

3Q19 Results  
NOVEMBER 2019

FERTILIZANTES



**HERINGER**

Under Judicial Recovery



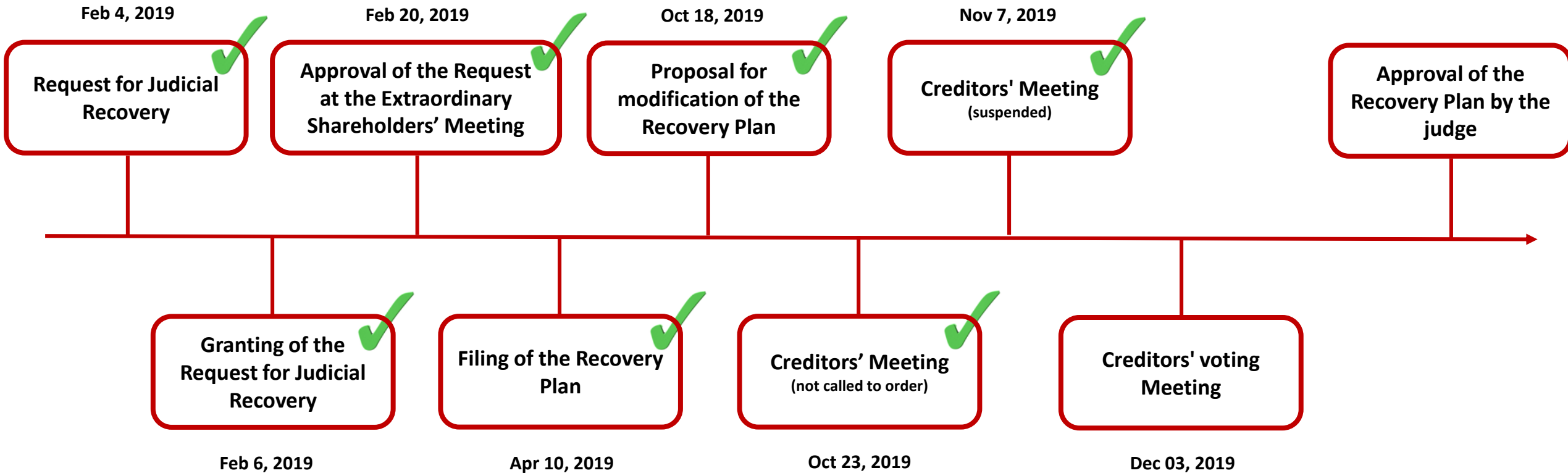
- ➔ **JUDICIAL RECOVERY**
- ➔ **THE COMPANY AND FINANCIAL HIGHLIGHTS**
- ➔ **OUTLOOK**

➔ **JUDICIAL RECOVERY**

➔ THE COMPANY AND FINANCIAL HIGHLIGHTS

➔ OUTLOOK

# STATUS OF THE JUDICIAL RECOVERY PROCEEDING



- ✓ On October 18, 2019, the Company submitted to its creditors a proposal for modification of the original judicial recovery plan
- ✓ On November 7, 2019, the creditors meeting was suspended and rescheduled for December 3, 2019

→ JUDICIAL RECOVERY

→ **THE COMPANY AND FINANCIAL HIGHLIGHTS**

→ OUTLOOK

# GEOGRAPHICAL DISTRIBUTION OF HERINGER'S MIXING UNITS



As of October 1, 2019, the mixing unit in Três Corações (Minas Gerais State) resumed production.

Heringer currently has eight units in operation:

Viana – ES

Manhuaçu – MG

Três Corações – MG

Iguatama – MG

Paulínia – SP

Ourinhos – SP

Catalão – GO

Candeias – BA

And seven units are not in operation at the moment:

Uberaba – MG

Rosário do Catete – SE

Paranaguá – PR

Porto Alegre – RS

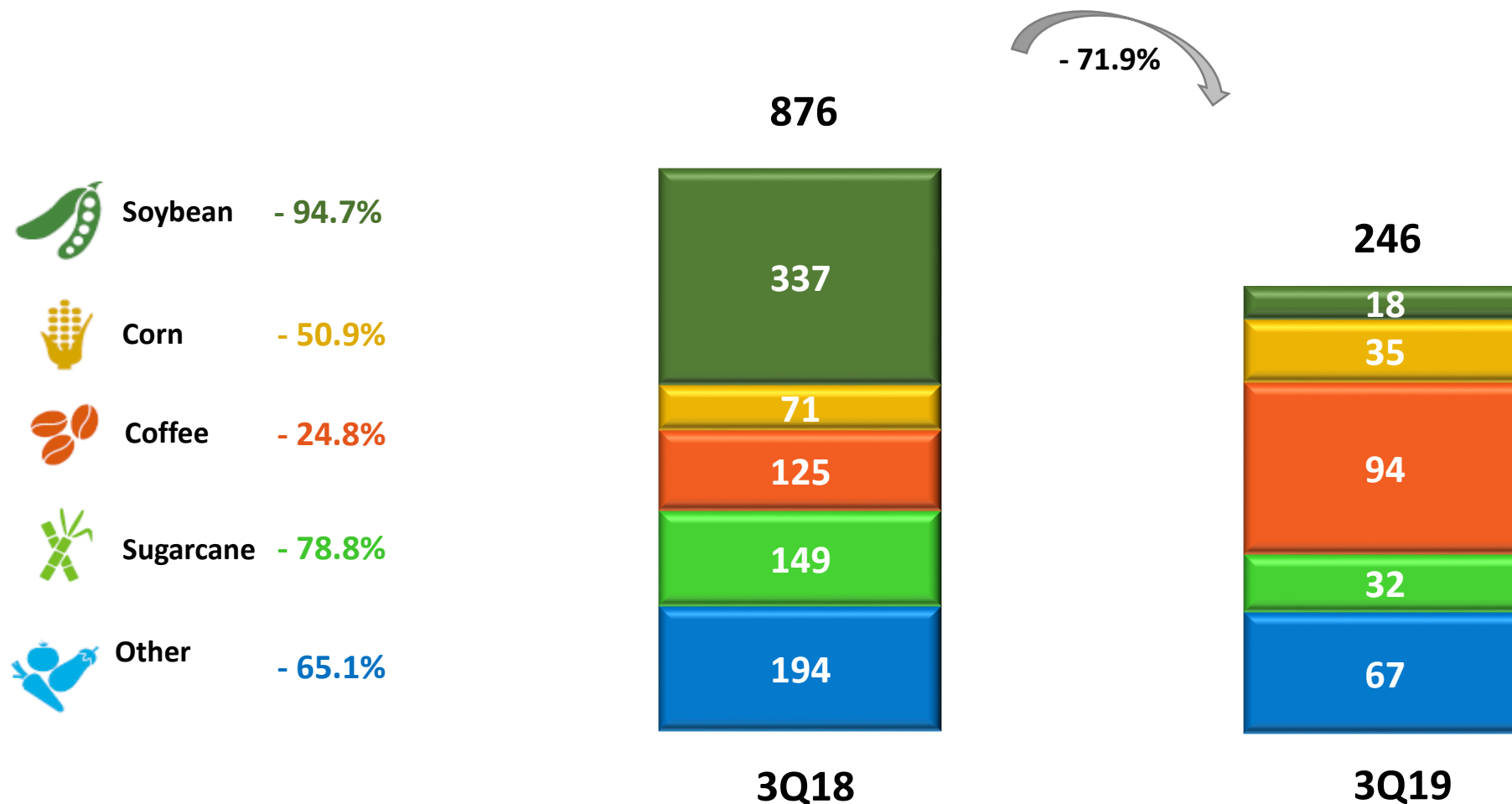
Rio Grande – RS

Dourados – MS

Rio Verde – GO

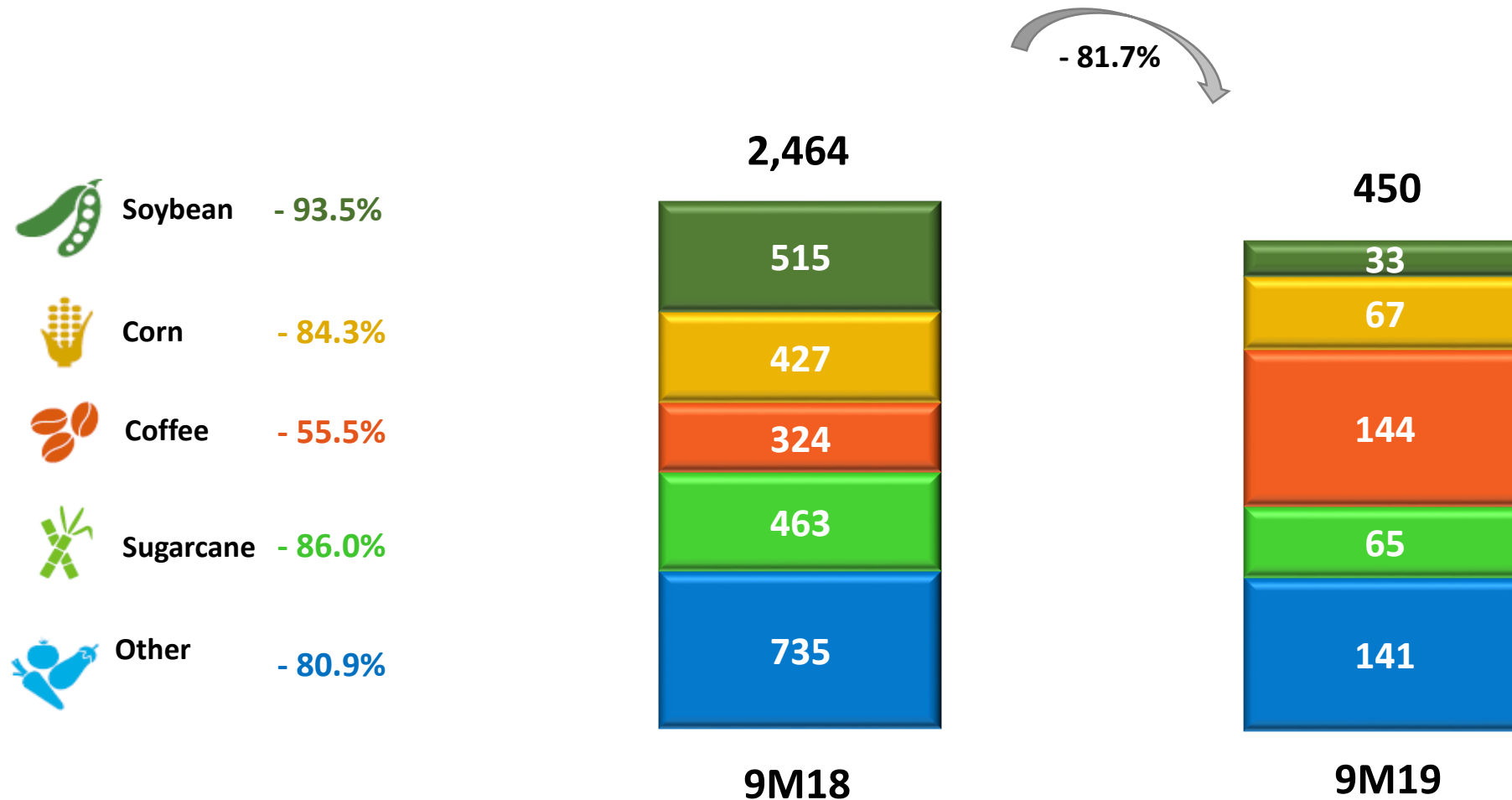


# DELIVERIES BY CROP (in thousand tons)



- ✓ Lower delivered volume versus the same period of last year
- ✓ In 3Q19, special products represented 48% of total deliveries

# DELIVERIES BY CROP (in thousand tons)



- ✓ In the 9M19 consolidated result, delivered volume fell more than 80% from 9M18
- ✓ In 9M19, special products represented 48% of total deliveries

# STATEMENT OF PROFIT AND LOSS (R\$ THOUSAND)



	3Q19	% NR	3Q18	% NR	Δ % 19/18	9M19	% NR	9M18	% NR	Δ % 19/18
<b>Volume</b>	<b>246.165</b>		<b>876.359</b>		-71,9%	<b>449.837</b>		<b>2.464.119</b>		-81,7%
<b>Net Revenue</b>	<b>366.874</b>	100,0%	<b>1.185.895</b>	100,0%	-69,1%	<b>692.754</b>	100,0%	<b>3.112.500</b>	100,0%	-77,7%
