

# 3<sup>rd</sup> Quarter 2018

## Results

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November / 2018

 TUPY3  
NOVO  
MERCADO

 TUPY

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## Strong cash flow generation and extraordinary dividends

1

### Revenues

- R\$1,315.8 million, **the largest in company history**, with strong growth across all markets.

2

### Adjusted EBITDA

- R\$196.8 million, up 20.4% vs 3Q17, and margin of 15.0%.

3

### Cash flow from operations

- R\$200.0 million, **second largest in Company history**, up 107.6% vs 3Q17.

4

### Dividends and Interest on equity

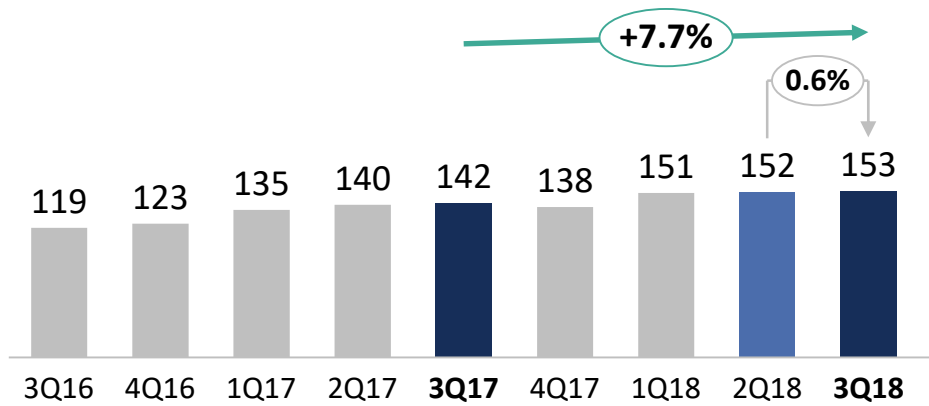
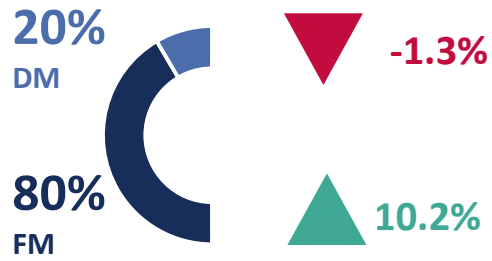
- R\$50.0 million, **R\$12.5 milion as extraordinary dividends** (additional to the amount previously announced to market)

5

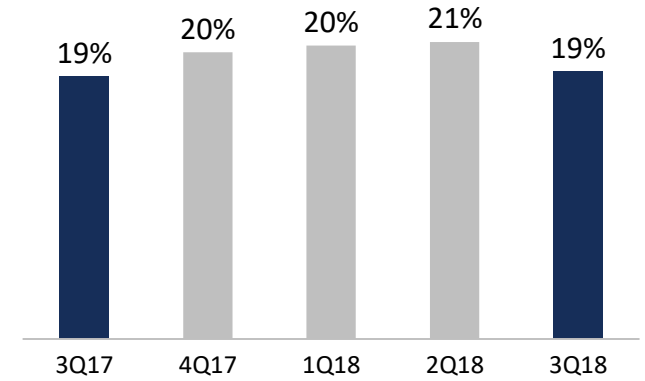
### Disposal of non-strategic assets

- Partnership for real estate development in one of Company's non-operational land. Net present value (NPV) for this project is approximately **R\$58 million (down payment of R\$10 million)**.

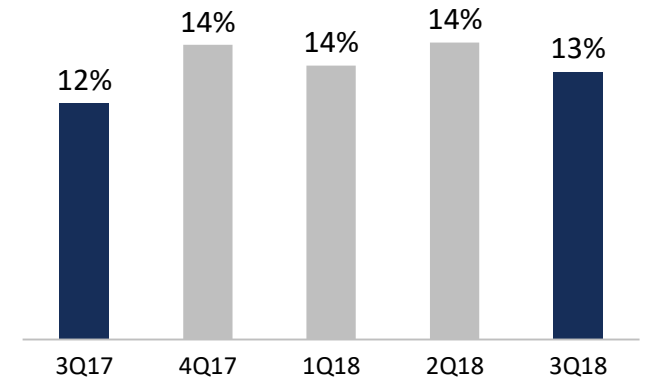
## Sales volume [kton]



## Machining [% automotive volume]

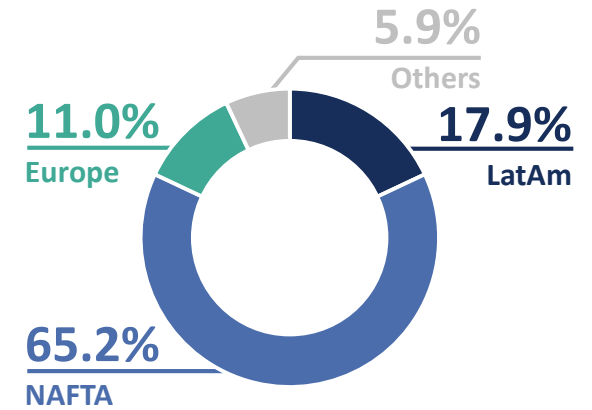
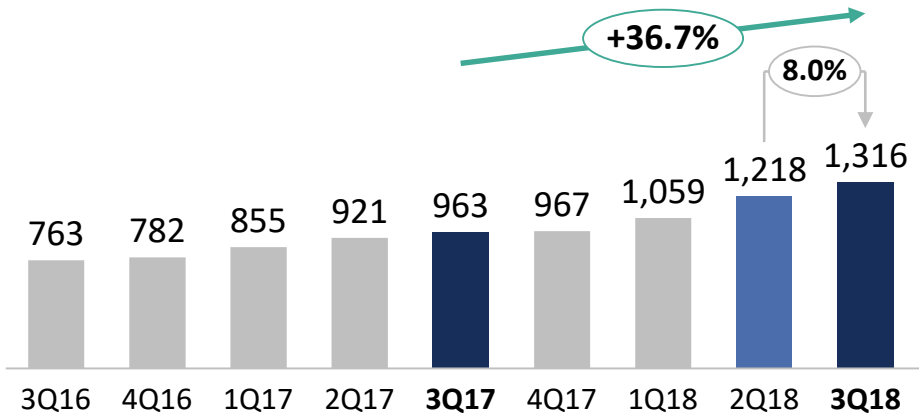
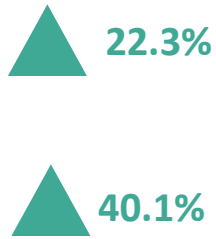


