



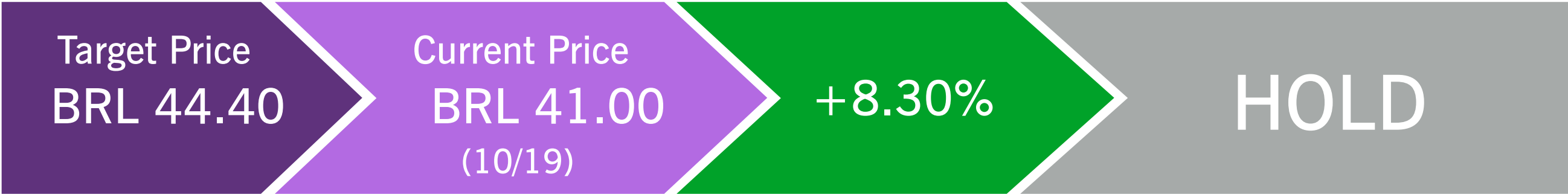
**CFA Institute**

**TEAM K**

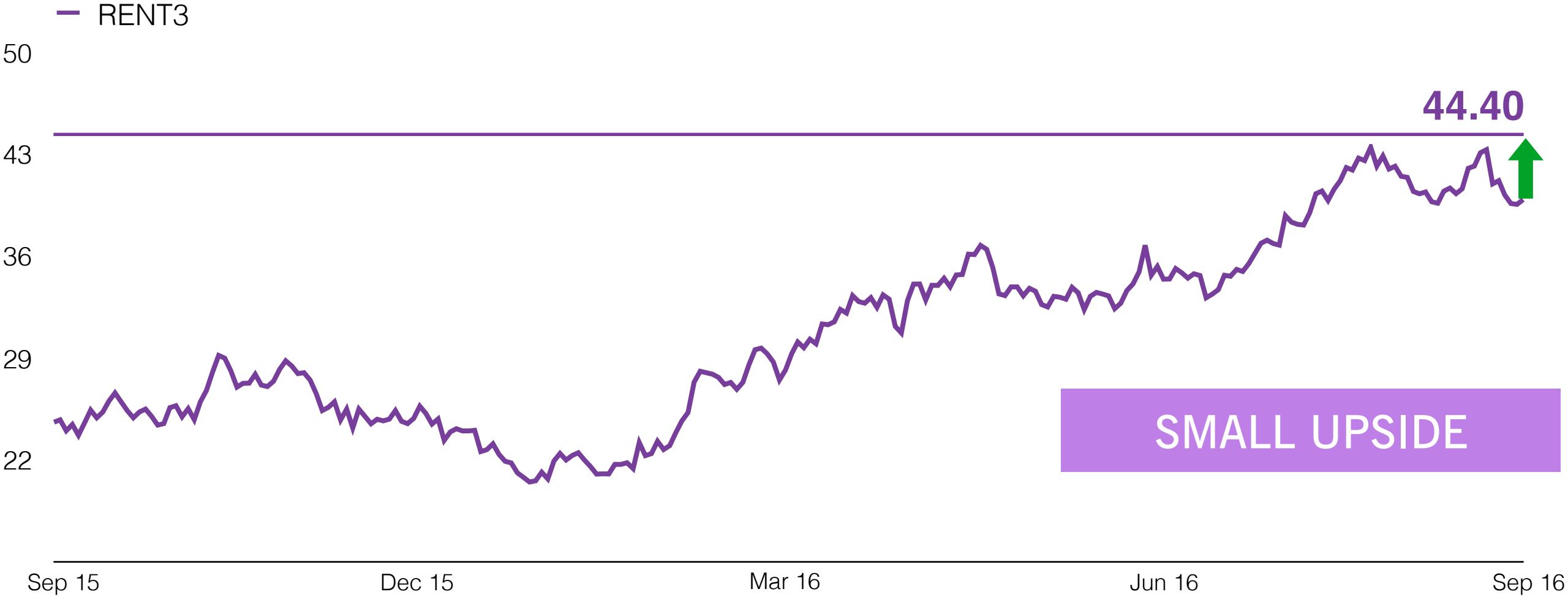


**Localiza**  
RENT A CAR

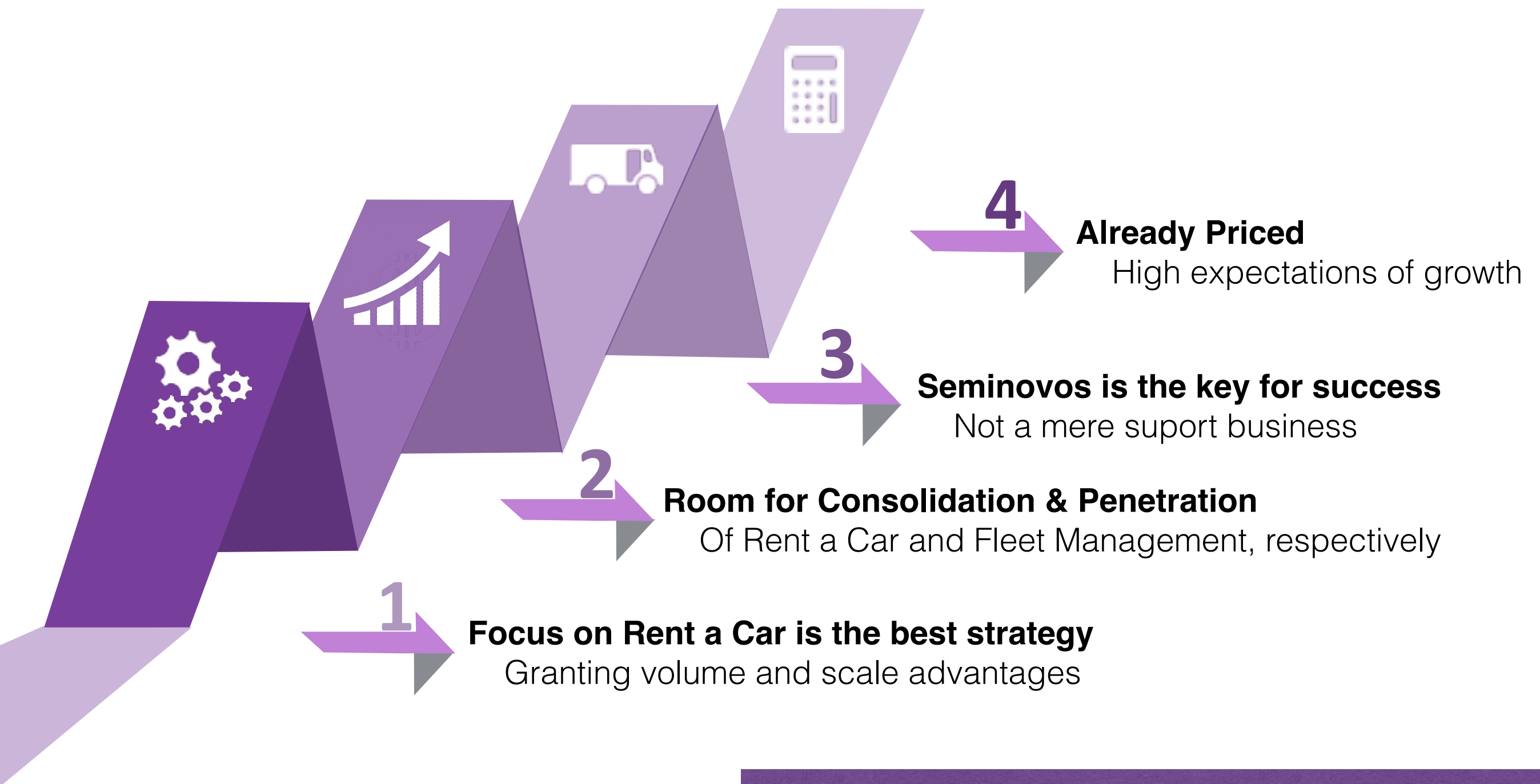
# Recommendation



## Stock Chart



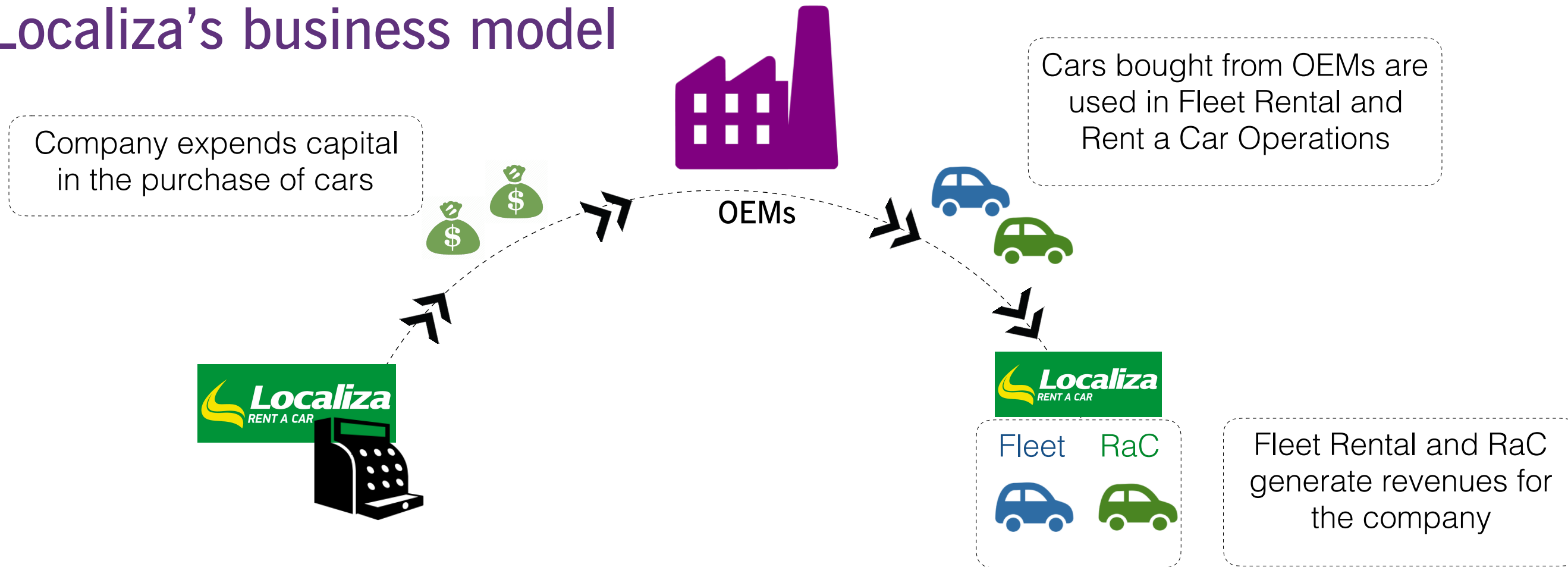
# Investment Case



# Localiza's business model

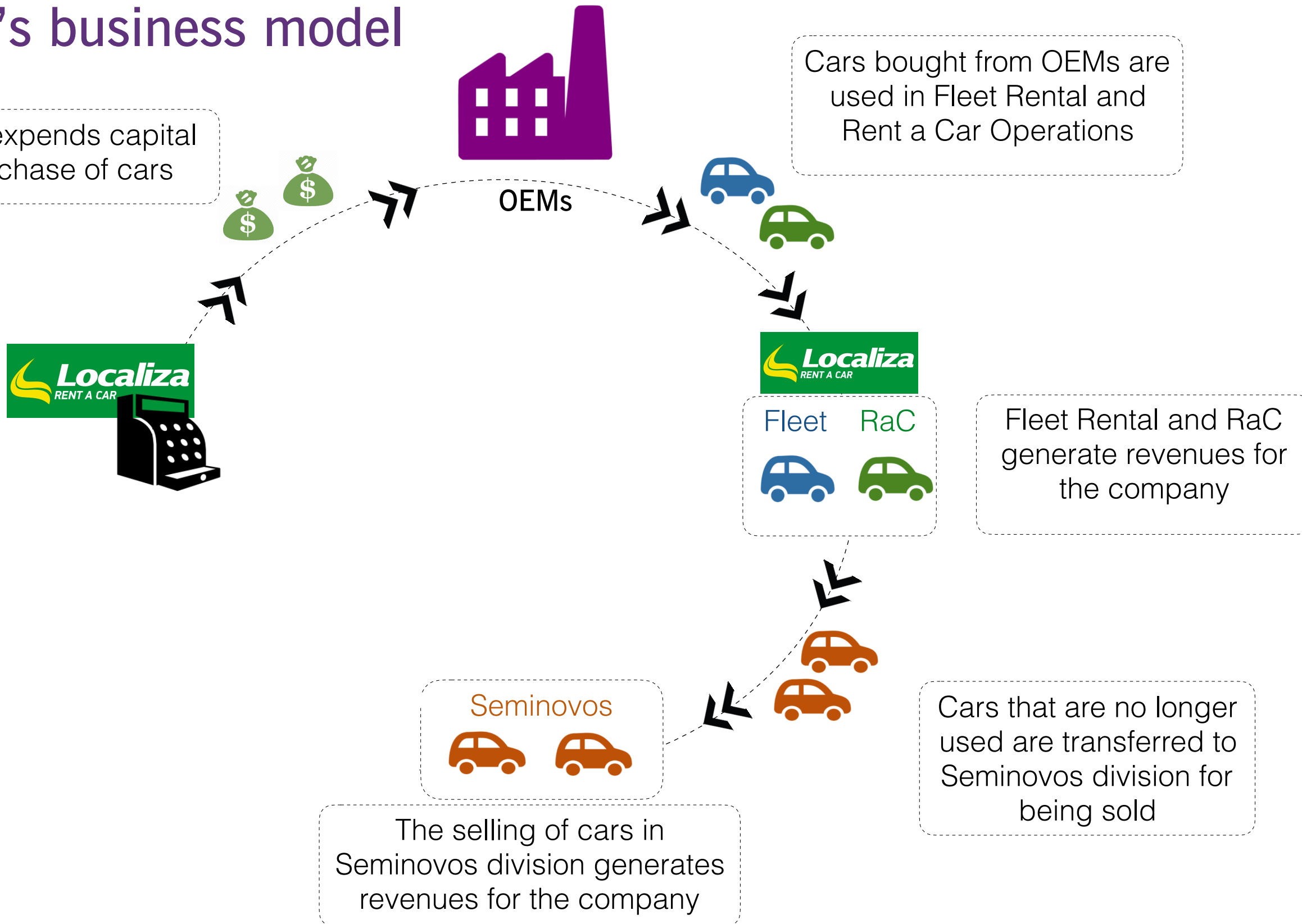


