



Marcopolo

70 ANOS
YEARS
AÑOS

APIMEC Meeting
2Q19 | 1H19





Important

Our estimates and future statements are largely based on current expectations and projections in relation to future events and financial trends that affect, or could affect our business. Many important factors can adversely affect our results, such as those predicted in our estimates and future statements. The words "we believe", "we can", "we aim to", "we estimate" and other similar words are for the purpose of identifying estimates and projections. The considerations about estimates and future statements include information related to results and projections, strategies, financing plans, competitive position, sectoral environment, potential growth opportunities, effects of future regulations and effects of competition. These estimates and projections refer only to the date when they were expressed. We cannot assume the obligation to publicly update or review any of these estimates due to new information arising, future events or any other factors, except for current regulations to which we are subject.



Profile & Results 2Q19 | 1H19

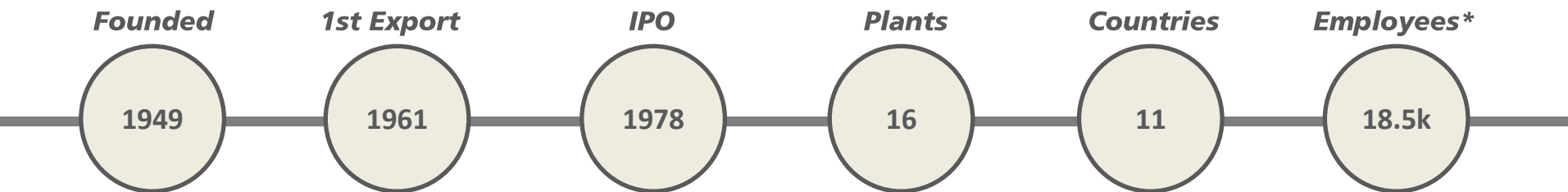
José Antonio Valiati
CFO & IRO



Profile



International company, leader in bus body Brazilian market and strong presence in all segments.

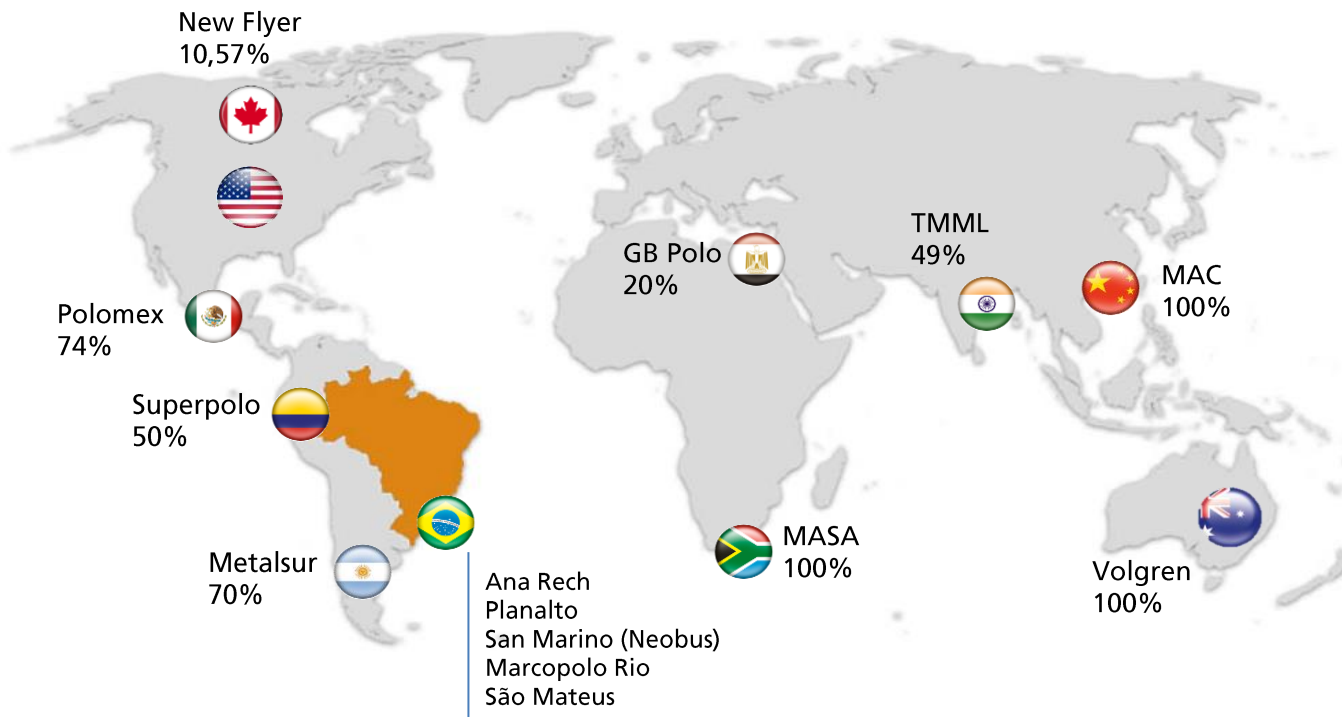


Product Characteristics:

- *State-of-the-art technology;*
- Expertise of building bodies on any chassis model;
- Engineering teams divided by products;
- Products customized and manufactured according to customers' needs.

