

Operator:

Good morning, and welcome to the conference call of JSL to discuss the earnings regarding the 3Q19. Today with us are Mr. Fernando Simões, CEO; and Denys Ferrez, CFO and IR Officer.

Right now, all participants are in listen-only mode. Later on we are going to start the Q&A session, when further instructions will be provided. Should any of you need assistance during the conference call, please reach the operator by pressing *0.

We would like to inform you that this conference call is being recorded, and it has simultaneous interpretation into English. Before going on, we would like to let you know that any statements made during this conference call relative to the Company's business outlook, projections, operating and financial goals are based on the beliefs and assumptions of JSL's management and rely on information currently available to the Company. Forward-looking statements are not a guarantee of performance. They involve risks, uncertainties and assumptions because they refer to future events and, therefore, depend on circumstances that may or may not occur. General economic conditions, industry conditions and other operating factors may affect the future results of the Company and lead to results that will materially differ from those in such forward-looking statements.

Now we will turn the call to Mr. Fernando Simões. Please, Mr. Simões, you may go on.

Fernando Simões:

Good morning, everyone. We are starting the release of our earnings for the 3Q19 for JSL and its affiliates. We are going to start on page two, starting with the main highlights of the 3Q19.

We had this consolidated net income of R\$66 million in the 3Q19, an increase of 22% year-on-year. That reflects part of the operational transformation that resulted in independent management of all our businesses.

We have had consolidated net revenue from services of R\$1.8 billion, a growth of 5% year-on-year, with EBITDA increasing by 22%, totaling R\$511 million, with margin of 28.9%, an increase of 4 p.p. compared to the same period last year.

Also, we had a decrease in our leverage. That went to 3.6x in the 3Q19, mostly organically, in that 18% lower than compared to that of the 3Q rating and 10% lower than 2Q19.

Vamos reached a record net income of R\$38 million, growth of 10% year-on-year, totaling R\$107 million in net income in the 9M19. That is growth of 13% compared to the same period of last year. Vamos continues to combine growth and profitability in a unique platform of businesses in which in its operation.

JSL Logística has reached EBITDA of R\$119 million, 7.5% up year-on-year as a result of the transformation of its operating model. And the company is ready to benefit from the start of economic recovery in Brazil based on our large portfolio of services, and be inserted in the provision of services to the main Brazilian industries.

CS Brasil reached EBITDA of R\$62 million, growth of 5.3% year-on-year, with an increase of 6.5% in fleet management and outsourcing.

It went from 62% to 67% in terms of its gross revenues from services if we compare 3Q18 to 3Q19, in line with its strategic plans.

Movida reached record EBITDA of R\$191 million, growth of 61% year-on-year and EBITDA margin of 51%, a 12.3 p.p. above that of the last year. Thus, confirming their continuous operation in evolution in all its business lines. The EBITDA margin for used car sales reached minus 0.5%, an increase of 6.3 p.p. compared to the 3Q18, which is the best results since the Company's IPO.

Now we are moving on to page three, where we talk about the main numbers for JSL as a consolidated Company; net revenues, EBITDA and net income. In the bottom, upper part of the slide, you have net revenues. We have net revenues from services in the 9M of R\$6.839 billion. Total revenues of R\$9.186 billion. When we talk still in the bottom part, we have net revenue from services in the first 9M18, we have R\$5.144 billion against, in the same period, R\$4.723 billion, growth of 9% of our net revenues from services in the 9M19.

Still in that upper part to the right, we talk about our EBITDA. In the 9M19, we had EBITDA of R\$1.937 billion. The 9M18 was R\$1.505 billion against R\$1.165 billion in the same period last year, growth of 29% of our EBITDA. In the 3Q19, we had R\$512 million of EBITDA, with an expansion of margins by 4 p.p. against the 3Q18 where we had 24.9% in EBITDA.

Still on page three, where we talk about net income in the bottom part. In the last 12 months in the 3Q19, we had net income of R\$259 million, which means a margin of 2.8%. When we compare to the year of 2018, that means growth of 37%, an increase of margin of 0.5 p.p.

