S&P Global Ratings

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Movida Participacoes S.A.

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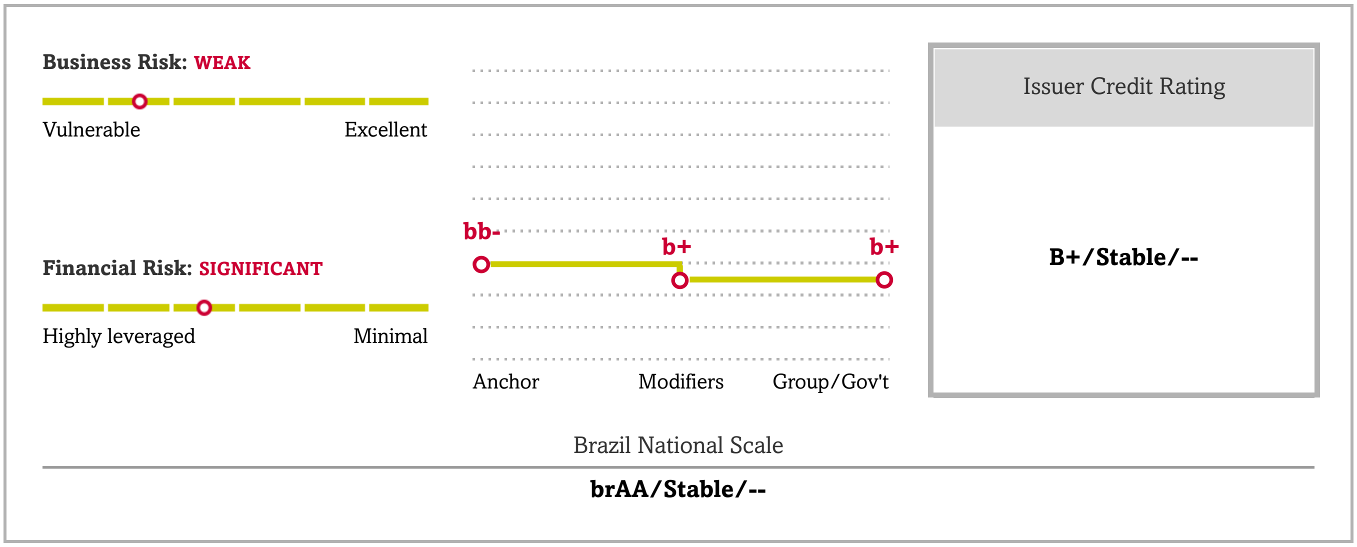
Movida Participacoes S.A.

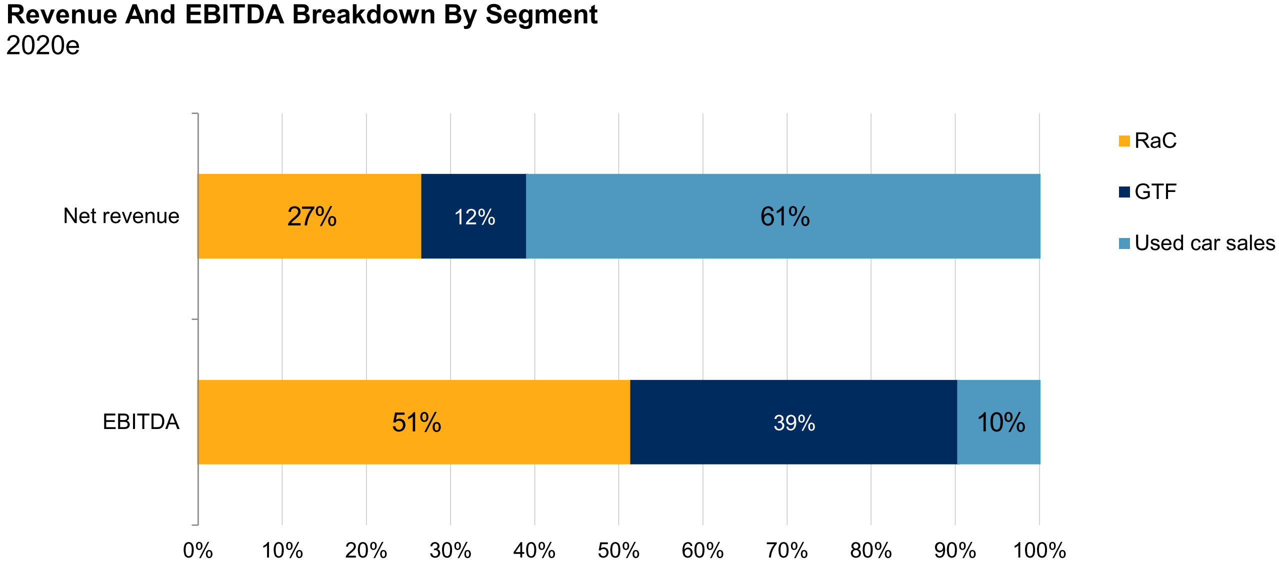


Credit Highlights

Key Strengths	Key Risks
Solid position as one of the three largest players in the Brazilian car rental and fleet management market;	Highly competitive rent-a-car (RaC) market, resulting in low pricing power;
Ability to preserve liquidity and leverage, adjusting fleet size by increasing used-vehicle sales; and	Limited scale and geographic diversification, operating a total fleet of about 118,000 cars;
Adequate access to credit in the local market and support from its parent,	High capex requirements to sustain fleet renewal and expansion; and
	Exposure to cash flow volatility in the RaC segment, which under normal conditions generates about 50% of total cash.

