



# GRUPOTECHNOS



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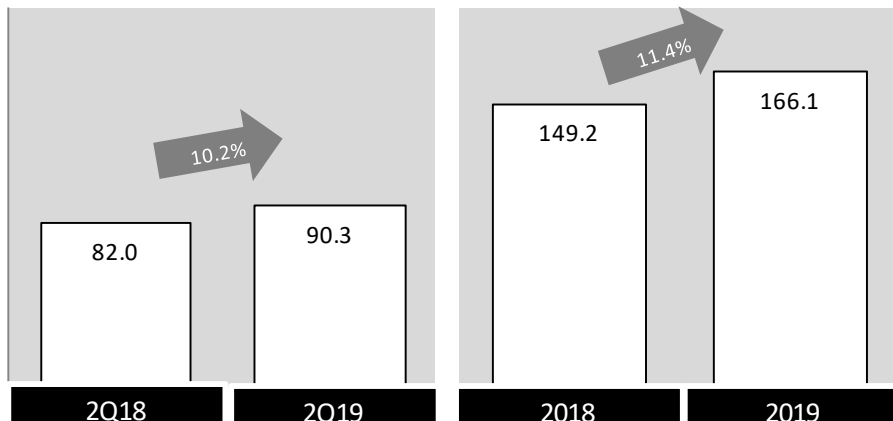
SKAGEN  
DENMARK

2Q19 RESULTS

<b>Net revenues</b>	➤	Continuation of increases in net revenue, representing a 7.7% increase compared to 2Q18
<b>Category</b>	➤	Growth balance among all channels and categories, highlighting the Fashion category
<b>Inventories</b>	➤	Extraordinary non-recurring adjustment in inventories regarding assumptions of estimated losses due to obsolescence, in the amount of R\$37.2 million, mostly impacting gross profit
<b>SG&amp;A</b>	➤	SG&A stability net of extraordinary effects, notwithstanding sales growth
<b>Working capital</b>	➤	Continuation of good working capital management, notwithstanding sales growth
<b>Net debt</b>	➤	Net debt of R\$31.6 million, representing a R\$22.5 million decrease compared to 2Q18