## CGI [% automotive volume]

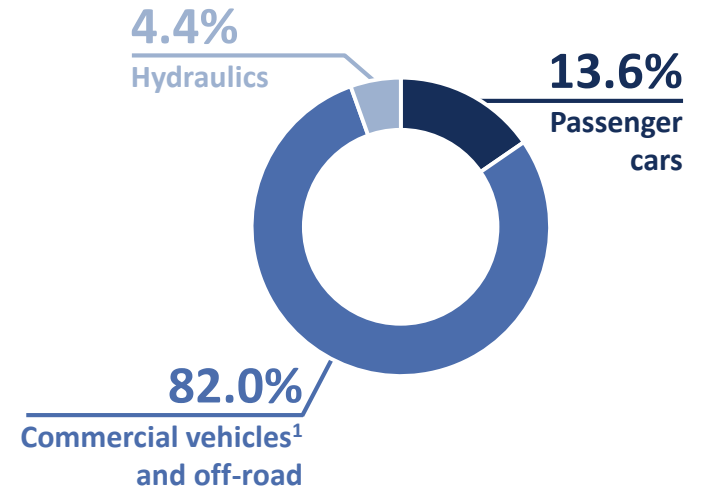


## Revenue [M BRL]

## Origin [% revenue]



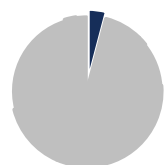
## Application [% revenue]



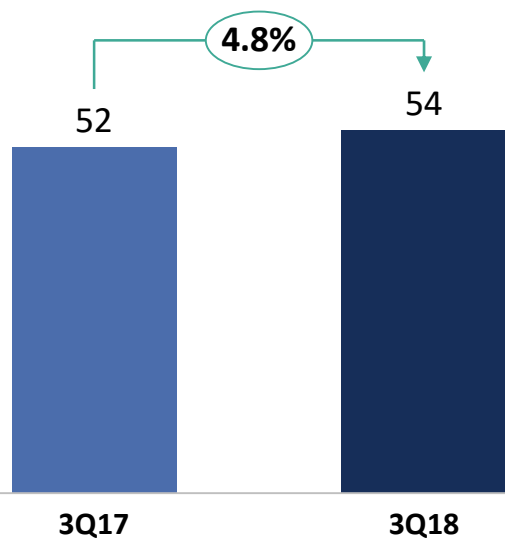
1) Includes light, medium and heavy commercial vehicles

**Domestic Market**

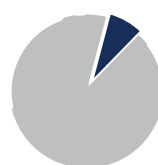
**Passenger cars [M BRL]**



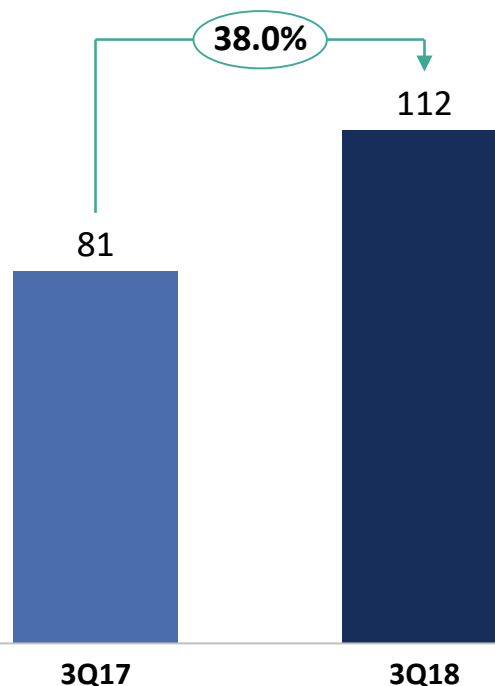
4.1%  
of revenue



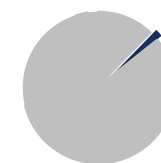
**Commercial vehicles [M BRL]**



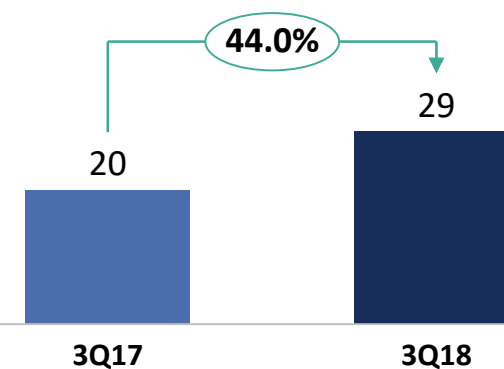
8.5%  
of revenue



**Off road [M BRL]**



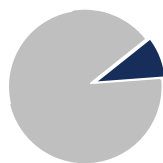
2.2%  
of revenue



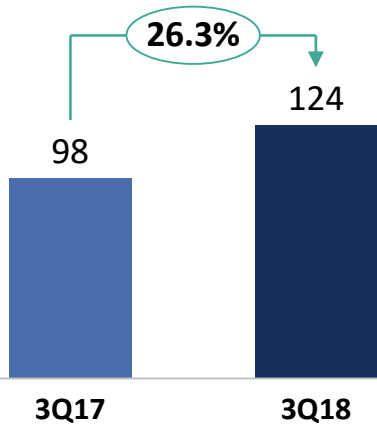


## Foreign Markets

### Passenger cars [M BRL]



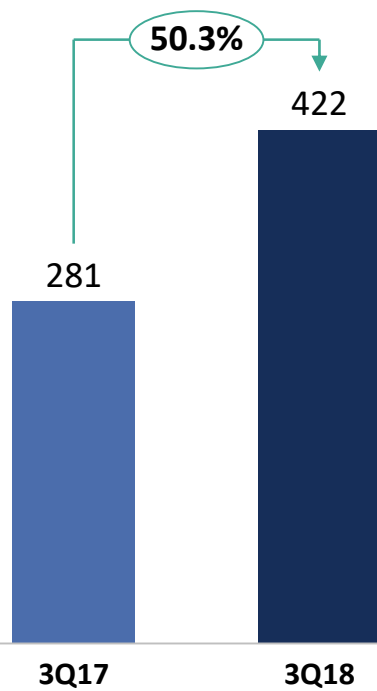
9.5%  
of revenue



### Light commercial [M BRL]



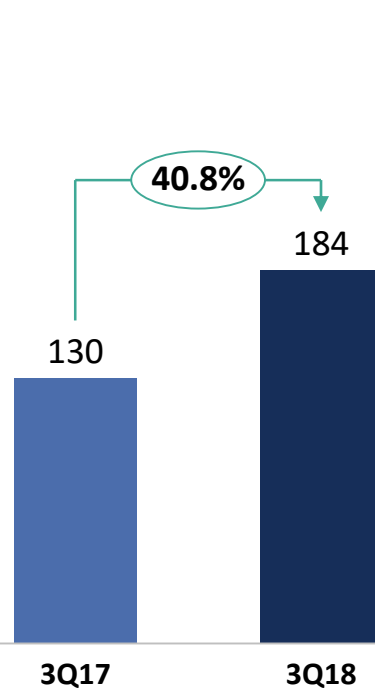
32.0%  
of revenue



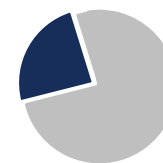
### Med. & heavy commercial [M BRL]



