



**Third Quarter 2019**  
**Results Conference Call - PDG**  
**November 18<sup>th</sup>, 2019**

**Operator:** Good morning. You're welcome to PDG's third quarter 2019 earnings conference. Today with us we have Mr. Vladimir Ranevsky, CEO, CFO and IR President.

We would like to inform you that this meeting is recorded and participants can hear to the presentation. We will then have our Q&A session for analysts, when further information will be provided. In case you need any assistance during the conference, please ask for the support of an operator by dialing \*0.

We would like to inform that questions must be forwarded directly to the RI team by e-mail at [ri@pdg.com.br](mailto:ri@pdg.com.br).

The slides are being transmitted simultaneously at [www.pdg.com.br/ri](http://www.pdg.com.br/ri). There you can find the presentation for download.

Before moving on we would like to clarify that eventual information shared by PDG's projections and operational goals are based on premises of the company. They involve risks and uncertainties and premises because they are regarding future events that may or not take place. Investors should understand that conditions related to the macroeconomic scenario, industry and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Now I will turn over the conference to Mr. Vladimir Ranevsky, who will begin his presentation. Mr. Vladimir, you may begin your conference.

**Sr. Vladimir Ranevsky:** Thank you very much. Good morning everyone, you're all welcome to PDG's results regarding the third quarter accumulated and the first nine months of 2019.

Our agenda today starts in slide number 3 with the executive summary about the main events in the third quarter and in the nine months in 2019. I will then share a bit presentation on the results for this period. And the court to provide the reorganization.

In slide 4 we have the executive summary with the financial and operational results in these nine months. In 2019 we have had a significant improvement in the gross profit, totaling 8,6 million with an adjusted gross margin of 16,9% compared to a gross loss of 104.1 million in the nine months of 2018.

There was a reduction of 96.4 million or 14% in net loss YOY. The G&A expenses follow a downward trend, registering a 50% fall QoQ. Furthermore, in the comparison between these nine months we had a 31% decrease when compared to the same period in 2018. Commercial expenses were reduced by 28% when we compare the same quarter in 2018.



Since the beginning of the company's recovery plan, the amortization of debt has reached R\$280 million, which is quite significant. In August we reestablished the construction activities of Palm Beach project expected to finish by May 2020. It's located in Manaus. The project has already complied with two 220 units. We confirm the commitment of the company to keep continuing the negotiation with the bank and other investors to find solutions for the entrepreneurship that were already started.

Moving on to the next item, talking about the court supervised reorganization in slide 6, that recorded an increase of R\$13 million because of the interest rates in the order of 28 million. All of the payments were added to 15 million. Payments anticipated in the plans are taking place, contributing for the amortization. In summary, at the end of the third quarter, taking into account the capital increase and the payments made to class 1, 2 and 4 that the company has already amortized R\$280 million in debt.

Now moving on to the financial and operational results in slide 9, we demonstrate the results of the company. The gross sales reached 41 million, 50% lower than the 3Q18. During the nine months the gross sales totaled 180 million, which is 20% lower than the nine months in 2018. The company is focusing its efforts in selling units that would generate immediate cash.

Throughout the third quarter, equivalent units with a VGV of 40 million, which is 4% above than what was recorded for the third quarter of last year. In the nine months of 2019 R\$180 million were payed, representing a reduction of 20% when we compare to the same period in the previous year. Part of this was done to continue making the payments anticipated in our recovery plan.

Furthermore we continue with our strategy to prioritize the units that have better liquidity and no liability. Net sales closed the quarter with negative 41 million. In the accumulated in the year they totaled 62 million, 20% lower than the nine months in 2018. In October we started a sales campaign and with the efforts of our business team, our performance will contribute for the results in Q4.

In slide 10 we present the general administrative expenses. And as I have mentioned, the reduction in costs and expenses to optimize our processes and structures continues among our priorities. And when we compare Q318 and 14, the G&A had a 50% decrease. In the accumulated nine months there was a 31% decrease. Commercial expenses were reduced by 28% QoQ. In the nine months accumulated results commercial expenses increased by 8%, specially because of the expenses with condominium fees and electronic media.

The general expenses added to the commercial expenses, which we call SG&A, had a 42 decrease when we compare the third quarter with last year.

Now talking about the stocks of the company in slide 11. In the end of Q3 2019 we had R\$1.8 billion at a market value. The number of units went from 4,491 in the second part of this year to 4,469 units in the third quarter this year. We had a 1% decrease. When compared to the third quarter of 2018 we had a 12% decrease in the volume of stock units. The state of Rio and São Paulo concentrated 69% of the company's stock, excluding commercial products. Of the available stock, 41% is concentrated in units for incomes greater than 60% with good liquidity.



