



## Conference Call Transcript

### 1Q2 Earnings Results

May 16, 2022

Good afternoon and thank you for joining us today in Cosan's earnings conference call for the first quarter of 2022.

With me today are Luis Henrique, our CEO, and Ana Luísa Perina, our IR manager. Let's start today's presentation with the financial and operating highlights of each business.

Our presentation is very brief, since our listed subsidiaries have already reported their results and held their calls with the market.

Let's start on slide 4, with Raízen.

#### **Slide 4 – Raízen**

Since this quarter closes the 21/22 crop year, I'll focus on the highlights for the year.

We set a new record for Adjusted EBITDA, supported by significant improvement in the operational performance of Raízen, within the guidance range shared with the market.

In Renewables, the better prices and maximization of gains from sales boosted the strong result. And, as you are all aware, we are advancing in our plan to expand the supply of clean and renewable energy. With the recent announcements, our pipeline already includes the construction of a second Biogas plant, scheduled for 2023, as well as another 3 E2G plants in addition to the one already operating on a commercial scale, which should be ready in 2023 and 24.

In Sugar, we also had important rise in sales prices and continued to increase our share of direct sales to destination. This partially offset the lower volumes, which were affected by the crop setback and by the carryover of inventories to the coming months, seeking to maximize profitability.



In Marketing & Services, EBITDA grew over 50%, with better returns and higher volumes across all segments, benefiting from the good opportunities to expand the network in Brazil and in the LatAm operations.

### **Slide 5 – Compass**

Let's go to slide 5, which shows the results of Compass Gás & Energia.

The slight reduction in Comgás sales volume in the quarter reflects the weaker demand from the industrial segment caused by scheduled maintenance shutdowns at clients, as expected. This impact was offset by growth in the commercial, residential, and automotive segments, and by the addition of the volume distributed by Sulgás, consolidated from January on.

Meanwhile, EBITDA growth was driven by better margins, adjusted by inflation, and ongoing operating efficiency gains at Comgás, as well as by the incorporation of Sulgás.

Going now to slide 6, you can see the results of Moove.

### **Slide 6 – Moove**

The period was marked by the recovery in lubricant sales volume sequentially, despite the decline on a year-over-year basis. Remember that the first quarter of last year represents a strong comparison base for lubricant sales volume, since its performance was leveraged by the economic recovery after the most critical months of the pandemic, especially in Brazil.

Meanwhile, EBITDA captured the continuous improvement in profitability, evidencing Moove's effective cost controls and sharp sourcing and pricing strategy, despite the more challenging demand scenario in early 2022.

Let's go to slide 7 to talk about Rumo.

### **Slide 7 – Rumo**

Transported volumes registered strong growth in the quarter, mainly in the North operation. The result reflects the anticipation of the soybean season, operating efficiency gains and the ramp-up of the Central Network operation.

As a result, Rumo captured market share gains in grain exports from the Port of Santos, aligned with our marketing strategy.



Meanwhile, EBITDA margins fell from the first quarter last year. The increase in average tariffs wasn't enough to offset the higher variable costs in the quarter, which were pressured mainly by diesel.

Even so, the higher fixed costs and expenses lagged inflation, reinforcing the company's capital discipline.

Moving on, **slide 8** shows the results of Cosan.

### **Slide 8 – Cosan Pro Forma**

As discussed in each business, our portfolio delivered solid results in the quarter, despite the challenges. In Corporate, the expenses were in line with expectations. At Cosan Investimentos, EBITDA was represented mainly by the revenues from the leasing of agricultural land by Radar. The other companies are start-ups and projects in pre-operating stage and therefore on a combined basis presented negative EBITDA, which offset part of Radar.

As a result, pro forma EBITDA grew due to the better operating performance of Rumo and Compass.

Meanwhile, net income was affected by higher financial expenses in all Cosan businesses, which accompanied the rise in interest rates.

And Cosan's consolidated investments in the quarter increased year over year, mainly due to higher expenditures at Raízen, including Biosev, and at Compass, partially offset by lower CAPEX at Rumo.

Let's go to **slide 9**, which shows our group's financial highlights.

