



TENDA DAY
2020

December 16th



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An industrial Approach to Construction



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



Agenda



-  Introduction
-  *Off-site*
-  *On-site*
-  *Digital Transformation*
-  *Corporate Development*





1

Introduction

On-site



- Metropolitan Regions
- Four story buildigs or higher
- Concrete wall
- High local scale

Off-site



- Medium-sized cities
- Single-Family houses
- *Woodframe*
- Low local scale

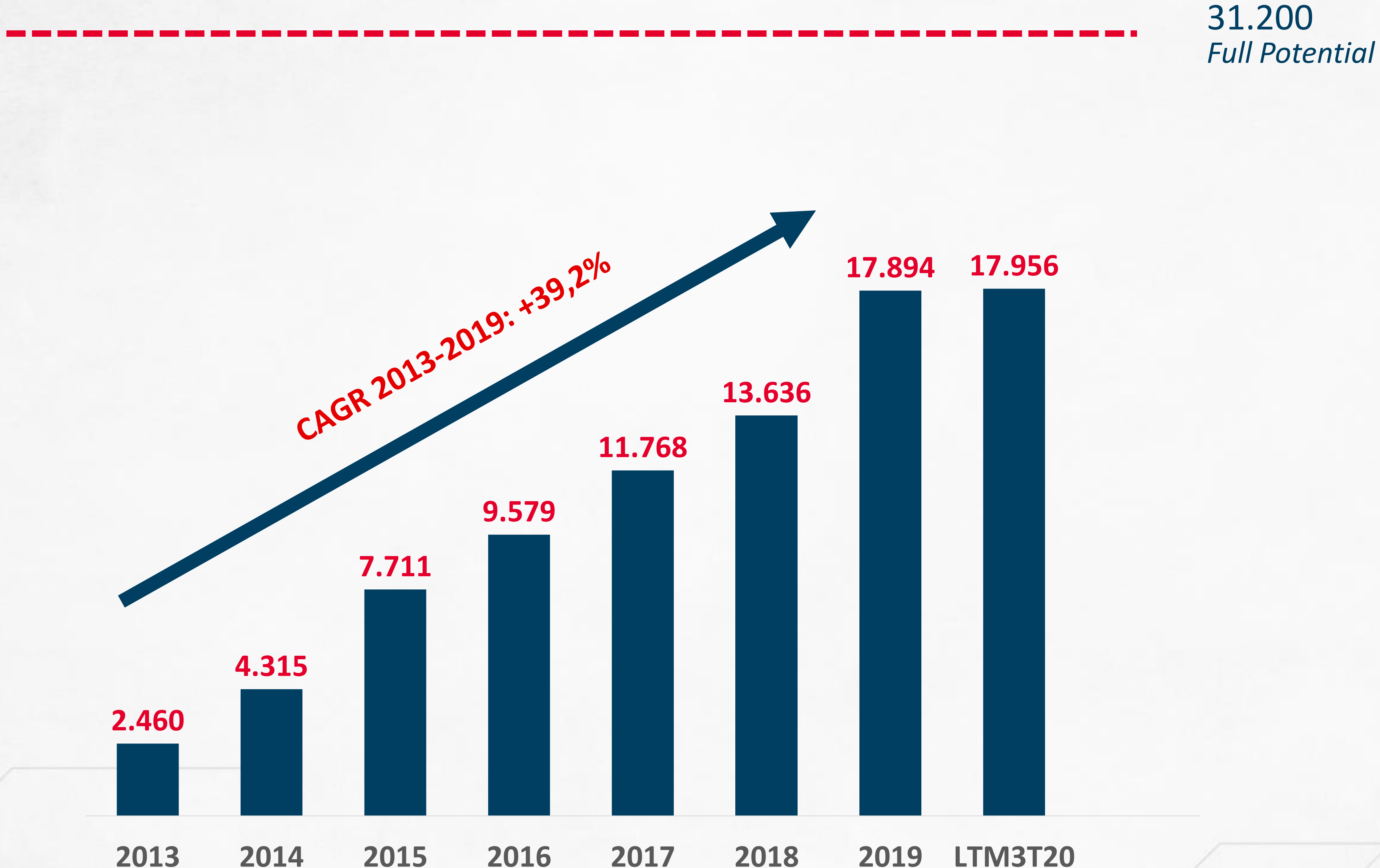
Historically, we have approached industrialization by on-site construction. We are now starting a off-site business model, with very distinct characteristics

Standardization + Scale/Continuity + Industrial Approach

On-site: business model has led to a constant increase in scale, with capacity to grow by 10-15% annually for 5-6 more years



Launches (units)



History

The new business model was implemented 2013 and the verticalization process started 3 years ago. The biggest challenge now is to increase the speed of growth in our main market (SP)



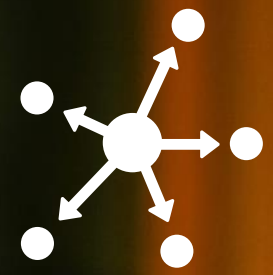
2013

Beginning of the new business model (standardization + continuity + industrial approach)



2017

Beginning of the buildings verticalization process



2019

Implementation of DTC (Distribution and Transformation Center) in São Paulo



2021+

- On-site: product optimization to combine flexibility in implementation with cost leadership: increase the speed of growth in our main Market (SP)
- Off-site: addressable Market expansion by starting operations in médium-sized cities with off-site construction

We made significant progress with off-site construction in 2020 and we are ready to take the next steps



2020

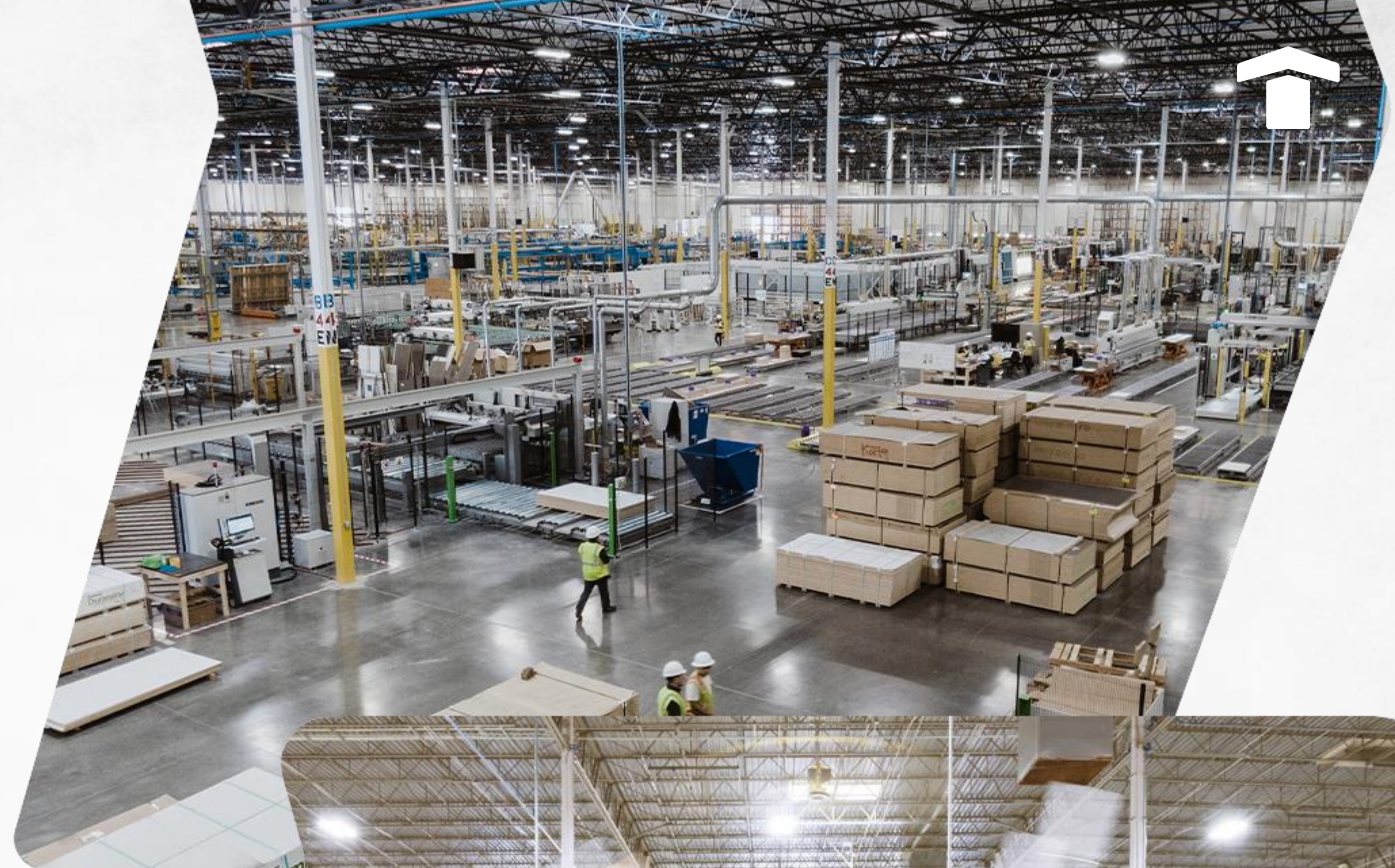
1. Build a senior team with a start-up culture
2. House fabrication testing conducted at our innovation center
3. On-site assembly of the houses
4. Product acceptance survey with potential clients
5. Initial understanding of the challenges posed by the supply chain

Next Steps

1. Establish product market fit
2. Develop a supply chain
3. Scale up the business

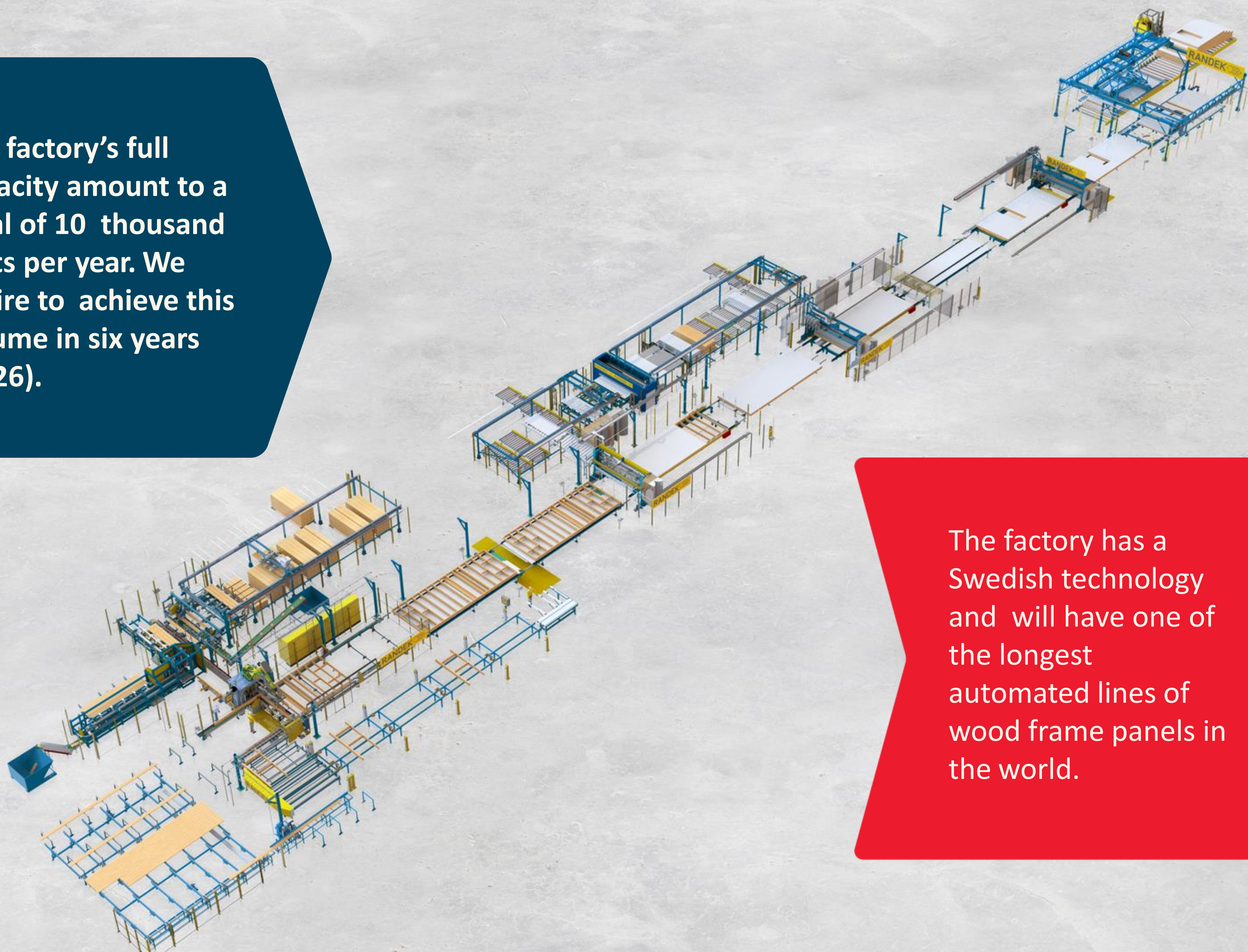
Study

Therefore, after 3 years of study, we decided to buy a high productivity factory, located in the countryside of São Paulo, with operations scheduled to start in the 1st half of 2021.





The factory's full capacity amount to a total of 10 thousand units per year. We aspire to achieve this volume in six years (2026).



The factory has a Swedish technology and will have one of the longest automated lines of wood frame panels in the world.

