



**Results presentation**  
**2017 fourth-quarter and full year**

March 21<sup>st</sup>, 2018



*Presentation  
audio*



# Agenda

- ▶ Highlights of the quarter
- ▶ Market performance and operational indicators
- ▶ Results
- ▶ Cash flow
- ▶ Investments
- ▶ Indebtedness

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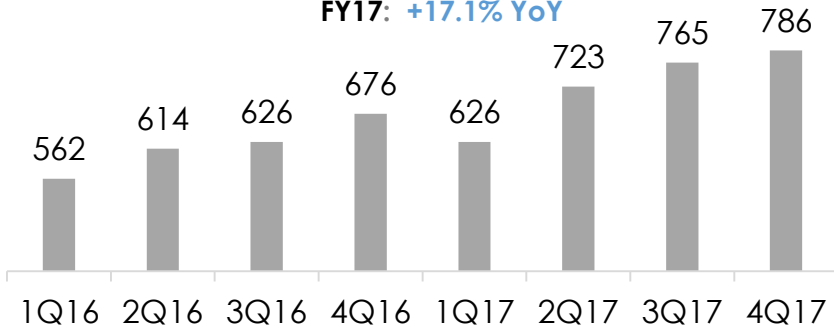
## Highlights of the quarter and recent developments

- ▶ The management proposed for approval at the AGM to be held on April 20, the distribution of R\$ 38.9 million in **complementary dividends and interest on capital** [R\$ 0.42 in dividends and R\$ 0.17 in interest on capital / R\$ 0.15 net of tax]
- ▶ The Company **paid the principal and interest of the debentures** (1<sup>st</sup> series) in the amount of R\$ 66 million and R\$ 5 million, respectively.
- ▶ On February 8, 2018, the Company entered into a shareholders' agreement regarding the **creation of a joint venture with GDL Gestão de Desenvolvimento em Logística SA ("GDL")**, which will bring together the activities of warehouse and handling of general merchandise in Cariacica-ES by Tegma Logística Integrada and by Companhia de Transportes e Armazéns Gerais.
- ▶ In 4Q17, we made balance sheet adjustments that impacted our income statement in a comprehensive manner, **resulting in a positive net impact on EBITDA** of R\$ 16.9 million and a **positive effect on net income** of R\$ 31.0 million in 4Q17.



# Market performance and operational indicators

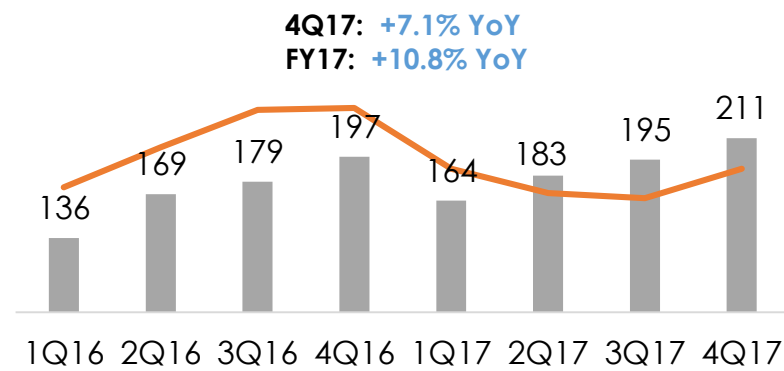
4Q17: +16.3% YoY  
FY17: +17.1% YoY



■ Vehicle domestic sales and exports

▶ The year of 2017 was the first in three years to record an increase in sales compared to the previous year, due mainly to the increase in exports and also a growth of the domestic market.

