

Gafisa S.A.  
Form 6-K  
March 29, 2019

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For the month of March, 2019**

**(Commission File No. 001-33356),**

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**Gafisa S.A.**

*(Translation of Registrant's name into English)*

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**Av. Nações Unidas No. 8501, 19th floor**  
**São Paulo, SP, 05425- 070**  
**Federative Republic of Brazil**  
*(Address of principal executive office)*

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Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting  
the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes  No

Indicate by check mark if the registrant is submitting  
the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

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Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes \_\_\_\_\_ No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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**FOR IMMEDIATE RELEASE** - São Paulo, March 28, 2019 – Gafisa S.A. (B3: GFSA3; OTC: GFASY), one of Brazil's leading homebuilders, today reported its financial results for the fourth quarter ended December 31, 2018.

### **GAFISA ANNOUNCES 4Q18 and 2018 RESULTS**

During 2018, the Company underwent a restructuring process. The R\$250.8 million capital increase was concluded in February, lessening immediate cash pressure. In September, a change in the Company's management led to the establishment of a new turnaround strategy in the last quarter, which focused on structure and cost adjustment including the shutdown of a branch in Rio de Janeiro; the relocation of our headquarters; and the revision of our processes.

This new turnaround strategy should save approximately R\$110 million p.a. by reducing (i) headcount by 50%, accounting for savings of R\$45 million/year; (ii) marketing by R\$40 million/year; (iii) IT by R\$18 million/year; (iv) sales stand expenditure by R\$4 million; and saving (v) R\$4 million/year with the relocation of our headquarters. Part of these gains already materialized in Nov/18 and Dec/18 but will become more evident in upcoming quarters.

Adjustment needs mapped out during 4Q18, such as impairment of land/inventories, the goodwill impairment test to remeasure the 30% stake in Alphaville and reversal/entry of provision, amongst others, were recorded in 4Q18, adversely affecting results by R\$276 million.

Thus, Gafisa starts 2019 well-positioned for the new cycle in the real estate sector, equipped with quality assets and a renowned brand. Our pipeline launches rely on profitable residential projects that are fine-tuned to the market demand and located in the City of São Paulo. In this way, a higher volume of launches are scheduled for the second half of 2019.

Inventory PSV totals R\$1.2 billion, with higher market liquidity (73% of total inventory PSV) concentrated in São Paulo residential units.

Dissolutions, which for several years caused an imbalance in various projects, significantly decreased in 2018. The monthly average volume of dissolutions declined from R\$34 million in 2017 to R\$19 million in 2018. This downward trend should continue in 2019, with the approval of a law that regulates dissolutions. Pursuant to new

legislation, developers may retain up to 50% of the amount paid by the consumer in cases where the purchase has been waived, conferring greater legal safety to the sector.

Net debt totaled R\$752 million in Dec/18, down 21% from the previous year. Leverage, measured by net debt/shareholders' equity ratio, jumped to 153% at the end of 2018, mainly impacted by negative results in the period and impairments recorded. Excluding project financing, the net debt/shareholders' equity ratio was 45%. Funding alternatives are being analyzed to remodel the Company's ownership structure.

Our expectations for 2019 are positive, the macroeconomic scenario is improving, and the market has begun to show signs of recovery. The growth upturn will occur gradually and sustainably, aiming for a solid performance that will create value for shareholders and stakeholders.

**Roberto Luz Portella**

**CEO, CFO, and Investor Relations Officer**

## MAIN CONSOLIDATED INDICATORS

**Table 1 - Operational Performance (R\$ 000)**

|           |           |              |           |              |           |           |          |
|-----------|-----------|--------------|-----------|--------------|-----------|-----------|----------|
| 118,936   | 71,144    | 67.2%        | 90,113    | 32.0%        | 728,670   | 553,954   | 31.5%    |
| 153,406   | 188,125   | -18.5%       | 216,988   | -29.3%       | 1,040,848 | 1,131,823 | -8.0%    |
| (58,401)  | (51,661)  | 13.0%        | (95,407)  | -38.8%       | (227,677) | (411,658) | -44.7%   |
| 95,005    | 136,464   | -30.4%       | 121,851   | -22.0%       | 813,172   | 720,164   | 12.9%    |
| 7.20%     | 9.40%     | -2.2<br>p,p, | 7.40%     | -0.2<br>p,p, | 39.90%    | 32.00%    | 7.9 p,p, |
| 263,254   | 346,009   | -23.9%       | 41,171    | 539.4%       | 910,255   | 861,325   | 5.7%     |
| 1,225,066 | 1,318,698 | -7.1%        | 1,581,402 | -22.5%       | 1,225,066 | 1,581,402 | -22.5%   |

**Table 2 - Financial Performance (R\$ 000)**

|         |          |          |          |          |          |           |              |
|---------|----------|----------|----------|----------|----------|-----------|--------------|
| 192,917 | 252,306  | -24%     | 342,057  | -44%     | 960,891  | 786,174   | 22%          |
| 46,942  | 80,330   | -42%     | 91,620   | -49%     | 290,771  | 143,535   | 103%         |
| 24.3%   | 31.8%    | -751 bps | 26.8%    | -245 bps | 30.3%    | 18.3%     | 1,200<br>bps |
| 29,247  | 37,776   | -23%     | 44,324   | -34%     | 126,954  | (50,828)  | -350%        |
| 15.2%   | 15.0%    | 19 bps   | 13.0%    | 220 bps  | 13.2%    | -6.5%     | 1,968<br>bps |
| 11,559  | (19,984) | -158%    | (11,459) | 1%       | (66,186) | (190,065) | -65%         |
| 551,270 | 587,344  | -6%      | 620,821  | -11%     | 551,270  | 620,821   | -11%         |
| 196,812 | 215,778  | -9%      | 215,758  | -9%      | 196,812  | 215,758   | -9%          |
| 35.7%   | 36.7%    | -104 bps | 34.8%    | 95 bps   | 35.7%    | 34.8%     | 95 bps       |
| 752,253 | 765,898  | -2%      | 957,436  | -21%     | 752,253  | 957,436   | -21%         |
| 137,160 | 194,445  | -29%     | 147,462  | -7%      | 137,160  | 147,462   | -7%          |

|         |         |              |         |              |         |         |              |
|---------|---------|--------------|---------|--------------|---------|---------|--------------|
| 493,191 | 871,955 | -43%         | 715,069 | -31%         | 493,191 | 715,069 | -31%         |
| 45.4%   | 22.7%   | 2,271<br>bps | 31.4%   | 1,407<br>bps | 45.4%   | 31.4%   | 1,407<br>bps |

<sup>1</sup> Adjusted by capitalized interests and impairment of inventories and land.

<sup>2</sup> Adjusted by stock option plan expenses (non-cash), minority shareholders, and impairment of inventories, land, and Alphaville.

<sup>3</sup> Backlog results net of PIS/COFINS taxes (3.65%) and excluding the impact of PVA (Present Value Adjustment) method according to Law No. 11.638.

<sup>4</sup> Cash and cash equivalents, and marketable securities.

**<sup>5</sup> Backlog results comprise the projects restricted by condition precedent.**

<sup>6</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.

