Marcopolo S.A. - Disclosure of 1Q16 Results



Presentation:

Francisco Gomes Neto
CEO

José Antonio Valiati
CFO & Investor Relations Officer

Thiago Deiro
Finance & Investor Relations Manager

DISCLAIMER

This presentation contains future information. Such information is not simply historical facts, but reflects the desires and the expectations of the Company's leadership. The words anticipates, desires, hopes, forecasts, intends, plans, predicts, projects, wishes and similar ones, intend to identify affirmations that necessarily involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of the competitiveness of the prices and services, market acceptance of services, the Company's service transitions and its competitors, the approval of regulations, currency, fluctuation in the exchange rate, changes in the mix of services offered, and other risks described in the reports of the Company. This presentantion is updated until the present date. However, Marcopolo is not obligated to update it with new information and/or future events.

OUTLINE

- 1Q16 Highlights
- Outlook for 2016
- Operating and Financial Results
- Capital Market

HIGHLIGHTS

	1Q16	Δ 1Q16/1Q15
Brazilian Bus Production		
• Domestic Market:	2,055 units	-53.1%
• External Market:	719 units	+8.1%
• Total Market:	2,774 units	-45.0%
Marcopolo		
Production / Destination		
• Domestic Market:	794 units	-68.6%
• Exports:	283 units	-3.4%
• Overseas:	288 units	-47.2%
• Total:	1,365 units	-59.5%
• Brazilian Market Share in 2015:	32.2%*	

* Volare is not counted for purposes of market share in Brazil.

HIGHLIGHTS

	1Q16	Δ 1Q16/1Q15
• **Total Net Revenues:**	**R$ 428.3 million**	**-34.8%**
• Internal Market:	R$ 192.5 million	-46.5%
• Exports:	R$ 98.4 million	-31.3%
• South Africa:	R$ 22.1 million	+2.5%
• Mexico:	R$ 27.6 million	-41.9%
• Australia:	R$ 79.5 million	+14.2%
• China:	R$ 7.4 million	-50.3%
• Volare Peru	R$ 0.8 million	-
• **Gross Profit:**	**R$ 56.2 million**	**-50.0%**
Gross Margin:	**13.1%**	**-4.0pp**
• **EBITDA:**	**R$ 1.5 million**	**-97.7%**
EBITDA Margin:	**0.4%**	**-9.6pp**

- The **adjusted EBITDA** due to the exchange rate variation on exports totaled R$ 21.6 million in 1Q16 and a margin of 5.0%

• **Net Profit:**	**R$ 8.8 million**	**-74.1%**
Net Margin:	**2.1%**	**-3.1pp**

OUTLINE

- 1Q16 Highlights
- Outlook for 2016
- Operating and Financial Results
- Capital Market

OUTLOOK FOR 2016 - BRAZIL

- ✓ Less favorable economic and political scenario, with worse financing conditions is still impacting the demand;
- ✓ Remain speeding up the activities for the improvement of operational efficiency and control of fixed costs;
- ✓ Order book's visibility in Ana Rech unit until mid-june, with lighter mix of products (urbans) for domestic market and heavy vehicles (intercities) for export;
- ✓ Exports from Brazil still heated, mainly driven by the more competitive exchange rate and a greater demand from countries like Argentina, Mexico and Peru;
- ✓ The target of Conquest's project, that establishes a growth in exports of Marcopolo from Brazil, should be overcome;
- ✓ Low production in the quarter due to the collective vacation and lay-off in Rio de Janeiro facility;
- ✓ The municipal elections, bidding processes, Olympic Games in 2016 and increase in the bus fares, are reflecting new orders for the urban segment;

