



1Q21 RESULTS CONFERENCE

May 4th, 2021

OPERATOR: Good afternoon and welcome to Localiza Rent-A-Car's conference call of the first quarter of 2021. Hosting the event today are Mr. Bruno Lasansky, CEO, Mr. Rodrigo Tavares, CFO, and Mrs. Nora Lanari, Investor Relations Officer.

We inform you that the numbers in this presentation are stated in millions of BRL and based on IFRS. The presentation will be recorded, and all participants will only be able to listen to the conference call during the company's presentation. Immediately afterwards, we will start the Q&A session for analysts and investors, when further instructions will be provided. If anyone requires assistance during the conference call, please request help from the operator by pressing *0.

The conference call audio and the company page presentation are being broadcasted simultaneously over the internet at the address ir.localiza.com/en. The page presentation can be downloaded at this same address by clicking on the banner 1Q21 webcast.

Before proceeding, we would like to clarify that any statements made during the conference call concerning the business outlook of the Company, forecasts, as well as operating and financial targets represent the opinions and assumptions of company management, which may or may not occur. Investors must comprehend that political and economic conditions and other operating factors may affect the Company's future and may lead to materially different results from those stated in this call.

To start the 1Q21 teleconference, I'll turn the floor over to the CEO, Mr. Bruno Lasansky.

BRUNO: Good afternoon, everyone. It's a great honor to open this earnings conference call. As was disclosed, after a planned and careful succession process that began in 2016, on the 28th of April I took over as CEO of Localiza. Eugênio Mattar takes over as Executive Chairman of the Board and Oscar Bernardes as Vice-Chairman of the Board.

I thank the founders in the Board for their trust and Eugênio, as well, for his dedication over these years. We are very proud of the high-performance team at Localiza, and the results achieved so far. We are highly motivated to continue the path of success and transformation, with passion for customers and generating value for all the company stakeholders.

2020 was a year of many challenges, but many advances. Localiza demonstrated its ability to perform with excellence in any scenario, always with a long-term vision. We expanded investments in technology



through Localiza Labs, further strengthening our capacity for innovation and the development of new mobility solutions.

We launched Localiza Meoo, our subscription car, new digital channels, such as the new app for RAC and the other for ridesharing, Localiza Pass, which offers all the convenience in paying tolls and escalated Localiza Fast, the 100% digital rental solution, where the customer opens and rents the car with just a selfie.

In addition, we are connecting our fleet using internet of things to improve our fleet mobilization, security and deactivation fleet processes. We announced the intention to combine our business with Unidas, which is being analyzed by CADE, the Brazilian Antitrust Agency. We evolved in the sustainability agenda, with the neutralization of scope one and two emissions. We launched the diversity and inclusion program and achieved ISO 37001 certification, maintaining the highest standards of corporate governance. We reinforced our role as a company committed to the community and we're very active in the agenda of supporting communities and businesses that were weakened by the pandemic. We took care of our team, achieving a high level of engagement, with a record of ENPS of 88%. We also started the engagement process between the Board, the CEO and our investors, to discuss issues related to ESG, bringing it even closer to the market.

We started the year of 2021 on a trajectory of resumption of volumes, but this time in a context of lower production and delivery of cars. With fewer cars available for growth, we maintain the strategy of reducing deactivation of cars in the Rent-A-Car Division and we are being selective in allocating capital and managing our assets. We are aware of the short-term challenges, but very confident in relation to the future, the perspectives for growth and our ability to execute and innovate.

To talk about the results, I will turn the floor over to our CFO, Rodrigo Tavares.

RODRIGO: Thank you, Bruno, and good afternoon everyone.

In the first quarter of 2021, we brought in solid results, although we began to feel the effects of the Covid-19 pandemic in the last weeks of March, affecting our volumes, especially in the Car Rental Division.

The Fleet Management Division has a robust pipeline, with extended delivery time frame. Used cars, or Seminovos, have a good demand and prices have reflected the increase in new cars.

In April, we successfully concluded the issuance of 1.2 billion BRLs in non-convertible debentures, bringing in Innovation in the term of 10 years and the IPCA+ compensation rate, which provided a high demand for the bond, with relevant participation of individual investors. The final rate for the company,



after contracting a swap was CDI + 2%. With the inflow of these funds, we achieved a cash position of 4.6 billion BRLs, ready to resume growth.

