

# Webcast

## 4Q23 and 2023



Índice Brasil 50 **IBRX 50**

Índice Carbono Eficiente **ICO2**

Índice de Ações com Tag Along Diferenciado **ITAG**

**OTCQX**

**IGPTW B3**

**Localiza&CO**

This quarter, we will highlight the effects related to the business combination (one-offs) and write-off of the tax loss related to the incorporation of Locamerica Rent a Car S.A, as shown below

Description	EBIT Impact	Net Income Impact
Fleet write-up amortization	(23.9)	(15.8)
Amortization of the customer portfolio write-up	(1.7)	(1.1)
Write-off of Tax Losses	-	(28.4)
Total	(25.6)	(45.3)

Furthermore, we had a negative effect of R\$63.3 million, of which: i) R\$28.7 million referring to the adjustment to present value (APV), due to the early settlement of derivatives linked to the financing operation of Locamerica shareholders within the scope of the business combination, and ii) R\$34.6 million of negative EBIT from operations in Mexico. These effects were not adjusted in the result.

In 2023 we presented significant gains in operational efficiency, which were reflected in the evolution of rental margins. Net rental revenue increased by 26.0% in the year, with costs increasing by just 7.5% and SG&A by 1.2%, resulting in an increase of 6.3p.p. in the rental EBITDA margin, as follows:

Operational result	2021 proforma Adjusted	2022 proforma Adjusted	2023 Adjusted	Var. R\$ 2023 x 2022	Var. % 2023 x 2022
Car Rental Revenue	5,787.6	7,421.8	8,266.3	844.5	11.4%
Fleet Rental Revenue	2,985.6	4,436.0	6,677.2	2,241.2	50.5%
<b>Rental Net Revenue</b>	<b>8,773.2</b>	<b>11,857.8</b>	<b>14,943.5</b>	<b>3,085.7</b>	<b>26.0%</b>
Rental costs	(2,510.9)	(3,095.5)	(3,327.7)	(232.2)	7.5%
<b>Rental costs % revenue</b>	<b>-28.6%</b>	<b>-26.1%</b>	<b>-22.3%</b>		<b>3.8 p.p.</b>
Rent Expenses (SG&A)	(1,429.0)	(1,473.5)	(1,491.5)	(18.0)	1.2%
<b>Rent expenses % revenue</b>	<b>-16.3%</b>	<b>-12.4%</b>	<b>-10.0%</b>		<b>2.4 p.p.</b>
<b>Rental EBITDA</b>	<b>4,833.3</b>	<b>7,288.8</b>	<b>10,124.3</b>	<b>2,835.5</b>	<b>38.9%</b>
<b>EBITDA margin</b>	<b>55.1%</b>	<b>61.5%</b>	<b>67.8%</b>		<b>6.3 p.p.</b>

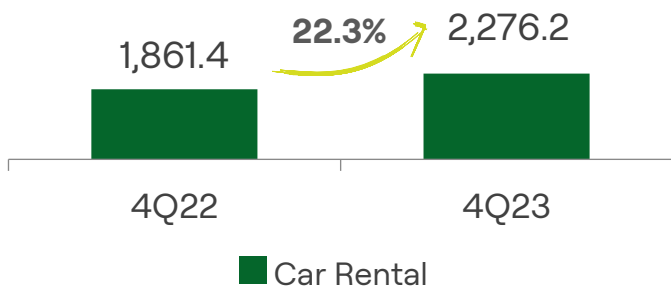
On the other hand, the effects of the cycle of increased in the depreciation and still high interest rates offset the operating gains:

Depreciation and Financial Result	2021 proforma Adjusted	2022 proforma Adjusted	2023 Adjusted	Var. R\$ 2023 x 2022	Var. % 2023 x 2022
Depreciation of cars and others	(978.4)	(2,097.1)	(3,813.1)	(1,716.0)	81.8%
Net financial result	(785.0)	(2,726.0)	(4,024.3)	(1,298.3)	47.6%
<b>Total</b>	<b>(1,763.4)</b>	<b>(4,823.1)</b>	<b>(7,837.4)</b>	<b>(3,014.3)</b>	<b>62.5%</b>
<b>Depreciation and Income Fin. % Rental Revenue</b>	<b>-20.1%</b>	<b>-40.7%</b>	<b>-52.4%</b>		<b>-11.8 p.p.</b>

We still see room for operational improvement as we move forward with fleet rejuvenation and complete the integration process. Furthermore, any reduction in interest rates should contribute to the advancement of EBT.

