

Rodrigo Osmo >

December 10, 2019

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Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions as they relate to future events and, therefore, depend on circumstances that may or may not occur.

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TENDA: AN INDUSTRIAL APPROACH TO CONSTRUCTION





OUR STARTING POINT IS BRAZIL'S SIGNIFICANT HOUSING PROBLEM



*Talis and Marcela
Customers – Tenda
(Rio Grande do Sul)*



INEFFICIENCIES THROUGHOUT THE PROPERTY-PURCHASING PROCESS

Commercialization:

- ii. Dormant prospects
- ii. Journey full of information asymmetry and friction

Construction:

- i. 60% to 70% of the labor component is unproductive

Financing:

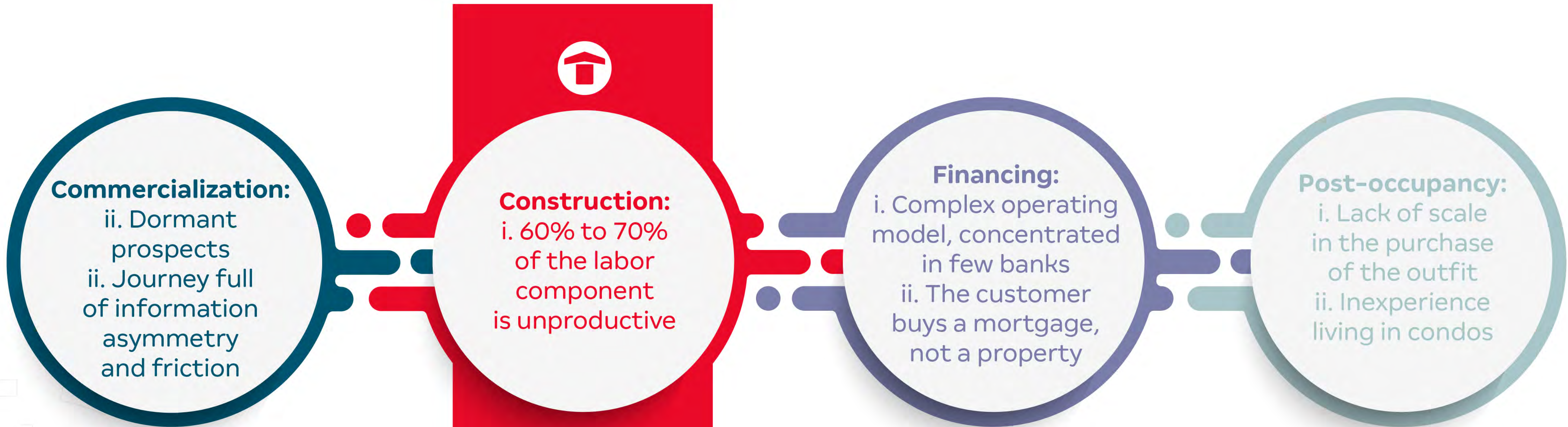
- i. Complex operating model, concentrated in few banks
- ii. The customer buys a mortgage, not a property

Post-occupancy:

- i. Lack of scale in the purchase of the outfit
- ii. Inexperience living in condos

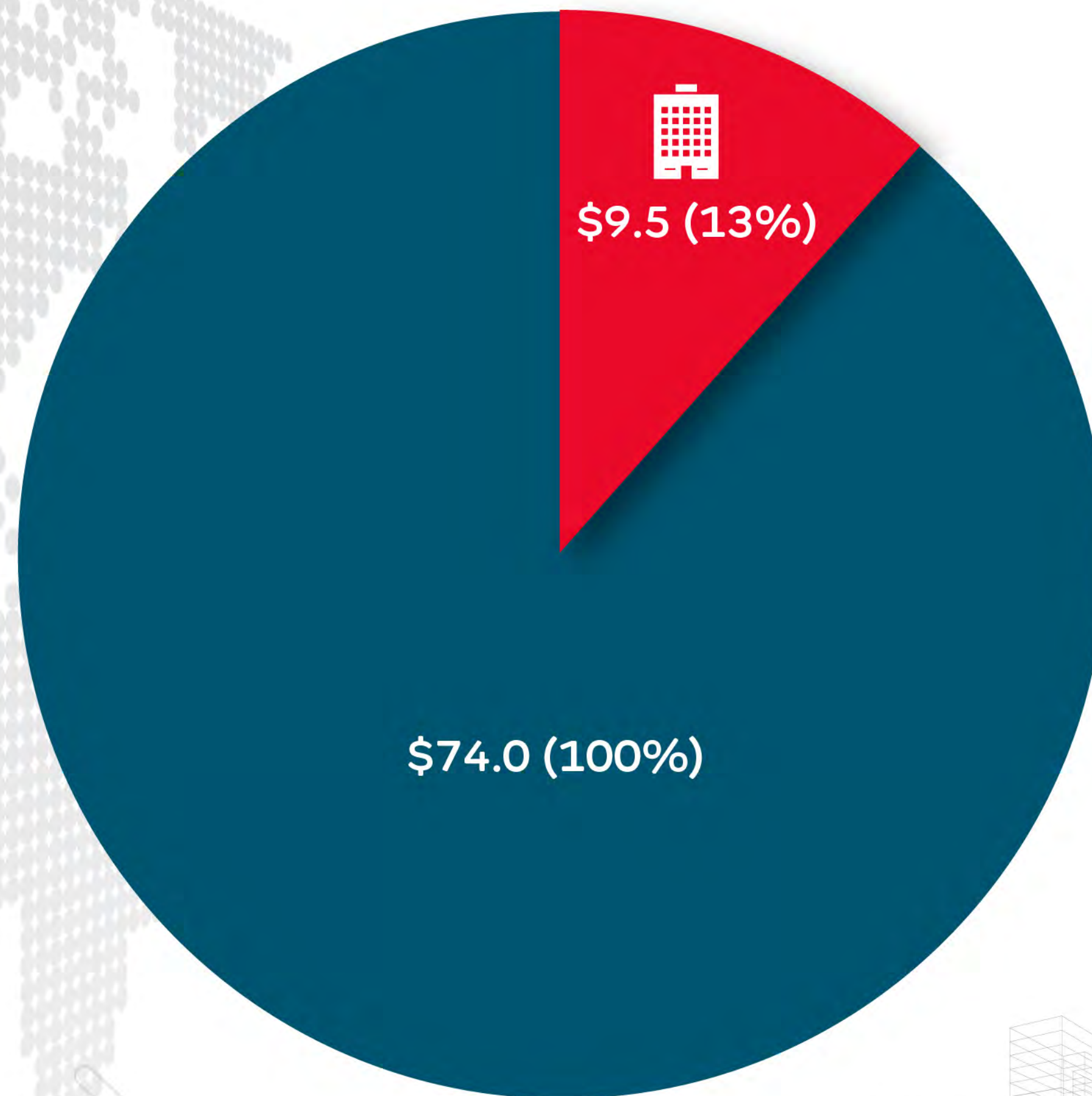


WE HAVE FOCUSED OUR ACTIVITIES ON GENERATING INNOVATIVE SOLUTIONS WITHIN THE CONSTRUCTION STAGE





CONSTRUCTION IS AMONG THE LARGEST INDUSTRIES...



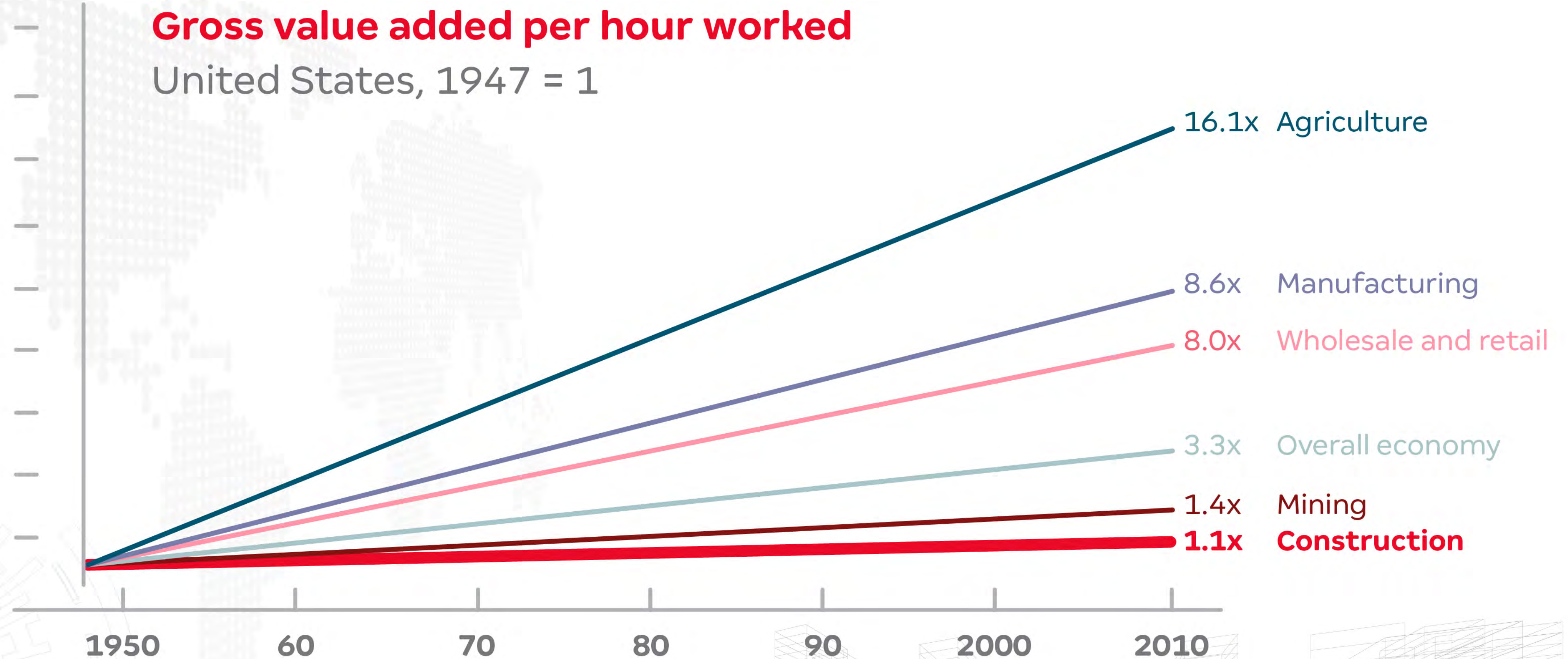
Construction Industry

US\$ trillion and % of global GDP
2014

Source: McKinsey&Company



...AND HAS GREAT POTENTIAL FOR EFFICIENCY GAINS



Source: McKinsey&Company



OUR STRATEGIC FOCUS HAS BEEN A SUCCESS

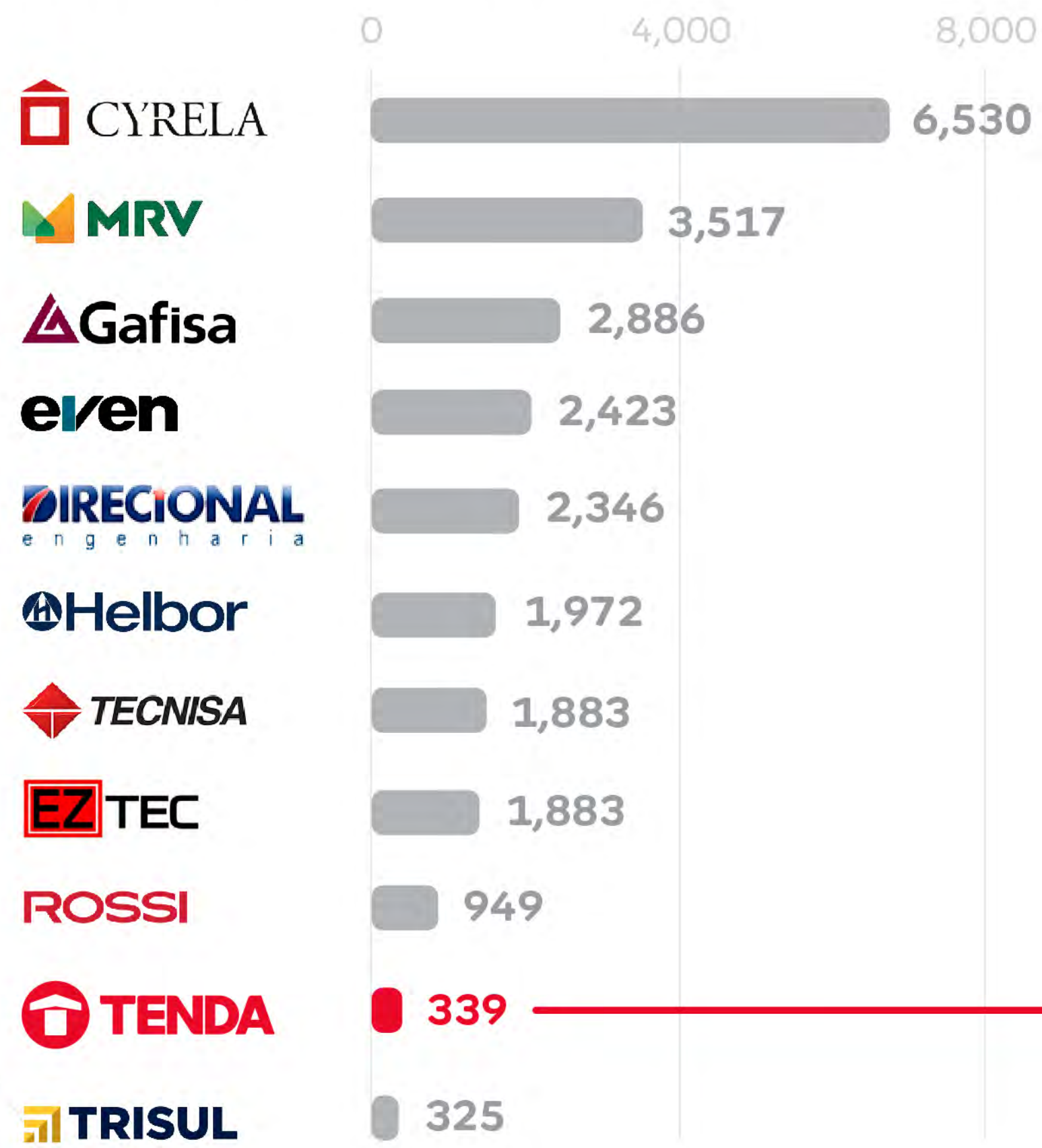




WE QUICKLY BECAME THE 3RD LARGEST HOMEBUILDER IN BRAZIL

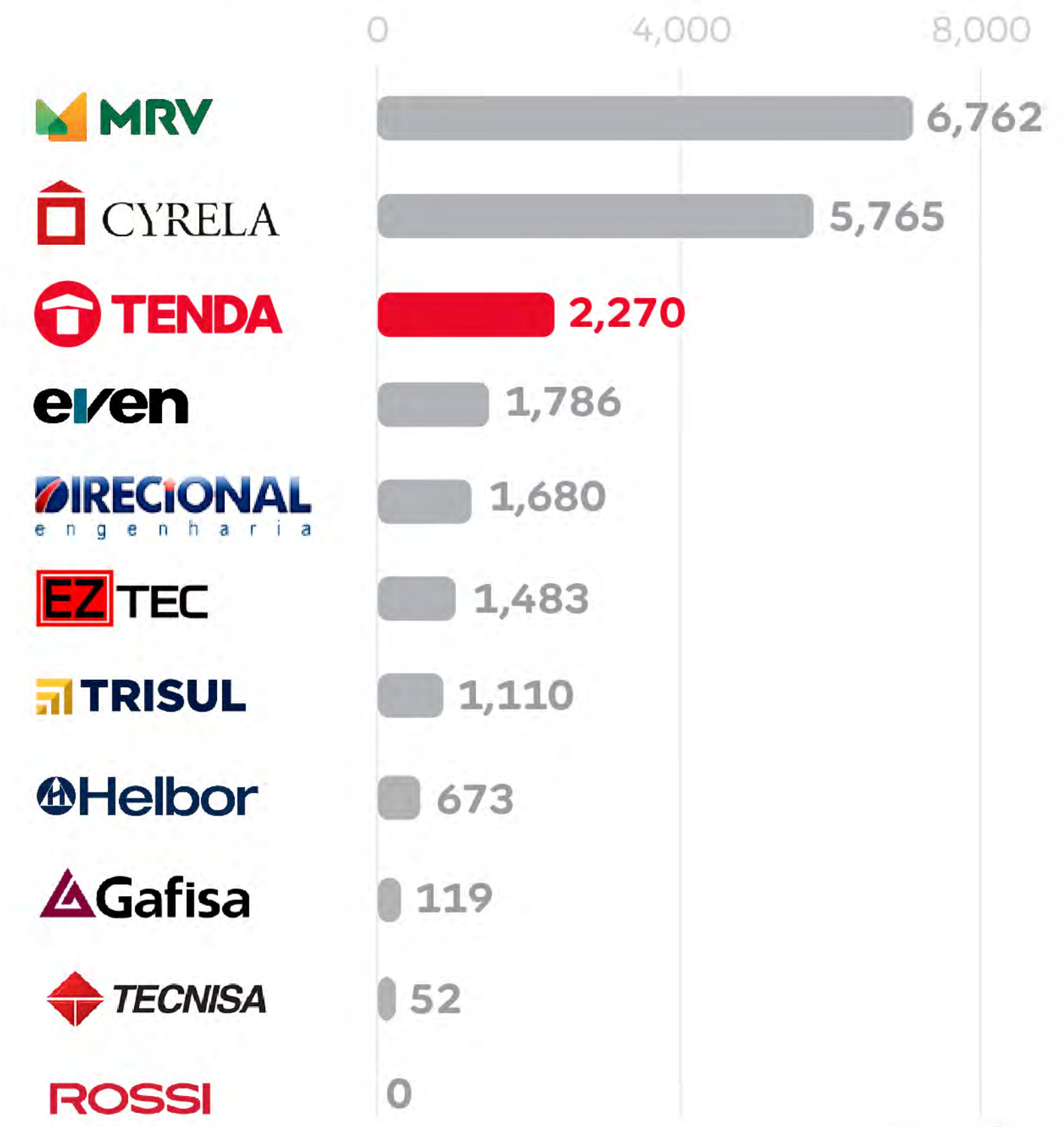
Launches

2013, R\$ million (PSV)



Launches

Last 12 months¹



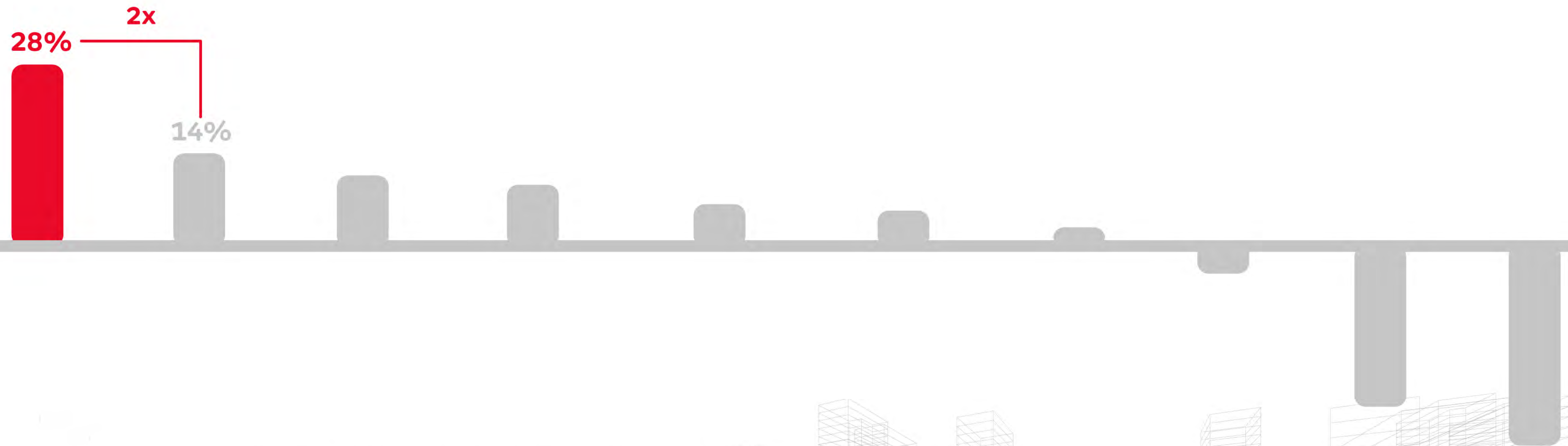
Note: (1) Last 12 months: from 4Q18 to 3Q19. Source: Companies



WE DELIVERED THE HIGHEST RETURNS IN OUR SECTOR, ABOUT 2X HIGHER THAN THE COMPANY IN 2ND PLACE

ROCE (Return on Capital Employed)

%, Last 12 months¹

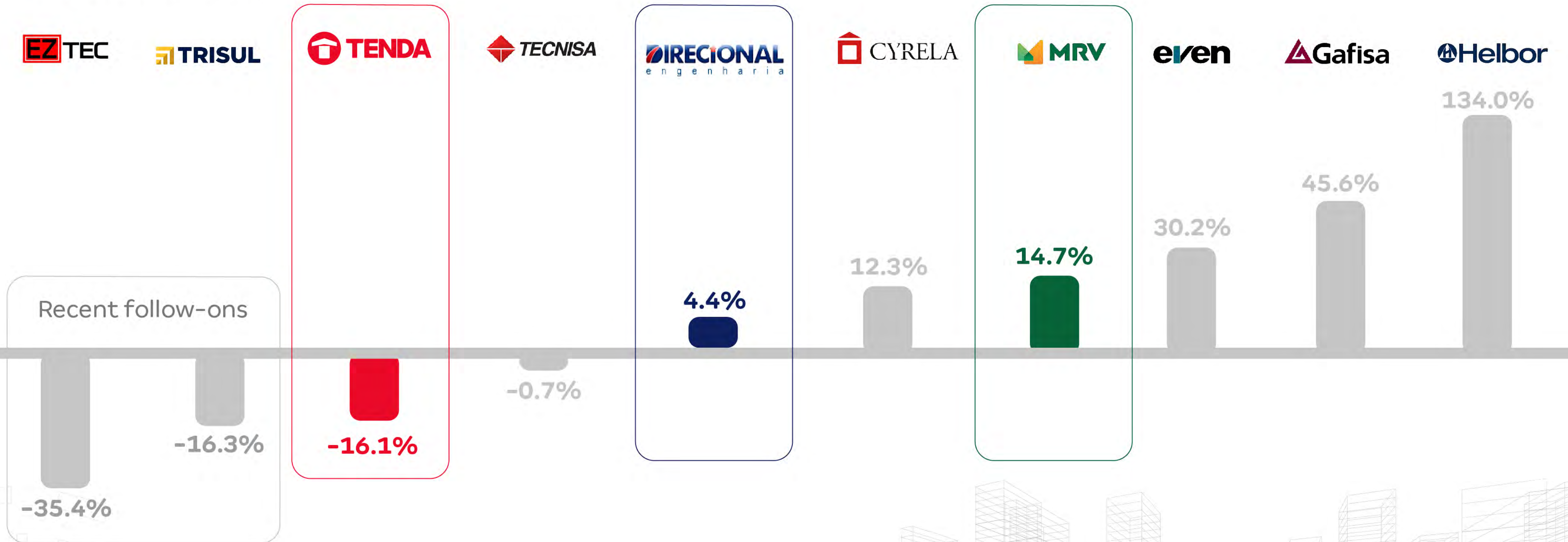


Note: (1) Last 12 months: from 4Q18 to 3Q19. Source: Companies



ROBUST BALANCE SHEET DRIVEN BY OUR CASH GENERATOR BUSINESS MODEL

Net Debt / Equity
%, Last 12 months¹



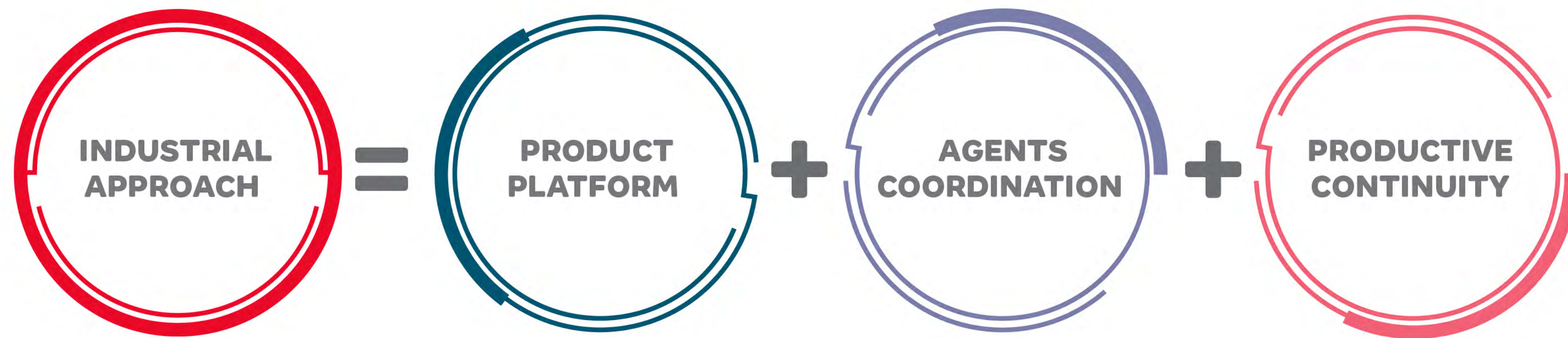
Note: (1) Last 12 months: from 4Q18 to 3Q19. Source: Companies