# Localiza's business model

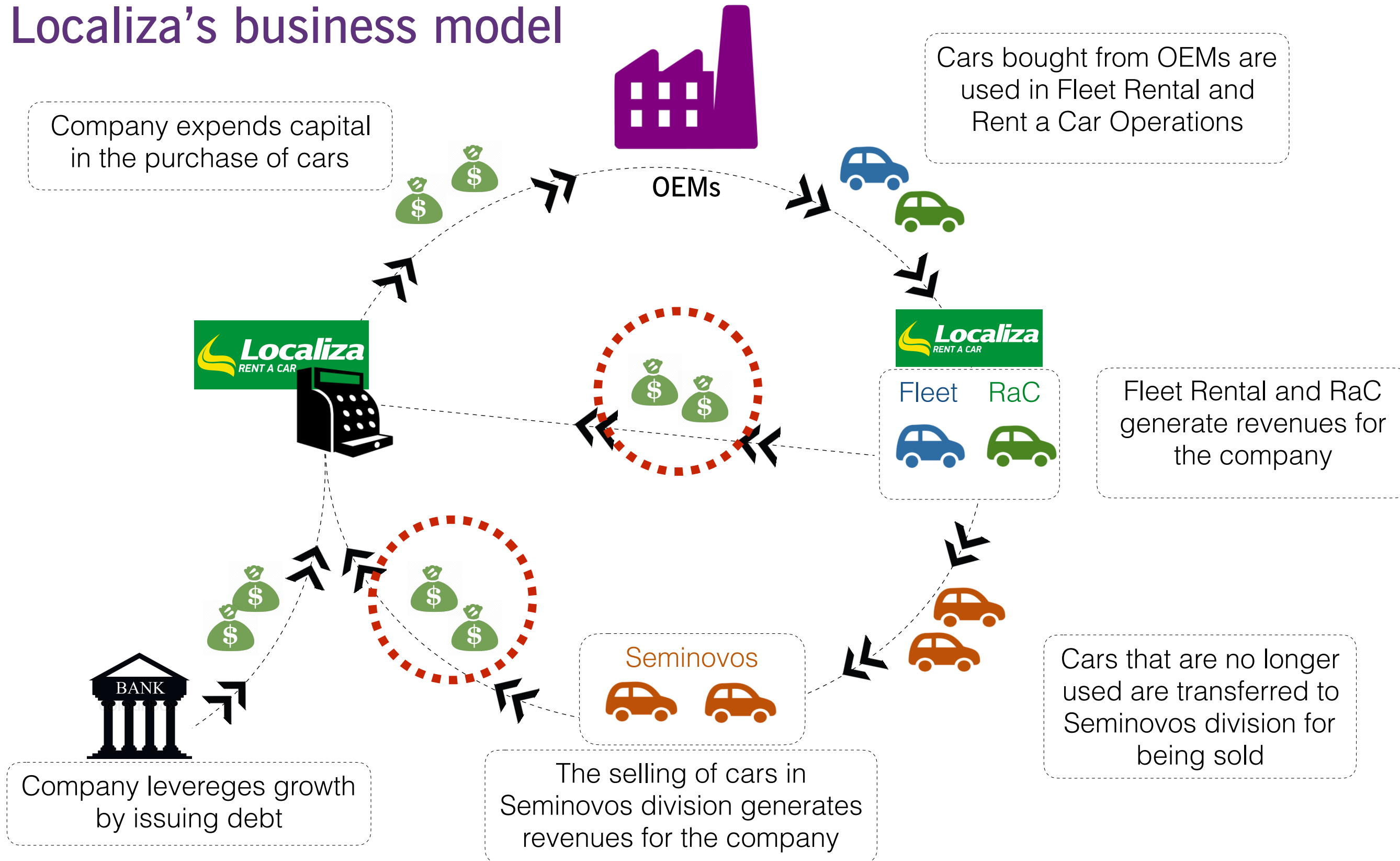




# Localiza's business model



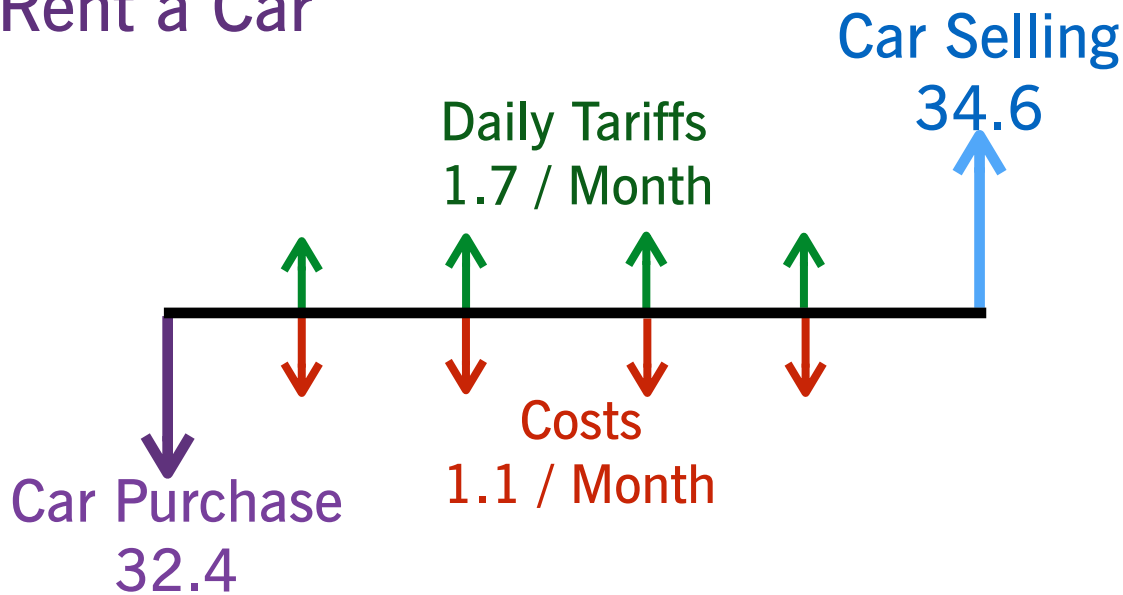
# Localiza's business model



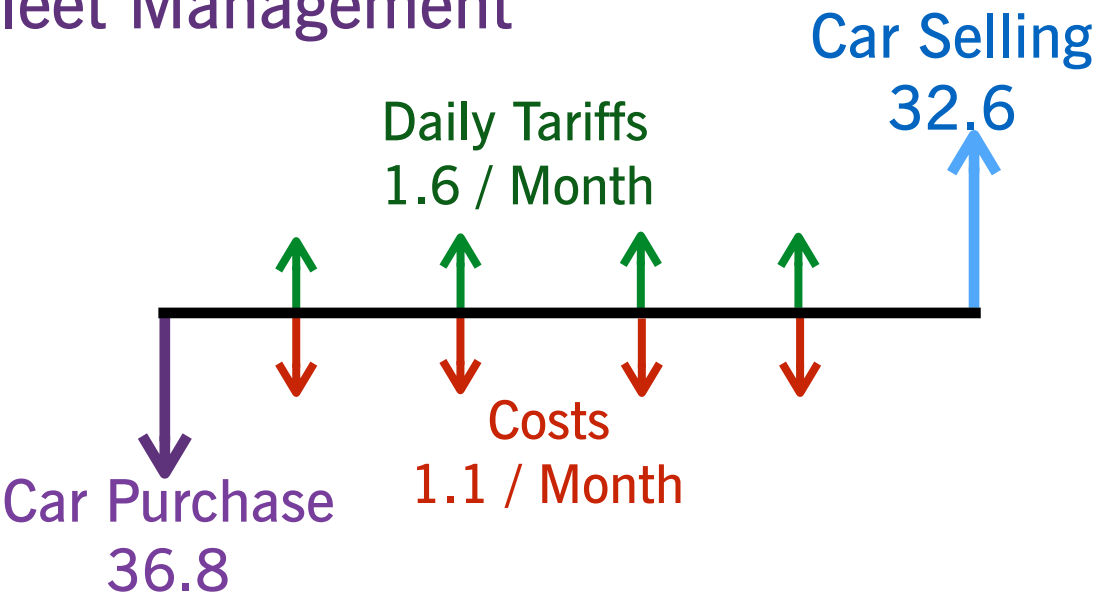
Source: Team K

# Different Cash Cycles

## Rent a Car



## Fleet Management



2015 - Data	Rent a Car	Fleet Management
Type of Car	\$\$	\$\$\$
Time Frame	1 Year	3 Years
IRR	18.6%	20.4%

