



raízen

Earnings Release: 1Q'20

The figures and results reported in this release may differ from those reported by Cosan for Raízen. This is due to (i) the fiscal year of Raízen starting in April and ending in March of each year, and (ii) certain accounting differences, mainly due to the effects of the revaluation by Cosan of the assets and liabilities of Raízen when forming the joint venture. Comparisons in this report consider the 1Q'20 and 1Q'19, except if otherwise indicated. This material contains calculations which may not produce the sum or accurate result due to round-off.

Financial Highlights – Combined and Consolidated¹

Summary of financial information (R\$ Mln)	1Q'20	1Q'19	Var %
Net operating revenue	28.647,4	22.159,8	29,3%
Gross profit	1.545,0	1.118,1	38,2%
Profit (loss) before financial result	687,8	508,9	35,1%
EBITDA	1.453,2	952,3	52,6%
Adjusted EBITDA	1.157,9	1.035,8	11,7%
Net income for the period (Group's controlling shareholders)	184,7	159,6	15,8%
Investments ²	901,2	683,7	31,8%
Net debt	12.310,8	10.217,7	18,2%
Net debt (w/o PESA and CTN)	12.246,8	10.082,0	19,2%
Net debt (w/o PESA and CTN)/ Adjusted LTM EBITDA ³	1,9	1,5	28,7%

Definitions

1Q'19: quarter ended on June 30, 2018.

3Q'19: quarter ended on December 31, 2018.

4Q'19: quarter ended on March 31, 2019.

1Q'20: quarter ended on June 30, 2019.

LTM EBITDA: Last 12-month period (from July 1, 2018 to June 30, 2019).

¹ The combined and consolidated financial information refers to the consolidated financial statements of Raízen Energia S.A. and Raízen Combustíveis S.A., and its subsidiaries with the necessary eliminations among the companies.

² Includes capitalized interest and asset expenses arising from contracts with clients. Excludes company acquisitions and investment additions.

³ LTM Adjusted EBITDA considers Raízen Argentina's results since 3Q'19 (1st October, 2018), only.

Adoption CPC 06 (R2) / IFRS 16 - Leases

Since April 1st, 2019, the Company has applied IFRS 16 - Leases, which concerns lease accounting principles, and replaces IAS 17 - Leases and its interpretations. Raízen chose the modified retrospective approach, without resubmitting the 2018/19 Consolidated Financial Statements.

In summary, we began recognizing lease agreements in the Balance Sheet as right of use - registered as assets, as well as lease liabilities, which represent the obligation to make payments on these agreements. In the Income Statement, we no longer recognize lease expenses for the installments incurred in the period, now recording the right of use depreciation expenses (impacting costs or expenses), as well as the interest financial charges on the lease liabilities impacting the financial result. It is worth noting that there is no impact on the Statement of Cash Flows under the new Accounting Standard.

To maintain comparability, we segregate the effect of the new standard in subsequent sessions.

Raízen Energia: Adjusted EBITDA reached R\$405 million (-19%) in 1Q20 mainly due to lower own sugar and bioenergy volume sold in the period. Rainfall in early April delayed 2019/20 harvest, thereby reducing the processed volume which totaled 21 million tons (-7%) and sugarcane yield (-3%). The production mix keeps maximizing ethanol, which comprised 51% of the mix, due to higher returns (when compared to sugar) in the quarter. Unit cash cost of sales was impacted by lower fixed cost dilution and an increase in CONSECANA (suppliers' cane cost base).

Raízen Combustíveis Brazil: Adjusted EBITDA reached R\$565 million (+5%) in the period, mainly due to higher sales volume. The quarterly result was adversely impacted by the seasonal effect of the ethanol price drop, boosted by a greater share in the Otto-cycle mix. Gasoline and diesel saw atypical cost adjustments, reflecting changes in Petrobras' policy frequency of price corrections. This restrained gains from Raízen's supply strategy, which includes imports and inventory management. Total volume sold grew 8%, driven by an expansion of service stations network and a weak comparison basis affected by truckers' strike. In the Otto-cycle, measured by gasoline equivalent, sales volume rose 7%, highlighting ethanol. Diesel sales still reflect higher demand from clients, especially agribusiness. Sales volume in the aviation segment dropped 2% due to the operations shutdown of one of the industry's key players.

Raízen Combustíveis Argentina: Adjusted EBITDA from refining and distribution of fuel and other byproducts in Argentina totaled US\$47 million (R\$185 million) in 1Q20, with processed volume amounting to 88 thousand barrels/day (a capacity utilization ratio of 81%). Total volume sold decreased 7% quarter-on-quarter, reflecting the country's weaker economic activity.

Operating and Financial Metrics

Raízen Energia	1Q'20	1Q'19	Var %
Sugarcane crushed (Mln ton)	20,7	22,3	-7%
TRS/ha	9,3	9,6	-3%
Sugar Mix - Production	49% vs 51%	48% vs 52%	n/a
Adjusted EBITDA* (R\$ Mln)	405	498	-19%

* Excluding the impact from the change in biological assets, foreign exchange effect on sugar and IFRS 16 effects.

Raízen Combustíveis Brazil	1Q'20	1Q'19	Var %	4Q'19	Var %
Sales Volume Otto Cycle ('000 m3)	2.977	2.739	9%	2.958	1%
Sales Volume Gasoline-equivalent ('000 m3)	2.675	2.511	7%	2.664	0%
Sales Volume Diesel ('000 m3)	3.094	2.808	10%	2.867	8%
Adjusted EBITDA Margin (BRL/m3)*	85	88	-3%	111	-23%
Adjusted EBIT Margin (BRL/m3)*	61	64	-5%	85	-29%

* Excluding non-recurring effects.

Note: Volume considers Plural methodology

Raízen Combustíveis Argentina	1Q'20	4Q'19	Var %	3Q'19	Var %
Sales Volume ('000 m3)	1.490	1.594	-7%	1.526	-2%
Volume Produced ('000 m3)	1.239	1.225	1%	1.071	16%
Refinery utilization (%)	81%	81%	0 p.p.	74%	7 p.p.
Adjusted EBITDA (US\$ Mln)	47	61	-23%	22	115%

A. Raízen Energia

Brazil's Center-South region initiated the 2019/20 crop with an accumulated 217 million (-3%) tons of sugarcane crushed and 27 million (-7%) tons of sugar equivalent produced, according to UNICA. Rainy weather restricted crushing in the period, resulting in the delayed harvest and reduced agricultural yield (10,1 kg TRS/ha, -1% - CTC basis). The production mix continues to favor ethanol (65% versus 64% in 1Q'19).

