

# Webcast 2Q21



The best car rental  
option for app drivers.



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Índice  
Brasil 50 **IBRX 50**

Índice  
Carbono  
Eficiente **ICO2**

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

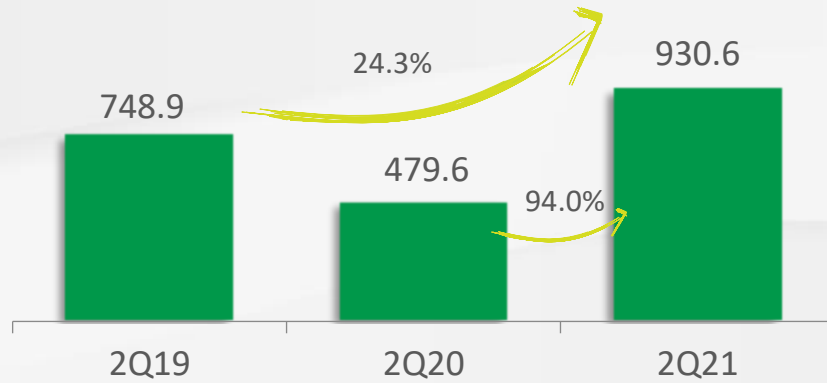
**OTCQX**

 **Localiza**

# RENTAL HIGHLIGHTS

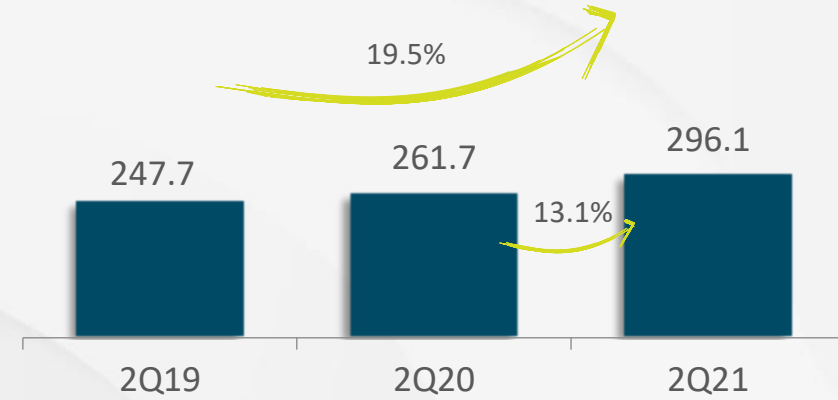
## Revenue – Car Rental

R\$ million, including royalties



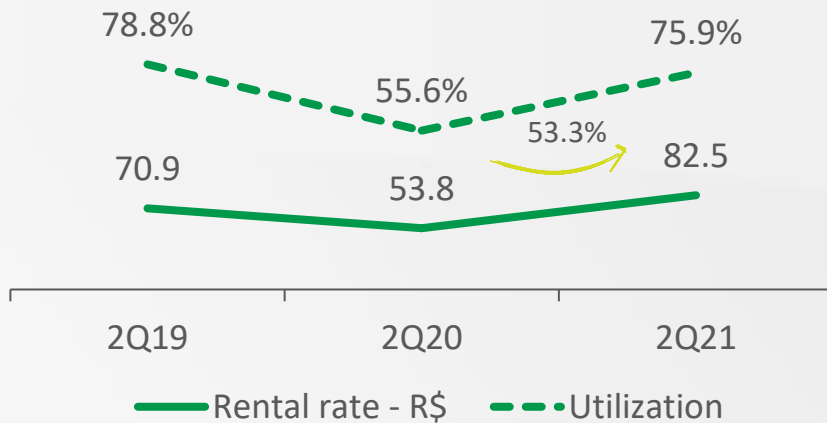
## Revenue – Fleet Rental

R\$ million



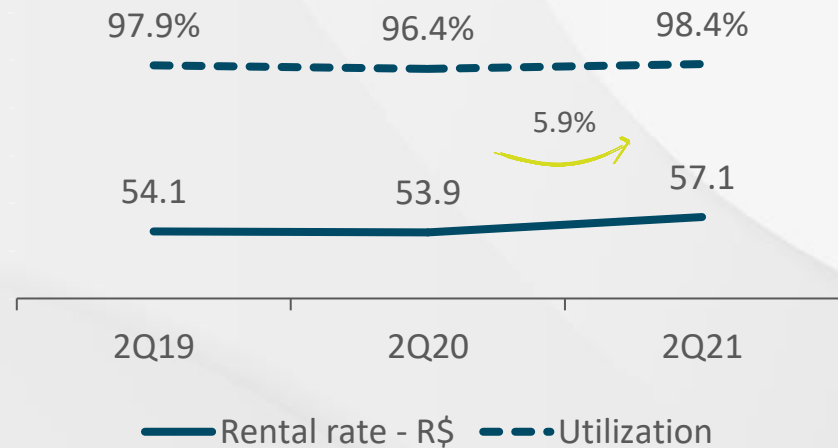
## Average rental rate (in R\$) and Utilization rate (%)