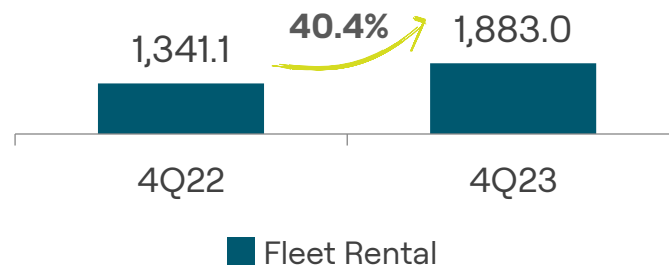
## Car Rental Net Revenue - Brazil

R\$ million, including royalties



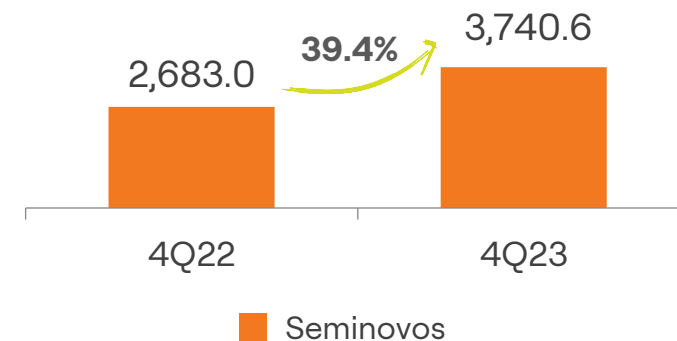
## Fleet Rental Net Revenue - Brazil

R\$ million, including new initiatives' revenues



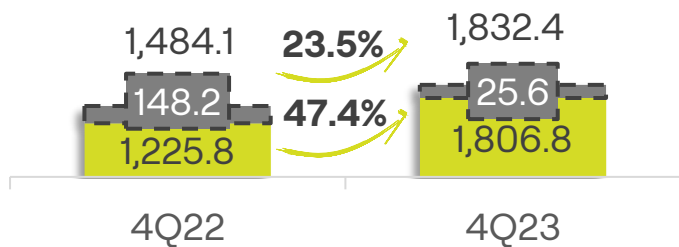
## Seminovos Net Revenue - Brazil

R\$ million



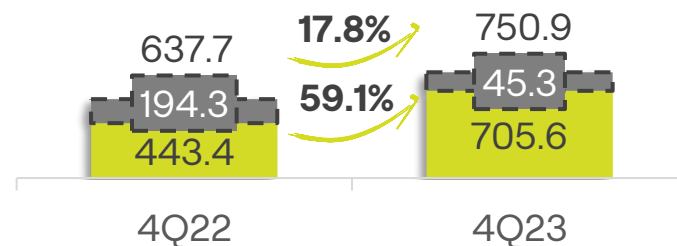
## Consolidated adjusted EBIT

R\$ million



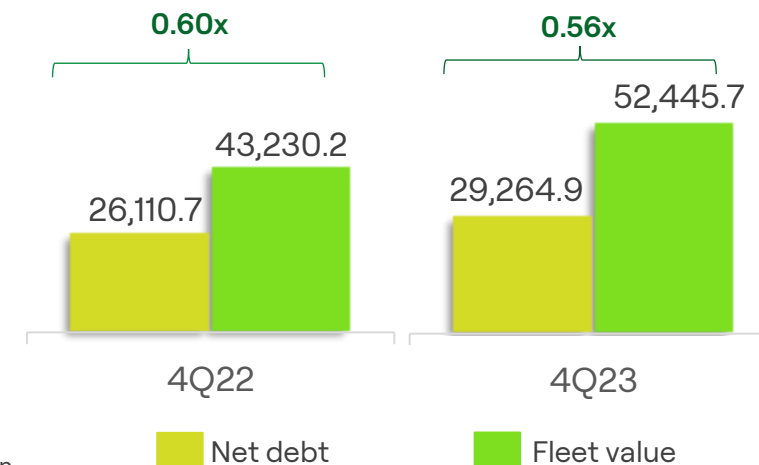
## Consolidated adjusted Net Income

R\$ million



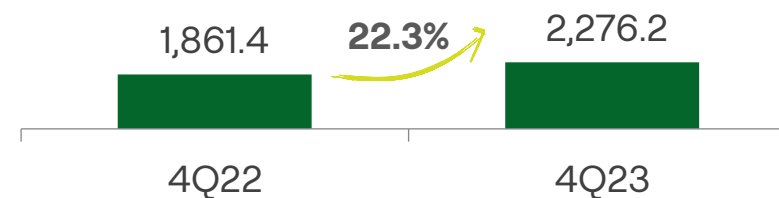
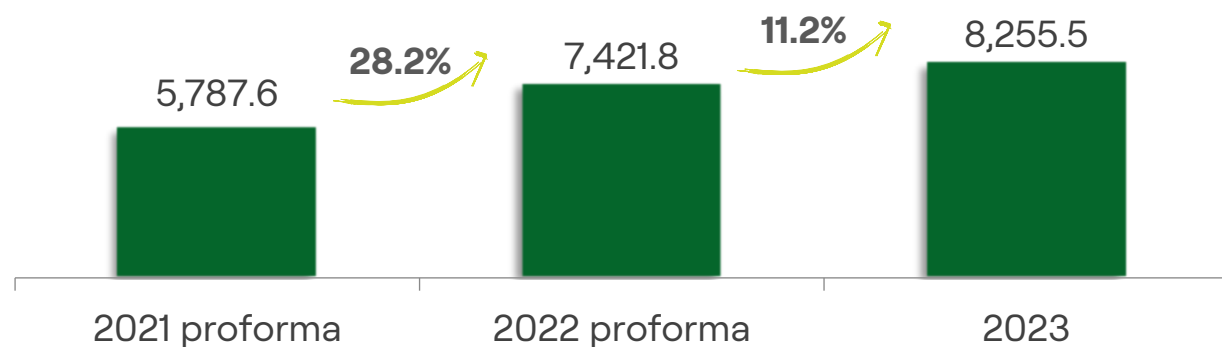
## Net debt vs. Book value

R\$ million



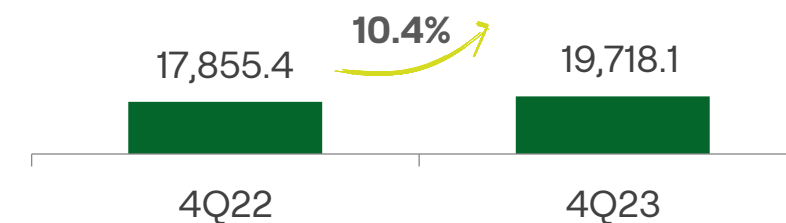
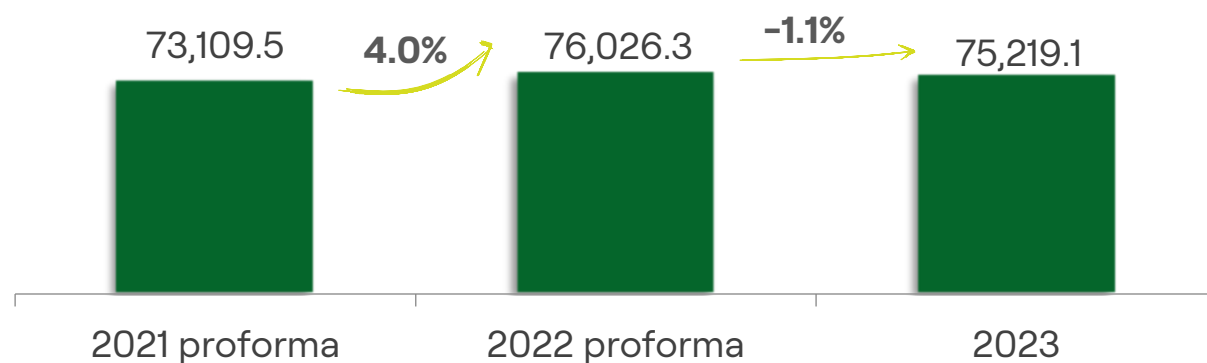
## Net Revenue - Brazil

R\$ million, including royalties



## Rental days - Brazil

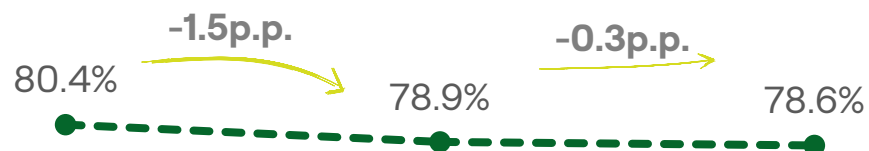
In thousands



GROWTH OF 22.3% IN NET REVENUE FOR THE QUARTER AND 11.2% IN THE ANNUAL COMPARISON, WITH THE RECOMPOSITION OF THE EFFECTS OF THE CARVE-OUT, BOTH IN VOLUME AND REVENUE

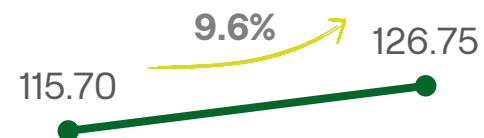
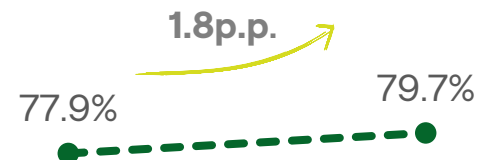
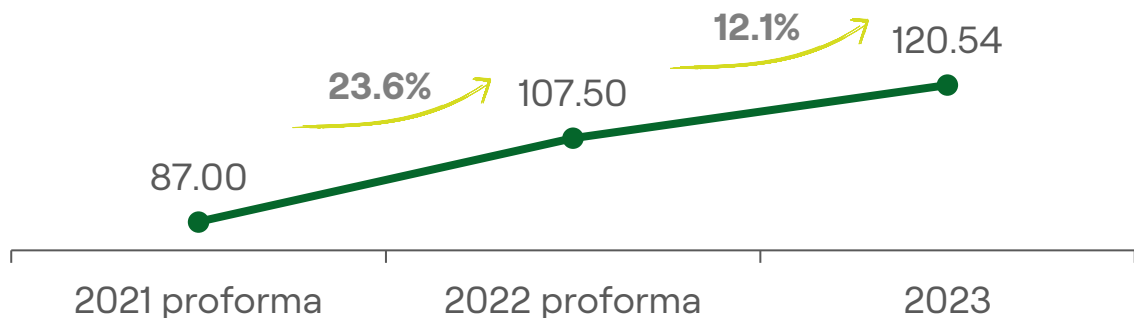
### Utilization Rate - Brazil