At Raízen Energia, higher rainfall volume also delayed the 2019/20 harvest, which totaled 21 million tons (-7%) in 1Q20. Sugarcane average yield stood at 9.3 kg TRS/hectare (-3%) due to a higher dilution of saccharose in cane. Sugar equivalent production totaled 2.4 million tons (-11%), focused on ethanol production maximization (51% of the mix).

Adjusted net revenue totaled R\$6.1 billion in the quarter (+49%) mainly due to the higher trading volume of electricity and oil derivatives. It is worth noting that, since the first quarter of 2018/2019 (1Q19), net revenue included: (i) the consolidation of WX's results, an energy trading company, increasing the volume of trading/resale under Energy Co-generation from August/2018 and (ii) oil derivatives trading operations. Below, we highlight the impact on revenue by product:

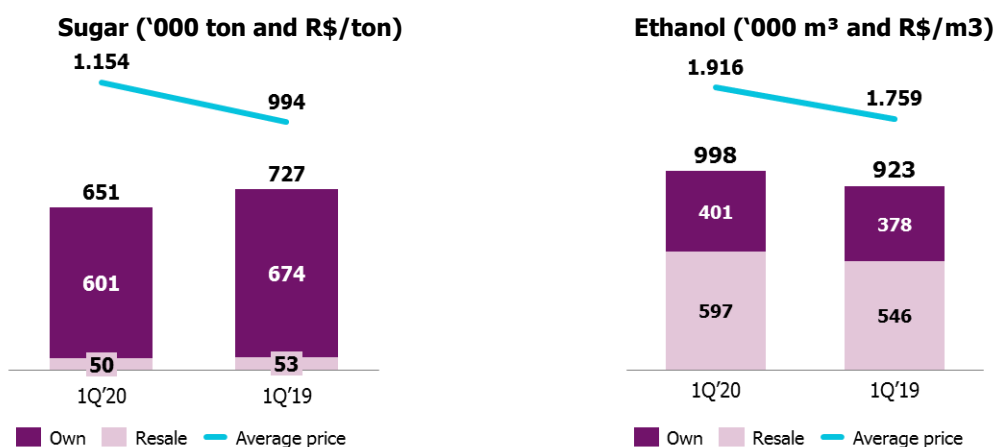
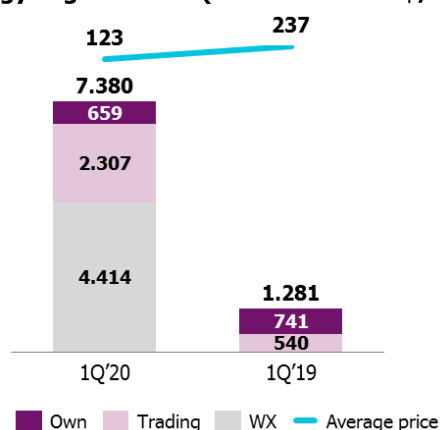
Sugar: Adjusted net revenue stood at R\$751 million in 1Q20 (+4%) due to the higher average sales price (R\$1,154/ton, +16%). This effect was partially mitigated by lower commodity sales volume (-10%), aligned to the crop commercialization strategy.

Ethanol: Net revenue was R\$ 1.9 billion (+18%) in the quarter, driven by an 8% increase in sales with a better average price (R\$1,916/m³, +9%).

Cogeneration: Net revenue from electricity sales totaled R\$911 million in 1Q20 compared to R\$304 million. The increase in revenue mainly reflects the higher trading volume due to the consolidation of WX operations, partially offset by a 48% drop in average price sold (R\$123/MWh versus R\$ 237/MWh in 1Q19). On the other hand, bioenergy own volumes ended the quarter down 11%, reflecting reduced crushing, with average prices sold of R\$235/MWh (+1%).

Sales breakdown (R\$ Min)	1Q'20	1Q'19	Var %
Net operating revenue (adjusted)	6.084,1	4.084,9	48,9%
Total Sugar Sales	751,3	722,8	3,9%
Domestic	288,5	230,7	25,1%
Exports	462,8	492,2	-6,0%
Total Ethanol Sales	1.912,1	1.624,3	17,7%
Domestic	1.334,8	1.218,0	9,6%
Exports	577,3	406,4	42,1%
Energy cogeneration	911,3	303,9	199,8%
Other products and services	2.509,4	1.433,8	75,0%
Forex Effect "K" on Sugar	-	6,6	n/a
Net operating revenue	6.084,1	4.091,6	48,7%

Note: Exportation sugar net revenue includes the effect of the hedge accounting – debt and sugar exchange.

Sales Volume 1Q'20 x 1Q'19

Energy cogeneration (000'MWh and R\$/MWh)


Inventories: Sugar	1Q'20	1Q'19	Var %	Inventories: Ethanol	1Q'20	1Q'19	Var %
000' ton	657,2	694,7	-5,4%	000 m³	718,9	752,0	-4,4%
R\$ Mln	627,4	601,3	4,3%	R\$ Mln	1.001,6	967,6	3,5%
R\$/ton	954,6	865,5	10,3%	R\$/m³	1.393,2	1.286,6	8,3%

Cost of goods sold totaled R\$5.7 billion (+50%) in 1Q20, mainly due to electricity and oil derivatives trading operations. The unit cash cost of own products sold (in sugar-equivalent), reached R\$750/ton in the quarter (+22%). When adjusted by the impact of CONSECANA average price on sugarcane provided by suppliers and land leasing in the period, **sales unit cash cost would be total R\$719/ton (+17%), affected by the delayed crushing period, which resulted in reduced cost dilution and inflation in the period.**

Cost of goods sold (R\$ Mln)	1Q'20	1Q'19	Var %
Cost of goods sold	(5.663,7)	(3.768,9)	50,3%
Own Sugar	(657,0)	(588,0)	11,7%
Own Ethanol	(686,5)	(516,0)	33,0%
Own Energy Cogeneration	(94,8)	(71,9)	31,8%
Total Resale and Trading	(4.270,7)	(2.441,9)	74,9%
Other products and services	(13,9)	(150,9)	-90,8%
IFRS16 Effects	58,7	-	n/a
Equivalent Sugar Cash Cost (R\$/ton)	(749,9)	(615,1)	21,9%
Own Sugar Cash Cost (R\$/ton)	(758,7)	(616,2)	23,1%
Own Ethanol Cash Cost (R\$/m³)	(1.186,6)	(982,2)	20,8%
Equivalent Sugar Cash Cost - excl. CONSECANA effect (R\$/ton)	(718,6)	(615,1)	16,8%

Note: Cash cost of own sales volumes excludes depreciation and amortization of planting and tilling, agricultural depreciation (machinery and equipment), industrial depreciation and off-season maintenance.

