



March 19 2015

**4Q14 and 2014  
Conference Call**



- ❖ Management Proposal – Capital Increase
- ❖ 4Q14 Highlights
- ❖ Operational Evolution
- ❖ Financial Evolution



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# Management Proposal

## Shareholders Composition / creditors / management



❖ Proposal to navigate an uncertain period:

### Capital Increase

- Proposed increase of R\$300 – R\$500 million
- Vinci's firm guarantee of R\$300 million

### Corporate Debt Rollover

- Anticipated extension of corporate debt and construction financing debt due in 2015

### Acceleration of Asset Sales

- Participation in non core businesses, Landbank, etc.



## **Proposal for the Company's capital increase through a private share subscription**

- **Price:** R\$0.44 per share
  - Average price in the last 20 trading sessions weighted by traded volume. *The issue price was established without an unjustified dilution for the Company's current shareholders, pursuant to article 170, paragraph 1, of Law 6,404/76*
- **Number of shares:** 681,818,181 shares to 1,136,363,636 shares
- **Subscription warrants:** as an additional incentive, one subscription warrant will be granted for each 2.5 subscribed shares.
- **Potential Dilution:** 34.0% to 46.2%

The Company's shareholders will have preemptive rights in the subscription of new shares, proportionally to their shareholdings on the day of the Extraordinary Shareholders' Meeting.

The increase in the limit of the authorized capital in the Bylaws will also be submitted to the Shareholders' Meeting to allow the issue of subscription warrants.

## Capital Increase Vinci Partners' Commitment



Vinci Partners Investimentos Ltda., through one or more investment funds managed by its subsidiaries ("Vinci Funds"), has undertaken to subscribe the shares to be issued in the capital increase through the exercise of preemptive rights for the subscription of shares and the subscription of any unsubscribed shares, so that the total amount to be contributed by the Vinci Funds comes to at least three hundred million reais (R\$300,000,000.00), if there are enough unsubscribed shares. The number of shares actually subscribed by the Vinci Funds will depend on the result of the exercise of preemptive rights and the subscription of unsubscribed shares by the other shareholders of the Company and may, therefore, be lower than this amount.

## Capital Increase Subscription Warrants



The subscription warrants will be issued in a single series and will be granted as an additional advantage to the subscribers of the shares that are the object of the capital increase, with the purpose of increasing the subscription's attractiveness.

- ❖ **Subscription Warrant:** one (1) subscription warrant for each two and a half 2.5 subscribed shares;
- ❖ **Right:** each subscription warrant grants the right to subscribe 1 common share issued by the Company;
- ❖ **Term for the Exercise of Subscription Warrants:** quarterly windows, with a maximum term of three years;
- ❖ **Strike Price:** R\$0.75;
- ❖ **Issue price:** there is no issue price, but the implicit value of each subscription warrant is R\$0.05. As each 2.5 shares represent 1 subscription warrant, the implicit value for each share would be R\$0.02;
- ❖ **Trading:** the subscription warrants will be traded on the BM&Fbovespa.
- ❖ **Potential Dilution:** 12.0% to 15.6%, depending on the size of the initial subscription.

## Capital Increase Schedule



- ❖ **Mar 18** (D0) – Board of Directors' Meeting to resolve on the capital increase and Fiscal Council's Meeting to issue an opinion on the terms of the capital increase;
- ❖ **Mar 19** (D+1) – First newspaper publication of the First Call Notice for the Extraordinary Shareholders' Meeting;
- ❖ **Apr 7** (D+16) – First newspaper publication of the Second Call Notice for the Extraordinary Shareholders' Meeting;
- ❖ **Apr 15** (D+24) – Extraordinary Shareholders' Meeting to approve the capital increase;
- ❖ **Apr 16** (D+25) – Publication of the Notice to Shareholders with detailed information;
- ❖ **Apr 17** (D+26) – Beginning of the term for the exercise of preemptive rights and manifestation of interest in the subscription of unsubscribed shares;
- ❖ **May 18** (D+ 56) – End of the term for the exercise and disclosure of a new Notice to Shareholders with information on the result of the exercise of preemptive rights and the apportionment of unsubscribed shares;
- ❖ **Between May 18** (D+56) **and June 2** (D+71) – Apportionment of unsubscribed shares\* (procedures and terms to be agreed upon with the BM&FBovespa and the custodian).

\* The procedure to be adopted regarding the unsubscribed shares is still under discussion, in accordance with the Company's interests. The Company expects one round of unsubscribed shares.





- ❖ Management Proposal – Capital Increase

- ❖ 4Q14 Highlights

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## Quarter Highlights



- ❖ Maintenance of the cash generation cycle, reducing the net debt in R\$237 million along the year;
- ❖ Resolution of all refinancing needs for 1Q15;
- ❖ Maintenance of the high volume of deliveries;
- ❖ Increase in transferred mortgages.



