



Operator:

Good morning, ladies and gentlemen and thank you for holding. Welcome to CCR S.A.'s conference call, where we will discuss our 1Q24 earnings.

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Before we continue, we would like to clarify that any statements made during this conference call about the Company's business perspectives, any projections, operational and financial goals are simply beliefs and assumptions by the Board of Directors at CCR. They are based on currently available information. Remarks about the future are not a guarantee of performance. They involve risks, uncertainties and assumptions as they refer to future events and therefore, depend on circumstances that may or may not occur. Investors should understand that the general economy, industry conditions and other operational factors may affect the Company's future results and lead to results that differ materially from those expressed in these forward-looking statements.

We will now pass it over to Mr. Miguel Setas, the CEO of the CCR Group. Go ahead.

Miguel Setas:

Hello, everyone and welcome to our conference call where we will discuss the earnings for the 1Q24. I am here with Waldo Perez, our CFO; and our Investor Relations Director, Flavia Godoy.

We are here to give you an executive summary of our main highlights for the 1Q24. As we will see, it was a solid quarter with solid results. We had increased demand across all modes, roads, urban mobility and airports, which led to an increase of 4.6% to our EBITDA and better net results. This is, of course, in comparison to the 1Q23.

We also continued our effort to optimize our cost structure, our efficiency plan. As you know, this is a part of our value extraction program, also called PAV, which is based on 6 strategic pillars that we communicated to the market during the last CCR Day in September last year. And this has resulted in 25 projects, which are ongoing to create better value for the Company.

One of them is the efficiency plan, which is being translated this quarter with cost controls. We have a ratio of OPEX over net revenue adjusted of 40.7%, so down by 1.5 p.p. versus the 1Q23.

Also a quick word about the conclusion of our long-term financing plan for ViaMobilidade Lines 8 and 9. There was a disbursement of R\$1.2 billion, referring to the fourth issuance of this asset. We will hear more details about this later on and some of the most relevant effects that take place during this quarter.

Finally, I would like to say that on April 18 last year, we had our general assembly that approved a complementary dividend payout of R\$536 million, a total of R\$852 million in



2023. So this corresponds to a payout ratio of 50%. As you know, that's exactly the target that we had in our dividend policy. So we did meet it in this year of 2024.

During the same shareholders' meeting, we also confirmed the mandate for our Board and in a following meeting, we confirmed the election of our Executive Directors Board for a 2-year term. So now they have one additional seat. We now have 7 VPs and this position is for people and organizational development. And it's now been taken by our newcomer, Raquel Cardoso, who we would like to welcome. She's a very experienced executive in the area and it will allow us to have significant qualitative advancements in our human resources management agenda.

Finally, I would like to say that the Company's capital recycling plan is still ongoing. This quarter, we concluded a sales contract of optic fibers to Megatelecom for R\$100 million. So this transaction is a part of what our capital recycling program has laid out and it will continue.

So again, it was a solid quarter. We had very healthy figures, growing demands, growing EBITDA. Net income had double-digit growth, quite high, which at the end of the day shows the robustness of the Company's efforts. And we are prepared to continue doing this in the next quarters, according to our strategic view.

I will now pass it over to Waldo Perez, who will go into details.

Waldo Perez:

Thank you, Miguel. We will now discuss some of the financial highlights for the 1Q24. As you can see, we posted robust growth in demand across all modals. Toll Roads grew by 6% in equivalent vehicles.

There's a highlight here for heavy vehicles, which grew 4.7% during this time, 3.1% of this increase is multiplied by the number of axles charge and AutoBAn, one of our roads was favored by strong sugar exports, which posted record levels in the 1Q24.

Partner vehicles also had a 4.4% increase during this time and part of it was due to the Easter holiday, which was earlier this year than it was in 2023. But what I would like to highlight is that the current transportation level across our roads is a record level for the Company. So it's a significant milestone for the CCR Group.

For Urban Mobility, we had a 5% demand growth in passengers transported. And we added 2 stations in Metrô Bahia which had a 10% increase in demand for Metrô Bahia and Mobilidade lines for N5 had increases of around 5%. So this is connected to trade and the resumption of in-person work.