<b>COGS</b>	<b>(322.601)</b>	-87,9%	<b>(1.110.890)</b>	-93,7%	-71,0%	<b>(662.184)</b>	-95,6%	<b>(2.954.860)</b>	-94,9%	-77,6%
<b>Gross Profit</b>	<b>44.273</b>	12,1%	<b>75.005</b>	6,3%	-41,0%	<b>30.570</b>	4,4%	<b>157.640</b>	5,1%	-80,6%
<b>Freight and Commissions</b>	<b>(12.625)</b>	-3,4%	<b>(60.604)</b>	-5,1%	-79,2%	<b>(23.725)</b>	-3,4%	<b>(149.863)</b>	-4,8%	-84,2%
<b>SG&amp;A</b>	<b>(30.397)</b>	-8,3%	<b>(49.515)</b>	-4,2%	-38,6%	<b>(100.333)</b>	-14,5%	<b>(156.082)</b>	-5,0%	-35,7%
<b>* EBITDA - Adjusted</b>	<b>8.648</b>	2,4%	<b>(24.150)</b>	-2,0%	135,8%	<b>(68.820) *</b>	-9,9%	<b>(116.115)</b>	-3,7%	-40,7%
<b>Net Financial Income (Expense)</b>	<b>(137.046)</b>	-37,4%	<b>(90.510)</b>	-7,6%	51,4%	<b>(144.248)</b>	-20,8%	<b>(311.079)</b>	-10,0%	-53,6%
<b>Net Income</b>	<b>(135.906)</b>	-37,0%	<b>(117.385)</b>	-9,9%	15,8%	<b>(246.479)</b>	-35,6%	<b>(441.451)</b>	-14,2%	-44,2%

