Operator:

Good morning, and welcome to Vamos' 3Q21 earnings result. With us today are Mr. Gustavo Couto, CEO, and Gustavo Moscatelli, CFO and IRO of the Vamos Group.

At this moment, all participants are connected in listen-only mode. Later, the conference will be open for questions and further instructions will be provided. Should you need assistance during the conference, please press *0 to reach the operator. This teleconference is being recorded and simultaneously translated into English.

Before we proceed, we would like to clarify that statements made during this call relating to the Company's business prospects, forecasts, operational and financial targets are beliefs and assumptions of Vamos' management, as well as information currently available for the Company. Forward-looking statements are not a guarantee of performance. They involve risks, uncertainties and assumptions, seeing as they refer to future events and therefore rely on circumstances that may or may not come to pass. General economic conditions, the state of the industry and other operating factors may affect the Company's future earnings and lead to results that differ materially from those expressed in such forward-looking statements.

Now, I would like to turn the conference over to Mr. Gustavo Couto. Please, Mr. Couto, you may proceed.

Gustavo Couto:

Good morning to all of you, and thank you for joining us for another of Group Vamos earnings teleconference.

We are really happy with the results of our 3Q21, when we were able to see the strong acceleration in the growth of our business model for trucks, machinery and equipment rentals with fleet operators across the country in the many segments and industries we operate. We are even happier to see our business ecosystem, which is unlike any other in Brazil, offering services and alternatives to our customers and, as a consequence, consistent and sustainable development of returns for our stakeholders and investors.

The integrated work of our dealership network, our rental teams and the customization of assets show the important distinguishing factor of the Vamos Group.

I would like to thank our team, our people for their work and for the trust of our suppliers and financial institutions and investors, especially the alliance with our clients, which allowed us to grow with profitability over this quarter. We have reached the record growth this quarter, representing about 130% growth over the profit shown in the same period of last year.

We accelerated our growth even more in our different business segments, expanding our rental fleets, increasing investments in rental contracts, diversifying our portfolio of clients, the growth of our net revenues, net profit and EBITDA, reinforcing our unique position with a business model that is permeating the entire ecosystem of trucks and machinery via our integrated network of dealerships, seminew and used car stores, and rental of trucks and machinery built over the course of several years. This growth open prospects even more encouraging for the next few years.

Let us move on to slide number three. We ended 3Q21 with new records across our operating results and financial results for the Company. In the rental segment, we signed new contracts, adding up to a CAPEX of R$126 million, 191% higher than that of the same period in 2020. And in 2021 so far, we had R$2.8 billion in CAPEX, up 183% versus the 9M20. If we annualize the investments we secured in the 9M21, we have about R$3.7 billion, a substantial growth of about 190% over the same month of 2020.

Our rental fleet amounted to over 20,000 assets, and our future revenue backlog has grown substantially to R$6.2 billion, up 130% compared to September 2020, which ensures robust growth for us over the next few years.

In a new simulation where we keep the same pace of growth in the last quarter as we had in the last 9M, we would have our backlog moving to R$7.1 billion by December of this year. That would represent growth by over 100% in the balance we had for a backlog in December 2020.

We continue to move forward diversifying our portfolio of clients and industries we operate in. We are expanding our sales teams, which already includes 34 executives and sales managers across the entire country. We have signed 272 new contracts in 3Q alone this year, and by the end of September, we already had over 1,300 new contracts signed, more than twice as many as we had 12 months ago.

Our net revenue came to R$830 million, 79% higher than in the same quarter last year. And overall, in the past 9M, our growth came to 35% over one year earlier.

Our operational profit, EBIT, totaled R$211 million this quarter, showing how healthy we have grown also in our operating margins. Our EBITDA increased by about R$290 million, 71% higher than last year, with every business unit standing out.

On slide four, we present the Company's major accomplishments. In September 23 of this year, we had a follow-on operation, raising a 100% of our primary funding goals, R$1.1 billion, which strengthened our capital structure even more to support our growth plan for the next few years. We ended the quarter with a cash position and financial applications amounting to about R$2 billion, which is enough to cover our debt until 2026.