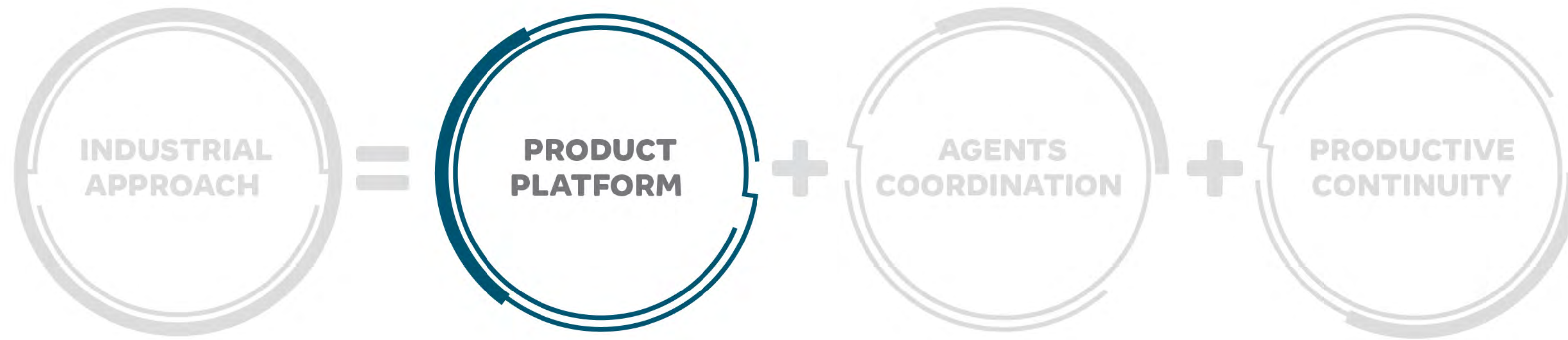


THE INDUSTRIAL APPROACH AS A KEY TO INNOVATION



Fundamentally, we believe in the industrial approach's potential to transform civil construction



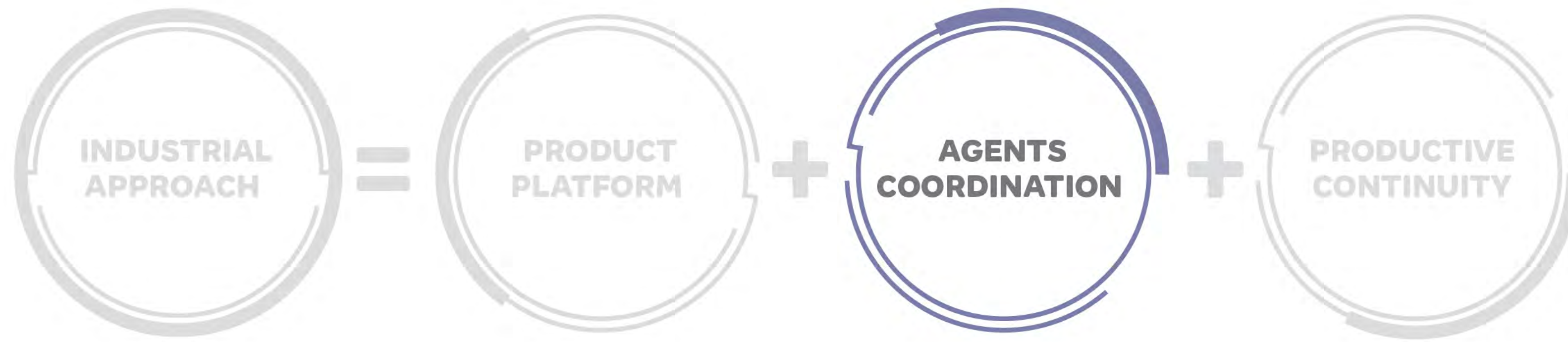


Product platform:
standardization allows optimization
through continuous improvement

**A single SKU all over Brazil
for no-elevator buildings**

Standard apartment – 40m²



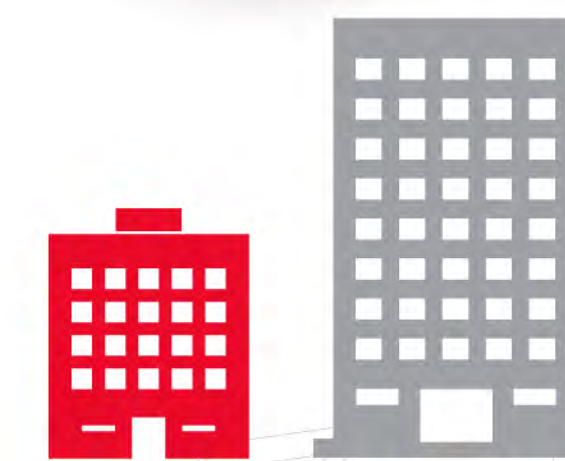
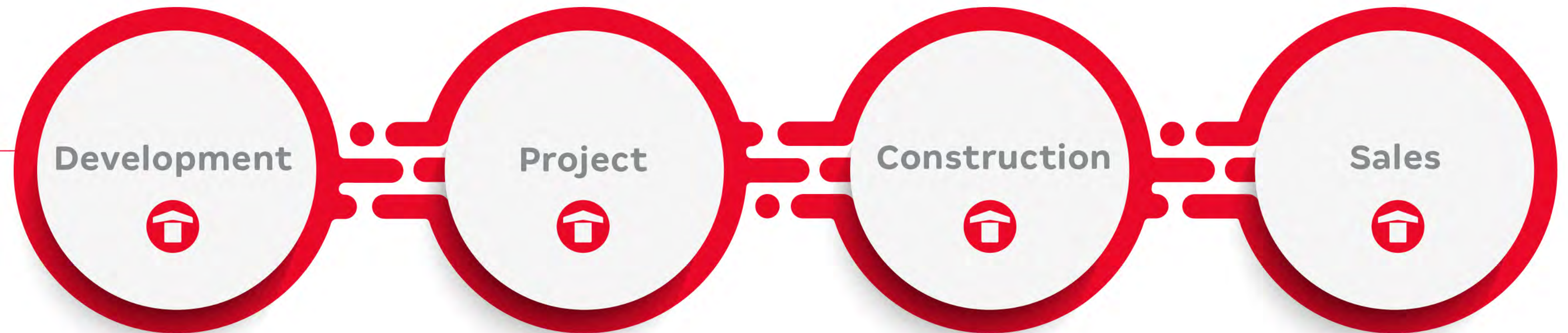


Coordination among agents::

Eliminating the conflicts of interests typical in the construction industry

Coordination

Integrated value chain and internal workforce



Almost 100% of the building structure activities employ an internal workforce





Productive continuity:

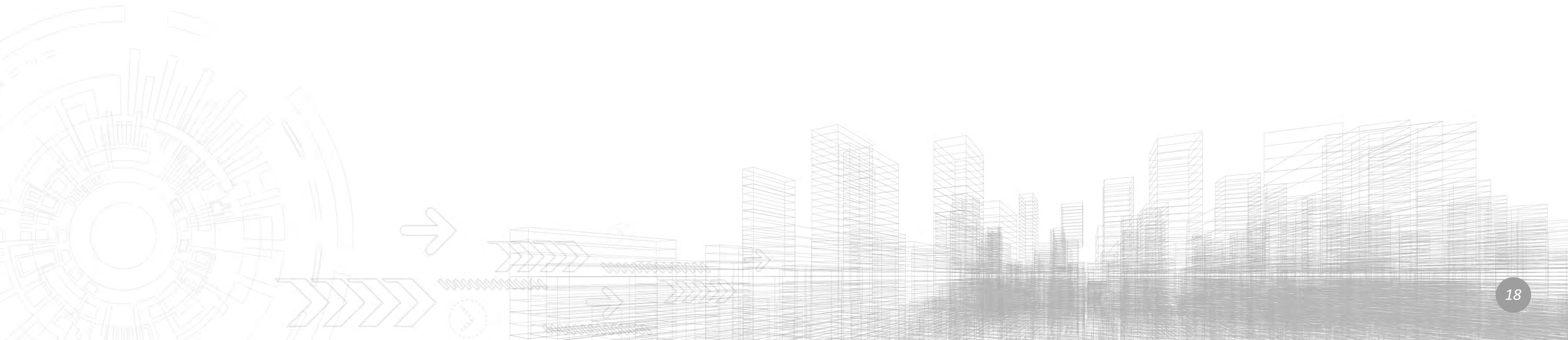
creation of production lines that allow us to bring concepts from production engineering to civil engineering.

Breaking construction paradigms



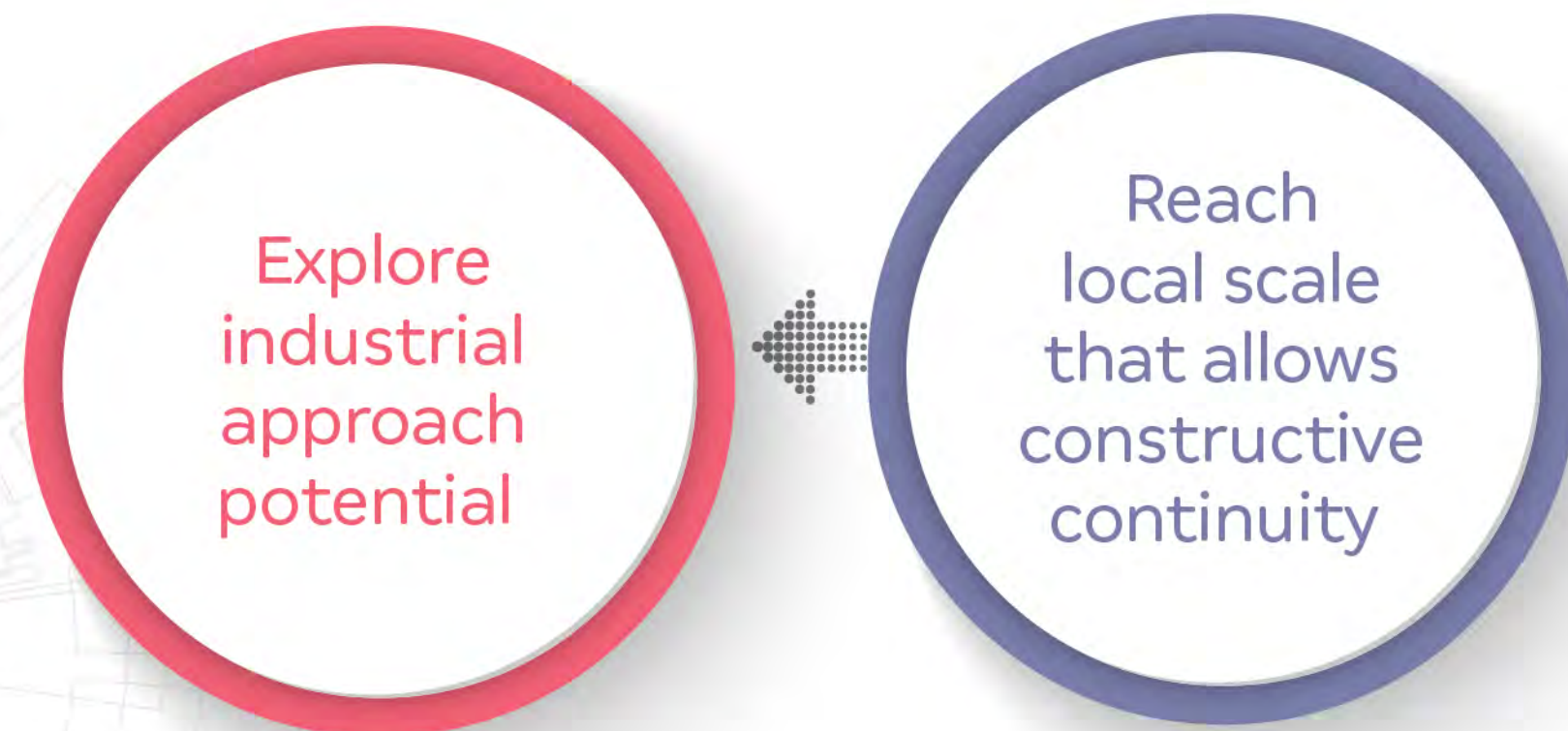


**We built our business model based
on a flywheel that arises from an
industrial approach to construction**





A LARGE LOCAL SCALE ALLOWS THE APPLICATION OF THE INDUSTRIAL APPROACH, ENABLING CONTINUOUS IMPROVEMENT



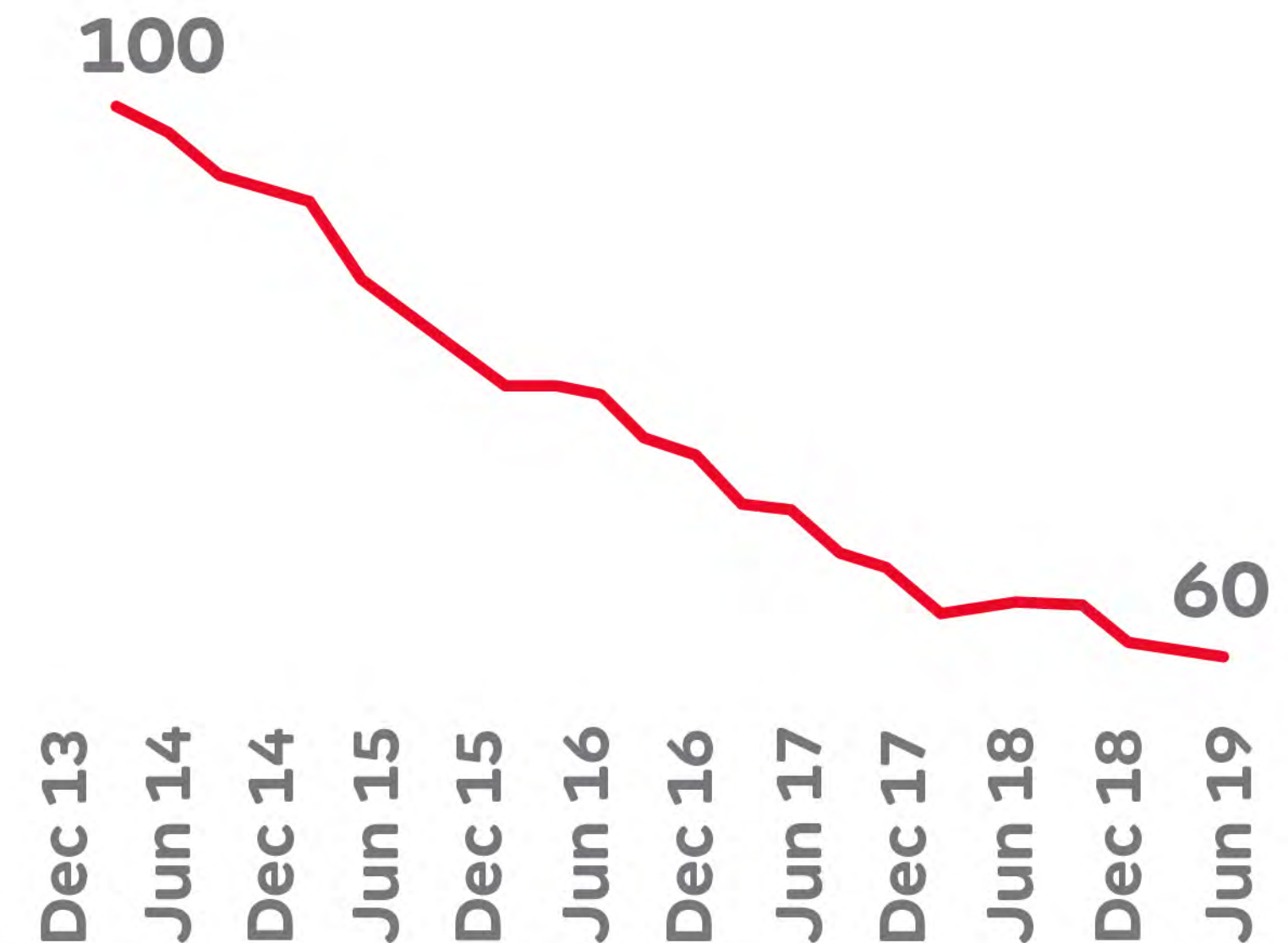
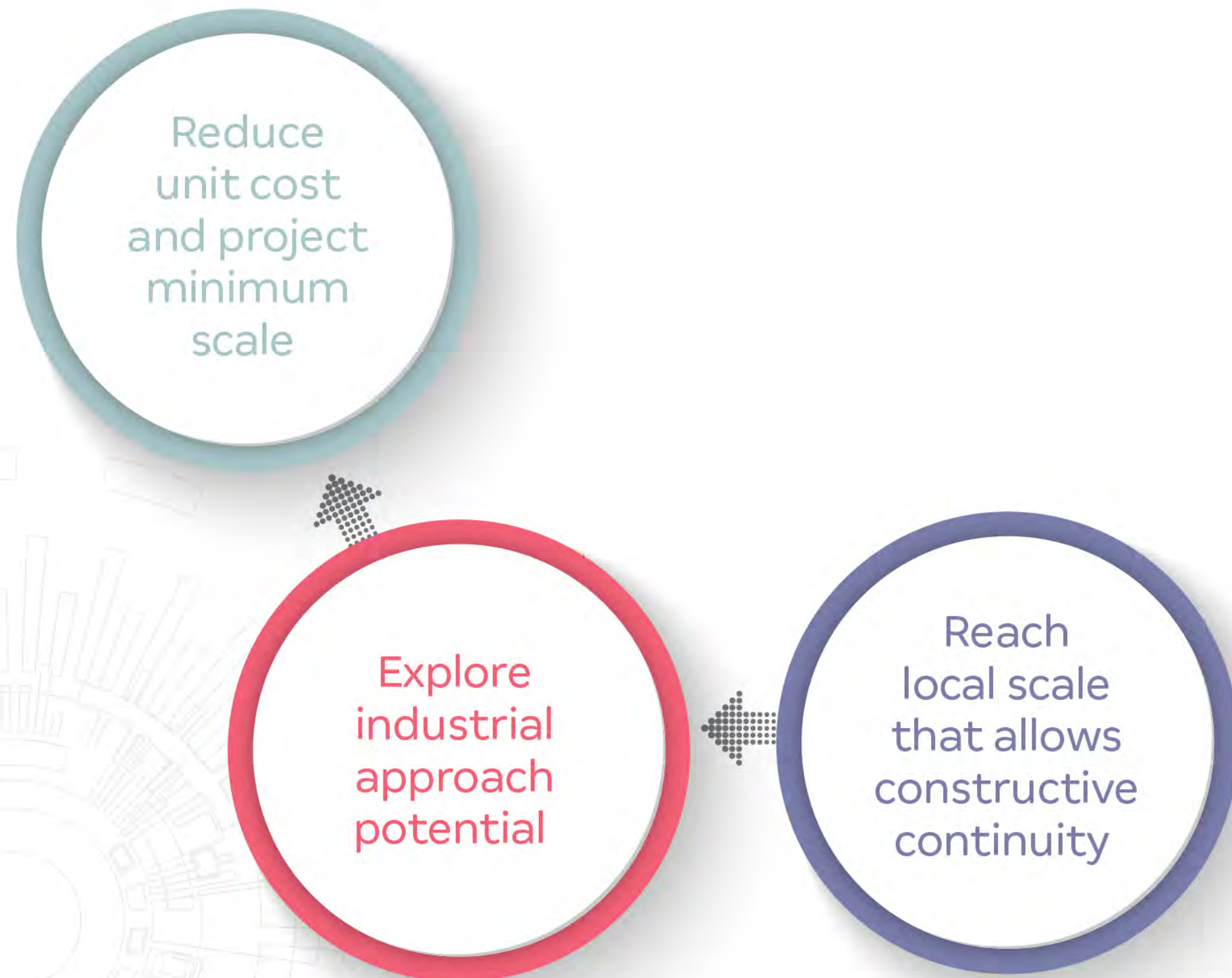


CONTINUOUS IMPROVEMENT REDUCES CONSTRUCTION COST..

Evolution of Tenda's Construction Costs¹

Dec 2013 = 100. In real terms.

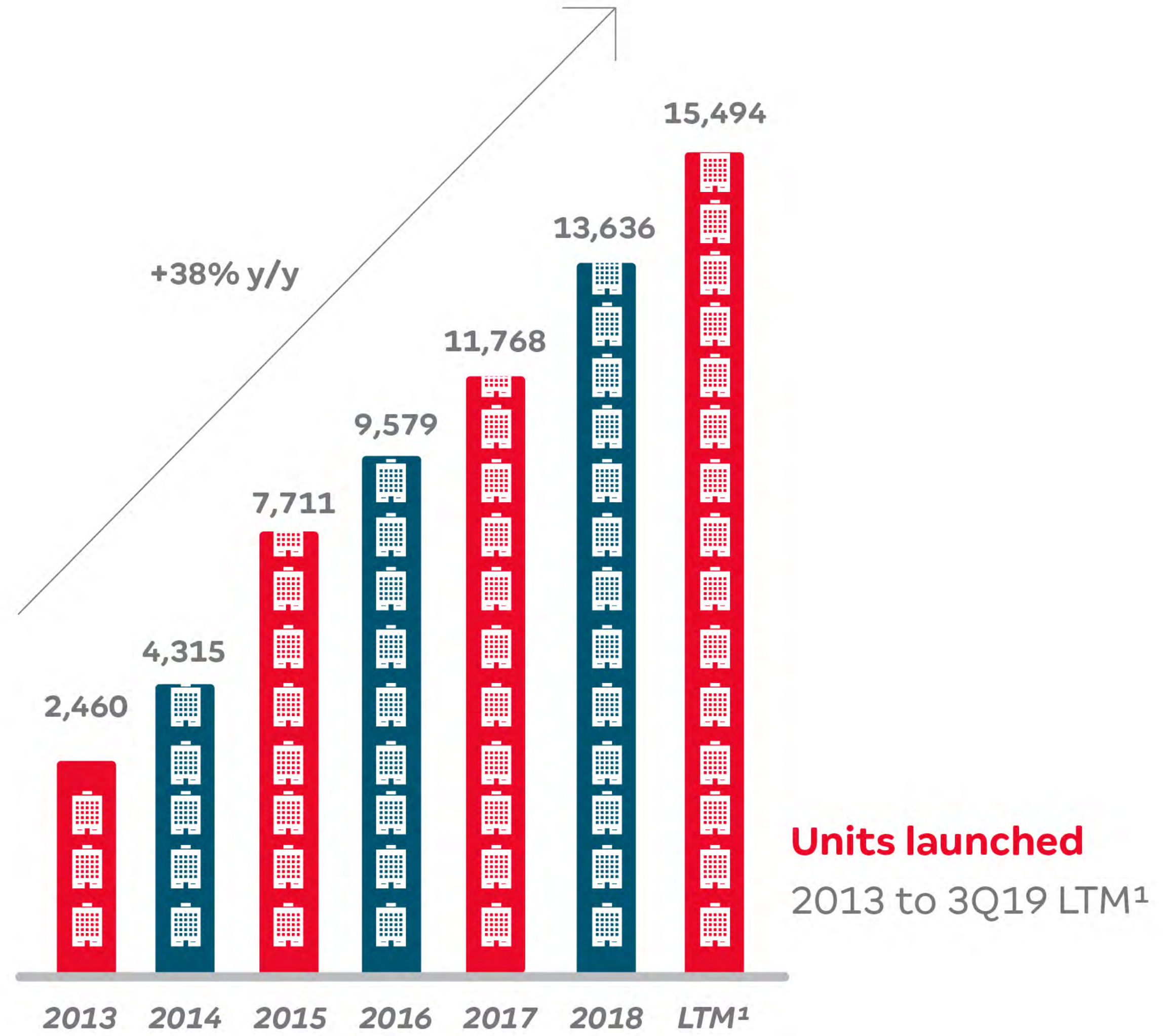
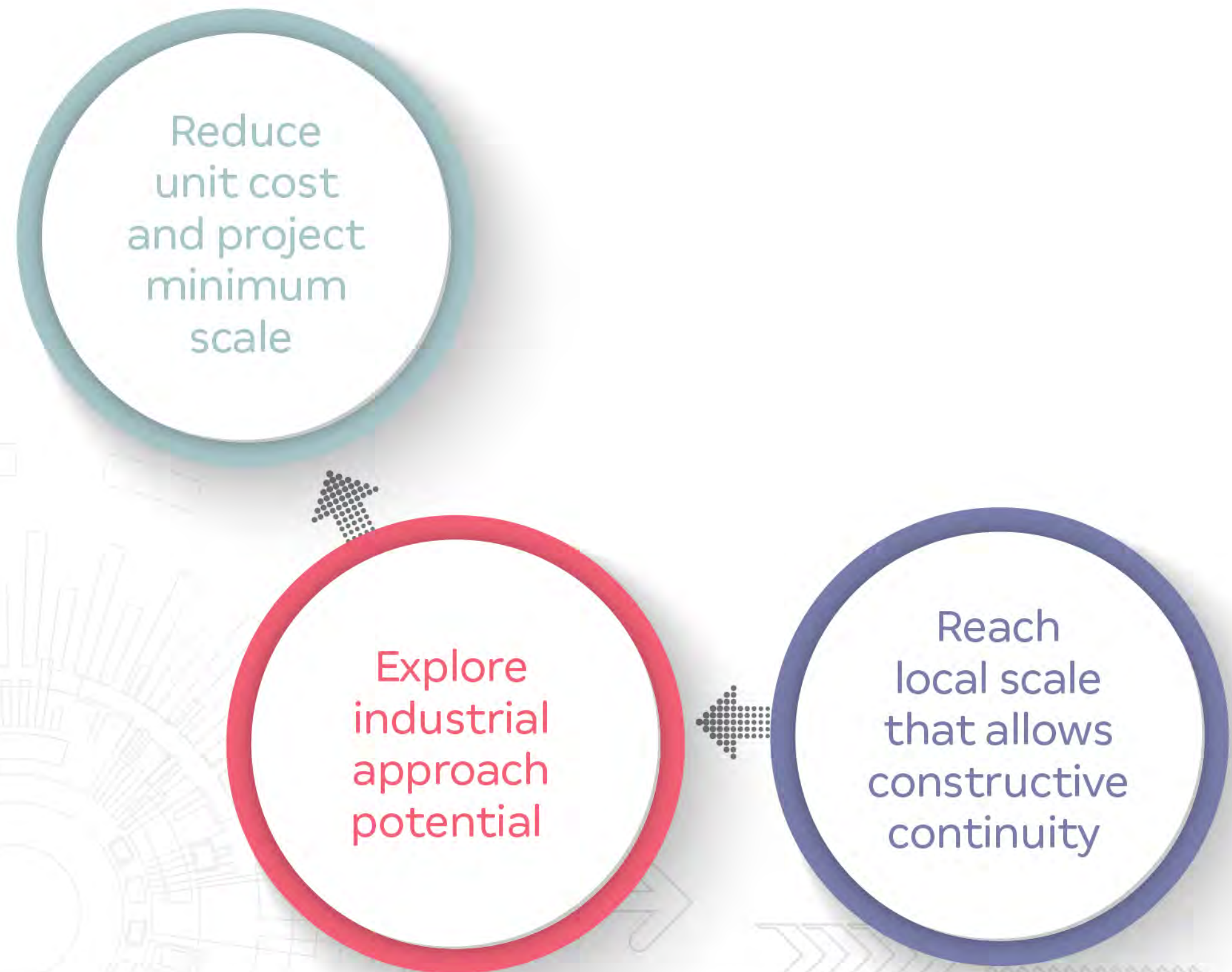
40% drop in building structure costs in 6 years



