

Operator:

Good morning! Welcome to Simpar's conference call to discuss the results for Q1'21. Today we have: Fernando Simões, CEO and Denys Ferrez, Administrative, Financial and IR Director.

At this time, all participants are connected as listeners only, and later we will start the Q&A session when further instructions will be provided. If you need any assistance during the conference call, please request assistance from an operator by pressing asterisk zero.

Please be advised that this conference call is being recorded and translated simultaneously.

Before proceeding, we would like to clarify that any statements that may be made during this conference call, regarding the Company's business prospects, operating and financial projections and goals, represent beliefs and assumptions of Simpar's Board of Executive Officers, as well as current information available to the Company. Future considerations are not guarantees of performance. These involve risks, uncertainties and assumptions, since they refer to future events and, therefore, depend on circumstances that may or may not occur. The general economic conditions, industry conditions and other operational factors can affect the company's future results and may lead to results that are significantly different from those expressed in such future considerations.

Now I would like to turn the floor over to Mr. Fernando Simões. Please, Mr. Fernando Simões, it is your turn.

Fernando Simões:

Good morning, everyone. I want to thank all of you for participating. We are starting the release of Simpar's Q1'21 results.

Let's start with page two. On the left side, we had adjusted net income of BRL 204 million, 145% higher than the same period of the year, 7.8% margin, and if we take out the small non-recurring adjustments, the book net income is BRL 171 million.

We had a net service revenue of BRL 2.2 billion, which means an increase of more than 30%. An EBITDA of BRL 734 million, which means a margin of around 33%, with an EBITDA increase of 30.6% in the same period. And, very important, a transformation in the average term of our indebtedness, which went from 4.3 years to 8.4 in Q1'21.

We also had other highlights in Q1'21. Our results are solid, showing the resilience and fundamentals of our businesses and companies, demonstrating the capacity of our managers. We always say, and I would like to reiterate, our team and people make the big difference in our business and in these difficult times we are going through in 2020, and Q1'21 is no different, this is evidenced by our numbers.

We made our in succeeding as CEO of JSL, in line with our strategic plan. We acquired 25% of Fadel. With this, Ramon Alcaraz assumes the presidency of JSL Logística, in line with our planning, with a CEO in each company, with exclusive focus. Then, I remain as Chairman of Simpar and of the Board of JSL Logística.

I would like to take this opportunity to highlight the strength of our balance sheet of all our controlled companies. Our indebtedness with a longer debt amortization period, at a lower cost; the companies, each with its capital structure extremely prepared for the new development cycle. Remembering that we are always focused on decreasing our leverage even more.

It is important to emphasize that we are prepared for the new cycle of growth and development. In recent years, we have been building foundations with large investments in companies, transforming them into a unique and differentiated position.

Today, the companies controlled by Simpar, all of them, have a great potential for development, either by replacing the property with the leasing of light assets in heavy machinery and truck equipment, and in consolidating the logistics market in Brazil.

With great humility, we start every day as if it were the first day we are working. But we have a team, a manager and companies in segments and sectors with great potential for growth and transformation.

We now move to page three, where we present Simpar, which is a listed company with six subsidiaries, three of which, JSL Logística, Vamos and Movida, are listed companies, we have approximately BRL 12 billion only with Simpar's participation in these three companies.

We have some goals and some of our main objectives at Simpar. Some of them are: directing, controlling and ensuring that the plans of goals and objectives directed by the board of each company are being executed, and, if necessary, Simpar also supports the growth and development of each of these companies in its business plan.

Once again, I would like to recall the positioning of these companies within the real economy of the main Brazilian industries, whether through the light vehicle rental service, machinery and truck rental, or in logistics, where we are inserted in the main industries and segments in Brazil.

And we work very hard on mobility with great added value, always looking for long-term contracts. This gives us a unique, extremely differentiated position, enabling us to enter this new cycle of growth and development in an extremely different way.

Now, on page four, we have, both on the board of each company and within Simpar itself, a very clear and defined strategic plan, which we do not share with you, even within governance, and also so as not to create any expectations with the market.

