



**Caxias do Sul, RS, August 13, 2020.** Randon S.A – Implementos e Participações (B3 – RAPT3 and RAPT4), the controlling holding company of twelve companies operating within the segments of vehicles and trailers, auto parts and services, reports its results for the second quarter (2Q20), ended in June 30, 2020. The interim financial information of the Company, except when otherwise stated, are consolidated in accordance with the international standards of IFRS – International Financial Reporting Standards and the monetary values are denominated in Reais.

# RANDON® EARNINGS RELEASE 2Q2020 AND 1H2020



## HIGHLIGHTS

- **1H20 Total Gross Revenue**, before consolidation, is R\$ 3.0 billion, 15.3% drop as compared to 1H19 (R\$ 3.5 billion);
- **1H20 Consolidated Net Revenue** is R\$ 2.1 billion, 13.8% lower than the revenue achieved in 1H19 (R\$ 2.4 billion);
- **1H20 Consolidated EBITDA** is R\$ 260.9 million, with EBITDA margin of 12.4% and **1H20 Adjusted EBITDA** of R\$ 234.7 million, with adjusted EBITDA margin of 11.0%.
- **1H20 Net Income** is R\$ 58.3 million, and net margin of 2.8%, as compared to net income of R\$ 116.2 million in 1H19.

## MARKET CAP (06/30/2020)

R\$ 3.2 billion

## RAPT3 and RAPT4 QUOTE (06/30/2020)

**RAPT3:** R\$ 8.17

**RAPT4:** R\$ 9.61

## 2Q2020 CONFERENCE CALL RESULTS

### August 14, 2020, Friday

- 12:00 PM Brasília, 11:00 AM New York and 4:00 PM London
- Dial-in from Brazil: +55 (11) 3181-8565 / 4210-1803
- Dial-in from the USA: +1 844 204-8942 / +1 412 717-9627
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The second quarter of the year started with a great number of uncertainties. Government and society turned their attention to fighting the pandemic, looking for ways to avoid the rapid contagion so that the health system had time to prepare itself to serve the population. The main initial action was to expand measures of isolation and social distance, restricting the movement of people and the functioning of industries, businesses and services. Parallel to this, prevention and hygiene protocols were expanded across the country.

The Company, aware of its responsibility to employees and the community, acted quickly on these two fronts, with a series of measures, in addition to contributing to society through various donations: masks, hand sanitizers and ventilators. In addition, it sought to support its main client, the truck driver, at a time when he had the noble mission of moving loads that are so important to the population such as medicines, food and other essential supplies.

Despite being important in the fight against COVID-19, these measures had a negative side effect, mainly in the economy. The month of April was the most affected, with the complete shutdown of some sectors. In this context, the Company took important actions to preserve and reinforce its cash position, since at that time it was not known for how long it would be necessary to face the period of adversity.

But despite the initial impact, in May there was a resumption of some segments. Heavy vehicle traffic increased gradually, indicating that some sectors had been less impacted by the pandemic or had even found new opportunities. Agribusiness was the main one, benefiting from the record harvest, the increased demand for grains abroad and the favorable exchange rate. But other sectors also stood out, such as those related to essential products - medicines and food -, in addition to e-commerce, which saw its demand grow in the period.

The recovery of these sectors, which intensified in June, was essential for the Company to show an improvement in its business. But it would not have been possible, without an important characteristic of Randon's business model: diversification, whether by economic sector, market segments, products, customers or geographies.

Each of them was relevant at that time. Sales to agribusiness were fundamental for the recovery of manufacturing volumes and sales by the Trailer Division. Exposure to the aftermarket and sales abroad were important demand drivers for the Auto Parts Division, at a time when truck manufacturers reduced their production considerably.

As a result, even though the figures for 2Q20 were less than those planned for the year, they were better than expected when the pandemic started. Despite all the difficulties, this was a quarter in which the Company showed its capacity to deal with adversities and proved that health care can indeed go hand in hand with actions to reduce the economic impacts resulting from the current moment.

**“Even though the figures for 2Q20 were less than those planned for the year, they were better than expected when the pandemic started.”**

**MAIN FIGURES**

	2Q20	2Q19	Δ%	1H20	1H19	Δ%
<b>Total Gross Revenue<sup>1</sup></b>	1,297,105	1,873,904	-30.8%	2,971,823	3,510,276	-15.3%
<b>Domestic market<sup>1</sup></b>	1,178,469	1,694,385	-30.4%	2,707,304	3,177,817	-14.8%
<b>Exports<sup>1</sup></b>	118,636	179,519	-33.9%	264,519	332,459	-20.4%
<b>Consolidated Exports US\$</b>	14,817	35,275	-58.0%	32,237	65,876	-51.1%
<b>Revenues from Overseas US\$<sup>2</sup></b>	44,985	76,127	-40.9%	97,389	144,732	-32.7%
<b>Consolidated Net Revenue</b>	932,991	1,302,122	-28.3%	2,100,725	2,435,712	-13.8%
<b>Consolidated Gross Profit</b>	200,788	347,212	-42.2%	452,969	616,086	-26.5%
<b>Gross Margin (%)</b>	21.5%	26.7%	-514.4 bps	21.6%	25.3%	-373.1 bps
<b>Consolidated Net Profit</b>	55,270	84,538	-34.6%	58,264	116,203	-49.9%
<b>Net Margin (%)</b>	5.9%	6.5%	-56.8 bps	2.8%	4.8%	-199.7 bps
<b>Consolidated EBITDA</b>	153,932	203,655	-24.4%	260,913	337,961	-22.8%
<b>EBITDA Margin (%)</b>	16.5%	15.6%	85.9 bps	12.4%	13.9%	-145.5 bps
<b>Adjusted EBITDA</b>	84,740	209,583	-59.6%	234,746	362,417	-35.2%
<b>Adjusted EBITDA Margin (%)</b>	9.1%	16.1%	-700.9 bps	11.0%	14.8%	-372.8 bps

<sup>1</sup> Without eliminating intercompany sales

<sup>2</sup> Exports + Revenues from Overseas

Values in R\$ Thousands

**OPERATING PERFORMANCE**
**Total Gross Revenue**

In 2Q20, the Company's total gross revenue, with taxes and before consolidation, totaled R\$ 1.3 billion, down 30.8% in relation to the revenue obtained in 2Q19 (R\$ 1.9 billion). In the semester comparison, total gross revenue decreased by 15.3% reaching R\$ 3.0 billion in 1H20 (R\$ 3.5 billion in 1H19).

**Consolidated Net Revenue**

Consolidated net revenue totaled R\$ 933.0 million in 2Q20, a reduction of 28.3% compared to the same period in 2019, when it totaled R\$ 1.3 billion. In comparison with 1H19, this indicator decreased by 13.8%.

**Revenue Analysis**

In the Trailers Division, the drop in revenues in the quarterly comparison was 20.6%, reaching net revenue of R\$ 465.8 million in 2Q20. In the Auto Parts Division, with the same comparison, the reduction in net revenue was 36.9%, with the sum of R\$ 420.7 million in 2Q20.

The main drivers for the reduction of revenues are mentioned below:

- i) Mandatory Vacation adopted by Randon Companies;
- ii) The stoppage of truck manufacturers in April, with slow production resumption as of May;
- iii) Reduction of revenues from the foreign market due to restrictive measures such as the closing of borders and social isolation, and
- iv) Smaller scale production due to restrictions established by the Government to control the spread of COVID-19.

The positive highlights are the strong demand from the agricultural sector, which tends to boost Brazilian businesses in the coming months as well, the dollar appreciation, which compensates the volumes reduction in the currency conversion and the replenishment of inventories by auto parts distributors.

Economic factors remain identical to those presented in the previous quarter: i) reductions in the interest rate; ii) stable inflation; iii) confidence indicators at levels lower than those of 2018 and 2019 and iv) GDP forecast for 2020 pointing to a huge drop in economic activity.

For more details, see the chapter "Comments by market segment".

**CONSOLIDATED NET REVENUE BREAKDOWN BY COMPANY**

Intercompany sales accounted for 10.4% of total 2Q20 revenues (13.2% in 2Q19). Please see the table below:

	NET REVENUE	2Q20 INTER-COMPANY SALES	CONSOLIDATED NET REVENUE	% OVER REVENUE	2Q19 CONSOLIDATED NET REVENUE	% OVER REVENUE
<b>Randon S.A. Impl. e Participações (Parent Company)</b>	428,241	19,626	408,615	43.8%	548,057	42.1%
<b>Randon Impl. p/o Transporte Ltda.</b>	306	-	306	0.0%	20,996	1.6%
<b>Randon Veículos Ltda.</b>	18,740	249	18,491	2.0%	5,926	0.5%
<b>Randon Triel-HT Implementos Rodoviários Ltda.</b>	18,570	167	18,403	2.0%	-	0.0%
<b>Randon Perú S.A.C.</b>	1,612	-	1,612	0.2%	4,497	0.3%
<b>Randon Argentina S.A.</b>	19,652	1,260	18,392	2.0%	6,923	0.5%
<b>Trailers</b>	487,121	21,302	465,819	49.9%	586,399	45.0%
<b>Master Sist. Automotivos Ltda.</b>	70,383	24,525	45,858	4.9%	110,777	8.5%
<b>Jost Brasil Sistemas Automotivos Ltda.</b>	40,000	17,593	22,407	2.4%	48,616	3.7%
<b>Fras-Le S.A. (Consolidated)</b>	280,072	6,036	274,036	29.4%	326,496	25.1%
<b>Randon S.A. Impl. e Participações (Suspensys)</b>	53,640	2,469	51,171	5.5%	127,691	9.8%
<b>Castertech Fundação e Tecnologia Ltda</b>	58,843	31,666	27,177	2.9%	52,543	4.0%
<b>Auto Parts</b>	502,938	82,288	420,650	45.1%	666,123	51.2%
<b>Randon Administradora de Consórcios Ltda.</b>	38,597	146.34	38,451	4.1%	40,192	3.1%
<b>Randon Investimentos Ltda.</b>	12,739	4,672	8,067	0.9%	9,395	0.7%
<b>Randon Collection Com. Art. Prom. Ltda.</b>	4	0	4	0.0%	12	0.0%
<b>Services</b>	51,341	4,818	46,522	5.0%	49,599	3.8%
<b>TOTAL</b>	1,041,400	108,408	932,991	100.0%	1,302,122	100.0%

