



COSAN LIMITED'S ANNUAL INVESTOR CONFERENCE CALL

Q&A

December 03rd, 2019

Operator: Good morning ladies and gentlemen. At this time, we would like to welcome everyone to COSAN LIMITED'S ANNUAL INVESTOR CONFERENCE CALL. Today with us, we have **Mr. Marcos Lutz, CEO, Mr. Marcelo Martins, CFO and IRO, and Mrs. Paula Kovarsky, head of IR and NY Office.**

We would like to inform you that this event is recorded and all participants will be in a listen-only mode during the Company's presentation. After COSAN's remarks, there will be a question and answer session for industry analysts. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

The audio and slide show of this presentation are available through live webcast at cosan.com.br. The slides can also be downloaded from the webcast platform.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of COSAN's management and on information currently available to the Company.

They involve risks, uncertainties and assumptions, because they relate to future events, and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of COSAN's and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Mrs. Paula Kovarsky. Mrs. Paula Kovarsky, you may begin the call.

Mrs. Paula Kovarsky: Hi everyone. Similarly to what we did last year, this is CZZ's semi-annual opportunity to talk to senior management. I'm going to make a quick presentation, more of an year-recap, and we will open the floor for questions.

Slide 3 brings our 10-year EBITDA under-management evolution (so this is the sum of all our businesses considering 100% stake for proper comparison), calling for another year where the number will go up as guided despite macroeconomic backdrops. This is yet another evidence of the strength of this portfolio as well as quality of each business execution. To assume middle of proposed guidance range, EBITDA under management expansion will be 13% in 2019.

Quick recap on guidance and more recent discussions regarding adjustments on slide 4.

We are on track to deliver on consolidated guidance, let alone the fact that it was established early this year based on higher growth expectations for Brazil.

As discussed in recent calls of our subsidiaries:

- We revised down Raízen Combustíveis Brazil recurring guidance to account for:
 - weaker 2Q – hit by inventory losses and limited import opportunities as there was another change in periodicity of price adjustments that quarter
 - and slower-than-expected catch in both volumes and margins in 3Q July's inventory losses, combined with worst month of the year
 - We got lots of questions on our ability to deliver within new guidance range – we will, as sales volumes keep on improving and we see a more “say” stabilized competitive environment.
 - And let me remind you that including non-recurring adjustments that had positive contributions we would have met original guidance. We are always looking for opportunities to increase results.
- Raízen Argentina EBITDA review reflects the negative impact of the price freeze back in August. It is worth noting that the unfreezing process was conducted with a good deal of rationality.
- Moove's improved performance and expansion of international operations explain higher EBITDA forecasts this year
- As for Comgás, the decision a month ago was to keep guidance unchanged, while acknowledging the possibility of outperforming the higher end of the range. It might have been a conservative approach, yet October temperatures were indeed higher, and concerns related to industrial volumes proved correct. But we believe the company will likely deliver above the top of the guidance in the end.
- Rumo is on track to meet EBITDA guidance range despite second quarter challenges on soybean exports and operational interruptions preventing capturing strong corn volumes in full in third quarter.

Moving on to slide 5. Here is an outline of key events in each business in 2019.

- Raízen Energia initiated the construction of its first biogas plant and launched first investments in Solar. The company also joined the last A-6 energy auction to sell 35 MW of electricity– increasing further its renewables footprint to become more of an integrated energy company as presented in our last investor day.

- Raízen Combustíveis added approximately 1 billion liters in new clients to its network and participated in 3 port terminal bids, strengthening its logistics competitive advantage. In Argentina, political and economic turmoil posed significant challenges, but we expect solid results from our 1st year of full operation.
- Comgás focus in 2019 was to make sure proper and fair regulatory environment was reestablished after 5 years of delays – conclusion of 2018-2024 tariff cycle review was a very important achievement unlocking future investments.
- Moove's international expansion keeps on yielding good results while Brazilian operations reflect strong commercial efforts made over the past couple of years.
- Last but definitely not least – Rumo won the Norte/Sul concession, adding another 2 thousand km to its railway and TCU finally approved the extension of the Paulista concession for Rumo. We remain pretty confident on potential for value creation of Rumo projects and are committed to investing between R\$ 13 and 15 billion in the 2019-23 five year-cycle.

