

# Hidroviás do Brasil

## Earnings Presentation

1Q20

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# Presenters

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**Bruno  
Serapião**

*Executive  
Chairman and  
Patria Partner*

*24+ years of  
experience  
Founded Hidrovias in  
2010*



**Fabio  
Schettino**

*CEO*

*24+ years of  
experience in finance  
Joined Hidrovias in  
2012*



**Andre  
Kubota, CFA**

*CFO*

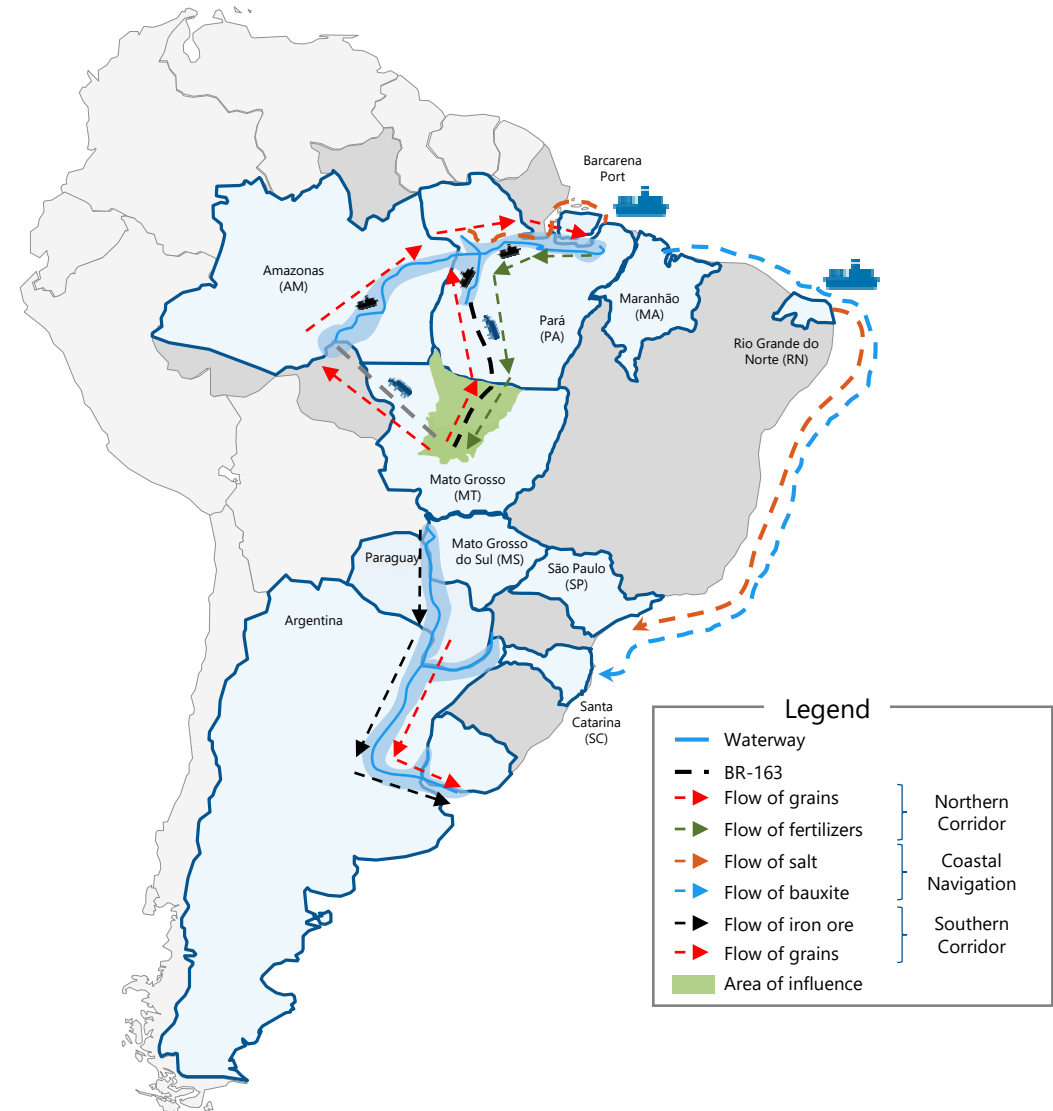
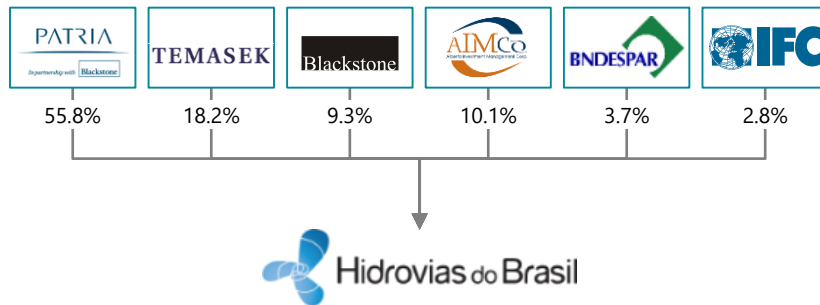
*15+ years of  
experience in finance  
Joined Hidrovias in  
2013*

# Hidrovias do Brasil at a glance

LatAm's largest integrated logistics platform focused on waterway with long term contracted volumes

- Resilient Business Model
- Grains: world food security
- New projects delivered: Salt and Santos
- Strong project pipeline

## World class sponsorship





## 1Q20 Highlights

# Highlights from the 1Q20

Consolidated Adj. EBITDA  
**+29%**

Adjusted EBITDA Margin  
**45%** (+3p.p.)

North Corridor Adj. EBITDA  
**+78%**



North Grains, Fertilizers Volume  
**+47%**

Coastal Navigation Adj. EBITDA  
**+100%**

Coastal Navigation Adj. EBITDA Mg.  
**55%** (+9p.p.)