Values in R\$ Thousands

**CONSOLIDATED NET REVENUE AND PHYSICAL SALES VOLUME BREAKDOWN**

	2Q20		2Q19		Δ% Un.	1H20		1H19		Δ% Un.
	Un.	% CNR	Un.	% CNR		Un.	% CNR	Un.	% CNR	
<b>Trailers</b>		49.9%		45.0%			45.7%		43.7%	
Trailers/ Semi-Trailers Brazil (un.)	4,678	36.8%	6,142	34.4%	-23.8%	9,864	34.1%	10,500	31.2%	-6.1%
Trailers/ Semi-Trailers Overseas (un.)	296	4.2%	815	5.3%	-63.7%	760	4.5%	1,592	5.8%	-52.3%
Rail cars (un.)	13	0.6%	1	0.1%	1200.0%	13	0.3%	87	1.3%	-85.1%
Aftermarket	-	5.9%	-	3.5%	-	-	5.3%	-	3.7%	-
Specialty Vehicles (un.)	102	2.3%	97	1.7%	5.2%	160	1.6%	194	1.7%	-17.5%
<b>Auto Parts</b>		45.1%		51.2%			49.7%		52.4%	
Friction Material (un.)	18,528	22.1%	23,575	18.7%	-21.4%	41,785	21.5%	51,220	19.6%	-18.4%
Other Materials Fras-le (un.)	2,408	7.2%	5,793	6.4%	-58.4%	6,980	7.3%	11,241	6.6%	-37.9%
Brakes (un.)	79,904	4.9%	199,993	8.5%	-60.0%	230,976	6.3%	382,653	8.5%	-39.6%
Coupling Systems (un.)	16,850	2.4%	33,459	3.7%	-49.6%	43,384	2.9%	63,470	3.8%	-31.6%
Suspension and axles (un.) <sup>1</sup>	22,354	5.5%	37,156	9.8%	-39.8%	54,553	7.8%	69,860	9.8%	-21.9%
Hubs and drums (un.)	116,137	2.9%	129,101	4.0%	-10.0%	239,468	3.7%	239,604	4.1%	-0.1%
<b>Services</b>		5.0%		3.8%			4.6%		3.9%	
Coop-payment plan quotas sold	3,086	4.1%	3,668	3.1%	-15.9%	5,299	3.6%	6,462	3.2%	-18.0%
Randon Investimentos (Randon Bank)	-	0.9%	-	0.7%	-	-	0.9%	-	0.7%	-

<sup>1</sup> The suspension and axles volumes were revised to better reflect the units sold by the subsidiary Suspensys. The history of these volumes can be obtained in the section Interactive Spreadsheets - Consolidated Data Randon S/A.

**COMMENTS BY MARKET SEGMENT**
**Brazilian Market of Commercial Vehicles**
**Production**

	2Q20	2Q19	Δ%	1H20	1H19	Δ%
Trailers <sup>3</sup>	13,897	17,571	-20.9%	27,538	32,279	-14.7%
Trucks <sup>2</sup>	10,091	30,677	-67.1%	34,797	55,438	-37.2%
Buses <sup>2</sup>	2,957	7,907	-62.6%	8,931	14,023	-36.3%

Source:  
<sup>1</sup> ANFIR  
<sup>2</sup> ANFAVEA  
<sup>3</sup> ANFIR + AliceWeb

**Sales**

	2Q20	2Q19	Δ%	1H20	1H19	Δ%
Trailers <sup>1</sup>	13,537	16,856	-19.7%	26,701	30,805	-13.3%
Trucks <sup>2</sup>	17,725	25,315	-30.0%	37,860	46,779	-19.1%
Buses <sup>2</sup>	2,055	4,943	-58.4%	5,716	9,623	-40.6%

**Vehicles and Trailers**

The Trailers segment was marked by two distinct moments throughout the quarter. Initially, in April, the most negative effects of the pandemic on business were observed, causing both production and sales volumes to be reduced to the lowest levels since the country's last economic crisis.

However, in May, volumes started to show a gradual recovery, which intensified over the month of June. This resumption was only possible due to the strong demand for trailers for agribusiness, a sector that has strengthened in recent months due to favorable conditions for harvest, demand and exchange rates.

As a result, the drop in sales in the quarter, which could have been more intense, was attenuated, reducing 19.7% compared to the same period in 2019 (13,537 units in 2Q20 against 16,856 in 2Q19). There was also a decrease in production, reflecting the period of shut down by trailer manufacturers in the beginning of April, where 13,897 units were produced in the quarter, down 20.9% compared to the same period in 2019 (17,571 units).

After the shutdown of almost two months in some areas of the country, offices of National Department of Transportation returned to operate normally in the second half of the quarter, compensating for the delay in the registration of products of the previous months and normalizing this indicator from the month of June. The Company's market share was 36% in 2Q20, corresponding to 4,879 products.

The Company's total sales amounted to 4,974 units in the quarter, out of which 4,678 were for the domestic market and 296 for the foreign market.

Abroad, although demand has shown signs of recovery in some countries, such as Paraguay, it remains weak in the most relevant countries to the Company's exports, such as Chile and Argentina.

The combination of political and economic crises, which already presented a challenging scenario for 2020, was aggravated by the effects of the pandemic, resulting in a drop of 63.7% in the volumes exported by Randon in 2Q20 compared to 2Q19.

**Railcars**

The railcar market remains challenging. Even with the renewal of the Malha Paulista concession, at the end of May, the investments expected for this railway will not yet impact the short term.

The reason is that railcar sales have a long cycle of at least 6 months between the start of negotiations and the delivery of the first units.

However, there are other railway concession renewal processes in progress, which, if approved, will give a more positive outlook for the sector, mainly from 2021.

In 2020, the market should remain weak, with few sales opportunities, as in the second quarter result for Randon, which manufactured 13 railcars in the period.

**Auto Parts**

The auto parts sector was one of the most affected by the pandemic in the second quarter of 2020. All truck manufacturers in the country stopped their operations during April, making this the worst month since the creation of the historical series in 1957.

When they returned to operation in the first half of May, production levels were still very low and only started to show a recovery in June.

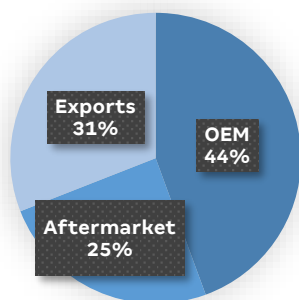
As a result, the volumes of trucks produced in the quarter showed a sharp drop of 67.1% compared to the same period in 2019, with 10,091 units manufactured compared to 30,677 units in 2Q19.

Although sales also showed a reduction, they were less intense, since during the period, the dealers sold products that were in stock. Even so, the fall was 30.0% compared to the same quarter of the previous year, with 17,725 trucks sold.

When analyzing the volumes of the Company's auto parts companies, especially those most linked to OEMs, the negative effect of reduced demand is noted, with volumes falling between 10% and 60% depending on the exposure of each company to this segment.

In the aftermarket, the scenario was also challenging. However, the need for spare parts for heavy vehicles reacted positively in the quarter, driven by demand from the agribusiness and industrialized distribution customers. In addition, the favorable exchange rate for exports, and the reopening of some economies abroad, helped to mitigate the effects of reduced volumes, especially in the light vehicle market.

In the graph below, you can see the revenue distribution of this division, by market, in 1H20:



**COVID-19**

Since the beginning of the COVID-19 pandemic, Randon has adopted several measures to protect the health of its employees and their families, ensure the continuity of operations and contribute to the functioning of the local and global economy. In addition to paralyzing its operations between March and April, the Company implemented actions such as mandatory leaving, flexible working hours, working from home, and adopted government assistance measures granted by the Federal Government, such as the reduction in the rates of contributions from autonomous services (S System), the extension of the deadlines for the delivery of ancillary obligations and the deadlines for payment of federal taxes, exemption from the Tax on Financial Operations and programs for the reduction of working hours and suspension of employment contracts according to Provisional Measure nº 936 of the 1<sup>st</sup> of April, 2020.

Although the Company has a solid and robust cash position, which guarantees the payment of its debt and its suppliers in due maturities, since the first signs of the pandemic, Randon has implemented measures to maintain its financial health such as:

- Investments prioritization;
- Reactivation of the contingency committee;
- Fundraising;
- Annual budget review and periodic update of scenarios, and
- Strict approval process for new expenses.

In compliance with the Securities and Exchange Commission Circular Letter No. 02/2020 of March 10, 2020, which deals with the effects of the COVID-19 pandemic in the quarterly information, Management assessed the main accounting risks and impacts, in addition to the uncertainties that could affect such information. At the end of June 2020, the Company did not identify risks to the continuity of its business, to accounting estimates and judgments.

The main impacts on the results for the period are due to the voluntary redundancy plan, which totaled R\$ 13.5 million in 2Q20 and the Federal Government's programs to reduce and suspend working hours due to COVID-19.

For further details, see note 2 in the financial statements.

**FOREIGN MARKET**

Sales to the foreign market, from Brazilian plants, decreased by 58.0% when comparing 2Q20 with 2Q19, and by 51.1% with 1H19. The sum of consolidated exports was US\$ 14.8 million in 2Q20 and US\$ 32.2 million in the half.

In the 1Q20 disclosure, the main difficulties faced for sales to the foreign market were mentioned, and also how challenging the expectations for the following months were due to the pandemic and the restrictions it brought.

The measures adopted to control the spread of COVID-19 affected business mainly in the months of April and May, making this 2Q20 one of the worst quarters for the Company's exports in recent years.

However, even with numbers below those expected at the beginning of the year, exports in 2Q20 were better than our forecast for this new scenario. Products related to agribusiness and the dollar appreciation contributed positively to the Company's profitability, even with the volumes reduction.

Gradually, restrictive measures are being relaxed, and good prospects take the place of the complex and challenging scenario imposed by the new coronavirus.

The Company continues to closely monitor its dealers from abroad to make more agile and assertive decisions about its exports.

**Exports Analysis by Region**

**Mercosur+Chile:** the flow of products at the borders of some countries in this region is extremely slow, which makes it difficult to deliver them. In addition, for Chile, snow has prevented the transportation of goods in the Andes Mountains, which stays closed for several days, making logistics difficult. The positive points are in the grain producing regions, such as Paraguay, and in the countries that have already relaxed the social isolation measures, which gradually resume their demand.