Looking at Airports, we saw an increase of 7% in the number of passengers boarded, especially in areas in Curacao. In areas, we had a 7% increase in international demand and in Curacao 38%. We also have new routes, 3 in areas and 2 new international routes in Curacao, which all started in the 2Q23.

In domestic airports, we also saw higher occupation rates in Southern and Central regions. BH Airport had a major increase in the offer of new flights, 122% increase in international flights. And this is due to 6 new international routes that were started in 2023.



Looking at our costs, we saw a reduction of 1.5 p.p. in the OPEX cash to adjusted net revenue ratio. This is considering controlled costs. So it shows that we are going in the right direction according to our efficiency plan, as Miguel said in the beginning.

Looking at the quarter-to-quarter evolution, the main factors were third-party services, which increased as we had a pavement recovery in MSVia. This was necessary to comply to our performance contracts and R\$14 million for cleaning and maintenance services on Lines 8 and 9, Metrô Bahia and South and Central Blocks. This is due to the efforts that we are making in these companies.

Personnel costs had R\$32 million due to our profit sharing. This is reflecting the positive results we had in 2023 and R\$28 million due to an average annual collective bargaining agreement.

We also have to mention that we had improvement works in our medical services by internalizing the pre-hospital care teams and this led to an increase of R\$4 million. But we also had an equivalent reduction in expenses and other costs. So as we internalize these teams, this was basically neutral. It did not impact our results, but it was very positive in servicing our clients.

Looking at noncash costs. It's important to mention nonrecurring costs here, which represent R\$163 million. This was an investment in ViaOeste that is being accounted for as an expense. So it is nonrecurring for our results.

So at the end, we had robust results. Looking at our EBITDA we have reached R\$2 billion in consolidated adjusted EBITDA for the quarter, up 4.6% in the 1Q24 versus the 1st of 2023. Toll Roads had a 5% increase. Urban Mobility showed a reduction of 2%, but this is due to a reduction in revenues in our financial assets, which were impacted by lower IPCA index.

But when we look at the impact of demand and other commercial expenses, it was an increase of 6%, which shows the importance of having higher passenger demand and more commercial revenue.

Airports. We saw an increase of 33% due to higher demands in cost controls. And this result makes us very happy with our performance.

The strong operational performance in EBITDA carries over to net income. When we look at our adjusted net income, there was a 42% growth quarter-to-quarter. It was an adjusted net income of R\$449 million. Our financial results were 5.8% lower due to the reduction of the CDI index during this time and we would like to highlight that a part of it is not financial expenses.

So 65% is due to the expense of the approval for BH Airports and this was lower due to the change in the IPCA index. So it was an important result and an improvement quarter-to-quarter to our operational results.

Looking at our investments, we are trying to execute our CAPEX in the best way possible. So we finished at R\$1.2 billion in investments, very close to what we had forecasted. Most of the investments were made in Toll Roads. ViaCosteira and ViaSul were the most representative. In ViaCosteira, we are implementing side roads and BR-101. And in



ViaSul we are performing paving maintenance and implementing accesses and marginal lands in BR-101.

In Urban Mobility, we have made investments to rolling stock. We have 21 new trains out of the 36 that we will receive from Alstom overall. And we are still on schedule, still on time for 2024, which is very positive for the group.

In Airports, we are still focused on delivering Phase 1b, which will conclude by November this year. So there are improvement works being carried out in boarding terminals and in infrastructure adjustments in the South and Central Blocks. So this has been a very important quarter when it comes to executing our investments.

So looking at our balance. We have controlled our leverage this quarter. We see debt extension. This is something that we have been working on which leads to more controlled risk. 3.0 is our net debt and leverage, net debt-to-adjusted EBITDA ratio. Our net debt at the holding had a reduction of 42% in comparison to the 1Q23 at R\$3.6 billion.

As you can see on the table, our amortization schedule is becoming more linear. Our cash position is at R\$8.1 billion, so it's very robust. Looking at the terms for the next years, 43% are scheduled from 2032 to onwards. And when we look at the R\$4.2 billion that still need to have amortization, R\$1.7 billion are bridge loans for RioSP and lines 8 and 9.

