

OUR BUSINESS

GRI 102-10

ALGAR TELECOM

ICT – Information and Communication Technology Sector

What it does

A telecommunications company with **over 60 years** in the market, providing landline and mobile telephone services; fixed and mobile high-speed broadband internet; subscriber TV; data and voice management; cloud computing; network management and security; IT Infrastructure; outsourcing; and videoconferencing services. It serves corporate clients (business-to-business or B2B) – from micro and small business, to large corporations – and retail (business-to-consumer or B2C) clients.

Its presence

In **336 cities** locate across eight Brazilian states (São Paulo, Minas Gerais, Rio de Janeiro, Goiás, Paraná, Mato Grosso do Sul, Santa Catarina and Rio Grande do Sul) and the Federal District.

You need to know

- Its largest area of operations and growth is the B2B market, ranging from micro and small businesses, to large corporations.
- Its market differential is the combination of an **extensive and modern** fiber optics **infrastructure**, **quality** of the services and close client support, with a **consultative profile**.
- It is the leader in providing telecommunication services in terms of quality and market share in the concession region.
- Its fiber optic network stretches for **48,500 km**, of which 37,500 on land. The other 11,000 km of submarine cable connect São Paulo and Ceará in Brazil, to Florida, in the United States.

Algar Telecom posted record profits of R\$229.6 million in 2017

Highlights of 2017

- Recorded the highest earnings in its history: R\$ 229.6 million.
- Concluded the construction of the Monet submarine cable (in partnership with Google, Antel and Angola Cables), which will be activated in 2018 and will permit the growth of operations, beginning in Fortaleza (CE) and expanding, by the end of 2018, to another 17 locations between Espírito Santo and Northeastern states. Read more in our [blog](#).
- Expanded to 24 new locations, eight of them in Brazil's southeastern region, and 16 in the south where it began operating after having acquired Optitel Redes e Telecomunicações, in 2015.
- Achieved an 88.5% renewal fee among B2B clients.
- Received important recognitions, such as: "The most sustainable in the telecommunications industry" (Exame magazine Sustainability Guide) for the fifth consecutive year; "Best managed in the Telecommunications industry" (Época 360); one of the "Best companies to work for" (Época/GPTW Brazil/Minas Gerais); "Telecommunications Company of the Year" and "Highlight of the Year" (Telecom Yearbook); "Transparency Trophy" (Anefac/Fipecafi/Serasa Experian).





ALGAR TECH

ICT - Information and Communication Technology Sector

What it does

Operates in the corporate market corporate with a portfolio of services that includes customer relationship management (service, sales, retention, back office, credit and collections); technology environment management (NOC, SOC, end-user support, data center, cloud services and sustainment of environments) and telecom services management (set-up, maintenance and monitoring of networks and telecom).

Its presence

In **all countries of Latin America**, providing technology services; and in Argentina, Colombia and Mexico, with sales and operations units. In Brazil, it is located in all states with its complete portfolio, and has four units (two in Minas Gerais and two in São Paulo) customer relationship operations.

You need to know

- ◉ What it offers dovetails with **digital transformation**, through multidisciplinary teams, Omnichannel (multi-connection) solutions, automation and artificial intelligence, applicable to different business segments.
- ◉ Works with incremental, collaborative **innovation** in partnership with clients and innovation ecosystems (using methodologies like Innovatrix, Lean, Six Sigma, Design Thinking, User Journey, Prototyping and co-creation) and disruptive innovation (partnership with Algar Ventures through Net Support).
- ◉ Its contracting models are attractive, as they are tailor-made and focus on delivering results, rather than on the deployment of human and technological resources.
- ◉ Offers multichannel service in **six languages** – at present, 25% of interactions with clients take place on digital channels.
- ◉ Has **7,500 work stations** for customer relationship operations.

Highlights of 2017

- ◉ Strengthened its sales area and restructured its offer portfolio, adding digital transformation-related components like prediction, automation and artificial intelligence.
- ◉ Opened an **innovation laboratory** – a multimedia space for associates, clients and partners to work on **digital transformation** projects – in addition to developing two in-house methodologies for c—creating, with clients, intelligent digital solutions focused on their experiences.
- ◉ Achieved **27%** higher productivity thanks to initiatives dedicated to operational efficiency and organizational restructurings.
- ◉ Achieved a **45%** increase in revenue from operations in Latin America, the exception being Brazil, as a result of the internationalization strategy based on expanding sales to the current base of multinational clients.
- ◉ Acknowledged as the leader and the most innovative in competitive strategy in Brazil by Frost & Sullivan, and is among the country's most innovative companies in the technology sector according to the Valor newspaper innovation ranking
- ◉ Foresees growth in contact center services (driven by the reduction in labor risks involving outsourcing), support services and infrastructure for migration to the cloud.