**USMCA:** exports to the USA were important for the subsidiary Fras-le in 2Q20, with good sales for its main customer, Meritor, and also for attracting new customers. Mexico, on the other hand, is going through a complex moment, with long stops by automakers due to the pandemic, significantly reducing sales to this country.

**Africa:** one of the regions most affected by the lockdown, making the delivery of goods very time consuming and almost stagnating new orders.

**Asia:** one of the first continents affected by the new coronavirus, it has already returned to normal operations and with good prospects.

**Europe:** this continent is already in the recovery phase, and has good sales levels, but still slightly below the forecast for the region in 2020.

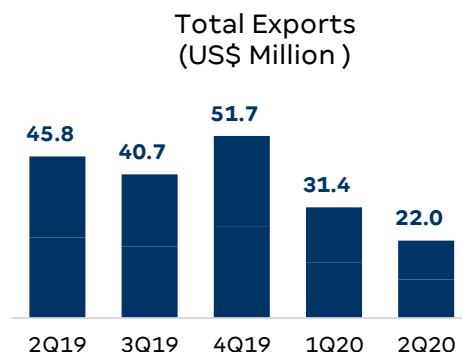
**South and Central America:** in the auto parts segment, the countries of this region are served by Fras-le Panamericana, which has expanded the product mix offered and reached new customers. However, the degree of uncertainty makes customers more cautious when closing new orders.

**Middle East and Oceania:** the Middle East has seasonal sales, which are mainly concentrated in the second half of the year. In 2Q20 these regions had low sales volumes due to the pandemic.

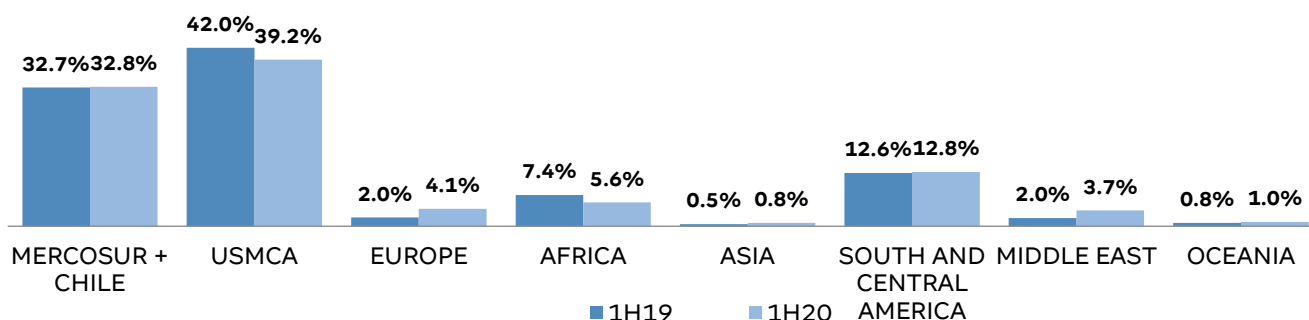
**Revenues from Abroad**

In the operations of units abroad, gross revenue, with eliminations of intercompanies sales, in 2Q20, totaled US\$ 30.2 million, compared to US\$ 40.9 million in 2Q19, a reduction of 26.2%. The total between the sum of exports and revenues generated abroad (with eliminations) was US\$ 45.0 million in 2Q20 against US\$ 76.1 million in 2Q19 (-40.9%). In 1H20, these revenues totaled US\$ 97.4 million (US\$ 144.7 million in 1H19).

Like Brazilian units, subsidiaries located abroad felt the effects of COVID-19 in 2Q20. All countries created restrictive circulation measures, and each unit, in its particularity, tries to overcome the difficulties, always prioritizing the health and safety of its employees and customers.



### Exports Breakdown by Economic Blocs



See below the exports in the period, by company:

Exports	2Q20	2Q19	Δ%	1H20	1H19	Δ%
<b>Randon S/A and Randon SP</b>	5,144	14,180	-63.7%	15,402	28,734	-46.4%
<b>Randon Veículos</b>	609	3,543	-82.8%	827	3,600	-77.0%
<b>Trailers</b>	<b>5,753</b>	<b>17,723</b>	<b>-67.5%</b>	<b>16,229</b>	<b>32,333</b>	<b>-49.8%</b>
<b>Master</b>	1,611	5,178	-68.9%	3,481	9,114	-61.8%
<b>Jost</b>	491	876	-44.0%	1,019	1,765	-42.3%
<b>Fras-le</b>	13,262	20,863	-36.4%	30,114	40,493	-25.6%
<b>Randon (Division Suspensys)</b>	718	1,028	-30.1%	1,957	2,168	-9.7%
<b>Castertech</b>	163	139	16.9%	580	334	73.4%
<b>Auto Parts</b>	<b>16,245</b>	<b>28,083</b>	<b>-42.2%</b>	<b>37,151</b>	<b>53,875</b>	<b>-31.0%</b>
<b>Sub-Total</b>	<b>21,998</b>	<b>45,806</b>	<b>-52.0%</b>	<b>53,380</b>	<b>86,208</b>	<b>-38.1%</b>
<b>(-) Intercompany Sales</b>	-7,180	-10,531	-31.8%	-21,144	-20,332	4.0%
<b>Total</b>	<b>14,817</b>	<b>35,275</b>	<b>-58.0%</b>	<b>32,237</b>	<b>65,877</b>	<b>-51.1%</b>
<b>Revenues from overseas</b>	<b>2Q20</b>	<b>2Q19</b>	<b>Δ%</b>	<b>1H20</b>	<b>1H19</b>	<b>Δ%</b>
<b>Trailers</b>	4,625	6,823	-32.2%	10,293	13,617	-24.4%
<b>Auto Parts</b>	30,019	36,676	-18.1%	63,523	70,588	-10.0%
<b>(-) Intercompany Sales</b>	- 4,477	-2,646	69.2%	-8,663	-5,349	62.0%
<b>Total</b>	<b>30,167</b>	<b>40,852</b>	<b>-26.2%</b>	<b>65,153</b>	<b>78,855</b>	<b>-17.4%</b>
<b>Foreign Market US\$</b>	<b>44,985</b>	<b>76,127</b>	<b>-40.9%</b>	<b>97,389</b>	<b>144,732</b>	<b>-32.7%</b>

Values in US\$ Mil

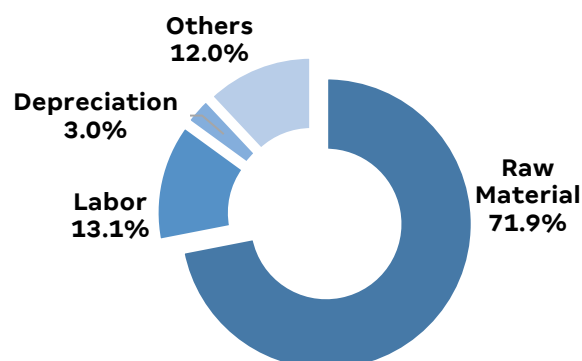
### COGS

In 2Q20, the cost of goods sold represented 78.5% of consolidated net revenue or R\$ 732.2 million. In the same period of 2019, COGS totaled R\$ 954.9 million and represented 73.3% of consolidated net revenue.

With the drop in volumes sold in 2Q20, there was a reduction in the dilution of fixed costs in the period, resulting in an increase in COGS over net revenue. Measures such as reduction and suspension of working force were adopted in order to reduce the impact of the drop in sales on results.

The increase of raw material prices, on a consolidated basis, was lower than inflation in the period. However, the high exchange rate contributed to the rise of this indicator.

The following chart shows COGS breakdown in 1H20:





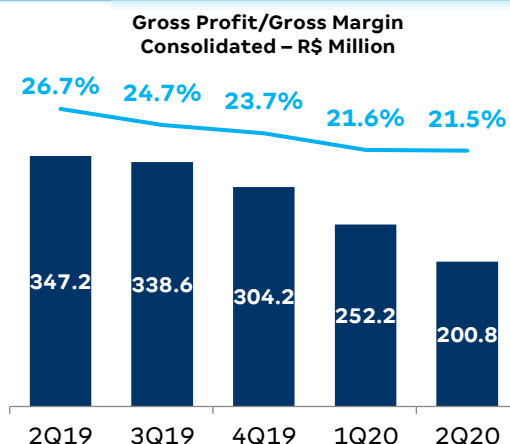
**GROSS PROFIT**

Gross profit in 2Q20 amounted to R\$ 200.8 million, a 42.2% reduction compared to the same period last year (R\$ 347.2 million). Gross margin went from 26.7% in 2Q19 to 21.5% in 2Q20.

In 1H20, gross profit was R\$ 453.0 million, with a gross margin of 21.6% (R\$ 616.1 million, and gross margin of 25.3% in 1H19).

The reduction in profit is mainly justified by the increase in COGS, as previously explained.

The chart on the right shows the behavior of gross profit and gross margin over the past quarters.



**OPERATING EXPENSES**

Operating expenses (administrative, commercial and other operating income and expenses) amounted to R\$ 91.0 million in 2Q20, a 49.7% decrease compared to the same period in 2019, when they totaled R\$ 181.1 million. In the 1H20, operating expenses fell by 20.6% and totaled R\$ 279.7 million (R\$ 352.3 million in 1H19).

The Company and some of its subsidiaries have lawsuits regarding the exclusion of ICMS on the basis of calculation of PIS and COFINS taxes. In 2Q20, R\$ 19.4 million were recorded in the subsidiaries Controil and Jurid, referring to the gain of their lawsuits, as these have already been judged.

It was also determined in 2Q20, considering the leading case in the Federal Supreme Court, as well as the evolution of jurisprudence in 2019 and 2020, the amounts of the PIS and COFINS credit values calculated on the basis of ICMS and the accessory obligations for recognition were rectified, as shown in the table below:

Company	Period	<sup>1</sup> Total R\$ Thousand
Randon	Dec/18 to May/20	38,316
Master	Dec/18 to May/20	9,534
Castertech	Oct/17 to May/20	15,348
JOST	Dec/18 to Jun/20	5,145
<b>Total</b>		<b>68,343</b>

<sup>1</sup> Without updating the SELIC rate (Financial Result)

In addition, it should be noted that the studies took into account the protection of evidence. For more information, see explanatory note No 12.5, attached to the quarterly financial information.