The successful implementation of off-site construction projects will lay the groundwork for value generation in the social, environmental and corporate dimensions



- Proper housing, with higher quality than those offered by competitors
- Thermal comfort
 - Differentiated urbanism
 - Sense of community

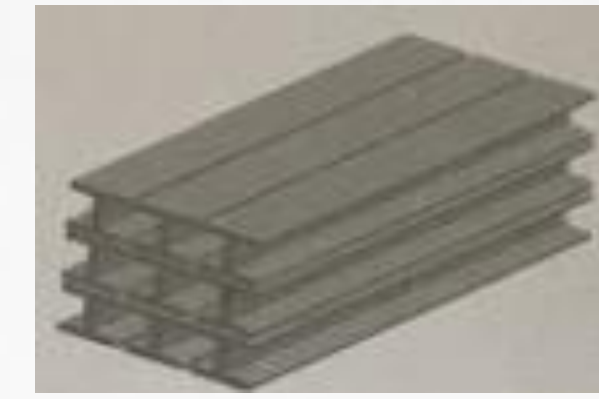
- **Very competitive cost:** “unimaginable” product offer
- **Low minimum local scale:** possibility to operate in smaller cities



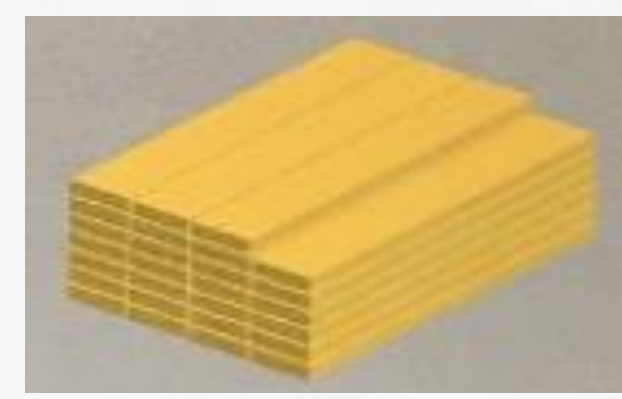
1 Tonne =



Concrete
159kg of CO₂ released



Steel
1.240kg of CO₂ released



Wood
1.700kg de CO₂ absorbed and stored

Negative carbon footprint of wood vs high release of carbon from concrete and steel



1. Need to integrate construction + development: to standardize the units and optimize them according to a factory logistics
2. High minimum efficient scale: 10k units of the same type. Few real estate developers in the world have that scale
3. Long cycle: 3 years of study + 6 years to achieve efficient scale
4. High capital commitment: R\$300-400M to stabilize the operation
5. Long term Mindset : real estate developers usually consider monetizing projects rather than developing platforms
6. Industrial Approach: Tenda has a unique skill of applying production engineering in civil construction

HIGH ENTRY BARRIERS





High quality senior team allocated to the project ensures the success foundation of the off-site initiative

Marcelo Melo
Chief
Operational
Officer



Alex Hamada
Chief
Operational
Officer



Paulo Lima
Head of Lean



Marcelo Willer
Strategic Partner



**Two Tenda Executives 100%
dedicated to the project**

**Productivity and Lean
Expert**

**Allotment and
Urbanism Expert**

Affordable Housing

Industrial Approach

Allotment and Urbanism



Off-site

70% 

of Brazilians wish they could live in a house

Source: Pesquisa Deloitte- 2019



Houses represent

2,5x

the number of apartments financed

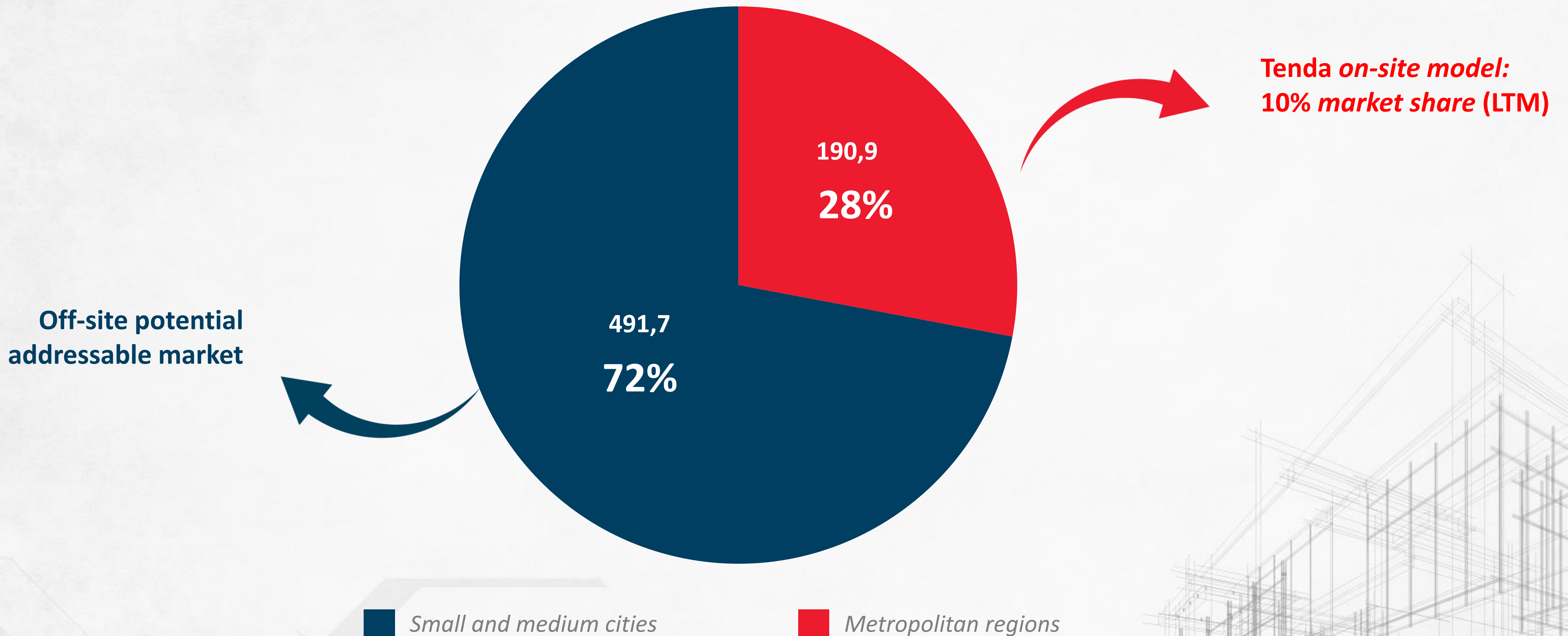
*Source: Banco Central do Brasil
(www.bcb.gov.br/estatisticas)*





The housing demand in medium- and small-sized cities is higher than that in metropolitan areas and these are current off Tendar's radar

Annual Family set up (thousands) – monthly family income R\$ 1.4K to R\$ 3.4K



Source: Censo e Pnad (Pesquisa Nacional por Amostra de Domicílio) - IBGE





Different product concepts

New developments are being designed

New tests continue to be performed
(products, pricing point, technology)





First product pilots



Operational capacity to scale launches to fill the factory in 6 years with 10 thousand units. We expect losses and cash burn for the next 4 years



Operational

Pilot scale and learnings

Ramp-up

Full potential of factory 1 (10k units)

2021

2022

2023

2024

2025

2026+

Financial

Factory Capex

Investment period, cash burn and losses

Income e cash generation

Economics stabilization

From 2020 to 2024, we expect a cash burn of R\$ 300-400 mm, which accounts for 10% of Tenda's *Market Cap*, with high optionality



Off-site requires
~10% Tenda's *Market Cap*

R\$ 300 - 400mm



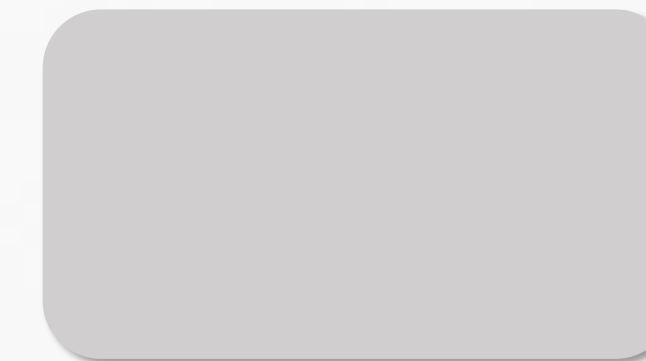
Cash Burn
2020-2024

R\$ 150 – 200mm



Market valued
assets

R\$ 150 – 200mm



Operational
expenses

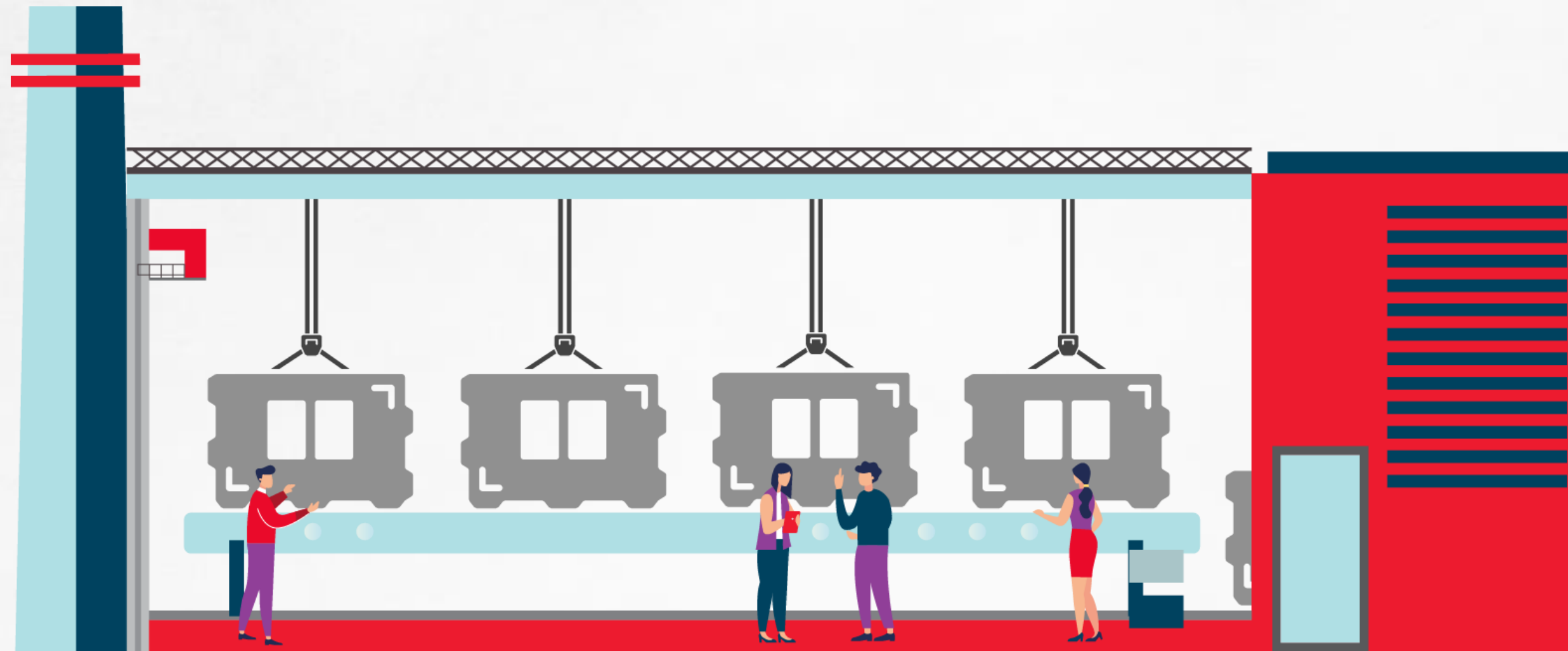


Fabrication process requires domestic and imported materials, manufacturing of woodframe panels in the off-site factory and assemble on-site





The Off-site business allows for higher industrialization than On-site model, and greater efficiency through automation and skilled labor



- ✓ Closed and controlled environment
- ✓ Higher productivity, with maximum of 3 shifts
- ✓ Greater efficiency, through automation
- ✓ Larger operational scale, with optimization opportunities
- ✓ Easier to apply production engineering concepts to civil construction

The panels assembly on-site requires fewer workers, reducing labor costs and allowing greater production flexibility (minimum local scale reduction)



off-site vs on-site (1 unit/day)

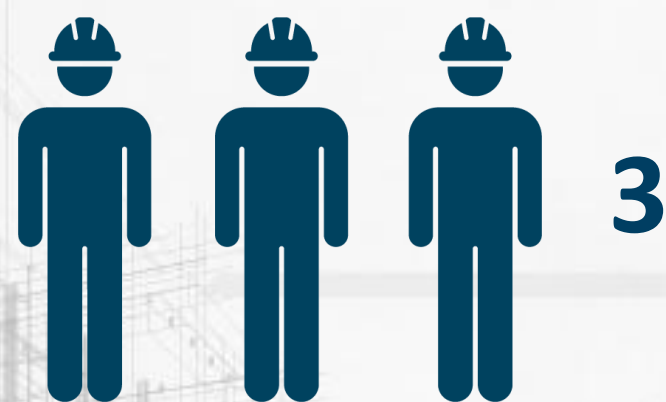
Structural Masonry



Concrete Wall

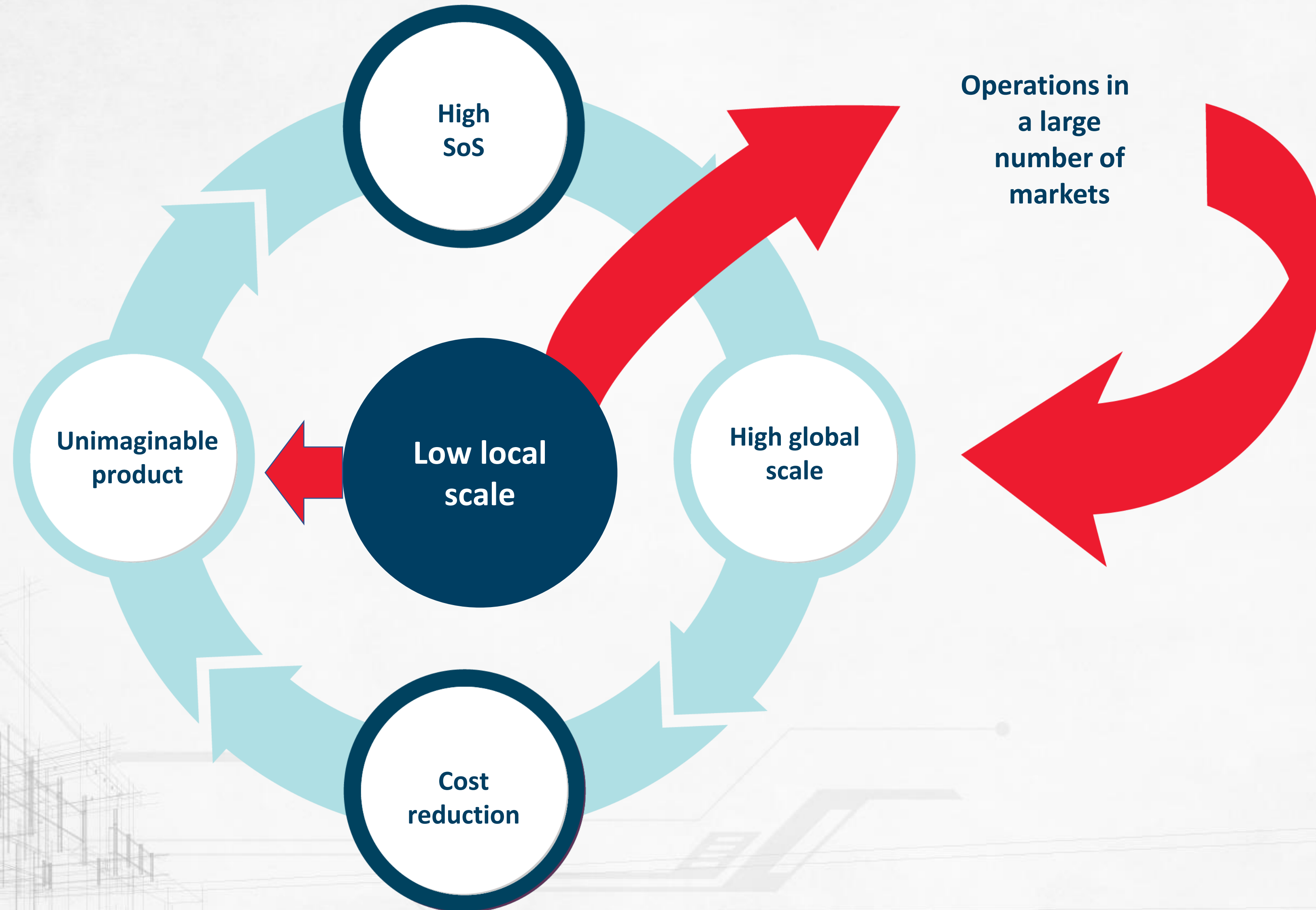


Off-site



Off-site allows building the structure using 1/3 of the labor required for the concrete wall technology

Off-site strategy allows to operate in a low local scale, triggering a virtuous sequence



The major challenge posed by the Project is to increase scale to develop a supply chain



Supply chain development:

1. Better commercial conditions with key suppliers
2. Verticalization of activities close to the core
3. Development of products adapted to the technology
4. Development of local suppliers
5. Optimization of the production complex to include other locations

Tenda is the company with the culture, size, balance-sheet and right focus to push forward construction industrialization in Brazil