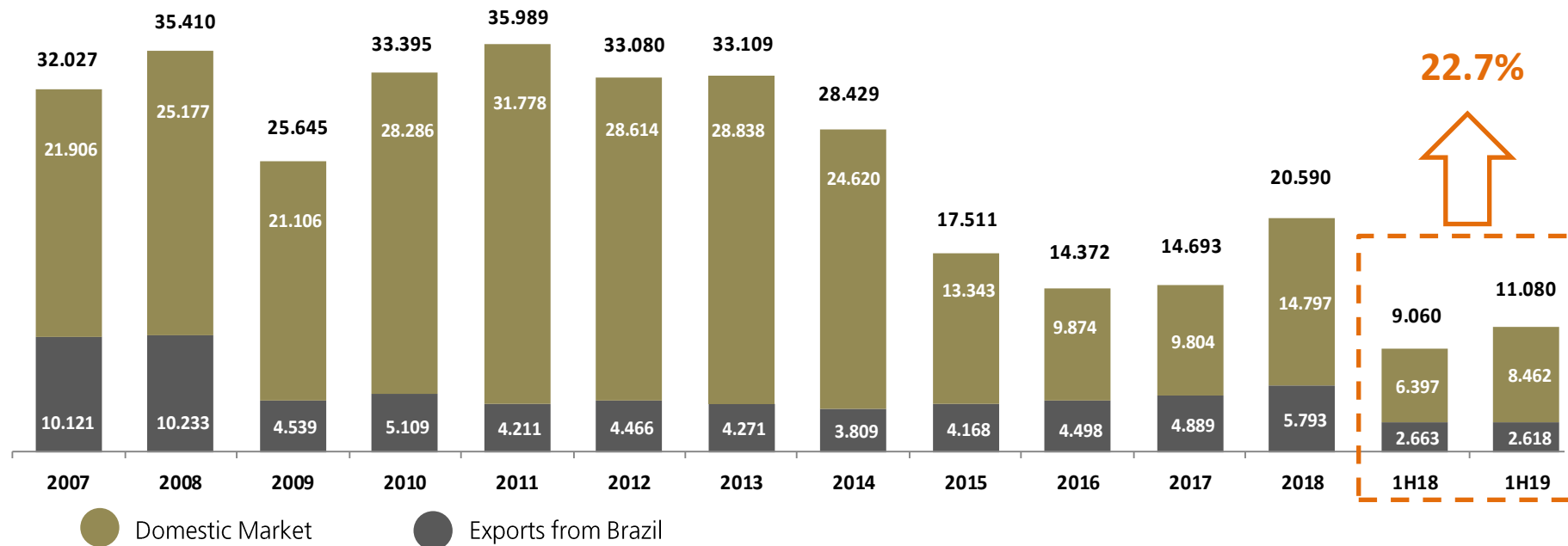
* 2018

Global Footprint





Brazilian Bus Production



Source: FABUS. Does not includes Volares.

Brazilian Bus Production



Market	2Q19	2Q18	Δ2Q19/2Q18
Domestic Market	4.796	3.839	24,9%
Exporta Market	1.012	1.294	-21,8%
Total	5.808	5.133	13,2%

1H19	1H18	Δ1H19/1H18
8.462	6.367	32,9%
2.618	2.663	-1,7%
11.080	9.030	22,7%

Segment	2Q19	2Q18	Δ2Q19/2Q18
Intercity	1.662	1.258	13,9%
Urbans	3.072	2.552	-9,8%
Micros	1.074	1.323	22,8%
Total	5.808	5.133	13,2%

1H19	1H18	Δ1H19/1H18
2.766	2.474	13,9%
6.228	4.539	-9,8%
2.086	2.017	22,8%
11.080	9.030	22,7%

Source: FABUS. Does not includes Volares.

Marcopolo Production

(units)



Market	2Q19	2Q18	Δ2Q19/2Q18
Brazil	3.207	2.550	25,8%
Exports	541	993	-45,5%
Units Abroad	554	563	-1,6%
South Africa (MASA)	45	91	-50,5%
Australia (Volgren)	108	151	-28,5%
China (MAC)	19	72	-73,6%
Mexico (Polomex)	382	249	53,4%
Total Production	4.302	4.106	4,8%

1H19	1H18	Δ1H19/1H18
5.280	4.047	30,5%
1.437	1.959	-26,6%
1.120	916	22,3%
100	167	-40,1%
206	242	-14,9%
64	114	-43,9%
750	393	90,8%
7.837	6.922	13,2%

Marcopolo Production

(units)



