





TENDA

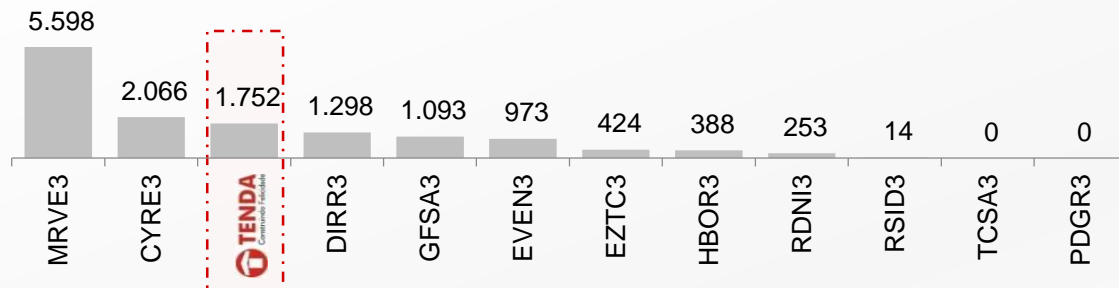
Construindo Felicidade

# Tenda at a Glance

Tenda is a leading Brazilian low income real estate company focused on MCMV Range 1.5 & 2<sup>1</sup>

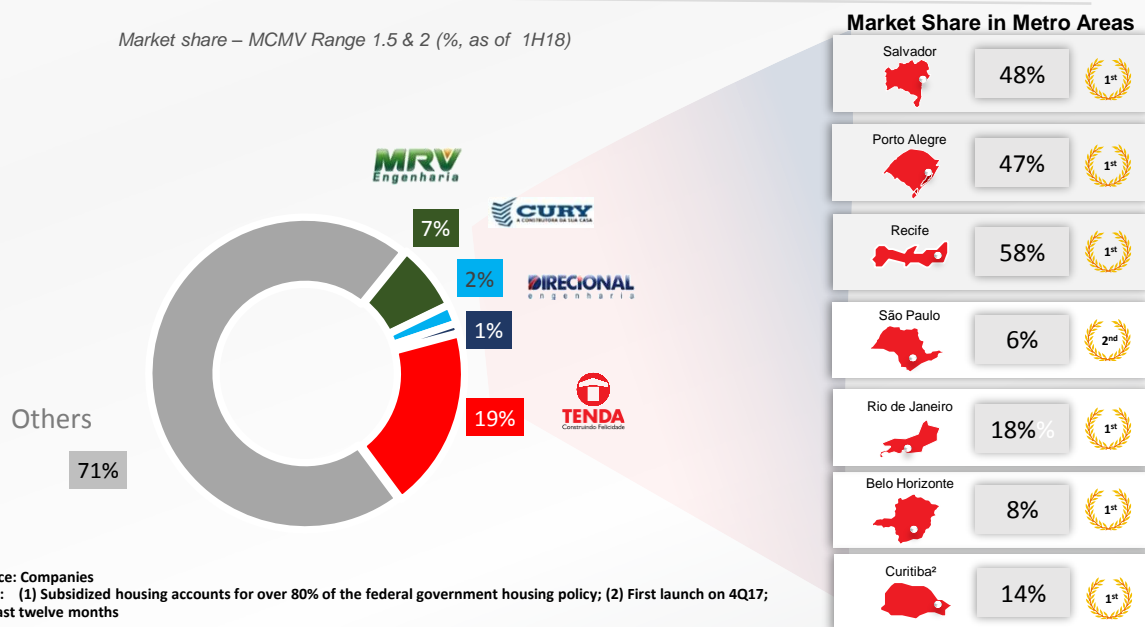
## One of the Largest Homebuilders by Launches

Launches, R\$ billion, LTM<sup>3</sup> (Jun-18)



## Leadership in MCMV Range 1.5 & 2 – 7 Metro Areas

Market share – MCMV Range 1.5 & 2 (%), as of 1H18



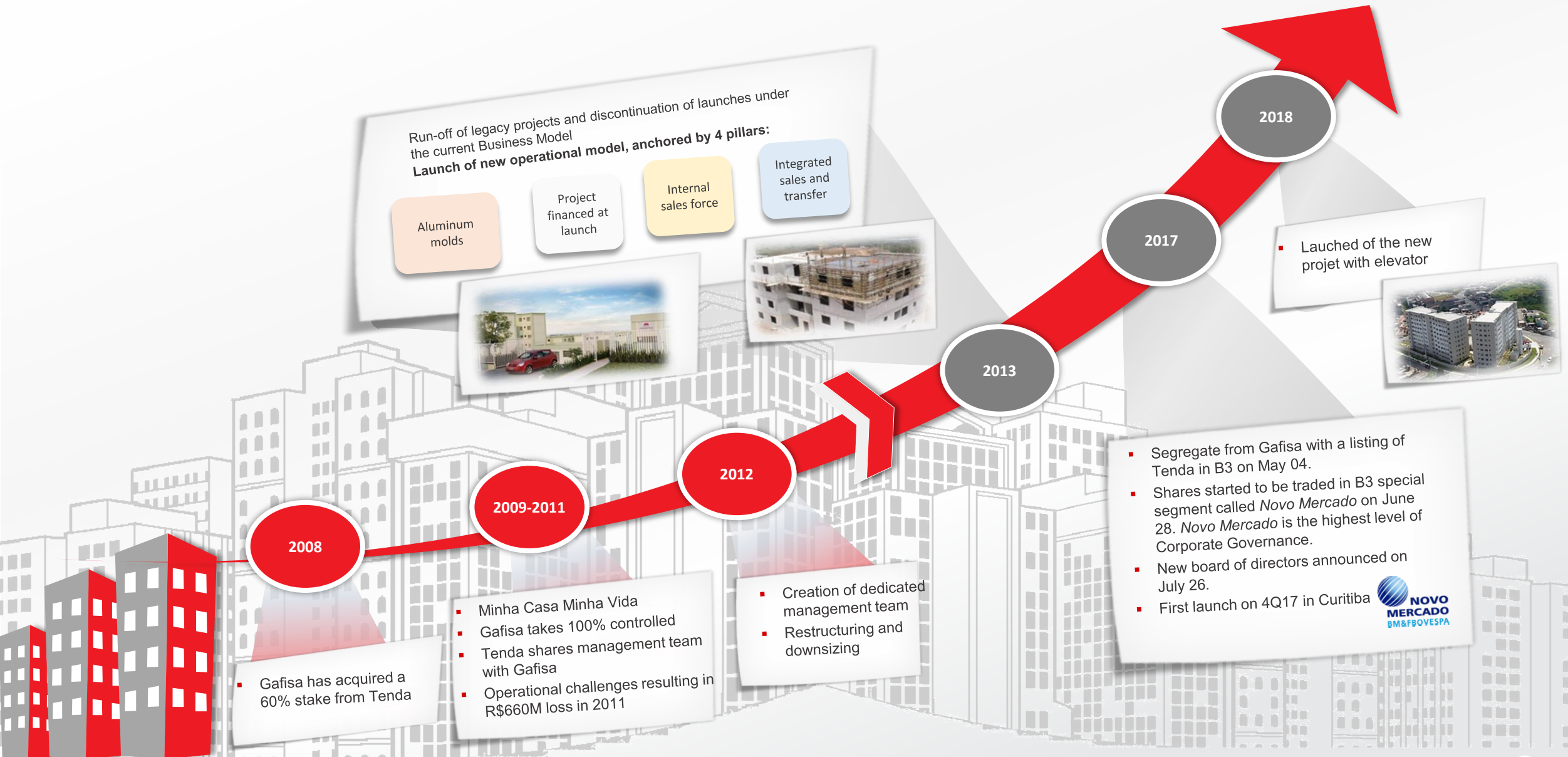
## Focused on 7 Metropolitan Areas



Source: Companies  
 Note: (1) Subsidized housing accounts for over 80% of the federal government housing policy; (2) First launch on 4Q17; (3) Last twelve months

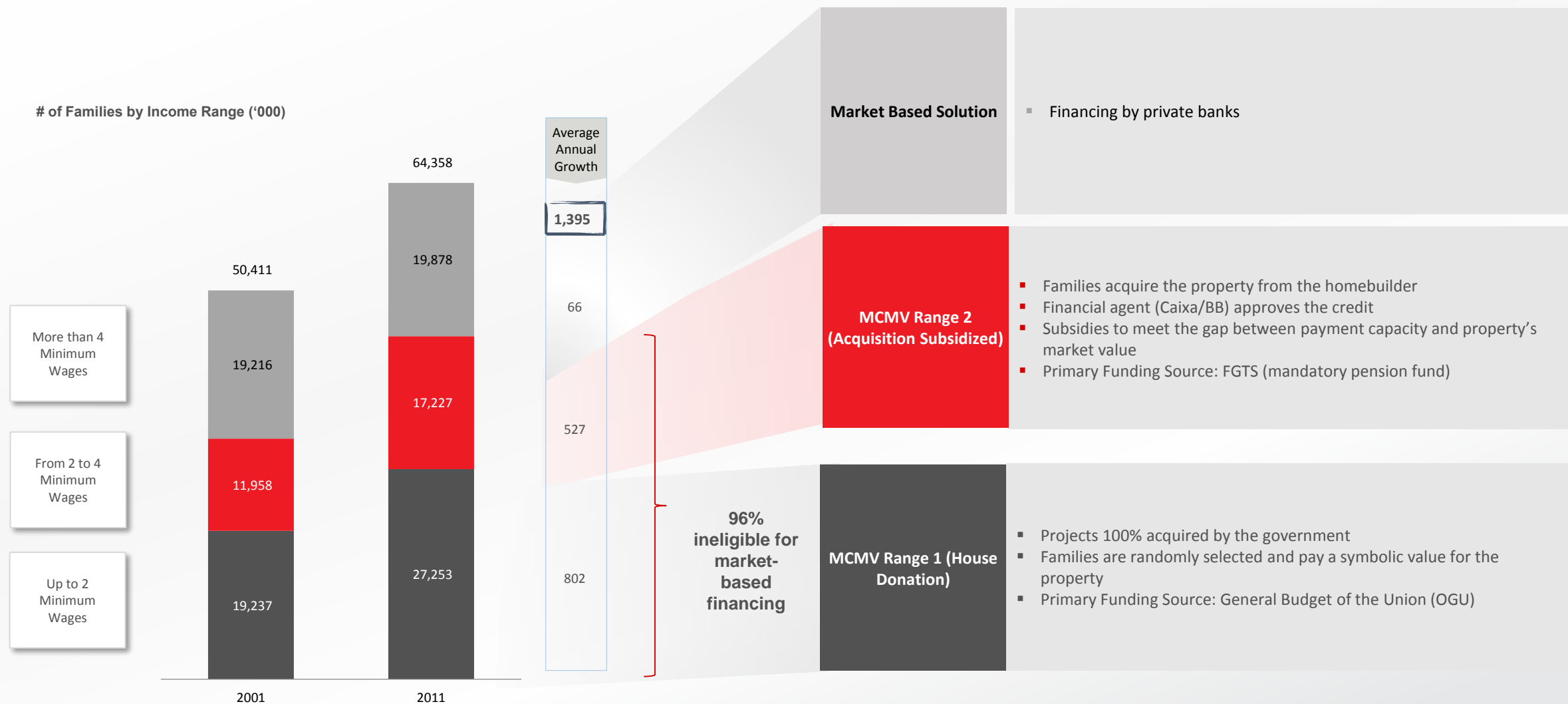
# Turn-around

## Successful Turn-around and Sustainable Business Model Driven by Dedicated Management Team



# Low Income Housing Market in Brazil

Significant demand for housing among those ineligible for market-based financing



On average, 1.395 million new households are formed annually in Brazil

What is the money path?