3Q19 X 3Q18	9M19 X 9M18
<b>Net Revenue:</b> was impacted by a reduction in volume	
<b>Gross Profit %:</b> higher, due to a reduction in COGS (Raw Material)	<b>Gross Profit %:</b> increased percentage, due to a reduction in volume
<b>SG&amp;A %:</b> impacted by additional expenses related to the judicial recovery in 2019	<b>SG&amp;A %:</b> increased percentage, also due to a reduction in volume and additional expenses related to the judicial recovery in 2019
<b>EBITDA:</b> first positive result in 18 months	<b>EBITDA:</b> better performance, as a result of an improvement in the sales strategy during 2019
<b>Net Income:</b> negative result, mainly due to a 9% exchange rate devaluation	<b>Net Income:</b> negative result, mainly due to a 7.5% exchange rate devaluation in 2019

\* R\$10.4 million in ICMS discount on sales (non-recurring event) in 9M19 (Explanatory Note 06 Quarterly Information)

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



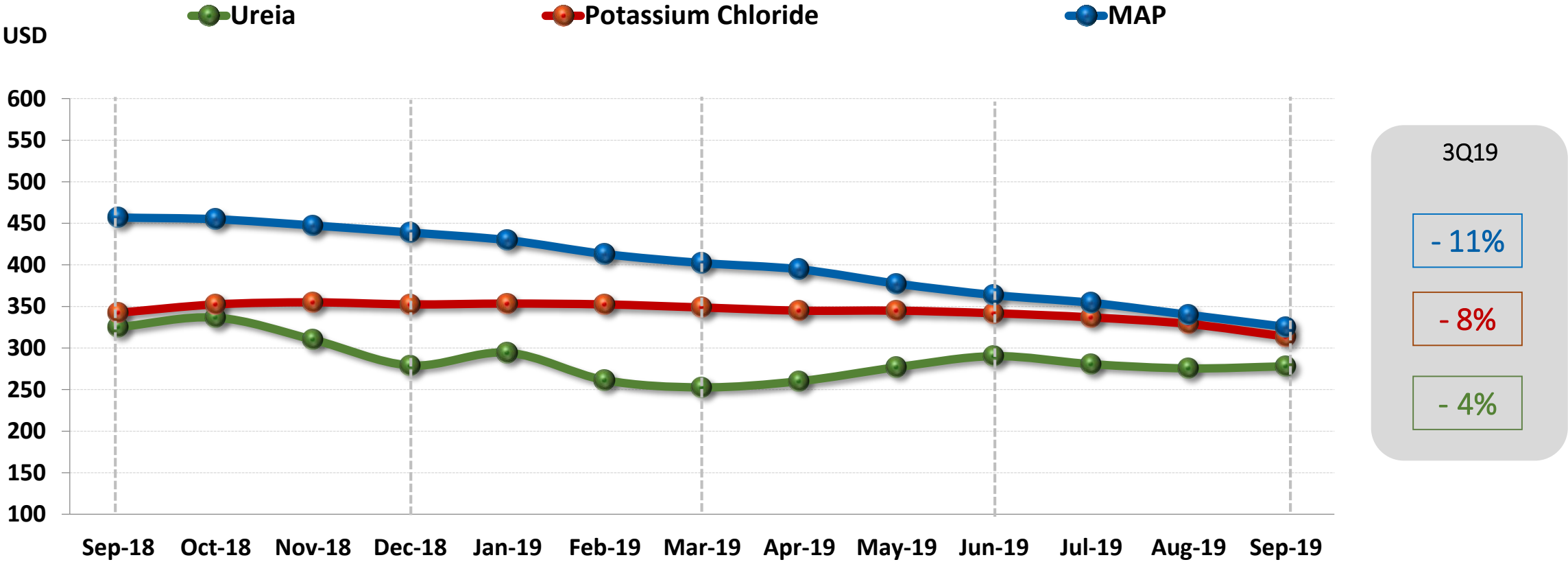
	Fertilizer Distribution				SSP and Sulfuric Acid Production				Total (Company)	
	9M19	% NR	9M18	% NR	9M19		9M18	% NR	9M19	9M18
Net Revenue	692.754	100,0%	3.112.500	100,0%	-	0,0%	-	0,0%	692.754	3.112.500
COGS	(657.679)	-94,9%	(2.937.635)	-94,4%	(4.505)	-100,0%	(17.225)	-100,0%	(662.184)	(2.954.860)
Gross Profit	35.075	5,1%	174.865	5,6%	(4.505)	-100,0%	(17.225)	-100,0%	30.570	157.640
Freight and Commissions	(23.725)	-3,4%	(149.863)	-4,8%	-	0,0%	-	0,0%	(23.725)	(149.863)
SG&A	(100.333)	-14,5%	(156.082)	-5,0%	-	0,0%	-	0,0%	(100.333)	(156.082)
* EBITDA - Adjusted	(65.539)	10,0%	(106.824)	-3,4%	(3.281)	0,0%	(9.291)	-0,3%	(68.820) *	(116.115)

