

Operator:

Good afternoon, and welcome to the Vamos Group conference call to discuss the earnings results of the 1Q21. With us, today, are Mr. Gustavo Couto, CEO of Vamos, and Gustavo Moscatelli, CFO and Investor Relations Director of Vamos.

All participants are connected on listen-only mode. After the presentation, we will begin the Q&A session, when further instructions will be provided. Should you need assistance during the conference call, please request the help of an operator by pressing *0. This conference call is being recorded and translated simultaneously.

Before proceeding, we would like to clarify that forward-looking statements made during this conference call regarding the Company's business prospects, projections and operating and financial targets are based on beliefs and assumptions of the Vamos management, as well as information currently available to the Company. Forward-looking statements are not guarantees of perform. They involve risks, uncertainties and assumptions, because they refer to future events and therefore depend on circumstances that may or may not occur. General economic conditions, industry conditions and other operating factors may affect the Company's future results and could lead to results that differ materially from those expressed in such forward looking statements.

I would now like to give the floor to Mr. Gustavo Couto. Mr. Gustavo, you may proceed.

Gustavo Couto:

Good afternoon, and thank you for your participation in our second conference call of results. We ended the 1Q with solid results in all the operational and indicating indexes. We accelerated in different business segments, expanding our lease fleet and new leasing contracts, a growth of our net revenue, net profit and EBITDA, strengthening the resilience of our business model.

We concluded the 1Q with R\$990 million in CAPEX of new contracts, 2.4x higher than the volume of the 1Q, and represents 77% of all the contracted CAPEX last year. In the concessioners, we delivered strong results, we had a 2.5x times higher and an EBITDA 4.7X higher regarding the 1Q20.

We started this year operating with the Fendt dealers contributing with the results of our of our dealer lines, and we ended the 1Q with a solid capital structure and an improvement in our debt profile, with sufficient cash to cover our short-term debt at 8.6x.

In March, we signed a contract of Monaca Máquinas e Implementos Agrícolas from Valtra, with four stores in Mato Grosso, consolidating position in agribusiness in the Brazilian Midwest. And we have four stores in Sorriso, Matupá, Alta Floresta, and servicing a region of 32 municipalities. And this is a region that we service with our 15 Valtra stores. And in 2021 we were able to buy the Monarca network.

At the end of the quarter, we also signed a nomination contract to be a dealer of an additional Fendt store in Sorriso, Mato Grosso, encompassing 33 municipalities that have great synergies with the regions where we performed with Fendt and Valtra, both of them from the AGCO Group. And now we will have four Fends stores, two in operation with a coverage of 350 municipalities in Goiás, Minas Gerais, Mato Grosso, Mato Grosso do Sul, and Valtra stores. And we are the highest dealer in terms of coverage in the agribusiness of Brazil.

We continue developing new digital platforms to drive the scalability of our business and to strengthen moreover the operational foundation and control of our Company. We will continue focused on development and the intensive use of technology to sustain and accelerate the growth of our business, giving agility in decision-making, better management and control of all of our operations.

We also made an important progress in environmental, social and governance areas. We have projects that have objectives, indicators, deadlines. Some of them are already ongoing, considering the positive impacts on the community and on the environment. More details will be announced in the first integrated report in the upcoming weeks.

Now I will give the floor to Gustavo Moscatelli, who will give you in details the consolidated results of our business.

Gustavo Moscatelli:

Thank you very much, Gustavo Couto. Good afternoon to everyone. I will start on slide four, with the financial highlights. We will start with the net revenue. We had a growth of 76.1% in the consolidated net revenue considering the asset sales, and 91.3%. The operating profit EBIT was 64.6% in the 1Q because of the organic growth in all the segments with gains of scale and productivity.

EBITDA also presented an evolution, totaling R\$240 million in the 1Q, with a growth of 47% vis-à-vis the same period last year. The net income had a significant evolution, with a record result of R\$73.2 million during the 1Q, 2x than what was registered in the 1Q20.

Now on slide five, we will talk about rental. We will start with our operating results. We totaled R\$990 million of CAPEX in new rental contracts in the long-term, 2.4x greater when we compare it to the CAPEX of the 1Q20, and 80% was invested in trucks and 20% in machines. We ended with R\$4.1 million in backlog, an increase of 34.4% vis-à-vis the backlog of the end, and this is a result of four years of contracted revenue.

