

# Earnings Release

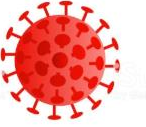
# 1Q20

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May 18, 2020

## HIGHLIGHTS

### FACING THE COVID-19 CRISIS



- We closed 1Q20 with a cash balance of **R\$ 1 Billion**;
- Net debt / Equity ratio at 22.5%, **the lowest leverage in the last 5 years**
- Cash Burn of R\$ 31 million in 1Q20;
- We have adopted stringent measures to prevent contagion on our construction sites;
- **100% of construction work underway**, with good productivity;
- All our projects are on schedule to be delivered to our clients;
- **Reinforcements for the collection team**, with new negotiation scope;
- Administrative staff working from home;
- Launches VSO of 44% in 1Q20;
- **We launched a Sales Campaign 100% online**, with related paperwork digitally signed;
- **Crisis Committee** installed;
- Initiatives to reduce administrative costs.

## LAUNCHES

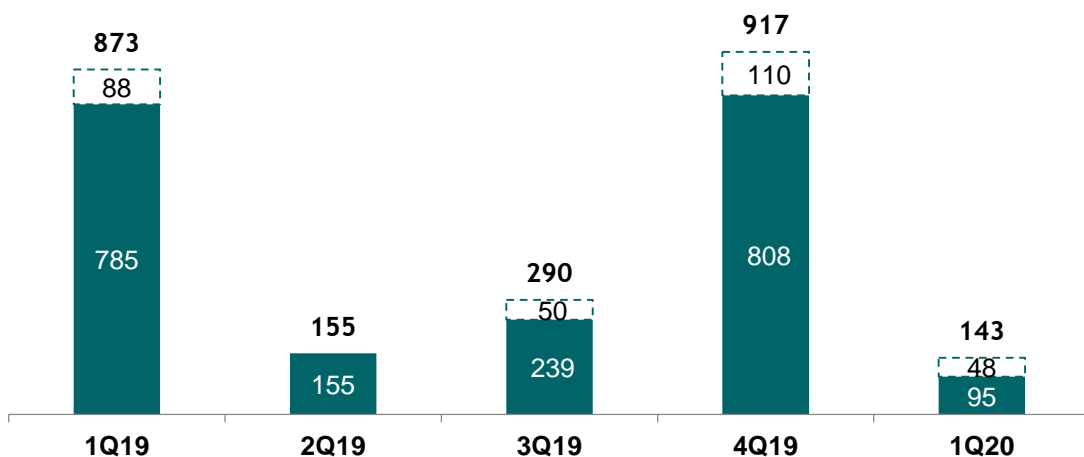
- In 1Q20 were launched 3 projects: 2 in Rio Grande do Sul and 1 in Sao Paulo, totaling R\$ 95 million (% Even).

Launches 1Q20	State	PSV (Total) (R\$ thou)	PSV (Even) (R\$ thou)	Usable Area (sq. m.)	# Units	Avg. Price of Unit (R\$ thou)	Segment
<b>1º trimestre</b>		<b>143,011</b>	<b>95,469</b>	<b>106,490</b>	<b>657</b>	<b>218</b>	
Sunset	RS	52,721	21,089	98,718	345	153	Lot development
Go Campo Belo	SP	40,573	40,573	3,710	159	255	Middle Income
Go 24	RS	49,716	33,807	4,062	153	325	Middle Income
<b>Total</b>		<b>143,011</b>	<b>95,469</b>	<b>106,490</b>	<b>657</b>	<b>218</b>	

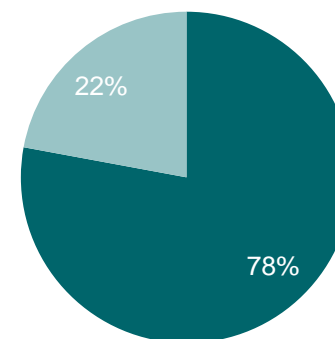
By segment and region

(1Q20 – %Even)

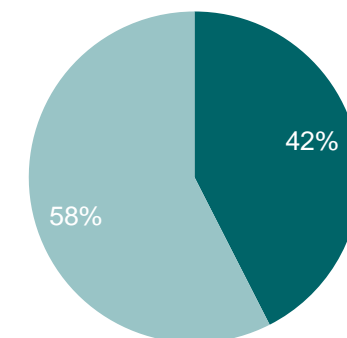
■ Launches (% Even) □ Launches (partners)