We are still focused on developing and growing our business with a long term view and profitability. Our efforts are focused on implementing new systems in digital platforms to boost and scale our business and strengthen even more our operating bases and control tools, increasing our client base and creating new opportunities to develop, in a sustainable way, our Brazilian fleet (08:31), and contributing with businesses that are safe and wholesome, and increasingly more efficient.

Moving on with our ESG strategy, we had major breakthroughs, but I will talk more about that after the financial results are presented by Gustavo Moscatelli, our CFO, to whom I now turn the conference over.

Gustavo Moscatelli:

Thank you, Mr. Couto. Good morning, everyone. I will start on slide five, with the financial highlights of Group Vamos. In 2020, the Company experienced a transformation in its scale and started seeing the benefits of the scale of its results.

In 3Q, the net revenue of services in consolidated terms increased by a substantial 92.6% compared to the previous quarter. The consolidated net revenue, including sales of assets, came to R$830 million, up 78.7% versus 2020. Our operating profit, EBIT, also showed strong growth, closing with R$211.6 million, growth by 108.6% versus that of the 3Q20. Because of its organic growth and across every segment, with gains of skill and productivity, we saw a significant valuation in the market as well.

Our EBITDA also progressed, reaching R$291.5 million in 3Q, up 71% versus the same quarter in 2020. Our net profit is the main highlight, where we came to a record R$111.4 million in 3Q21, up 127.4% four versus one year earlier. This result was because of strong organic growth across every business segment, with great focus on discipline in the execution.

We will now give a little more color on the results by business segment. Moving over to the next slide, we have the highlights in rentals. 3Q21 was very strong in terms of closing new businesses. Our CAPEX came to R$906 million this quarter, and new lease contracts, long term with our clients, which represented 191% growth versus the CAPEX in 3Q20.

Note that the pace of growth accelerated in recent quarters. Overall, we have signed contracts that add up to R$2.8 billion, and if we annualize that figure, we end the year with about R$3.7 billion in rental contracts in the long term, which would be growth of about 188% versus the number for 2020.

Our secured CAPEX makes it possible for the Company to continue growing at the same pace. Along the same lines, we ended 3Q with R$6.2 billion in our receivables portfolio, which we call backlog, an increase by 113.1% versus 2020. If we keep the same pace of growth, we will take our backlog balance to about R$7.1 billion by December this year, growth by 27.7% versus the same period of last year.

As to our fleet, September ended with 20,384 assets, 17,310 trucks and implements, 3,074 machinery and equipment, in line with our strategy of growing our mix of assets. It is important to note that our secured CAPEX for this year contributed little to this year's result, but will have a very positive impact on the next periods.

Now over to slide seven, we have our rental results. This industry saw substantial transformation in scale, with a change of level in revenue and profitability. In 3Q21, we saw growth in our net revenue for services by 54.8% compared to the previous quarter, which proves our strong trend of growth in our business model.

In addition to that, our focus remained in generating value for our clients, with contracts for services and maintenance totaling a net revenue of R$72,7 million in 3Q, up 42.3% versus 3Q20; Our EBIT for rentals came to R$149 million, growth by 82,7% versus 3Q20, and our EBITDA came to R$225 million, up 53.2%. The advance in our growth pattern in 2021 will cause even more transformation in that level over the next few periods.

Now over to slide eight, we can see that in 3Q, we saw 216 trucks and machinery, coming to net revenues of R$30.4 million, for a gross margin of 31.6%. Our seminew assets came to R$32.1 million in September, down 73.8% versus September 2020. Only 2.2 months of sales, the lowest level of our inventory in the next few years. The optimization of these assets reduced our inventory and consequently our sales volume as well.

Now moving over to slide nine, we will be talking about the dealerships industry. Over the course of 2021, the dealership business saw a change of scale, with organic growth and acquisitions. We are seeing a total of 37 stores, with high quality products. We are offering our clients across all our portfolio with new and seminew used vehicles.

We are strategically positioned in the region that grows and develops the most in the Brazilian agribusiness, the Central-West, and we have wide geographic polarity in the truck segment. Both markets have high demand and show great growth.

Over this quarter, we are consolidating all the acquisitions we have made over the course of the 1H21. As a result, we came to a record R$526 million in net revenues in the dealerships segment, up 108.9% versus the same quarter of last year.