- ❖ Management Proposal – Capital Increase

- ❖ 4Q14 Highlights

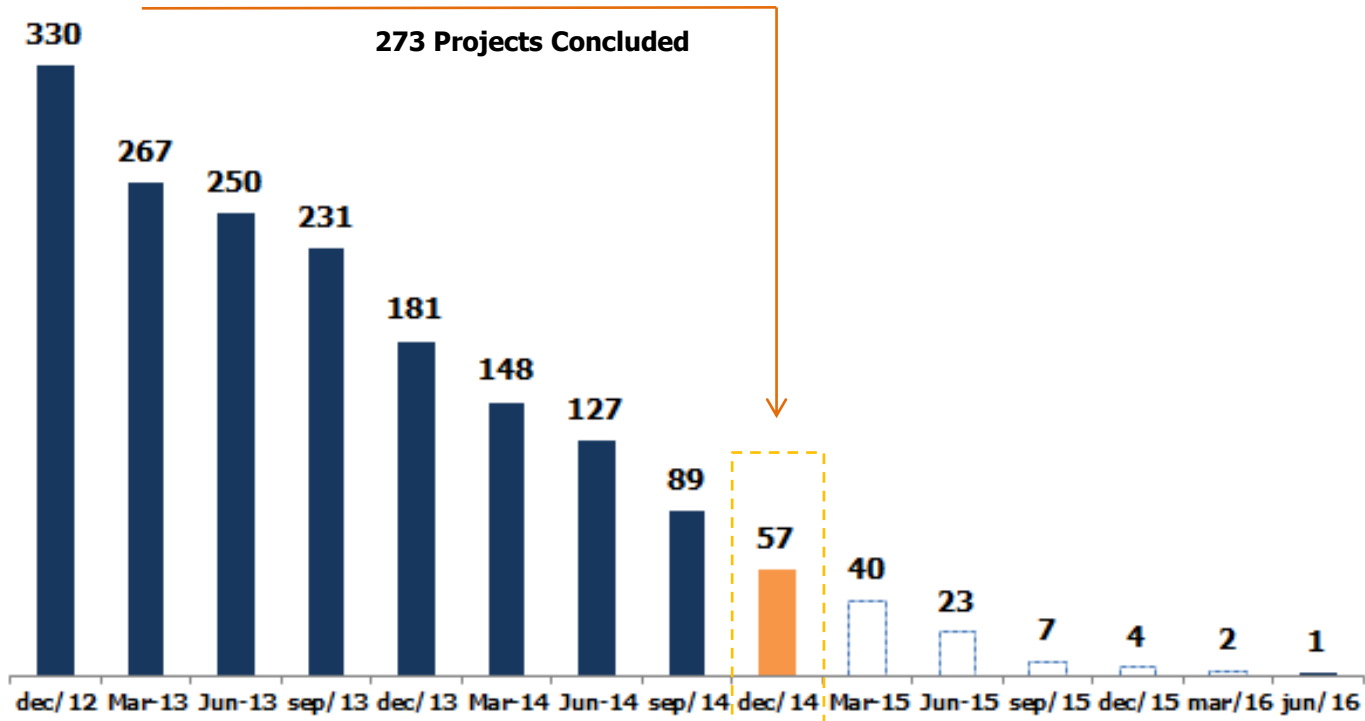
- ❖ Operational Evolution

- ❖ Financial Evolution



- ❖ The Company reduced the level of launches and has been focused on the execution and delivery of legacy projects:

### Ongoing Legacy Projects

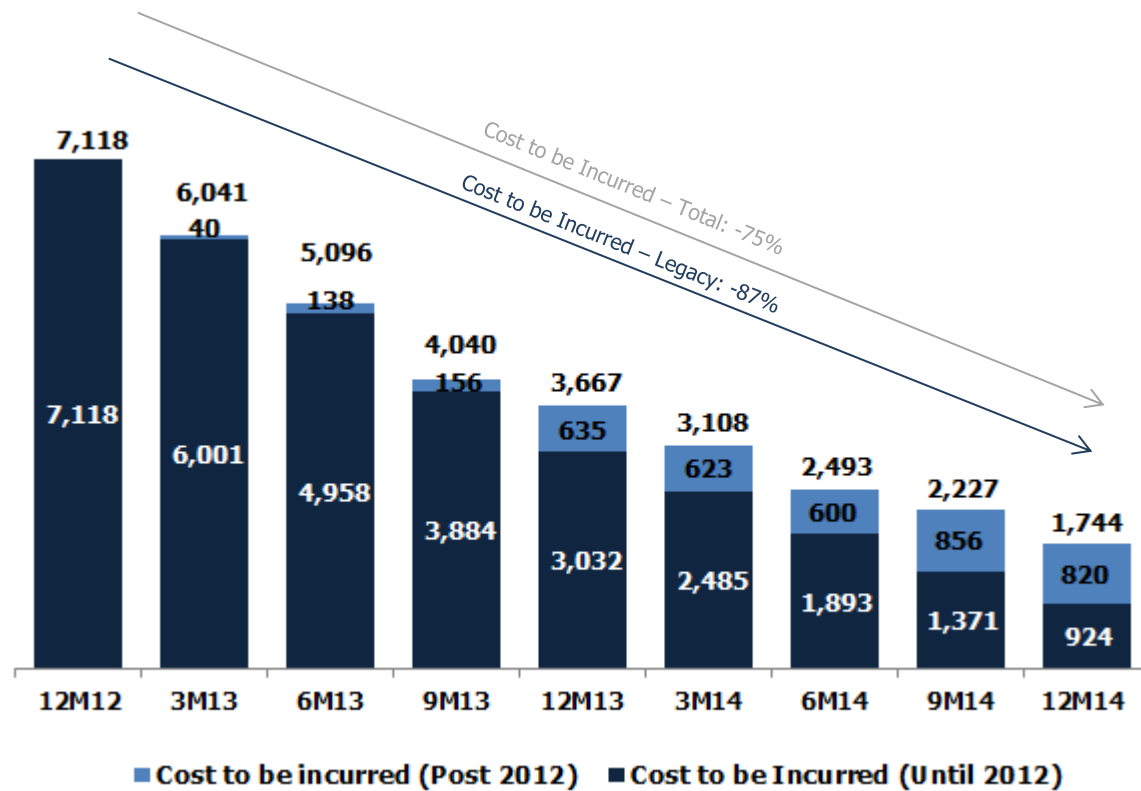


# Cost to be Incurred

## Legacy x New Projects



Cost to be Incurred (R\$million)