✓ Continuing with the environmental licensing process, Heringer filed with Paraná Environmental Institute (IAP) the EIA/RIMA documentation, which is currently under examination by the environmental entity, and is awaiting the scheduling of the public hearing.

# CASH FLOW (R\$ THOUSAND)

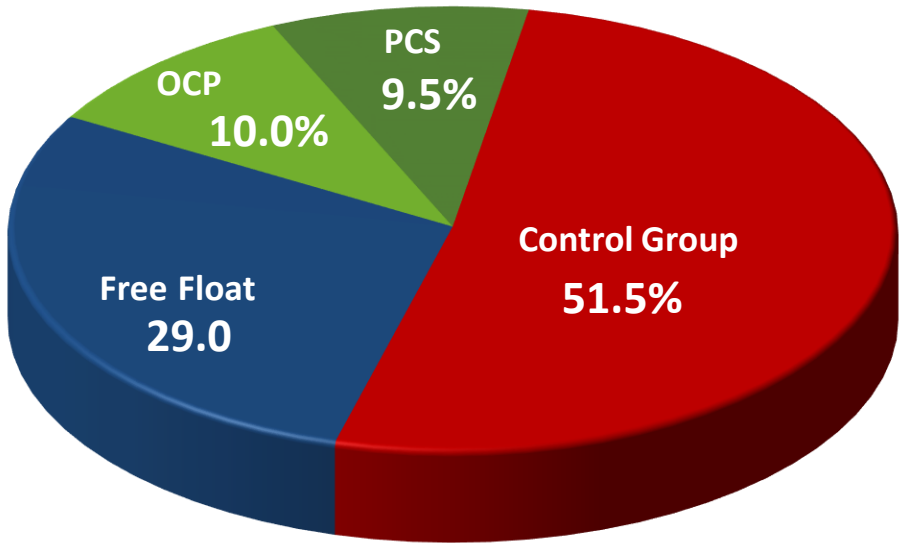
	3Q19	9M19
<b>Loss before Income Tax and Social Contribution</b>	<b>(135.907)</b>	<b>(246.479)</b>
Non-cash expenses (income)	142.441	117.322
Decrease (increase) in assets	(125.019)	(22.411)
(Decrease) increase in liabilities	(3.401)	(65.958)
<b>Cash flow from operating activities</b>	<b>(121.886)</b>	<b>(217.526)</b>
<b>Cash flow from investing activities</b>	<b>129</b>	<b>3.321</b>
<b>Free cash flow</b>	<b>(121.757)</b>	<b>(214.205)</b>
<b>Cash flow from financing activities</b>	<b>107.485</b>	<b>222.377</b>
	<b>(14.272)</b>	<b>8.171</b>
<b>Statement of Cash</b>		
Cash at the beginning of the period	42.442	19.999
Cash at the end of the period	28.170	28.170
<b>Changes in cash for the period</b>	<b>(14.272)</b>	<b>8.171</b>