# GROSS REVENUE

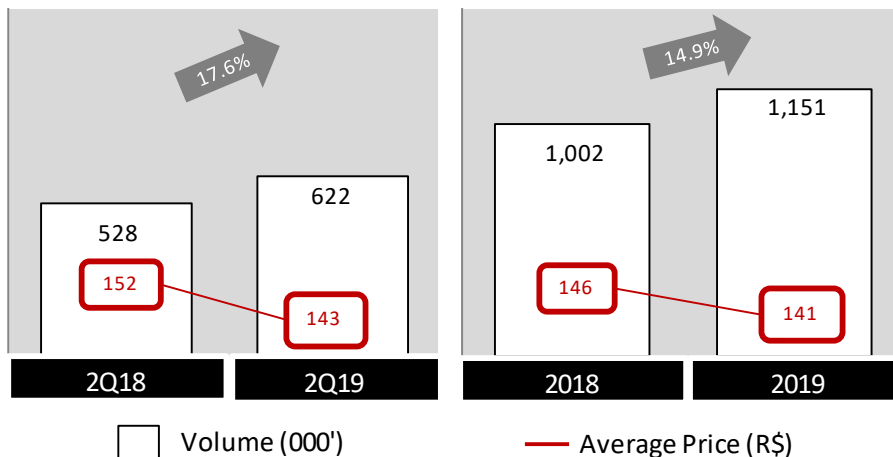
## GROSS REVENUE



### Gross revenue:

- R\$90.3 million (+10.2%) in 2Q19
- R\$166.1 million (+11.4%) in 1H19

## VOLUME OF WATCHES VS. AVERAGE PRICE



### Volume:

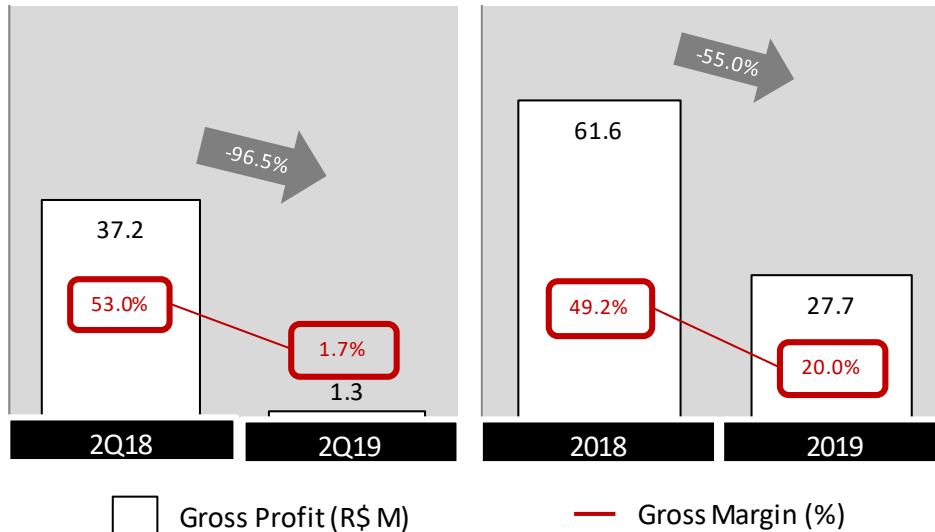
- 622 thousand (+17.6%) in 2Q19
- 1,151 thousand (+14.9%) in 1H18

### Average Price :

- R\$143 (-6.4%) in 2Q19
- R\$141 (-3.1%) in 1H19

# GROSS PROFIT AND GROSS MARGIN

## GROSS PROFIT AND GROSS MARGIN



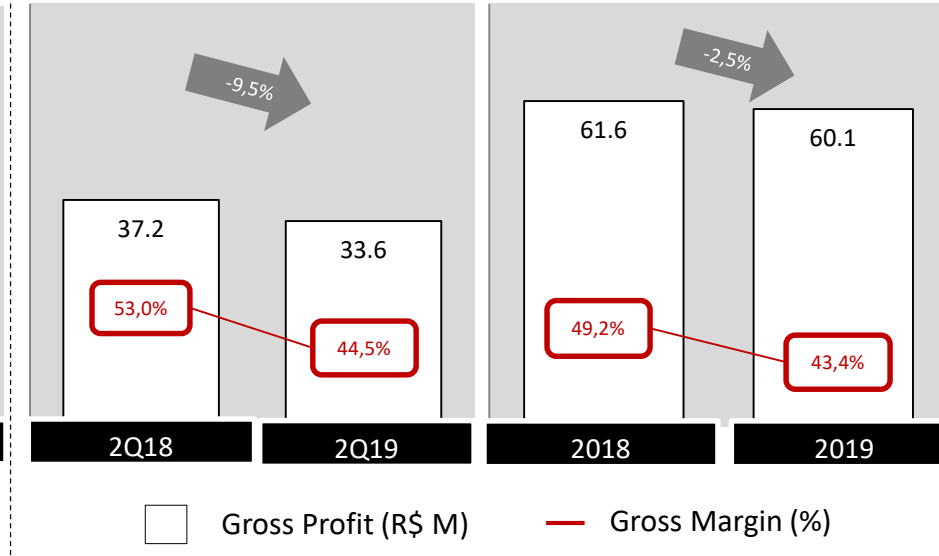
### Gross Profit:

- R\$1.3 million (-96.5%) in 2Q19
- R\$27.7 million (-55.0%) in 1H19

### Gross Margin :

- 1.7% (-51.3 p.p.) in 2Q19
- 20.0% (-29.2 p.p.) in 1H19

## GROSS PROFIT AND GROSS MARGIN NET OF NON-RECURRING EFFECTS



### Gross Profit:

- R\$60.1 million (-9.5%) in 2Q19
- R\$27.7 million (-2.5%) in 1H19

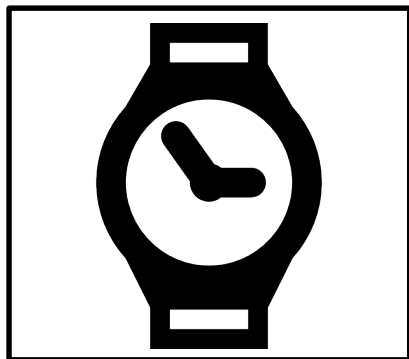
### Gross Margin :

- 43.4% (-8.5 p.p.) in 2Q19
- 20.0% (-5.8 p.p.) in 1H19

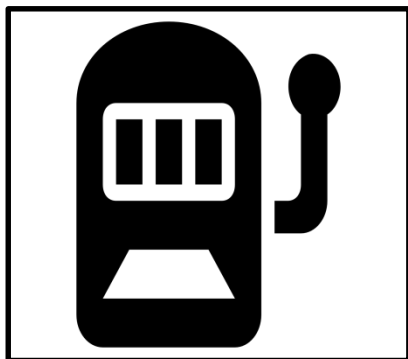
## EXTRAORDINARY INVENTORIES PROVISION

- We conducted an in-depth review of all our warehouses and inventory systems at our plant, technical assistance and retail area
- We decided to adjust our estimated losses in inventories impaired due to obsolescence, turnaround or aging, in view of the current profitability of our collections and the complexity and cost of the recovery process
- There are more than 14,000 SKUs of finished products and more than 120,000 SKUs of different components with low depth of products of virtually all the Company's brands, including brands that were discontinued in the last years
- Accordingly, we recognized in the 2Q19 result an allowance of R\$32.3 million that affects our cost of product and gross margin

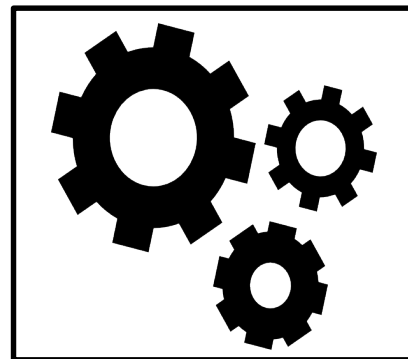
**Finished Products**  
**R\$13.2 million**



