

## Y 2013 Earnings Call

### Company Participants

- Flavia Godoy, IR Coordinator

### Other Participants

- Kevin Kaznica, Analyst
- Unidentified Participant

### Presentation

#### Operator

Good morning, ladies and gentlemen, and thank you for waiting. We would like to welcome everyone to the Fourth Quarter 2013 Earnings Conference Call of CCR SA. We would like to inform you that all participants will be in a listen-only mode during the company's presentation. After the company's remarks are completed, there will be a question-and-answer session. At that time further instructions will be given. (Operator Instructions)

Before proceeding, let me mention that forward-looking statements about CCR's business prospect and financial and operation goals are being made based on the beliefs and assumptions of CCR's management and all information currently available to the company. Future considerations are not guarantee of performance. They involve risks, uncertainties and assumptions because they are related to future events, and therefore depend on circumstance that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of CCR and could also cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Ms. Flavia Godoy, CCR's IR Coordinator. Ms. Flavia, you may begin your conference.

#### Flavia Godoy

Thank you, operator. Good morning everyone and thank you for attending our fourth quarter 2013 earnings conference call. Here with us today are Arthur Piotto, our Chief Financial and IR Officer; Marcus Macedo; Daniel Kuratomi and Leandro Mathias, Members of the IR team. The earnings release for the fourth quarter and the full year 2013 is available on the company's website at [www.ccr.com.br/investidores](http://www.ccr.com.br/investidores).

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Before commenting on the highlights, let's take a quick look at some macroeconomic indicators we consider important for the performance of our business. Among the important economic and production indicators disclosed, we highlight that unemployment rate that in December 2013 came in at 4.3% the lowest figure since 2002 and a continuous improvement in relation to the 4.6% recorded in December 2012. Workers' real average income measured in December 2013 amounted to R\$1,906 [ph] up by 3.2% over December 2012.

Industrial production decreased by 0.3% in fourth Q '13 over fourth Q '12. In the last 12 months, the indicator fell by 1.2% compared with December 2012 is declined 2.3%. In fourth Q '13 over third Q '13, industrial production decreased [ph] by 0.8%.

According to the credit information published by the Central Bank of Brazil, the evolution of credit in December 2013 was positive. Earmarked and non-earmarked loans increased by 14.6% with individual loans climbing by 16.3% and vehicle finance moving slightly down by 0.5% over December 2012. It is important to mention that the automotive sector is closely linked to traffic growth and largely influence the industrial GDP. The number of licensed vehicles fell 2.3% in the fourth Q '13 over fourth Q '12 accompanied by a decline in vehicle production of 6.3%.

We remind you that as of the fourth Q '13 disclosure, CCR began to prepare its results in accordance with IFRS 10 and 11. As a result the results from companies not controlled by CCR and companies with joint control are presented in accordance with the equity method and no longer on a proportional basis in each line. This change did not alter CCR Group's consolidated net result. In addition, as of the fourth Q '13 disclosure, our releases included income statement; balance sheet and cash flow consolidated on a proportional basis are presented as pro forma statement.

Before we announce our results, it is important to mention two non-recurring effects that affected the fourth Q'13 figures. The first effect refers to the amount received from the sale of interest in STP result in a positive impact of 95 million in fixed charge EBITDA and a positive net impact -- net income of 62 million. The second non-recurring effect refers to the costs related to the end of the activities of Controlar result in a negative impact on EBITDA and net income of 106 million. It is important to mention that the cash impact [ph] with total 9 [ph] million to be disbursed in the first quarter of 2013.

Consolidated traffic from all of our concessionaires grew by 8.4% in the fourth Q '13 over fourth Q '12. On June 25th, 2013 as further publication in the Diario Oficial do Estado de Sao Paulo, the Sao Paulo state government cancelled the expected tariff adjustment for the state highway. On the other hand as of July 28th, 2013 a resolution authorized the toll collection on all the axles of commercial vehicles. As a result, the traffic recorded in the fourth Q '13 was affected by these measures to restore the economic and financial balance of the agreements. We highlight, however that these values are still under analyses by the parties involved.

