

# Webcast

# 2Q23

L & CO 50 anos



Índice Brasil 50 **IBRX 50**

Índice Carbono Eficiente **ICO2**

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

**OTCQX**

**IGPTW B3**

**Localiza&CO**

## Overview of the Provisional Measure published on June 5, 2023

### Purpose:

- ✓ Establish a **discount mechanism** for the acquisition of new vehicles up to R\$120,000.00

### Discount Value:

- ✓ Incentives for passenger cars ranged from **R\$2 thousand to R\$8 thousand**

### Target Audience:

- ✓ The Provisional Measure initially applied only to individuals and at the end of June was extended to companies

### Duration:

- ✓ Initially, **120 days** or up to the total discount of **R\$500.0 million**, with this amount increased by another **R\$300.0 million** throughout the quarter

## IMPACTS ON LOCALIZA'S OPERATION



**Impact on fleet residual value: R\$631.4 million**, before taxes, accounted for in the 2Q23 result



**Positive Impact on Cash Flow:** Around 23 thousand cars were purchased with discounts between the end of June and the beginning of July.

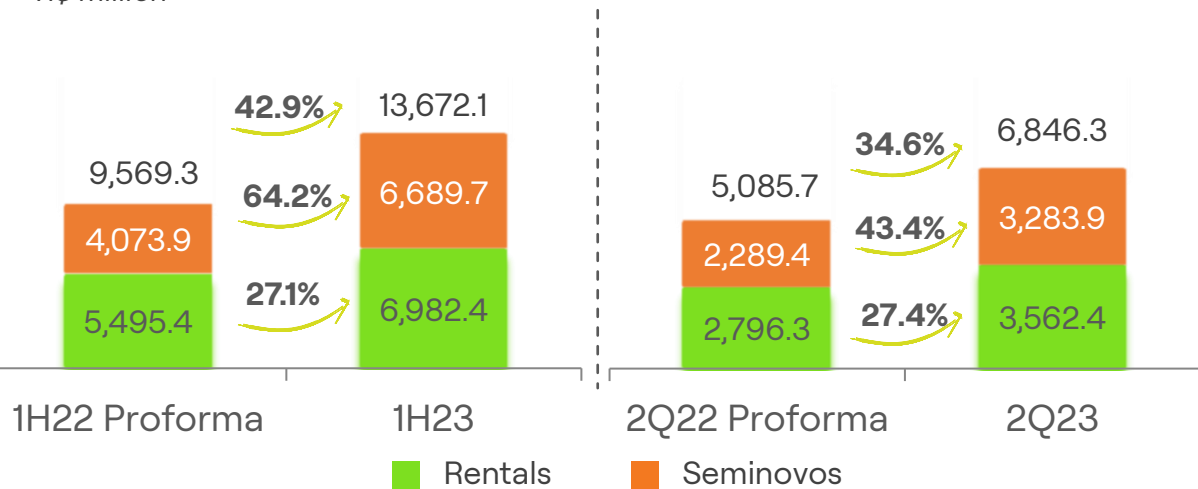
In this quarter, together with the effects related to the business combination (one-offs), we will also highlight the effects from the Provisional Measure No. 1,175 and the write-off of Car Rental Systems tax loss, as follows:

Description	EBIT Impact	Net Income Impact
Fleet write-up amortization	(122.3)	(80.7)
Amortization of the customer portfolio write-up	(1.1)	(0.7)
Impact of Provisional Measure No. 1,175	(631.4)	(416.7)
Write-off of Tax Losses		(9.7)
Total	(754.8)	(507.8)

- **Fleet write-up:** (accounting of the difference between the fair value net of cost of sales and the book value of the fleet acquired in the business combination): amortization according to the criterion used for depreciation of the vehicles in the fleet or in the event of the car being written off
- **Customer relationship write-up** (accounting for the fair value of customer relationships)
- **Write-off of Tax Losses:** Write-off of Car Rental Systems' tax loss
- **Provisional Media Impact No. 1,175:** accounting of R\$631.4 million, being R\$153.3 million in **Seminovos**, highlighted as "Adjustment to the Recoverable Value of Assets" and R\$478.1 million in the car depreciation line