And just for us to understand the stage, in here we show growth of 9% of net revenues from services. And EBITDA in the same period, had growth of 29% and our net income, 54%. Again, that shows our focus on selecting better services, and this has been contributing to the improvements in our results.

Without creating any expectations, we believe these improvements of results will start to reflect all the operational transformation and the changes in the business model that we made in recent years.

Now I am going to turn on to Denys to give you a bit more detailed numbers about each one of the companies and consolidated numbers.

Denys Ferrez:

Thanks, Mr. Simões. Good morning, everyone. We are going to slide number four, when we talk about the investments made in the 3Q19. Consolidated net CAPEX reached R\$551 million, R\$1.5 billion gross investments, minus R\$698 in the sale of our assets.

It is important to highlight that the net investment was to expand business mostly. And now we have the individual companies in the same period. In Vamos, net CAPEX of

R\$71 million; Logistics, R\$46 million; CS Brasil, net CAPEX of R\$88 million; and Movida, net CAPEX for the quarter, R\$323 million.

On the same slide, we have the highlights of the net CAPEX year-to-date. The Company, until September invested, R\$2.282 billion. And again, I would like to highlight that logistics is a much more asset-light operation. Until September 2019, we had only R\$106 million.

So I am going to go to the next slide to give you a breakdown about the gross debt amortization schedule and our cash position. I am on slide number five. In terms of indebtedness, you see our position of R\$4.36 billion of cash that is available at the end of the quarter. This amount is almost 2x the debt to be matured in the next 12 months.

Also to reinforce is that this amount available, together with the firm guarantees that we have, are equivalent to the coverage of the whole of the amortization schedule until the year of 2021.

In this quarter, we had several instruments, debentures. CRIs, CRAs and PNs in several companies of the group, with the raising of R\$1.8 billion in bonds. In the year, it is R\$3.6 billion. In this quarter, specifically, we advanced the settlement of debt with higher spreads in a total close to R\$700 million.

Now talking about the cost of our gross debt, in the 3Q19, it was 8.2%. But after these movements, we mentioned, in terms of management of liabilities, our previous advanced settlements and the drop of interest rates, we are probably going to go to a close 7.3%, almost 1 p.p. down.

And in the 3Q, because of the cash carry, it was 9% and it will also benefit from the movement I mentioned to you. The net debt in end of the quarter totaled R\$7 billion, a decrease of R\$350 million compared to the previous quarter.

As for the covenants of the companies that are connected to leverage ratio, we have those that are for Brazil and those that are for abroad. In Brazil, we have net debt over EBITDA added, we are at 1.7x, and our covenant is 3.5x. And the idea is maintenance here. The event is maintenance. Then, also in Brazil, we have EBITDA added over net interest, we are at 5.6x. The minimum would be 2x, and we also follow on the management.

And leverage connected to bonds, international issuances, net debt over EBITDA, we are at 3.6x. The maximum would be 4.6x, so quite okay, and follows the concept of incurrence.

As for the running rate of the leverage ratio, remember that our business, we always make investments in advance because of the financial flow, when you annualize the 9M19, just for you to understand the benefits of capital invested for growth, we are at 3.5x when we consider net debt over EBITDA.

Now I am going to the next page, number six. On the slide, we show our net CAPEX of recent years, vis-à-vis our leverage. To tell you a bit of the history of the slides of the Company, in the years of recession, 2015, 2016, 2017, we invested in the development of Movida. And therefore, in 2016, we had a net debt over EBITDA leverage of 5x. Since then, we have been bringing this indicator down to lower levels.

And you see in the bottom of the graph that the investments for growth mostly that are in red did not stop being made. That shows the assertiveness of investments made and consequent generation of cash, promoting continuous development of the Company, and still being able to gradually decrease our leverage.

Obviously, in the 9M19, for you to have this record volume of net investments, it is already above the whole of the year last year of 93% connected to expansion. We had the follow-on of Movida that captured to R\$500 million in primary and R\$300 million in secondary. That shows our commitment to continue developing companies and gradually continue to reduce our leverage levels.

