



Fueling  
Sustainability

# FS Earnings Release 1Q23

August 30<sup>th</sup>, 2022

## Legal Disclaimer

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The statements contained in this document related to business prospects, projections of operating and financial results and those related to growth prospects of FS are merely projections and, as such, are based exclusively on management's expectations about the future of the business.

These expectations depend, substantially, on market conditions, the performance of the Brazilian economy, the sectors in which the Company operates and international markets and are subject to change without prior notice.

The information contained herein does not mean and should not be interpreted as a guarantee of the Company's performance or future results.





## Highlights | 1Q23



**Net Revenue: BRL 1,886.6 million in 1Q23**

(+45.7% vs. 1Q22)

**EBITDA: BRL 676.0 million in 1Q23** (+28.5% vs. 1Q22) and 35.8% EBITDA margin (+4.8 p.p. vs. 1Q22). **EBITDA / liter: 2.203 in 1Q23** (+BRL 0.546/liter vs. 1Q22)

**Net Profit: BRL 267.2 million in 1Q23**, with 14.2% of margin

**CAPEX: BRL 418.5 million in 1Q23** (BRL 399.5 million in Growth Capex , BRL 7.8 million in Maintenance Capex and BRL 11.1 million in Biological Assets Capex)

**Net Debt / EBITDA: 1.19x EBITDA LTM** (de-leveraging of 0.35x versus 1Q22)

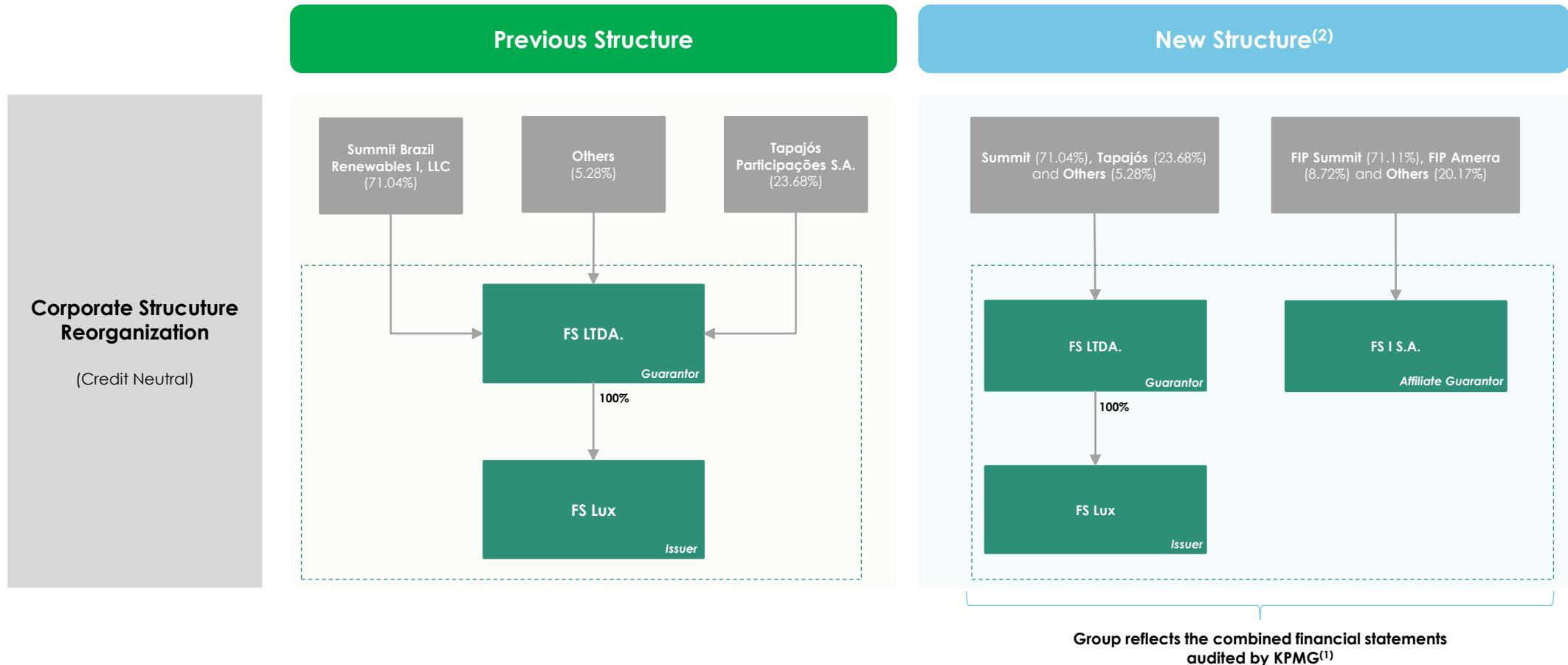
Net Debt of BRL 3,294.5 million

On June 30<sup>th</sup>, FS executed a corporate reorganization, with incorporation of FS S.A. and sale of PDL Plant assets and future corn ethanol projects to FS S.A.

On June 20<sup>th</sup>, **Moody's Global Scale** upgraded FS rating from 'B1' to '**Ba3**', with stable outlook. On July 27<sup>th</sup> **Moody's Local Scale** also upgraded FS rating from 'A+.br' to '**AA-.br**', with stable outlook.

# Corporate Reorganization

With the new structure, Summit Group remains as the controlling shareholder, and the change was credit neutral



**Notes:**

1. For more details on consolidation rules of combined results, see the explanatory notes at the combined financial statements. 2. At the new structure, both companies (FS Ltda e FS S.A.) have the same shareholders and controlling group. Summit, the controlling group at FS Ltda. is represented by the FIP Summit at FS S.A., and the shareholders of Tapajós are represented partly by FIP Amerra and partly by individual investors joining the group of "others".