Note: (1) Internal estimates based on building construction costs, discounted by INCC (local construction price index)



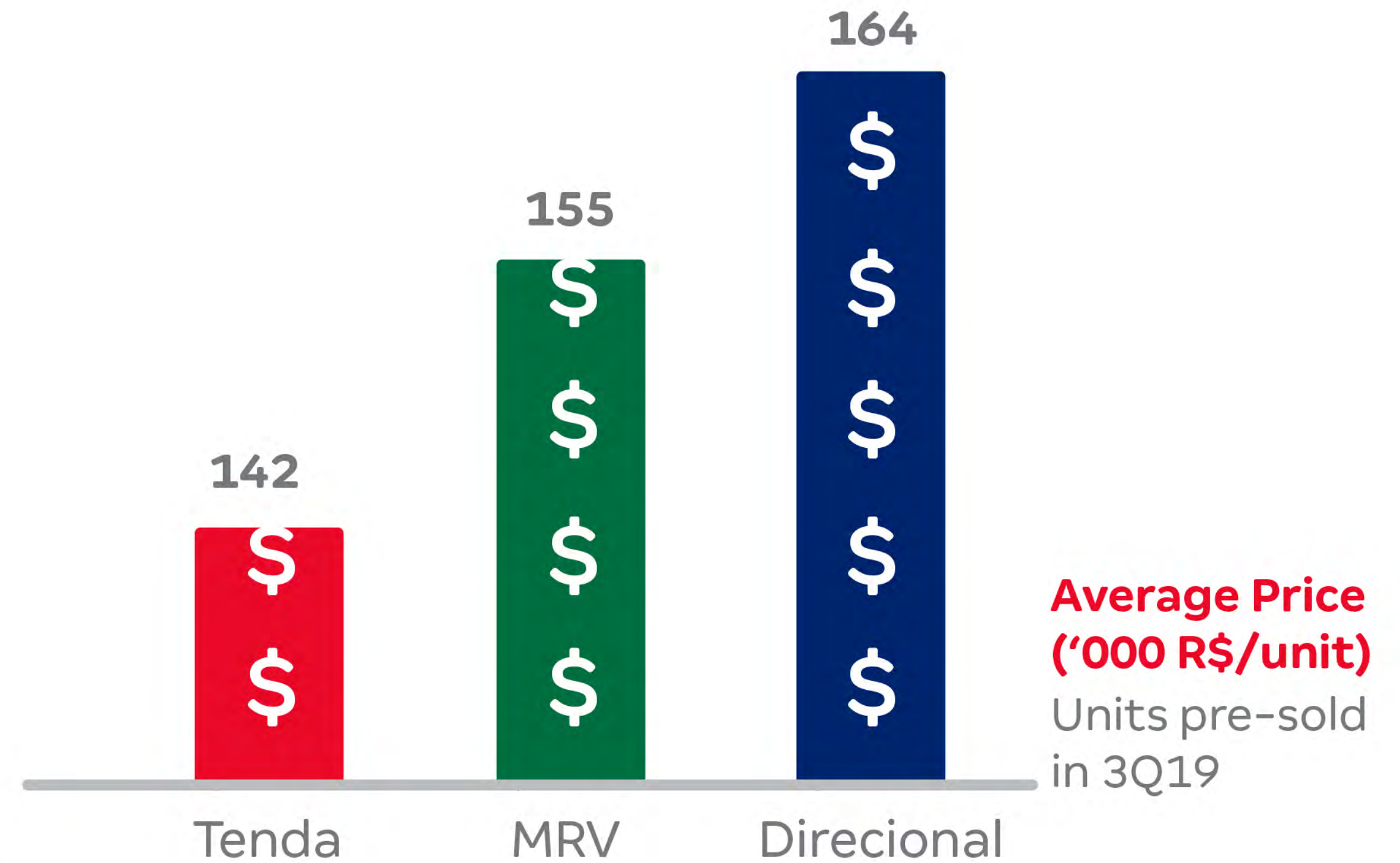
...AND ALLOWS A SMALLER MINIMUM SCALE, ENABLING A GREATER SUPPLY OF PRODUCTS



Note: (1) Last 12 months: 4Q18 to 3Q19



LOWER COSTS ENABLE MORE AFFORDABLE PRODUCT OFFERINGS



Source: Companies

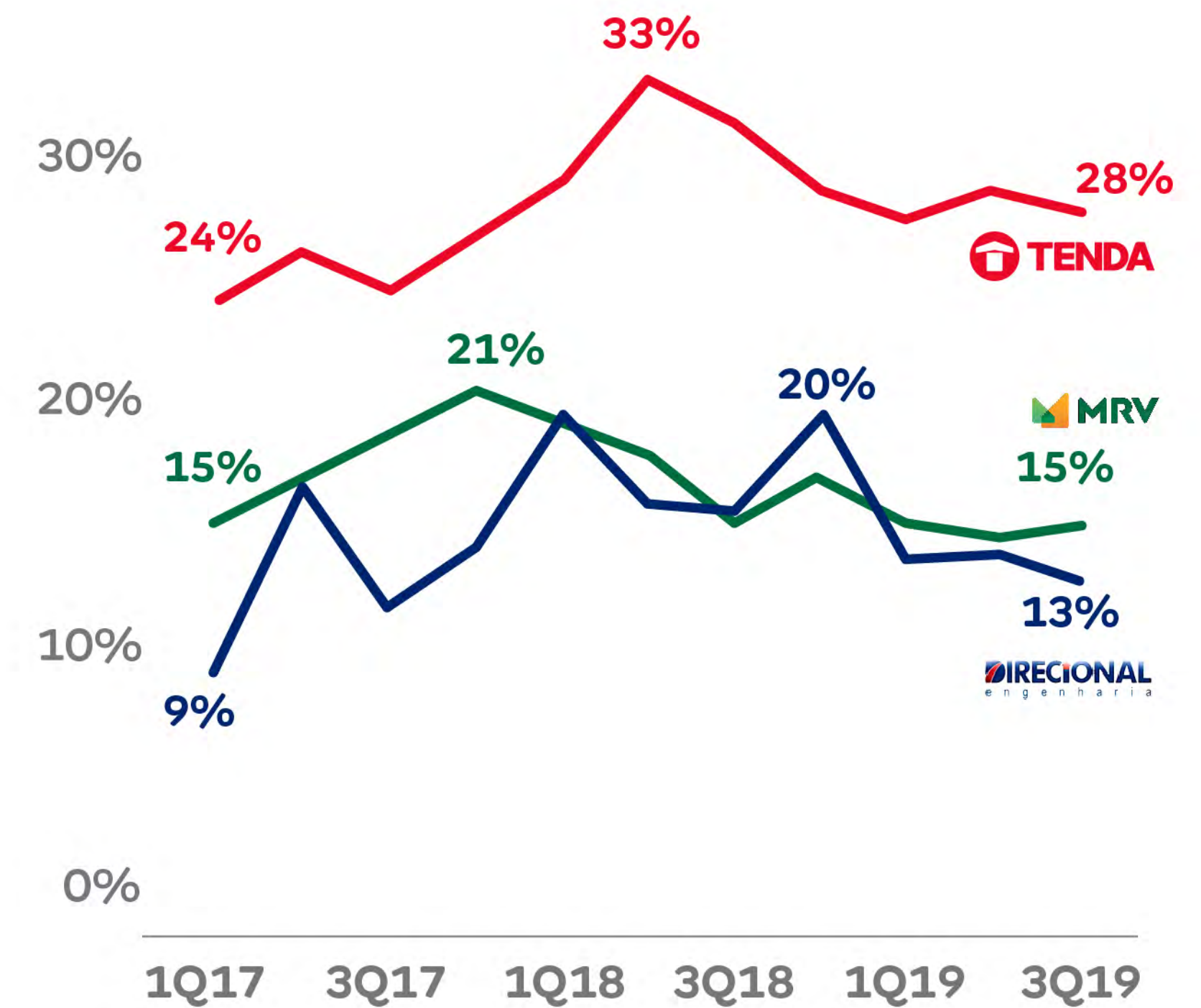


IMPROVED PRODUCT SUPPLY ACCELERATES THE SPEED OF SALES (SOS)



SoS (Sales over Supply)

%, based on net pre-sales



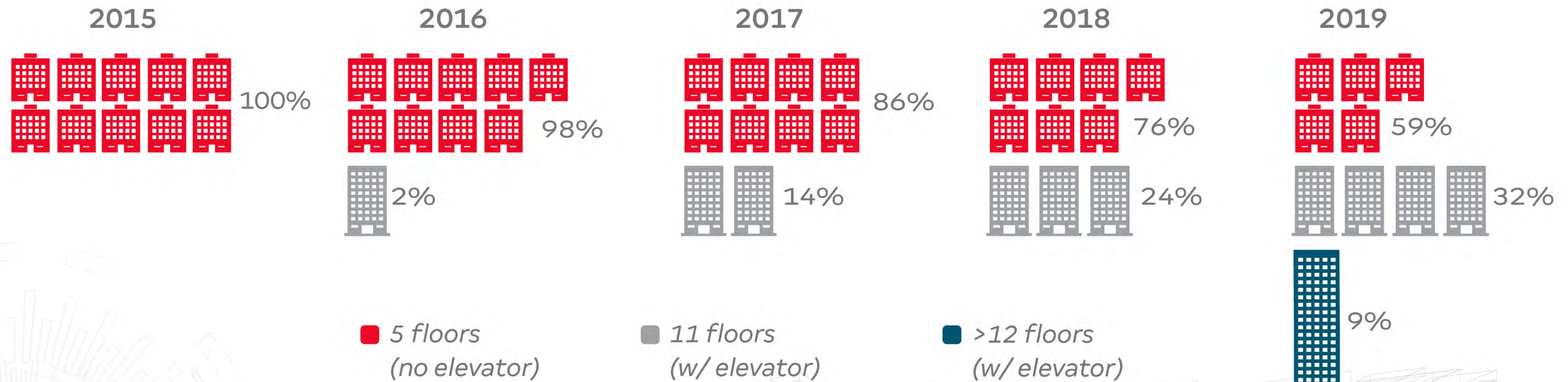


Higher SoS
generates scale
gains and spins
the industrial
approach flywheel



WE SUCCESSFULLY REPLICATED THIS FLYWHEEL WITH NEW PRODUCTS

Units launched per product line
Tenda, 2015 to 2019

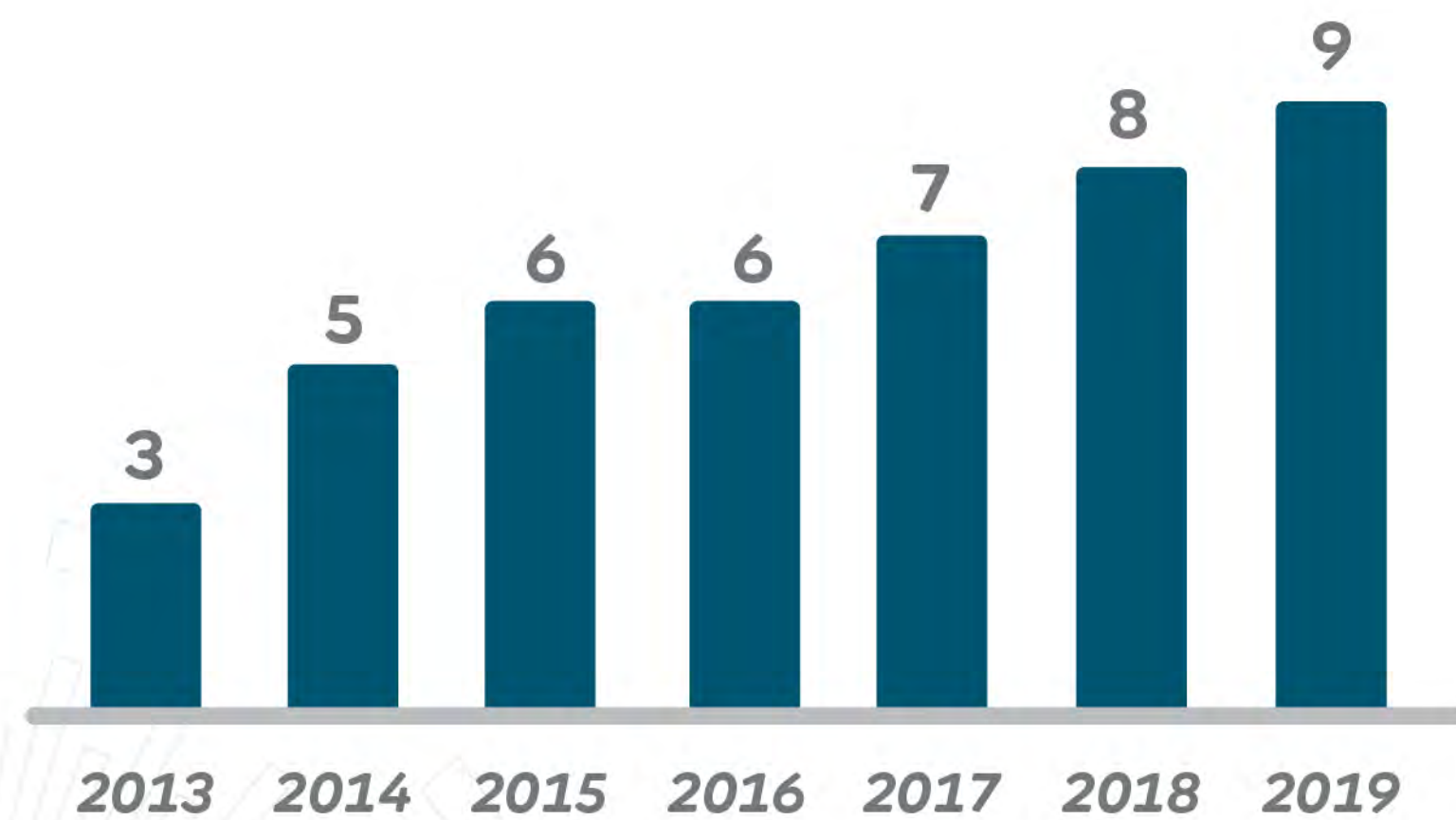


Graphic aspect ratio, does not represent actual scale



APPLIED TO NEW GEOGRAPHIES, THE FLYWHEEL ALLOWED US TO OPEN ONE NEW OPERATION PER YEAR

PACE: 1 NEW REGION PER YEAR



9 METROPOLITAN AREAS





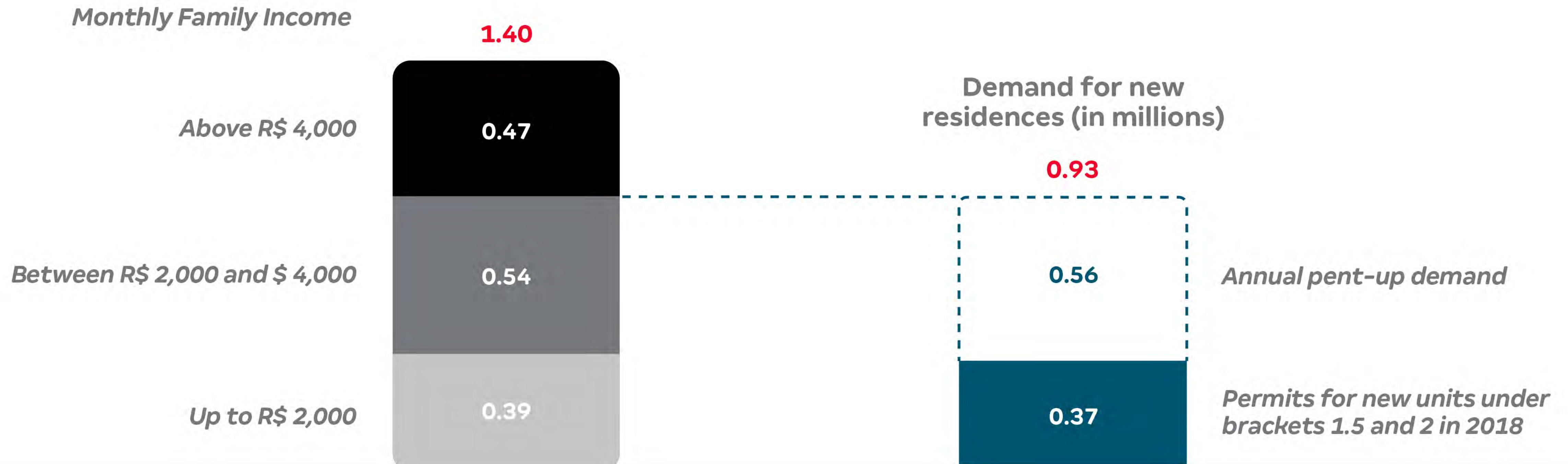
WE REAFFIRM OUR COMMITMENT TO AFFORDABLE HOUSING

*Anderson, Patrícia e Fernanda
Customers – Tenda
(Rio Grande do Sul)*



DEMAND FOR AFFORDABLE HOUSING IS NOT A PROBLEM. BRAZIL HAS A SIGNIFICANT POTENTIAL MARKET (ABOUT 1 MILLION UNITS PER YEAR), BUT ONLY PART OF IT CAN BE FULFILLED BY MCMV, RESULTING IN A LARGE PENT-UP DEMAND

Annual increase in households¹
per Income range (in millions)



Source: EY (based on IBGE and FGV), MDR

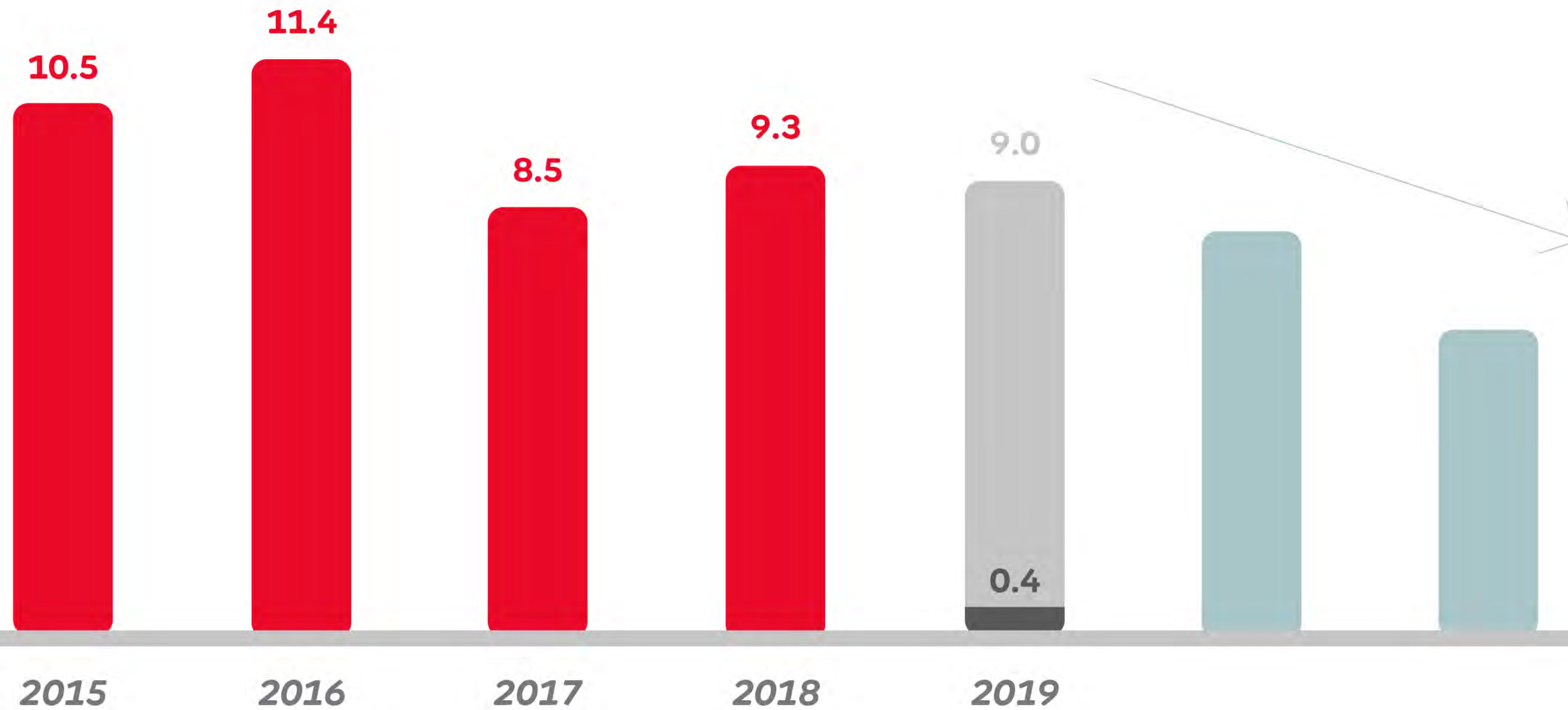
Note: (1) EY estimates for 2007-2030, based on IBGE and FGV data



