

## 2012 - Earnings Release

Tarpon Investimentos S.A. ("Tarpon" or "the Company"), through its subsidiaries, conducts public and private equity investment activity through funds and managed accounts under its management ("Tarpon Funds"). Tarpon's goal is to provide, in the long run, above-market returns.

Tarpon's shares are traded on the Novo Mercado segment of the BM&FBOVESPA under the ticker TRPN3.

### 2012 Conference Call

[Call in English](#)

**Date:** Wednesday, January 30th  
2013

**Time:**  
1:00 pm (Brasilia)  
10:00 am (US East)

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**Webcast:**  
[http://extranet.voitel.com.br/audiocasting/Audiocasting\\_Participante.html?NameRoom=n23976191](http://extranet.voitel.com.br/audiocasting/Audiocasting_Participante.html?NameRoom=n23976191)

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### 2012 - Highlights

Service gross revenues related to asset management business amounted to R\$ 18.8 million in the fourth quarter of 2012.

#### ✓ Portfolio Funds performance:

	<u>4Q12</u>	<u>4Q11</u>
Long-Only Equity in R\$	8.7%	7.9%
Long-Only Equity in US\$	7.8%	6.2%
Hybrid-Equity in R\$	9.0%	0.5%
Hybrid-Equity in US\$	6.9%	7.2%
Ibovespa index in R\$	3.0%	8.5%
IBX index in R\$	4.9%	9.3%

✓ **Commitments / Redemptions:** On the quarter Tarpon Funds received net redemptions in the amount of R\$ 203 million;

✓ **Assets under management:** R\$7.7 billion of Portfolio Funds strategies and R\$ 0.6 billion of Co-Investment strategy, amounting R\$ 8.3 billion of assets under management 3% increase over September 30, 2012 and an increase of 21% when compared to December 31, 2011;

#### ✓ Operating revenues:

Revenues related to management fees: R\$18.2 million in 4Q12 and R\$79.5 million in 2012.

Revenues related to performance fees: R\$0.6 million in 4Q12 and R\$20.6 million in 2012.

✓ **Net income:** R\$8.5 million in 4Q12 and R\$40.7 million in the year of 2012.

### STOCK MARKET

Information as of: 01/28/2013

#### Market cap:

R\$737.1 million

**Stock quote TRPN3:** R\$15.89

**O/S:** 46,387,332



## 2012 - Highlights

In September 2012, we launched the Tarpon Partners, a group of investment funds in our hybrid portfolio strategy.

With the creation of Tarpon Partners, we hope to achieve two main objectives: (i) extend the liquidity profile of Tarpon's clients, resulting in higher capital stability; and (ii) significantly increase Tarpon's capacity to carry out illiquid investments, in accordance with our long-term investment strategy.

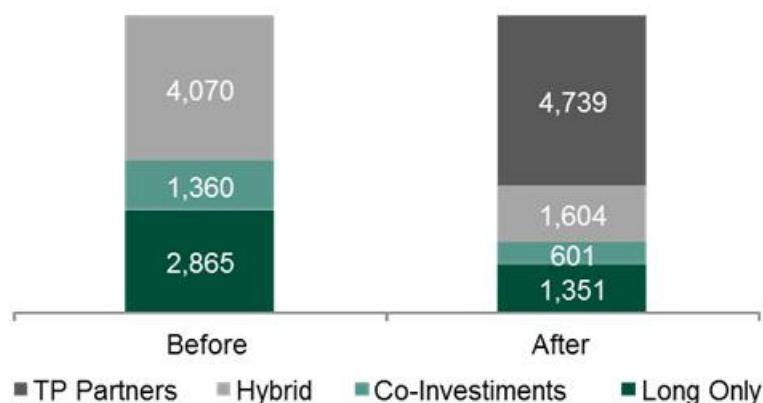
Currently, Tarpon Partners has approximately R\$ 4.7 billion, including the migration of existing investments (portion of such migration is in the final stages of implementation) and new commitments. We intend to continue to receive new commitments into Tarpon Partners.

Like other funds in our hybrid portfolio strategy, the Tarpon Partners will have its portfolio invested in public equities and private equity (including interests in private companies or public companies when our investment involves active participation). But in Tarpon Partners, the limit for allocation in private equity investments is greater, equivalent to up to 75% of fund's assets

The liquidity terms of Tarpon Partners are also differentiated from other funds within the strategy. Investor withdrawals from the liquid investment pool may be paid in up to 12 quarterly installments, for a total payment period of three years. For private equity investments, Tarpon shall seek the listing of privately-held securities or transfer illiquid investments to the liquid pool until the 8th anniversary (including extensions) of each investment.