Car Rental



## Average rental rate (in R\$) and Utilization rate (%)

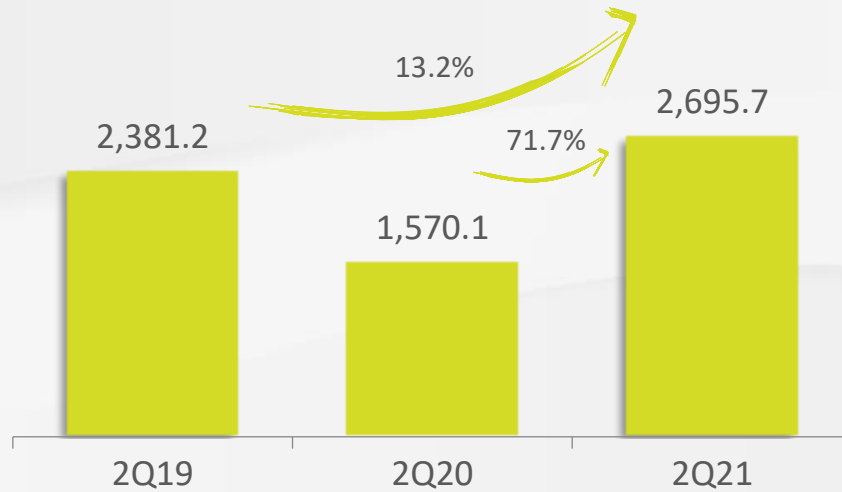
Fleet Rental



# FINANCIAL HIGHLIGHTS

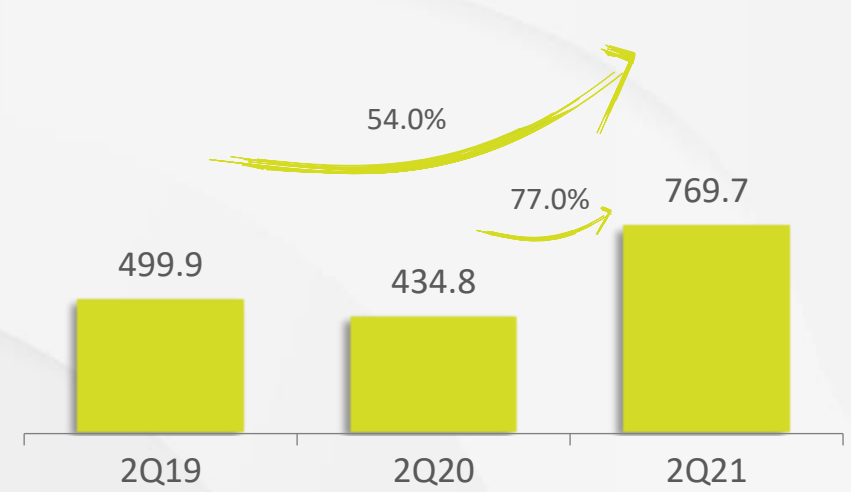
## Net revenues

R\$ million



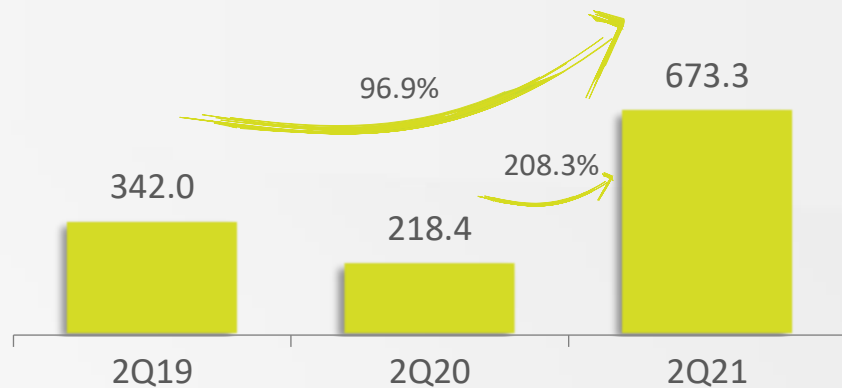
## EBITDA

R\$ million



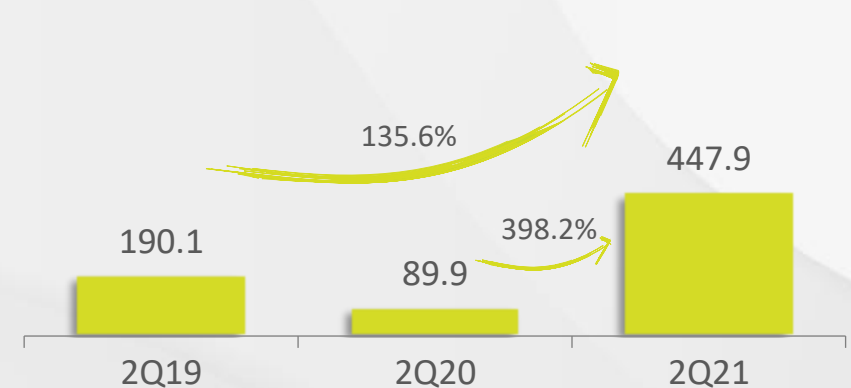
## EBIT

R\$ million



## Net income

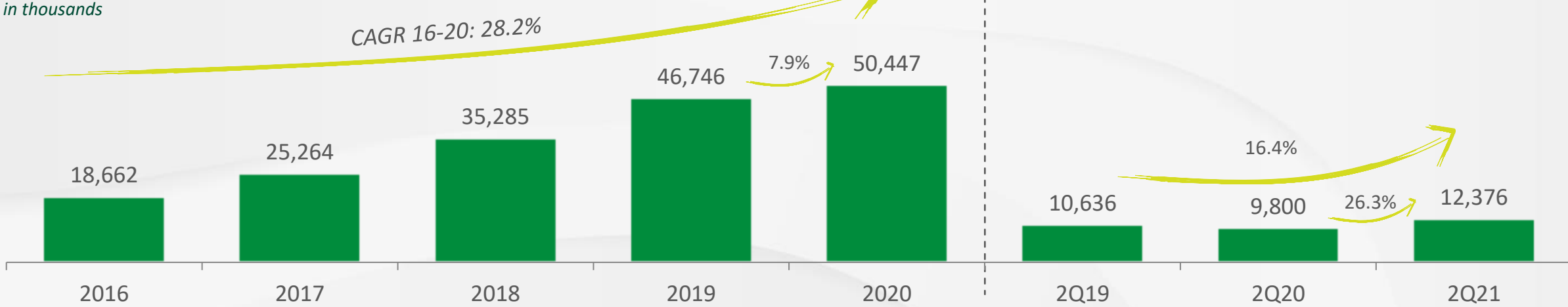
R\$ million



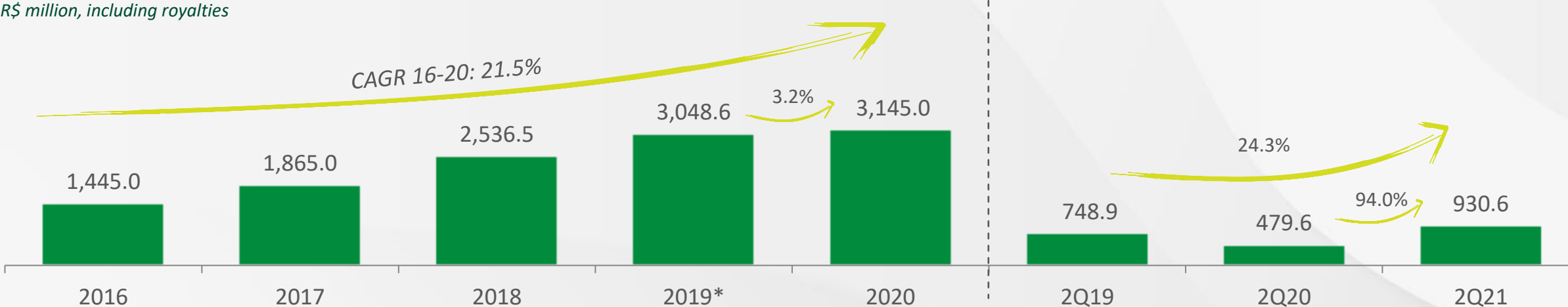
STRONG LEVELS OF PROFITABILITY AT A TIME WHEN THE FOCUS IS ON ADEQUATE CAPITAL ALLOCATION AND ASSET MANAGEMENT

# CAR RENTAL

## Number of rental days



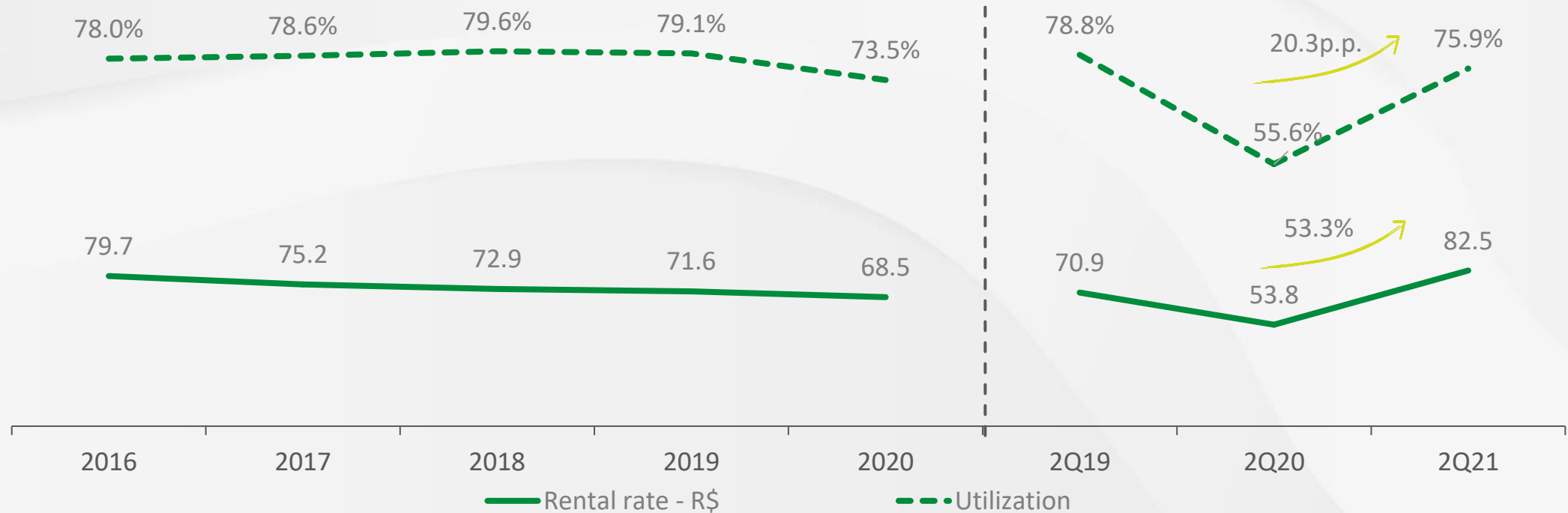
## Net revenues



(\* ) From 2019 the Company began to record PIS and COFINS credits in SG&A. Before, those credits were recorded as a reduction of sales taxes.

