



Results Presentation

2018 Q3

November 9th, 2018



Agenda

▶ Quarter's Highlights

Gennaro Oddone

▶ Market performance and operational indicators

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▶ Results

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▶ Return, cash flow and indebtedness

Ramón Pérez

▶ Capital Market and expectations

*Gennaro Oddone
Ramón Pérez*





Quarter's Highlights

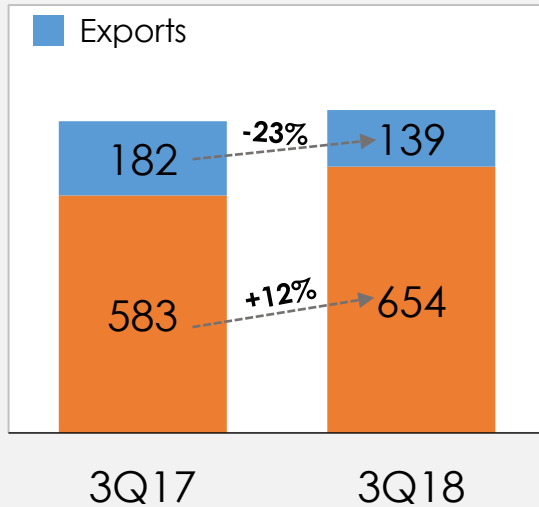
- ▶ **New Yard management contract for General Motors – Araquari**
- ▶ **Early contract extension – Chemicals operation**
- ▶ **Spontaneous Denunciation** (ICMS regularization – chemical operation)
- ▶ **3Q18 interim dividends and interest on equity distribution**
- ▶ **RI Team Awards**



Market performance and Tegma indicators (in thousand, except average distance)

Vehicle sales

Domestic
Exports

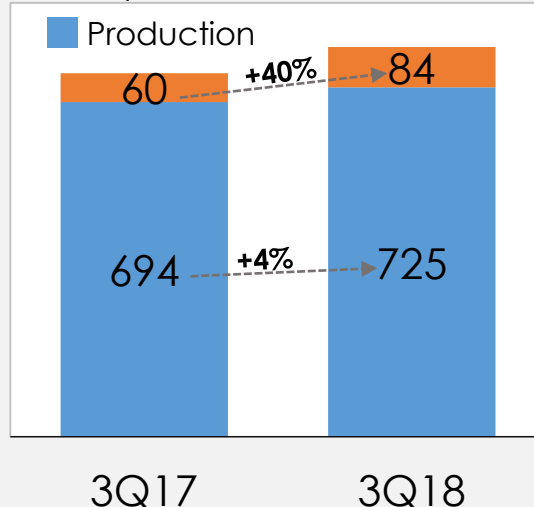


- ▶ The growth of 12% of domestic sales reinforces the growth trend of the year which reflects the improvement of the economic scenario in Brazil, with growth of credit and consumer confidence.
- ▶ The exports of vehicles were mainly affected by the crisis in Argentina.

Source: ANFAVEA

Imports and production

Imports
Production

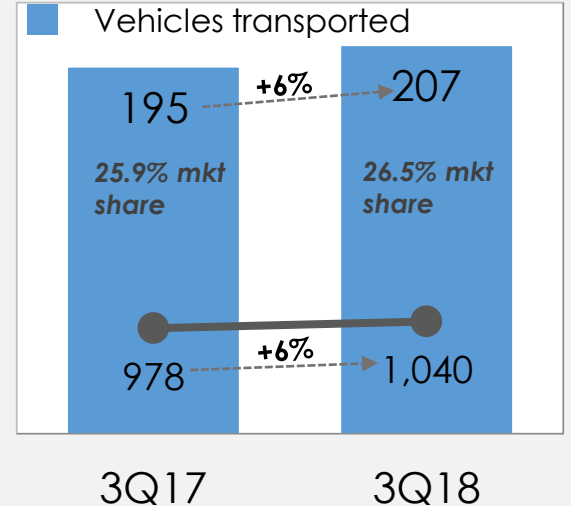


- ▶ The growth of production and import occurred to supply the increase in domestic sales and of imports given the end of Inovar Auto Program, which made imports less competitive.