### **Slide 9 – Cosan Proforma – Financial Highlights**

We conducted liability management actions throughout the entire group. The sequential reduction in gross debt is explained by the prepayment of 2025 Bonds at Rumo and by amortizations at Raízen.

The net debt/EBITDA came to 2.0 times, within the ideal range for the group, reflecting the significant EBITDA growth in the last 12 months.

Meanwhile, cash flow registered nearly half the burn in the first quarter last year, representing important improvement supported by funding operations at Compass and higher operating cash generation at Raízen from sales of inventory. These effects were partially offset by the expenditures with the



acquisition of Sulgás and with the second installment for the acquisition of the Port of São Luis by Cosan Investimentos.

Although not related to the quarter, I want to reinforce some events that happened after the reporting period.

First, the Shareholders Meeting in April approved the distribution of R\$800 million in dividends for 2021 that will be paid on May 20, complementing the R\$700 million in interim dividends paid in December.

We also concluded Cosan's 4<sup>th</sup> Debentures Issue, raising R\$ 1.5 billion in two series, one for 6 years and the other for 10 years. The proceeds will be used to replace and reinforce our cash position following the transactions carried out in recent months, such as the acquisitions of Radar and the Port of São Luis.

Also in May, a new stock buyback program was approved to replace the previous one, which provides for the maximum repurchase of 110 million shares over the next 18 months. Remember that part of this quantity of shares was contracted through Total Return Swap operations, as reported monthly.

Before closing, I want to go over some recent events in our **EESG Agenda**, on **Slide 10**.

### **Slide 10 – EESG Highlights**

In April, we published our annual Sustainability Report, which will keep readers up-to-date on the progress made in our EESG journey during 2021. I invite you to read the report, which is available on our website. In addition to Cosan, Compass also published its report, and soon the reports of the other businesses will be made available.

We also celebrated all companies in our portfolio becoming signatories to the Global Compact, a UN initiative to encourage companies to adopt responsible corporate social and sustainability policies.

In April, Raízen carried out its first issue of Sustainability-Linked Debentures linked to ESG targets, which raised R\$ 1.2 billion.

And Rumo made important advances in the risk rating of ESG performance assigned by Sustainalytics, which improved from high to medium.



Lastly, I want to invite you all again to participate in our Cosan Day, on May 26, which will be live streamed with simultaneous translation.

And that concludes my presentation, and we are available to clarify your questions. Thank you.

### **Q&A Session**

#### **Operator:**

Thank you. We will now start the Q&A session. Questions can be asked through the audio by clicking on the “raise the hand” icon available at the bottom of the screen. At this point a request to open the microphone will appear on your screen, and you should click on unmute. For participants connected by telephone, just press \*(star)9 to send your question, and \*(star)6 to unmute yourself. To send your question by text, just click on the Q&A icon, also available at the bottom of the screen, and type your question.

Please wait while we collect our questions. English questions will be received via text only.

Our first question comes from Isabella Simonato. Please, Mrs. Isabella, you can proceed.

#### **Isabella Simonato, Bank of America:**

Good morning, Luis. Good morning, Ricardo. Good morning, actually good afternoon, everyone. Thank you for the call. I have a question about Cosan Corporate, the holding company. It's interesting because when we look at the dividend payout compared to what you have in terms of debt service and potential investments, obviously one quarter is not enough to give you a good reading of the whole year. So that's why I wanted to ask you, could you let us know how you see that equation at the level of the holding company in terms of the dividends flow that it can receive versus a more expensive debt service with higher interest rates?

You also mentioned you'll be making more investments this year, but there's CapEx from investments and there are also buybacks as well as well as other things that you can do. So could you give us an overview of how you're seeing that? And also as a follow-up question, there's a liquidity and float size issue at Raízen. Could you give us an update on how you're thinking about that structure? Thank you.

#### **Luis Henrique Guimarães – CEO:**

Thank you. Lewin, please help me out and add anything you might think is necessary. Thanks, everyone for joining on this call. As you know, the presentation was short. So we're here to answer your questions myself and Lewin. We're keeping the same discipline as always. We've done everything to make sure that we can address the debt service and there's room for buybacks as well. As you will have noted, we have approved our buyback program at the



level of the subsidiaries and the holding company. We can continue with the buybacks as soon as it's unblocked.