**EFFICIENT PRICE AND MIX MANAGEMENT, AIMING BETTER USE OF THE FLEET IN THE CONTEXT OF LIMITED CAR SUPPLY, RESULTED IN 94.0% REVENUE GROWTH AS COMPARED TO 2Q20**

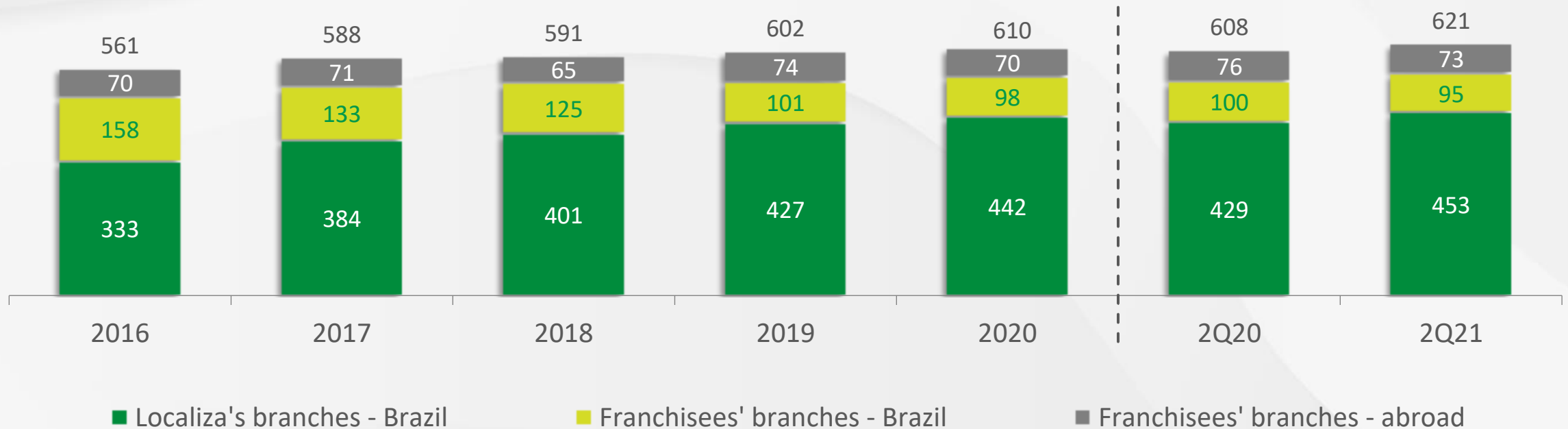
# CAR RENTAL



THE SECOND WAVE OF THE PANDEMIC IMPACTS OUR VOLUMES ESPECIALLY IN APRIL, AFFECTING THE UTILIZATION RATE OF THE QUARTER. AS PRICE AND SEGMENT MIX MANAGEMENT YIELDS A RESILIENT AVERAGE DAILY

# CAR RENTAL NETWORK EVOLUTION

Number of car rental locations - Brazil and abroad

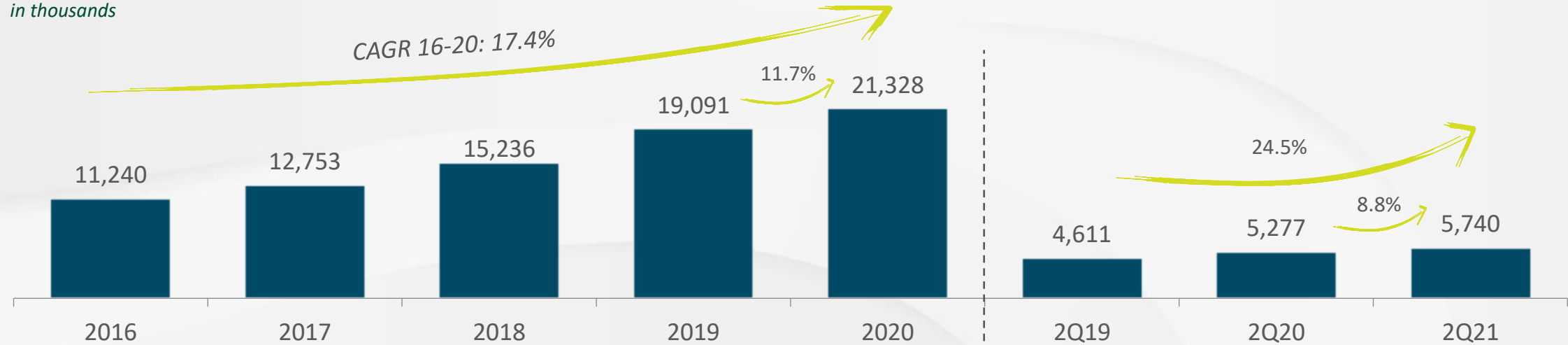


INVESTMENTS MADE TO EXPAND THE NETWORK WITH 24 NEW AGENCIES IN THE LAST 12 MONTHS

# FLEET RENTAL

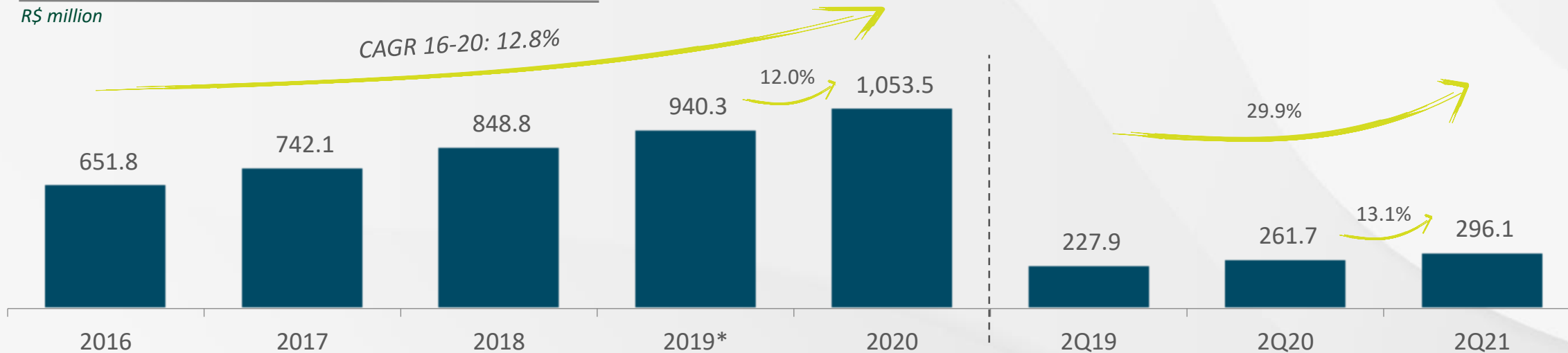
## Number of rental days

in thousands



## Net revenues

R\$ million



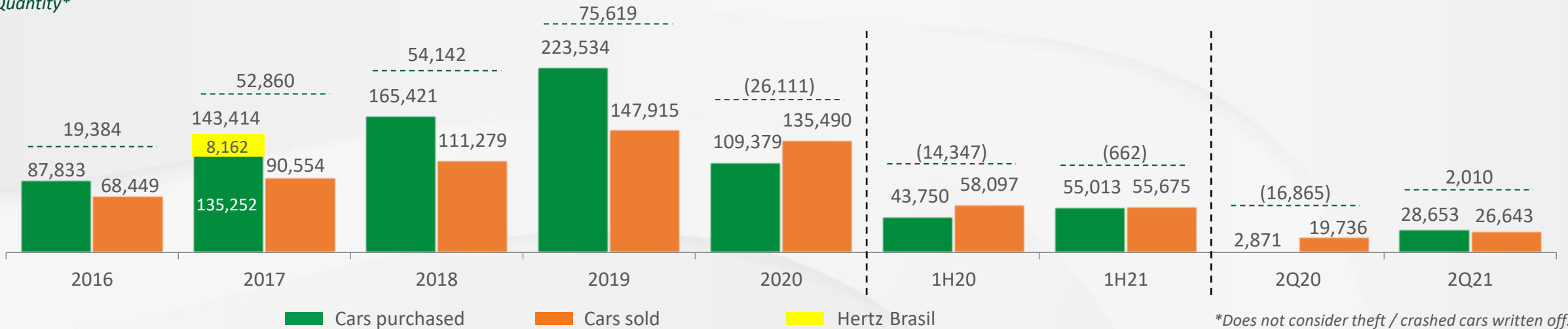
(\*) From 2019 the Company began to record PIS and COFINS credits in SG&A. Before, those credits were recorded as a reduction of sales taxes.