Source: ANFAVEA /Banco Central

Vehicles Tegma and distance

Average km



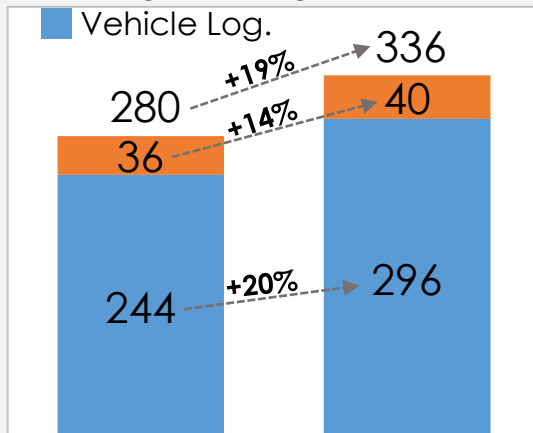
- ▶ The growth of quantity transported by Tegma in 3Q18 was higher than the market, allowing a market share growth vs 3Q17 due to the recovery of the main customers.
- ▶ The increase in the average distance reflects the growth of the domestic deliveries distance and the reduction of the share of exports via port.



Tegma results (in R\$ million | pro-forma disregarding Cariacica-ES operation and spontaneous denunciation)

Net Revenue per Operation

Integrated Log.
Vehicle Log.

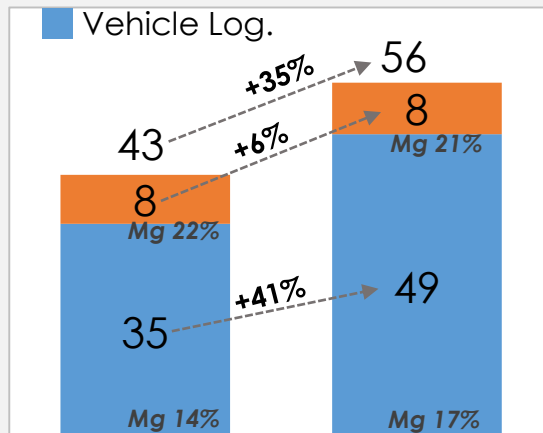


3Q17 3Q18

- ▶ The growth of 14% of vehicle logistics revenue was due to the growth in quantity of vehicle transported, average distance and price adjustments.
- ▶ The integrated logistics had growth driven by oneoff in the chemical operation and good storage operation.

EBITDA per operation

Integrated Log.
Vehicle Log.

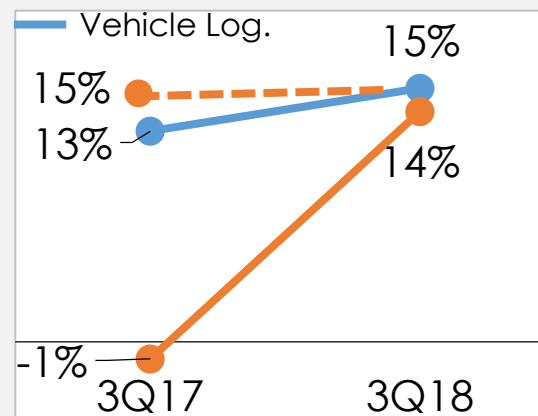


3Q17 3Q18

- ▶ The increment in the EBITDA margin of vehicle logistics reflected the increase in revenues combined with cost and expense control.
- ▶ The margins of integrated logistics were positively affected in 3Q18 by the punctual increase in the chemical operation revenue.