Our belief: we have a unique positioning to develop the off-site technology

1. Necessary scale to fill the off-site factories
2. Standardized products
3. Credibility and balance-sheet to develop the supply chain
4. High-end investment capacity
5. Buffer to endure the required cash burn to develop the platform
6. Privileged relationship with financial agents
7. Industrial approach culture

Off-site team will operate segregated from Tenda, in another office with a different culture to ensure that the right capabilities are fostered in each business



	On-site	Off-site
Approach	Efficiency	Experimentation
Focus	Profitability	Scale gains



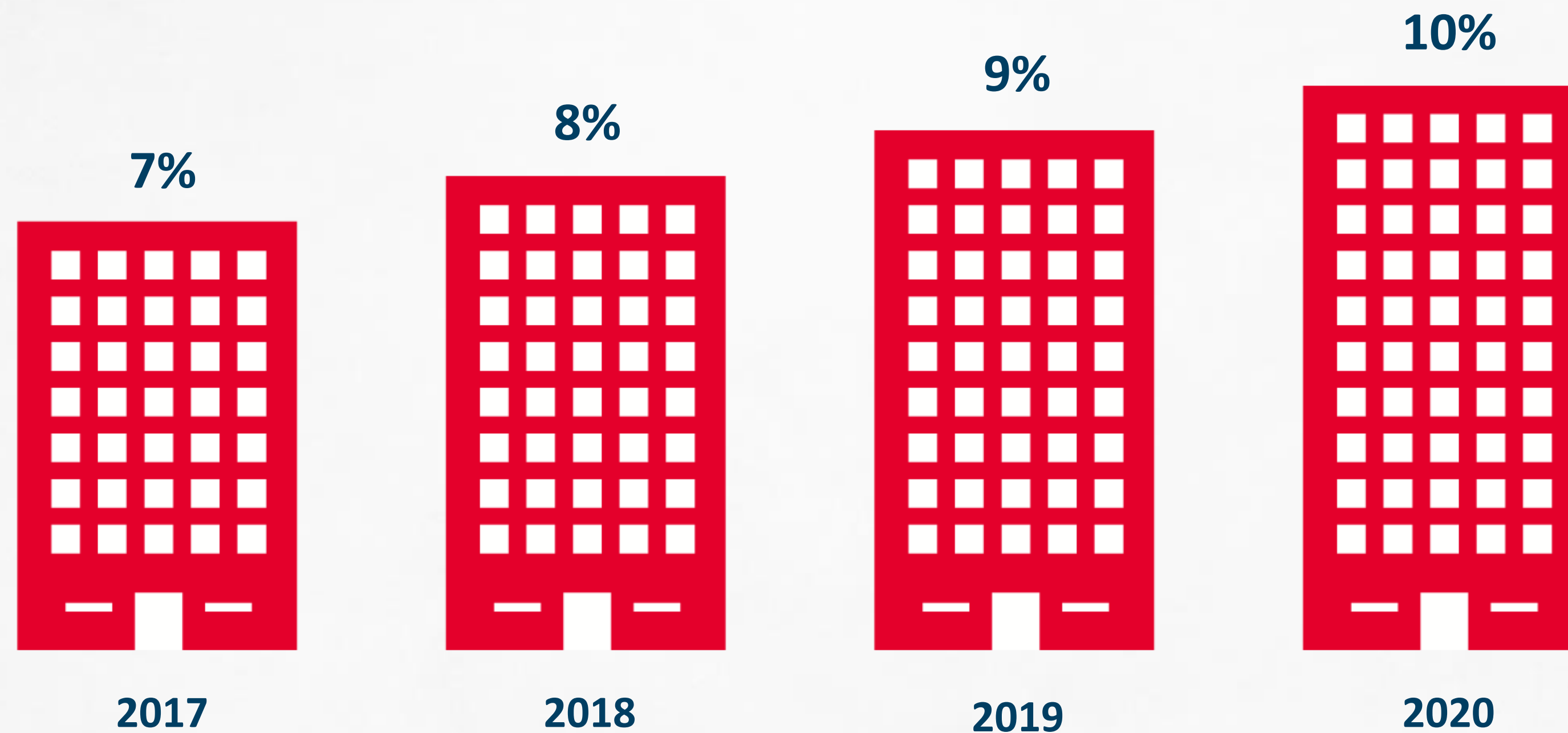
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On-site

In addition to absolute growth, the on-site business model has also brought consistent market share increases over the years. We are leaders or vice-leaders in 8 of the 9 regions we operate



Market Share in the regions where we operate



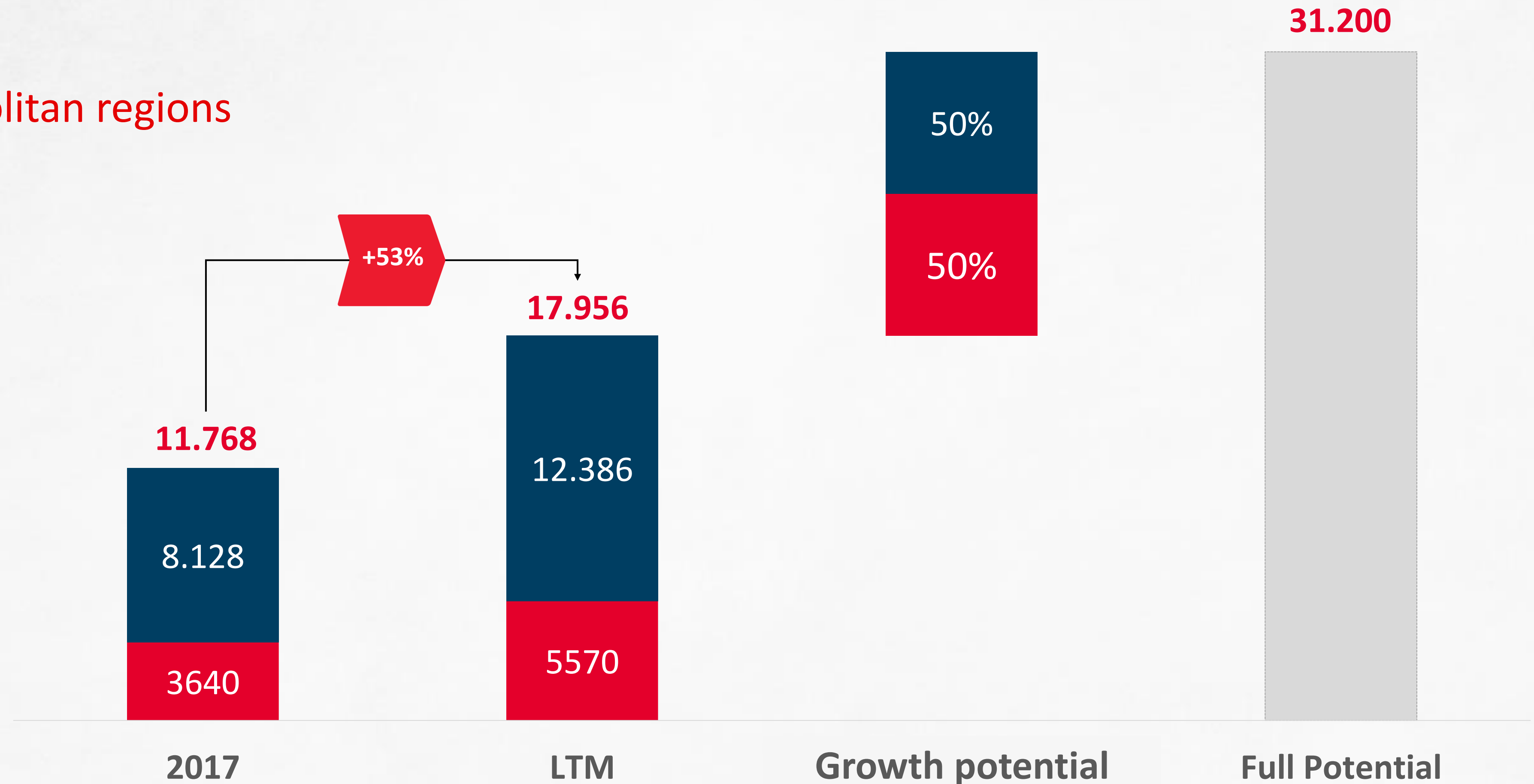
 *Total Market share*



In order to achieve our full potential, a more expressive growth in SP will be required for the next years. Replicating the historical growth reported in the past 3 years will not be enough for us to reach the top position



Launches (# of units)
SP and other metropolitan regions



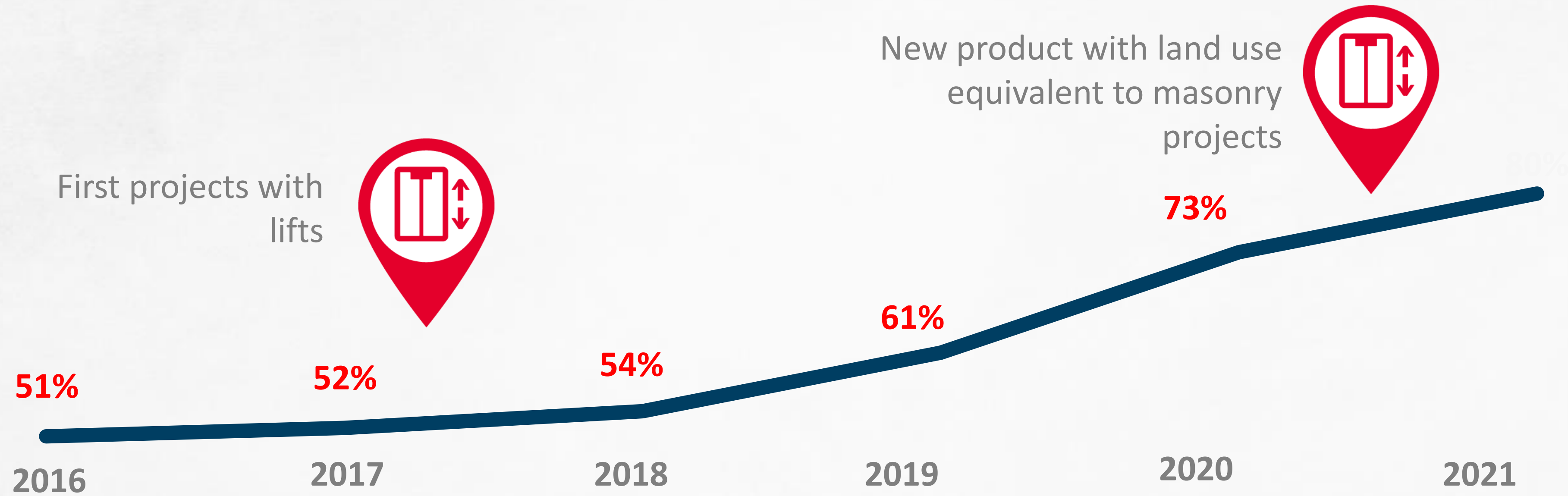
SP

Other metropolitan regions

Leadership in São Paulo will depend on increasing the land use: recent improvement does not exhaust constructive potential, preventing optimized negotiations in landbank acquisition in a highly competitive environment. The next move is to close this gap with a product that allows greater development flexibility



% de land use vs maximum allowed by municipality





4

Digital Transformation



To extract the maximum value, we organized this initiative in two fronts:

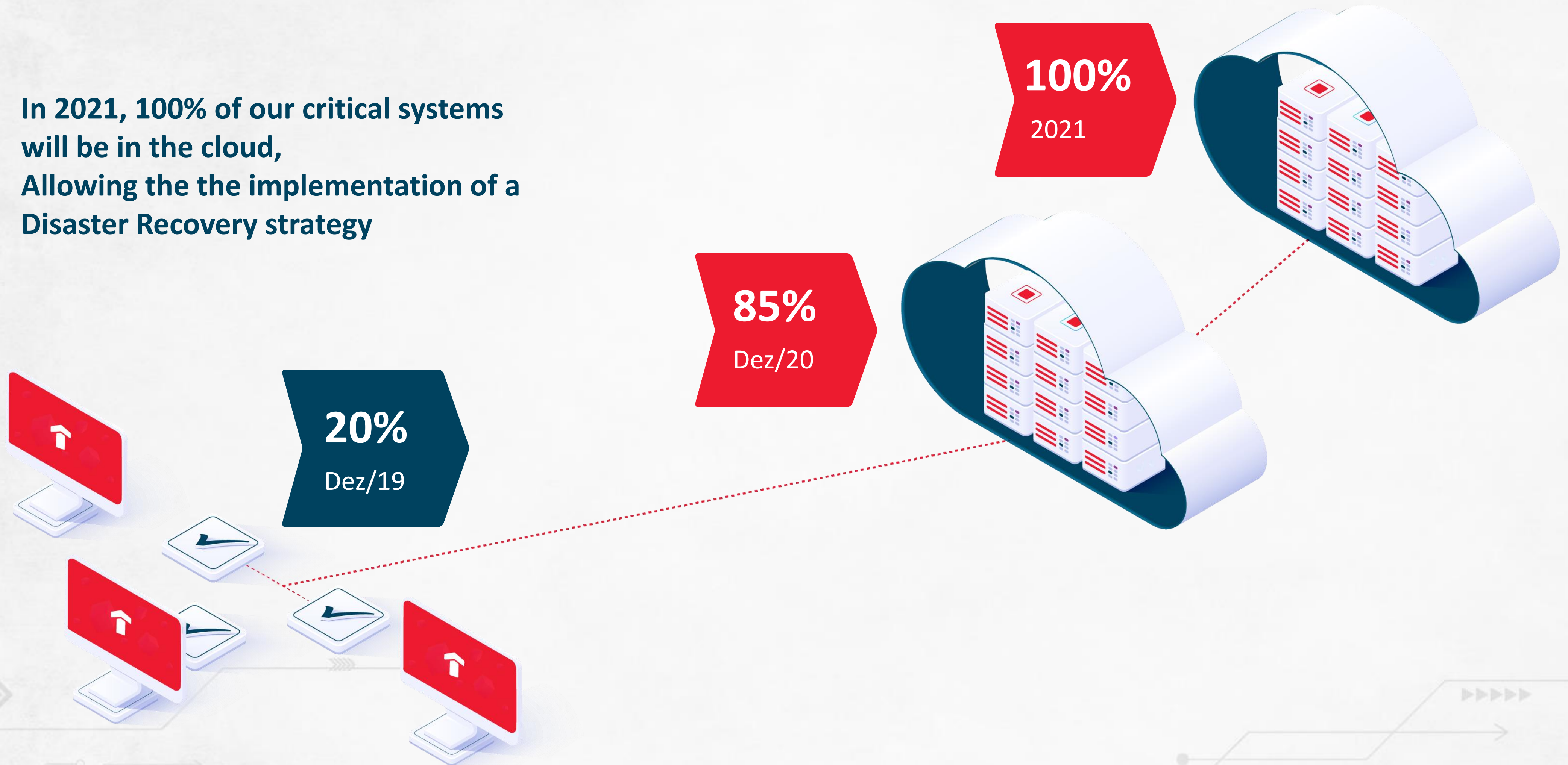
1 **Technology Master Plan**
To update our systems and infrastructure architecture to enable the agile model

2 **Agile development tribes**
To generate positive impact in the business

For the first front, the Technology Master Plan, we are building an optimized architecture, scalable and safer. 85% of our critical systems are currently in the cloud



