Vibra Energia S.A.
Conference Call Transcript
2Q25 Results
August 12, 2025

Operator:

Good morning, ladies and gentlemen. Welcome to the video conference of Vibra to announce the results of the 2Q25.

This video conference is being recorded and the replay will be available at the Company's website, www.ri.vibraenergy.com.br. The slide deck will also be available for download.

All participants will be connected in listen-only mode to the video conference during the Company's presentation. Then we are going to start the questions and answers session, when further instructions will be provided. Translation is available by clicking on the 'interpretation' icon at the bottom of your Zoom screen. After clicking on 'language interpretation', choose your preferred language. For those listening to the video conference in English, the original audio in Portuguese can be muted by clicking on 'mute original audio'.

Before continuing, I would like to stress that forward-looking statements are based on beliefs and assumptions of the Company's management and are based on information currently available. Forward-looking statements may involve risks and uncertainties, considering that they regard future events and therefore depend on circumstances that may or may not occur. Investors, analysts, and journalists should consider the events related to the macroeconomic scenario, the industry and other factors may lead results to be materially different from those expressed in such forward-looking statements.

Today, here with us in this conference call, we have Mr. Ernesto Pousada, CEO, and Mr. Augusto Ribeiro, CFO, in addition to some of the other executive officers of the Company.

Now, I would like to give the floor to Mr. Ernesto Pousada, who's going to start the presentation. Mr. Pousada, please, the floor is yours.

Ernesto Pousada:

Good morning, everyone, ladies and gentlemen. It's a pleasure to be here in our earnings call for the 2Q25.

On the first slide, I would like to share with you a little bit of our resilience and focus on execution. So, we have a growth in market share and profitability. Our adjusted EBITDA is R$1.5 billion in the 2Q, with operating cash flow of R$800 million. So, in the 1H25, there's stronger demand, there's some growth, and the cash flow, and the 2Q was better than last year.

Moreover, there have been two nonrecurring effects in our cash flow. The first one is the operation with risk, considering the IOF had stopped doing this operation, and this happened especially at the end of June, which had a significant impact in our cash flow this quarter because of this operation. So, the IOF has been taken out, so the cash flow is back to normal.

Because of our business strategy, we, on purpose, have kind of held our inventory so that we could have a healthier inventory along the quarter. So, what we are seeing in the 3Q in terms of cash flow, in the first month of the 1Q, we are seeing this. So, the Company's cash flow is going to be certainly very strong as compared to the 2Q.

We are advancing greatly in making the most of synergies of Comerc, so we are going to exceed the numbers previously announced, and we are working to do that by especially expediting capture. So, what we thought we were going to do in 2025-2026, most of those synergies will be captured already in 2025. So, we have advanced a lot in the resulting synergies of Comerc.

In terms of leverage, without the LCs, we have reached 2.9x net debt over EBITDA, and this is a target for the Company definitely to reduce our leverage, and what we attained with a cash generation stronger this quarter, we see in the first month of 3Q a reduction of leverage. So, it has started, and it's the Company's pledge to get to the end of the year below 2.5x. So, we are working hard, and before the end of the year, we are going to deliver leverage below 2.5x. So, the Company is very much focused on bringing down leverage in the 2H25.

Our adjusted EBITDA margin was R$143 per m³, with a sales margin growth. When we look at the adjusted EBITDA margin, taking out the sales of assets and tax gains, bringing back inventory effect that had the effect of R$48 per m³, this leads us to a recurring margin of R$161 per m³.

So, compared to the 1Q, we have a margin that is about R$10 higher per m³, keeping our recurring margin level between R$150, R$160 per m³. So, the Company is managing to grow 0.3 p.p. in market share as compared to the 1Q25. So, we have been growing in market share and keeping the same margin level, which is a challenge, and now we were able to advance in that direction.

And as a reminder, we did not drop from one quarter to the other, and we are going to grow gradually too. So, there is no silver bullet, there is no magic here. What we are going to do is to gradually get more and more engaged with our network, with our customers in B2B, so that we can gain market share in a structural way.

This is not a one-off gain. We want to advance structurally, and this is what we are going to deliver quarter on quarter. Some quarters are going to be stronger, others weaker, but always at this level of margin and always increasing market share.

