

WEBCAST

2Q20



BRASIL
BOLSA
BALCÃO



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IBRX 50

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Eficiente

IC02

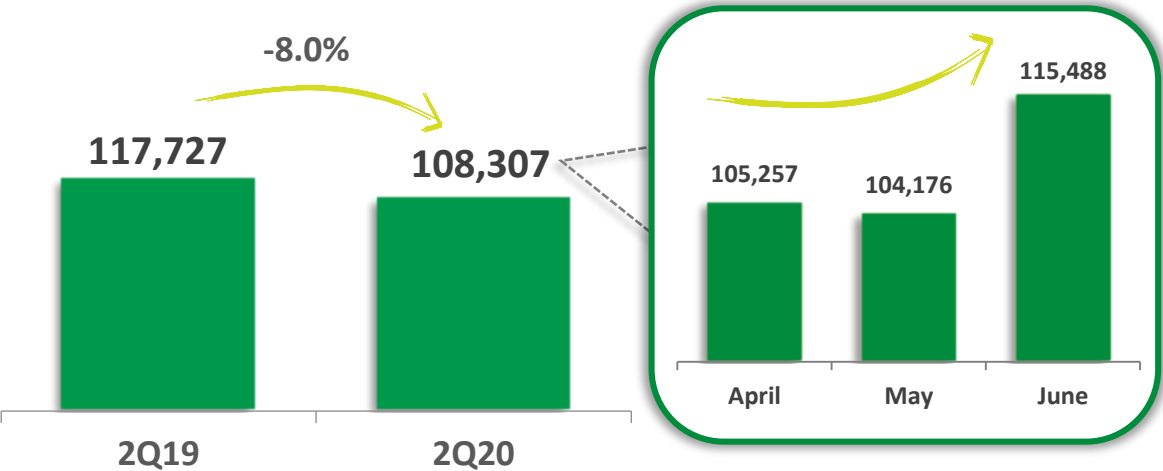
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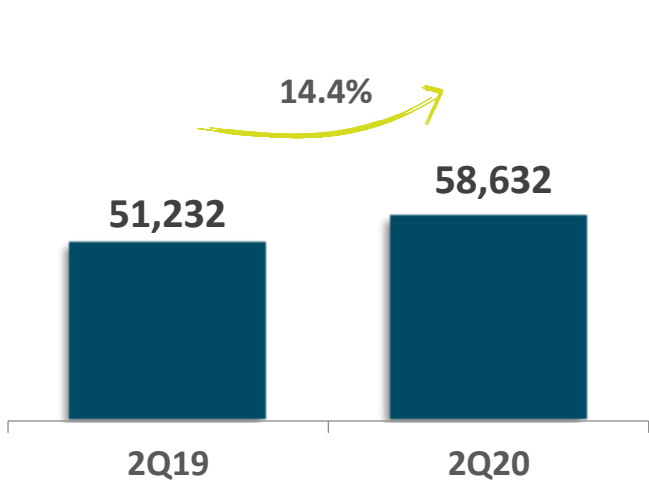


2Q20 OPERATING HIGHLIGHTS

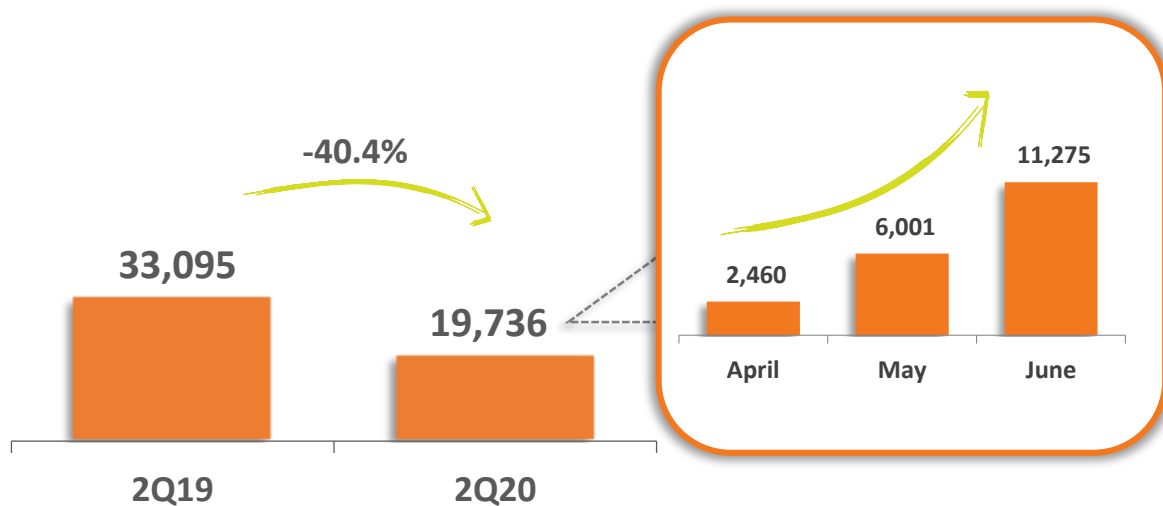
Average rented fleet – Car Rental



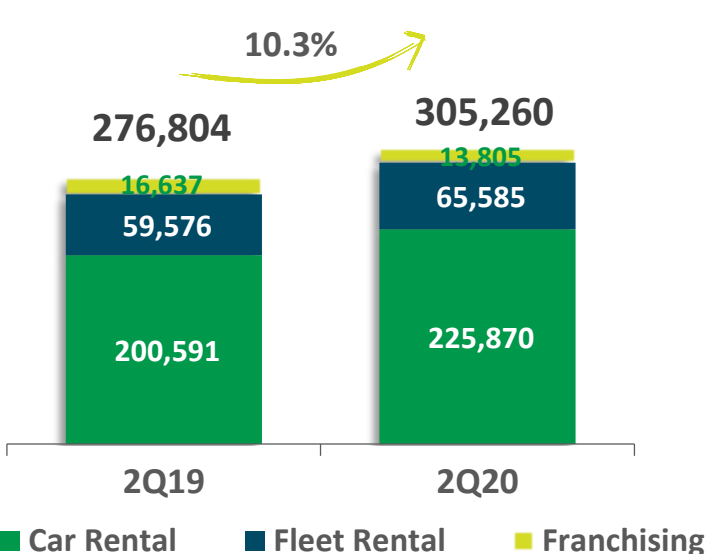
Average rented fleet – Fleet Rental



of cars sold

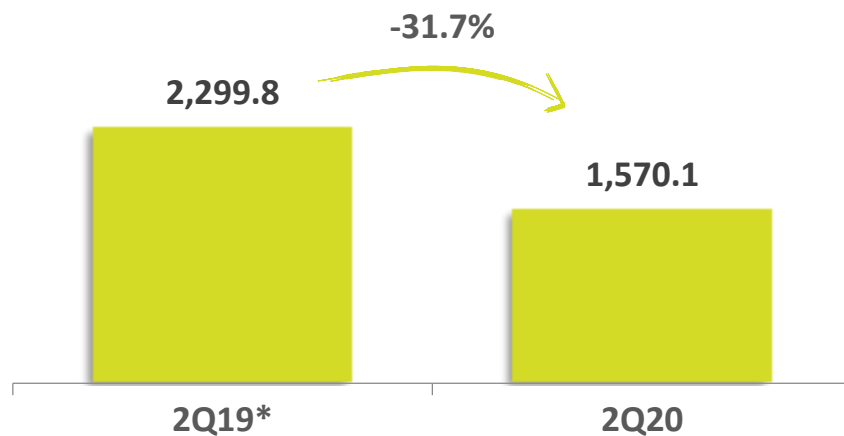


End of the period fleet



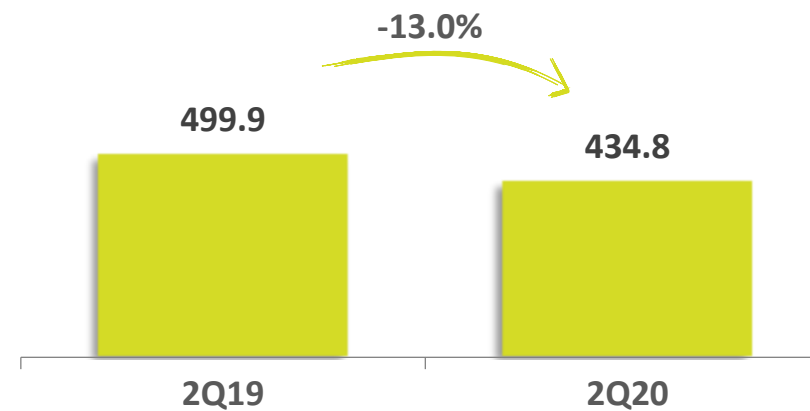
2Q20 FINANCIAL HIGHLIGHTS

Net revenues (R\$ million)

