

## Construtora Tenda S.A.

Corporate Taxpayer's Registry (CNPJ/MF) No. 71.476.527/0001-35

Corporate Registry Identification Number (NIRE) 35.300.348.206

## Notice to the Market

### 3Q19 PREVIEW OF OPERATIONAL RESULTS

**Launches up 32.0% YoY in 3Q19, reaching R\$2.27 billion in LTM. Net pre-sales totaled R\$ 536.9 million, up 9.6% YoY, with a 28.0% net SoS.**

**FOR IMMEDIATE RELEASE** – São Paulo, October 15, 2019 – 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 third quarter of 2019. These results are preliminary, subject to audit review.

#### HIGHLIGHTS

- **PSV launched** reached R\$ 761.4 million in 3Q19 (32.0% YoY). In 9M19, PSV launched was R\$ 1.74 billion (+25.8% YoY)
- **Landbank** up 25.8% YoY, totalling R\$ 9.87 billion in PSV
- **Land acquisition** in 3Q19 totaled R\$ 1.13 billion, +68.0% QoQ, which allowed landbank to increase despite a strong quarter in launches
- **Net pre-sales** of R\$ 536.9 million in 3Q19, with net SoS of 28.0%
- **57 construction sites**, up 32.6% YoY (43 sites in 3Q18)

## GUIDANCE

Aiming at generating useful comparative information and providing predictability to the market on our figures, Tenda opted to disclose guidance for 2019 based on scenarios identified with defined variables and assumptions.

- In 2019, the Company estimates that the **Adjusted Gross Margin**, which is the ratio of consolidated gross profit for the year less financial charges, as stated in Note 12 to the financial statements and consolidated net revenue for the year, will range between 34.0% and 36.0%
- In 2019, the Company estimates that the **Net Pre-Sales**, defined as the product of gross sales for the year (in R\$ million) minus cancellations for the year (in R\$ million), adjusting all amounts to Tenda's equity interest, will range between R\$1,950.0 million and R\$2,150.0 million. To reach the bottom of the guidance range, the Company should record R\$ 526.3 million in net sales in 4Q19, +14.5% YoY. The 25.8% YoY increase in PSV launched in the year so far (+32.0% YoY in Q3) may allow the Company to reach its Net Pre-Sales guidance.

<i>Guidance 2019</i>	Minimum	Maximum	1Q19	2Q19	3Q19	4Q19	2019
Adjusted Gross Margin (%)	34.0%	36.0%	35.8%	36.1%	-	-	35.9%
Net Pre-Sales (R\$ million)	1,950.0	2,150.0	406.9	479.9	536.9	-	1,423.7

## LAUNCHES

In 3Q19, Tenda launched 18 projects, totaling R\$ 761.4 million in PSV, up 32.0% YoY and 28.6% QoQ. This quarter marked the Company's inaugural launch in Fortaleza, the ninth Brazilian metropolitan region in which Tenda operates under its current business model. In the LTM, launches reached R\$ 2.27 billion in PSV.

13 of the 41 projects launched in the year so far are located in São Paulo metro area, totaling R\$ 706.4 million in PSV (or 40.6% of the total launched, compared to a share of 31.7% in 2018). Of the 13 developments, 4 are projects with buildings up to 4 floors, 6 are projects that reach 10 floors and 3 are projects that reach 20 floors. Verticalization has allowed Tenda to expand its presence in increasingly better locations in São Paulo. In the third quarter of 2019, Tenda also launched two verticalized projects (buildings with elevators) in Salvador metro area.

Launches <sup>1</sup>	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Number of Launches	18	13	38,5% ↑	14	28,6% ↑	41	37	10,8% ↑
<b>PSV (R\$ million)</b>	<b>761,4</b>	<b>592,3</b>	<b>28,6% ↑</b>	<b>576,7</b>	<b>32,0% ↑</b>	<b>1.739,3</b>	<b>1.382,1</b>	<b>25,8% ↑</b>
Number of units	5.219	4.072	28,2% ↑	4.160	25,5% ↑	11.922	10.064	18,5% ↑
Average price per unit (R\$ thousand)	145,9	145,4	0,3% ↑	138,6	5,2% ↑	145,9	137,3	6,2% ↑
Average size of launches (in units)	290	313	(7,4%) ↓	297	(2,4%) ↓	291	272	6,9% ↑

1. Tenda holds 100% equity interest in all projects launched since 2013 (when it launched its current business model).

## GROSS SALES

Gross sales totaled R\$ 590.2 million in 3Q19, up 8.6% YoY and up 9.9% QoQ. The increase in São Paulo's participation in the gross sales mix allowed the average price per unit sold to rise even in a more restrictive scenario for the Minha Casa, Minha Vida ("MCMV") program in the year. Gross Sales over Supply ("Gross SoS") reached 30.8% in 3Q19, up 1.5 p.p. QoQ and down 4.2 p.p. YoY.

