

# WEBCAST

## 1Q20

Localiza's headquarters in Belo Horizonte, Minas Gerais, Brazil. Special lighting with a message of hope for the community.

Localiza

[B]<sup>3</sup>  
BRASIL  
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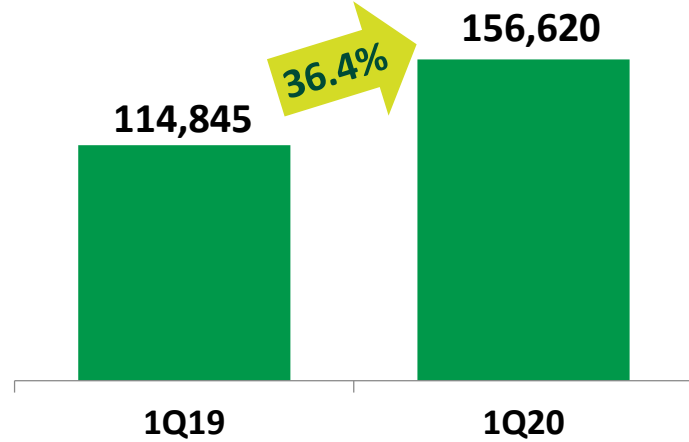
ITAG

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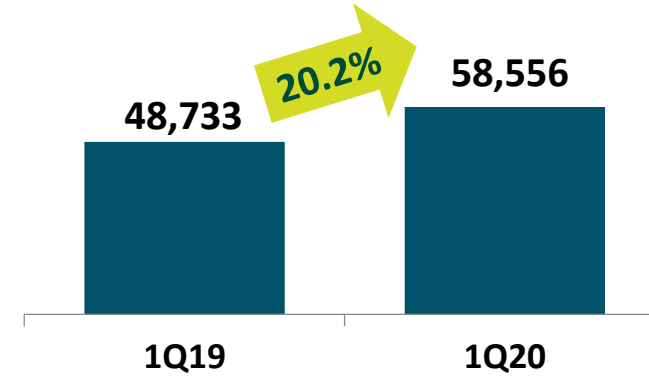
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# 1Q20 OPERATING HIGHLIGHTS

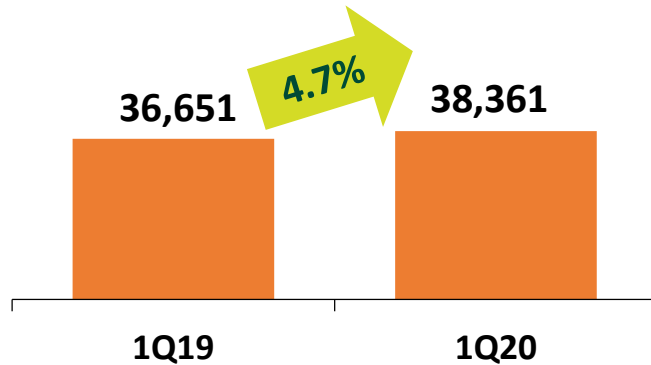
Average rented fleet – Car Rental



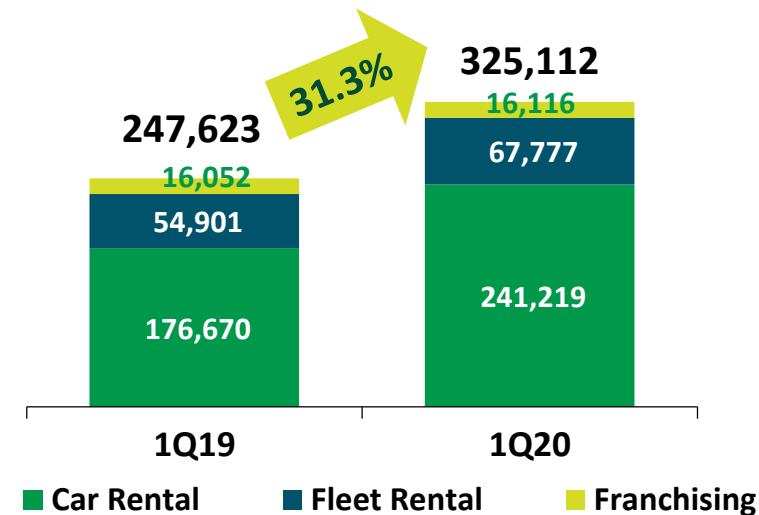
Average rented fleet – Fleet Rental



# of cars sold

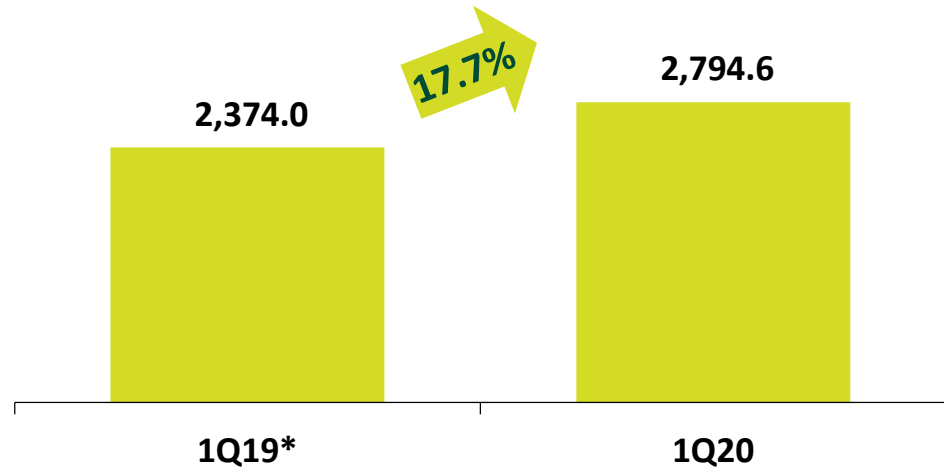


End of the period fleet



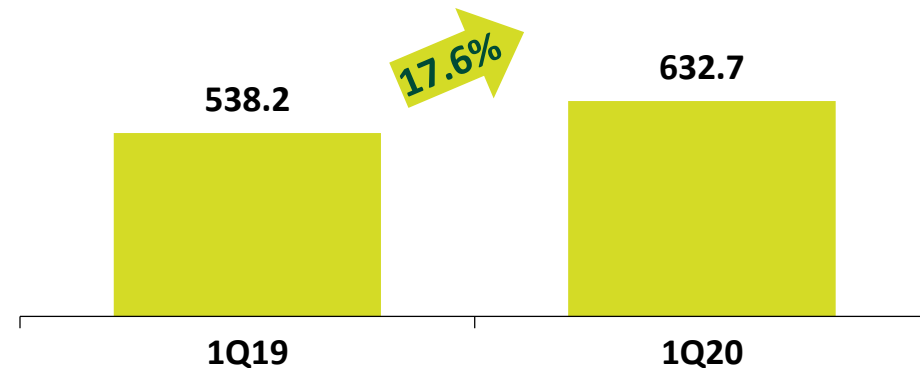
# 1Q20 FINANCIAL HIGHLIGHTS

## Net revenues (R\$ million)

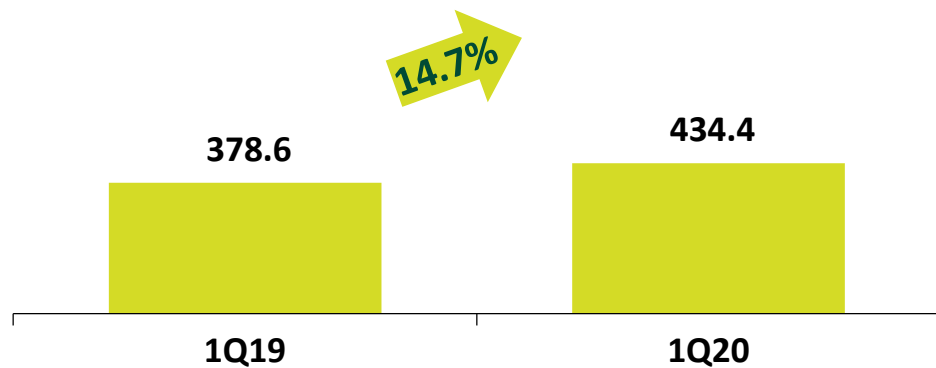


(\*) GAAP revenue including the effects of the reclassification of PIS and COFINS credits