So R\$1.7 billion already been paid, and there's R\$1.1 billion corresponding to RioSP, which will be refinanced in the next two quarters and converted it into a long-term debt. That will allow us to conclude the year at a very comfortable position, a very solid position and our amortization schedule.

So we would like to highlight a couple of things here. We had a disbursement in the South Block of the debt we had with BNDES, R\$100 million and in Lines 8 and 9, as Miguel mentioned in the beginning, we have concluded long-term financing at R\$1.2 billion. So that concludes the capture that we needed for all the investments required in this Company, which is very positive for our debt profile.

So to summarize it, this quarter, we had very positive performance 4.6% adjusted EBITDA growth, 42% growth in adjusted net income. And as you can see here, we have a robust financial position. Financial risks, leverage are under control and this all positions CCR to continue growing.

This concludes my speech and I will hand it over to our operator, who will start our Q&A session. Thank you.

Miguel Setas:

To start this Q&A session, I would like to make it know that we would like to offer our condolences to the families and everyone who is facing issues in the floods in the South of Brazil. It's a very difficult situation, and we would just like to say that the CCR Group has mobilized all of its available resources to help. We have two helicopters, we have rescue teams who are working locally in the South of Brazil to minimize the impact of this disaster.

So I would just like to state our condolences and make this known to our investors.



Fernanda Recchia, BTG:

Good morning. Thank you for taking my questions. First, I would like to talk about auctions. We had a few bids where CCR had a more conservative stance, especially in the coast of São Paulo. And in the future, we are going to have a few in the state of Paraná. So what should we expect CCR's positioned to be? Are we expecting to be more aggressive or will we continue to be cautious?

And also to talk a bit about the floods in Rio Grande do Sul, when do you expect to start tolling again in ViaSul? You also mentioned that you activated your insurance and do you expect to receive anything in cash? What's the negotiation with your insurer? Those are my questions.

Waldo Perez:

Thank you, Fernanda. Thank you for your questions. I think I understand your question about capital allocation. So we still have an eye on all the opportunities in the modals we operate. So anything related to Urban Mobility has always been analyzed, looking at risks and returns.

And you are right, we still have a number of new opportunities in the near future in the next 24 months. Lines 11, 12 and 13 in São Paulo will definitely be an opportunity. So we are looking at that very carefully. That's another important auction that we believe will be a fit for the CCR Group.

And in Toll Roads, we are also seeing some big opportunities. So Nova Raposo, Sorocabana and the state of São Paulo, BR-381 is one that we have been looking at for a long time, and we expect to have a great opportunity there. And in Paraná, as you know, there will be 4 new sections. We have looked at the first and decided not to take part, but we will definitely look at the next.

So we are in a good position. We will continue seeking growth. We will be selective looking at the opportunities that are the most relevant for the group and that have good risk and return ratios.

About the impact of rain, I will pass it over to Miguel, who will talk about that.

Miguel Setas:

Fernanda, there are many things to consider here. We have understood from the conceding power that this is a force majeure effect, which will require economic rebalance for our contract. So we understand that we will be compensated.

And about insurance, we have 2 policies being signed. One of them will compensate us for material damage, infrastructure damage. It's a very robust policy with an amount that will be sufficient to mitigate the impacts of this disaster. And the second one is loss of profits, which we also believe will be triggered due to the suspended charges across tolls in the ViaSul road.

So our finance team is starting to make its claims. And of course, we will have to wait for a few weeks or months for it to be concluded. But from an economic standpoint, we are



not concerned about the implications of this because it is, of course, a force majeure event.

Filipe Nielsen, Citibank:

Good morning. Thank you for taking my question. I only have 2, about cost optimizing. You mentioned the reduction of 1.5 point in the cost to cash ratio. So I am just wondering if this is within expectations. Do you think it will ramp up? And is this all in the Company's plans? You mentioned a short-term goal.

So about CAPEX, we would also like to understand if this level of CAPEX is at the expected level. So will this be a curve that will continue to ramp up throughout the year? And do you believe there will be any CAPEX delays due to what has happened recently, such as the tragedy in the South. What do you expect? How much delay in CAPEX do you expect in comparison to the guidance for the year?