Another highlight is the net growth with 43 new service stations in the quarter. So, the margin this quarter is R$161 per m³. So, when we bring the inventory effect, which was quite significant, the market share growth, and also new service stations. So in these first six months of the year, we have more than 92 new service stations for the year. So, this is very significant time in terms of growth and engagement with our dealership.

Another highlight in the growth of market share is ethanol. We grew 0.7 p.p. in ethanol, and we also doubled our ethanol margin. So, ethanol has joined to contribute to our result, trying to find a better balance between the growth in share and margin. So, we could double our ethanol margin at the same time as growing market share, and our ROIC was 14.3%.

Now, I would like to give the floor to Augusto to continue the presentation.

Augusto Ribeiro:

Thank you so much, Ernesto. Good morning, everyone. So, before going specifically into numbers, I would like to remind you and stress what was said before. We ended with parity open, and then we ended with it closed. So, thanks to all operations and improvements that we have implemented over the last two years in terms of planning, offering supply, and everything that we did, the Company has presented dynamic responses and capacity to keep our commercial margins, which is what we monitor on an everyday basis, expenses, and how we are navigating. And then we had the growth in market share, and this will be the dynamic.

We are not going to have explosive market share gains in a market such as this. It's going to be slowly based on operational efficiency. So, as I said before, we have approximately R$420 million, and I might not mention it over the next few slides, obviously all the numbers here do not exclude this effect.

So, beginning on this slide, in the adjusted EBITDA, we had R$1.472 billion consolidated, R$1.248 billion for Vibra and R$224 million for Comerc. This is accounting. The at stake for Comerc is R$274 million, and at stake that talks with the guidance that we published for 2025.

In operating cash flow, we delivered R$880 billion consolidated, R$580 million at Vibra, R$228 million at Comerc, and Ernesto mentioned the two main events that we had. Those are two transition events between the 2Q and the 3Q. First, the IOF, and the second was a decision of the Company made in terms of inventory management.

So, we had inventory above blend. And so, the good news at the same time is to have a report in the half of the 2Q. So, we have almost 45 days of execution, and we can say that these two effects are already fully back into the Company's cash.

In terms of adjusted net income and adjusted with takeout, the future discounts from Comerc in the net income, we had R$493 million consolidated with breakeven in Comerc, and basically R$500 million, R$494 million for Vibra.

On the next slide, this is where you can see the history for many years in terms of deliveries in the 2Q. The Company had 4% growth as compared to the same quarter in 2024, and also compared to the 1Q24, and in terms of fuel oil, we grew year on year.

Now, when we analyze adjusted expenses, you can see a 5% reduction as compared to the 1Q25, and a growth of 17% versus 2Q24. It's important to emphasize that most of this growth in expenses comes from transactions, especially with B2B customers, where we have commitments for investment and growth in the expense line, but also with assured profitability because of the gross margin.

Those are good expenses, but they demand some expenses that need to be invested, and then year on year, expenses grow. But now, when we look at the margin, these expenses are weighed, and with that regard, we mentioned that we are growing consistently in the companies adjusted EBITDA margin.

Ernesto mentioned we had R$161 in the 1Q, commercial margin above what we delivered in the 1Q25, and in the 2Q24, which was like R$150, R$155. This demonstrates our capacity to bring growth while keeping our profitability.

So, on the next slide, talking about capital allocation, our goal here is to get to the end of the year below 2.5x, and 2.9x is the peak in internal projections. We were seeing June the peak leverage after Comerc. The 2H25 is slightly smaller in terms of result because in the 2H, seasonality is always bigger inside of Vibra, and in the half of the 3Q. And as a reminder, this 2.9x, if you separate, and you can see Vibra and Comerc, we have 2.6x for Vibra and 4.7x for Comerc.

CAPEX, as I had said before, we have some leverage, and our leverage is a more modest investment in CAPEX considering all the decisions that the Company made to improve our capital structure. We reached R$441 million in 2Q, in contrast with R$590 million in the 1Q.

So, a reduction in Vibra and even in Comerc when we are maturing the remaining investments, especially in distributed generation, and a growth as compared to last year in bonuses, which is related to the net increase in taxes, market share, and all of them with return above the Company's ROIC.

