

EARNINGS RELEASE

1T20



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Results for the 1st quarter of 2020

Net Revenue of Priner S.A. (PRNR3) totals R\$ 71.1 million with an expansion of EBITDA margin

The Priner Group presents its consolidated results for the first quarter of 2020 (1Q20) according to the IFRS and in Brazilian Reais (R\$ 000). The comparative figures refer to 1Q20, in relation to the same period of 2019 (1Q19). The information in this report corresponds to the audited Financial Statements

Highlights of 1Q20 and Subsequent Events

- In 1Q20, Net Revenue totalled R\$ 71.1 million, down 14.2% on 1Q19 (R\$ 82.9 million). The main causes of this reduction were the start of the Coronavirus pandemic (Covid-19) and the termination, in the third quarter of 2019, of a loss-making contract of the subsidiary Smartcoat;
- Gross profit for 1Q20 was R\$ 9.4 million, a drop of 10.6% in relation to the same period of the previous year, due to the reduction in the volume of activities. There was an increase of 0.5 percentage points (p.p.) in the gross margin;
- EBITDA amounted to R\$ 15.9 million in 1Q20, up 182.6% in relation to 1Q19. The EBITDA margin for the first quarter was 22.6%, 15.5 percentage points higher than in the same period of 2019;
- The Company recorded net income of R\$ 3.2 million in 1Q20, a reversal of R\$ 3.8 million compared with the loss of R\$ 0.5 million in 1Q19. Net margin was 4.6%, up 5.2 percentage points on 1Q19;
- In February 2020, the Company entered into a Contract of Participation in the New Market with B3, joining the special listing segment for shares traded in B3 known as the Novo Mercado. On February 17, 2020, the Company made an Initial Public Offering (IPO) and received a capital contribution of R\$ 161.3 million, net of fees and commissions.

Summarized Information (R\$ thousands)

Summary of Results	1Q20	1Q19	%
Net revenue	71,122	82,880	-14.2%
Gross profit	9,415	10,530	-10.6%
Gross margin %	13.2%	12.7%	0.5 p.p.
EBITDA	15,895	5,625	182.6%
EBITDA margin %	22.3%	6.8%	15.5 p.p.
Profit (loss)	3,270	(505)	n/a
Net margin %	4.6%	-0.6%	5.2 p.p.
Annualized ROIC %	18.8%	1.7%	17.1%
Capex	2,006	5,655	-64.5%
Net debt	-71,717	78,308	n/a
Net debt/LTM EBITDA	-1.9	2.7	n/a

Operational Data	1Q20	1Q19	%
Number of employees	2,645	3,408	-22.4%
Net revenue per employee per month	8,911	8,476	5.1%
Cost of products sold per employee per month	7,731	7,399	4.5%
Operating income per employee per month	1,350	95	1324.2%
Working capital (customers, suppliers and employees)	39,146	24,787	57.9%
Number of days of working capital	46	24	86.0%
Investments + Property, plant and equipment + Intangible assets	80,310	86,200	-6.8%

Management Comments

In line with the Company's expectations, there was a reduction in Consolidated Net Revenue, compared with the first quarter of 2019: R\$ 71.1 million vs R\$ 82.9 million. The main causes of this reduction were the start of the Coronavirus pandemic (Covid-19) and the termination, in the third quarter of 2019, of a loss-making contract of the subsidiary Smartcoat. The revenues from services and leasing showed a variation of - 5.8 % and + 4.8%, respectively.

The Consolidated Gross Margin grew by 0.5 pp. This increase was caused by the loss-making contract of the Subsidiary Smartcoat and by the increase in the share of rental revenue in our mix, as this activity presents better margins, compared to service activities.

EBITDA reached R\$ 15.9 million in the first quarter of 2020, an increase of 182.6% over the first quarter of 2019 (R\$ 5.6 million). The annual pro forma EBITDA (considering 100% of the group companies) was R\$ 16.4 million, of which R\$ +15.8 million was in Priner (Services + Leasing), R\$ -0.1 million in Smartcoat and R\$ +0.7 million in R&R. These results were impacted by the positive effect of the adjustment to the fair value of the call options of the investee R&R, which represented R\$ 7.8 million.

On February 17, 2020, the Company made its IPO (Initial Public Offering), receiving a capital contribution of R\$ 161.3 million, net of fees and commissions, and simultaneously entered into a Contract of Participation in the Novo Mercado with B3, joining the special listing segment of shares traded in B3.