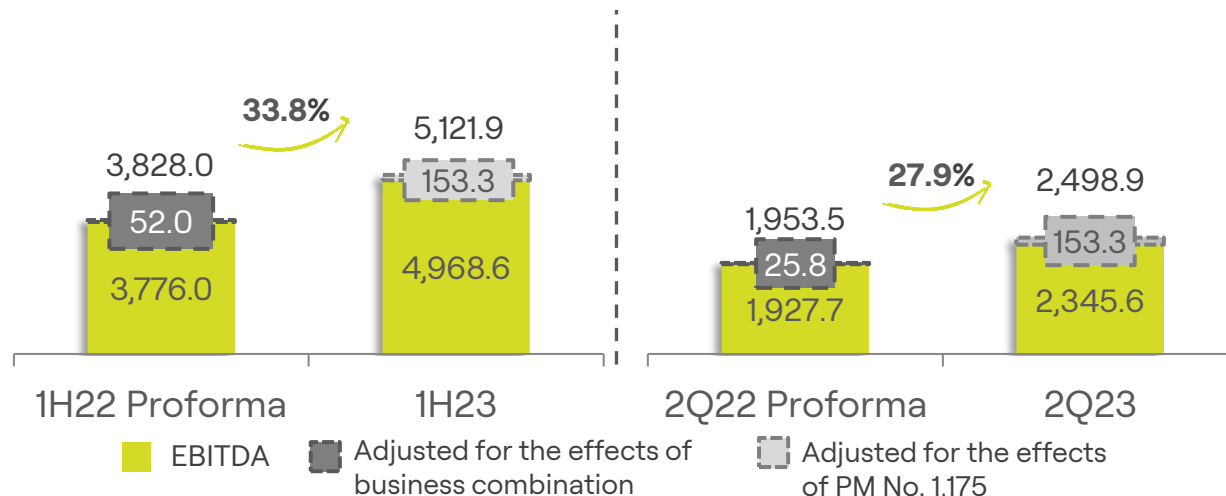
## Consolidated Net Revenue

R\$ million



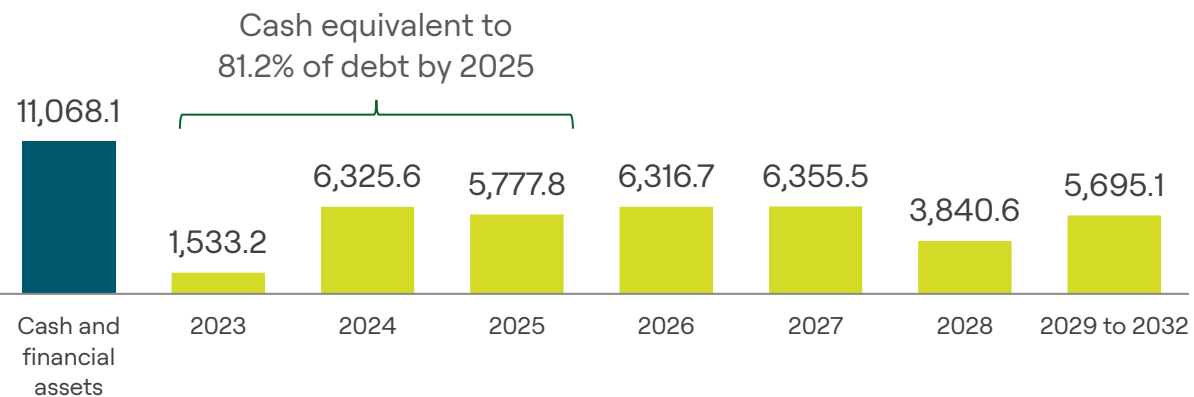
## Consolidated EBITDA

R\$ million



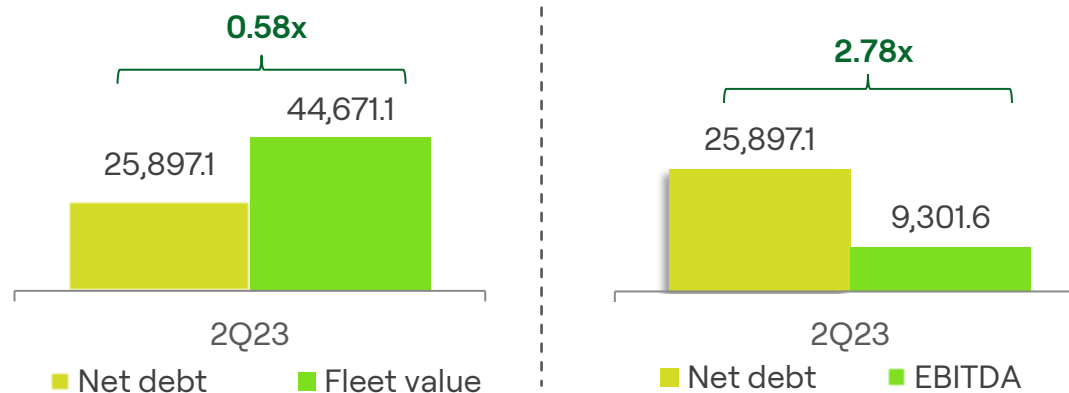
## Debt Profile (as of 06/30/2023)

R\$ million



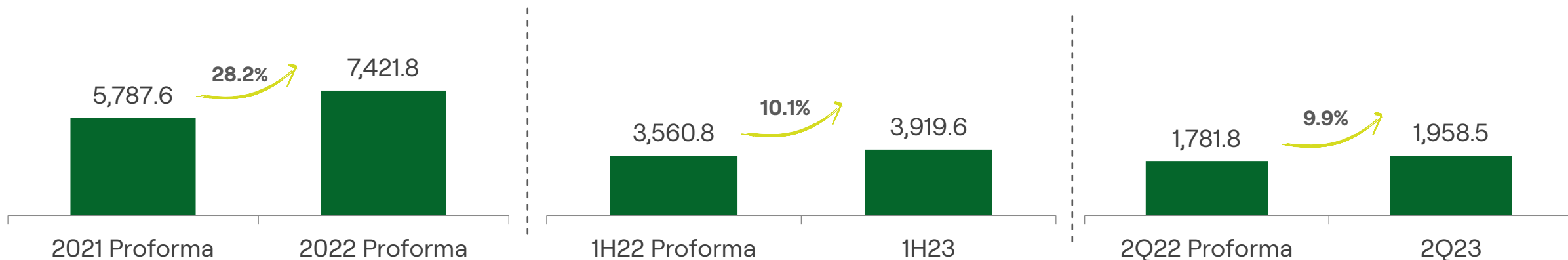
## Debt Ratios

R\$ million



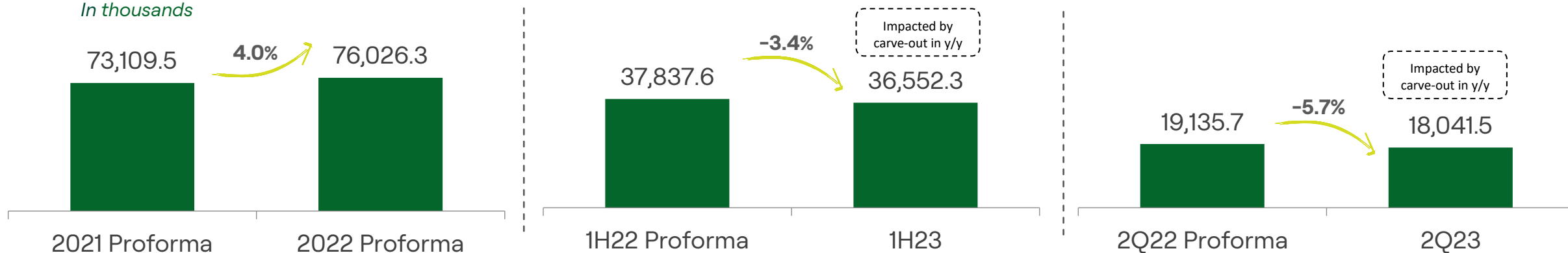
## Net Revenue

R\$ million, including royalties



## Rental days

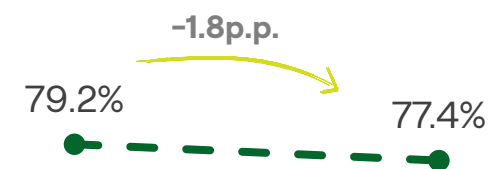
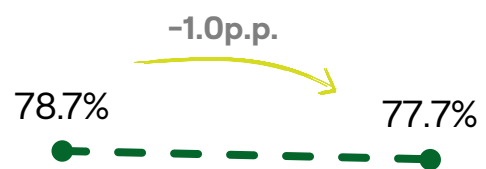
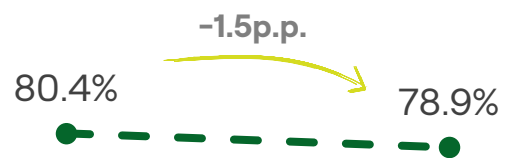
In thousands



NET REVENUE GROWTH IN THE ANNUAL COMPARISON, EVEN WITH THE CARVE-OUT IMPACTING THE RENTAL VOLUMES

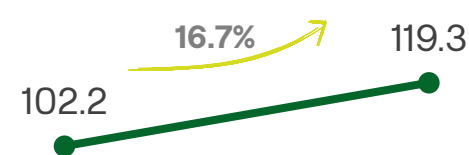
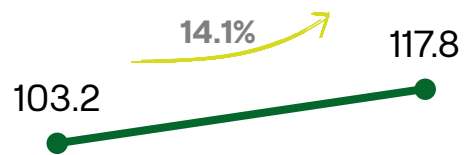
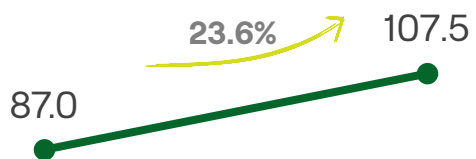
## Utilization Rate

