

**RATING ACTION COMMENTARY****Fitch Downgrades Movida's IDRs to 'BB-'; Outlook Stable**

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Fitch Ratings - Rio de Janeiro - 16 Jun 2025: Fitch Ratings has downgraded Movida Participações S.A.'s (Movida) Long-Term Foreign Currency (FC) and Local Currency (LC) Issuer Default Ratings (IDRs) to 'BB-' from 'BB' and downgraded Movida and Movida Locacao de Veículos S.A.'s (Movida Locacao) Long-Term National Scale Ratings to 'AA(bra)' from 'AA+(bra)'. Fitch has also downgraded the senior unsecured bond issuances of Movida Europe S.A. to 'BB-' from 'BB' and the senior unsecured debentures issuances of Movida and Movida Locacao to 'AA(bra)' from 'AA+(bra)'. The Rating Outlook is Stable.

Fitch equalizes Movida and Simpar S.A.'s ratings (Simpar; FC, LC IDR BB-/Stable), reflecting Simpar's medium legal and strong operational and strategic incentives to support Movida. Movida and Movida Locacao's ratings are equalized due to strong parental support.

The downgrade reflects Simpar's consolidated net leverage remaining above 'BB' thresholds, with persistently high interest rates, elevated capex and lower returns on invested capital expected to continue limiting cash flow generation and deleveraging.

**KEY RATING DRIVERS**

**Parent and Subsidiary Linkage:** Movida's ratings reflect Simpar's medium legal and strong operational and strategic incentives to support its subsidiary, which equalize the ratings of both companies. In addition to the cross-default clauses on Simpar's debt and the relevant shareholding control, Movida has strong growth potential and important commercial synergies, which contributes to the group's greater bargaining power with customers, suppliers and in-vehicle purchases. Simpar's controlling shareholders and its managers form the majority of Movida's board of directors.

On a standalone basis, Movida has a solid position in the competitive Brazilian car and fleet rental business, with relevant scale and positive operating performance. Movida's consolidated financial leverage should not decrease materially due to still negative FCFs.

The company's liquidity is also pressured by high debt maturities of BRL6.9 billion due up to YE2026 that need to be addressed in the next few months.

**Solid Business Position:** As the second-largest player in the car and fleet rental industry in Brazil, Movida has a strong business position, supported by its relevant scale, positive operating performance, national footprint and an adequate used car sale operation. As of March 2025, Movida's total fleet of 257,000 vehicles, consisting of 113,000 in rent-a-car (RaC) and 144,000 in fleet management (GTF), secured meaningful market shares both in RaC and GTF. As such, Movida has proven bargaining power with auto manufacturers and is able to capture economies of scale. At YE 2025 and 2026, Fitch forecasts Movida's own total fleet at around 268,000 and 274,000 vehicles, respectively.

**Adequate Operating Performance:** Movida's EBITDA should increase gradually based on organic growth and resilient margins as the company scale increases. Balanced demand and supply dynamics should continue to allow adequate rental rates, resulting in a gradual recovery of Movida's return on invested capital (ROIC), closer to historical levels. Fitch forecast consolidated net revenue of BRL14.6 billion (+8.8% over 2024) and adjusted EBITDA of BRL5.3 billion (36% margin and +18% over 2024) in 2025 and BRL15.1 billion and BRL6 billion (37% margin) in 2026, from BRL13.5 billion and BRL4.5 billion (33% margin), respectively, in 2024.

**Pressured FCFs:** The rating scenario considers that increasing interest expenses will pressure Movida's cash flow from operations (CFFO). Fitch forecasts CFFO reaching BRL1.8 billion in 2025 and BRL2.2 billion in 2026. Movida operates in a capital-intensive industry, with FCF expected to remain negative, around BRL900 million, after average annual capex of BRL9.6 billion in 2025, 2026 and 2027, partially funded by the sale of used vehicles from rentals, and a dividend payout ratio of 30%.

