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COURSE

Financial Modeling of Service and Technology Company – (Industrial Automation)

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FINANCIAL MODELING OF A SERVICE AND TECHNOLOGY COMPANY
Industrial Automation

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FINANCIAL MODELING OF A SERVICE AND TECHNOLOGY COMPANY
Industrial Automation

prepared by Matheus N. Hagemann and approved by the Academic Coordination was accepted as a prerequisite for obtaining the Financial Management with Emphasis on Cost Management and Results lato *sensu Graduate Course*, Level of Specialization, of the FGV Management Program.

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I dedicate this work to God!!

I thank God, thank you for everything!!

TERM OF COMMITMENT

The undersigned student Matheus N. Hagemann, of the MBA Course in Financial Management with Emphasis on Cost Management and Results of the FGV Management Program, held on the premises of the partner institution SOCIESC - Sociedade Educacional de Santa Catarina, from September 2015 to August 2017, declares that the content of the course completion work entitled: MBA in Financial Management with Emphasis on Cost and Result Management, is authentic, original, and of his exclusive authorship.

Joinville, September 20, 2017

Matheus N. Hagemann

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SUMMARY

Financial modeling of custom service companies is not always easy. An inconstancy in sales, both for more (too much demand) and for less (resection), makes strategic planning often change constantly, requiring management flexibility and quick decision-making for success in the challenges imposed on the market. Therefore, we observe that the main positions/positions in the corporate environment are responsible for making these decisions, and require assertiveness and improved emotional intelligence ("nerves of steel" for example) to be the pillars of support of the company, and direct it to the right paths.

In this work, we will observe the problems that are obtained in the field of Industrial Automation, which is the service and technology sector; First observing the high risk in the production of the product to be sold, because as these are products made specifically to meet a customer's demand/process, these equipment are designed and manufactured solely and exclusively for their given function, not initially being a serial product.

Thus, we can say that each sale (machine/equipment) is a prototype, whose pricing is based on an "idea" of how this equipment will look, and what materials will be needed for its design, and the estimated labor. Therefore, the risk of every "prototype" is that when designing and/or assembling/manufacturing, we observe technical difficulties that make what was estimated not work, but we can also go to the other extreme, from which the initial "idea" (budget) is oversized and the equipment/machine will be executed in a much simpler and easier way (and with fewer materials), making the profit somewhat higher than estimated in the budget.

And finally, perhaps the main one for a company in both the service sector, technology, as well as mass production, being the service sector more sensitive to this factor; that is the Market!! It dictates the amount of value that is circulated by a given country (measured by GDP), and with the market recession, many large companies are observed "shelving" their projects, and even taking assembly lines out of the country. And with the strong foreign competition, especially from China, it is observed that even small price differences can be mandatory for closing a deal, which can be even strange for a branch of services and technology, which should have as a pillar (and has in a stable market) the quality and reliability of the product (in the case of EIRELI AUTOMATION; machinery and equipment), and since price is not so decisive (that is, with a more stable market, this line of business is less sensitive to price).

In short, the main difficulties and points that must be balanced for the synergy of this line of business are: market, demand, risk (technical and financial), pricing.

1 INTRODUCTION – INITIAL ELEMENTS

In the case study of this work, it will be sought to portray the viability of a business in the field of services and technology, specifically Industrial Automation (manufacturer of machinery and equipment), in the panoramas of the current market. Demonstrating through spreadsheets and data, as well as arguments that portray the difficulties and risks for the business in question.

1.1 Executive Summary

The work in question is based on the studies of the data of the company from Joinville/SC, which by convention we will call in this work **AUTOMATION EIRELI**, which has been operating in the market since 2009. Founded in Joinville, with the purpose of being a nominated option for its customers, to serve mainly the region of Santa Catarina and Curitiba.

Among its initial collaborators are a mechanical project manager with more than 30 years of experience in the field of industrial automation, a mechanical assembly supervisor with great know-how and feeling for problem solving as well as management of the mechanical manufacturing process (machining, electro erosion, etc.). And a student of control and automation engineering as responsible for the company's electrical sector.

EIRELI AUTOMATION products are machines and equipment made to order, made especially for the product and/or purpose of which it is sold, and in 95% of the times these "equipment/machines" are made only once, no longer having applicability for other purposes.

Observing a niche for small and medium-sized machines, as well as specialized labor to serve the Joinville region, this company was founded and is technically responsible for its sole shareholder. Its main focus is the industrial metal mechanics, mainly for the sectors: Automotive, Electronics, White Goods, Furniture.

The main differentials of EIRELI AUTOMATION is quality with a competitive price, as well as excellent after-sales. The strategy to maintain a competitive price without changing the quality is to obtain a leaner structure with good beginner professionals in the market.

The initial focus of the sale is to maintain the ceiling of the Simples Nacional, that is, R\$3,600,000.00 per year. And seeking to maintain between 7% and 10% the profitability of each machine/equipment sold.

In this field, financial profitability is very sensitive to sales constancy, that is, the homogeneity of monthly sales, because inconsistencies in sales bring many losses from the readjustment of the structure of "people" resources (Overtime vs. Idle labor, for example). And the need for working capital is great, depending on each customer and the "Down Payment" value in the purchase of a product. For instance; There may be equipment and/or machine for which the customer only wants to pay 100% of the product 60 days after delivery, and considering an average of 110 days for the manufacture of this product, we can consider a 170-day gap in the cash flow, which should be covered by third-party capital.

The course completion work began on 04/19/2017, and was completed on 09/25/2017, and its results are an analytical instrument for the company.

All names of individuals, legal entities, companies, etc., that are in this work were replaced by others in a fictitious way, but the data is based on veracity.

1.2 Business Plan Proposition

Using state-of-the-art technology and its own experience, AUTOMAÇÃO EIRELI has provided assembly, welding, forming and test panel equipment, among other modern high-performance equipment, which has exceeded the expectations of its renowned customers.

The company works with specific projects, and prospects and evaluates in customers their needs and expectations for each project or service performed. Taking the technical information, the need and the product, as well as its sizing, standards, productivity, and then later present a technical/commercial proposal.

1.3 Field of activity

AUTOMAÇÃO EIRELI is an engineering company (service and technology) that provides its customers with industrial automation solutions according to their needs.

Manufacturing machinery and equipment according to the customer's needs, to maximize its productive factor, focusing on safety, ergonomics and quality. Thus, these machines translate into more efficiency and competitiveness for their customers.

1.4 Company Focus

EIRELI AUTOMATION focuses on the manufacture of small and medium-sized machinery and equipment with high quality, as it observes a growing demand for this market in the region at the time of its inauguration.

1.5 Focus on the Enterprise Scope

The company AUTOMAÇÃO EIRELI has as its main vision the Manufacture of Machinery and Equipment, but in a broader vision we seek to provide reliability, quality and safety, bringing more efficiency and competitiveness to its customers.

1.6 Entrepreneur Data

AUTOMAÇÃO EIRELI has the effective performance of its founding partner, a professional with more than 10 years in the area of industrial automation, who has always worked in special machine manufacturing companies, from which he had contact with the various sectors of the industry. Training; Control and Automation Engineer.

1.7 Corporate Distribution

AUTOMAÇÃO EIRELI retains a single shareholder, who holds all the company's shares, as shown in the table below:

| <i>Capital</i> | <i>Quotas</i> | <i>Values (in R\$)</i> |
|------------------------------|-----------------------------|------------------------|
| <i>Total Company Capital</i> | <i>88,000 shares (100%)</i> | <i>88.000,00</i> |

2 STRATEGIC AND STRUCTURAL DEVELOPMENT

2.1 Strategic Business Planning

2.1.1 Company Mission

To offer innovative solutions in terms of industrial automation to exceed the expectations of its renowned customers, increasing its competitive potential. Obtain satisfied customers and thus ensure the sustainability of the business and the concept of value.

2.1.2 Company Vision

To be among the main suppliers of machinery, equipment and services to its customers and to be a reference of excellence and quality in all terms related to industrial automation.

2.1.3 Organizational Values

Safety first, quality of life, fulfilled people. Quality as a culture, having the customer's preference.

2.1.4 Company SWOT Matrix

SWOT Analysis or SWOT Analysis (in Portuguese) is the most used analysis tool today, as it creates a scenario analysis both in multinational organizations and in personal projects. The term SWOT is an acronym for *strengths*, **weaknesses**, *opportunities*, and *threats*. In this way, we analyze inside and outside the company to assess which points can become competitive advantages (strengths), which points are strategic bottlenecks (weaknesses), which are the new horizons (opportunities) and which are the dangers of the road (threats).

| <i>SWOT MATRIX</i> | <i>Inside View</i> | <i>External View</i> |
|--------------------|--|--|
| <i>Favourable</i> | <i>Strengths: Reliability and quality in its supplies. Lean structure.</i> | <i>Opportunity: High Market Risk; can offer business with good profitability.</i> |
| <i>Contrary</i> | <i>Weakness: Emerging company. Use of Third-Party Resources.</i> | <i>Threats: High Market Risk; There may be recessions, and market prostitution due to low sales.</i> |

2.1.5 Company SWOT Analysis

Strengths vs. Opportunities (SxO) – Sales opportunities may arise, which, together with the Company's know-how, increase the chances of business, of which the main (and perhaps only) competitors are in the European market, therefore, the exchange rate variation and import fees/taxes help in the pricing of Machine and Equipment for certain sectors and situations.

Weaknesses vs. Threats (WxT) – The lack of financial consolidation, aligned with the high leverage required for the business using third-party resources, and with a market in crisis (recession), is a drastic formula for the failure of the enterprise.

Forces vs. Threats (SxT) – A solution to shield the business is to prospect in different regions and/or even countries/markets, however this would require more investment and more financial resources from third parties, which further increases the risk.

Weaknesses vs. Opportunities (WxO) – The Company may have certain limitations, in case it has the opportunity to close a deal larger than its financial or technical structure.

2.1.6 Goals

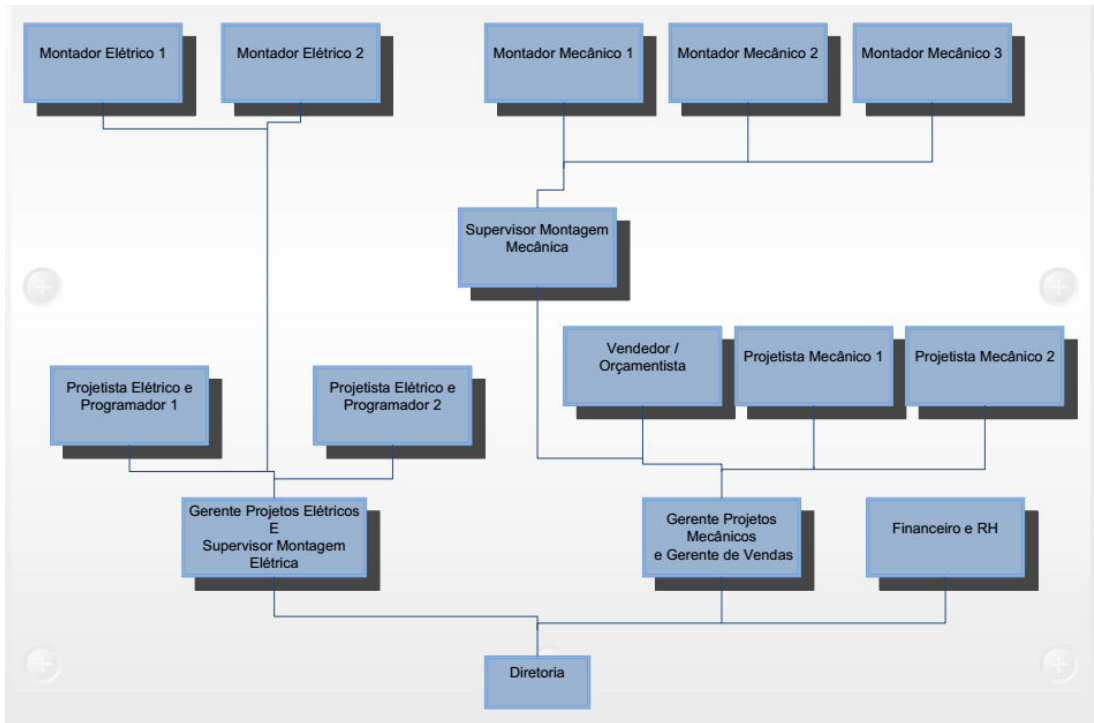
After the company's inauguration in 2009, some specific objectives were determined, and these are the Goal for the coming years. Described below: In three (03) years it manages to

be a reference for its customers, and one of its main suppliers in terms of industrial automation (having its market share). In five (05) years, obtain the consolidation of the company in the market and economic and financial stability (do not seek more capital from third parties). In eight years (08) have 100% of the cash flow financed by equity. In twelve years (12) have its own headquarters and no longer pay rent.