# COVID-19: no significant impact on HBSA's people or operations

HBSA has taken precautionary measures to safeguard our people and our operations

## People

Reduced risk of HBSA employees through preventive measures and increased oversight

- ✓ Established executive Crisis Steering Committee
- ✓ Defined Local Committees at HBSA sites
- ✓ Training Employees on COVID-19 awareness
- ✓ Reinforced use of masks and gloves
- ✓ Upgraded IT infrastructure for remote work

## Operations

No significant impact on inland waterway transportation

- ✓ Pre-shipment inspections of crew
- ✓ Extended shifts on board vessels
- ✓ Daily contact between ship's captain and local doctors to monitor possible cases
- ✓ Fuel inventory for 2 months of operation
- ✓ Food inventory for 3 months of operation
- ✓ P&I insurance to cover costs from on-board infections

# COVID-19: no significant impact on HBSA's market perspectives

## General market perspectives:

- ✓ **USD appreciation** brings competitiveness **to grains exports** in South American countries
- ✓ **Commercialization** level in Brazil is the **highest in its history**

### Soybean Market

- ✓ **China recovering faster** than expected from swine fever
- ✓ **Crushing in China with strong margins**
- ✓ **Brazilian premium is high**

### Corn Market

- ✓ USDA March 2020 report forecasted **unchanged demand**
- ✓ **Lower maritime freights** bring competitiveness for the South American corn



## Results per Business Units

# South Corridor

## Navigation:

**Grains and Fertilizers**

**Iron Ore**

**Other Products**

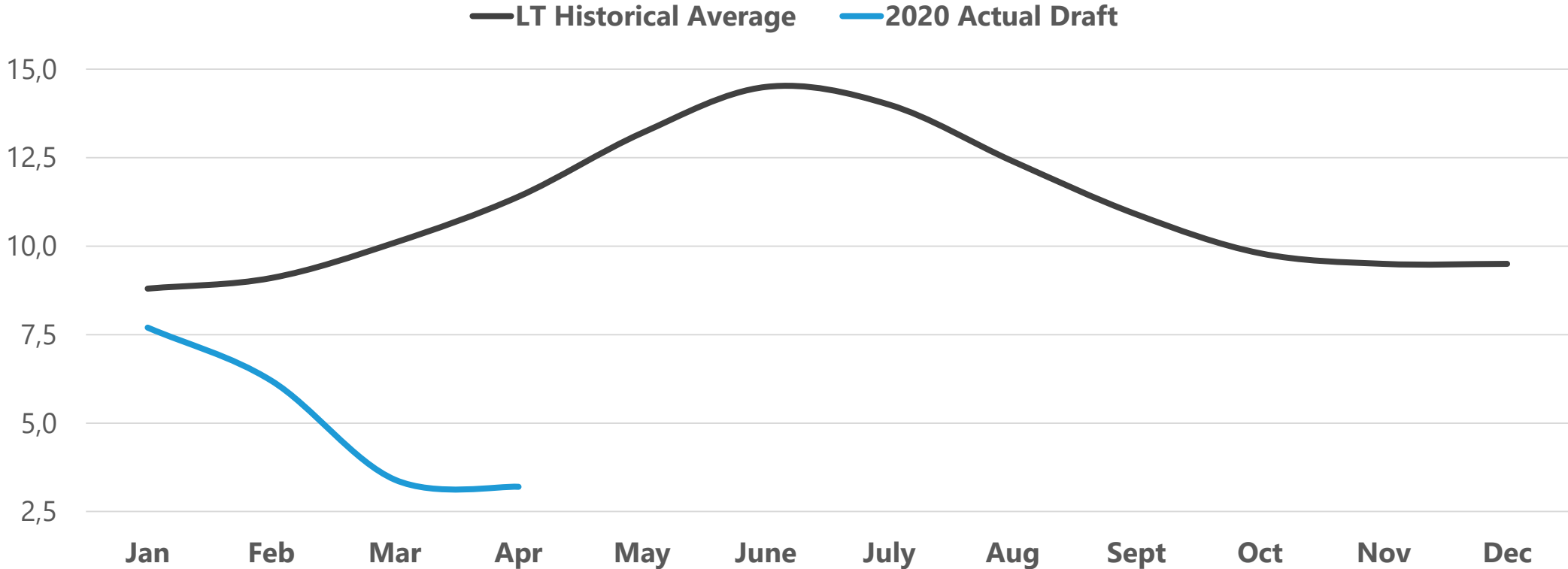
**Cellulose (joint venture)**

**Port Operation (joint venture)**



# South Corridor: 1Q20 affected by low river draft

Draft<sup>1</sup> (feet):