Gross Sales	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
PSV (R\$ million)	590,2	536,9	9,9% ↑	543,5	8,6% ↑	1.570,0	1.542,8	1,8% ↑
Number of units	4.185	4.036	3,7% ↑	3.980	5,2% ↑	11.566	11.196	3,3% ↑
Average price per unit (R\$ thousand)	141,0	133,0	6,0% ↑	136,5	3,3% ↑	135,7	137,8	(1,5%) ↓
Gross SoS	30,8%	32,3%	(1,5 p.p.) ↓	35,0%	(4,2 p.p.) ↓	56,0%	62,7%	(6,7 p.p.) ↓

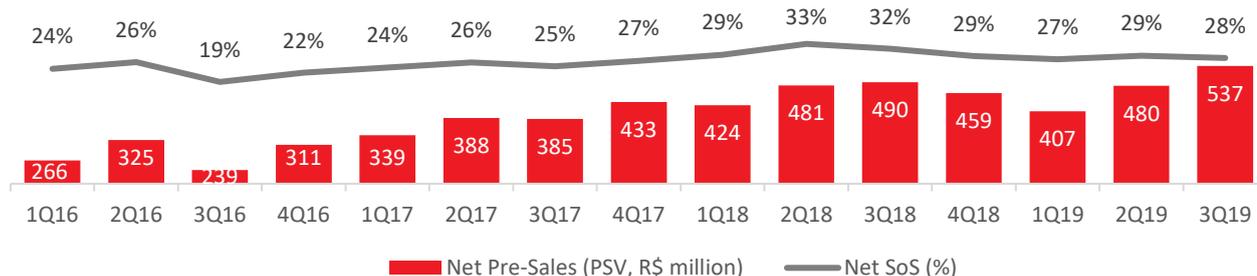
## CANCELLATIONS AND NET PRE-SALES

Net pre-sales totaled R\$ 536.9 million in 3Q19, up 11.9% QoQ and 9.6% YoY. Net Sales over Supply ("Net SoS") reached 28.0% in 3Q19, down 0.9 p.p. QoQ and down 3.5 p.p. YoY. Lower SoS reflects the more restrictive environment for customer credit approval at financial institutions and the reduction of the Company's participation in the bracket 1.5 of the MCMV program (25.1% of net sales in 9M19 versus 56.0% of net sales in 9M18). Even with the increase in PSV launched in the 3Q19, Net SoS remains at high levels.

Cancellations as a percentage of gross sales reached 9.0% in 3Q19, 1.6 p.p. down QoQ. The stoppage of mortgage transfers under brackets 1,5 and 2 of the MCMV program throughout the 3Q19 did not impact cancellations this quarter, but may have adverse effects on 4Q19 performance even though the situation has normalized in September.

(PSV, R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Gross Sales	590,2	536,9	9,9% ↑	543,5	8,6% ↑	1.570,0	1.542,8	1,8% ↑
Cancellations	53,3	57,0	(6,5%) ↓	53,6	(0,6%) ↓	146,3	147,5	(0,8%) ↓
Net Pre-Sales	536,9	479,9	11,9% ↑	489,9	9,6% ↑	1.423,7	1.395,3	2,0% ↑
% Launches <sup>1</sup>	71,9%	28,0%	43,9 p.p. ↑	66,9%	5,0 p.p. ↑	37,8%	39,7%	(1,9 p.p.) ↓
% Inventory	28,1%	72,0%	(43,9 p.p.) ↓	33,1%	(5,0 p.p.) ↓	62,2%	60,3%	1,9 p.p. ↑
Cancellations / Gross Sales	9,0%	10,6%	(1,6 p.p.) ↓	9,9%	(0,9 p.p.) ↓	9,3%	9,6%	(0,3 p.p.) ↓
Net SoS	28,0%	28,9%	(0,9 p.p.) ↓	31,5%	(3,5 p.p.) ↓	50,8%	56,7%	(5,9 p.p.) ↓
(in units)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Gross Units Sold	4.185	4.036	3,7% ↑	3.980	5,2% ↑	11.566	11.196	3,3% ↑
Cancelled Units	404	427	(5,4%) ↓	395	2,3% ↑	1.107	1.077	2,8% ↑
Net Units Sold	3.781	3.609	4,8% ↑	3.585	5,5% ↑	10.459	10.119	3,4% ↑
Cancellations / Gross Sales	9,7%	10,6%	(0,9 p.p.) ↓	9,9%	(0,2 p.p.) ↓	9,6%	9,6%	0,0 p.p.