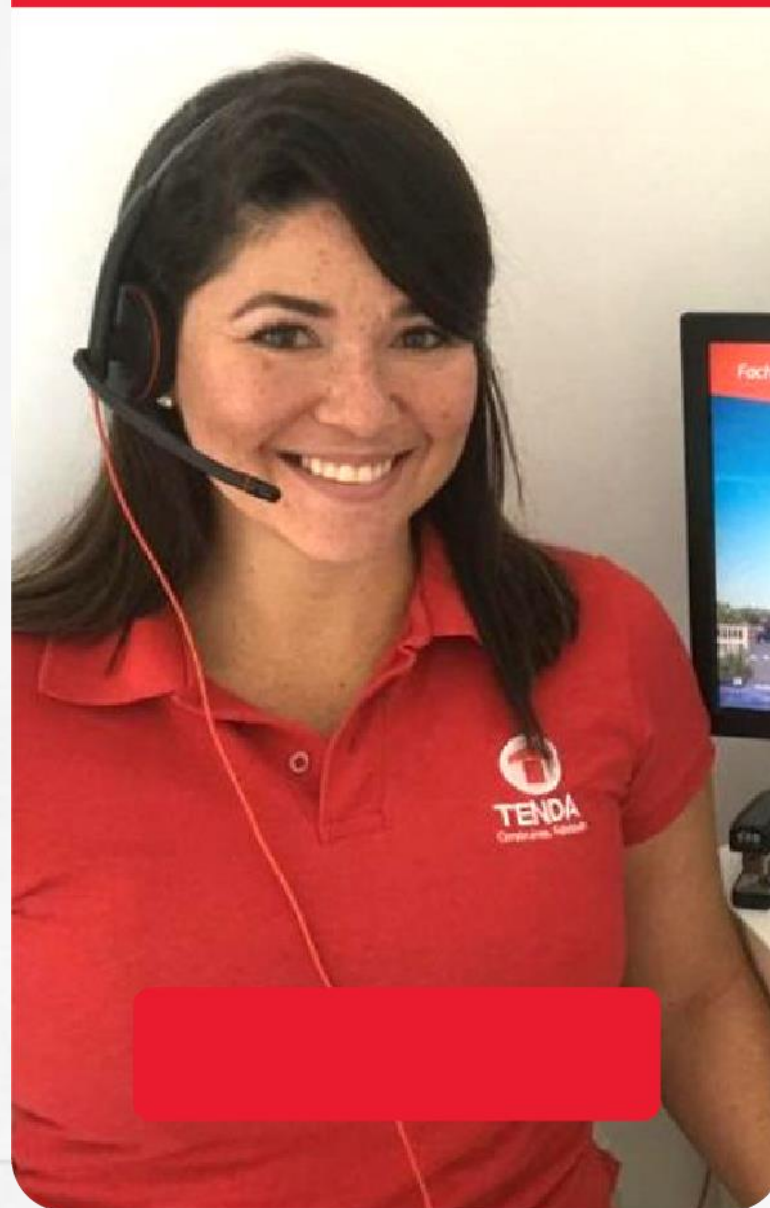
In 2021, 100% of our critical systems will be in the cloud, Allowing the the implementation of a Disaster Recovery strategy





Agile development tribes

Marketing and Sales Tribe



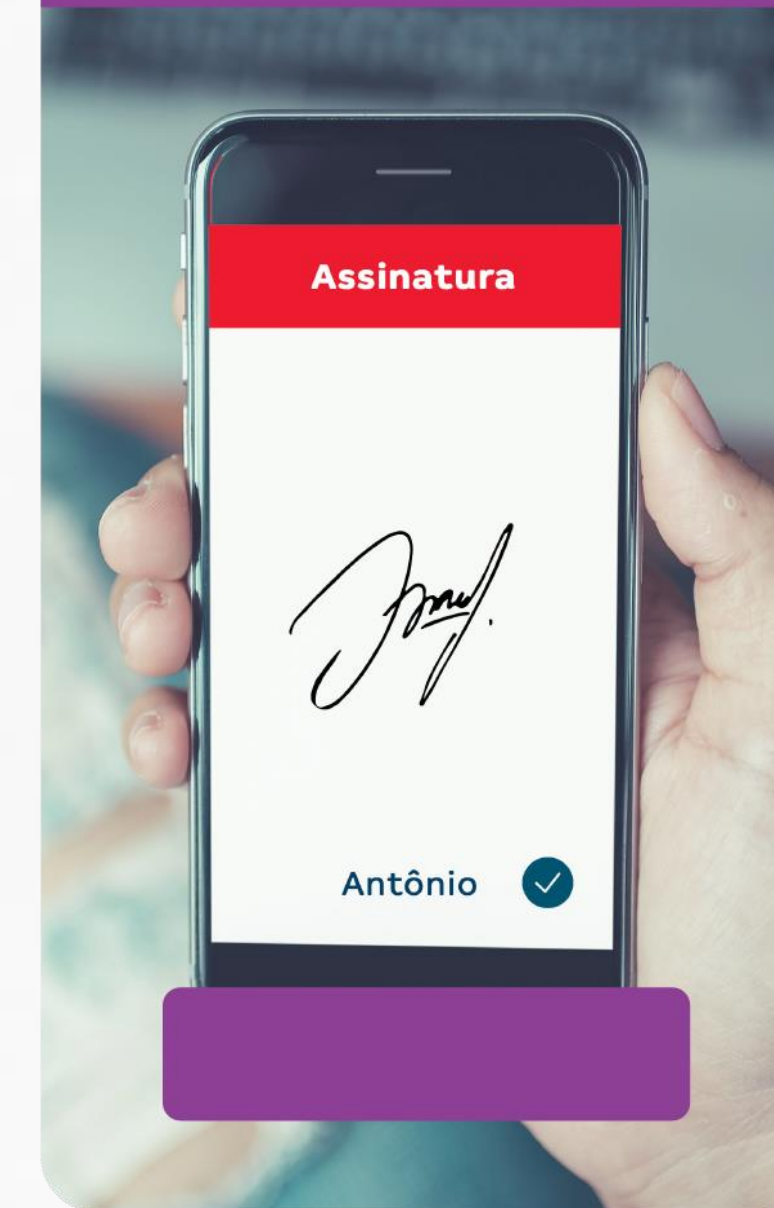
Clients Tribe



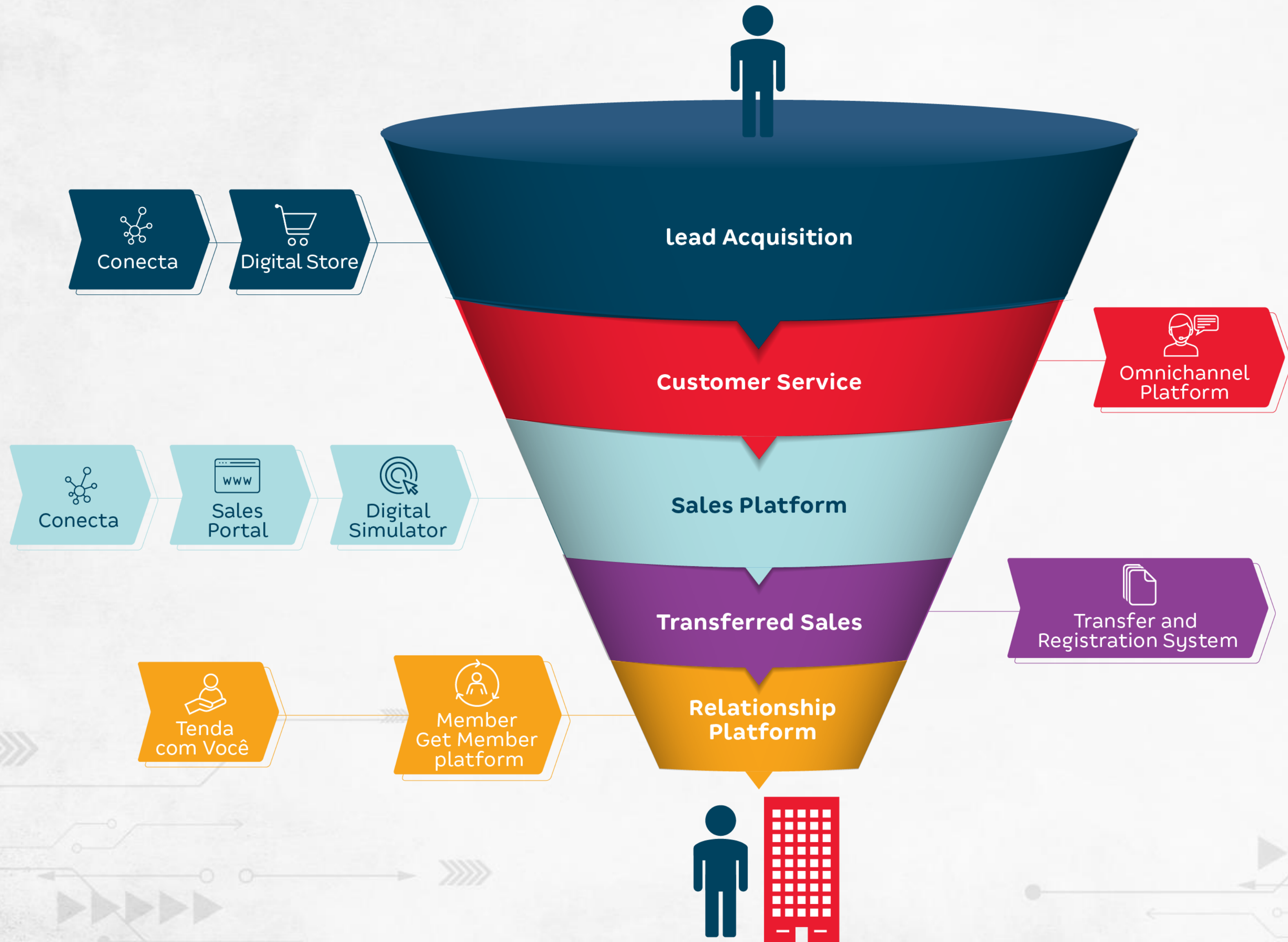
Business and Operational Tribe



Financial Administrative Tribe



To optimize the marketing funnel, we developed the Integrated Digital Platform, 100% digital architected



The Digital Platform is a complete ecosystem that provides the best experience to our customers through all of their journey, seamlessly

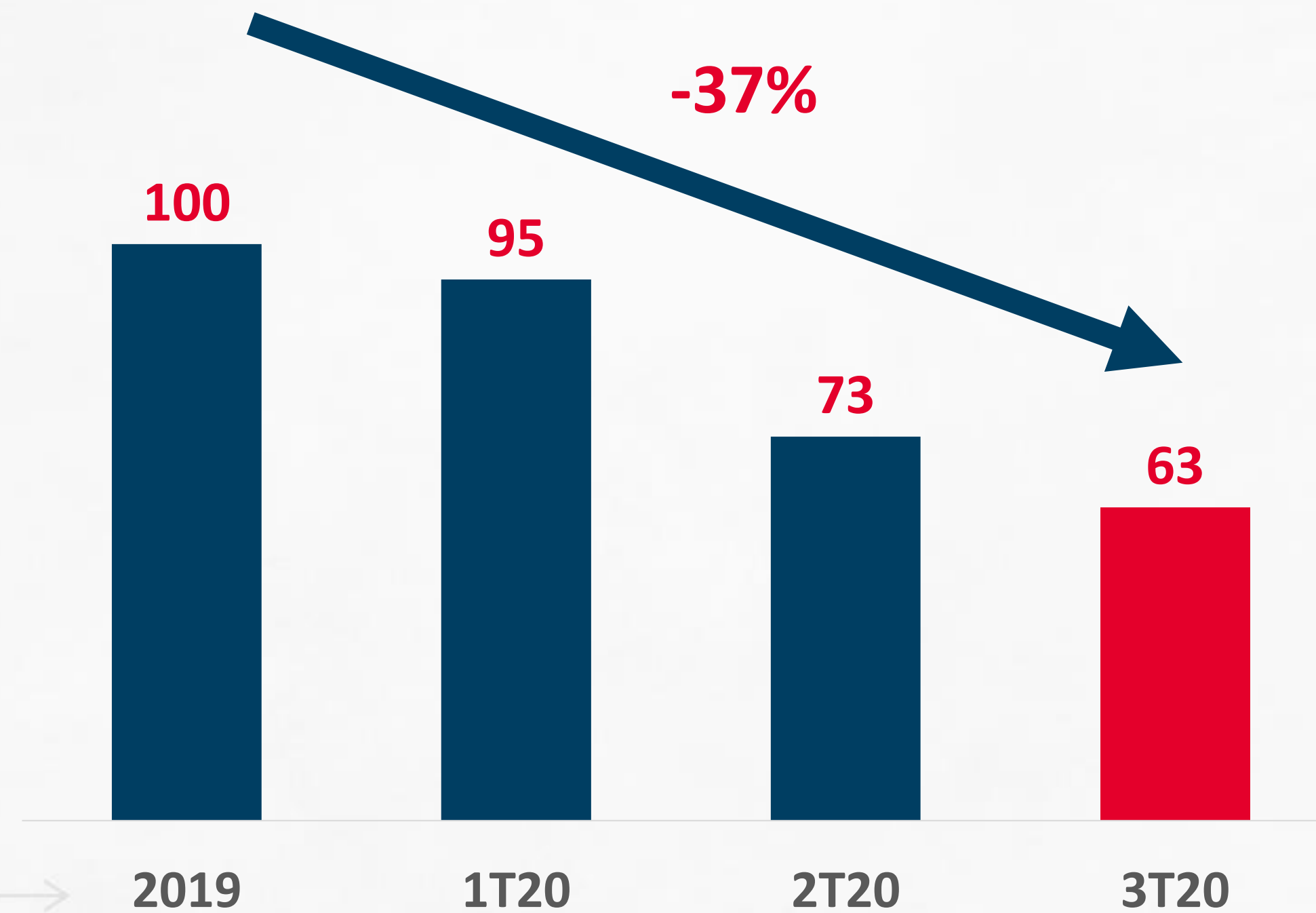
The marketing digital strategy implemented during 2020 allowed 15% reduction in total marketing costs in a scenario of 49.6% growth in sales (3Q20 vs 1Q20)



