



# **IAS**

## **Investment Opportunity in Aviation MRO**

**July 2022**



# EXECUTIVE SUMMARY

## Opportunity Overview

- Companhia de Desenvolvimento de Minas Gerais - Codemge ("Codemge" or "Seller"), with the exclusive financial advisory of Banco de Desenvolvimento de Minas Gerais ("BDMG"), is carrying out the divestment process of its 15,0%<sup>1</sup> stake in Indústria de Aviação e Serviços S.A. ("IAS" or "Company"); <sup>1</sup>
- IAS operates in the Aircraft MRO segment<sup>2</sup>, with the purpose of providing aircraft maintenance and repair services, including, without limitation, their engines, turbines, equipment and other related items.
- Asset Location:
  - Marconi Issa Avenue, No. 300, São José da Lapa – MG.

1) Majority Shareholder (85%): Ronaldo Aldrin Diniz Lara;  
2) MRO – *maintenance, repair and overhaul*.

# EXECUTIVE SUMMARY

## Operating and financial highlights

- Founded in 2002, IAS is specialized in the maintenance of engines and other aeronautical components for civil and military aviation, being the first company in Minas Gerais to receive the certificate of Strategic Defense Company granted by the Ministry of Defense;
- Highly specialized technical staff, with training for the internal development of tools, equipment and software used in Aircraft MRO;
- It has strategic partnerships with engine and component manufacturers: Rolls-Royce, Pratt & Whitney and Honeywell;
- Domestic market leader in maintenance of Rolls-Royce M250 helicopter engines;
- Certified by the National Aviation Agency of Brasil (ANAC), Brazilian Air Force (FAB) and European Aviation Safety Agency (EASA) for MRO of several models of Rolls-Royce engines;
- Growth driver oriented towards the Company's expansion in the domestic and international civil aviation market, as well as the development of new products and services.



Engine M250



Engine RR300



Engine T56



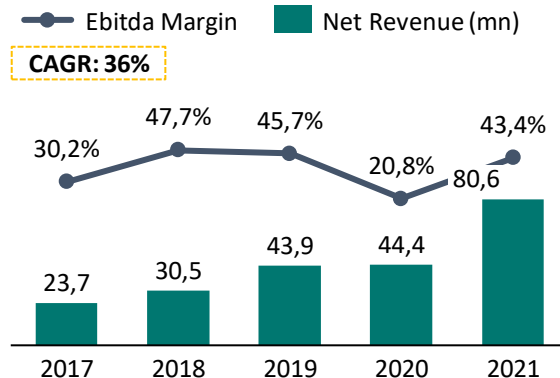
Engine PW100

# EXECUTIVE SUMMARY

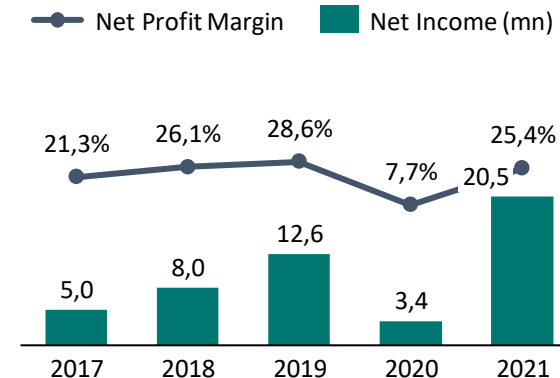
## Financial highlights

- Commercial portfolio with long-term public contracts, ensuring IAS stability to cover fixed costs and expenses and advance in the diversification of clients with the private sector;
- Competitive advantages reflected in the growing revenue trajectory since 2017;
- High operating profitability, with an average annual EBITDA margin of 37.6% between 2017 and 2021;
- Low financial leverage, with financial expenses under control and low impact on net income;
- Dividend-paying company: between 2017 and 2021, R\$ 32.8 mn was distributed in dividends.