Tarpon Partners' management fee is 0.75% per annum. Consistent with the fund's liquidity profile, the performance fee will be charged at the rate of 20% over IPCA+6% per annum, beginning in June 2013 and thereafter every 2 years.

Bellow you find the segregation of AuM after the migration:



## ***About Tarpon Investimentos***

Tarpon, through its subsidiaries, is dedicated to value-oriented investments in public and private equity. Our goal is to provide, in the long-run, above-market returns.

Our investment philosophy is supported by six tenets:

### **Focus on intrinsic value**

We search for investments that, in the long-run, provide above-market returns and where market prices reflect a substantial discount to intrinsic value.

### **Portfolio concentration**

We believe in concentration: each invested company has a meaningful impact on the portfolio and allows us to obtain deep understanding of these companies.

### **Contrarian approach**

We look for investment opportunities that are not evident and that are generally overlooked by the public market. We aim to develop an independent view from market consensus.

### **High Conviction**

We have a disciplined investment process that allows us to have a high degree of conviction related to each investment decision.

### **Long-term perspective**

We are looking at long-term time frames to capture the potential value of each investment.

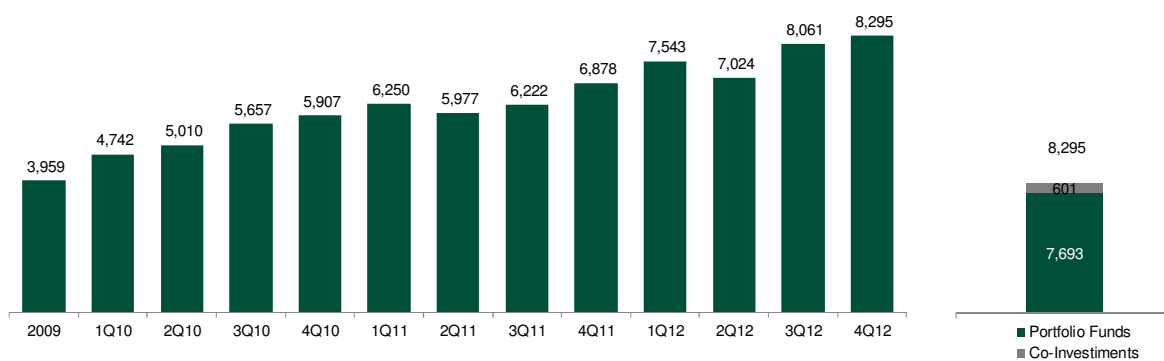
### **Value Creation**

We often work to develop a value creation agenda together with our invested companies.

## Assets under management

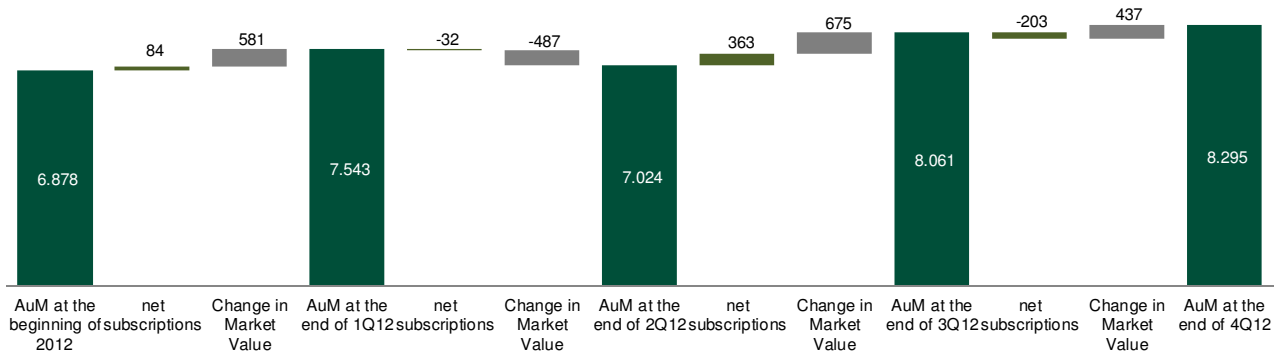
Our assets under management (“AuM”) amounted to R\$8.3 billion as of December 31<sup>st</sup> 2012, an increase of 3% when compared to R\$8.1 billion AuM as of September 30<sup>th</sup> 2012 and an increase of 21% when compared to the fourth quarter of 2011.