■ Medium □ Lot development



■ São Paulo □ Rio Grande do Sul



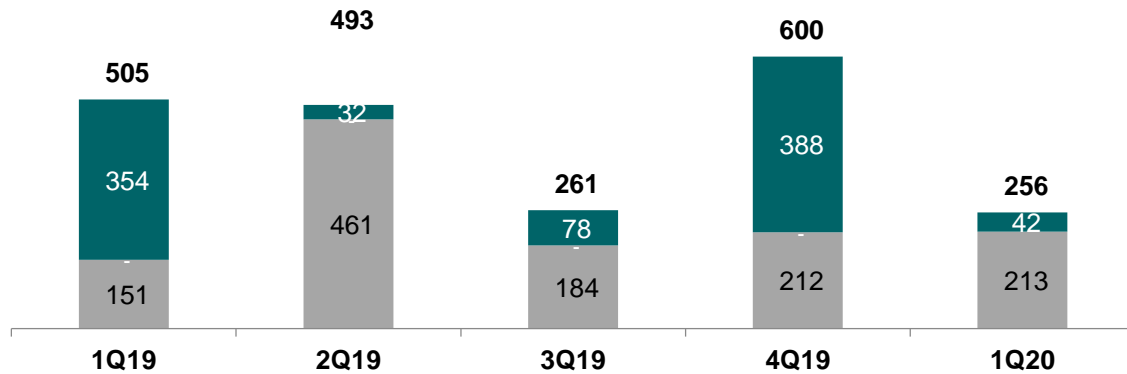
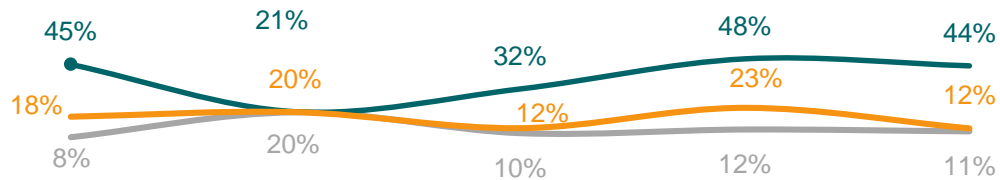
## SALES

- Net sales of R\$ 256 million (%Even);
- 68% of the net sales in the quarter originated in São Paulo, 24% in Rio Grande do Sul and 8% in Rio de Janeiro;
- 20% decrease in cancellations in 1Q20 when compared with same period of previous year.

### Sales History<sup>1</sup>

(% Even – R\$ million)

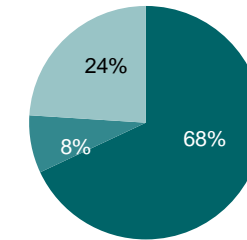
Launch Sales Inventory Sales Inventory SOS Launch SOS Quarterly SOS



### Total sales<sup>1</sup> by region in 1Q20

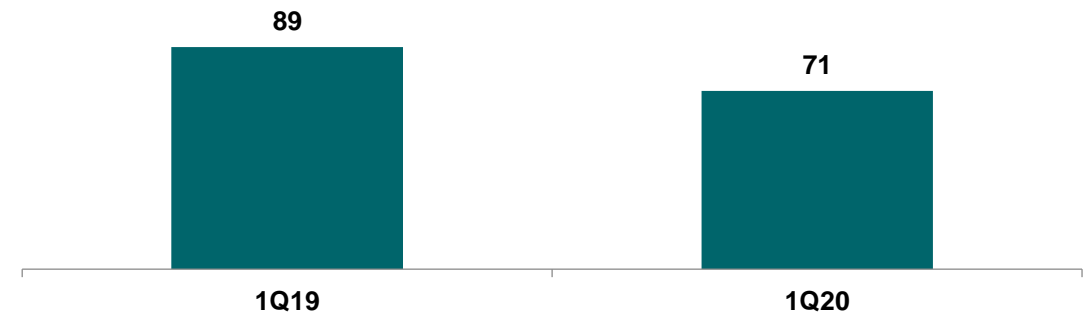
(100% – R\$ million)

São Paulo Rio de Janeiro Rio Grande do Sul



### Cancellations

(%Even – R\$ million)