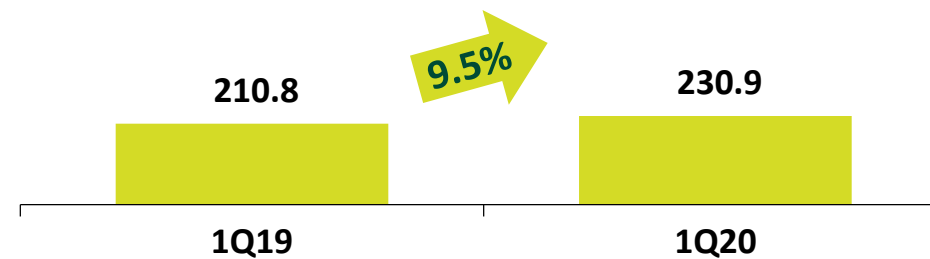
## EBITDA (R\$ million)



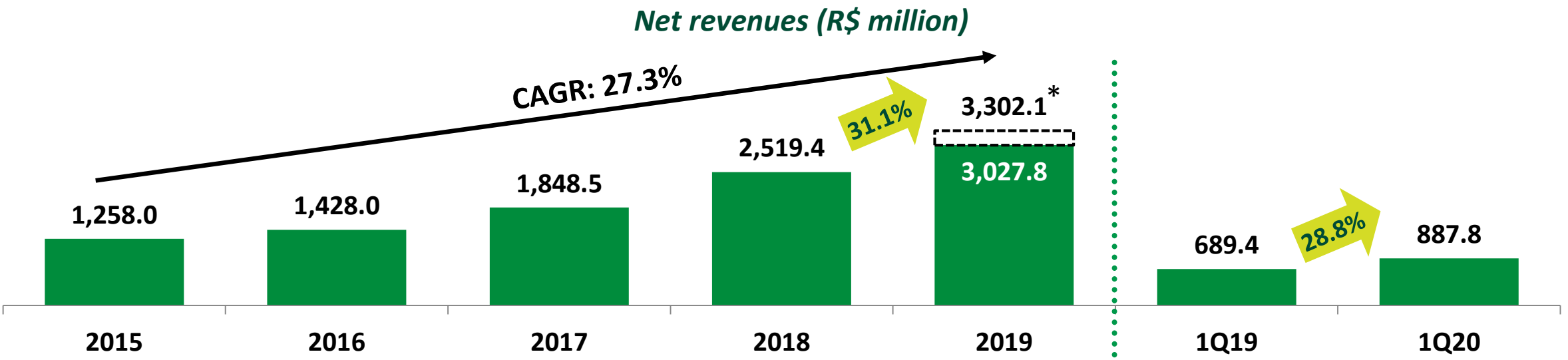
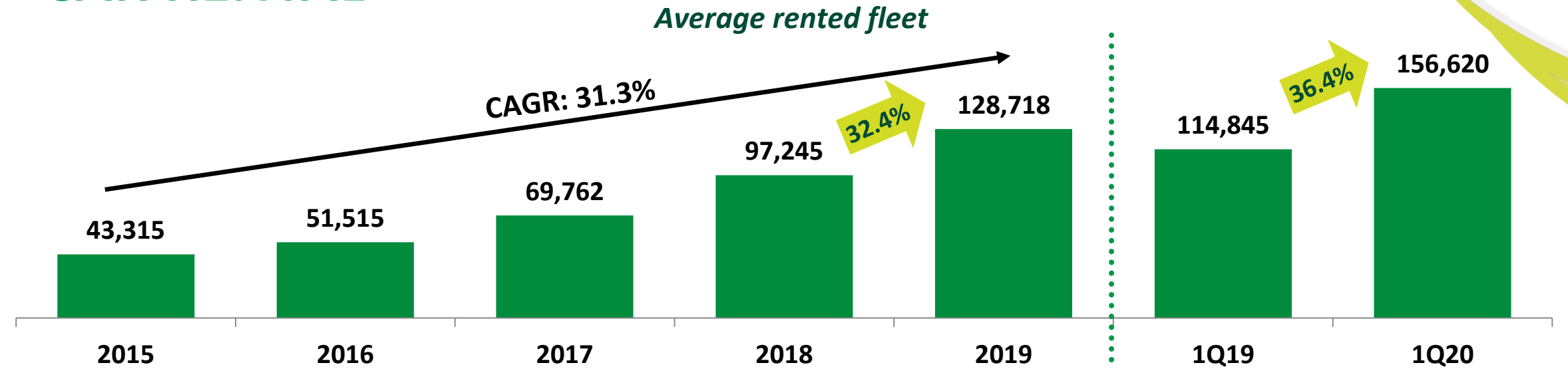
## EBIT (R\$ million)



## Net income (R\$ million)



# CAR RENTAL

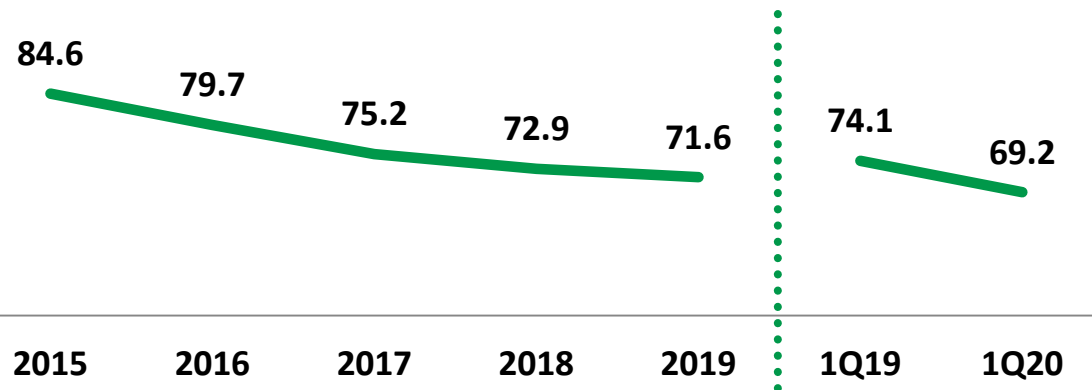


(\*) Excluding the effects of the reclassification of PIS and COFINS credits

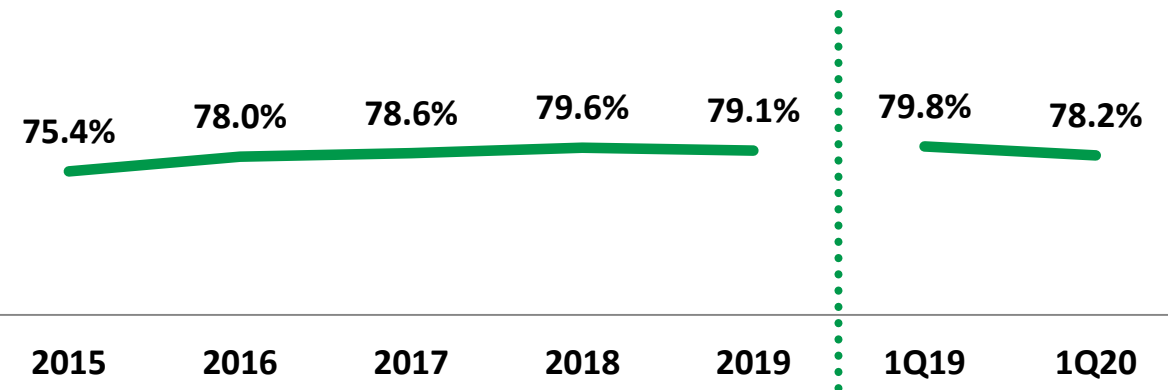
**MAINTENANCE OF THE STRONG GROWTH PACE IN THE 1Q20, EVEN CONSIDERING THE IMPACTS OF COVID-19 IN THE LAST WEEK OF MARCH**