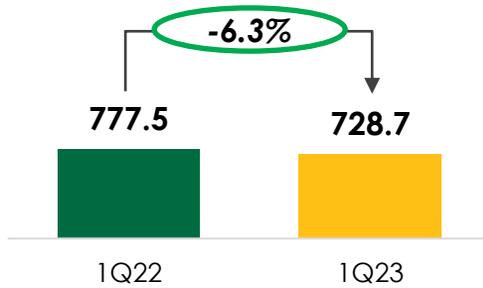


# Operational Highlights

## Corn Crushed

'000 tons

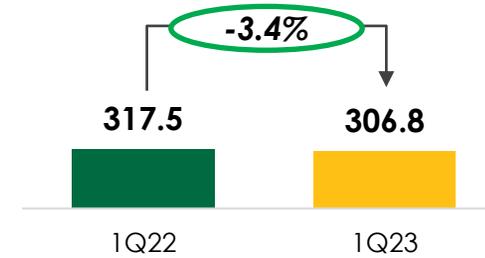
1Q



## Ethanol Sold<sup>(1)</sup>

'000 m<sup>3</sup>

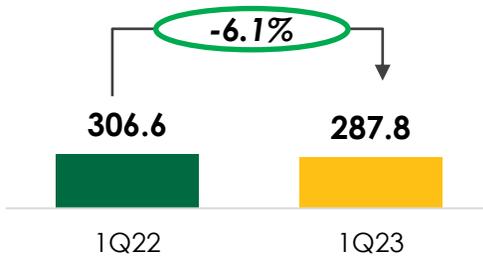
1Q



## DDG Products Sold<sup>(2)</sup>

'000 Tons

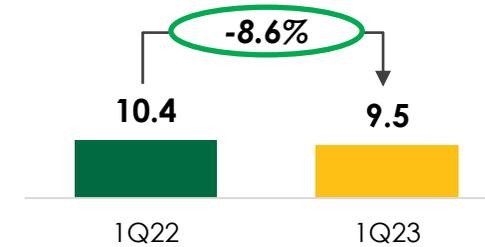
1Q



## Corn Oil Sold

'000 Tons

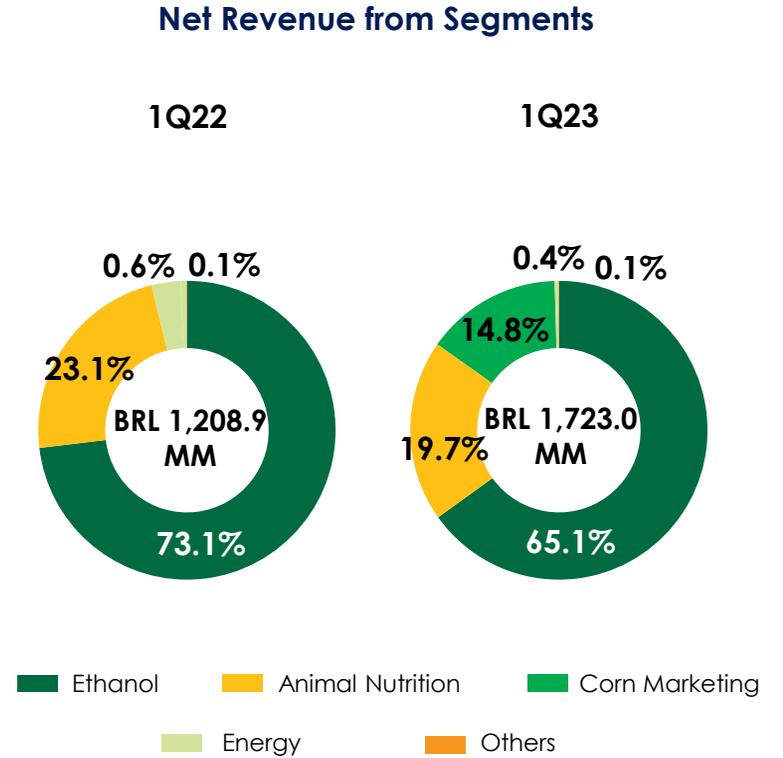
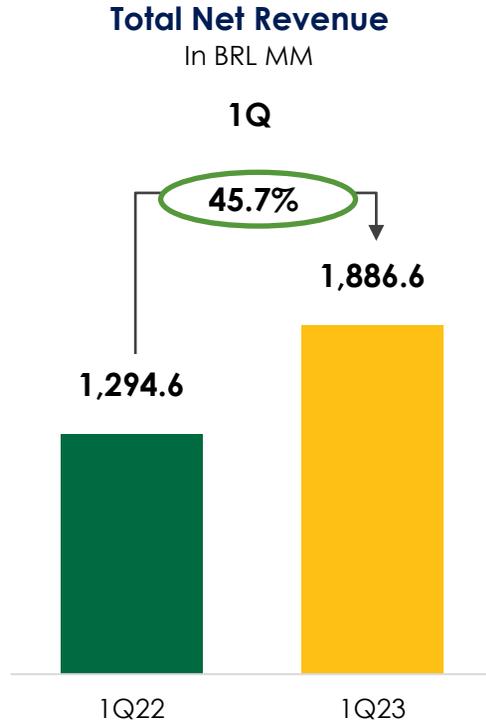
1Q



**Notes:**

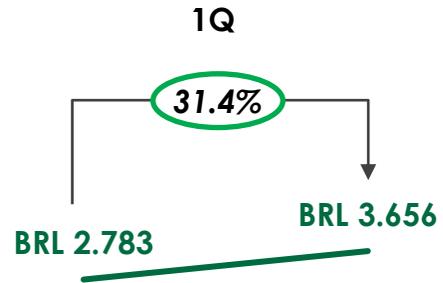
1. Volume of anhydrous ethanol and hydrous ethanol combined.
2. Considers the sum of the products: DDG high protein, DDG high fiber and Wetcake.

# \$ Net Revenue



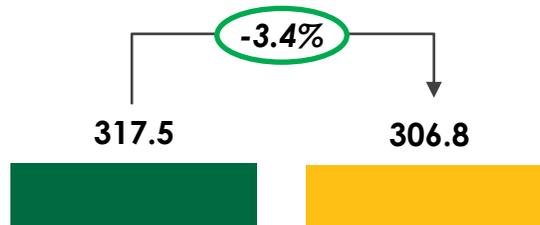
### Net Sale Price

In BRL/ltr



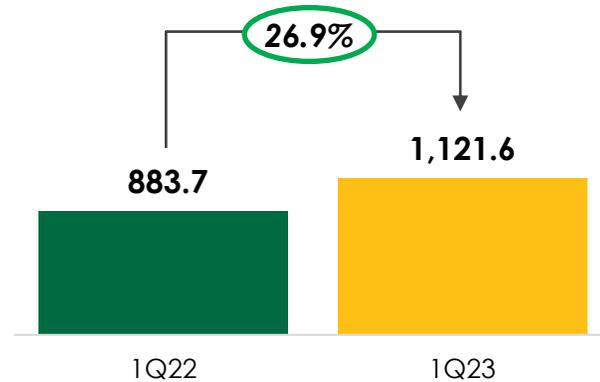
### Volume Sold

In m<sup>3</sup> thousand

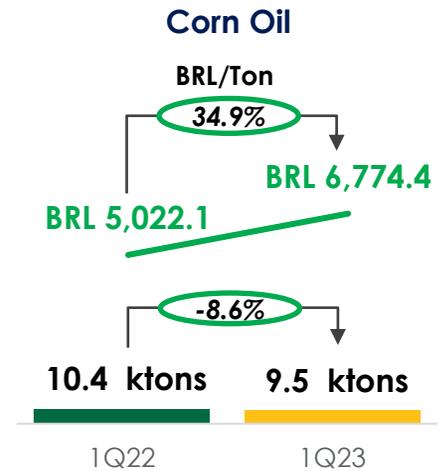
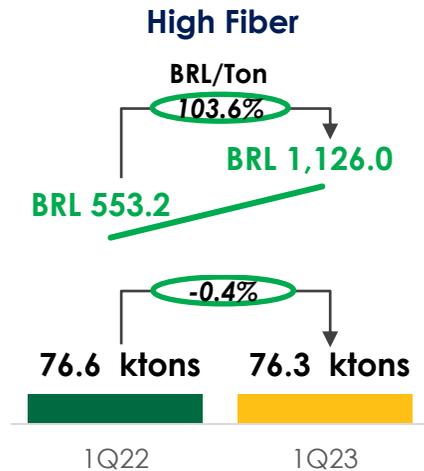
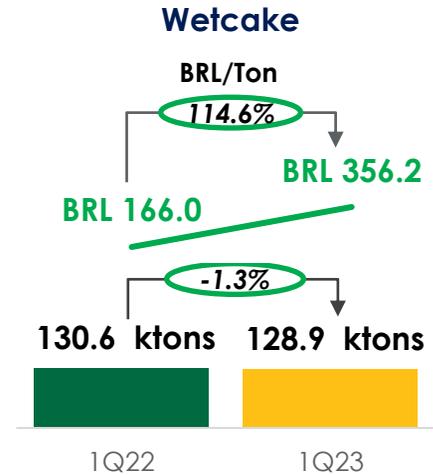
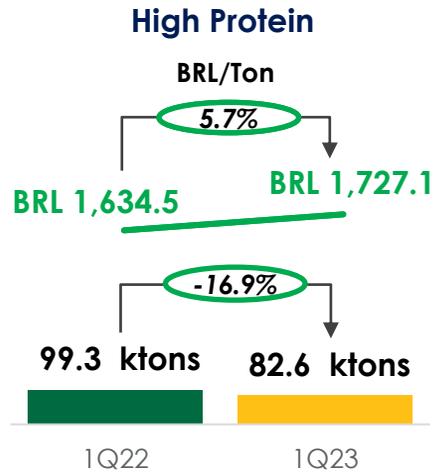


