

# Investor Relations Presentation

December, 2020.



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Eficiente **IC02**

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**OTCQX**

 **Localiza**

## AGENDA

- 1) COMPANY OVERVIEW
- 2) COMPETITIVE ADVANTAGES
- 3) MAIN BUSINESS DIVISIONS
- 4) FINANCIALS
- 5) APPENDIX

The logo for Localiza, featuring a stylized yellow and green swoosh icon to the left of the word "Localiza" in a white, italicized sans-serif font.

**Localiza**





# Company history:

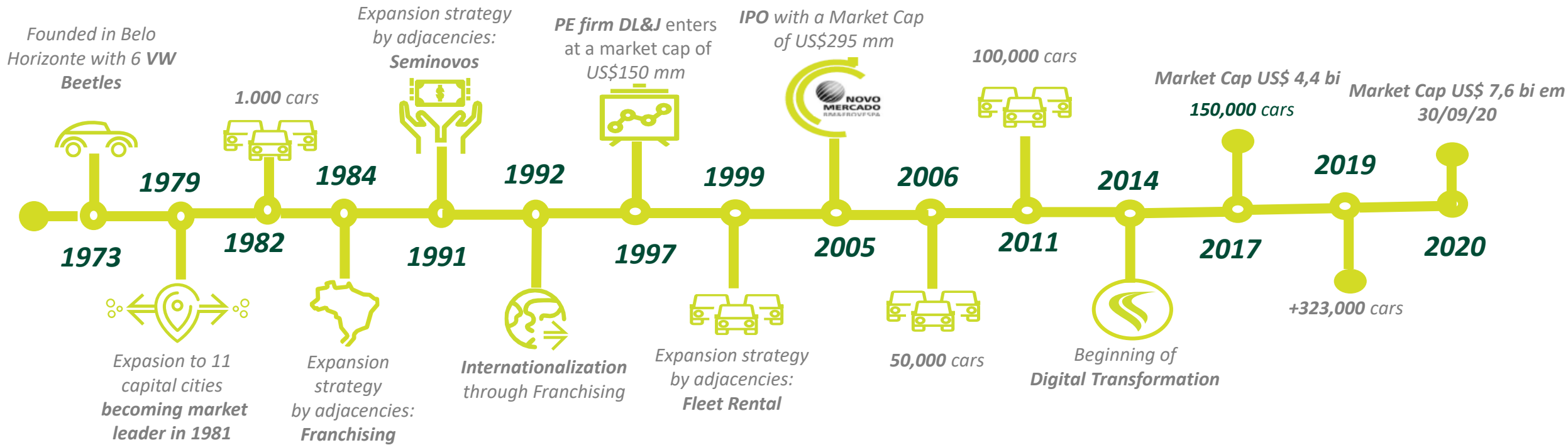
## Milestones

Phase I: Rise to #1

Phase II: Expansion

Phase III:  
Reaching Scale

Phase IV: Digital  
Transformation



# Integrated Business Platform Supporting Growth

## 3Q20

*Localiza has Unmatched Advantages from a Highly Scalable Model and Unparalleled Business Expertise*

### CAR RENTAL

- 207,491 CARS
- 10.9 MILLION CLIENTS
- 431 LOCATIONS
- 5,998 EMPLOYEES

### FRANCHISING

- 11,757 CARS
- 97 LOCATIONS IN BRAZIL
- 75 LOCATIONS IN SA
- 28 EMPLOYEES



### FLEET RENTAL

- 60,637 CARS
- 425 EMPLOYEES

### USED CAR SALES

- 44.4% SOLD TO FINAL CONSUMER(\*)
- 129 STORES
- 88 CITIES
- 1,557 EMPLOYEES

Source: Company filings.

(\*) Accumulated until 09/30/2020

# Company

## Business Platform



RENTS TO INDIVIDUALS AND COMPANIES AT AIRPORTS AND OTHER LOCATIONS

- HIGH FIXED COST STRUCTURE
- STANDARDIZED FLEET
- 1 YEAR CYCLE
- HIGHER ENTRY BARRIERS
- GAINS OF SCALE
- CAPITAL INTENSIVE
- CONCENTRATED AIRPORT MARKET
- FRAGMENTED OFF AIRPORT MARKET



CONTRIBUTES TO EXPANSION OF LOCALIZA'S NETWORK AND ITS BRAND AWARENESS

- HIGH PROFITABILITY
- LOW CONTRIBUTION TO EARNINGS
- RESPONSIBLE TO DEVELOP NEW MARKETS



OUTSOURCES FLEET FOR 2-3 YEARS CONTRACTS

- LOW FIXED COST STRUCTURE
- CUSTOMIZED FLEET
- 2-3 YEARS CYCLE
- LOWER ENTRY BARRIERS
- CAPITAL INTENSIVE



SELLS THE USED CARS AFTER THE END OF CARS' SERVICES AS RENTAL CARS AND ESTIMATES THE RESIDUAL VALUES

- EFFICIENCY AREA RESPONSIBLE TO SELL CARS FROM RAC AND FLEET DIVISIONS
- KNOW HOW OF USED CARS MARKET
- REDUCE DEPENDENCE OF INTERMEDIATES
- ALLOWING FOR LOWER DEPRECIATION

## AGENDA

- 1) COMPANY OVERVIEW
- 2) **COMPETITIVE ADVANTAGENS**
- 3) MAIN BUSINES DIVISIONS
- 4) FINANCIALS
- 5) APPENDIX

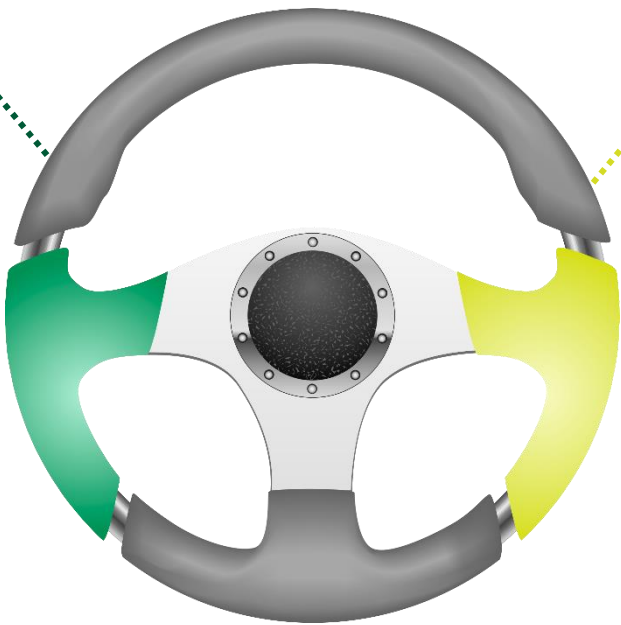
The logo for Localiza, featuring a stylized yellow and green swoosh icon to the left of the word "Localiza" in a white, italicized sans-serif font.

**Localiza**



# Localiza is Ready to Take the Wheel of an Evolving Mobility Market

Leading Mobility Player with Clear Competitive Advantages at Scale...



...Generating Unparalleled Financial and Operational Performance

## Operational Highlights

32.8% <sup>(1)</sup>	8.8% <sup>(1)</sup>	26.9%
RaC Market Share	Fleet Mgmt Market Share	EoP Fleet '15-19a CAGR

## Financial Highlights

27%	24%	20%
Sales '15-19a CAGR	EBITDA '15-19a CAGR	Earnings '15-19a CAGR

10.1%	6.7% ROIC
ROIC In 2019	2019 spread vs. post-tax cost of debt

Source: Company filings.  
(1) Market share considering fleet size and including primary and secondary CNAE, according to ABLA. Does not include franchisees.

# Key Pillars of The Leading Industry Player

*Localiza's Integrated Model and Size Made the Company the best in class of the Industry*

## Raising Money

- Best credit rating and funding conditions in the industry



- ✓ Solid balance sheet
- ✓ Broad access to capital (debt and equity)
- ✓ Best credit ratings in the industry

**Lowest spread in the industry: 2.3%** cost of debt after taxes – 3Q20 annualized

## Buying Cars

- Largest buyer with distinguished relationship with automakers



- ✓ Leverage on data analytics
- ✓ Unique relationship with automakers
- ✓ Scale and bargaining power

**Industry Leader**  
2x larger than the 2<sup>nd</sup> player

## Renting Cars

- Top of mind company and market leader



- ✓ Tech, costumer centric, strategy improving end-to-end experience
- ✓ Innovative solutions and ramp-up of recent products



**Top of Mind**  
player with leading technology

## Selling Cars

- Surpassing capillarity ensuring sales at better terms



- ✓ Accelerated digital transformation
- ✓ Strategically opening new stores
- ✓ Unique expertise and market reading



Operational expertise coupled with nationwide capillarity



# Competitive Advantages

Raising money in better conditions

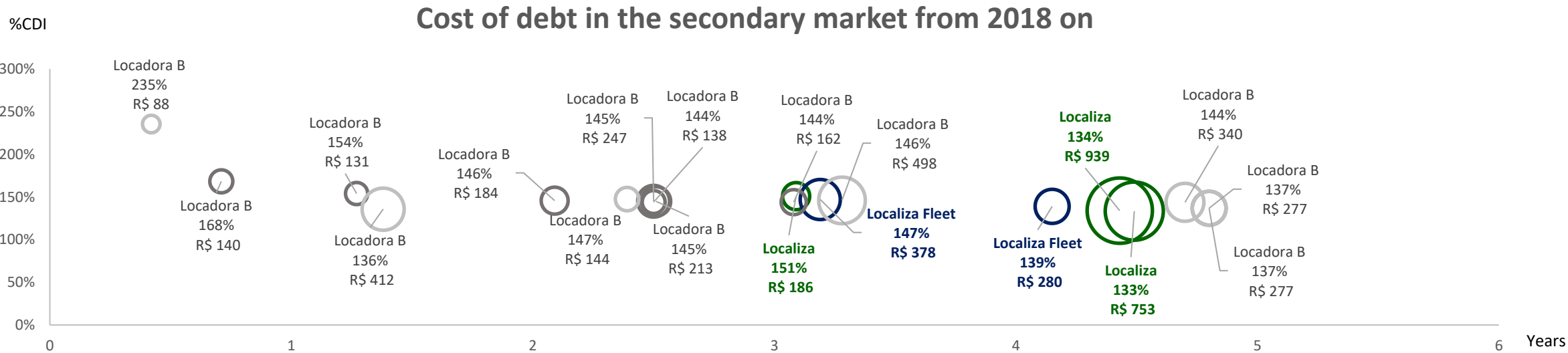
## Ratings: National and Global

			
		Player A	Player B
STANDARD & POOR'S	AAA	AAA	AA
Moody's	Aa1	-	-
FitchRatings	AAA	AA+	AA-

				
				
STANDARD & POOR'S	BB+	-	B+	CC
Moody's	Ba2	-	-	Caa2
FitchRatings	BB	-	-	-

## Market Emissions

R\$m and % of CDI



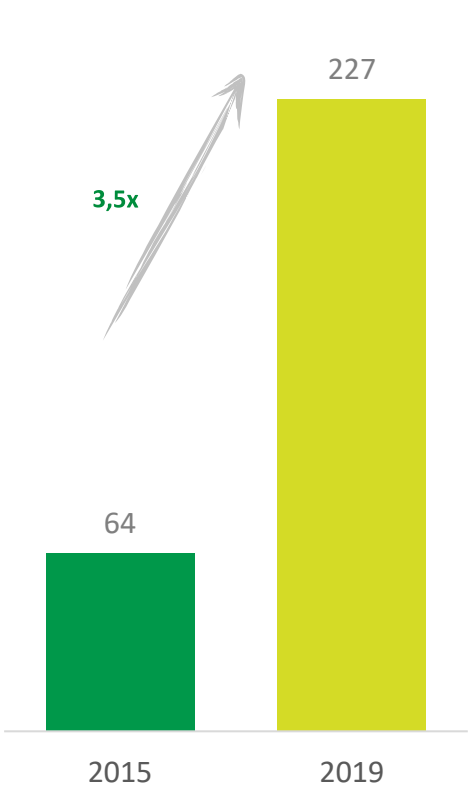
Source: Bloomberg October, 2020 and Companies' public information.

# Competitive Advantages

## Buying cars

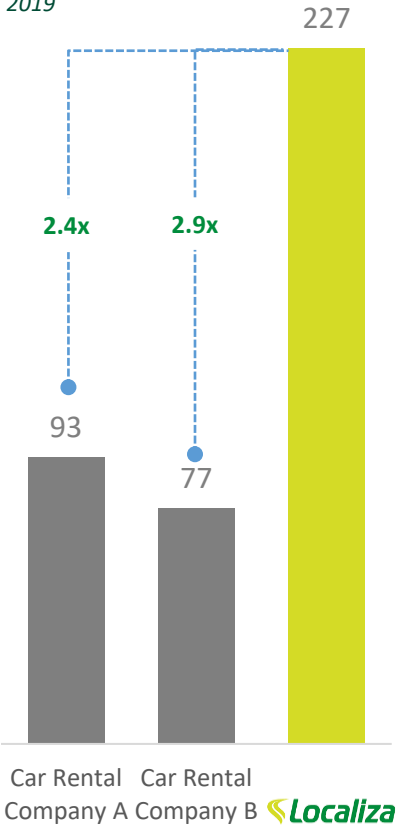
Total Purchased Vehicles

Thousand



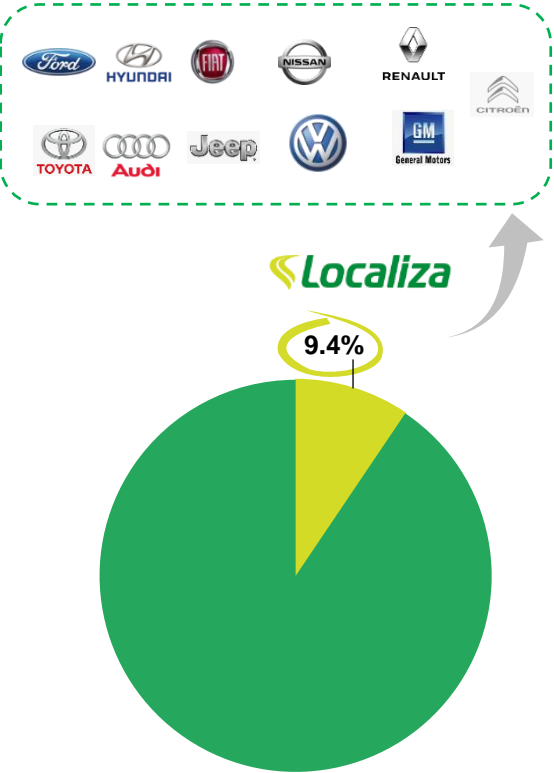
Purchased Vehicles: Competitive Landscape

Thousand, 2019



Share in Brazilian Automakers' Sales

% of total sales, 2019



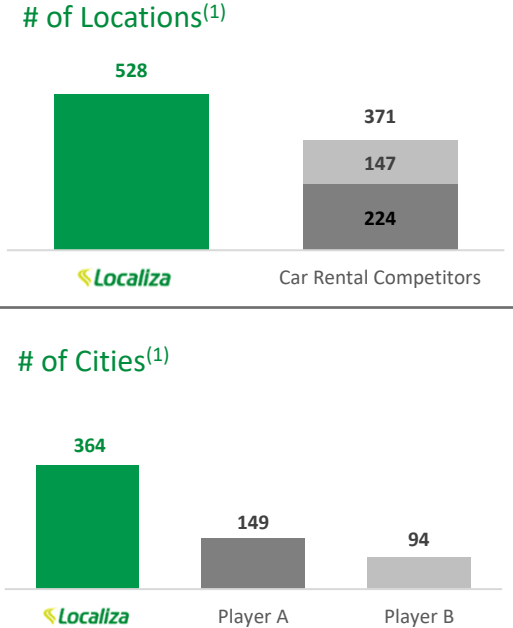
**LOCALIZA BUYS CARS WITH BETTER TERMS DUE TO THE VOLUME OF PURCHASES.**

Source: website of each company and ANFAVEA.