THE MP889¹ APPROVAL COULD LEAD TO A DECREASE IN SUBSIDIES, REDUCING PROFITABILITY ON THE SUPPLY SIDE

MCMV Subsidies

R\$ billion



■ Budget ■ Actual ■ Subsidies used by Tenda*

Source: FGTS

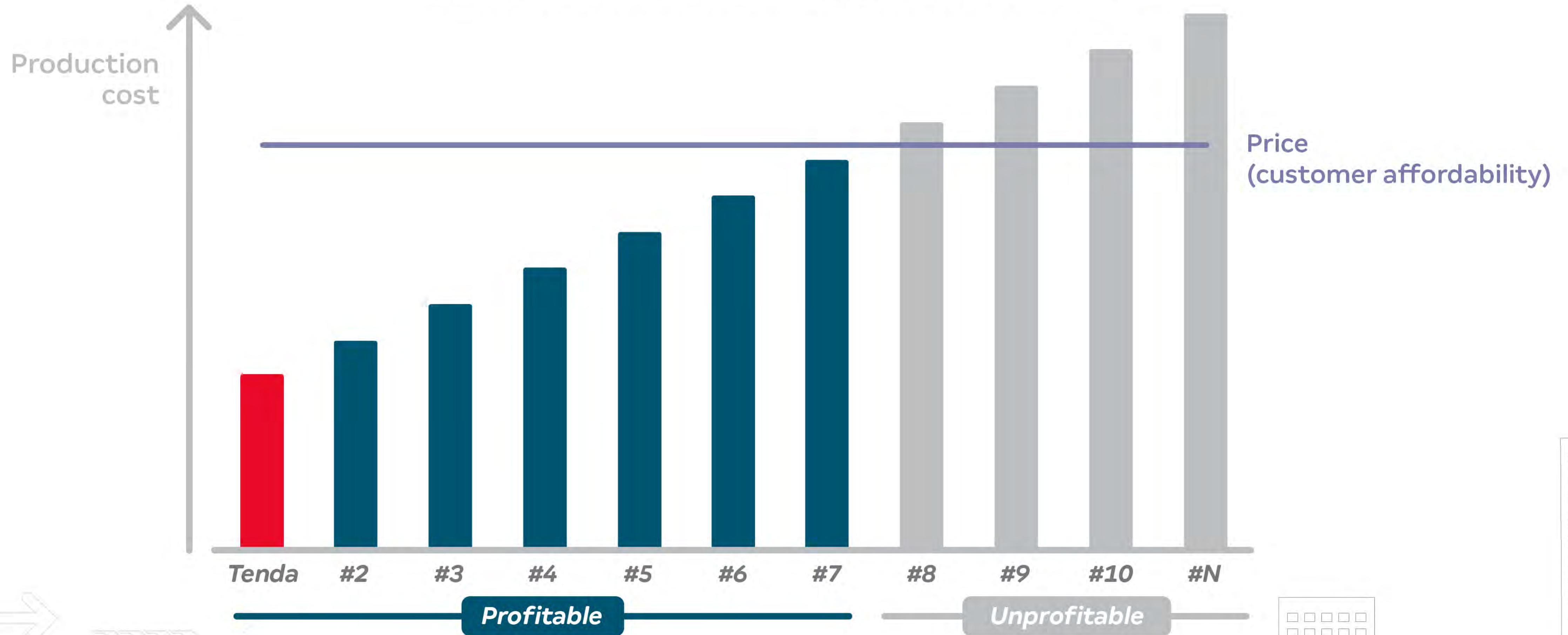
*Estimates based on Tenda's share in MCMV brackets 1.5 and 2

¹Provisional Measure 889/2019





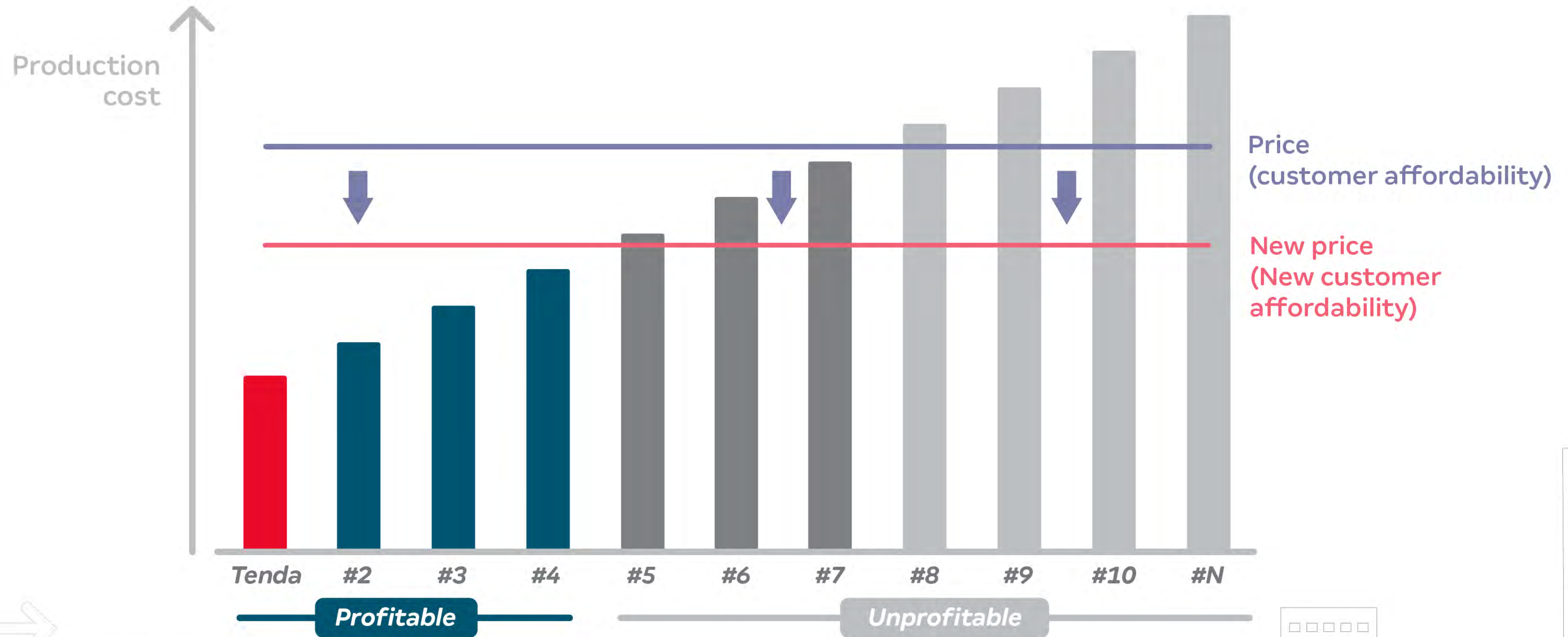
**COMPETITORS ARE PRICE TAKERS. PRICE IS SET BY CUSTOMER AFFORDABILITY.
AFFORDABILITY DEPENDS ON THE SUBSIDIES GRANTED IN MCMV.
COMPETITORS WITH COST STRUCTURES ABOVE CUSTOMER
AFFORDABILITY ARE OUT OF THE GAME**



Note: Schematic representation



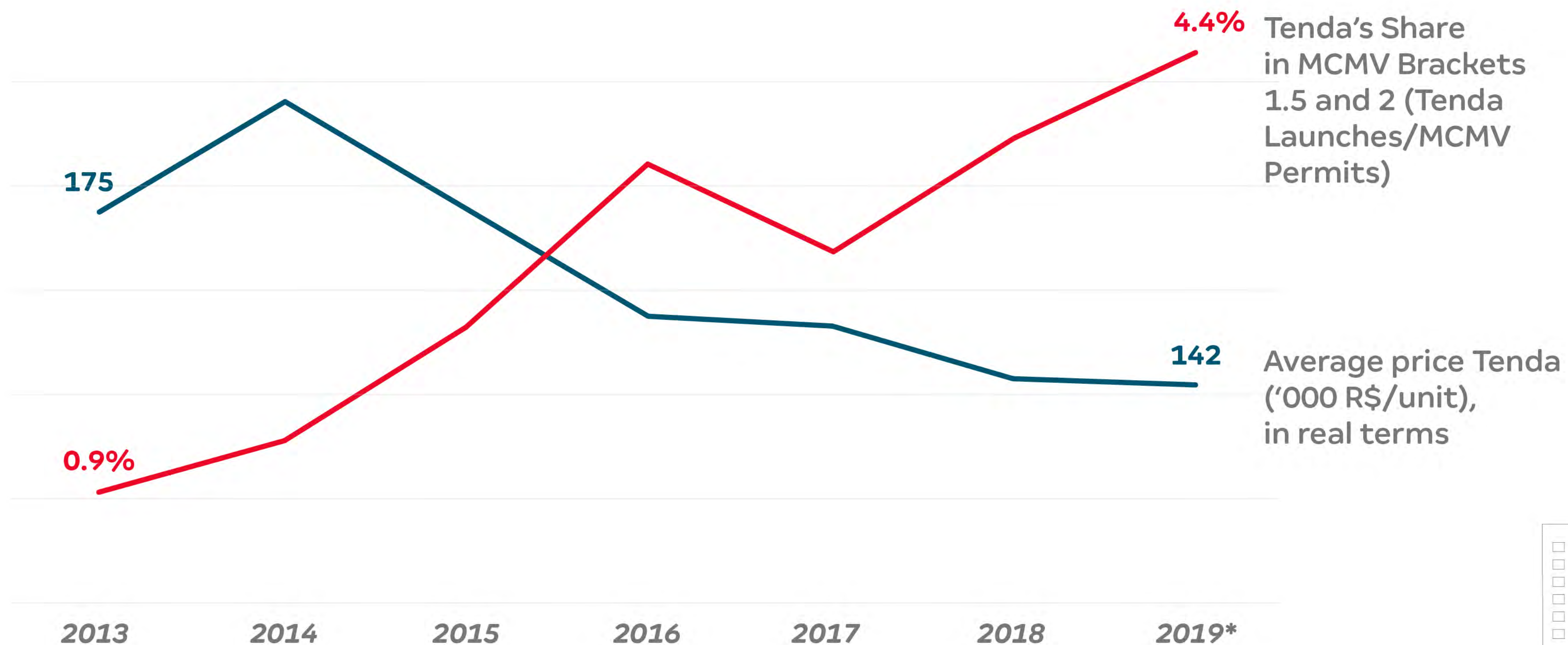
LOWER SUBSIDIES WILL RESULT IN FEWER PLAYERS IN THE SEGMENT, REDUCING COMPETITION FOR RESOURCES



Note: Schematic representation

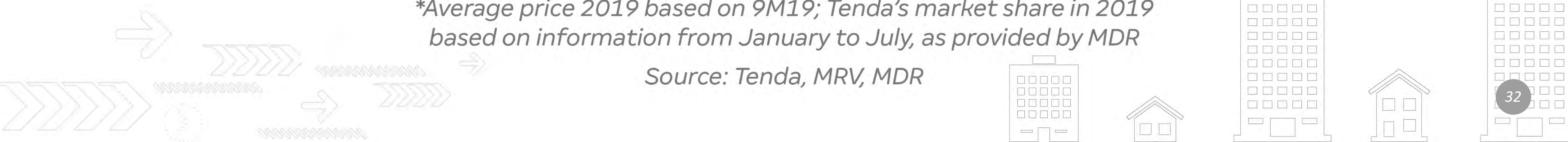


WE HAVE PROVED OUR ABILITY TO INCREASE MARKET SHARE EVEN IN A SCENARIO OF PRICE DECAY



**Average price 2019 based on 9M19; Tenda's market share in 2019 based on information from January to July, as provided by MDR*

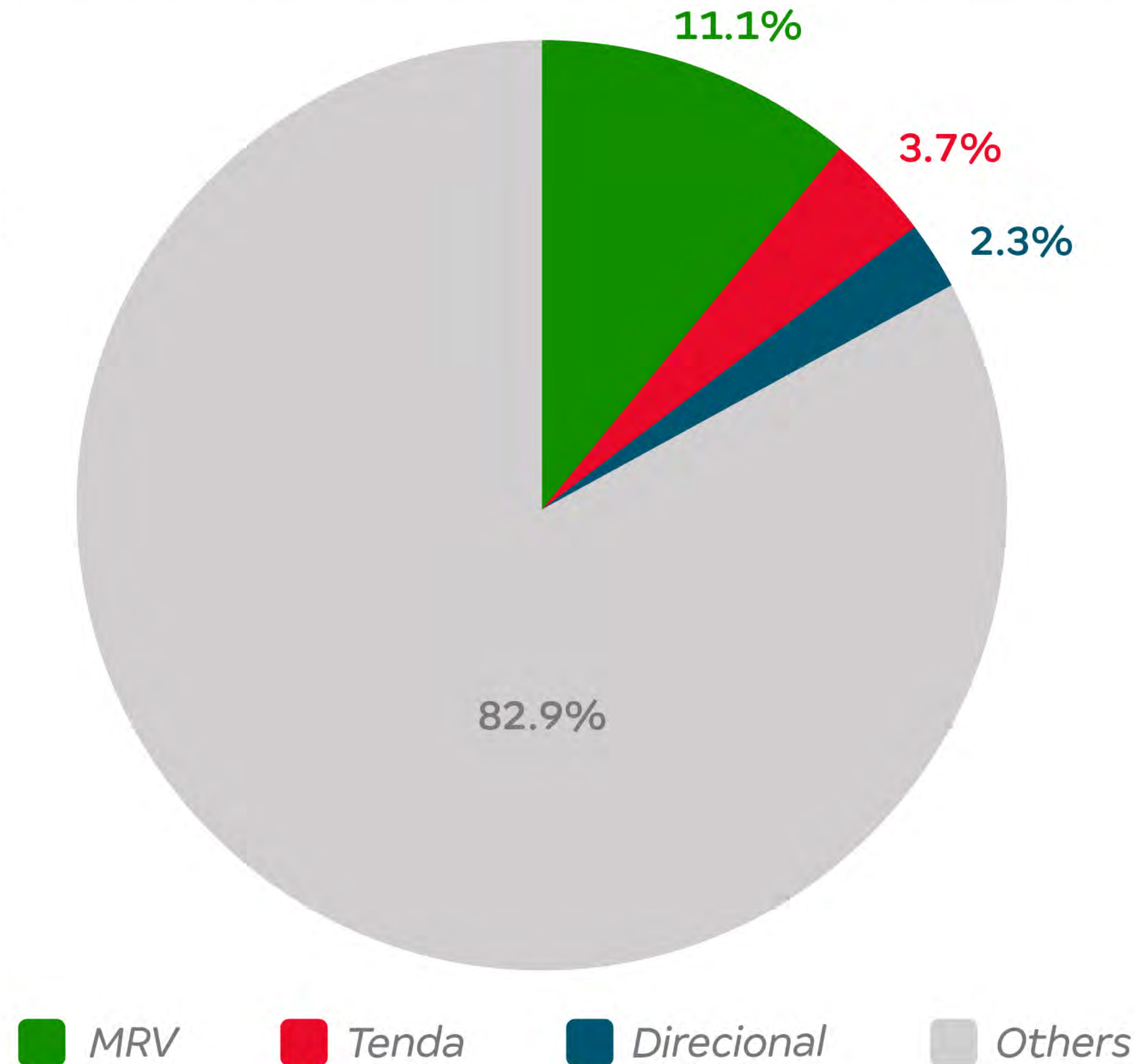
Source: Tenda, MRV, MDR





WE STILL HAVE A LOT OF ROOM TO INCREASE OUR SHARE IN MCMV: LOW CONCENTRATION IN HOUSING PROGRAM, AND MRV HAS PROVEN THAT IT IS POSSIBLE TO BE 3X LARGER THAN TENDA'S CURRENT SIZE

**Share in MCMV
Brackets 1.5 and 2**
(Launches / MCMV Permits)

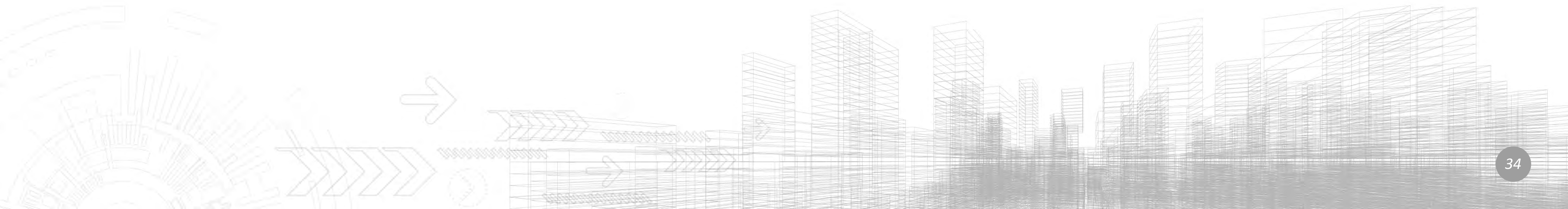


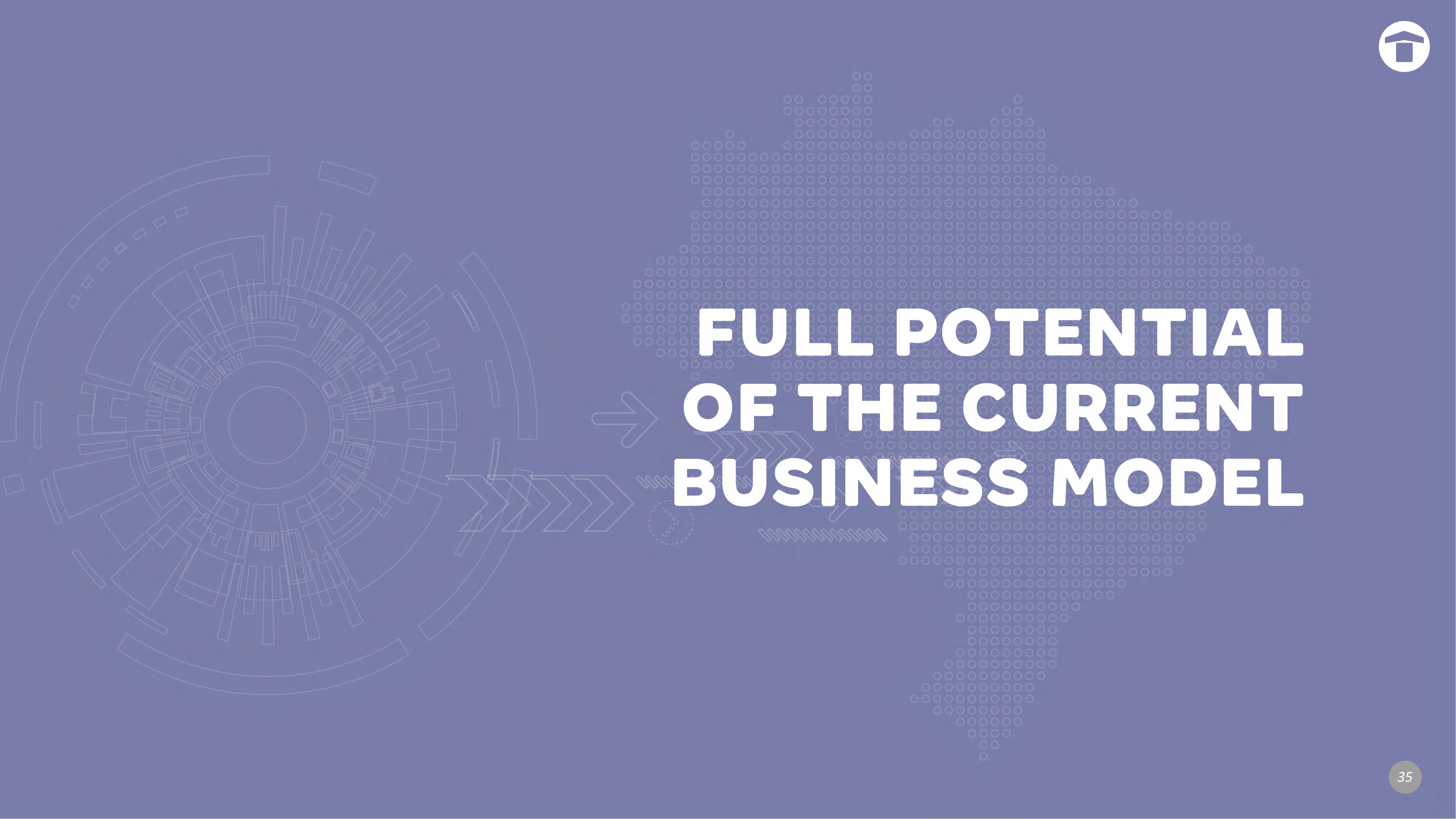
**Considers all units launched by MRV (%MRV) and all units ex-bracket 1 launched by Direcional (%Direcional)*



Why do we remain focused on affordable housing?

- i. We believe portfolio diversification is the shareholder's responsibility, not ours.
- ii. Focus reduces operational complexity and accelerates efficiency gains.
- iii. Focus will enable us to develop a relevant competitive advantage: to consolidate ourselves as the lowest-cost provider.
 - Today, we believe that not focusing on affordable housing would be riskier than focusing on it.
 - In the future, we may contemplate diversifications that are synergistic and of which we are able to be the “natural owners.”



The background features a dark blue gradient with several abstract white graphics. On the left is a large, complex circular diagram with concentric rings and radial lines. On the right is a stylized world map composed of small dots. In the center, there are several white arrows pointing to the right, and a dashed circle with a diagonal line through it.

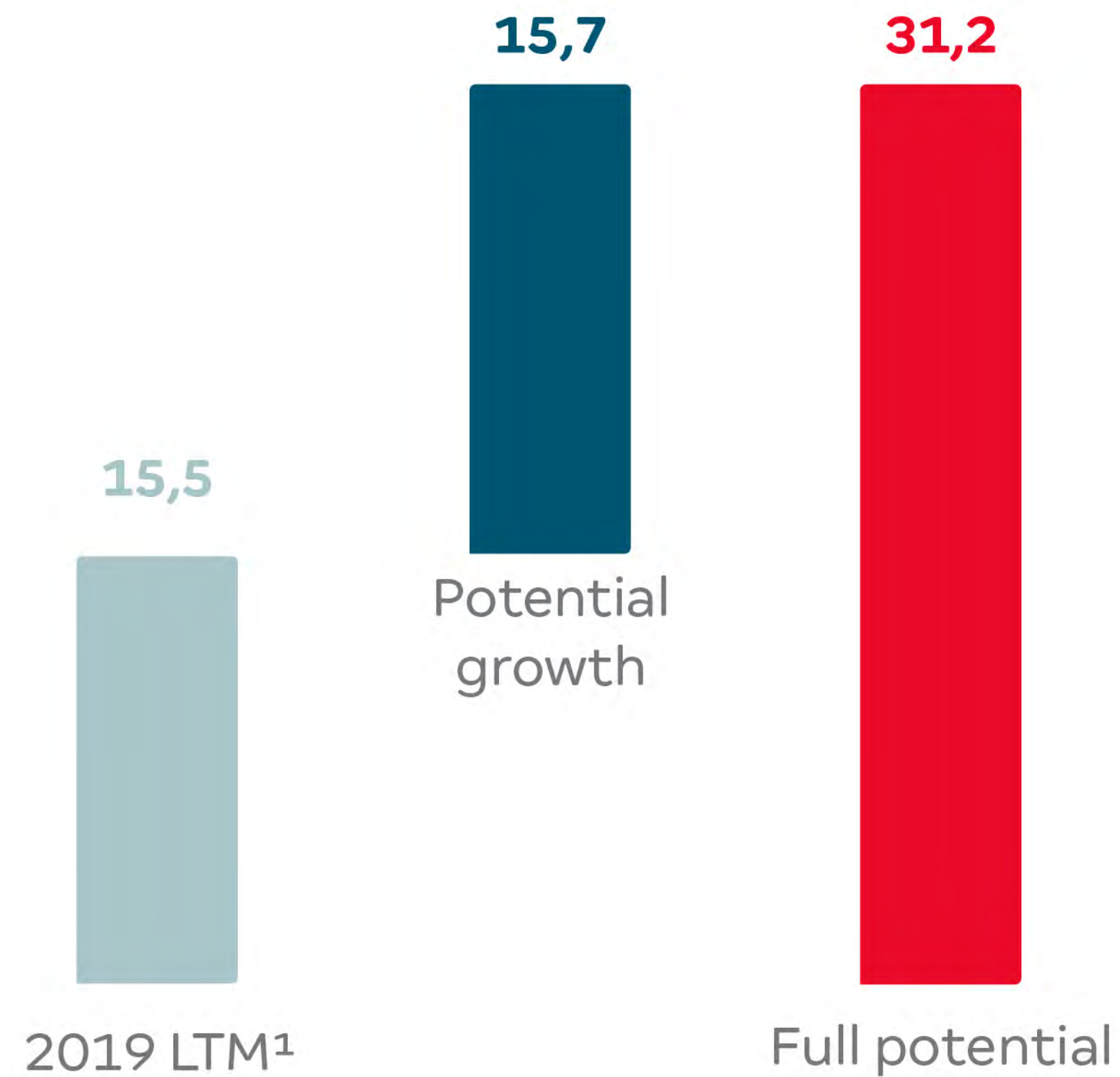
FULL POTENTIAL OF THE CURRENT BUSINESS MODEL



OUR BUSINESS MODEL ALLOWS A 10% TO 15% ANNUAL GROWTH

Full potential of the current business model

Thousands of units



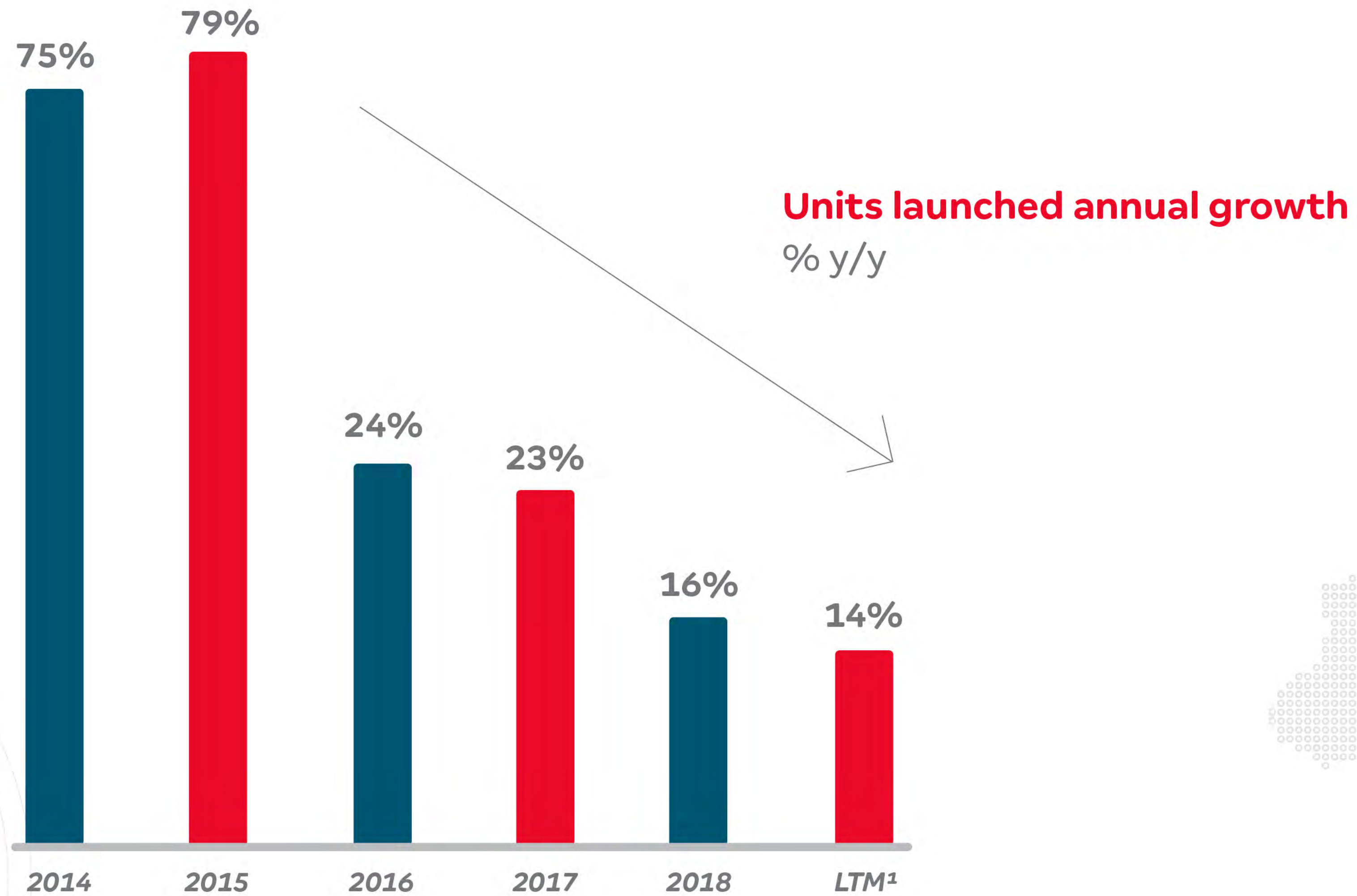
The full potential of our current business model equals roughly twice the current size of Tenda

