

1Q25 RESULTS CONFERENCE CALL

Operator

Greetings, and welcome to Movida's 1Q25 earnings call. Joining us today are Gustavo Moscatelli, CEO; Daniela Sabbag, CFO; and Camila Francischelli, Investor Relations Officer.

The event is being streamed on Zoom and also available on the Company's website, ri.movida.com.br.

Please note that all participants will be in listen-only mode during the presentation. After that, participants may submit questions through the platform, which will be addressed by the management during the call or later by Movida's Investor Relations team following the completion of the session.

We would like to remind everyone that today's presentation will be conducted in Portuguese with simultaneous translation into English. For those who want to follow the presentation in English, you can simply click on the 'interpretation' button in the bottom right corner of the platform.

For those that do not speak Portuguese and want to listen this presentation in English, it's possible by pressing the 'Interpretation' button present on the bottom-right corner of the platform and choosing the language properly. For a better experience, click on 'mute original audio'.

As of now, participants are welcome to start submitting questions through the Zoom platform. To do so, just click on the Q&A button located on the bottom bar of your screen and type in your question.

Before we begin, we would like to clarify that any forward-looking statements made during this call regarding the Company's business outlook, operation and financial projections and targets are based on Movida's management beliefs and assumptions, as well as information currently available to the Company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions as they relate to future events and therefore, depend on circumstances that may or may not occur. General economic conditions, industry conditions and other operational factors may affect the future performance of the Company and lead to results that will materially differ from those in the forward-looking statements.

The results to be discussed in this call are presented in the Company's earnings release and the financial highlights spreadsheet available on the Company's IR website.

Now I will turn over to Mr. Moscatelli to start the presentation. You may go ahead.

Gustavo Moscatelli:

Good morning, everyone. Welcome to Movida's 1Q25 earnings conference call.

I would like to begin by thanking our people, more than 6,000 employees for their efficiency, quality and commitment to execution, which enabled us to deliver this quarter's results.

I will start with slide 3. Here, we bring a summary of our structural improvements that we have consistently made, always focusing on the commitment to value creation for our shareholders. Our first key initiative is the ongoing price recovery in Rent-a-Car. The average daily ticket increased by 21% in 1Q25 from 1Q24, reaching a daily rate of R\$158.

The second relates to the pricing of new GTF contracts, with an average monthly yield of 3.5% a month, compared to 3% in the same period 2024.

The third priority is to continue allocating more capital to long-term contracts. In 1Q25, we reached 61% of the gross fixed assets in GTF compared to 58% in 1Q24. The initiative will bring even greater predictability and release to our results and cash generation.

The fourth initiative is the continuous improvement of our operating efficiency, which includes not only price recovery across all businesses, but also cost and expenses optimization. As a result, we delivered record high EBITDA margins in GTF at 76.2% and Rent-a-Car at 65.3%. The results reflect stronger operating efficiency across the Company.

Lastly, we made significant progress in used cars productivity. In the 1Q, we sold approximately 25,000 cars, a 7% increase compared to 1Q24. In addition, the segment's EBITDA margin remained stable at about 1%, consistent with the past 4 quarters.

Moving on to slide 4. I will highlight the main financial results for 1Q25. We delivered another record-breaking quarter in both EBITDA and EBIT. Improved performance across all business lines led to a real transformation in our profitability indicators for this quarter. In the 1Q, we reached R\$3.6 billion net revenue, EBITDA of R\$1.3 billion and EBIT of R\$766 million. Net income, R\$78.5 million, up 61% from 4Q24. As a result, return on invested capital reached 12.4%, up 1.9 p.p. from 1Q24 and 4.4 p.p. from 1Q23.

It's important to highlight the breakdown of these indicators when we look specifically at our core rental business. Our operational fleet grew by 10%, while net revenue increased by 26%. Over the same period, EBITDA grew 29% and EBIT, 30%. Our current level of operational efficiency is clearly reflected in the results and supports continued progress in value creation for shareholders.

Moving on to slide 5. We show our rental EBITDA margin trend since 2016, demonstrating how we have reached the highest operational levels since our IPO. In 1Q25, Rent-a-Car posted a 65.3% margin. GTF, a record 76.2% margin, showing consistent profitability across both segments. These record level margins validate the effectiveness of our efficiency initiatives and reflect our ongoing cost and expense reduction efforts since early last year, positioning the Company for a new phase of value creation.