Total AuM historical growth - R\$ million



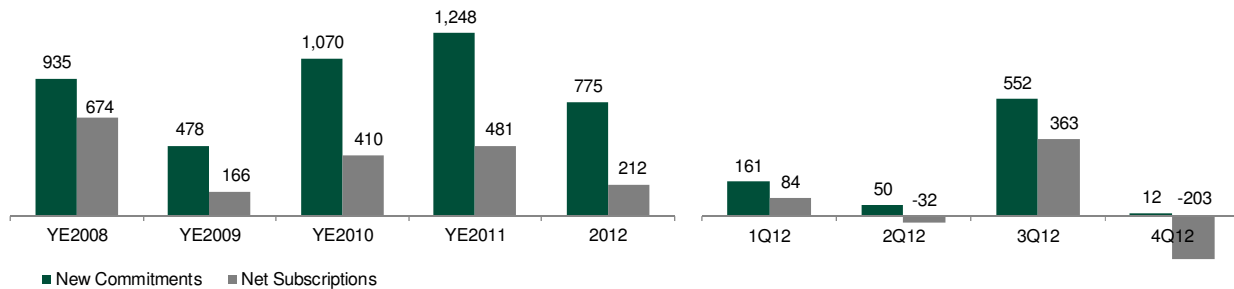
The AuM in the quarter reflected the impact of R\$ 203 million of net redemptions and R\$ 437 million of positive change in market value of Portfolio Fund’s (including changes in asset prices and exchange rates).

AuM growth - R\$ million



New commitments: the Tarpon Funds received net redemptions (new commitments net of redemptions paid in the quarter) in the amount of R\$203 million during the quarter, year to date the Tarpon Funds received net subscriptions of R\$ 212 million.

## Commitments - R\$ million



## Investment Strategy

We conduct our asset management activity through two main investment strategies:

### Portfolio Funds

*(Public and private equity investments)*

The Portfolio Funds strategy comprises the Tarpon Funds that invest in either public equities or privately held companies in Brazil or other Latin American countries.

As of December 31<sup>st</sup> 2012, AuM allocated to the strategy amounted to R\$7.7 billion.

### Co-Investment Strategy

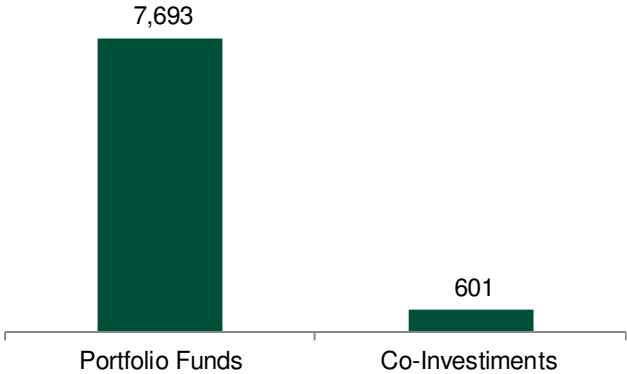
*(Public and private equity investments)*

The co-investment strategy serves as a sidecar/co-investment structure whose primary objective is to increase Tarpon's exposure to selected invested companies.

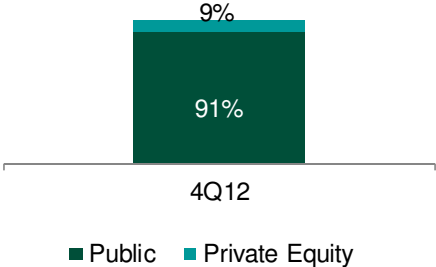
As of December 31<sup>st</sup> 2012, AuM allocated to the co-investment strategy amounted to R\$0.6 billion.

As indicated in the chart below, public-equity allocation accounted for 91% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 9%.