## Employment

8% from employee's paycheck are deposit in their FGTS account by the employers

## FGTS Severance Fund

The must apply the money in 3 areas:

*Housing  
Infrastructure  
Sanitation*

Payment  
\$3.0% (APY) +TR  
+ 50% Profits Distribution

## Housing

84% of the FGTS Budget must be destined to Housing, accounting for R\$ 68.5 billion.

## CEF

CEF is the bank that operates the FGTS's budget, lending to real estate, builders and homebuyers

## MCMV Program

The homebuilders deliver units through MCMV program with the assistance from the MCMV Banks (CEF/Banco do Brasil)



FGTS Budget 2018

- Sanitation
- Infrastructure
- Housing Pro-Costista
- Housing MCMV

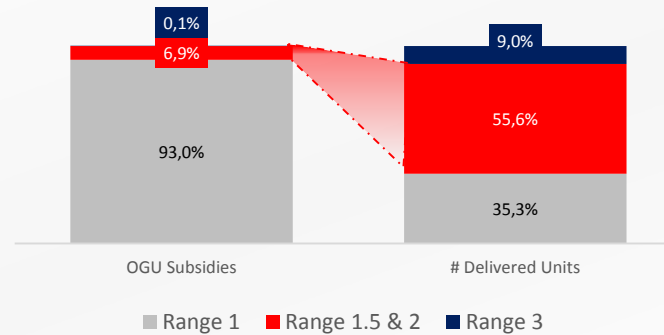


# Minha Casa Minha Vida: Overview

MCMV Range 2 is a sustainable program, accounting for the lion's share of the Federal Government's housing policy

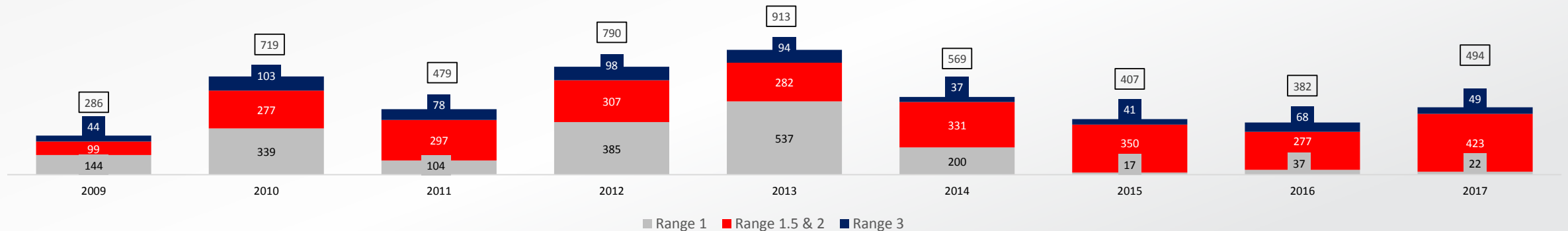
MCMV: Comparison of Ranges 1 (0-2 m.w.), 2 (2-4 m.w.) and 3 (above 4 m.w.)

MCMV Range 1 and 2 Historical Figures (2009 - 2016)



MCMV program – # of units signed

'000 housing units

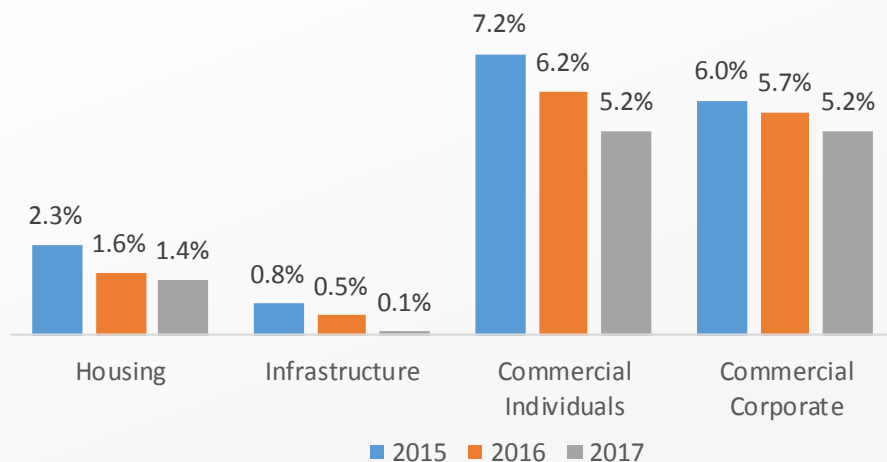


Source: Banks; FGTS; CBIC; Ministério do Planejamento.

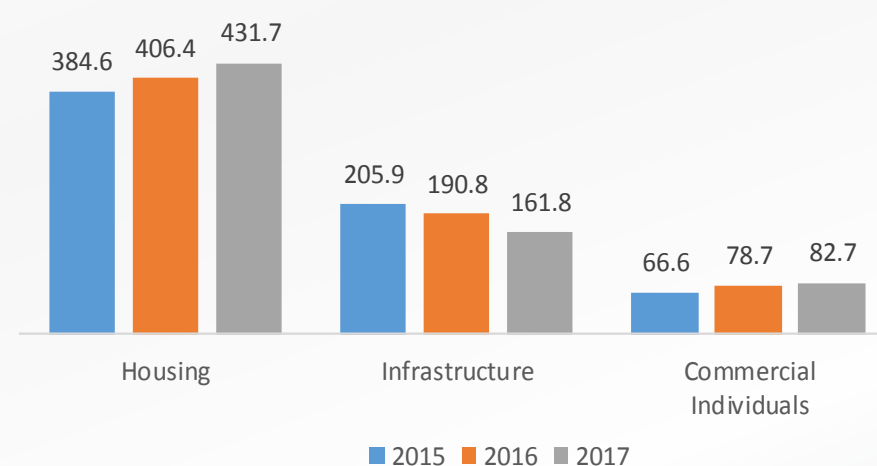
Note: (1). Government General Budget (OGU)

CEF better management and allocation of Credit Portfolio reaffirm CEF's focus on the housing sector, specially in the low-income segment

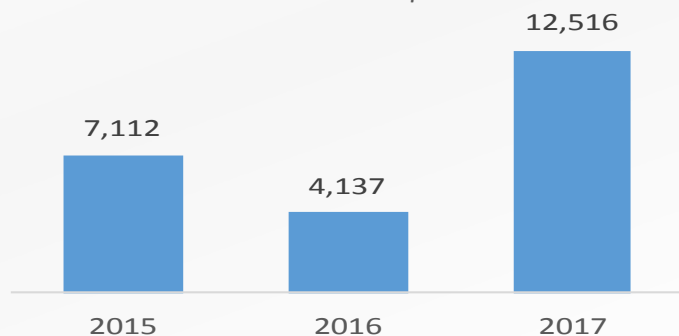
DELINQUENCY ABOVE 90 DAYS (%)



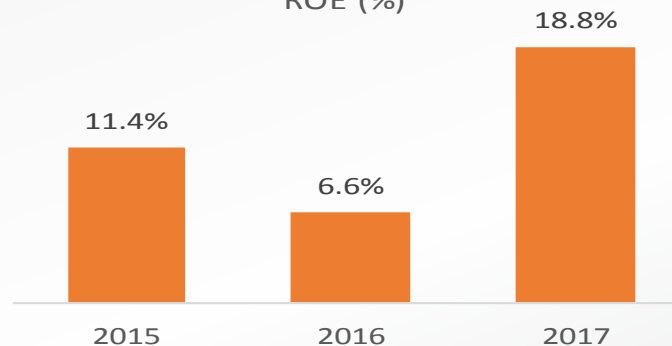
CREDIT PORTFOLIO– R\$ billion



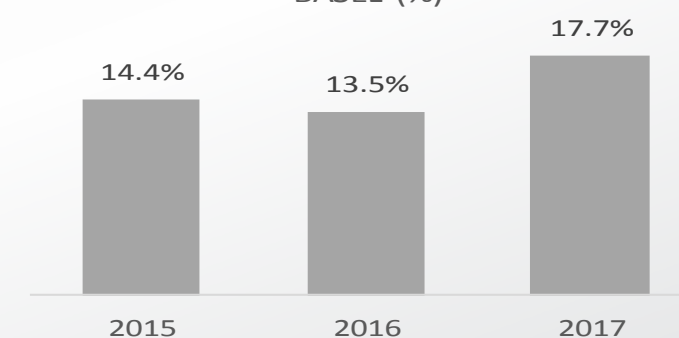
NET INCOME – R\$ million



ROE (%)



BASEL (%)





# Tenda's Business Model Philosophy

Reduced working  
capital

**Asset turnover**

Reduced execution  
risk

**Predictability**

Operational  
simplification

**Scale gains**

Replication of  
execution

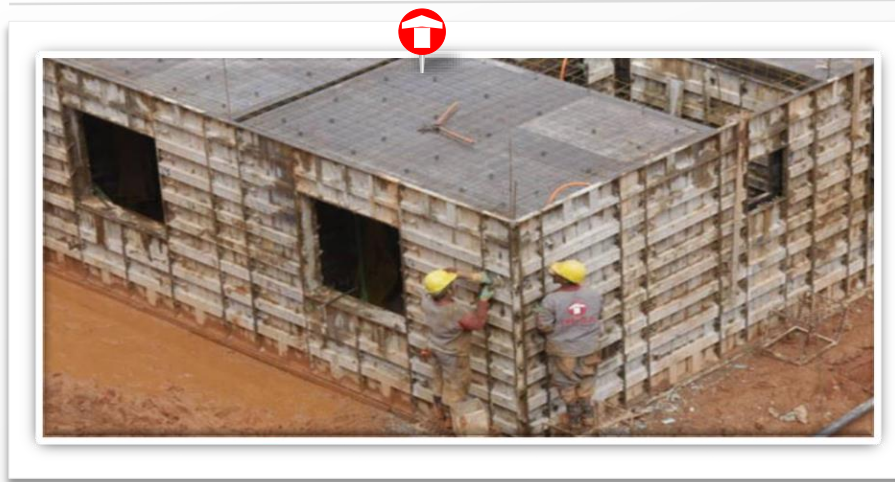
**Continued improvement**

		Legacy (2007 – 2011)	Business model (2013 – current)
Focused strategy	Geography	National presence	Focus on 7 metro areas
	MCMV Range	Widespread focus (MCMV Ranges 2 and 3, SFH)	Exclusive focus on MCMV Range 1.5 & 2
	Product	Various types of floor plans	One standard product (unique floor plan / 2 rooms )
Operational pillars	Construction method	Structural masonry + aluminum molds	Aluminum molds
	Project Finance	After launch	Before launch
	Sales transfer	After sales	Integrated with sales process
	Sales structure	Outsourced + Tenda's Stores / internal salesforce	Tenda's Stores / internal sales force (commission tied to transfer of sale)

