



2Q20 Results Webcast

August 7, 2020

This event will start at:

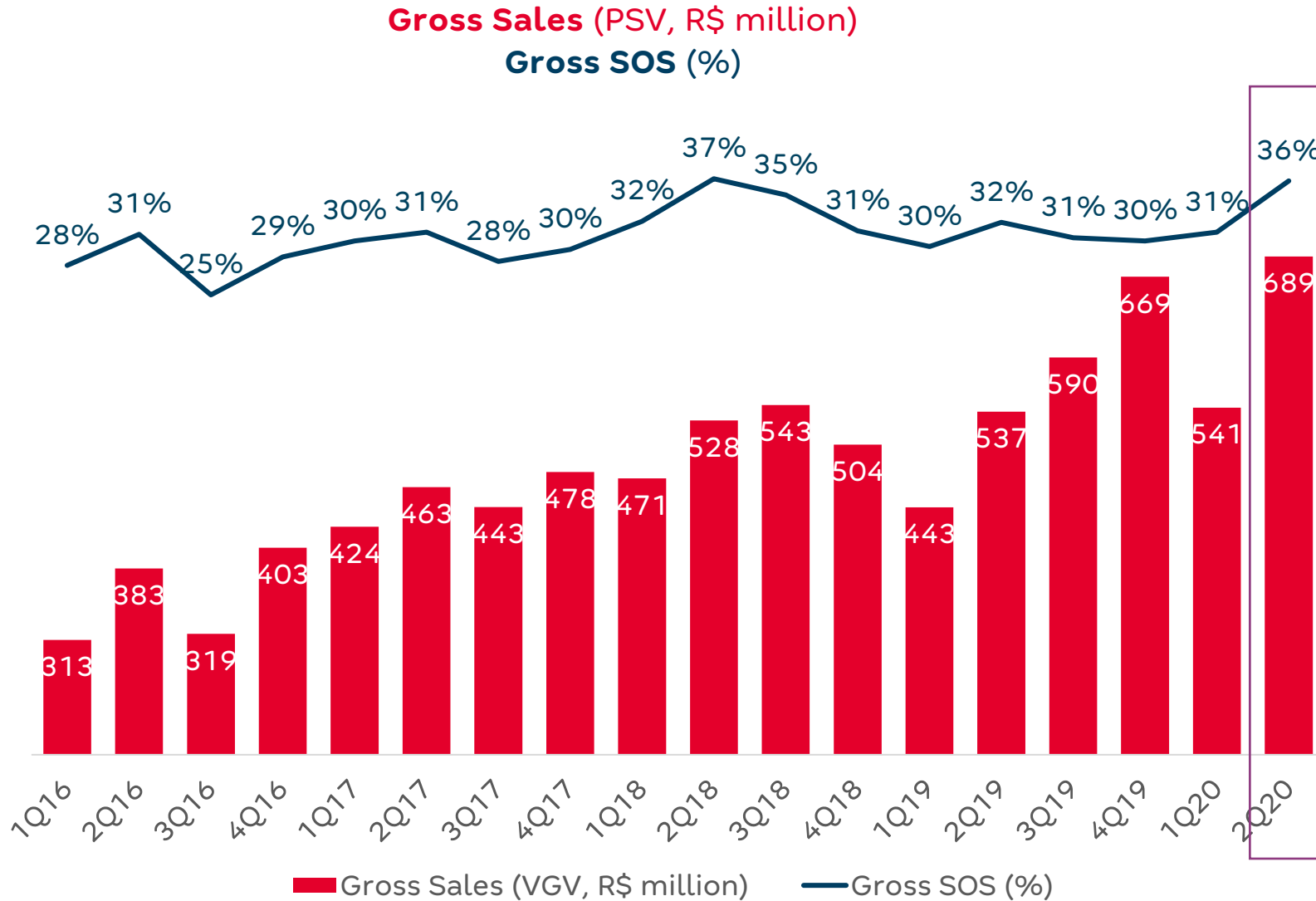
12pm BRT | 11am NYT | 4pm LON



Results

2Q20 Results Webcast

Record-high gross sales performance demonstrates demand resilience for affordable housing and successful digital initiatives



Its digital transformation journey started two years ago leading to an accelerated adaptation to online sales

Customers feeling more at ease: friction reduction

Sales growth

Price recovery over the quarter

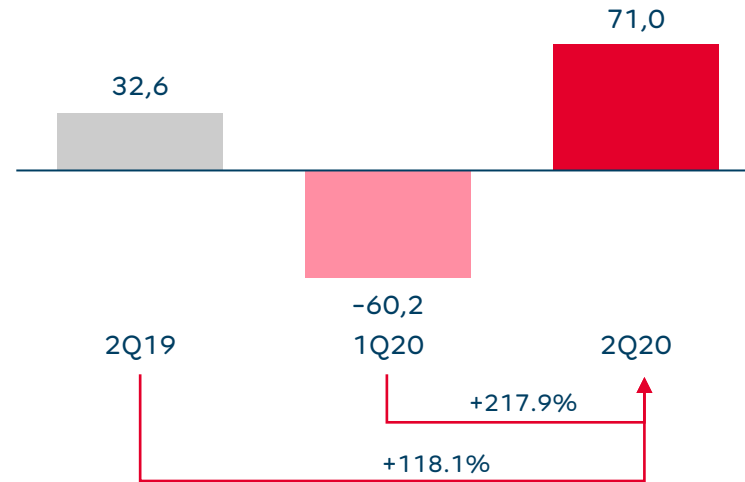
Controlled selling expenses

Initiatives aimed at preserving liquidity allowed the generation of operating cash in 2Q20, reversing consumption in 1Q20