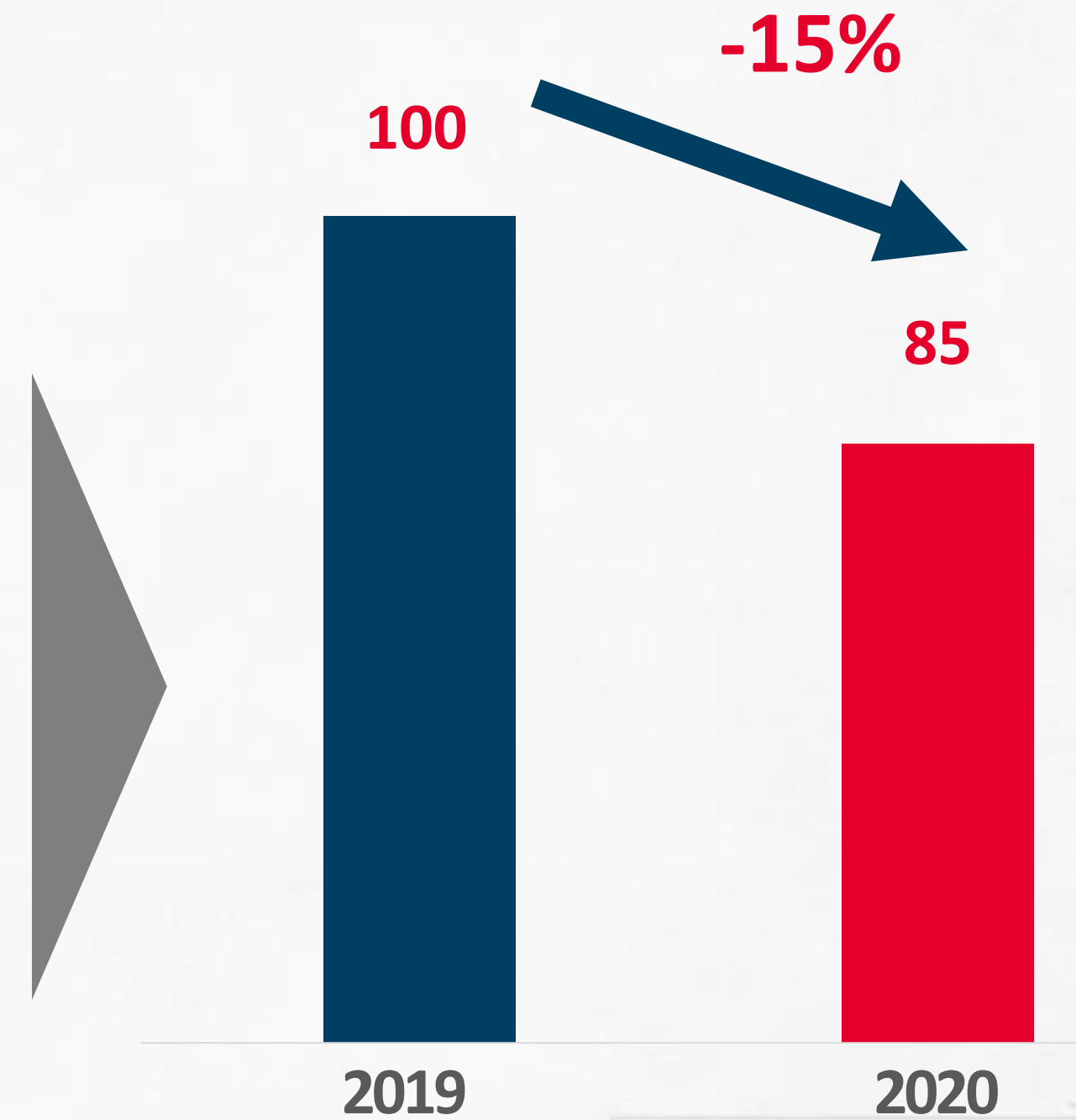
Digital Marketing Strategy Pillars

1. Acquisition channels diversification strategy
2. Smart management of marketing campaigns and prospects, considering supply per region
3. Permanent experimentation culture of digital actions, including creative initiatives

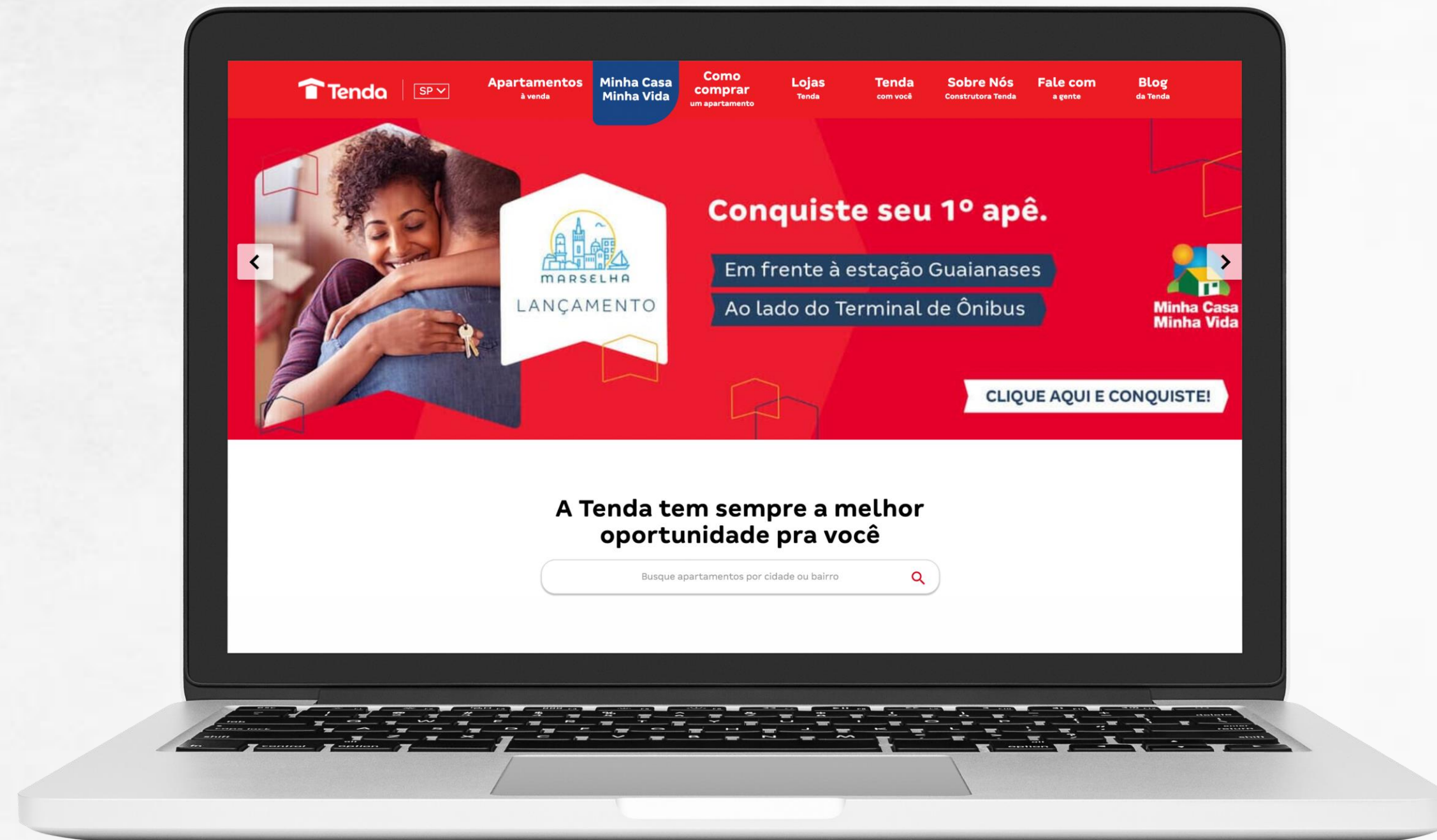
Cost of media evolution per unit sold (base 100 = 2019)



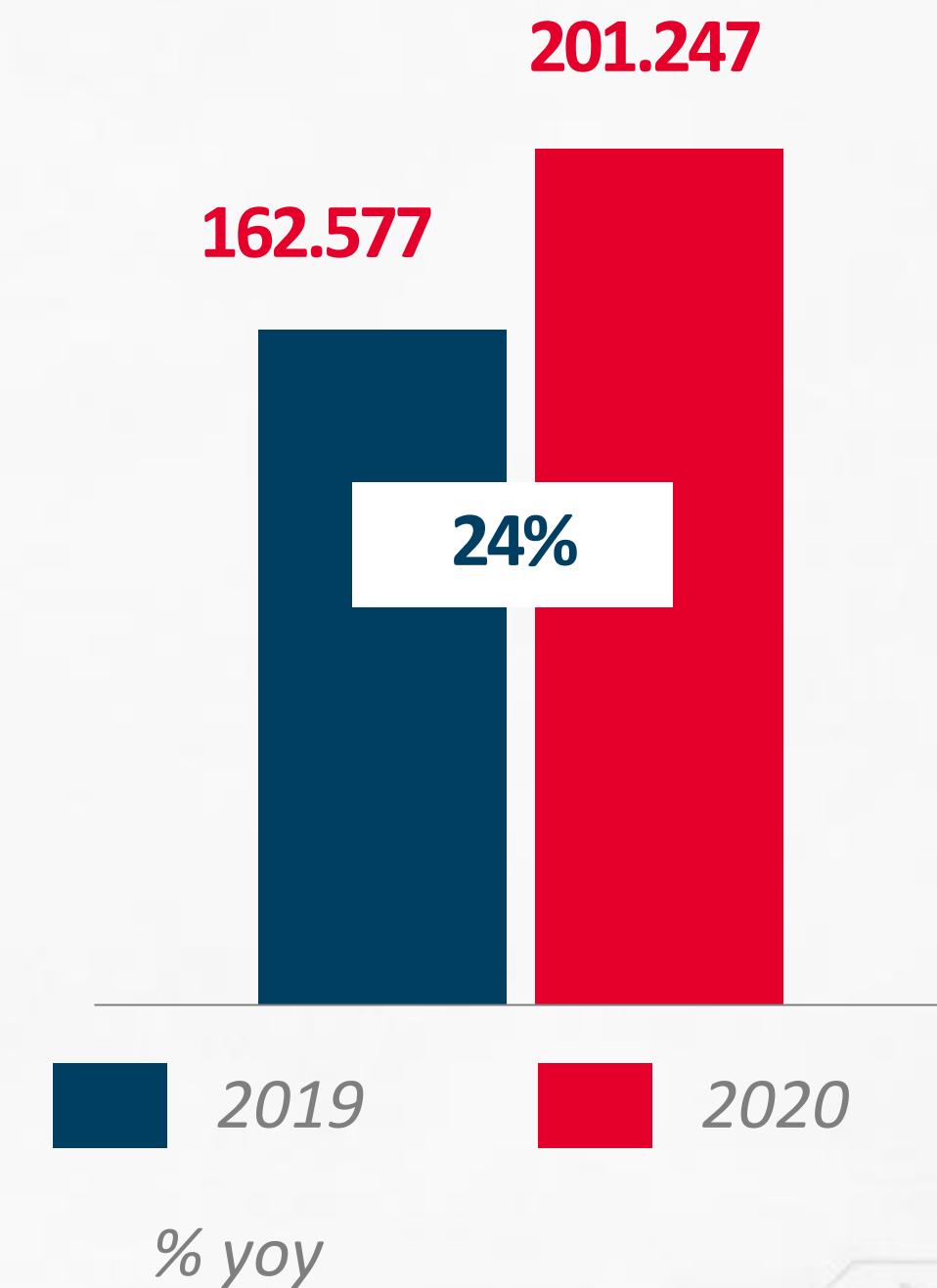
Total marketing cost evolution per unit sold (base 100 = 2019)



At the top of the funnel, we keep evolving in our lead capture digital strategy, that brought significant customer experience improvement, with 24% growth in organic traffic

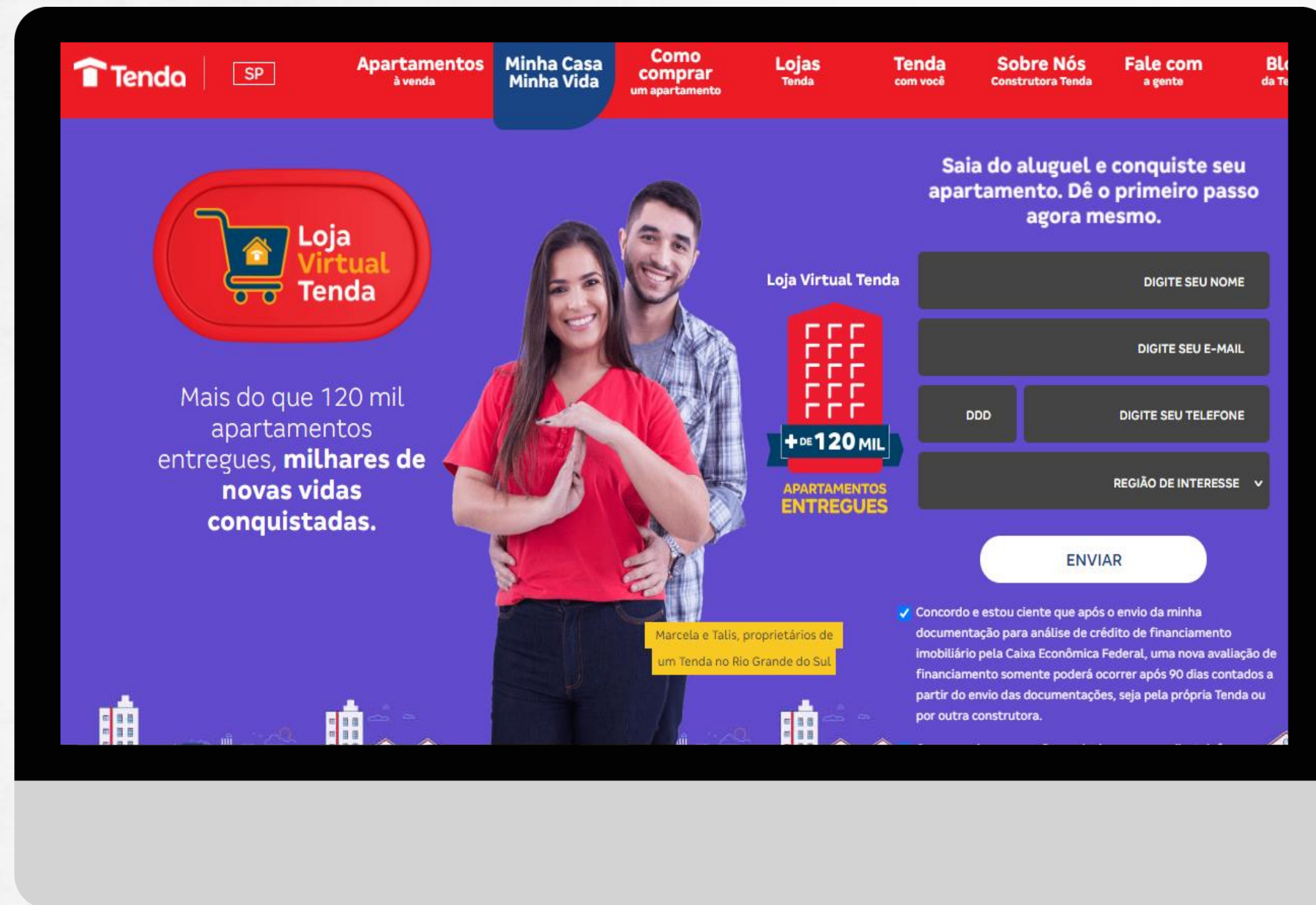


Monthly average organic sessions at tenda.com website (2019 vs 2020)



- Prospect key contact points optimization, i.e. website and landing pages
- Campaigns optimization. Grade 100 at SEO in Tenda's website, according to Google Lighthouse, measured in nov/20

The Virtual Store eliminated several other major frictions, leading to a 2.8x improvement in lead conversion to sale



