

## Y 2020 Earnings Call

### Company Participants

- Andrea Fernandes, Investor Relation Director
- Marcello Guidotti, Chief Financial, Investor Relations Officer and Human Resources Management

### Other Participants

- Rogerio Araujo
- Victor Mizusaki

### Presentation

#### Operator

Good morning, and welcome to EcoRodovias Fourth Quarter of 2020 Earnings Conference Call. With us here today are Marcello Guidotti, CFO and IRO; and Andrea Fernandes, IR Director as well as Executives of the company. This presentation is being recorded. And all participants will be in listen-only mode during the presentation. After that, we will begin the question-and-answer session for analysts and investors only and further instructions will be provided. (Operator Instructions) The audio and the slides of this conference call are being broadcast simultaneously at [ri.ecorodovias.com.br](http://ri.ecorodovias.com.br), where you will find the presentation for download from the webcast platform in the Investor Relations section.

Before proceeding, we would like to clarify that the forward-looking statements that may be made during this conference call relating to EcoRodovias' business prospects, projections and operational and financial targets are based on the management's beliefs and assumptions as well as on currently available information. They involve risks, uncertainties and assumptions as they refer to future events and hence, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors may affect the future performance of EcoRodovias and lead to results that differ materially from those expressed in such forward-looking statements.

I will now turn the floor over to Ms.Andrea Fernandes, who will discuss the fourth quarter of 2020's results. Ms.Andrea, you may proceed.

#### **Andrea Fernandes** {BIO 21294199 <GO>}

Good morning. Welcome to Grupo EcoRodovias conference call. Today relating to the results of the fourth quarter of 2020. We thank you for your interest and participation. The

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year of 2020 was marked by a series of challenges. But the main one was without a doubt the COVID-19 pandemic. With all its consequences both in the social aspects and in the business environment.

Today, we can say that the company supported by its workers and always aligned with the grantors was capable of responding quickly to the demands to adapt for business or operations continuity in an efficient and safe way to all both users and employees. We adopted remote work for all administrative and support positions, expanded the alternatives for digital payment means in the toll plazas and effectively support the truck drivers through actions including PCR testing, distribution of food items and vaccination against H1N1. Also as a way to protect the company's liquidity, supported by major financial institutions we have refinanced all of the group's commitments for the first semester of 2020 extending the profile of the debt. Committed with transparency every week we have been publishing the traffic data for our highways.

I also note the evolution of our Environmental, Social and Corporate Governance agenda, ESG. Through our public commitment to the United Nations Global Compact and with the Sustainable Development Goals, the SDGs. The company continues in the pursuit of targets linked to these guidelines and during the year 2020 revisited the topics that are most important for the business considering the global SDG agenda and the perception of investors and market stakeholders in order to promote a greater connection between the business vision and its social and environmental impacts.

In the government aspect, the company received the international anti-bribery certification ISO 37001. Declaring that the company's Ethics Program Integrity System is capable to -- of preventing addressing and detecting bribery practices. In the environmental sphere for the 10th consecutive in that year, the company was selected to join the corporate sustainability index and in January 2021 EcoRodovias' shares were listed in B3's Carbon Efficient Index. Due to the infrastructure ministry decision not to accept the plea to renew in advance Ecoporto's concession contract, the company that on the fourth quarter, impairment provision of BRL616 million non-cash in its assets. Also in the fourth quarter, the company booked a liability related to penalties by ECO101 relating to the Infinita Highway Operation in the amount of BRL72.6 million.

Moving on now to the operating performance on Slide 2, we can see the monthly traffic performance, as well as toll revenue comparable until December 31, 2020. Although, comparable traffic posted a decrease of 8.2% in the year of 2020. Toll revenue presented a reduction of only 3.7% due to the good traffic performance resulting from agriculture commodities exports and the concessions at higher toll rates. Demonstrating the quality and resilience of our highway portfolio even during the pandemic. When we consider concessions ECO135, ECO050 and Ecovias do Cerrado, it's possible to see a growth of 1.6% in traffic and 2.4% in toll revenue in the year 2020.