%



## Rental Rate

R\$

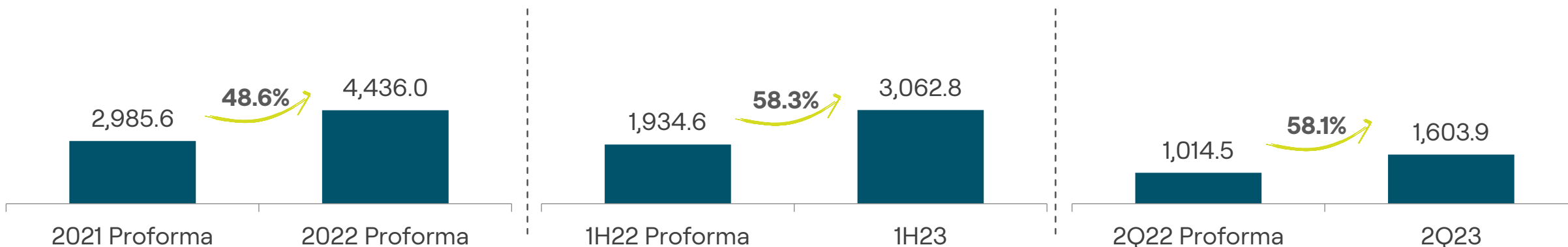


—●— Rental Rate – R\$    - - - ● - - - Utilization

**STRONG YOY GROWTH IN THE AVERAGE RENTAL RATE, REFLECTING MIX AND PRICE MANAGEMENT**

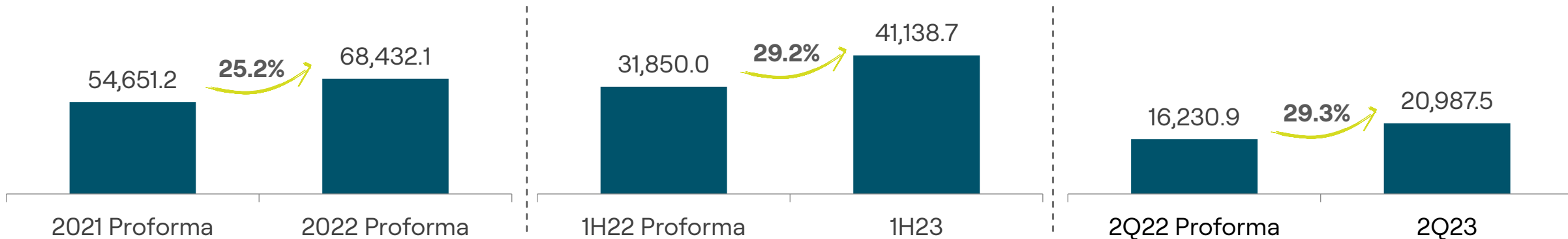
## Net Revenue

R\$ million, including new initiatives' revenues



## Rental Days

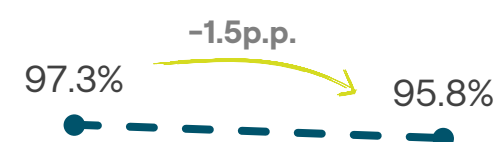
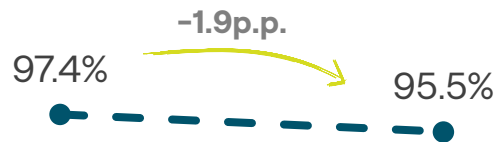
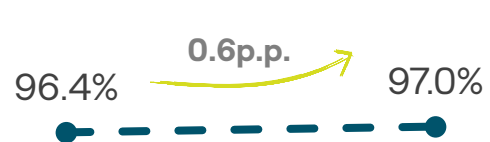
In thousands



STRONG INCREASE IN REVENUE, DUE TO THE COMBINED EFFECT OF VOLUME GROWTH AND CAPTURING HIGHER PRICES IN NEW CONTRACTS

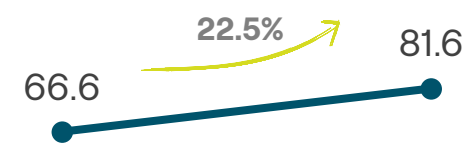
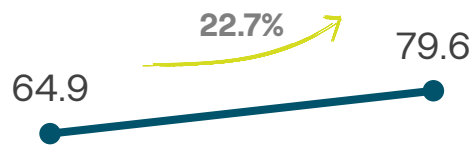
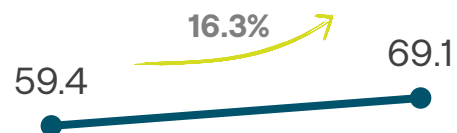
## Utilization Rate

%



## Rental Rate

R\$



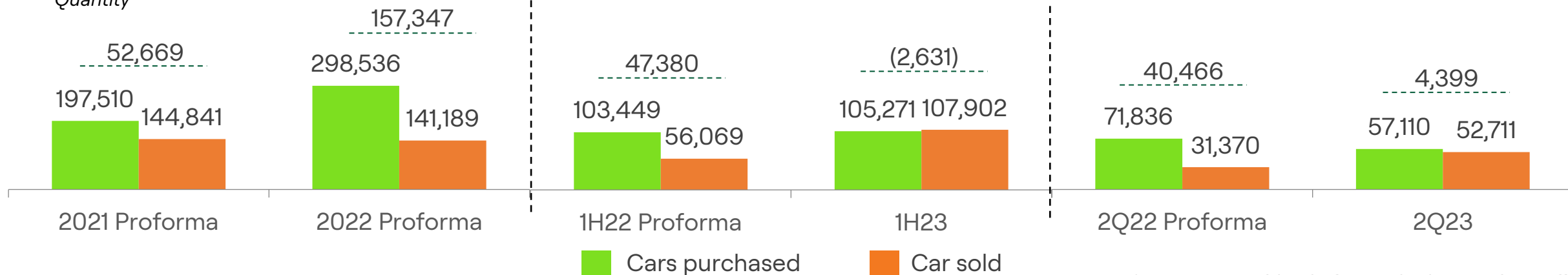
—●— Rental Rate – R\$    - - -●- - Utilization

INCREASE IN AVERAGE RATE, REFLECTING NEW CONTRACTS PRICED IN A CONTEXT OF MORE EXPENSIVE CARS AND HIGHER INTEREST CURVE



## Car purchase and sales - Brazil

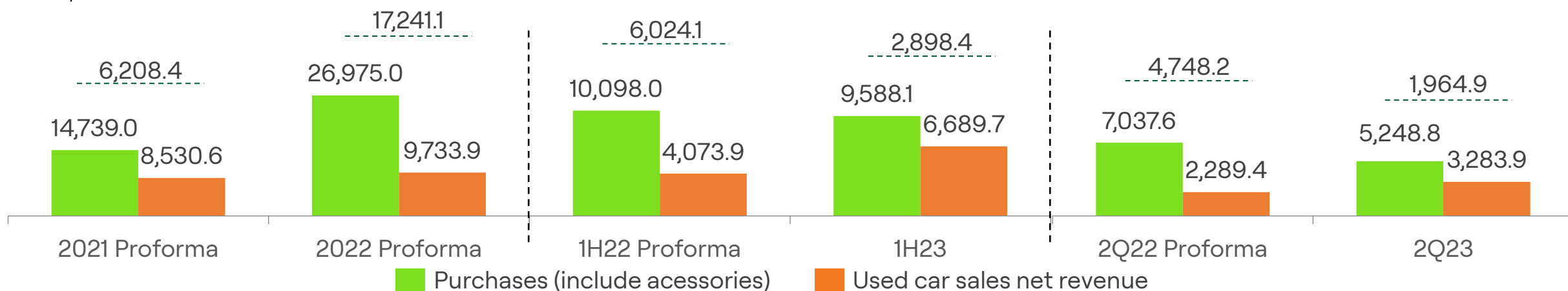
Quantity\*



\*Does not consider theft / crashed cars written off.