2.2 Company Description

2.2.1 Organization chart

The following is the organization chart of AUTOMAÇÃO EIRELI:



Organization chart
Source: Developed by the Author

2.2.2 Management Team

- Mechanical Assembly Supervisor: Responsible for supervising and verifying the installations and assemblies of machines and equipment. Employees must

exercise full managerial development as well as good dealings and arguments with the end customer, since they are at the end of the production process, and as the supply is a service/development and not a product, this professional must have the necessary posture to give in to the customer's appeals when necessary and possible, and at the same time have good argumentation skills when the requested person escapes the scope of the project.

- Mechanical Project Manager and Sales Manager: Takes care of and audits all budgets, as well as "idealizes" the initial "idea" when the value projection (pricing) is made. It is also responsible for, after the purchase order made by the customer, develop/design and if necessary maximize/improve/and/or change when necessary, the concept of the Machine and Equipment, demonstrating with the customer an initial sketch "sketch" of the project concept for approval, and later, execution.
- Board: Through analytical tools, and in meetings with the company's council, must have all the necessary facts and data, as well as understand the point of view of each sector to be able to expose and define the company's position through the numerous situations and actions that this position demands. Good conflict management is necessary to maintain good team synergy. The professional must also serve as a support for all other positions in the company, giving the right tools and the best possible conditions for the job.

2.2.3 People Management Strategy

A good work environment, in addition to improving efficiency and productivity, ends up promoting job satisfaction as well as a better quality of life, thus indirectly becoming an incentive to maintain the company's main asset, intangible, but essential in this sector, which is intellectual property, The "Staff" is the "product" of the company.

2.2.3.1 Employee profile

All employees of the Company AUTOMATION EIRELI must have advanced technical skills, which are put to the test in tests and job interviews, as well as in service experience (period of 45 + 45 days).

In addition, these professionals must meet behavioral standards, which must be respected from the highest to the lowest position, which are scored in the topics below:

1. Mutual respect.
2. Self-management and responsibility for your services.
3. Focus on deadlines is quite common.

"Professionals must have responsibility with freedom, but they will be held accountable for this, for the good use of their freedom and responsibility", this being the behavioral philosophy of the company, which is expected as the "Main Profile of Each Employee", after all; "We must hire the character, and develop/train the skills"

2.2.3.2 Attraction Strategies

The main attractiveness strategies for good professionals in the market are;

1. Great possibility of professional growth, culturally we always try to delegate more responsibility and functions with greater difficulties/complexities.
2. A good work environment, a company focused on the human being.
3. Median salary to the market.
4. Being an Automation company, we focus more on the region, having few business trips, which is also a good attraction for many professionals.

2.2.3.3 Selection Strategies

The hiring strategies take place in two interviews, one with the initial selection (usually made by the Company Director), from which the best or the best candidate is selected, and in

the second, an interview with at least one or more company directors (the presence of the company director is required), who also tried to "measure" the characteristics of the professional, mainly in terms of personality and character. When the professional is selected, he goes through a brief initial conversation in which the company's visions and rules are exposed, after which he is introduced to the entire team, and then he is put to the test on the days of experience (45+45 days), in which he is given services/responsibilities beyond his "initial" technical competence, in which this professional must perform, it does not matter if he will need internal consulting "from other professionals in the company", or external "from professionals in the area, and/or suppliers", but what matters is to observe if the professional finds the means to solve the certain problems that are delegated to him. And as soon as these tasks are well performed, this professional is hired.

2.2.3.4 Compensation Strategy

Remuneration is not the main focus of attractiveness of the company, and a fair salary is paid, as well as it is focused on the work environment, which becomes as and/or more important than the salary itself. Remuneration is given in order to initially pay a median amount and/or even below the market average, evolving in a rewarding way along with positive feedback that will motivate the professional, and show that he deserved and developed his own salary. Thus, professionals with the same training can have very different salaries, depending on their commitment and how much they strive and perform at work (efficiency). The partial health and dental plan is offered, of which the employee will pay half of the plan.

In consensus with employees and the union, a bank of hours of 50 hours was formalized, for more and for less, and that outside this range overtime is paid or deducted from the payroll.

2.2.3.5 Qualification Strategies

Professionals, especially in the purely technical area (engineering, design, programming), will be in constant professional development, whenever a software license agreement is purchased and/or renewed (for the development of 3D mechanical projects, for

example), a qualification and/or recyclable/updating course is also requested for these professionals.

2.2.3.6 Talent Retention Strategies.

The company's strategy for talent retention is to maintain a good professional environment, as well as openness to any "impersonal" conversations, especially those related to work. But it is also not trying to retain/hold the professional, in case of recurrent dissatisfaction, it is even encouraged for the professional to try new opportunities in the job market, because the unhappy/dissatisfied professional is bad for him and the company, so it is more appropriate for him to leave the company and go to dazzle possible better paths out.

2.2.4 Management and organization

Effectively, for excellence in decision-making and improvements in decision-making aspects, a renowned consulting company from Joinville operates effectively in EIRELI AUTOMATION, both in the municipality, as well as effectively in Financial Consulting and Auditing, as well as other related areas, in such a way that they cover a noticeable improvement in the company's results.

It is also free for any employee to seek and talk to the Director of the Company about any matters, informally, thus maintaining a synergistic and friendly environment, as well as most of the Company's conflict management resolved.

2.2.5 Legal Structure

AUTOMAÇÃO EIRELI currently has a single shareholder partner, who was also the founder of the Company.

2.2.6 Tax Framework

AUTOMAÇÃO EIRELI is currently in the Presumed Profit, due to its tax regime (fiscal year) of 2015 having invoiced beyond what is conceivable in the Simples Nacional (More than R\$3,6000,000.00), however, due to the high tax burdens in Brazil, the company observes an unsustainable scenario in this regime, and thus envisioning that it is possible to return to collect the Simples Nacional Rates, needing to change the Regime as soon as it is opportune.

The Company's financial statement follows:

| Indústria | | | | | | | |
|--|--|------------------|------------------|----------------|----------------|----------------|----------------|
| DEMONSTRAÇÕES FINANCEIRAS R\$ | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| ATIVO | | | | | | | |
| Circulante | | | | | | | |
| Aplicações financeiras | | 65,750 | 80,711 | 0 | 0 | 0 | 0 |
| Duplicatas a receber | | 514,084 | 341,875 | 178,352 | 125,088 | 36,135 | 37,786 |
| Estoques | | 257,042 | 828,622 | 614,244 | 324,894 | 44,382 | 44,851 |
| Outros ativos | | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 836,876 | 1,251,208 | 792,596 | 449,982 | 80,517 | 82,637 |
| Não-Circulante | | | | | | | |
| Imobilizado | | | | | | | |
| Imobilizado - custo | | 217,530 | 243,280 | 255,680 | 255,680 | 255,680 | 255,680 |
| Depreciações acumuladas | | 21,753 | 44,794 | 69,742 | 95,310 | 120,878 | 146,446 |
| | | 195,777 | 198,487 | 185,939 | 160,371 | 134,803 | 109,235 |
| TOTAL DO ATIVO | | 1,032,653 | 1,449,695 | 978,535 | 610,352 | 215,320 | 191,871 |
| PASSIVO + PAT. LÍQUIDO | | | | | | | |
| Circulante | | | | | | | |
| Fornecedores | | 387,200 | 372,817 | 274,383 | 143,006 | 30,091 | 30,443 |
| Obrigações fiscais | | 31,500 | 48,301 | 30,608 | 21,467 | 3,094 | 3,236 |
| Obrigações trabalhistas | | 0 | 83,894 | 68,683 | 28,372 | 11,579 | 11,579 |
| Dividendos a pagar | | 0 | 0 | 0 | 0 | 0 | 0 |
| Outros passivos | | 0 | 0 | 0 | 0 | 0 | 0 |
| Empréstimos para a cobertura do caixa | | 0 | 0 | 84,514 | 308,232 | 161,264 | 199,235 |
| Financiamentos de curto prazo | | 52,462 | 11,500 | 40,000 | 40,000 | 40,000 | 40,000 |
| | | 471,162 | 516,513 | 498,188 | 541,078 | 246,028 | 284,493 |
| Não-Circulante | | | | | | | |
| Financiamentos de longo prazo | | 400,000 | 388,500 | 723,500 | 683,500 | 643,500 | 603,500 |
| | | 400,000 | 388,500 | 723,500 | 683,500 | 643,500 | 603,500 |
| Patrimônio líquido | | | | | | | |
| Capital realizado e atualizado | | 88,000 | 88,000 | 88,000 | 88,000 | 88,000 | 88,000 |
| Lucros acumulados | | 73,491 | 456,682 | (331,153) | (702,225) | (762,208) | (784,121) |
| | | 161,491 | 544,682 | (243,153) | (614,225) | (674,208) | (696,121) |
| TOTAL DO PASSIVO + PAT. LÍQUIDO | | 1,032,653 | 1,449,695 | 978,535 | 610,353 | 215,320 | 191,872 |

Financial Statements
Source: The Author

And here are the income statements:

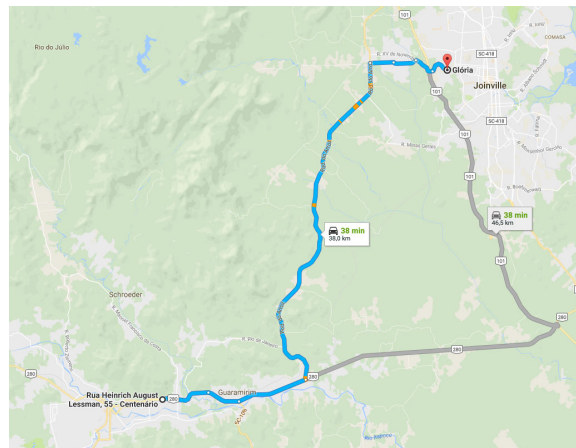


| Indústria | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| DEMONSTRAÇÕES FINANCEIRAS R\$ | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| DEMONSTRAÇÃO DO RESULTADO | | | | | | |
| Receita Operacional Bruta | 3,102,693 | 4,102,500 | 2,140,223 | 1,501,050 | 433,624 | 453,426 |
| Encargos sobre vendas | 372,323 | 496,813 | 314,827 | 220,804 | 31,828 | 33,281 |
| Receita operacional líquida | 2,730,370 | 3,605,687 | 1,825,396 | 1,280,246 | 401,796 | 420,145 |
| Custo dos produtos vendidos | 2,500,928 | 2,983,039 | 2,211,279 | 1,169,618 | 266,293 | 269,108 |
| Lucro bruto | 229,441 | 622,648 | (385,883) | 110,628 | 135,504 | 151,037 |
| Despesas administrativas | 40,950 | 54,911 | 66,553 | 26,640 | 10,100 | 10,100 |
| Despesas comerciais | 60,000 | 61,538 | 64,207 | 60,042 | 52,035 | 54,411 |
| Resultado da atividade | 128,491 | 506,200 | (516,643) | 23,946 | 73,369 | 86,525 |
| Receitas financeiras | 0 | 5,129 | 6,457 | 0 | 0 | 0 |
| Despesas financeiras | 55,000 | 128,137 | 113,280 | 279,738 | 133,351 | 108,438 |
| Resultado líquido antes do IR | 73,491 | 383,191 | (623,466) | (255,792) | (59,983) | (21,913) |
| Provisão para I.R. + Contribuição Social | 0 | 0 | 164,369 | 115,281 | 0 | 0 |
| Resultado líquido | 73,491 | 383,191 | (787,835) | (371,073) | (59,983) | (21,913) |

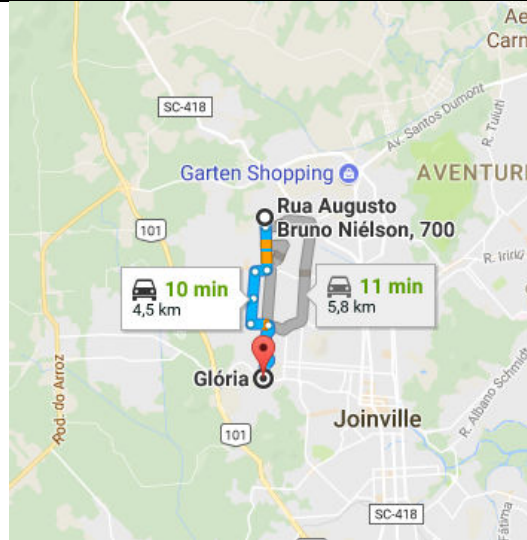
Income Statements
Source: The Author

2.2.7 Location (Decision Matrix, Location Analysis and Map)

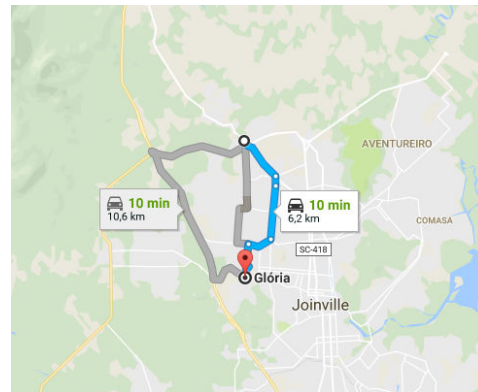
Joinville is a large and strong industrial hub, with multinational companies, and millionaire exports. Thus, EIRELI AUTOMATION, not needing a large commercial structure to meet this market niche (small and medium-sized machinery and equipment), and was located in this city in a Rented Shed, in a well-located place in the Glória neighborhood, being minutes away from some of its customers in Joinville, and less than 40 minutes from one of its main customers in the Region. Thus, it can often meet the needs of these renowned customers on the same day via technical assistance.



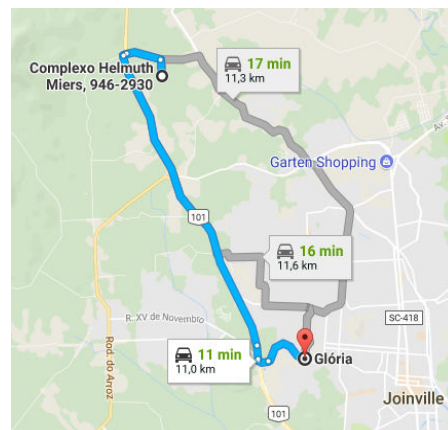
Distance to Top Customers (1)
Source: Developed by the Author



Distance to Top Customers (2)
Source: Developed by the Author



Distance to Top Customers (3)
Source: Developed by the Author



Distance to Top Customers (4)
Source: Developed by the Author

2.2.8 Record Keeping

All accounting/tax files, and the like, are provided monthly to the outsourced accounting of AUTOMAÇÃO EIRELI, the Joinvilense Accounting of which is directed by Mr. Euridez Augusto de Oliveira Silva, who in turn, together with his team, audits this data and enters it into its system. Thus, after receiving back all the accounting/tax files (accounts payable, invoices, etc...), EIRELI AUTOMATION keeps them in a restricted room so that these files can serve as proof in case of any tax audit by the Federal Revenue, or similar (if necessary).

2.2.9 Insurance and Security

The Company annually contracts the insurance of the PJ cars, and the rented gallon, in addition to also paying life insurance for employees, to promote their families with some bonus, since they are on the road every now and then. Thus, there is a plan dedicated to the company's director, in order to remunerate his family and labor commitments, in case he is absent due to some force majeure.

2.2.10 Social and Environmental Responsibility

The company is not a major waste generator, since its focus is only to assemble/apply market products (automation), but it does have the responsibility and environmental respect, to give the proper purposes to all materials that require selective collection such as: oils, tow with residues (grease and oil), machining chips (steel, aluminum, nylon, etc..), copper wires, etc.... These are the company's main wastes.

2.2.11 Strategic contacts

Below is the Headquarters with the company's main strategic contacts;

| ID | Cliente | Situação | Importância | Interesse | Responsável | Proposta Inicial | Resultado Próxima Ação |
|----|----------|----------|--|---|---------------------------|---|--|
| 1 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | Simone | Venda de Máquina de Montagem | Prospectar para Apresentar Croqui "esbogo" |
| 2 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Claudio | Venda de Máquina de Solda | Apresentar Proposta Técnica |
| 3 | GEV | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Eduardo | Venda de Máquina de Teste | Visita para rever proposta comercial |
| 4 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Jelerson (Manutenção) | Novo Máquina de Gravação a Laser | Buscar produtos para teste |
| 5 | GEV | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Fernando | Equipamento de Movimentação do Produto | Prospeção para melhor preço |
| 6 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | José (Cordenador) | Melhoria processo de Manipulação | Responder Comprador (negociação) |
| 7 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | Simone | Máquina para Fabricação de Novo Produto | Prospectar para Apresentar Croqui "esbogo" |
| 8 | GEV | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Paula Oliveira (Diretora) | Venda de Máquina de Montagem | Apresentar Proposta Técnica |
| 9 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Orni | Venda de Máquina de Solda | Visita para rever proposta comercial |
| 10 | GEV | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Alex (Chefe Engenharia) | Venda de Máquina de Teste | Buscar produtos para teste |
| 11 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Simone | Novo Máquina de Gravação a Laser | Prospeção para melhor preço |
| 12 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Claudio | Equipamento de Movimentação do Produto | Responder Comprador (negociação) |
| 13 | GEV | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Eduardo | Melhoria processo de Manipulação | Prospectar para Apresentar Croqui "esbogo" |
| 14 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Jelerson (Manutenção) | Máquina para a Fabricação de Novo Produto | Apresentar Proposta Técnica |
| 15 | GEV | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Fernando | Venda de Máquina de Montagem | Visita para rever proposta comercial |
| 16 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | José (Cordenador) | Venda de Máquina de Solda | Buscar produtos para teste |
| 17 | GEV | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Pedro | Venda de Máquina de Teste | Prospeção para melhor preço |
| 18 | GEV | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Paula Oliveira (Diretora) | Novo Máquina de Gravação a Laser | Responder Comprador (negociação) |
| 19 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Orni | Equipamento de Movimentação do Produto | Prospectar para Apresentar Croqui "esbogo" |
| 20 | OCAREME | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Alex (Chefe Engenharia) | Melhoria processo de Manipulação | Apresentar Proposta Técnica |
| 21 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | Simone | Máquina para Fabricação de Novo Produto | Visita para rever proposta comercial |
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| 24 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Jelerson (Manutenção) | Venda de Máquina de Teste | Responder Comprador (negociação) |
| 25 | OCAREME | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Fernando | Novo Máquina de Gravação a Laser | Prospectar para Apresentar Croqui "esbogo" |
| 26 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | José (Cordenador) | Equipamento de Movimentação do Produto | Apresentar Proposta Técnica |
| 27 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Pedro | Melhoria processo de Manipulação | Visita para rever proposta comercial |
| 28 | OCAREME | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Paula Oliveira (Diretora) | Máquina para Fabricação de Novo Produto | Buscar produtos para teste |
| 29 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Orni | Venda de Máquina de Montagem | Prospeção para melhor preço |
| 30 | OCAREME | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Alex (Chefe Engenharia) | Venda de Máquina de Solda | Responder Comprador (negociação) |
| 31 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | Simone | Venda de Máquina de Teste | Prospectar para Apresentar Croqui "esbogo" |
| 32 | OCAREME | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Claudio | Novo Máquina de Gravação a Laser | Apresentar Proposta Técnica |
| 33 | OCAREME | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Eduardo | Equipamento de Movimentação do Produto | Visita para rever proposta comercial |
| 34 | LOCCO | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Jelerson (Manutenção) | Melhoria processo de Manipulação | Buscar produtos para teste |
| 35 | LOCCO | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Fernando | Máquina para a Fabricação de Novo Produto | Prospeção para melhor preço |
| 36 | LOCCO | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | José (Cordenador) | Venda de Máquina de Montagem | Responder Comprador (negociação) |
| 37 | LOCCO | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | Pedro | Venda de Máquina de Solda | Prospectar para Apresentar Croqui "esbogo" |
| 38 | LOCCO | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Paula Oliveira (Diretora) | Venda de Máquina de Teste | Apresentar Proposta Técnica |
| 39 | LOCCO | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Orni | Novo Máquina de Gravação a Laser | Visita para rever proposta comercial |
| 40 | LOCCO | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Alex (Chefe Engenharia) | Equipamento de Movimentação do Produto | Buscar produtos para teste |
| 41 | LOCCO | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | Simone | Melhoria processo de Manipulação | Prospeção para melhor preço |
| 42 | LOCCO | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Claudio | Máquina para Fabricação de Novo Produto | Responder Comprador (negociação) |
| 43 | LOCCO | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Eduardo | Venda de Máquina de Montagem | Prospectar para Apresentar Croqui "esbogo" |
| 44 | LOCCO | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Jelerson (Manutenção) | Venda de Máquina de Solda | Apresentar Proposta Técnica |
| 45 | LOCCPRHW | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Fernando | Venda de Máquina de Teste | Visita para rever proposta comercial |
| 46 | LOCCPRHW | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | José (Cordenador) | Novo Máquina de Gravação a Laser | Buscar produtos para teste |
| 47 | LOCCPRHW | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Pedro | Equipamento de Movimentação do Produto | Prospeção para melhor preço |
| 48 | LOCCPRHW | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Paula Oliveira (Diretora) | Melhoria processo de Manipulação | Responder Comprador (negociação) |
| 49 | LOCCPRHW | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Orni | Máquina para a Fabricação de Novo Produto | Prospectar para Apresentar Croqui "esbogo" |
| 50 | LOCCPRHW | Ativo | Não temos interesse, deixar o preço superestimado | Atender demanda de Diquamento da Empresa (O Pedido Não Interessa) | Alex (Chefe Engenharia) | Venda de Máquina de Montagem | Apresentar Proposta Técnica |
| 51 | LOCCPRHW | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Montagem | Simone | Venda de Máquina de Solda | Visita para rever proposta comercial |
| 52 | LOCCPRHW | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Venda de Máquina de Solda | Claudio | Venda de Máquina de Teste | Buscar produtos para teste |
| 53 | LOCCPRHW | Ativo | Média, esperar contato do setor de compras. | Venda de Máquina de Teste | Eduardo | Novo Máquina de Gravação a Laser | Prospeção para melhor preço |
| 54 | LOCCPRHW | Ativo | Alta, precisamos desse pedido, entrar em contato com comprador | Novo cliente, iniciar novos projetos | Jelerson (Manutenção) | Equipamento de Movimentação do Produto | Responder Comprador (negociação) |

Table: Developed by the Author

2.3 Products and/or Services

EIRELI AUTOMATION focuses on providing special machines and equipment according to the needs of its customers, based on the characteristics of its customers' products, and their main particularities, dedicating; tests, templates and specific tools for each application.