Selling, general and administrative expenses came to R\$316 million (-5%) in the quarter due to lower logistics expenses, an effect of lower sugar volume sold to the foreign market.

Adjusted EBITDA reached R\$405 million (-19%) in the quarter, mainly driven by lower own sugar and bioenergy sales volume and higher unit costs in the quarter. These effects were partially offset by higher sugar and ethanol prices in the period.

EBITDA & EBIT (R\$ Min)	1Q'20	1Q'19	Var %
EBITDA	677,7	447,9	51,3%
Biological asset effects	(86,5)	56,7	-252,6%
Sugar foreign exchange effect	-	(6,6)	n/a
IFRS 16 effect (*)	(186,4)	-	n/a
Adjusted EBITDA with exchange foreign effect	404,8	498,0	-18,7%
EBIT	98,7	50,1	97,1%
Biological asset effects	(86,5)	56,7	-252,6%
Sugar foreign exchange effect	-	(6,6)	n/a
IFRS 16 effect	(59,2)	-	n/a
Adjusted EBIT	(46,9)	100,1	-146,9%

(*) Note: includes effects in Cost of Goods Sold and Operational expenses

The position of volumes and sugar prices defined with trading companies or via derivative financial instruments in US dollars and converted into Reais, respectively, until June 30, 2019, is summarized as follows:

Summarized hedge transactions:	2019/20	2020/21
Sugar		
Volume ('000 ton)	2.125,6	943,0
Average price (¢R\$/lb)	55,8	61,7
Average price (¢US\$/lb)	14,1	15,0

Note: The average price in ¢R\$/lb considers the exchange rate hedged through financial instruments, while net revenue is recorded at the exchange rate realized during the period.

* Includes polarization premium.

Investments reached R\$630 million (+31%) in 1Q20, an increase explained by: (i) higher planting and tilling expenses, in line with the expansion and renovation strategy of sugarcane in certain regions; (ii) investments in assets integrity and storage capacity (iii) investments in off-season maintenance were higher due to the delayed start of the crop.

Capex (R\$ Min)	1Q'20	1Q'19	Var %
Total Capex	629,9	480,7	31,0%
Maintenance Capex	508,2	377,6	34,6%
Biological assets	404,9	302,7	33,7%
Off-season maintenance	103,3	74,9	37,9%
Operational Capex	70,8	47,7	48,5%
HSE & Sustaining	43,0	19,9	116,0%
Mechanization	25,3	22,0	15,2%
Industrial	2,5	5,8	-56,9%
Project Capex	50,9	55,4	-8,1%
Cogeneration and Expansion	10,2	6,7	53,0%
Others	40,7	48,7	-16,4%

Nota: Includes capitalized interest.

Cost of net debt cost was R\$81 million, compared to R\$85 million in 1Q'19, mainly due to the reduction in net debt in the period. **Other charges and monetary variations** were negative by R\$49 million in the period, mainly due to the foreign exchange effect on balances not designated as hedge accounting.

Financial results (R\$ Min)	1Q'20	1Q'19	Var %
Debt Gross Cost	(104,4)	(113,3)	-7,8%
Income from financial investments	23,2	28,0	-17,1%
Sub-total: Cost net debt	(81,2)	(85,3)	-4,8%
Other expenses and monetary variation	(48,8)	(4,5)	988,7%
Bank Expenses, Fee and Others	(27,9)	(23,9)	16,8%
Net financial result	(157,9)	(113,6)	39,0%
IFRS 16 Effect	(83,9)	-	n/a

Net financial result with IFRS16	(241,9)	(113,6)	112,8%
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A breakdown of **Income and Social Contribution Tax** expenses is presented below.

Taxes effect (R\$ Mln)	1Q'20	1Q'19	Var %
Income before income and social contribution taxes	(143,2)	(63,5)	125,5%
Income tax and social contribution at nominal rate (34%)	48,7	21,6	125,5%
Equity pick-up on associates/joint ventures	(3,0)	(0,5)	500,0%
Investment subsidy – ICMS and Reintegra	1,9	5,2	-63,5%
Difference between income and taxable income rates	6,0	7,8	-23,1%
Credit with claims for damages	-	25,6	-100,0%
Others	(9,7)	8,0	-221,3%
Effective expenses from income tax and social contribution	43,9	67,7	35,2%
Effective rate	-31%	-107%	76 p.p.
Expense from income tax and social contribution			
Income Tax Current	(13,4)	(16,6)	-19,3%
Income Tax Deferred	57,3	84,3	-32,0%

B. Raízen Combustíveis

In October 2018, Raízen Combustíveis started operations in Argentina. Therefore, we now report results by each business unit for better understanding.

B.1. Raízen Combustíveis Brazil

Sales in the Brazilian fuel market in 1Q20 grew by 6% versus 1Q19 (ANP basis), when demand struggled with a supply interruption due to the truckers' strike. Quarter-on-quarter, volume sold increased 2%. Despite the expansion, consumption remains impacted by high unemployment levels in Brazil and weaker GDP growth estimates.

Sales volume ('000 m ³)	1Q'20	1Q'19	Var %	4Q'19	Var %
Sales Volume (excl. other distributors)	6.666	6.159	8,2%	6.473	3,0%
Diesel	3.094	2.808	10,2%	2.867	7,9%
Ethanol	1.085	819	32,4%	1.057	2,7%
Gasoline	1.892	1.920	-1,5%	1.902	-0,5%
Jet-A1	539	550	-2,0%	593	-9,1%
Other	55	62	-10,3%	56	-1,6%
Otto Cycle	2.977	2.739	8,7%	2.958	0,6%
Gasoline Equivalent	2.676	2.512	6,5%	2.665	0,4%

Note: Excludes sales to other distributors.

Raízen continues out-performing the market. **Total sales volume** expanded 8% in 1Q20 (+3% versus 4Q19), mainly driven by its strategy of expanding its service stations network and customer base. It is worth noting that the comparison basis was adversely affected by the truckers' strike in May 2018. Otto-cycle volume sold in the period was 9% higher than in 1Q19 due to strong demand for ethanol (+32%) over gasoline (-1%). Gasoline equivalent sales volume grew by 7% and diesel sales were up 10%, due to higher demand from clients, especially agribusiness. Aviation fuels sales dropped 2% due to the winding up of one of the industry's key players.

Net revenue amounted to R\$22.0 billion in the period (+12%) as a result of the sales volume growth with higher average price (+3%). Rebates were granted on fuel sales since targets were reached (totaling R\$45 million). **Cost of goods sold** increased 13% in the period, totaling R\$ 21.2 billion, driven by an increase in sales and the change in product unitary costs in the period.