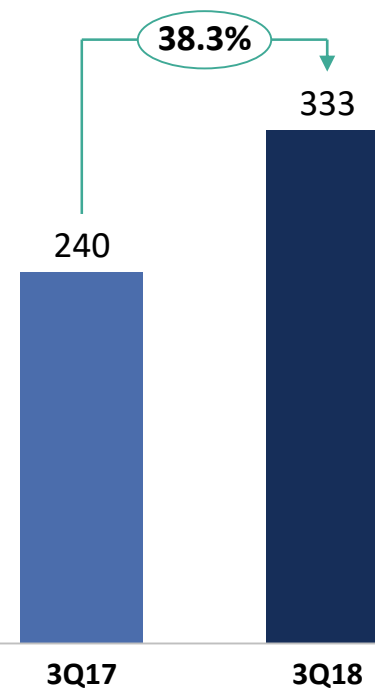
13.9%  
of revenue



### Off road [M BRL]

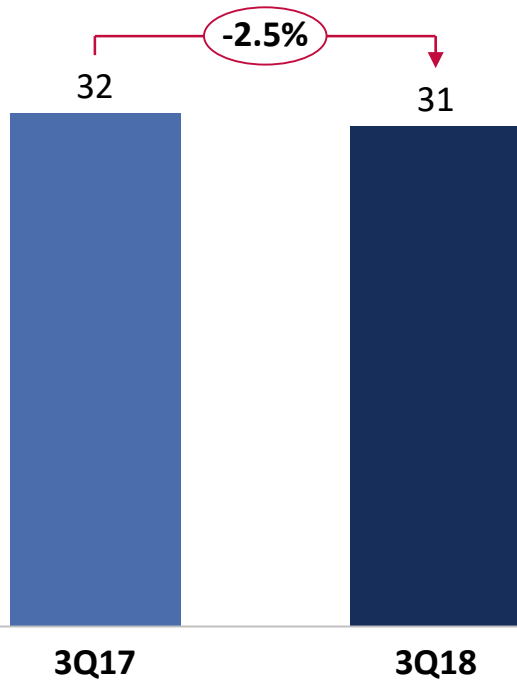
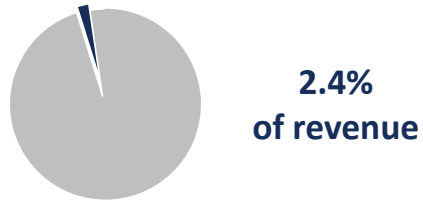


25.3%  
of revenue

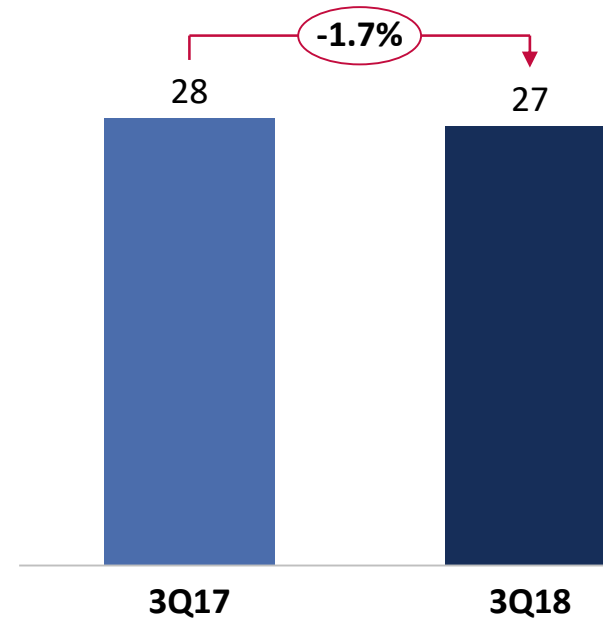
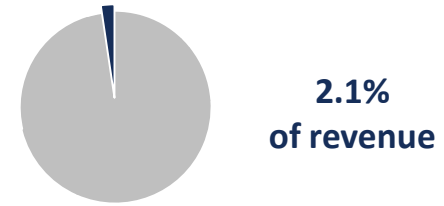


## Domestic & Foreign Markets [M BRL]

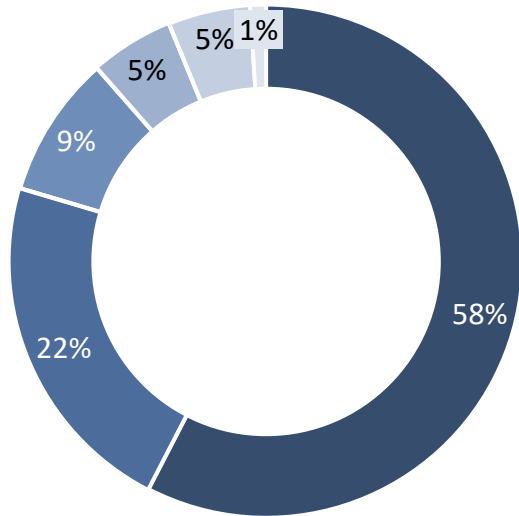
### Domestic market



### Foreign market



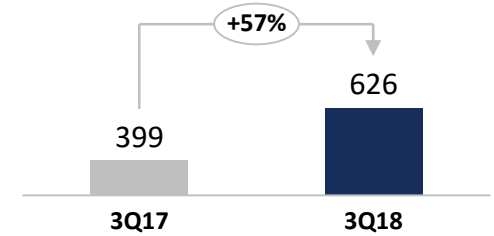
COGS by nature 3Q18 [%]



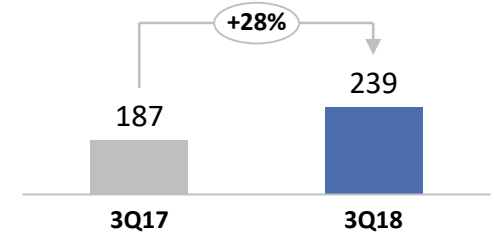
- Raw material
- Labor & Profit sharing
- Maintenance materials
- Energy
- Depreciation
- Others

Variation of main cost inputs by nature [%]

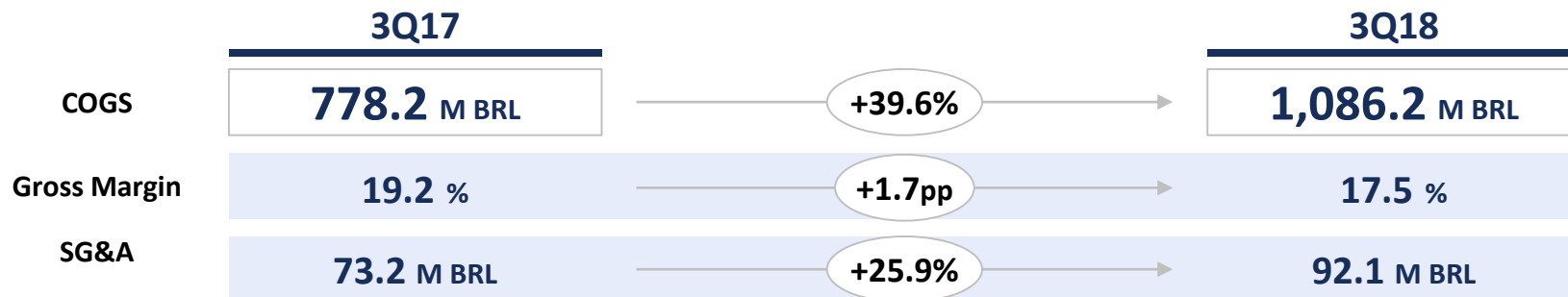
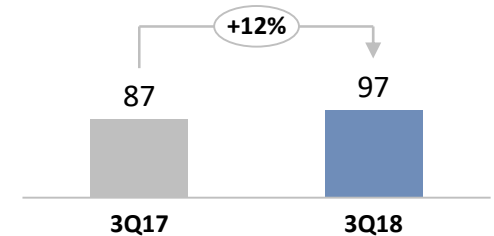
Materials