During one (01) calendar year after delivery, Customers have a trained team from AUTOMAÇÃO EIRELI, which will provide the necessary technical assistance so as not to leave the customer's production stopped due to technical problems, and after the warranty period, the service of the qualified technical assistance is maintained through visits charged according to a specific price list, from which the value/hr is scaled.

2.3.1 Critical Success Factors

There are two crucial points for which we can analyze the critical factors of success; the internal and external, in which we can observe and isolate the variables and understand the company's risk scenarios, as we observe below;

- Internally: Commitment of the technical team, Quality of Products (machinery and equipment), Team Synergy, mutual respect and a good relationship with the end customer.
- Externally: Politics (affecting the market, with recession / lack of demand), Competition, and the low efficiency of the country's competitiveness, due to its expensive means of transport and high taxes, which often allow a Chinese competitor and those from other countries to bring goods and/or products with a lower value than the domestic market.

2.3.2 Product/Service Strategy

The company AUTOMAÇÃO EIRELI focuses on quality, with great after-sales and excellent customer service as strategic pillars to obtain your market reserve, seeking to have this differential to win good partners and customers.

2.3.3 Current Products/Services

The "products" and "services" of AUTOMAÇÃO EIRELI are nothing more than its know-how and Staff (personnel), obtained by a great team that seeks to apply all its effort, capacity, and skills to each machine/equipment.

2.3.4 Technology

EIRELI AUTOMATION uses SolidWorks software for the elaboration of mechanical projects, as well as others that seek to serve as essential tools to apply the most advanced automation skills on the market, such as PLC's (Programmable Logic Controller).

The know-how and experience also represents the company's Technology, being one of the pillars of the business.

2.3.5 Core Competencies Matrix

The core competencies for this branch are:

- Ability to create and develop solutions; Which is the know-how, and creativity that the technical staff has for the development of their products (machinery and equipment).
- Pricing/Budgeting; Essential ability to predict the cost as close as possible to what will be executed (so as not to take losses "if underestimated", and not to lose good business "if overestimated").
- Quick and flexible strategy adaptation: To be able to be agile in decision-making.

| <i>Skills</i> | | <i>Market</i> | |
|--|--------|---------------|-----|
| | | Extant | New |
| Ability to Create and Develop Solutions | New | | |
| | Extant | X | |
| Pricing / Budgeting | New | X | |
| | Extant | | |
| Quick and flexible strategy adaptation (according to market / difficulties). | New | | |
| | Extant | X | |

2.3.6 Research and Development

The company AUTOMAÇÃO EIRELI will invest 2.5% of its gross revenue in new software, and training and qualification of its staff for new technology.

2.3.7 Strategic Alliances

EIRELI AUTOMATION has important machining and boilermaking partners from which they exchange indications and favors, as well as Software companies (essential for its operation), in which it obtains benefits in the training and qualification of its employees in these softwares.

2.3.8 Production and Distribution

Special machines and equipment, made to order (medium and small), take an average of 110 days to be made and delivered (historically taking 45 to 300 days). The delivery and installation is all done by EIRELI AUTOMATION itself, in which its costs are already entered in the pricing/budgeting stage.

2.3.9 Packaging & Shipping

The machines and equipment manufactured by EIRELI AUTOMATION can vary greatly in weight, dimensions. Therefore, a Munck Truck (which has a hydraulic crane) is usually used to facilitate the handling and transport of the product, which is insulated with bubble wrap and tarpaulin so as not to get wet in case of rain. Note: For exports, the process is by sea (container), or by air (wooden box).

2.3.10 After-sales Service

The after-sales for AUTOMATION EIRELI is one of its best Marketings, so it provides technical assistance for 12 months for all its machines and equipment sold, and for the region

(Santa Catarina and Curitiba) it assumes all costs And for outside the State, or more than 250Km, the cost of transport and accommodation is on the customer's account (but labor is not charged).

After the warranty period, AUTOMAÇÃO EIRELI can continue to serve, however, charging according to the time running, and additional costs (accommodation, km driven, etc..).

2.4 Market Analysis

2.4.1 Industry/Sector Analysis

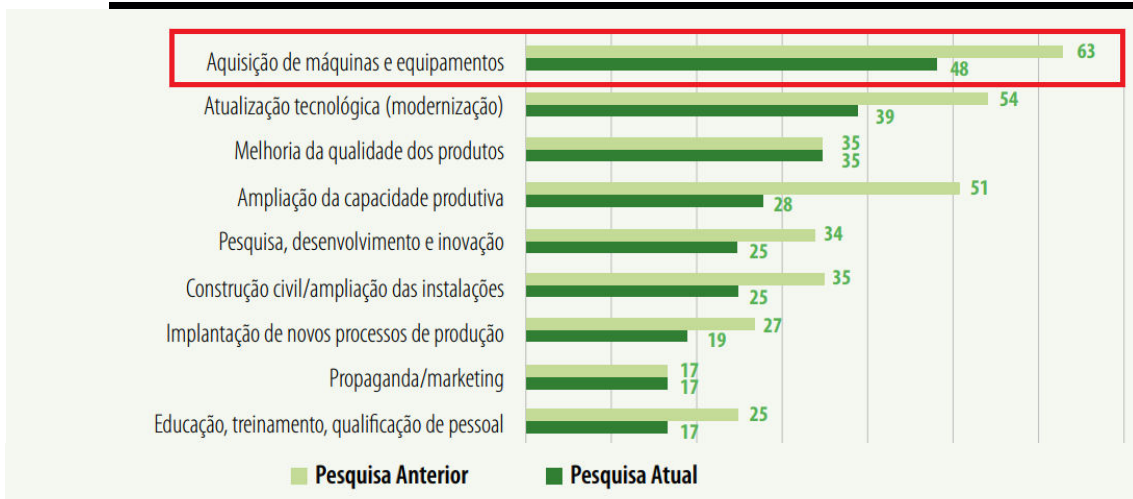
"The amount of investments planned for the 2016-2018 triennium by Santa Catarina industries is R\$ 2.7 billion. The amount forecast for 2018 may change more or less depending on the country's economic outlook,"

| Local | 2016 R\$ | 2017* R\$ | 2018* R\$ | TOTAL R\$ |
|----------------|-------------------------|-----------------------|-----------------------|-------------------------|
| Santa Catarina | 1.068.249.496,83 | 434.393.007,50 | 535.218.320,00 | 2.037.860.824,33 |
| Fora do Estado | 146.820.131,21 | 119.689.080,65 | 21.300.000,00 | 287.809.211,86 |
| No exterior | 378.857.000,00 | 15.000.000,00 | 0,00 | 393.857.000,00 |
| TOTAL | 1.593.926.628,04 | 569.082.088,15 | 556.518.320,00 | 2.719.527.036,19 |

Source: FIESC/Observatory of the Santa Catarina Industry

PURPOSES OF INVESTMENTS IN 2016 (% OF RESPONSES)





Source: FIESC/Observatory of the Santa Catarina Industry

"The forecast for industrial investments for 2016 was R\$ 1.6 billion, an amount 28% lower, in real terms, than what was carried out in 2015 by the same industries.

In 2015, the country's political-economic crisis intensified, with a worsening of the economic fundamentals and, at the same time, there was no progress in the structural agenda of competitiveness. Brazil's GDP shrank 3.8% over a very weak base of comparison in 2014. The Central Bank's Economic Activity Index for Santa Catarina, which is a proxy for GDP, ended the year at -2.6%. The recessionary scenario that was already being observed in industry expanded to trade and services.

*The industry in Santa Catarina ended 2015 with a 7.9% drop in its production and a 12% decline in sales, in real terms. 36 thousand jobs were closed in the manufacturing segment and 8 thousand in civil construction, which, added to other activities, resulted in 58.6 thousand fewer formal workers in the state labor market." (Source: **FEDERATION OF INDUSTRIES OF THE STATE OF SANTA CATARINA, 2015 to 2018 Overview and Perspectives of INVESTMENTS IN THE SANTA CATARINA INDUSTRY**, page 10, found on the Website: https://fiesc.com.br/sites/default/files/medias/panorama_e_perspectivas_da_industria_catarinense_2015_a_2018.pdf)*

2.4.2 Market Segment Description

AUTOMAÇÃO EIRELI will focus its work mainly on Joinville and Region (up to a radius of around 250KM), but will also serve more remote regions if convenient. It will serve the entire industrial metal mechanics, focusing mainly on: Automotive, Electronics, White Goods, Furniture.

It is difficult to specify the market share, however it can be speculated for a range of 1.8% of the market, for the Santa Catarina market (in this segment and sectors).

2.4.3 SWOT Analysis of the Product/Service

Below is the SWOT Matrix of the machines and equipment of the company AUTOMAÇÃO EIRELI:

| <i>SWOT MATRIX</i> | <i>Inside View</i> | <i>External View</i> |
|--------------------|--|---|
| <i>Favourable</i> | <i>Strengths: Quality, Finish, Good Cost vs. Benefit.</i> | <i>Opportunity: Maintenance after 1 year warranty.</i> |
| <i>Contrary</i> | <i>Weakness: They can be copied by some professional in the area (competitor) from which they can get good ideas, difficult "quality control" Quality Very sensitive to the goodwill and determination of their professionals.</i> | <i>Threats: Machine and/or equipment not working as designed.</i> |

2.4.4 Customer Profile Analysis (Segmentation)

The company AUTOMAÇÃO EIRELI will serve corporate clients, seeking to focus on the metalworking area, in companies with more than 100 employees, and revenues of more than

20 million per year, which seek growth and maximization of their industrial park, as well as reduce labor costs.