Once listed in the Novo Mercado, the Company reinforced its management and compliance structure, adding a new external member to its Board of Directors, setting up an Audit Committee, comprised of three members, and contracting an Investment Relations Manager.

A few days later, more precisely on March 20, 2020, the Federal Senate declared a state of public calamity, as a result of an unprecedented global pandemic - CORONAVIRUS (COVID-19).

In order to analyze and prepare to face this new crisis, the Company established a Multidisciplinary Crisis Management Committee, with three pillars of action: protecting the health of our employees, minimizing the negative effects of the crisis on our results and protection of the group's solid financial position.

In response to the first signs of a temporary reduction in the volume of our operations, we decided to place a significant number of our co-workers on leave and to set up a remote working scheme for employees in the support sector. At this initial stage, there was no clear picture as to the duration and dimension of the pandemic. Within a few weeks, a consensus was reached that the crisis would not be short-lived, prompting us to take further immediate actions, with the emphasis on a reduction of our workforce in almost all sectors, of working hours and of salaries (Provisional Measure 936), a reduction in contributions to the "S" system (Provisional Measure 932) and deferral of PIS/COFINS/INSS/FGTS payments (Administrative Ruling 139).

The Company's organization chart was also restructured, to adapt it to the new circumstances, our 2020 budget was reviewed, prices were renegotiated with suppliers, projects were initiated to simplify and automate back-office activities and studies were conducted to reduce the footprint of some rented properties.

In addition to all these events, the Company is proud to announce that during the first quarter, the subsidiary Smartcoat underwent a NIICAP (NACE International Institute Contractor

Accreditation Program) technical audit. On 13 April, after completion of the analyses, it obtained the AS- 1 Field (Program for Accreditation of Field Coatings Contractors) and AS-1 Shop (Program for Accreditation of Shop Coating Contractors) seals, becoming the first South American company to hold such certifications.

The Priner group continues to actively monitor the effects of CORONAVÍRUS (COVID-19) on its business and implement measures to protect its employees, its results, and its robust liquidity, seeking to meet the expectations of its customers, shareholders, and suppliers. We remain focused on using the IPO's resources to carry out M&A operations, modernize equipment and increase working capital, aware of our responsibility in the face of the current crisis.

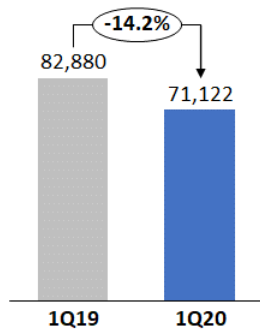
The Management

Net Revenue

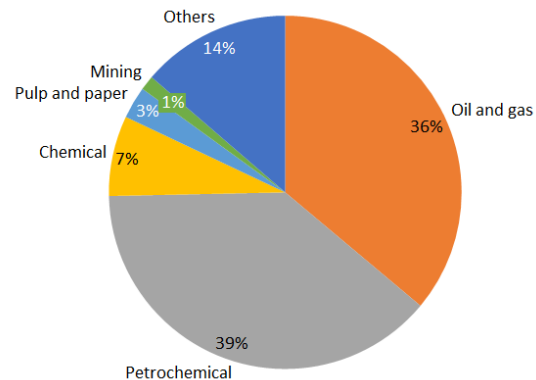
Net Revenue totalled R\$ 71.1 million in 1Q20, down 14.2% on 1Q19 (R\$ 82.9 million). The main causes of this reduction were the beginning of the Coronavirus pandemic (Covid-19) and the termination, in the third quarter of 2019, of a loss-making contract of the subsidiary Smartcoat. At Priner, the variation in services and rental revenue was -5.8% and +4.8%, respectively.

The Net Revenue per capita for 1Q20 was R\$ 8.9 mil per employee, up 5.1% in relation to the same period of the previous year. This was due to the increased participation of rental revenue in relation to service revenue and the termination of a loss-making contract of the subsidiary Smartcoat.

NET REVENUE (R\$ THOUSANDS)



BREAKDOWN OF NET REVENUE PER INDUSTRY (1Q20)

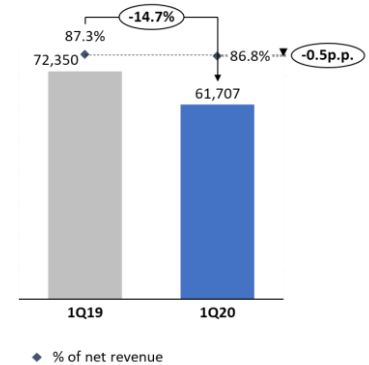


Cost of Products Sold

Cost of products sold totalled R\$ 61.7 million in 1Q20, representing an absolute reduction of R\$ 10.7 million (14.7%) in relation to the same period of the previous year.