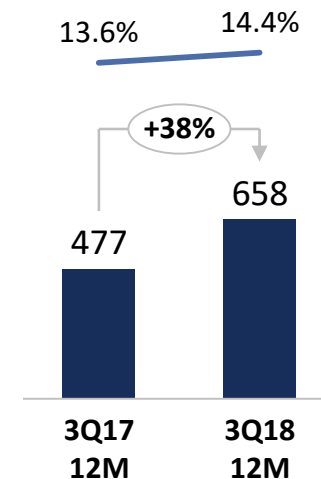
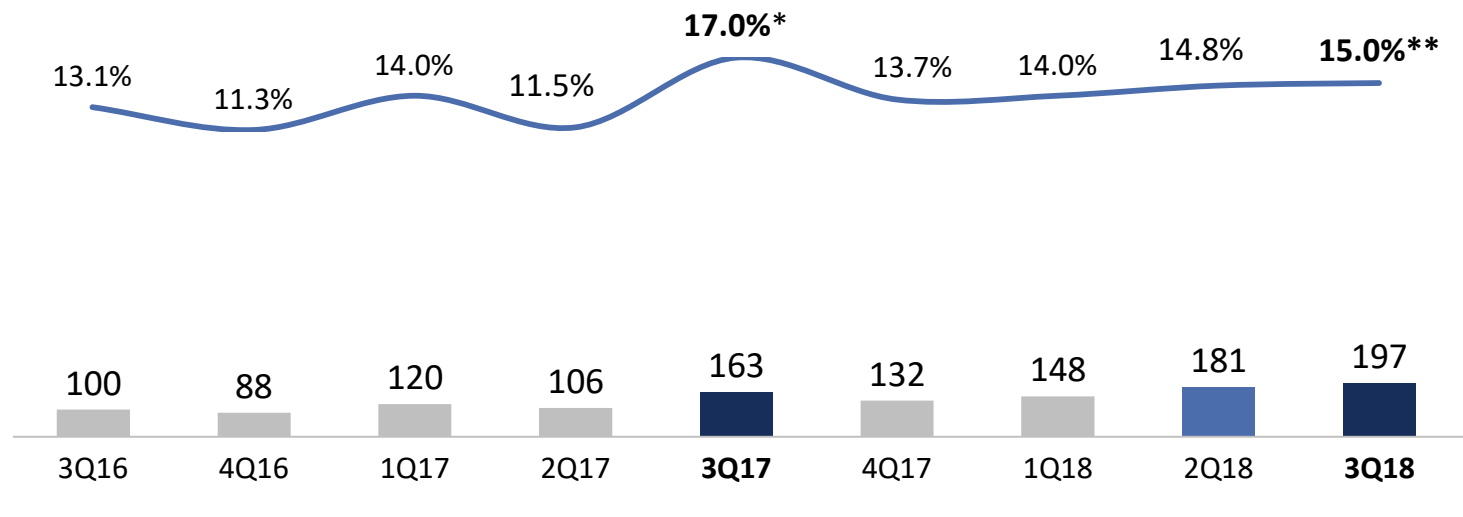
Labor



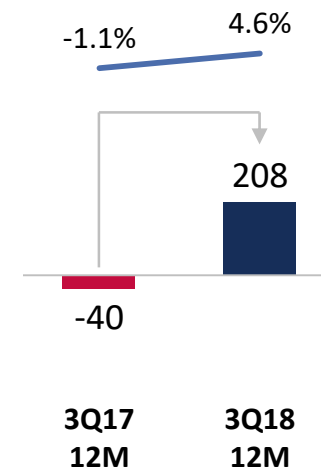
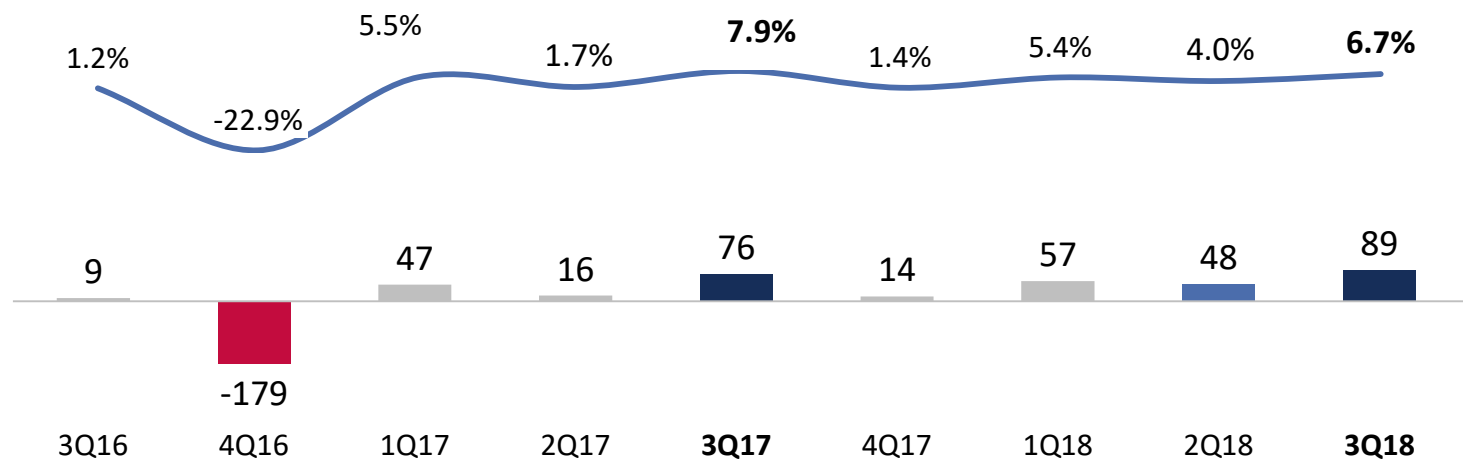
Maintenance materials