2.4.5 Supplier Profile Analysis

Each machine manufactured will have around 25% to 55% of raw material inserted in its cost (COGS). As all projects are special, we can cite an expected average scope as a reference, as shown below:

- 10% Pneumatic items: Festo, SMC, Micro.
- 15% Electrical Automation and Safety Materials, such as PLC, HMI, Contactors, Terminal Blocks, Cables, Electrical Panel, etc...: SIEMENS, WEG, PHOENIX, etc...
- 15% Machining and mechanical materials: Iron, aluminum, Nylon, etc...
- 30% Internal Labor (Direct and Indirect).
- 25% Taxes, Fees, and Administrative Costs.
- 5% Profit.

2.4.6 Stakeholder Management

| Matriz de Gestão de Stakeholders | | | | | |
|----------------------------------|--------------------------|----------------|-------|-----------|---|
| ID | Stakeholder | Posição | Poder | Interesse | Neutralização |
| 1 | Concorrentes | Contra | 4 | 8 | Comercial; Mostra capacidade técnica, prospecção. |
| 2 | Equipe Interna | Favor / Contra | 6 | 9 | Concientização e orientações |
| 3 | Fornecedores (parceiros) | Favor | 5 | 4 | Formação de boas parcerias |
| 4 | Outros Clientes | Favor / Contra | 8 | 8 | Qualidade e bom atendimento aos clientes |
| 5 | | | | | |

Stakeholder Management Matrix
Source: The Author

2.4.7 Competitor Analysis

Below is a spreadsheet study of the main competitors of EIRELI AUTOMATION:



| Análise da Concorrência (Em referência a mesma máquina) | | | | | |
|---|--|--|--------------|----------------|--|
| Concorrente | Pontos Forte | Pontos Fracos | Preço | Localização | Forma de Neutralização |
| Máquinas EIRELI | Estrutura enxuta, Alto capital próprio | Foca em baixos preços mas não tem muita qualidade | 635.000,00 | Joinville | Mantendo a ótima qualidade da AUTOMAÇÃO EIRELI |
| MeE AUTOMAÇÃO LTDA | Alta Qualidade, Equipe Bem Qualificada, Forte equipe Comercial | Estrutura Inchada, Altos Preços | 1.150.000,00 | Joinville | Tentando ter o melhor Custo vs. Benefício do mercado |
| Master AUTOMAÇÃO LTDA | Mais de 20 anos no mercado | Altamente alavancada (muito capital de terceiros), Média qualidade | 870.000,00 | Jaraguá do Sul | Mantendo a ótima qualidade da AUTOMAÇÃO EIRELI |
| Metalica Equipamentos LTDA | Bom custo vs. Benefício, boa qualidade | Perde em alguns casos por conta da localização | 953.000,00 | Curitiba - PR | Tentando ter o melhor Custo vs. Benefício do mercado |

Competitor Analysis
Source: The Author

2.4.8 Application of Porter's 5 Forces

Below is the application of Porter's five forces:

| Matriz de 5 Forças de Porter - Qualificação | | | | | | |
|---|------------------------------------|---|------------------------------------|---|-------------------------------|-------|
| Concorrente | Poder Barganha dos Fornecedores | Ameaça de Produtos Substitutos | Poder de Barganha dos Clientes | Ameaça de Novos Entrantes | Rivalidade entre Concorrentes | Total |
| Peso | 1 - Pouco poder 5 - Muito poder | 1 - Pequena Ameaça 5 - Grande Ameaça | 1 - Pouco poder 5 - Muito poder | 1 - Pequena Ameaça 5 - Grande Ameaça | 1 - Pequena 5 - Grande | |
| Máquinas EIRELI | 2 | 2 | 2 | 2 | 1 | 9 |
| MeE AUTOMAÇÃO LTDA | 4 | 2 | 3 | 2 | 3 | 14 |
| Master AUTOMAÇÃO LTDA | 1 | 2 | 3 | 2 | 1 | 9 |
| Metalica Equipamentos LTDA | 5 | 2 | 4 | 2 | 3 | 16 |

Porter's Five Forces
Source: The Author

It is observed that the companies with the highest quality are the ones that have the most similarity with EIRELI AUTOMATION, and are its main competitors, and the ones that have the best chance of winning in some competition. Thus, EIRELI AUTOMATION should be more flexible in the negotiations it knows that these companies are also participating (They are: Metalica Equipamentos LTDA, MeE AUTOMAÇÃO LTDA).

3 MARKETING PLAN DEVELOPMENT

3.1.1 Marketing Strategy

EIRELI AUTOMATION Marketing is mainly done in a personal way, demonstrating knowledge and passing security to its customers, and also through referrals, from company to company, and through partners (suppliers) who sometimes have the same customer in common.

The main strategy is to value the company's product and brand, seeking to consolidate its name in the market.

3.1.2 Product/Service and its Positioning

EIRELI AUTOMATION seeks to serve the entire metal mechanic sector, and focuses on quality as well as being a great option for Cost vs. Benefit for your customers.

3.1.3 Pricing Strategy

The products (machinery and equipment) and services (labor) of AUTOMAÇÃO EIRELI are above the market average (compared to national competitors), but it seeks this positioning so as not to interfere with the quality of its products and services.

3.1.4 Distribution Channel Strategy

The only way to budget and sell your products is through prospecting, visiting customers and verifying the service or product to be quoted. In which, after the sale and production of the product, AUTOMAÇÃO EIRELI delivers and installs, as well as trains this equipment/machines at the end customer.

3.1.5 Advertising and Promotion

When visiting new customers from whom it has not yet supplied any machine, equipment and/or service, EIRELI AUTOMATION seeks to enter with a price below what it normally practices (seeking to be below the market average), to have the opportunity to demonstrate its capacity and quality, so that there can be future works, which usually tend to be of greater value.

3.1.6 Sales Projection

AUTOMAÇÃO EIRELI has the goal of increasing sales by 5% each year.

4 DEVELOPMENT OF THE OPERATIONAL PLAN

4.1.1 Organizational/structural assumptions

EIRELI AUTOMATION has the following organizational premises; have committed employees, focused on the common good of the company, mutual respect between all professionals / customers / suppliers, obtain a good working environment.

4.1.2 Definition of operational processes

AUTOMAÇÃO EIRELI works with specific projects, and prospects and evaluates customers their needs and expectations for each project or service performed.

In possession of the necessary technical information of the application and the product, as well as its sizing, standards and productivity. Thus, a technical/commercial proposal is initially presented. Below, the operational processes:

1st Technical/Commercial:

- Budgets are made by estimates of materials and men's hours.

2° In the next phase, if the initial idea is approved with a closed budget (the request was made by the client), move on to the project phase:

- Preparation of the Mechanical Pre-Project, to be presented to the customer.
 - After approval of the Mechanical pre-project;
 - o Final preparation of the mechanical project, and detailing of the parts for machining.
 - o Preparation of the Electrical Project.
-

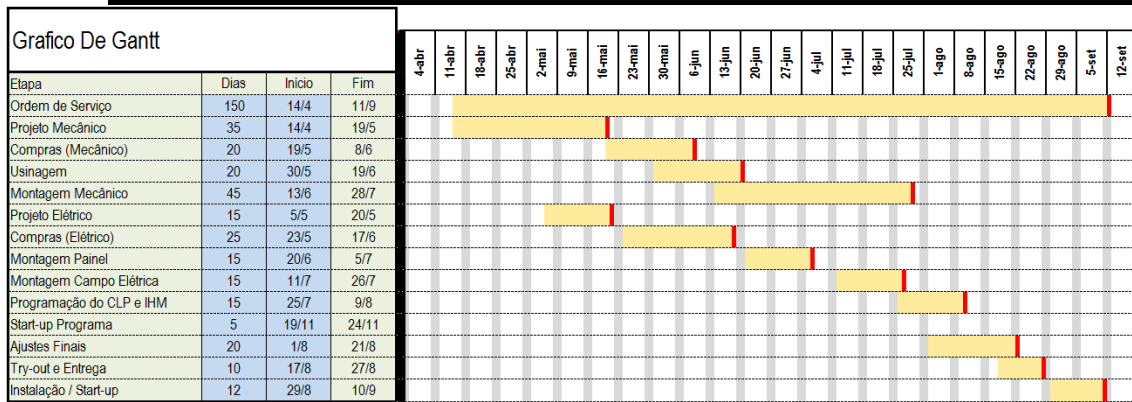
- Finally, the commercial lists are drawn up and the drawings are released for machining.

3° Production of the machine or equipment:

- Quotation and Purchase of materials and services;
 - o They must follow the schedule, and the quality of materials and services must be standardized.
- Mechanical Assembly.
- Electrical mounting of the panel and on the machine.
- PLC and HMI programming.
- Final adjustments.
- Preparation of the manual.

4° Try-out and Installation:

- Evaluation of the equipment made by the customer, and validation for delivery.
 - Delivery of the equipment at the customer's premises.
 - Start of operation.
 - Operation training for the customer's employees.
 - Completion of the last adjustments and running the machine/equipment perfectly, the technical delivery is formalized.
 - All processes add up to approximately 45 to 300 days (depending on the complexity and size of the project).
-



Sample Timeline
Source: The Author

4.1.3 Definition of permanent asset investments

EIRELI AUTOMATION initially required R\$200,000.00 (two hundred thousand reais) in investment, of which around R\$110,000.00 was used to purchase tools (wrenches, drills, cutting disc, grinding wheel, bench drill, etc...), computers, notebooks, office supplies, assembly benches, forklift, hoist, civil installations (partitions, air conditioning, wiring and electrical installations) two cars, and others. And the other R\$90,000.00 for the operating costs of the first months, and cash flow for production.

And in 2015 the company acquired a Milling Machine in the amount of R\$25,750.00 to assist in the assembly area, of which a depreciation of 10% p.a. was stipulated, and its useful life is around 10 years. In 2016, one of the cars was replaced, with an investment of R\$12,400.00 to acquire a Zero car, so the depreciation of 10% p.a. was also stipulated, considering the useful life of a company car of 10 years. Both investments were acquired in cash, with the company's cash flow capital.

4.1.4 Operational assumptions

The company AUTOMAÇÃO EIRELI has the following operational premises: Produce your machines and equipment as efficiently as possible (financially), always trying to minimize the costs with materials and third-party service so that this does not hinder the quality of your equipment/machines in any way. Always focusing first on worker safety and job satisfaction, which directly reflect on productivity and quality.