**8.8% INCREASE IN VOLUMES AND 5.9% IN AVERAGE RENTED FLEET, RESULTING IN 13,1% INCREASE IN THE 2Q21 NET REVENUE**

# NET INVESTMENT

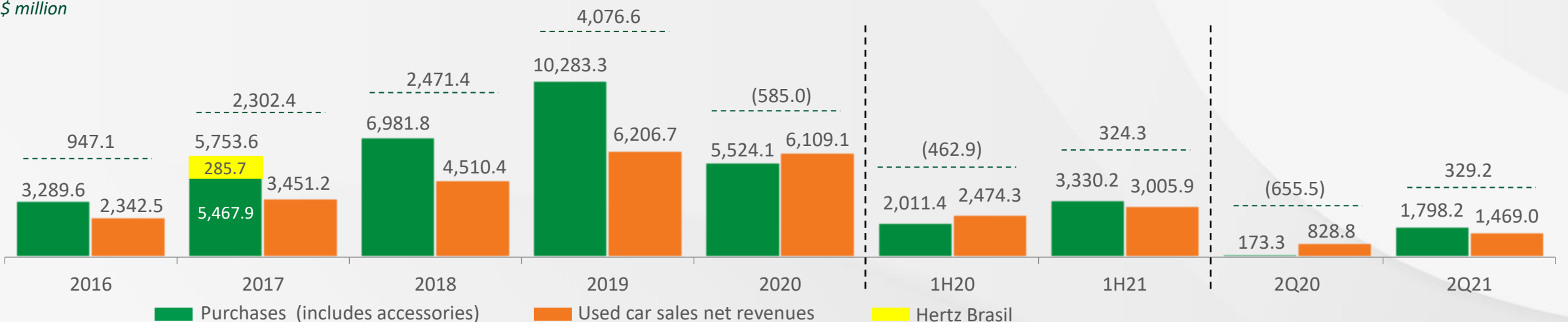
## Car purchase and sales

Quantity\*



## Net investment in fleet

R\$ million

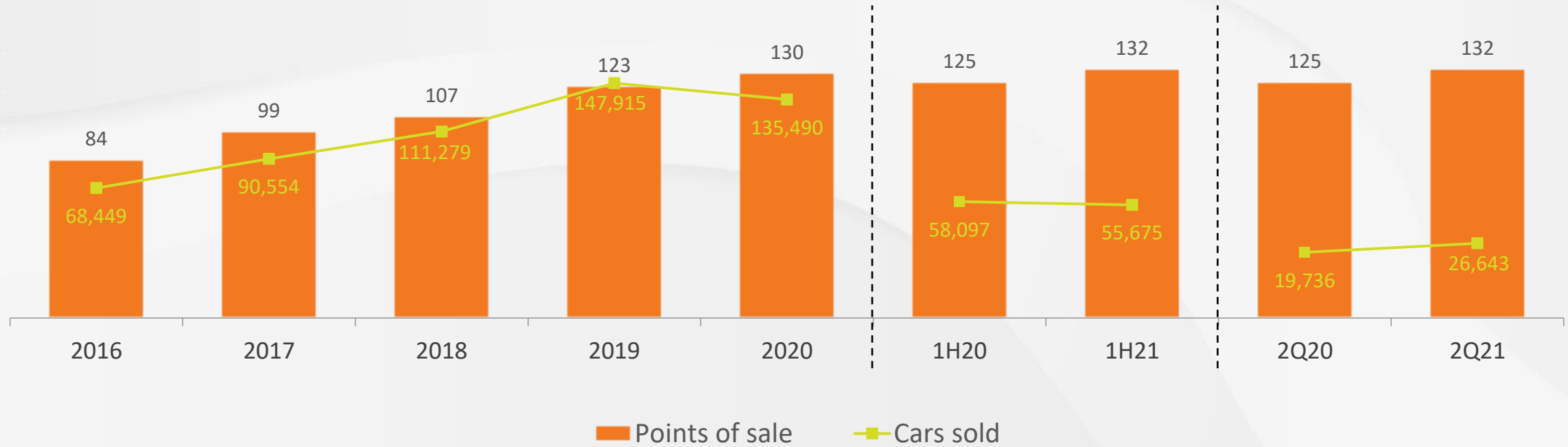


STILL WITH THE RESTRICTED CAR SUPPLY, THE COMPANY MANAGED TO EXPAND THE PURCHASES TO 28,653 CARS AND CONTINUED REDUCING THE DECOMMISSIONING PACE, RESULTING IN A NET PURCHASE OF 2,010 CARS IN 2Q21



# SEMINOVOS

## Number of points of sale and used cars

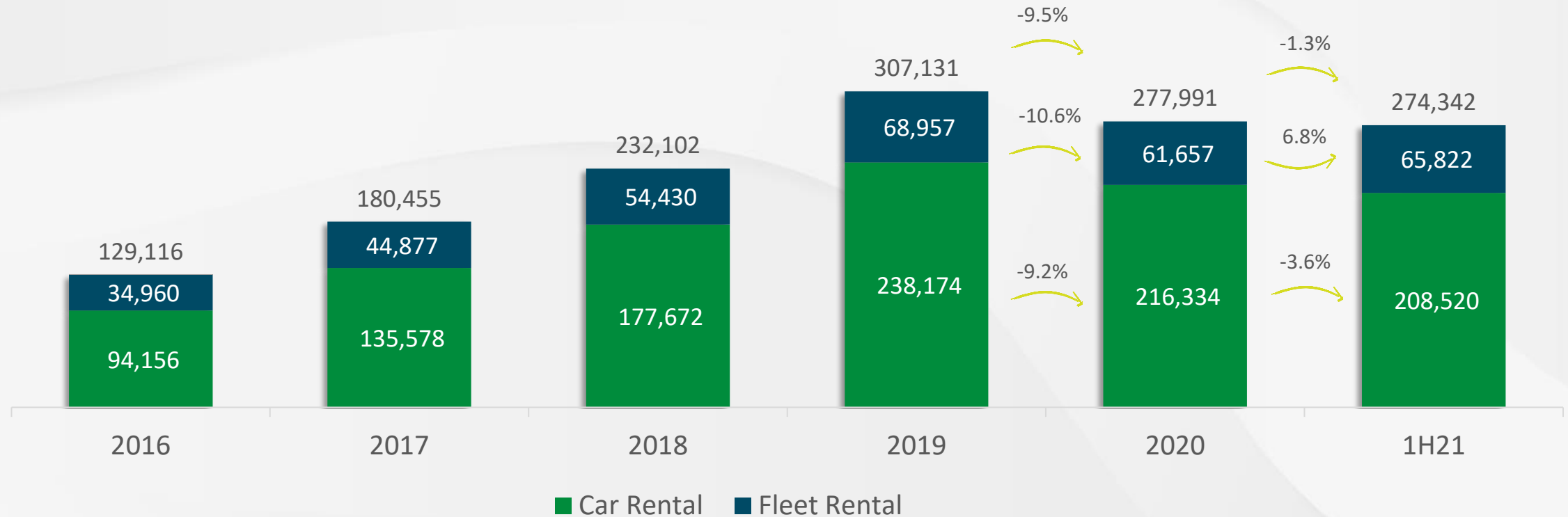


	2016	2017	2018	2019	2020	Var. %	1H20	1H21	Var. %	2Q20	2Q21	Var. %
Average price of cars sold (R\$ thousand)	34.3	38.2	40.6	42.1	45.2	7.4%	42.7	54.0	26.7%	42.0	55.2	31.3%

