



**August 15th,
2019**

**2Q19 and 1H19
Results**

❖ Executive Summary

❖ Resumption of Construction

❖ Court-supervised Reorganization (CSR)

❖ Financial and Operational Results

Sales Performance

G&A

Inventory

Debts not subjected to the Reorganization Plan

Income Statement



Corcovado
Rio de Janeiro/RJ



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2Q19 and 1H19 Highlights

- ❖ **Gross profit of R\$30.4 million on 2Q19**, which represents a **51.4% adjusted gross margin**, compared to R\$45.5 million net loss on 2Q18. **During the 1H19 gross profit totaled R\$13.6 million, with an adjusted gross margin of 19.2%**, compared to R\$50.2 million net loss in the 1H18.
- ❖ **Reduction of R\$91 million (27%) in net loss QoQ. In the 1H19, net loss was reduced by R\$111 million (18%).**
- ❖ **Improvement of 63% in net sales, which totaled R\$70 million in 1H19**, compared to R\$43 million in 1H18.
- ❖ **G&A expenses follow a downward trend, registering a 47% fall QoQ. In the semester the reduction reached 19% when compared to 1H18.**
- ❖ **The total amortization of debts subjected to the Recovery Plan amounted to R\$265 million up to 2Q19.**
- ❖ **Cancellations fell by 18% QoQ. Comparing the 1H19 to the 1H18, cancellations fell by 32%.**

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Resumption of Construction

'Palm Beach' Project

- ❖ In August we will re-establish the construction activities of the 'Palm Beach' project, in Manaus city.
- ❖ The conclusion of this project is expected to May 2020.
- ❖ This project has 270 units, of which 220 are sold.
- ❖ With private area of 71m² or 86m².



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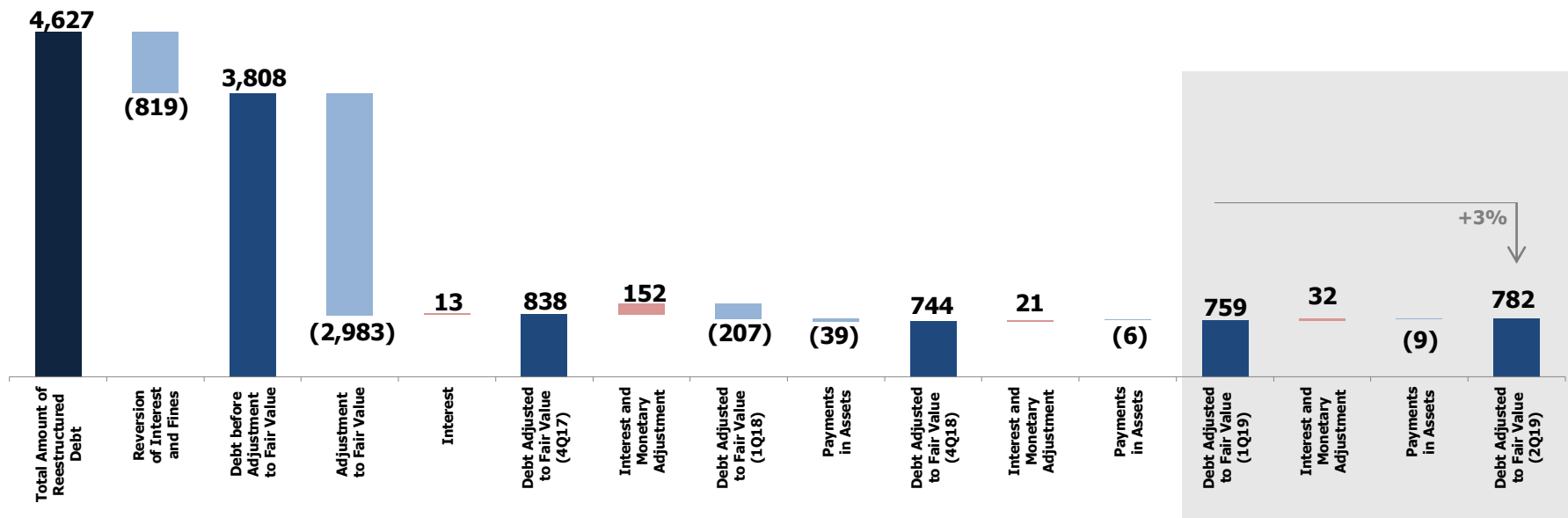


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Court-supervised Reorganization (CSR)

Debt Subjected to the Reorganization Plan (Concursal)

Debt Subjected to the Reorganization Plan – R\$ million



- ❖ Debts subjected to the Recovery Plan increased by R\$23 million (3%) during 2Q19, mainly due to interest accrued and monetary correction.
- ❖ As foreseen in the Plan the Company made payments in assets amounting to R\$9 million during 2Q19. Payments in assets will continue to occur throughout the second semester, aiming to keep amortizing the debts.
- ❖ Considering the Capital Increase, the payments made to creditors of classes I, II and IV and the payments in assets, the Company already paid R\$265 million in debts subjected to the Recovery Plan.