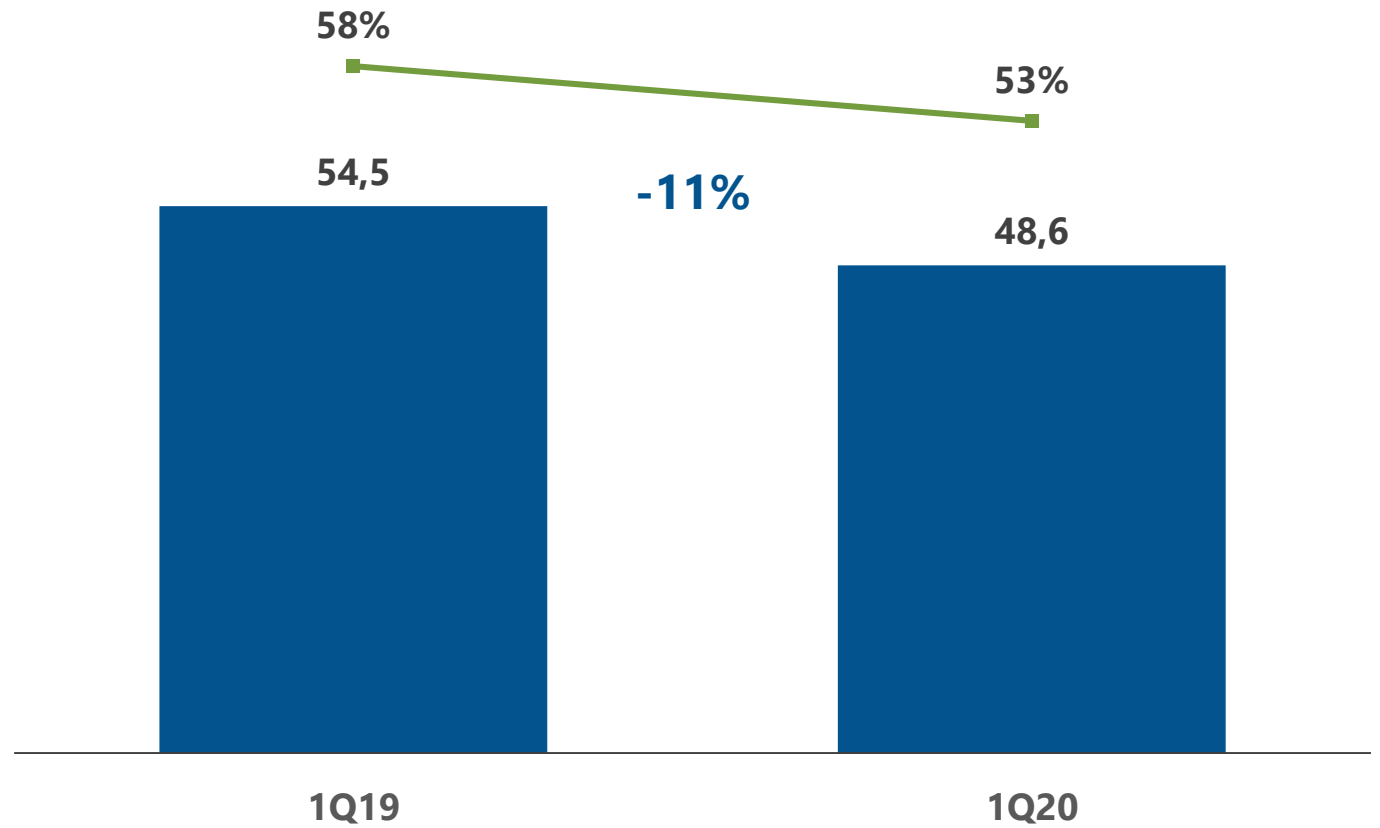
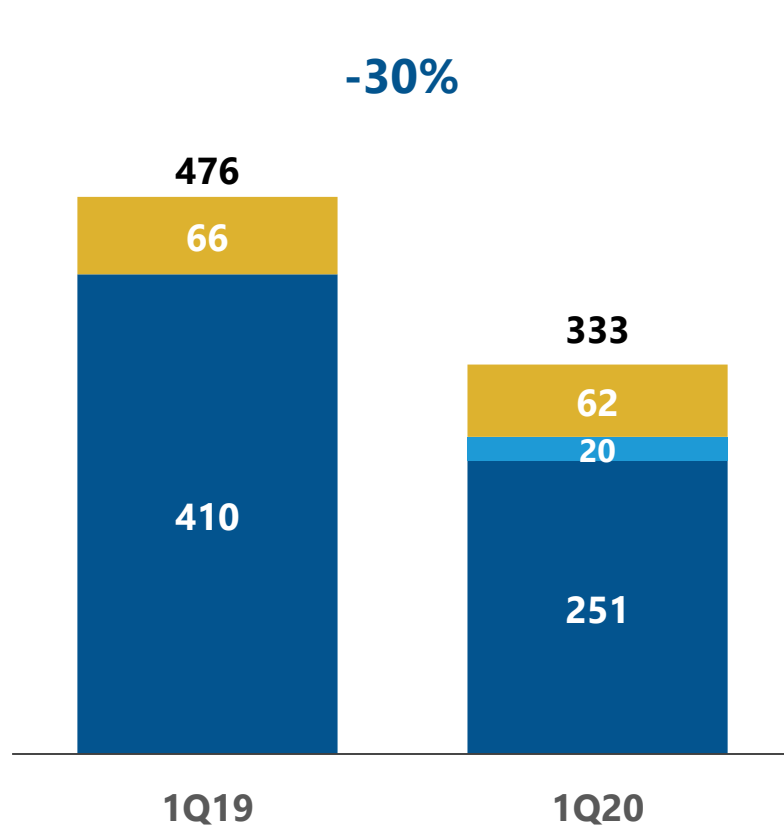
<sup>1</sup> In Asunción; Source: Dirección de Meteorología e Hidrología, <https://meteorologia.gov.py/nivel-rio/vermas.php?id=2000082001>

# South Corridor: 1Q20 affected by low river draft

South volume\* (kt):

Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin\*\* (%):

■ Grains ■ Fertilizers ■ Others



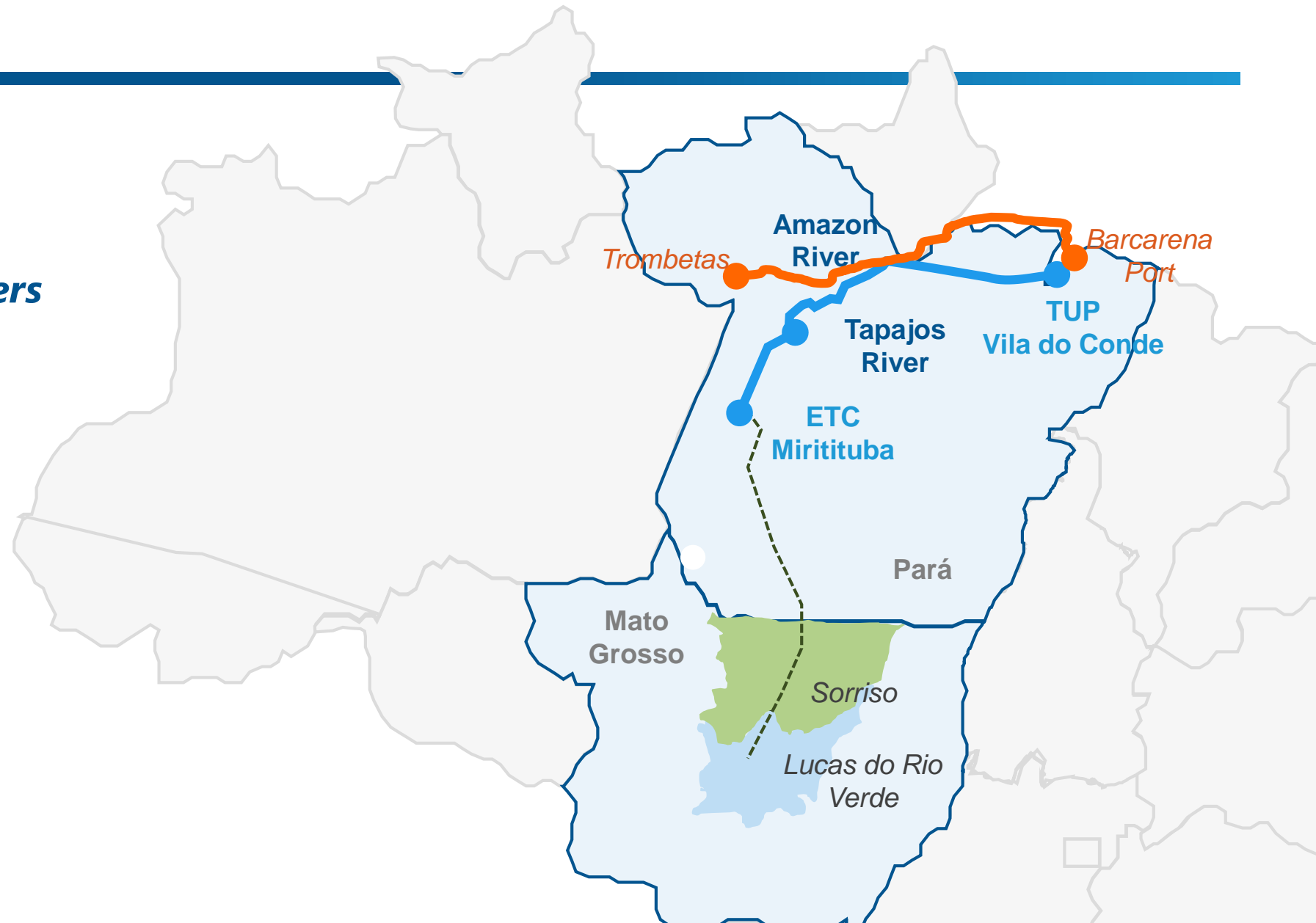
\* Excluding volume for Vale customer;

