Y 2021 Earnings Call

Company Participants

- Andre Correa Natal, Executive Director of Finance, Purchasing and Investor relations
- Unidentified Speaker
- Wilson Ferreira Junior, Chief Executive Officer

Other Participants

- Analyst
- Luiz Carvalho
- Regis Cardoso
- Thiago Duarte
- Vicente Falanga Neto

Presentation

Operator

Good morning ladies and gentlemen, welcome to Vibra's video conference to discuss the earnings result of the fourth quarter of 2021. This video conference is being recorded and the replay can be accessed on the company's website. The presentation is also available for download. Please note that all participants will be on listen-only mode during the presentation. Soon after we will begin the Q&A session when further instructions will be provided. Before proceeding, we would like to clarify that forward-looking statements are based on the beliefs and assumptions of Vibra's management and current information available to the company. These statements may involve risks and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur.

Investors, analysts and journalists should note that events related to the macroeconomic environment the industry and other factors may cause results to differ materially from those expressed in such forward-looking statements. With us today are Mr.Wilson Ferreira Junior, CEO of the Vibra; and Mr.Andre Natal, CFO and IRO. Now I would like to hand it over to the CEO who will start the presentation. Mr.Wilson, you have the floor.

Wilson Ferreira Junior {BIO 20013669 <GO>}

Well, good morning to everybody investors, analysts that are with us today. When we are announcing the earnings results of the fourth quarter of 2021, and 2021 once again I am satisfied to share a brief introduction with a number of the highlights regarding our results starting by this page. Here you can see the results of the fourth quarter we are talking about. The highest record EBITDA margin in our business that is BRL160 per cubic meter, this margin increased vis-a-vis Q4 of 2020 that had already been exceptional by 2%. Therefore, this is a record EBITDA margin for the company.

And this we are observing this in a consistent fashion increasing our market share, we totaled 28.9% during Q4. This is an increase vis-a-vis Q4 last year, and we are differentiated regarding our peer, adding new stations. We had a 180 throughout the year and 74 during Q4. Q4 is a very important quarter. I would also like to draw your attention to our result on our 2021 base. I'm having technical problems here. I do apologize. I believe that all of you have the presentation in front of you. Therefore, on our next slide here you can see the data of 2021 and here you can see and here we have highlighted all our figures.

Therefore, this is a year of 4.7 sales volume growth vis-a-vis 2020 our yearly margin is a BRL129 per cubic meter. This is 25% of up 2020 and the year market share well we totaled 28.4%. This is a consistent result. And here this shows the continuous growth of our network. It would be 179 new stations and there are two important items. We reach a higher margin as we reach the lower cost levels in our history. It is important when you see the restructuring of the company totaling BRL54 per cubic meter. This is a drop of over 21% vis-a-vis 2020.

And therefore, in terms of absolute figures the company in 2021 total an EBITDA of BRL5 billion. This is an increase of 31% vis-a-vis 2020. This is an important year. We celebrated our 50th anniversary two years after the privatization, we're now a corporation and we've attained this result. And on Page 3 now you can see the trajectory since 2017 when the privatization of the company started with its IPO. Here, you can see that this is an EBITDA that grows consistently throughout the time year-on-year, quarter-on-quarter from 2020 and 2021.

Here you can see the different quarters until we total the EBITDA of 160, that is an average growth of 24%. Now in terms of expenses, this is from 111 we've dropped 50% in terms of expenses since the beginning of the privatization process and a consistent growth as well in terms of market share. And here you have all the figures totaling 28.9 on Q4 of last year.

Now we go to Page 4 and we can see the main businesses of the company and you can see how sound our strategy is. Here we show the importance of our business, it's performance in B2C and B2B. This is the core of what we do. We have great potential of continue growing with this number in efficiency. And we also have a complimentary strategy regarding energy, starting by our stations we grow 0.7% when we compare '21 to '20. And all the figures are positive market share growth 0.7 reaching 23.8% stations go to 8,201 plus a 170 and sales has grown 7.1%.

All of this is due to the better to the best value propositions that we offer to the resellers and to our customer, the first Vibra ecosystems that engages loyalty program which constantly is evolving in addition to the cash back on fuel something that we did together with AMI[ph]. Now, our convenience stores now have a better input with the creation of WIM together with large as American, as it's already in operation. It is working and we will have assortment optimization a robust supply chain offer an increased store profitablization, we have a number of examples and we are highly optimistic regarding the growth of this business and all of this provides better service at competitive prices with guarantees the effectiveness of this network and a better financial equation for the resellers. And we've observed this in all of our surveys.

On Page 5, we also have the X-ray of B2B business. And this business, although it presents a drop of 5.2% in sales, this is because we no longer consolidate the (inaudible) because we would have an increase of 0.5%. And this is explicit in our market share that grew 3.4 percentage points, and we totaled 37.5%. These are highlights of this market and throughout the presentation and in a release, this is very clear, aviation has progress importantly, but it's the only segment where we have in total volumes that are the same as the volumes before the pandemic. We have growing volume because we increased our market share. We totaled 68%.

