



Fueling  
Sustainability

# FS Earnings Release **3Q23 and 9M23**

February 28<sup>th</sup>, 2023



## 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 | 3Q23



**Net Revenue: BRL 1,891.2 million in 3Q23** (-6.2% vs. 3Q22)

**EBITDA: BRL 519.5 million in 3Q23** (-39.1% vs. 3Q22) and 27.5% EBITDA margin (-14.6 p.p. vs. 3Q22). **EBITDA / liter: 1.432 in 3Q23** (-BRL 0.668/liter vs. 3Q22)

**Net Profit: BRL 168.3 million in 3Q23**, with 8.9% of net margin (-14.4 p.p. vs. 3Q22)

**CAPEX: BRL 547.8 million in 3Q23**

**Net Debt / EBITDA: 2.00x EBITDA LTM** (+0.44x versus 3Q22)  
Net Debt of BRL 5,066.5 million (+34.4% vs. 3Q22)

**PDL Plant on time, below initial budget** and expected start-up in **June 2023**

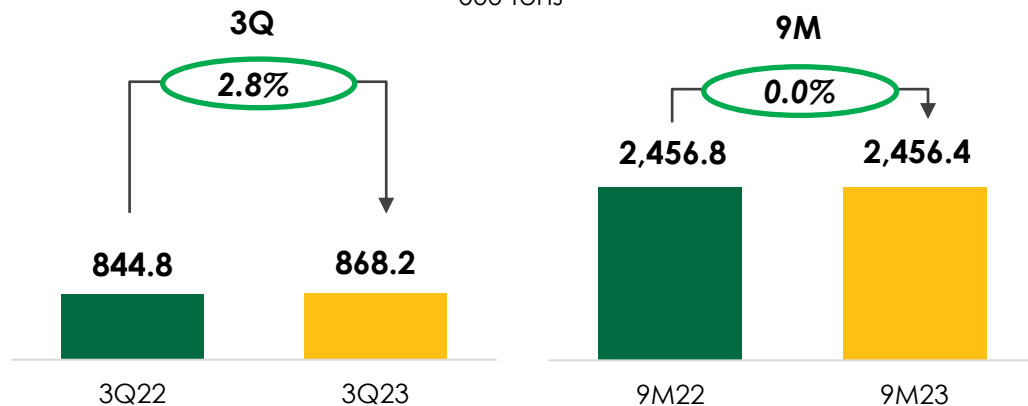
As of February 27<sup>th</sup>, 2023, we **repurchased and cancelled USD 81.0 million** of our **Green Bond**, reaching **USD 599.0 million of outstanding principal**.



## Operational Highlights

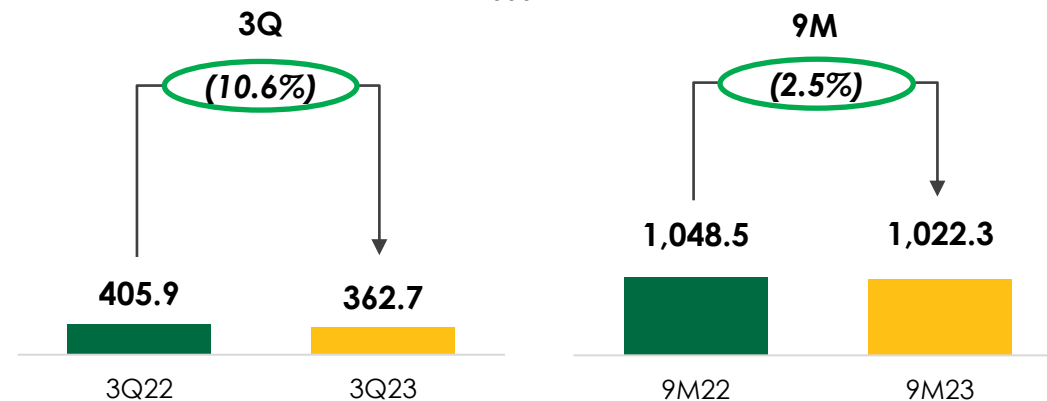
### Corn Crushed

'000 tons



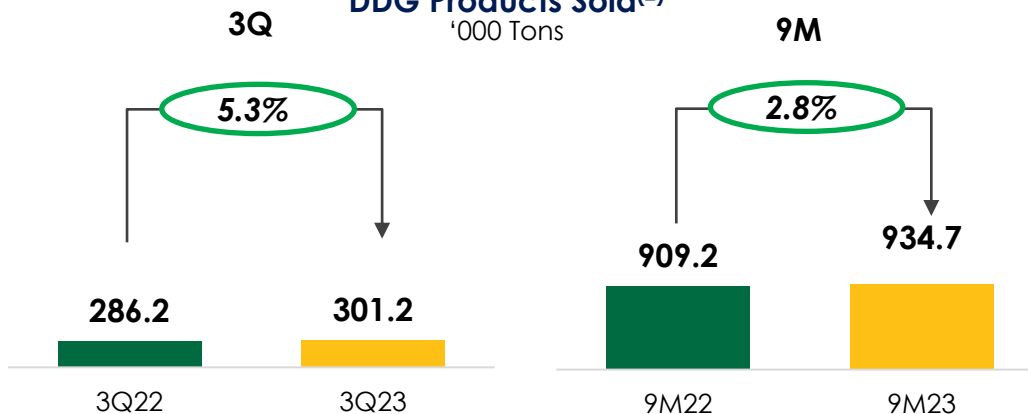
### Ethanol Sold<sup>(1)</sup>

'000 m<sup>3</sup>



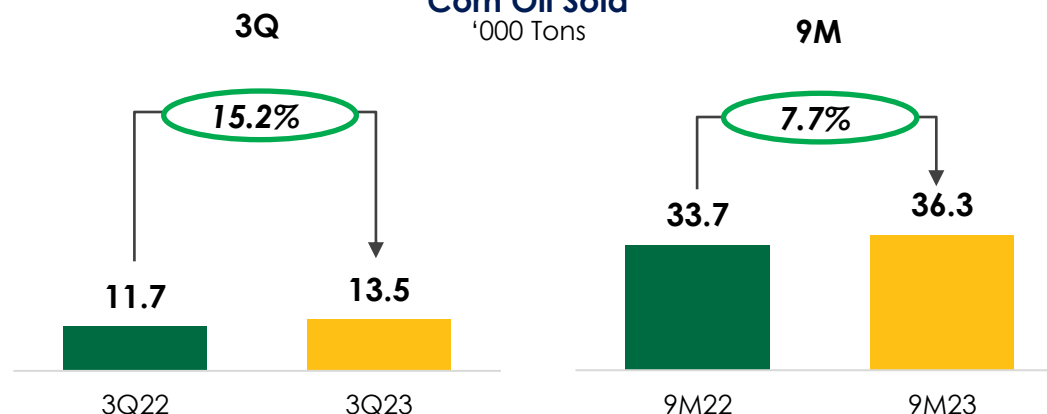
### DDG Products Sold<sup>(2)</sup>

'000 Tons



### Corn Oil Sold

'000 Tons



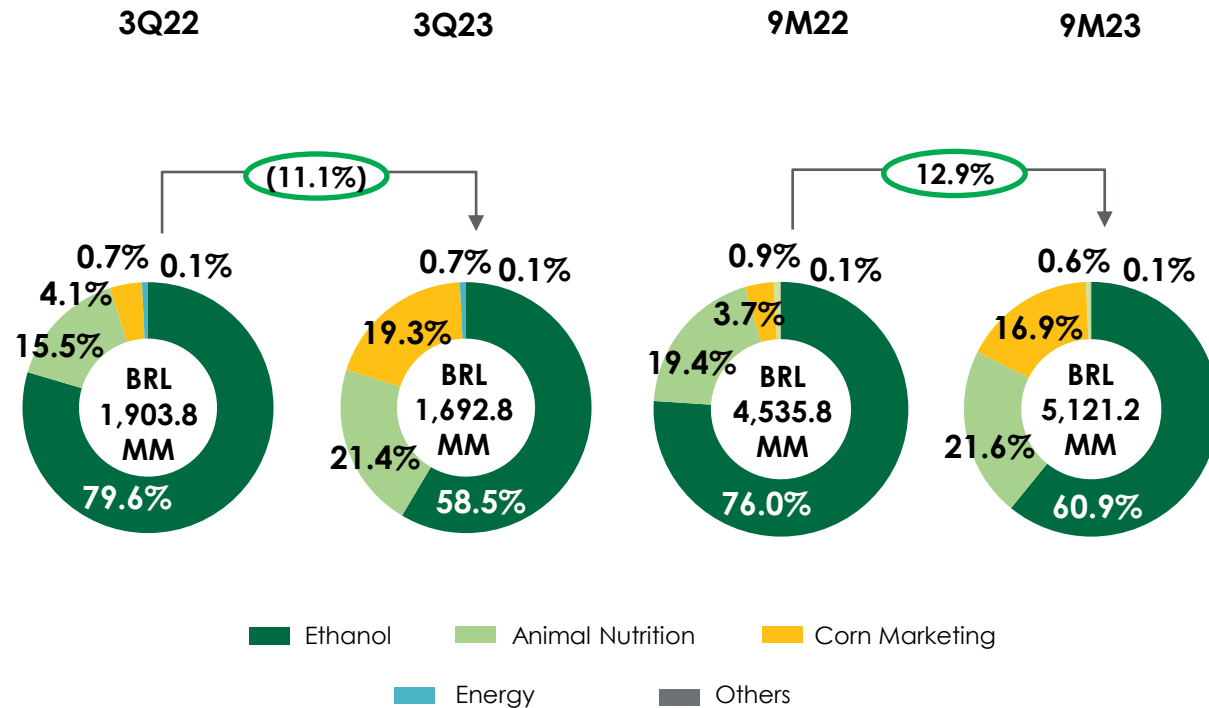
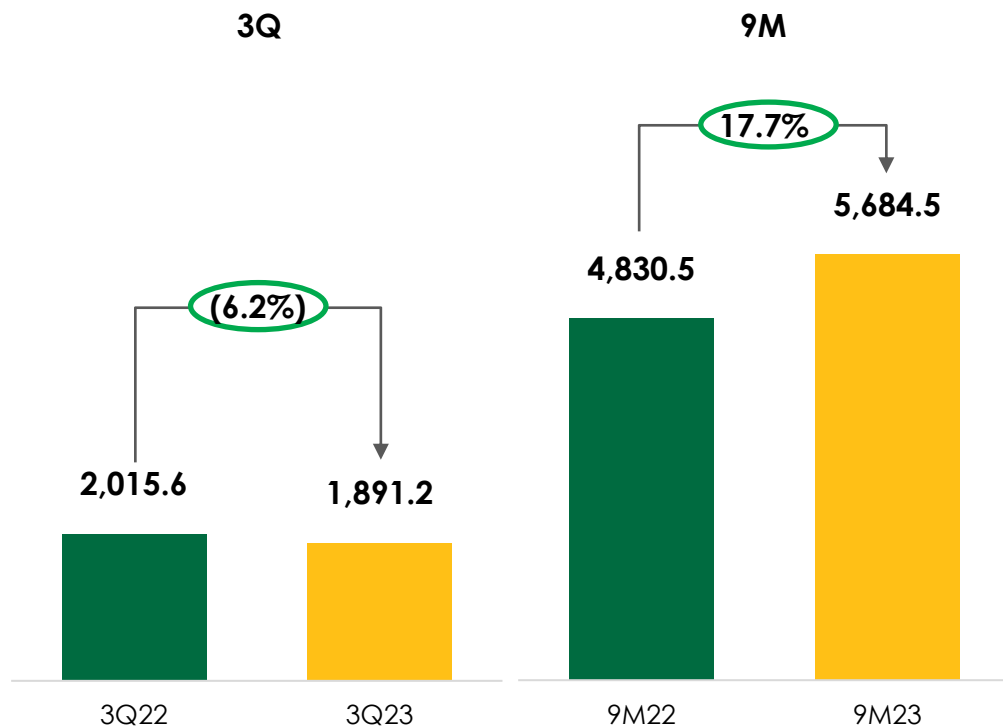
#### Notes:

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

## Total Net Revenue

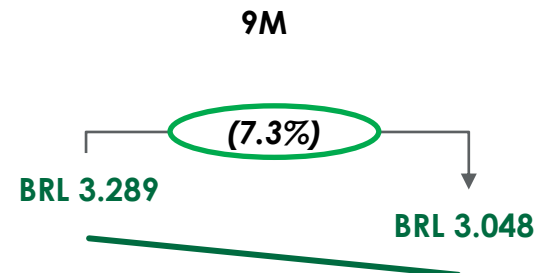
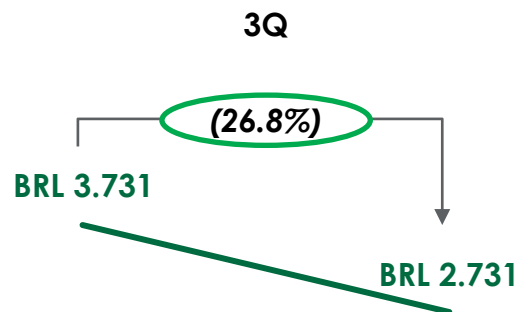
In BRL MM



## Ethanol Segment

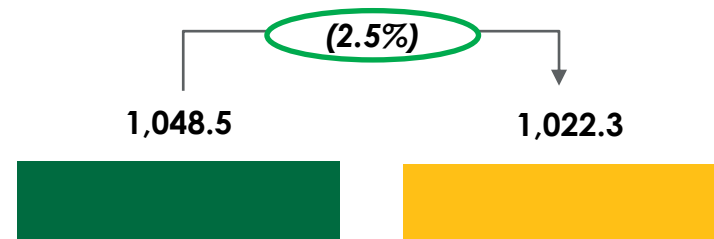
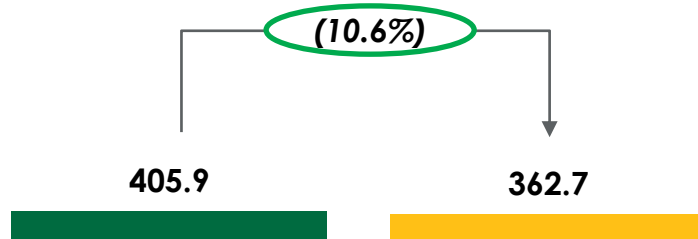
### Net Sale Price

In BRL/ltr



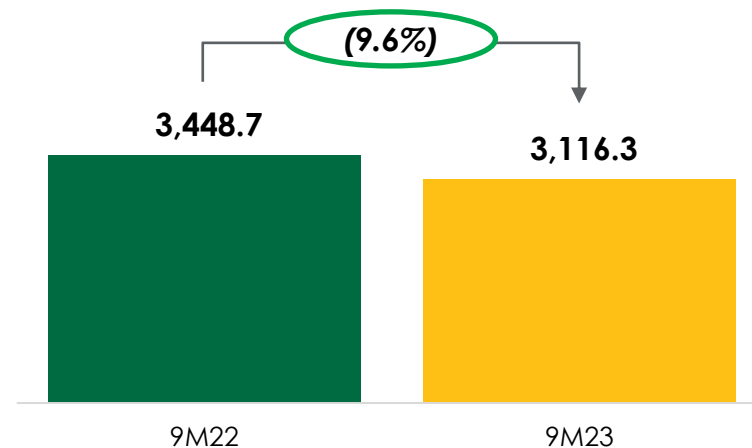
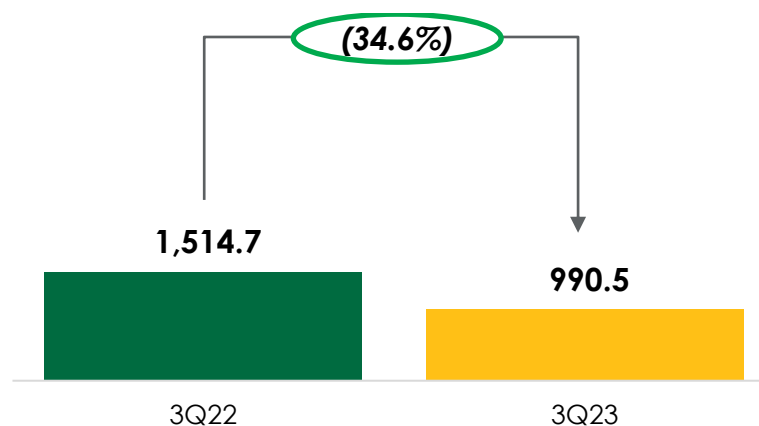
### Volume Sold

