FINANCIAL STATEMENTS 2018

Corporate taxpayer's ID: 16.670.085/0001-85

Localiza

(A free translation of the original in Portuguese)

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1 - MESSAGE FROM THE CEO

We finished the year of 2018 with impressive results. The average rented fleet of the Car Rental Division increased 39.4%, totaling 97,245 cars, while Fleet Rental's grew 19.5%, reaching 42,321 cars. Seminovos sales totaled 111,279 cars in the year, representing a growth of 22.9%. The final result was consolidated net revenues of R$7.9 billion, 30.3% higher than in 2017, with a net income totaling R$659.2 million in the year.

Despite the strong growth and operational challenges as a result of our business strong expansion, the main quality and productivity indicators evolved. Our customer satisfaction index, measured by the NPS (net promoter score), has increased in all segments and the result of our annual organizational climate survey has placed us among the top 25% of companies conducting the same survey by Korn Ferry. We won several quality related awards, of which we highlight the Época Reclame Aqui awards (winner for the 4th consecutive time in Car Rental and 2nd consecutive time in Seminovos), best car rental company by Datafolha, best service company and best rental company for Small and Midsize Companies by Estadão newspaper. We were also elected the most innovative company in the category of transportation and logistics, according to the "Valor Inovação" award of Valor Econômico newspaper and were evaluated the 22nd most valuable brand in Brazil according to Interbrand, reaffirming the recognition of our brand.

Last year's results consistency is due to a planned and shared transformation agenda between the Board of Directors and the Executive Officers.

I would like to highlight some priorities that were part of this agenda:

(1) Our careful renewal and succession process of the Company's management. A process conducted with great caution, ensuring the alignment of the new professionals with the values of Localiza, promoting a smooth transition to preserve the experience and knowledge of the successors, who temporarily remain at the Company as senior advisors;

(2) In order to take advantage of market movements and technology opportunities, we invest in the development of our employees and leaders, as well as in hiring new talents with complementary skills. In addition, we placed a culture project, with the participation of all employees, which reinforces and updates our values and characteristics, preparing us for future challenges;

(3) We have expanded our digital leadership by investing in customer experience innovation and operational excellence across the platform. We have also invested in our brand, reinforcing our leadership in customer's preference and brand awareness;

(4) We continue focusing and carefully working with our programs of integrity, governance, and sustainability that strengthen our reputation in the market with all stakeholders.

We would like to thank the investors who trusted the Company and participated in our primary funding of R$1.8 billion concluded in February 2019. With these resources we will support our business and expansion plans.

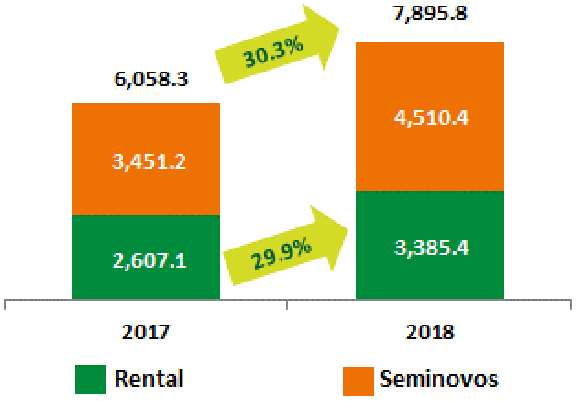
We also thank our employees for the commitment and energy they have dedicated to making all this happen, taking even better care of our clients and cultivating a trust relationship with all our stakeholders.

We started 2019 with even higher motivation and focused on the growth with profitability and quality goals, expanding our market leadership.

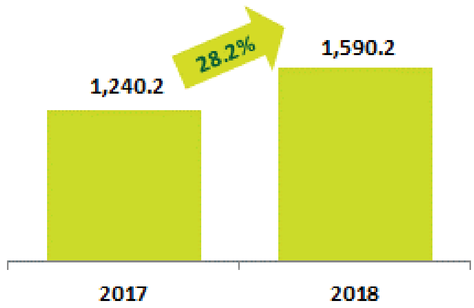
Eugênio Mattar - CEO

Highlights of the year

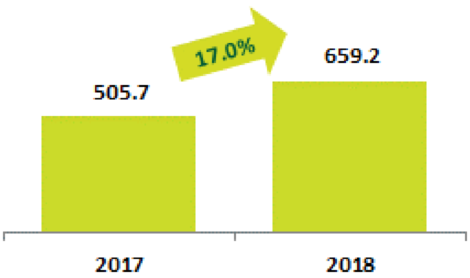
Net Revenues - Consolidated
(R$ millions)



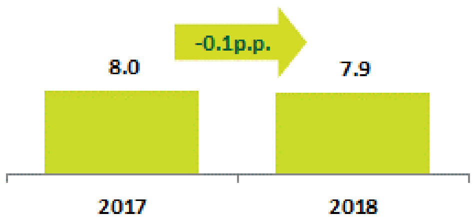
EBITDA (R$ millions)



Net income (R$ millions)



SPREAD (ROIC - cost of debt)



2 - MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

2018 was another successful year in Localiza's history. We grew 30.3% in revenues, maintaining unique profitability levels in the industry and reinforcing our market share.

Nothing better than this moment to honor Salim Mattar, one of our founders, who left the position of Executive Chairman of the Board of Directors, to make his contribution to the construction of a better Brazil, with the new government team.

Salim led the Board in the development of governance practices that allowed Localiza to become more professionalized, with no disruption in performance and reinforcing partnerships with all our clients, employees, shareholders and society.

Over the past year, the Board was focused on the revitalization of Localiza's Culture, maintaining values that have supported past success and adjusting them to ensure even better results in the future. Today Localiza has a young and motivated team, cohesive in the implementation of this Culture and values.

The Board has also lost another important partner in the success of Localiza, Stefano Bonfiglio, who was fundamental when we had our initial public offering. Now his living in London has made it difficult to participate in the Board.

We took the opportunity to attract Paulo Veras, a successful entrepreneur and one of the founders of 99Taxi, to the Board. Paul will help us to identify and seize opportunities that technological transformations are bringing to mobility solutions.

We will continue to strengthen our governance and Board performance, living up to the legacy that Salim left to us.

With great pride I accepted the appointment to be Localiza's first independent chairman of the Board of Directors, another step in the Company's evolution.

Kind regards,

Oscar Bernardes - Chairman of the Board of Directors

3 - MACROECONOMIC SCENARIO

2018 was marked by a better outlook on the economic scenario, although the real impact on GDP was still timid. Inflation below historical levels allowed the basic interest rate to fall to 6.5% per year in March 2018, a level that remains unaltered up to now. However, events such as the truckers' strike, the uncertainties of the political scenario that persisted until the election of the new president, as well as the non-approval of the entire social security and tax reforms have made the real impact on the GDP at the beginning of the year less than expected. Moreover, the public accounts had a significant negative impact on the country.

For 2019, the signs are favorable for resuming growth at more robust levels. With a government focused on private sector growth, low interest rates, less leveraged households and businesses, and increased business confidence, the outlook is positive. The major challenges come, internally, from the political side, where major reforms need to be approved. Externally, the slowdown in the world economy may impact the outlook for Brazil.

Localiza has a solid operating / financial structure to grow and take advantage of market opportunities, seeking to consolidate a segment that is quite fragmented, regardless of the macroeconomic scenario.

4 - BUSINESS OVERVIEW

Localiza and its subsidiaries have the following core activities: Car Rental, Fleet Rental and Franchising, as described below:

***Car Rental*:** Division responsible for car rentals through its locations in and outside airports, and for the management of car claims for insurers. Cars are rented by individuals and legal entities, and sometimes through distribution channels. Due to the need to renew its fleet, Localiza sells cars after 12 months of use. To avoid brokerage costs on the sale of decommissioned cars, around half of them are sold directly to final consumers. This way, the Company maximizes the amount recoverable from these assets, reducing depreciation of the cars and the net investment for fleet renewal, as the selling expenses of our sales network are lower than the discounts required by car dealers. Also, the Company does not have to entirely rely on third parties to make these sales.

***Fleet Rental*:** Responsible for renting the fleet to legal entities through the subsidiaries Localiza Fleet and Car Rental Systems, for long periods of time, usually 24 to 36 months. This division's fleet is acquired after the signing of agreements according to clients' needs and hence the fleet is more diversified in terms of models and brands. Decommissioned cars are sold upon the termination of the agreement, with 31 months of use on average, directly to final consumers or to dealers through the Company's own sales network.

***Franchising*:** The Franchising Division is responsible for granting and managing franchises in geographically defined markets, including the transfer of the know-how necessary to operate the business and the right to use the Localiza brand. The franchising business is managed in Brazil by the subsidiary Franchising Brasil, in Argentina by the subsidiary LFI S.R.L., and in other countries by Localiza itself.

As at December 31, 2018, the consolidated fleet of the Company and its franchisees consisted of 248,024 cars, of which 232,102 were own cars and 15,922 were franchisees' cars. Localiza has approximately 8.6 million active clients registered in its database.

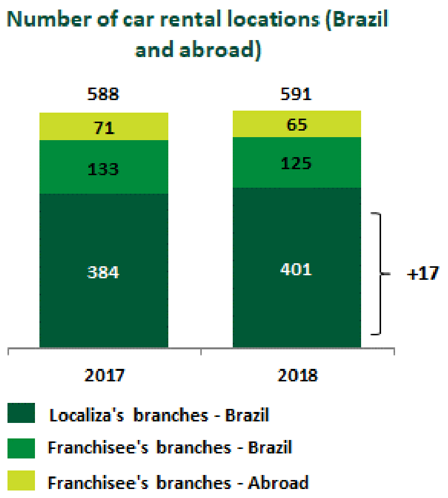
5 - GEOGRAPHIC DISTRIBUTION

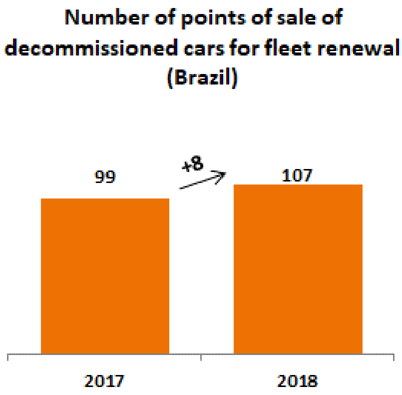
The car rental and fleet rental businesses are highly fragmented. The Brazilian Car Rental Association (ABLA), in its 2018 Brazilian Yearbook of the Vehicle Rentals Sector, mentions that there were approximately 11,482 active vehicle rental companies in Brazil according to the Federal Revenue Service database with a registered fleet with competent Transit agencies.

Localiza is the largest car rental network in South America in number of locations, with 591 car rental locations spread across Brazil and other five countries in South America at December 31, 2018.

In 2018, the network of owned car rental locations was expanded by 17 branches. The selective distribution of the number of branches contributes to strengthening our geographical position, increasing the potential market.

The Company's own decommissioned cars are mainly sold to final consumers through 107 stores owned by the Company in 70 cities across Brazil.





6 - SHAREHOLDING

Localiza Group is a Brazilian publicly held group whose shares have been traded on B3 S.A. – Brasil, Bolsa, Balcão ("B3") since 2005. In 2018, the average daily volume of RENT3 was R$114.5 million.

At December 31, 2018, the Company had 667,149,210 shares, of which 5,164,144 were held in treasury.

Additionally, the Company has participated in the American Depositary Receipts (ADR) Program Level I since its approval by the Brazilian Securities and Exchange Commission (CVM) on May 22, 2012 and began trading on June 5, 2012. At December 31, 2018, the Company's position was 14,433,339 ADRs in the United States. Each ADR corresponds to one (1) share of the Company.

Share Buyback

At December 31, 2018, the number of treasury shares acquired within the scope of the 1st, 4th, 6th, 7th and 8th Share Buyback Programs totaled 5,164,144 shares, whose market value was R$153.6 million (price per share of R$29.75 at December 28, 2018).

At a meeting held on July 20, 2017, the Board of Directors authorized the Company to purchase up to 13,000,000 shares (39,000,000 considering the stock split) in the 9th Share Buyback Program. This program will last for a maximum of 365 days, from July 23, 2017 to July 22, 2018, and aims to maximize value creation for shareholders or to settle the stock options within the scope of the long-term incentive plans of the Company. Until December 31, 2018, no shares had been purchased under this program.

At a meeting held on June 21, 2018, the Board of Directors authorized the Company to purchase up to 43,000,000 shares in the 10th Share Buyback Program. This program will last for a maximum of 365 days, from July 23, 2018 to July 22, 2019, and aims to maximize value creation for shareholders or to settle the stock options within the scope of the long-term incentive plans of the Company. Until December 31, 2018, no shares had been purchased under this program.

Sales of treasury shares

In 2018, 116,908 treasury shares were sold for R$1.0 million to eligible employees under the First Stock Option and Matching Shares Plan, approved by the Extraordinary Shareholders' Meeting held on July 12, 2017.

Exercise of treasury shares

In 2018, 1,471,294 stock options referring to the Stock Option Programs of 2011 to 2015 and 2nd tranche of the 2017 Program were exercised, for which treasury shares were used.

Subsequent event – Capital increase

On February 7, 2019, Localiza concluded a capital increase based on the primary distribution of 55,200,000 new common shares, with a price per share of R$33.00, in the total amount of R$1,821.6 million.

As a result of the Company's capital increase within the scope of the Offer, the Company's new capital will be R$3,321.6 million, divided into 722,349,210 common shares, all registered, book-entry shares with no par value.

Localiza will use the resources obtained for fleet expansion, investments in innovations and operational improvements and strengthening of working capital.

7 - DIVIDENDS AND INTEREST ON CAPITAL

The Company holds its Annual Shareholders' Meeting by April 30 of each year, when the annual dividends can be announced. However, the Board of Directors may declare interim dividends subject to approval at the Shareholders' Meeting.

Paragraph 3 of article 26 of the Bylaws of Localiza establishes that a minimum of 25% of the adjusted net income must be paid as mandatory dividend.

In 2018, Localiza distributed to its shareholders, as interest on capital, R$178.9 million (R$162.9 million in 2017) from the net income after the legal reserve.

At December 31, 2018, Management proposed for deliberation at the Annual Shareholders' Meeting the complementary payment of minimum mandatory dividends in the amount of R$643 thousand and additional dividends in the amount of R$6,580 thousand, totaling R$7,223 thousand.

8 - INVESTMENTS IN SUBSIDIARIES

The table below shows the changes in investments made in each subsidiary of Localiza:

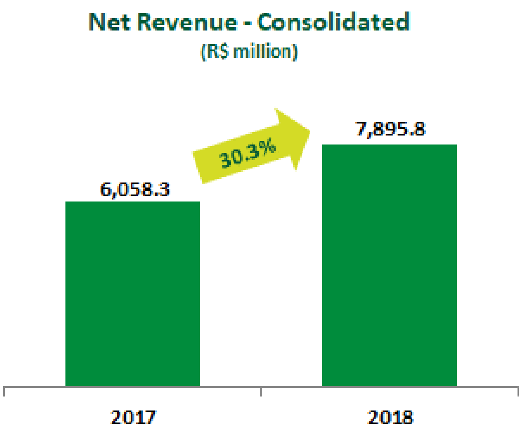
R$ thousand

	Investments at 12/31/17	Equity in the earnings of subsidiaries	Dividends received and receivable	Effect of the initial adoption of IFRS 9 on subsidiaries	Investments at 12/31/18
Localiza Fleet Consolidated	**553,770**	210,080	(237,079)	(457)	**526,314**
Rental Brasil	**257,178**	9,558	(8,704)	-	**258,032**
Localiza Prime	**91,585**	5,162	-	(1)	**96,746**
Car Assistance	**16,662**	18,977	(21,166)	-	**14,473**
Franchising Brasil	**7,183**	8,461	(8,631)	(255)	**6,758**
LFI S.R.L.	**696**	167	(165)	-	**698**
Rental International	**18**	(2)	-	-	**16**
Total	**927,092**	**252,403**	**(275,745)**	**(713)**	**903,037**

9 - ANALYSIS OF CONSOLIDATED RESULTS

	2017		2018		Variation
	In R$ million	% of net revenue	In R$ million	% of net revenue	%
Net revenue:					
Car Rental	4,833.6	79.8	6,431.3	81.5	33.1
Fleet Rental	1,208.2	19.9	1,447.4	18.3	19.8
Franchising	16.5	0.3	17.1	0.2	3.6
Total net revenue	**6,058.3**	**100.0**	**7,895.8**	**100.0**	30.3
Total costs	**(4,410.9)**	**-72.8**	**(5,825.9)**	**-73.8**	32.1
Gross profit	**1,647.4**	**27.2**	**2,069.9**	**26.2**	25.6
Operating expenses:					
Selling	(460.0)	-7.6	(600.3)	-7.6	30.5
General, administrative and other	(218.3)	-3.6	(215.0)	-2.7	-1.5
Total operating expenses	**(678.3)**	**-11.2**	**(815.3)**	**-10.3**	20.2
Profit before finance costs (EBIT)	**969.1**	**16.0**	**1,254.6**	**15.9**	29.5
Finance costs, net	(315.0)	-5.2	(368.9)	-4.7	17.1
Profit before income tax and social contribution	**654.1**	**10.8**	**885.7**	**11.2**	35.4
Income tax and social contribution	(148.4)	-2.4	(226.5)	-2.9	52.6
Net income from the year	**505.7**	**8.4**	**659.2**	**8.3**	**30.4**

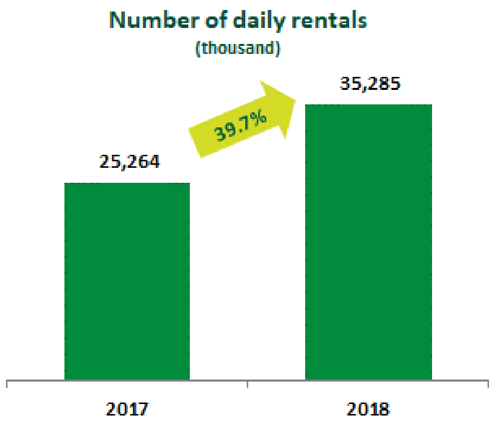
Net revenue:

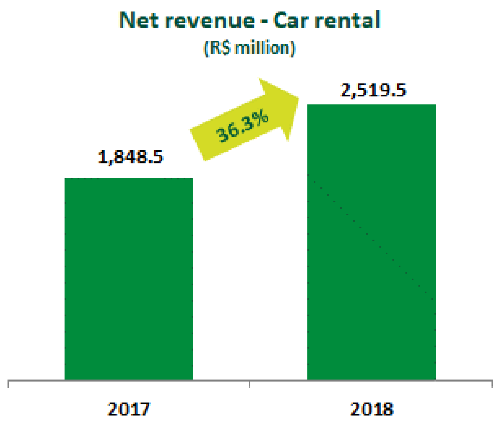


Consolidated net revenue grew 30.3% in 2018 compared to 2017 due to the growth of: (i) 29.8% in the Car Rental, Fleet Rental and Franchising revenues; and (ii) 30.7% in revenue from sales of decommissioned cars for fleet renewal. The main drivers of net revenue growth were:

Car Rental: In 2018, total net revenue was 33.1% up from 2017 due to:

(i) Car Rental: 36.3% growth in the Car Rental revenue, from R$1,848.5 million in 2017 to R$2,519.5 million in 2018, due to the 39.7% increase in the volume of daily car rentals, partially offset by the 3.1% reduction in the average rental rate, which decreased from R$75.16 to R$72.86; The decrease in the average rental rate in 2018 reflects the business mix. The efficient fleet management added to the strong demand, contributed to the increase of 2.6 p.p. in 4Q18's utilization rate, when compared to 4Q17, reaching 81.1%;

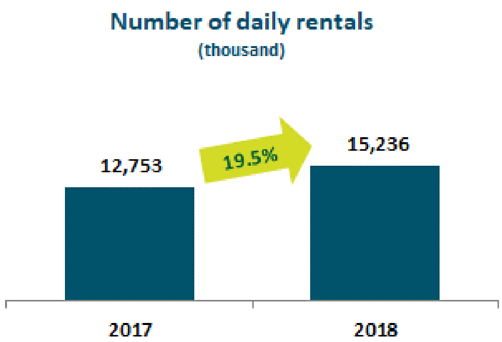


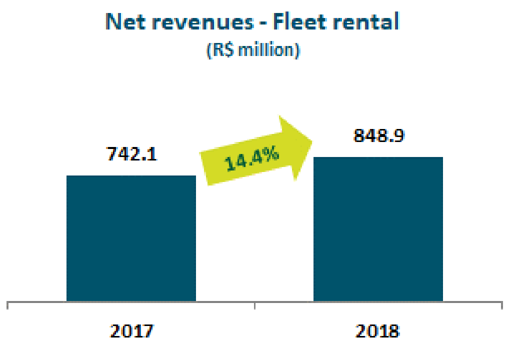


(ii) Used Cars – Car Rental: 31.0% growth in revenue from the sale of decommissioned cars for fleet renewal, from R$2,985.1 million in 2017 to R$3,911.8 million in 2018, due to the 6.2% increase in the average price and 23.5% increase in the number of cars sold.

Fleet Rental: Increase of 19.8% in total net revenue in 2018 compared to 2017, due to:

(i) Fleet Rental: 14.4% increase in Fleet Rental revenue, from R$742.1 million in 2017 to R$848.9 million in 2018, due to the 19.5% growth in daily rentals, partially offset by the 5.4% decrease in the average rental fee. The decrease in the average daily rate of the Fleet Rental division mainly reflects the pricing of new contracts and the renewal of existing ones in a context of lower interest rates; and





(ii) Used Cars – Fleet Rental: 28.6% growth in revenue from sale of decommissioned cars for fleet renewal, from R$466.1 million in 2017 to R$598.6 million in 2018, due to the 7.4% increase in the average price and 19.6% increase in the number of cars sold.

Costs: Consolidated costs of the Company in 2018 were 32.1% higher compared to 2017. As a percentage of consolidated net revenue, costs increased by 1.0 p.p., from 72.8% in 2017 to 73.8% in 2018.

The rise in costs in 2018 was due to the increase of:

(i) 35.1% in the cost of cars sold. As a percentage of net revenue from sale of decommissioned cars for fleet renewal, these costs increased 2.9 p.p., from 85.9% in 2017 to 88.8% in 2018;

(ii) 12.1% in salaries, payroll charges, benefits and profit sharing. As a percentage of consolidated net revenue, these costs fell 0.8 p.p., from 5.4% in 2017 to 4.6% in 2018;

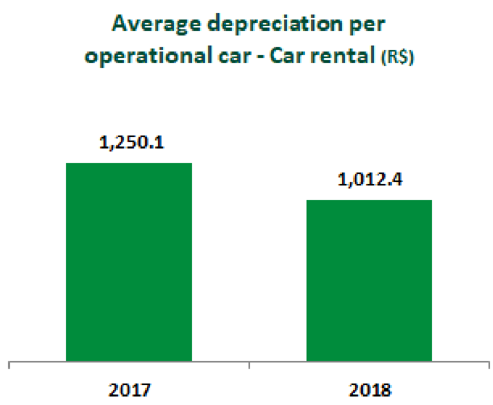
(iii) 16.7% in the cost of property rentals, mainly affected by inflation and by the 17 new Car Rental locations. As a percentage of consolidated net revenue, these costs fell 0.2 p.p., from 1.9% in 2017 to 1.7% in 2018;

(iv) 48.0% in third-party service costs, mainly due to higher branch standardization costs, consultants and IT services. As a percentage of consolidated net revenue, these costs increased 0.2 p.p., from 1.4% in 2017 to 1.6% in 2018;

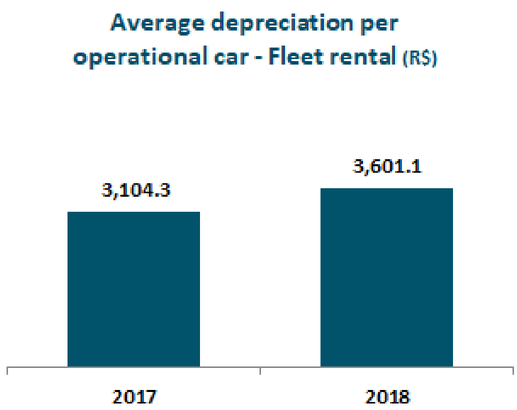
(v) 35.3% in car maintenance expenses and vehicle tax (IPVA), in line with fleet expansion. As a percentage of consolidated net revenue, these increased 0.4 p.p., from 9.1% in 2017 to 9.5% in 2018; and

(vi) 25.7% in the fleet depreciation cost, mainly due to the 33.2% increase in the average operating fleet. As a percentage of consolidated net revenue, these costs fell 0.1 p.p., from 3.8% in 2017 to 3.7% in 2018.

Average depreciation per vehicle in the Car Rental Division in 2018 was R$1,012.4, down 19.0% compared to the depreciation of 2017. Depreciation considers the Company's expectation regarding the future price of cars and costs related to their sale.



In the Fleet Rental division, depreciation per vehicle in 2018 was R$3,601.1, up 16.0% from 2017, due to the 20.6% increase in the average operating fleet.



Operating expenses: Operating expenses grew 20.2% in 2018, mainly due to the average increase of: (i) 18.0% in salaries, payroll charges, benefits and profit sharing; (ii) allowance for doubtful accounts / expected losses and write-offs, mainly due to the increase in volume of daily rentals in 4Q18, when compared to the same period of the previous year, and to the initial adoption of IFRS 9[1], which included the provision for expected losses on accounts receivable; (iii) 33.0% in expenses with third-party services; and (iv) 47.9% in commissions expenses, mainly commissions from

[1] In December 2016, CVM, through Deliberation No. 763/16, approved CPC 48, equivalent to IFRS 9, which deals with the recognition and measurement of financial assets and liabilities, as well as contracts for the purchase and sale of non-financial items. The Company and its subsidiaries adopted the new standard on January 1, 2018, the effective date of the initial adoption.

credit card companies and travel agencies. As a percentage of consolidated net revenue, operating expenses fell 0.9 p.p., from 11.2% in 2017 to 10.3% in 2018.

Finance costs, net: Consolidated net finance costs in 2018 were up 17.1% from 2017, mainly due to a higher average net debt, partially offset by the lower basic interest rates. The increase in debt was due to the increase in the fleet by 54,149 cars, representing a net investment of R$2,471.4 million.

Income tax and social contribution: Income tax and social contribution expenses in 2018 were up 52.6% from 2017, due to the 35.4% increase in taxable profit and an increase in the effective income tax and social contribution rate from 22.7% in 2017 to 25.6% in 2018. The higher tax rate was due to the lower percentage of interest on capital in relation to taxable profit.

Net income: Consolidated profit in 2018 was up 30.4% from 2017, mainly due to the increase in consolidated net revenue, partially offset by the increase in net finance costs and the increase in income tax and social contribution, as previously mentioned.

EBITDA and EBIT: Reconciliation of net income with EBITDA and EBIT is as follows:

	R$ million		
	2017	**2018**	**Variation (%)**
Net income	**505.7**	**659.2**	**30.4**
Finance costs, net	315.0	368.9	17.1
Income tax and social contribution	148.4	226.5	52.6
EBIT	**969.1**	**1,254.6**	**29.5**
Depreciation of cars and others	271.1	335.6	23.8
EBITDA	**1,240.2**	**1,590.2**	**28.2**

10 - ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

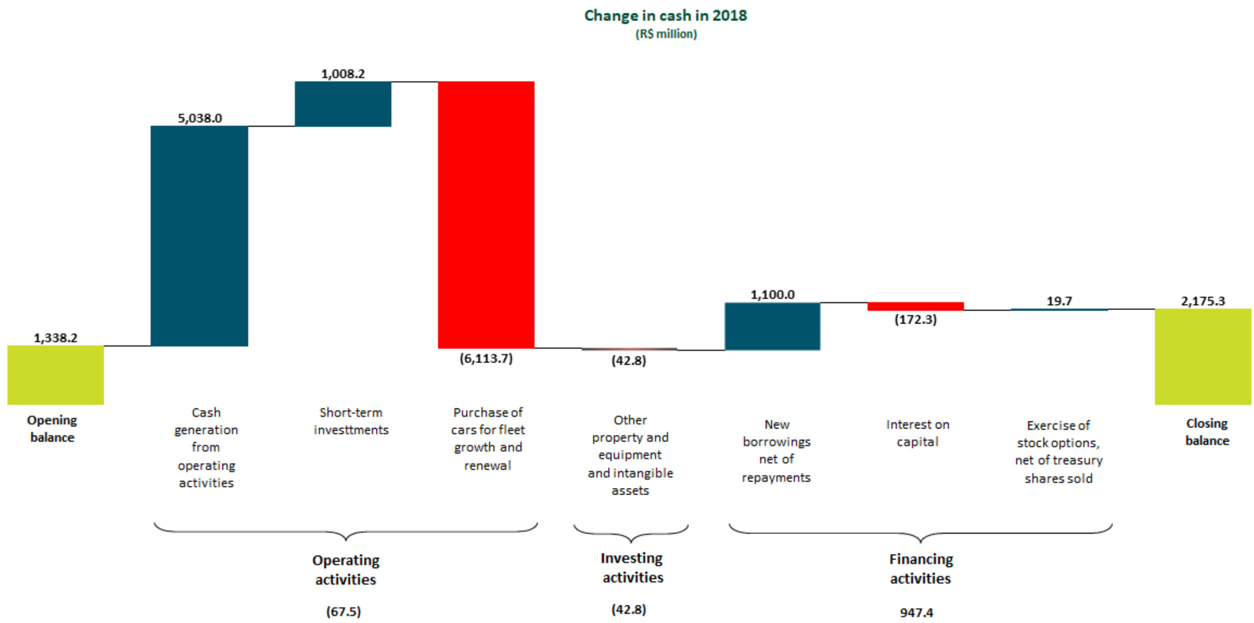
	12/31/17		12/31/18		Variation
	In R$ million	% of total assets	In R$ million	% of total assets	%
ASSETS					
Current assets					
Cash and cash equivalents	1,338.2	12.0	2,175.3	15.5	62.6
Short-term investments	1,275.7	11.4	267.5	1.9	-79.0
Trade receivables	585.1	5.2	1,016.5	7.3	73.7
Decommissioned cars for fleet renewal	103.4	1.0	51.8	0.4	-49.9
Other current assets	128.6	1.1	182.7	1.3	42.1
Total current assets	**3,431.0**	**30.7**	**3,693.8**	**26.4**	7.7
Noncurrent assets					
Escrow deposits	83.1	0.7	96.3	0.7	15.9
Other noncurrent assets	104.7	0.9	91.9	0.6	-12.2
Property and equipment					
Cars	6,934.8	62.0	9,481.6	67.8	36.7
Other property and equipment	549.2	4.9	550.3	3.9	0.2
Intangible assets	83.4	0.8	78.5	0.6	-5.9
Total noncurrent assets	**7,755.2**	**69.3**	**10,298.6**	**73.6**	32.8
Total assets	**11,186.2**	**100.0**	**13,992.4**	**100.0**	**25.1**

	12/31/17		12/31/18		Variation
	In R$ million	% of total liabilities	In R$ million	% of total liabilities	%
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	1,331.7	11.9	2,202.6	15.7	65.4
Payroll and related taxes	109.2	1.0	135.0	1.0	23.6
Borrowings and debt securities	537.2	4.8	616.6	4.4	14.8
Dividends and interest on capital	36.4	0.3	42.6	0.3	17.0
Other current liabilities	219.6	2.0	342.6	2.5	56.0
Total current liabilities	**2,234.1**	**20.0**	**3,339.4**	**23.9**	49.5
Noncurrent liabilities					
Borrowings and debt securities	5,940.5	53.1	7,029.4	50.2	18.3
Deferred income tax and social contribution	219.7	2.0	297.3	2.1	35.3
Other noncurrent liabilities	191.2	1.7	231.8	1.7	21.2
Total noncurrent liabilities	**6,351.4**	**56.8**	**7,558.5**	**54.0**	19.0
Equity	**2,600.7**	**23.2**	**3,094.5**	**22.1**	19.0
Total liabilities and equity	**11,186.2**	**100.0**	**13,992.4**	**100.0**	**25.1**

The analyses of the key variations in assets and liabilities are described below:

Cash and cash equivalents and short-term investments: Cash and cash equivalents and short-term investments totaled R$2,442.8 million at December 31, 2018, corresponding to 17.4% of total assets, a 6.5% drop from the balance of R$2,613.9 million at December 31, 2017, corresponding to 23.4% of total assets for that year.

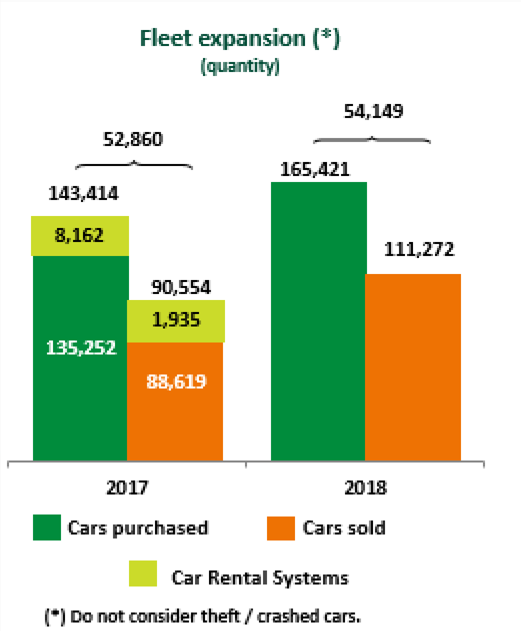
Cash flow from the Company's operating, investing and financing activities is as follows:

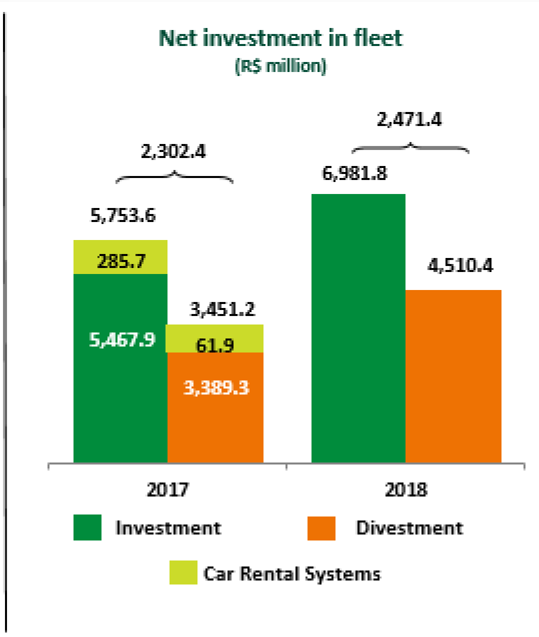


Trade receivables: The increase of 73.7% in trade receivables, from R$585.1 million at December 31, 2017 to R$1,016.5 million at December 31, 2018, refers mainly to the increase of 27.4% in the volume of daily rental of vehicles in 4Q18 and a 23.7% increase in the volume of cars sold in 4Q18, partially offset by the anticipation of credit card receivables in the amount of R$132.0 million at December 31, 2017 .

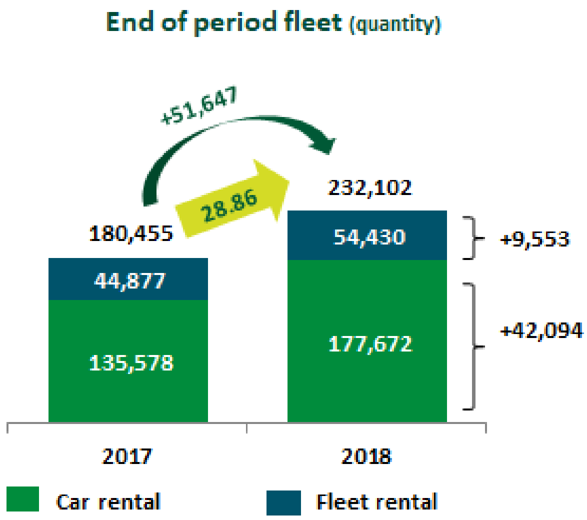
Other current assets: The increase of 42.1% in other current assets, from R$128.6 million at December 31, 2017 to R$182.7 million at December 31, 2018, basically refers to expenses with claims, costs of stolen cars and amounts receivable from the insurer related to insurance hired by customers at the time of the Company's car rental, in the amount of R$55.9 million.

Property and equipment – cars:





The 36.7% increase in property and equipment is related to the increase of 54,149 cars in the fleet in 2018, which resulted in a net investment of R$2,471.4 million. The purchase of new cars in the period was due to the need to increase the fleet to follow the growth of 39.7% in the daily rental volume of the Car Rental division and 19.5% of Fleet Rental in 2018, compared to the same period in the previous year.



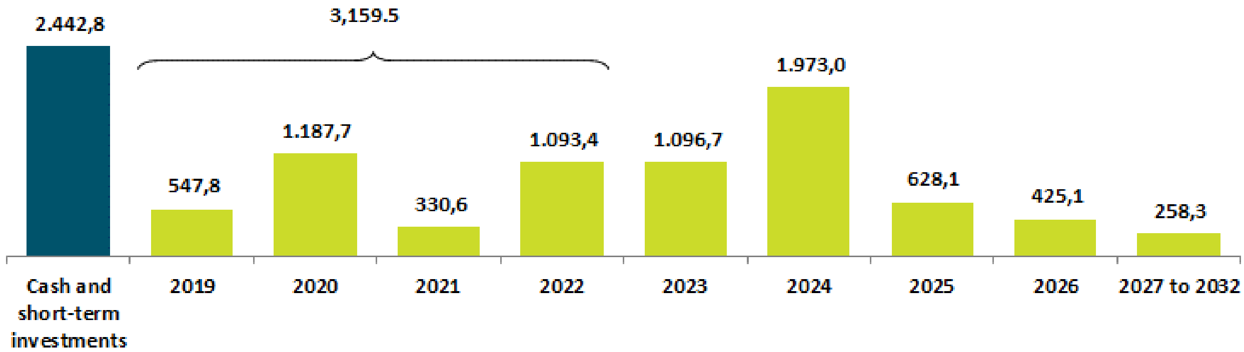
Trade payables: The increase of 65.4% in trade payables, from R$1,331.7 million at December 31, 2017 to R$2,202.6 million at December 31, 2018, basically refers to the 72.5% increase in the balance payable to automakers due to the purchase of cars at the end of 2018 to meet the increase in demand in the school holidays period from the end of December until Carnival.

Borrowings and debt securities: The 18.0% increase in this line item is due to the main funding and repayments of borrowings and debt securities occurred in 2018, as follows:

Category	Funding (R$ million)	Repayments (R$ million)	Event date	Notes
6th issue of debentures – Localiza	-	(240.0)	2/26/18	Payment of principal
7th issue of debentures – Localiza	-	(70.0)	4/2/18 and 10/1/18	Payment of principal
9th issue of debentures – Localiza	-	(500.0)	5/22/18	Payment of principal
14th issue of debentures – Localiza	1,000.0	-	9/19/18	Maturity of the 1st series: 64 months Maturity of the 2nd series: 96 months
CCBI – Rental Brasil	-	(190.0)	8/6/18	Payment of principal
Working Capital	-	(51.0)	2/15/18 and 12/17/18	Payment of principal
1st issue of CRI – Rental Brasil	370.0	-	2/26/18	Maturity of 15 years
5th issue of debentures – Localiza Fleet	300.0	-	7/31/18	Maturity of 7 years
6th issue of debentures – Localiza Fleet	400.0	-	12/21/18	Maturity of 62 months
Foreign currency loan	300.0	-	5/22/18	Maturity of 5 years
Total	**2,370.0**	**(1,051.0)**		

Management considers the Company's debt profile comfortable and is compatible with the business cycle and the macroeconomic scenario.

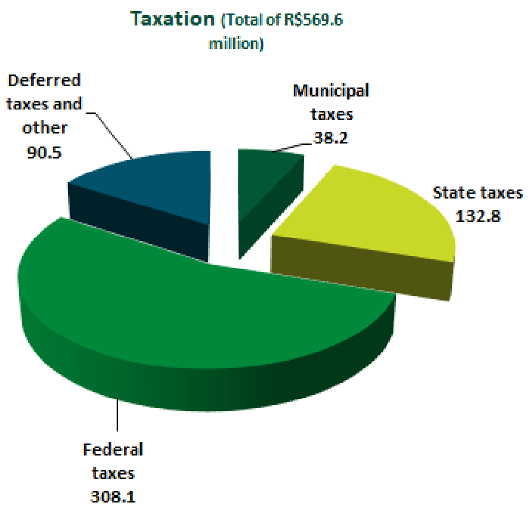
Debt maturity profile as of 12/31/18 - Principal (R$ million)

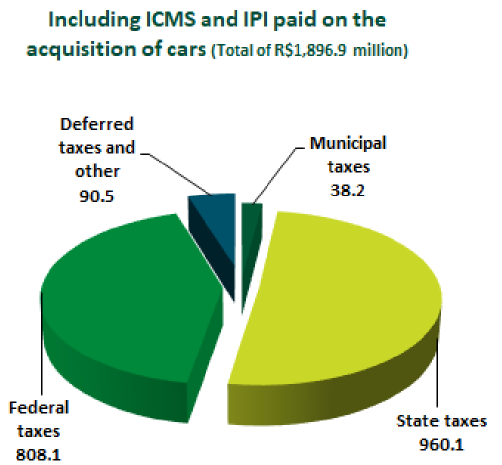


Deferred income tax and social contribution liabilities: Deferred income tax and social contribution liabilities increased by 35.3%, from R$219.7 million at December 31, 2017 to R$297.3 million at December 31, 2018, mainly due to the increase: (i) in the fleet and, consequently, in the timing differences of depreciation of cars, in the amount of R$125.3 million; and (ii) in judicial provisions, provision for doubtful accounts / expected loss and other provisions by R$53.7 million.

11 - TAXES

The following chart shows the distribution of taxes:





12 - MAIN AWARDS RECEIVED

In 2018, the Company won several awards, notably:

Awards and honors	Institution
22th most valuable brand in Brazil	Interbrand
Top 50 franchises in Brazil	ABF – Associação Brasileira de Franchising
58th company with the best reputation in Brazil	Merco Ranking
10 best Companies in financial performance and corporate governance practices – Award *Broadcast*	Economática
Best Car Rental Company in Brazil – "Biggest and Best" Ranking	Transporte Moderno Magazine
Best Car Rental Company – XX Minas Gerais Business Performance Award	Mercado Comum
Best Car Rental Company for Small and Medium-Sized Enterprises – PME 2018 Choice Award	Estadão
CEO of Value to CEO Eugênio Mattar	Valor Econômico Newspaper
Best CEOs of Brazil to Eugênio Mattar	Forbes Magazine
Best IR executive	IR Magazine Awards
Best IR in Latin America in the Transport Category - Best CEO, Best CFO, Best Investor Relations Professional, Best Investor Relations Team, Best Investor Relations Program, Best Sustainability Metrics and Best Meeting with Analysts.	Institutional Investor Magazine
Leaders of Brazil 2018 – Services category	LIDE Empresarial
Excellence in Corporate Finance of Minas Gerais 2018	IBEF/MG
Seal of Excellence in Franchising for the 12th year.	Associação Brasileira de Franchising
Top of Mind excellence category - Brands of success in Minas Gerais	Mercado Comum
Inclusive Company	Social Development Secretariat (Sedese) of the Government of Minas Gerais.
Best Companies to Work	Great Place to Work Minas Gerais Certification
Value Innovation – Most Innovative Company in the Transport and Logistics sector	Strategy& and Valor Econômico
1st place in the Services category	Estadão Empresa Mais Award / Broadcast
Among the 100 Best Companies in Customer Satisfaction	MESC Institute
Transparency Trophy 2018	National Association of Finance, Administration and Accounting Executives (ANEFAC)
Business Merit Award	Trade Associations Congress of Minas Gerais

13 - SUSTAINABILITY

Abiding by the best international practices and looking for ways to reinforce our guidelines for generating positive social and environmental impacts, we joined, in 2017, United Nations Global Compact. This voluntary initiative aims to mobilize the international business community to adopt fundamental and internationally accepted values in the areas of human rights, labor relations, the environment and the fight against corruption in their business practices. These values are translated into ten Universal Principles that enrich and complement corporate social responsibility practices.

Environment

The Company believes in the sustainable development of the planet and acts in different ways to guarantee its share of contribution. The Company's fleet is new, modern, economical, flex fuel and within the most efficient period of its useful life. The car renewal policy stipulates that they be replaced whenever they complete a year of use, ensuring that the fleet available for use is always within the highest standards of operation of the auto market. In addition, Localiza also has hybrid cars in its fleet, which enable a significant reduction in emissions, and exclusively use ethanol in cars that can use it.

To wash its cars, the Company uses a dry cleaning system, which reduces the water and energy consumption, as well as waste generation, thereby reducing environmental impact.

Car locations in Belo Horizonte have a solar energy system with photovoltaic panels on the roof, which helps reduce greenhouse gas emissions while generating clean and renewable energy. With a pioneering action, the Company is investing in the construction of solar plants with the objective of generating its own energy, contributing to a more sustainable and distributed electric matrix.

Localiza’s headquarters employ various sustainable solutions that optimize the use of water and energy resources, such as a building automation system, reduction of paved surface and a garden on the parking lot roof, interlocked block floor (which allows water to return to the water table), reuse of rain water and gray water (used in sinks), devices to reduce water consumption, permeable areas 10% larger than legally required, preservation of environmentally relevant species, smart and automated irrigation of plants and an internal street to reduce traffic on thoroughfares, among others.

Moreover, Localiza Fleet provides its customers with online training on sustainable driving (or eco-driving), which teaches drivers how to use their cars in order to minimize the environmental impacts of vehicle use, such as reduction of accidents and pollutant gas emissions, renovation and maintenance of the fleet, among others.

