



# Cosan S/A

## 2Q17 EARNINGS PRESENTATION

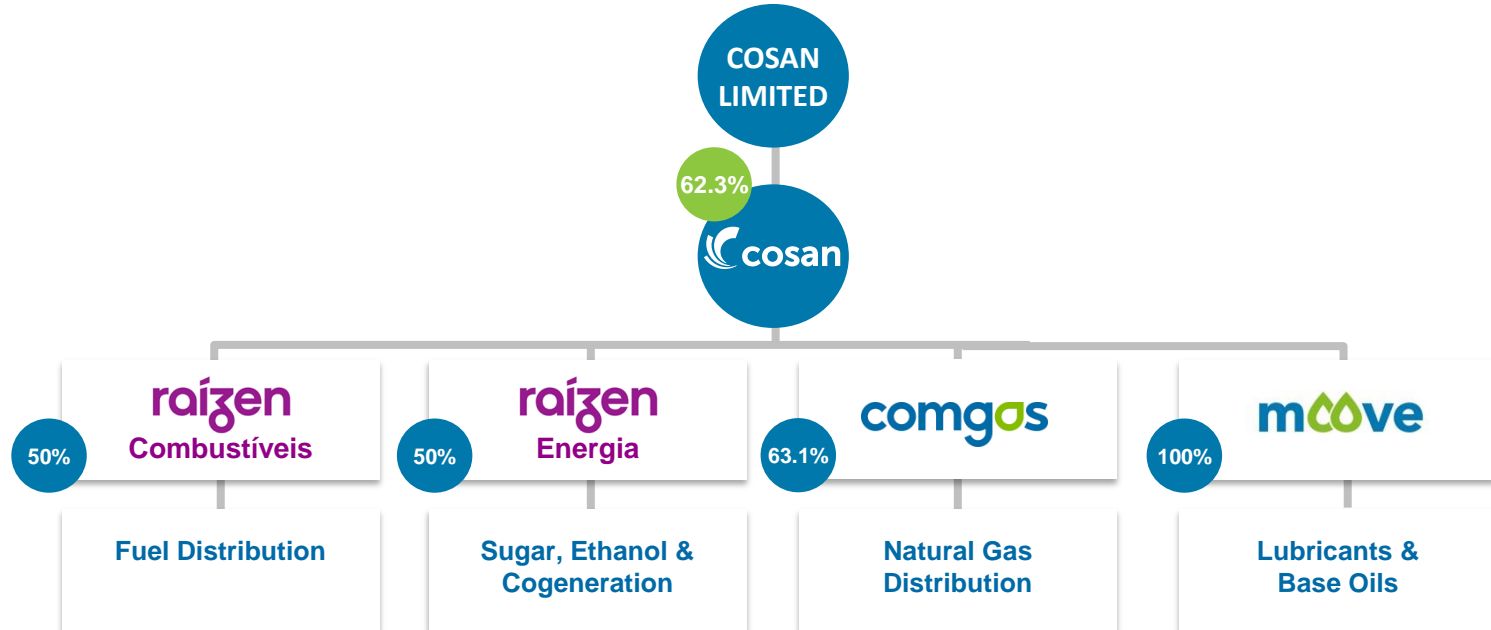
August 10, 2017

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This presentation contains estimates and forward-looking statements regarding our strategy and opportunities for future growth. Such information is mainly based on our current expectations and estimates or projections of future events and trends, which affect or may affect our business and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others: (1) general economic, political, demographic and business conditions in Brazil and particularly in the geographic markets we serve; (2) inflation, depreciation and devaluation of the real; (3) competitive developments in the ethanol and sugar industries; (4) our ability to implement our capital expenditure plan, including our ability to arrange financing when required and on reasonable terms; (5) our ability to compete and conduct our businesses in the future; (6) changes in customer demand; (7) changes in our businesses; (8) government interventions resulting in changes in the economy, taxes, rates or regulatory environment; and (9) other factors that may affect our financial condition, liquidity and results of our operations.