%



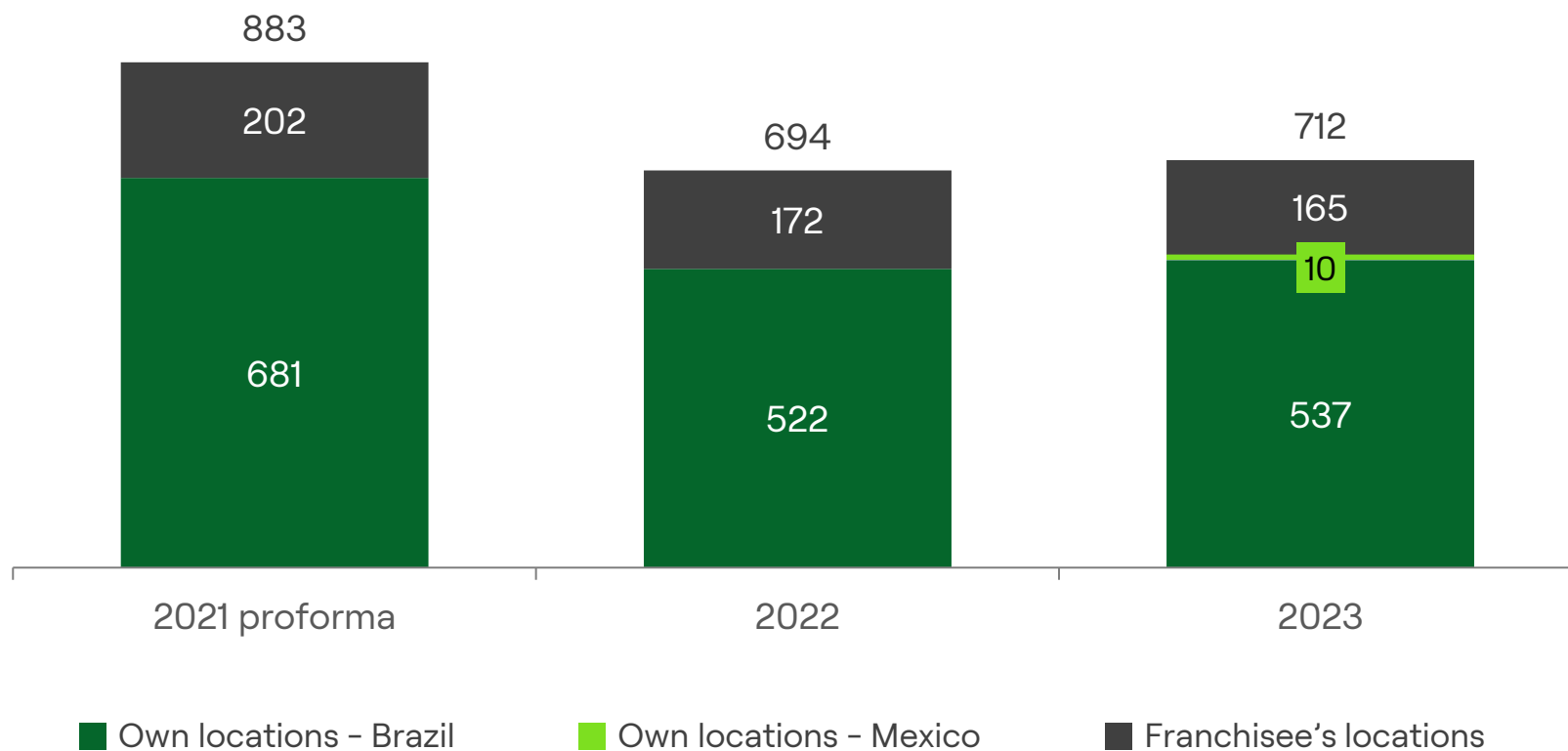
### Rental Rate - Brazil

R\$



—●— Rental Rate - R\$ - -●- Utilization

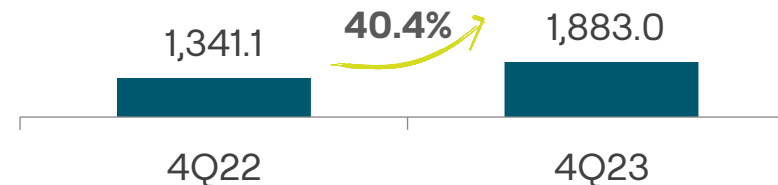
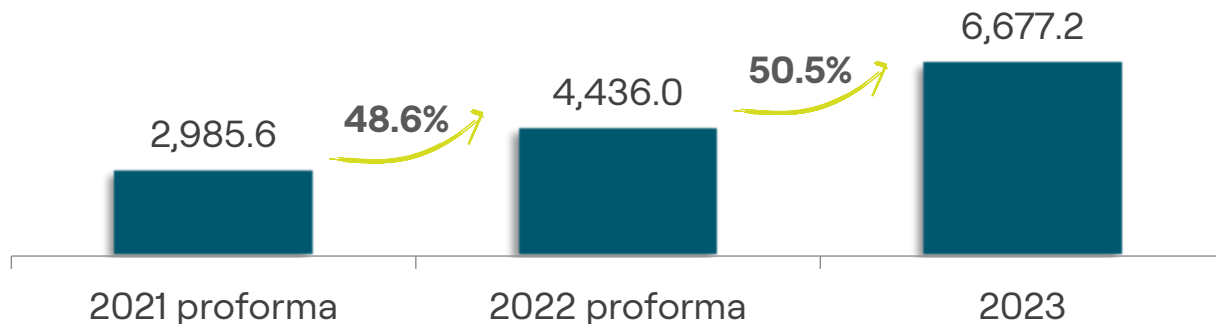
INCREASE IN AVERAGE RENTAL RATE WITH GAIN ON THE UTILIZATION RATE, EVEN IN A QUARTER WITH LARGE FLEET ADITION, REINFORCE THE COMPANY'S COMMERCIAL EXCELLENCE AND DEMAND RESILIENCE

*Quantity*

FROM 2021 TO 2023 THE COMPANY SHOWED ADVANCE IN THE RENTED FLEET, EVEN WITH A LOWER NUMBER OF LOCATIONS (DUE TO THE DISINVESTMENT REQUIRED BY CADE), RESULTED OF THE INCREASED PRODUCTIVITY PER LOCATION

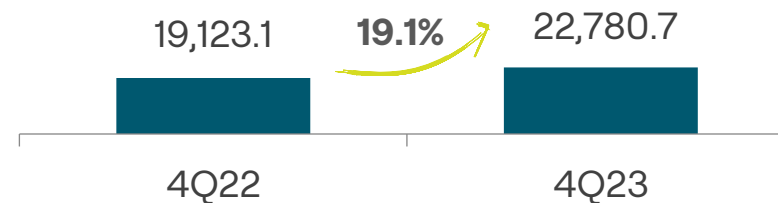
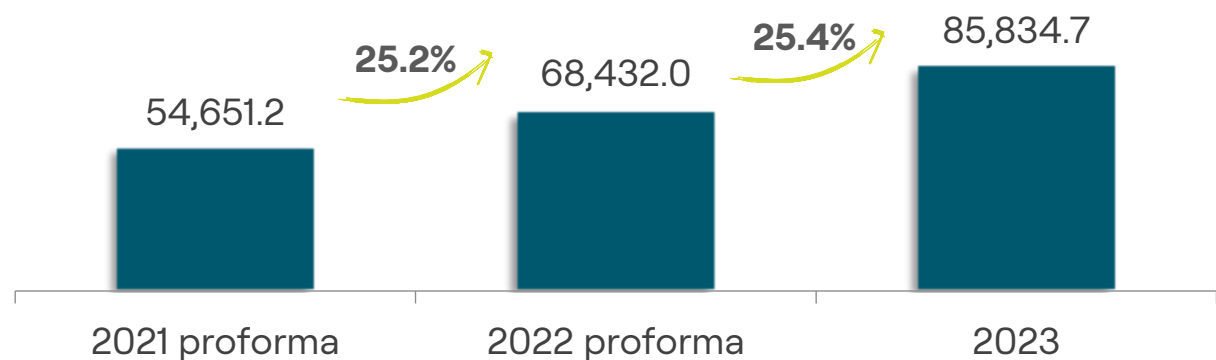
## Net Revenue

R\$ million, including new initiatives' revenues



## Rental Days

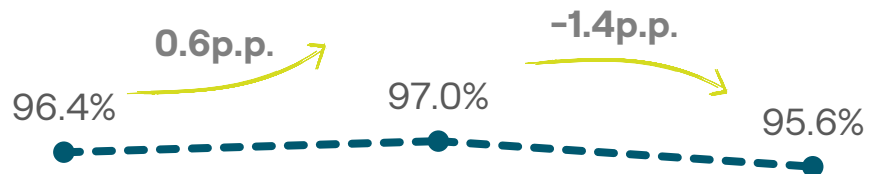
In thousands



ROBUST DEMAND IN FLEET RENTAL AND CAR'S SUBSCRIPTION, CONTRIBUTING TO THE 40.4% ADVANCE IN REVENUE IN 4Q23, COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR

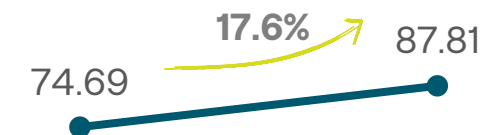
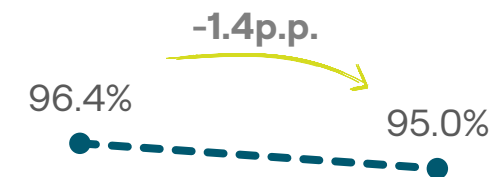
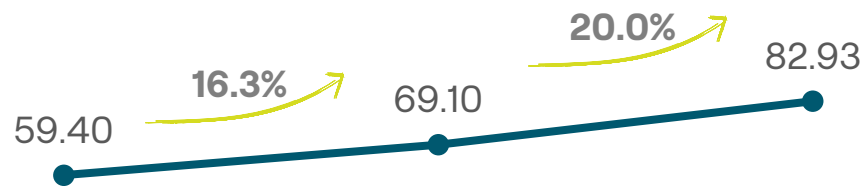
### Utilization Rate