And obviously, throughout 2021, there was important growth of the 46%. We have still not reached the sales levels in aviation before the pandemic. I would also like to highlight lubricants, this is part of the growth strategy of this business. Here, we presented a growth of 32% in the company's EBITDA and all the efforts in the modernization in order to broaden our plan. We are broadening 60% and 90% are already completed.

We have reformulated at our sales channels and already through authorized distributors and we are optimist that we will reach 400 million in EBITDA throughout 2022. That is this year in a nutshell on Page 6 in addition to investments in logistics and supply to strengthen our competitive advantage, we had investments in logistics. Therefore, we had the implementation of the control tower and this last year generated a savings of over BRL90 million. We have implementing of oil derivative trading. We started this operation in December of 2021.

And we will have our onshore and offshore derivatives trading thus mitigating exposure to fluctuation. And this is important during this moment of great volatility because of the war. This strengthens the leadership position in fuels and the ethanol trading as you know, something together with Copersucar that is 50%/50% awaiting the approval by CADE and we believe that due to the growth prospects of ethanol in terms of mobility, we will have synergies with our current portfolio in biofuels and we will become a one of the greatest traders of ethanol in Brazil.

Now, on Page 7, here we have the X-ray of the fuel market. As I said, we already resume pre-COVID level and we see this in the gas station network, a growth of 5.1%, totally 95.2 within what we had in 2019 that are pre-COVID levels in B2B we have higher growth 33% to 34.5%. This is 16.9%, lubes also and in aviation as I said, we had a significant growth in 2021 vis-a-vis 2020, 25% is lower than what we had in 2019 that was 7 million cubic meters.

Here we are strengthening our strategy the company is focused on it's main business that today presents competitive advantages regarding the competitors. This is a company, a better price lower cost and better value proposition in B2C and B2B, and we continue with an important investment capacity, 80% of Vibra capital is allocated in our core or in the direct investments or infrastructures.

And we are still investing 20% in the expansion of other businesses. And here we will guarantee that by the end of the decade, a growth of over 50% in the EBITDA that is generated by our operations. We continue with our EBITDA and due to this investment, we will have an important diversification and we are aligning ourselves to our next page that shows our strategy.

As I said, the strengthening of the core business, on the left side, here we had -- here we have the distribution of fuel and lubricants aviation convenience and now we're embarking and trading of ethanol and derivatives. These two initiatives are important to strengthen our core business and embarking in marketing and electric power trading that I will talk subsequently. We have a number of initiative regarding new vector grow off-grid and on-grid offer natural gas and biomethane, strengthening the position in electric energy self-production and DG through Comerc also changing solutions of EVs for electric vehicles that have an important participation our relationship program and extended convenience. Some bets on innovation's page, since hydrogen that is the fuel of the next decade and new types of biofuels.

And e-fuels aviation fuels a new solutions for mobility, it is a pleasure and it is with great satisfaction that in on behalf of all the employees and officers of Viver, we are showing these results after six months. And this is a slide with a summary of the company's strategy in addition to strengthening of the core business reaching differentiated margins vis-a-vis other industries with continuous growth but also the GV and Copersucar initiative that is in the last state we're waiting for the evaluation of the CADE and we believe that we will have an increase in number of stores.

We will share the numbers in brief the implementation with Comerc, something that we recently announced. There isn't a specific slide focused on this. The agreement signed with (inaudible) that is already generating the main plants in order to trade biomethane the implementation of EZ road startup EzVolt. This is a -- that would be the largest electric charging station network with over 200 chargers. This is within the expansion program of the business. With the expansion of the chargers that will be placed in the highways and gradual bet. As I mentioned here we have our initiatives with Brazil biofuels in order to generate 400 million cubic meters of exclusive supply of green diesel.

This is our last slide. Here we have the joint venture with Comerc (inaudible) position and energy and leverages commercial synergies between the parties. I know that this is a slide full of information. Here you have the strategic rationale of the company. So, strengthening and accelerate various position in the energy market. In the four upcoming years, this will expand.

Today practically 32% of energy sales are done through the free market. This goes to over 50% and this is the potential shows that we visualize and this is impossible to address. This is an acquisition of control and we can buy the control. So this is a partial acquisition of 50% of commercialization with option to acquire control. And well, this is clear amongst partner, we're going to grow together, we create value for the company, and our partners may have liquidity. And here we have this operation to materialize this.

Now, the partnership between Comerc and Vibra from Comerc, it brings the know-how of assets and broad pipeline portfolio of energy solutions and services. This is a pipeline to build solar platform and air wind platforms and here Vibra gives 18,000 B2B customers with over 8,000 stations with over 400 salesforce with a financial capacity that is some that was very important in the growth of Targus. This is a company that we bought with 90 million and we allocated this business together with Comerc with BRL300 million in less than one year.

And these two companies represent the greatest electric trader and the free market in Brazil. And here you can see this is a -- this we have a unique energy solution with great financial capacity with a great customer base and here we can see the different synergies. First ground sale and different offerings and services. We have over 18,000 customers that are serviced by Vibra in B2B 80% still out of the free market. So this is an extraordinary opportunity.

Now energy strengthening positioning supply of energy and services with capacity of adding 2 gigawatts by 2024. This is a significant growth. Both this will allow us with the GV and distributed generation and centralized distribution. And finally innovation and energy products and services for customers were talking about more than 10 products that we did and have a now are available for our customers through this GV. This is a fortunate big operation and here I insisted in sharing the first information with you.