# Competitive Advantages

## Renting cars

Highly awarded and top of mind in the sector, Localiza has a solid presence throughout Brazil with its RAC division...



10.9 million clients (3Q20)

### Interbrand

20<sup>th</sup> Most Valuable  
Brand in Brazil

### Superior quality

Culture of delighting  
Modern and diversified fleet

Top of Mind  
in the Sector

Largest NPS among  
the 25 companies in the  
Interbrand Ranking

### Awards

Fifth-time  
Consecutive  
Winner



### Best

Car Rental  
Company -  
Jornal do Carro - Estadão



Best EmpresasMais  
Corporate governance  
Ranking Broadcast  
Empresas 2019



### Best

Services  
Company



Source: Companies, ABLA

Note: (1) As of 3Q20 for Localiza and according to each competitors website as of October, 2020

# Competitive Advantages

## Fleet Rental: one-stop-shop for the best customer journey

*Strong focus on improving client experience throughout the entire journey as the one-stop solution for fleet rental*

### Technology

#### Connected Fleet

- ✓ Whole fleet rental information available at any time
- ✓ Fleet monitoring reports with information to support decision-making process
- ✓ Ability to customize reports according to customers' needs, with data such as vehicle age, accidents, mileage, maintenance history
- ✓ The acquisition of Mobi7 made this technology proprietary, creating a lab for telematics solutions development.



**Strategic information adding value to customers**



**Security and citizenship**

- Improving traffic safety
- Transparency in management
- Content offer through lectures and courses
- Cost reduction



#### Mobile Solutions

- ✓ User-friendly mobile applications connecting users to fleet manager, enabling clients to rapidly anticipate and address potential issues
- ✓ Integration of different platforms through an omni-channel approach



**Integrated applications to deliver a seamless experience**



**Good Practices**

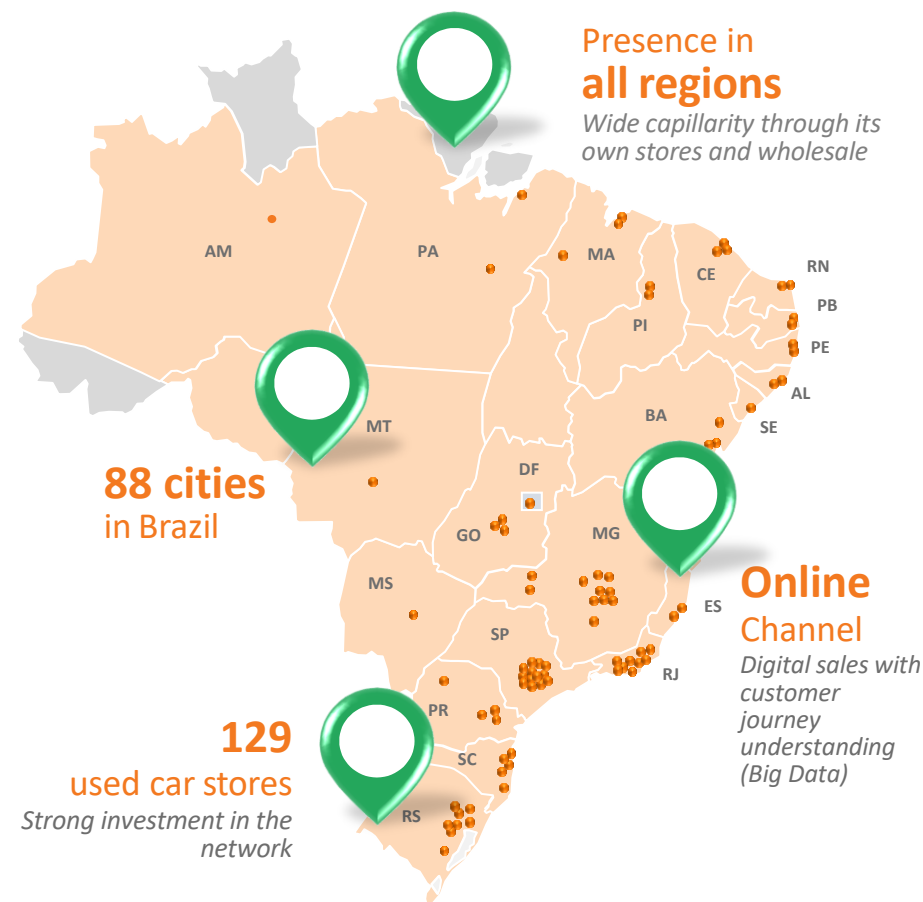
- Consultancy, customized panels, results monitoring
- Definition of indexes related to costs productivity and safety





# Competitive Advantages

## Selling cars



129 points of sale (3Q20)

### Selling cars

#### Distribution

88 cities in Brazil  
Digital sale

#### Sales final consumer

Lower depreciation  
Loyalty of costumers, generating good repurchase rates and indication

#### Big data

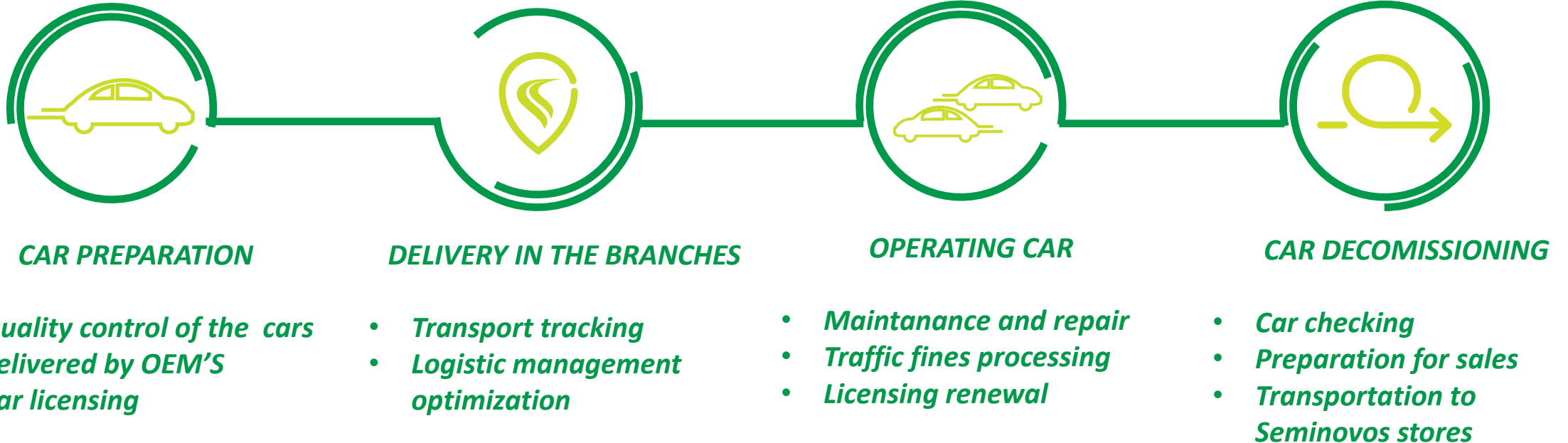
Best understanding of customer preference  
Pricing estimate  
- Depreciation /+ Residual Value  
Input for car purchase

#### Buffer

Additional fleet during peaks of demand

EFFICIENCY AREA TO REDUCE DEPRECIATION

# Competitive Advantages with operational excellence



# Client-Centric Technology Strategy

*Localiza is in the Forefront of Innovation, Bringing Several Pioneer Digital Solutions to Improve Client's Experience*





# ESG Initiatives

## Recent Developments



Source: Company filings

Note: (1) Carbon Efficient Index; (2) Brazilian national development bank; (3) Economatica Award, (4) Associação Nacional dos Executivos de Finanças, Administração e Contabilidade

## Initiatives

- ✓ Solar Energy Plants
- ✓ Car Dry Cleaning
- ✓ Traffic Safety campaigns
- ✓ Diversity and Inclusion Program
- ✓ Community Development Program
- ✓ Garbage selective collection



## Recent Recognitions

- ✓ Best Company in ESG
- ✓ Top 10 Companies in Financial Performance and Corporate Governance<sup>(3)</sup>
- ✓ Inclusive company award -Secretariat of Social Development of the Government of Minas Gerais
- ✓ Transparency Trophy (ANEFAC)<sup>(4)</sup>
- ✓ Gold Seal LocalizaFleet





## AGENDA

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- 3) **MAIN BUSINESS DIVISIONS AND DRIVERS**
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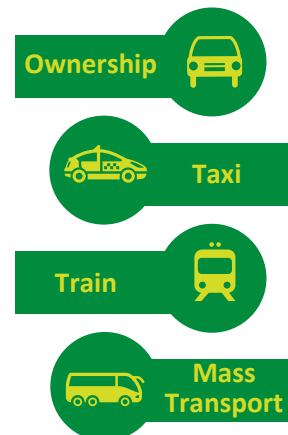
# Large and Growing Addressable Market

*Mobility is an Evolving Ecosystem and New Models have Emerged to Address Transportation Needs*

