

JSL S.A.

Fitch Ratings equalizes the ratings of JSL S.A. (JSL) and Simpar S.A. (Simpar, Foreign- and Local-Currency Issuer Default Ratings BB/Negative). This reflects the holding company's medium legal and strong operational and strategic incentives to support JSL, if needed.

The Negative Outlook reflects that Simpar's consolidated financial leverage has been consistently above Fitch's expectations and not consistent with the current ratings. The higher-for-longer leverage, a result of greater capex and lower return on invested capital, has also hurt conversion of EBITDA to cash flow.

The National Scale Rating downgrade reflects Simpar's credit profile deterioration within the 'BB' rating category. Simpar's 'BB' Issuer Default Ratings (IDRs) reflect its large scale, robust business profile and strong competitive position within the Brazilian rental and logistics industry. Simpar's group benefits from a diversified service portfolio and long-term contracts for a significant part of its revenues, resulting in higher cash flow predictability.

On a standalone basis, JSL has a strong business profile due to its robust scale, diversified portfolio of services and resilient profitability. It also maintains the leadership position in the Brazilian road logistics and dedicated services segments, where it has experienced rapid growth, both organic and via acquisitions. JSL's consolidated financial leverage should remain moderate despite expected negative FCFs, as the company improves EBITDA generation. The company has consistent access to funding and strong liquidity, allowing it to properly manage its debt amortization schedule.

Key Rating Drivers

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

Strong Business Profile: JSL's strong business profile is a result of its robust scale in the fragmented and competitive outbound logistics market (FTL) in Brazil. FTL has relatively low capital intensity and average business risk, which is strongly correlated with the economic cycle. There are few barriers to entry.

JSL also benefits from its broad service portfolio, its diversified customer base and a relevant presence at inbound logistics, a more capital-intensive segment, where the strategic and operational nature of the services provided and the medium to long-term contracts mitigate its exposure to more volatile economic cycles. JSL's robust scale provides greater bargain purchase power to buy assets for the inbound segment and in the routing of its outbound activities.

Negative FCF: JSL's organic growth should gradually increase its EBITDA generation. Fitch's rating case scenario considers EBITDA at BRL1.7 billion in 2024 and BRL1.9 billion in 2025, compared to BRL1.6 billion in 2023. EBITDA margins should average 18% on the rating horizon, slightly better than the 17% average between 2019 and 2022.

Fitch projects increasing cash flow from operations (CFFO), reaching BRL520 million in 2024 and BRL760 million in 2025, and total annual capex of BRL1.6 billion on average in the same period. As a result, FCF should be negative BRL1,2 billion in 2024 and BRL1 billion in 2025.

Moderate Leverage: Fitch's base case scenario considers that the net adjusted debt/EBITDA ratio should average 3.5x up to 2026. Several acquisitions and substantial capex have pressured JSL's leverage in a scenario of high interest rates and spreads. JSL's total adjusted debt/EBITDA ratio and net adjusted debt/EBITDA ratio were 5.5x and 3.9x in the LTM ended June 2024.

Ratings

Long-Term IDR	BB
Long-Term Local-Currency IDR	BB
National Long-Term Rating	AA+(bra)

Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative
National Long-Term Rating	Negative

[Click here for the full list of ratings](#)

2035 Climate Vulnerability Signal: 27

Applicable Criteria

[Parent and Subsidiary Linkage Rating Criteria \(June 2023\)](#)

[Corporate Rating Criteria \(November 2023\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(June 2024\)](#)

Related Research

[Global Corporates Macro and Sector Forecasts](#)

[Latin American Transportation Infrastructure Outlook 2024 \(December 2023\)](#)

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Financial Summary

(BRL Mil.)	2021	2022	2023	2024F	2025F	2026F
Gross revenue	4,296	6,022	7,575	9,181	10,560	11,616
EBITDA margin (%)	15.7	15.7	20.5	18.8	18.4	18.9
EBITDA leverage (x)	6.1	4.9	4.7	4.8	4.5	4.2
EBITDA net leverage (x)	4.7	4.0	3.5	3.7	3.6	3.4
EBITDA interest coverage (x)	4.2	2.3	2.3	1.7	1.9	2.2

F = Forecast

Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

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 Stable Outlook). Simpar's scale is similar to Localiza, which has a more diversified service portfolio but a weaker financial profile. Its higher leverage and more pressured FCF 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 partially offset by slightly higher leverage compared to Unidas.