4.1.5 Estimated Sales Volumes

Below are the sales estimates;

| Indústria | | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------------|--|-------------|-------------|-------------|-------------|-------------|
| Faturamento mercado interno - em R\$ | | | | | | |
| Máquina 1 | | 540,000 | 284,310 | 199,586 | 0 | 0 |
| Máquina 2 | | 1,200,000 | 947,700 | 332,643 | 0 | 0 |
| Máquina 3 | | 2,250,000 | 789,750 | 831,607 | 0 | 0 |
| 0 | | 0 | 0 | 0 | 0 | 0 |
| Projeto 1 | | 0 | 0 | 0 | 70,055 | 73,767 |
| Projeto 2 | | 0 | 0 | 0 | 245,191 | 258,186 |
| 0 | | 0 | 0 | 0 | 0 | 0 |
| Serviço 01 | | 62,500 | 65,813 | 81,775 | 60,000 | 60,000 |
| Serviço 02 | | 50,000 | 52,650 | 55,440 | 58,379 | 61,473 |

Sales Estimate
Source: The Author

4.1.6 Unit Sales Prices

The company AUTOMAÇÃO EIRELI sells equipment in the amounts of R\$20,000.00 to R\$750,000.00 (which may vary even more). The expected profit for sales is proportionally inverse to the sale amount (in terms of percentage), and this profit can range from 5% to 20%, i.e.; for a sale of R\$20K expect a profit of 20%, while for a sale of R\$750K expect a profit of around 5%.

| Indústria | | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|--|------------|------------|------------|------------|------------|
| Preços de venda em R\$/unid. | | | | | | |
| Máquina 1 | | 45,000.00 | 47,385.00 | 49,896.41 | 52,540.91 | 55,325.58 |
| Máquina 2 | | 150,000.00 | 157,950.00 | 166,321.35 | 175,136.38 | 184,418.61 |
| Máquina 3 | | 750,000.00 | 789,750.00 | 831,606.75 | 875,681.91 | 922,093.05 |
| 0 | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Projeto 1 | | 5,000.00 | 5,265.00 | 5,544.05 | 5,837.88 | 6,147.29 |
| Projeto 2 | | 15,000.00 | 15,795.00 | 16,632.14 | 17,513.64 | 18,441.86 |
| 0 | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Serviço 01 | | 250.00 | 263.25 | 277.20 | 300.00 | 300.00 |
| Serviço 02 | | 20.00 | 21.06 | 22.18 | 23.35 | 24.59 |

Unit Prices
Source: The Author

4.1.7 Deductions from sales

Below are the deductions on sales;

| Indústria | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--|------|---------|---------|---------|--------|--------|
| FORMULÁRIO DE ENTRADA DE PREMISSAS (R\$) | | | | | | | |
| IMPOSTOS SOBRE VENDAS | | | 496,813 | 314,827 | 220,804 | 31,828 | 33,281 |
| IMPOSTO DE RENDA + CSLL | | | 0 | 164,369 | 115,281 | 0 | 0 |

Deductions on sales
Source: The Author

4.1.8 Structure of variable sales expenses (excluding personnel)

Below is the structure of variable sales expenses:



| Indústria | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Custos dos serviços prestados | | | | | |
| Custos variáveis unitários | | | | | |
| Máquina 1 | R\$ 20,700.00 | R\$ 26,061.75 | R\$ 22,453.38 | R\$ 26,270.46 | R\$ 27,662.79 |
| Máquina 2 | R\$ 69,000.00 | R\$ 78,975.00 | R\$ 74,844.61 | R\$ 87,568.19 | R\$ 92,209.30 |
| Máquina 3 | R\$ 345,000.00 | R\$ 394,875.00 | R\$ 374,223.04 | R\$ 411,570.50 | R\$ 433,383.73 |
| 0 | R\$ - | R\$ - | R\$ - | R\$ - | R\$ - |
| Projeto 1 | R\$ 750.00 | R\$ 789.75 | R\$ 831.61 | R\$ 875.68 | R\$ 922.09 |
| Projeto 2 | R\$ 2,250.00 | R\$ 2,369.25 | R\$ 2,494.82 | R\$ 2,627.05 | R\$ 2,766.28 |
| 0 | R\$ - | R\$ - | R\$ - | R\$ - | R\$ - |
| Serviço 01 | 25% | 25% | 25% | 10% | 10% |
| Serviço 02 | 25% | 25% | 25% | 10% | 10% |
| Quantidade vendida | | | | | |
| Máquina 1 | 12 | 6 | 4 | 0 | 0 |
| Máquina 2 | 8 | 6 | 2 | 0 | 0 |
| Máquina 3 | 3 | 1 | 1 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| Projeto 1 | 0 | 0 | 0 | 12 | 12 |
| Projeto 2 | 0 | 0 | 0 | 14 | 14 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| Serviço 01 | 250 | 250 | 295 | 200 | 200 |
| Serviço 02 | 2500 | 2500 | 2500 | 2500 | 2500 |
| Custos variáveis - R\$ | | | | | |
| Máquina 1 | 248,400 | 156,371 | 89,814 | 0 | 0 |
| Máquina 2 | 552,000 | 473,850 | 149,689 | 0 | 0 |
| Máquina 3 | 1,035,000 | 394,875 | 374,223 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| Projeto 1 | 0 | 0 | 0 | 10,508 | 11,065 |
| Projeto 2 | 0 | 0 | 0 | 36,779 | 38,728 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | | | | | |
| Serviço 01 | 15,625 | 16,453 | 20,444 | 6,000 | 6,000 |
| Serviço 02 | 12,500 | 13,163 | 13,860 | 5,838 | 6,147 |
| Custos variáveis totais - R\$ | 1,863,525 | 1,054,711 | 648,030 | 59,125 | 61,940 |

Variable Sales Spend Structure
Source: The Author

| Indústria | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------|--------|--------|---------------|--------------|--------------|
| DESPESAS COMERCIAIS | R\$ - | R\$ - | R\$ 23,100.00 | R\$ 9,100.00 | R\$ 9,100.00 |
| I | 1.50% | 3.00% | 4.00% | 12.00% | 12.00% |
| II | | | | | |
| III | | | | | |
| IV | | | | | |
| Total | 1.50% | 3.00% | 4.00% | 12.00% | 12.00% |
| Despesas comerciais | 61,538 | 64,207 | 60,042 | 52,035 | 54,411 |

Business Expenses Structure
Source: The Author

4.1.9 Fixed expenses

Below are the Company's fixed costs.



| Indústria | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------|-----------|-----------|---------|---------|
| Custos fixos - R\$ | | | | | |
| Pessoal | 815,000 | 656,000 | 268,730 | 110,000 | 110,000 |
| Serviços de terceiros | 155,000 | 263,000 | 57,500 | 8,600 | 8,600 |
| Manutenção | 45,000 | 47,385 | 25,740 | 5,000 | 5,000 |
| Energia elétrica | 12,314 | 12,967 | 8,650 | 0 | 0 |
| Outros | 91,700 | 161,000 | 135,400 | 58,000 | 58,000 |
| Depreciação | 500 | 16,216 | 25,568 | 25,568 | 25,568 |
| Custos fixos totais - R\$ | 1,119,514 | 1,156,568 | 521,588 | 207,168 | 207,168 |
| Custos de produção totais - variáveis + fixos - R\$ | 2,983,039 | 2,211,279 | 1,169,618 | 266,293 | 269,108 |
| DESPESAS ADMINISTRATIVAS | | | | | |
| Pessoal | 47,911 | 50,450 | 23,100 | 9,100 | 9,100 |
| Materiais | 5,000 | 5,265 | 2,000 | 500 | 500 |
| Outros | 2,000 | 2,106 | 1,540 | 500 | 500 |
| Depreciação | 0 | 8,732 | 0 | 0 | 0 |
| Despesas totais | 54,911 | 66,553 | 26,640 | 10,100 | 10,100 |

Fixed Expenses Structure
Source: The Author

4.1.10 Income Tax and Social Contribution

AUTOMAÇÃO EIRELI opting for the Presumed Profit, will have its IRPJ of 2.2% and CSLL of 1.08%.

4.1.11 Operational Policies

Considering that for the good and faithful performance of the activities of AUTOMAÇÃO EIRELI, it is necessary to provide technical and confidential information, including those of design, specification, operation, organization and performance of said company. For the purposes of Operational Policies, any and all information, patented or not, of a technical, operational, commercial, legal nature, know-how, inventions, processes, formulas and designs, patentable or not, production systems, logistics and layouts, business plans, accounting methods, techniques and accumulated experience, documents, contracts, papers, studies, opinions and research to which the employee has access will be considered.

Thus, the employee must:

I) use such information only for the purpose of good and faithful fulfillment of the company's purposes;

II) to maintain the confidentiality of confidential information and to disclose it only to employees who need to know about it;

III) protect the confidential information disclosed to you, using the same degree of care used to protect your own confidential information;

IV) maintain adequate administrative procedures to prevent the loss or misplacement of any confidential documents or information, and must immediately notify the company of the occurrence of incidents of this nature, which will not exclude its liability.

4.1.12 Sources of funds

AUTOMAÇÃO EIRELI started its activities with R\$200,000.00 in equity, and to leverage the company to invest in cash flow (necessary to finance its high-cost production) it makes use of Bank Resources. And for investment in equipment necessary for the production processes (notebook for example), it uses financing through the BNDES card.

5 DEVELOPMENT FINANCIAL PART

AUTOMAÇÃO EIRELI, as much as it is new in the market, has already completed 8 years, and in its first years of existence, great difficulties and inconstancies that have shaped and matured its business plan. The difficulties came from the lack of experience of its entrepreneur, as well as the natural resistance that one has to consolidate a "brand/name" in the market. In general, we observed that from 2009 to 2012, the company had great learning, as well as managed to structure its business plan and obtained maturity and constancy after this period. From 2012 to mid-2015, the company had its most prosperous phase, observing a good demand in the market and reaping many of the fruits that the exhausting first 3 years of the company presented. However, from mid-2015 to the first half of 2017 (i.e., 2 years), the company found itself destroying value and no longer "building", and at its peak of revenue/sales and productivity, it had 30 employees in 2015, and at the beginning of 2017, it had less than half of them.

Thus, in 2017 AUTOMAÇÃO EIRELI had to drastically change its business plan, through meetings and a strategic plan formulated by a consulting partner company, as well as internal council, the company decided to reformulate its structure, also seeking creditors (mainly financial institutions), to restructure its debts to fit the new composition of the Company.

Therefore, AUTOMAÇÃO EIRELI started its new Strategic Plan in the second half of 2017, which will be presented in this chapter.

The following is what has changed in the Before vs. After Business Plan, fixed expense structure:



| Antes | | Depois | |
|--|---------------|--|---------------|
| SALÁRIOS: | R\$ 37,500.00 | SALÁRIOS: | R\$ 7,500.00 |
| ENCARGOS TRABALHISTAS | R\$ 17,300.00 | ENCARGOS TRABALHISTAS | R\$ 1,700.00 |
| Financiamentos(Banco "fluxo de caixa") | R\$ 12,750.00 | Financiamentos(Banco "fluxo de caixa") | R\$ 2,700.00 |
| Insumos Produtivos (parafusos, cabos, lixas, brocas, etc...) | R\$ 350.00 | Insumos Produtivos (parafusos, cabos, lixas, brocas, etc...) | R\$ - |
| Material de Expediente (Papel, café, caneta, pasta, material de limpeza, etc.) | R\$ 1,070.00 | Material de Expediente (Papel, café, caneta, pasta, material de limpeza, etc.) | R\$ 200.00 |
| Propaganda (Site, Folders, etc...) | R\$ 500.00 | Propaganda (Site, Folders, etc...) | R\$ 50.00 |
| Prestadores de Serviços (Almoço, Limpeza, etc...) | R\$ 3,700.00 | Prestadores de Serviços (Almoço, Limpeza, etc...) | R\$ 300.00 |
| Aluguel (galpão) | R\$ 5,500.00 | Aluguel (sala comercial) | R\$ 800.00 |
| PLANO DE SAÚDE | R\$ 1,300.00 | PLANO DE SAÚDE | R\$ - |
| PLANO ODONTOLÓGICO | R\$ 210.00 | PLANO ODONTOLÓGICO | R\$ - |
| CONTABILIDADE | R\$ 1,200.00 | CONTABILIDADE | R\$ 300.00 |
| SISTEMA | R\$ 350.00 | SISTEMA | R\$ 110.00 |
| IPTU | R\$ 255.00 | IPTU | R\$ - |
| ENERGIA ELÉTRICA, ÁGUA | R\$ 600.00 | ENERGIA ELÉTRICA, ÁGUA | R\$ - |
| TELEFONE, CELULAR E INTERNET | R\$ 1,150.00 | TELEFONE, CELULAR E INTERNET | R\$ 350.00 |
| DESPESAS COM GASOLINA, SEGURO DOS VEÍCULOS | R\$ 2,700.00 | DESPESAS COM GASOLINA, SEGURO DOS VEÍCULOS | R\$ 800.00 |
| Total | R\$ 86,435.00 | Total | R\$ 14,810.00 |

Fixed Expenses, Before and After Structure New Business Plan

Source: The Author

As noted above, in the "Before" table, EIRELI AUTOMATION had a structure with excellent professionals and a shed for the assembly of machinery and equipment, but with higher fixed expenses. In the Company's new business plan, it drastically reduced its structure, going from a shed to a commercial room, and from a staff with 14 employees, to only 1 permanent (and commissioned, that is, earning according to the volume of sales), and one (01) outsourced to do the financial and HR part, as well as all the necessary procedures to feed the company's Accounting. And it also reduced accounting movements, managed to bargain a more attractive value for this service (which is also outsourced).