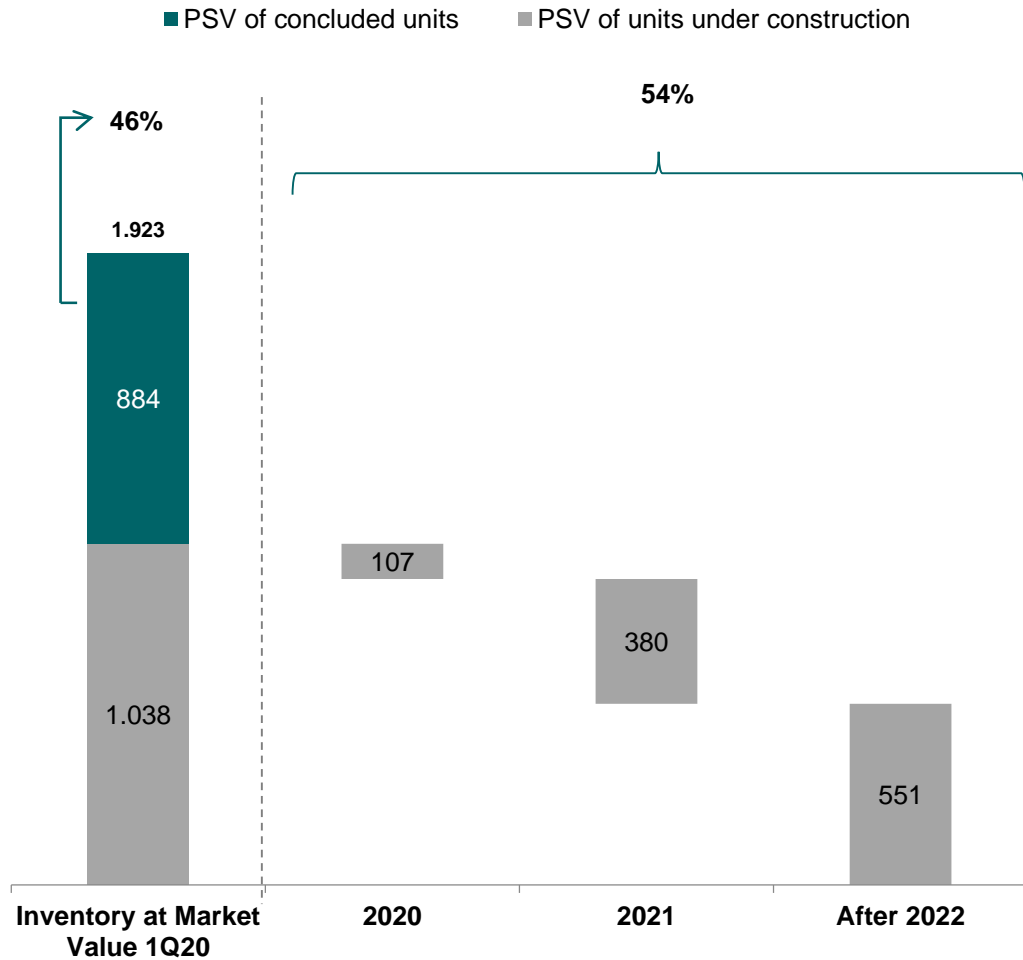


<sup>1</sup> Commissions and physical swaps already deducted.

# INVENTORY

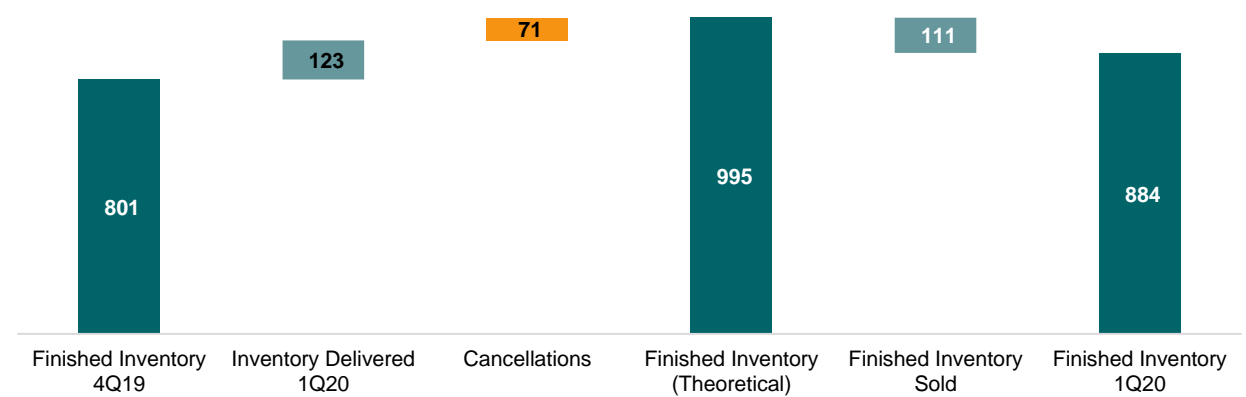
## Inventory at market value on 31/03/2020 and estimated year of conclusion