High exposure to the RaC segment implies risks of greater earnings volatility. Since Simpar's (formerly JSL S.A.) acquisition of Movida in 2013, the company has been investing to expand its fleet substantially to meet the increasing market demand in the RaC and fleet management and outsourcing (GTF) segments. While the latter segment has been growing rapidly over the past few years, the RaC segment still represents about 60% of the company's total fleet. This reduces earnings predictability and raises risks of cash flow volatility due to the segment's following characteristics: short-term contracts, fierce competition, and cyclicality of demand among tourists and corporate customers.

Chart 1



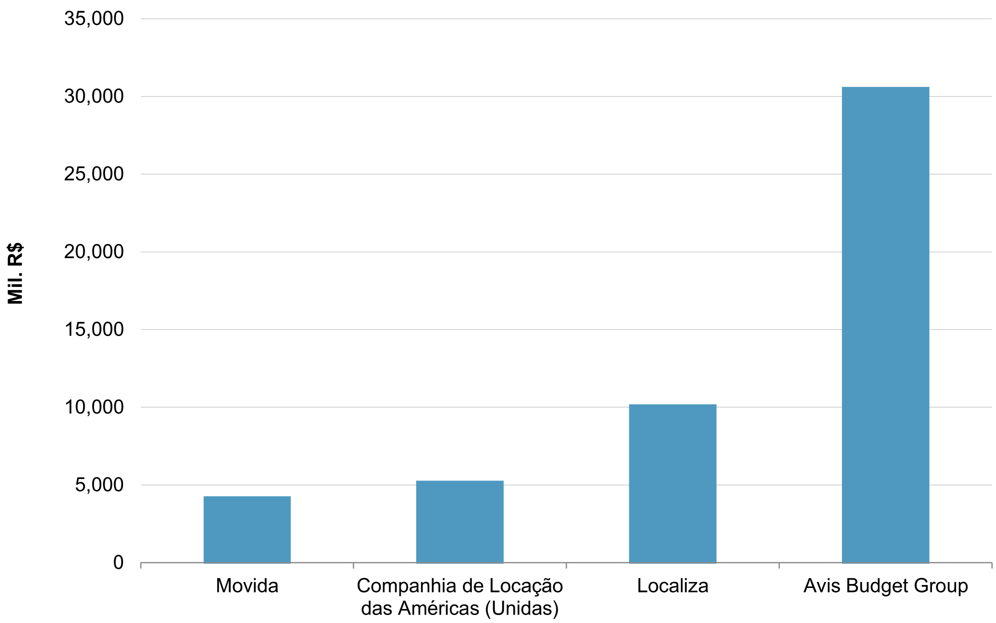
e--Estimate. Source: S&P Global Ratings.

Solid position in Brazil, but the company lacks the scale and diversification of larger players. We view Movida as well positioned in the Brazilian market, given that it's one of the three largest players with high brand recognition and increasing scale. Nevertheless, Movida operates only in Brazil, with much lower asset and revenue base than those of its peers, such as Localiza Rent a Car S.A. (BB+/Stable/--; brAAA/Stable/--) that has a leading position in the Brazilian market, and Enterprise Holdings, Inc. (A-/Stable/A-2), which is the world's largest car rental company with nearly $22.5 billion (close to R$115 billion) revenues in 2020 and others that have a global presence, such as Avis Budget Group (B+/Negative/--). Movida also generates a lower share of revenue from the more stable GTF segment than its domestic competitor, Companhia de Locação das Américas (brAAA/Stable/--).