Besides revenues, non-recurring expenses were recorded, such as the demobilization of assets due to a deactivated production line of R\$ 4.1 million, the recognition of impairment of an indirect subsidiary of R\$ 2.7

million and the provision for loss receivables of R\$ 1.2 million also occurred in 2Q20.

Operating expenses represented 9.8% of consolidated net revenue in 2Q20, against 13.9% in 2Q19.

**Other Operating Expenses/Revenues**

Other operating revenues in 2Q20 totaled R\$ 114.5 million (12.3% of consolidated net revenue) against R\$ 10.4 million in the same quarter of 2019 (0.8% of consolidated net revenue). The value of other operating revenues refers to revenues from rents, gains from lawsuits, reversal of provisions, sales of assets and interest of consortium members. The increase in this revenue is mainly explained by the accounting for the gain on tax proceedings, as aforementioned.

Other operating expenses reached R\$ 45.6 million (4.9% of consolidated net revenue in 2Q20) against R\$ 20.3 million in the second quarter of 2019 (1.6% of consolidated net revenue). Part of this increase is explained by the one-offs mentioned. Other operating expenses consist of fines, provisions for contingencies, fees, write-offs of fixed assets, profit sharing program and other provisions.

Below is a table with the breakdown of operating expenses:

	2Q20	%	1H20	%
<b>Selling Expenses</b>	-80,535	-8.6%	-175,626	-8.4%
<b>Administrative Expenses</b>	-79,474	-8.5%	-149,600	-7.1%
<b>Other Expenses/ Income</b>	68,962	7.4%	45,511	2.2%
<b>Other Operating Expenses</b>	-45,564	-4.9%	-80,019	-3.8%
<b>Other Operating Income</b>	114,526	12.3%	125,530	6.0%
<b>Total Operating Exp/ Income</b>	-91,047	-9.8%	-279,715	-13.3%

Values in R\$ Thousand and % over Net Revenue

**EBITDA – Gross Cash Generation**

In 2Q20, consolidated EBITDA totaled R\$ 153.9 million, a decrease of 24.4% in relation to the amount obtained in the same quarter of 2019 (R\$ 203.7 million). The EBITDA margin went from 15.6% in 2Q19 to 16.5% in 2Q20.

	2Q20	2Q19	Δ%	1H20	1H19	Δ%
<b>Consolidated Net Revenue</b>	932,991	1,302,122	-28.3%	2,100,725	2,435,712	-13.8%
<b>Cost of Goods Sold</b>	-732,204	-954,910	-23.3%	-1,647,755	-1,819,626	-9.4%
<b>Consolidated Gross Profit</b>	200,788	347,212	-42.2%	452,969	616,086	-26.5%
<b>(-) Operating Expenses</b>	-160,009	-171,152	-6.5%	-325,226	-337,568	-3.7%
<b>(-) Other expenses/income</b>	68,962	-9,915	-795.5%	45,511	-14,711	-409.4%
<b>Operational Results</b>	109,741	166,145	-33.9%	173,254	263,807	-34.3%
<b>(+) Depreciation/Amortization</b>	44,191	37,511	17.8%	87,659	74,154	18.2%
<b>EBITDA Consolidated</b>	153,932	203,655	-24.4%	260,913	337,961	-22.8%
<b>EBITDA Margin (%)</b>	16.5%	15.6%	86 bps	12.4%	13.9%	-146 bps

Values in R\$ Thousand

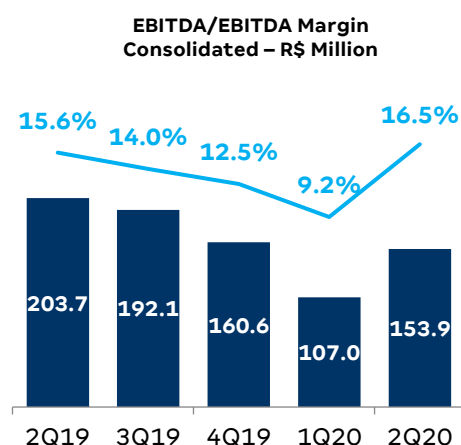
2Q20 Consolidated EBITDA was impacted by non-recurring revenues and expenses (R\$ 69.2 million), as highlighted below, showing in details the composition of Adjusted EBITDA:

	1Q20	2Q20	1H20
<b>Consolidated Net Revenue</b>	1,167,733	932,991	2,100,725
<b>(+) Hedge Accounting</b>	26,101	-	26,101
<b>Adjusted Consolidated Net Revenue<sup>1</sup></b>	<b>1,193,834</b>	<b>932,991</b>	<b>2,126,825</b>
<b>Costs of Goods Sold</b>	-915,552	-732,204	-1,647,755
<b>(-) Voluntary Redundancy Plan</b>	-	12,389	12,389
<b>(-) Restructuring Costs</b>	-	1,826	1,826
<b>Adjusted Consolidated Gross Profit</b>	278,282	215,003	493,285
<b>(-) Operating Expenses</b>	-165,218	-160,009	-325,226
<b>(+) Non-operating asset sale Impairment</b>	9,080	-	9,080
<b>(+) Controlled Companies Impairment</b>	5,686	2,744	8,430
<b>(+) Voluntary Redundancy Plan</b>	-	1,151	1,151
<b>(+) Provision for loss receivable</b>	-	1,238	1,238
<b>(+) Assets Demobilization</b>	2,159	4,108	6,267
<b>(-) Law suit revenues</b>	-	-24,306	-24,306
<b>(-) PIS and COFINS Credits (rectified)</b>	-	-68,343	-68,343
<b>(-) Other Expenses/Revenues</b>	-23,451	68,962	45,511
<b>Adjusted Operational Results</b>	106,539	40,459	147,087
<b>(+) Depreciation/Amortization</b>	43,468	44,191	87,659
<b>Adjusted Consolidated EBITDA<sup>2</sup></b>	150,006	84,740	234,746
<b>Adjusted EBITDA Margin (%)</b>	<b>12.6%</b>	<b>9.1%</b>	<b>11.0%</b>

Values in R\$ Thousand

<sup>1</sup> To calculate Adjusted EBITDA, Hedge Accounting is added to Net Revenue.

<sup>2</sup> For Consolidated EBITDA by Division see Consolidated Income Statement by Segment pages 20 and 21.


**INCOME TAX AND SOCIAL CONTRIBUTION**

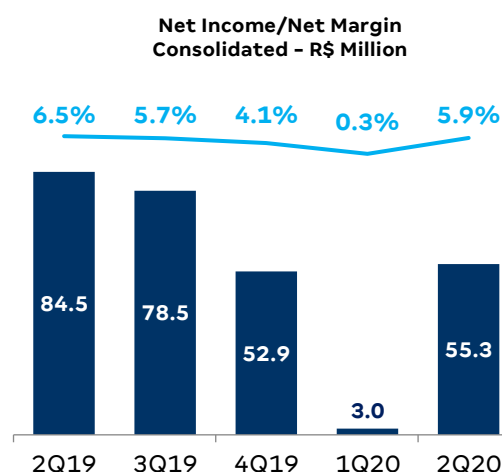
Income Tax and Social Contribution totaled R\$ 35.9 million in 2Q20 (R\$ 51.1 million in the same period of 2019), compared to the income before Income Tax of R\$ 103.7 million (R\$ 158.4 million in 2Q19).

In this quarter, deferred tax was written off in the amount of R\$ 1.2 million at the subsidiary Randon Veículos, due to the expectation of non-recoverability of tax loss in the next ten years, detected through a sensitivity analysis study.

**NET INCOME**

In 2Q20, net income of R\$ 55.3 million was obtained against R\$ 84.5 million in 2Q19. The consolidated net margin was 5.9% in 2Q20 against 6.5% in 2Q19.

In 1H20, the Company obtained a net profit of R\$ 58.3 million and a net margin of 2.8%.


**FINANCIAL RESULTS**

The net financial result in 1H20 amounted to a negative R\$ 33.5 million (negative R\$ 42.3 million in the same period of 2019).

Out of the composition of the financial result for the first half of 2020, we highlight:

- Reduction in interest on income from financial investments (-26.2%) due to the drop in the CDI;
- Revenue from lawsuits totaling R\$ 11.1 million year to date;
- Decrease in interest on financing indexed to the SELIC rate (-43.7%);
- Drop of 26.1% in bank costs in the semester comparison and
- Increase in passive FX variation due to the devaluation of the Real against the Dollar (negative R\$ 7.7 million in 1H20 compared to positive R\$ 7.5 million in 1H19).

The table below shows the breakdown of net financial result for the period.

	1H20	1H19	Δ%
Exchange variance	<b>189,211</b>	74,050	155.5%
Interest on financial investments	<b>35,294</b>	47,827	-26.2%
Revenue from swap operations	<b>1,730</b>	939	84.2%
Gains with other derivative operations	<b>1,133</b>	260	335.8%
Adjustments to present value	<b>5,066</b>	12,889	-60.7%
Revenues from Law Suits	<b>11,131</b>	40	27,727.5%
Other financial revenues	<b>3,618</b>	5,987	-39.6%
<b>Financial Revenues</b>	<b>247,183</b>	<b>141,992</b>	74.1%
Exchange variance	<b>-196,909</b>	-66,573	195.8%
Interest on financing	<b>-52,421</b>	-93,061	-43.7%
Expenses on swap operations	<b>-768</b>	-558	37.6%
Expenses related to Loan Agreements	<b>-716</b>	-403	77.7%
Adjustments to present value	<b>-4,185</b>	-10,872	-61.5%
Leasing adjustments to present value	<b>-3,925</b>	-3,442	14.0%
Bank Expenses	<b>-7,866</b>	-10,639	-26.1%
Other financial expenses	<b>-16,786</b>	-17,149	-2.1%
<b>Financial Expenses</b>	<b>-283,576</b>	<b>-202,697</b>	39.9%
Monetary Adjustment (IAS 29)	<b>2,920</b>	18,370	-84.1%
<b>Net Financial Income</b>	<b>-33,473</b>	<b>-42,335</b>	<b>-20.9%</b>

### INDEBTEDNESS

Consolidated net financial debt (gross debt less cash and cash equivalents) was R\$ 1.2 billion at the end of 1H20, equivalent to a multiple of 1.88 times EBITDA of the last 12 months.