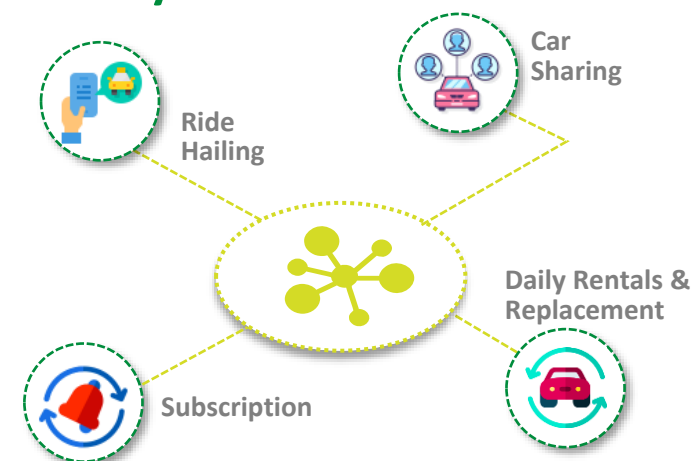
## Customer Journey and Experience



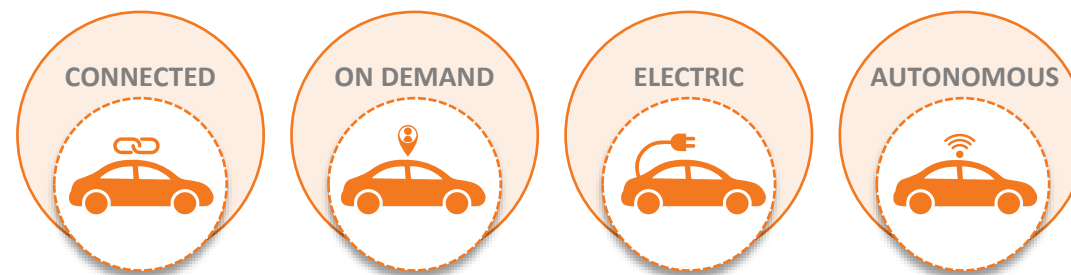
## Traditional Models



## Mobility Models



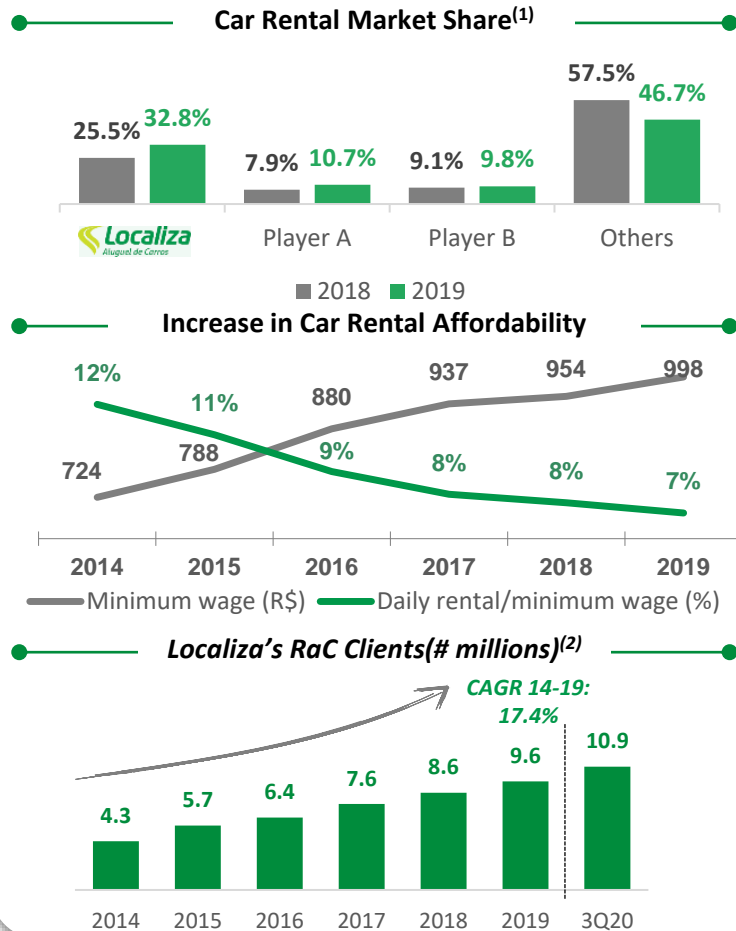
## Technology Enablers



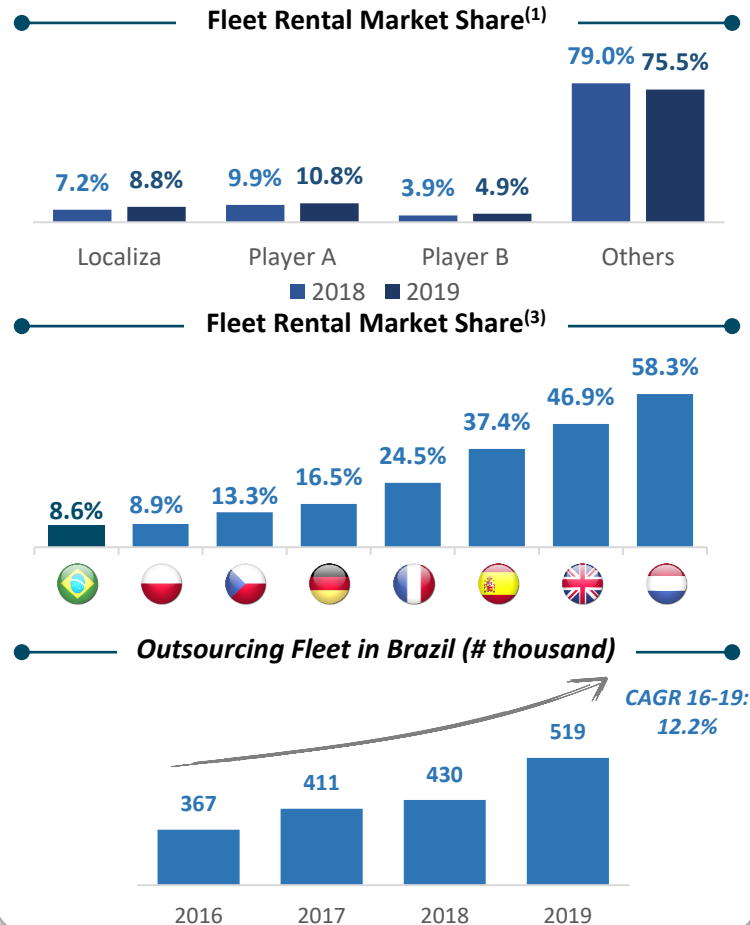
**Localiza's Scale, Technology and Brand Recognition Allows it to Integrate Customers' Journey with Best User's Experience**

# Localiza is Well Positioned to Capture Growth in All Segments

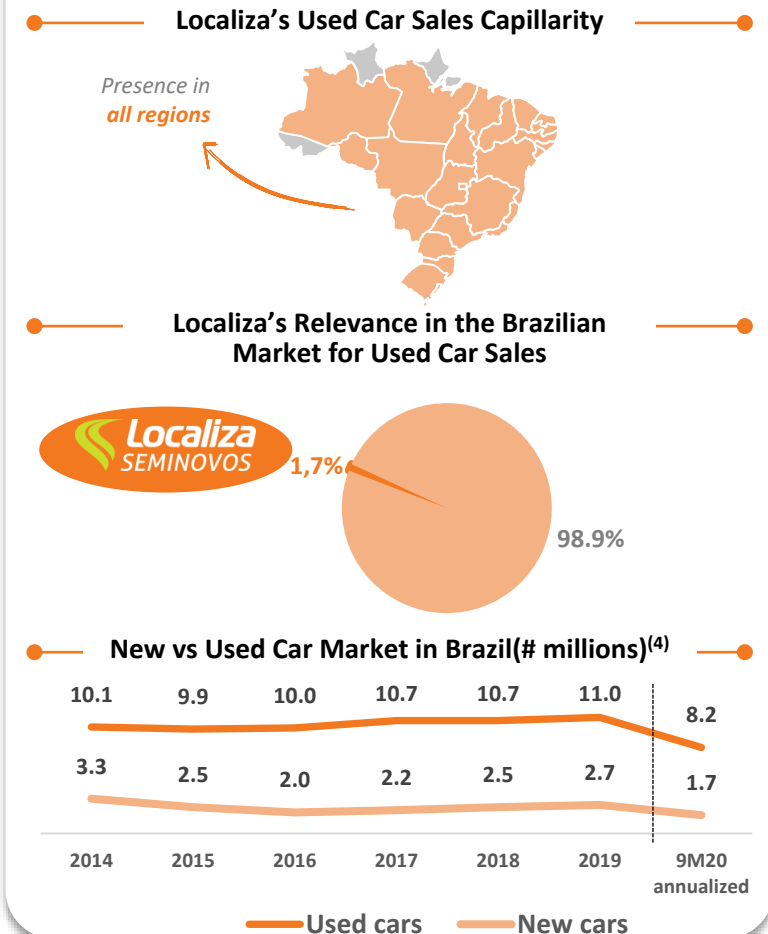
## 1 Unique Sector Tailwinds where Localiza is Already the Undisputed Leader



## 2 Underpenetrated Outsourcing Market in Brazil



## 3 Unique Expertise and Capillarity to Sell Cars



Source: Company fillings, ABLA, Datamonitor, ANFAVEA and Fenabrave.

(1) Market share considering fleet size and including primary and secondary CNAE, according to ABLA. Does not include franchisees.

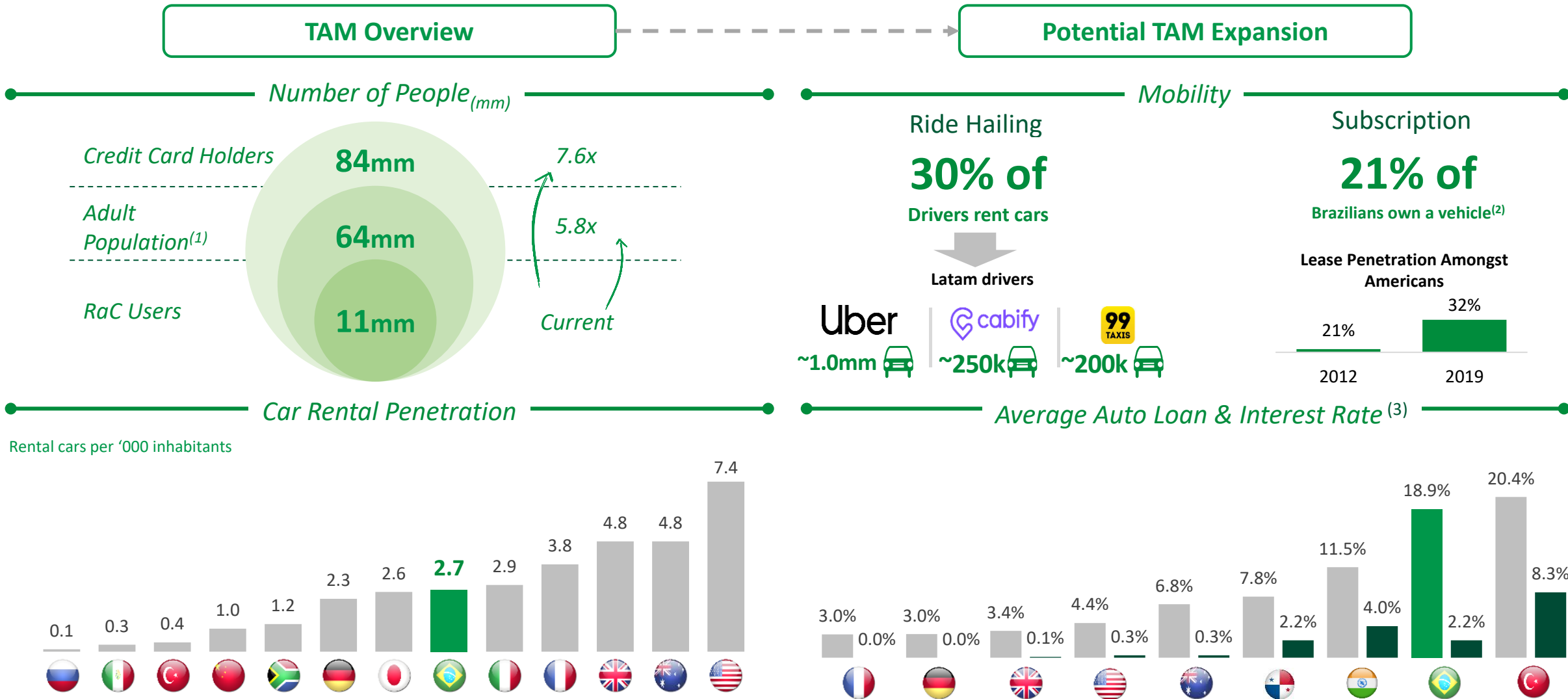
(2) Only natural person.

(3) Datamonitor for European countries and Localiza's estimate for Brazil

(4) Fenabrave, considering only cars and light commercials.

# Car Rental Overview

Market leader with a top notch brand in a segment with secular industry tailwinds



Source: Companies fillings, Companies websites and ABLA. IPEADATA, Localiza's loyalty program, and BCB as of 2016, Considering that each credit card owner owns 1,3 credit cards  
(1) Age>20 years, class A+B+C  
(2) Sindipeças 2020 yearbook , considering cars and light vehicles  
(3) Financial Advisory, Federal Reserve and BCB websites



# Fleet Management Overview

Strong focus on improving client experience throughout the entire journey as the one-stop solution for fleet rental

## TAM Overview

Corporate Fleet<sub>(mm)</sub>

Corporate Fleet

Total Fleet



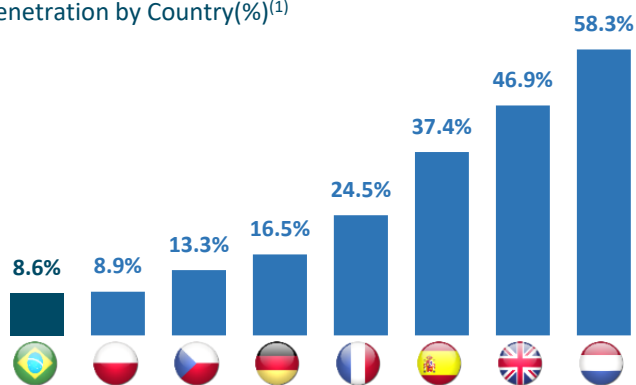
82x

8.2x

Current

## Fleet Rental

Penetration by Country(%)(<sup>1</sup>)



Source: Company fillings.

(1) Datamonitor for European countries and Localiza's estimate for Brazil.

(2) 2 million being from SMEs, with extremely low penetration.

## Connected Fleet

- Whole fleet rental information available at any time
- Fleet monitoring reports with information to support decision-making process
- Ability to customize reports according to customers' needs, with data such as vehicle age, accidents, mileage, maintenance history



Strategic information adding value to customers



Security and citizenship

- Improving traffic safety
- Transparency in management
- Content offer through lectures and courses
- Cost reduction



## Mobile Solutions

- User-friendly mobile applications connecting users to fleet manager, enabling clients to rapidly anticipate and address potential issues
- Integration of different platforms through an omni-channel approach



Integrated applications to deliver a seamless experience



Good Practices

- Consultancy, customized panels, results monitoring
- Definition of indexes related to costs productivity and safety



# CaaS: Providing a Complete User Experience

Leveraging our Unique Platform Assets to Launch, Scale and Optimized Operations

## LEADING TECHNOLOGY

Prediction, safety, pricing and payments for drivers across the country

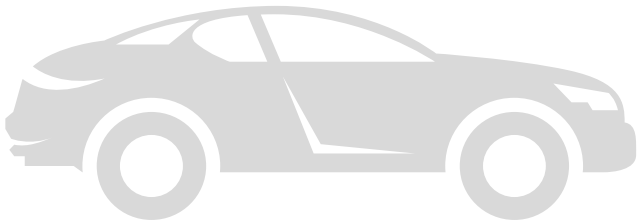


## BRAND RECOGNITION

Constantly leveraging on brand and reach to launch new business at scale

## OPERATIONAL EXCELLENCE

Support users, enhance relationships and accelerate new product launches



## PRODUCT EXPERTISE

Provide drivers with a safe, intuitive and continuously improving experience

## MASSIVE NETWORK

Utilizing data to power every contract on a daily basis



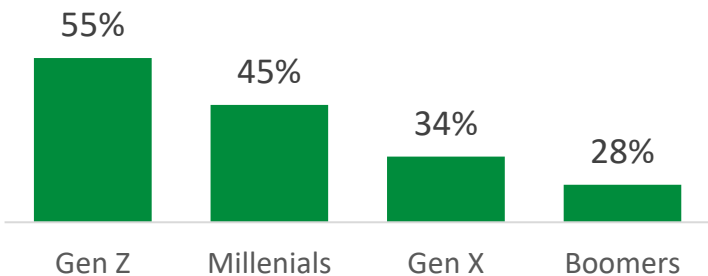
## SCALE EFFICIENCY

Significant operational cost advantages

Complete User Experience

## Renting is the new Buying

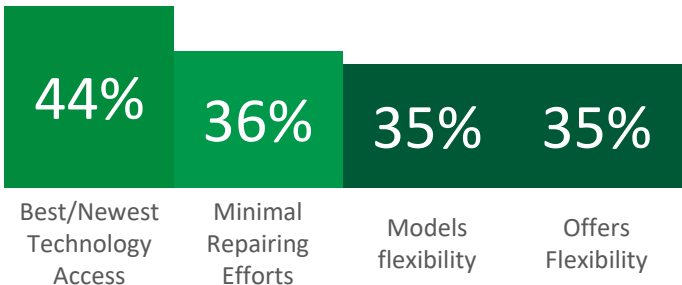
Having transportation is necessary, but owning a vehicle is not (% agree)



Source: Company filings, IBGE, Edmunds, Anfavea.