%



### Rental Rate

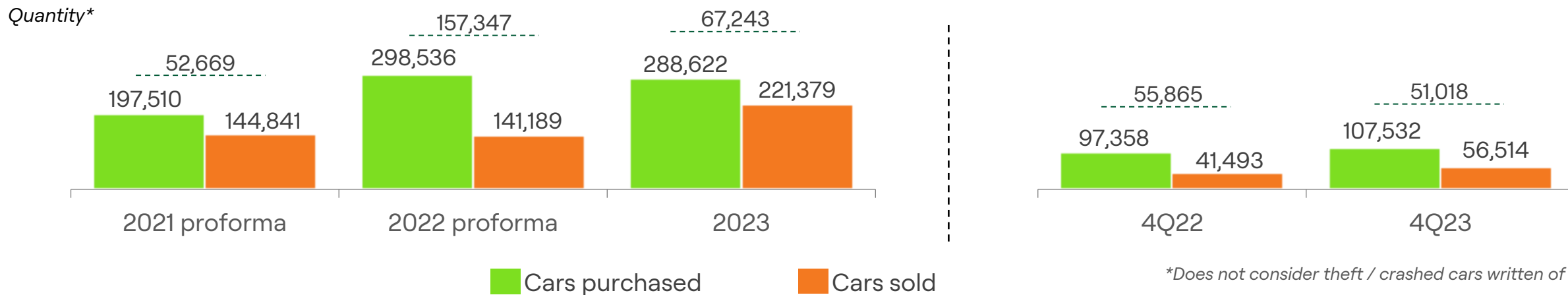
R\$



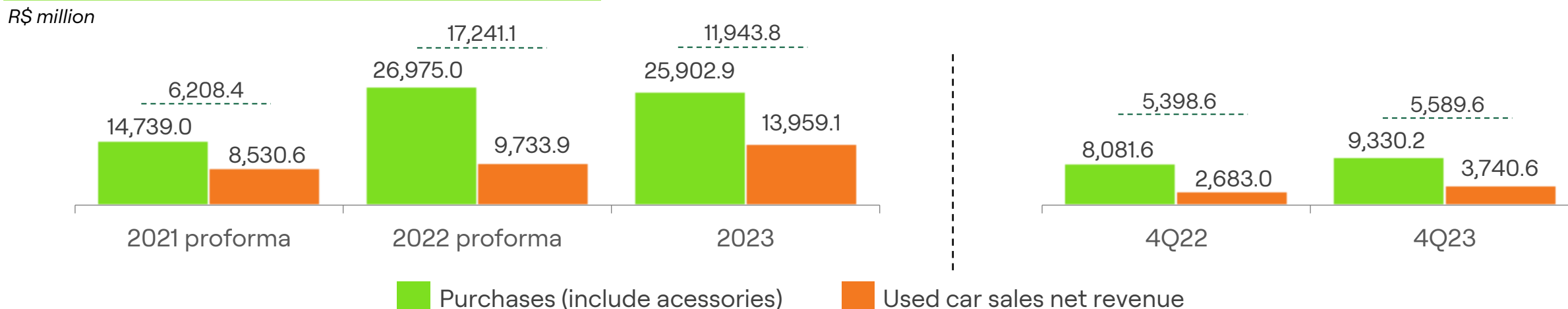
—●— Rental Rate – R\$ —●— Utilization

THE HIGHER AVERAGE DAILY RATE REFLECTS NEW CONTRACTS AND RENEWALS, PRICED IN CONTEXT OF HIGHER CAR PRICES AND HIGH INTEREST RATE

## Car purchase and sales - Brazil

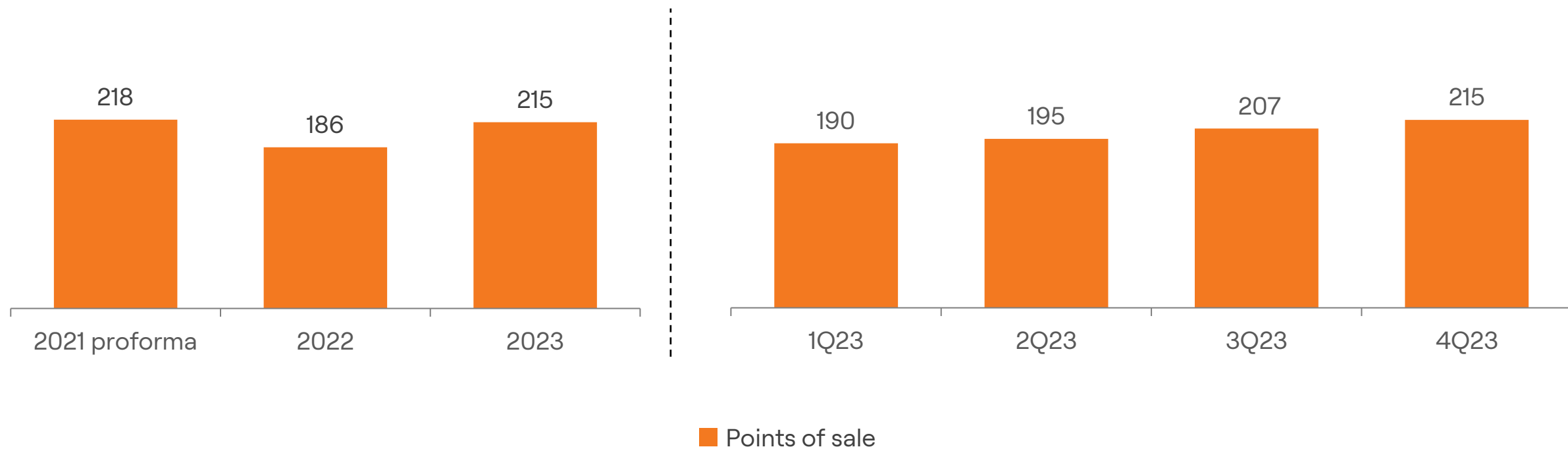


## Net investment in fleet - Brazil



ADDITION OF 67.2 THOUSAND CARS IN THE YEAR, WITH 51.0 THOUSAND CARS IN 4Q23 TO SUPPORT THE HIGH SEASON

Quantity



8 SEMINOVOS STORES OPENED IN THE QUARTER TOTALLING 29 STORES OPENED DURING THE YEAR, TO REBUILD THE SALES NETWORK

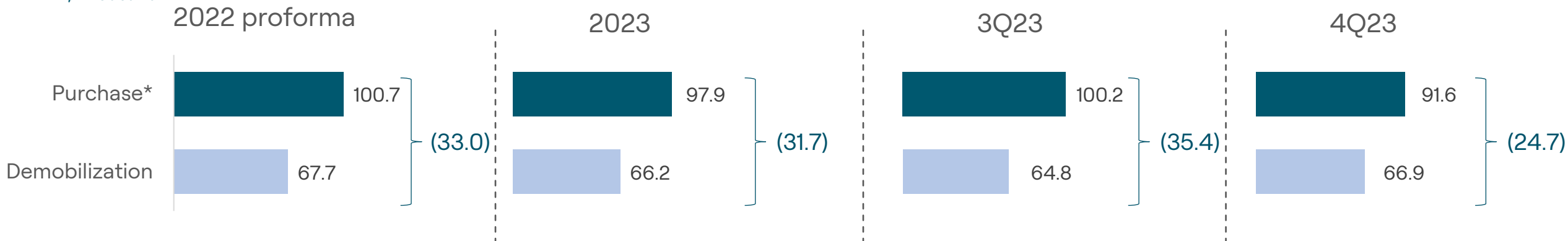
## Average price of purchase and demobilization - Car Rental