As for the fourth quarter, on Slide 3, we show that the variation of consolidated traffic of equivalent paying vehicles posted an increase of 2.8% excluding the startup of operations at ECO135, ECO050 and Ecovias do Cerrado consolidated traffic posted a reduction of 1.7% in the period due mainly to the social distancing measures adopted to combat COVID-19.

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On Slide 4, we can see the opening of monthly variation in traffic and the fourth quarter of 2020. The reduction in the traffic of light vehicles is due to the social isolation measures adopted by states and municipalities to combat COVID-19, especially, in the month of December. On the other hand, we see a quick recovery of comparable traffic of heavy vehicles throughout the quarter as indicated in the chart, especially, in December with an increase of 9% explained by the increase in the export of agricultural commodities influenced by the currency devaluation.

As for the group's consolidated financial performance on Slide 5, we show the net revenue excluding construction revenues that increased 3.5% in the quarter and 2.5% in the year 2020. Net revenue of highway concessions posted an increase of 2% in the quarter and 2.6% in 2020.

Moving on to Slide 6. Adjusted cash cost amounted to BRL231.3 million, a 9% increase. Excluding provisions at ECO101, Ecocataratas and Ecovia Caminho do Mar, there was an increase of 2.2%.

## Operator

I'm sorry. There's no audio coming in. Please hold for one moment. Please hold for a moment, while we reconnect. Please hold for a moment. We'll be back as soon as possible. We can hear you. You can continue.

## Andrea Fernandes {BIO 21294199 <GO>}

So moving on to Slide 6. Adjusted cash cost amounted to BRL231.3 an increase of 9%. Excluding provisions at ECO101, Ecocataratas and Ecovia Caminho do Mar, there was an increase of 2.2% compared to the fourth quarter of '19. In 2020 in the year, the growth was 1.8% below the inflation of the period. Pro forma EBITDA was a BRL550.1 million in the fourth quarter with a margin of 66.1%. In 2020, the pro forma EBITDA was higher than BRL2 billion in line with 2019. Despite social distancing measures concessions ECO101, ECO135 and ECO050 presented an increase in EBITDA due to the increase in commodities exports and the pulp cycle in the region of ECO101. The other concessions had an impact on EBITDA due to the traffic reduction regarding the restriction measures adopted to fight COVID-19.

On Slide 7, 8, we present the evolution of recurring net profit in the fourth quarter of 2020 with a reduction of 39.2%. For the year of 2020, recurring profit presented an increase of 14.3%. Recurring profit was positively impacted by the reduction of depreciation and amortization due to the update of the traffic curve and the reduction and the provision for maintenance as a result of the review on the future work schedule for the concessions. On the other hand, the profit had a negative impact mainly due to the initial expenses of Ecovias do Cerrado and the increase on IPCA in the financial results.

As for investments on Slide 9, CapEx in 2020 was of BRL1.275 billion down 1.6% compared to 2019 due to the social distancing measures to fight COVID-19 that rendered the

execution of certain works and feasible. We highlight that the decisions and measures have been made and are being made to prioritize the safety services to highway users, employees and service providers.

On Slide 10, we closed the quarter with a net debt of BRL6.9 billion, stable compared to the previous quarter, and the net debt pro forma EBITDA indicator was of 3.4 times.

Moving on to Slide 11, despite the uncertainties caused by the pandemic, we were able to refinance the debt maturing in 2020 and expanding the group's debt amortization schedule. Reaffirming the quality of credit even in a period of high market volatility, we closed the quarters with a cash balance of about BRL1.5 billion, which together with a future cash generation makes us comfortable as with regards the group's financial capacity. In 2020, shareholders signed a dissociation agreement with the objective of significantly strengthening the Ecorodovias' financial situation and competitive position enabling the search for investment opportunities in the Brazilian highway market.

The company is currently studying the federal concessions BR-153 to Tocantins, Goiás with the bid programmed for April 29 and BR-116/101 Dutra as well as the batch of the Paulista [ph] Coast for the government of State of São Paulo. We believe that the solution for the pending unbalances in the Ecovias dos Imigrantes will be solved and we remain confident in the business solution.

Before we close, we would like to say that we continue taking preventive and mitigation measures to minimize as much as possible the impact of the pandemic in the -- to the safety of our employees, users and service providers, and business continuity.