Over the first 9M21, our net revenue amounted to R$1.217 billion, R$311 million of which referred to the acquisitions we had in the first six months of this year. The EBITDA for our dealerships came to R$57.6 million this quarter, a substantial growth of almost 190% versus the same time of last year, given the significant increase in sales from our concessionaires and trucks, and also agricultural machinery, and also with the contribution of our acquisitions. The EBITDA for our dealerships was R$61.2 million in 3Q, 164% higher than when earlier.

We are still very optimistic about how we have developed via organic growth and with the acquisitions in the dealership segment.

Now moving on to slide ten, I will talk a little bit about BMB and the new truck customization segment. Starting in 3Q21, we started accounting for BMB's operations, a truck and bus customization hub that the Company acquired in the 1H21. We ended the quarter with strong results in these indicators, despite the lack of new services or synergies with the Group. The net revenue increased 113.8%, and our EBIT, 167.1% versus the same quarter of last year.

Now over to slide 11, we will be talking about the decline in our net debt and the Company's leverage. We had our follow on September 23, 2021, with a primary funding of R$1.1 billion, strengthening our capital structure even more to support our growth plan for the next few years.

As a result, we substantially reduced our net debt in 3Q, which went to R$1.4 billion, down by 28.2% versus the previous quarter. Our leverage, in turn, is at its lowest, ending 3Q21 at 1.5x our net debt to EBITDA, keeping a solid capital structure, which is ready for a new economic and growth cycle.

Moving on to slide 12, we will be talking a little bit about the Company's debt profile. We ended 3Q with a solid cash position and financial applications of about R$1.1 billion, which is enough to cover our debt until 2026.

The maturity of our net debt came to 8.1 years, with an average debt cost of 5.77. We continue with our policy to protect our debt and ensure profitability for our projects. We have an average CAPEX of 7.43% in the exposure of our debt. In addition to that, to reduce the impact of the rise in CDI, we have annual adjustments using the IGP-M for most of our contracts, and our asset base was substantially appreciated, which we will be talking about in the next slide.

On slide 13, we will be talking about the change and the value of our assets. Our trucks and machinery currently add to R$4 billion on our books. If we consider the margin found in 3Q21, about 31.6%, and applying that to the value of our net worth, we will have about R$1.280 billion in additional value because of the appreciation of our assets. That in itself would be enough to offset any increase in the country's benchmark interest rate.

We also believe that our assets will appreciate even more, considering the quality of our purchases over the past few years and the change in the level of prices of new vehicles. We also have the Euro 6 coming into force in the country next year, with new technology for our trucks and generating another cycle of price increases for trucks in 2022 and 2023.

The additional price we calculate represent more than 7.7x the net financial result of the last six months, which ensures the continuity of our current profitability levels and the increments to the Company's profits.

Now over to slide 14, we have our profitability indicators. We are laser focused on accelerating growth and generating value. We can see substantial progress in profitability indicators. ROIC in 3Q was 16.2%, and our ROI was 22.4%, impacted by our IPO in January and the follow on in September.

We saw substantial profitability growth compared to previous periods, despite the accelerated growth pace with expressive CAPEX volumes. It is clear that we are now enjoying the benefits of scale in the Company's profitability.

Now, once again, I turn the conference back to Gustavo Couto for his final remarks.

Gustavo Couto:

Thank you, Moscatelli. Moving over to slide 15, it is important to talk about our priorities for 2021. We have committed to continuing the acceleration in our growth, consistently and sustainably improving our profitability through new sales channels and scaling intensively using technology, and making efforts to expand our business model.

In addition to that, on the environmental, social and governance pillars, we chose substantial projects with indicators, targets and deadlines that are very strict. The Group has moved forward in major initiatives this quarter.

We joined a group of over 100 companies to launch the document called Entrepreneurs for the Climate, where we stand by policies for low carbon emissions, and we pledge to help that transformation. That document will be taken by the industry to the new climate conference, COP26, which takes place this November in Glasgow, Scotland. We are leaders and are ahead of development in the rental segment for trucks and machinery in Brazil, and we plan to advance growth in this market with a lot of discipline and responsibility in our capital allocation.

Now we would like to thank the confidence of all of those we are relating to and who have supported us so far. At the start of this economic rebound, we are reinforcing our commitment to building a growth cycle that is even greater and sustainable, with profitability for all stakeholders.