## OPERATIONAL RESULTS

**Table 3 - Operational Performance (R\$ 000)**

|          |          |              |          |              |           |           |             |
|----------|----------|--------------|----------|--------------|-----------|-----------|-------------|
| 118,936  | 71,144   | 67,2%        | 90,113   | 32,0%        | 728,670   | 553,954   | 31,5%       |
| 153,406  | 188,125  | -18,5%       | 216,988  | -29,3%       | 1,040,848 | 1,131,823 | -8,0%       |
| (58,401) | (51,661) | 13,0%        | (95,407) | -38,8%       | (227,677) | (411,658) | -44,7%      |
| 95,005   | 136,464  | -30,4%       | 121,851  | -22,0%       | 813,172   | 720,164   | 12,9%       |
| 7,20%    | 9,40%    | -2,2<br>p,p, | 7,40%    | -0,2<br>p,p, | 39,90%    | 32,00%    | 7,9<br>p,p, |
| 263,254  | 346,009  | -23,9%       | 41,171   | 539,4%       | 910,255   | 861,325   | 5,7%        |

## Launches

The Company launched one project in 4Q18, the Scena Tatuapé, with total PSV of R\$118.9 million, which, when added to other launches in the year, totaled R\$728.7 million in 2018, 31.5% higher than the total volume launched in 2017. In 4Q18, the estimated launch of three other projects with a PSV of approximately R\$320 million was postponed to 2019. One of the projects was located in an oversupplied region; the two other projects, located in regions that did not reach an adequate development level, required adjustments.

**Table 4 - Launches (R\$ 000)**

|              |      |                |
|--------------|------|----------------|
| São Paulo/SP | 1Q18 | 138,715        |
| São Paulo/SP | 2Q18 | 147,949        |
| Osasco/SP    | 2Q18 | 165,130        |
| São Paulo/SP | 2Q18 | 86,797         |
| São Paulo/SP | 3Q18 | 71,144         |
| São Paulo/SP | 4Q18 | 118,936        |
|              |      | <b>728,671</b> |

3

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## Sales

In 4Q18, gross sales totaled R\$153.4 million, down 18.5% quarter-over-quarter and 29.3% year-over-year. This quarter was a period marked by transformation. Sales lists and several business conditions were reassessed, with the goal of preserving margin and profitability. For instance, we increased the percentage of clients' down payments, which had the initial effect of reducing the speed of sales in the quarter—but will ensure healthier sales and fewer dissolutions going forward.

In the last 12 months, gross sales totaled R\$1.04 billion in 2018 versus R\$1.13 billion in 2017.

Dissolutions came to R\$58.4 million in 4Q18, 38.8% lower than in 4Q17, despite a significantly higher volume of projects delivered year-over-year. Dissolutions reached R\$227.7 million in 2018, reflecting a consistent downward trend (-44.7% p.a.). The average monthly dissolutions decreased from R\$34.3 million in 2017 to R\$19 million in 2018.

The net pre-sales totaled R\$95 million in 4Q18. In 2018, net pre-sales came to R\$813.2 million, 12.9% higher than in 2017.



## Sales Over Supply (SoS)

Quarterly SoS was 7.2% in 4Q18, in line with the same period in the previous year. In the last 12 months, SoS reached 40%, 8 p.p. higher than in 4Q17, bolstered by inventory sales and launch successes. With 100% sales, Upside Pinheiros, a project launched in 1Q18, was the highlight.

## Inventory (Property for Sale)

Inventory at market value was R\$1.225 billion in 4Q18, down 7.1% quarter-over-quarter. This decrease can be attributed to sales in the period as well as sales prices in the quarter that were adjusted with the aim of pricing inventory units at actual market value.

**Table 5 – Inventory at Market Value 4Q18 x 3Q18 (R\$ 000)**

|                  |                |               |                  |                  |                  |              |
|------------------|----------------|---------------|------------------|------------------|------------------|--------------|
| 1,091,812        | 118,936        | 46,269        | (142,234)        | (80,770)         | 1,034,013        | -5.3%        |
| 176,596          | -              | 11,567        | (7,253)          | (37,747)         | 143,163          | -18.9%       |
| 50,290           | -              | 564           | (3,919)          | 954              | 47,890           | -4.8%        |
| <b>1,318,698</b> | <b>118,936</b> | <b>58,401</b> | <b>(153,406)</b> | <b>(117,563)</b> | <b>1,225,066</b> | <b>-7.1%</b> |

<sup>1</sup> Adjustments reflect the updates related to the project scope, launch date, and pricing update in the period.

The positive inventory sales performance decreased inventory turnover from 25 months in 4Q17 to 18 months at the end of 2018.

We emphasize that out of R\$460.6 million finished units, approximately 60% are residential units, which should contribute to sustaining the current level of inventory turnover and the monetization of these assets over the upcoming months. In addition, we point out that 73.5% of total inventory are residential units located in the state of São Paulo, where we are well-positioned to seize opportunities that result from the economic upturn.

5

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**Table 6 – Inventory at Market Value – Financial Progress – POC - (R\$ 000)**

|                |               |                |                |                |                  |
|----------------|---------------|----------------|----------------|----------------|------------------|
| 181,745        | 75,514        | 365,287        | 127,304        | 284,164        | 1,034,013        |
| -              | -             | -              | -              | 143,163        | 143,163          |
| -              | -             | 14,647         | -              | 33,243         | 47,890           |
| <b>181,745</b> | <b>75,514</b> | <b>379,934</b> | <b>127,304</b> | <b>460,570</b> | <b>1,225,066</b> |

**Table 7 – Inventory at Market Value – Commercial x Residential Breakdown - (R\$ 000)**

|                |                |                  |
|----------------|----------------|------------------|
| 900,948        | 133,065        | 1,034,013        |
| 41,905         | 101,258        | 143,163          |
| 47,890         | -              | 47,890           |
| <b>990,743</b> | <b>234,323</b> | <b>1,225,066</b> |

## Delivered Projects and Transfer

In 4Q18 alone, the Company delivered four projects totaling 549 units, with total PSV reaching R\$263.3 million, five times higher than the R\$41.1 million seen in 4Q17. Currently, Gafisa has 14 projects underway, four of which will start works in 2019.

**Table 8 – Deliveries**

|        |        |                   |      |     |        |
|--------|--------|-------------------|------|-----|--------|
| May/18 | Aug/15 | Rio de Janeiro/RJ | 100% | 153 | 87,775 |
| Jun/18 | Oct/15 | São Paulo/SP      | 100% | 230 | 82,190 |
| Jun/18 | Apr/15 | São Paulo/SP      | 100% | 200 | 88,151 |
| Jun/18 | Sep/15 | São Paulo/SP      | 50%  | 221 | 21,462 |
| Jun/18 | Aug/16 | São Paulo/SP      | 50%  | 221 | 21,414 |

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|        |        |                   |      |              |                |
|--------|--------|-------------------|------|--------------|----------------|
| Jul/18 | Nov/15 | São Paulo/SP      | 100% | 151          | 97,414         |
| Aug/18 | Jun/15 | São Paulo/SP      | 100% | 339          | 164,691        |
| Sep/18 | Oct/15 | São Paulo/SP      | 100% | 290          | 83,904         |
| Oct/18 | Oct/15 | São Paulo/SP      | 100% | 42           | 52,119         |
| Nov/18 | Sep/15 | Rio de Janeiro/RJ | 100% | 53           | 24,272         |
| Dec/18 | Oct/15 | São Paulo/SP      | 100% | 22           | 111,343        |
| Dec/18 | Dec/16 | São Paulo/SP      | 50%  | 432          | 75,520         |
|        |        |                   |      | <b>549</b>   | <b>263,254</b> |
|        |        |                   |      | <b>2,354</b> | <b>910,255</b> |

6

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PSV transferred in 4Q18 was up 10%, reaching R\$82.4 million year-over-year, boosted by higher PSV of projects delivered. In 2018, PSV transferred totaled R\$321.3 million, down 27.2% from 2017. This reduction is because approximately 71% of PSV delivered in the quarter occurred in December (Hermann Jr and Barra Vista), with transfer foreseen in the first quarter of 2019.