In m<sup>3</sup> thousand



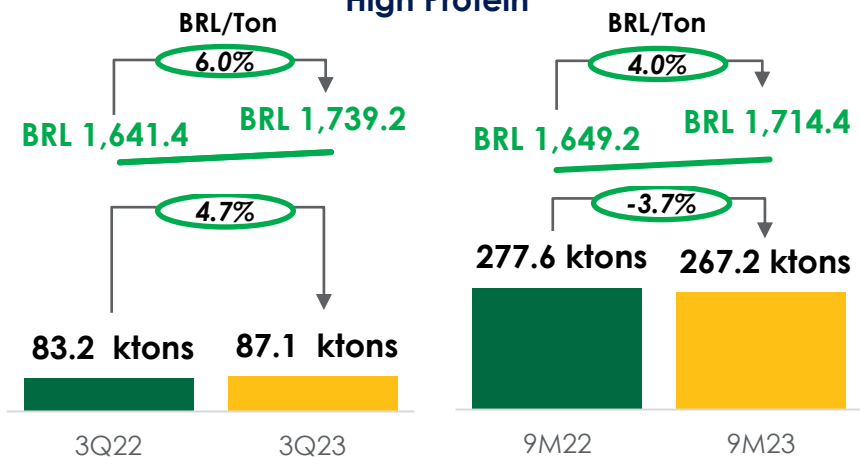
### Net Revenue Ethanol Segment

In BRL MM

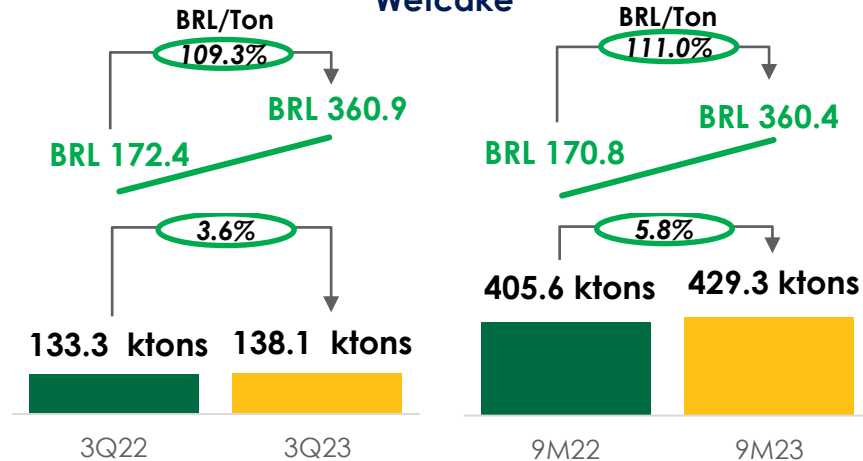


# Animal Nutrition Segment

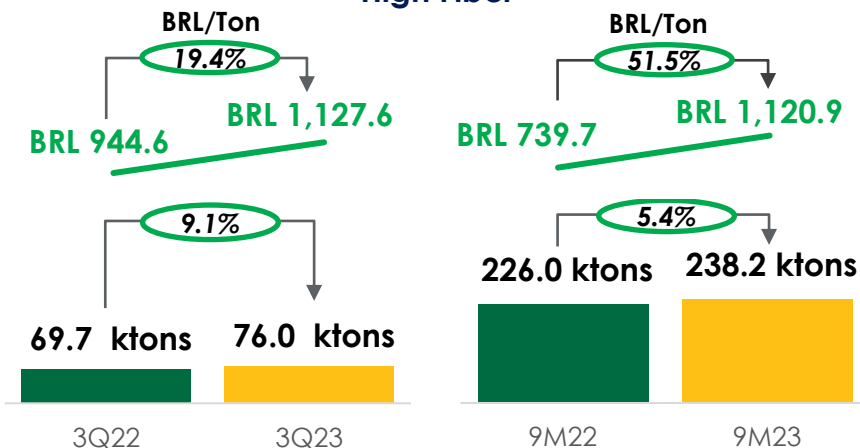
## High Protein



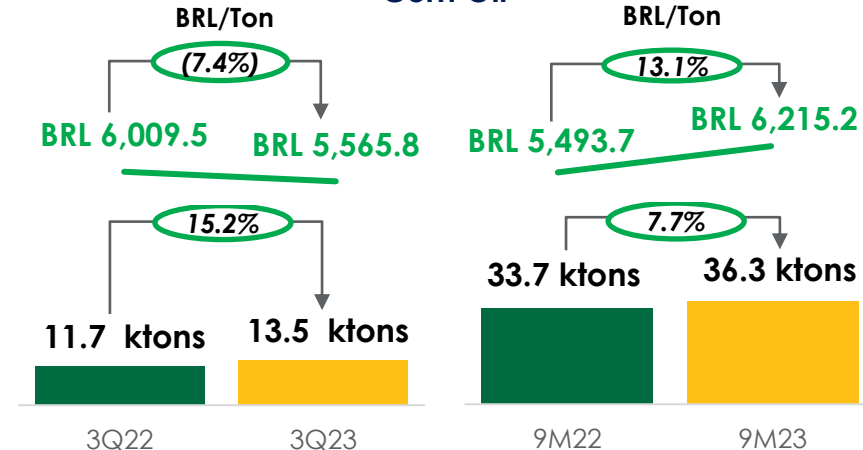
## Wetcake



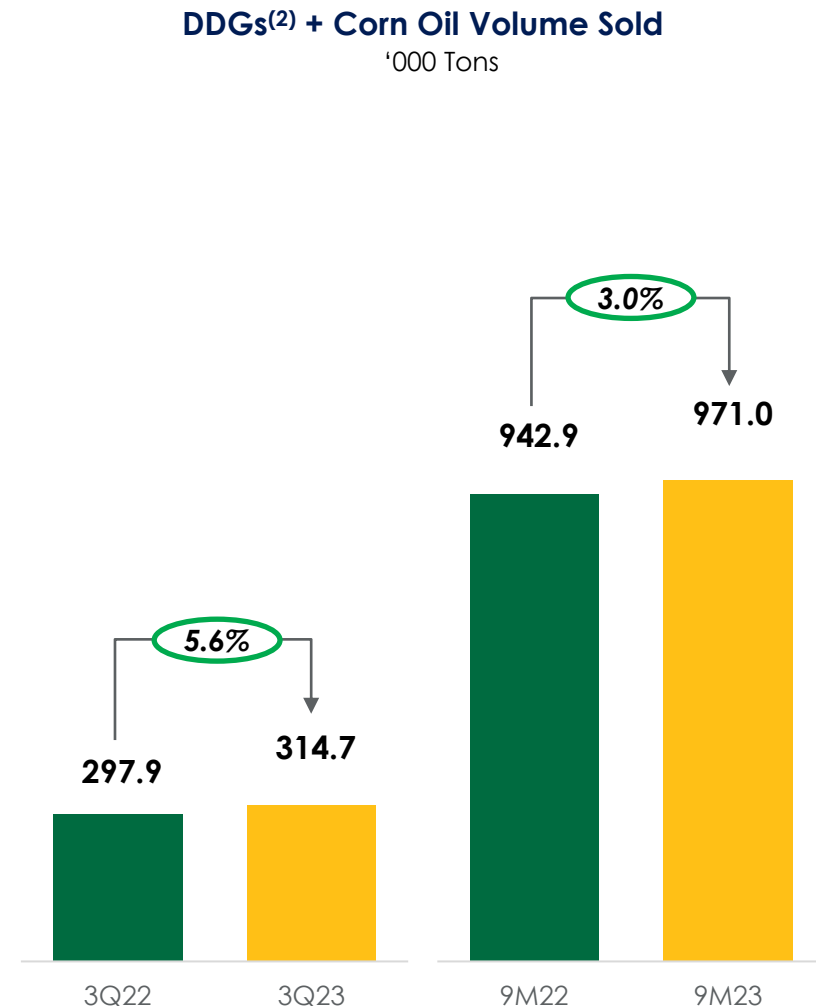
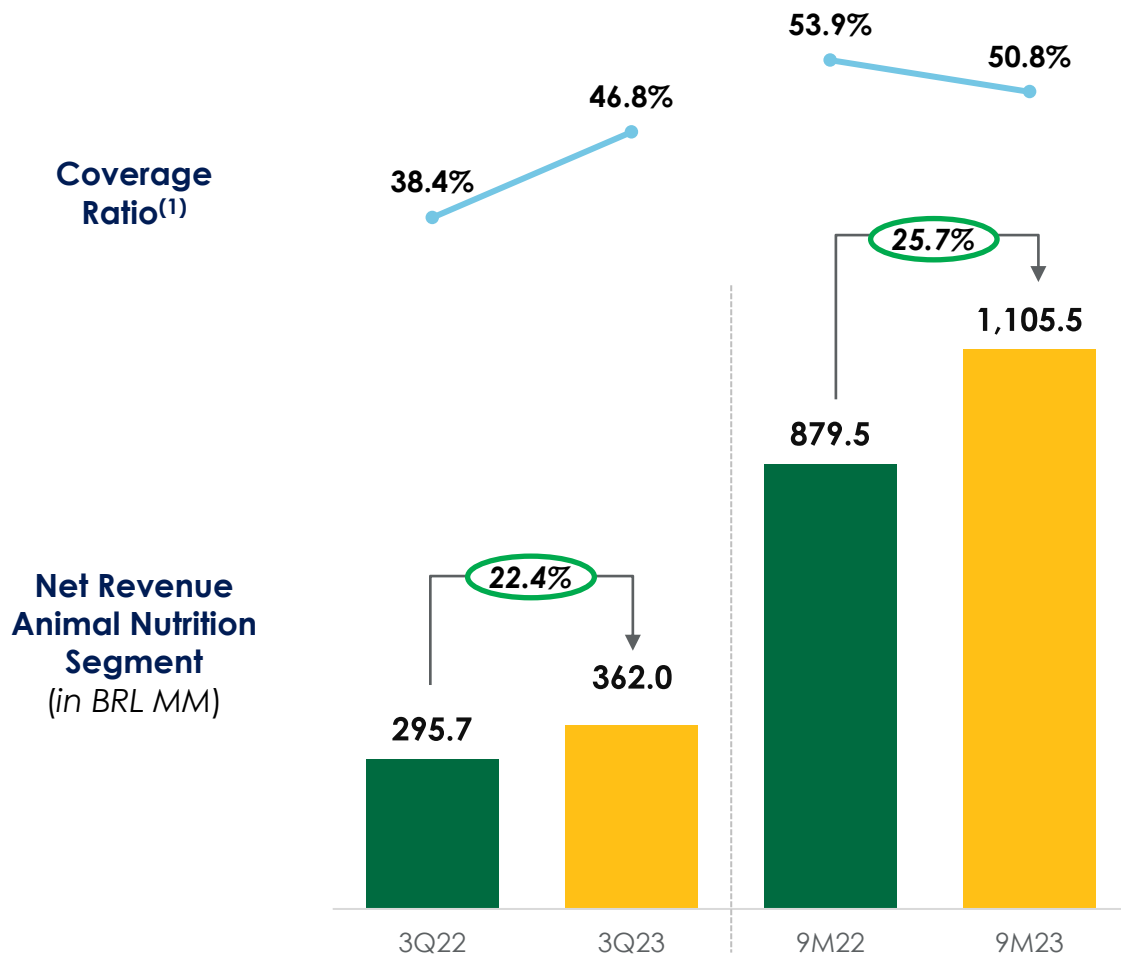
## High Fiber



## Corn Oil



# Animal Nutrition Segment

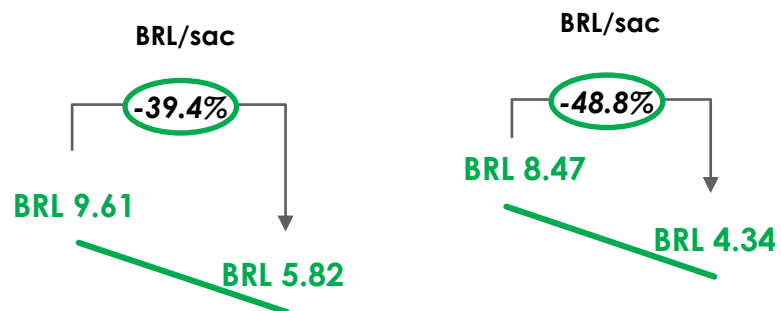


**Notes:**

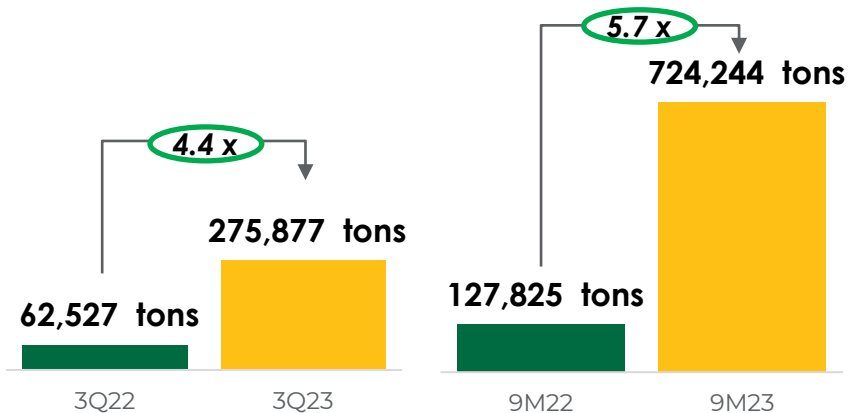
1. Animal nutrition segment revenue + P&L corn marketing divided by corn COGS
2. Considers the sum of the products: DDG high protein, DDG high fiber and Wetcake.



## Spread per sac

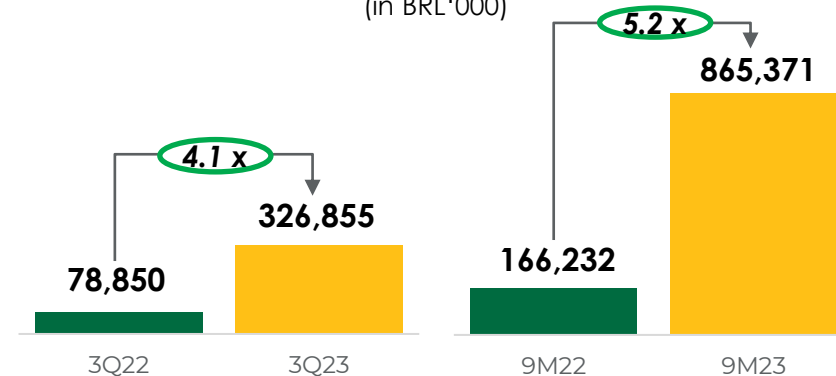


## Volume sold



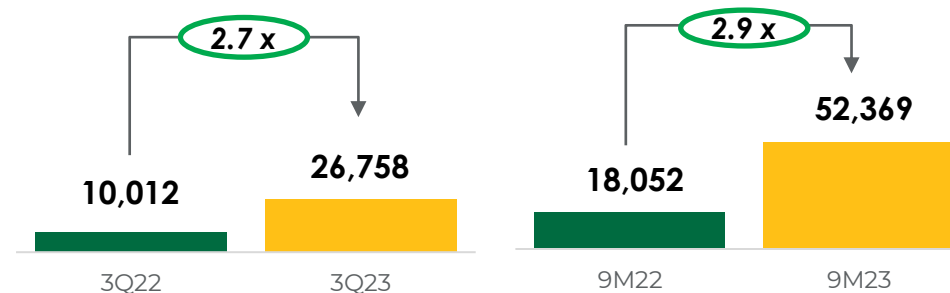
## Net Revenue

(in BRL'000)