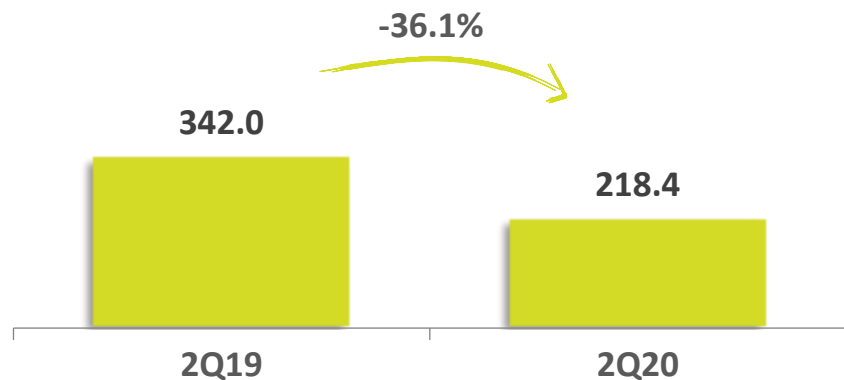


(*) GAAP number including the effects of the reclassification of PIS and COFINS credits for the period

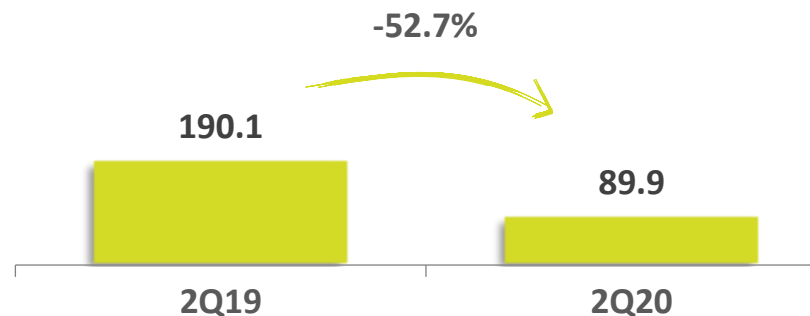
EBITDA (R\$ million)



EBIT (R\$ million)



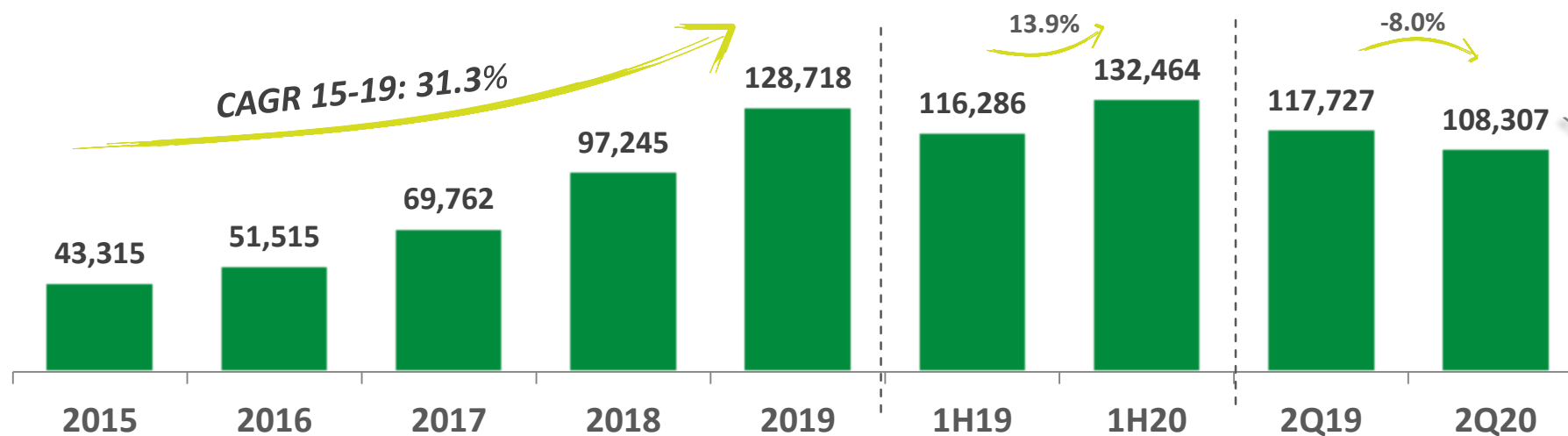
Net income (R\$ million)



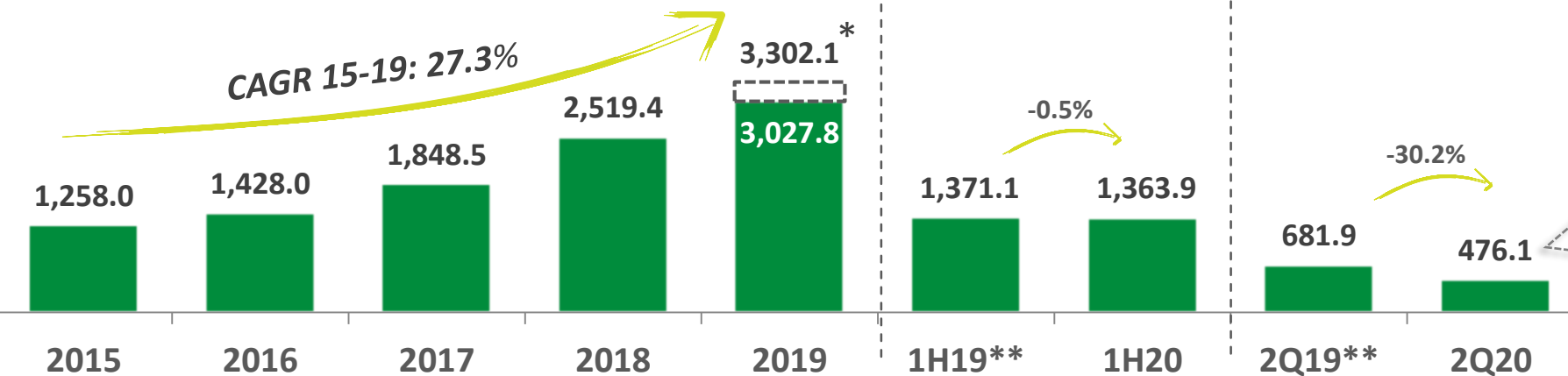
QUARTER RESULTS REFLECTS THE IMPACT OF THE PANDEMIC ON CAR RENTAL AND USED CAR SALES VOLUMES

CAR RENTAL

Average rented fleet



Net revenues (R\$ million)



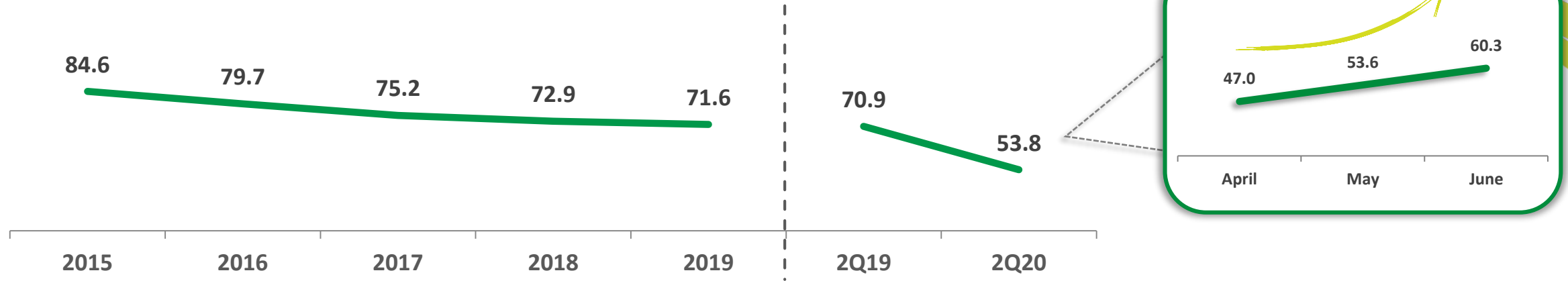
(*) Excluding the effects of the reclassification of PIS and COFINS credits