OUTLOOK FOR 2016 – OVERSEAS

- ✓ **GB Polo:** Despite the weaker demand in Egypt, GB Polo signed two important contracts to Cairo (150 units) and Alexandria (90 units) that will reflect in better results from 2Q16 on;
- ✓ **MAC**: Focused on expanding the customer's portfolio through exporting bus bodies from China;
- ✓ **MASA:** Positive results and is expected to remain its performance for the rest of the year;
- ✓ **Metalpar/Metalsur:** Local demand for urban buses remain heated in Argentina and benefiting Metalpar's results. Better volumes of exports from Marcopolo Brazil to the country when compared to 2015, especially of higher value-added models (Double Deckers);
- ✓ **New Flyer:** Increase in the average price due to a better mix of products and price increase. Opportunities of synergies with the consolidation of MCI from December 18th, 2015;
- ✓ **Polomex:** Weaker demand in the Mexican market. But it is expected better results due to new opportunities to assembly with other chassis makers;
- ✓ **Superpolo:** Despite the fall of volume in the 1Q16, the expectation is flat results in 2016 compared to 2015; New export deals should bring good results for the unit;
- ✓ **TMML:** Positive results in 1Q16. Yet, difficulties of the operation may affect the unit's performance during the year;
- ✓ **Volgren:** Improved efficiency due to the Transformation Program. Expectation of better results in 2016 when compared to 2015;

VOLARE CINCO

- ✓ VOLARE CINCO was officially launched on April 27th;
- ✓ Production will be concentrated in the new plant of Marcopolo in São Mateus/ES;
- ✓ Vehicle with innovative design, developed from the comfort and safety of the passenger and driver;
- ✓ Include the major characteristics and advantages of a van such as agility, handling, maneuverability, low fuel consumption and acquisition cost, and low levels of NVH (noise, vibration, and harshness), together with the attributes of a small bus (number of seats, comfortable seating, robustness (durability), maintenance cost, visibility, after-sales network, retail price, and brand image);
- ✓ There are three different capacities, according to the configuration:
  - ➢ School: 20 passengers
  - ➢ Shuttle segment (Executive): 16 passengers
  - ➢ Tourism (Executive Plus): 13 passengers