Note: Internal estimates based on data from the Company, IBGE and Geoimovel

Note: (1) Last 12 months: 4Q18 to 3Q19



OUR MARGINAL GROWTH HAS DECREASED, CONVERGING TO EQUILIBRIUM (10% TO 15% ANNUAL GROWTH)



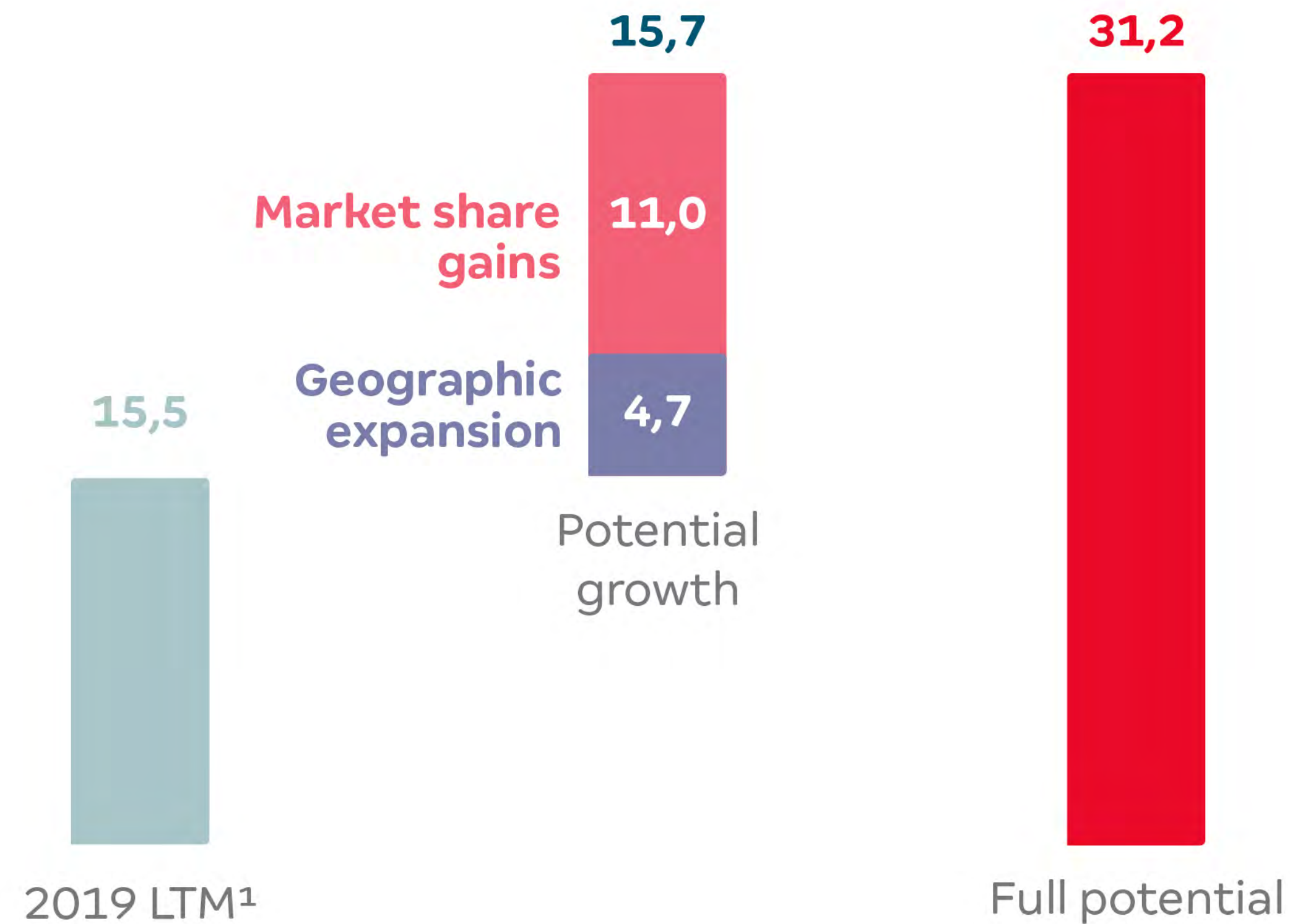
Note: (1) Last 12 months: 4Q18 to 3Q19



OUR GROWTH WILL BE MOSTLY DRIVEN BY AN INCREASED MARKET SHARE IN REGIONS WHERE WE ALREADY OPERATE

Full potential of current business model

Thousands of units



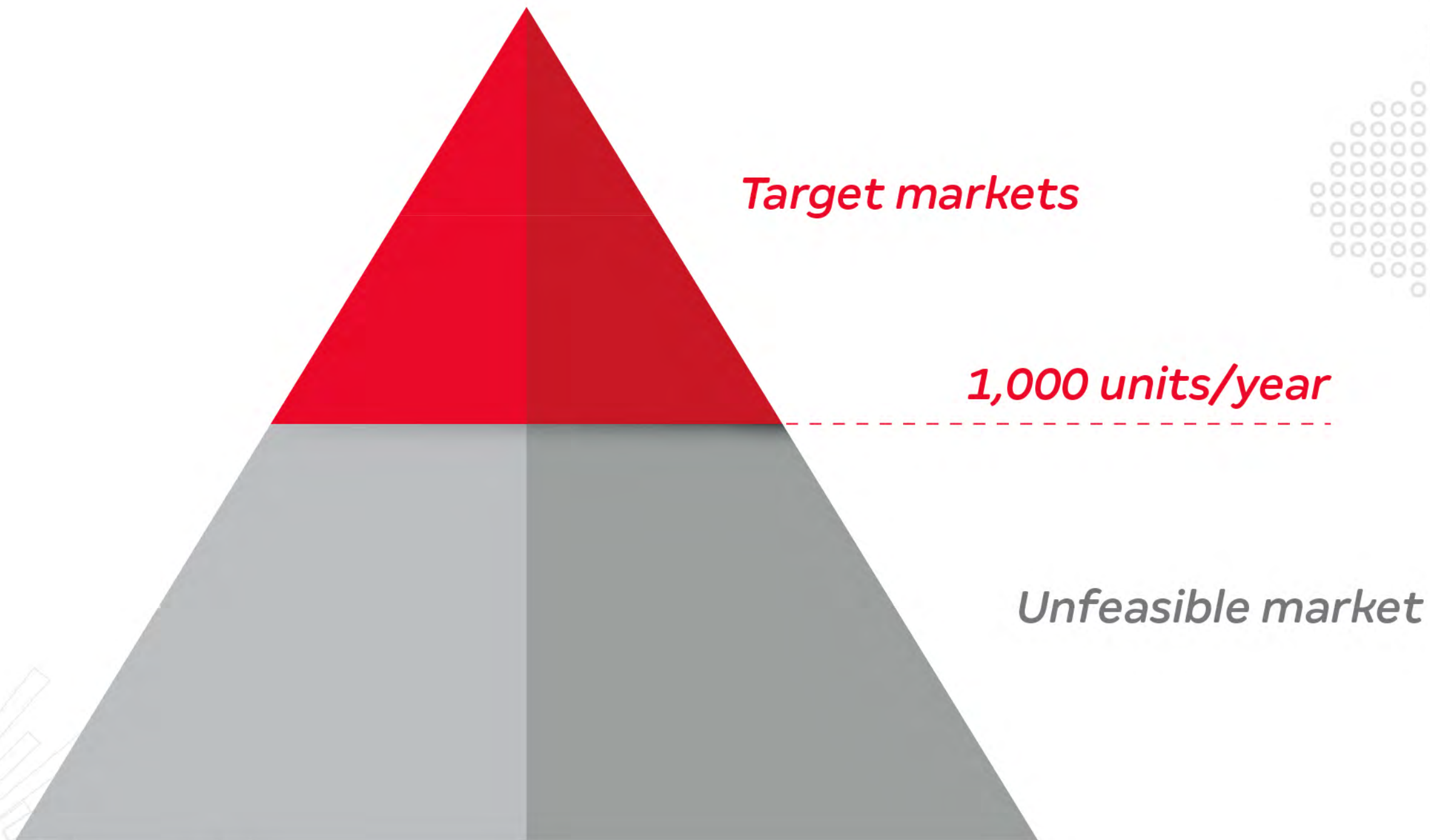
Note: Internal estimates based on data from the Company, IBGE and Geoimovel

Note: (1) Last 12 months: 4Q18 to 3Q19



REASON: THE INDUSTRIAL APPROACH FLYWHEEL REQUIRES A MINIMUM LOCAL SCALE OF 1,000 UNITS ANNUALLY

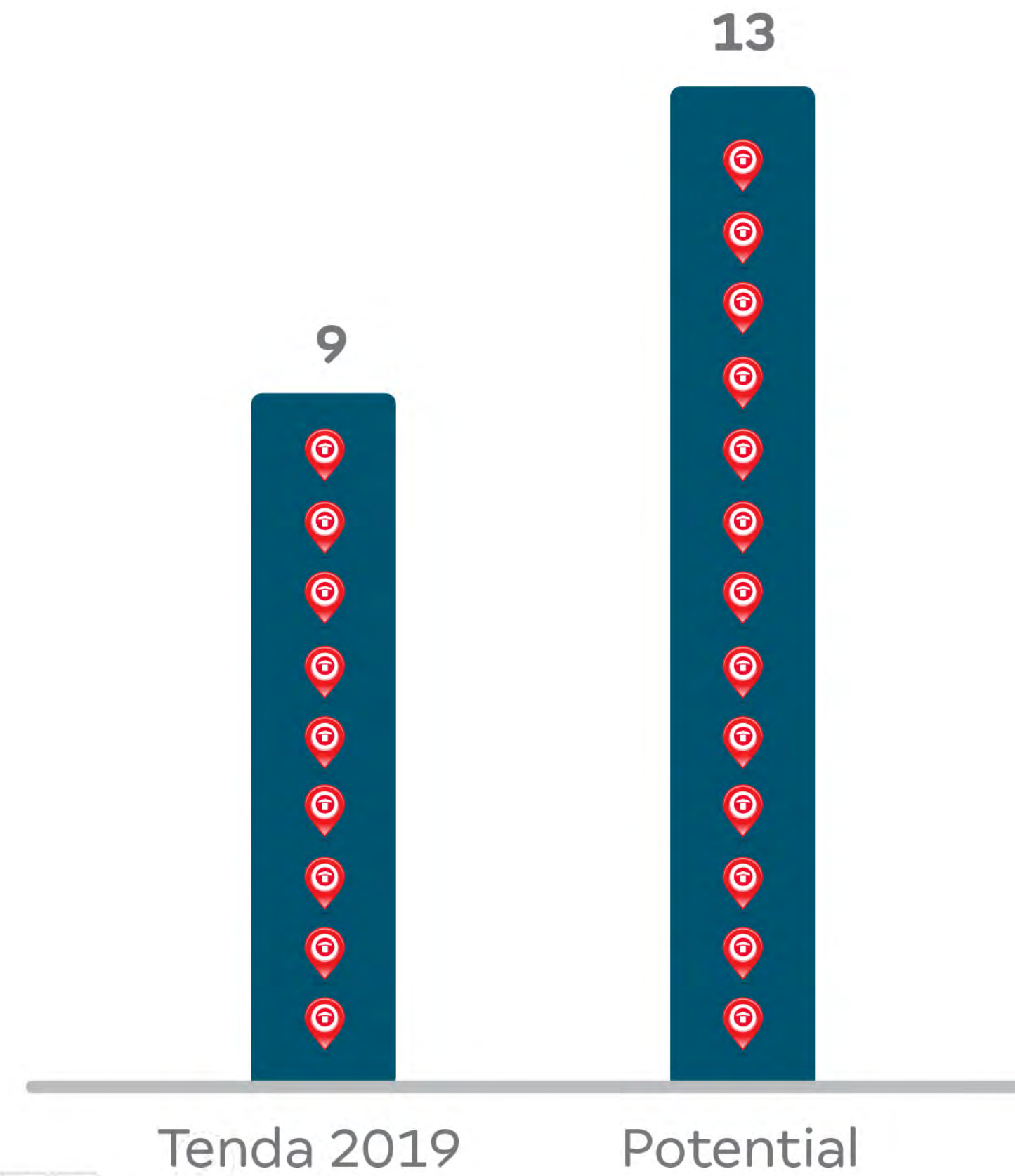
POTENTIAL DEMAND





...AND WE ALREADY OPERATE IN 9 OF 13 MARKETS WITH A POTENTIAL DEMAND OF MORE THAN 1,000 UNITS PER YEAR, RESTRICTING GEOGRAPHIC EXPANSION AS A LEVER OF GROWTH

TENDA'S TARGET MARKETS



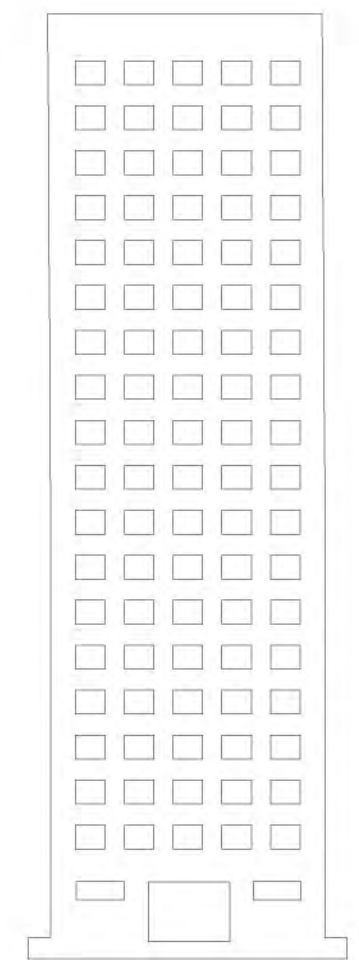
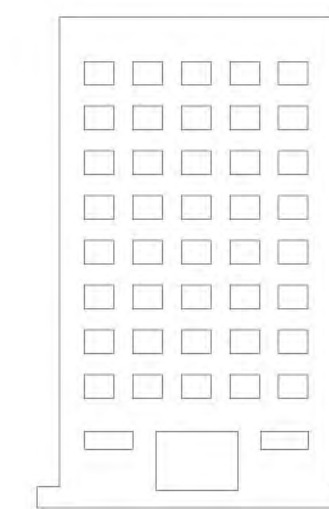
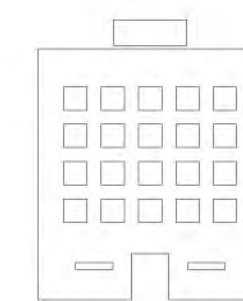
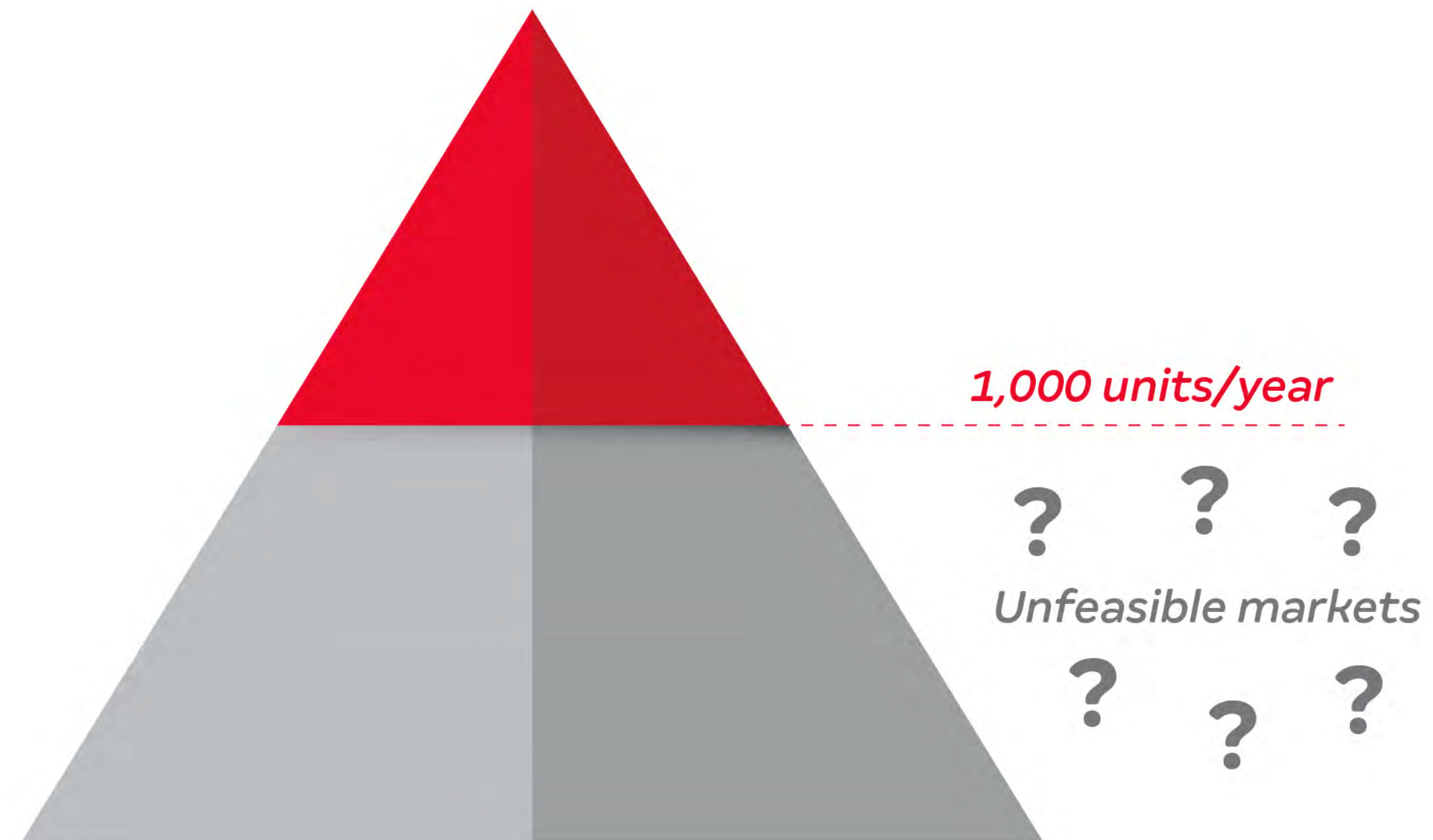


NEW GROWTH PLATFORM



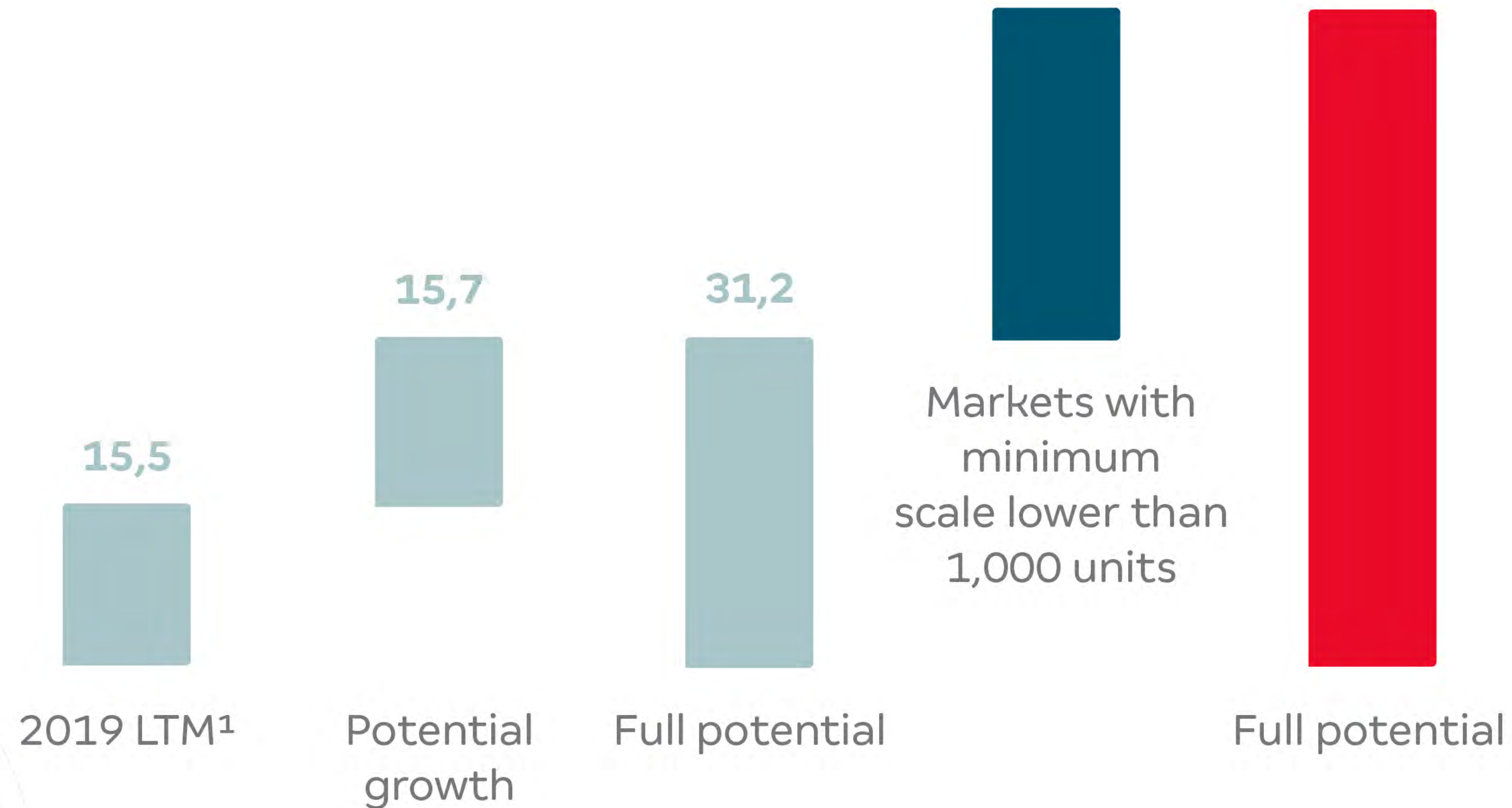
WHAT IF WE COULD WORK WHERE DEMAND IS LOWER THAN 1,000 UNITS/YEAR?