THE COMPANY STILL MAINTAINS REDUCED SALES PACE.  
THE VOLUME DECREASE IS COMPENSATED BY HIGHER PRICES, RESULTED FROM RISES IN NEW CAR PRICES AND STRONG DEMAND

# END OF PERIOD FLEET

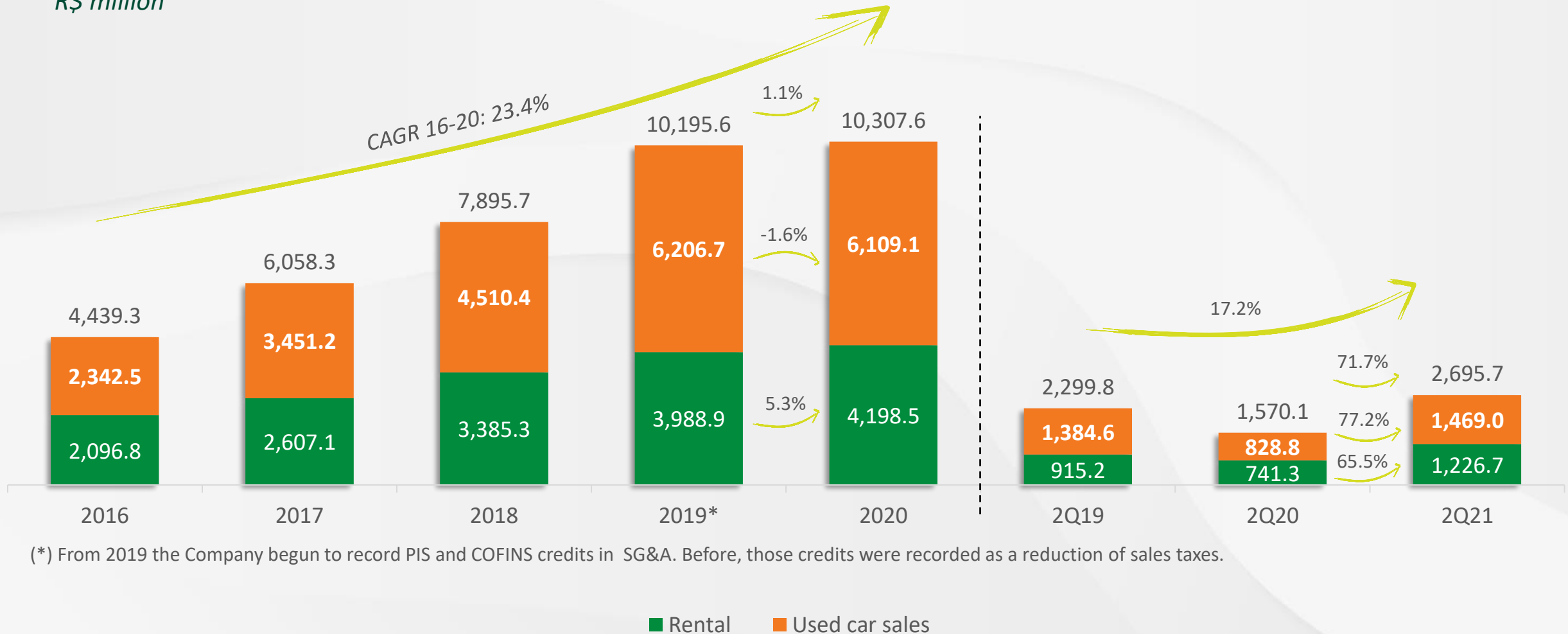
Quantity



CAR RESTRICTION SCENARIO REMAINS AND THE COMPANY REMAINS AUSTERE AND CAREFUL IN THE ALLOCATION OF CAPITAL, RESTRICTING THE DECOMMISSIONING PACE, AIMING TO MINIMIZE THE IMPACTS ON THE FLEET SIZE

# CONSOLIDATED NET REVENUES

R\$ million

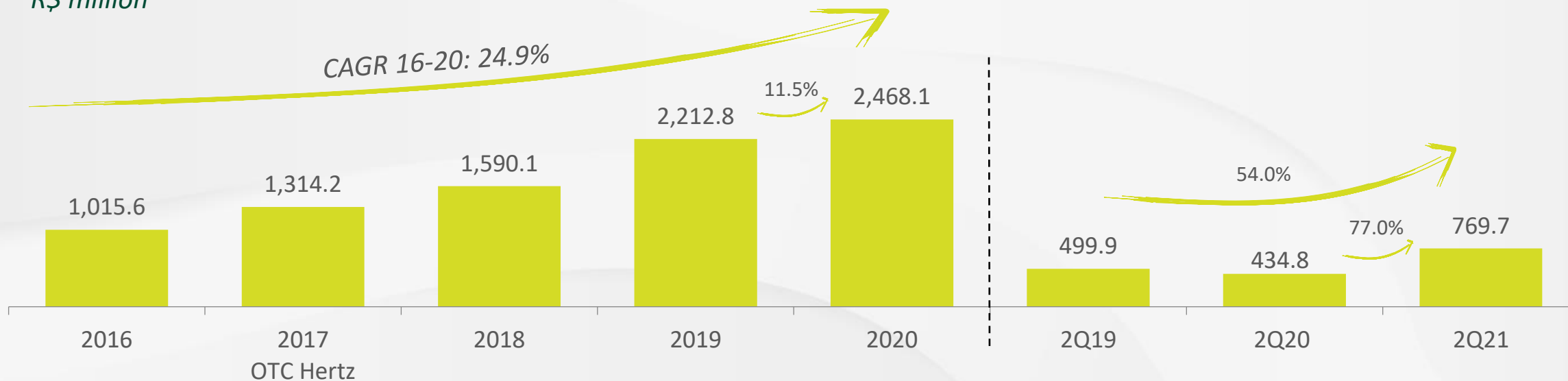


(\*) From 2019 the Company began to record PIS and COFINS credits in SG&A. Before, those credits were recorded as a reduction of sales taxes.

**RENTAL REVENUE INCREASES 65.5%, WHILE THE REVENUE OF USED CAR SALES INCREASES 77.2% YOY**

# CONSOLIDATED EBITDA

R\$ million



EBITDA margin:	2016	2017*	2018	2019**	2020	2Q19	2Q20	1Q21	2Q21
Car Rental and Franchising	32.4%	34.9%	35.9%	45.7%	45.3%	43.9%	53.1%	42.9%	38.6%
Fleet Rental	64.5%	61.9%	64.0%	67.7%	72.4%	65.2%	81.4%	63.6%	65.9%
Rental Consolidated	42.3%	42.6%	43.0%	50.9%	52.1%	49.3%	63.1%	47.5%	45.2%
Used Car Sales	5.5%	5.9%	3.0%	3.0%	4.6%	3.5%	-4.0%	13.5%	14.6%
Consolidated (on rental revenue)	48.4%	50.4%	47.0%	55.5%	58.8%	50.2%	58.7%	63.9%	62.7%

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

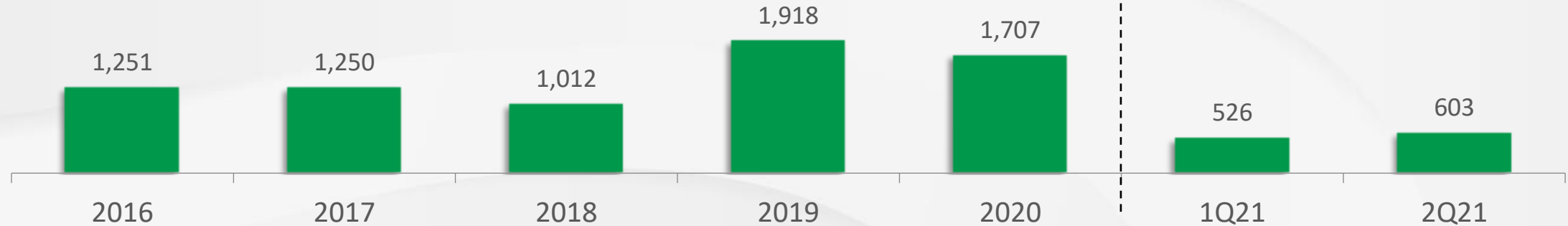
(\*\*) From 2019, EBITDA margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period, in the Car Rental and Fleet Rental divisions