Rating Sensitivities

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

- An upgrade of Simpar's ratings.

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.

Liquidity and Debt Structure

Adequate Liquidity: JSL's adequate liquidity and access to capital markets help the company to manage its well spread debt amortization schedule. Fitch expects JSL to maintain robust liquidity and relatively stable gross debt levels, despite expected negative FCF.

As of June 2024, JSL had BRL2.4 billion of cash and equivalents and BRL8.4 billion of total debt (17% secured), with BRL1.6 billion due in the short term, an additional BRL549 million due in the second half of 2025 and BRL1 billion due in 2026. The company's debt profile is mainly comprised of CRAs and CRIs (45%), local debentures (19%) and bank loans (44%).

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>.

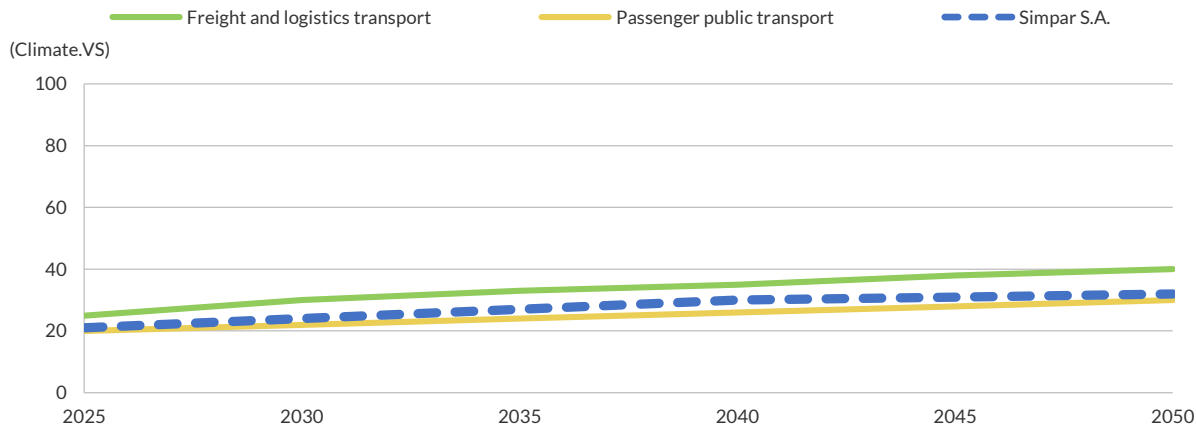
Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see [Fitch's Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

The 2022 revenue-weighted Climate.VS for JSL for 2035 is 27, which is average for the passenger public transport and freight and logistics transport sector. Key transition risks arise from potential reductions in demand driven by policies designed to reduce the use of oil-based fuels in the global economy and, in the shorter term, from policies designed to limit greenhouse gas emissions from the production of oil and refined products. These risks do not have a material influence on the rating, given the very long-term time scale over which the transition may take place, uncertainty regarding the extent and nature of changes, and markets' and companies' reactions.

Climate.VS Evolution

As of Dec. 31, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(BRL Mil.)	2024F	2025F	2026F	2027F
Available liquidity				
Beginning cash balance	1,854	-197	-2,129	-3,918
Rating case FCF after acquisitions and divestitures	-922	-600	-427	-395
Total available liquidity (A)	932	-797	-2,556	-4,313
Liquidity uses				
Debt maturities	-1,129	-1,331	-1,362	-1,066
Total liquidity uses (B)	-1,129	-1,331	-1,362	-1,066
Liquidity calculation				
Ending cash balance (A+B)	-197	-2,129	-3,918	-5,379
Revolver availability	—	—	—	—
Ending liquidity	-197	-2,129	-3,918	-5,379
Liquidity score (x)	0.8	-0.6	-1.9	-4.0

F – Forecast
 Source: Fitch Ratings, Fitch Solutions, JSL S.A.