### Net Revenue Ethanol Segment

In BRL MM



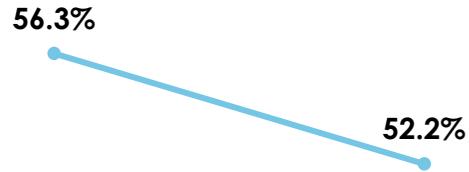
# Animal Nutrition Segment



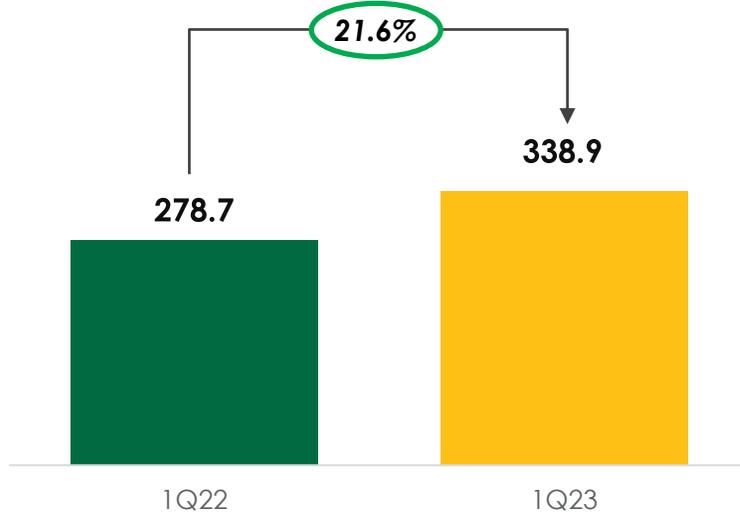
# Animal Nutrition Segment

1Q

Coverage Ratio<sup>(1)</sup>



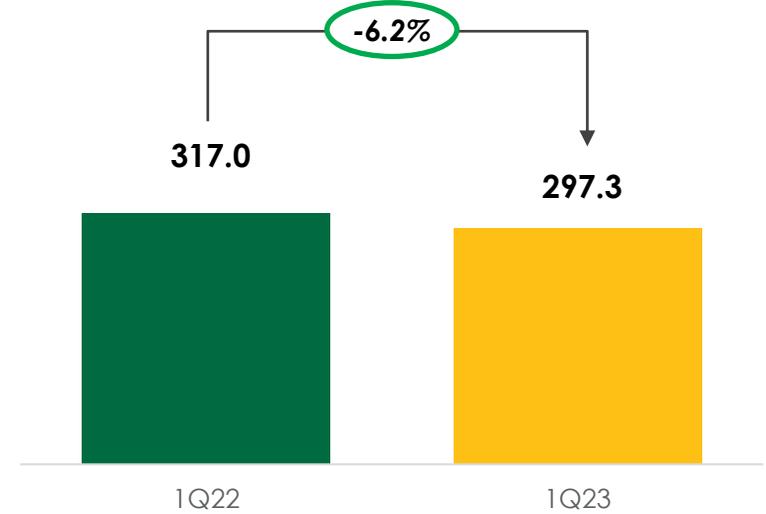
Net Revenue  
Animal Nutrition  
Segment  
(in BRL MM)



DDGs<sup>(2)</sup> + Corn Oil Volume Sold

'000 Tons

1Q

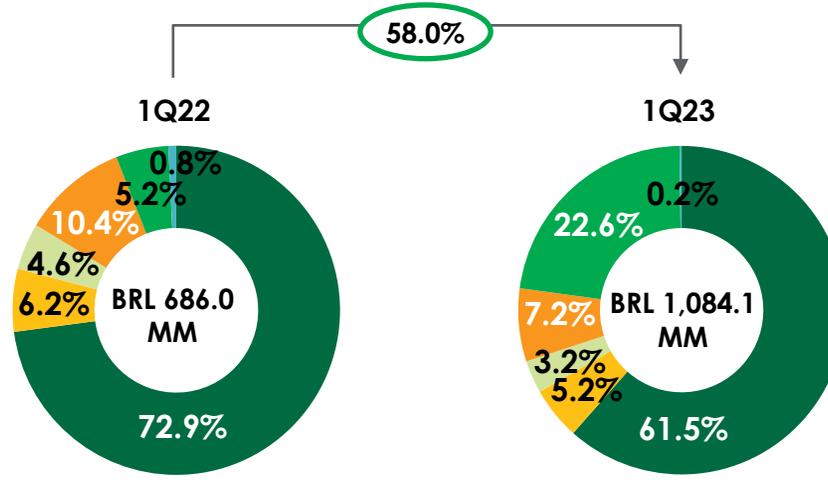


**Notes:**

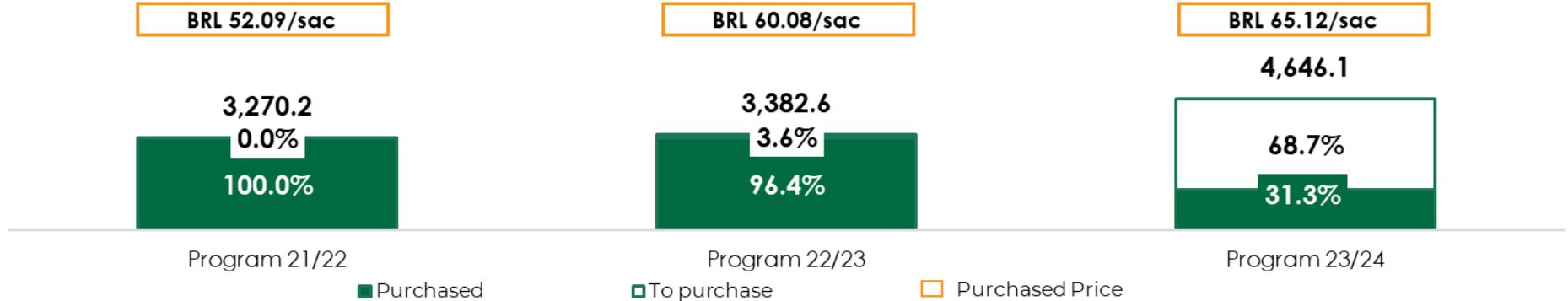
1. Animal nutrition segment revenue + P&L corn marketing divided by corn COGS
2. Considers the sum of the products: DDG high protein, DDG high fiber and Wetcake.

# Cost of Goods Sold

COGS



Corn Program<sup>(1,2,3)</sup>  
thousand tons

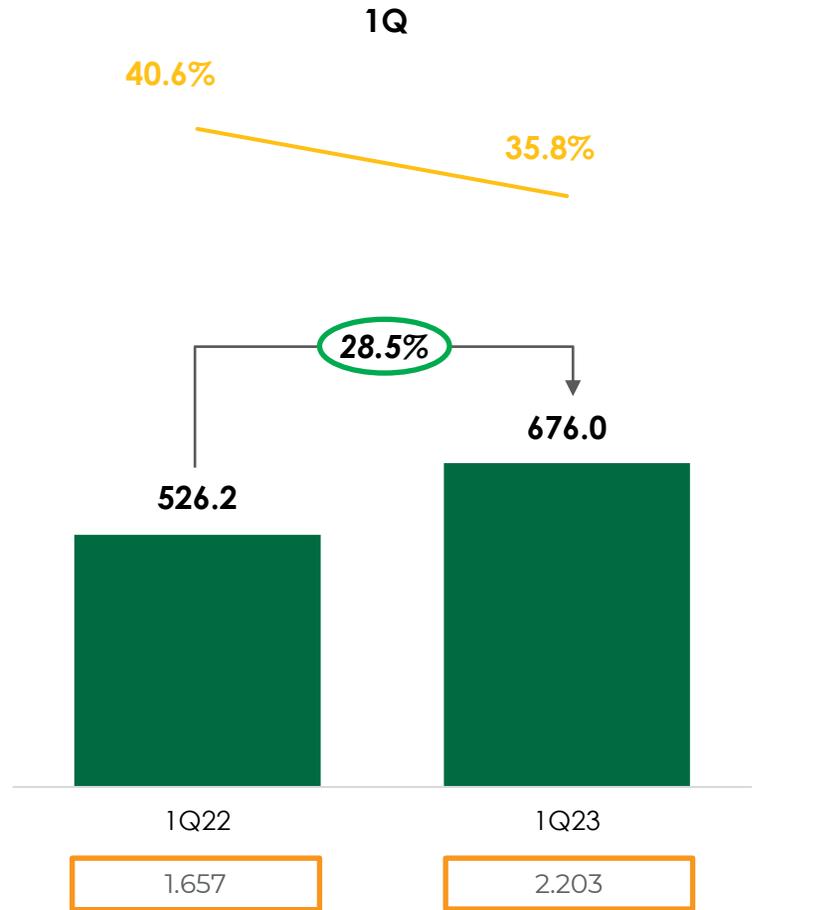


**Notes:**

1. As of August 8<sup>th</sup>, 2022.
2. The price per sac does not consider warehouse and freight costs.
3. The programs consider the need for the future plant of Primavera do Leste.

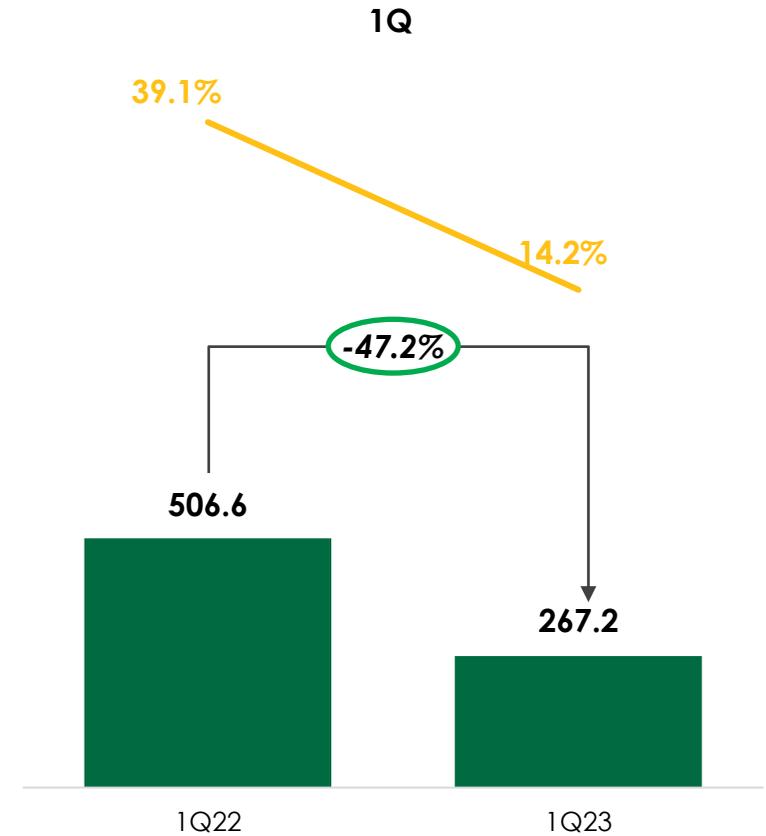
# \$ EBITDA and Net Profit

**EBITDA Evolution**  
In BRL MM



■ EBITDA    — EBITDA Margin    □ EBITDA (BRL/liter)