## Net investment in fleet - Brazil

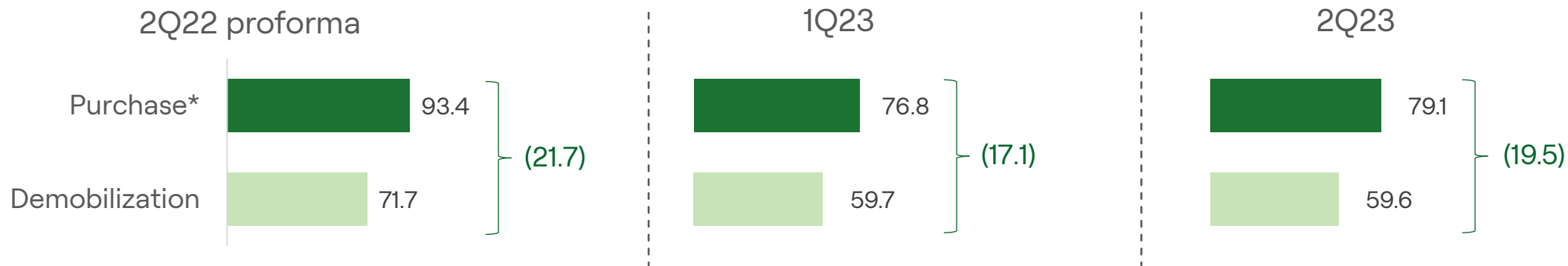
R\$ million



THE EXPECTATION OF A REDUCTION IN CAR PRICES, AFTER THE ANNOUNCEMENT OF THE PROVISIONAL MEASURE, RESULTED IN THE DECELERATION OF THE CARS PURCHASE AND SALE. IN THE QUARTER. AT THE END OF JUNE, THE COMPANY RESUMED PURCHASING CARS WITH BETTER CONDITIONS

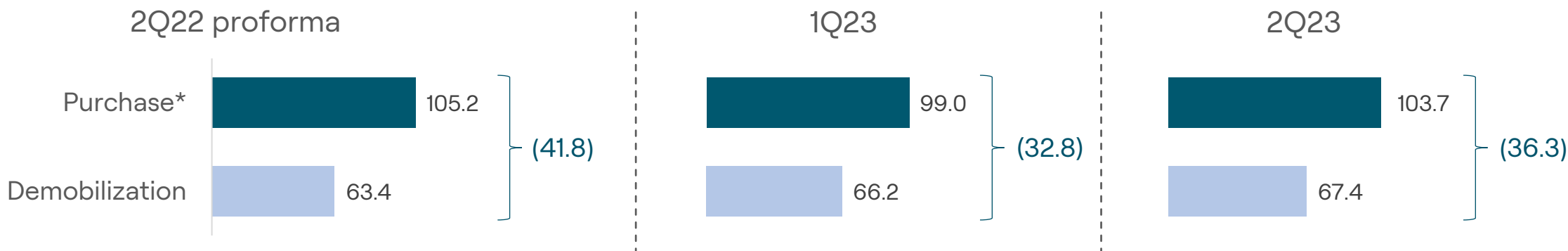
## Average price of purchase and demobilization - Car Rental

R\$ thousand



## Average price of purchase and demobilization - Fleet Rental

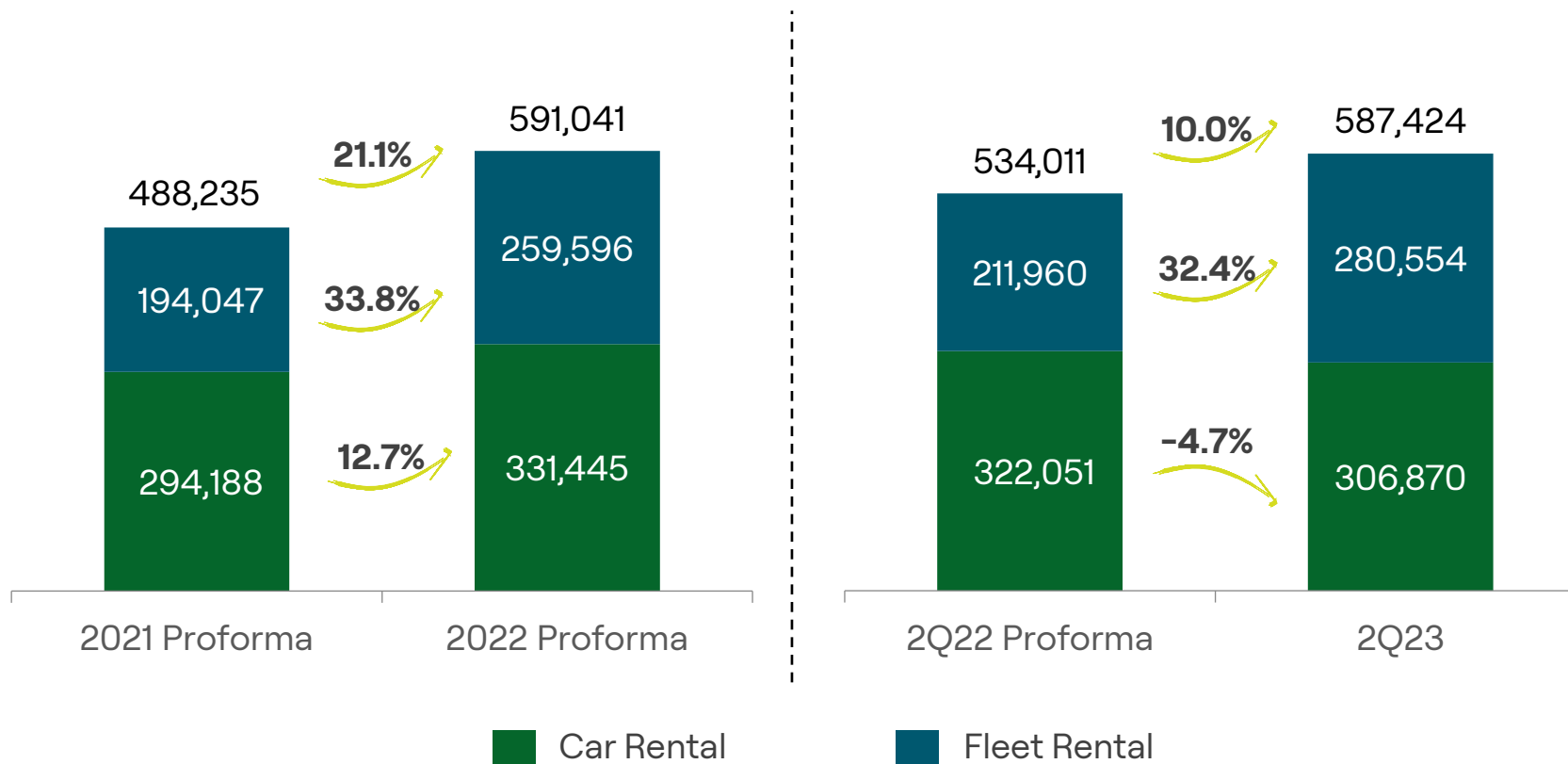
R\$ thousand



\*Purchase price does not include accessories

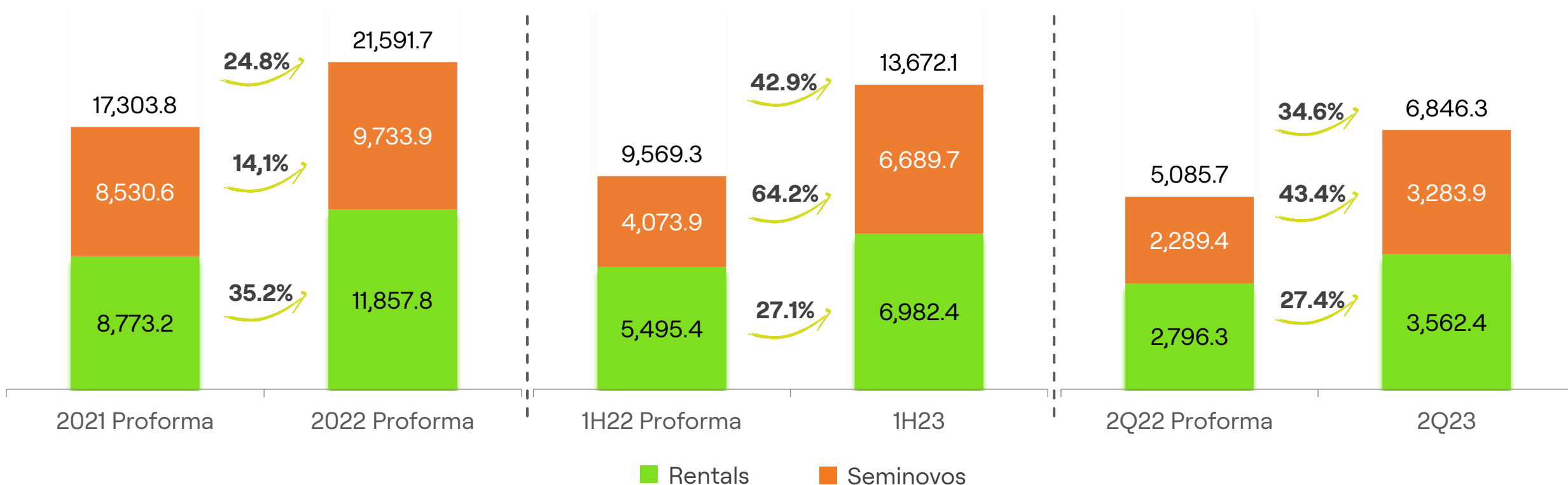
WITH THE ANNOUNCEMENT OF THE MEASURE, THE COMPANY PRIORITIZED THE PURCHASE OF CARS OVER R\$120 THOUSAND IN THE MONTHS OF MAY AND JUNE, IMPACTING THE AVERAGE PURCHASE PRICE IN THE SEQUENTIAL COMPARISON