Scheduled debt maturities

(BRL Mil.)	December 31, 2023
2024	1,129
2025	1,331
2026	1,362
2027	1,066
2028	824
Thereafter	1,649
Total	7,362

Source: Fitch Ratings, Fitch Solutions, JSL S.A.

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer:

- Revenue growth of 21% in 2024, 15% in 2025 and 10% in 2026;
- EBITDA margin averaging 18% in 2024-2026;
- Total capex of BRL1.6 billion, on average, in 2024-2026;
- Dividends payout at 30%.

Financial Data

(BRL Mil.)	2021	2022	2023	2024F	2025F	2026F
Summary income statement						
Gross revenue	4,296	6,022	7,575	9,201	10,585	11,644
Revenue growth (%)	52.0	40.2	25.8	21.5	15.0	10.0
EBITDA before income from associates	675	946	1,552	1,710	1,915	2,146
EBITDA margin (%)	15.7	15.7	20.5	18.6	18.1	18.4
EBITDA after associates and minorities	675	946	1,552	1,710	1,915	2,146
EBIT	497	732	1,218	1,308	1,440	1,598
EBIT margin (%)	11.6	12.2	16.1	14.2	13.6	13.7
Gross interest expense	-343	-563	-806	-1,015	-968	-933
Pretax income including associate income/loss	323	166	378	437	586	764
Summary balance sheet						
Readily available cash and equivalents	954	873	1,854	1,786	1,402	1,654
Debt	4,096	4,654	7,362	8,078	8,247	8,815
Net debt	3,142	3,780	5,507	6,292	6,845	7,161
Summary cash flow statement						
EBITDA	675	946	1,552	1,710	1,915	2,146
Cash interest paid	-162	-406	-671	-1,015	-968	-933
Cash tax	-27	-25	-21	-21	-28	-37
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—	—
Other items before FFO	129	149	-90	355	449	512
FFO	653	723	839	1,173	1,482	1,788
FFO margin (%)	15.2	12.0	11.1	12.8	14.0	15.4
Change in working capital	-256	186	-324	-132	-223	-171
CFO (Fitch-defined)	397	909	515	1,042	1,259	1,617
Total non-operating/nonrecurring cash flow	—	-556	-65	—	—	—
Capex	-759	-898	-1,390	—	—	—
Capital intensity (capex/revenue) (%)	17.7	14.9	18.4	—	—	—
Common dividends	-33	-100	-135	—	—	—
FCF	-395	-644	-1,075	—	—	—
FCF margin (%)	-9.2	-10.7	-14.2	—	—	—
Net acquisitions and divestitures	-165	164	143	—	—	—
Other investing and financing cash flow items	-266	440	-744	—	—	—
Net debt proceeds	915	364	1,812	717	168	569
Net equity proceeds	—	-2	-0	—	—	—
Total change in cash	88	323	135	-68	-385	253
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-957	-1,389	-1,447	-1,826	-1,812	-1,933
FCF after acquisitions and divestitures	-560	-480	-932	-785	-553	-316
FCF margin after net acquisitions (%)	-13.0	-8.0	-12.3	-8.5	-5.2	-2.7
Gross leverage ratios (x)						
EBITDA leverage	6.1	4.9	4.7	4.7	4.3	4.1
CFO-capex/debt	-8.8	0.2	-11.9	-7.1	-4.7	-1.3

(BRL Mil.)	2021	2022	2023	2024F	2025F	2026F
Net leverage ratios (x)						
EBITDA net leverage	4.7	4.0	3.5	3.7	3.6	3.3
CFO-capex/net debt	-11.5	0.3	-15.9	-9.1	-5.7	-1.6
Coverage ratios (x)						
EBITDA interest coverage	4.2	2.3	2.3	1.7	2.0	2.3

CFO - Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings’ internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings’ rating assumptions for the issuer’s financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings’ forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings’ own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings’ own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer’s forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings’ own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:

Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	↑ Positive
■ Higher Importance	↓ Negative
■ Average Importance	↕ Evolving
■ Lower Importance	□ Stable