2,8X

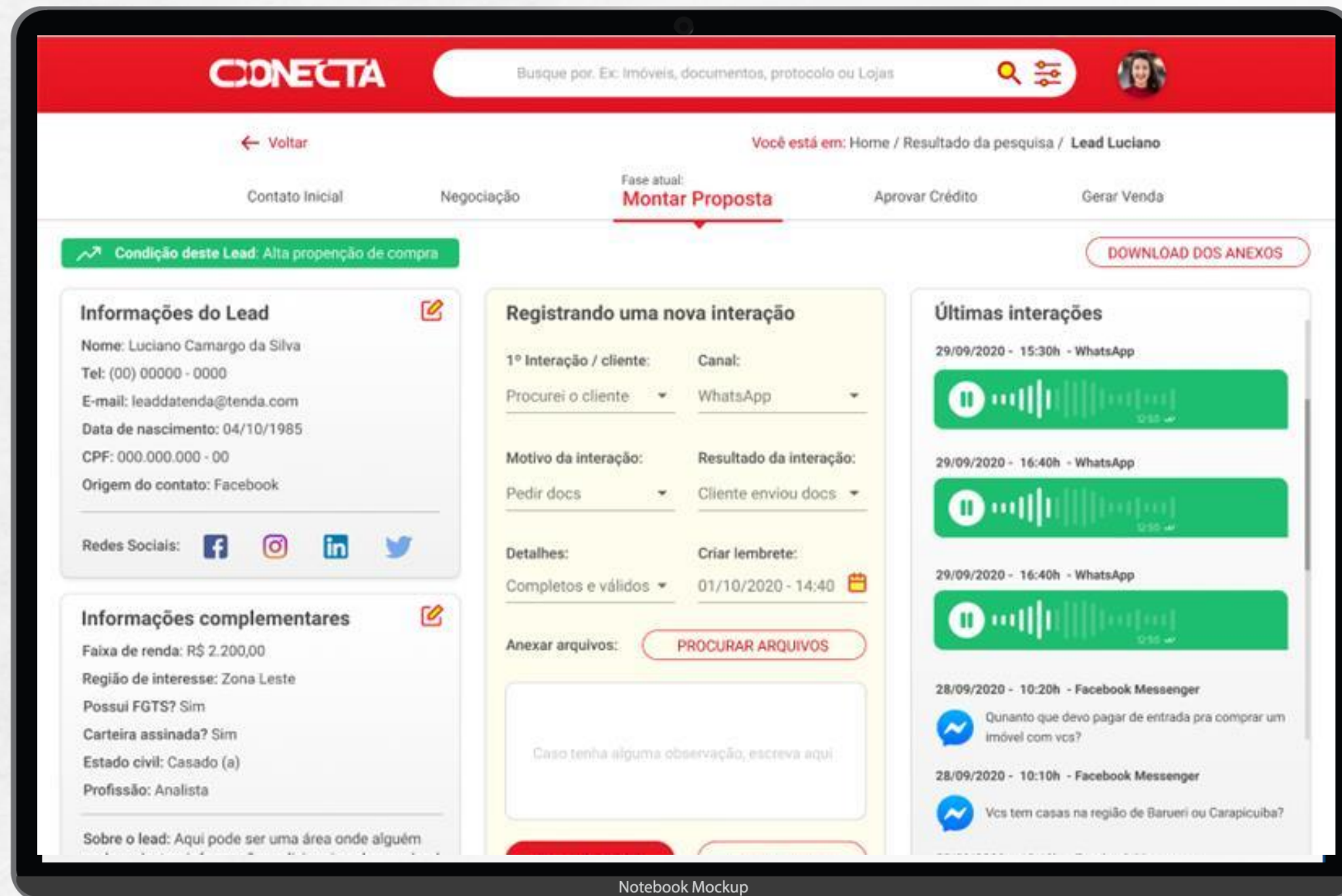
Growth in lead conversion to sale

Improvement in the leads qualification method before being directed to the sales force

The development and implementaion of CONECTA provided (i) higher agility and service automation and (ii) better leads distribution for the sales agents



CONECTA: product internally developed for leads management, from capture to sale, fully integrated to the omnichannel service tool



Leads distribution smart roulette

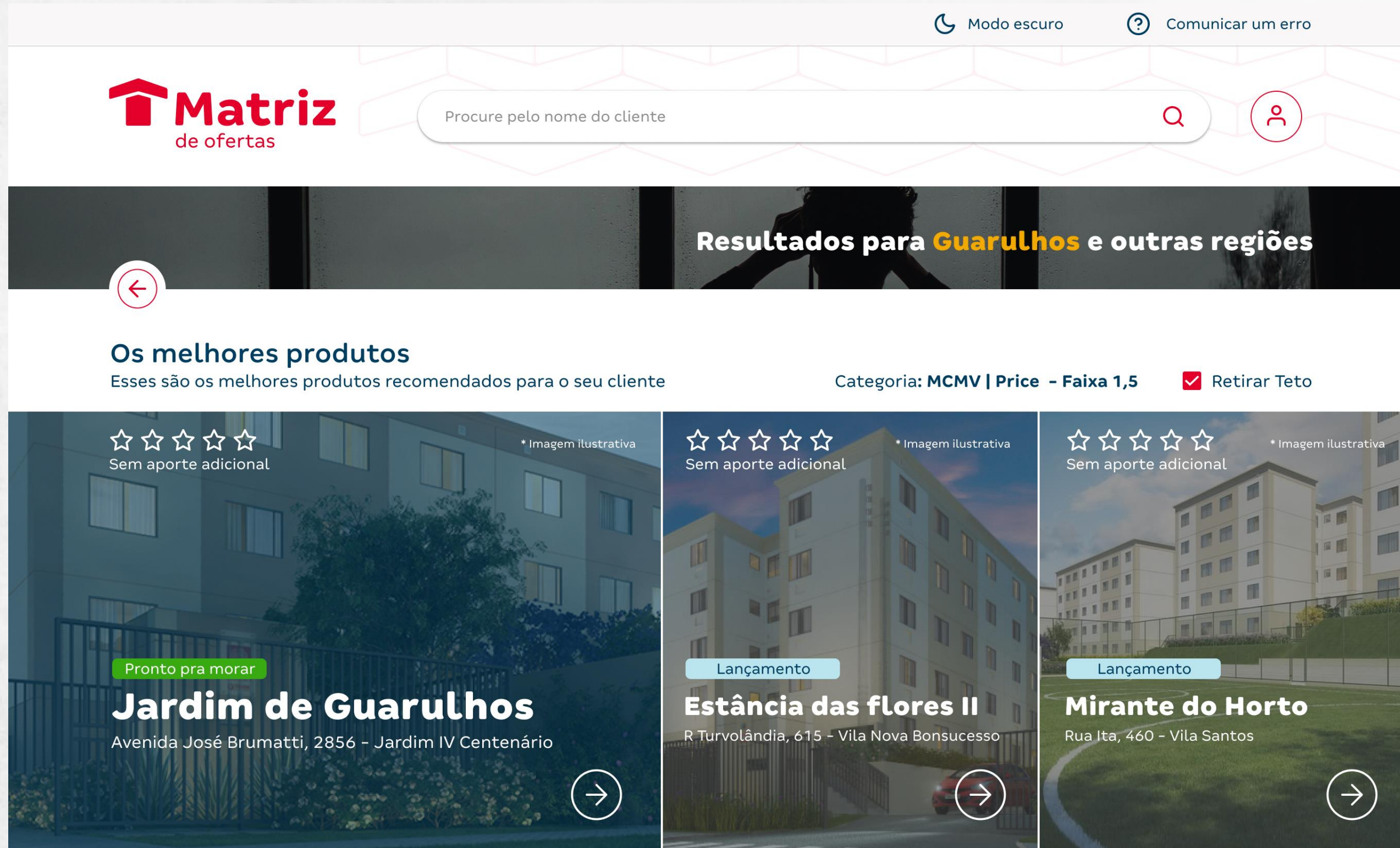
Better management performance of the salesforce

Enhanced automation and service scale

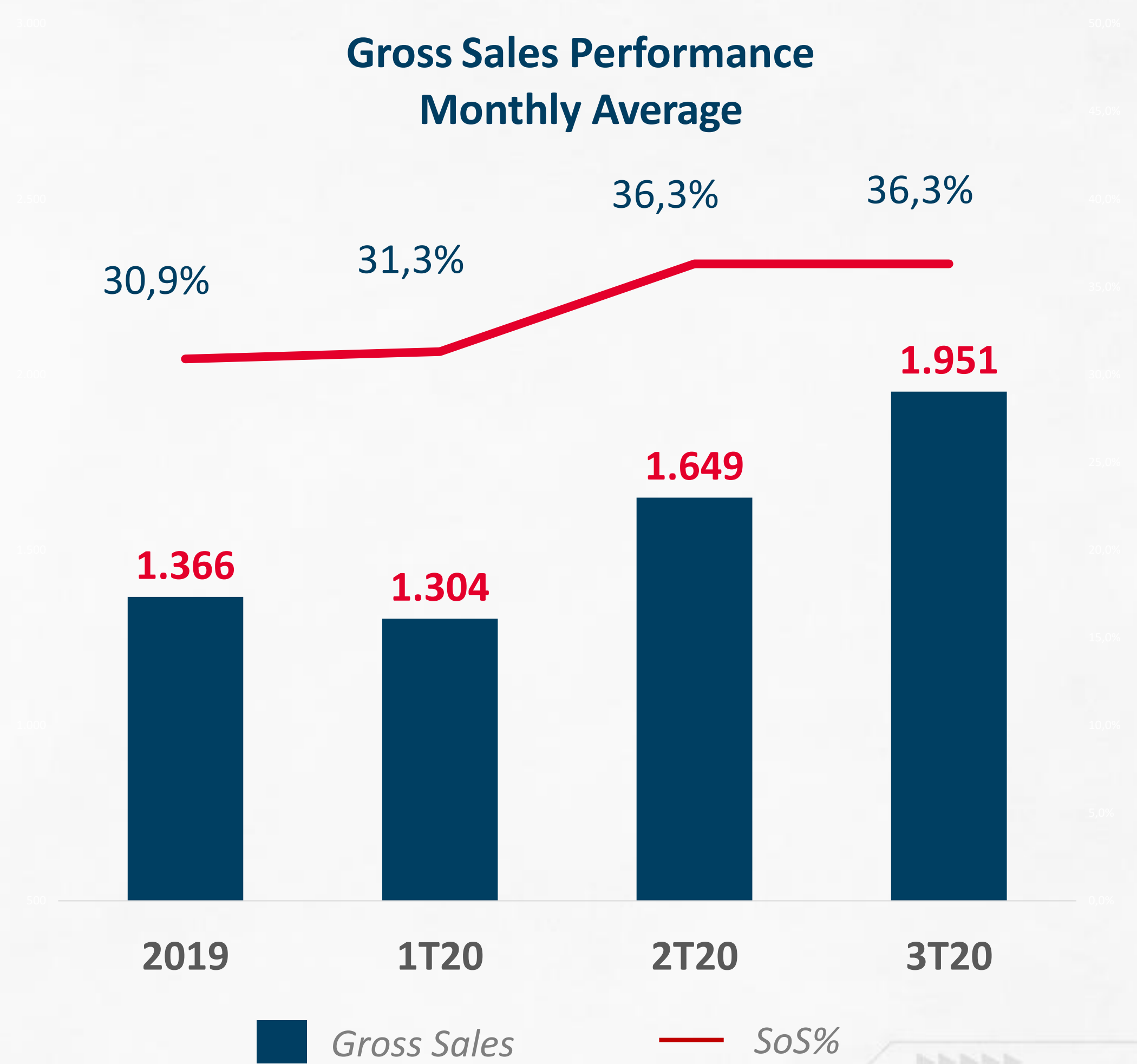
22%

Reduction in 1st level attendants in pre-sale operation

The moment the client is directed to the sales agent, the Digital Simulator goes into action by: (i) customizing the service, and (ii) offering the ideal product



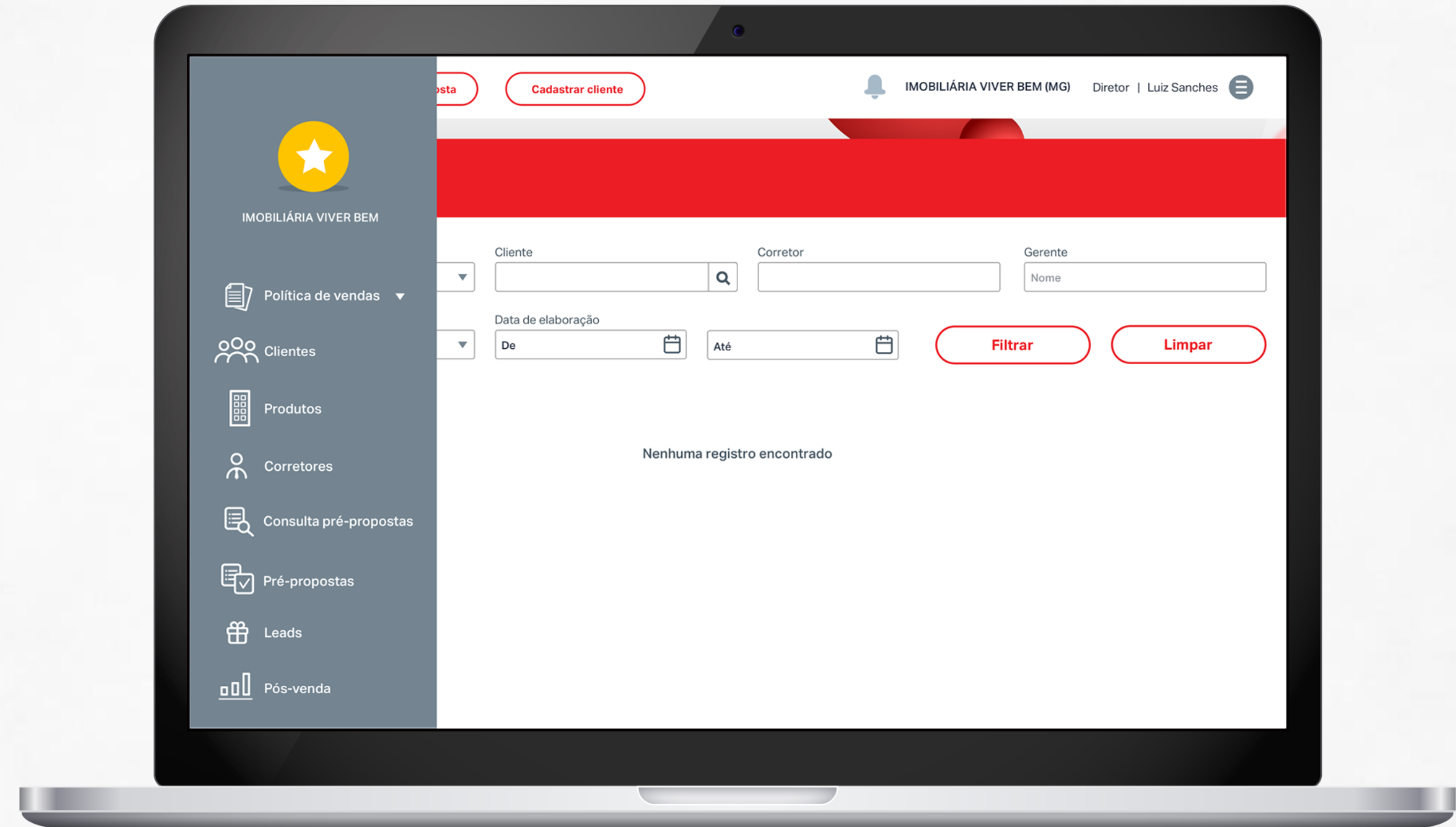
Digital Simulator with smart product offer matrix