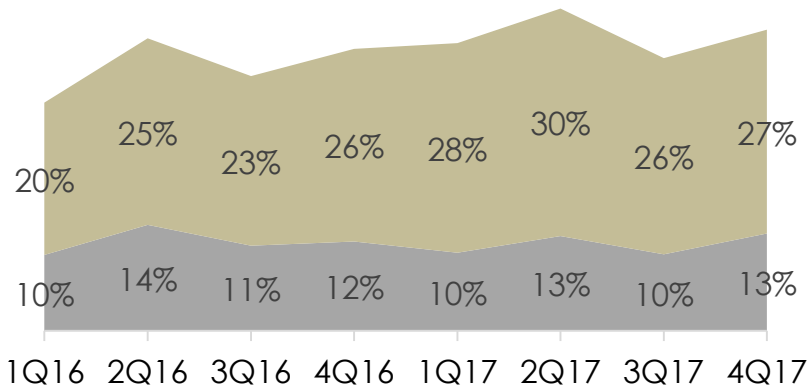
4Q17: +7.1% YoY  
FY17: +10.8% YoY



■ Vehicles transported by Tegna

— Market share Tegna

▶ The number of vehicles transported by Tegna increased at lower speed in comparison with wholesale sales, due to worse sales performance where Tegna has a higher exposure.



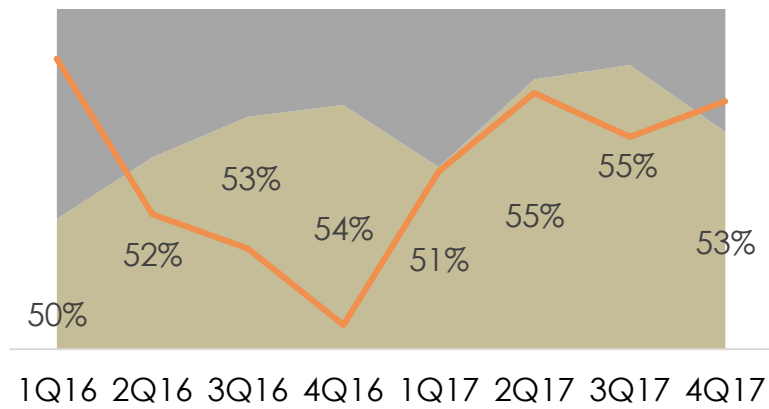
■ Imports/domestic sales

■ Exports/nacional production

Source: ANFAVEA

▶ Given the reduction of the Domestic market, the export has gained relevance in the country's production;

▶ On the other hand, the devaluation of the Real and the economic crisis reduced the share of imported vehicles in domestic sales.



■ % Part. Southeast

■ % Part. Ex-Southeast

— Average dom Km dist

▶ In line with the higher sales concentration outside the Southeast in 4Q17 vs 3Q17, our average domestic distance grew 1.7% in the same period.

Source: FENABRAVE and Tegna





# 4Q17 main indicators

Vehicles transp.