**AuM by investment strategy – R\$ million**



**AuM by investment approach  
(invested capital)**



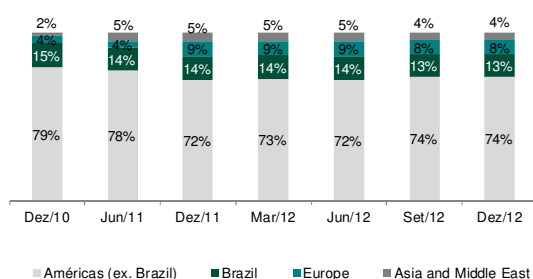
# TARPON

## Investor base

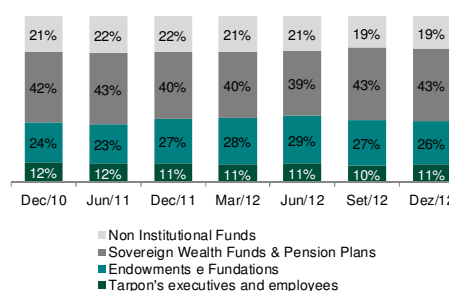
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of December 31<sup>st</sup>, 2012, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds accounted for 69% of total AuM. The capital invested by our executives and employees represented 11% of assets.

AuM by geographical region



AuM by investor type



## Investment performance

During the quarter, the Portfolio Funds Long-Only Equity strategy posted net returns of 8.66% in R\$ and 7.78% in US\$. The accumulated annualized returns of this strategy is 31.23% in R\$ and 29.33% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 6.87% in US\$ and 8.95% in R\$ in the quarter. Net annualized performance is 22.68% in US\$ and 9.14% in R\$ since launch.

We do not follow any stock market index as a performance benchmark. For illustrative purposes, during the quarter, Ibovespa and IBX Indexes posted returns of 3.00% and 4.85%, respectively (both in R\$), returns in US\$ were 2.35% and 4.19% for Ibovespa and IBX, respectively.

Strategy	Inception	Performance <sup>(1)(2)</sup>					Since launch (annualized)
		4Q12	2012	LTM	2 years	5 years	
Portfolio Funds Long-Only Equity (R\$)	May 2002	8.66%	19.84%	19.84%	26.13%	121.40%	31.23%
Portfolio Funds Long-Only Equity (US\$)	May 2002	7.78%	9.43%	9.43%	-1.30%	84.24%	29.33%
Portfolio Funds Hybrid-Equity (R\$)	Oct 2011	8.95%	12.11%	12.11%	-	-	9.14%*
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	6.87%	6.12%	6.12%	2.74%	90.32%	22.68%
Stock market index		4Q12	2012	LTM	2 years	5 years	
Ibovespa (R\$)		3.00%	7.40%	7.40%	-12.05%	-4.59%	
IBX (R\$)		4.85%	11.55%	11.55%	-1.16%	2.08%	
Ibovespa (US\$)		2.35%	-1.42%	-1.42%	-28.29%	-17.30%	
IBX (US\$)		4.19%	2.40%	2.40%	-19.41%	-11.52%	

(1) Performance net of fees.

(2) Performance up to December 31<sup>st</sup>, 2012.

\* Performance calculated since the beginning of the strategy, October, 26<sup>th</sup> 2011.



## Financial highlights

### Summary of results

*Financial highlights - R\$ million*

	2012	2011
<b>Gross revenues</b>	<b>100.1</b>	<b>255.9</b>
Management fees	79.5	64.6
Performance fees	20.6	191.3
<b>Net revenues</b>	<b>96.9</b>	<b>241.5</b>
<b>Operating expenses</b>	<b>(40.7)</b>	<b>(77.0)</b>
Recurring: general administration, payroll & others	(30.1)	(26.2)
Non recurring: stock option, variable comp., profit sharing	(10.6)	(50.8)
<b>Results from operating activities</b>	<b>56.2</b>	<b>164.5</b>
<i>Operating margin</i>	58%	68%
<b>Results from financial activities</b>	<b>6.0</b>	<b>10.2</b>
Finance Expense / Income	6.0	10.2
<b>Income tax and social contribution</b>	<b>(21.5)</b>	<b>(65.2)</b>
<b>Net Income</b>	<b>40.7</b>	<b>109.5</b>
<i>Net margin</i>	42%	45%
Earnings per share (R\$/share) *	0.85	2,27
O/S	47,849	48,193
<b>AuM (end of period)</b>	<b>8,295</b>	<b>6,878</b>

(\*) – Earnings per share are calculated using the weighted average shares.  
 Note: the margins indicated are calculated over net operating revenues.