Quantity



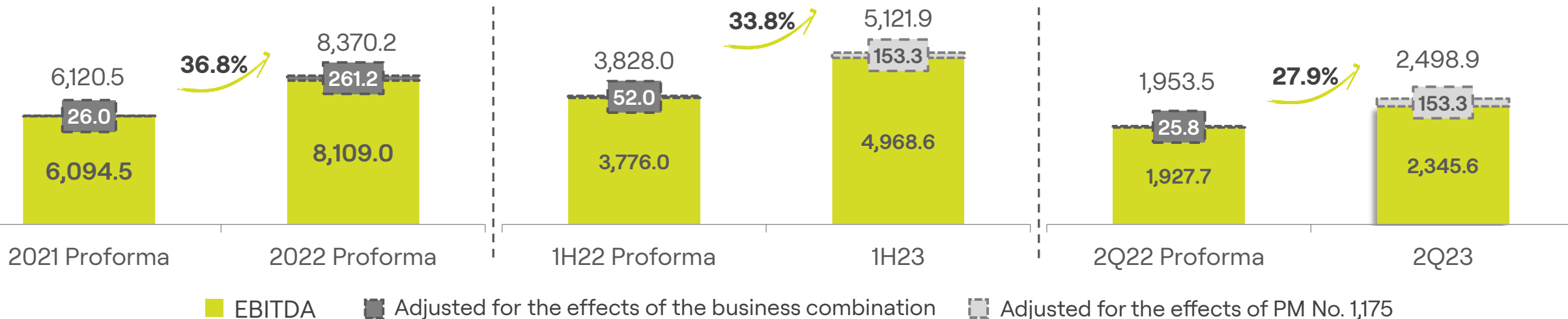
GROWTH OF 10.0% IN THE END OF PERIOD FLEET IN THE ANNUAL COMPARISON, WITH IMPROVEMENT IN GLOBAL FLEET UTILIZATION

R\$ million



STRONG GROWTH IN CONSOLIDATED NET REVENUE, ADVANCING 34.6% IN THE QUARTER AND 42.9% IN THE SEMESTER

R\$ million



EBITDA Margin:	2021 proforma adjusted*	2022 proforma adjusted*	1H22 proforma adjusted*	1H23 adjusted**	2Q22 proforma adjusted*	1Q23	2Q23 adjusted**
Car Rental and Franchising	49.6%	57.6%	55.1%	65.3%	55.2%	66.1%	64.5%
Fleet Rental	65.7%	67.9%	65.5%	72.7%	65.0%	76.2%	69.5%
Rental Consolidated	55.1%	61.5%	58.8%	68.5%	58.8%	70.4%	66.8%
Seminovos	15.1%	11.2%	14.7%	5.0%	13.6%	6.4%	3.7%
Consolidated (over rental revenues)	69,8%	70.6%	69.7%	73,4%	69.9%	76.7%	70.1%

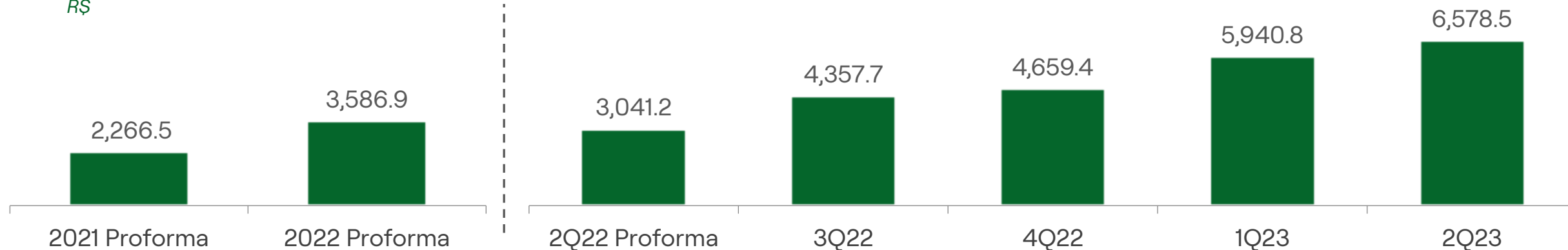
\*Adjusted for One-offs related to the integration expenses and the discontinuity of operations

\*\*Adjusted for the effects of PM No. 1,175

**IN 2Q23, CONSOLIDATED ADJUSTED EBITDA REACHED R\$2.5 BILLION,  
GROWING 27.9% IN THE QUARTER AND 33.8% IN THE SEMESTER**

