

# Webcast

## 3Q22



[B]<sup>3</sup> BRASIL  
BOLSA  
BALÇÃO

NOVO  
MERCADO  
BM&FBOVESPA

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Ações com Tag Along  
Diferenciado **ITAG**

**OTCQX**

**IGPTW B3**

**Localiza**

# DISCLAIMER

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## **Consolidated Results**

The 3Q22 earnings presentations include information from Localiza and Locamerica consolidated since July 1<sup>st</sup>, 2022. However, we will bring the quarterly proforma results from 1Q21 to 2Q22, adding the two companies together. In this release, the annual comparisons will be based on historical proforma numbers from both companies.

The proforma results are based on available information directly attributable to the business combination and are factually supportable. This presentation is intended exclusively to illustrate the business combination's impact on the Company's historical financial information, as if the transaction had taken place on January 1<sup>st</sup>, 2021. There is no assurance by the Company or the auditors that the result of the transaction if taken place on January 1<sup>st</sup>, 2021, would have been as presented.

We also highlight that, for comparability purposes, some Locamerica amounts were reclassified between lines on the consolidated result: reimbursement for breakdowns and fuel are no longer accounted as operational revenue and are now accounted for as cost recovery, and contract termination and intervention fines are no longer accounted as cost recovery and are now accounted as operational revenue and other operational revenues, respectively.

# BUSINESS COMBINATION ONE-OFFS

In this quarter, we will highlight the business combination related effects (one-offs), as it follows:

Description	EBITDA Impact	Net Income Impact
Integration and Carve-Out expenses	(100.1)	(66.1)
Fleet write-up amortization	-	(116.2)
Customer relationship amortization	-	(4.4)
Fair value adjustment of the deposit tied to the financing	-	9.2
Tax loss write-off	-	(81.1)

We highlight the assets recognized in the business combination context that will impact the result through their amortization:

- **Fleet write-up** (accounting for the differential between the fair value net cost of sales and the book value of the acquired fleet): amortization similar to the criteria used for fleet vehicles depreciation or in the case of car write-off;
- **Customer relationship write-up** (accounting for the fair value of customer relationship): linear amortization over 15.5 years;
- **Mark-to-market fair value adjustment of the deposit tied to the financing granted to Locamerica' shareholders in the context of the transaction** (accounting for net present value of the return gap between this financial application and market rates): was booked as an asset reducer and will be reversed quarterly until its maturity, generating positive, non-cash, effect in the results.

# ASSET WRITE-UP (CONCEPTUAL)

## Conceptual exemple of Purchase Price Allocation

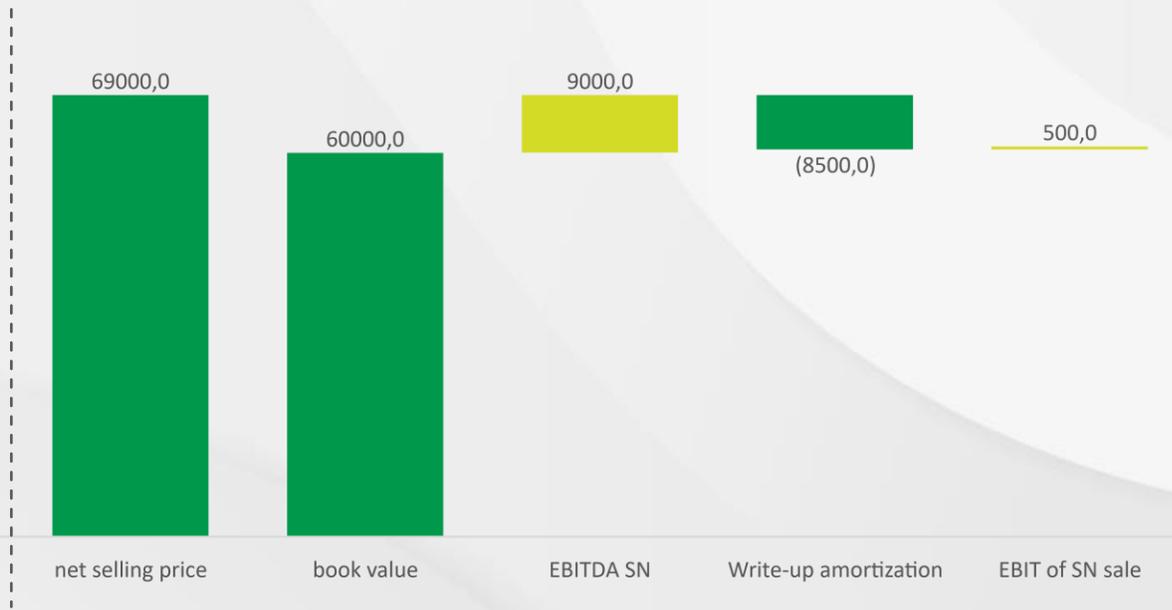


## Conceptual exemple of fleet write-up

### 1) Write-up amortization throughout the operating life of the car



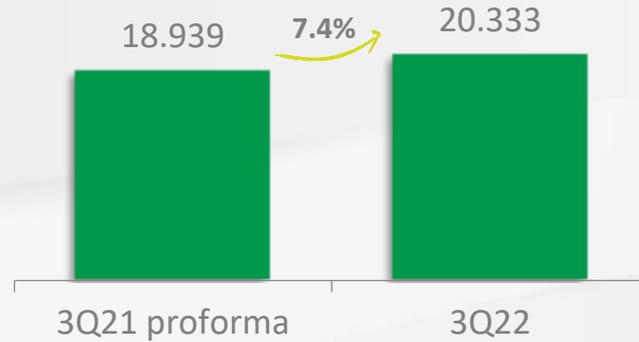
### 2) Recognition of the sale of a car with write-up



# QUARTER HIGHLIGHTS

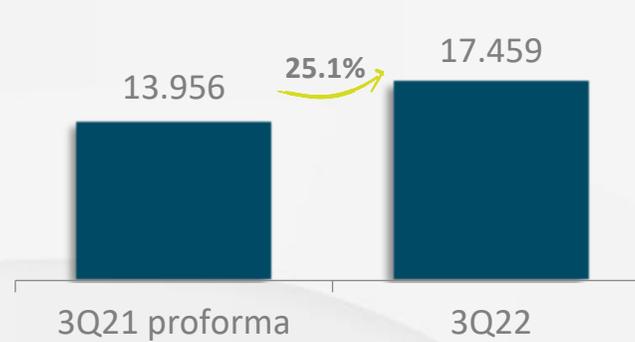
## Rental days – Car Rental

Quantity in thousands



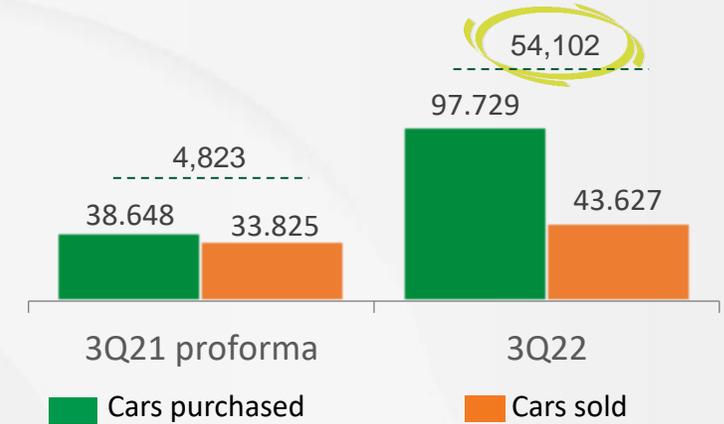
## Rental days – Fleet Rental

Quantity in thousands



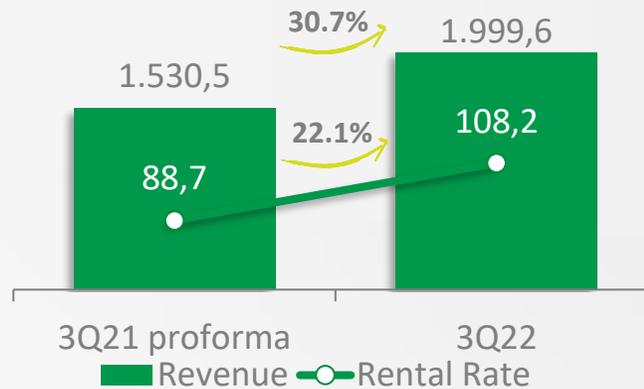
## Car purchase and sales

Quantity



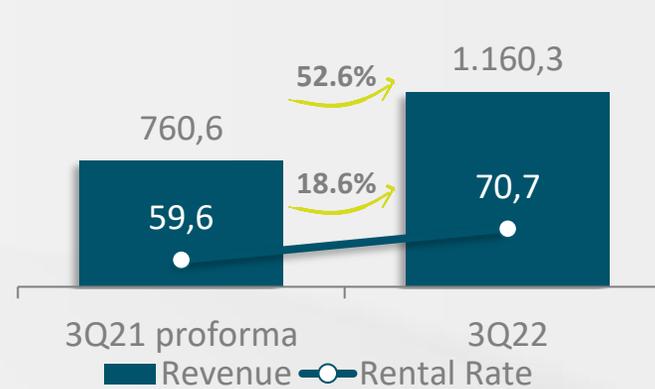
## Net revenue and average rental rate – Car Rental