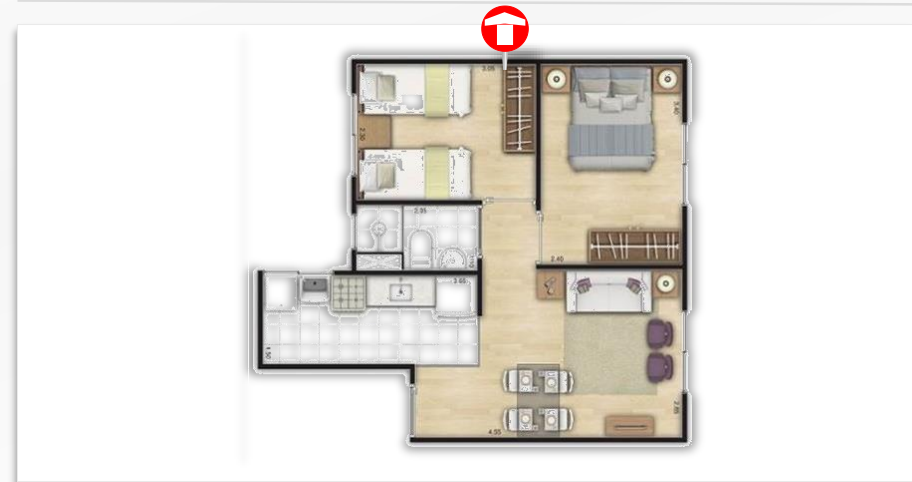
# Tenda's Building Model

Highly standardized projects: virtually identical products offered in all 7 metro areas

Aluminum Molds



Typical Apartment: ~40m<sup>2</sup> with two bedrooms



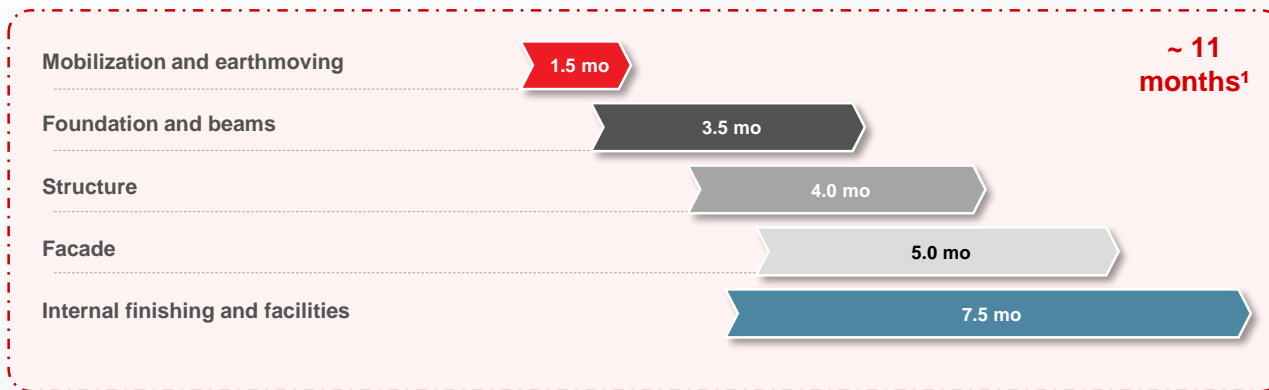
Residential Building Main Aspects



# Strong Performance: Construction

Construction process leads to faster cash conversion cycle and lower construction costs

## Aluminum Mold



Scalability due to smaller ratio of engineers per unit produced



Standardized projects and continuity of execution

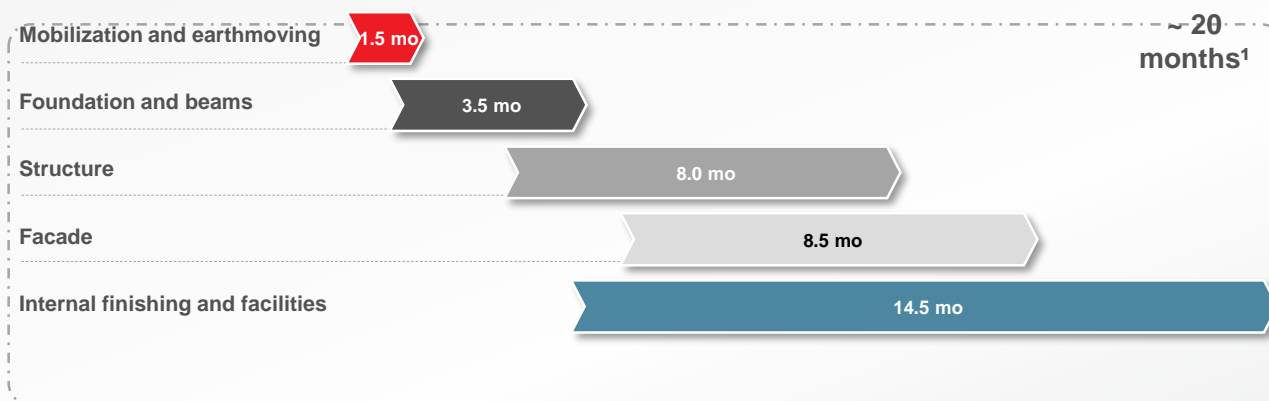


Lean manufacturing structure dedicated to implementing industrial approach in the construction process

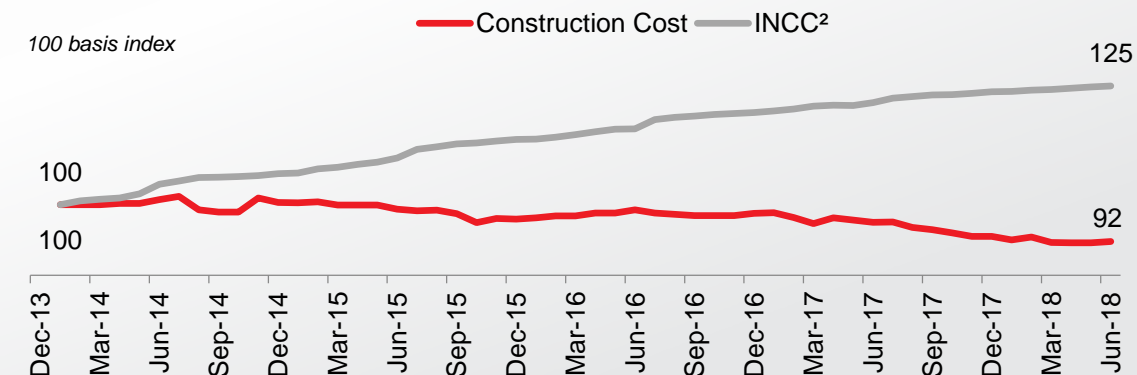


Intensive R&D initiatives

## Traditional Construction – Structural Masonry



## Construction Cost Evolution



Source: Companies  
Note: (1) Considers the period for a construction of 300 units; (2) construction industry inflation index

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Note: (1) Considers the period for a construction of 300 units; (2) construction industry inflation index

# Strong Performance: Sales and Transfers

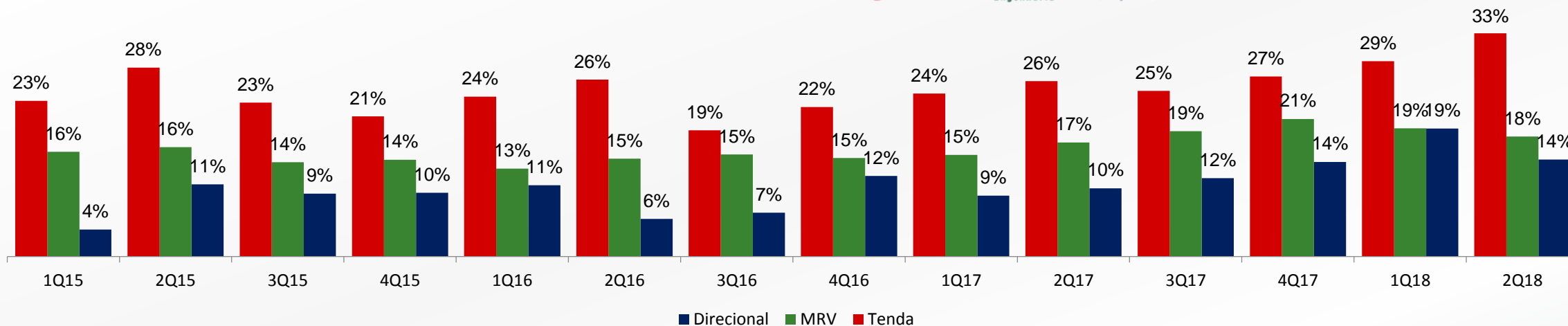
Outstanding management of sales and accounts receivables significantly reduces working capital

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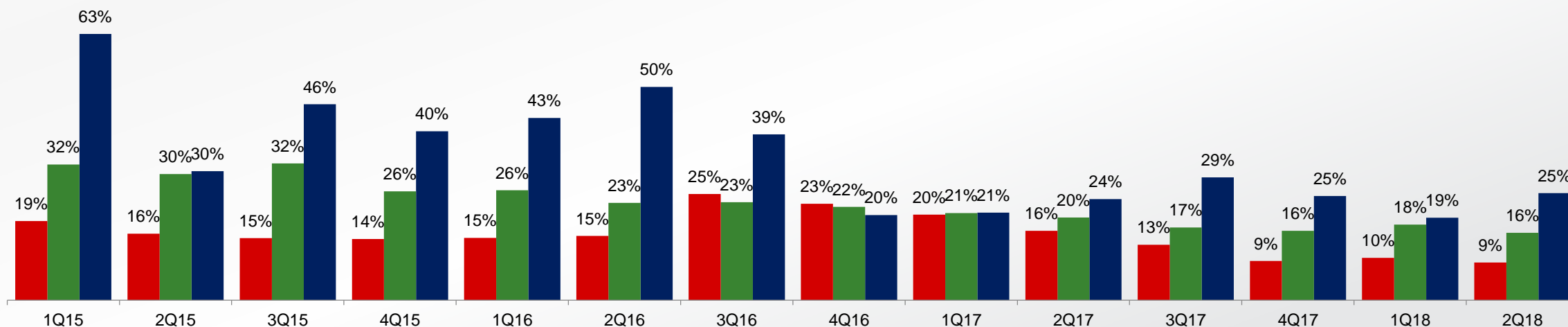
**MRV**  
Engenharia

**DIRECIONAL**  
engenharia

Net Sales over Supply (SoS)



