report** (GRI) and public commitments
- **Innovation and digital transformation**



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**Investor Relations**

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