



## Conference Call - 2Q21 Results

### Ramon Alcaraz:

(...) about the ICMS [tax]. Even so, in terms of recurring EBITDA, we will have R\$124 million, 50% from the same period of the previous year.

In terms of net income, we had R\$93 million in this second quarter, a margin of 10.5%, almost 13 percentage points over the same period last year, when we had a net loss. We also had the facts already mentioned for EBITDA, but even with the adjusted profit, our result of nearly R\$45 million in the quarter was nearly 8 percentage points higher than the same period last year.

Speaking of ROIC, our return on capital was 13.1%, a leverage of 2.7x in relation to EBITDA, the best number in JSL's recent history. In this semester, we concluded the acquisitions for TPC and the carrier company Rodomeu. The numbers for EBITDA and net profit I am disclosing included only 15 days for TPC, as of June 15, and 45 days for the carrier Rodomeu, as of May 15. We also announced the acquisition of Marvel.

And I take this opportunity to announce, with great joy, the launching of the beta version of our application, called JSL Frete. This is a very important tool for our general cargo transportation segment. Remembering that in this segment, we have over 55,000 truck drivers. This tool will help us to monitor travel visibility for the driver, for the client and with traceability. T

It also helps us in document visibility for cargo, either through awareness, proof of delivery, or residual payment, between us (2:16 AUDIO FAILED) and the customer, in such a way (2:18) and it will also be an indispensable tool for efficiency gains (2:25 - 2:18) because it will be a portal offered (2:32) to the truck driver and the customer itself, thus bringing more efficiency to the entire system. Without a doubt, it is a transformational tool, not only for JSL, but also for its customers and the truck driver.

On page 3, we can see in our forecast how the 5 acquisitions announced in the last 12 months complement our presence in sectors and geographies, adding scale and new services to our portfolio.

So began with a gross revenue of R\$3.4 billion, for JSL alone, and adding the gross revenue for the last 12 months for Fadel, Transmoreno, TPC, Rodomeu, and Marvel, we reached a gross revenue of R\$5.2 billion for the new JSL.

Speaking of results, EBITDA was R\$782 million, by the same metric, and net income was R\$254 million. As you can see, we became a much larger group, with 25,000 employees, almost 17,000 which are active, and over 55,000 registered truck drivers who are part of our business, in addition to over a million square meters of storage space, 270 branches and over 1,300 customers in our portfolio.

On page 4, we can see from our flowchart how we are the only end-to-end company. We are present in the primary, secondary, tertiary industry, and even in reverse logistics, with waste collection. From raw material to final consumer, in all segments of logistics, transport, storage, infrastructure, including Last Mile.



All of our acquisitions made complement some of these segments where JSL already operated, bringing volume and expertise to our business. Fadel in urban distribution and Last Mile. Transmoreno in the outbound of the automobile industry, Rodomeu in the transport of machinery and chemical products, and Marvel in the transport of refrigerated and frozen products for the national and international market.

With that, I now call Guilherme Sampaio, JSL's CFO, to provide further details on the financial numbers. Guilherme, you may proceed.

**Guilherme Sampaio, CFO:**

Thank you, Ramon. Good morning, everyone. I will now provide detail on JSL's 2Q21 results. Before getting into the numbers, I just want to make it clear that in the consolidated numbers for JSL, we only had 15 days of TPC and 45 days of Rodomeu, and we still don't have any effects from the Marvel groups since the transaction was completed on June 30th of this year.

We ended the quarter with 922 million net revenue, 65% higher than 2Q20, if we look at service revenue. Net income was 93 million in the quarter, with a positive effect of 48.3 million from the untimely launches of PIS and COFINS on the basis of ICMS and other non-recurring items in the quarter that are explained in the release. With the adjustments, we reached 44.8% of net income, and comparing to 1Q21 we were practically in line, with almost 5% of net margin.

Speaking of operating results, EBIT advanced to 155 million, with the help of extraordinary items, but without these effects, the margin would be 9%. We carried out an exercise to normalize this amount, with a retroactive revenue amount, which has already been approved by customers, but which did not impact the 2Q result. This revenue of 11.3 million would raise the EBIT margin to 9.8, in line with 1Q21 and almost double that of 2Q20.

EBITDA reached R\$212 million with the positive effect, and doing the same (6:57) EBIT (6:58-7:01) including the retroactive revenue, it would have reached R\$133 million, with a 14.6% margin, in line with 1Q21.