**Table 9 – Transfer and Deliveries - (R\$ 000)**

|         |         |         |        |         |         |         |         |
|---------|---------|---------|--------|---------|---------|---------|---------|
| 82,400  | 93,027  | -11.42% | 74,824 | 10.13%  | 321,262 | 441,217 | -27.19% |
| 4       | 3       | 33.33%  | 1      | 300.00% | 12      | 9       | 33.33%  |
| 549     | 780     | -29.62% | 293    | 87.37%  | 2,354   | 2,182   | 7.88%   |
| 263,254 | 346,009 | -23.92% | 41,171 | 539.42% | 910,255 | 861,325 | 5.68%   |

<sup>1</sup> PSV transferred refers to the potential sales value of the units transferred to financial institutions;

<sup>2</sup> PSV = Potential sales value of delivered units.

## Landbank

The Company's landbank, with an estimated PSV of R\$3.75 billion, represents 32 potential projects/phases, totaling 6,620 units. Approximately 70% of land was acquired through swaps and was mostly located in the city of São Paulo.

**Table 10 - Landbank (R\$ 000)**

|           |       |       |      |       |       |
|-----------|-------|-------|------|-------|-------|
| 2,410,522 | 79.2% | 73.6% | 5.5% | 4,816 | 5,107 |
| 748,745   | 60.1% | 60.1% | 0.0% | 755   | 892   |
| 594,327   | 30.0% | 30.0% | 0.0% | 1,050 | 1,320 |

**3,753,594    69.8%    66.2%    3.6%    6,620    7,319**

<sup>1</sup> The PSV (% Gafisa) reported is net of swap and brokerage rate.

<sup>2</sup> The swap percentage is measured compared to the historical cost of land acquisition.

<sup>3</sup> Potential units are net of swaps and refer to the Gafisa's and/or its partners' interest in the project.

**Table 11 – Changes in the Landbank (4Q18 x 3Q18 - R\$ 000)**

|                  |   |                |   |                 |                  |
|------------------|---|----------------|---|-----------------|------------------|
| 2,645,527        | - | 118,936        | - | (116,069)       | 2,410,522        |
| 1,230,529        | - | -              | - | (481,784)       | 748,745          |
| 43,074           | - | -              | - | 551,253         | 594,327          |
| <b>3,919,130</b> | - | <b>118,936</b> | - | <b>(46,600)</b> | <b>3,753,594</b> |

\*The amounts reported are net swap and brokerage.

7

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## FINANCIAL RESULTS

### Revenue

Net revenues rose to R\$960.9 million in 2018, up by 22% from 2017, driven by higher sales volume and work evolution in the period. In 4Q18, nearly 30,5% of net revenue is related to projects launched during 2018, reflecting our launches assertiveness.

**Table 12 – Revenue Recognition (R\$ 000)**

| Pre-Sales     | % Sales     | Revenue        | % Revenue     | Pre-Sales      | % Sales     | Revenue        | % Receita     |
|---------------|-------------|----------------|---------------|----------------|-------------|----------------|---------------|
| 36,296        | 38.2%       | 58,808         | 30.5%         | -              | -           | -              | -             |
| 10,673        | 11.2%       | 20,911         | 10.8%         | 52,872         | 43.5%       | 40,021         | 11.7%         |
| 25,612        | 27.0%       | 70,009         | 36.3%         | 22,514         | 18.5%       | 58,834         | 17.2%         |
| 17,262        | 18.2%       | 39,249         | 20.3%         | 31,236         | 25.7%       | 152,215        | 44.5%         |
| 5,161         | 5.4%        | 3,939          | 2.0%          | 14,959         | 12.3%       | 90,987         | 26.6%         |
| <b>95,005</b> | <b>100%</b> | <b>192,917</b> | <b>100.0%</b> | <b>121,581</b> | <b>100%</b> | <b>342,057</b> | <b>100.0%</b> |

<sup>1</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.

### Gross Profit & Margin

In 4Q18, gross profit & margin were impacted by provisions totaling R\$63.1 million, deriving from impairment of certain plots of land and inventory units. Excluding the effect of these adjustments, recurring adjusted gross profit recorded in 4Q18 totaled R\$46.9 million versus approximately R\$91.6 million in 4Q17. In the last 12 months, recurring adjusted gross profit totaled R\$290.8 million in 2018, twice higher than the amount recorded in 2017. Recurring adjusted gross margin in 2018 was 30.3%, 12 p.p. higher than in 2017.

**Table 13 – Gross Margin (R\$ 000)**

|          |          |               |          |         |           |           |              |
|----------|----------|---------------|----------|---------|-----------|-----------|--------------|
| 192,917  | 252,306  | -24%          | 342,057  | -44%    | 960,891   | 786,174   | 22%          |
| (29,710) | 48,746   | -161%         | (81,111) | -63%    | 114,722   | (120,312) | -195%        |
| -15.4%   | 19.3%    | -3,472<br>bps | -23.7%   | 831 bps | 11.9%     | -15.3%    | 2,724<br>bps |
| (13,506) | (31,584) | -57%          | (25,399) | -47%    | (112,904) | (116,515) | -3%          |

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|          |        |               |           |          |          |           |              |
|----------|--------|---------------|-----------|----------|----------|-----------|--------------|
| (16,204) | 80,330 | -120%         | (55,712)  | -71%     | 227,626  | (3,797)   | -6,095%      |
| -8.4%    | 31.8%  | -4,024<br>bps | -16.3%    | 789 bps  | 23.7%    | -0.5%     | 2,417<br>bps |
| (63,145) | -      | -             | (147,332) | -57%     | (63,145) | (147,332) | -57%         |
| 46,942   | 80,330 | -42%          | 91,620    | -49%     | 290,771  | 143,535   | 103%         |
| 24.3%    | 31.8%  | -751 bps      | 26.8%     | -245 bps | 30,3%    | 18.3%     | 1,200<br>bps |

<sup>1</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.

<sup>2</sup> Adjusted by capitalized interests.

<sup>3</sup> Adjusted by impairment of land and inventories.

## Selling, General, and Administrative Expenses (SG&A)

Selling, general, and administrative expenses totaled R\$6.6 million, 85% below 3Q18 and 86% below 4Q17. In the last 12 months, selling, general, and administrative expenses totaled R\$141 million, down 22% from 2017.