In the Rent-a-Car, depreciation per operational car was R\$6,500 per year. This is aligned with the past 4 quarters, indicating a stable, healthy depreciation rate in the Rent-a-Car with

maintenance of depreciation on new cars between 8% and 9% a year. In GTF, depreciation per car came to R\$10,000 per year, also stable compared to previous quarters. Recurring depreciation rates on new contracts remain between 8% and 10% per year.

Now turning to slide 7. We bring you more details on the Company's top strategic priorities in 2025. That is Rent-a-Car price recovery. As shown in the chart on the left, daily rates in Rent-a-Car have been increasing quarter after quarter, driving profitability expansion. The average rate reached R\$158 up 21% from the prices of 1Q24.

We would also like to share our capital allocation strategy with you within Rent-a-Car occasional and monthly rentals. As shown in the chart on the right, we have increased capital allocation to occasional rentals, where we have seen higher price and demand elasticity, and therefore, the product has been showing greater profitability. Therefore, in addition to price increase, rental volume rose by 6% and the share of occasional renters in the Rent-a-Car mix grew by 5 p.p., reaching 44% in Q5 versus 1Q24.

On slide 8, we show Movida's consolidated financial results. Net revenue reached R\$3.6 billion, up 18% year-over-year. Rental revenue grew 26%. And again, we would like to highlight that operation fleet expanded by 10% in the same comparison, reflecting productivity gains. EBITDA reached R\$1.3 billion in the quarter, up 26% from 1Q24 and rental EBITDA grew even higher, 29.3%.

When we analyze EBITDA margin, we see a growth of 2 p.p., reaching 70.3% in 1Q25, demonstrating the effectiveness of the initiatives implemented across all business lines. EBIT totaled R\$766 million, up 25% year-over-year. Lastly, I would like to highlight net income of this quarter, R\$78 million, a 61% increase from 1Q24. And it's important to highlight once again that this is the highest quarterly net income in the past 10 quarters.

Return on invested capital reached 12.4% in the quarter, a significant 4.4 p.p. increase from 2023. The result reflects the ongoing expansion of value creation to shareholders which exceeded the cost of debt by 3.4 p.p., combined with ongoing initiatives such as the price recovery in the Rent-a-Car, improved yield on new GTF contracts, stronger used car productivity, capital allocation discipline and debt management, which take us to sustainable and growing ROIC levels.

Now I will turn over to Camila, our Investor Relations Officer.

Camila Francischelli:

Thank you, Moscatelli. Good morning, everyone. Continuing with the presentation, I will move to the business line highlights. On slide 11, we show the highlights for the Rent-a-Car segment. In the first chart, we have revenue per car, reaching R\$339,000 a month in the 1Q, a 7.5% increase compared to 1Q24. The performance, combined with better capital allocation in the operation, drove a significant yield expansion to 4.2% a month in 1Q25 compared to 3.9% in 1Q24.

On slide 12, we continue moving on with Rent-a-Car indicators. Rent-a-Car reached R\$859 million in the quarter, a 14% increase year-over-year. Average operational fleet expanded less 6% in the same comparison, reaching 95,000 cars in 1Q25. EBITDA was R\$561 million, up 16% compared to the 1Q24. EBITDA margin expanded by 1 p.p., reaching over 65% in the 1Q25. As a result, EBITDA per car continued to grow, reaching R\$1,966 per month this quarter, up 9.5% year-over-year.

Moving now to slide 14, we bring our GTF operational indicators. We closed 1Q25 with a total fleet of approximately 144,000 cars, up 6% year-over-year. Future revenue backlog reached R\$6.8 billion, up 18% in the 1Q25 compared to the 1Q24.

As shown in the next chart, we show the share of GTF in our gross fixed assets. As we mentioned, this is part of our strategic agenda for the year. The share went from 58% in 1Q24 to 61% in 1Q25.

On slide 15, we bring GTF's financial results. Net revenue totaled R\$993 million in the quarter, up 38% versus 1Q24, while the operational fleet grew much lower, only 14% under the same comparison. As a result, revenue per car rose again to R\$2,855 a month in 1Q25, a 20% increase year-over-year.

EBITDA this quarter once again reached an all-time high with growth of 41% from 1Q24, reaching R\$756 million. As also mentioned earlier, GTF EBITDA margin hit a new record at 76.2%, up 1.9 p.p. from the 1Q24. Consequently, EBITDA per car also rose to R\$1,959 per month, which is an increase of 24% compared to 1Q24.