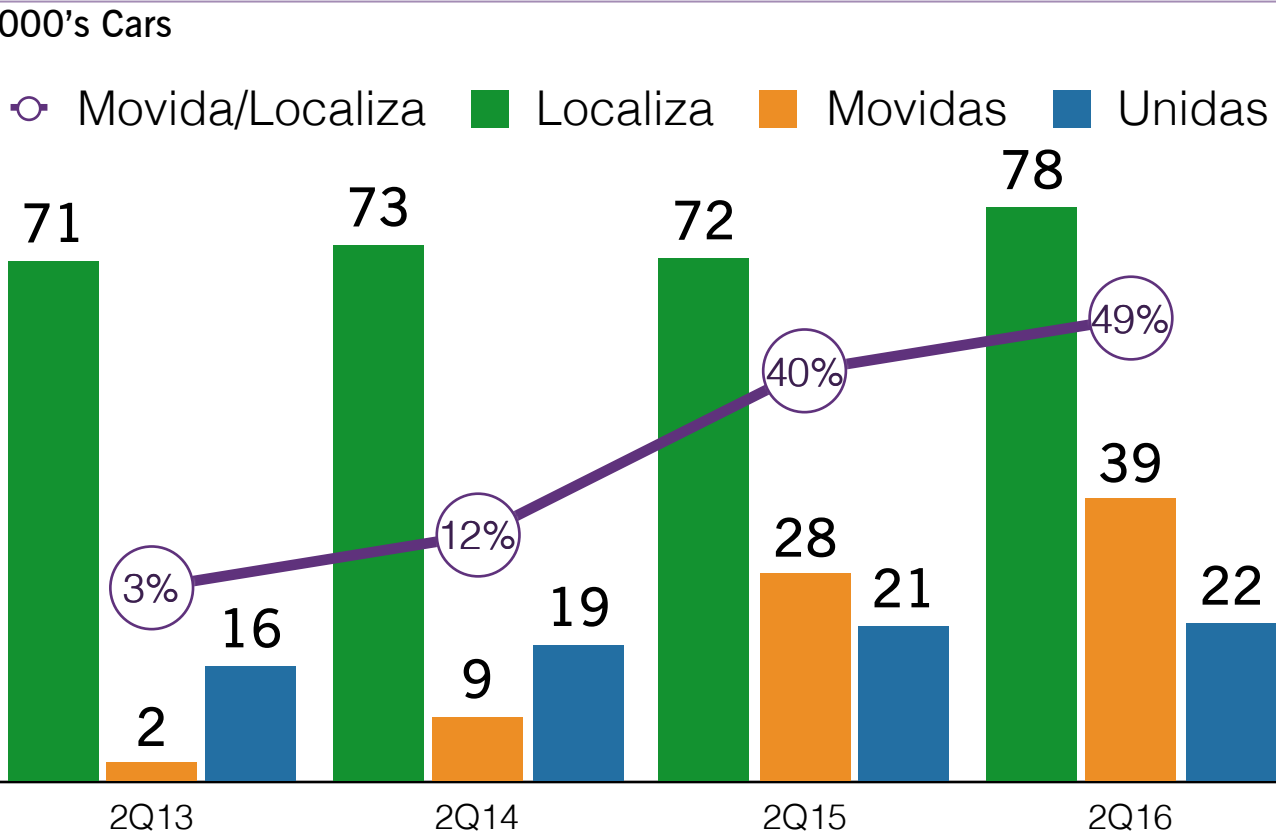
RaC's volume allows bargaining power with OEMs

Source: Localiza's Financial Statements, Team K

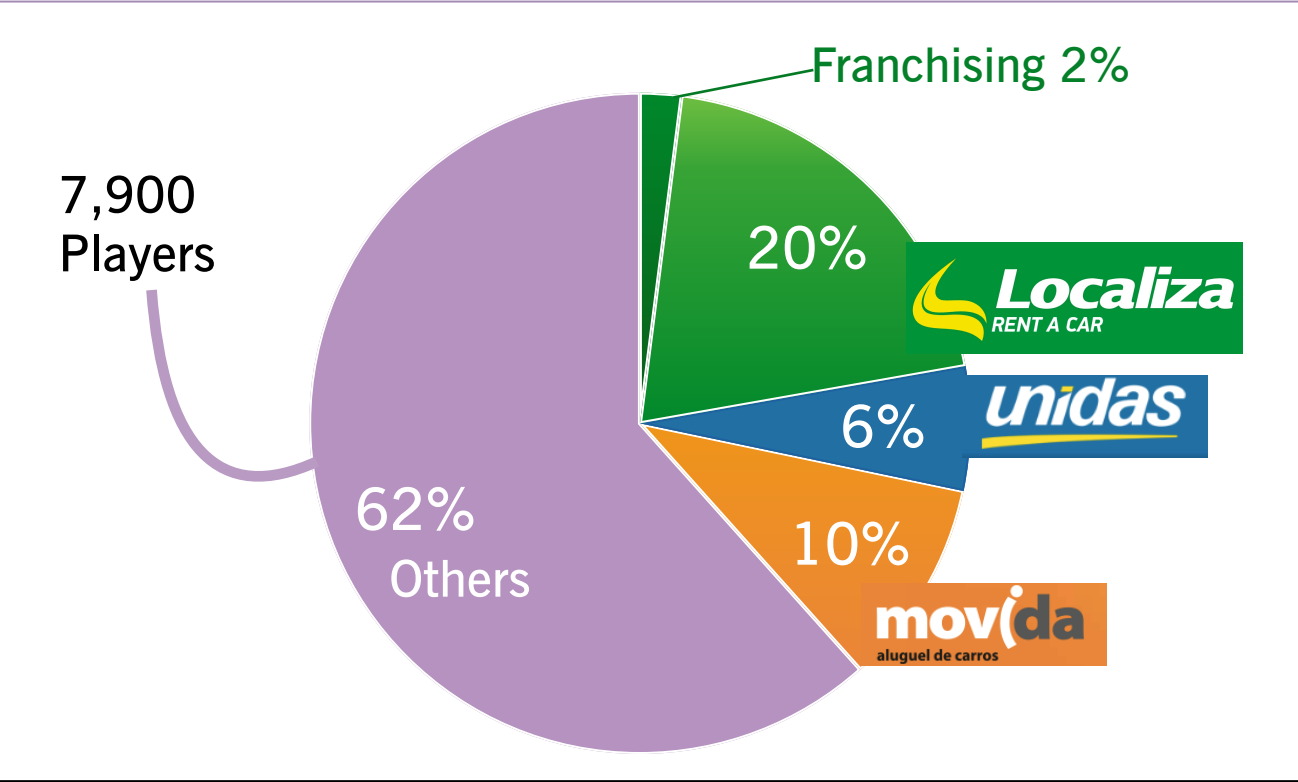


# Rent a Car - Consolidation Ahead, but competition adds complexity

RaC's fleet size



RaC's fleet size - Market Share



Increasing Competition among Top 3 Players

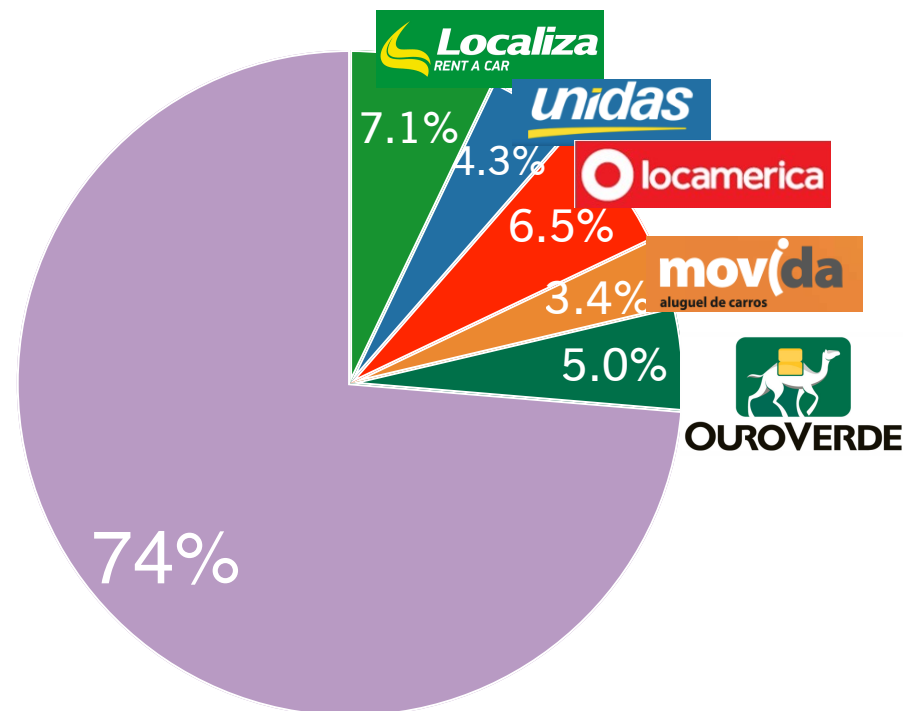
Large Room For Consolidation

Source: ABLA, Localiza, Movida, Unidas, Team K



# Fleet Management - No consolidation is expected

Fleet Management Market Share (Fleet Size)