Chart 2

Net Revenues

Twelve months ended Sept. 30, 2020



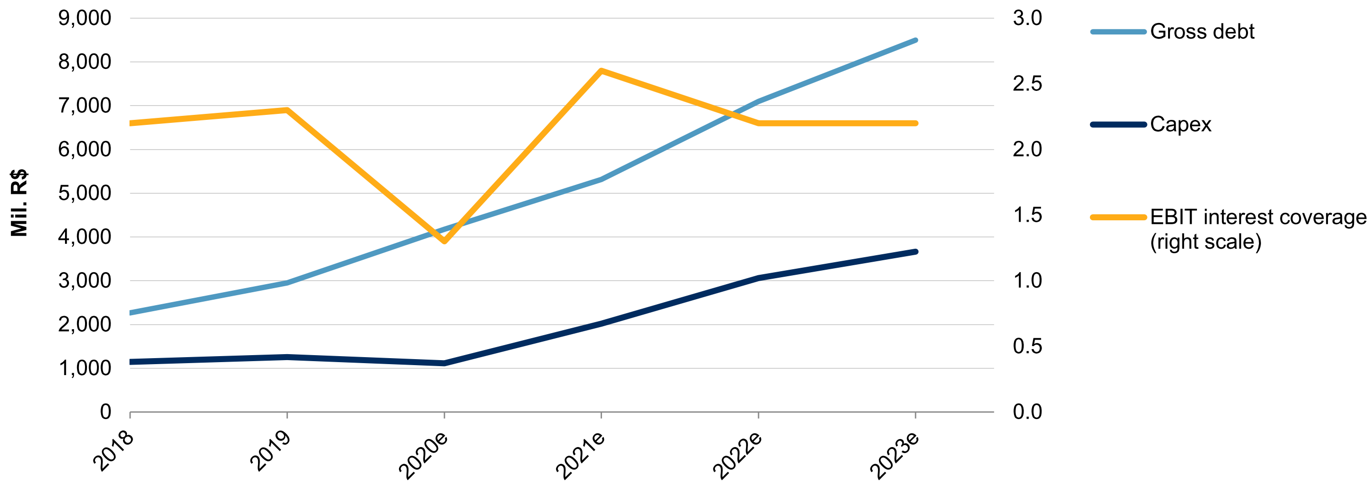
R$--Brazilian real. Source: S&P Global Ratings.

Ability to overcome the pandemic's effects. Despite the economic downturn and mobility restrictions stemming from COVID-19 last year, Movida protected its credit metrics and liquidity by quickly reducing its RaC fleet and increasing its used-car sales, while benefiting from the resilience of the GTF segment. The company's used-car sales' revenues increased close to 17% in the first nine months of 2020, allowing Movida to reduce its total fleet and recover the utilization rates close to historical levels of 80%, from 55%-60% during April and May when demand plummeted. Cash proceeds from the car sales, coupled with lower capital expenditures (capex), allowed Movida to maintain a solid cash position in 2020. A faster-than-expected recovery in demand also lifted average rates, which should help improve profitability. Still, we don't dismiss risks of new partial lockdowns and stalled economic recovery over the next few months, which could limit company's growth trend.

Additional debt to fund fleet expansion, but credit metrics to remain relatively stable. The company has been active in the domestic capital markets issuing debentures totaling R$800 million in the fourth quarter of 2020, mainly to fund fleet expansion. Movida also announced today its intention to issue senior unsecured notes to pay short-term debt as well as to fund fleet expansion. With the new debt issuances, we expect the company's net capex to rise significantly, to about R$2 billion in 2021 and close to R$3 billion in 2022, compared with close to R$1 billion in 2020. This should support a fleet increase of 55,000-60,000 cars until the end of 2022. Given that most of the new vehicles should be directed to the company's GTF segment, we expect stronger growth in cash flows over the next few years. Despite additional debt and a more aggressive capex plan, EBIT interest coverage should be 2.0x-2.6x and funds from operations (FFO) to debt at 15%-20% in the next two years.

Chart 3

Movida's Debt And Capex



e--Estimate. Capex--Capital expenditure. Source: S&P Global Ratings.

Outlook: Stable

The stable outlook on Movida reflects our expectation of ongoing fleet expansion over the next few quarters, increasing cash flows. Although we expect higher debt to fund this growth, credit metrics will likely remain relatively stable. We expect the company to post EBIT interest coverage at 2.0x-2.6x and FFO to debt of 15%-20% in 2021 and 2022.

Upside scenario

A positive rating action in the next 12 months could result from a consistent growth trend, with an increasing share of revenue coming from fleet management, which would lower cash flow volatility and improve profitability. The upgrade would also depend on our view of lower risks of worsening or changing consumer sentiment and demand, stemming from the pandemic and from the trend of economic recovery. A positive rating action would also depend on strong used-car sales. In this scenario, we expect EBIT interest coverage close to 2.4x and FFO to debt close to 20% on a consistent basis, and the maintenance of adequate liquidity. We could also upgrade Movida following a similar action on its parent, Simpar.

Downside scenario

A downgrade is unlikely at this point because it would require a simultaneous lower SACP for Movida and a downgrade of Simpar. If we were to downgrade Simpar to 'B+', ratings on Movida wouldn't change because its SACP is now at the same level as the group credit profile. And if we were to revise downwards Movida's SACP to 'b', assuming no change in Simpar's credit quality, the final rating on Movida would still be 'B+' due to expected support from the higher rated parent.

We could revise downwards Movida's SACP in a scenario of worsening macroeconomic conditions or an abrupt shift in consumer behavior, leading to much weaker cash flow generation. In this scenario, we would expect EBIT interest coverage below 1.7x and FFO to debt below 12%. We believe this is unlikely in the next 12 months, given the comfortable headroom on company's credit metrics.