Now we are moving on to slide 17, where we bring our used cars indicators. We continue with solid performance in the operation with 24,800 vehicles sold in the quarter, up 7% year-over-year. Net revenue reached R\$1.7 billion in the 1Q, up 10.7% from 1Q24. EBITDA margin remained stable at 1.1% in the 1Q25. It's worth highlighting that SG&A as a percentage of used cars net revenue decreased to 5.9% in 1Q25 from 6.3% in 1Q24. This is evidence of our operational efficiency in this business line.

Moving on to slide 18, we again highlight the improvement in the mix of our inventory, which is a key differentiator for the positive performance in used cars. Our current inventory profile features greater liquidity and sales attractiveness, with a higher share of more affordable vehicles.

The percentage of hatchbacks in our inventory rose sequentially, from 51% in 1Q24 to 70% of our inventory this quarter. And this trend will continue to support faster asset turnover in the coming months.

In addition to the vehicle mix, Movida's position is strengthened by our brand and model diversification focus on liquidity, strategic located stores, balanced retail and wholesale sales channels and marketing investments that foster retail activity.

Now I will turn to our CFO, Daniela Sabbag.

Daniela Sabbag:

Thank you, Camilla. Good morning, everyone. I will start with slide 20, talking about our debt profile. The slide shows the debt maturity schedule, including the quarterly breakdowns for 2025 and 2026. I would like to highlight that we have a very balanced schedule with no significant concentrations for the next 2 years.

Our cash position at the end of 1Q25 exceeded R\$3 billion, enough to cover gross debt payments through mid-2026. Gross debt decreased in 1Q25 compared to 4Q24 for a total of R\$18.9 billion. Net debt stood at R\$15.9 billion with an average cost of CDI+2.1% a year and average maturity of 3.5 years. I would like to reinforce our strong access to funding sources with R\$1.2 billion raised this quarter.

Turning to slide 21. We show our leverage, interest coverage and supplier payment schedule. On the left side, leverage measured as net debt-to-EBITDA ratio remained close to 3x in 1Q25, following the downward trend that is 0.12x lower than that of the 1Q24. If we analyze 1Q25 results, leverage would be 2.87x. In addition, our interest coverage ratio measured by EBITDA over net financial expenses reached 2.5x, a 0.3x improvement compared to 1Q24.

On the right, we have the supplier payment chart, showing that balances payment fell from R\$5.1 billion in 4Q24 to R\$3.3 billion in 1Q25, a reduction of R\$1.8 billion in the period. In addition, payments to OEMs totaled R\$3.3 billion in 1Q25 and the estimated amount to be paid in 2Q25 is approximately half of that, R\$1.7 billion, making clear the ongoing deleveraging in the coming quarters.

Now I will hand it back to Gustavo Moscatelli to conclude the presentation. Gustavo?

Gustavo Moscatelli:

Thanks, Daniela. To wrap up, let's move to slide 22. I would like to present Movida's key strategic pillars for 2025. In terms of rental pricing, we continue our strategy to recover prices in Rent-a-Car, which posted a 21% increase this quarter. The performance also reflects our focus on allocating capital to occasional rentals, which increased the share by 6%, boosting overall profitability. Additionally, higher yields on new GTF contracts drove a 20% increase in revenue per car.

In used cars, our strategy of increased retail sales led to a consolidated revenue growth of 11%. This helped to dilute fixed costs and expenses, driving a 6% reduction in SG&A. As a result, EBITDA margin in the segment remained stable at 1.1%.

We also continue focusing on operational efficiency. The combination of cost and expense reduction with price increases continues to drive margin improvements across all business lines.

Finally, our fourth priority is deleveraging. We remain committed to reducing leverage ratio through stronger cash generation and lower indebtedness, consistent with what we have delivered over the past 3 quarters.

As a closing message, I would like to reinforce our excitement about the results we have achieved. The numbers give us confidence to continue executing our strategic plans with focus and precision, striving for operational excellence and maximizing asset value. This enables us to deliver sustainable value creation to our shareholders while ensuring customer satisfaction and the long-term development of our business. I am confident we are on the right track and that we still have a lot more to deliver.

Once again, I would like to thank all our team members for the dedication and for everything we did together. Thank our shareholders, suppliers and clients for their continued trust. We will now open the floor for your questions. Thank you very much.

Lucas Marquiori, BTG Pactual:

Good morning. Thanks for the call and for taking my questions. I have 2 topics. One, the pass-through of rates, 21% year-on-year, is very strong. It seems that it's a bit of a mix effect. So Moscatelli, if you could talk a bit about the resistance at the front end, occasional monthly rentals, how much they evolved in terms of prices? Just for us to understand the trend for rates vis-à-vis mix.