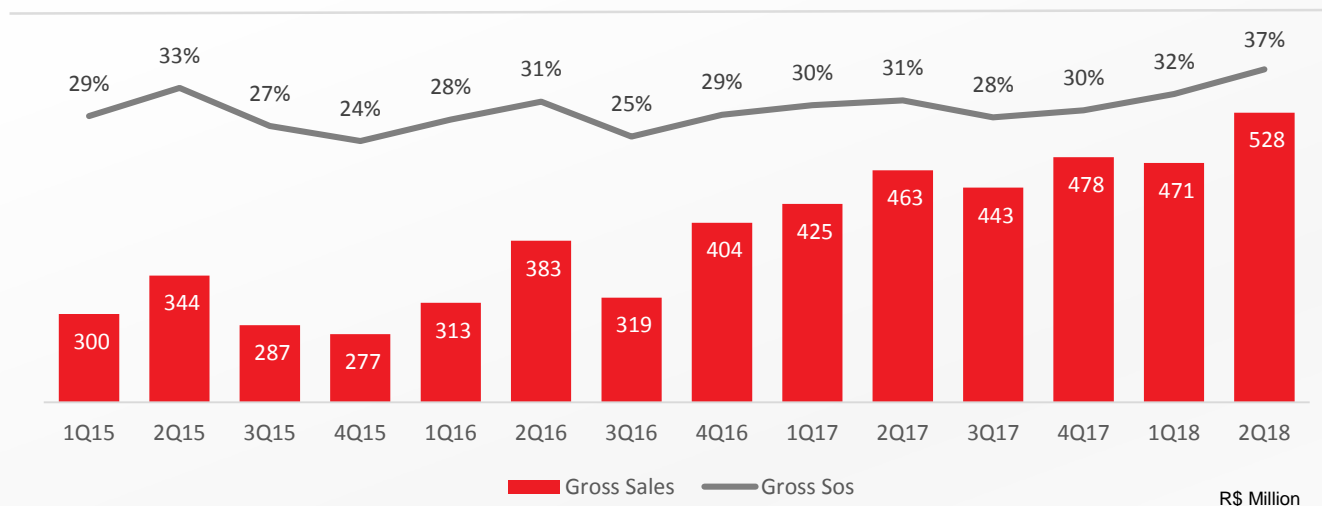
Cancellation<sup>1</sup>



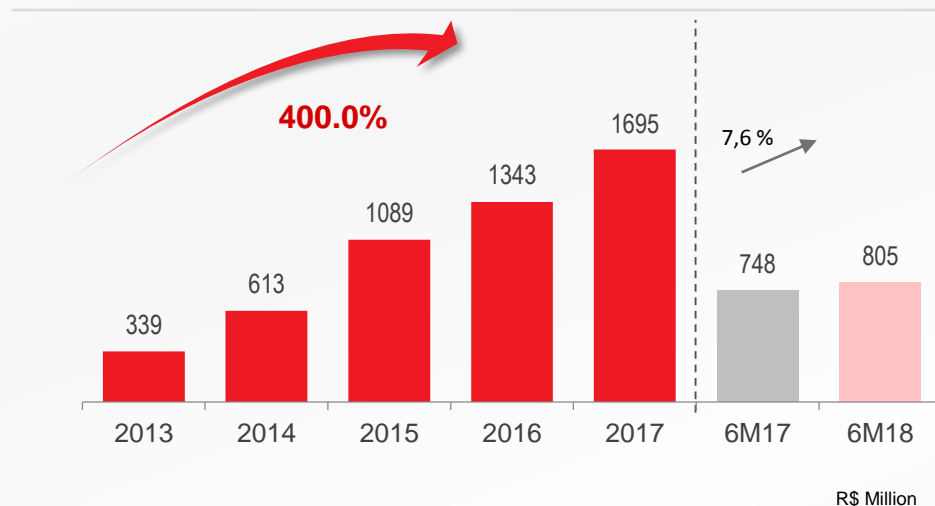
Note: (1) % of Gross Sales (2) Average Signing Time in months

# Strong Operational Performance

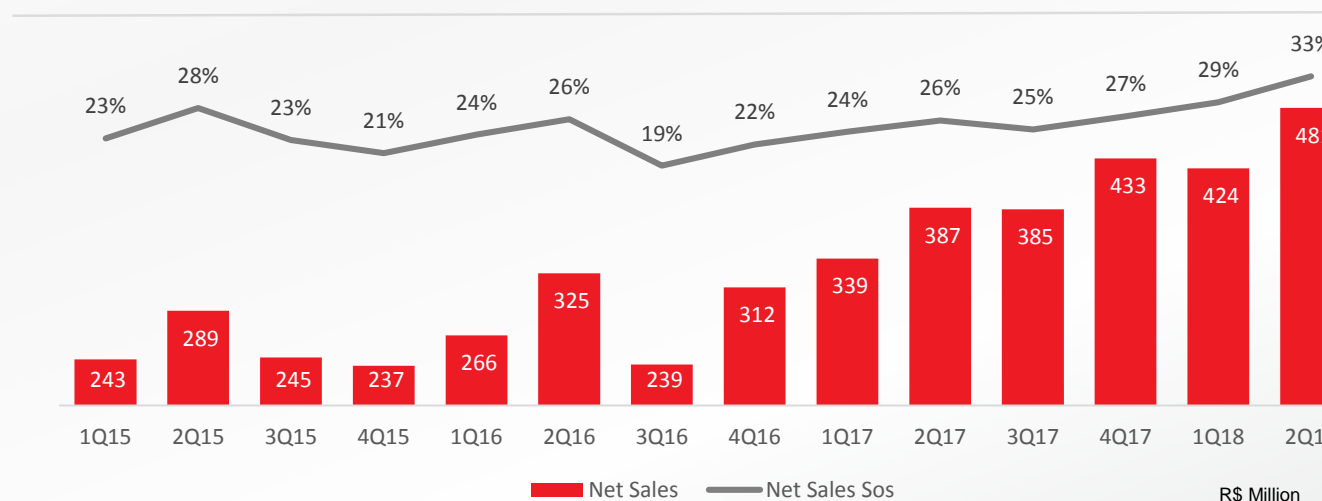
## Gross Sales



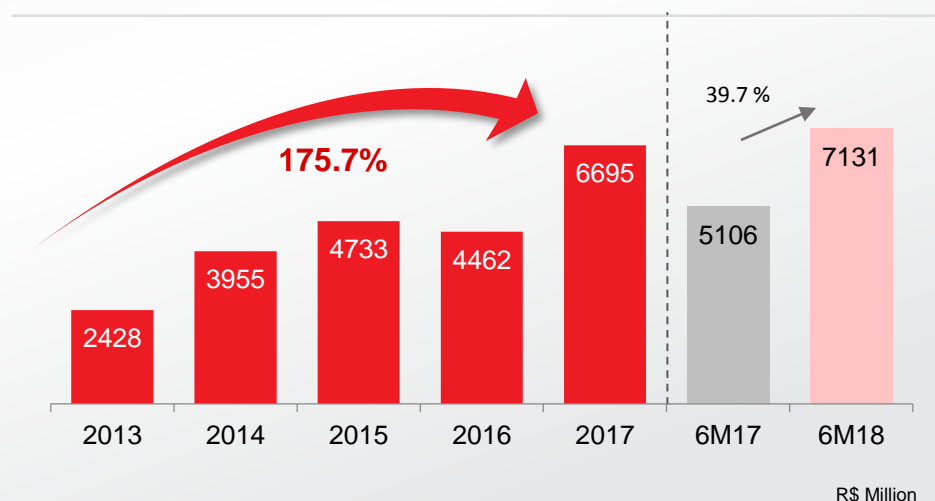
## Launches



## Net Sales



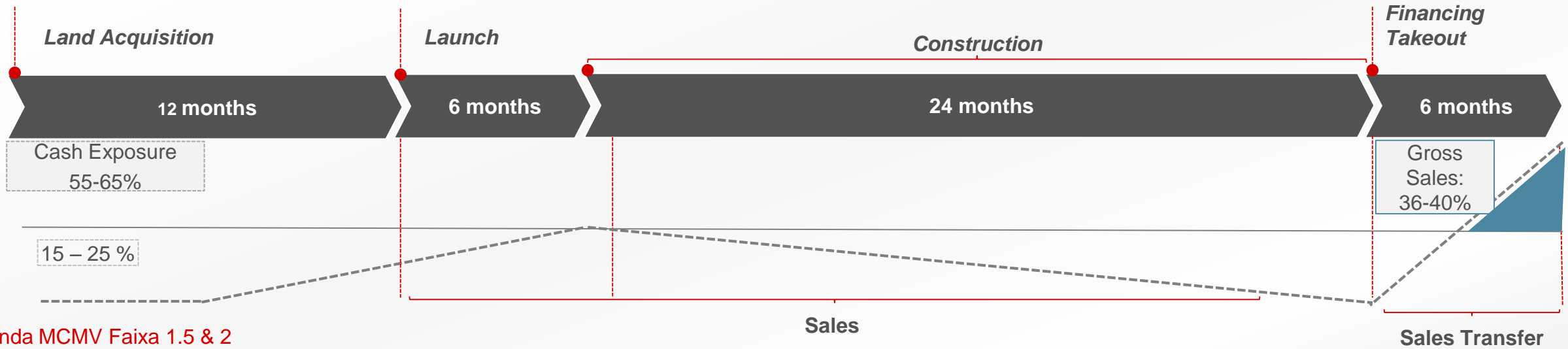
## Landbank



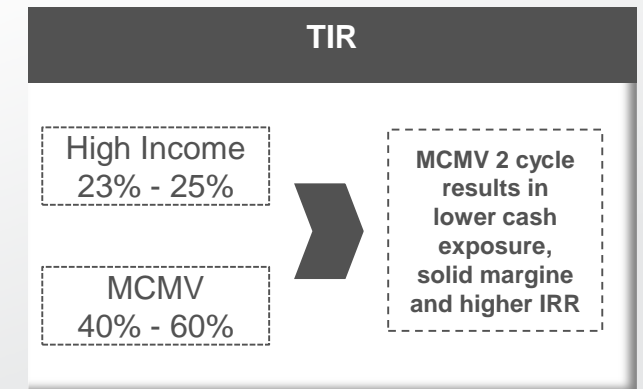
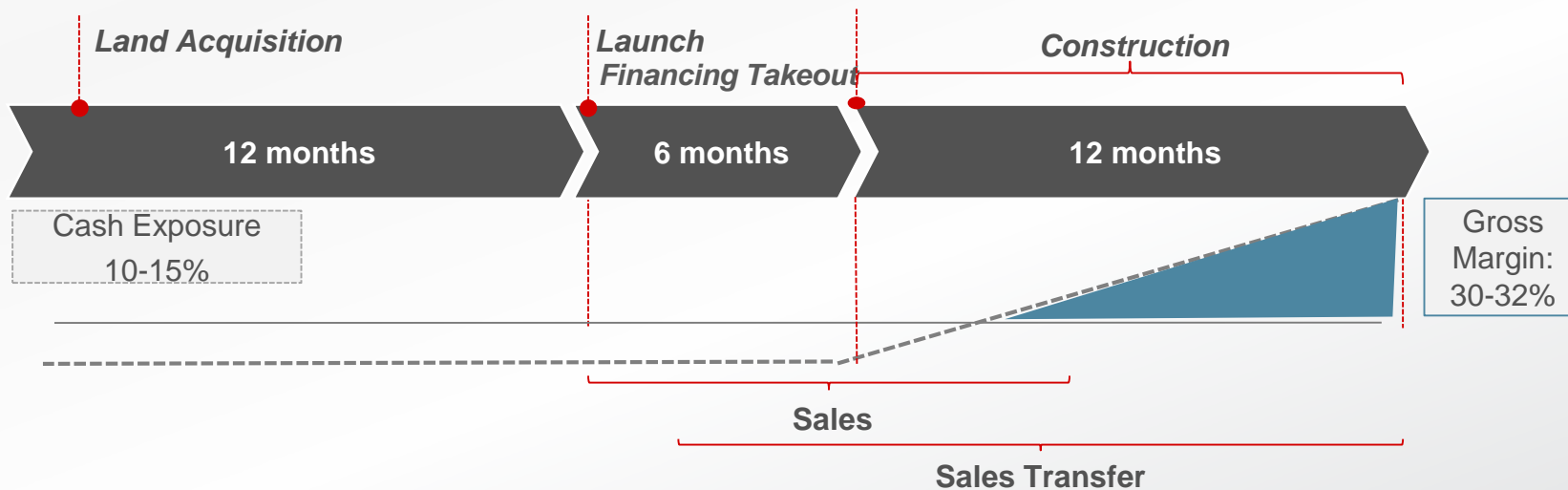
# New Business Model