- Resumption of mortgage transfers
- Negotiations with landowners
- Negotiations with suppliers

Operating Cash Generation (R\$ million)



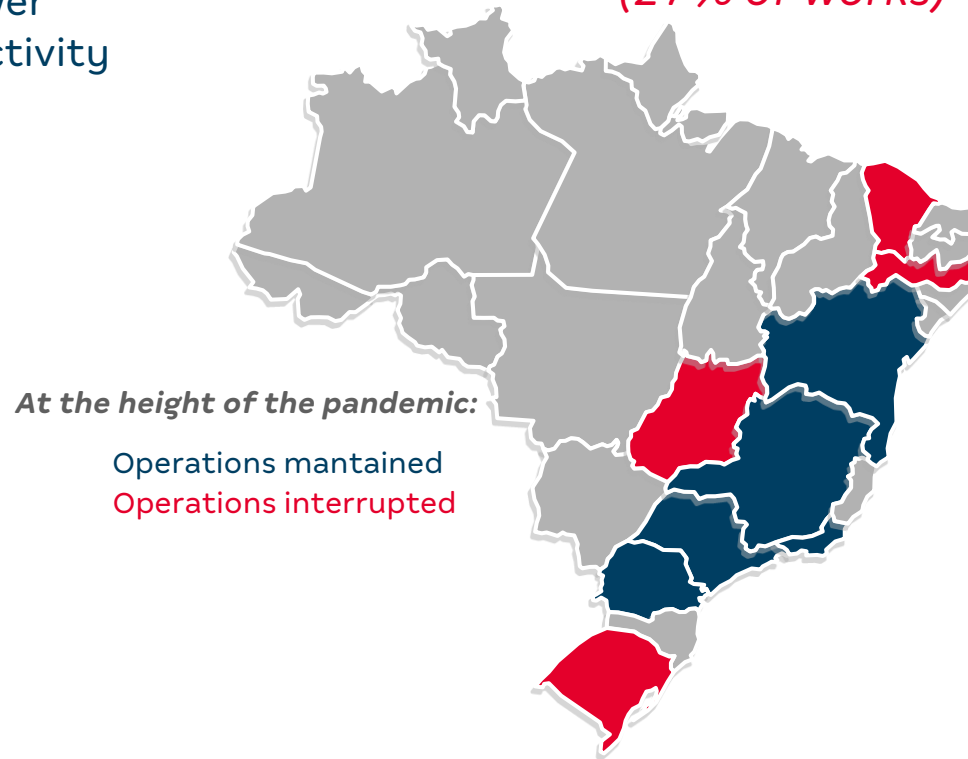
Construction works interruption led to slower project progress and loss of productivity (~15% over potential)



Profitability below expectations, hard hit by the context of the pandemic

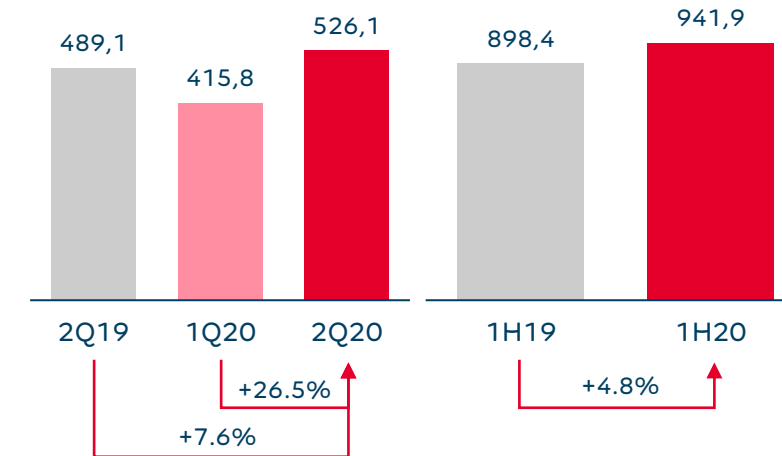
- 1. **Interruption of works:** slower project progress and productivity loss

At the height of the pandemic: construction works interrupted in the states of Pernambuco, Ceará, Goiás and Rio Grande do Sul (27% of works)



Current status: only 2 projects are not operating, both in the city of Porto Alegre (Rio Grande do Sul) (2% of works)

Net Operating Income (R\$ million)





Profitability below expectations, hard hit by the context of the pandemic

- 1. Interruption of works:** slower project progress and productivity loss
- 2. Closed stores:** sub-optimal costs and additional expenses in view of the migration of operations to the online environment