Here we have some of the strategic moves already implemented in Q1'21. At Simpar, we made two issues of ten- and seven-year bonds, which, together, amount to around BRL 3.8 billion, in which we assume a commitment to reducing emissions of greenhouse gases and thus having the recognition of a Sustainability Certificate, being the first company in the sector in the world to make a bond with a sustainability certificate.

When we talk about the strategic moves of each company in Q1'21, JSL Logística acquired TPC and Rodomeu. TPC brought, in addition to more stopovers in warehousing services, our beginning in the healthcare area, in healthcare product logistics. And Rodomeu, in addition to more scale in the agribusiness machinery transport and logistics industry, also brought us into the gas logistics transport.

We have Vamos, of which we held the IPO in Q1'21, extremely important for improving the capital structure of Vamos, of the Group and for the start of the new development cycle. Vamos acquired the Valtra dealership network, Monarca, in one of the main states of the Midwest, and was also appointed by the Fendt factory to represent the dealership in those same states, which gives greater scale, greater gain, and also the opportunity of cross-selling in these areas of the Midwest, where we rent machinery, trucks and equipment for agribusiness, which has greatly contributed to the development of Vamos.

At CS Brasil, as you know, and in line with our governance with the highest level of transparency, we announce that we are evaluating a proposal to integrate CS Frotas with Movida, which makes total sense to bring synergy gains and increase scale.

Here we have Movida, which was the first company in the world, also in the car rental sector, to issue a bond with a sustainability certificate, with a commitment to reduce the intensity of its emissions by up to 30% by 2030.

As a result, Movida now has an average term of its debt of six years. Movida also acquired Vox, a company with 1,800 cars with great recognition for its quality in the fleet management and outsourcing sector, with good customers and long-term relationships, which also provides an opportunity for the development of cross-selling and Movida within these main customers through RAC, fleet management and outsourcing, and other services.

So now, I turn the floor over to Denys, who will detail the main financial highlights of our companies and Simpar. Please, your turn, Denys.

Denys Ferrez:

Thanks, Fernando. Good afternoon. Speaking of the financial highlights of Q1'21, on page five, we had net revenue in the last 12 months exceeding BRL 10 billion, and in the quarter totaling BRL 2.6 billion. A record in service revenue, which, within this amount, represents BRL 2.2 billion, a 30% growth in net service revenue in the Q1.

When we look at EBITDA in the last 12 months, it totaled practically BRL 2.5 billion, with a margin of 33.4%, and in the quarter it totaled BRL 733.7 million, also a record, with a margin of 32.9% and a nominal growth of 31%.

When we look at operating profit, EBIT totaled BRL 1.4 billion in the last 12 months, representing a nominal growth of 20% when compared to the full year 2020, delivering a margin of 19.4%. Operating profit in the quarter totaled BRL 525 million, a new record, representing a nominal increase of 84% when compared to Q1'20. And we now deliver a margin of 23.6% of operating profit, with an increase of 6.9 p.p. when compared to the same period last year.

Net income, which in the last 12 months totaled BRL 643 million, with a margin of 6.4%, represents 23% more than the total year 2020. And in the quarter, this number was BRL 204 million, a margin of 7.8%, which is an increase of 4.3 p.p. compared to the same period of the previous year, and a nominal growth of 2.5 times the profit presented in Q1'20 compared to what we delivered in Q1'21.

Moving on to the next slide, we talk about indebtedness, the gross debt amortization schedule in Q1'21. Fernando has already mentioned that we did a great deal of liability management in this Q1, with Simpar and Movida issues. The two companies were the first in the world, in their sectors, to issue bonds linked to sustainability and commitment to reducing greenhouse gases.

Therefore, our picture today is very comfortable, with an average term of net debt of 8.4 years, which is practically double the term we presented at the end of 2020.

The case is worth BRL 8 billion, which is enough to cover all the Group's amortizations until 2024, and a great part can still be entered in 2025.

It is important to say that, in 2004, the residue of the bond initially issued by the Company in 2017 expires, and that is what we intend to do with the *call* in July 2021, in the rounded amount of BRL 1 billion. So, as you can see, 36% of our debt is due in 2031.

All this represents a huge transformation in the Group's amortization schedule, thus leaving us in a very comfortable situation to develop all our businesses and the Group itself, obviously.