Waldo Perez:

Filipe, thank you. Considering cost optimizing, as we mentioned in the recent past, our ambition was to reach an OPEX-to-CAPEX ratio of 38%. And by that, I mean a consistent figure.

Last year, this was the goal we set. From September to March, we looked at each initiative in detail, looking at the action plans to try to capture this cost reduction. So, what you are seeing is something that was ongoing, but it's still the beginning of a program that we are trying to conclude.

And we hope that in the next 3 years, we will be able to reach this cost levels. So we are on the right track. This is going according to plan, and we hope to move forward on that in the next quarters.

Miguel Setas:

If you will allow me to make a comment, Waldo, this quarter, contrary to what we did last year, we paid out dividends in the 1Q. So when we remove that in comparison to last year, OPEX to net revenue was basically stable. Of course, there were some events that may get for a difficult comparison to the previous quarter, but that is what it is.

Concerning CAPEX, of course, you are only seeing final advances, not physical advances. But this quarter, we started better than we did than last year. So it shows how we are advancing in our CAPEX. It is going according to plan.

Yes, there should be a ramp up so that we can reach the figures that we communicated in our budget plan for the year. So yes, we do have to pay attention to our investments in ViaSul, given the calamity that the state is facing.

Of course, we cannot continue mobilizing resources and people and continue carrying on with the work there. Our goal is to reestablish normal conditions in Rio Grande do Sul. So there might be some delays there. And of course, this is a force majeure effect. So we should see an impact to our contract.

Guilherme Mendes, JPMorgan:



Good morning. Thank you for taking my question. If you will allow me to follow up on the question on Rio Grande do Sul, my first question about ViaSul is if there's any structural issue in the project, or if we are simply not charging tolls. I would just like to understand if there was any impact to the airports in that region.

Also, MSVia, if you could give us an update on the discussions with the conceding power. Thank you.

Miguel Setas:

Guilherme, we operate 3 airports in the state of Rio Grande do Sul. None of them were impacted by the floods for now. Of course, weather forecasts are being updated on an hourly basis. So this is a situation that we are keeping a close eye on, just to see how it is going. But for now, we have not seen any impacts to the airports.

The road has some obstruction points. We have a team of 100 people who is clearing the road. There are some critical points where we are assessing infrastructure conditions and the damage caused by the rainfall and the landslides that took place there. So it would be early to say what the final diagnosis will be. But we do have a team doing that. So we are assessing our infrastructure and how it is right now.

Waldo Perez:

About MSVia, Guilherme, the 90 days concluded this week. Conversations around that have been very productive. The Federal Court of Accounts has given us 30 days to reach a conclusion about this project. But for now, it seems like we will see a good solution for CCR and for society. So we are very engaged and excited to reach a conclusion there.

Andre Ferreira, Bradesco BBI:

Thank you for taking my questions, and congratulations on your results. A couple of questions about the cost optimization program. You mentioned an increase in costs and third-party services that impacted your OPEX cash to net revenue indicator. I would just like to understand how much of that will continue in the next quarters, and what this ratio will be like for the rest of the year?

And my other question is about MSVia. We have heard that in this process, the asset is being offered to the market before the decision being kept with the current operator. So given the CAPEX conditions of this new contract, what will your leverage be like for the rest of 2024 and 2025?

Waldo Perez:

Concerning costs, our increase in services and cleaning costs were in Metrô Bahia. We have new stations there. So naturally, you would see an increase in costs. In airports, on Lines 8 and 9, this is all due to the new stations. So it requires more attention in terms of surveillance, security and cleaning so that our clients can be serviced. So we expect it to go back to the normal levels once works are concluded.

Miguel Setas:



So about MSVia, we are still in debates with the Court of Accounts. I would say that we are close to concluding that. If there is an auction, it will be communicated by the press. So apparently, there is an intention, but that's what we can say.

Waldo Perez:

And to answer your question about leverage, Andre, as you know, we cannot provide a guidance for that. But what I can say is that when we proposed this new contract, it will require a higher leverage for these investments to be made. It has been included in our financial plan for CCR. And this is being considered whenever we see new possibilities. So future leverage that should not be disregarded.