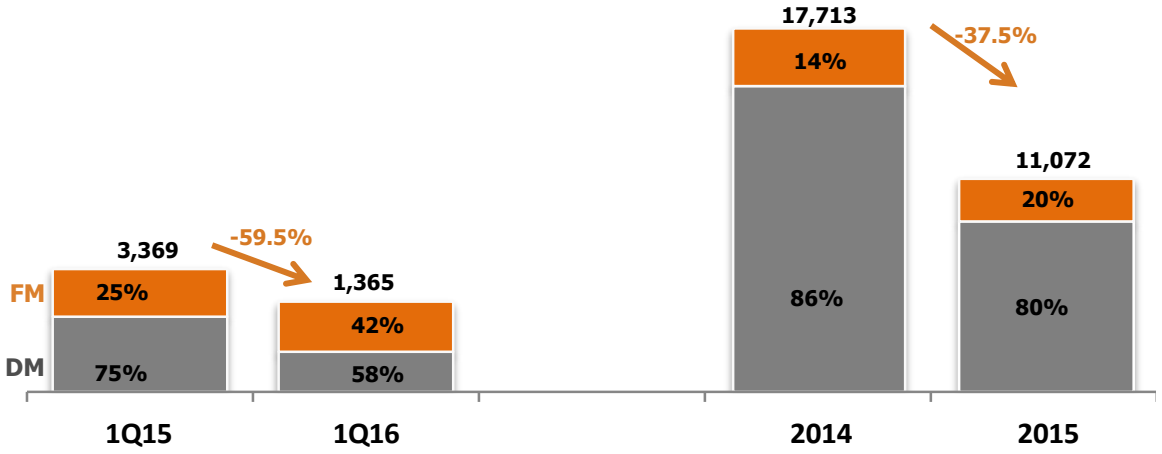


OUTLINE

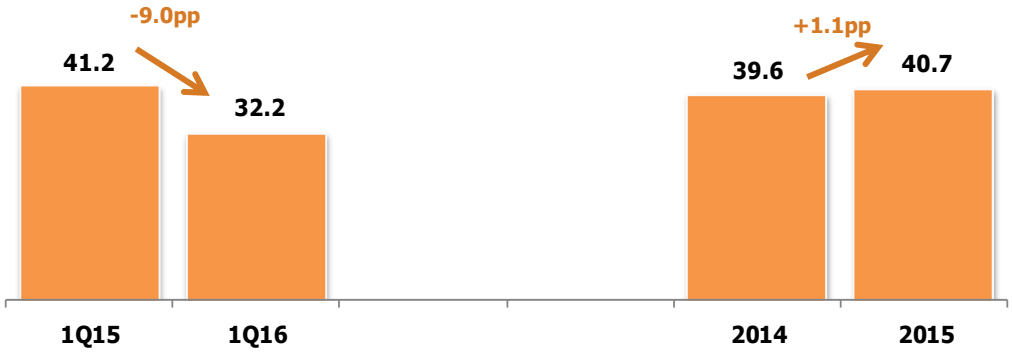
- 1Q16 Highlights
- Outlook for 2016
- Operating and Financial Results
- Capital Market

TOTAL PRODUCTION (units) & MARKET SHARE (%)

Marcopolo's Total Production

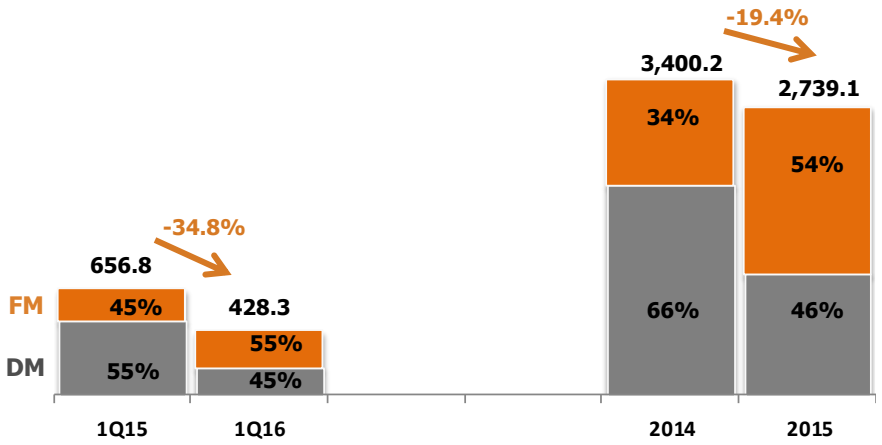


Marcopolo's Market Share in Brazil

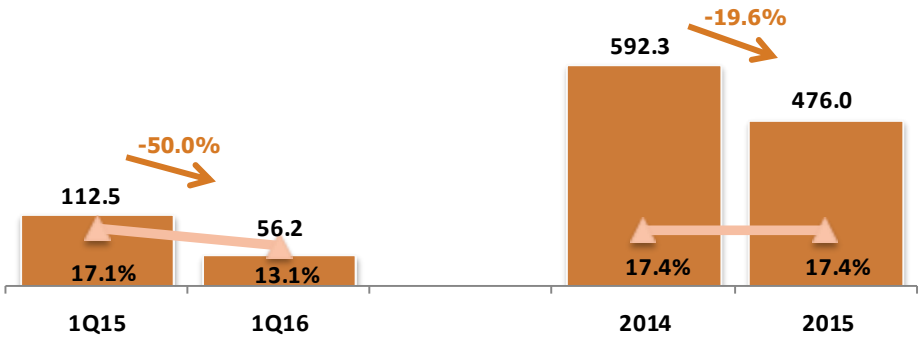


FINANCIAL HIGHLIGHTS (R$ Million)