Selling expenses totaled R\$11.4 million, down 45% from 3Q18 due to a reduction in i) product marketing and selling expenses, reflecting the gains earned during the 4Q18 turnaround process; and ii) brokerage and sales commission expenses, reflecting lower sales volume in the period. In 2018, the decrease was 4% versus 2017.

General and administrative expenses totaled R\$4.7 million, down 121% from 3Q18 mainly due to (i) the net reversal of bonus provisions for the previous year and current year, amounting to R\$14.8 million in 2018; (ii) reduced services expenses; and (iii) lower salaries and charges expenses. In the last 12 months, general and administrative expenses decreased from R\$92.7 million in 2017 to R\$57.1 million in 2018 due to a reversal of provision for bonus mentioned above as well as lower services and IT expenses.

**Table 14 – SG&A Expenses (R\$ 000)**

|                |                 |             |                 |             |                  |                  |             |
|----------------|-----------------|-------------|-----------------|-------------|------------------|------------------|-------------|
| (11,389)       | (20,653)        | -45%        | (24,399)        | -53%        | (84,431)         | (87,568)         | -4%         |
| 4,752          | (22,300)        | -121%       | (24,165)        | -120%       | (57,089)         | (92,713)         | -38%        |
| <b>(6,637)</b> | <b>(42,953)</b> | <b>-85%</b> | <b>(48,564)</b> | <b>-86%</b> | <b>(141,520)</b> | <b>(180,281)</b> | <b>-22%</b> |

In contrast to other periods in the year, the total amount of other operating expenses reached R\$251.4 million in 4Q18, 67% higher than in 4Q17. A significant amount of this total, 45% or R\$112.8 million derived from the goodwill impairment test to remeasure the 30% stake in Alphaville, yearly conducted based on the future profitability estimate or when circumstances indicate impairment losses.

Another relevant impact in the quarter was the expense relating to provision for contingencies. During the revision of contingency proceedings, we identified a provisioning need for four relevant contingencies: (i) execution referring to the loss of suit totaling R\$33.7 million; (ii) indemnification in affirmative covenant involving former shareholder of the Company, in the amount of R\$26.7 million; (iii) lawsuit referring to construction guarantee

totaling R\$23.2 million, the injunction of which was granted relief on March 7, 2017 ; and (iv) indemnification due to land dissolution, with judgment rendered on September 9, 2015, totaling R\$23.3 million. Furthermore, it is important to note that the impairment of software reached approximately R\$5 million.

**Table 15 – Other Operating Revenues/Expenses (R\$ 000)**

|                  |                 |               |                  |            |                  |                  |            |
|------------------|-----------------|---------------|------------------|------------|------------------|------------------|------------|
| (127,668)        | (17,241)        | 640%          | (46,417)         | 175%       | (172,432)        | (107,848)        | 60%        |
| (112,800)        | -               | -             | (101,953)        | 11%        | (112,800)        | (101,953)        | 11%        |
| (4,963)          | -               | -             | (710)            | 599%       | (4,963)          | (710)            | 599%       |
| (6,003)          | (337)           | 1,681%        | (1,166)          | 415%       | (8,741)          | (1,039)          | 741%       |
| <b>(251,434)</b> | <b>(17,578)</b> | <b>1,330%</b> | <b>(150,246)</b> | <b>67%</b> | <b>(298,936)</b> | <b>(211,550)</b> | <b>41%</b> |

## Adjusted EBITDA

Recurring adjusted EBITDA (excluding litigation expenses and the impairment of inventories, land, software and investment losses in Alphaville) amounted to positive R\$127 million in 2018 versus negative R\$50,8 million in 2017. In 4Q18, adjusted EBITDA according to the same criteria totaled positive R\$29.3 million, 34% below 4Q17.

**Table 16 – Adjusted EBITDA (R\$ 000)**

|           |          |         |           |       |           |           |       |
|-----------|----------|---------|-----------|-------|-----------|-----------|-------|
| (297,017) | (37,225) | 698%    | (372,998) | -20%  | (419,526) | (760,240) | -45%  |
| -         | -        | -       | -         | -     | -         | (98,175)  | -100% |
| 63,145    | -        | -       | 147,332   | -57%  | 63,145    | 147,332   | -57%  |
| (233,872) | (37,225) | 528%    | (225,666) | 4%    | (356,381) | (711,083) | -50%  |
| 22,310    | 19,179   | 16%     | 24,249    | -8%   | 80,521    | 107,268   | -25%  |
| (24,085)  | 670      | -3,695% | (24,773)  | -3%   | (21,751)  | (23,100)  | -6%   |
| 5,772     | 6,393    | -10%    | 6,084     | -5%   | 21,290    | 32,046    | -34%  |
| 13,506    | 31,584   | -57%    | 25,399    | -47%  | 112,904   | 116,515   | -3%   |
| 15        | 634      | -98%    | 2,067     | -99%  | 1,927     | 4,964     | -61%  |
| 170       | (700)    | -124%   | (161)     | -206% | (1,750)   | (281)     | 523%  |
| -         | -        | -       | 62,569    | -100% | -         | 186,856   | -100% |
| 112,800   | -        | -       | 127,429   | -11%  | 112,800   | 127,429   | -11%  |

|         |        |      |        |      |         |          |       |
|---------|--------|------|--------|------|---------|----------|-------|
| 127,668 | 17,241 | 640% | 46,417 | 175% | 172,432 | 107,848  | 60%   |
| 4,963   | -      | -    | 710    | 599% | 4,963   | 710      | 599%  |
| 29,247  | 37,776 | -23% | 44,324 | -34% | 126,954 | (50,828) | -350% |

<sup>1</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.

<sup>2</sup> Adjusted by goodwill impairment test to remeasure the acquisition of Alphaville.

<sup>3</sup> Adjusted by capitalized interests, litigation and stock option plan expenses (non-cash), minority shareholders, and impairment of inventories, land, software and Alphaville.

## Financial Result

In 4Q18, financial results totaled R\$4.3 million, down 29% quarter-over-quarter, reflecting lower balance of cash and cash equivalents in the period; and down 28% year-over-year, due to the interest rate drop in the period. Financial expenses reached R\$26.7 million in 4Q18, 12% lower than in 4Q17 due to reduced interest rates on funding in view of a lower level of indebtedness. Thus, 4Q18 reported a negative net financial result of R\$22.3 million, compared to a negative net financial result of R\$24.3 million in 4Q17.

In the last 12 months, the net financial result was negative R\$80.5 million versus a net loss of R\$107.3 million in 2017.

## Taxes

In 4Q18, income tax and social contribution had a positive impact of R\$24 million, reflecting a tax credit of R\$26 million deriving from the goodwill impairment recorded in the Alphaville investment. For this reason, the provision for income tax and social contribution (IR/CSLL) had a positive impact of R\$21.8 million in 2018.

## Net Result

As a result of effects mentioned above, 4Q18's recorded a positive result of R\$11.6 million, compared to a net loss of around R\$20 million in 3Q18 and in line with R\$11.5 million in 4Q17, excluding results from the impairment of inventories, land, and goodwill of the stake in Alphaville. In the last 12 months, recurring adjusted net loss was R\$66.2 million versus R\$190.1 million in 2017.