Digitization efforts and sub-optimal costs in stores

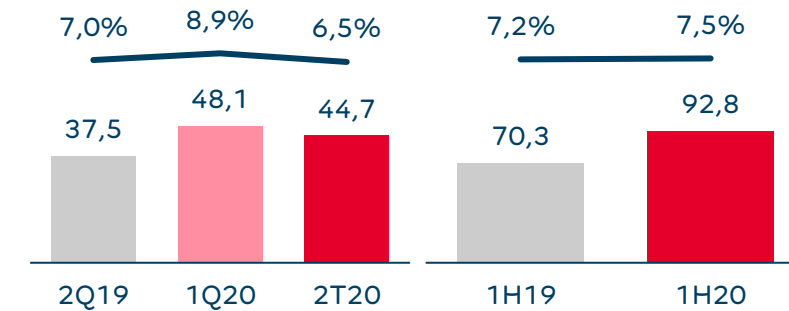


Sales in digital format: online "feirões"
No face-to-face service

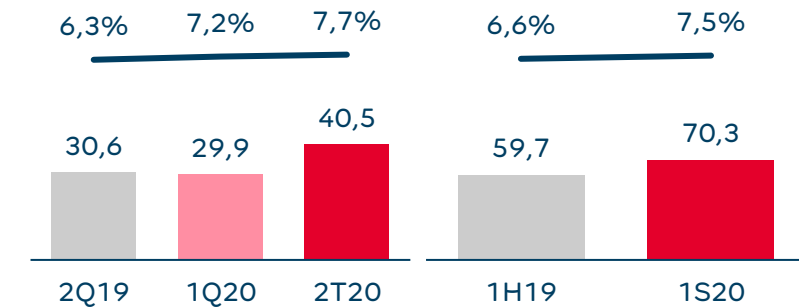


Some office work done from home

Selling Expenses (R\$ million and % of gross sales)



General and Administrative Expenses (R\$ million and % of net revenue)

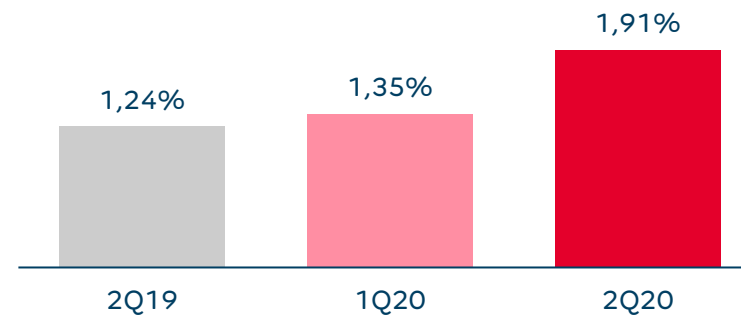




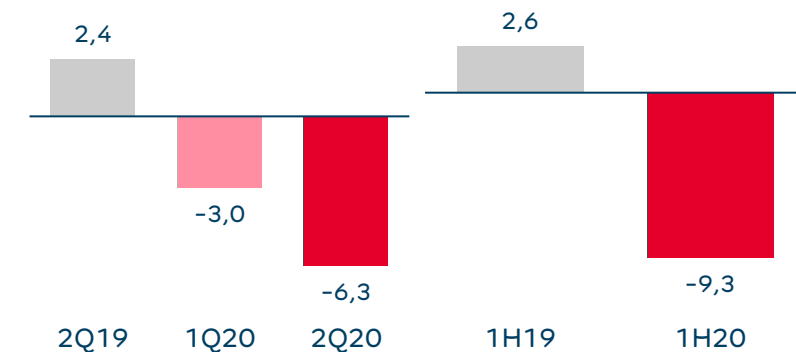
Profitability below expectations, hard hit by the context of the pandemic

- 1. Interruption of works:** slower project progress and productivity loss
- 2. Closed stores:** sub-optimal costs and additional expenses in view of the migration of operations to the online environment
- 3. Financial result:** larger gross debt due to higher spreads and net cash with lower yields

Average Cost of Debt¹
(Spread CDI +)



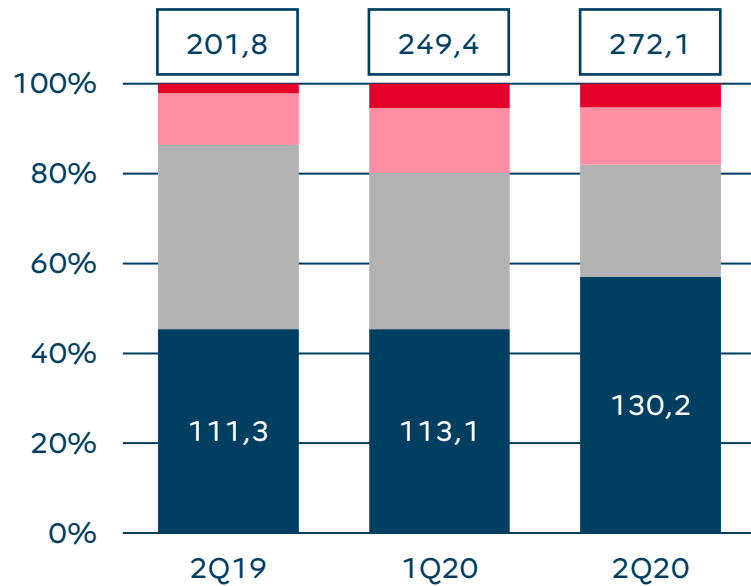
Financial Result
(R\$ million)



Improvements in performance indicators were decisive for maintaining gross margin levels in 2Q20



Tenda receivables, after delivery
(Net receivables, R\$ million)