This reduction was due to the lower volume of our operations, due to the beginning of the Coronavirus pandemic and the termination, as already mentioned, of a loss-making contract of the subsidiary Smartcoat.

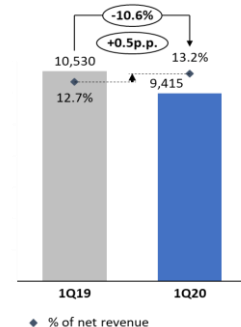
COST OF PRODUCTS SOLD (R\$ THOUSANDS)



Gross Profit

Gross Profit in 1Q20 was R\$ 9.4 million, a drop of 10.6% in relation to 1Q19 (R\$ 10.5 million). Gross margin, in turn, expanded by 0.5 p.p. The increase was due to the termination of the loss-making contract of the subsidiary Smartcoat and the greater share of rental revenue in the mix, as the margins for rentals are higher than for service provision.

GROSS PROFIT (R\$ THOUSANDS) AND GROSS MARGIN (%)



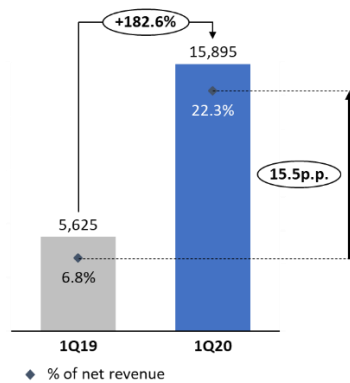
Operating and General and Administrative Expenses, net of Equity in the Results of Investees

Excluding non-recurring items, such as adjustment to fair value of the call options of the investee R&R (1Q20 R\$ +7.8 million | 1Q19 R\$ -0.1 million), Operating, General and Administrative Expenses in 1Q20 decreased by 2 p.p. in relation to Net Revenue, compared with the same period of the previous year (from 11.3% to 9.3% of NR)

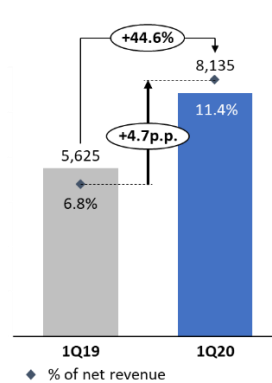
EBITDA

EBITDA reached R\$ 15.9 million in the first quarter of 2020, growth of 182.6% in relation to first quarter of 2019 (R\$ 5.6 million). As mentioned above, excluding the non-recurring items in 1Q20 (R\$ 7.8 million), adjusted EBITDA in 1Q20 was R\$ 8.1 million, growth of 44.6%, with an expansion of margin of +4.7p.p. compared with the same period of the previous year.

EBITDA (R\$ THOUSANDS) AND EBITDA MARGIN (%)



ADJUSTED EBITDA (R\$ THOUSANDS) AND EBITDA MARGIN (%)



EBITDA	1Q20	1Q19	%
Net revenue	71,122	82,880	-14.2%
(-) Cost of products sold	(61,707)	(72,350)	-14.7%
(-) Operating and general and administrative expenses	1,144	(9,440)	-112.1%
(+) Equity in the results of investees	217	(163)	n/a
(+) Depreciation and amortization	5,119	4,698	9.0%
EBITDA	15,895	5,625	182.6%
Margin %	22.3%	6.8%	15.6%

Pro forma EBITDA in 1Q20 (taking into account 100% of the results of the group companies) was R\$ 16.4 million, of which + R\$ 15.8 million was for Priner (Services + Rental), - R\$ 0.1 million for Smartcoat and + R\$ 0.7 million for R&R. As mentioned, it is important to highlight the positive impact of R\$ 7.8 million, related to the fair value of the call options of the subsidiary R&R.

Finance Result

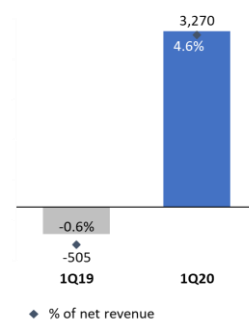
Net financial result in 1Q20 was R\$ 2.6 million (expenses), in line with 1Q19 (R\$ 2.5 million). Due to the capital contribution from the IPO (Initial Public Offering), the financial results will improve in the coming quarters.