Next slide shows debt levels. Those are third quarter figures and Net Debt/Ebitda continues to decrease in both energy and logistics. One could argue we are in fact below optimal levels, especially given steep decline in interest rates in Brazil. Our policy as a group remains to be around 2x Net Debt/EBITDA and this is where we intend to be. We are always looking at opportunities to reduce the cost of our debt through liability management, and stick to our policy of hedging all our FX exposure (CSAN's Perp principal being the only exception).

Moving to slide 7, here is an update of our capital allocation movements: nothing different from what we have been saying, and doing, for more than two years now. We spent 6.5 billion reais (around 1.8 billion USD) buying back shares and increasing our stake in the businesses over the last 3.5 years. 2019 highlights were Tender Offers for Comgás common and preferred shares and CZZ tender offer last quarter in which we acquired USD 159 million worth of shares, almost half of what we intended. Referring to previous slide, we did it all without compromising debt levels, leveraging on strong cash generation coming from underlying businesses.

Next slide shows the performance of our listed entities. It goes without saying that 2019 was a great year in terms of stock performance, translating consistent execution and delivery on promises, combined with our commitments to transparency, sustainability and governance, into market recognition.

Going to last slide now. We have been putting a lot of effort to improve ESG-related disclosure. I was asked the other day what was Cosan's competitive advantage or differential regarding ESG scores. Our biggest advantage is legitimacy. We have always been committed to ESG values and rising market awareness is a great opportunity for us to better disclose our initiatives. We opened a rather constructive dialog with important entities like CDP, ISS, NYSE,

Sustainalytics, and RobecoSAM regarding Dow Jones Sustainability Index and B3's ISE, while receiving very constructive feedback from shareholders that helps us A lot. We keep on working hard to make sure we join relevant ESG-related indexes in the coming years, while strengthening further our commitment to sustainable initiatives across the group.

That's what we had to say today and we are now open to questions.

Operator: Thank you. We will now begin the question and answer session for investors and analysts. If you have a question, please press *1 on your telephone.

If your question is answered during the session you may remove it from the line by pressing *2. We ask you that you use the handset when asking a question in order to maintain excellent sound quality. Please stand by while we collect the questions.

Our first question comes from Roberto Browne, Morgan Stanley.

Mr. Roberto: Hi, good morning. Thank you for taking my question. I'm really interested in understanding what your expectations on growth and maybe a new investment fee. I know that the expectations on the economy are improving for the next year.

And in this context, we would like to understand what you're thinking about new opportunities, what kind of Investments would be interesting for you in 2020. We have seen the news for the refineries, maybe a comment on how that could keep your strategy and also ask if you might be looking, I don't know, maybe just share your thoughts on what could be interesting. Thank you.

Mr. Marcos: Hi, this is Marcos here. Again our strategy remains the same. Basically the Companies are seeking for their growth with many opportunities. I think that recently we saw RUMO begin on the Norte-Sul rail concession.

We've been participating with RAÍZEN on the bidding for refineries. As mentioned, we are actually reviewing and understanding very well this process of seeing if you can have an angle to basically monetize in short, which is very important for a refinery with the characteristics of those refineries being sold.

So, we've been actively looking for good investments with the returns that we actually have been commanding on our acquisitions as a whole. Market-wise we see clearly the fuel market so we are for two months already seeing a very sustainable growth in sales on a daily basis, which is the more reliable way to look on that.

So, we see organic growth coming for next year in a very sustainable basis and this helps not only volumes but also the health of the market as a whole. On lubricants, we've been growing, it is a small business compared to the other ones, but it is a high growth one. In terms of cash flow you'll see that we basically doubled the free cash flow from one year to the other in lubricants.

We've been actually growing that business internationally, which is also something for us, a big learning process. As Paula mentioned here, we've been also digesting the acquisition in Argentina, in RAÍZEN. It has been a very challenging year politically in Argentina, but then the line business and our

assumptions are all there. We confirmed all of them in terms of synergies and also the quality of the portfolio established in Argentina for all assets that were acquired.

RUMO is a story that you guys know very well, delivering according to plan and we have been reviewing the plans and looking more ahead. I think the more that we go, we basically get more confident on long-term planning for RUMO and in the fact that the demand is very sustainable and it's been very strong on the longer run.

And then, on natural gas, which is something for us... a huge front as well this year. We basically acquired all the shares of COMGÁS. We've been establishing a footprint that is beyond COMGÁS. COMGÁS is a bit short, we see Brazil with a big long in natural gas in the near future, so we want to position ourselves in a more integrated way with COMGÁS holding its position today.

