

**Operator:**

Good morning, ladies and gentlemen. Welcome to Cyrela Brazil Realty S.A.'s 1Q25 earnings conference call. Today with us are Mr. Raphael Horn, CEO; and Mr. Miguel Mikkelsen, CFO and IRO.

This call is being recorded and simultaneously translated. You can hear the translation by clicking the 'interpretation' button. To those hearing the English translation, you can mute the original audio by clicking 'mute original audio'. Also, you can find a slide deck in English on the Company's investor relations website at [www.ri.cyrela.com.br](http://www.ri.cyrela.com.br).

During the Company's presentation, all participants will be in a listen-only mode. After the presentation, we will hold a questions and answer session. To ask a question, please click the Q&A button and enter your name and organization. When your name is called, a request will popup on your screen to unmute your microphone before asking your question.

We would like to inform you that any statements that may be made during the call related to Cyrela's business perspectives, operating and financial targets are projections made by the Company's management that may or may not occur. Investors should understand that political, macroeconomic and other operating factors may affect the future of the Company and lead to results that differ materially from those expressed in such forward-looking statements.

To open Cyrela's 1Q25 earnings call, I would like to turn the conference over to Mr. Raphael Horn, CEO. Mr. Horn, you may proceed.

**Raphael Horn:**

Good morning. We started 2025 amid global uncertainty. Recent geopolitical developments have added volatility to the international economic scenario. In Brazil, the context remains challenging with interest rates at a high restrictive level, requiring greater prudence and selectivity.

In this context, Cyrela reported a positive performance in 1Q25 with year-on-year growth in the main operating targets. We launched 18 projects in the quarter with a PSV of R\$3.4 billion, 183% higher year-on-year. Sales came to R\$2.1 billion, up by 34% year-on-year. Sales speed remained at a healthy level, 52%, confirming the good customer acceptance of Cyrela's products. We posted net revenue of R\$2 billion, gross margin of 32.5% and net income of R\$328 million, all of which grew on a year-on-year basis.

Last 12 months ROE was 20.9%, reflecting the continued growth trajectory with profitability and value creation for shareholders. Even with the increase in the size of operations, the Company achieved positive cash generation of R\$71 million, reducing its net to debt equity ratio to 9.3%. Cyrela ratifies the strength of its capital structure and reinforces the commitment to keeping this ratio at healthy levels.

Cyrela will remain committed to the customers' journey, developing projects that offer high-value experiences to our audience. We are deeply grateful for the trust and relationship with the customers, as well as employees, shareholders and partners.

Now let's talk about the operating results.

**Miguel Mikkelsen:**

Thank you, Rapha. On the first slide, I would like to give you some color on our launches. We had 18 new products launched with a PSV of R\$3.4 billion, 183% higher year-on-year and 31% lower quarter-on-quarter, excluding swaps and considering only the Company's stake.

Slide 5 shows the launch of Coupé Tower in the city of Rio de Janeiro, a major success in the beginning of the quarter.

Now let's talk about our sales performance, on slide 6. In the quarter, presales, excluding swaps, came to R\$2.1 billion in Cyrela's stake, 34% higher year-on-year and 40% lower quarter-on-quarter.

Let's take a look at the sales speed. The Company's SOS in the last 12 months was 52.6%. On the right-hand side, we can see the evolution of sales per launch vintage, and we can see that the projects launched in 1Q25 have been 33% sold.

On slide 8, let's talk about the inventory. Inventory at market value totaled R\$12.4 billion, and in the Company's stake, R\$9.3 billion. And there was an increase by 18%, reaching R\$12.4 billion at the end of the quarter.

On finished units, we had R\$1.5 billion, R\$1.3 billion in the Company's stake with an increase of 2% from R\$1.515 billion to almost R\$1.540 billion at the end of the quarter. On delivered units, we delivered 6 projects with a PSV of R\$700 million, very similar to 1Q24 and a sharp drop quarter-on-quarter where we had R\$2.3 billion, a 70% reduction.