Tenda benefits from the immediate transfer of clients' credits to bank, through the "associative credit", and short construction period, accelerating cash inflow

## Traditional homebuilding cycle



## Tenda MCMV Faixa 1.5 & 2







# ROE and ROCE (ROIC)

Profitability growth only relies on the reduction of the impact from legacy projects on the Company's results and capital employed

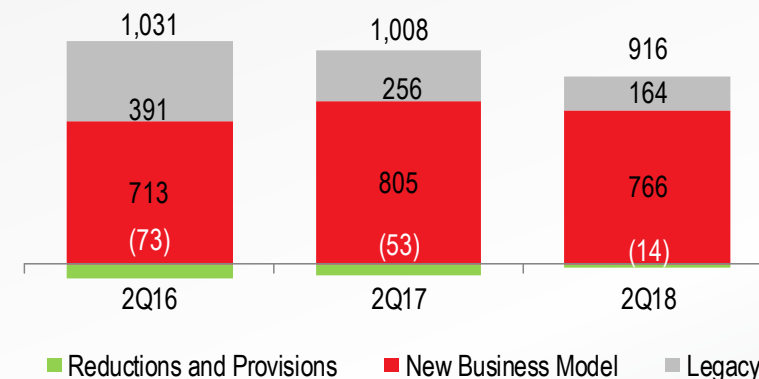
## New Model vs Legacy

1Q18, R\$ Million, Management

	Total	New Business Model	Legacy	Normalized ROCE
Net Revenue	1,484	1,443	42	Gross
Gross Profit	559	575	(16)	Margin
Gross Margin	37.7%	39.9%	(39.3%)	33.6%
Selling	(142)	(138)	(5)	Margin
G&A	(95)	(95)	(0)	
Contingencies + Others	(84)	0	(84)	
EBITDA	241	340	(99)	
EBITDA Margin	16.3%	23.6%	(236.6%)	15.4%
ROCE	18.8%	37.4%	(45.2%)	16.2%

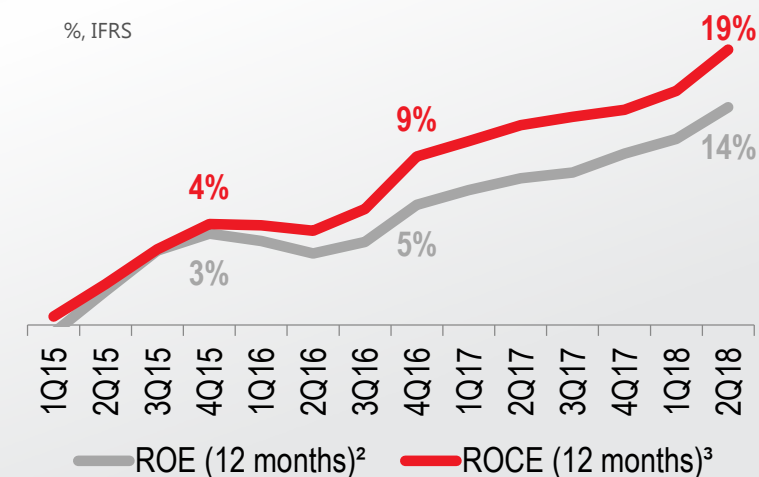
## Capital Employed

R\$ Million, Management



## ROE<sup>1</sup> and ROCE<sup>2</sup>

%, IFRS



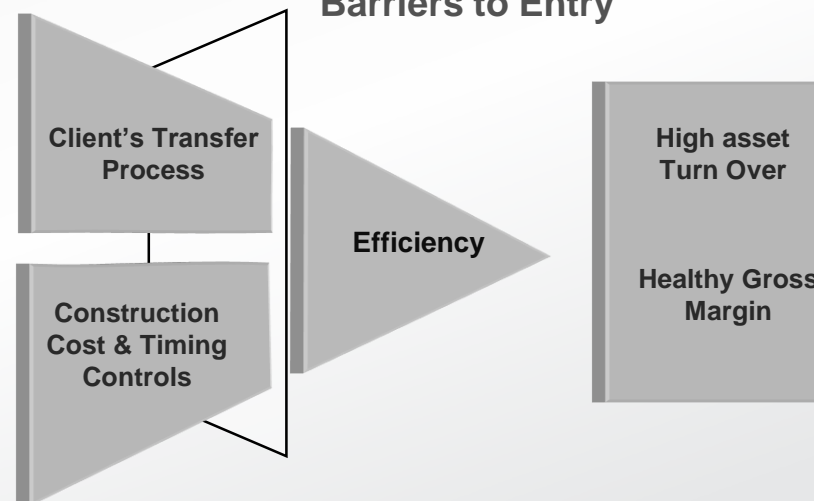
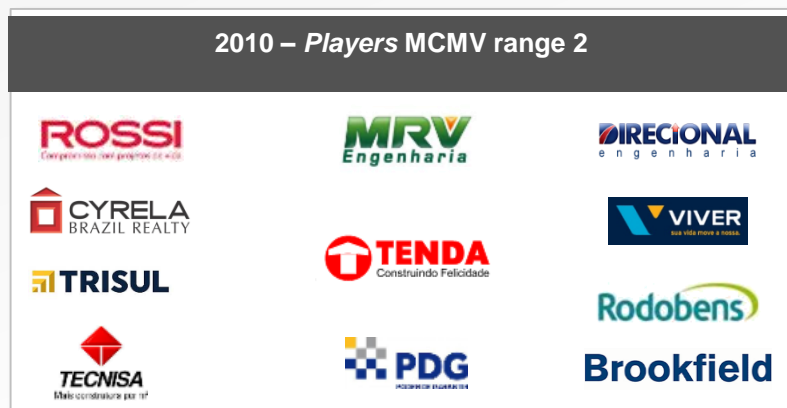
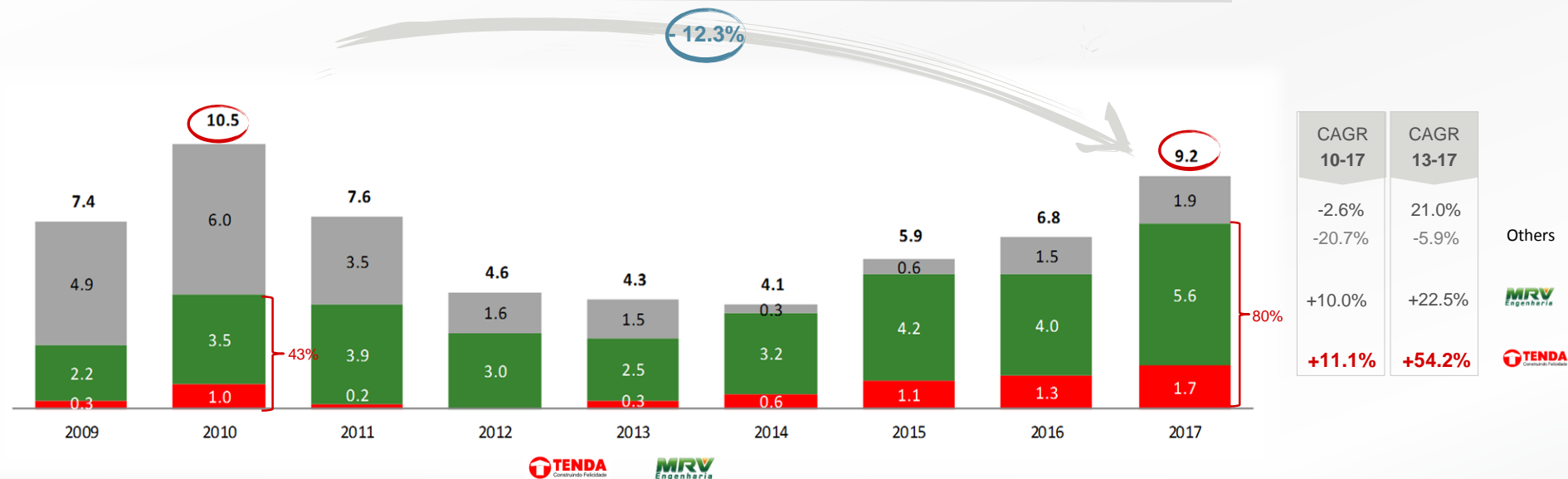
Source: Company's information

Note (1): ROE = Net Income LTM / Average Shareholders' Equity + Minority Shareholders; Note (2): ROCE = NOPAT (12months) / Average Capital Employed

# Execution Excellence Increases Barriers to Entry

High barriers to entry led to the concentration of key players in the MCMV Range 1.5 & 2 segment

Launches MCMV Range 1.5 & 2 – Public Companies (R\$ billion)

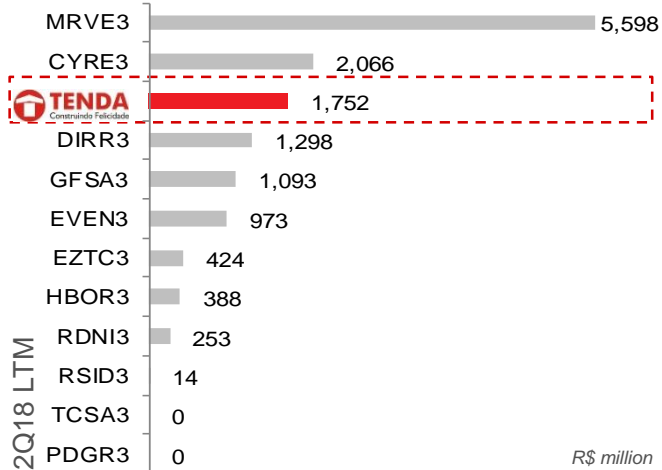




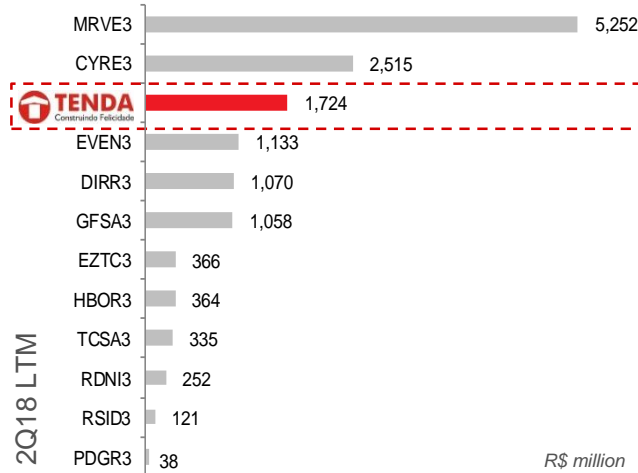
# Operational Results

Tenda excelled with the New Business Model, posting solid results in the real estate market