R\$ thousand



## Average price of purchase and demobilization - Fleet Rental

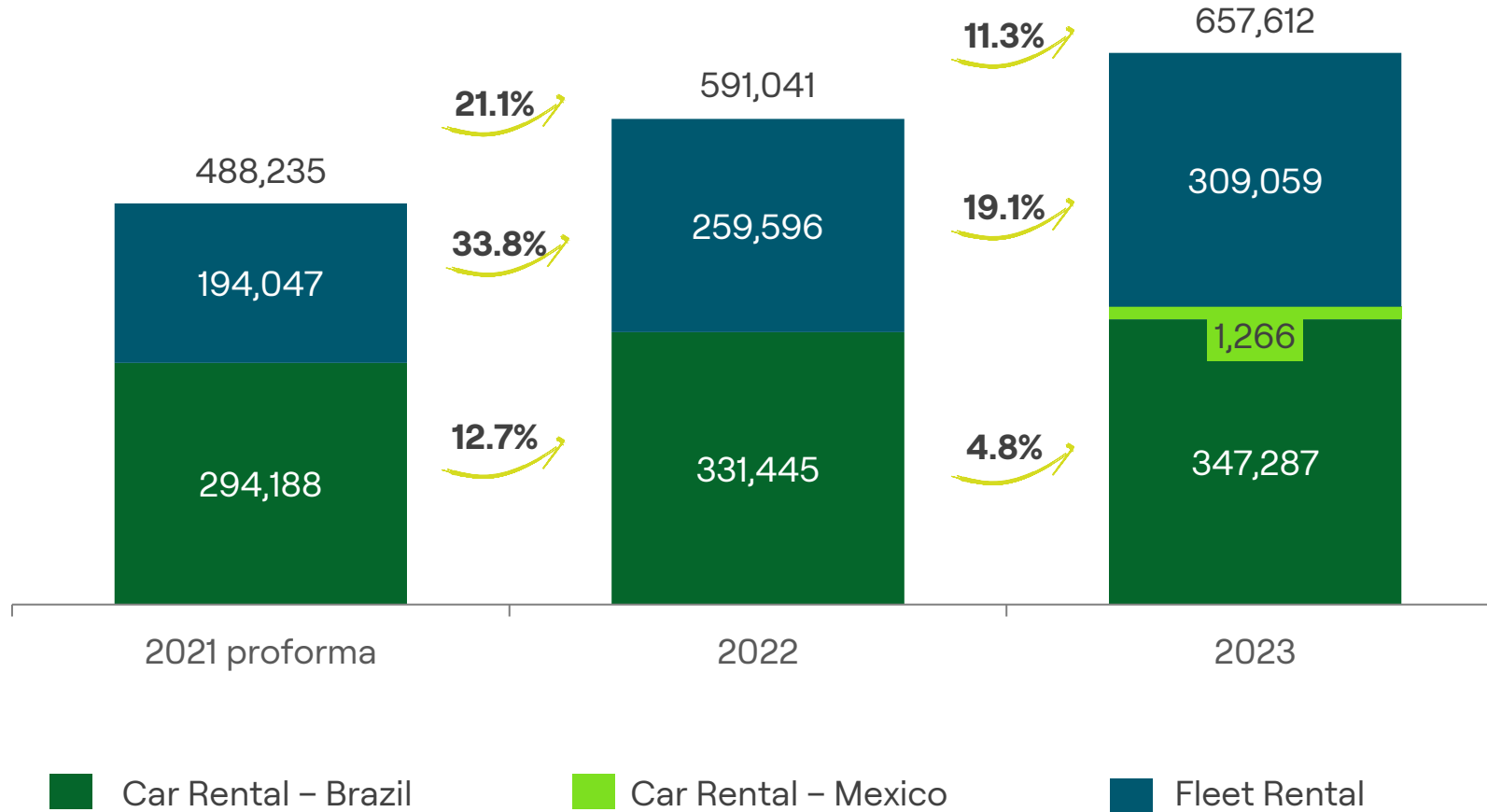
R\$ thousand



\*Purchase price does not include accessories

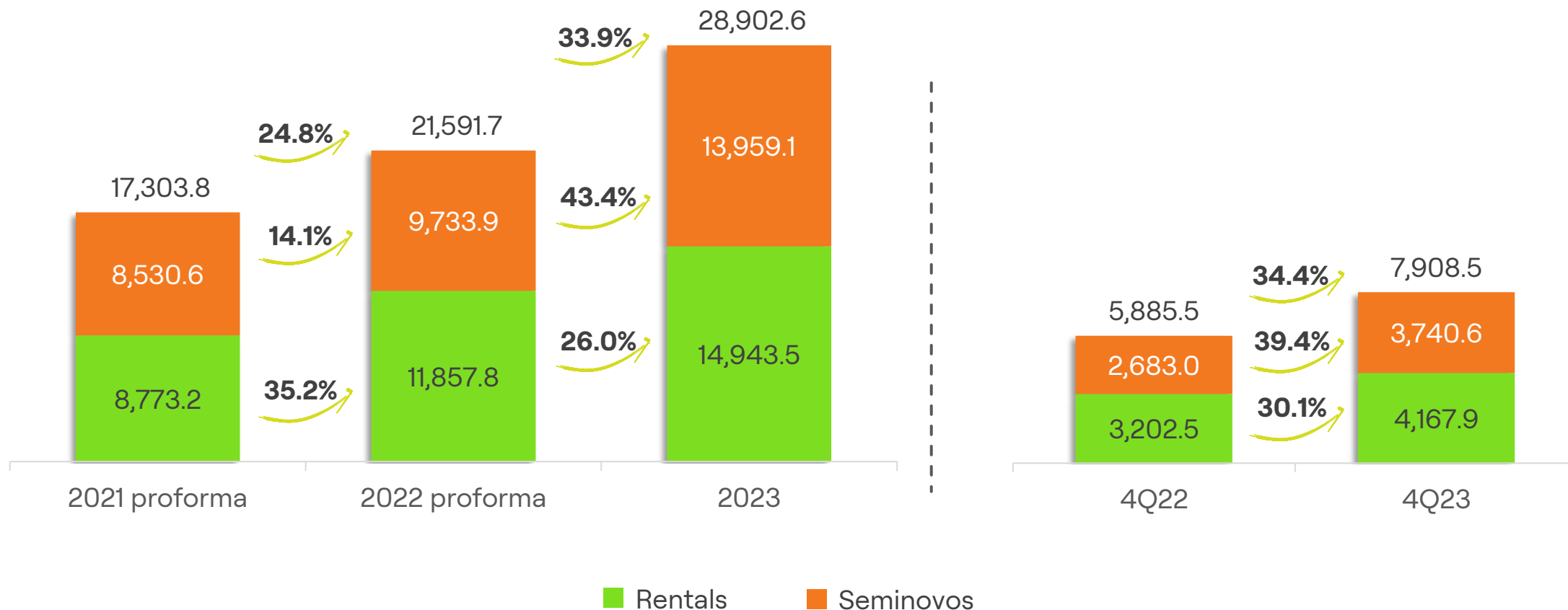
REDUCTION IN RENEWAL CAPEX IN BOTH DIVISIONS WHEN COMPARED WITH 3Q23, REFLECTING THE MIX AND BETTER PURCHASING CONDITIONS IN THE QUARTER

Quantity



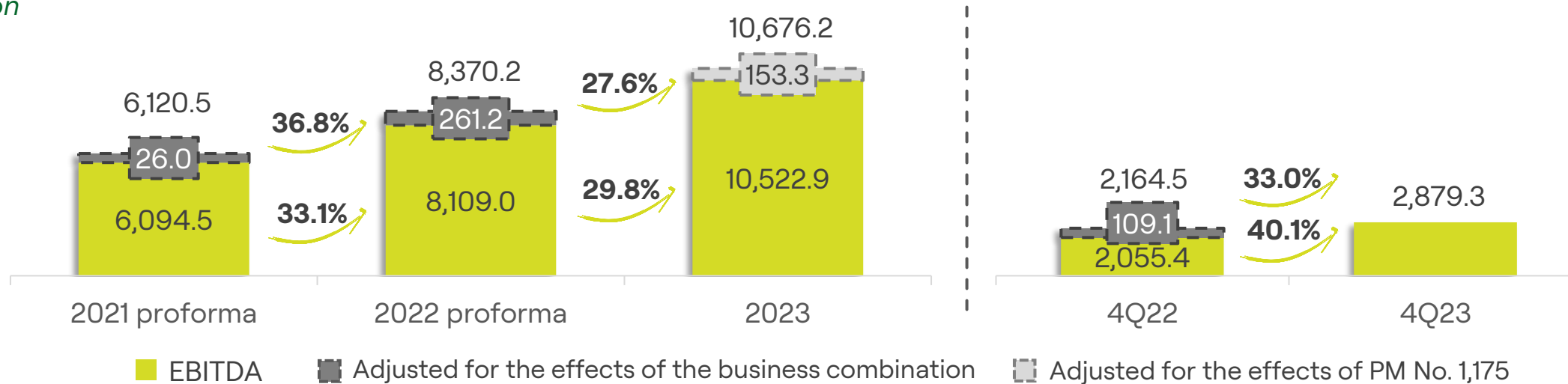
CONSOLIDATED FLEET REACHED 658 THOUSAND CARS, SUPPORTED BY STRONG GROWTH IN BOTH RENTAL DIVISIONS, WITH HIGHLIGHT FOR FLEET RENTAL

R\$ million



**STRONG GROWTH IN CONSOLIDATED NET REVENUE, ADVANCING 33.9% IN THE YEAR AND 34.4% IN THE QUARTER**

R\$ million



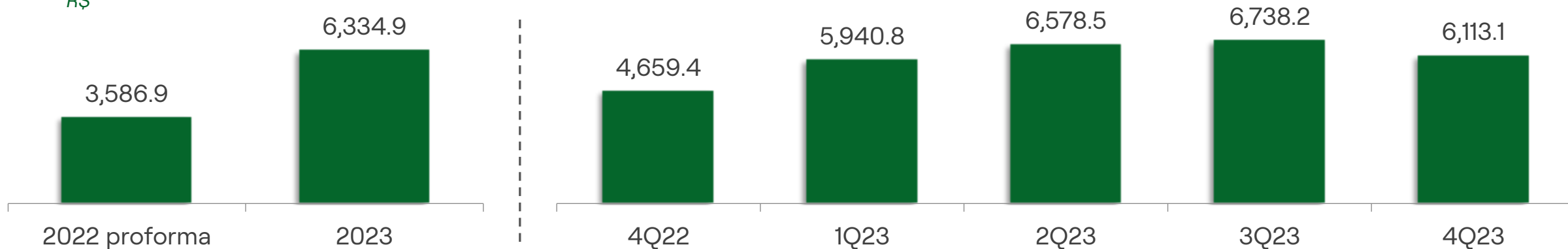
EBITDA Margin:	2021 proforma adjusted*	2022 proforma adjusted*	2023 adjusted*	4Q22 adjusted*	4Q23
Car Rental Brazil and Franchising	49.6%	57.6%	64.4%	61.0%	62.7%
Fleet Rental	65.7%	67.9%	72.6%	66.5%	71.5%
Rental Consolidated	55.1%	61.5%	68.1%	63.3%	66.7%
Rental Consolidated with México	55.1%	61.5%	67.8%	63.3%	66.0%
Seminovos	15.1%	11.2%	4.0%	5.2%	3.5%
Consolidate (over rental revenues)	69.8%	70.6%	71.4%	67.6%	69.1%

\* Adjusted for One-offs related to integration expenses and effects of MP n° 1,175.