Now, as to the adjusted net income, this is impacted by inventory adjustment. We reached R$493 million in 2Q25, close to R$1 billion excluding this effect, and we paid out dividends in the 2Q25. We paid R$350 million.

Now, on the next slide, you can see our network. It has had a growth of 5% in its volume compared to the 1Q25, and stable compared to the year before. Growth has two components. We have kept our market share stable for the network, and we grew for non-branded market share. So, growth with profitability, is important to emphasize this, the non-branded, so by building relationship and all the possibilities. So, this is a market that is relevant, and Vibra, with the opportunity, we work to operate in a profitable way.

On the next slide, as Ernesto mentioned, we grew the number of gas stations. We totaled 7,989 service stations, and then we totaled year-on-year plus 97 stations in 2025, and BR Mania grew 9%.

Now, on the B2B, we have had a 4% growth in the adjusted EBITDA as compared to the year before. Of course, here affected in comparison with the 1Q because of the loss of inventory, growing volume, 2% growth as compared to the 1Q25 without fuel oil. And then in diesel and aviation, growing strongly in this market, 5% for diesel as compared to the 1Q25. In aviation, we grew 2% compared to last year, basically -2% versus 1Q25, and market share overall close to 60% of the Brazilian market.

Now, when you see the diesel market share and the TRR market share, the B2B, dynamics is close to what we said before. We had a fast growth of market share in B2B at certain times, and we had an adjust in profitability also. So, it grows, profitability goes down a little bit, and then it grows. The important thing is that the growth curve defines a trend quarter after quarter, with incremental growth in market share. This is what we seek for the whole business, especially in B2B.

On the next slide, you can see the lubricants. For lubricants, the growth was significant in volume. We grew 6% in volume compared to the year before and 7% compared to the 1Q25. When we analyze market share, 2.5 p.p. compared to the previous year, 0.8 p.p. compared to 1Q25. Very significant movement, very well engaged. Today, the market provides good opportunities in terms of lubricants, especially for Lubrax products.

On the next slide, you can see a little bit about Comerc. So, Comerc, as I said before, it's at stake in terms of the adjusted EBITDA, 228, in terms of operating cash flow. Just emphasizing a few points here, this 228 in operational cash flow, there was an EBITDA conversion into cash of 83% as the projections for investment. As we realized investments, we are keeping good conversion of EBITDA into cash.

In terms of synergies, this is on track and we are implementing OPEX as expected, liability management. There is a remaining part for the 2H25, but we are almost in the final stages, and tax efficiency is expected to begin in early 2026.

On slide number 12, you can see a little bit about our operating units inside Comerc. So, we have 100% of our capacity already delivered, and the 364 megawatts that have been delivered. In wind, we have 110 plants already implemented, built, and we will get to 130 at the end of the investment cycle, getting to a total of approximately 420 megawatts of distributed generation.

In centralized generation, we had a growth in wind because the wind season was better and a smaller curtailment of 10%. However, in centralized solar generation, this is where we had the most significant impact of curtailment, almost 20% in the period.

So, this curtailment effect is a little bit of resource, but the curtailment effect led us to a smaller generation in the 2Q versus the 1Q25 of 75%, against 84.2%. It's important to demonstrate that the capacity to generate and deliver energy of our operating units is very, very high. It's highly efficient. Without curtailment, we would be operating close to 96%.

When we look at distributed generation, you can see 87.2%, in contrast with 95.5%. In P50, this is because of the ramp-up and new operational units going live, so the plants go live and launch. There is a minor inefficiency, but operations are going well and they are being released according to program.

As to the trader, we get good realization, but the main reason for this is the uncertainty that we have today in the market, and the Company decided to incur in less risk to avoid possible future losses, considering the uncertainties that we are going through right now. So, the trader today, we are around R$439 million.

And so, now I will give the floor back to Ernesto.

Ernesto Pousada:

Going back, about our non-negotiable ESG principles, in terms of governance, we have launched the first integrated report of Vibra in the new format and we call it Integrated Report.

In terms of environment, our decarbonization journey continues. So, we had about 500 greenhouse gas emission inventories completed for clients. We mapped over 47 million tonnes of CO2 equivalent. So, we joined the movement for racial equity, MOVER. And the main movement that we have now in terms of the social is a zero sexual violence movement in May.