Another important development was related to the operation with Unidas, in which we carry out the final protocol of the process with the CADE agents and we are absolutely committed to providing all the information necessary for their general superintendence analysis.

Following on with our webcast, on page 2 we can see the highlights for the quarter.

Even in the context of car unavailability and the tightening of pandemic related restriction measures in March, we managed to deliver 9.7% revenue growth to the Car Rental Division in the annual comparison, due to good price management mix and fleet occupation. The utilization rate in the division remains at a high level, at 80.4%, while the tariff stands out, achieving 80.3 BRLs. The Fleet Management Division revenue increased 9.6% in revenue, year-over-year, due to the combined effect of volume and growing prices, with the average daily rate achieving 55.7 BRLs.

On page 3, we show the financial highlights of 1Q21.

In the first quarter, year-over-year net revenue remained stable, and EBITDA grew by more than 27%. The EBIT increased by approximately 63% and net income more than doubled, achieving 482 million BRLs in the quarter. To present the details of the first quarter results, I would like to hand the floor over to our Investor Relations Officer, Nora Lanari.

NORA: Thank you, Rodrigo, good afternoon, everyone. Starting with the Car Rental Division, as you can see on page 4, in the first quarter, the number of daily rates decreased by 5.4% and revenue grew 9.7% year-over-year. In the last two weeks of March, we felt, in the rent volumes, the effects of the more restrictive measures of social distancing, which, although it levels lower than those observed at the beginning of the pandemic, we estimate to have affected our revenue by more than BRL 30 million.

Unlike the measures taken at the beginning of the pandemic, now, in a context of car restriction, higher prices for new cars, higher maintenance costs and higher interest rates, we were cautious with the allocation of capital, pricing and management of our assets. As we can see on page 5, the efficient management of the mix among segments and pricing resulting in an average daily rate of BRL 80.30 in RAC, 16% higher than the average daily rate in 1Q20. The utilization rate remained resilient, despite the impacts in March, achieving 80.4%, which accounts for an increase of 2.2 percentage points year-over-year.

On page 6, we show that the network of own branches was extended by 15 in the last 12 months, from 427 to 442 branches. Out of those, 11 of the 15 were opened during 4Q20, impacting the cost of this quarter.



Moving on to page 7, in the Fleet Management Division we see the average rented fleet increase by 4.6% and net revenue increase by 9.6% year-over-year. In this comparison, daily rates have increased by 4.7%, reflecting the pricing of new contracts, in a context of rising car prices. In addition to the advances in sales Localiza Meoo, which has a more premium car mix, therefore with a higher average rate. We are excited about what we saw in these first six months of operation of Localiza Meoo, after the official launch of the product, both from the demand perspective, as well as from an operational and customer experience perspective. However, we're still being affected by this scenario of restricted production and delivery of new cars.

Moving on to page 8, we show the balances of buying and selling cars. In the quarter, still with the restricted supply, we bought 26,360 cars and sold 29,032, a reduction of 2,672 cars and a net investment of 4.9 million BRL.

On page 9, we show the used car network, or Seminovos. At the end of 1Q21, we had 131 points of sale and had 29,032 cars sold, a reduction of 24.3% year-over-year. The average price charged was 53,000 BRL, 23.3% higher than the prices charged in the same period of the previous year. These price increases reflect the context of a sharp increase in the price of new cars, which we were able to capture in our decommissioning.

On page 10, we show the fleet at the end of 1Q compared to 4Q last year. In car rental, we ended the quarter with a fleet of approximately 209,000 cars, a reduction of 3.5%. The drop in the fleet at the end of the period reflects the lower number of cars being activated and deactivated, in addition to the smaller number of vehicles available for sale. In Fleet Management, we already see the sequential expansion of the fleet by 6.4% quarter-over-quarter. At the beginning of the second quarter, we still see a difficult moment in car supply, however we have a perspective of gradual recovery over the next quarters.

Moving on to page 11, we see that the consolidated net revenue for the quarter remains stable year-over-year, due to the opposite movement seen in Seminovos and rental revenue. Net rental revenues increased by 9.7%, while Seminovos dropped 6.6%, impacted by the reduction in the level of deactivations needed to control the fleet reduction.

