

# Manufactured Capital





# Operational Performance

Our investments in 2020 totaled R\$ 1.3 billion, much higher than the initial plan to invest R\$ 900 million. This was due not only to the economy's behavior associated with our business lines, but also because of how we are positioned in the market. We have a well-structured commercial team, spread across all regions of Brazil, a back-office area prepared to provide online support to operations with the implementation of several digital tools, and we have been expanding our market coverage year after year. Coupled with these differentiators are flexibility in meeting customer needs and additional services that can be hired in four versions: *Vamos*, *Vamos Mais*, *Vamos Mais Longe* and *Vamos Controle*. All of these factors have allowed us to accelerate the sourcing and diversification of contracts, which is reflected in the [economic and financial results](#) for the period.

We believe that the economic downturn and the consequent uncertainty experienced by the business market reinforced the viability of outsourcing the heavy fleet as a measure for companies to develop their businesses without exposing their capital and cash flow.

In addition, our business strategy has some specificities that can lead to additional growth, such as the possibility of establishing short-term lease agreements. **GRI 103-1 | 103-2 | 103-3 – Development of the Brazilian fleet**

## Vamos Locação

In 2020, we made great strides toward diversifying our customer portfolio, and in the sectors of the economy where we operate, with a commercial team with greater reach and market coverage and capillarity. We executed 407 new contracts in 2020, a dramatic increase compared with the 182 contracts signed in 2019. Our portfolio in December 2020 contained 319 customers (148 in 2019) from different sectors of the economy. This diversification has brought us greater strength and avenues for growth with operations in new customer profiles and sectors where we did not previously operate.

Contracted future revenue (“backlog”) on December 31, 2020 reached R\$ 3.1 billion, an increase of 44.3% compared with December 31, 2019, representing approximately 4.3 years of contracted revenue from leases when compared to gross revenue from leasing services in 2020 (R\$ 730.2 million).

Representing 91% of our EBITDA, the leasing business ended 2020 with R\$ 580 million in EBITDA and Net Services Revenue of R\$ 651 million, 15% higher than in 2019, demonstrating the strong growth trend of our business model with long-term contracts (standard 5-year contracts).

In addition, we maintained our focus on creating value for our customers by signing maintenance service contracts, reaching net revenue from services of R\$ 199.6 — an increase of 33.8% compared with 2019.

## Vamos Concessionária

Although our dealerships suffered the greatest impact from the pandemic, many remaining closed during the second quarter, the speed of recovery was very strong. This contributed to the broad readjustment we promoted within the organizational structure of the stores by restructuring costs and expenses and the behavior of each market in our dealer segment — trucks, agricultural machinery, and the yellow line — which includes agricultural machines and mining and construction machinery.

For truck dealerships, the interruption of production by truck manufacturers caused an accumulation of demand in the third quarter. Coupled with our cost reorganization, this boosted business and net revenue, which reached R\$ 365 million at the end of 2020 — 20% higher than in 2019. Agribusiness, on the other hand, remained high throughout the year, which also favored the increase in the sale of agricultural machinery and equipment. Thus, we broke our sales record, and our consequent record net revenue in the Valtra dealerships, totaling R\$ 239 million.

Two other facts marked our performance in the year. One was the partnership with Komatsu do Brasil, through which we became distributors of yellow line machinery and equipment for this Japanese brand in the states of Mato Grosso and Mato Grosso do Sul. The agreement, signed in January, complements and diversifies our portfolio and has already shown results in the second quarter. It ended the year with revenue of R\$ 55 million.

The second highlight of the period was the agreement with Fendt, driven by our exceptional performance in the agribusiness segment with the Valtra brand. Both brands — Fendt and Valtra — are controlled by the





Agco Group, a global leader in technology for agricultural solutions. Through this deal, we became the largest Fendt representative in Latin America. In Brazil, we have already opened the first store, in Rio Verde (GO) on February 4, 2021, and we will open three additional stores in 2021. [GRI 103-1](#) | [103-2](#) | [103-3](#) – Customer relationship and diversification of services

## Vamos Seminovos

The interruption in production in the truck industry due to the pandemic boosted the market for pre-owned vehicles. In addition, our trucks have an average age of 2.5 years; in other words, they are considered extremely new since the average age of the fleet in circulation in Brazil is 20.7 years.

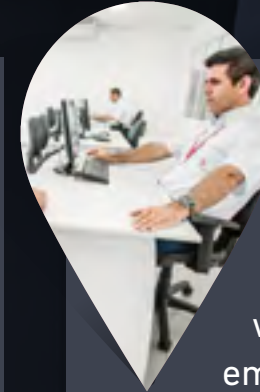
The fact that we have 11 stores across the country and have sales expertise also contributed to extracting the maximum possible value in the pre-owned segment. So even though our goal is to zero the margin for sales of pre-owned vehicles, we closed the year with a gross margin of 6.3%.

# Procedures

*All of our operations (100%) respect procedures intended to provide health and safety. GRI 416-1*



**Product concept development** - Our vehicles and machines undergo regular reviews, and when delivering and/or receiving, our employees utilize checklists. If any type of nonconformity is identified, they are sent for maintenance in order to provide total safety for employees and customers when operating/driving.



**Communication with employees** - We maintain communication channels such as the Safety Portal, which provides training for employees; Docnix, a system where we centralize all our procedures; and campaigns and other channels, such as Google Drive and corporate email.



**Storage, distribution, and supply** - New vehicles are delivered by the automakers directly, and when there is a need to transfer between units, those transfers are made by our own employees following internal procedures such as not using cell phones while driving, respecting speed limits, wearing a seat belt, etc.



**Use and maintenance** - Machines and vehicles are only released with up-to-date maintenance check-ups, and routine maintenance is conducted according to scheduled dates and/or mileage, in addition to other occasional maintenance check-ups if necessary.



**Disposal, reuse, or recycling** - All material from the maintenance of machines and vehicles is disposed of by a contractor