EBITDA reached 212 million with the positive effect, and doing the same year as EBIT excluding non-recurring items and including retroactive revenue, we will reach 133 million, with a 14.6% margin, in line with 1Q21

Moving to slide 6, we tested the revenue in Asset Light and Asset Heavy, reaching 58% in Asset light and 42% in asset heavy already considering the fifteen days of TPC 100% in Asset Light, and the 45 days of Rodomeu and 100% with Asset Heavy. This index reinforces JSL's flexibility to meet the needs of our customers on a demand-by-demand basis.

And updating with the information from the material fact of May 18th, we signed R\$2.5 billion in new contracts and new revenues, updating the number which was 1.6%, ending the quarter, now on June 3rd, reached R\$2.5 billion.

These contracts were mainly in agribusiness, mining, and some cargo transportation contracts. To face the mobilization of these new contracts, we had a net CAPEX of R\$140 million in the semester, of which R\$94 million was in the second quarter alone.

Going to slide 7, I will talk more about future capital. We ended the quarter with R\$680 million in cash, even with the net CAPEX level I mentioned, and almost R\$200 million in payment for the acquisitions we made.



We also have a committed, contracted and undrawn line of 200 million reais that are not considered in this amount of 680. This is a line that I have 3 years to make the decision to withdraw, and 5 years the amortization period after the withdrawal. This cash allows us to repay our debt until 2023.

And the other important point is that this quarter we carried out an issue of R\$500 million in a CRA, with a total term of 10 years, taking our average term to 4.9 years and it is still a work that we continue to do to lengthen our debt profile.

We ended the quarter with a cost of net debt of 3.3%, net of taxes, at the end of the period. Our leverage with 2.7 times over EBITDA, and 2.3 times over added EBITDA, if we consider EBITDA and Added EBITDA in the last 12 months for JSL, Fadel, Transmoreno, TPC and Rodomeu, which were consolidated at the end of the quarter.

We provided a table in our earnings release with the details of these numbers so that you can reconcile them. With that, I turn the floor back over to Ramon.

**Ramon Alcaraz:**

Thank you Guilherme, and to finalize, my friends, I'm going to emphasize a few points that I consider as a JSL momentum. A total focus on injecting results.

We had a difficult time in Brazil, including in the world, due to this wave of cost increases that all of you have been following. To cite some examples, taking our main inputs, fuel, parts, tires, we have an increase, only in 2021, in these first 6 months, which exceeds 15%, we have not seen this for many years.

To try to balance this inflationary pressure, we only have two options. The first is cost reduction, and we are working intensely and relentlessly in search for efficiency across our entire chain. The other option is negotiating with our customers, one by one, identifying the reality of each client and readjusting our tariffs, based on the price increase of each input.

On the other hand, several segments of our chain are recovering, with strong prospects for new contracts. Guilherme mentioned R\$2.5 billion new contracts in his comments, and we are negotiating several other contracts for 2H21. It is interesting that this is on both ends, mainly in agribusiness, mining, and in e-commerce.

We are working hard on consolidating the companies we acquired, we have already managed to capture a few synergies, which already reflect an improvement of up to 2 percentage points in relation to each company's net revenue, improving the net income of each one by 10% to 20%.

The capture of synergies is not restricted to cost reduction, it also comes from taking advantage of the structure and cross expertise, we have an example between Fadel and JSL, we have just started a new e-commerce operation with the client, where we put an operation was set up in just two weeks with more than 500 trips/day, which was only possible by combining Fadel's expertise in the Last Mile and JSL's warehouse structure.

We began a new international expansion phase, with the expansion of operations in Paraguay, and prospecting contracts in other countries. In addition to being very excited about this



organic growth, we continue with the M&A strategy supported by the SIMPAR group in the medium and long term.

This concludes my presentation for JSL's 2Q21 results, and I would like to take this opportunity to thank you for your patience and attention. I remain at your disposal, along with Guilherme, CFO of JSL, Fernando Simões, president of the SIMPAR group, and Denys Ferrez, CFO of SIMPAR. Thank you very much. We are available for any questions.

**Fernanda, BTG Pactual:**

Hello, Ramon and Guilherme. Thank you for the opportunity to ask questions and congratulations for the result. I have two questions.

First, I would like to talk a little more about inorganic growth, this opening that you gave was very good, too, talking a little about synergy, but I would like to understand if there was any update of Tegma's conversations, after they amended the binding they had made, wanted to understand if the conversations are still continuing or turned the page.

