Operator:

Good morning, ladies and gentlemen. Welcome to the Kepler Weber's earnings conference call for the 1Q26. Joining us today are Mr. Bernardo Nogueira, the Chief Executive Officer, and Mr. Renato Arroyo, Chief Financial Officer and Investor Relations Officer.

We would like to inform you that this presentation is being recorded and simultaneously translated. The interpretation option is available by clicking on the interpretation button. For those following the conference in English, it is possible to mute the original Portuguese audio by clicking on 'mute original audio'.

During the Company's presentation, all participants will have their microphones disabled. Ensuing this, we will begin the Q&A session. To ask live questions, please click the 'raise hand' icon. Once your name is announced, you will receive a request to activate your microphone and may proceed with your question.

For those interested in submitting written questions, the Q&A feature is available on the lower Zoom toolbar. Simply click the Q&A icon, type your question, and send it.

Bear in mind that any statements made during this conference call regarding Kepler Weber's business outlook, operating and financial targets constitute projections by the Company's management and may or may not materialize. Investors should understand that political, macroeconomic, and other operational factors may affect the Company's future performance and lead to results that differ materially from those expressed in the forward-looking statements.

We will now turn the floor over to Mr. Bernardo.

Bernardo Nogueira:

Good morning, everybody. It is a pleasure to be with you to share what happened in the 1Q26, and, of course, to speak about the future.

To delve into the results, we had net revenues of R$318 million EBITDA, R$33.7 million, and net income, R$17.1 million. This reinforces our strategy of diversification, operational efficiency in a very difficult scenario for the Brazilian agribusiness.

To speak about the segments, I like to use this slide to explain what happened and to shed some light on what will happen in the 2Q26. We have been speaking about farms. It's a moment with more restrictive credit, very limited margins. We had a drop of 34% confirming this. Throughout the year, we expected a performance below 2025, but we do continue with two digits of retraction.

In agribusiness, the situation is different thanks to our diversification. We grew 4% in the 1Q, and we hope to go on to a two-digit growth in the 2Q because of the backlog that we already have, and based on biofuels, a very positive agenda despite the present-day scenario.

International business had the best 1Q of our history, truly exceptional, with a growth of 50% almost. For the year, we see a business highly aligned with 2025 for two reasons, because 2025 was already a record business in international businesses. We had a growth of 100% between 2023 and 2025. We raised the bar, and our customers in those countries are large producers. They work in logistics of soybean, corn, and rice, also with margins that are pressured. In the 2Q, we see a reduction vis-à-vis 2025. Throughout the year, we will attempt to seek stability at a high level.

In ports and terminals, we do not foresee any changes vis-à-vis the scenario of the 1Q. We do have negotiations that could impact the 2Q.

Replacement and services, a business with quite a bit of stability, a drop of 6% in the 1Q, this because of last year, because we had very good deals in refurbishment in the last quarter. But in the 2Q, we already see a resumption, and we will have a two-digit growth. And throughout the year, we will grow vis-à-vis 2025.

Let's go on for Renato to speak about the financial results.

Renato Arroyo:

Good morning, everybody. It's a pleasure to have you here with us once again at the close of the 1Q26.

This is a more complicated year for farmers. We had a drop in farms vis-à-vis the previous year. But if we look at the chart, we have an EBITDA of R$33.7 million. If we compare this to the previous year, the drop is mainly concentrated in gross profit, with a drop of R$19 million, this because of a drop in the sales revenue of close to 11%, and we lose a 2% gross margin in our businesses.

As we have said quarter-on-quarter here, we have a highly controlled cost structure, variable costs that are very well controlled. The SG&A for the last two years is very close to what we had last year, attenuating the effects of inflation.

But at this point, we have the price impact on our products and projects because of a macroeconomic situation with high interest rates, scarce credit, and of course, volatile prices for commodities with the profitability of producers still very low.

We see that the gross margins deteriorated the results vis-à-vis the 1Q25. But despite this, we delivered an EBITDA of 11%, which is reasonable if we consider the market situation. The Company once again proves to be resilient, showing results in this unfavorable environment.

Let's speak about CAPEX. We had a routine last year with high CAPEX. We invested R$17 million last year. This will become more stable and be somewhat lower than 2025. What is important, we had R$15.2 million in CAPEX this year vis-à-vis last year, where we had R$17 million, 10% below 2025.