(**) GAAP number including the reclassification of PIS and COFINS credits for the period

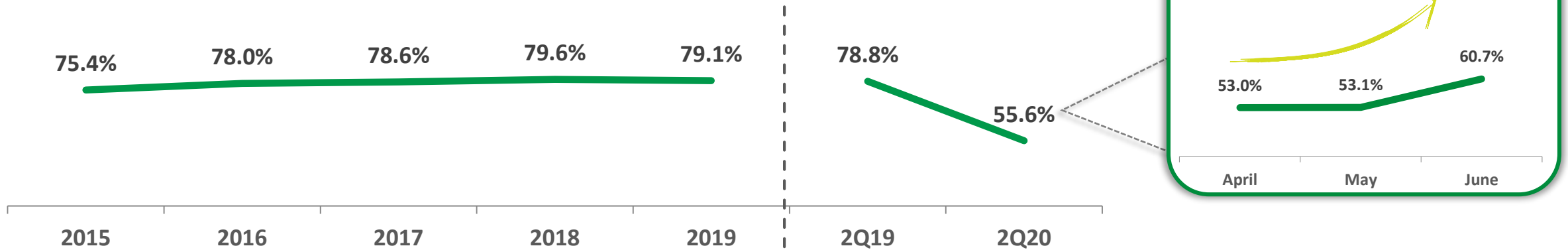
SEGMENT DIVERSIFICATION HELPS REDUCE PANDEMIC IMPACTS AND CONTRIBUTES TO A CONSISTENT RECOVERY

CAR RENTAL

— Average rental rate (in R\$) —

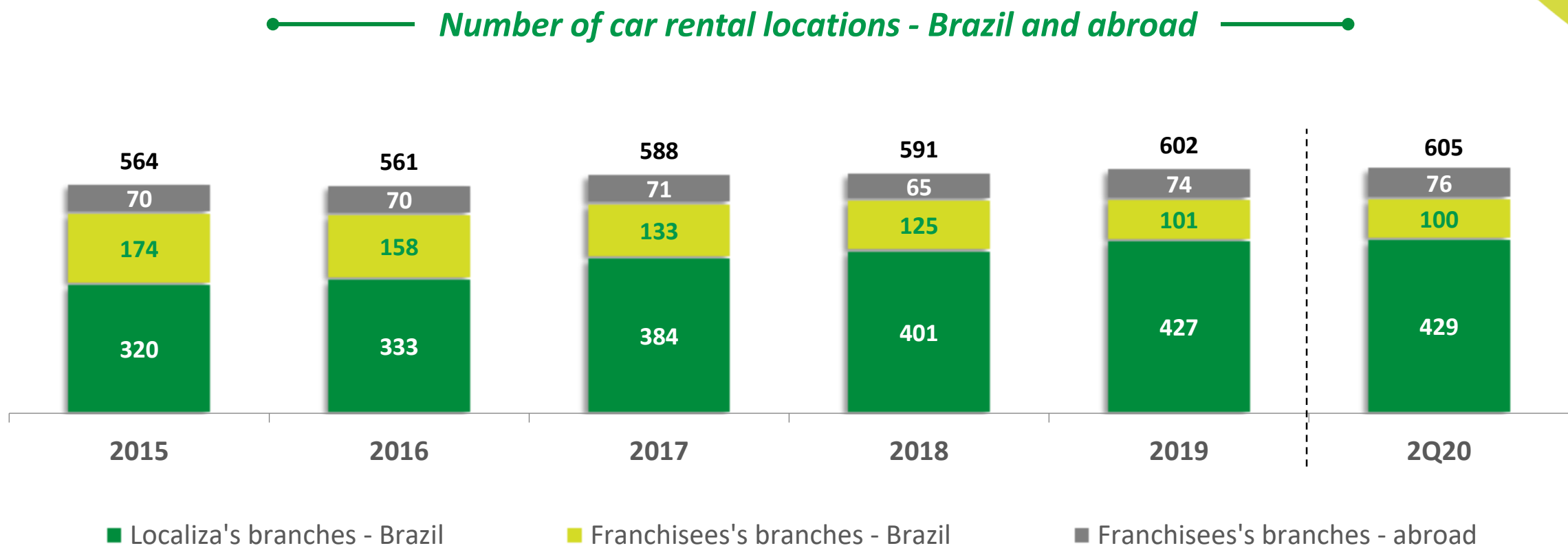


— Utilization rate (%) —



IMPACTS OF COVID-19 ON THE AVERAGE RENTAL RATE AND VOLUME WERE MOSTLY CONCENTRATED AT THE BEGINNING OF THE QUARTER WITH GRADUAL RECOVERY BEING OBSERVED WEEK AFTER WEEK FROM MID MAY

