Y 2014 Earnings Call

Company Participants

- Guilherme Machado, Investor Relations Manager
- Jose Cezario Menezes de Barros Sobrinho, Chief Financial Officer and Investor Relations Officer
- Marcos Lutz, Chief Executive Officer

Other Participants

- Alexandre Falcao, Analyst
- Bruno Amorim, Analyst
- Unidentified Participant
- Victor Mizusaki, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. At this time, we would like to welcome everyone to America Latina Logistica 2014 Results Conference Call. Today with us, we have Mr. Jose Cezario, CFO and Investor Relations Officer; and Mr. Guilherme Machado, Investor Relations Manager.

We would like to inform you that this event is recorded and all participants will be in a listen-only mode during the company's presentation. After America Latina Logistica's remarks, there will be a question-and-answer session for industry analysts. At that time, further instructions will be given. (Operator Instructions). The audio and slide show of this presentation are available through live webcast at www.all-logistica.com.br/ri. This slides can also be downloaded from a webcast platform.

Before proceeding, let me mention that forward-looking statements will be made under the Safe Harbor of the Securities and Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of America Latina Logistica's management, and on information currently available to the company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic condition, industry condition and other operating factors could also affect the future results of America Latina Logistica and could cause results to differ materially from both expressed in such forward-looking statements.

Now, I'll turn the conference over to Mr. Jose Cezario. Sir, you may now begin your conference.

Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

Good afternoon, everyone and thank you for joining us for ALL conference call, which we'll discuss the results that were just released relating to the fiscal year ended on December 31, 2014. Watching the presentation from slide three, as previously announced at the end of 2014, we decided to end the Vetria Mineracao project and just sell our stake at Ritmo Logistica which will operate the truck logistics.

Regarding Vetria, the decision was taken due to the non-fulfillment of certain conditions stipulated in the contract, but also especially due to the current outlook and conditions related to the price charges for iron ore on international market.

In most cases, we believe that as we lead these businesses, we'll be able to focus on the business that is really priority for us, the railway cargo business. As a result of these decisions, all the results of these two businesses were treated for accounting purpose, including retroactively as this continued business in the income statements and the balance sheet, we're also segregated and treated as assets or liabilities available for sale.

For this reason, the presentation presents only two businesses to be reported in (inaudible). The ALL railway operations in Brado, which is our investment in the container logistic business, in which we currently own 62.2 stake.

It is worth mentioning that in the future, after the measure with Rumo, we will have the railway import businesses sub-divided in the corridors of wide gauge and narrow gauge. Wide gauge represents the North in [ph] Paulista track, plus the port of Santos in the narrow gauge presents the south and west track.

Moving on to slide four. 2014 was not a good year for ALL, looking off consolidated results, EBITDA was 1.1 billion, 32% lower than 2013, a reduction of approximately 570 million, partially due to operational impact related to the market dynamics that we will further detail when we talk about the market scenario. And also because of several extraordinary expenses and costs, that negatively contributed to this result in 2014.

This was to some extent explained in the earnings release that we disclosed last night, along with the financial statement. But we would discuss it in more detail in this conference call. The 3.3% increase in volume in RTK, and the year was not enough to offset the upper mentioned impact.

Another important issue that happened at the year end and reflected negatively on the year's result was the adjustment for impairment of assets that was recorded in 2014, which totalled BRL1.1 billion. This effect does not affect EBITDA, as it has a nature debt which maturely reflect the depreciation or amortization, but it impact largely on the reported net income. In addition, as part of this revision of processes in accounting practice that the transition team worked on, we also felt the need to change some accounting practices that ended up creating the need for adjustments in previous years. We'll give more detail about these later on.

Another relevant subject to be pointed out was ALL's non-compliance with financial covenant which happened at the end of 2014 as disclosed in the material fact yesterday. We already asked for and received from the main creditors of the company are waiver to solve this breach and we are in advanced process of finalizing the negotiations with these creditors to bring the maximum leverage levels of ALL back to a level that is consistent with the company's current situation. Taking into consideration the new accounting practices and the new investments which we'll believe are necessary for the turnaround we want to perform in this business.

Lastly, I would like to highlight that the merger with Rumo happened officially today when the exchange of ALL shares for new shares issued by Rumo was held and such shares started trading on the Bovespa market under the ticker RUMO3 today.