Selling, general and administrative expenses totaled R\$500 million in 1Q20 (+6%), impacted by higher sales volume. Other operating revenue adjusted from non-recurring effects stood at R\$59 million (+3% vs. 1Q19).

Adjusted EBITDA in 1Q20 reached R\$565 million (+5%), mainly benefited by sales growth in the period. Quarter-on-quarter, adjusted EBITDA decreased by 21%. The quarterly result was adversely affected by the seasonal ethanol price drop, boosted by a greater share in the Otto-cycle mix. In addition, gasoline and diesel saw atypical cost adjustments, reflecting changes in Petrobras' policy frequency of price corrections. As a result, the price movement brought additional challenges in the quarter, restraining gains from Raízen's supply strategy, which includes imports and inventory management.

EBITDA & EBIT (R\$ Min)	1Q'20	1Q'19	Var %	4Q'19	Var %
EBITDA	543,6	507,1	7,2%	755,6	-28,1%
Sale of assets	(42,4)	(31,0)	36,5%	(69,5)	-39,1%
Non-recurring effects	(45,5)	(36,6)	24,4%	(90,3)	-49,6%
Assets from contracts with customers	116,7	101,1	15,5%	118,2	-1,3%
IFRS 16 Effect	(7,6)	-	n/a	-	n/a
Adjusted EBITDA	564,8	540,5	4,5%	714,0	-20,9%
EBIT	491,1	461,6	6,4%	710,3	-30,9%
Sale of assets	(42,4)	(31,0)	36,5%	(69,5)	-39,1%
Non-recurring effects	(45,5)	(36,6)	24,4%	(90,3)	-49,6%
IFRS 16 Effect	0,5	-	n/a	-	n/a
Adjusted EBIT	403,7	394,0	2,5%	550,4	-26,7%

Investments, including expenditures arising from contracts with clients, totaled R\$228 million (+13%) in 1Q20, in line with the expansion plan for the year. On June 30, 2019, the Shell network had 6,509 stations (6,360 at the end of 1Q19), a net addition of 149 stations in the last twelve months.

B.2. Raízen Combustíveis Argentina

The functional currency of this downstream operation is the US dollar; for this reason, we will report all results in this currency. In this section we report the operating data of comparative periods on managerial and unaudited bases. Financial information of periods prior to acquisition will not be reported since upstream and downstream operations were consolidated without required separation for comparison purposes.

The Argentinean economic scenario was relatively stable in 1Q20, evidenced by the reduced volatility of the local currency in the period. Even so, the demand for fuels remains depressed due to successive drops in Argentina's GDP.

Sales volume ('000 m ³)	1Q'20	4Q'19	Var %	3Q'19	Var %
Intake Volume - '000 Bbls	7.998	7.918	1,0%	6.950	15,1%
Sales Volume	1.490	1.594	-6,5%	1.526	-2,4%
Gasoline	440	455	-3,3%	466	-5,5%
Diesel	491	467	5,1%	461	6,5%
Jet-A1	120	159	-24,6%	138	-13,1%
Other	439	513	-14,3%	461	-4,9%

Refining operations processed 7,998 thousand barrels (87.9 thousand barrels/day) in 1Q20, in line with volume processed in 4Q19, with a utilization ratio of 81%. The country's ongoing political and economic challenges caused total volume sold to drop -7% in the quarter when compared to 4Q19 (-1% versus 1Q19). Fuel sales (gasoline and diesel) dropped 5% compared to 1Q19, but were up 1% quarter-on-quarter. Sales for the aviation segment followed the recent trend of last quarters and expanded +20% vs. 1Q19 (-25% vs. 4Q19 when comparison basis was strong due to the beginning of the year).

Net revenue amounted to US\$787 million in 1Q20 due to lower volume sold in the period compared to 4Q19. **Costs of goods sold** amounted to US\$715 million, a reduction reflecting lower sales volume and oil prices drop (affecting the cost of inputs).

Selling, general and administrative expenses totaled US\$51 million in the quarter, down due to lower sales volume.

Adjusted EBITDA ended the quarter at US\$47 million impacted by lower sales volume in the period.

Raízen Combustíveis Argentina	1Q'20	4Q'19	Var %	3Q'19	Var %
EBITDA (US\$ Mln)	58,6	61,4	-4,5%	22,0	166,0%
IFRS 16 effects	(11,2)	-	n.a.	-	n.a.
EBITDA (US\$ Mln)	47,4	61,4	-22,8%	22,0	115,2%
EBITDA (R\$ Mln)	184,8	232,3	-20,4%	82,1	125,1%
Exchange Rate	3,9018	3,7827	3,1%	3,8094	2,4%

Investments in 1Q20 totaled US\$11 million, mainly allocated to maintenance and improvements at the refining complex.

B.3. Raízen Combustíveis Total

Cost of net debt was **R\$86 million**, compared to R\$ 83 million in 1Q'19, mainly due to the increase in net debt in the period.

The variation of the **amount to be paid related to Argentina acquisition** was negative at **R\$36 million**, mainly due to the accounting effect of interest accrual related to the net present value adjustment of the payment.

The variation in **bank expenses, fees and others** was due to cost of debt issuance in 1Q19 that were recognized in the profit in loss (initiate of some debts accounted as fair value hedge accounting).

Argentina's net financial result was negative at **R\$10 million**, mainly from foreign exchange variation (ARS vs USD) of commercial balances.

Financial results (R\$ Mln)	1Q'20	1Q'19	Var %
Debt Gross Cost	(114,8)	(90,1)	27,4%
Income from financial investments	29,1	7,5	286,4%
Sub-total: cost net debt	(85,8)	(82,6)	3,9%
Other expenses and monetary variation	(8,4)	6,7	-224,8%
Amount payable - Acquisition of Argentina	(35,8)	-	n/a
Bank Expenses, Fee and Others	(2,8)	(43,0)	-93,5%
Net financial result Brazil	(132,8)	(118,8)	11,7%
Net financial result Argentina	(10,2)	-	n/a
Net financial result Total	(143,0)	(118,8)	20,3%
IFRS 16 Effects	(11,2)	-	n/a
Net financial result Total	(154,2)	(118,8)	29,8%

Net income for the quarter was R\$276.7 million compared to a net income of R\$250.3 million reported in 1Q19, in line with the effects described in previous sessions.