CONSOLIDATED EBITDA GROWS 77.0% YOY. COMPARING TO THE 1Q21 THE CAR RENTAL MARGIN REFLECTS THE DROP IN VOLUMES AND THE EFFECT OF HIGHER MAINTENANCE, WHILE FLEET RENTAL AND USED CAR SALES ADVANCE IN PROFITABILITY

# AVERAGE ANNUALIZED DEPRECIATION PER CAR

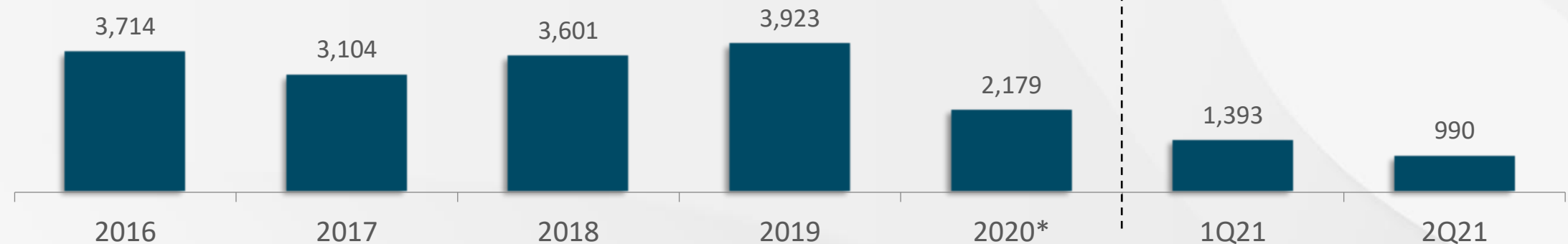
## Car Rental

In R\$



## Fleet Rental

In R\$

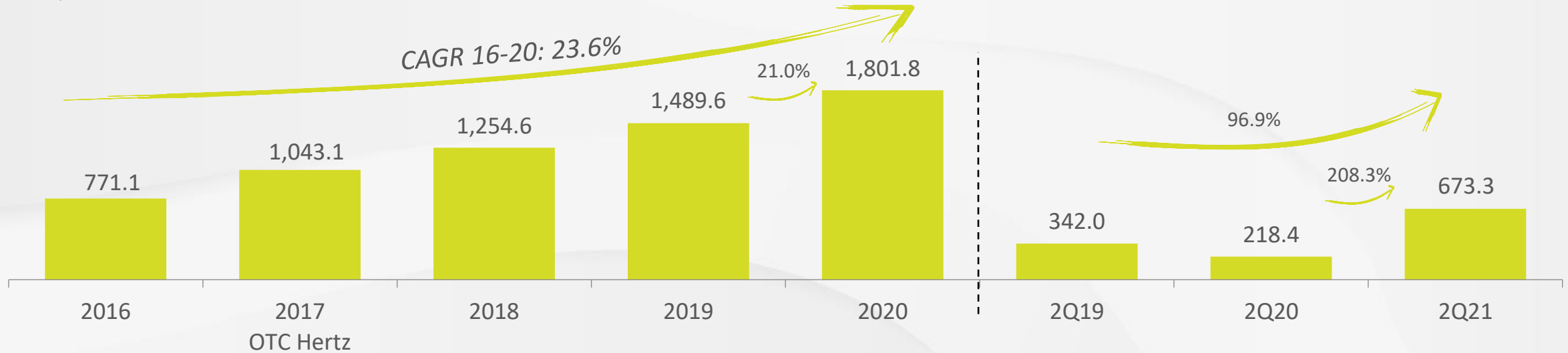


(\*) Since 2020, the Company began depreciating the Fleet Rental cars using the linear method opposed to the SOYD (Sum-of-the-years' digits)

ADDITIONAL INCREASE IN CAR PRICES KEEP THE DEPRECIATION LOWER IN THE QUARTER

# CONSOLIDATED EBIT

R\$ million



EBIT margins include **Seminovos** and is calculated over the rental revenues:

	2016	2017*	2018	2019**	2020	2Q19	2Q20	1Q21	2Q21
Car Rental and Franchising	30.2%	35.2%	33.2%	33.7%	35.1%	34.3%	8.5%	53.3%	49.1%
Fleet Rental	51.2%	51.4%	48.6%	49.1%	66.4%	46.4%	67.9%	66.5%	73.2%
Consolidated	36.8%	40.0%	37.1%	37.3%	42.9%	37.4%	29.5%	56.2%	54.9%

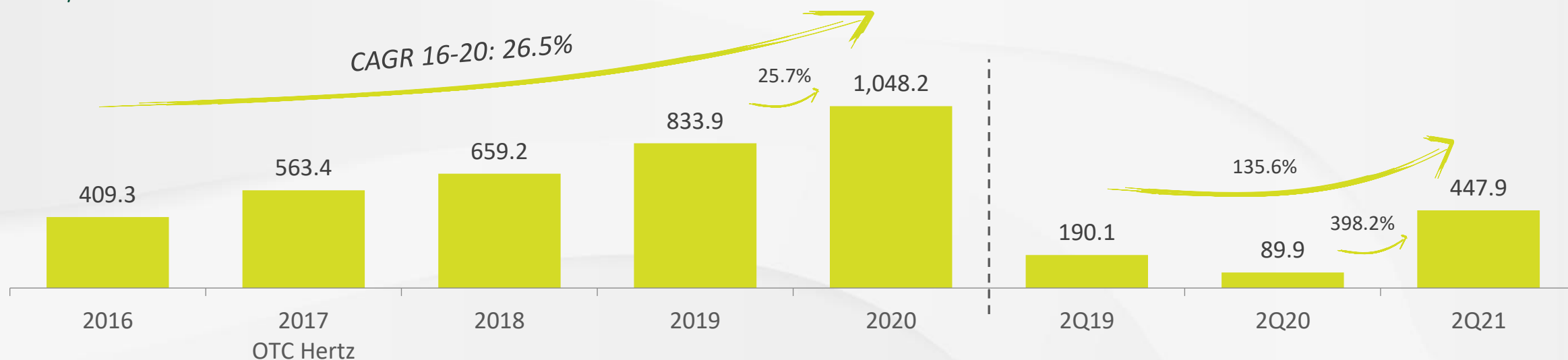
(\*) 2017 adjusted by the one-time costs (OTC) incurred - Hertz Brasil acquisition and franchisees incorporation

(\*\*) From 2019, EBIT margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period

**EBIT 208.3% HIGHER THAN 2Q20 WITH HIGH MARGIN IS A RESULT OF THE CONSISTENT RECOVERY IN CAR RENTAL, AS WELL AS A LOWER DEPRECIATION LEVEL AND HIGHER MARGINS IN SEMINOVOS, CAPTURING THE INCREASE IN CAR PRICE**

# CONSOLIDATED NET INCOME

R\$ million



EBITDA x Net income reconciliation	2016	2017*	2018	2019	2020	Var. R\$	Var. %	2Q19	2Q20	2Q21	Var. R\$	Var. %
Consolidated EBITDA	1,015.6	1,314.2	1,590.1	2,212.8	2,468.1	255.3	11.5%	499.9	434.8	769.7	334.9	77.0%
Cars depreciation	(206.3)	(232.0)	(291.6)	(551.5)	(473.0)	78.5	-14.2%	(118.0)	(167.5)	(44.1)	123.4	-73.7%
Other property depreciation and amortization	(38.2)	(39.1)	(43.9)	(171.7)	(193.4)	(21.7)	12.6%	(39.9)	(48.9)	(52.3)	(3.4)	7.0%
EBIT	771.1	1,043.1	1,254.6	1,489.6	1,801.7	312.1	21.0%	342.0	218.4	673.3	454.9	208.3%
Financial expenses, net	(243.5)	(315.0)	(368.9)	(409.8)	(374.4)	35.4	-8.6%	(97.9)	(127.3)	(45.9)	81.4	-63.9%
Income tax and social contribution	(118.3)	(164.7)	(226.5)	(245.9)	(379.1)	(133.2)	54.2%	(54.0)	(1.2)	(179.5)	(178.3)	14,858.3%
<b>Net income of the period</b>	<b>409.3</b>	<b>563.4</b>	<b>659.2</b>	<b>833.9</b>	<b>1,048.2</b>	<b>214.3</b>	<b>25.7%</b>	<b>190.1</b>	<b>89.9</b>	<b>447.9</b>	<b>358.0</b>	<b>398.2%</b>