**Products in Production**  
**R\$2.3 million**

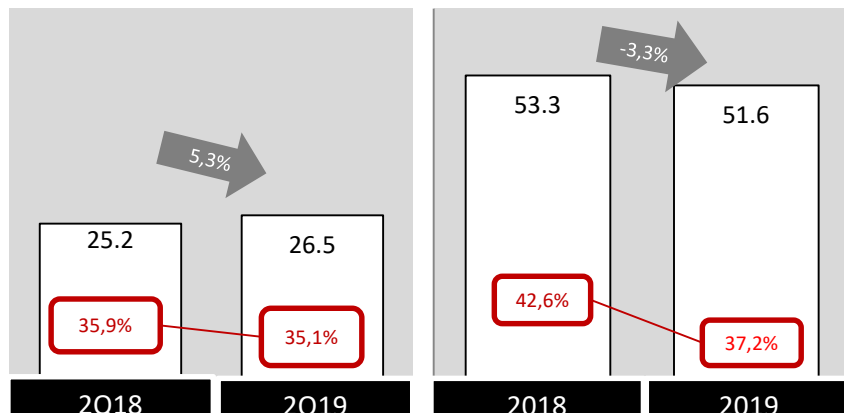


**Components**  
**R\$16.8 million**



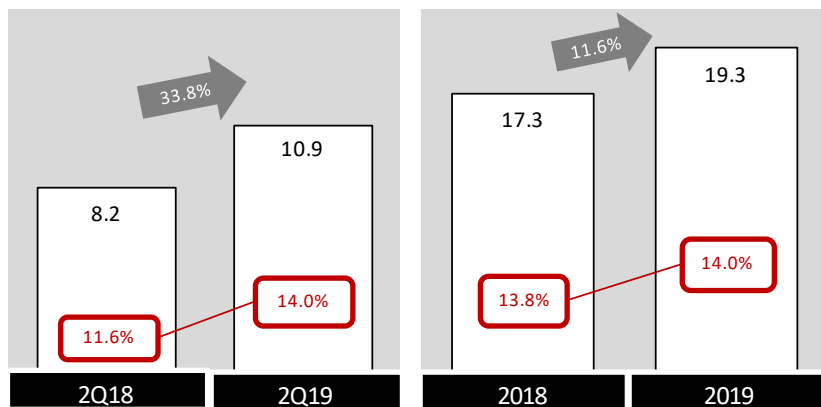
- **14,000 SKUs of finished products**
- **120,000 SKUs of components**
- **Average aging of inventories of 4.1 years**
- **Low depth and high complexity**
- **Discontinued brands**

## SALES EXPENSES



□ Sales Expenses (R\$ M) — Net Revenue (%)

## ADMINISTRATIVE EXPENSES



□ Administrative expenses (R\$ M) — Net Revenue (%)

### Sales Expenses:

- R\$26.5 million (+5.3%) in 2Q19
- R\$51.6 million (-3.3%) in 1H19

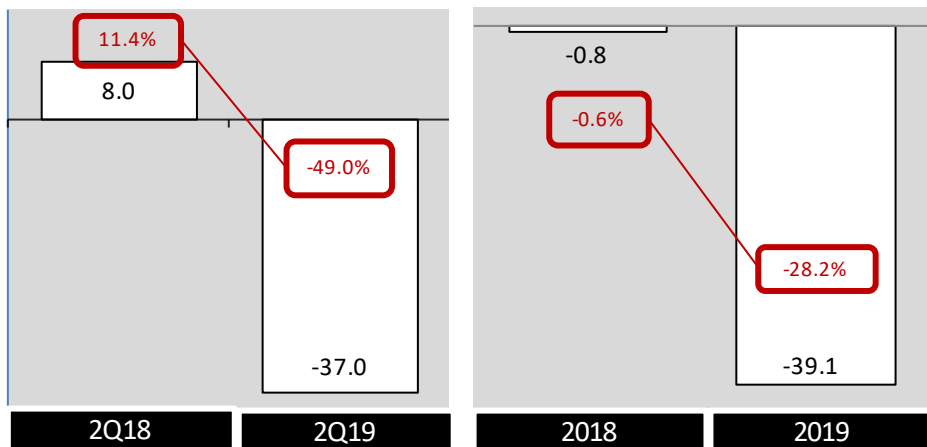
### Administrative Expenses:

- R\$10.9 million (+33.8%) in 2Q19
- R\$19.3 million (+11.6%) in 1H19

# ADJUSTED EBITDA



## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN



□ Adjusted EBITDA (R\$ M) — Adjusted EBITDA Margin (%)

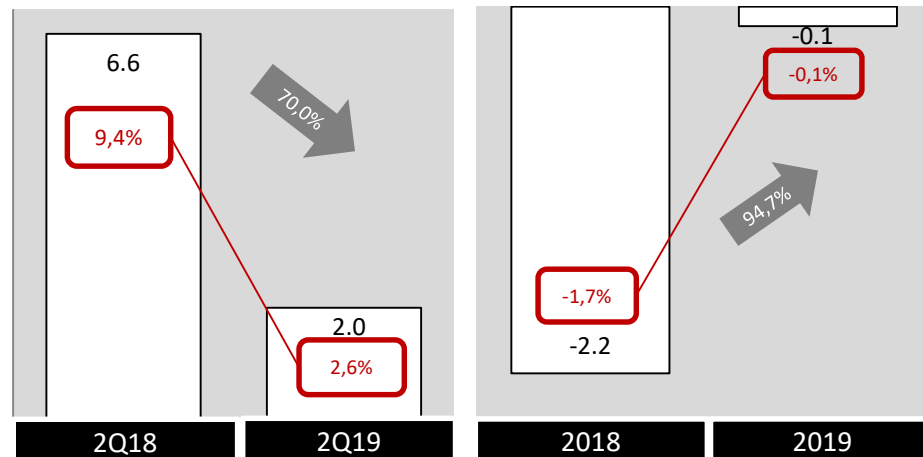
### Adjusted EBITDA :