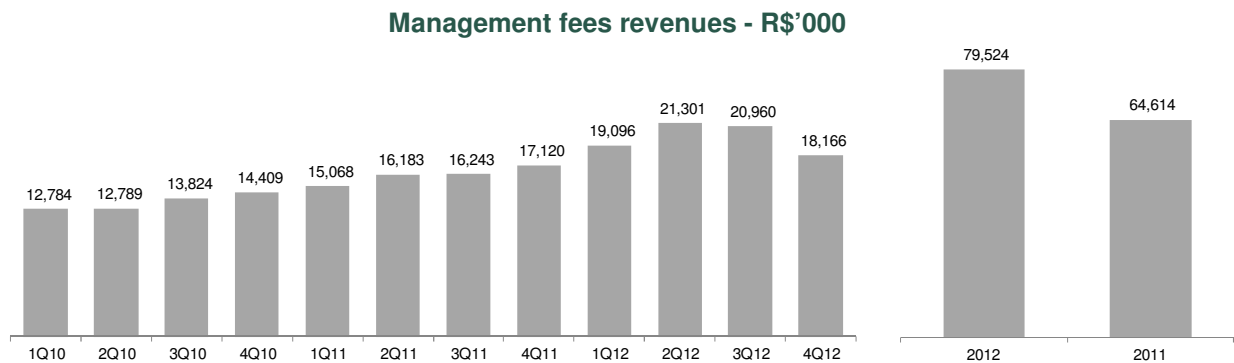
### Operating revenues

Operating revenues are composed of revenues related to management fees – recurring income flow based on the Tarpon Funds' net asset value – and revenues related to performance fees income flow with higher volatility based on the performance rendered by the Tarpon Funds.

## Revenues related to management fees

Management fees are charged on the Tarpon Funds based on the amount of called capital.

During the quarter, gross revenues related to management fees amounted to R\$18.2 million, equivalent to 99% of the operating revenues on the quarter. These revenues decreased 13% when comparing 4Q12 with 3Q12 and presented a 6% increase when compared to 4Q11.



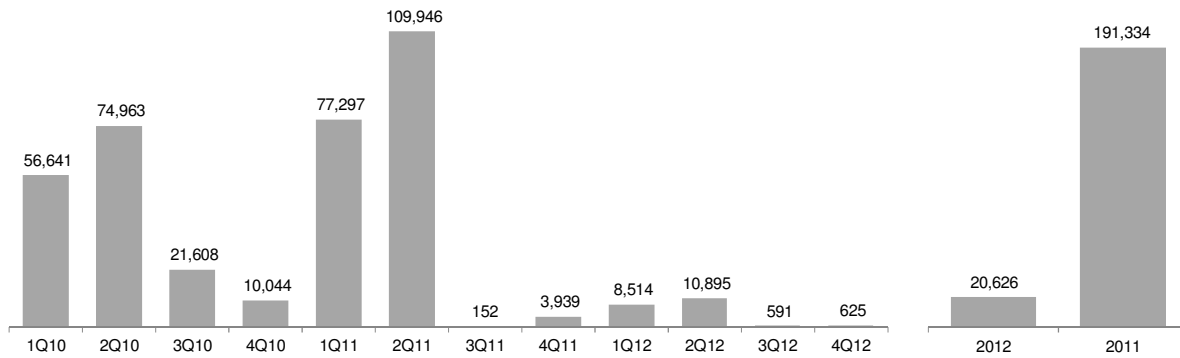
## Revenues related to performance fees

The Tarpon Funds are entitled to collect performance fees when their performance exceeds certain hurdle rates. The majority of the Tarpon Funds' hurdles vary from 6% per year to an inflation index plus 6% per year.

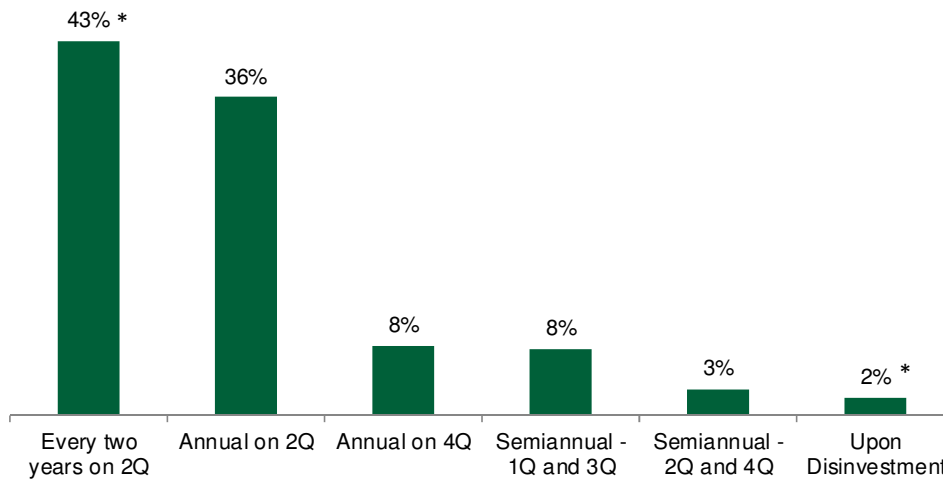
The Tarpon Funds include the concept of a high water mark. Performance fees are charged only if the net asset value (NAV) of the fund's shares exceeds the NAV of the previous date of performance fee collection, adjusted for the hurdle rate.