Now, we thank all of you for your participation and we can initiate our Q&A session.

Questions And Answers

Operator

(Question And Answer)

A - Unidentified Speaker

Thank you very much. Now, we will initiate our Q&A session for investors and analysts. (Operator Instructions) Our first question from Regis Cardoso. Mr.Regis, your microphone is on. You can pose your question.

Q - Regis Cardoso {BIO 20098524 <GO>}

Thank you very much for taking my question, and good morning, Wilson. I have two things that I would like you to elaborate on. One would be the recent price dynamic this year, especially after the Ukraine event. How has the sector adapted to the price volatility? And number two, the level of premium volatility and discounts between the Petrobras domestic price and the cost of imports, knowing that distributors have to complement their supply through imported products and this cost

And also the delay is proportional to the margin, this is like gifting sense. So, perhaps this and in reality this can represent BRL1.50. How do you see the industries adaptation to the current situation? And how can this affect Q1 of 2022? Can this affect hedge gains of stock or replacement margins? I would like to know.

And the second point, when we explore Comerc, this has been a recurrent theme that has been discussed. What is your strategy? What is the company's plan for Comerc throughout the time and perhaps regarding the quantitative perspective? How much will this business represent for Vibra in the future? Thank you very much.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

Okay. Regis, thank you for your question. I will start by the last question. What we visualize our entry in the electric energy segment follows view of consumer potential that still are not in the market that will embark in this market. I would like to remind you that 95% of our customers are potentially free. It is right that when customers can migrate to the free market due to the flexibility of the traders be in terms of terms currency and charge curve adjustment. This generates a customization process that is of the interest of the customer and what is interesting that is renewable certified energy, as they -- as we have 8,000 stations with over 18,000 corporate customers. Yes, there is a possibility of embarking in this market with a successful prospect now the combination of energy sources, and trade expertise and even trading is to sell to consumers that today have the possibility to migrate to this market quickly. That is 80%. So, this will become the core business of the company. Of course, there is a need to learn throughout this process.

The company has to develop itself. So, the way we've developed the business together with the JV, controlling the company with first level governance together with our leaders and independent board members. There is a prospect of growth for the company and our pipeline shows that this will create great value to the company in the upcoming four years. This is a core business. But you say, I'm going to base myself on the values of the IPO, during the IPO. This is a company that in four years total an EBITDA of BRL1.4 billion. When we compare it to the BRL5 billion of last year, there are some non-recurrent things. But if we were only to analyze our 50%, we would see 20% more EBITDA until 2025.

Here we have the opportunity to control this company. So, the size of the operation has already been contracted in these BRL1.4 billion. I would like to remind you that they have a pipeline that wasn't priced during the IPO and over 1.1K MW. This is a company that is going to create a lot of value in addition to the BRL1.4 billion in EBITDA because there are incentives for this, and there is a market in Brazil to develop this. So, this is our target, it is a future core business, and therefore, we are interested in controlling this before giving the floor to Natal.

To answer your first question, obviously, we're undergoing a moment of great volatility. And in our release, we show that what the effects are. I would just like to guarantee that the company has a number of contract, it is the biggest importer. And although we have international volatility we're feeding our network with great capacity. We're not facing problems. Obviously, we have to be disciplined. I always say this, we have met on a daily basis to assess the situation because yes, this can present accounting impacts and Natal will talk about this. I would just like to reassure you because the operations are flowing as always, the import market is stressed. But we continue being a major importer, especially from the Indian gulf. Now I would like to give the floor to Natal.

A - Andre Correa Natal {BIO 21073585 <GO>}

This was an excellent question. If we analyze the past two years, everything that we didn't have were calm waters. We underwent a drastic pandemic. And now we have a third wave with Omicron in the beginning of the year and to complete the situation of high volatility. We have to navigate through these waters and these waters bring risks and as well as opportunities like everything in life, there are two sides of things. I think that Q4 demonstrates the side of the opportunities that emerge, when there is a high price as we saw during this moment, this was a different situation that ended at $80.

And generating a situation that you described that is more challenging, that presents more risks to when you import products at higher prices than what the domestic prices suggest. And this in a certain way scared the players. So, they are positive arbitrage to carry out this import and they exited this operation and this creates space for players that have greater appetite. And more safety to place the product in the domestic market that have a great network. And with this, we guarantee our supply we go and our reseller sees the value of working with us.

So, we have -- we continued with these operations during Q4. We brought the products and within our pricing rationale. Well, this is a blend of products that have a differentiated price in Brazil, and this price transfer generated the results that you can see of higher reposition margin without doing anything to damage our market position. When you see our position in diesel and aviation fuel, we were stable in terms of shares. So, our trajectory throughout the quarter in the past two years has grown gradually with little volatility, although we faced rough waters.

Now, this was more accentuated during Q3 here, now we're at $120. It reached a $130. And this creates a competitive environment and also scares other players to import products. And this creates opportunities and market share the data that we saw this week in terms of market share shows that we gained market share during this first Q. Therefore, we are gaining more market, we have fully serviced our network, and this is when the reseller sees the value of this frac. And they see that we guarantee supply.

