

Company Presentation

February 2012



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2012 ahead

1 OUTLOOK 2012

New Guidance

Living outlook

2 ORGANIZATION

Organization
restructured

Systems

Planning Cycle
Revamped

3 ENGINEERING

Corporate
Engineer

Monitoring

Managing
Indicators

4 GOVERNANCE + PEOPLE

Corporate Governance

Compensation structure and
Sustainability

Cyrela expects to grow in a sustainable pace going forward

 Guidance released in January 2012

	2012 Guidance	2011	Variation
Sales (R\$ billion)	R\$ 6.9 to 8.0 bn	R\$ 6.5 bn	+ 6 to 23%
Living's stake in launches	34% to 42%	34%	+ 0 to 8 p.p.
Gross Margin	30% to 34%	27.9%*	+ 2 to 6 p.p.

* 9M11

Segment strategy rational: Cyrela vs Living



Growth



- New family formation on classes A/B



- New family formation on class C
- Migration of D/E classes to C class
- Housing deficit

Margins



- Segment has higher margins
- Customers with capacity for Inflation absorption



- Customers are price constrained

Asset turnover



- Longer construction cycle
- Longer cash cycle
- Lower sales speed



- High sales speed
- Governmental subsidies
- Fast cash cycle (land availability, better leverage)

ROE



- Higher margins x lower asset turnover



- Lower margins x faster asset turnover

Risk



- Low credit risk
- Low macro-economic risk (customers' savings can withstand volatilities in macro outlook)



- Company bears credit risk until transfers
- Higher risk profile (low savings, customers exposed to unemployment or credit volatility)

Cyrela believes in a balanced portfolio of both segments. In the long run Living should account for half of business

Business Units Structured: planning on Corporate, execution on BU

Business Units have been restructured in 2011

Clear definition of roles

Corporate Level

Policy definition (leverage, credit policies, etc)

Implementation of centralized activities (cash management, premises, etc)