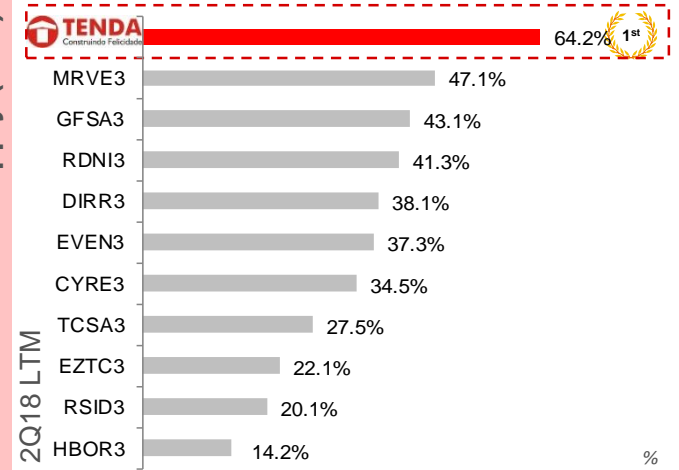
## Launches



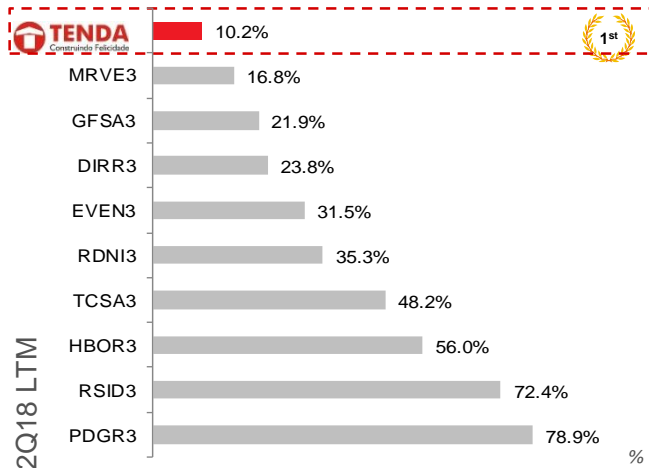
## Net Sales



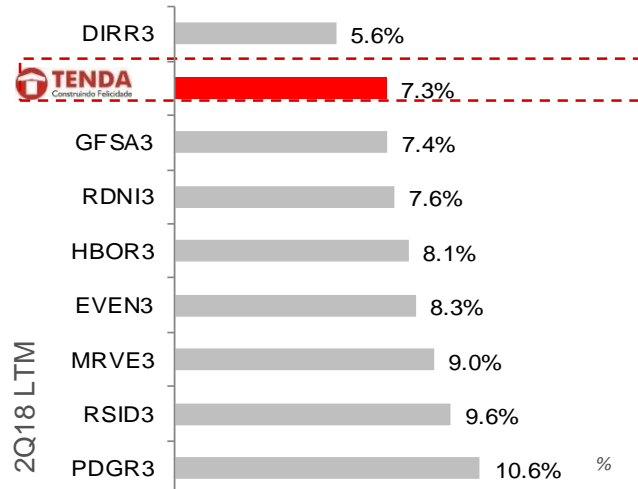
## Net Sales over Supply (SoS)



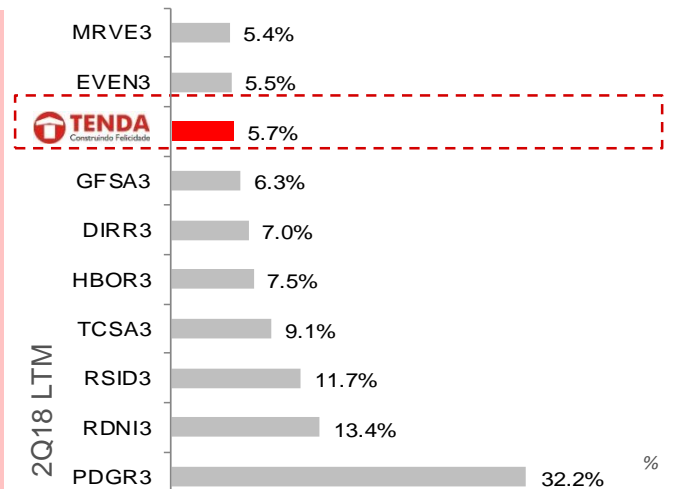
## Cancellations over Gross Sales



## S&M over Gross Sales



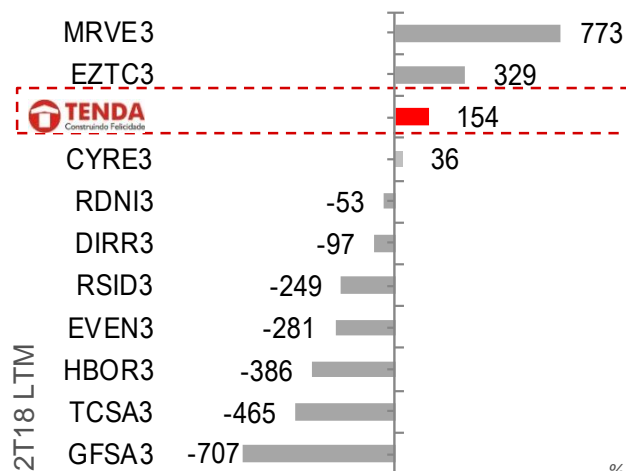
## G&A over Gross Sales



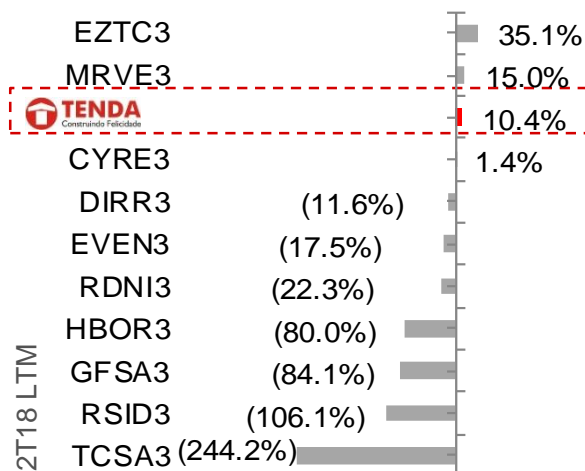
# Financial Results

Tenda stood out with the New Business Model, presenting solid results in the real estate market

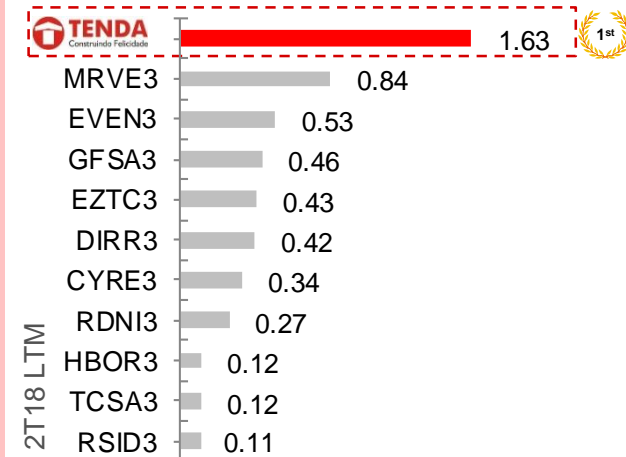
## Net Profit



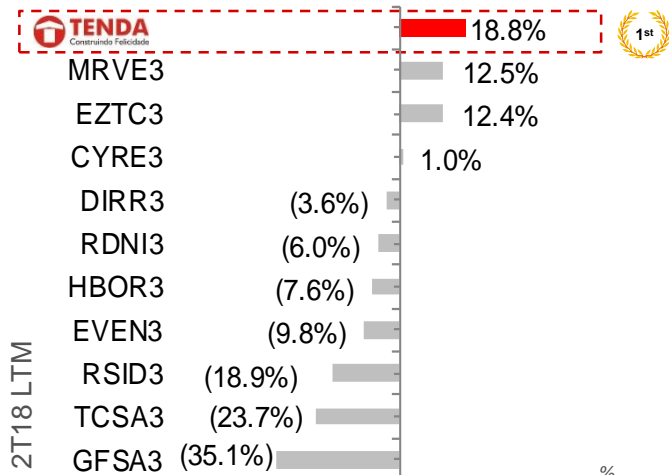
## Net Margin



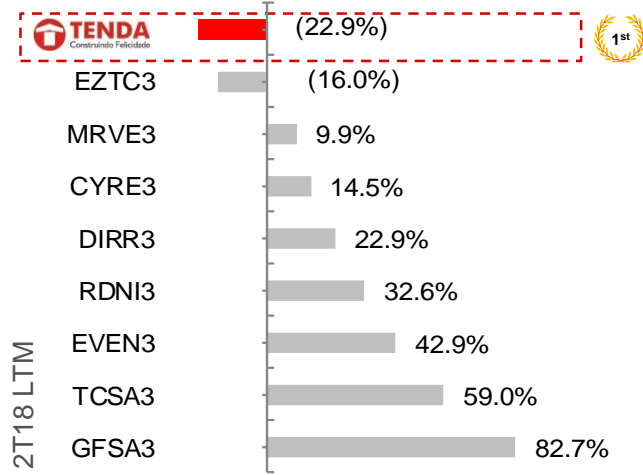
## Capital Employed Turnover<sup>1</sup>



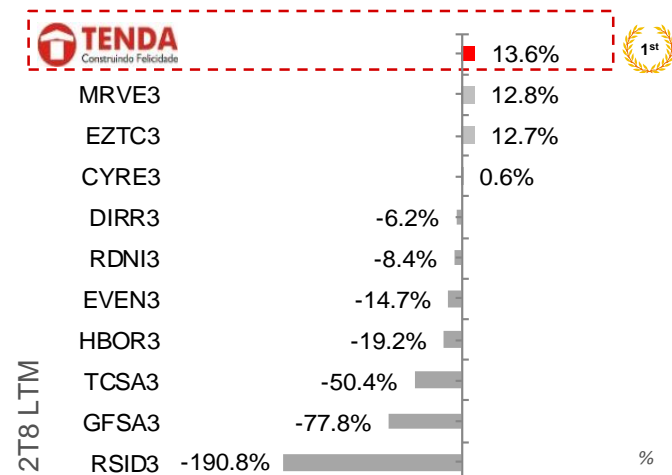
## ROCE (ROIC)