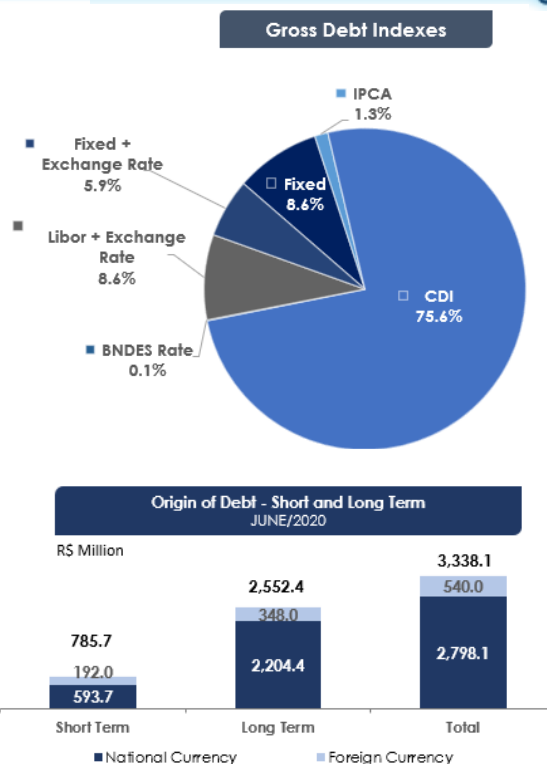
At the end of June 2019, this debt was R\$ 1.2 billion and represented a multiple of 1.90 times EBITDA in the last 12 months.

It is worth noting that part of the Company's consolidated net debt, R\$ 325.1 million, refers to the financial activity of Randon Bank.

When excluding the amount related to this activity, consolidated net debt is R\$ 829.6 million and a multiple of 1.37 times the EBITDA of the last twelve months.

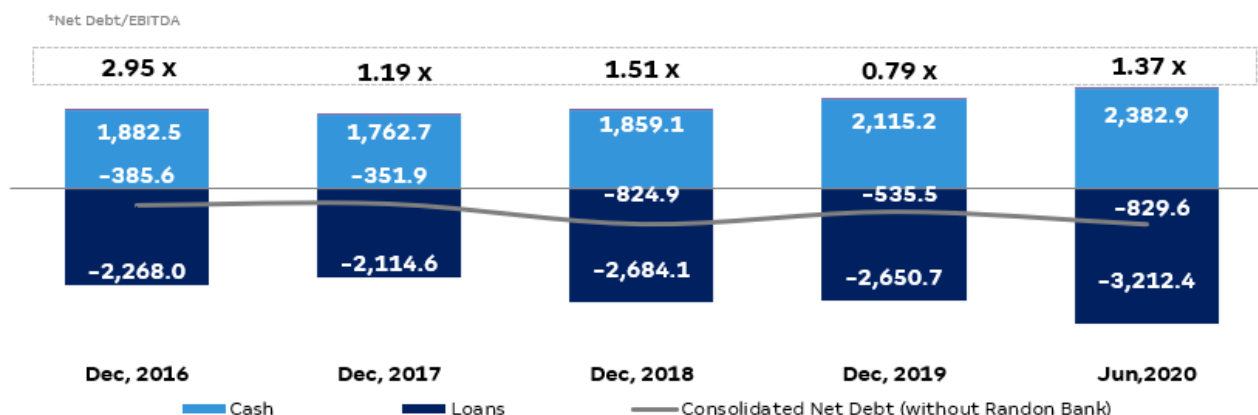
During 2Q20, several funding operations were carried out, totaling R\$ 495.7 million. The most significant were the 3rd issue of debentures of the subsidiary Fras-le, in the amount of R\$ 210.0 million, out which aims to pay part of the acquisition value of Nakata Automotiva, and R\$ 190.0 million for Randon, used to reinforce its cash position and roll over debt.

See below the Company's indebtedness composition over the last quarters:

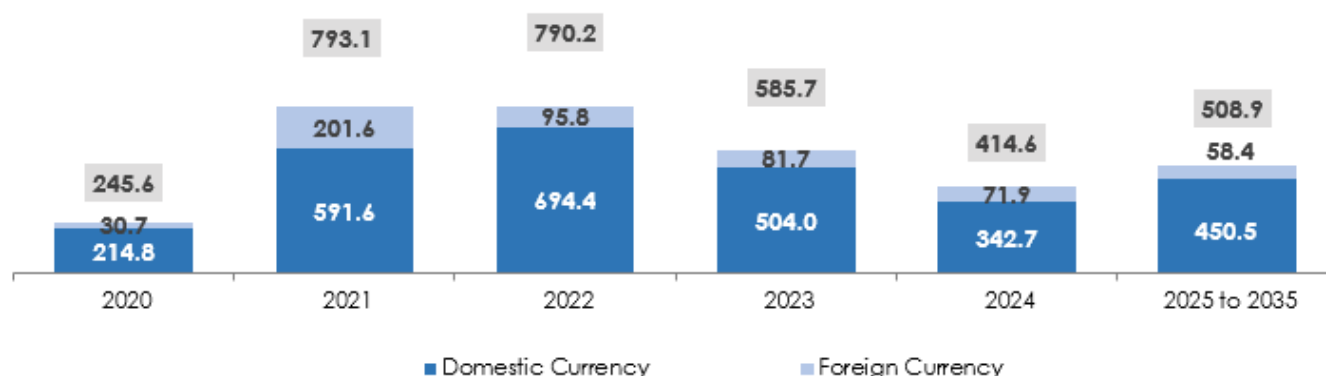


Values in Thousands of Reais	06/30/2019	09/30/2019	12/31/2019	03/31/2020	06/30/2020
Total Gross Debt	2,771,973	2,870,356	2,866,659	2,846,133	3,338,109
Total Consolidated Net Debt	1,164,929	1,086,675	867,857	1,104,396	1,154,691
Net Debt (without the Randon Bank)	869,845	779,938	535,499	847,287	829,559

Please see below the evolution in consolidated net debt (without Randon Bank) in 06/30/2020:



The chart above shows the Company's debt without considering the cash and the debt from Randon Bank. The Consolidated net debt at the end of 1H20 reached R\$ 1.2 billion, a multiple of 1.88x EBITDA over the last 12 months.

**SCHEDULE OF DEBT PAYMENT (R\$ Million)**

**INVESTMENTS**

	2Q20	2Q19	Δ%	1H20	1H19	Δ%
Randon S.A. Implementos e Participações	10,598	27,566	-61.6%	14,938	42,307	-64.7%
Randon Veículos Ltda.	-	14	-100.0%	-23	36	-164.0%
Randon Triel-HT Impl. Rodoviários Ltda.	125	-	-	4,271	-	-
Randon Argentina S.A.	66	325	-79.7%	152	913	-83.3%
Randon Perú S.A.C.	0.2	30	-99.3%	10	68	-84.9%
<b>Trailers</b>	<b>10,789</b>	<b>27,936</b>	<b>-61.4%</b>	<b>19,348</b>	<b>43,324</b>	<b>-55.3%</b>
Randon (suspensys Division)	2,058	5,056	-59.3%	6,239	9,976	-37.5%
Master Sistemas Automotivos Ltda.	512	2,111	-75.7%	1,017	3,475	-70.7%
JOST Brasil Sistemas Automotivos Ltda.	465	644	-27.9%	1,636	714	129.2%
Fras-le S.A.	11,400	15,932	-28.4%	25,051	28,918	-13.4%
Castertech Fundação e Tecnologia Ltda.	1,460	4,652	-68.6%	2,781	6,621	-58.0%
<b>Auto Parts</b>	<b>15,895</b>	<b>28,395</b>	<b>-44.0%</b>	<b>36,724</b>	<b>49,703</b>	<b>-26.1%</b>
Randon Adm. de Consórcios Ltda.	2,373	63	3690.2%	2,531	92	2648.3%
Randon Investimentos Ltda.	56	56	0.2%	86	56	53.8%
<b>Services</b>	<b>2,429</b>	<b>119</b>	<b>1949.0%</b>	<b>2,617</b>	<b>148</b>	<b>1667.8%</b>
<b>SUB-TOTAL</b>	<b>29,114</b>	<b>56,449</b>	<b>-48.4%</b>	<b>58,689</b>	<b>93,175</b>	<b>-37.0%</b>
Non Organic <sup>1</sup>	2,000	-	-	2,000	-	-
Investment in controlled companies	-	-	-	60,500	-	-
<b>TOTAL</b>	<b>31,114</b>	<b>56,449</b>	<b>-44.9%</b>	<b>121,189</b>	<b>93,175</b>	<b>30.1%</b>

<sup>1</sup>Other company's shares or quotas

Values in R\$ Thousands

In 2Q20, R\$ 29.1 million was invested, out of which the following can be highlighted: the modernization project for the stamping sector of Randon Implementos (R\$ 6.4 million) and the expansion of capacity production output of indirect subsidiary Fremax (R\$ 4.3 million).

Non-organic investments of R\$ 2.0 million refer to the portion paid, through the subsidiary Master Sistemas Automotivos, for the acquisition of Ferrari Indústria Metalúrgica in 2020.