	2Q19	2Q18	Δ 2Q19/2Q18	2H19	2H18	Δ 2H19/2H18
Domestic Market	3.207	2.550	25,8%	5.280	4.047	30,5%
Intercity	780	641	21,7%	1.119	1.063	5,3%
Urbans	1.097	1.050	4,5%	1.780	1.689	5,4%
Micros	654	382	71,2%	1.124	480	134,2%
Volares	676	477	41,7%	1.257	815	54,2%
Export Market	1.095	1.556	-29,6%	2.557	2.875	-11,1%
Intercity	444	301	47,5%	866	729	18,8%
Urbans	486	936	-48,1%	1.363	1.575	-13,5%
Micros	72	161	-55,3%	187	354	-47,2%
Volares	93	158	-41,1%	141	217	-35,0%
TOTAL	4.302	4.106	4,8%	7.837	6.922	13,2%

Marcopolo Results

(BRL Million)



	2Q19	2Q18	Δ 2Q19/2Q18	1H19	1H18	Δ 1H19/1H18
Total Revenue	1.141,8	1.091,3	4,6%	2.040,4	1.856,2	9,9%
Domestic Revenue	625,4	346,4	80,5%	1.036,7	680,1	52,4%
Export Revenue	238,5	498,6	-52,2%	503,8	783,0	-35,7%
Abroad Revenue	278,0	246,3	12,9%	499,9	393,1	27,2%
Gross Profit	175,5	185,6	-5,4%	313,5	281,6	11,3%
Gross Margin	15,4%	17,0%	-1,6 p.p.	15,4%	15,2%	0,2 p.p.
EBITDA	105,5	107,7	-2,0%	166,2	168,9	-1,6%
EBITDA Margin	9,2%	9,9%	-0,7 p.p.	8,1%	9,1%	-1,0 p.p.
Net Profit	90,9	23,3	290,1%	117,9	54,3	117,1%
Net Margin	8,0%	2,1%	5,9 p.p.	5,8%	2,9%	2,9 p.p.



Scenario & Perspectives

James Bellini
Chairman & CEO



Highlights – Brazil and Exports



Intercity:

- ✿ Accessibility law still affects the charter market. The other intercity markets are normalized with good perspectives for the 2H19;
- ✿ Expectations are for exports to resume from the end of 3Q19;
- ✿ Segment continues to be negatively impacted by falling sales in Argentina;
- ✿ 2Q19 production pace maintained for 3Q19, noting that 3Q18 was favored by the anticipated purchases caused by the accessibility law.

Urbans:

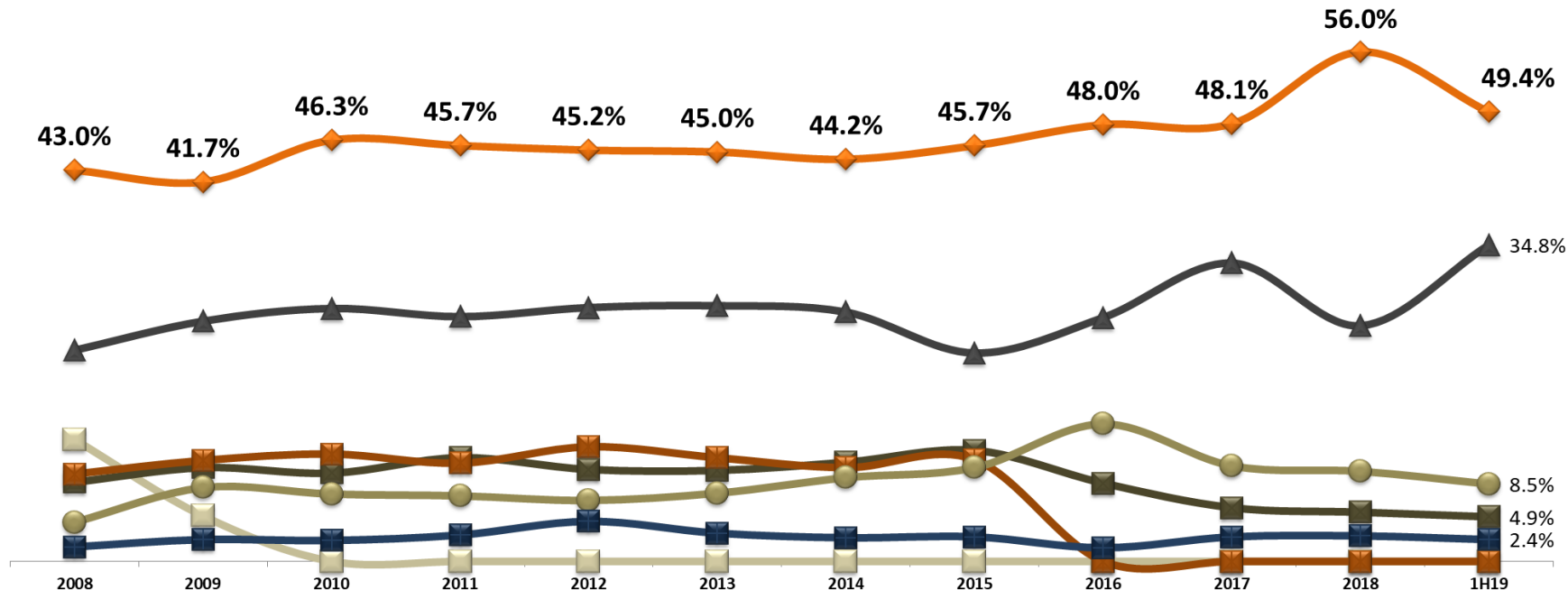
- ✿ Segment follows recovery path in the domestic market, after the beginning of the resumption in 2H18;
- ✿ São Paulo's bidding, although not yet completed, already positively affects sales;
- ✿ Normal exports environment, with reduction of special orders for the African continent, impacts profitability.