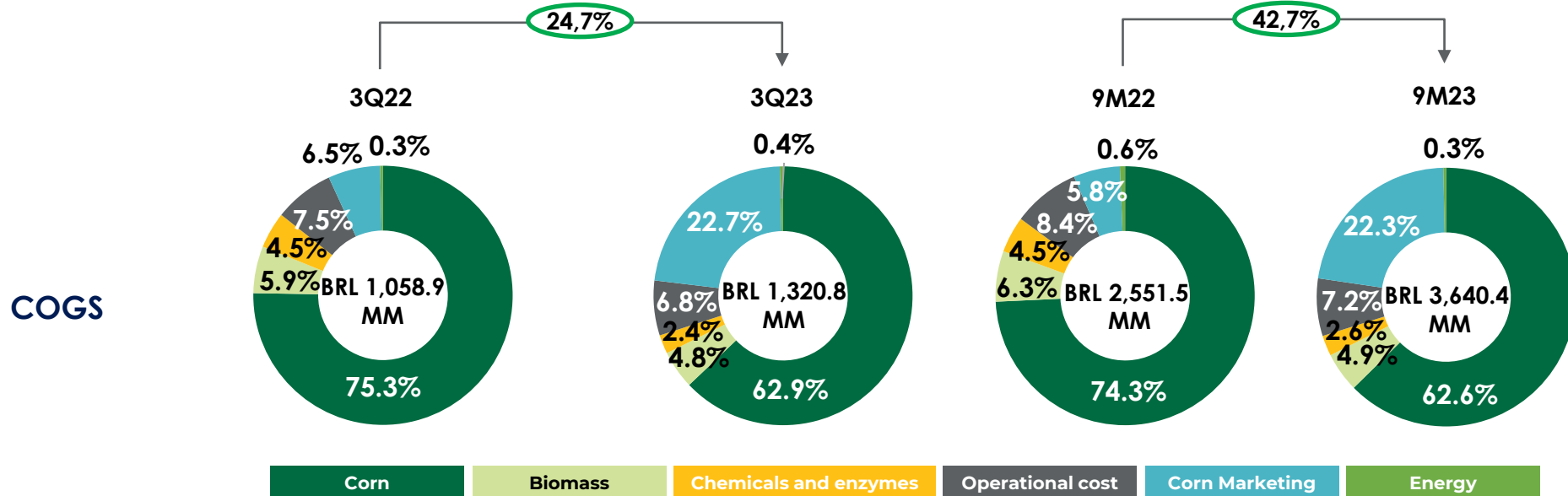


## P&L Evolution

(in BRL'000)

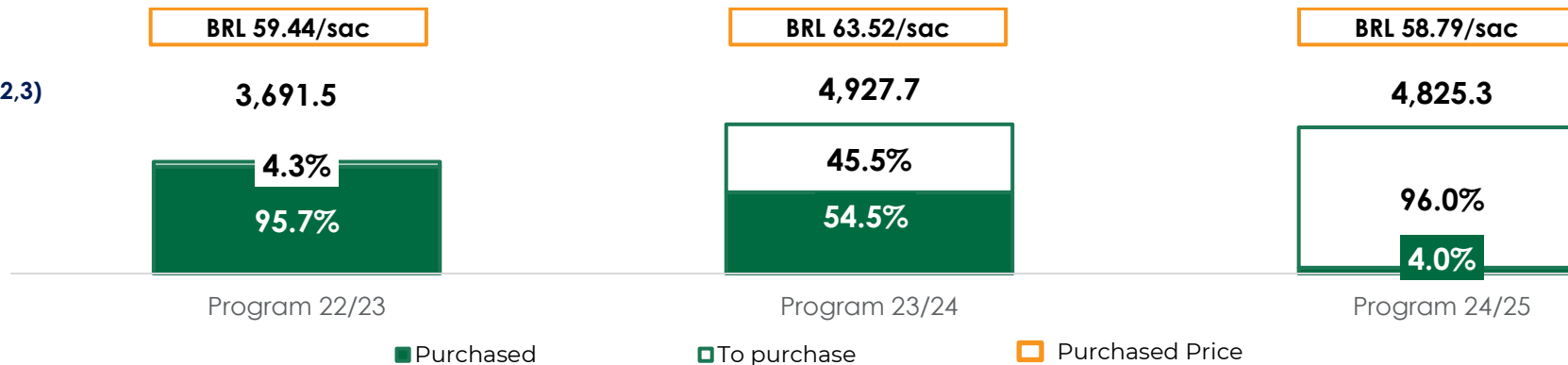


# Cost of Goods Sold



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

thousand tons



### Notes:

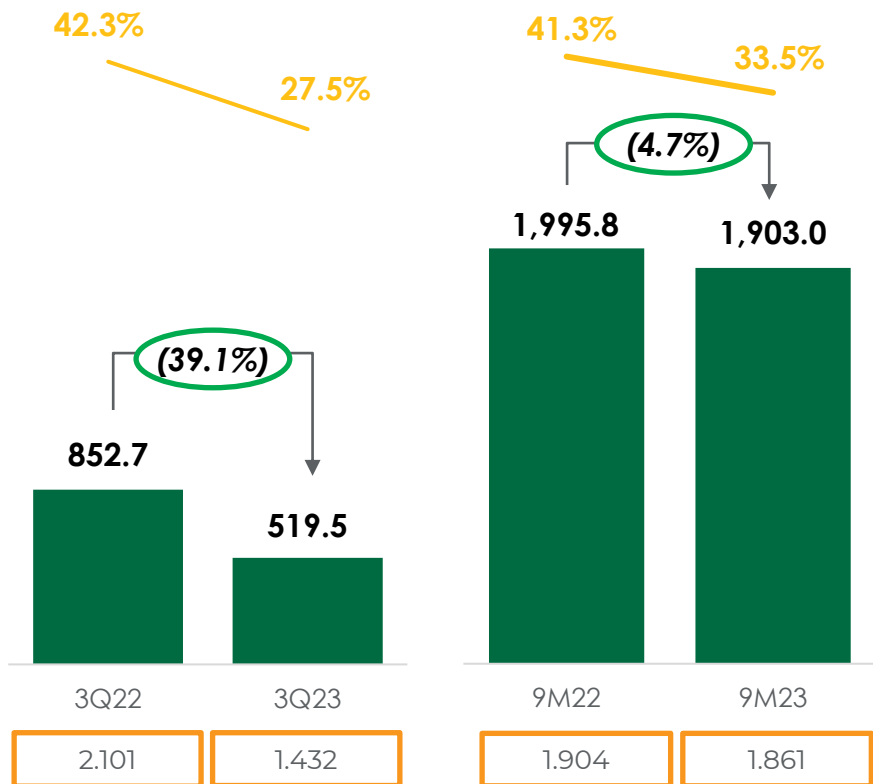
1. As of February 07<sup>th</sup>, 2023.
2. The price per sac does not consider warehouse and freight costs.
3. The programs consider the need for the future plant of Primavera do Leste.



## EBITDA and Net Profit

### EBITDA Evolution

In BRL MM



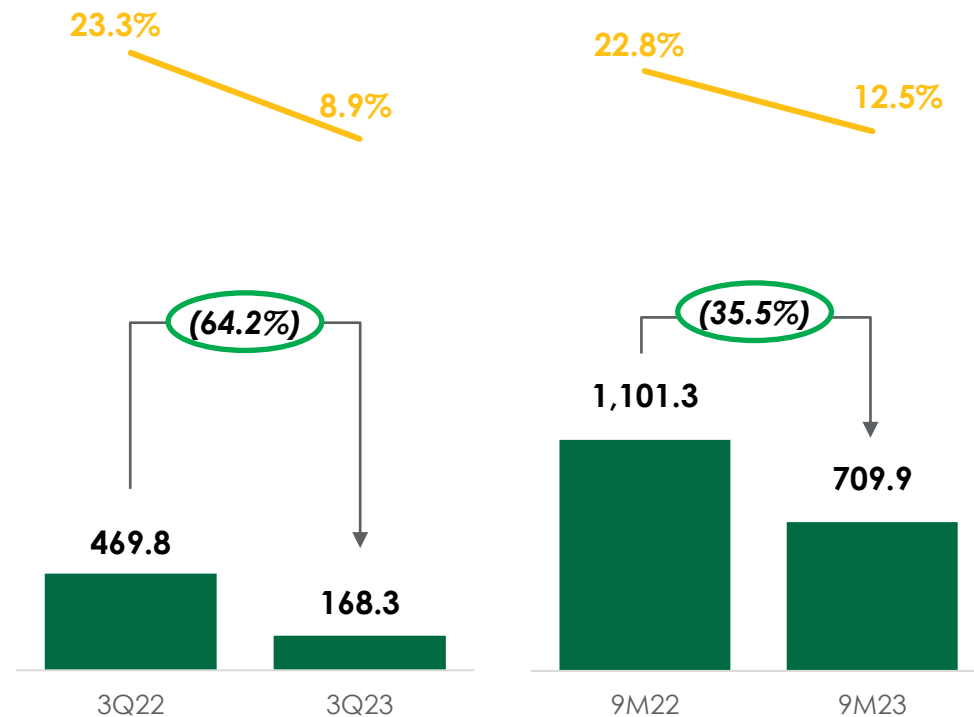
EBITDA

EBITDA Margin

EBITDA (BRL/liter)

### Net Profit Evolution

In BRL MM



Net Profit

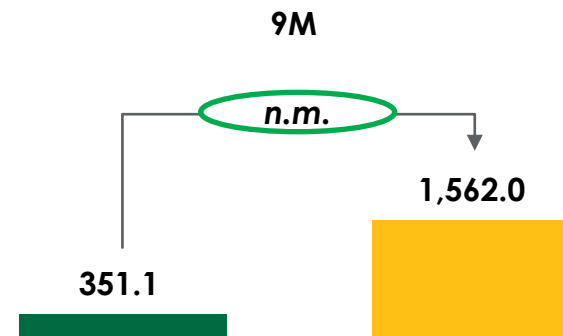
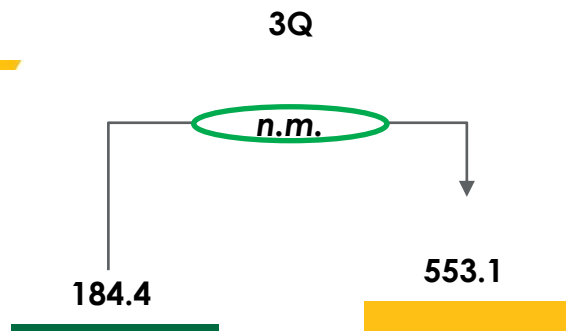
Net Profit Margin



## Capex

### Growth Capex

In BRL MM



### Maintenance Capex<sup>(1)</sup>

In BRL MM

Maintenance  
Capex (BRL/liter)



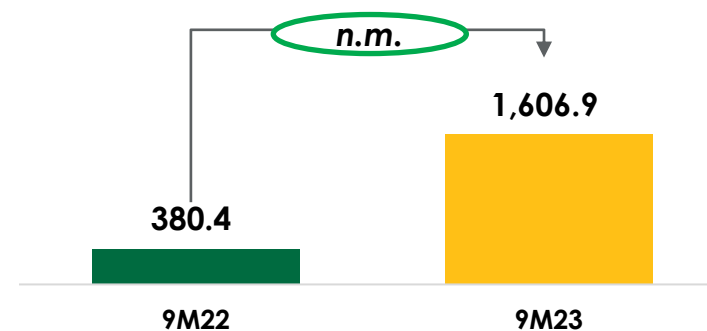
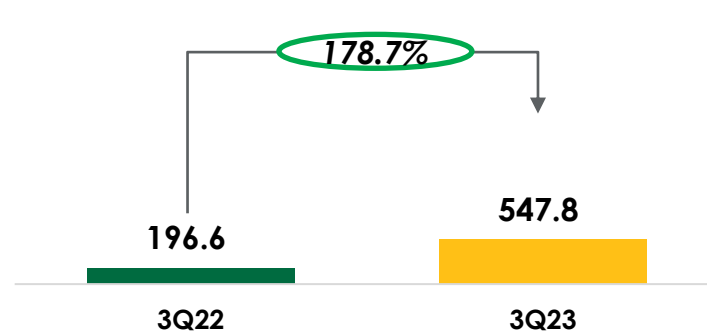
### Biological Assets Capex

In BRL MM



### Total Capex

In BRL MM



#### Notes:

1. Maintenance Capex was a negative number at this quarter due to an extraordinary adjustment of a retroactive credit of ICMS related to Property, Plant and Equipment (CIAP) in total amount of BRL 15.0 million. Excluding this non-recurrent credit, our maintenance CAPEX would have been BRL 9.8 million in 3Q23 and BRL 26.2 million in 9M23.