\*\* Adjusted EBITDA margin, taking into account net revenue minus OTM and Hedge Accounting revenue.

# North Corridor

 **Navigation and Ports:**  
**Grains and Fertilizers**

 **Coastal Navigation:**  
**Bauxite**

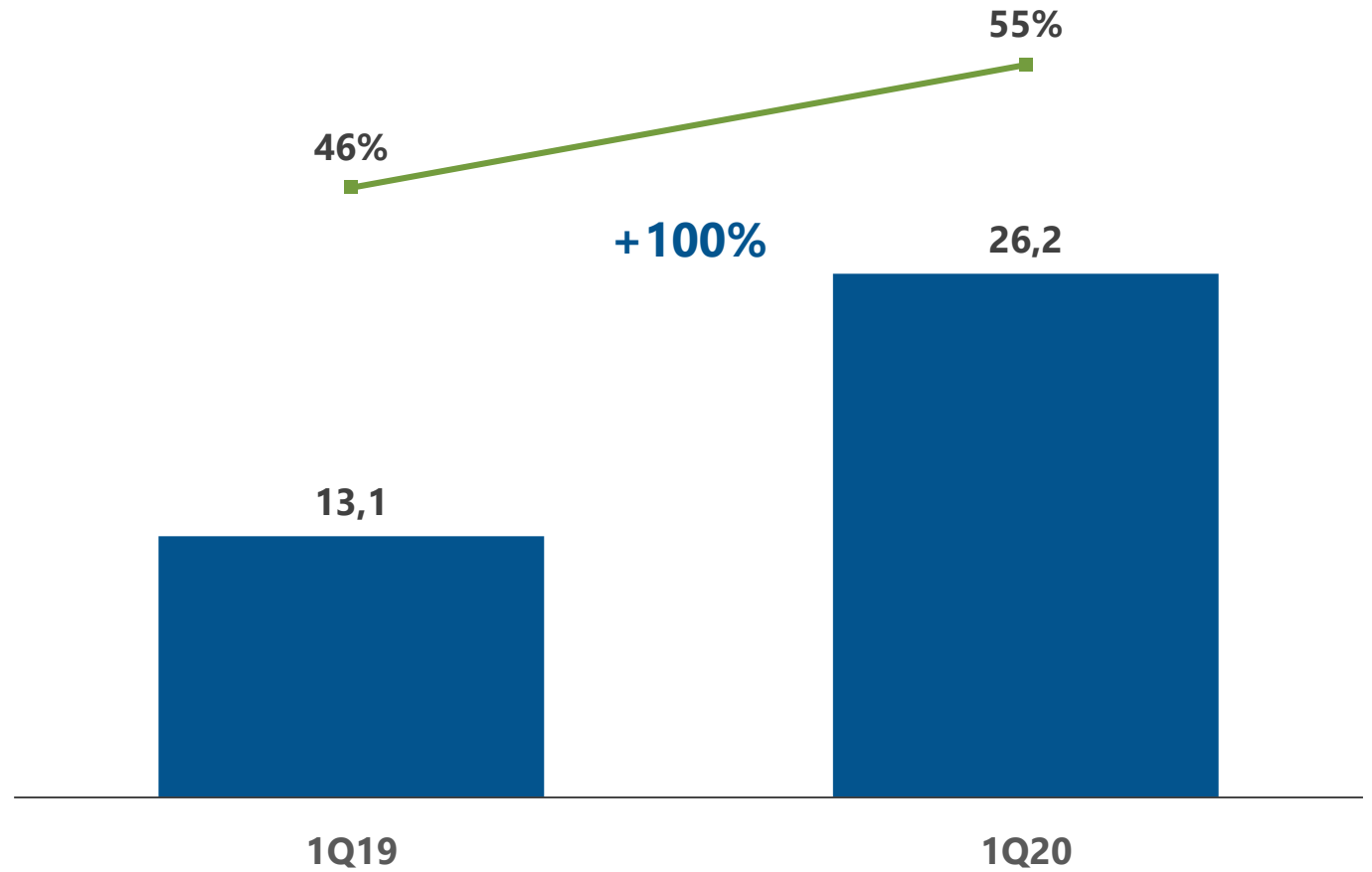
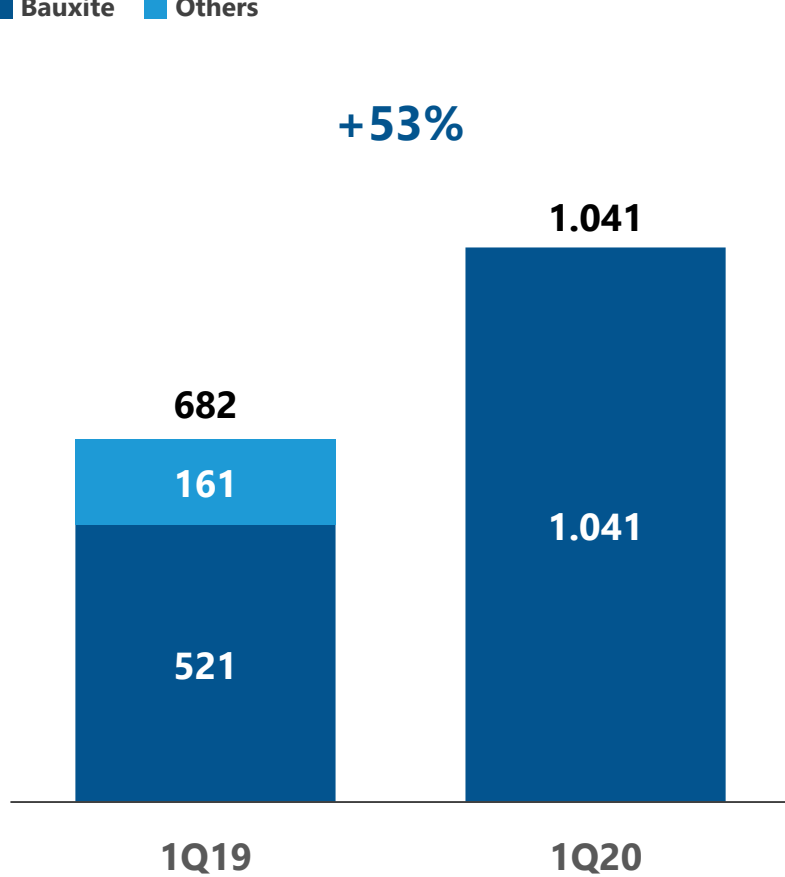