**Table 17 – Net Result (R\$ 000)**

|           |          |               |           |              |           |           |              |
|-----------|----------|---------------|-----------|--------------|-----------|-----------|--------------|
| 192,917   | 252,306  | -24%          | 342,057   | -44%         | 960,891   | 786,174   | 22%          |
| (29,710)  | 48,746   | -161%         | (81,111)  | -63%         | 114,722   | (120,312) | -195%        |
| -15.4%    | 19.3%    | -3,472<br>bps | -23.7%    | 8,312<br>bps | 11.9%     | -15.3%    | 2,724<br>bps |
| (13,506)  | (31,584) | -57%          | (25,399)  | -47%         | (112,904) | (116,515) | -3%          |
| (63,145)  | -        | -             | (147,332) | -57%         | (63,145)  | (147,332) | -57%         |
| 46,942    | 80,330   | -42%          | 91,620    | -49%         | 290,771   | 143,535   | 103%         |
| 24.3%     | 31.8%    | -751 bps      | 26.8%     | 2,453<br>bps | 30.3%     | 18.3%     | 1,200<br>bps |
| (233,872) | (37,225) | 528%          | (225,666) | 4%           | (356,381) | (612,908) | -42%         |
| -         | -        | -             | (62,569)  | -100%        | -         | (186,856) | -100%        |
| (112,800) | -        | -             | (127,429) | -11%         | (112,800) | (127,429) | -11%         |
| (127,668) | (17,241) | 640%          | (46,417)  | 175%         | (172,432) | (107,848) | 60%          |
| (4,963)   | -        | -             | (710)     | 599%         | (4,963)   | (710)     | 599%         |
| 11,559    | (19,984) | -158%         | 11,459    | 1%           | (66,186)  | (190,065) | -65%         |

<sup>1</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.

<sup>2</sup> Adjusted by impairment of inventories and land.

<sup>3</sup> Adjusted by capitalized interests, litigation expenses, impairment of inventories, land, software and Alphaville.

## Backlog of Revenues and Results

The balance of backlog revenues totaled R\$196.8 million in 4Q18, with a margin to be recognized of 35.7%, 95 basis points higher than in 4Q17.

**Table 18 – Backlog Results (REF) (R\$ 000)**

|           |           |          |           |        |
|-----------|-----------|----------|-----------|--------|
| 551,270   | 587,344   | -6%      | 620,821   | -11%   |
| (354,458) | (371,566) | -5%      | (405,064) | -12%   |
| 196,812   | 215,778   | -9%      | 215,758   | -9%    |
| 35.7%     | 36.7%     | -104 bps | 34.8%     | 95 bps |

Note: Backlog results net of PIS/COFINS taxes ( 3.65%) and excluding the impact of PVA(Present Value Adjustment) method according to Law No. 11.638.

Backlog results comprise the projects restricted by condition precedent.



## BALANCE SHEET

### Cash and Cash Equivalents and Marketable Securities

On December 31, 2018, cash and cash equivalents and marketable securities totaled R\$137.2 million.

### Receivables

At the end of 4Q18, total accounts receivable totaled R\$1.2 billion, down 13% versus 3Q18. Of this amount, R\$642 million were already recognized in the balance sheet, and R\$468 million are expected to be received in 2019.

**Table 19 – Total Receivables (R\$ 000)**

|                  |                  |             |                  |              |
|------------------|------------------|-------------|------------------|--------------|
| 572,154          | 609,594          | -6%         | 644,340          | -11%         |
| 467,992          | 569,166          | -18%        | 374,886          | 25%          |
| 174,018          | 214,405          | -19%        | 199,317          | -13%         |
| <b>1,214,164</b> | <b>1,393,165</b> | <b>-13%</b> | <b>1,218,543</b> | <b>-0,4%</b> |

Notes: ST – Short term | LT- Long term | PoC – Percentage of Completion Method.

Receivables from developments: accounts receivable not yet recognized according to PoC and BRGAAP.

Receivables from PoC: accounts receivable already recognized according to PoC and BRGAAP.

**Table 20 – Receivables Schedule (R\$ 000)**

|         |         |         |        |       |       |
|---------|---------|---------|--------|-------|-------|
| 642,010 | 467,992 | 108,726 | 59,753 | 1,413 | 4,126 |
|---------|---------|---------|--------|-------|-------|

**Cash Generation**

Cash generation totaled R\$13.7 million in 4Q18 due to greater control of expenses in the quarters, a result of the Company's turnaround process.

**Table 21 – Cash Generation (R\$ 000)**

|           |          |          |          |
|-----------|----------|----------|----------|
| 204,938   | 212,897  | 194,445  | 137,160  |
| 57,476    | 7,959    | (18,452) | (57,285) |
| 983,468   | 964,770  | 960,344  | 889,413  |
| (121,430) | (18,698) | (4,426)  | (70,931) |
| 250,766   | -        | -        | -        |
| (71,860)  | 26,657   | (14,026) | 13,646   |
| (71,860)  | (45,203) | (59,229) | (45,583) |

<sup>1</sup> Cash and cash equivalents. and marketable securities.

## Liquidity

In 4Q18, net debt reached R\$752.3 million, down 21.0% year-over-year.

**Table 22 – Debt and Investor Obligations (R\$ 000)**

|         |         |           |           |           |
|---------|---------|-----------|-----------|-----------|
| 265,666 | 281,325 | -6%       | 207,713   | 28%       |
| 528,140 | 567,696 | -7%       | 733,103   | -28%      |
| 95,607  | 111,323 | -14%      | 164,082   | -42%      |
| 889,413 | 960,344 | -7%       | 1,104,898 | -20%      |
| 137,160 | 194,446 | -29%      | 147,462   | -7%       |
| 752,253 | 765,898 | -2%       | 957,436   | -21%      |
| 493,191 | 871,955 | -43%      | 715,069   | -31%      |
| 152.5%  | 87.8%   | 6,469 bps | 133.9%    | 1,863 bps |
| 45.4%   | 22.7%   | 2,271 bps | 31.4%     | 1,407 bps |

<sup>1</sup> Cash and cash equivalents and marketable securities.

The Company ended 4Q18 with R\$348.4 million in total short-term debt, 39% of total debt versus 51.5% at the end of 4Q17. We point out that during 2018, the Company amortized approximately R\$639.4 million of debts contracted. On December 31, 2018, the consolidated debt average cost was 11.44% p.a., or 178.2% of CDI accumulated in 2018.

**Table 23 – Debt Maturity (R\$ 000)**

|   |         |         |         |         |       |
|---|---------|---------|---------|---------|-------|
| CDI + 3% / CDI +<br>3.75% / CDI + 5.25% /<br>IPCA + 8.37%             | 265,666 | 62,783  | 157,700 | 43,391  | 1,792 |
| TR + 8.30% a 14.19%<br>/ 12.87% / 143% CDI                            | 528,140 | 250,935 | 201,035 | 76,170  | -     |
| 135% CDI / CDI +<br>2.5% / CDI + 3% / CDI<br>+ 3.70% / CDI +<br>4.25% | 95,607  | 34,678  | 15,583  | 45,346  | -     |
|   | 889,413 | 348,396 | 374,318 | 164,907 | 1,792 |

|               |         |         |         |         |       |
|---------------|---------|---------|---------|---------|-------|
|               | -       | -       | -       | -       | -     |
|               | 889,413 | 348,396 | 374,318 | 164,907 | 1,792 |
|               |         | 39%     | 42%     | 19%     | 0.2%  |
|               |         | 72%     | 54%     | 46%     | -     |
|               |         | 28%     | 46%     | 54%     | 100%  |
| 40.6% / 59.4% |         |         |         |         |       |

## **SUBSEQUENT EVENTS**

### **New Headquarters Address**

On January 8, 2019, a lease agreement was signed for the Company's new headquarters in São Luiz Condominium, at Av. Pres. Juscelino Kubitschek, 1830. With our headquarters moving to a location better-suited to us, there will be a reduction in leasing, condominium, and IPTU (municipal real estate tax) expenses by approximately R\$4 million p.a.