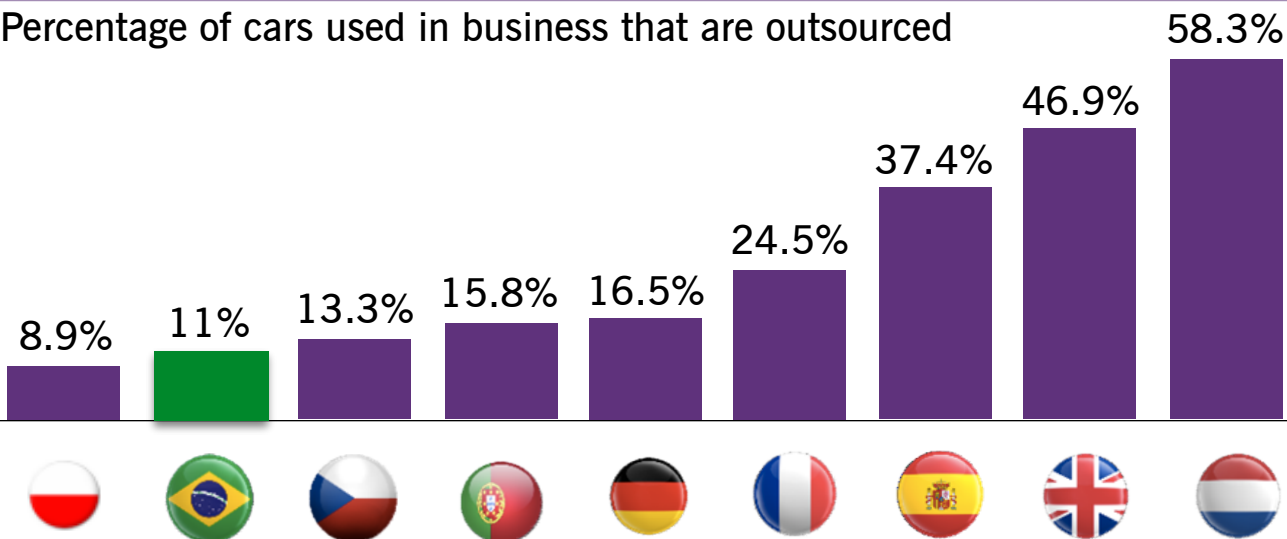


More Fragmented

Low Barriers of Entry

## Penetration

Percentage of cars used in business that are outsourced



Increase in Penetration

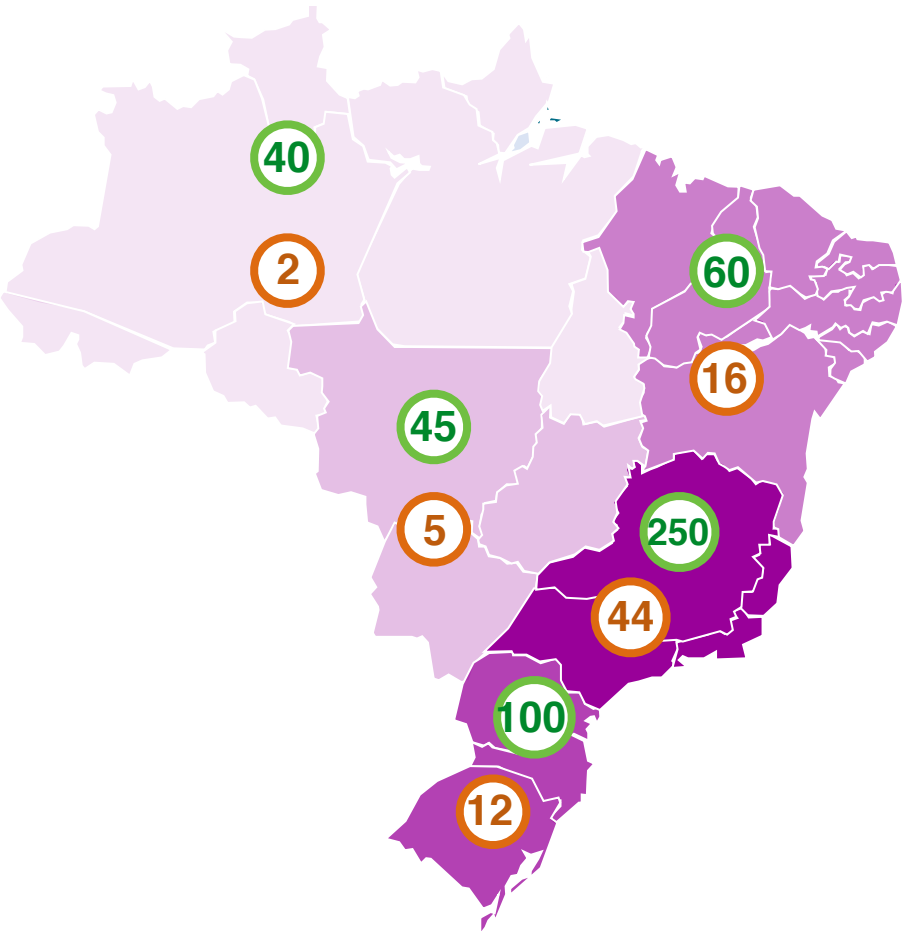
Source: ABLA, Localiza, Movida, Unidas, Locamerica, Ouro Verde, Team K



# Seminovos - The Key in the industry

Localiza's capilarity...

# Agencies and Stores



- RaC Agencies (aprox)
- Seminovos Stores

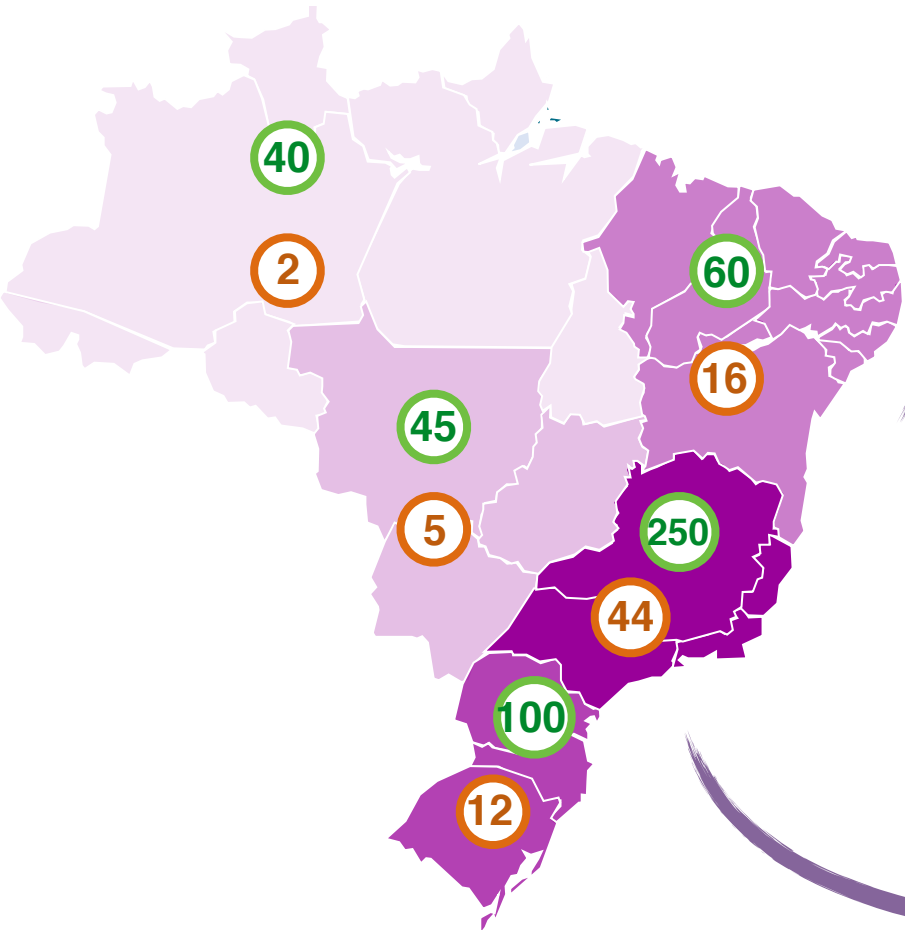
Source: FENABRAVE, Localiza, Movida, Unidas, Locamerica, Ouro Verde, Team K



# Seminovos - The Key in the industry

## Localiza's capilarity...

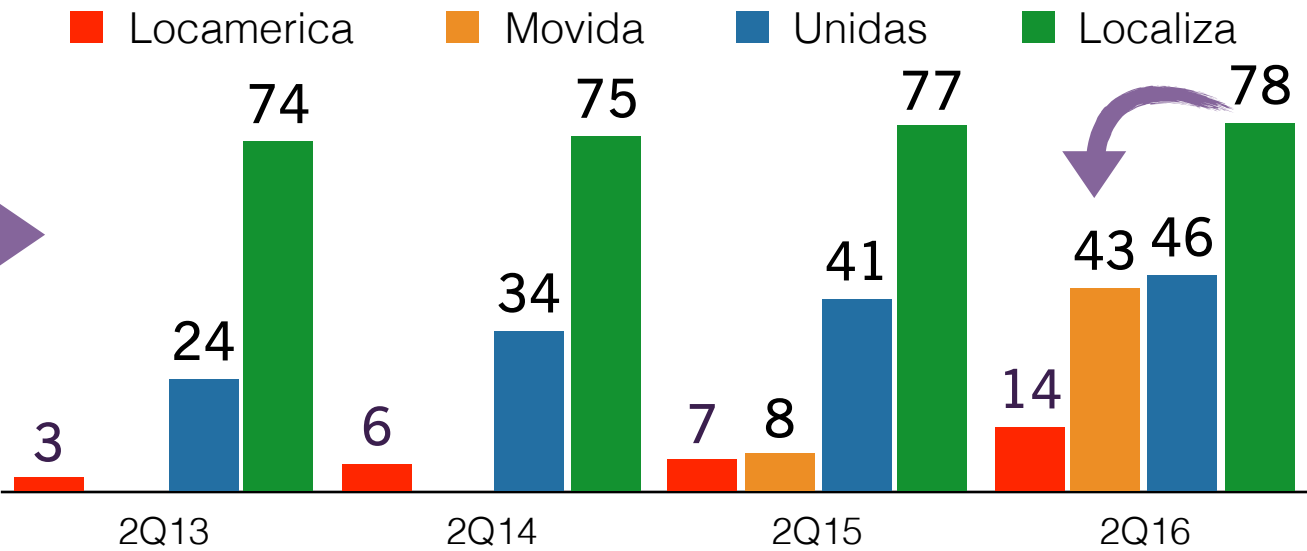
# Agencies and Stores



○ RaC Agencies (aprox)  
○ Seminovos Stores

## ... and a larger chain of Seminovos stores

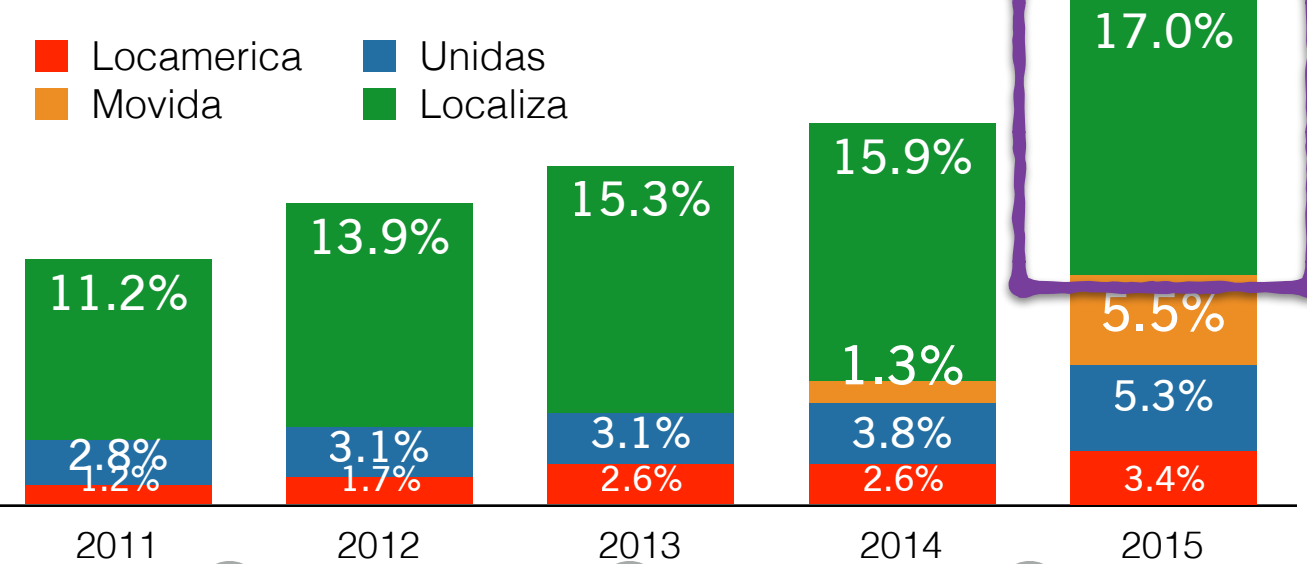
Seminovos Stores



... result in more vehicles sold

Rental companies share in Seminovos

% of cars sold (cars with 2 years or less of usage)