Social responsibility

The Company participates in social programs through projects focused on culture, social initiatives and education. In 2018, approximately R$3.3 million from income tax benefits was allocated to social institutions supported by the Rouanet Law (R$1.7 million), Sports Incentive Law (R$0.4 million), Social Fund for Children and Adolescents (R$0.4 million), Incentive Law for the Elderly (R$0.4 million) and the National Program for Support to Cancer Care (PRONON) (R$0.2 million) and National Program of Support for the Health Care of Persons with Disabilities - PRONAS / PCD (R$0.2 million). The donations were made to eligible institutions that were previously selected, with a clean record and solid reputation. The main beneficiary institutions or projects, according to the corresponding incentive law, were:

- Rouanet Law: Aventura Teatros Entretenimiento Ltda .; Brazil - Japan Association of Cooperation in Science and Technology; Leme Produções Artísticas Ltda.; Instituto Inhotim; Arte Projeto Promoções Ltda.; Minas Tennis Club; Philharmonic Cultural Institute;
- Social Fund for Children and Adolescents: Ramacrisna; Social Opportunity Institute; Divine Providence System - City of Boys;
- Law of the Elderly: Angelina Caron Hospital; Rede Viver Bem Association; Lar dos Idosos Santo Antônio de Pádua;

- Sports Incentive Law: Minas Tennis Club;
- PRONON: Hospital Mário Penna; and
- PRONAS / PCD: Associação Ivone e Pedro Lanza.

Also, in 2018 the Company made donations amounting to R$0.6 million, the bulk of which went to Órbi Conecta Association, a collaborative workspace to foster innovation and entrepreneurship, Junior Achievement Association of Minas Gerais, an organization that stimulates and develops students for the labor market and Movimento Brasil Competitivo – MBC is an association that promotes Brazil's sustainable competitiveness by raising the quality of life of the population.

The main social projects implemented by the Company in 2017 were:

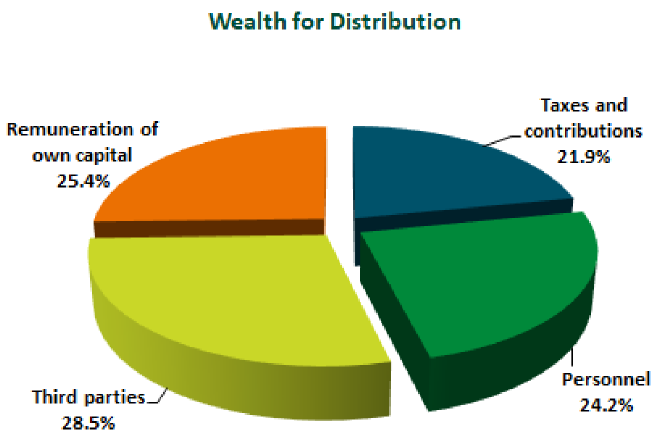
Acolher Project: Launched in order to build a respectful relationship with the communities surrounding Localiza's headquarters in the Cachoeirinha neighborhood in Belo Horizonte, and to leave a positive legacy for the region.

Educational lectures: Every year, Localiza offers lectures to its teams to raise awareness on various topics, such as financial guidance, oral health, respiratory illnesses, heart diseases and eye care, among others.

Suppliers: Contracts with suppliers require that they comply with environmental responsibility and labor laws.

Digital inclusion: Localiza offers free Wi-Fi at bus stops near the Company's headquarters in the Cachoeirinha neighborhood and at the Localiza Hertz concept rental location in Savassi. The Company believes this initiative will foster connectivity among the people.

Statement of Value Added: This statement shows the importance of the Company to society: Localiza created wealth amounting to R$2,595.9 million in 2018 (R$2,197.9 million in 2017), which was distributed as follows:



Corporate governance

The Company seeks to implement the best corporate governance practices in terms of fairness, compliance, accountability and transparency, in order to create value for shareholders and the market in general. Since its initial public offering, the Company has joined the Novo Mercado, the highest level of governance on the B3 S.A. – Brasil, Bolsa, Balcão ("B3"), the São Paulo Stock Exchange, giving 100% tag-along rights to all shares.

The Company is managed by a Board of Directors consisting of seven members, the Fiscal Council composed of three sitting members and two alternates, a Statutory Executive Board with seven officers and a non-statutory Executive Board. In line with Novo Mercado governance practices, the Board of Directors of the Company has four independent members.

The Company's Board of Directors established the following committees: (i) Audit, Risk Management and Compliance and (ii) People Management, which are composed primarily by directors, with independent coordinators. In addition, the Company has Ethics, Sustainability and Disclosure Committees, which are formed by officers and employees of the Company. The first two report to the CEO and last to the CFO.

Board of Directors, Fiscal Council and Executive Boards: At December 31, 2018, the composition of the Board of Directors, Fiscal Council and the Executive Boards was as follows:

BOARD OF DIRECTORS

Name	Title	
Oscar De Paula Bernardes Neto	Chairman	Independent
Antônio Claudio Brandão Resende	Vice-chairman	Founder
Eugênio Pacelli Mattar	Director	Founder
Flávio Brandão Resende	Director	Founder
Jose Galló	Director	Independent
Maria Letícia de Freitas Costa	Director	Independent
Paulo Antunes Veras	Director	Independent

FISCAL COUNCIL

Name	Title	
Aristides Luciano de Azevedo Newton	Chairman	Sitting
Daltro Barbosa Leite Júnior	Director	Sitting
Marco Antônio Martins Guimarães	Director	Sitting
Edmar Vidigal Paiva	Director	Alternate
Maria Carolina Barbosa Costa	Director	Alternate

STATUTORY EXECUTIVE BOARD

Name	Title
Eugênio Pacelli Mattar	CEO of Localiza and Subsidiaries
Maurício Fernandes Teixeira	CFO and IR Officer of Localiza and Subsidiaries
Bruno Sebastian Lasansky	Statutory Executive Officer of Localiza and Subsidiaries
Cláudio José Zattar	Statutory Executive Officer of Localiza
Daniel Guerra Linhares	Statutory Executive Officer of Localiza
Heros di Jorge	Statutory Executive Officer of Localiza and Subsidiaries
João Hilário De Ávila Valgas Filho	Statutory Executive Officer of Localiza and Subsidiaries
João Alberto Mazoni Andrade	Statutory Director of Localiza Fleet and Car Rental Systems

NON-STATUTORY EXECUTIVE BOARD

Name	Name	Name
Ana Cristina Carvalho Chaves	Edson Eduardo Batista	Marcelo Hiroshi Nagassaki
Antonio Hiroyuki Hyodo	Elvio Lupo Neto	Marcos Eduardo Botega Araujo
Bernardo Dias Gomide	Glauco Fernandes Zebral	Myrian Buenos Aires Moutinho
Carlos Augusto Bezerra	Guilherme Ude Braz	Nora Mascarenhas Lanari
Cláudio Luciano Gonçalves Marques	Herbert Viana Andrade	Paulo Henrique de Almeida Pires
Cristina Vaz Amaral	José Carlos Batista	
Daniel Tadeu Pereira	Leandro Franco Bacchin	

Accession to Arbitration Chamber: Pursuant to article 39 of the Bylaws of the Company, the Company, its shareholders and managers must resolve, through arbitration, any and all disputes or conflicts that may arise among them, related to or arising from their status as issuer, shareholder, administrator and members of the Fiscal Council, especially arising from the provisions of Law 6,385/76, Law 6,404/76, the Bylaws of the Company, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as any other rules applicable to the operation of capital markets in general, besides those in the Novo Mercado Regulation, other B3 regulations and the Novo Mercado Membership Agreement.

ABRASCA Code of Self-Regulation and Good Practices: In line with corporate governance best practices, Localiza has adhered to the ABRASCA Code of Self-Regulation and Good Practices for Publicly Held Companies. The Company also adopts the corporate governance best practices established in B3's Novo Mercado Listing Regulations and seeks to comply with the standards suggested by the Brazilian Institute of Corporate Governance ("IBCG").

Code of Ethics: Since 1995, the Company has adopted the Code of Ethics and Conduct, to be followed by all employees, regardless of their hierarchical position (interns, apprentices, professionals, managers, executive and statutory directors, members of the Board of Directors) and by franchisees. Every employee, upon joining the Company, participates in the Code of Ethics and Conduct training in its integration phase. The objectives of the Code of Ethics and Conduct are: (i) to reduce the subjectivity of interpretations of ethical principles; (ii) to be a formal and institutional reference for the professional conduct of employees; and (iii) to ensure that concerns about efficiency, competitiveness and profitability do not override ethical standards and the law.

Risk Management and Governance: The Company has an Internal Controls and Risk Management Policy prepared to comply with ABRASCA's Code of Self-Regulation; it establishes controls and procedures to prevent errors/frauds and analyze the risks that could affect the Company.

The Company has a hotline operated by a specialized company to receive complaints, anonymously or not, about unethical and/or illegal situations in all companies of the Group. The hotline may be used by the entire team of Localiza and other stakeholders of the Company, such as suppliers, clients and investors, and enables the complainants to track the progress of investigation on their complaint.

To offer employees greater security and tranquility and to encourage them to use the hotline, the Company has a Reporting and Non-Retaliation Policy that prohibits retaliation of any nature against good-faith complainants or employees who are witnesses in internal investigation procedures and establishes punitive measures on parties responsible for the same.

The hotline is available on a 24x7x365 basis and can be accessed as follows: (i) telephones: 0800 979 2055 (domestic calls – toll free) and +55 (11) 3232 0786 (international calls); (ii) website: www.canalconfidencial.com.br/localiza; and (iii) e-mail: localiza@canalconfidencial.com.br.

In 2018, the investigation of complaints received and considered valid led to actions that ranged from simple reorientation of conduct to dismissal of employees and disqualification of suppliers, in more serious cases.

Internal Audit and Compliance: The Company has an Internal Audit and Compliance area with a double reporting structure, where the hierarchical report is made to the Director of Finance and Investor Relations and the functional reporting to the Audit, Risk Management and Compliance Committee.

<u>Internal Audit:</u> As part of the Internal Audit activities, revolving fleet inventories are performed in car rental locations and used car stores, and also include workshops and accredited service providers. The inventory procedures include an assessment of compliance with internal operating standards and procedures of the Company branches. Any noncompliance identified is reported to the incumbent competent department for action.

The Internal Audit department also audits Company processes to assess the efficiency and effectiveness of internal controls. Any weaknesses identified generate action plans to be implemented by the applicable departments and are periodically monitored for compliance.

<u>Compliance Programs:</u>

- **Anti-Corruption:** Localiza's Anti-Corruption Compliance Program consists of procedures, controls and guidelines for maintaining an ethical and transparent conduct in all professional relations involving the Company, with the main purpose of preventing and combating acts of corruption and acts against public administration. Implemented in 2015, the Anti-Corruption Compliance Program covers the entire Localiza team, including franchisees, and is structured on eight fundamental pillars: support from senior management, risk assessment, internal policies and controls, communication and training, diligence, monitoring and auditing, investigation and reporting, and periodic review of the Program.

  In April 2016, Localiza signed the Business Pact for Integrity and Against Corruption (Pact), an initiative of Ethos Institute in partnership with the United Nations Development Program (UNDP), the World Economic Forum, Brazil's Global Compact Network and Patri Public Affairs. The principles of the Pact, which aims to promote a more ethical and fair market, are based on the Charter of Principles of Social Responsibility, the United Nations Convention against Corruption, the 10th principle of the UN Global Compact and on the Organization for Economic Co-operation and Development - OECD Guidelines for Multinational Enterprises.

In 2017, KPMG was hired to audit the Company's Anti-corruption Compliance Program. The audit findings and the proposed recommendations are part of an improvement program to be implemented by the Company.

- **Prevention of Money Laundering and Financing of Terrorism:** Aware of its role in helping to conduct lawful business and in line with national and international efforts to prevent money laundering and terrorism financing, the Company established internal procedures and controls to: (i) prevent the Company from being used for committing these crimes; (ii) in all aspects, contribute to and collaborate with relevant authorities; and(iii) fully comply with current laws on the subject.

The Compliance Program on Prevention of Money Laundering and Terrorism Financing was implemented at the start of 2018 and, in line with applicable laws, covers the operations of the used car sales division.

Relationship with Independent Auditors: Localiza has a policy of not hiring consulting services from the external auditor that issues an opinion on the financial statements in order to avoid potential conflicts that may affect the independence of the audit work.

Deloitte Touche Tohmatsu Auditores Independentes, responsible for auditing the Company's financial statements, was also hired in 2018 to provide tax consulting services, for fees of R$17,500, which corresponds to 1.5% of the fees for auditing the financial statements. The auditors believe these tax consulting services do not represent a loss of independence in the audit work. The Management also believes that these are not included in the list of impediments established in article 23 of CVM Instruction 308/99 and are in line with Resolution CFC 1,311.

14 - PEOPLE MANAGEMENT

The Company's Human Resources practices are based on meritocracy and guided by competitive compensation and recognition, as well as appreciation of employee performance. In order to retain talents, the Company offers its employees career opportunities and professional training.

Benefits and development

Localiza has always dedicated itself to sustainable human resources practices through respect for and well-being of its employees, significant levels of diversity in its leadership ranks and investment in training for its staff. Promotions, internal utilization of employees and professional development are Localiza's values. In 2018, 846 employees were promoted, and the Company invested R$1.8 million in training programs.

To attract and retain talent, the Company periodically conducts salary surveys to determine whether its salaries are competitive and update the Company's compensation policies.

In addition to health plan, dental plan and meal allowance, a group of executives may choose to join two long-term incentive plans – Stock Option and Matching Shares. The Company also has a private pension plan to supplement retirement benefits. This plan is based on a "defined contribution" and is managed by a major independent pension fund manager.

Localiza was one of the first companies in Brazil to have a structured profit sharing program, since 1990. The profit sharing plan is based on the achievement of individual targets. Along with the stock option plan, it aligns the interests of employees with those of the Company's shareholders, contributes to retaining talents and the long-term vision in the decision-making process.

In addition, the Company developed a template of seven skills (five for all employees and two exclusively for leaders), which determines the desired conduct to sustain the future growth of the Company and the development of its employees.

In 2018, the general turnover at Localiza was 11.0%, which demonstrates stability at the leadership levels. Talented employees committed to the Company's values and adequately compensated based on meritocracy are capable of outstanding performance, which is fundamental for Localiza's continuous growth.

Programs for employees

Welcome to Localiza: This program is targeted at new employees, who are introduced to the Company's culture, values, mission and business platform. The integration program of new employees spans 14 hours in all, during which they attend lectures by professionals from the Human Resources department and representatives from the business areas.

New Localiza Leader: This program is specially designed for employees recently promoted to leadership positions or professionals hired to serve as leaders. It is based on the principle that leaders must know the Company's business deeply and be prepared to apply its people management practices, through training programs, technical visits and support from the HR department.

Qualification Program: This program is intended for all employees and consists of a series of training programs to develop the technical and behavioral skills identified from an analysis of the points for improvement in the performance appraisal and of the values and skills of the Company.

Being a Leader: To train and develop Localiza leaders in People Management practices, the Program is divided into three modules spanning a total of 36 hours. It is administered by employees from different areas of the Human Resources department.

Inclusion program: Localiza has an inclusion program focused on people with disabilities, to promote inclusion and encourage diversity. In addition, it provides training to these employees, providing knowledge on administrative routines and professional conduct in order to make them fit to hold other positions within the Company.

Hiring of immigrants: In partnership with institutions that provide assistance to immigrants, the program was created to hire immigrants and offer them an opportunity to build their future and improve the quality of life. The Company currently employs people of diverse nationalities such as from Haiti, Benin, Angola, Nigeria and Senegal.

Diversity Week: Localiza is proud to offer a working environment marked by diversity of races, gender, culture and class, having inclusion as a guideline to build its teams. Therefore, once a year the Company organizes the Diversity Week, which includes several activities such as capoeira, Afro dance, lecture on women's empowerment and presentations by people with disabilities, among others. The goal is to demonstrate that treating people equally is what makes Localiza a sustainable, fair and enduring company.

Social Service: Guided by the Company's values and principles, based on respect, ethical conduct and attention to people, this Program focuses on social relations and offers support to employees, their spouses and children to help them overcome social issues, identifying resources to improve their life in terms of health, social protection and quality of life.

Live Better Program: Created in 2005, this program is focused on health issues, awareness and well-being of employees through initiatives such as road safety campaigns, dissemination of information related to prevention and early diagnosis of breast and prostate cancer, programs to support pregnant women and specific health promotion and management programs.

Social Statement

(Amounts in R$ thousand)

			2018			2017
Calculation basis of consolidated social indicators						
Net revenue (“NR”)			7,895,804			6,058,279
Earnings before taxes (“EBT”)			885,731			654,135
Gross payroll (“GP”)			614,500			524,177
Internal social indicators	**Amount**	**% on GP**	**% on NR**	**Amount**	**% on GP**	**% on NR**
Meals	43,416	7%	1%	37,124	7%	1%
Compulsory payroll taxes	125,587	20%	2%	108,949	21%	2%
Health	42,412	7%	1%	35,194	7%	1%
Professional training and development	6,283	1%	0%	2,455	0%	0%
Daycare centers or childcare allowance	258	0%	0%	255	0%	0%
Profit sharing	106,196	17%	1%	75,252	14%	1%
Other	11,450	2%	0%	11,084	2%	0%
Total - internal social indicators	**335,602**	**54%**	**5%**	**270,313**	**51%**	**5%**
External social indicators	**Amount**	**% on EBT**	**% on NR**	**Amount**	**% on EBT**	**% on NR**
Education	434	0%	0%	442	0%	0%
Culture	1,724	0%	0%	1,354	0%	0%
Other	434	0%	0%	417	0%	0%
Total contributions to society	**2,592**	**0%**	**0%**	**2,213**	**0%**	**0%**
Taxes (excluding payroll taxes) (*)	460,592	52%	6%	356,502	55%	6%
Total - external social indicators	**463,184**	**52%**	**6%**	**358,715**	**55%**	**6%**
Staff indicators			**12/31/18**			**12/31/17**
Number of employees at the end of the period			8,124			7,121
Number of new hires during the period			2,612			1,981
Number of third-party workers			412			479
Number of interns			71			59
Number of employees above 45 years of age			923			838
Number of female employees			3,562			3,087
% of lead positions held by female employees			50.14%			48.83%
Number of disabled employees			358			310

(*) Does not include approximately R$827.3 million of Value-Added Tax on Sales and Services (ICMS) and R$500.0 million of Excise Tax (IPI) paid by the Company and included in the purchase price of cars.

Localiza Rent a Car S.A.

Financial Statements for the Year Ended December 31, 2018 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE
INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Management and Shareholders of
Localiza Rent a Car S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Localiza Rent a Car S.A. ("Company"), identified as Individual and Consolidated , respectively, which comprise the balance sheet as at December 31, 2018, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Localiza Rent a Car S.A. as at December 31, 2018, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Definition of the vehicles depreciation amount

As stated in note 9 to the individual and consolidated financial statements, the Company estimates the depreciation amount of vehicles based on the difference between the acquisition cost and the estimated resale amount at the end of the asset useful life, less trade discounts and selling expenses, which are defined based on the historical amounts.

We considered it a key audit matter in our audit, since the vehicles depreciation calculation constitutes an accounting estimate based on assumptions that require Management's judgment and assessment, especially those concerning the definition of the depreciable amount and the estimated useful life of vehicles. Changes in the assumptions adopted to determine the net book value of vehicles can lead to material adjustments in those assets and depreciation amounts recorded for the year.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to: (i) understanding and assessing the design and implementation of the relevant internal control activities implemented by Management for vehicles depreciation calculation; (ii) assessing the main assumptions adopted to determine the net book value of vehicles, such as the estimated selling price at the end of the useful lives, the sales commissions and other selling expenses and discounts applied; (iii) matching, on a sample basis, the estimated net book values to the fair values considering the selling prices of similar vehicles disclosed; (iv) recalculating the depreciation recognized in the year for a selected sample for testing purposes; and (v) evaluating Management's disclosures made in the individual and consolidated financial statements.

In view of the criteria and assumptions adopted by Management in measuring the net book values of vehicles and calculating depreciation, the outcome of our procedures was considered appropriate in the context of the individual and consolidated financial statements taken as a whole.

Information technology environment in the revenue cycle

As stated in note 1 to the individual and consolidated financial statements, the Company and its subsidiaries conduct their business through numerous branches, relying on a widespread customer portfolio. Their operating structure requires critical information technology-supported internal control system for capture, registration and processing of revenue cycle-related information.

We considered it a key audit matter in our audit, because of the complexity inherent in the automatic processing of the transactions recorded related to the revenue cycle, as well as the representativeness of revenues in the set of the financial statements.

How the matter was addressed in our audit

With the support of our information technology specialists, we updated the understanding of the internal controls related to the information technology environment and conducted specific tests related to access security, system change management and processing procedure monitoring, for the main application systems and related databases and operating systems used for revenue recognition.

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Additionally, we conducted specific tests on a sample basis for certain revenue-related transactions, checking their occurrence and realization, in order to obtain sufficient and appropriate audit evidence.

We believe that the revenue recognition procedures adopted by Management are appropriate within the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2018, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these individual and consolidated statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

Management is responsible for the other information. The other information comprises the Management Report and Release.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and Release, and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and Release and, in doing so, consider whether these reports are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report and Release, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the IFRS, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, February 21, 2019

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Daniel de Carvalho Primo
Engagement Partner

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LOCALIZA RENT A CAR S.A.

BALANCE SHEET
(In thousands of Brazilian reais – R$)

ASSETS

		Individual		Consolidated	
	Note	**12/31/18**	**12/31/17**	**12/31/18**	**12/31/17**
Current assets					
Cash and cash equivalents	*4*	1,435,459	829,737	2,175,302	1,338,195
Short-term investments	*5*	44,905	1,158,867	267,484	1,275,699
Trade receivables	*6*	871,112	441,364	1,016,497	585,124
Dividends receivable from subsidiaries	*8(b)(i)*	9,064	39,812	-	-
Decommissioned cars for fleet renewal	*9(b)*	17,451	27,033	51,844	103,350
Other current assets	*7*	155,720	100,879	182,683	128,620
Total current assets		**2,533,711**	**2,597,692**	**3,693,810**	**3,430,988**
Noncurrent assets					
Long-term assets:					
Trade receivables	*6*	-	-	3,837	4,698
Escrow deposits	*15*	60,978	51,716	96,272	83,124
Deferred income tax and social contribution	*16(a)*	-	-	42,153	41,953
Other noncurrent assets	*7*	2,868	83	45,969	58,062
Total long-term assets		63,846	51,799	188,231	187,837
Investments in subsidiaries	*8(a)*	925,114	949,169	-	-
Property and equipment	*9(a)*	7,465,360	5,356,734	10,031,886	7,483,974
Intangible assets:					
Software	*10(a)*	42,122	46,380	47,768	52,716
Goodwill on acquisition of investments	*10(b)*	-	-	30,719	30,719
Total noncurrent assets		**8,496,442**	**6,404,082**	**10,298,604**	**7,755,246**
Total assets		**11,030,153**	**9,001,774**	**13,992,414**	**11,186,234**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

BALANCE SHEET
(In thousands of Brazilian reais – R$)

LIABILITIES AND EQUITY

		Individual		Consolidated	
	Note	12/31/18	12/31/17	12/31/18	12/31/17
Current liabilities					
Trade payables	*11*	1,918,424	1,157,954	2,202,565	1,331,680
Payroll and related taxes	*12*	110,734	91,323	134,968	109,176
Borrowings and debt securities	*13*	372,883	237,790	616,587	537,216
Income tax and social contribution payable		17,727	1,973	41,102	31,258
Dividends and interest on capital	*17(b)*	42,643	36,384	42,643	36,384
Other current liabilities	*14*	274,386	172,041	301,555	188,384
Total current liabilities		**2,736,797**	**1,697,465**	**3,339,420**	**2,234,098**
Noncurrent liabilities					
Borrowings and debt securities	*13*	4,938,085	4,527,539	7,029,391	5,940,463
Provision for risks	*15*	109,537	89,784	148,798	126,490
Deferred income tax and social contribution	*16(a)*	140,293	79,941	297,276	219,706
Other noncurrent liabilities	*14*	10,939	6,320	83,027	64,752
Total noncurrent liabilities		**5,198,854**	**4,703,584**	**7,558,492**	**6,351,411**
Total liabilities		**7,935,651**	**6,401,049**	**10,897,912**	**8,585,509**
Equity	*17*				
Capital		1,500,000	1,500,000	1,500,000	1,500,000
Capital reserves		165,231	148,635	165,231	148,635
Treasury shares		(40,257)	(53,696)	(40,257)	(53,696)
Earnings reserves		1,469,528	1,005,786	1,469,528	1,005,786
Total equity		**3,094,502**	**2,600,725**	**3,094,502**	**2,600,725**
Total liabilities and equity		**11,030,153**	**9,001,774**	**13,992,414**	**11,186,234**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

INCOME STATEMENT
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$, except earnings per share)

		Individual		Consolidated	
	Note	**2018**	**2017**	**2018**	**2017**
Net revenue	*20*	6,298,883	4,749,618	7,895,804	6,058,279
Costs	*21*	(4,834,668)	(3,654,523)	(5,825,910)	(4,410,855)
Gross profit		**1,464,215**	**1,095,095**	**2,069,894**	**1,647,424**
Operating income (expenses):					
Selling expenses	*21*	(529,751)	(376,235)	(600,307)	(459,970)
General, administrative and other expenses	*21*	(181,157)	(175,343)	(214,948)	(218,320)
Equity in the earnings of subsidiaries	*8(a)*	252,403	227,045	-	-
		(458,505)	(324,533)	(815,255)	(678,290)
Profit before finance income and costs		**1,005,710**	**770,562**	**1,254,639**	**969,134**
Finance income (costs):	*22*				
Finance income		109,167	136,860	167,901	196,884
Finance costs		(345,324)	(351,597)	(536,809)	(511,883)
		(236,157)	(214,737)	(368,908)	(314,999)
Profit before income tax and social contribution		**769,553**	**555,825**	**885,731**	**654,135**
Income tax and social contribution:	*16(b)*				
Current		(42,164)	(16,225)	(139,873)	(119,362)
Deferred		(68,181)	(33,924)	(86,650)	(29,097)
		(110,345)	(50,149)	(226,523)	(148,459)
Net income for the year		**659,208**	**505,676**	**659,208**	**505,676**
Net income attributable to shareholders		-	-	659,208	505,676
Earnings per share (in R$):	*18*				
Basic				0.99689	0.76866
Diluted				0.99237	0.76224

LOCALIZA RENT A CAR S.A.

STATEMENT OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

	Individual		Consolidated	
	2018	**2017**	**2018**	**2017**
Net income for the year	**659,208**	**505,676**	**659,208**	**505,676**
Other comprehensive income				
Items that will be subsequently reclassified to profit or loss:	-	-	-	-
Items that will not be subsequently reclassified to profit or loss:	-	-	-	-
Total comprehensive income for the year	**659,208**	**505,676**	**659,208**	**505,676**
Attributable to shareholders:	659,208	505,676	659,208	505,676

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENT OF CHANGES IN EQUITY
(In thousands of Brazilian reais – R$)

				Capital reserves		Earnings reserve					
	Note	Capital	Treasury shares	Stock options granted recognized	Goodwill on share subscription	Legal reserve	Statutory reserve	Earnings retention	Additional dividends proposed	Retained earnings	Total
Balance at December 31, 2016		**976,708**	**(95,826)**	**10,559**	**119,244**	**120,625**	**828,787**	**236,893**	**-**	**-**	**2,196,990**
Total comprehensive income for the year											
Net income for the year		-	-	-	-	-	-	-	-	505,676	**505,676**
Transactions with shareholders: contributions and distributions											
Capital increase	*17(e)(ii)*	523,292	-	-	-	-	(523,292)	-	-	-	**-**
Stock options granted recognized	*17(c)(i)*	-	-	8,738	-	-	-	-	-	-	**8,738**
Exercise of stock options with treasury shares	*17(c)(ii)*	-	39,994	-	8,628	-	-	-	-	-	**48,622**
Treasury shares sold	*17(d)*	-	2,136	-	1,466	-	-	-	-	-	**3,602**
Transfer of goodwill on share subscription for stock options granted recognized	*17(c)(i)*	-	-	31,575	(31,575)	-	-	-	-	-	**-**
Allocation of net income for the year:											
Legal reserve	*17(e)(i)*	-	-	-	-	25,283	-	-	-	(25,283)	**-**
Interest on capital (R$0.25 per share)	*17(b)*	-	-	-	-	-	-	-	-	(162,903)	**(162,903)**
Constitution of statutory reserve	*17(e)(ii)*	-	-	-	-	-	317,490	-	-	(317,490)	**-**
Balance at December 31, 2017		**1,500,000**	**(53,696)**	**50,872**	**97,763**	**145,908**	**622,985**	**236,893**	**-**	**-**	**2,600,725**
Adjustment on initial application of IFRS 9	*3.1*	-	-	-	-	-	-	-	-	(15,911)	**(15,911)**
Adjusted balance at December 31, 2017		**1,500,000**	**(53,696)**	**50,872**	**97,763**	**145,908**	**622,985**	**236,893**	**-**	**(15,911)**	**2,584,814**
Total comprehensive income for the year											
Net income for the year		-	-	-	-	-	-	-	-	659,208	**659,208**
Transactions with owners of the Company: contributions and distributions											
Stock options granted recognized	*17(c)(i)*	-	-	10,378	-	-	-	-	-	-	**10,378**
Exercise of stock options with treasury shares	*17(c)(ii)*	-	12,452	-	3,991	-	-	-	-	-	**16,443**
Treasury shares sold	*17(d)*	-	987	-	2,227	-	-	-	-	-	**3,214**
Allocation of net income for the year:											
Legal reserve	*17(e)(i)*	-	-	-	-	32,960	-	-	-	(32,960)	**-**
Interest on capital (R$ 0.27 per share)	*17(b)*	-	-	-	-	-	-	-	-	(178,912)	**(178,912)**
Dividends (R$ 0.01 per share)	*17(b)*	-	-	-	-	-	-	-	6,580	(7,223)	**(643)**
Constitution of statutory reserve	*17(e)(ii)*	-	-	-	-	-	424,202	-	-	(424,202)	**-**
Balance at December 31, 2018		**1,500,000**	**(40,257)**	**61,250**	**103,981**	**178,868**	**1,047,187**	**236,893**	**6,580**	**-**	**3,094,502**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Note	**2018**	**2017**	**2018**	**2017**
Cash flows from operating activities:					
Net income for the year		**659,208**	**505,676**	**659,208**	**505,676**
Adjustments to reconcile net income and cash and cash equivalents generated by operating activities:					
Depreciation and amortization	*9, 10 and 21*	168,938	151,996	335,503	271,066
Residual value of cars written off		3,562,787	2,639,275	4,198,502	3,106,590
Deferred income tax and social contribution	*16(b)*	68,181	33,924	86,650	29,097
Equity in the earnings of subsidiaries	*8(a)*	(252,403)	(227,045)	-	-
Provision for risks and others	*15(a)*	19,753	41,327	21,901	55,516
Interest on borrowings, debt securities and swap	*13*	338,167	319,674	529,808	476,234
Other provisions		29,581	15,059	30,904	15,522
Others		31,963	24,531	35,017	26,226
(Increase) decrease in assets:					
Trade receivables	*6*	(485,540)	(130,323)	(488,954)	(165,469)
Acquisition of cars (see supplementary disclosure below)	*9 and 11*	(5,027,694)	(4,232,957)	(6,113,669)	(5,052,461)
Escrow deposits	*15(a)*	(9,262)	(13,572)	(13,148)	(17,479)
Recoverable taxes		(264)	(1,646)	3,431	2,609
Prepaid expenses	*7*	872	(1,917)	1,285	2,651
Other assets		(70,631)	(13,224)	(71,989)	(10,520)
Increase (decrease) in liabilities:					
Trade payables (except car manufacturers)	*11*	2,944	5,473	3,119	(4,795)
Social and labor obligations	*12*	19,411	18,099	25,792	7,460
Income tax and social contribution	*16(b)*	42,164	16,225	139,873	119,362
Insurance premium	*14*	36,147	19,299	36,952	19,299
Other liabilities		63,335	46,962	60,053	40,096
Cash used in operating activities		**(802,343)**	**(783,164)**	**(519,762)**	**(573,320)**
Income tax and social contribution paid		(26,583)	(22,969)	(131,210)	(108,312)
Interest on borrowings and debt securities paid	*13*	(274,693)	(341,459)	(424,666)	(485,697)
Short-term investments	*5*	1,113,962	(1,158,867)	1,008,215	(1,275,699)
Net cash generated by (used in) operating activities		**10,343**	**(2,306,459)**	**(67,423)**	**(2,443,028)**
Cash flows from investing activities:					
Capital increase in subsidiary	*8(a)*	-	(100,000)	-	-
Dividends from subsidiaries	*8(a)(iii)*	306,493	196,736	-	-
Acquisition of other property and equipment	*9*	(30,200)	(76,966)	(33,858)	(167,776)
Acquisition of intangible assets	*10*	(7,637)	(4,173)	(8,986)	(7,229)
Investments in subsidiary	*8*	-	-	-	(333,192)
Net cash generated by (used in) investing activities		**268,656**	**15,597**	**(42,844)**	**(508,197)**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

	Note	Individual 2018	Individual 2017	Consolidated 2018	Consolidated 2017
Cash flows from financing activities:					
Borrowings and debt securities:	*13*				
- Funding		300,024	648,605	742,797	950,110
- Repayments		(188)	(219,621)	(518,495)	(510,218)
Debentures:	*13*				
- Funding		994,544	1,777,546	1,690,729	2,626,909
- Repayments		(815,000)	(105,000)	(815,000)	(355,000)
Treasury shares sold	*17(d)*	3,214	2,136	3,214	2,136
Exercise of stock options with treasury shares, net	*17(c) and (d)*	16,443	50,088	16,443	50,088
Interest on capital	*17(b)*	(172,314)	(166,866)	(172,314)	(166,866)
Net cash generated by financing activities		**326,723**	**1,986,888**	**947,374**	**2,597,159**
Net cash flows generated (used in) during the year		**605,722**	**(303,974)**	**837,107**	**(354,066)**
Balance in cash and cash equivalents:					
At the beginning of the year	*4*	829,737	1,133,711	1,338,195	1,692,261
At the end of the year	*4*	1,435,459	829,737	2,175,302	1,338,195
Increase (decrease) in cash and cash equivalents		**605,722**	**(303,974)**	**837,107**	**(354,066)**

Supplementary disclosure of cash flows information

	Note	Individual 2018	Individual 2017	Consolidated 2018	Consolidated 2017
Acquisition of cars:					
For fleet renewal		(3,943,601)	(3,064,800)	(4,696,401)	(3,660,839)
For fleet growth		(1,841,619)	(1,517,037)	(2,285,441)	(1,807,013)
Total acquisition of cars	*9*	**(5,785,220)**	**(4,581,837)**	**(6,981,842)**	**(5,467,852)**
Trade payables - car manufacturers:	*11*				
Balance at the end of the year		(1,805,192)	(1,047,666)	(2,065,628)	(1,197,455)
Balance at the beginning of year		(1,047,666)	(698,786)	(1,197,455)	(782,064)
		757,526	348,880	868,173	415,391
Cash outflow for acquisition of cars		**(5,027,694)**	**(4,232,957)**	**(6,113,669)**	**(5,052,461)**
Revenue from sale of decommissioned cars, net of taxes	*20*	3,778,223	2,904,439	4,510,388	3,451,119
Trade receivables - sale of decommissioned cars:	*6*				
Balance at the end of the year		285,728	118,975	333,466	160,936
Balance at the beginning of the year		118,975	95,130	160,936	113,514
		(166,753)	(23,845)	(172,530)	(47,422)
Cash inflow from sale of decommissioned cars		**3,611,470**	**2,880,594**	**4,337,858**	**3,403,697**
Net cash outflow for investment in fleet		**(1,416,224)**	**(1,352,363)**	**(1,775,811)**	**(1,648,764)**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENT OF VALUE ADDED
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Note	**2018**	**2017**	**2018**	**2017**
Revenues:					
Gross revenue net of discounts	*20*	6,349,655	4,796,844	7,965,534	6,130,159
Revenues related to the construction of own assets and leasehold improvements		12,062	13,253	12,062	13,253
Constitution of allowance for doubtful debts, net of reversals	*6*	(21,525)	(12,186)	(21,903)	(12,101)
Total revenues		**6,340,192**	**4,797,911**	**7,955,693**	**6,131,311**
Costs and expenses acquired from third parties:					
Materials, electric power, outsourced services and others		(341,036)	(249,864)	(359,438)	(276,157)
Costs of car and fleet rental and residual value of cars written off		(4,054,622)	(3,005,461)	(4,832,787)	(3,583,023)
Total costs and expenses acquired from third parties		**(4,395,658)**	**(3,255,325)**	**(5,192,225)**	**(3,859,180)**
Gross wealth generated		**1,944,534**	**1,542,586**	**2,763,468**	**2,272,131**
Depreciation and amortization	*21*	(168,938)	(151,996)	(335,503)	(271,066)
Net wealth created		**1,775,596**	**1,390,590**	**2,427,965**	**2,001,065**
Wealth received in transfer:					
Finance income	*22*	109,167	136,860	167,901	196,884
Equity in the earnings of subsidiaries	*8(a)*	252,403	227,045	-	-
Wealth for distribution		**2,137,166**	**1,754,495**	**2,595,866**	**2,197,949**
Wealth distributed					
Taxes, fees and contributions					
- Federal		251,531	187,610	398,543	329,283
- State		100,038	71,591	132,799	100,042
- Municipal		29,449	22,717	38,229	29,926
Personnel					
- Salaries and wages		399,947	324,196	483,462	417,603
- Benefits		85,498	72,152	98,867	87,566
- Severance pay fund (FGTS)		28,633	24,268	34,285	30,382
- Others		10,379	8,917	10,379	8,917
Remuneration of third-party capital					
- Interest	*22*	345,324	351,597	536,809	511,883
- Property rentals	*21 and 24*	206,597	170,845	182,244	161,201
- Other rents		20,562	14,926	21,041	15,470
Remuneration of own capital					
- Interest on capital	*17(b)*	178,912	162,903	178,912	162,903
- Retained earnings		480,296	342,773	480,296	342,773
Wealth distributed and retained		**2,137,166**	**1,754,495**	**2,595,866**	**2,197,949**

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

Localiza Rent a Car S.A. ("Localiza" or "Company"), headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, has been since May 2005 a Brazilian publicly-held company, listed on B3 S.A. - Brasil, Bolsa, Balcão ("B3") Novo Mercado segment, which characterizes the highest corporate governance level in the Brazilian capital market. Localiza's shares are traded under the ticker symbol RENT3.

Localiza and its subsidiaries are mainly engaged in: car rental, fleet rental and franchising. In order to renew the fleet, Localiza, its direct subsidiary Localiza Fleet S.A. ("Localiza Fleet") and its indirect subsidiary Localiza Car Rental Systems S.A. ("Car Rental Systems"), sell their decommissioned cars, generating cash for the purchase of new cars from manufacturers.

As at December 31, 2018, the Localiza Platform (including its franchisees in Brazil and abroad) was comprised of 591 (unaudited) car rental locations, being: (i) 526 locations in 360 cities in Brazil, 401 of which were operated by Localiza and 125 by franchisees; and (ii) 65 locations in 36 cities in 5 South American countries, all operated by franchisees.

On the same date, Localiza's Platform fleet was comprised of 248,024 cars, of which: (i) 232,102 belonged to the Company, including 177,672 of the Car Rental Division and 54,430 of the Fleet Rental Division; (ii) 8,191 (unaudited) belonged to its franchisees in Brazil; and (iii) 7,731 (unaudited) belonged to its franchisees abroad. Decommissioned cars are substantially sold to final consumers through 107 points of sale owned by the Company, located in 70 cities throughout Brazil, reducing intermediation and depreciacion costs and maximizing cash flow generation for fleet renewal.

These individual and consolidated financial statements were approved and authorized for issue by the Company's Management on February 20, 2019 and by the Company's Board of Directors on February 21, 2019.

2. BASIS OF PREPARATION, PRESENTATION OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The Company's financial statements comprise individual and consolidated financial statements, identified as "Individual" and "Consolidated", and are prepared and presented in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), and also in accordance with the accounting practices adopted in Brazil. In turn, the accounting practices adopted in Brazil comprise those included in the Brazilian Corporate Law as well as the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM"), and disclose all relevant information that should be reported in the financial statements, and only such information, which is consistent with the information used by Management in the performance of its duties.

2.2. Basis of preparation

The financial statements have been prepared based on historical cost, normally at the fair value of the consideration paid in exchange for an asset, except for certain financial assets and liabilities, which are measured at fair value.

2.3. Basis of consolidation and investments in subsidiaries

The Company consolidates all the entities which it controls. The consolidated financial statements include the individual financial statements of the parent company Localiza and of its Brazilian and foreign subsidiaries. On the individual financial statements the investments in subsidiaries are measured under the equity method of accounting.

In consolidation, the parent company's interests in the subsidiaries' equity were eliminated, as well as asset and liability balances, revenues, costs and expenses arising from transactions carried out between the companies. The classification of the consolidated accounts follows the parent company's grouping assumptions.

The Company's direct and indirect subsidiaries are summarized in Note 8(a). The accounting policies applied in the preparation of the consolidated financial statements are described in Note 2.7 and in the other notes.

2.4. Main accounting judgments and sources of uncertainty over estimates

The preparation of financial statements requires Management to make judgments and prepare estimates and assumptions based on past experience and other factors considered significant that affect the reported amounts of assets, liabilities, as well as amounts of revenues, costs and expenses. Settlement of transactions involving these estimates may result in amounts different from those recorded in the financial statements.

Significant estimates and assumptions are used mainly in the: (i) accounting for the provision for impairment losses on trade receivables from customers (allowance for doubtful debts/expected losses (Note 6)); (ii) definition of the useful lives and residual value of property and equipment items (Note 9); (iii) accounting for provision for risks (Note 15); (iv) accounting for deferred income tax and social contribution (Note 16 (a)); (v) measurement of costs of long-term incentive plans (Note 17(c) (i)); and (vi) fair value measurement of financial instruments (Note 23 (c)).

The Company reviews its estimates and assumptions on a quarterly basis, except for the long-term incentive plans, which are reviewed annually. The effects of these reviews are recognized in the period in which the estimates are reviewed and changed, if they impact only that period, or also in subsequent periods, if they impact both current and future periods.

2.5. Functional and presentation currency

The Brazilian real is the functional currency of the Company and the reporting currency of the individual and consolidated financial statements. Financial information is presented in thousands of Brazilian Reais, unless otherwise indicated, and is rounded to the nearest thousand. The financial statements of foreign subsidiaries are translated into Brazilian Reais at the foreign exchange rates prevailing on the balance sheet dates. The effects of such translation on net income (R$ 12 in 2018 and R$ 80 in 2017) and equity are immaterial.

2.6. Statement of value added (“DVA”)

The purpose of this statement is to evidence the wealth created by the Company and its distribution during a certain period and is presented as part of its financial statements, as required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly-held companies. This statement is not established or required by IFRS.

The statement of value added (DVA) has been prepared based on information obtained from the accounting records used as a basis for the preparation of the financial statements and in conformity with the provisions of CPC 09 - Statement of Value Added. The first part shows the wealth created by the Company, represented by revenues, costs and expenses acquired from third parties and wealth received in transfer. The second part presents the distribution of wealth among taxes, fees and contributions, personnel and remuneration of third-party and own capital.

2.7. Summary of significant accounting policies

The main accounting practices applied in the preparation of these financial statements, individual and consolidated, are summarized below or in the notes related to the respective line item, in accordance with CPC 26 (R1) -

Presentation of Financial Statements and ICPC 09 (R2) - Parent Company, Separate and Consolidated Financial Statements and Application of the Equity Method, and were consistently applied in the years presented for Localiza and its subsidiaries.

2.7.1. Finance income – Interest income from financial assets is recognized based on the time of investment and effective interest rate on the accrual basis.

2.7.2. Adjustment to present value – Monetary assets and liabilities are discounted to present value when the effect is considered material in relation to the financial statements taken as a whole. For accounting purposes and materiality determination, the adjustment to present value is calculated taking into account contractual cash flows and the effective average cost of the Company's debt. At December 31, 2018 and 2017, the Company concluded that it was not necessary to make adjustments to the present value since its current and non-current assets and liabilities do not show significant effects when adjusted to present value.

2.7.3. Impairment of non-financial assets – The Company evaluates at least annually if there is any indication of impairment of property and equipment, and intangible assets - software. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In 2018 and 2017, no adjustments of this nature were recognized.

In addition, Localiza tests for impairment the goodwill on acquisition of investments at least annually. No impairments were recorded in 2018 and 2017 as the tests did not indicate losses.

2.7.4. Assets and liabilities subject to inflation adjustment – Assets and liabilities in Brazilian Reais subject to contractual or legal indexation are adjusted on the balance sheet dates through the application of the corresponding index. Gains and losses from inflation adjustments are recognized in profit or loss on the accrual basis.

2.7.5. Indemnities and claims – Localiza offers to customers the option of contracting insurance for the rented cars with an insurance company, and extended warranty for the decommissioned cars sold for fleet renewal. Premiums received are recorded in liabilities under "other current liabilities". When the policies are issued by the insurance company, the premiums received are reclassified to "trade payables" and, subsequently, transferred to the insurance company, which assumes the risk arising from any potential damages. The expenses incurred by Localiza on claims and indemnities, as well as any losses on stolen cars, are accounted for in assets under the caption "other current assets" until effectively received from the insurance company.

3. ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED RECENTLY

3.1. Recently issued accounting standards and interpretations adopted by the Company

• IFRS 9 – Financial instruments

In July 2014, IASB issued the IFRS 9 standard, which addresses the recognition and measurement of financial assets and liabilities, as well as contracts for the purchase and sale of non- financial items. This standard replaces IAS 39 - Financial Instruments: Recognition and Measurement. In December 2016, CVM issued its Decision 763/16 and approved CPC 48, which is the equivalent to this IFRS. The Company and its subsidiaries adopted the new standard on January 1, 2018, date of the initial adoption.

Classification and measurement: The Company did not identify a significant impact on its balance sheet or equity when applying the classification and measurement requirements of IFRS 9. Short-term investments, as well as trade receivables, are held to collect contractual cash flows and should generate cash flows representing solely payments of principal and interest. Localiza and its subsidiaries analyzed the contractual cash flow characteristics of these instruments and concluded that they meet the amortized cost measurement criteria in accordance with IFRS 9.