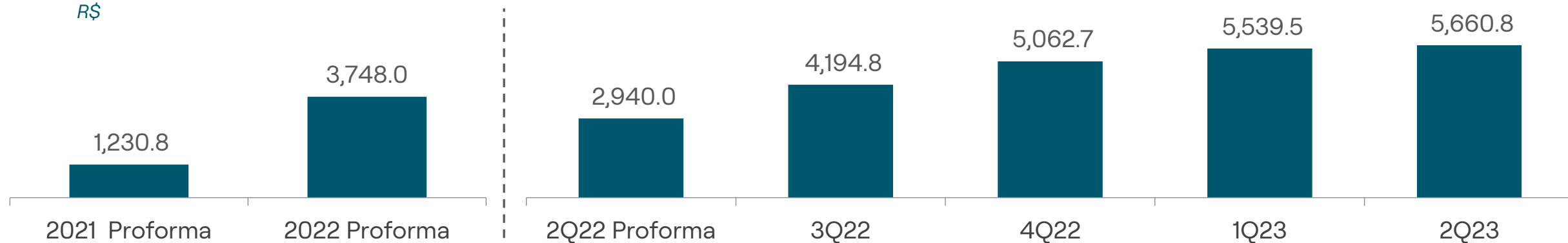
## Car Rental

R\$



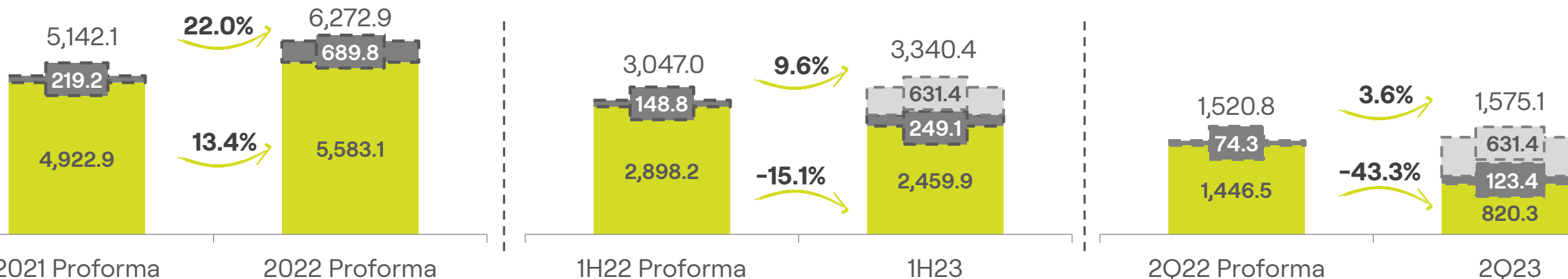
## Fleet Rental

R\$



THE HIGHER SEQUENTIAL DEPRECIATION REFLECTS THE REPLACEMENT OF CARS FULLY DEPRECIATED BY NEW CARS

R\$ million



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

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

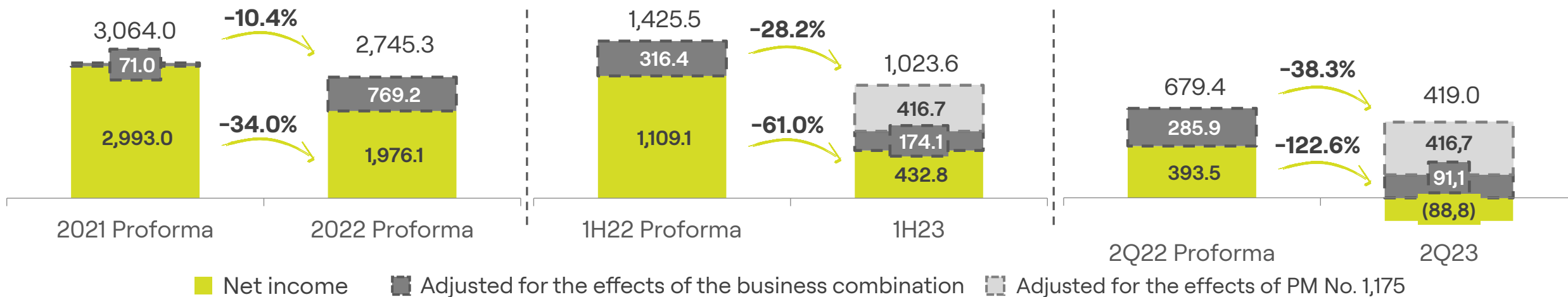
EBIT Margin:	2021 proforma adjusted*	2022 proforma adjusted*	1H22 proforma adjusted*	1H23 adjusted**	2Q22 proforma adjusted*	2Q23 adjusted**
Car Rental and Franchising	55.2%	49.2%	51.1%	42.0%	50.4%	38.6%
Fleet Rental	65.3%	59.0%	63.4%	55.3%	61.3%	51.1%
Consolidated (over rental revenues)	58.6%	52.9%	55.4%	47.8%	54.4%	44.2%

\*Adjusted for One-offs related to integration expenses, in addition to the amortization of fleet and customer relationship write up;

\*\* Adjusted for the amortization of fleet and customer relationship write up and for the Provisional Measure's effect.

**ADJUSTED EBIT OF R\$1.6 BILLION IN THE QUARTER, GROWING 3.6% IN THE QUARTER AND 9.6% IN THE SEMESTER**

R\$ million



EBITDA x Net income reconciliation	2021 proforma	2022 proforma	Var. R\$	Var. %	1H22 proforma	1H23	Var. R\$	Var. %	1Q23	2Q23	Var. R\$	Var. %
Consolidated EBITDA	6,120.5	8,370.2	2,249.7	36.8%	3,828.0	5,121.9	1,293.9	33.8%	1,953.5	2,498.9	545.4	27.9%
Cars depreciation	(672.6)	(1,762.0)	(1,089.4)	162.0%	(614.8)	(1,577.1)	(962.3)	156.5%	(350.6)	(813.6)	(463.0)	132.1%
Other PP&E depreciation and amortization	(305.8)	(335.3)	(29.5)	9.6%	(166.2)	(204.4)	(38.2)	23.0%	(82.1)	(110.2)	(28.1)	34.2%
Equity equivalence result	-	0.2	0.2	-	0.1	-	(0.1)	0.0%	-	-	-	-
EBIT	5,142.1	6,272.9	1,130.8	22.0%	3,047.0	3,340.4	293.4	9.6%	1,520.8	1,575.1	54.3	3.6%
Financial expenses, net	(785.0)	(2,726.0)	(1,941.0)	247.3%	(1,094.8)	(2,167.2)	(1,072.4)	98.0%	(604.1)	(1,097.3)	(493.2)	81.6%
Income tax and social contribution	(1,293.1)	(801.8)	491.3	-38.0%	(526.8)	(149.6)	377.2	-71.6%	(237.3)	(58.8)	178.5	-75.2%
<b>Adjusted net income of the period</b>	<b>3,064.0</b>	<b>2,745.3</b>	<b>(318.7)</b>	<b>-10.4%</b>	<b>1,425.5</b>	<b>1,023.6</b>	<b>(401.9)</b>	<b>-28.2%</b>	<b>679.4</b>	<b>419.0</b>	<b>(260.5)</b>	<b>-38.3%</b>

