

2Q19 Results

AUGUST 2019

FERTILIZANTES



HERINGER

Under Judicial Recovery



- ➔ **JUDICIAL RECOVERY**
- ➔ **THE COMPANY AND FINANCIAL HIGHLIGHTS**
- ➔ **OUTLOOK**

➔ **JUDICIAL RECOVERY**

➔ THE COMPANY AND FINANCIAL HIGHLIGHTS

➔ OUTLOOK

STATUS OF THE JUDICIAL RECOVERY PROCEEDING



Feb 4, 2019

Feb 20, 2019

Request for Judicial Recovery

Acceptance of the Request at the Extraordinary Shareholders' Meeting

Approval of the Recovery Plan by the judge

Acceptance of the Request for Judicial Recovery

Filing of the Recovery Plan

Approval of the Recovery Plan at the creditors' meeting

Feb 6, 2019

Apr 10, 2019

✓ On May 28, 2019, the Company disclosed the creditor call notice to the market

→ JUDICIAL RECOVERY






→ **THE COMPANY AND FINANCIAL HIGHLIGHTS**

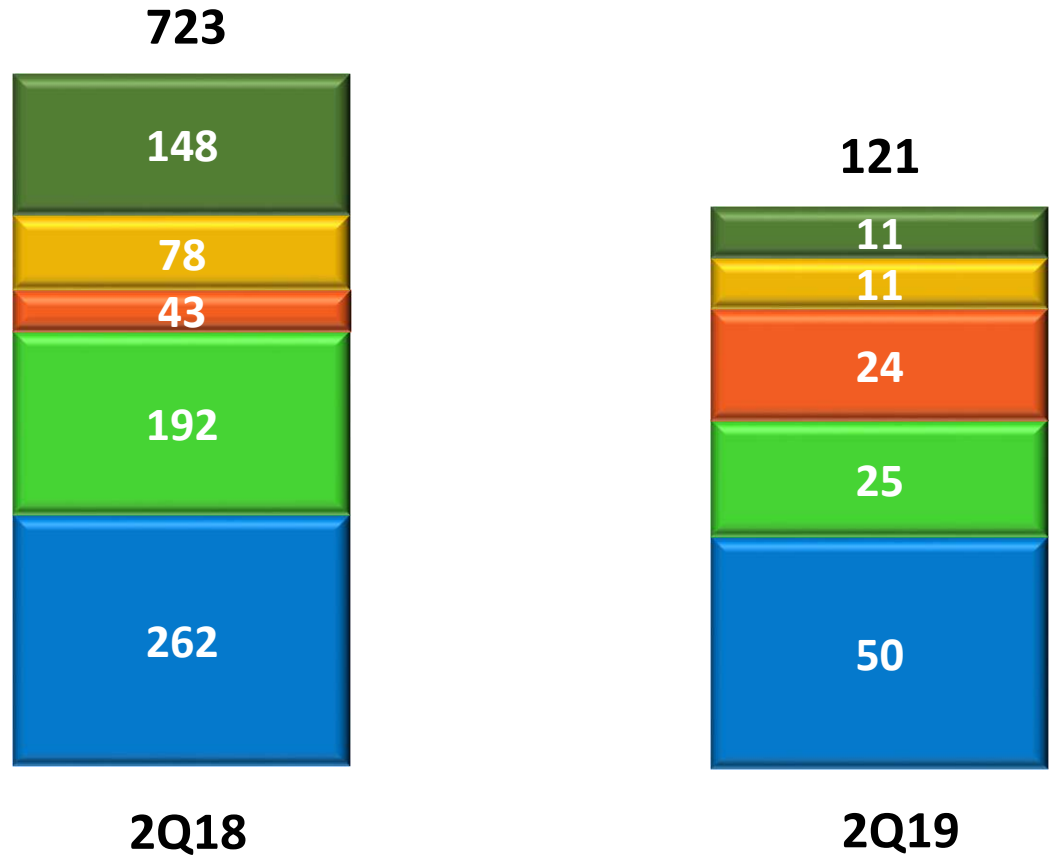
→ OUTLOOK

DELIVERIES BY CULTIVATION (in thousand tons)