In the next one, continuing with the debt part, we have been working on optimizing cash, making several early settlements. Here, in the top left box, we present a summary of what we did, specifically in the Q1.

The holding company paid BRL 2.1 billion in advance, Movida, BRL 1.2 billion, Vamos, BRL 420 million, JSL BRL 69 million, and CS Brasil paid BRL 27 million. This totaled BRL 3.8 billion.

And here, on the right side, we have some comments regarding financial expenses. We had launched this quarter the provision for the future premium on the exercise of the call option of 2024 bonds to be carried out in July 2021, totaling BRL 41 million before tax, and after tax would give an effect of BRL 27 million, and this was one of the adjustments made to net income.

We also had an impact in February and March from the cost of carrying the amount that we were unable to redeem referring to the 2024 bond, which is linked to the previous item. And then, in the case of Movida, it had impacts in the order of BRL 25 million, which involve since fee from prepayment to the write-off of the issuance costs that were deferred, and also the cost of carrying it to application, the use of funds raised abroad.

That said, we had a BRL 78 million impact of the nature described in the financial expense for this Q1'21. Remembering that the adjustment made to net income refers to the future premium of the bond *call*, which has a net tax impact of BRL 27 million on the result.

Covenants they are still quite comfortable. Net debt/EBITDA triggered, 1.9x, added EBITDA over net interest, a coverage is 11.6x, and net debt/EBITDA, 3.7x.

It is important to note that this quarter we repurchased approximately BRL 260 million in Simpar shares, very close to 3% of the capital. But I emphasize that our commitment to the gradual deleveraging of the Group remains, always measuring at the end of each year. So, we can have this volatility in the interim periods, but we will focus on reducing leverage at the end of the year, when compared to the end of the previous year.

When we look at the average cost of net debt after taxes, it ended the Q1 at 3.6% per year.

On the next slide, number eight, we talk about investments in Q1'21 and also in the last 12 months. Looking at the top left, the Company made a gross investment of BRL 1.3 billion and sold assets of approximately 400 million, resulting in a net investment of BRL 885 million.

It is important to emphasize that this investment has been made in assets with a strong secondary market in Brazil, such as light vehicles, trucks and horses. This accounts for most of our fixed assets. Fixed assets that are 95%, approximately, totally free of any encumbrances.

When we look at the accumulated figure for the last 12 months, the Group's investment totaled BRL 2.7 billion. And when we break it down by company, both in the quarter and in the accumulated, the biggest investments have been made in Movida, followed by Vamos and CS Brasil. And I highlight here JSL as a company with low investment volume due to the current operating profile, which is mostly light in assets.

Moving on to the next slide, I would like to talk about the return and leverage of the companies controlled by the group. Subsidiaries' returns, practically all of them improved when we look at the annualized Q1. All of this contributed to Simpar's annualized return of 12% in this Q1.

And the leverage of the subsidiaries is very comfortable, very well behaved, most of them around 3x, with the exception of Vamos, which, due to its IPO, is around 2x.

With that, then, I would like to return the floor to Fernando. Fernando, please.

Fernando Simões:

Thanks, Denys. Now, on page ten, we talk about the main operating and financial aspects of the subsidiaries in Q1'21. Before going into each company, it is important to point out that, on this page, we talk about the three listed companies, which had record profits in Q1'21, which shows the beginning of this new development cycle.

Logistics with a profit of BRL 47.7 million in the Q1, Vamos with a profit of BRL 73 million in the Q1 and Movida with a profit of BRL 110 million in the Q1'21, which is 99% higher than the same period last year.

So, now, let's talk about each company. JSL Logística, and some of the main highlights. JSL Logística had record gross revenue of BRL 1 billion in Q1'21, which means a growth of 26% over the same period last year. We had an adjusted net income of BRL 47.7 million in Q1'21, 5x higher than Q1'20, and 56% higher than Q420, not including TPC and Rodomeu, which will be consolidated in the future.

When we talk about Vamos, we have a backlog of BRL 4.2 million at the end of Q1'21, which is 34% higher than the same period last year, with an EBITDA of BRL 200 million in Q1'21 and record net income of BRL 73 million also in Q1'21, which is twice as large as the same period last year, and 35% more than in Q420, which shows the growth, development and unique positioning of this company.

