



**May, 18<sup>th</sup>  
2020**

**1Q20  
Results**

## ❖ Executive Summary

## ❖ Court-supervised Reorganization (CSR)

## ❖ Financial and Operational Results

Sales Performance

G&A

Inventory

Debts not subjected to the Reorganization Plan

Income Statement

## ❖ Present and Future Impacts (COVID-19)



**Corcovado**  
Rio de Janeiro/RJ



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### Covid-19 Pandemic – Main Actions

#### **3<sup>a</sup> Part – first half of April:**

- ❖ 04/01 - 24 hour Medical Teleorientation accessible to all employees;
- ❖ 04/02 – Communication about the follow-up of suspected cases in the Company;
- ❖ 04/06 - Virtual conversation with all employees;
- ❖ 04/08 - Communication about meal voucher and working hours;
- ❖ 04/13 – Health Newsletter - Ergonomics;
- ❖ 04/15 - IT Research on Remote Work.

#### **4<sup>a</sup> Part – second half of April:**

- ❖ 04/18 - Flu vaccination at PDG's office (100% drive-thru);
- ❖ 04/20 - Health Newsletter - Nutrition;
- ❖ 04/20 - GTPW Research (The Impact of Coronavirus on your daily life and business).
- ❖ 04/24 - Virtual conversation with all employees;
- ❖ 04/29 - Communication about the follow-up of suspected cases in the Company.



### Covid-19 Pandemic – Main Actions

#### **5<sup>a</sup> Part – first half of May:**

- ❖ 05/02 - Planning and actions to return to the office;
- ❖ 05/04 - Health Newsletter - Stretching;
- ❖ 06/05 – Communication about optimizing the use of internet;
- ❖ 05/08 - Virtual conversation with all employees - GTPW results;
- ❖ 05/11 - Mother's Day Lecture (Psychologist and Obstetrical Nurse);
- ❖ 12/05 - Health Newsletter - Indoor physical exercises.



### Covid-19 Pandemic – Cash Retention Actions

#### **GUIDELINE 1: MAXIMUM CASH RETENTION**

- ❖ Review of monthly payments, with possible renegotiations - cash preservation;
- ❖ Daily monitoring the default rate - still without major variations;
- ❖ Adoption of the benefits generated by Provisional Measure 927 (FGTS and Sistema S);
- ❖ Launches and other planned investments temporarily suspended.

#### **GUIDELINE 2: MAINTENANCE OF JOBS FOR OPERATIONAL RESUMPTION**

- ❖ Schedule of vacation and bank of hours for a group of employees;
- ❖ Implementation of flexible working hours and adoption of remote work in a staggered way.





### 1Q20 Highlights

- ❖ Reduction of 27% in the Company's net loss, from R\$240 million in 1Q19 to R\$175 million in 1Q20.
- ❖ G&A expenses continue on a downward trend, with a 12% decrease when comparing 1Q19 to 1Q20.
- ❖ Since the beginning of the Company's Recovery Plan, the amortization of debts subjected to the recovery plan totaled R\$282 million until the end of 1Q20.
- ❖ Cancellations amounted to R\$ 20 million in 1Q20, aligned with our strategy to decrease our Cancellation Backlog and release assets;
- ❖ Net sales recovered from the last three quarters, reaching R\$19 million in 1Q20.