Business unit

Local implementation of policies

Finance

Development

Engineering

Sales

Land

Economies of scale in backoffice

Shared Services Center

Accounts Payable

Accounting

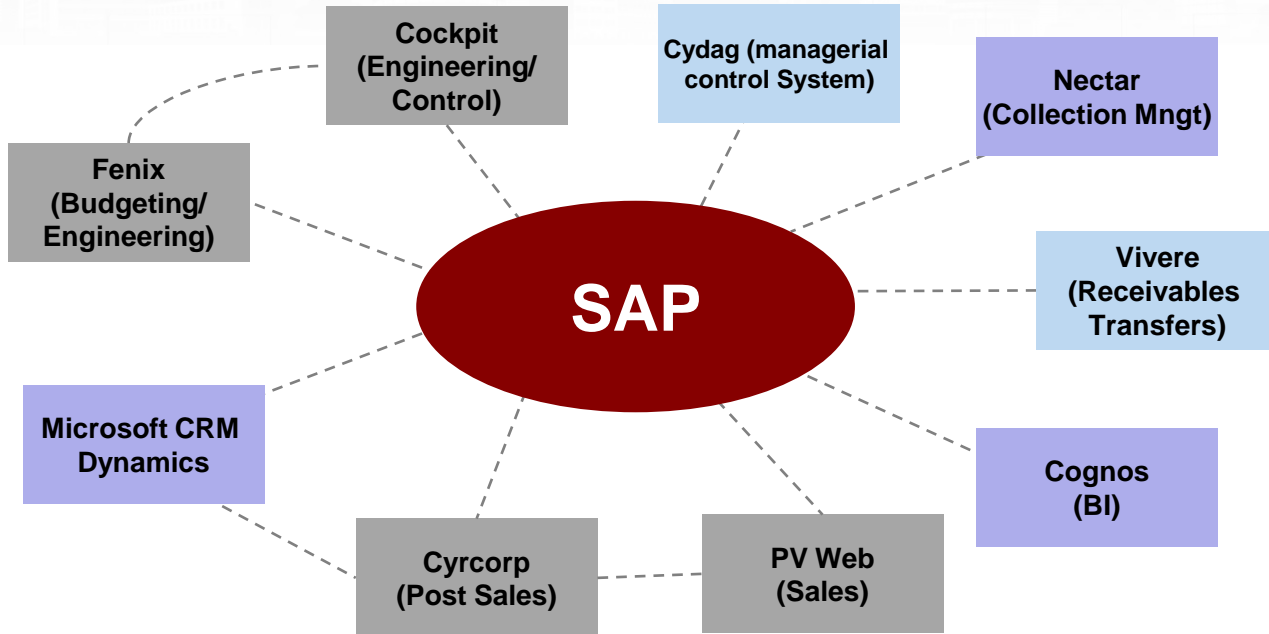
Accounts Receivable

Fiscal

IT

Systems are structured around SAP architecture

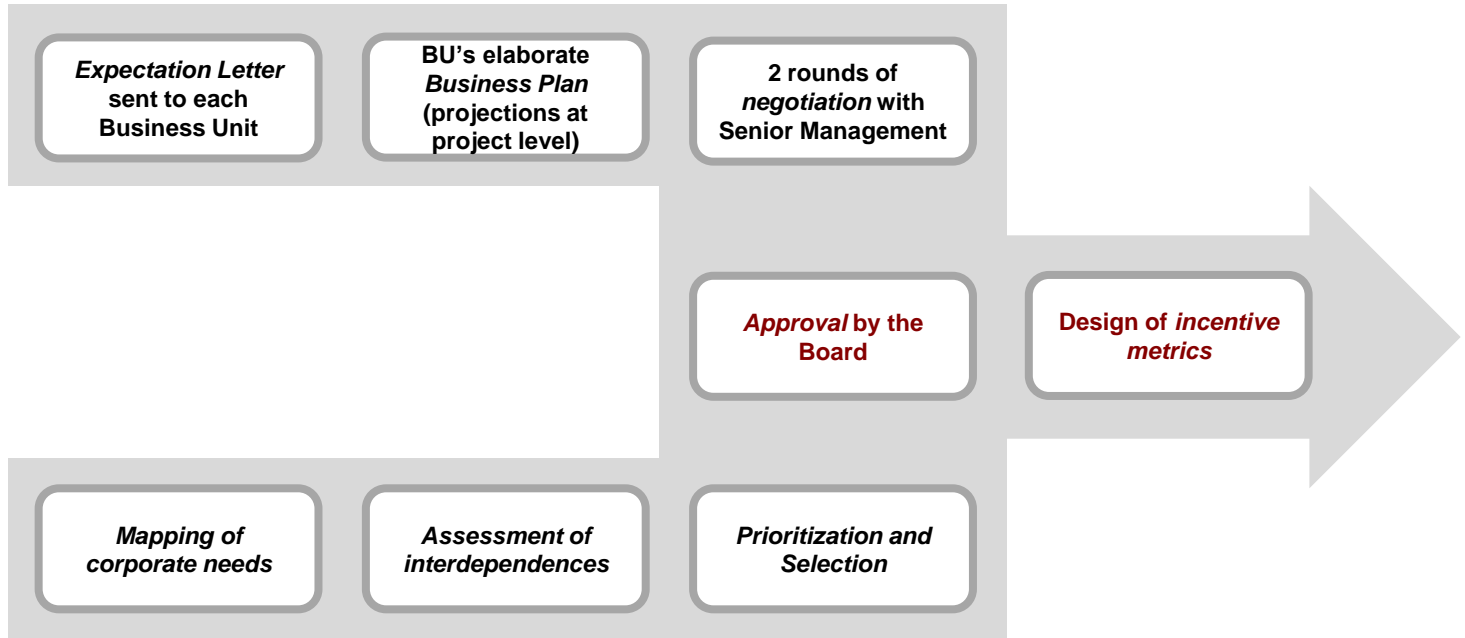
Interface and operation on specific systems, registering on SAP



- Proprietary System
- Market solution
- Customized for Cyrela

Planning Process

- 🏠 In 2011, the Planning Process took place and followed a strict procedure
- 🏠 In addition, Planning included Projects at the Corporate Level



Indicators compromised between the Board and BUs

Operational Indicators

Launches

Sales

Land purchased

Transfer time

Engineering Performance

Financial Indicators

Managerial EBITDA (R\$)

Managerial Net Profit at Present Value (%)

Fixed (General and Administrative)

Variable (Commercial)