What is important to mention here is that the Company continues to use the necessary CAPEX to grow for the future of the Company. The Company is not going to avoid making the necessary investments in this challenging moment. We are developing new products. We see our routine of new products, 20% per quarter. We invested 17% of our CAPEX in products and 5% of the revenues are for products launched in the last few years. There should be a growing trend in coming years and this year as well.

We also invested in IT. More than 20% of our investments are concentrated on IT. We changed to SAP S/HANA in this 1Q. We are making strides in automation and data management, systems enhancement and security. And this, of course, puts us in a different level. It's so positive that Kepler can continue to invest in the future.

To speak about our return on invested capital, we ended the quarter at 21.4% for the last 12 months, a return on capital much above that of the market peers. We begin to have an incipient drop in interest rates and the differential of cost of capital continues to be high, 7% vis-à-vis Brazilian companies.

I think this is important. Even at moments where the Company has a drop in operational results vis-à-vis last year, we maintain a good level of return on invested capital. This proves the working capital and the CAPEX management that we have, and that maintained the ROIC even in challenging moments.

To proceed with the Company's cash, I think we can shed relative light on this. We had a good cash generation in the 1Q, R$55 million in the 1Q, and part of the Company's operational result, R$28 million were generated by our operating cash.

We have been working in capital management. Normally, we come from 3Q and 4Q that are strong. The 1Q and 2Q seasonally tend to be the weakest quarters in the Company. We recomposed our working capital, and this recomposition is still proceeding. We have clients that help us to recompose that working capital.

The Company's inventories are very well controlled as well as accounts receivable. We have a very low level of accounts receivable in the long term, and we have received the accounts receivable for the short term. We see a strong control of the working capital of the Company in those moments of difficulty of suppliers and customers.

Financing, it's a change because of a change in interest rates and CAPEX, R$55 million, and we end the quarter with R$375.8 million, which is truly important at this moment, to have soundness and a balance to continue to move forward.

I will now turn the floor over to Bernardo to continue on with these charts. Thank you.

Bernardo Nogueira:

Thank you, Renato. This slide here is something we show you every quarter to put into context where we are in this cycle. For those of you who see this for the first time, the orange line shows the price of soybean in dollars, R$9 to R$10. We had a peak of R$16. We are now back to R$11. Below, in red, green and red are the interest rates, the Selic rates, and the bars in the graph represent the percentage of our EBITDA margin.

To summarize this, what is it that we can see here? In the last low cycle of results in Kepler, we had this happening in a low cost of commodities and high interest rates, which is what we see now. But of course, we acted in a different way.

We had crises similar to 2016 and 2006, and in 1996. We are repeating those cycles. What we see now is that we maintain a two-digit margin even in the 1Q, which is the lowest quarter as well as the 2Q due to seasonality.

We see positive results in cash generation due to three broad factors. The first is structural. The storage test in 2016, Brazil stored 93% of its production. Now we have 63% capacity, so there is a priority in storehouses, even in difficult moments.

Secondly, the lean strategy that we have reinforced. We have reinforced the international business. When we look at the peak in 2022, there is a two-digit growth. Despite the headwinds in farms, we see other segments with a growing trend, which is a good outlook.

And the third is management efficiency. Kepler this year celebrates 10 years of lean methodology, lean strategy. After 10 years, it's using this as a philosophy, not only a policy. This is part of our methodology. 100% of our workers and team are focused on lean methodology. The Kaizens, we had 200 Kaizens adopted in this 1Q for security, better customer service. It's a company that for 10 years has been working with the lean philosophy and is under constant evolution.

This is a slide to clearly show you our thesis for investment strategy and our efficiency. We have numbers and facts to sustain this. In the investment thesis, we have a storage deficit. We look at our backlog. We have a better backlog in 2026 vis-à-vis 2025. In the 2Q, this is also taking place. That shows that this is a priority in storage in difficult moments.

Revenues did not accompany this greater backlog because it has a different mix. It is a lengthened backlog because of higher projects. The revenues will equal out in the 2Q, ae are looking towards seeking stability vis-à-vis 2025 with very reasonable levels.

If we look at the strategy, of course, we have the diversification. This quarter, the business is thrusting ahead with more force. We spoke about connectivity of connecting post-harvest through Procer. We had a growth of 41% units connected vis-à-vis last year. This puts us at the same level as insurance companies, tradings, and banks because of what we can generate. We have 25% of stacked capacity, 45% of Brazilian soybeans going through our IOTs. This is a good place to be in.