Our Base-Case Scenario

Assumptions	Key Metrics
• Brazil's inflation of about 3.5% in 2021 and 3.4% in 2022, affecting labor-related and fleet maintenance costs. • Average policy rates of 2.44% in 2021 and 3.94% in 2022, compared with 2% at the end of 2020, affecting funding costs and rates of new fleet management contracts.	• Net revenue of R$5.6 billion – R$5.8 billion in 2021 and R$7.5 billion – R$7.9 billion in 2022, compared with about R$4.1 billion in 2020. • Adjusted EBIT of close to R$700 million in 2021 and R$850 million - R$1 billion in 2022, compared with close to R$285 million in 2020. • FFO of close to R$1 billion in 2021 and R$1.3 billion

- Total fleet rising to 140,000-145,000 cars in 2021 and to 170,000-175,000 cars in 2022 from about 118,000 at the end of 2020. The share of fleet allocated for RaC to drop close to 55% in 2022 from about 60% at the end of 2020.
- The RaC fleet increasing to about 80,000 cars in 2021 and to 97,000 in 2022 from about 74,000 in 2020.
- Average rented GTF fleet increasing to about 62,000 cars in 2021 and 78,000 in 2022 from about 44,000 in 2020.
- Average daily rate in the RaC segment of R$87-R$92 in the next two years.
- Average monthly GTF tickets of R$1,300-R$1,330 in the next two years.
- Sales of used cars close to 70,000 in 2021 and 95,000-100,000 in 2022 (compared with about 57,000 in 2020), with an average price of R$47,000-R$49,000.
- Consolidated EBIT margin increasing to 10%-15% in 2021 and 2022 from close to 7% in 2020 when depreciation increased significantly.
- Net capex increasing to close to R$2 billion in 2021 and R$3 billion in 2022 from about R$1.1 billion in 2020, mainly for fleet expansion and renewal.
- Interest expenses increasing to R$270 million - R$280 million in 2021 and above R$400 million in 2022 from about R$215 million in 2020, given higher debt to fund fleet growth.
- Dividend payment of 40% of previous year's net income.

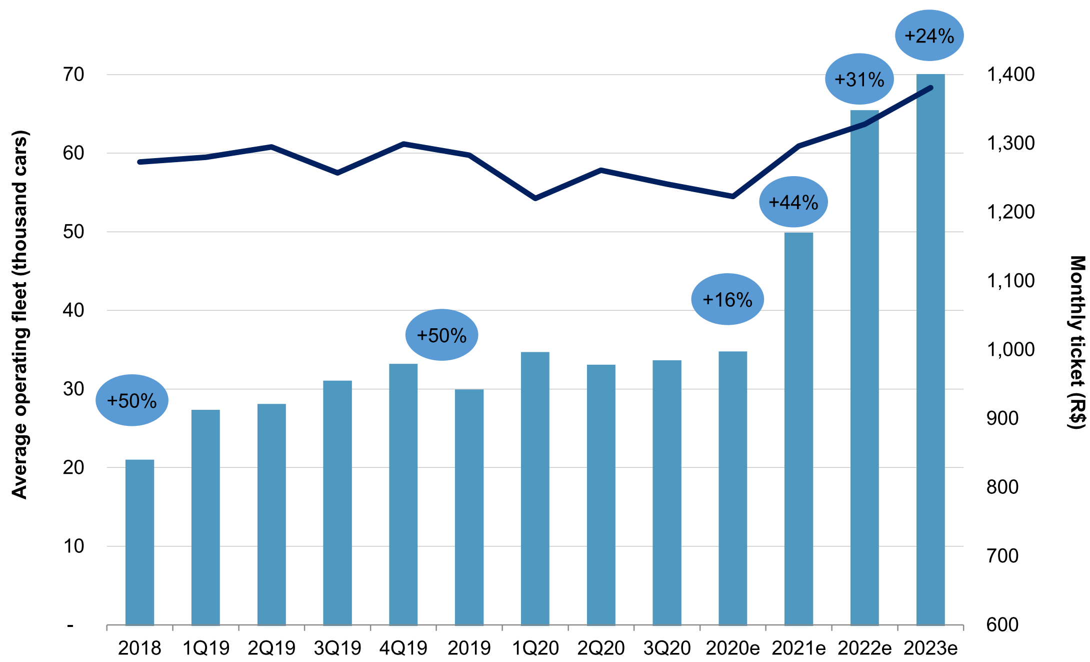
  – R$1.4 billion in 2022, compared with about R$690 million in 2020.
- EBIT interest coverage of 2.4x-2.6x in 2021 and 2.0x-2.4x in 2022, compared with about 1.3x in 2020.
- FFO to debt of 15%-20% in 2021 and 2022, compared with about 15% in 2020.

Base-case projections

We forecast revenue growth of 30%-40% in the next two years. The faster-than-expected recovery in demand after the COVID-19 outbreak, ongoing fleet expansion, and increasing share of revenue coming from the fleet management segment should expand Movida's business in the next couple of years. Moreover, the rising demand from individuals in the fleet management segment through new cars that have longer-term contracts of usually two to three years should also result in stronger and more predictable revenues and cash flows.

Chart 4

GTF's Operations



R$--Brazilian real. e--Estimate. Source: S&P Global Ratings.