And then I was curious about the inventory in used cars and your exposure for hatchbacks. What is the market like for this kind of model? Do you think your mix is what you consider optimal in terms of used cars for sale? Do you expect any more changes in used car mix for the future? That's it.

Gustavo Moscatelli:

Lucas, good morning. Thanks for asking you questions, thanks for attending. I am going to start with Rent-a-Car rates. We mentioned, if I am not mistaken, in the release, our strategy for capital allocation in the Rent-a-Car products between occasional and monthly, looking at what is generating a greater value. And that has to do with an analysis of price and demand elasticity that I also mentioned, which is more favorable for occasional rentals because this is a product that has more profitability in the Rent-a-Car segment right now.

So we started to allocate more capital and make more cars available for this product so that its share in the mix increased, as you saw, quite significant, almost 6 p.p. And therefore, naturally, the total average rate benefited from that.

Isolatedly, if you look at the 2 products, occasional and monthly, we do not disclose this information because it's confidential, but what I can say is that both products had a unit price increase of about 20%. Occasional is slightly higher because it's showing more price elasticity than monthly products, but monthly rentals also recovered prices close to 20%, which was the mix of the 2 products.

So it's much more related to capital allocation, given price and demand elasticity, occasional rentals absorbed prices better. In monthly, you have lots of companies, you have less price

elasticity. So we believe it was right to allocate more capital to occasional rentals. And I think we were successful.

As for your question on used cars mix, our current mix is a consequence of a capital allocation decision we made 1.5, 2 years back. We decided to change our average mix. We went to an average ticket for purchase of R\$78,000 cars. And therefore, these cars started to get to used car sales in the end of last year, beginning of this year.

I think it was the best decision ever. Considering the macroeconomic scenario, higher interest rates, tighter credit, this is the product with the largest addressable market and therefore more liquidity. So even with a slightly adverse scenario, if you consider the macroeconomics, both in volume and margin, we show a strong resilience in the 1Q, as well as in April.

April, it was a tougher month. It was. But in terms of workdays, the number of sales is even higher than in the 1Q. And I think the mix has a very important part in this conversation.

And that was an excellent question. I think it is optimal mix, and I do not see it changing further on, given the demand and what we have in used cars. If you have more questions, just ask. Otherwise, thanks for your question.

Rogério Araújo, Bank of America:

Good morning. Thanks for taking my questions. I have 2. One, debt. Movidá has a natural need of cash until the end of 2026, and I would like to understand what the marginal cost of your debt is. What do you see in the market? Ongoing negotiations, channels that you are considering using?

And then, also with regards to debt, we did calculate an implied average cost of debt, considering financial expenses divided by the debt spot, and we saw Selic+0.8%. And you did say Selic+2.1%. Is there anything that is nonrecurring? How we should understand this number and expect forward? This is the first question. I will ask the next one after you answer.

Gustavo Moscatelli:

Rogério, thanks for your question, and thanks for attending. About debt, in the 1Q, we raised R\$1.2 billion in the market in different pockets. So I think we did our homework in the last 2 years of opening new funding channels even abroad. And with that, we have a range of opportunities to capture the best terms possible for the Company.

All that said, we, as I mentioned, raised R\$1.2 billion in the 1Q with the average cost of CDI+2.3%, which is slight higher the CDI+2.10%, which is our average. The local market is a bit tougher. It's true.

But again, diversifying access to different funding sources really benefited us. So I do not see that as a major problem for the Company, quite the opposite. I think it's a strength; that is, having access to different funding sources with a schedule that is quite well spread along the years, no concentration whatsoever of a specific debt, and with growing cash generation

quarter after quarter. So that also gives us the comfort that our operations are strong and return on invested capital is way above the debt. The cost of the quarter that you calculate is Selic+0.8%. We have Selic+1.9%. I am going to ask the team to contact you later on, but that's it. It's about Selic+2%.

And then you asked in terms of cost. Today, we have 4 lines that we should close at least 2 this quarter. The 4 lines are about R\$3 billion. So we are considering the best terms out of these 4, and we should close most of them this quarter.

So again, there were lots of questions of how the Company was going to raise funds along the year, and I think the 1Q just shows everyone the capacity of the Company and how much credit access we have. And then, of course, our discipline in the size of our fleet.