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



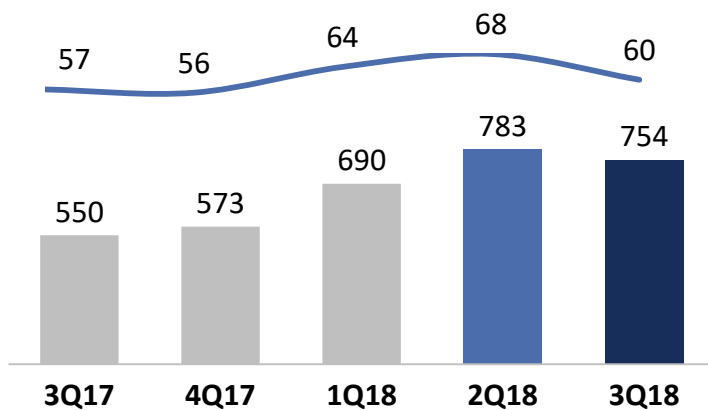
## Net income [M BRL] and net margin [%]



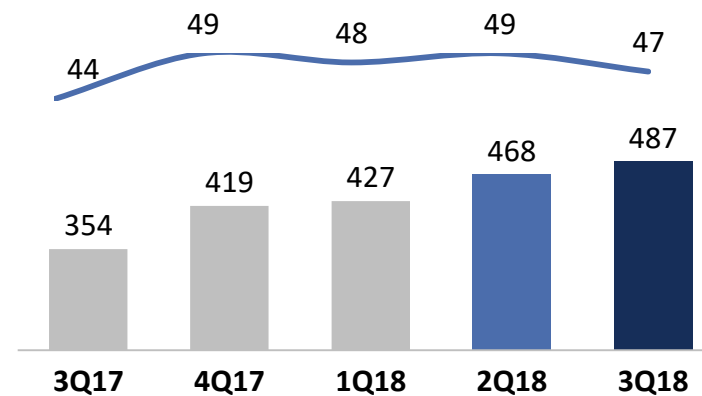
\* Adjusted EBITDA was positively affected by non-recurring revenues amounting to R\$11.0 million

\*\* Results impacted by trucks' driver strike. Excluding these effects, the margin was 16.6%

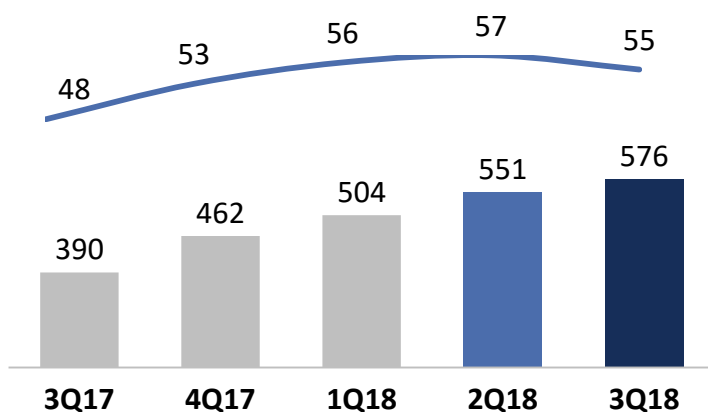
## Accounts receivable [M BRL] and DSO [days]



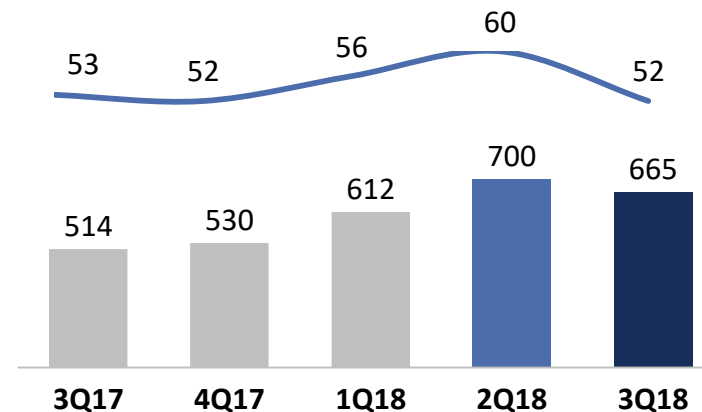
## Inventories [M BRL] and DIO [days]



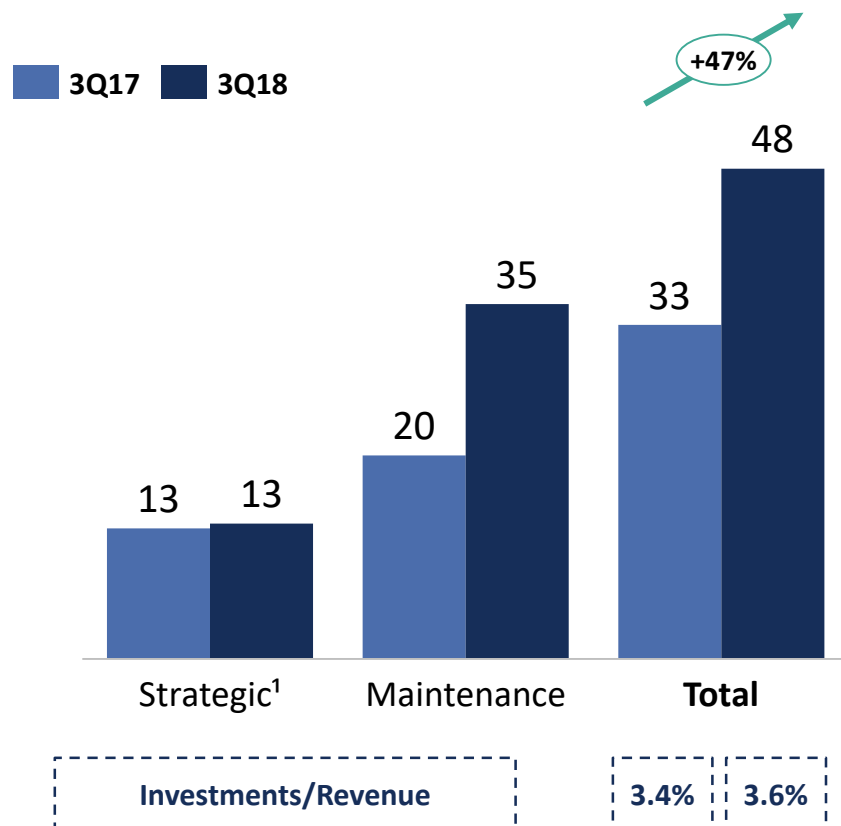
## Accounts payable [M BRL] and DPO [days]