Finance Results	1Q20	1Q19	%
Income from financial investments	856	41	1987.8%
Interest on financing (including IOF)	(2,004)	(1,793)	11.8%
Debt from acquisition	(69)	(129)	-46.5%
Interest of customers	50	70	-28.6%
Assignment of credit rights	(384)	(372)	3.2%
Other	(1,021)	(320)	219.1%
Total	(2,572)	(2,503)	2.8%

Net Profit (loss)

NET PROFIT (LOSS) - (R\$ THOUSANDS)

Net profit in 1Q20 was R\$ 3.2 million, with a net margin of 4.6%. The results were positively impacted by the reduction in Operating, General and Administrative Expenses and by the fair value of the call options of the subsidiary R&R.



Investments

CAPEX was R\$ 2.0 million in 1Q20. The majority of the investments consisted of tubular material, flooring, suspended scaffolding and painting equipment. A small part of the investments refers to information technology.

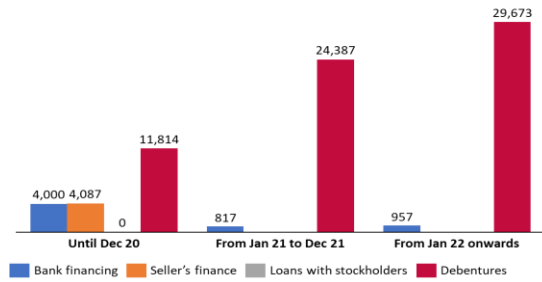
Cash and Cash Equivalents and Debt

Cash and cash equivalents in 1Q20 totalled R\$ 147.5 million, mainly due to the contribution of R\$ 161.3 million received by the Company after its IPO (Initial Public Offering). Cash and cash equivalents are invested in post-fixed federal government bonds and CDBs of first-tier banks. Priner's consolidated Gross Debt ended the quarter at R \$ 75.7 million, down 9.3% compared to 1Q19. Due to the capital contribution, the Company's consolidated net financial position became positive, ending 1Q20 with R \$ 71.7 million.

The main immediate uses of the IPO funds were to suspend prepayment of receivables and postponement of payments to suppliers, amortization of a portion related to the acquisition of the subsidiary Smartcoat and settlement of loans.

Financial Indicators	1Q20	1Q19
Cash and cash equivalents	147,452	5,180
Bank loans	(5,774)	(65,904)
Debentures	(65,874)	0
Loans	0	(9,021)
Acquisition-related debts (Seller's loan)	(4,087)	(8,563)
Gross debt (R\$ thousands)	(75,735)	(83,488)
Net debt (R\$ thousands)	71,717	(78,308)
Net debt/LTM EBITDA	(1.9)	2.7

DEBT AMORTIZATION SCHEDULE (R\$ THOUSANDS)



Working Capital

In 1Q20, the balance receivable from customers exceeded the balance of accounts payable to suppliers and employees by R\$ 39.1 million. Compared to 1Q19, there was an increase in the average period for receiving from customers and a reduction in the average payment period (suppliers) of 10 days and 11 days, respectively. This variation was due, as mentioned, to the termination of operations of prepayment of receivables and postponement of payments to suppliers, which occurred after the inflow of funds from the IPO (Initial Public Offering).

Financial Indicators	1Q20	1Q19
Trade accounts receivable	69,492	71,528
Number of days	81	71
Accounts payable (suppliers and employees)	30,346	46,741
Number of days	35	46
Working capital, taking into consideration the items above	39,146	24,787
Number of days	46	24

Capital Market

In February 2020, the Company made its IPO (Initial Public Offering), with a primary distribution of 17,391,304 (seventeen million, three hundred and ninety-one thousand, three hundred and four) new common shares and a secondary distribution of 2,608,695 (two million, six hundred and eight thousand, six hundred and ninety-five) common shares. The total amount was R\$ 200 million, R\$ 174 million in the primary and R\$ 26 million in the secondary distribution. Trading of shares in the B3 New Market started on 17 February 2020.

On 31 March 2020, Priner's common shares (B3: PRNR3) were quoted at R\$ 8.05, devaluation of 19.5% in relation to the opening IPO price on February 17 2020. In the same period, the Ibovespa index registered devaluation of 36.7%.