### PERFORMANCE COMPARISON

	2Q20	2Q19	Δ%	1H20	1H19	Δ%
<b>Total Gross Revenue (without eliminations)</b>	1,297,105	1,873,904	-30.8%	2,971,823	3,510,276	-15.3%
<b>Consolidated Net Revenue</b>	932,991	1,302,122	-28.3%	2,100,725	2,435,712	-13.8%
<b>Consolidated Gross Profit</b>	200,788	347,212	-42.2%	452,969	616,086	-26.5%
<b>Net Income</b>	55,270	84,538	-34.6%	58,264	116,203	-49.9%
<b>Operating Shareholders' Equity (EBIT) - Consolidated</b>	109,741	166,145	-33.9%	173,254	263,807	-34.3%
<b>Consolidated EBITDA</b>	153,932	203,655	-24.4%	260,913	337,961	-22.8%
<b>Consolidated Net Financial Debt</b>	-	-	-	1,154,691	1,164,929	-0.9%
<b>Consolidated Net Financial Debt (without Randon Bank)</b>	-	-	-	829,559	869,845	-4.6%
<b>Consolidated Net Financial Income</b>	-6,078	-7,723	-21.3%	-33,473	-42,335	-20.9%
<b>Financial Income</b>	90,321	63,944	41.3%	247,183	141,992	74.1%
<b>Financial Expenses</b>	-102,049	-92,714	10.1%	-283,576	-202,697	39.9%
<b>Monetary Adjustment (IAS 29)</b>	5,649	21,048	-73.2%	2,920	18,370	-84.1%
<b>Consolidated Administrative and Commercial Expenses</b>	-160,009	-171,152	-6.5%	-325,226	-337,568	-3.7%
<b>Consolidated Income per Share</b>	-	-	-	0.17	0.34	-49.2%

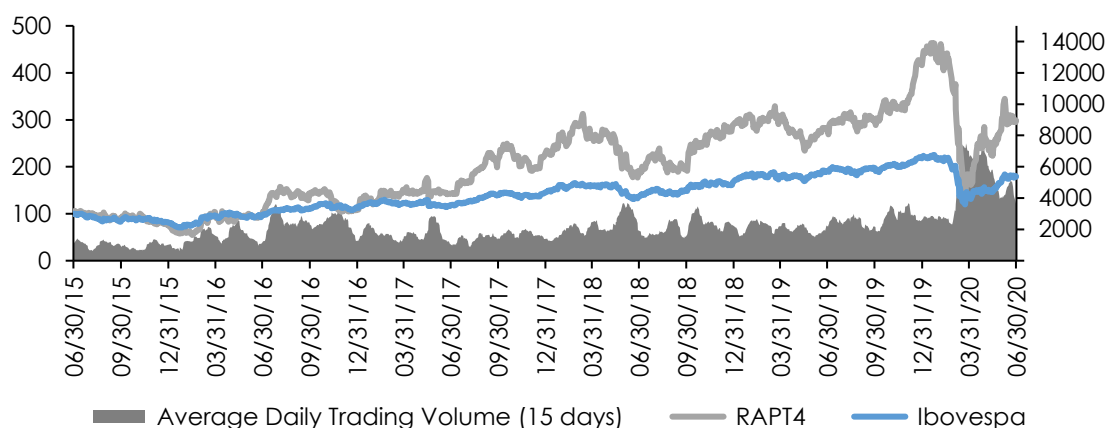
Values in R\$ Thousands (except Consolidated Income per Share)

### PERFORMANCE OF SHARES

The preferred shares of Randon SA Implementos e Participações decreased 28.3% at the end of June 2020 compared to the end of 2019 (R\$ 9.61 per share on 06/30/20 and R\$ 13.40 per share 12/31/19). In the same period, the Ibovespa index showed a negative variation of 17.8%.

In the first half of 2020, 571.0 million preferred shares were traded on the B3 spot market (Bolsa, Brasil, Balcão). The Company recorded an average daily trading volume of R\$ 42.3 million in this period (R\$ 19.5 million in 1H19). In 2Q20, 309.8 million RAPT4 were traded, with an average daily volume of R\$ 41.7 million (123.1 million shares and R\$ 17.4 million of average daily volume traded in 2Q19).

RAPT4 (100=06/30/2015)



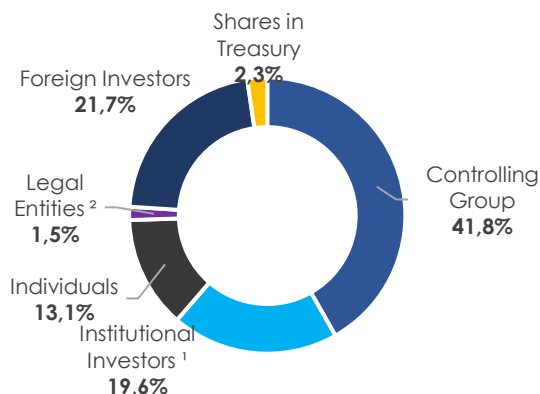
### EVENTS

In 2Q20, Randon S.A. - represented by its IR team, participated in the following online events:

- Credit Suisse: *Video Conference* with Brazilian and Foreign Investors;
- Bradesco BBI: Virtual NDR;
- J.P. Morgan: *Randon's Comments Post Lockdown*;
- Eleven Financial Research: *Live with Investors*;
- Finecap: *Live with Investors*;
- XP: *Live with Investors*.

**SHAREHOLDER'S PROFILE**

At the end of 1H2020, Randon's shareholder base consisted of 35,026 shareholders, with the following profiles:



<sup>1</sup> Investment clubs and Funds

<sup>2</sup> Companies, banks, brokers and associations

**PEOPLE**

The Company's headcount, at the end of 1H20, was 10,341 employees, 8.1% less than the number of employees at the end of 2019 (11,251 employees).

The decrease in headcount is related to the non-renewal of temporary contracts and voluntary redundancy plan. Seeking to offer its employees suitable alternatives to the current scenario, the company opened the possibility of voluntary redundancy plan, an initiative that ensured differentiated benefits for a prolonged period and more favorable conditions than usual. This alternative was available to the company's metallurgical units in Caxias do Sul.

In addition, based on the collective agreement signed by representatives of the industrial class, the Company adopted, as of May, suspension and reduction of working hours, a proposal by the Federal Government to encourage the preservation of jobs. These measures are being adopted in accordance with the decrees of the municipalities and states in which Randon companies are installed, which limit the percentage of people who may be in the same workplace.

To guarantee the health and safety of its employees, Randon has adopted the following measures:

- Temperature check of employees when accessing the company;
- Obligation to use protection face masks inside the company;
- Hand sanitizer available in all spaces of the company;
- Greater ventilation in common spaces;
- Triage stations to assist employees who have symptoms or who want to clarify doubts;
- Use of sprayers to further reinforce hygiene processes;
- Handing out protection face masks;
- Increase in number of bus lines that takes employees to companies;
- Use of ultraviolet radiation equipment to sterilize rooms and surfaces;
- Use of visual signs to indicate the ideal distance in shared spaces, such as restaurants, changing rooms and transportation;
- Expansion of the number of sinks at restaurant entrances;
- Various adaptations in restaurants, including "Tá Pronto" (packed lunch) and installation of acrylic partitions on tables;
- Home health care for symptomatic people;
- Online health and safety training;
- Free toll number with health, medical and psychological attention for employees and dependents, and
- Testing when the medical professional indicates, due to the symptoms.

Currently more than 900 employees are working from home, aiming at reducing the number of people circulating on company spaces, thus reducing the risk of transmission of COVID-19.

**ESG**

**Environmet**

In 2Q20, Randon Companies held the environment week with the SEMEAR initiative (Randon Environment Week).

During the event, several sustainable initiatives were presented, with new ideas for the optimization of processes, involving from employees to suppliers as well as other people and companies involved in the operation. Sustainability consists of creating opportunities, minimizing impacts and looking after resources.

During this period, Webinars were held, good practices were disseminated through videos, publications and dialogue with employees. Courses on the theme of sustainability were also made available on the Pra.Vc platform, used by employees to conduct online training.

The Company is committed to direct its daily practices towards the preservation of the environment and natural resources.

As an example of this commitment, the construction of the CTR Lab (Randon Technological Center) can be mentioned. Made in a sustainable way with the use of refurbished containers, reducing the use of cement, sand, water and bricks, which, in conventional constructions, generate a high volume of waste and debris. This reuse of a large steel structure has a durability of one hundred years or even longer. Therefore, containerized works are classified as sustainable works.



**Social**

In 2Q20, the Company continued to support the community intensely in this pandemic moment through donations and partnerships. Below are some of the actions taken:

- Donation of 10,000 reusable masks for truck drivers from all over Brazil, distributed in partnership with the Randon Dealership Network, TruckHelp and EGR (Gaúcha Highway Company);
- Donation of a thousand rapid tests for the detection of the new coronavirus for the city of Caxias do Sul campaign against COVID-19;
- In partnership with other institutions, it delivered ventilators to the Caxias do Sul municipality, where most Randon Companies are located;
- Controil, a Fras-le subsidiary, started to manufacture items for face shields that are being donated to health and safety professionals;
- Randon Companies, through the indirect subsidiary Ferrari, took part in a collaborative work led by Embraer, for the assembly of ventilators. [Click here](#) to learn more about this initiative.



Photo: João Lazzarotto

**Governance**

Randon Companies constantly seek to expand their corporate governance practices to ensure transparency and efficiency in their management.

In this quarter, the Board of Directors approved, in a meeting on July 17, 2020, during the preparation of this report, the following policies:

- Allocation of Company's Results Policy;
- Hiring of Extra-Audit Services Policy;
- Sponsorships and Donations Policy.

These policies can be accessed on the CVM website or on the Company's IR website.



**NAKATA | FRAS-LE**

The transaction disclosed to the market on December 17, 2019, by means of a material fact, was approved by CADE (Economic Defense Council) on July 3, 2020 and by shareholders on July 23, 2020, at the Extraordinary General Meeting.

For more information visit [ri.fras-le.com.br](http://ri.fras-le.com.br).

**APIMEC ONLINE**

The Company invites its shareholders and the market in general to participate in its APIMEC meeting, which will take place on August 27, 2020 at 2 PM exclusively online.

The meeting will take place in Portuguese and without simultaneous translation.

To register, send an email to [apimecsp@apimecsp.com.br](mailto:apimecsp@apimecsp.com.br). Confirmation of participation is mandatory.

The link for accessing APIMEC presentation will be sent to the registration email.