High minimum scale in our current business model



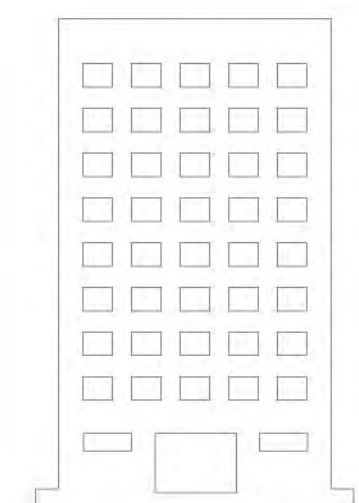
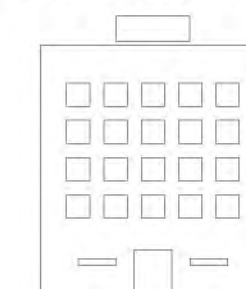


MARKETS THAT DEMAND LESS THAN 1,000 UNITS/YEAR COULD DUPLICATE OUR FULL POTENTIAL



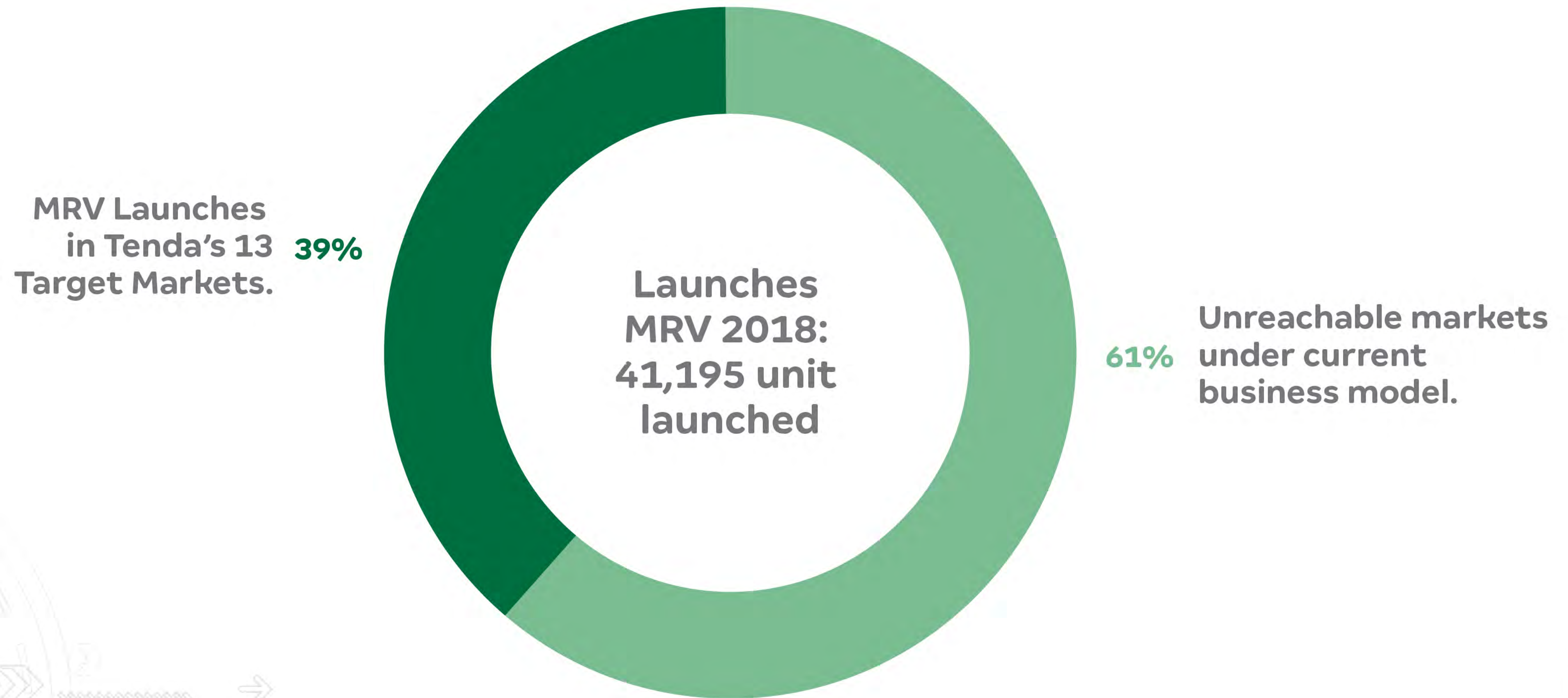
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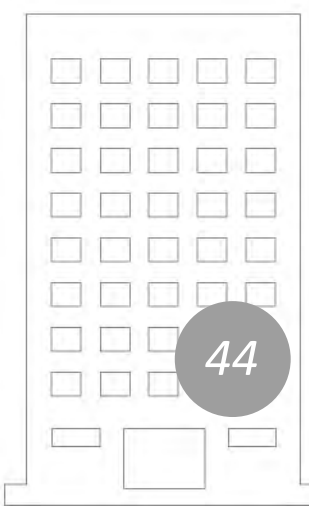
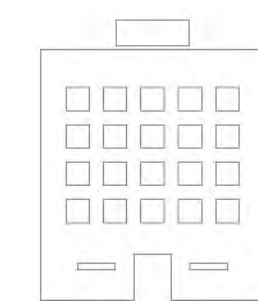




PROOF OF POTENTIAL COMING FROM SMALLER CITIES: 61% OF MRV LAUNCHES ARE IN CITIES THAT WE CANNOT REACH WITH OUR CURRENT BUSINESS MODEL



Source: Internal estimates based on data from Geoimovel





CHALLENGE: TO ENABLE AN INDUSTRIAL APPROACH FLYWHEEL THAT WORKS WITH LOCAL DEMAND BELOW 1,000 UNITS/YEAR

CHALLENGE

<1,000/year ▶ Low local minimum scale

Industrial Approach ▶ High potential to industrialize



TRADITIONAL CONSTRUCTION HAS GOOD SCALE FLEXIBILITY BUT FEW OPPORTUNITIES FOR INDUSTRIALIZATION

CHALLENGE

<1,000/year ▶ Low local
minimum scale

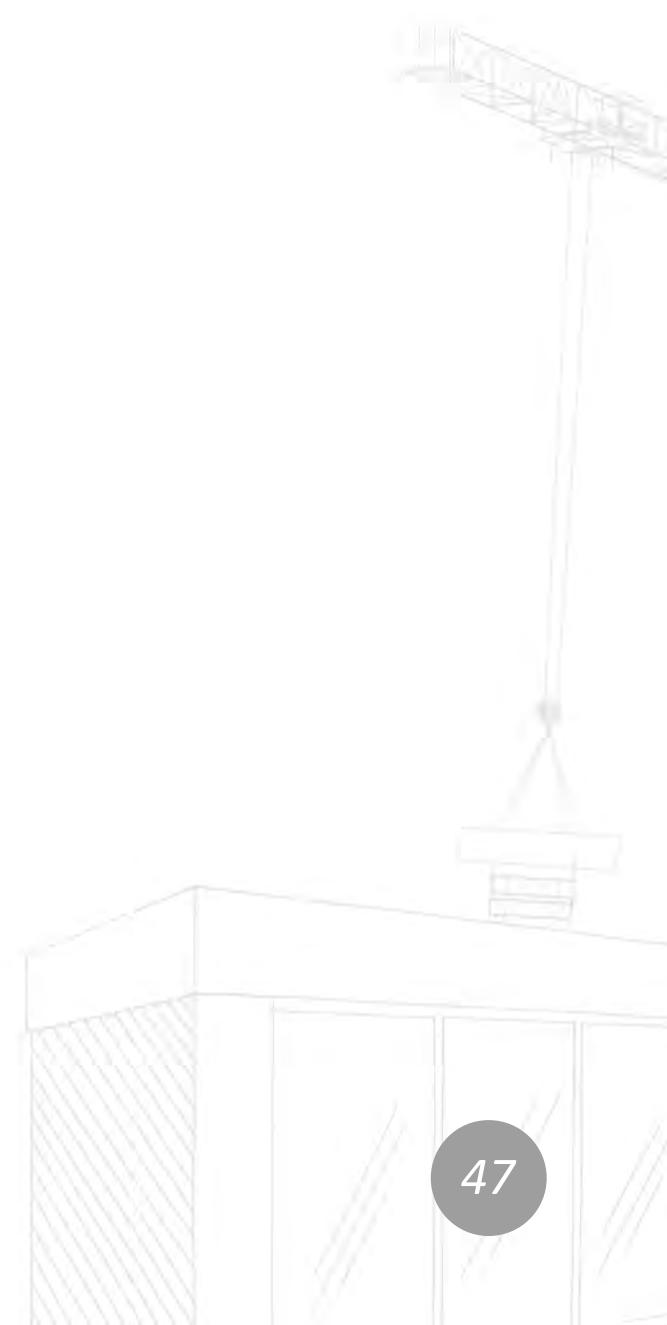
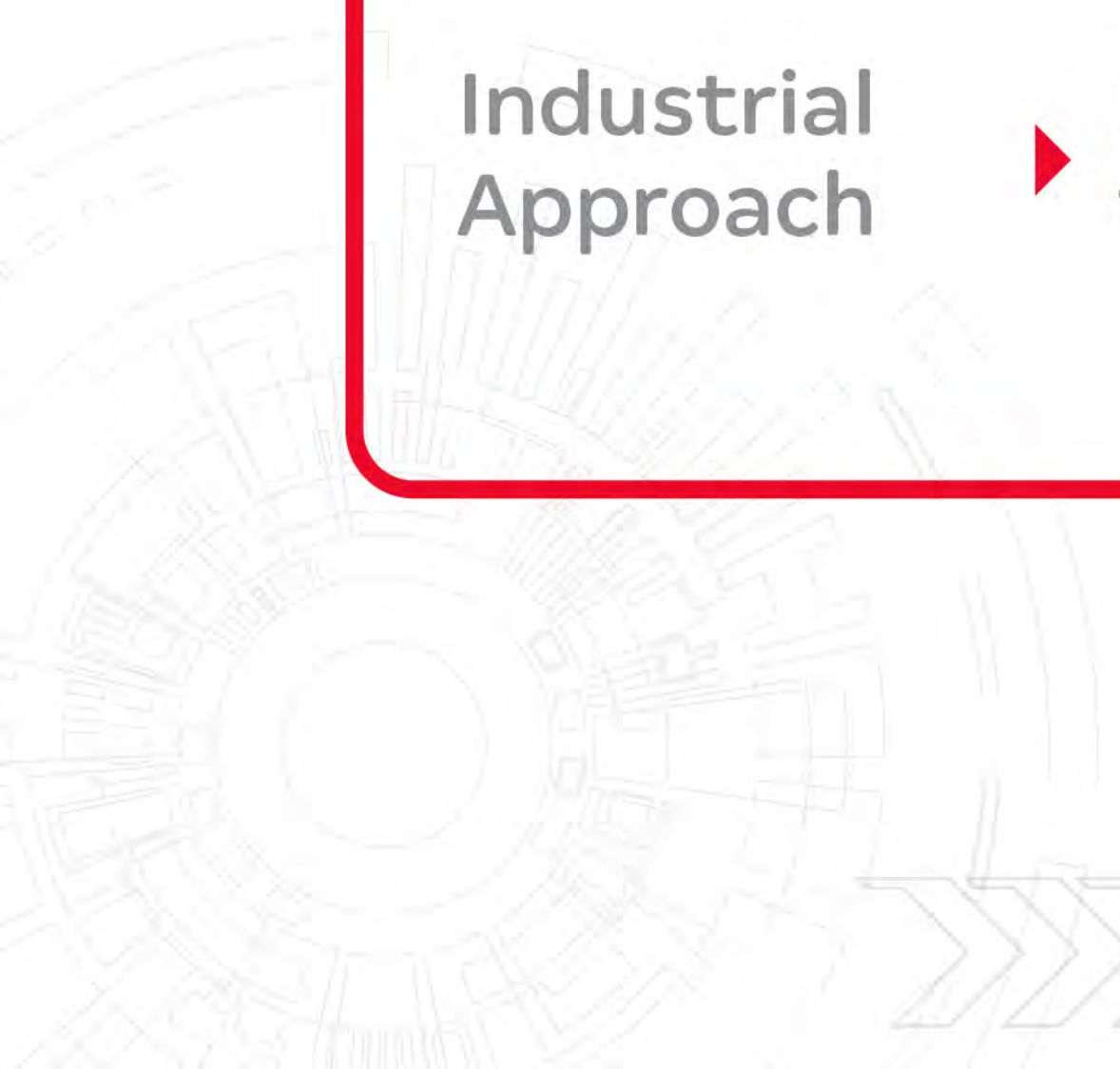
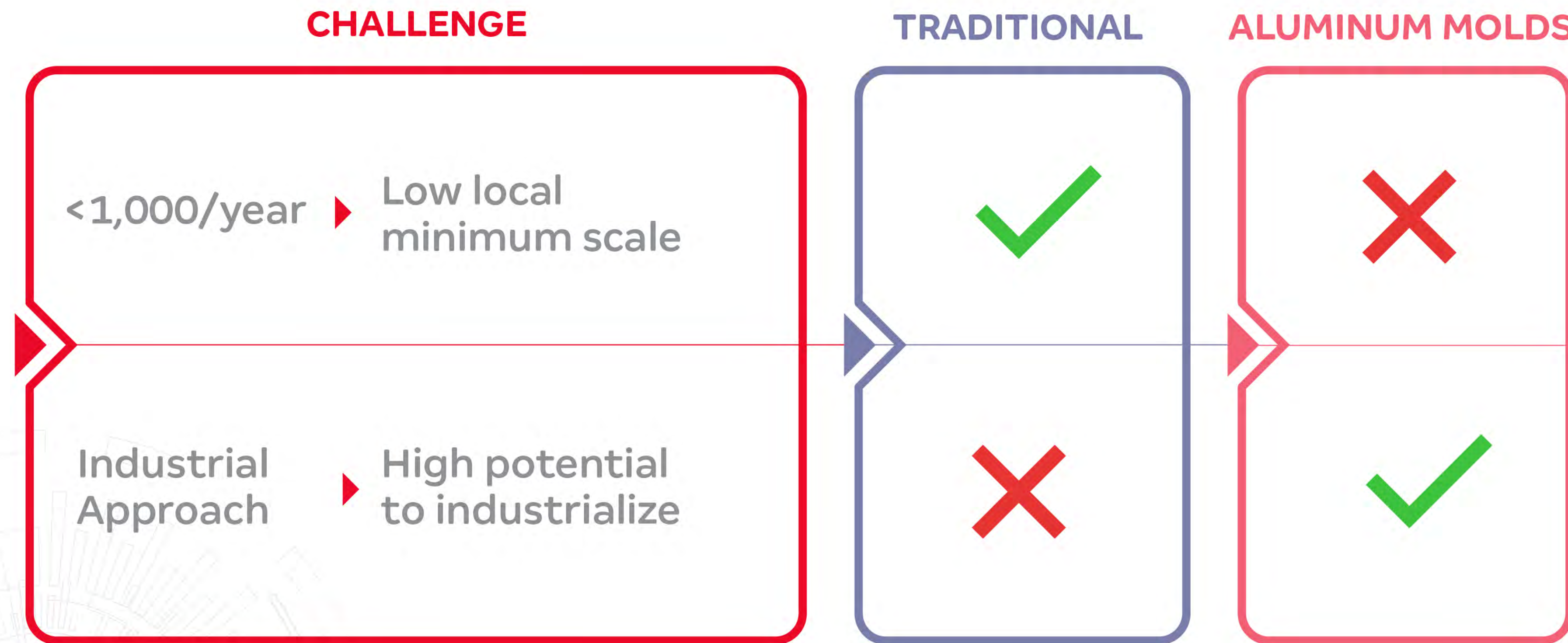
Industrial
Approach ▶ High potential
to industrialize

TRADITIONAL





ON THE OTHER HAND, ALUMINUM MOLDS ALLOW HIGH LEVELS OF INDUSTRIALIZATION BUT IS NOT FLEXIBLE IN TERMS OF SCALE

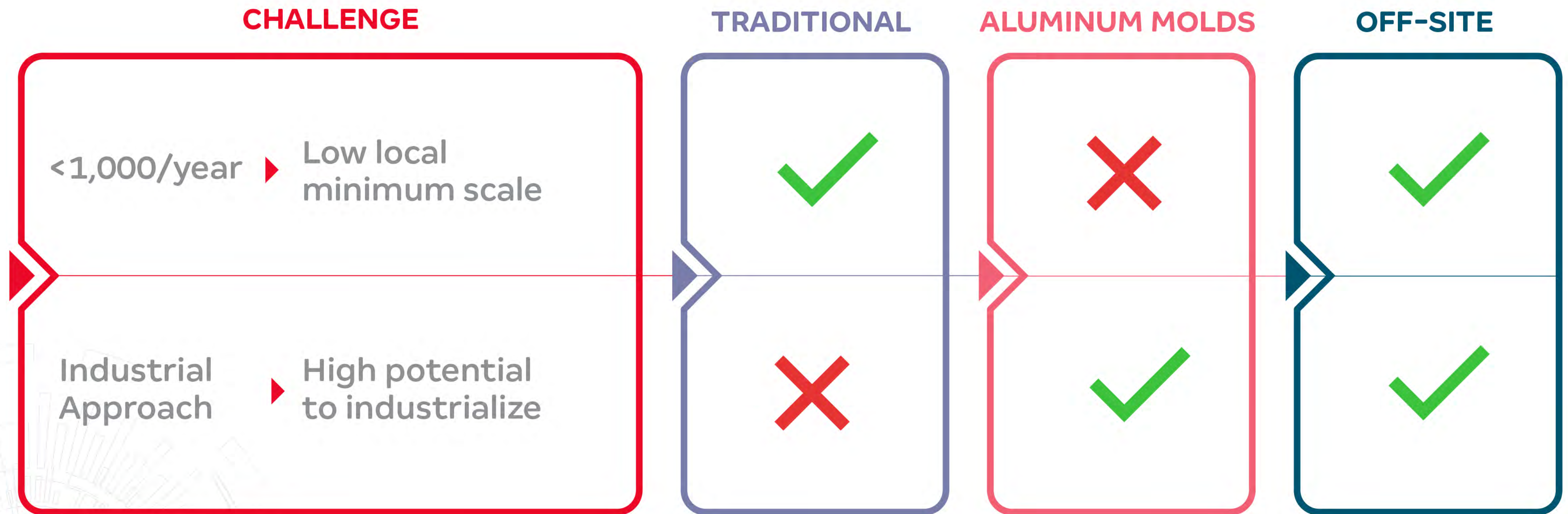


The background features faint, light blue architectural drawings. On the left is a circular floor plan with a central circle and various rectangular rooms radiating outwards. On the right is a 3D perspective drawing of a building's exterior, showing a crane lifting a rectangular component from the top. The text is overlaid on the right side of the 3D drawing.

THE SOLUTION: OFF-SITE CONSTRUCTION



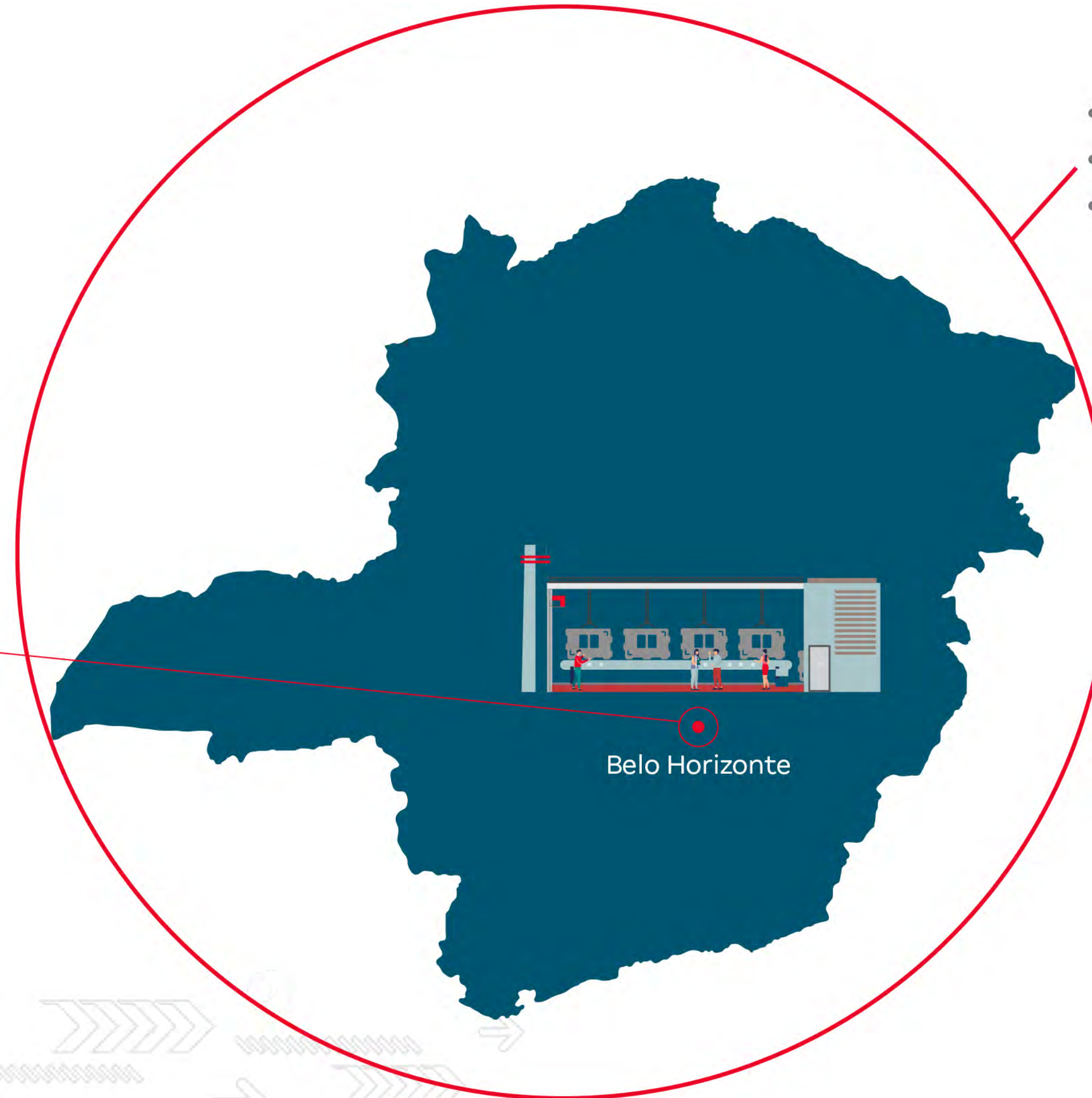
OFF-SITE CONSTRUCTION OFFERS A POWERFUL COMBINATION: LOWER LOCAL MINIMUM SCALE AND HIGHER POTENTIAL FOR INDUSTRIALIZATION





OFF-SITE REPLACES A MARKET-LOCAL SCALE FOR A FACTORY-GLOBAL SCALE, ALLOWING TO REACH MARKETS SMALLER THAN 1,000 UNITS PER YEAR

- **Current model:** Belo Horizonte metro area
- **Number of Cities:** 5
- **Annual demand:** 1,500 units



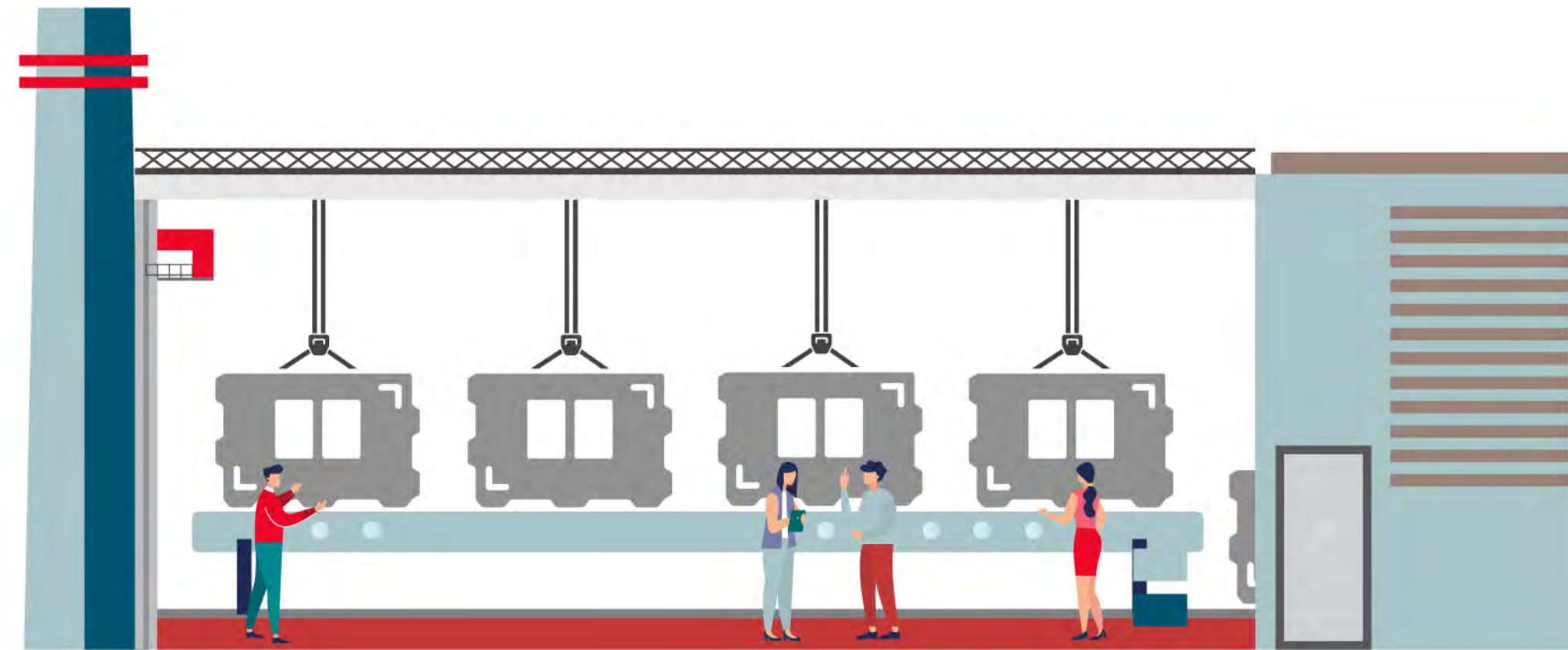
- **Off-site model:** Minas Gerais state
- **Number of Cities:** 853
- **Annual demand:** 6,500 units

With off-site construction, space for market opportunities becomes

4.3x
larger



OFF-SITE CONSTRUCTION OFFERS GREATER POTENTIAL FOR COST-REDUCTION WHEN COMPARED TO THE ON-SITE CONSTRUCTION

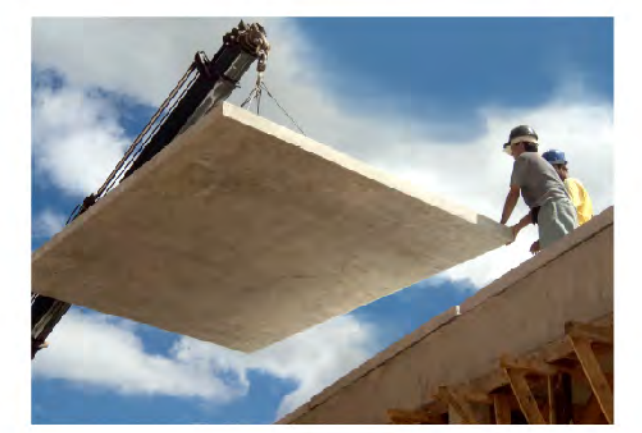


- ✓ Closed and controlled environment;
- ✓ Higher productivity, with 3 shifts;
- ✓ Greater efficiency through automation;
- ✓ Greater operational scale and greater optimization opportunities;
- ✓ Easier to translate concepts from Production Engineering to Civil Engineering.