So, in May, we intensified our actions when. We placed an impact on almost 10 million people in the Copa Truck, Stock Car, and also some NGOs that are all over Brazil, such as Pequeno Nazareno. There were donations through our gas station app, Premmia, so we are advancing greatly in this movement, which is very significant for us to make a change where Brazil has very poor indicators.

Before moving to the Q&A, I would just like to emphasize a few points. In the 2H, the Company remains very much focused on growing in margin. We will continue to grow share. As we lost gradually, we are going to recover share gradually. And Vibra will grow again at the margin levels that you saw before. So, you are going to see this growth, keeping margins.

The second focus that we have, and it's not in order of priority, is the reduction of leverage and net debt. So, there is a commitment from management to get to the end of the year with less than 2.5x net debt over EBITDA. So, we are very much focused on our capital structure to assure that we are reducing the Company's debt.

And we are going to have a 2H with higher share, higher margins and more cash. This is going to be the 2H25 that we have already started seeing in the first days of the 3Q.

Now, let's move to our questions and answer session.

Monique Greco, Itaú BBA:

Good morning, everyone. Thank you so much for allowing me to ask questions. I am going to ask two questions. Ernesto, just a follow-on on what you said. I think the message of growth in share with margin is very clear. I think that this quarter was the clear turning point. Can we expect for the 3Q the continuation of the gain in share? And what can we think in terms of margin levels, considering that you are already seeing in June, in August arbitrage is closed, and there are the measures of the bio plus the advance of ethanol, you said that you are going to have a higher volume and higher margin. But if you give us some color what you have been seeing in July and August.

And the second question is about lubricants. Last call, you said that considering the opportunities, you could see two years in one in terms of growth in expansion of EBITDA for this segment. So, are you keeping this vision, and how are you seeing the profitability level of this sector?

Ernesto Pousada:

Good morning, Monique. Thank you for the questions. In fact, well, every 2H25, they have higher demand and with better margins and better volumes too. This is being seen now in the beginning of the 3Q, we have 45 days. And into the six months that lie ahead of us, we have more than five months so it's still difficult to make a full forecast, but we want to grow market share.

The size of what you are seeing can be 0.2, 0.3, 0.5. We are not going to see a growth of 2 p.p. in market share. This is not our goal. We want to have gradual growth because it needs to be structural. It's not spot. It's a growth that we are building so that it is long lasting, and so that we have it in the long term.

So, our strategy of branding, our strategy of growing volumes with unbranded units, this is important. And our strategy is very much based on the principles of structural growth. And we should expect a structural margin of Vibra for this growth of about R$150, R$160 per m³.

So, this is what we are seeing. Sometimes it might be slightly higher or lower, but structurally, what we are seeing is our margin being R$150, R$160 with growth.

And we are very happy. We are seeing the first movements of fighting illegal markets, providing effective results. So, we look at that monophase, ethanol is good. We could advance in the unbranded, we doubled our ethanol margin. And so, we have a good balance in terms of volume growth with margins.

And despite back and forth, the thing of CBIO is significant. And we are seeing is some impact for several distributors who were not buying CBIO have now started buying. We are seeing this in the markets.

So, these two actions are having an impact. And once again, there is no silver bullet. We are not going to solve it overnight or in the short term. There is a long-term journey, and through ICL, we are going to be consistent and resilient so that we can solve the whole market and solve this practice so that everyone can play legally. So, we are optimistic in terms of growth with margin for the 2H25.

About lubricants, we are seeing a market that is better. We have been growing above what we had planned. And we will advance more than we had planned initially. So, this is a way of saying, two in one, but what we are seeing in our plan in the long term, what we structured for Lubrax, for lubricants, especially in volume, there is something in margin but especially in volume. We have been able to advance in markets where we did not operate before such as the OEM.

And so, we are getting to those markets. And so, it's not just a sale, but it becomes a reference, a recommendation, and then we can advance in a structured way in these markets.

Luiz Carvalho, BTG:

Thank you very much for taking my question. The first thing I would like to understand, the impact. What can you see in terms of the positive impact of CBIO regulation, if it's small, monophasic ethanol. What is the discussion about biodiesel within diesel?