The words “believe”, “may”, “will”, “estimate”, “continue”, “anticipate”, “intend”, “expect” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above the estimates and forward-looking statements discussed in this presentation might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, inclusive, but not limited to the factors mentioned above. Because of these uncertainties you should not make any investment decision based on these estimates and forward-looking statements.

## Cosan S/A | Business Units

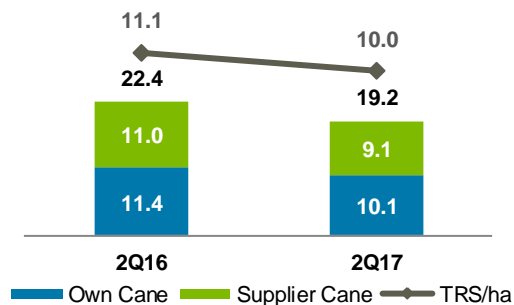


## Raízen Energia | Lower concentration of own sales volumes this quarter

Adjusted EBITDA reached R\$804 million in 2Q17, affected by priority given to third parties' product sales due to the crop commercialization strategy, partially offset by higher average sales price.

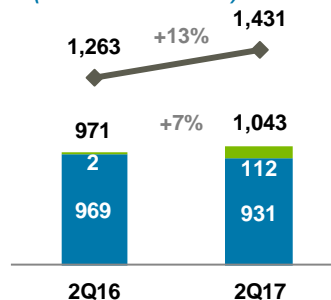
### Crushing Volumes & Agri. Productivity<sup>1</sup>

'000 ton & ton of TRS/ha

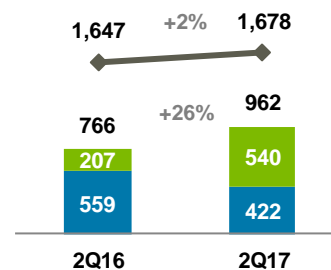


### Volumes & Prices

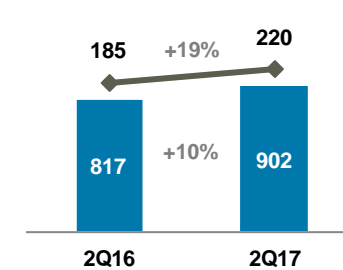
Sugar  
( '000 ton & BRL/ton)



Ethanol  
( '000 cbm & BRL/cbm)

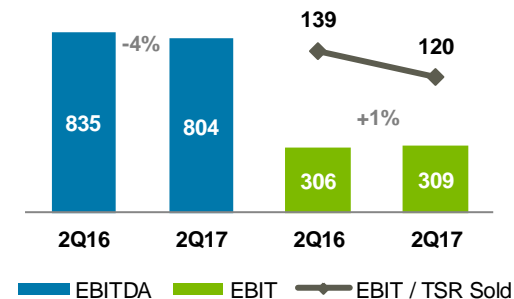


Cogeneration  
( '000 MWh & BRL/MWh)