CONSOLIDATED EBITDA REACHED R\$2.9 BILLION, A GROWTH OF 27.6% IN 2023 AND 33.0% IN 4Q23

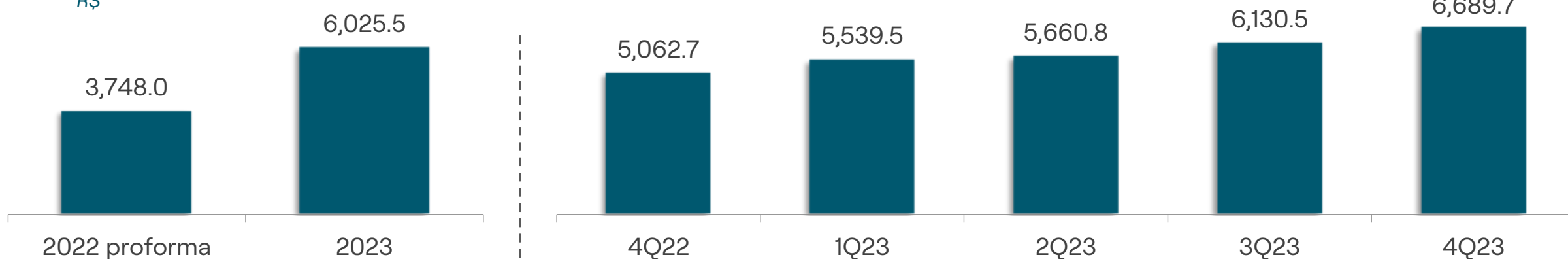
## Car Rental

R\$



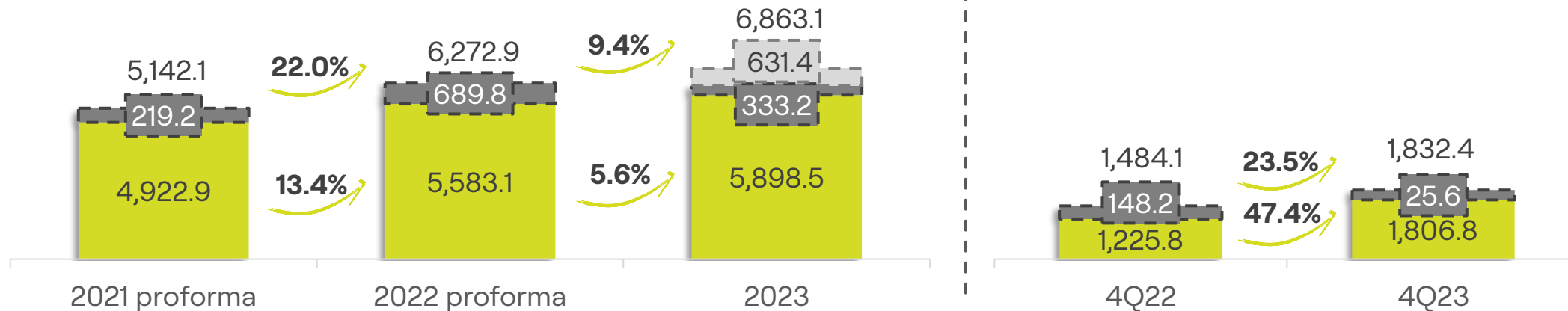
## Fleet Rental

R\$



IN RAC, THE REDUCTION IN DEPRECIATION REFLECTS THE LOWER RELATIVE SHARE OF CARS WITH HIGHER DEPRECIATION IN THE FLEET MIX AND THE EFFECTS OF THE EXCLUSION OF PREPARATION COSTS OF THE DEPRECIATION ASSUMPTIONS

R\$ million



■ EBIT   
 ■ Adjusted for the effects of the business combination   
 ■ Adjusted for the effects of PM No. 1,175

The EBIT Margin includes the result of **Seminovos** and is calculated on rental revenues:

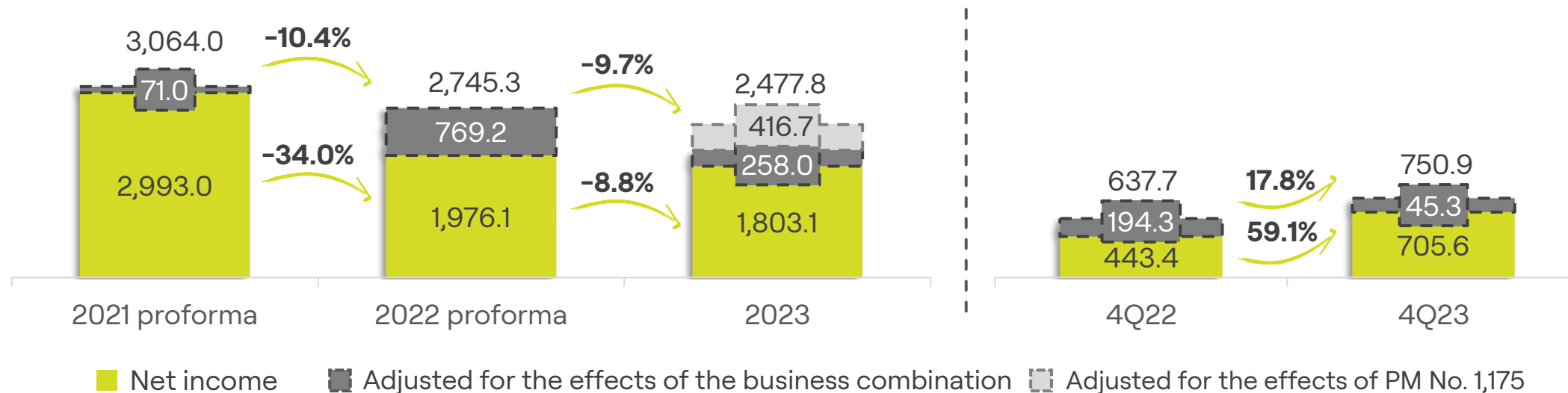
EBIT Margin:	2021 proforma adjusted*	2022 proforma adjusted*	2023 adjusted**	4Q22 adjusted*	4Q23 adjusted*
Car Rental and Franchising	55.2%	49.2%	40.7%	45.1%	41.0%
Fleet Rental	65.3%	59.0%	53.4%	48.0%	49.6%
Consolidated Brazil (over rental revenues)	58.6%	52.9%	46.4%	46.3%	44.9%
Consolidated with México (over rental revenues)	58.6%	52.9%	45.9%	46.3%	44.0%

\*Adjusted for One-offs related to integration expenses, in addition to the amortization of write-up from cars and customers.

\*\* Adjusted for the amortization of the write-up from cars and customers and the effect of MP n° 1,175.

CONSOLIDATED ADJUSTED EBIT REACHED R\$1.8 BILLION, A GROWTH OF 23.5% IN THE QUARTER

R\$ million



EBITDA x Net income reconciliation	2021 proforma	2022 proforma	2023	Var. R\$	Var. %	4Q22	4Q23	Var. R\$	Var. %
Consolidated EBITDA	6.120,5	8.370,2	10.676,2	2.306,0	27,6%	2.164,5	2.879,3	714,8	33,0%
Cars depreciation	(672,6)	(1.762,0)	(3.366,6)	(1.604,6)	91,1%	(609,1)	(922,9)	(313,8)	51,5%
Other PP&E depreciation and amortization	(305,8)	(335,3)	(446,5)	(111,2)	33,2%	(71,3)	(124,0)	(52,7)	73,9%
Equity equivalence result		0,2	-			-	-	-	0,0%
EBIT	5.142,1	6.272,9	6.863,1	590,2	9,4%	1.484,1	1.832,4	348,3	23,5%
Financial expenses, net	(785,0)	(2.726,0)	(4.024,3)	(1.298,3)	47,6%	(748,0)	(974,3)	(226,3)	30,3%
Income tax and social contribution	(1.293,1)	(801,8)	(361,0)	440,8	-55,0%	(98,4)	(107,2)	(8,8)	8,9%
<b>Adjusted net income of the period</b>	<b>3.064,0</b>	<b>2.745,3</b>	<b>2.477,8</b>	<b>(267,5)</b>	<b>-9,7%</b>	<b>637,7</b>	<b>750,9</b>	<b>113,2</b>	<b>17,8%</b>