# Cash Flow Statement

Net Debt Evolution (in BRL MM)	4Q22	1Q23	2Q23	3Q23	3Q23 (LTM)
<b>Net Debt BoP</b>	<b>3,768.5</b>	<b>3,041.6</b>	<b>3,294.5</b>	<b>4,615.2</b>	<b>3,768.5</b>
EBITDA	625.9	676.0	707.4	519.5	2,528.9
Working Capital	422.6	552.5	(1,043.3)	(247.2)	(315.4)
Income Taxes paid	(24.0)	-	-	-	(24.0)
<b>Cash Flow From Operations</b>	<b>1,024.5</b>	<b>1,228.5</b>	<b>(335.9)</b>	<b>272.3</b>	<b>2,189.5</b>
Cash Capex	(215.7)	(281.8)	(493.0)	(116.0)	(1,106.5)
<b>Cash Flow From Operations Minus Capex</b>	<b>808.8</b>	<b>946.7</b>	<b>(828.9)</b>	<b>156.3</b>	<b>1,082.9</b>
<b>Cash Flow From Financing Activities</b>	<b>(81.9)</b>	<b>(1,199.7)</b>	<b>(491.8)</b>	<b>(607.6)</b>	<b>(2,380.9)</b>
Net Interest	(234.3)	(113.3)	(248.9)	(112.0)	(708.5)
Impact from FX, Derivatives and Others	440.1	(708.9)	82.1	(485.2)	(671.9)
Dividends Paid / Tax Distribution	(287.7)	(377.5)	(325.0)	(10.4)	(1,000.6)
Loans with related parties	(0.0)	-	-	-	(0.0)
<b>Net Debt EoP</b>	<b>3,041.6</b>	<b>3,294.5</b>	<b>4,615.2</b>	<b>5,066.5</b>	<b>5,066.5</b>
Change in Net Debt	(727.0)	253.0	1,320.7	451.3	1,298.0
Readily Marketable Inventories - RMI <sup>1</sup>	519.5	22.7	718.4	578.1	578.1
<b>Net Debt EoP adjusted by RMI</b>	<b>2,522.0</b>	<b>3,271.9</b>	<b>3,896.8</b>	<b>4,488.4</b>	<b>4,488.4</b>

## Notes:

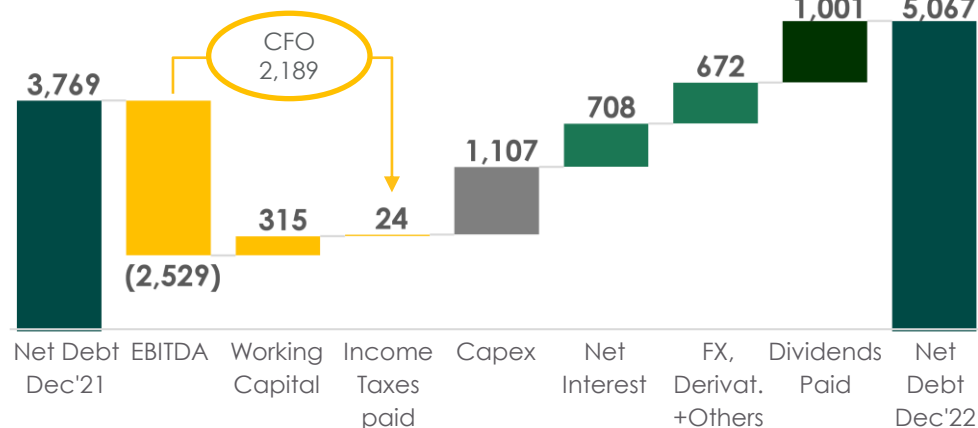
1. RMI calculus consider the position of corn inventories multiplied by the market value on the closing date, added to the ethanol inventories position multiplied by ESALQ Hydrous Ethanol Ribeirão Preto/SP index also on the closing date, discounted by the position of suppliers of raw materials and inputs according to the NE 15 of the Financial Statements.



## Indebtedness

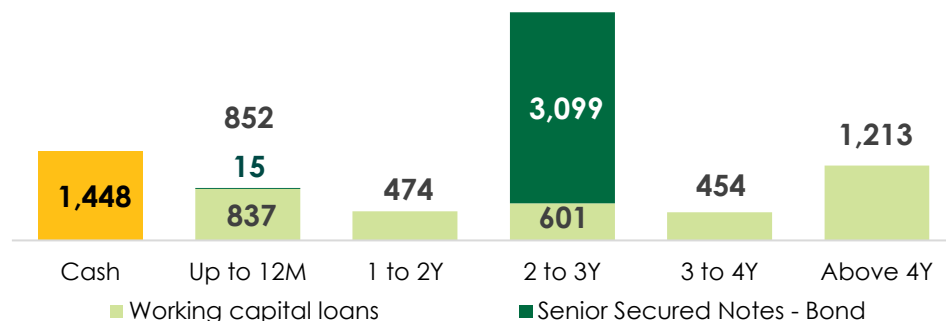
### Net Debt

In BRL million



### Debt Amortization Schedule<sup>(1)</sup>

In BRL million

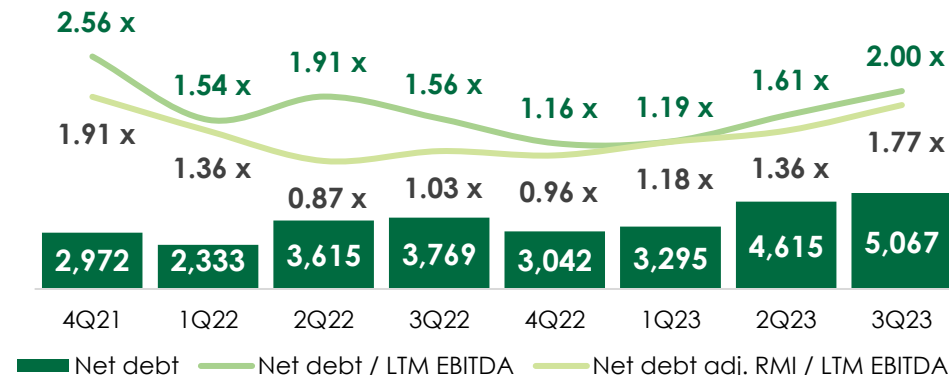


#### Notes:

- 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.

### Net debt / EBITDA LTM

In BRL million



### Net Debt Reconciliation

(in BRL million)

	3Q22	3Q23	3Q23 vs 3Q22
Bond and CPRF <sup>(2, 3, 4)</sup>	3,796.1	3,105.7	(18.2%)
CRA and CRI	547.9	2,016.0	n.m.
Other WC lines <sup>(5)</sup>	574.4	1,392.9	142.5%
<b>Gross debt</b>	<b>4,918.5</b>	<b>6,514.6</b>	<b>32.5%</b>
Total cash <sup>(4,6,7)</sup>	1,150.0	1,448.1	25.9%
<b>Net debt</b>	<b>3,768.5</b>	<b>5,066.5</b>	<b>34.4%</b>
Net debt / LTM EBITDA	1.56 x	2.00 x	28.4%
<b>Net debt adj. RMI</b>	<b>2,491.4</b>	<b>4,488.4</b>	<b>80.2%</b>
Net debt adj. RMI / LTM EBITDA	1.03 x	1.77 x	0.74 x
Gross Debt – USD (%)	35.0%	22.0%	(13.0 p.p.)
Gross Debt – BRL (%)	65.0%	78.0%	13.0 p.p.

- Issuance of BRL 1.5 billion of CPRF (Cédula de Produtor Rural Financeira) by FS, due the back-to-back transaction to transfer assets from FS LTDA to FS S.A.
- Financial instrument/application of BRL 1.5 billion between FS LTDA and financial institutions that mirrors the terms and cash flows of the CPRF issued by FS to cover the back-to-back transition.
- Includes cash and cash equivalents, financial investments, and restricted cash (short-term and long-term).



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



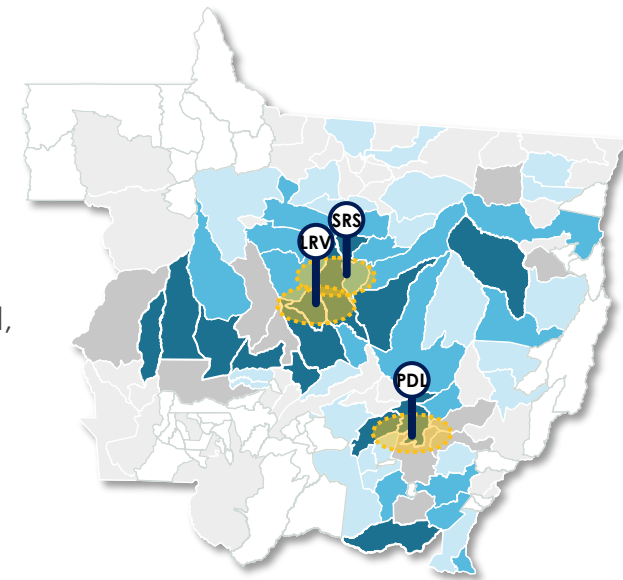
**BRL 1.9 billion**  
investment in the project