I would like to understand what you are seeing of potential purchases and what size should we expect? Because you were buying smaller companies and this potential binding with Tegma has increased a lot too. I wanted to understand what we can look forward to.

And the second, addressing this point that Ramon talked about, about cost reduction, I would like to understand what initiatives you have been doing to mitigate this cost increase. And also, for me it was a little confused, when we look at fuel, Asset Heavy had an increase in fuel prices even higher than Asset Light, I would like to understand a little more about how these negotiations are going. Thanks

**Ramon Alcaraz:**

Good morning, thanks for the question. I will start with the second question, about the increase in costs, what are we doing to mitigate them? This is a question that has to do with directions, I'll leave it to Fernando Simões, from the SIMPAR group. As you know, the group has an acquisitions division, so there's nothing better than responding themselves.

Regarding your second question, about impacts from costs, in fact, this year, differently than several years ago, and it's been many years since I saw this, we had a very significant increase in the cost of inputs. Fuel is more widely known by all of us because it is a widespread concern, but that was not the only one. Tires also had a very expressive increase, followed by parts, truck prices, etc.

What have we been doing to mitigate this? First, working on efficiency, working on motivating drivers, to improve average consumption, reduce consumption, working on larger volume purchases to be able to gain in the price of parts, buying in batches.

We are working on a management system, managing to have a longer interval between maintenance, working with tire models, managing to have better efficiency, in short, trying to remove any waste, and I still have it in some of the operations.

Given the size of the cost increase, it could not be different. We have been looking for each of our customers to re-evaluate the price adjustment. We had already done this in February and



now, less than 6 months ago, we are looking for it again because we cannot bear such an impact.

Each contract has a reality, there are contracts, especially in asset heavy ones based on a metric with some readjustment index, whether labor, IPCA, or some specific input, such as diesel, and other contracts, even if they are not in the metric we look for customer is customer, depending on its truth to show this impact, and we are opening negotiations.

We are not pushing any of our clients. We are doing this with transparency, in partnership. I have even noticed that doors are opening for us to work on this issue. So, these are the two fronts that we have been working on to mitigate the increases in costs.

Regarding the question on acquisitions, I'll hand the floor over to Fernando Simões and Denys to comment.

**Fernando Simões:**

Good morning everybody. Just complementing Ramon and the team who did a very nice job in terms of cost reduction. Just complementing the point he presented to us on the board, it is the sixth update of document issues with freight knowledge, which is currently done in all branches and has already started, in 10% of the branches started in a central and only the document leaves the door to continue the journey, this is not only important for the issuance of contracts because they can be used on other fronts, this comes with the improvement of processes, optimization, it is already part of the digital transformation that has been done the agenda at JSL.

Now, talking about acquisitions, thank you Ramon, who comes to deal with this in a way within the governance of M&A that all companies controlled by SIMPAR, M&A, strategic planning, has been thought of within SIMPAR. So we have been looking at the average ticket, I would say to you, which is a ticket of 400, 500 million reais, as you can have seen, here we have in the portfolio, with a lot of responsibility, always proud of JSL's capital structure, synergy, in quality.

This strategic planning has been carried out, as for Tegma, the proposal was made with Tegma, as you have seen, the positions are public, and we, as SIMPAR, have great complementarity in transforming value. JSL's shareholders, Tegma's shareholders, and I repeat, in the provision of services to customers who hire Tegma's service, diversification of the provision of services in Tegma's portfolio, a greater participation in the transportation of the zero car in the JSL issue, but it didn't happen, go ahead.

We made a proposal these days, which was fair, in a transparent way to the market, which served for everyone to evaluate, and we continued with our inorganic growth planning in all sectors, including car transport 0, regardless of the issue Tegma That's what we've been looking at in terms of M&A, and now I'll turn the call over to Ramon. Keep going. Thanks Ramon

**Ramon:**

Thank you, Fernando. I hope I have answered your question, if not please say so.



**Fernanda:**

It's very clear, thanks for the answers.

**Lucas, XP investments:**

Good morning guys. Congratulations on the result. My question is a follow-up on the issue of costs. If you could take it in detail in relation to the Asset Heavy margin, I think it is clear the relationship of this increase in cost, increase in input, this issue of salary readjustment that ends up impacting the Asset Heavy segment in a more relevant way, but you can only give a little more detail on which of these factors will be fully passed on to clients, thinking about what level of margin you will try to achieve in Asset Heavy in the 3rd and 4th quarter, if you should already return there at a level closer to 20%.