With that, I conclude our presentation. I thank you for joining us, and we will now begin our question and answer session. Me and Gustavo Moscatelli are open to any question you may have. Thank you.

Fernanda Recchia, BTG Pactual:

Congratulations on your result. Thank you for taking my question. I have two questions, actually. First, I would like to understand a little bit more of the cap interest you mentioned, 43%. I just have a question about how it was calculated. When we look at your financials and divide that for your debt, we have the average cost of about 8%. So I just wanted to understand how 7.4 came about, if there is any cash to protect that, or how should we look at that?

And I would also like to talk about BMB. You started to report those in separate. So I would like to understand what that represents. And when we look at the history, we see this is a very volatile industry. We had 22% margin this quarter, but the margin was 10% last quarter. So what do you see in terms of margin for this industry over the long run? Thank you.

Gustavo Moscatelli:

Fernanda, good morning. Thank you for your question. I will start by talking about the interest cap. The accounting system we used to calculate that, the amount you pay for the purchase of the call in (25:33), that is settled over the course of your account. So the premium paid goes to your financial account. And if your call is worth money, that will reflect on the time of its maturity. So as you said, there may be some fluctuation momentarily, but the benefit, will only be seen by the time of its maturity.

As for BMB's margin, we acquired it this June, and for the first we had its consolidated results in 3Q, and the EBITDA margin you see this quarter, 23%, last quarter was 21%. That is sort of the range of our EBIDTA margin for this business.

But it is worth pointing out that these figures for BMB still do not consider any synergy that it has with the Company in general. So this was the first quarter we are disclosing its figures, but definitely we have synergies that we can realize over the course of the next quarters.

Gustavo Couto:

Fernanda, just adding to what Moscatelli said, it is important to say that over 50% of the rented trucks are customized in some way. So even though we have verticalized, this operation, we can now work on synergies so that this customization is brought into BMB, especially in VW trucks that we have, with factory guarantees, that brings a lot of benefits in terms of scale for us. And even for BMB, which will probably be able to customize an even greater number of trucks than it does today.

So there is a number of synergies that we have not explored yet, but surely those will bring advantages both for BMB and for us, and for the rental industry, that will be very significant moving forward.

Fernanda Recchia:

That was very clear. Thank you.

Victor Mizusaki, Bradesco BBI:

Good morning, guys. Congratulations on your result. I have two questions. The first of them, when we look at the revenue backlog in 3Q, we can see that the duration of your backlog has extended over the past quarters, and it was no different this quarter, and we see a substantial decline in revenue in over seven years. So if you could talk a little bit about those new contracts, if maybe we are talking about more 10-year contracts, and why that has been the case?

And the second question has to do with the depreciation rate. We saw a decrease in 3Q. Do you see any room to continue to decline in these depreciation rates moving forward?

Gustavo Couto:

Victor, I will start with your first question. We really have maintained the pace of growth in our new contracts, always maintaining that profile of over 85%, with a term of five years or longer.

It is important to say that this quarter we signed an important deal with a major beverage manufacturer in Brazil and, as a result, this was an extremely long contract, a 10-year contract, and that had a major impact on the average duration of contracts signed in 3Q.

So that was a substantial impact, even because this was a disruptive contract that brought us more prospects in another part of the economy. So this was another frontier that we broke. Perhaps some of us thought there was no room to move forward in that direction, so this was a very positive piece of good news that affected the duration of our contracts, as you said.

This is one major contract, but we are still working very diligently in contracts of over five years, but on clients with a lower average ticket. And those have brought us, obviously, profitability gains, and we also had better contracts with our smaller fleet operators.

I will turn the conference for Moscatelli to talk about the depreciation rates. Thank you.

Gustavo Moscatelli:

Victor, good morning. Thank you for your question about depreciation. We mentioned on slide 13 of our presentation how we see the transformation and the depreciation of our trucks. We saw substantial depreciation over the past six months, and that has reflected in lower depreciation, as you can see in our results, even though the gross margin is still very wide. This quarter it was 31.6%.

So seeing as we ended with a total net worth of 61%, that has a value generation of about R$1.3 billion. So yes, we do see depreciation. If we can capture that R$1.3 billion in our contracts, we are likely to reduce our depreciation as we gain visibility for the new level of our assets. That is a reality for our assets.