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

IN ADDITION TO A SOLID OPERATING RESULT, THE COMPANY REAP THE BENEFITS OF A SOLID POLICY TO PROTECT THE PROFITABILITY LEVEL OF FLEET RENTAL CONTRACTS THROUGH SWAP CONTRACTS, WHICH HAS BEEN REDUCING THE FINANCIAL RESULT AND CONTRIBUTING TO THE INCREASE IN NET INCOME

# FREE CASH FLOW

Free cash flow (R\$ million)		2016	2017	2018	2019	2020	1H21
Operations	<b>EBITDA</b>	1,015.7	1,314.2 *	1,590.1	2,212.8	2,468.1	1,575.4
	Used car sale revenue, net of taxes	(2,342.6)	(3,451.2)	(4,510.4)	(6,206.7)	(6,109.1)	(3,005.9)
	Net book value of vehicles written-off	2,102.5	3,106.6	4,198.5	5,863.6	5,599.9	2,477.9
	(-) Income tax and social contribution	(93.3)	(108.3)	(131.2)	(146.1)	(250.1)	(232.4)
	Change in working capital	(40.8)	(47.9)	(117.4)	(268.9)	103.5	(157.3)
<b>Cash generated by rental operations</b>		<b>641.5</b>	<b>813.4</b>	<b>1,029.6</b>	<b>1,454.7</b>	<b>1,812.3</b>	<b>657.7</b>
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	2,342.6	3,451.2	4,510.4	6,206.7	4,886.9	2,967.7
	Fleet renewal investment	(2,563.6)	(3,660.9)	(4,696.7)	(6,804.6)	(5,524.1)	(3,330.2)
	Change in accounts payable to car suppliers for fleet renewal	219.8	227.6	250.1	468.7	235.1	(547.1)
	<b>Net investment for fleet renewal</b>	<b>(1.2)</b>	<b>17.9</b>	<b>63.8</b>	<b>(129.2)</b>	<b>(402.1)</b>	<b>(909.6)</b>
Fleet renewal – quantity		68,449	90,554	111,279	147,915	109,379	55,013
Investment, property and intangible		(40.9)	(28.8)	(42.8)	(70.0)	(108.0)	(62.7)
<b>Free cash flow from operations, before fleet increase or reduction</b>		<b>599.4</b>	<b>802.5</b>	<b>1,050.6</b>	<b>1,255.5</b>	<b>1,302.2</b>	<b>(314.6)</b>
Capex - Growth	(Investment) / Divestment in cars for fleet growth	(726.0)	(1,807.0)	(2,285.1)	(3,478.7)	1,222.2	38.2
	Change in accounts payable to car suppliers for fleet growth	26.8	168.7	509.4	23.6	(943.4)	-
	Acquisition of Hertz and franchisees (fleet value)	-	(285.7)	-	(105.5)	0.0	-
	<b>Net investment for fleet growth</b>	<b>(699.2)</b>	<b>(1,924.0)</b>	<b>(1,775.7)</b>	<b>(3,560.6)</b>	<b>278.8</b>	<b>38.2</b>
Fleet increase / (reduction) – quantity		19,384	52,860	54,142	75,619	(26,111)	(662)
<b>Free cash flow after growth</b>		<b>(99.8)</b>	<b>(1,121.5)</b>	<b>(725.1)</b>	<b>(2,305.0)</b>	<b>1,581.0</b>	<b>(276.4)</b>
Capex - non-recurring	Acquisitions and franchisees acquisition- except fleet value	-	(121.5)	-	(18.2)	(7.9)	(3.6)
	New headquarters construction and furniture	(85.7)	(146.2)	-	-	-	-
<b>Free cash generated before the cash effects of discounts and anticipation of payables to</b>		<b>(185.5)</b>	<b>(1,389.2)</b>	<b>(725.1)</b>	<b>(2,323.2)</b>	<b>1,573.1</b>	<b>(280.0)</b>
Cash effects of receivables and anticipation of payables to suppliers (**)		98.0	88.3	(113.2)	(131.8)	(293.1)	(23.2)
<b>Free cash flow before interest</b>		<b>(87.5)</b>	<b>(1,300.9)</b>	<b>(838.3)</b>	<b>(2,455.0)</b>	<b>1,280.0</b>	<b>(303.2)</b>

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

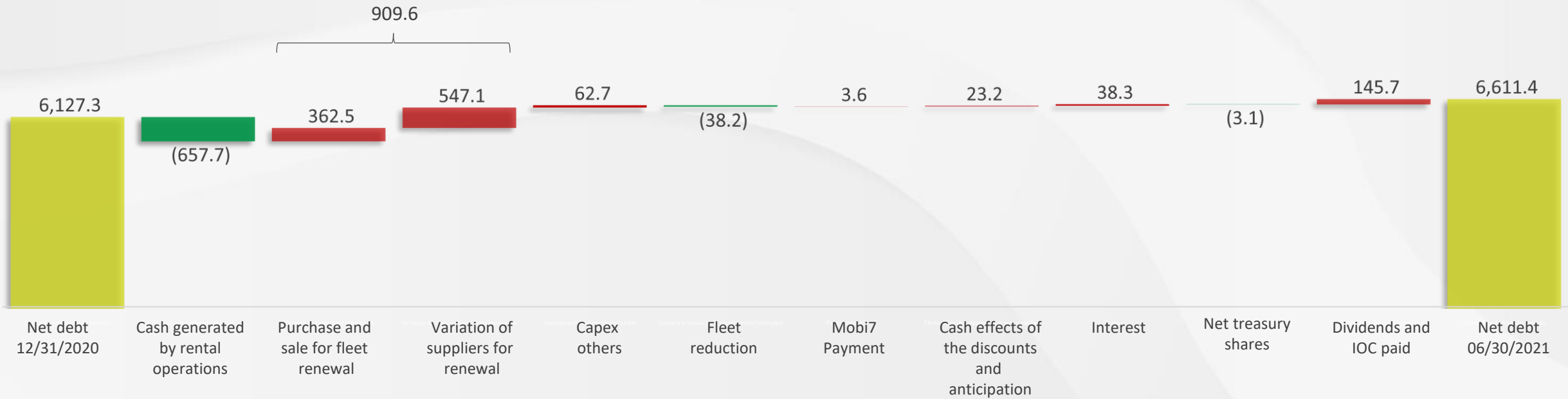
(\*) 2017 adjusted by the one-time costs (OTC) - incurred Hertz Brasil acquisition and franchisees incorporation