Now let's take a look at the financial results, starting with revenue. Our revenue was R\$1.9 billion, a 24% increase year-on-year and a decrease by 22% quarter-on-quarter. The gross profit was R\$634 million with 32.5% of margin with 60 bps in GAAP in comparison with 4Q24. Our net income in the quarter was R\$328 million against R\$267 million in 1Q24, and our return on equity, net income of the last 12 months over the average shareholders' equity was 20.9%, which is the same as we had in 4Q24.

Liquidity and debt on slide 14. Our leverage was 9.3% in the period, net debt over equity ratio, with a cash position of R\$5 billion. And therefore, our net debt is R\$917 million, 86% of the total gross debt is long term. Cash generation. We generated R\$71 million in the quarter in comparison with R\$130 million year-on-year and R\$61 million quarter-on-quarter.

With that, we can go to the Q&A session. Thank you very much.

**Gustavo Cambauva, BTG:**

Good morning. I have 2 questions. First, can you give us more color on the sales performance in the 2Q? In the 1Q, you had strong launches and sales. I would like to know if there is any slowdown in your sales at all, or if you are still selling well your finished units and launched units as well in the beginning of the 2Q.

And the second question is about your expectations for launches throughout 2025. When we look at Cyrela and the competitors, your pipeline, do you still have expectations to exceed the launches that you had in 2024? Or are you more careful, more cautious now? I would like to know more about your expectations for launches in 2025.

**Raphael Horn:**

We cannot really predict the future, but I believe that we are going to launch all the projects foreseen for this year, and that's going to exceed last year's launches. Everything indicates that the conditions are good.

Of course, the market is tough with such high interest rates. But sometimes it's even easier when the market is so challenging. Cyrela sometimes is more recognized because of our quality and sales force, we are more renowned in the market. So in difficult situations, sometimes we perform better. And if we have to change our minds, we can do it and shut down some launches, not go ahead with them.

I am not going to give you the details about the launches in the 2Q, but again, the conditions are compatible with the launch pipeline that we have for this year. And I continue to be moderately excited to make our pipeline happen. If I tell you that I am 1,000% sure that it is going to happen, I will be lying to you, but that's the baseline scenario that we work with, and I reasonably believe that it's going to happen.

But we do not have any guidance to give you. This is a family business. We are the owners of the Company. If we think we have to cut launches, we will do it, but I do not think that's going to be the case.

**André Mazini, Citi:**

Thank you for taking my question. The first question is about the land bank that you bought from the Safra Group. We know that there is no exclusivity, but it's probably the third plot that you bought from them. It's a big one, high-profile plot of land. So can we expect you to buy more plots of land in that partnership, considering that they have been successful?

And the second question, about transfers to banks with high interest rates. Are customers struggling with transfers and having a higher launch value considering that the interest rates will probably plateau now, but they are still at very high levels.

**Raphael Horn:**

Specific partnerships for land bank or commercial partnerships, this is not the right forum for us to talk about that really. We have a great relationship with Safra, but we should not be gossiping in public.

Miguel will address your second question.

**Miguel Mickelberg:**

André, about transfers, in the 1Q, the behavior was healthy. We did not have any increase in cancellations. The transfers team has reported that customers have been looking for better rates. They are shopping around banks. And when it comes to LTV, we saw slight reductions with lower LTVs, but the level is still below our table. It's below 50% LTV.

In the past, the average was 55% in the units that were transferred. So the level is still healthy, not because the customer is having to pay more for transfers. That's because the customers see the opportunity of making advanced payments when they make the purchase or right after it.

So the transfer amount is much lower than the full amount for the unit. So I think that is a result of the healthy customer portfolio that we have. And we believe that we are going to keep the same performance level throughout the rest of the year.