So, more taxes. There is more tax, and Vibra is going to the level of almost R$8 billion of accumulated credits. And when we look at the payments of taxes in the future, we are not seeing the companies paying taxes for quite a long time. So, I would like to understand your perception with regards to this tax aspect.

And if you allow me another question, about Comerc. In the 2H, this curtailment dynamics will not be solved. And when we analyze the results of the 1H25, it's going to be slightly below the 1.3 EBITDA that you were driving. Of course, this is not in your control, but I would like to hear your take on that.

Ernesto Pousada:

Good morning. Thank you very much for your questions, Luis. I will answer the first one and then Augusto is going to answer the second.

About the impact of regulatory changes, we are very optimistic. And I am going to repeat what I said before. There's no silver bullet. We cannot imagine that we are going to solve everything in 2025.

But monophasic ethanol, in fact, has provided share gains that we did not have in ethanol for a long time. There is a revolution of Vibra in the market in São Paulo. Now, there's more ethanol in the country. We were losing a relative position and this provides very positive consequences. Now, our dealers are engaging back with us in São Paulo, something that we had not seen for a long time.

So, at the same level as other players. And so now, we are back again, we have recovered our power and we are very happy and excited about that, and we are seeing a good movement in São Paulo because of the single phase mixture of ethanol.

So, we can sell non-branded products with very interesting margins. We grew it in the non-branded. So, CBIO, it went up and down. But anyway, it's talking about the past. What we see now, in our day-to-day in the market, we are hearing and listening from customers in the market that it's effectively having an impact on many companies in the right way.

So, you have started considering CBIO into their costs. And this has driven us and is affecting the dynamics. It's changing it in some markets where some of the companies did not have that included in their costs.

So, we see an evolution in margins, there is a minor evolution in market share. And once again, it's not about looking at that and think that is a huge impact for everyone. We are going to continue our work and expect that the list of those who are owing to CBIO that is now in effect, in January 2026, we are going to have a new list of those who are delinquent and those who will have paid.

So, now there are several actions according to your question. We are very active through CL. All companies of ICL have been participating, even CEOs, and now with actions. And we have recently donated some pieces of equipment to ANP, and there will be a program that is going to be launched over the next few days so that these verifications of ANP are in the agenda, so they can test it right on time. In the past, it would take a few days. With this piece of equipment, you can do it right on time and then shut down the gas station.

So, what we have here in Vibra is not the effect of five gas stations closed. It's the risk of your gas station being shut down. So, we are going to give more and more visibility to that.

And I would like to emphasize something else that happened in São Paulo and has started in other states which is positive, which is the thing of the solidary tax debtors. In the state of São Paulo just last week, these companies had been accused before. So, gas stations that had purchased fuel from companies that owe the state in terms of taxes, now they are getting the payment slips.

This all creates a positive dynamic for the market, but for the country too. We want a positive dynamic for the country to do the right thing, to abide by the law. So, I think that this is another very strong effect and we are watching it. There's a very strong effect in the market in the state of São Paulo.

And so, I remain optimistic on this journey. It's not just one quarter or one month, but I am very optimistic about this journey. So, more actions for biodiesel, more actions of the solidary debt in the case of taxes. And we are working on monophasic ethanol, and in the next two months, we hope that we will be able to finish the study and analysis together with UNICA. So, we are really very confident with the agenda.

Augusto Ribeiro:

About taxes and tax credits, just as a reminder, this is an internal ambition for it to continue generating cash. We want to increase cash generation. So, being really straightforward, we are going to have these tax credits for quite some time. So, we are likely to use it over the next few years.

The thing about Comerc, and maybe Ernesto would like to complement, I would divide Comerc in two parts. There's the 1H and the 2H of the year. In the 1H, our results were good, in line with the budget, we are managing it. In terms of the follow-up, there was an aggravation of curtailment, about 11% in the 2Q24, and now it was approximately 20% in the 2Q.

However, now relating to the guidance that we published, it's difficult for us to review the guidance. As a reminder, we were successful in the 1H. In the 2H, usually you have more resources, better results. The 2H is always better than the 1H25. But there are many things going on in terms of regulation.

So, there are many parts moving. So, curtailment has, in fact, gotten worse. This is something unknown, and we do not know its impact in the 2H, but we think it's too early to make any new projections, and we believe we will continue working to deliver R$1.3 billion in terms of guidance for 2025.