At Movida, we had record net revenue in the RAC, reaching BRL 365 million, with an EBITDA of BRL 169 million. Fleet management and outsourcing reached 54,000 cars, with an addition of 7,000 in Q1'21 alone. Record in the volume of 3.8 million nights sold in Q1'21, with net income of BRL 110 million, which means a growth of 99% over the same period of Q1'20.

Now, on page 11, we continue talking about the main operating and financial highlights of the parent company in Q1'21. We have CS Brasil with net revenue from fleet management and outsourcing services of BRL 189 million, growing 22% over the same period last year and 11% over 4Q20, which shows CS' great development in fleet management and outsourcing Brazil in the public sector and mixed capital companies.

CS Brasil had an operating profit of BRL 63 million, which means a growth of 52% over the same period last year, and a net profit of BRL 31 million in Q1'21, which means a growth of 91% over the same period, also from last year.

Original Veículos, the car dealership, had net income in Q1 of BRL 5 million, 21x higher than the same period last year, with ROIC of approximately 20%. The average sales ticket per vehicle was 23% higher, reaching BRL 72,000 per vehicle sold, and a retail sales volume of 2091 vehicles, 22% lower in the Q1 versus 2020. This is due to the unavailability of vehicles sold, but it shows the adequacy of our management in having a result with a lower number of sales, with a better margin and adequate cost. And you can see that this makes us believe, in recent quarters, that it has become a recurrence, a result of much better quality from our Original Veículos dealership network.

The BBC, a financial services company, as you can see, is still in its infancy, but even so, with growth in both credit, ROIC, and profit. It is an extremely complementary company to our business, and which also enters a new development cycle through the lease, but also the digital account, contributing even more to the loyalty of truck drivers and aggregates, and with the sale of used cars within our ecosystem, both for light and heavy vehicles, and in the loyalty of our main suppliers.

Now, on page 12, we talk about some strategic opportunities for our businesses. Our holding Simpar controls six companies, JSL Logística with great potential for organic growth and through acquisitions, consolidating the road logistics segment in Brazil.

Vamos has a unique and differentiated positioning, with great potential for growth in scale, today, throughout the national territory and in the entire segment, from food to agribusiness, to steel, and is very strong in logistics through truck leasing. I would say to you that this is just the beginning of a great development cycle for Vamos with its unique positioning.

Movida, a company that has contributed to innovation and transformation in the car rental segment in which more and more people are exchanging vehicle ownership for rental. So, it is a company with great potential for growth and development that have been shown, as you can see in its results.

CS Brasil, leader in its segment and with great growth potential as well. And Original Veículos and BBC Serviços Financeiros, smaller companies that contribute a lot, with great potential for development within our ecosystem.

Having said that, before concluding, I would like to say that our holding has a unique and differentiated positioning. We are prepared to ensure the performance of our controlled companies, contributing to training, taking care of our team and contributing to the development of people who give the true differential credentials of all our businesses.

If we have been living in a moment like this and have built what we have been building in recent years, it is thanks to the work and dedication of our team, which gives us a unique position and a differentiated alliance with our customers.

We have also been evaluating new businesses within the segments in which we operate or outside that give us the opportunity to generate even more value for shareholders and contribute to the sustainable development of our companies.

So, once again, I want to thank you all, and we are open to questions and answers. Thank you very much.

Lucas Laghi, XP Investimentos:

Good morning. I would like to talk a little about CS Brasil. Two points I wanted to share with you. The first, just get an update regarding the timing of approval of the incorporation of CS Frotas by Movida. Just to understand, the independent directors of Simpar and Movida have already received the valuation estimated by financial institutions? And after having been approved by the directors, how long will it take to be voted by Movida's minority shareholders?

And another point, thinking about the division's strategy in the future, we note that some concessions expire in the short term, such as the urban cleaning contract in Mogi in the Q3 and the passenger transport contract in Guararema next year. And you have already demonstrated, with the acquisition of the terminals in Aratu, an indication for future growth. This is to understand which sectors you are looking at more closely for CS Brasil in the future. It would be even more focused on mobility, something else in terms of structure, thinking qualitatively of the strategic direction for CS. Thank you.