Impairment: IFRS 9 requires the Company to record the expected credit losses on all of its financial assets, whether on a 12-month basis or for their entire life. Since January 1, 2018, Localiza and its subsidiaries have recorded a provision for expected losses during the entire life of trade receivables. The impact of the initial adoption on the financial statements for the year ended December 31, 2017 was as follows:

	Individual			Consolidated		
	As previously reported	IFRS 9 adjustments	Adjusted opening balance	As previously reported	IFRS 9 adjustments	Adjusted opening balance
ASSETS						
Cash and cash equivalents and short-term investments	1,988,604	-	1,988,604	2,613,894	-	2,613,894
Trade receivables	479,508	(12,617)	466,891	640,418	(12,768)	627,650
(-) Allowance for doubtful debts and expected losses	(38,144)	(10,410)	(48,554)	(55,294)	(11,208)	(66,502)
Other current assets	167,724	-	167,724	231,970	-	231,970
Total current assets	**2,597,692**	**(23,027)**	**2,574,665**	**3,430,988**	**(23,976)**	**3,407,012**
Long-term assets	51,799	-	51,799	187,837	-	187,837
Investments in subsidiaries	949,169	(713)	948,456	-	-	-
Property and equipment and intangible assets	5,403,114	-	5,403,114	7,567,409	-	7,567,409
Total noncurrent assets	**6,404,082**	**(713)**	**6,403,369**	**7,755,246**	**-**	**7,755,246**
Total assets	**9,001,774**	**(23,740)**	**8,978,034**	**11,186,234**	**(23,976)**	**11,162,258**
LIABILITIES AND EQUITY						
Trade payables	1,157,954	-	1,157,954	1,331,680	-	1,331,680
Borrowings and debt securities	237,790	-	237,790	537,216	-	537,216
Other current liabilities	301,721	-	301,721	365,202	-	365,202
Total current liabilities	**1,697,465**	**-**	**1,697,465**	**2,234,098**	**-**	**2,234,098**
Borrowings and debt securities	4,527,539	-	4,527,539	5,940,463	-	5,940,463
Deferred income tax and social contribution	79,941	(7,829)	72,112	219,706	(8,065)	211,641
Other current liabilities	96,104	-	96,104	191,242	-	191,242
Total noncurrent liabilities	**4,703,584**	**(7,829)**	**4,695,755**	**6,351,411**	**(8,065)**	**6,343,346**
Capital	1,500,000	-	1,500,000	1,500,000	-	1,500,000
Capital reserves	148,635	-	148,635	148,635	-	148,635
Treasury shares	(53,696)	-	(53,696)	(53,696)	-	(53,696)
Earnings reserves	768,893	(15,911)	752,982	768,893	(15,911)	752,982
Earnings retention	236,893	-	236,893	236,893	-	236,893
Total equity	**2,600,725**	**(15,911)**	**2,584,814**	**2,600,725**	**(15,911)**	**2,584,814**
Total liabilities and equity	**9,001,774**	**(23,740)**	**8,978,034**	**11,186,234**	**(23,976)**	**11,162,258**

Expected losses were calculated based on the actual experience of credit loss in the last year. The Company performed the calculation of the loss rates separately for each segment, using the percentage of default observed in the period between 90 and 120 days after maturity, since, beyond this period, the effectiveness of the collection processes is no longer representative. Positions within each segment were segregated based on common credit risk characteristics, such as credit risk classification, type of product purchased, form of payment and level of default.

Considering cost-effectiveness and its impact on the financial statements of prior years, the Company did not restate comparative information arising from changes in the measurement of financial instruments based on the expected credit losses. As shown above, the differences in the financial assets and liabilities accounting balances resulting from the adoption of IFRS 9 were recognized in retained earnings as of January 1, 2018.

• **IFRS 15 – Revenue from Contracts with Customers**

In May 2014, IASB issued IFRS 15, which addresses the recognition of revenues from contracts with customers in accordance with the transfer of the goods and services involved to the customer, at amounts that reflect the payment to which the entity expects to be entitled upon the transfer of goods and services, and it replaces IAS 18 - Revenue, IAS 11 - Construction Contracts and related interpretations. In December 2016, CVM issued its Decision 762/16 and approved CPC 47, which is the equivalent to this IFRS. The Company and its subsidiaries adopted the new standard on January 1, 2018, date of the initial adoption.

The Company performed an analysis of IFRS 15 and did not identify material impacts in relation to the accounting practices currently adopted.

- **Review of IFRS 2 – Share-Based Payment**

IASB amended IFRS 2 in order to clarify the accounting of certain share-based payments in the following areas: (i) measurement of share-based payments settled in cash; (ii) classification of share-based payments net of taxes; and (iii) accounting of a change in share-based payments from "settled in cash" to "settled in equity instruments". The amendments are effective for annual periods beginning January 1, 2018.

The Company performed an analysis of IFRS 2 and did not identify material impacts in relation to the accounting practices currently adopted.

3.2. Recently issued accounting standards and interpretations not yet adopted by the Company

The following International Financial Reporting Standards (IFRS) were issued by IASB but did not come into force in 2018. The early adoption of standards, even though encouraged by IASB, is not permitted in Brazil by the CPC.

- **IFRS 16 – Leases**

The new standard requires lessees to recognize the liability of the future payments and the right-of-use of the leased asset for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may be out of the scope of this new standard. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially unchanged. On December 21, 2017, CVM issued its Decision 787/17 and approved CPC 06 (R2), which is the equivalent to this IFRS. IFRS 16 is effective for years beginning on or after January 1, 2019 and replaces IAS 17 - Leases and related interpretations.

The Company will choose to use the exemptions proposed by the standard for short-term leases or whose underlying asset is of low-value. The Company has leases of certain office equipment (such as notebooks, printers and copiers) that are considered of low-value.

The Company will apply IFRS 16 on January 1, 2019, using a retrospective approach and the practical expedient regarding the definition of lease contracts in the transition. Therefore, the lease liability will be measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate, at the initial application date. The right-of-use asset at the date of the initial application for leases previously classified as operating leases will be recognized in an amount equivalent to the lease liability, adjusted by the amount of any prepaid or accumulated lease payments relating to that lease that was recognized in the balance sheet immediately prior to the date of initial application.

In 2018, the Company conducted a preliminary impact assessment of IFRS 16 aspects and estimates that it will recognize additional lease liabilities and assets in the approximate amount of R$ 1 billion in the Individual and R$ 0.6 billion in the Consolidated on January 1, 2019. The Company believes that the adoption of IFRS 16 will not affect its ability to comply with the covenants of the maximum leverage cap on borrowings described in Note 13. These assessments are based on information currently available and may be subject to change arising from reasonable and sustainable information that will be made available in 2019.

- **IFRIC 23 interpretation - Uncertainty over income tax treatments**

In December 2018, CVM issued its Decision 804/18 and approved ICPC 22 “Uncertainty over Income Tax Treatments”, which is the equivalent to this IFRIC. The interpretation, which is effective for years beginning on or after January 1, 2019, addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of CPC 32 “Income taxes” and does not apply to taxes outside the scope of IAS 12 nor specifically includes the requirements relating to interest and fines associated with uncertain tax treatments. Specifically addressed are:

  - If the Company considers uncertain tax treatments separately;
  - The assumptions that the company makes regarding the examination of tax treatments by the tax authorities;
  - As the Company determines the taxable income (tax loss), calculation basis, unused tax losses, untimely tax credits and tax rates;
  - How the Company considers the changes of facts and circumstances.

In 2018, the Company performed an analysis of IFRIC 23 and did not identify material impacts in relation to accounting practices currently adopted. These assessments are based on information currently available and may be subject to changes arising from reasonable and sustainable information that will be made available in 2019, when the Company starts to apply IFRIC 23.

There are no other CPC/IFRS standards or ICPC/ IFRIC interpretations that are not yet effective that could have a material impact on the financial statements of the Company and its subsidiaries.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Cash and banks	5,607	10,593	14,051	18,370
Bank Certificates of Deposit (“CDBs”) and others	749,644	-	907,994	14,919
Fixed-income investment fund units	680,208	819,144	1,253,257	1,304,906
Total	**1,435,459**	**829,737**	**2,175,302**	**1,338,195**

At December 31, 2018, financial investments in CDBs and others and fixed-income investment fund units had an annual weighted average yield of 100.1% of the Interbank Deposit Certificates (“CDI”) rate variation (103.4% at December 31, 2017), have immediate liquidity and have the purpose of meeting the Company's short-term commitments.

5. SHORT-TERM INVESTMENTS

Short-term investments are broken down as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Bank Certificates of Deposit (“CDBs”)	-	222,128	203,074	253,614
Repurchase operations	-	404,332	-	406,951
Fixed-income investment fund units	44,905	532,407	64,410	615,134
Total	**44,905**	**1,158,867**	**267,484**	**1,275,699**

At December 31, 2018, financial investments in CDBs, repurchase operations and fixed-income investment fund units posted annual weighted average yield of 100.8% of the CDI rate fluctuation (103.4% at December 31, 2017) and have liquidity. However, such investments do not meet all the criteria to be recorded as cash equivalents.

6. TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Car rental (*)	654,543	359,346	654,543	361,077
Fleet rental	-	-	111,600	111,276
Sale of decommissioned cars (**)	285,728	118,975	333,466	160,936
Franchising	920	1,187	9,130	11,827
	941,191	**479,508**	**1,108,739**	**645,116**
Allowance for doubtful debts/ expected losses (***)	(70,079)	(38,144)	(88,405)	(55,294)
Total	**871,112**	**441,364**	**1,020,334**	**589,822**
Current	**871,112**	**441,364**	**1,016,497**	**585,124**
Noncurrent (****)	**-**	**-**	**3,837**	**4,698**

(*) The increase in the balance of trade receivables from car rental at December 31, 2018 compared to December 31, 2017 is mainly due to the increase in daily volume of 27.4% in 4Q18, when compared to the same period of the previous year, and the anticipation of credit card receivables in the amount of R$ 111,713 in December 2017, which did not occur in 2018.
(**) The increase in the balance of trade receivables from sale of decommissioned cars at December 31, 2018 compared to December 31, 2017 is mainly due to the increase of 23.7% in the volume of cars sold in 4Q18, when compared to the same period of the previous year, and the anticipation of credit card receivables in the amount of R$ 20,009 in December 2017, which did not occur in 2018.
(***) The increase in the provision at December 31, 2018 compared to December 31, 2017 is mainly due to the increase in daily volume in 4Q18, when compared to the same period of the previous year, and to the initial adoption of IFRS 9, which included provision for expected losses on trade receivables (Note 3.1).
(****) Refers to the franchising integration fee.

The aging list of trade receivables is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Current	752,698	314,293	858,777	410,332
Up to 30 days past-due	100,359	92,320	135,543	132,691
31 to 60 days past-due	30,368	21,116	34,444	28,786
61 to 90 days past-due	10,837	15,915	14,404	20,548
91 to 180 days past-due	25,142	15,091	29,182	19,650
Over 181 days past-due	21,787	20,773	36,389	33,109
Total	**941,191**	**479,508**	**1,108,739**	**645,116**

The balance of trade receivables includes overdue amounts at the end of the year, for which the allowance for doubtful debts/ expected losses was not recognized because these amounts are still considered recoverable. The aging list of these amounts is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Up to 30 days past-due	94,040	91,050	128,625	131,001
31 to 60 days past-due	24,474	20,108	28,008	27,578
61 to 90 days past-due	6,154	14,980	9,427	19,407
Over 91 days past-due	2,069	2,743	4,636	3,960
Total	**126,737**	**128,881**	**170,696**	**181,946**

The aging list of allowance for doubtful debts/ expected losses is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Current	(8,323)	(1,810)	(9,139)	(2,456)
Up to 30 days past-due	(6,319)	(1,270)	(6,918)	(1,690)
31 to 60 days past-due	(5,894)	(1,008)	(6,436)	(1,208)
61 to 90 days past-due	(4,683)	(935)	(4,977)	(1,141)
Over 91 days past-due	(44,860)	(33,121)	(60,935)	(48,799)
Total	**(70,079)**	**(38,144)**	**(88,405)**	**(55,294)**

The variation in the allowance for doubtful debts/ expected losses are as follows:

	Individual		Consolidated	
	2018	2017	2018	2017
Balance at the beginning of the year	**(38,144)**	**(25,958)**	**(55,294)**	**(37,094)**
Balance on initial application of IFRS 9	(10,410)	-	(11,208)	-
Opening balance of Car Rental Systems (*)	-	-	-	(6,099)
Recognition	(54,854)	(13,799)	(64,226)	(21,066)
Reversal	33,329	1,613	42,323	8,965
Balance at the end of the year	**(70,079)**	**(38,144)**	**(88,405)**	**(55,294)**

(*) As at December 31, 2017, the consolidated balances include the carrying amounts of the allowance for doubtful debts and expected losses acquired in the acquisition of Car Rental Systems.

7. OTHER CURRENT AND NONCURRENT ASSETS

The breakdown of the balance of other current and noncurrent assets is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Prepaid expenses	6,179	7,051	6,893	8,178
Recoverable taxes	19,875	14,820	31,548	28,036
Receivables from insurance company (*)	120,907	65,416	122,108	66,234
Other receivables – subsidiaries (Note 8(b) (i))	183	634	-	-
Receivables from Hertz Corp.	-	-	-	4,496
Other current assets	8,576	12,958	22,134	21,676
Total other current assets	**155,720**	**100,879**	**182,683**	**128,620**
Recoverable taxes	-	-	-	692
Investments in restricted accounts (Note 14)	-	-	43,101	40,584
Derivative instruments – swap (Note 13 (g))	2,785	-	2,785	16,703
Other noncurrent assets	83	83	83	83
Total other noncurrent assets	**2,868**	**83**	**45,969**	**58,062**
Total other current and noncurrent assets	**158,588**	**100,962**	**228,652**	**186,682**

(*) Expenses incurred on claims, cost of stolen cars and receivables from insurance company for stipulation services when contracting an insurance by the customers when they rent cars from the Company (Note 2.7.5).

8. INVESTMENTS IN SUBSIDIARIES AND RELATED-PARTY TRANSACTIONS

(a) Information on subsidiaries

Car rental, fleet rental and franchising activities in Brazil and abroad are conducted by Localiza or its subsidiaries. The operations of the main subsidiaries are as follows:

- **Localiza Fleet S.A. (“Localiza Fleet”):** Privately-held company engaged in fleet rental business.

- **Rental Brasil Administração e Participação S.A. (“Rental Brasil”):** Privately-held company mainly engaged in acquiring, selling and renting properties to Localiza and its subsidiaries.

- **Localiza Serviços Prime S.A. (“Localiza Prime”):** Privately-held company mainly engaged in the intermediation of sales of decommissioned cars previously used by Localiza, Localiza Fleet and Car Rental Systems.

- **Car Assistance Serviços de Administração de Sinistros S.A. (“Car Assistance”):** Privately-held company engaged in managing car-related claims for insurance companies, accrediting and negotiating with mechanical workshops and other suppliers, regulating claims, approving budgets and services performed, managing information and supporting documentation on claims and managing indemnities.

- **Localiza Franchising Brasil S.A. (“Franchising Brasil”):** Privately-held company engaged in conducting the franchise business of "Localiza" brand in Brazil.

- **Localiza Franchising International S.R.L. (“LFI S.R.L.”):** Limited liability company engaged in managing Localiza’s franchises in Argentina.

- **Rental International LLC (“Rental International”):** Company’s wholly-owned subsidiary established to conduct financial activities abroad. It is currently dormant.

- **FR Assistance Serviços de Administração de Sinistros S.A. (“FR Assistance”):** Wholly-owned subsidiary of Franchising Brasil, currently dormant, that manages car-related claims for insurance companies, accredits and negotiates with mechanical workshops and other suppliers, regulates claims, approves budgets and services performed, manages information and supporting documentation on claims and manages indemnities.

- **Localiza Car Rental Systems S.A. (“Car Rental Systems” or “Hertz Brasil”):** Subsidiary of Localiza Fleet, mainly engaged in car rental and fleet rental.

Business combination

On December 5, 2016, Localiza and Localiza Fleet entered into a Purchase and Sale Agreement with Hertz Corp. and some of its subsidiaries, whereby Localiza Fleet, after approval from the Brazilian Administrative Council for Economic Defense (“CADE”), would take over the Brazilian operations of Hertz Corp. through the acquisition of 99.99% of the quotas of Car Rental Systems and Localiza would acquire the remaining 0.01% of the quotas.

On July 13, 2017, the General Superintendence of CADE issued a final and unappealable decision approving Technical Opinion 22/2017/CGAA4/SGA1/SG/CADE, recommending the unrestricted approval of the Concentration Act 08700.001347/2017-41 on the acquisition of Car Rental Systems by Localiza Fleet and Localiza and the strategic alliance between Localiza and Hertz Corp..

As part of the strategic alliance between Localiza and Hertz Corp., a long-term global agreement was established by entering into:

- *Brand Cooperation Agreement* that includes, among others, the use of the combined brand “Localiza Hertz” in Brazil and the use, by Hertz, of the brand “Localiza” in the main airports of the United States and Europe, considered as arrival destinations of Brazilian customers; and

- *Referral Agreement* that establishes the inbound and outbound rules of exchange of reservations between Localiza and Hertz Corp.. Through the Referral Agreement, Localiza customers will start to be globally served (except for South America) by the Hertz network and Hertz customers will start to be served in Brazil by the Localiza network.

The *Brand Cooperation Agreement* and the *Referral Agreement* will have a 20-year term and can be renewed for another 20-year period, at the discretion of the parties.

In the consolidated financial statements, the acquisition of Car Rental Systems was accounted for at the fair value of assets acquired and liabilities assumed by Localiza Fleet on the date of acquisition, with the excess over the consideration paid recorded as goodwill.

On August 31, 2017, the closing of the acquisition of 100% of the quotas of Car Rental Systems took place. The preliminary purchase price for 100% of the interest in Car Rental Systems was R$ 360,063. Of this amount, R$ 320,063 was paid in cash and one installment was deposited in the collateral account for adjustments amounting to R$ 40,000. According to contractual clauses, Localiza Fleet had 90 days, from the acquisition date, to prepare the closing balance sheet in accordance with accounting practices adopted in Brazil, expressly disclosing the final calculation of the purchase price. On November 30, 2017, the parties agreed on the final amount of R$ 355,567 and Hertz Corp. transferred to Localiza Fleet, on February 9, 2018, the difference of R$ 4,496 from the amount paid initially.

The assets and liabilities acquired, after the price adjustment, are shown below:

Car Rental Systems – Closing

	08/31/17		08/31/17
Assets		**Liabilities**	
Current	53,265	Current	18,865
Noncurrent		Noncurrent	11,514
Long-term assets	31,940	Equity	346,061
Property and equipment and intangible assets	291,235		
Total	**376,440**	**Total**	**376,440**

The assets and liabilities acquired were reviewed by an expert firm and are shown below at fair value:

Car Rental Systems – Fair value

	08/31/17		08/31/17
Assets		**Liabilities**	
Current assets	53,265	Current	18,865
Noncurrent assets		Noncurrent	11,514
Long-term assets	31,940	Equity	346,925
Property and equipment	292,099		
Total	**377,304**	**Total**	**377,304**

In the referred business combination, goodwill was calculated between the transferred consideration and equity after the price adjustment and fair value measurement, as follows:

Transferred consideration	360,063
(-) Price adjustment	(4,496)
(-) Value of identifiable net assets acquired after price adjustment	(346,061)
(-) Surplus value of property and equipment, net of loss	(864)
(=) Goodwill on acquisition	**8,642**

Goodwill was generated considering that the consideration paid for the business combination includes amounts related to benefits from expected synergies, revenue growth, future development of markets and specialized workforce. These benefits are not recognized separately from the goodwill because they do not meet the criteria for the recognition of identifiable intangible assets in accordance with CPC 04 (R1) – Intangible assets. Such goodwill, classified as having indefinite useful life, is stated at cost on the date of business combination, net of accumulated impairment losses, if any.

Total goodwill generated from the acquisition will be deductible for tax purposes.

In the individual balance sheet of Localiza Fleet, the surplus value of property and equipment, net of acquisition loss, was classified under “Investments” and, in the consolidated, it was reclassified to “Property and Equipment”. Goodwill will be realized upon depreciation and sale of the corresponding asset.

Net cash outflow on acquisition of subsidiary

Car Rental Systems	Fair value on 08/31/17
Consideration transferred in cash	360,063
(-) Final price adjustment receivable from Hertz Corp.	(4,496)
(-) Balance of cash and cash equivalents acquired	(22,375)
Effects of acquisition presented in the statement of cash flow	**333,192**

Impact of acquisition on consolidated profit or loss

Consolidated revenue after the acquisition includes R$ 62,053, and the consolidated profit for the year includes R$ 5,034 attributable to additional businesses generated by Car Rental Systems.

Had these business combinations been carried out on January 1, 2017, Company's consolidated revenue would have been increased by R$ 186,159 and the profit for the year would have been increased by R$ 34,416 (unaudited information). The Company’s Management considers that these pro forma amounts represent an estimate of the Company’s combined performance on an annual basis.

Until December 31, 2017, the Company incurred one-time costs amounting to R$ 57,386 in the process of integrating Car Rental Systems (Note 21).

Change in ownership interest

The Board of Directors’ meeting held on September 13, 2017 resolved on the following: (i) the change of the corporate type of Car Rental Systems from limited liability company to privately-held company, including change of the registered office to the city of Belo Horizonte, state of Minas Gerais; and (ii) the transfer of the total interest held by Localiza, namely, one share in Car Rental Systems to Localiza Fleet, thus making Car Rental Systems a wholly-owned subsidiary of Localiza Fleet; (iii) change of name of Car Rental Systems do Brasil Locação de Veículos Ltda. to Localiza Car Rental Systems S.A.; and (iv) capital increase of R$100,000 in Car Rental Systems.

The interests in capital, equity and net income or loss of subsidiaries are as follows:

	Number of shares		Interest					
			In capital (%)		In equity		In net income or loss	
	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17	2018	2017
Localiza subsidiaries:								
Localiza Fleet	103,280,354	103,280,354	100.0	100.0	526,314	553,770	210,080	199,330
Rental Brasil	15,000,000	15,000,000	100.0	100.0	258,032	257,178	9,558	9,216
Localiza Prime	15,000	15,000	100.0	100.0	96,746	91,585	5,162	(12,623)
Car Assistance	200,000	200,000	100.0	100.0	14,473	16,662	18,977	21,896
Franchising Brasil	399,069	399,069	100.0	100.0	6,758	7,183	8,461	8,773
LFI S.R.L.	131,078	131,078	98.0	98.0	698	696	167	526
Rental International	1,000	1,000	100.0	100.0	16	18	(2)	(73)
					903,037	**927,092**	**252,403**	**227,045**
Goodwill on acquisition of investments by Localiza:								
Goodwill (Note 10 (b))					22,077	22,077	-	-
Total					**925,114**	**949,169**	**252,403**	**227,045**
Indirect interest:								
LFI S.R.L.	2,160	2,160	2.0	2.0	17	14	3	10
Franchising Brasil's subsidiary:								
FR Assistance	150,000	150,000	100.0	100.0	**150**	**150**	**-**	**-**
Localiza Fleet's subsidiary:								
Car Rental Systems	603,876,785	603,876,785	100.0	100.0	475,270	451,095	24,324	5,034
Goodwill, surplus value and loss on acquisition of investments by Localiza Fleet:								
Goodwill on acquisition of Car Rental Systems (Note 10 (b))					8,642	8,642	-	-
Surplus value from property and equipment, net of realizations					1,863	7,017	-	-
Loss from property and equipment, net of realizations					(3,045)	(7,571)	-	-
Total					**482,730**	**459,183**	**24,324**	**5,034**

The variation in the investments balance of direct subsidiaries was as follows:

	2018	2017
Balance at the beginning of the year	**927,092**	**829,032**
Capital increase in subsidiary	-	100,848
Equity in the earnings of subsidiaries	252,403	227,045
Dividends from subsidiaries (item (iii) below)	(275,745)	(229,076)
Provision for equity deficiency and exchange variation effect of subsidiary Rental International	-	(757)
Adjustment on initial application of IFRS 9 in subsidiaries	(713)	-
Balance at the end of the year	**903,037**	**927,092**

The summary of financial information of the subsidiaries' main groups of balance sheet and income statement is as follows:

(i) Balance sheets

12/31/18	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Assets							
Current	835,045	218,359	101,231	20,485	15,531	824	16
Noncurrent							
Long-term assets	94,161	-	21,879	-	8,344	-	-
Investment	17	-	-	-	-	-	-
Property and equipment	2,168,052	398,172	302	-	-	-	-
Intangible assets	14,063	-	-	-	225	-	-
Total	**3,111,338**	**616,531**	**123,412**	**20,485**	**24,100**	**824**	**16**
Liabilities							
Current	589,182	12,686	18,938	6,008	7,106	94	-
Noncurrent	1,995,842	345,813	7,728	4	10,236	15	-
Equity	526,314	258,032	96,746	14,473	6,758	715	16
Total	**3,111,338**	**616,531**	**123,412**	**20,485**	**24,100**	**824**	**16**

12/31/17	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Assets							
Current	699,136	53,567	94,369	23,262	16,962	1,285	18
Noncurrent							
Long-term assets	91,903	17,395	17,987	-	8,753	-	-
Investment	14	-	-	-	-	-	-
Property and equipment	1,730,918	395,977	345	-	-	-	-
Intangible assets	14,443	-	-	-	535	-	-
Total	**2,536,414**	**466,939**	**112,701**	**23,262**	**26,250**	**1,285**	**18**
Liabilities							
Current	554,108	9,251	12,795	6,600	8,632	550	-
Noncurrent	1,428,536	200,510	8,321	-	10,435	25	-
Equity	553,770	257,178	91,585	16,662	7,183	710	18
Total	**2,536,414**	**466,939**	**112,701**	**23,262**	**26,250**	**1,285**	**18**

(ii) Income statements

2018	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Net revenue	1,552,533	37,610	44,004	21,796	14,043	630	-
Gross profit	493,250	37,172	44,004	21,241	9,454	558	-
Profit before income tax and social contribution	317,893	14,460	3,472	22,032	10,559	170	(2)
Net income (loss)	**210,080**	**9,558**	**5,162**	**18,977**	**8,461**	**170**	**(2)**

2017	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Net revenue	1,277,561	19,031	29,726	24,487	14,442	692	-
Gross profit	469,132	18,435	29,717	24,113	10,253	679	-
Profit before income tax and social contribution	295,866	13,929	(21,197)	25,209	11,096	536	(73)
Net income (loss)	**199,330**	**9,216**	**(12,623)**	**21,896**	**8,773**	**536**	**(73)**

(iii) Dividends from subsidiaries

2018	Localiza Fleet	Rental Brasil	Car Assistance	Franchising Brasil	LFI S.R.L.	Total
Dividends for 2017 (mandatory minimum)	30,000	2,145	5,474	2,193	-	**39,812**
Dividends in addition to the mandatory minimum for 2017	32,079	6,435	16,422	6,580	165	**61,681**
Prepaid dividends for 2018	205,000	-	-	-	-	**205,000**
Proposed dividends for 2018 (mandatory minimum)	-	2,269	4,744	2,051	-	**9,064**
Total	**267,079**	**10,849**	**26,640**	**10,824**	**165**	**315,557**

2017	Localiza Fleet Consolidated	Rental Brasil	Car Assistance	Franchising Brasil	Total
Dividends for 2016 (mandatory minimum)	-	-	5,050	2,422	**7,472**
Dividends in addition to the mandatory minimum for 2016	30,949	-	15,149	7,266	**53,364**
Prepaid dividends for 2017	165,900	-	-	-	**165,900**
Proposed dividends for 2017 (mandatory minimum)	-	2,145	5,474	2,193	**9,812**
Total	**196,849**	**2,145**	**25,673**	**11,881**	**236,548**

(b) Balances and transactions with related parties

(i) Balances and transactions with subsidiaries and other related parties

	Individual					
	Localiza Fleet		Other subsidiaries		Total	
	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17
Balances:						
Trade receivables	5,598	2,556	-	2	**5,598**	**2,558**
Dividends receivable	-	30,000	9,064	9,812	**9,064**	**39,812**
Other receivables (Note 7)	-	-	183	634	**183**	**634**
Trade payables	(3,021)	(1,416)	(4,399)	(4,256)	**(7,420)**	**(5,672)**
Other payables (Note 14)	(3,510)	(1,780)	(3,473)	(2,754)	**(6,983)**	**(4,534)**

	Individual					
	Localiza Fleet		Other subsidiaries		Total	
	2018	2017	2018	2017	2018	2017
Transactions:						
Costs and expenses	(18,306)	(1,584)	(36,172)	(31,180)	**(54,478)**	**(32,764)**
Recoverable costs and expenses	39,205	36,486	3,992	5,250	**43,197**	**41,736**
Revenues	21,242	19,626	13	23	**21,255**	**19,649**

As at December 31, 2018, there were collateral guarantees for borrowings and debt securities amounting to: (i) R$ 4,507,865 issued by Localiza Fleet to Localiza (R$ 4,028,257 at December 31, 2017); (ii) R$ 1,995,996 issued by Localiza to Localiza Fleet (R$ 1,522,066 at December 31, 2017); and (iii) R$ 358,997 issued by Localiza to Rental Brasil (R$ 190,472 at December 31, 2017). There were also collateral signatures between companies when bank guarantees and guarantees insurances were issued for lawsuits totaling R$ 86,327 (R$ 69,470 at December 31, 2017).

Transactions between related parties are made under conditions negotiated between the Company and its wholly-owned subsidiaries.

Additionally, the Company has guarantees insurances with J Malucelli Seguradora, Austral Seguradora, Chubb Seguros and Pottencial Seguradora, the latter being a company in which Salim Mattar and Eugênio Mattar, founding partners of Localiza, jointly hold a 40% equity interest. In transactions with Pottencial Seguradora, made under normal market conditions, the amount of the accumulated premium paid until December 31, 2018 was R$ 1,349 (R$ 1,070 at December 31, 2017), related to guarantee insurance in the current insured amount of R$ 83,375 (R$ 74,965 at December 31, 2017).

(ii) Compensation of key management personnel

	Individual		Consolidated	
	2018	2017	2018	2017
Compensation of the Board of Directors and Fiscal Council	16,553	13,723	16,553	13,723
Management and Executive Board				
Fees and compensation	20,836	18,862	29,384	28,395
Payroll taxes	3,887	4,899	5,492	7,069
Options granted recognized	6,550	5,688	6,550	5,688
Supplementary pension plan	2,739	3,778	3,614	4,871
Total	**50,565**	**46,950**	**61,593**	**59,746**

9. PROPERTY AND EQUIPMENT

(a) Company's accounting practice

Cars, land, buildings, leasehold improvements, construction in progress, furniture and fixtures and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, when applicable.

The estimated depreciation of cars is calculated by the difference between the acquisition cost of the car and the estimated value of sale at the end of the estimated useful life, less trade discounts and selling expenses. In the Car Rental Division, depreciation is recognized based on the estimated useful life of each asset on the straight-line basis. In the Fleet Rental Division, cars are depreciated under the sum of digits or exponential methods, because these are the methods that best reflect the pattern of consumption of the economic benefits that decrease during the useful lives of the cars. Depreciation is recorded so that the amount to be depreciated is fully written off up to the end of the estimated useful life.

In addition to the residual value estimate, other estimates could affect depreciation and cause the same impacts:

- Estimated trade discounts: trade discounts are negotiated on sales to consumers and especially to resellers. Estimates of discounts below the actual amount have a negative impact on the result when the cars are sold.

- Estimated selling expenses: sales to resellers and especially consumers require a network of stores, sales staff and advertising spending. Estimates of these expenses below the actual amount also have a negative impact on the result when the cars are sold.

Constructions, buildings and leasehold improvements are amortized over the rental contract term, and also considering their renewal or sale when Management intends to exercise this right, in accordance with the contracts. Assets acquired under finance leases are depreciated over their expected useful lives in the same manner as own assets. Land and construction in progress are not depreciated or amortized.

Localiza and its subsidiaries revise the estimated useful lives and the residual value of the fleet cars at least on a monthly basis and the property and equipment on an annual basis. The effect of any changes in estimates is accounted for prospectively.

A property and equipment item is derecognized on disposal or when there are no future economic benefits resulting from its continuing use. Any gain or loss arising on the disposal or write-off of a property and equipment item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Cars in operation, either in car rental or fleet rental activities, are classified in property and equipment, while decommissioned cars, after being used in these activities, are presented as "decommissioned cars for fleet renewal" in current assets. See additional details in item (b) below.

The weighted average depreciation annual rates for property and equipment items are as follows:

	2018	**2017**
Cars:		
Car Rental Division	2.0%	2.6%
Fleet Rental Division	7.0%	6.4%
Other property and equipment:		
Leasehold improvements	14.8%	14.2%
Furniture and fixtures	10.0%	10.0%
IT equipment	20.0%	20.0%
Buildings – head office (*)	1.4%	1.4%
Constructions in own properties	4.0%	4.0%
Others	10.0%	10.0%

(*) Annual average rate of the head office obtained through valuation report of expert firm.

The depreciation expense of property and equipment is allocated to "costs", "selling expenses" and "general, administrative and other expenses" in the income statement, according to their nature and allocation.

Variations in cost, accumulated depreciation and net carrying amount of property and equipment in each year are as follows:

	Individual								
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Properties	Others	Total
Cost:									
December 31, 2016	**3,486,670**	**153,455**	**45,038**	**28,652**	**6,200**	**681**	**1,913**	**25,071**	**3,747,680**
Additions	4,581,837	-	48,601	12,349	13,253	-	-	2,763	**4,658,803**
Write-offs/transfers (*)	(2,773,375)	(45,108)	(11,605)	(2,194)	(14,651)	-	-	(4,314)	**(2,851,247)**
December 31, 2017	**5,295,132**	**108,347**	**82,034**	**38,807**	**4,802**	**681**	**1,913**	**23,520**	**5,555,236**
Additions	5,785,220	-	5,686	9,372	12,062	-	-	3,080	**5,815,420**
Write-offs/transfers (*)	(3,657,508)	7,049	-	(193)	(7,048)	-	-	-	**(3,657,700)**
December 31, 2018	**7,422,844**	**115,396**	**87,720**	**47,986**	**9,816**	**681**	**1,913**	**26,600**	**7,712,956**
Accumulated depreciation:									
December 31, 2016	**(77,298)**	**(100,107)**	**(27,628)**	**(19,168)**	**-**	**-**	**(953)**	**(14,071)**	**(239,225)**
Additions	(115,652)	(12,327)	(4,643)	(4,237)	-	-	(88)	(1,921)	**(138,868)**
Write-offs/transfers (*)	105,052	59,759	8,572	2,194	-	-	-	4,014	**179,591**
December 31, 2017	**(87,898)**	**(52,675)**	**(23,699)**	**(21,211)**	**-**	**-**	**(1,041)**	**(11,978)**	**(198,502)**
Additions	(129,239)	(12,337)	(7,547)	(5,747)	-	-	(88)	(2,138)	**(157,096)**
Write-offs/transfers (*)	107,810	-	-	192	-	-	-	-	**108,002**
December 31, 2018	**(109,327)**	**(65,012)**	**(31,246)**	**(26,766)**	**-**	**-**	**(1,129)**	**(14,116)**	**(247,596)**
Net carrying amount:									
December 31, 2016	**3,409,372**	**53,348**	**17,410**	**9,484**	**6,200**	**681**	**960**	**11,000**	**3,508,455**
December 31, 2017	**5,207,234**	**55,672**	**58,335**	**17,596**	**4,802**	**681**	**872**	**11,542**	**5,356,734**
December 31, 2018	**7,313,517**	**50,384**	**56,474**	**21,220**	**9,816**	**681**	**784**	**12,484**	**7,465,360**

(*) Include write-offs due to car sale, robbery, damage and transfer of decommissioned cars for fleet renewal to assets for sale.

	Consolidated									
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	New head office construction	Constructions in progress	Land	Properties	Others	Total
Cost:										
December 31, 2016	**4,991,127**	**153,455**	**46,708**	**28,981**	**276,163**	**6,200**	**29,279**	**3,046**	**25,738**	**5,560,697**
Opening balance Car Rental Systems (**)	327,525	3,871	748	685	-	-	-	-	859	**333,688**
Additions	5,467,852	-	48,622	12,349	73,650	13,317	-	17,076	2,762	**5,635,628**
Write-offs/transfers (*)	(3,458,050)	(47,021)	(13,841)	(1,490)	(349,813)	(14,715)	63	349,813	(4,660)	**(3,539,714)**
December 31, 2017	**7,328,454**	**110,305**	**82,237**	**40,525**	**-**	**4,802**	**29,342**	**369,935**	**24,699**	**7,990,299**
Additions	6,981,842	-	5,686	9,372	-	15,720	-	-	3,080	**7,015,700**
Write-offs/transfers (*)	(4,399,820)	5,091	(201)	(1,581)	-	(7,048)	-	-	(755)	**(4,404,314)**
December 31, 2018	**9,910,476**	**115,396**	**87,722**	**48,316**	**-**	**13,474**	**29,342**	**369,935**	**27,024**	**10,601,685**
Accumulated depreciation:										
December 31, 2016	**(376,334)**	**(100,107)**	**(28,992)**	**(19,457)**	**-**	**-**	**-**	**(953)**	**(14,258)**	**(540,101)**
Opening balance Car Rental Systems (**)	(41,818)	(2,276)	(536)	(317)	-	-	-	-	(161)	**(45,108)**
Additions	(231,997)	(12,339)	(4,723)	(4,377)	-	-	-	(794)	(2,004)	**(256,234)**
Write-offs/transfers (*)	256,466	61,553	10,526	2,290	-	-	-	-	4,283	**335,118**
December 31, 2017	**(393,683)**	**(53,169)**	**(23,725)**	**(21,861)**	**-**	**-**	**-**	**(1,747)**	**(12,140)**	**(506,325)**
Additions	(291,568)	(12,696)	(7,565)	(6,010)	-	-	-	(1,551)	(2,232)	**(321,622)**
Write-offs/transfers (*)	256,330	853	42	789	-	-	-	-	134	**258,148**
December 31, 2018	**(428,921)**	**(65,012)**	**(31,248)**	**(27,082)**	**-**	**-**	**-**	**(3,298)**	**(14,238)**	**(569,799)**
Net carrying amount:										
December 31, 2016	**4,614,793**	**53,348**	**17,716**	**9,524**	**276,163**	**6,200**	**29,279**	**2,093**	**11,480**	**5,020,596**
December 31, 2017	**6,934,771**	**57,136**	**58,512**	**18,664**	**-**	**4,802**	**29,342**	**368,188**	**12,559**	**7,483,974**
December 31, 2018	**9,481,555**	**50,384**	**56,474**	**21,234**	**-**	**13,474**	**29,342**	**366,637**	**12,786**	**10,031,886**

(*) Include write-offs due to car sale, robbery, damage and transfer of decommissioned cars for fleet renewal to assets for sale.
(**) At December 31, 2017, the consolidated balances include the net carrying amounts of the property and equipment acquired in the acquisition of Car Rental Systems.

As at December 31, 2018, the consolidated balances include the net carrying amounts of property and equipment items acquired under finance leases in the amount of R$ 362,503 (R$ 597,373 in 2017). For further information on finance leases, see Note 13 (d).

(b) Decommissioned cars for fleet renewal

Cars of which the carrying amounts will be recovered through sale rather than through continuing use are classified as “decommissioned for fleet renewal". This condition is satisfied when: (i) cars are available for immediate sale under current conditions and their sale is highly probable; (ii) Management is committed to sell the decommissioned cars from property and equipment; (iii) cars are effectively available for sale at a reasonable price in relation to their current fair values; and (iv) the sale is expected to be completed within one year from the date of classification.

Decommissioned cars for fleet renewal are presented at the lower of fair value less costs to sell and net carrying amount, which considers the acquisition cost net of accumulated depreciation through the date in which cars are classified as “decommissioned cars for fleet renewal".

The Car Rental Division considers as "decommissioned cars for fleet renewal" those that already have a purchase proposal signed with third parties. In the Fleet Rental Division, all the cars returned by customers are classified as "decommissioned cars for fleet renewal", as Management does not expect to rent them again.

The cost, accumulated depreciation and net carrying amount of decommissioned cars for fleet renewal in each year are as follows:

	Individual		Consolidated	
	12/31/18	**12/31/17**	**12/31/18**	**12/31/17**
Cost	18,182	28,590	63,167	123,909
Accumulated depreciation	(731)	(1,557)	(11,323)	(20,559)
Net carrying amount (*)	**17,451**	**27,033**	**51,844**	**103,350**

(*) The decrease in the consolidated balance of decommissioned cars for fleet renewal is due to the lower volume of cars decommissioned at the end of 2018 in relation to 2017, mainly due to the acquisition of Car Rental Systems, which decommissioned cars that are more than 12 months old in the last quarter of 2017.

(c) Company’s new head office

Up to December 31, 2017, R$ 366,889 was spent in the construction of the Company’s new head office. On July 1, 2017, the Company’s new head office was allocated to property and equipment, with the transfer of R$ 349,813 from “construction of the new head office” to “property” and R$ 17,076 directly to this same account, upon the corresponding beginning of depreciation. The investment in the Company’s new head office construction allowed: (i) reducing expenses on property rental; (ii) gaining productivity upon the centralization of administrative and back-office activities, which were previously exercised in four rented buildings; (iii) supporting the Company’s growth; and (iv) integrating and promoting synergy among several administrative areas.

10. INTANGIBLE ASSETS

The accounting practice adopted by the Company is to record intangible assets with finite useful lives and acquired separately at cost, less accumulated amortization and impairment, when applicable. Amortization is recorded on the straight-line basis over the estimated useful life of 5 years (except for the SAP software of which the useful life was evaluated by internal experts at 10 years). The estimated useful lives and amortization method are reviewed at the end of each reporting period and the effect from any change in estimates is accounted for prospectively. The Company does not have significant intangible assets generated internally. Software implementation expenses are recorded as intangible assets when incurred.

(a) Intangible assets (except goodwill on acquisition of investments)

Variations in cost, accumulated amortization and net carrying amount of intangible assets in each year are as follows:

	Individual	Consolidated		
	Software	Software	Acquisition of franchises and others	Total
Cost:				
December 31, 2016	**93,065**	**102,652**	**-**	**102,652**
Opening balance Car Rental Systems (*)	-	1,992	1,542	**3,534**
Additions	4,173	6,769	460	**7,229**
Write-offs/transfers	(277)	(2,267)	(2,002)	**(4,269)**
December 31, 2017	**96,961**	**109,146**	**-**	**109,146**
Additions	7,637	8,986	-	**8,986**
Write-offs/transfers	(53)	(53)	-	**(53)**
December 31, 2018	**104,545**	**118,079**	**-**	**118,079**
Accumulated amortization:				
At December 31, 2016	**(37,453)**	**(41,596)**	**-**	**(41,596)**
Opening balance Car Rental Systems (*)	-	(1,200)	(240)	**(1,440)**
Additions	(13,128)	(14,832)	-	**(14,832)**
Write-offs/transfers	-	1,198	240	**1,438**
December 31, 2017	**(50,581)**	**(56,430)**	**-**	**(56,430)**
Additions	(11,842)	(13,881)	-	**(13,881)**
December 31, 2018	**(62,423)**	**(70,311)**	**-**	**(70,311)**
Net carrying amount:				
December 31, 2016	**55,612**	**61,056**	**-**	**61,056**
December 31, 2017	**46,380**	**52,716**	**-**	**52,716**
December 31, 2018	**42,122**	**47,768**	**-**	**47,768**

(*) As at December 31, 2017, the consolidated balances include the net carrying amounts of the intangible assets acquired in the acquisition of Car Rental Systems.

The amortization expense of intangible assets (except goodwill on acquisition of investments) is allocated to "costs", "selling expenses" and "general, administrative and other expenses" in the income statement, according to their nature and allocation. There are no fully amortized material intangible assets still in use by the Company.

(b) Goodwill on acquisition of investments

The Company adopts the practice of stating the goodwill resulting from a business combination, classified as having an indefinite useful life, at cost on the date of the business combination, net of accumulated impairment losses, if any. Goodwill was classified as an intangible asset in the consolidated balance sheet and as an investment in the Parent company's balance sheet.

The breakdown of the goodwill balance is as follows:

	Consolidated	
	12/31/18	12/31/17
Goodwill on acquisition of interest in subsidiaries, net of amortization	4,508	4,508
Goodwill on acquisition of investments in companies	26,211	26,211
Net carrying amount (Note 8 (a))	**30,719**	**30,719**

11. TRADE PAYABLES

Trade payables are broken down as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Car manufacturers (*)	1,805,192	1,047,666	2,065,628	1,197,455
Insurance premiums	-	28,110	-	28,730
Maintenance services and parts	25,821	27,658	46,120	40,148
Rentals	20,036	17,546	15,643	13,301
IT Services and others	67,375	36,974	75,174	52,046
Total	**1,918,424**	**1,157,954**	**2,202,565**	**1,331,680**

(*) The balance payable to car manufacturers refers to cars acquired at the end of each period, with average payment term of approximately 98 days. The increase in the line item refers to car purchases made in the 4Q18 to support the growth in the volume of daily rental fees of the Car Rental Division.

12. PAYROLL AND RELATED TAXES

The breakdown of the balance of payroll and related taxes is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Accrued vacation pay	38,784	35,841	47,363	41,880
Provision for profit sharing (*)	56,544	38,292	68,958	46,736
Social Security Contribution (INSS)	7,770	12,358	9,158	14,595
Government severance pay fund for employees (FGTS)	2,689	1,991	3,287	2,395
Others	4,947	2,841	6,202	3,570
Total	**110,734**	**91,323**	**134,968**	**109,176**

(*) The Company has a profit sharing program for employees as prescribed in Law No. 10,101/00 based on profit recognized on an annual basis. The annual amount payable is defined through the combination of the Company's profit and performance indicators, which determine the maximum amount payable, in addition to the individual performance of each employee, which is mainly measured based on objective, measurable indicators and goals deriving from the management agreement and the annual budget approved by the Board of Directors. Localiza pays profit sharing in April and July. The provision for profit sharing is classified as "cost", "selling expenses" and "general, administrative and other expenses" in the income statement, based on the function exercised by the respective employees.