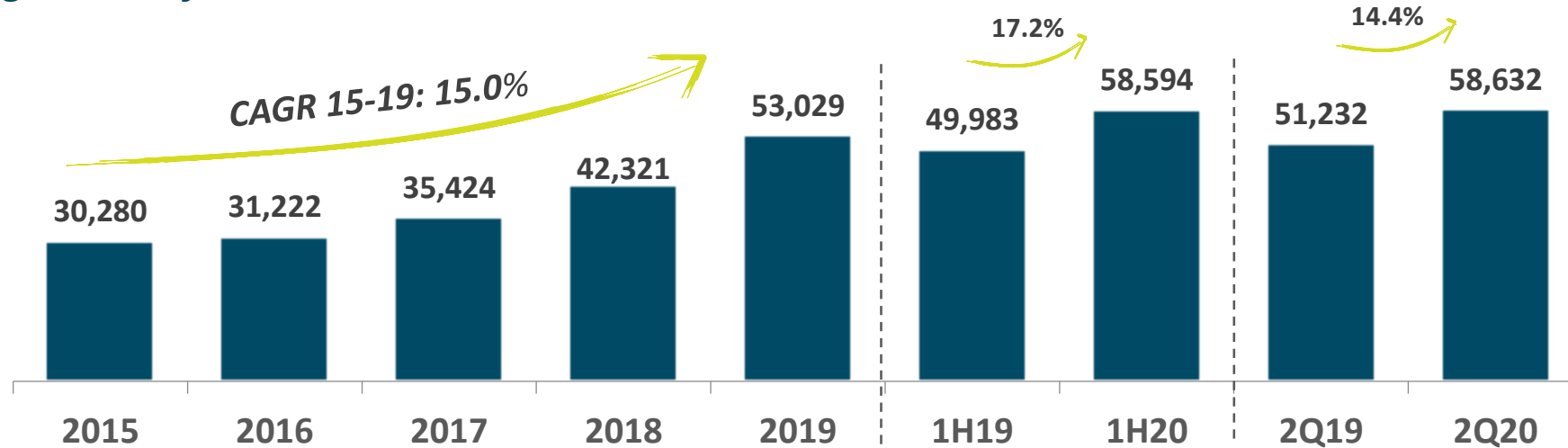
CAR RENTAL NETWORK EVOLUTION



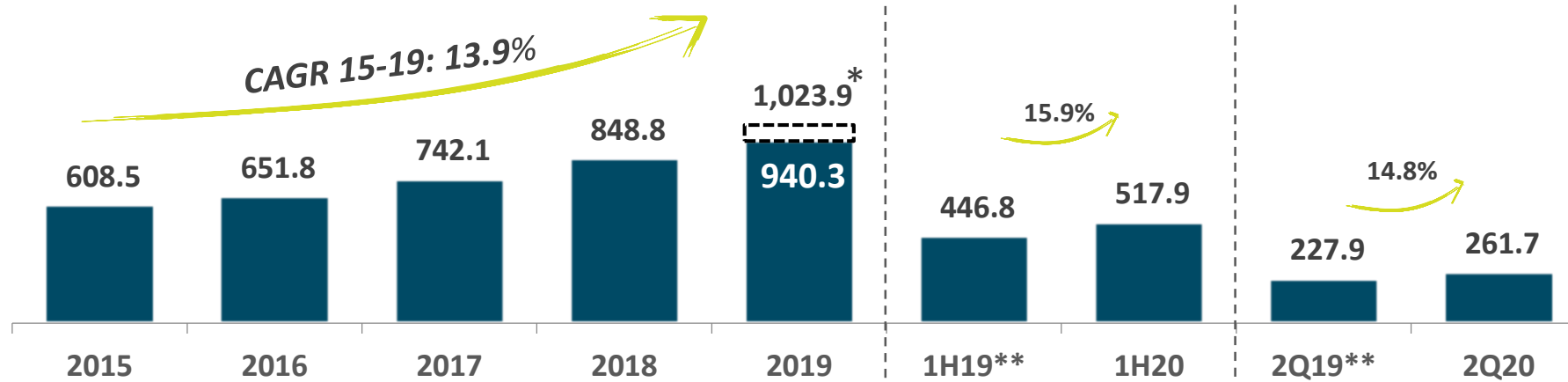
ADDITION OF TWO LOCALIZA'S CORPORATE BRANCHES COMPARED TO THE END OF 2019

FLEET RENTAL

Average rented fleet



Net revenues (R\$ million)



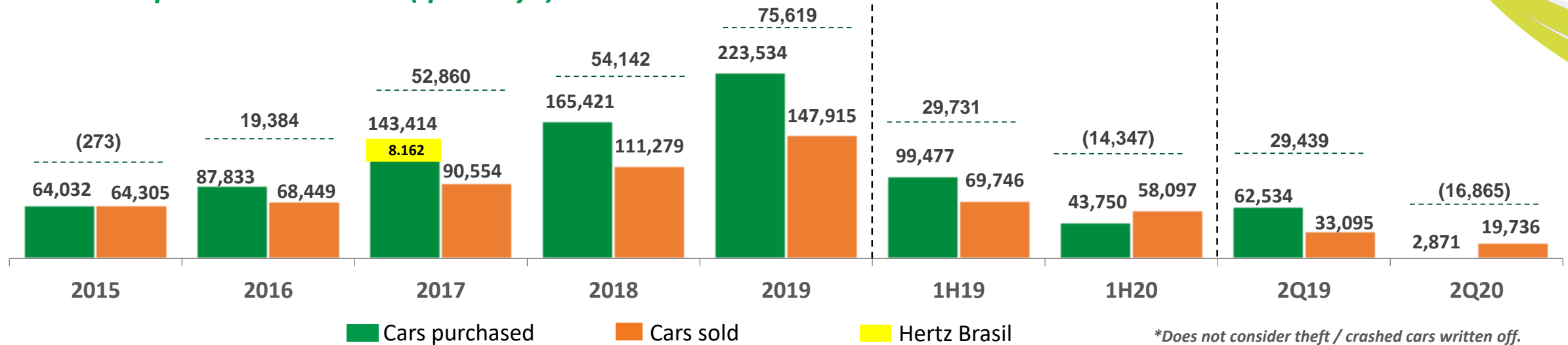
(*) Excluding the effects of the reclassification of PIS and COFINS credits

(**) GAAP number including the reclassification of PIS and COFINS credits for the period

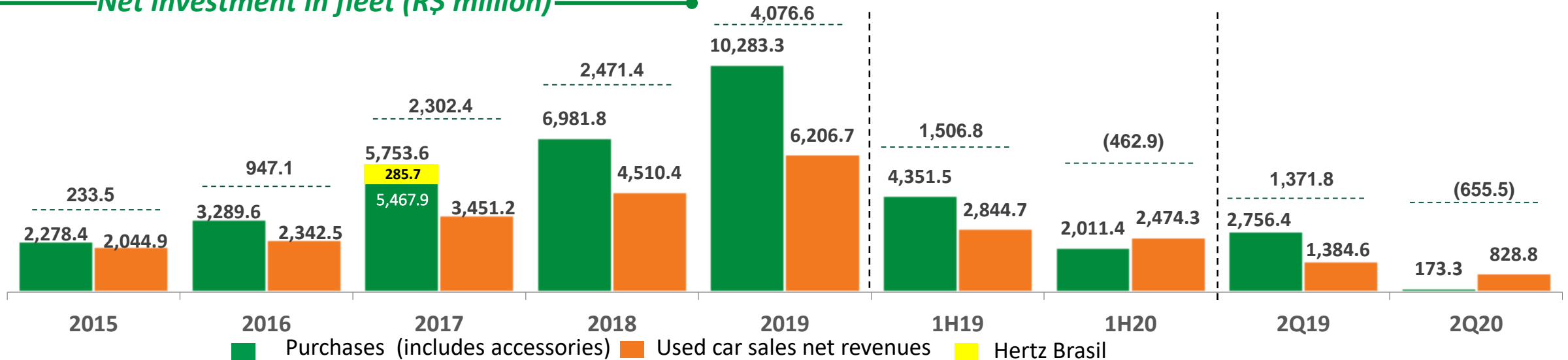
IN 2Q20, FLEET RENTAL DIVISION REGISTERED A 14.8% INCREASE IN NET REVENUES

NET INVESTMENT

Car purchase and sales (quantity*)

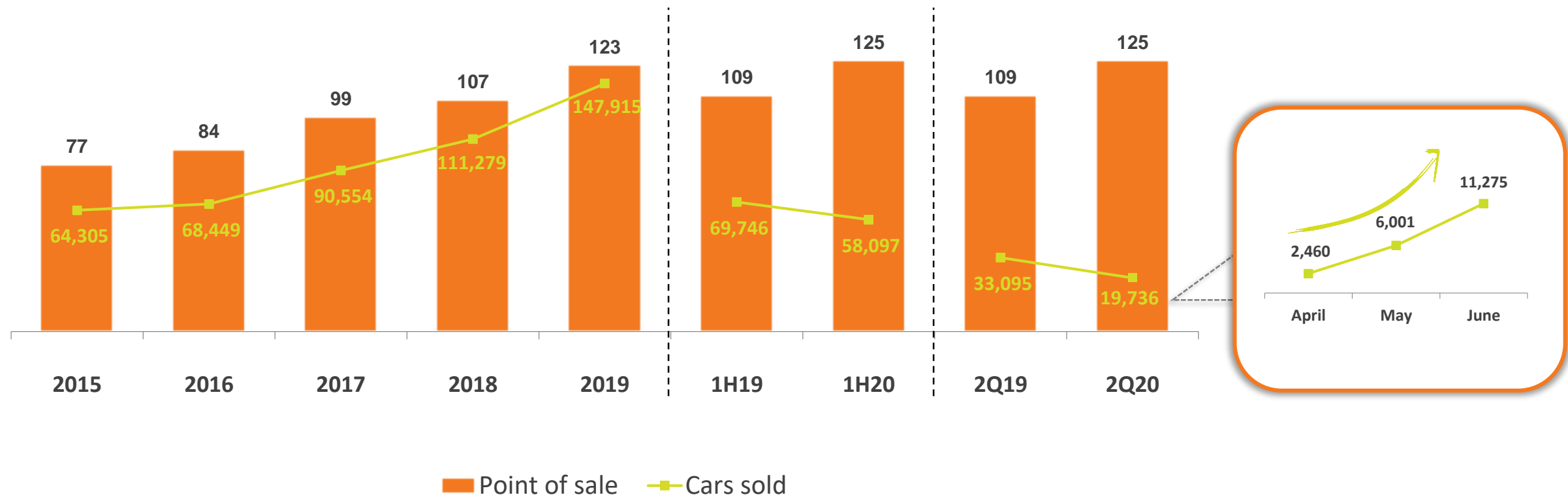


Net investment in fleet (R\$ million)



