

Institutional Presentation

3Q 2020



SANTOS BRASIL



 **STBP3**
NOVO
MERCADO
BM&FBOVESPA

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***Environmental, Social e Corporate
Governance (ESG)***



ENVIRONMENTAL

- **CO2 emission control**
(25% reduction in 6 years)
- **Sustainable water consumption**
- **Waste management**
- **Sustainability Committee**



SOCIAL

- **Work safety and health**
(Zero Accident campaign)
- **Social Development**
(‘Formare Aprendiz’ program);
- **Individual appreciation**
(‘Eu sou voluntário’ program)



GOVERNANCE

- **Transparency** (‘Viva Voz ao Vivo’ – town-hall meetings)
- **Compliance Committee**
- **Independent anonymous tip hotline**
- **Shares listed at ‘Novo Mercado’ - B3**
- **One share, one vote**

Environmental

	2014	2015	2016	2017	2018	2019	3Q19	3Q20
CO2 Emission								
CO2 Emission (tons)	30,435	30,337	31,437	31,556	32,297	33,515	8,746	7,037
Port Operation (kgCO2e/TEU ¹)	17,32	15,49	15,32	14,85	13,99	13,29	13.31	13.60
Bonded Warehouses (kgCO2e/TEU)	26,57	27,21	19,81	27,61	25,03	23,62	24.13	21.20
Truck Transportation (kgCO2e/TEU)	1,03	0,97	1,01	1,02	1,02	1,02	0.98	1.01
Distribution Center (kgCO2e/pallet)	0,99	1,30	0,63	0,53	0,41	0,36	0.49	0.81
Water								
Water consumption (m³)	82,611	69,858	84,817	110,041	82,724	74,176	18,034	17,694
Employees (Own + Fixed third party)	48,645	50,274	48,539	43,587	41,139	42,498	10,729	9,645
Water consumption (m³) per capita	1,70	1,39	1,75	2,52	2,01	1,75	1.77	1.83
Residues								
Non-recyclable (tons)	117	119	723	594	627	645	154	127
Recyclable (tons)	395	156	1,454	1,646	1,552	2,175	825	328
Total residues (tons)	512	275	2,176	2,239	2,179	2,820	979	455

1. Twenty-Foot Equivalent Unit – unit related to a twenty-foot length container;

- ✓ **ESG Report¹ compliant with GRI Standard since 2011;**
- ✓ **19.5% YoY reduction in CO2 Emission in 3Q20;**
- ✓ **Sustainability Committee**
- ✓ **Sustainability Policy**
- ✓ **The Company's stocks (ticker B3: STBP3) participates in the S&P / B3 Brazil ESG Index**



- ✓ 'ZeroAcidente' (Zero Accident) campaign: dissemination of risk and accident prevention culture;
- ✓ 34% reduction in the number of accidents in 2019;
- ✓ 2.616 employees engaged in the 'Safe Attitude Journey';



- ✓ 10-year anniversary of 'Aprendiz Formare' Education Program in 2019
 - 13,276 class hours;
 - 271 youngsters graduated;
 - 102 youngsters hired by Santos Brasil;
 - 80 volunteer educators.

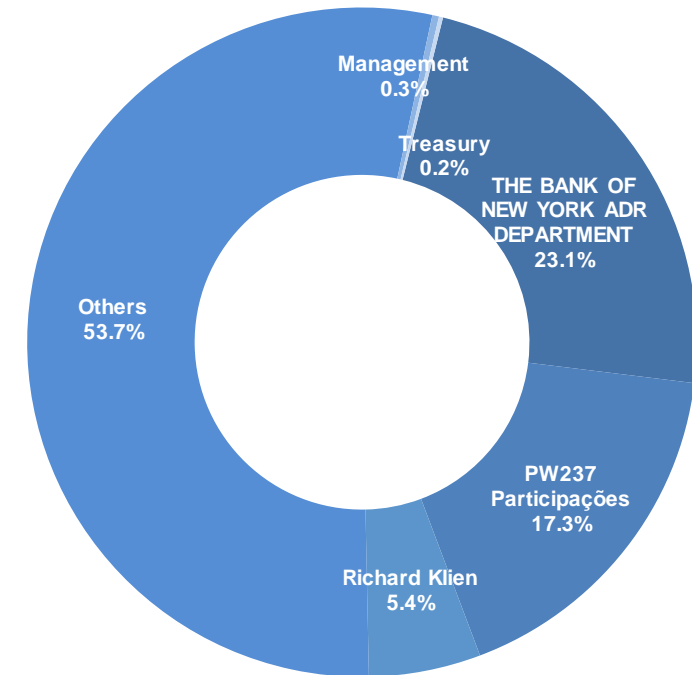
Corporate Governance

“Novo Mercado” listing on B3 – STBP3

- 100% Tag Along for all minority shareholders
- One Share, One Vote (no shareholders agreement)
- Board of directors: 7 members formed by shareholders
- Permanent Fiscal Board
- Compliance Committee
- Management:
 - Stock Options, Performance Shares and Matching for key executives;
 - Compensation program for managers and employees: EBITDA and EVA oriented;
 - Individual performance plans = clear and targets;
 - Progression, promotion and compensation based on meritocracy;

Total of 862,478,378 voting shares
(1) Includes the participation of the fund 'RK Exclusivo FIA'

Shareholding Structure (October/2020)



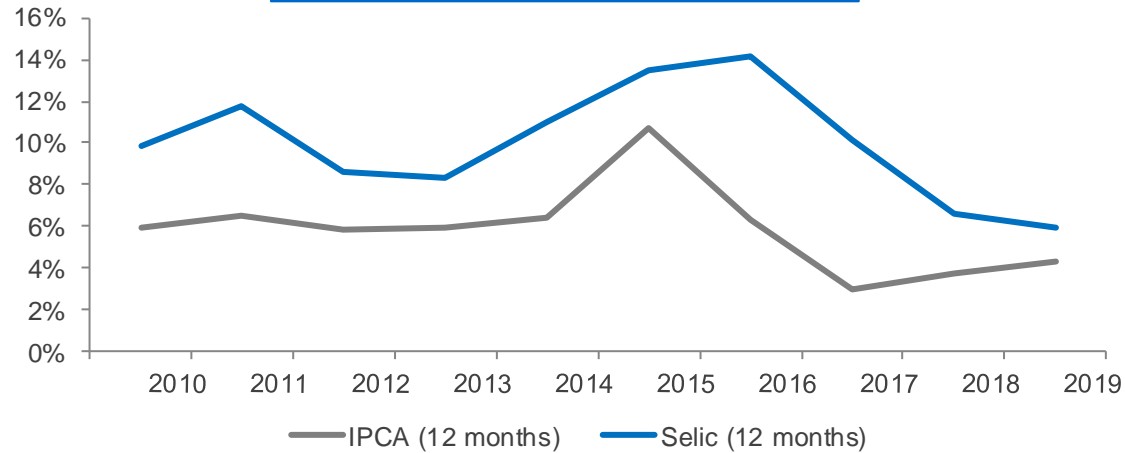


Macroeconomic Context, Port Sector in Brazil and Its Growth Potential

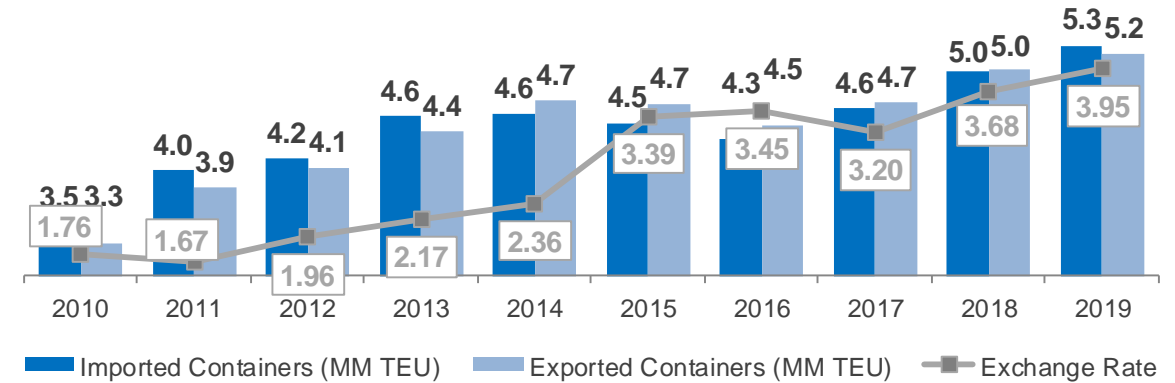
Macroeconomic indicators

Container volume: resiliency amidst slowdown in domestic economy

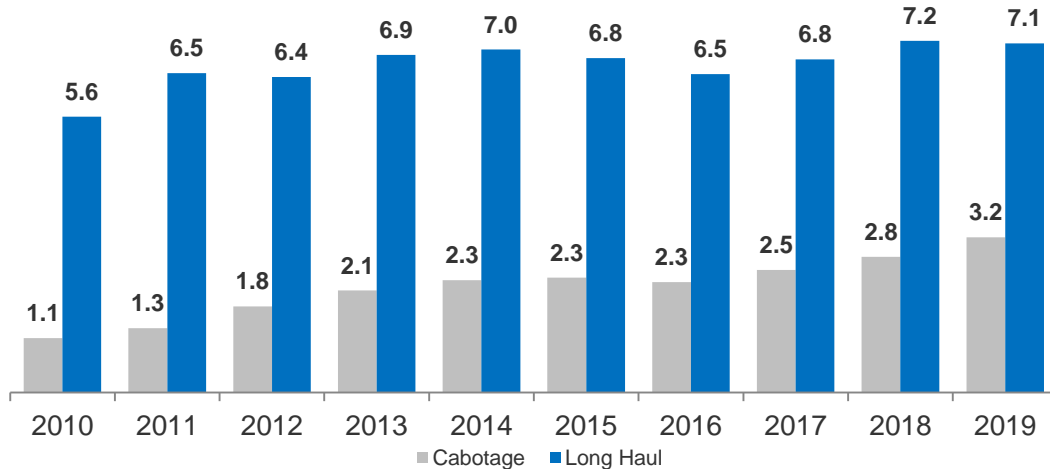
Inflation x Interest Rate



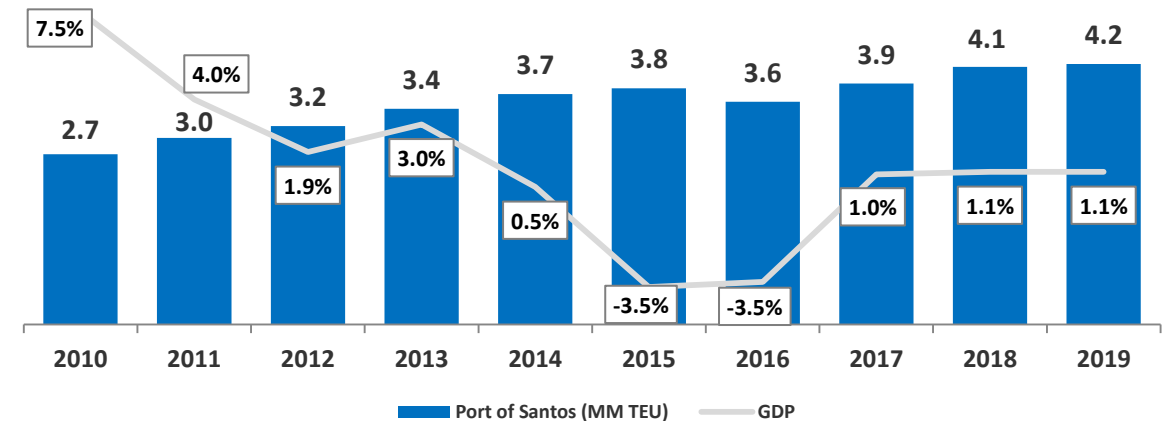
Industrial Activity x Interest Rate



Brazil Container Throughput (MM TEU)



Brazil GDP x Port of Santos Container Throughput (MM TEU)