Total Net Revenues

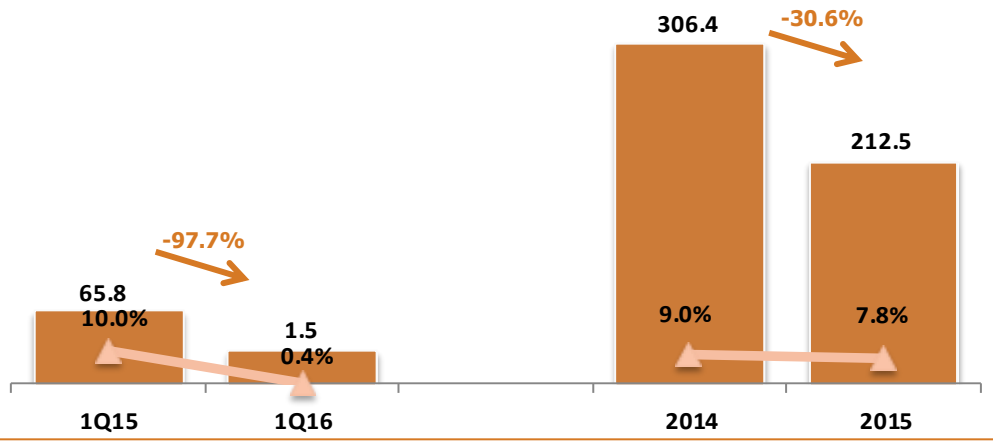


Gross Profit and Margin

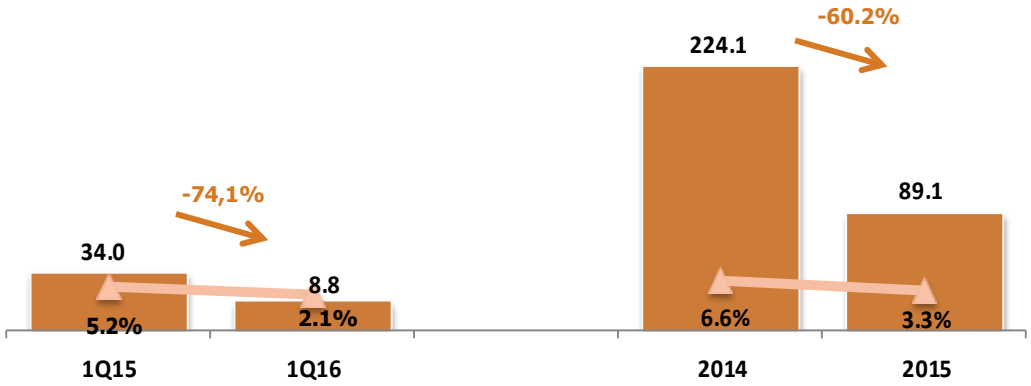


FINANCIAL HIGHLIGHTS (R$ Million)