1. Current year launches.

**Net Pre-Sales (PSV, R\$ million) e Net SoS (%)**

**UNITS TRANSFERRED, DELIVERED, AND CONSTRUCTION SITES**

Transferred PSV totaled R\$ 277.3 million in 3Q19, down 40.5% QoQ and 36.9% YoY. Throughout the third quarter, new mortgage transfers under brackets 1,5 and 2 MCMV were curtailed due to a deadlock in the regulation of the Program subsidy budget. The interruption of transfers had an adverse impact on the Company's cash generation in the quarter.

Transfers, Deliveries and Construction Sites	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
<b>PSV Transferred (in R\$ million)</b>	<b>277,3</b>	<b>466,0</b>	<b>(40,5%) ↓</b>	<b>439,5</b>	<b>(36,9%) ↓</b>	<b>1.088,0</b>	<b>1.301,5</b>	<b>(16,4%) ↓</b>
Transferred Units	2.312	3.944	(41,4%) ↓	3.567	(35,2%) ↓	9.180	10.396	(11,7%) ↓
<b>Delivered Units</b>	<b>3.844</b>	<b>3.236</b>	<b>18,8% ↑</b>	<b>2.632</b>	<b>46,0% ↑</b>	<b>8.616</b>	<b>7.756</b>	<b>11,1% ↑</b>
<b>Construction Sites</b>	<b>57</b>	<b>54</b>	<b>5,6% ↑</b>	<b>43</b>	<b>32,6% ↑</b>	<b>57</b>	<b>43</b>	<b>32,6% ↑</b>

**LANDBANK**

In 3Q19, landbank increased 3.9% and PSV reached R\$ 9.87 billion. In a strong quarter in launches, land acquisitions (and adjustments) grew 68.0% t/t, ensuring stability for the Company's landbank policy (to keep landbank equivalent to 3 years of launches in each metro area).

Landbank <sup>1</sup>	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Number of projects	278	270	3,0% ↑	229	21,4% ↑	278	229	21,4% ↑
PSV (R\$ million)	9.869,7	9.499,3	3,9% ↑	7.843,3	25,8% ↑	9.869,7	7.843,3	25,8% ↑
Acquisitions / Adjustments (R\$ million)	1.131,5	673,5	68,0% ↑	1.289,1	(12,2%) ↓	2.715,1	2.530,4	7,3% ↑
Number of units	67.527	64.846	4,1% ↑	53.746	25,6% ↑	67.527	53.746	25,6% ↑
Average price per unit (R\$ thousands)	146,2	146,5	(0,2%) ↓	145,9	0,2% ↑	146,2	145,9	0,2% ↑
% Swap Total	30,2%	26,2%	4,0 p.p. ↑	25,2%	5,0 p.p. ↑	30,2%	25,2%	5,0 p.p. ↑
% Swap Units	9,1%	11,7%	(2,6 p.p.) ↓	12,2%	(3,1 p.p.) ↓	9,1%	12,2%	(3,1 p.p.) ↓
% Swap Financial	21,1%	14,4%	6,7 p.p. ↑	13,0%	8,1 p.p. ↑	21,1%	13,0%	8,1 p.p. ↑

1. Tenda holds 100% equity interest of its landbank.

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## About Tenda

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Construtora Tenda S.A. (B3:TEND3) is Brazil's second largest homebuilder focused on low-income residential projects listed at the Novo Mercado, B3's highest corporate governance level. The Company concentrates its activities in eight metropolitan regions of Brazil, uniquely operating within the brackets 1.5 and 2 of the "Minha Casa, Minha Vida" ("MCMV") federal government housing program. With a sustainable growth strategy, excellence in execution and strong business model, Tenda has been able to deliver solid cash generation and growing profits, sustaining its vision of offering to investors the highest returns in the low-income segment.