- 83.3%

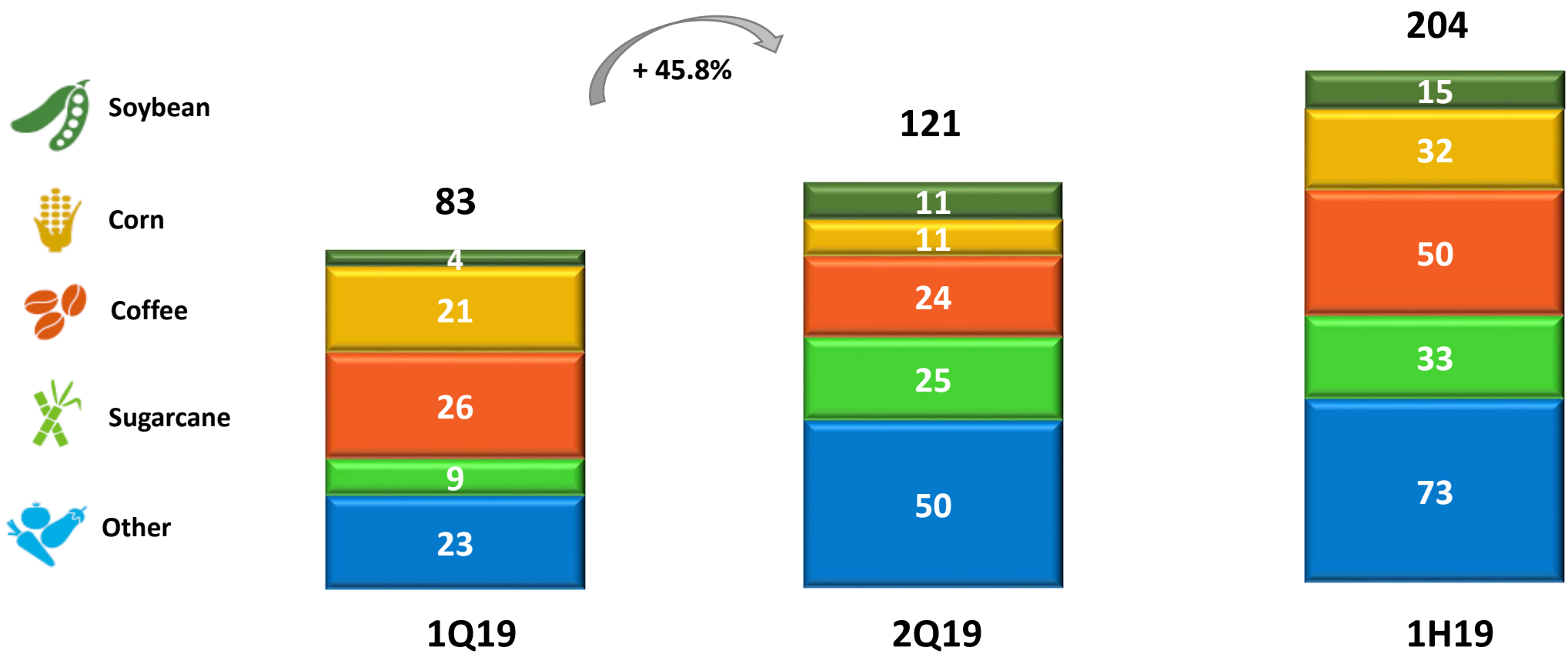
-  Soybean - 92.6%
-  Corn - 85.6%
-  Coffee - 44.1%
-  Sugarcane - 87.2%
-  Other - 81.0%



✓ Reduction in delivered volume versus the same period of last year
 ✓ In 2Q19, special products represented 55% of total deliveries

* Includes exports

DELIVERIES BY CULTIVATION (in thousand tons)



✓ A recovery process began in 2Q19 and it will lead to significant changes in the Company's historical seasonality for the year of 2019.