And the efficient management. Renato mentioned the discipline, the SG&A growing less than inflation, 1/3 third of the inflation. This is a company that is always looking at costs and operational efficiency in a highly professional way, and simultaneously caring for our customers.

We have an NPS in the confidence zone, which is essential. Our customers are loyal. 70% of our revenues come from customers who have acquired a Kepler Weber in the past because of the good experience they have in our products.

This graph will show you more details about soybean, which is what pushes the Brazilian agribusiness. In detail, you will see the financial health for the year and for our customers. The curve shows the gross revenue between 2010-2015 at 34%. This gross margin dropped between 2016 and 2020 by 21%. We went through a historical moment in 2021, 2022, 2023. And presently, we see net margins of 21% for the harvest 2025-2026.

So we are in a low cash generation, high interest rates, very high default levels, restricted credit. Perhaps one of the most challenging periods the Company has seen in the last 20 or 30 years. And in that environment, we do have cash generation for continuity and a gradual improvement of efficiency.

In the last slide, before we go on to questions and answers, our actions in a more challenging environment. We see a reduction of COGS, a reduction of the cost with warranties. We work with works, and in works, you have delays, you have costs that relate to the execution of the business. We were able to reduce that by 42%, a true efficiency gain.

And we are seeking greater operational efficiency. We had a reduction of 83% in outsourcing, more than R$4 million that we left aside only in the 1Q. As part of the operational efficiency, our focus, without a doubt, is on the philosophy that we truly believe in and that we work with, the lean philosophy.

International expansion. Our neighboring countries nowadays, with soybean, corn, and rice as the main commodities, and with headwinds against us, but we still have some countries that are standing out in terms of investment, like Argentina, Bolivia, and Venezuela, because of a more favorable economic background. For years, Argentina was unable to obtain credit with credit lines in USD between 7% to 10% at present.

Customer service, NPS, and the importance of servicing our recurrent customers, especially. In the commercial structure, our focus is in the larger, more resilient accounts. We have biofuel industries in the more structured customers. There are significant bottlenecks, but despite this, they have the ability to invest. Therefore, our focus is on that universe.

And in research and development, we would like to develop products that will offer greater efficiency to the customers. The customers are buying efficiency. We have the Biocav, Seletron, and products that bring about a quick return on investment. And the NPS that we already mentioned went from 61% in the 1Q25 to 81% in the 1Q26.

As a final message, crisis is a moment for discipline and focus, not retraction. Disciplined capital allocation, strengthening Kepler-Weber. We are not speaking about miracles or seeking magical solutions for the present day scenario. We are simply seeking efficiency. It's not only myself and Renato, but we have 1,800 employees strongly seeking that efficiency to share with you what we are showing you here.

Thank you very much. We will now begin the question and answer session.

Kiepher Kennedy, Citi:

Good morning. Thank you for taking our questions. We have two at our end, the first referring to ports and terminals. We know this is a more volatile segment. It's difficult to open projects and products depending on the nature of the project. This quarter, it was impacted by the dynamic of the segment. Which are the projects you foresee for this segment? The one you are delivering now for forestry and pulp, the result, is it a specific characteristic of the quarter? Is that where you are focusing on? Anything that will help us further understand this segment.

The second question is geared to Bernardo on strategy. In the last few years, in 2023, 2024, we have seen a worsening of the margin of producers. And of course, this is cyclical. There are two factors that make this worse, the international uncertainty and the competition. Perhaps this is something more structural. Is the structural profitability of the sector, has that changed? Is it still healthy above 20%? Structurally, does this increase allow you to have a different balance that you had two or three years ago? Or is this something structural, where the margins of the Company are below what they could be with the deterioration in the market? This about ports and terminals and the structural deterioration of the segment.

Bernardo Nogueira:

Thank you, Kiefer, for the questions. About ports and terminals, it's precisely what you said. I agree, in business we have hundreds of customers, and in ports and terminals we have a dozen per year, perhaps half a dozen per year. So, the cycle is quite different. There was a drop of 50% now, and in the 2Q, perhaps a growth of 50%. There are few large projects that bring about these results.

Regarding the profitability of the segment, this segment has a tighter profitability compared to farms. These are engineering projects with very stiff competition, and the supply teams of our customers, of course, are being pressured because of the high interest rates.

It's a segment we truly believe in. It's part of our diversification. And with a broader outlook, we do see growth in ports and terminals.