# CAR RENTAL

*Average rental rate (in R\$)*



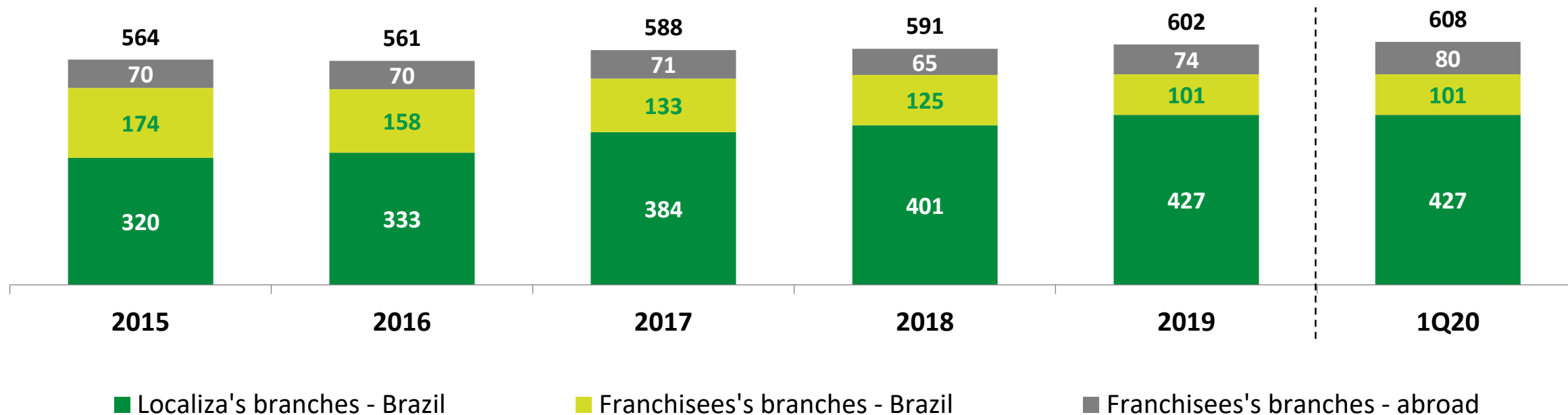
*Utilization rate (%)*



**AVERAGE RENTAL AND UTILIZATION RATES REFLECTING THE MIX OF SEGMENTS AND THE IMPACTS OF COVID-19 AT THE END OF THE QUARTER**

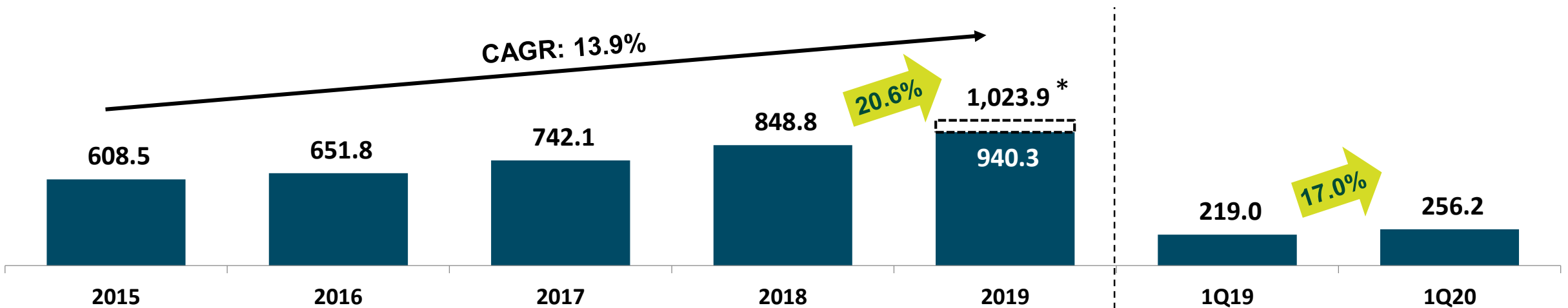
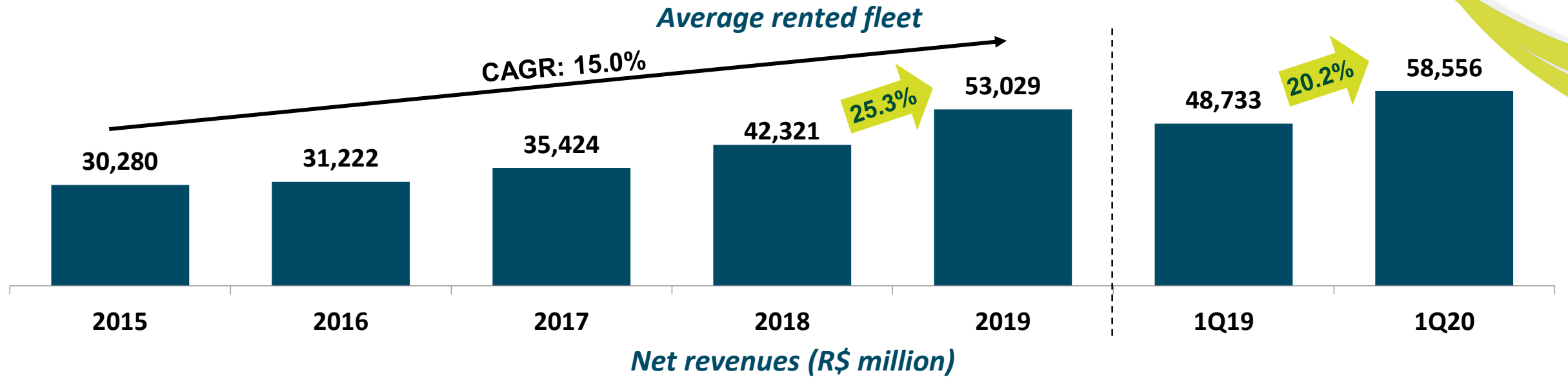
# CAR RENTAL NETWORK EVOLUTION

*Number of car rental locations - Brazil and abroad*



**MAINTENANCE OF THE NUMBER OF LOCALIZA'S CORPORATE BRANCHES COMPARED TO THE END OF 2019**

# FLEET RENTAL

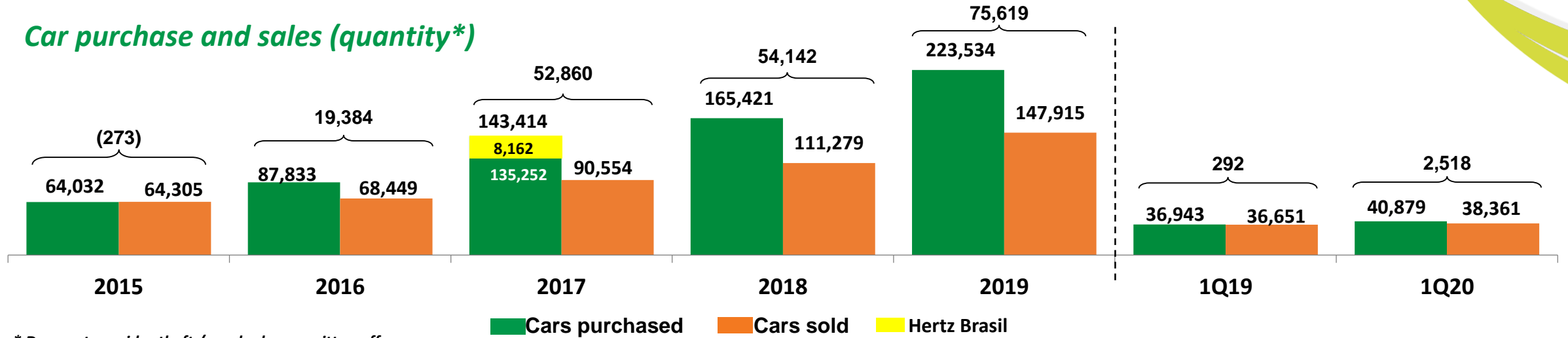


(\*) Excluding the effects of the reclassification of PIS and COFINS credits

**IN 1Q20, FLEET RENTAL DIVISION REGISTERED A 20.2% INCREASE IN AVERAGE RENTED FLEET**

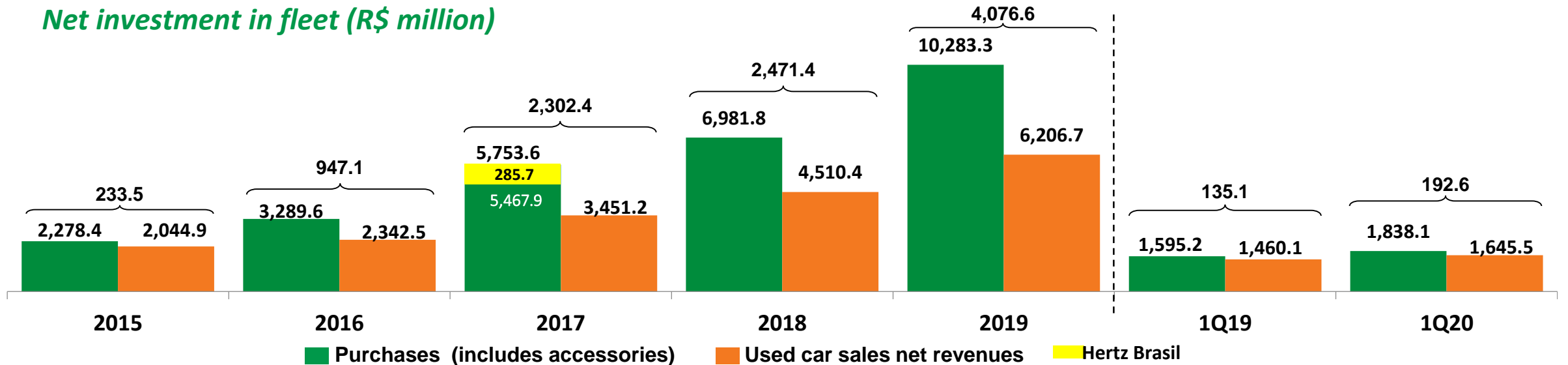
# NET INVESTMENT

## Car purchase and sales (quantity\*)



\* Does not consider theft / crashed cars written off.