M&A can also allow for faster growth. Given that this is a highly fragmented sector, we believe Movida could grow also through M&As. The company has recently announced the acquisition of Vox Frotas Locadoras S.A., which operates exclusively in the fleet management segment. Although this is a small company with only 1,800 vehicles and EBITDA of R$22 million in 2019, acquisition underscores Movida's focus to continue growing in this segment. We understand that Movida could continue expanding operations through small acquisitions in the short term, although we don't include any in our base-case forecasts.

Company Description

Movida is one of the top three car rental companies in Brazil, offering car rental and fleet management services, with a total fleet of 118,285 cars at the end of 2020. We expect the company to record consolidated revenue of about R$4.1 billion and EBITDA close to R$900 million in 2020. The Brazilian transportation group, Simpar (BB-/Stable/--; brAA+/Stable/--), holds a 55% stake in Movida. The remaining shares are free-floating. We expect Movida to contribute 35%-40% of the group's revenue and EBITDA in 2020.

Business Risk: Weak

Movida's business risk profile reflects its small scale, limited geographic diversity, and exposure to the RaC segment, which faces greater cash flow volatility due to the more cyclical demand from tourists and corporate customers. We understand that these factors more than offset Movida's position as one of the largest industry players in Brazil, with brand recognition and nationwide footprint.

We expect the company's operations to be less volatile over the next years as it's expanding the fleet management segment. In our view, this segment has robust growth prospects, given the increasing demand from car-hailing apps and longer-term rentals due to changes in consumer habits with lower interest in vehicle ownership.

Movida's used-car sales division posted EBITDA losses historically. Given an aggressive growth pace, the company was unable to adjust the sales structure accordingly with the fleet growth. Nevertheless, this division has been posting positive results in the past year thanks to higher sales volumes that diluted fixed costs, better mix of sales, higher average prices, and weaker Brazilian real. We expect the company to maintain this trend during 2021.

Peer comparison

Since Movida's acquisition in 2013, its fleet has posted a strong growth rate. However, its scale is still smaller than those of domestic players, such as Companhia de Locação das Américas (Unidas; brAAA/Stable/--) and Localiza Rent a Car S.A. (Localiza; BB+/Stable/--, brAAA/Stable/--), and international players, such as Avis Budget Group, Inc. (B+/Negative/--), which has global presence and much larger scale and revenue base.

Localiza is a benchmark for the sector in Brazil, with highest operating efficiency and margins. The company is the largest player in Brazil with more than 270,000 cars and has a leading position in the RaC segment, along with a very efficient used-car sales structure. Unidas has a leading position in the fleet management segment, resulting in lower volatility in operations than those of Movida's. In comparison with domestic peers, Movida is more exposed to RaC, resulting in lower EBIT margins (higher costs due to the fixed structure of stores) and greater volatility over the cycles.

Table 1

Movida Participações S.A.--Peer Comparison

Industry sector: Misc. transportation

	Movida Participacoes S.A.	Companhia de Locacao das Americas S.A.	Localiza Rent a Car S.A.	Avis Budget Group Inc.
Business Risk Profile	Weak	Fair	Satisfactory	Satisfactory
Country Risk	Moderately High	Moderately High	Moderately High	Very Low
Industry risk	Intermediate	Intermediate	Intermediate	Intermediate
Competitive Position	Weak	Fair	Satisfactory	Satisfactory
Financial Risk Profile	Significant	Significant	Intermediate	Highly Leveraged
Ratings (as of January 2021)	B+/Stable/--; brAA/Stable/--	brAAA/Stable/--	BB+/Stable/--; brAAA/Stable/--	B+/Negative/--
	--LTM ended September 30, 2020--			
(Mil. R$)				
Revenue	4,201.1	5,209.0	10,127.8	30,548.8

Table 1

Movida Participações S.A.--Peer Comparison (cont.)

Industry sector: Misc. transportation

	Movida Participacoes S.A.	Companhia de Locacao das Americas S.A.	Localiza Rent a Car S.A.	Avis Budget Group Inc.
EBITDA	839.9	1,218.7	2,346.1	11,832.5
EBIT	452.5	714.4	1,692.6	1,238.8
Funds from operations (FFO)	562.3	968.0	1,720.6	6,321.7
Interest expense	228.2	290.2	535.7	5,541.4
Cash interest paid	277.0	227.9	447.7	5,137.0
Cash flow from operations	738.3	966.6	1,863.9	6,416.2
Capital expenditure	1,231.3	1,220.2	1,726.6	(16,019.2)
Free operating cash flow (FOCF)	(493.0)	(253.6)	137.3	22,435.8
Discretionary cash flow (DCF)	(541.3)	(320.0)	(256.6)	21,768.8
Cash and short-term investments	1,625.0	2,365.7	4,424.4	8,786.4
Debt	4,036.0	3,994.0	7,360.8	80,580.8
Equity	2,217.3	4,049.8	5,724.1	(427.0)
Adjusted ratios				
EBITDA margin (%)	20.0	23.4	23.2	35.9
EBIT margin (%)	10.8	13.7	16.7	(2.3)
Return on Capital (%)	7.1	8.6	12.4	(0.9)
EBIT interest coverage (x)	2.1	2.5	3.2	(0.2)
FFO cash interest coverage (x)	3.0	5.2	4.8	3.1
Debt/EBITDA (x)	4.8	3.3	3.1	6.4
FFO/debt (%)	13.9	24.2	23.4	10.1
Cash flow from operations/debt (%)	18.3	24.2	25.3	13.0
FOCF/debt (%)	(12.2)	(6.3)	1.9	32.9
DCF/debt (%)	(13.4)	(8.0)	(3.5)	32.0

R$--Brazilian real.