Regarding the profitability of the sector, Kiepher, there's a word that you included in your question, whether this is situational. We saw a favorable storm in 2021, 2022, 2023, an increase in pace in the price of soybean before an increase in the price of cost. This brought about profitability for our customers who like to invest. They invested heavily in storage. We had a backlog of 250 days at the end of 2021 and beginning of 2022.

Now, because of the need and because of the profitability, today we have the need which guarantees a robust backlog, but cash availability has disappeared. So, we have that perfect storm of 2021 to 2023, and it’s now an inverted storm, with low profitability of our customers, extremely high interest rates, soaring interest rates, and restricted credit.

And this before the war broke out with Iran. And what does the war bring about? Even higher pressure in profitability. The problem with fertilizers and soybeans have not accompanied this.

It could be that they will change. Soybean and corn could speed up vis-à-vis fuels, but this has not happened yet. And with the war, what we have is a postponement in the drop of interest rates because of inflation in our fuel.

Renato Arroyo:

I would like to complement that second part. I think it's worthwhile shedding light on the Company's results this quarter. We spoke about a competitive scenario. It's true, there is a competitive scenario, an aggressive one at this moment. There is a negative situation. Rural producers as a whole, as a macroeconomic situation that is not favorable. And despite this, the Company delivers resilient, positive results.

And we have to compare this with moments that are similar to this one. In 2016, 2015, when the situation was similar to this one, and without the war, of course, the Company was delivering more inefficient results.

Now the Company at present is leveraging efficiency. We believe this is a situational problem. Once the levers of our sector once again operate, we can deliver better results. At present, we are delivering resilient results because of the market situation.

Fernanda Urbano, XP:

Good morning. Thank you for taking our questions. We have two questions. First, about the agribusiness segment. The positive performance this quarter draws attention despite the challenging environment of interest rates. What is it in your vision that has sustained your decision to continue to invest in these industries? Which are the sub-segments that are gaining relevance? You spoke about biofuel, but you do have a change of mix in this segment. And which is the evolution of the pipeline for coming quarters? You said this segment is gaining share in the Company's backlog.

The second question is about capital allocation. The Company has been more conservative in its balance and its net cash, and I think this was favorable because of the high interest rates that are prolonged. But you also have opportunities for valuation that are more attractive during these moments. So which are your capital allocation priorities? If M&As are still on the table, and if you are thinking of organic projects and other ways to pay out to your shareholders.

Bernardo Nogueira:

Thank you for the question, Fernanda. I will begin with agribusiness, and Renato will speak about capital allocation. In agribusiness, what is interesting here is to have your eggs in different baskets. We see tighter margins on the farms. This does not translate on tighter margins for the industry, especially feed and biofuel. We have customers working with biofuel and corn ethanol with healthy margins because of the somewhat lower price of commodities, and making significant investments.

Without a doubt, biofuel has helped us a great deal. We have strong demand in that area and a trend for this is to continue that way for the full year of 2026, with new projects being announced in 2027.

In agribusiness, the second part are the cooperatives. And cooperatives want to service their customers well with growing volumes. We have a stressed profitability, but the volumes are very healthy. The harvest in 2026 shows this compared to 2025. And in 2027, we are speaking about exuberant volumes.

And because of this, the cooperatives need to invest to service their members. And this is what we observe in our portfolio. Many of these cooperatives are highly successful. They are very professional, especially in the region of Paraná, and they have been expanding to Mato Grosso do Sul, entering Mato Grosso, offering excellent services to producers.

And their rationale is the following. When there are less investments, this is a time to make more investments with a combination of biofuels, along with the cooperatives. This is how we sustain the growth in agribusiness. It was a somewhat timid growth in the 1Q, 4%. We hope to reach the two digits in the 2Q with good results for the rest of the year.

Renato Arroyo:

Good morning, Fernanda. Thank you for the question on capital allocation. Let's go back a bit. Last year, the Company paid out dividends early on for the year 2026 to our shareholders, so as to pay back our shareholders. A positive point of capital allocation is that Kepler Weber has a more strategic capital in-house.

We are investing in new products, this guarantees future growth. It adds future avenues for growth with our products that will be part of these results. We are fostering investments to generate efficiency for the customers, which is very important.

The Seletron machine has grown substantially in terms of sales, allowing us to access the seed segment. Procer is marketing a robot that was presented in the Agrishow. And all of these alternatives, seeds, automation, verticalizations, can be done through our internal CAPEX or through M&As.

Of course, we verify these opportunities continuously. In the period where we were in discussion with GPT, this has left us out somehow. Since March, we are back with our capacity to analyze strategic opportunities for the Company.