### **Change in Relevant Shareholding**

#### **GWI's reduced stake**

On February 14, 2019, the GWI Group reduced its stake in the Company to 7.70% of common shares issued by the Company (3,338,600 shares). On February 20, 2019, GWI Group then held 2,199,300 shares, accounting for 4.89% of the Company's capital stock, no longer holding relevant shareholding in Gafisa.

#### **Planner's increased interest**

On February 14, 2019, Planner, by means of investment funds managed by it, reached an equity interest of eight million (8,000,000) common shares issued by Gafisa, corresponding to 18.45% of total common shares issued by the Company. In a notice sent to the Company, Planner stated its intention to change Gafisa's administrative structure, undertaking to keep the market informed on this issue.

### **Change in the Board of Directors**

On February 17, 2019, the following Messrs. were elected to hold two remaining positions in the Company's Board of Directors, with terms lasting until the next General Meeting of the Company:

Augusto Marques da Cruz Filho: Augusto holds a PhD in Economic Theory from the Institute of Economic Research (IPE) of the University of São Paulo, graduated in Economic Sciences from the Economic and Administration University of the University of São Paulo (FEA-USP), and

attended Abroad Developments in Insead – Institut Européen d'Administration des Affaires. For 11 years he has occupied various roles at Grupo Pão de açúcar: Executive Officer, Administrative and Financial Officer, and Chief Officer until leaving the position in 2005. Between 2005 and 2010 he was a member of the Board of Directors and Audit Committee of B2W. Since April 2016, he has been President of the Board of Directors of BR Distribuidora. He is also a member of the Board of Directors of JSL S.A. and General Shopping.

Oscar Segall: Oscar is a strong figure in the Brazilian real estate market. He co-founded Klabin Segall and headed BTG Pactual's real estate department. He led the launch of over 130 projects, delivered more than 25,000 units, and won several real estate awards. In addition to his vast experience in the domestic market, Oscar has experience buying and selling land in the US market and developing real estate projects.

On this same date, Messrs. Mu Hak You and Thiago Hi Joon You tendered their resignation as members of the Board of Directors, which continues being composed of five (5) sitting members.

On March 15, 2019, the following Messrs. were elected to hold two remaining positions in the Company's Board of Directors, with a term of office until the next Shareholders' Meeting of the Company:

Thomas Reichenheim: he holds a degree in Business Administration from Getúlio Vargas Foundation (1972) and in Law from FMU (Faculdades Metropolitanas Unidas) - 1972. Mr. Reichenheim is a former officer of several companies, notably, Banco Auxiliar, Banco Auxiliar de Investimento, Auxiliar Seguradora, La Fonte Fechaduras, and LFTel S.A. He is the general partner of Carisma Comercial Ltda., T.R Portfolios Ltda. and advisor in IPOs and financial institutions.

Roberto Portella: he is a partner of the law firm Demarest Almeida, Advisory Sector, member of the Legal Committee of the American Chamber for Brazil (AMCHAN-SP), member of Petro S.A.'s Fiscal Council.

The Board of Directors is now composed of 7 sitting members.

### **Annual Shareholders' Meeting**

In view of the nomination of new members of the Board of Directors, and the new composition of the Audit Committee, with a 2/3 change of its members to better assess the financial statements, the Company altered the date of the Annual Shareholders' Meeting from April 24, 2019, to April 30, 2019.

### **Extraordinary Shareholders' Meeting**

On March 15, 2019, the Company received a letter from Planner Corretora de Valores S.A. and Planner Redwood Asset Management Administração de Recursos Ltda. (both jointly referred to as "Planner"), in the capacity of investment fund managers, which jointly hold 18.55% of Gafisa's capital stock, requesting the Company's Board of Directors to call for an Extraordinary Shareholders' Meeting ("ESM"). Referred Planner's call for an ESM follows its intention of altering Gafisa's administrative structure.

The Extraordinary Shareholders' Meeting is scheduled for April 15, 2019, at 9:00 a.m. at the Company's headquarters.

15

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São Paulo, March 28, 2019.

Alphaville Urbanismo SA released its results for the fourth quarter of 2018.

### Financial Results

In 4Q18, net revenue came in at negative R\$32 million and net loss totaled R\$222 million.

|                    |      |      |      |      |      |      |
|--------------------|------|------|------|------|------|------|
| <b>Net revenue</b> | -32  | -45  | 69   | 108  | -29% | -36% |
| <b>Net Income</b>  | -222 | -350 | -755 | -764 | -37% | -1%  |

It is worth mentioning that Gafisa discontinued the recognition of its share in future losses after reducing the accounting balance of its 30% stake in Alphaville's share capital to zero.

For further information, please contact our Investor Relations team at [ri@alphaville.com.br](mailto:ri@alphaville.com.br) or +55 11 3038-7131.