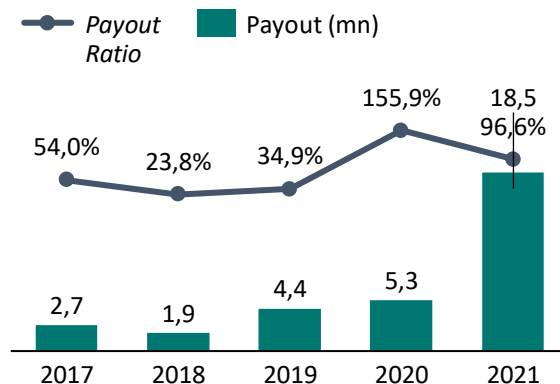
### Net Revenue & EBITDA Margin



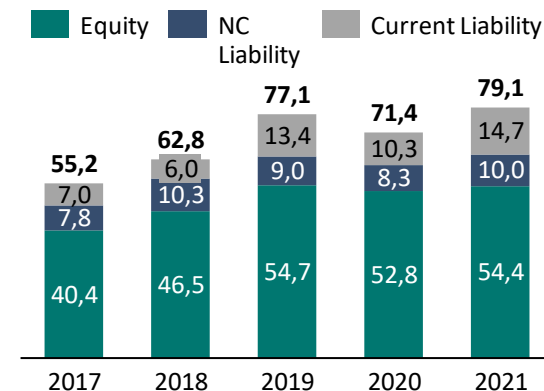
### Net Income



### Payout



### Capital Structure (mn)



# EXECUTIVE SUMMARY

## IAS

### Business Units



#### Military Aviation

- Significant participation in the Company's revenue, having originated more than 70% of total revenues in the last two years
- Main Brazilian MRO company of the Rolls-Royce T56 engines that equip the Brazilian Air Force (FAB) Hercules C-130
- Logistical support for Brazilian Air Force (FAB) Pratt & Whitney PW100 engines

### Business Units



#### Civil Aviation

- Main Brazilian MRO company of Rolls-Royce M250 engines that equip civil helicopters
- Possibility of diversifying the customer portfolio and services provided in addition to engine MRO
- Growth expectation with clients in the agribusiness sector and in the international market

### Operating Structure



- Own facilities on 31,500 m2, with strategic proximity to Confins International Airport, Pampulha and Carlos Prates regional airports, as well as the Lagoa Santa Aeronautical Park
- Five test benches and test shop designed and built by IAS technical staff for aircraft engine overhaul and repair services
- Internal software management and development of special tools applied to aircraft maintenance

### Human Resources



- 117 employees on the staff (11/30/2021), with emphasis on aeronautical maintenance technicians, mechanical designers, engineers and analysts.
- Highly specialized technical team, including know-how for the development of test benches and management of software for monitoring technical parameters of engines
- It has partnerships with educational institutions, included UFMG, for the complementary training of the technical staff and attraction of new talents.



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# EXECUTIVE SUMMARY

## Pictures of the operating units



Administrative Building



Engines Shop



Test Lab

# EXECUTIVE SUMMARY

## Investment thesis and stages of the divestment process

- Competitive advantage through a broad portfolio of certifications, approvals and licenses in the MRO segment
- Highly specialized team, processes and equipment, the result of more than 20 years of experience in the MRO segment
- Long-term partnership with the Ministry of Defense and current trend of new business development in the civil segment (national and international)
- Company with recurring cash generation, high margins in relation to peers and high payout ratio
- Unleveraged capital structure, which allows the Company to support new investments through third-party resources

- **Stages of the process (indicative):**



Current Phase

\* According to the Company's RILC (Regimento Interno de Licitações e Contratos da Codemge), chapter VI, this stage can be removed from the process.



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# FINANCIAL REQUIREMENTS and Eligibility Criteria

- **Strategic Investors**
  - Book Equity Value in its own name
    - Greater than R\$ 5,0 million or
    - Greater than R\$ 3,0 million if it holds assets or interests in the Company's operating
- **Financial Investors (Funds Manager)**
  - Assets under management (AUM): greater than R\$ 15,0 million
- **Individual Investors (natural persons)**
  - Assets and Rights: greater than R\$ 15,0 million

# FINANCIAL REQUIREMENTS

## and Eligibility Criteria

### **Prerogatives of the Divestment Commission and Exclusion of Prospective Purchaser from the Process:**

1. Codemge and the other shareholders of IAS are signatories of a Shareholders Agreement that is covered by confidentiality obligation. The Divestment Commission, in analyzing the expressions of interest received, will decide about the habilitation of the Prospective Purchasers, being possible to disqualify interested investors in case of finding the existence of conflict situation or definitive restriction from the Shareholders Agreement.
2. If the Prospective Purchaser or any of its affiliates is included in the abovementioned lists or fails to meet any of the abovementioned requirements, the Prospective Purchaser will be excluded from the Process at any time.
3. The completeness of the declaration and the fulfillment of the requirements mentioned above will be verified by Codemge after the Prospective Purchaser accepts the confidentiality obligations necessary for participating in the Process.
4. The Prospective Purchasers may, at their own risk and subject to payment of all related expenses, hire financial, technical and legal advisors to assist in the Process, as long as such consultants are reputable, experienced and unquestionable institutions not subject to any conflict of interest related to Codemge, regardless of the existence of a conflict determined according to the criteria specified by Codemge.
5. Joint proposals and/or consortiums will not be accepted.