Let's now move on to the next slide number five. I'd like to discuss our consolidated numbers. First of all our consolidated net revenues went up by 6.6% in the year with an increase recorded in both the rail operations by 6% and in Brado by 4%. The EBITDA as I mentioned, presented a significant reduction in 2014 from 1.6 billion to 1.1 billion, a reduction of 35% due to the effect of the change in accounting.

In the Rumo contract, in addition to other impact on costs. Although, some of them are non-recurring in (inaudible) their impact on the year are very strong. Further on, we will give more detail on the impact related to the change in accounting of the Rumo contract in these order costs.

We went from net income of 43 million in 2013 to a loss of 1.9 billion in 2014. Out of this loss, 1.1 billion relates to the effect of the impairment of assets, which we'll talk in more detail further on. We also had the impact of EBITDA reduction as I just mentioned and the increase in net financial expenses by approximately 360 million, which we will also explain later on, on this call.

With this, we'll move to the next slide, number six, please. Talking a little bit more about the market outlook in 2014. Let's divide our analysis by commodity in the first half and second half of the year and by industrial products, which had very different dynamics. When we talk about the first half regarding soybean, the crop flow started very well in the first quarter of 2014. And two, we had demand problems with China, which decreased shipment, due to the fact that both Brazil and US could oversupply the Chinese orders. Given that especially as for May, we started to lose performance in volumes, while maintaining our contracted tariffs and losing some market share in the ports in which we operate.

In the second semester, when the off-season corn crop starts, the dynamic was quite different. Exports of Brazilian corn were 22% lower than the previous year, corn 26.6 million tonnes to 21 million tonnes and we also faced strong competition from truck business freight, which presented a strong price reduction, pressure in railroad freights.

We took a while to react in terms of prices. Our tariff prices decreased 7% compared to last year. In there, we lost volumes which ended up falling 13% compared to the previous year.

Yet, our market share in ports grew from 45% to 54%. In the soybean meal, we had a significant increase in volumes by 15% versus the previous year, with tariffs also increasing by 13% on average, and with market share growing from 28% to 34% year-over-year.

In sugar, despite the 13% decrease in the volume of sugar exports from the South Central ports, ALL increased volumes transported by 5.6% in both from Sao Paulo and Parana state. Sugar's average tariff price increased on average by 11% and the market share grew from 26% to 31%. In Industrialized Products, our actual performance was close to our expectations up by 4.6%.

Moving on to the next slide, number seven, please. The volume transported increased by 3.3% in 2014 versus 2013, with growth of 2.8% in the volume of agricultural commodities and of 4.6% in industrial products. In terms of net revenue, we had an increase of 6.1%, partially due to the increase in volume in the -- into the combination of tariff increase and product mix. Take into consideration, the average inflation of 7% in the year, this means that the combination of the mix of products in tariff adjustments were not enough to reach a good equation to reflect a -- adequate in healthy growth in our sales revenues.

As a result of these factors, that I just mentioned in other costs, the impact that we had in the year, mainly extraordinary in non-recurring costs. We ended up reporting an EBITDA for the rail operations that was 45% lower than that recorded in the previous year from 1.7 billion to 941 million.

In addition to their adjustment for change in the accounting practice related to the contract with Rumo, which impacted approximately 360 million on the EBTIDA compared to the previous year. We'll talk a little bit further on about other effects of cost expenses in the EBITDA reduction.

Moving on to the next slide number eight. I'd like to talk a little bit about Brado. This business reported a 20% increase in volumes transported versus the previous year, but an average tariff decreasing by approximately 14% which resulted in net revenue year-over-year growth of only 4%. Brado recorded an EBITDA of BRL72 million compared with BRL55 million in the previous year, an increase of 31%.

The next slide, number nine lists the main accounting adjustments that impacted the financial statements that we've reported yesterday, either by direct impact on income for the year or by the change that we have to do by reopening previous year's statements and adjusting them.

Let me start with the impairment of assets. Companies are required on an overall basis by the IFRS to perform an assessment to analyze, if there are conditions that indicates that there may be an impairment on assets.

Unlike previous years, when those conditions were not present, in 2014, we have several situations that made us understand that those conditions were present. And so, we had to perform the impairment test. This impairment test reveals the need for provisioning for losses of intangible assets and fixed assets of the south and west rail tracks, reaching around BRL680 million of impairment.

In addition, considering the plans to substitute all locomotives for new one, we also made an adjustment to bring the residual value of these locomotives to the value of probable economic recovery, which led to an impairment of approximately 430 million in compliment of the previous one mentioned. As a result, we ended up with the total assets of 1.1 billion in impairment of assets for the year ended December 2014.