Moving on to page 12, we can see that, even with stable revenues, consolidated EBITDA increased 27.4% year-over-year, mainly as a result of the increase in rental revenue and higher margins for Seminovos. The EBITDA margin of RAC decreased by 5 percentage points. In this quarter we felt the impact of the second wave of the pandemic. We estimated loss of approximately 30 million BRL in revenue. In addition, we were impacted by the increase in staff and network to prepare the company for the new growth cycle, by the higher maintenance cost, due to the increase in the prices of spare parts and the lengthening of the average age of the fleet by 5 months, year-over-year, in addition to the increase in provisions for bad debt, in the context of the second wave. These effects together result in almost 80



million increase in cost and expenses. In addition, we completed the withdrawal of the Hertz brand from our network this quarter and maintained expenses related to the CADE Agency. Fleet Management decreased by 6.8 percentage points of margin, also due to the increase in maintenance costs and the increase in personnel and marketing costs, mainly associated with Localiza Meoo. These costs tend to be diluted as the car supply is normalized and volumes grow again at more robust levels.

The company is prepared for the new growth cycle and has been managing costs and expenses.

Seminovos presented a margin of 13.5%, even higher than the one reported in the last quarter, even with the reduction in volume sold, which impacts on the dilution of fixed costs. With the sharp rise in the prices of new cars in recent quarters, it's natural to expect that this higher margin will continue until the cars purchased before the price hikes are deactivated and sold.

On page 13, we see that in RAC, the annualized average depreciation per car was 526 BRL in the quarter, still lower than the depreciation of the last quarter, which was already at a very low level. In the Fleet Management Division, the average annual depreciation per car was 1,393 BRL, 27% lower than the depreciation of the previous quarter.

On page 14, we can see that the consolidated EBIT 1Q21 achieved 708.4 million BRL, representing an increase of 63.1% year-over-year. The EBIT margin of the Car Rental Division was 53.3%, accounting for an increase of 22.1 percentage points year-over-year. In the Fleet Management Division, the EBIT margin was 66.5%, an increase of 5.8 percentage points year-over-year. Both margin increases are mainly due to the robust results of Seminovos and the reduction in depreciation in the period.

Net income for the quarter, on page 15, increased 108.9% year-over-year, which is explained by the EBITDA growth of approximately 173 million BRLs, the reduction in depreciation by approximately 101 million and the reduction in financial expenses by approximately 105 million, partially offset by an increase in income taxes of approximately 128 million BRLs.

On page 16, we show cash burn of 222.8 million BRL before interest in 1Q21, especially due to the reduction of approximately 673 million BRL in accounts payables to automakers.

As can be seen on page 17, the reduction in the accounts payable to automakers was partially financed by the generation of cash from rent, but impacted net debt, which ended the quarter at 6.4 billion BRL.

Now I'd like to turn the floor over to Rodrigo, to present our cash position and leverage.

RODRIGO: Thank you, Nora. You can see on page 18 that we ended the quarter with a robust cash and debt profile, but even so we made a recent issuance to extend our debt duration even further. Accordingly, after the operation and the pro forma analysis, we had more than 4.6 billion BRL in cash, an



amount that gives us the ammo to finance growth over the next quarters, as vehicle production normalizes.

On slide 19, we can see that net debt over EBITDA of the last 12 months ended the quarter at 2.4 times. Again, at a level that gives us the comfort to finance our short-term growth with third-party capital.

On page 20, we show the evolution of the ROIC spread versus the cost of debt. In 1Q21, considering the last 12 months and despite the adversities, we see an increase in our spread, which achieved 9.2%. Despite the high level of return in the short-term, the current context reinforces the importance of decision-making, with the complete rent cycle in mind, starting with funding, going through allocating capital efficiently, generating cash from rent and recovering the residual value. Only through the proper combination of these steps is it possible to generate value. That is why we are always very austere in the allocation of capital.

To conclude, I would like to present our advances in sustainability with some highlights on page 21. In 1Q21, we continued to advance on our sustainability agenda, reinforcing our role as a company committed to the community and started the process of engaging the CEO and the Board with our investors on ESG matters.

In addition to the corporate goal of organizational climate, which measures the engagement of our team, we continue to strengthen our performance indicators related to sustainability, using the UN Frameworks and the Sustainability Accounting Standards Board as reference, as we include specific goals in the contracts of management of the Executive Board and our employees.

We know that we still have a long way to go on this journey, but we are certain that we're moving in the right direction.

We're now available to answer some of the questions. Thank you.