**211**thou

+7% vs. 4Q16

Net revenue

R\$ **320**Mi

+25.5% vs. 4Q16

EBITDA

**R\$ 45**Mi adjusted  
+1.2 p.p. vs EBITDA 4Q16

**R\$ 62** Mi reported

Net income

R\$ **59**Mi

vs. +R\$12.6 mi 4Q16

Free cash flow

R\$ **11**Mi

Vs R\$ 1.1 mi 4Q16

Net debt

R\$ **74**Mi

0.6x EBITDA/LTM

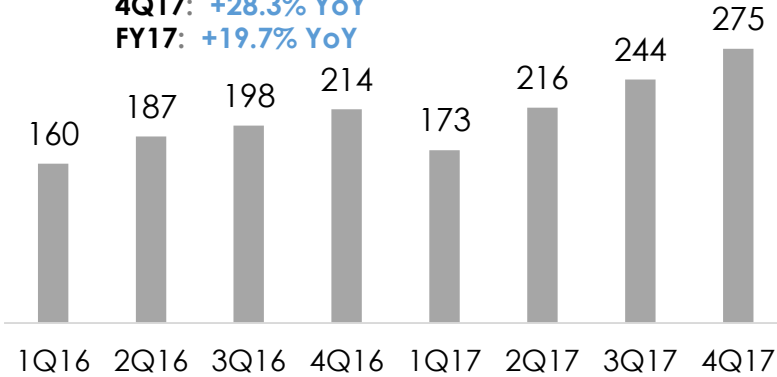
vs R\$ 74 Mi 3Q17



# Tegma results | Operations

## Automotive logistics

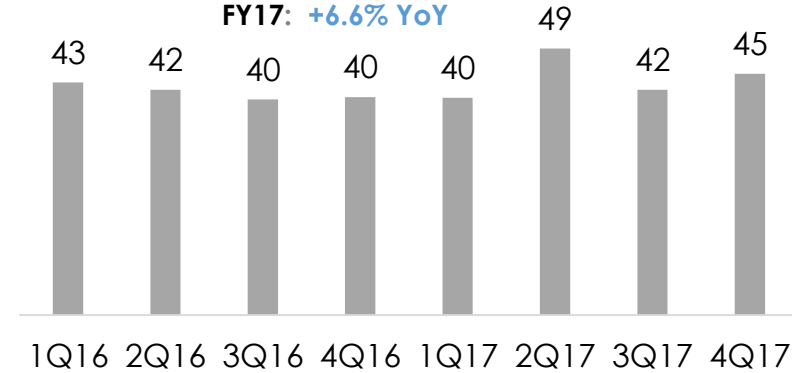
4Q17: +28.3% YoY  
FY17: +19.7% YoY



▶ The growth of the division revenue reflects the increase in the number of vehicles transported, the average Km per vehicle and accessory services in the period.

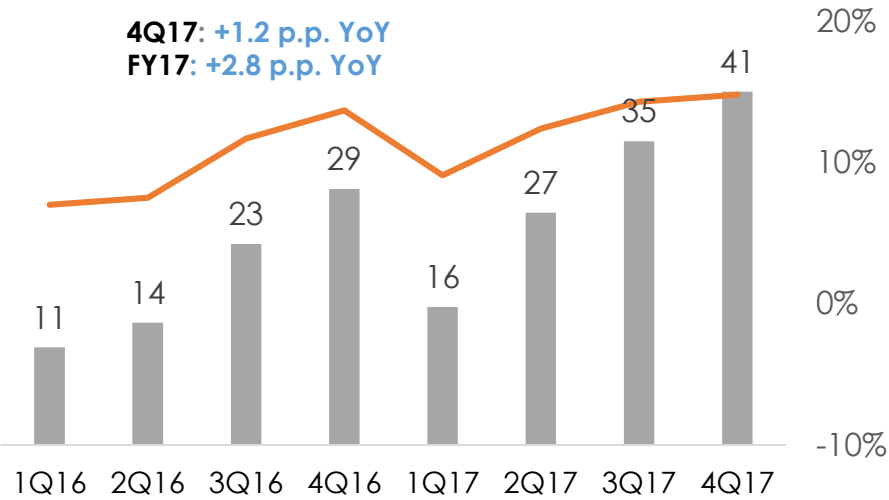
## Integrated logistics

4Q17: +10.6% YoY  
FY17: +6.6% YoY



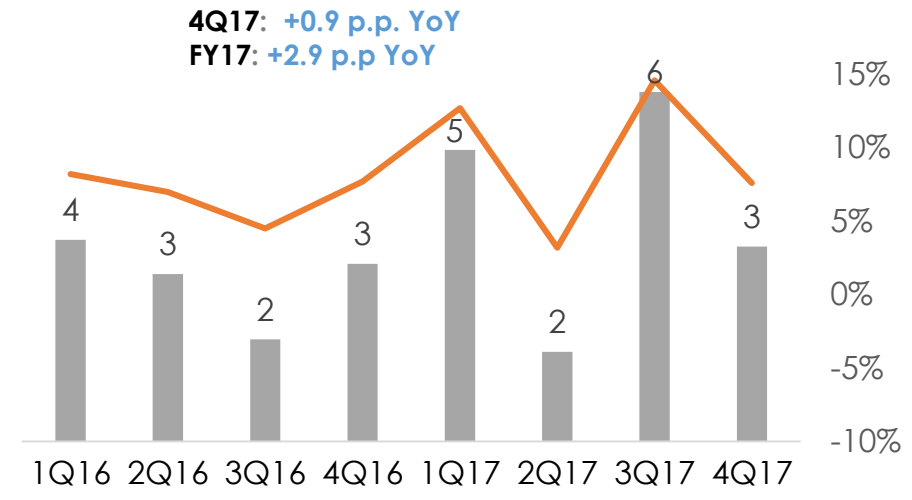
▶ The increase in 4Q17 revenues stems from a increase in warehouse revenues and contracts that yield higher returns.

