

1Q20 Operational Preview

Net pre-sales of R\$ 439.7 million in 1Q20 (+8.0% YoY), with net SoS of 25.5%. Covid-19 impacted launches in 1Q20 (-57.1% YoY in PSV launched).

São Paulo, April 15, 2020 – Construtora Tenda S.A. (“Company”, “Tenda”), a leading Brazilian homebuilder and real estate developer focused on low-income residential projects operating within the brackets 1.5 and 2 of the “Minha Casa, Minha Vida” (“MCMV”) federal government housing program, today announced a preview of its operational results (launches, gross sales, cancellations, net pre-sales, transferred units, delivered units, construction sites and landbank) for the first quarter of 2020. These results are preliminary, subject to audit review.

HIGHLIGHTS

- 4 projects **launched** in 1Q20, with a total PSV of R\$ 165.6 million (-57.1% YoY)
- **Gross sales** of R\$ 540.9 million in 1Q20 (+22.1% YoY), with gross SoS of 31.3% (+1,4 p.p. YoY)
- **Net pre-sales** of R\$ 439.7 million in 1Q20 (+8.0% YoY), with net SoS of 25.5% (-2,0 p.p. YoY), as cancellations increased due to sales not transferred since 3Q19
- **PSV transferred** of R\$ 382.2 million in 1Q20 (+10.9%). Intermittance in mortgage transfers in 1Q20 had a negative impact on the quarter’s cash generation
- 1.856 **delivered units** in the first three months of 2020 (+20.8% YoY)
- **Landbank** reached R\$ 10.56 billion in PSV in 1Q20 (+12.1% YoY)

COVID-19

In 1Q20, launches were directly impacted by Covid-19; the other operational indicators presented in the preview did not suffer material variations due to the pandemic until the end of the quarter.

At the present moment,

- **Construction sites** are still in progress where there is permission to continue operating. Tenda adopts all protocols to avoid Covid-19 contagion in its sites. Main challenges in our construction sites include delays in the supply of materials and services, and employees’ commutes in cities with restricted public transport
- **Stores** are closed, with salespeople working in home office. The use of digital tools were made possible due to the acceleration of digital transformation projects in 2019
- **Corporate** employees working in home office, with the opportunity to simplify and automate processes

Tenda’s digital transformation initiatives have made the sales process more flexible, allowing commercial activities to be preserved even with stores closed. However, attracting prospects (new potential customers) has been a key challenge which can compromise net pre-sales in the upcoming months.

Financial institutions that operate MCMV are enabling digital alternatives to avoid disruption in the sales and mortgage transfers during the quarantine periods caused by Covid-19. The proper functioning of these alternatives can mitigate the negative impact of Covid-19 on sales and transfers in the upcoming months.

LAUNCHES

In 1Q20, Tenda launched only 4 projects, totaling R\$ 165.6 million in PSV, down 57.1% YoY and 80.2% QoQ. Changes in the functioning of registry offices and municipalities, as a result of the Covid-19, were the main reason for the drop in launches in 1Q20, then scheduled to occur at the end of March.

There was a concentration of launches in the São Paulo metropolitan region (2 projects, or 66.8% of the PSV launched), which led to an increase of 1.0% YoY and 5.7% QoQ in the average price per unit.

Launches	1Q20	4Q19	QoQ (%)	1Q19	YoY (%)	3M20	3M19	YoY (%)
Number of Launches	4	22	(81.8%) ↓	10	(60.0%) ↓	4	10	(60.0%) ↓
PSV (R\$ million)	165.6	835.8	(80.2%) ↓	385.6	(57.1%) ↓	165.6	385.6	(57.1%) ↓
Number of units	1,119	5,972	(81.3%) ↓	2,631	(57.5%) ↓	1,119	2,631	(57.5%) ↓
Average price per unit (R\$ thousand)	148.0	140.0	5.7% ↑	146.6	1.0% ↑	148.0	146.6	1.0% ↑
Average size of launches (in units)	280	271	3.1% ↑	263	6.3% ↑	280	263	6.3% ↑

GROSS SALES

Gross sales totaled R\$ 540.9 million in 1Q20, up 22.1% YoY and down 19.2% QoQ. The average price per unit sold remained stable QoQ, but grew 4.4% YoY due to the increased share of sales in the São Paulo metropolitan region, which went from 32.2% in 1Q19 to 37.9% in 4Q19 and 38.1% in 1Q20.