The New Business Plan is nothing more than to continue effectively in the area of machinery and equipment in which it already has the Expertise and Know-how, as well as already having great customers/partners. But instead of doing all the prospecting processes "business development, machine sales", mechanical design, electrical design and programming, mechanical assembly, electrical assembly, purchasing, etc... EIRELI AUTOMATION was only left with the development of Mechanical Projects, as well as the Business Development and Sales of machines/equipment, "outsourcing" or rather "interceding" for its partners to obtain the sale "billing" directly from the end customer, that is, instead of making only an Invoice, 3 NF's will be issued, from the three partners who will develop the equipment together, Exemplifying;

Before:

- Invoice of the Testing Machine (100% Invoiced By AUTOMAÇÃO EIRELI).
In which I was responsible for all stages

After (Now):

The end customer will place partial orders, divided into three (03) parts, for the assembly of an entire machine and/or equipment, in which EIRELI AUTOMATION has partners of high responsibility for this, NF's are issued as follows:

- 1st NF – Test Machine Project (25% Invoiced by AUTOMAÇÃO EIRELI).
- 2nd NF – Mechanical Assembly of the Test Machine (37.5% Invoiced by João Silva Rocha Pereira ME).
- 3rd NF – Electrical Assembly and Programming of the Test Machine (37.5% Billed by Luiz Rocha Eduardo de Oliveira ME).

Thus, with a consolidated partnership and synergy between the three partner companies, the equipment maintains the quality and deadlines (and the new goal of AUTOMAÇÃO EIRELI is to sell around R\$450,000.00 annually "its share"). Thus, this partnership can continue to serve the main customers already consolidated by AUTOMAÇÃO EIRELI.

Thus, in addition to not having to maintain a heavy structure, which can pull the result down if it is idle for one or two months, EIRELI AUTOMATION has most of its costs in a Variable way, which distributes risks and maximizes gains for all parties.

In a simulated break-even point analysis (considering average data of variable costs, etc...), we observed according to the table below that the New Business Plan of AUTOMAÇÃO EIRELI needs around 10% of the sales value of the Old Business Plan.

| Antes | | Depois | |
|--|-----------------------|---|----------------------|
| Receita - Venda de Máquina e Equipamento | RS 247,000.00 | Receita: - Projeto Mecânico, Desenvolvimento da Concepção Técnica, Desenvolvimento do Negócio e Gestão do Parceiros. | RS 20,300.00 |
| Comissão (5%), sobre a venda | <i>-RS 12,350.00</i> | Comissão sobre venda | R\$ 0.00 |
| Custos de fabricação (variável) (Média 45% da receita) | <i>-RS 111,150.00</i> | Custos de fabricação (variável)(Comissão do projeto 10%, sobre a receita) | <i>-RS 2,030.00</i> |
| Impostos | <i>-RS 37,050.00</i> | Impostos | <i>-RS 3,451.00</i> |
| Custo Fixo Empresa | <i>-RS 86,435.00</i> | Custo Fixo Empresa | <i>-RS 14,810.00</i> |
| | | | |
| Total | RS 15.00 | Total | RS 9.00 |

Break-Even Point, (Monthly)
Source: The Author

Also analyzing the viability of its partners (even to maintain the same quality of service, and strengthening and success of the new business plan), we simulate the sales target composed monthly. It is important to note that these business partners do not only have a partnership with AUTOMAÇÃO EIRELI to maintain their business, and that they are a legal company without direct employees, however they also obtain contacts for outsourced subcontracting if necessary in certain times of greater demand.

| Lucro Terceiros | |
|--|-----------------------|
| Receita Total | R\$ 150,000.00 |
| <i>Custo da AUTOMAÇÃO EIRELI (25%)</i> | -R\$ 37,500.00 |
| <i>Custos de fabricação (variável)</i> | -R\$ 64,500.00 |
| <i>Impostos (sobre os 75% restantes)</i> | -R\$ 13,500.00 |
| <i>Custo Montagem Mecânica (com mão de obra, aluguel galpão particionado, combustível, etc...)</i> | -R\$ 12,000.00 |
| <i>Custo Montagem Elétrica (com mão de obra, aluguel galpão particionado, combustível, etc...)</i> | -R\$ 12,000.00 |
| Total (Lucro dos Terceiros) | R\$ 10,500.00 |
| <i>Lucro Montagem Mecânica</i> | R\$ 5,250.00 |
| <i>Lucro Montagem Elétrica</i> | R\$ 5,250.00 |
| Sobra (após distribuição dos Lucros) | R\$ - |

Monthly Billing Simulation
Source: The Author

Once the New Business Plan is exposed, a better mitigation of operational risks is seen, since the fixed cost was greatly reduced, relieving the "Pressure" of having to close a deal to supply its structure, and in some months strategically it was necessary to close with zero (0) profit or even low loss, to have a loss or "controlled loss", This is obviously not the best strategy to take, but in times of crisis it ends up being for many sectors and companies an intrinsic reality, imposed on the market.

Not only does it no longer have the need to close machines at a loss, but it also makes a better operating profit. Of course, the debt restructuring was essential for the length of the plan, as they considerably lowered the fixed cost, however the plan itself demonstrates great flexibility for an extremely unstable market, this flexibility is only possible **by transforming**

fixed costs into variables, and this is the conceptual key of the new business plan, which the strategies and action plans were based on.

5.1.1 Realistic Scenario

We will focus the projection on the realistic scenario, not that this is necessarily a good scenario, and the current economic aspects of the country leave much to be desired, and may even have a "pessimistic" background.

In 2017 there were apparent signs of recovery (because the GDP did not turn negative), but as much as Mr. Henrique Meirelles may claim that the country "came out of the biggest recession of the century", many economists claim that the signs of GDP do not confirm the end of the "technical recession".

The main action plans to get out of the national crisis are the proposals:

- The PEC of the Spending Ceiling - establishes a limit for the growth of Federal Government spending for the next 20 years.
- Outsourcing - allows the outsourcing of work also for core activities.
- Labor reform - makes some laws more flexible.
- Social security reform - establishes stricter criteria for retirement and social security.

There is still a lot of speculation regarding the end of 2017, and expectations for 2018, many support the idea of an improvement in the economy, as there are many others who claim to observe a worsening. A quick search on the internet observed several speculations;

"Feeling of insecurity in Brazil may radicalize the election in 2018 Totalitarian proposals tend to gain space in a crisis scenario"

(Found in: <http://www.gazetaonline.com.br/noticias/politica/2017/07/sensacao-de-inseguranca-no-brasil-pode-radicalizar-eleicao-em-2018-1014078495.html>)

"Experts project 2018 with strong growth and controlled inflation. GDP is expected to grow above 2%, amid a scenario of low and controlled inflation, with single-digit interest rates"

(by Portal BrasilPublished: 02/13/2017 04:22PM Last modified: 02/14/2017 03:38 PM, Found on: <http://www.brasil.gov.br/economia-e-emprego/2017/02/especialistas-projetam-2018-com-crecimento-forte-e-inflacao-controlada>)

"Brazil will not get out of the crisis in 2017, says FGV economist"

(Edition: Fábio Massalli, found at: <http://agenciabrasil.abc.com.br/economia/noticia/2016-10/brasil-nao-saira-da-crise-em-2017-diz-economista-da-fgv>)

It is important to note that in the years 2018 and 2019, the company intends to return to the regime in the Simples Nacional (In the years 2016 and 2017, it was in the Presumed Profit, due to the fact that in 2015 it invoiced more than the limit allowed in the Simples Nacional, which is R\$3,600,000.00).

5.1.3 Projected Cash Flows

Cash flow is below, considering that the second half of 2017 and the years 2018 and 2019 were projected (realistic format).

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------|---------|---------|---------|---------|--------|--------|
| Indústria | | | | | | |
| duplicatas a receber | 514,084 | 341,875 | 178,352 | 125,088 | 36,135 | 37,786 |
| + estoques | 257,042 | 828,622 | 614,244 | 324,894 | 44,382 | 44,851 |
| + outros ativos | 0 | 0 | 0 | 0 | 0 | 0 |
| - obrigações fiscais | 31,500 | 48,301 | 30,608 | 21,467 | 3,094 | 3,236 |
| - obrigações trabalhistas | 0 | 83,894 | 68,683 | 28,372 | 11,579 | 11,579 |
| - fornecedores | 387,200 | 372,817 | 274,383 | 143,006 | 30,091 | 30,443 |
| - outros passivos | 0 | 0 | 0 | 0 | 0 | 0 |
| Necessidade de Capital de Giro | 352,426 | 665,484 | 418,922 | 257,136 | 35,753 | 37,379 |

| FLUXO DE CAIXA | | | | | | |
|---|--|-----------|-----------|-----------|-----------|-----------|
| Resultado da atividade | | 506,200 | (516,643) | 23,946 | 73,369 | 86,525 |
| (+) Depreciação | | 23,041 | 24,948 | 25,568 | 25,568 | 25,568 |
| E.B.I.T.D.A. | | 529,240 | (491,695) | 49,514 | 98,937 | 112,093 |
| (-) Variação da NCG | | 313,059 | (246,562) | (161,786) | (221,383) | 1,626 |
| Fluxo de Caixa Operacional | | 216,182 | (245,133) | 211,300 | 320,319 | 110,467 |
| Fluxo de Investimentos | | | | | | |
| (-) Aquisição de imobilizado | | 25,750 | 12,400 | 0 | 0 | 0 |
| | | (25,750) | (12,400) | 0 | 0 | 0 |
| Fluxo Financeiro | | | | | | |
| Novos empréstimos de curto prazo | | | | | | |
| (-) Amortização de principal | | 0 | 0 | 84,514 | 308,232 | 161,264 |
| (-) Pagamento de juros e/ou variação monetária | | 0 | 0 | 12,043 | 41,611 | 21,771 |
| Financiamentos | | | | | | |
| (+) Novos financiamentos de curto e longo prazo | | 0 | 375,000 | 0 | 0 | 0 |
| (-) Amortização de financiamentos de curto e longo prazo | | 52,462 | 11,500 | 40,000 | 40,000 | 40,000 |
| (-) Pag de juros de financiamentos de curto e longo prazo | | 128,137 | 113,280 | 267,695 | 91,740 | 86,668 |
| (+) Integralização de capital | | 0 | 0 | 0 | 0 | 0 |
| (-) Pagamento de dividendos | | 0 | 0 | 0 | 0 | 0 |
| (-) Pagamento de I.R. + C.S.L.L. | | 0 | 164,369 | 115,281 | 0 | 0 |
| | | (180,599) | 85,851 | (519,533) | (481,584) | (309,703) |
| Geração de caixa no período | | 9,832 | (171,682) | (308,232) | (161,264) | (199,235) |
| (+) Baixa nas aplicações financeiras | | 0 | 87,168 | 0 | 0 | 0 |
| Geração de caixa no período após baixa | | 9,832 | (84,514) | (308,232) | (161,264) | (199,235) |
| (+) Novos empréstimos de curto prazo | | 0 | 84,514 | 308,232 | 161,264 | 199,235 |
| Geração de caixa ajustada | | 9,832 | 0 | 0 | 0 | 0 |

Cash Flow
Source: The Author

5.1.4 Valuation

Below is the study of the Company's Valuation.