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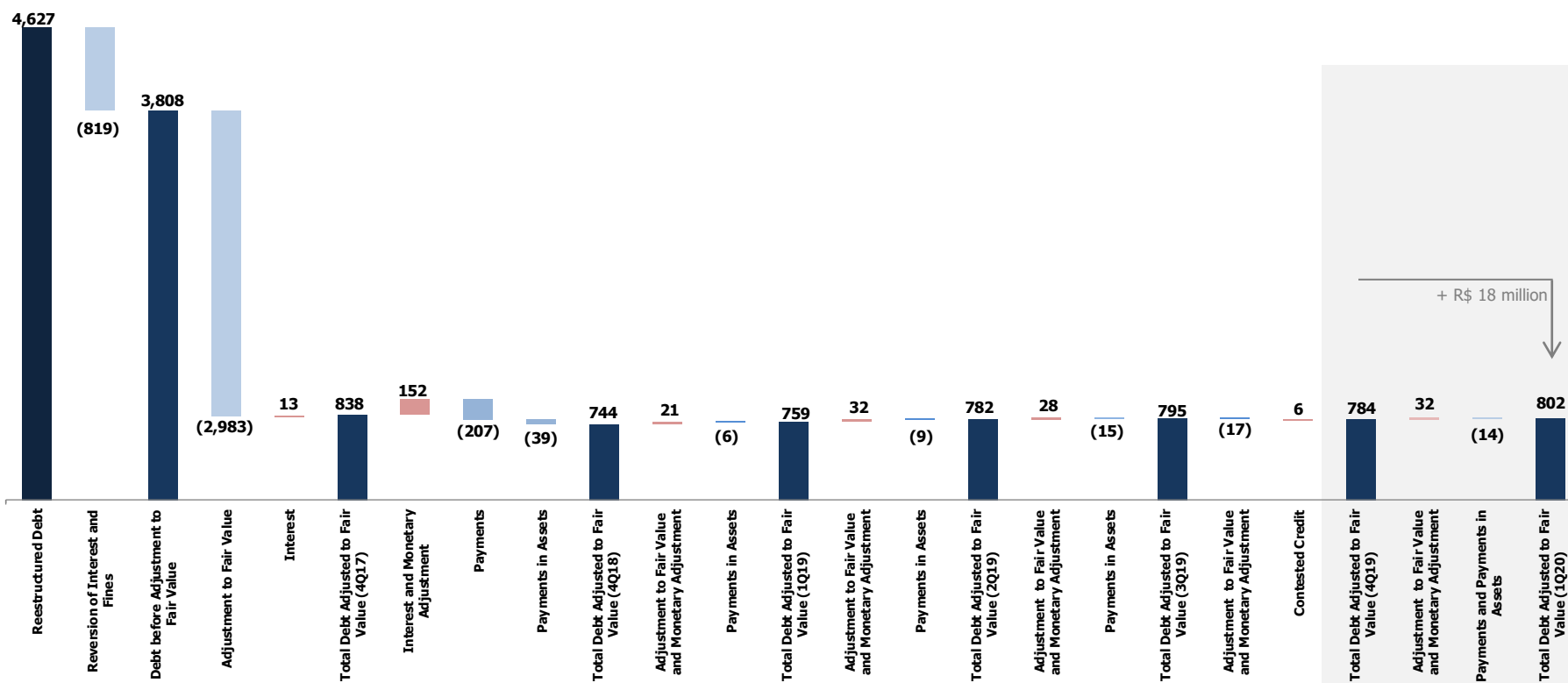
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# Court-supervised Reorganization (CSR)

## Debt Subjected to the Reorganization Plan (Concursal)

### Debt Subjected to the Reorganization Plan Variation – R\$ million



- ❖ In 1Q20 Debts subjected to the Recovery Plan increased by R\$18 million mainly due to interest accrued in the period.
- ❖ The Company already amortized R\$282 million in debts subjected to the Recovery Plan