(\*\*) 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

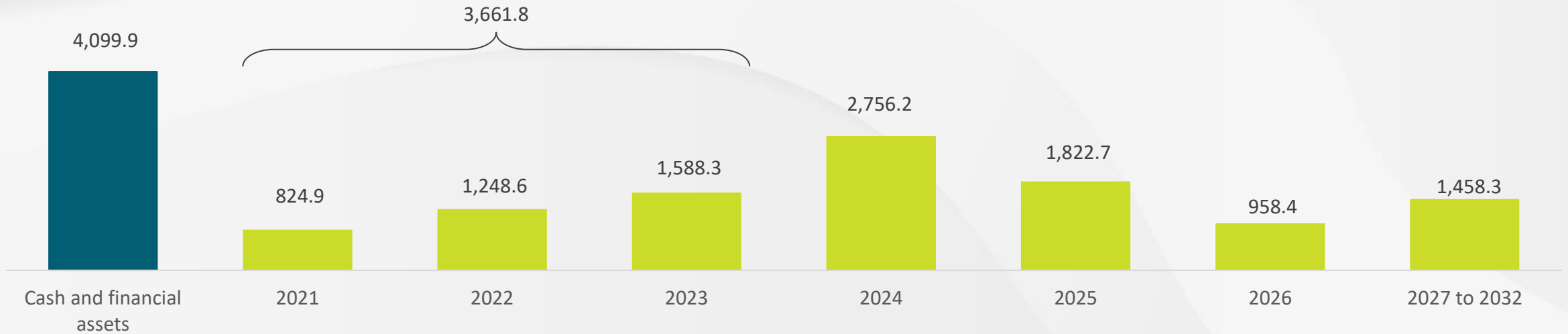


INCREASE OF ABOUT R\$484.1 MILLION IN NET DEBT AS A RESULT OF REDUCTION OF THE ACCOUNTS PAYABLE TO OEMS

# DEBT MATURITY PROFILE (PRINCIPAL)

R\$ million

As of June 30, 2021

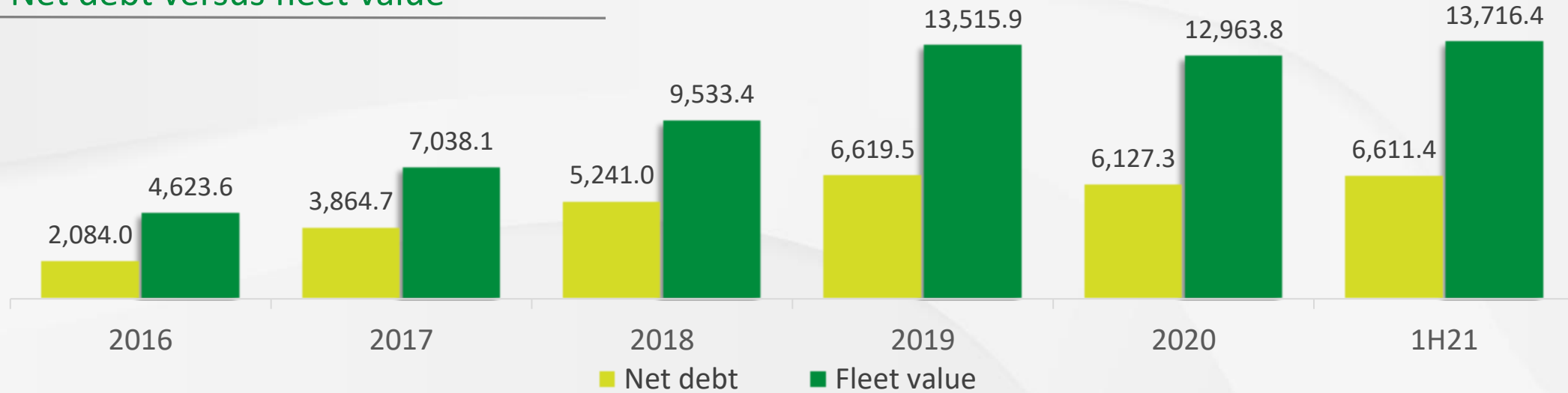


STRONG LIQUIDITY POSITION AND ACTIVE DEBT PROFILE MANAGEMENT

# DEBT RATIOS

R\$ million

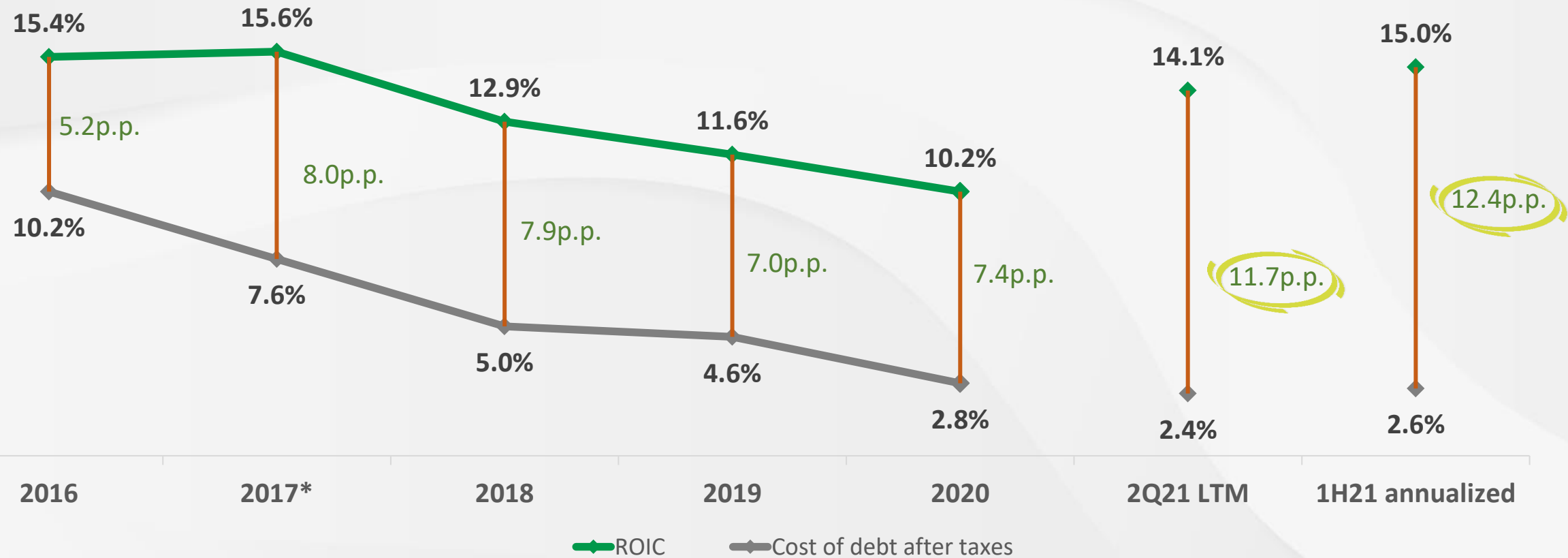
## Net debt versus fleet value



<i>BALANCE AT THE END OF PERIOD</i>	2016	2017	2018	2019	2020	1H21 LTM
Net debt/Fleet value (book value)	45%	55%	55%	49%	47%	48%
Net debt/annualized EBITDA	2.1x	2.9x	3.3x	3.0x	2.5x	2.2x
Net debt/Equity	0.9x	1.5x	1.7x	1.2x	1.0x	1.0x
EBITDA/Net financial expenses	4.2x	4.2x	4.3x	5.4x	6.6x	15.9x

QUARTER ENDED WITH A NET DEBT / LTM EBITDA RATIO OF 2.2x

# ROIC VERSUS COST OF DEBT AFTER TAXES



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

ROE considered quarterly net income divided by the average Equity of the period

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

**STRONG VALUE GENERATION, EVEN THOUGH IN AN EXTREMELY ADVERSE SCENARIO, WITH LTM ROE OF 26.9%**

# Sustainability

Our three pillars were updated with the new materiality matrix, bringing the central themes that guide our actions in the short, medium and long term:



## SUSTAINABLE MOBILITY

Greenhouse emissions

Waste, energy and water management

Smart and sustainable use of cars

Traffic Safety

Service quality



## EDUCATION AND ENTREPRENEURSHIP FOR SOCIAL TRANSFORMATION

People development and retention

Diversity, Inclusion and Human Rights

Social development



## WORLD CLASS CULTURE AND GOVERNANCE

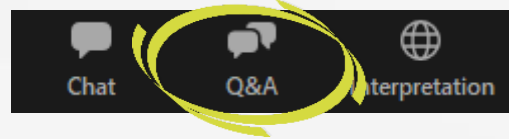
Ethics, integrity and transparency

Corporate governance

ESG PROJECTS AND INITIATIVES COMPOSING THE GOAL PANEL OF C-LEVEL AND TEAMS, WITHIN THE 10 CENTRAL THEMES SUPPORTED BY THE 3 PILLARS DEFINED IN THE NEW MATERIALITY MATRIX

# Q&A

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**Live:** Q&A icon > Name, Institution, Language

*When called, a request to activate your microphone will appear on the screen*

**In writing:** Q&A icon > Name, Institution + Question

# Q&A



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Índice de  
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# Thank You!

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