(PSV % Even – R\$ million)



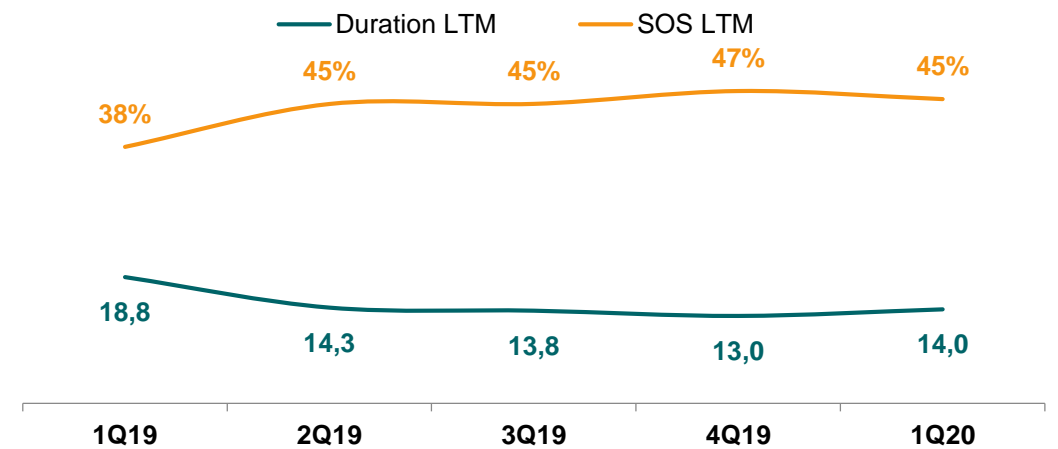
## Evolution of Finished Inventory

(PSV % Even – R\$ million)



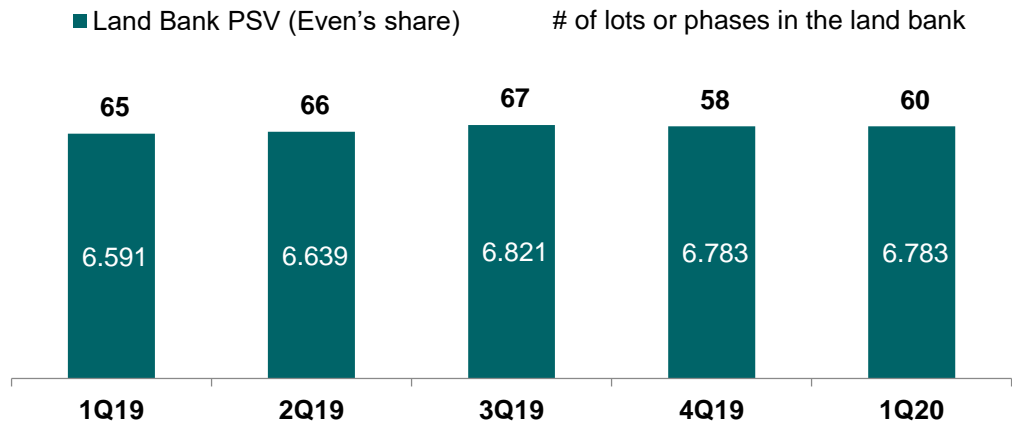
## Duration of inventory in number of months

(Final inventory / Sales LTM)