Micros and Volares:

- ✿ In 2Q19, 826 units of the Caminho da Escola program were delivered: 331 micros, 306 urban and 189 Volares;
- ✿ New bid of 6,200 units confirmed for August 12.

Market Share Brazil

Source: FABUS. Does not includes Volares.



◆ Marcopolo

■ Busscar

▲ Caio/Induscar

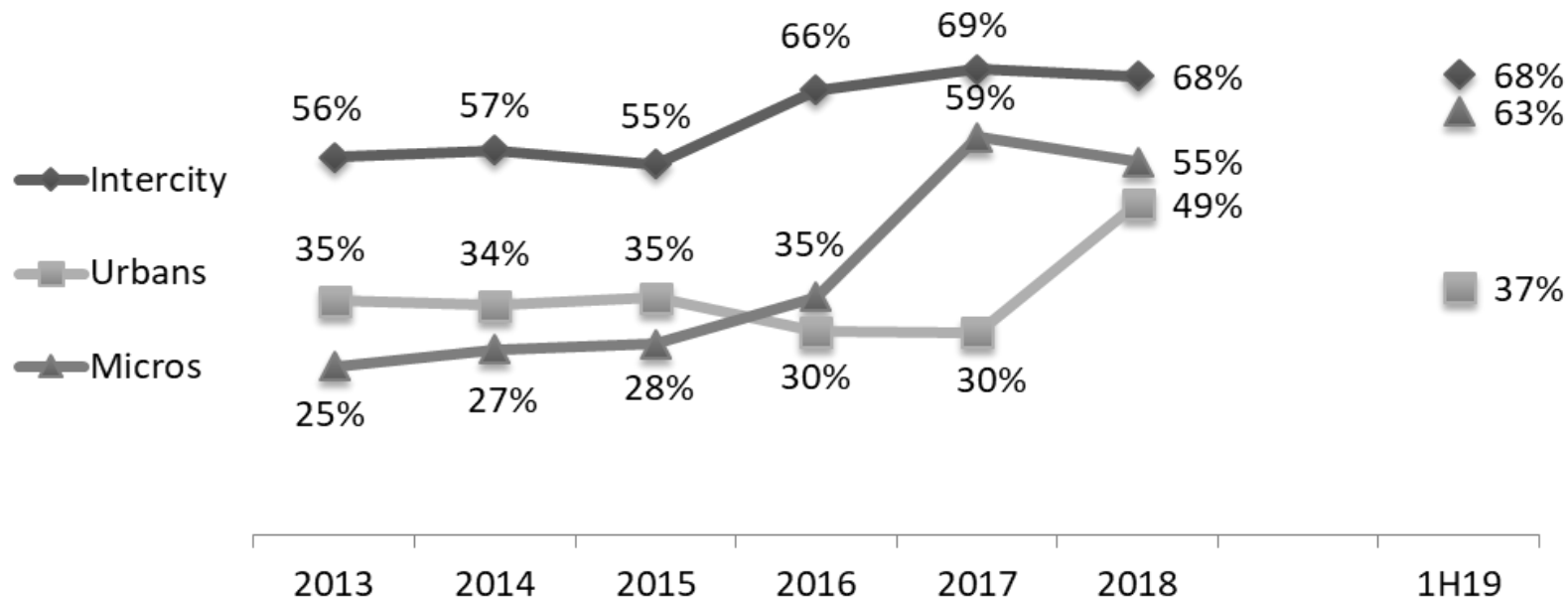
■ Comil

■ Neobus

● Mascarello

■ Irizar

Market Share Marcopolo



Source: FABUS. Does not includes Volares.

Second Wave



Efficiency:

- ✪ The average efficiency of Ana Rech and San Marino plants advanced 5 pp between the average achieved in 2018 versus the 1H19 average. We remain focused on operational excellence, expanding the scope of good practices to all other units.

Operational Planning:

- ✪ Working together with an international consultancy, we are improving commercial and industrial planning. The reflexes are already felt in the Procurement area, through lower internal inflation, and Commercial, allowing greater security in delivery times.

Quality:

- ✪ The Company has been systematically reducing problems related to technical assistance and non-quality costs, reducing waste, inventory and rework.