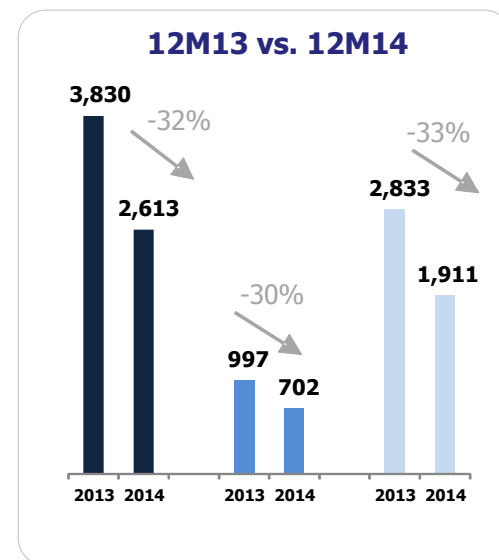
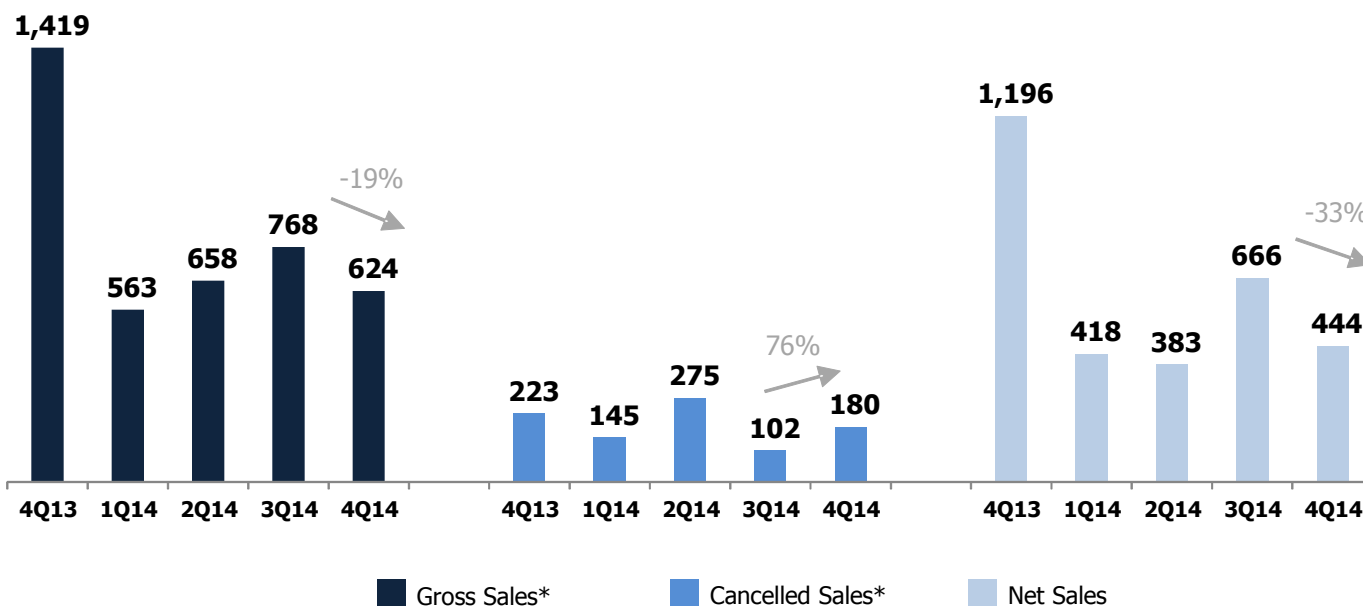
# Sales

## Quarterly evolution



- Sales performance in line with previous quarters (excluding the impact of "Na Ponta do Lápis" sales campaign in 3Q14), with cancellations under control.