**Net Profit Evolution**  
In BRL MM



■ Net Profit    — Net Profit Margin



# Capex

## Growth Capex In BRL MM

68.3

399.5

485.1%

1Q

## Maintenance Capex In BRL MM

4.3

7.9

Maintenance  
Capex (BRL/liter)

0.013

0.025

## Biological Assets Capex In BRL MM

2.5

11.1

## Total Capex In BRL MM

75.0

418.5

457.8%

1Q22

1Q23



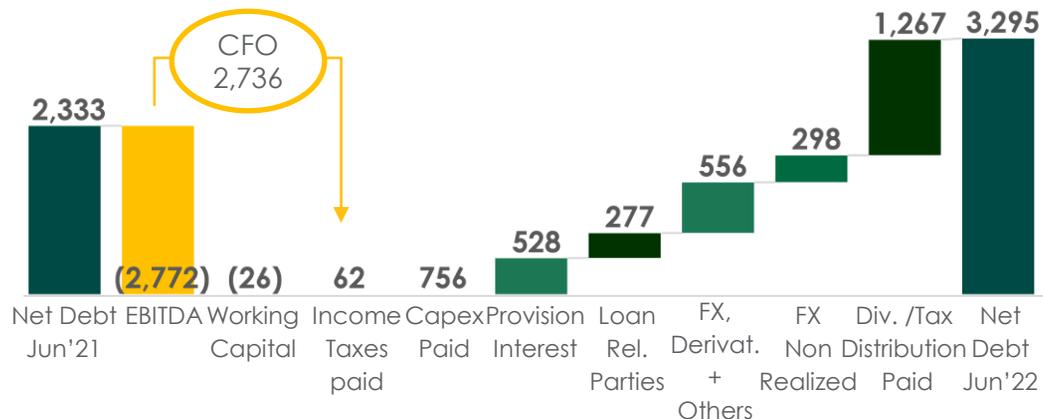
## Cash Flow Statement

Net Debt Evolution <i>(in BRL MM)</i>	2Q22	3Q22	4Q22	1Q23	1Q23 (LTM)
<b>Net Debt BoP</b>	<b>2,333.4</b>	<b>3,615.2</b>	<b>3,768.5</b>	<b>3,041.6</b>	<b>2,333.4</b>
EBITDA	617.0	852.7	625.9	676.0	2,771.6
Working Capital	(1,037.3)	88.3	422.6	552.5	26.1
Income Taxes paid	(23.2)	(14.9)	(24.0)	-	(62.0)
<b>Cash Flow From Operations</b>	<b>(443.5)</b>	<b>926.1</b>	<b>1,024.5</b>	<b>1,228.5</b>	<b>2,735.7</b>
Cash Capex	(132.8)	(125.4)	(215.7)	(281.8)	(755.7)
<b>Cash Flow From Operations Minus Capex</b>	<b>(576.3)</b>	<b>800.7</b>	<b>808.8</b>	<b>946.7</b>	<b>1,979.9</b>
<b>Cash Flow From Financing Activities</b>	<b>(705.5)</b>	<b>(954.0)</b>	<b>(81.9)</b>	<b>(1,199.7)</b>	<b>(2,941.0)</b>
Provision for Interest	(90.9)	(117.1)	(137.7)	(181.9)	(527.6)
Impact from FX, Derivatives and Others	(355.1)	(217.9)	343.5	(640.3)	(869.7)
Dividends Paid / Tax Distribution	(259.4)	(342.3)	(287.7)	(377.5)	(1,266.9)
Loans with related parties	-	(276.8)	(0.0)	-	(276.8)
<b>Net Debt EoP</b>	<b>3,615.2</b>	<b>3,768.5</b>	<b>3,041.6</b>	<b>3,294.5</b>	<b>3,294.5</b>
Change in Net Debt	1,281.8	153.3	(727.0)	253.0	961.1

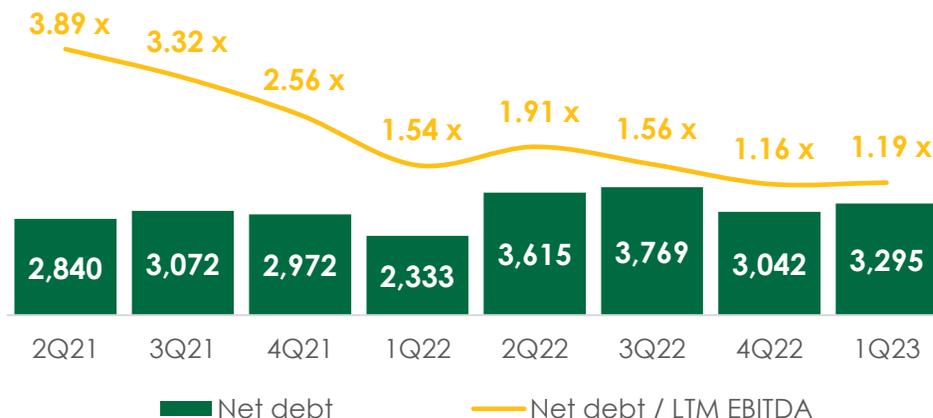


# Indebtedness

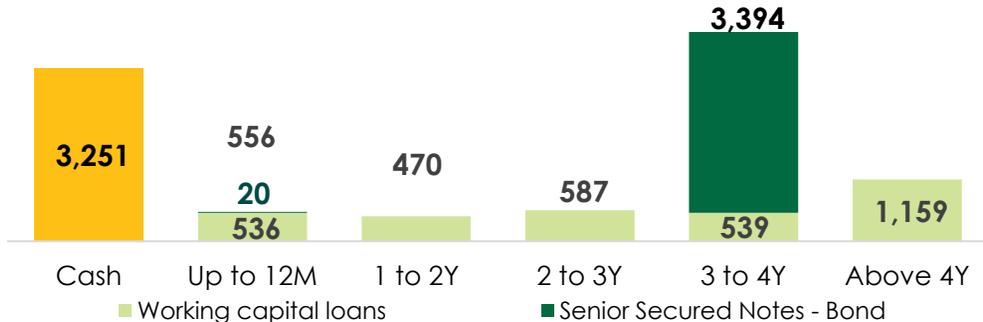
**Net Debt**  
In BRL million



**Net debt / EBITDA LTM**  
In BRL million



**Debt Amortization Schedule<sup>(1)</sup>**  
In BRL million



Net Debt Reconciliation (in BRL million)	1Q22	1Q23	1Q23 vs 1Q22
Bond and CPRF <sup>(2, 3, 4)</sup>	2,955.9	3,436.0	16.2%
CRA and CRI	254.1	1,979.6	679.0%
Other WC lines	154.3	1,130.2	632.2%
<b>Gross debt</b>	<b>3,364.4</b>	<b>6,545.8</b>	<b>94.6%</b>
Total cash (a)	1,030.9	3,251.3	215.4%
<b>Net debt</b>	<b>2,333.4</b>	<b>3,294.5</b>	<b>41.2%</b>
Net debt / LTM EBITDA	1.54 x	1.19 x	(22.8%)
Gross Debt – USD (%)	35.0%	26.9%	(8.1 p.p.)
Gross Debt – BRL (%)	65.0%	73.1%	8.1 p.p.

**Notes:**

- Does not include the impact of transaction costs
- Issuance of USD 680.0 million Senior Secured Green Notes - Bond - Notes by the subsidiary FS Luxembourg s.à.r.l., ("FS Lux").
- Issuance of USD 594.2 million of CPRF (Cédula de Produtor Rural Financeira) by FS, in connection with the Bond issued.
- Acquisition of rights over a TRS (Total Return Swap) of USD 594.2 million - The TRS is a financial instrument agreement between FS Lux and a financial institution that mirrors the terms and cash flows of the CPRF issued by FS. The TRS amount is fully deducted from the Gross Debt in order to eliminate the duplicate debt caused by the local issuance of a CPRF.