## Top Benefits of Car Subscription

Among those aware (% of answers)



## Large Ride Hailing Market



Over 1.0mm drivers

Uber's 2<sup>nd</sup> largest market globally

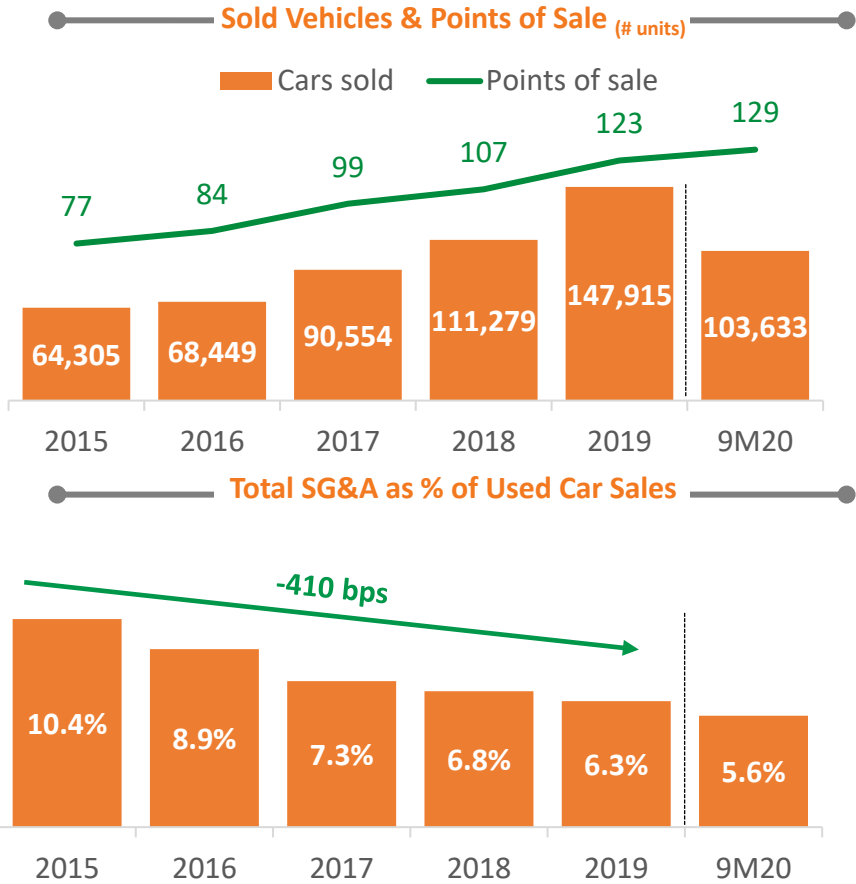
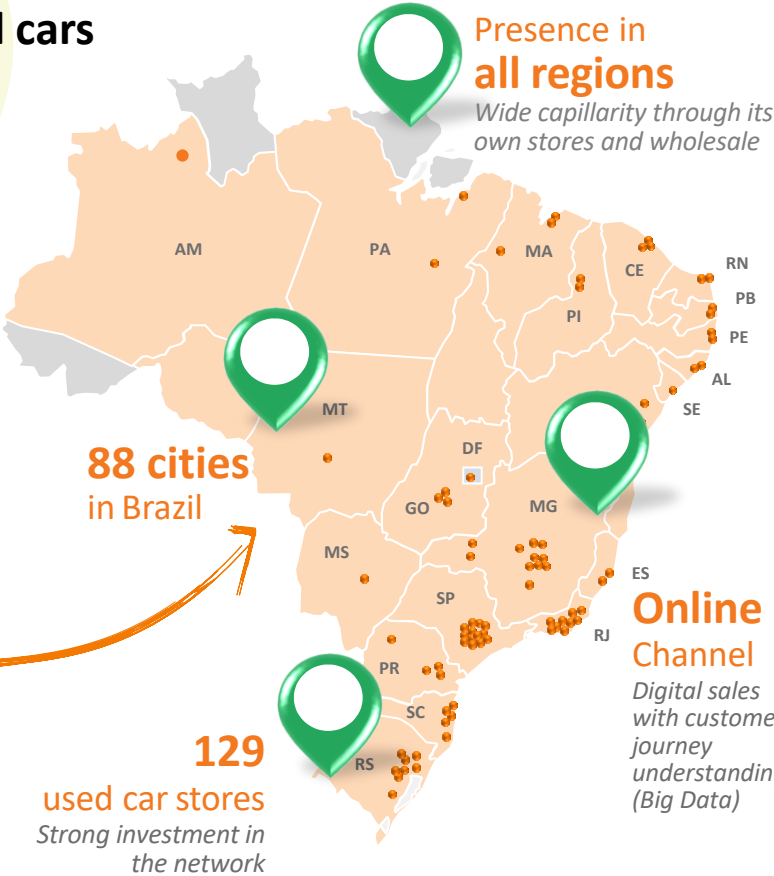
+22mm app users

# Used Car Sales Overview

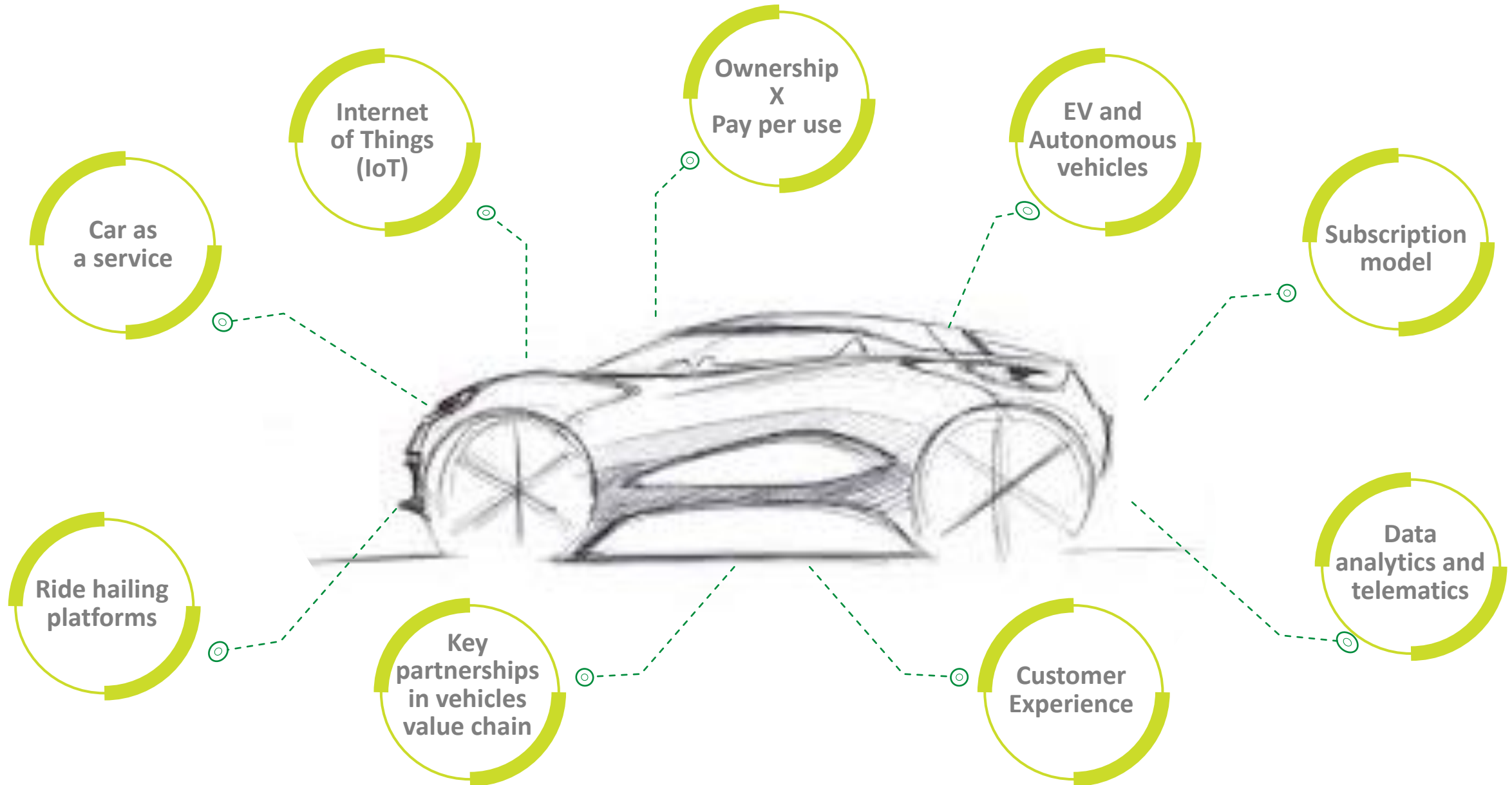
Sells RAC and Fleet Rental cars after the end of their service as rental cars

Unique Market Reading to Accurately Price the Cars, Selling More and at Better Terms than any Competitor

Sells RAC and Fleet Rental cars after the end of their service as rental cars



# ***Building the Platform For The Future Of Mobility***





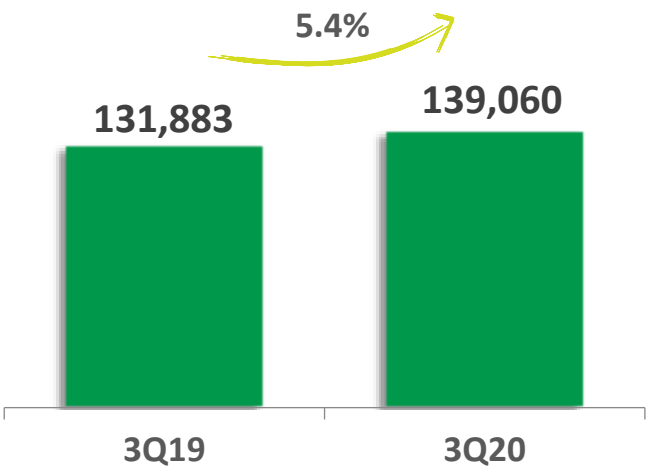
## AGENDA

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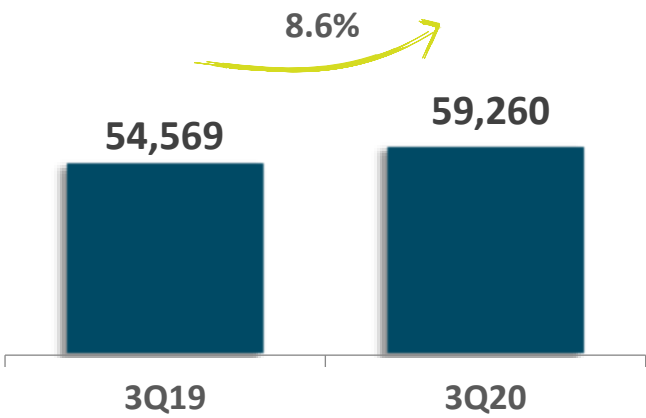


# 3Q20 OPERATING HIGHLIGHTS

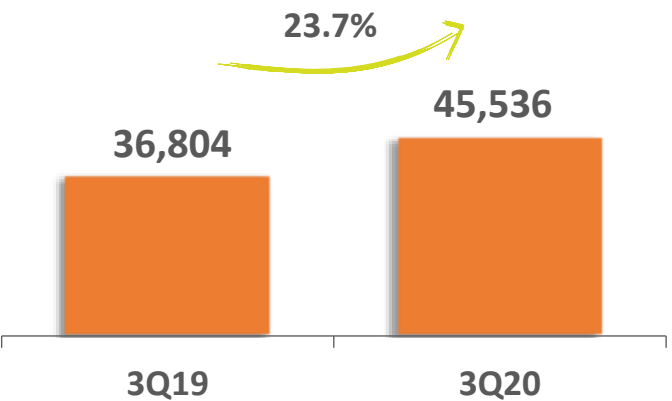
Average rented fleet – Car Rental



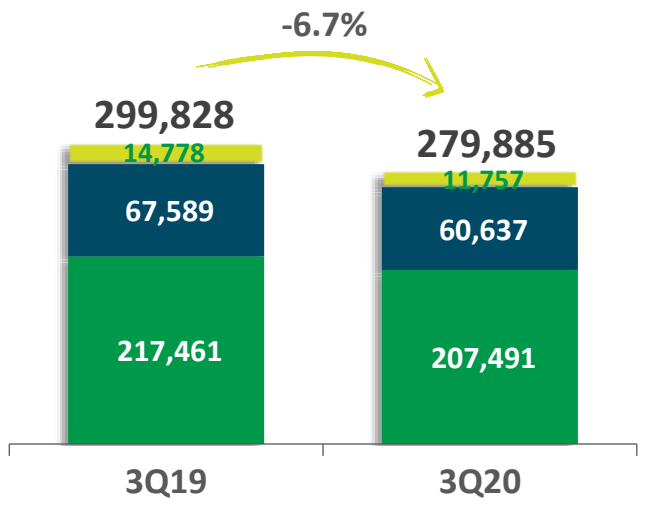
Average rented fleet – Fleet Rental



# of cars sold

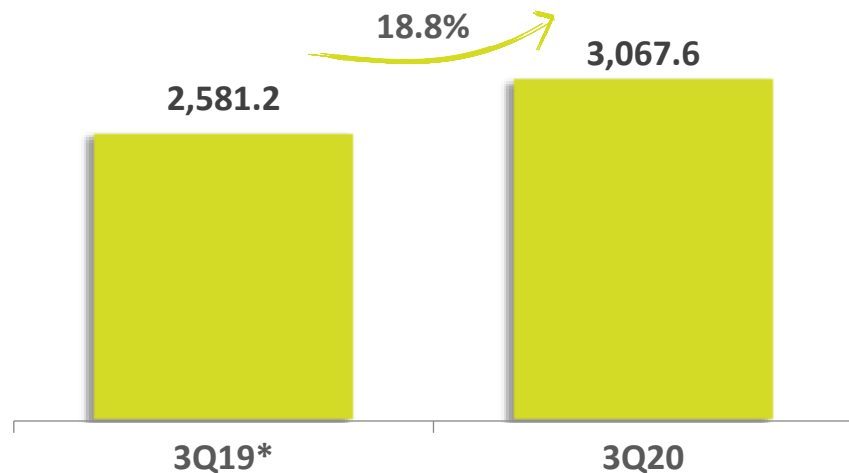


End of the period fleet

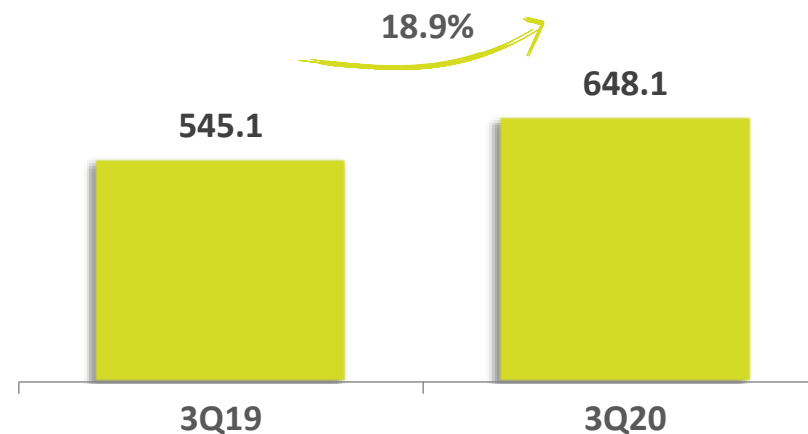


# 3Q20 FINANCIAL HIGHLIGHTS

Net revenues (R\$ million)