Definitely, that can happen. As soon as we have a better configuration of results and projections for 2025, we are going to go out to the market, and we might review and adjust it. But we are working to deliver our goals.

Gabriel Barra, Citi:

Thank you. Three points and one follow-up. I think I have asked it before, but this week, there were some discussions of the Company going back to the market of gas. So, I know that there is a noncompete, and then you discuss the brand. And I would like to hear from you, especially in terms of the brand, how are you addressing this theme today? I think it’s a recurring theme in some conference calls. Considering this, how are you behaving recently for the Company?

Number two, we saw this dynamics, we think that in a release of inventory, we see a working capital this quarter with some one-off adjustments. But the thing here is, and the question is related to the working capital coming back in the 3Q. I would like to understand the dynamics and what happened. Should we think in a lower inventory, in a much smaller inventory in the 3Q?

And very briefly about the monophasic ethanol, how should we think the ratio between market share and margin? Okay, having monophasic ethanol provides a few cents of difference. But we are halfway through the quarter, a quarter that has very much this impact. What should we think in terms of strategy? What is the best way to take in this advantage for the Company? And what is it going to be like from now on?

Ernesto Pousada:

Good morning, Gabriel. Thank you very much for the question. Let's start with Petrobras, our guess. Our contract goes up to 2029. We have another six years of rebranding, and everything that Petrobras has said recently regard this contract and the Company. And so, we are very proud to have the brand Petrobras, the most recalled brand for Brazilians. It's a brand that we are very proud of and we are going to continue. In time, and this is not the right time, when the time comes, we are going to analyze. Maybe we will renew the contract or we are going to try and find a new solution.

So, this is a very significant theme, but it's not urgent for us. It might be one of the most important themes that we have for the Company in the long term, but it's not urgent that it is going to take up our time and energy today. And so, we are going to work on that.

Your second question, I am going to give it over to Augusto in terms of working capital. I would just like to reinforce something. I said before that we see a structural margin of R$150, R$160 per m^3. This does not mean that in the 3Q, we are going to have those margins. So, we will have a stronger 3Q than usual, but to make this very clear, just as we are going to have a 3Q that is going to be very strong, unusual in terms of cash generation, because we have R$400 million in terms of the risk of our customers, this has been going down and we will keep in the 3Q, and we certainly want this. As we are monitoring, this is going to be above the structural levels.

So, this is what we see, and margins have been growing up structurally a long time to fight illegality and to find new B2B solutions. And I think this is a challenge that we have structurally in terms of margin, and in the 3Q, we are going to have a result that will be above our expectations and above margin.

Same thing with cash. That is very relevant considering the effects that took place at the end of the 2Q and that will have a positive impact in the 3Q.

Augusto Ribeiro:

Just from the structural standpoint, just talking about how we monitor this in terms of S&OPs and supply and demand, inventory is super relevant. And now, inventory position overall in general, just to have a reference, remember last year was R$1 billion by operating better our inventory. This is how much we gained.

Now that we have more inventory along the 1Q, the dynamics in the 2Q, we could not reduce it. It was slightly above what we had initially planned. Now, in 3Q, in these 45 days, we are going back to the levels that we had at the end of last year.

And as a reminder, we are seeking more efficient inventory levels. So, when Ernesto was here, we had lots of problems of shortage in certain regions in Brazil. And for almost a year and a half, we are operating at much more efficient levels with much less shortage. That's why we are seeking opportunities to operate better. This is the Company's goal and we want to have levels that are even better. This is in terms of inventory. We are seeking ways to work. This is a high amount, just because of the rebound, and we are working more with efficiency and seeking gains for our working capital.

Ernesto Pousada:

And as to informality, Gabriel, the way to look at that is as I have been saying for a while. We are either to fight informality with engagement of our network, branding and B2B solutions. We will grow consistently in a structural way in share with at least this level of margin of R$150, R$160 per m³.

And so, when we look in one or two years, Vibra will clearly have grown and will go back to past levels, and maybe even exceed those levels from the past. We want again to be bigger players than we are now.