# Coastal Navigation: back to full LT contract volume

Costal Navigation volume (kt):

Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin\*\* (%):

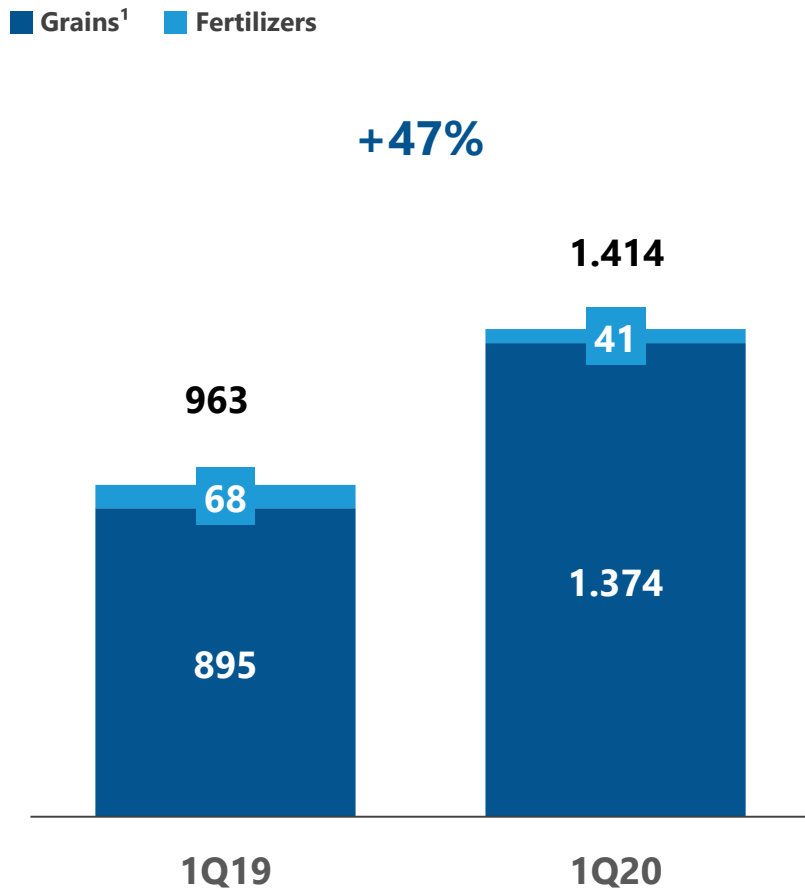
■ Bauxite ■ Others



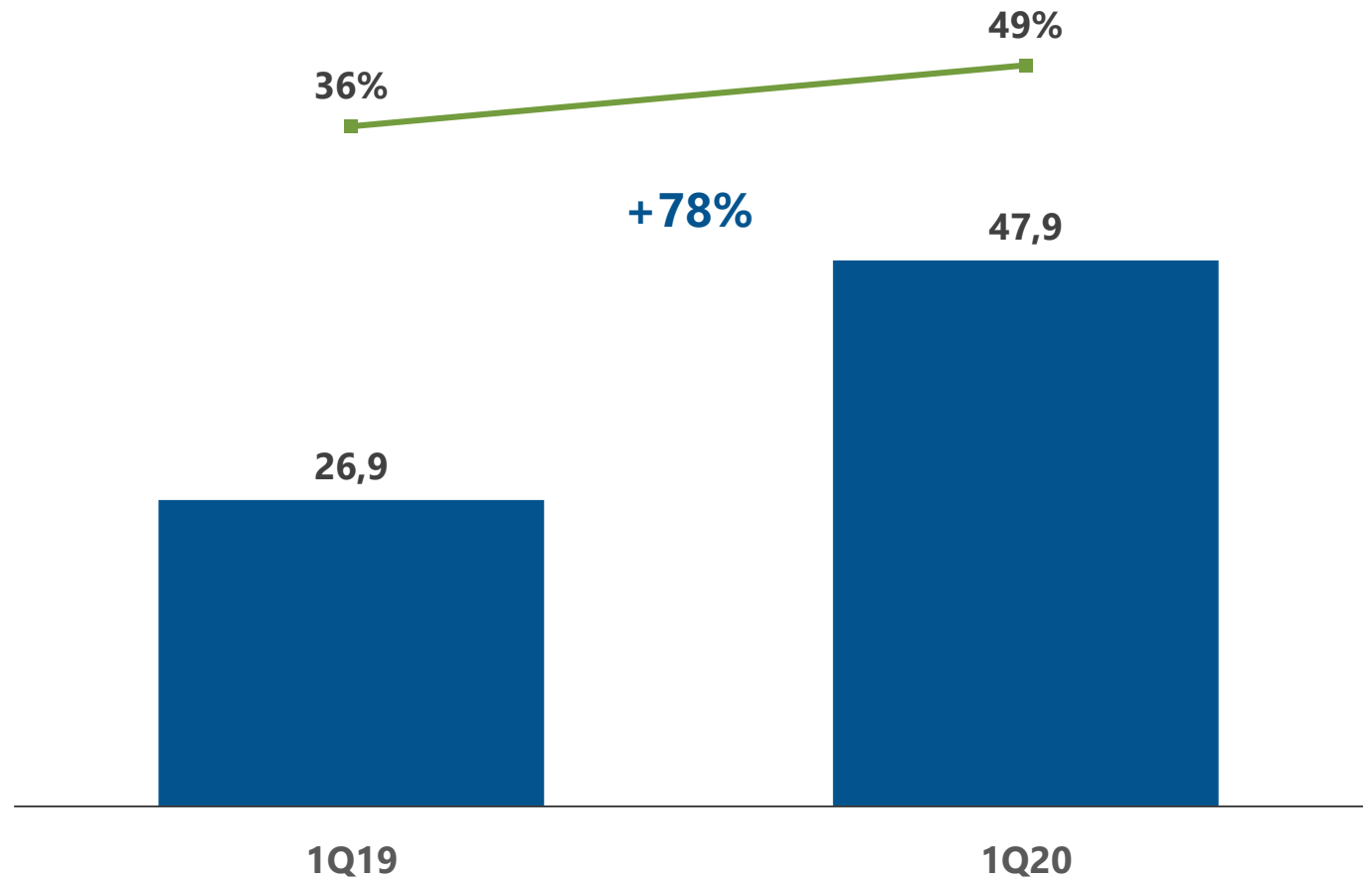
\*\* Adjusted EBITDA margin, taking into account net revenue minus OTM and Hedge Accounting revenue.