This concludes our presentation. We would like to move to the questions-and-answer sessions. Operator, we're ready for the questions from our analysts and investors. Thank you.

## Questions And Answers

### Operator

(Question And Answer)

Thank you. We will now begin the question-and-answer session for investors and analysts. (Operator Instructions) First question, Victor Mizusaki, Bradesco BBI. Please Victor go ahead.

### Q - Victor Mizusaki {BIO 4087162 <GO>}

Good morning. I have three questions here. Andrea, the first one. You mentioned the rebalancing at Imigrantes. I would like to ask you to give us more detail if we're still talking about the negotiation stage, discussing values? Or if there has been progress in the negotiation? If we're talking about the contract terms, getting close to the end?

Second question is also for more detail. You mentioned in the beginning of the presentation, the provisions at ECO101. Just to understand more or what happened there? And if maybe it's already solved and there's nothing coming? And finally, about Ecoporto, when do you expect to resolve the discussion of the rebalancing at Ecoporto? And how do you expect it in terms of the indemnity?

**A - Marcello Guidotti** {BIO 16618352 <GO>}

Good morning Victor. This is Marcello. Thank you for your questions. Let's start. Ecovias, the discussion is advancing in all points, both in the technical terms and of course, in terms of the terms of the amendments. It's a complex negotiation involving many imbalances, many items. But as Andrea said on her speech, we're confident and wanting to get things done well.

And as soon as it's possible, we'll be able to conclude. About ECO101, what we put on the balance sheet was on the company's best estimate based on evidence and internal audits, expensive audits that allowed us to put a value into what could be the total impact of the events that came up in the operation in 2018, Infinita Highway operation, we understand the value that covers or potentially covers all the possible penalties or fines and other consequences of the operation.

That's the company's best estimate. For Ecoporto and the -- we mentioned that we're discussing the possibility of arbitrage to continue and maintain the discussion on the liabilities that are linked to the concession contract that were not accepted initially or the agency when they renewed the concession agreement. We understand that we need to wait for the granter's okay to begin arbitration, and it takes time. And if we succeed, the means of payment is still not defined. So we're focusing right now and opening for arbitration and the development of this process that will certainly take some time.

**Q - Victor Mizusaki** {BIO 4087162 <GO>}

Great. Thank you.

**Operator**

Our next question Rogerio Araujo, UBS.

**Q - Rogerio Araujo** {BIO 17308156 <GO>}

Good morning. Thank you. I have two questions. One is a follow-up to Victor's question. If this accounting of booking of liabilities on ECO101. If in your view, in the company's best estimates, if there can be a new leniency agreement or if it's no longer related to -- or if it's administrative fines and penalties. My second question is about the restructuring process for shareholders. What -- how it is right now and the next steps and the timing as well on the follow-on that the company announced, in your mind? Or how is it going in terms of a time line? Thank you.

**A - Andrea Fernandes** {BIO 21294199 <GO>}

Thank you, Rogerio. About ECO101, as I said, it's a company's estimate based on internal audits and data of what could have been the potential impact in the concession contract, the contractual penalties. So it's a value that summarizes our analysis, considering a provision in our balance sheet. It's not related to any leniency agreement or anything.

As for the shareholders agreement, in July, we announced the beginning of this reorganization process with a change in the shareholder structure. Combining that with the capitalization program, and the window goes until September this year. Everything is going well. We're optimistic. And seeing it, it's all moving along well, and we'll have the possibility to conclude the operation with a follow-on. All we have to do now is wait for the steps to be concluded.

**Q - Rogerio Araujo** {BIO 17308156 <GO>}

Very clear. Thank you, Andrea. Have a good day.

## Operator

(Operator Instructions) If there are no further questions, we now close the question-and-answer session. I will turn the floor to Ms. Andrea Fernandes for her final remarks. Please, Andrea, you may begin.

**A - Andrea Fernandes** {BIO 21294199 <GO>}

Thank you for your participation. If you have any doubts, my team and I are available. Have a great day. Thank you.

## Operator

EcoRodovias conference call is concluded. We thank you all for your participation. Have a good day.

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