This is the way that we see a big opportunity to monetize a big part of the midstream of gas in Brazil, which is today very profitable. Clearly the government wants to attract investment on this midstream and wants to also lower the cost of gas as a policy for the country.

So, on that what will really drive this down is not only the production that will come, but also a more competitive midstream on this process. We are engaging basically a link of this chain and we are actually actively pursuing those opportunities.

Mr. Roberto: That's good, thank you very much.

Operator: As a reminder, if you would like to pose a question, please press * 1. Our next question comes from Thiago Duarte, BTG Pactual.

Mr. Thiago: Thank you. Good morning everybody, just a quick one from our side here. Last year you guys announced a study for the corporate structure simplification of the conglomerate, which was later on decided not to move forward with. So just wondering if you could comment a little bit on what the goals are in terms of, you know, implementing this corporate structure simplification going forward and what the plans are with that regard. Thank you so much.

Mr. Marcos: In this one, again, there's no change on the strategy, I would say, for the last five years. We've been communicating that we on the long run want to be with just one holding entity. We've been moving towards the direction and you guys can clearly see this movement through our buybacks, so basically we've been buying back stock.

This is one thing that I haven't mentioned on the previous question, because I talked about more operational growth, but in fact on EPS growth, one of the main drivers for EPS growth from our view is buyback of shares.

So, we've been buying back shares constantly in many initiatives that you guys followed, and again, this on the end game we will allow us to have just one holding as a final structure, so this is basically the strategy. The one million dollar question here is when? And this is the one that I will never answer because I cannot, ok? So once we are ready for that everybody will be communicated on this one.

Mr. Thiago: Thank you, if I could just a follow-up on that in terms of the share buybacks, you've been more actively buying back shares at the COSAN limited

level than at the other listed company levels. Should that continue to be the case going forward or how you perceive the relative value between the listed companies there?

Mr. Marcos: Thiago, COSAN limited was the last buyback, was the tender offer that we did recently, was the most recent one, but that doesn't mean that we're one hundred percent focused on CZZ. The idea is to keep buying back shares of the listed companies across the board as opportunities come up.

We have an overall perception that it's worth investing in every single business in the group and as opportunities come up, we'll keep doing that. So I wouldn't restrict the focus to CZZ, but whatever becomes available in the market in terms of an opportunity for us to buy back shares.

In the case of CZZ, we did a structured tender offer, we announced it, we followed the rules as we have done for three times and that was it, so that was the last one, we ended up with the buyback of almost US\$160 million as you know well, but that's over, that's concluded.

We haven't stopped the buyback program and we're going to keep doing that across the board as I said before.

Mr. Thiago: Very clear, thank you so much.

Operator: Our next question comes from André Hachem, Itaú.

Mr. André: Thank you for taking my question. I basically have two questions.

(The rest is indistinct, as reflected below.)

Mrs. Paula: André, I'm sorry, it's very hard to understand your questions. Maybe if you can, I don't know...

Mr. Marcos: Maybe closer or farther from the mike.

Mr. André: Sure. Can you hear me better now?

Mr. Marcos: I think so.

Mr. André: Great. I basically have two questions. The first one is related to refineries. Could you comment a little bit on how you see value creation coming through them? Is this going to be more through synergy via RAÍZEN COMBUSTÍVEIS (indistinct) or create a lot of value by itself?

My second question is related to COMGÁS, or to the gas opportunities in Brazil. Could you comment on the specific project and what you see for the medium-short term and more specifically into the ROTA 4, ROUTE 4, if you think this would be feasible in the medium-short term.

Mr. Marcos: Ok, got it. So, on refining, for sure the fact that we have a large footprint on this position makes a big stake of that. I mean, we would never look in this if we'd given up that position.

So we have to investigate and clearly the price should be a right price, the cost reductions that we feel should be the right cost reduction, trading value around this should be the right value and the return should be high enough to basically compensate a large risk of undertaking this type of investment.

So basically you cannot tell this is not part of our core because, I mean, we are on this business. The return required is quite high for the risk. In the other hand, we can actually try to design structures that make sense for us in terms of capital allocation, in terms of how we share this with potential partners and all that stuff.

Going to your second question on natural gas. I'm going for subset of this one with the Rota 4, ok? So Rota 4 is a project that has been licensed and implemented, let's put it that way, for already three and a half years. So we moved along quite a bit in terms of having a licensable project, approvable project on the environmental licenses.