We mentioned in the 4Q that we advanced 12,000 cars in the purchase of the 4Q, that's why the supplier entry was so high. But we did say that we would reduce the same amount in the 1Q, which we did. We reduced 11,000 cars. The supplier account dropped substantially, more than R\$2 billion, and in the next quarter, I think we show clearly the Company's deleveraging trend.

In the 1Q, we paid almost R\$3.5 billion in suppliers and leverage was stable in the quarter. The next quarter, we have half of that to be paid, R\$1.7 billion. So that again shows our discipline and focus on cash generation and deleveraging, which will obviously benefit, and we are not even saying that, a lower interest rates that we have in new raising our funds.

Rogério Araújo:

Very clear, Moscatelli. Just a follow-up to close the point about debt. When you say Selic of 2.1%, are you talking about the average cost of receivables securitization? Is that why you got to the 1.9? Are you including securitization in the accounts? Because I believe you do have financial expenses.

Gustavo Moscatelli:

Yes, we do include that because we think that the raising of the discount of receivables is one of the sources of funding. So we do include in the average cost of debt. So in the implied cost, I include everything of the cost of debt and the structuring of debt.

Rogério Araújo:

Very clear. My second question is about fleet optimization. We discussed a bit on this last quarter about the mix also bringing lower utilization on occasional products. And now, this quarter, the utilization dropped even more. It was 80%, then 75% and now 72% in our mass. I would like to understand the recurring level of fleet utilization from now on because this is an important data in terms of fleet needs and investments. And if there is any improvement that you are considering, or if this is an optimal point that you already achieved in your mix.

Gustavo Moscatelli:

Thanks for this excellent question. It helps us really clarify. The Company has never worked with this mix, with such a higher share of occasional products vis-à-vis monthly products. So the match of reducing utilization rates and repricing is very positive. I think this is very clear. I think you also wrote that in your report.

But indeed, we see that we are in a process of learning by doing in terms of utilization and mix. We delivered 72% utilization, and even given price increases, the yield is much higher than last year. But utilization, I think we could grow by at least 3 p.p., I believe, at least 75% utilization, even with a much higher mix in occasional products that have a different dynamic.

But I think there is room that is quite representative in terms of value creation to improve the Company's yields and returns. And it is our day-to-day work. Again, learn how to manage the Company with this product mix more towards occasional rentals and still having a utilization rate of 75%. I think this is the upside that we have to capture until the end of the year.

André Ferreira, Bradesco BBI:

Good morning. Thanks for taking my question. Congratulations on your strong results. I have 2 topics. The first is still considering the mix of more occasional rentals. With your analysis of elasticity, do you think this mix is optimal by now or should we see more capital allocation on occasional rentals for the future? And also, the share of GTF, 61%, if you also consider it optimal.

Second question, when we see depreciation per car, which is completely under control, I would like to hear what you see in terms of prices of used and new cars, and any color of depreciation for the coming quarters, particularly the 2Q. Thank you.

Gustavo Moscatelli:

André, thanks for your questions. I will start with the mix of the Rent-a-Car products. You saw that we grew 5 p.p.. We hit 44% on occasional rentals. I honestly believe there is room to go up 2, 3 p.p. more in this mix that today is at 44%.

But again, we have to pay attention to quarterly seasonality. The 2Q is a quarter for more corporate seasonality vis-à-vis leisure seasonality. But April kept at the same level than the average of the 1Q, even being a quarter with higher corporate seasonality. So discipline in capital allocation here is a key point and we are very much focused on that.

Again, I think 2 p.p., 3 p.p. that we should pursue until the end of the year, so having the occasional product even more profitable, which will bring us to an average ticket that is higher and all return indicators above what we showed this quarter.

Depreciation, your second question. I do not see any change in the coming quarters, not for the Rent-a-Car, not for the GTF. With the purchase mix that we have in the Rent-a-Car, we have been very stable in the last 18 months. And as you very well said, depreciation is very flat in the last 4, 5 quarters. For GTF, it's also flat for the last 3, 4 quarters because we basically

renewed all the older fleets that we had with lower average ticket before the increase in new car prices. So I do not see either GTF or Rent-a-Car with any substantial changes in depreciation, quite the opposite, quite flat rates. Rent-a-Car R\$6,500, GTF, R\$10,000 per car.