Commercial vehicle traffic benefits from the economic activities and this effect increasing by 10.3% in the fourth Q '13 over fourth Q '12. Light vehicle traffic grew 6.7% on the same

comparison basis chiefly influenced by the economic activity.

It is worth noting that February's preliminary figures show that (inaudible) growth in the fourth Q '13 supporting our expectations of traffic growth in line with historical elasticity in relation to Brazil GDP. In our earnings release, you'll find more information on the breakdown of traffic to our concessionaires.

Fourth quarter adjusted EBITDA, totaled 977 million, 21.7% higher than in the fourth Q '12 as compared by an adjusted EBITDA margin of 71%, 6.1 percentage points up on the same comparison basis. Note that adjusted EBITDA as to income not only taxes on income, net financial results and depreciation and amortization but the other non-cash expenses, the provision for maintenance and prepaid concession expense. Considering all CCR's business on a proportional basis, adjusted pro forma EBITDA totaled 992 [ph] million, 12.3% up on the fourth Q '12 with adjusted pro forma margin of 62.5% is stable on the same comparison basis.

In 2013, the company added several business to its portfolio, which have [ph] still not in maturity or are in the implementation phase. In addition as previously mentioned, our results were impacted by non-recurring effects.

Adjusting the figures excluding the non-recurring effect and the new businesses added in 2013, CCR's adjusted pro forma EBITDA on the same-basis came to 1 billion in the fourth Q '13, 14.1% up on the fourth Q '12 as compared by a margin of 64.4%, 1.9 percentage points higher than in the fourth Q '12. This growth reaffirms CCR's constant efficient gain.

Net income amounted to 306 million in the fourth Q '13, a 11.8% less than in the fourth Q '12 as previously explained, this result was impacted by non-recurring effect and the business that are not yet matured. Excluding the non-recurring effect, net income totaled 358 million 3% up from fourth Q '12.

CCR's leverage measured by the net debt pro forma EBITDA ratio of 1.9 times in the fourth Q '13 is likely above the 1.8 times in third Q '13 mainly reflecting the addition of new business. We believe that the current scenario is extremely comfortable to have the company move ahead with its growth, its strategy with capital discipline even considering the investment commitment related to the recently acquired new business.

CCR's management propose the additional distribution of dividend related to the fiscal year 2013 in the amount of roughly R\$0.06 per share, totaling 100.8 million to be submitted to the approval by the Annual Shareholders' Meeting of April 15, 2014. Due to this additional distribution, dividends related to 2013 totaled 1.3 billion [ph] corresponding to approximately R\$0.74 per share and represent a payout of 96.3% related to the fiscal year 2013. This payment reaffirms our commitment to pay at least 50% of the annual net income as dividend.

Before concluding the comments on our results, we would like to highlight that yesterday the company signed the concession agreement related to BR-163, located in Mato Grosso do Sul State in SPVias. We will hold a conference call with further clarifications on

our proposal this coming Tuesday, March 18th, at 11:00 AM in Portuguese and at noon in English Brazilian times. Details are available at our IR website.

We will now open the question-and-answer session for the -- for our fourth Q '13 and 2013 conference call. Operator, please go ahead.

## Questions And Answers

### Operator

Ladies and gentlemen, we'll now begin the question-and-answer session. (Operator Instructions) Our first question comes from (inaudible) with RXZ Investimentos. Please Mr. Roberto [ph], your line is open.

### Q - Unidentified Participant

I'm sorry; there has been a mistake here. I don't have question.

### Operator

Excuse me. Our next question comes from (inaudible) with HSBC.

### Q - Unidentified Participant

Hi, good morning everyone. Just wanted to touch on the Confins concession have you guys signed already the concession for Confins? And -- I guess that's my first question.

### A - Flavia Godoy

Hi, Alexandra, this is Flavia. The Confins, the signature of Confins contract, the company expect to sign by the end of this month. We just signed the BR-163 yesterday and Confins, we would expect to sign it by the end of this month.