R\$ million, including royalties / R\$



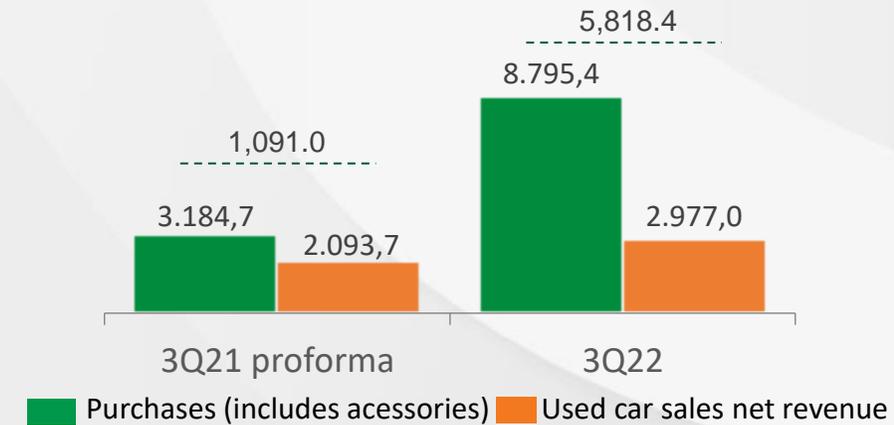
## Net revenue and average rental rate – Fleet Rental

R\$ million / R\$



## Net investment in fleet

R\$ million

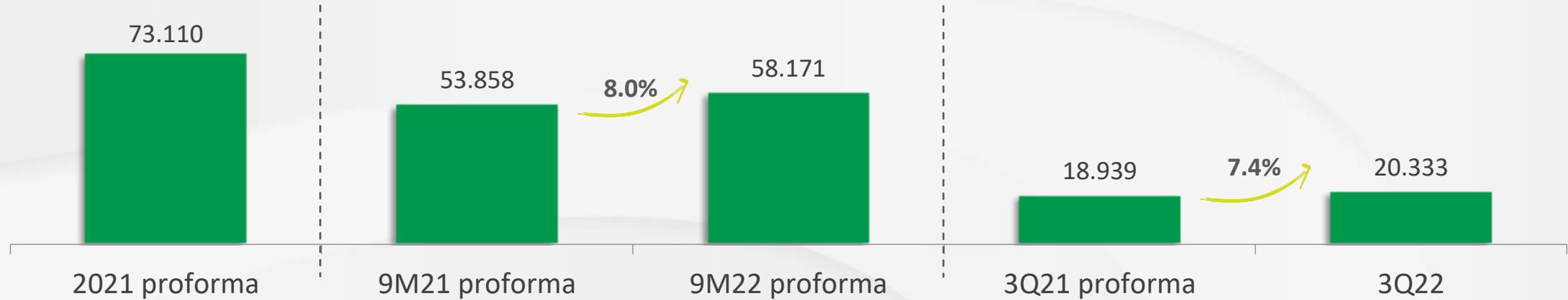


STRONG NET FLEET ADDITION AND GROWTH OF RENTAL REVENUES ARE THE QUARTER HIGHLIGHTS

# CAR RENTAL

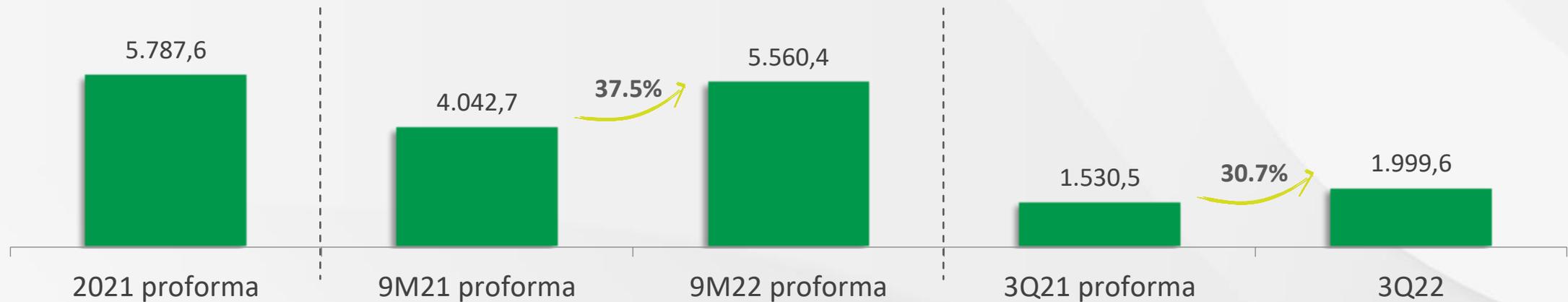
## Rental days

*In thousands*



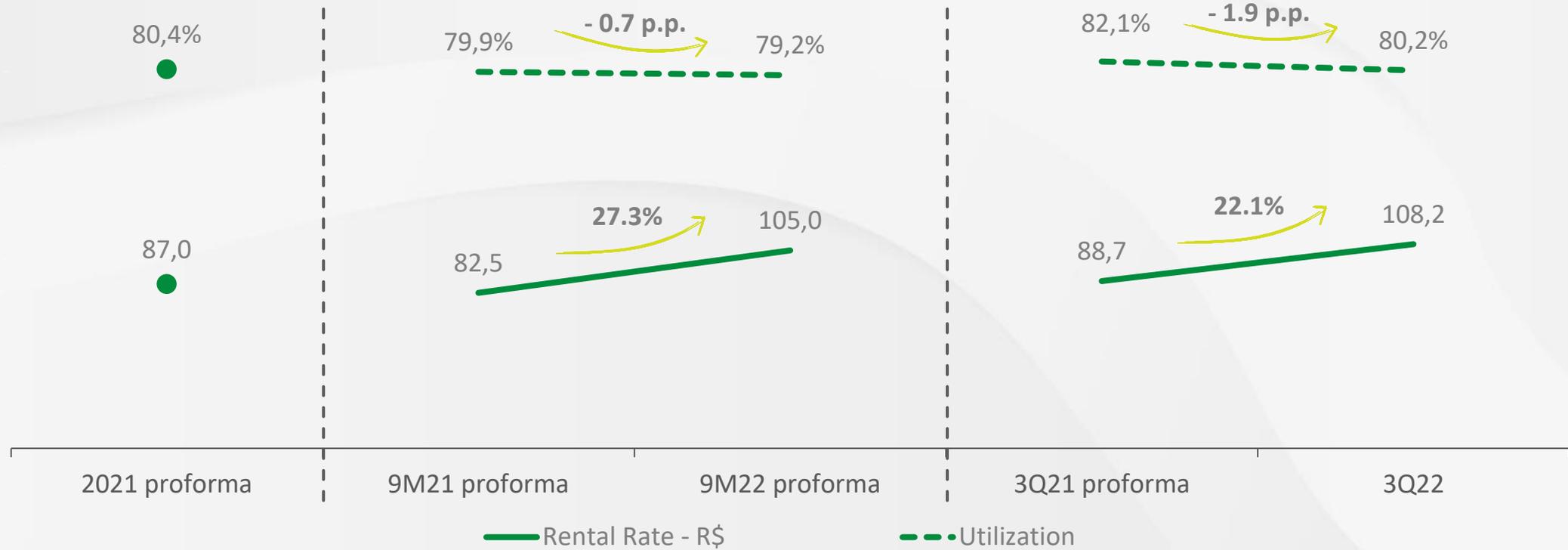
## Net revenue

*R\$ million, including royalties*



30.7% NET REVENUE GROWTH YOY, POWERED BY EFFICIENT PRICES AND MIX MANAGEMENT

# CAR RENTAL

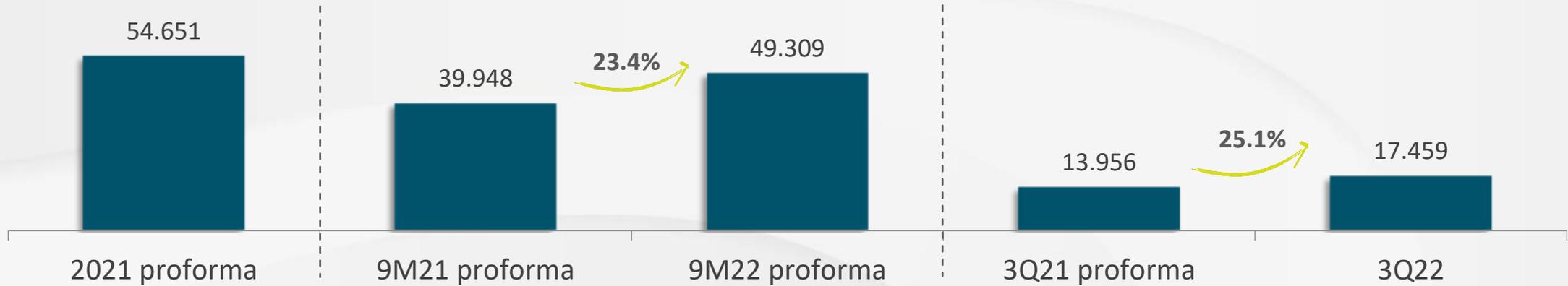


IN A CONTEXT OF STRONG DEMAND, EVEN WITH GREAT ADDITION OF CARS AND PRICES PASSTHROUGH CONTINUITY, UTILIZATION RATE KEPT HEALTHY LEVELS