**Moderate Leverage:** Fitch expects net adjusted debt/adjusted EBITDA to remain around 3.5x over the next two years. Net adjusted leverage was 3.7x, on average, from 2021 to 2024 and 3.6x in 2024, a result of Movida historically aggressive growth strategy. Positively, total adjusted debt/adjusted EBITDA has come down after it peaked at 6.3x in 2021 to 4.5x in 2024, mainly due to EBITDA expansion.

## PEER ANALYSIS

Simpar's business profile is superior to that of Localiza Rent-a-Car S.A. (Localiza; Foreign and Local Currency IDRs BB+ and National Long-Term Rating AAA(bra), all with a Stable Outlook). Simpar has a scale similar to that of Localiza, a more diversified service portfolio, but a weaker financial profile — with higher leverage and more pressured FCF, which pressure the rating.

Compared with Unidas Locações e Serviços S.A. (Unidas; Foreign and Local Currency IDRs BB- and National Long-Term Rating AA(bra), all with a Stable Outlook), Simpar has a much stronger business profile, greater liquidity, and better access to the credit market. These advantages are offset by higher leverage compared to Unidas.

## **KEY ASSUMPTIONS**

- Total fleet flat in 2025 and increasing 3% on average in the next three years;
- Average ticket for RaC increasing 7% in 2025 and 3% on average in the next three years;
- Average ticket for GTF increasing 11% in 2025 and 3.5% on average in the next three years;
- Capex of BRL9 billion in 2025, BRL9.6 billion in 2026 and BRL10 billion in 2027;
- Dividend payout around 30% throughout the rating horizon.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

- A downgrade of Simpar's ratings;
- Deterioration of Simpar's legal, strategic and operational incentives to provide support.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

- An upgrade of Simpar's ratings.

## **LIQUIDITY AND DEBT STRUCTURE**

Movida has an important challenge to refinance high debt maturities and negative FCF in the upcoming months. As of March 2025, Movida had BRL3 billion of cash and equivalents and BRL20.7 billion of total adjusted debt, with BRL4 billion due in the short term and BRL2.9 billion from April to December 2026.

Movida's debt profile is mainly comprised of local debentures (54%), bank loans (26%) and the fully hedged U.S. dollar denominated bonds due 2031 (20%). The company's

ability to postpone growth capex to adjust to the economic cycle and the considerable number of the group's unencumbered assets, with a book value of fleet over net debt at around 1.3x, add to its financial flexibility.

ISSUER PROFILE

Movida is Brazil's second-largest vehicle and fleet rental by fleet size and revenue, and also sells used vehicles. The company is publicly traded on B3, with a free float of 34.24%; Simpar is the main shareholder (67.7% stake).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Macro and Sector Forecasts data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
Movida Europe S.A.		

senior unsecured	LT	BB-	Downgrade	BB
Movida Locacao de Veiculos S.A.	Natl LT	AA(bra)	Downgrade	AA+(bra)
senior secured	Natl LT	AA(bra)	Downgrade	AA+(bra)
Movida Participacoes S.A.	LT IDR	BB-	Downgrade	BB
	LC LT IDR	BB-	Downgrade	BB
	Natl LT	AA(bra)	Downgrade	AA+(bra)
senior unsecured	Natl LT	AA(bra)	Downgrade	AA+(bra)

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

#### PARTICIPATION STATUS

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#### APPLICABLE CRITERIA

[National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)

[Metodologia de Ratings em Escala Nacional \(pub. 22 Dec 2020\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(pub. 16 Jun 2023\)](#)

[Metodologia de Vínculo Entre Ratings de Controladoras e Subsidiárias \(pub. 16 Jun 2023\)](#)

[Corporate Rating Criteria \(pub. 06 Dec 2024\) \(including rating assumption sensitivity\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 06 Dec 2024\)](#)

[Metodologia de Ratings Corporativos \(pub. 06 Dec 2024\)](#)

## **APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.1.0 ([1](#))

## **ADDITIONAL DISCLOSURES**

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

## **ENDORSEMENT STATUS**

Movida Europe S.A.

EU Endorsed, UK Endorsed

Movida Participacoes S.A.

EU Endorsed, UK Endorsed

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<https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating s

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