I think that this is the best way to see this. You are not going to see the big leaps of one, two p.p. in share, and we are going to gradually fight illegality with our day-to-day actions in the management of the Company. We are going to see the growth in market share and little by little, gradually, a slight growth in our margins too in a structural way, which is slightly different from the 3Q where we have opportunities that are more at hand considering the market status today.

Vicente Falanga, Bradesco BBI:

Good morning. Thank you for taking my questions. I have two questions. First, is there a risk of Brazil getting more tariffs on imports? And if this goes up and if the flow of diesel stops, how do you see Vibra positioned?

And my second question is for us to try and map overall risks for next year. At the end of the year, there will be the transmission line connecting Roraima with thermal power plants. Could Vibra be affected in B2B segment? Are you very much exposed to the sale of thermal power over there?

Ernesto Pousada:

Thank you very much for your questions. I am going to answer the first one. No, the impact is not relevant at all for Roraima connection into the system, neither for Comerc nor B2B. So, this has no impact whatsoever.

And as to import tariffs, of course, we do not know what is going to happen, but if it happens, number one, in terms of acquisitions, in Vibra, there are some acquisitions in the Gulf market and we have been working in the Gulf of Mexico, we have been working there for a few years. There are no problems with supply. There are other sources in the Middle East too. So, no problems in that arena.

And structurally, this is always good for Vibra because we are likely to focus very much on our relationship with Petrobras. Petrobras is our preferential supplier, they are our preferred suppliers. And so, most of the things that we have come through Petrobras. So, to us, structurally, this might be positive considering our focus and partnership with Petrobras.

Regis Cardoso, XP:

Good morning. Thank you for the space for questions. Just still on margins, earlier on, you said that you saw recurring margin at R$161 with a one-off effect of the sale of assets and also the inventory effect. So, I imagine that would be reasonable that 3Q, considering the more closed market, it could be above that. And then, I do not know whether there will be some cash release. Usually, when we are drafting our estimates, we think that it would be something like R$500 million and R$1 billion. I am trying to quantify it. I do not know how much you can disclose about that.

And the second question, if you allow me, the branding, it was interesting to see that the number of stations is going up. But I was really curious that the upfront branding is still below amortization. So, could you comment how this process is going, whether the contracts are shorter, or maybe you do not have the upfront modality, you have changed the format? And then, on the other hand, the immobilized CAPEX of PP&E is above depreciation. Is there any specific detail? I think that we still have the last homework cycle this year, but thinking in terms of distribution, is there in distribution basis any major project that is under execution?

Ernesto Pousada:

Regis, good morning. Thank you for the questions. I am going to say the first two ones, and then I am going to compliment.

So, in margins, you are correct. In the 3Q and the 2Q, we saw a margin of R$161, and we are using the 3Q. We are seeing that it's going to be better than this margin. Same thing for cash flow, which, in terms of direction, has an impact of R$100 million in the risk of customers that are back in terms of the assigned risk that they did not use it. We have R$400 million. So, clearly, in terms of direction, in terms of cash flow, this is in the right direction.

Augusto Ribeiro:

And the second question about margin, it's likely to be higher.

In terms of brand, it's important in terms of mix, but we always try to balance out performance based on delivery of volumes and dates, and when we give the advance bonus that we book as capex. So, we have been trying to change the bonus, but this is very much based on performance.

So, this affects the understanding in terms of depreciation, and then we do the reconciliation if you want to see more details. But yes, the bonuses have been growing as a whole, and performance does a significant share, even because later follow-up is much easier based on performance, and it's easier to have a relationship with our customers.

CAPEX for the 2H, there is nothing significant. It's a reduction and we are going to advance in GD and Vibra. There's the whole discussion on leverage, capital, and our ambition and goal of having less than 2.5x before the end of the year, and CAPEX being rediscussed either on a monthly basis, in a formal committee that we have in-house, discussing all our investments, even bonuses and taxes, not just assets and IT, not all investments, we take everything, but also in weekly meetings to follow up investments. But there are no major material investments in addition to what we are doing already, and maybe something in 2026.

Matheus Enfeldt, UBS:

Good morning. I have just a follow-up about margins. I am sorry to insist on this, but our previous understanding is that the expected margins, especially now for VBRA, would be to grow. And now when we look at what you said, a margin of R$150, R$160, looks more like a stability as compared to what we had in the last years and adjustments, and even below what we have been seeing in the last few years. I understand the regulation aspects that were slightly more complex earlier this year, but is there any other difference in the market that would lead you to review down your expectations?