R\$750.9 MILLION OF NET INCOME IN 4Q23, ADJUSTED FOR THE EFFECTS OF THE FLEET WRITE-UP AND THE TAX LOSS. ACCOUNTING PROFIT GREW 59.1% IN THE THE QUARTER

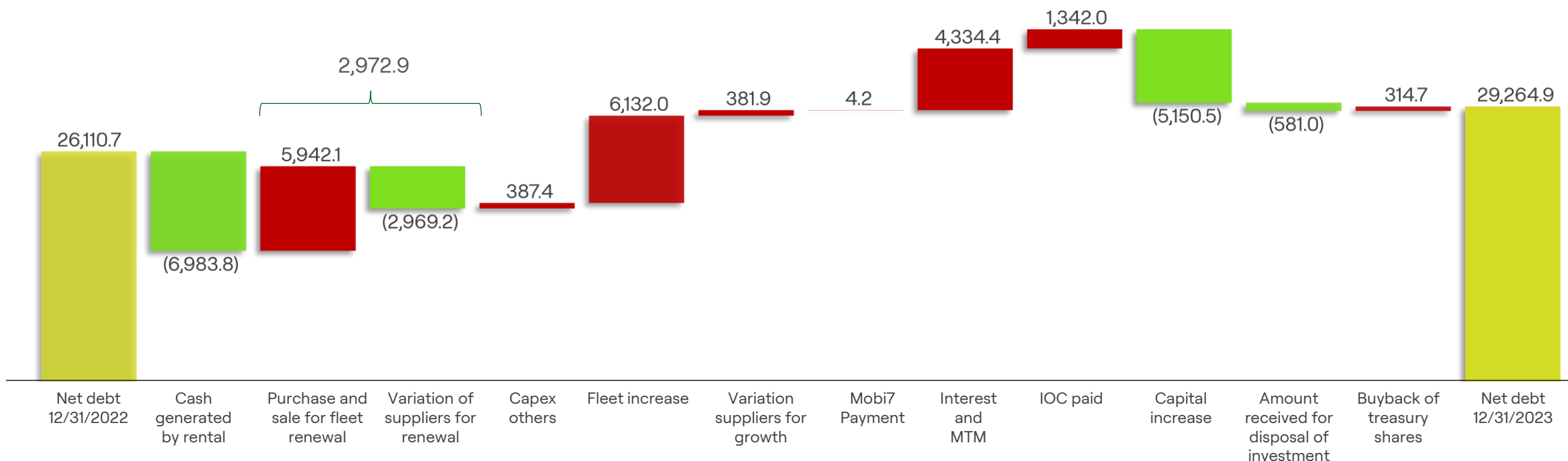
Free cash flow (R\$ million)		2020 actual	2021 actual	2022 actual	2023
Operations	<b>EBITDA</b>	2,468.1	3,697.5	6,589.2	10,522.9
	Used car sale revenue, net of taxes	(6,109.1)	(5,308.0)	(7,833.6)	(13,875.6)
	Net book value of vehicles written-off	5,599.9	4,346.0	6,085.3	12,250.1
	(-) Income tax and social contribution	(250.1)	(307.1)	(83.4)	(130.2)
	Change in working capital	91.6	(568.3)	(1,284.3)	(1,783.4)
	<b>Cash generated by rental operations</b>	<b>1,800.4</b>	<b>1,860.1</b>	<b>3,473.2</b>	<b>6,983.8</b>
Capex renewal	Used car sale revenue, net from taxes – fleet renewal	4,886.9	5,308.0	7,833.6	13,875.6
	Fleet renewal investment	(5,524.1)	(6,366.9)	(9,902.5)	(19,817.7)
	Change in accounts payable to car suppliers for fleet renewal	(466.6)	(282.6)	1,619.6	2,969.2
	<b>Net investment for fleet renewal</b>	<b>(1,103.8)</b>	<b>(1,341.5)</b>	<b>(449.3)</b>	<b>(2,972.9)</b>
	Fleet renewal – quantity	109,379	92,845	118,538	221,379
	Investment, property and intangible	(108.0)	(143.4)	(352.8)	(387.4)
	<b>Free cash flow from operations, before fleet increase or reduction</b>	<b>588.6</b>	<b>375.2</b>	<b>2,671.1</b>	<b>3,623.5</b>
Capex Growth	(Investment) / Divestment in cars for fleet growth	1,222.2	(1,289.0)	(12,636.4)	(6,132.0)
	Change in accounts payable to car suppliers	(522.5)	571.6	2,298.3	(381.9)
	<b>Net investment for fleet growth</b>	<b>699.7</b>	<b>(717.4)</b>	<b>(10,338.1)</b>	<b>(6,513.9)</b>
	Fleet increase / (reduction) – quantity	(26,111)	18,665	136,391	68,505
	<b>Free cash flow after growth</b>	<b>1,288.3</b>	<b>(342.2)</b>	<b>(7,667.0)</b>	<b>(2,890.4)</b>
Other invest.	Acquisitions - except fleet value	(7.9)	(3.6)	(11.5)	(4.2)
	<b>Free cash generated (applied) before interest and others</b>	<b>1,280.4</b>	<b>(345.8)</b>	<b>(7,678.5)</b>	<b>(2,894.6)</b>

For the FCF, short term financial investments were considered as cash

**STRONG OPERATIONAL CASH, CONSUMED BY GREATER RENEWAL AND GROWTH CAPEX**

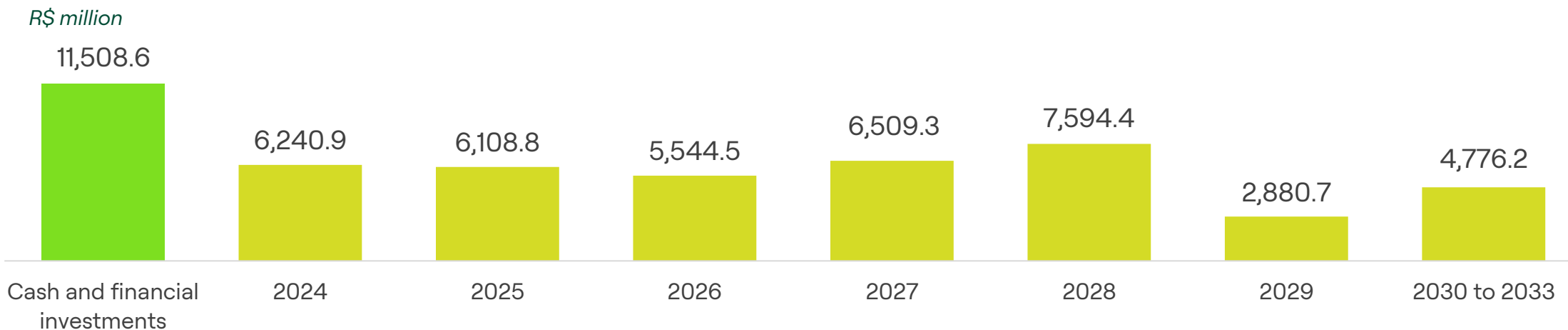
As of 12/31/2023

R\$ million

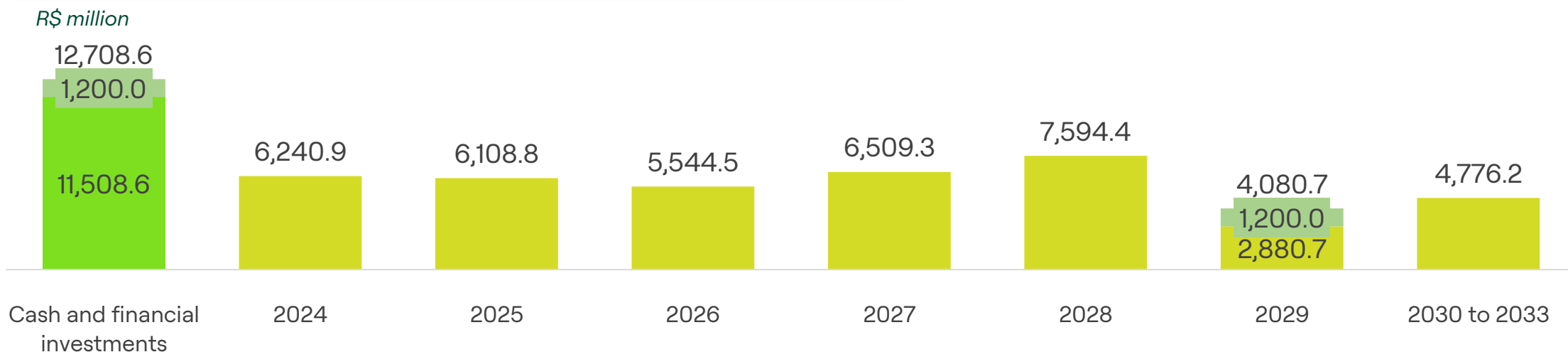


THE COMPANY ENDED THE PERIOD WITH NET DEBT OF R\$29.3 BILLION

## As of 12/31/2023



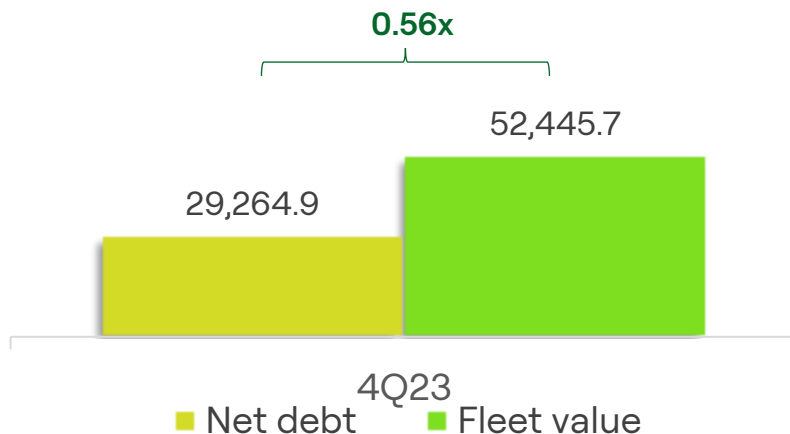
## Proforma after issuances and amortizations in Jan/24