Main platform functionalities

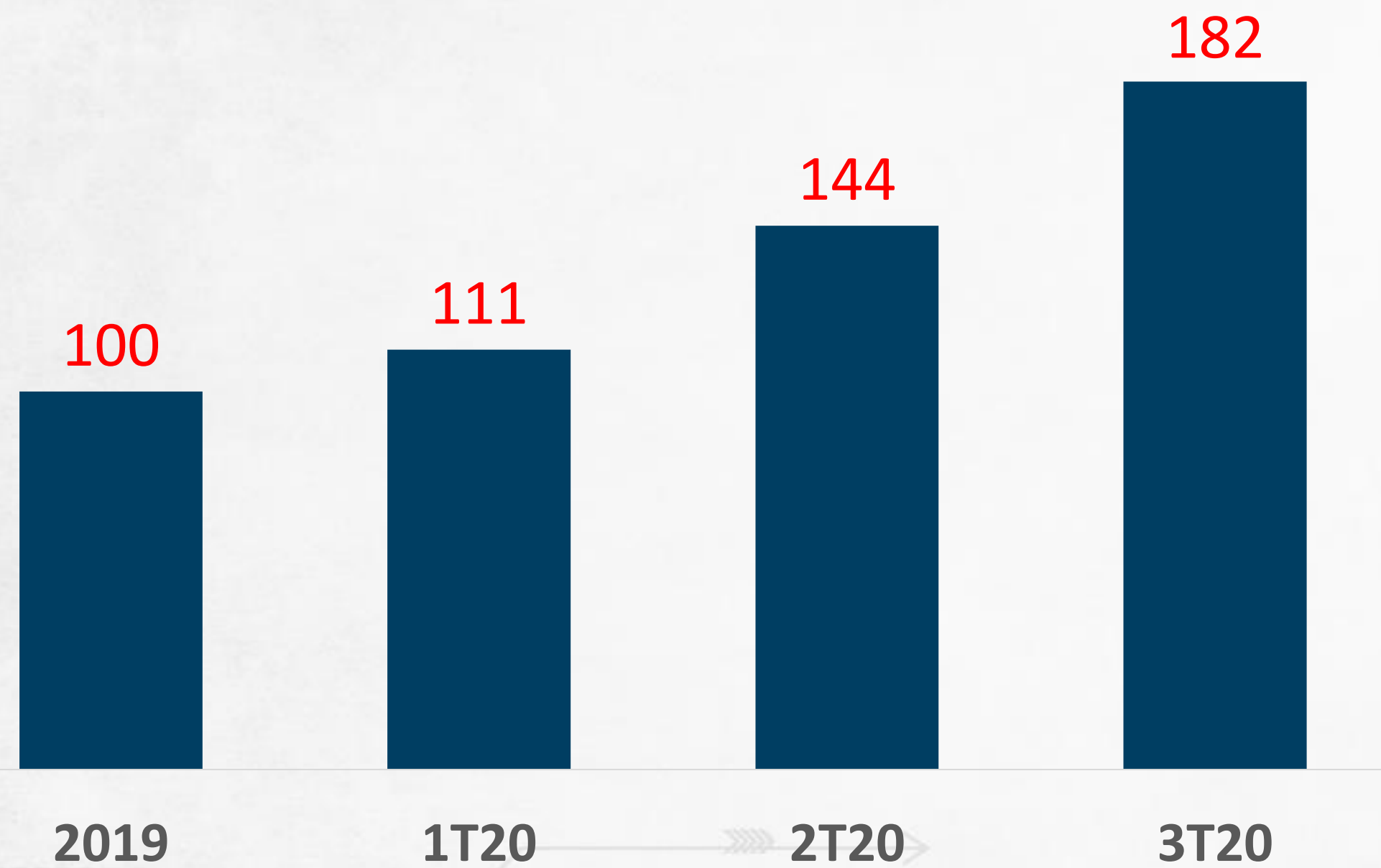
1. Registering, simulation and sale management
2. Automated calculation and payment of brokerage fees
3. Incentive campaigns
4. Eletronic documentation management



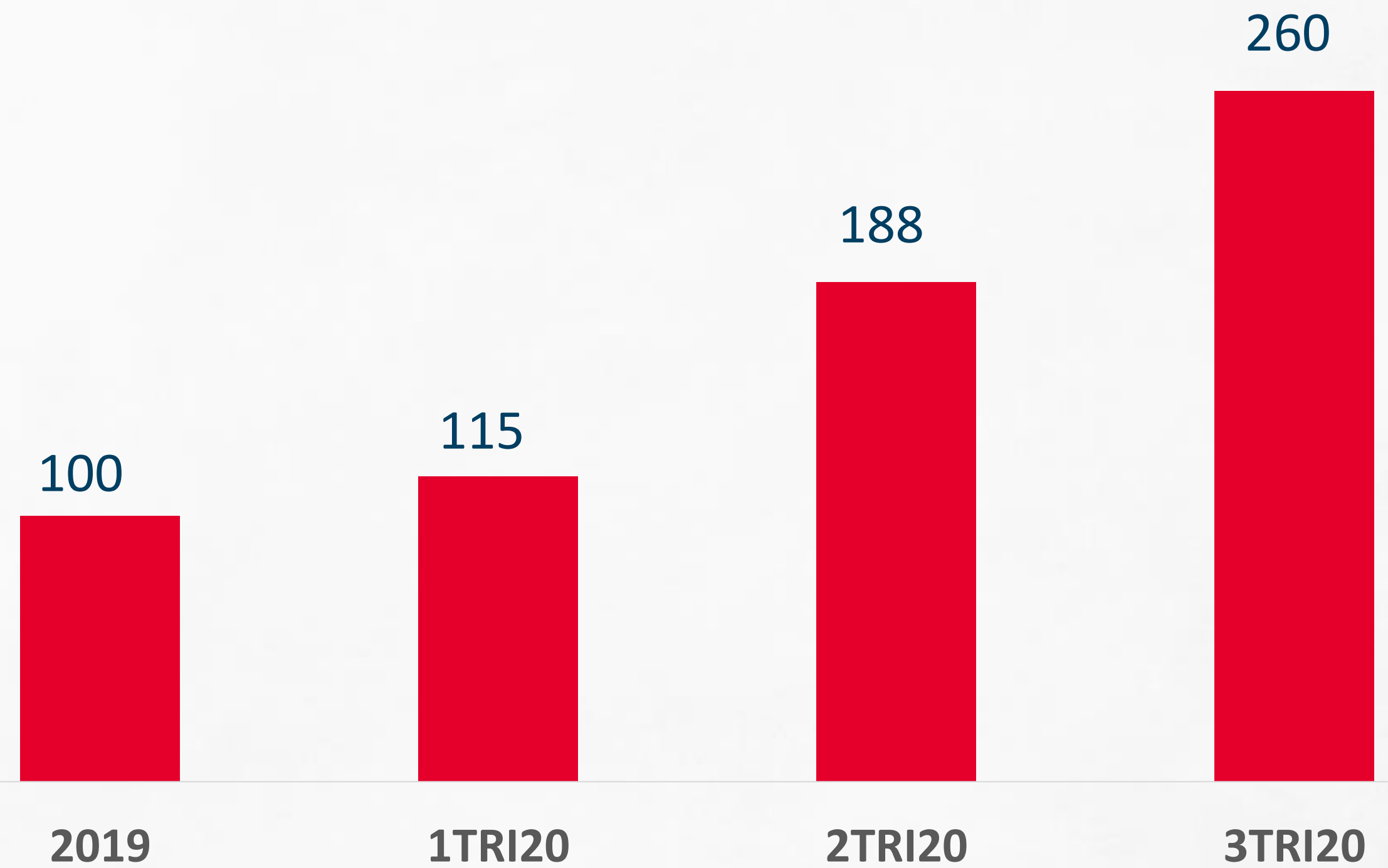
Highlight to the significant increase in the number of brokerage companies operating and total units sold by third party brokerage companies



Brokerage companies that sold units in each period (base 100 = 2019)



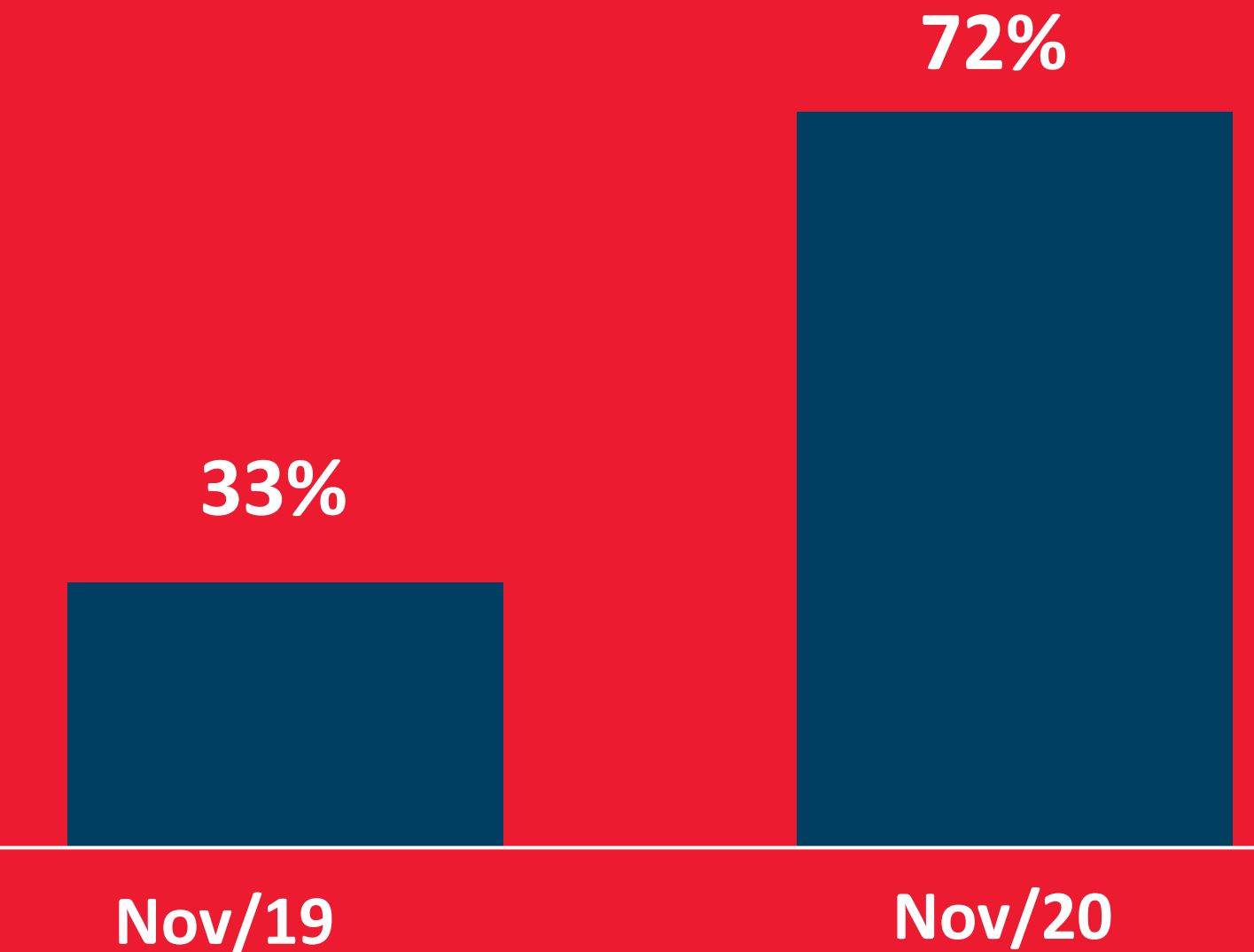
Monthly average sales performance of third party brokerage companies (base 100 = 2019)



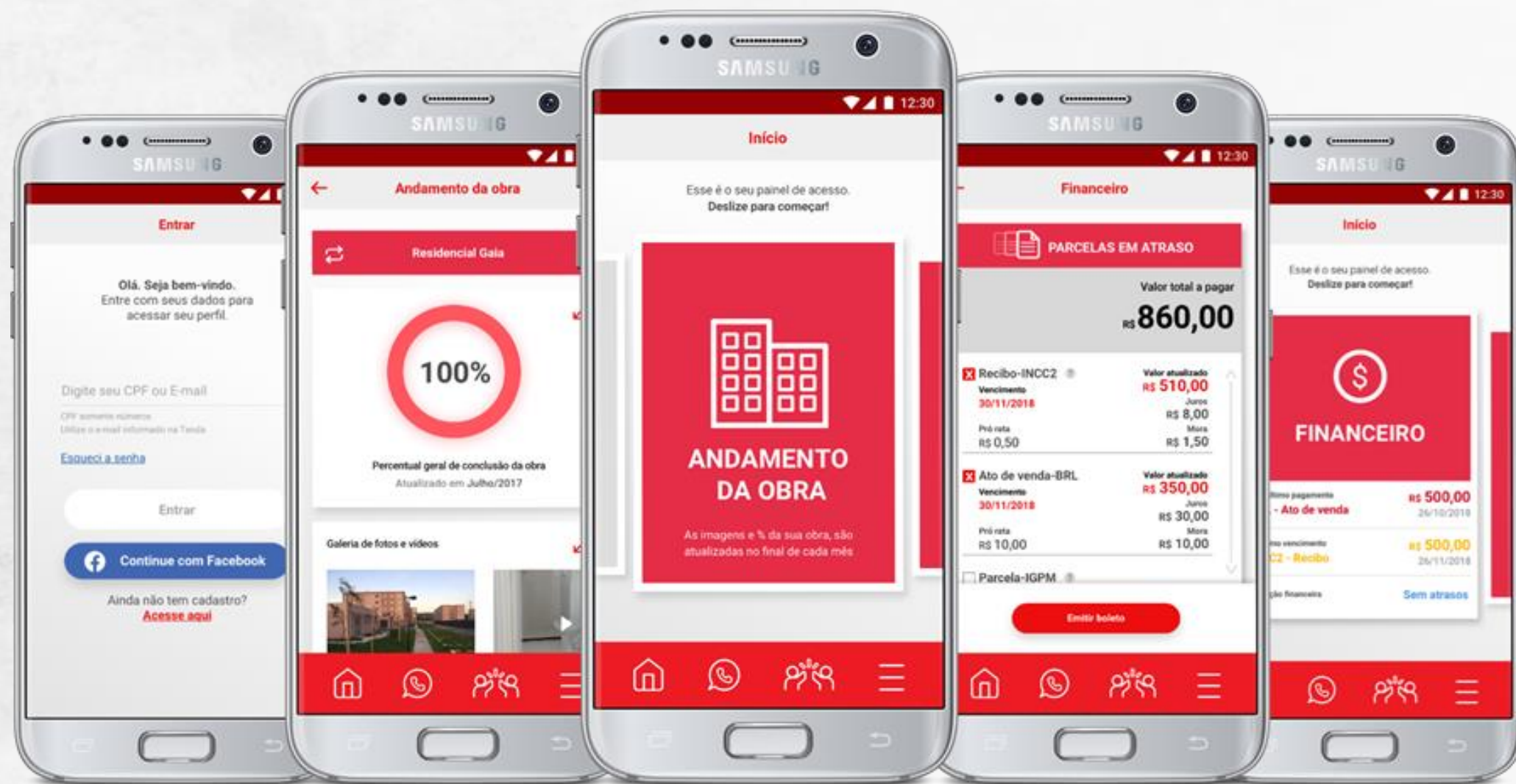
Digitalization of customer relationship has reduced the friction in a very relevant manner, with significant penetration of digital solutions