Plant Optimization



São Mateus Facility

- ✿ The facility has been receiving investments to produce parts and components since 2018;
- ✿ Maintains daily production, in addition to Volare models, also urban buses from 2019;
- ✿ In 1H19, 354 buses were produced in São Mateus, including 22 Torinos (urban).



Manufacturing Center

- ✿ Inaugurated on February 7, 2019, the Marcopolo Manufacturing Center was built on the Ana Rech site, in the area where it used to be the Plastics and Fiber factory (destroyed by a fire in 2017).
- ✿ Through 2019, the center is receiving machines from the Ana Rech, Planalto and San Marino parts and components manufacturing areas, allowing the closure of the Planalto plant.

Perspectives – International Operations



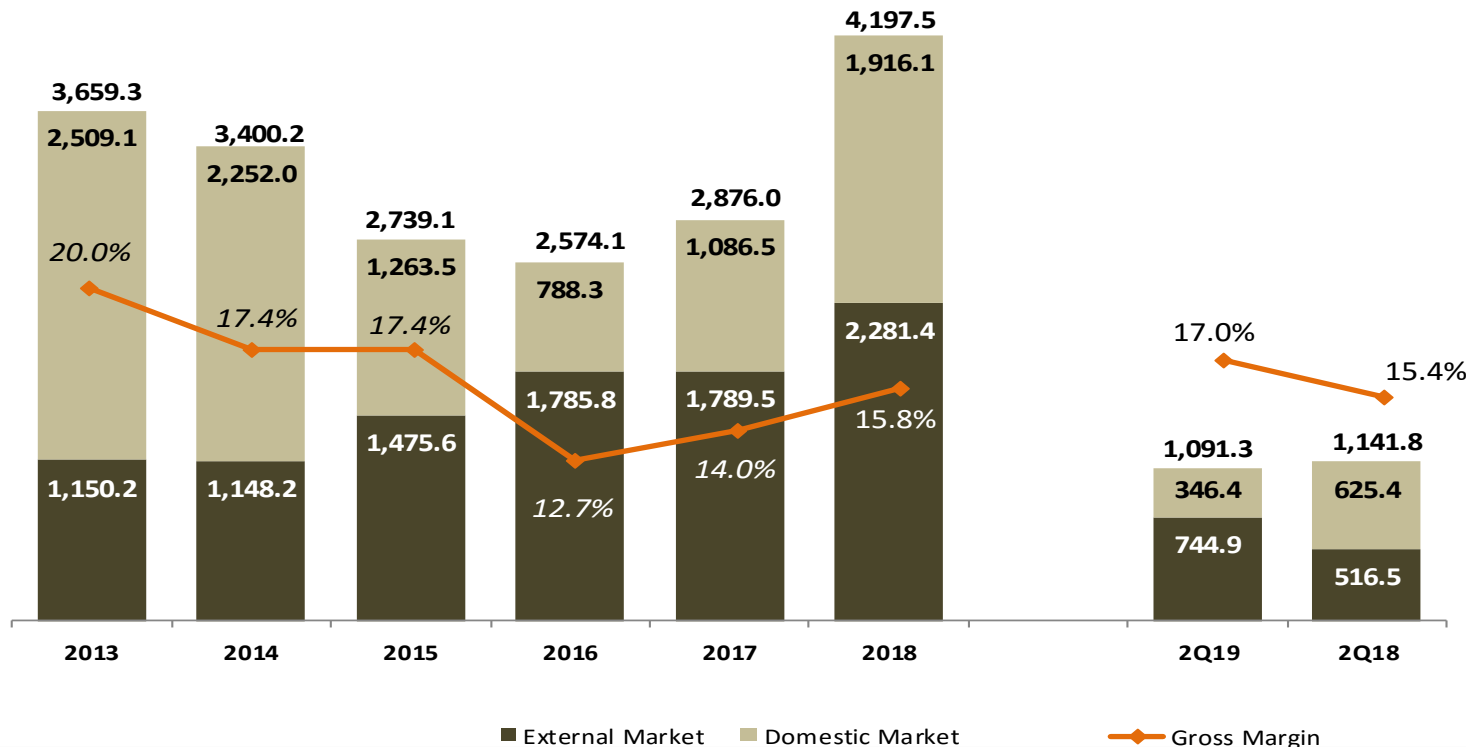
- ✿ **MAC (China):** Marcopolo China suffers from reduced demand in the main markets: Myanmar and Hong Kong;
- ✿ **MASA (South Africa):** Unit continues to be affected by low demand and slowing local economy;
- ✿ **Metalsur (Argentina):** On July 17, Marcopolo announced the consolidation of 70% of Metalsur and, with the end of Metalpar's activities, the production of urban in Argentina is also being concentrated in this operation;
- ✿ **NFI Group (Canada/US):** The reduction in NFI-originated results was expected from the downward revision of the order backlog. Performance is expected to stabilize at lower levels, affected by the prospect of slowing growth in the US and Canada;
- ✿ **Polomex (Mexico):** The significant growth of the operation in 2019 is a result of measures adopted and contracts negotiated throughout 2018 to increase market share and improve product mix. Expectations for more moderate growth in 2H19;
- ✿ **Superpolo (Colombia):** The exceptional performance of the joint venture is associated with the renewal of Bogota's fleet, which will continue to positively affect 2019;
- ✿ **TMML (India):** Positive seasonality of schoolchildren until August. It is expected that at the end of the year we will have a better scenario than previous years due to the anticipated purchases relative to EuroVI, thus smoothing the seasonality.
- ✿ **Volgren (Australia):** Even after the drop in volumes in 1H19, Volgren has been presenting results evolution from operational improvements, with the extension of practices and integration with the Brazilian operation.