Fernando Simões:

Good morning. Lucas, before I ask Denys to talk about CS, let me make two or three comments about business, which is what I understand.

When you talk about the issue of garbage collection in Mogi, it really ends up in the Q3. There must be some bidding that we intend to participate. It had a PMI, it could be through a concession. At CS Brasil, we really believe that the treatment of waste and collection, integrated, PPP and long-term concession, can be part of the strategy.

Short-term competition, we have less interest. We may or may not look, it depends on the way out.

Passenger transport, all of which were loss-making, we really left and made sales in recent years, as you can see. These two that we had are balanced passenger transports. With all the difficulty of the pandemic, I would say to you that I think it has not contributed to the result at all, but it has also hindered a little.

Remembering that this is a separate company, which has nothing to do with CS Frota. CS Frota has, if you compare, more than 80% of CS Brasil's revenue. And this company is doing extremely well in its development, as you can see, even in its net CAPEX it has been building the bases and

fundamentals for a new cycle that it will develop in the future. And the transport of passengers, the rest is of little importance for CS Brasil as a whole.

When we look at concessions, we have been looking very carefully, respecting the returns we want in the business and the concessions profile, in the long term and with less CAPEX, so that we already had revenue. And, within that, let's look at any opportunity that has a compatible return, that has a service profile and that the result comes together with the CAPEX that has been prepared, and not those concessions with many millions of CAPEX for, after three or four years, you have revenue. That's what we're going to look at.

I don't know if I've completed all the points, but Denys will talk about the other points you mentioned.

Denys Ferrez:

Lucas, good afternoon. Objectively, the Movida Board has not yet received the proposal. The subject has already been discussed a lot, it is close to conclusion, but without speculation. We understand that, in a short period of time, this matter will either be forwarded to Movida's meeting, or it's the way out.

Concomitant with these initiatives, Movida's independent directors are also already making a selection of the bank that will carry out an independent assessment of the proposal that we may put forward.

Again, the confirmation and conclusion of my Board of Directors is lacking, but the topic has already been discussed. I would estimate that, in around a month, either this is approved or it would already be submitted for approval by the minority shareholders of Movida.

Remembering that, within the best governance, we announced right at the beginning, in response to market requests, when we were evaluating this option, that we would leave it to the minority shareholders at a Movida meeting to decide whether or not they want to do it.

Another thing we noticed about this topic, which causes some doubt, is whether the transaction would be made with payment by CS Frotas or whether it would be made in shares. What we have in mind at the moment, and Fernando is here by my side, is that this be done on the basis of actions and that it will reinforce Movida's capacity for growth and development in this market that has presented all the opportunities.

Fernando Simões:

Just contributing to what Denys is saying, like all operations that have been carried out in the Group to date with a related party, with little or much impact, this one will be left in charge. We will follow the minority vote. We do not intend to receive anything in cash, and it will only be proposed if we understand that it contributes to Movida's development in an extremely sustainable way, and that it is also good for Simpar.

That's what will be done. But it will be put up for consideration and definition, and we will accompany the minorities.

Lucas Laghi:

That's great. Very clear. Thank you.

Victor Mizusaki, Bradesco BBI:

Good morning. Congratulations on your results. I have a question about Original, Fernando. As you mentioned, we got to see the improvement in the result of this division, but when we think of the Group as a whole, we see, for example, Vamos acquiring an agricultural machinery dealership. Do

you think there is an opportunity for Original to also follow this same path and try to consolidate this segment a little more?

Fernando Simões:

Good morning, Victor. And I think there is an opportunity, yes, but we have tried, as we have been talking, to be very disciplined in the use of our resource. Original is doing well, our team has been doing a great job, you have the volume number, the result you have been giving, but the market has contributed a lot to that.

There are also many shareholders in other companies and concessionaires who think that this now has a different value. So, we have had a lot of discipline. We don't rule out developing the Original as a used car network in some way.

Just remembering the following: yes, it is part of looking at the development of the Original, but we are very happy with its result, and Simpar itself is the sum of several businesses. It contributes to the direct result, but also indirectly, within our ecosystem.