EBITDA and Margin

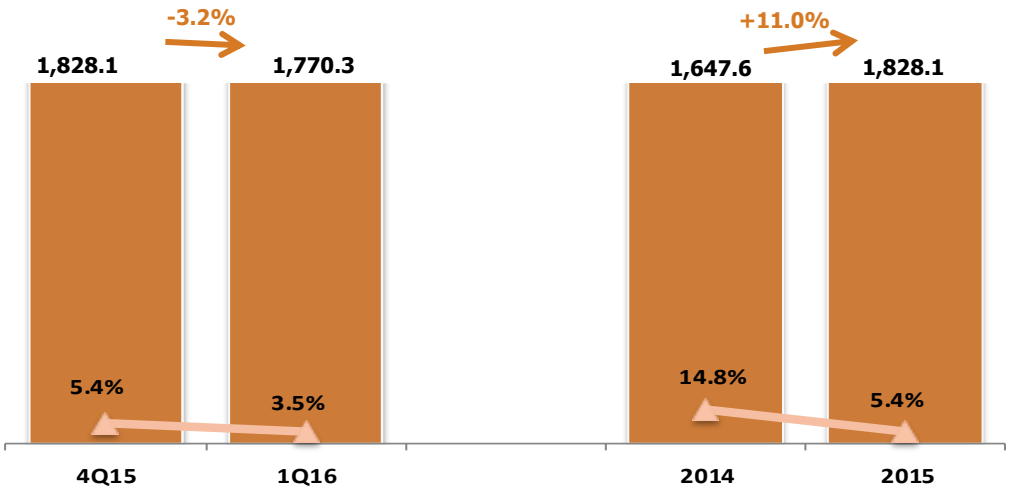


Net Profit and Margin

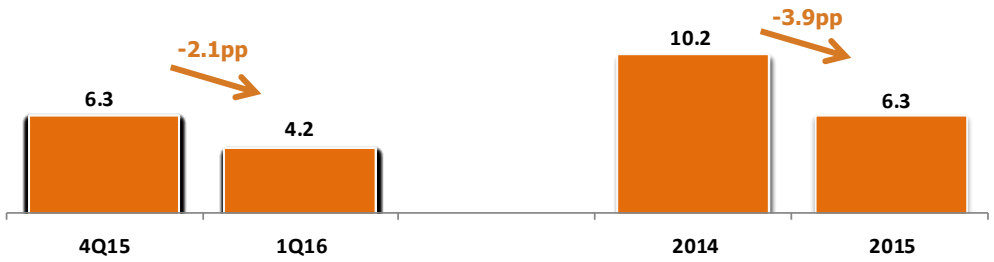


FINANCIAL HIGHLIGHTS (R$ Million)

Net Equity & ROE

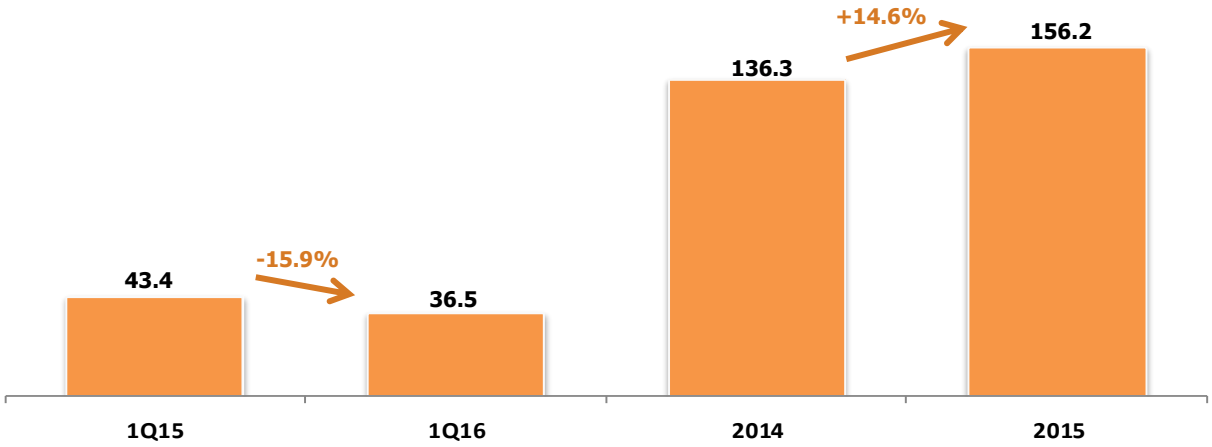


ROIC (%)