Appendix: Financial Results

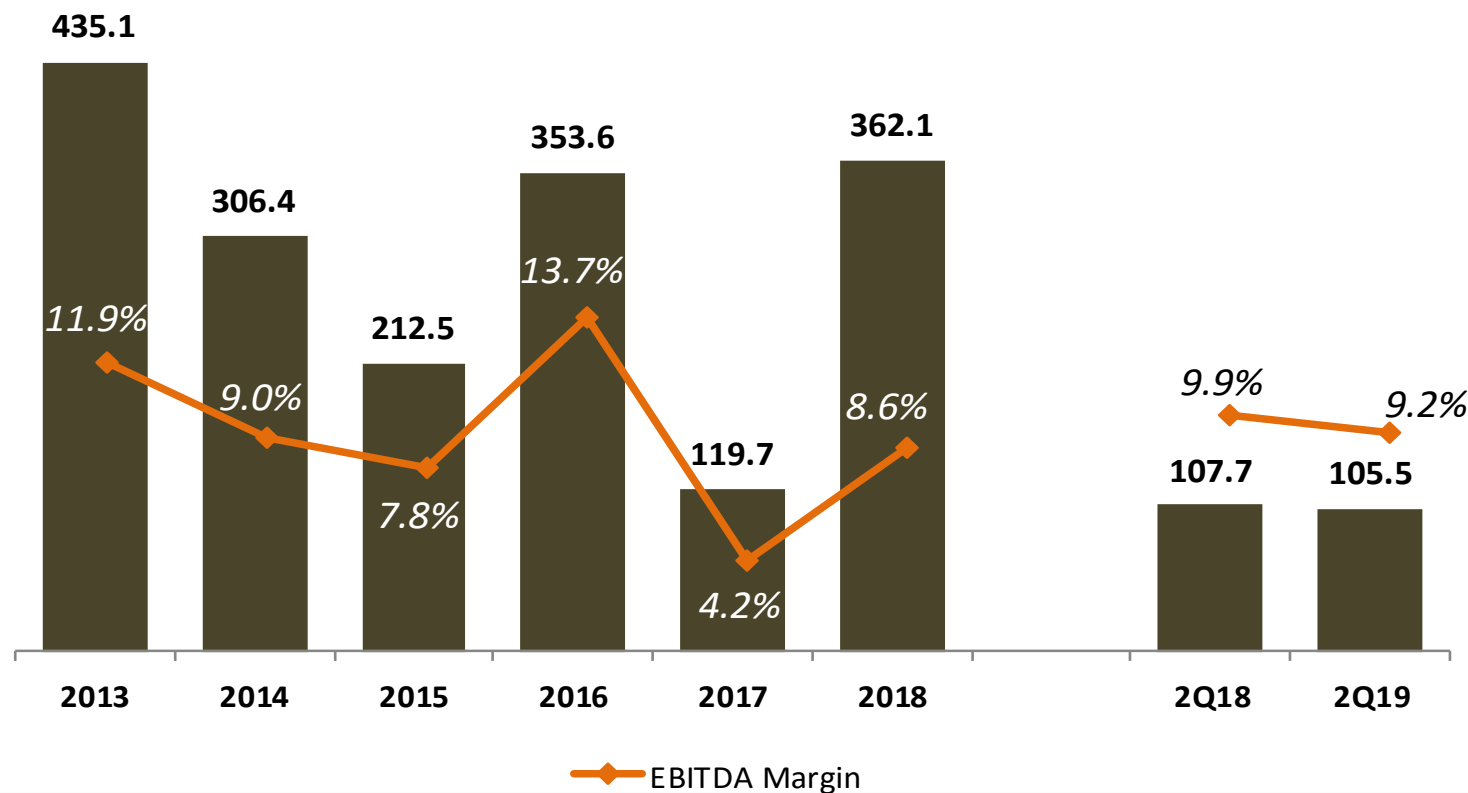
Operating and Financial Results

Net Income (BRL million) – DM and FM



