



GRUPOTECHNOS



FOSSIL



DKNY

MICHAEL KORS
MARC JACOBS



TORY BURCH
SWISS MADE

TOUCH+



EURO

EMPORIO ARMANI

DIESEL

MARINER



SKAGEN
DENMARK

4Q19 RESULTS



1. 4Q19 Results

2. COVID-19 Impacts



Net revenues

4.2% decrease
compared to 4Q18



Sales

Average price increased by
12.0% and sales volume
decreased by 13.9%



Category

Gross margin stabilized
after decreasing for three
consecutive quarters



Adjusted EBITDA

R\$14.1 million adjusted
EBITDA in 4Q19 versus
R\$7.0 in 4Q18



Net debt

totalled R\$40.3 million in
4Q19



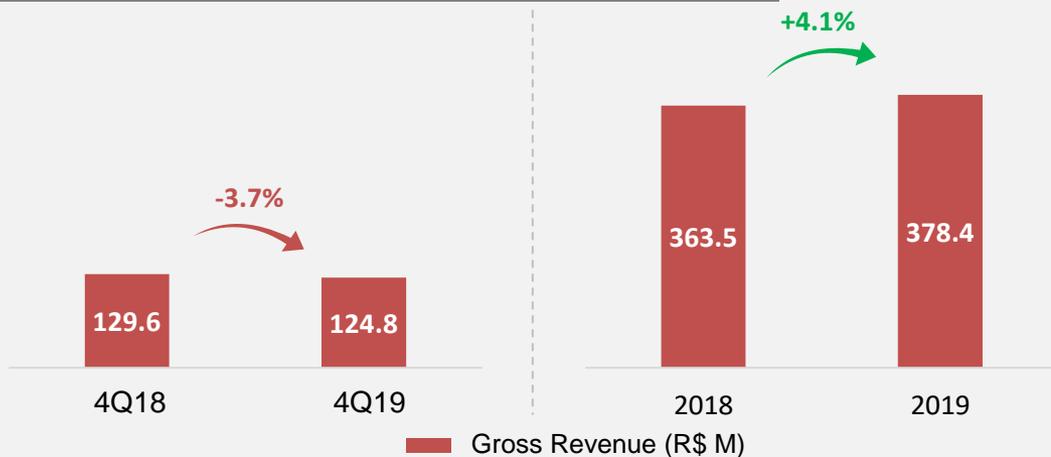
SG&A

decreased by 3.2%
compared to 4Q18

GROSS REVENUE



GROSS REVENUE



Gross revenue:

R\$ 124.8 million (-3.7%) in 4Q19
 R\$ 378.4 million (+4.1%) in 2019

VOLUME OF WATCHES VS. AVERAGE PRICE



Volume:

748 thousand (-13.9%) in 4Q19
 2,493 thousand (+2.4%) in 2019

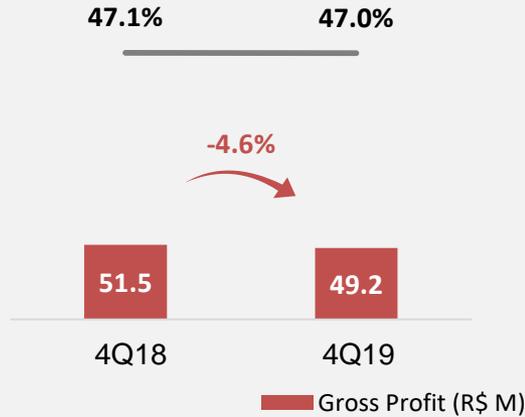
Average Price:

R\$ 165 (+12.0%) in 4Q19
 R\$ 149 (+1.7%) in 2019

GROSS PROFIT AND GROSS MARGIN



GROSS PROFIT AND GROSS MARGIN



Gross Profit:

R\$ 49.2 million (-4.6%) in 4Q19
 R\$ 109.2 million (-25.5%) in 2019

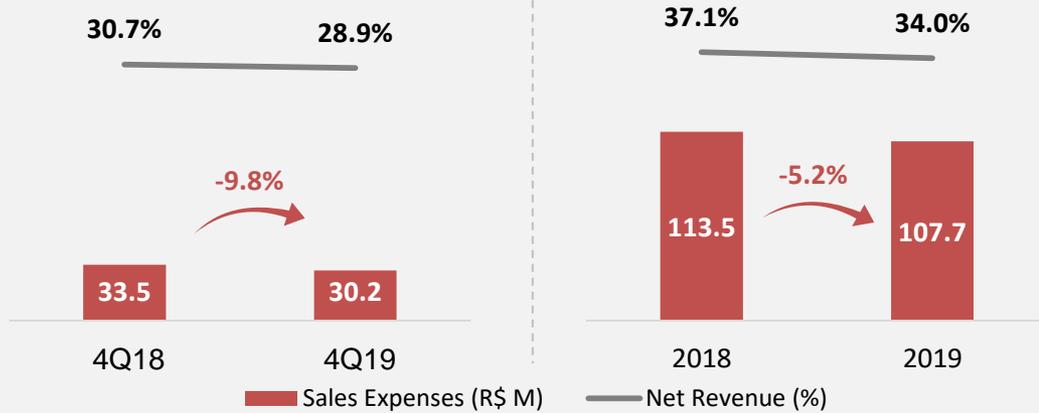
Gross Margin:

47.0% (-0.2 p.p.) in 4Q19
 34.5*% (-13.4 p.p.) in 2019

* 44,8% desconsidering the extraordinary impact of inventory provision, 3.2% decrease compared to 2018



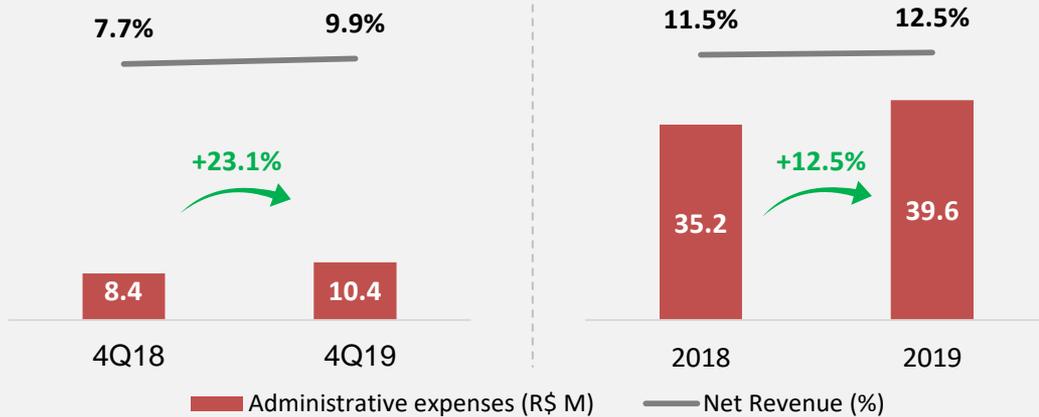
SALES EXPENSES



Sales Expenses:

R\$ 30.2 million (-9.8%) in 4Q19
 R\$ 107.7 million (-5.2%) in 2019

ADMINISTRATIVE EXPENSES



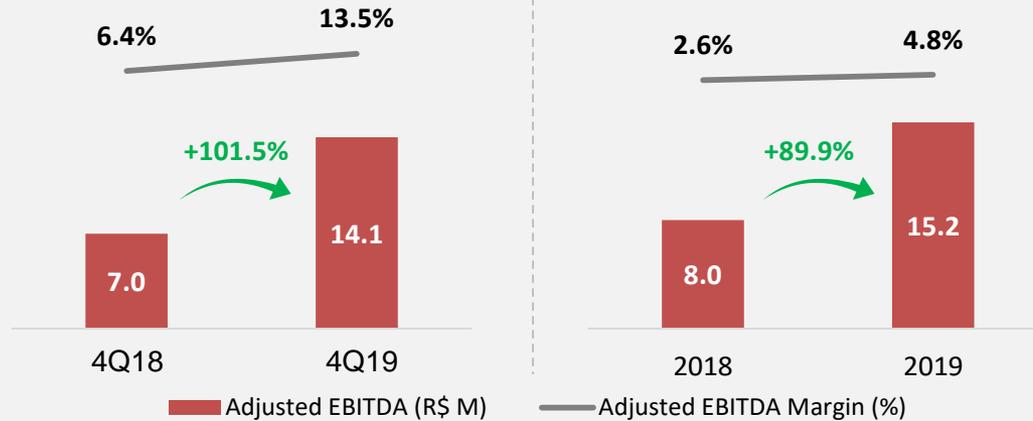
Administrative Expenses:

R\$ 10.4 million (+23.1%) in 4Q19
 R\$ 39.6 million (+12.5%) in 2019

ADJUSTED EBITDA



ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN



Adjusted EBITDA:

R\$ 14.1 million (+101.5%) in 4Q19

R\$ 15.2 million (+89.9%) in 2019

Adjusted EBITDA Margin:

13.5% (+7.1 p.p.) in 4Q19

4.8% (+2.2 p.p.) in 2019

WORKING CAPITAL



	R\$ Million	4Q18	Days	4Q19	Days
(+) Accounts receivable		160.2	189	154.8	176
(+) Inventories		115.1	261	122.6	213
(-) Accounts payable		55.4	126	83.4	145
(=) Working capital		219.8	324	194.0	244

- Accounts Receivable : -12 days
- Inventories : -47 days
- Accounts Payable : +20 days
- Total Working Capital : -79 days



R\$ Million	4Q18	3Q19	4Q19
Gross debt	(96.9)	(119.3)	(101.3)
(-) Cash	77.4	82.9	60.9
(=) (Debt)/Net cash	(19.5)	(36.5)	(40.3)

NET DEBT

- R\$ 20.8 million up (+107.1%) compared to December 31, 2018
- R\$ 3.8 million net debt increase against 3Q19



1. 4Q19 Results

2. COVID-19 Impacts

COVID-19 implications for Grupo Technos

- In December 31, 2020, the World Health Organization (WHO) has announced that the corona virus (COVID-19) is a global health emergency.
- In March 13 the WHO considered the corona virus to be a pandemic.
- In March 10, 2020, the Securities and Exchange Commission (CVM) issued the letter in which it highlights the importance of publicly-held companies carefully considering the impacts of COVID-19 (“Coronavirus”) on their business.
- The impacts of the contagious disease caused by the coronavirus responsible for the severe acute respiratory syndrome SARS-CoV-2 (“COVID-19”) on the economic scenario, especially on the Company’s operations, cannot be fully measured yet. However, the Company understands that this scenario of significant uncertainty also represents an additional risk to the Company’s current turnaround process.
- In general terms, COVID-19 affects the Company’s workforce, as well as the supply and demand related to the commercialization of brands, products and services.
- For this reason, the Company considers important to contextualize the impact of COVID-19 on its business.

There are impacts of COVID-19 on the workforce, supply and demand in the value chain.