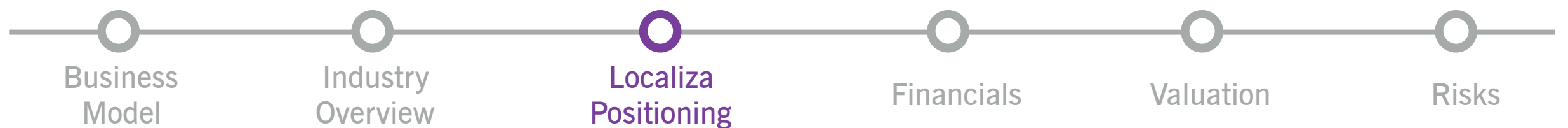


Source: FENABRAVE, Localiza, Movida, Unidas, Locamerica, Ouro Verde, Team K



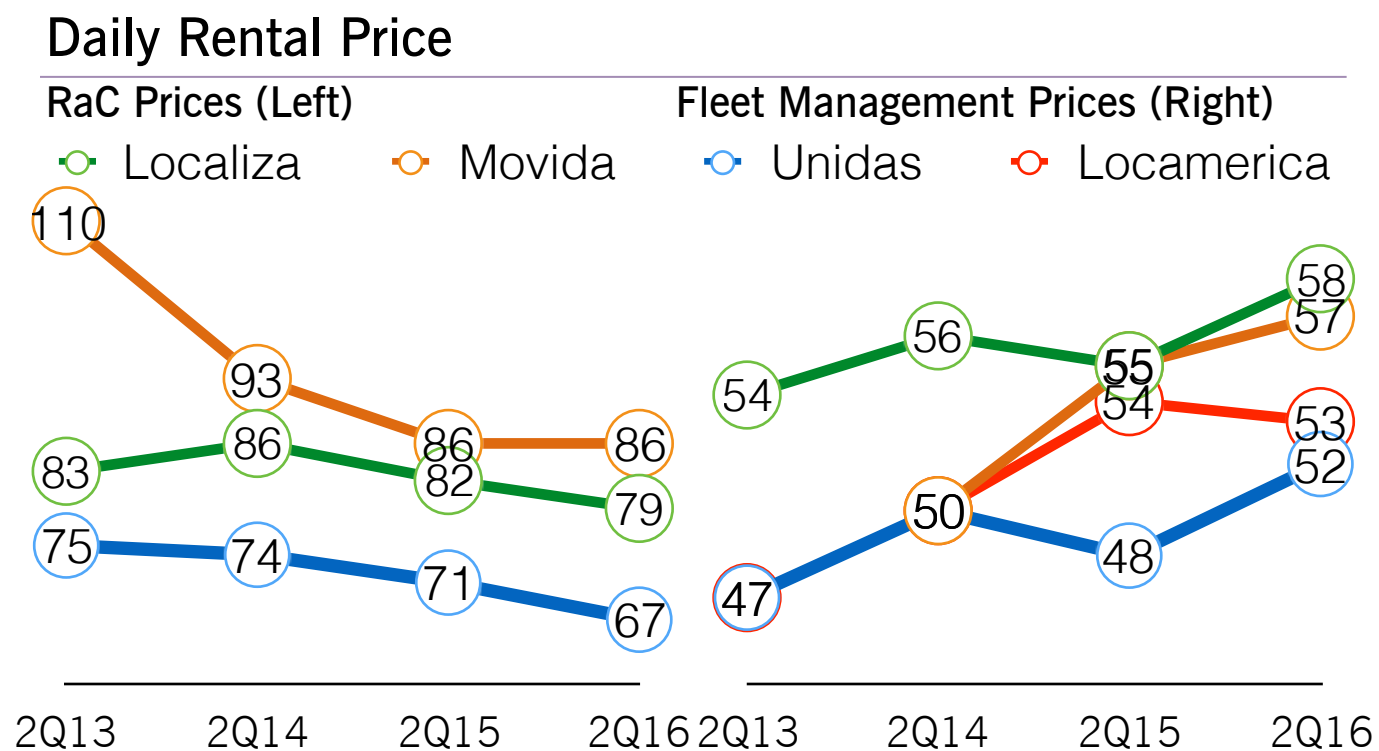
It's not only about renting cars.

It's about renting, buying and selling cars.



# It's not only about renting cars.

## It's about renting, buying and selling cars.

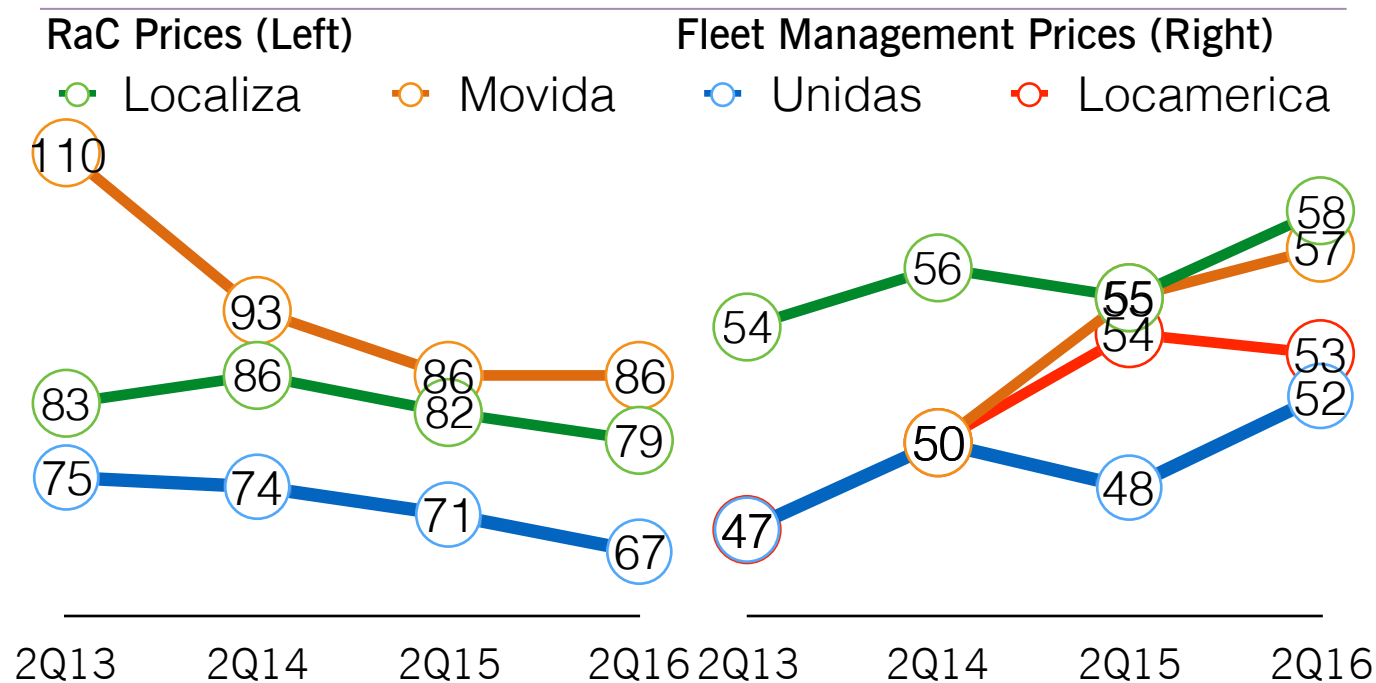




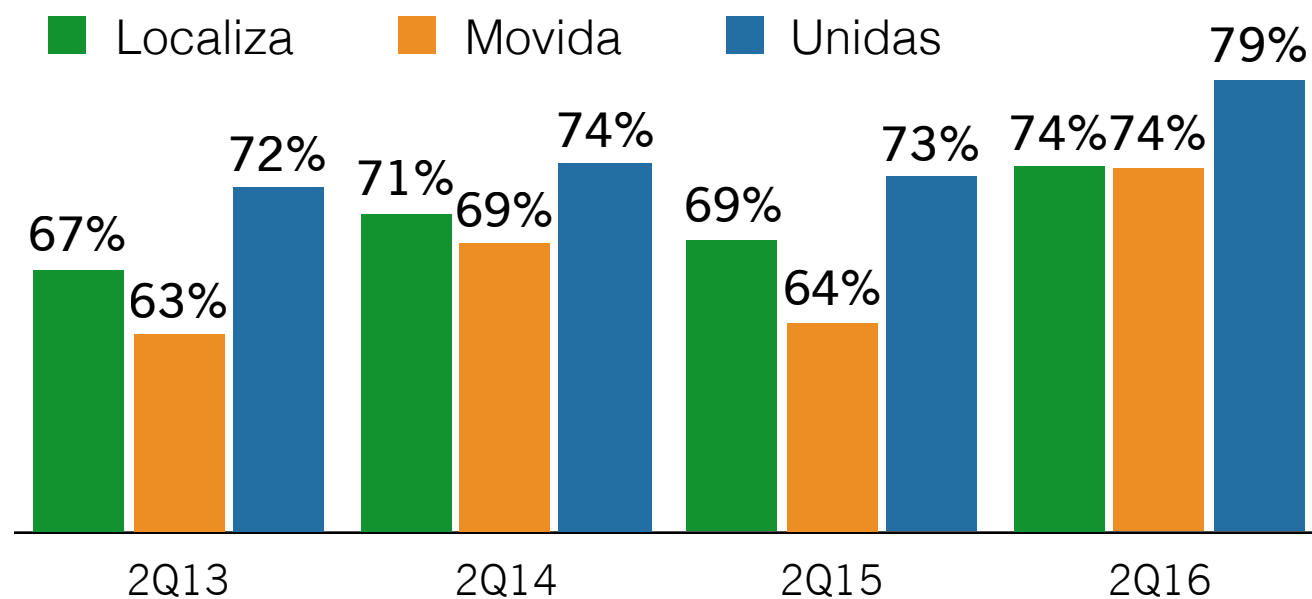
It's not only about renting cars.

It's about renting, buying and selling cars.

### Daily Rental Price



### Utilization Rate



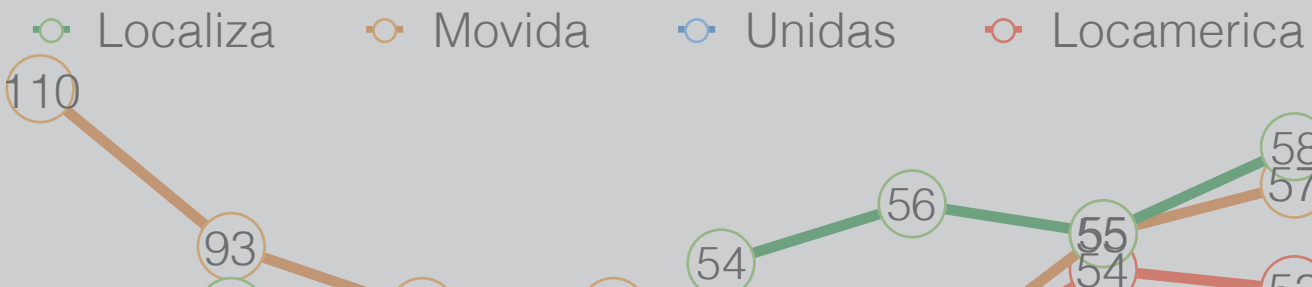
It's not only about renting cars.