# FS Third Industrial Plant in Primavera do Leste (PDL)



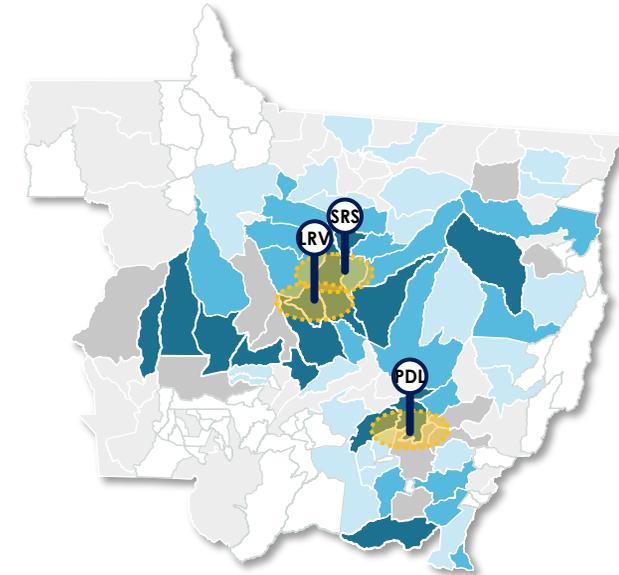
**BRL 2.0 billion**  
investment in the project

**BRL 1.8 billion**  
already negotiated, with  
prices locked

**BRL 657 million**  
already invested until 1Q23

**~BRL 3.42**  
**CAPEX/liter**

**~1.55x**  
**CAPEX/EBITDA<sup>(1)</sup>**

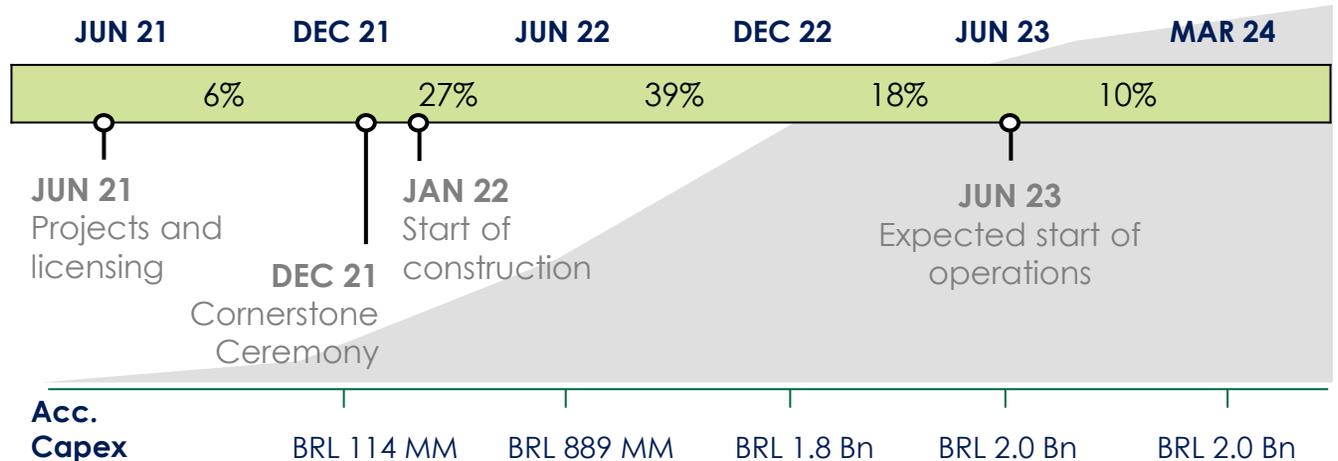


**Corn production (MM tons)**  
**Harvest 18/19**

□ < 0,5	□ 0,5 – 5	□ 5 – 15
■ 15 – 30	■ 30 – 60	■ > 60

● Technology exclusivity radius (50 miles) **ICM**

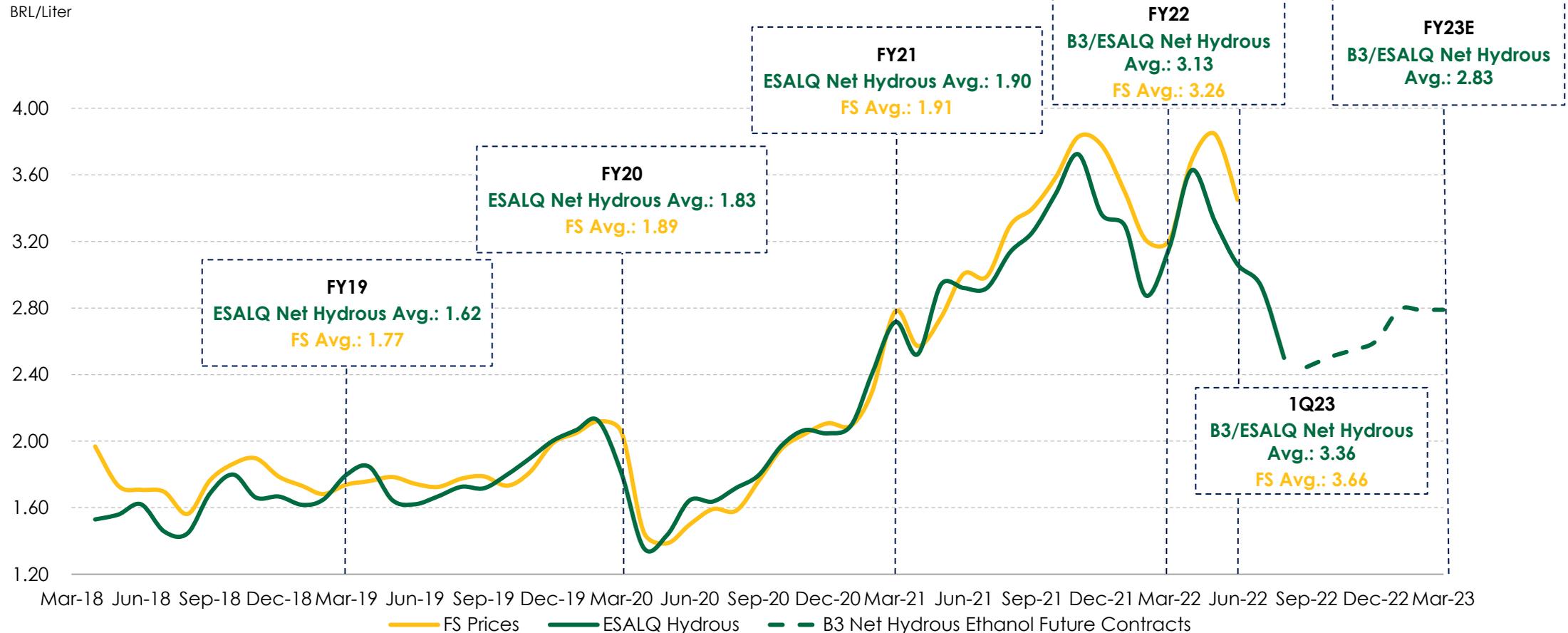
## CASH EXPENDITURE SCHEDULE



**Notes:**  
1. Assumes BRL 2.0 billion capex of the investment in the project and BRL 1.29 billion EBITDA (BRL 2.203 / liter of 1Q23)