In terms of investments, there are no major investments at the holding level with the exception of the radar payment installments. In terms of mining, we have concluded the ports and the next capitalization event is further down the line if and when the mining quality issues and everything else is sorted. So that's what we have ahead of us in 2022 and the rest of the CapEx has been resolved with all the other companies with cash generation, fund raising and growth at Moove, Compass, Raízen and Rumo with very good liquidity levels.

In terms of Raízen's liquidity, there's also – always something we look at very careful. We want to get at 15% float at the company, and we're working with B3. When the time is right, we have some commitments, and there are also sales by shareholders that may have bought something via Biosev. We're also keeping an eye on that.

We have Cosan and partners with Shell and the company. So it's an opportunity. It will be done at the right time, and we'll make sure that our receivables flow minus the debt service, and Radar's CapEx are all addressed with the opportunities we see in our portfolio companies and the holding company.

Lewin, would you like to add anything?

**Ricardo Lewin – CFO and IRO:**

Yeah, just about the first point, please. Obviously, we have the three pillars: new investments, share buyback, and dividends at the holding company. And as you said, we do have that new buyback program. We have 30 million in shares which are open. We have the commitment at the TRS.

And if we have any opportunities, obviously, when these programs are open, we do buy back when good opportunities present themselves. And what we're missing is the fact that we're also looking at the company's leveraging.

We have those three fronts, but we look at our leveraging, and we always keep it at 2, 2.5, which is what we always set as our limit. And let's not forget that we concluded the quarter with very low leveraging of two times the EBITDA.

**Isabella Simonato, Bank of America:**

That's very clear. Just as a follow-up, please. Considering that equation, can we think there will be a drop in Cosan corporate net debt or would that be marginal?

**Ricardo Lewin – CFO and IRO:**

No. Well, let's think in terms of leveraging, Isa. Obviously, we're not disclosing our guidance, but the objective is it – to keep it at the level I mentioned. What we did do recently was – and I talked about this in other events, was to issue some additional debt. But with that, we should do our liability management considering some of the debts we have. So we will be keeping a similar level of indebtedness.

**Isabella Simonato – Bank of America:**

That's great. Thank you.



**Operator:**

Thank you. Next question is from Mr. Christian Audi from Santander. Mr. Christian, you may proceed.

**Christian Audi – Santander:**

Thank you, Luis. Thank you, Ricardo. Thank you, Ana. Luis, I have a question about the market dynamics as a whole when I see high inflationary pressure going on. So I'd like to hear from you what your concerns are when it comes to this inflation pressure and what you have been doing to make sure your strategy can face this dynamics, which looks like we will continue for the rest of the year.

**Luis Henrique Guimarães – CEO:**

That's a great question, Christian. It's almost like you've been attending our management team meeting because we've been talking about that for a long time. Marcelo talked about some of our capital allocation decisions, leaving some of the businesses we were intending to do, which we really liked, and that had to do with a capital increase and concerns about costs. Obviously, also the ability to make sure that our management and this is a key topic for all companies, not only in Brazil, but around the world and our inflation number. We're trained for that. Any manager who's younger than 40 doesn't know what inflation [indiscernible]00:20:31.

We've been discussing what we're going to do. We're looking at costs and we're also looking at passing this over. This is key freight competitor to know in case of Rumo turnover, in case of raising. So sometimes they take a while to happen, but they end up happening in the market as a whole. So over the last few years, given our investments, our projects, and how we've been developing our procurement. Always focusing on improving quality, amount of competent systems, we've been putting a lot of effort into increasing synergy among the companies that buy shared items.

So services ranging from IT, security services; we've been capturing significant We've been capturing significant savings, understand relevant cost, cost avoidance as well. So we've been reducing – since the last pricing. So that's our number one priority, not just for the CEO but for everyone in the company in terms of allocation of resources and the cost of opportunities is something we consider, competition, repricing to make sure that we have the right thing that is compatible with a return on investment for the industry we operate in. So that's our number one priority. It's not just in Brazil, it's around the world. We're here to stay – this is here to stay for a while. So I can tell you that both in our long term projects, as well as recurring cost activities, we will be doing our homework to mitigate these cost effects and to accelerate whenever possible and wherever the competitive environment allows us to pass on the margins to the business, right?