Now I am going to move on to slide number seven. In slide number, we show the breakdown of JSL consolidated numbers. Profitability, again, in the first 9M19. Starting on the left, we have Vamos. In the 9M, it contributed with R\$107 million, closing the 3Q with leverage of 2.4x and ROIC of 12.4%.

Then Movida, below, net income of R\$144 million, net debt-to-EBITDA ratio 2.3x and ROIC of 9.2% in the 9M19. Then CS Brasil, net income of R\$54 million, leverage lower than 1x and ROIC of 8.2%.

On your right, we have JSL Logistics with net income of R\$78 million, leverage of 2.8x and ROIC of 9.3%. Original, our dealerships, net income of R\$8 million and ROIC of 9.5%. And BBC Leasing, R\$6 million and ROIC of 19.5%.

If you take a look at the slide, thinking of the contribution of each one of the companies, we have the total of R\$396 million, what we call companies' income. Then we deduct to the financial expenses on investments in companies after taxes, which is R\$198 million, and the net result that we had in 9M, year-to-date, R\$198 million, a growth of 54% year-on-year. Consolidated ROIC for the 9M annualized was 9.4%.

I would like to emphasize that when we look at each one of the businesses, we know that we can improve our returns, either by introducing more services in some of these companies, or based on the opportunity to continuously increase efficiency, change portfolios in some of them, focusing on new businesses with more profitability, and also because some of these companies are ready to enjoy the recovery of the Brazilian economy.

This is our commitment, the commitment of continue growing and seeking continuous improvement of our results.

With that, I will turn the call back to Mr. Simões. Please, Mr. Simões.

Fernando Simões:

Thank you, Denys. On page eight, we are going to talk about the main results of the 9M19 compared to the same period last year. Starting with JSL Logistics, net revenue from services, R\$2.2 billion. And although it is almost the same as the period last year, EBITDA grew 27%, totaling R\$390 million, and net income of 60.7%, totaling R\$78 million. That shows clearly the improvement of margins.

CS Brasil had growth in net revenue from services of 5.5%, totaling net revenue of R\$554 million. EBITDA grew 24.8%, reaching R\$199 million. Net income had a slight drop, reaching R\$54 million, because in this company we allocated a higher debt, because I had a higher financial costs.

Vamos, net revenues of R\$889 million, growth of 24%. Net revenue from services grew 13%, reaching EBITDA of R\$390 million and net income of R\$107 million with net margin of 14.5%.

In Original, we had growth in revenues of 19%. EBITDA reached R\$27 million, growth of 66% and net income, R\$8 million, 1.3%. BBC Leasing, our financial services, although incipient, but extremely complementary and strategic to our business model. We reached net revenues of R\$29 million, growth of 25%, EBITDA of R\$10 million, and net income of R\$6 million, with net margin of 19.1%.

Movida reached a net revenue from services of R\$1.059 billion, growth of 24%. EBITDA, R\$496 million, that means growth of 46%, and net income of R\$144 million, growth of 33.1%.

When we look at the numbers of JSL, all consolidated, on the right part of this slide, we reached net revenue from services of R\$5.144 billion. That means growth of almost 9%. EBITDA of R\$1.505 billion, which means growth of 29% over the same period last year. And we have reached net income of R\$198 million, which is a growth of 54%, and our net debt-EBITDA ratio had significant reduction to 3.6x.

As we can see, all the companies show in their results, significant improvement in the amount of EBITDA net income, completely detached from their increasing revenues. That is, even in a market that is hard and a difficult time of Brazilian economy, we have been able to increase our net revenues from services in most of our affiliates, and also a significant increase of EBITDA and net income, in line with our strategic planning that was communicated to the market last year, that our management was changing, transforming some businesses, creating others and consolidating other operational and management models.

Now we are going to open for your questions so that we can clarify any questions you so have. Once again, thank you very much for attending the call.