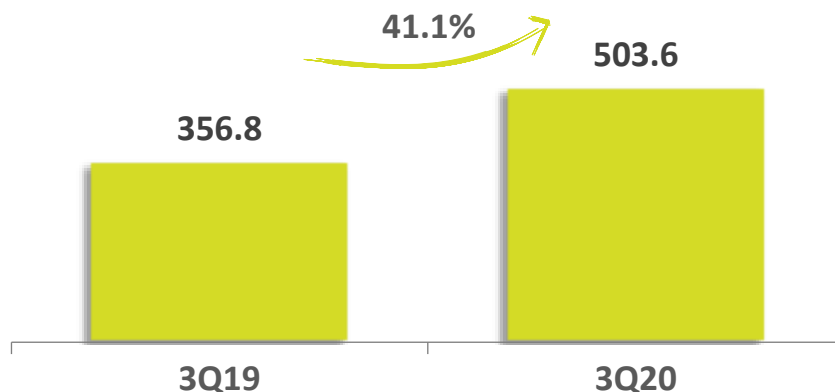


EBITDA (R\$ million)

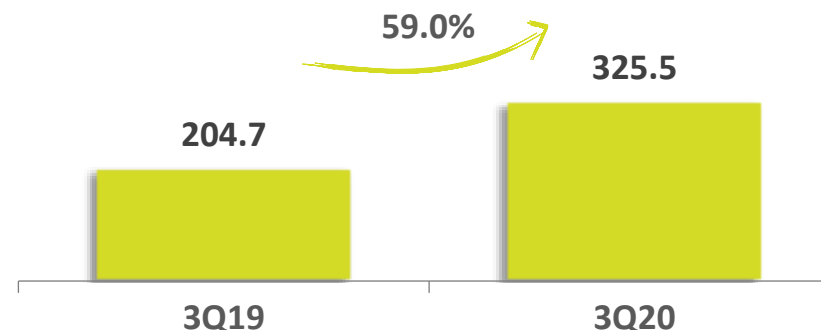


(\*) GAAP number including the effects of the reclassification of PIS and COFINS credits for the period

EBIT (R\$ million)



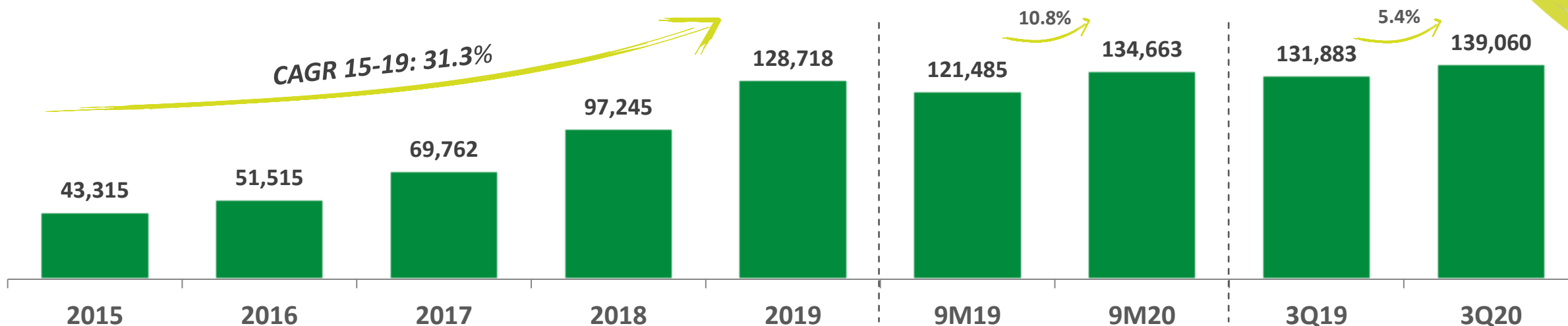
Net income (R\$ million)



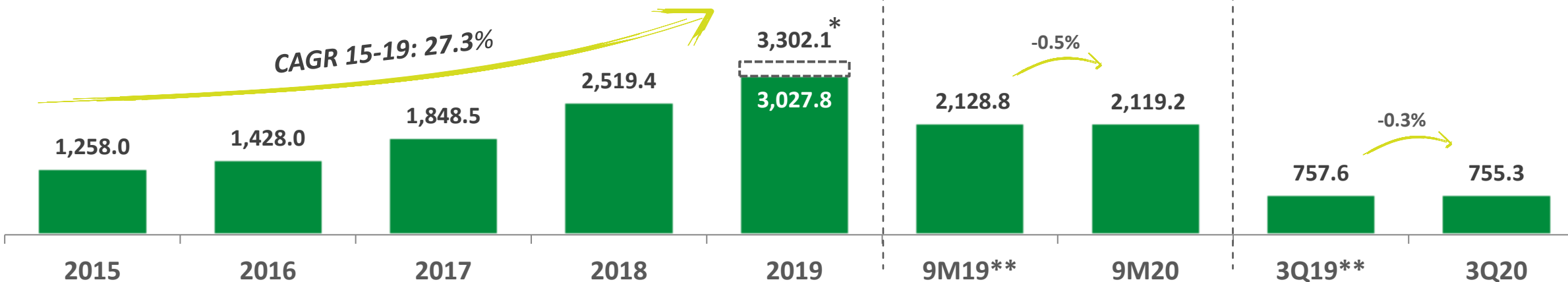
WITH AGILE DECISION-MAKING, THE COMPANY WAS ABLE TO OVERCOME THE PANDEMIC CHALLENGES AND PRESENTED QUARTELY RECORD RESULTS IN NET REVENUES, EBITDA, EBIT AND NET INCOME

# CAR RENTAL

## Average rented fleet



## Net revenues (R\$ million)



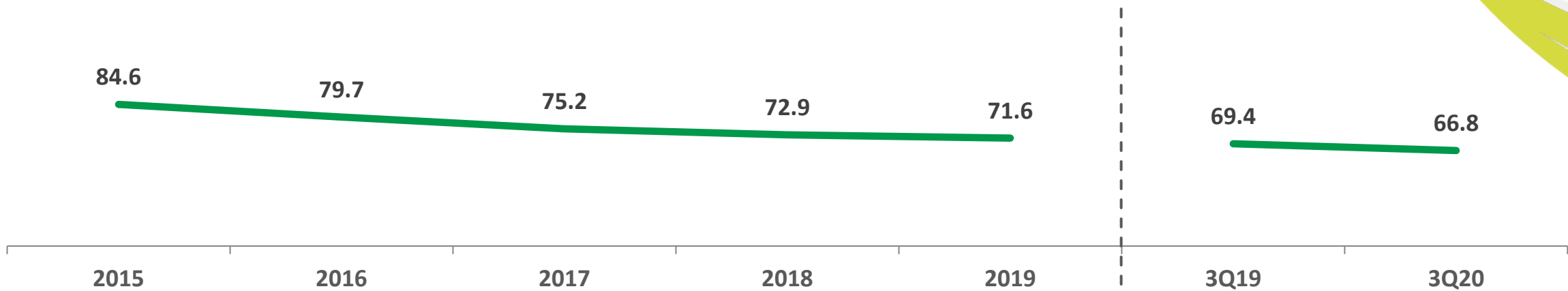
(\*) Excluding the effects of the reclassification of PIS and COFINS credits

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

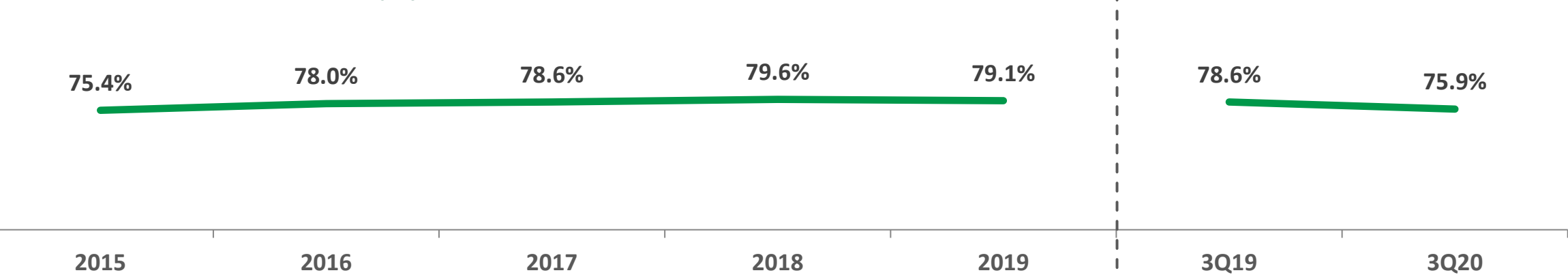
**SEGMENT DIVERSIFICATION HELPS REGAINING VOLUMES AND CONTRIBUTES TO A FAST AND CONSISTENT RECOVERY**

# CAR RENTAL

● — Average rental rate (in R\$) — ●



● — Utilization rate (%) — ●

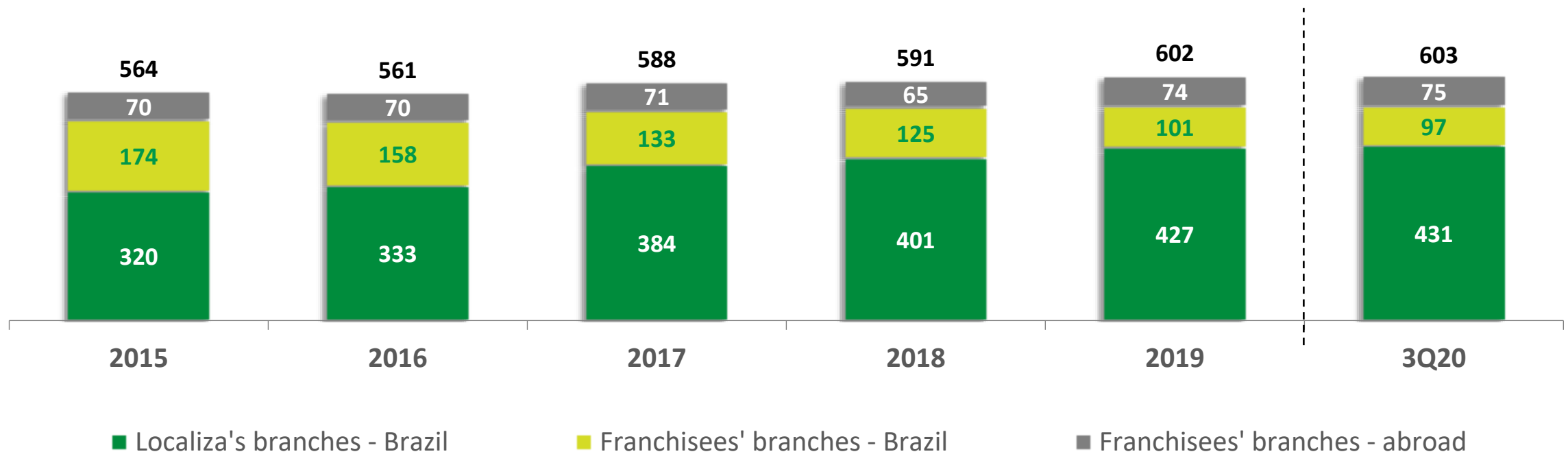


RENTAL RATES OF EACH SEGMENT ALREADY AT PRE-PANDEMIC LEVELS, BUT MIX AFFECTED THE AVARAGE RENTAL RATE OF THE QUARTER



# CAR RENTAL NETWORK EVOLUTION

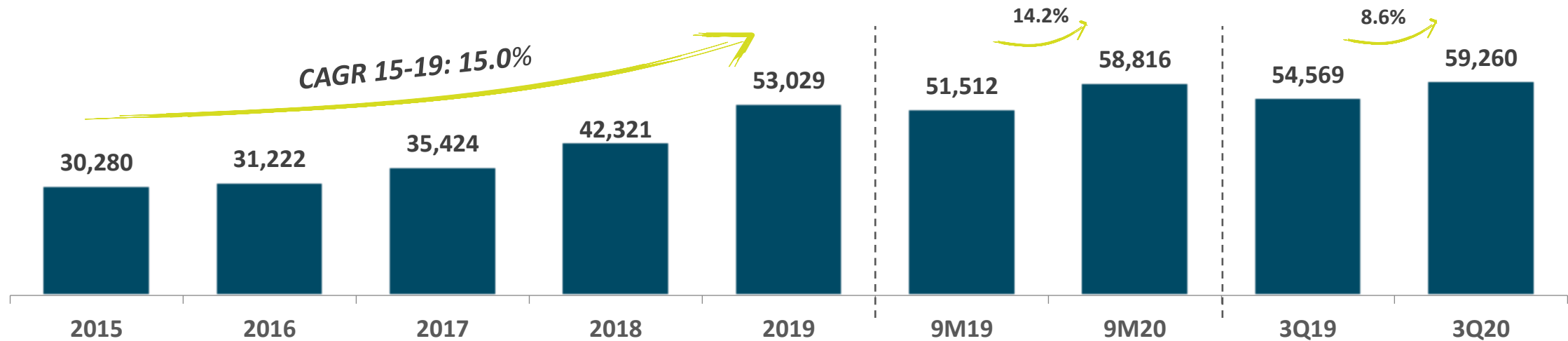
— Number of car rental locations - Brazil and abroad —