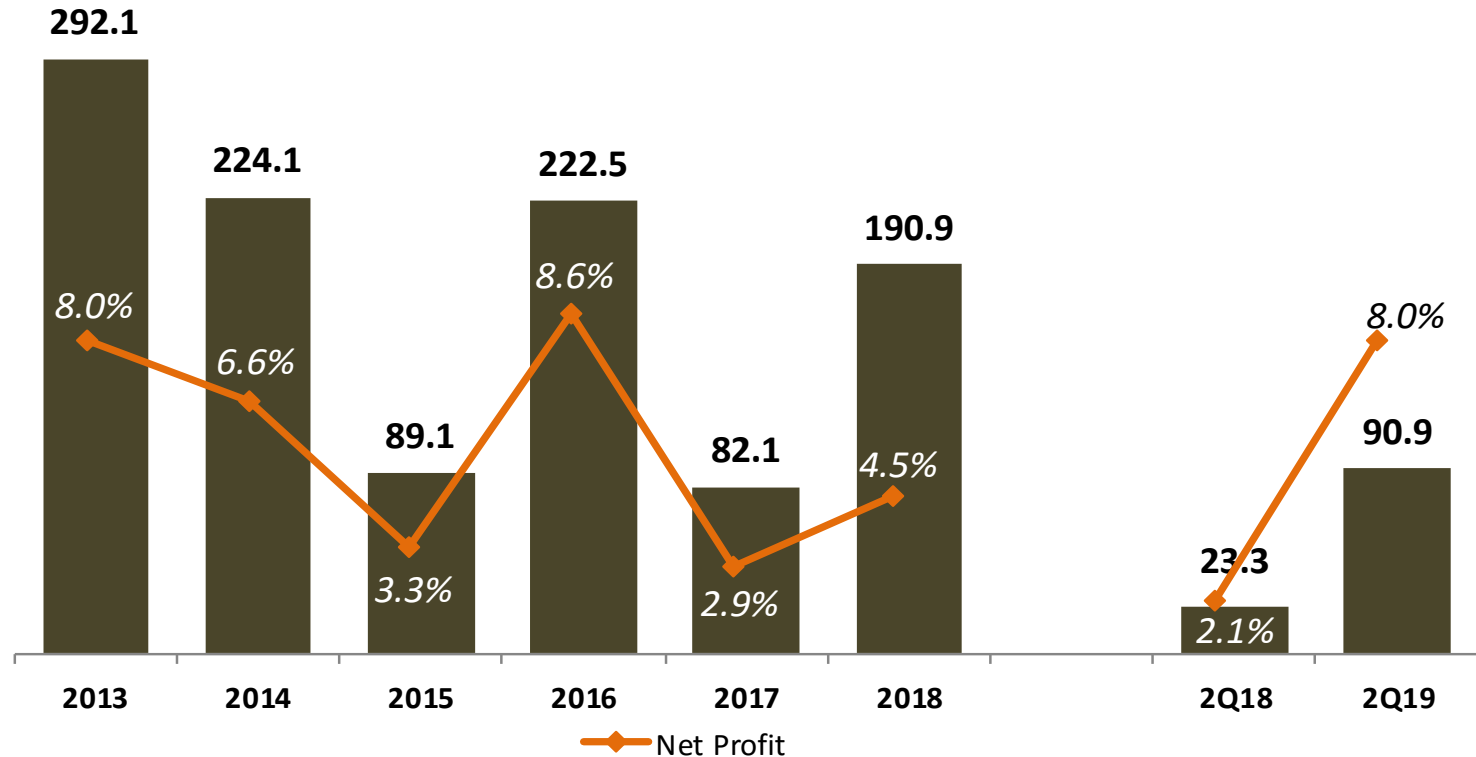
Operating and Financial Results

EBITDA (BRL million)



Operating and Financial Results

Net Profit (BRL million)