And not to miss another point that you mentioned, capital allocation considering the whole company between Rent-a-Car and GTF, now it's 61%. 2 years ago, it was about 50-50. I think the benefits are very clear in our results, transformation, profitability, lower volatility, so lots of benefits. So I think 61%, and until the end of the year it should go up to 65%. But it's not a guidance. It's just a projection considering the growth we had in previous quarter. I am not committing to that, for our lawyers not to complain with me. It is just a direction of our planning. So it should continue growing so that we can benefit in results more and more.

Gabriel Rezende, Itaú:

Congratulations on yet another strong results. Two topics on our side. Can you talk a bit more about used car dynamics for the 2Q? We have seen data from the credit market going down considering the Central Bank data, granting of credit, delinquency rate. Are you feeling anything in the front end that could make the 2Q tougher? Moscatelli talked about flat depreciation rates, but I would like to know also about the car credit dynamics.

Second, I would like to better understand yields in the Rent-a-Car. The comparison base in the 4Q was very high, 4.3% yield, and then there was a small contraction. The annual balance was great, but quarter-on-quarter, there was a contraction. How should we consider yield for the Rent-a-Car segment in the coming quarters, given that you are having higher daily rates? Thank you.

Gustavo Moscatelli:

Gabriel, good morning. I will start with the used cars. We did see a credit scenario that is more challenging for approval of funding in the sales of cars, not only in April, but during the 1Q as well.

Now, I think there are 2 points that are quite relevant here. First, we do not have a pressure on the volume of sales. As you see, we have a practically stable volume for the last 4 quarters. And if you think on the size of the fleet, we do not have a challenging growth in volumes.

So even with a more adverse scenario for credit approvals, interest rates, and this is the scenario that we see, I do not see a risk in execution with the volume of sales that we have to have until the end of the year. In April, for you to have an idea, the market was a bit more affected, but our sales was the average of the 1Q that is when we saw, 24,000.

So for the monthly average, we sold the same. So I do not see contractions in sales. But of course, we are having to work more for the same sale. That's a fact. We have to have 20% more leads. We have to bring more customers to be able to close the sale. This is our job. This is what we are here for.

As for yield, I think it's seasonal. I think the best comparison is the same quarter last year for all effects, specifically in the Rent-a-Car segment. In the 1Q it was 3.9%, we now have 4.2%. So it's a good progress, and you are going to see that along all quarters further on. Given this new price point, I do not see us going back. So you will see the evolution. And when we get to the 4Q, you will see an evolution against the 4Q24, which was 4.3%.

Guilherme Mendes, JPMorgan:

Thanks for taking my question. Two questions. One, fleet. We do see a reduction in the 1Q as we discussed in the 4Q. Moscatelli, I would like to understand for you if your idea is to keep your fleet flat compared to last year, or if there are any changes according to the macroeconomics.

And then GTF, we have not talked much about the segment. If you could talk about what you see in the market, the different segments, traditional corporate rentals, long-term individual leases and the competitive scenario.

Gustavo Moscatelli:

Guilherme, thanks for asking you questions. I will start with the size of fleet. No changes in our mind compared to what we said in the beginning of the year. Our plan is to keep the fleet flat in terms of size compared to last year. There is, of course, some volatility in between quarters given the Rent-a-Car seasonality. But if you get to the end of the year, the idea is to keep the size of the fleet stable.

And behind that, we have priorities and levers and value drivers for the Company. In a scenario with a higher interest rate, we believe deleveraging makes sense, and a stable fleet will bring that given growth in EBITDA and operational metrics. So it is very much agreed and focused on value creation. And that's why we are going to keep the fleet size flat.

GTF dynamics has been quite positive in all areas, very resilient demand. Of course, the change in price points have brought a perhaps longer negotiation process when we are closing deals with customers. But given that we have been doing that systemically in the whole of the industry, the industry was quite rational in new contracts and bids, and that perhaps minimized a stop, or a slowdown in demand.

So demand continues resilient at a completely different price point of last year. Average yield was 3% last year, now it's 3.5%. A lot more profitability, but necessary to the new level of interest rates that is also completely different. So I think it's the fair price and customers understood that. They do the math and operating fleet is going up. And I think the numbers speak for themselves. We are seeing resilient demand and people are accepting new prices given all the inflationary metrics in the market.

Guilherme Mendes:

Thanks. Just a follow-up about the traditional corporate rental compared to individuals. Is this growing more than average? How do you see the appetite for this product?

Gustavo Moscatelli:

Cars by subscription have high interest. It's a new product if you compare it to the more traditional corporate rental. So the addressable market is much higher and growth rates are higher. We do not see a change in trend. There is high demand. We are still not completely structured internally to have an actual plan with higher growth than what we are having now. But in the next 3 to 6 months, we should be ready with all the changes that we decided to have internally and then expand that even further.