**Fanny Oreng, Santander:**

I have 2 questions. First one about costs. What is the trend right now for costs, materials and services in general?

And also, do you know what the salary adjustment will be in São Paulo? I think that will happen in May, right? And also, I would like to know the impact of net present value in the quarter. Those are my questions.

**Miguel Mickelberg:**

About costs, for labor, we know how difficult it is. It is a chronic issue, but we have been able to navigate it well. I believe that the most acute part of this problem is behind us. We have not seen any disruptions in the construction sites due to labor. We have been adjusting our productivity, and we have kept the same cost levels that we had before.

When it comes to materials, FX appreciated a little bit, and that has not impacted us. About the salary adjustment, that has not been calculated yet. The INPC inflation rate last year was 5.3%. It should be a little bit higher than that because of the labor shortage, but we have not had any formal result yet. The unions are still discussing it.

When it comes to adjustment to net present value, we had an impact of 100 bps on the margin. Last quarter, we told you that the impact was 190 bps on our gross margin. And we also told you that the 7 months from January 2023 to September 2024 had an average impact of 40 bps on our gross margin.

It's very hard to predict what's going to happen looking forward because it involves 2 factors. The first one is the receivables portfolio, and NTN-B, which is the treasury bonds in Brazil. Of course, I am not going to try and even predict or guess what NTN-B levels will be, but when it comes to our receivables portfolio, it should increase a little bit because we aim to grow in the year, but 40 bps should be the level to be expected. Of course, we can see some fluctuation here and there over the quarters.

**Pedro Lobato, Bradesco BBI:**

Good morning. Thank you for taking my questions. The first question is about the fourth tier. The projects that are in Vivaz' pipeline, are they eligible for price increases without having to make major changes to the project? So maybe the fourth tier could give you an upside in prices and margins for Vivaz, of course.

And now, the table that you showed in the quarter, when we look at the projects with partnerships, there was a sharp decrease considering that this line is very significant in the Company's result. I would like to know if there are any projects in your pipeline, and maybe that line item can increase, or should that be the trend for the rest of the year?

**Miguel Mickelberg:**

Pedro, thank you for your questions. About the fourth tier, that's a good change for us. It improves customer affordability. So for customers that are in that bracket, the impact is positive in terms of affordability.

We should remember that in São Paulo, we have some zoning restrictions, which reduce the units where we can have that benefit, but it is a positive impact. We cannot quantify the impact yet, but this is good news for the segment.

About the equity method income, I would like to thank you for what you said about the table. Actually, we have 2 main effects here. First, the joint venture with SKR with a nonrecurring effect in the 1Q. And the second one is a partnership with a local company in Goiânia, in the state of Goiás, and we expect to keep the same level that we had in 4Q24 and 1Q25.

Of course, when we launch big projects with partners and when partners launch products, we can see fluctuations in that line item, but 1Q24 was unusual, and not this year's quarter.

**Rafael Rehder, Safra:**

Thank you for taking my question. About Vivaz' fourth tier, now with the Minha Casa Minha Vida program with more positive conditions, do you consider changing your launch mix going forward? Vivaz should be accounting for 1/3 of your launches. Is that number going to increase at all?

And the second question is about deliveries for 2025 and cash generation as a result. Thank you.

**Miguel Mickelberg:**

Good morning, Rafael. First, about the Minha Casa Minha Vida program, it is not changing our strategy. We like to grow steadily, slowly but surely. And Minha Casa Minha Vida, as we announced earlier, should account for 30% of our launches, which is a high number. But yes, we are very excited about this segment and Vivaz. Vivaz has a great team. They are performing very well.

And about deliveries, this year, we are going to see a significant increase in deliveries year-on-year, and that can help cash generation. That's why in the previous quarter, we told you that we expect to generate cash. In the 2Q, we are going to have more disbursements with land bank. Let's see how the quarter ends, and then we will be able to give you more precise information. Maybe in the next quarter, in the next call, we will be able to give you more information about this.