**Christian Audi – Santander:**

The second question is, there is a risk that the administration might be changing. So I'd like to hear from you whether there are any industries that you are more concerned about, if there is a change in government and any ensuing regulatory changes that might make some businesses harder. So do you see any risk in that sense?

**Luis Henrique Guimarães – CEO:**

Well, once again, this looks like an election between two former presidents. So it's something we've seen before in terms of direction, ways of thinking. We're familiar with it. We've been through it before. And the reality is that we operate in industries that have an impact on society as a whole. It's a structural industry that allows Brazil to be more competitive in different business areas. So we look at a glass half full. So despite the global challenges, Brazil is in a very relevant competitive position, considering the planet's decarbonization. Nobody has any doubt that it is necessary. It's already happening. There's also the war between Russia and Ukraine, which will take a while. And so Brazil is very well positioned because it is the main protein and food additional supplier. Rumo has a very good strategic position in renewables, in oil. So we're in a great position. There's no risk of [indiscernible] 00:24:48 polarization moving from A to B outside the internal situation, obviously. And these are industry that when commodity prices go up, that they are affected, obviously. But since in most cases, our companies add value to the equation. So logistics, credit are not directly impacted. We don't own the land. We don't own specific assets. We have control over the land lease. So that's a very relevant position. If there are any major interventions if there aren't any major interventions which we don't think will happen but we are in a position that doesn't make us that exposed in terms of import taxes, export taxes or any other artificial pricing mechanisms because that sometimes can be a temptation. We're well-positioned in terms of regulatory issues, the railway authorizations both local and federal and gas policies as well. We also have our concessions in the [ph] Paulista 00:26:18 network or with Comgás. So lots of things have happened over the last two or three years that have reduced our exposure to these risks. So, I don't really think whether A wins or B wins that will have a problem. I think there's a great opportunity for Brazil to consolidate its position as a great supplier of major commodities of the future in this new geopolitical design and configuration we see happening around the world. But obviously we're paying attention to all that. We have a close dialogue with the different levels of the legislative and the executive branches and I'd say it's business as usual at the moment. It doesn't matter whether they're orthodox or



heterodox ideas and it doesn't matter where they come from. If you look at what's happened over the last many years, these things tend to move towards a solution that makes sense along the way, sometimes it's not the most direct way. The tax of diesel, there are different opinions on different sites but I believe I will converge towards something that makes sense. There will be a correction cycle with some instability but the state and federal governments will strike a balance, I'm sure. But only the debate and the fact that things are evolving is very positive. It's like Brazil two steps forward, one step back but at least in the areas where we operate, things have been moving forward and I believe they will continue to do so.

**Christian Audi – Santander:**

That's great. Thank you. Just as a follow up. So, Ricardo, in terms of the buyback, how do you see – cost on buybacks, you said you might buy some Raízen shares. How do you see that dynamics between buying back Cosan shares versus Raízen shares? Could you give us some color on that, please?

**Ricardo Lewin – CFO and DRI:**

Of course. Thank you. Well, the buyback decision, obviously, look at the cost on share buybacks, Rumo and Raízen. This is publicly held information with a BRL 250 million worth of share buybacks by Rumo. This is a financial decision. We have our models and we'll buy as we see opportunities to get attractive returns, obviously. So whenever we see attractive returns in a specific company, we buy back based on our models.

**Christian Audi – Santander:**

Okay, great. Thank you, Luis, thank you, Ricardo.

**Luis Henrique Guimarães – CEO:**

Thank you.

**Operator:**

Thank you. Next question. This from [ph] Mr. Marcelo 00:29:43 from Credit Suisse. Mr. Marcelo, you may proceed.

**Marcelo Gumiero – Credit Suisse:**

Hello. Good afternoon, everyone. Hi, Luis. Hi, Ricardo. Hi, Ana. Congratulations on the results and thank you for answering my questions. I have a couple of questions. One, as a follow-up to Christian's question. About gas petrol and the regas terminal. You've already mentioned that Comgás adds value, so it's not necessarily linked to the price of the molecule, but given the level of volatility in



international prices, do you see any challenges or difficulties for that terminal to be successful, to be installed, and to be up and running according to what you had thought originally? And my other question is about Comgás. In terms of the DoD gas petrol, do you have any update in terms of timing of the deal and how it's – at the Competition Authority at CADE. And obviously, you're moving forward and selling some of gas petrol subsidiary. So my question is the strategy behind that. Do you see potential expansion of the network in some places or will you keep the distribution companies that already have an installed network, and therefore, it would make it easier to implement the Comgás successful models. So those are my questions.