## Net Debt / PL

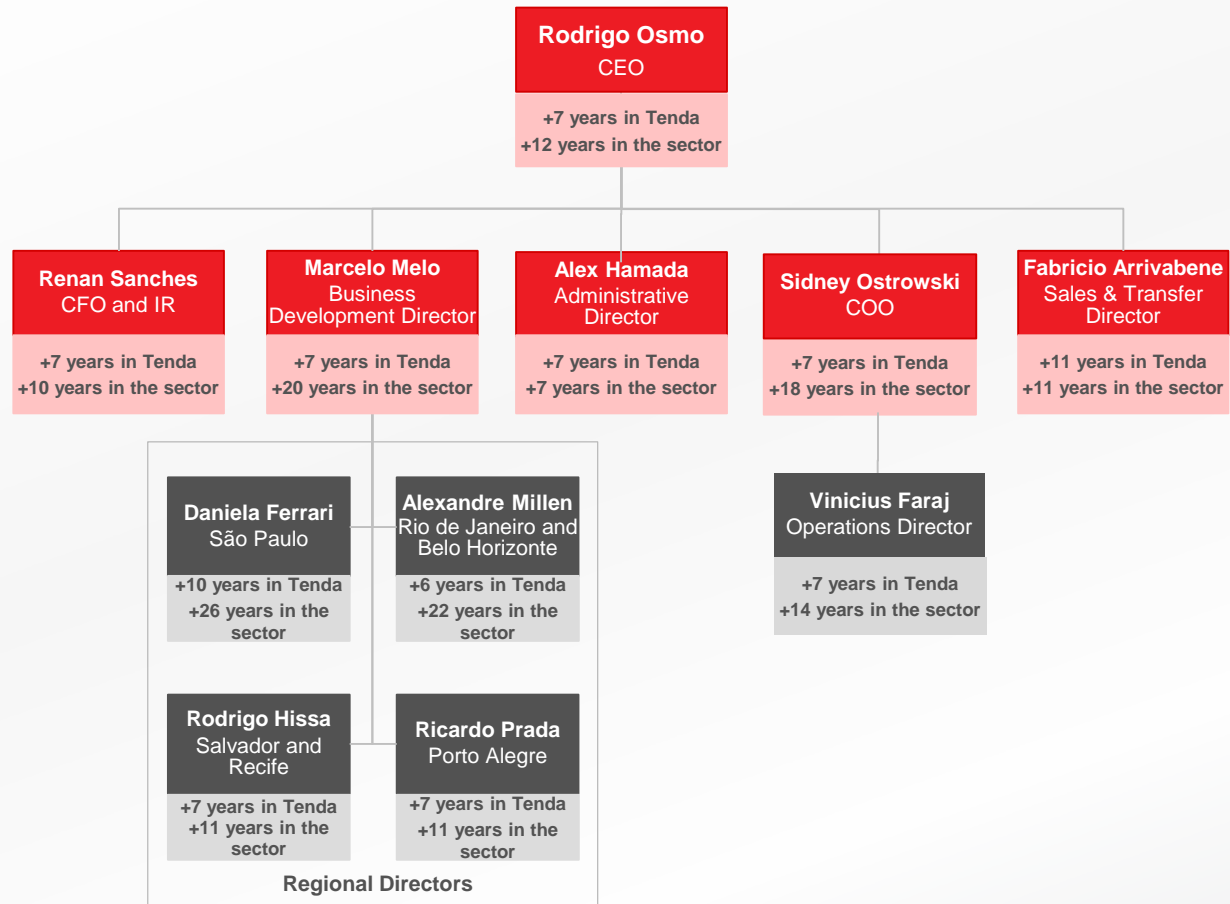


## ROE



# Strong Organizational Structure

Highly skilled team, with average of +14 years of experience in the real estate sector and +7 years at Tenda



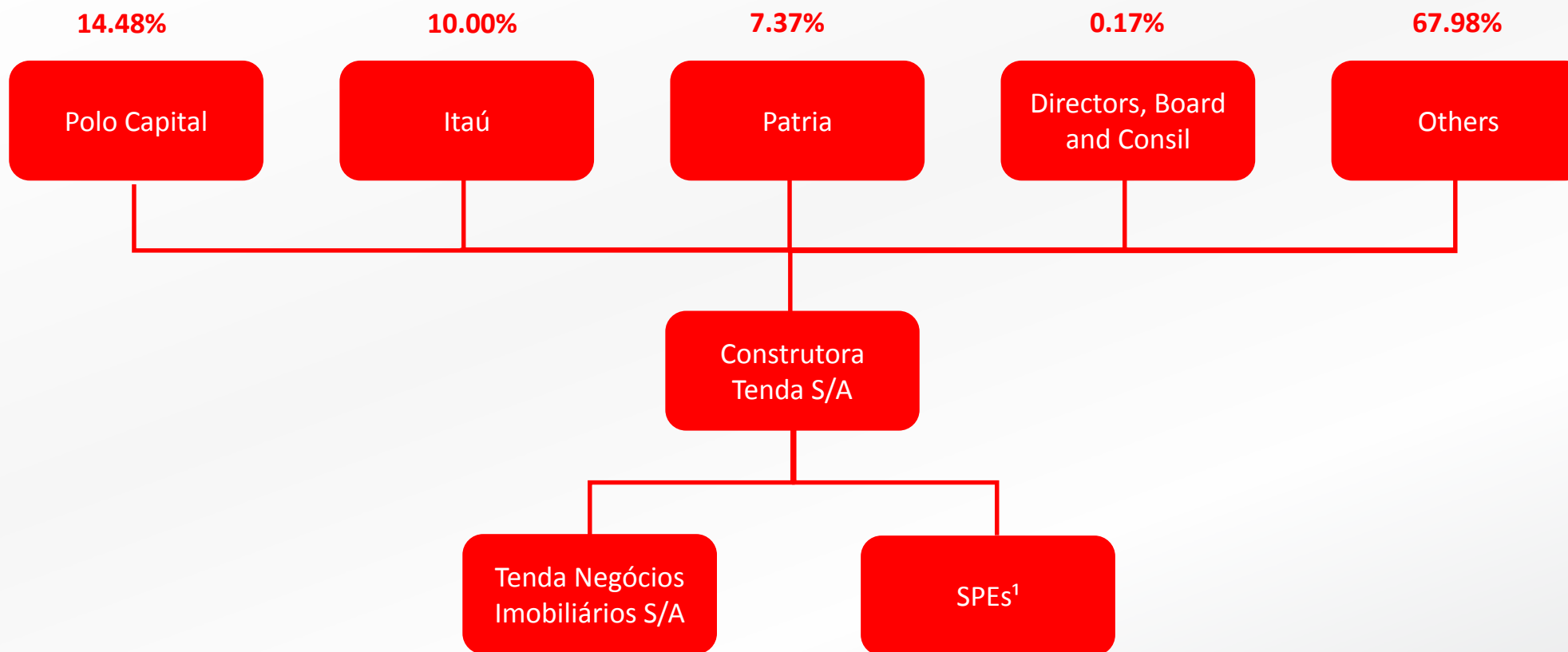
## Corporate Governance

- Board composed by 7 independent members
- Special Executive and Board Committees:
  - Board of Directors
  - Finance Committee
  - Remuneration, Nomination and Corporate Governance Committee
  - Ethics Committee
  - Investment Committee
  - Fiscal Council



Note: (1) Considering the effect of the dilution of the shares to be issued in the stock options plan.

Tenda has been listed in B3 since May-17, currently trading in Novo Mercado, B3 highest level of Corporate Governance





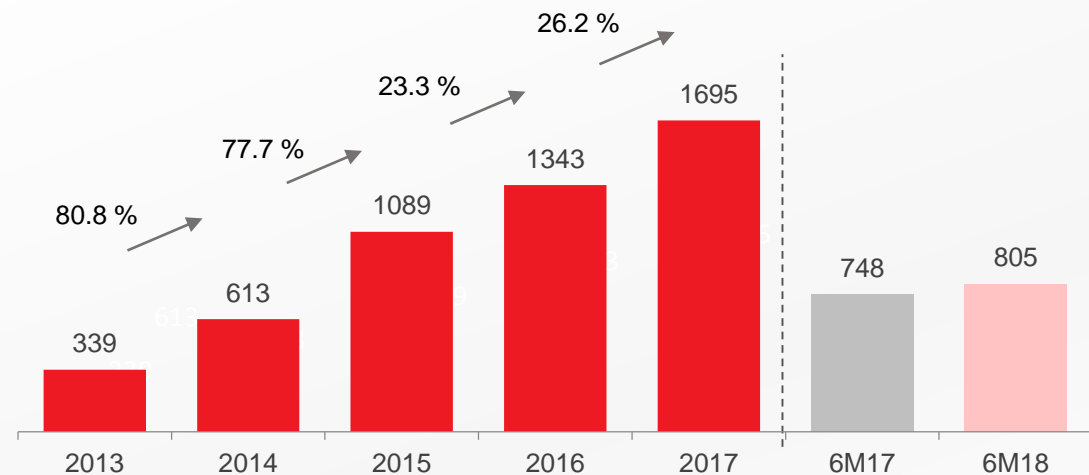
## Operational and Financial Highlights

# Operational and Financial Highlights

Growth in operational numbers led Tenda to achieve good expense ratios

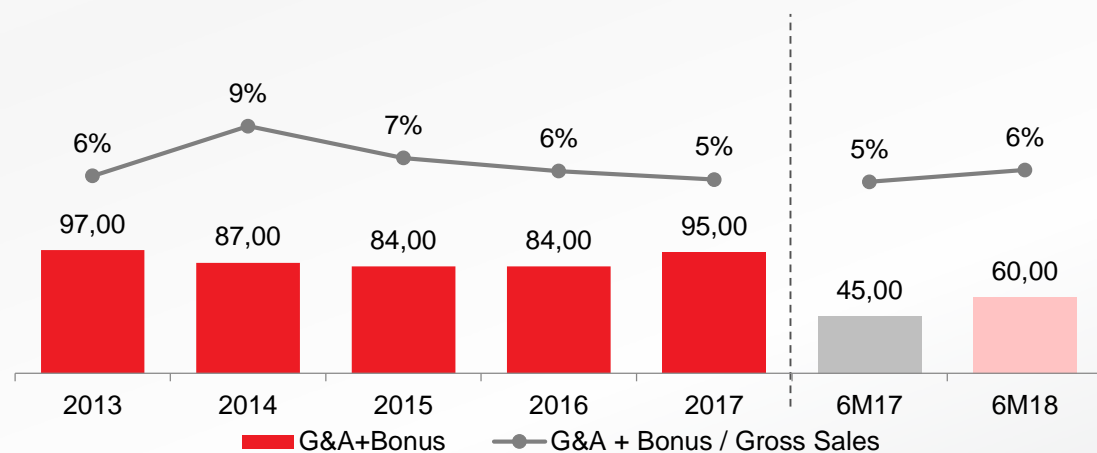
## New Launches

R\$ million



## G&A Expenses and G&A over Gross Sales

R\$ million, %

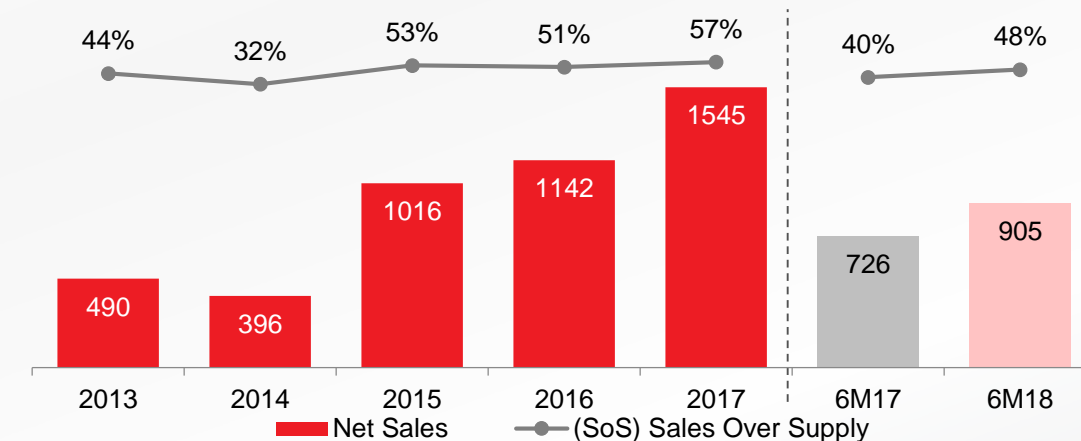


Source: Company

Note: (1) Disregarding non-recurring expenses of 6.0m referring to the segregation of Tenda and Gafisa.