32.7%

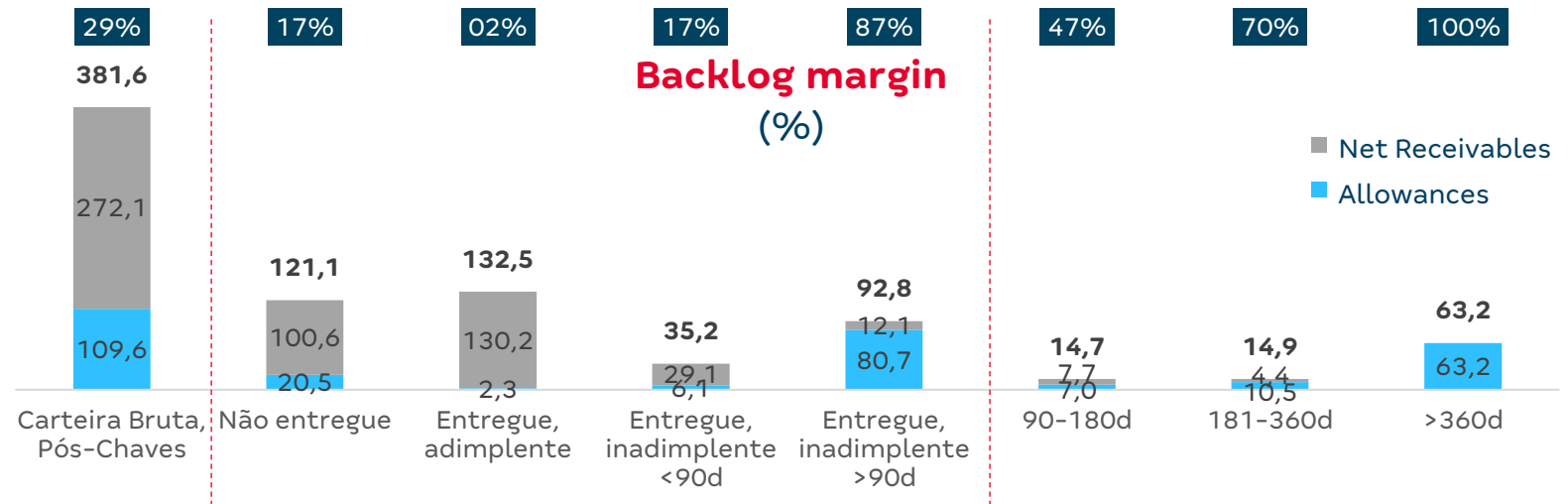
30.9%

28.7%

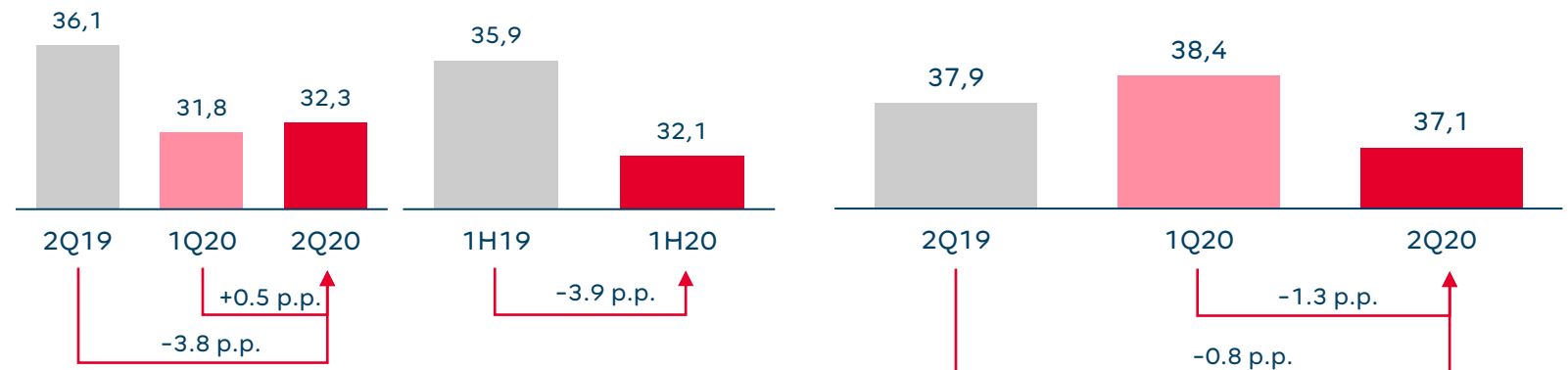
Allowances over Total Receivables
(% allowances/gross receivables)

- Delivered, >90d overdue
- Delivered, <90d overdue
- Not delivered
- Delivered, current

Tenda receivables, after delivery, aging
(2Q20, R\$ million and Allowance over Total Receivable Tenda %)