**Luis Henrique Guimarães – CEO:**

Thank you, Marcelo. I'll stop by the second because I think it's faster. The divestment in assets, it has to do with consistence. We've always said that. We've always said that we weren't acquiring [indiscernible] 00:31:44 to keep 100% of the operations. It's a key operation, power, and it's very healthy to have other players to develop the distribution market because it's an underdeveloped market in Brazil, with the exception of Comgás and the other company in Rio de Janeiro. It's an underdeveloped market, so there are lots of opportunities.

But one single player cannot make it happen. So it's about consistence. So we selected the areas and regions that have the most synergy and ability to absorb our model, and also that makes sense for other players to acquire and will make sense to the negotiation deal that we have already concluded.

And the negotiation, obviously the deal is pending CADE's approval. So this should happen by the end of July. That's CADE's deadline to assess this acquisition. It's now left the superintendent with the recommendation with unrestricted approval. So we're very optimistic about it. But obviously CADE's decision is sovereign in terms of the approval of the deal. But it's been approved by the superintendent.

So we'll continue to work with the agency to clarify any questions and to provide them with anything they might need to help the Brazilian market develop and meet the rising demand.

So as a segue way to your first question, obviously all of our place have a key structural component. It's the same thing we've been doing the last few years. The extension to Lucas do Rio Verde, Comgás extension, the [indiscernible] (00:33:55) network extension, the natural gas terminal in São Paulo. These are key and unique assets in our portfolio. They have great cash generation and resource generation for a very long time. So we're very happy about the value generation in the last few years because of the positions that we have consolidated and – which are so important to grow with good results in all of these companies. The terminal, we're talking about a six-month year trade has got a strategic position and it will allow us flexibility, local price negotiation and let's not forget that all of these deals therefore as deal, the regas units and the long term gas supply agreements have done with the commercial conditions of that time.



So it's a long term asset but it's positive because right now we have costs that are much more competitive than they would be if we were starting now, for instance. But we want to maximize the returns of these assets during the cycle as a whole over the years. So I don't see any difficulties ahead, quite the contrary. That position was built before the crisis, and it's a winning position so we just need to deliver a working terminal in the first half of next year. So we will continue to have good results and we're confident that we will do it within the deadline that we have agreed on with the market, our clients, suppliers, and to have another unique position in terms of strategy, we'll have Brazil develop, we'll have São Paulo developed, and we will improve the supply of natural gas to the Brazilian energy matrix, which is key.

**Marcelo Gumiero – Credit Suisse:**

Great. Thank you.

**Operator:**

Thank you. Our next question is from Mr. Lucas Ferreira from JPMorgan. You may go ahead, Mr. Lucas.

**Lucas Ferreira – J.P. Morgan:**

Hi, everyone. Good afternoon. So as far as I understand it, you've decided to have another official guidance, in general terms and qualitative terms. But what can we expect for both stand-alone business as Compass and Moove for 2022 in terms of growth CapEx, as a CapEx acceleration, and role businesses? Can we expect to see that acceleration in the other businesses as well? If you could comment on that in general terms, I'd be grateful. Thank you.

**Luis Henrique Guimarães – CEO:**

Well, Moove and Compass have had compound growth over the last few years that are quite relevant and we don't see that slowing down. It will continue. So for over a year, looking forward, we will continue to grow. That's what we've been doing. That's how it's been performing. These are fantastic assets. We've been working together with resources that we've brought to both businesses whenever required, and there's great opportunity for growth.

It's no secret that we want to increase moves international share to grow in the Americas in North America and in Europe. And we hope to have news soon for everyone. The company is ready for that step. We've had consistent deliveries in the last few years in our LatAm business, Europe business, and our small business in the US. So we have won the right to grow even more. We just need to match that with a market opportunity. So that's what you can expect from both, continued growth and continued expansion our international presence. At Compass, we want to accomplish Gaspetro's acquisition, hopefully by the end of July, together with the divestments. So making an acquisition and divesting from two assets at the same time. And so, we'll start replicating Comgás successful



model, which is what we have already started to do with Sulgás in Rio Grande do Sul. We're already seeing relevant results in terms of expanding their network, residential connections and so on and so forth.