# FLEET RENTAL

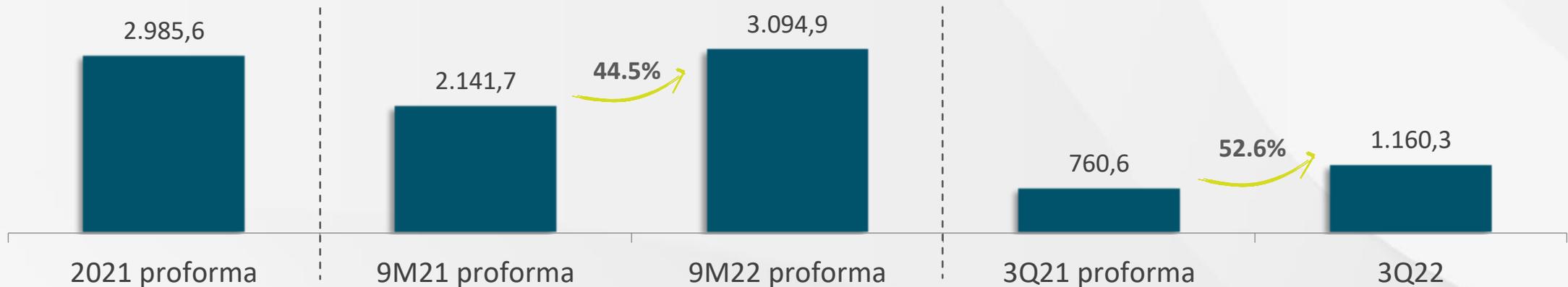
## Rental days

*In thousands*



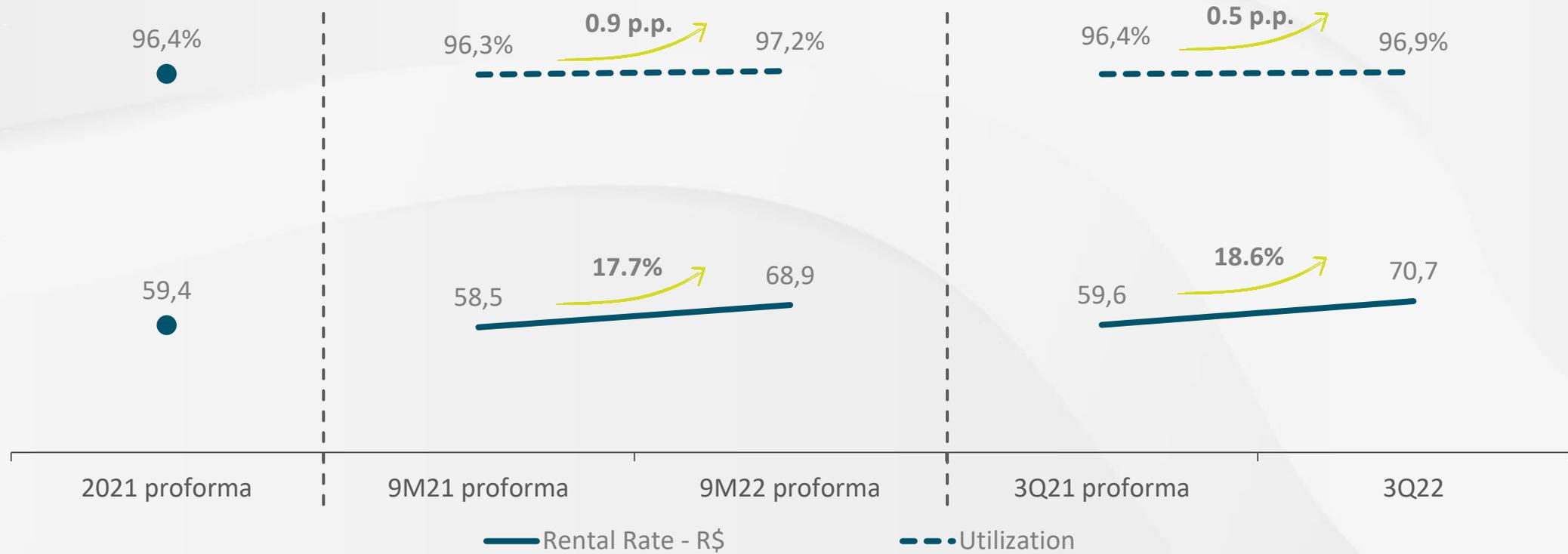
## Net revenue

*R\$ million*



IN 3Q22, REVENUE SOARS 52.6% YOY, A REFLEX OF 25.1% VOLUME GROWTH, WITH CAR BACKLOG FILLING, ALONGSIDE RISING RENTAL RATES

# FLEET RENTAL

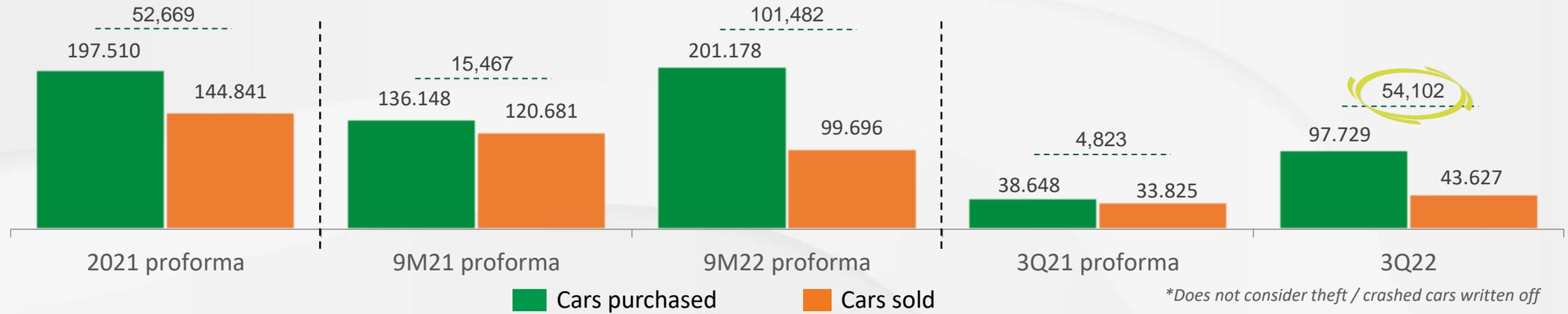


AVERAGE RENTAL RATE RISES 18.6%, WITH HIGHER PRICE CAPTURE DUE TO NEW CONTRACTS PRECIFICATION IN A CONTEXT OF MORE EXPENSIVE CARS AND HIGHER INTEREST RATES

# NET INVESTMENT

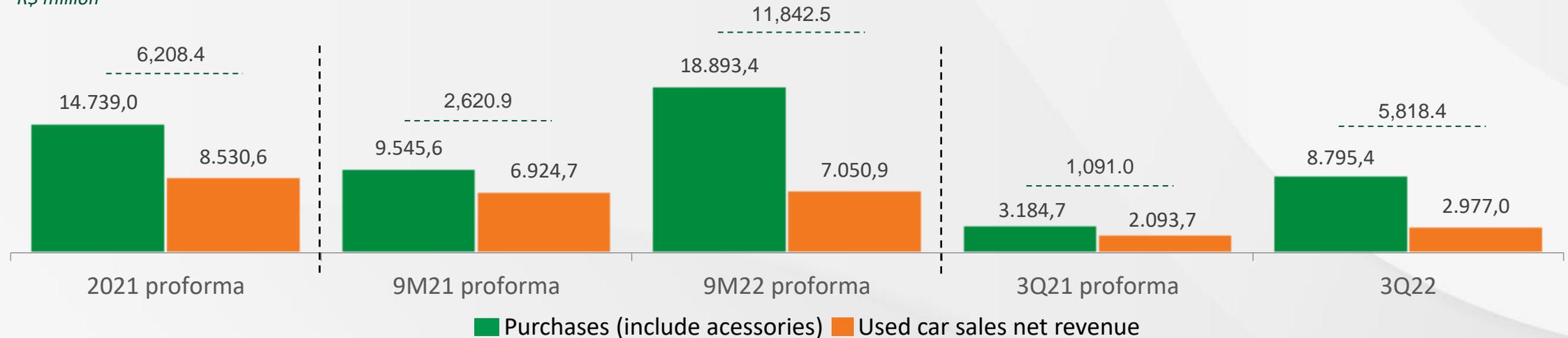
## Car purchase and sales

Quantity\*



## Net investment in fleet

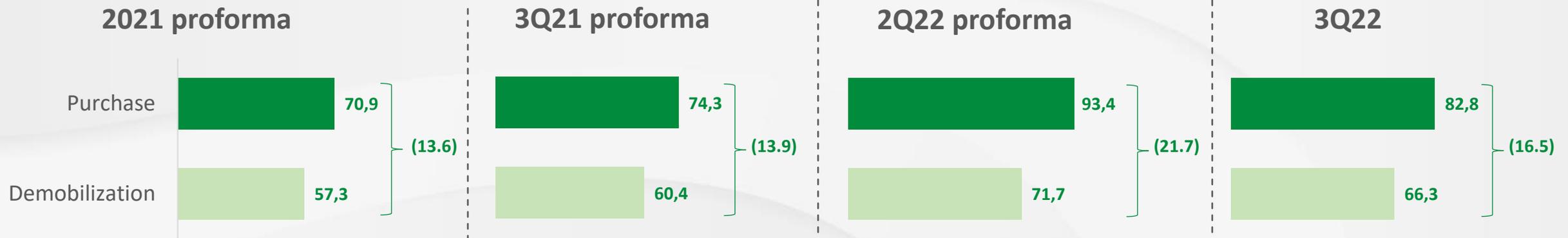
R\$ million



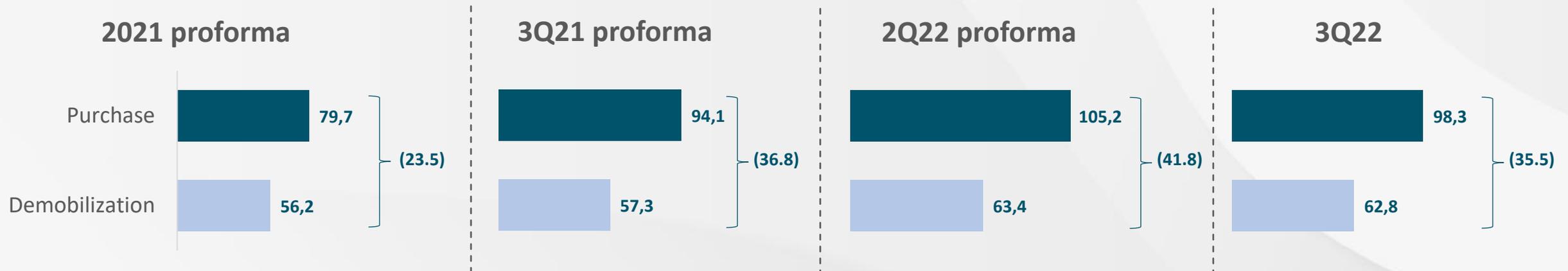
54.1 THOUSANDS CARS ADDED IN THE QUARTER, HIGHLIGHTING THE RECOVERY IN CARS AVAILABILITY