**Rafael Rehder:**

And what about the LTV for the 2025 portfolio?

**Miguel Mickelberg:**

The LTV is similar to 50%, as I said earlier.

**Tainan Costa, UBS:**

Good morning. First, about provisions. You made a provision this quarter for the same amount as last year. And looking at 1Q24, it concentrated most of that amount. So I would like to understand the seasonal effect. Should we always expect a stronger 1Q, and why? And was there anything structural related to this, any accounting changes?

And in other operating expenses, I would like to understand why they were a little bit higher than we had in the past quarters. Of course, in the recent past, you had Cury and that had a positive impact on those lines. But I would like to know if there was any one-off effect and what to expect going forward. Thank you.

**Miguel Mickelberg:**

Good morning, Tainan. About provisions, are you referring to indemnification?

**Tainan Costa:**

No, for cancellations.

**Miguel Mickelberg:**

Okay. This year, it was a little bit higher in the 1Q. Whenever we design the plans for the quarters, in this quarter, we had a high delivery volume. And this year, it was a little bit higher because of the seasonal effects because we review the plan because at this point, we stopped looking back to see what happened, and we look at the portfolio that we have and also happened because of the launches. We have the provisions for cancellations every time we launch products.

And in this quarter, we repaid the goodwill. We have goodwill in one of the land banks. And as the construction evolves, we will have that. And another effect is that we did not have any sales of Cury stock. Last year, we had about R\$30 million coming from selling Cury stock.

**Carla Graça, Bank of America:**

Thank you very much for taking my questions. I have 2. What is the competition for land bank right now? Some competitors are accelerating launches. Do you see any impact on that at all?

And about selling expenses, they went up this quarter. They are now accounting for 7% of sales in comparison with 4% in the previous quarter. Is there any one-off effect related to that? Or is it just related to a higher launch volume in the quarter?

**Raphael Horn:**

Carla, about competition for land bank, I think it has been worse in the past. Competition is usually reasonable or very tough. It is reasonable right now. When it's too tough, that's when we have foreign funds coming to Brazil and IPOs. But I think it's at a reasonable level right now. It's a scenario where we can operate well.

**Miguel Mickelberg:**

And Carla, about selling expenses, this is Miguel. In the 1Q, it is common for us to have a slightly higher volume. Usually, we have many launches in the 4Q of the year, and we have more expenses with sales spends. So that's why selling expenses are usually higher in the 1Q. That effect happens in a number of 1Qs. Last year, selling expenses over net revenue was close to 10%, which was this quarter's number. And then in the 4Q, it was 4%. And at the end of the year, it was about 8%. So this year, we should be at the same level. It's about seasonality than anything else really.

**Mariangela Castro, Itaú BBA:**

Good morning. I would like to know more about the decrease in net revenue this quarter. Was it related to the POC method in any specific project? Is it just related to the evolution of the construction? And what are you going to do to increase the net revenue in the coming quarters? How do you see this indicator developing?

**Miguel Mickelberg:**

Good morning, Mariangela. Actually, the POC was good. It was actually the highest amount that we have ever had. If you look at our past revenue, it was R\$1.5 billion, and the difference that happened right now was just the increase in construction and also the recognition of launches. We had many of those this quarter because the 4Q was a very strong quarter in terms of launches.

Looking forward, if we look at the past 12 months, the sales that will be recognized by consolidation accounted for R\$10.6 billion and the accounting revenue was R\$8.4 billion. And that gap is related to the launch volume. So our average POC decreased. That is a symptom of the growth.

And with time, the revenue will increase and our backlog revenue increased by over R\$2 billion year-on-year. And that's basically done. That's related to the high sales and launch volumes. And that revenue has not been recognized in our results yet. It is going to happen over the year. And the revenue is in line with our expectations. Indeed, we have the provision for cancellations in R\$113 million, slightly higher than usual, reducing the net revenue for the quarter.