And as you said the variations go up and down and this creates pricing challenges. So, in certain cities, when you carry out readjustments, you have to be careful to guarantee that you don't detach yourself from the market. We have our price view from outside to the inside. We see what the market is doing, how the transference of prices being done. And this has to be balance, so that we don't create symmetries that makes us lose market. And this is more challenging, but this is what our pricing strategy sees.

Now when we see the effects of stock and our hedge has no direct relation with the stock hedge. We had our imports. Our imports have an important share in our mix. Nonetheless, the hedge operations by and large they go the other way around than the stocks in a moment of high prices. We have gaze of stock and loss and hedges. And the other way around, it's the contrary and these things by and large have offset themselves. So, this mitigates and attenuates the effect of the other.

What may happen and in a certain way we've seen throughout Q1, is that if the oil movements are very high, and they are not immediately followed up by the domestic market. This creates a gap between the magnitude of the loss that you have in the derivative vis-a-vis the gains in the physical market. We wanted both things to be compensated and immediately. Now, you have many gaps in the domestic price adjustments, you will create a temporary space. You may lose hedge that are not upset by gains of stock.

Now, there was a relevant increase of the domestic price in the middle of March, but the gain of stock will not be captured by Q1 this we carried over to Q2. Therefore, this balances from the accounting point of view can create a mismatch between these movements from the margin, from the trade point of view. Well, they continued sound more or less aligned with what we had during the fourth quarter or very close at least.

And the other challenge to answer your question is the challenge of maintaining a higher level of liquidity for the company. So, there is no guarantee, if there is -- if the war in a Ukraine intensifies, this can also affect the price of oil and working capital, because stocks will increase in price. And so we have more capital employed, so this consumes working capital. So, we have to be cautious and maintain in controlling our cash flow and go to the market to maintain liquidity to maintain a higher cash flow to deal with the fluctuations that we may see. Because we have our transactions, we have the Comerc secondary. And, of course, for this, we are going to work with more liquidity.

This is what the current situations demand. We are navigating within these waters. So, we have a sound margin, and the accounting results offset throughout -- what is important is that the value of the frac is being recognized by everybody.

Q - Regis Cardoso {BIO 20098524 <GO>}

Thank you, Natal and Wilson.

Operator

Mr.Vicente Falanga. Mr.Vicente, your microphone is on.

Q - Vicente Falanga Neto {BIO 16406266 <GO>}

Wilson, and Natal, thank you very much for your presentation. You describe the potential of Comerc and the release, and Wilson showing the value extraction of this acquisition. I know that this is an acquisition that presents a great potential. When do you believe that we will be able to quantify the synergy potential, if you will dedicate a day to Comerc to discuss the projects and the efficiencies.

My second question will, throughout the world and through tradings, a number of difficulties to obtain diesel have been reported, because of sanctions and you -- that we have had no critical supply moment. But European countries say that if the situation of supply deteriorates, as one of the main importers of Brazil, how would you anticipate yourself to prevent a lack of fuel in the market? Can you talk to India in addition to the Gulf of Mexico in terms of stock? Could you elaborate on this?

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

I forgot to mention this. Yes, we are going to carryout road shows with Comerc together with their team, to demonstrate the potential. We're totally convinced. I think that perhaps, I think, the investors the sell-side, buy-side they need this. Therefore, in April, we are going to organize meetings in order to clarify the synergy potential, where we see there is a major sales force here. And we already have crossover laying for fuel. We have a long-term relationship with most of our customers, therefore, we're absolutely sure.

And, as I said that Targus demonstrates all of this. It shows the potential synergy of accessing customers and offering the alternative of field GDGC, Comerc also trades electric and gas equipment. So, the ensemble of additional offerings that will increase our B2B customers' loyalty; not only B2B, but B2C, but our stations are also interested. Practically, 800 of the 8,000 standard energies have buy energy through the free market or through GD. Therefore, here we have a number of possibilities.

Now, regarding supply, and I'm going to ask Natal to complement. The access that we have to import products are, is through the gulf. And it's not limited to the gulf, we've also gone to India. And with the international trading, this is part of the company's strategy in order to strengthen our economy, because we do not have refining investments in Brazil, and we have to strengthen the import capacity that we have. This is totally aligned to our operations.

And I would like to remind you that the import relationship that the company has establishes a number of relationships between suppliers and buyers, that would be us in contracts long-term contracts. So, we have supply safety, of course, we want to have greater advantages, but we already have a number of established operations.

Well, excellent question. What you said is true. This is a tight market, but we are navigating our cargo. And we've had no cargos canceled, no default. Everything that we have contracted is being honored and we're receiving this. So, with this one of the measures is to increase the level of imports, we've already increased this and we have access to the entire market. We already buy from the Gulf, we buy from India and we're going after all the markets and the level of offerings.

Today, we have less offerings than what we had in the past. This is natural and there's nothing we can do about this. But we have a number of diversify sources. We are accessing the entire markets. Our contracts are being honored and we are receiving all of our cargo. We believe that the market will continue tight throughout April. This is a challenging situation, but we are gaining share with all of this and there are other purchases took their foot off the gas. And there's less appetite of looking for products abroad. Therefore, we can totally supply our networks and customers outside the network have been talking to us because of the lack of supply.