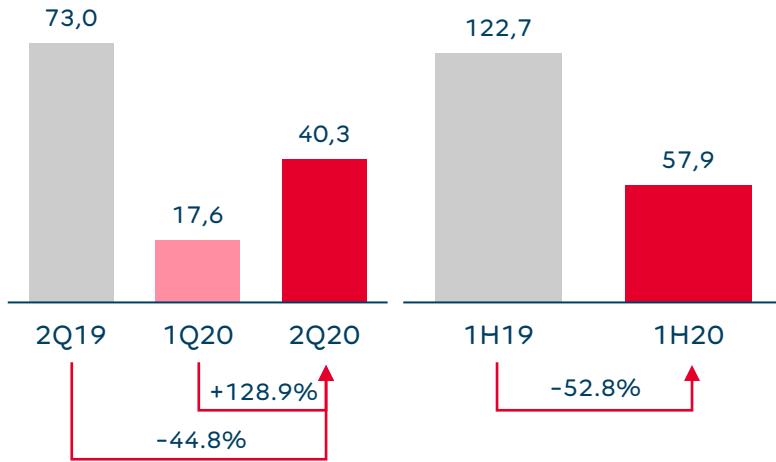
Adjusted Gross Margin
(%)



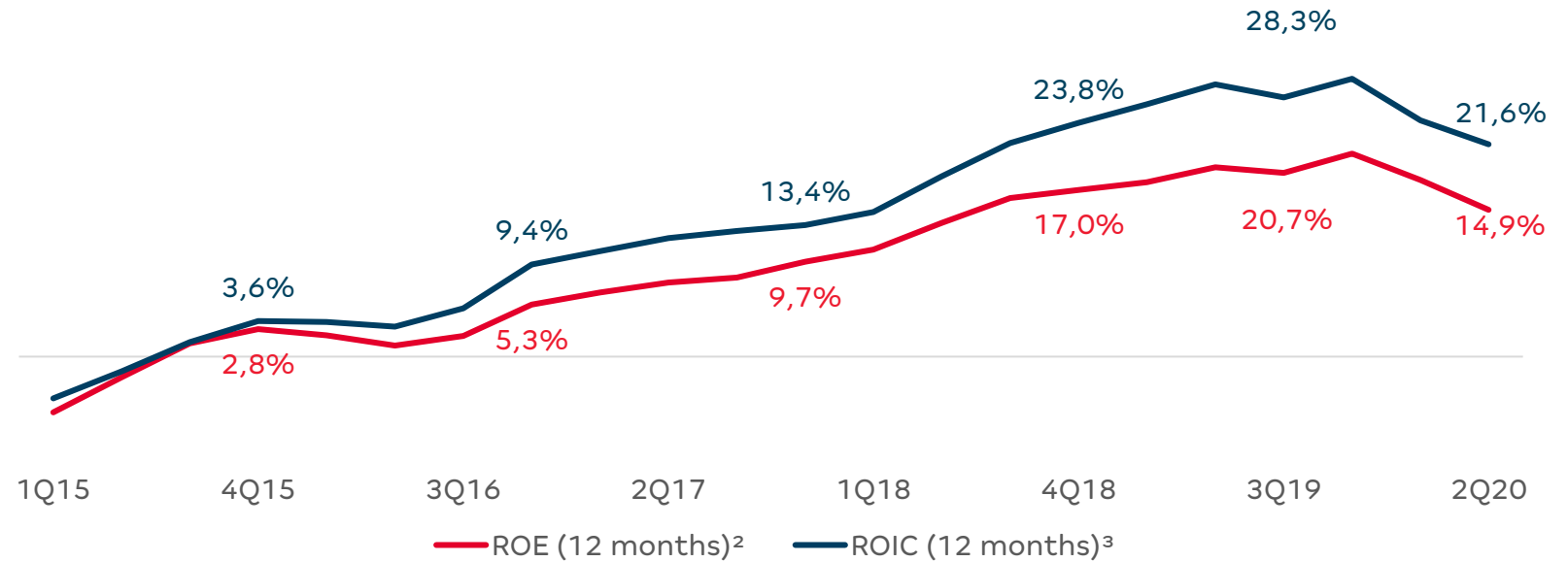
Tenda records R\$ 40.3 million in net income in 2Q20, with ROE and ROIC of 14.9% and 21.6% in the last twelve months



Net Income
(R\$ million)



ROE (12 months, %)
ROIC (12 months, %)





Profitability below expectations, hard hit by the context of the pandemic

1. **Interruption of works:** slower project progress and productivity loss
2. **Closed stores:** sub-optimal costs and additional expenses in view of the migration of operations to the online environment
3. **Financial result:** larger gross debt due to higher spreads and net cash with lower yields



Short term results still likely to be impacted by setbacks of Covid-19

1. **Price drop and productivity loss are still expected to be reflected in the results until the delivery of the units**
2. **Selling expenses are expected to remain sub-optimal due to empty physical stores**
3. **Financial expenses should remain high in the effort to preserve liquidity**

Unemployment rate may deteriorate and new attempts to expand the emergency withdrawals of FGTS may be seen



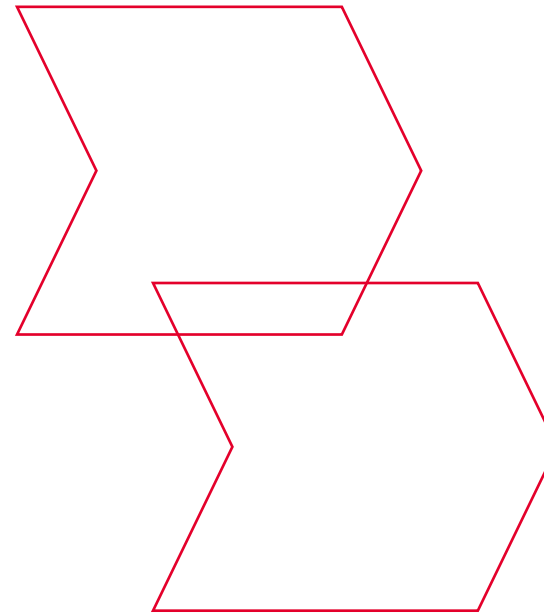
Resumption of the level of launches
(although below expectations)