### Q - Unidentified Participant

Isn't there is a formal date, which is the 17th of this month, was that postponed?

### A - Flavia Godoy

Yes. It was postponed.

### Q - Unidentified Participant

Okay. And just following up on that, how do you guys plan to incorporate -- do you plan to give breakdown, I'm specifically concerned about the (inaudible) for this airport, how do you guys plan to consolidate that into the release?

### A - Flavia Godoy

As soon as we have the contract signed, the company is going to provide all the details related to our proposal.

### **Q - Unidentified Participant**

Okay. Just one more follow-up on leverage. Are you guys planning to any new debt and with the interest rates going up in Brazil and I know that you guys have short-term -- of course some of the -- that is short-term, there is going to be new CapEx coming in on the BR-163 and Confins. You guys planning to access the market mainly on public debt or is there any chance for you guys to access the equity markets as well? Thank you.

### **A - Flavia Godoy**

The company does not intended to raise the asset. The big portion of our investment the company is going to finance it with the markets -- the local markets not only BNDES but there are also -- there are other projects that we have.

### **Q - Unidentified Participant**

Okay. Thank you.

### **Operator**

Our next question comes from the Stephen Trent with Citi.

### **Q - Kevin Kaznica {BIO 17875244 <GO>}**

Hi, good morning Flavia. This is Kevin Kaznica filling in for Stephen Trent. I guess, my first question is what are you thinking about the potential re-auction of (inaudible) Detroit concessions and how have your parameters changed since you possess capacity in the first time?

### **A - Flavia Godoy**

Hi, Kevin, this is Flavia. Actually the Confins contract is going to expire in May 2015. The company didn't reach an agreement with the government. So, the government intend to do to -- to re-auction the project. The company obviously CCR is going to analyze. We don't have yet the bidded document. So, the company is going to analyze those, not only (inaudible) that the government intends to launch, we are going to analyze this year. As we have the bidded documents and more details about the project and the requirement.

About the other opportunities, CCR is still analyzing some projects not related to the highways but also in the urban mobility area. We do expect to have some projects this year, but we expect more opportunity, let's say in the beginning of the next two years.

### **Q - Kevin Kaznica {BIO 17875244 <GO>}**

Okay. Very helpful. I guess, how about for the BR-163 Mato Grosso do Sul, can you confirm that you guys have acquired [ph] financing whether it's government and to what extent do

you believe that the government want to reduce the funding in future auctions, the amount of funding that they provide?

**A - Flavia Godoy**

Hi, Kevin right now, this goes to say whether the company is going to try the BNDES.

**Q - Kevin Kaznica** {BIO 17875244 <GO>}

Okay. I guess, we're wondering -- I guess in future auctions, do you think the government is willing to provide as much funding or do you think they are going to take the let down [ph]?

**A - Flavia Godoy**

Regarding that we have up to now, I would say, yes.

**Q - Kevin Kaznica** {BIO 17875244 <GO>}

Okay. Great. And I'm sorry to haunt the line. Just one follow-up. What do you guys see as the rest of the Sao Paulo state government or other concession granting authorities taking quickly expedient decisions on annual tariff increases this year, I guess such as road work to be done by earlier this year and want to reduce (inaudible) and things like that. Do you see them doing something similar this year like Sao Paulo [ph] as well?

**A - Flavia Godoy**

Actually our -- this scenario is to have the adjustment. You know that we have the right to address our contracts once a year. So, we do expect to have those adjustments in our tariff.

**Q - Kevin Kaznica** {BIO 17875244 <GO>}

Okay. Thank you very much. That's very helpful.

**Operator**

(Operator Instructions) This concludes today's question-and-answer session. I would like to invite Ms. Flavia Godoy to proceed with her closing statements. Please, go ahead.

**A - Flavia Godoy**

Once again, I join all the request [ph] of CCR and thank you for your time and having interest in the company. Please do not hesitate to contact us should you have any further questions. Our contact information is available in our press release and on our website, [www.ccr.com.br/investidores](http://www.ccr.com.br/investidores); there you will find more information about our company. Thank you.

**Operator**

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

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