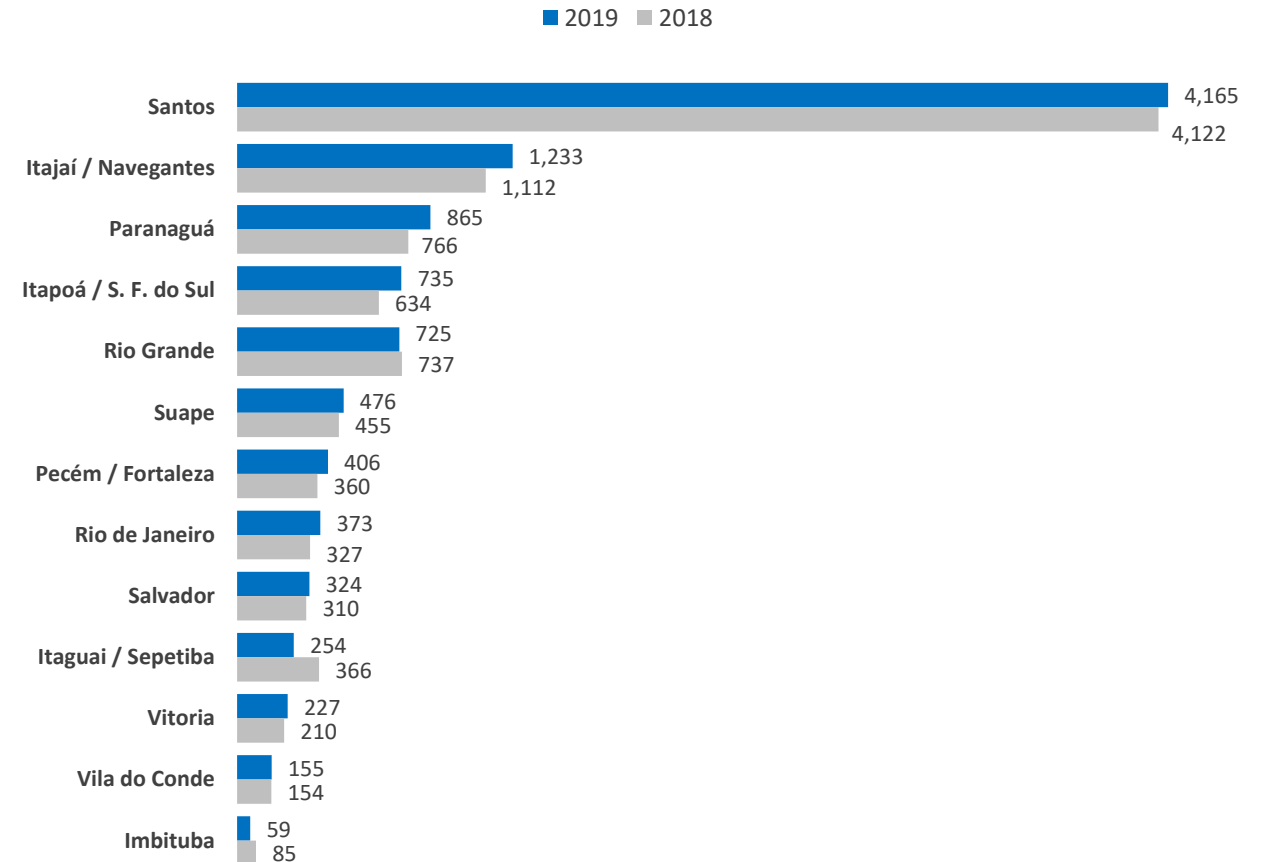
Port sector in Brazil

South and Southeast ports are the largest in volume

	North	Northeast	Southeast	South
% Population	9%	28%	42%	14%
% GDP	6%	15%	53%	17%
% Volume (TEU)	7%	12%	46%	35%



Container throughput - main Brazilian ports ('000TEU)



Upsides in the Brazilian container market

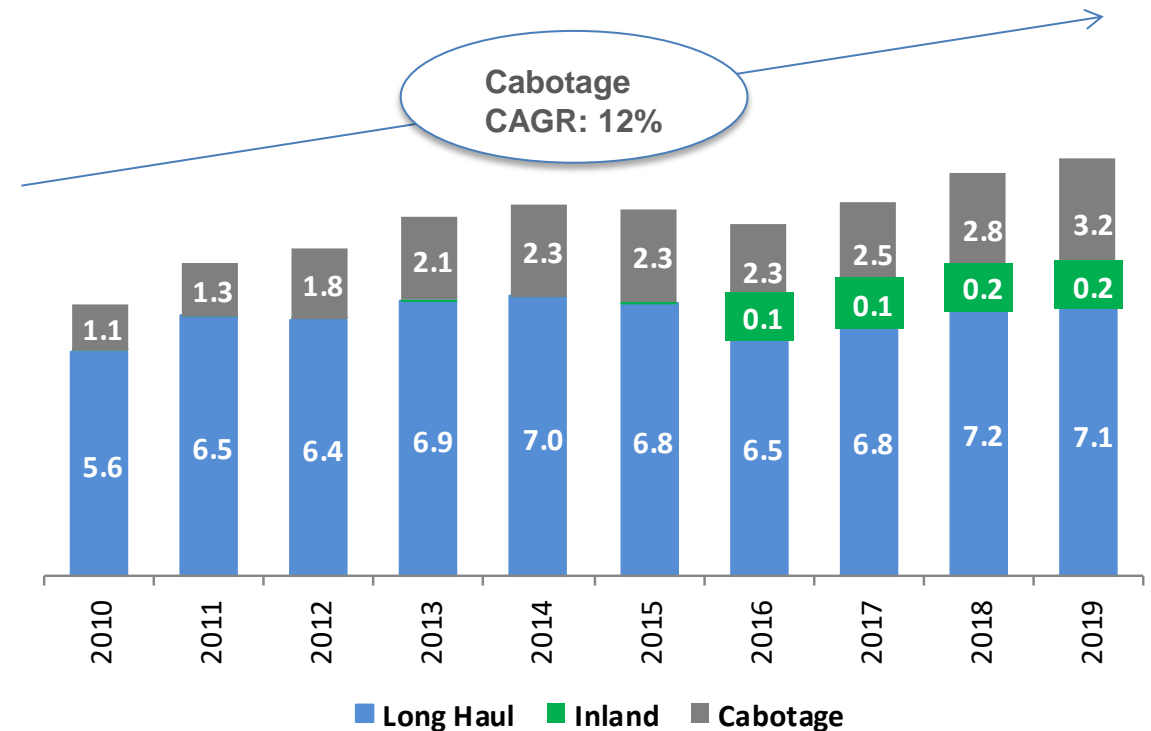
Cabotage ('BR do Mar')

Cabotage growth drivers

Container transportation through cabotage presented a compounded annual growth rate of 12% in 2010 – 2019 period in Brazil. Some of the main drivers were:

- **Lower logistics costs** compared to road transportation for large TKU (high tonnage and long distances);
- **Diversification** in companies' logistics chain to reduce the dependence on truck freight;
- **Greater security** in cargo transportation - less accidents, damage and theft - compared to road transport;

Container throughput (million TEU)

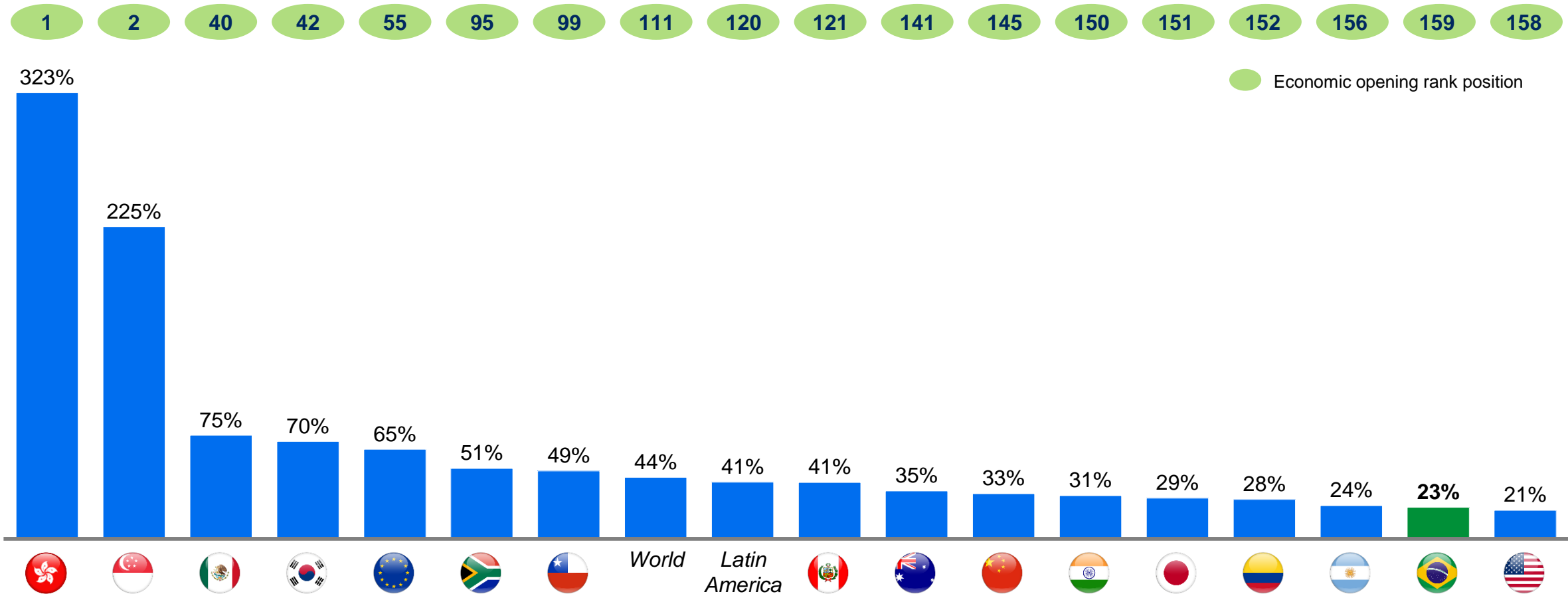


Upsides in the Brazilian container market

Wider economic opening



Import + Export / GDP, % (2018)



Source: World Bank, World Trade Service, McKinsey.

Upsides in the Brazilian container market

Low penetration of container transportation in Brazil

Region/Country	2018 Port throughput (MM TEU)	Estimated population in 2018 (MM people)	TEU/'000 people
China	244	1.397	175
UK	10	66	152
North America	68	490	139
Europe	136	1.016	134
World	784	7.447	105
Latin America	48	556	86

Brazil	10	209	48
Russia	5	144	35
Africa	28	1.136	25
India	17	1.327	13

Notes:

- Volume includes transshipment.

Source: Drewry.