# Our Ethanol Net Prices Have Closely Followed ESALQ Hydrous Ribeirão Preto

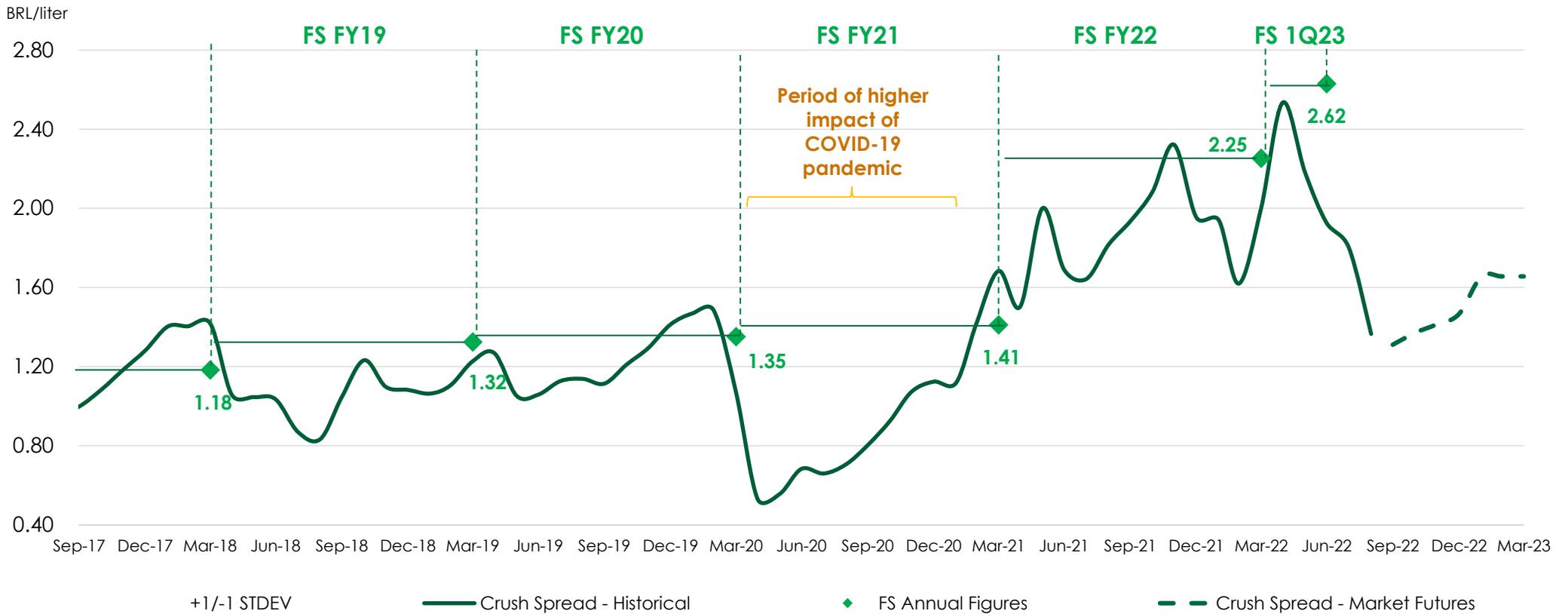
FS Net Prices vs. ESALQ Net Hydrous Ribeirão Preto Prices – 08/26/2022



Source: FS Estimates, CEPEA, ESALQ, B3  
Base date: August 26<sup>th</sup>, 2022

# Ethanol vs. Corn Prices: Crush Spread Dynamics

## Corn Ethanol Crush Spread<sup>(1)</sup>



**Notes:**

1. Assumes 425 ton/liter of corn for the conversion from sacs to liters

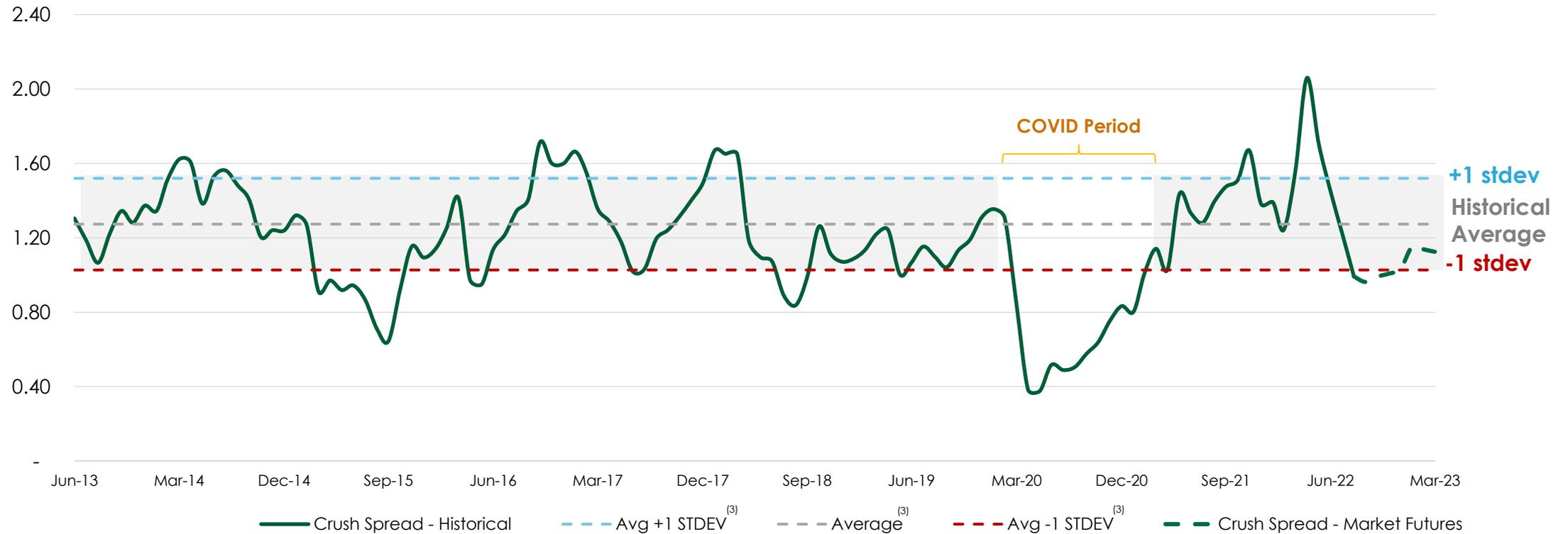
Source: Bloomberg, ESALQ, Brazilian Central Bank.  
Base date: August 26<sup>th</sup>, 2022

# Ethanol vs. Corn Prices: Crush Spread Dynamics through the cycle

Considering Future Contracts

## Corn Ethanol Crush Spread<sup>(1)</sup>

USD/Gallon



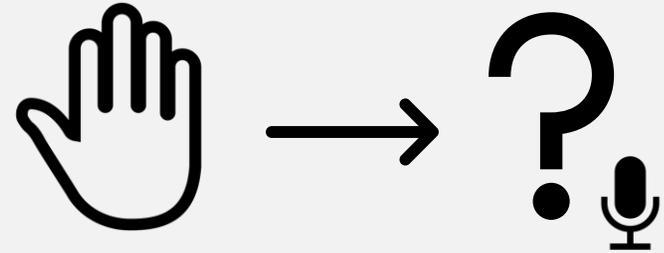
**Notes:**

1. Assumes 425 ton/liter of corn for the conversion from sacs to liters
2. Assumes BRL0.348/liter of SG&A & other costs (FY21 figure) adjusted for inflation
3. Excluding period from Mar-20 to Feb-21 as it was heavily impacted by Covid-19 pandemic

Source: Bloomberg, ESALQ, Brazilian Central Bank.  
Base date: August 26<sup>th</sup>, 2022

## ? Questions & Answers

To organize the Q&A queue, please use the **raise hand** tool and wait to be invited to open your microphone and ask your question.



## Investor Relations Contacts

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**1Q23**

**BACKUP**

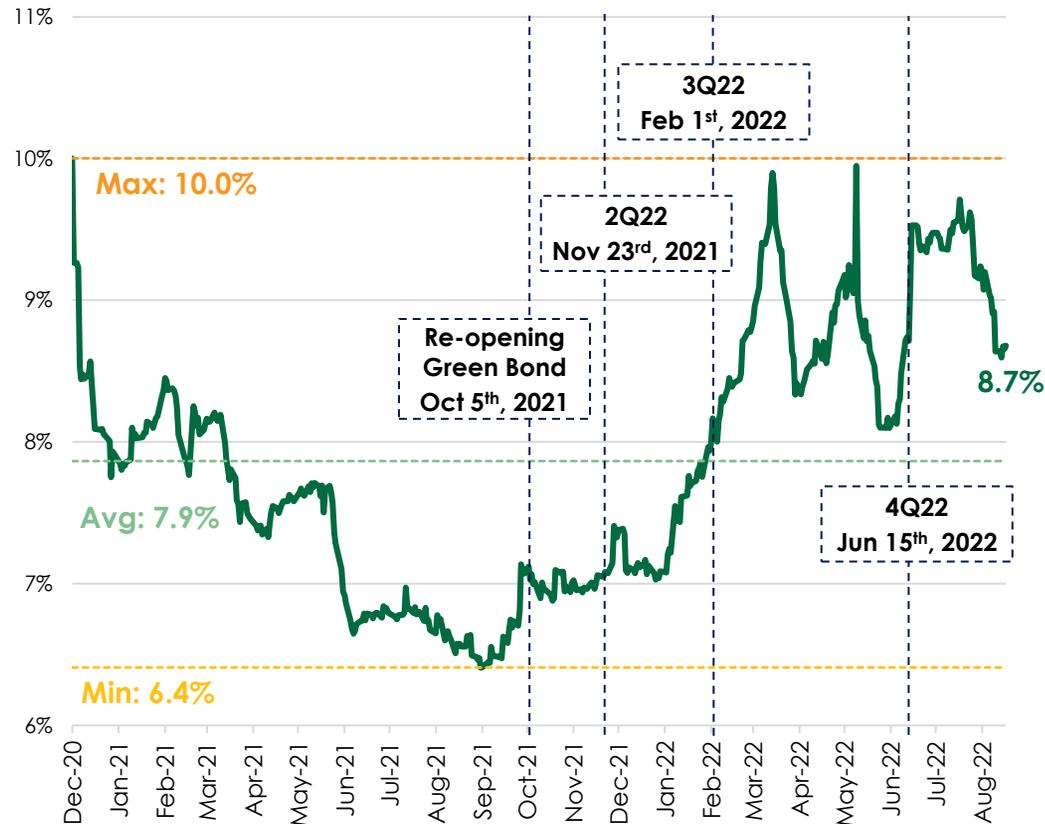


# Bond Performance

\$680MM FS 2025 Bond Secondary Market Performance as of August 25<sup>th</sup>, 2022