Let's talk now about the change in accounting of the Rumo contract. Today as we are discussing only ALL (inaudible) results, which do not include the annual assets of the consolidation process, which only take place from April 1st, today. We are not talking here about the consolidated figures of ALL with Rumo. So, while we are talking here, we're only mentioning about the ALL results.

So in the last seven months, the transition team that was created by the two companies to prepare a business plan and understand the opportunities and the reality of the company, also performed a deep analysis of the main accounting practice that ALL had been adopting and specifically in this case, they contribute Rumo. We have identified an opportunity in the necessity to make a change in the accounting practice.

After several (inaudible) external disclosures, including one with the auditors, we managed to convince everyone that we needed to change the practice that had been adopted, which was to treat the contribution of Rumo, if it was a financial lease, to an incentive received from client's method.

With these after all adjustments made in previous years, we ended up having an impact in 2014 that was -- that we treated as cost of sales of approximately BRL410 million, rest was an effect of approximately BRL50 million in 2013. In addition to these major impact related to the change in accounting of the Rumo contract in the ALL, we had also several other extraordinary and non-recurring costs that will happen during the year eventually affected the reported result, which we will go into more detail later on the presentation.

We also had adjustments from operations previously recorded as operating lease, which are actually finance lease. The impact here is primarily on the balance sheet, fixed assets against lease payable, but now we have a benefit in net income, as previously these operating leases were affecting the costs, and now the payments are partially payment of principal in partially interests. This adjustment also affected the CapEx (inaudible) report in 2013 approximately 290 million, since it was considered as CapEx reducer. But in fact, it should have been treated as sale lease back and therefore as a capital lease.

Another adjustment was the reclassification of a portion of the concession of leasing expense that had been treated as a financial expense for cost of goods sold. Taking to consideration that this is an operational lease it is not correct to split the payment in three parts as cost of goods sold, in part as financial leases -- financial income, as was being down. This is just a reclassification between lines in the income statement, but it was something close to BRL150 million per each year [ph].

We also made adjustments for incentive received from clients in trade agreement. In such cases, we have to recognize obligations, previously was not recorded in the balance sheet and make their just adjustments in previous years, something close to 230 million in December of 2014.

To summarize this term of mature adjustment, we reclassify our balance previously treated as cash and cash equivalents, which we'll reclassify on the balance sheet as marketable securities, in some balance as restricted cash. These reclassifications impacted all our reported cash flows.

Let's now move on to slide 10. For us to do better demonstrate the impact of these adjustments on the company's EBITDA, here we have the first cascade graph on the top part of the slide, which shows EBITDA reconciliation previously reported in 2013 of BRL1.8 billion to the adjusted one that we are restating of BRL1.6 billion. Before talking about these adjustments in the first graph, we are showing the EBITDA reconciliation the way it was previously presented before CVM instruction 527, in the official form of which contains the effect of the result of equity income as part of the reportable EBITDA.

There are two positive impact related to adjustments of clients incentives in financial leasing, previously explained in that benefited EBITDA in approximately BRL100 million. Among the negative impact the highlight would be the reclassification of the interest expense of the concession leasing to cost of goods sold in the amount of BRL147 million and also the 2013 result of Ritmo which was reconciled to discontinued operations in the amount of BRL25 million, considering that the sale of this business is already reserved and approved by the end of 2014.

In the second cascade, yes, we made a standardization of the accounting result reported in 2014, considering that in managements judgment, there was some effect considered as extraordinary and they should not be recurring. The first concern, the piece of the adjustments by the new form of recording, and the Rumo contract which as I said earlier, had a negative result of 420 million -- 410 million, sorry in 2014. And we believe that out of these amounts, a BRL193 billion was just a portion of adjustment that should not be recurrent.

Additionally, we had two provisions for write-offs; one related to receivables from the fellow government and one for IPI tax credits, which are non-recurrent and therefore should be treated as (Technical difficulty) EBITDA.

Going to the next slide. We show here the breakdown of the impairment assets that was recorded in 2014, totaling BRL1.1 billion, of which 427 million comes from our write-down of the goodwill of certain locomotives that will be replaced in 2015 and 2016, and BRL676 million of impairment calculating the south and west rail tracks.