Fluxo de Caixa Livre (em R\$)

| | 2,015 | 2,016 | 2,017 | 2,018 | 2,019 |
|-----------------------------|---------|-----------|-----------|-----------|---------|
| Lucro da Atividade | 506,200 | (516,643) | 23,946 | 73,369 | 86,525 |
| - (IR + CSLL) | 0 | 164,369 | 115,281 | 0 | 0 |
| NOPAT | 506,200 | (681,012) | (91,335) | 73,369 | 86,525 |
| + depreciação / amortização | 23,041 | 24,948 | 25,568 | 25,568 | 25,568 |
| - Var. N.C.G. | 313,059 | (246,562) | (161,786) | (221,383) | 1,626 |
| - Gastos de Capital | 25,750 | 12,400 | 0 | 0 | 0 |
| + Venda de Ativos | 0 | 0 | 0 | 0 | 0 |
| Fluxo de Caixa Livre | 190,432 | (421,902) | 96,020 | 320,319 | 110,467 |
| | | | | | 141,153 |
| | 190,432 | (421,902) | 96,020 | 320,319 | 251,621 |

| | |
|---|-----------|
| Valor justo ativo operacional (R\$) | 49,147 |
| + ativos não operacionais | 65,750 |
| - dívidas | 452,462 |
| Valor Econômico da empresa para o acionista | (337,565) |

| | | | |
|--------------------------------|----------|---|--------|
| alíquota marginal do IR + CSLL | 0% | custo do capital de terceiros | 23.1% |
| | | custo do capital de terceiros x (1 - t) | 23.1% |
| Custo do capital próprio | | | |
| taxa livre de risco | 2.17% | | |
| Risco Brasil | 3.50% | | |
| Prêmio de mercado | 4.41% | | |
| beta desalavancado | 8.85% | | |
| D/E | -137.93% | estrutura meta | |
| beta alavancado | -3.36% | Participação do capital próprio | -264% |
| Inflação Brasil | 5.01% | Participação do capital de terceiros | 364% |
| Inflação EUA | 2.05% | | |
| Custo do capital próprio | 8.58% | CMPC | 61.30% |

Valuation
Source: The Author

5.1.5 Financial Ratios

Below are the Financial and Economic Indexes.

DEMONSTRAÇÕES FINANCEIRAS NA DATA BASE

Indicadores de Estrutura

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|------|-------|-------|-------|-------|
| Endividamento de curto-prazo | 36% | 51% | 89% | 114% | 148% |
| Endividamento total | 62% | 125% | 201% | 413% | 463% |
| Participação do capital próprio | 38% | -25% | -101% | -313% | -363% |
| Imobilização do Capital Próprio | 36% | -76% | -26% | -20% | -16% |
| Imobilização dos Recursos Permanentes | 21% | 39% | 232% | -439% | -118% |
| Dívida / Patrimônio Líquido | 89% | -377% | -173% | -127% | -123% |

Indicadores de Liquidez

| | | | | | |
|-------------------|------|------|------|------|------|
| Liquidez Corrente | 2.42 | 1.59 | 0.83 | 0.33 | 0.29 |
| Liquidez Seca | 0.82 | 0.36 | 0.23 | 0.15 | 0.13 |
| Liquidez Imediata | 0.16 | - | - | - | - |

Análise do Capital de Giro

| | | | | | |
|--------------------------------|---------|-----------|-----------|-----------|-----------|
| Necessidade de Capital de Giro | 665,484 | 418,922 | 257,136 | 35,753 | 37,379 |
| Capital de Giro | 734,695 | 294,408 | (91,096) | (165,511) | (201,856) |
| Saldo de Tesouraria | 69,211 | (124,514) | (348,232) | (201,264) | (239,235) |
| Ciclo Financeiro | 58 | 70 | 62 | 30 | 30 |
| Coeficiente de Solvência | 5% | -13% | -57% | -93% | -125% |

Indicadores de Desempenho

| | | | | | |
|---------------------------------------|------|-------|------|------|------|
| Margem Bruta | 17% | -21% | 9% | 34% | 36% |
| Margem da Atividade | 14% | -28% | 2% | 18% | 21% |
| Margem Líquida | 11% | -43% | -29% | -15% | -5% |
| Giro do Ativo | 2.91 | 1.50 | 1.61 | 0.97 | 2.06 |
| Rentabilidade do capital Empregado | 41% | -43% | 3% | 18% | 42% |
| Rentabilidade sobre o Capital Próprio | 109% | -523% | 87% | 9% | 3% |

Financial Ratios
Source: The Author

6 CONCLUSION

Perhaps the difficulties observed AUTOMATION EIRELI is the mirror of many companies that are in the same situation in Brazil, demonstrating how Macroeconomics affects and imposes its difficulties, directly interfering in micro and small entrepreneurs. Of course, when it comes to a corporation, EIRELI AUTOMATION can also be and has been affected by the human error factor, obviously looking back is much easier than looking forward, because the "numbers and events" are already consummated, so entrepreneurs must seek to train themselves, not only technically, but also in the management area, administrative, finance, and seek consultancies when necessary to assist in decision-making, trying to project a realistic future and with cautious plans.

Looking at the financial statements of the base date, we see that short-term Debt increased drastically from 2015 (36%) to 2019 (148%), as the company's Revenue (Current) decreased drastically from R\$3M (in 2015) to R\$0.4M (in 2019). However, we observed a large increase in Gross Margin, from 17% (2015), to more than double 36% (in 2019), translating an improvement in terms of Revenue vs. Gross Margin. Profit, i.e. "financial efficiency". But what most explains the New Business Plan is the need for working capital, which of course follows the revenue and that is why in 2015 we have R\$665,484.00 and in 2019 it is R\$37,379.00, and with a low need for working capital observed the mitigation of risks, as the Gross margin increased and with less working capital. It is also important to analyze the Asset Turnover Ratio year by year, as it is a good performance indicator as it demonstrates how the company's assets can provide better and efficient profits; so we see that in 2015, which was a good year for the company, it had an Asset Turnover ratio of 2.91 and, falling in 2016 to 1.50 (a bad year for the company). In 2017 it rose a little to 1.61. And in 2018 it will fall around 0.97, however, it is due to the decrease in revenue, and in 2019 the index (which maintains the same revenue projection as in 2018) rises to 2.06, indicating that the New Business Plan is efficient for the company's financial recovery. It is also important to point out that one of the company's great assets, which are not translated in this work with numbers, is its intangible; experience and know-how, which can be translated into business opportunities, and consequently good earnings.

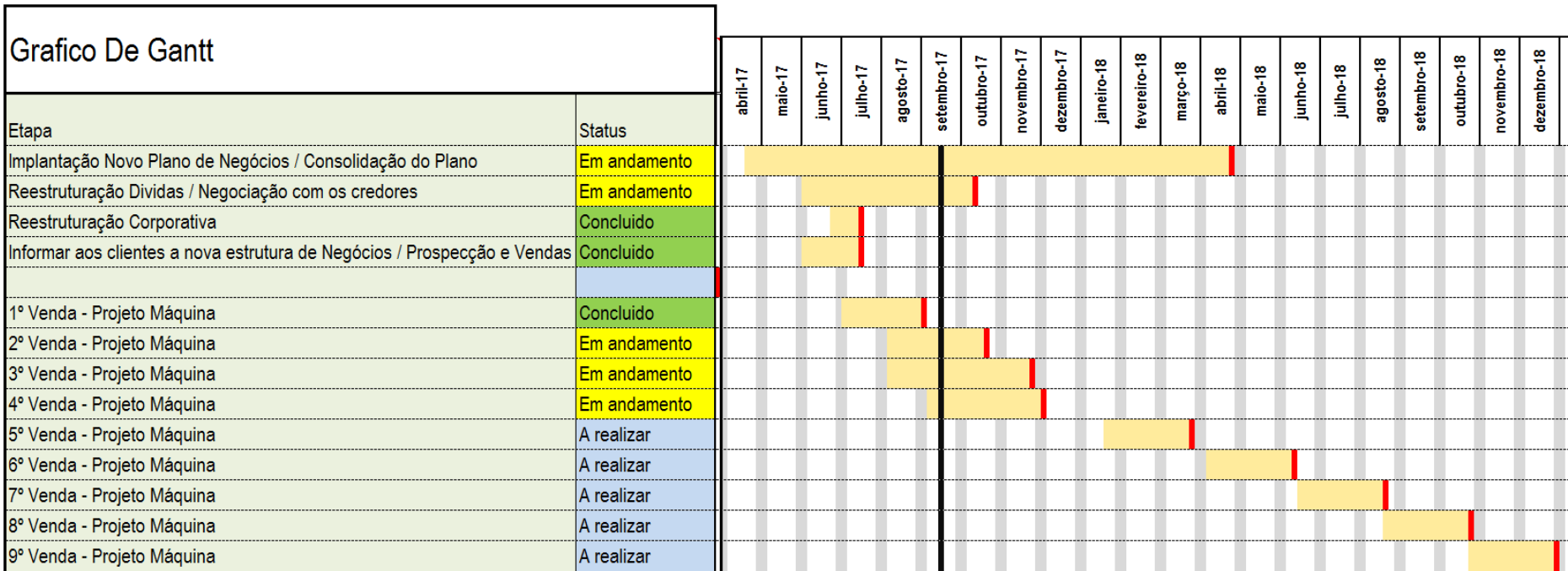
So the fact is; Yes, the market downturn closes many companies, and those that try to remain often "mutilate" themselves, even working at a loss for the period that their financial breath can handle. Larger companies also suffer, as much as they are already capitalized and well consolidated in the market, they also need to lower purchase prices, which also ends up making it difficult to price service providers.

Companies that try to maintain themselves and get back on their feet in the market should try a new restructuring, a new Business Plan, and outsourcing is a great strategy for most micro and small companies, because getting rid of high labor charges, and mitigating risks makes a company breathe and little by little, going back to building and no longer "destroying" value. It is also necessary to restructure debts, and in some cases it is imperative to use legal/legal means to do so, and this restructuring can be the difference between total insolvency and the recovery of the company, since a country with high risk also obtains high interest rates.

"1.8 million companies closed in 2015"

(Márcia De Chiara, O Estado de S.Paulo, 10 May 2016 | 16h22), Found in: <http://economia.estadao.com.br/noticias/geral,1-8-milhao-de-empresas-fecharam-em-2015,10000050202>)

7 IMPLEMENTATION SCHEDULE



Implementation Schedule

Source: The Author

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