

## Q4 2012 Earnings Call

### Company Participants

- Marcello Guidotti, Chief Financial and Investor Relations Officer
- Raquel Turano, Investor Relations

### Other Participants

- Stephen Trent

### Presentation

#### Operator

Good morning and welcome to the EcoRodovias Fourth Quarter 2012 and 2012 Earnings Conference Call. With us here today are Marcelino Seras, the company's CEO; Marcello Guidotti, CFO and IRO; and Raquel Turano, Investor Relations. 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 analyst and investors only. At that time further instructions will be given. (Operator Instructions).

The audio and the slides of this conference call are being broadcasted simultaneously at [www.ecorodovias.com.br/ri](http://www.ecorodovias.com.br/ri) where you will find the presentations 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 the 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 Mrs. Raquel Turano, who will discuss the fourth quarter 2012 and 2012 results. Mrs. Raquel, you may proceed.

#### **Raquel Turano** {BIO 21085763 <GO>}

Good morning and welcome to Ecorodovias' 4Q12 and 2012 earnings conference call. We will begin the call by bringing you up to date on EcoRodovias' financial structure. At the

end of 2012 and beginning of 2013, one of our majority shareholders, Impregilo, sold its interest in EcoRodovias, 19% goes to Primav Construcoes e Comercio and the rest was sold on the stock market. As a result, Primav now has 64% of the shares as you can on the chart on slide two.

One of the main highlights in 2012 was the Group entered [ph] into the port factor through the acquisition of the Tecondi Complex, the third largest container terminal in Port of Santos. The Complex is made out of the companies, Tecondi, Termares and Termlog.

In 2012, Consorcio Rodovia da Vitoria composed of EcoRodovias and SBS Engenharia was declared and classified as the winner of the public bid for the construction of the BR-101 in Espirito. However, the contract has not been signed yet, making it impossible to begin operational services and investments in the 407 kilometers highway. EcoRodovias and SBS Engenharia have been taken the necessary measures to ensure the return.

But for our new business, EcoRodovias continues to keep a close eye on the development of future scenario and for Highway Concession group, allowing stabilization of (inaudible). And also we made the largest opportunity in the airport and port segments.

Moving on now to our 2012 results. Slide three shows that we exceeded consolidated traffic growth, up 3.5% reaching 207,372 million. In addition, just last week, we disclosed our traffic figures for the first two months of 2013, which moved up by 0.6%, as you can see on slide four. As for the operating performance of logistics, ELOG has handled 81,000 containers 8.5% less than 2011. However, the average tariff per containers increased by 55% in the same period to 1,481.

Slide six and seven show the operating performance of the Tecondi Complex, who handled volume installed operations moving up by 22% in 4Q, totaling 85,000 containers. 5.8% growth in 2012. As you can see on slide eight, Tecondi maintained a 16% share on terminal containers in Port of Santos in 2011 and 2012. In terms of commercial performance, slide nine shows that the consolidated net revenue, excluding construction revenues grew by R\$2.1 billion, 29.7% up from 2011. The slide also gives a breakdown of gross revenue per business. As you can see, 51% from Highway Concession and 20% from the Tecondi Complex.

On slide 11, you can see that consolidated EBITDA came to R\$1.2 billion in 2012 with a margin of 49.4%, excluding the IFRS EBITDA, our consolidated EBITDA margin stood at 60%. Slide 12 and 13, showed EBITDA margin of the Highway Concessions without the IFRS effect with the margin of 7.6% in 4Q and 70.7% in 2012, remaining flat in both comparisons.

The logistics segment represented by Elog recorded a EBITDA margin of 80% in 4Q and 35% in 2012. Simply, the non-recurring revenue and expenses, namely the sale of Ecopatio Imigrantes and the recognition of investments in Ecopatio Viracopos. Excluding these effects, Elog posted EBITDA of R\$12.9 million in 4Q and R\$45.2 million in 2012, with respective margins of 18.6% and 16.9%.