# FINANCIAL REQUIREMENTS

## and Eligibility Criteria

**To participate in the Process, a Prospective Purchaser must meet the following requirements:**

**1. The Prospective Purchaser or any of its subsidiaries must not :**

- a) Be subject to, belong to, or be controlled by an individual or legal entity subject to (i) economic, financial or commercial sanctions; (ii) embargoes; or (iii) restrictive measures administered, issued, or applied by the World Bank, the United Nations Security Council, the United States of America, Canada, the United Kingdom, the European Union, the Netherlands, Brazil, or by the respective governmental institutions and agencies of any of the abovementioned (Sanctioned Person)
- b) Be located, created, incorporated, organized or resident in a country subject to (i) economic, financial or commercial sanctions; (ii) embargoes; or (iii) restrictive measures administered, issued, or applied by the World Bank, the United Nations Security Council, the United States of America, Canada, the United Kingdom, the European Union, the Netherlands, Brazil, or by the respective governmental institutions and agencies of any of the abovementioned (Sanctioned Country)
- c) Have the predominant part of your business affiliation or do business with any Sanctioned Person or in a Sanctioned Country
- d) Have on its board of directors people who, by themselves, or their relatives up to the third civil degree, are or have been occupants of effective position or employment at Codemge or in any controlled company or occupant of a position of management, superior advice or intermediary assistance of the State of Minas Gerais in the 180 ( one hundred and eighty) days immediately prior to the date of disclosure of this investment opportunity
- e) Have been sentenced, by a final, non-appeable sentence, to the penalty of interdiction of rights for environmental crimes, according to article 10 of Federal Law 9605/98
- f) Be in bankruptcy

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# FINANCIAL REQUIREMENTS

## and Eligibility Criteria

2. The Prospective Purchaser must not be included in any of the following restrictive lists:
  - a) “Cadastro de Empresas Inidôneas e Suspensas” (CEIS), available at: <http://www.portaldatransparencia.gov.br/sancoes/ceis>
  - b) “Cadastro Nacional de Empresas Punidas” (CNEP), available at: <http://www.portaltransparencia.gov.br/sancoes/cnep>
  - c) “Cadastro de fornecedores impedidos de licitar e contratar com a Administração Pública Estadual” (CAFIMP), disponível em: <http://transparencia.mg.gov.br/cadastro-de-fornecedores-impedidos-de-licitar-e-contratar-com-a-administracao-publica-estadual-cafimp>
  - d) “Lista de Alertas de Suspensão da CVM”
  - e) “Cadastro de Empregadores – Trabalho Escravo” (Portaria Interministerial MTPS/MMIRDH n. 4 de 11/05/2016, art. 2º , caput)
3. The Prospective Purchaser, in the case of a foreign company, must submit an Authorization Decree to operate in Brazil (according to Brazilian Federal Decree-Law No. 2.627/1940 and Decree No. 9.787/2019. Normative Ruling DREI No. 77, 2020/03/18)
4. By participating in this Process, the Prospective Purchaser undertakes to refrain from any action or omission that would violate any applicable law regarding business ethics, including Brazilian anticorruption laws (specifically, Brazilian Federal Law No. 12.846/2013)
5. To avoid conflicts of interest, no Prospective Purchaser considered an affiliate of the sole financial advisor in the Process (BDMG), as well as its directors and managers and supplementary pension entity of which it is a sponsor, may participate in the Process.

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# CONTACT INFORMATION

**Alexandre Aronne**

Financial Advisor - Coordinator

+55 31 3219-8184

[alexandrearonne@bdmg.mg.gov.br](mailto:alexandrearonne@bdmg.mg.gov.br)

**Matheus Tângari**

Financial Advisor

+55 31 3219-8183

[matheusc@bdmg.mg.gov.br](mailto:matheusc@bdmg.mg.gov.br)

**Lucas Menezes**

Financial Manager

+55 31 3219-8755

[lucasm@bdmg.mg.gov.br](mailto:lucasm@bdmg.mg.gov.br)

**Webbert Caldeira**

Financial Analyst

+55 31 3219-8343

[wcaldeira@bdmg.mg.gov.br](mailto:wcaldeira@bdmg.mg.gov.br)



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