Lucas Marquiori, BTG Pactual:

I had a bit of a technical problem, so I could not hear parts of the presentation, but I have two questions. First, Fernando, if you could give us a bit more color on Vamos. With some acceleration of used vehicles, I would like to know if that reflects a better market, if the truck market is showing some improvements. I would like to know what you are feeling about the used market for trucks is.

And then, the second question, you had a slight decrease in the returns of CS Brasil as we had the operation of São José dos Campos. What could we see from now onwards? Thank you very much.

Fernando Simões:

Thanks, Lucas. Talking about used vehicles, you know that Vamos has an arm of used trucks. It is still in an incipient market, but it has been creating a platform separates from Vamos, that also works with the purchase and sale of used trucks.

And also, we are working very strategically to sometimes advance the replacement of trucks when you have a market that will purchase those assets. These are the kind of things that you can see sometimes, a higher or a lower sale assets. Sometimes you will have the assets available, or because you advanced that, or because you have a good market for used trucks.

Vamos now has a differentiated digital platform, and I think that it is going to be a very important channel for Vamos in the future.

Another point: our trucks and assets, for some time, we have had very low inventory of sales. If we had more used trucks, we would even sell more. So the sale of assets is not a problem. And we are not really seeing a boom in the used trucks model. The market is going okay. If you know the market, you can develop and sell with no major problems.

I am going to turn the call to Denys. And Denys, if I can add to the answer. I am here.

Denys Ferrez:

Lucas, thanks for your question. As for the ROIC of CS Brasil, this is dilution of reattracted movement that we had in the 2Q. What is most important here is to look onwards precisely.

This is a company that we are repositioning in terms of portfolio. As you mentioned very well, we divested the passenger transportation operation in the month of October. So it is not in the numbers of the 3Q because we wanted to increase returns. We are divesting another one in December, and we have accelerated development in fleet management and outsourcing for the public sector.

In the release, what we say is that this is a unit that has been shown return over capital invested close to 11%. That is why I have this personal belief that our returns will converge to fleet management and outsourcing in CS Brasil, with higher returns close to 11%.

Lucas Marquiori:

Thanks for the answer.

Victor Mizusaki, Bradesco BBI:

I have two questions. The first is a follow-up about Lucas' question from CS Brasil. Denys mentioned that the marginal growth of CS Brasil has a ROIC of 11%. I would like to know the speed of this evolution, that is when we should see the renewal of the capital invested.

And the second question, with regard to leverage, we see an improvement, as you showed in the presentation, going from 5x to 3.5x, and that has to do with the Movida operation, but also a significant improvement in the Group's stability. What I would like to know, if it makes sense for us to have another leverage, maybe an IPO for Vamos to accelerate the deleveraging. And what level would you consider ideal for the Group?

Denys Ferrez:

Okay. Let's start from the end, Victor. We are sure that we are going to gradually deleverage the company, as we have said, in an organic manner. We did not have the need to have any movements in the capitals market.

And obviously, Fernando is next to me, he can even add to what I tell you, but let me tell you about CS Brasil first. CS Brasil does have lower leverage, indeed, but in a process from here to the end of the year of allocating the volume of debt that it has, which is about 3x, and remove what you consider being an indebtedness of the holding, and allocating things so that those units will have a suitable leverage. This is something that is going to be done.

What I see for the future is that all investments that we made, as I mentioned in the presentation, were very asserted to generate cash for the future. Everything based in contracts that give a certainty of cash expansion, and that is why we are convinced that deleveraging will be gradual, even looking at the volume of investment.

I mentioned R\$2.3 billion net CAPEX, and this is basically for growth. And we have not seen the benefits of that yet. If you do the math only with 9M, we should be, instead of 3.6x, 3.5x, but some investments were made more to the end of this period than in the beginning. So we continue to see the leverage.

And this is just a decision of the Company in its discretion. We are not obliged to do that. We know because we believe we are going to create value with that.

I am going to pass it on to Fernando to talk a bit about the strategy of the group.