EBITDA (R\$ Mln)	1Q'20	1Q'19	Var %
Total Raízen Combustíveis	772,3	507,1	52%
Total Adjusted Raízen Combustíveis	749,6	540,5	39%
Raízen Combustíveis Brazil	543,6	507,1	7%
Adjusted Raízen Combustíveis Brazil	564,8	540,5	4%
Raízen Combustíveis Argentina	228,7	-	n/a
Adjusted Raízen Combustíveis Argentine	184,8	-	n/a

A breakdown of **Income and Social Contribution Tax** expenses is presented below.

Taxes effect (R\$ Mln)	1Q'20	1Q'19	Var %
Income before income and social contribution taxes	431,5	342,6	25,9%
Income tax and social contribution at nominal rate (34%)	(146,7)	(116,5)	25,9%
Interest on capital	13,6	16,3	-16,6%
Difference between deemed income and taxable income rates	0,1	12,9	-99,2%
Others	(7,5)	0,2	-3.850,0%
Effective expenses from income tax and social contribution	(140,5)	(87,1)	61,3%
Effective rate	-33%	-25%	-8 p.p.
Expense from income tax and social contribution			
Income Tax Current	(245,9)	131,2	-287,4%
Income Tax Deferred	105,4	(218,3)	148,3%

C. Raízen Combined and Consolidated

Raízen's combined and consolidated EBITDA was R\$ 1.453,2 million in 1Q'20, an increase of 52.6% compared to 1Q'19. Raízen's EBITDA adjusted by the effects described in the individual sections of Raízen Energia and Raízen Combustíveis increased by 11.7%, reaching R\$ 1,157 million in the same period.

EBITDA (R\$ Mln)	1Q'20	1Q'19	Var %
EBITDA Group	1.453,2	952,3	52,6%
Adjusted EBITDA Group	1.157,9	1.035,8	11,7%
Raízen Energia	677,7	447,9	51,3%
Raízen Energia Adjusted	404,8	498,0	-18,7%
Raízen Combustíveis	772,3	507,1	52,3%
Raízen Combustíveis Adjusted	749,6	540,5	38,7%
Unrealized profit	3,4	(2,7)	-224,2%

Raízen's combined net debt in 1Q'20 totaled R\$ 12.2 billion, R\$ 2.5 billion higher than the balance in 4Q'19.

Debt by type (R\$ Mln)	1Q'20	4Q'19	Var %
Foreign currency	11.375,0	10.247,5	11,0%
Senior notes 2027	2.158,5	2.063,3	4,6%
Schuldschein	773,1	766,6	0,9%
Term loan agreement	1.776,0	1.765,3	0,6%
Export prepayments	6.585,0	5.458,1	20,6%
Other	82,4	194,3	-57,6%
Local currency	6.913,3	7.016,8	-1,5%
BNDES	599,9	638,5	-6,0%
PESA	459,9	594,4	-22,6%
Finame	74,7	76,6	-2,4%
Rural credit	375,9	370,4	1,5%
CRA	4.816,8	4.775,2	0,9%
Debentures	442,5	430,8	2,7%
Credit notes	168,5	171,2	-1,6%
Expenses with placement of debt	(24,9)	(40,3)	-38,1%
Gross Debt	18.288,3	17.264,3	5,9%
Cash and cash equivalents (Including Securities)	4.640,0	6.008,5	-22,8%
Cash investments linked to financing	58,6	57,8	1,3%
Brazilian treasury bonds - CTN	395,9	521,9	-24,1%
Financial instruments (FX exchange and interest)	883,0	814,3	8,4%
Cash	5.977,5	7.402,6	-19,3%
Net Debt	12.310,8	9.861,7	24,8%
Net Debt (w/o PESA and CTN)	12.246,8	9.789,2	25,1%

Net income attributable to controlling shareholders in 1Q'20 was R\$ 184.7 million, 16% higher than the net income of R\$ 159.6 million reported in 1Q'19.

Disclaimer

This document contains forward-looking statements and information. These forward-looking statements and information are solely forecasts and do not represent any guarantee of future results. All stakeholders are cautioned that these forward-looking statements and information are and will be, depending on the case, subject to risks, uncertainties and factors related to the operations and business environment of Raízen and its subsidiaries, therefore the actual results of these companies may significantly differ from the future results expressed or implied by said forward-looking statements and information.

EBITDA Reconciliation (R\$ Mln) – Raízen Energia

EBITDA Reconciliation (R\$ Mln)	1Q'20	1Q'19	Var %
Net income (loss) - Controlling shareholders	(113,0)	4,1	-2838,6%
Net income (loss) - Non-Controlling shareholders	13,6	(0,0)	75071,7%
Net income (loss) for the period	(99,4)	4,1	-2518,8%
Income tax and social security	(43,8)	(67,7)	-35,2%
Net financial result	241,9	113,6	112,9%
Depreciation and amortization	447,8	397,8	12,6%
EBITDA	677,7	447,9	51,3%

EBITDA Reconciliation (R\$ Mln) – Raízen Combustíveis

EBITDA Reconciliation (R\$ Mln)	1Q'20	1Q'19	Var %	4Q'19	Var %
Net income - Controlling shareholders	276,7	250,3	10,5%	565,0	-51,0%
Net income - Non-Controlling shareholders	14,4	5,2	177,0%	20,8	-31,0%
Net income for the period	291,0	255,5	13,9%	585,8	-50,3%
Income tax and social security	140,5	87,1	61,3%	166,4	-15,6%
Net financial result	154,2	119,0	29,6%	101,9	51,4%
Depreciation and amortization	186,6	45,5	309,8%	133,9	39,4%
EBITDA	772,3	507,1	52,3%	988,0	-21,8%

Statement of Income – Raízen Energia S.A.

Income Statement (R\$ Min)	1Q'20	1Q'19	Var %
Net operating revenue	6.084,1	4.091,6	48,7%
Cost of goods sold	(5.663,7)	(3.768,9)	50,3%
Gross income	420,4	322,7	30,3%
Operating revenue (expenses)	(321,6)	(272,6)	18,0%
Selling	(172,2)	(185,0)	-6,9%
General and administrative	(143,7)	(146,8)	-2,1%
Other operational income (expenses), net	3,2	60,6	-94,7%
Equity accounting result	(8,9)	(1,4)	538,2%
Income (loss) before financial result	98,7	50,1	97,1%
Net financial result	(241,9)	(113,6)	112,9%
Income (loss) before income tax and social security	(143,2)	(63,5)	125,3%
Income tax and social security	43,8	67,7	-35,2%
Net income (loss) for the period	(99,4)	4,1	-2518,8%
Available to:			
Non-controlling shareholders	13,6	0,0	-n.a.
Controlling shareholders	(113,0)	4,1	-2838,6%

Balance Sheet (Assets) – Raízen Energia S.A.