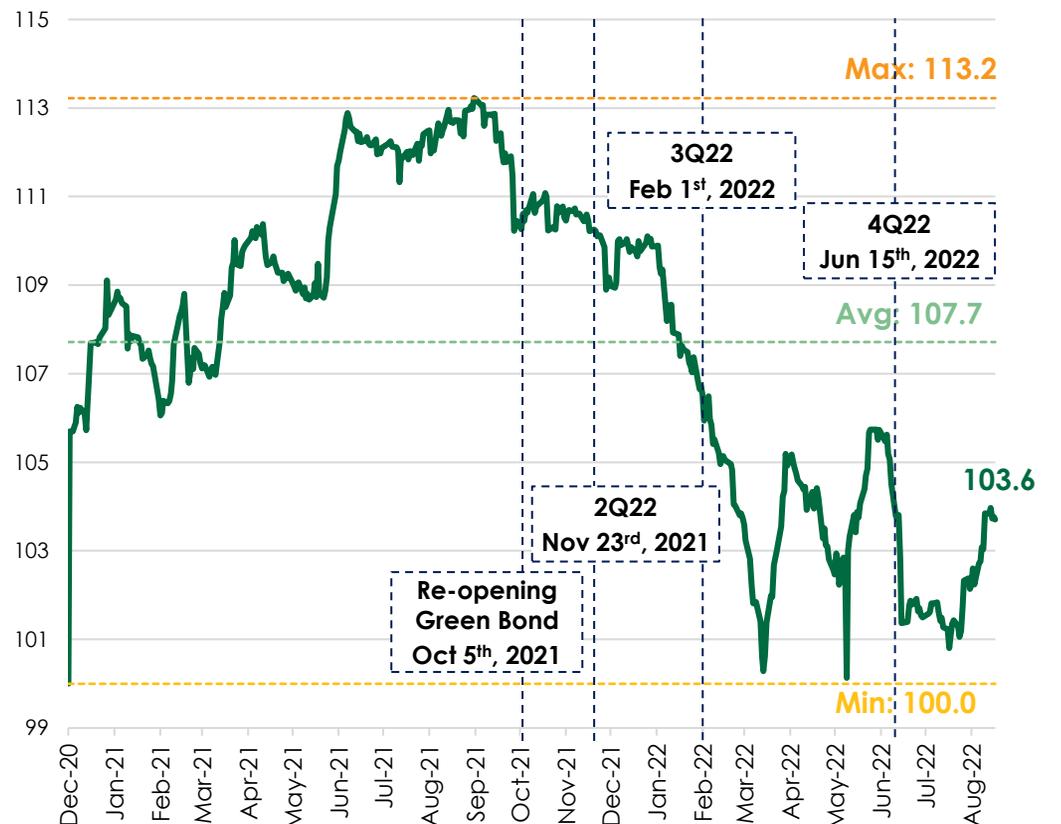
## FS 2025 Yield<sup>(1)</sup>

YTM (%) | FS LUX SARL 25 USD BMRK



## FS 2025 Price<sup>(1)</sup>

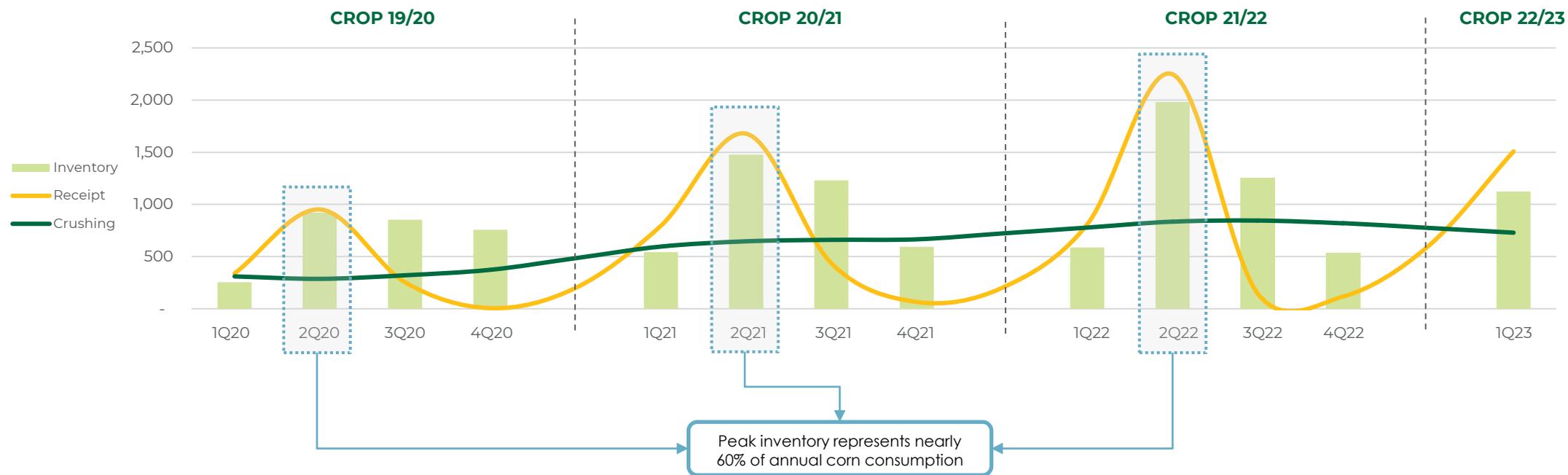
Price (\$) | FS LUX SARL 25 USD BMRK



Notes:  
1. Considers closing prices of each day.

# Corn inventory dynamics

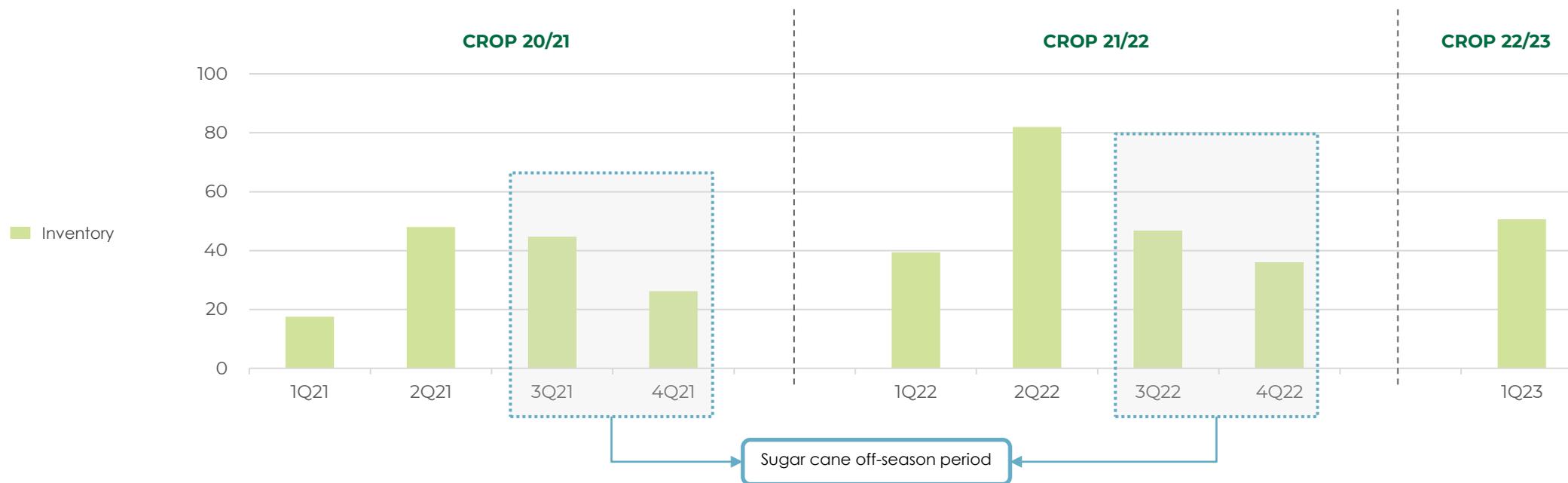
FS consolidated end of quarter in '000 tons