4Q17: +1.2 p.p. YoY  
FY17: +2.8 p.p. YoY



▶ The adjusted EBITDA Increase and its margin increase in the annual comparison reflects the increase in revenue and control of costs and expenses.

4Q17: +0.9 p.p. YoY  
FY17: +2.9 p.p. YoY



▶ The adjusted EBITDA margin recovery showed in 2017, reflects the revenue gain and the cost control.

Net revenue

Adjusted EBITDA

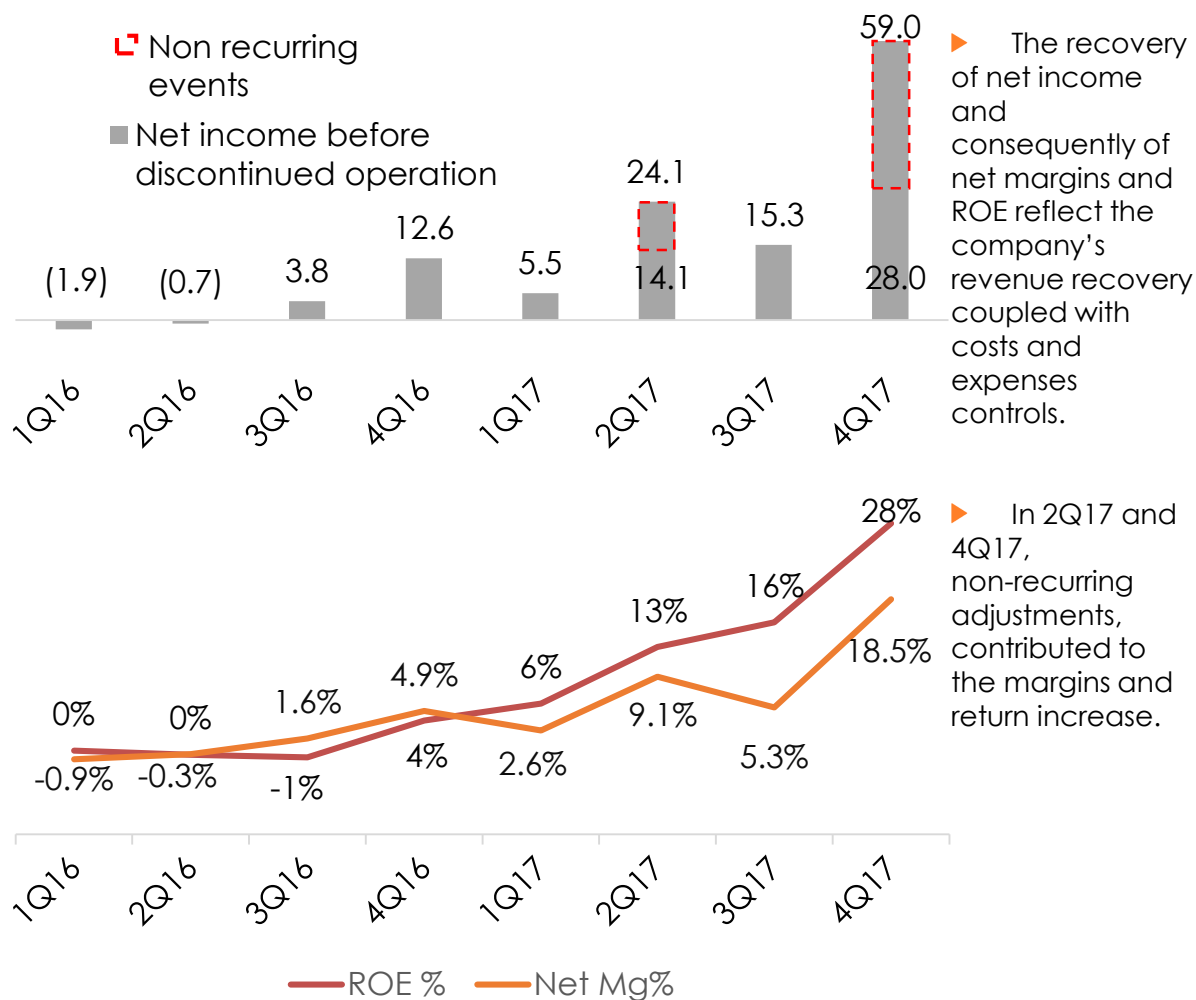
Adjusted EBITDA Adjusted EBITDA Margin

Adjusted EBITDA Adjusted EBITDA Margin



# Shareholder return

## Net income, net margin and ROE



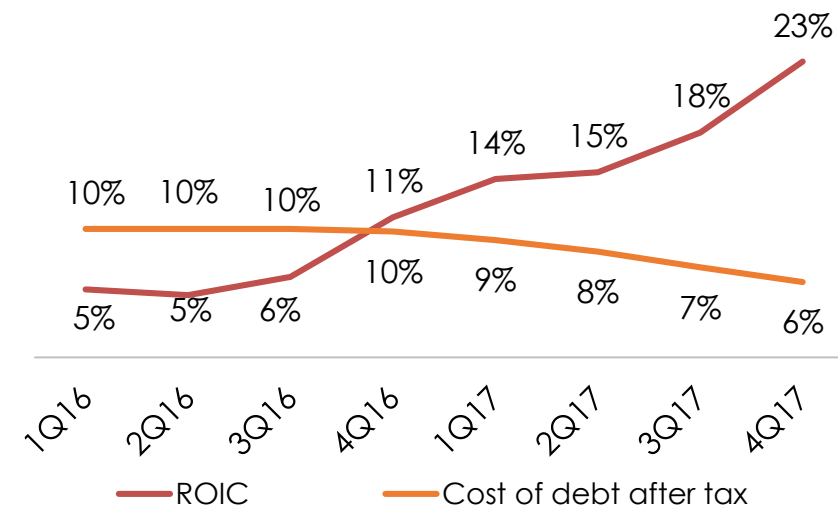
▶ The recovery of net income and consequently of net margins and ROE reflect the company's revenue recovery coupled with costs and expenses controls.

▶ In 2Q17 and 4Q17, non-recurring adjustments, contributed to the margins and return increase.

## Dividends and ROIC

Yr	Dividend per share (R\$)	IOC per share (R\$)	Payout %	Div Yld %
2017*	0.70	0.23	60%	4.9%
2016	0.12	-	61%	1.0%
2015	0.08	-	53%	1,4%
2014	-	-	-	-
2013	0.55	0.17	100%	3.4%
2012	0.73	0.24	81%	3.2%
2011	0.76	0.24	71%	4.2%
2010	0.70	0.25	59%	4.7%

\* Includes complementary distribution proposed to Annual shareholder meeting



▶ In 2017, we already approved R\$ 0.97 cents per share in earnings, which means an increase of 3 times what was distributed last year.

▶ The amount represents 60% of 2017 net income.

▶ The revenues recovery coupled with cost control and reduction on net debt permitted a steep increase in ROIC, way above our after-tax cost of debt.