Balance Sheet (R\$ Mln)	1Q'20	4Q'19	Var %
Assets			
Current assets			
Cash and cash equivalents	2.804,3	3.189,9	-12,1%
Restricted cash	115,0	135,0	-14,8%
Derivative financial instruments	1.208,2	788,3	53,3%
Trade accounts receivable	1.242,3	974,0	27,5%
Inventories	2.122,8	789,4	168,9%
Recoverable income tax and social security	419,2	418,3	0,2%
Recoverable taxes	376,0	221,5	69,7%
Other financial assets	167,7	306,5	-45,3%
Related parties	3.099,5	2.413,9	28,4%
Biological assets	856,2	814,0	5,2%
Other credits	285,7	318,5	-10,3%
	12.696,9	10.369,1	22,4%
Non-current			
Derivative financial instruments	505,3	562,7	-10,2%
Other financial assets	542,1	527,0	2,9%
Recoverable income tax and social security	414,2	414,2	0,0%
Recoverable taxes	60,7	77,4	-21,5%
Related parties	2.519,3	3.416,9	-26,3%
Deferred income tax and social contribution	425,9	390,4	9,1%
Judicial deposits	392,6	381,0	3,0%
Other credits	4.491,8	232,0	1835,9%
Investments	571,7	572,9	-0,2%
Property, plant and equipment	9.742,3	9.846,3	-1,1%
Intangible assets	1.830,5	1.841,7	-0,6%
	21.496,4	18.262,5	17,7%
Total Assets	34.193,3	28.631,6	19,4%

Balance Sheet (Liabilities) – Raízen Energia S.A.

Balance Sheet (R\$ Mln)	1Q'20	4T'19	Var %
Liabilities			
Current assets			
Loans and financing	2.705,3	1.506,1	79,6%
Derivative financial instruments	720,2	766,5	-6,0%
Trade accounts payable	3.947,6	4.189,4	-5,8%
Payroll	489,8	399,4	22,6%
Income tax and social security payable	22,7	22,7	0,1%
Taxes payable	143,9	157,3	-8,5%
Dividends payable	10,0	10,0	n.a.
Related parties	2.556,2	656,3	289,5%
Advances to customers	505,6	71,6	605,8%
Other liabilities	821,2	126,6	548,8%
	11.922,5	7.906,0	50,8%
Non-current			
Loans and financing	9.269,1	10.570,9	-12,3%
Derivative financial instruments	452,1	379,1	19,3%
Taxes payable	177,6	177,6	0,0%
Related parties	1.004,5	398,9	151,8%
Provision for lawsuits	462,6	436,8	5,9%
Deferred income tax and social contribution	283,6	267,5	6,0%
Other liabilities	2.881,9	156,9	1736,9%
	14.531,4	12.387,6	17,3%
Total liabilities	26.453,9	20.293,6	30,4%
Shareholders' equity			
Paid to Parent Company's shareholders			
Share stock	6.511,2	6.511,2	0,0%
Capital reserve	1.089,1	1.089,1	0,0%
Equity evaluation adjustment	(147,6)	(228,8)	-35,5%
Profit reserve	350,7	931,3	-62,3%
Accumulated profits (losses)	(113,0)	0,0	n.a.
	7.690,4	8.302,8	-7,4%
Minority interest	48,9	35,3	38,7%
Total shareholders' equity	7.739,3	8.338,0	-7,2%
Total liabilities and shareholders' equity	34.193,3	28.631,6	19,4%

Statement of Cash Flow – Raízen Energia S.A.

Statement of Cash Flow			
(R\$ MIn)	1Q'20	1Q'19	Var %
NPBT	(143,2)	(63,5)	125,3%
Depreciation and amortization	578,9	397,8	45,5%
Net loss on changes in fair value and amortization of added value or loss of biological assets	(86,5)	56,7	-252,6%
Interest, monetary and exchange variation, net	222,4	174,2	27,6%
Non-realized gain on derivatives	(122,3)	(81,1)	50,7%
Others	132,3	(82,9)	259,5%
NPBT total non-cash items	724,8	464,7	56,0%
Accounts receivable and advances from clients	187,4	117,4	59,6%
Inventories	(875,3)	(873,0)	0,3%
Net restricted cash	36,6	(45,4)	180,6%
Trade accounts payable and advances to suppliers	(351,6)	903,7	-138,9%
Derivative financial instruments	(103,8)	(298,2)	-65,2%
Others	290,7	(72,6)	500,2%
Changes in assets and liabilities	(816,0)	(268,1)	204,3%
Income tax and social security paid	(19,1)	(101,7)	-81,2%
Cash flow from operating activities	(253,5)	31,3	-909,3%
Capex	(635,8)	(487,7)	30,4%
Others	3,0	5,2	-42,2%
Cash flow from investing activities	(632,9)	(482,5)	31,2%
3rd party debt funding	7,2	537,3	-98,7%
3rd party debt amortization	(48,4)	(331,8)	-85,4%
3rd party debt interest amortization	(139,3)	(158,0)	-11,8%
Amortization of lease liabilities - third parties	(225,9)	-	n/a
Amortization of lease liabilities - related parties	(33,7)	-	n/a
Intragroup financial transactions	1.557,3	(376,8)	513,3%
Dividends and interest on capital payment	(580,5)	(330,2)	75,8%
Others	0,2	(0,4)	147,4%
Cash flow from financing activities	536,9	(659,8)	181,4%
Changes in cash and cash equivalents	(349,5)	(1.111,0)	-68,5%
Cash and cash equivalents - prior period	3.189,9	3.321,8	-4,0%
FX effect on cash and cash equivalents	(36,0)	140,7	-125,6%
Cash and cash equivalents - end of period	2.804,4	2.351,5	19,3%

The cash flows from investing and financing activities differ from the financial statements released with regards to the classification of intercompany operations. In this release, these are accounted for in the financing activities.

Statement of Income – Raízen Combustíveis S.A.