- -R\$37.0 million in 2Q19
- -R\$39.1 million in 1H19

### Adjusted EBITDA Margin :

- -49.0% in 2Q19
- -28.2% (-27.6 p.p.) in 1H19

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN – NET OF NON-RECURRING EFFECTS



□ Adjusted EBITDA (R\$ M) — Adjusted EBITDA Margin (%)

### Adjusted EBITDA :

- R\$2.0 million in 2Q19
- -R0.1 million in 1H19

### Adjusted EBITDA Margin :

- 2.6% in 2Q19
- -0.1% (+1.6 p.p.) in 1H19

R\$ million	2Q18	Days	2Q19	Days
(+) Accounts receivable	142.6	163	138.1	158
(+) Inventories	133.8	274	115.9	245
(-) Accounts payable	57.9	127	66.7	141
<b>(=) Working capital</b>	<b>218.5</b>	<b>311</b>	<b>187.3</b>	<b>262</b>

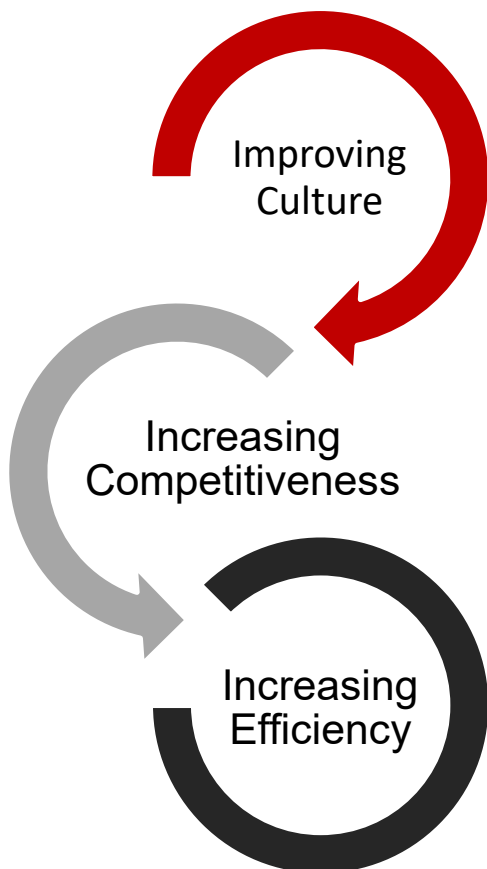
- Accounts Receivable : -5 days
- Inventories : -29 days
- Accounts Payable : +14 days
- **Total Working Capital : -42 days**



R\$ milhões	06/30/2018	03/31/2019	06/30/2019
Gross debt	(101.2)	(71.9)	(67.4)
(-) Cash	47.1	54.4	35.8
<b>(=) (Debt)/Net cash</b>	<b>(54.1)</b>	<b>(17.5)</b>	<b>(31.6)</b>

## NET DEBT

- R\$22.5 million drop (-41.5%) compared to June 30, 2018 – gross debt decrease (R\$ 33.8 million)
- R\$14.1 million decrease against position on March 31, 2019 – due to sales growth in the period, which affects the generation of future cash as a result of the sales life cycle to mitigate potential loss of sales



- In 2Q19, we implemented important changes in the Company's governance and leadership to accelerate our performance after four years of difficult results in sales and profit
- In 2Q19, we also implemented a detailed turnaround plan, focused on improving our culture, competitiveness and efficiency
- We identified clear opportunities to strengthen our competitive strengths, which will further accelerate our leadership, innovation, growth and profitability
- We believe in the health and potential of our core business – and we are confident that we will soon show even stronger and encouraging results

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