OPERATOR: Ladies and gentlemen, we will now begin the Q&A session. If you have a question, please press *1; if you'd like to remove yourself from the list, press *2. Our first question is from Pedro Bruno, from XP.

PEDRO: Good afternoon, thank you for taking my question. I have two questions. So, from the average rate of RAC, it's the second quarter that it grows expressively with 16% year-over-year in the first quarter and that is considerably higher than the other players, regardless of the end result of revenues. So, I want to understand, if you can comment, if there's a strategic component there in prioritizing price versus volume and to what extent? Obviously, there's a context that we know about the current car supply context, I know that's implicit in that, so I'd like to understand why you believe that rate is



considerably higher and to what extent will this price increase move forward, even in normalizing the purchase and sales scenario that implies in the challenge in the future of pricing rental in relation to higher invested capital, given the higher car price? Those are the two points in relation to average rate, then I'll ask my second question.

RODRIGO: Thank you, Pedro. Well, we have austere capital allocation, so, in fact, given the scenario of demand and supply restriction, we're using our capital as best as we can. And the second point, as you mentioned yourself, we have a context of an increased car prices and an increase in interest rate curve, which impacts the Rent-A-Car pricing in that period.

NORA: Pedro, this is Nora speaking. We also price the competitive scenario, our availability of fleet and utilization rate and the customers' willingness to pay and ROIC, so we're being very careful in allocating that capital during the restriction of supply.

PEDRO: Okay, great. The second question is about margin year-over-year of fleet management. You mentioned that the drop in margin was mainly for two reasons, the increase in maintenance and the non-diluted costs of Localiza Meoo. Can you comment on the attribution for each one of those two effects, maybe one is higher than the other? And is it correct to imagine that inside the maintenance effect you have not only fleet aging, but also the increase in spare part prices, so maybe the second one is more structural and let's call it recurring, moving forward, is my analysis correct? Thank you.

NORA: Pedro, this is Nora speaking. Yes, that is correct. We have two effects here, when we talk about maintenance: one is fleet aging, which when deliveries normalize that fleet should go back to usual age in fleet management and the other is the increase in price of spare parts, so that's structural. And fleet aging should be better addressed as of the second half this year. On the other hand, we have the effects of preparing the platform for the launch of the new solution, Localiza Meoo and I believe that the maintenance costs have a relevant cost higher than the platform preparation, but we believe that that cost is an investment to grow the product. We do this investment in the future and that dilutes as growth comes, or we have that investment first. And we launched in September and then we'll have a better rhythm to deliver cars, so we have a robust backlog in fleet management, but in fact we're growing under market potential, given the delays in car deliveries but, as you well said, personnel costs, advertising and the structure regarded to Meoo should be diluted in the upcoming quarters.

PEDRO: That's what I wanted to know, thank you.

OPERATOR: Our next question is from Mr. Rogério Araujo, from UBS.

ROGÉRIO: Hi, everyone, good afternoon, thank you for this opportunity. I have two on my side. The first one is about costs, actually three points. So, bad debt, could you talk about what segments that comes from, so we can have an idea how one-off that movement was or, if the pandemic continues, if it worsens, if we're going to see more of that in the upcoming quarters? And then about the vehicle tax,



the IPVA, there was a change in Supreme Court understanding or opinion, are you provisioning the same thing, more, what's your understanding on that? And a follow-up in maintenance. I'd like to know if there's anything that's one-off in this quarter or, if the average age continues for the next quarters, will we continue to see maintenance costs at the same level? So, those are the three, I'll ask the next question afterwards.

RODRIGO: Thank you, Rogério. Relating to the IPVA, there were no changes in relation to our understanding in terms of provision for the IPVA tax. For bad debt, differently than the first wave, that remained, we didn't have a strong reduction in rates. Since we maintained the rate in the second wave and we did have a change in the pandemic context, what happened is that we were more conservative anticipating any potential losses that we could have, especially in the segments of individuals and ridesharing. In maintenance, there are some points that are worth mentioning. First of all, obviously we do have an increase in spare parts prices, which has been following the increase in new car prices, fleet aging, as we have said before, by 5 months. And we also advanced some of the maintenance. As they were more idle at the end of March, we decided to carry out maintenance in some of them. And lastly, we also had an increase in costs relating to car shipping costs, because of the purchase mix.