There is another side here that is to prioritize the channel. When you have a tighter market, you have to prioritize your network, the contracts, the customer that sees value in working with us and they have a long-term contract. Because during these moments, they trust our abilities to supply. This is when this comes obvious to the customers. Therefore, we're navigating okay, but the context is that we will have a tight market, with elevated premiums and more volatility to have access to this cargo. But I believe that so far so good, we're navigating in trouble waters in a very calm fashion.

Q - Vicente Falanga Neto {BIO 16406266 <GO>}

Okay. So we're looking forward for your Comerc meetings.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

As of next week, we are already scheduling this, but we have to agree with you, but we will have a meeting with all the sell-side. And after wise, we will create an agenda of individual meetings, where we will visit a number of investors together with Comerc's team in order to have a deep conversation, and to embark deeply in all the synergies that we see here. This is a something that we will be able to discuss in depth.

Operator

Our next question from Monique Gigrecco [ph], your microphone is on.

Q - Analyst

Good morning. Wilson, Natal, thank you for taking my questions. Number one, I would like to congratulate the Vibra team for your results that are very sound and relevant. I have two questions. One would be the fracs. We see the frac metrics of Vibra have been very important higher than of your peers and we want to know how you see your frac from here up on if you will be able to increase this? And what does this mean in terms of share gains in the mid-run?

My second question is regarding the payout of dividends. In your release, you mention that the company is adopting protective position regarding cash. Now that we're in the middle of high volatility and in a moment, where you will not carry out an extraordinary pay. I know that it's difficult to see, when the volatility will come to an end, because of the conflict that we don't know, when it's going to end. I don't know if you have any triggers that will reassess your decision regarding extraordinary dividend payout. This would be it.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

Monique, thank you for your question. Okay. These are good questions. Now, regarding our frac, this became a reality in 2020, when we see our numbers. We opened more stations than our players and we see this now in 2021. And this is important because in a certain way, this makes a major difference. And this factor was neglected by BR Distribuidora in the past, because if you see that the market is going to grow, let's say, 2%. And it will grow and the half because of new -- same-store sales. And the other half because of new stations in the total market network. It is important for distributors to broaden their that follow the expansion level of the market. It would be 1% of each one of these factors.

But in order to gain share, because we have greater volumes than the market. It's important to accelerate more this process faster than the market average. Therefore, this is a factor that provides greater performance. We don't see this immediately, because we're creating new fracs. But in a certain way, we're contracting here some share percentage point for the future. Now, this year, we will not move the needle, but in the upcoming year, this will build up and this will generate a good delta share in the future.

Now, when we see the projection in our plan, what we did this year was 2%. 2% of the total network net. Now, when we analyze our business plan, the growth level is more or less 2%. Therefore, and I believe that this is growth above what you see in the market. I believe that the market will grow in terms of outlets less than this, and with this, we will have a better performance throughout the time.

We are doing other things, because we want to increase the other side of the equation would be more volume in the same stage. This comes from the value proposition from the image of the stations convenience access to more competitive fuel. And we can provide competitiveness to our reseller. With all of this, we should gain more volume per station, but the more fracs in the market will allow us to gain share.

And something that I always say that is important to highlight our intention to grow our share is to maintain the trajectory of the past two years that is a gradual trajectory, with no adventures. This is a trajectory, where the value proposition increased throughout time. It is perceived and it brings more share and this perception believes more station, because it is easier and cheaper to have more stations, when the value is perceived, when you don't have to pay more, because the resellers sees a risk in this relationship.

We have a good relationship with our networks. They know that we supply and we're trustworthy regarding this, just something else the quality of the product is also very important. We just launched the grid gasoline and podium gas together with (inaudible). And we have improved our product in addition to increase the durability of the end. It reduces consumption and emissions. As Natal just mentioned, the network grows with a better product, with a better value proposition. And currently, sometimes, there is a limit and smaller companies cannot service their networks. We have a winning proposition, but we work with the principle of graduality. We have been conservative in the way, we grow, because we are convinced that our proposal is much better than that of the competition. And it has been recognized by the entire market.

And just answer your second question, there you went straight to an important point that, well, before the current condition, the spike of oil price with more conception of working capital and the price of the oil can even go to increase, even more consuming more working capital. Well, unlike during the pandemic, when all the sectors were affected by the pandemic, and everybody needed more liquidity and everybody focused on the main 4, 5 banks and these banks couldn't offer this liquidity and these funds.

Currently, this is a pressure on working capital and a specific sector that is the commodity sectors. For the time being, we haven't seen any impacts, but liquidity conditions, we still have broad access to credit at competitive prices. We've carried out successful operations from liability management and funding. Therefore, we can guarantee the liquidity to the company.

Now, from dividend payout point of view, it would be very prudent, if right now with pressure on working capital, with high volatility of oil and nobody has crystal ball to see, to say, what the price of oil will be in 30 days, let alone one week or one day. It wouldn't make sense to pay out dividends beyond our policy, because we can have a leveraged stress or this could put in risk the company's operation. We have the secondary tranche to pay for the Comerc. So, there are number of things that we're concluding this is a moment, where we cannot wavier actions to add value.