### Sales Performance – PSV R\$ million



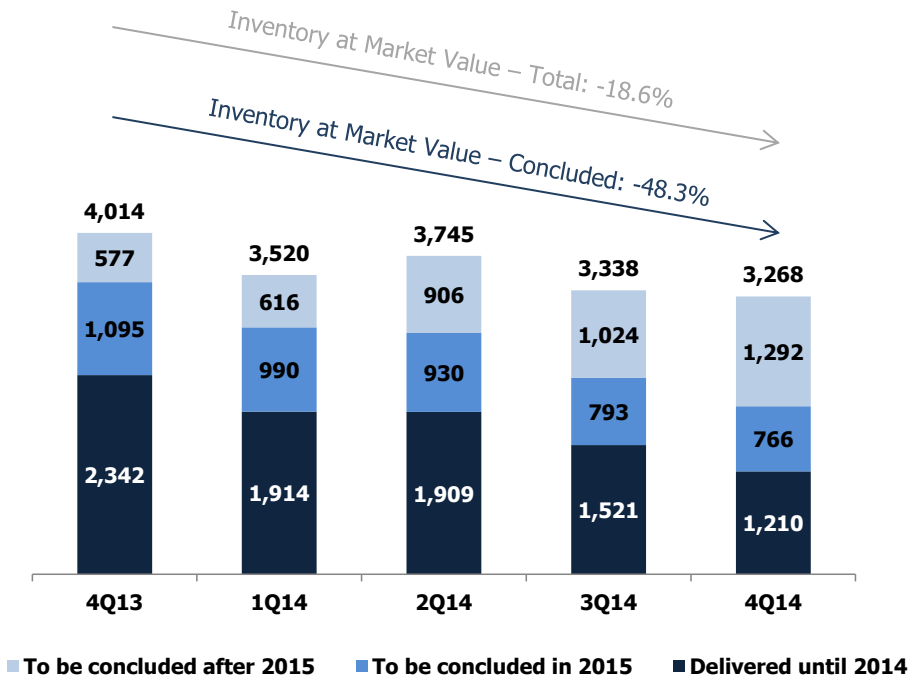
# Inventory

## Focus on concluded units sales

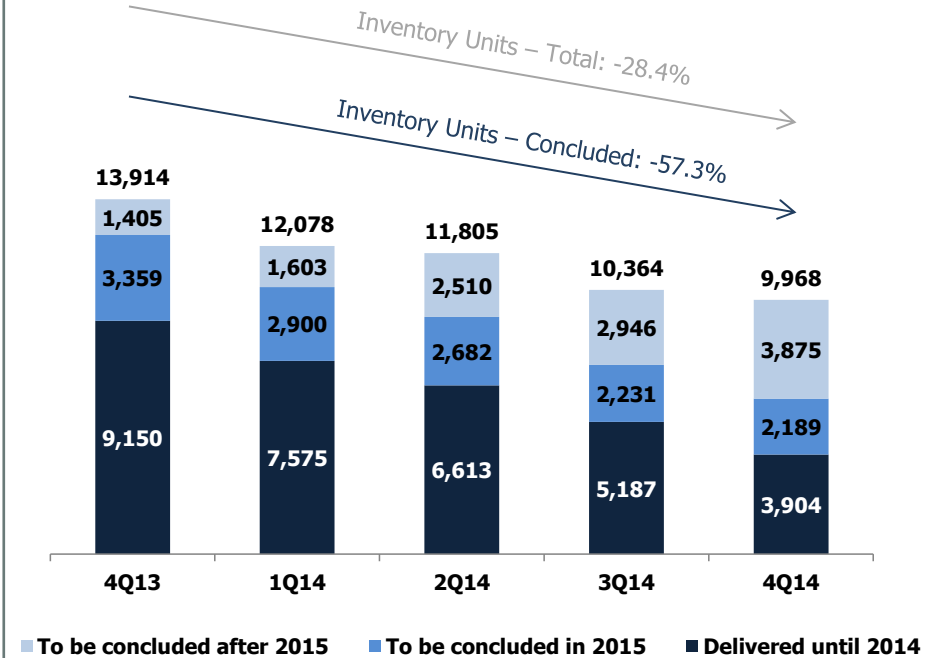


- Focus on inventory sales, with 18.6% reduction of total inventory and 48.3% reduction of units concluded up to 2014 in inventory year-on-year. The inventory units to be concluded in 2015 decreased 30% from 2013 to 2014.

Inventory at market value (R\$ million)



Inventory units



# Sales Cancellations

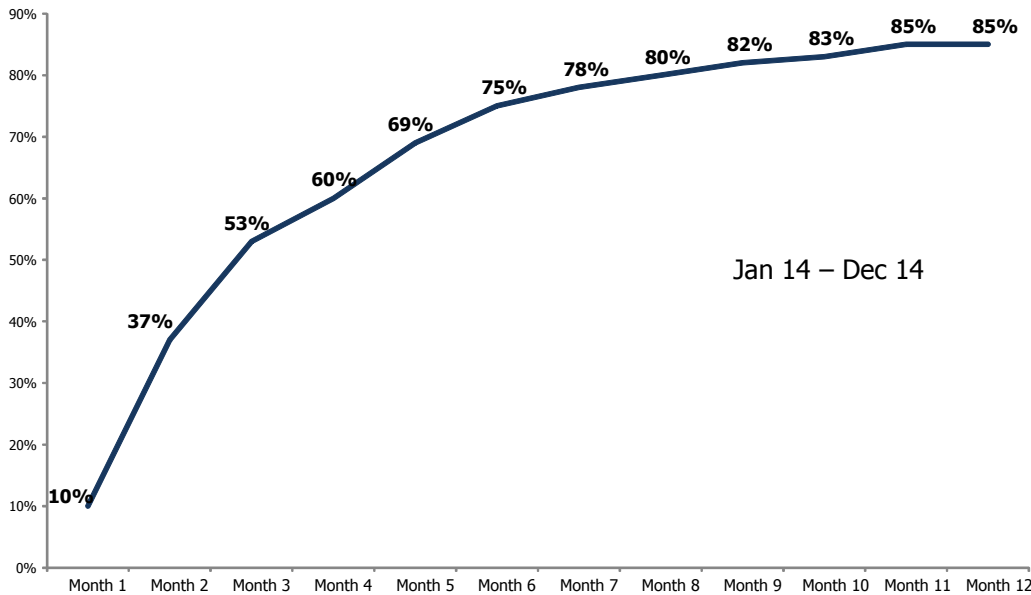
## Resales



- ❖ Resale of 85% of cancelled sales units within 12 months, with nominal increase in price. 11.5% increase from original PSV to resale PSV.