# Grains & Fertilizers: Strong 1Q, significant margin gains QoQ

North Grains and Fertilizers volume (kt):



Adjusted EBITDA (R\$ million) and adjusted EBITDA Margin\*\* (%):

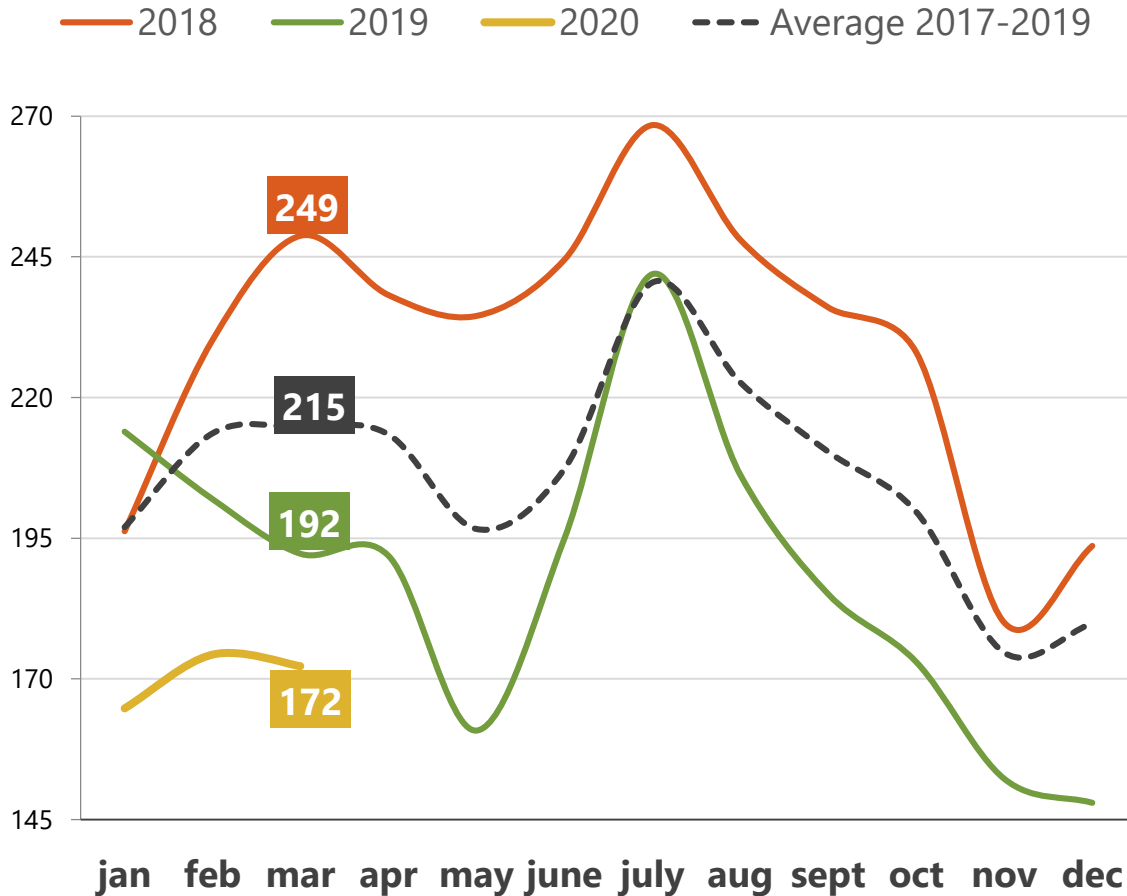


\*\* Adjusted EBITDA margin, taking into account net revenue minus OTM and Hedge Accounting revenue.