All-time high sales records



Default indicators controlled



Company working dynamically to preserve value and ensure business sustainability



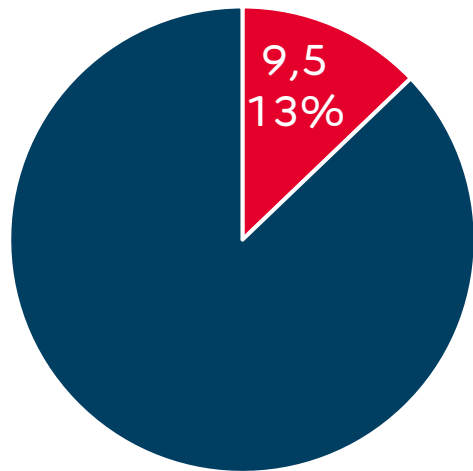
Offsite Construction

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Construction in Global GDP¹

US\$ trillion (2014) and %



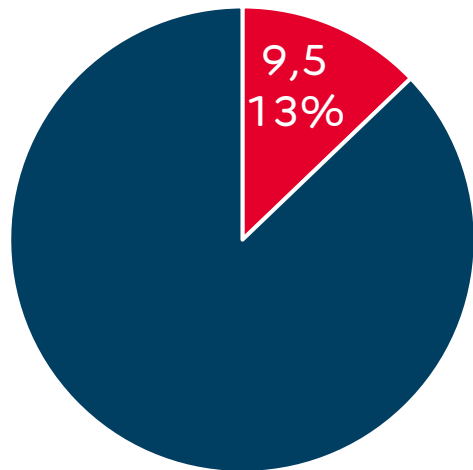
Global GDP: 74.0 (100%)

CONSTRUCTION INDUSTRY

- No standardization
- Small players
- Lack of coordination
- Cyclic demand



Construction in Global GDP¹
US\$ trillion (2014) and %



Global GDP: 74.0 (100%)