IN 2Q23, NET INCOME ADJUSTED TOTALED R\$419.0 MILLION, MAINLY IMPACTED BY THE INCREASE IN DEPRECIATION AND INTEREST



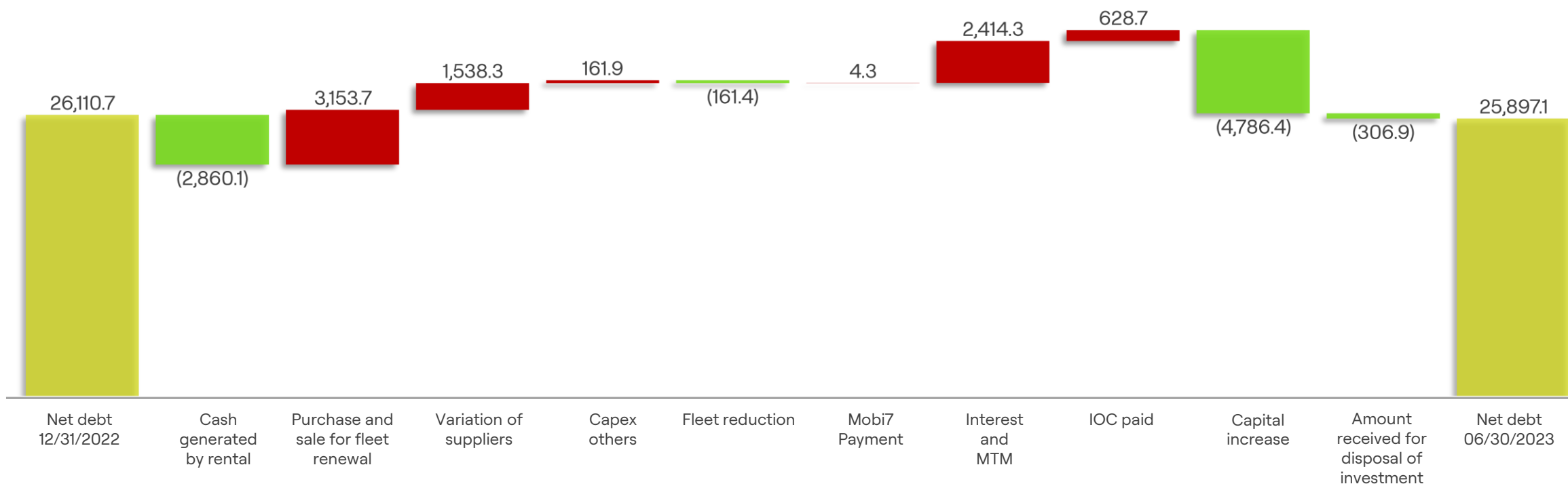
Free cash flow (R\$ million)		2020 actual	2021 actual	2022 actual	1H23
Operations	<b>EBITDA</b>	2,468.1	3,697.5	6,589.2	4,968.6
	Used car sale revenue, net of taxes	(6,109.1)	(5,308.0)	(7,833.6)	(6,618.5)
	Net book value of vehicles written-off	5,599.9	4,346.0	6,085.3	5,635.4
	(-) Income tax and social contribution	(250.1)	(307.1)	(83.4)	(32.2)
	Change in working capital	91.6	(568.3)	(1,284.3)	(1,093.2)
	<b>Cash generated by rental operations</b>	<b>1,800.4</b>	<b>1,860.1</b>	<b>3,473.2</b>	<b>2,860.1</b>
Capex renewal	Used car sale revenue, net from taxes – fleet renewal	4,886.9	5,308.0	7,833.6	6,457.1
	Fleet renewal investment	(5,524.1)	(6,366.9)	(9,902.5)	(9,610.8)
	Change in accounts payable to car suppliers for fleet renewal	(466.6)	(282.6)	1,619.6	(374.0)
	<b>Net investment for fleet renewal</b>	<b>(1,103.8)</b>	<b>(1,341.5)</b>	<b>(449.3)</b>	<b>(3,527.7)</b>
	Fleet renewal – quantity	109,379	92,845	118,538	107,902
	Investment, property and intangible	(108.0)	(143.4)	(352.8)	(161.9)
	<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>(829.5)</b>
Capex Growth	(Investment) / Divestment in cars for fleet growth	1,222.2	(1,289.0)	(12,636.4)	161.4
	Change in accounts payable to car suppliers	(522.5)	571.6	2,298.3	(1,164.3)
	<b>Net investment for fleet growth</b>	<b>699.7</b>	<b>(717.4)</b>	<b>(10,338.1)</b>	<b>(1,002.9)</b>
	Fleet increase / (reduction) – quantity	(26,111)	18,665	136,391	(2,631)
	<b>Free cash flow after growth</b>	<b>1,288.3</b>	<b>(342.2)</b>	<b>(7,667.0)</b>	<b>(1,832.4)</b>
Other invest.	Acquisitions - except fleet value	(7.9)	(3.6)	(11.5)	(4.3)
	<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>(1,836.7)</b>

For the FCF, short term financial investments were considered cash

**STRONG GENERATION OF OPERATING CASH, CONSUMED BY THE INCREASE IN CAPEX FOR RENEWAL AND REDUCTION OF ACCOUNTS PAYABLE TO CAR SUPPLIERS**

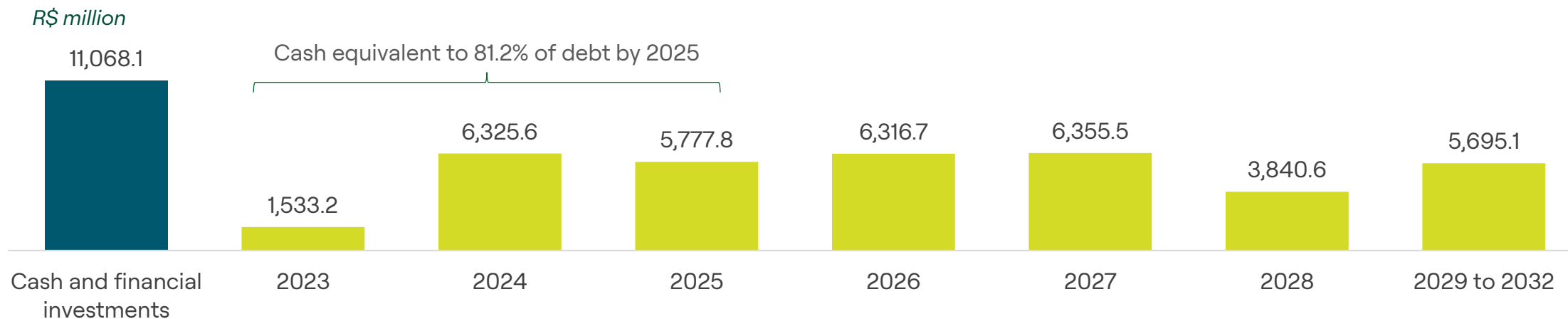
As of 06/30/2023

R\$ million

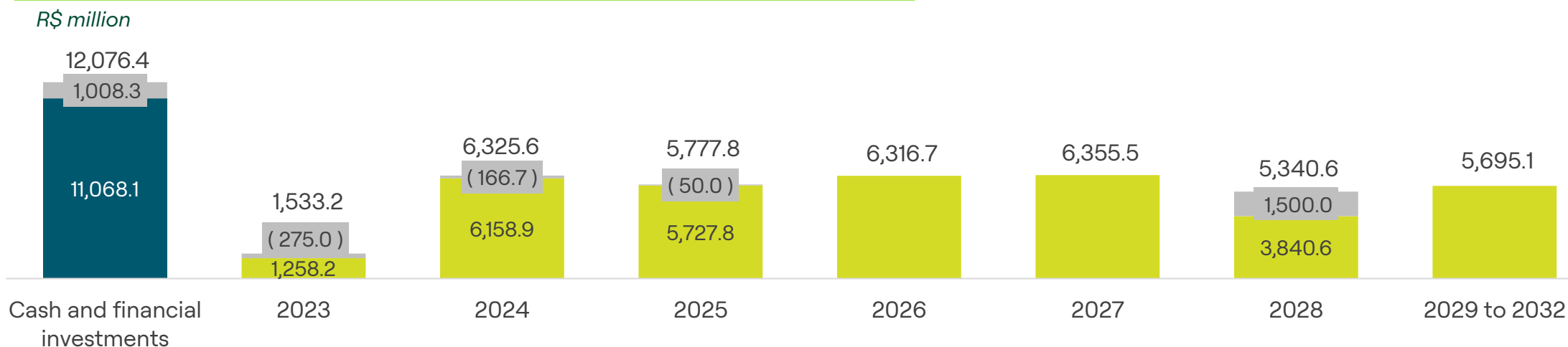


THE COMPANY ENDED THE SEMESTER WITH A NET DEBT OF R\$25 BILLION

## As of 06/30/2023



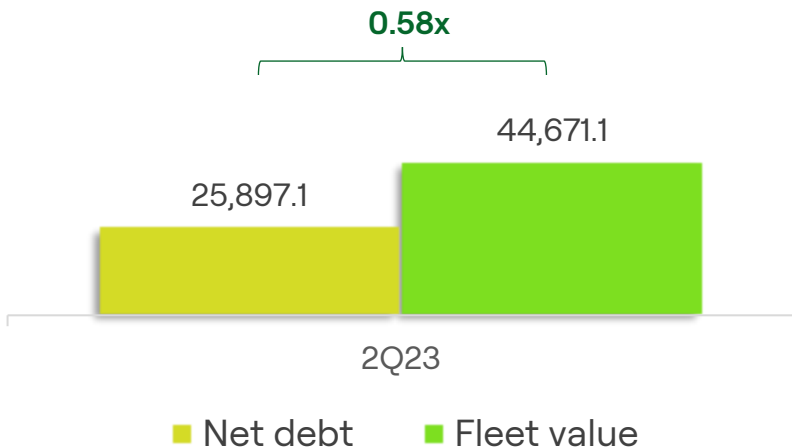
## Proforma after issuances and amortizations in Jul/23