13. BORROWINGS, DEBT SECURITIES AND SWAP

The breakdown of the balance of borrowings, debt securities and swap is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
In local currency				
Debentures – 6th issue (a)	-	243,638	-	243,638
Debentures – 7th issue (a)	279,125	355,570	279,125	355,570
Debentures – 8th issue (a)	509,521	510,818	509,521	510,818
Debentures – 9th issue (a)	-	504,148	-	504,148
Debentures – 10th issue (a)	205,717	207,095	205,717	207,095
Debentures – 11th issue (a)	499,148	498,366	499,148	498,366
Debentures – 12th issue (a)	701,715	701,986	701,715	701,986
Debentures – 13th issue (a)	1,084,630	1,082,734	1,084,630	1,082,734
Debentures – 14th issue (a)	1,013,773	-	1,013,773	-
Debentures Localiza Fleet – 3rd issue (a)	-	-	504,800	505,193
Debentures Localiza Fleet – 4th issue (a)	-	-	354,762	355,568
Debentures Localiza Fleet – 5th issue (a)	-	-	307,189	-
Debentures Localiza Fleet – 6th issue (a)	-	-	398,379	-
Promissory notes – 6th issue (a)	706,144	660,785	706,144	660,785
Working capital (b)	-	-	274,182	324,769
Real Estate Credit Note ("CCBI") (c)	-	-	-	197,074
Lease (d)	-	189	147,130	329,935
Certificates of Real Estate Receivables ("CRI") (e)	-	-	348,568	-

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
In foreign currency				
Borrowing in US dollar (f)	311,195	-	311,195	-
	5,310,968	**4,765,329**	**7,645,978**	**6,477,679**
Borrowings and debt securities				
Current liabilities	372,883	237,790	616,587	537,216
Noncurrent liabilities	4,938,085	4,527,539	7,029,391	5,940,463
	5,310,968	**4,765,329**	**7,645,978**	**6,477,679**
Derivative instruments – swap (g)				
Noncurrent assets (Note 7)	(2,785)	-	(2,785)	(16,703)
Current liabilities (Note 14)	-	-	18,678	6,831
Noncurrent liabilities (Note 14)	-	-	21,933	10,824
Total borrowings and debt securities, net of swap	**5,308,183**	**4,765,329**	**7,683,804**	**6,478,631**

Variations in borrowings and debt securities, net of swap are as follows:

	Individual		Consolidated	
	2018	2017	2018	2017
Balance at the beginning of the year	**4,765,329**	**2,685,584**	**6,478,631**	**3,776,293**
Borrowings	1,294,568	2,426,151	2,433,526	3,577,019
Interest expense and financial charges	338,167	319,674	529,808	476,234
Repayment of principal	(815,188)	(324,621)	(1,333,495)	(865,218)
Amortization of interest	(274,693)	(341,459)	(424,666)	(485,697)
Balance at the end of the year	**5,308,183**	**4,765,329**	**7,683,804**	**6,478,631**

(a) Debt securities

As at December 31, 2018, Localiza had seven issues of outstanding debentures, not convertible into shares, and one issue of promissory notes and Localiza Fleet had four issues of debentures, not convertible into shares. All issues were conducted in accordance with CVM Instruction 476/09.

The characteristics of each issue of debt securities, approved at the Board of Directors' meetings, are described below:

Issue	Approval date	Issue date	Maturity date	IRR (*)	Number	Financial settlement	Purpose	Amortization	Surety/Guarantee	Expense incurred on issue (**)
Debentures – 6th issue	09/20/12	10/15/12	10/15/19	CDI + 1.07% p.a.	30,000	R$300,000	- Debt prepayment - Investment in fleet	Early settlement in 2018.	None	1,107
Debentures – 7th issue	09/10/13	09/30/13	09/30/21	113.6% of CDI	50,000	R$500,000	- Debt prepayment - Working capital improvement	15% in 2016 15% in 2017 15% in 2018 15% in 2019 20% in 2020 20% in 2021	Localiza Fleet	3,724
Debentures – 8th issue	08/18/14	09/10/14	09/10/20	110.9% of CDI	50,000	R$500,000	- Debt prepayment	50% in 2019 50% in 2020	None	2,699
Debentures – 9th issue	04/09/15	04/30/15	04/30/21	113.9% of CDI	50,000	R$500,000	- Debt prepayment	Early settlement in 2018.	Localiza Fleet	3,847
Debentures – 10th issue	12/21/15	01/08/16	01/08/21	116.7% of CDI	20,000	R$200,000	- Working capital improvement	50% in 2020 50% in 2021	Localiza Fleet	2,588
Debentures – 11th issue	11/14/16	12/12/16	01/12/22	113.6% of CDI	50,000	R$500,000	- Working capital improvement	100% in 2022	Localiza Fleet	4,240
Debentures – 12th issue	04/17/17	05/15/17	05/15/24	108.9% of CDI	700,000	R$700,000	- Working capital improvement	100% in 2024	Localiza Fleet	4,557
Debentures – 13th issue - 1st series	11/16/17	12/15/17	02/15/23	110.8% of CDI	86,891	R$868,910	- Cash recovery - Debt prepayment	50% in 2022 50% in 2023	Localiza Fleet	3,546
Debentures – 13th issue - 2nd series	11/16/17	12/15/17	02/15/25	111.7% of CDI	21,611	R$216,110	- Cash recovery - Debt prepayment	50% in 2024 50% in 2025	Localiza Fleet	
Debentures – 14th issue - 1st series	08/20/18	09/18/18	01/18/24	108.1% of CDI	20,000	R$200,000	- Cash recovery	100% in 2024	Localiza Fleet	5,456
Debentures – 14th issue - 2nd series	08/20/18	09/18/18	09/18/26	113.3% of CDI	80,000	R$800,000	- Cash recovery	25% in 2024 25% in 2025 50% in 2026	Localiza Fleet	
Promissory notes – 6th issue	09/18/17	09/29/17	09/28/20	CDI + 0.50% p.a.	130	R$650,000	- Working capital improvement	100% in 2020	Localiza Fleet	1,395
Debentures Localiza Fleet – 3rd issue	04/17/17	05/05/17	05/05/23	107.8% of CDI	500,000	R$500,000	- Debt prepayment - Working capital improvement	100% in 2023	Localiza	325
Debentures Localiza Fleet – 4th issue	09/18/17	10/02/17	10/02/24	CDI + 0.40% p.a.	350,000	R$350,000	- Working capital improvement	100% in 2024	Localiza	754
Debentures Localiza Fleet – 5th issue	07/18/18	07/18/18	07/18/25	112.4% of CDI	300,000	R$300,000	- Cash recovery	100% in 2025	Localiza	1,650
Debentures Localiza Fleet – 6th issue	12/05/18	12/21/18	02/21/24	112.2% of CDI	400,000	R$400,000	- Cash recovery	100% in 2024	Localiza	2,165

(*) Average interest rate in effect.
(**) Expenses incurred on the issuance of debentures and promissory notes, including taxes, commissions and other costs are classified under the same caption of the respective debt securities and are recognized over the total debt period. At December 31, 2018, the amount to be recognized was R$ 23,064 (R$ 20,185 at December 31, 2017), presented net in the respective debenture/promissory note caption.

These issues have accelerated maturity events, including, without limitation: (i) filing for or adjudication of bankruptcy by the Issuer or third parties that is not duly eliminated within the legal term; (ii) matters related to the default, with lack of payment within the established term, in individual or aggregate amount equal to or above R$ 25,000 (7th, 8th and 10th issue of debentures from Localiza) or 3% of the consolidated average equity calculated in the past three quarters (11th to 14th issues of debentures and 6th issue of promissory notes from Localiza and 3rd to 6th issues of debentures from Localiza Fleet); (iii) capital decrease of Localiza and/or repurchase of its own shares for cancellation, other than if previously authorized by debenture holders; (iv) Localiza's merger or spin-off, except if, as set forth in article 231 of Law No. 6,404/76, the spun-off portion or the company resulting from the transaction continues to be controlled by the Issuer; (v) failure to maintain financial ratios on a quarterly basis, based on the Company's consolidated financial statements; and (vi) the Company's rating downgrading, as follows:

Issue	Rating downgrading in national scale (*)
7th issue of debentures	Corporate rating granted by Moody's, Standard & Poor's or Fitch Ratings to the Issuer for the following risk rating levels or less, in national scale: Aa3, AA- and AA- respectively.
8th and 14th issue of debentures	Downgraded by two grades or more in relation to the rating AAA (BR, triple A) by Standard & Poor's (**).
10th to 13th issue of debentures	Downgraded by two grades or more in relation to the rating AAA (BR, triple A) by Fitch Ratings (**).
3th to 6th issue of debentures from Localiza Fleet	Downgraded by two grades or more in relation to the rating AAA (BR, triple A) by Fitch Ratings (**).
6th issue of promissory notes	Downgraded by two grades or more in relation to the rating AAA (BR, triple A) by Fitch Ratings (**).

(*) Corporate credit ratings in national scale effective as of December 31, 2018: Standard & Poor's (AAA(bra)/stable), Moody's (Aa1.br/stable) and Fitch Ratings (AAA(bra)/stable).
(**) Due to any change in the shareholding structure that results in loss, transfer or disposal of the "Controlling power" of the Issuer by the current controlling shareholders.

The financial covenants were met as at December 31, 2018 and 2017 as shown below:

Ratio	Limits	12-month period ended 12/31/18	12-month period ended 12/31/17
Net debt / Adjusted EBITDA (*)	Less than 4.00	3.26	2.92
Net debt less trade receivables–credit card (**) / Adjusted EBITDA	Less than 4.00	3.03	2.90
Adjusted EBITDA / Finance costs, net	Greater than 1.50	4.34	4.20

(*) EBITDA corresponds to the Issuer's net profit or loss, on a consolidated basis, relating to the 12 last months, before: (i) finance income (costs); (ii) income tax and social contribution; and (iii) depreciation and amortization. For all issues, EBITDA is also adjusted by the costs on stock options, nonrecurring expenses and impairment. In the 12 months ended December 31, 2017, nonrecurring expenses totaled R$ 74,068 (Note 21).
(**) The 14th issue of Localiza debentures and the 5th and 6th issue of Localiza Fleet debentures included in the definition of net debt the discount of the trade receivables of credit card balance.

Additionally, the Company has borrowings that also include certain accelerated maturity events under conditions similar to those applicable to debt securities. As at December 31, 2018, these restrictive covenants were met.

(b) Working capital

The consolidated balance of borrowings for working capital operations refers to the following agreements with the subsidiary Localiza Fleet:

	Consolidated		
			Total
Contract date	12/29/11	12/29/15	
Final maturity	12/15/19	02/15/21	
Contracted amount	R$130,000	R$ 250,000	
Interest rate	109.7% of CDI	112.5% of CDI	
Annual amortizations	2014 to 2019	2018 to 2021	
Outstanding balance as at:			
12/31/17	77,296	247,473	**324,769**
12/31/18	50,816	223,366	**274,182**
Expense incurred	3,739	5,692	**9,431**
Expenses to be recognized at:			
12/31/17	908	4,846	**5,754**
12/31/18	778	4,150	**4,928**
Surety/Guarantee	Localiza	Localiza	
Covenants	Identical to the hypotheses (i) and (ii) of the 7th, 8th and 10th issues of Localiza debentures		

(c) Real Estate Credit Note ("CCBI")

On June 25, 2014, Rental Brasil contracted a Real Estate Credit Note of R$ 190,000 to finance the construction of the new head office. The maturity term is seven years, with monthly repayments as from the 61st month. The transaction incurs interest of 9.5% p.a. and restatement of the debt balance by the Reference Rate ("TR").

Simultaneously, beginning on the same date as the release of funds, a plain vanilla swap transaction was contracted, under identical conditions of amounts, term and payment, exchanging the exposure of the TR variation plus interest for 98.75% of the CDI interest rate (item (g) (ii)).

On July 12, 2018, Rental Brasil settled this swap transaction in advance, receiving the amount of R$ 12,401. The CCBI was settled in advance on August 6, 2018.

(d) Finance lease

Localiza Fleet had, on December 31, 2018, finance leases amounting to R$ 147,130 (Localiza and Localiza Fleet had R$ 329,935 at December 31, 2017).

At December 31, 2018, Localiza Fleet had 9,454 cars in its fleet acquired through finance lease (15,359 at December 31, 2017). These cars were recognized as part of its property and equipment and are subject to an average depreciation rate of 9.3% p.a. (8.7% p.a. at December 31, 2017). The contracts have a 24-month term as from the delivery of the asset and the asset's purchase option at the end of the lease term and are remunerated using the average fixed rate of 11.22% p.a. (12.69% p.a. at December 2017). The guaranteed net residual value will be paid after the end of the lease term.

The net carrying amounts by asset category acquired under finance leases at december 31, 2018 and 2017 are as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Cars	-	-	362,054	596,169
Hardware	449	1,204	449	1,204
Total property and equipment	**449**	**1,204**	**362,503**	**597,373**
Software	34	72	34	72
Total intangible assets	**34**	**72**	**34**	**72**
Total	**483**	**1,276**	**362,537**	**597,445**

The reconciliation of total future minimum finance lease payments and their present values, calculated using the contractual rates, is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Minimum payments:				
Future amounts	-	197	153,400	360,686
Interest to be recognized	-	(8)	(6,270)	(30,751)
Total	**-**	**189**	**147,130**	**329,935**

At December 31, 2018, the maturity of the payments is as follows:

	Consolidated	
	Future interest payments	Present value
Period after reporting date:		
Up to 12 months	108	138,800
Between 13 and 24 months	6,161	8,330
Total	**6,269**	**147,130**

No contingent payment is expected and there is no finance sublease for the transactions mentioned above.

Certain early maturity events similar to those set forth in the 7th, 8th and 10th issues of Localiza debentures apply to these transactions, except for financial ratios, which are not applicable.

(e) Certificates of Real Estate Receivables ("CRI")

On December 6, 2017, the Board of Directors approved the signing of all documents related to the issuance of Certificates of Real Estate Receivables (CRI), issued by RB Capital Companhia de Securitização, backed by real estate receivables from property rental contracts of Localiza and Localiza Fleet's head office entered into with Rental Brasil.

On February 26, 2018, the Company concluded the CRI offering in the total amount of R$ 370,000, due on November 21, 2032, with redemption option for holders of certificates as of November 21, 2024 and remuneration at 99.0% of CDI.

(f) Foreign currency-denominated borrowings

In order to reduce its borrowing costs and extend repayment terms, the Company contracted borrowings in foreign currency. As a strategy to manage foreign exchange rate risk, the Company, simultaneously and mandatorily, contracted plain vanilla swap transactions under identical conditions of amounts, terms and rates, exchanging the exposure from foreign exchange variation for CDI variation. Contracted swap transactions are solely for hedge purposes.

On May 22, 2018, Localiza signed a borrowing agreement in the amount of US$80 million, with maturity of principal on May 22, 2022 and May 22, 2023. Simultaneously, a plain vanilla swap transaction was contracted in order to mitigate the risk of exposure to foreign currency, by exchanging the exposure from Libor USD plus spread to 108.0% of the CDI interest rate.

(g) Derivative instruments – swap

The breakdown of swap balance, presented in line items other current assets and other noncurrent assets (Note 7) or other current liabilities and other noncurrent liabilities (Note 14), is as follows:

	Consolidated	
	12/31/18	**12/31/17**
Fixed-rate swap (i)	(40,611)	(17,655)
Reference rate (TR) swap (ii)	-	16,703
US dollar swap (iii)	2,785	-
Total liabilities, net	**(37,826)**	**(952)**

(i) CDI vs Fixed rate

Fleet rental contracts vary from 24 to 36 months and, in general, include an annual adjustment clause based on the inflation index. As the rental contracts cannot be adjusted based on the benchmark interest rates, Localiza Fleet has entered into swap transactions by swapping the CDI fluctuation for a fixed rate in order to hedge against the risk of loss of profit on rental contracts and maintain its competitiveness. The specific characteristics of this swap transaction, as well as its respective notional and carrying amounts as at December 31, 2018, are as follows:

		Weighted average rates		Notional amount	Value of the curve			Market value (carrying amount)			Variation
Financial institution	**Range of maturity dates**	**Long position**	**Short position**	**Notional**	**Long position**	**Short position**	**Gain (loss)**	**Long position**	**Short position**	**Gain (loss)**	**Curve vs MTM**
		% CDI									
Institution A	January 2019 to July 2020	109.0%	9.00%	530,000	556,334	563,753	(7,419)	560,571	576,600	(16,029)	(8,610)
Institution B	December 2018 to April 2020	109.2%	5.49%	370,000	387,759	391,457	(3,698)	389,590	396,440	(6,850)	(3,152)
Institution C	January 2019 to July 2020	107.8%	8.93%	375,000	401,789	409,353	(7,564)	404,002	416,253	(12,251)	(4,687)
Institution D	January 2019 to January 2020	109.5%	8.93%	245,000	254,579	257,328	(2,749)	257,262	262,743	(5,481)	(2,732)
					1,600,461	**1,621,891**	**(21,430)**	**1,611,425**	**1,652,036**	**(40,611)**	**(19,181)**

(ii) TR vs CDI

The subsidiary Rental Brasil had a current plain vanilla swap transaction, with the sole purpose of hedging its borrowing in the form of CCBI, such transaction was contracted with a major financial institution. On July 12, 2018, Rental Brasil settled this swap transaction in advance, receiving the amount of R$ 12,401. The CCBI was settled in advance on August 6, 2018.

(iii) US Dollar vs Reais

At December 31, 2018, the Company had a plain vanilla swap transaction in force with the sole purpose of hedging the borrowing contracted in foreign currency from exchange variation, such transaction was contracted with a major financial institution. The specific characteristics of this swap transaction, as well as its respective notional and carrying amounts, are as follows:

	Index		Notional	Value of the curve			Market value (carrying amount)			Variation
Range of maturity dates	**Long position**	**Short position**	**Notional (US dollar thousand)**	**Long position**	**Short position**	**Gain (loss)**	**Long position**	**Short position**	**Gain (loss)**	**Curve vs MTM**
05/22/23	USD Libor + 0.47%	108% of CDI	80,000	311,195	302,024	9,171	311,396	308,611	2,785	(6,386)

14. OTHER CURRENT AND NONCURRENT LIABILITIES

The breakdown of the balance of other current and noncurrent liabilities is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Revenue to be appropriated (*)	11,163	29	15,283	3,859
Payables to related parties (Note 8 (b) (i))	6,983	4,534	-	-
Federal taxes withheld from third parties	9,752	8,252	12,103	10,889
Municipal taxes payable	3,022	1,542	3,828	2,062
Derivative instruments – swap (Note 13 (g))	-	-	18,678	6,831
Advances from car rental and decommissioned sale customers	133,249	84,444	134,580	86,999
Insurance premiums for transfer (**)	101,828	65,681	102,792	65,840
Others	8,389	7,559	14,291	11,904
Total other current liabilities	**274,386**	**172,041**	**301,555**	**188,384**
Revenue to be appropriated (*)	3,992	81	10,940	6,610
Derivative instruments – swap (Note 13 (g))	-	-	21,933	10,824
Restricted obligations (***)	-	-	43,101	40,584
Others	6,947	6,239	7,053	6,734
Total other noncurrent liabilities	**10,939**	**6,320**	**83,027**	**64,752**
Total other current and noncurrent liabilities	**285,325**	**178,361**	**384,582**	**253,136**

(*) Refers to the franchising integration fee, premium resulting from a commercial agreement with supplier and bank preference premium.
(**) Premiums received from customers that took out insurance for rented cars, and extended warranty for the decommissioned cars sold which will be transferred by Localiza to the insurance company (Note 2.7.5).
(***) The restricted obligations refer to the amounts retained from the purchase price owed to Car Rental Systems' sellers, which shall be made available to them after compliance with specific provisions under the share purchase agreement. Restricted obligations are guaranteed by financial investments made by the Company, with restricted use, and shall be made available for withdrawal on August 31, 2020 and 2024.

15. PROVISION FOR RISKS AND ESCROW DEPOSITS

The Company and its subsidiaries adopt the practice of recognizing provisions for present obligations as a result of past events, when the amount of the obligation can be reliably estimated and its settlement is probable, or arising from the legal obligation to pay. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Actual results could differ from those estimated that were presented in the financial statements. Localiza and Localiza Fleet record a provision for possible indemnities payable to third parties, arising from accidents caused by rented cars, at amounts in excess of the amounts insured by the insurance company and based on the opinion of its legal department/counsel.

Localiza and its subsidiaries challenge in court certain civil, tax, social security and labor lawsuits. Provisions were recorded where the outflow of payments is uncertain and for which the risk of loss is probable, according to the Company's legal department/counsel.

(a) Changes in provision for risks and escrow deposits

During 2018, there were changes in the provision for risks, as follows:

	Individual				
	Tax	Social security	Labor	Civil	Total
December 31, 2017	**39,353**	**8,075**	**25,484**	**16,872**	**89,784**
Recording of provisions, net of reversals	13,865	804	1,035	483	**16,187**
Inflation adjustment, net	2,382	356	-	828	**3,566**
December 31, 2018	**55,600**	**9,235**	**26,519**	**18,183**	**109,537**

	Consolidated				
	Tax	Social security	Labor	Civil	Total
December 31, 2017	**54,712**	**9,754**	**37,524**	**24,500**	**126,490**
Recording of provisions, net of reversals	15,014	884	1,280	907	**18,085**
Inflation adjustment, net	2,890	503	-	830	**4,223**
December 31, 2018	**72,616**	**11,141**	**38,804**	**26,237**	**148,798**

Localiza and its subsidiaries have escrow deposits linked to contingent lawsuits, of which the changes in escrow deposit balances, segregated by nature, were as follows:

	Individual				
	Tax	Social security	Labor	Civil	Total
December 31, 2017	**35,334**	**1,328**	**13,935**	**1,119**	**51,716**
Deposit	204	-	2,136	9,658	**11,998**
Write-off	(142)	-	(930)	(5,089)	**(6,161)**
Inflation adjustment, net	2,811	36	-	-	**2,847**
Transfers	-	-	-	578	**578**
December 31, 2018	**38,207**	**1,364**	**15,141**	**6,266**	**60,978**

	Consolidated				
	Tax	Social security	Labor	Civil	Total
December 31, 2017	**61,947**	**1,328**	**17,658**	**2,191**	**83,124**
Deposit	1,422	-	5,493	9,931	**16,846**
Write-off	(901)	-	(2,492)	(5,218)	**(8,611)**
Inflation adjustment, net	4,299	36	-	-	**4,335**
Transfers	27	-	-	551	**578**
December 31, 2018	**66,794**	**1,364**	**20,659**	**7,455**	**96,272**

(b) Contingent liabilities in process - provision recorded

The summary of the main administrative and legal proceedings of Localiza and its subsidiaries, at several stages, at December 31, 2018 and 2017, is as follows:

	Individual							
	12/31/18				12/31/17			
	Number of lawsuits	Provision	Escrow deposit	Bank guarantee/ guarantee insurance	Number of lawsuits	Provision	Escrow deposit	Bank guarantee/ guarantee insurance
Tax	3	55,600	2,516	-	3	39,353	2,454	-
Social security	6	9,235	1,364	-	7	8,075	1,328	6,507
Labor	518	26,519	6,295	770	529	25,484	8,184	570
Civil	1,518	18,183	6,266	-	829	16,872	1,119	-
Total	**2,045**	**109,537**	**16,441**	**770**	**1,368**	**89,784**	**13,085**	**7,077**

	Consolidated							
	12/31/18				12/31/17			
	Number of lawsuits	Provision	Escrow deposit	Bank guarantee/guarantee insurance	Number of lawsuits	Provision	Escrow deposit	Bank guarantee/ guarantee insurance
Tax	27	72,616	7,904	-	24	54,712	7,480	-
Social security	8	11,141	1,364	-	9	9,754	1,328	6,507
Labor	683	38,804	9,035	1,618	742	37,524	9,348	1,247
Civil	1,930	26,237	7,455	-	1,308	24,500	2,191	-
Total	**2,648**	**148,798**	**25,758**	**1,618**	**2,083**	**126,490**	**20,347**	**7,754**

- **Tax**

These are the lawsuits in which Localiza and its subsidiaries mainly discuss: (i) PIS and COFINS credits on depreciation of vehicles incorporated into fixed asset on a 1/48th basis. (ii) Services Tax (ISSQN) on franchise activity; and (iii) PIS levy on revenues of car rental companies covering the period prior to the issue of Constitutional Amendment 20 and effectiveness of Law No. 9,718/98.

Localiza and Localiza Fleet filed for injunction claiming their right to appropriate PIS and COFINS credits from depreciation of their rental vehicles, based on the justification inserted in Article 3, VI, and Article 15 of Law No. 10,833/03, on a 1/48th basis per month instead of the general rule of on a 1/60th basis per month. Since April 2017, based on favorable outcome, Localiza and Localiza Fleet begun to appropriate credits on a 1/48th basis per month and recognize the difference between said bases until new decisions about the discussion are issued.

- **Social security**

Localiza and its subsidiaries are parties to several social security lawsuits mainly related to: (i) indemnity amounts; (ii) Special Secretariat for the Control of State Companies (SEST) and National Service for Commercial Training (SENAT); (iii) education allowance and contributions to the National Institute of Colonization and Agrarian Reform (INCRA) on the payment of independent contractors, and labor claims; (iv) social security contributions on profit sharing; and (v) Work-related Environmental Risks (RAT). There are legal arguments and court decisions that support Localiza's and its subsidiaries' position.

- **Labor**

Localiza and its subsidiaries are parties to several labor claims mainly related to the payment of overtime and related charges, pain and suffering, and the possible recognition of an employment relationship of service providers, contractors and similar workers. The court decisions on these matters are not uniform.

- **Civil**

As at December 31, 2018, Localiza and its subsidiaries were parties to civil claims related to: (i) indemnity claims arising from damages to third parties in traffic accidents caused by customers driving cars rented from the Company (although not being responsible for the accidents, the Company is frequently sued for being the owner of the car); and (ii) indemnity claims arising from the relations between the Company and the consumers.

(c) Contingent liabilities in process with possible likelihood of loss - no provision recorded

	Individual							
	12/31/18				12/31/17			
	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/guarantee insurance	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/guarantee insurance
Vehicle Tax (IPVA)	212	43,013	30,483	12,701	172	37,192	27,799	19,093
Federal and social security taxes	27	33,952	40	21,080	26	16,113	38	10,027
State VAT (ICMS)	73	134,836	202	79,965	53	126,722	188	82,496
Other taxes	102	27,418	189	14,964	66	18,285	53	12,236
Labor	20	6,647	5,784	12	2	5,698	5,751	-
Total	**434**	**245,866**	**36,698**	**128,722**	**319**	**204,010**	**33,829**	**123,852**

	Consolidated							
	12/31/18				12/31/17			
	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/ guarantee insurance	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/ guarantee insurance
Vehicle Tax (IPVA)	247	67,958	50,432	16,038	202	59,492	46,680	25,888
Federal and social security taxes	49	39,092	2,827	21,314	42	20,193	2,820	10,295
State VAT (ICMS)	80	140,879	202	80,067	62	132,602	188	82,597
Other taxes	113	28,275	189	15,057	75	18,338	53	12,329
Labor	56	9,787	5,820	12	62	8,310	5,761	-
Civil	86	5,845	382	-	81	7,044	427	-
Total	**631**	**291,836**	**59,852**	**132,488**	**524**	**245,979**	**55,929**	**131,109**

- **Vehicle Ownership Tax (IPVA)**

Localiza and Localiza Fleet are parties in several administrative and legal claims relating to the payment of Vehicle Ownership Tax (IPVA) by the State of São Paulo, based on State Law No. 13,296/08 for vehicles that are owned by the Company and are occasionally made available for rental in that state.

Localiza and Localiza Fleet have their tax domicile in Belo Horizonte, State of Minas Gerais, where their headquarters are located, and, in compliance with Article 120 of the National Traffic Code, their vehicles are registered in that city and the IPVA is paid to the State of Minas Gerais.

No provision is recognized regarding these challenges as the likelihood of loss is possible, according to the legal advisors, on the basis of the legal and constitutional provisions that govern the IPVA (articles 155, III and 158, III, of CF/88 and articles 120 of CTB, 75, IV and paragraph 1 of the Civil Code, 110 and 127 of CTN).

- **Federal and social security taxes**

At the federal level, Localiza and its subsidiaries are parties to several administrative and legal claims relating to debts resulting from challenges related to the non-approval of requests for offset (PER/DCOMP), as well as social contributions incurring on indemnifications. These proceedings were not provided for since the risk of an unfavorable outcome is considered possible by the legal department/counsel.

- **Value Added Tax on Sales and Services (“ICMS”)**

Localiza and Localiza Fleet are parties to lawsuits referring to Value-Added Tax on Sales and Services (ICMS), with no provision recorded, the most significant of which relate to the requirement of tax on the transfer of certain assets of property and equipment (decommissioned cars from the fleet) due on their sale.

On July 7, 2006, the National Council of Fiscal Policy (CONFAZ) issued the Arrangement 64, providing for the payment of ICMS on sales of cars within 12 months of sale. This Arrangement was ratified by the Brazilian States, except for São Paulo, which issued CAT Decision 02/06, with the same regulation.

The Company claims that, in addition to the aforementioned regulation, with regard to property and equipment acquired for rental, sale does not constitute circulation of goods and, therefore, it is not subject to ICMS levy.

In addition, considering the regulation of Agreement 64/06 and CAT Decision 02/06, the calculations of tax-deficiency notices are under discussion, due to the exclusion of right to credit of tax paid in the acquisition of goods, as provided for in that regulation.

16. INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred income tax and social contribution - assets and liabilities

The Company and its subsidiaries adopt the accounting procedure of recording tax credit arising from deferred income tax and social contribution on temporary differences between the asset and liability balances in the financial statements and their corresponding tax bases, used to determine taxable income of each period, as well as on tax loss and social contribution carryforwards, when applicable. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The subsidiaries that calculate income tax and social contribution under the deemed income regime do not recognize tax credits. For financial statement presentation purposes, the assets and liabilities are presented net by entity, in accordance with CPC 32 – Taxes on Income.

The breakdown of deferred income tax and social contribution at December 31, 2018 and 2017 is as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Temporary differences in the deductibility of provisions:				
Provision for risks and other provisions	36,461	29,763	48,563	38,332
Allowance for doubtful debts/ expected losses and other allowances	39,858	18,822	42,392	21,732
Provision of payment of services in progress and others, profit sharing, loyalty program and others	33,572	23,038	42,723	29,579
Swap transaction with payment on a cash basis	2,440	-	16,247	6,003
Income tax and social contribution tax loss carryforwards (*)	13,775	13,379	47,944	48,551
Total deferred income tax and social contribution - assets	**126,106**	**85,002**	**197,869**	**144,197**
Car depreciation (**)	266,022	164,361	322,397	197,086
Leasing in the purchase of property and equipment (***)	377	582	123,797	121,074
Swap transaction with payment on a cash basis	-	-	-	1,500
Others	-	-	6,798	2,290
Total deferred income tax and social contribution - liabilities	**266,399**	**164,943**	**452,992**	**321,950**
Total deferred income tax and social contribution, net	**140,293**	**79,941**	**255,123**	**177,753**
Noncurrent assets	**-**	**-**	**(42,153)**	**(41,953)**
Noncurrent liabilities	**140,293**	**79,941**	**297,276**	**219,706**

(*) Refers mainly to deferred income tax and social contribution of Localiza, Localiza Prime, Car Rental Systems and Rental Brasil in the amounts of R$13,775, R$15,781, R$17,470 and R$918, respectively, as a result of income tax and social contribution losses (R$13,379 of Localiza, R$15,512 of Localiza Prime and R$19,660 of Car Rental Systems in 2017).
(**) Refers to the temporary difference in the calculation of depreciation, introduced by the adoption of IFRS. Localiza and Localiza Fleet calculate, for tax purposes, car depreciation expenses based on the depreciation criteria used through December 31, 2007, as prescribed by Law No. 12,973/14. The difference as of December 31, 2014, in conformity with chapter IV, articles 64, 66 and 67 of Law No. 12,973/14, is accounted for in asset-related sub-accounts, being added to the extent of their realization beginning January 1, 2015.
(***) Refers to the temporary difference arising from the deduction of leasing installments amortization on the acquisition of property and equipment items as a contra entry to the depreciation addition to the income tax and social contribution tax bases.

Based on expected future taxable income generation determined in a technical study approved by Management, the Company and its subsidiaries have recognized a balance, at December 31, 2018, as tax credit on tax loss and social contribution carryforwards of R$13,775 in Individual and R$47,944 in Consolidated (R$13,379 and R$48,551, respectively, at December 31, 2017). This tax credit can be carried forward indefinitely and its offset is limited to 30% of annual taxable income.

The realization of deferred income tax and social contribution credits, arising from temporary differences and tax loss carryforwards, is contingent upon future events that will make the provisions that gave rise to them deductible and enabled the offset of tax losses and social contribution tax loss carryforwards, in accordance with prevailing tax legislation.

Based on past taxable income that originated deferred income tax and social contribution asset balances, as well as projections of profit or loss for coming years, the Company estimates the following schedule for tax credits recovering:

	Individual	Consolidated
2019	86,603	113,941
2020	14,649	36,401
2021	1,153	11,210
2022	15,357	21,981
2023	5,900	9,843
2024 to 2027	2,444	4,493
Total deferred income tax and social contribution assets	**126,106**	**197,869**

(b) Income tax and social contribution – reconciliation of expenses at statutory and effective rates

The Company and its subsidiaries calculate the provision for income tax and social contribution based on taxable income for the year. Taxable income differs from profit presented in the income statement because it excludes taxable or deductible income or expenses in other years, as well as permanently excluding non-taxable or non-deductible items. The provision for income tax and social contribution is calculated individually by each company under the actual taxable income or deemed income regime, at the current rates of tax.

The reconciliation between the statutory and effective rates for the years ended December 31, 2018 and 2017 is as follows:

	Individual		Consolidated	
	2018	**2017**	**2018**	**2017**
Net income before taxes	769,553	555,825	885,731	654,135
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	**(261,648)**	**(188,981)**	**(301,149)**	**(222,406)**
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	85,817	77,195	-	-
Effect of deduction of interest on capital	60,830	55,387	60,830	55,387
Income tax and social contribution due by subsidiaries (deemed income)	-	-	5,927	6,708
Deferred income tax and social contribution arising from Car Rental Systems	-	-	-	7,977
Others, net	4,656	6,250	7,869	3,875
Expense at effective rate	**(110,345)**	**(50,149)**	**(226,523)**	**(148,459)**
Current income tax and social contribution	**(42,164)**	**(16,225)**	**(139,873)**	**(119,362)**
Deferred income tax and social contribution	**(68,181)**	**(33,924)**	**(86,650)**	**(29,097)**

17. EQUITY

(a) Capital

As at December 31, 2018, the Company's capital was R$1,500,000, comprised of 667,149,210 common shares. The ownership of capital and the related reconciliation of the number of outstanding shares are as follows:

	Management (unaudited)				
	Founding partners	Board of Directors and Statutory Board	Treasury shares	Outstanding shares (unaudited)	Number of shares – ON
Amount as at December 31, 2016	**185,938,465**	**1,064,001**	**11,631,803**	**468,514,941**	**667,149,210**
Acquisition (sale) of shares, net	(31,787,499)	(1,400,011)	-	33,187,510	-
Exercise of stock options with treasury shares	1,736,868	1,233,666	(4,638,197)	1,667,663	-
Sale of treasury shares (Note 17 (d))	69,672	59,913	(241,260)	111,675	-
Renting of shares	1,548,429	-	-	(1,548,429)	-
Amount as at December 31, 2017	**157,505,935**	**957,569**	**6,752,346**	**501,933,360**	**667,149,210**
Election (dismissal) of Directors	-	(531,633)	-	531,633	-
Acquisition (sale) of shares, net	-	(279,128)	-	279,128	-
Exercise of stock options with treasury shares	477,645	458,533	(1,471,294)	535,116	-
Sale of treasury shares (Note 17 (d))	38,077	36,630	(116,908)	42,201	-
Renting of shares	(2,482,000)	-	-	2,482,000	-
Amount as at December 31, 2018	**155,539,657**	**641,971**	**5,164,144**	**505,803,438**	**667,149,210**

Pursuant to article 6 of the Bylaws, the Company is authorized to increase its capital up to the limit of 812,553,525 registered common shares, regardless of any amendment to the bylaws, so that additional 145,404,315 registered common shares can be issued.

At a meeting of the Company's Board of Directors held on January 31, 2019, the Company's capital increase was approved with the issuance of 55,200,000 new shares of the Company, amounting to R$1,821,600. For further details, see Note 25.

The Company participates in the Level I of the American Depositary Receipts ("ADR") Program since its approval by CVM on May 22, 2012 and the beginning of trading on June 5, 2012. As at December 31, 2018, the Company's position was 14,433,339 ADRs issued in the United States on December 31, 2018 and 19,173,432 in December 31, 2017 (unaudited). Each ADR corresponds to 1 (one) Company's share.

(b) Interest on capital and dividends

The Company adopts the procedure of recording interest credited to shareholders, calculated under Law No. 9,249/95, in the income statement under "finance costs", as required by tax legislation. However, for financial statement purposes, interest on capital is presented as a charge to retained earnings, which is the same treatment as that given to dividends. The amounts paid to shareholders as interest on capital, net of withholding income tax, are deducted from the mandatory dividend, under article 9, paragraph 7, of Law No. 9,249/95 and based on paragraph 5 of article 26 of Localiza's Bylaws.

As defined in the Bylaws, the Company adopts the policy of distributing interest on capital and dividends equivalent, at least, to 25% of the adjusted net income.

Interest on capital and dividends were calculated as follows:

	Individual	
	2018	2017
Net income for the year	659,208	505,676
Legal reserve (5%)	(32,960)	(25,283)
Net income for the year - basis for dividends proposal	**626,248**	**480,393**
Minimum dividends (25%)	**156,562**	**120,098**
Dividends and interest on capital proposed/distributed:		
Distributed interest on capital	178,912	162,903
Withholding income tax on interest on capital	(22,993)	(22,673)
Distributed interest on capital, net	155,919	140,230
Mandatory minimum dividend	643	-
Additional dividends proposed	6,580	-
Total	**163,142**	**140,230**
Percentage on net income for the year deducted from legal reserve	26.1%	29.2%
Interest on capital per share, net of treasury shares at the end of the year (in R$)	**R$ 0.281**	**R$ 0.247**

On December 31, 2018, Management proposed for approval of the Annual General Meeting the additional payment of mandatory minimum dividends to shareholders in the amount of R$643 and additional dividends in the amount of R$6,580, totaling R$7,223. On December 31, 2017, Management did not propose for approval of the Annual General Meeting the payment of additional dividends, considering that the amount distributed through interest on capital in 2017 exceeded the mandatory minimum dividend of 25% on net income, which is the basis for dividends proposal.

The Company declared interest on capital to shareholders on a quarterly basis. The Board of Directors' meetings approved the payment of interest on capital as follows:

2018

Approval date	Total amount approved	Amount per share (R$)	Shareholding position date	Payment date
03/22/18	41,981	0.06356	03/28/18	05/16/18
06/21/18	42,992	0.06496	06/28/18	08/16/18
09/21/18	44,596	0.06738	09/27/18	11/16/18
12/13/18	49,343	0.07454	12/19/18	02/06/19
Total	**178,912**	**0.27044**		

2017

Approval date	Total amount approved	Amount per share (R$)	Shareholding position date	Payment date
03/08/17	39,891	0.06083 (*)	03/15/17	05/02/17
06/30/17	39,231	0.05954 (*)	07/06/17	08/24/17
09/13/17	41,036	0.06216 (*)	09/22/17	11/07/17
12/07/17	42,745	0.06475	12/14/17	01/31/18
Total	**162,903**	**0.24728**		

(*) For comparability purposes, the amount of interest on capital per share was adjusted considering the 5% bonus and the stock split in the proportion of 3 (three) shares for each 1 (one) existing common share, approved at the Extraordinary General Meetings held on April 25, 2017 and November 22, 2017, respectively.

The dividends and interest on capital payable are broken down as follows:

	Consolidated	
	12/31/18	12/31/17
Mandatory minimum dividend	643	-
Proposed interest on capital on net income for the 4th quarter	49,343	42,745
Provision for withholding income tax on interest on capital and dividends	(7,343)	(6,361)
Total dividends and interest on capital payable	**42,643**	**36,384**

(c) Capital reserves

(i) Stock options granted recognized

The purpose of this reserve is to support the long-term incentive plans duly approved at General Meetings, which grant to some eligible officers and employees Localiza's stock options (equity instruments). The purpose of these plans is to attract, motivate and retain these officers and employees, as well as align their interests with those of the Company and its shareholders.

Currently, the long-term incentive plans maintained by the Company are the following:

- **3rd Stock Option Plan (2013 to 2016 Programs):** Approved at the Extraordinary General Meeting on April 25, 2011, the plan establishes, for each program, the definition of the matching to the amount invested in options. Each program will have only one tranche as from the maturity date and the vesting period for the option is from three to six years. The options can be exercised at any time as from the right of acquisition date up to the exercise limit date. The value of the share to be acquired by participants by exercising the option was calculated based on the average price of RENT3 shares, weighted by the volume traded at the close of trading of the last 40 sessions on B3 prior to the profit sharing payment date.

- **4th Stock Option Plan (2017 and 2018 Programs):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan establishes the general conditions of long-term incentive through the grant of stock options issued by the Company, pursuant to article 168, paragraph 3 of Law No. 6,404/76, to certain officers, at the discretion of the Board of Directors. For each invested share, the Company shall grant to the Participant three (3) stock options. The program will have three annual tranches from the maturity date and the vesting period for the eligible officer to acquire the right to exercise the option is 3 years. To settle the exercise of the stock options, the Company may, at the discretion of the Board of Directors: (i) issue new shares within the authorized capital; or (ii) sell the shares held in treasury. The value of the share to be acquired by participants by exercising the option was calculated based on the average price of RENT3 shares, weighted by the volume traded at the close of trading of the last 40 sessions on B3 in the year prior to each Program.

- **1st Stock Purchase and Stock Matching Plan (2017 and 2018 Programs):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan sets the general terms and conditions for the long-term incentive plan by means of the purchase of stocks and matching stocks to certain executives, who will voluntarily adhere to the plan. The term “Matching Share” means the onerous right to receive 1 (one) Share on a certain future date, strictly in accordance with the terms and conditions established in the plan. The Company will sell to Participants, who shall purchase from it, in a commercial purchase and sale transaction, using the Shares held in treasury, the number of Shares equivalent to the number of share baskets acquired, and, for each 1 (one) share, the Company shall sell jointly to the participant 2 (two) Matching Shares, if the requirements provided for in this plan are complied with. The price to be paid by participants to the Company for the purchase of each share basket shall correspond to the average closing price of one (1) share on B3 on the payment date of the annual profit sharing.

- **1st Deferred Stock Bonus Plan (2017 and 2018 Programs):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan sets the general terms and conditions for the long-term incentive plan by granting Deferred Shares issued by the Company to eligible employees. Each Deferred Share grants to its holder the right to receive 1 (one) common share issued by the Company on a certain future date, strictly in accordance with the terms and conditions established in this plan, as a bonus (stock bonus), therefore not being part of their salary. To settle the exercised options of deferred shares, the Company shall transfer the treasury shares to Participants.

The Company’s costs with options are measured at fair value on the date the stock options are granted and were estimated based on the Black & Scholes option valuation model applied to each of the tranches of each of the programs separately. The number of options granted is adjusted based on the expected turnover, since if the beneficiary leaves the Company or its subsidiaries before the vesting period, they lose the right to exercise the options. This expectation is reviewed annually.

The Company’s costs of Stock Option Plans and Matching Shares are measured at fair value of shares granted on the date of granting of the right to the beneficiaries, based on the market value of the Company’s common shares traded on B3.

For all plans, the Company adopts the procedure of recognizing the option costs on a straight-line basis during the vesting period, from the grant date to the date on which the employee has the right to exercise the option, with a corresponding increase in (i) equity, under the caption "Stock options granted recognized", in “capital reserves", and (ii) in the income statement, under "costs", "selling expenses", and "general, administrative and other expenses", according to the functions of the related employees.

In 2017, the Company reclassified R$31,575 between goodwill reserves in the subscription of shares and options granted to correct the effect of transfers made in prior years to adapt to the accounting standards for stock option plans.