The R\$113 million did not impact the P&L. The impact on the P&L was R\$31 million, but that will be recognized back in our inventory. But excluding that effect, the revenue is in line with our expectations.

**Jorel Guilloty, Goldman Sachs:**

Good morning. I have 2 questions. The first one is about CashMe. You said that CashMe was a significant part of your financial results, R\$58 million to R\$59 million. I would like to know where that came from. Is CashMe performing better than your expectations? And what do you expect for CashMe in the next 12 to 18 months?

And the second question is about your ROE. You said that it came to 20.9% this quarter over the last 12 months. But in the quarter, it was 14%. So when you think about your ROE, do you think it should be kept at 20% throughout 2025? Thank you.

**Raphael Horn:**

CashMe is going according to our expectations. We expect it to generate R\$100 million in the year. And again, this is a niche market, a small one. We do not expect to double its profit in the short term. It should grow by 10% or 15% per year, but we should not expect more than that. The ROE should be 17%, 18% this year and R\$100 million in profit.

Cyrela's ROE, we hope and work to get the 20%. If we keep our launch pipeline and if we sell according to our plans, it should be 20%. It should not be close to 14% or 15%, it should be closer to 20%. But again, we need to launch and sell and see what happens, but we reached 18%, 19%, and that's where we want to stay, not go back to 15%. If we sell well, I think we can do it.

**Marcelo Motta, JPMorgan:**

Good morning. The first question, we have seen a number of great announcements in the low-income segment. Do you think we are going to hear more good news? What do you think is going to happen? Do you think we are going to see more good news or have we peaked already?

And also, I would like to know more about the productivity. Are you using the 6-month period that you have to deliver the projects?

**Raphael Horn:**

To address your first question about low income, the low-income segment. The players that operate in this segment will be able to answer that question better than we are. We are very small in that segment. We are in this game for the long run. We like the segment as well and little by little, we are going to grow in this segment as well. But I do not know really. I think the situation is good, and it should continue to be good for a while.

The second question is about labor. We are not using the 6-month period. We can use it in some projects, but our average is much lower than that. And labor is a chronic pain in Brazil, but our average term is very low, much lower than that, and it's going to continue like that.

We do not want to ever use that period of 6 months because our Company has a very strong reputation. We have contractors that have been with us for a long time. We are very used to working in this context, and we do not think it's going to be chaotic. It's a chronic pain, but it's manageable.

**Ygor Altero, XP:**

Good morning. My first question is about production funding, considering the funding scarcity with savings accounts and growing rates. Are the banks more selective now, picking players like Cyrela to provide funding to?

And the second question is about the second phase in the Jockey project. How is demand like for this project right now?

**Raphael Horn:**

Ygor, the Jockey project was according to our expectations. We are very happy about the results there. I am not going to give you details about the 2 towers, but it's exceeding our expectations. We are very happy and excited about how it's been developing.

**Miguel Mickelberg:**

Ygor, about funding, indeed, the rates increased a lot since the beginning of the year. Many banks changed their strategy, focusing more on individuals to the detriment of corporations, but Cyrela has a much better credit risk than competitors. And also, our project performance is a lot higher, a lot better than the competition. So that puts us in a good position to get the best conditions in the market. And that is a positive factor that favors us in terms of competition. But indeed, the rates have increased, and that's going to have an impact on results going forward.

**Operator:**

This concludes the Q&A session for today. Now I would like to turn the conference over to Mr. Raphael Horn for his closing remarks.

**Raphael Horn:**

Thank you very much for your presence, your attention. We are going to continue to work hard to get another good year as we did in 2024. See you next time.

**Operator:**



This concludes Cyrela's 1Q25 earnings call. If we have any questions, please contact the IR team at [ri@cyrela.com.br](mailto:ri@cyrela.com.br). Thank you very much. Have a good day.

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