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### Daily Rental Price

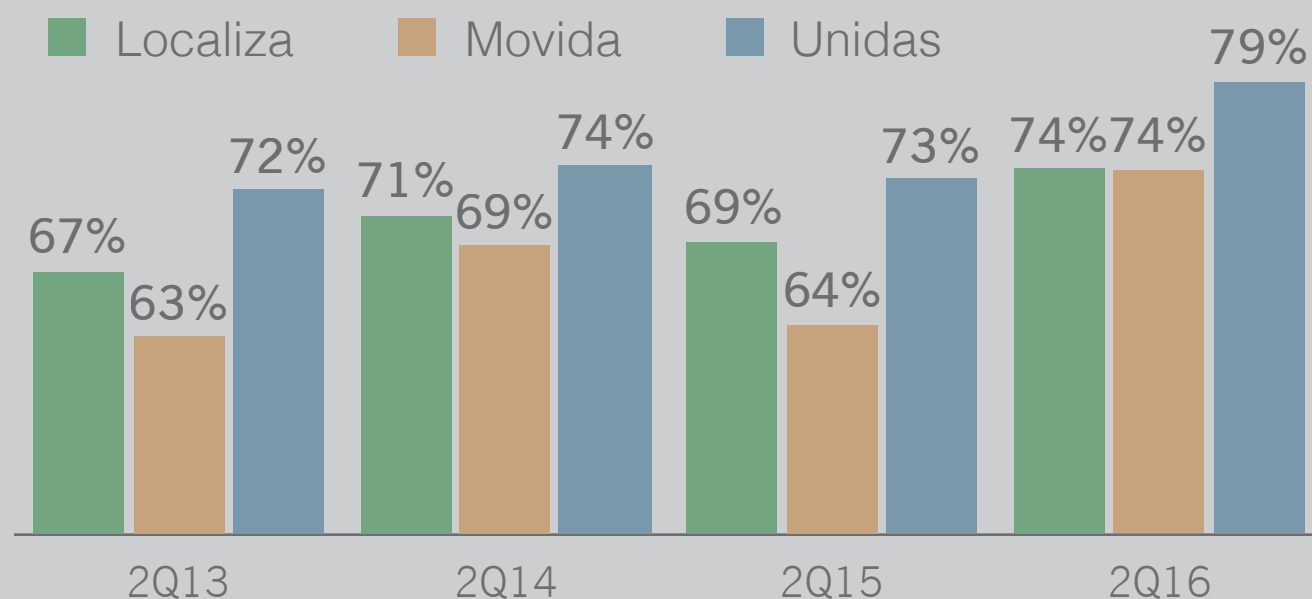
RaC Prices (Left)

Fleet Management Prices (Right)



Yield Management strategy:  
Maximization of profits through tariffs and utilization

### Utilization Rate

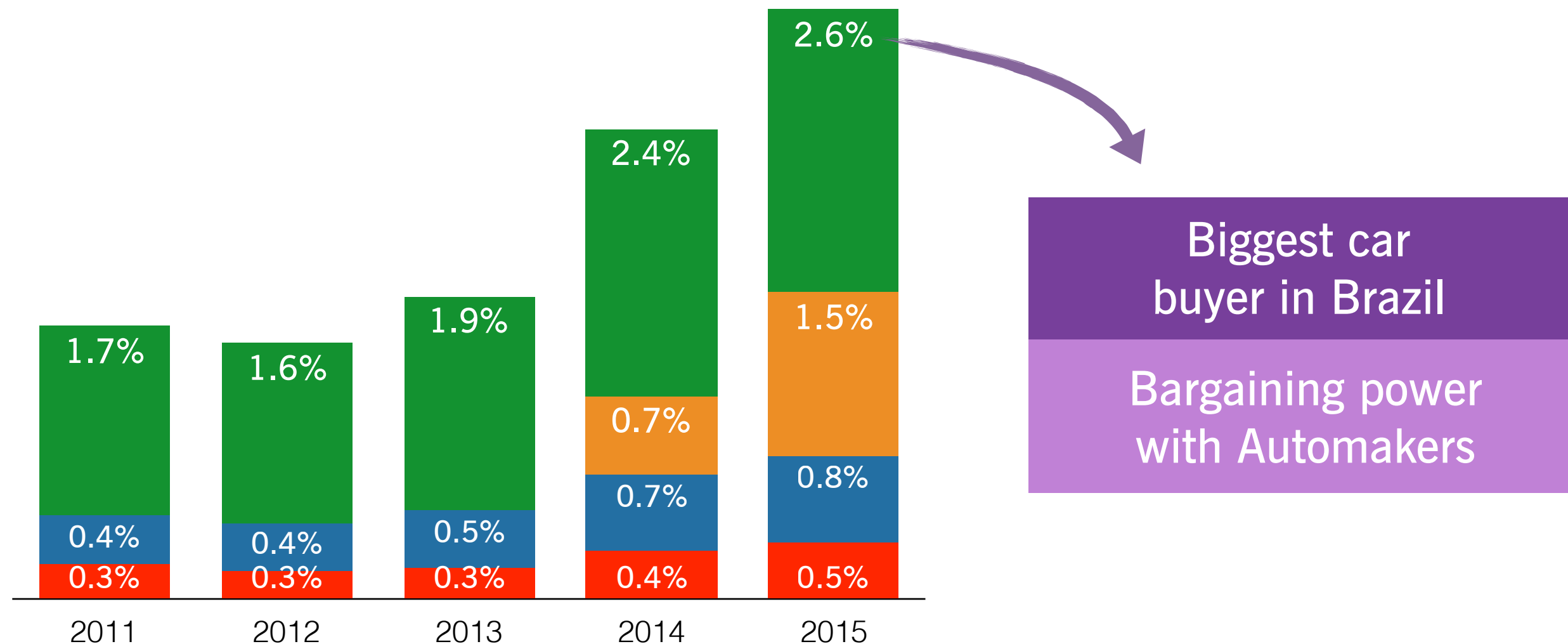


It's not only about renting cars.

It's about renting, buying and selling cars.

Portion of new cars sold in Brazil acquired by rental companies

Locamerica Unidas Movida Localiza



Source: Localiza, Movida, Unidas, Locamerica, Team K

# It's not only about renting cars.

## It's about renting, buying and selling cars.

Positive spread in RaC

+

Efficient car selling operation

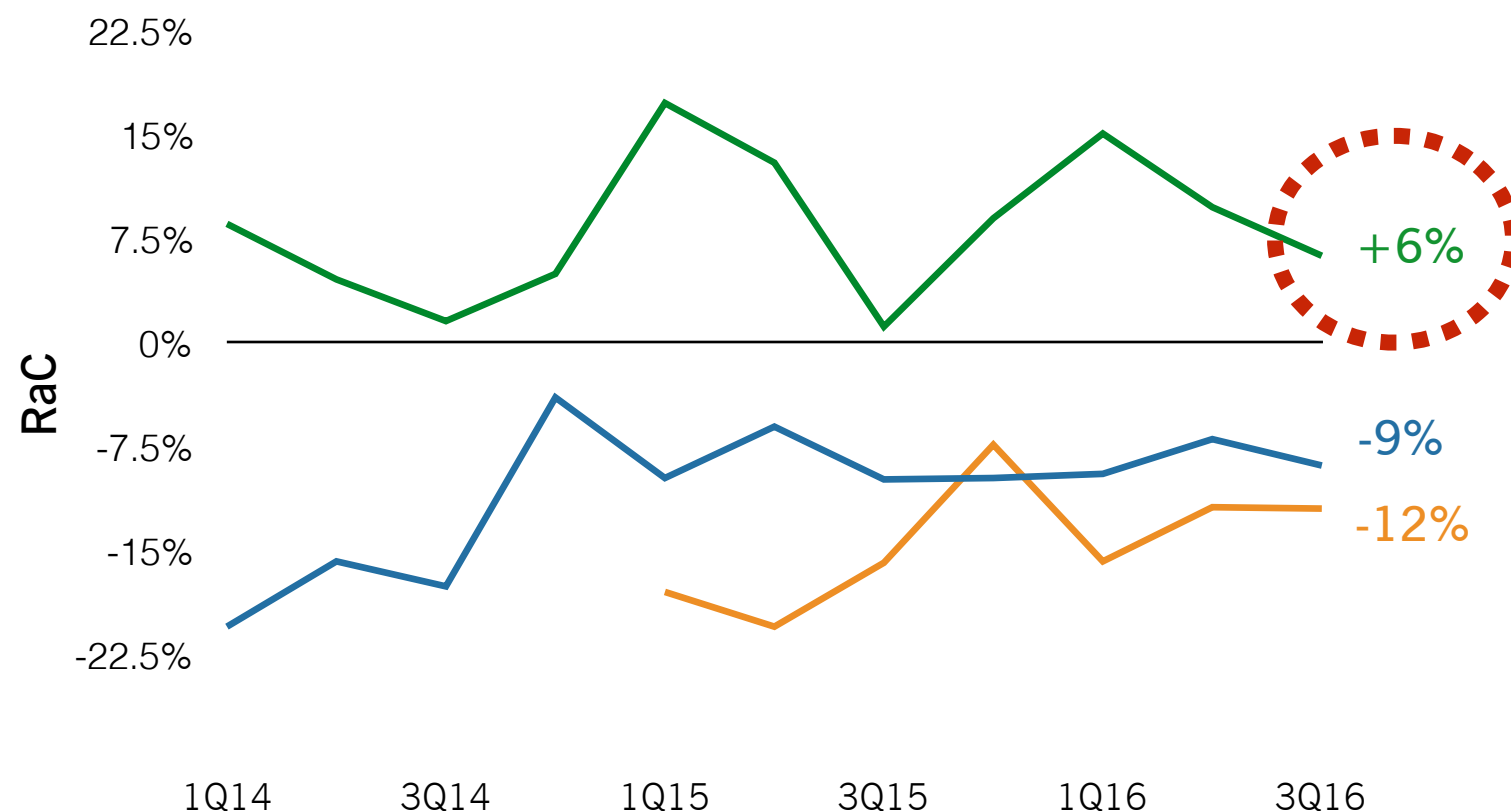
▶ No discounts in Seminovos stores

▶ Default guaranteed by a financial group



Cash recovery to renew fleet

Spread Prices of Cars (Sold/Bought)



Source: Localiza, Movida, Unidas, Locamerica, Team K

Business  
Model

Industry  
Overview

Localiza  
Positioning

Financials

Valuation

Risks

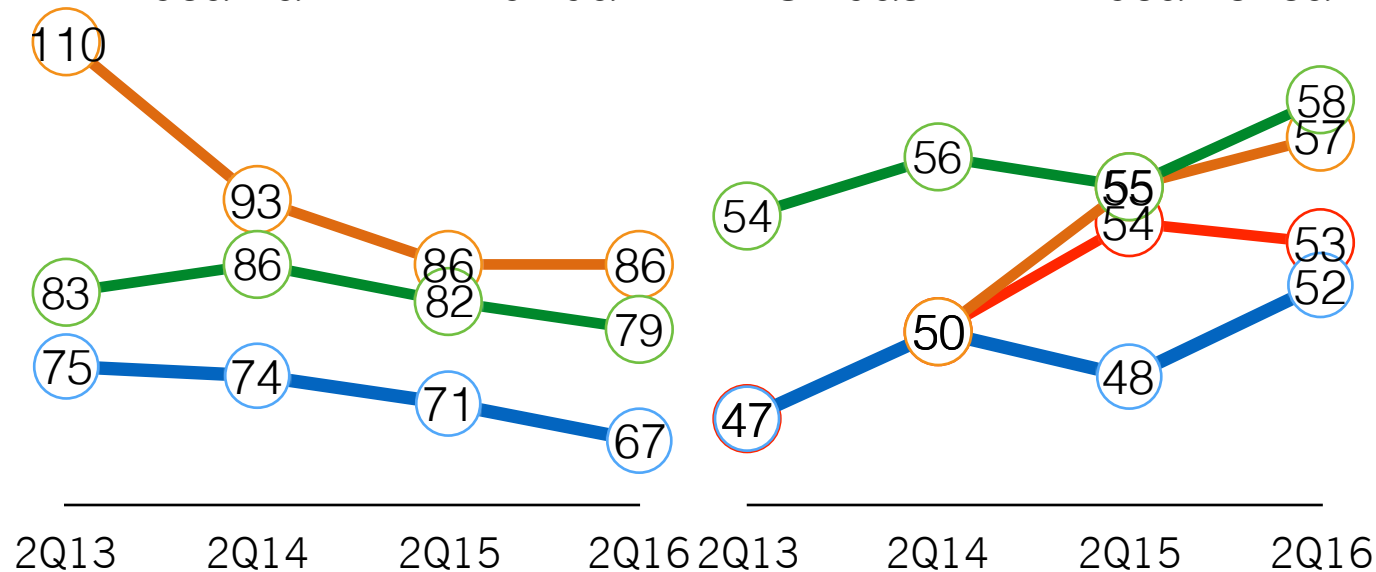
# It's not only about renting cars.