And there is another point, complementing a little more the detail about the nature of this 11 million revenue, which you mentioned in the release and on the conference call, to see better what this 11 million revenue is and its nature.

**Ramon:**

Thank you very much for the question. It even helps me explain some details. You're right, the biggest impact, the increase in costs is mainly on Asset Heavy, specifically in the 2Q there is a readjustment in the workforce of Asset Heavy, obviously, we have a very high CLT, between drivers and operators. May is normally the base date for all cargo transport categories, it was no different this year.

The difference this year in relation to previous years is that the INPC, normally the index that regulates these union negotiations, rose above 7.5%.

Off the top of my head, I believe it has never been this high in the last 10 years. Just to give you an example, last year it was 0, the year before and in previous years it was something around 2.0% - 2.5%.

What does this have to do with your question? The compact ones, mainly in Asset Heavy, foresee the readjustment of the labor of some other inputs in the base grade.

It turns out that union negotiations never close in May, they go on to July, and for you to be able to negotiate with the client, even if it is already done in the contract, it is usually transferred in the 3Q.

These 11.3 million are exactly that, they are the negotiations foreseen in the contract, many of them, in the workforce itself, which will be included in our revenue, in our margin in the 3Q. This helps a lot because the cost itself has already entered the 2Q.

We as a company can wait for the negotiation, but the employee, of course, cannot wait, let's see how this is a very concentrated marriage between the 2Q and the 3Q, although this is recurring every year, this year specifically, with the INPC was very high, the difference ends up being quite impactful.

In relation to other inputs, as I said, we have been looking for customers, even those whose contract is not so clear in relation to the adjustments, of general matter, mainly, or even those





that had an adjustment but it was under contract at the beginning of the year, we are returning to the table because the inputs, fuel, tires, parts, had increases, which cannot be supported alone.

We believe that, like at the beginning of the year, that we are going to have a very high number of contracts closed, this will end up having a positive consequence in the 3Q, 4Q. We do believe that our margin is quite positive, above expectations. I hope I have answered your question.

**Lucas:**

Perfect. That was clear. Thank you for your answer.

**Heloisa Cruz, Stoxos:**

Thanks good afternoon. congratulations on the results. I wanted to understand a little more about the e-commerce part. You made the acquisition of TPC, if I'm not wrong.

And I would like to understand a little, what are your expectations, even without naming names, what kind of contract we have already negotiated. It's been more with smaller, bigger companies. How is the capillarity, if there is any indicator of the type X% of the population, or Y% of the type of action on demand. And how is the expectation in this.

And I would have a second question, which is to talk a little bit about your own cash flow to keep the pace of acquisitions. I would like to understand a little, if we can have some kind of reference then, internal rate of return in a profession, or a lot of, or at least, what is the line, or we will look for more complementary services, more market share, be looking for services that have the highest return.

These are two questions. Thank you and congratulations on the results.

**Ramon:**

Thanks for your question. I'll even take advantage of it and I'll amend your question, that of another colleague, because the answer will be the same. Rodrigo Silveira asks me: "What is the plan for growth in the e-commerce procedure. How do you intend to increase the capillarity of long-term deliveries?" I think it complements your question.

First of all, JSL is present across the board, in what we call end-to-end, from the raw material to the final consumer. Anything that is sold through any channel, whether wholesale, retail, or e-commerce, these channels have been greatly intensified during the pandemic, which helps us to sell even a mobile phone.

To sell a ream of paper, someone needs to have planted the eucalyptus tree, someone else needs to transport it, another person needs to provide the logistics, storage, etc. This involves the entire chain, so any sales channel will favor us. This is the first point.

The second point, Fadel, which today is a consolidated company in the JSL group, with its expertise in urban redistribution, is the specialized arm to deal with e-commerce. And we've had a lot of interesting actions in this context. We have already announced in the 1Q, contracts such as B2W, Mercado Livre.



And now, I even commented on this in my presentation, taking advantage of structural synergies and Fadel's expertise, added with JSL's storage structures, we signed a large contract with Facily, which is an e-commerce more focused on non-perishable goods in supermarkets, and has a large capillarity.

And, during the months of June and July, and now consolidating in August, we have more than 500 vehicles per day, with almost 100 thousand order per day, with a very significant prospect for the future.

So, we feel prepared to work in e-commerce, we are showing that we know how to work with this market. But again, we are not tied to just this channel.

Any sale that comes in will benefit the entire chain. I hope I have answered your question, and Rodrigo's question, but if not, please let me know.