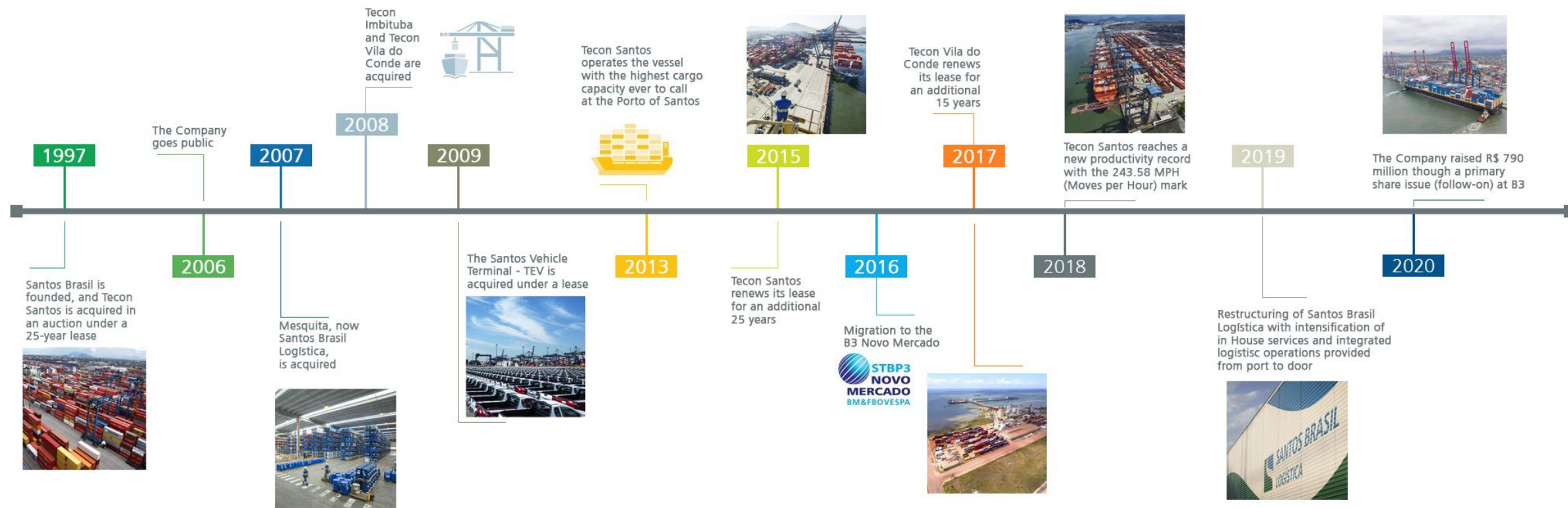
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About Santos Brasil

About Santos Brasil

History

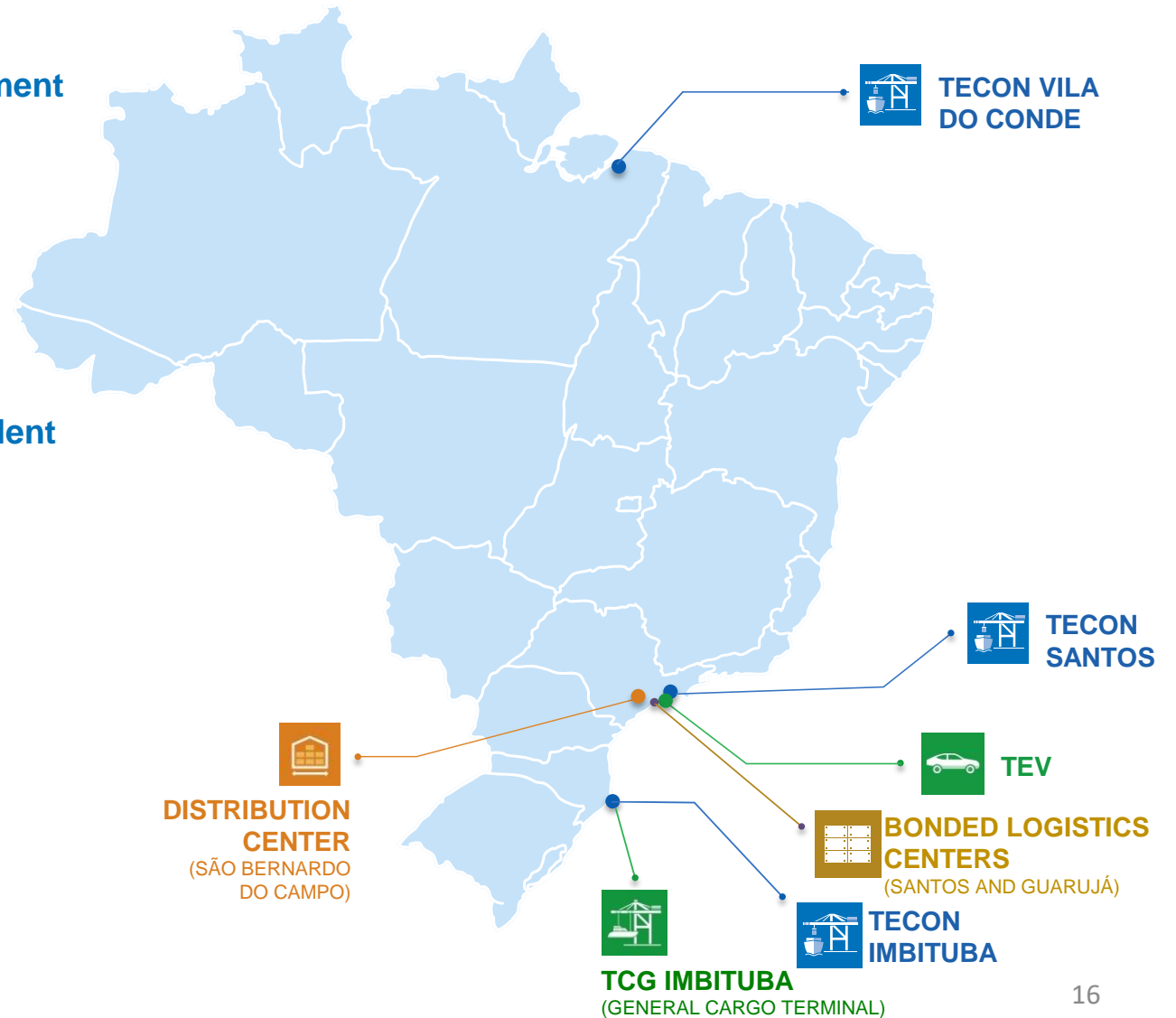
TIMELINE



About Santos Brasil

Highlights

- Publicly-traded company, listed in B3's *Novo Mercado* segment
- Five terminals on the Brazilian coast
 - Three container terminals
 - One vehicle terminal
 - One general cargo terminal
- Container throughput: 1.87 million TEU (twenty-foot equivalent unit) in 2019
- Port-to-Door full logistics solution (SBLog)
- 18% of the Brazilian container throughput in 2019*



About Santos Brasil

Innovation and Technology

Higher productivity, more safety and better customer experience

- **Seal reading with OCR (Optical Character Recognition)**
 - Replaces manually entering container data;
 - Seal reading time reduction from 7 seconds to 1.43 second;
- **Automated Gates**
 - Facial recognition at entrance;
 - Self check in for trucks;
- **ChatBot**
 - Artificial intelligence personal assistant;
 - Optimizing customer and employee attendance service.

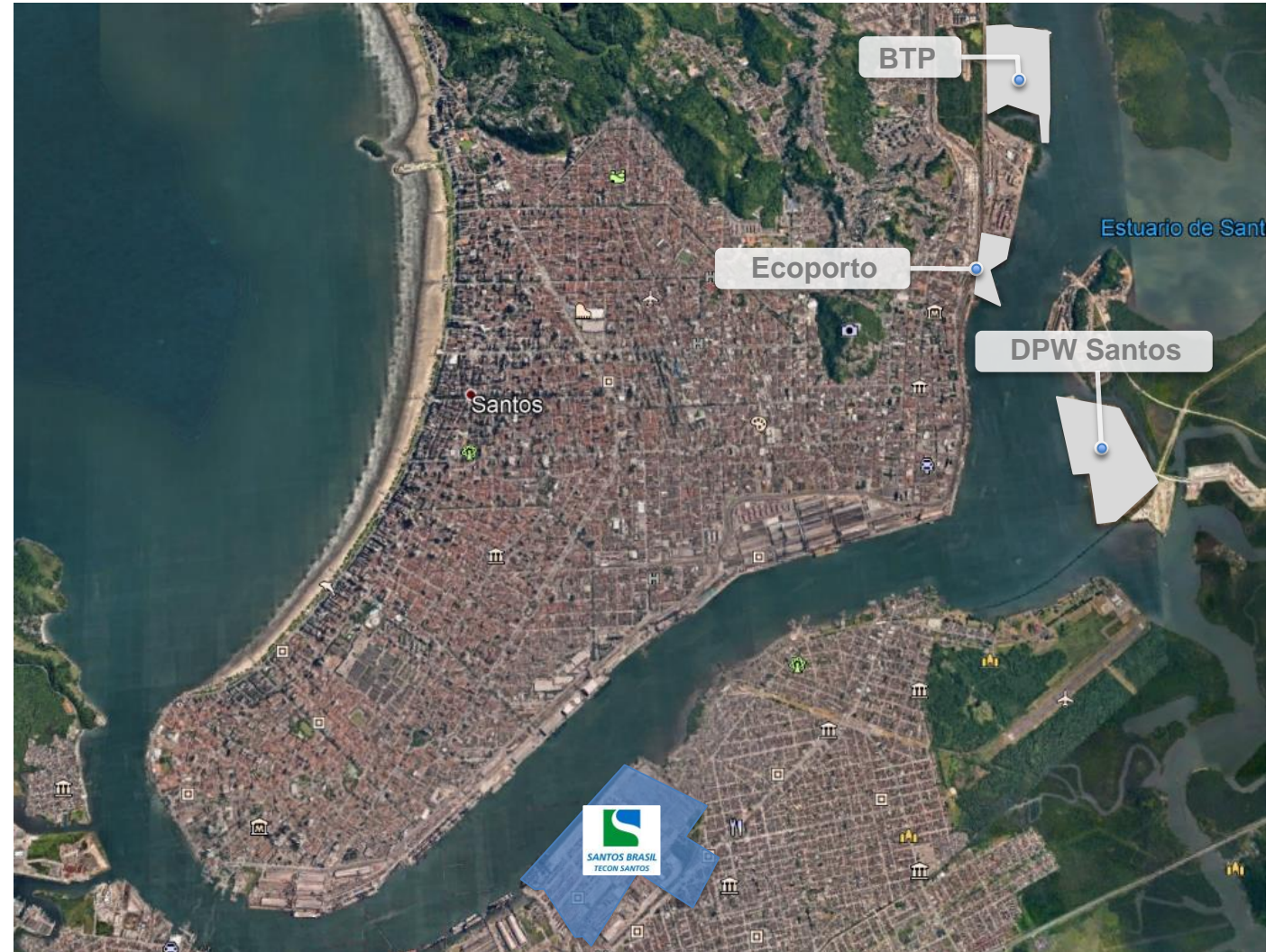


Port of Santos Container Terminals

‘Must-call port’ in South America east coast



- Largest Port in South America
- > 25% of Brazilian Trade Balance
- Hinterland covers 55% of Brazil's GDP
- Connected to Brazil's main roads and railways
- ~90% of São Paulo's industrial base is located less than 200 kilometers from the Port of Santos

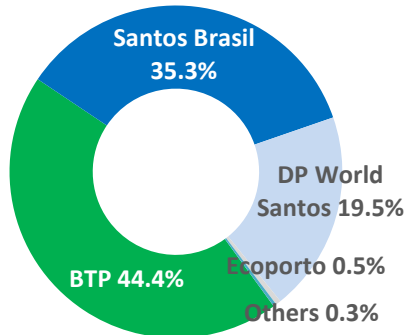


Port of Santos

Tecon Santos' market-share: 35.3% in 9M20 vs. 40.3% in 9M19



Market share – 9M20



Container throughput (TEU x 1,000)

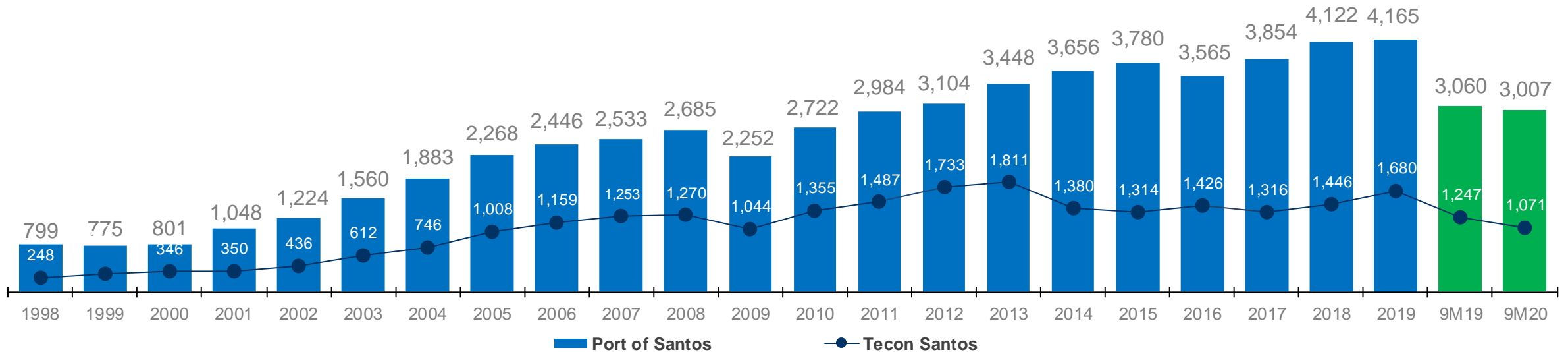
■ 2019 x 2018

- Port of Santos: -0.3% (+1.0% in TEU)
- Tecon Santos: +11.3% (+15.6% in TEU)