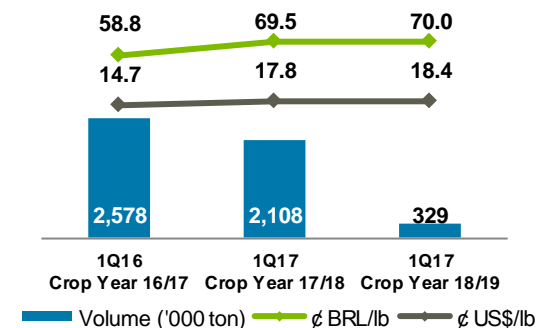
### Adjusted EBITDA & EBIT<sup>2</sup>

BRL mln & BRL/ton



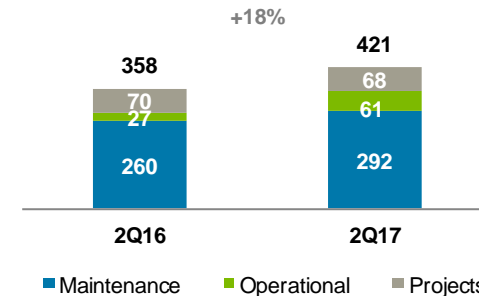
### Hedge

Volumes & Prices<sup>3</sup>



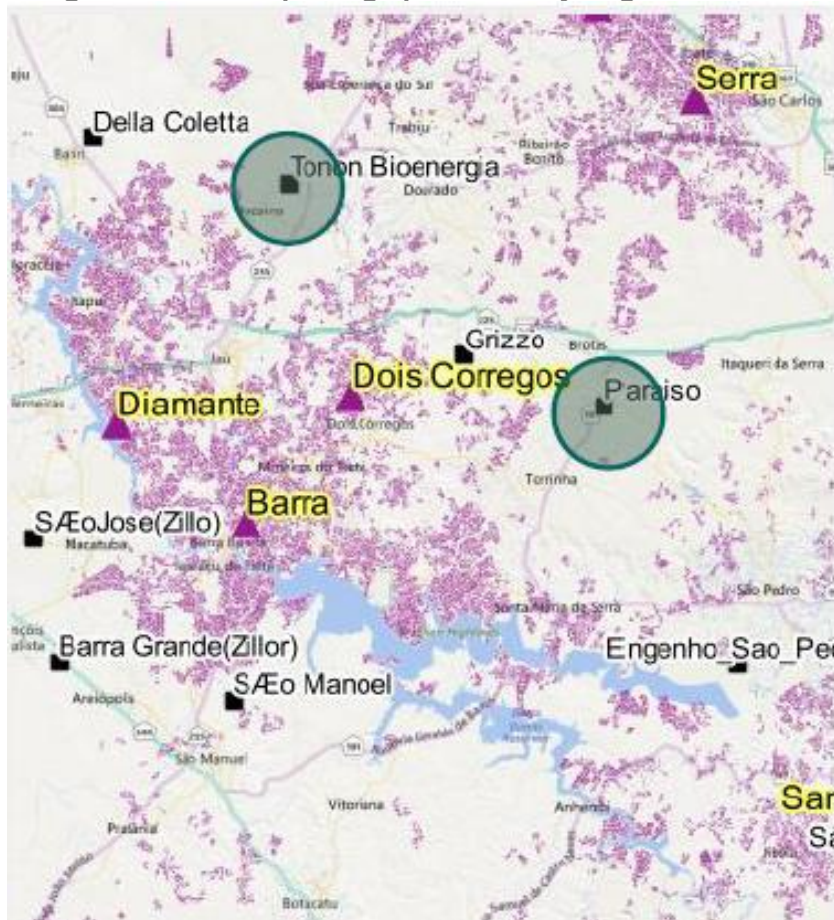
### CAPEX

BRL mln



## Raízen Energia | Tonon mills acquisition rationale

Raizen acquired 2 production units, Santa Cândida and Paraíso, in line with strategy of selectively pursuing opportunities with potential for high return and capturing operational synergies



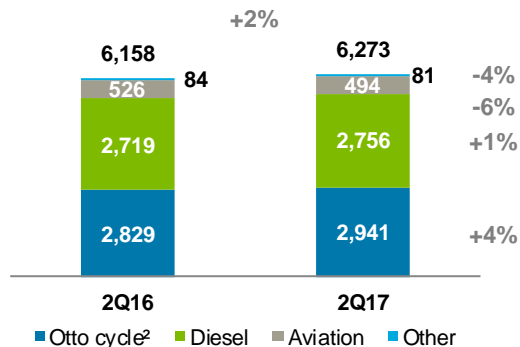
- BRL 823 million acquisition price  
*No succession of liabilities of the Tonon Group*
- Crushing capacity of 5.5 million tons of sugarcane
- Strategic location
- Logistics optimization through incorporation of mills to Raizen's "Pentagon Project"
- Approved by Brazil's Antitrust Authority (CADE), on August 08, 2017, with no restrictions

## Raízen Combustíveis | Higher sales volumes in Otto-cycle (+4%) and Diesel (+1%)

Higher sales volume and gains from supply and commercialization strategy partially offset diesel, gasoline and ethanol price reductions impact on inventories.