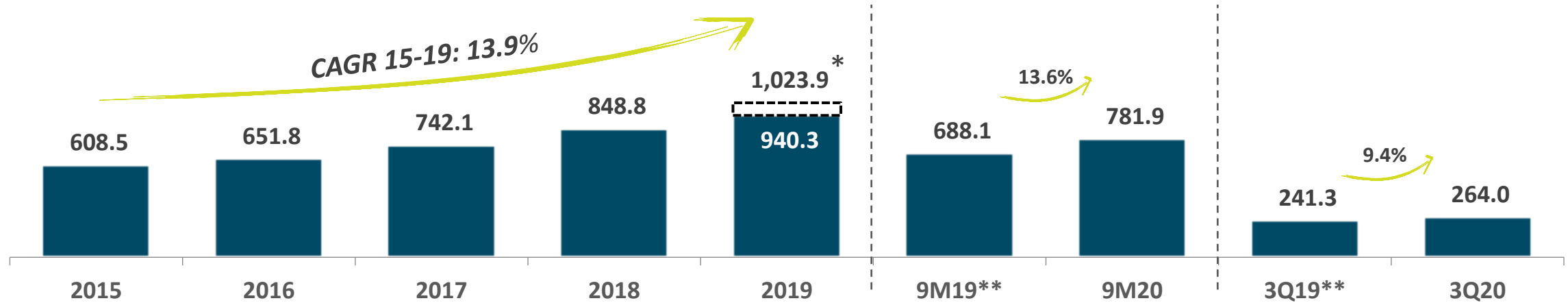
ADDITION OF FOUR LOCALIZA'S CORPORATE BRANCHES SINCE THE END OF 2019

# FLEET RENTAL

Average rented fleet



Net revenues (R\$ million)



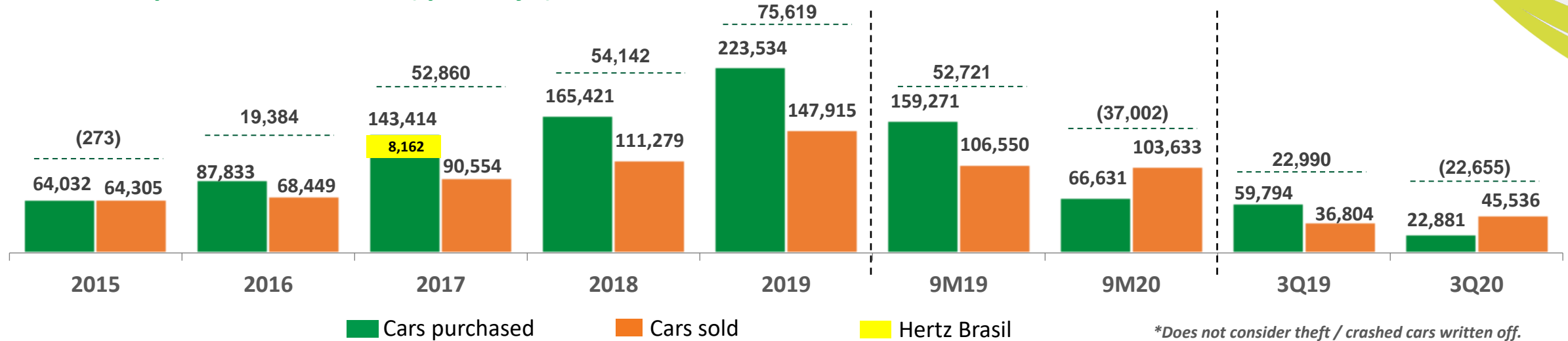
(\*) Excluding the effects of the reclassification of PIS and COFINS credits

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

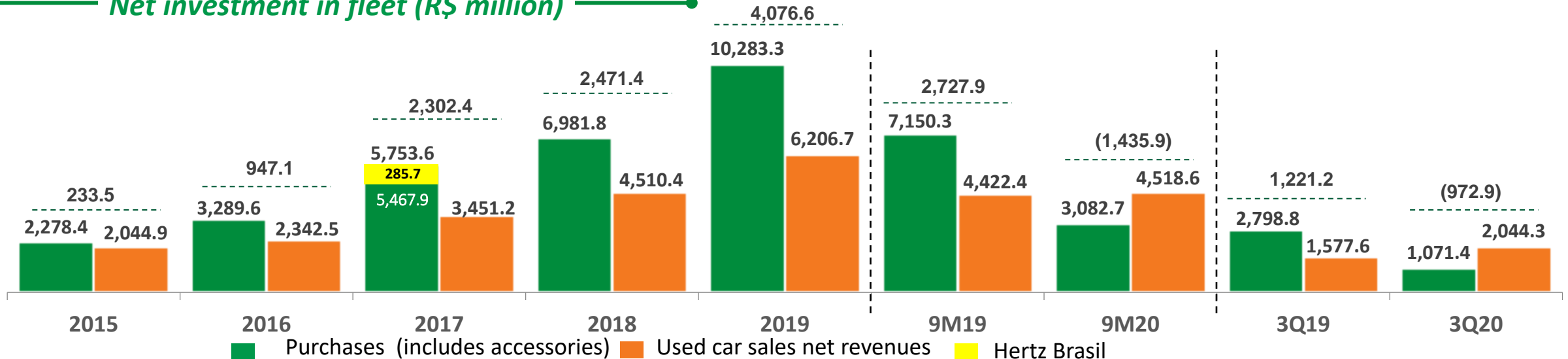
IN 3Q20, FLEET RENTAL DIVISION REGISTERED A 9.4% INCREASE IN NET REVENUES

# NET INVESTMENT

## Car purchase and sales (quantity\*)

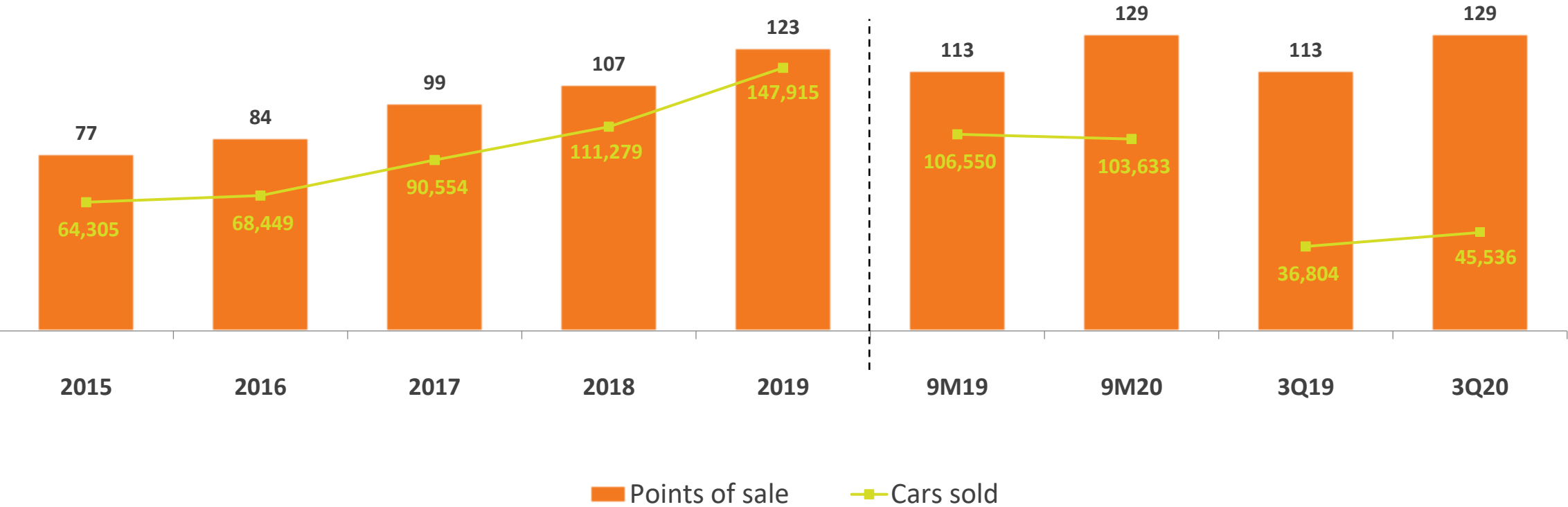


## Net investment in fleet (R\$ million)



**WITH THE RECOVERY OF VOLUMES AND FLEET REDUCTION, THE COMPANY HAS ACHIEVED AN ADEQUATE LEVEL OF UTILIZATION RATE AND, THEREFORE, SHOULD RESUME GRADUAL FLEET GROWTH IN THE NEXT QUARTERS**

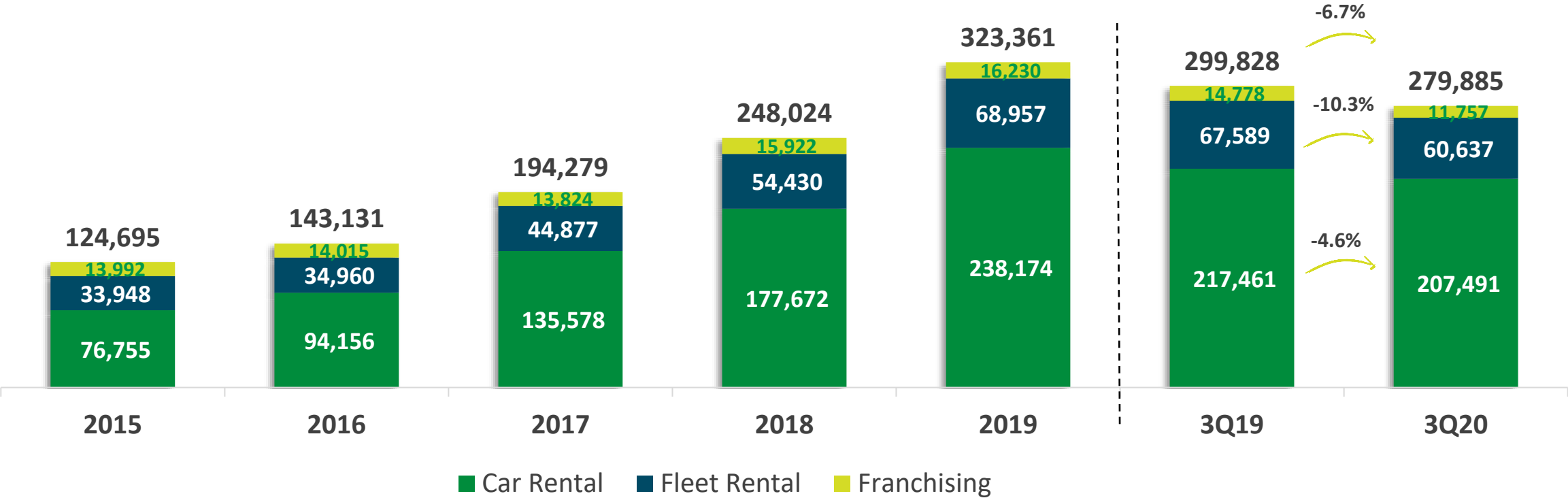
— Number of points of sale and used cars —



**STRONG RECOVERY IN CAR DEMAND WITH INCREASE IN CAR PRICES**

# END OF PERIOD FLEET

(Quantity)

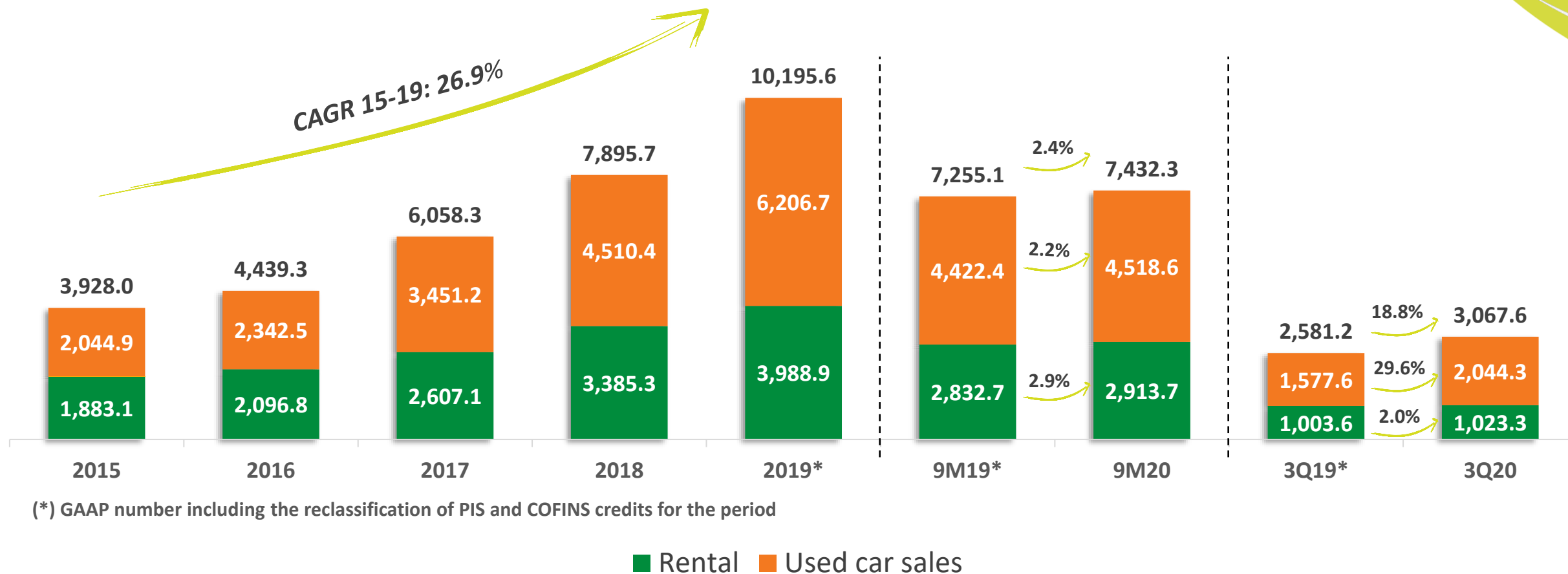


CONSOLIDATED END OF PERIOD FLEET WITH A 6.7% REDUCTION IN THE ANNUAL COMPARISON



# CONSOLIDATED NET REVENUES

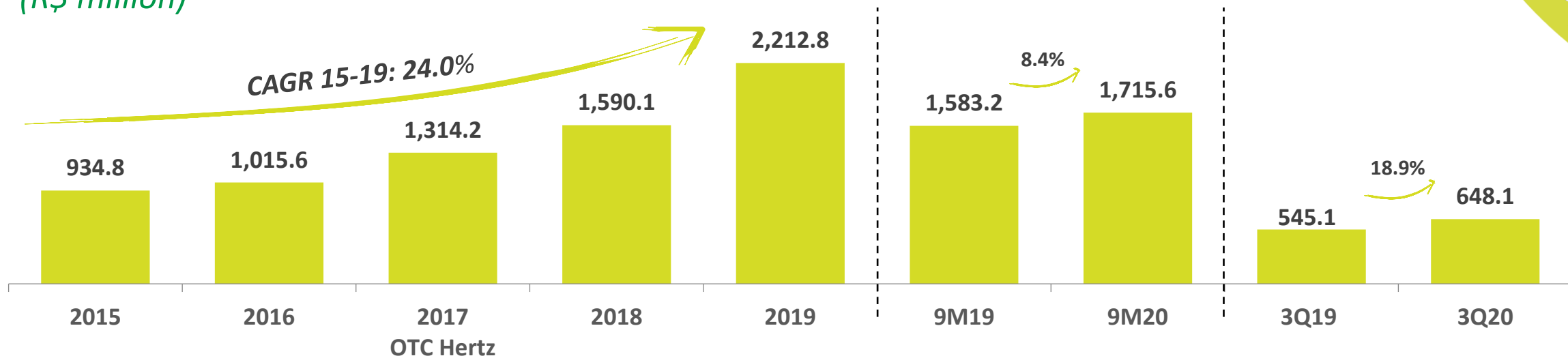
(R\$ million)