# RAW MATERIAL PRICES – INTERNATIONAL MARKET

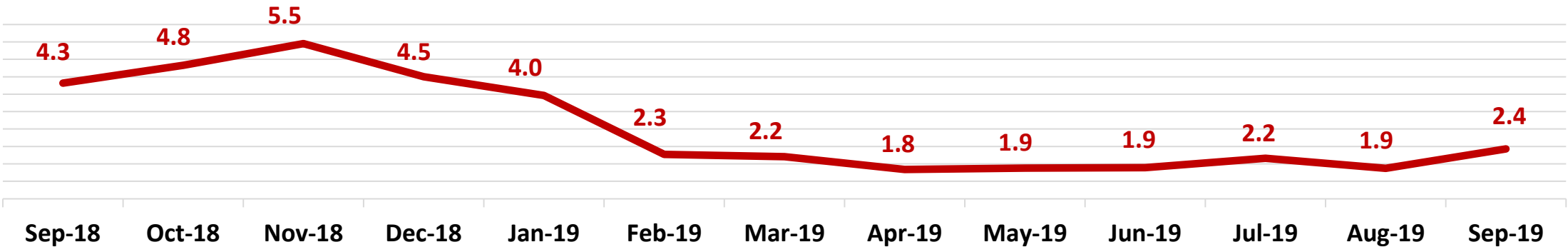


✓ Sharp drop of around 26% in MAP prices in 9M19

# SHAREHOLDING STRUCTURE



FHER3 (53,857,284 Shares)



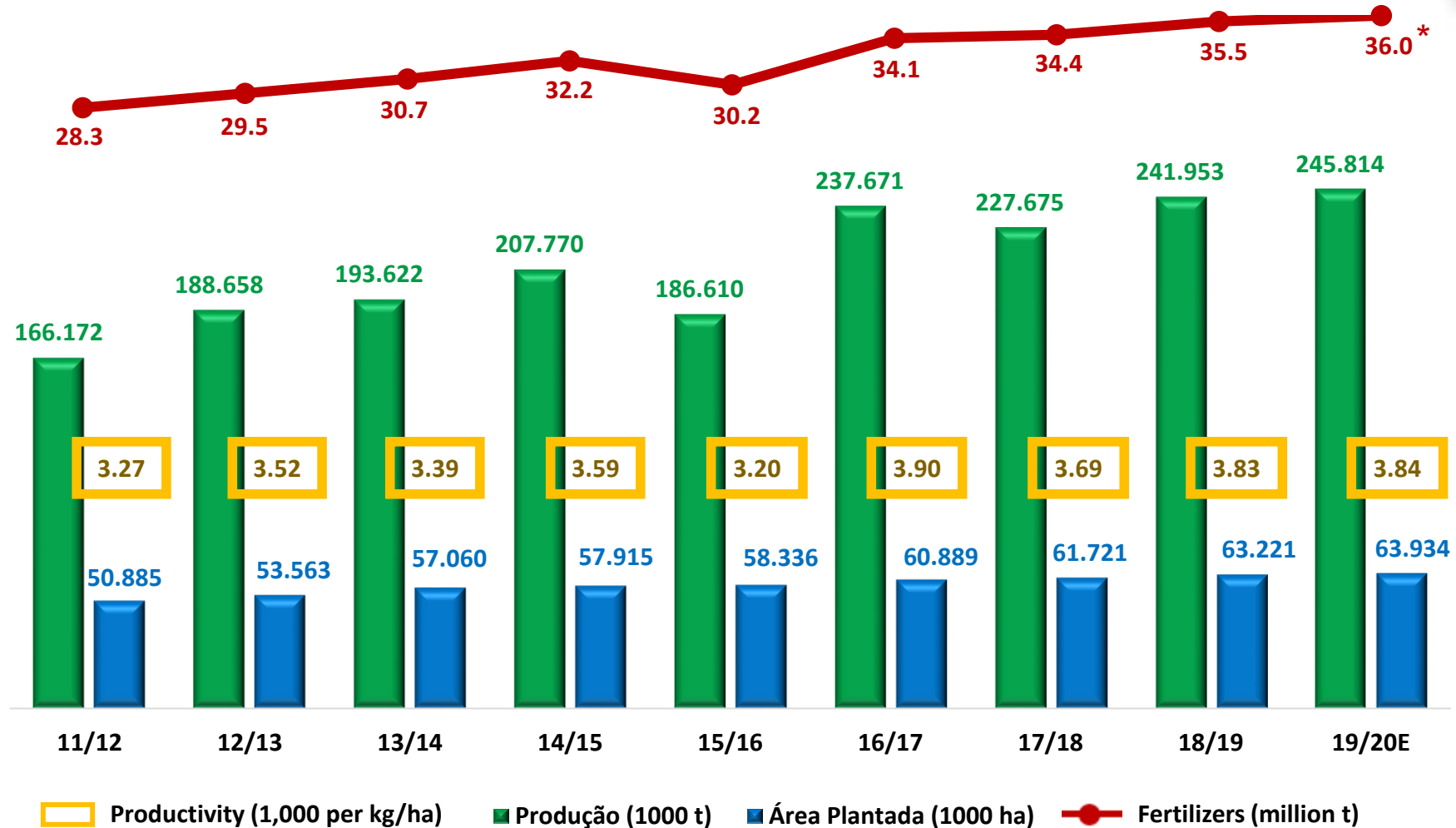
✓ Free float: 5,877 Brazilian investors and 11 foreign investors

→ JUDICIAL RECOVERY

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# BRAZIL: PRODUCTION OF GRAINS, CULTIVATED AREA AND FERTILIZER CONSUMPTION



✓ The 19/20 grain harvest should grow about 1.6% year on year, according to the first CONAB survey.