The outstanding stock option programs on December 31, 2018 were approved at the Board of Directors' and/or Extraordinary General Meetings and have the following characteristics:

	Programs											
	2018	2017	2018	2017	2018	2017	2016	2015	2014	2013	2012	2011
	1st Deferred Stock Bonus Plan		1st Stock Matching Plan		4th Plan		3rd Plan					2nd Plan
Approval meeting date	07/12/17	07/12/17	07/12/17	07/12/17	07/12/17	07/12/17	04/14/16	04/23/15	02/13/14	04/24/13	07/19/12	04/28/11
Number of eligible participants	1	1	23	26	23	22	15	17	19	16	18	499
Number of options granted	53,117	13,245	229,328	487,014	350,559	491,196	1,604,711	1,397,135	1,638,986	1,298,518	1,941,925	3,222,176
Number of annual tranches	1	1	1	1	3	3	1	1	1	1	1	4
Number of options by tranche	53,117	13,245	229,328	487,014	116,853	163,732	1,604,711	1,397,135	1,638,986	1,298,518	1,941,925	805,544
Exercise year of 1st tranche	2021	2020	2021	2020	2019	2018	2019	2018	2017	2016	2015	2014
Limit date for exercise of options	May/21	May/20	May/21	May/20	May/24	May/23	May/22	May/21	May/20	May/19	May/18	Mar/18

The changes, in number of shares, in long-term incentive plans and their respective programs until the end of the years, are as follows:

	Beginning of the year		Grants/Approvals		Dismissals		Exercises		End of the year	
Year	Eligible	Options	Eligible	Options granted/ approved	Eligible	Options returned	Eligible who exercised 100%	Options exercised	Eligible	Existing options
2011 Program										
12/31/17	324	2,751,396	-	-	(130)	(147,660)	(102)	(1,749,330)	**92**	**854,406**
12/31/18	92	854,406	-	-	(4)	(15,451)	(88)	(838,955)	**-**	**-**
2012 Program										
12/31/17	14	1,252,226	-	-	(2)	(22,714)	(7)	(823,402)	**5**	**406,110**
12/31/18	5	406,110	-	-	-	-	(5)	(406,110)	**-**	**-**
2013 Program										
12/31/17	15	788,911	-	-	(1)	(9,600)	(8)	(564,784)	**6**	**214,527**
12/31/18	6	214,527	-	-	-	-	-	(32,400)	**6**	**182,127**
2014 Program										
12/31/17	18	1,638,986	-	-	(2)	(63,631)	(9)	(977,559)	**7**	**597,796**
12/31/18	7	597,796	-	-	-	(247,948)	(1)	(76,734)	**6**	**273,114**
2015 Program										
12/31/17	16	1,397,135	-	-	(3)	(172,670)	-	-	**13**	**1,224,465**
12/31/18	13	1,224,465	-	-	-	-	(1)	(92,925)	**12**	**1,131,540**
2016 Program										
12/31/17	15	1,604,711	-	-	(2)	(92,249)	-	-	**13**	**1,512,462**
12/31/18	13	1,512,462	-	-	-	-	-	-	**13**	**1,512,462**

	Beginning of the year		Grants/Approvals		Dismissals		Exercises		End of the year	
Year	Eligible	Options	Eligible	Options granted/ approved	Eligible	Options returned	Eligible who exercised 100%	Options exercised	Eligible	Existing options
2017 Program										
12/31/17	-	-	22	491,196	(2)	(27,144)	-	-	**20**	**464,052**
12/31/18	20	464,052	-	-	-	-	-	(24,170)	**20**	**439,882**
2017 Matching Plan										
12/31/17	-	-	26	487,014	(2)	(20,916)	-	-	**24**	**466,098**
12/31/18	24	466,098	-	-	(1)	(26,490)	-	-	**23**	**439,608**
2017 Deferred Plan										
12/31/18	-	-	1	13,245	-	-	-	-	**1**	**13,245**
2018 Program										
12/31/18	-	-	23	350,559	-	-	-	-	**23**	**350,559**
2018 Matching Plan										
12/31/18	-	-	23	229,328	-	-	-	-	**23**	**229,328**
2018 Deferred Plan										
12/31/18	-	-	1	53,117	-	-	-	-	**1**	**53,117**
Total at 12/31/17	**883**	**9,997,885**	**48**	**978,210**	**(152)**	**(597,982)**	**(599)**	**(4,638,197)**	**180**	**5,739,916**
Total at 12/31/18	**180**	**5,739,916**	**48**	**646,249**	**(5)**	**(289,889)**	**(95)**	**(1,471,294)**	**128**	**4,642,982**

The table below summarizes the fixed exercise price (in R$) of stock options for each annual tranche based on the fair value of the share quoted at the year's closing previous to grant date, and the values to exercise from April of each year:

		Year							
Plan	**Program**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
2nd Plan	**2011**	11.82	11.82	11.82	11.82	-	-	-	-
3rd Plan	**2012**	-	10.06	-	-	-	-	-	-
	2013	-	-	10.35	-	-	-	-	-
	2014	-	-	-	10.37	-	-	-	-
	2015	-	-	-	-	11.46	-	-	-
	2016	-	-	-	-	-	9.44	-	-
4th Plan	**2017**	-	-	-	-	-	-	10.53	-
	2018	-	-	-	-	-	-	-	20.41

At December 31, 2018, the following weighted average assumptions, were used to calculate the fair value of each of the tranches of the stock option plans still outstanding:

	Programs							
	2018	2017	2016	2015	2014	2013	2012	2011
	4th Plan		3rd Plan					2nd Plan
Share price	20.41	10.53	9.44	11.46	10.37	10.35	10.06	11.82
Risk-free rate by tranche	7.11%	4.59%	4.87%	10.00%	11.00%	9.00%	9.45%	10.21%
Expected annualized volatility (*)	35.13%	42.59%	43.11%	43.64%	43.64%	46.67%	48.49%	50.12%
Expected dividends	0.51%	0.42%	0.42%	0.41%	0.41%	0.36%	0.39%	0.39%
Duration of the program in years	3	2.8	3.0	3.0	2.0	3.0	3.0	4.4
Option fair value on grant date (R$/share)	8.09	7.49	4.06	4.60	3.45	4.11	4.07	3.53

(*) The expected annualized volatility was determined based on the historical volatility of RENT3 shares in the capital market, as from the listing of Localiza's shares in 2005, less the dividends paid in each period.

For the Stock Option Plan and Matching Shares and the Deferred Stock Bonus Plan, the fair value of shares granted in 2018 were R$24.73 and R$29.00 per share, respectively. The fair value of shares granted was estimated on the grant of rights date to eligible participants, based on the market value of common shares of the Company traded on B3.

In 2018, the consolidated cost of these Programs was R$10,378 (R$8,738 in 2017).

Considering the exercise of the options existing on December 31, 2018, the interest dilution percentage to which current shareholders are subject is 0.7% (0.8% on December 31, 2017).

(ii) Options exercised in 2018

In 2018, 1,471,294 stock options were exercised, related to the Stock Options Programs (4,638,197 stock options in 2017). All options were exercised using treasury shares amounting to R$12,452 (R$39,904 on december 31, 2017) and, therefore, it was not necessary to issue new shares. The goodwill generated for the options exercised was R$3,991 in 2018 (R$8,628 in 2017).

The weighted average exercise prices of shares, as well as the weighted average fair value of Localiza's shares on the exercise date, were as follows:

Program	Number of options exercised	Fair value (R$)	Weighted average exercise price (R$)	Weighted average market price (R$)
2011 Program	838,955	3.53	11.82	25.34
2012 Program	406,110	4.07	10.06	25.61
2013 Program	32,400	4.11	10.35	23.90
2014 Program	76,734	3.45	10.37	24.65
2015 Program	92,925	4.62	11.46	28.68
2017 Program	24,170	6.85	10.53	26.95
Total	**1,471,294**			

(iii) Goodwill on share subscription

The reserve of goodwill on share subscription for the year ended December 31, 2018 arises from the following:

	12/31/18
Primary distribution of shares of Localiza in 2006	48,174
Goodwill between 2011 and 2017 on realization of treasury shares for the options exercised	49,589
Goodwill in 2018 on realization of treasury shares for the options exercised and the sale of treasury shares	6,218
Total	**103,981**

(d) Treasury shares

Treasury shares are own equity instruments repurchased by the Company and Management adopts the practice of recording them at cost, deducted from equity. Transaction costs incurred in the purchase of shares issued by Localiza are added to these shares. No gain or loss is recognized in the income statement on the purchase or sale of such shares. Shares are purchased to be held in treasury and for subsequent sale, without reducing capital. The Company can also settle purchase options using treasury shares, when these options are exercised.

At a meeting held on July 20, 2017, the Board of Directors authorized the Company to purchase up to 13,000,000 shares (39,000,000 shares considering the stock split) through the 9th Share Repurchase Program. This transaction has a maximum term of 365 days, from July 23, 2017 to July 22, 2018, and aims at maximizing the value generated for shareholders or settle stock options within the scope of long-term incentive plans of the Company. Until December 31, 2018, no shares had been purchased under this program.

At a meeting held on June 21, 2018, the Board of Directors authorized the Company to purchase up to 43,000,000 shares through the 10th Share Repurchase Program. This transaction has a maximum term of 365 days, from July 23, 2018 to July 22, 2019, and aims at maximizing the value generated for shareholders or settle stock options within the scope of long-term incentive plans of the Company. Until December 31, 2018, no shares had been purchased under this program.

The number of treasury shares at December 31, 2018 was 5,164,144 shares (6,752,346 at December 31, 2017), with fair value of R$153,633 (quotation of R$29.75 per share at December 28, 2018).

The cost of acquisition of the treasury shares in each Share Repurchase Program, including transaction costs, is as follows:

Repurchase Program	Date of approval by the Board of Directors	Proceeds (R$)		
		Minimum	Average	Maximum
1st Program	12/18/07	1.63	3.28	5.25
4th Program	07/19/12	10.64	10.68	10.72
6th Program	07/25/14	10.13	10.19	10.28
7th Program	07/23/15	7.24	7.41	7.52
8th Program	07/21/16	10.54	10.59	10.66

In 2018, 116,908 treasury shares were sold in the amount of R$987 (241,260 shares amounting to R$2,136 in 2017) to employees eligible to the 1st Stock Option Plan and Matching Shares, which was approved at the Extraordinary General Meeting held on July 12, 2017. The goodwill generated for the share sales/options exercised was R$2,227 in 2018 (R$1,466 in 2017).

The treasury shares used to exercise the Stock Option Programs are shown in Note 17 (c) (ii).

(e) Earnings reserve

(i) Legal reserve

This reserve is recorded as prescribed by the Brazilian Corporate Law, through the allocation of 5% of the profit for the year, and is limited: (i) to 20% of the capital or (ii) when the balance of such reserve plus the capital reserves reaches 30% of the amount of capital. The purpose of the legal reserve is to protect capital, and it can only be used to offset losses or increase capital. At December 31, 2018 and 2017, R$32,960 and R$25,283, respectively, were recorded as legal reserve. This reserve amounted to R$178,868 at December 31, 2018 (R$145,908 at December 31, 2017).

(ii) Statutory reserve

According to item (f), paragraph 2 of article 26 of Localiza's Bylaws, a portion consisting of up to 100% of the profit for the year after legal and statutory deductions may be allocated to the “reserve for investments", which is intended to retain resources to finance investments for renewal and expansion of the Company's and its subsidiaries' fleets.

Shareholders approved, at the Extraordinary General Meeting held on April 25, 2017, an increase in the subscribed and paid-up capital of R$523,292, through the use of a portion of the Statutory reserve established by the Company’s Bylaws.

Shareholders approved, at the Annual General Meeting held on April 26, 2018, the allocation of the remaining profit for 2017 in the amount of R$317,490, to this reserve established by the bylaws.

At December 31, 2018, the Management proposed, subject to approval of the Annual General Meeting, the allocation of 100% of remaining profit for 2018, in the amount of R$424,202, to statutory reserve.

18. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to the holders of common shares of the parent company by the weighted average number of common shares available during the period, less treasury shares.

The diluted earnings per share are calculated by considering basic earnings per share plus weighted average number of common shares that would be issued assuming that stock options would be exercised at an amount lower than market value, less treasury shares.

The table below shows profit information and the number of shares used in the calculation of basic and diluted earnings per share for each of the reporting years of the income statement:

	Consolidated	
	2018	**2017**
Profit for the year	**659,208**	**505,676**
Basic earnings per share:		
Weighted average number of outstanding common shares (units)	661,266,454	657,866,062
Basic earnings per share (R$)	**0.99689**	**0.76866**
Diluted earnings per share:		
Weighted average number of outstanding common shares (units)	661,266,454	657,866,062
Dilutive effect of stock options (units)	3,010,284	5,543,287
Total shares subject to dilution (units)	664,276,738	663,409,349
Diluted earnings per share (R$)	**0.99237**	**0.76224**

19. SEGMENT INFORMATION

An operating division is a component of an entity that engages in business activities: (i) which can earn revenues and incur expenses; (ii) the results of operations of which are regularly reviewed by the chief operating decision maker regarding funds to be allocated to the division and for performance evaluation; and (iii) for which individual financial information is available.

The Company has defined three operating divisions that are separately managed based on the reports used by the Board of Directors to make strategic decisions. The accounting policies of these operating divisions are the same as those described in note 2 or the notes of the respective captions.

- **Car rental:** This division is responsible for car rentals in locations inside and outside airports and for insurance stipulation and management of car claims for insurance companies. Cars are rented by legal entities and individuals, in some cases through distribution channels. Given the need to renew the fleet, Localiza sells its cars after 12 months of use. In order to reduce intermediation costs on the sale of decommissioned cars, roughly half of the cars are directly sold to final consumers. Consequently, the Company maximizes the recoverable amount of these assets, by reducing the depreciation of cars and the net amount invested in fleet renewal, as the selling expense of the Company's own stores is smaller than the discount required by resellers, as well as avoids full dependence on third parties for the sales.

- **Fleet rental:** This division is responsible for fleet rental to legal entities, through the subsidiaries Localiza Fleet and Car Rental Systems, for long periods, usually 24 to 36 months. This division's fleet is acquired after signature of agreements according to the customers' needs. Therefore, the fleet is more diversified in terms of models and brands. Decommissioned cars are sold within 31 months of use, on average, directly to end consumers or to dealers through the Company's own car dealer network.

- **Franchising:** This division is responsible for the management and establishment of franchises in geographically defined markets, including the transfer of the necessary know-how to operate the business and licensing of the right to use the Localiza brand. The franchising business is managed by the subsidiary Franchising Brasil, in Brazil, LFI S.R.L., in Argentina, and by Localiza itself in other countries.

(a) Operating division financial reporting

(i) Consolidated assets and liabilities by operating division

12/31/18	Car rental	Fleet rental	Franchising	Unallocated balances		Eliminations/ Reclassifications	Consolidated
Assets							
Cash and cash equivalents	-	-	-	2,175,302		-	**2,175,302**
Short-term investments	-	-	-	267,484		-	**267,484**
Trade receivables	882,485	143,024	7,783	-		(12,958)	**1,020,334**
Decommissioned cars for fleet renewal	19,505	32,339	-	-		-	**51,844**
Property and equipment	7,476,866	2,168,791	-	387,411	(*)	(1,182)	**10,031,886**
Other assets	324,672	133,477	6,027	-		(18,612)	**445,564**
Total assets	**8,703,528**	**2,477,631**	**13,810**	**2,830,197**		**(32,752)**	**13,992,414**
Liabilities							
Trade payables	1,920,250	296,807	599	-		(15,091)	**2,202,565**
Borrowings and debt securities	-	-	-	7,645,978		-	**7,645,978**
Other liabilities	741,101	307,895	16,852	-		(16,479)	**1,049,369**
Total liabilities	**2,661,351**	**604,702**	**17,451**	**7,645,978**		**(31,570)**	**10,897,912**
Equity	**-**	**-**	**-**	**3,094,502**		**-**	**3,094,502**
Total liabilities and equity	**2,661,351**	**604,702**	**17,451**	**10,740,480**		**(31,570)**	**13,992,414**

(*) Refers mainly to the Company's head office.

12/31/17	Car rental	Fleet rental	Franchising	Unallocated balances	Eliminations Reclassifications	Consolidated
Assets						
Cash and cash equivalents	-	-	-	1,338,195	-	**1,338,195**
Short-term investments	-	-	-	1,275,699	-	**1,275,699**
Trade receivables	454,485	133,910	10,251	-	(8,824)	**589,822**
Decommissioned cars for fleet renewal	66,058	37,292	-	-	-	**103,350**
Property and equipment	5,438,102	1,661,252	-	385,174 (*)	(554)	**7,483,974**
Other assets	317,424	117,849	6,398	-	(46,477)	**395,194**
Total assets	**6,276,069**	**1,950,303**	**16,649**	**2,999,068**	**(55,855)**	**11,186,234**
Liabilities						
Suppliers	1,165,097	174,899	1,898	-	(10,214)	**1,331,680**
Borrowings and debt securities	-	-	-	6,477,679	-	**6,477,679**
Other liabilities	511,470	292,024	17,743	-	(45,087)	**776,150**
Total liabilities	**1,676,567**	**466,923**	**19,641**	**6,477,679**	**(55,301)**	**8,585,509**
Equity	**-**	**-**	**-**	**2,600,725**	**-**	**2,600,725**
Total liabilities and equity	**1,676,567**	**466,923**	**19,641**	**9,078,404**	**(55,301)**	**11,186,234**

(*) Refers mainly to the Company's head office.

(ii) Consolidated income statement per operating division

2018	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	6,431,252	1,447,494	17,058	-	**7,895,804**
Costs	(4,873,556)	(935,558)	(10,142)	(6,654)	**(5,825,910)**
Gross profit	**1,557,696**	**511,936**	**6,916**	**(6,654)**	2,069,894
Operating expenses:					
Selling expenses	(541,069)	(62,617)	31	3,348	**(600,307)**
General, administrative and other expenses	(181,329)	(36,407)	(518)	3,306	**(214,948)**
Profit (loss) before finance costs, net (EBIT)	**835,298**	**412,912**	**6,429**	**-**	**1,254,639**
Finance costs, net					**(368,908)**
Profit before income tax and social contribution					**885,731**
Income tax and social contribution					**(226,523)**
Net income					**659,208**

2017	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	4,833,607	1,208,159	16,513	-	**6,058,279**
Costs	(3,665,854)	(729,551)	(9,449)	(6,001)	**(4,410,855)**
Gross profit	**1,167,753**	**478,608**	**7,064**	**(6,001)**	**1,647,424**
Operating expenses:					
Selling expenses	(411,226)	(50,612)	(1,130)	2,998	**(459,970)**
General, administrative and other expenses	(170,837)	(49,852)	(634)	3,003	**(218,320)**
Profit (loss) before finance costs, net (EBIT)	**585,690**	**378,144**	**5,300**	**-**	**969,134**
Finance costs, net					**(314,999)**
Profit before income tax and social contribution					**654,135**
Income tax and social contribution					**(148,459)**
Net income					**505,676**

(iii) Consolidated depreciation and amortization expenses per operating division

	Consolidated	
	2018	**2017**
Car rental		
Car depreciation	131,664	117,749
Depreciation of other property and equipment and amortization of intangible assets	36,785	33,268
Fleet rental		
Car depreciation	159,904	114,248
Depreciation of other property and equipment and amortization of intangible assets	6,596	5,196
Franchising		
Depreciation of other property and equipment and amortization of intangible assets	554	605
Total	**335,503**	**271,066**

20. NET REVENUE

Net revenue is measured at the amount of the consideration received or receivable, deducted from discounts, rebates and taxes on revenue, and recognized to the extent that it is probable that the Company will generate economic benefits and when it can be measured reliably. The breakdown for each category of these revenues is as follows:

- **Car rental:** Car rental revenues are recognized on a daily basis in accordance with the rental agreements with customers. Proceeds from claims regulation, as well as proceeds from contracting insurance with the insurer, on account and option of the clients at the time of rental of the cars, are recognized on a monthly basis and are presented together under the item "Car rental revenues", as they are ancillary revenues to the car rental;

- **Fleet rental:** Fleet rental revenues are recognized on a monthly basis over the lease period, include fleet rental and maintenance management services when the customer opts for the reimbursement model;

- **Sale of decommissioned cars:** The proceeds from the sale of decommissioned cars for fleet renewal are recognized at the time of cars delivery, which is the moment in which the transfer of ownership to the buyer occurs; and

- **Franchising:** Franchising revenues are based on a percentage of franchisee's car rental revenues and are recognized on a monthly basis. They also include the "integration fee", which corresponds to the amounts paid by the franchisees when contracting the right to operate an agency, through Localiza's Business Franchise, in a certain region of operation and for predetermined periods. The integration fee is recognized in profit or loss in proportion to the time of the contract.

The reconciliation between gross revenue and net revenue presented in the income statement is as follows:

	Individual		Consolidated	
	2018	**2017**	**2018**	**2017**
Gross revenue	6,355,577	4,802,509	7,990,723	6,149,469
Deductions:				
Discounts	(5,922)	(5,665)	(25,189)	(19,310)
Taxes (*)	(50,772)	(47,226)	(69,730)	(71,880)
Net revenue	**6,298,883**	**4,749,618**	**7,895,804**	**6,058,279**

(*) Refers to: (i) Service Tax (“ISSQN”) and (ii) the taxes on revenue (“PIS” and “COFINS”), net of generated credits.

At December 31, 2018, the Company had a network of franchisees in five South American countries (six countries at December 31, 2017), and its revenues derived substantially from its operations in the Brazilian market. The breakdown of net revenue by geographic market and main product lines is as follows:

	Individual					
	Car rental		Franchising		Total	
	2018	2017	2018	2017	2018	2017
Geographic markets						
Revenue in Brazil	6,271,217	4,729,728	-	-	**6,271,217**	**4,729,728**
Export revenue (*)	25,281	18,498	-	-	**25,281**	**18,498**
Royalties from abroad	-	-	2,385	1,392	**2,385**	**1,392**
Net revenue	**6,296,498**	**4,748,226**	**2,385**	**1,392**	**6,298,883**	**4,749,618**
Main products						
Car rental	2,518,275	1,843,787	-	-	**2,518,275**	**1,843,787**
Franchising	-	-	2,385	1,392	**2,385**	**1,392**
Decommissioned cars for fleet renewal	3,778,223	2,904,439	-	-	**3,778,223**	**2,904,439**
Net revenue	**6,296,498**	**4,748,226**	**2,385**	**1,392**	**6,298,883**	**4,749,618**

	Consolidated							
	Car rental		Fleet rental		Franchising		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Geographic markets								
Revenue in Brazil	6,405,971	4,815,109	1,447,494	1,208,159	14,673	15,121	**7,868,138**	**6,038,389**
Export revenue (*)	25,281	18,498	-	-	-	-	**25,281**	**18,498**
Royalties from abroad	-	-	-	-	2,385	1,392	**2,385**	**1,392**
Net revenue	**6,431,252**	**4,833,607**	**1,447,494**	**1,208,159**	**17,058**	**16,513**	**7,895,804**	**6,058,279**
Main products								
Car rental	2,519,466	1,848,552	-	-	-	-	**2,519,466**	**1,848,552**
Fleet rental	-	-	848,892	742,095	-	-	**848,892**	**742,095**
Franchising	-	-	-	-	17,058	16,513	**17,058**	**16,513**
Decommissioned cars for fleet renewal	3,911,786	2,985,055	598,602	466,064	-	-	**4,510,388**	**3,451,119**
Net revenue	**6,431,252**	**4,833,607**	**1,447,494**	**1,208,159**	**17,058**	**16,513**	**7,895,804**	**6,058,279**

(*) Car rental revenue from leasing in Brazil to customers resident and domiciled abroad.

21. NATURE OF OPERATING COSTS AND EXPENSES

Costs and expenses are recorded in profit or loss when incurred, on an accrual basis. Provisions are also recorded based on estimates according to Note 2.4.

The information on the nature of operating costs and expenses recognized in the income statement is as follows:

	Individual					
	Costs		Selling, general, administrative and other expenses		Total	
	2018	2017	2018	2017	2018	2017
Cost of cars sold	(3,394,938)	(2,525,029)	-	-	**(3,394,938)**	**(2,525,029)**
Car maintenance, IPVA and others	(563,708)	(387,316)	-	-	**(563,708)**	**(387,316)**
Car depreciation	(129,239)	(115,652)	-	-	**(129,239)**	**(115,652)**
Salaries, payroll taxes and benefits	(285,095)	(253,453)	(228,350)	(179,768)	**(513,445)**	**(433,221)**
Property rental	(156,839)	(123,571)	(49,758)	(47,274)	**(206,597)**	**(170,845)**
Third party services	(108,757)	(77,048)	(102,704)	(75,353)	**(211,461)**	**(152,401)**
Profit sharing	(44,890)	(33,530)	(41,879)	(24,923)	**(86,769)**	**(58,453)**
Depreciation and amortization of other property and equipment and intangible assets	(22,383)	(19,704)	(17,316)	(16,640)	**(39,699)**	**(36,344)**
Water, electricity and telephone	(12,728)	(10,589)	(7,896)	(7,635)	**(20,624)**	**(18,224)**
Travel	(13,112)	(8,613)	(7,008)	(5,199)	**(20,120)**	**(13,812)**
Advertising	-	-	(56,755)	(48,467)	**(56,755)**	**(48,467)**
Commissions	-	-	(67,627)	(45,631)	**(67,627)**	**(45,631)**
Allowance for doubtful debts and write-off of uncollectible amounts	-	-	(71,973)	(34,327)	**(71,973)**	**(34,327)**
Others	(102,979)	(100,018)	(59,642)	(66,361)	**(162,621)**	**(166,379)**
Total	**(4,834,668)**	**(3,654,523)**	**(710,908)**	**(551,578)**	**(5,545,576)**	**(4,206,101)**

	Consolidated					
	Costs		Selling, general, administrative and other expenses		Total	
	2018	2017	2018	2017	2018	2017
Cost of cars sold	(4,005,371)	(2,965,211)	-	-	**(4,005,371)**	**(2,965,211)**
Car maintenance, IPVA and others	(748,409)	(553,346)	-	-	**(748,409)**	**(553,346)**
Car depreciation	(291,568)	(231,997)	-	-	**(291,568)**	**(231,997)**
Salaries, payroll taxes and benefits	(313,868)	(285,528)	(298,287)	(264,299)	**(612,155)**	**(549,827)**
Property rental (Note 24)	(132,144)	(113,252)	(50,100)	(47,949)	**(182,244)**	**(161,201)**
Third party services	(129,847)	(87,737)	(111,318)	(83,678)	**(241,165)**	**(171,415)**
Profit sharing	(50,483)	(39,492)	(55,713)	(35,760)	**(106,196)**	**(75,252)**
Depreciation and amortization of other property and equipment and intangible assets	(25,580)	(21,801)	(18,355)	(17,268)	**(43,935)**	**(39,069)**
Water, electricity and telephone	(12,893)	(10,797)	(8,408)	(8,984)	**(21,301)**	**(19,781)**
Travel	(13,558)	(9,057)	(8,611)	(7,841)	**(22,169)**	**(16,898)**
Advertising	-	-	(58,361)	(49,653)	**(58,361)**	**(49,653)**
Commissions	-	-	(69,333)	(46,890)	**(69,333)**	**(46,890)**
Allowance for doubtful debts and write-off of uncollectible amounts	-	-	(73,349)	(38,525)	**(73,349)**	**(38,525)**
Others	(102,189)	(92,637)	(63,420)	(77,443)	**(165,609)**	**(170,080)**
Total	**(5,825,910)**	**(4,410,855)**	**(815,255)**	**(678,290)**	**(6,641,165)**	**(5,089,145)**

Operating costs and expenses in 2017 include one-time costs related to the integration process of Car Rental Systems and indemnifications to former franchise owners whose car rental operations were assumed by Localiza. One-time costs are broken down as follows:

	Consolidated		
	Costs	Selling, general, administrative and other expenses	Total
	2017	2017	2017
Salaries, payroll taxes and benefits	(4,523)	(6,212)	**(10,735)**
Property rental	(3,131)	217	**(2,914)**
Third party services	(22,124)	(5,021)	**(27,145)**
Depreciation and amortization of other property and equipment and intangible assets	(2,711)	-	**(2,711)**
Water, electricity and telephone	-	(805)	**(805)**
Travel	-	(257)	**(257)**
Advertising	-	(1,473)	**(1,473)**
Commissions	-	(539)	**(539)**
Allowance for doubtful debts and write-off of uncollectible amounts	-	(1,914)	**(1,914)**
Others	(6,804)	(2,089)	**(8,893)**
Total one time costs related to the integration process of Car Rental Systems	**(39,293)**	**(18,093)**	**(57,386)**
Indemnities to former franchisees	(16,682)	-	**(16,682)**
Total one time costs	**(55,975)**	**(18,093)**	**(74,068)**

22. FINANCE INCOME (EXPENSES)

Finance income (expenses) recognized in the income statement are as follows:

	Individual		Consolidated	
	2018	2017	2018	2017
Interest income on short-term investments	86,214	123,121	140,281	178,652
PIS/COFINS on finance income	(5,210)	(6,609)	(7,863)	(9,193)
Other interest income	28,163	20,348	35,483	27,425
Total finance income	**109,167**	**136,860**	**167,901**	**196,884**
Interest expenses on borrowings, debt securities and swap	(338,167)	(319,674)	(529,808)	(470,029)
Other interest expenses	(7,157)	(31,923)	(7,001)	(41,854)
Total finance expenses	**(345,324)**	**(351,597)**	**(536,809)**	**(511,883)**
Total finance income (expenses), net	**(236,157)**	**(214,737)**	**(368,908)**	**(314,999)**

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets

Financial assets are classified upon initial recognition, into one of the following categories, according to their nature and purpose: (i) at fair value through profit or loss; (ii) at fair value through other comprehensive income; and (iii) at amortized cost. The Company considered two factors to define the classification of financial assets: the business model in which the financial asset is managed and its characteristics of contractual cash flows. At December 31, 2018, the Company and its subsidiaries do not have assets classified as at fair value through other comprehensive income.

On initial recognition, the Company and its subsidiaries measure a financial asset at fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through profit or loss are recorded as expenses in the income statement.

Regular-way purchases or sales of financial assets are recognized on a trade date basis, i.e., the date on which the Company and its subsidiaries agree to buy or sell the asset. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company and its subsidiaries have substantially transferred all the risks and rewards of ownership.

Financial liabilities

They are classified on initial recognition at: (i) amortized cost; or (ii) measured at fair value through profit or loss.

Financial liabilities classified as measured at amortized cost using the interest rate method are recognized initially when funds are received, net of transaction costs, when applicable. At the balance sheet date, they are presented on their initial recognition, less amortization of the principal installments, when applicable, plus corresponding charges incurred. The derecognition of financial liabilities occurs only when the obligations are settled, terminated and canceled. The difference between the carrying amount of the financial liability written down and the consideration paid and payable is recognized in profit or loss.

Financial liabilities classified as at fair value through profit or loss include financial liabilities held for trading and designated as such on initial recognition. This category includes derivative financial instruments contracted by the Company and its subsidiaries that do not meet the criteria for hedge accounting. Financial liabilities at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the income statement.

The carrying amounts of financial assets and liabilities are as follows:

	Individual		Consolidated	
	12/31/18	12/31/17	12/31/18	12/31/17
Financial assets				
Amortized cost				
Cash and cash equivalents (Note 4)	755,251	10,593	922,045	33,289
Short-term investments (Note 5)	-	626,460	-	660,565
Trade receivables (Note 6)	871,112	441,364	1,020,334	589,822
Escrow deposits (Note 15)	60,978	51,716	96,272	83,124
Receivables from insurance company (Note 7)	120,907	65,416	122,108	66,234
Other receivables – subsidiaries (Note 7)	183	634	-	-
Restricted accounts investments (Note 7)	-	-	43,101	40,584
Financial assets at fair value through profit or loss				
Cash and cash equivalents (Note 4)	680,208	819,144	1,253,257	1,304,906
Short-term investments (Note 5)	44,905	532,407	267,484	615,134
Derivative financial instruments - Swap (Note 13)	2,785	-	2,785	16,703
Financial liabilities				
Amortized cost				
Trade payables (Note 11)	(1,918,424)	(1,157,954)	(2,202,565)	(1,331,680)
Borrowings and debt securities (Note 13)	(5,310,968)	(4,765,329)	(7,645,978)	(6,477,679)
Insurance premiums for transfer (Note 14)	(101,828)	(65,681)	(102,792)	(65,840)
Payables to related parties (Note 14)	(6,983)	(4,534)	-	-
Restricted obligations (Note 14)	-	-	(43,101)	(40,584)
Financial liabilities at fair value through profit or loss				
Derivative financial instruments - Swap (Note 13)	-	-	(40,611)	(17,655)

(a) Risk management

In the normal course of operations, the Company is exposed to the following risks related to its financial instruments: (i) market risk; (ii) credit risk; and (iii) liquidity risk.

The Company's risk management is monitored by the Audit, Risk Management and Compliance Committee. In addition, the risk identification, analysis and monitoring are accompanied by the Board of Directors, which has the power to decide on the strategies to be adopted by the Company.

(i) Market risk

The market risk is managed in order to ensure that the Company is exposed only to risk levels considered acceptable in the context of its operations.

The Company's financial instruments that are affected by the market risk include: (i) cash and cash equivalents; (ii) short-term investments; (iii) trade receivables; and (iv) borrowings, debt securities and swap.

- **Interest rate risk** – Is the risk that the fair value or future cash flows of a certain financial instrument fluctuate due to market interest rate changes.

The Company uses cash from operating activities to conduct its daily business activities and finance its fleet renewal and part of its growth. To supplement its cash requirements for growth, the Company obtains borrowings from major financial institutions in Brazil and issues debt securities (debentures and promissory notes), which are mainly indexed to the CDI rate fluctuation. The inherent risk arises from the possibility of relevant increases in CDI rate, since the increase in interest rates can affect both the cost of borrowings raised by the Company and the debt cost, further increasing its finance costs.

As a strategy to manage interest rate risk, Management continuously monitors CDI in order to, if necessary, adjust car rental fees to mitigate such fluctuations. For fleet rentals, Localiza Fleet enters into fixed rate borrowings and swaps floating interest rates for fixed interest rates, up to the limit of floating interest rate net debt, thus eliminating the risk of fluctuation in the benchmark interest rate in long-term contracts (see details on these operations in note 13 (g)). In addition, all the Company's cash equivalents balance is also indexed to the CDI rate fluctuation, which is the same rate adopted for floating interest rate debts.

The Company has performed sensitivity tests for adverse scenarios (deterioration of the CDI rate by 25% or 50% above the probable scenario), considering the following assumptions:

- At December 31, 2018, the Company's net debt totaled R$5,241,027. Of this total, R$1,769,021, with fixed cost at an average rate of 9.05% per year, was excluded, as it is related to the transactions contracted at a fixed rate and amounts corresponding to the hedge from the swap transactions, changing the rates indexed to CDI for fixed rates. Thus, the net debt subject to the CDI fluctuation amounts to R$3,472,006 at December 31, 2018.

- The probable scenario for the next 12 months was estimated, according to information in the Focus Bulletin issued by the Central Bank of Brazil, based on an average CDI rate of 6.59% against the effective annual rate of 6.47% in 2018.

Description	Consolidated Probable scenario (*)	Scenario I - 25% deterioration	Scenario II - 50% deterioration
Net debt at December 31, 2018 (Note 23 (b))	**5,241,018**	**5,241,018**	**5,241,018**
Debts at a fixed-rate and amounts hedged with swap to a fixed rate (Note 13 (d) and 13 (g) (i))	(1,769,021)	(1,769,021)	(1,769,021)
Net debt subject to the CDI fluctuation	**3,471,997**	**3,471,997**	**3,471,997**
Effective average annual CDI rate for the twelve-month period ended December 31, 2018	6.47%	6.47%	6.47%
Estimated average annual CDI rate, according to stress scenarios	6.59%	8.24%	9.89%
Effect on finance expenses subject to the CDI rate fluctuation:			
- according to effective rates	(224,638)	(224,638)	(224,638)
- according to scenarios	(228,805)	(286,093)	(343,381)
Increase in finance expenses for the next 12 months	**(4,167)**	**(61,455)**	**(118,743)**

(*) As required by CPC 48/IFRS 7 and based on the average rate of 6.59%, which is the projected scenario for the next 12 months, as reasonably as possible, based on market information in the Focus Bulletin issued by the Central Bank of Brazil on December 28, 2018.

- **Currency risk** – The Company is not exposed to currency risk since it enters into swap transactions tied to foreign currency-denominated borrowings.

(ii) Credit risk

Credit risk refers to the risk of a counterparty not fulfilling its contractual obligations, leading the Company to incur financial losses. The Company's credit risk basically arises from trade receivables, cash and cash equivalents and short-term investments deposited/invested in banks and financial institutions, which include amounts invested in fixed-income investment fund units.

The maximum exposure to the Company's credit risk, based on the residual value of the underlying financial assets, is as follows:

	Individual		Consolidated	
	12/31/18	**12/31/17**	**12/31/18**	**12/31/17**
Cash and cash equivalents:				
At least Aa3 in the Moody´s scale or equivalent in another rating agency	1,429,852	819,144	2,161,251	1,319,825
Cash and banks	5,607	10,593	14,051	18,370
Total cash and cash equivalents (Note 4)	**1,435,459**	**829,737**	**2,175,302**	**1,338,195**
Short-term investments:				
At least Aa3 in the Moody´s scale or equivalent in another rating agency	44,905	1,158,867	267,484	1,275,699
Total short-term investments (Note 5)	**44,905**	**1,158,867**	**267,484**	**1,275,699**
Trade receivables - customers	511,257	421,006	646,734	568,188
Trade receivables - credit card				
Aaa in the Moody´s scale	220,889	7,203	234,134	7,242
Sundry	138,966	13,155	139,466	14,392
Total trade receivables (Note 6)	**871,112**	**441,364**	**1,020,334**	**589,822**
Total	**2,351,476**	**2,429,968**	**3,463,120**	**3,203,716**

- **Cash and cash equivalents and short-term investments** – The credit risk in balances with banks and financial institutions is managed by the Company's Finance Department, according to policies defined by the Board of Directors, with the purpose of mitigating risk concentration and, therefore, minimizing financial losses in the case of bankruptcy of a counterparty.

As established by the Board of Directors, the maximum fund allocation limits per financial institution, on a consolidated basis, must comply with the following criteria: (i) the maximum amount of 20% of the total available funds must be allocated only in financial institutions that are listed in the Investment, Indebtedness, Derivatives and Guarantees Policy and (ii) the maximum amount of 40% of the total available funds must be allocated only in the financial institutions that are listed in the Investment Policy and the equity of which is higher than R$50.0 billion.

- **Trade receivables** – The management of the credit risk related to trade receivables is constantly monitored by the Company, which has established control policies.

The concentration of credit risk is limited because the customer base is comprehensive. All significant transactions and customers are located in Brazil, and there are no customers that individually represent more than 10% of the Company's revenues.

The Company mitigates its credit risk by operating significantly with credit cards for car rentals, mainly in transactions with individuals under short-term agreements. The credit risk in transactions with legal entities for car rental and fleet rental is reduced by a credit limit granting policy, based on the analysis of the financial position of the customer, past experience and the position of overdue receivables. The financial position of customers is continuously monitored in order to assess and adjust, if necessary, the credit limit previously granted. The credit risk in the sale of decommissioned cars is mitigated through the use of financing and/or leasing companies with well-known financial and liquidity capacity. Cars are released upon the confirmation of receivables payment in cash.

The management of credit risk includes the periodic analysis of the impairment of trade receivables, in which the need to recognize an allowance for doubtful debts and expected losses is analyzed in order to adjust receivables to their probable realizable values. This analysis, which is intended to assign a risk rating to the customer according to internal criteria defined by Management, takes into consideration the current financial position of the customer, past experience, the position of overdue receivables and the historical credit loss.

Expected losses were calculated based on the actual experience of credit loss in the last year. The Company performed the calculation of the loss rates separately for each segment, using the percentage of default observed in the period between 90 and 120 days after maturity, since, beyond this period, the effectiveness of the collection processes is no longer representative. Positions within each segment were segregated based on common credit risk characteristics, such as credit risk classification, type of product purchased, form of payment and level of default.

(iii) Liquidity risk

Liquidity risk is the risk of the Company not having sufficient funds to settle its obligations. The liquidity risk management, conducted by the Finance Department, seeks to ensure that the Company has the necessary funds to settle its financial liabilities at the maturity dates, and is monitored by the Board of Directors and conducted considering funding requirements and liquidity management in the short, medium and long terms. The Company manages the liquidity risk by maintaining appropriate financial resources available in cash and cash equivalents, short-term investments and by means of credit facilities, based on the continuous monitoring of estimated and realized cash flows, and the matching of the maturity profiles of financial assets and financial liabilities. Additionally, Management considers that the access to third-party credit is facilitated by the corporate credit rating of Localiza according to the main market rating agencies.

The analysis of the maturities of undiscounted consolidated contractual cash flows of borrowings, debt securities and swap, based on the interest rate contracted for each transaction and a CDI rate of 6.40% at December 31, 2018, is as follows:

	Individual								
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Debentures – 7th issue	91,685	110,449	103,460	-	-	-	-	-	**305,594**
Debentures – 8th issue	279,371	262,260	-	-	-	-	-	-	**541,631**
Debentures – 10th issue	14,442	107,431	100,150	-	-	-	-	-	**222,023**
Debentures – 11th issue	35,331	35,047	35,038	501,103	-	-	-	-	**606,519**
Debentures – 12th issue	47,548	47,155	47,160	47,169	46,792	717,538	-	-	**953,362**
Debentures – 13th issue	75,429	74,823	74,920	483,398	453,498	116,678	109,043	-	**1,387,789**
Debentures – 14th issue	70,609	70,057	70,053	70,053	69,489	453,859	238,634	420,206	**1,462,960**
Promissory notes – 6th issue	48,484	687,751	-	-	-	-	-	-	**736,235**
Borrowings in foreign currency with swap	13,240	13,352	13,315	168,399	159,919	-	-	-	**368,225**
Total	**676,139**	**1,408,325**	**444,096**	**1,270,122**	**729,698**	**1,288,075**	**347,677**	**420,206**	**6,584,338**

	Consolidated								
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026 to 2032**	**Total**
Debentures – 7th issue	91,685	110,449	103,460	-	-	-	-	-	**305,594**
Debentures – 8th issue	279,371	262,260	-	-	-	-	-	-	**541,631**
Debentures – 10th issue	14,442	107,431	100,150	-	-	-	-	-	**222,023**
Debentures – 11th issue	35,331	35,047	35,038	501,103	-	-	-	-	**606,519**
Debentures – 12th issue	47,548	47,155	47,160	47,169	46,792	717,538	-	-	**953,362**
Debentures – 13th issue	75,429	74,823	74,920	483,398	453,498	116,678	109,043	-	**1,387,789**
Debentures – 14th issue	70,609	70,057	70,053	70,053	69,489	453,859	238,634	420,206	**1,462,960**
Debentures Localiza Fleet – 3rd issue	33,882	33,606	33,609	33,612	511,435	-	-	-	**646,144**
Debentures Localiza Fleet – 4th issue	23,233	23,043	23,041	23,041	22,856	367,674	-	-	**482,888**
Debentures Localiza Fleet – 5th issue	21,292	21,125	21,124	21,124	20,953	21,380	311,460	-	**438,458**
Debentures Localiza Fleet – 6th issue	27,982	27,749	27,753	27,760	27,538	403,828	-	-	**542,610**
Promissory notes – 6th issue	48,484	687,751	-	-	-	-	-	-	**736,235**
Working capital	94,827	84,459	126,052	-	-	-	-	-	**305,338**
Finance lease	144,961	8,438	-	-	-	-	-	-	**153,399**
CRI	29,661	26,361	27,359	30,329	32,885	35,200	39,255	358,598	**579,648**
Borrowings in foreign currency with swap	13,240	13,352	13,315	168,399	159,919	-	-	-	**368,225**
Total	**1,051,977**	**1,633,106**	**703,034**	**1,405,988**	**1,345,365**	**2,116,157**	**698,392**	**778,804**	**9,732,823**

(b) Capital management

The Company's businesses require intensive long-term capital to finance the fleet, in order to implement its growth and renewal strategy.

The main objectives of capital management are to: (i) ensure the Company's operational continuity; (ii) ensure a strong credit rating; (iii) maximize the return for shareholders; and (iv) ensure the Company's competitive edge in the raising of funds.

The Company manages the capital structure and adjusts it considering the changes in economic conditions. To maintain or adjust capital structure, Management may adjust the payment of dividends to shareholders, return capital to them or issue new shares.

Capital is monitored based on the Company's debt ratio, which corresponds to net debt divided by equity, as well as on the fleet value. Net debt, in turn, is defined by the Company as short and long-term debts, including the positive or negative balances of the swap transactions entered into to hedge these debts, less cash and cash equivalents and short-term investments.

The table below shows the Company's debt ratios at December 31, 2018 and 2017:

	Consolidated	
	12/31/18	**12/31/17**
Short and long-term debts, net of the swap transactions classified in current and noncurrent assets and liabilities (Note 13)	7,683,804	6,478,631
Cash and cash equivalents (Note 4)	(2,175,302)	(1,338,195)
Short-term investments (Note 5)	(267,484)	(1,275,699)
Net debt	**5,241,018**	**3,864,737**
Equity	3,094,502	2,600,725
Debt ratio (net debt/equity)	**1.69**	**1.49**
Fleet value (*)	9,533,399	7,038,121
Net debt/fleet value	**0.55**	**0.55**

(*) Cars and decommissioned cars for fleet renewal (Note 9).

(c) Fair value of the financial instruments

The estimated carrying amounts and fair values of borrowings and debt securities are calculated based on models that use observable inputs and future assumptions related to fixed and floating interest rates, among other applicable variables. The rates used are obtained from financial institutions for transactions with similar conditions or based on market information, when available. The Company makes a reasonable analysis of the calculations presented by these financial institutions by comparing them with similar calculations made by other parties for the same applicable period. Fair values are calculated by projecting the future flows of transactions based on the projection of the interest rate curves, discounted to present value using indicative data on prices and benchmark rates available in the market or based on premium payment conditions upon the early optional redemption established in the debenture indenture of each issuance.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 information refers to quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity may have access on the measurement date;

- Level 2 information refers to information directly or indirectly observable for an asset or liability, other than quoted prices included in Level 1; and

- Level 3 information refers to information non-observable for an asset or liability.

The consolidated fair values of the swap transactions recorded in line item "derivative instruments – swap" are classified under Level 2 and are presented in Note 13 (e).

There are no financial instruments measured at fair value at the Levels 1 and 3 of the fair value hierarchy.

The fair values of financial liabilities recognized at amortized cost in the Company's balance sheet as at December 31, 2018 and 2017 are as follows:

	Individual			
	Carrying amount		Fair value	
	12/31/18	12/31/17	12/31/18	12/31/17
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(5,310,968)	(4,765,329)	(5,224,529)	(3,698,672)

	Consolidated			
	Carrying amount		Fair value	
	12/31/18	12/31/17	12/31/18	12/31/17
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(7,645,978)	(6,477,679)	(7,400,632)	(5,186,060)

Management understands that the carrying amounts of other financial instruments, which are recognized in the individual and consolidated financial statements, do not differ significantly from their fair values, as the maturity dates of a substantial portion of the balances are close to the balance sheet date.

24. RENTAL COMMITMENTS

(a) Property leasing

The Company has property rental contracts for its car rental locations in airports, off-airports (downtown locations), new head office, stores and parking lots.

Property rentals for the car rental locations in airports and shopping malls have a fixed and a variable portion, the latter linked to the location's revenue. Other property rentals for car rental locations, stores, new head office and parking lots do not have contingent payment clauses.

As from July 1, 2017, with the move to the new corporate head office to centralize its administrative and back-office activities, the Company returned the four previously buildings rented for its administrative activities (head office). The Company and Localiza Fleet signed a rental commitment of the new head office property with the Rental Brasil subsidiary in the annual amount of R$37,200 over a period of 20 years, monthly restated by IPCA.

In the year ended December 31, 2018, these rental expenses totaled R$182,244 (R$161,201 at December 31, 2017) in the consolidated. The rental values of the new head office were eliminated in the consolidated as they refer to transactions carried out between Localiza and its subsidiaries.