THERE ARE SEVERAL OFF-SITE CONSTRUCTION TECHNOLOGIES ALREADY OFFICIALLY APPROVED IN BRAZIL

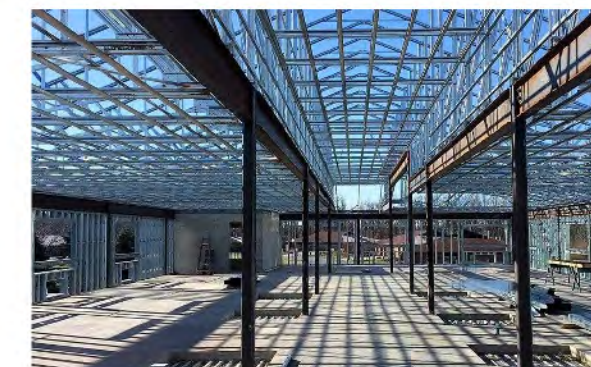
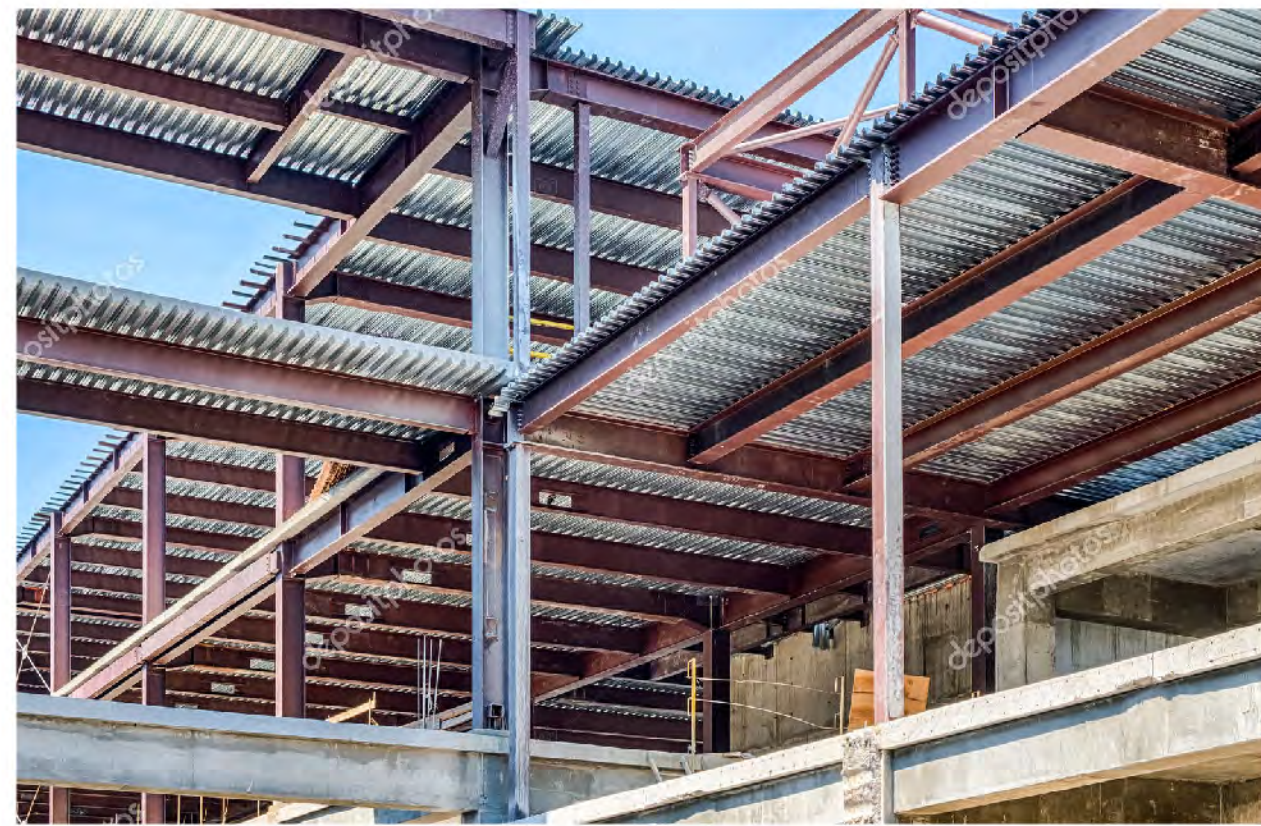
Precast concrete





THERE ARE SEVERAL OFF-SITE CONSTRUCTION TECHNOLOGIES ALREADY OFFICIALLY APPROVED IN BRAZIL

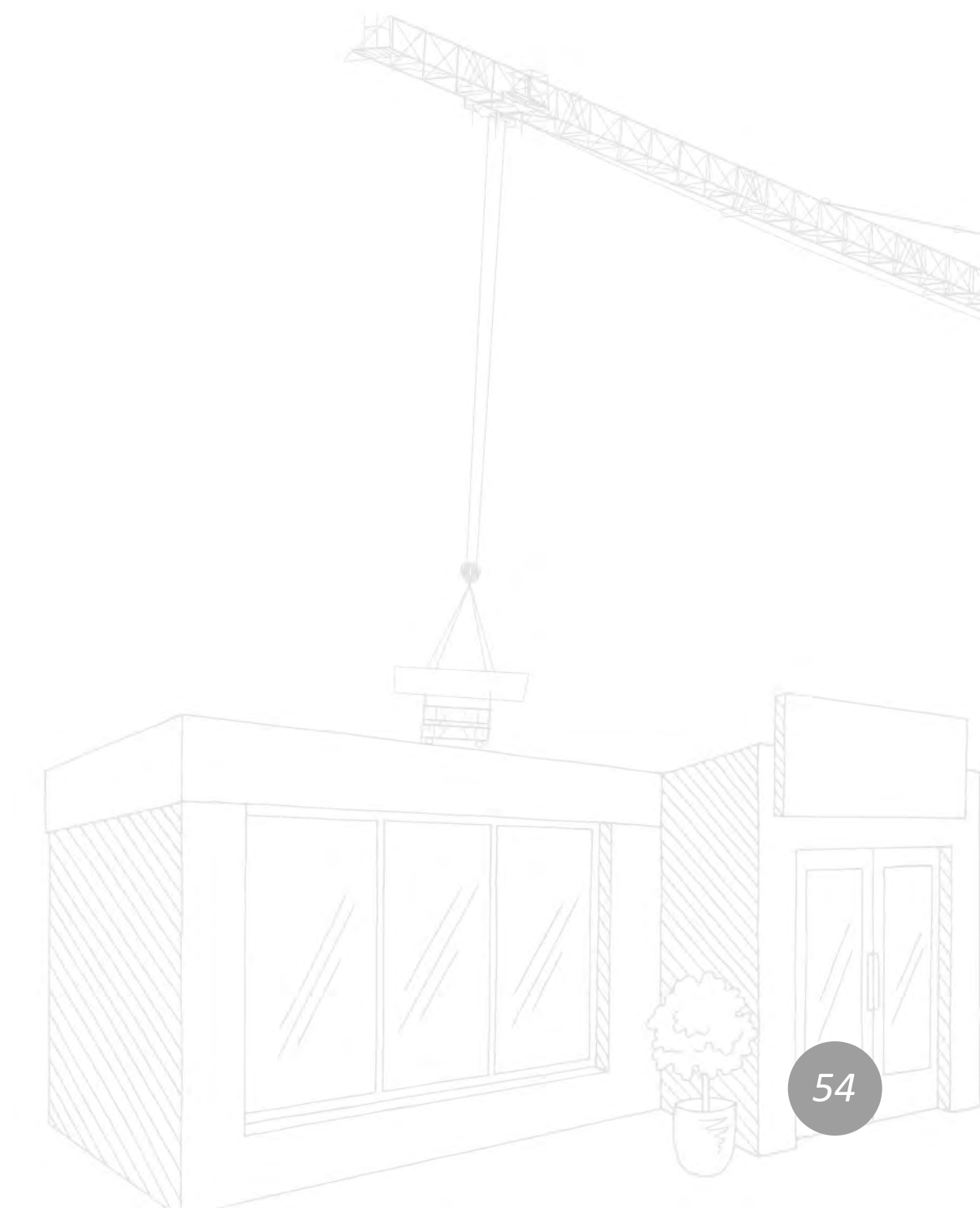
Steel-frame





THERE ARE SEVERAL OFF-SITE CONSTRUCTION TECHNOLOGIES ALREADY OFFICIALLY APPROVED IN BRAZIL

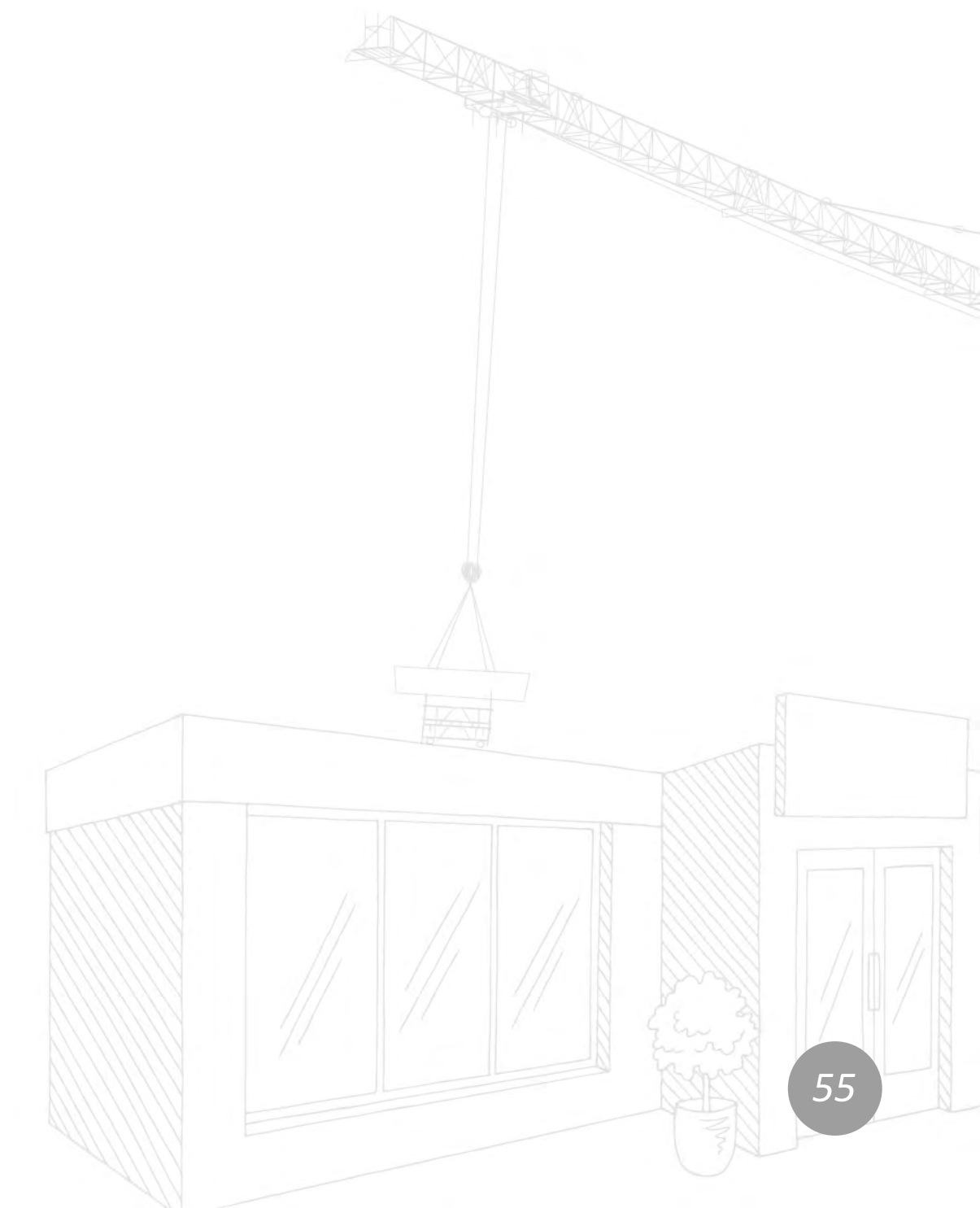
Wood-frame





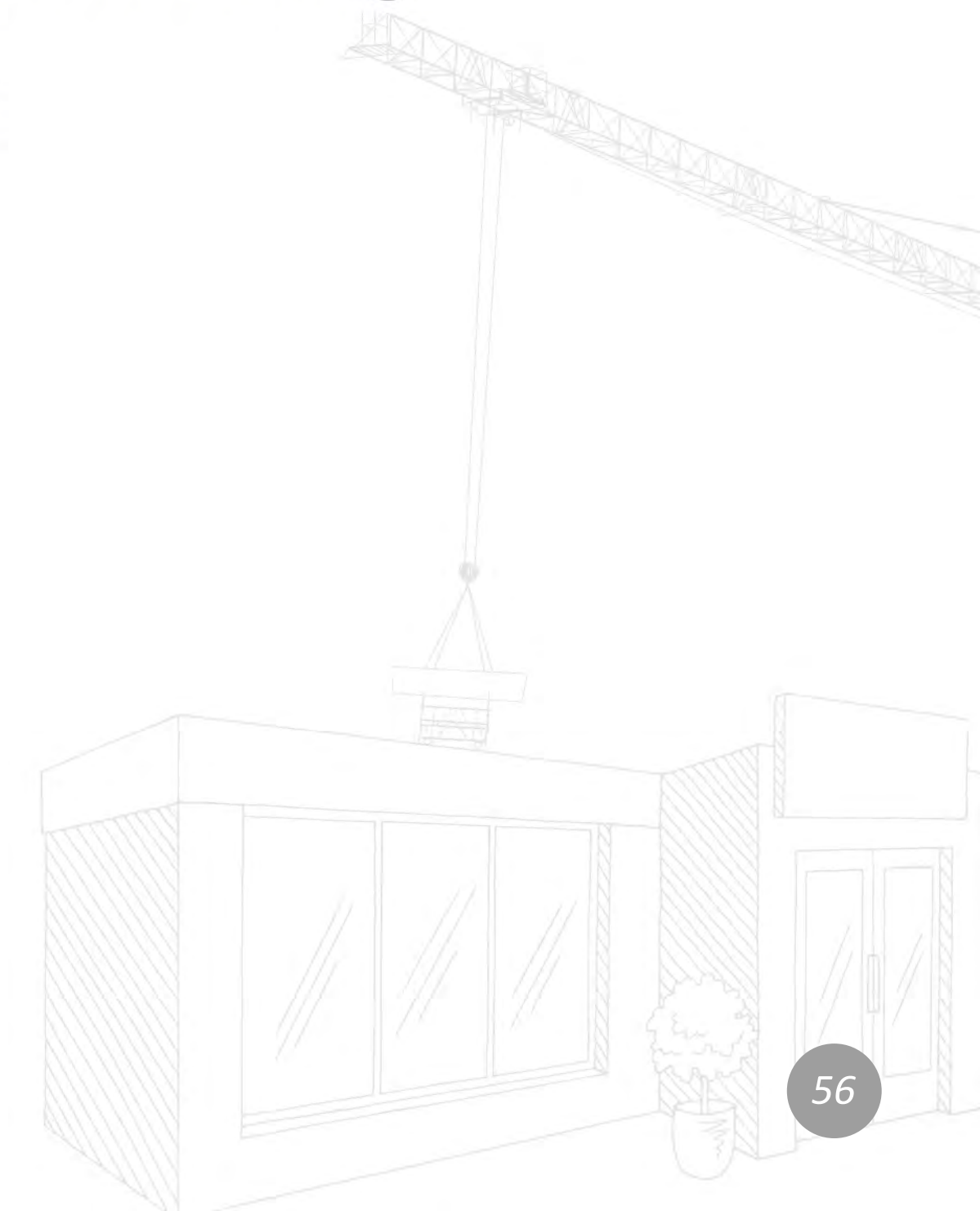
THERE ARE SEVERAL OFF-SITE CONSTRUCTION TECHNOLOGIES ALREADY OFFICIALLY APPROVED IN BRAZIL

CLT – Cross-laminated Timber





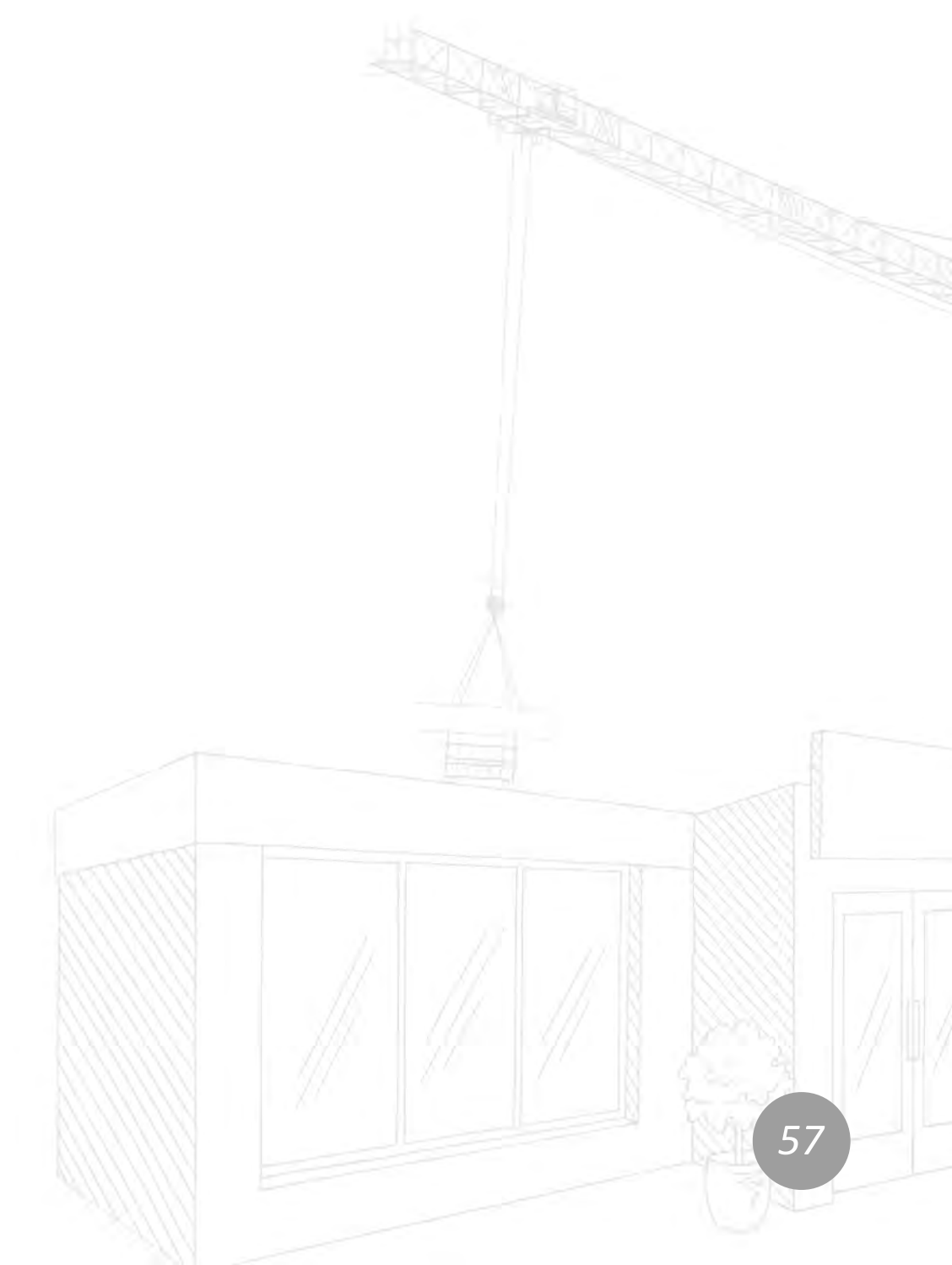
But, to date, none has proven to be economically viable compared to concrete walls





OUR HYPOTHESIS: WE ARE UNIQUELY POSITIONED TO ENABLE OFF-SITE TECHNOLOGIES

- ✓ Scale required to occupy the production of off-site factories;
- ✓ Standard product;
- ✓ Credibility and balance sheet to develop supply chain;
- ✓ Ability to invest in cutting-edge technology;
- ✓ Buffer to support cash consumption during platform development;
- ✓ Differentiated relationship with financial agents;
- ✓ Industrial approach culture.





HOW WE WILL DO THIS



THREE MAIN LEVERS OF VALUE CREATION



Explore the **full potential of our current business model** by using aluminum molds in the largest metropolitan areas



Make the off-site business model viable, championing the industrialization of construction in Brazil.