Ricardo Amorim, investor (via webcast):

With a growing backlog and changing composition with a lower share of farms and a higher weight for agribusiness, how do you imagine the impact of this new mix on cash and margins? Once this portfolio has been executed, will you sustain your EBITDA margin between 16% or 18%, or will you be more conservative because of present-day competition? Cash generation in the 1Q26 aided by working capital, is this what we should believe will happen during the rest of the year, or is it difficult to receive from suppliers and customers?

Renato Arroyo:

Thank you, Ricardo, for the question. An excellent question. As Bernardo mentioned, our farm segment is being pressured, and the agribusiness segment has better financial robustness, a better capitalization through instruments. Because of that, the backlog has grown more.

There is a small differentiation between the margins of farms and those of agribusiness. As both are being pressured, there's pressure that we observed in the 1Q, and the composition of that portfolio has a better leeway in agribusiness.

Now, for the future, we understand that the Company foundation is very sound. The investments the Company has made are perennial. They are consistent. The Company is showing that even in moments of difficulty, they can deliver good results.

And as the situation returns to levers, similar to 2022, 2023, 2024, economy is cyclical, we will be able to deliver better results. In the short term, there is a difficult situation, it's being hampered, but in the long term, we can deliver better results.

Regarding working capital, as I mentioned, generally, the 1Q is recomposing the capital. We have a 1Q and 2Q that are somewhat weaker in terms of volume. We reduce the inventory accounts receivable. And after the 2Q, we increase the pace. We have sales normally concentrated on the 3Q and 4Q.

This quarter, we have been generating working capital. We will continue on with that work. Our supply chain group related to inventory is doing very good work. We are working with customers to reduce terms.

We will not have the same impact we had in the 1Q in working capital because of the business dynamic, but we have a working capital that is very similar, perhaps somewhat better than in 2025.

Werner Roger, Trigono Capital:

Regarding the costs, if you could speak about steel and other inputs, especially vis-à-vis the less capitalized competitors who cannot build inventories beforehand. We have that energy deal, the commodities, and what comes from China. Is this favorable for the Company because you are working with preventive inventories for steel? Thank you.

Bernardo Nogueira:

Werner, thank you for the question. Doubtlessly, and I will begin with the end of your question. Kepler works in a conservative way when it comes to inventories. We have a visibility of our backlog, and we have commitments, some items already purchased for that backlog. So we are never exposed to large variations in steel, whether upwards or downwards. This is being hedged. We work in a conservative and prudent way, guaranteeing good results regardless of the cycle of the steel price.

At the beginning of your question, the competitiveness. Kepler, because of its volume, has sales relationships straight from the main suppliers in Brazil, while some of our competitors buy through distributors or import from China.

What we see at present in terms of antidumping, this is more complicated with China because freight is more expensive, cargo is more expensive, lower competitiveness for those who have more supply coming from China. So once again, we are well positioned in terms of supplies.

Operator:

The question and answer session ends here. We would like to return the floor to the CEO for the closing remarks.

Bernardo Nogueira:

Thank you very much for your time. I do have some closing remarks. We begin on a sad note. We have the passing away of Doris Wilhelm, one of our advisors. We speak to the family. She was always one of our partners in the council, bringing in professionalism and helping us a great deal with communication. We will miss her deeply. To the family and friends, we do share a great deal of sadness.

Regarding the results of 2026, my final message is full of optimism. Not that miraculously the interest rates will drop or our indicators will increase. This is out of control. But when I look at the engagement of our team, the engagement of all of our employees in seeking efficiency, in seeking enhancements, in looking for alternative ways to enhance the service to our customers, focused engineering, developing products, and with a great deal of adherence from our customers, I see an organization focused on going through this adverse moment in the best way possible. On the one hand.

On the other hand, Brazil is a giant in agribusiness. It's not as popular as it was two or three years ago, but we continue to be giants in agribusiness. We are highly competitive in the production of biofuel, of proteins, and this is how we will continue.

We have a great deal of entrepreneurship of our customers, regulatory frameworks that have been well established. Brazil will continue to be the important actor in producing sustainable food for the planet, and Kepler is part of that environment. With a great deal of optimism, I look upon what is under our control and to be where we are.

Once again, thank you for your confidence. We will continue to work diligently, and we will see you again in the 2Q.

Operator:

The Kepler Weber earnings call has ended here. Should you have any further doubts, please send your questions to ir.kepler.com.br. We thank all of you for your attendance and wish you an excellent day.