Financial Risk: Significant

Due to the industry's capex-intensive nature, we focus on the EBIT interest coverage and FFO-to-debt ratios to assess Movida's financial risk profile. We expect the higher debt (raising interest expenses) to expand Movida's fleet, to lift cash flows at the RaC division and strengthen the GTF division.

If successful, the proposed notes issuance will diversify the company's capital structure and funding sources. Given that Movida operates and generates cash flows entirely in Brazil and in domestic currency, we believe the company will maintain a prudent approach to mitigate foreign currency exposure with the new notes by hedging interest and principal payments in full.

Financial summary

Table 2

Movida Participações S.A.--Finnancial Summary

Industry sector: Misc. transportation						
		--Fiscal year ended Dec. 31--				
	LTM ended Sep. 2020	2019	2018	2017	2016	2015
(Mil. R$)						
Revenue	4,201.1	3,836.0	2,538.6	2,468.0	1,830.6	1,213.5
EBITDA	839.9	746.6	537.6	381.0	313.2	287.6
EBIT	452.5	525.5	438.4	318.7	234.9	187.0
Funds from operations (FFO)	562.3	488.9	339.2	224.0	216.6	270.5
Interest expense	228.2	232.5	199.7	196.6	146.2	91.1
Cash interest paid	277.0	220.8	187.3	142.8	96.1	7.8
Cash flow from operations	738.3	456.5	324.5	429.5	623.5	354.9
Capital expenditure	1,231.3	1,258.9	1,142.5	1,113.9	773.6	183.5
Free operating cash flow (FOCF)	(493.0)	(802.4)	(817.9)	(684.3)	(150.1)	171.3
Discretionary cash flow (DCF)	(541.3)	(903.2)	(850.1)	(770.3)	(166.6)	171.3
Cash and short-term investments	1,625.0	1,047.1	812.2	783.6	123.5	483.9
Debt	4,036.0	3,144.2	2,445.1	2,034.0	1,177.5	1,359.4
Equity	2,217.3	2,301.0	1,658.8	1,284.8	721.8	794.5
Adjusted ratios						
EBITDA margin (%)	20.0	19.5	21.2	15.4	17.1	23.7
EBIT margin (%)	10.8	13.7	17.3	12.9	12.8	15.4
Return on Capital (%)	7.1	11.0	11.8	12.2	11.6	8.7
EBIT interest coverage (x)	2.1	2.3	2.2	1.6	1.6	2.1
FFO cash interest coverage (x)	3.0	3.2	2.8	2.6	3.3	35.9
Debt/EBITDA (x)	4.8	4.2	4.5	5.3	3.8	4.7
FFO/debt (%)	13.9	15.5	13.9	11.0	18.4	19.9
Cash flow from operations/debt (%)	18.3	14.5	13.3	21.1	53.0	26.1
FOCF/debt (%)	(12.2)	(25.5)	(33.5)	(33.6)	(12.8)	12.6
DCF/debt (%)	(13.4)	(28.7)	(34.8)	(37.9)	(14.2)	12.6

R$--Brazilian real.

Liquidity: Adequate

We assess Movida's liquidity as adequate. We forecast cash sources over uses above 1.2x in the 12 months after Sept. 30, 2020. The company's sizeable cash position, used-car sales, and flexibility to reduce capex provide a comfortable liquidity position and ability to absorb high-impact, low-probability events with limited need for refinancing. Movida also has sound relationship with banks and a track record in accessing the local credit markets in the past three to four years.