Fernando Simões:

Just to reinforce what Denys said, part of our strategic planning is to have a gradual drop in leverage. We have Movida, and we have the result of the CAPEX based on what we invested in previous years. What we are doing is just reaping the fruits of the previously invested CAPEX.

So our net CAPEX is discretionary. We do it or not. And we continue to invest in the company. And based on what has been invested yet, we can see a drop, again, much more based on organic movements going from 5x to 3.6x. And it makes sense to continue doing that. And our goal in the end of next year is, again, to have significant reduction, organic, without considering IPOs, follow-ons and etc.

But we always say, and I would like to reinforce, having an IPO, a follow-on or not is a consequence, not an objection. The company's growth is not based on that.

Victor Mizusaki:

Thank you.

Lucas Laghi, Santander:

Good morning. I have two questions, the first with regard to Vamos. If we could have additional color in terms of trends for Vamos and the potential of operating leverage. If you take a look at revenues, growth of EBITDA, sometimes, we cannot capture the whole capacity of the company.

And second, about JSL Logistics. From now on, how do you see the focus for the growth of revenues in logistics? Is it revenue minus contract? Is it adding new contracts? What is your mindset for logistics? So these are the two questions.

Denys Ferrez:

Lucas, thanks for your question. Specifically speaking about Vamos, we believe it will improve its returns. And there are some options. We can add more services, having contracts with more services, or reversing contracts that now do not have services for contracts with services because that brings more returns. And also, because of the negotiation, purchase and sales of trucks, which is a differentiated know-how.

And when you say you cannot see, whenever you sell more assets, especially fixed assets and not commercialization assets, that can dilute the margin, but the return is there, and you see it in annualized numbers.

In the quarter, return on equity in Vamos expanded and reached almost 22%. That for a company that has low leverage, 2.4x. Regardless of that, we believe in continuous improvement because of the levers I just mentioned to you.

If you think I have answered your questions, I am going to turn on to Fernando to talk about logistics.

Fernando Simões:

Just to add to Vamos, what is very important is that Vamos has a unique business platform with lots of synergy, and our G&A that is in the Group, which is to provide services to our clients.

We know the competition in the market can be the more relevant, but in the segment of logistics, no market is more competitive. And now Vamos is starting to enjoy its capacity of scale and to buy and sell assets.

So I am not going to say that margin is going to improve much more, not so much, but I know we still have a lot to do with Vamos, much more than what has been done so far. We are quite happy with its development.

In Logistics, we believe that the economy in Brazil has not picked up that. We are all really hoping for that. But the logistics operation now is completely asset light. We have developed a lot in the last 12 months, systems to work on a very large integration platform that is operational management and clients.

So without creating expectations, I would say that we still have an idleness of 20%, 25% with what we are creating, because the industries are still affected. They need prices. And more and more, we understand that logistic margins are going to be pressured.

So what have we been doing? We are working on costs. We are working with systems so that we have scale, enjoy scale and with that, enjoy returns. And scale will come organically from the platform of systems that we have, using differentiated intelligence and with the recovery of the economy. That will help logistics in growth.

We have not lost focus. We are quite diligent with costs and in selecting new businesses, always trying to focus on perhaps not fantastic margins, but a sustainable and responsible business.

Denys Ferrez:

And just going back to Vamos, talking about the operating leverage, this is not exactly what I am going to talk about, but looking at the results, sometimes you cannot see the benefits of all investments made. You see an acceleration of contract origination in Vamos with 32% growth compared to the same period last year. Now, when you take a look at the company numbers, this is coming in gradually. That already gives you visibility of an expansion of results and the company's cash generation when you have the full benefits of previous investments made.

Lucas Laghi:

Great. Thank you very much.

Fernando Abdalla, JPMorgan:

Good morning. Many of the questions were answered. I just would like to understand a bit of competition in the environment of CS Brasil. You have a specific platform for this segment and you compete with more traditional companies in this segment. How do you see the competition dynamics? You are talking about a ROIC of 11%, that seems very good. So what do you see in terms of growth in the competition environment?