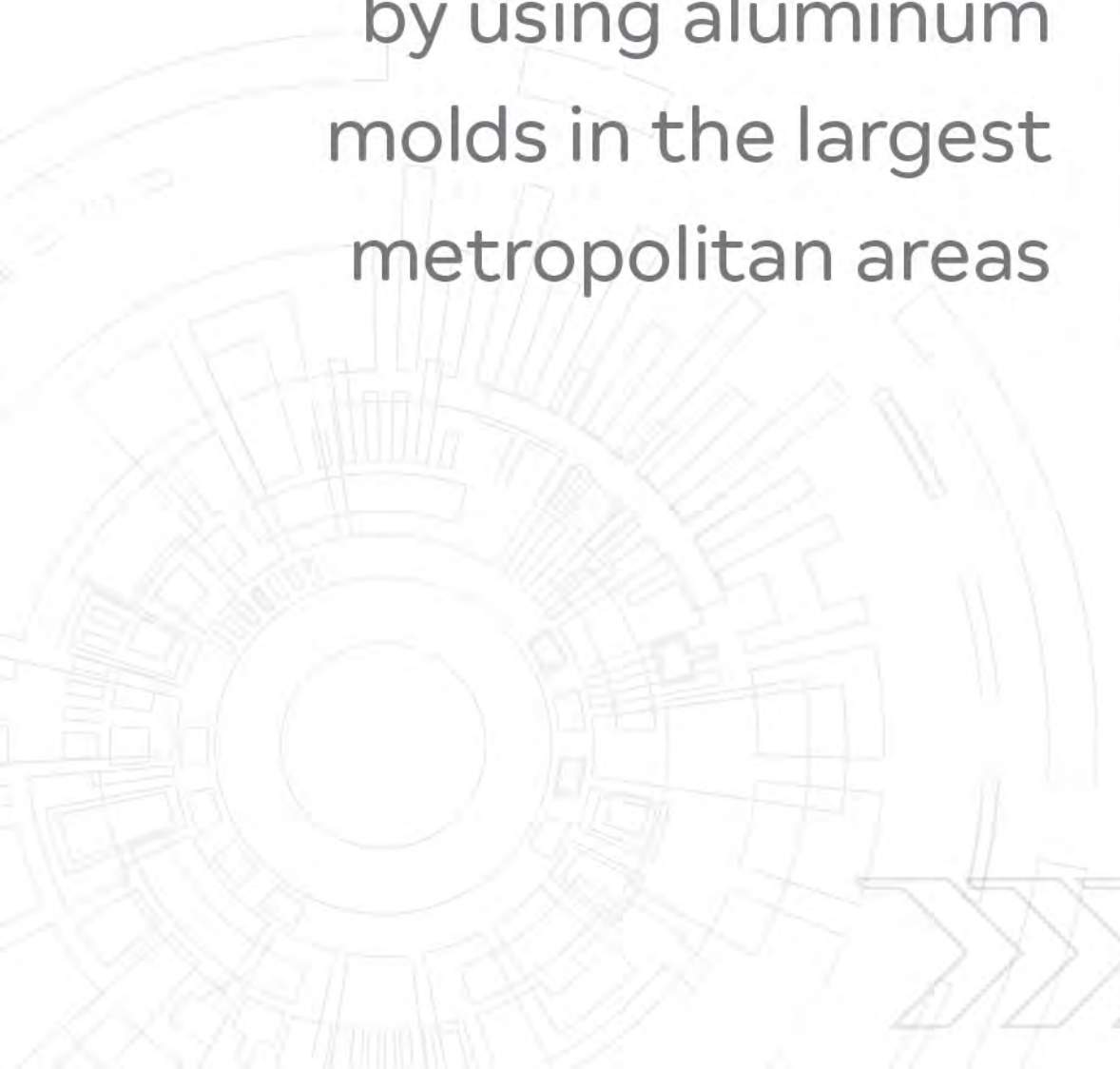
Approach digital transformation as a major lever of value generation. It has become a business imperative.



Explore the **full potential of our current business model** by using aluminum molds in the largest metropolitan areas

GEOGRAPHIC EXPANSION >

Keep the pace of growth at one new market per year.





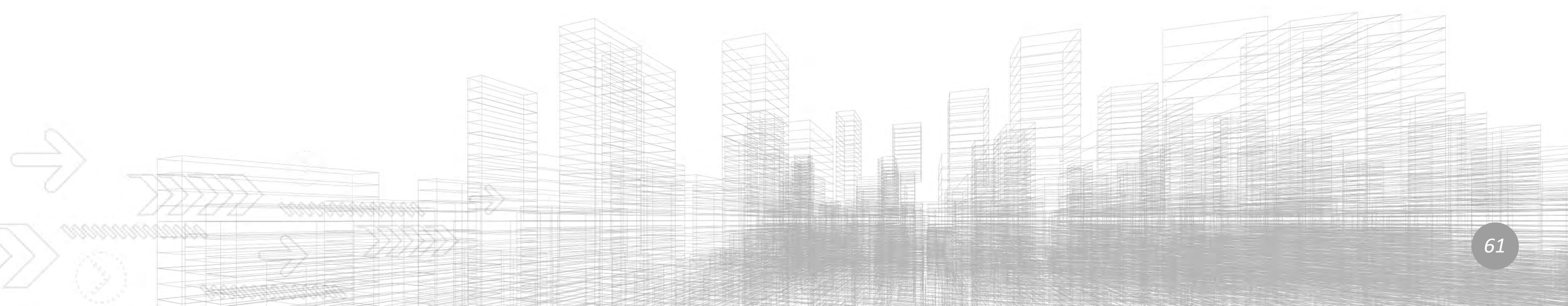
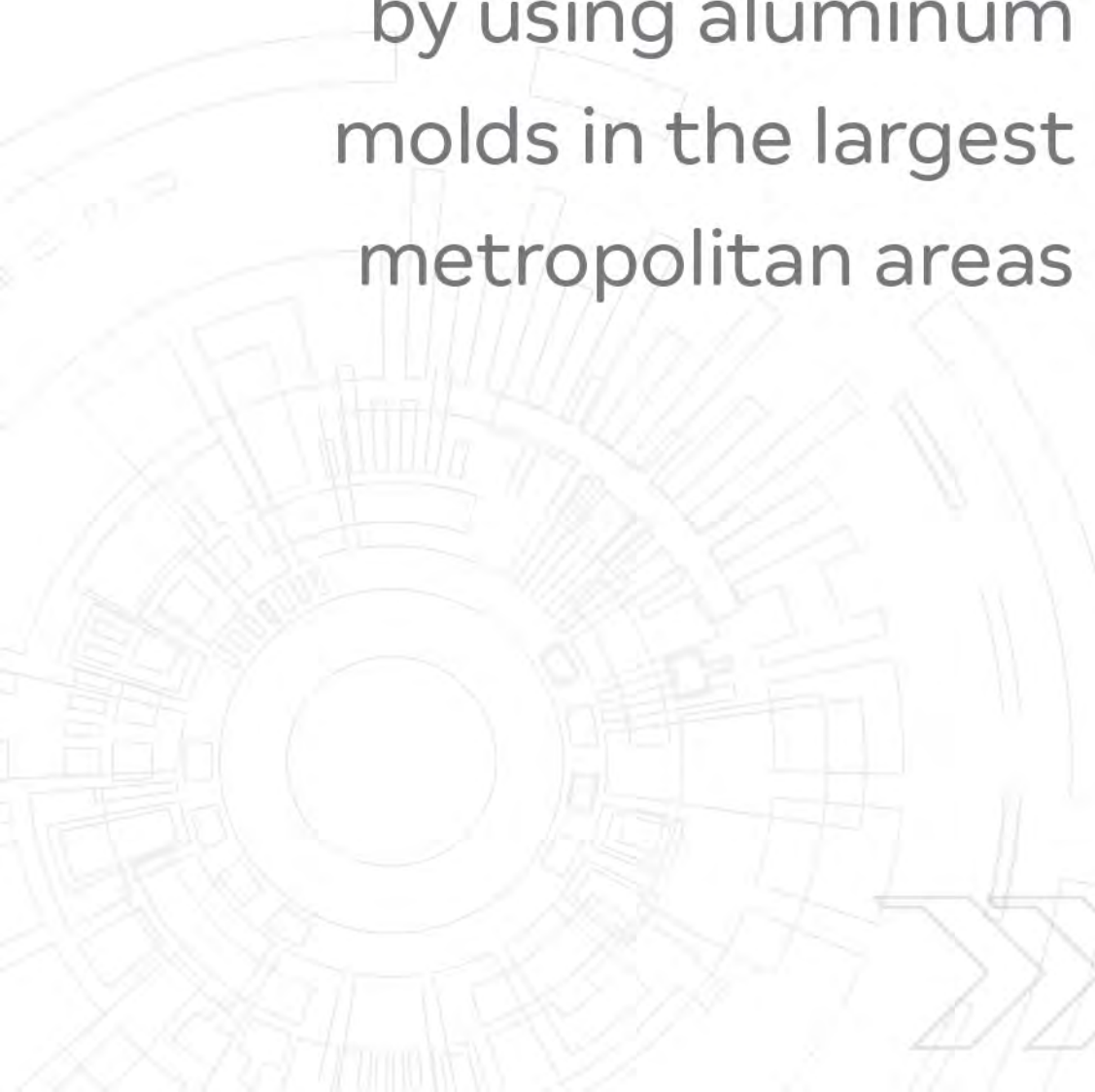
Explore the **full potential of our current business model** by using aluminum molds in the largest metropolitan areas

GEOGRAPHIC EXPANSION >

Keep the pace of growth at one new market per year.

SCALE UP VERTICAL SOLUTIONS >

Introduce buildings with elevator in markets where we already operate





Explore the **full potential of our current business model** by using aluminum molds in the largest metropolitan areas

GEOGRAPHIC EXPANSION >

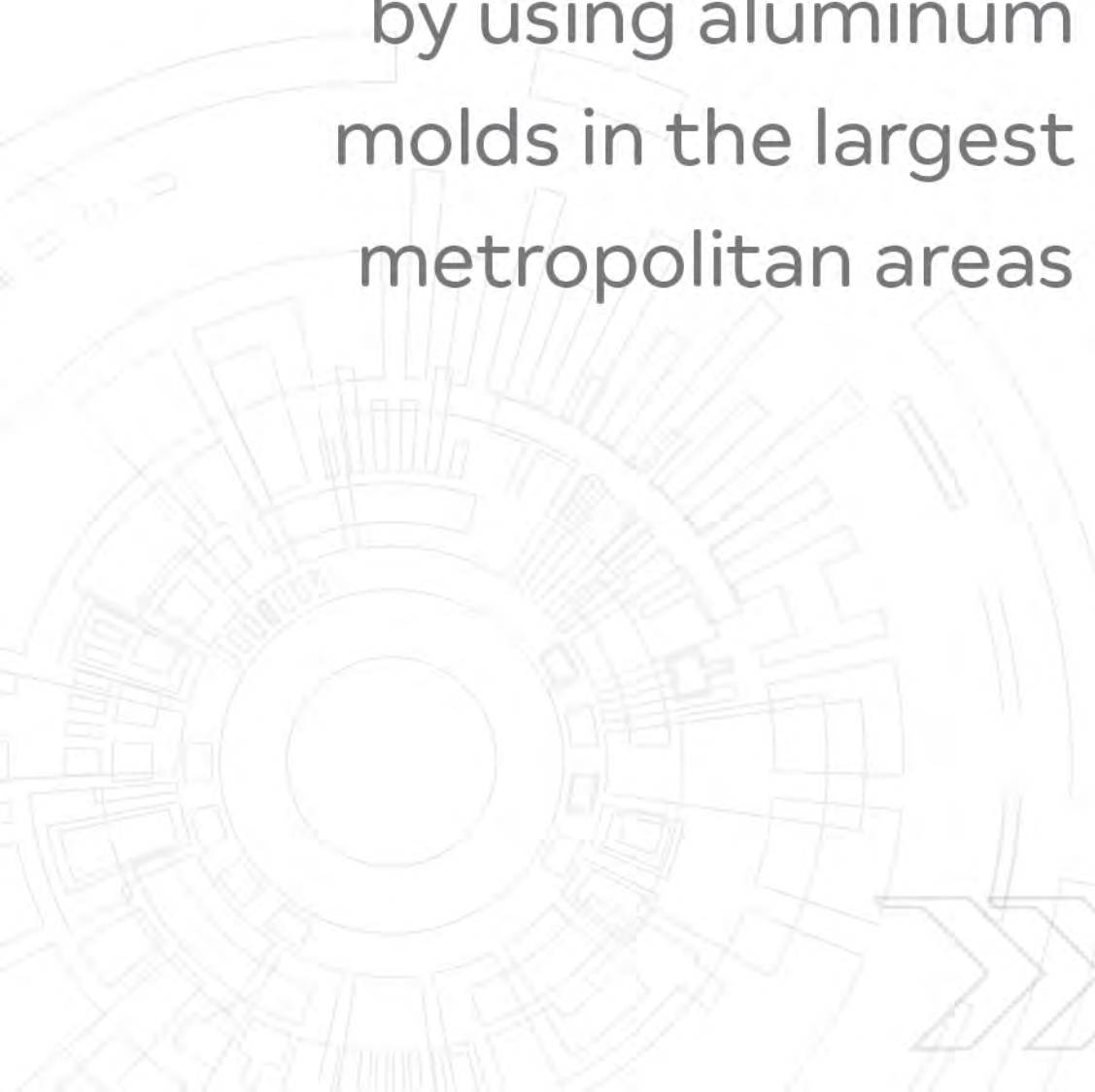
Keep the pace of growth at one new market per year.

SCALE UP VERTICAL SOLUTIONS >

Introduce buildings with elevator in markets where we already operate

ORGANIC GROWTH >

Become leaders in all markets in which we operate





Make the off-site business model viable, championing the industrialization of construction in Brazil.

START-UP MODE, QUICKLY TESTING SEVERAL CONCEPTS:

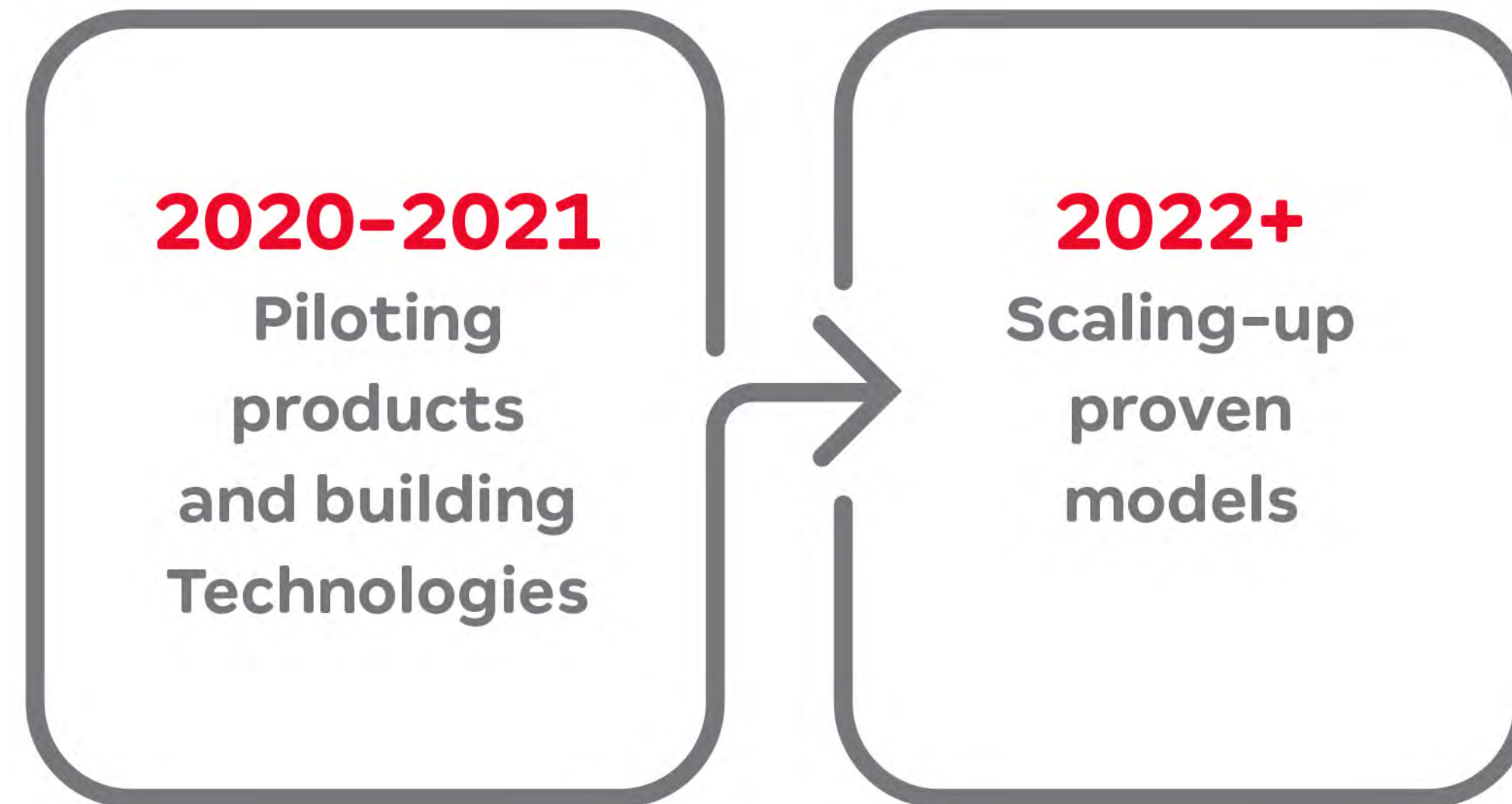
- ✓ Building technologies;
- ✓ Products: houses, condos/allotments, buildings with/without elevators;
- ✓ *Go-to-market: digital tools to leverage sales agencies in midsize cities.*



Make the off-site business model viable, championing the industrialization of construction in Brazil.

START-UP MODE, QUICKLY TESTING SEVERAL CONCEPTS:

In the next two years, we will invest in validating off-site construction concepts





Approach digital transformation

as a major lever of value generation. It has become a business imperative.

INVESTING IN CONCEPTS STILL POORLY EXPLORED:



- ✓ Reduce friction throughout the customer journey;
- ✓ Increase capillarity through sales agencies;
- ✓ Promote member-get-member program;
- ✓ Offer alternative financial products;
- ✓ Provide a post occupancy marketplace.



RESOURCES ALLOCATION



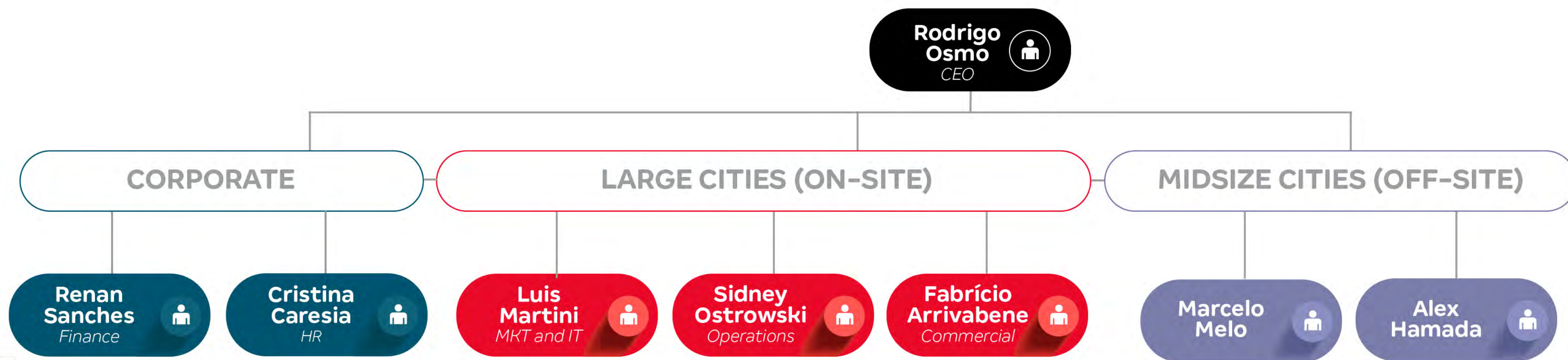
IN ORDER TO ENABLE THIS STRATEGY, SOME INITIATIVES BECOME ESSENTIAL





DEDICATED STRUCTURES, FOCUSED ON EACH CHALLENGE > 1 2 3

Distinct challenges require dedicated structures. We will create an off-site business unit with two of our seven current executive officers



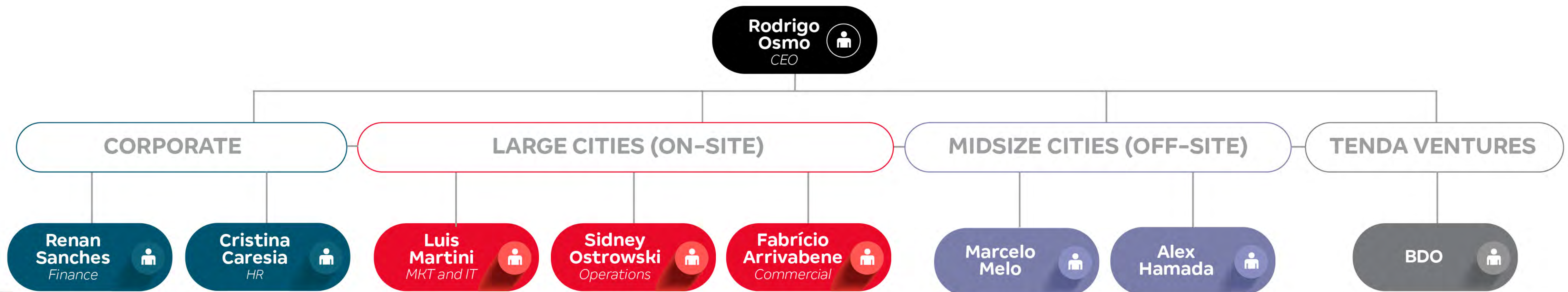


DEDICATED BUSINESS DEVELOPMENT STRUCTURE



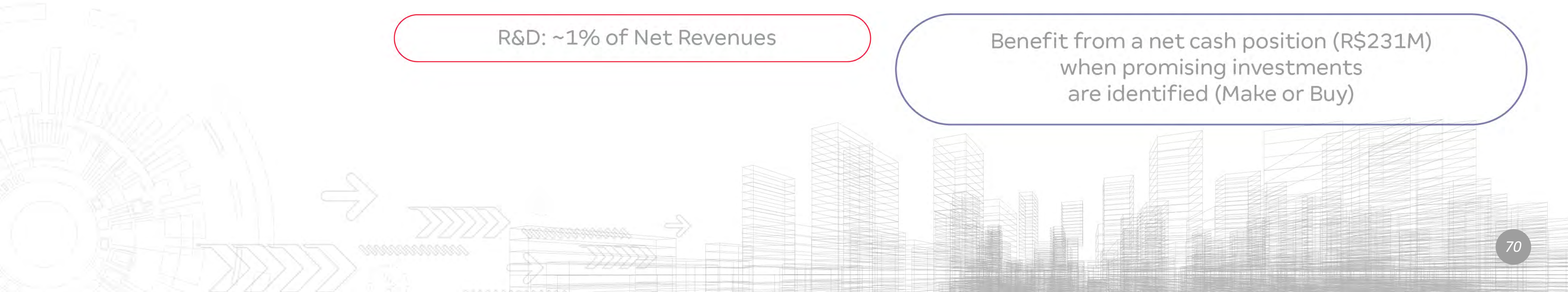
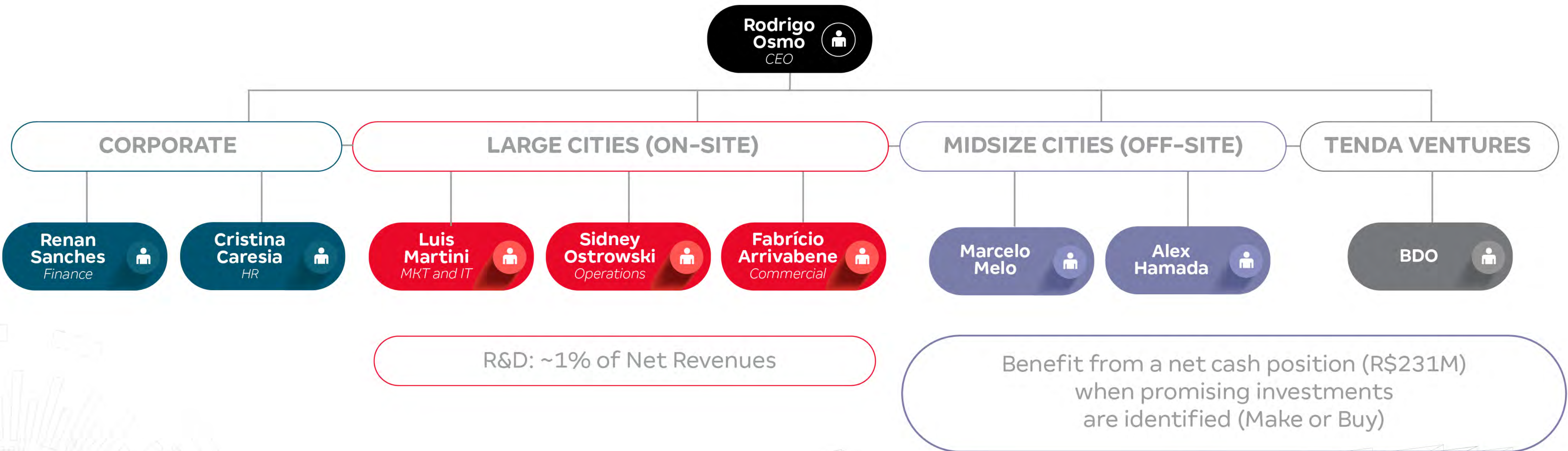
1 2 3

New structure for Business Development, dedicated to promoting strategic partnerships for both industrialization and digital endeavors





Investment in growth platforms supported by our strong balance sheet and our business economics





We believe that industrialization is the force with the greatest transformative potential for civil construction. We want to be the leaders of this transformation in Brazil.