We have a lot of interest from producers that are seeing their surplus of natural gas as a big part of their output on the Pre-Salt. So this is a business that, in theory, we should not require a lot of capital because a lot of people are willing to deploy that capital, but there's a link that will put together in order to allow... we basically market with a full market natural gas, which is not super easy today.

So, this is part of this. Buying some natural gas should be part of business one day. Makes all the sense. Like we have electricity today, in the future natural gas can be an important tradable on the free market.

We also like other possibilities of other distribution companies. We also like midstream or the acquisition or sales of assets on the midstream of natural gas, we will look very carefully. We might see even gas power generation to have a stake, basically seeing that as an additional shore to natural gas can be something interesting for us as well.

Although, again, besides those there are possible other issues on this more integrated approach to natural gas, but I just wanted to give you some examples.

Mr. André: Perfect, very clear, if I could do two follow-up questions? On the first part, on the refineries, we've been seeing a lot more competition in the distribution segment. Do you think having your refinery will improve your competitive position within the distribution segment or do you think the two things are not correlated?

The second question is regarding these gas opportunities. Would it be via the COMGÁS vehicle, the COSAN vehicle or the CZZ vehicle or is that still up for discussion?

Mr. Marcos: COMGÁS is a special-purpose entity, so nothing can go in COMGÁS, so it would be out. But, again, that's why we bought back COMGÁS, so we could actually have this as part of a holding that can have those investments as well.

In terms of refining and commercial landscape, I think this would never be treated the way we look in businesses is we always see different businesses, as I say, standalone businesses they can have synergies. But again, we would never reduce or improve your ability to run one business because of the other in our environment here, ok?

So, refining can make additional money as a fuel's operation, but again should be selling and buying products as a refinery. In terms of competitiveness in the market, we see basically competitiveness being more on the, let's say, the non-conventional players, let's put it this way, with a lot of tax evasion and things like that.

We bet on the long run that the Brazilian government and the state governments will always win against this fight. So this is something that we see on the longer run, something that we care to help the government to make this as a more formal competition or, let's say, leveled competition, but we see governments as big allies on those things, because they need the money, they need the tax money to pay their bills.

Mr. André: Okay, perfect. Thank you, very clear.

Operator: Our next question comes from Christian Audi, Santander.

Mr. Christian: Thank you, hello Marcos, Marcelo and Paula. I have three questions. The first one on terms of the uses of cash, can you talk a little bit about how you prioritize or where you stand right now, given all these opportunities that you mentioned, Marcos, or thinking between buying back shares versus paying dividends versus investing in the refining natural gas segments that you mentioned?

The second question was if you could give your assessment of the outlook for the fuel distribution market, which is a market that has changed a lot over the past three to five years, more competitive in terms of the white flags, more regulatory pressure, so help me assess, going forward, is there a lot of upside in terms of profitability improvements, or maybe not, given that you've become already so efficient?

And the third and final question touching again on the topic of these refineries sales, about Petrobras. How concerned or not concerned are you about the impact this new market dynamic of independent finance could have on fuel distribution and business? Thanks.

Mr. Marcelo: Christian, in the use of cash, I think as you know well at this point in time, the idea is that the Companies will always invest in their growth or expansion according to the priorities we set up in the boards of the Companies.

As they have access cash and they pay dividends, the dividends flow up to COSAN or to our lot and the cash is going to be used by those Companies to either service their debt, make their Investments, which have basically been in the stock buybacks and then the cash flows up to CZZ and then CZZ has certainly bought back shares.

That's what we have seen and, in the outpost, so buyback program at their own level or eventually buying stocks of their subsidiaries. But it all starts at the optical level with the companies investing in their business plan.

Mr. Marcos: And Christian, Marcos... again, at this point we see a lot of upsides on the fuel market for a couple of reasons. The market you see today is a market that actually had almost three years of retraction in sales, which makes everybody tight on this process.

So, everybody actually gets more nervous, the relationships are more complicated, everything is more complex. You have to keep in mind that we have a very, very tiny margin compared to our sales. So we are talking about basically making a net profit, basically a percent of the sales, so in view one percent more price doubles our bottom line.

So that is how sensitive we have in this business and how, basically, an expansion of sales can affect our business. So not only on the volume, but actually on the margins of the whole. So any volume increase reduces our costs, because it dilutes our costs and also any, let's say, Improvement in the healthiness of this market can improve also our margins. So this is very positive in our view.