Aligned with digital transformation, the multidisciplinary teams of Algar Tech offer Omnichannel solutions for various business segments

ALGAR AGRO

Agribusiness Sector

What it does

It has operated in the agribusiness sector for the food, grain and animal feed industry for **39 years**. In the food business, the Company offers **ABC** brand products such as soybean oil, extra-virgin olive oil and tomato sauce, as well as PET packaging. In the case of animal feedstock, it sell FortPass and RaçaFort soy meal, soy waste and degummed soybean oil. In the grain business, the Company purchases directly from producers, processes and sells to the overseas and domestic markets.

Its presence

The operations for the food industry, animal feedstock and grains are concentrated at two industrial plants in Uberlândia (MG) and Port Franco (MA). Distribution covers **18 Brazilian states**, the highlight being the Northern, Northeastern and Southeastern regions, in addition to the overseas market.



You need to know

- ◉ Its 900-ml PET bottle is the world's largest, generating **25% less solid waste**.
- ◉ Operates with 16 warehouses and exports through four ports.
- ◉ Its reverse logistics project contributes to the collection of cooking oil, PET packaging and cardboard in Uberlândia.

Highlights of 2017

- ◉ The soybean processing units in Uberlândia brought on stream a eucalyptus **chip biomass** plant with a nominal capacity of 11.2 MW, making it self-sufficient in energy, with the possibility of selling surpluses on the free market.

- ◉ Entered the packaging market by supplying PET to companies in the foodstuffs chain, in addition to servicing overseas demand.
- ◉ Its soybean oil has been used in scientific research into allergenic proteins, to demonstrate that people allergic to soybean could consume refined oil.
- ◉ Recognized as one of the **ten Best Companies** to Work For (GPTW) in Minas Gerais and in Maranhão, and it was the highlight at Valor Econômico Newspaper **Innovation Awards**, taking first place in the agribusiness sector.
- ◉ Focused on the domestic market given the tough competition low margins on exports.



Biomass plant burning eucalyptus chips, with a nominal capacity of 11.2 MW, comes on stream



ALGAR FARMING

Agribusiness Sector

What it does

It is a company that produces agricultural commodities and currently is fully engaged in **planting** and **selling** grains, primarily soybean and corn, as well as **beef cattle breeding**.

Its presence

The agricultural production areas are located on farms in the *Triângulo Mineiro* area and Mato Grosso do Sul, in the municipality of Paranaíba. Large-scale beef cattle raising and confinement takes place in Mato Grosso do Sul.

You need to know

- ⦿ Its planted area amounts to 14 thousand hectares.
- ⦿ Its herd has around 8,500 head of cattle.

Highlights of 2017

- ⦿ **Record productivity** in soybean and gains in operational efficiency, which contributed to the financial result.
- ⦿ Conclusion of the first productivity cycle in the (leased) expansion areas.
- ⦿ Transformation of the Lapa do Lobo Farm (MS), by replenishing pastures and implementing farming areas.
- ⦿ Participated in a pilot initiative with Sensix – in which we hold a minority interest – an accelerated company under the **Algar Open Ventures** program, which uses technology applied to agribusiness to drive precision farming.

¹ Planning region of Minas Gerais, with 35 municipalities.

ALGAR SEGURANÇA

Services Sector

What it does

It offers three categories of **services** that bring together **human skills** and **technology**: property security (consultancy, risk analysis, integrated projects, surveillance, front gate and front desk), electronic security (integrated solutions using IoT, big data and smart cities applications, combining artificial intelligence and closed circuit television systems, access control and perimeter defense) and document management (consultancy, audits, digitalization, custody and systems).

Its presence

In the states of São Paulo, Goiás, Minas Gerais, Mato Grosso, Mato Grosso do Sul and Paraná.

You need to know

- It has been in the security segment for more than 20 years.
- Operates in various segments: industrial, agribusiness, condominiums, logistics, mining and ports.
- Offers complete and personalized solutions, from diagnosis to implementation and maintenance.

Highlights of 2017

- Recognized a one of the Best Companies to Work for in Brazil (Época magazine and GPTW).



COMTEC

Services Sector

What it does

Manages urban terminal platforms and their commercial centers and convenience stores.

Its presence

In Uberlândia (MG), where it manages loading and unloading platforms of the Integrated Urban Collective Transportation System.

You need to know

- The Company is a joint venture between the Algar Group and Adpar.
- **120,000 passengers** use the collective transport platforms every day.
- The five platforms have a total area of 34,200 m².
- The terminals include more than **150 stores and commercial** spaces for rent.

Highlights of 2017

- Launched the “Good Terminal” campaign in partnership with the Prefecture of Uberlândia, to raise the awareness of the population and the public servants about public transport safety.
- Stable results when compared to previous years.



RIO QUENTE GROUP

Tourism Sector

What it does

It is a tourism group that owns the Rio Quente Resorts, Hot Park, Rio Quente Vacation Club and Valetur Viagens brands, as well as the recently-added Costa do Sauípe brand (acquired in November 2017, with operations starting in January 2018). It operates in **four segments**: hospitality, entertainment, tourism operations and time-share vacations (vacation club). The group is a subsidiary of the holding companies Algar and FLC Participações e Investimentos S/A (Goiânia, GO).