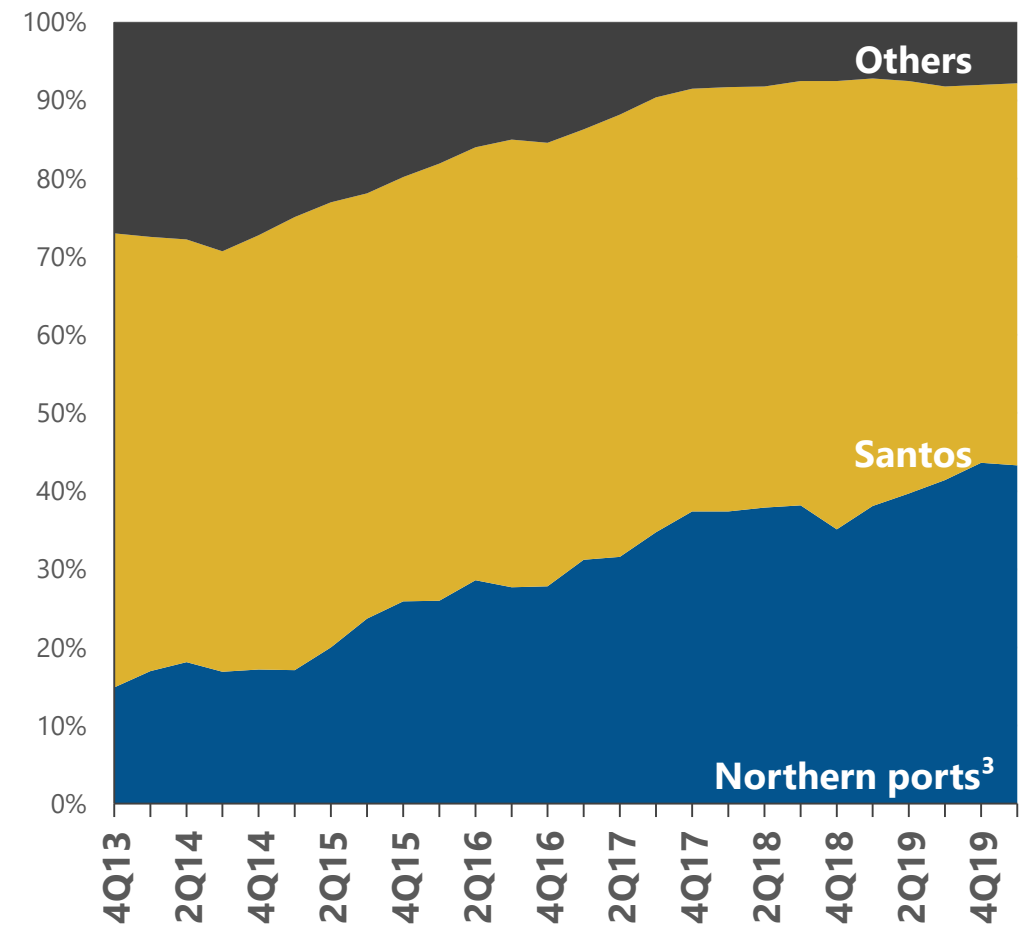
<sup>1</sup> "Grains" includes volumes received via truck unloading at ETC Miritituba or at TUP Vila do Conde.

# Grains & Fertilizers: Robust market dynamics

Sorriso-Miritituba<sup>1</sup> freight (monthly average R\$/t):



Mato Grosso – Grains Exports Market Share<sup>2</sup>



<sup>1</sup> Source: IMEA.

<sup>2</sup> Source: COMEX Stat; Including corn, soy and soymeal

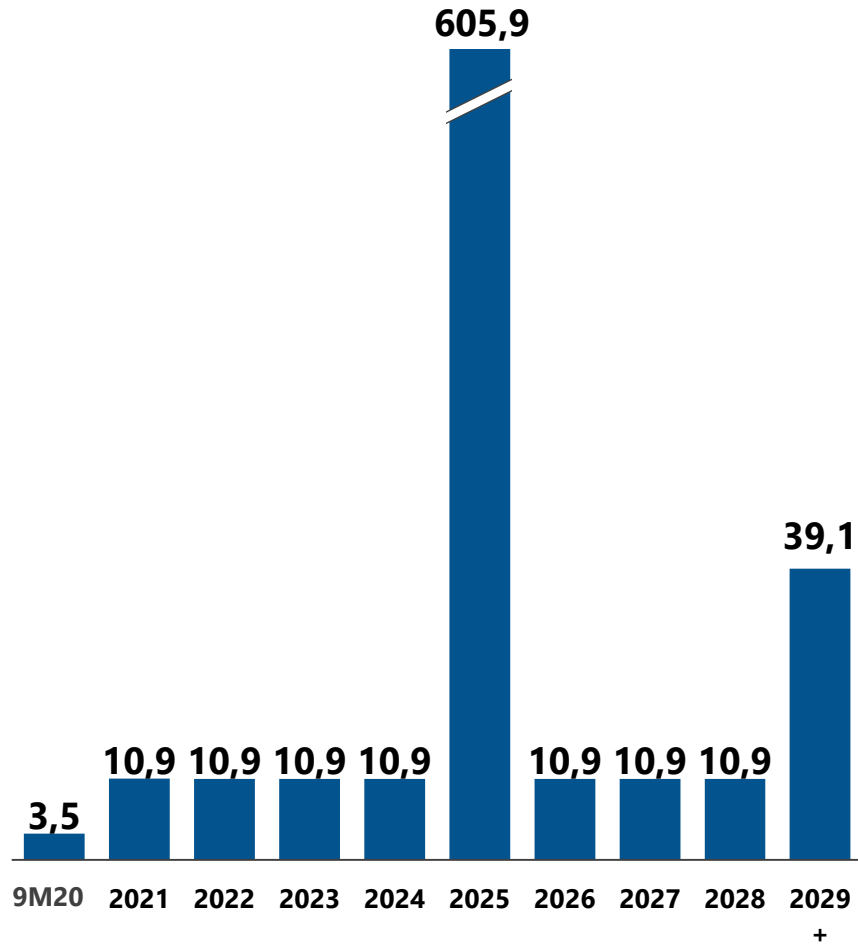
<sup>3</sup> North Ports includes: Barcarena, Itaquí, Santarém and Itacoatiara