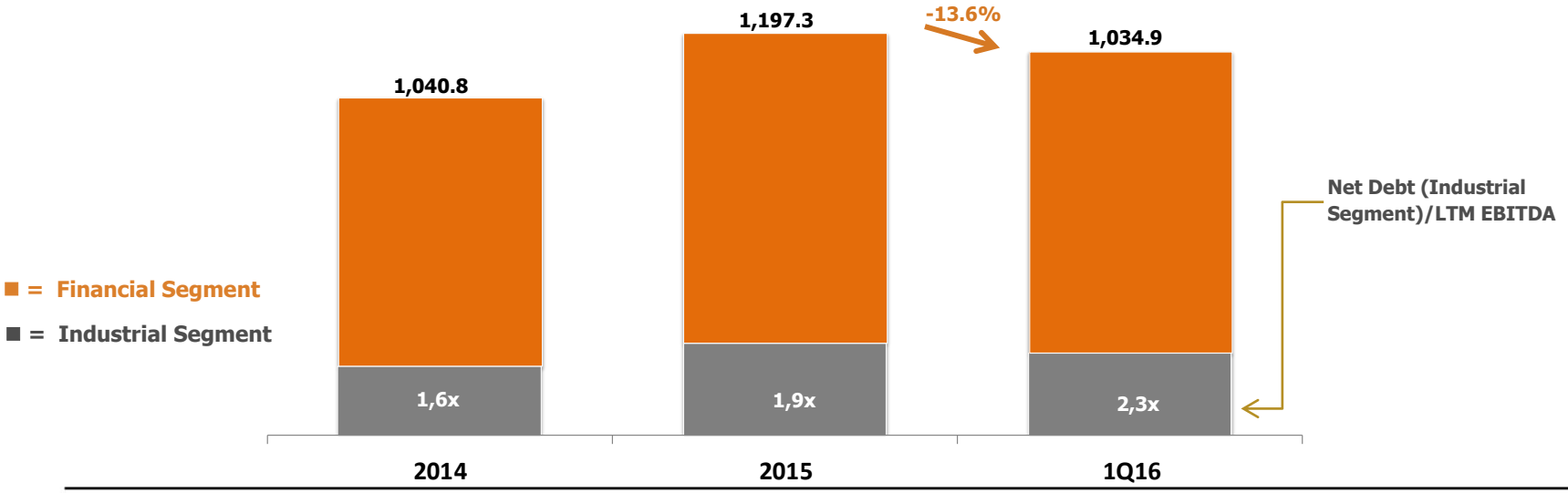


FINANCIAL HIGHLIGHTS (R$ Million)