Its presence

The Rio Quente tourism complex is located in the region of Rio Quente (GO), while the Costa do Sauípe project is located at Mata de São João (BA).



You need to know

- The **largest** hot water **tourism complex** in **South America**.
- Hot Park has the **world's largest artificial beach** with running hot water and natural swimming pools.
- Rio Quente Resorts was rated the **best resort in Brazil** (ten times running by the *Viagem e Turismo* magazine), while the Hot Park was elected one of the world's ten best aquatic parks (TripAdvisor).
- ISO 14001-certified for environmental responsibility.

Highlights of 2017

- Acquired Costa do Sauípe, adding a further six hotels to its tourism portfolio, **with 1,564 apartments, 40 event rooms** and an arena with 5,125 m² that can hold 3,500 people. Following the purchase, which was completed on January 2, 2018, the Rio Quente Group now has a total of **12 hotels** plus **2,700 living units**.
- Ended the year with growth of 11% in revenue and 8% in EBITDA. Revenue reached R\$ 127 million from accommodation and entry fees to the park, as well as R\$ 93 million with extra sales (food, souvenirs and leisure).
- Saw 7% growth in the number of customers, as well as in room rates sold, with an increase in the offer of apartments and by maintaining an average occupancy rate of 70%.
- Concluded the migration to the free energy market, leading to savings of 41% in costs while avoiding the consumption of 170,000 liters of diesel for power generators.
- Avoided the consumption of 11 tons of chlorine, thanks to the treatment process that applies only iodine-free salt and water, instead of chlorine and other chemical products.
- Rio Quente Resorts as elected **Brazil's most sustainable hotel company** (*Exame* magazine Sustainability Guide, in 2014, 2015 and 2016), and in 2017, it was the magazine's cover story for its conservation of the natural riches of the *Cerrado* (dry uplands or chaparral) region; for the reduction in diesel and electricity consumption, contributing to lower atmospheric emissions from our activities; and for the more sustainable treatment system that assures the quality of the waters in the complex.

ALSOL ENERGIAS RENOVÁVEIS

Company accelerated by Algar Ventures

What it does

Since 2012 it has been developing **its own electricity generating solutions** from **renewable sources**, within the scope of distributed generation, for small medium and large companies, as well as rural and residential properties. To reduce electricity costs, it offers the possibility of combining different sources of energy (such as solar, biodiesel and biogas) as well as storage. Checks the quality of the installations and their compliance with engineering and safety standards, operates and maintains the systems and monitors the performance of its plants.

Its presence

In ten Brazilian states and the Federal District.

You need to know

- The first case of a company incubated within the Algar group and the first to be part of **Algar Ventures**.
- Installed the **first photovoltaic system** connected to the Brazilian grid (Resolution 482/2012).
- Installed the first biogas mini-generation system connected to the Brazilian grid (Regulation 482/2012).
- Extensive knowledge and experience of photovoltaic systems connected to electricity grids in Brazil and overseas.
- Develops and carries out research and development projects of Aneel (budget of R\$ 40 million in the period 2017-2021), in partnership with energy concessionaires, institutes and national and international universities.
- Its Alsolcial program aims to bring technological innovation and social development closer and to democratize access to electricity through own projects involving suppliers, public-private partnerships and other models.

Highlights of 2017

- Posted net income of **R\$ 39 million**, with balanced results and prospects for revenue growth and profitability in 2018.
- Installed 7 MWp of photovoltaic capacity, resulting in an accumulated capacity of **12 MWp** of photovoltaic systems connected to the grid in the DG modality, including a 1.6 MWp solar farm in the state of Piauí.
- Initiated the execution of the **first hybrid system in Brazil**, combining photovoltaic generation, generation using 100% organic (B100) biodiesel and storage using different battery technologies for injecting electricity at peak times.





NETSUPPORT

Company accelerated by Algar Ventures – in which we have a minority interest

What it does

Provides corporate clients with a collaborative digital and on-line technical support platform for computers, mobile phones, data banks, networks and security. The services are performed, remotely (over the internet) or on the premises, by selected and outsourced IT technician in the crowdsourcing model, known as “Doctors in Technology”.

Its presence

Throughout Brazil. It reaches over **700** Brazilian cities and is present in **120** municipalities.

You need to know

- ◉ As in the case of other collaborative platforms, the Company connects service providers and clients, ensuring point-to-point delivery.
- ◉ There are approximately 12,000 professionals available to provide the service.
- ◉ The platform operates **24 hours a day, every day** of the week.
- ◉ The technicians undergo a rigorous selection process and training in international standards.
- ◉ On average, the problems are solved in less than three hours.
- ◉ Serves 40 clients of Algar Tech.

Highlights of 2017

- ◉ After being accelerated by Wayra Brasil and Telefónica Open Future, it received investments from Algar Ventures to expand its operations.
- ◉ Has grown fivefold, bearing in mind invoicing, and has grown by more than seven times in the number of technicians available and a nationwide presence. New developments are on the new website, updated in 2017.