And in 2023, we'll have the terminal which will provide our clients in São Paulo with more benefits as well as future thermal projects by third parties. Third-party thermal projects will have an opportunity to give us competitive projects in the south east.

So we continue to deliver growth and the additional CapEx at Moove will be for potential acquisition and at Compass there is no change in Comgás regulatory CapEx, so we'll continue with the regulatory CapEx and we'll also have the CapEx for the new companies when they are under our management coupled with the states that are part of the partnership in both businesses, so that's a summary. There's huge growth capacity, they've been delivering in Compass is a good dividend payer and it delivers substantial growth as well. I don't know if I answered your question.

**Ana Luísa Perina – IR Manager:**

Hi. Thanks, Luis. This is Ana. I just like to add something. Even though Compass's shares are not listed on the stock exchange, we do disclose our results. So in February this year we did disclose our EBIDTA and CapEx projections for Compass and yeah but do we expect for 2022 is BRL 3 billion, it was BRL 3.3 billion EBIDTA and CapEx BRL 1.6 billion to BRL 1.8 billion. As Luis said, these are the numbers for the ongoing operations but they exclude the results of potential acquisitions, okay?

**Luis Henrique Guimarães – CEO:**

That's a great point, Ana. Let me just reiterate a couple of things that are very important, and we take into consideration, especially with regards to capital allocation. It's the unique position of each of these assets because we consider competition, the markets we supply, and so on. So when I look at that right now, myself, Marcelo, [ph] Lewin 00:41:45, everyone at the holding company is the same as I said about Compass (sic) [Compass Gás & Energia] and Moove. They have a clear avenue for growth and the same applies to what was built in regulatory terms at Rumo in the last three years, and the stronger crop and repricing of the cost of capital, the cost of businesses moving towards traditional freight. And the same applies to Raízen with the expansion of [indiscernible] 00:42:26 and Petrobras model to position itself and supply the market. So when we look at all this, obviously, there are concerns about the inflation rate and the country's growth. But our strategic positioning considering everything what was going on around the world is very strong. We are in a very strong position.



**Lucas Ferreira – J.P. Morgan:**

Thank you.

**Operator:**

Thank you. The next question is from Mr. Bruno Montanari. Mr. Montanari, you can go ahead.

**Bruno Montanari:**

Good afternoon. Thank you for answering my questions. I have a couple of follow-up questions, one about Compass (sic) [Compass Gás & Energia] and another one about capital allocation. You were very fortunate in the general timing at Compass and do you think that the commercial company in the short to the midterm might be better than you had expected because of this high natural gas volatility? And in terms of capital allocation when might you think to start reinvesting again? Would it be when you see that inflation rates are going down our interest rates? Or when you when you see improvements in the macro economy? Because that might be a long process. So I'd like to hear about timing when the situation improves. At what point of the cycle do you think you'll start investing again? Thank you.

**Luis Henrique Guimarães – CEO:**

I'll start by your first question. Traders and commercial companies love volatility. Brazil and the world are not worried about the price and price levels. It's about having different molecules and for the market to develop faster. So the main accelerator or the accelerator for the short term it is much better than we had thought because there are no other molecules available in the market. And there aren't enough clients in the market despite the regulation in São Paulo which is our main market allows it. So but I wouldn't attribute that to price volatility because price volatility means opportunity for the commercial companies. What's happening is that the market's ability to have free clients on the supply side or on the other side to take on the risk that have potential benefits but there are risks as well as demand generation, second instance supplies. It takes time for the market to develop. And in our opinion, we've been talking to the regulatory agencies and the ministry. Our focus in terms of the market and the industry is that issues that are blocking the expansion of the free market should be unblocked. Compass Gás were very favorable towards having as many free clients as possible, as soon as the molecule issue is addressed and we'll focus on distribution efficiency because that's our core business and commercial company does have a small share where it makes sense. We'll have lots of others where it makes sense. It's not happening because it doesn't make sense at the moment.