But the market, as I mentioned, the addressable market is huge, it's buying. I think there is a change in culture. It's clear for customers that individual rentals or long-term leases make sense. So it's not only us maturing internally, but consumers understanding the value comparing ownership to long-term leases.

Filipe Nielsen, Citi:

Good morning. Thanks for taking my question. Congratulations on the strong results this quarter. I would like to explore demand a bit more. That's my first point. You have had a strong expansion of yields and rates, but you did say that this is very much connected to expansion to a segment with more demand elasticity. And we see your work quarter-on-quarter of changing your mix and et cetera. So I would like to understand a bit looking further on. I understand that you still have the same direction. But for instance, if we have a scenario of economic deceleration or tougher demand for the future, the 2Q, again, with yet higher interest rates, what's your flexibility, or your appetite for perhaps gear the boat towards monthly rentals again to have a bit more stability of results in an adverse scenario and benefit from this lower demand? So what's your mindset between this balance, occasional, monthly? And how fast can you shift gears in a scenario of economic slowdown? That's my first question.

Gustavo Moscatelli:

Filipe, thanks for attending, and thanks for your question. Occasional rentals, as I mentioned, are showing to be a lot more favorable in terms of price and demand elasticity than monthly rentals. It's not that monthly rentals were poor. It's just occasional rentals were better. And that made us allocate more capital and made more cars available to this product.

As you very well said, there is a seasonal effect in Rent-a-Car, and we have to consider month after month, quarter after quarter. But directionally, you are going to see a higher share in occasional than monthly rentals. I do not see that changing or perhaps just have the opposite because I do see occasional rentals and demand more consistent than monthly.

Just to give you numbers, the rate grew more than 20% and monthly slightly below 20%. That's why the average was 21%. So I do not see it happen. If it does happen, I think this is part of management to have the agility to adjust the mix and have more monthly rentals. But this is not the scenario I am considering.

Just for you to have a bit of color, in April, I think I already said that, the mix was the same with growing yield compared to the 1Q. So I think the strategy is right.

And together with that, Filipe, which is very important, is that we did a lot of surveys in terms of perception of service level with customers. And we see that the perception of our services has been a lot higher in terms of quality than the competition. And that has brought more customers to us.

If you check the numbers in the market, we are growing prices and growing the number of rentals. So we are gaining share with higher prices. And that is part, I think, of the big picture. Not only prices, but what makes you charge more, which is to offer a better experience to customers.

Your second question?

Filipe Nielsen:

Very clear. My second question is related to operational efficiency and margins as well. We see that you have improved operational efficiency, that has been a very strong driver of margin expansion. So I would like to understand if there is still room for you to continue capturing operational efficiencies, or are you at a point that is already optimal, so to speak, in terms of cost structure and now you would just capture margin expansion through daily rates, or rates in general? Could you comment on that?

Gustavo Moscatelli:

Filipe, when we talk about operational efficiency, in addition to obvious improvements that we have in our pricing tools, artificial intelligence, all the tech parts that we have been enhancing in our tools, I still see huge room for pricing for Rent-a-Car and GTF that we just started the 2H24. So we are still capturing very little in terms of GTF results.

And in the Rent-a-Car, I see lots of opportunities, not only in pricing itself, but the right allocation of the right car, at the right store, with all micro seasonality, local events. So lots to capture with the new technologies that we have available in Rent-a-Car pricing.

When you talk about reduction of costs and expenses, we have created a cost reduction program this year. We have never done anything like that, given the challenging macroeconomic scenario, and we understood that we could be successful by having relevant changes in all Company lines.

If you get the income statement, you are going to see a dramatic reduction in all lines. In personnel, maintenance, leases. So all accounts that are very important to bring our results. And this is a day-to-day effort. I personally have a meeting talking about cost reductions, what we are doing, possible changes in processes.

So this is an ongoing process. We have not finished yet, but the prospect is very good. Sometimes you implement something and it takes 60, 90 days for you to reap the fruit. But I

see that happening in the Company in perhaps even a more natural way than it did in the past.

So thinking about efficiency as a whole, I think there's still a lot to capture until the end of the year, given the value drivers that we have in pricing tools, and also the hard work of strict cost and expenses control.