■ CAGR 1998 – 2019

- Port of Santos: 8.2%
- Tecon Santos: 9.5%

Container throughput (TEU x 1,000)



TECON
SANTOS



SANTOS BRASIL

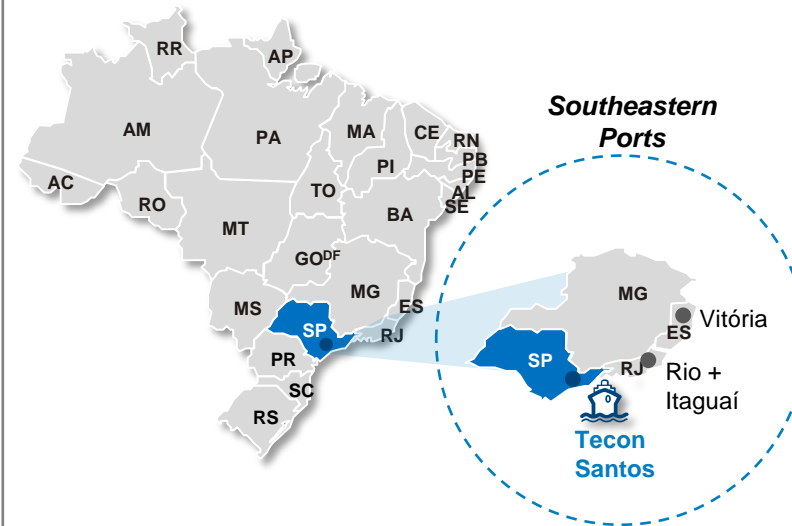


Tecon Santos

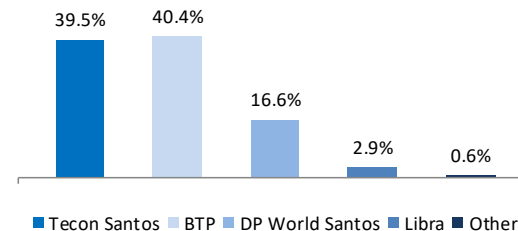
Best solution for containers in South America

- Lease contract renewed until 2047
- CapEx cycle already started: c.R\$1.5 billion to be invested in expansion and automation
- Connected to Brazil's main roads and railways
- 4 internal railway tracks
- Automated access gates
- Equipment 100% GPS-controlled

Geographic Footprint



Market Share 2019



Tecon Santos

Infrastructure and other information



General data

Depth: 13.5m
 Quayline extension: 980m + 310m (TEV)
 Area: 596,000 sqm
 Annual capacity: 2,000,000 TEU

**Allows
Post-
Panamax
vessels
to dock
at the
Port**

Security

Scanner (non-invasive inspection)
 Surveillance cameras
 Restricted access

Equipment

Equipment	#	STS	MHC	Reach Stacker	RTG
Ship-to-Shore	13				
MHC	1				
Reach Stackers	12				
RTG	46				



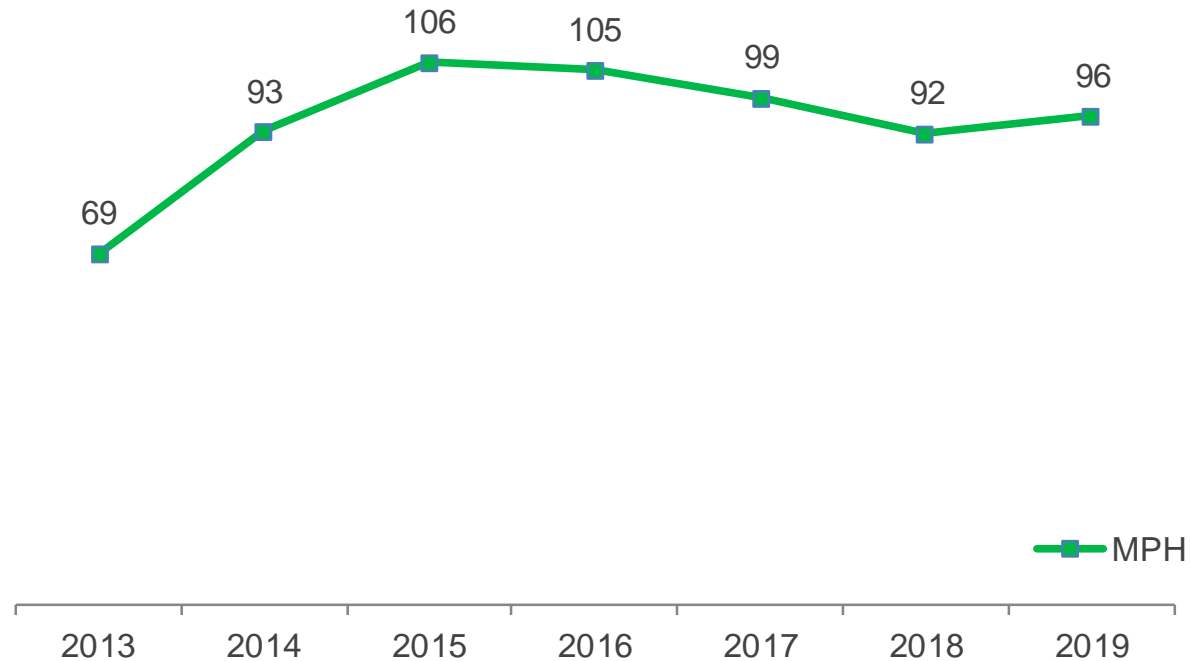
Tecon Santos

R\$ 3.0 billion¹ invested to upgrade and expand the terminal

■ High Productivity - movements per hour per vessel (MPH)