But the origin of the molecule with different pricing, different indexes so that that market can develop. That's the limiting factor to me. What price volatility? Because price volatility can be very productive and before these crises, we would be highly competitive as we can see in Comgás to have a share of the supply via the terminal which is highly competitive. About your second question. Since the end of last year, we had been seeing an acceleration of the cost curve and the curve of cost of capital but there is an investment by the companies below that.

There's a return to investment investing as required, but there's enough capital allocated to projects that we do see and that place us in a key strategic position. So Raízen's biogas, the Lucas do Rio Verde extension at Rumo moves entry into Europe, and acceleration of the replication of Comgás' model at the other companies.

With Gaspetro, Sulgás, so we have allocated CapEx as relevant CapEx and will generate double-digit returns in all of these businesses and that they will remain at that level. It's about being conservative, while we can see that certain risks are not worthwhile taking out, but obviously, we will continue to grow responsibly and to get assets where we see competitive advantage and ability to generate results and continue to grow.

**Bruno Montanari:**

That's very clear. Thank you.

**Operator:**

Thank you. Next question is from Mr. [ph] Matheos 00:48:39 from UBS. You may proceed, Mr. Matheos.

**Matheus Enfeldt – UBS:**

Hi. Good afternoon, Luis, Ricardo, Ana. Thanks for taking my questions. So I have a couple of follow-up questions. I might rephrase the question. First, I'd like to understand how you see Compass as a platform for natural gas. We had talked about natural gas price volatility, petrol gas strong presence in the natural gas market with commercial companies falling short with commercial companies falling short of what was expected. So, what's changed in the mid to the long term for Compass, considering the portfolio that was presented a couple of years ago, considering new opportunities in energy or other gas businesses? So that's my first question.

The second question is also a follow-up question to what has already been said considering the whole group. And I know there's a few different ways of looking at it. How does the company come to the holding discount? You've made it clear that there is an expectation to buyback at the company or the subsidiaries. Does



the company see this as a good moment to leverage buyback, considering the discount levels we're seeing? How do you see that? Thank you.

**Luis Henrique Guimarães – CEO:**

I'll start by the second question because it's quite simple. The holding discount is determined by the market. We're not going to dispute whether it's right or wrong, but our portfolio assets view is that the discount should be close to zero. That's part of our portfolio and risk considerations. There are lots – there's lots of uncertainties around the world, the quality of our assets are all linked to Brazil's competitive advantage, which are independent from the administration. They're all very well-positioned considering the profitable decarbonization agenda that we see around the world. So, we'll check market prices and if they make sense or if they don't make sense and at current levels, which – we think the market is wrong in terms of pricing but the market is [indiscernible] 00:51:16. So we will do what we deemed informed to do. We'll do what we have to do. We have the authorization to buy all three papers. There are blocking issue, silent periods but we will continue to be active as we have been in the last two years to make the most of opportunities. Our view is that, the current discount is the discount that the market thinks is right. We're not going to argue about whether that's right or wrong. And the arbitration, we'll see it whether it's papers from the companies or the holding company. What was your second question again?

**Matheus Enfeldt – UBS:**

Compass in the mid to the long term.

**Luis Henrique Guimarães – CEO:**

Yes. Clear. Thank you. Well, if I look at Compass's main promises over the last two years, it was the, the São Paulo renewal and extension, which was done the natural gas extension it's ongoing and it will end within the deadline and geographical expansion to replicate Congress's model. We've taken the first steps and we hope to be successful with the conclusion of our investment and divestment in gas petrol. Obviously, we also have important matches to address with the commercial company. Unfortunately, because of the market issues we have raised. It's not evolving, but we will be ready when market opportunities arise. We'll continue on to look out for opportunities and energy generation projects. We've always thought about gas project, pipeline projects It's not our core business to be the main investor in other projects. That comes with our ability to generate the short that we require whenever we have new gas positions in the regions where we operate.