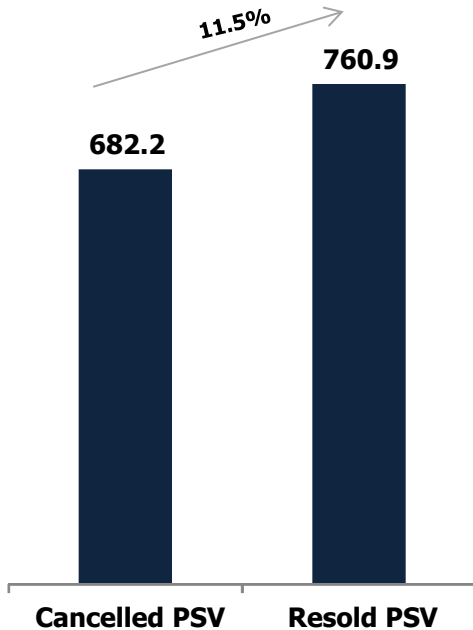
### Average Resale Aging

12 months



### Resale Price R\$ million

12 months acumulated





# Operational Information

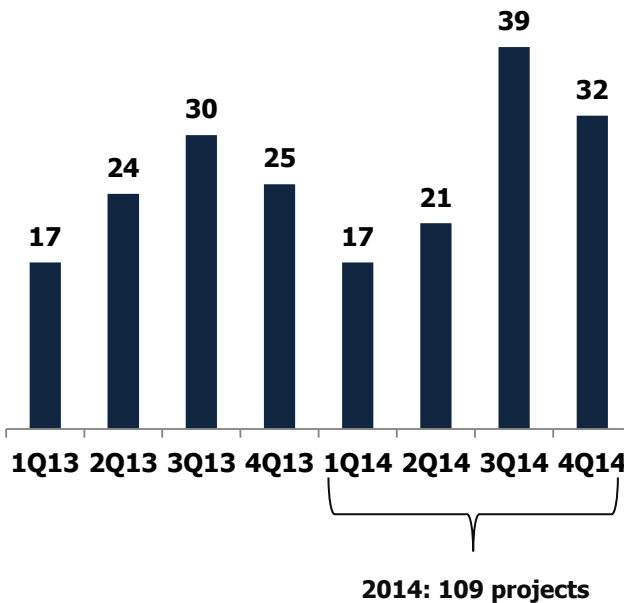
## Occupancy Permits



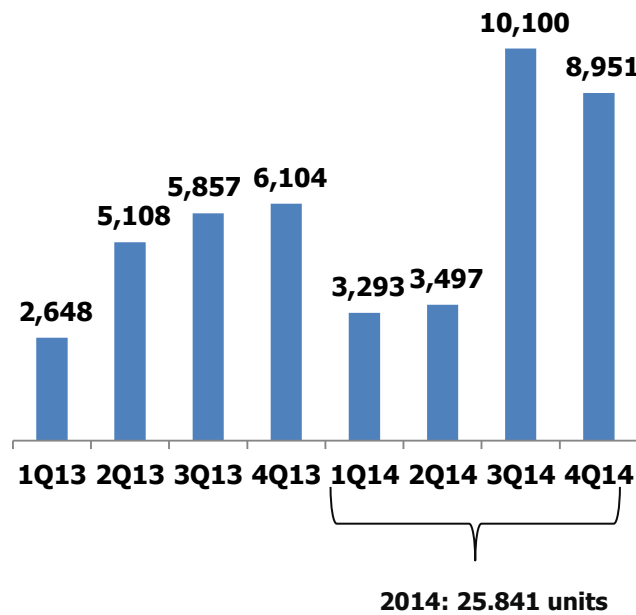
- ✦ The maintenance of the strong delivery pace in 4T14 allowed us to virtually recover, within the same year, the delays registered in the first semester.
- ✦ We obtained 109 occupancy permits in 2014, the Company's highest ever delivery pace.

### Occupancy Permits

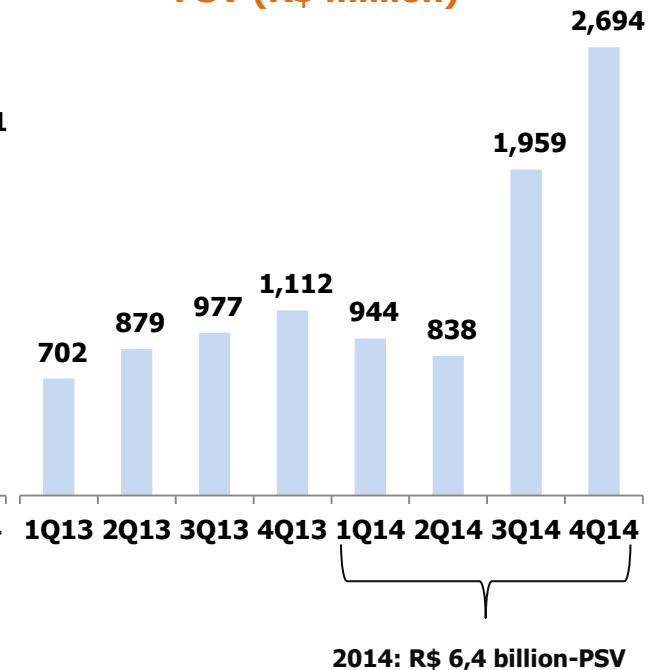
#### Projects



#### Units



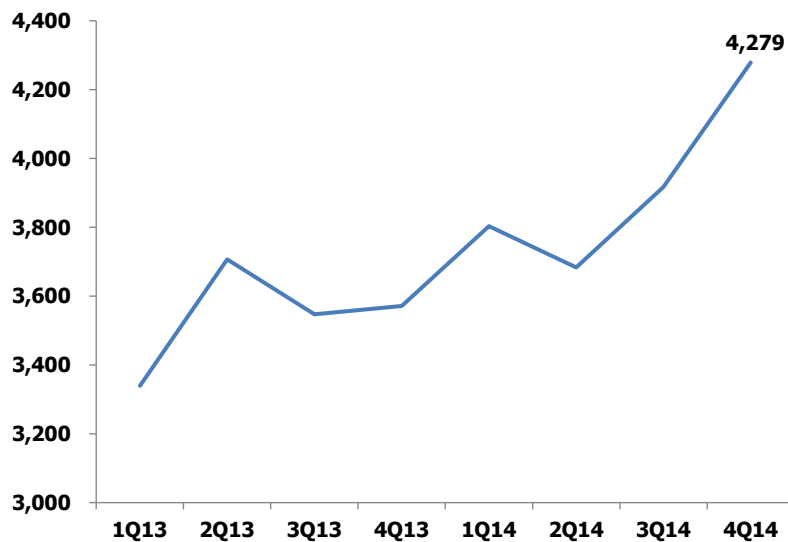
#### PSV (R\$ million)