ROGÉRIO: Perfect, thank you, very clear. My second question is about fleet rental growth. How are the bids going? We've seen a discourse from your peers saying that they have been winning a lot of projects and the problem is that the cars haven't been delivered, so I'd like to hear your opinion on that. How do you see the bids, is there a lot of things being disputed, is there a lot of things in-house that you've already purchased, but you're waiting for the cars to recognize that and can you tell me about how relevant the car inventory is, or you're just waiting for the vehicles to be delivered? So, some flavor on fleet rental, please.

RODRIGO: Well, the pipeline is very robust. In fact, we have a strong demand in fleet rental. Obviously, it is a very competitive environment, but the demand is still very robust. So, our pipeline, as I mentioned, is very strong and, in fleet rental, it's taking long to receive the vehicles from the automakers, given the restriction of semiconductors in this quarter. But in terms of pipeline and competitiveness, that's still robust. However, Localiza is very disciplined. We have a scenario of future interest rate increase, car price increase, so we're very disciplined in pricing those contracts, so that the contracts will generate value in the next two to three years for the company.

ROGÉRIO: Perfect, can you give me an idea of the relevance of what's already been purchased and you're waiting on deliveries?

NORA: Rogério, no we can't give you that type of guidance, but again, we do have a robust backlog for implementation.



ROGÉRIO: Okay, thank you very much.

OPERATOR: Our next question is from Vitor Mizusaki, from Bradesco BBI.

VITOR: Hi, good afternoon, I have a follow-up question relating to cost, but also in relation to fleet management. You mentioned increase in maintenance cost, but at the same time we also see a scenario of low depreciation, so I'd like to understand, on your side, if it makes sense or not, even if you don't receive the number of cars that you'd like, if it makes sense to reduce in fleet, because maybe that could pressure profitability? And in the opening remarks you mentioned the merger with Unidas, so could you comment on that? We've seen a lot of news in the media about the main competition challenging your merger, so could you comment on that?

RODRIGO: Thank you, Vitor. Well, about the decommissioning, we've been reducing car decommissioning, but we also have long-term care with our reputation, age and the experience that we offer our customers, so we currently are very cautious, we are decreasing the decommissioning, but combining that with our customer experience that will give us a long-term return. Depreciation scenario you're correct, in the first quarter we had decrease in new cars of 6, 7%, we believe that scenario will continue longer. So, low depreciation scenario shouldn't go down for a period, given that perspective of car prices increasing and the supply in the next quarters. In relation to the CADE, it's been 90 days, but they're still getting responses from companies that they have just notified and recently we answered the comments of the third parties that are interested, and the CADE Agency is still trying to understand the supply offer, the market, so I believe it's still a bit early, considering the context of combining our two businesses.

VITOR: Okay, thank you.

OPERATOR: Our next question is in English, from Mr. Stephen Trent, from Citibank.

STEPHEN: Thank you very much for the time, guys, and good afternoon, two quick questions from me. One, are you seeing any indication, longer-term indication, that auto production in Brazil could start normalizing; and two, when we think about your new products, Localiza Meoo, Localiza Pass, could you also clarify whether you are rolling out these products to your franchisees inside and outside of Brazil? Thank you.

RODRIGO: Thank you, Steve. First of all, this is Rodrigo speaking. First about the vehicles' perspective, it is a challenging scenario, we currently have a lack of components, semiconductors, at the global level. In Brazil, in the first quarter, it was a tougher quarter in relation to vehicle production and inputs, so that recovery will be gradual, we do not expect a strong recovery of auto production in the next quarters. That said, we still have elements to believe that we have chances that the second quarter will be better than the first quarter in terms of car supply.



NORA: Steve, Nora speaking. About your second question, Localiza Meoo and Localiza Pass, among others, we're still rolling out these products in Brazil, we're testing them, we're adjusting them and eventually, when we have a critical mass, we can assess providing these products for our franchisees in general terms.

STEPHEN: Okay, I appreciate that, Rodrigo and Nora, have a nice day.

OPERATOR: Our next question is from Régis Cardoso, from Credit Suisse.