THE COMPANY ENDED THE SEMESTER WITH R\$11.1 BILLION IN CASH, MAINTAINING ACTIVE DEBT PROFILE MANAGEMENT

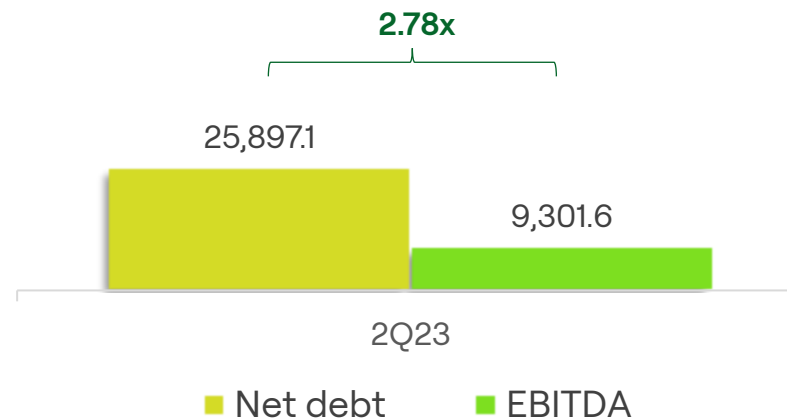
### Net debt vs. Book value

R\$ million



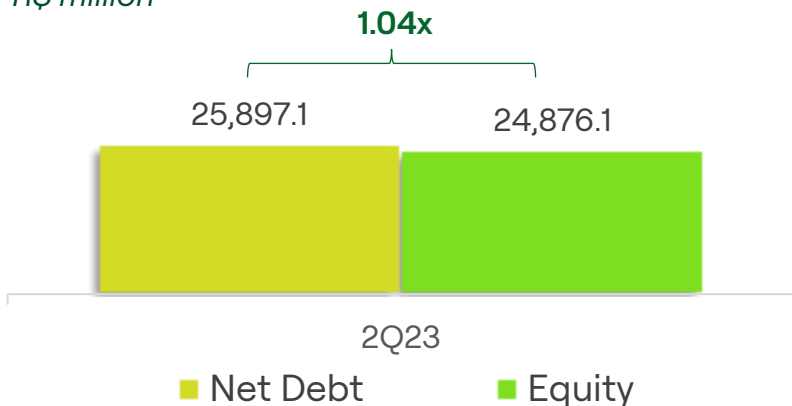
### Net debt vs. EBITDA LTM

R\$ million



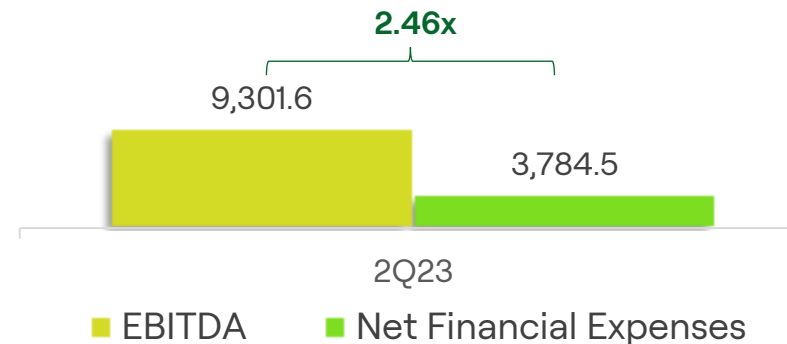
### Net debt vs. Equity

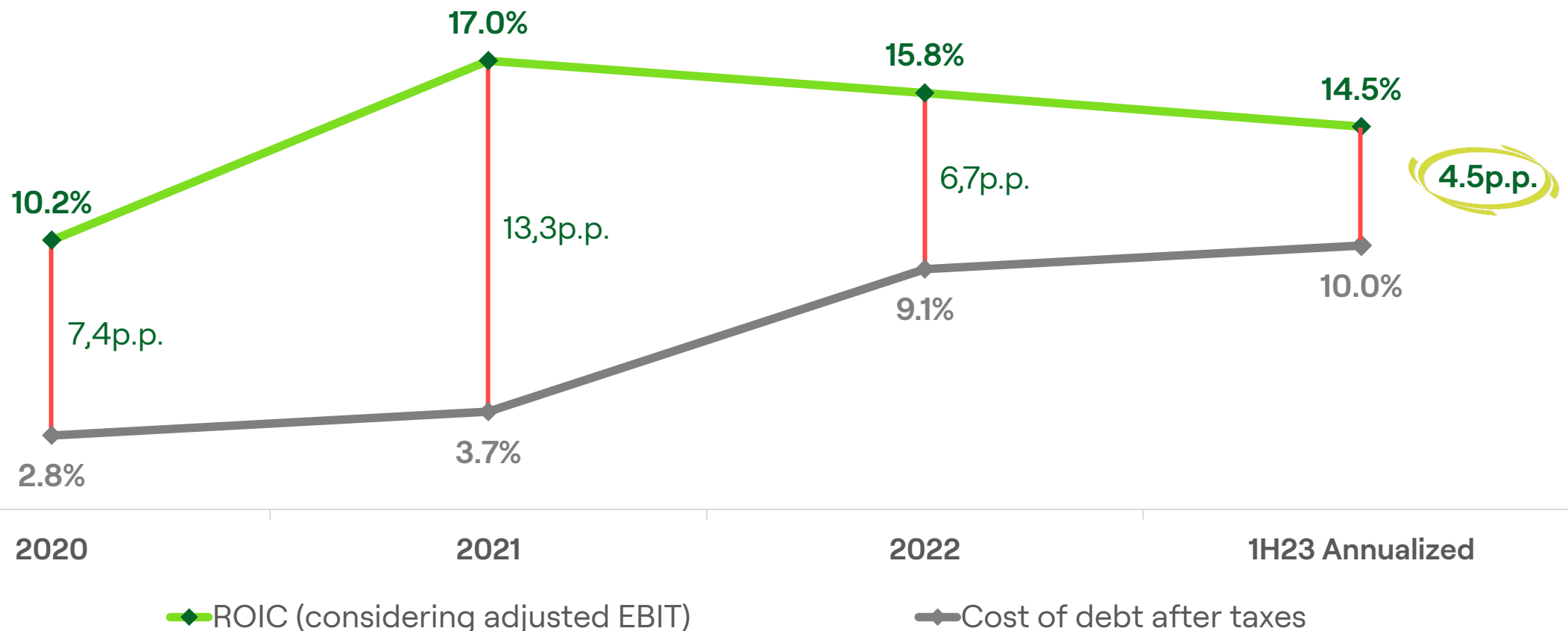
R\$ million



### EBITDA vs. Net financial expenses LTM

R\$ million





ROIC 2Q23 annualized ROIC calculated from:

Nopat = EBIT x (1 - Effective Tax Rate); Invested Capital = Total fleet + working capital

**ANNUALIZED ROIC OF 14.5%, WITH A SPREAD OF 4.5P.P.**

## Disclaimer

The material presented is a presentation of general background information about LOCALIZA as of the date of the presentation It is information in summary form and does not purport to be complete It is not intended to be relied upon as advice to potential investors

This presentation contains statements that are not guarantees of future performance Investors are cautioned that any such forward looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of LOCALIZA and its subsidiaries that may cause the actual results of the companies to be materially different from any future results expressed or implied in such forward-looking statements

Although LOCALIZA believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to LOCALIZA's management, LOCALIZA cannot guarantee future results or events LOCALIZA expressly disclaims a duty to update any of the forward-looking statement

***This presentation does not constitute an offer, invitation or solicitation of an offer to subscribe to or purchase any securities Neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever***

[ri.localiza.com](http://ri.localiza.com)

Email: [ri@localiza.com](mailto:ri@localiza.com)

Telephone: 55 31 3247-7024