Operational Cash Generation

Perpetuation and Sustainability Actions

Team, Culture and Organizational Climate

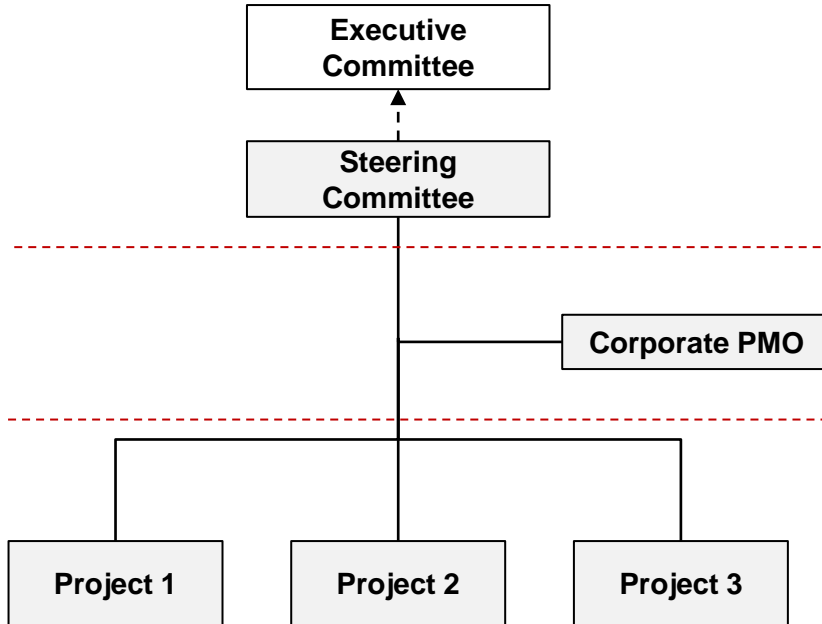
Substitutes

Systems and processes

Sustainability

Projects are controlled by a PMO structure reporting to a Steering Committee

Structure



Main Responsibilities

Monthly meetings

- Assessment of projects progress
- Changes in scopes

Biweekly project team meetings

- Support and coordination

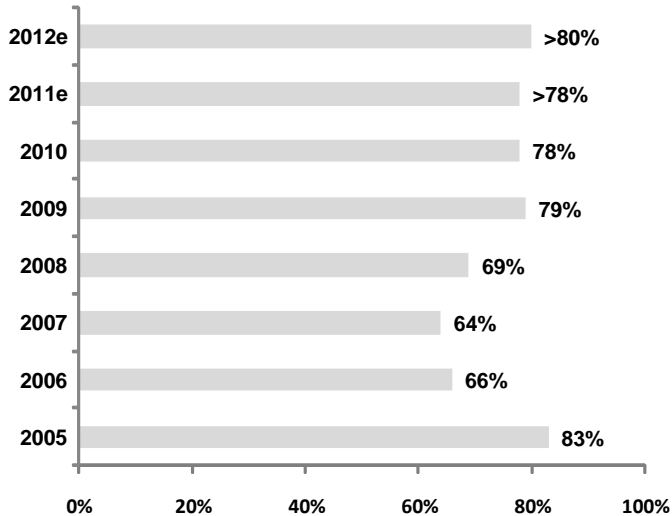
Project implementation

Shift in strategy has already translated into more organic operations

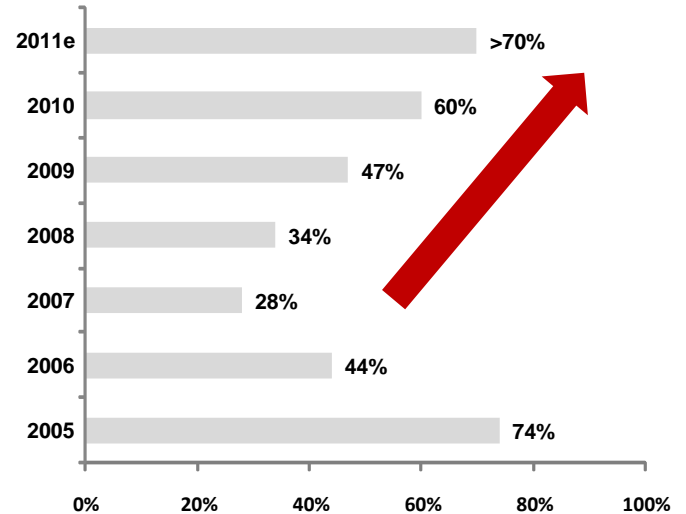
Company should keep working with partners on development