More sales in the São Paulo metro área led to an increase in MCMV bracket 2 sales, up from 72.4% of the gross sales mix in 1Q19 to 77.1% in 1Q20.

In the annual comparison, more gross sales and less launches led to a decrease in inventory at market value, therefore an increase in gross SoS to 31.3%, 1.4 p.p. above 1Q19.

Gross Sales	1Q20	4Q19	QoQ (%)	1Q19	YoY (%)	3M20	3M19	YoY (%)
PSV (R\$ million)	540.9	669.4	(19.2%) ↓	443.0	22.1% ↑	540.9	443.0	22.1% ↑
Number of units	3,912	4,831	(19.0%) ↓	3,345	17.0% ↑	3,912	3,345	17.0% ↑
Average price per unit (R\$ thousand)	138.3	138.6	(0.2%) ↓	132.4	4.4% ↑	138.3	132.4	4.4% ↑
Gross SoS	31.3%	30.5%	0.8 p.p. ↑	29.9%	1.4 p.p. ↑	31.3%	29.9%	1.4 p.p. ↑

CANCELLATION AND NET PRE-SALES

Net sales totaled R\$ 439.7 million in 1Q20, up 8.0% YoY and down 28.6% QoQ. In this quarter, net sales were negatively impacted by the high percentage of cancellations over gross sales, which reached 18.7% in the quarter, above 2019 levels (between 8.0% and 10.6%).

The increase in cancellations in 1Q20 is mainly associated with sales not transferred since 3Q19, a period in which there was an interruption of new mortgage transfers within the MCMV. In 4Q19, there was an increase in the provision for cancellations due to this mortgage transfers backlog - the Company provisions all sales that were not transferred within 120 days. Even though cancellations increased, there is still a mortgage transfer backlog resulting from recent transfer bottlenecks.

Net SoS was 25.5% in 1Q20, down 2.0 p.p. YoY and 2.5 p.p. QoQ, also influenced by a higher level of cancellations.

(PSV, R\$ million)	1Q20	4Q19	QoQ (%)	1Q19	YoY (%)	3M20	3M19	YoY (%)
Gross Sales	540.9	669.4	(19.2%) ↓	443.0	22.1% ↑	540.9	443.0	22.1% ↑
Cancellations	101.2	53.5	89.1% ↑	36.0	180.9% ↑	101.2	36.0	180.9% ↑
Net Pre-Sales	439.7	615.9	(28.6%) ↓	406.9	8.0% ↑	439.7	406.9	8.0% ↑
% Launches ¹	2.9%	83.3%	(80.4 p.p.) ↓	4.4%	(1.5 p.p.) ↓	2.9%	4.4%	(1.5 p.p.) ↓
% Inventory	97.1%	16.7%	80.4 p.p. ↑	95.6%	1.5 p.p. ↑	97.1%	95.6%	1.5 p.p. ↑
Cancellations / Gross Sales	18.7%	8.0%	10.7 p.p. ↑	8.1%	10.6 p.p. ↑	18.7%	8.1%	10.6 p.p. ↑
Net SoS	25.5%	28.0%	(2.5 p.p.) ↓	27.5%	(2.0 p.p.) ↓	25.5%	27.5%	(2.0 p.p.) ↓