**92.8%**  
already negotiated,  
with prices locked

**BRL 1.3 billion**  
already invested until 3Q23

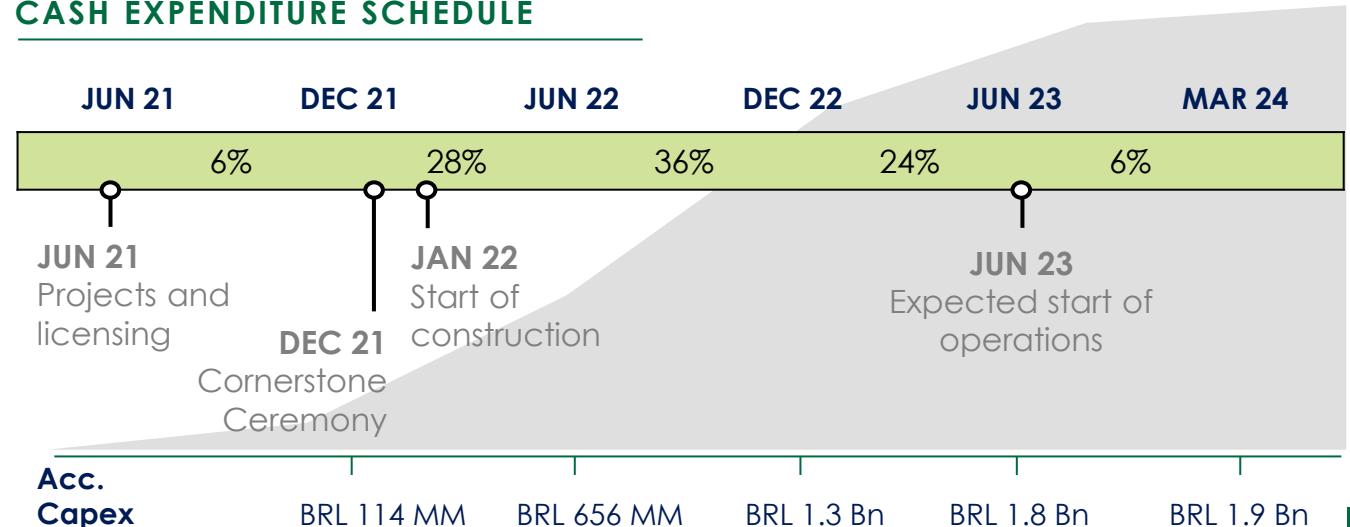
**~BRL 3.32**  
**CAPEX/liter**

**~2.32x**  
**CAPEX/EBITDA<sup>(1)</sup>**



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

### CASH EXPENDITURE SCHEDULE

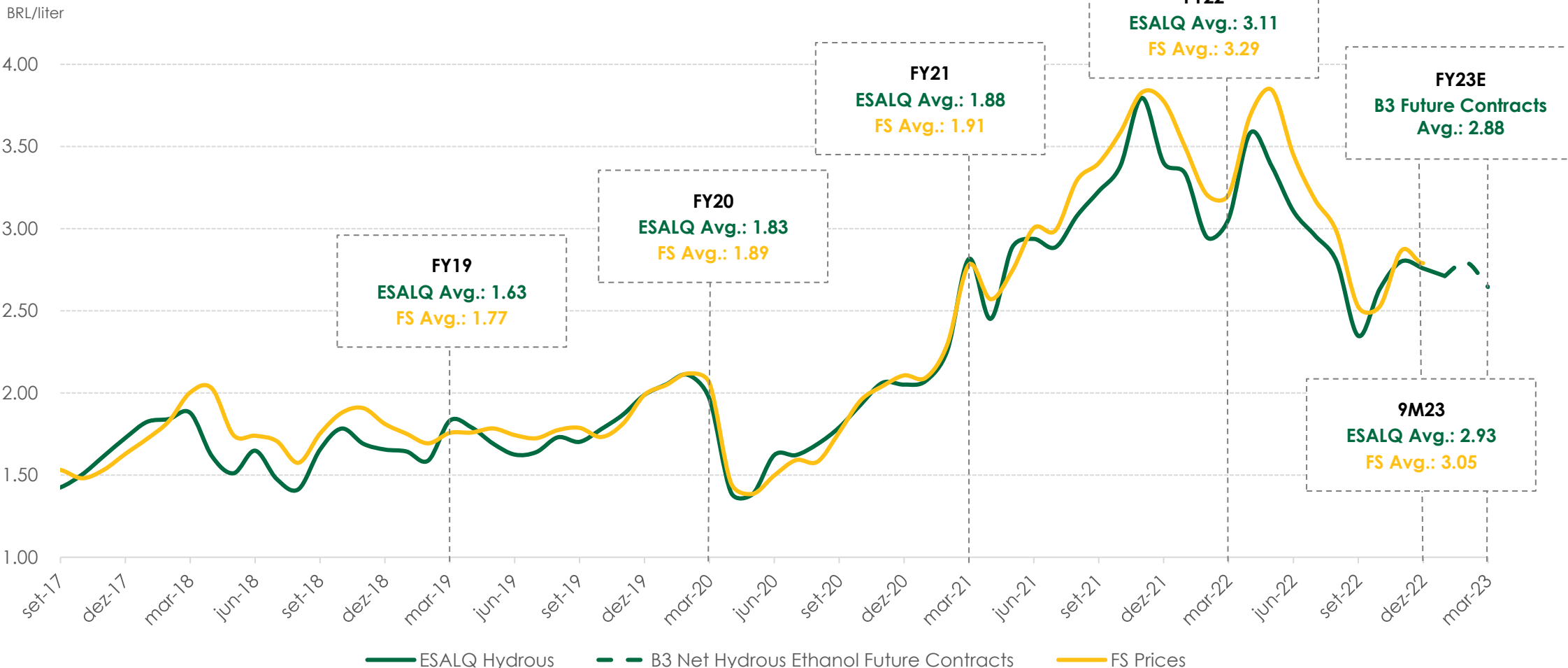


#### Notes:

1. Assumes BRL 1.9 billion capex of the investment in the project and BRL 0.84 billion EBITDA (BRL 1.432 / liter of 3Q23). 2. Aerial photo as of February 10<sup>th</sup>, 2023.

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

## FS Net Prices vs. ESALQ Net Hydrous Ribeirão Preto Prices – 02/24/2023



Notes: <sup>1</sup>Distribution by volume of m³ of ethanol. <sup>2</sup>Arithmetic average of ethanol futures price for the period December 2022 until April 2023 obtained on the B3 platform.

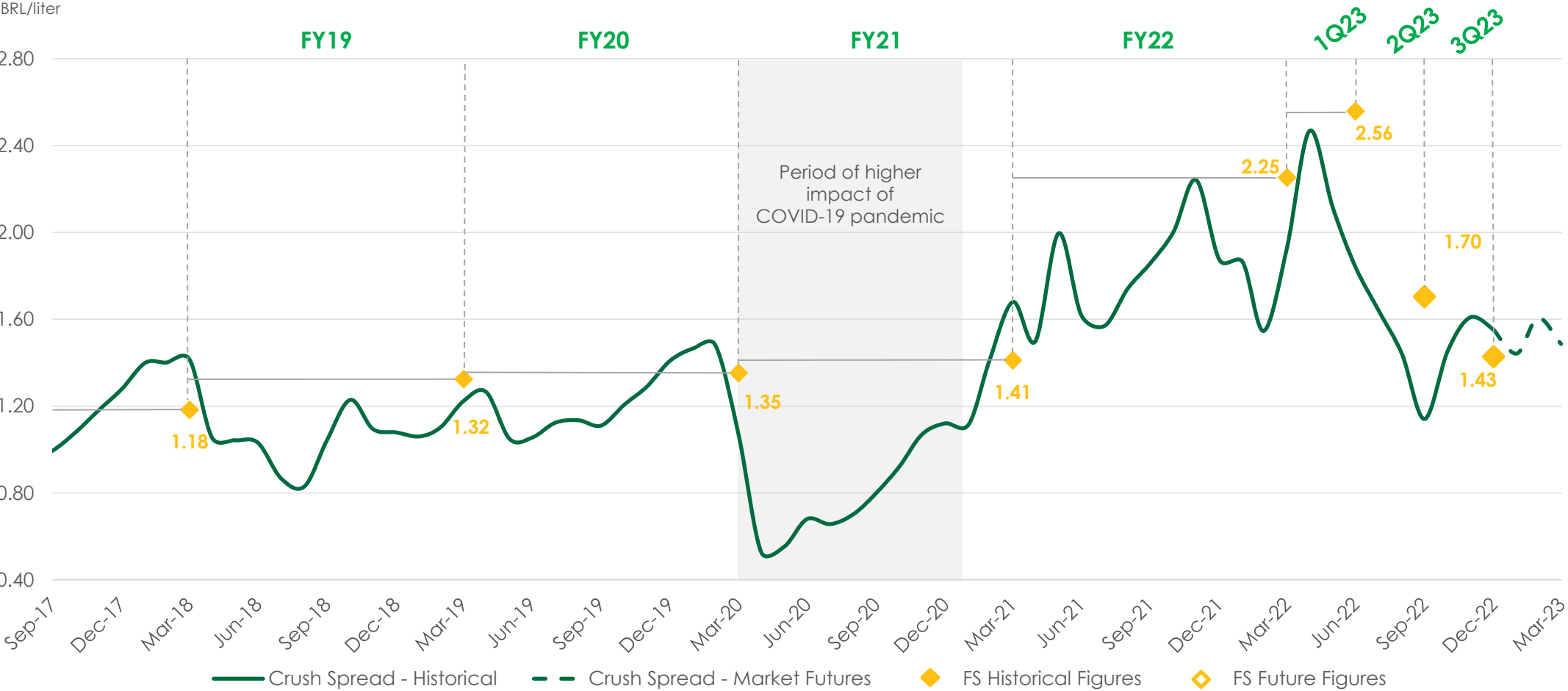
Source: FS estimates, CEPEA ESALQ, B3.

Base date: Company model, B3 Future Prices and ESALQ Prices of February 24<sup>th</sup>, 2023.



# Ethanol vs. Corn Prices: Crush Spread Dynamics

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



**Notes:** <sup>1</sup>Assumes 425 ton/liter of corn for the conversion from sacs to liters.  
**Source:** Bloomberg, ESALQ, Brazilian Central Bank and FS estimates.  
**Base date:** Company model and FX from February 7<sup>th</sup>, 2023; B3 Future Prices, ESALQ Prices and CBOT of February 24<sup>th</sup>, 2023.

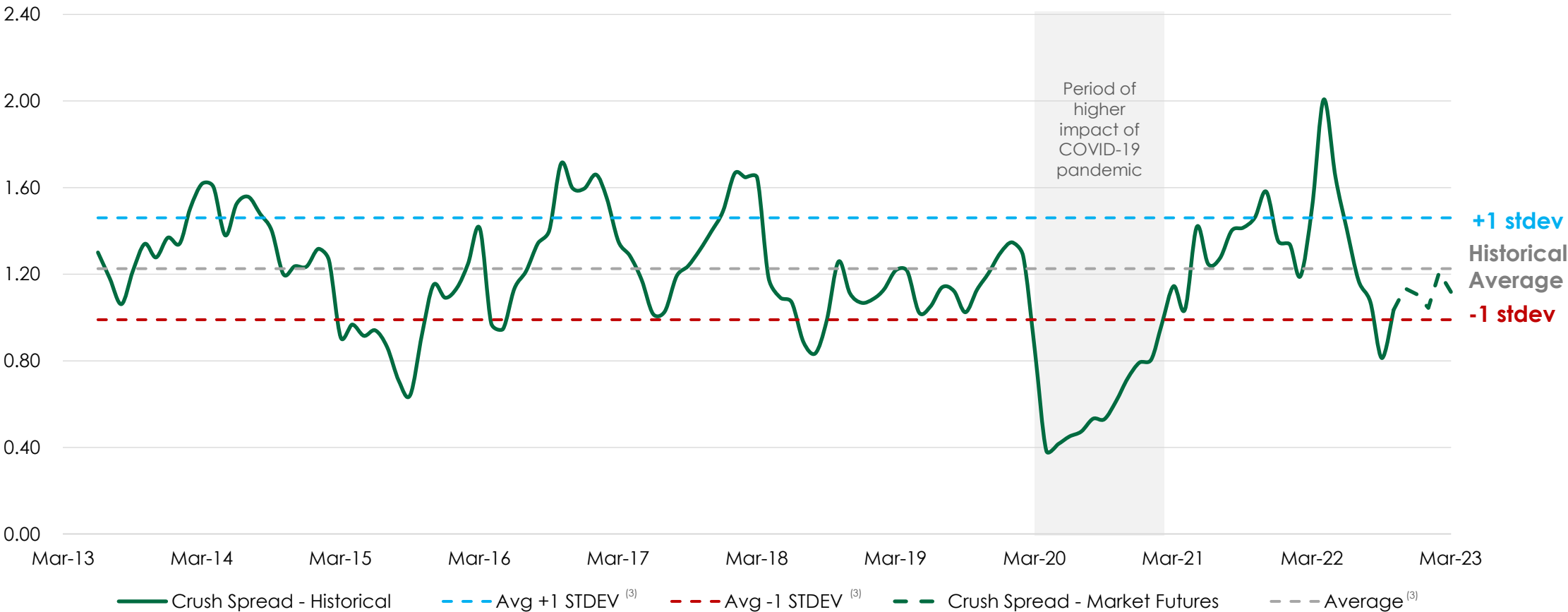
# Ethanol vs. Corn Prices: Crush Spread Dynamics through the cycle