And my second question, we talked very much about the short term and very short term, but I would like to understand you in terms of capital allocation after deleveraging. It's very clear that this year, the objective is to get below 2.5x, and the focus on deleveraging is very strong. But what can we think in terms of capital allocation for 2026, 2027, 2028, considering the Company is a major cash generator? Maybe a relatively low growth? Should we look into diversification as a strategy for Comerc for the evolution? Or is Vibra, in 2026, 2027, going to focus on cash generation and dividends? I know you might not have the answer, so maybe you could tell us how you think about the process of capital allocation. These are the two questions I had to ask.

Ernesto Pousada:

Matheus, good morning. Thank you for your questions. In terms of margin, I am going to repeat, we have R$160 structural. This is what we see today so that we can increase our share. So, our focus is to grow with this level of margins.

It does not mean that this is going to the margin in 3Q. As I said before, our margin in 3Q, considering the market, it's likely to be above the structural margin. It's likely to be. This is a tendency, a trend.

But what we can see today is that with this fighting illegality and all the actions, we will be able, with this level of margin to grow significantly over the next few quarters. So, we could generate cash and EBITDA through growth and we can have higher volumes in terms of ethanol and gasoline.

So, this level of R$160 is a structural level for us to continue growing, and maybe in the future our plan is to increase margin too. But this is going to demand on our advance that it is going to take, but it's gradual. In the 3Q, margins are usually higher than the structural level. This is what we have.

In terms of capital allocation, our goal is to be less than 2.5x this year. We have concrete plans to reach that goal and we will get there. And next year we are going to start the year seeking to reduce leverage. Our ideal leverage is to be below 2x. We want to be below 2x, so we are probably going to start the year seeking this reduction of our leverage.

And then, when we look at the future of the Company, we will always be looking at possibilities with return to shareholders in terms of growth of our core business aligned with what we said to you as part of our strategy in our Investor Day that we had about one year ago, when we talked precisely about our potential growth in many of those avenues, even with a possible acceleration in the branding of gas stations. If that makes sense, we are going to seek that growth because this would accelerate our internal growth of our core business.

Today, we have the focus of reducing leverage and so as soon as it is repositioned below 2x, we are going to look at other growth potentials. And if we cannot find growth potentials, we are going to pay out dividends. We are okay with that. That's not a problem. This needs to be very clear. Our objective is not to have projects, our objective is to have the good allocation of our capital to provide returns for our shareholders. So, if the best return is paying out dividends, we are going to do that.

Augusto Ribeiro:

And in terms of structure and decision, we have a strategy, we have our growth avenues. We have a focus on the short term on deleveraging the companies, as Ernesto said. We have a very active financial committee. We discuss all strategic movements of the Company. Once deleveraged, the avenues of growth continue. There are possibilities, and they are likely to generate more cash for the Company.

As a reminder, when we presented our strategic plan, there was a very simple mandala where dividends were still a piece there. So, we are not being one or the other. We want to have the capacity to grow, so, the Company is already very high in terms of revenue, but in payout of dividends, we have slightly more compressed margins, so there is a leverage there. And the options along 2026 and 2027, as we fix the leverage with appropriate return, keeping our ambitions of paying out dividends.

We want to remain as significant payers of dividends in Brazil, and we want to find alternatives for growth. We are not going to just accumulate cash.

Operator:

Our questions and answers has now ended. I would like to give the floor to the CEO, Mr. Ernesto Pousada, for his closing remarks.

Ernesto Pousada:

I am going to end as I opened. The Company is very much focused on growth with margin, and the structural margin with R$160 will be higher in the 3Q, but we think that this is the structural margin. Reduction of the net debt and our leverage is absolute priority for us until we can be repositioned below 2x, and we are likely to get there early next year.

And the 2H25 is usually a half year of higher demand. We are going to have more cash. We are going to reduce leverage with higher margins, and we will continue to increase our market share. So, we remain very optimistic with the 2H25 and what is about to come.

Thank you all very much. Have a good day.

Operator:

Vibra's video conference has ended. Thank you very much for your participation, and have a good day.