Regarding our fleet, we ended the quarter with a fleet of 16,025 located assets. We have 2,020 machines and equipment aligned with our mix, and our trucks represent 85% of the fleet in 2021. We made a progress in our customer portfolio through a commercial team with greater reach. We signed 241 new contracts only in the 1Q21, totaling 852 contracts at the end of the quarter. Our customer portfolio in 2021 represents 416 customers vis-à-vis 309 at the end of 2020. With this, we have more solidity and greater avenues of growth.

and now we go to slide number six, in which we will talk about the financial results of the rental. In the 1Q, we had a net revenue growth of 36.7%. When we compare it to 2020, there is a strong trend of growth with our business model. With long-term contracts, the increase was because our commercial reach with the support of technology tools to accelerate our go to market strategy. And we maintained our focused in value generation for our customers and we signed contracts of service and maintenance, and we have R\$63.2 million during the 1Q, a growth of 51.4% vis-à-vis the 1Q20.

The EBIT was R\$104.2 million, and this is a growth of 39.5% because of the organic growth, because we signed long-term contracts. The rental EBITDA was R\$174.9 million, an increase of 33.8% vis-à-vis the same period last year.

Now on slide seven, we will talk about the sale of assets. During the 1Q21, we sold 285 semi new machines and trucks, and we had a gross margin of 19% vis-à-vis 3% last year. We had a drop of 64% when compared to R\$89 million of the 1Q20. This represents less than two months of sales, and the lowest level of inventory during the 1Q associated to the sales shows the resilience of our business model and the capacity to sell 100% of our assets in the 11 stores that are strategically distributed through the country.

And on slide eight, we will talk about our dealerships. During the 1Q, we signed the acquisition contract of Monarca. This is a dealer of Valtra with four stores in Mato Grosso. And in addition to this, we signed a nomination contract to be dealers of an additional Fendt store in Mato Grosso, in

Sorriso. This way, we also count with a total of 39 stores. All of our dealers have recognized brands and with products of high quality, and we offer to our customers all our service portfolio as the rental of trucks and new semitrucks and machinery. We had R\$278 million, 2.6 higher regarding the 1Q20 with the performance of all the dealers, with a highlight to the dealers of agricultural machines and Transrio trucks.

The EBIT of the concessioners was R\$26.9 million in the 1Q, 5.4x greater when we compare it to the past period. There is a significant increase in the sales of the dealerships of trucks. The EBITDA of the dealer was R\$29.1 million during the 1Q, 3.6x higher when we compare it to the 1Q20.

Now, when we talk about our capital structure, during the 1Q, we concluded our share offering. We ended the 1Q with a strong cash position of R\$814 million, sufficient to cover our debt in 8.6x. In addition to this, we had an extension of our amortization, ending the quarter with the average time of 4.5 years, and 3.9% to 2.8% of average cost. Post-taxes, the net debt was R\$5.9 million. This is 2.1x during the 1Q21 vis-à-vis 3.2 of leverage, proving the strong cash generation even in a time of growth.

On slide ten, we will talk about our profitability indicators. Although we had an accelerated growth, the ROIC is stable at 11.3%. When we see ROE, we can see the initial impact of the share offering, and this was 21.1% when we see the past 12 months.

Now, I will give it back to Gustavo Couto so he can make his final remarks.

Gustavo Couto:

Thank you, Moscatelli. When we go to slide 11, it is important to talk about our priorities this year. We are committed to continue accelerating our growth through new sales channels in the scalability and intense use of technology and new efforts to expand our business model.

In the environmental, social governance areas, we have chosen indicators that have a deadline, and some of them are ongoing. It is the case of these selective residues and disposal of waste because our services are third parties, and we want them to dispose waste adequately. We want to offer compensation opportunities in carbon emissions.

And also, we have scope one and scope two in addition to the requirements to attain the certification as a company B. With this, we will make decisions always considering the positive impacts in the community and the environment in the long term. More details of our projects will be announced in the upcoming weeks in our integrated report.

I and our presentation with this slide, and we thank the participation of everyone. We are at your disposal for a Q&A session now.