Now this decision can be reanalyzed in the future, if oil goes back to $80, $60, and then we will have additional working capital. There is no reason of maintaining an excess of liquidity or retain funds. And just to think, what we're going to do about this, we already know what we have to do. We know the dimension. We know the demand of CapEx plans, new stations. Therefore, we don't believe that we will maintain cash in the company in vain. Now the trigger is every day. Every day we're assessing the scenario changes from today till tomorrow, and the oil stress comes to an end. Well, yes, here there will be appetite to -- for additional distributions or to resume the buyback problems, where we had a BRL150 million. But we still have BRL1.5 billion band.

Last year, we paid out BRL3.8 billion to our shareholders. Most of this in dividends, in JCP, and one part via the buyback execution. This was an important distribution. And I believe that the combination of our plan is to allocate part of the capital in today's business to dedicate part to these avenues of growth that we've mentioned. But there is still space to see dividends and buybacks, according to the moment and this reassessment doesn't have a specific trigger. Every day we analyze the cash, we see the conditions and here we can reformulate what we're going to do according to the certain situation.

Q - Analyst

Thank you very much.

Operator

Our next question from Mr.Luiz Carvalho. Mr.Luiz Carvalho, your microphone is open.

Q - Luiz Carvalho {BIO 18040760 <GO>}

Good afternoon, Wilson, and Natal. Thank you for taking my question. Perhaps, I have one question from each one of you. Wilson, I will start with you. Well, I believe, we will complete one -- you will complete one year leading the company. Since this was announced, the market knew -- Natal, knew all about his competency. There was great expectation from the market and the investors of what you could provide to the company due to your past experience in the electric sector.

Perhaps I would like you to tell us, which were the main challenges that you faced in the past year. And to know from you, if we were to see two, three years in the future that would be an average horizon for an equity investor. What would be your main goals that would fulfill you personally? If you -- regarding your avenues of growth, not bow you approach the global market, but change and we've seen the changes that come from this new situation in the domestic market NPs requesting daily stocks.

The states froze the ICMS. And it is the same for all the -- we have import taxes. Now Petrobras is also changing the way, they approach the distributors could be in the contract differentiating a number of factors, like credit risks, volumes. I would like to understand how you see the new regulatory context and how could this give to Vibra a competitive or uncompetitive advantage.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

Well, thank you for your question. Yes, you are right, on the 16th, five days ago, well I'm in the company for one year and one week. The retrospective, I say, I always say that I have 12 hours of sabbatical, when I left Eletrobras, because 12 hours later, I was here. That was my sabbatical. And I came here and wanting to contribute. I knew the team, this was a very -- this is a very strong team and we had a successful restructuring. And, of course, I didn't want to spoil the good things that they were doing. What I wanted to do was to add something to their view.

And this was a team that had a number of operations. And I wanted to conclude their structuring and to contribute to the good job that they were doing regarding control tower. Here we had pension fund, the health insurance and new plans. In retrospective, everything was concluded. And we are a company of a lower cost. This is different. So, this encourages the leaders and employees. And this is important throughout the competitive process. This wasn't the only thing we had to do. We also have to focus on our follow-on.

We had well, our share was suffering because of Petrobras and once again, we carried out an excellent transaction, the second-best transaction in the history of the exchange and the Brazilian Capital Market. I believe that the moment of the company and the perspective of the company attracted 160 offerings over BRL23 billion. This was highly successful operation in a short period of time; thanks to the effort of the entire team. Here you see only two people, but this is a big table with a number of leaders of the company that contribute to all of this.

Q - Luiz Carvalho {BIO 18040760 <GO>}

Numbers three in hindsight, when we see challenges, is that the company has a long-term perspective?

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

This is a strategic perspective. And once again, together with our Board with international consulting companies and the help of our team. And in a short period of time, on

September the 1st, we launched our strategic plan and we are a pioneer regarding the view of the company.

Well, we are going to continue growing. We are an example in terms of gas emissions and the use of biofuel and emissions. Our core business had to be competitive and we believe that this business will grow a lot. Therefore, nonetheless there are opportunities in the energetic transition. This is global awareness. You have enterprises complying with this process and enterprises will need other types of energies, when from BR Distribuidora, I know we became Vibra. And the fact that we're anchored on the strategy. This is something that consolidates the company as the biggest fuel distributor in Brazil.

And with all of this, we can and our main assets are the 18,000 corporate companies and 30 million customers that trust our fuel. With this asset, our business that is already big, we will be able to grow another businesses, which ones -- the obvious one would be electric energy, because of the regulation of the sector. Two, last that is our challenge gas, because gas 90% of corporate customers are not serviced by distribution network, by distribution companies.

No, so this is -- so this has a perfect fit with Vibra's logistic to service these customers. This is something that we have to do and the challenges that we have to be position ourselves. And other fuels we're making progress in biomethane. We believe that it is important to grow our open platform with ethanol. This is something that we see important for the future. We are investing in electric vehicles, and there is an important share of hybrid. And in Brazil, with ethanol we will position ourselves.

And in the fuels of the decade that would be green diesel would be the sustainable aviation, fuel will be hydrogen, and in each one of these aspects, I believe we are properly position. We can consolidate we can make progress. But when I see the future, I can -- I will say that the company delivered its basic. And we will have new results in businesses, where they increase something that is core for us, that is the relationship with our customers.