Income Statement					
(R\$ Mln)	1Q'20	1Q'19	Var %	4Q'19	Var %
Net operating revenue	25.127,0	19.626,7	28,0%	23.177,3	8,4%
Cost of goods sold	(24.012,9)	(18.820,6)	27,6%	(21.933,3)	9,5%
Gross income	1.114,2	806,1	38,2%	1.244,0	-10,4%
Operating revenue (expenses)	(528,5)	(344,6)	53,4%	(389,9)	35,5%
Selling	(552,0)	(354,8)	55,6%	(504,1)	9,5%
General and administrative	(152,6)	(115,0)	32,7%	(167,6)	-9,0%
Other operating income (expenses), net	176,1	125,2	40,6%	281,9	-37,5%
Profit (loss) before financial result	585,7	461,6	26,9%	854,1	-31,4%
Net financial result	(154,2)	(119,0)	29,6%	(101,9)	51,4%
Income (loss) before income tax and social security	431,5	342,6	26,0%	752,2	-42,6%
Income tax and social security	(140,5)	(87,1)	61,3%	(166,4)	-15,6%
Net income (loss) for the period	291,0	255,5	13,9%	585,8	-50,3%
Available to:					
Non-controlling shareholders	14,4	5,2	177,0%	20,8	-31,0%
Controlling shareholders	276,7	250,3	10,5%	565,0	-51,0%

Balance Sheet (Assets) – Raízen Combustíveis S.A.

Balance Sheet (R\$ Mln)	1Q'20	4Q'19	Var %
Assets			
Current assets			
Cash and cash equivalents	1.835,6	2.818,6	-34,9%
Restricted cash	108,8	140,7	-22,7%
Derivative financial instruments	145,9	156,1	-6,5%
Trade accounts receivable	2.490,3	2.386,3	4,4%
Inventories	3.670,6	3.290,1	11,6%
Recoverable income tax and social security	430,9	600,6	-28,3%
Recoverable taxes	1.779,0	1.609,7	10,5%
Related parties	2.441,6	720,8	238,8%
Other credits	564,1	576,5	-2,2%
	13.466,7	12.299,5	9,5%
Non-current			
Trade accounts receivable	454,2	514,5	-11,7%
Derivative financial instruments	587,8	639,0	-8,0%
Recoverable taxes	334,9	384,7	-12,9%
Related parties	874,6	880,5	-0,7%
Deferred income tax and social contribution	114,5	111,9	2,3%
Judicial deposits	66,7	68,1	-2,0%
Other credits	2.594,9	2.045,5	26,9%
Investments	0,3	0,3	0,3%
Property, plant and equipment	5.390,7	5.488,2	-1,8%
Intangible assets	1.110,5	1.126,5	-1,4%
	11.529,0	11.259,4	2,4%
Total Assets	24.995,7	23.558,9	6,1%

Balance Sheet (Liabilities) – Raízen Combustíveis S.A.

Balance Sheet (R\$ Mln)	1Q'20	4T'19	Var %
Liabilities			
Current assets			
Loans and financing	306,1	416,6	-26,5%
Derivative financial instruments	190,4	79,2	140,4%
Trade accounts payable	4.072,9	3.836,2	6,2%
Payroll	165,0	144,3	14,3%
Income tax and social security payable	116,2	76,9	51,0%
Taxes payable	256,1	330,5	-22,5%
Dividends payable	47,9	27,5	74,1%
Unearned revenue	46,2	47,8	-3,5%
Related parties	5.032,3	4.409,1	14,1%
Other liabilities	820,3	663,3	23,7%
	11.053,4	10.031,5	10,2%
Non-current			
Loans and financing	5.830,3	4.674,5	24,7%
Derivative financial instruments	40,7	9,4	331,4%
Taxes payable	11,8	11,2	5,4%
Related parties	2.263,1	3.062,0	-26,1%
Provision for adverse court judgments	1.026,7	1.041,1	-1,4%
Deferred income tax and social contribution	1.190,3	1.303,4	-8,7%
Deferred revenue	77,7	88,0	-11,7%
Other liabilities	572,5	273,2	109,6%
	11.013,1	10.463,0	5,3%
Total liabilities	22.066,5	20.494,5	7,7%
Shareholders' equity			
Paid to Parent Company's shareholders			
Share stock	1.921,8	1.921,8	0,0%
Capital reserve	519,7	519,7	0,0%
Equity evaluation adjustment	(193,9)	(136,3)	42,3%
Profit reserve	426,4	518,3	-17,7%
	2.674,0	2.823,5	-5,3%
Minority interest	255,2	240,9	6,0%
Total shareholders' equity	2.929,2	3.064,4	-4,4%
Total liabilities and shareholders' equity	24.995,7	23.558,9	6,1%

Statement of Cash Flow – Raízen Combustíveis S.A.

Statement of Cash Flow			
(R\$ Mln)	1Q'20	1Q'19	Var %
NPBT	431,5	342,6	25,9%
Depreciation and amortization	304,8	146,6	107,9%
Gain on assets sales	(44,3)	(33,0)	34,2%
Interest, inflation adjustment and exchange variation, net	(102,1)	833,8	-112,2%
Non-realized gain on derivatives	99,8	(605,0)	-116,5%
Other	120,2	(83,1)	-244,6%
NPBT total non-cash items	378,3	259,3	45,9%
Accounts receivable	(40,7)	132,9	-130,6%
Inventories	(399,9)	(570,2)	-29,9%
Trade accounts payable and advances to suppliers	340,1	(540,6)	-162,9%
Derivative financial instruments	96,5	215,3	-55,2%
Taxes and contributions	(194,1)	(137,1)	41,6%
Other	(197,9)	(89,4)	121,4%
Changes in assets and liabilities	(396,0)	(989,2)	-60,0%
Income tax and social security paid	(7,2)	(24,5)	-70,6%
Cash flow from operating activities	406,6	(411,9)	-198,7%
Capex	(511,0)	(379,7)	34,6%
Other	61,1	44,6	37,0%
Cash flow from investing activities	(449,9)	(335,1)	34,3%
3rd party debt funding	1.283,1	(0,4)	n.a.
3rd party debt amortization	(195,4)	(27,3)	614,8%
3rd party debt interest amortization	(62,8)	(35,9)	74,9%
Intragroup financial transactions	(1.560,2)	373,0	-518,3%
Dividends and interest on capital payment	(341,8)	(315,5)	8,3%
Other	(46,8)	0,0	n/a
Cash flow from financing activities	(924,0)	(6,1)	n.a.
Changes in cash and cash equivalents	(967,3)	(753,1)	28,4%
Cash and cash equivalents - starting point	2.818,6	1.420,3	98,5%
FX effect on cash and cash equivalents	(15,6)	24,5	-163,9%
Cash and cash equivalents - end of period	1.835,6	691,7	165,4%

The cash flows from investing and financing activities differ from the financial statements released with regards to the classification of intercompany operations. In this release, these are accounted for in the financing activities.