# REPLENISHMENT CAPEX

## Average price of purchase and demobilization – Car Rental



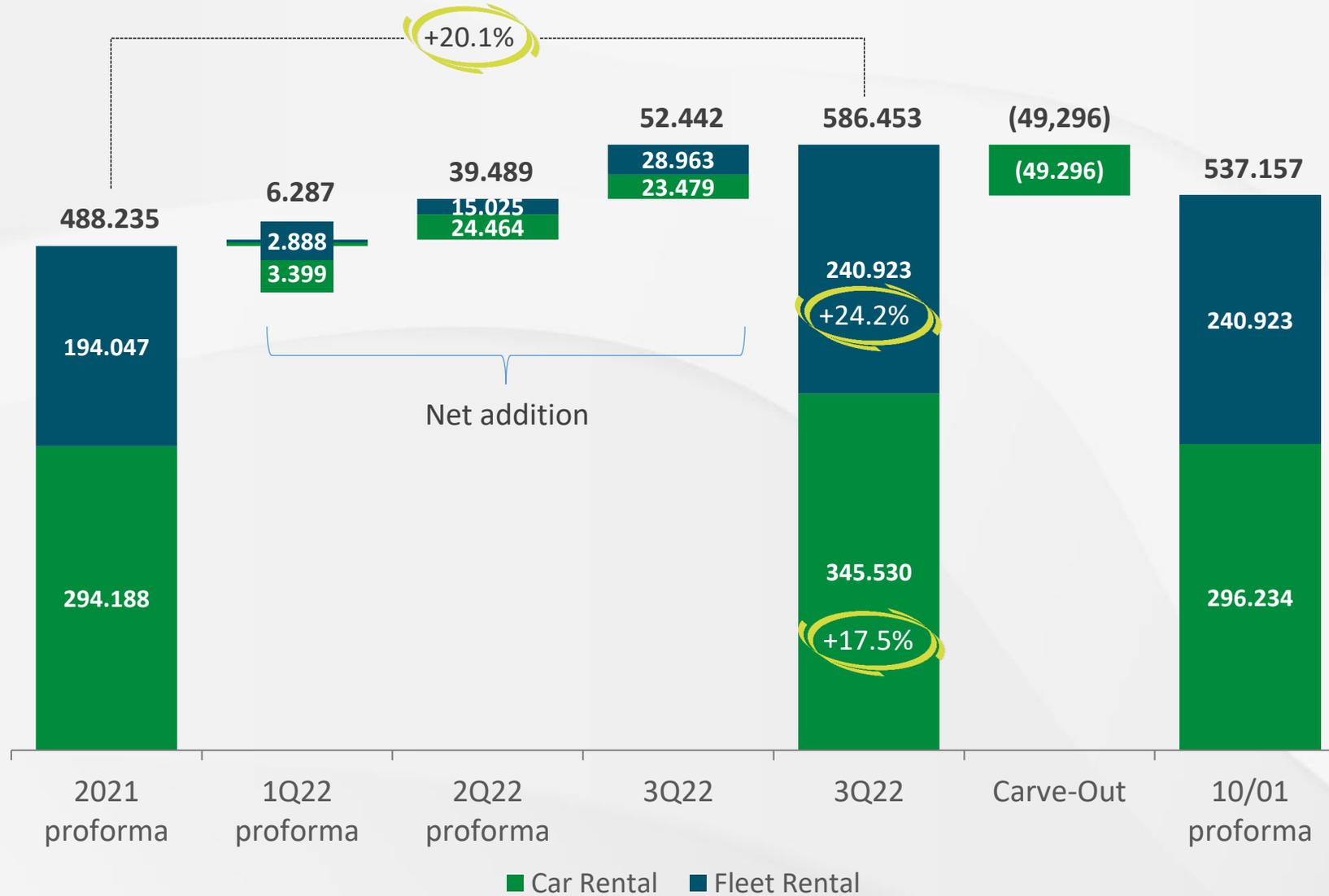
## Average price of purchase and demobilization – Fleet Rental



IN CAR RENTAL, MORE ECONOMIC PURCHASE MIX CARS ALLOWED THE REDUCTION OF THE PURCHASE AND SALE SPREAD.  
 IN FLEET RENTAL, PURCHASE PRICE HAS BEEN IMPACTED BY HEAVY AND SPECIAL VEHICLES ADDITION, RESULTING IN A HIGHER SPREAD BETWEEN PURCHASE AND SALE PRICES