## It's about renting, buying and selling cars.

### Daily Rental Price

RaC Prices (Left)

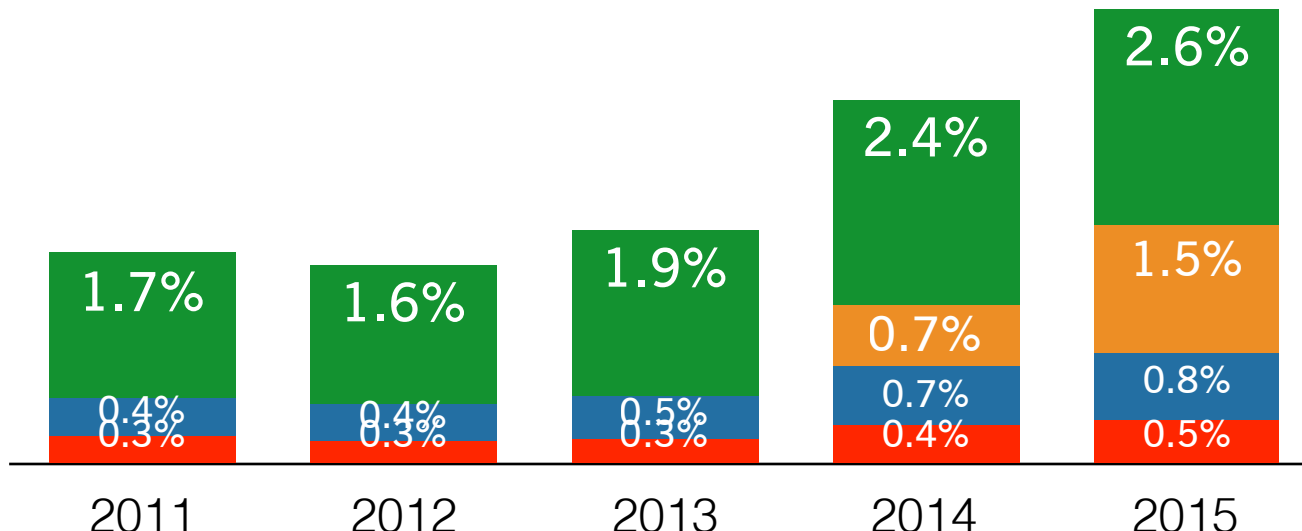
Localiza Movida Unidas Locamerica



### The biggest car buyer

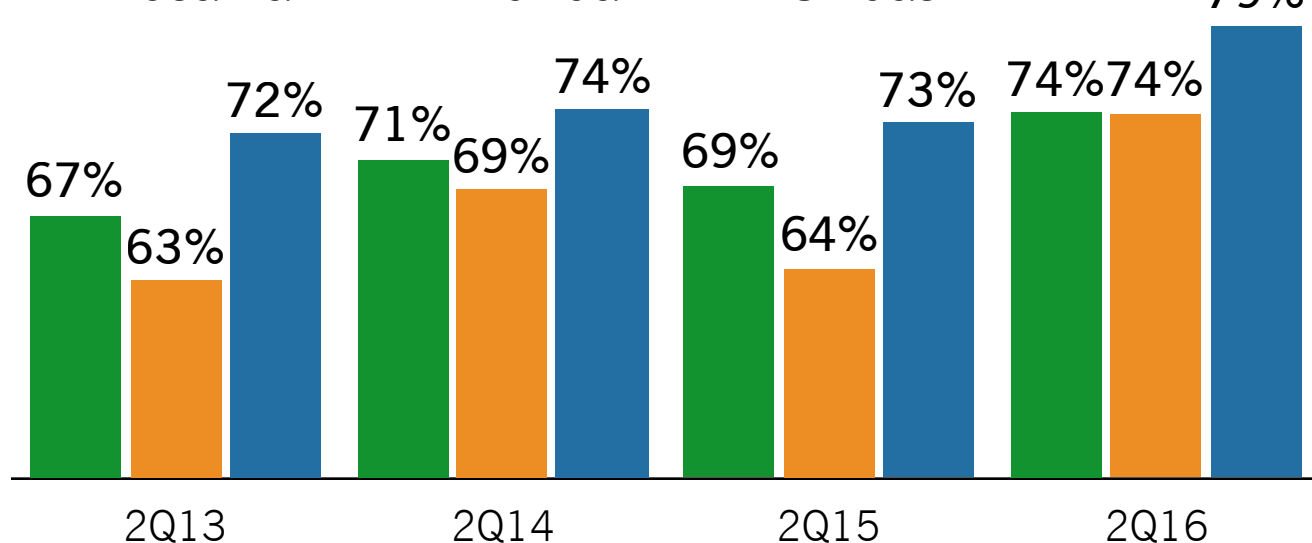
Percentage of cars sold in Brazil that were acquired by rental companies

Locamerica Unidas Movida Localiza

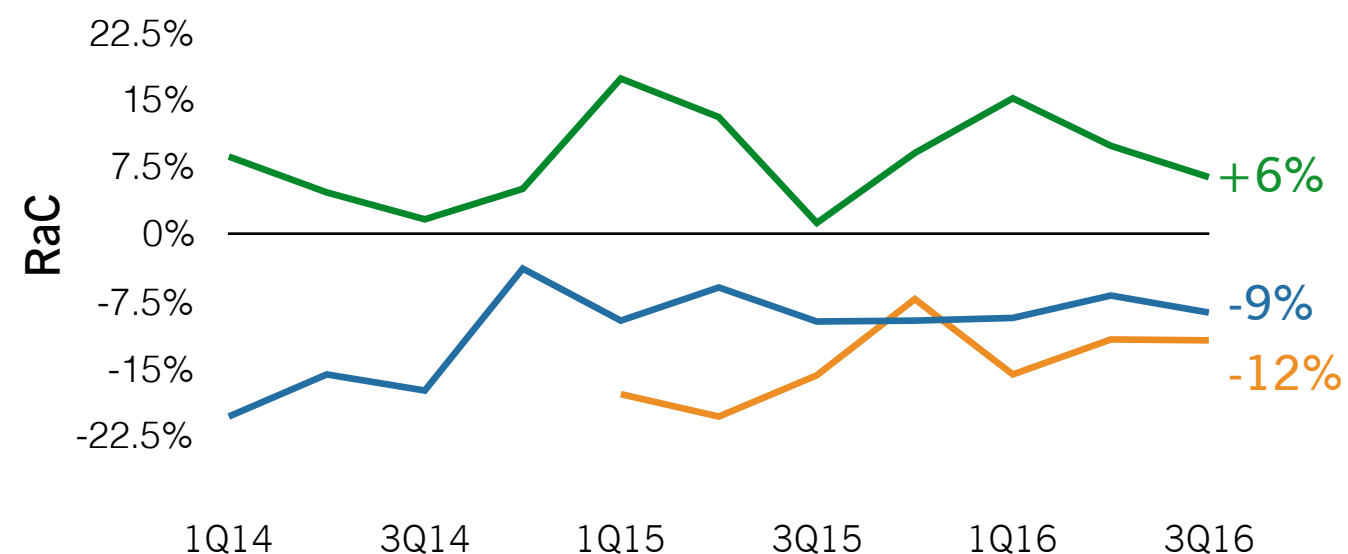


### Utilization Rate

Localiza Movida Unidas



### Spread Prices of Cars (Sold/Bought)



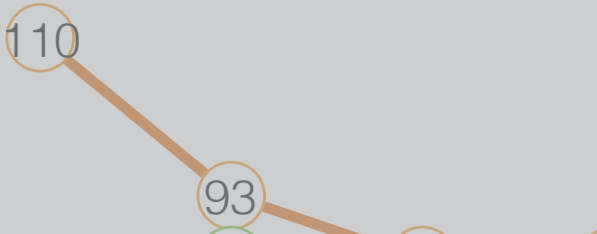
# It's not only about renting cars.

## It's about renting, buying and selling cars.

### Daily Rental Price

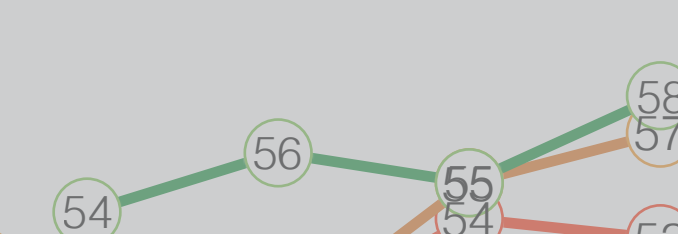
RaC Prices (Left)

Localiza Movida



Fleet Management Prices (Right)