In the quarter, revenues related to performance fees amounted to R\$0.6 million, accounting for 1% of overall operating revenues. In the year, these revenues increased 6% when comparing with 3Q12 and decreased 84% when compared with 4Q11.

### Performance fees revenues - R\$'000



Below you will find our current performance collection schedule as a % of AuM:

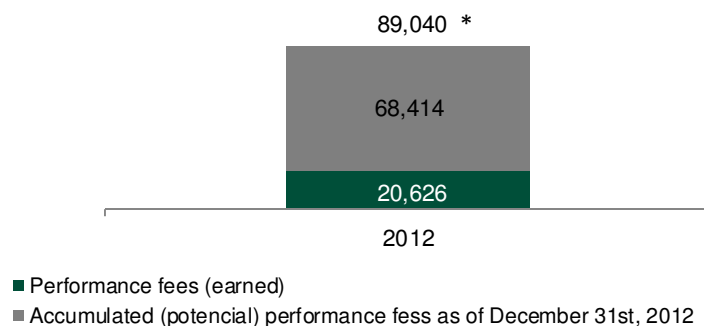


- \* Part of the capital that migrated to the Tarpon Partners on 4Q12 comes from the co-investment strategy, in which the performance fee was calculated at the time of disinvestment, and now will be calculated every two years.

As of December 31st, 2012, 30.15% of the Tarpon Funds' NAV (excluding those who have their performance fees collected upon disinvestment) was above their respective high water marks.

The Tarpon Funds are entitled to collect performance fees on distinct dates. As presented in the following chart, for illustrative purposes, if 100% of the Tarpon Fund's net asset value had been charged performance fees as of December 31<sup>st</sup> 2012, the additional amount in revenues related to performance fees would have been R\$68.4 million (potential revenues based on the net asset value of funds as of such date). As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

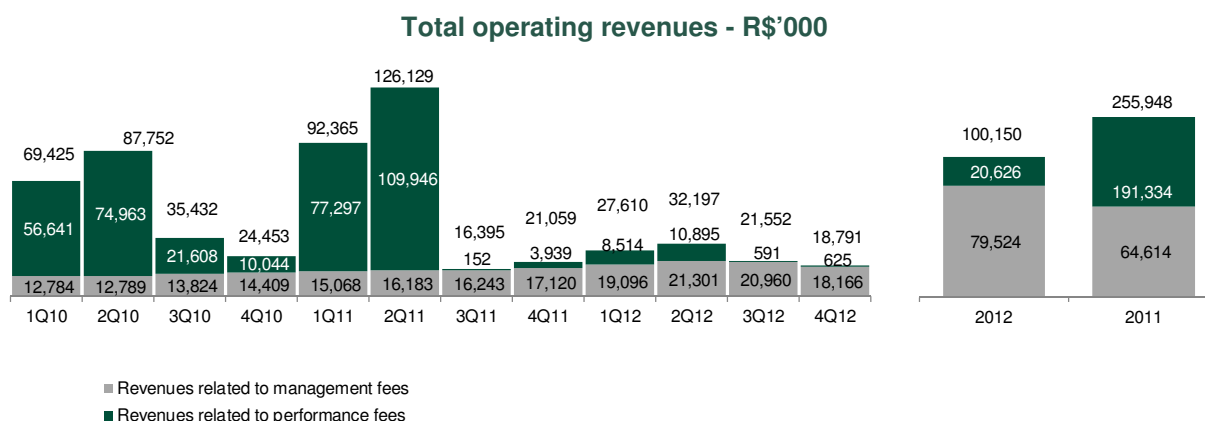
### Performance fees revenues: earned and potential amount as of December 31<sup>st</sup>, 2012 – R\$'000