Operating Environment			Management and Corporate Governance		
bb	Economic Environment	bbb	bbb+	Management Strategy	bbb
bb-	Financial Access	bbb	bbb	Governance Structure	bbb
	Systemic Governance	b	bbb-	Group Structure	a
b-			bb+	Financial Transparency	bbb
ccc+			bb	Financial Sponsor Attitude (LBO only)	
Sector Competitive Intensity			Industry Profile		
bb+	Industry Structure	bb	bbb	Long-Term Growth Potential	bbb
bb	Barriers to Entry/Exit	bb	bbb-	Volatility of Demand	bbb
bb-	Relative Power in Value Chain	bbb	bb+	Threat of Substitutes	bb
b+			bb		
b			bb-		
Market Position			Diversification		
bbb+	Market Share	a	bbb-	Geographic Diversification	b
bbb	Competitive Advantage	bbb	bb+	Product/End-Market	bbb
bbb-	Operating Efficiency	bbb	bb-		
bb+			b+		
bb					
Profitability			Financial Structure		
bbb-	EBITDA Margin or EBITDAR Margin	bb	bb+	EBITDA Leverage or EBITDAR Leverage	bb
bb+	EBIT Margin	bbb	bb	EBITDA Net Leverage or EBITDAR Net Leverage	bb
bb	FFO Margin	bb	bb-	FFO Leverage or FFO Adjusted Leverage	bb
bb-	FCF Margin	b	b+	(CFO-Capex)/Debt	ccc
b+	Volatility of Profitability	bbb	b	Funding Structure (LBO only)	
Financial Flexibility			Credit-Relevant ESG Derivation		
bb+	Financial Discipline	bb	JSL S.A. has 14 ESG potential rating drivers		Overall ESG
bb	Liquidity	bbb	key driver	0 issues	5
bb-	EBITDA Interest Coverage or EBITDAR Fixed Charge Coverage	b	driver	0 issues	4
b+	FFO Interest Coverage or FFO Fixed Charge Cover	b	potential driver	14 issues	3
b	FX Exposure	aa	not a rating driver	0 issues	2
				0 issues	1

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Showing top 6 issues
For further details on Credit-Relevant ESG scoring, see page 3.

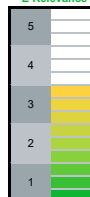
Credit-Relevant ESG Derivation

JSL S.A. has 14 ESG potential rating drivers	key driver	0	issues	5	ESG Relevance to Credit Rating
➔ JSL S.A. has exposure to emissions regulatory risk but this has very low impact on the rating.	driver	0	issues	4	
➔ JSL S.A. has exposure to energy productivity risk but this has very low impact on the rating.					
➔ JSL S.A. has exposure to water management risk but this has very low impact on the rating.	potential driver	14	issues	3	
➔ JSL S.A. has exposure to waste & impact management risk and supply chain management but this has very low impact on the rating.					
➔ JSL S.A. has exposure to extreme weather events but this has very low impact on the rating.	not a rating driver	0	issues	2	
➔ JSL S.A. has exposure to land rights/conflicts risk, access/affordability risk or human rights violations risk but this has very low impact on the rating.					
Showing top 6 issues					
		0	issues	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	GHG emissions; air quality	Diversification; Profitability; Financial Structure; Financial Flexibility
Energy Management	3	Energy management	Diversification; Profitability; Financial Structure; Financial Flexibility
Water & Wastewater Management	3	Water and wastewater management	Diversification; Profitability; Financial Structure; Financial Flexibility
Waste & Hazardous Materials Management, Ecological Impacts	3	Waste and hazardous materials management; ecological impacts; product design & lifecycle management; supply chain management - product	Diversification; Profitability; Financial Structure; Financial Flexibility
Exposure to Environmental Impacts	3	Impact of climate change and extreme weather events on assets and operations	Diversification; Sector Trend; Profitability; Financial Structure; Financial Flexibility