# END OF PERIOD FLEET

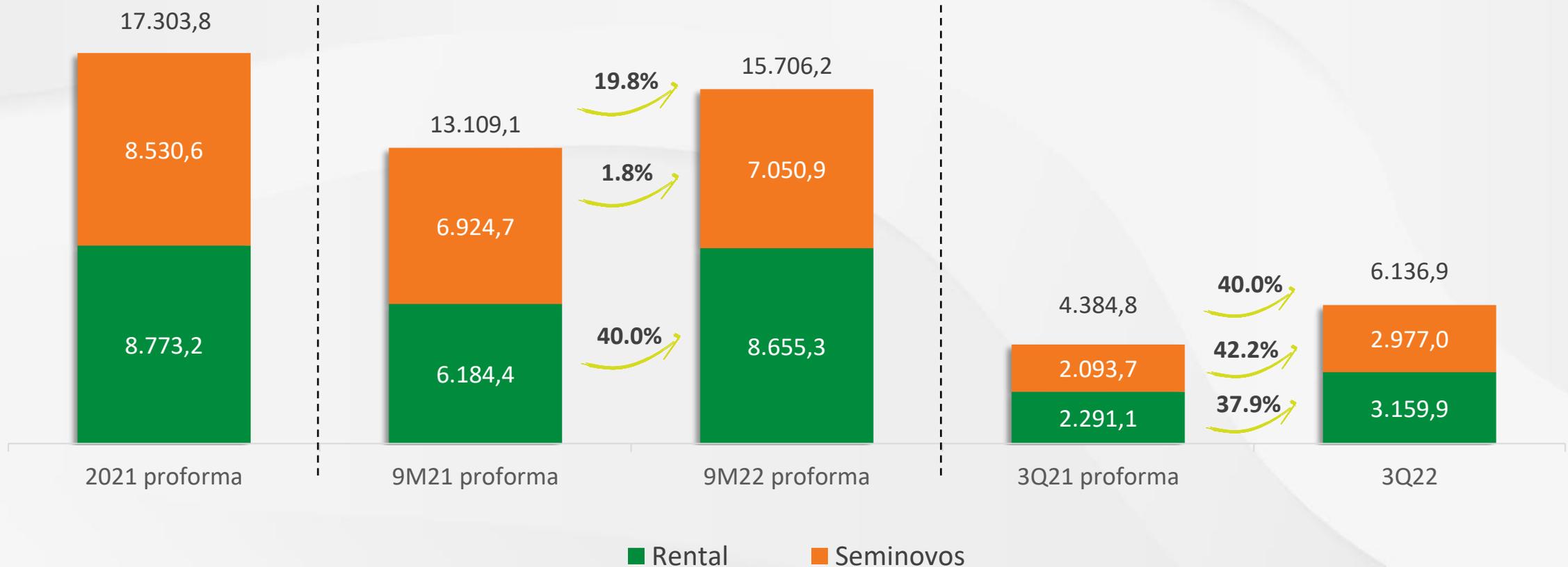
Quantity



SEQUENTIAL ACCELERATION IN NET FLEET ADDITION, HIGHLIGHTING BETTER AVAILABILITY OF CARS

# CONSOLIDATED NET REVENUES

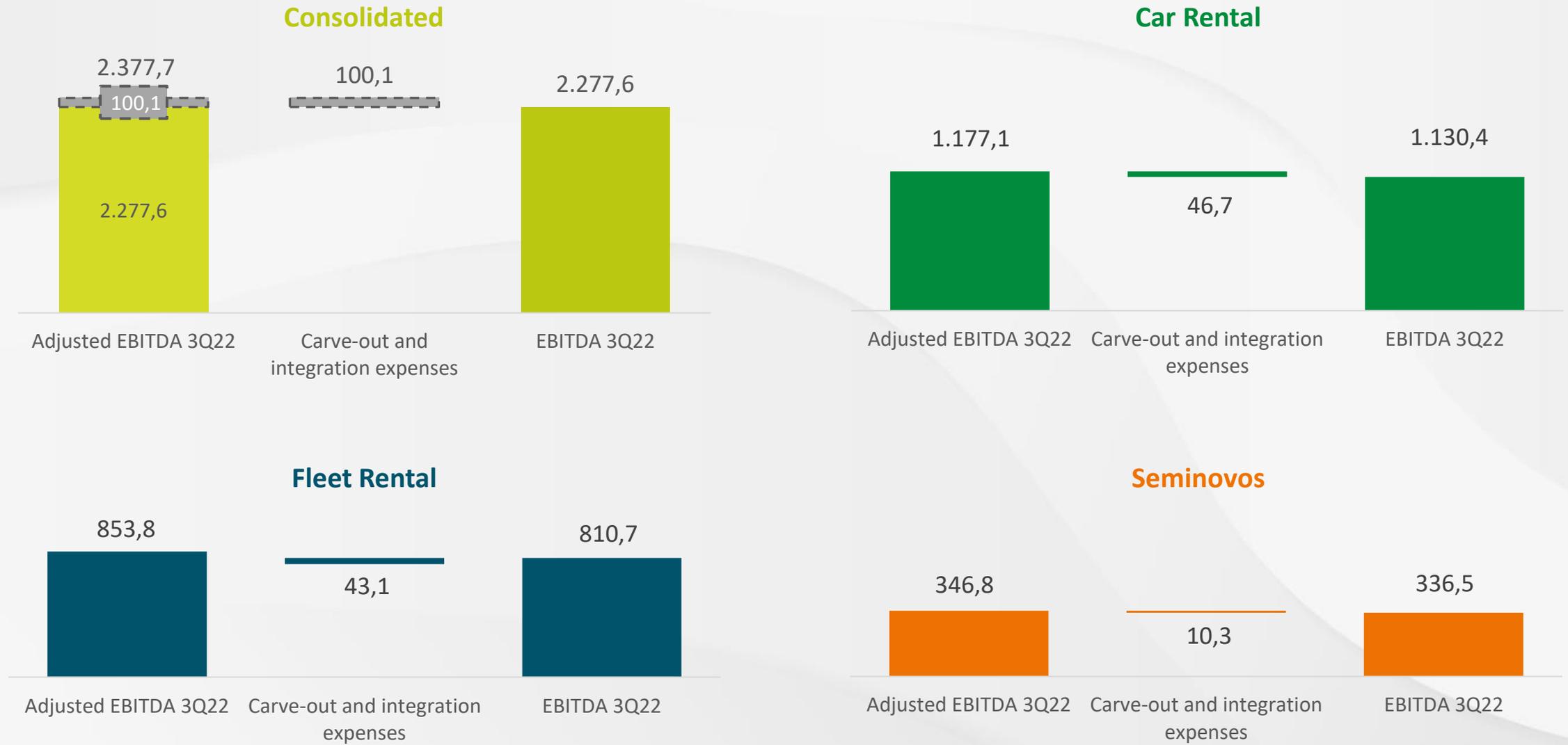
R\$ million



STRONG GROWTH IN THE CONSOLIDATED NET REVENUE, WITH RENTAL REVENUES RISING 37.9% AND USED CAR SALES 42.2%

# ADJUSTED EBITDA RECONCILIATION

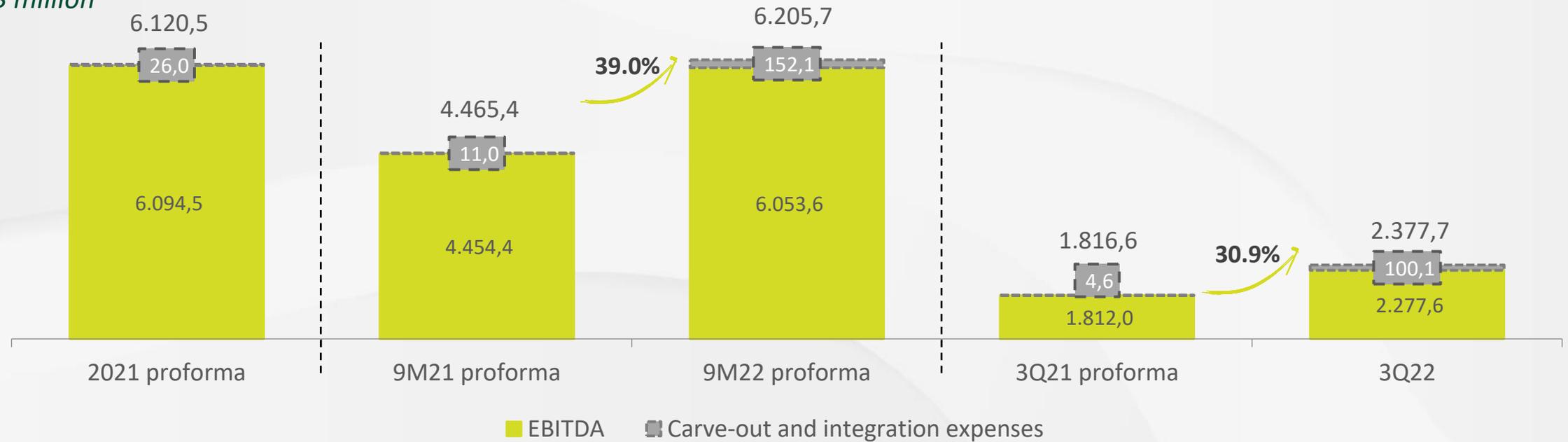
R\$ million



EBITDA ADJUSTED TO EXCLUDE INTEGRATION AND CARVE-OUT EXPENSES

# CONSOLIDATED ADJUSTED EBITDA

R\$ million



EBITDA Margin:	2021 proforma	9M21 proforma	9M22 proforma	3Q21 proforma	3Q22 actual	3Q22 adjusted*
Car Rental and Franchising	49.3%	48.8%	55.2%	61.1%	56.5%	58.9%
Fleet Rental	65.5%	66.8%	66.4%	65.5%	69.9%	73.6%
Rental Consolidated	54.8%	55.0%	59.2%	62.6%	61.4%	64.3%
Seminovos	15.1%	15.2%	13.2%	18.1%	11.3%	11.6%
Consolidated (over rental revenues)	69.5%	72.0%	69.9%	79.1%	72.1%	75.2%

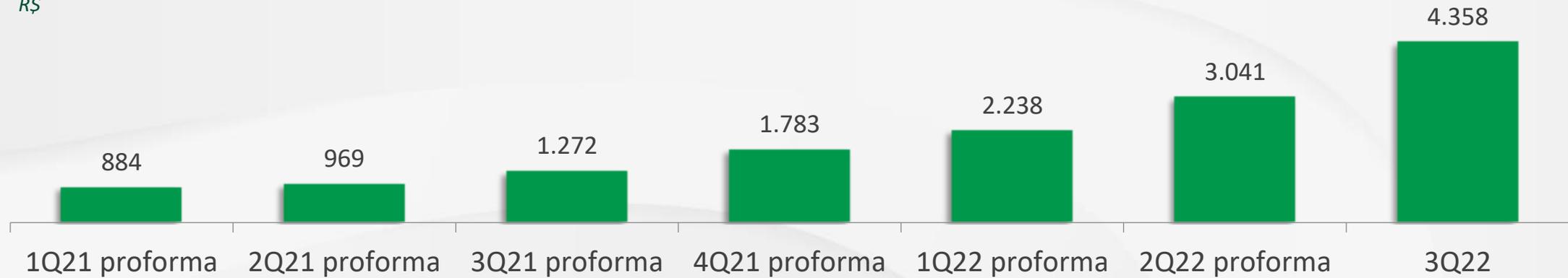
\*Adjusted for One-offs related to the carve-out and integration expenses