Mg EBIT adjusted

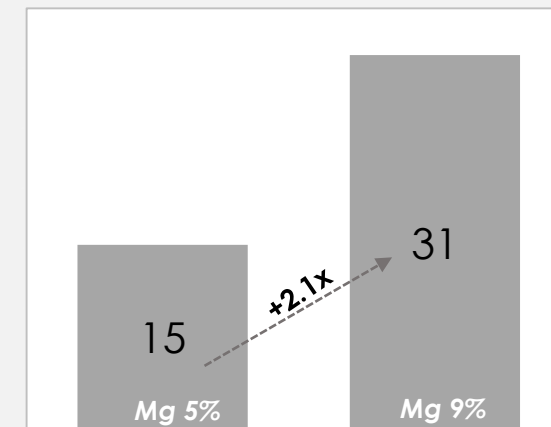
Integrated Log. Ex-nonrec
Vehicle Log.



- ▶ The EBIT margin of automotive logistics grew vs. 3Q17 due to revenue growth allied to cost control, expenses and investments.
- ▶ The EBIT margin of integrated logistics showed a significant growth vs 3Q17, but if we did not consider the event non-recurrent of 3Q17, it would be at the same level.

Net Profit

Consolidated



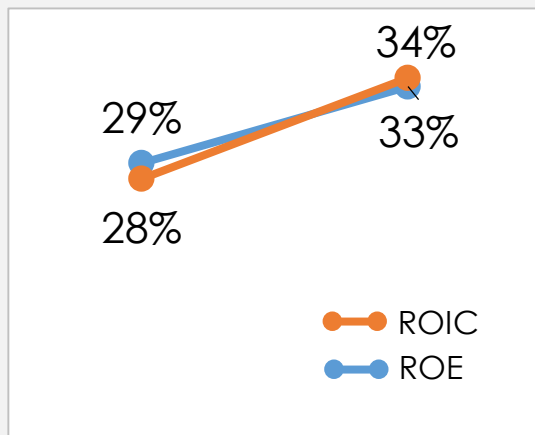
3Q17 3Q18

- ▶ The growth of 2.1x of profit in 3Q18 came from the operational improvement in the period despite the spontaneous complaint that impaired the result in R\$ 4.8 million.



Return, cash flow e indebttness (in R\$ million)

ROE and ROIC

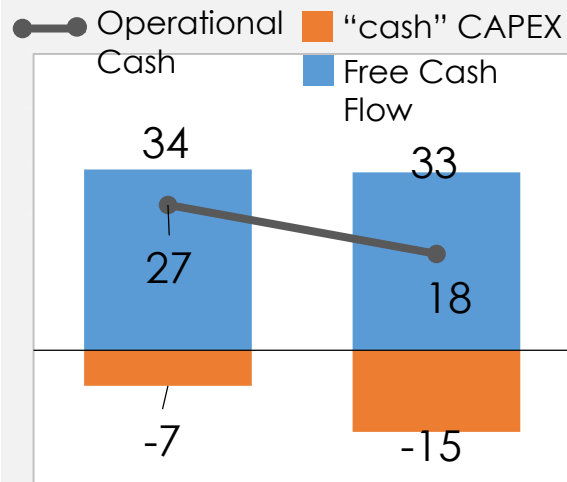


2Q18

3Q18

▶ Since 2Q18, ROE and ROIC have been at similar levels. The increase is due to operational improvement and the control of own and third parties capital over the past three years.

Free Cash Flow

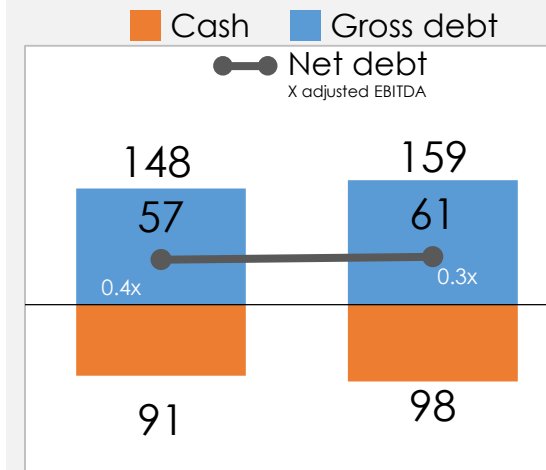


3Q17

3Q18

▶ The generation of operational cash was impacted by a higher consumption of working capital and by the spontaneous denunciation that impaired in R\$ 5 million the results.
▶ 3Q18 CAPEX was twice as high as the 3Q17 and is explained by the acquisition of a land in Sorocaba for the Toyota operation.