Lucas Marquiori, BTG Pactual:

Good afternoon. Thank you, and congratulations for your quarter. What about the evolution of the backlog? It was significant because of the CAPEX. Couto, could you tell me what segments are driving the increase of hiring? Is this connected to transportation, or because there is a lack of trucks? And has this accelerated this backlog? It would be good to have a view.

And the second question, Moscatelli, could you explain about the EBITDA margin? That was very strong. I believe that that this is because of an increase of price. Why was there an increase in price of used trucks? And what can we expect in terms of EBITDA margin for the rest of the year?

Gustavo Couto:

Lucas, thank you for your participation and your question. Regarding the backlog, we had a strong beginning of the year. This was driven because of the transportation sector, we also grew a lot in new regions where we started to focus commercially, like the Central-West, and we can realize that the investments on the increase of our commercial team have given us the results that were expected. These were the main factors. Here, transportation and agribusiness have driven all of this segment, and agribusiness is mainly grains. This is one aspect.

The other aspect that is worthwhile mention is that we bought anticipated early and planned, guaranteeing our trucks despite everything that happened regarding the supply problems of the assembly lines, and we received what was program, so we can meet the needs of our customers, and this also helps us to grow in a quicker fashion.

Therefore, this is a combined effect. This is positive, and this is a consequence of the actions that we adopted last year, and now we are reaping the results.

The second question is regarding the margin of semineu.

Gustavo Moscatelli:

Thank you for the question. Semineu margin is 19.6%. We never achieved this margin in the Company. When we see the prospects, we believe that we will see no relevant changes until the end of the year. So all of the assets that we bought suffered a natural appreciation. This is absorbed when we sell the assets, or we review the depreciation rates. As this is a long-term cycle, we are being conservative. You will see the appreciation of the semineu vehicle in our EBITDA margin, but it is higher than what we would see in the past, and there was a drop in depreciation.

Lucas Marquiori:

Thank you, Moscatelli. And do you believe that there will be an increase of prices of new trucks, or semineu trucks?

Gustavo Moscatelli:

New trucks, depending on the line or medium, the price increased 25% in the past 12 months, and an increase in price in the semineu vehicles. We believe that this figure can drop slightly. The readjustment of the price was of this order of grandeur, and this also increased. This is why we had an increase of prices in the semineu vehicles.

This is what we can see in the new prices. Because of the exchange rate, the price of steel and the inputs, we believe that there is no way back.

Lucas Marquiori:

Thank you very much.

Victor Mizusaki, Bradesco:

Good afternoon. I have two questions. The first question is about new contracts. Could you elaborate? Last year, the pricing platform, this gave stability to the business. Could you please comment on the size of the customer? Are you signing contracts with small and medium sized companies? And of these contracts, is there still contracted CAPEX that you will have to realize in the upcoming month?

And my last question would be M&A, if you could elaborate on your M&A strategies. You bought dealerships. Could you elaborate on this, if you have on your pipeline right now?

Gustavo Couto:

Thank you, Victor. On your first question, regarding the new contracts, we have 1,700 hundred assets during the 1Q, and we signed 241 new contracts. Of course there, is a certain delay. Not everything was a contract signed during this quarter. So if I implemented 241 contracts, this is an average of eight assets per contract.

Yes, we have greater reach and the volume of new customers shows you what is happening. You will see that this was because a greater number of assets per contract. So now we are working with small and medium sized fleet owners.

There is still a lot to do because this is the beginning of our trajectory. We are reassured not only because of what we have done, but what we will do. We are in the beginning of a journey and we want greater capillary.

Regarding your second question, our M&A operations, our priority strategy is to grow organically, mainly in rental. But we also like dealers, and we would like to be a sole platform that could offer the customer the opportunity to renew their fleet. They can exchange their fleet or we can also rent their fleet. The dealers that we bought are strongly connected with this strategy.

We will not see great changes. It is not something that we see as our main pathway of growth. We want to grow organically. But yes, if the opportunity emerges, we will do something. But our growth comes from rental, and this is a growth that is organic.

Victor Mizusaki:

Thank you very much.

Rodrigo Faria, SulAmérica (via webcast):

Good afternoon. Congratulations for your excellent results. Could you elaborate on the strong growth of 34% of your backlog? Are these higher average tickets, higher volumes of trucks, or are they long term contracts? Will we be able to see during the 2Q the realization of part of this revenue?