In the case of the west track, the plan to discontinuing the Vetria project was the main event that justifies the revision cash flows projections, and as a result, the impairment. In the case of the south track, unfortunately that -- what we had seen in recent years is a reduction in volumes and loss of productivity, which strongly impacted our profitability and consequently ended up generating an adjustment in future cash flow projections of this rail track, which eventually causes the impairment.

Moving on to the next slide. In the case of financial expenses, we had a 40% expansion in 2014 versus 2013, which is an absolute increase of around BRL365 million. First, we had a net impact of charges on debt, net of financial marketable securities of approximately BRL600 million, justified primarily by an increasing interest rates, the CDI, which was on average around 80% in 2013 starting in 2013 and a 11% in 2014. Besides the assets of the average increase in net debt balances year-over-year.

We also had an extraordinary in our recurring assets in the line of other charges in monetary evaluations due to a provision of foreign impairment of balance of IPI credit. The total value of this loss for the year was a BRL150 million, of which BRL50 million impacted EBITDA because this was the original value of the assets and the rest which was BRL100 million represented by its monetary updating over the years since the acquisition of this (inaudible) written off against interest expense on this line.

Another impact that helps the understanding of the increase in financial expenses is the interest that we recorded related to the provision of the concession and lease payable of policing [ph] our extract, because of the claims of economic imbalance of the conference [ph]. This provisions are being updated by (inaudible) rates, which increased significantly in 2014 compared to 2013 as I already mentioned. But we also have the impact from the increase in the recorded balance, which was the basis for these interest calculations. For you to have an idea, we are talking about the provision that totaled BRL1.8 billion at December 2014.

Finally, in the case of financial costs of the leasing, we had an increase of approximately BRL145 million year-over-year, mainly due to new financial leasing transactions, which started in late 2013.

Moving on to the next slide, we show here our bank debt position, net of cash in investments. As can been seen our leverage on December 31, 2014 reached a very high level, 5 times net debt-EBITDA mainly due to the effect already mentioned that reduced EBITDA in the year. If we consider the normalized EBITDA in 2014 of BRL1,360 million -- BRL1.3 billion this leverage would have been of 3.9 times on the same date.

As you all know, when this was a subject of the material fact that was released yesterday, reached this level of leverage ALL was no compliant with some clauses of financial covenant. And so we ended up having to reclassify approximately 4.5 billion from long term to short term liability. However over the last few months, we requested and obtaining a waiver from ALL main creditors, so we are not expecting any practical consequence on behalf of the second condition [ph]. The only back that lies in this effect that we should pay the eighth and ninth debentures in advance of their original maturities which are outstanding in the market and we understand we will not get a waiver for them. For this reason, we negotiated with pool of banks that spend by credit line of up to BRL1.4 billion to cover these maturities. In 2015, with a three year term and market conditions.

Apart from BNDES, which gave us the specific waiver for non-compliance on December 31 2014, to the condition to the delivery of reporting a little bit, we will

prepared by April 30, 2015. All other creditors who gave us the waiver accepted a leverage covenant of up to 5.5 times EBITDA. In the level of leverage we've enabled the implementation of the business plan designed by the transition team without any company additional equity capitalization.

We are forecasting that this level of the leverage which we will be measuring the consolidated (Technical Difficulty) plus ALL should start to reduce by approximately 0.5 times from 2017 onwards. When the most significant investments of the planning we start to generate more expressive benefit.

In the case BNDES, which he has no quarterly covenant. At the end of the year, we are planning to start the process of disclosure on these leverage levels. In our expectation, we bet, we have the same level of leverage agreed with other financial region [ph] in other word, 5.5 times.

I'd like to finish my presentation here and we are now available to start the Q&A session. I'm available along with Alexandre Santoro the CEO of ALL; (inaudible) the COO of ALL, Guilherme Machado, our Investor Relations Manager, as well as the team from our financial department. We also have here today, (inaudible) CEO, then but before we start our Q&A session, I'd like to turn over to Mr. Guilherme Machado, who will make an announcement.

Guilherme Machado {BIO 17920567 <GO>}

So, I am very briefly, I would like to highlight that April on 23rd, we have an intention to make our Investor Meeting which we will disclose the investment plan as Cezario mentioned. So just for the purpose for you to keep in mind and make it (inaudible) agendas for April 23rd when you're going to announce the investment plan. So we can start the Q&A section. Thank you.