Our core business is distribution with high efficiency. The efficiency that Comgás offers is a great opportunity for Brazil focusing on clients, focusing on efficiency and a balanced portfolio. It will be more balanced than the current portfolio we



see in distribution companies with an industrial component, but considering other types of consumption, that makes our portfolio so robust. And whenever there's an opportunity for natural gas which can be competitors as we see in São Paulo with the current gas and ethanol process. Natural gas is very important for heavy users in terms of number of kilometers. So we have been focusing on the main deliverables. We have high quality partners coming at most. They're very happy. We're very happy with them. We've been able to capitalize the company to make relevant investments and the divestment as well, which gives us a healthy balance sheet. And now, we want to deliver these levers with these three components that the project will bring us over the next few years.

**Matheus Enfeldt – UBS:**

That's great. Thank you.

**Operator:**

Thank you. Next question is from Mr. Gabriel Barra from Citibank. You may proceed, Mr. Gabriel.

**Gabriel Barra – Citibank:**

Hi, Luis. Hi, Ana. Hi, Lewin. Thank you for taking my question. Most of the questions have been asked. You've been able to simplify your portfolio. And looking forward, one of the main steps to make the portfolio simpler will be to list Compass. As Luis has said, you've brought in some partners via price placement to Compass. So my question is. It's hard to say, but what are you missing to resume the plan? I think that will continue. Please correct me if I'm wrong. But I believe that would be advantageous to the company. So, obviously the economy is very volatile at the moment. You have delivered on some of the plans that you had mentioned in the IPO. So I'd like to hear from you. How you're seeing the future? What would be the sweet spot to continue with your plan? Thank you.

**Luis Henrique Guimarães – CEO:**

Thanks for the question. Yes. Having close and open and listed companies below is our plan, continues to be so. And that's why we listed Raízen. That's why it went public. And Compass has been delivering what it needs to so that the market can see the guidance in September 2020. We had the terminal capacity and being part of successful privatizations such as [indiscernible] 00:57:05 the extension of the São Paulo concession to be able to continue investments and position São as a fantastic – in a fantastic position with renewables and energy mix.

So we want to have a market that makes sense and these projects need to be mature. We have assets delivering good results that can be reported and that will allow us and the market to have a better understanding. It will be down the line. But we haven't changed our plan for Compass or for Moove. The right time will



be when the projects have delivered, things have been happening concretely. And we're reporting growing results about this project. So we need pricing to improve.

In Moove, we're expanding internationally that needs to become more mature and then we'll be able to report results. And together with our partners, obviously we'll find the right time. But the plan is for all four companies to be listed. We haven't changed our plan.

**Gabriel Barra – Citibank:**

That's great. Thank you.

**Operator:**

Thank you. This concludes the question-and-answer a question – session. I will now turn the floor to Mr. Luis Henrique for his closing remarks.

**Luis Henrique Guimarães – CEO:**

Thanks, everyone. Thanks for joining us. Thanks for your questions. Excellent questions. Thanks for allowing us to talk about the future of the companies. Bottom line, you've heard at Raízen's call, Rumo's call, we talked a lot about Compass. We talked a lot about Moove. We continue to be very happy with our strategic position. We have a competitive advantage when compared to our main players, each in their own segment, with unique opportunities and projects to be developed or which are being developed. We have two E2G plants being built. The biogas plant will be ready soon. We'll have our final licenses. Moove, it's doing its international expansion, so strong growth agenda despite the fact that we are being conservative when it comes to cost of capital. But we do allocate capital to projects and initiatives that can generate attractive return to our shareholders. We are completely focused on people because our growth is all about people. We have people in nine different geographies now with Sulgás. We're present for Raízen, but it used to be downstream, so strong presence in our gas business. So we want to attract people, develop people so that we can continue to grow our people and talent pipeline, and completely focused on executing our projects. We will deliver these projects to you and to the market at the right time so that we can continue to lead in unique and non-replicable positions in the market. We're very excited in a very complex global scenario, but I think Brazil can come out stronger. And we have a very good strategic position in terms of commodities and clean energy mix, in terms of decarbonization [indiscernible] 01:01:21 company such as ours and so many others in the country that know how to deal with inflation, know how to deal with volatility, and can actually benefit from that owing



to our ability to know how to deal with that kind of risk. It's a complex year, but we're very excited with our results, and to be able to deliver these results and continue on our growth journey. Thank you for your trust. Thank you for your support and I'll see you next quarter.

**Operator:**

Thank you. This concludes Cosan's conference call. Have a nice day.