Gustavo Couto:

Thank you, Rodrigo, for your question. The strong growth in our backlog is a result of the R\$990 million in CAPEX and signed contracts. Part of this has already been seen during the 1Q, and we will see this in the upcoming quarters. And yes, in the 2Q we will include an important volume of the CAPEX that was closed during the 1Q.

The average time of the contract is 60 months, five years. And we also prioritized rentals. What drove the growth that you observed in the backlog is an acceleration in the new contracts, we are talking about 241 new contracts during the 1Q. And, as a consequence, there was an interesting increase in our backlog.

Now, when we see the future, what is important is that is that this demonstrates that we have grown more than what we grew during the past quarters. What reassures us is that there is a strong demand for our services because our business model makes sense to the customer, be it the ones that are growing, investing, or those that are looking for more cost efficiency. In both cases, the rental model is very efficient.

And as we have planned purchases and we have created a model that can allow us to forecast the future demand of our products, this was very important in order not only to close the contracts and reduce the time of implementation.

And this will naturally happen. You will see that our equipments are being implemented. We had a record volume during the 1Q, we had over 500 a month, and this is the figure that we will imagine when we see the future, and we believe that we will be able to sustain this.

This is a stronger growth than we have prepared ourselves, and we adopted a number of measures that you saw, that you followed up in the past months.

Gustavo Moscatelli:

I would just like to add to the last point of your question, this backlog that increased a lot during the 1Q will accelerate regarding its realization in the revenue because of the seasonality of the super energetic. The crop started in the beginning of April with a lot of this backlog that we saw between December and March, and it will start generating revenue in terms of cash and in terms of results as of the month of April, and this will grow as of the 2Q21.

Danielle Lopez, Nord Research (via webcast):

Could you give us details on the go-to-market strategy that was used during the past quarter? Can we see the sales force extending itself during the 2Q?

Gustavo Couto:

Regarding our go-to-market strategy, we have stated it in the past quarter the increase of commercial capillarity, be it with our own salesforce, where we more than tripled our commercial team and we continue hiring new business managers, new sales executives. We have our own rental team and we have followed a curve because there is a concentration of businesses and opportunities, and this is broadening, and we see results in different regions.

As I mentioned, this allowed us to reach customers that we were not reaching, and there is still a lot of market to occupy, be it in person or through new channels.

We are focusing on our indirect channel, so we already announced that we are creating an indirect sales channel. This program that was announced during the last quarter was going to be launched and it is already in the pilot.

We want this program to mature. We are not concerned with the results, but just how this program will mature, because we want to multiply times and the number of professionals that will join our sales team.

And also the digital channels, we already have a structure that allows us to capture digital tools, and there is an increase in the conversion rate of the leads that come in through our digital channels.

This is our main growth strategy. When we approach the market, we have a simple business model that makes sense to our customer with a reduction of cost and increase of efficiency and productivity. So that is our strategy to go to the market.

Operator:

As we have no further questions, I would like to give the floor to Gustavo Couto for his final comments. Mr. Gustavo, you have the floor.

Gustavo Couto:

Before we end, I would like to thank our customers, our investors and all the analysts that work in the banks for the trust that they have deposited on our work. We will always be conservative, down to earth when we think about the future, but at the same time, we trust what we do because we are just in the beginning of an effort that promises excellent results.

I joke with the team and people that work with us that there is nothing that does not let us sleep. No, the other way around, it is something that makes us wake up early. In addition to the growth, the profit that we are maintaining and we are improving gradually, you will also see how we are going to intensify actions that complement the ESG. We believe that this has an irrelevant role, an important contribution to society.

But more than this, this guarantees the renovation of cycles and the renovation of our business to renew the fleet of our country, increase the income of self-employed. This is better for our highways and also improves the environmental conditions because we reduce the emission of particulates that come out of old vehicles that must go to the scrapyard, and then be renewed.

This is an important agenda that we have regarding productivity and efficiency. We have to gain productivity and logistic efficiency can be a result of our business model, and we will materialize this.

Thank you very much for your attention. Please follow our Company. We are reassured. And thank you very much once again for being with us in this conference call.

Operator:

The Vamos conference call has come to an end. We thank all of you for your participation, and have a very good afternoon.

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