Grains: corn, soybean, rice, bean, sorghum, castor beans, cotton, sunflower, barley, rye, canola, oat, peanut, wheat and triticale

Total Brazil (all crops) Source: CONAB 1<sup>st</sup> survey 19/20 harvest - October 2019

\* Heringer estimates

On September 23, 2019, the Company informed the market, its shareholders and the public in general that it has received a letter from its Controlling Shareholder, Heringer Participações Ltda., stating that, on September 21, 2019, the Controlling Shareholder and its quotaholders signed a “Binding Letter of Intent” with the Uralkali Group and the Uralchem Group, whereby the investors committed to subscribing to new common shares within the scope of a capital increase, subject to audit and compliance with certain conditions precedent, including the approval by the applicable antitrust agencies (including CADE).

The Uralkali Group is a Russian producer and exporter of potassium-based fertilizers. The Uralchem Group is a Russian producer and exporter of nitrogen and complex fertilizers.

# THANK YOU

## INVESTOR RELATIONS

Telephone: +55 19 3322-2294

[ri@heringer.com.br](mailto:ri@heringer.com.br)

# STATEMENT OF PROFIT AND LOSS IN 3Q19



(in thousands of reais)					
	3Q19	%NR	3Q18	%NR	19 x 18
<b>Gross revenue from sales</b>	<b>372.172</b>		<b>1.204.481</b>		-69,1%
Taxes and other sale deductions	(5.298)		(18.585)		-71,5%
<b>Net revenue from sales</b>	<b>366.874</b>	100,0%	<b>1.185.895</b>	100,0%	-69,1%
Cost of goods sold	(322.601)	-87,9%	(1.110.890)	-93,7%	-71,0%
<b>Gross Profit</b>	<b>44.273</b>	12,1%	<b>75.005</b>	6,3%	-41,0%
<b>Operating (expenses) revenues</b>	<b>(43.133)</b>	-11,8%	<b>(110.556)</b>	-9,3%	-61,0%
Selling expenses	(22.562)	-6,1%	(84.531)	-7,1%	-73,3%
General and administrative expenses	(20.460)	-5,6%	(25.587)	-2,2%	-20,0%
Other operating revenue (expenses), net	(111)	0,0%	(438)	0,0%	-74,7%
<b>Operating Profit (Loss)</b>	<b>1.140</b>	0,3%	<b>(35.551)</b>	-3,0%	103,2%
<b>Financial income (expenses)</b>	<b>(137.046)</b>	-37,4%	<b>(90.510)</b>	-7,6%	51,4%
Financial revenue	7.629	2,1%	58.341	4,9%	-86,9%
Financial expenses	(11.919)	-3,2%	(80.174)	-6,8%	-85,1%
Exchange rate variation, net	(132.756)	-36,2%	(68.677)	-5,8%	93,3%
<b>Income before Income Tax and Social Contribution</b>	<b>(135.906)</b>	-37,0%	<b>(126.061)</b>	-10,6%	7,8%
<b>Income tax and social contribution</b>	<b>-</b>	0,0%	<b>8.676</b>	0,7%	-100,0%
Current	-	0,0%	-	0,0%	0,0%
Deferred	-	0,0%	8.676	0,7%	-100,0%
<b>Net loss for the period</b>	<b>(135.906)</b>	-37,0%	<b>(117.385)</b>	-9,9%	15,8%
<b>EBITDA</b>	<b>8.648</b>	2,4%	<b>(24.150)</b>	-2,0%	135,8%
Profit (loss) before financial result and taxes	1.140	0,3%	(35.551)	-3,0%	103,2%
Depreciation and amortization	7.508	2,0%	11.401	1,0%	-34,1%