Your other question concerning the capital structure for acquisitions by the M&A team, I'm going to transfer that question over to Fernando and Denys, from SIMPAR, who are here and can complement it.

**Denys Ferrez:**

Good afternoon, everyone, it's Denys. Thank you, Ramon.

Heloisa, in relation to the capital to make these acquisitions, if we take into account that the predominant model, in the case of logistics, is the light in assets, and it has historically been a free cash generator, the event of this quarter when, in addition to CAPEX in assets, also liquidated part of the acquisitions

This has enabled, during a series of acquisitions, the leverage indicator to be at a saturated level, given that it was somewhere around 2.7x and the intention of the scores is to always consider the EBITDA of the last 12 months for the acquired companies.

Sometimes, these companies also have a low debt profile, and this has enabled us, along with the payment mechanisms to the debtor of these companies, to maintain JSL's leverage healthy, allowing this movement to continue.

If you do something more relevant, the company, the group already has dedicated bank financing for this purpose, if necessary, but as I do not prefer to describe it as well, the tendency is for this to continue in the medium and long term, given the profile of those to come and the negotiations that are being made. Ok?

**Heloisa:**

It's great. Thank you Denys. Still in Fadel's question, I would like to understand a little if there is any forecast in more remote places, not just in big cities. There is some forecast that eventually a truck will take food and also distribute it in small packages. This already happens. You can say





**Ramon:**

A good question, yes, it already happens, and regardless of e-commerce, as a customer, he increasingly wants to be closer to his customer. Each time an average ticket of lesser quantity, of lesser value. The consumption dream of any retail company today is to be ready to serve a customer in half an hour, an hour, this is the consumption dream.

That's why several tests are being carried out, I can mention beverage companies that are already making motorcycle deliveries, yes, even in various specific points in the city, where cross docking is done during the day, or even at night, so that during the day deliveries get done.

Ambev has even made several of these experiences, although in the capitals, São Paulo is no different, the always free, which is Ambev's sales panel, is one of the areas that sold the most during this pandemic.

There are more than 3 million deliveries delivered in the month. So, this is only possible through a job, a truck to a sales point, and the bar, or a motorcycle delivery point.

Cigarette companies have also used motorcycles in their customer distribution. I can name Souza Cruz as an example, where motorcycle deliveries are done in São Paulo and Rio de Janeiro. This will become more and more common, not only in e-commerce, but across the entire retail chain. This is already a reality.

**Heloisa Cruz:**

Including for you?

**Ramon Alcaraz:**

Including for us.

**Heloisa Cruz:**

Fantastic. Thank you.

**Ramon Alcaraz:**

Thank you for the question.

**Operator:**

Questions made via web will be answered by Guilherme, the CFO.

**Guilherme Sampaio:**

Good morning, everyone. Victor Rampazo asked a question, which I will read with Ramon. It's a follow-up on the question about e-commerce.

**Victor Rampazo, via Webcast:**

How Fadel's e-commerce arm differs from a Loggi, for example.?



**Ramon Alcaraz:**

Thanks for the question. I think that Fadel, as the fractional logistics arm, JSL's e-commerce differs a lot from its e-commerce competitors, not only from Loggi, but from others, precisely because of the structure behind it.

We are not an e-commerce company, we are not focused on e-commerce, we are a logistics company, in a single chain, and e-commerce, as I've already mentioned, is just another sales channel, just like wholesale and retail, where we are actually quite strong. We have a good volume in wholesale and retail for several products, which we mentioned here, such as beverages and cigarettes, but we also have this for food.

We have several products in which we specialize in, either for retail or wholesale, and by entering e-commerce we differentiate ourselves because of our different structure, because we are not only looking at e-commerce.

Hardly a company would be able to put an operation like this where you have, the 100,000 daily orders in just 30 days, I can only provide it I have the JSL group structure, so I think this is a differential.

**Guilherme Sampaio:**

The next question, before we listen to the question from Heloisa, who is also waiting.

**Claudio Moraes, via webcast:**

Does JSL plan to use leasing for the trucks in its fleet and free up resources for acquisitions?

**Ramon Alcaraz:**

Thanks for the question Claudio. That could be a possibility, of course. There are even companies in the group that could help. I don't see any sense in this now due to the availability of cash and the policy we have, including acquisitions set up by Denys, it doesn't make sense at this moment, but if necessary, we can certainly adopt it.

**Heloisa Cruz:**

Thanks. I wanted to ask a question regarding technology. Going back to the little packages. The motorcycle he delivers to you, or eventually it's a Tuc-Tuc you might have, or a smaller truck, these vans.