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

USD/Gallon

Considering Future Contracts

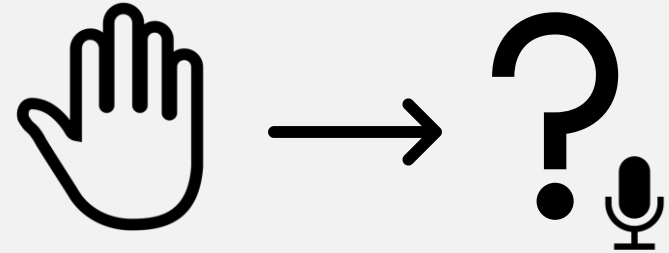
Average (US\$/gal)	Crush Spread	Implied EBITDA
Last 10 Years <sup>(3)</sup>	1.23	0.95



**Notes:** <sup>1</sup>Assumes 425 ton/liter of corn for the conversion from sacs to liters. <sup>2</sup>Assumes BRL0.348/liter of SG&A & other costs (FY21 figure) adjusted for inflation. <sup>3</sup>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:** Company model and FX from February 7<sup>th</sup>, 2023; B3 Future Prices, ESALQ Prices and CBOT of February 24<sup>th</sup>, 2023.

## ? 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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3Q23

BACKUP

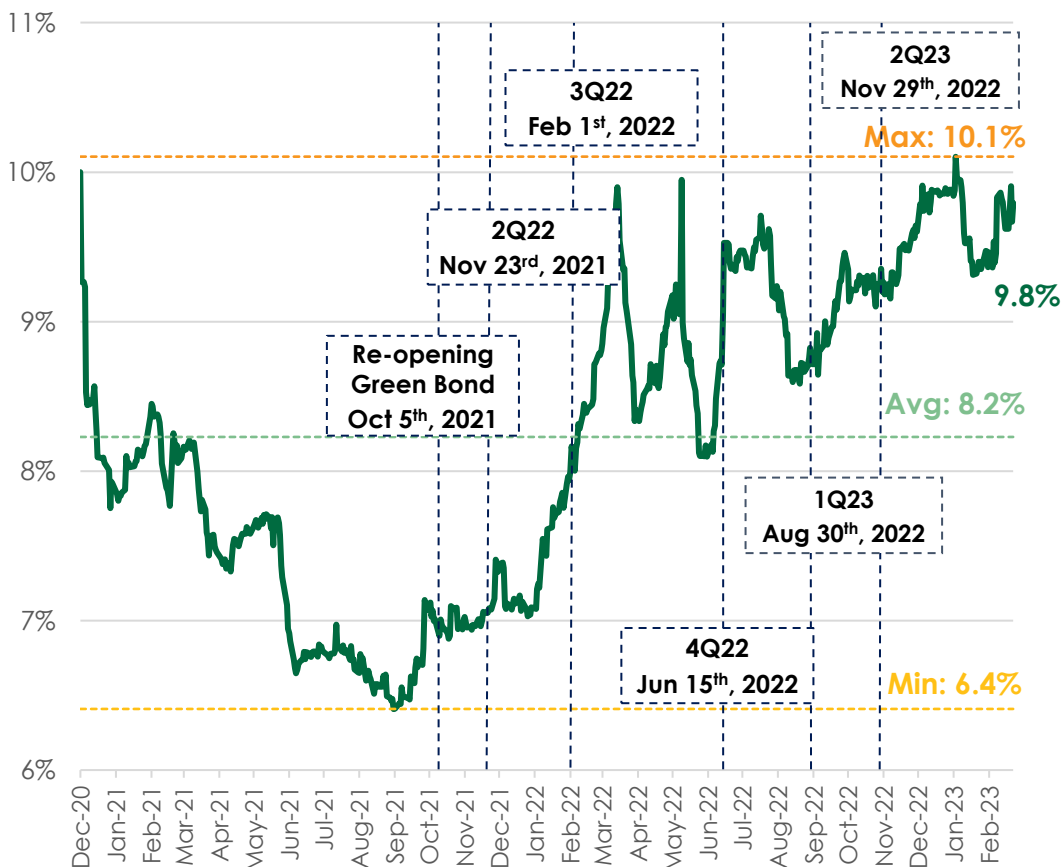


## Bond Performance

\$680MM FS 2025 Bond Secondary Market Performance as of February 24<sup>th</sup>, 2023

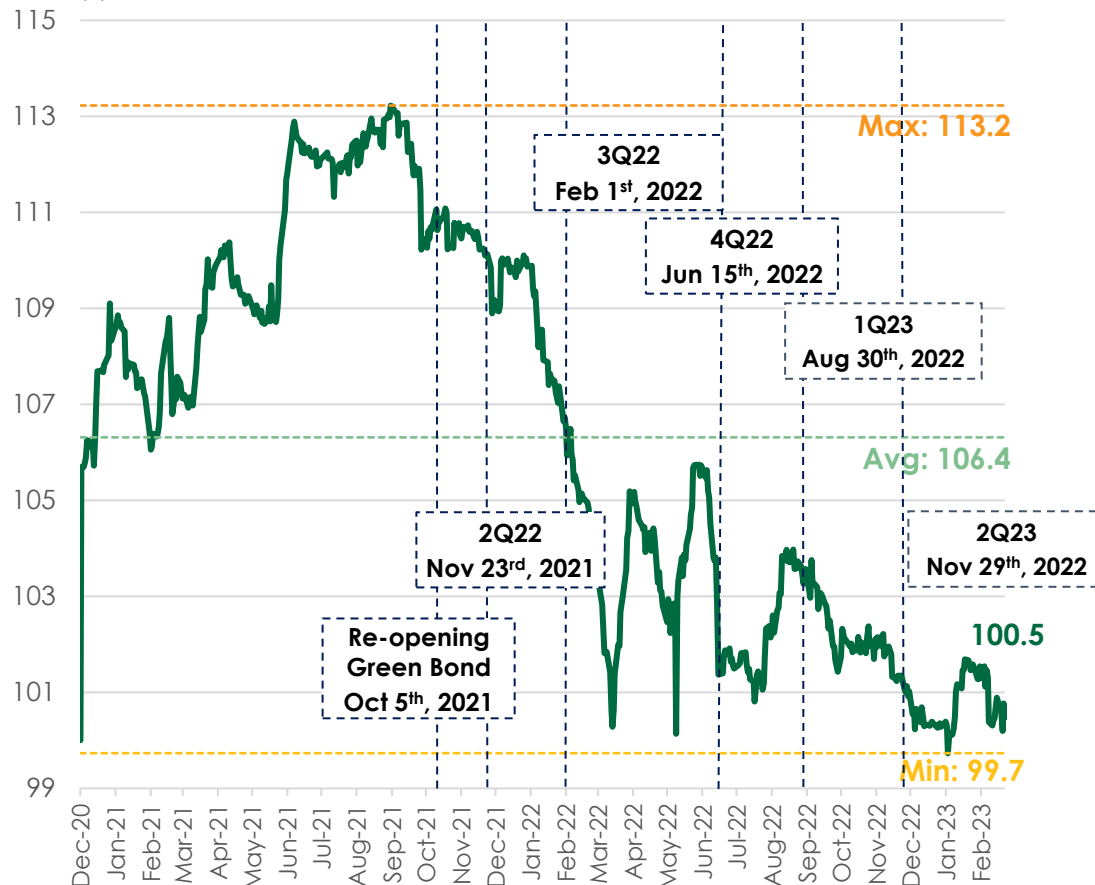
### FS 2025 Yield<sup>(1)</sup>

YTM (%) | FS LUX SARL 25 USD BMRK



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

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

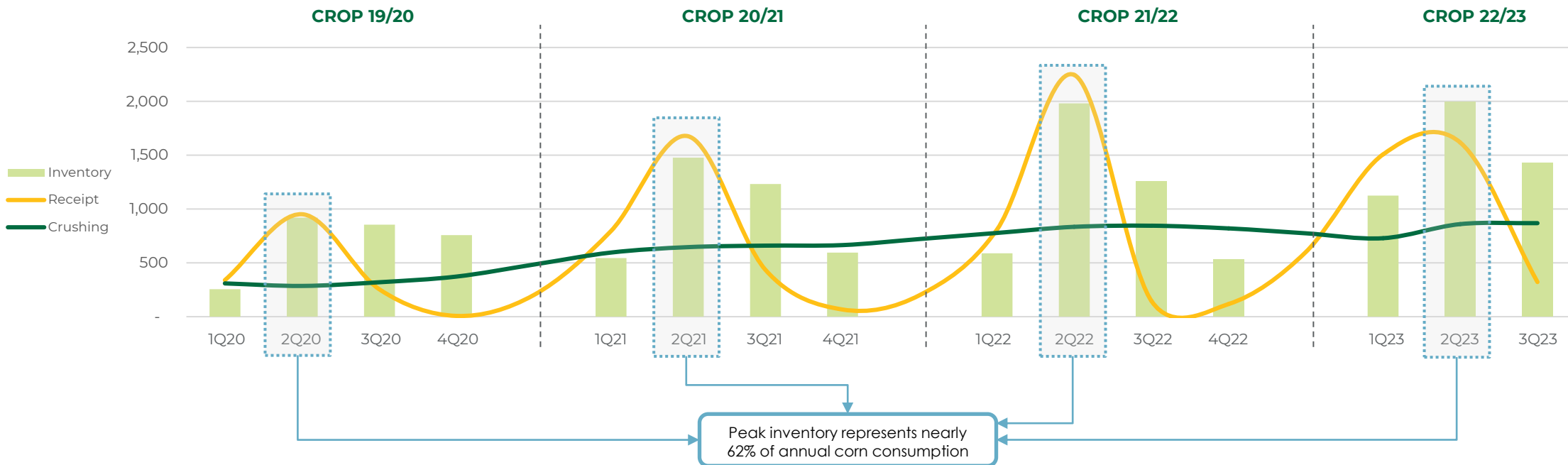


Notes:  
1. Considers closing prices of each day.