REDUCING CARS PURCHASE TO ADJUST FLEET UTILIZATION RATE AND PRESERVE LIQUIDITY DURING THE CRISIS

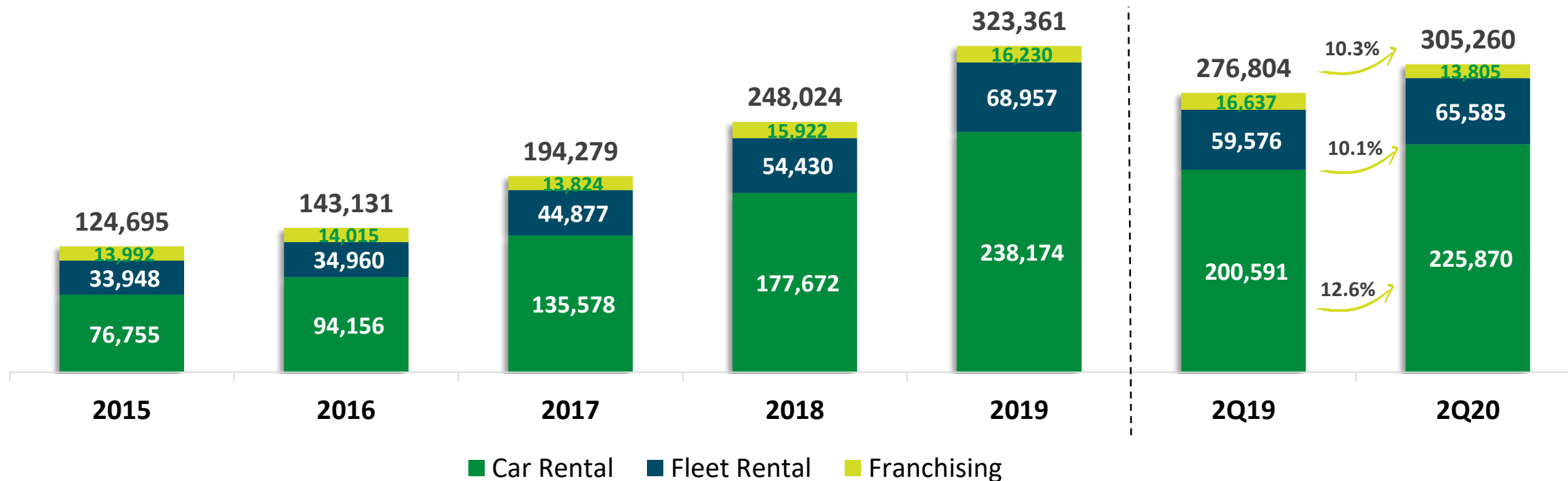
— NUMBER OF USED CARS AND POINTS OF SALE —



**CAR SALES VOLUME IMPACTED BY TEMPORARY STORES CLOSURE IN THE BEGINNING OF THE QUARTER
WITH ACCELERATED RECOVERY MONTH AFTER MONTH**

END OF PERIOD FLEET

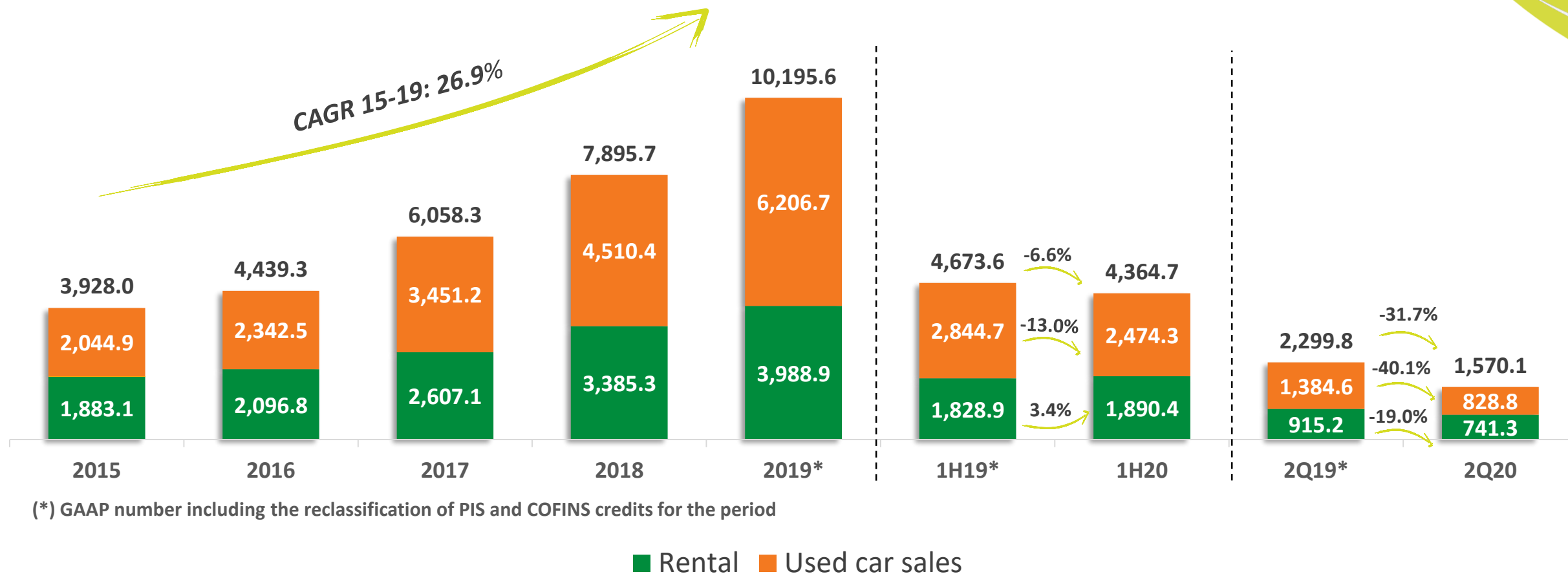
(Quantity)



EVEN AFTER THE STRONG ACCUMULATED GROWTH IN THE PRIOR QUARTERS FLEET INCREASE IS STILL OBSERVED IN ALL DIVISIONS

CONSOLIDATED NET REVENUES

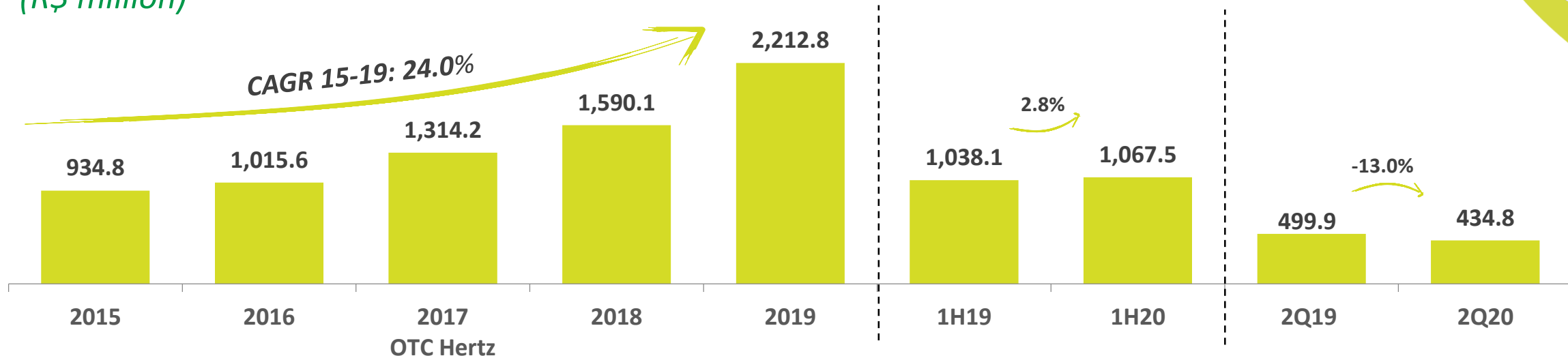
(R\$ million)



CONSOLIDATED NET REVENUE FALLING 31.7% IN 2Q20, REFLECTING THE EFFECTS OBSERVED IN CAR RENTAL DIVISION AND USED CAR SALES

CONSOLIDATED EBITDA

(R\$ million)



EBITDA margin:

Activities	2015	2016	2017*	2018	2019**	1H19**	1H20	2Q19**	2Q20
Car Rental	31.8%	32.3%	34.9%	35.9%	45.5%	46.4%	49.7%	43.9%	53.2%
Fleet Rental	62.2%	64.5%	61.9%	64.0%	67.7%	68.8%	75.9%	65.2%	81.4%
Rental Consolidated	41.7%	42.3%	42.6%	43.0%	50.9%	52.0%	56.9%	49.3%	63.1%
Used Car Sales	7.3%	5.5%	5.9%	3.0%	3.0%	3.1%	-0.3%	3.5%	-4.0%