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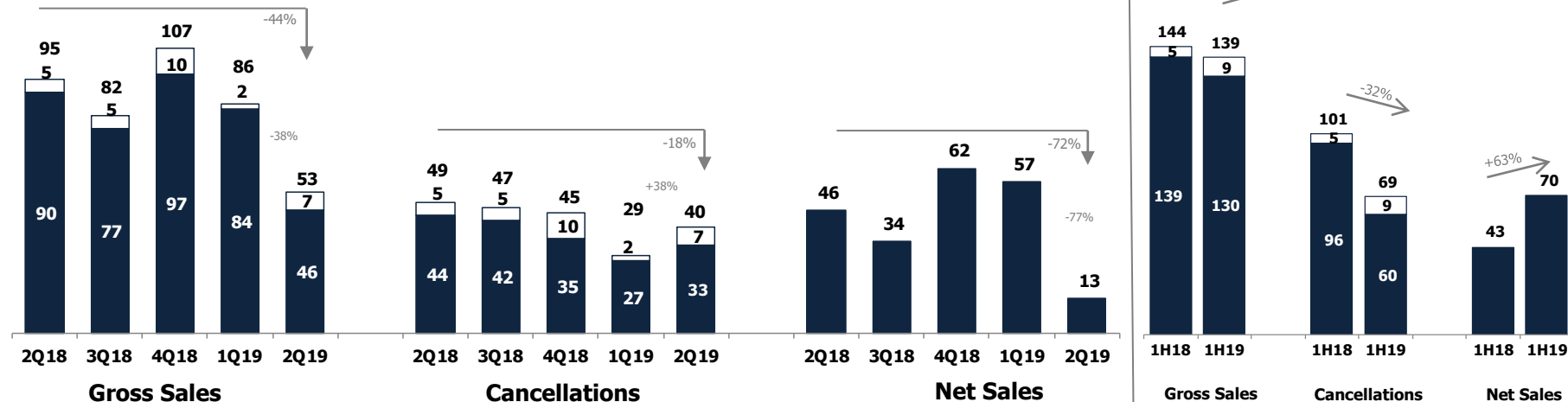
Financial and Operational Results

Sales Performance

Gross Sales, Cancellations and Net Sales – R\$ million

□ Resale within the same quarter

■ Net of Resale within the same quarter



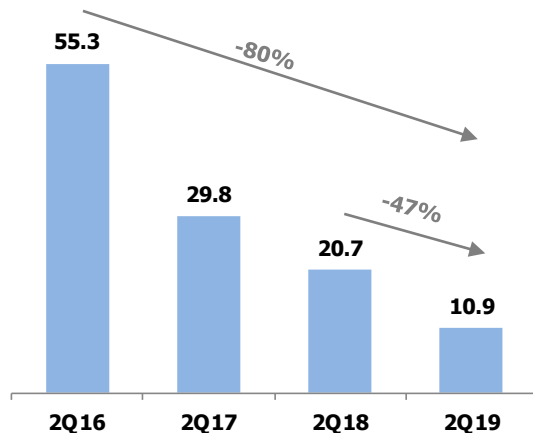
- ❖ In 2Q19, gross sales reached R\$53 million, 44% lower than 2Q18. In 2019's first half, gross sales totaled R\$139 million, 3% lower than 1H18. Of this total, R\$32 million (23%) refers to sales of unencumbered units.
- ❖ Cancellations reached R\$40 million in 2Q19, 18% lower than 2Q18 and 38% higher than 1Q19. In 1H19, cancellations reached R\$69 million, a 32% decrease when compared to 1H18.
- ❖ Net sales totaled R\$13 million in 2Q19, 72% down 2Q18 and 77% down 1Q19. In 1H19, net sales reached R\$70 million, 63% higher than 1H18.
- ❖ We will continue with our strategy to prioritize the cancellation of unencumbered units with good liquidity that will generate free cash inflow at the moment of resale.