**R\$11.5 BILLION IN CASH AND ACTIVE DEBT MANAGEMENT**

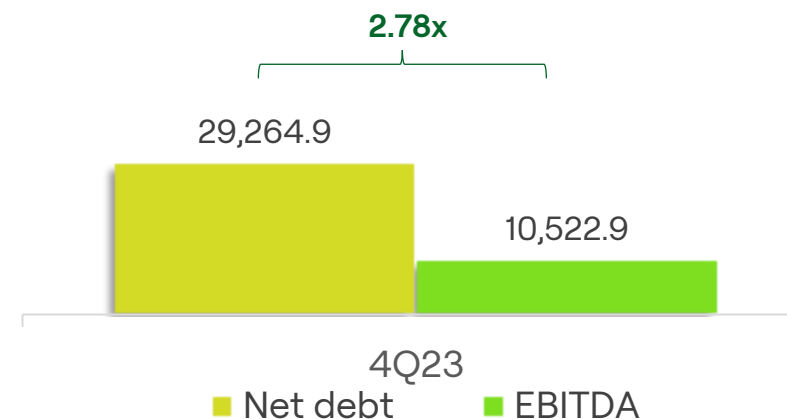
## Net debt vs. Book value

R\$ million



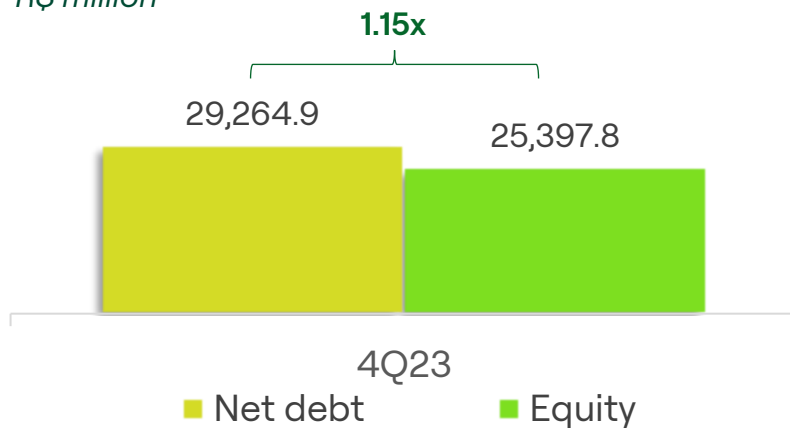
## Net debt vs. EBITDA LTM

R\$ milhões



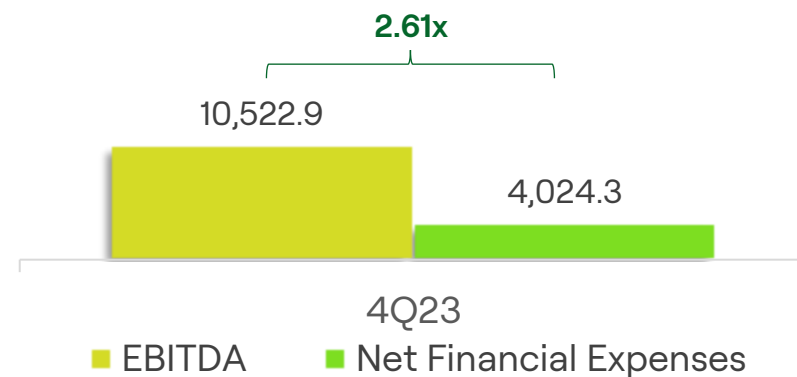
## Net debt vs. Equity

R\$ million

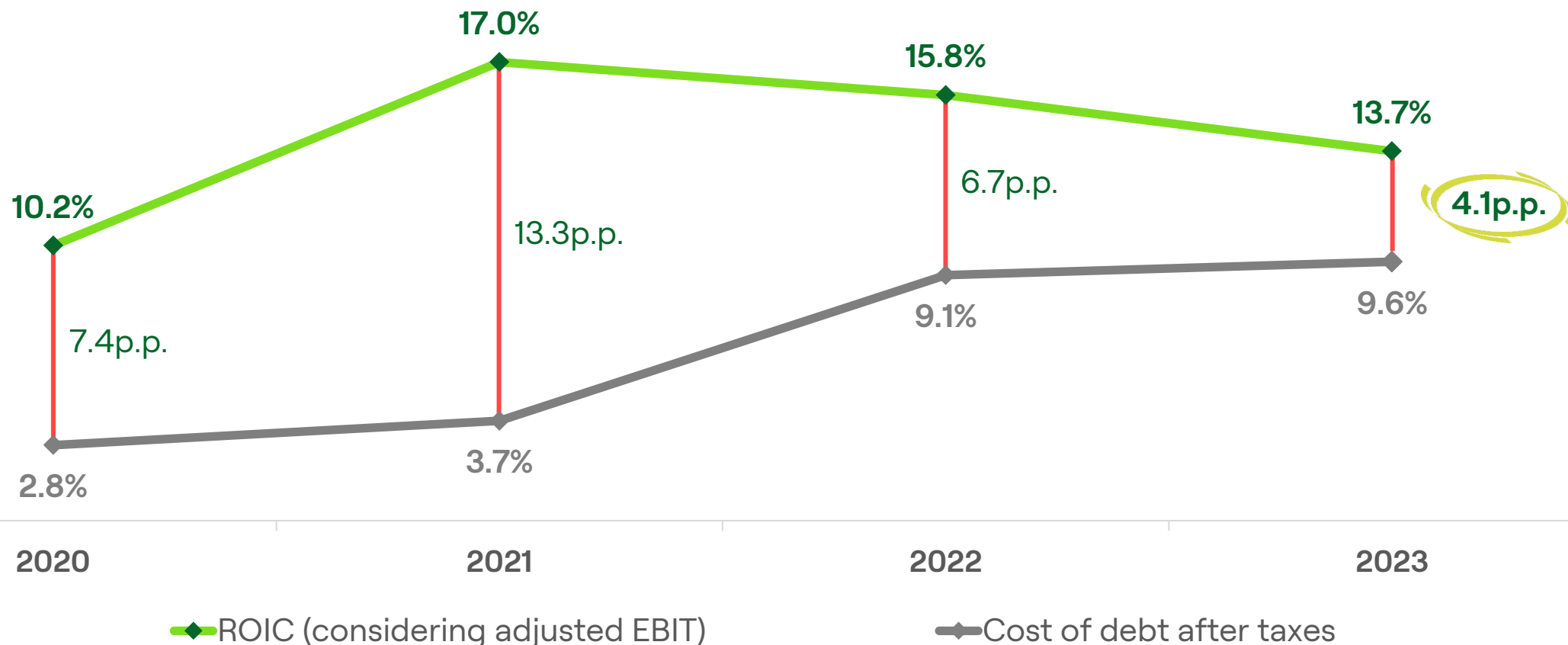


## EBITDA vs. Net financial expenses LTM

R\$ million



COMFORTABLE DEBT RATIOS, MAINLY EVIDENCED BY THE NET DEBT TO THE FLEET VALUE



ROIC calculated:

NOPAT = EBIT X (1 - effective income tax rate); Invested Capital = Net Debt + Shareholders' Equity - Goodwill

ANNUALIZED ROIC OF 13.7%, WITH A SPREAD OF 4.1P.P., REFLECTION OF THE ADVERSE MARKET FOR CAR SALES, IN ADDITION TO THE CAPITAL BASE BROUGHT BY THE BUSINESS COMBINATION, PRICED AT LOWER SPREADS

# Q&A

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