CONSOLIDATED ADJUSTED EBITDA SOARS 30.9% YOY, WHEN COMPARED TO PROFORMA, REACHING R\$2.3 BILLIONS

# AVERAGE ANNUALIZED DEPRECIATION PER CAR

## Car Rental

R\$



## Fleet Rental

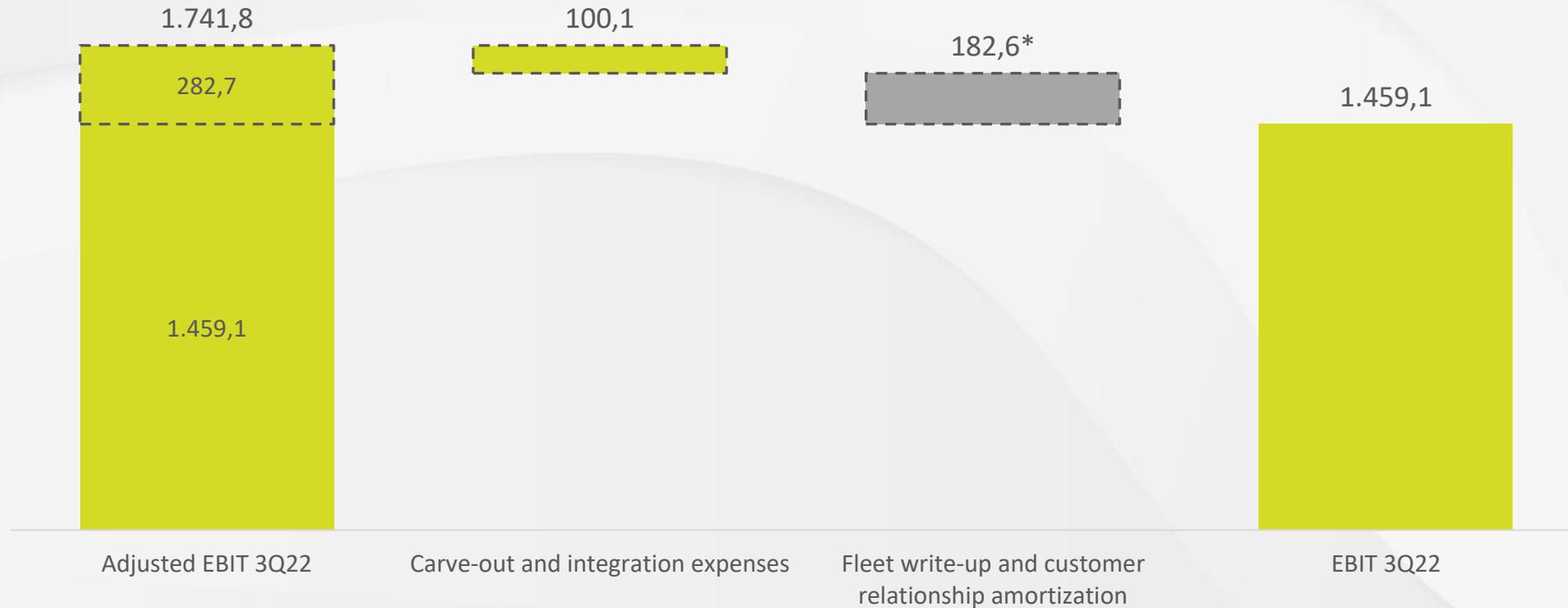
R\$



DEPRECIATION SUSTAINS UPWARD TREND, GIVEN THE HIGHER NUMBER OF CARS DEPRECIATING

# CONSOLIDATED ADJUSTED EBIT RECONCILIATION

R\$ million

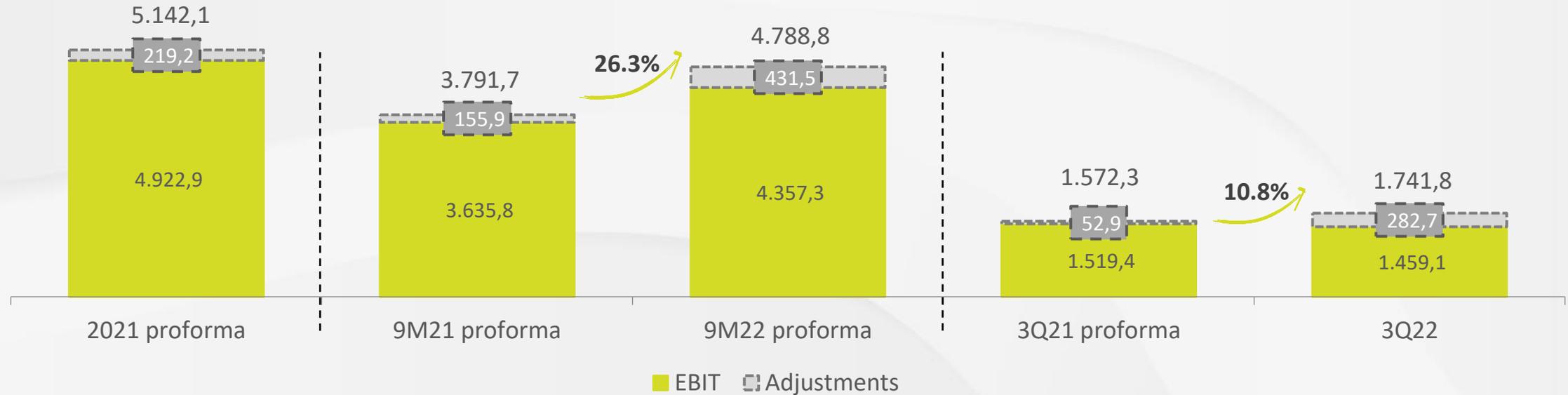


\*Non-cash effects in the quarter

EBIT OF R\$1,741.8 MILLION, ADJUSTED FOR THE EFFECTS OF INTEGRATION, CARVE-OUT AND WRITE-UP

# CONSOLIDATED ADJUSTED EBIT

R\$ million



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

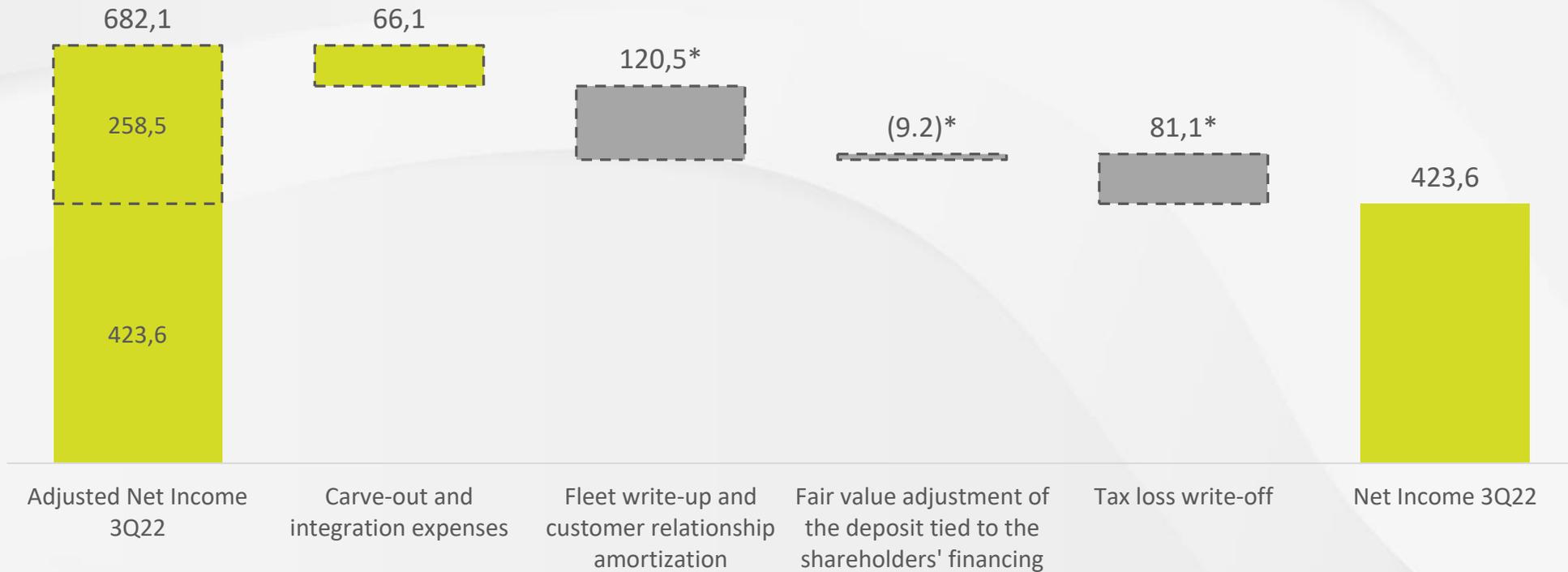
EBIT Margin:	2021 proforma	9M21 proforma	9M22 proforma	3Q21 proforma	3Q22 actual	3Q22 adjusted*
Car Rental and Franchising	54.9%	57.9%	48.3%	67.7%	44.8%	49.7%
Fleet Rental	58.5%	60.5%	53.9%	63.6%	48.5%	64.5%
Consolidated (over rental revenues)	56.1%	58.8%	50.3%	66.3%	46.2%	55.1%

\*Adjusted for One-offs related to the carve-out and integration expenses, and fleet and customer relationship write-up amortization

OVER R\$1.7 BILLION EBIT, WITH 10.8% GROWTH YOY, WHEN COMPARED TO THE PROFORMA

# CONSOLIDATED ADJUSTED NET INCOME RECONCILIATION

R\$ million

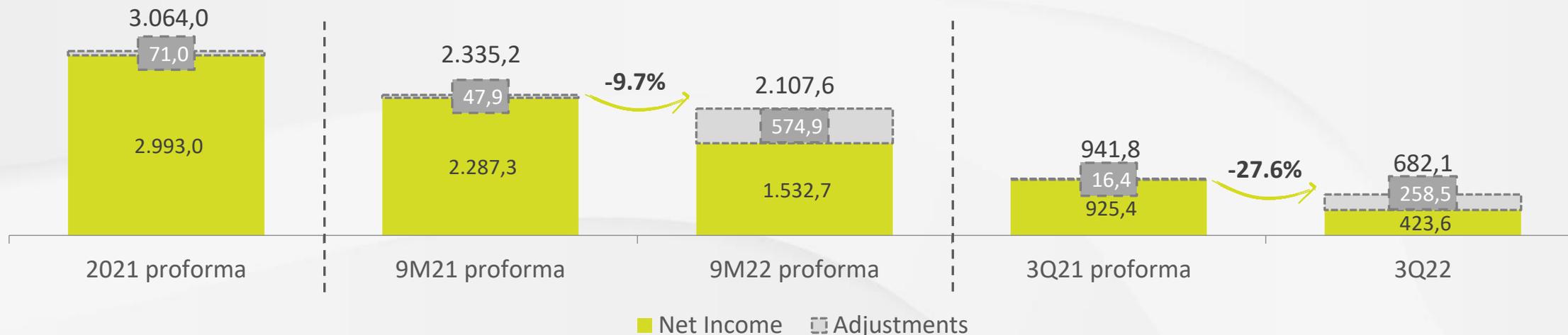


\*Non-cash effects in the quarter

NET INCOME OF R\$682.1 MILLIONS ADJUSTED TO THE BUSINESS COMBINATION EFFECTS

# CONSOLIDATED ADJUSTED NET INCOME

R\$ million



EBITDA x Net income reconciliation	2021 proforma	9M21	9M22	Var. R\$	Var. %	3Q21	3Q22	Var. R\$	Var. %
Consolidated EBITDA	6,120.5	4,465.4	6,205.7	1,740.3	39.0%	1,816.6	2,377.7	561.1	30.9%
Cars depreciation	(672.6)	(450.4)	(1,152.9)	(702.5)	156.0%	(167.0)	(538.1)	(371.1)	222.2%
Other property depreciation and amortization	(305.8)	(223.3)	(264.0)	(40.7)	18.2%	(77.3)	(97.8)	(20.5)	26.5%
EBIT	5,142.1	3,791.7	4,788.8	997.1	26.3%	1,572.3	1,741.8	169.5	10.8%
Financial expenses, net	(785.0)	(459.9)	(1,978.0)	(1,518.1)	330.1%	(213.9)	(883.2)	(669.3)	312.9%
Income tax and social contribution	(1,293.1)	(996.7)	(703.4)	293.2	-29.4%	(416.6)	(176.6)	240.0	-57.6%
<b>Adjusted net income of the period</b>	<b>3,064.0</b>	<b>2,335.2</b>	<b>2,107.6</b>	<b>(227.6)</b>	<b>-9.7%</b>	<b>941.8</b>	<b>682.1</b>	<b>(259.7)</b>	<b>-27.6%</b>