And in logistics, because it is still a very scattered market, I know that you still have a lot to deliver in terms of deleveraging. But today, it seems that you are in a much more comfortable scenario than you were a year and a half ago. Do you have any possibilities of consolidation through M&A in the segment?

Denys Ferrez:

Thanks for your question. Starting with the competition in CS Brasil, this is something that has its particularities. When you have bids that needs lots of certificates and rates, we tend to compete with companies that are less known. When you have other bids that do not have restrictions, then you compete with large operators in the sector that we all know.

When you look at Movida, Movida is among the three, we compete with the other two, with these kind of bids, but nothing different from what has happened in recent years.

Fernando Simões:

And just to add, more and more you have companies that have mixed capital, public-private and are being privatized or not. So cost and efficiency. And when the government talks improving the management of public services in safety inspections, traffic, there has been more demand for bids, more than we had in the past.

And we compete with traditional companies, as Denys mentioned, but also with regional companies. But quite modestly, we have a cost of capital and a cost of purchase of assets that gives CS Brasil an advantage. CS Brasil was part of our commitment in the IPO to be part of this segment.

So I would say that CS is a combination of fleet management, of outsourcing with the contracts similar to Vamos that are five years, 60 months, that really makes this company be at a level that is completely differentiated. So Movida does not compete with Vamos and Vamos cannot compete with Movida, that was part of the agreement before the Movida IPO. This segment, although quite similar, but in the public segment, would be with CS Brasil. So our difference has been the capacity to serve and our cost of money, cost of capital.

Also to highlight in CS Brasil, more than 85% of the bids it takes part in have been public auctions etc. Within governance, we created an extremely professional structure. We have an audited room, we have a whole governance process in our participation. We are very happy, and we are focused on fleets more than public transportation. Denys talked about that. It is a great business, and one of the returns that can be even better.

And to add, talking about logistics, now with the corporate restructuring of our Group, we are having different companies with defined focus, and we always look at possibilities and opportunities of acquisition.

Our strategy is to develop organically, but we are always looking to opportunities. Before, we did not do that because we would always be diluted by a company that has this role of holding. Now, as the Group is structured, we can have one-off M&A.

But again, we have systems, we have a base to do our growth organically. And regardless of M&A, always complying with our commitment of improving leverage and indicators more and more.

Fernando Abdalla:

Okay. Thank you very much.

Pedro Zaniolo, Condor Insider:

Good morning. Thanks for taking my question. I have a very quick question. I would like to know if now that you are finally delivering results as a holding, if you have any idea of having a follow-on in JSL.

Fernando Simões:

This is not part of our strategic planning, thinking of a follow-on at the top, at JSL. But again, being quite transparent, today, we are very open. If we are going to improve indicators of the Group, if we are going to contribute to generate value to shareholders and the development of our company, this is our priority. Again, the focus is to improve return to shareholders, have economic financial support of our business.

So, under a feeling of responsibility, talking to the Board, we will look in anything that can develop the Company, have good return for shareholders and have sustainable development of our services.

So tomorrow, if we feel the need to have the movement, we can consider it. And that is true for JSL as the holding, but to all other companies. What we do not want is to do away with our values, our culture and our way of doing business, because we believe this is the greatest difference of our Company, people that have been with us for so long, and those, not so much. The combination of old and new that are part of our history.

Pedro Zaniolo:

Thank you very much. Understood.

Renato Hallgren, Banco do Brasil:

Good morning. I have one question about the effective rate of income tax. It seems that in the 3Q, it was below the 2Q and year-on-year. Could you comment on that?

Denys Ferrez:

You have an option when you recognize credits, especially in service taxes, ICMS, and we changed the option on how to recognize that, because this does not go through the financial balance sheet, it is in the tax balance sheet. This was the reason for us to reduce the bracket. The technical term is credit based on outorgation (45:24).

Renato Hallgren:

Thank you.

Operator:

There are no more questions. So I am going to turn the call to Mr. Simões for his final considerations. Please, Mr. Simões, you may go on.

Fernando Simões:

Once again, I would like to thank you all for attending. And to close, I would like to give you an overall picture of how we see our businesses.