Workforce



People

Impact on employees due to coronavirus crisis

Supply



China

Impact on supply chain due to coronavirus crisis

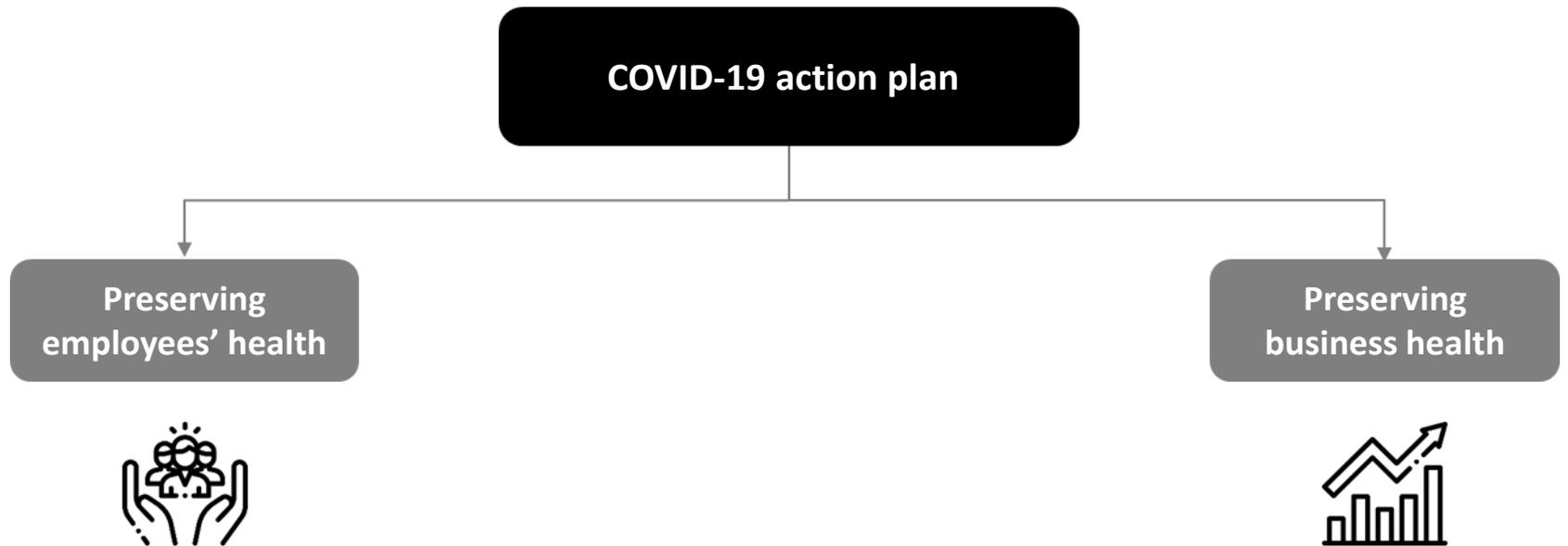
Demand



Customer

Impact on distribution chain due to coronavirus crisis

To counteract the impacts of the coronavirus syndrome, the Company created a crisis committee and adopted actions on two fronts to preserve the health of its employees and also to preserve the health of the company.





Focus 1: Preserve employees' health



- Active communication and an awareness campaign directed at all employees;
- Reinforcement of hygiene and cleaning practices at our factory, stores and offices;
- Isolation of individuals in risk groups;
- Suspension of international travels and events;
- Reduction of domestic travels and external meetings to a necessary minimum;
- Adoption of home office work by many employees;
- Availability of tools for virtual meetings and interactions and
- Closing of own physical stores.



Focus 2: Preserve the health of the Company



In terms of supplies and working capital:

- Renegotiation of payment terms with many of our Brazilian and foreign suppliers;
- Reduction in purchase volumes from international suppliers, adjusting the supply chain to the new demand scenario;
- Adjustment of our manufacturing plan, considering the temporary closing of our factory and the current balance of our inventory of raw materials and finished products;
- Adjustment of our current inventory coverage to meet most re-estimated sales for the year.



Focus 2: Preserve the health of the Company



In operational terms and capital structure:

- Reduction of and establishment of provisions for fixed and variable expenses and elimination of new short-term investments that are not essential;
- Reinforcement of credit analysis and collection activities;
- Planning to significantly reduce headcount by approximately one-third of employees and temporary employees aimed at reducing expenses related to salaries in the short term; and
- Adoption of part-time work for leadership positions, accompanied by the respective salary reduction, adoption of compensatory time and the granting of early holidays, pursuant to current legislation.



Additional Measures



Considering the significant uncertainty of variables, **the Company continues to study additional measures that may be needed in the next weeks**, based on a clearer scenario related to the outbreak of COVID-19 and consequent impacts for the company.

The Company is also closely monitoring the development and implementation of new regulatory measures that can be adopted, complying with the recommendations of the competent bodies, in order to preserve the health of employees and the company.

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