E Relevance



How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

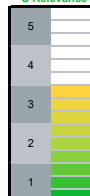
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Human rights; relationships with communities and/or land right holders; access and affordability	Management and Corporate Governance; Company's Market Position; Diversification; Profitability; Financial Flexibility
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Customer privacy; data security; product quality and safety; customer welfare; selling practices and product labeling	Management and Corporate Governance; Sector Competitive Intensity; Company's Market Position; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction; supply chain management - labor; employee diversity and inclusion	Operating Environment; Diversification; Profitability; Financial Structure; Financial Flexibility
Employee Wellbeing	3	Employee health and safety	Diversification; Profitability; Financial Flexibility
Exposure to Social Impacts	3	Shifting social preferences; social resistance to major projects or operations that leads to delays or cost increases	Operating Environment; Sector Trend; Company's Market Position; Diversification; Profitability

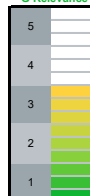
S Relevance



Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Relevance



CREDIT-RELEVANT ESG SCALE

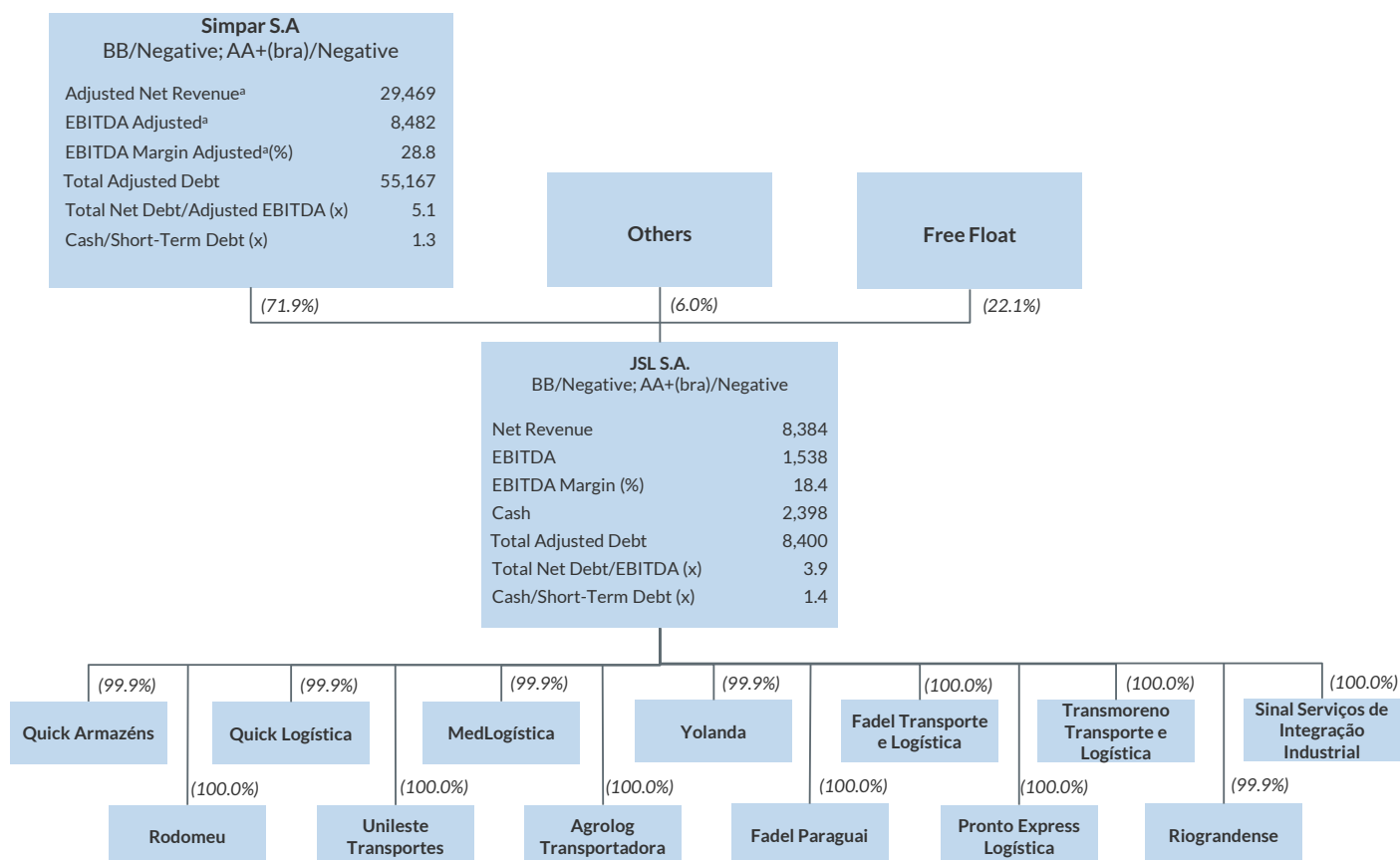
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entry rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entry rating but relevant to the sector.
1	Irrelevant to the entry rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure – JSL S.A.