We are embarking in businesses with multiples that are higher than that of the distribution channel. So, we have the ability of being close to you. We have the ability of being able to demonstrate the strategy of value creation. And when you have the market recognizing this with differentiated practices, we have been recognized in our ESG. And, of course, with new encouraged team, I'm very -- I feel very fortunate to be here.

Your question is very encompassing or very broad. As everything in life, there are excellent ideas and opportunities that are brought by all the initiatives that you mentioned. And with opportunities, we always have risks and we also have to be careful, when in the limits of these proposals. These are legitimate and excellent for the sector. We made progress here in regarding the law, that changes the ICMS tax. This is important for the sector. In our law we didn't have a forecast to migrate to the different tariff. And you had a tariff ad valorem that would increase the price, the oil price would increase the price of, the taxes would increase and there would be no cushion for the increases and this would drive.

The volatility is upwards and downwards to migrate to this tariff is positive, because of the price volatility, but together with this -- so this is important, because it is significant and levels rates in the countries, you can't imagine the level of complexity that you have behind our tax regime. And with this, there is -- these differences of rates produce taxes that should have been paid to others and should be a pay to another state. This generates a flow of between companies and taxpayers of the states. So, we are focusing to recover everything that simplifies the tax regime is better for us.

We have no opinions regarding, which would be the tax regime as long as it mitigates risks, because we are going to pay taxes. And we always alert our regulators and our legislators regarding the risks of tax rates that create symmetries. Because of the tax of the price, these are symmetries can create an unfavorable result for those that pay their taxes correctly. I believe that this is positive, it does comprise has to see, which rate we're talking about. But this is what the sector wants. We want them to simplify the tax regime.

Now the freezing of the PMPF, we also don't have major opinions. This was innocuous, because with this high spike in prices, the ICMS of the producer became higher than the ICMSD. So, it was innocuous. There was no effect. And this is common, when you see measures adopted through a period of volatility and periods of instability. Now, the stabilization fund, well, it went through the Senate, but we need the approval of the lower house. We don't have good prospects. You remember of 2018, this generated symmetries and disabled imports in Brazil. Because there was no clear reference regarding PPI and the reference price. It is difficult to emulate a market price. So, we don't have strong opinion, but it is important to be very careful, because we don't want this to become a control of margin. Because we need freedom of price.

Now the ethanol import price, we believe that is going the right direction. This reduces tariff barriers will increase the variety of sources that can serve in Brazil. We believe that there will be no direct implications in the short term. Although the price of import is not competitive vis-a-vis national ethanol in this excess pressure that is good for the consumer society and us. In a nutshell, I believe that measures are very important. All of them are legitimate as long as they respect the freedom of price and the symmetries that are very important regarding these taxes and many of these measures are following this way. And of course, this will be expanded to other products. I believe that currently there is a good coverage. This is good for our sector and this will be good positive. Thank you.

Q - Luiz Carvalho {BIO 18040760 <GO>}

Thank you, Natal. Thank you, Wilson.

Operator

Our next question Mr.Thiago Duarte, BTG Pactual. Mr.Thiago your microphone is on.

Q - Thiago Duarte {BIO 16541921 <GO>}

Good afternoon, Natal, Wilson. Thank you for taking my question. I would like to touch three points. Number one would be draws -- in your release what draws my attention is, when you talk about the margins of the quarter, and even when you exclude the BRL25 of cubic meter of gain of margin associated to stock. You placed, it has a good margin and above a recurrent margin from the business. I would like to know why? I do understand that when you exclude the stock issues, the quarter is in a different position than what we imagine in the future, thinking about supply -- domestic supply with a discount.

So, I believe that margin opportunities for your business and when we consider the level of efficiency that you have achieved, I don't believe that they will be different. From here on, I would like to know, what is behind the decision of stating this in your release.

Now, vain, [ph] a question regarding vain. I would like to know the impact of on convenience and result. When we see the other operating revenues, I believe that last year was highly above BRL380 million. I believe that this is associated to convenience store. Is this, is the value that we should perch from your results? And what will happen. Could you please elaborate on this?

And at last question for Wilson. It was positive to see the different pathways like biofuel, electric energy and gas. I would like to know about the Comerc deal and here you have generation and commercialization of energy. I would like to know, what is the best way that Vibra will position another energies HVO, biodiesel and gas. You've always said how important it was to maintain asset-light aspect?

In the beginning, you never proposed buying a refinery or the deals that you carried out with copper in terms of ethanol. So, you believe that? As you have the short of the chain in B2B, and in your station network, you believe that this is enough to capture value from these new energies or like, or will you have to expose yourself in production it could be in gas? It could be in biofuel. These would be the points.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

Thiago, thank you for your questions. Excellent points. Now, regarding the recurrent margin, in our release, you can remember that we were throughout last year during the first quarter you have adjustment, you have gain of stocks and you have to analyze this. But we had around 105 and since Q1 last year, we announced a number of measures that would add the EBITDA margin that was (inaudible) real cubic meter. This would be added to our recurring result, clean without stocks than the one-offs.