**AWARDS AND HIGHLIGHTS**

In the second quarter of 2020, Randon Companies received awards, of which we highlight:

- Institutional Investor, an international publisher focused on best practices in the financial market, released its 2020 ranking of the best Investor Relations professionals in Latin America. Daniel Randon was elected the best CEO in the category of capital goods companies. Paulo Prignolato, CFO and IR Director of Randon, occupied the first position among the best CFO's in the same category. The survey considers the opinion of more than 600 financial managers and market analysts, taking into account aspects such as communication, credibility and leadership. The Company was also awarded in the IR Professional categories (Esteban Angeletti and Davi Bacichette), Investor Relations Program and ESG Metrics.
- Randon Companies were awarded in the Platinum category of the 17th edition of the Aliança Award, which consecrated the auto parts companies that stood out in 2019. The results are valued as: increased sales, improved image, qualification of portfolio, among others.
- The subsidiary Master was certified in the GPTW program (Great Place to Work: Best Companies to Work for). Through the research promoted by the program, Master's employees considered the organization to be a great work environment. With that, the company reached the score required for recognition with a digital certification seal.
- The subsidiaries JOST Brasil and Master received the Quality Award from the DAF client, for meeting the client's expectations during 2019, where they maintained the PPM indicator with DAF.
- Randon S/A and Fras-le are among the 10 most innovative companies in the south of the country, according to a ranking published by Amanhã Magazine. The 16th edition of the survey points out the organizations that best respond to the challenges of continuous disruption in their business lines. Randon (consolidated) appears in the 4th overall position leading in the Automotive category. Fras-le ranks 6th overall and 1st in the Parts and Accessories category. The Company still ranks 3rd in the Results dimension, one of the six dimensions surveyed and with the most weight in the study, which shows the ability to transform ideas and suggestions into concrete, tangible and measurable results.

**BOARDS AND POSITIONS****Board of Directors**

David Abramo Randon – President  
Alexandre Randon – Vice-President  
Pedro Ferro Neto – Board member  
Ruy Lopes Filho – Board member  
William Ling – Board member

**Audit Board**

Ademar Salvador  
João Carlos Sfreddo  
Renato Sobral Pires Chaves

**Executive Board**

Daniel Randon – President Director  
Alexandre Randon – Director  
Alexandre Gazzi – Director  
Sergio Carvalho – Director  
Paulo Prignolato – Director

**Executive Comitee (non-statutory)**

Daniel Randon – President Director  
Daniel Martin Ely – Corporate Director  
Paulo Prignolato – Corporate Director  
Sergio Carvalho – Corporate Director

**CFO and IR Director**

Paulo Prignolato – Director

**Finance and IR Manager**

Esteban Mario Angeletti

**Accountant**

Paula Machado Corrêa  
RS-097654/O-8

**Investor Relations**

Caroline Isotton Colleto  
Davi Coin Bacichette  
Gustavo Schwaizer

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## Attachment I.a

## CONSOLIDATED INCOME STATEMENTS

R\$ Thousand

	2Q20		2Q19		1H20		1H19		Variation %	
		%		%		%		%	2Q20/2Q19	1H20/1H19
<b>Gross Revenue</b>	1,157,806	124.1%	1,617,330	124.2%	2,625,216	125.0%	3,032,871	124.5%	-28.4%	-13.4%
Deduction in Gross Revenue	-224,814	-24.1%	-315,208	-24.2%	-524,491	-25.0%	-597,158	-24.5%	-28.7%	-12.2%
<b>Net Revenue</b>	<b>932,991</b>	<b>100.0%</b>	<b>1,302,122</b>	<b>100.0%</b>	<b>2,100,725</b>	<b>100.0%</b>	<b>2,435,712</b>	<b>100.0%</b>	<b>-28.3%</b>	<b>-13.8%</b>
<b>Costs of Sales and Service</b>	<b>-732,204</b>	<b>-78.5%</b>	<b>-954,910</b>	<b>-73.3%</b>	<b>-1,647,755</b>	<b>-78.4%</b>	<b>-1,819,626</b>	<b>-74.7%</b>	<b>-23.3%</b>	<b>-9.4%</b>
<b>Gross Profit</b>	<b>200,788</b>	<b>21.5%</b>	<b>347,212</b>	<b>26.7%</b>	<b>452,969</b>	<b>21.6%</b>	<b>616,086</b>	<b>25.3%</b>	<b>-42.2%</b>	<b>-26.5%</b>
Sales Expenses	-80,535	-8.6%	-103,265	-7.9%	-175,626	-8.4%	-205,768	-8.4%	-22.0%	-14.6%
Administrative Expenses	-79,474	-8.5%	-67,886	-5.2%	-149,600	-7.1%	-131,800	-5.4%	17.1%	13.5%
Financial Income	-6,078	-0.7%	-7,723	-0.6%	-33,473	-1.6%	-42,335	-1.7%	-21.3%	-20.9%
Financial Revenues	90,321	9.7%	63,944	4.9%	247,183	11.8%	141,992	5.8%	41.3%	74.1%
Financial Expenses	-102,049	-10.9%	-92,714	-7.1%	-283,576	-13.5%	-202,697	-8.3%	10.1%	39.9%
Monetary Adjustment(IAS 29)	5,649	0.6%	21,048	1.6%	2,920	0.1%	18,370	0.8%	-	-
Other Expenses/Income	68,962	7.4%	-9,915	-0.8%	45,511	2.2%	-14,711	-0.6%	-795.5%	-409.4%
<b>Result Before Income Tax</b>	<b>103,663</b>	<b>11.1%</b>	<b>158,422</b>	<b>12.2%</b>	<b>139,780</b>	<b>6.7%</b>	<b>221,471</b>	<b>9.1%</b>	<b>-34.6%</b>	<b>-36.9%</b>
Provision for Income Tax and Social Contribution Taxes	-35,933	-3.9%	-51,064	-3.9%	-64,362	-3.1%	-72,449	-3.0%	-29.6%	-11.2%
Interest of non-controlling shareholders	-12,460	-1.3%	-22,820	-1.8%	-17,154	-0.8%	-32,818	-1.3%	-45.4%	-47.7%
<b>Net Income for the Period</b>	<b>55,270</b>	<b>5.9%</b>	<b>84,538</b>	<b>6.5%</b>	<b>58,264</b>	<b>2.8%</b>	<b>116,203</b>	<b>4.8%</b>	<b>-34.6%</b>	<b>-49.9%</b>
<b>EBIT</b>	<b>109,741</b>	<b>11.8%</b>	<b>166,145</b>	<b>12.8%</b>	<b>173,254</b>	<b>8.2%</b>	<b>263,807</b>	<b>10.8%</b>	<b>-33.9%</b>	<b>-34.3%</b>
<b>EBITDA</b>	<b>153,932</b>	<b>16.5%</b>	<b>203,655</b>	<b>15.6%</b>	<b>260,913</b>	<b>12.4%</b>	<b>337,961</b>	<b>13.9%</b>	<b>-24.4%</b>	<b>-22.8%</b>
<b>EBITDA Margin (%)</b>	<b>16.5%</b>		<b>15.6%</b>		<b>12.4%</b>		<b>13.9%</b>		<b>86 bps</b>	<b>-146 bps</b>
<b>Adjusted EBITDA</b>	<b>84,740</b>		<b>209,583</b>		<b>234,746</b>		<b>362,417</b>		<b>-59.6%</b>	<b>-35.2%</b>
<b>Adjusted EBITDA Margin (%)</b>	<b>9.1%</b>		<b>16.1%</b>		<b>11.0%</b>		<b>14.8%</b>		<b>-701 bps</b>	<b>-373 bps</b>

## Attachment I.b

## CONSOLIDATED INCOME STATEMENTS BREAKDOWN BY SEGMENT

R\$ Thousands (2Q20|2Q19)

	Vehicles and Trailers Semi-trailers			Auto Parts			Services			Consolidated		
	2Q20	2Q19	Δ%	2Q20	2Q19	Δ%	2Q20	2Q19	Δ%	2Q20	2Q19	Δ%
<b>Gross Revenue</b>	582,157	718,226	-18.9%	524,237	844,337	-37.9%	51,412	54,767	-6.1%	1,157,806	1,617,330	-28.4%
Deduction in Gross Revenue	-116,338	-131,826	-11.7%	-103,587	-178,214	-41.9%	-4,889	-5,167	-5.4%	-224,814	-315,208	-28.7%
<b>Net Revenue</b>	<b>465,819</b>	586,399	-20.6%	<b>420,650</b>	666,123	-36.9%	<b>46,522</b>	49,599	-6.2%	<b>932,991</b>	1,302,122	-28.3%
<b>Costs of Sales and Service</b>	<b>-396,941</b>	-456,489	-13.0%	<b>-330,629</b>	-493,787	-33.0%	<b>-4,634</b>	-4,633	0.0%	<b>-732,204</b>	-954,910	-23.3%
<b>Gross Profit</b>	<b>68,879</b>	129,910	-47.0%	<b>90,021</b>	172,335	-47.8%	<b>41,888</b>	44,966	-6.8%	<b>200,788</b>	347,212	-42.2%
Gross Margin (%)	14.8%	22.2%	-737 bps	21.4%	25.9%	-447 bps	90.0%	90.7%	-62 bps	21.5%	26.7%	-514 bps
Operating Expenses	-34,842	-57,673	-39.6%	-25,491	-94,412	-73.0%	-30,713	-28,982	6.0%	-91,047	-181,067	-49.7%
<b>EBIT</b>	<b>34,037</b>	72,237	-52.9%	<b>64,530</b>	77,923	-17.2%	<b>11,175</b>	15,984	-30.1%	<b>109,741</b>	166,145	-33.9%
<b>EBITDA</b>	<b>46,381</b>	83,858	-44.7%	<b>96,232</b>	103,671	-7.2%	<b>11,319</b>	16,126	-29.8%	<b>153,932</b>	203,655	-24.4%
EBITDA Margin	10.0%	14.3%	-434 bps	22.9%	15.6%	731 bps	24.3%	32.5%	-818 bps	16.5%	15.6%	86 bps
<b>ADJUSTED EBITDA</b>	<b>23,100</b>	84,148	-72.5%	<b>50,321</b>	109,308	-54.0%	<b>11,319</b>	16,126	-29.8%	<b>84,740</b>	209,583	-59.6%
<b>ADJUSTED EBITDA MARGIN</b>	<b>5.0%</b>	14.3%	-938 bps	<b>12.0%</b>	16.4%	-445 bps	<b>24.3%</b>	32.5%	-818 bps	<b>9.1%</b>	16.1%	-701 bps



## Attachment I.b

## CONSOLIDATED INCOME STATEMENTS BREAKDOWN BY SEGMENT

R\$ Thousands (1H20|1H19)