Statement of Income – Raízen Combined and Consolidated

Income Statement (R\$ Mln)	1Q'20	1Q'19	Var %
Net operating revenue	28.647,4	22.159,8	29,3%
Cost of goods sold	(27.102,4)	(21.041,6)	28,8%
Gross income	1.545,0	1.118,1	38,2%
Operating revenue (expenses)	(857,2)	(609,2)	40,7%
Selling	(723,7)	(539,6)	34,1%
General and administrative	(296,3)	(261,8)	13,2%
Other operating revenues (expenses), net	171,7	193,6	-11,3%
Equity accounting results	(8,9)	(1,4)	537,5%
Profit (loss) before financial result	687,8	508,9	35,1%
Net financial result	(367,6)	(373,7)	-1,6%
Income (loss) before income tax and social security	320,2	135,2	136,8%
Income tax and social security	(107,5)	29,5	-464,5%
Net income (loss) for the period	212,7	164,7	29,1%
Attributable to:			
Non-controlling shareholders	28,0	5,2	442,0%
Controlling shareholders	184,7	159,6	15,8%

Balance Sheet (Assets) – Raízen Combined and Consolidated

Balance Sheet (R\$ Mln)	1Q'20	4Q'19	Var %
Assets			
Current assets			
Cash and cash equivalents (Including Securities)	4.640,0	6.008,5	-22,8%
Restricted cash	223,7	275,7	-18,9%
Derivative financial instruments	1.228,0	797,4	54,0%
Accounts receivable	3.732,6	3.360,4	11,1%
Inventories	5.788,0	4.051,8	42,8%
Income tax and social contribution recoverable	850,1	1.018,9	-16,6%
Recoverable taxes	2.155,0	1.831,2	17,7%
Other financial assets	167,7	306,5	-45,3%
Related parties	922,4	962,9	-4,2%
Biological assets	856,2	814,0	5,2%
Other credits	849,8	895,0	-5,1%
	21.413,4	20.322,3	5,4%
Non-current assets			
Accounts receivable	454,2	514,5	-11,7%
Derivative financial instruments	685,7	856,9	-20,0%
Other financial assets	542,1	527,0	2,9%
Income tax and social contribution recoverable	441,9	441,8	0,0%
Recoverable taxes	395,7	462,1	-14,4%
Related parties	1.329,1	1.353,8	-1,8%
Deferred income tax and social contribution	541,2	507,7	6,6%
Judicial deposits	459,3	449,1	2,3%
Other credits	7.058,9	2.250,0	213,7%
Investments	571,9	573,2	-0,2%
Property, plant and equipment	15.133,0	15.334,5	-1,3%
Intangible	2.940,9	2.968,2	-0,9%
	30.554,0	26.238,7	16,4%
Total Assets	51.967,4	46.561,0	11,6%

Balance Sheet (Liabilities) – Raízen Combined and Consolidated

Balance Sheet (R\$ Mln)	1Q'20	4QT'19	Var %
Liabilities			
Current assets			
Loans and financing	3.011,5	1.922,7	56,6%
Derivative financial instruments	784,5	698,7	12,3%
Trade accounts payable	8.020,5	8.025,6	-0,1%
Salaries payable	654,8	543,8	20,4%
Income tax and social contribution payable	138,8	99,6	39,4%
Taxes payable	400,0	487,9	-18,0%
Dividends payable	58,0	37,6	n/a
Related parties	2.966,5	2.881,8	2,9%
Advances to customers	534,2	96,4	454,0%
Other current liabilities	1.659,1	812,9	104,1%
	18.227,9	15.606,9	16,8%
Non-current assets			
Loans and financing	15.276,9	15.341,6	-0,4%
Derivative financial instruments	85,5	43,7	95,9%
Taxes payable	189,4	188,8	0,3%
Related parties	1.025,3	421,0	143,5%
Provision for judicial demands	1.489,2	1.477,9	0,8%
Deferred income tax and social contribution	1.473,9	1.570,9	-6,2%
Other current liabilities	3.532,2	518,1	581,8%
	23.072,4	19.562,1	17,9%
Total liabilities	41.300,3	35.169,0	17,4%
Equity			
Attributable to controlling shareholders			
Share Capital	8.433,0	8.433,0	0,0%
Capital reserve	1.608,8	1.608,8	0,0%
Equity valuation adjustment	(408,9)	(420,3)	-2,7%
Profit reserve	592,7	1.440,3	-58,9%
	10.363,0	11.115,9	-6,8%
Non-controlling shareholders	304,1	276,1	10,1%
Total equity	10.667,1	11.392,0	-6,4%
Total liabilities and equity	51.967,4	46.561,0	11,6%

Statement of Cash Flow – Raízen Combined and Consolidated

Statement of Cash Flow (R\$ Mln)	1Q'20	1Q'19	Var %
NPBT	320,2	135,2	136,8%
Depreciation and amortization	883,7	544,4	62,3%
Gain on assets sales	(33,6)	(32,7)	2,8%
Interest, inflation adjustment and exchange variation, net	120,3	1.008,1	-88,1%
Non-realized gain on derivatives	(40,9)	(540,6)	-92,4%
Net loss on changes in fair value and amortization of added value or loss of biological assets	(86,5)	56,7	-252,6%
Others	241,7	(166,4)	245,3%
NPBT total non-cash items	1.084,8	869,4	24,8%
Accounts receivable and advances from clients	146,7	250,3	-41,4%
Inventories	(1.297,4)	(1.466,5)	-11,5%
Net restricted cash	69,6	(51,2)	236,0%
Trade accounts payable and advances to suppliers	(11,5)	363,1	-103,2%
Derivative financial instruments	(7,3)	(82,9)	-91,2%
Others	(125,7)	(271,9)	-53,8%
Changes in assets and liabilities	(1.225,6)	(1.259,1)	-2,7%
Income tax and social security paid	(26,3)	(126,2)	-79,2%
Cash flow from operating activities	153,1	(380,6)	-140,2%
Capex	(1.146,8)	(867,4)	32,2%
Others	(170,1)	1.068,5	-115,9%
Cash flow from investing activities	(1.316,9)	201,1	-754,9%
3rd party debt funding	1.290,4	536,9	140,3%
3rd party debt amortization	(243,8)	(359,1)	-32,1%
3rd party debt interest amortization	(202,1)	(193,9)	4,3%
Dividends and interest on capital payment	(922,4)	(645,7)	42,8%
Others	(309,2)	(4,2)	7309,5%
Cash flow from financing activities	(387,1)	(666,0)	-41,9%
Changes in cash and cash equivalents	(1.551,0)	(845,4)	83,5%
Cash and cash equivalents - prior period	5.740,0	3.663,2	56,7%
FX effect on cash and cash equivalents	(51,6)	165,2	-131,3%
Cash and cash equivalents - end of period	4.137,4	2.983,0	38,7%