On the refining side, again I don't see big schemes or, let's say, shadowy buyers buying Petrobras refineries, I don't see Petrobras selling for players that are not trustable, because it's a very important thing that they are doing not only for their cash position, but mostly for a regulatory change in Brazil.

The idea here is to have this market with less influence of government on the final pricing. So I see this as a very careful and well-done process, to basically sell refineries to companies that will actually execute this well, safety-wise and legally-wise. So I don't see a big risk where you question here.

Mr. Christian: And Marcos, on this last point, your analysis of potential acquisition of a refinery, is it more a defensive move, so that you are part of this integral segment, which could greatly impact your fuel distribution business or is it more optimistic move in the sense that you see enough synergies or the opportunity to buy into a refinery at a very low price and therefore it's beyond a defensive move, it's more, you know, an opportunity to generate attractive returns via an acquisition?

Mr. Marcos: We saw everything, and, in the end, everything is mixed up. You cannot separate defense from offense in any game, I would say. Everything must make sense. So we have to do a return analysis accounting for everything and the return must be above our threshold, basically that's the answer.

I'm not sure if I disappoint you with that, but we cannot be too sophisticated on this. You just have to see if it makes sense financially, accounting for every aspect you can imagine, that will actually be easily influenced by an acquisition of this size.

Mr. Christian: But for this type of risk, what type of returns, threshold returns and range, are you looking to get?

Mr. Marcelo: You want me to tell my competitors that, before a bid?

Mr. Christian: (Laughs) So, what's the intended threshold that you would pursue usually...

Mr. Marcelo: Unfortunately, I can't tell you or be more specific, ok?

Mr. Christian: Ok. Thanks.

Operator: Our next question comes from Lucas Ferreira, JP Morgan.

Mr. Lucas: Hi, I hope you hear me. I'm talking through my cell phone. My question is in that range. What is the limit that you expected to reach especially since you pursue this opportunity on refining and also include your business about that and so what kind of future leverage we should expect for COSAN. And Marcelo, if you also can talk about CZZ, how much leverage holding you should have in order to keep the plans? So that would be my first question.

And the second question is a general question about fuel distribution. A question regarding the situation this year. You likely reduced your guidance for the year, I know from last year to this year in terms of growth.

But actually, you're gonna most likely finish the year at a very interesting growth levels for fuel distribution, so maybe in fact there was a margin, so if you can explain a little bit more the driver for this and the expected margins for 2019? If this was related to mix, or to competition, or to anything that we should be aware of to forecast for next year. Thank you.

Mr. Marcelo: This is Marcelo. In leverage the idea is that we can picture the target at two times the EBITDA all across the board. That at the optimal level, maybe it will happens next year, but we have (INDISTINCT) this in terms of our net debt and it will continue to be the focus.

Just bear in mind that refineries, if we acquire any, it would be down at the RAÍZEN level, so we don't foresee RAÍZEN's leverage going beyond two times EBITDA, maybe around two times. It may exceed for a short period of time, but we see the tendency to go back to two times.

In terms of COSAN, I'd say on a consolidated basis, the same thing. We don't foresee, again, the leverage going beyond this level. If it happens, for some reason, we will certainly go back to target, as we have probably done. If you foresee the cash generation across the board at the optimal level, you will see that the tendency is that it will continue to be leveraged over time.

That's the main reason why we have spent roughly R\$7 billion in the stock buybacks over the last two years.

Mrs. Paula: And quickly on your question regarding this distribution changing guidance for this year, I mean, as I said before we ended up reducing the guidance because second quarter was weaker than expected.

The catch-up of the third quarter was actually a little slower, but as we mentioned in season 3 call, what we're seeing is a gradual and positive evolution of sales month-after-month and similarly to what Marcos says as a driver for margins growth is essentially volumes growth and our ability to have the scale leverage that the volume growth brings to the table and that means we are pretty confident that we will be within the new guidance range that was provided.

Mr. Lucas: Perfect, thanks Paula and Marcelo.

Operator: Thank you. That concludes the question and answer session for today. I would like to turn over to Mrs. Paula Kovarsky for closing statements.

Mrs. Paula: So, thank you all for joining the call and I will certainly see you in our investor day in March.

Operator: This concludes COSAN's conference call for today. Thank you for your participation and have a good day.