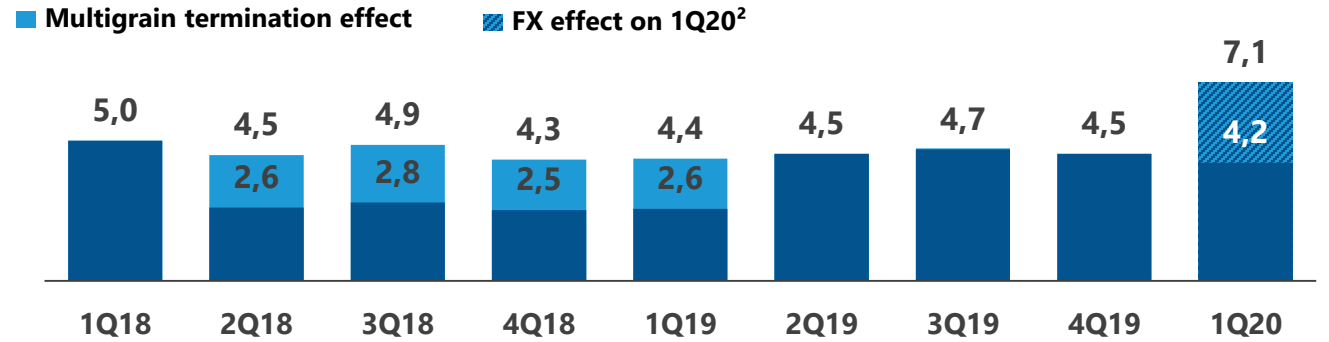
## Financial Highlights

# Debt & Leverage: Commitment to deleveraging

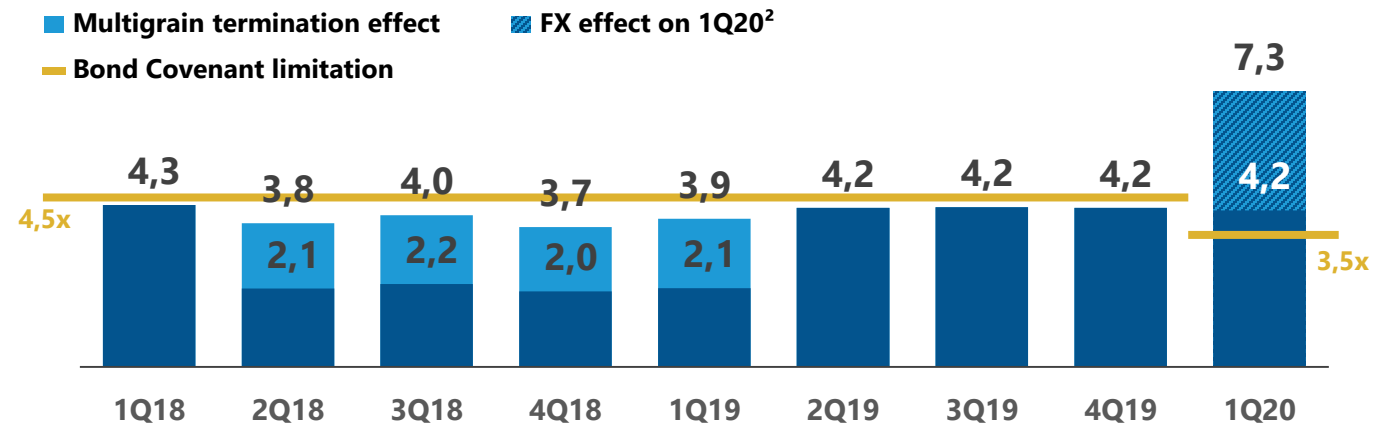
## Amortization Schedule (in US\$ million):



## Net Debt / EBITDA:

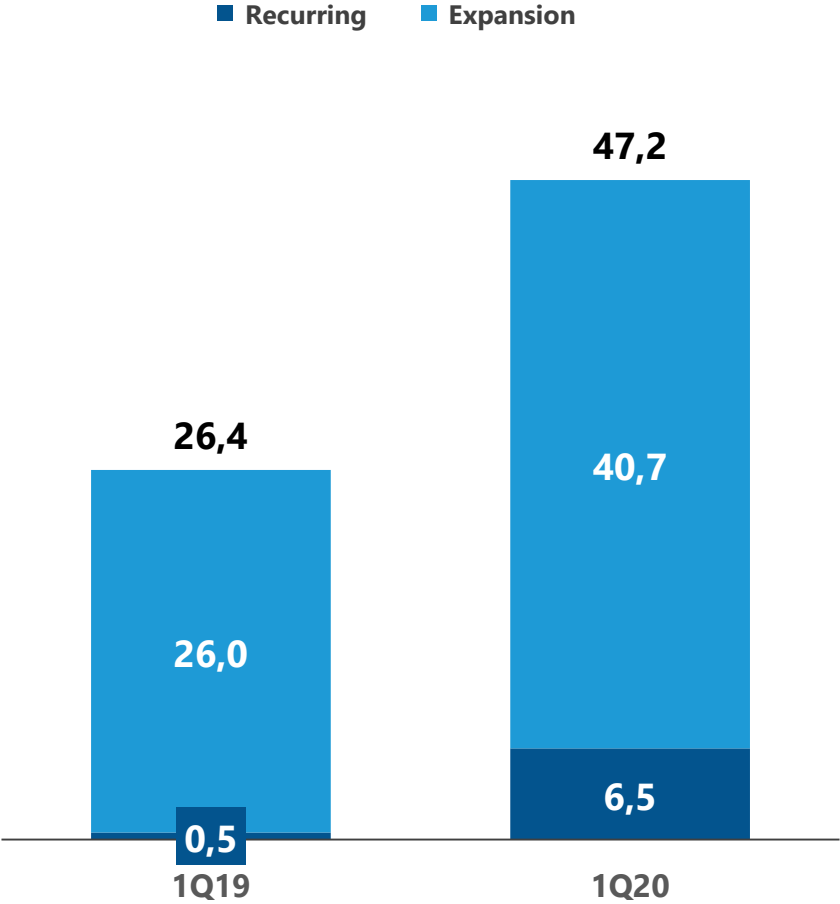


## Bond Covenant (Net Debt / EBITDA, excl. Coastal Navigation business):



# CAPEX and New Projects

## CAPEX (R\$ million):



## New Projects:

**Salt**

✓ Purchase of transshipment asset

**Santos**

✓ Assumption of STS20 area

