

Q1 2013 Earnings Call

Company Participants

- Daniel Kuratomi, Analyst

Presentation

Good morning, ladies and gentlemen. Thank you for waiting. You're welcome to the CCR SA Conference Call for discussion of the results of the first quarter of 2013. Before continuing we would like to clarify that any eventual statements made during this conference call relating to the company's business prospects, projections, and operating and financial targets represent mere beliefs and assumptions on the part of CCR's management and is currently available information from the company. Forward-looking statements do not assure future performance. They involve risks, uncertainties and assumptions, because they refer to future events, and therefore depend up on circumstances that may or may not occur. Investors must understand that general economic conditions, conditions within the industry and other operating factors may affect the company's future results and could lead to results that materially differ from those that are expressed in the forward-looking statements.

I would now like to give the floor over to Mr. Daniel Kuratomi, CCR Investor Relations Analyst. Please, Daniel, you may proceed.

Daniel Kuratomi

Thank you, operator. Good morning to all and thank you for your presence for the conference call regarding the earning results for the first quarter of 2013. With us today are Arthur Piotto, our CFO and IRO; Marcus Macedo; Flavia Godoy; and Leandro Mathias, members of the IR team.

We would like to inform you that our earnings report for the first quarter '13 is available on the company's website at www.grupoccr.com.br/investidores.

Before speaking of the highlights of the results, I would like to quickly run through some of the macroeconomic indicators that we believe are important for the performance of our business.

The important economic and the production indicators that are disclosed, we highlight the unemployment rate in March '13, which was at 5.7%, a continuous improvement over the 6.2 result in March 2012. Average real income of workers in March '13 was R\$1,855 representing a 0.6% growth compared to March '12.

However, in the first quarter industrial production declined 0.5% when compared to the same period of the previous year.

The accrued interest for the past 12 months registered a 2% [ph] reduction in the comparison with the month of February '13, March was down by 0.7%. The latest credit report published by the Brazilian Central Bank demonstrates that the evolution of credit in March '13 was positive.

There was a 16.7 increase in the volume of free and direct credit with credit for individuals rising by 16.3% and vehicle of finance by 5.5% compared to March '12. It should be remembered that the automobile industry is intimately linked to the growth of traffic and has major importance in the makeup of the industrial GDP. Accordingly, the number of licensed vehicles increased 1.5% in the first quarter '13 versus the same period of 2012 and the productions of vehicles also rose 12.1% in the same comparison.

As a result of the efforts of the Brazilian government to stimulate the economic development of the country, we are maintaining our positive view about the Brazilian economy and we are quite confident regarding the future supporting the expectation that the growth of traffic will continue in line with the 1.5 times GDP as the traffic data of recent years has been indicating.

We are also highlighting that as of the disclosure of first quarter '13 results, CCR begins to apply the rules established by the IFRS 10 regarding consolidated financial statements and those of IFRS 11 about joint ventures. Therefore, the company investors does not have a controlling stake as well as for jointly controlled company, the equity accounting method was used instead of the proportionality method for each line item. These changes will not affect consolidated net earnings for CCR Group.

In the first quarter '13, we released our financial statements, balance sheet and consolidated cash flow using the proportionality method are available and denominated as pro forma.

Now, speaking about the highlights of the results. Consolidated traffic at our concessionaires increased 2% in the first quarter '13 compared to the same period of the previous year. We are nevertheless highlighting that during this quarter we had a negative calendar effect impact because we had more holidays during this quarter particularly affecting the traffic of commercial vehicles which grew by 1.4% in the quarter. So the calendar effect contributed with a negative 3% and economic activity contributed to a growth of 4.7%.

Light vehicle traffic grew by 2.7% in the first quarter year-over-year with the calendar effect contributing with a negative 0.3% and economic activity contributing with a growth of 3%. You will find more information regarding the evolution of traffic of our concessionaires in our press release.

The adjusted margins, this is adding to the profit, less the incurring on profit, this net financial results and depreciation and amortization with other non-cash expense,

maintenance provision and anticipated concession grant expenses. According to this criteria, in first quarter '13 the adjusted EBITDA reached 784 million, an increase of 7.4% over first quarter '12. The adjusted EBITDA margin was 65%.

In 2012, the company added a number of new businesses to its portfolio which still have not reached full maturity. However, as the earnings margin were disclosed on the same basis, that is excluding the number of these assets.

With the application of IFRS 10 and 11 the numbers are from Barcas were excluded for the purpose of maybe first quarter '13 and first quarter '12 comparable. In first quarter '13 the adjusted EBITDA on the same basis was 784.3 million representing a 7.5% increase over first quarter '12 with a 17 -- sorry, 67% margin equal to the first quarter '12 margin.

In first quarter '13 exceptionally there was a 10 million increase in direct costs at AutoBAN and ViaOeste as well as higher personnel cost system [ph] our company (inaudible) of data transmission currently in ramp up phase. Excluding this effect, the margin would have grown 0.8 percentage points. The company's net income in the first quarter '13 was R\$337 million, an increase of 16.6% over first quarter '12. The improvement in performance reflects of better -- is a reflection of better operating performance and better financial results.

In relation to our debt, the company leveraging measured by the net debt-to-EBITDA ratio including the proportion of debt of jointly controlled company was 2.1 times in first quarter '13, which is slightly lower than the previous quarter of 2.2 times.

We believe that the current level is very comfortable for the company allowing us to continue our strategy of qualified growth with capital disciplines.

CCR's management also approved at the General Shareholders' Meeting held on April 18th the distribution of supplementary dividend to its -- to our shareholders referring to the fiscal year of 2012 in the amount of R\$100 million, representing 6 cents of reais per share.

Considering the intermediate dividend paid on October '12 in the amount of R\$950 million which was a 0.64 [ph] cents of per share, there was a 98% payout for the fiscal year of 2012 pursuant to our commitment of paying a minimum of 50% of net income in dividend to our shareholders.

With this, we are now concluding our comments regarding first quarter '13 results and we are at your disposal to answer any questions that you may have. Operator, please proceed.

Questions And Answers

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions) This concludes today's question-and-answer session. I would like

to invite Mr. Daniel Kuratomi to proceed with his closing statements. Please go ahead, sir.

A - Daniel Kuratomi

Once again together with all of the members of CCR, I would like to thank you all for your time and interest in the company. Please do not hesitate in contacting any of us if you have further questions. Our contact information is available in our release and in our website www.grupoccr.com.br/investidores, there you will find additional information regarding our company. Thank you.

That does conclude the CCR's audio conference for today. Thank you very much for your participation and have a good day.

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