**CONSTRUCTION
INDUSTRY**

No standardization



Small players



Lack of coordination



Cyclic demand



Only 3 SKUs

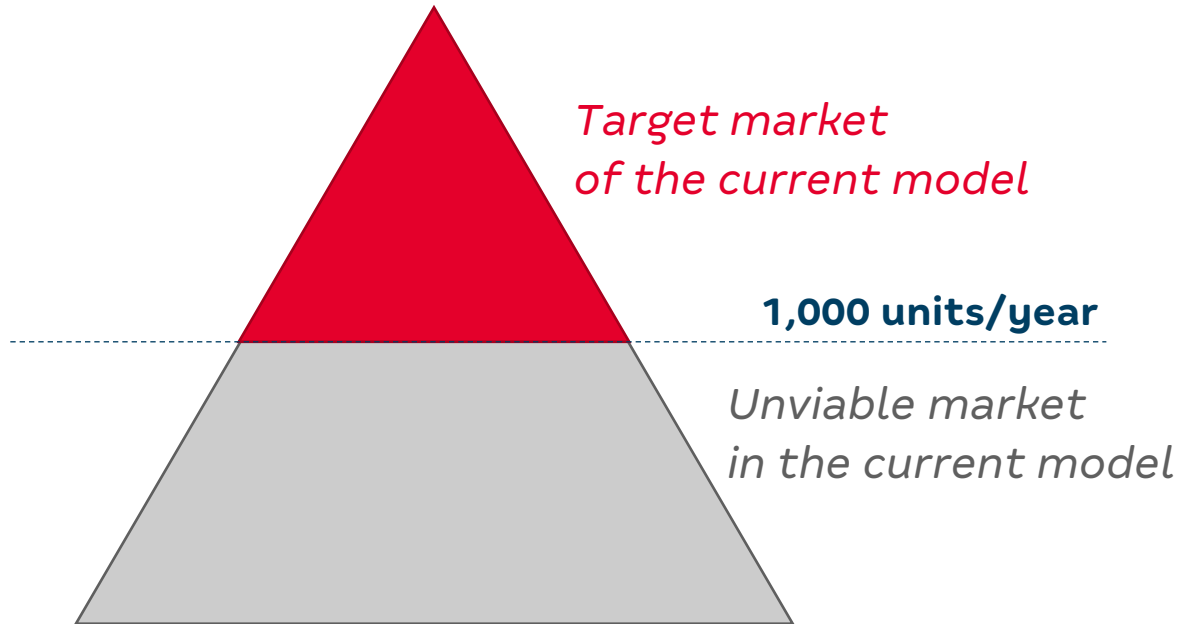
~18,000 units launched LTM

Fully integrated

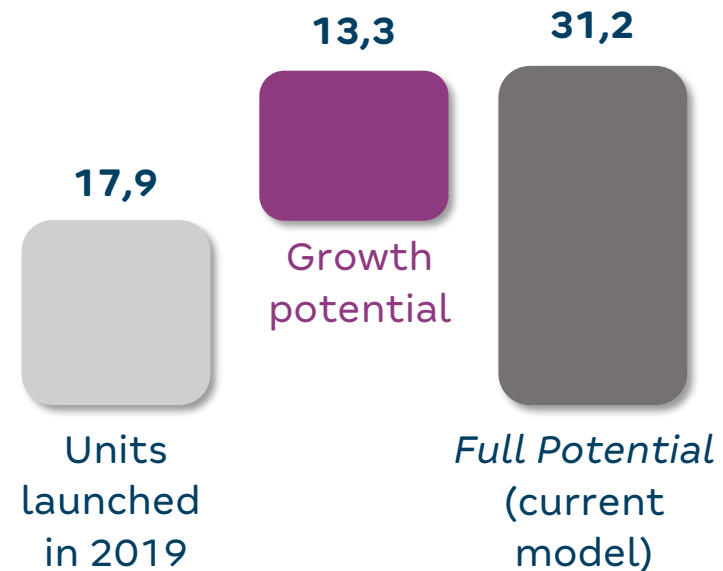
Constant demand



Potential demand
with aluminum forms



Full Potential of Current Model
(in thousand units)





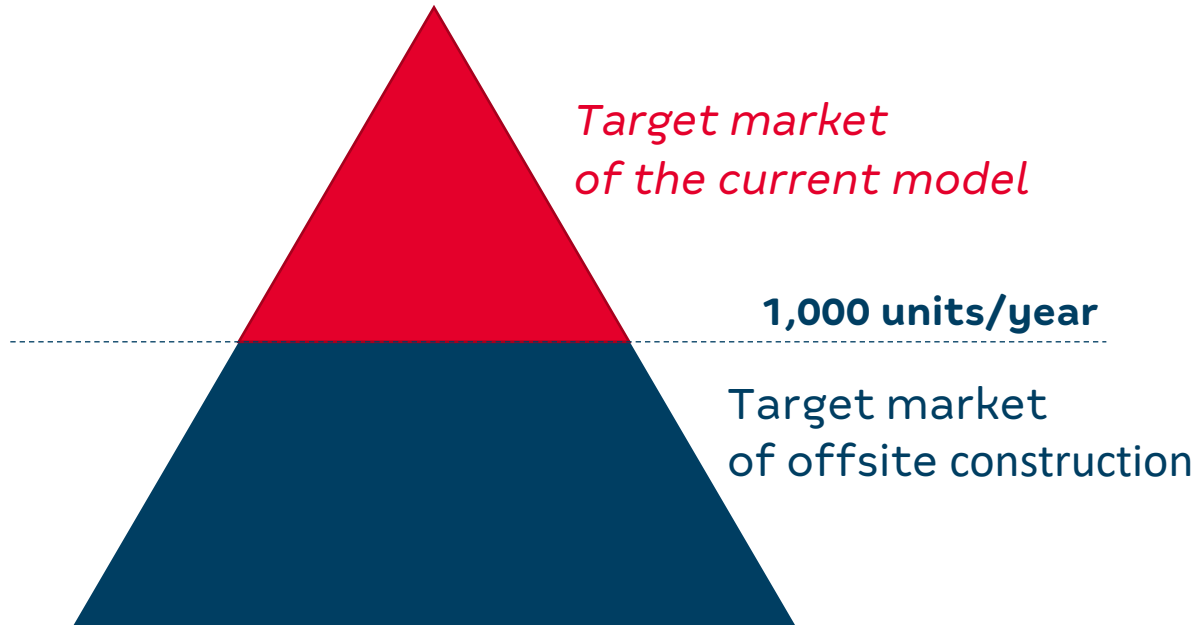
CHALLENGE		MASONRY STRUCTURAL	ALUMINUM FORM	OFF-SITE	
< 1,000 units/year	➔	Low minimum local scale	✓	✗	✓
Industrial approach	➔	High industrialization potential	✗	✓	✓