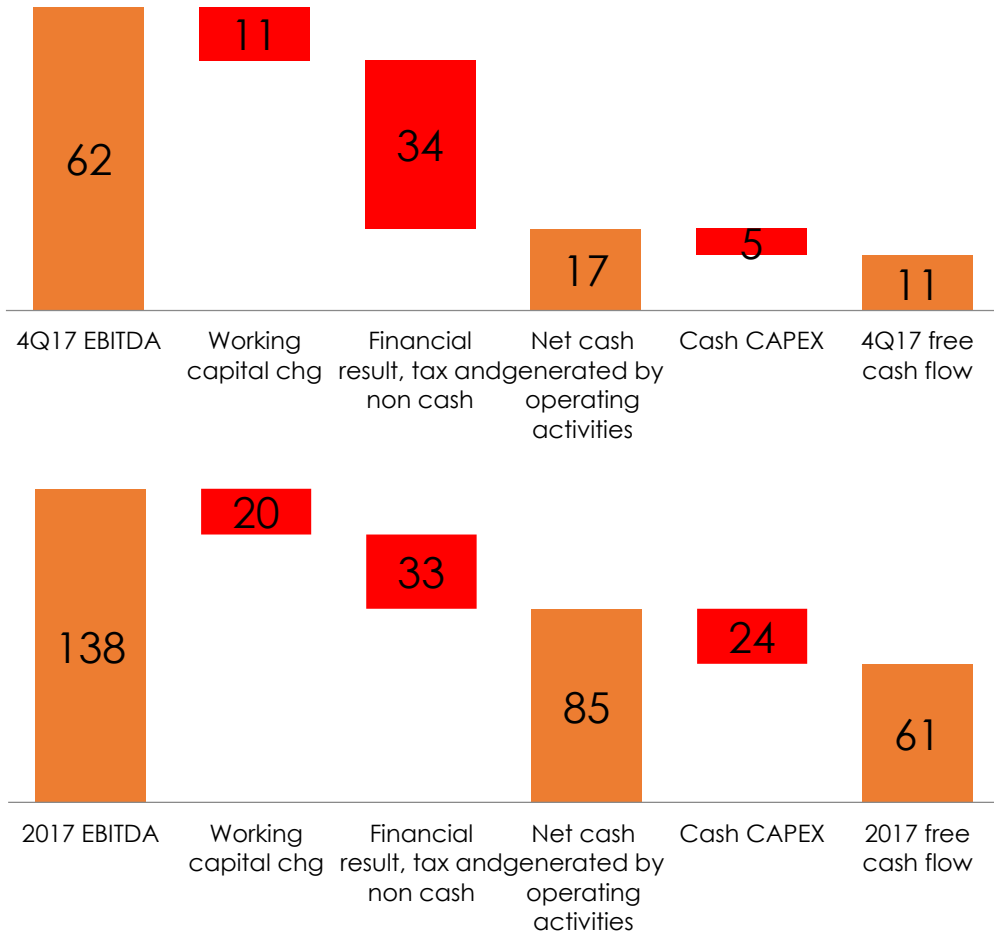
ROIC: NOPAT / (Net debt + Equity - goodwill)  
 Reconciling the indicator in the file Historical Financials.xlm (figures)





# EBITDA vs Free cash flow and change in cash

### EBITDA vs FCF 4Q17 and 2017



- ▶ The difference between 4Q17 EBITDA and free cash flow for the same quarter was largely due to non-recurring non-cash events in the quarter.
- ▶ Working capital consumption in the year and in the quarter were due to increased revenues.
- ▶ CAPEX consisted mainly of investments in contract renewal.

### Cash change 4Q17 and 2017







# Investments in 4Q17 and 2017

CAPEX	2016	2017	4Q16	4Q17
Land improvements	18.2	-	3.4	-
New operations	5.3	-	1.2	-
Maintenance	5.9	9.5	1.7	2.8
General improvements	-	2.9	-	-
IT	-	5.0	-	1.3
Contract renewal	-	7.8	-	-
<b>Total</b>	<b>29.4</b>	<b>25.2</b>	<b>6.3</b>	<b>4.1</b>



R\$ 7.8 million on investments for new and more efficient semi-trailers:

- Higher load capacity (53 tons);
- Less risk exposure on roads;
- Higher productivity, simultaneous compartments unloading;
- Lower use time of unload structure (energy saving);
- Noise-free discharge system;
- Lower cost of toll (R\$ / ton).