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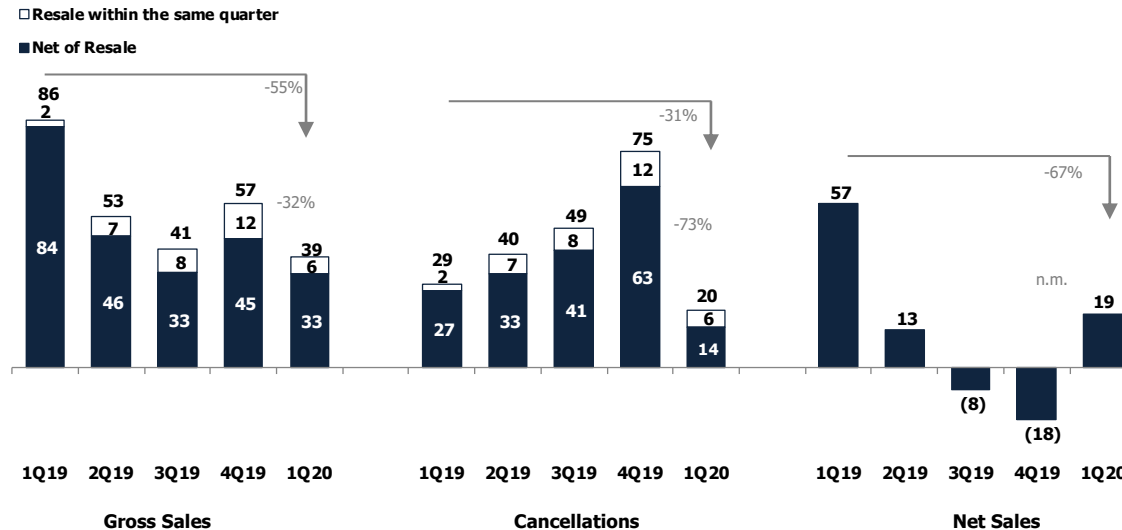
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# Financial and Operational Results

## Sales Performance



### Gross Sales, Cancellations and Net Sales - R\$ million



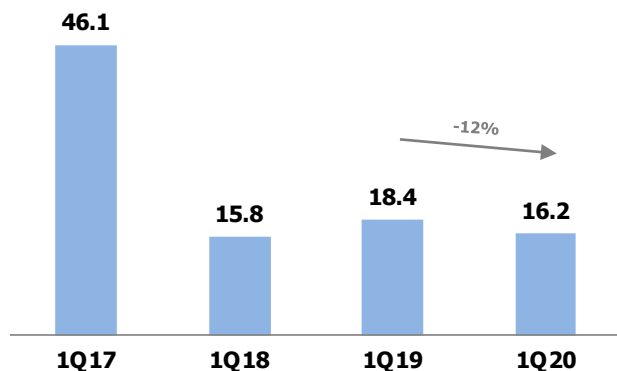
- ❖ In 1Q20, gross sales totaled R\$39 million, 55% below 1Q19.
- ❖ During 1Q20 cancellations amounted to R\$20 million, 31% down on 1Q19. We continue with the strategy to prioritize the cancellation of unencumbered units with good liquidity to reinforce the Company's cash inflow at the resale moment.
- ❖ Net sales totaled R\$19 million in the quarter, 67% below 1Q19, but representing a significant increase over the previous quarter, when net sales were negative.

# Financial and Operational Results

## Selling, General & Administrative Expenses



G&A Evolution – R\$ million



SG&A

GENERAL, ADMINISTRATIVE E COMMERCIAL EXPENSES	R\$ million in IFRS		
	QUARTER		
	1Q20	1Q19	(%) Var.
<b>Total Commercial Expenses</b>	<b>-14.3</b>	<b>4.4</b>	<b>n.m.</b>
Salaries and Benefits	8.1	9.1	-11%
Third Party Services	4.9	7.6	-36%
Other Admin. Expenses	3.2	1.7	88%
<b>Other Admin. Expenses</b>	<b>16.2</b>	<b>18.4</b>	<b>-12%</b>
<b>Total G&amp;A</b>	<b>1.9</b>	<b>22.8</b>	<b>-92%</b>