The minimum amounts payable for the remainder of the leases contracted up to December 31, 2018 are as follows:

Year	Concessions in airports	Downtown locations, stores, new head office and parking lots	Total
2019	43,478	159,574	**203,052**
2020	39,290	153,035	**192,325**
2021	28,988	143,356	**172,344**
2022	26,479	126,661	**153,140**
2023	23,803	115,789	**139,592**
2024 and onwards (*)	101,430	1,161,191	**1,262,621**
Total	**263,468**	**1,859,606**	**2,123,074**

(*) At December 31, 2018, the Company had contracts with an indefinite period and others under renegotiation. For the purposes of calculation regarding the table above, in respect of the mentioned agreements, the average period of the Company's rental agreements was considered.

(b) Minimum contracted revenue from Fleet Rental

The minimum contracted amounts of fleet rentals to be received by Localiza Fleet are as follows:

Year	Revenues
2019	792,984
2020	462,512
2021	143,564
2022 and onwards	29,460
Total	**1,428,520**

Fleet rental contracts may be terminated upon 90 days' notice and the contractual fines are up to 50% of the rentals falling due.

25. SUPPLEMENTARY PENSION PLAN

Since August 2011, the Company has offered a retirement benefit pension plan, through a supplementary pension plan, established as a "defined contribution" plan and managed by a major independent pension fund manager.

There are no actuarial and investment risks to be assumed by the Company as its sponsor; consequently, no actuarial valuation is required and there is no possibility of recognizing actuarial gains or losses. Under this plan's regulations, the cost is shared between the employer and the employees, where the Company matches the employee's contribution, which varies according to a contribution scale based on salary ranges of 1% to 5% of the employee's compensation.

In July 2012, the Company signed the Addendum to the Collective Open Pension Plan PGBL, in which additional contributions will be made to Executive Officers who are or have been Statutory Officers, who have worked for the Company for over 20 years, and who are missing a few years until retirement. The purpose of these contributions is that these Officers will continue to provide their services and remain with the Company until retirement, and is conditional on their not competing with the Company after retirement.

In the year ended December 31, 2018, contributions made by the Company totaled R$4,319 in the Individual (R$5,287 in 2017) and R$5,644 (R$6,957 in 2017) in the Consolidated, which were allocated to line items "cost", "selling expenses" and "general, administrative and other expenses" in profit or loss.

26. EVENTS AFTER THE REPORTING PERIOD

At a meeting of the Company's Board of Directors held on January 18, 2019, the Company approved the initial public offering of 46,000,000 registered common shares, with no par value, free and clear of any liens or encumbrances, issued by the Company ("Shares"), with restricted placement efforts, pursuant to CVM Instruction 476, of January 16, 2009, as amended ("CVM Instruction 476" and "Offer", respectively).

At the Company's discretion, the number of Shares initially offered was in common agreement with the Offering Coordinators, plus 20% of the total Shares initially tendered, that is, 9,200,000 common shares issued by the Company under the same conditions and at the same price as the Shares initially tendered, which were intended to meet the excess demand found at the time the Price per Share (as defined below) ("Additional Shares") was set.

The Offer consisted of the primary public distribution of 55,200,000 new common shares issued by the Company, considering the Additional Shares, with restricted placement efforts in the Federative Republic of Brazil ("Brazil"), in the non-organized over-the-counter market, pursuant to the "Agreement of Coordination, Distribution and Firm Guarantee of Settlement of Common Shares Issued by Localiza Rent a Car S.A." entered into between the Company and the Offering Coordinators (as defined below) ("Placement Agreement"), of Law No. 6,385, dated December 7, 1976, as amended and in accordance with the procedures of CVM Instruction 476, of the ANBIMA Code of Regulation and Best Practices for the Public Offering for Distribution and Acquisition of Securities currently in force ("ANBIMA Code") and other applicable legal provisions, including B3 S.A. – Brasil, Bolsa, Balcão (“B3”) and Circular Letter 087/2014-DP, issued by B3 on November 28, 2014.

Simultaneously, in the scope of the Offer, efforts were also made to place the Shares abroad: (i) in the United States of America ("the United States"), exclusively for qualified institutional buyers, resident and domiciled in the United States, as defined in Rule 144A of the Securities Act of 1933, published by the U.S. Securities and Exchange Commission ("SEC"), as amended ("Securities Act"), in transactions exempt from registration in the United States in accordance with the Securities Act and regulations issued under the Securities Act; and (ii) in other countries, except the United States and Brazil, for investors who are deemed to be nonresident or domiciled in the United States or not incorporated under the laws of that country (non U.S. persons), in accordance with the procedures set forth in Regulation S ("Regulation S"), published by the SEC under the Securities Act, and invest in accordance with the applicable legislation in the country of domicile of each investor (the investors belonging to items (i) and (ii) above being "Foreign Investors" together) and in both cases provided that such Foreign Investors are registered with the CVM and invest in Brazil in accordance with the investment mechanisms regulated by the applicable Brazilian legislation, especially by the Central Bank of Brazil, the National Monetary Council (CMN) and the Brazilian Securities and Exchange Commission (CVM), without the need to request and obtain registration of distribution and placement of the Shares in an agency or regulatory body of the capital market of another country, including before the SEC. The efforts to place the Shares with Foreign Investors, exclusively abroad, were carried out in accordance with the Placement Facilitation Agreement between the Company and the International Placement Agents ("International Placement Agreement").

Price per Share

The meeting of the Company's Board of Directors held on January 31, 2019, resolved on the following: (i) the price per Share of R$33.00 ("Price per Share"); (ii) the effective increase of the Company's capital in the total amount of R$1,821,600, equivalent to the issue of 55,200,000 new shares of the Company; and (iii) the approval of the capital increase within the Offer scope.

The Price per Share was set by the Company's Board of Directors after the conclusion of the Bookbuilding Procedure, with the following parameters: (i) the quotation of the common shares issued by the Company on B3; and (ii) indications of interest as a function of the quality and quantity of the demand (by volume and price) for the Shares, collected from Professional Investors.

Pursuant to article 170, paragraph 1, item III, of the Brazilian Corporation Law, the choice of the criterion for determining the Price per Share was justified by the fact that the Price per Share did not promote the unjustified dilution of the Company's shareholders.

Distribution cost

The fees, expenses with independent auditors, attorneys, consultants, translations and publicity related to the Offer will be fully paid by the Company under the terms of the Placement Agreement and the International Placement Agreement.

The table below indicates the fees and expenses of the Offer, assuming the placement of all Shares to be issued by the Company in the scope of the Offer, considering the placement of the Additional Shares:

Costs	Amount(1)(2)	% in Relation to the Total Amount of the Offering(3)	Cost per Share(1)(2)	% in Relation to the Price per Share(3)
Offering Fees	**52,826**	**2.90**	**0.96**	**2.90**
Coordination fees	6,922	0.38	0.13	0.38
Placement fees	20,766	1.14	0.38	1.14
Firm Guarantee of Settlement fees	6,922	0.38	0.13	0.38
Incentive fees	18,216	1.00	0.32	1.00
Offering costs(4)	**12,917**	**0.71**	**0.23**	**0.71**
Taxes and Other Withholdings	5,642	0.31	0.10	0.31
ANBIMA Registration fee(5)	73	0.00	0.00	0.00
B3 costs	701	0.04	0.01	0.04
Attorneys and Consultants	3,000	0.16	0.05	0.16
Independent Auditors	2,000	0.11	0.04	0.11
Others(6)	1,501	0.09	0.03	0.09
Total Offering Fees and Costs	**65,743**	**3.61**	**1.19**	**3.61**

(1) Estimated Costs of the Offering.
(2) Based on the Price per Share of R$ 33.00.
(3) The amounts and percentages shown reflect rounding adjustments, so the totals displayed may not match the arithmetic sum of the numbers that precede them.
(4) Expected costs.
(5) The Offering will be registered in ANBIMA, according to article 1, paragraph 3 of the ANBIMA Code.
(6) Including the estimated costs with the roadshow to investors among other costs of the Offering.

In addition to the remuneration set forth above, no other will be contracted or paid to the Offering Coordinators or to the International Placement Agents, directly or indirectly, by virtue of or as a result of the Placement Agreement or the International Placement Agreement.

Allocation of proceeds

The Company estimates that net proceeds from the Offer, after deducting fees and costs, will be of approximately R$1,755,857, based on the Price per Share, considering the Additional Shares.

The Company intends to use the net proceeds from the Offer in accordance with its business plan to support the expansion of the Company's and its subsidiaries' businesses, through investments in the fleet, in innovations and in operational improvements, as well as to strengthen working capital, aiming to meet demand increases in the segments of the Company and its subsidiaries.

The table below summarizes the percentages of the allocation of net proceeds from the Offer, considering the Additional Shares:

Allocation	Estimated Percentage of Net Proceeds	Net Estimated Amount[1][2]
Expansion of the Fleet	65.17%	1,144,292
Investments in Innovations and Operational Improvements	7.24%	127,124
Improvement of working capital	27.59%	484,441
Total	**100.00%**	**1,755,857**

(1) Based on the Price per Share.
(2) Considering the deduction of the fees and estimated costs of the Offering and considering the Additional Shares.

The effective application of the proceeds raised through the Offer depends on several factors that the Company cannot guarantee will come to fruition, including the market conditions then in force, on which it bases its analyses, estimates and current perspectives on future events and tendencies. Changes in these and other factors may force us to review the allocation of the net proceeds from the Offer when they are effectively used.

If the net proceeds raised by the Company through the Offer are lower than its estimate, their application will be reduced according to the prioritization of the Company's projects defined in its strategic planning and in the event that additional resources are required, the Company may issue other securities and/or contract a financing line with financial institutions, which must be contracted in line with the Company's funding strategy.

MANAGEMENT'S STATEMENT ON THE FINANCIAL STATEMENTS

By this instrument, the CEO and the CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer nº 16.670.085/0001-55, in conformity with subsection VI of paragraph 1, article 25 of CVM Instruction 480/09, hereby declare that they have:

i. Reviewed, discussed and agreed with Localiza's and consolidated financial statements for the year ended December 31, 2018.

Belo Horizonte, February 20, 2019.

Eugênio Pacelli Mattar	Maurício Fernandes Teixeira
CEO	CFO and Investor Relations Officer

MANAGEMENT’S STATEMENT ON THE INDEPENDENT AUDITOR’S REPORT

By this instrument, the CEO and the CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer nº 16.670.085/0001-55, in conformity with subsection V of paragraph 1, article 25 of CVM Instruction 480/09, hereby declare that they have:

i. Reviewed, discussed and agreed with the opinions expressed in the Independent Auditor's Report of Deloitte Touche Tohmatsu Auditores Independentes on Localiza’s and consolidated financial statements for the year ended December 31, 2018.

Belo Horizonte, February 20, 2019.

Eugênio Pacelli Mattar CEO	Maurício Fernandes Teixeira CFO and Investor Relations Officer

OPINION OF THE FISCAL COUNCIL

By this instrument, the Fiscal Council of Localiza Rent a Car S.A. (“Localiza”), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer nº 16.670.085/0001-55, in conformity with article 163 of Law 6,404/76 and its subsequent amendments, hereby declare that:

I. Examined the Management Report, Localiza Financial Statements for the year ended December 31, 2018, Management’s proposal for the allocation of the net income for the year ended December 31, 2018 and the respective complementary documents;

II. On the basis of the examinations made, considering also the report of Deloitte Touche Tohmatsu Auditores Independentes, to be issued, with no reservations on February 21, 2019, as well as the information and clarifications received during the year, unanimously opines that the documents are in a position to be evaluated by the shareholders at the Company's next Ordinary General Meeting.

Belo Horizonte, February 20, 2019.

Aristides Luciano de Azevedo Newton
Chairman of the Fiscal Council

Marco Antônio Martins Guimarães
Member of the Fiscal Council

Daltro Barbosa Leite Junior
Member of the Fiscal Council

STATEMENT OF THE MINUTES OF THE MEETING OF THE AUDIT, RISK AND COMPLIANCE MANAGEMENT COMMITTEE

LOCALIZA RENT A CAR S.A.
National Corporate Taxpayers' Registry (CNPJ) 16.670.085/0001-55
NIRE 3130001144-5

Statement of the Audit, Risk and Compliance Management Committees Meeting held on February 21, 2019

Date, Time and Place: February 21, 2019, at 9AM, at the Company's headquarters located at Av. Bernardo de Vasconcelos, 377, Cachoerinha, city of Belo Horizonte, state of Minas Gerais.

Attendance: The following members of the Audit, Risk Management and Compliance Committee were present: Maria Letícia de Freitas Costa, under the terms of item 4.10 of the Internal Regulation of this Committee, Flávio Brandão Resende and Roberto Antônio Mendes. Invited: Oscar Bernardes – Chairman of the Board of Directors, Maurício Teixeira – CFO and Investor Relations Officer of the Company, Myrian Moutinho – Controller, Suzana Fagundes – Legal Officer and representatives of Deloitte Touche Tohmatsu Auditores Independentes, Daniel de Carvalho Primo and José Gomez.

Instatement: Flávio Brandão Resende, Coordinator, considering the participation of Maria Letícia de Freitas Costa under the terms of item 4.10 of the Internal Regulation, and Alehandra Castro Brant, Secretary.

Agenda: (1) To meet with the independent auditors and discuss the Independent Auditors' Report on the Financial Statements of December 31, 2018; **(2)** To evaluate the Company's Management Report for the year ended December 31, 2018, the Company's Financial Statements as of December 31, 2018 and the proposal for allocation of net income and dividends for the year ended December 31, 2018 of Company and its subsidiaries.

Matters discussed and manifestations of the Committee:

(1) The Committee met with the Company's independent auditors, Deloitte Touche Tohmatsu Auditores Independentes, represented by the partners Mr. Daniel de Carvalho Primo and Mr. José Gomez. Mr. Daniel presented the audit work related to the Financial Statements of December 31, 2018 and presented the Independent Auditor's Report, to be issued without qualifications. In addition, the auditors reported that the following had not occurred: (i) any material disagreement between the judgment of the audit team and that of the Management; (ii) difficulties encountered in performing the audit; and (iii) discussion about alternative accounting treatments. The members of the Committee had a closed meeting with the auditors, without the presence of Company's officers and employees, having no relevant points to be reported.

(2) Following the clarifications of the independent auditors, as per the above item, the Independent Auditors' Report on the Financial Statements of December 31, 2018, which will be issued without qualification, was presented by Mr. Mauricio Teixeira and Mrs. Myrian Moutinho and provided the clarifications requested, the Committee evaluated and decided to recommend to the Board of Directors the approval of the following documents of the Company: (i) Management Report for the year ended December 31, 2018; and (ii) the Financial Statements as of December 31, 2018, prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS).

In this sense, the Committee decided to recommend to the Board of Directors the approval of the Company's management proposal: (a) in relation to the Company: (i) allocation of net income for the year ended December 31, 2018; (ii) supplementary payment of the minimum mandatory dividend and additional dividends; and (iii) constitution of a statutory reserve; (b) in relation to each subsidiary of the Company: (i) allocation of net income for the year ended December 31, 2018; and (ii) payment of mandatory minimum dividends and additional dividends of Localiza's subsidiaries, to be approved by the Board and submitted to the Ordinary General Meeting of each subsidiary.

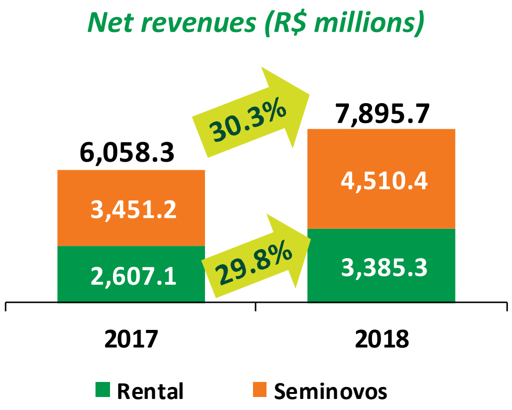
The full text of the minutes of the meeting of the Audit, Risk Management and Compliance Committee, held on February 21, 2019, is filed at the Company's headquarters.

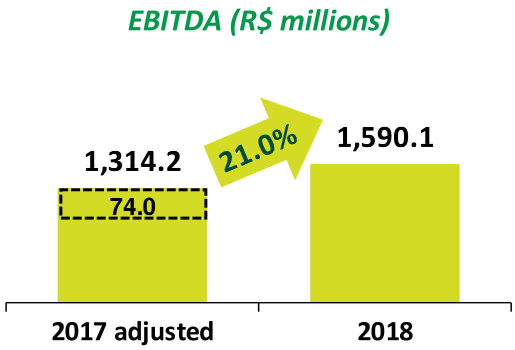
Alehandra Castro Brant
Secretary of the Audit, Risk Management and Compliance Committee

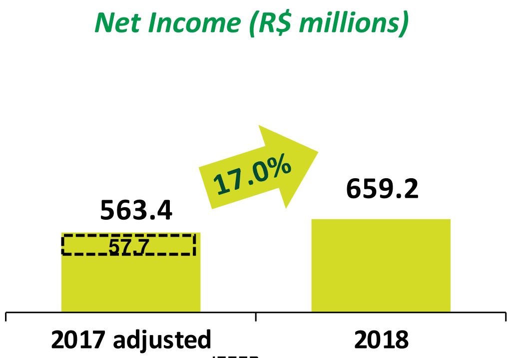
COMMENTS ON THE PERFORMANCE OF BUSINESS PROJECTIONS

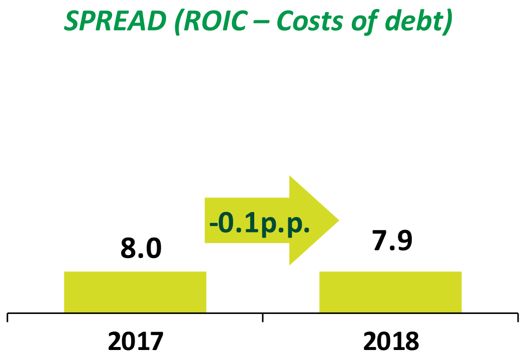
The Company did not disclose any projections for 2019 and 2018.

2018 financial highlights





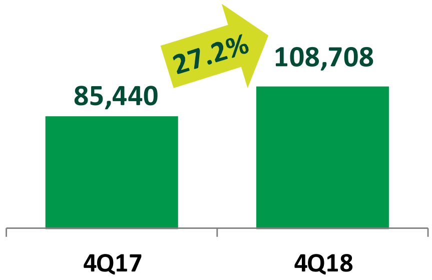




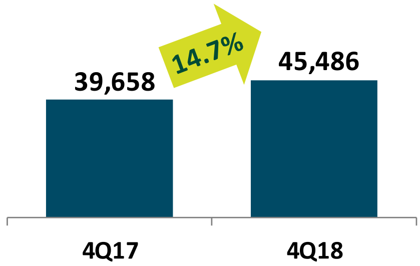
One-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation

4Q18 operating highlights

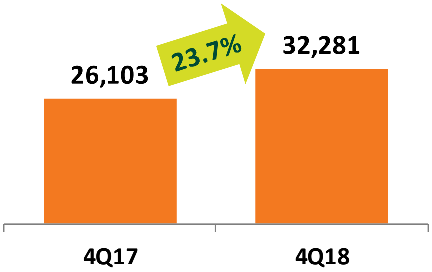
Average rented fleet – Car Rental



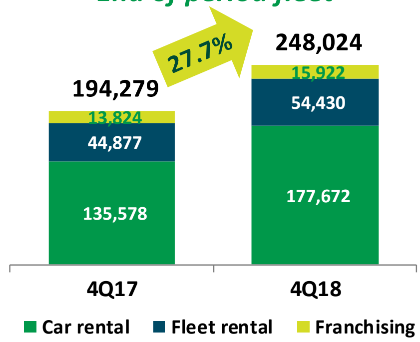
Average rented fleet – Fleet Rental



Cars Sold

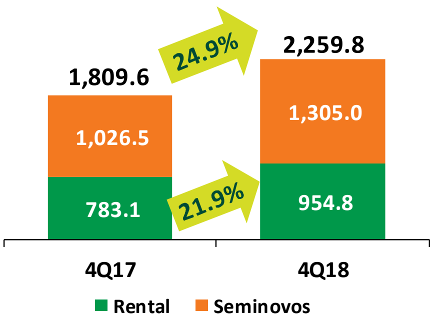


End of period fleet

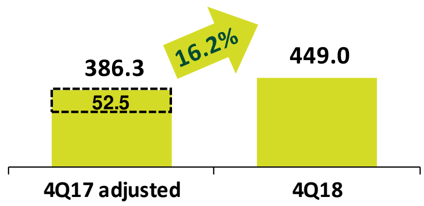


4Q18 consolidated financial highlights

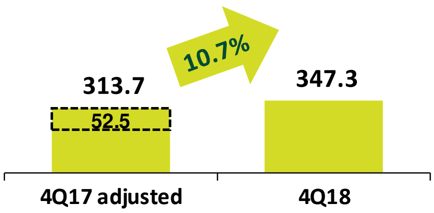
Net revenues (R$ millions)



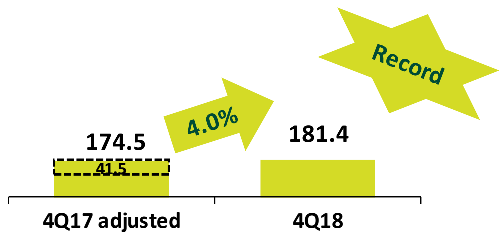
EBITDA (R$ millions)



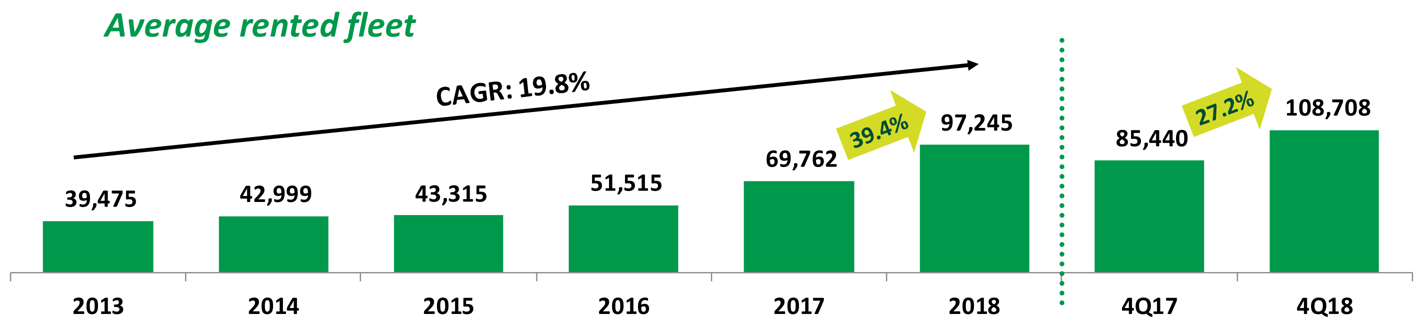
EBIT (R$ millions)

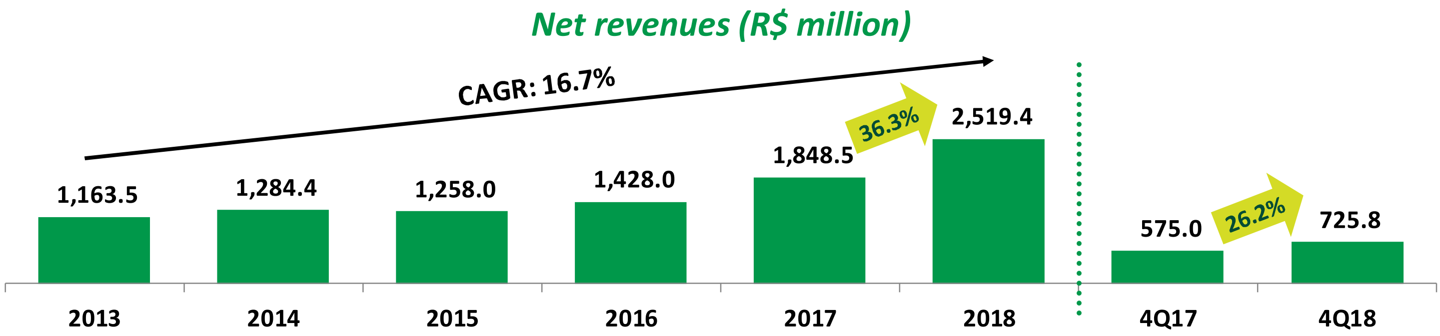


Net Income (R$ millions)



1 - Rent a Car



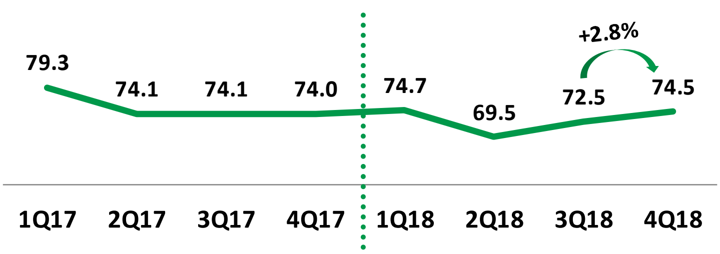


In 4Q18, the **Car Rental** division's average rented fleet grew 27.2% compared with 4Q17. In the same period, gross revenues increased 28.2%, with a 0.6% increase in the average rental rate. Net revenues increased 26.2%, at a lower rate than the gross revenues due to the reclassification of the amounts provisioned for the taxes PIS and COFINS to the operating expenses account in 4Q17.

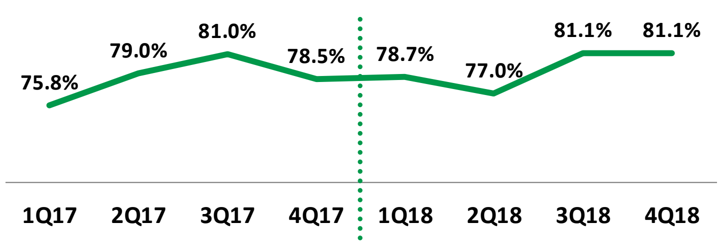
In 2018, the volume grew 39.4% and net revenues increased 36.3% when compared with the previous year, due to 3.1% reduction in the average rental rate. Such rate reduction in 2018 reflects product mix.

Efficient asset management coupled with a strong demand for rentals contributed to an increase of 2.6p.p. in the utilization rate of the 4Q18 when compared with 4Q17, reaching 81.1%.

Average rental rate (in R$)



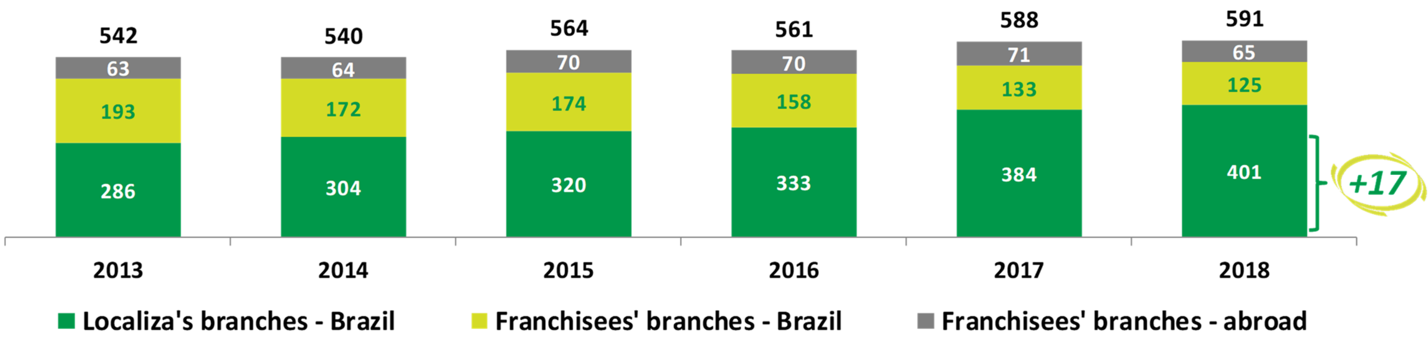
Operating fleet utilization rate (%)



One-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation

1.1 - Distribution network

Number of car rental locations Brazil and abroad

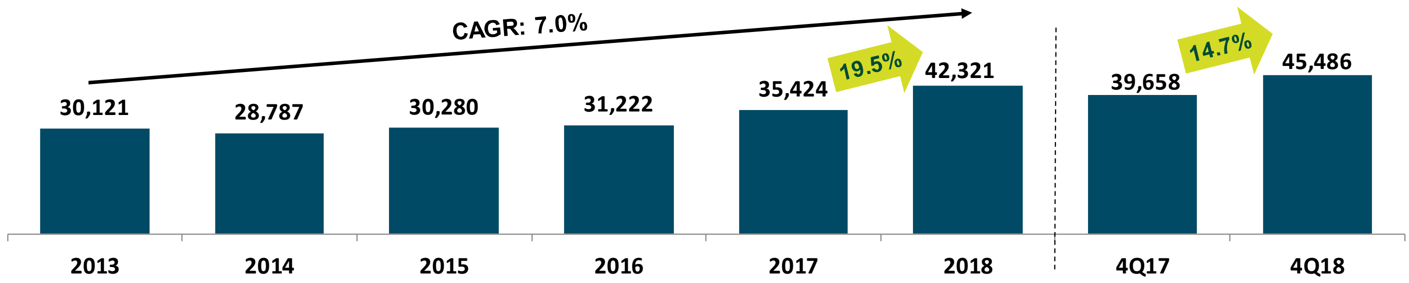


In the year, Localiza's corporate network was expanded by 17 locations, going from 384 on 12/31/2017 to 401 as of December 31, 2018, including 8 locations previously operated by franchisees.

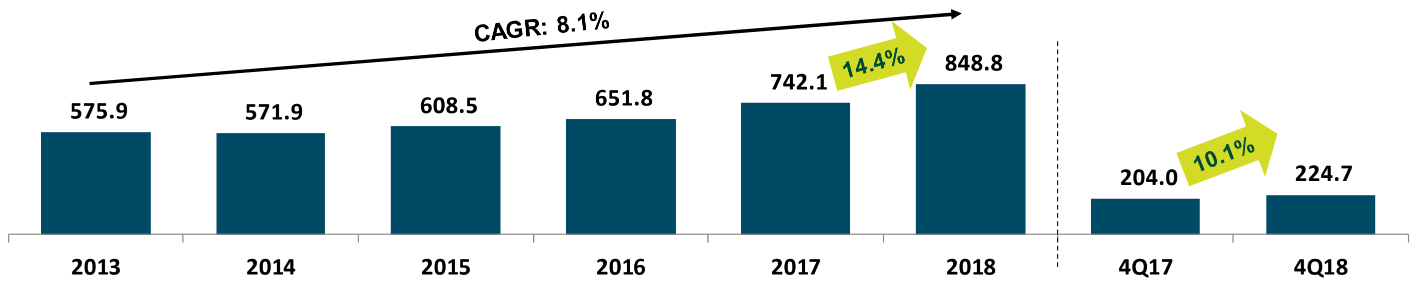
By the end of 2018, Localiza system had 591 rental locations, being 526 in Brazil and 65 in 5 other South American countries. The reduction of branches outside Brazil reflects the adjustment in the network of franchisees in Argentina and Chile.

2 – Fleet Rental

Average rented fleet



Net revenues (R$ million)



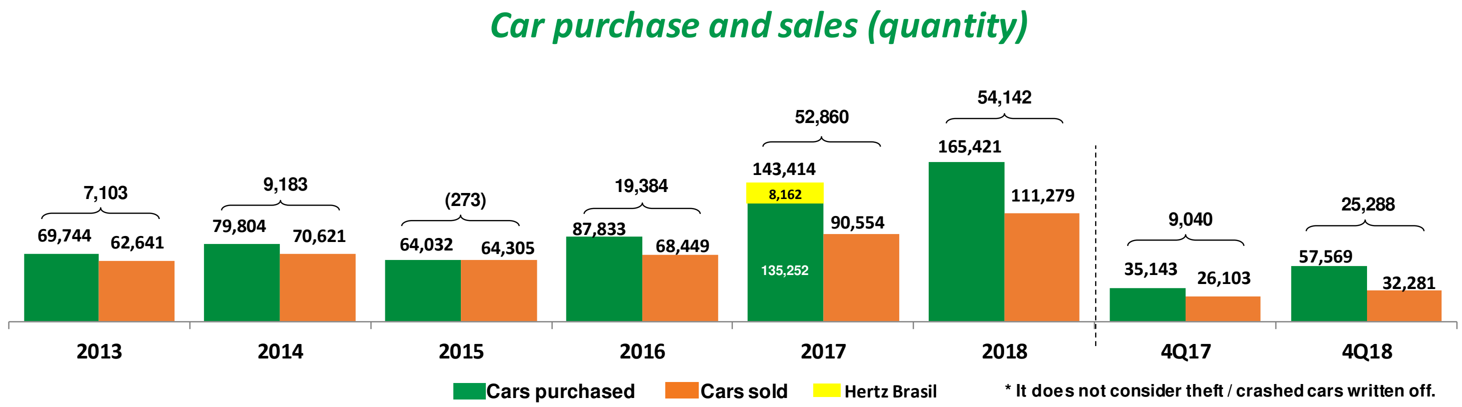
In 4Q18, the **Fleet Rental** division registered a 14.7% increase in the average rented fleet and 10.1% in net revenues compared with the same period of the previous year, reflecting 4.0% reduction in the average rental rate.

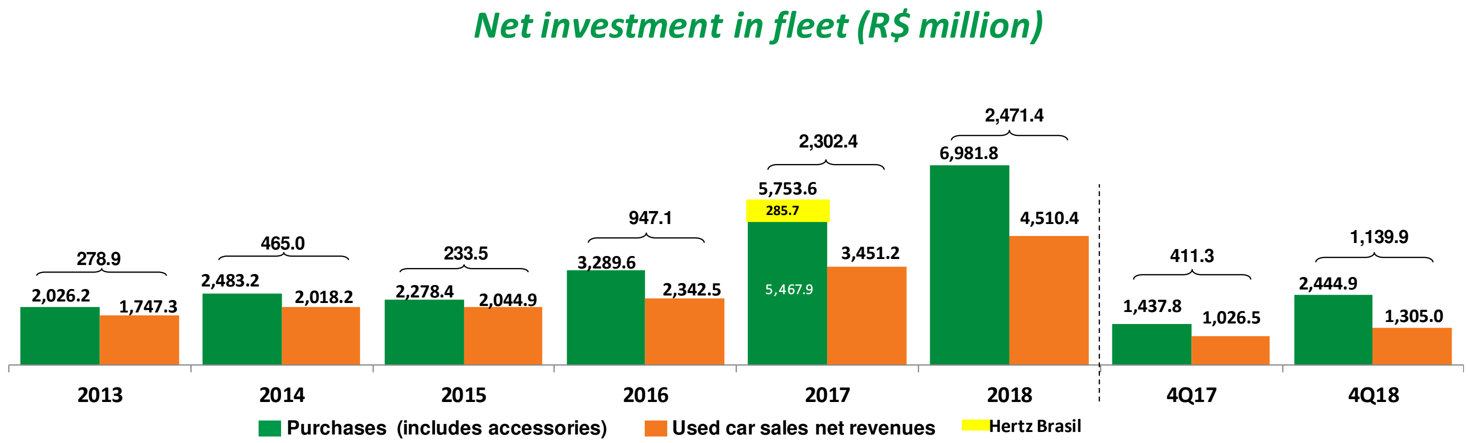
In 2018, there was an increase of 19.5% in the average rented fleet and 14.4% in the net revenues of this division, due to a 5.4% reduction in average rental rate.

The decrease in average rental rate of the **Fleet Rental** division mainly reflects the pricing of new contracts and the renewal of existing ones in a context of lower interest rates.

3 - Fleet

3.1 – Net investment in the fleet

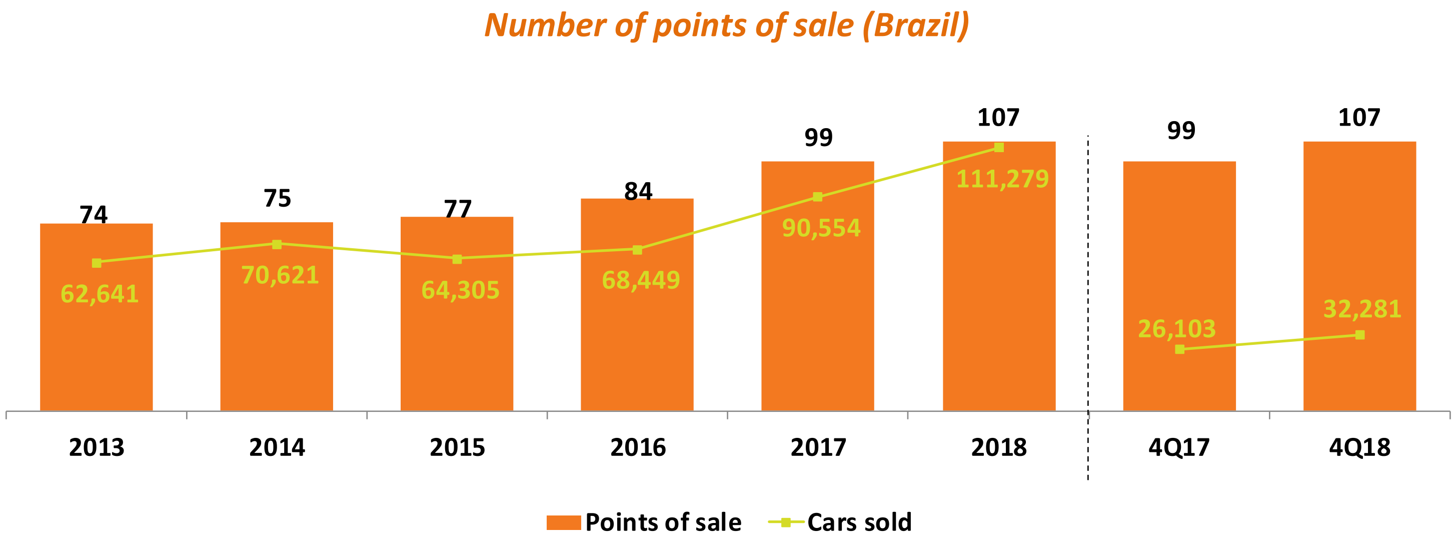




In 4Q18, 57,569 cars were purchased and 32,281 cars were sold, reflecting an increase of 25,288 cars in the fleet and a net investment of R$1,139.9 million. Compared with 4Q17, the volume of cars purchased increased 63.8% and the volume of cars sold grew 23.7%.

In the year, the addition to the fleet totaled 54,142 cars, 2.4% higher than in 2017, reflecting a net investment of R$ 2,471.4 million.

4 – Seminovos – Number of points of sale

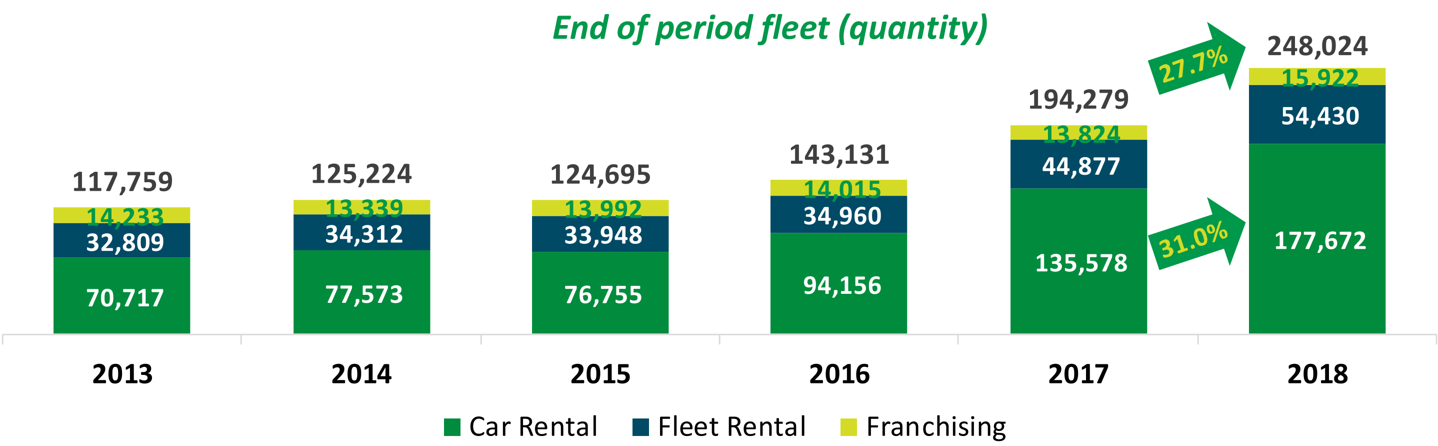


On December 31, 2018, **Seminovos** network was comprised of 107 stores distributed in 67 cities in Brazil.

In 2018, the Company accelerated the pace of sales to support the need for fleet renewal. 8 stores were opened in the year, which contributed to the increase in the Company's sales capacity.

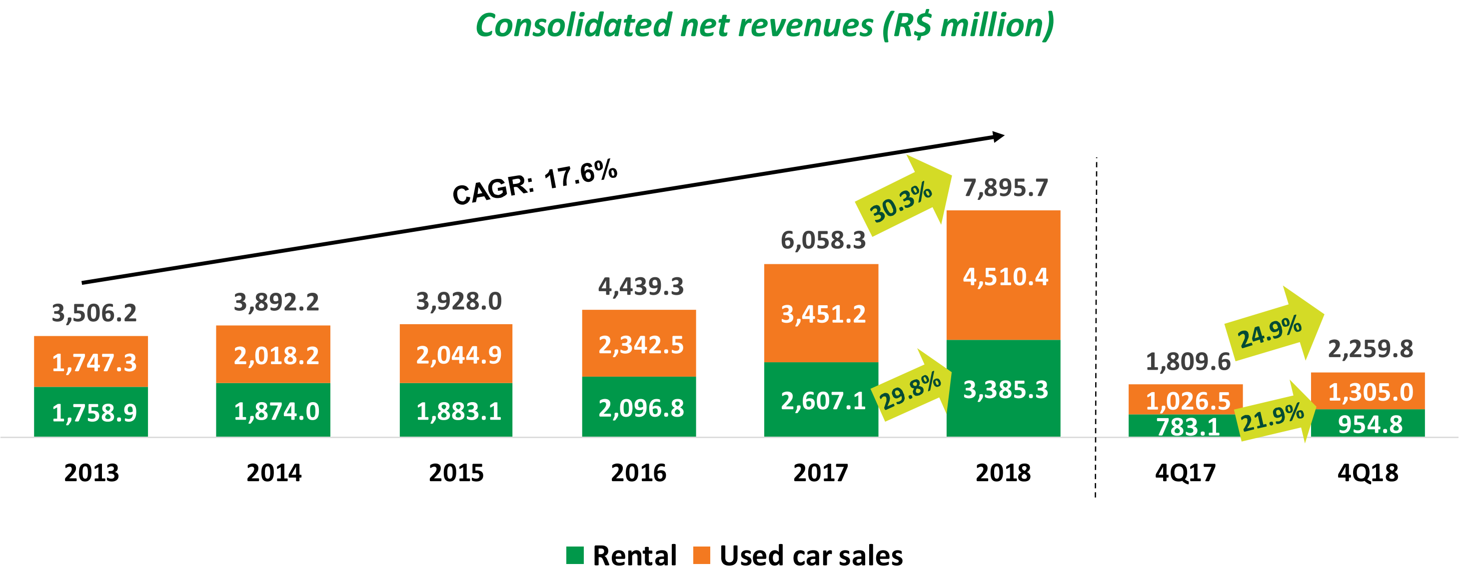
In 4Q18, were opened 6 points of sale and new ones will continue to be opened to meet the growing need for fleet renewal, without any impact on selling expenses that remained stable at 7.0% as a percentage of **Seminovos** net revenues.

5 – End of period fleet



We have reached a consolidated fleet of 248,024 cars in 2018, including 15,922 of franchisee cars.

6 – Net revenues - consolidated



In 4Q18, consolidated net revenues grew 24.9% when compared with 4Q17. Net rental revenues increased 21.9%, 26.2% in the **Car Rental** division and 10.1% in the **Fleet Rental** division, even with the strong comparison basis of 4Q17.

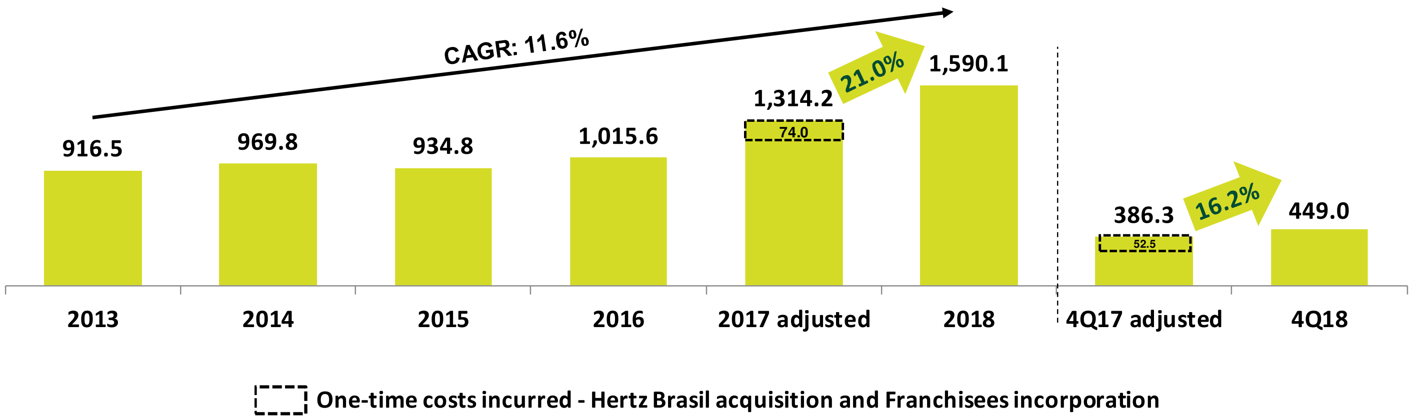
Seminovos net revenues in 4Q18 grew 27.1% compared with the same period last year, due to a 23.7% increase in sales volumes and an increase in average price of 2.8%.