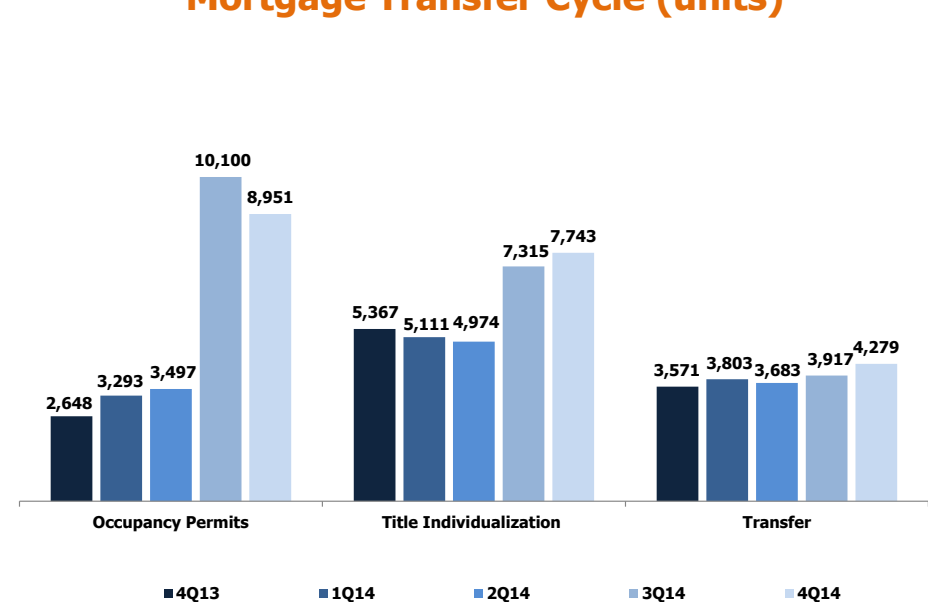


- ✦ The recover in the occupancy permits obtained registered in the second semester has already started to impact the title individualizations, as well as the mortgage transfers, which increased 9% from 3Q14 to 4Q14.
- ✦ In the full year, the occupancy permits obtained increased 11%, from 14,164 units in 2013 to 15,682 units in 2014.

### Mortgage Transfers



### Mortgage Transfer Cycle (units)





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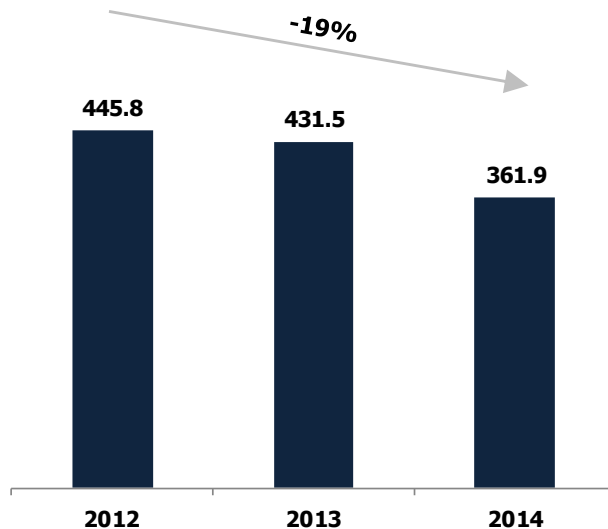
- ❖ Operational Evolution

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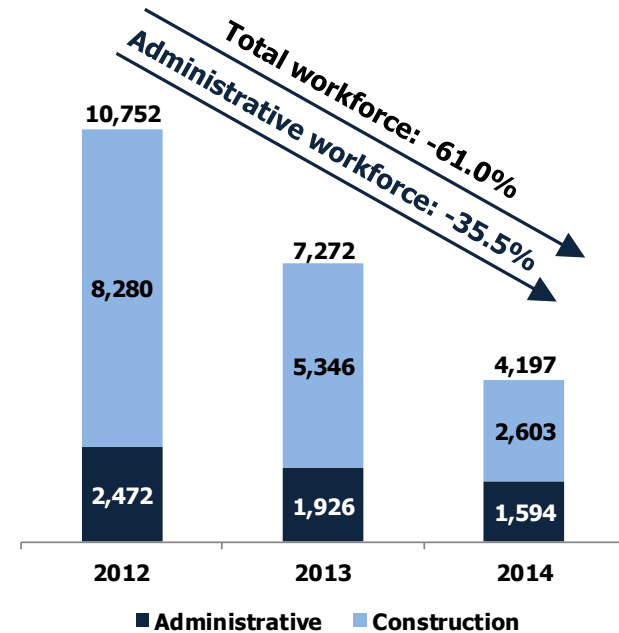


- ❖ PDG continues to reduce its general and administrative expenses each semester, in line with the cost control and workforce adjustment plans.