(BRL Mil., as of LTM as of June 30, 2024)



^a Adjusted by the exclusion of revenue and costs of rental assets sales.
Source: Fitch Ratings, Fitch Solutions, JSL S.A.

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (BRL Mil.)	EBITDA margin (%)	EBITDA leverage (x)	EBITDA net leverage (x)	EBITDA interest coverage (x)
JSL S.A.	BB						
	BB	2023	7,575	20.5	4.7	3.5	2.3
	BB	2022	6,022	15.7	4.9	4.0	2.3
	BB-	2021	4,296	15.7	6.1	4.7	4.2
Localiza Rent a Car S.A.	BB+						
	BB+	2023	15,027	61.7	4.4	3.3	1.9
	BB	2022	9,950	55.7	6.0	5.0	2.4
	BB	2021	5,593	49.4	4.4	2.5	7.4
Unidas Locacoes E Servicos S/A	BB-						
	BB-	2023	2,277	60.1	7.1	5.4	2.3
	BB-	2022	963	63.9	5.5	4.6	3.4
	BB-	2021	647	54.3	6.2	5.6	2.8

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(BRL 000 as of Dec. 31, 2023)	Standardised values	Lease treatment	Other adjustments	Adjusted values
Income statement summary				
Revenue	7,574,644	–	–	7,574,644
EBITDA	1,727,990	-175,931	–	1,552,059
Depreciation and amortization	-446,586	112,687	–	-333,899
EBIT	1,281,404	-63,244	–	1,218,160
Balance sheet summary				
Debt	6,942,757	–	418,761	7,361,518
Of which other off-balance-sheet debt	–	–	–	–
Lease-equivalent debt	–	–	–	–
Lease-adjusted debt	6,942,757	–	418,761	7,361,518
Readily available cash and equivalents	1,854,136	–	–	1,854,136
Not readily available cash and equivalents	–	–	–	–
Cash flow summary				
EBITDA	1,727,990	-175,931	–	1,552,059
Dividends received from associates less dividends paid to minorities	–	–	–	–
Interest paid	-670,635	–	–	-670,635
Interest received	68,627	–	–	68,627
Preferred dividends paid	–	–	–	–
Cash tax paid	-20,772	–	–	-20,772
Other items before FFO	-2,096,505	63,244	1,942,779	-90,482
FFO	-991,295	-112,687	1,942,779	838,797
Change in working capital	-323,923	–	–	-323,923
CFO	-1,315,218	-112,687	1,942,779	514,874
Non-operating/nonrecurring cash flow	–	–	-65,269	-65,269
Capex	-87,912	–	-1,302,232	-1,390,144
Common dividends paid	-134,775	–	–	-134,775
FCF	-1,537,905	-112,687	575,278	-1,075,314
Gross leverage (x)				
EBITDA leverage	4.0	–	–	4.7
(CFO-capex)/debt (%)	-20.2	–	–	-11.9
Net leverage (x)				
EBITDA net leverage	2.9	–	–	3.5
(CFO-capex)/net debt (%)	-27.6	–	–	-15.9
Coverage (x)				
EBITDA interest coverage	2.6	–	–	2.3

CFO – Cash flow from operations

Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.

Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes other off-balance-sheet debt.

Debt in the standardised values column excludes lease liabilities of BRL506,465 thousand.

Source: Fitch Ratings, Fitch Solutions, JSL S.A.

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