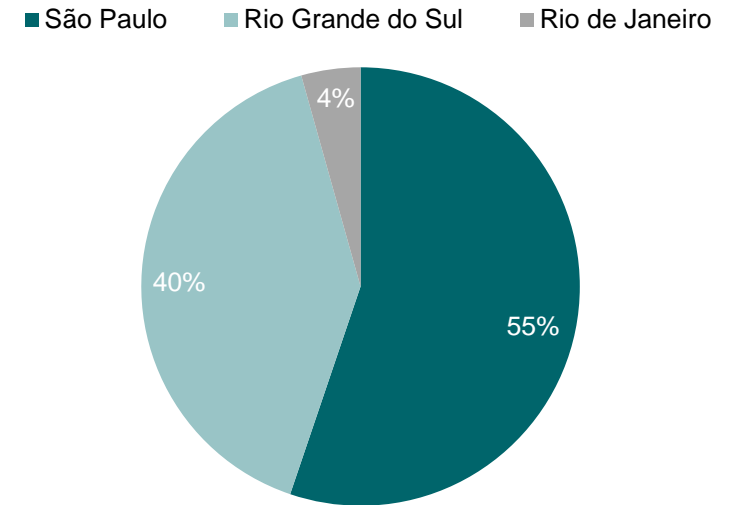


# LAND BANK

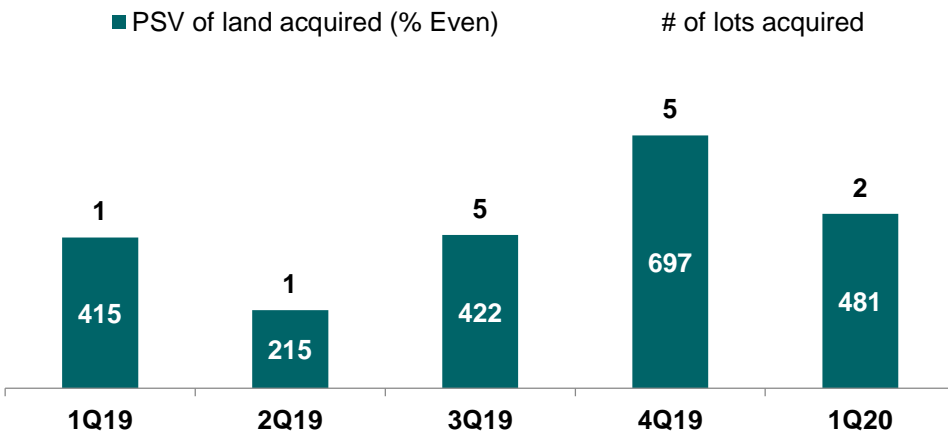
**Land bank history**  
(PSV % Even – R\$ million)



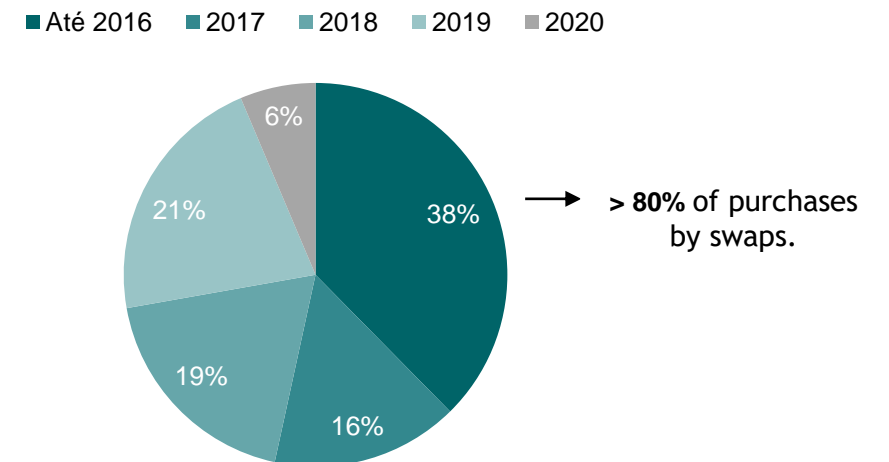
**Distribution of the land bank by region**  
(PSV % Even – R\$ million)