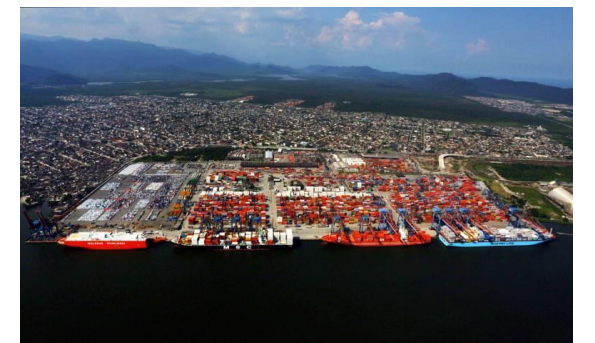
Monthly Average
in 2019
96 MPH



Tecon Santos in 1997: 11 MPH



Tecon Santos in 2019: 96 MPH



Tecon Santos

Investment cycle in progress: cutting-edge technology, modern layout

NEW LAYOUT

Automation

Focus on efficiency

New Capacity

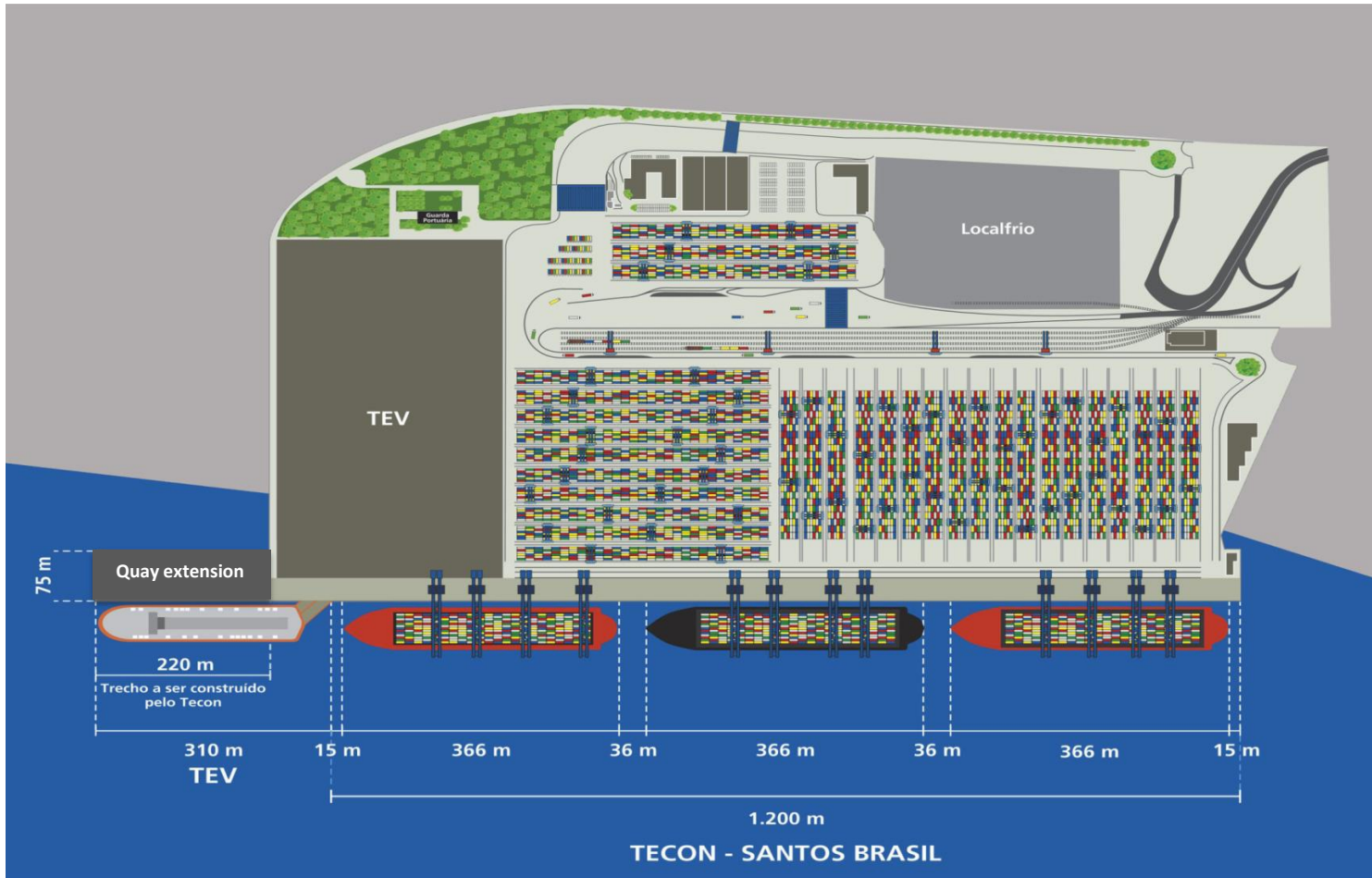
2,400,000 TEU

Estimated CapEx

R\$ 1.5 billion

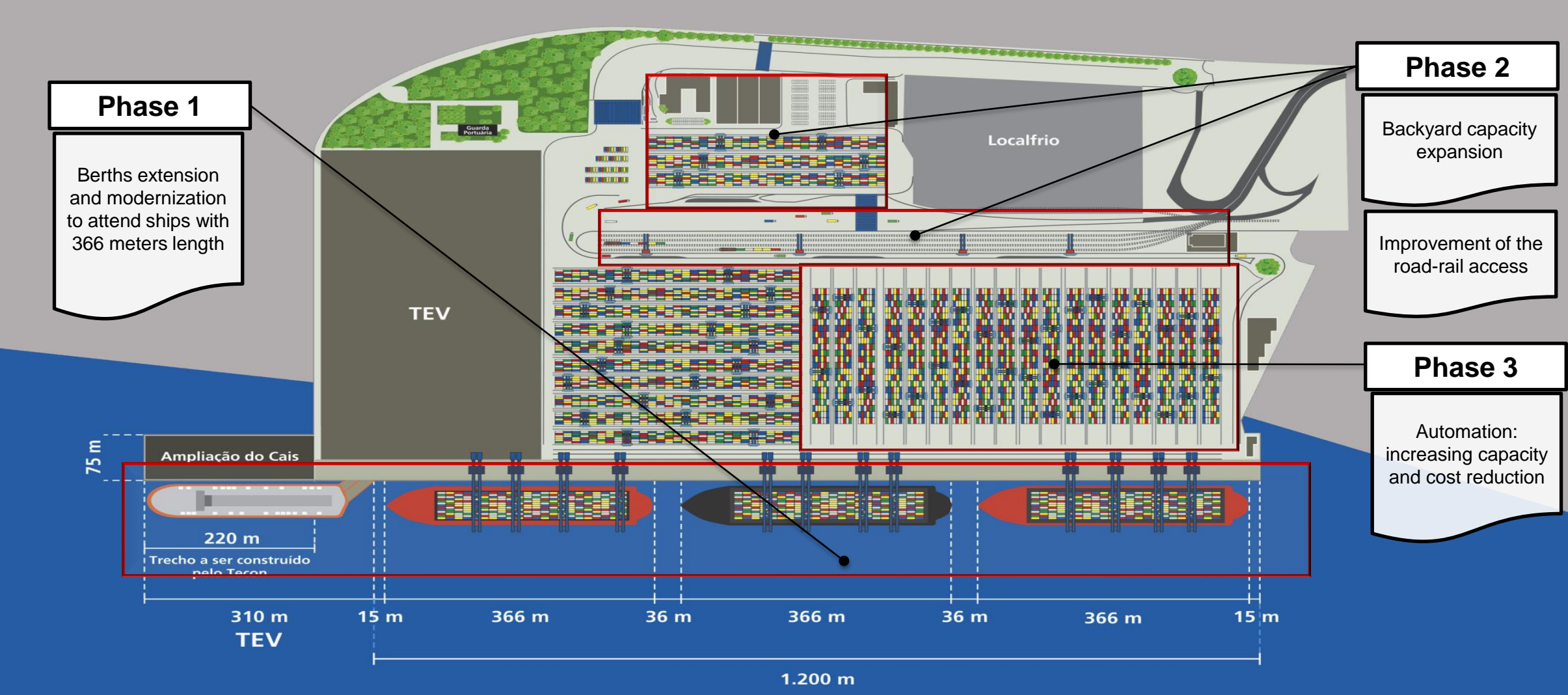
Investments in 2018/2019/9M20

R\$ 285 million



Tecon Santos

Phases of the project



TECON
IMBITUBA



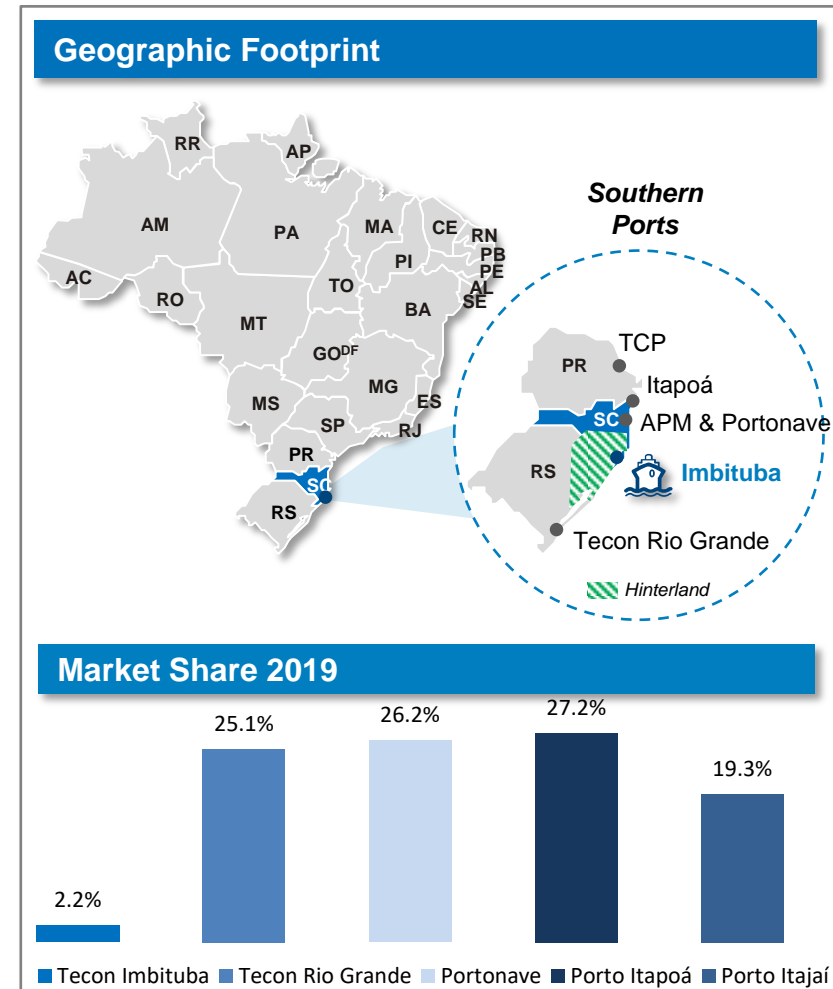
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Tecon Imbituba

Strategic Location at Southern Region, with developed logistical access

- 14.5m draft: port terminal ready to receive 366-meter-length Super-Post-Panamax vessels
- Close to Santa Catarina and Rio Grande do Sul industrial zones
- 25-year lease contract (starting in 2008), with a renewal option for additional 25 years
- Beneficiary of adjacent infrastructure projects: widening of BR-101 federal highway and the construction of Coastal Railway (“Ferrovia Translitorânea”)
- Favorable meteorological conditions and 24-hour access
- Container and general cargo operations
- One-stop-shop: ship, DEPOT and container freight station (CFS) operations



Tecon Imbituba

Infrastructure and other information



General data

Depth: 15.0m
Quayline extension: 660m
Area: 207,000 sqm
Annual Capacity: 450,000 TEU

Allows
Super-
Post-
Panamax
vessels
to dock
at the
Port

Security

Scanner (non-invasive inspection)
Surveillance cameras
Restricted access

Equipment

#

Ship-to-Shore 2
MHC 2
Reach Stackers 8

STS



MHC



Reach Stacker



Tecon Imbituba

Potential for volume increase

- **Tecon Imbituba and its peer terminals (Itajaí/Navegantes and Rio Grande) are equidistant from the industrial zones and the consumption centers in the Southern region**

Agricultural Export Zone

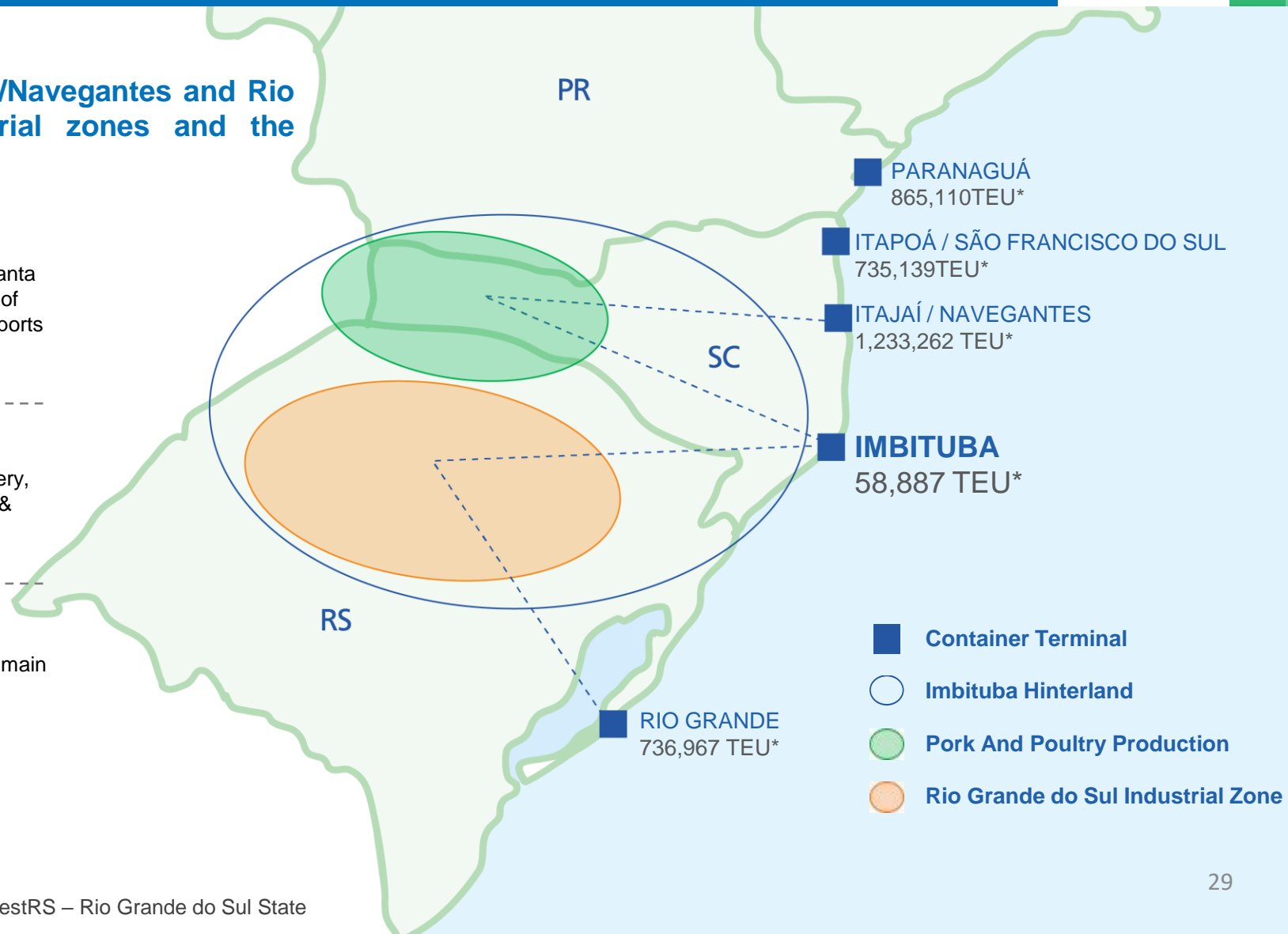
- ✓ The states of Rio Grande do Sul and Santa Catarina together accounted for 50.4% of Brazilian chicken and 70.6% of pork exports in 2018⁽¹⁾

Industrial Cluster

- ✓ Rio Grande do Sul holds the largest concentration of biodiesel, tobacco, automation, agricultural & road machinery, wine, trailers & car bodies, and leather & footwear producers / manufacturers in Brazil⁽²⁾

Premium Logistics

- ✓ Premium transportation logistics with 2 main roads and railways under construction



* Source: Volume in 2019 (ANTAQ)

(1) Brazilian Association of Animal Protein 2019 Annual Report; (2) InvestRS – Rio Grande do Sul State