# Debt and covenants

Net Debt / EBITDA LTM

**0.6x in 4Q17** vs 0.6x in 3Q17

< 2.5x

Adjusted LTM / Fin. Result

**N/A in 4Q17** vs 16.1x in 3Q17

> 1.5x

Average cost of debt

**CDI + 1.56% p.y.**

Debt composition

**Debentures** 75%

**NCE** 23%

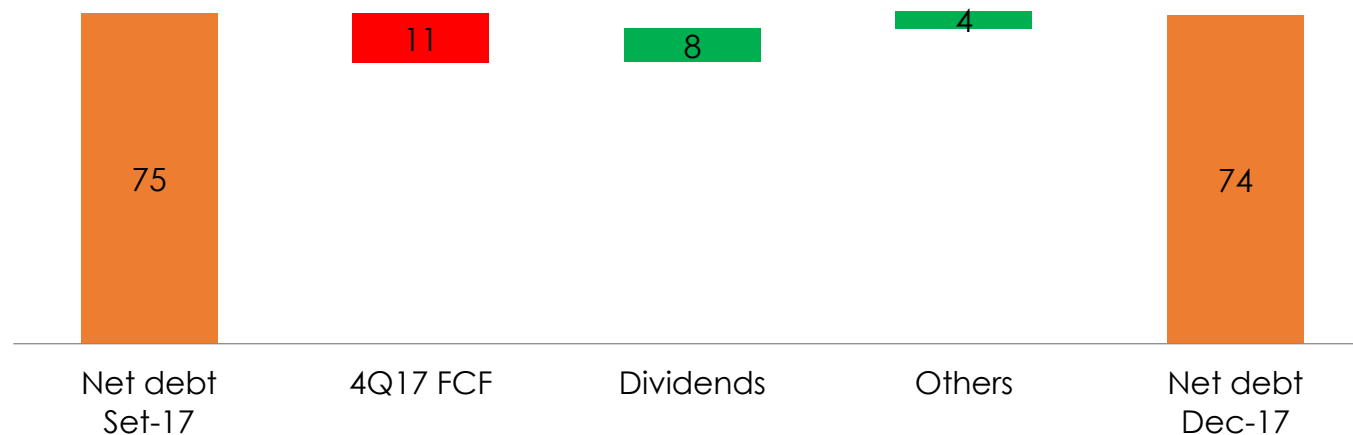
**FINAME** 2%

Rating

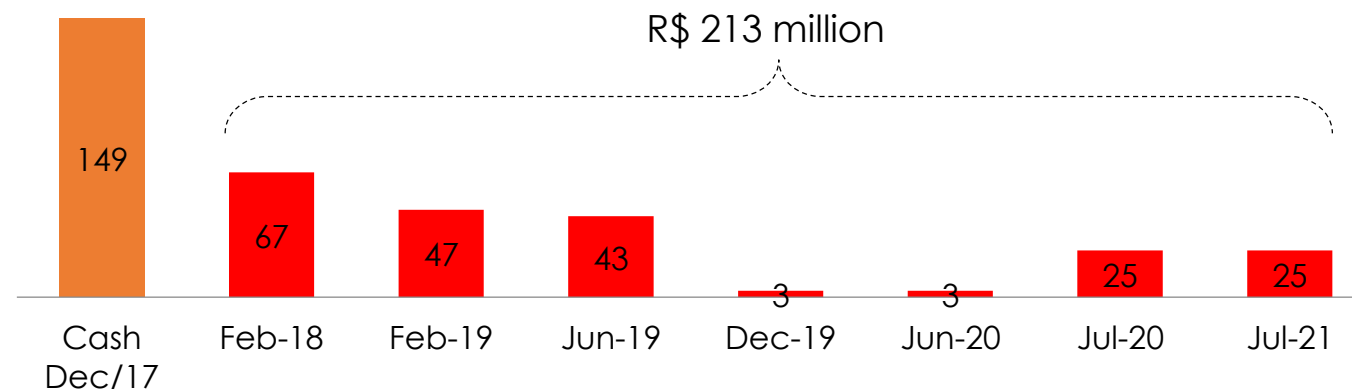
**Global B1** Persp.: stable

**Nacional Baa2.br**

## Net debt change



## Debt amortization schedule



**Q&A section**



**Gennaro Oddone - CEO and IRO**  
**Ramón Pérez- CFO**