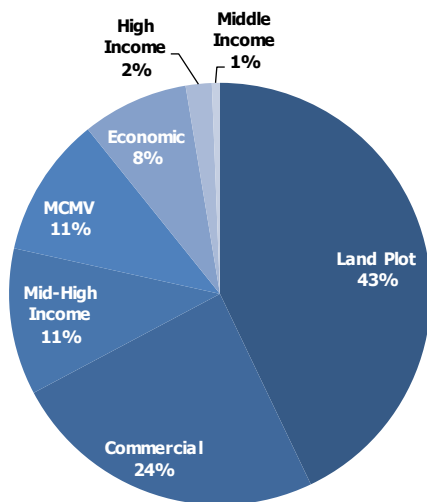
- ❖ G&A expenses decreased by 12% QoQ.
- ❖ Commercial expenses were R\$14 million negative in 1Q20, due to the non-recurring reversal of the provision for the payment of IPTU and condominium expenses of concluded units in inventory.
- ❖ In this way, the general and administrative expenses added to commercial expenses (SG&A) recorded a 92% drop QoQ.

# Financial and Operational Results

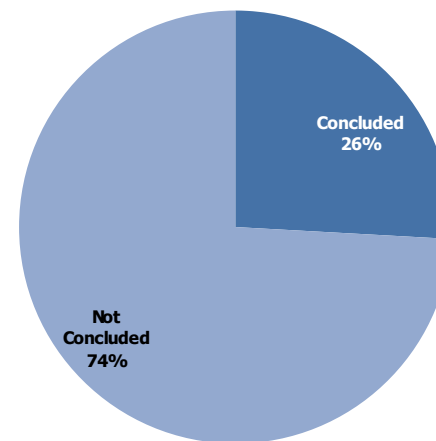
## Inventory



Inventory by Product – % of PSV



Inventory by Conclusion – % of PSV

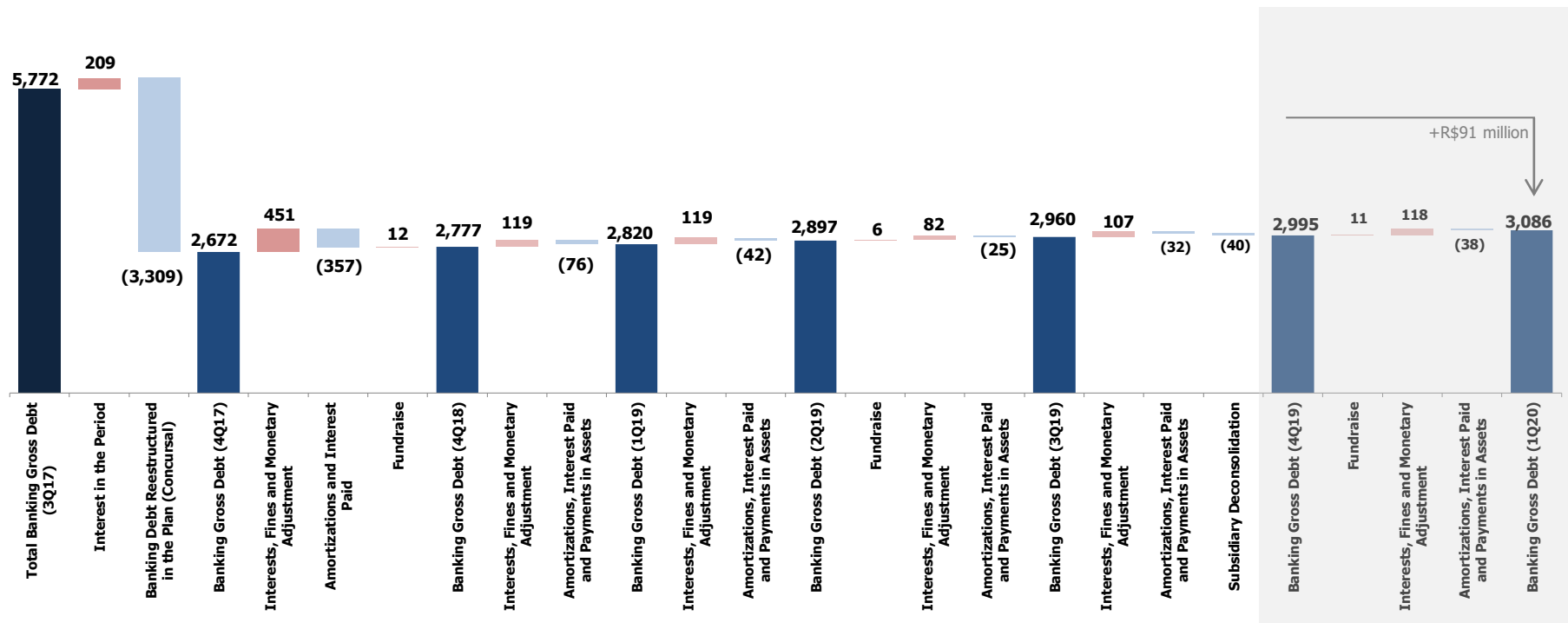


- ❖ The Company's total market value of inventory at the end of 1Q20 was R\$1,852 million, of which R\$479.3 million (26%) refers to concluded units.
- ❖ Concluded inventory features:
  - 74% are located in São Paulo and Rio de Janeiro;
  - 72% of the inventory (including commercial product) is concentrated in projects with sales range above 60% sold;
  - 60% of the inventory is concentrated in residential products (excluding MCMV, Land Plot and Commercial).

# Financial and Operational Results

## Debts not subjected to the Reorganization Plan

### Debts not subjected to the Reorganization Plan Variation – R\$ milhões



❖ The Company's extra-concursal gross debt increased by R\$91 million (3%) in 1Q20.

❖ Considering the R\$10 million decrease in Cash and Cash Equivalents, net debt increased by R\$101 million (4%) within 1Q20.

# Financial and Operational Results

## Income Statement

INCOME STATEMENTS (R\$ '000) - IFRS	QUARTER		
	1Q20	1Q19	(%) Var.
<b>Operating Gross Revenue</b>			
Real Estate Sales	62,542	141,714	-56%