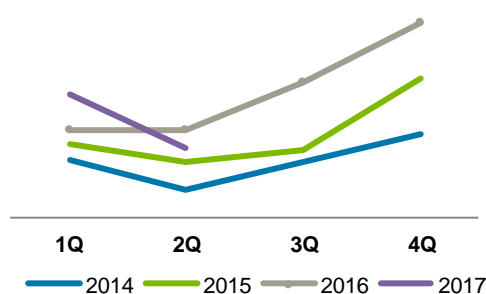
### Sales Volume<sup>1</sup>

'000 cbm



### Adjusted EBITDA – Quarterly Performance

R\$/m<sup>3</sup>



- Brazilian Market fuels consumption contracted 0.5% (ANP basis).

- Network ended the quarter with 6,068 service stations, supporting above-market volume growth.

- Gasoline-equivalent volumes up 5%/diesel volumes up 1% in 2Q17.

- Aviation still affected by weaker demand (2% drop in departures, source ANAC)

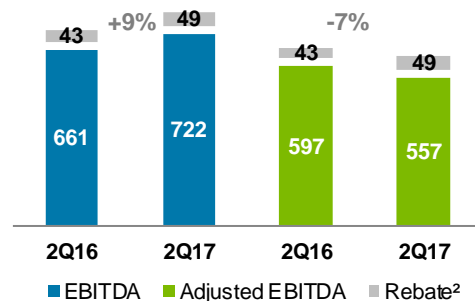
- EBITDA & EBIT adjusted by:

*Asset sale: gain of BRL 37 mln (2Q16) | gain of BRL 17 mln (2Q17)*

*Other extraordinary effects: gain of BRL 28 mln (2Q16) | gain of BRL 148 mln (1Q17)*

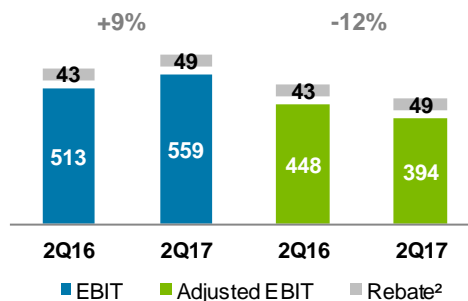
### EBITDA & Adjusted EBITDA

BRL mln



### EBIT & Adjusted EBIT

BRL mln

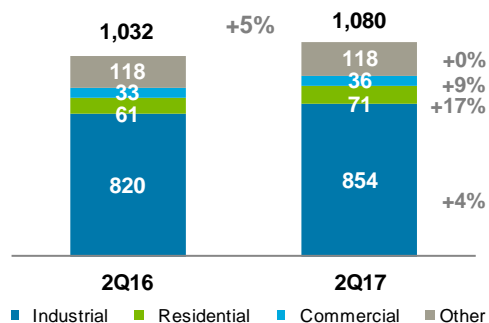


## Comgás | Volume growth in all segments

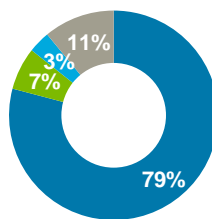
Normalized EBITDA grew this quarter on higher sales volumes across all segments and inflation adjustments of regulatory margin (may/17 and may/16).