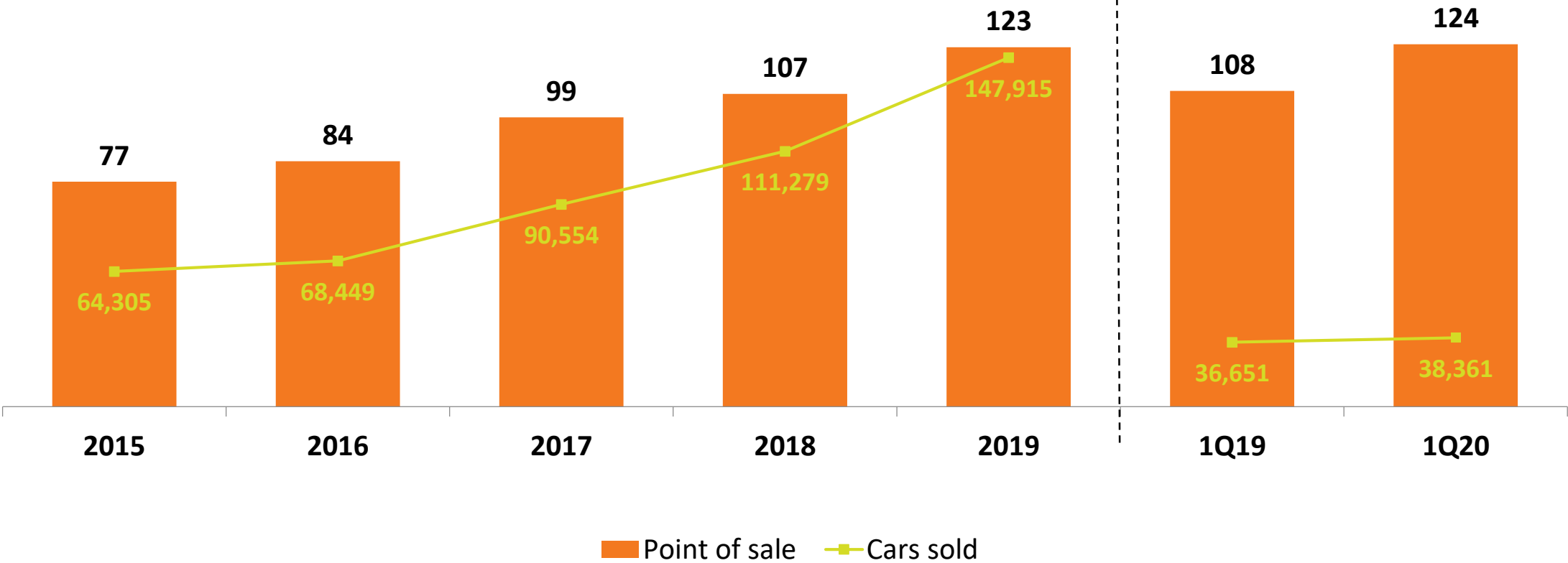
## Net investment in fleet (R\$ million)



CAR SALES VOLUMES IMPACTED BY THE SOCIAL DISTANCING MEASURES AT THE END OF THE QUARTER



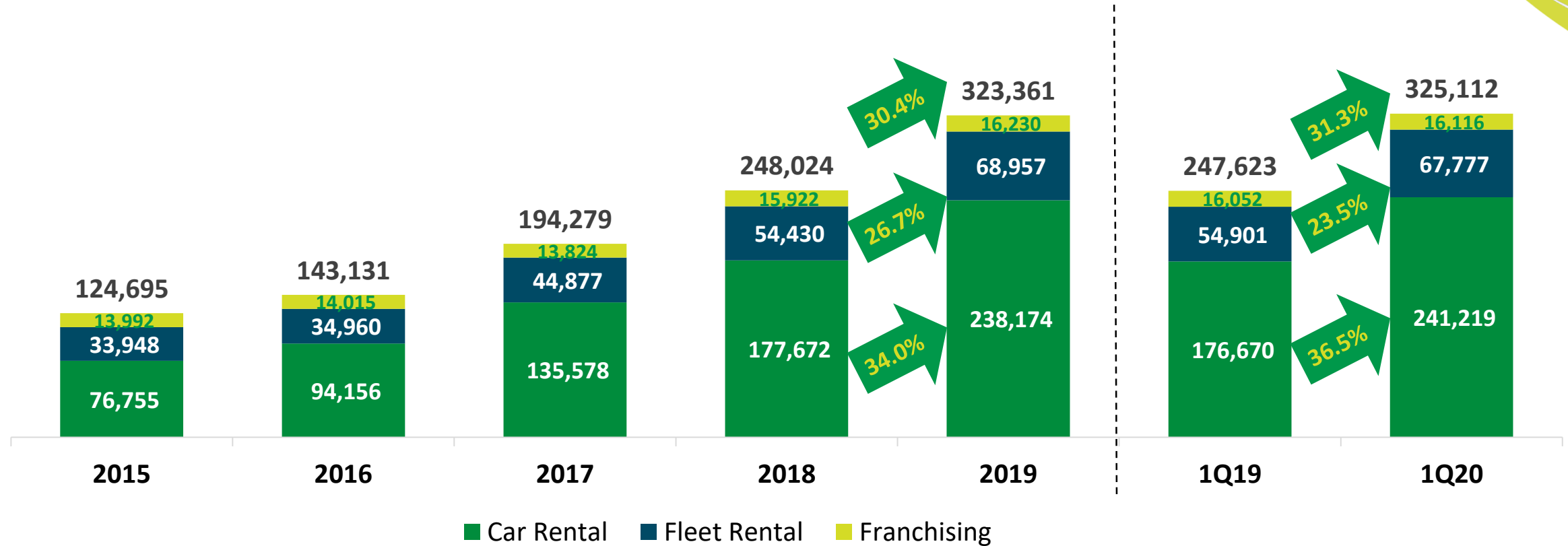
# NUMBER OF USED CARS POINTS OF SALE



**STABLE SALES YOY, EVEN CONSIDERING THE EFFECTS OF THE PANDEMIC AND THE SOCIAL DISTANCING MEASURES**

# END OF PERIOD FLEET

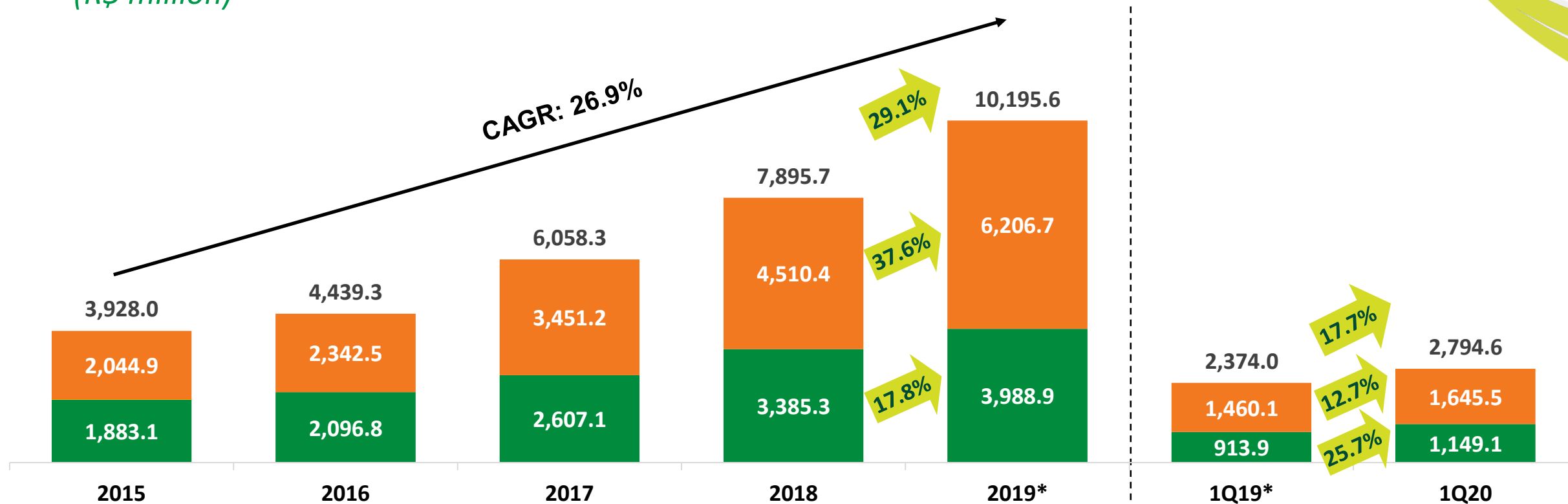
(Quantity)