In 2018, consolidated net revenues grew 30.3% when compared with 2017. Net revenues from rentals increased 29.8% being 36.3% in the **Car Rental** Division and 14.4% in the **Fleet Rental**.

Net revenues from **Seminovos** increased 30.7% in 2018 when compared with 2017, due to 22.9% increase in sales volumes and 6.4% increase in average price of car sold, mainly due to the sales mix.

7 - EBITDA

Consolidated EBITDA (R$ million)



EBITDA margin:

Divisions	2013	2014*	2015	2016	2017**	2018	4Q17**	4Q18
Car Rental	36.8%	38.7%	31.8%	32.3%	34.9%	35.9%	36.6%	39.7%
Fleet Rental	65.5%	60.0%	62.2%	64.5%	61.9%	64.0%	59.8%	63.3%
Rental Consolidated	46.5%	45.3%	41.7%	42.3%	42.6%	43.0%	42.7%	45.2%
Used Car Sales	5.7%	6.0%	7.3%	5.5%	5.9%	3.0%	5.1%	1.3%

(*) From 2014 on, it considers the new appropriation criteria of the overhead, which is also appropriated to Seminovos.
(**) Adjusted by the one-time costs incurred – Hertz Brasil acquisition and Franchisees incorporation.

In 4Q18, consolidated EBITDA totaled R$449.0 million, 16.2% higher than the same period of the previous year.

The EBITDA margin of the **Car Rental** division was 39.7% in 4Q18, representing an increase of 3.1 p.p. in relation to 4Q17. The Company is continuously working on cost and expense management, as well as investing in process and productivity improvements.

In the **Fleet Rental** division, EBITDA margin was 63.3% in 4Q18, 3.5 p.p. higher when compared with 4Q17, due to better costs and expenses management.

Seminovos EBITDA margin in 4Q18 was 1.3%, reflecting (i) lower depreciation in the **Car Rental** division in 1H18, causing the depreciated cost of the cars sold (book value) to be closer to the actual cars sales prices and (ii) lower increases in cars sales prices.

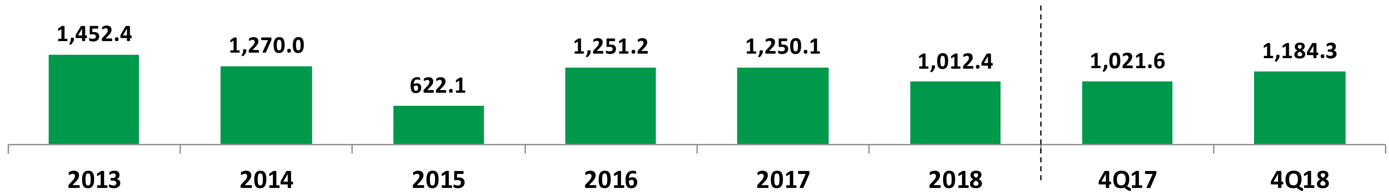
In 2018, consolidated EBITDA totaled R$1,590.1 million, presenting a 21.0% increase when compared with 2017.

8 - Depreciation

Depreciation is the difference between the car's purchasing and selling prices net of selling expenses. At the time of cars purchase, the Company estimates the selling price and expenses. The depreciation is recorded over the life of the car. Periodically, price and selling expenses estimates are revised based on fluctuations in the car market and depreciation is recalculated to reflect the marking of our asset to market.

8.1 – Rent a Car

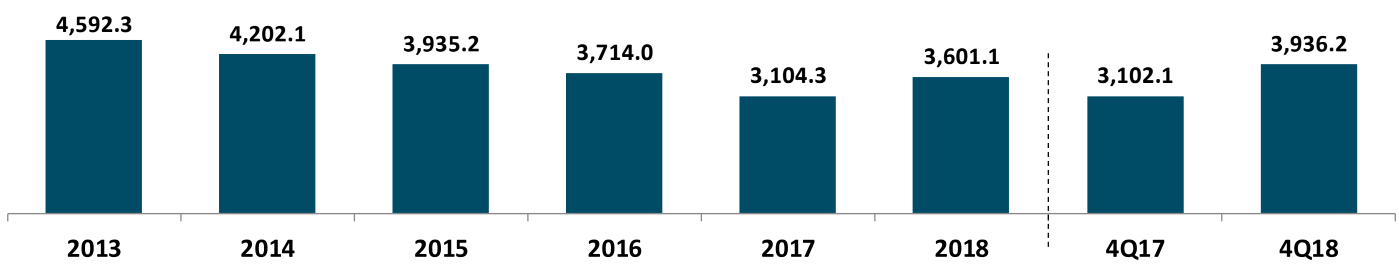
Annualized average depreciation per car (R$) – RAC



In 2018, the annualized average depreciation per car in the **Car Rental** division was R$1,012.4, 19.0% lower than in 2017. In 4Q18, the annualized average depreciation per car was R$1,184.3 and reflects the Company's expectation on prices and selling costs.

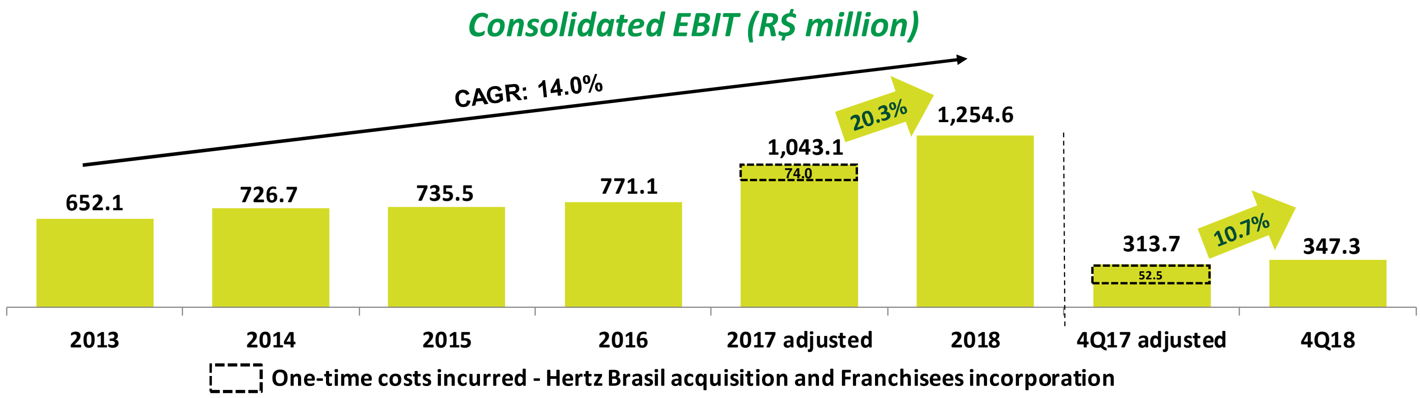
8.2 – Fleet Rental

Annualized average depreciation per car (R$) – Fleet Rental



In the **Fleet Rental** division, the annualized average depreciation per car in 2018 was R$3,601.1, 16.0% higher than 2017, reflecting the higher depreciation at the beginning of the car's life by the use of the SOYD (sum of digits) method, since the average age of the fleet felt from 18.1 to 15.1 months compared with the previous year. In 4Q18, the average depreciation per car was R$3,936.2 and reflects the Company's expectation on prices and selling costs.

9 - EBIT



The EBIT margin is calculated over the rental revenues:

Divisions	2013	2014	2015	2016	2017*	2018	4Q17*	4Q18
Car Rental	32.8%	36.2%	34.3%	30.2%	35.5%	33.2%	37.2%	33.9%
Fleet Rental	45.1%	44.3%	48.9%	51.2%	51.4%	48.6%	48.1%	44.8%
Consolidated	37.1%	38.8%	39.1%	36.8%	40.0%	37.1%	40.1%	36.4%

(*) Adjusted by the one-time costs incurred – Hertz Brasil acquisition and Franchisees incorporation

Consolidated EBIT for 4Q18 reached R$347.3 million, representing an increase of 10.7% when compared with 4Q17. The growth is due to 16.2% increase in EBITDA, partially offset by 40.1% increase in depreciation.

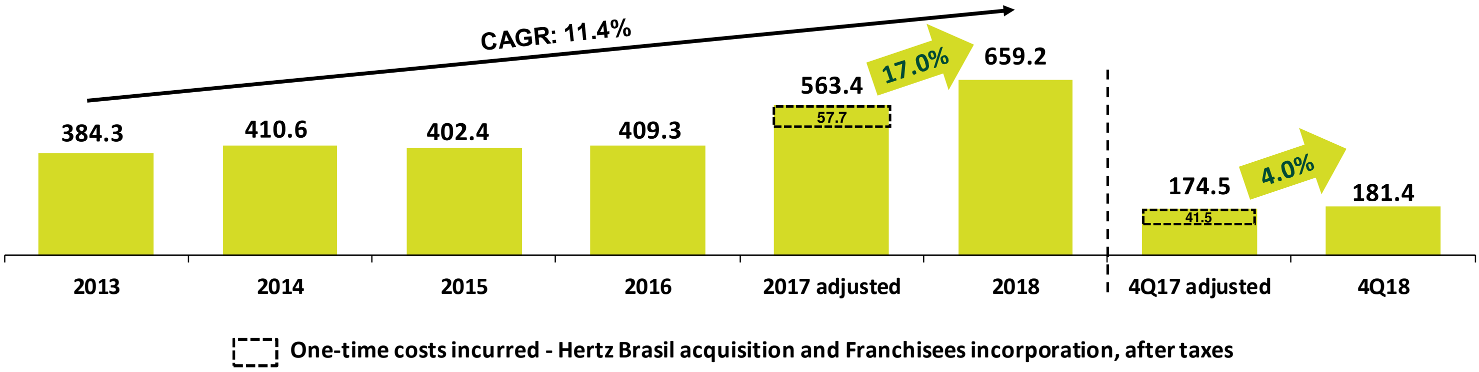
In 4Q18 the EBIT margin of the **Car Rental** division was 33.9%, representing a decrease of 3.3 p.p. in relation to 4Q17. In the **Fleet Rental** division, EBIT margin was 44.8%, a reduction of 3.3 p.p. in relation to 4Q17. The decrease in the EBIT margin in both divisions is a reflect of higher car depreciation and lower EBITDA margin of **Seminovos**.

In 2018, the EBIT margin of the **Car Rental** division was 33.2%, representing a decrease of 2.3 p.p., compared with 2017. In the **Fleet Rental** division the EBIT margin was 48.6%, a reduction of 2.8 p.p. in relation to the same period of last year.

The lower interest rate in Brazil allows us having a lower EBIT margin, with the maintenance of the spread (ROIC - Kd) at healthy levels and the larger capital basis, which results in higher value creation by the Company.

10 - Consolidated net income

Consolidated net income (R$ million)



Reconciliation EBITDA x Net income	2013	2014	2015	2016	2017*	2018	Var. R$	Var. %	4Q17*	4Q18	Var. R$	Var. %
Consolidated EBITDA	916.5	969.8	934.8	1,015.6	1,314.2	1,590.1	275.9	21.0%	386.3	449.0	62.7	16.2%
Cars depreciation	(229.0)	(207.4)	(163.6)	(206.3)	(232.0)	(291.6)	(59.6)	25.7%	(61.8)	(90.3)	(28.5)	46.1%
Other property depreciation and amortization	(35.4)	(35.7)	(35.7)	(38.2)	(39.1)	(43.9)	(4.8)	12.3%	(10.8)	(11.4)	(0.6)	5.6%
EBIT	652.1	726.7	735.5	771.1	1,043.1	1,254.6	211.5	20.3%	313.7	347.3	33.6	10.7%
Financial expenses, net	(110.6)	(151.1)	(202.7)	(243.5)	(315.0)	(368.9)	(53.9)	17.1%	(93.6)	(107.5)	(13.9)	14.9%
Income tax and social contribution	(157.2)	(165.0)	(130.4)	(118.3)	(164.7)	(226.5)	(61.8)	37.5%	(45.6)	(58.4)	(12.8)	28.1%
Net income of the period	384.3	410.6	402.4	409.3	563.4	659.2	95.8	17.0%	174.5	181.4	6.9	4.0%

(*) Adjusted by the one-time costs incurred – Hertz Brasil acquisition and Franchisees incorporation

Net income was R$181.4 million in 4Q18, representing an increase of 4.0% in relation to 4Q17, mainly due to:

(+) R$62.7 million EBITDA increase, due to higher revenues and margins in the **Car Rental** and **Fleet Rental** divisions, partially offset by the lower **Seminovos** EBITDA.

(-) R$28.5 million increase in depreciation, due to 22.3% increase in the average operating fleet and higher average depreciation per car;

(-) R$13.9 million increase in net financial expenses due to higher average debt balance, partially offset by the lower interest rate; and

(-) R$12.8 million increase in income tax due to higher taxable income and increase in the effective income tax and social contribution rate from 20.7% to 24.4%. The higher tax rate is due to the lower representativeness of interest on capital in relation to net income.

In 2018, the Company recorded an accumulated net income of R$659.2 million, representing an increase of 17.0% compared with the same period of the previous year.

11 – Free cash flow (FCF)

	Free cash flow - R$ million	2013	2014	2015	2016	2017	2018
Operations	EBITDA	916.5	969.8	934.8	1,015.7	1314.2*	1,590.1
	Used car sale revenue, net from taxes	(1,747.3)	(2,018.2)	(2,044.9)	(2,342.6)	(3,451.2)	(4,510.4)
	Depreciated cost of cars sold	1,543.8	1,777.0	1,769.1	2,102.5	3,106.6	4,198.5
	(-) Income tax and social contribution	(108.5)	(113.1)	(110.7)	(93.3)	(108.3)	(131.2)
	Change in working capital	2.9	(27.1)	(30.0)	(40.8)	(47.9)	(117.4)
	Cash generated by rental operations	607.4	588.4	518.3	641.5	813.4	1,029.6
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	1,747.3	2,018.2	2,036.3	2,342.6	3,451.2	4,510.4
	Fleet renewal investment	(1,819.7)	(2,197.7)	(2,278.4)	(2,563.6)	(3,660.9)	(4,696.7)
	Change in accounts payable to car suppliers for fleet renewal	144.3	120.0	(25.4)	219.8	227.6	250.1
	Net investment for fleet renewal	71.9	(59.5)	(267.5)	(1.2)	17.9	63.8
	Fleet renewal – quantity	62,641	70,621	64,032	68,449	90,554	111,279
Investment, property and intangible		(47.5)	(46.3)	(29.7)	(40.9)	(28.8)	(42.8)
Free cash flow from operations, before growth		631.8	482.6	221.1	599.4	802.5	1,050.6
Capex - Growth	Fleet (growth) investment / Used car sale revenue, net from taxes – fleet reduction	(209.4)	(286.8)	8.6	(726.0)	(1,807.0)	(2,285.1)
	Change in accounts payable to car suppliers for fleet growth	(54.6)	214.4	(23.9)	26.8	168.7	509.4
	Hertz Brazil acquisition - fleet	-	-	-	-	(285.7)	-
	Fleet growth capex	(264.0)	(72.4)	(15.3)	(699.2)	(1,924.0)	(1,775.7)
	Fleet increase / (reduction) – quantity	7,103	9,183	(273)	19,384	52,860	54,142
Free cash flow after growth		367.8	410.2	205.8	(99.8)	(1,121.5)	(725.1)
Capex - non-recurring	Hertz Acquisition (Except fleet) / Incurred one-time costs effect	-	-	-	-	(121.5)	-
	New headquarters construction and furniture	(6.5)	(148.3)	(30.7)	(85.7)	(146.2)	-
Free cash generated before the cash effects of discounts and anticipation of payables to suppliers		361.3	261.9	175.1	(185.5)	(1,389.2)	(725.1)
Cash effects of discount of credit card receivables and anticipation of payables to suppliers (**)		-	-	(71.9)	98.0	88.3	(113.2)
Free cash flow before interest		361.3	261.9	103.2	(87.5)	(1,300.9)	(838.3)

In the free cash flow, short-term financial assets were considered as cash equivalents since they have immediate liquidity
(*) Adjusted by one-time costs incurred -Hertz Brasil acquisition and franchisees incorporation
(**) Discount of credit card receivables and anticipation of accounts payable to suppliers were demonstrated in a different line so that the Free Cash Flow From Operations, Before Growth considered only the contractual terms, reflecting the Company's operation

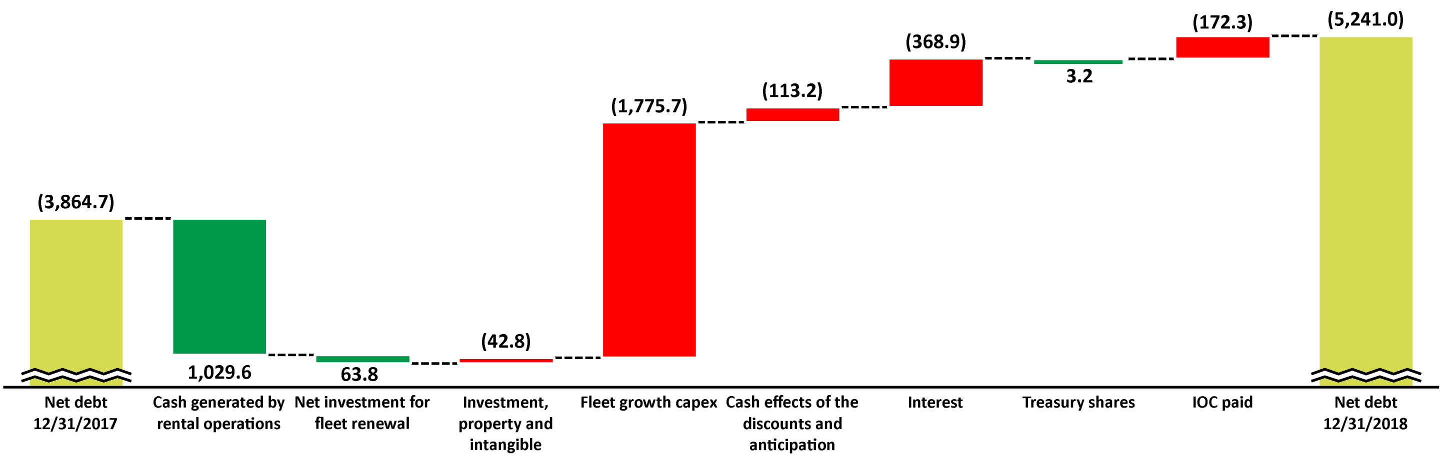
In 2018, the Company continued to take advantage of its strong cash position to reduce its carrying costs by reducing discounts on credit card receivables and taking suppliers prepayment opportunities. In the year, the net effect of these measures totals R$113.2 million of impact on the Company’s cash flow, with the benefit of reducing net financial expenses.

Those effects are demonstrated in the line “Cash Effects of Discount of Credit Card Receivables and Anticipation of Payables to Suppliers” for not reflecting the contractual terms of suppliers and customers. We only considered in this line the discounts and anticipations made based on financial decision of short-term cash management.

Cash generated before growth totaled R$1,050.6 million. The Company consumed about R$1,775.7 million for growth of 54,142 cars in the 2018 fleet.

12 – Net debt

12.1 – Change in net debt – R$ million



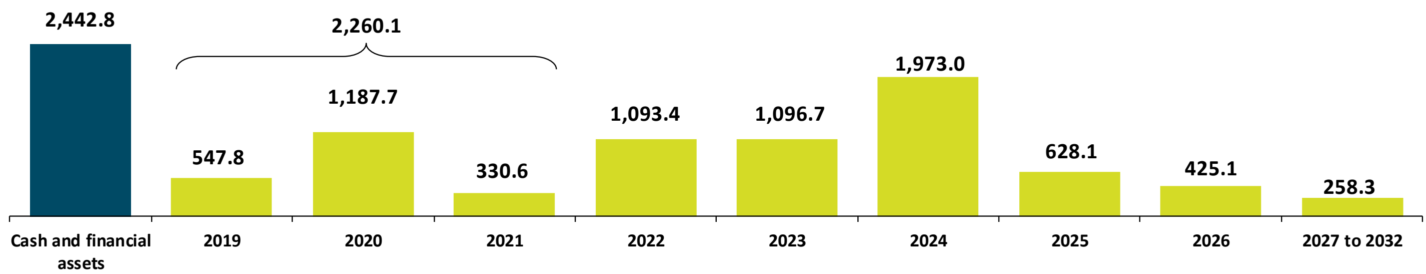
Net debt increased 35.6% in the year to support fleet growth.

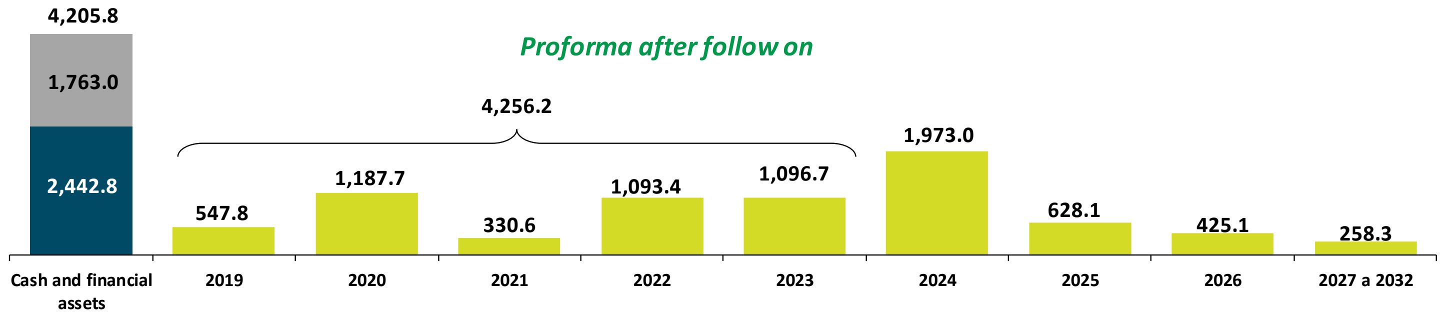
12.2 – Debt maturity profile

Debt	Issuance	Contract rate	2019	2020	2021	2022	2023	2024	2025+	Total
Debentures 7th Issuance	09/30/2013	110.95% CDI	75.0	100.0	100.0	-	-	-	-	275.0
Debentures 8th Issuance	09/10/2014	109.50% CDI	250.0	250.0	-	-	-	-	-	500.0
Debentures 10th Issuance	01/08/2016	113.90% CDI	-	100.0	100.0	-	-	-	-	200.0
Debentures 11th Issuance	12/12/2016	111.50% CDI	-	-	-	500.0	-	-	-	500.0
Debentures 12th Issuance	05/15/2017	107.25% CDI	-	-	-	-	-	700.0	-	700.0
Debêntures da 13th Issuance - 1st serie	12/15/2017	109.35% CDI	-	-	-	434.5	434.5	-	-	869.0
Debêntures da 13th Issuance - 2nd serie	12/15/2017	111.30% CDI	-	-	-	-	-	108.1	108.1	216.2
Debêntures da 14th Issuance - 1st serie	09/18/2018	107.90% CDI	-	-	-	-	-	200.0		200.0
Debêntures da 14th Issuance - 2nd serie	09/18/2018	112.32% CDI	-	-	-	-	-	200.0	600.0	800.0
Debentures 3rd Issuance of Localiza Fleet	05/05/2017	107.00% CDI	-	-	-	-	500.0	-	-	500.0
Debentures 4th Issuance of Localiza Fleet	10/02/2017	CDI + 0.30%	-	-	-	-	-	350.0	-	350.0
Debentures 5th Issuance of Localiza Fleet	07/18/2018	112.00% CDI	-	-	-	-	-	-	300.0	300.0
Debentures 6th Issuance of Localiza Fleet	12/21/2018	110.40% CDI	-	-	-	-	-	400.0	-	400.0
Foreign currency loan with swap	05/22/2018	108.00% CDI	-	-	-	150.0	150.0	-	-	300.0
Promissory notes 6th issuance	09/29/2017	CDI + 0.40%	-	650.0	-	-	-	-	-	650.0
Real State Receivables Certificate (CRI)	02/26/2018	99.00% CDI	7.0	4.3	5.6	9.0	12.3	15.0	303.5	356.7
Working Capital / Others	-	Several	215.8	83.4	125.0	-	-	-	-	424.2
Interest accrued and paid	-	-	142.7	-	-	-	-	-	-	142.7
Cash and cash equivalents on 12/31/2018	-	-	(2,442.8)	-	-	-	-	-	-	(2,442.8)
Net debt	-	-	(1,752.3)	1,187.7	330.6	1,093.5	1,096.8	1,973.1	1,311.6	5,241.0

12.3 – Debt profile

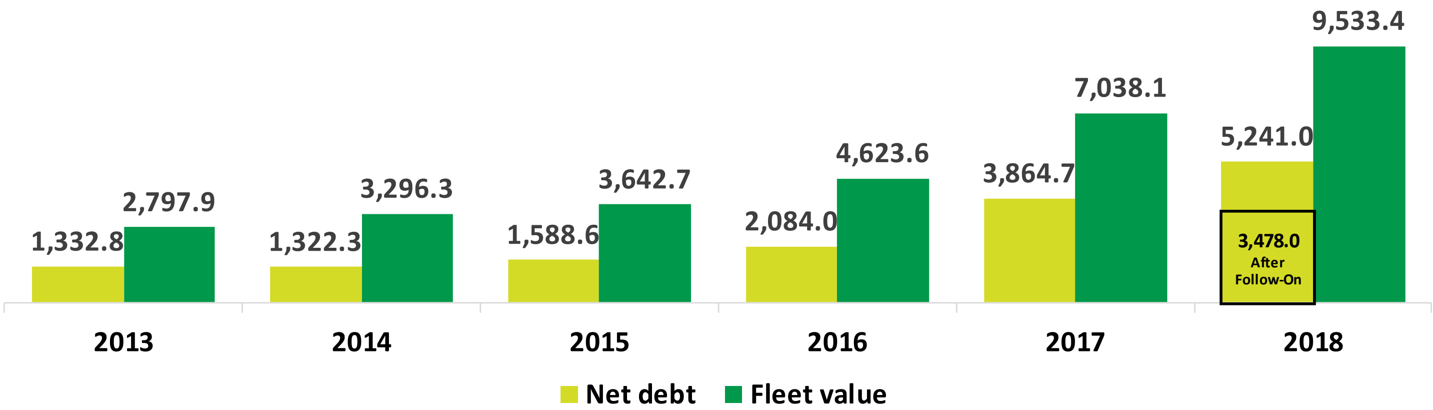
As of December 31, 2018





In February 2019, the Company completed the the public offering of shares raising R$ 1.8 billion to strengthen cash and support investments in technology and fleet growth.

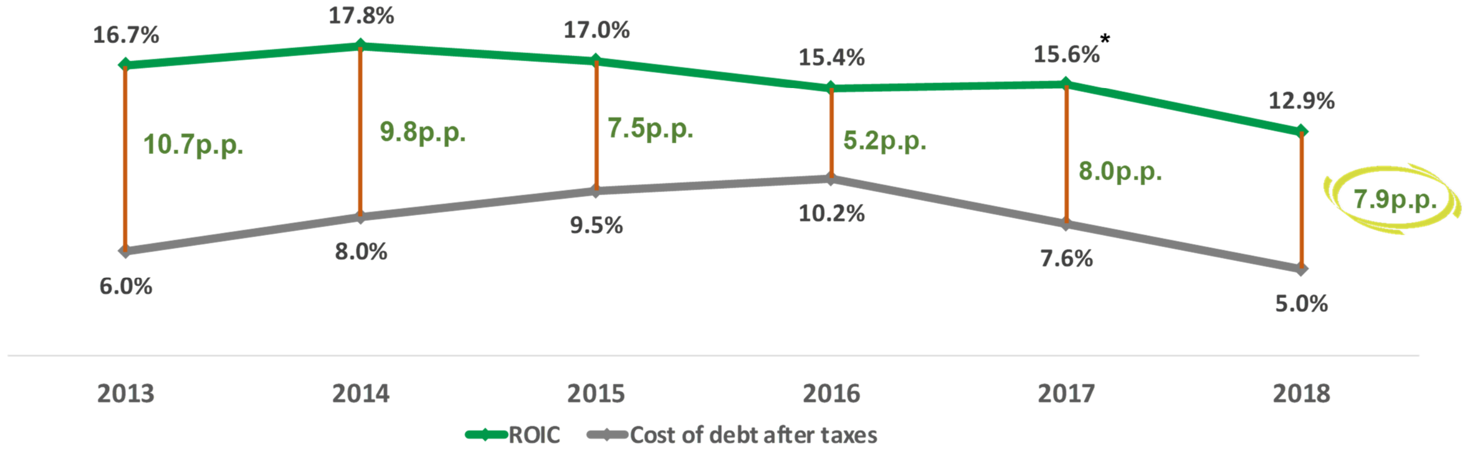
12.4 – Debt ratios



BALANCE AT THE END OF PERIOD	2013	2014	2015	2016	2017	2018	2018 after Follow-on
Net debt / Fleet value	48%	40%	44%	45%	55%	55%	36%
Net debt / annualized EBITDA	1.5x	1.4x	1.7x	2.1x	2.9x	3.3x	2.2x
Net debt / Equity	1.0x	0.8x	0.8x	0.9x	1.5x	1.7x	1.1x
EBITDA / Net financial expenses	8.3x	6.4x	4.6x	4.2x	4.2x	4.3x	-

COMPATIBLE DEBT RATIOS FOR GROWTH CONTINUITY

13 – Spread (ROIC minus cost of debt after taxes)



(*)Adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation
ROIC considered each year´s effective income tax and social contribution rate

STABLE SPREAD WITH A STRONG PACE OF GROWTH

14 – Dividends and interest on capital (IOC)

2017 interest on capital were approved as follow:

Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R$ million)	Gross amount per share (R$)(*)
IOC	2017	03/08/2017	03/15/2017	05/02/2017	39.9	0.060829
IOC	2017	06/30/2017	07/06/2017	08/24/2017	39.2	0.059539
IOC	2017	09/13/2017	09/22/2017	11/07/2017	41.0	0.062161
IOC	2017	12/07/2017	12/14/2017	01/31/2018	42.8	0.064746
				Total	**162.9**	

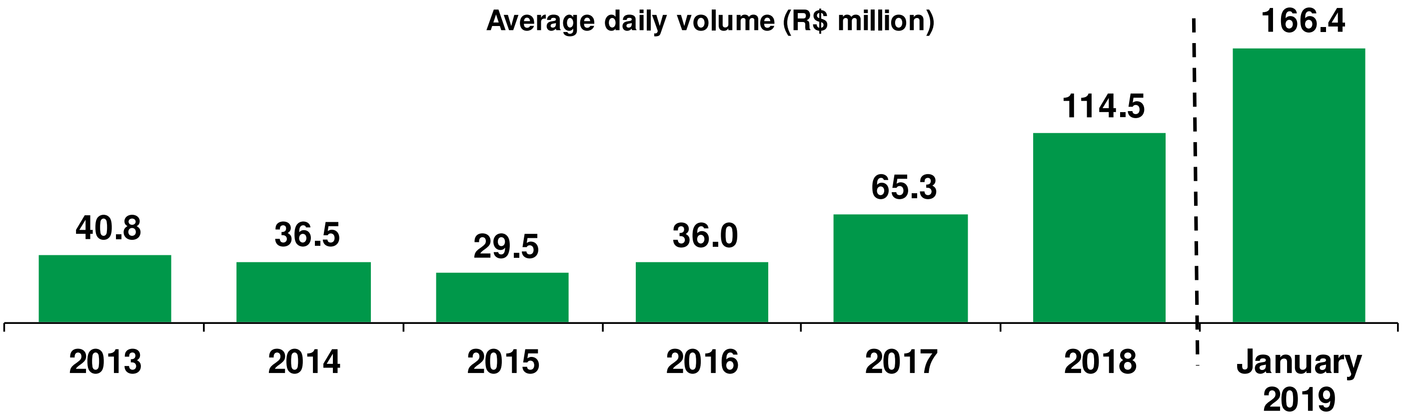
2018 interest on capital were approved as follow:

Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R$ million)	Gross amount per share (R$)
IOC	2018	03/22/2018	03/28/2018	05/16/2018	42.0	0.063557
IOC	2018	06/21/2018	06/28/2018	08/16/2018	43.0	0.064955
IOC	2018	09/21/2018	09/27/2018	11/16/2018	44.6	0.067377
IOC	2018	12/13/2018	12/19/2018	02/06/2019	49.3	0.074537
				Total	**178.9**	

(*) For comparative purpose, the amount of IOC and dividend per share was adjusted considering the stock dividend approved by the Extraordinary Shareholders' Meeting of April 25, 2017 and the Stock Split approved by the Extraordinary Shareholders' Meeting of November 22, 2017.

15 – RENT3

In 2018, the average daily traded volume of RENT3 was R$114.5 million, 75.3% above the average volume of 2017. Under the ADR level I program, the Company had 14,433,339 ADRs issued on December 31, 2018.



16 – Subsequent Events

On February 06, 2019, Localiza concluded a capital increase based on a primary distribution of 55,200,000 new common shares, with the price per share of R$33.00, in the total amount of R$1,821.6 million.

As a result of such increase in the Company's capital stock under the Offer, the Company's new capital stock will be R$3,321.6 million, divided into 722,349,210 common shares, all registered, book-entry shares with no par value.

Localiza will use the funds obtained for: i) fleet expansion; ii) innovations investments and operational improvements; and iii) strengthening of working capital.

17 – Results per division

17.1 –Table 1 – Car Rental – R$ million

CAR RENTAL RESULTS	2013	2014	2015	2016	2017	2017 Adjusted	2018	Var.	4Q17 Adjusted	4Q18	Var.
Car rental gross revenues (*)	1,208.4	1,352.1	1,316.9	1,486.9	1,898.7	1,898.7	2,570.8	35.4%	577.7	740.4	28.2%
Taxes on revenues (**)	(44.9)	(67.7)	(58.9)	(58.9)	(50.2)	(50.2)	(51.4)	2.4%	(2.7)	(14.6)	440.7%
Car rental net revenues	**1,163.5**	**1,284.4**	**1,258.0**	**1,428.0**	**1,848.5**	**1,848.5**	**2,519.4**	**36.3%**	**575.0**	**725.8**	**26.2%**
Car rental costs	(536.9)	(577.3)	(618.1)	(707.4)	(926.4)	(870.7)	(1,178.1)	35.3%	(252.0)	(316.2)	25.5%
Gross profit	**626.6**	**707.1**	**639.9**	**720.6**	**922.1**	**977.8**	**1,341.3**	**37.2%**	**323.0**	**409.6**	**26.8%**
Operating expenses (SG&A)	(197.9)	(209.7)	(239.9)	(258.8)	(347.2)	(332.3)	(437.3)	31.6%	(112.5)	(121.4)	7.9%
Other assets depreciation and amortization	(22.2)	(22.2)	(22.3)	(23.9)	(23.6)	(23.6)	(26.6)	12.7%	(6.5)	(6.8)	4.6%
Operating profit before financial results and taxes (EBIT)	**406.5**	**475.2**	**377.7**	**437.9**	**551.3**	**621.9**	**877.4**	**41.1%**	**204.0**	**281.4**	**37.9%**
Financial expenses, net	(1.3)	(1.5)	(2.0)	(1.4)	(5.3)	(5.3)	(23.7)	347.2%	(4.2)	(3.4)	-19.0%
Income tax and social contribution	(119.5)	(136.2)	(89.9)	(95.9)	(123.4)	(138.9)	(218.3)	57.2%	(41.3)	(67.9)	64.4%
Net income for the period	**285.7**	**337.5**	**285.8**	**340.6**	**422.6**	**477.7**	**635.4**	**33.0%**	**158.5**	**210.1**	**32.6%**
Net Margin	**24.6%**	**26.3%**	**22.7%**	**23.9%**	**22.9%**	**25.8%**	**25.2%**	**-0.6 p.p.**	**27.6%**	**28.9%**	**1.3 p.p.**
EBITDA	**428.7**	**497.4**	**400.0**	**461.8**	**574.9**	**645.5**	**904.0**	**40.0%**	**210.5**	**288.2**	**36.9%**
EBITDA Margin	**36.8%**	**38.7%**	**31.8%**	**32.3%**	**31.1%**	**34.9%**	**35.9%**	**1.0 p.p.**	**36.6%**	**39.7%**	**3.1 p.p.**

USED CAR SALES RESULTS (SEMINOVOS)	2013	2014	2015	2016	2017	2017 Adjusted	2018	Var.	4Q17 Adjusted	4Q18	Var.
Gross revenues (*)	1,486.1	1,671.4	1,679.2	1,997.8	2,990.0	2,990.0	3,919.2	31.1%	876.2	1,170.4	33.6%
Taxes on revenues	(3.1)	(3.5)	(2.5)	(2.7)	(4.9)	(4.9)	(7.4)	51.0%	(1.8)	(2.8)	55.6%
Net revenues	**1,483.0**	**1,667.9**	**1,676.7**	**1,995.1**	**2,985.1**	**2,985.1**	**3,911.8**	**31.0%**	**874.4**	**1,167.6**	**33.5%**
Book value of cars sold and preparation for sale	(1,271.9)	(1,428.4)	(1,396.3)	(1,727.5)	(2,603.2)	(2,603.2)	(3,542.5)	36.1%	(770.0)	(1,083.8)	40.8%
Gross profit	**211.1**	**239.5**	**280.4**	**267.6**	**381.9**	**381.9**	**369.3**	**-3.3%**	**104.4**	**83.8**	**-19.7%**
Operating expenses (SG&A)	(138.7)	(160.7)	(178.8)	(176.8)	(220.0)	(220.0)	(269.6)	22.5%	(62.6)	(74.0)	18.2%
Cars depreciation	(85.8)	(78.1)	(38.9)	(87.8)	(117.7)	(117.7)	(131.7)	11.9%	(29.6)	(42.7)	44.3%
Other assets depreciation and amortization	(11.7)	(11.3)	(8.8)	(9.1)	(9.7)	(9.7)	(10.2)	5.2%	(2.5)	(2.8)	12.0%
Operating profit (loss) before financial results and taxes (EBIT)	**(25.1)**	**(10.6)**	**53.9**	**(6.1)**	**34.5**	**34.5**	**(42.2)**	**-222.3%**	**9.7**	**(35.7)**	**-468.0%**
Financial expenses, net	(76.6)	(106.3)	(138.4)	(174.4)	(229.9)	(229.9)	(266.5)	15.9%	(68.0)	(80.1)	17.8%
Income tax and social contribution	30.3	33.2	17.6	37.2	43.9	43.9	77.5	76.5%	12.2	27.9	128.7%
Net loss for the period	**(71.4)**	**(83.7)**	**(66.9)**	**(143.3)**	**(151.5)**	**(151.5)**	**(231.2)**	**52.6%**	**(46.1)**	**(87.9)**	**90.7%**
Net Margin	**-4.8%**	**-5.0%**	**-4.0%**	**-7.2%**	**-5.1%**	**-5.1%**	**-5.9%**	**-0.8 p.p.**	**-5.3%**	**-7.5%**	**-2.2 p.p.**
EBITDA	**72.4**	**78.8**	**101.6**	**90.8**	**161.9**	**161.9**	**99.7**	**-38.4%**	**41.8**	**9.8**	**-76.6%**
EBITDA Margin	**4.9%**	**4.7%**	**6.1%**	**4.6%**	**5.4%**	**5.4%**	**2.5%**	**-2.9 p.p.**	**4.8%**	**0.8%**	**-4.0 p.p.**

CAR RENTAL TOTAL FIGURES	2013	2014	2015	2016	2017	2017 Adjusted	2018	Var.	4Q17 Adjusted	4Q18	Var.
Car rental gross revenues (*)	1,208.4	1,352.1	1,316.9	1,486.9	1,898.7	1,898.7	2,570.8	35.4%	577.7	740.4	28.2%
Car sales for fleet renewal - gross revenues (*)	1,486.1	1,671.4	1,679.2	1,997.8	2,990.0	2,990.0	3,919.2	31.1%	876.2	1,170.4	33.6%
Total gross revenues (*)	2,694.5	3,023.5	2,996.1	3,484.7	4,888.7	4,888.7	6,490.0	32.8%	1,453.9	1,910.8	31.4%
Taxes on revenues											
Car rental (**)	(44.9)	(67.7)	(58.9)	(58.9)	(50.2)	(50.2)	(51.4)	2.4%	(2.7)	(14.6)	440.7%
Car sales for fleet renewal	(3.1)	(3.5)	(2.5)	(2.7)	(4.9)	(4.9)	(7.4)	51.0%	(1.8)	(2.8)	55.6%
Car rental revenues - net revenues	1,163.5	1,284.4	1,258.0	1,428.0	1,848.5	1,848.5	2,519.4	36.3%	575.0	725.8	26.2%
Car sales for fleet renewal - net revenues	1,483.0	1,667.9	1,676.7	1,995.1	2,985.1	2,985.1	3,911.8	31.0%	874.4	1,167.6	33.5%
Total net revenues	**2,646.5**	**2,952.3**	**2,934.7**	**3,423.1**	**4,833.6**	**4,833.6**	**6,431.2**	**33.1%**	**1,449.4**	**1,893.4**	**30.6%**
Direct costs											
Car rental	(536.9)	(577.3)	(618.1)	(707.4)	(926.4)	(870.7)	(1,178.1)	35.3%	(252.0)	(316.2)	25.5%
Car sales for fleet renewal	(1,271.9)	(1,428.4)	(1,396.3)	(1,727.5)	(2,603.2)	(2,603.2)	(3,542.5)	36.1%	(770.0)	(1,083.8)	40.8%
Gross profit	**837.7**	**946.6**	**920.3**	**988.2**	**1,304.0**	**1,359.7**	**1,710.6**	**25.8%**	**427.4**	**493.4**	**15.4%**
Operating expenses (SG&A)											
Car rental	(197.9)	(209.7)	(239.9)	(258.8)	(347.2)	(332.3)	(437.3)	31.6%	(112.5)	(121.4)	7.9%
Car sales for fleet renewal	(138.7)	(160.7)	(178.8)	(176.8)	(220.0)	(220.0)	(269.6)	22.5%	(62.6)	(74.0)	18.2%
Cars depreciation	(85.8)	(78.1)	(38.9)	(87.8)	(117.7)	(117.7)	(131.7)	11.9%	(29.6)	(42.7)	44.3%
Other assets depreciation and amortization											
Car rental	(22.2)	(22.2)	(22.3)	(23.9)	(23.6)	(23.6)	(26.6)	12.7%	(6.5)	(6.8)	4.6%
Car sales for fleet renewal	(11.7)	(11.3)	(8.8)	(9.1)	(9.7)	(9.7)	(10.2)	5.2%	(2.5)	(2.8)	12.0%
Operating profit before financial results and taxes (EBIT)	**381.4**	**464.6**	**431.6**	**431.8**	**585.8**	**656.4**	**835.2**	**27.2%**	**213.7**	**245.7**	**15.0%**
Financial expenses, net	(77.9)	(107.8)	(140.4)	(175.8)	(235.2)	(235.2)	(290.2)	23.4%	(72.2)	(83.5)	15.7%
Income tax and social contribution	(89.2)	(103.0)	(72.3)	(58.7)	(79.5)	(95.0)	(140.8)	48.2%	(29.1)	(40.0)	37.5%
Net income for the period	**214.3**	**253.8**	**218.9**	**197.3**	**271.1**	**326.2**	**404.2**	**23.9%**	**112.4**	**122.2**	**8.7%**
Net margin	**8.1%**	**8.6%**	**7.5%**	**5.8%**	**5.6%**	**6.7%**	**6.3%**	**-0.4 p.p.**	**7.8%**	**6.5%**	**-1.3 p.p.**
EBITDA	**501.1**	**576.2**	**501.6**	**552.6**	**736.8**	**807.4**	**1,003.7**	**24.3%**	**252.3**	**298.0**	**18.1%**
EBITDA margin	**18.9%**	**19.5%**	**17.1%**	**16.1%**	**15.2%**	**16.7%**	**15.6%**	**-1.1 p.p.**	**17.4%**	**15.7%**	**-1.7 p.p.**

OPERATING DATA	2013	2014	2015	2016	2017	2017	2018	Var.	4Q17	4Q18	Var.
Average operating fleet	59,094	61,525	62,513	70,185	94,194	94,194	130,058	38.1%	115,727	144,017	24.4%
Average rented fleet	39,475	42,999	43,315	51,515	69,762	69,762	97,245	39.4%	85,440	108,708	27.2%
Average operating fleet age (in months)	7.2	7.2	7.4	7.9	6.5	6.5	7.2	10.8%	5.9	7.0	18.6%
End of period fleet	70,717	77,573	76,755	94,156	135,578	135,578	177,672	31.0%	135,578	177,672	31.0%
Number of rental days - in thousands	14,241.7	15,416.0	15,566.1	18,662.4	25,263.6	25,263.6	35,284.5	39.7%	7,802.3	9,936.7	27.4%
Average daily rental revenues per car (R$)	84.85	87.71	84.56	79.67	75.16	75.16	72.86	-3.1%	74.04	74.51	0.6%
Annualized average depreciation per car (R$)	1,452.4	1,270.0	622.1	1,251.2	1,250.1	1,250.1	1,012.4	-19.0%	1,021.6	1,184.3	15.9%
Utilization rate (Does not include cars in preparation and decomissioning)	-	-	75.4%	78.0%	78.6%	78.6%	79.6%	1.0 p.p.	78.5%	81.1%	2.6 p.p.
Number of cars purchased	58,826	64,908	52,343	76,071	114,966	114,966	139,273	21.1%	30,285	50,606	67.1%
Number of cars sold	52,759	57,578	52,508	57,596	76,901	76,901	94,945	23.5%	21,696	28,560	31.6%
Average sold fleet age (in months)	15.3	14.4	14.9	16.8	14.3	14.3	14.7	2.8%	13.9	15.4	10.8%
Average total fleet	68,251	70,982	72,169	80,765	107,997	107,997	150,045	38.9%	134,302	174,918	30.2%
Average value of total fleet - R$ million	1,776.8	1,963.8	2,205.9	2,790.2	4,100.6	4,100.6	6,005.7	46.5%	5,143.5	7,176.4	39.5%
Average value per car in the period - R$ thsd	26.0	27.7	30.6	34.5	38.0	38.0	40.0	5.3%	38.3	41.0	7.0%

(*) Gross revenues from car rental and car sales for fleet renewal are net of discounts and cancellations.