### Sales Volume<sup>6</sup>

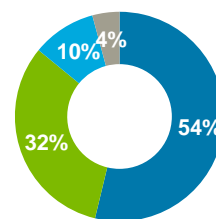
'mln cbm



### Volume



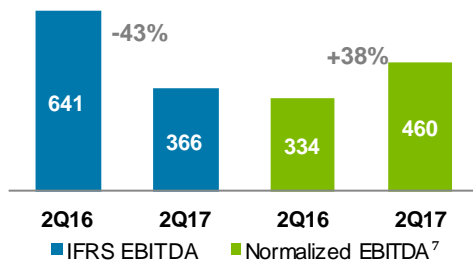
### Contribution Margin



- Residential: new connections and higher unit consumption on lower temperature.
- Commercial: new client additions
- Industrial: higher consumption in specific segments, besides weak comparison basis.
- BRL 86 million recovery in regulatory current account

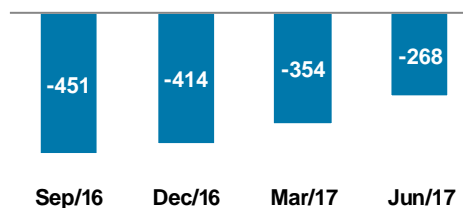
### EBITDA

BRL mln



### Regulatory Current Account Evolution

BRL mln



## Moove

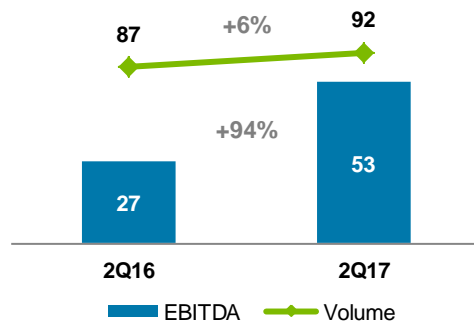
- 94% increase in EBITDA on:

Finished lubes sales volumes up 6% in Brazil (increase in customer base and share in Brazil's automakers market).

Launch of new products. International operations' sales up 11%.

### EBITDA & Sales Volume

BRL mln and '000 cbm

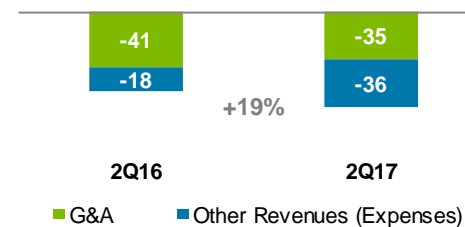


## Cosan Corporate

- General and Administrative expenses in line with expectations.
- Other Expenses came to BRL 36 million in 2Q17 (+95%) due to higher concentration of expenses in the period.

### EBITDA (ex- Equity Pick-up)

BRL mln



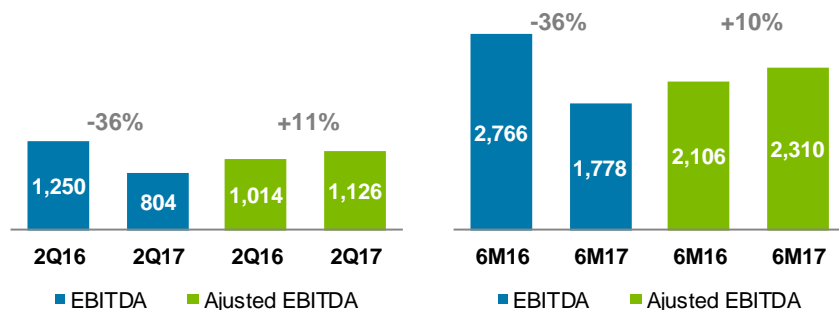


## Cosan S/A Pro forma | Cash Generation (FCFE) reaches BRL 613 million

Adjusted EBITDA of BRL 1.1 billion in 2Q17 (+11%), mainly due to higher Comgás Normalized results. Adjusted Net Income came to BRL 24 million and Free Cash Flow to Equity was BRL 613 million.