Financial and Operational Results

Selling, General & Administrative Expenses



G&A Evolution – R\$ million



SG&A Evolution

COMMERCIAL, GENERAL AND ADMINISTRATIVE EXPENSES	QUARTER			YTD		
	2Q19	2Q18	(%) Var.	1H19	1H18	(%) Var.
	R\$ milhões em IFRS					
Total Commercial Expenses	13.6	3.3	n.m.	18.0	12.6	44%
Salaries and Benefits	9.7	13.0	-25%	18.9	21.5	-12%
Third Party Services	0.2	5.7	-96%	7.8	11.3	-31%
Other Admin. Expenses	1.0	2.0	-50%	2.7	3.7	-27%
Total G&A	10.9	20.7	-47%	29.4	36.5	-19%
Total SG&A	24.5	24.0	2%	47.4	49.1	-3%

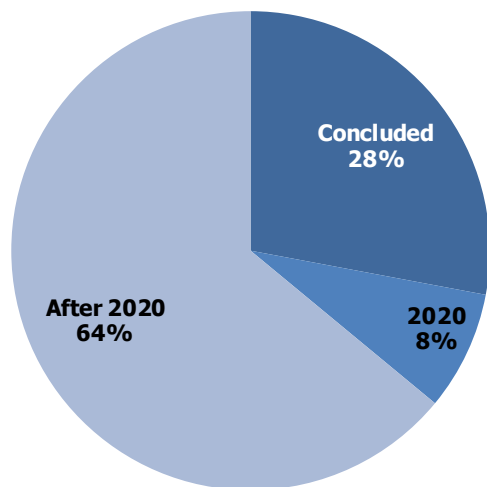
- ❖ In the second quarter of this year, G&A expenses decreased by 47% compared to 2Q18 and 19% when comparing 1H19 to 1H18
- ❖ Selling expenses increased by 44% from 1H19 to 1H18. This increase is mainly due to higher expenses on inventory units, and the increase of expenses with publicity in electronic media.
- ❖ Therefore, the SG&A expenses recorded a 2% increase QoQ and a 3% decrease comparing 1H19 to 1H18.
- ❖ In 2Q19, the total headcount decreased by 33% compared to 2Q18.

Financial and Operational Results

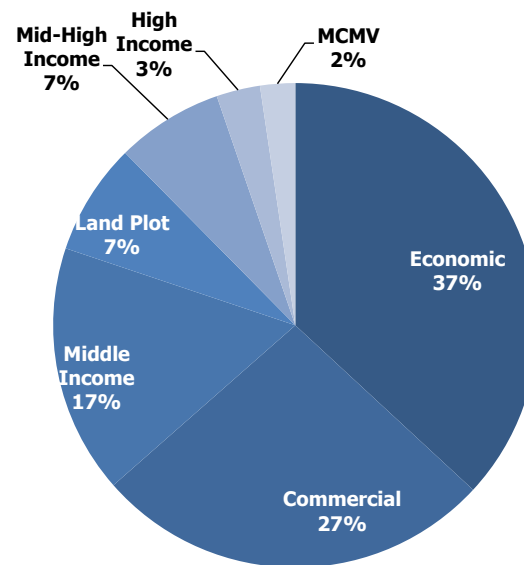
Inventory



Inventory by Delivery Schedule – % of PSV



Inventory per Ready Product – % of PSV



- ❖ The Company's total inventory at market value at the end of 2Q19 was R\$1.8 billion, of which R\$502.7 million refer to concluded units.
- ❖ Concluded inventory features:
 - 74% of the inventory (including commercial product) is concentrated in projects with sales range above 60%.
 - 64% of the inventory is concentrated in residential products (excluding MCMV, Land Plot and Commercial).

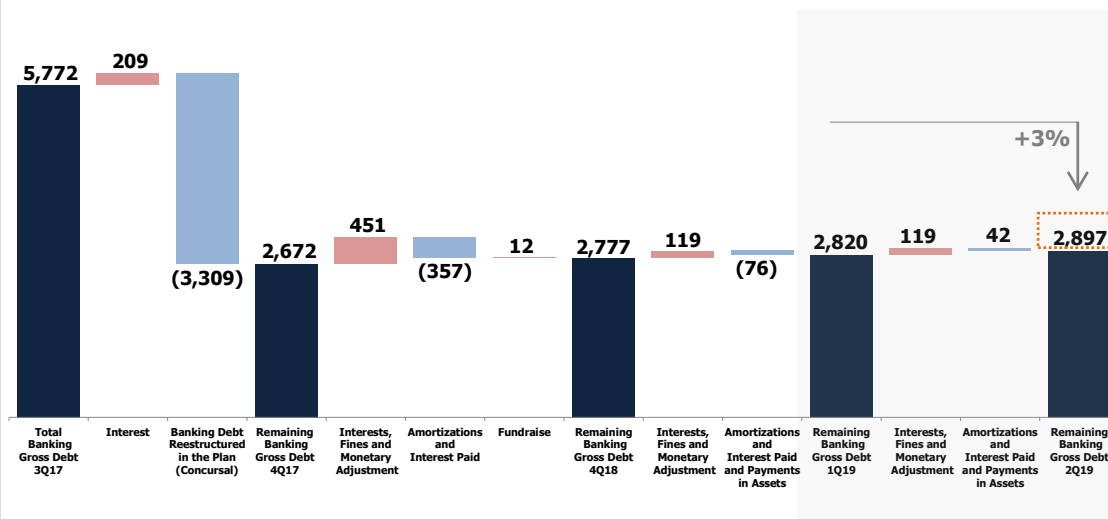
Court-supervised Reorganization (CSR)