* Includes exports

STATEMENT OF PROFIT AND LOSS (R\$ THOUSAND)



	2Q19	% NR	2Q18	% NR	Δ % 19/18	1H19	% NR	1H18	% NR	Δ % 19/18
Volume	120,641		722,069		-83.2%	203,672		1,587,760		-87.2%
Net Revenue	190,495	100.0%	885,245	100.0%	-78.5%	325,881	100.0%	1,926,605	100.0%	-83.1%
COGS	(183,984)	-96.6%	(870,043)	-98.3%	-78.9%	(339,583)	-104.2%	(1,843,970)	-95.7%	-81.6%
Gross Profit	6,511	3.4%	15,202	1.7%	-57.2%	(13,702)	-4.2%	82,635	4.3%	-116.6%
Freight and Commissions	(6,615)	-3.5%	(37,610)	-4.2%	-82.4%	(11,100)	-3.4%	(89,259)	-4.6%	-87.6%
SG&A	(28,441)	-14.9%	(51,339)	-5.8%	-44.6%	(69,936)	-21.5%	(106,567)	-5.5%	-34.4%
* EBITDA - Adjusted	(21,839) *	-11.5%	(63,913)	-7.2%	-65.8%	(77,467) *	-23.8%	(91,966)	-4.8%	-15.8%
Net Financial Income (Expense)	14,784	7.8%	(186,533)	-21.1%	107.9%	(7,202)	-2.2%	(220,569)	-11.4%	-96.7%
Net Income	(19,019)	-10.0%	(277,317)	-31.3%	-93.1%	(110,572)	-33.9%	(324,066)	-16.8%	-65.9%

- ✓ Although gross margin is still at low levels, they were already significantly higher in 2Q19 than in 2Q18
- ✓ SG&A expenses as a percentage of net revenue in 2Q19 were still strongly impacted by low delivery volumes
 - ✓ EBITDA in 2Q19, although negative, significant improved compared to 2Q18
- ✓ Financial result in 2Q19 was positive due to the exchange rate variation in the period
- ✓ Although still negative, net income in 2Q19 was considerably better than in 2Q18

* ICMS discount on sales (non-recurring event)
2Q19 R\$ 4,389 – 1H19 R\$ 10,401 (Explanatory Note 06)

STATEMENT OF PROFIT AND LOSS (R\$ THOUSAND)



	1Q19	% NR	2Q19	% NR	1H19	% NR	1H18	% NR
Volume	83,031		120,641		203,672		1,587,760	
Net Revenue	135,386	100.0%	190,495	100.0%	325,881	100.0%	1,926,605	100.0%
COGS	(155,599)	-114.9%	(183,984)	-96.6%	(339,583)	-104.2%	(1,843,970)	-95.7%
Gross Profit	(20,213)	-14.9%	6,511	3.4%	(13,702)	-4.2%	82,635	4.3%
Freight and Commissions	(4,496)	-3.3%	(6,615)	-3.5%	(11,100)	-3.4%	(89,259)	-4.6%
SG&A	(41,484)	-30.6%	(28,441)	-14.9%	(69,936)	-21.5%	(106,567)	-5.5%
* EBITDA - Adjusted	(55,628) *	-41.1%	(21,839) *	-11.5%	(77,467) *	-23.8%	(91,966)	-4.8%
Net Financial Income (Expense)	(21,986)	-16.2%	14,784	7.8%	(7,202)	-2.2%	(220,569)	-11.4%
Net Income	(91,553)	-67.6%	(19,019)	-10.0%	(110,572)	-33.9%	(324,066)	-16.8%

✓ Significant improvement in the 2Q19 income statement, when the Company was granted the Judicial Reorganization (Law 11.101/05), when compared to 1Q19

* ICMS discount on sales (non-recurring event)
1Q19 R\$ 6,012 – 2Q19 R\$ 4,389 – 1H19 R\$ 10,401 (Explanatory Note 06)

STATEMENT OF PROFIT AND LOSS (DISTRIBUTION AND PRODUCTION) (R\$ THOUSAND)