Victor Mizusaki:

That was great. Thank you.

Thais Cascello, Itaú:

Good morning. I have two questions. First of all, looking at your dealerships, can we measure the effect of your new stores on the revenue, and what was the level of growth you had on these stores? And what trends do you see for 4Q, and what would you say would be a sustainable margin thinking long term? That would be my question for dealerships.

And the second question, you have talked about your debt and your hedge and mentioned the impact of the interest rates on your operations, but we see here that the average cost to finance a truck would be of 4% a month. So I would like to pick your brain in terms of what you see in dealerships, what would be the average maturity? Because when we think of your business model, you are competitors of (33:44). So if you could please talk about your dealerships and new truck funding payment terms. Thank you.

Gustavo Moscatelli:

Thais, with regard to your first question, about dealerships, we are talking about volumes. And even on what we shared on slide nine, you can see all the acquisitions we have made in 2021, about R$300 million in net revenue versus R$906 million in organic growth. So from that, you can see how much we grew organically and how much we grew inorganically.

I would just like to point out the importance of understanding the organic growth cycle. It is important to say that (34:42), their dealerships, they started it last year and we started this year. We still have not reached the maturity curve, but we have been ramping up in a very interesting way, and that should continue in next years. And we have grown in both new businesses and in the potential of new markets.

I have talked about Central-West, which is a region that has been growing apace, and whenever I travel there, I come back very excited because it seems that it is a part of Brazil that is unaffected by any type of crisis that we see more intensely here in the Southeast or in Brasilia.

But the fact is, this is an industry that will still grow a lot more. So you see 40% to 60% in terms of organic growth and the rest is in organic growth. So you can have a very clear snapshot in that sense. But once again, pointing out that there is a lot to come in terms of the maturity of new businesses here within the Company, especially in terms of agribusiness.

With regard to alternatives, we have always stressed that our main competition is in the acquisition industry. Whenever it becomes more expensive for a potential client to go into debt by making purchases, they will sit down and run the numbers, so they open up opportunities for our team to sit down with them and run the numbers.

So once again, a real example: yesterday, I was with a client, visiting him with our dealerships team, and he came into the room feeling a bit upset. He showed us how much it costs to purchase a truck. This is a major agricultural produce producer from the Central-West, and he mentioned precisely the 1.33% rate that you saw in dealerships. Then I showed him how much he would spend if he leased our trucks, and he said, “well, I am going to speak with my directors, but we will probably rent instead of buy”.

So whenever buying gets more expensive, it is possible that more clients, just as it happened to me yesterday, moved to a rental or a leasing alternative, because it becomes a lot more cost effective and more profitable for them.

And even considering the capital cap, what he would invest in purchasing new trucks, he can invest in improving his crops, buying more machinery. So once again, whenever it becomes more expensive to buy, there are more opportunities for rentals and leases, because that becomes the cheaper alternative.

Thais Cascello:

Thank you. Gustavo, I just wanted to follow up on the dealership's question, just to understand the trend in 3Q. What do you expect for 4Q, and what would be a sustainable margin thinking long term? Thank you.

Gustavo Moscatelli:

We believe these figures are setting a trend. If you look at sales and licensing of trucks, that has been growing in Brazil, and our portfolio is pretty much a closed deal for 3Q, both with earth moving equipment and agricultural equipment. We are even thinking about our portfolio for next year.

So you will continue to see strong volumes in 4Q, with a trend of improvement in our margins even, because we are purchasing a few things for our inventory to make sure that we have a better margin when selling. So naturally, we can also expect a trend of improvement in our margins within our dealerships over the coming quarters.

Thais Cascello:

OK. Thank you very much. Have a great day.

Bernardo Pardini, Golfo Financial (via webcast):

Good morning. I have three questions. First of all, between 3Q20 and 2Q21, the secured CAPEX Vamos announced was R$2.2 billion. However, the CAPEX for machinery and equipment that was actually realized in 2021 was only R$1.7 billion. What is the explanation for this? Is the implementation process longer than the usual 90 days? Could you talk a little bit further about that?

Gustavo Couto:

OK. Let me start talking about the deployment time, and then I will turn over to Moscatelli to answer you about the CAPEX. With regard to the deployments period, in 2020, we came to on average 60 days between contract signing and delivering the equipment. Today, in 3Q, we have about 86 to 90 days. That is obviously because of longer delivery times for some types of equipment that were rented, which are being customized before delivery. So that sort of extended our delivery times to the current 90 days.