Questions And Answers

Operator

Ladies and gentlemen, we will now begin the question-and-answer session for investors and analysts. (Operator Instructions) Our first question comes from Alexandre Falcao, HSBC.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Good afternoon, everyone. Just wanted to explore a little bit the cash generation for 2014, out of the 800 million of cash consumption, you see that there is probably 200 operating cash and or difference between cash beginning or the end of the period that's 200 million on retain cash and they are I would say another 200 million, which were basically are the (inaudible) of some of your leases.

My question is, there's probably another 100 and some, which are the discontinuation of some of these activities. What is the rest of that it's mainly worst performing assets or worst performing -- the company performing worse or this is mainly some of the issues on the way your account for things and this is basically how you're starting fresh year, and then this is the new level that we should start seeing from now on? Thank you.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

Falcao, actually what we saw in 2014, was a very difficult and challenging year, we are not talking here about accounting aspect that has really impacting the cash flow generation. What we saw in 2014 was a worse cash generation and due to all the aspect I've mentioned in terms of additions in costs -- the extraordinary costs is lower than expected tariff price increases and so on. So, what we could expect for the next year is something of course better, better than what we saw in 2014. Basically, due to several initiatives that we have done put in place according to our investment plan, but 2014 was as reported. So I'm afraid, it's not great to compare that with previous year, of course the dynamic result of this industry is not so easy to compare. So let's say the same.

Q - Alexandre Falcao {BIO 5515455 <GO>}

And then one more, just a follow-up here. Do you guys plan any sort of capital increase anytime soon, given that, because of the covenants break, mainly you're in short-term debts is went through the roof, do you need anything like that? And of course you have the commitment on the offer of not doing this 18 months after. And is that something that should -- there in the short-term horizon or that subject to the extension of the concessions? Thank you.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

Well, it's not in our plans. We are not considering any capital increase for the next years. Our business plan was made considering the level of indebtedness that is compatible with the covenants that we negotiated with the creditors. So we believe that the CapEx will be made mainly financed by (inaudible) of course, where we are normal to this kind of business. And we are not considering any kind of a capital increase for the next years.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Okay, perfect. Thank you.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

You are welcome.

Operator

Our next question comes from Victor Mizusaki with Bradesco BBI.

Q - Victor Mizusaki {BIO 4087162 <GO>}

Hi, good afternoon. I have two questions. The first one today you have consumer (inaudible) Rumo late in (inaudible) stock exchange. Is there any plan to merger these two stocks? And the second question, when we take a look on the financial statement, as you mentioned, there is the impairment of BRL1.1 billion and around BRL580 million related to PP&E, can you elaborate a little bit more about this write-off results and is there any chance that we likely see during permits in the different quarters?

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

In terms of the first question, perhaps it can happen in some moment in the future, but we do not have any plans made in this aspect for the year, for the current year or the next one. So perhaps can happen, but we do not have any headline or date to consider right now.

Talking about the impairments you mentioned, we made these adjustments on December 31st as the result of a test, I mean impairment test that is required only the accounting rules. The impairments can be divided by two parts.

The first one is quite easy to understand. We have a plan to renew the locomotives, some locomotives and what we revalued, we analyzed that the dual [ph] of the those assets and we write down those values to a recoverable amount up to the end of the operations, of the operations of such asset. So we ended up with adjustment of BRL427 million coming from these aspects, if you could.

Additionally to that, we did -- we had aspects that made us to perform the impairment test for the south and west concessions. The west concession basically was impacted by the decision that we took at the end of the last year to discontinued the Vetria project.

And therefore the cash flow generation forecasted were not enough to absorb the depreciation for the next two years. And therefore, we ended up with the adjustments for the west concession. And the same procedure that we've made to the south concession. At the south concession, what we are experiencing is reduction in the volumes year-over-year in the past two years. And when we made the projections of cash flow and considered the capacity to absorb the amortization and depreciation for such concessions, which is a cash generation unit for accounting purpose. We had to make these adjustments, these impairment adjustments, which was something around 676 million, considering both west and south concession. I hope it's answered your question.

Q - Victor Mizusaki {BIO 4087162 <GO>}

Yeah. Just one last question. With regards to the compensation plan for the senior management. In the past it was really focused on EBITDA, is there any change, I mean, or the new management and what can expect in terms of the stock option, any distract price and just kind of (inaudible)?

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

There will be some change of course, it's not finally decided, but probably EBITDA will is -- we still being apart of the targets, but of course we are going to include other metrics, for the KPIs such as cash flow generation, return on capital, employed capital and so on. So it's not finalized the metrics to the new senior management, but probably will be some change.