## Consolidated Income Statement

|  | 4Q18             | 3Q18            | Q/Q (%)       | 4Q17 <sup>1</sup> | Y/Y (%)     | 12M18            | 12M17 <sup>1</sup> | Y/Y (%)      |
|--|------------------|-----------------|---------------|-------------------|-------------|------------------|--------------------|--------------|
| <b>Net Revenue</b>                       | 192,917          | 252,306         | -24%          | 342,057           | 44%         | 960,891          | 786,174            | 22%          |
| <b>Operating Costs</b>                   | (222,627)        | (203,560)       | 9%            | (423,168)         | -47%        | (846,169)        | (906,486)          | -7%          |
| <b>Gross Profit</b>                      | <b>(29,710)</b>  | <b>48,746</b>   | <b>-161%</b>  | <b>(81,111)</b>   | <b>-63%</b> | <b>114,722</b>   | <b>(120,312)</b>   | <b>-195%</b> |
| Gross Margin                             | -15.4%           | 19.3%           | -3,472 bps    | -6.5%             | -892 bps    | 11.9%            | -15.3%             | 2,724 bps    |
| <b>Operating Expenses</b>                | <b>(268,912)</b> | <b>(66,822)</b> | <b>302%</b>   | <b>(292,572)</b>  | <b>-8%</b>  | <b>(477,228)</b> | <b>(654,216)</b>   | <b>-27%</b>  |
| Selling Expenses                         | (11,389)         | (20,653)        | -45%          | (24,399)          | -53%        | (84,431)         | (87,568)           | -4%          |
| General and Administrative Expenses      | 4,752            | (22,300)        | -121%         | (24,165)          | -120%       | (57,089)         | (92,713)           | -38%         |
| Other Operating Revenue/Expenses         | (251,434)        | (17,578)        | 1,330%        | (150,246)         | 67%         | (298,935)        | (211,550)          | 41%          |
| Depreciation and Amortization            | (5,772)          | (6,393)         | -10%          | (31,560)          | -82%        | (21,290)         | (57,522)           | -63%         |
| Equity Income                            | (5,069)          | 102             | -5,070%       | (62,202)          | -92%        | (15,483)         | (204,863)          | -92%         |
| <b>Operational Result</b>                | <b>(298,622)</b> | <b>(18,076)</b> | <b>1,552%</b> | <b>(373,683)</b>  | <b>-20%</b> | <b>(362,506)</b> | <b>(774,528)</b>   | <b>-53%</b>  |
| Financial Income                         | 4,342            | 6,130           | -29%          | 6,053             | -28%        | 19,553           | 29,733             | -34%         |
| Financial Expenses                       | (26,652)         | (25,309)        | 5%            | (30,302)          | -12%        | (100,074)        | (137,001)          | -27%         |
| <b>Net Income Before Taxes on Income</b> | <b>(320,932)</b> | <b>(37,255)</b> | <b>761%</b>   | <b>(397,932)</b>  | <b>-19%</b> | <b>(443,027)</b> | <b>(881,796)</b>   | <b>-50%</b>  |
| Deferred Taxes                           | 25,100           | -               | -             | 25,932            | -3%         | 25,100           | 25,932             | -3%          |
| Income Tax and Social Contribution       | (1,015)          | (670)           | 51%           | (1,159)           | -12%        | (3,349)          | (2,832)            | 18%          |
| <b>Net Income After Taxes on Income</b>  | <b>(296,847)</b> | <b>(37,925)</b> | <b>683%</b>   | <b>(373,159)</b>  | <b>-20%</b> | <b>(421,276)</b> | <b>(858,696)</b>   | <b>-51%</b>  |
| Continued Op. Net Income                 | (296,847)        | (37,925)        | 683%          | (373,159)         | -20%        | (421,276)        | (858,696)          | -51%         |
| Discontinued Op. Net Income              | -                | -               | -             | -                 | -           | -                | 98,175             | -100%        |
| Minority Shareholders                    | 170              | (700)           | -124%         | (161)             | -206%       | (1,750)          | (281)              | 523%         |
| <b>Net Income</b>                        | <b>(297,017)</b> | <b>(37,225)</b> | <b>698%</b>   | <b>(372,998)</b>  | <b>-20%</b> | <b>(419,526)</b> | <b>(760,240)</b>   | <b>-45%</b>  |

<sup>1</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.

17

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## Consolidated Balance Sheet

|   | 4Q18             | 3Q18             | Q/Q (%)     | 4Q17 <sup>1</sup> | Y/Y (%)     |
|---|------------------|------------------|-------------|-------------------|-------------|
| <b>Current Assets</b>                     |                  |                  |             |                   |             |
| Cash and Cash equivalents                 | 32,304           | 7,931            | 307%        | 28,527            | 13%         |
| Securities                                | 104,856          | 186,515          | -44%        | 118,935           | -12%        |
| Receivables from clients                  | 467,993          | 569,166          | -18%        | 374,886           | 25%         |
| Properties for sale                       | 890,460          | 858,726          | 4%          | 990,286           | -10%        |
| Other accounts receivable                 | 106,943          | 104,116          | 3%          | 110,626           | -3%         |
| Prepaid expenses and other                | 2,668            | 3,184            | -16%        | 5,535             | -52%        |
| Land for sale                             | 78,148           | 34,212           | 128%        | 102,352           | -24%        |
| Non-current asset for sale                | -                | -                | -           | -                 | -           |
| <b>SubTotal</b>                           | <b>1,683,371</b> | <b>1,763,850</b> | <b>-5%</b>  | <b>1,731,147</b>  | <b>-3%</b>  |
| <b>Long-term Assets</b>                   |                  |                  |             |                   |             |
| Receivables from clients                  | 174,017          | 214,405          | -19%        | 199,317           | -13%        |
| Properties for sale                       | 198,941          | 263,937          | -25%        | 339,797           | -41%        |
| Other                                     | 123,603          | 116,874          | 6%          | 86,351            | 43%         |
| <b>Subtotal</b>                           | <b>496,561</b>   | <b>595,216</b>   | <b>-17%</b> | <b>625,465</b>    | <b>-21%</b> |
| Intangible, Property and Equipment        | 31,843           | 43,047           | -26%        | 40,622            | -22%        |
| Investments                               | 314,505          | 465,438          | -32%        | 479,126           | -34%        |
| <b>Total Assets</b>                       | <b>2,526,280</b> | <b>2,867,551</b> | <b>-12%</b> | <b>2,876,360</b>  | <b>-12%</b> |
| <b>Current Liabilities</b>                |                  |                  |             |                   |             |
| Loans and financing                       | 285,612          | 170,171          | 68%         | 481,073           | -41%        |
| Debentures                                | 62,783           | 31,196           | 101%        | 88,177            | -29%        |
| Obligations for purchase of land advances | 113,355          | 145,468          | -22%        | 156,457           | -28%        |
| from customers                            |                  |                  |             |                   |             |
| Material and service suppliers            | 119,847          | 106,363          | 13%         | 98,662            | 21%         |
| Taxes and contributions                   | 57,276           | 56,822           | 1%          | 46,430            | 23%         |
| Other                                     | 400,142          | 297,503          | 35%         | 385,444           | 4%          |
| <b>Subtotal</b>                           | <b>1,039,015</b> | <b>807,523</b>   | <b>29%</b>  | <b>1,256,243</b>  | <b>-17%</b> |
| <b>Long-term liabilities</b>              |                  |                  |             |                   |             |
| Loans and financings                      | 338,135          | 508,848          | -34%        | 416,112           | -19%        |
| Debentures                                | 202,883          | 250,129          | -19%        | 119,536           | 70%         |
| Obligations for Purchase of Land and      | 196,076          | 207,765          | -6%         | 152,377           | 29%         |

|   |                  |                  |             |                  |             |
|---|------------------|------------------|-------------|------------------|-------------|
| advances from customers                           |                  |                  |             |                  |             |
| Deferred taxes                                    | 49,372           | 74,473           | -34%        | 74,473           | -34%        |
| Provision for Contingencies                       | 155,608          | 98,557           | 58%         | 82,063           | 90%         |
| Other   | 52,000           | 48,301           | 8%          | 60,487           | -14%        |
| <b>Subtotal</b>                                   | <b>994,074</b>   | <b>1,188,073</b> | <b>-16%</b> | <b>905,048</b>   | <b>10%</b>  |
| <b>Shareholders' Equity</b>                       |                  |                  |             |                  |             |
| Shareholders' Equity                              | 491,317          | 870,252          | -44%        | 711,222          | -31%        |
| Minority Interest                                 | 1,874            | 1,703            | 10%         | 3,847            | -51%        |
| <b>Subtotal</b>                                   | <b>493,191</b>   | <b>871,955</b>   | <b>-43%</b> | <b>715,069</b>   | <b>-31%</b> |
| <b>Total liabilities and Shareholders' Equity</b> | <b>2,526,280</b> | <b>2,867,551</b> | <b>-12%</b> | <b>2,878,360</b> | <b>-12%</b> |

<sup>1</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.