Debts not subjected to the Reorganization Plan

Debts not subjected to the Reorganization Plan – R\$ million

INDEBTEDNESS	R\$ million in IFRS		
	2Q19	1Q19	(%) Var.
Cash and Cash Equivalents	139	138	1%
SFH	786	767	2%
Debentures	148	139	6%
CCB/CRI	193	186	4%
Construction Financing	1,127	1,092	3%
Working Capital, SFI and Promissory Notes	348	352	-1%
Finep/Finame	7	6	17%
Debentures	371	353	5%
CCB/CRI	1,043	1,016	3%
Obligation for the issuance of CCB and CCI	1	1	0%
Corporate Debt	1,770	1,728	2%
Gross Debt	2,897	2,820	3%
Net Debt	2,758	2,682	3%
Net Debt (ex. Construction Financing)	1,631	1,590	3%
Shareholders Equity (1)	(4,503)	(4,249)	6%
Net Debt (ex. SFH)/ Equity	n.a.	n.a.	n.m.

(1) Includes non-controlling equity



- The Company's gross debt increased by R\$77 million (3%) between 1Q19 and 2Q19, due to the R\$119 million in interests and monetary adjustment, deducted from the amortizations and payments in assets that totaled R\$42 million this quarter.

Income Statement

Quarterly

INCOME STATEMENTS (R\$ '000) - IFRS	QUARTER			YTD		
	2Q19	2Q18	(%) Var.	1H19	1H18	(%) Var.
Operating Gross Revenue						
Real Estate Sales	56,120	164,336	-66%	197,834	234,919	-16%
Other Operating Revenues	22,781	7,004	n.m.	21,861	9,188	n.m.
(-) Revenues Deduction	(7,815)	(1,453)	n.m.	(19,494)	(8,722)	n.m.
Operating Net Revenue	71,086	169,887	-58%	200,201	235,385	-15%
Cost of Sold Units	(34,527)	(206,906)	-83%	(161,769)	(268,948)	-40%
Interest Expenses	(6,203)	(8,438)	-26%	(24,861)	(16,682)	49%
Cost of sold properties	(40,730)	(215,344)	-81%	(186,630)	(285,630)	-35%
Gross Income (loss)	30,356	(45,457)	n.m.	13,571	(50,245)	n.m.
Gross margin	42.7%	n.a.	n.m.	6.8%	n.a.	n.m.
Adjusted gross margin ⁽¹⁾	51.4%	n.a.	n.m.	19.2%	n.a.	n.m.
Operating Revenues (expenses):						
Equity Income	1,542	(378)	n.m.	1,711	(3,916)	n.m.
General and Administrative	(10,940)	(20,663)	-47%	(29,399)	(36,462)	-19%
Commercial	(13,603)	(3,329)	n.m.	(18,041)	(12,567)	44%
Taxes	(2,873)	(1,229)	n.m.	(4,520)	(1,408)	n.m.
Depreciation & Amortization	(1,035)	(14,887)	-93%	(2,008)	(56,745)	-96%
Other	(147,064)	(136,365)	8%	(210,196)	(227,169)	-7%
Financial Result	(99,965)	(134,144)	-25%	(232,501)	(230,650)	1%
Total operating revenues (expenses)	(273,938)	(310,995)	-12%	(494,954)	(568,917)	-13%
Income before taxes	(243,582)	(356,452)	-32%	(481,383)	(619,162)	-22%
Income Taxes and Social Contribution	(5,247)	14,010	n.m.	(12,103)	10,088	n.m.
Income before minority stake	(248,829)	(342,442)	-27%	(493,486)	(609,074)	-19%
Minority interest	(148)	2,638	n.m.	4,254	8,958	-53%
Net Income (loss)	(248,977)	(339,804)	-27%	(489,232)	(600,116)	-18%
Net margin	n.a.	n.a.	n.m.	n.a.	n.a.	n.m.

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



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