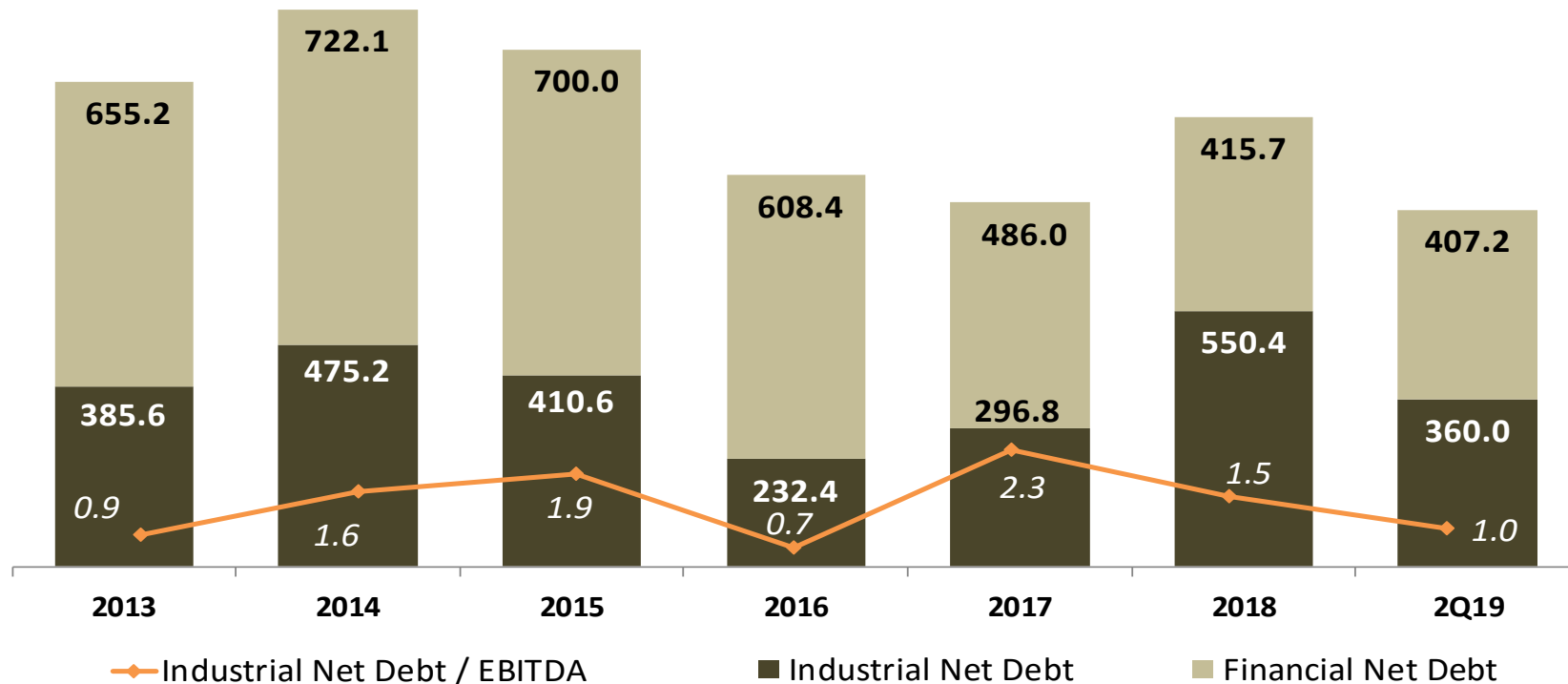


Operating and Financial Results



Indebtedness (BRL million)

Industrial Net Debt / EBITDA (in multiples)





Appendix: International Operations

International Operations

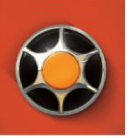


	Units			Net Revenue (R\$ MM)			Net Profit (R\$ MM)		
Controlled	2Q19	2Q18	Var. % 2Q19/2Q18	2Q19	2Q18	Var. % 2Q19/2Q18	2Q19	2Q18	Var. % 2Q19/2Q18
Volgren	108	151	-28,5%	105.640	132.607	-20,3%	- 563	- 1.851	-69,6%
Polomex	382	249	53,4%	140.352	40.971	242,6%	17.313	110	15639,1%
MASA	45	91	-50,5%	22.729	16.401	38,6%	- 1.179	746	-258,0%
MAC	19	72	-73,6%	9.197	46.461	-80,2%	112	419	-73,3%

Joint Ventures *	2Q19	2Q18	Var. % 2Q19/2Q18	2Q19	2Q18	Var. % 2Q19/2Q18	2Q19	2Q18	Var. % 2Q19/2Q18
TMML (49%)	1.949	2.054	-5,1%	60.684	51.693	17,4%	4.043	5.606	-27,9%
Superpolo (50%)	142	156	-9,0%	53.111	26.815	98,1%	8.026	2.380	237,2%
Metalpar/Metalsur (50%/25%)	3	240	-98,8%	12.035	50.487	-76,2%	- 4.273	- 2.370	-80,3%

* according Marcopolo's proportional stake

International Operations



Polomex
Una Empresa **Marcopolo**

- ✿ Employees: 880
- ✿ Market share in 2018: 11,1%
- ✿ Production in 2018: 1.046

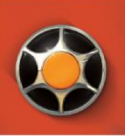


VOLGREN
A Marcopolo Company

- ✿ Employees: 404
- ✿ Market share in 2018: 36,5%
- ✿ Production in 2018: 542



International Operations



Marcopolo South Africa

- ✿ Employees: 281
- ✿ Market share in 2018: 25,5%
- ✿ Production in 2018: 344



Marcopolo China

- ✿ Employees: 216
- ✿ Segment: Intercity, Micros (KDs) and parts supply to Marcopolo.
- ✿ Production in 2018: 213



International Operations



- Employees: 275 (Metalsur)
- Market share in 2018: 34,9% (Metalsur)
- Production in 2018: 188 (Metalsur)



- Employees: 2.115
- Market share in 2018: 51,8%
- Production in 2018: 1.260



International Operations



TATA Marcopolo

- Employees: 3.887
- Market share in 2018: 15,8%
- Production in 2018: 12.816



NEW FLYER

- Market share in 2018: 43% urbans and 45,0% in intercities;
- Production in 2018: 4.238



Contacts



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Thank you!