(**) As of 4Q17, the amounts relative to the provision over the difference between PIS and Cofins credits were reclassified as SG&A, as per Note Provisions and Escrow Deposits of the 2017 Financial Statements

17.2 – Table 2 – Fleet Rental – R$ million

FLEET RENTAL RESULTS	2013	2014	2015	2016	2017	2017 Adjusted	2018	Var.	4Q17 Adjusted	4Q18	Var.
Fleet rental gross revenues (*)	592.8	589.5	619.6	664.1	757.4	757.4	857.8	13.3%	206.2	227.9	10.5%
Taxes on revenues (**)	(16.9)	(17.6)	(11.1)	(12.3)	(15.3)	(15.3)	(9.0)	-41.2%	(2.2)	(3.2)	45.5%
Fleet rental net revenues	**575.9**	**571.9**	**608.5**	**651.8**	**742.1**	**742.1**	**848.8**	**14.4%**	**204.0**	**224.7**	**10.1%**
Fleet rental costs	(161.1)	(190.8)	(189.3)	(193.7)	(220.4)	(220.1)	(245.9)	11.7%	(61.3)	(65.4)	6.7%
Gross profit	**414.8**	**381.1**	**419.2**	**458.1**	**521.7**	**522.0**	**602.9**	**15.5%**	**142.7**	**159.3**	**11.6%**
Operating expenses (SG&A)	(37.5)	(38.1)	(40.7)	(37.9)	(65.4)	(62.3)	(59.6)	-4.3%	(20.7)	(17.0)	-17.9%
Other assets depreciation and amortization	(1.1)	(1.1)	(2.2)	(2.9)	(3.5)	(3.5)	(4.9)	40.0%	(1.2)	(1.3)	8.3%
Operating profit before financial results and taxes (EBIT)	**376.2**	**341.9**	**376.3**	**417.3**	**452.8**	**456.2**	**538.4**	**18.0%**	**120.8**	**141.0**	**16.7%**
Financial expenses, net	(0.1)	(0.2)	(0.1)	(1.1)	(1.6)	(1.6)	(0.5)	-68.8%	(0.1)	(0.2)	100.0%
Income tax and social contribution	(111.4)	(99.2)	(90.5)	(90.4)	(102.8)	(103.6)	(136.5)	31.8%	(25.6)	(33.9)	32.4%
Net income for the period	**264.7**	**242.5**	**285.7**	**325.8**	**348.4**	**351.0**	**401.4**	**14.4%**	**95.1**	**106.9**	**12.4%**
Net Margin	**46.0%**	**42.4%**	**47.0%**	**50.0%**	**46.9%**	**47.3%**	**47.3%**	**0.0 p.p.**	**46.6%**	**47.6%**	**1.0 p.p.**
EBITDA	**377.3**	**343.0**	**378.5**	**420.2**	**456.3**	**459.7**	**543.3**	**18.2%**	**122.0**	**142.3**	**16.6%**
EBITDA Margin	**65.5%**	**60.0%**	**62.2%**	**64.5%**	**61.5%**	**61.9%**	**64.0%**	**2.1 p.p.**	**59.8%**	**63.3%**	**3.5 p.p.**

USED CAR SALES RESULTS (SEMINOVOS)	2013	2014	2015	2016	2017	2017 Adjusted	2018	Var.	4Q17 Adjusted	4Q18	Var.
Gross revenues (*)	264.6	350.8	368.6	347.8	466.5	466.5	599.5	28.5%	152.3	137.7	-9.6%
Taxes on revenues	(0.3)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.9)	125.0%	(0.2)	(0.3)	50.0%
Net revenues	**264.3**	**350.3**	**368.2**	**347.4**	**466.1**	**466.1**	**598.6**	**28.4%**	**152.1**	**137.4**	**-9.7%**
Book value of cars sold and preparation for sale	(214.1)	(276.3)	(286.7)	(279.4)	(392.1)	(392.1)	(525.9)	34.1%	(131.3)	(122.5)	-6.7%
Gross profit	**50.2**	**74.0**	**81.5**	**68.0**	**74.0**	**74.0**	**72.7**	**-1.8%**	**20.8**	**14.9**	**-28.4%**
Operating expenses (SG&A)	(23.4)	(32.6)	(33.6)	(31.0)	(32.7)	(32.7)	(36.6)	11.9%	(10.7)	(7.4)	-30.8%
Cars depreciation	(143.2)	(129.3)	(124.7)	(118.5)	(114.3)	(114.3)	(159.9)	39.9%	(32.2)	(47.6)	47.8%
Other assets depreciation and amortization	-	(0.6)	(2.0)	(1.8)	(1.7)	(1.7)	(1.7)	0.0%	(0.5)	(0.3)	-40.0%
Operating profit (loss) before financial results and taxes (EBIT)	**(116.4)**	**(88.5)**	**(78.8)**	**(83.3)**	**(74.7)**	**(74.7)**	**(125.5)**	**68.0%**	**(22.6)**	**(40.4)**	**78.8%**
Financial expenses, net	(34.0)	(44.9)	(63.8)	(68.7)	(80.0)	(80.0)	(79.6)	-0.5%	(21.7)	(24.5)	12.9%
Income tax and social contribution	44.7	38.4	33.7	32.3	35.1	35.1	52.0	48.1%	9.4	15.6	66.0%
Net loss for the period	**(105.7)**	**(95.0)**	**(108.9)**	**(119.7)**	**(119.6)**	**(119.6)**	**(153.1)**	**28.0%**	**(34.9)**	**(49.3)**	**41.3%**
Net Margin	**-40.0%**	**-27.1%**	**-29.6%**	**-34.5%**	**-25.7%**	**-25.7%**	**-25.6%**	**0.1 p.p.**	**-22.9%**	**-35.9%**	**-13.0 p.p.**
EBITDA	**26.8**	**41.4**	**47.9**	**37.0**	**41.3**	**41.3**	**36.1**	**-12.6%**	**10.1**	**7.5**	**-25.7%**
EBITDA Margin	**10.1%**	**11.8%**	**13.0%**	**10.7%**	**8.9%**	**8.9%**	**6.0%**	**-2.9 p.p.**	**6.6%**	**5.5%**	**-1.1 p.p.**

FLEET RENTAL TOTAL FIGURES	2013	2014	2015	2016	2017	2017 Adjusted	2018	Var.	4Q17 Adjusted	4Q18	Var.
Fleet rental gross revenues (*)	592.8	589.5	619.6	664.1	757.4	757.4	857.8	13.3%	206.2	227.9	10.5%
Car sales for fleet renewal - gross revenues (*)	264.6	350.8	368.6	347.8	466.5	466.5	599.5	28.5%	152.3	137.7	-9.6%
Total gross revenues (*)	857.4	940.3	988.2	1,011.9	1,223.9	1,223.9	1,457.3	19.1%	358.5	365.6	2.0%
Taxes on revenues											
Fleet rental (**)	(16.9)	(17.6)	(11.1)	(12.3)	(15.3)	(15.3)	(9.0)	-41.2%	(2.2)	(3.2)	45.5%
Car sales for fleet renewal	(0.3)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.9)	125.0%	(0.2)	(0.3)	50.0%
Fleet rental - net revenues	575.9	571.9	608.5	651.8	742.1	742.1	848.8	14.4%	204.0	224.7	10.1%
Car sales for fleet renewal - net revenues	264.3	350.3	368.2	347.4	466.1	466.1	598.6	28.4%	152.1	137.4	-9.7%
Total net revenues (**)	**840.2**	**922.2**	**976.7**	**999.2**	**1,208.2**	**1,208.2**	**1,447.4**	**19.8%**	**356.1**	**362.1**	**1.7%**
Direct costs											
Fleet rental	(161.1)	(190.8)	(189.3)	(193.7)	(220.4)	(220.1)	(245.9)	11.7%	(61.3)	(65.4)	6.7%
Car sales for fleet renewal	(214.1)	(276.3)	(286.7)	(279.4)	(392.1)	(392.1)	(525.9)	34.1%	(131.3)	(122.5)	-6.7%
Gross profit	**465.0**	**455.1**	**500.7**	**526.1**	**595.7**	**596.0**	**675.6**	**13.4%**	**163.5**	**174.2**	**6.5%**
Operating expenses (SG&A)											
Fleet rental	(37.5)	(38.1)	(40.7)	(37.9)	(65.4)	(62.3)	(59.6)	-4.3%	(20.7)	(17.0)	-17.9%
Car sales for fleet renewal	(23.4)	(32.6)	(33.6)	(31.0)	(32.7)	(32.7)	(36.6)	11.9%	(10.7)	(7.4)	-30.8%
Cars depreciation	(143.2)	(129.3)	(124.7)	(118.5)	(114.3)	(114.3)	(159.9)	39.9%	(32.2)	(47.6)	47.8%
Other assets depreciation and amortization											
Fleet rental	(1.1)	(1.1)	(2.2)	(2.9)	(3.5)	(3.5)	(4.9)	40.0%	(1.2)	(1.3)	8.3%
Car sales for fleet renewal	-	(0.6)	(2.0)	(1.8)	(1.7)	(1.7)	(1.7)	0.0%	(0.5)	(0.3)	-40.0%
Operating profit before financial results and taxes (EBIT)	**259.8**	**253.4**	**297.5**	**334.0**	**378.1**	**381.5**	**412.9**	**8.2%**	**98.2**	**100.6**	**2.4%**
Financial expenses, net	(34.1)	(45.1)	(63.9)	(69.8)	(81.6)	(81.6)	(80.1)	-1.8%	(21.8)	(24.7)	13.3%
Income tax and social contribution	(66.7)	(60.8)	(56.8)	(58.1)	(67.7)	(68.5)	(84.5)	23.4%	(16.2)	(18.3)	13.0%
Net income for the period	**159.0**	**147.5**	**176.8**	**206.1**	**228.8**	**231.4**	**248.3**	**7.3%**	**60.2**	**57.6**	**-4.3%**
Net margin	**18.9%**	**16.0%**	**18.1%**	**20.6%**	**18.9%**	**19.2%**	**17.2%**	**-2.0 p.p.**	**16.9%**	**15.9%**	**-1.0 p.p.**
EBITDA	**404.1**	**384.4**	**426.4**	**457.2**	**497.6**	**501.0**	**579.4**	**15.6%**	**132.1**	**149.8**	**13.4%**
EBITDA margin	**48.1%**	**41.7%**	**43.7%**	**45.8%**	**41.2%**	**41.5%**	**40.0%**	**-1.5 p.p.**	**37.1%**	**41.4%**	**4.3 p.p.**

OPERATING DATA	2013	2014	2015	2016	2017	2017	2018	Var.	4Q17	4Q18	Var.
Average operating fleet	31,188	30,778	31,676	31,908	36,804	36,804	44,404	20.6%	41,569	48,394	16.4%
Average rented fleet	30,121	28,787	30,280	31,222	35,424	35,424	42,321	19.5%	39,658	45,486	14.7%
Average operating fleet age (in months)	18.6	18.0	16.7	18.0	18.1	18.1	15.1	-16.6%	16.7	14.7	-12.0%
End of period fleet											
Rented Fleet	32,809	34,312	33,948	34,960	44,877	44,877	54,430	21.3%	44,877	54,430	21.3%
Managed Fleet	30	267	207	145	94	94	57	-39.4%	94	57	-39.4%
Number of rental days - in thousands	10,843.7	10,363.3	10,900.9	11,240.0	12,752.7	12,752.7	15,235.7	19.5%	3,569.2	4,093.8	14.7%
Average daily rental revenues per car (R$)	53.83	56.16	56.08	58.23	58.77	58.77	55.62	-5.4%	57.27	54.99	-4.0%
Annualized average depreciation per car (R$)	4,592.3	4,202.1	3,935.2	3,714.0	3,104.3	3,104.3	3,601.1	16.0%	3,102.1	3,936.2	26.9%
Utilization rate (Does not include cars in preparation and decomissioning) (***)	-	-	98.4%	98.9%	98.2%	98.2%	96.8%	-1.4 p.p.	98.0%	95.6%	-2.4 p.p.
Number of cars purchased	10,918	14,896	11,689	11,762	20,286	20,286	26,148	28.9%	4,858	6,963	43.3%
Number of cars sold	9,882	13,043	11,797	10,853	13,653	13,653	16,334	19.6%	4,407	3,721	-15.6%
Average sold fleet age (in months)	32.4	35.1	33.4	31.4	31.8	31.8	31.2	-1.9%	32.9	26.8	-18.5%
Average total fleet	32,488	32,686	33,446	33,436	39,605	39,605	48,776	23.2%	44,701	53,365	19.4%
Average value of total fleet - R$ million	887.3	943.3	1,067.1	1,130.4	1,482.5	1,482.5	1,943.1	31.1%	1,796.5	2,154.9	20.0%
Average value per car in the period - R$ thsd	27.3	28.9	31.9	33.8	37.4	37.4	39.8	6.4%	40.2	40.4	0.5%

(*) Gross revenues from fleet rental and car sales for fleet renewal are net of discounts and cancellations.
(**) As of 4Q17, the amounts relative to the provision over the difference between PIS and Cofins credits were reclassified as SG&A, as per Note Provisions and Escrow Deposits of 2017 the Financial Statements
(***) The 2015 utilization rate was calculated only on the basis of the fourth quarter of 2015.

17.3 – Table 3 – *Franchising* – R$ million

FRANCHISING RESULTS	2013	2014	2015	2016	2017	2018	Var.		4Q17	4Q18	Var.
Gross revenues(*)	20.6	18.7	17.8	18.0	17.6	18.1	2.8%		4.5	4.6	2.2%
Taxes on revenues	(1.1)	(1.0)	(1.2)	(1.0)	(1.1)	(1.0)	-9.1%		(0.4)	(0.3)	-25.0%
Net revenues	**19.5**	**17.7**	**16.6**	**17.0**	**16.5**	**17.1**	**3.6%**		**4.1**	**4.3**	**4.9%**
Costs	(8.1)	(7.8)	(9.2)	(9.7)	(8.9)	(9.6)	7.9%		(1.8)	(2.9)	61.1%
Gross profit	**11.4**	**9.9**	**7.4**	**7.3**	**7.6**	**7.5**	**-1.3%**		**2.3**	**1.4**	**-39.1%**
Operating expenses (SG&A)	(0.1)	(0.7)	(0.6)	(1.5)	(1.8)	(0.5)	-72.2%		(0.4)	(0.2)	-50.0%
Other assets depreciation and amortization	(0.4)	(0.5)	(0.4)	(0.5)	(0.6)	(0.5)	-16.7%		(0.1)	(0.2)	100.0%
Operating profit before financial results and taxes (EBIT)	**10.9**	**8.7**	**6.4**	**5.3**	**5.2**	**6.5**	**25.0%**		**1.8**	**1.0**	**-44.4%**
Financial expenses, net	1.4	1.8	1.6	2.1	1.8	1.3	-27.8%		0.4	0.7	75.0%
Income tax and social contribution	(1.3)	(1.2)	(1.3)	(1.5)	(1.2)	(1.2)	0.0%		(0.3)	(0.3)	0.0%
Net income for the period	**11.0**	**9.3**	**6.7**	**5.9**	**5.8**	**6.6**	**13.8%**		**1.9**	**1.4**	**-26.3%**
Net Margin	**56.4%**	**52.5%**	**40.4%**	**34.7%**	**35.2%**	**38.6%**	**3.4 p.p.**		**46.3%**	**32.6%**	**-13.7 p.p.**
EBITDA	**11.3**	**9.2**	**6.8**	**5.8**	**5.8**	**7.0**	**20.7%**		**1.9**	**1.2**	**-36.8%**
EBITDA Margin	**57.9%**	**52.0%**	**41.0%**	**34.1%**	**35.2%**	**40.9%**	**5.7 p.p.**		**46.3%**	**27.9%**	**-18.4 p.p.**

(*) Gross revenues are net of discounts and cancellations.

17.4 – Table 4 – Consolidated – R$ million

CONSOLIDATED RESULTS	2013	2014	2015	2016	2017	2017 Adjusted	2018	Var.	4Q17 Adjusted	4Q18	Var.
Car rental gross revenues (*)	1,208.4	1,352.1	1,316.9	1,486.9	1,898.7	1,898.7	2,570.8	35.4%	577.7	740.4	28.2%
Franchising gross revenues (*)	20.6	18.7	17.8	18.0	17.6	17.6	18.1	2.8%	4.5	4.6	2.2%
Car Rental and Franchising total gross revenues (*)	1,229.0	1,370.8	1,334.7	1,504.9	1,916.3	1,916.3	2,588.9	35.1%	582.2	745.0	28.0%
Fleet Rental gross revenues (*)	592.8	589.5	619.6	664.1	757.4	757.4	857.8	13.3%	206.2	227.9	10.5%
Car and Fleet Rentals and Franchising total gross revenues (*)	1,821.8	1,960.3	1,954.3	2,169.0	2,673.7	2,673.7	3,446.7	28.9%	788.4	972.9	23.4%
Taxes on revenues - Car and Fleet Rentals and Franchising (**)	(62.9)	(86.3)	(71.2)	(72.2)	(66.6)	(66.6)	(61.4)	-7.8%	(5.3)	(18.1)	241.5%
Car and Fleet Rentals and Franchising net revenues	**1,758.9**	**1,874.0**	**1,883.1**	**2,096.8**	**2,607.1**	**2,607.1**	**3,385.3**	**29.8%**	**783.1**	**954.8**	**21.9%**
Car sales gross revenues											
Car sales for fleet renewal - Car Rental (*)	1,486.1	1,671.4	1,679.2	1,997.8	2,990.0	2,990.0	3,919.2	31.1%	876.2	1,170.4	33.6%
Car sales for fleet renewal - Fleet Rental (*)	264.6	350.8	368.6	347.8	466.5	466.5	599.5	28.5%	152.3	137.7	-9.6%
Car sales for fleet renewal - total gross revenues (*)	1,750.7	2,022.2	2,047.8	2,345.6	3,456.5	3,456.5	4,518.7	30.7%	1,028.5	1,308.1	27.2%
Taxes on revenues - Car sales for fleet renewal	(3.4)	(4.0)	(2.9)	(3.1)	(5.3)	(5.3)	(8.3)	56.6%	(2.0)	(3.1)	55.0%
Car sales for fleet renewal - net revenues	**1,747.3**	**2,018.2**	**2,044.9**	**2,342.5**	**3,451.2**	**3,451.2**	**4,510.4**	**30.7%**	**1,026.5**	**1,305.0**	**27.1%**
Total net revenues	**3,506.2**	**3,892.2**	**3,928.0**	**4,439.3**	**6,058.3**	**6,058.3**	**7,895.7**	**30.3%**	**1,809.6**	**2,259.8**	**24.9%**
Direct costs and expenses:											
Car rental	(536.9)	(577.3)	(618.1)	(707.4)	(926.4)	(870.7)	(1,178.1)	35.3%	(252.0)	(316.2)	25.5%
Franchising	(8.1)	(7.8)	(9.2)	(9.7)	(8.9)	(8.9)	(9.6)	7.9%	(1.8)	(2.9)	61.1%
Total Car rental and Franchising	(545.0)	(585.1)	(627.3)	(717.1)	(935.3)	(879.6)	(1,187.7)	35.0%	(253.8)	(319.1)	25.7%
Fleet Rental	(161.1)	(190.8)	(189.3)	(193.7)	(220.4)	(220.1)	(245.9)	11.7%	(61.3)	(65.4)	6.7%
Total Car and Fleet Rentals and Franchising	(706.1)	(775.9)	(816.6)	(910.8)	(1,155.7)	(1,099.7)	(1,433.6)	30.4%	(315.1)	(384.5)	22.0%
Car sales for fleet renewal - Car rental	(1,271.9)	(1,428.4)	(1,396.3)	(1,727.5)	(2,603.2)	(2,603.2)	(3,542.5)	36.1%	(770.0)	(1,083.8)	40.8%
Car sales for fleet renewal - Fleet Rental	(214.1)	(276.3)	(286.7)	(279.4)	(392.1)	(392.1)	(525.9)	34.1%	(131.3)	(122.5)	-6.7%
Total Car sales for fleet renewal (book value) and preparation for sale	(1,486.0)	(1,704.7)	(1,683.0)	(2,006.9)	(2,995.3)	(2,995.3)	(4,068.4)	35.8%	(901.3)	(1,206.3)	33.8%
Total costs	(2,192.1)	(2,480.6)	(2,499.6)	(2,917.7)	(4,151.0)	(4,095.0)	(5,502.0)	34.4%	(1,216.4)	(1,590.8)	30.8%
Gross profit	**1,314.1**	**1,411.6**	**1,428.4**	**1,521.6**	**1,907.3**	**1,963.3**	**2,393.7**	**21.9%**	**593.2**	**669.0**	**12.8%**
Operating expenses											
Advertising, promotion and selling:											
Car rental	(103.5)	(117.8)	(127.9)	(148.6)	(199.6)	(193.3)	(285.8)	47.9%	(56.7)	(75.8)	33.7%
Franchising	(0.1)	(0.8)	(0.6)	(0.6)	(1.1)	(1.1)	-	-100.0%	(0.1)	(0.1)	0.0%
Total car rental and Franchising	(103.6)	(118.6)	(128.5)	(149.2)	(200.7)	(194.4)	(285.8)	47.0%	(56.8)	(75.9)	33.6%
Fleet Rental	(14.4)	(15.1)	(18.2)	(14.0)	(18.8)	(18.8)	(27.7)	47.3%	(5.4)	(7.6)	40.7%
Car sales for fleet renewal	(162.1)	(172.3)	(191.1)	(191.6)	(232.3)	(232.3)	(279.5)	20.3%	(67.6)	(73.3)	8.4%
Total advertising, promotion and selling	(280.1)	(306.0)	(337.8)	(354.8)	(451.8)	(445.5)	(593.0)	33.1%	(129.8)	(156.8)	20.8%
General, administrative and other expenses	(117.5)	(135.8)	(155.8)	(151.2)	(215.3)	(203.6)	(210.6)	3.4%	(77.1)	(63.2)	-18.0%
Total Operating expenses	(397.6)	(441.8)	(493.6)	(506.0)	(667.1)	(649.1)	(803.6)	23.8%	(206.9)	(220.0)	6.3%
Depreciation expenses:											
Cars depreciation:											
Car rental	(85.8)	(78.1)	(38.9)	(87.8)	(117.7)	(117.7)	(131.7)	11.9%	(29.6)	(42.7)	44.3%
Fleet Rental	(143.2)	(129.3)	(124.7)	(118.5)	(114.3)	(114.3)	(159.9)	39.9%	(32.2)	(47.6)	47.8%
Total cars depreciation expenses	(229.0)	(207.4)	(163.6)	(206.3)	(232.0)	(232.0)	(291.6)	25.7%	(61.8)	(90.3)	46.1%
Other assets depreciation and amortization	(35.4)	(35.7)	(35.7)	(38.2)	(39.1)	(39.1)	(43.9)	12.3%	(10.8)	(11.4)	5.6%
Total depreciation and amortization expenses	(264.4)	(243.1)	(199.3)	(244.5)	(271.1)	(271.1)	(335.5)	23.8%	(72.6)	(101.7)	40.1%
Operating profit before financial results and taxes (EBIT)	**652.1**	**726.7**	**735.5**	**771.1**	**969.1**	**1,043.1**	**1,254.6**	**20.3%**	**313.7**	**347.3**	**10.7%**
Financial expenses, net:											
Expense	(187.1)	(276.4)	(370.1)	(445.5)	(511.9)	(511.9)	(536.8)	4.9%	(131.0)	(152.0)	16.0%
Income	76.5	125.3	167.4	202.0	196.9	196.9	167.9	-14.7%	37.4	44.5	19.0%
Financial (expenses) revenues, net	(110.6)	(151.1)	(202.7)	(243.5)	(315.0)	(315.0)	(368.9)	17.1%	(93.6)	(107.5)	14.9%
Income before tax and social contribution	**541.5**	**575.6**	**532.8**	**527.6**	**654.1**	**728.1**	**885.7**	**21.6%**	**220.1**	**239.8**	9.0%
Income tax and social contribution	(157.2)	(165.0)	(130.4)	(118.3)	(148.4)	(164.7)	(226.5)	37.5%	(45.6)	(58.4)	28.1%
Net income for the period	**384.3**	**410.6**	**402.4**	**409.3**	**505.7**	**563.4**	**659.2**	**17.0%**	**174.5**	**181.4**	**4.0%**
EBITDA	916.5	969.8	934.8	1,015.6	1,240.2	1,314.2	1,590.1	21.0%	386.3	449.0	16.2%
EBIT	652.1	726.7	735.5	771.1	969.1	1,043.1	1,254.6	20.3%	313.7	347.3	10.7%
Consolidated EBIT Margin (calculated over rental revenues)	**37.1%**	**38.8%**	**39.1%**	**36.8%**	**37.2%**	**40.0%**	**37.1%**	**-2.9 p.p.**	**40.1%**	**36.4%**	**-3.7 p.p.**
Car and Fleet Rentals and Franchising EBITDA	817.3	849.6	785.3	887.8	1,037.0	1,111.0	1,454.3	30.9%	334.4	431.7	29.1%
EBITDA Margin	**46.5%**	**45.3%**	**41.7%**	**42.3%**	**39.8%**	**42.6%**	**43.0%**	**0.4 p.p.**	**42.7%**	**45.2%**	**2.5 p.p.**
Used Car Sales (Seminovos) EBITDA	99.2	120.2	149.5	127.7	203.2	203.2	135.8	-33.2%	51.9	17.3	-66.7%
EBITDA Margin	**5.7%**	**6.0%**	**7.3%**	**5.5%**	**5.9%**	**5.9%**	**3.0%**	**-2.9 p.p.**	**5.1%**	**1.3%**	**-3.8 p.p.**

(*) Gross revenues are net of discounts and cancellations.

(**)As of 4Q17, the amounts relative to the provision over the difference between PIS and Cofins credits were reclassified as SG&A, as per Note Provisions and Escrow Deposits of the 2017 Financial

17.5 – Table 5 – Operating data

SELECTED OPERATING DATA	2013	2014	2015	2016	2017	2018	Var.	4Q17	4Q18	Var.
Average operating fleet:										
Car Rental	59,094	61,525	62,513	70,185	94,194	130,058	38.1%	115,727	144,017	24.4%
Fleet Rental	31,188	30,778	31,676	31,908	36,804	44,404	20.6%	41,569	48,394	16.4%
Total	90,282	92,303	94,189	102,093	130,998	174,462	33.2%	157,296	192,411	22.3%
Average rented fleet:										
Car Rental	39,475	42,999	43,315	51,515	69,762	97,245	39.4%	85,440	108,708	27.2%
Fleet Rental	30,121	28,787	30,280	31,222	35,424	42,321	19.5%	39,658	45,486	14.7%
Total	69,596	71,786	73,595	82,737	105,186	139,566	32.7%	125,098	154,194	23.3%
Average age of operating fleet (months)										
Car Rental	7.2	7.2	7.4	7.9	6.5	7.2	10.8%	5.9	7.0	18.6%
Fleet Rental	18.6	18.0	16.7	18.0	18.1	15.1	-16.6%	16.7	14.7	-12.0%
Average age of total operating fleet	11.1	10.0	10.6	11.0	9.8	9.3	-5.1%	8.7	9.0	3.4%
Fleet at end of period:										
Car Rental	70,717	77,573	76,755	94,156	135,578	177,672	31.0%	135,578	177,672	31.0%
Fleet Rental	32,809	34,312	33,948	34,960	44,877	54,430	21.3%	44,877	54,430	21.3%
Total	103,526	111,885	110,703	129,116	180,455	232,102	28.6%	180,455	232,102	28.6%
Managed fleet at end period - Fleet Rental	30	267	207	145	94	57	-39.4%	94	57	-39.4%
Fleet investment (R$ million)										
Car Rental	1,634.5	1,909.1	1,773.1	2,782.2	4,581.8	5,785.2	26.3%	1,215.4	2,127.6	75.1%
Fleet Rental	389.7	571.2	502.0	503.4	881.5	1,189.2	34.9%	220.9	315.2	42.7%
Total	2,024.2	2,480.3	2,275.1	3,285.6	5,463.3	6,974.4	27.7%	1,436.3	2,442.8	70.1%
Number of rental days (In thousands):										
Car Rental - Total	14,414.7	15,696.2	15,815.8	18,864.8	25,494.0	35,514.6	39.3%	7,861.4	10,001.1	27.2%
Rental days for Fleet Rental replacement service	(173.0)	(280.2)	(249.7)	(202.4)	(230.4)	(230.1)	-0.1%	(59.1)	(64.4)	9.0%
Car Rental - Net	14,241.7	15,416.0	15,566.1	18,662.4	25,263.6	35,284.5	39.7%	7,802.3	9,936.7	27.4%
Fleet Rental	10,843.7	10,363.3	10,900.9	11,240.0	12,752.7	15,235.7	19.5%	3,569.2	4,093.8	14.7%
Total	25,085.4	25,779.3	26,467.0	29,902.4	38,016.3	50,520.2	32.9%	11,371.5	14,030.5	23.4%
Annualized average depreciation per car (R$)										
Car Rental	1,452.4	1,270.0	622.1	1,251.2	1,250.1	1,012.4	-19.0%	1,021.6	1,184.3	15.9%
Fleet Rental	4,592.3	4,202.1	3,935.2	3,714.0	3,104.3	3,601.1	16.0%	3,102.1	3,936.2	26.9%
Total	2,537.1	2,247.7	1,736.3	2,020.9	1,771.0	1,671.2	-5.6%	1,571.4	1,876.5	19.4%
Average annual revenues per operating car (R$ thousand)										
Car Rental	19.7	20.9	20.1	20.3	19.4	19.4	0.0%	19.2	20.0	4.2%
Fleet Rental	18.2	18.3	18.9	20.1	19.9	18.9	-5.0%	19.2	18.3	-4.7%
Average daily rental (R$)										
Car Rental (*)	84.85	87.71	84.56	79.67	75.16	72.86	-3.1%	74.04	74.51	0.6%
Fleet Rental	53.83	56.16	56.08	58.23	58.77	55.62	-5.4%	57.27	54.99	-4.0%
Utilization rate (Does not include cars in preparation and decomissioning):										
Car Rental	-	-	75.4%	78.0%	78.6%	79.6%	1.0 p.p.	78.5%	81.1%	2.6 p.p.
Fleet Rental	-	-	98.4%	98.9%	98.2%	96.8%	-1.4 p.p.	98.0%	95.6%	-2.4 p.p.
Number of cars purchased - consolidated (**)	69,744	79,804	64,032	87,833	135,252	165,421	22.3%	35,143	57,569	63.8%
Average price of cars purchased (R$ thsd) - consolidated	29.02	31.08	35.53	37.41	40.39	42.16	4.4%	40.87	42.43	3.8%
Numbers of cars sold - consolidated	62,641	70,621	64,305	68,449	90,554	111,279	22.9%	26,103	32,281	23.7%
Average price of cars sold (R$ thsd) (***) - consolidated	25.36	25.90	28.54	31.23	35.38	37.86	7.0%	36.59	38.00	3.9%

(*) Not included the rentals for Fleet Rental Division.
(**) Does not include cars from Hertz Brazil
(***) Net of SG&A expenses related to the sale of cars decomissioned for fleet renewal.

18 – Consolidated financial statements – IFRS – R$/million

ASSETS	2013	2014	2015	2016	2017	2018
CURRENT ASSETS:						
Cash and cash equivalents	1,010.7	1,390.2	1,385.1	1,692.3	1,338.2	2,175.3
Financial assets		-	-	-	1,275.7	267.5
Trade accounts receivable	408.3	459.6	486.1	424.5	585.1	1,016.5
Derivative financial instruments - swap	-	-	-	2.2	-	-
Other current assets	57.9	94.6	102.6	115.0	128.6	182.7
Decommissioning cars to fleet renewal	16.5	18.3	31.8	8.8	103.4	51.8
Total current assets	**1,493.4**	**1,962.7**	**2,005.6**	**2,242.8**	**3,431.0**	**3,693.8**
NON CURRENT ASSETS:						
Long-term assets:						
Marketable securities	-	92.5	-	-	-	-
Derivative financial instruments - swap	-	-	45.6	7.4	16.7	2.8
Trade accounts receivable	7.1	3.2	4.7	3.2	4.7	3.8
Escrow deposit	38.1	41.9	52.9	60.1	83.1	96.3
Deferred income tax and social contribution	32.4	-	-	-	42.0	42.2
Investments in restricted accounts	-	-	-	-	40.6	43.0
Other non current assets	0.1	0.1	0.1	0.1	0.7	0.1
Total long-term assets	**77.7**	**137.7**	**103.3**	**70.8**	**187.8**	**188.2**
Property and equipment						
Cars	2,781.4	3,278.0	3,610.9	4,614.8	6,934.7	9,481.6
Other	166.1	203.9	314.1	405.8	549.3	550.3
Intangible:						
Software and others	47.3	60.3	67.1	61.1	52.8	47.8
Goodwill on acquisition of investments	12.3	22.0	22.0	22.0	30.6	30.7
Total non current assets	**3,084.8**	**3,701.9**	**4,117.4**	**5,174.5**	**7,755.2**	**10,298.6**
TOTAL ASSETS	**4,578.2**	**5,664.6**	**6,123.0**	**7,417.3**	**11,186.2**	**13,992.4**

LIABILITIES AND SHAREHOLDERS' EQUITY	2013	2014	2015	2016	2017	2018
CURRENT LIABILITIES:						
Trade accounts payable	460.5	828.4	690.6	910.9	1,331.7	2,202.6
Social and labor obligations	73.9	86.3	85.6	95.0	109.2	135.0
Loans, financing and debentures	275.4	300.9	422.4	654.6	537.2	616.6
Derivative financial instruments - swap	-	-	-	-	6.8	18.7
Income tax and social contribution	35.2	41.3	28.3	23.0	31.3	41.1
Dividends and interest on own capital	53.1	59.2	29.3	39.7	36.4	42.6
Other current liabilities	78.6	82.3	99.9	118.5	181.5	282.8
Total current liabilities	**976.7**	**1,398.4**	**1,356.1**	**1,841.7**	**2,234.1**	**3,339.4**
NON CURRENT LIABILITIES:						
Loans, financing and debentures	2,068.1	2,411.6	2,596.9	3,131.3	5,940.5	7,029.4
Derivative financial instruments - swap	-	-	-	-	10.8	21.9
Provisions	50.9	69.9	68.3	63.1	126.5	148.8
Deferred income tax and social contribution	111.8	106.0	141.6	171.9	219.7	297.3
Restricted Obligations	-	-	-	-	40.6	43.1
Other non current liabilities	29.5	23.2	18.5	12.3	13.3	18.0
Total non current liabilities	**2,260.3**	**2,610.7**	**2,825.3**	**3,378.6**	**6,351.4**	**7,558.5**
Total liabilities	**3,237.0**	**4,009.1**	**4,181.4**	**5,220.3**	**8,585.5**	**10,897.9**
SHAREHOLDERS' EQUITY:						
Capital	976.7	976.7	976.7	976.7	1,500.0	1,500.0
Capital Reserves	30.2	40.4	35.9	34.0	94.9	125.0
Earnings Reserves	334.3	638.4	929.0	1,186.3	1,005.8	1,469.5
Total shareholders' equity	**1,341.2**	**1,655.5**	**1,941.6**	**2,197.0**	**2,600.7**	**3,094.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,578.2**	**5,664.6**	**6,123.0**	**7,417.3**	**11,186.2**	**13,992.4**

19 – Consolidated financial statements – Income statements - R$/million

STATEMENT OF INCOME	2013	2014	2015	2016	2017	2017 Adjusted	2018
Total net revenues	**3,506.2**	**3,892.2**	**3,928.0**	**4,439.3**	**6,058.3**	**6,058.3**	**7,895.7**
COSTS AND EXPENSES:							
Direct costs	(2,192.1)	(2,480.6)	(2,499.6)	(2,917.7)	(4,151.0)	(4,095.0)	(5,502.0)
Selling, general, administrative and other expenses	(397.6)	(441.8)	(493.6)	(506.0)	(667.1)	(649.1)	(803.6)
Cars depreciation	(229.0)	(207.4)	(163.6)	(206.3)	(232.0)	(232.0)	(291.6)
Other assets depreciation and amortization	(35.4)	(35.7)	(35.7)	(38.2)	(39.1)	(39.1)	(43.9)
Total costs and expenses	(2,854.1)	(3,165.5)	(3,192.5)	(3,668.2)	(5,089.2)	(5,015.2)	(6,641.1)
Income before financial results and taxes (EBIT)	**652.1**	**726.7**	**735.5**	**771.1**	**969.1**	**1,043.1**	**1,254.6**
FINANCIAL EXPENSES, NET	(110.6)	(151.1)	(202.7)	(243.5)	(315.0)	(315.0)	(368.9)
Income before taxes	**541.5**	**575.6**	**532.8**	**527.6**	**654.1**	**728.1**	**885.7**
INCOME TAX AND SOCIAL CONTRIBUTION							
Current	(130.1)	(139.5)	(94.8)	(88.0)	(119.4)	(135.7)	(139.8)
Deferred	(27.1)	(25.5)	(35.6)	(30.3)	(29.0)	(29.0)	(86.7)
	(157.2)	(165.0)	(130.4)	(118.3)	(148.4)	(164.7)	(226.5)
Net income	**384.3**	**410.6**	**402.4**	**409.3**	**505.7**	**563.4**	**659.2**

20 – Statements of Cash Flows – R$/million

CONSOLIDATED CASH FLOW	2013	2014	2015	2016	2017	2017 Adjusted	2018
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income	384.3	410.6	402.4	409.3	505.7	563.4	659.2
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:							
Depreciation and amortization	264.4	243.2	199.3	244.5	271.1	271.1	335.5
Net book value of vehicles written off	1,543.8	1,777.0	1,769.1	2,102.5	3,106.6	3,106.6	4,198.5
Deferred income tax and social contribution	27.1	25.5	35.6	30.3	29.1	29.1	86.7
Interest on loans, financing, debentures and swaps of fixed rates	181.6	281.7	406.6	438.1	476.2	476.2	529.8
Income from financial investments	-	-	-	-	-	-	-
Other	33.7	32.0	17.3	26.9	81.7	81.7	87.8
(Increase) decrease in assets:							
Trade receivable	(54.7)	(49.9)	(36.6)	56.8	(151.8)	(151.8)	(489.0)
Purchases of cars (see supplemental disclosure below)	(1,939.4)	(2,150.2)	(2,399.6)	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)
Escrow deposits	(15.1)	(5.7)	(15.3)	(7.2)	(17.5)	(17.5)	(13.1)
Taxes recoverable	(20.3)	(43.4)	(5.2)	(6.0)	2.6	2.6	3.4
Prepaid expenses	0.0	0.0	0.0	0.0	2.7	2.7	1.3
Other assets	6.1	(5.7)	(1.3)	(3.6)	(8.8)	(8.8)	(71.9)
Increase (decrease) in liabilities:							
Accounts payable (except car manufacturers)	14.6	33.5	(16.7)	29.6	(4.8)	(4.8)	3.1
Social and labor obligations	20.7	12.4	(0.5)	9.4	7.5	7.5	25.8
Income tax and social contribution	130.1	139.5	94.8	88.0	119.4	135.7	139.8
Insurance premium	4.0	(0.6)	4.4	8.6	19.3	19.3	37.0
Other liabilities	1.1	(5.4)	5.9	(19.5)	40.1	40.1	60.1
Cash provided by (used in) operating activities	**582.0**	**694.5**	**460.2**	**308.8**	**(573.3)**	**(499.3)**	**(519.7)**
Income tax and social contribution paid	(108.5)	(113.1)	(110.7)	(93.3)	(108.3)	(108.3)	(131.2)
Interest on loans, financing and debentures paid(*)	(152.0)	(328.0)	(352.9)	(442.3)	(485.7)	(485.7)	(424.7)
Financial assets	-	-	-	-	(1,275.8)	(1,275.8)	1,008.2
Net cash provided by (used in) operating activities	**321.5**	**253.4**	**(3.4)**	**(226.8)**	**(2,443.1)**	**(2,369.1)**	**(67.4)**
CASH FLOWS FROM INVESTING ACTIVITIES:							
(Investments) withdraw in marketable securities	-	(92.6)	92.6	-	-	-	-
Acquisition of investment, goodwill and fair value surplus	(12.5)	(14.4)	-	-	(333.2)	(333.2)	-
Purchases of other property and equipment and addition of intangible assets	(41.5)	(87.3)	(153.0)	(126.6)	(175.0)	(175.0)	(42.8)
Net cash provided by (used in) investing activities	**(54.0)**	**(194.3)**	**(60.4)**	**(126.6)**	**(508.2)**	**(508.2)**	**(42.8)**
CASH FLOWS FROM FINANCING ACTIVITIES:							
Loans and financings:							
Proceeds	112.6	499.1	747.1	266.3	950.1	950.1	742.8
Repayment	(129.4)	(490.4)	(368.4)	(297.9)	(510.1)	(510.1)	(518.5)
Debentures							
Proceeds	496.3	497.3	496.8	943.4	2,626.9	2,626.9	1,690.7
Repayment	(220.7)	(90.8)	(668.0)	(105.0)	(355.0)	(355.0)	(815.0)
Treasury shares (acquired)/ sold	(36.8)	0.0	(27.5)	(25.0)	2.1	2.1	3.20
Exercise of stock options with treasury shares, net	12.8	5.5	18.0	18.2	50.1	50.1	16.4
Dividends paid	(255.1)	(38.6)	(44.7)	(1.0)	-	-	-
Interest on own capital	(60.4)	(61.7)	(94.6)	(138.4)	(166.9)	(166.9)	(172.3)
Net cash provided by (used in) financing activities	**(80.7)**	**320.4**	**58.7**	**660.6**	**2,597.2**	**2,597.2**	**947.3**
NET CASH FLOW PROVIDED (USED) IN THE YEAR	**186.8**	**379.5**	**(5.1)**	**307.2**	**(354.1)**	**(280.1)**	**837.1**
Cash flow without incurred one-time costs Hertz and franchisees	-	-	-	-	-	(74.0)	-
NET CASH FLOW PROVIDED (USED) IN THE YEAR AFTER ONE TIME COSTS	**186.8**	**379.5**	**(5.1)**	**307.2**	**(354.1)**	**(354.1)**	**837.1**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	823.9	1,010.7	1,390.2	1,385.1	1,692.3	1,692.3	1,338.2
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,010.7	1,390.2	1,385.1	1,692.3	1,338.2	1,338.2	2,175.3
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**186.8**	**379.5**	**(5.1)**	**307.2**	**(354.1)**	**(354.1)**	**837.1**
Supplemental disclosure of cash flow information:							
Cash paid during the period for cars acquisition							
Cars acquisition in the year/period - renewal	(1,819.7)	(2,197.7)	(2,278.4)	(2,563.6)	(3,660.9)	(3,660.9)	(4,696.7)
Cars acquisition in the year/period - growth	(209.4)	(286.9)	-	(726.0)	(1,807.0)	(1,807.0)	(2,285.1)
Suppliers - automakers:							
Balance at the end of the year	378.1	712.5	591.3	782.0	1,197.5	1,197.5	2,065.6
Balance at the beginning of the year	(288.4)	(378.1)	(712.5)	(591.3)	(782.0)	(782.0)	(1,197.5)
Cash paid for cars purchased	(1,939.4)	(2,150.2)	(2,399.6)	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)

(*) In 2014, approximately R$90.0 million interest was paid due to the settlement of one operation. The interest was accrued over many years.

21 – Glossary and other information

•**Adjusted:** financials have been recalculated to exclude the impact of incurred one-time costs related with the acquisition of Hertz Brazil and the integration of 20 franchised branches in 2017.

•**Average Rented Fleet:** In the car rental division it is the number of daily rentals in the period divided by the number of days in the period. In the Fleet Rental is the actual number of cars rented.

•**CAGR:** Compounded annual growth rate.

•**CAPEX:** Capital expenditure.

•**Carrying Cost of Cash:** Consists of the cost to maintain minimum cash position. This is the difference between the average rate of fundraising and the average rate of investment.

•**Car depreciation:** Depreciation is calculated based on the expectation of the future sale price net of the selling expenses. The amount to be depreciated is the positive difference between the acquisition price of the vehicle and its estimated residual value. Depreciation is calculated as long as the assets' estimated residual value does not exceed its accounting value. Depreciation is recognized during the estimated life cycle of each asset. In the Car Rental Division, depreciation method used is linear. In the Fleet Rental Division, depreciation is recorded according to the sum of the years' digits (SOYD) method, which better reflects the consumption pattern of the economic benefits that decrease during the cars' useful life. The residual value is the estimated sale price net of the estimated selling expense.

•**Depreciated cost of used cars sales (book value):** consists of the acquisition value of vehicles, depreciated up to the date of sale, less the technical discount. The **technical discount** is the discount given to the buyer for any required repairs that were not made. These repair costs are recorded as a charge to operating costs and as a credit to cost of cars sold.

•**EBITDA:** EBITDA is the net income of the period, added by the income tax, net financial expenses, depreciation, amortization and exhaustions, as defined by CVM instruction 527/12.

•**EBITDA Margin:** EBITDA divided by the net revenues.

•**EBIT:** EBIT is the net income of the period added by the income tax and net financial expenses.

•**EBIT Margin:** EBIT divided by the rental net revenues.

•**Operating Fleet:** Includes the cars in the fleet from the licensing until they become available for sale.

•**Net debt:** Short and long term debts +/- the results from the swap operations, net of the cash, cash equivalents and short term financial investments. The "net debt" term is a Company's measure and cannot be compared with similar terms used by other companies.

•**Net (Divestment) Investment in cars:** capital investment in cars acquisition, net of the revenues from selling decommissioned cars.

•**NOPAT:** Net operating profit after tax.

•**One-time costs:** non-recurring costs and expenses related to the acquisition of Hertz Brazil's operations and the integration of 20 franchised branches.

• **ROIC:** Return on invested capital.

• **Swap:** Financial transactions carried out to hedge exchange rate and interest rate risks.

• **Utilization Rate:** It is the number of rental days of the period divided by the fleet available for rental multiplied by the number of days of the period and therefore, it does not include cars being prepared or being decommissioned.