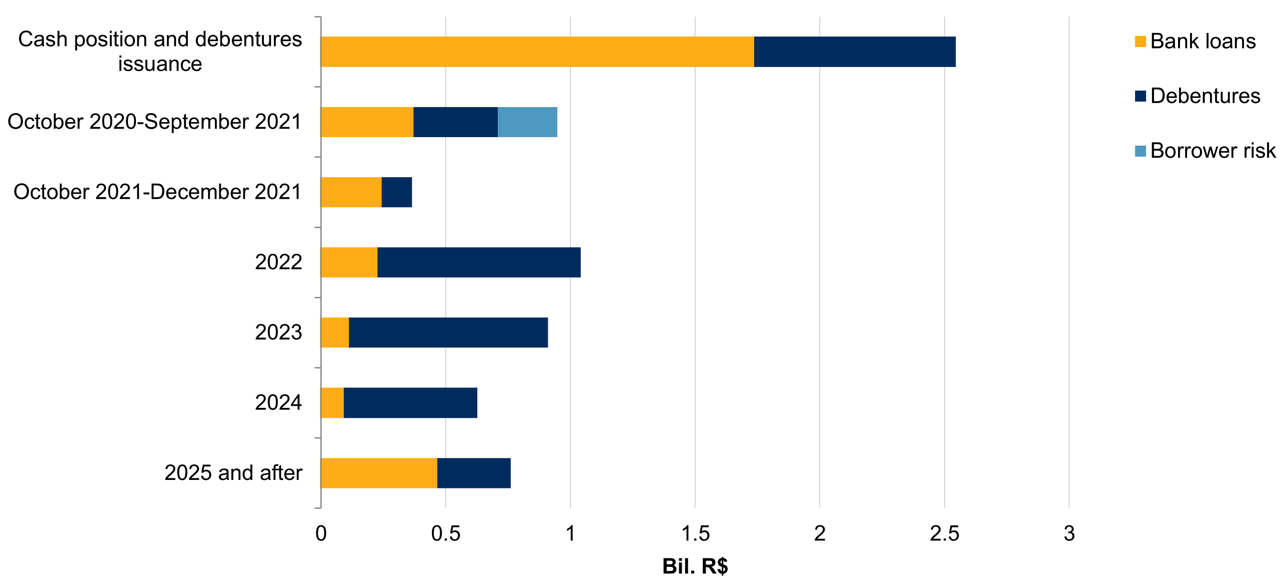
Principal Liquidity Sources	Principal Liquidity Uses
• Cash position of R$1.63 billion as of Sept. 30, 2020; • Expected FFO close to R$980 million in the 12 months after Sept. 30, 2020; and • Proceeds from two debentures issued at the end of 2020 totaling R$800 million.	• Short-term debt of R$713.7 million as of Sept. 30, 2020; • Working capital outflows of about R$120 million in the next 12 months; • Net capex of about R$1.7 billion in the 12 months after Sept. 30, 2020; • Payment of R$230 million of suppliers financing (carmakers); and • Dividends distribution of about R$46 million.

Debt maturities

Movida's debt amortization profile improves as the company continues accessing local capital markets and extending debt maturities. The company's debt is equally composed by debentures and bank loans.

Chart 5

Debt Maturity Profile
As of September 2020



R$--Brazilian real. Source: S&P Global Ratings.

Covenant Analysis

Requirements

Movida's financial flexibility is limited by acceleration covenants on its debentures and promissory notes, which require the maintenance of the net debt to EBITDA ratio below 3.5x and the EBITDA interest coverage rate above 1.5x, measured quarterly. The covenants also establish a cap of 50% of the total value of their vehicle fleet for liens on their vehicles.

Compliance expectations

We expect the company to maintain a cushion of 15%-20% in the net debt to EBITDA ratio and 50% in interest coverage over the next two years.

Environmental, Social, And Governance

Environmental risks are not a significant rating driver for Movida and the car rental industry. Still, the company has sustainability targets to reduce GHG emissions in scopes 1, 2 and 3 by 30% until the end of 2030. The recently announced issuance will be sustainability-linked notes, underscoring Movida's commitment to increase awareness of environmental related-issues. The target is to reduce total emissions to 45.37 tCO_2e/R$ or less by the end of 2025 (a 15% fall from the 2019 level). Social factors, in turn, could affect Movida's operations considerably. The company faced significant uncertainties in the past year due to the COVID-19 pandemic, given mobility restrictions and lower demand among travel and corporate clients. The company is also vulnerable to secular changes in consumer behavior, such as potentially lower long-term demand from corporate clients if work from home becomes permanent or the increasing preference for rental cars over purchases. Finally, we view Movida's management and governance as fair, reflecting senior management's expertise and experience, prudent risk management, and ability to promptly react and address adverse market conditions, as seen during 2020.

Group Influence

We view Movida as a highly strategic subsidiary of Simpar. We believe Movida is very important to the group's long-term strategy and highly unlikely to be sold. We expect Simpar to provide support to Movida under almost all foreseeable circumstances. This has been the case in 2018, for instance, when Simpar increased its stake in the company through a capital increase. When acquired by JSL in 2013, Movida was linked to the parent's long-term strategy of increasing diversification in strategic sectors, following its already existing operations of fleet management of trucks and other heavy vehicles. Still, Movida's operations are managed independently, with different executives and administrative functions, and we don't view it as closely linked to the group's name and brand.

Issue Ratings - Recovery Analysis

We have a '3' recovery rating on Movida's senior unsecured debentures issued in the domestic market. We expect an average recovery of 65%, resulting from our jurisdiction cap for recovery expectations.

Key analytical factors

- We assess recovery prospects using a simulated default scenario, with a discrete asset valuation (DAV) approach. We value the company on a going concern scenario, because we believe the company would be restructured given the long-term nature of its fleet management contracts, thereby generating greater value for its creditors.
- Our default scenario incorporates a combination of factors such as high delinquency rates in Movida's contract portfolio, a sudden drop in vehicle prices and demand for used cars in Brazil, in addition to an increase in interest rates. These factors would severely reduce the company's cash generation and limit its access to debt refinancing.