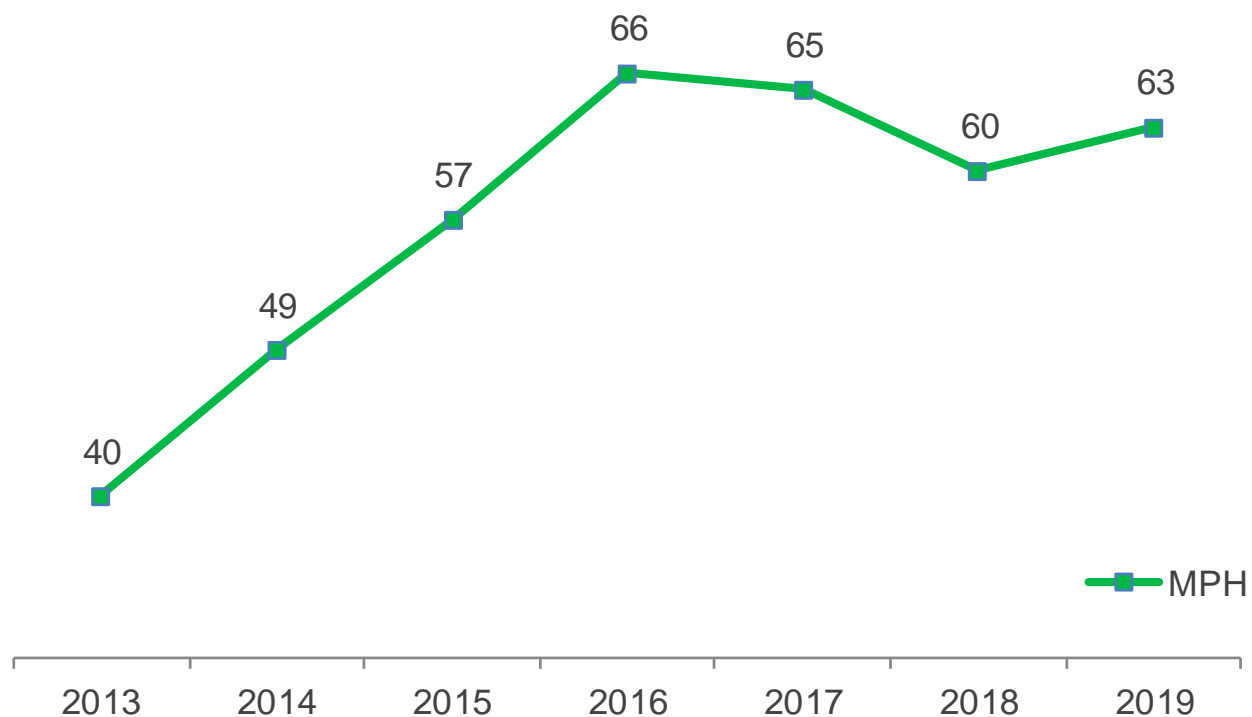
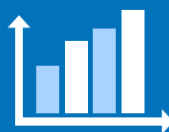
Tecon Imbituba

R\$ 965 million⁽¹⁾ invested since 2008

■ Improving Productivity - movements per hour per vessel (MPH)



Monthly Average
in 2019
63 MPH



(1) IGP-M inflation adjusted. Includes investments in Imbituba General Cargo terminal

TECON
VILA DO
CONDE

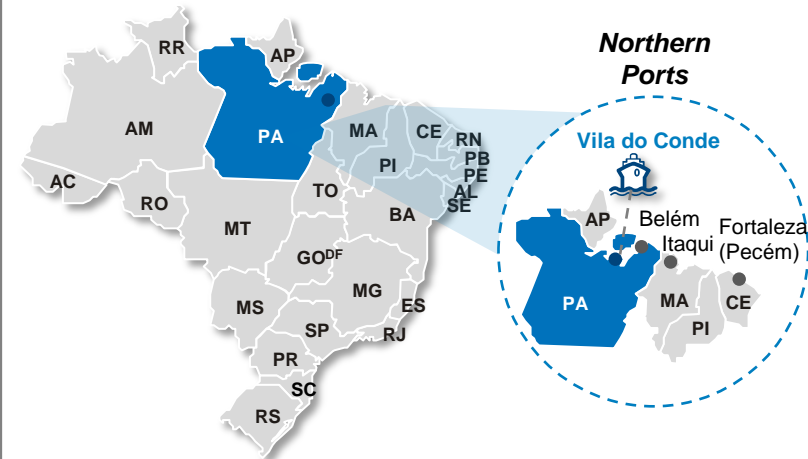


Tecon Vila do Conde

Located in the delta of Amazon River

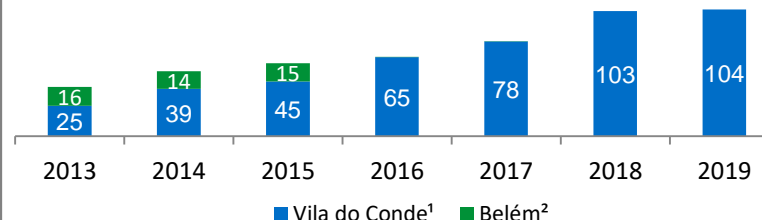
- Located in the North region of Brazil, with no physical constraints to receive long haul vessels
- Dominant container terminal in Pará state, well connected to other Brazilian ports via cabotage
- Connected to all continents, directly, through Caribbean hub ports and Panama Canal
- Offers container stuffing and unstuffing services, as well as refrigerated warehousing
- Capacity expanded in 2018: investments in new equipment and infrastructure modernization
- Lease contract recently renewed for an additional 15-year period (by 2033)
- Important commodity export hub in the region (e.g. timber, frozen meat, pepper, agricultural products, metals, minerals and fruits)

Geographic Footprint



Market Share 2019

'000 containers



Tecon Vila do Conde

Infrastructure and other information



General data

Depth: 13.5m
 Quayline extension: 254m
 Area: 86,615 sqm
 Annual Capacity: 217,000 TEU

**Allows
Post-
Panamax
vessels
to dock
at the
Port**

Security

Scanner (non-invasive inspection)
 Surveillance cameras
 Restricted access

Equipment

#

MHC 3
 Reach Stackers 11

MHC



Reach Stacker



Tecon Vila do Conde

North Region: inland waterway cargo transportation



Tecon Vila do Conde

Recent upgrade and capacity expansion to 217,000 TEU annual capacity



TEV - Vehicle Terminal

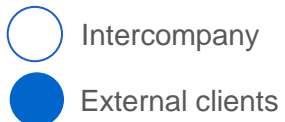
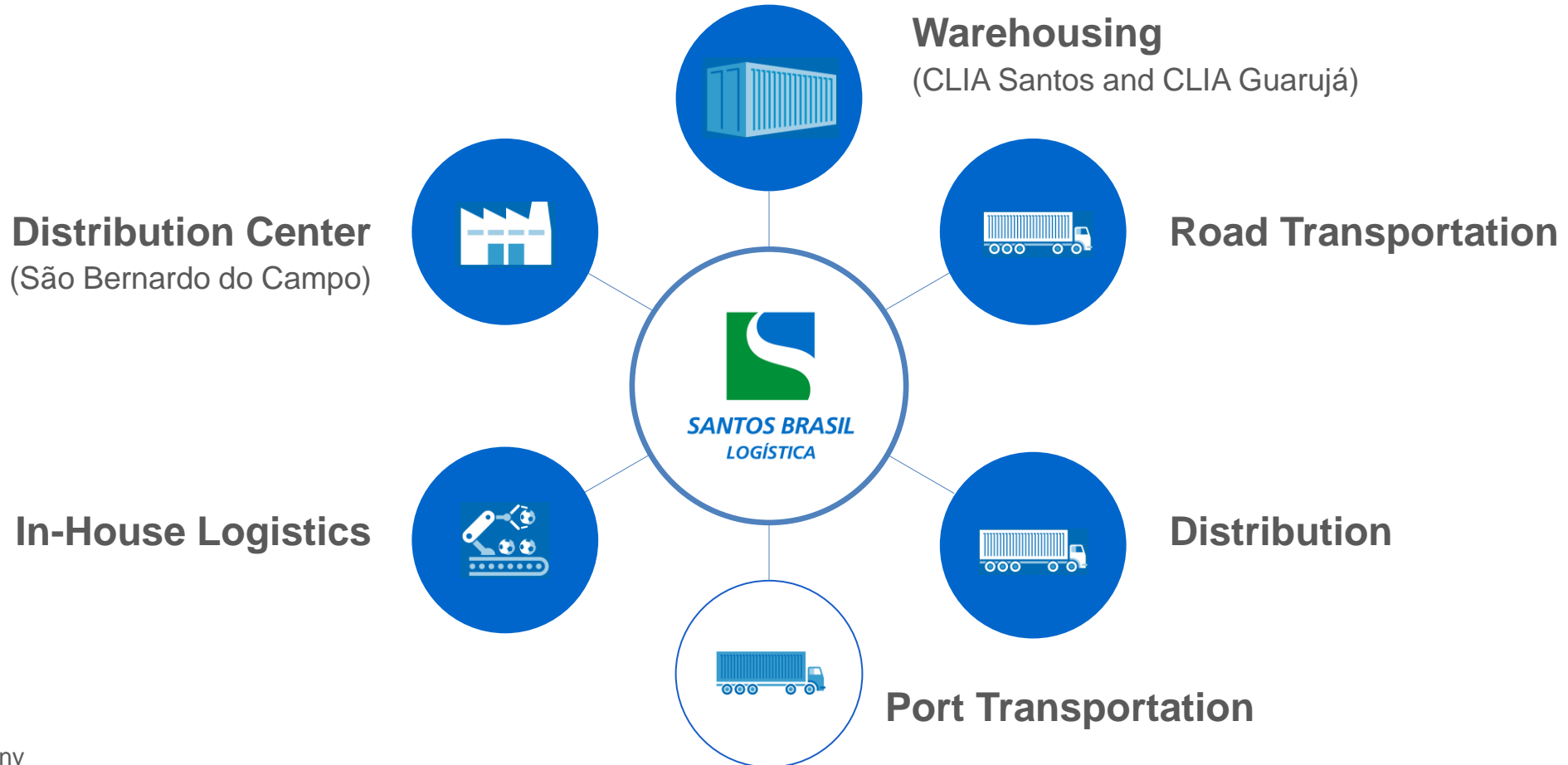
Largest vehicle terminal in Brazil

- **Neighbor to Tecon Santos**
- **Handling of different types of cargo:** trains, dismantled industrial plants, power transformers, dismantled machinery, large sculptures etc
- **Annual capacity: 300,000 vehicles**
 - Quay line extension: 310 meters
 - Static capacity: 10,000 vehicles
 - FY19 throughput: 177,699 vehicles
 - Total area: 164,000 sqm



Santos Brasil Logística (SBLog)

Business units



Santos Brasil Logística (SBLog)

3PL vertical integration



- Synchronizing maritime transportation with exporters' and importers' supply chain

- Increase customers' competitiveness providing Taylor-made logistics services

- Scope of provided services

- ✓ Receiving
- ✓ Inventory management
- ✓ Picking
- ✓ Expedition
- ✓ Transportation

- Infrastructure

- ✓ CLIA Santos (bonded warehouse - 64,755 sqm in total area)
- ✓ CLIA Guarujá (bonded warehouse - 52,900 sqm in total area)
- ✓ Distribution Center in São Bernardo do Campo (105,000 sqm in total area)
- ✓ Truck fleet (~130 vehicles)