(*) 2017 adjusted by the one-time costs incurred (OTC) - Hertz Brasil acquisition and Franchisees incorporation

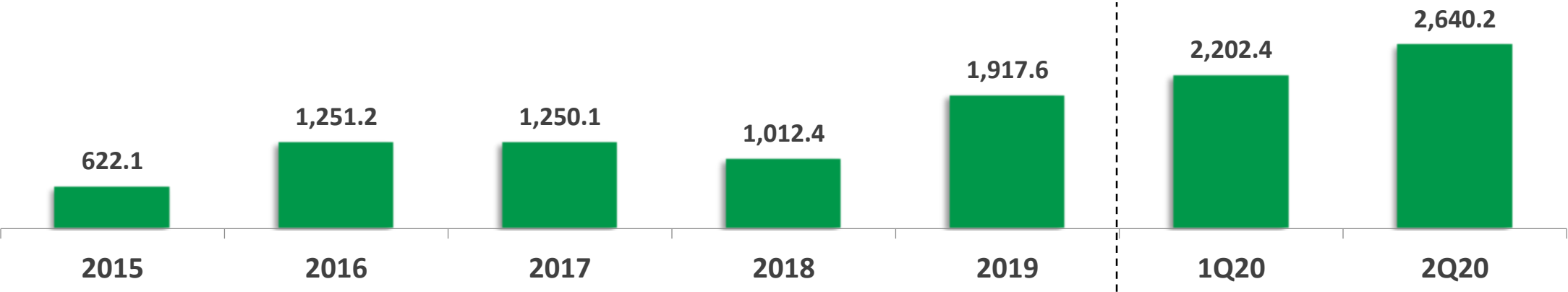
(**) EBITDA margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period, in the Car Rental and Fleet Rental divisions

**INITIATIVES OF COSTS AND EXPENSES REDUCTION CONTRIBUTED TO REDUCE IMPACTS ON EBITDA,
WHICH WAS ALSO BENEFITED BY THE REVERSAL OF FISCAL CREDIT PROVISION**

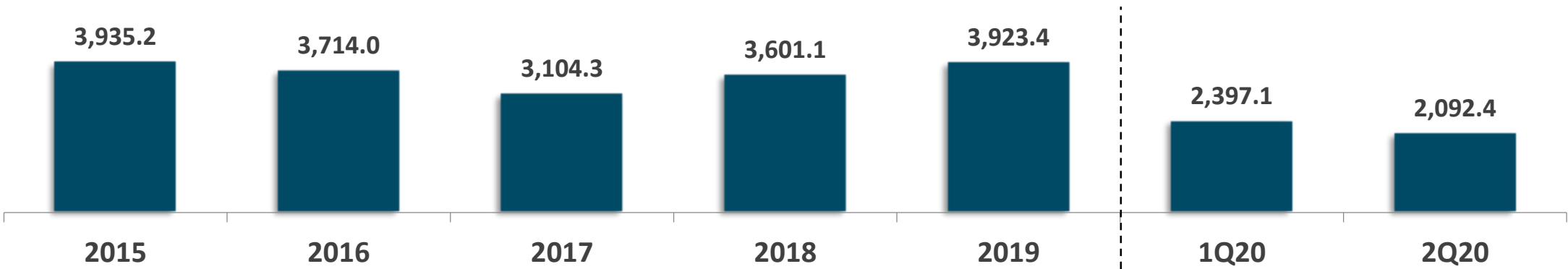
AVERAGE ANNUALIZED DEPRECIATION PER CAR

(In R\$)

Car Rental



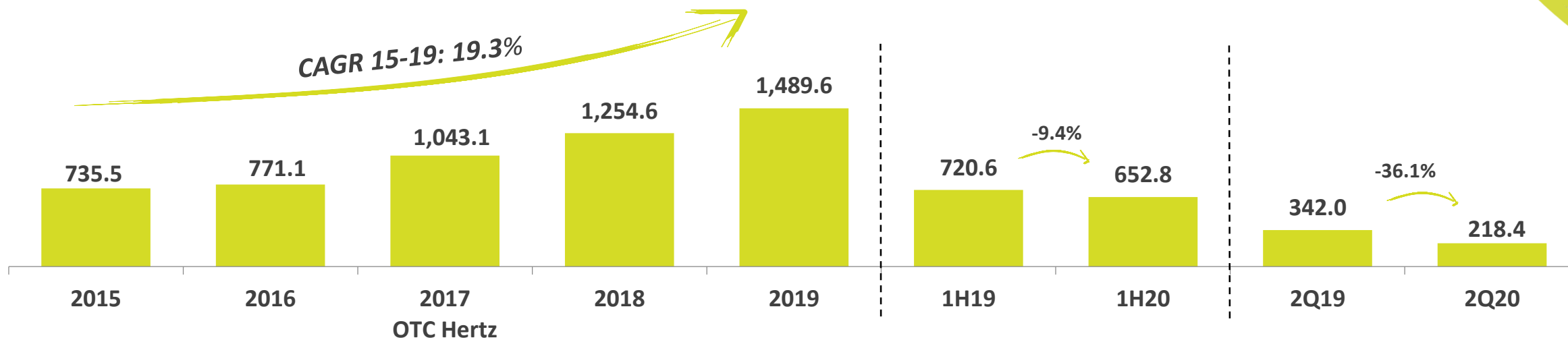
Fleet Rental



IN CAR RENTAL DIVISION, THE INCREMENT OF DEPRECIATION REFLECTS THE EXPECTATION OF LOWER DILUTION OF SG&A PER CAR SOLD
FOR THE FLEET RENTAL DIVISION THE COMPANY STARTED USING THE STRAIGHT-LINE METHOD OF DEPRECIATION

CONSOLIDATED EBIT

(R\$ milhões)



EBIT margins include used car sales results, but is calculated over the rental revenues:

	2015	2016	2017*	2018	2019**	1H19**	1H20	2Q19 **	2Q20
Car Rental	34.3%	30.2%	35.5%	33.2%	33.6%	36.2%	23.2%	34.3%	8.4%
Fleet Rental	48.9%	51.2%	51.4%	48.6%	49.1%	49.0%	64.3%	46.4%	67.9%
Consolidated	39.1%	36.8%	40.0%	37.1%	37.3%	39.4%	34.5%	37.4%	29.5%

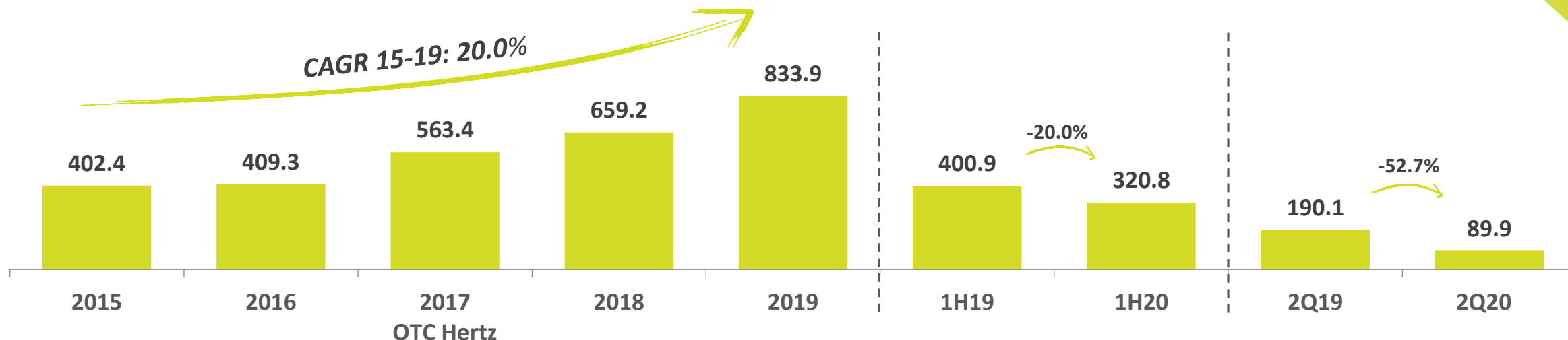
(*) 2017 adjusted by the one-time costs (OTC) incurred - Hertz Brasil acquisition and Franchisees incorporation