OFF-SITE

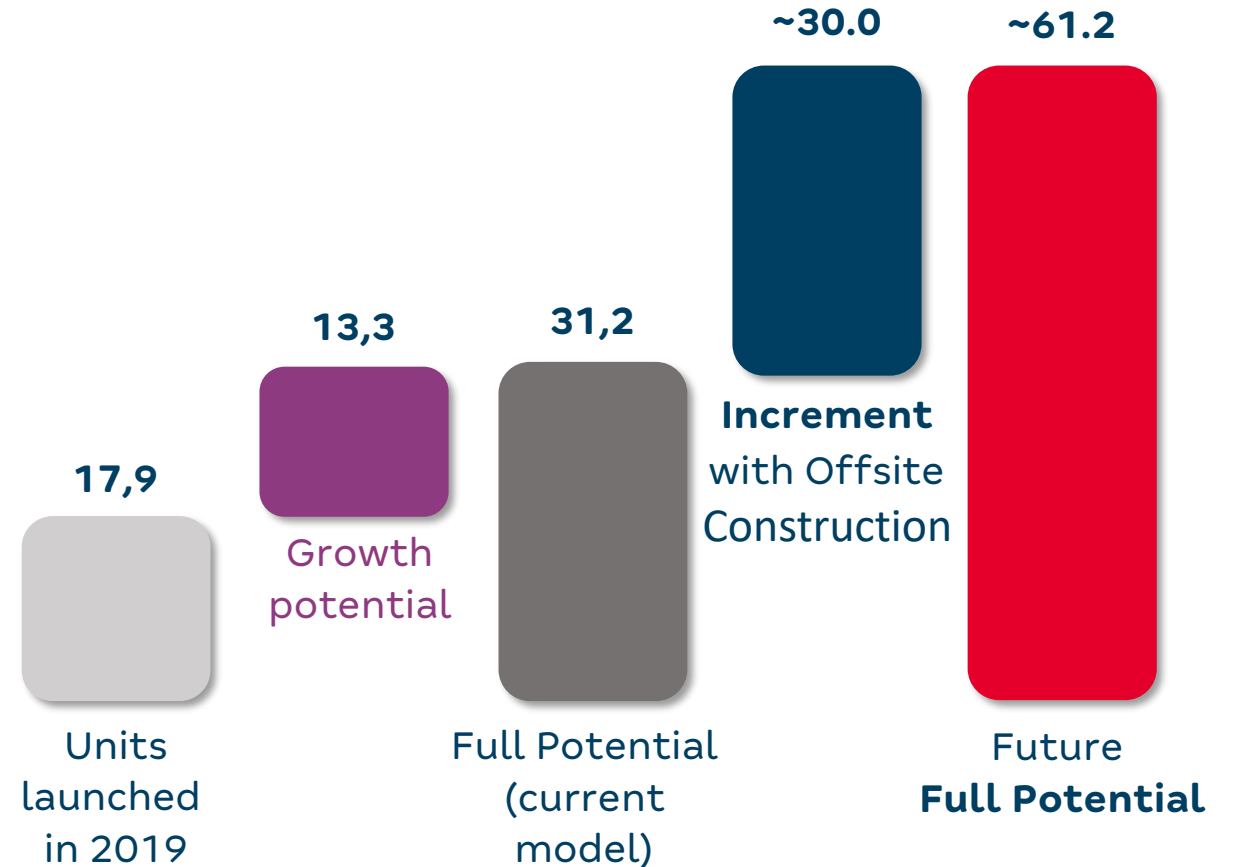
- Closed and controlled environment;
- Higher productivity, with 3 shifts;
- Greater efficiency through automation;
- Enhanced operational scale, with optimization opportunities;
- Production Engineering concepts easily converted into Civil Engineering ones



Potential demand with aluminum forms + offsite

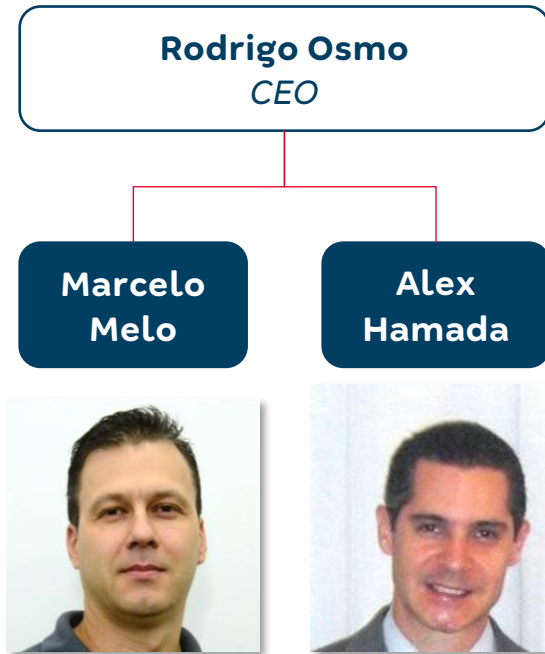


Current Model + Offsite → Future Full Potential (in thousand units)





Officers 100% dedicated to the project



Consultant focused on productivity and Lean strategies



Paulo Lima

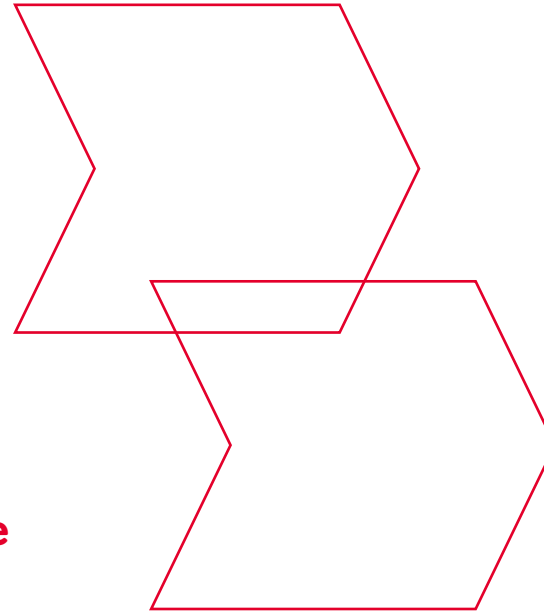
- PhD in Industrial Engineering from Unicamp
- Visiting Researcher at MIT focused on *Lean*
- Founding partner of Taktica since 2001
- Lean Consultant for Volvo, Alstom, Tenda

Lean team comprising in-company talents and market professionals





- ✓ **Warehouse/shed built to perform the tests**
- ✓ **First product prototype**
- ✓ **Land suitable for pilot-scale testing**



*Technology, product,
logistics, assembly,
market testing phase*



Q&A

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