Main clients

Port terminals and Logistics



MEDITERRANEAN SHIPPING COMPANY



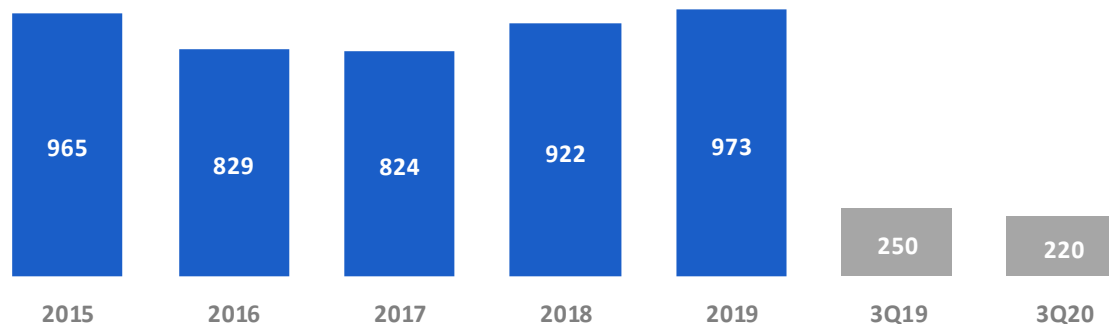


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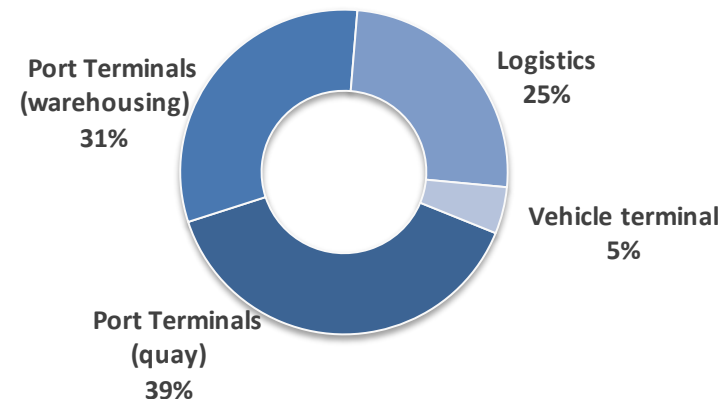
Financial Highlights

Financial Highlights

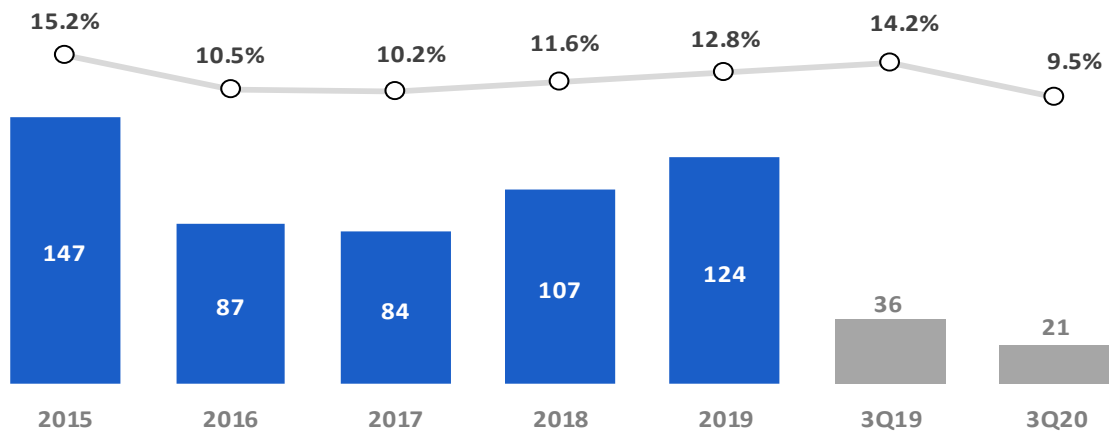
Net Revenue (R\$M)



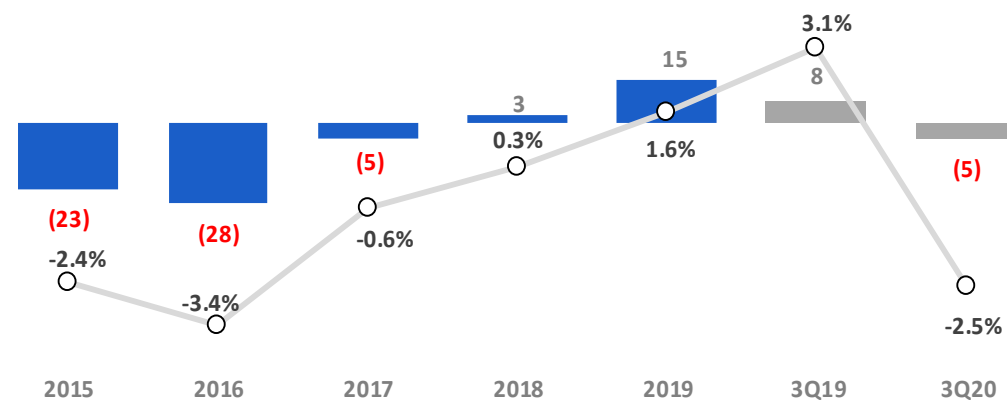
Net Revenue Breakdown (3Q20)



Pro Forma EBITDA² (R\$M) and EBITDA margin (%)



Net Income (R\$M) and Net margin (%)

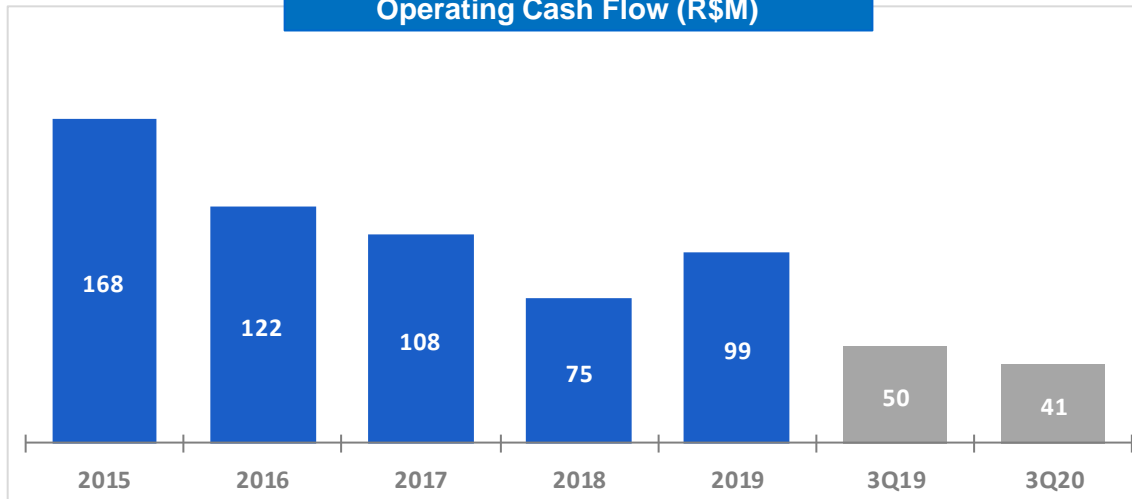


(1) Does not consider intracompany eliminations;
 (2) Pro-forma EBITDA adds leasing and rent expenses;

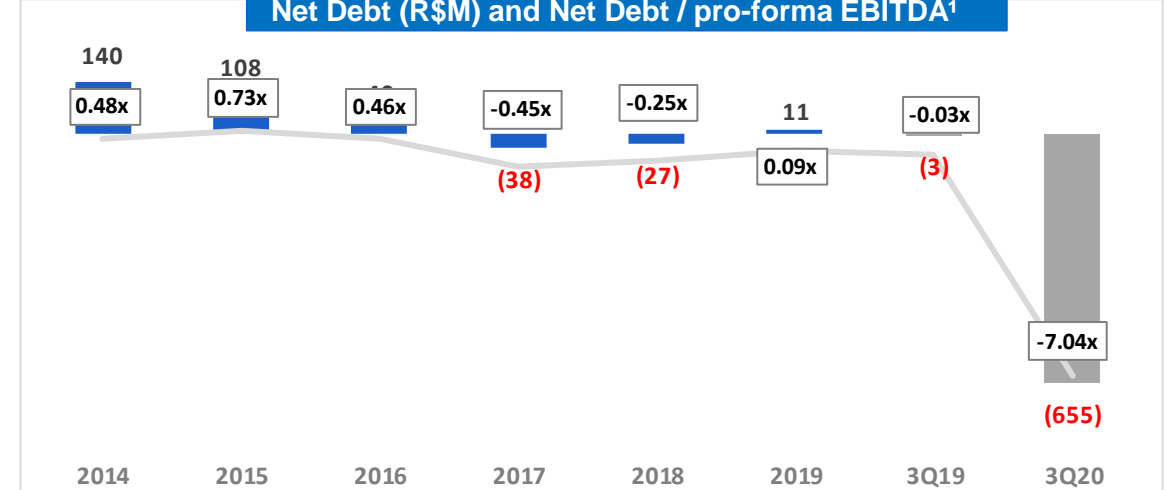
Debt Leverage and Cash Flow

S&P – Corporate rating in national scale: brAAA

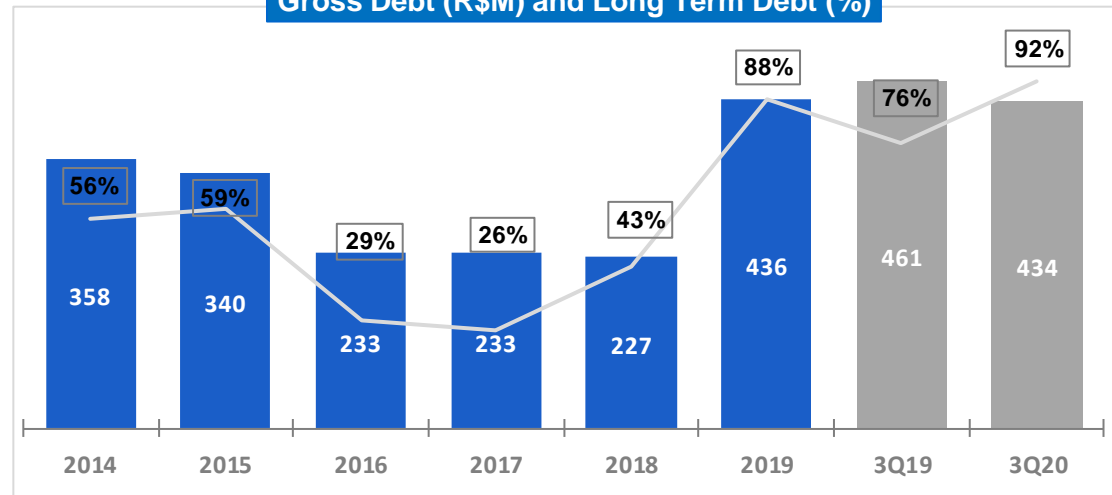
Operating Cash Flow (R\$M)



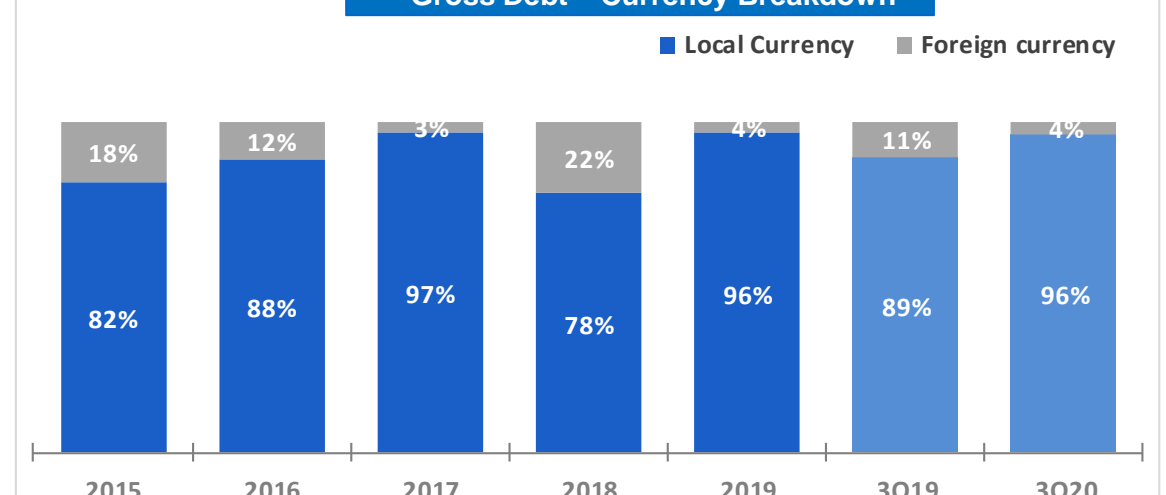
Net Debt (R\$M) and Net Debt / pro-forma EBITDA¹