# STATEMENT OF PROFIT AND LOSS IN 9M19

(in thousands of reais)					
	9M19	%NR	9M18	%NR	19 x 18
<b>Gross revenue from sales</b>	<b>704.412</b>		<b>3.170.810</b>		-77,8%
Taxes and other sale deductions	(11.658)		(58.310)		-80,0%
<b>Net revenue from sales</b>	<b>692.754</b>	100,0%	<b>3.112.500</b>	100,0%	-77,7%
Cost of goods sold	(662.184)	-95,6%	(2.954.860)	-94,9%	-77,6%
<b>Gross Profit</b>	<b>30.570</b>	4,4%	<b>157.640</b>	5,1%	-80,6%
<b>Operating (expenses) revenues</b>	<b>(132.801)</b>	-19,2%	<b>(308.318)</b>	-9,9%	-56,9%
Selling expenses	(59.421)	-8,6%	(227.312)	-7,3%	-73,9%
General and administrative expenses	(64.637)	-9,3%	(78.633)	-2,5%	-17,8%
Other operating revenue (expenses), net	(8.743)	-1,3%	(2.373)	-0,1%	268,5%
<b>Operating Loss</b>	<b>(102.231)</b>	-14,8%	<b>(150.678)</b>	-4,8%	-32,2%
<b>Financial income (expenses)</b>	<b>(144.248)</b>	-20,8%	<b>(311.079)</b>	-10,0%	-53,6%
Financial revenue	165.014	23,8%	197.092	6,3%	-16,3%
Financial expenses	(192.513)	-27,8%	(215.755)	-6,9%	-10,8%
Exchange rate variation, net	(116.749)	-16,9%	(292.416)	-9,4%	-60,1%
<b>Income before income tax and social contribution</b>	<b>(246.479)</b>	-35,6%	<b>(461.757)</b>	-14,8%	-46,6%
<b>Income tax and social contribution</b>	-	0,0%	<b>20.306</b>	0,7%	-100,0%
Current	-	0,0%	-	0,0%	0,0%
Deferred	-	0,0%	20.306	0,7%	-100,0%
<b>Net loss for the period</b>	<b>(246.479)</b>	-35,6%	<b>(441.451)</b>	-14,2%	-44,2%
<b>* EBITDA - Adjusted</b>	<b>(68.820) *</b>	-9,9%	<b>(116.115)</b>	-3,7%	-40,7%
<b>EBITDA</b>	<b>(79.220)</b>	-11,4%	<b>(116.115)</b>	-3,7%	-31,8%
Loss before financial result and taxes	(102.231)	-14,8%	(150.678)	-4,8%	-32,2%
Depreciation and amortization	23.011	3,3%	34.563	1,1%	-33,4%

\* R\$10.40 million in ICMS discount on sales (non-recurring event) in 9M19 (Explanatory Note 06 Quarterly Information)

# BALANCE SHEET



(in thousands of reais)

ASSETS	sept/19	dec/18
<b>Current Assets</b>		
Cash and cash equivalents	28.170	19.999
Trade receivables	156.901	157.669
Inventories	442.949	293.422
Taxes recoverable	184.248	324.408
Other receivables	37.466	156.004
	<b>849.734</b>	<b>951.502</b>
<b>Non-Current Assets</b>		
Taxes recoverable	350.559	353.380
Other receivables	39.945	43.516
<b>Long-Term Receivables</b>	<b>390.504</b>	<b>396.896</b>
<b>Property, Plant and Equipment</b>	444.595	470.619
<b>Intangible Assets</b>	7.452	6.705
	<b>452.047</b>	<b>477.324</b>
	<b>842.551</b>	<b>874.220</b>
<b>Total ASSETS</b>	<b>1.692.285</b>	<b>1.825.722</b>

LIABILITIES AND DEFICIT EQUITY	sept/19	dec/18
<b>Current Liabilities</b>		
Domestic suppliers	242.391	243.817
Foreign suppliers	912.307	798.858
Forfeit	180.742	186.204
Borrowings and financing	1.054.638	959.469
Taxes payable	1.908	3.448
Advances from customers	67.105	89.638
Other payables	75.819	97.489
	<b>2.534.910</b>	<b>2.378.923</b>
<b>Non-Current Liabilities</b>		
Borrowings and financing	48	42.748
Other payables	25.642	25.887
	<b>25.690</b>	<b>68.635</b>
<b>Total LIABILITIES</b>	<b>2.560.600</b>	<b>2.447.558</b>
<b>Deficit Equity</b>		
Paid-up capital	585.518	585.518
Retained earnings/accum. losses	-1.492.976	-1.246.931
Equity valuation adjustments	39.143	39.577
	<b>-868.315</b>	<b>-621.836</b>
<b>Total LIABILITIES AND DEFICIT EQUITY</b>	<b>1.692.285</b>	<b>1.825.722</b>

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, the economic environment and market conditions, and expected future events, many of which are out of the Heringer's control. Important factors that may result in significant differences between actual and estimated results include Heringer's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the fertilizer sector, financial market conditions, uncertainty about the results of future operations, plans, objectives, prospects and intention, 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). As a result of these factors, 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 International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

In addition, in accordance with CVM Resolution 656, Heringer decided 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 equity arising from the full adoption of the 2010 standards.