\* As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

### Total operating revenues

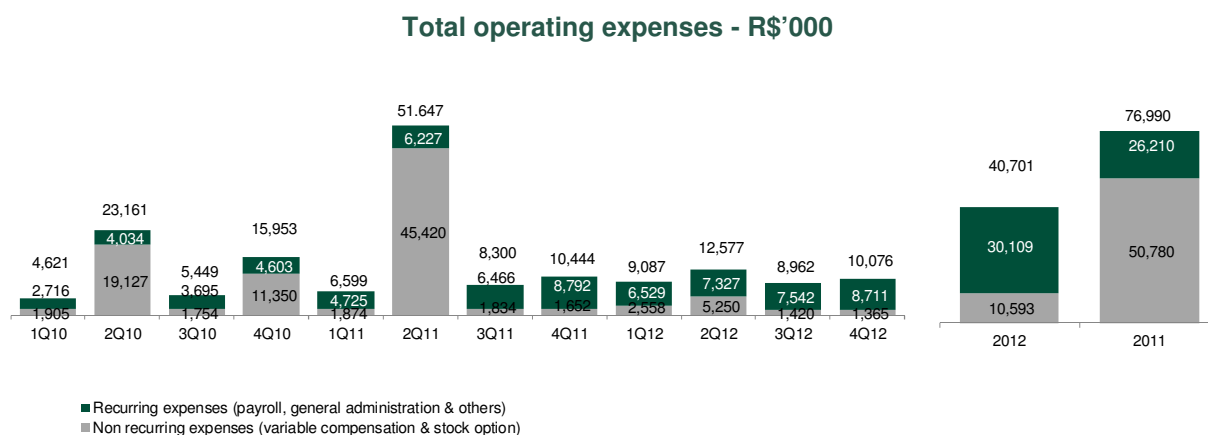
The amount of revenues related to management and performance fees totaled R\$18.8 million in the quarter a 13% decrease over the amount recorded in the 3Q12. When compared to the same period of 2011 we identify a decrease of 11%.



## Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$10.1 million during the quarter. Operating margin in the year was 58%.

The recurring portion of operating expenses is comprised of general and administrative expenses, payroll expenses, and other expenses related to depreciation and travel expenses. In the fourth quarter of 2012, recurring expenses totaled R\$8.7 million, equivalent to 86% of total operating expenses. When compared with 3Q12 we verify an increase of 14% and a decrease of 2% when compared with the same period of 2011.



On the fourth quarter of 2012, non-recurring operating expenses amounted to R\$1.4 million, that amount includes the provision of our stock option plan (with no cash impact).

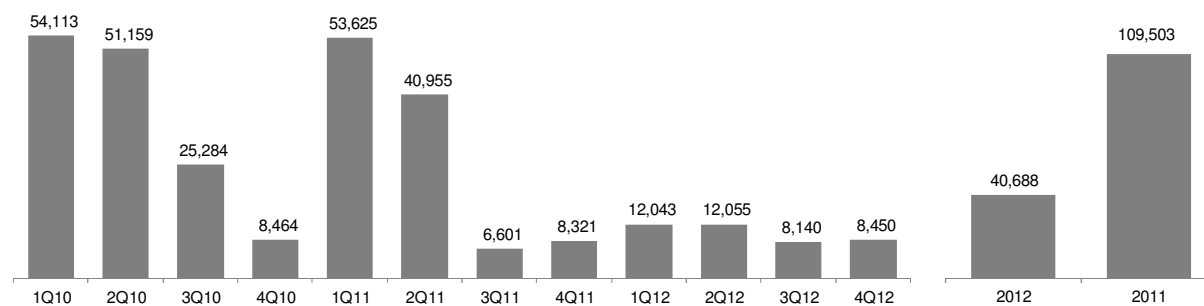
## Taxes

For 2012, income taxes and social contribution amounted to BRL 21.5 million.

## Net Income

Net income in 2012 amounted to R\$40.7 million in 2012, representing a net margin of 42%.

Net income - R\$'000



## Corporate Governance

Our shares are traded on the Novo Mercado segment of BM&FBOVESPA under the ticker TRPN3.