Rate of clientes that use Tenda's app more than doubled last year



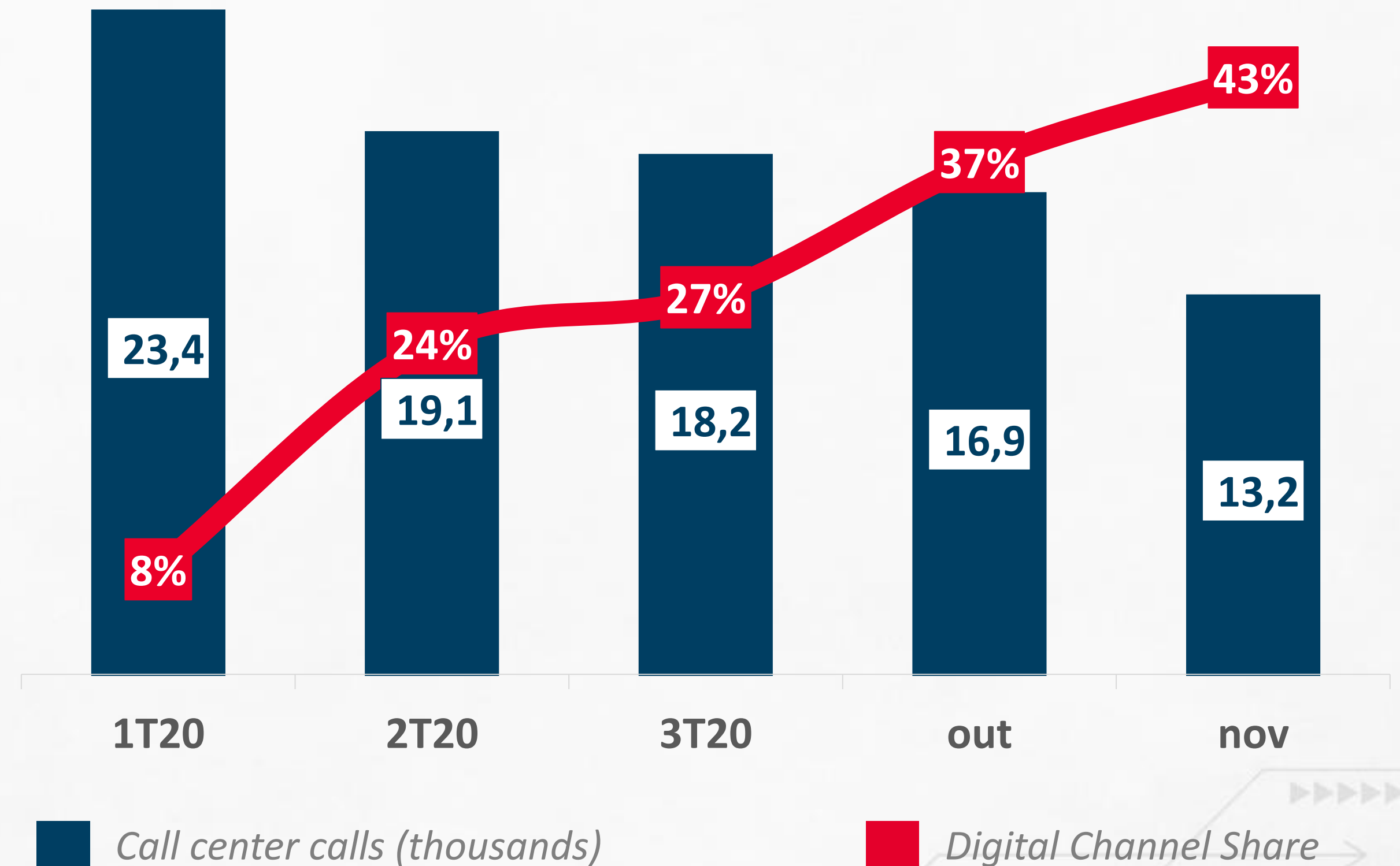
The use of the new functionalities available in the app has increased sharply, thus minimizing Call Center calls and improving customer experience



App Tenda com Você

Customer service per channel

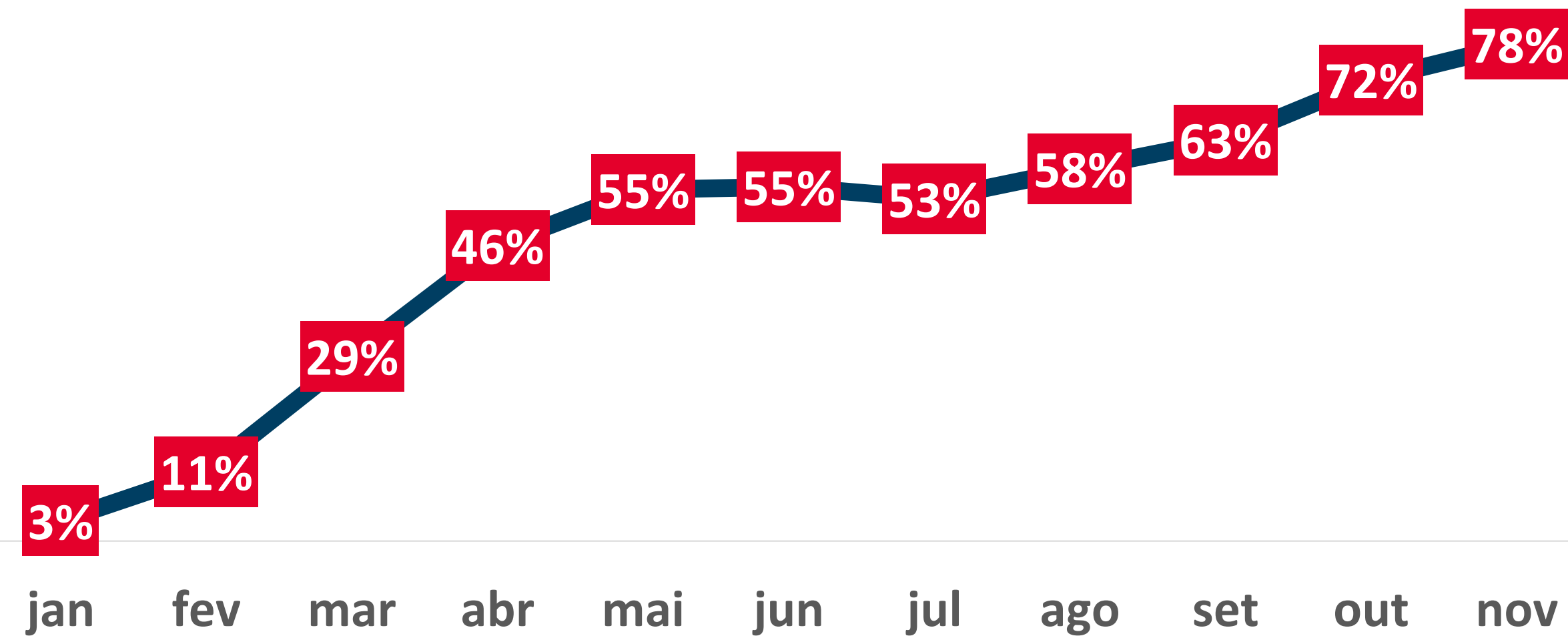
Monthly average of services provided in call center vs digital channels



Highlight to the technical assistance functionality that provides self-management of the assistance required, increasing from 3% to 78% in November



% of services opened digitally



■ % de technical assistance attendances opened from the app Tenda com Você



28%

SLA reduction
In customer service



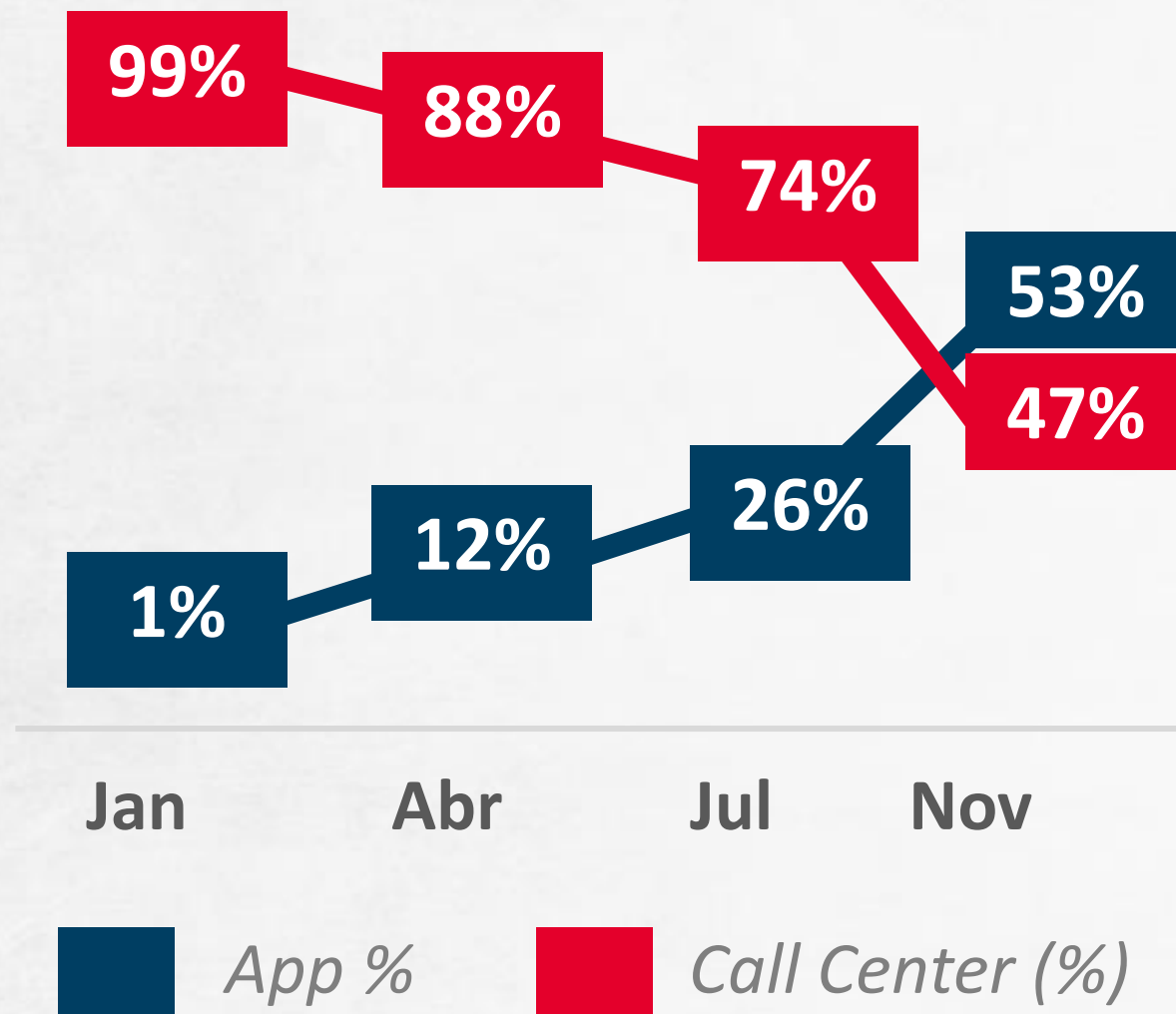
11%

Cost reduction for the
company

The platform can also be used as self-service for billing and collection processes. 53% of the clients now request their payment slips from this digital channel



% of billets issued per channel



App Tenda com Você

From: **DAYS**
To: **SECONDS**

SLA reduction

20%

Reduction in 1st level service representatives at call center

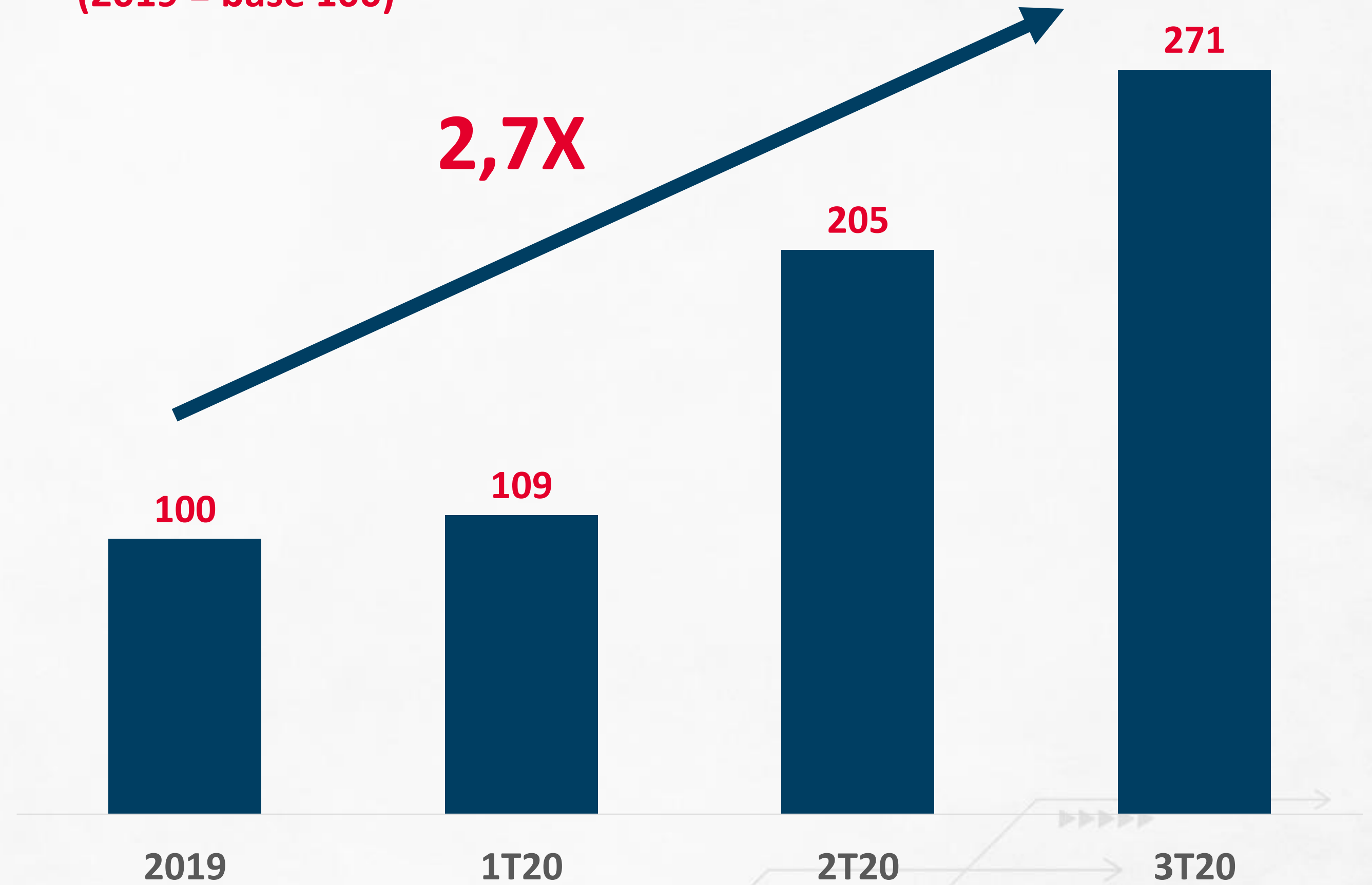
The progress we made in customer service, combined with the relaunch of our Recommendation Program, increased the referral sales by 2.7 times when compared to 2019



Segundou!
Dia de ir atrás dos nossos sonhos e ajudar quem quer conquistar o seu.



Monthly average referral sales
(2019 = base 100)





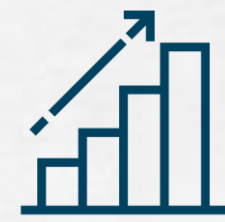
Corporate Development

After a successful growth and value creation cycle anchored on internal practices, Tenda has reached a sweet spot to boost its initiatives by leveraging on collective intelligence



Tenda as a desired partner for various organizations

Business Model



Scale



Industrial Approach



Standardization



Vertical
Integration



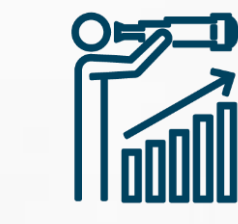
Institutional



True Corporation



High Corporate
Governance Standards



Long Term Focus



Innovation Culutre



Unique appeal to startups and corporates



An investment arm will be created in order to accelerate the strategy

Focus in pursuing opportunities with favorable balance between
(i) access to information, talent and assets, and (ii) capital exposure

Criteria



- Strategic fit, complementary to core *business* or adjacencies
- Genuine *win-win* relationships that allow for well balanced structures

Structure



- *Corporate Venture Capital* (proptechs and construtechs)
- Strategic partnerships
- Co-development of technologies
- M&A

Thank you