**STRONG FLEET GROWTH IN ALL BUSINESS DIVISIONS**

# CONSOLIDATED NET REVENUES

(R\$ million)



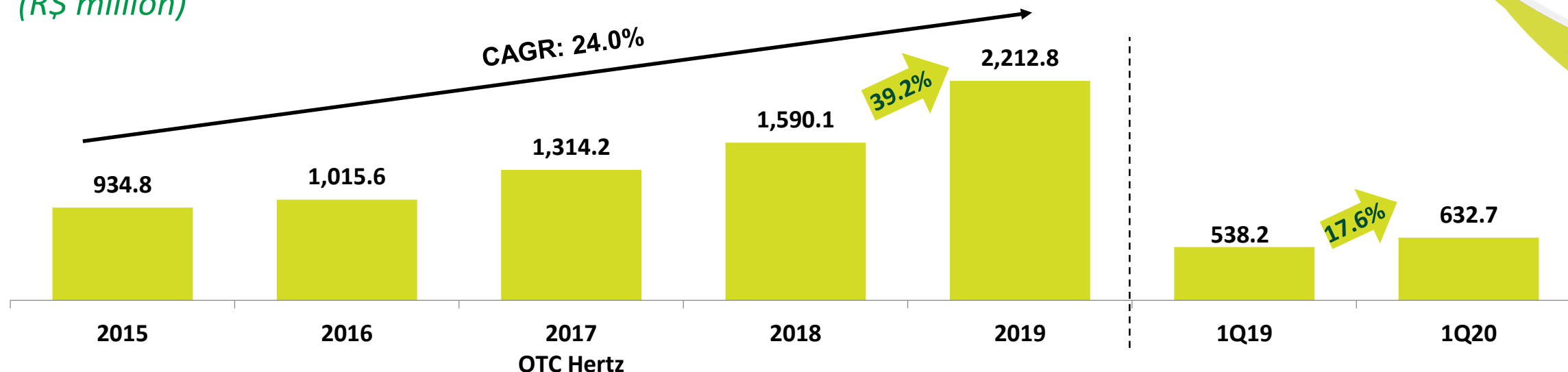
(\*) GAAP number including the effects of the IFRS16 and the reclassification of PIS and COFINS credits

■ Rental ■ Used car sales

CONSOLIDATED NET REVENUES INCREASED 17.7%, REFLECTING THE LOWER USED CAR SALES VOLUME IN 1Q20

# CONSOLIDATED EBITDA

(R\$ million)



## EBITDA margin:

Activities	2015	2016	2017*	2018	2019**	1Q19	1Q20
Car Rental	31.8%	32.3%	34.9%	35.9%	45.5%	48.9%	47.8%
Fleet Rental	62.2%	64.5%	61.9%	64.0%	67.7%	72.7%	70.4%
Rental Consolidated	41.7%	42.3%	42.6%	43.0%	50.9%	54.7%	52.9%
Used Car Sales	7.3%	5.5%	5.9%	3.0%	3.0%	2.6%	1.5%

(\*) 2017 adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation

(\*\*) GAAP number including the reclassification of PIS and COFINS credits in Car Rental and Fleet Rental divisions

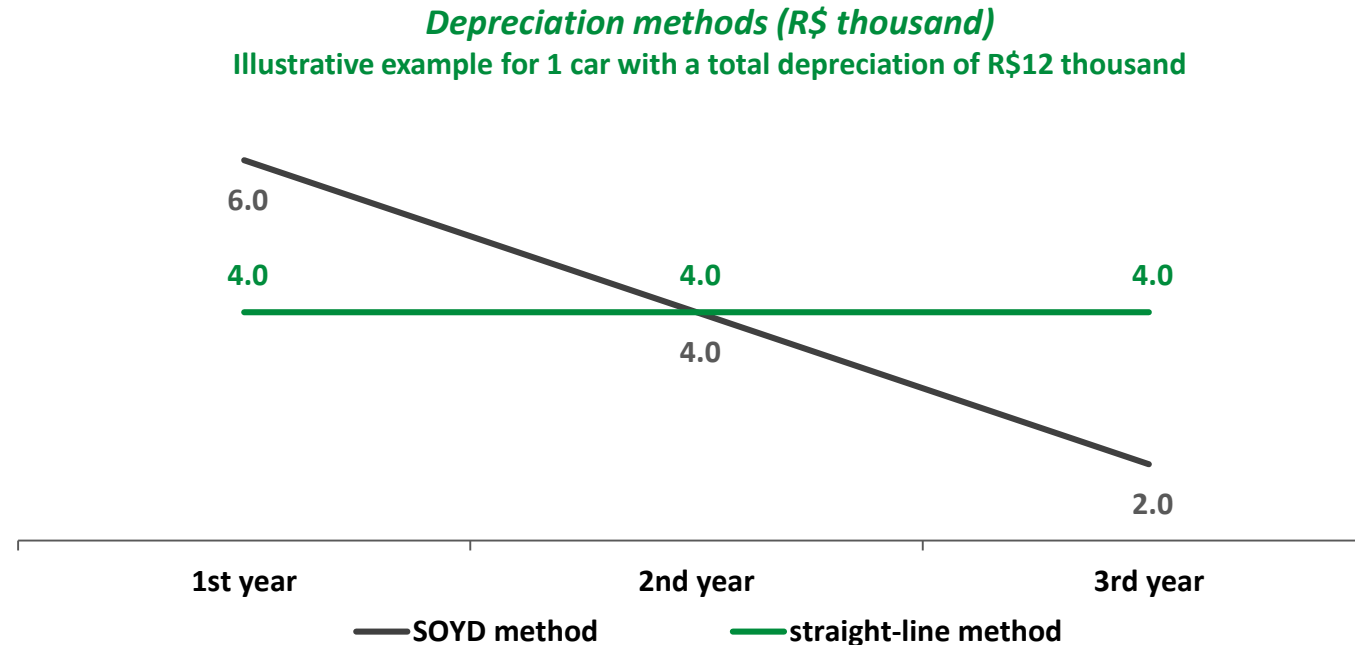
CONSOLIDATED EBITDA GROWTH IN LINE WITH NET REVENUES INCREASE

# CHANGE IN THE DEPRECIATION METHOD – FLEET RENTAL

The Company reassessed the method used to appropriate the depreciation of cars in the **Fleet Rental** division to better reflect the equalization between maintenance and depreciation costs over the car's useful life. Accordingly, the Company decided to apply the straight-line method of depreciation to replace the SOYD method, previously used.