And the figures were controlled at that level, and as matter of fact, we have been implementing measures. And I believe that we are on track to deliver, what we promise. This would take us to around 120. Now, obviously we do not have a joystick for this. This all depends of the sector, the market and other things. But we believe that 120, you would be a level close to what is recurrent with all the challenges, Q1 presented challenges because of the matters that have already mentioned.

Well, we do not believe that BRL140 is a recurrent level BRL138, right. Because there is no structural reason to increase this margin. There is a situation, when I say recurrent, I'm not giving you a specific timeframe. I'm not talking one, three, six months. The situation can last more. Yes, it could. If the market continues tight. With the market continues with risks for importers, this is a market that is more geared toward distributors that have more appetite for risk. If this market last, we will have commercialization margins that will be sounder for a strong -- for a longer period of time.

Now in our release, we said that it was non-recurrent, because we understand that this is a situation that we don't know how long it's going to last. And there is an opportunity for a period of time, but we do not believe that this will take place for a long period of time. Therefore, we want a world, where trade margin has hiccups, working capital hedge stocks. Well, and even regulatory changes. So, we believe we want a controlled environment. We don't believe that this is a good business. We're in this game for a long run. We want better cost, better stores. This is the game. We don't want to capture more or less margins. So, what we prefer is to navigate in calm waters, to work with compounds and unless in terms of opportunities.

Now, of course, if the situation last, and if we have a competitive environment that favors we will have market share. But as I said, these counterparts regarding gains and losses of stock and hedges will produce accounting effects difficult to forecast. We really don't know what the end of the quarter will be like, because there is great volatility. Now regarding when, for the time being there are no adjustments. So, the results that we generally have a royalty revenue is in our ADO [ph] and there are no adjustments to make here. So, this will be consolidated as Q1 of 2022, and they will be -- this will be equity, where with largest Americanas and you will see the result. Here you have 50% of profit and not EBITDA. And so I don't know if you would like to mention something.

In reality then started in February, now we have a Board, the management were working. And what we just mentioned, we do have a partner that will bring efficiency to the business that goes beyond our network. And here we have a potential to grow in terms of number of stores. Brazil has 15% of their gas station with convenience stores. And when you analyze Europe, Asia it's around 60, 70%, 80%. So, the potential growth here is significant. And when we see after the pandemic and now we have -- we're in a world of proximity stores. This never effective the EBITDA in our results and now it's made a difference. And it will make a difference in the upcoming months and years.

Now regarding the asset-light, of course, this is our preference. Sometimes it's not possible to do this. Sometimes you cannot originate. Electric energy if you, you cannot -- if you cannot create these complexes, some of our complex are distributed energy, and centralized energy and the customer becomes a partner of this process.

Now, what differentiates our company, would be this is multiples that has renewable energy that generate certificates and that is a scarce business. We go to the limit, when we need the exposure. There is no doubt we can do it. You see that we haven't been able to -- we didn't have to do it with green diesel. In the case of ZEG we see a major potential, because it creates the strong synergy with JV and Copersucar. Therefore, we're going to extract this from our suppliers or ethanol producers. So here, of course, we have a significant experience. You can only originate this gas if you support the entire growth process.

And your last point, you talked about the refinery, but we decided to exit natural gas distribution business, this has already been announced. We already made an agreement with the government of the status we need to Santo to sell it. We believe that a regulated business for us is not interesting. It's not only asset-light, but regulated is not, what we want to have, because we want commercial flexibility.

So, what makes sense to us is an operation that has a capacity, not to produce gas, but to originate the gas. We have financial capacity. Now obviously in the JNL, there is a player that is similar to what we do. Perhaps there is an area to receive these volume of gas to liquefy, to ship, to service the customer. So, this entire infrastructure -- I'm not only talking about logistics to receive this gas. With this I believe we will invest in this area. We go up to where we can go, because we want to have the molecule, because we need it. And of course, very carefully. And with prudence, we will fund, because we need the molecule that is important to service our customers.

Operator

We will now -- we are bringing our Q&A session. I would like to give the floor to Wilson Ferreira Jr, our CEO for the final remarks of the company. Mr.Wilson.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

Well, once again, I would like to thank all of you for your questions, your comments. We learn a lot through the sessions and we are with our entire team. It's very important to be with you. I would like to congratulate our team, the record result of this company, I always say that excellency is a mobile target. And we learn a lot with what we do, but we will continue being challenged. The challenge is a constant challenge for efficiency. But we -- this is a challenge to approach the market, it is a challenge to change the culture of the company.

I'm very optimistic regarding my team, I feel very fortunate to work here. And there's a lot to innovate here; there is a lot to do in terms of doing things differently, because this is a traditional market. And I believe that the EBITDA is contributing to the change of this industry. This is a special moment for the country, a special moment for the sector and important evolution from the regulatory point of view.

This is because the agents of the sector worked in unison to strengthen the situation against a tampering products and we are starting. You will start seeing after a road shows, you will see that we are in the forefront and you will see this new team, renewed team, we will be able to show better results for you. I am very optimistic regarding the future, of course, cautious in the short term, because there is a war that we really don't know, when it will come to an end, but we're here prepared to overcome anything that comes ahead of us. So, see you during our next conference call.

Operator

The Vibra's conference call has come to an end. We thank all of you for your participation, and have an excellent afternoon.