Other Operating Revenues	(1,230)	(920)	34%
(-) Revenues Deduction	(14,414)	(11,679)	23%
<b>Operating Net Revenue</b>	<b>46,898</b>	<b>129,115</b>	<b>-64%</b>
Cost of Sold Units	(43,347)	(127,242)	-66%
Interest Expenses	(6,325)	(18,658)	-66%
<b>Cost of sold properties</b>	<b>(49,672)</b>	<b>(145,900)</b>	<b>-66%</b>
<b>Gross Income (loss)</b>	<b>(2,774)</b>	<b>(16,785)</b>	<b>-83%</b>
<b>Gross margin</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.m.</b>
<b>Adjusted gross margin <sup>(1)</sup></b>	<b>7.6%</b>	<b>1.5%</b>	<b>610.0%</b>
<b>Operating Revenues (expenses):</b>			
Equity Income	29	169	-83%
General and Administrative	(16,160)	(18,459)	-12%
Commercial	14,285	(4,438)	n.m.
Taxes	(358)	(1,647)	-78%
Depreciation & Amortization	(562)	(973)	-42%
Other	(33,392)	(63,132)	-47%
Financial Result	(137,120)	(132,536)	3%
<b>Total operating revenues (expenses)</b>	<b>(173,278)</b>	<b>(221,016)</b>	<b>-22%</b>
<b>Income before taxes</b>	<b>(176,052)</b>	<b>(237,801)</b>	<b>-26%</b>
Income Taxes and Social Contribution	46	(6,856)	n.m.
<b>Income before minority stake</b>	<b>(176,006)</b>	<b>(244,657)</b>	<b>-28%</b>
Minority interest	990	4,402	-78%
<b>Net Income (loss)</b>	<b>(175,016)</b>	<b>(240,255)</b>	<b>-27%</b>
<b>Net margin</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.m.</b>

(1) Adjusted by interest expenses in cost of sold units and recognition of goodwill





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## Main ongoing projects

- ✦ Digital journey;
- ✦ Remote work project.

**Domo Business – São Bernardo do Campo/SP**



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