**CONSOLIDATED NET REVENUE INCREASING 18.8% IN 3Q20 WITH THE RESUME OF VOLUMES IN RAC AND SEMINOVOS**

# CONSOLIDATED EBITDA

(R\$ million)



EBITDA margin:

	2015	2016	2017*	2018	2019**	9M19**	9M20	3Q19**	3Q20
Car Rental	31.8%	32.3%	34.9%	35.9%	45.5%	45.2%	47.3%	43.0%	42.9%
Fleet Rental	62.2%	64.5%	61.9%	64.0%	67.7%	67.9%	75.1%	66.2%	73.4%
Rental Consolidated	41.7%	42.3%	42.6%	43.0%	50.9%	50.8%	54.7%	48.7%	50.8%
Used Car Sales	7.3%	5.5%	5.9%	3.0%	3.0%	3.2%	2.7%	3.6%	6.3%

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

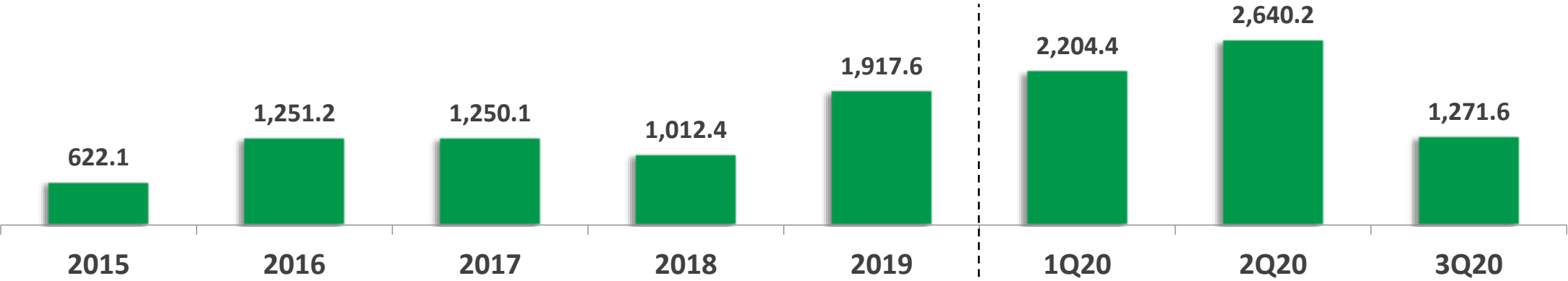
(\*\*) EBITDA margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period, in the Car Rental and Fleet Rental divisions

**VOLUMES GROWTH RESUMPTION COMBINED WITH COST AND EXPENSES CONTROL RESULTED IN RECOVERY OF RENTAL EBITDA MARGINS, WHILE USED CAR SALES REPORTS INCREASED MARGIN DUE TO HIGHER PRICES AND VOLUMES**

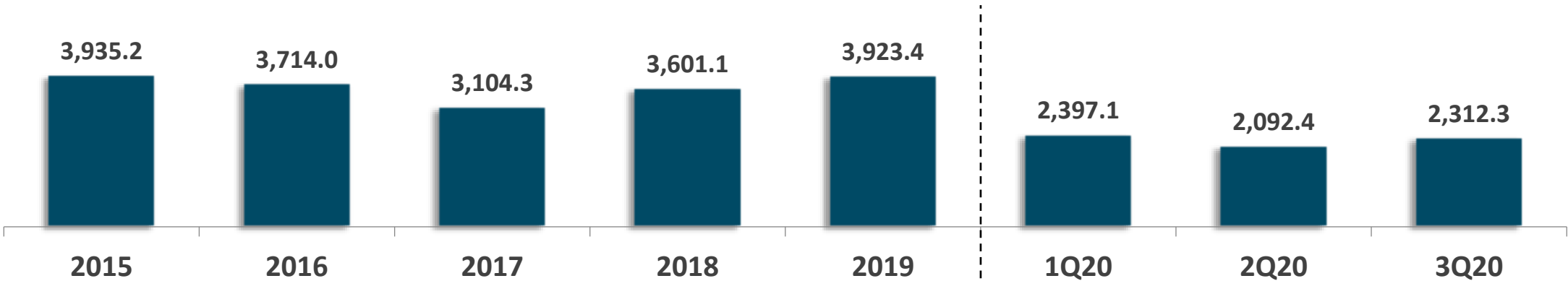
# AVERAGE ANNUALIZED DEPRECIATION PER CAR

(In R\$)

## Car Rental



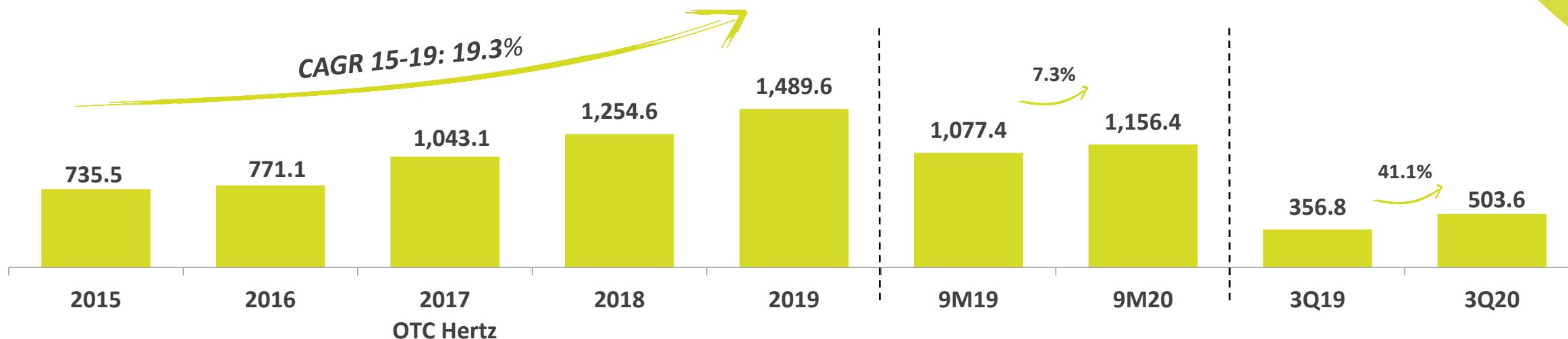
## Fleet Rental



THE RECOVERY OF USED CAR SALES VOLUMES, WHICH RESULTS IN A LOWER COST PER CAR SOLD, COMBINED WITH INCREASE IN THE PRICES OF CARS SOLD RESULTED IN A LOWER DEPRECIATION IN THE CAR RENTAL DIVISION

# CONSOLIDATED EBIT

(R\$ million)



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

	2015	2016	2017*	2018	2019**	9M19**	9M20	3Q19 **	3Q20
Car Rental	34.3%	30.2%	35.5%	33.2%	33.6%	34.2%	29.5%	30.8%	40.8%
Fleet Rental	48.9%	51.2%	51.4%	48.6%	49.1%	49.4%	67.4%	50.1%	73.4%
Consolidated	39.1%	36.8%	40.0%	37.1%	37.3%	38.0%	39.7%	35.6%	49.2%

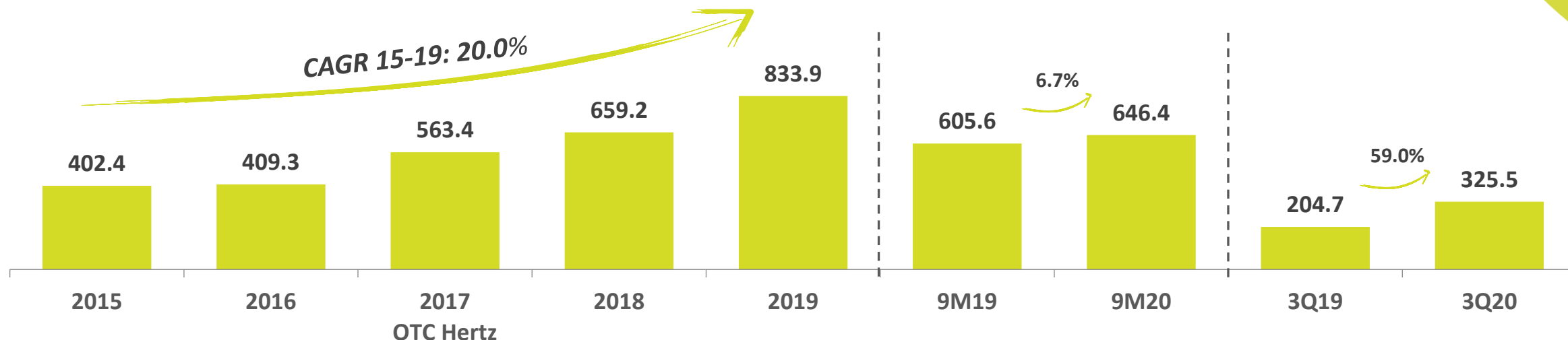
(\*) 2017 adjusted by the one-time costs (OTC) incurred - Hertz Brasil acquisition and Franchisees incorporation

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

**RECORD EBIT OF R\$503.6 MILLION IN THE QUARTER, 41.1% HIGHER THAN 3Q19**

# CONSOLIDATED NET INCOME

(R\$ million)



Reconciliation EBITDA x Net income	2015	2016	2017*	2018	2019	9M19	9M20	Var. R\$	Var. %	3Q19	3Q20	Var. R\$	Var. %
Consolidated EBITDA	934.8	1,015.6	1,314.2	1,590.1	2,212.8	1,583.2	1,715.6	132.4	8.4%	545.1	648.1	103.0	18.9%
Cars depreciation	(163.6)	(206.3)	(232.0)	(291.6)	(551.5)	(380.2)	(415.7)	(35.5)	9.3%	(145.2)	(95.0)	50.2	-34.6%
Other property depreciation and amortization	(35.7)	(38.2)	(39.1)	(43.9)	(171.7)	(125.6)	(143.5)	(17.9)	14.3%	(43.1)	(49.5)	(6.4)	14.8%
EBIT	735.5	771.1	1,043.1	1,254.6	1,489.6	1,077.4	1,156.4	79.0	7.3%	356.8	503.6	146.8	41.1%
Financial expenses, net	(202.7)	(243.5)	(315.0)	(368.9)	(409.8)	(297.2)	(309.4)	(12.2)	4.1%	(94.2)	(54.5)	39.7	-42.1%
Income tax and social contribution	(130.4)	(118.3)	(164.7)	(226.5)	(245.9)	(174.6)	(200.6)	(26.0)	14.9%	(57.9)	(123.6)	(65.7)	113.5%
Net income of the period	402.4	409.3	563.4	659.2	833.9	605.6	646.4	40.8	6.7%	204.7	325.5	120.8	59.0%

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

**CORRECT STRATEGY IN DEALING WITH THE CRISIS ALLOWED A SOLID RECOVERY AND RESULTED IN RECORD NET INCOME, 59% HIGHER THAN 3Q19**



# FREE CASH FLOW

Free cash flow - R\$ million		2015	2016	2017	2018	2019	9M20
Operations	EBITDA	934.8	1,015.7	1,314.2*	1,590.1	2,212.8	1,715.6
	Used car sale revenue, net from taxes	(2,044.9)	(2,342.6)	(3,451.2)	(4,510.4)	(6,206.7)	(4,518.6)
	Depreciated cost of cars sold	1,769.1	2,102.5	3,106.6	4,198.5	5,863.6	4,240.5
	(-) Income tax and social contribution	(110.7)	(93.3)	(108.3)	(131.2)	(146.1)	(142.9)
	Change in working capital	(30.0)	(40.8)	(47.9)	(117.4)	(268.9)	(114.1)
Cash generated by rental operations		518.3	641.5	813.4	1,029.6	1,454.7	1,180.5
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	2,905.6
	Fleet renewal investment	(2,278.4)	(2,563.6)	(3,660.9)	(4,696.7)	(6,804.6)	(3,082.7)
	Change in accounts payable to car suppliers for fleet renewal	(25.4)	219.8	227.6	250.1	468.7	(529.3)
	Net investment for fleet renewal	(267.5)	(1.2)	17.9	63.8	(129.2)	(706.4)
Fleet renewal – quantity		64,032	68,449	90,554	111,279	147,915	66,631
Investment, property and intangible		(29.7)	(40.9)	(28.8)	(42.8)	(70.0)	(56.2)
Free cash flow from operations, before growth		221.1	599.4	802.5	1,050.6	1,255.5	417.9
Capex - Growth	(Investment) / Divestment in cars for fleet growth	8.6	(726.0)	(1,807.0)	(2,285.1)	(3,478.7)	1,613.0
	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)	669.6
Fleet increase / (reduction) – quantity		(273)	19,384	52,860	54,142	75,619	(37,002)
Free cash flow after growth		205.8	(99.8)	(1,121.5)	(725.1)	(2,305.0)	1,087.5
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)	1,079.6
Cash effects of receivables and anticipation of payables to suppliers (**)		(71.9)	98.0	88.3	(113.2)	(131.8)	(41.6)
Free cash flow before interest		103.2	(87.5)	(1,300.9)	(838.3)	(2,455.0)	1,038.0