	Fertilizer Distribution				SSP and Sulfuric Acid Production				Total (Company)	
	2Q19	% NR	2Q18	% NR	2Q19	% NR	2Q18	% NR	2Q19	2Q18
Net Revenue	190,495	100.0%	885,245	100.0%	-	0.0%	-	0.0%	190,495	885,245
COGS	(183,599)	-96.4%	(865,189)	-83.1%	(385)	-100.0%	(4,854)	-100.0%	(183,984)	(870,043)
Gross Profit	6,896	3.6%	20,056	1.9%	(385)	-100.0%	(4,854)	-100.0%	6,511	15,202
Freight and Commissions	(6,615)	-3.5%	(37,610)	-3.6%	-	0.0%	-	0.0%	(6,615)	(37,610)
SG&A	(28,441)	-14.9%	(51,339)	-4.9%	-	0.0%	-	0.0%	(28,441)	(51,339)
* EBITDA - Adjusted	(21,839) *	11.9%	(61,705)	-5.9%	-	-100.0%	(2,646)	-100.0%	(21,839) *	(64,350)

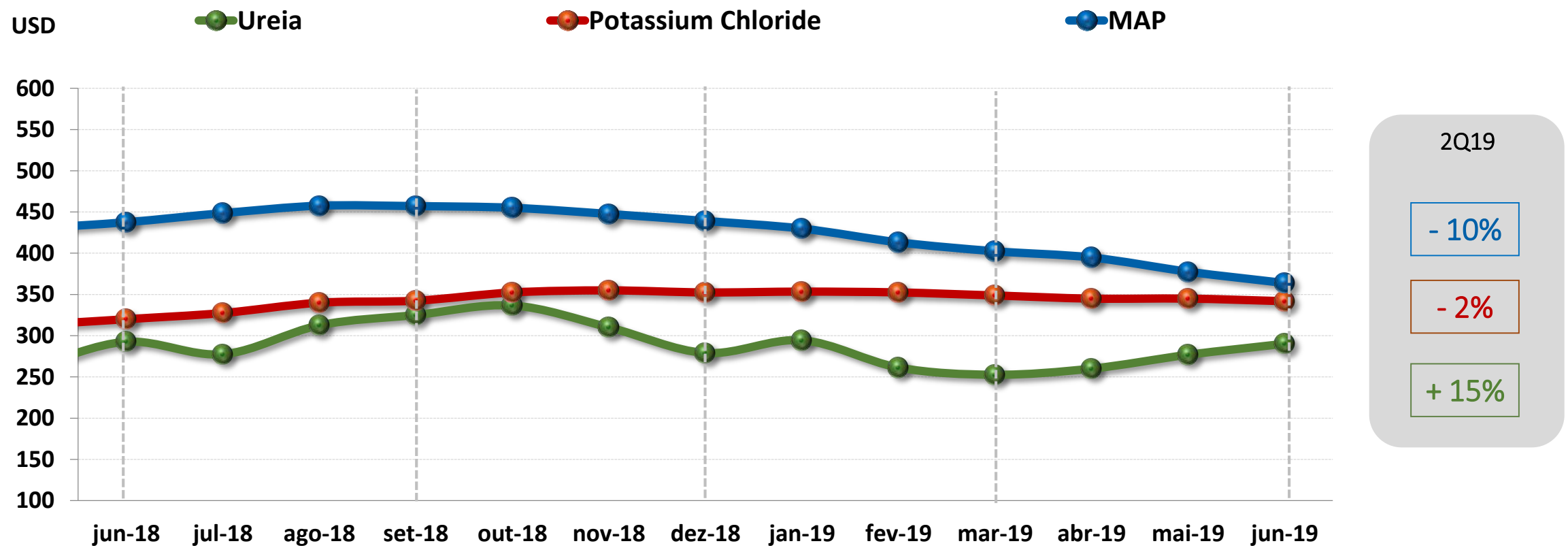
	Fertilizer Distribution				SSP and Sulfuric Acid Production				Total (Company)	
	1H19	% NR	1H18	% NR	1H19	% NR	1H18	% NR	1H19	1H18
Net Revenue	325,881	100.0%	1,926,605	100.0%	-	0.0%	-	0.0%	325,881	1,926,605
COGS	(336,087)	-103.1%	(1,832,667)	-95.1%	(3,496)	-100.0%	(11,303)	-100.0%	(339,583)	(1,843,970)
Gross Profit	(10,206)	-3.1%	93,938	4.9%	(3,496)	-100.0%	(11,303)	-100.0%	(13,702)	82,635
Freight and Commissions	(11,100)	-3.4%	(89,259)	-4.6%	-	0.0%	-	0.0%	(11,100)	(89,259)
SG&A	(69,936)	-21.5%	(106,567)	-5.5%	-	0.0%	-	0.0%	(69,936)	(106,567)
* EBITDA - Adjusted	(74,816) *	22.3%	(85,956)	-4.5%	(2,651)	0.0%	(6,010)	-0.3%	(77,467)	(91,966)