Investments



Net Indebtedness

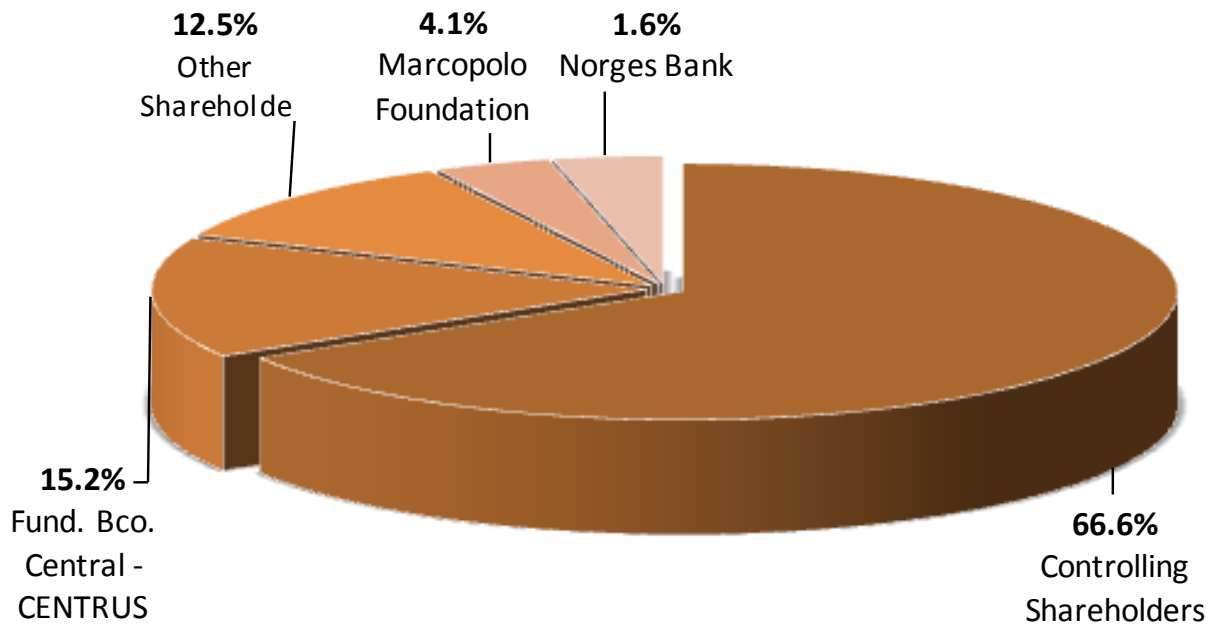


OUTLINE

- 1Q16 Highlights
- Outlook for 2016
- Operating and Financial Results
- Capital Market