Indebtness



2Q18

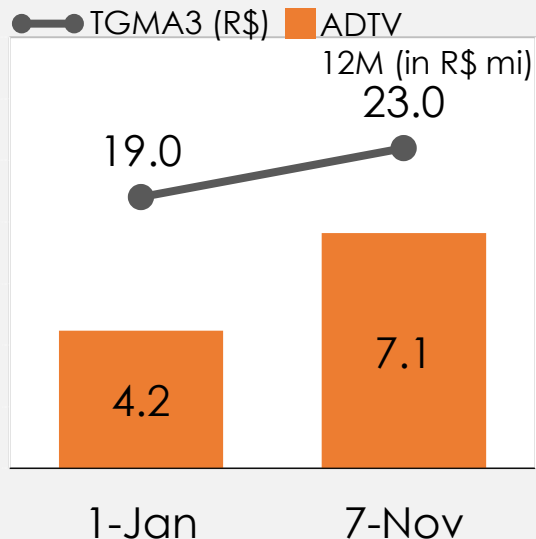
3Q18

▶ The increase in net debt in 3Q18 vs. 2Q18 is due to the rolling debt, with a R\$ 10 million of cash reinforcement.
▶ Our leverage in relation to adjusted EBITDA continues stable.



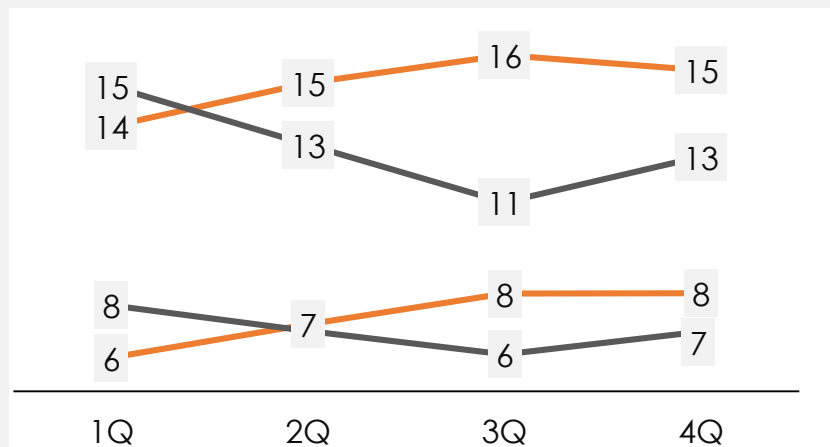
Capital markets and expectation

TGMA3



- ▶ Tegma's shares showed a lot of volatility in 2018 and until November were 23% higher than the beginning of the year vs 16% of IBOV.
- ▶ The average daily volume of the last 12 months showed an improvement of almost 70% vs the beginning of the year.

Multiples TGMA3



- ▶ The graph above reflects the evolution of quarter of Tegma's multiples over 2017 (referring to the expected results for 2018) and the same for 2018 (referring to the expected results for 2019).
- ▶ Over the course of 2018 we had a discount Vs 2017 probably due to political-economic and sectoral uncertainties, despite the best results.

TGMA3 analysis

Rating Moody's

- ▶ Global B1
- Persp.: Stable
- ▶ National Baa2.br

Sell side Coverage:

- ▶ Safra, Itaú, BTG Pactual, Empiricus, BAML and Santander

Average target price :

- ▶ YE 18: R\$ 25.5
- ▶ YE 19: R\$ 29.8

Q&A section



**Gennaro Oddone – CEO and
IRO**

Ramón Pérez - CFO