Lucas Barbosa, Santander:

Good morning. Thanks for taking my questions, and congratulations on your results. I would like to hear from you the expected spread from purchase and sale. What is the expected spread and how much that should impact your numbers for the year as a whole?

Gustavo Moscatelli:

Lucas, first, thanks for attending, and thanks for your questions. Spread purchase and sale in the Rent-a-Car is quite stable compared to what we achieved in the last 12 months. We do not have much change in mix for the future and depreciation is flat. So I do not see a difference in spreads from purchase and sale.

In GTF, it's going down. Given that if you consider the last 12 months, we are still thinking of cars before there was that car appreciation in the industry. So I do see a reduced spread in GTF, but stable in the Rent-a-Car.

Alberto Valerio, UBS:

Good morning. Thanks for taking my question. I have 2 on my side. First, I would like to know the price of new cars. I was that expecting it slightly up. It was slightly down the last quarter. And GTF, I expected it a bit lower and it was higher. So I would like to know if you will get better terms this quarter, what it was like? Any bonus for new cars?

And the second is margin. I would expect it a bit higher for Rent-a-Car and a bit lower in GTF. So what should we expect? Close to 65% in the Rent-a-Car, and in GTF should be 75%, 73%? So these are my questions.

Gustavo Moscatelli:

Alberto, thanks for your questions. New average tickets for Rent-a-Car. Purchase terms are favorable, but negotiations with OEMs always focus on long-term relations. So we have been doing good deals for both parties.

And the point you mentioned about the 4Q, I think it was nonrecurring. Closing of the quarter, the year, there's always an opportunity that comes up in terms of purchase and sales, and we did enjoy the opportunities for the 4Q. The reduction in average ticket from the 4Q to the first is just a matter of opportunity and purchase planning. The average ticket was R\$80,000, and you are going to see the same ticket along the year. If you consider the last 12, 24 months,

it's about R\$78,000 to R\$80,000. So I do not see a change in mix given the demand that we have in rental and used cars at the end of the cycle.

Margins, 65% for the Rent-a-Car, as I mentioned, the value drivers, I think this will expand along the year. It did grow compared to last year with growth in volume, which is very important. We captured dilution of fixed costs, reduction of expenses. So margin expanded with higher volume, which I think is positive.

But undoubtedly, we should expect a growth in margin along the next quarter given everything that I mentioned in terms of improvements in pricing tools, more allocation to occasional rentals, a continued process to reduce cost and expenses in all company accounts.

And in GTF, you are going to see less volatility. So when you get to a margin, if there is no one-off, and it's not the case, we are at 75%, 76% for 4, 5 quarters, you will only see that stable or higher from now on as we start to capture the new prices that we have been closing for the last 3 months; especially the last 3 months when we did have a higher volume of cars. So this will start to show in the results by the end of the 2Q, beginning of 3Q.

So yes, we have a possibility to increase Rent-a-Car margins. We do expect that. We see that for the future. And for GTF, you are going to see expansion, but a bit more controlled, and perhaps taking a bit longer than the Rent-a-Car.

Operator

Movida's Q&A session is now closed. I am going to invite Gustavo Moscatelli for his final remarks. Mr. Moscatelli?

Gustavo Moscatelli:

I would like to thank you all for attending. Lots of people following our call, lots of messages, congratulating us on our results. I am very excited about the Company's performance and everything that is being developed.

In the next 2, 3 months, you are going to see lots of news to be launched to the market, especially with regards to customer experience. And I believe this will bring more volumes and will enable us to continue in this process of recovering prices. So lots of things going on that we are going to share with the market, with our clients in a short period of time.

The Company is at a level of value creation that is quite interesting if you consider the cost of capital. So it was a real transformation we had, both in revenue and costs, average cost of debt, and that made the Company quite profitable. But indeed, we are still not happy on the day-to-day because we do want to improve our numbers dramatically, and we do see opportunities for that.

I think the price we have today for rentals is still lagging behind considering new car prices, interest rates and the inflation on services as a whole. So I think there's still a lot of room for improvement.

But in terms of operational efficiency, which is where we are focused on, the Company has been engaging its best efforts to really put the Company at a new level. And I think the numbers are starting to show.

To close and not to take much of your time, I would like to thank from the bottom of my heart, our employees. Everyone has been getting here very early, leaving very late. I think that our commitment makes a difference. And thank the shareholders, suppliers, analysts, investors that have been trusting us and following us in this process.

Thank you very much, and see you next call.

Operator

Movida's conference call is now closed. We thank you very much for attending and wish you a good day.

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