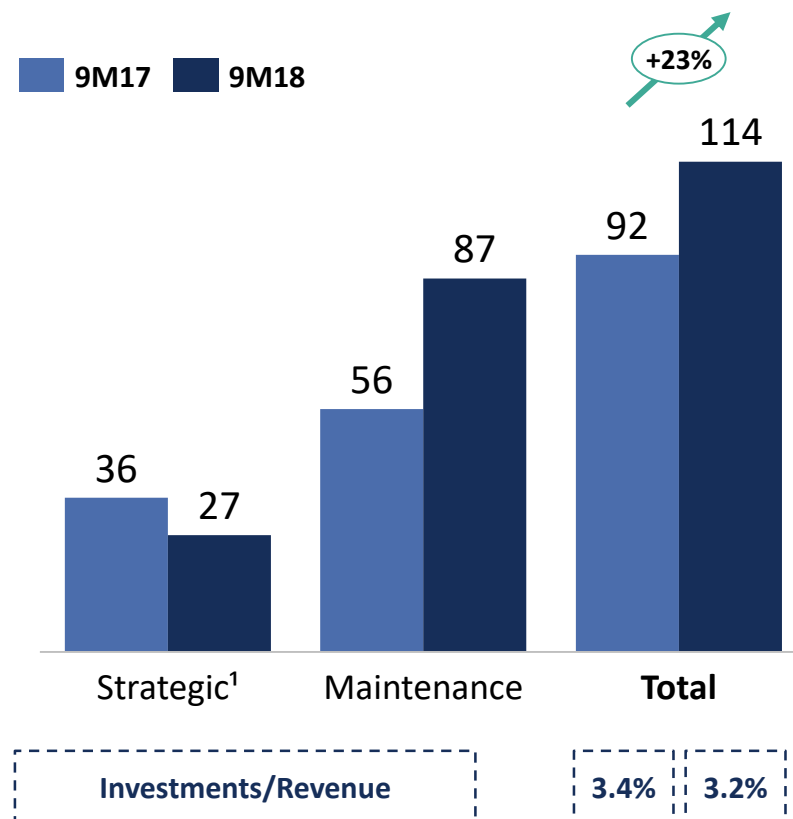
## Working capital [M BRL] and CCC [days]



## Investments 3Q18 vs 3Q17 [M BRL]

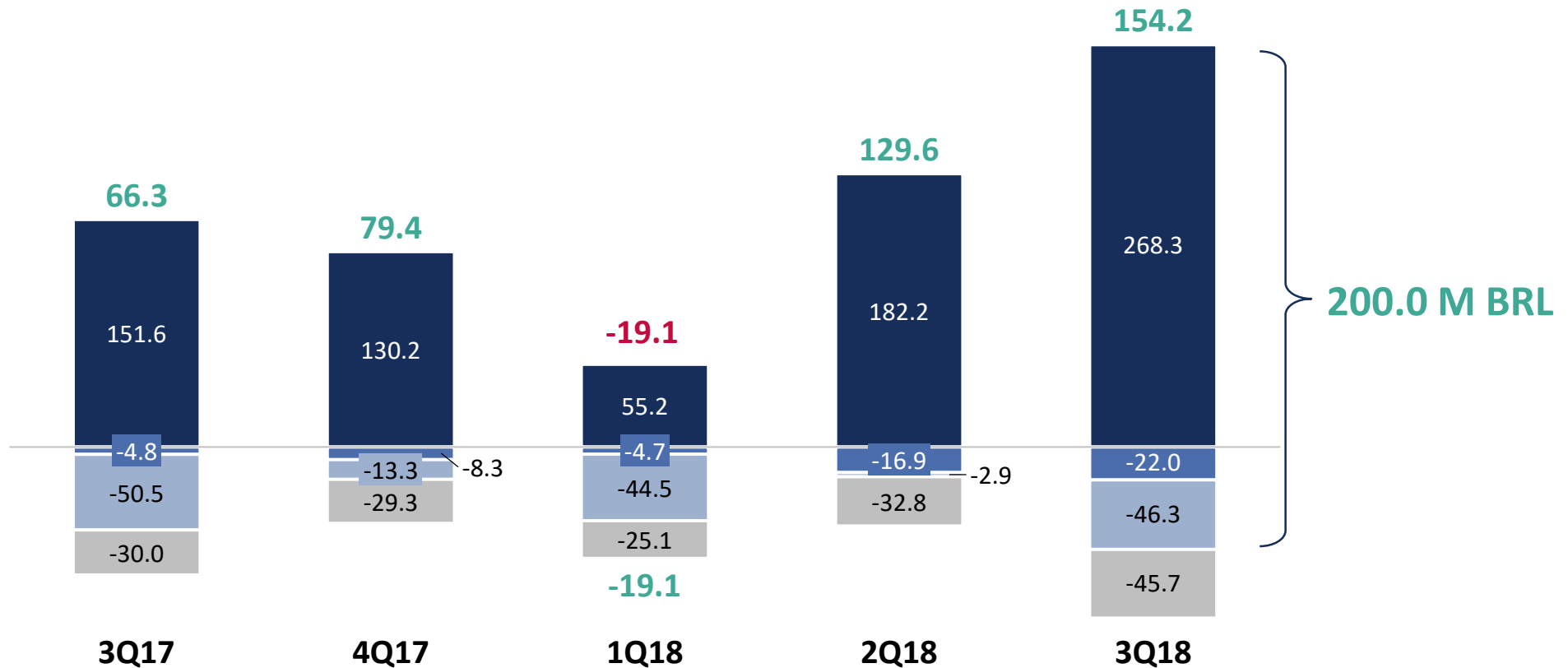


## Investments 9M18 vs 9M17 [M BRL]



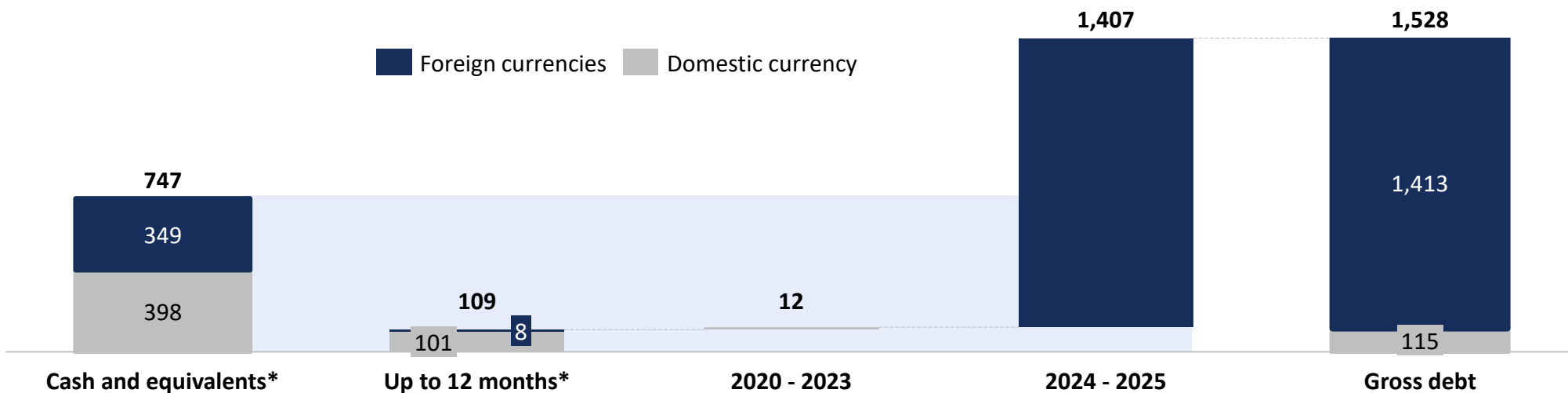
› Investments related to new contracts and efficiency gains