Cyrela has been focusing on using own engineering

Cyrela's share in projects (%)



Cyrela's share in construction site management (%)



Redesign of growth model towards a more organic strategy

	2000	2006	2007	2008	2009	2010	2011
(+) Partnerships startups		 	 				
(-) Closing / Acquisition					 	 	
(=) Final position		 	 	 	 	 	
	1	4	10	11	9	7	4

Recent Engineering Initiatives

Engineering restructuring

- 🏠 **Creation of Corporate Engineering**
 - *Scale Procurement*
 - *Engineering Audits*
 - *Best Practices*
 - *People Management*

- 🏠 **Engineering separated in Living and MAP**

- 🏠 **Regional Engineering coordinates third party sites**

Close monitoring of construction works

- 🏠 **Monthly visits of Corporate Team to all sites – including JVs and 3rd party**
- 🏠 **Regional Heads report Engineering performance to CEO**

Controls

- 🏠 **Fenix System: budgeting, planning and control, integrated into SAP**
- 🏠 **Monthly reports on KPI to Executive Committee**
- 🏠 **Action Plans revised by Corporate Engineering**
- 🏠 **Monthly budget reappraisals**
- 🏠 **Purchasing allowances controlled on SAP**

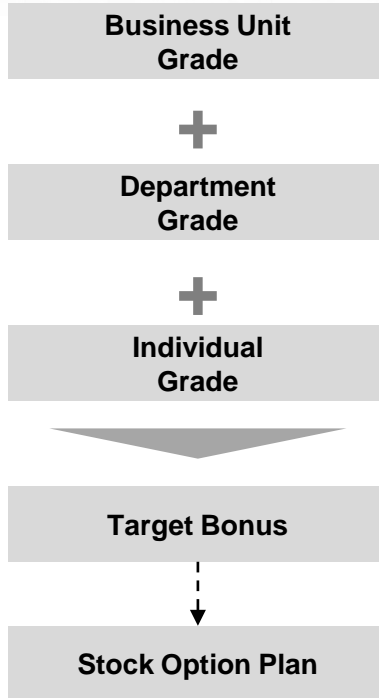
Governance: Strengthening the Board

- 🏠 **Number of Executives reduced in the Board (currently 7 members, 2 of which independent)**
- 🏠 **Separation of Executive and Board roles**
- 🏠 **In the near future, the number of independent members will be increased**
- 🏠 **Creation of Audit Committee**
- 🏠 **Internal audit team reports to board member**
- 🏠 **Strategic Planning cycle implementation with board approval of directives and Letters of expectation to CEOs**

People: alignment and compensation structure

Variable remuneration consists of a cascading of metrics

Process



X

Principles

- 🏠 **Alignment of interests**
 Incentives aligned with execution of projects
- 🏠 **Long term retention**
 Stock Option plan with long vesting for upper levels
- 🏠 **Accountability**
 Individual metrics correspond to individual contribution to the business. Upper levels have broader metrics, operational levels have specific metrics
- 🏠 **Transparency**
 Clear metrics are transparent to entire organization. Monthly follow-ups.
- 🏠 **Cascading the organization**
 Corporate and individual targets

Sustainability practices

Objectives

Examples of initiatives

Social

Internal

Improvement of well-being of Cyrela workers and their families

Eliminate illiteracy among Cyrela workers

Increase family income through professional training for worker's wives

Professional training for young relatives of workers



External

Positive impact in local communities

Cyrela institute (vehicle for working with NGOs and developing programs)

First professional experience for young adults from low income communities



Environmental

Minimize impact in eco-system

Sustainable Production

Environmental policy for suppliers

Benchmark in waste management

Recycling Program



Closing remarks

- 1 Cyrela plans to grow sustainably
- 2 Focus on Sales (vs Launches) for 2012
- 3 Economic segment operating more independently
- 4 Focus on improving internal Processes, Systems and Governance

A lot has been done, but there is still much to be improved...
2012 is a key year

THANK YOU!

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