How does your technological structure work? It's like an Uber, these vehicles are yours or there would be a van with JSL or Fadel. How do you structure this, how do you relate a part, in this matter of distribution.

**Guilherme Sampaio:**

Heloisa, this is Guilherme speaking. I will try to rephrase the question to see if we fully understood it. How does technology work to ensure that we have the structure to deliver the order, to deliver the small packages?



And the other question, how does the asset issue work. If they are purchased, owned, rented. Heloisa, that's it?

**Heloisa Cruz:**

Yes. In the asset part, its less to do with leases, but much more to do with how the relationship works. The person that provides services to you. Is it a Loggi, a small end company, or are you really setting up your structure with your motorcyclists who are like Uber or an employee?

**Ramon Alcaraz:**

I'll start with the second question, regarding assets and then I'll go back to technology.

In relation to assets, the same strategy applies to all other segments of the company, it can be either Assets Light or Asset Heavy, depending a lot on CADE.

We have been looking, even because it is a rapidly growing market, on the dynamic related to the Asset Light model. In relation to motorcycles, they are all Asset Light, that is, we hire motorcycle companies to do this service, or self-employed motorcyclists.

We don't hire a Loggi company, that's not it, we hire a motorcycle company to do the logistics we demand. The same thing, I mentioned now, this e-commerce operation in supermarkets, there are 400, 500 vehicles, all of them Assets Light, even using, eventually, having to go, all of a sudden, to Uber.

There is so much talk about cargo loading, not necessarily the same vehicle that carries people can carry cargo, but I think that the entire system you have at your disposal needs to be circumvented, it's good for the whole, whatever it is done, whatever in the logistics.

We are not closed to any segment in relation to assets, now, we also have nothing against acquiring assets for this, including some, for example, we have been acquiring vans for beverage companies, reinforcing the issue, proving this tendency to reduce vehicles.

But as this customer has a fixed volume and a well-known demand for you to have fixed vehicles, own vehicles, the rule is totally valid for all cases, it depends a lot on the business model. The fact is that we are prepared to meet any demand, whether it is Asset Heavy itself or an outsourced Asset Light. But always with the intelligence being ours.

Regarding technology, this is a point that all companies are investing everything they can, because I think it's the trend. And we are no different, we have invested a lot in technology to work our internal systems.

We are going to prepare for all this capillarity to meet the freight item we are working on, which has to do with autonomous truck drivers, and in the electronic market it is no different. We are preparing for an hour to be more and more prepared for the dynamism that this segment requires.

**Heloisa Cruz:**

Perfect. Thank you.



**Pedro, via webcast:**

What technology initiatives is the company implementing. And if you have plans to acquire a logistics startup?

**Fernando**

I just think it's important, as Ramon just said. Our development focus was made on developed technology, including in-house, organically developed together with TPC, Ramon is already putting in what he has just answered now, this operation that we are setting up within the CD of JSL, operate with the entire Fadel technology system. Now, our M&A has been looking at potential not only startups but also companies that have operational fundamentals, and that have their process digitized, with small deliveries, last mile and again, this is part of our JSL group ecosystem.

As a Board Member, we have been looking at this, and as shareholders as well, but this is not where the transformation will take place. JSL's transformation, as Ramon said, is going to happen by digitizing our processes using this to provide better customer service and integrate it with their respective customers. This has been done too.

**Franklin, via webcast:**

Regarding the rating of S&P. When will the rating be updated? Do you think it will be upgraded to -BB as same as Fitch.

**Guilherme Sampaio:**

Franklin's question was about the rating and whether we expect it to be upgraded to -BB, same as Fitch. My answer to what we are working on with S&P right now is updating all the information with all the acquisitions we have made, with the focus on having the rating upgraded.

**Operator:**

As there are no further questions, I would like to give the floor to Mr. Ramon Alcaraz for his closing remarks. Please, Mr. Ramon, you may proceed.

**Ramon Alcaraz:**

Thank you. I want to thank the more than 150 people who joined the call. It is a pleasure for us. I hope I was able to answer the questions asked in a satisfactory manner. For anyone who did not ask a question, we are available by e-mail, or by any other means. Be it publicly, and we are working tirelessly to make our results sustainable (46:07). We believe the second half will be very heated in Brazil, and this is what we have seen in several segments, from raw materials, internal logistics, electronic channels and retail. We are highly motivated for a very good second half and we are working for this to be reverted, not only in revenue, but also in results. Thank you very much.