✓ Heringer, in continuation to the environmental licensing process, filed with IAP - Instituto Ambiental do Paraná, the EIA/RIMA documentation

CASH FLOW (R\$ THOUSAND)

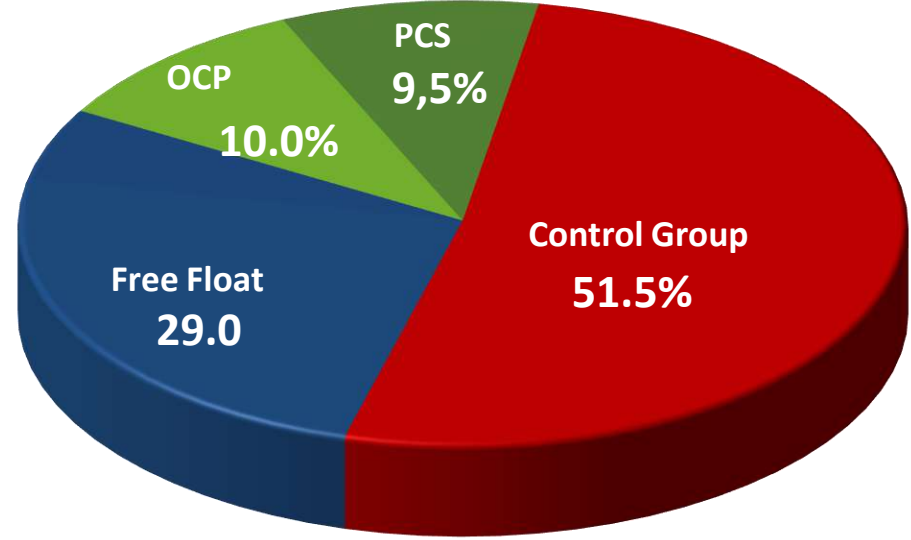
	2T19	1S19
Loss before income tax and social contribution	(19.019)	(110.572)
Non-cash expenses (income)	(13.810)	(24.821)
Decrease (increase) in assets	(27.893)	102.608
(Decrease) increase in liabilities	24.601	(16.290)
Cash flow from operating activities	(36.121)	(49.075)
Cash flow from investing activities	(557)	3.192
Free cash flow	(36.678)	(45.883)
Cash flow from financing activities	68.759	68.326
	32.081	22.443
Statement of Cash		
Cash at the beginning of the period	10.361	19.999
Cash at the end of the period	42.442	42.442
Changes in cash for the period	32.081	22.443

RAW MATERIAL PRICE – INTERNATIONAL MARKET

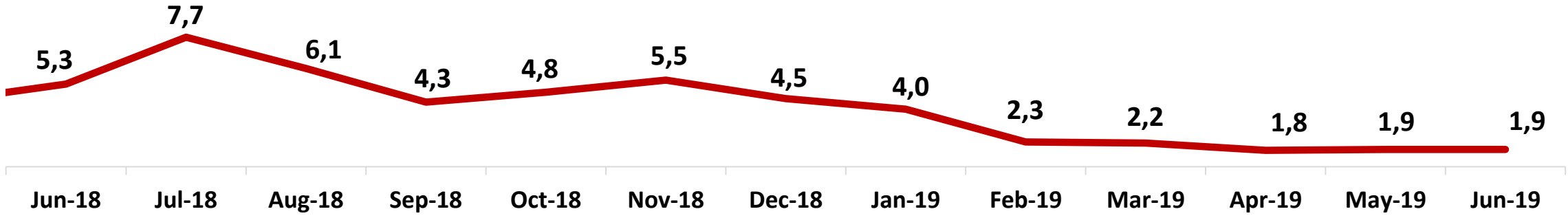


✓ Slightly lower international commodity price trends in 2019

SHAREHOLDING STRUCTURE



FHER3 (53,857,284 Shares)