G&amp;A Expenses Trend



Headcount



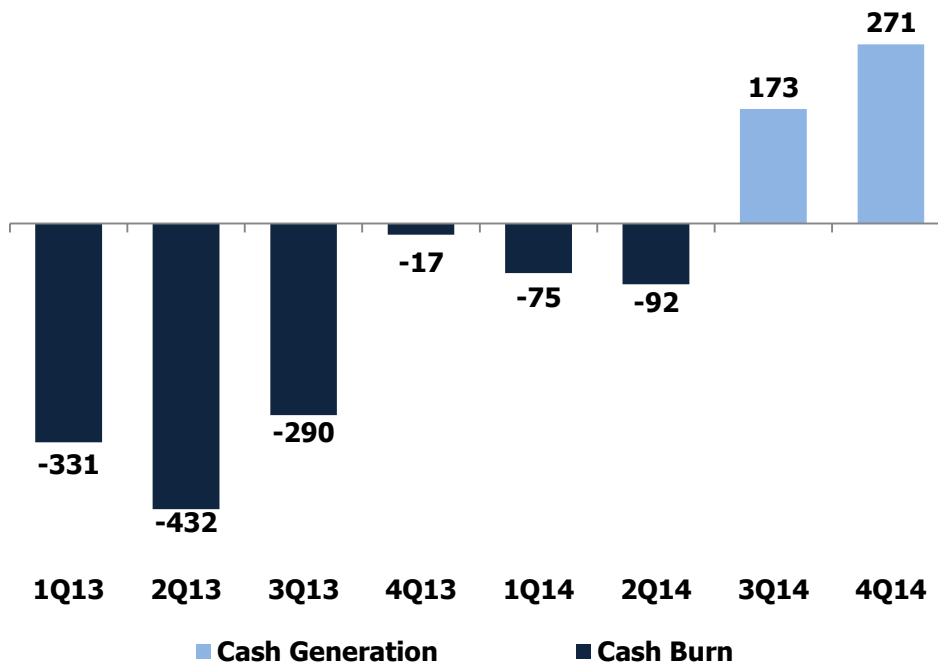
# Cash Generation

## Net Debt Variation

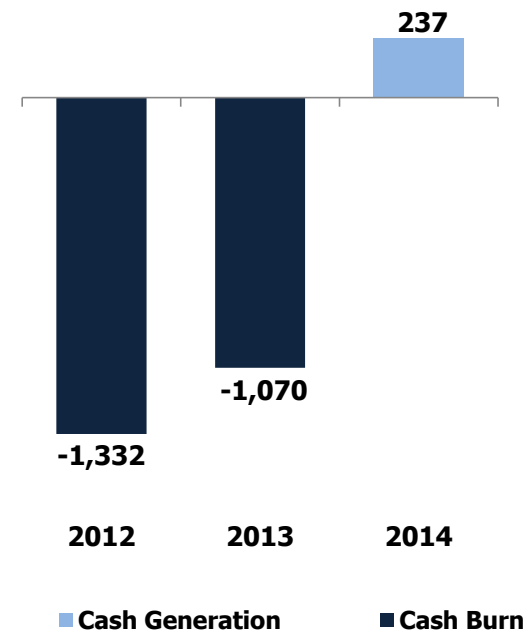


- ❖ PDG continued its deleveraging cycle in 4Q14, accelerating cash generation, which must continue to increase along the coming quarters.
- ❖ Cash generation came at R\$237 million in 2014, compared to the R\$1.1 billion cash consumption in 2013.

Quarterly Net Debt Variation (R\$million)



Annual Net Debt Variation (R\$million)