**Purchased plots of land**  
(PSV (% Even) – R\$ million)



**Year of purchase**  
(% PSV - % Even)





## DELIVERIES 1Q20

**2 projects**

PSV<sub>delivered</sub>: **R\$ 352 million**

**630 units**

### Rios - Miguel Yunes (SP)



### Quintas da Lapa – Phases 2A and 2B (SP)



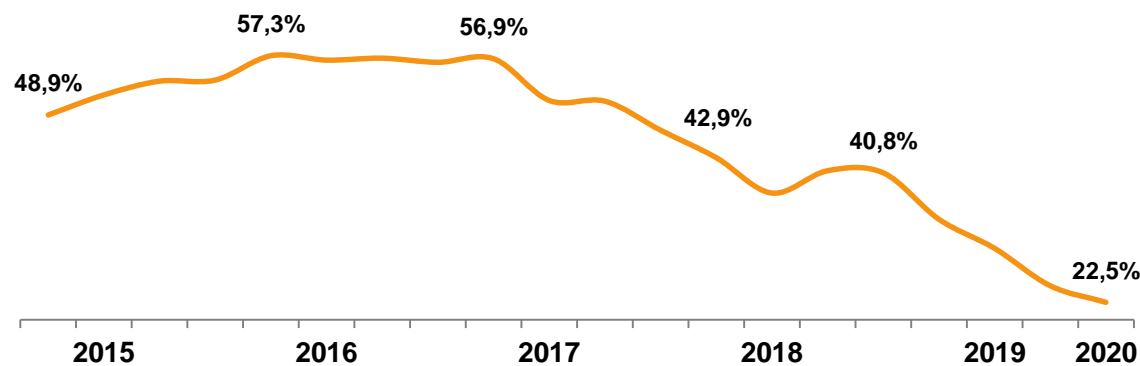
## CASH GENERATION AND CAPITAL STRUCTURE

Cash Burn	1Q19	2Q19	3Q19	4Q19	1Q20
Initial Net Debt	742.1	757.7	645.2	560.9	465.5
Final Net Debt	757.7	645.2	560.9	465.5	435.0
<b>Cash Burn</b>	<b>15.6</b>	<b>(112.5)</b>	<b>(84.3)</b>	<b>(95.4)</b>	<b>(30.5)</b>
Dividends	-	-	-	-	-
Stock buybacks	-	-	-	-	-
<b>Cash Burn (ex-dividends and buybacks)</b>	<b>15.6</b>	<b>(112.5)</b>	<b>(84.3)</b>	<b>(95.4)</b>	<b>(30.5)</b>

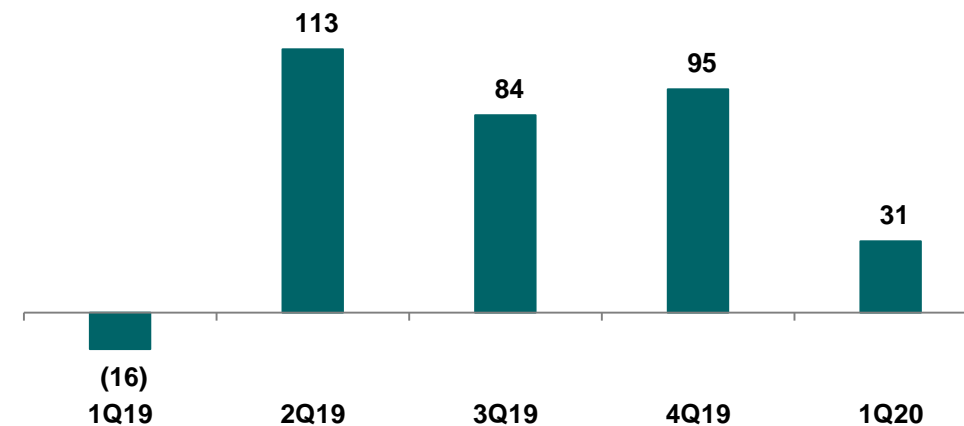
	On 03/31/2020 (R\$ million)	
Production - SFH	405,2	28%
Production - CRI	519,9	36%
CCB	100,6	7%
Corporate CRI	416,6	29%
<b>Gross Debt</b>	<b>1.442,4</b>	<b>100%</b>
Cash	1.007,4	
<b>Net Corporate Debt *</b>	<b>(490,2)</b>	
<b>Net Debt</b>	<b>435,0</b>	
<b>Shareholders' Equity</b>	<b>1.937,0</b>	
<b>Net Corporate Debt * / Shareholders' equity</b>	<b>-25,3%</b>	
<b>Net debt / Shareholders' equity</b>	<b>22,5%</b>	

Receivables from completed units on 03/31/2020
R\$ 442,9 million

Net Debt / Shareholders' Equity  
(in %)