RÉGIS: Hi, everyone, good afternoon, thank you for taking my questions, congratulation on your results. Could you talk about and explore the mismatch in prices between the sale of Seminovos, of used cars, because the thing is, we compare the used cars a lot and they generate a relevant gain and that has been shown in your Seminovos branch in the past quarters, but I'd like you to compare that to new cars, because new car prices also went up, so would you see yourself in a cycle where the price that you sell the car didn't go up as much as the new car prices went up? So, my concern is if that cycle throughout the life looking-forward, not back, will still make sense, not only in used car prices, but also the discount and when buying a new car, because I believe that in a context of capacity restriction, which is the current one, the automaker has a lower incentive in granting discounts, right? So, I believe that the discounts are probably lower. Could you comment about that cycle in a more comprehensive manner? Thank you.

RODRIGO: Thank you, Régis, Rodrigo speaking. Thank you for your question. So, in fact that's a point that we look into with a lot of detail. What you're basically saying is that the sale price compared to the replenishment price, so since the beginning we've been saying that Localiza is very conservative and very conscious in relation to capital allocation, especially during times like these, where the supply, in fact, creates some incentives for the automakers. But our perspective, we've been conservative in depreciation of cars that are already part of our base and, in the future cars, it's about an analysis and understanding of the return that we will have from that new investment cycle. So, for the first quarter, we had lower car purchase, probably lower than what we wanted, but very conscious, under the conditions that we were considering the replenishment price in future valuation of new car prices that will guarantee the return, not only in Rent-A-Car, but also in Fleet Management, will guarantee the investment cycle that we're making.

RÉGIS: So, Rodrigo, can you comment that... do you see that pressure on any of the two sides and has that had or will it have an effect on your cash flow, so if you're going to have net capital flow, because the fleet would be more valuable, more expensive?



RODRIGO: Actually, we looked at cash and financeability didn't have a relevant impact. So, again, every new purchase is a new Investment cycle and that's what we focus on. So, it's an individual decision of each type and each one of them in segments in Fleet Management and Rent-A-Car, so sometimes we're more conservative, but we are conscious that Rent-A-Car and Fleet Management are investment cycles that are constantly renewed and that's what we've been doing.

NORA: Régis, this is Nora speaking. And the pricing will reflect that, so we're being very cautious with capital allocation and how we profitabilize that in the long-term, because what we are seeing today is the next cropper season, so to speak.

RÉGIS: Thank you, Nora and Rodrigo.

NORA: Thank you, Régis. We have a question from the webcast, I can read it here. "So, good morning Rodrigo and Nora, congratulations on your results. I'd like to understand the depreciation level per car for the cars that are entering RAC and they're already operating". Lucas Barbosa, from Santander. Lucas, thank you for your question.

RODRIGO: Lucas, this is Rodrigo speaking. I'm not sure if I understood, but we have two car seasons, so the first one are the cars that were purchased last year, before the pandemic, or even after, or within the pandemic, that had a lower public price than what we've seen and that's why the depreciation is very limited. Cars that are entering now, in this quarter, and probably in the future quarters, have a more normalized depreciation, but it's not higher than what we were seeing in the past either, in periods that were more normal, so we have two seasons, one season that were already depreciated and most of them are no longer depreciated, they have been fully depreciated in the new season, that comes in with a more normalized depreciation.

NORA: Lucas, Nora speaking. I would add saying that our cars are marked-to-market, don't forget that, because a variable relevant here is how much the price increase will be throughout this year and we have already seen that this first quarter they're going up on average 7%, so the ones in the fourth quarter already started with higher depreciation and, as the price goes up in the first quarter, we lower the depreciation level, so it's hard to talk about depreciation levels, because it depends on variables that are not within our control, but it's important that our balance sheet reflects the prices, the market prices of these cars, the current market prices, that's important to mention.

OPERADORA: Our next question is from Mr. Bruno Amorim, from Goldman Sachs.

BRUNO: Good afternoon, everyone, thank you for taking my question. I have a follow-up question based on the car price dynamic questions, so the accounting impact in the short-term, the variation of new prices and used prices, that's well understood, we can see that happening in Localiza's cycle and then



you see normalization. But thinking of that in a structural manner, looking at 2022, moving forward, with higher car prices for the company and to developing or delivering a ROIC similar to before, we would have to see an EBIT per car higher than what we had before, especially in relation to car prices, unless there is relevant cost decrease, it has to come through price, so my first question is that, does that make sense and how does that imply in growth? I know that there's a lot of opportunities, but if things are more constant, I'd like to know if the price increase to bring ROIC back to what it was, would it slow down the growth trend in terms of volume in the upcoming years? Thank you.