Regarding the concluded stock, 72% is located in São Paulo and Rio, 72% is located in areas with 61 and 69%. In other words we have a stock with good sales velocity.

In the next slide we present the court supervised reorganization of the company, which had an increase of 63 billion or 2%, from 2Q19 to 3Q19. Considering the payment of interest rate, we had a total of R\$25 million.

And to conclude, in slide 13, we have our income statement highlighting the decrease of the gross losses when compare the third quarter 2018 to the third quarter 2019. In the nine months this year we had 8.6 million with adjusted gross margin of 16.9%. When compared to last years. We had a decrease of 14% in the net losses when we compare the nine months in 2018 to the nine months in 2019.

And before closing I'd like to highlight that we are pursuing productivity and savings in our operations, with all of the processes, controls and governance frames. The results may be seen in the last opinions issued by the auditors which are independent from the company and have improved their opinion regarding the controls and processes of PDG.

Throughout the trird quarter this year we have dedicated special attention to the commitments of the company, which were started in 2018. We are now concluding our main actions which will allow PDG to diversify its product, generating more cash. As a result, aligned to PDG's new phase, we will soon issue a new brand in the market, providing different services in the real estate market. I will soon share more information about this with you.

With this I end my presentation and will open for questions and answers.

### **Q&A Session**

**Operator:** With this we will start our Q&A session. In case you have any questions press \*1 in your phone. If at any time your question is answered, press \*2 to remove yourself from the line. Questions will be answered as they are received.

We do ask that question when you pose your question, you pick up your handset to provide optimum sound quality. Please hold while we pole for questions.

We now have our first question from Patricia Stankevicius,

**Mrs. Patricia Stankevicius:** Hi, good morning. I have a question about the new service company. When do you intend to launch this company and what services will be provided?

**Mr. Vladimir Ranevsky:** We are planning to launch this new company early next year. Actually we have two companies whose expertise areas were divided into two. We are focusing on sales and engineering services. We will have two companies focusing on each one of these services, using the expertise and experience the company has accumulated over the years.



**Mrs. Patricia Stankevicius:** Okay, I get it.

I have another question about the constructions. You have resumed Palm Beach constructions. Do you have any new ones in the pipeline to be resumed?

**Mr. Vladimir Ranevsky:** Are you talking about new launchings or just about resuming constructions?

We have worked intensively to be able to get a loan to be able to conclude those constructions. We have been negotiating that with different financial institutions, and we do plan to resume the constructions that were hold, especially those that makes sense, where we have a lot of value to recover. But the answer is yes, we will try to resume constructions.

**Mrs. Patricia Stankevicius:** Okay, thank you very much.

**Mr. Vladimir Ranevsky:** You're welcome.

**Operator:** Ladies and gentlemen I'd like to remind you that to ask any questions you have to dial \* 1.

We have a next question from Mrs. Bruna Campos, Platinum.

**Mrs. Bruna Campos:** Good morning. I have two questions.

The first one is that you talked about resuming your launchings and I'd like to know what is the timing for these launchings and what kind of products is the company planning to focus on in the beginning?

**Mr. Vladimir Ranevsky:** Good morning, Bruna. This is another area where we have focused a lot. It is also related to obtaining resources. We're also dedicating to do that; we were planning to have one launch this year but I don't think it will be possible. We will have to delay that to the beginning of next year. We have some alternatives but we don't know exactly where it's going to be. It will depend a lot on the resources we will obtain.

**Mrs. Bruna Campos:** Thank you very much.

My second question. All of the debtors have activated their shares. Is there anything else coming up?

**Mr. Vladimir Ranevsky:** No, we are still taking some actions. This process is a bit complex, it involves the payments of delayed condominiums and other payments to be made by our debtors, but this is going to move on.

**Mrs. Bruna Campos:** Thank you very much. Good morning.

**Operator:** Excuse me once again. In case you have any questions please dial \* 1.

Our Q&A session is now closed. I will turn it over to Mr. Ranevsky for his final considerations.



**Mr. Vladimir Ranevsky:** Well I thank you all for your participation in this teleconference. I would like to reinforce that if you have any questions, our IR department is available to help you. Thank you very much.

**Operator:** The third quarter 2019 PDG's conference is now closed. Please disconnect your lines now.