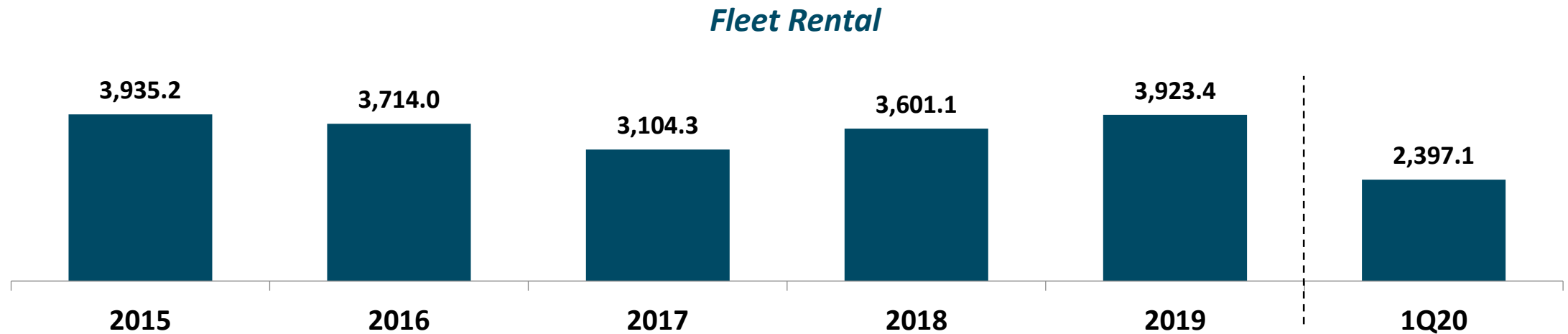
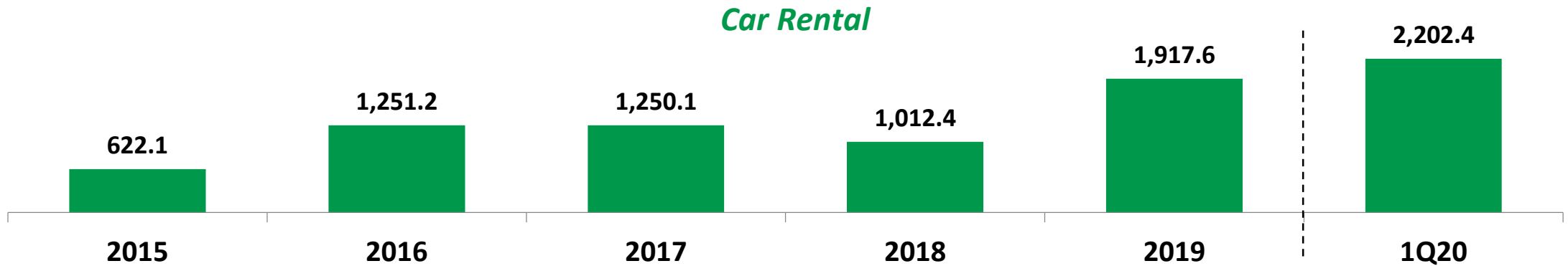
This decision was based on internal studies that concluded that changes in maintenance cost, average mileage and contract duration, indicated the straight-line method as more appropriate to reflect the consumption pattern of economic benefits over the car's useful life.

Changing the depreciation method does not change the car's depreciable amount but changes its curve over the useful life of the car in the Fleet Rental activity. We demonstrate the two methods below, considering the total depreciation of R\$12 thousand per car over the contract:



# AVERAGE ANNUALIZED DEPRECIATION PER CAR

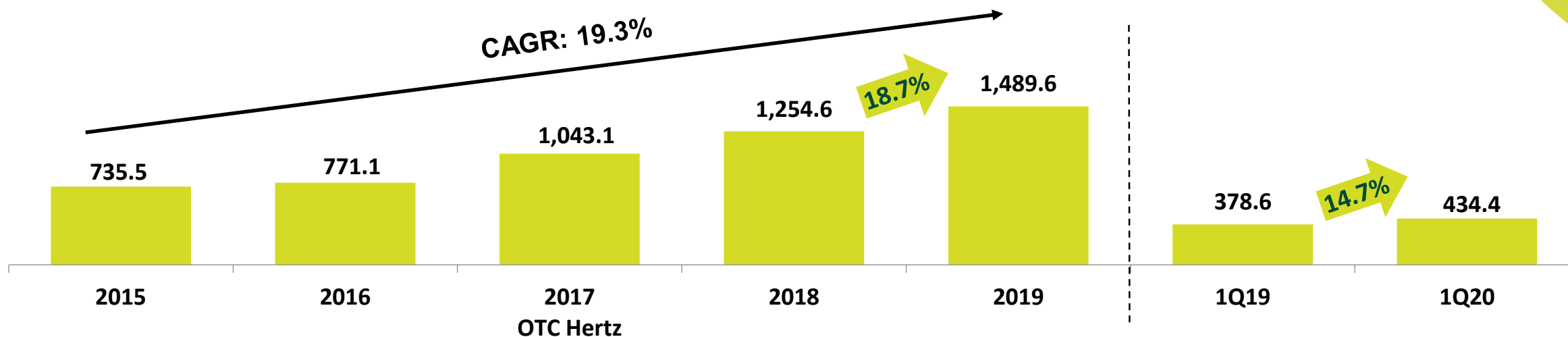
(In R\$)



**FLAT DEPRECIATION LEVEL IN THE CAR RENTAL DIVISION, COMPARING TO PRIOR QUARTER.  
FOR THE FLEET RENTAL DIVISION THE COMPANY STARTED USING THE STRAIGHT-LINE METHOD OF DEPRECIATION**

# CONSOLIDATED EBIT

(R\$ million)



EBIT margins include used car sales results, but is calculated over the rental revenues:

Activities	2015	2016	2017*	2018	2019**	1Q19	1Q20
Car Rental	34.3%	30.2%	35.5%	33.2%	33.6%	38.0%	31.1%
Fleet Rental	48.9%	51.2%	51.4%	48.6%	49.1%	51.7%	60.7%
Consolidated	39.1%	36.8%	40.0%	37.1%	37.3%	41.4%	37.8%

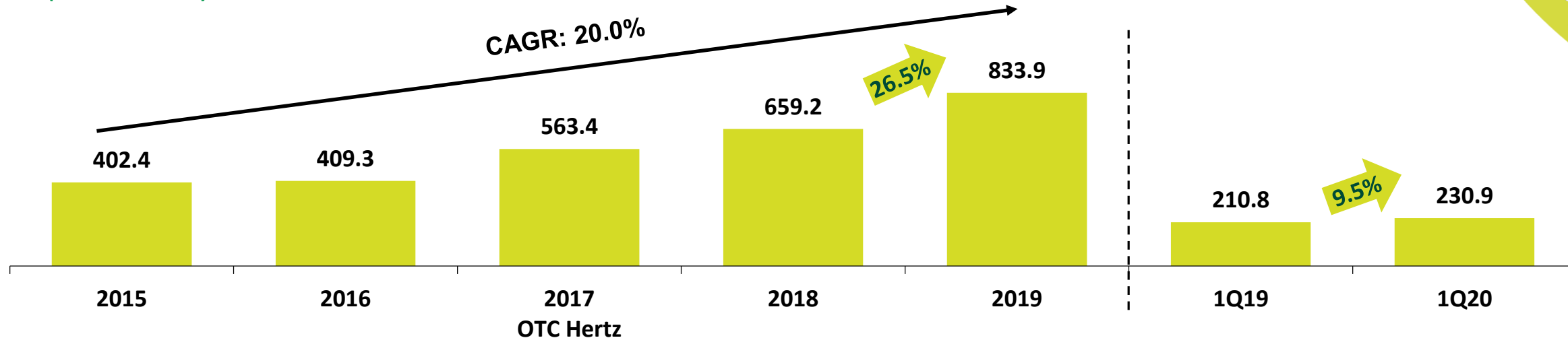
(\*) 2017 adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation

(\*\*) GAAP number including the reclassification of PIS and COFINS credits

**EBIT OF R\$ 434.4 MILLION IN THE QUARTER, 14.7% HIGHER THAN 1Q19**

# CONSOLIDATED NET INCOME

(R\$ million)



Reconciliation EBITDA x Net income	2015	2016	2017*	2018	2019	1Q19	1Q20	Var. R\$	Var. %
Consolidated EBITDA	934.8	1,015.6	1,314.2	1,590.1	2,212.8	538.2	632.7	94.5	17.6%
Cars depreciation	(163.6)	(206.3)	(232.0)	(291.6)	(551.5)	(117.1)	(153.2)	(36.1)	30.8%
Other property depreciation and amortization	(35.7)	(38.2)	(39.1)	(43.9)	(171.7)	(42.5)	(45.1)	(2.6)	6.1%
EBIT	735.5	771.1	1,043.1	1,254.6	1,489.6	378.6	434.4	55.8	14.7%
Financial expenses, net	(202.7)	(243.5)	(315.0)	(368.9)	(409.8)	(105.2)	(127.6)	(22.4)	21.3%
Income tax and social contribution	(130.4)	(118.3)	(164.7)	(226.5)	(245.9)	(62.6)	(75.9)	(13.3)	21.2%
<b>Net income of the period</b>	<b>402.4</b>	<b>409.3</b>	<b>563.4</b>	<b>659.2</b>	<b>833.9</b>	<b>210.8</b>	<b>230.9</b>	<b>20.1</b>	<b>9.5%</b>