Q - Victor Mizusaki {BIO 4087162 <GO>}

Okay. Thank you.

Operator

Our next question comes from Bruno Amorim with Santander.

Q - Bruno Amorim {BIO 17243832 <GO>}

Hi, good afternoon. I have a question maybe to that to Mr. Marcos Lutz, if possible. I'd like to know if cost on Logistica we remain leased and if this is the case, I'd like to know if you have any intention to buy other assets through this April? Thank you.

A - Marcos Lutz {BIO 6779636 <GO>}

Bruno, this is Marcos. The company Cosan Logistica, will not buy any other assets, but their holdings in ALL, Rumo company. We have the intention at some points when make sense to the list presented as well. So, we don't intend to have this additional layer on the longer run. We want to make sure that we will be able to implement the turnaround needed on this entity we are announcing today. But obviously on long run make very little sense for us to keep an additional layer that we'll only add discounts on this fair value to shareholders. So we don't have any, let's say, schedule for that, we don't have, let's say, a defined plan and strategy set, because this is not up one priority, we have to use this leverage power for, I mean this leverage control for actually make sure the plan is implemented. But at the end this very mentioned will make sense. And reinforcing the first question, this entity will solely have ALL Rumo business as the business. Okay.

Q - Bruno Amorim {BIO 17243832 <GO>}

Thank you very much.

Operator

Our next question comes from Joe Moura [ph] with Bank of America Merrill Lynch.

Q - Unidentified Participant

Hi, thanks for the call. I have just one question regarding these debt restructuring that you are doing (inaudible). If you could elaborate more on the amount of that you're raising and a little bit the amount of that they are prepaying and the delta in the cost of that (inaudible), is that spot? So that will be great for us. Thank you.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

John, could you repeat your question, please.

Q - Unidentified Participant

Okay. Because you said that's in the great part of your debt to the short-term because of covenants and you said it's going to prepay part of the debentures and that you are going to raise some debt because due to so, if you could just elaborate more on that and what is the amount that you are prepaying and what is the cost of the debt you're raising? That will be great for us. Thank you.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

Okay. The debt amount that we'll be probably prepaid is around BRL1.4 billion which is the same amount because we are rising from approval of bank. This debt that we are going to raise has market conditions related to CDI that is something around 120% of CDI and we've three years of term.

Q - Unidentified Participant

Okay, great.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

Okay. And just one addition, it's important to mention that once we finalize the next quarter and of course all the waiver have been received, which is the case significant cut of the amounts that have been reclassified from the long-term to the short-term will be reversed and will be seated in the long-term again. So just to clarify this point.

Q - Unidentified Participant

Okay. That's very clear.

Operator

Our next question comes from (inaudible).

Q - Unidentified Participant

Hi, good afternoon. Thanks for the question. I have a quick question regarding the financial lease contracts. That were reclassified as financial expenses, I want to know how much was the "opaque" related to this complex in 2013, which we stay or we shouldn't see any longer in EBITDA going forward? Thank you.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

Just a second. Okay. In 2013, we had BRL43 million that was reclassified from the adjusted actually, from the cost this amount, as we mentioned, as it was reconsidered as our financial lease. We are not treating it as a lease payment expense, but instead of that all payment has been reclassified as a reduction of the reliability originally recorded. So that's the main difference, the main aspects that have to be considered.

So in 2013, the amount that had been plus five totaled for BRL43 million benefiting the EBITDA results.

Q - Unidentified Participant

Okay. That's great. Just one more question regarding actually a follow-up of former question of Cosan Logistica. I know there is no timing for further leasing of this company, but have you already talk about the options which we do if you would do an idea I think the offer of fire log [ph] or even if I think about share and share swap between --.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

Hello. Well, I think at the end of your question you were cut, but at the end, we have not lend. Therefore, we have no structural already set for de-listing our log, okay. So we have obviously seen options and possibilities but again not to prior to now, and this structure was not discussed on the final yet

Operator

This concludes the question-and-answer session for investors and analyst. Mr. Jose Cezario you may proceed with your closing statements.

A - Jose Cezario Menezes de Barros Sobrinho {BIO 19290961 <GO>}

I'd like to thank you everyone for participating in our conference call. And have a good day.

Operator

This concludes ALL's conference call for today. Thank you very much for your participation and have a good afternoon.