	Trailers/ Semi-trailers			Auto Parts			Services			Consolidated		
	1H20	1H19	Δ%	1H20	1H19	Δ%	1H20	1H19	Δ%	1H20	1H19	Δ%
<b>Gross Revenue</b>	1,203,252	1,301,538	-7.6%	1,315,815	1,627,427	-19.1%	106,149	103,906	2.2%	2,625,216	3,032,871	-13.4%
Deduction in Gross Revenue	-242,374	-236,191	2.6%	-272,386	-351,000	-22.4%	-9,732	-9,968	-2.4%	-524,491	-597,158	-12.2%
<b>Net Revenue</b>	<b>960,878</b>	1,065,347	-9.8%	<b>1,043,430</b>	1,276,427	-18.3%	<b>96,417</b>	93,938	2.6%	<b>2,100,725</b>	2,435,712	-13.8%
Costs of Sales and Service	-840,258	-857,198	-2.0%	-796,141	-954,522	-16.6%	-11,356	-7,906	43.6%	-1,647,755	-1,819,626	-9.4%
<b>Gross Profit</b>	<b>120,620</b>	208,149	-42.1%	<b>247,288</b>	321,905	-23.2%	<b>85,061</b>	86,032	-1.1%	<b>452,969</b>	616,086	-26.5%
Gross Margin (%)	12.6%	19.5%	-699 bps	23.7%	25.2%	-152 bps	88.2%	91.6%	-336 bps	21.6%	25.3%	-373 bps
Operating Expenses	-93,769	-110,016	-14.8%	-125,575	-185,891	-32.4%	-60,372	-56,373	7.1%	-279,715	-352,279	-20.6%
<b>EBIT</b>	<b>26,851</b>	98,133	-72.6%	<b>121,713</b>	136,014	-10.5%	<b>24,689</b>	29,659	-16.8%	<b>173,254</b>	263,807	-34.3%
<b>EBITDA</b>	<b>51,761</b>	121,204	-57.3%	<b>184,204</b>	186,873	-1.4%	<b>24,948</b>	29,885	-16.5%	<b>260,913</b>	337,961	-22.8%
EBITDA Margin	5.4%	11.4%	-599 bps	17.7%	14.6%	301 bps	25.9%	31.8%	-594 bps	12.4%	13.9%	-146 bps
<b>ADJUSTED EBITDA</b>	<b>63,660</b>	136,113	-53.2%	<b>146,138</b>	196,419	-25.6%	<b>24,948</b>	29,885	-16.5%	<b>234,746</b>	362,417	-35.2%
<b>ADJUSTED EBITDA MARGIN</b>	<b>6.5%</b>	12.6%	-615 bps	<b>14.0%</b>	15.3%	-134 bps	<b>25.9%</b>	31.8%	-594 bps	<b>11.0%</b>	14.8%	-373 bps



# Attachment II STATEMENT OF CASH FLOW – INDIRECT METHOD

R\$ Thousands

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
<b>Cash flow from operations</b>				
<b>Income for the period</b>	<b>58,264</b>	116,203	<b>75,418</b>	149,022
Provision for income tax and social contribution (current and deferred)	10,350	26,663	64,362	72,449
Depreciation and amortization	29,584	29,886	87,659	72,098
Reversal Reduction in Recoverable Value	-9,080	-	-9,080	-
Reduction in Recoverable Value (Impairment)	-	-	8,431	-
Provision for disputes	6,869	2,877	11,562	3,841
Provision for doubtful accounts	717	-1,669	1,684	-3,357
Provision for obsolete inventory	2,081	836	8,177	1,942
Investment property fair value	-	-1,214	-	-10,580
Other Provisions	-18,239	411	-31,236	1,566
Residual cost from sold and written off fixed assets	21,259	52	26,331	-
Equity equivalence	-42,180	-66,956	-	-
Monetary Adjustment (IAS 29)	-	-	-2,920	-18,370
Revenues from law suits	-42,793	-	-102,550	-
Variation in loans and leasing	105,216	73,139	188,588	79,823
Government Grant Revenue	372	337	853	805
Variations in derivatives	-963	-381	-963	-381
<b>Receipt of profits and dividends of subsidiaries</b>	<b>121,457</b>	180,184	<b>326,316</b>	348,858
<b>Variations in assets and liabilities</b>				
Financial investments	269,518	-123,269	263,462	-52,110
Accounts receivable from customers	-86,752	-21,042	-158,699	-110,485
Inventory	-31,586	-91,119	-102,513	-155,661
Other Assets	43,620	10,837	7,605	8,978
Suppliers	15,788	50,208	22,455	85,766
Other accounts payable	-38,383	35,859	22,753	53,472
Cash used (generated by) operation	293,662	41,658	381,379	178,818
Income tax and Social Contribution paid	-901	-12,016	-36,235	-43,627
<b>Net cash used (generated by) operation</b>	<b>292,761</b>	29,642	<b>345,144</b>	135,191
<b>Cash Flow from Investments</b>				
Pay-up of capital in subsidiary	-60,500	-1,034	-	-
Receipt of profits and dividends of subsidiaries	15,446	62,556	-	-
Disposal for investment property	-12,055	-	-12,055	-
Investment Addition	-	-	-1	-1
Loans to subsidiaries	-14,170	-	-	-
Investment in Permanent Assets by Business Combination	-	-	-2,000	-
Purchases of property, plant and equipment	-27,245	-49,540	-62,841	-89,716
Additions to intangible assets	-8,641	-1,709	-16,955	-2,426
<b>Net available cash used in investments</b>	<b>-107,165</b>	10,273	<b>-93,852</b>	-92,143
<b>Net Cash used (resulting from) financing</b>				
Payment of dividends	-	-30,096	-	-71,658
Payment of interest on capital payable	-51,226	-	-58,443	-16,588
Loans	216,927	443,178	762,614	609,775
Payment of loans	-95,136	-516,798	-388,253	-660,716
Acquisition of Treasury Shares	-35,553	-	-35,553	-
Loans granted by related parties	-	-	8,022	-
Payment of leasings	-3,748	-3,621	-13,332	-10,295
Interest paid on loans	-54,043	-65,494	-71,210	-77,583
<b>Net Cash used (resulting from) financing</b>	<b>-22,779</b>	-172,831	<b>203,845</b>	-227,065
	<b>162,817</b>	-132,916	<b>455,137</b>	-184,017
<b>Statement of increase in cash</b>				
At beginning of period	883,874	922,716	1,177,202	1,229,151
At end of period	1,046,691	789,800	1,632,339	1,045,134
<b>Increase in cash</b>	<b>162,817</b>	-132,916	<b>455,137</b>	-184,017



## Attachment III SUMMARIZED FINANCIAL STATEMENTS AS OF 06/30/2020

R\$ Thousands – according to Corporate Legislation

	RANDON S/A IMPL. E PARTIC. CONSOLIDATED	RANDON S/A IMPL. E PARTIC. PARENT CO.	RANDON INVESTIMENTOS
<b>Assets</b>	<b>6,906,563</b>	<b>4,440,857</b>	<b>657,350</b>
Current Assets	4,272,828	2,358,394	413,242
Cash and equivalents	1,632,339	1,046,691	8,549
Financial Investments	556,756	526,750	11,474
Derivative Financial Instrument	2,345	2,345	-
Receivables	812,108	254,370	392,625
Inventory	931,905	361,748	-
Deferred Charges/ Recoverable taxes	267,113	120,568	423
Others	70,263	45,922	172
Noncurrent Assets	2,633,735	2,082,464	244,107
Long-term Assets	635,938	361,098	236,594
Investments of non-immediate liquidity	-	66,917	-
Credit controlling company/controlled companies	-	117,127	-
Receivables	220,718	-	220,718
Consortiums for resale	17,301	1,466	-
Deferred Charges/ recoverable taxes	259,953	152,386	4,220
Other non-current assets	19,217	4,640	127
Taxes under litigation	44,579	18,272	-
Goods for resale	11,818	289	11,528
Long Term Receivables	62,353	-	-
Investments/Property, Plant, Property/Intangible/Deferred	1,855,847	1,696,236	6,501
Right to use asset	141,950	25,131	1,012
<b>Liabilities</b>	<b>6,906,563</b>	<b>4,440,857</b>	<b>657,350</b>
Current Liabilities	1,678,247	871,792	303,459
Suppliers	389,833	241,329	2,397
Financing institutions	785,685	517,743	170,352
Salaries and benefits	84,821	32,749	825
Taxes and Fees	99,763	10,560	3,147
Advances for customers and others	294,845	62,577	126,660
Goods for resales	23,299	6,834	78
Noncurrent Liabilities	2,960,839	1,824,503	203,340
Financing institutions	2,552,424	1,780,864	181,280
Government Subsidy	4,403	1,852	-
Debits with controlled companies	8,022	-	1
Diverse taxes and contributions	84,738	-	19
Provision for contingencies	52,986	21,891	-
Other non-current liabilities	62,872	1,111	21,081
Coop-payment plans obligations	77,691	-	-
Advances for customers and others	-	-	-
Leases	117,703	18,783	959
<b>Total Net Equity</b>	<b>2,267,478</b>	<b>1,744,563</b>	<b>150,551</b>
Net Equity	1,744,563	1,744,563	150,550
Minority interest	522,915	-	2



**Attachment III**    **SUMMARIZED FINANCIAL STATEMENTS AS OF 06/30/2020**  
R\$ Thousands – according to Corporate Legislation

	RANDON S/A IMPL. E PARTIC. CONSOLIDATED	RANDON S/A IMPL. E PARTIC. PARENT CO.	RANDON INVESTIMENTOS
<b>INCOME STATEMENT</b>			
Net revenue	2,100,725	1,066,314	27,971
Cost of goods and services	-1,647,755	-925,666	-13,430
Gross income	452,969	140,647	14,542
Sales expenses	-175,626	-54,957	-
Administrative expenses	-149,600	-58,795	-6,848
Financial income	-33,473	-20,180	-46
Investment valuation income	-	42,180	-
Other expenses/income	45,511	19,719	-2,834
Income before taxes	139,780	68,614	4,814
Provision for taxes and social contributions	-64,361	-10,350	-1,356
Interest of non-controlling shareholders	-17,154	-	-
<b>Net income for the period</b>	<b>58,264</b>	<b>58,264</b>	<b>3,458</b>
<b>EBIT</b>	<b>173,254</b>	<b>46,614</b>	<b>4,860</b>
<b>EBITDA</b>	<b>260,913</b>	<b>76,198</b>	<b>4,951</b>
<b>EBITDA MARGIN (%)</b>	<b>12.4%</b>	<b>7.1%</b>	<b>17.7%</b>