(**) EBIT margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period

EBIT OF R\$ 218.4 MILLION IN THE QUARTER, 36.1% LOWER THAN 2Q19

CONSOLIDATED NET INCOME

(R\$ million)



Reconciliation EBITDA x Net income	2015	2016	2017*	2018	2019	1H19	1H20	Var. R\$	Var. %	2Q19	2Q20	Var. R\$	Var. %
Consolidated EBITDA	934.8	1,015.6	1,314.2	1,590.1	2,212.8	1,038.1	1,067.5	29.4	2.8%	499.9	434.8	(65.1)	-13.0%
Cars depreciation	(163.6)	(206.3)	(232.0)	(291.6)	(551.5)	(235.1)	(320.7)	(85.6)	36.4%	(118.0)	(167.5)	(49.5)	41.9%
Other property depreciation and amortization	(35.7)	(38.2)	(39.1)	(43.9)	(171.7)	(82.4)	(94.0)	(11.6)	14.1%	(39.9)	(48.9)	(9.0)	22.6%
EBIT	735.5	771.1	1,043.1	1,254.6	1,489.6	720.6	652.8	(67.8)	-9.4%	342.0	218.4	(123.6)	-36.1%
Financial expenses. net	(202.7)	(243.5)	(315.0)	(368.9)	(409.8)	(203.0)	(254.9)	(51.9)	25.6%	(97.9)	(127.3)	(29.4)	30.0%
Income tax and social contribution	(130.4)	(118.3)	(164.7)	(226.5)	(245.9)	(116.7)	(77.1)	39.6	-33.9%	(54.0)	(1.2)	52.8	-97.8%
Net income of the period	402.4	409.3	563.4	659.2	833.9	400.9	320.8	(80.1)	-20.0%	190.1	89.9	(100.2)	-52.7%

(*) 2017 adjusted by the one-time costs (OTC) - incurred Hertz Brasil acquisition and Franchisees incorporation

QUICK DECISION-MAKING AND COST CONTINGENCY INITIATIVES ENABLED THE PRESERVATION OF THE EQUITY EVEN IN A CHALLENGING QUARTER, LEAVING THE COMPANY IN ADVANTAGEOUS SITUATION FOR THE RECOVERY

FREE CASH FLOW

Free cash flow - R\$ million		2015	2016	2017	2018	2019	1H20
Operations	EBITDA	934,8	1.015,7	1.314,*2	1.590,1	2.212,8	1.067,5
	Used car sale revenue, net from taxes	(2.044,9)	(2.342,6)	(3.451,2)	(4.510,4)	(6.206,7)	(2.474,3)
	Depreciated cost of cars sold	1.769,1	2.102,5	3.106,6	4.198,5	5.863,6	2.369,5
	(-) Income tax and social contribution	(110,7)	(93,3)	(108,3)	(131,2)	(146,1)	(112,3)
	Change in working capital	(30,0)	(40,8)	(47,9)	(117,4)	(268,9)	(129,2)
Cash generated by rental operations		518,3	641,5	813,4	1.029,6	1.454,7	721,2
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	2.036,3	2.342,6	3.451,2	4.510,4	6.206,7	1.863,0
	Fleet renewal investment	(2.278,4)	(2.563,6)	(3.660,9)	(4.696,7)	(6.804,6)	(2.011,4)
	Change in accounts payable to car suppliers for fleet renewal	(25,4)	219,8	227,6	250,1	468,7	(1.088,8)
	Net investment for fleet renewal	(267,5)	(1,2)	17,9	63,8	(129,2)	(1.237,2)
Fleet renewal – quantity		64.032	68.449	90.554	111.279	147.915	43.750
Investment, property and intangible		(29,7)	(40,9)	(28,8)	(42,8)	(70,0)	(42,7)
Free cash flow from operations, before growth		221,1	599,4	802,5	1.050,6	1.255,5	(558,7)
Capex - Growth	(Investment) / Divestment in cars for fleet growth	8,6	(726,0)	(1.807,0)	(2.285,1)	(3.478,7)	611,3
	Change in accounts payable to car suppliers for fleet growth	(23,9)	26,8	168,7	509,4	23,6	(943,4)
	Acquisition of Hertz and franchisees (fleet value)	-	-	(285,7)	-	(105,5)	-
	Net investment for fleet growth	(15,3)	(699,2)	(1.924,0)	(1.775,7)	(3.560,6)	(332,1)
Fleet increase / (reduction) – quantity		(273)	19.384	52.860	54.142	75.619	(14.347)
Free cash flow after growth		205,8	(99,8)	(1.121,5)	(725,1)	(2.305,0)	(890,8)
Capex - non-recurring	Acquisitions and franchisees acquisition- except fleet value	-	-	(121,5)	-	(18,2)	(7,9)
	New headquarters construction and furniture	(30,7)	(85,7)	(146,2)	-	-	-
Free cash generated before the cash effects of discounts and anticipation of payables to suppliers		175,1	(185,5)	(1.389,2)	(725,1)	(2.323,2)	(898,7)
Cash effects of receivables and anticipation of payables to suppliers (**)		(71,9)	98,0	88,3	(113,2)	(131,8)	342,7
Free cash flow before interest		103,2	(87,5)	(1.300,9)	(838,3)	(2.455,0)	(556,0)

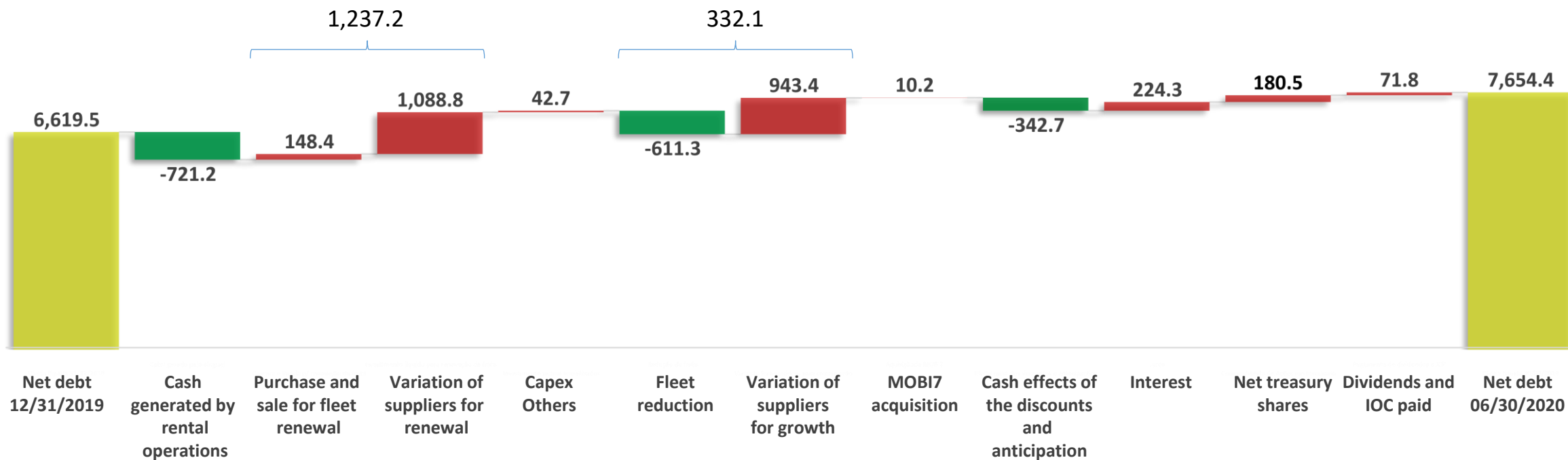
In the free cash flow, short-term financial assets were considered as cash

(*) 2017 adjusted by the one-time costs (OTC) - incurred Hertz Brasil acquisition and Franchisees incorporation

(**) Discount of credit card receivables and anticipation of accounts payable were demonstrated in a different line so that the Free Cash Flow From Operations considered only the contractual terms, reflecting the Company's operation

CHANGE IN NET DEBT

(R\$ million)