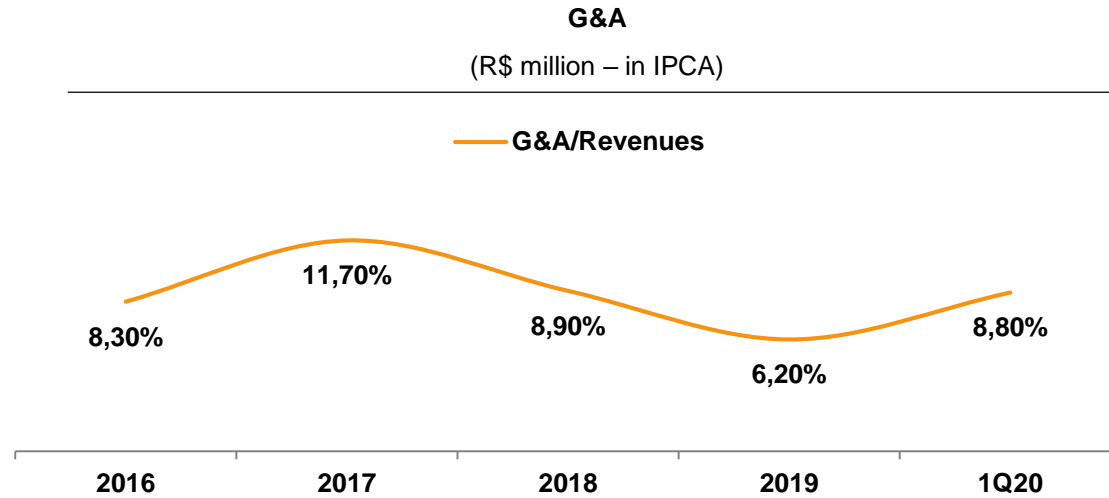
Cash Generation  
(R\$ million)



\* Ex- Financing to production



## FINANCIAL INDICATORS

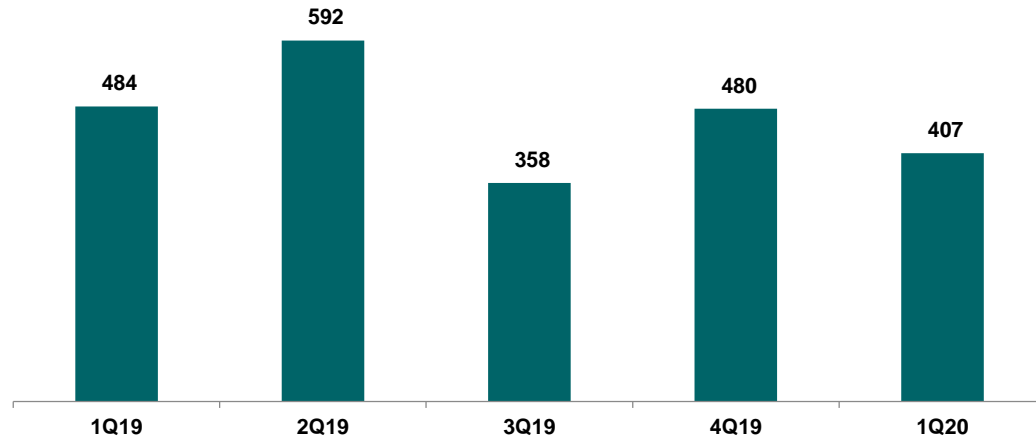


	1Q19	2Q19	3Q19	4Q19	1Q20
Selling	34,603	47,105	44,831	49,760	39,073
General and administrative	29,915	34,090	21,616	32,747	34,129
Other operating expenses (revenues)	9,885	6,863	657	(2,486)	2,344
<b>Operating Expenses</b>	<b>74,403</b>	<b>88,058</b>	<b>67,104</b>	<b>80,021</b>	<b>75,546</b>
% of Net Revenue	15.4%	14.9%	18.7%	16.7%	18.6%

## FINANCIAL INDICATORS

### Net Income

(R\$ million)



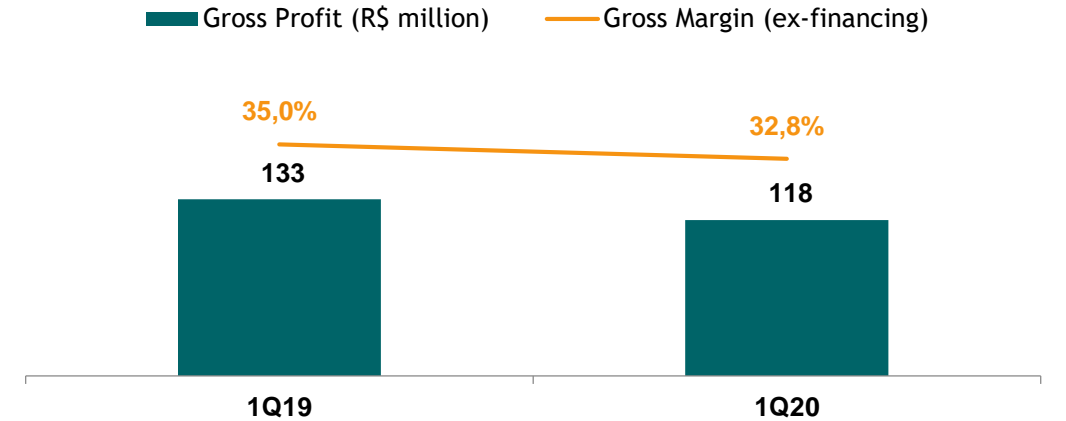
### Income Statement by Business Unit

(R\$ million)