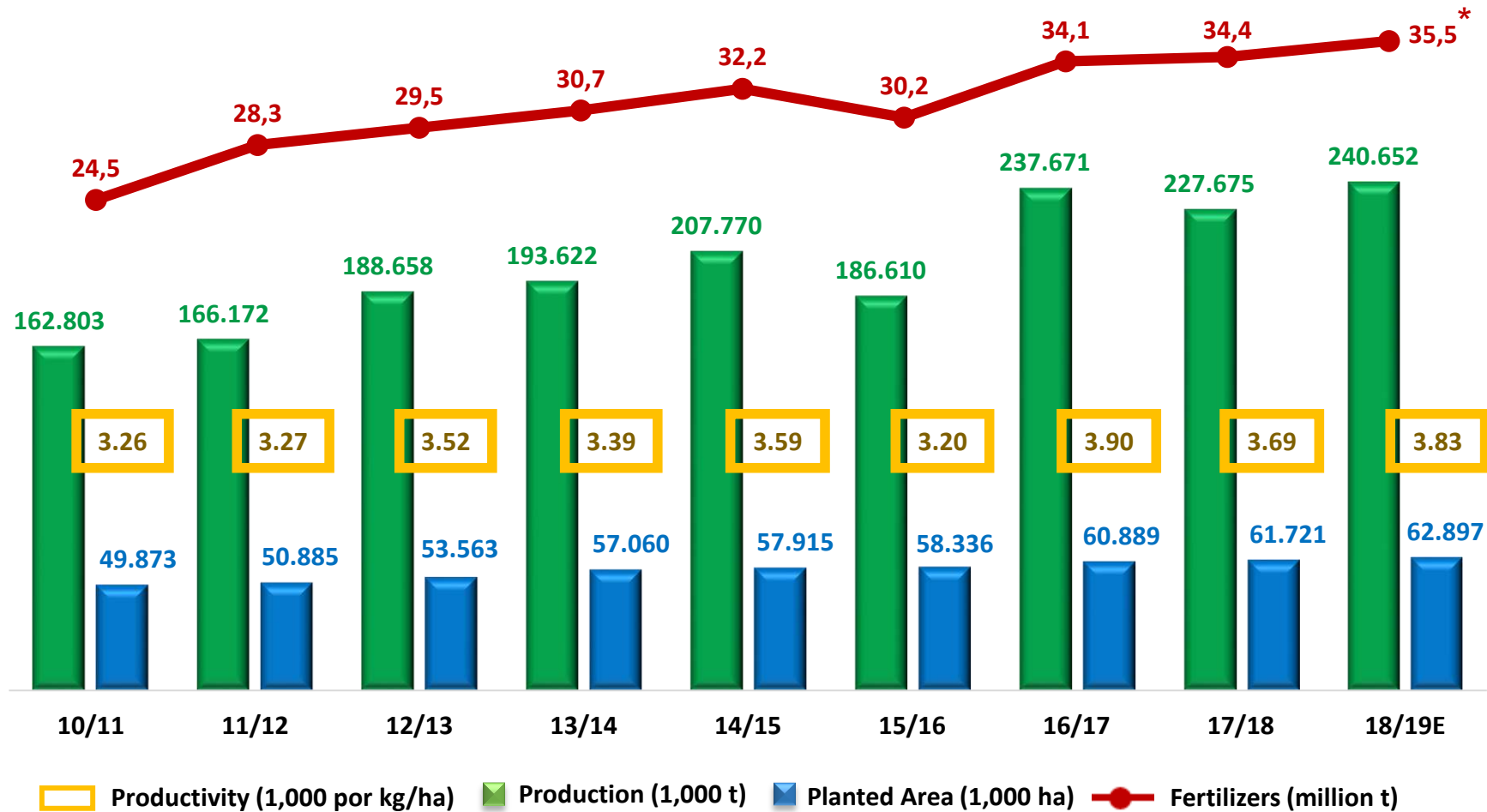
✓ Free Float: 3,845 brazilian investors and 7 foreign investors