Source: Bloomberg

# Corn inventory dynamics

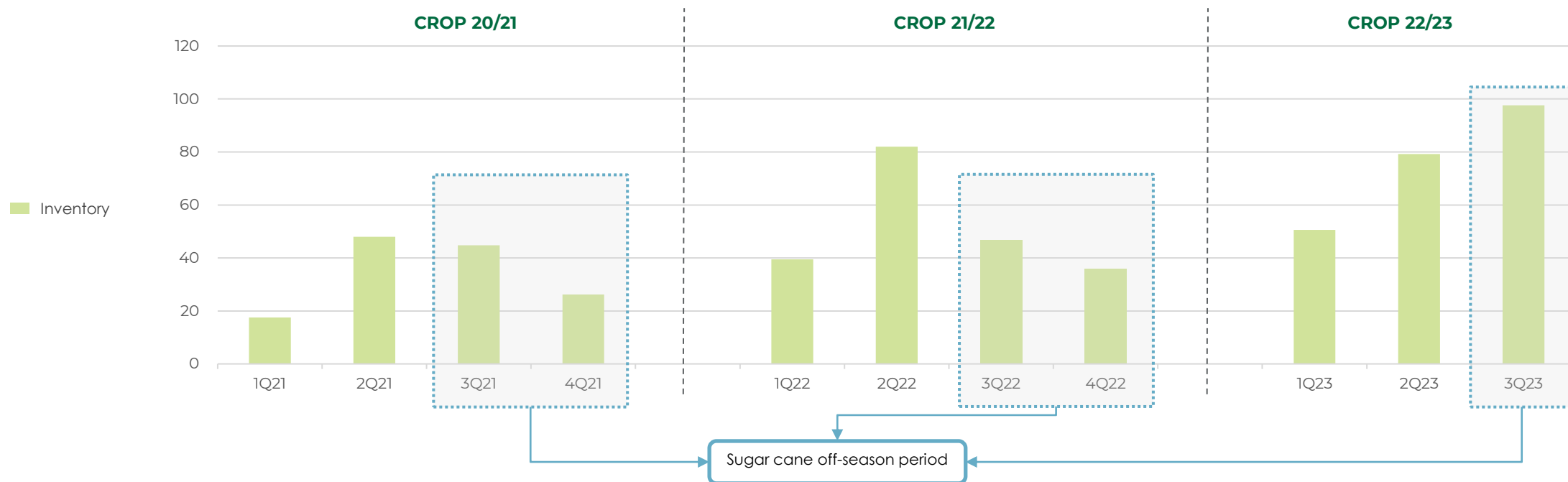
FS consolidated end of quarter in '000 tons



'000 tons	CROP 19/20	1 Q20	2 Q20	3 Q20	4 Q20	CROP 20/21	1 Q21	2 Q21	3 Q21	4 Q21	CROP 21/22	1 Q22	2 Q22	3 Q22	4 Q22	CROP 22/23	1 Q23	2 Q23	3 Q23
Receipt	1,551	22%	61%	16%	1%	2,973	27%	56%	15%	2%	3,319	24%	68%	4%	4%	3,484	43%	46%	9%
Crushing	1,289	24%	22%	25%	29%	2,567	23%	25%	26%	26%	3,277	24%	25%	26%	25%	3,321	22%	26%	26%

# Ethanol inventory dynamics

FS consolidated end of quarter inventory in '000 m³

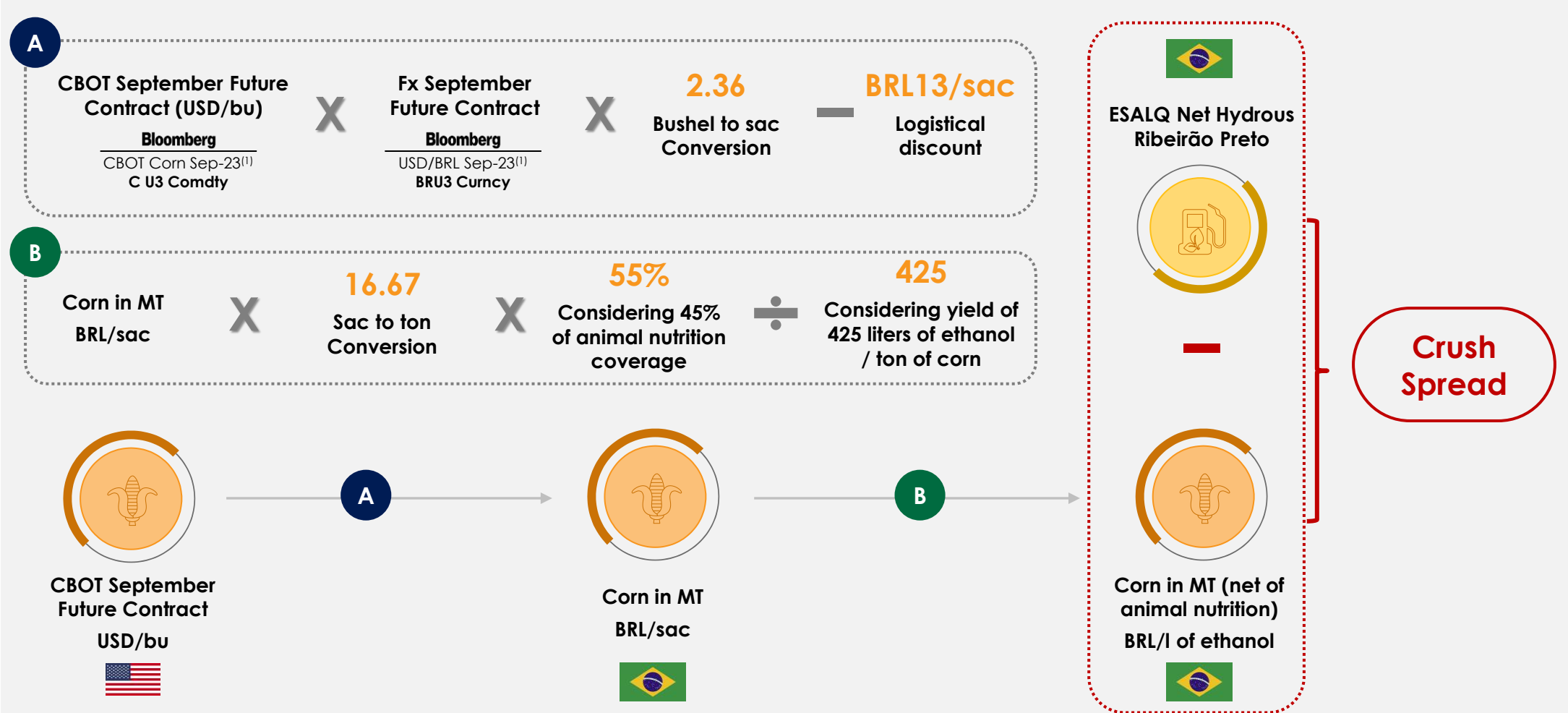


'000 m³	CROP 20/21	1Q21	2Q21	3Q21	4Q21	CROP 21/22	1Q22	2Q22	3Q22	4Q22	CROP 22/23	1Q23	2Q23	3Q23
Production	1,111	24%	25%	26%	25%	1,426	23%	26%	26%	25%	1,459	21%	26%	26%
Sales	1,108	24%	22%	26%	28%	1,416	22%	23%	29%	26%	1,458	21%	24%	25%



# Crush Spread Calculation

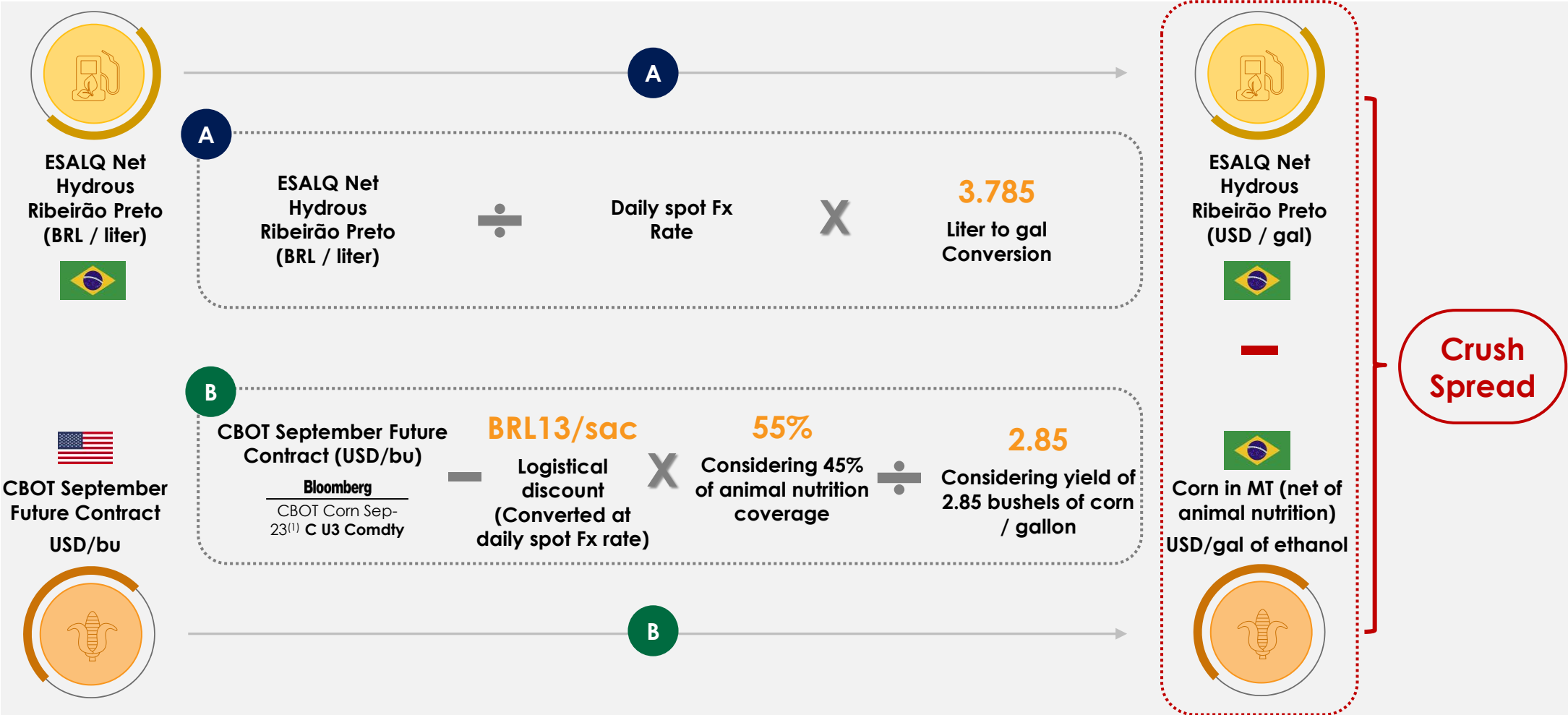
BRL / Liter



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)