Moving onto slide 14, here we have the share of each segment in EcoRodovias' consolidated EBITDA. Slide 15 shows EcoRodovias gross debt, which stood in 2012 at R\$3.2 billion. The net debt realized (inaudible) fell to 1.9. This is due to the upturn in EBITDA from Highway Concessions and the consolidation of Tecondi between June and December this year.

Slide 17 shows our investments, which stands at R\$500 million in 2012, led by the duplication of the 14 kilometer stretch of BR-277 in Ecocataratas, the adaptation of the Pimentas interchange in Ecopistas, implantation of the fifth lane between kilometers 26 and 41 of the Rodovia dos Imigrantes and investments in higher saving and conservation. Overall net income totaled R\$422 million, 10.2% higher than in 2011.

That concludes our brief presentation. And we'll ask now to open the Q&A session. Operator, we are now ready to answer questions from investors and analysts. Thank you very much.

## Questions And Answers

### Operator

Thank you. We will now begin the question and answer session for our investors and analysts. (Operator Instructions). Our first question comes from Stephen Trent, Citi.

#### Q - Stephen Trent {BIO 5581382 <GO>}

Hi, good morning everybody and thank you for taking my question. Just one from me. I just wanted to understand specifically the scope of your partnership with Fraport. Certainly there's the Guarulhos and Confins airports tenders potentially coming up. To what extent are you guys jointly looking at other airport opportunities with Fraport, either inside Brazil or even outside Brazil, let's say if Fraport wants to go after a Mexico City airport project? I just wanted to understand.

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

Hi Stephen, I'm Marcello.

#### Q - Stephen Trent {BIO 5581382 <GO>}

Hi, Marcello.

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

Just to clarify, our partnership with Fraport is limited at the Brazilian opportunities in the airport sector, okay, but not only the existing opportunity, not only in Guarulhos or Confins as it was not only in Guarulhos one year ago. So it's the partnership in order to participate in that realization of the sector in Brazil, okay, but limited in Brazil. So, we have a partnership of 50-50% and nowadays, we are starting the status on the job related to Guarulhos and Confins, but is not -- we are not partners outside of Brazil.

**Q - Stephen Trent** {BIO 5581382 <GO>}

Okay. That's very great, great color. I'll let someone else ask a question. Thank you.

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

Thank you, bye. Thank you, bye.

**Q - Stephen Trent** {BIO 5581382 <GO>}

Good bye.

**Operator**

(Operator Instructions) We have a follow-up question with Stephen Trend. Please go ahead.

**Q - Stephen Trent** {BIO 5581382 <GO>}

Thank you again. Just one quick follow-up, if I may. With respect to the new federal toll road concessions that seem to be on the pipeline, are you seeing any indication from authorities that they are hopefully going to issue environmental and other licenses at the same time that they award concessions or this will still be a separate process?

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

The amount of kilometers that would be auctioned that is very high, so probably it won't be possible to have all the license. And the CapEx, that will be invested is so much, so huge that it's going to be impossible to have all the license. And so I know that the government is working to anticipate, to prepare the ground in order to speed up the process once the concession will be auctioned. But probably it won't be possible to have all the license already little bit low. So -- but again, it will be probably -- we don't know, the risk of delaying of obtaining the license will be all of it against the concession or it will be shared with the government.

But for us again, for EcoRodovias, it's not -- it is the license, the environmental license is not a big issue. If you do all your preparation, your work with them, it is feasible to obtain all the license during the time that we expect. But I don't know exactly if they are okay. They're trying to prepare the majority of the documents and to make the ground ready to obtain, but probably we won't have the license already ready for the auction.

**Q - Stephen Trent** {BIO 5581382 <GO>}

Understood. And I'll leave it there. Thank you again for the time.

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

Okay, bye.

**Operator**

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(Operator Instructions) We have no further questions. This concludes the question and answer session. I would now like to turn the floor over to Mrs. Raquel Turano for concluding remarks. Please go ahead.

## **A - Raquel Turano {BIO 21085763 <GO>}**

If you still have any questions or wish to contact us for any reason, please feel free to get in touch with our Investor Relations department or visit our IR website. Thank you very much and have a nice day.

## **Operator**

EcoRodovias conference call is now closed. Thank you very much for your participation, and we wish you all a very good day.

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