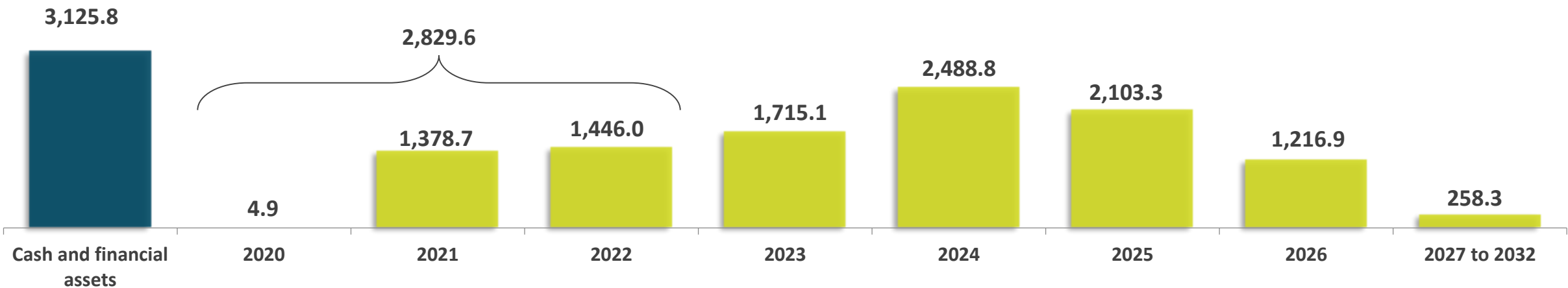


INCREASE OF R\$ 1.0 BILLION IN NET DEBT AS A RESULT OF THE REDUCTION OF THE ACCOUNTS PAYABLE TO OEMS

DEBT MATURITY PROFILE (PRINCIPAL)

(R\$ million)

As of June 30, 2020

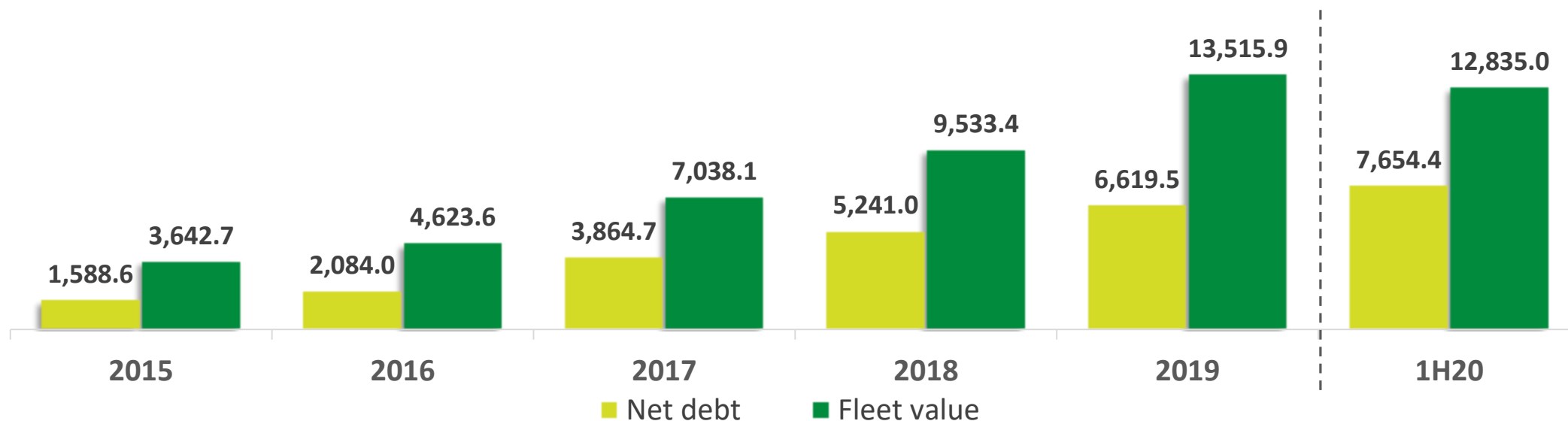


OVER THE YEAR, THE COMPANY HAS RAISED THE AMOUNT OF ~R\$ 3 BILLION TO STRENGTHEN ITS CASH POSITION
IN VIEW OF THE PANDEMIC SCENARIO

DEBT RATIOS

(R\$ million)

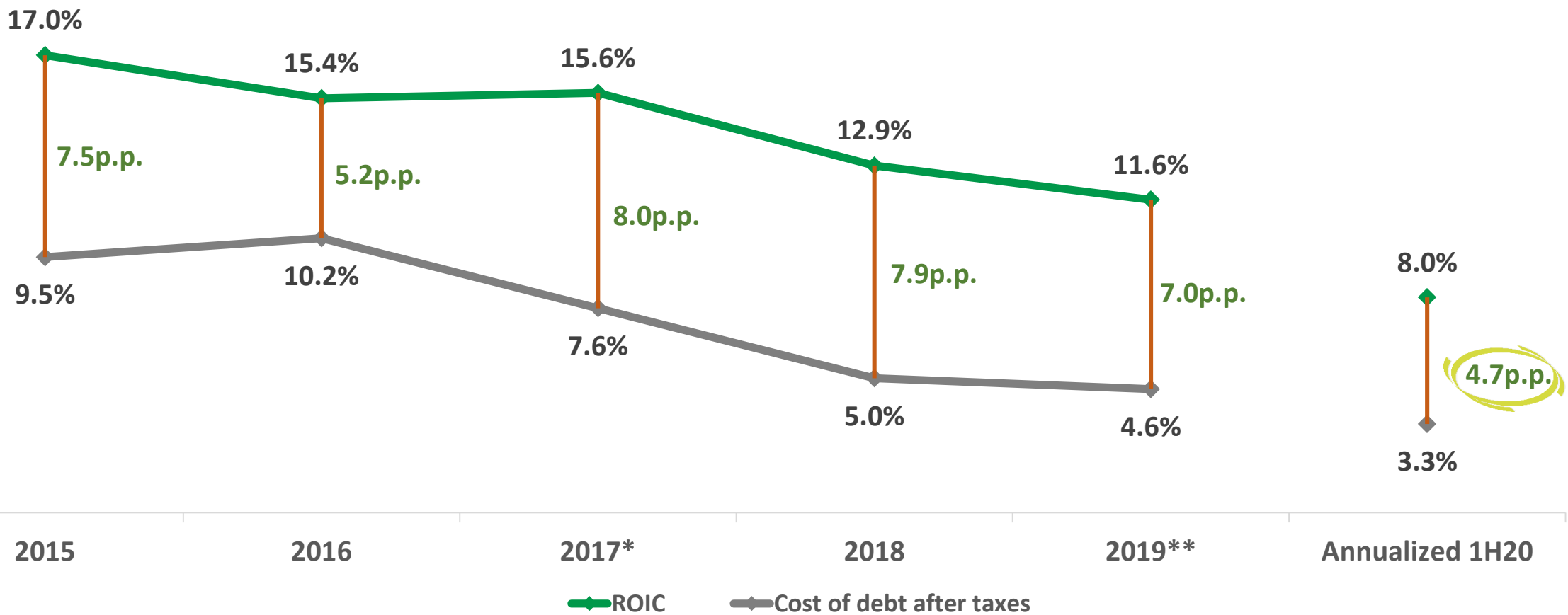
Net debt versus fleet value



BALANCE AT THE END OF PERIOD	2015	2016	2017	2018	2019	1H20
Net debt / Fleet value	44%	45%	55%	55%	49%	60%
Net debt / annualized EBITDA	1.7x	2.1x	2.9x	3.3x	3.0x	3.6x
Net debt / Equity	0.8x	0.9x	1.5x	1.7x	1.2x	1.4x
EBITDA / Net financial expenses	4.6x	4.2x	4.2x	4.3x	5.4x	4.2x

FOR THE PURPOSE OF COVENANTS, WE ENDED THE QUARTER WITH A NET LTM DEBT / EBITDA RATIO OF 3.4X

ROIC VERSUS COST OF DEBT AFTER TAXES



ROIC considered each year's effective income tax and social contribution rate

* 2017 adjusted by the one-time costs (OTC) incurred Hertz Brasil acquisition and Franchisees incorporation

** ROIC including the reclassification of PIS and COFINS credits for the period

VALUE GENERATION IN AN EXTREMELY ADVERSE SCENARIO

Thank You!

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