## Consolidated Cash Flow

|  | <b>4Q18</b>      | <b>4Q17<sup>1</sup></b> | <b>12M18</b>     | <b>12M17<sup>1</sup></b> |
|--|------------------|-------------------------|------------------|--------------------------|
| <b>Net Income (Loss) before taxes</b>  | <b>(320,931)</b> | <b>(397,932)</b>        | <b>(443,027)</b> | <b>(881,796)</b>         |
| <b>Expenses/revenues that does not impact working capital</b>                | <b>203,511</b>   | <b>193,567</b>          | <b>227,218</b>   | <b>481,285</b>           |
| <b>Depreciation and amortization</b>   | 5,772            | 6,084                   | 21,290           | 32,046                   |
| <b>Impairment</b>  | (35,220)         | 147,332                 | (74,689)         | 136,191                  |
| <b>Expense with stock option plan</b>  | 15               | 2,066                   | 1,927            | 4,964                    |
| <b>Unrealized interest and fees, net</b>                                     | 927              | (807)                   | 11,156           | 46,168                   |
| <b>Equity Income</b>   | 5,069            | 62,202                  | 15,483           | 204,863                  |
| <b>Provision for guarantee</b>   | (474)            | 3,941                   | (4,130)          | (3,498)                  |
| <b>Provision for contingencies</b>   | 127,668          | 46,417                  | 172,432          | 107,848                  |
| <b>Profit Sharing provision</b>  | (18,545)         | 3,981                   | (14,750)         | 13,375                   |
| <b>Provision (reversal) for doubtful accounts</b>                            | (22,790)         | (205,050)               | (41,827)         | (187,283)                |
| <b>Gain / Loss of financial instruments</b>                                  | -                | (28)                    | (763)            | (818)                    |
| <b>Impairment losses</b>   | 112,800          | 101,953                 | 112,800          | 101,953                  |
| <b>Goodwill write-off AUSA</b>   | -                | 25,476                  | -                | 25,476                   |
| <b>Stock sale update</b>   | 28,289           | -                       | 28,289           | -                        |
| <b>Clients</b>   | 21,332           | 79,562                  | (95,740)         | 260,090                  |
| <b>Properties held for sale</b>  | 132,643          | 82,661                  | 339,575          | 346,210                  |
| <b>Other accounts receivable</b>   | (6,516)          | (45)                    | (15,880)         | (9,317)                  |
| <b>Prepaid expenses and deferred sales expenses</b>                          | 516              | (9)                     | 2,867            | (2,987)                  |
| <b>Obligations on land purchase and advances from clients</b>                | (43,802)         | 40,037                  | 597              | 13,137                   |
| <b>Taxes and contributions</b>   | 454              | (3,982)                 | 10,846           | (5,412)                  |
| <b>Suppliers</b>   | 24,202           | 8,163                   | 32,732           | 18,683                   |
| <b>Payroll, charges, and provision for bonuses</b>                           | (9,539)          | (5,379)                 | (6,459)          | (14,266)                 |
| <b>Other liabilities</b>   | 59,599           | 15,052                  | (3,434)          | (20,341)                 |
| <b>Related party operations</b>  | (2,055)          | (4,642)                 | (14,497)         | (27,548)                 |
| <b>Taxes paid</b>  | (1,014)          | (1,159)                 | (3,348)          | (2,832)                  |
| <b>Cash provided by/used in operating activities /discontinued operation</b> | -                | -                       | -                | 51,959                   |
| <b>Net cash from operating activities</b>                                    | <b>58,390</b>    | <b>5,924</b>            | <b>31,450</b>    | <b>206,865</b>           |
| <b>Investment Activities</b>   | -                | -                       | -                | -                        |
| <b>Acquisition of properties and equipment</b>                               | 5,432            | (2,093)                 | (12,511)         | (20,463)                 |
| <b>Capital contribution to parent company</b>                                | (641)            | (3,892)                 | (4,629)          | (2,598)                  |
| <b>Redemption of securities, collaterals, and credits</b>                    | 222,333          | 332,660                 | 1,104,875        | 1,183,878                |
| <b>Investment in marketable securities and restricted credits</b>            | (140,674)        | (322,223)               | (1,090,796)      | (1,079,167)              |

|  |                  |                  |                 |                  |
|--|------------------|------------------|-----------------|------------------|
| <b>Cash provided by/used in investment activities / discontinued operation</b> | -                | -                | -               | 48,663           |
| <b>Transaction costs from discontinued operation</b>                           | -                | -                | -               | (9,545)          |
| <b>Receivable of preemptive right exercise ref, Tenda</b>                      | -                | -                | -               | 219,510          |
| <b>Net cash from investment activities</b>                                     | -                | 105,170          | -               | 105,170          |
| <b>Cash provided by/used in investment activities / discontinued operation</b> | <b>86,450</b>    | <b>109,622</b>   | <b>(3,061)</b>  | <b>445,448</b>   |
| <b>Funding Activities</b>  | -                | -                | -               | -                |
| <b>Related party contributions</b>   | -                | -                | -               | (1,237)          |
| <b>Addition of loans and financing</b>   | 34,927           | 197,565          | 412,768         | 453,370          |
| <b>Amortization of loans and financing</b>                                     | (106,785)        | (311,130)        | (639,409)       | (1,032,206)      |
| <b>Assignment of credit receivables, net</b>                                   | -                | -                | -               | 21,513           |
| <b>Related Parties Operations</b>  | (446)            | (581)            | (1,289)         | 5,044            |
| <b>Sale of treasury shares</b>   | -                | 501              | 715             | 818              |
| <b>Cash provided by/used in financing activities/ discontinued operation</b>   | -                | -                | -               | 24,089           |
| <b>Proceeds from sale of treasury shares</b>                                   | (48,163)         | -                | (48,163)        | -                |
| <b>Capital Increase</b>  | -                | -                | 167             | -                |
| <b>Subscription and payment of common shares</b>                               | -                | -                | 250,599         | -                |
| <b>Net cash from financing activities</b>                                      | <b>(120,467)</b> | <b>(113,645)</b> | <b>(24,612)</b> | <b>(528,609)</b> |
| <b>Net cash variation for sales operations</b>                                 | -                | -                | -               | (124,711)        |
| <b>Increase (decrease) in cash and cash equivalents</b>                        | 24,373           | 1,901            | 3,777           | (1,007)          |
| <b>Beginning of the period</b>   | 7,931            | 26,626           | 28,527          | 29,534           |
| <b>End of the period</b>   | 32,304           | 28,527           | 32,304          | 28,527           |
| <b>Increase (decrease) in cash and cash equivalents</b>                        | <b>24,373</b>    | <b>1,901</b>     | <b>3,777</b>    | <b>(1,007)</b>   |

<sup>1</sup> Resubmitted by adoption of IRFS 15 and IFRS 9.



*This release contains forward-looking statements about business prospects, estimates for operating and financial results, and Gafisa's growth prospects. These are merely projections and, as such, are based exclusively on the expectations of management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy, and the industry, among other factors; therefore, they are subject to change without prior notice.*

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 28, 2019

**Gafisa S.A.**

By:

*/s/ Ana Maria Loureiro Recart*

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Name: Ana Maria Loureiro Recart  
Title: Chief Executive Officer

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