Movida shows clearly, its capacity of management with recurrent deliveries and improvement. People talk about used cars. If you look at the recent quarters, we

improved the sales occupation bracket, rental car rates that shows improvement of all its indicators and maturity that is quite differentiated for Movida.

Movida's main difference is the focus on the customer and in provided differentiated services in a segment that is changing by individuals and companies. So it is crucial to work with people that like to serve people.

And with that, we are bringing results to shareholders, growing in a sustainable way, and we are prepared to grow organically with a fantastic and strong culture of values, which is important for a company that is in retail and wants to, more and more, appeal to its clients and show better results to its shareholders. Fantastic management in the retail, with so many opportunities in the rent-a-car segment.

Vamos is the only company that has a business platform with independent companies, but extremely complementary, like the truck dealerships. It is the largest Volkswagen truck dealership network in Brazil. It has the largest used truck network, buying and selling its own assets, but also assets from third parties, and its main focus is on the rental of machinery, trucks and equipment.

So it is not a rental like a financial company, but using our G&A of services in the scale of purchases that is completely differentiated and our people. That contributes to the growth that you see in Vamos and the improvement of its results.

And more importantly, customer loyalty. When we look at logistics, which transforms the company in the last 3, 4 years, the company is practically completely asset light. It has improved the results.

We are investing a lot in systems that will contribute for the company to have much more scalability and much lower costs. And that makes us believe that we have a company with a unique positioning that will contribute to results, increase volumes and especially after the recovery of the company. We believe that we are starting to see signs of many clients that are listening to us, and in customized services, customers are preparing for the resumption of the company.

CS Brasil, I talked a lot about that. The focus is CS fleets, CS Frotas, which is a company and in CS Brasil, it is a public company with mixed capital. And fleet management and outsourcing, just like Movida, with contracts like Vamos, of six months. So it is a mix that is fantastic for the predictability of its revenues.

Also important to highlight is JSL Leasing, which is no longer called JSL Leasing, but BBC Leasing, which is our financial leasing arm. It is still incipient, but it is complementary to the whole of the Group, with great potential to growth and contribute to our companies by paying truck drivers, financing trucks from Vamos. And that can help with customer and client loyalty in any of the companies we control.

And Original Veículos, our dealership network, again, extremely complementary to our business, with purchases sales and relationships with OEMs.

And to close, once again, I would like to tell you that all the improvements we are showing to you, results, better net income, better EBITDA, even with lower growth, but with better margins, and the change of our portfolio, decrease of indebtedness, our

transformation of business units into completely independent companies were part of our plan, developed by the management together with the Board.

This is a result of planning and execution that was quite diligent in recent years and that we have commented with you during our earnings release. We are creating basis and management models that are customized by company.

It is not that we just change and transform the companies. We have customized management operational models per company, and that enables us to go into a new cycle where we are going to reap the fruit of what we grew in better margins, better income and better scale in our companies without doing away with our culture, values and people. And as a result of all this work, we will have the natural consequence of a drop in our leverage.

Just to close, on behalf of our team, JSL, CS Brasil, Movida, BBC, Original, we would like to thank you for your trust in all these years and reassure our commitment of working hard for the sustainable development of our businesses, looking at our shareholders, clients and suppliers in a sustainable manner.

Once again, thank you very much, on behalf of our team.

Operator:

JSL's conference call is now closed. We thank you very much for attending, and wish you a good day.

"This document is a transcription produced by MZ. MZ tries to ensure the quality (real, precise and complete) of the transcription. However, MZ does not take responsibility for any failings, since the text depends on the quality of the audio and the clarity of speech of the speakers. Therefore MZ will not be liable for any damages or losses that may arise from the use, access, security, maintenance, distribution and/or transmission of this transcription. This document is a simple transcription and does not reflect an investment opinion of MZ. The entire content of this document is the full and sole responsibility of the company that held the event transcribed by MZ. Kindly visit the Investor Relations (and/or institutional) web site of the respective company for additional important and specific terms and conditions regarding the use of this transcription"