So, regardless of its growth, transformation and size, it is part of our strategy to maintain it, and it is very complementary to the business.

Like the BBC, too. For those who look at it today, it seems to be a much smaller business, but rest assured that we are planning here to make a transformation in the size of the financial service within our ecosystem.

That's it, Victor. And we think that it may have the opportunity to consolidate this issue of cars, but also not only as a dealership, but as a used car network, etc.

Denys is reminding me here that you asked a question about Movida and dealership. We do not see, today, any need that has such a significant complementarity to think about a merger of this type, or anything with the concessionaires with Movida. Unless some things in the market change a lot in the next two, three years, we don't see this complementarity.

Totally different from CS Brasil, which brings revenue resilience to Movida, a GTF. I joke that CS Brasil is a great differential. For the term, it looks like the Vamos contracts, in compensation for light assets like Movida's.

So, this is quite different. Not only is the complementarity, but it also provides resilience, a very strong support base for future development.

Victor Mizusaki:

Thank you.

Werner Roger, Trígono Capital:

Good morning. Congratulations on the excellent results. I'm going to ask a question, but I don't know if it's already been asked, I had to go away for a minute. So if it was asked, please disregard it. And as to the other question, I don't think it was asked.

Regarding the acquisition of heavy vehicles, how is the supply of the automakers? Do you have a very long waiting list? Or, given the size of the Group's purchases, do you get priority in service? Can this hinder growth a little?

And also in this line of heavy vehicles, looking at the issue of sustainability, if the Group is testing it, if it has a gas-powered vehicle to test the issue of economy and performance, or if it is also evaluating

any possibility of testing vehicles with biofuels or alternatives. Those are my two questions. Thank you very much.

Fernando Simões:

Werner, about the waiting list, about trucks and heavy vehicles, I'm going to tell you two things – I'm not talking about us, but about the market: the market has reached the point of having the automaker last week sent a letter to all customers that they only have trucks from 2022 onwards. It's no use to ask. They almost wrote it in the letter. And that, from 2022 onwards, they have no idea of the price, with everything that is happening in their inputs.

And the other automakers, as far as I know, nobody has a truck to deliver today for this year. This is the queue size. They are starting to schedule from January.

Implementation, there are many automakers that no longer accept orders for this year nor discuss 2022, because of the increase in steel and ore prices. This is what the market has been experiencing.

I will now talk about the Group as a whole. We have, today, ensured all our purchases, the size transformation already for 2021, and completely calm with 2022. To give you an idea, today, Vamos's position, when we talk about heavy goods, this is the one that will consume more than 80% of our heavy goods.

So, this is within the planning, and based on the conditions made that leave us calm in the matter of prices, not only to ensure our competitiveness in the market, the renewal of our fleet, new contracts, but also the appreciation of our assets, including price difference we are buying forward.

In other words, the price has changed, the number we bought for this year and for 2022 was on bases and conditions that give us peace of mind to say that there will even be an appreciation of assets. This is what we have been doing, which is part of our planning, and the size of the Group today gives us this flexibility, because we even need renewal, because we have said that, with this, we can anticipate our purchases.

When we talk about gas powered vehicles, we have experimented. Vamos recently announced the purchase of a huge batch of electric forklifts under a long-term lease. This is in line with the issue of ESG, non-pollution, pollution abatement; in short, we have been doing a lot of work, but with a lot of discipline not to buy an asset that may not have a residual value tomorrow.

So we have a balance of that. Buying things that contribute to having less emission, with less polluting, but also with an eye on a residual value that has a market in the future.

I don't know if you saw it, there are comments from many people who were going to the electric car – there is an article today about this – and they are already returning to the gasoline car due to the lack of infrastructure.

So, when you talk about the gas truck, there is a trend, yes, but let's not forget that the truck runs all over Brazil. If gas runs out somewhere, how will it run? So, we have been very careful to do something that has a foundation and is sustainable for the development of our Company.

Denys Ferrez:

Fernando, on the issue of the electric car, the issue is resale. I want to see someone sell an electric car with the battery reaching the end of its useful life.

Regarding the purchase of heavy vehicles, planning was already heavy, the issue of the Euro 6, which last time prices rose 20%, in 2011, there was a very large pre-purchase. It didn't enter the account, it's basically the normal programming, regardless of the Euro 6, which makes it much more expensive.