→ JUDICIAL RECOVERY

→ THE COMPANY AND FINANCIAL HIGHLIGHTS

→ **OUTLOOK**

BRAZIL: PRODUCTION OF GRAINS, CULTIVATED AREA AND FERTILIZER CONSUMPTION



✓ The expectation for the 18/19 grain harvest, according to the latest survey by CONAB, is that it should grow about 5.7% versus the previous season

Grains: corn, soybean, rice, bean, sorghum, castor beans, cotton, sunflower, barley, rye, canola, oat, peanut, wheat and triticale
 Total Brazil (all cultivations) Source: CONAB 10th survey, July 2019
 * Heringer estimates

THANK YOU

INVESTOR RELATIONS

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STATEMENT OF PROFIT AND LOSS IN 2Q19



(in thousand of Reais)

	2Q19	%NR	2Q18	%NR	19 x 18
Gross revenue from sales	194,685		905,851		-78.5%
Taxes and other sale deductions	(4,190)		(20,606)		-79.7%
Net revenue from sales	190,495	100.0%	885,245	100.0%	-78.5%
Cost of goods sold	(183,984)	-96.6%	(870,043)	-98.3%	-78.9%
Gross profit	6,511	3.4%	15,202	1.7%	-57.2%
Operating (expenses) revenues	(40,314)	-21.2%	(90,671)	-10.2%	-55.5%
Selling expenses	(15,842)	-8.3%	(64,320)	-7.3%	-75.4%
General and administrative expenses	(19,214)	-10.1%	(24,628)	-2.8%	-22.0%
Other operating revenue (expenses), net	(5,258)	-2.8%	(1,723)	-0.2%	205.2%
Operating profit	(33,803)	-17.7%	(75,469)	-8.5%	-55.2%
Financial income (expenses)	14,784	7.8%	(186,533)	-21.1%	107.9%
Financial revenue	6,041	3.2%	95,623	10.8%	-93.7%
Financial expenses	(15,514)	-8.1%	(63,058)	-7.1%	-75.4%
Exchange rate variation, net	24,257	12.7%	(219,098)	-24.8%	111.1%
Income before income tax and social contribution	(19,019)	-10.0%	(262,002)	-29.6%	-92.7%
Income tax and social contribution	-	0.0%	(15,315)	-1.7%	-100.0%
Current	-	0.0%	-	0.0%	0.00%
Deferred	-	0.0%	(15,315)	-1.7%	-100.0%
Net income for the period	(19,019)	-10.0%	(277,317)	-31.3%	-93.1%
* EBITDA - Adjusted	(21,839)	* -11.5%	(63,913)	-7.2%	-65.8%
EBITDA	(26,228)	-13.8%	(63,913)	-7.2%	-59.0%
Income before financial result and taxes	(33,803)	-17.7%	(75,469)	-8.5%	-55.2%
Depreciation and amortization	7,575	4.0%	11,556	1.3%	-34.4%

* ICMS discount on sales (non-recurring event)
2Q19 R\$ 4,389 (Explanatory Note 06)

STATEMENT OF PROFIT AND LOSS IN 2H19



(in thousand of Reais)