	1Q20	SP	RS	RJ	TOTAL
<b>Net Sales</b>	<b>174.165</b>	<b>62.068</b>	<b>19.631</b>	<b>255.865</b>	
Net revenue from sales and/or services	239.016	144.504	23.358	406.878	
Incurred cost of goods sold	(161.869)	(108.268)	(18.998)	(289.135)	
<b>Gross profit</b>	<b>77.147</b>	<b>36.236</b>	<b>4.360</b>	<b>117.743</b>	
Gross Margin	32,3%	25,1%	18,7%	28,9%	
Gross Margin (ex-financing)	33,8%	28,0%	36,0%	32,8%	
REF Margin	37,3%	32,7%	7,1%	32,2%	

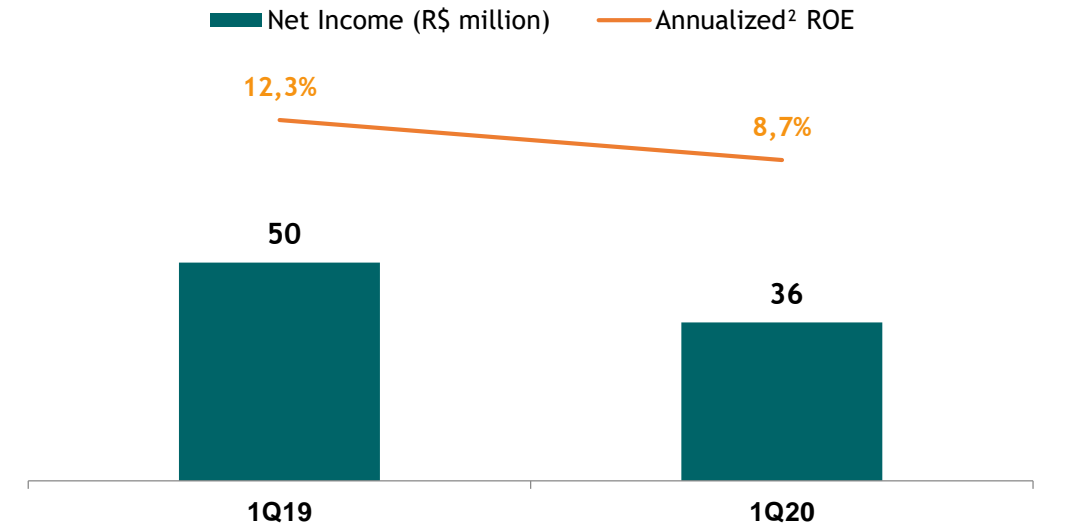
### Gross Profit and Gross Margin<sup>1</sup>

(R\$ million – in %)





### Net Profit and Annualized<sup>2</sup> ROE

(R\$ million – in %)



<sup>1</sup> Gross margin excluding the effects of financial charges recognized as cost.

## OPERATION BY BUSINESS UNIT (1Q20)

São Paulo		TOTAL	LAND PURCHASED AFTER 2016	LAND PURCHASED BEFORE 2016
	<b>PSV</b> LAUNCHED (16-20)	<b>R\$ 3.7 bn</b> (25 projects) 29.1% gross margin	<b>R\$ 2.4 bn</b> (64%) (15 projects) 35.3% gross margin	<b>R\$ 1.3 bn</b> (36%) (10 projects) 14.4% gross margin
	<b>Land Bank</b>	<b>R\$ 3.8 bn</b>	<b>R\$ 2.9 bn</b> (76%)	<b>R\$ 907 mil</b> (24%)

Note: disregarding two projects, which the company is studying to launch in partnership or alienate the land, the percentage of plots of land purchased after 2016 is above 92%.


**Rio Grande do Sul**


**Average gross margin:**  
(launches 17-20)

**30.2%**


**Rio de Janeiro**

- **100% of the construction delivered**
- Finished inventory: **R\$ 248 mil** (with significant cash generation)
- **Low operating cost**  
(Average G&A R\$ 5.7 mil in the next 3 years)

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