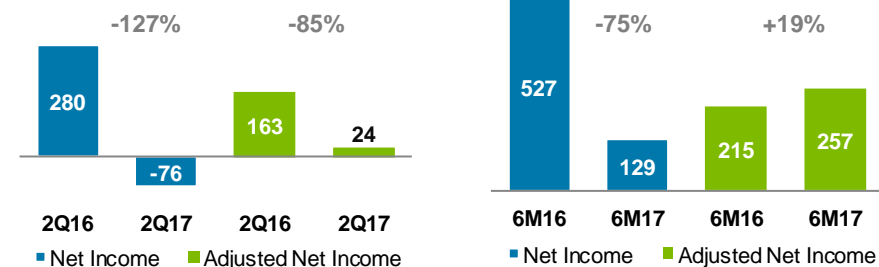
### EBITDA<sup>8</sup> & Adjusted EBITDA<sup>9</sup>

BRL mln



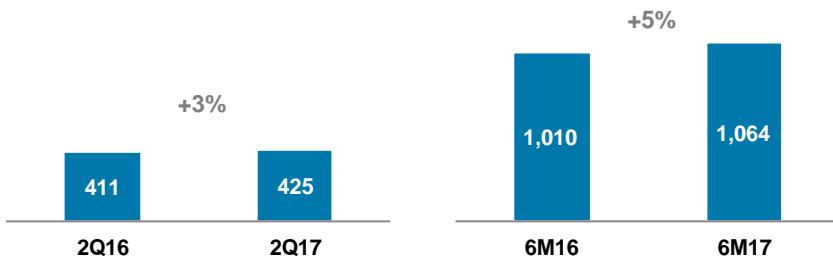
### Net Income (Loss) & Adjusted Net Income<sup>9</sup>

BRL mln



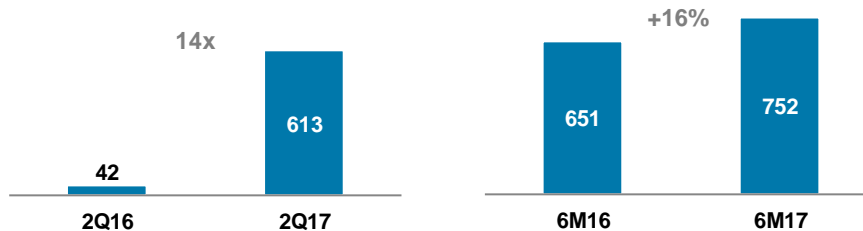
### CAPEX<sup>8</sup>

BRL mln



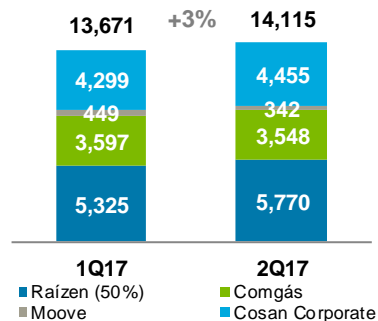
### Free Cash Flow to Equity<sup>8</sup>