As you said, 2022 has no schedule, because the price is not known, but the Euro 6 and no one is no longer talking about it. The assemblers wanted to postpone it, but this matter was off the agenda, and also fleet renewal was also off the agenda. We haven't heard anything else.

Fernando Simões:

We have something closed, with a closed price locked for 2022. The information I have about the Euro 6 is that public information, that they will not extend the deadline, and that the automakers are being prepared for this. But we have peace of mind. We're pretty cool, Werner.

Werner Roger:

Right. Thank you.

Guilherme Mendes, JPMorgan:

Good morning. Thanks for the opportunity. There are two follow-ups, actually, the first on the issue of CS with Movida. I think Fernando commented at the opening about the synergies that the deal would bring. If I could comment a little more in detail, what you see in terms of synergy from the perspective of Grupo Simpar moving CS Frotas under Movida.

And the second question, you also commented on heavy OEMs, if you could also talk a little bit about the light segment, when should we see a normalization of vehicle delivery and how much this should impact the business, mainly from Movida and CS. Thank you.

Fernando Simões:

When we talk about synergy, we have been working hard and responsibly, as controller of all the companies, to contribute to the transformation of shareholder value and to the development of the companies in an extremely sustainable way, too.

When we propose this to be analyzed by the independent directors representing the minority shareholders, when we say that we are going to put this for approval by the minority shareholders, it is because we believe that it is not a synergy for Simpar, but a value transformation that contributes to Simpar and to Movida.

Why? Let me give you one example. Average purchases of assets, CS Brasil's average ticket is usually around 30%, 35% more on assets than Movida's assets. This is good when you negotiate with the automaker, who always want to sell a number of cars with a bigger, heavier ticket, like a pickup truck, like other types of cars. So, this, CS Brasil buys, and brings this synergy to Movida.

The second point is: you have the dilution of your fixed costs. Thirdly, you have a CS Brasil service network that currently serves the CS Brasil fleet, and I am talking about after-sales, physical workshop in some places.

CS Brasil contract profiles are valid for 24 months, extendable up to 60 months, and more than 80% of these contracts are routinely extended up to 60 months. So, we consider long-term contracts. Remembering that all of this is fleet management and outsourcing. And you go through a diversification of clients and revenue bases.

These are some of the main points, and the resulting opportunity is fantastic. Basically, the result of all this is the stability of cash generation. It's not a normal GTF, because the normal GTF has the bid every two years. It is a long term management and outsourcing. This contributes a lot in many other aspects, but those I'm saying are the main ones we have.

What was your other question, Guilherme? Sorry about that.

Guilherme Mendes:

About the light automakers, when should we see a normalization in the delivery of cars?

Fernando Simões:

Yes, we have suffered, but it is not that we have suffered because we have been excluded because of something. We have suffered because the automakers have suffered. It's such a roller coaster, like "go back, return, leave", the cost increases, the inputs. The other day, there was little publicity, but a factory in Japan caught fire, which has a chip that is used in television and was also missing in cars.

Anyway, we have had an ups and downs, but I would say that, within this volatility, both Movida and CS have received the services in a satisfactory manner. We would like to have a newer fleet to serve our customers in retail, RAC, etc., and we are not having it, but it is not a difficult situation either.

Last month is already gone, it's been getting better every month, and I think it's passing away, it's a situation that is lagging behind. We think that the 2H will be very different, maybe even within the normal range.

Guilherme Mendes:

Very clear. Thanks, Fernando. Good morning.

Florência (via webcast):

Congratulations on your results. What is the expected leverage in Q2?

Denys Ferrez:

I can't provide guidance, but I understand that we will present numbers in line with what we have at the end of this quarter, perhaps slightly lower. But I would like to emphasize that we remain committed to the Group's gradual deleveraging.

As we have to anchor this at some point, at some date, we have used the year-end reference. We have said that our commitment is to reach the end of each year with a little less leverage than the previous year, until we reach our goal, which is to operate below 3x the net debt/added EBITDA ratio.

João (via webcast):

How long can it take to see the sale of used trucks by Vamos becoming more and more relevant in the result?