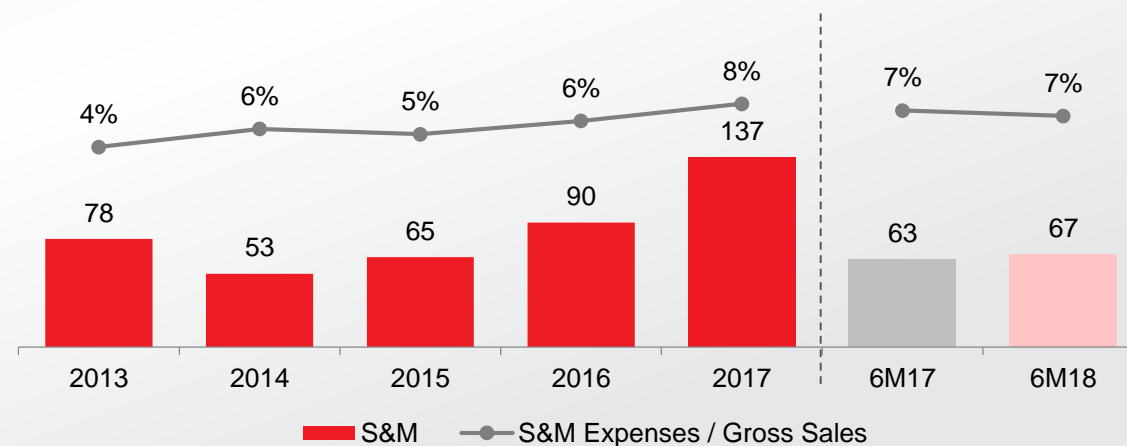
## Net Sales and Sales Over Supply (SoS)

R\$ million, %



## S&M Expenses and S&M over Gross Sales

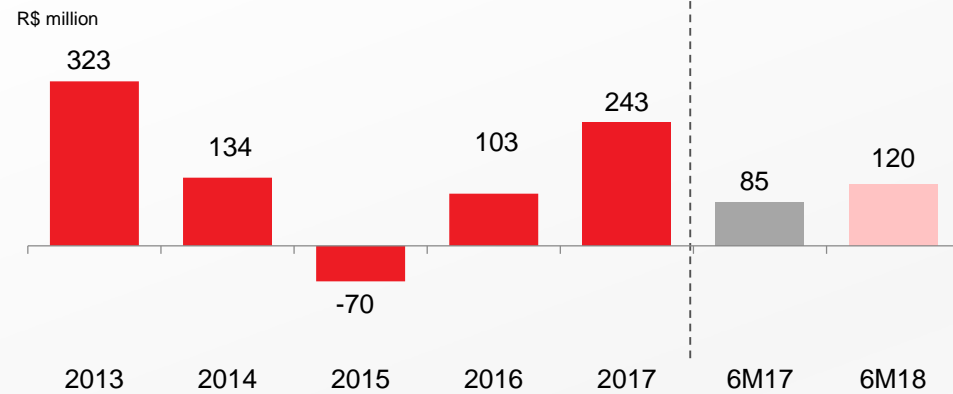
R\$ million, %



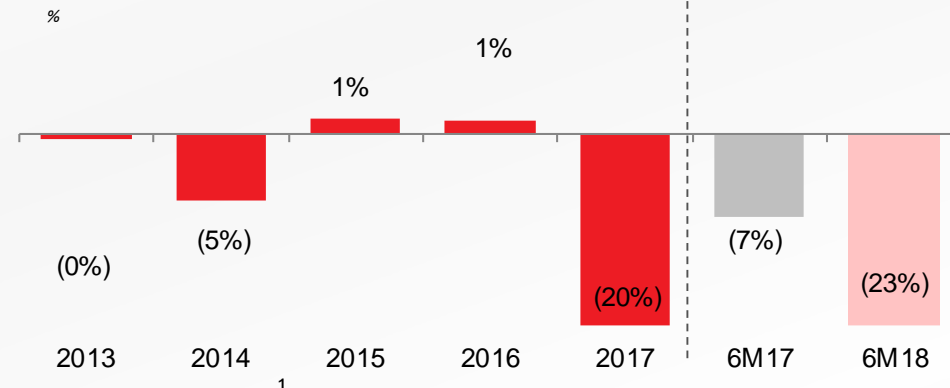
# Operational and Financial Highlights (cont'd)

Tenda managed to grow its operation without compromising its liquidity

## Cash Generation (Burn)



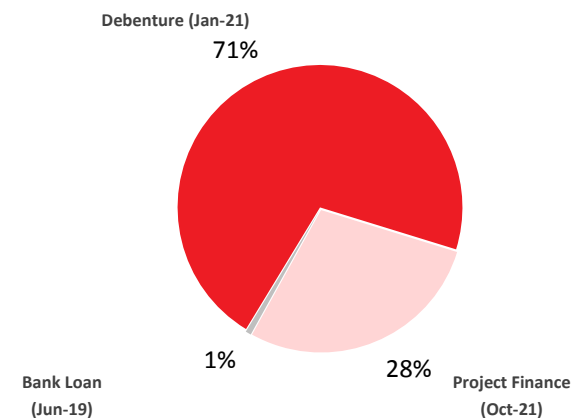
## Net Debt over Shareholder's Equity



## Indebtedness - 2Q18

	2Q18
Loan and Financing	383.8
Cash and Equivalents	(656.8)
Net Cash	(273.0)

### Loan and Financing Breakdown (%)



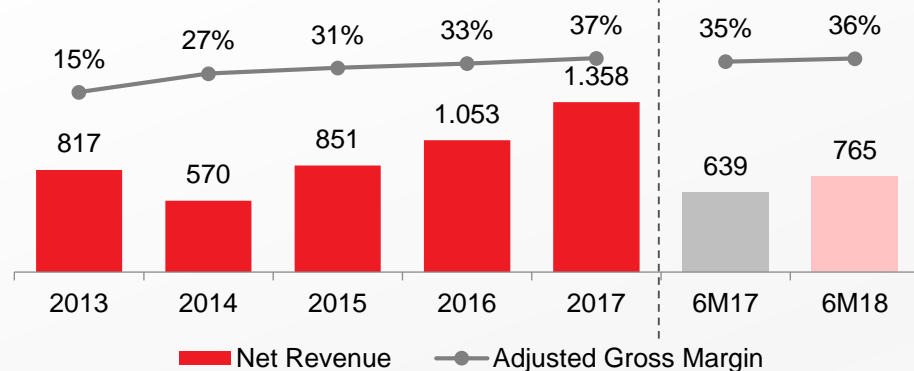
Source: Company  
Note: (1) Net debt adjusted by payment obligations from the capital reduction on December 14, 2016. This amount was recorded in the balance sheet under other liabilities.

# Operational and Financial Highlights (cont'd)

## Key financial figures for Tenda

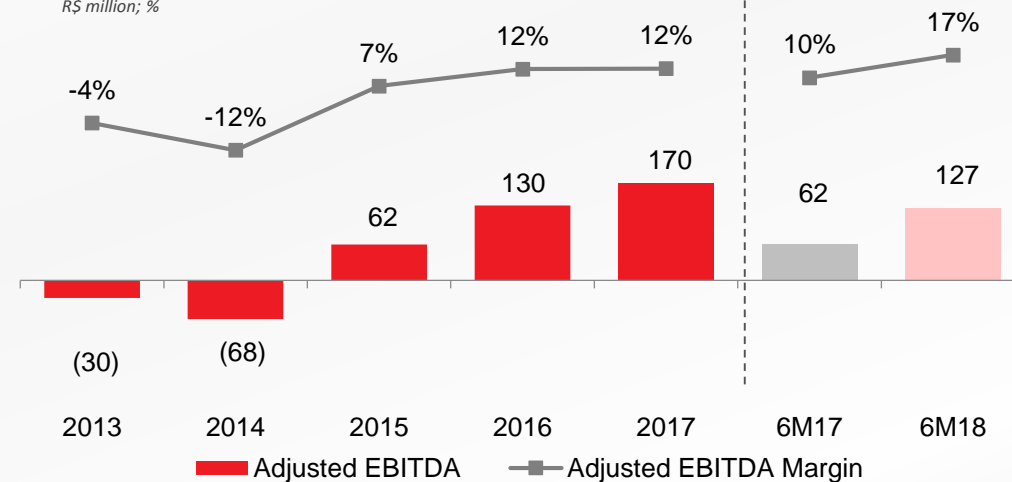
### Net Revenues and Adjusted Gross Margin<sup>1</sup>

R\$ million; %



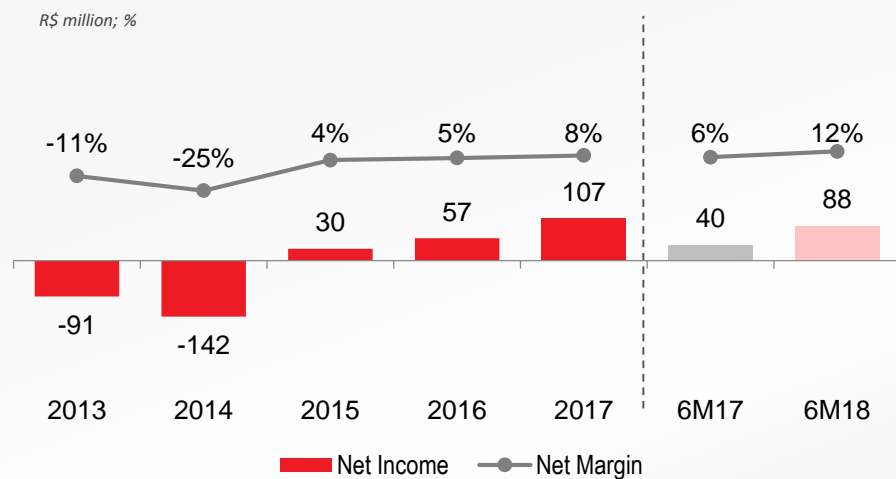
### Adjusted EBITDA<sup>2</sup> and Adjusted EBITDA Margin<sup>2</sup>

R\$ million; %



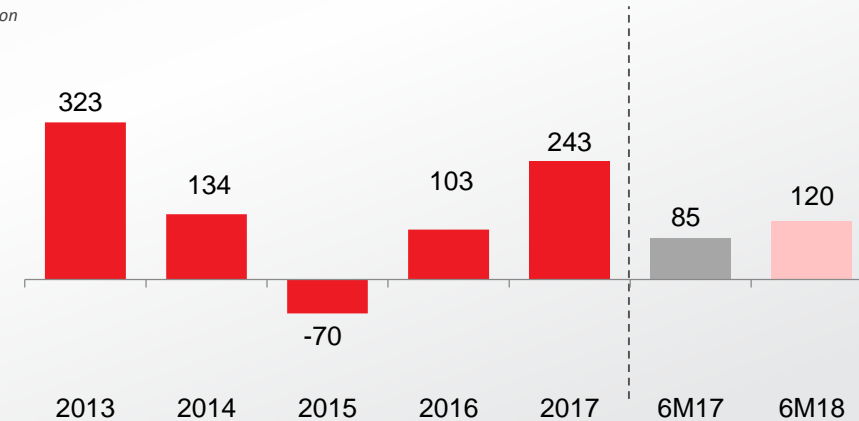
### Net Income and Net Margin

R\$ million; %



### Cash Generation (Burn)

R\$ million



Source: Company

Note: (1) Adjusted by capitalized interests, (2) Adjusted by capitalized interests, expenses with stock option plans (non-cash) and minority shareholders.



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**Investor Relations and Treasury Manager**

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**Investor Relations and Treasury Coordinator**

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THANK YOU