NET INCOME IMPACTED IN R\$258.5 MILLIONS BY THE NON-RECURRENT BUSINESS COMBINATION EFFECTS

# FREE CASH FLOW

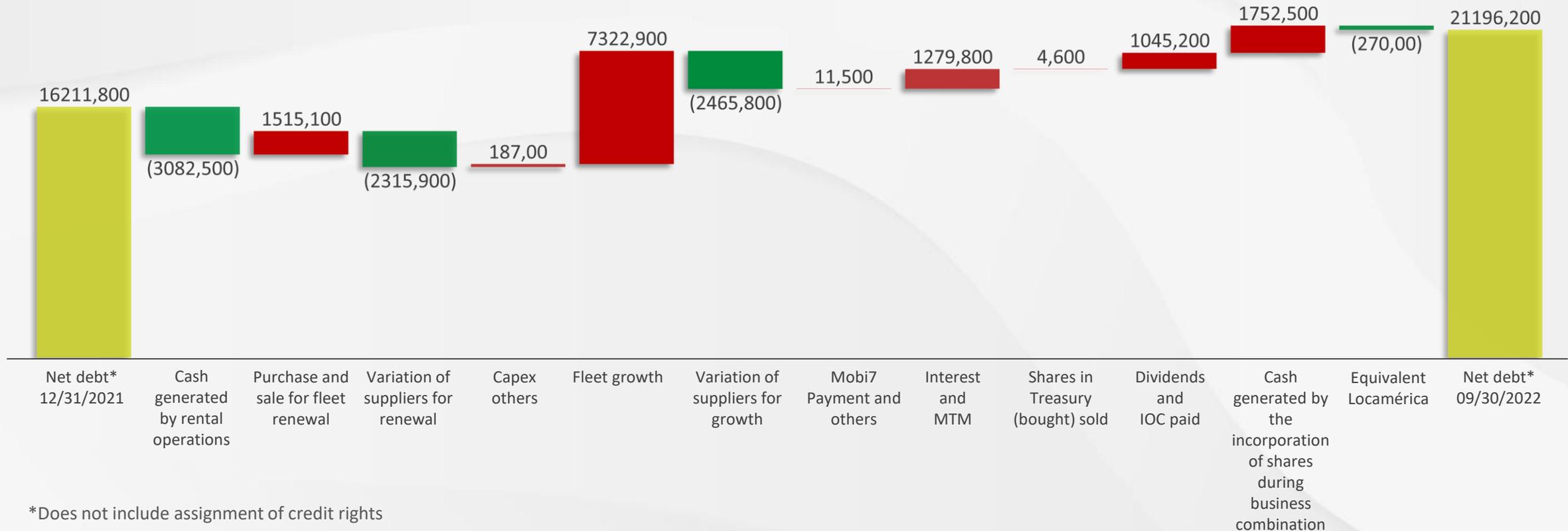
Free cash flow (R\$ million)		2020 actual	2021 actual	9M22 actual
Operations	EBITDA	2,468.1	3,697.5	4,533.8
	Used car sale revenue, net of taxes	(6,109.1)	(5,308.0)	(5,365.6)
	Net book value of vehicles written-off	5,599.9	4,346.0	4,206.9
	(-) Income tax and social contribution	(250.1)	(307.1)	(62.2)
	Change in working capital	91.6	(568.3)	(230.4)
	<b>Cash generated by rental operations</b>	<b>1,800.4</b>	<b>1,860.1</b>	<b>3,082.5</b>
Capex renewal	Used car sale revenue, net from taxes – fleet renewal	4,886.9	5,308.0	5,365.6
	Fleet renewal investment	(5,524.1)	(6,366.9)	(6,880.7)
	Change in accounts payable to car suppliers for fleet renewal	(466.6)	(282.6)	2,315.9
	<b>Net investment for fleet renewal</b>	<b>(1,103.8)</b>	<b>(1,341.5)</b>	<b>800.8</b>
	Fleet renewal – quantity	109,379	92,845	77,045
	Investment, property and intangible	(108.0)	(143.4)	(187.0)
	<b>Free cash flow from operations, before fleet increase or reduction</b>	<b>588.6</b>	<b>375.2</b>	<b>3,696.3</b>
Capex Growth	(Investment) / Divestment in cars for fleet growth	1,222.2	(1,289.0)	(7,322.9)
	Change in accounts payable to car suppliers for fleet growth	(522.5)	571.6	2,465.8
	<b>Net investment for fleet growth</b>	<b>699.7</b>	<b>(717.4)</b>	<b>(4,857.1)</b>
	Fleet increase / (reduction) – quantity	(26,111)	18,665	80,526
	<b>Free cash flow after growth</b>	<b>1,288.3</b>	<b>(342.2)</b>	<b>(1,160.8)</b>
Other invest.	Acquisitions - except fleet value	(7.9)	(3.6)	(11.5)
	<b>Free cash generated (applied) before interest and others</b>	<b>1,280.4</b>	<b>(345.8)</b>	<b>(1,172.3)</b>