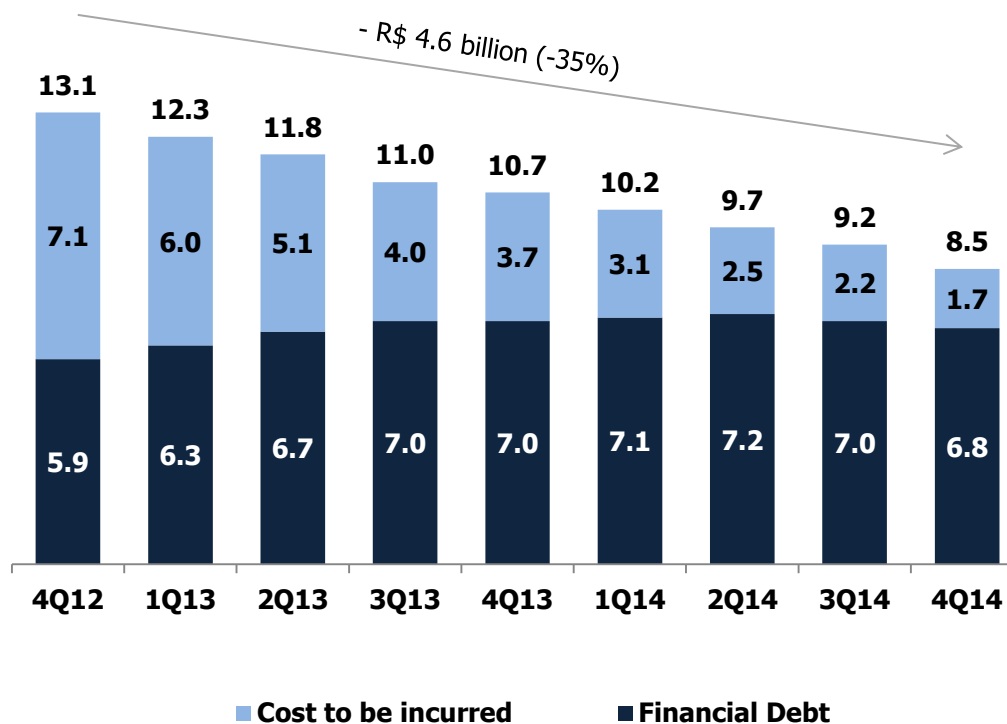
# Indebtedness

## Net Debt + Cost to be Incurred



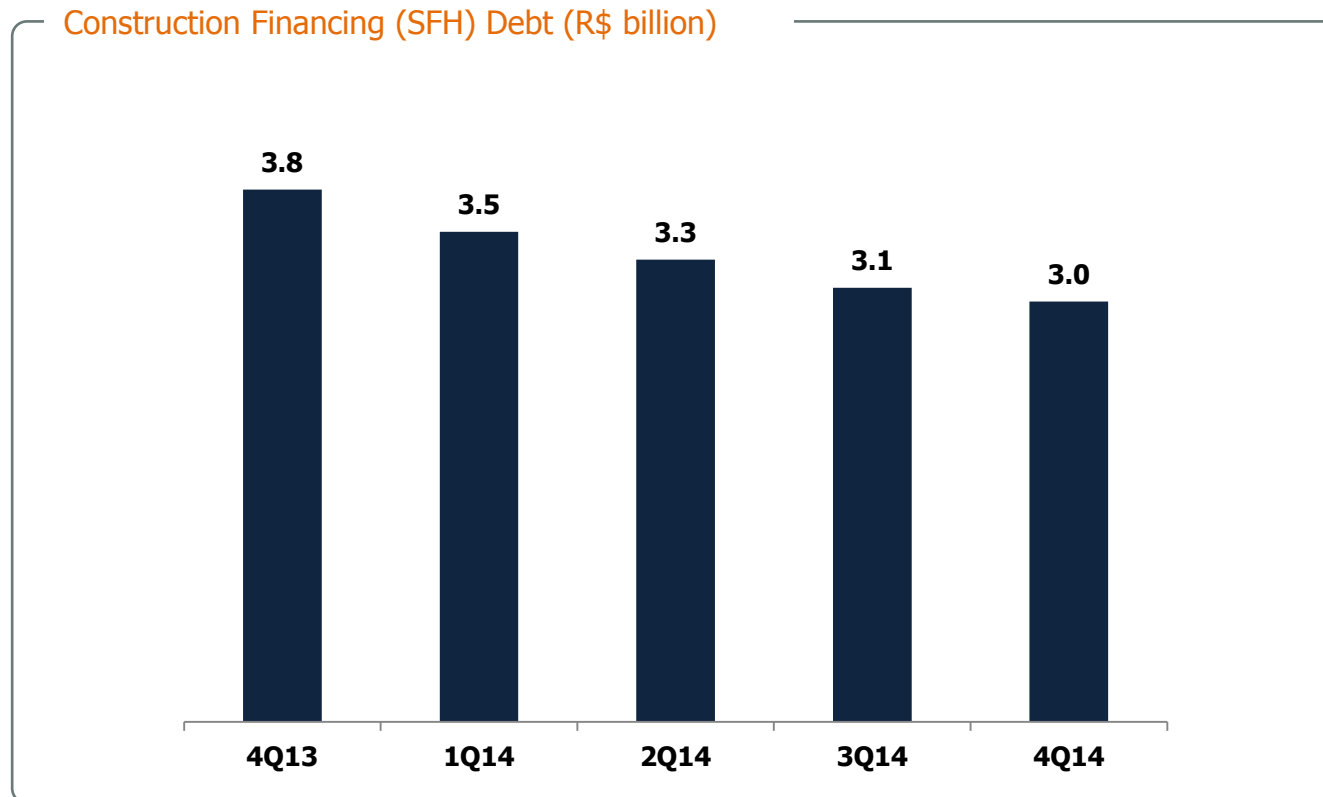
- Considering the cost to be incurred in units under construction ("off-balance"), the total indebtedness decreased R\$4.6 billion since 2012.

Net Debt + Cost to be Incurred (R\$billion)



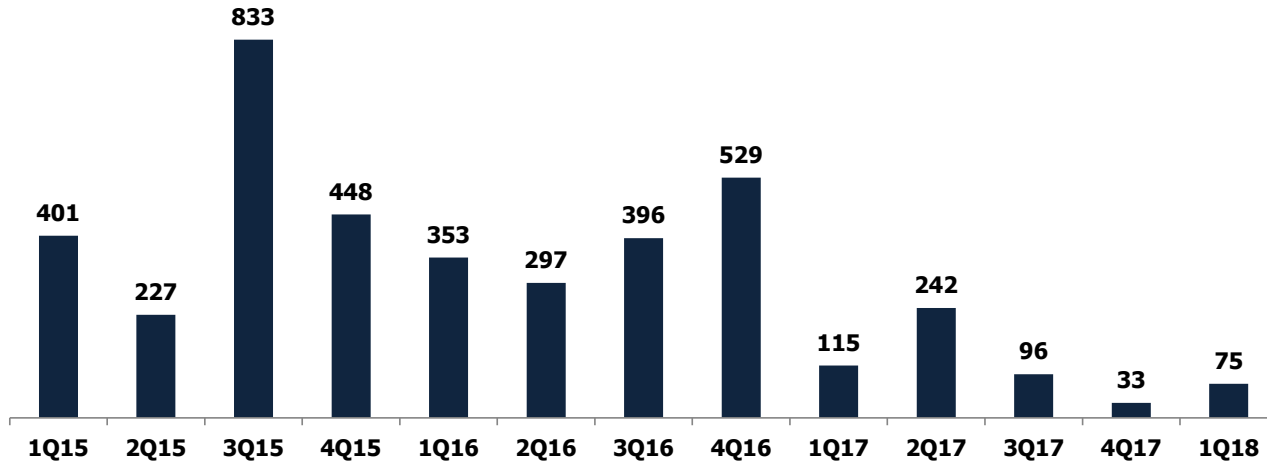


- Continuous reduction of the construction financing debt through the conclusion of projects and mortgage transfers.





Corporate Debt Amortization Schedule (R\$million)







## NAV (Net Asset Value)

in R\$ billion	2012	4Q14	
Accounts Receivables	14.3	10.0	
Inventory at Market Prices	5.2	3.0	
Clients Advances	-0.2	-0.2	
Taxes	-0.9	-0.8	
<b>Total Receivables</b>	<b>18.5</b>	<b>12.0</b>	
Cost to be Incorred	-7.1	-1.7	
Suppliers Payable	-0.3	-0.2	
<b>Total Disbursements</b>	<b>-7.4</b>	<b>-2.0</b>	
Landbank (net of payables)	0.5	1.6	
Net Debt	-6.0	-6.7	
Investments (REP, JDP)	0.6	1.0	
Monirity Interest	-0.5	-0.9	
NAV	5.7	5.1	-11%
Market Cap (03/18/15)	4.4	0.5	-89%