(\*) 2017 adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation

**NET INCOME GROWTH OF 9.5% IN 1Q20**



# FREE CASH FLOW

Free cash flow - R\$ million		2015	2016	2017	2018	2019	1Q20
Operations	EBITDA	934.8	1,015.7	1,314.2*	1590.1	2,212.8	632.7
	Used car sale revenue, net from taxes	(2,044.9)	(2,342.6)	(3,451.2)	(4,510.4)	(6,206.7)	(1,645.5)
	Depreciated cost of cars sold	1,769.1	2,102.5	3,106.6	4,198.5	5,863.6	1,546.2
	(-) Income tax and social contribution	(110.7)	(93.3)	(108.3)	(131.2)	(146.1)	(55.2)
	Change in working capital	(30.0)	(40.8)	(47.9)	(117.4)	(268.9)	(23.8)
Cash generated by rental operations		518.3	641.5	813.4	1,029.6	1,454.7	454.4
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	2,036.3	2,342.6	3,451.2	4,510.4	6,206.7	1,645.5
	Fleet renewal investment	(2,278.4)	(2,563.6)	(3,660.9)	(4,696.7)	(6,804.6)	(1,724.8)
	Change in accounts payable to car suppliers for fleet renewal	(25.4)	219.8	227.6	250.1	468.7	352.0
	Net investment for fleet renewal	(267.5)	(1.2)	17.9	63.8	(129.2)	272.7
Fleet renewal – quantity		64,032	68,449	90,554	111,279	147,915	38,361
Investment, property and intangible		(29.7)	(40.9)	(28.8)	(42.8)	(70.0)	(29.4)
Free cash flow from operations, before growth		221.1	599.4	802.5	1,050.6	1,255.5	697.7
Capex - Growth	(Investment) / Divestment in cars for fleet growth	8.6	(726.0)	(1,807.0)	(2,285.1)	(3,478.7)	(113.2)
	Change in accounts payable to car suppliers for fleet growth	(23.9)	26.8	168.7	509.4	23.6	(755.6)
	Acquisition of Hertz and franchisees (fleet value)	-	-	(285.7)	-	(105.5)	-
	Net investment for fleet growth	(15.3)	(699.2)	(1,924.0)	(1,775.7)	(3,560.6)	(868.8)
Fleet increase / (reduction) – quantity		(273)	19,384	52,860	54,142	75,619	2,518
Free cash flow after growth		205.8	(99.8)	(1,121.5)	(725.1)	(2,305.0)	(171.1)
Capex - non-recurring	Acquisitions and franchisees acquisition- except fleet value	-	-	(121.5)	-	(18.2)	(7.8)
	New headquarters construction and furniture	(30.7)	(85.7)	(146.2)	-	-	-
Free cash generated before the cash effects of discounts and anticipation of payables to suppliers		175.1	(185.5)	(1,389.2)	(725.1)	(2,323.2)	(178.9)
Cash effects of receivables and anticipation of payables to suppliers (**)		(71.9)	98.0	88.3	(113.2)	(131.8)	274.3
Free cash flow before interest		103.2	(87.5)	(1,300.9)	(838.3)	(2,455.0)	95.4

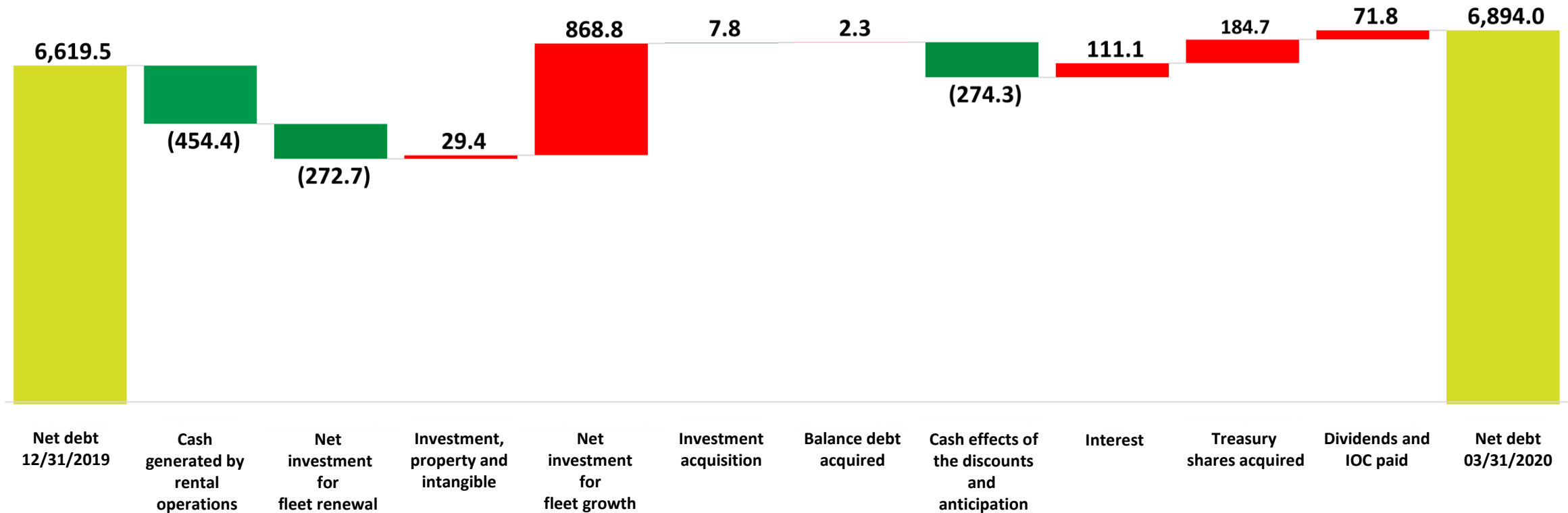
In the free cash flow, short-term financial assets were considered as cash equivalents since they have immediately liquidity

(\*) 2017 adjusted by one-time costs incurred -Hertz Brasil acquisition and franchisees incorporation

(\*\*) Discount of credit card receivables and anticipation of accounts payable were demonstrated in a different line so that the Free Cash Flow From Operations considered only the contractual terms, reflecting the Company's operation

# CHANGE IN NET DEBT

(R\$ million)

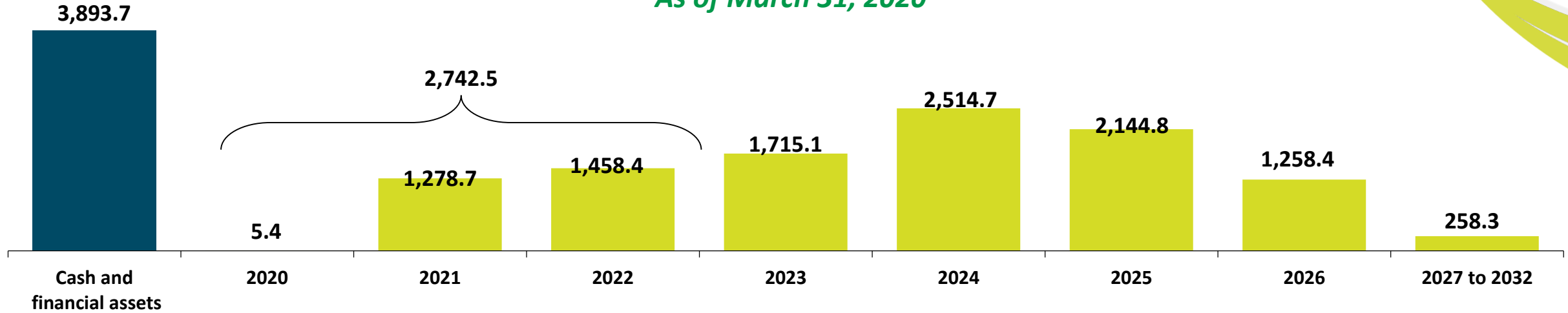


**THE COMPANY REGISTERED AN INCREASE OF R\$274.5 MILLION IN NET DEBT**

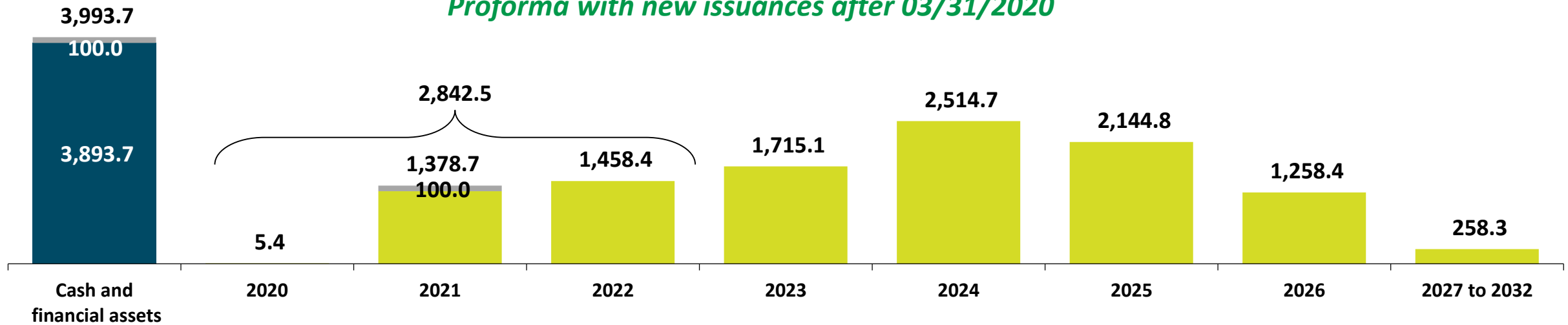
# DEBT MATURITY PROFILE (PRINCIPAL)