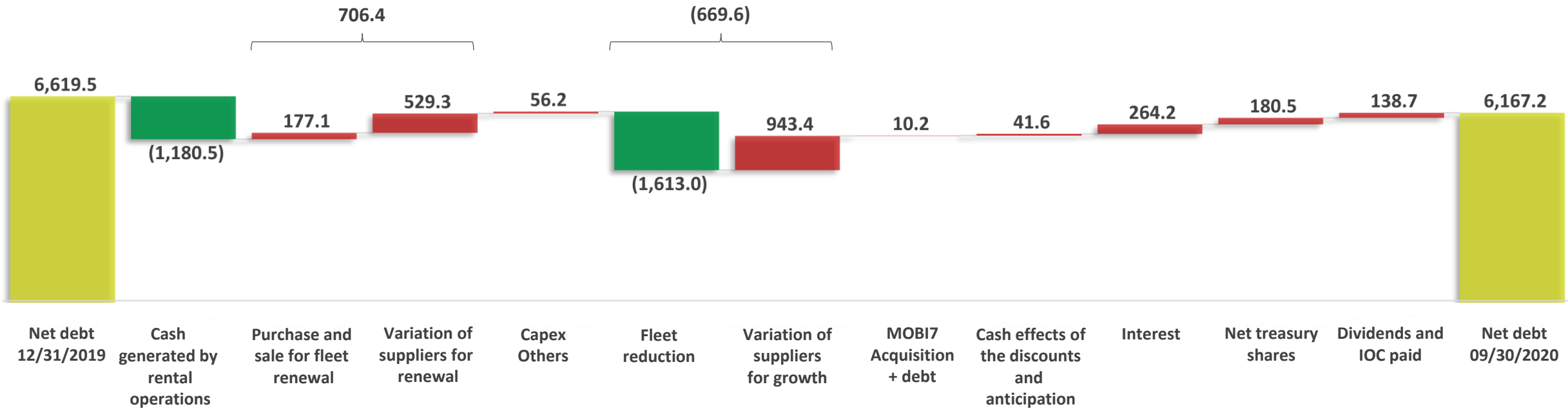
In the free cash flow, short-term financial assets were considered as cash

(\*) 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)

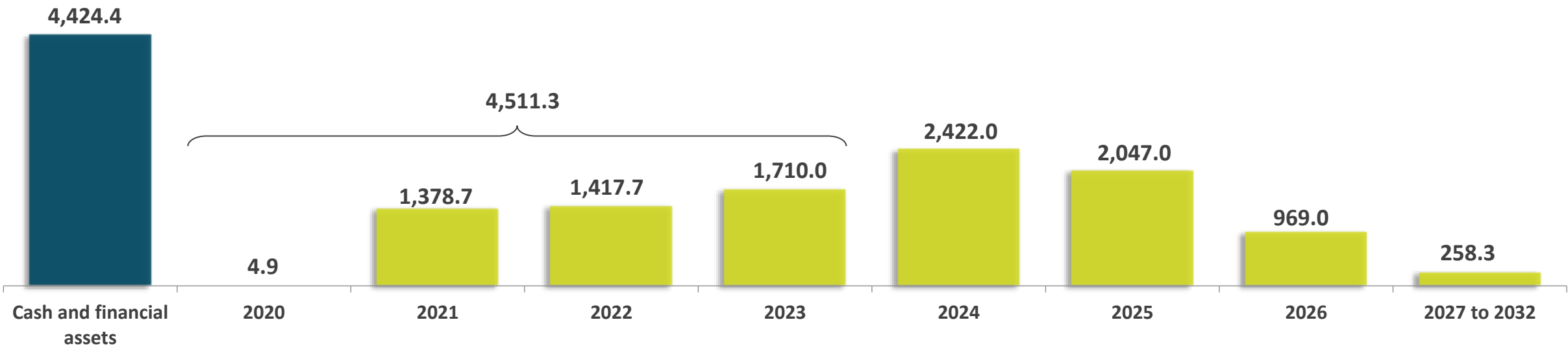


REDUCTION OF ABOUT R\$450 MILLION IN NET DEBT AS A RESULT OF RENTAL CASH GENERATION AND FLEET REDUCTION, PARTLY COMPENSATED BY THE REDUCTION OF THE ACCOUNTS PAYABLE TO OEMS

# DEBT MATURITY PROFILE (PRINCIPAL)

(R\$ million)

As of September 30, 2020

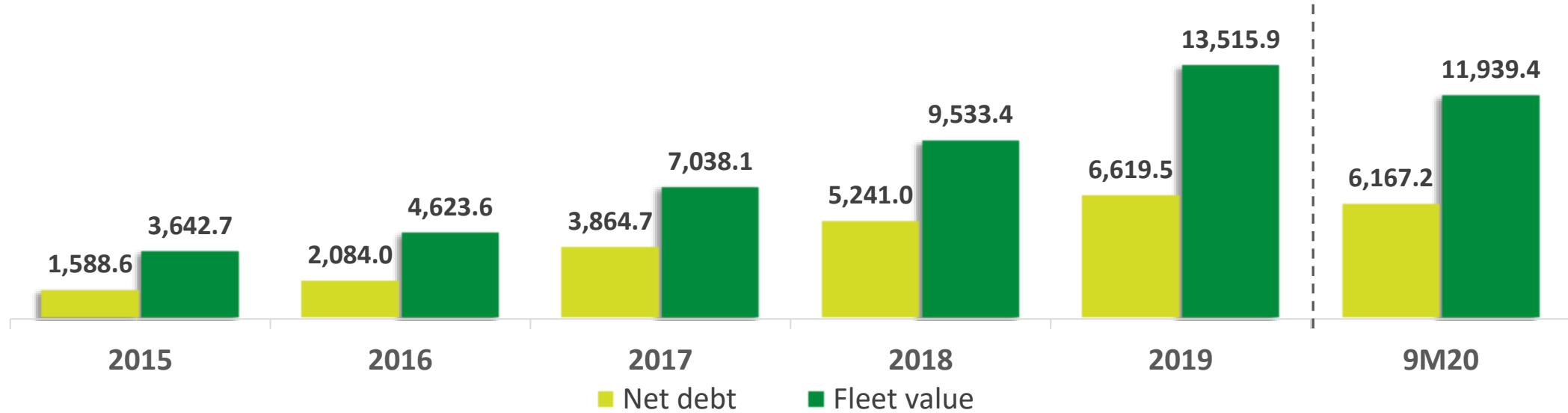


**STRONG LIQUIDITY POSITION AND EXTENDED DEBT PROFILE**

# DEBT RATIOS

(R\$ million)

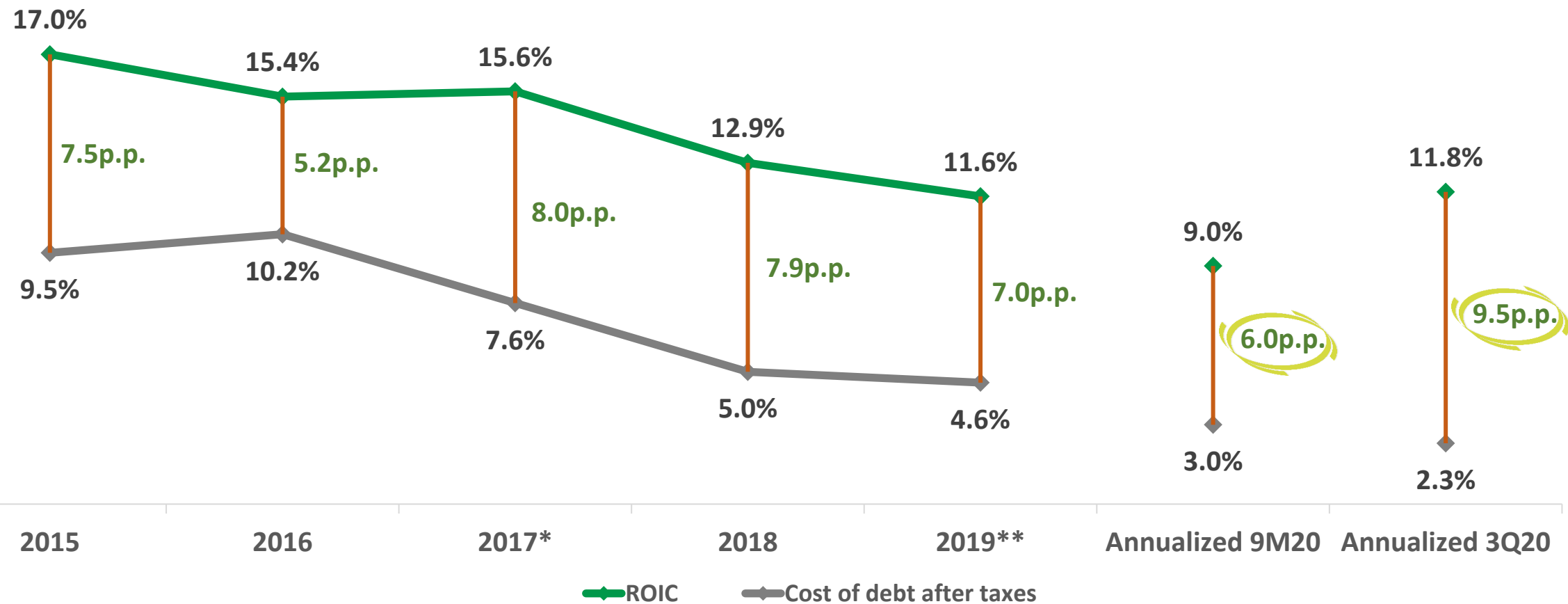
Net debt versus fleet value



BALANCE AT THE END OF PERIOD	2015	2016	2017	2018	2019	9M20
Net debt/Fleet value	44%	45%	55%	55%	49%	52%
Net debt/annualized EBITDA	1.7x	2.1x	2.9x	3.3x	3.0x	2.7x
Net debt/Equity	0.8x	0.9x	1.5x	1.7x	1.2x	1.1x
EBITDA/Net financial expenses	4.6x	4.2x	4.2x	4.3x	5.4x	5.5x

WE ENDED THE QUARTER WITH A NET DEBT / LTM EBITDA RATIO OF 2.6x

# 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

**STRONG VALUE GENERATION, EVEN IN AN EXTREMELY ADVERSE SCENARIO**



# DISCLAIMER

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## AGENDA

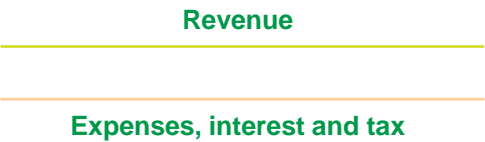
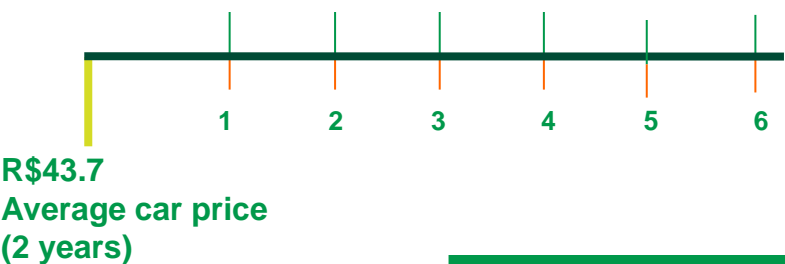
- 1) COMPANY OVERVIEW
- 2) COMPETITIVE ADVANTAGES
- 3) MAIN BUSINESS DIVISIONS AND DRIVERS
- 4) FINANCIALS
- 5) APPENDIX



# Car Rental: Financial Cycle 2019

Per car  
1 year cycle

Car sale revenue  
net of SG&A  
R\$40.3

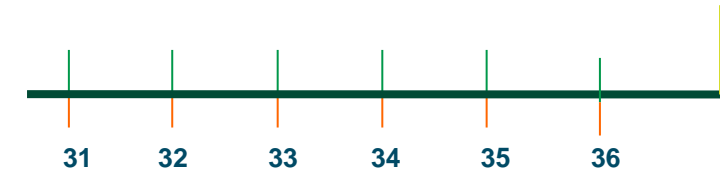
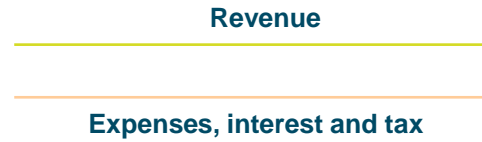


	Car Rental		Seminovos		Total
	Per operating car		Per car sold		1 year
	R\$	%	R\$	%	R\$
Net revenues	17.4	100.0%	42.5	100.0%	59.9
Costs - fixed and variable	(6.4)	-36.5%			(6.4)
SG&A	(3.1)	-18.0%	(2.3)	-5.5%	(5.5)
Net revenues of car sold			40.1	94.5%	40.1
Book value of car sold			(39.2)	-92.2%	(39.2)
<b>EBITDA</b>	<b>7.9</b>	<b>45.5%</b>	<b>1.0</b>	<b>2.3%</b>	<b>8.9</b>
Cars Depreciation			(1.9)	-4.5%	(1.9)
Others depreciation	(0.6)	-3.5%	(0.3)	-0.7%	(0.9)
Financial expenses			(1.5)	-3.6%	(1.5)
Taxes	(1.7)	-9.7%	0.6	1.5%	(1.1)
<b>Net Income (Loss)</b>	<b>5.6</b>	<b>32.3%</b>	<b>(2.1)</b>	<b>-5.0%</b>	<b>3.5</b>
<b>NOPAT</b>					<b>4.7</b>
<b>ROIC (it considers only cars in capital invested)</b>					<b>10.8%</b>
<b>Cost of debt after taxes</b>					<b>4.6%</b>

# Fleet Rental: Financial Cycle 2019

Per car  
3 year cycle

Car sale revenue  
net of SG&A  
R\$36.8



	Fleet Rental		Seminovos		Total
	Per operating car		Per car sold		3 years
	R\$	%	Seminovos	%	R\$
Net revenues	50.6	100.0%	38.5	100.0%	89.1
Costs - fixed and variable	(11.9)	-23.4%			(11.9)
SG&A	(4.5)	-8.8%	(1.8)	-4.7%	(6.3)
Net revenues of car sold			36.7	95.3%	36.7
Book value of car sold			(33.8)	-87.7%	(33.8)
<b>EBITDA</b>	<b>34.3</b>	<b>67.7%</b>	<b>2.9</b>	<b>7.5%</b>	<b>37.2</b>
Cars Depreciation			(11.8)	-30.6%	(11.8)
Others depreciation	(0.3)	-0.6%	(0.4)	-0.9%	(0.7)
Financial expenses			(5.5)	-14.3%	(5.5)
Taxes	(7.6)	-14.9%	3.3	8.5%	(4.3)
<b>Net Income (Loss)</b>	<b>26.4</b>	<b>52.2%</b>	<b>(11.5)</b>	<b>-29.8%</b>	<b>14.9</b>
<b>Net Income (Loss) - per year</b>	<b>8.8</b>	<b>52.2%</b>	<b>(3.8)</b>	<b>-29.8%</b>	<b>5.0</b>
<b>NOPAT</b>					<b>6.4</b>
<b>ROIC (it considers only cars in capital invested)</b>					<b>14.1%</b>
<b>Cost of debt after taxes</b>					<b>4.6%</b>