Fernando Simões:

We would like to be able to market trucks now, because the demand for trucks is completely different from automobiles. It's not that truck or product is missing. You have few trucks in Brazil that are five years old, six years old to be sold as used vehicles. So this will be a very big opportunity.

And Vamos has another subject, very interesting, that it is no longer required to change at 18 months, but at 60 months. So you're going to see this happen extremely gradually.

Because we are selling today, 2021, a size of the Company more or less than 2016. That's what we are doing. We are trying, within the planning, perhaps to anticipate some renovations in order to have these semi-new trucks for sale. That is one point.

Second point, just for you to have an idea of the opportunity, we are buying used trucks to make this a business, it is so important and this is the opportunity that we have, to have an idea, of purchase demand.

And we don't have any megastore in Brazil that buys lots of trucks. We are starting to do this, and we are having a lot of results. It's still not much to come by volume, but you'll see it happening in a short amount of time.

That's it. We are very calm at this point. And let me say something, which I think is worthwhile, regardless of the moment: this is a business in which we have expertise, we know who to sell to, in which region to sell, and we have been doing this for over 20, 30 years. Since 2010, we've been publicly traded, you've never seen us have any problem marking the book value or great difficulty with our inventory, even in the greatest moments of crisis. You've never seen a large stock of conventional trucks.

That's why Vamos has developed with its large portfolio. Horses, trucks, and it has 20%-30% of machinery alone, an asset quality that has enormous demand and sales opportunity, including the appreciation of our residual.

Operator:

There being no further questions, I would like to hand the floor over to Mr. Fernando Simões for his final remarks. Please, Mr. Fernando Simões, it is your turn.

Fernando Simões:

Once again, thank you all very much. Before concluding, I would like to ask you for a moment of reflection, so that we can think together. During the call, I have been thinking and reflecting.

We are living in a moment, today, of great happiness. Not only for the path we've taken, for the deliveries, but for being an extremely different moment. I would like, first of all, to thank all of you who, directly or indirectly, have contributed to our development.

Why this great happiness? Because this is the first quarter in which we are presenting our Company separately, with CEOs and CFOs defined in each of them, with the presence of Ramon, who took over JSL Logística, with the completion of our strategic plan.

This gives us peace of mind to say the following: we have completed that project of separating the companies, of having an independent holding that you have been following over the last few years.

But the greatest happiness is telling you that the foundations are made to start a new cycle of development. Why are the foundations made for a new development cycle? From the capital structure, from the term. I will make a specific reflection on the issue of our net CAPEX: we have a company like JSL Logística that had practically no net CAPEX, but it has had extremely important growth and improved margins.

We have Movida, which has been making its net CAPEX naturally, and CS that has BRL 135 million, much higher net CAPEX this quarter than last year. And if you see the consolidated Q1 over Q1'20 in net CAPEX – I don't want to induce or give a guidance – you can already see what the result will be in the coming quarters, both in terms of growth and improvement in margins.

Our great differential is people with management capacity and tested structure in recent years, within the greater volatility, since interest rates, of the economy, and now, with the pandemic, in which I want to take the opportunity to thank each one of our team, our managers, our leaders. You have made a big difference. Thank you very much!

Before, we had not separated the companies. Today, in addition to being separated, you can see how this net CAPEX ends, and what will be the development of our business going forward. In other words, I would say to you, without creating expectations, that we are happy with the result, but I would say to you that the bases and fundamentals have been built for you to monitor in the coming quarters an even greater improvement in results, in our development of each company, not only in terms of size, but also in terms of results.

And, within that, we have more than 100 people participating in our call, and wanted to invite everyone to participate in Simpar Day, on May 19, in the morning. You will receive the invitations. All the CEOs and CFOs of each company will be giving more details of their timing and planning, where I think it will be much clearer what is to come in the development front.

I want to thank you on behalf of all of our team for your participation. And, above all, for your contribution, because we are always questioned, making us to reflect, and this was extremely fundamental for us to live a moment like this.

Thank you very much. See you on Simpar Day, on May 19, in the morning! Thank you everyone.

Operator:

Simpar's conference call is closed. Thank you for your participation. Have a nice day!

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