FCO Taxes Net interest Investments

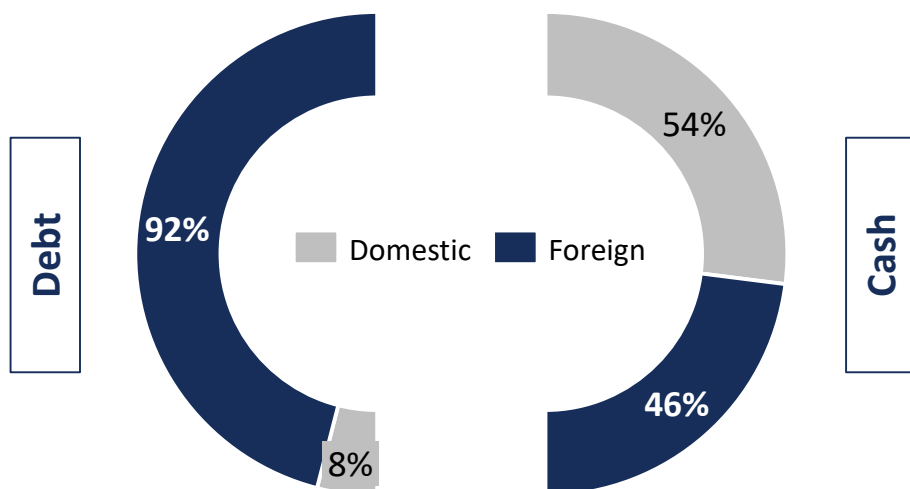


› Strong operational results and significant improvement in working capital contributed to make 9M18 the largest free cash flow in Company’s history

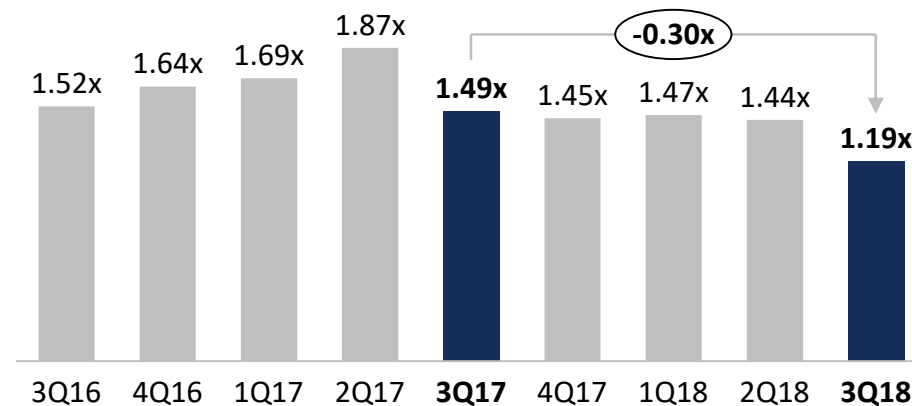
## Debt [M BRL]



## Currency distribution [% total]



## Net debt/Adjusted EBITDA LTM



\*Inclui instrumentos derivativos

## Development of a dynamic, efficient and dividend payer Company

### Strategic Growth

**Unmatched position** in strategic segments, with **strong fundamentals, attractive margins** and long term growth:

- Freight (all modals)
- Infrastructure, construction & repairs
- Agriculture
- Energy

**Leader in technology** to meet new demands for **complex products and machining**

**Global diversification:** clientes, markets ad segments

**Selected acquisitions** will create value for clientes and investors

### Operational Excellence

Extensive application of **new processes technologies and automation projects:**

- **Productivity:** higher efficiency in assets, labor and energy
- **Quality** of products

**Purchase process review**, with global Consulting firm

**Labor training:** lauch of Tupy's casting school and Exchange Program BR and MX

**Strict cost control**

### Return to Shareholders

Long term business model **and resillient cash flow**

**Growth with profitability**

**Solid capital structure**

**Investment discipline**

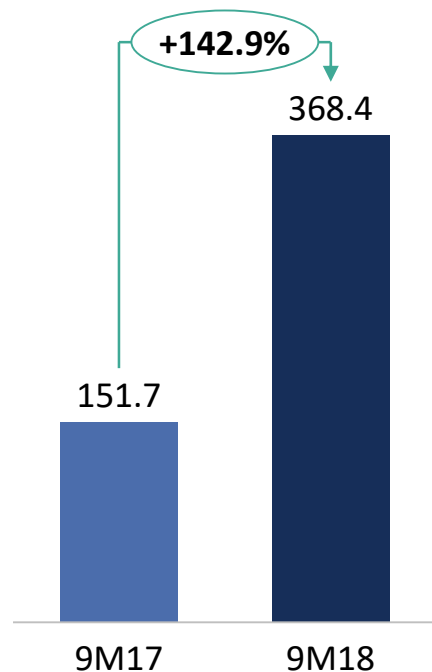
**Active working capital management**

**Disinvestments** of non-operating and non-strategic assets

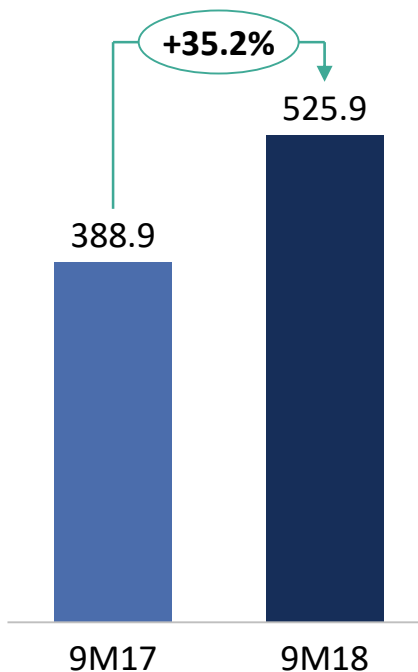
› **Consistent value creation**

## Growth accompanied by cash flow, margins and return on invested capital

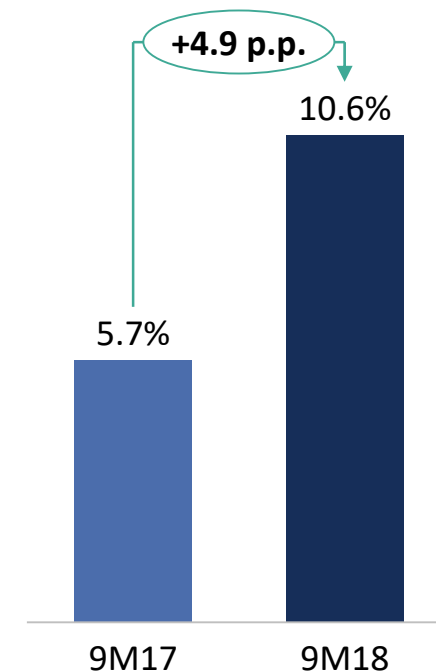
**Operating cash flow**  
[MBRL]



**Adjusted EBITDA**  
[MBRL]



**ROIC\***



\* Adjusted operating profit after tax/fixed assets, intangibles and working capital. 3Q17 adjusted by impairment expenses.