Gross Debt (R\$M) and Long Term Debt (%)



Gross Debt – Currency Breakdown

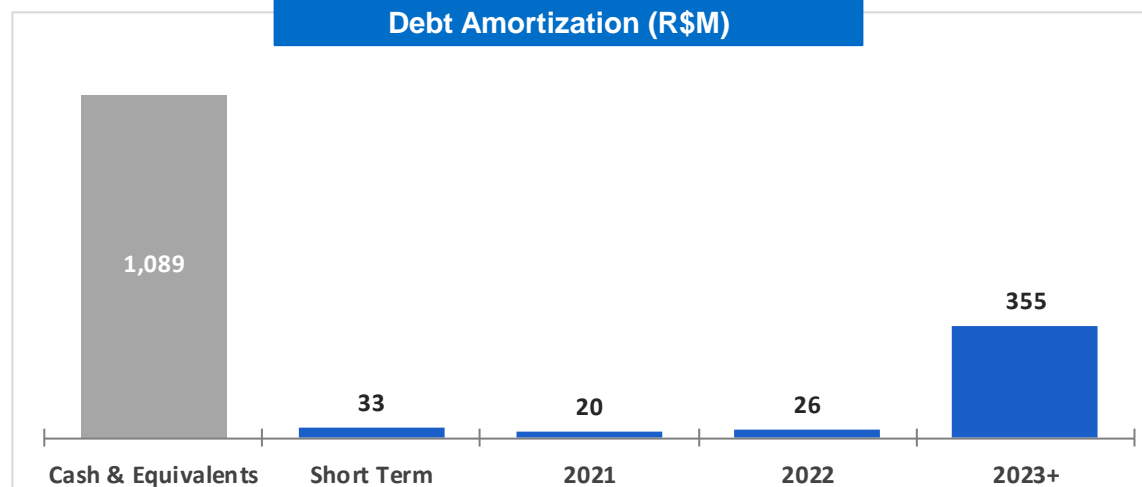


(1) Last-twelve-month pro-forma EBITDA;

Debt highlights and financial ratios

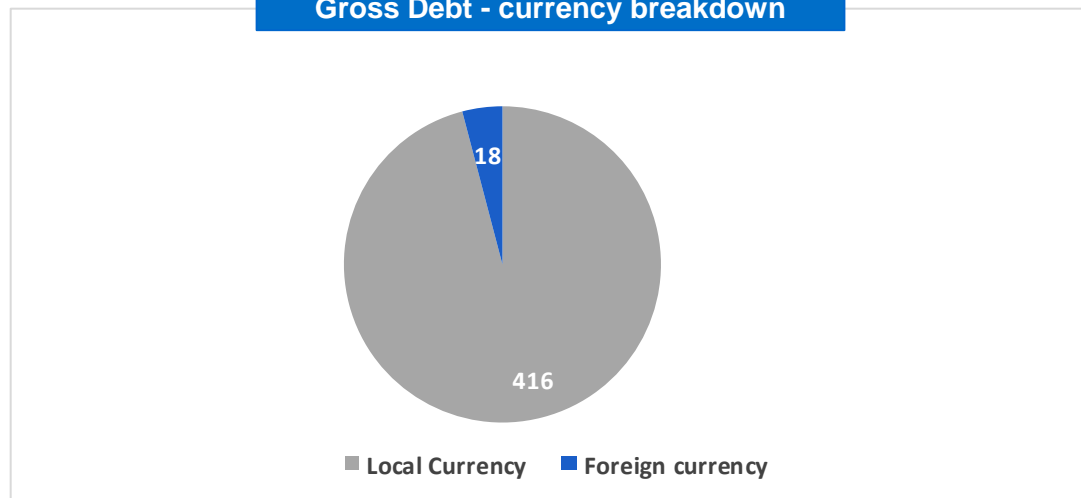
Net cash of R\$ 655.0 million in 09/30/2020

Debt Amortization (R\$M)



Debt	Currency	Outstanding (R\$M)	%
NCE	BRL	60.8	14.0%
Finimp	USD/EUR	17.7	4.1%
Finame	BRL	1.6	0.4%
Debentures	BRL	353.6	81.5%
Total		433.8	100.0%

Gross Debt - currency breakdown



Financial indicators – 3Q20

Debt leverage	-7.04x	net debt / pro-forma EBITDA LTM
Coverage ratio	1.1	pro-forma EBITDA LTM / interest expenses LTM
Current ratio	4.4	current assets / current liabilities
Quick ratio	4.3	(current assets - inventories) / current liabilities
Cash ratio	3.8	cash & equivalents / current liabilities

Investments

R\$ 5 billion⁽¹⁾ in 22 years



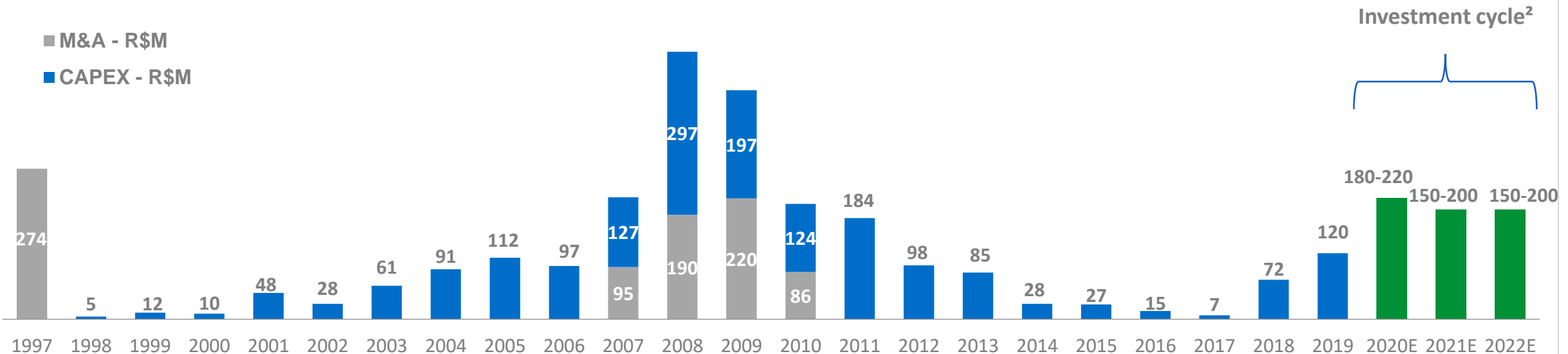
M&A

- 1997 – Tecon Santos bidding
- 2006 – Santos Brasil IPO
- 2007 – Santos Brasil Logística acquisition
- 2008 – Tecon Imbituba bidding & Tecon Vila do Conde acquisition
- 2009 – Vehicles terminal bidding

CAPEX

- 2004/2006 – Tecon Santos first expansion
- 2008/2010 – Tecon Santos second expansion
- 2008/2011 – Tecon Imbituba expansion
- 2018/2019 – Tecon Santos and Tecon Vila do Conde capacity expansion and infrastructure upgrade

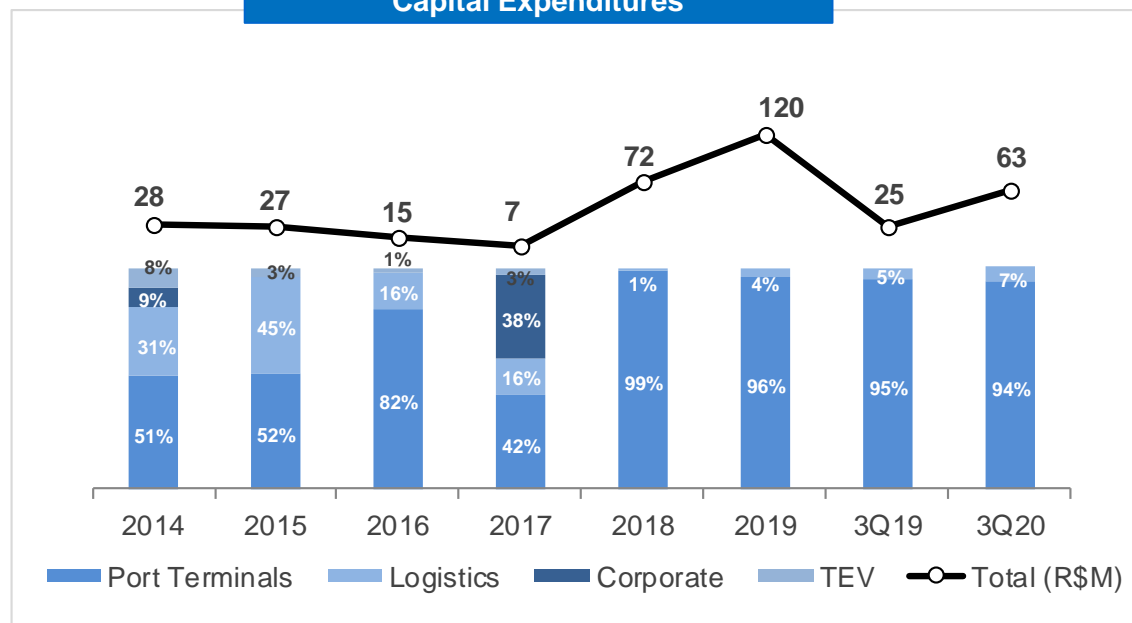
■ M&A - R\$M
■ CAPEX - R\$M



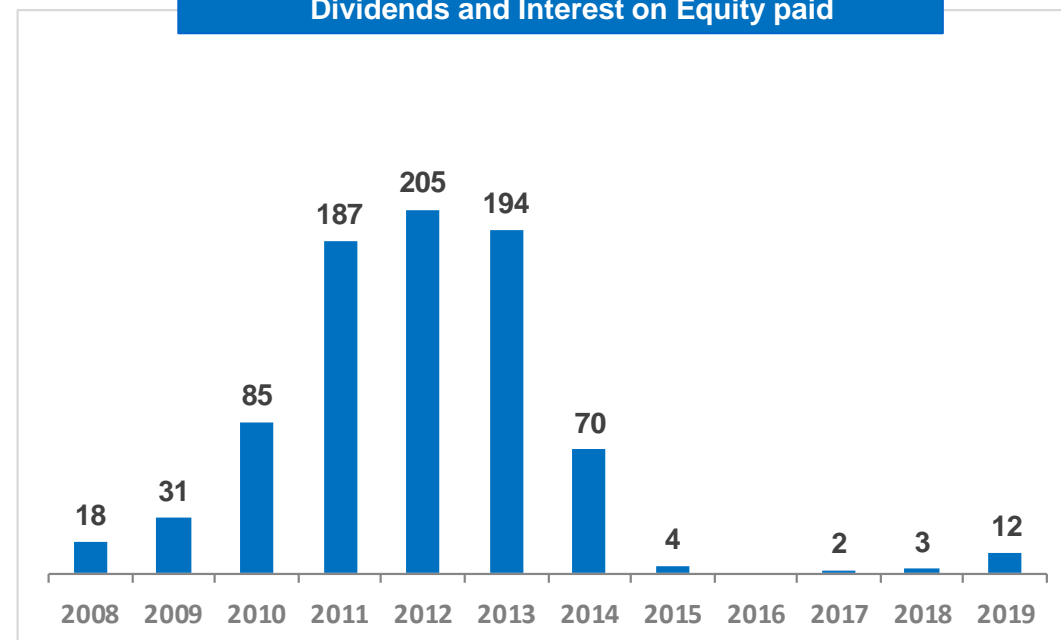
CapEx and Dividends

R\$ million

Capital Expenditures



Dividends and Interest on Equity paid



IR contact, Web and Social Medias



Índice
Brasil Amplo
BM&FBOVESPA **IBRA**

Índice de
Ações com Tag Along
Diferenciado **ITAG**

Índice
Governança Corporativa
Novo Mercado **IGC-NM**

Índice de
Ações com Governança
Corporativa Diferenciada **IGC**

Índice de
Governança
Corporativa Trade **IGCT**

Índice
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