(R\$ million)

As of March 31, 2020



Proforma with new issuances after 03/31/2020

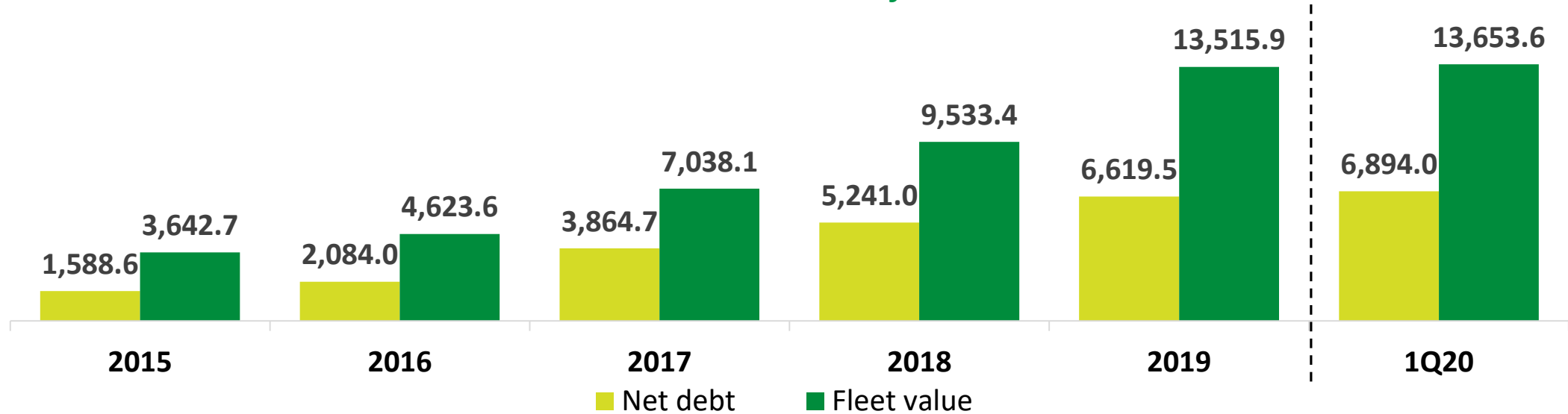


THE COMPANY RAISED R\$2.7 BILLION TO EXTEND DEBT DURATION AND STRENGTHEN ITS CASH POSITION  
IN VIEW OF THE PANDEMIC SCENARIO

# DEBT RATIOS

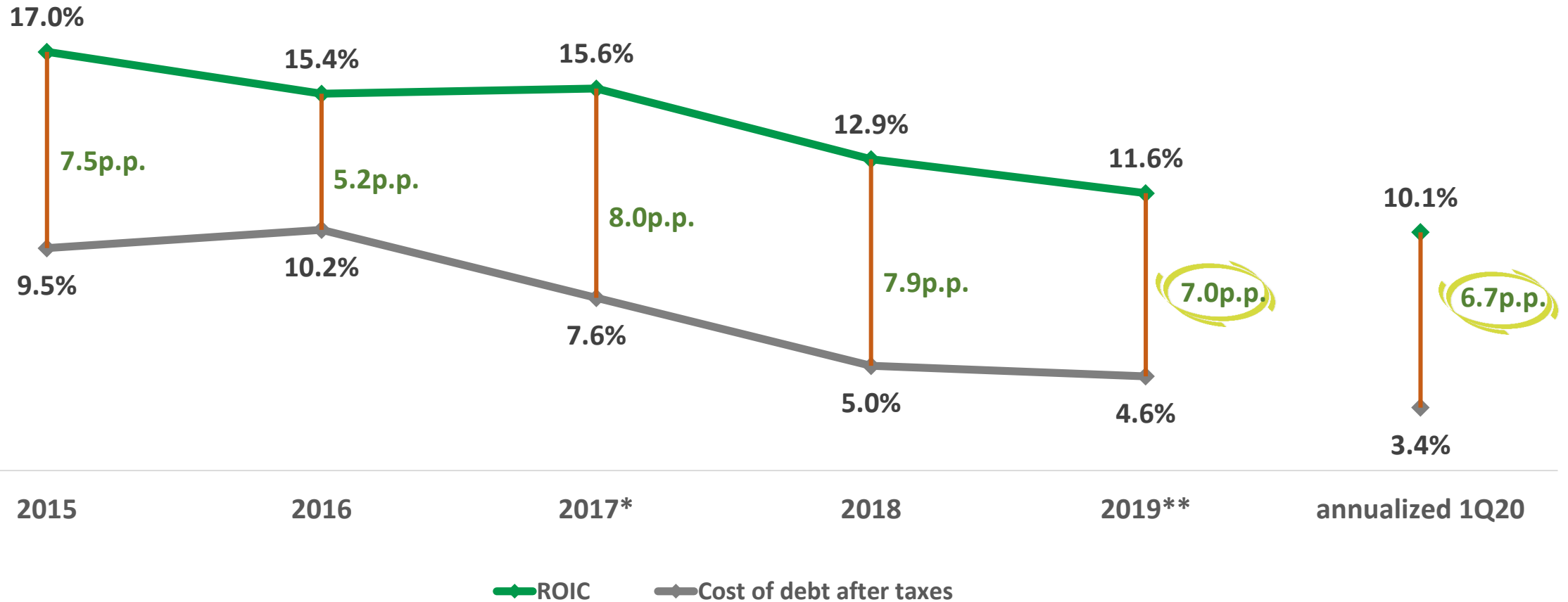
(R\$ million)

Net debt versus fleet value



<b>BALANCE AT THE END OF PERIOD</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>1Q20</b>
Net debt / Fleet value	44%	45%	55%	55%	49%	50%
Net debt / annualized EBITDA	1.7x	2.1x	2.9x	3.3x	3.0x	2.7x
Net debt / Equity	0.8x	0.9x	1.5x	1.7x	1.2x	1.3x
EBITDA / Net financial expenses	4.6x	4.2x	4.2x	4.3x	5.4x	5.0x

# ROIC VERSUS COST OF DEBT AFTER TAXES



(\*) 2017 adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation

(\*\*) Includes IFRS 16 accounting standard

ROIC considered each year's effective income tax and social contribution rate

**EXPRESSIVE RESULTS IN THE QUARTER, STRENGTHENING THE SOLID FINANCIAL POSITION TO FACE CRISIS**

# OPERATIONAL PREVIEW APRIL 20th – COVID-19

Network status as of May 12th	Fully operational	Operating with restrictions	Closed	Total
<b>Car Rental (including franchisees)</b>	355	46	127	528
<b>Seminovos</b>	38	40	46	124

CAR RENTAL	1Q20	April, 2020
Average operating fleet	211,512	211,237
Average rented fleet	156,620	105,257
Utilization rate (does not include cars in preparation and decommissioning)	78.2%	53.0%
Average rental rate per car (in RS)	69.22	47.00

FLEET RENTAL	1Q20	April, 2020
Average operating fleet	61,193	61,596
Average rented fleet	58,556	59,055
Utilization rate (does not include cars in preparation and decommissioning)	96.7%	97.4%
Average rental rate per car (in RS)	53.16	54.10

CARS PURCHASE AND SALES	1Q20	April, 2020
Number of cars purchased	40,879	1,482
Number of cars sold	38,361	2,460

# Thank You!

## Disclaimer

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**www.ir.localiza.com**

**Email: [ri@localiza.com](mailto:ri@localiza.com)**

**Tel: 55 31 3247-7024**