BRL mln

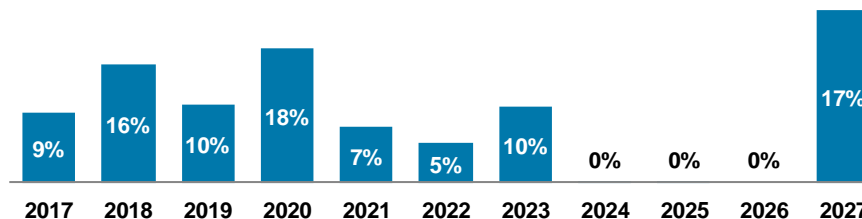


## Debt and Leverage | Normalized leverage stabilized at 2.1x

### Gross Debt (BRL Mln)<sup>10</sup>



### Debt Amortization Profile<sup>11</sup>

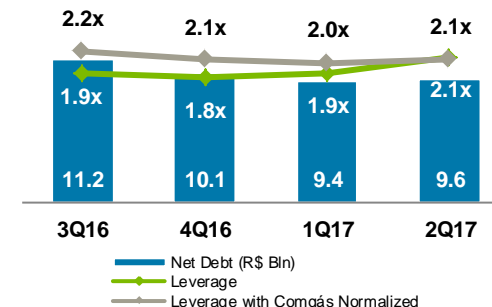


#### Average Term

Cosan Corporate: 8.3 years  
Cosan Pro forma: 4.6 years

### Leverage<sup>12</sup>

Net Debt / EBITDA LTM



### Cash Flow and Net Debt<sup>12</sup>

Cash Flow Reconciliation BRL MM	2Q17	2Q16	Var. %
Cash Flow from Operations	1,002	859	17%
Cash Flow from Investing	(374)	(526)	-29%
Cash Flow from Financing Activities	(17)	(293)	-94%
Dividends received	3	2	17%
<b>Free Cash Flow to Equity</b>	<b>613</b>	<b>42</b>	<b>n/a</b>
<b>Cash and Cash Equivalents and Marketable Securities</b>	<b>6,026</b>	<b>4,324</b>	<b>39%</b>
<b>Net Debt</b>	<b>9,620</b>	<b>11,504</b>	<b>-16%</b>
<b>LTM EBITDA</b>	<b>4,550</b>	<b>5,458</b>	<b>-17%</b>
<b>Leverage (Net Debt/EBITDA)</b>	<b>2.1x</b>	<b>2.1x</b>	<b>0.1x</b>

**Gross Debt:** Raízen issued BRL 970 million in Agribusiness Credit Receivable Certificates (CRAs) in 2Q17.

### Cash Generation

- CFO: higher operational cash generation partially offset by Comgás' regulatory current account amortization
- CFI: BRL 186 million payment for exercise of Gávea's put option in 2Q16.
- CFF: 2Q16 negatively impacted by debt reprofiling at Cosan Corporativo.

**Average Cost of Debt<sup>13</sup>:** Cosan S/A Pro forma<sup>11</sup>: 102% CDI and Cosan S/A: 108% CDI.

## Guidance 2017 | 1H17 supports guidance expectations

		Actual 2016 (Jan-Dec)	Guidance 2017 (Jan-Dec)
Cosan S/A Consolidated	Pro forma Net Revenue (BRL mln)	47,008	45,000 ≤ Δ ≤ 48,000
	Pro forma EBITDA <sup>14</sup> (BRL mln)	4,503	4,750 ≤ Δ ≤ 5,250
Raízen Combustíveis	EBITDA (BRL mln)	2,812	2,700 ≤ Δ ≤ 3,000
	CAPEX (BRL mln)	797	800 ≤ Δ ≤ 1,000
Comgás	Total Volume Sold, excluding Thermo ('000 cbm)	4,119	4,000 ≤ Δ ≤ 4,300
	Normalized EBITDA <sup>15</sup> (BRL mln)	1,465	1,550 ≤ Δ ≤ 1,650
	CAPEX (BRL mln)	464	450 ≤ Δ ≤ 500
Moove	EBITDA (BRL mln)	136	140 ≤ Δ ≤ 160

		Actual Crop Year 2016/17 (Apr/16-Mar/17)	Guidance Crop Year 2017/18 (Apr/17-Mar/18)
Raízen Energia	Volume of Sugarcane Crushed ('000 tons)	59,391	59,000 ≤ Δ ≤ 63,000
	Volume of Sugar Produced ('000 tons)	4,227	4,300 ≤ Δ ≤ 4,700
	Volume of Ethanol Produced (million liters)	1,990	2,000 ≤ Δ ≤ 2,300
	Volume of Energy Sold ('000 of MWh)	2,802	2,000 ≤ Δ ≤ 2,200
	EBITDA <sup>14</sup> (BRL mln)	3,693	3,900 ≤ Δ ≤ 4,300
	CAPEX (BRL mln)	2,088	2,100 ≤ Δ ≤ 2,400



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