It is also important to remember that the fact that we have already purchased these assets securing our operations for the entire year of 2022 allows us to plan better with our customers. So I know which trucks or which agricultural equipment I will have by the next few months.

So when the client signs the contract today, that already goes into our backlog, but we have delivery in the case of (41:32) for February or March of the following year, which also changes the average delivery time.

But we believe this is natural. It is changing mostly because of these two factors, but it is not changing in terms of the Company's growth or in terms of revenue. Quite the contrary, we have been working with delivery times a lot shorter than what the competition does. So if you purchase a truck today, you will have delivery times over six, seven, sometimes a year, and we are delivering in three months.

That is why we are very comfortable with these 90 days. We are working to reduce that delivery times, but we believe this is reasonable for now.

About your question regarding our CAPEX, I will ask Moscatelli to address that.

Gustavo Moscatelli:

Good morning, and thank you for your question. The difference in CAPEX, considering the cash flow and the secured CAPEX, it is precisely because of the period between when we signed the contract and when we receive that from the dealership and then deliver that to the client. So this secures CAPEX, which are the contracts our clients have signed, and there is this period between that and when we can deliver the trucks to the client.

Guilherme Mendes, JPMorgan:

Good morning. Thank you for taking my question. I have two questions as well. One, with regard to your current contracts, have you struggled in any way to pass on inflation costs and the higher interest rates?

The other question has to do with your older contracts. Especially in the last few weeks, how have prices compared to contracts in previous contracts before the increase in truck prices and higher interest rates? Thank you.

Gustavo Couto:

Good morning, Guilherme. Thank you for your question. With regard to our cost transfers, yes, we have been able to pass on. And bear in mind that our index was IGP-M, the index for our contracts. And we have some flexibility in negotiations, but in general, our expenses are high, seeing as our prices have not raised, but the cost of some of our raw material has increased. But still, that does not come close to the IGP-M.

So yes, we have been able to cover our costs and even pass on a little bit more, but we are trying not to pressure too much by passing on the IGP-M increase in full, because that could cause some ticklish situation moving forward. So we have been trying to be sensitive and look for alternatives, and there has been no problem really in terms of covering our costs.

With regard to the margins in our new contracts, with the increase in our benchmark interest rate, obviously we adjust automatically based on the future yields curve. But because we always compare that to the acquisition costs, and as we said, the cost for financing your purchase has also increased, we have also passed that on to our final clients.

But it is good to remember that way back when, even before these costs were transferred onto truck owners over the course of 2021, and which are still ongoing, so our costs have increased since even before that, we have been able to improve not only in terms of pricing or penciling in a higher interest rate, but we have been able to purchase that equipment under even better terms. So we have been able to see better returns considering the margins of our new contracts.

So we are protected about our recent contracts, and we have the opportunity to have better profitability with our new contracts. I hope I was able to answer both your questions, Guilherme.

Guilherme Mendes:

It was very clear, Gustavo. Thank you.

Victor Mizusaki, Bradesco BBI:

I just have a few more questions, guys. Looking at your 3Q results and the number of dealerships, we see the increase in dealerships from Komatsu. I do not know if you have more to say about your strategy in terms of earth moving equipment, the so-called yellow line, and also maintenance contracts.

Gustavo Couto:

With regard to the yellow line and Komatsu sales, our dealerships in the states of Mato Grosso and Mato Grosso do Sul, this is an area where infrastructure and agriculture have grown apace. We expect earth moving equipment and agricultural equipment rentals to increase, but we are also opening new points of sale that we have ultimately categorized as stores, or shops, but these are points of sale in very important states.

But obviously, we want to expand our operations in these states because they are very interesting, and they have not come to the maturity we expect them to reach, but we want to grow our business there and seize the opportunities as this area of the country reaches its maturity.

With regard to the earth moving equipment question, I usually say we love our yellow line and we usually have earth moving equipment allocated to our customers, and we will continue to work that business. There will obviously be an 80-20 division, but the volume of other machinery and equipment will always play into those contracts.