Balance Sheet

Assets	31/03/2020	31/03/2019
Current assets	262,314	109,486
Cash and cash equivalents	147,452	5,104
Trade accounts receivable	69,492	71,528
Inventories	924	1,336
Taxes recoverable	25,696	24,610
Dividends receivable	0	0
Other current assets	18,750	6,908
Non-current assets	104,327	115,378
Deferred taxes	14,699	19,263
Other assets	9,318	9,915
Investments	1,945	1,533
Property, plant and equipment	74,242	78,724
Intangible assets	4,123	5,943
Total assets	366,641	224,864

Liabilities and equity	31/03/2020	31/03/2019
Current liabilities	70,044	131,132
Trade accounts payable	8,681	14,953
Debts	22,305	56,805
Finance lease payable – Right of use CPC 06	1,639	1,517
Loan payable	0	7,462
Seller's finance	4,087	6,543
Salaries and social charges	21,521	31,788
Taxes payable	4,585	4,743
Other payables	7,226	7,321
Non-current liabilities	61,206	28,108
Trade accounts payable	144	0
Debts	49,451	10,296
Finance lease payable – Right of use CPC 06	6,240	7,097
Loan payable	0	1,813
Seller's finance	0	2,020
Deferred taxes	0	0
Provision for tax, civil and labor contingencies	5,096	5,051
Other liabilities	275	1,831
Equity	235,391	65,624
Total liabilities and equity	366,641	224,864

Statements of Income (Operations)

Statements of Income (R\$ thousands)	1Q20	1Q19	%
Net revenue	71,122	82,880	-14.2%
Cost of products and/or services sold	(61,707)	(72,350)	-14.7%
% of net revenue	-86.8%	-87.3%	0.5%
Construction costs	(55,592)	(64,306)	-13.6%
Depreciation of rented equipment	(4,343)	(3,903)	11.3%
Other costs	(1,772)	(4,142)	-57.2%
Gross profit	9,415	10,530	-10.6%
% of net revenue	13.2%	12.7%	0.5%
Operating and general and administrative expenses	1,144	(9,440)	n/a
% of net revenue	1.6%	-11.4%	13.0%
Equity in the results of investees	217	(163)	n/a
% of net revenue	0.3%	-0.2%	0.5%
Profit (loss) from operations	10,776	927	1062.5%
% of net revenue	15.2%	1.1%	14.0%
Finance result	(2,572)	(2,503)	2.8%
% of net revenue	-3.6%	-3.0%	-0.6%
Finance income	1,939	1,566	23.8%
Finance costs	(4,511)	(4,069)	10.9%
Profit before income tax	8,204	(1,576)	n/a
Current Income tax and social contribution	(1,586)	(1,379)	15.0%
Deferred Income tax and social contribution	(3,348)	2,450	-236.7%
Profit (loss)	3,270	(505)	n/a
% of net revenue	4.6%	-0.6%	5.2%

Statements of Cash Flows

Consolidated Cash Flows	31/03/2020	31/02/2019
Profit (loss)	3,270	(505)
Depreciation and amortization	5,119	4,698
Changes in working capital and non-current assets and liabilities:		
Trade accounts receivable	(16,885)	(1,713)
Accounts payable	(9,873)	5,110
Other current and non-current accounts (except Property, plant and equipment and Intangible assets)	(14,313)	(1,275)
Cash from operating activities	(32,682)	6,315
Acquisition of a fixed asset (net of write-offs)	(1,904)	(6,374)
Acquisition of right of use (CPC 06) (net of write-offs)	0	(8,647)
Investments	(217)	163
Financial activities:		
Capital increase	173,913	0
Initial Public Offering - IPO expenses	(16,401)	0
Changes in short-term financing	(13,952)	7,856
Changes in long-term financing	(1,859)	(6,096)
Changes in short and long-term debentures	143	0
Changes in restricted deposits (escrow account)	5,357	0
Changes in short and long-term acquisition-related debt	(3,777)	(155)
Changes in short and long-term finance leases	(340)	8,614
Interest on capital/dividends proposed	0	0
Cash from financing activities	143,084	10,219
Changes in cash (see Note)	108,281	1,676
Opening balance	37,773	3,428
Closing balance	146,054	5,104

Note: "Cash" includes Cash and cash equivalents and Marketable securities. It does not include restricted bank deposits (escrow account related to the debentures).



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