SHAREHOLDING DISTRIBUTION

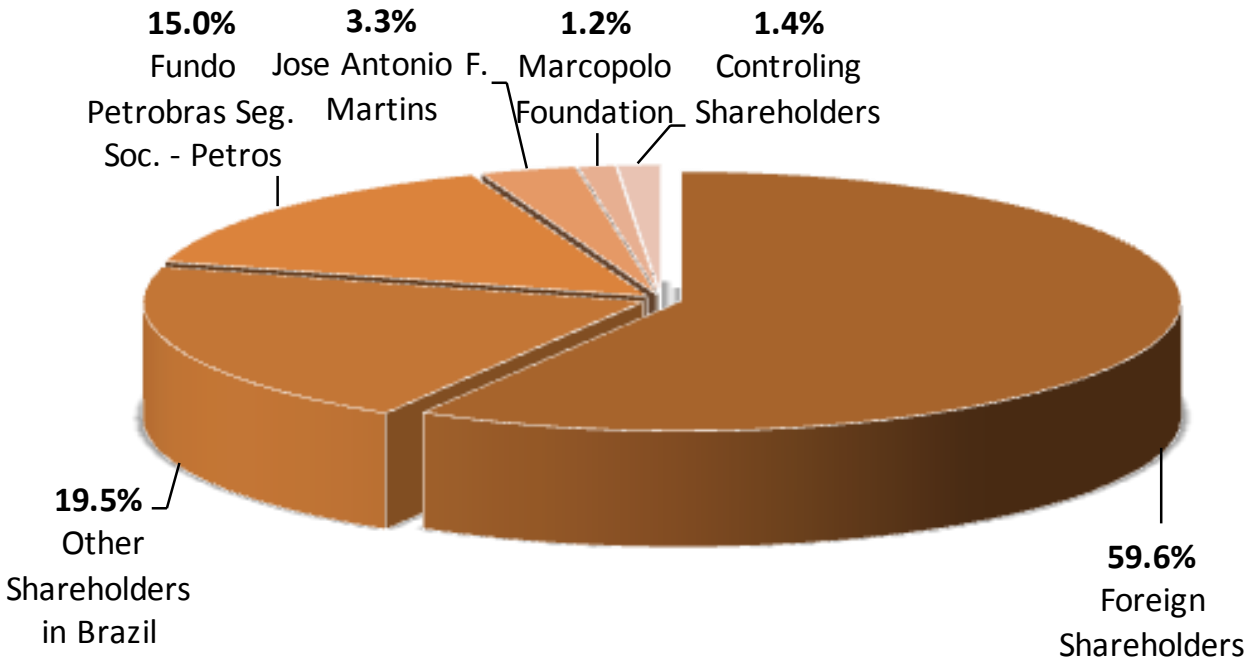
Common Shares



As of March 31st, 2016

SHAREHOLDING DISTRIBUTION

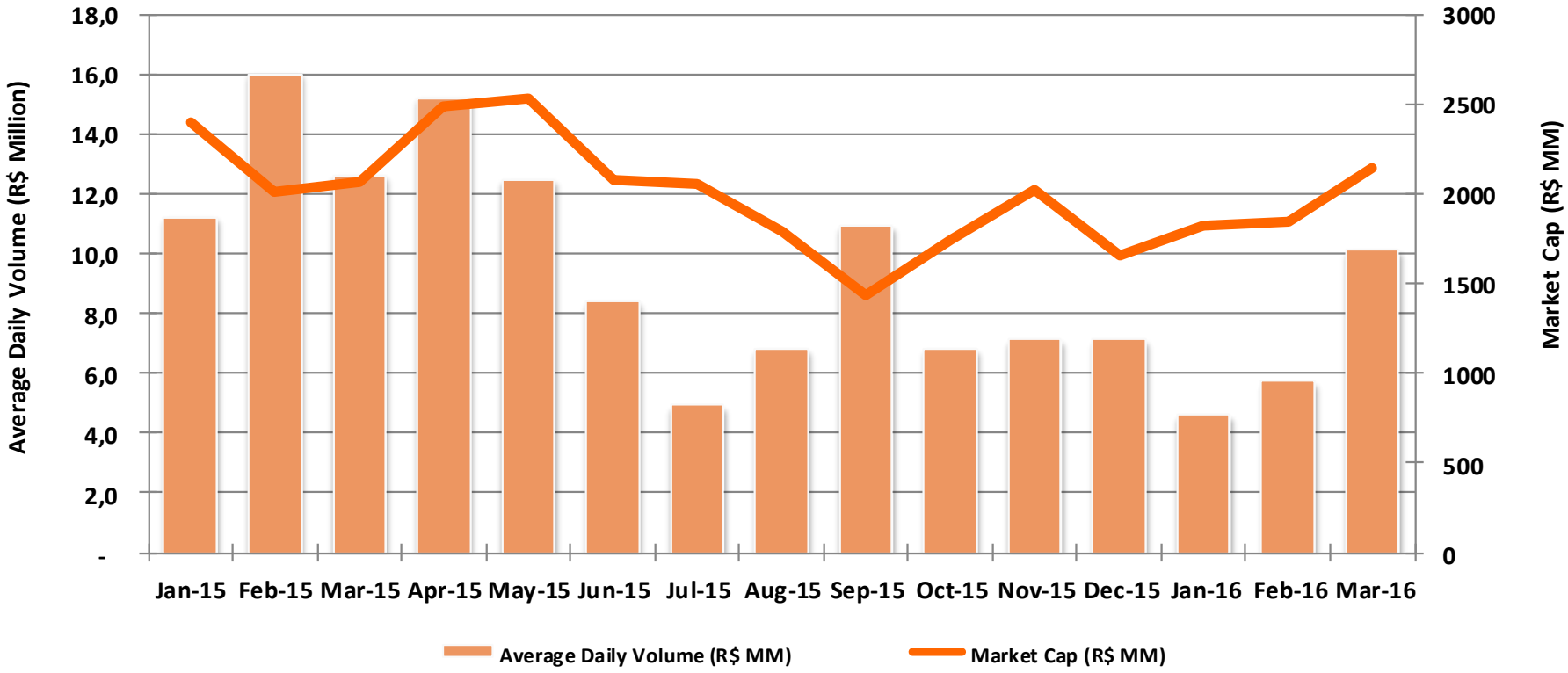
Preferred Shares



As of March 31st, 2016

SHARE LIQUIDITY & VALUATION

Marcopolo PN - POMO4



INVESTOR RELATIONS CONTACTS

José A. Valiati
CFO & Investor Relations Director
jose.valiati@marcopolo.com.br
Tel: + 55 (54) 2101.4600

Thiago A. Deiro
Finance & Investor Relations Manager
thiago.deiro@marcopolo.com.br
Tel: + 55 (54) 2101.4660

Rafael L. Ritter
Investor Relations Analyst
rafael.ritter@marcopolo.com.br
Tel: +55 (54) 2101.4950

Varleida C. P. Perin
Investor Relations Analyst
varleida.perin@marcopolo.com.br
Tel: +55 (54) 2101.4663

ir.marcopolo.com.br
ri@marcopolo.com.br