05/17

Interruption of casting in Mauá



09/17

Disposal of steel shot business



11/18

Real estate development non-operating land

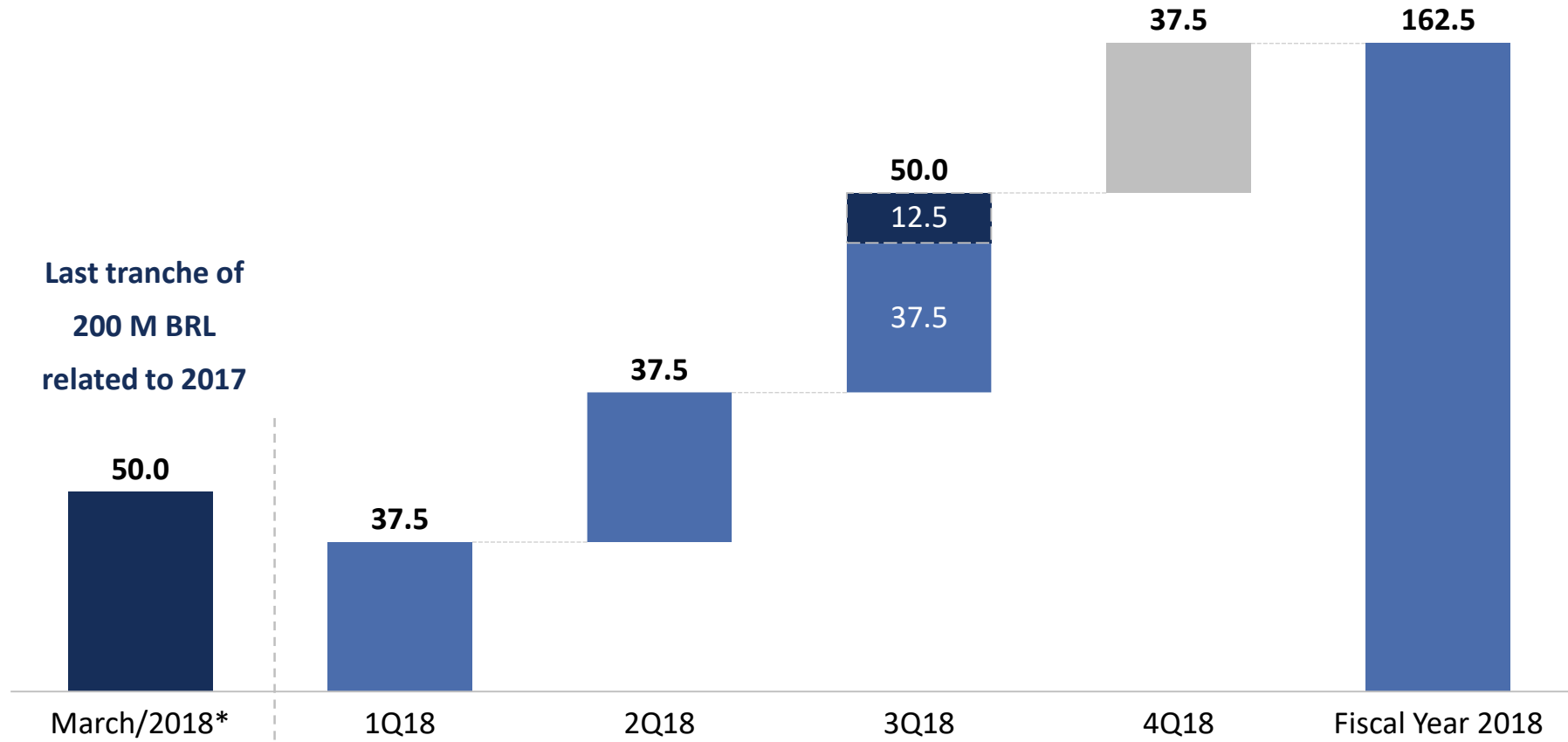


## Non-operating land

- Partnership for real estate development **with buildable area of approximately 1.3 million m<sup>2</sup> (130 Ha)**
- Long term cash flow, with estimated **NPV of 58 M BRL**
- **Down payment of 10 M BRL** to be received by June, 2019
- Tupy holds other **non-operating lands with different characteristics** (urban, rural, environment protection), some of them with **commercial potential**



## Distribution of dividends and interest on equity [M BRL]



\*Related to Fiscal Year 2017

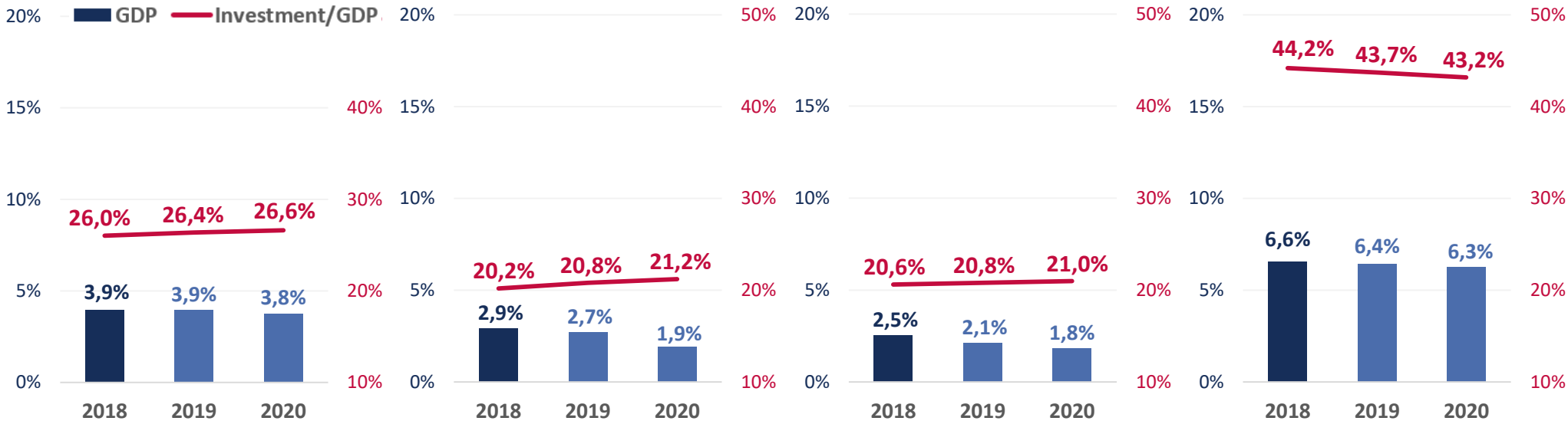
## CONSISTENT GLOBAL GROWTH AND SUSTAINABILITY OF INVESTMENT LEVEL IN RELATION TO GDP

Global

US

Europe

China



Global economic growth, combined with **capital investments**, brings **positive prospects** for the demand for machines, equipment and engines equipped with **Tupy products**.

**Tupy Day**

Dec 11  
São Paulo



**TUPY**

**Investor Relations**

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