'000 tons	CROP 19/20	1Q20	2Q20	3Q20	4Q20	CROP 20/21	1Q21	2Q21	3Q21	4Q21	CROP 21/22	1Q22	2Q22	3Q22	4Q22	CROP 22/23	1Q23
Receipt	1,551	22%	61%	16%	1%	2,973	27%	56%	15%	2%	3,319	24%	68%	4%	4%	3,539	43%
Crushing	1,289	24%	22%	25%	29%	2,567	23%	25%	26%	26%	3,277	24%	25%	26%	25%	3,332	22%

# Ethanol inventory dynamics

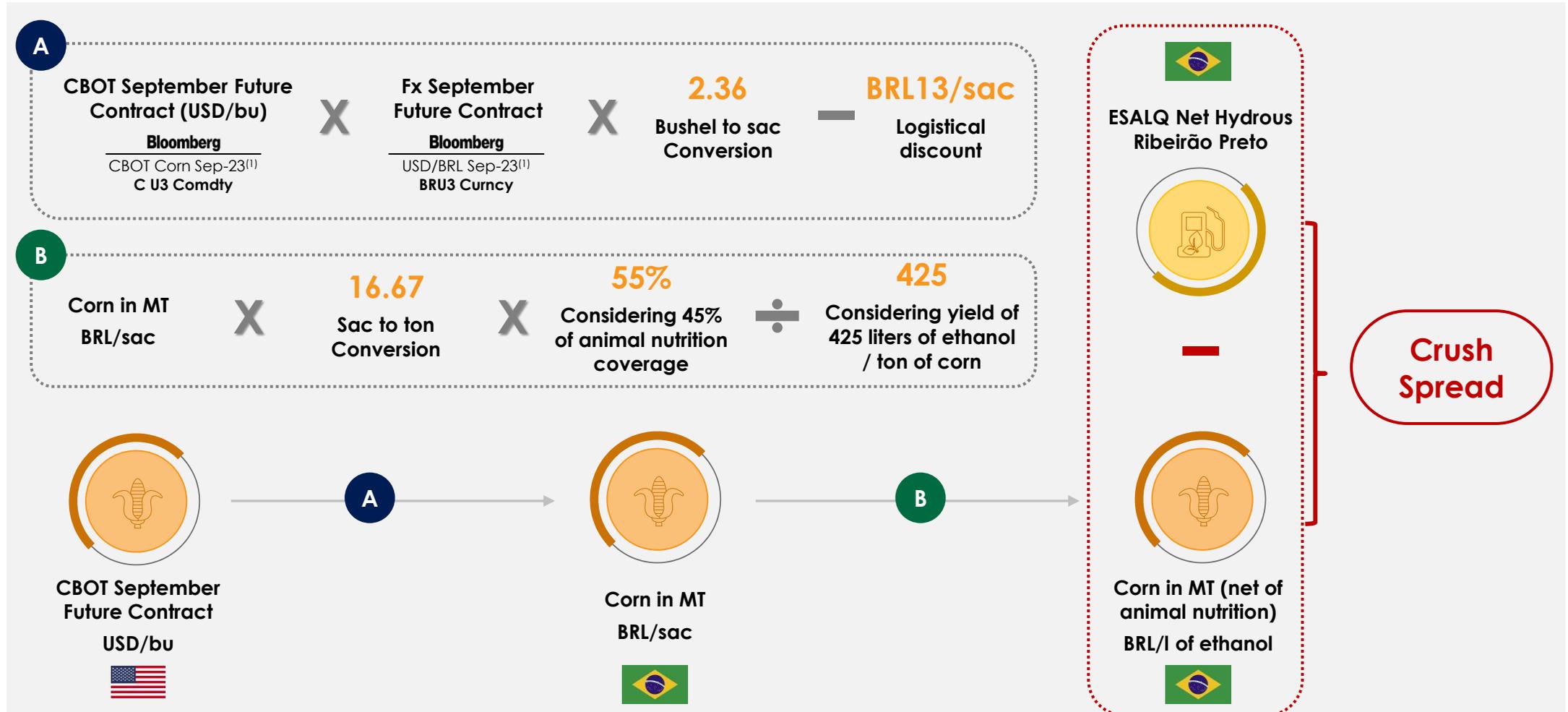
FS consolidated end of quarter inventory in '000 m<sup>3</sup>



'000 m <sup>3</sup>	CROP 20/21	1Q21	2Q21	3Q21	4Q21	CROP 21/22	1Q22	2Q22	3Q22	4Q22	CROP 22/23	1Q23
Production	1,111	24%	25%	26%	25%	1,426	23%	26%	26%	25%	1,442	22%
Sales	1,108	24%	22%	26%	28%	1,416	22%	23%	29%	26%	1,431	21%

# Crush Spread Calculation

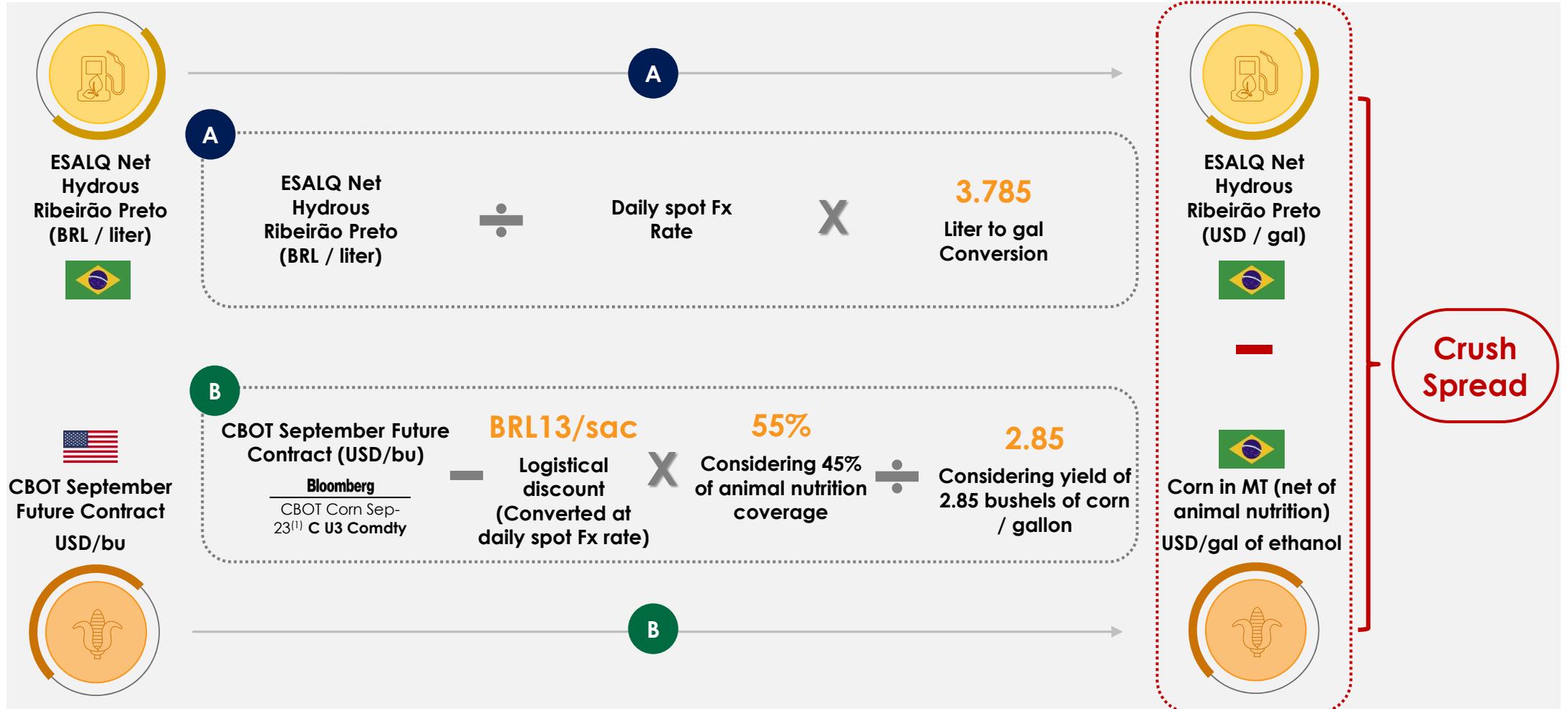
BRL / Liter



Notes:  
1. September 2023 future contracts are used from June 2022 to May 2023

# Crush Spread Calculation

USD / Gallon



**Notes:**

1. September 2023 future contracts are used from June 2022 to May 2023. From June 2021, 2022 contracts will start to be used (C U2 Comdty for CBOT)