### LTM Performance

**Tarpon Investimentos S.A.**

**O/S:** 46,387,332

**Stockmarket:** BM&F Bovespa / Novo Mercado

**Ticker:** TRPN3

**Listing:** 05/26/2009

**Share Price 01/28/2013:** 15.89

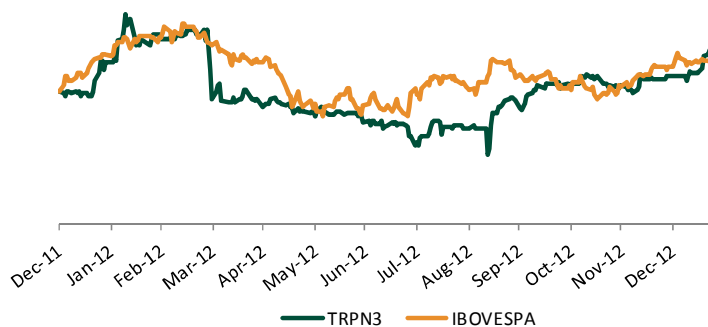
**Market Cap:** R\$737.1 million

**Share Performance:**

**4Q12:** 7.48%

**2012:** 4.55%

**LTM (January 28<sup>th</sup>):** 0.58%



## INCOME STATEMENT - CONSOLIDATED

<i>In R\$'000</i>	2012	2011
<b>Net revenues</b>	<b>96,904</b>	<b>241,457</b>
Personnel expenses	(14,321)	(12,015)
Stock option	(6,429)	(7,155)
Administrative expenses	(14,554)	(14,320)
Variable compensation	(3,975)	(43,625)
Other income/(expense)	(1,422)	135
<b>Results from operating activities</b>	<b>56,204</b>	<b>164,477</b>
Financial income / (expense)	5,978	10,222
<b>Profit before income tax</b>	<b>62,181</b>	<b>174,699</b>
Income tax and social contribution	(21,493)	(65,196)
<b>Net income</b>	<b>40,688</b>	<b>109,503</b>



## BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	2012	2011
<b>Assets</b>		
Cash and cash equivalents	3,317	479
Financial assets measured at fair value through profit and loss	32,379	84,030
Financial assets derivatives	1,977	-
Trade receivables *	15,766	8,958
Deferred taxes	4,229	-
Other assets	18,956	30,955
<b>Total current assets</b>	<b>76,624</b>	<b>124,422</b>
Property, plants and equipments	1,980	2,253
<b>Total non-current assets</b>	<b>1,980</b>	<b>2,253</b>
<b>Total assets</b>	<b>78,604</b>	<b>126,675</b>
<b>Current liabilities</b>		
Accounts payable	792	592
Current tax liabilities	28,726	64,349
Payroll accruals	2,042	1,984
Dividends payable	21,510	8,451
<b>Total current liabilities</b>	<b>53,070</b>	<b>75,376</b>
Accounts payable	15	191
<b>Total non-current liabilities</b>	<b>15</b>	<b>191</b>
<b>Equity</b>		
Share capital	6,216	6,116
Capital reserve	-	26,507
Statutory reserve	3,052	6,116
Legal reserve	1,223	1,223
Treasury shares	-	-
Equity adjustments	(4)	-
Adjustment of Conversion	528	133
Stock option	14,503	11,013
Retained earnings	-	-
<b>Total equity</b>	<b>25,518</b>	<b>51,108</b>
<b>Total equity and liabilities</b>	<b>78,604</b>	<b>126,675</b>

\* Until 28<sup>th</sup> January, 2013, 100% of the trade receivables were received.

## CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	2012	2011
<b>Net income</b>	<b>40,688</b>	<b>109,503</b>
Depreciation	503	301
Stock Option plan	6,429	7,155
Change in translation reserve	4	-
Deferred taxes	(4,229)	-
Changes in derivative financial assets	(1,977)	-
<b>Adjusted net income</b>	<b>41,418</b>	<b>116,959</b>
Working capital	(23,542)	12,324
Trade receivables	(6,808)	19,636
<b>Net cash provided by (used in) operating activities</b>	<b>11,068</b>	<b>148,919</b>
Change in permanent assets	(369)	(1,118)
Change in financial assets	51,651	(38,813)
Adjustment of Conversion	528	133
Dividends paid	(16,408)	(128,293)
Exercise of stock option plan	5,121	19,357
Treasury shares	(48,753)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(8,230)</b>	<b>(148,734)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,838</b>	<b>185</b>
<b>Cash and cash equivalents at the beginning of the quarter/year</b>	<b>479</b>	<b>294</b>
<b>Cash and cash equivalents at the end of quarter/year</b>	<b>3,317</b>	<b>479</b>

## Contact

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## Disclaimer

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The readers are advised not to make decisions exclusively on the basis of these projections and estimates. The projections and estimates do not represent and should not be interpreted as guarantees of future performance. The company does not commit to publish any revisions and does not commit to update the projections and estimates with regards to any future events or circumstances that may occur after the date of this document.

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