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

CONSUMPTION OF R\$1,172.3 MILLIONS AFTER FLEET EXPANSION AND RENEWAL

# CHANGE IN NET DEBT

R\$ million



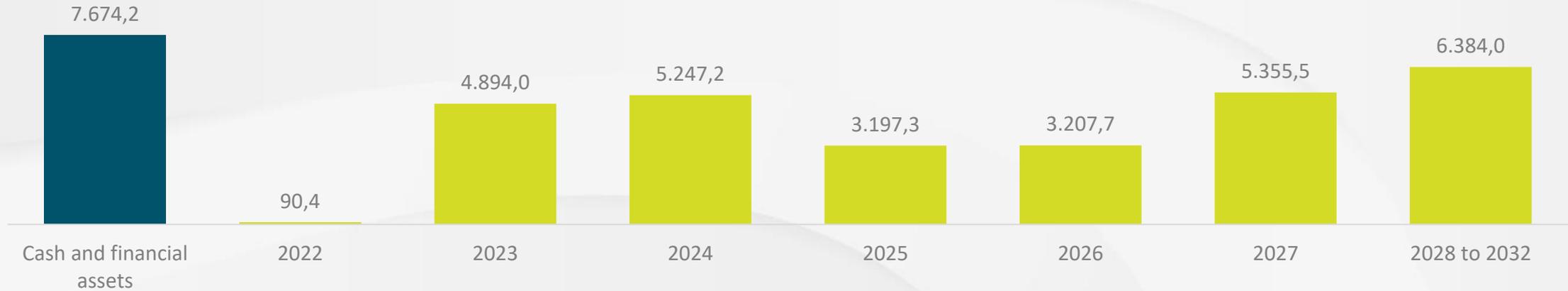
**R\$4.9 BILLION INCREASE IN THE NET DEBT IN AS A RESULT OF FLEET INVESTMENTS**

# DEBT MATURITY PROFILE (PRINCIPAL)

R\$ million

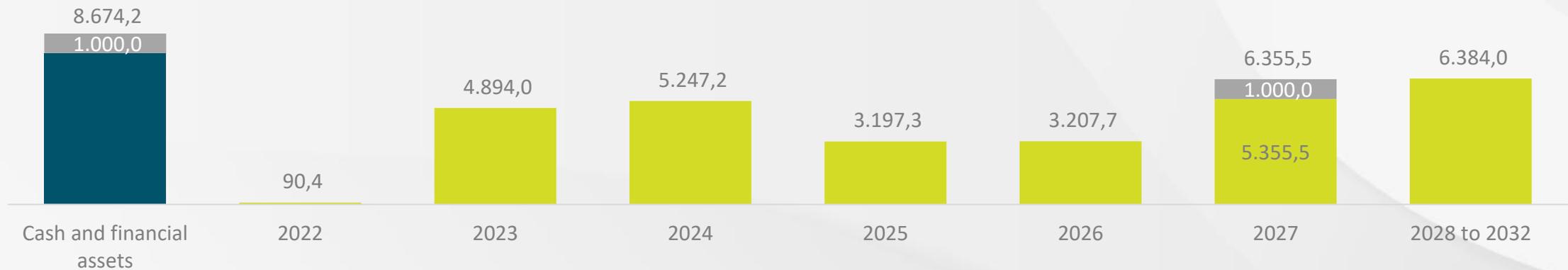
## As of 09/30/2022

R\$ million



## Proforma after Oct/22 issuances

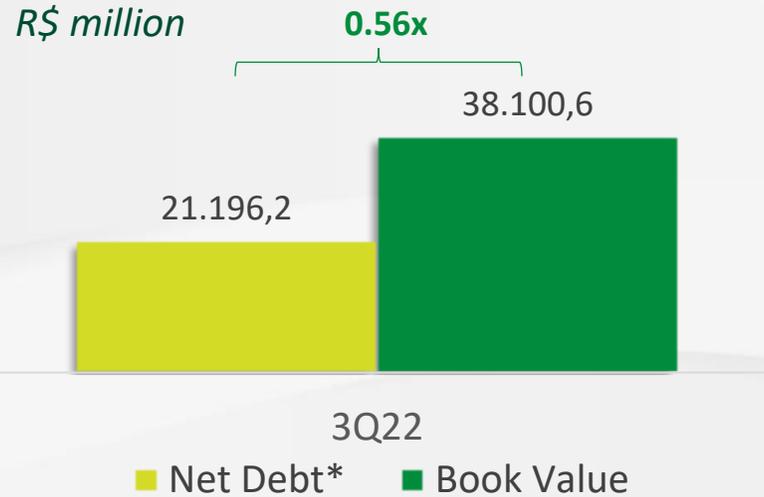
R\$ million



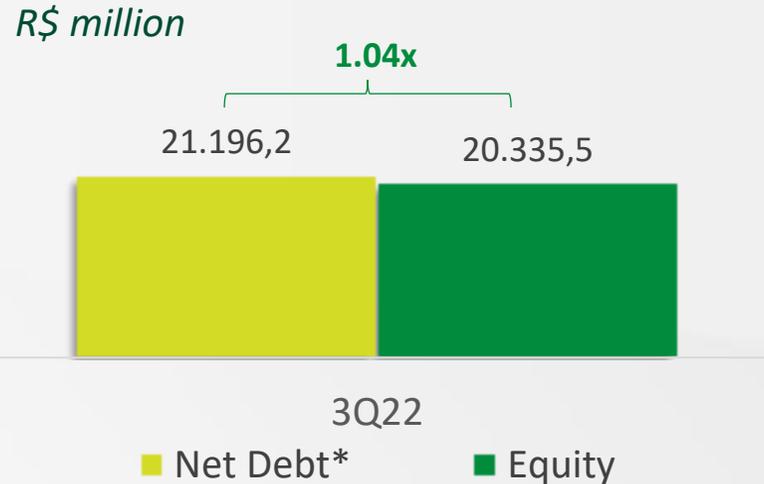
**STRONG LIQUIDITY POSITION AND MAINTENANCE OF AN ACTIVE DEBT PROFILE MANAGEMENT.  
ASSETS FROM THE CARVE-OUT SALE WERE ACCOUNTED AS CASH IN OCTOBER AND WILL BE USED TO SUPPORT GROWTH**

# DEBT RATIOS

## Net debt\* vs. Book value

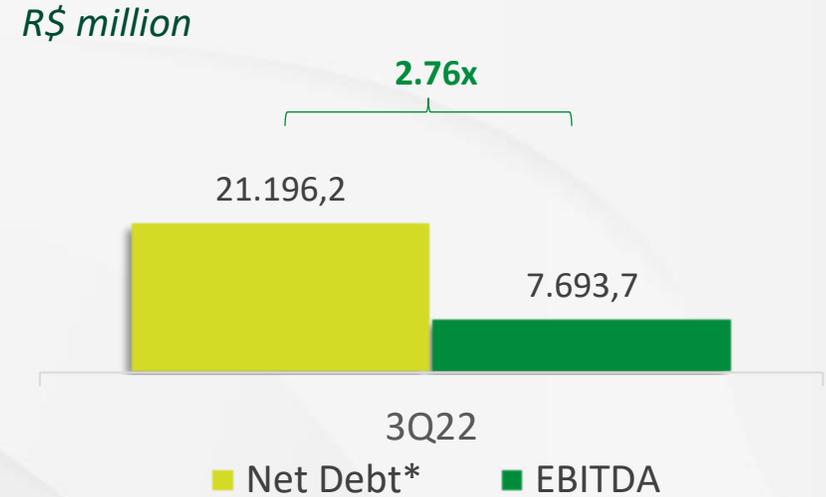


## Net debt\* vs. Equity

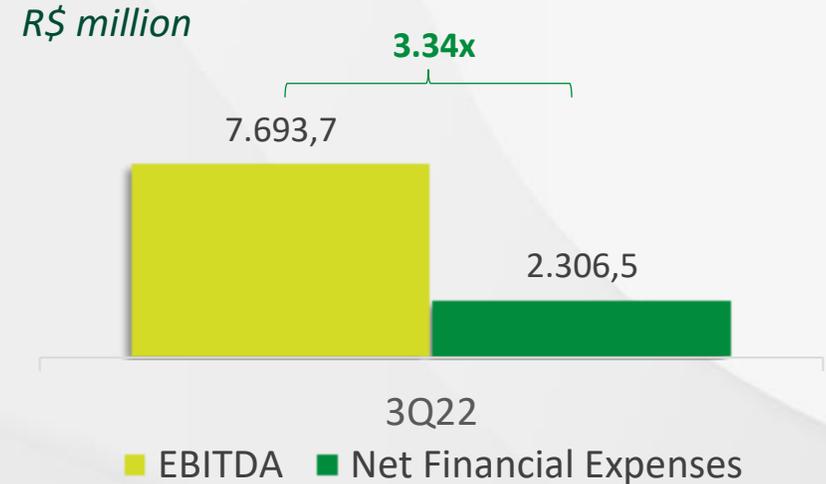


\*Does not include assignment of credit rights

## Net debt\* vs. EBITDA LTM



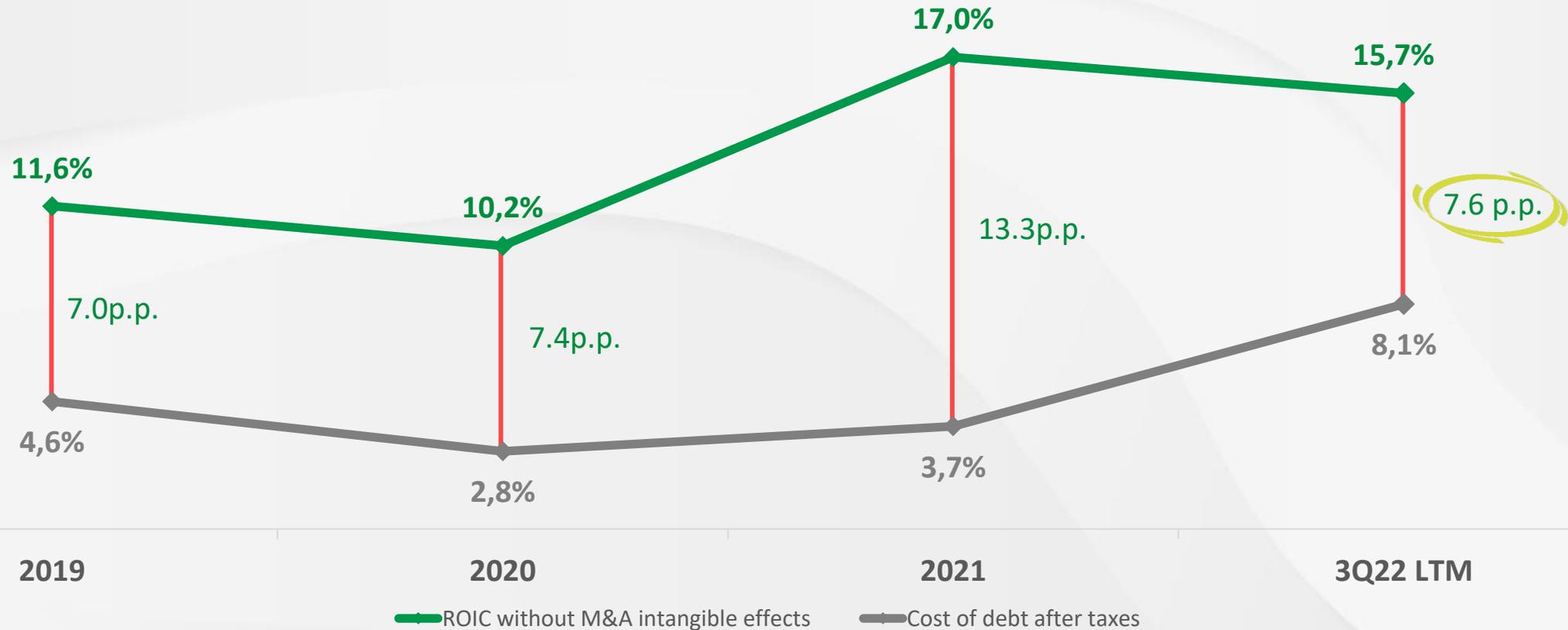
## EBITDA vs. Net financial expenses LTM



WE ENDED THE QUARTER WITH A NET DEBT/EBITDA RATIO OF 2.76X, EVEN WITH THE BUSINESS COMBINATION ONE-OFFS EFFECTS

# ROIC VERSUS COST OF DEBT AFTER TAXES

ROIC reflects Localiza's capital allocation, with Locamerica' effects since Jul/22



13.7% ROIC in 3Q22 considering the effects of goodwill and fair value

ROIC EXCLUDING FAIR VALUE AND GOODWILL EFFECTS INDICATES STRONG VALUE GENERATION EVEN WITH THE BUSINESS COMBINATION ONE-OFFS, REACHING A SPREAD OF 7.6P.P. IN RELATION TO THE COST OF DEBT LTM

Q&A

# THANK YOU!

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*ri.localiza.com*

*Email: ri@localiza.com*

*Telefone: 55 31 3247-7024*