RODRIGO: So, yes, that's correct, your rationale is correct. So, you have higher capital base, I need to deliver a higher a EBIT to have the same ROIC. So, it will come, there are revenue implications, but we also have expectation to have gains in efficiency, not only in scale, but also combining our business with Unidas, that could offer us cost benefits that don't necessarily have to be transferred to price. In relation to growth perspectives, given a potential rate increase, in that case we're more optimistic, because the substitute of our product will feel much more than the rental rate. A person that's going to buy a car, the price is going to increase, so increase rates affect their financing cost that they're going to have to buy in installments. So, to have an impact to our rate in rental prices, it won't be completely, because we expect to gain cost-efficiency, our substitutes, which is owning a car, mainly, should have an even higher increase, meaning that our product should win and not lose in competitiveness and that's why we're optimistic that the growth perspectives in relation to rental cars will not change.

BRUNO: Perfect, thank you. And a follow-up question. This question may have been addressed before, but if we can explore the discounts that you have with automakers in a scenario of supply restrictions, has that implied in lower discounts or not? I believe when car supply gets back to normal, in the second half, then that discussion would be a little less relevant, but I'd like to understand if you see any changes in the historical discounts that you've had, so we can understand if that will imply in the price spread purchase versus sale spread in the next cycle.

RODRIGO: Thank you, Bruno, Rodrigo speaking. I can say that we're extremely cautious and sensitive to price changes. We really understand the implication that that has on our business and that's why the capital allocation was a trade-off of growth versus profitability is high and we're very conscious that this is not the time to grow by destroying value. We have to be conscious, and we completely know the impacts that the price increase could cause or how it could affect the business. What I can say is that we're paying a lot of attention to that point and very cautious in relation to how we bring in each car that comes into Localiza.

BRUNO: Perfect, thank you, good morning.

OPERATOR: Our next question is from Fernanda Recchio, from BTG Pactual.



FERNANDA: Hi, everyone, congratulations on your results, thank you for taking my question. I'd like to touch on two points. The first one is that last week, Valor talked about an interview that it had with Bruno and some trends and at the end he talked about some plans of internationalization if the deal with Unidas is concluded. I'd like to understand, in a scenario if the deal is not concluded, would internationalization be an area for growth for Localiza, or only if you close the deal with Unidas? And the second point is I'd like to know what you think about the second half of April, especially in relation to RAC. Your main peers commented that they are seeing some recovery in the second half of April, so I'd like to know if you've seen that as well and what we should expect for Q2?

NORA: Thank you, Fernanda, for your questions, this is Nora speaking. I'll start with the second one first. In the second wave, we've seen volume leaving smoothly than the first one and then we see a reversal in the curve. About the first question, Localiza, when it announced the deal, it mentioned the hypotheses of internationalization. We believe that we still have a lot of opportunity for growth in Brazil, but the international expansion plan, that is a plan that the company has regardless of the merger. Obviously, the merger places us in a position that's stronger for international expansion, even based on the point of view of team, scale and capability.

FERNANDA: Perfect, thank you, Nora.

OPERATOR: To ask a question, please press *1. Please hold while we collect questions. Our next question is from Guilherme Mendes, from JP Morgan.

GUILHERME: Hi, everyone, good morning, thank you for taking my question. It's just a quick follow-up about Meoo. Could you share about the contribution of the segment in fleets, maybe in number of cars in fleet? And what has been the average mix, is it mainly focused on luxury cars, or entry cars? Just so we can have an idea of profitability for the first contracts. Thank you.

NORA: Thank you for your question, Guilherme, this is Nora speaking. We are not going to talk about the figures, but it's already a relevant share of the company's Fleet Management and, again, with growth that is being held back by car deliveries. So far, we see more of a luxury mix, considering SUVs and some executive cars, and obviously that affects the capital base invested, but also pricing. So, a part of the average price to get increase has to do with Meoo and Fleet Management. The profitability is good, but we still have to run a full cycle to sell the cars, but in general terms we've seen good levels of bad debt and depreciation for the product, but it is a competitive market.

GUILHERME: Perfect, thank you, Nora.

CLOSING



OPERATOR: To ask a question, please press *1. Please wait while we collect the questions. To conclude, I'd like to hand over to Mr. Bruno Lasansky.

BRUNO: Thank you, everyone, for your participation and, as always, our IR team is available for any additional clarification. Good afternoon to everyone.