Simulated default assumptions

- Country of insolvency: Brazil (Jurisdiction B), resulting in a '3' jurisdictional cap for unsecured debt
- Simulated year of default: 2025
- We apply a 15% haircut to the fleet value as the company would need to apply a discount to liquidate those assets under a stress scenario.
- Dilution rate of 20% and then a haircut of 30% in receivables, simulating potential drop in contracts' renewal rate and an increase in delinquency rates.
- 100% haircut to the company's cash position as it would be consumed up to default point.
- The above premises lead to a general haircut of about 36% to Movida's total asset base value, resulting in an estimated gross enterprise value at emergence of R$6.1 billion.

Simplified waterfall

- Net EV after 5% of administrative expenses: R$5.8 billion
- Priority secured debt: R$99 million
- Debt at subsidiaries: R$1.4 billion
- Senior unsecured debt at the holding company: R$4.5 billion
- Recovery expectations: between 50%-70% (rounded estimate 65%)

Note: All debt amounts include six months of prepetition interest.

Reconciliation

Table 3

Movida Participacoes S.A.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. R$)

	--Rolling 12 months ended Sept. 30, 2020--									
Movida Participacoes S.A. reported amounts										
	Debt	**Shareholders' equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Dividends**	**Capital expenditure**
Reported	3,622.0	2,217.3	4,201.1	839.9	162.3	214.5	839.9	(80.2)	40.4	133.4
S&P Global Ratings' adjustments										
Cash taxes paid	--	--	--	--	--	--	(0.6)	--	--	--
Cash interest paid	--	--	--	--	--	--	(277.0)	--	--	--
Reported lease liabilities	184.0	--	--	--	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	--	44.4	--	--	--	--	--
Debt: Other	230.0	--	--	--	--	--	--	--	--	--
Depreciation and amortization: Impairment charges/(reversals)	--	--	--	--	245.7	--	--	--	--	--
Working capital: Other	--	--	--	--	--	--	--	(163.1)	--	--
Operating cash flow: Asset disposals	--	--	--	--	--	--	--	(2,335.9)	--	--
Operating cash flow: Other	--	--	--	--	--	--	--	3,317.4	--	--
Capital expenditure: Other	--	--	--	--	--	--	--	--	--	1,097.9
Total adjustments	414.0	0.0	0.0	0.0	290.1	0.0	(277.6)	818.4	0.0	1,097.9
S&P Global Ratings' adjusted amounts										
	Debt	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Dividends**	**Capital expenditure**
Adjusted	4,036.0	2,217.3	4,201.1	839.9	452.5	214.5	562.3	738.3	40.4	1,231.3

R$--Brazilian real.

Ratings Score Snapshot

Issuer Credit Rating

B+/Stable/--

Business risk: Weak

- **Country risk:** Moderately high
- **Industry risk:** Intermediate

- **Competitive position:** Weak

Financial risk: Significant

- **Cash flow/leverage:** Significant

Anchor: bb-

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Fair (no impact)
- **Comparable rating analysis:** Negative (-1 notch)

Stand-alone credit profile : b+

- **Group credit profile:** bb-
- **Entity status within group:** Highly strategic (no impact)

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria | Corporates | Industrials: Key Credit Factors For The Operating Leasing Industry, Dec. 14, 2016
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
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- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
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Related Research

- Brazilian Car Rental Company Movida Participacoes S.A. Assigned 'B+' Issuer Credit Rating, Outlook Stable, Jan. 25, 2021

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	**bb-**	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of January 25, 2021)*

Movida Participacoes S.A.		
Issuer Credit Rating		B+/Stable/--
Brazil National Scale		brAA/Stable/--
Senior Unsecured		
Brazil National Scale		brAA
Issuer Credit Ratings History		
25-Jan-2021		B+/Stable/--
13-Oct-2020	*Brazil National Scale*	brAA/Stable/--
19-May-2020		brAA/Negative/--
19-Mar-2020		brAA/Watch Neg/--
01-Aug-2019		brAA/Positive/--
16-Jul-2019		brAA-/Watch Pos/--
08-Jan-2019		brAA-/Stable/--
Related Entities		
JSL S.A.		
Issuer Credit Rating		B+/Stable/--
Brazil National Scale		brAA/Stable/--
Senior Unsecured		
Brazil National Scale		brAA
Movida Locacao de Veiculos S.A.		
Issuer Credit Rating		
Brazil National Scale		brAA/Stable/--
Senior Unsecured		
Brazil National Scale		brAA
Simpar S.A.		
Issuer Credit Rating		BB-/Stable/--
Brazil National Scale		brAA+/Stable/--

Ratings Detail (As Of January 25, 2021)*(cont.)	
Senior Unsecured	
Brazil National Scale	brAA+
Vamos Locacao de Caminhoes, Maquinas e Equipamentos S.A.	
Issuer Credit Rating	
Brazil National Scale	brAA/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.