But that is not something we have adopted as a strategy. It is more because of the volume that the market is demanding. We are already working in a planned way, meaning we are planning our purchases of trucks, both earth moving equipment and agricultural equipment as well, and that has allowed us an opportunity to grow in this industry.

You will see us doing great work with our green line of agricultural equipment and yellow line as well.

Victor Mizusaki:

Great. Thank you.

Gustavo Couto:

Could you please repeat your second question, Victor?

Victor Mizusaki:

Your maintenance contract was within 29% and 30%, I wanted to know if there is any room for you to advance on that.

Gustavo Couto:

Well, we continue to expect to have 40% of our new contracts being in the maintenance service industry. Those have grown over the course of this year, but ultimately we had many contracts that do not include maintenance, especially mechanic works, and now we have this large contract, as I mentioned in the previous answer with the beverage manufacturer, which included maintenance as well, which is why in these 9M, it is not grown as much as it had before by a rate of 40%.

So a number of contracts have come up that do not include maintenance, but we do not see that as a trend. We continue to work with both types of contracts, those including maintenance and those without them.

As you said, that is a trend among smaller businesses, but that is much because of the one-off effect that I mentioned.

Victor Mizusaki:

OK. Thank you, Mr. Couto.

Thais Cascello, Itaú:

Thank you for giving me another opportunity. With regard to your secured CAPEX, I know you have said a lot about that, but I just wanted to ask a slightly different question. Excluding this unusual contract, which you made very clear, how is this secured contract translating into results?

And on a second question, when we look only at rentals, in seminew used vehicles, we see slight decline. So I would like to understand whether there is an effect on that and what that will look like moving forward. Thank you.

Gustavo Couto:

Thank you for your question, Thais. We have been growing in different segments of our business, as we mentioned before, and especially in agribusiness above all else. And that is both in terms of transportation in the Central-West and with agricultural equipment. So there is no question that agriculture has been the main driver. And we have also grown in retail and services. So these are industries that have really bolstered our growth.

Now, with regard to our revenue per asset, that number of forklifts and machinery we purchased from Bio ID have been written in. This was an inorganic type of growth when we purchased machinery that were already included in contracts that we had signed.

And when you look at the quantitative numbers, it is a bit lower, but it is also a one-off aspect that has to do a lot with the change in our mix because of that purchase. But that is not something you see when you isolate that purchase specifically. Our revenue per asset has been growing.

Thais Cascello:

Excellent. Thank you.

Pedro Pimenta, Eleven Financial (via webcast):

Thank you for the results. I have two questions. Could you give us an idea of the R$7 billion backlog? And how much will that be for 2022 and 2023?

And on a second note, will BMB have its results presented separately moving forward?

Gustavo Moscatelli:

Pedro, thank you for your questions. I will start by addressing your backlog question. We disclose that on explanatory note number 29 if you want more details. But over the next 12 months, the revenue of R$6.2 billion, which is what we already have signed, represents R$5.2 billion. So over the next 12 months, we will grow R$1.2 billion over the R$5.2 billion that we already have in house.

And then, because BMB is a different dealership business, we will continue to do as we did this quarter, including it in our overall results. Thank you.

Vicente Catelan, Quasar Asset (via webcast):

Congratulations on your results. Could you please explain the growth in your capillarity in maintenance for your growth in maintenance contracts?

Gustavo Moscatelli:

Thank you for your question, and good morning. We already have great capillary across the entire country. We have over 3,000 businesses credentialed with us, and 100% of our fleet is really able to be served in local shops.

We have maintenance provisions in our contracts, and we have dedicated shops as well when our clients rent a large number or work in a very large scale, which is very important, for example, in this contract that we have with a major energy drink. We have a shop in the area that they operate. Our contracts within the electricity business as well, we have dedicated shops for their supplier. And in those cases where we have a higher scale, we have our own shop, which decreases our costs substantially.

But right now, we have great capillarity all right, and 100% of our fleet has a maintenance available. But because we are growing a lot, we expect to hire another 60 people for our sales team, which will give us the possibility to serve new areas and new customers, as we have said for a while. But in terms of maintenance, our capillarity is already interesting, so we will maybe work in one-off increases in terms of scale, and maybe having new dedicated shops on a case by case basis.

John Line, shareholder (via webcast):

Good morning. With regard to deliveries of new trucks by automakers, is Vamos being served ideally, or are there still delays? What do you expect in terms of truck manufacturing over the next two years?