So we will see how it is going to go, but we do intend to participate in new tenders. So we have the firepower and the competitive capacity to be competitive.

Rogério Araújo, Bank of America:

Thank you for taking my questions. My first question is about costs. I would just like to know if this is going according to schedule for the Company, and if there is any possibility that we will be surprised in timing and magnitude.

Another point I would like to ask about is that your minority shares were a bit different from what it usually is. So I would just like to understand if there was a nonrecurring event or a cash loss. What exactly happened there? If there was a typical situation there. Thank you.

Waldo Perez:

Rogério, thank you for your questions. About focusing on the efficiency plan, as I said, we are going according to plan. We do expect to capture an indicator that we mentioned as our ambition. So we are engaged in that direction.

What I can tell you is that if we can do it in the next 8 months, we definitely will. But of course, it needs to be done carefully ensuring that we will continue to provide the right level of service, taking care of our clients' safety. So it's a balance. But I can assure you that if there is a positive surprise that is possible, then it definitely will happen.

Flavia Godoy:

On the impact of minority shares, Rogério, thank you for being with us, when we compare across different periods, we didn't see any atypical situations. We saw an improvement due to the Company's improved performance and there's also a combination of operational performance, how the companies have performed, and better financial performance. There was nothing that was very atypical there that would affect our assessments.

Alberto Valerio, UBS:

Good morning. Thank you for taking my questions. I have a couple of points. Looking at the government's tender pipeline, we see that there is a robust pipeline for you. We do not see as much space for new projects. So do you see new players going into this market?



Also, about the CCR Day guidance, I mentioned this to Flavia on one of our meetings, what is your expectation to reduce the income tax line? I see that it's still a bit above expectations. So those are my questions. Thank you.

Miguel Setas:

We are looking at the announcements in the government, state and federal levels. We found a couple of interesting projects. Our expectation is that there are projects that will be in the market very soon. The 2 blocks from Paraná have been announced here in São Paulo. As we know, there's the new ViaOeste project. So Nova Raposo and Sorocabana, which we expect will happen at the end of the year. So those are the main projects that we see in roads.

And it's a competitive environment. I think for the last tenders, this was characterized very well. We see some new, more active players. Some companies are from the construction industry that have higher financial performance. So it is more competitive, but that's natural for an area that has so many opportunities.

So we do not expect that it will change that much. We understand that some of the projects are very big, large-scale projects. So that might limit it from companies that have lower balances and do not have as good of a financial position in comparison to traditional players. But we expect it will continue as it has in the last few tenders.

Waldo Perez:

About the income tax bracket, for the last years, we have been trying to reduce because it has some structural effects and some effects that we can control. So for the project that we started in 2020, everything that was under our control has been improved.

We do have some structural effects, so companies that have accumulated losses that cannot be recovered. So that will have a significant impact. MSVia, Barcas, ViaOeste because they are not accounting for all of our CAPEX as an expense, but this should probably be solved in the next months. So ViaOeste conclude in the 1Q25. Barcas will also be returned in the 1Q25. So this should all be removed from our balance and we will see an improvement in effective rates.

There are other things. So leveraging at the holding, we are working to make it more efficient and reduce our net debt at the holding. Of course, it's helpful that our financial costs have been going down, but that's something that is a bit longer term. So we are looking at that carefully, trying to optimize our capital structure so that we can bring it to a more appropriate level.

Operator:

That concludes the questions-and-answer session. We will now pass it over to Mr. Miguel Setas for his closing remarks.

Miguel Setas:

I will be very brief. I think that this conference call has been very good at speaking to the market. Thank you for your questions.



**Conference Call Transcript
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CCR S.A. (CCRO3 BZ)
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We would just like to restate our commitment and the commitment of the entire Board of the CCR Group to our transformation agenda. We are very engaged with all of the initiatives that are ongoing. We expect the next quarters will show that our results have been consistent.

Thank you.

Operator:

That concludes CCR's earnings call. If you have any additional questions, you can send them to the Investor Relations team by using ri.ccr@grupoccr.com.br. Thank you for being here and have a good day.

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