(in units)	1Q20	4Q19	QoQ (%)	1Q19	YoY (%)	3M20	3M19	YoY (%)
Gross Units Sold	3,912	4,831	(19.0%) ↓	3,345	17.0% ↑	3,912	3,345	17.0% ↑
Cancelled Units	742	383	93.7% ↑	276	168.8% ↑	742	276	168.8% ↑
Net Units Sold	3,170	4,448	(28.7%) ↓	3,069	3.3% ↑	3,170	3,069	3.3% ↑
Cancellations / Gross Sales	19.0%	7.9%	11.1 p.p. ↑	8.3%	10.7 p.p. ↑	19.0%	8.3%	10.7 p.p. ↑

UNITS TRANSFERRED, DELIVERED, AND CONSTRUCTION SITES

PSV transferred totaled R\$ 382.2 million in 1Q20, up 10.9% YoY and down 30.9% QoQ. In January and February 2020, there was intermittence in mortgage transfers due to delays in the availability of the Union's Budget resources for the execution of the MCMV (10% of MCMV discounts are funded by the Union's Budget while 90% comes from FGTS), with a negative impact on the quarter's cash generation.

In 1Q20, 1,856 units were delivered, 20.8% above the total delivered in 1Q19. At the end of the quarter, 67 construction sites are in progress.

Transfers, Deliveries and Construction Sites	1Q20	4Q19	QoQ (%)	1Q19	YoY (%)	3M20	3M19	YoY (%)
PSV Transferred (in R\$ million)	382.2	553.1	(30.9%) ↓	344.7	10.9% ↑	382.2	344.7	10.9% ↑
Transferred Units	3,127	4,771	(34.5%) ↓	2,924	6.9% ↑	3,127	2,924	6.9% ↑
Delivered Units	1,856	1,752	5.9% ↑	1,536	20.8% ↑	1,856	1,536	20.8% ↑
Construction Sites	67	67	0,0% =	46	45.7% ↑	67	46	45.7% ↑

LANDBANK

In 1Q20, landbank reached R\$ 10.56 billion in PSV, up 12.1% YoY and down 0.6% QoQ. Tenda acquired 4 projects, which stands for R\$ 102.9 million in PSV.

Landbank ¹	1Q20	4Q19	QoQ (%)	1Q19	YoY (%)	3M20	3M19	YoY (%)
Number of projects	291	292	(0.3%) ↓	268	8.6% ↑	291	268	8.6% ↑
PSV (R\$ million)	10,556.7	10,619.4	(0.6%) ↓	9,418.1	12.1% ↑	10,556.7	9,418.1	12.1% ↑
Acquisitions/Adjustments (R\$ million)	102.9	1,585.5	(93.5%) ↓	910.1	(88.7%) ↓	102.9	910.1	(88.7%) ↓
Number of units	71,625	72,159	(0.7%) ↓	64,084	11.8% ↑	71,625	64,084	11.8% ↑
Average price per unit (R\$ thousands)	147.4	147.2	0.2% ↑	147.0	0.3% ↑	147.4	147.0	0.3% ↑
% Swap Total	33.9%	34.6%	(0.7 p.p.) ↓	25.2%	8.7 p.p. ↑	33.9%	25.2%	8.7 p.p. ↑
% Swap Units	8.2%	8.4%	(0.2 p.p.) ↓	10.9%	(2.7 p.p.) ↓	8.2%	10.9%	(2.7 p.p.) ↓
% Swap Financial	25.8%	26.2%	(0.4 p.p.) ↓	14.3%	11.5 p.p. ↑	25.8%	14.3%	11.5 p.p. ↑

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ABOUT TENDA

Tenda (B3: TEND3), one of the main homebuilders in Brazil, is listed under Novo Mercado, B3's highest corporate governance level. With a focus on affordable housing, it concentrates its activities in nine metropolitan regions of Brazil and operates within the brackets 1.5 and 2 of the "Minha Casa, Minha Vida" ("MCMV") federal government housing program.