Gustavo Couto:

Thank you for your question, John. The fact that we are the major truck purchaser in Brazil, we can, as you know, receive those along a timeline that is set in advance with manufacturers so that we can serve our clients better.

And it is important to say that our automakers expect to produce about 145,000 trucks across the entire country, which represents about 40% growth over last year. So despite the challenges in purchasing parts and components, automakers are still delivering 40% more than they did last year, and last year was not a bad year for them.

This only goes to show that deliveries are taking place. And again, because we plan those purchases with a lot of time, we are ultimately the first ones to receive them, seeing as we have planned to purchase them since 2020.

It is important to say that we already have the purchase plan with all suppliers for 2021, securing our growth for 2022, and we are already looking at 2023 as well, ensuring our deliveries for next year.

And specifically with regard to the expectation by automakers, if you look at their figures, they are forecasting something between 170,000 and 190,000 trucks sold in 2022, and that would be a new record. The previous record was 2011, so this would be the third best year in history, and next year will probably be the best year in terms of manufacturing and sales of trucks for the auto industry ever. And also, in 2023, we will have Euro 6 coming into operation. That will bring another impact on prices.

So it is only natural that fleet operators try to act in advance of that so that they can really reduce their expenses after that comes to fruition. So that really has to do with all their forecasts for the next year.

Vicente Catelan, Quasar Asset (via webcast):

Could you also say how you are doing in terms of the contract maturities of the trucks that you rent, and how that has evolved?

Gustavo Couto:

As I said, we are growing by about 80% in trucks and 20% in other types of equipment. And whenever I say trucks, naturally, you usually rent the entire structure, and that has an impact on that figure. So in agribusiness, when you rent a truck to transport grain, you usually have both parts. So it is a set of pieces that you rent, a set of equipment.

We do not really break down how much comes from each of those pieces, but in general, it is mostly trucks. When you have the heavier truck, you also have the additional implement as an asset whenever we sign our agreements with clients. But that is about 80%, and the other 20% are agricultural machinery.

Ian Lira, Lira Investments (via webcast):

Thank you for the presentation. Considering your cash level and low indebtedness, do you have plans for new mergers and acquisitions moving forward?

Gustavo Couto:

Our growth is fundamentally organic. But within our holding, we have an M&A team, which is constantly looking at alternatives for new operations. As you well know, our Group has been very active in that sense. We have had a few operations this year, which were supported by our M&A team, which is within our holding.

So we are open to opportunities that come up. But it is important to say that our business plan for growth is usually about organic growth, and if some upside opportunity comes and that relates to an organic growth, we will look into that and move actively if need be. But usually for us, we have organic growth, and I hope everyone considers that in their forecasts.

Operator:

With no further questions, I turn the conference back to Mr. Couto for his final remarks. Please, Mr. Couto, you may proceed.

Gustavo Couto:

Once again, I would like to thank everyone for joining, and stress that our business model does really well in an environment where the economy is doing better. We have shown that Vamos was able to grow and expand its business, better allocating its capital and with greater productivity. However, whenever there is instability and surprising facts come up, we have also helped our customers reduce their prices. After all, leasing is 70% cheaper than buying a truck.

So we have had solid growth in 3Q, and 4Q is moving along the same trend as we had in the 9M. So we are really excited and really happy about what we expect even for 2022. We will continue to work very diligently with a lot of discipline in our executions.

As this ecosystem, which is unique and distinguished, consolidates itself, we are beginning to see the benefits of all of that. It is important to say that this robust volume we showed today, with new contracts that resulted in a secured CAPEX of R$2.8 billion in the first few months of the year, had very little impact on our revenue for 2021, but that impact will come in a much more substantial way, as we mentioned in the financial note that Moscatelli mentioned here in chapter 29, which already represents substantial growth for 2022.

Also, our dealerships continue to grow with strong demand because of our follow on and the business environment that we are building, especially on the agribusiness side.

We are following a very interesting path, and we are very happy about the plans that we shared with you. We are really thankful about the confidence you are showing and for your presence here at this conference. Have a great afternoon, and thank you, everyone.

Operator:

Vamos' teleconference is now concluded. We would like to thank everyone for joining, and wish you a great day.