	1H19	%NR	1H18	%NR	19 x 18
Gross revenue from sales	332,241		1,966,329		-83.1%
Taxes and other sale deductions	(6,360)		(39,725)		-84.0%
Net revenue from sales	325,881	100.0%	1,926,605	100.0%	-83.1%
Cost of goods sold	(339,583)	-104.2%	(1,843,970)	-95.7%	-81.6%
Gross profit	(13,702)	-4.2%	82,635	4.3%	-116.6%
Operating (expenses) revenues	(89,668)	-27.5%	(197,762)	-10.3%	-54.7%
Selling expenses	(36,859)	-11.3%	(142,781)	-7.4%	-74.2%
General and administrative expenses	(44,177)	-13.6%	(53,046)	-2.8%	-16.7%
Other operating revenue (expenses), net	(8,632)	-2.6%	(1,935)	-0.1%	346.1%
Operating profit	(103,370)	-31.7%	(115,127)	-6.0%	-10.2%
Financial income (expenses)	(7,202)	-2.2%	(220,569)	-11.4%	-96.7%
Financial revenue	157,385	48.3%	138,723	7.2%	13.5%
Financial expenses	(180,594)	-55.4%	(135,553)	-7.0%	33.2%
Exchange rate variation, net	16,007	4.9%	(223,739)	-11.6%	107.2%
Income before income tax and social contribution	(110,572)	-33.9%	(335,696)	-17.4%	-67.1%
Income tax and social contribution	-	0.0%	11,630	0.6%	-100.0%
Current	-	0.0%	-	0.0%	0.00%
Deferred	-	0.0%	11,630	0.6%	-100.0%
Net income for the period	(110,572)	-33.9%	(324,066)	-16.8%	-65.9%
* EBITDA - Adjusted	(77,467) *	-23.8%	(91,966)	-4.8%	-15.8%
EBITDA	(87,868)	-27.0%	(91,966)	-4.8%	-4.5%
Income before financial result and taxes	(103,370)	-31.7%	(115,127)	-6.0%	-10.2%
Depreciation and amortization	15,503	4.8%	23,161	1.2%	-33.1%

* ICMS discount on sales (non-recurring event)
1H19 R\$ 10,401 (Explanatory Note 06)

BALANCE SHEET



(in thousand of Reais)

ASSETS	Jun/19	Dec/18	LIABILITIES AND EQUITY	Jun/19	Dec/18
Current Assets			Current Liabilities		
Cash and cash equivalents	42,442	19,999	Domestic suppliers	237,722	243,817
Trade receivables	132,967	157,669	Foreign suppliers	879,986	798,858
Inventories	349,221	293,422	Forfeit	180,742	186,204
Taxes recoverable	182,806	324,408	Borrowings and financings	867,559	959,469
Other receivables	30,241	156,004	Taxes payable	2,475	3,448
	737,677	951,502	Advances from customers	61,855	89,638
			Other payables	65,847	97,489
Non-Current Assets				2,296,186	2,378,923
Taxes recoverable	347,796	353,380	Non-Current Liabilities		
Other receivables	42,994	43,516	Borrowings and financings	59	42,748
Long-Term Receivables	390,790	396,896	Other payables	24,317	25,887
				24,376	68,635
Property, Plant and Equipment	452,124	470,619	Total LIABILITIES	2,320,562	2,447,558
Intangible Assets	7,563	6,705	Uncovered Equity		
	459,687	477,324	Paid-up capital	585,518	585,518
	850,477	874,220	Retained earnings/accum. losses	-1,357,353	-1,246,931
			Equity valuation adjustments	39,427	39,577
				-732,408	-621,836
Total ASSETS	1,588,154	1,825,722	Total LIABILITIES and UNCOVERED EQUITY	1,588,154	1,825,722

This presentation may include forward-looking statements according to the national and international securities regulation. These forward-looking statements are based on certain assumptions and analyses performed by Heringer based on its experience, and economic environment and market conditions, and expected future events, many of which are out of the Heringer's controls. Import factors that may result in significant differences between actual and estimated results include the Heringer's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the fertilizer sector, financial market conditions, uncertainty on the results from future operations, plans, objectives, perspectives and intentions, and other factors described in the "Risk Factors" section of the Final Prospectus of the Public Offering for Primary and Secondary Distribution of Shares, filed with the Brazilian Securities and Exchange Commission (CVM). By virtue of these factors, the Heringer's actual results may significantly differ from those indicated or assumed in the forward-looking statements.

The financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil (BR GAAP), which comprise the standards issued by the Brazilian Securities and Exchange Commission (CVM) and the pronouncements issued by the Accounting Pronouncements Committee (CPC), as well as the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

In addition, in accordance with CVM Resolution 656, Heringer elected to restate the Quarterly Financial Information (ITR) of 2010 in accordance with the new accounting standards referred to above, compared to the information disclosed in 2009, also adjusted to the rules issued in 2010, up to the disclosure of the ITR for the first quarter, that is, through May 15, 2011. Accordingly, as requested by such CVM Resolution, the financial statements for the year ended December 31, 2010 included the explanatory note indicating, for each quarter, the effects in profit or loss and in the equity arising from the full adoption of the 2010 standards.