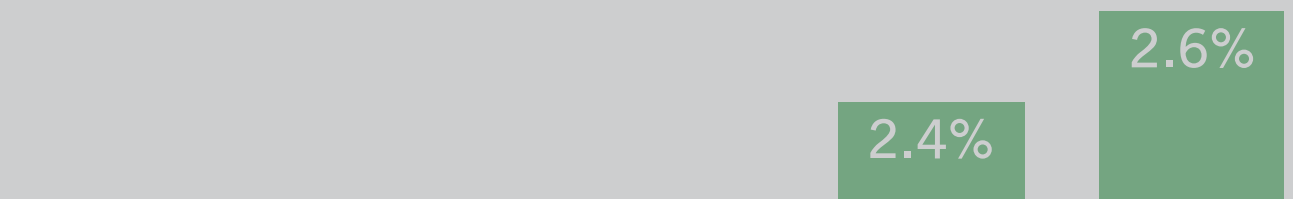
Unidas Locamerica



### The biggest car buyer

Percentage of cars sold in Brazil that were acquired by rental companies

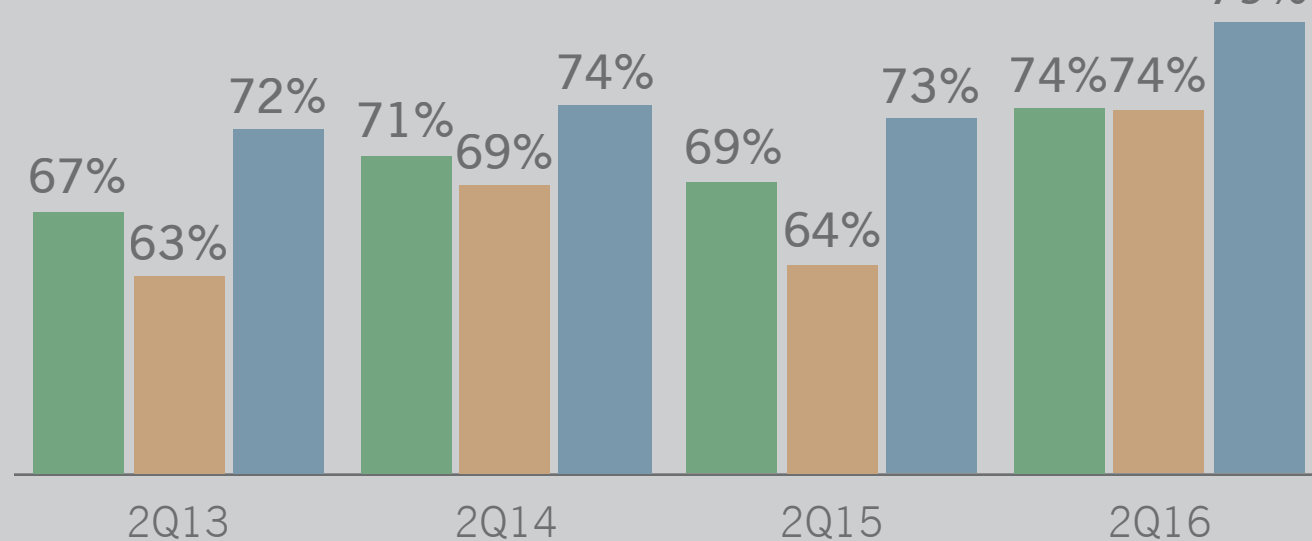
Locamerica Unidas Movida Localiza



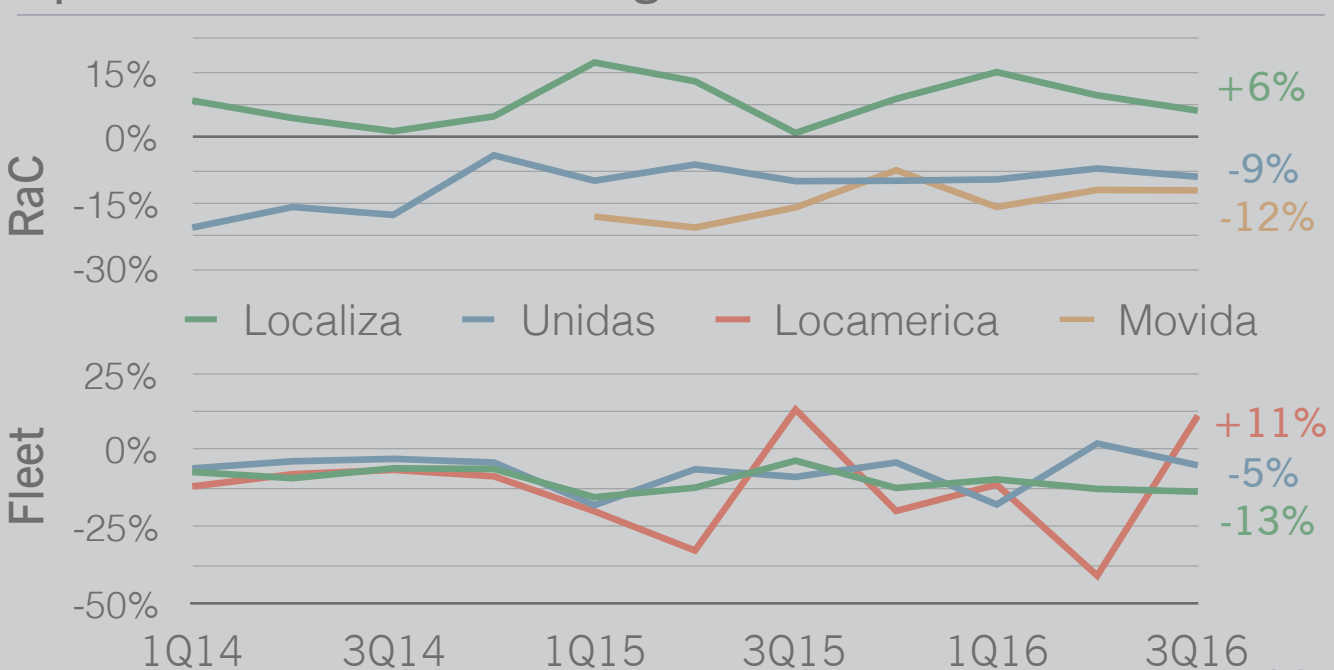
Localiza is the best in  
Buying, Selling and Renting cars

### Utilization Rate

Localiza Movida Unidas



### Spread Prices of Cars (Bought/Sold)

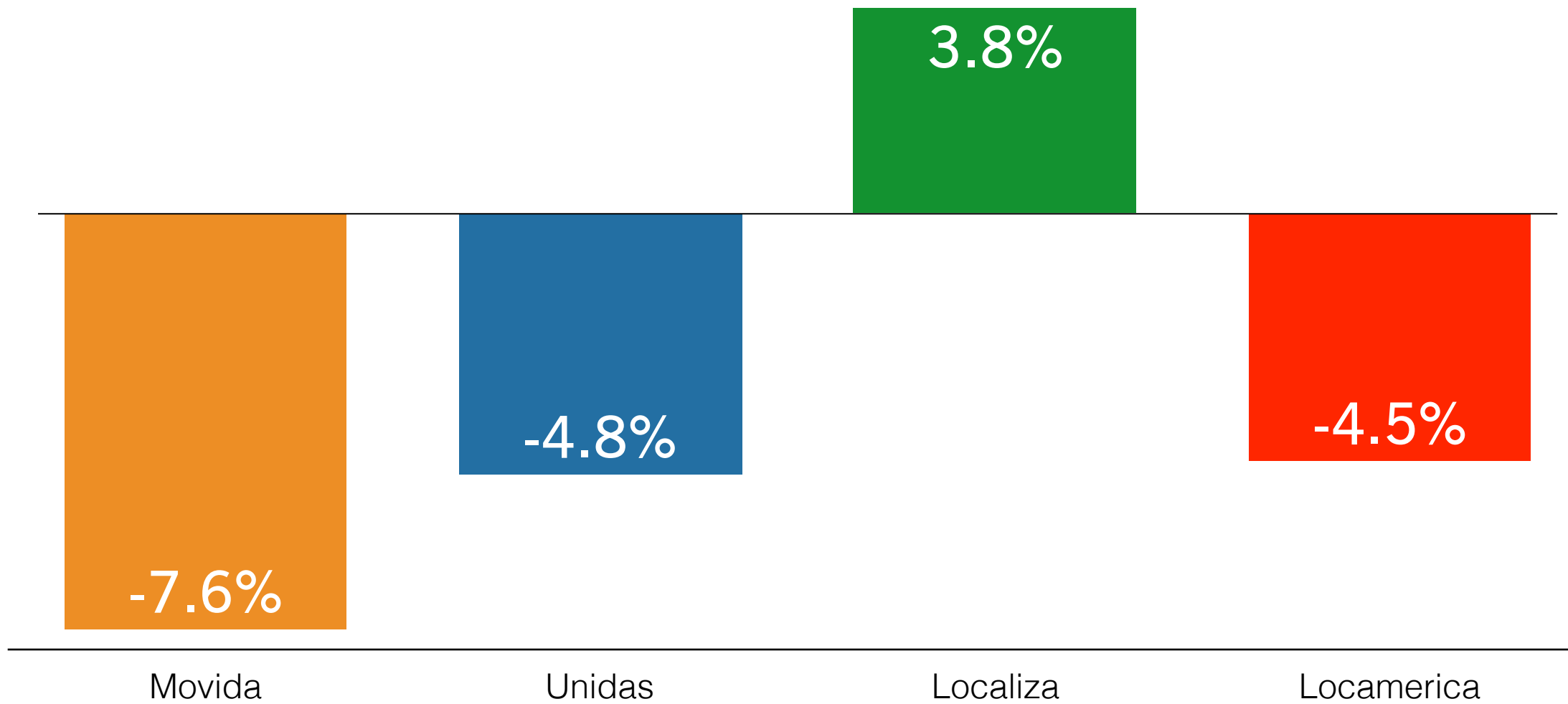




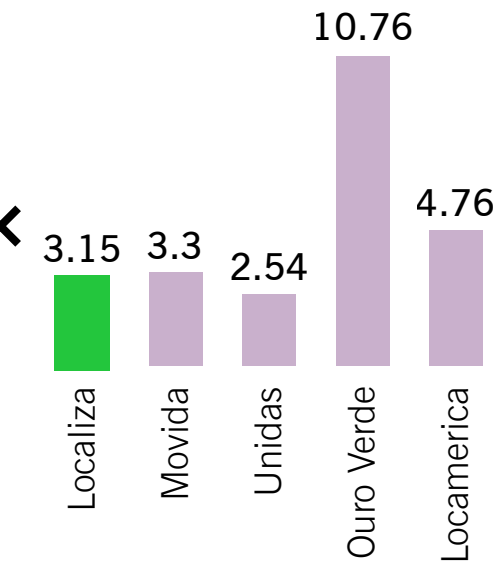
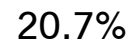
# RoIC - Kd Spread: A positive return

Localiza is the only company in the sector with a return on capital higher than its cost of debt.

ROIC - KD Spread



Source: Localiza, Movida, Unidas, Locamerica, Team K



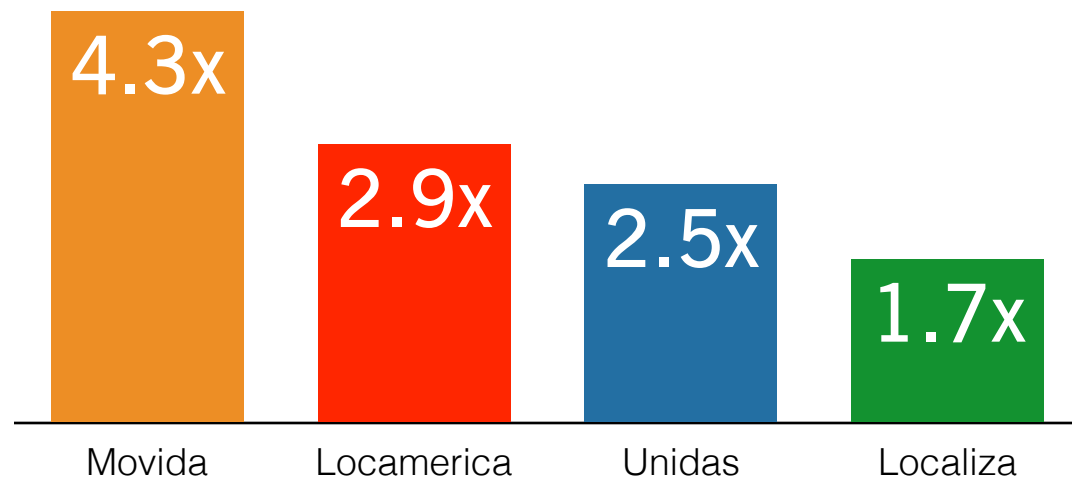
## Risks

# Leverage

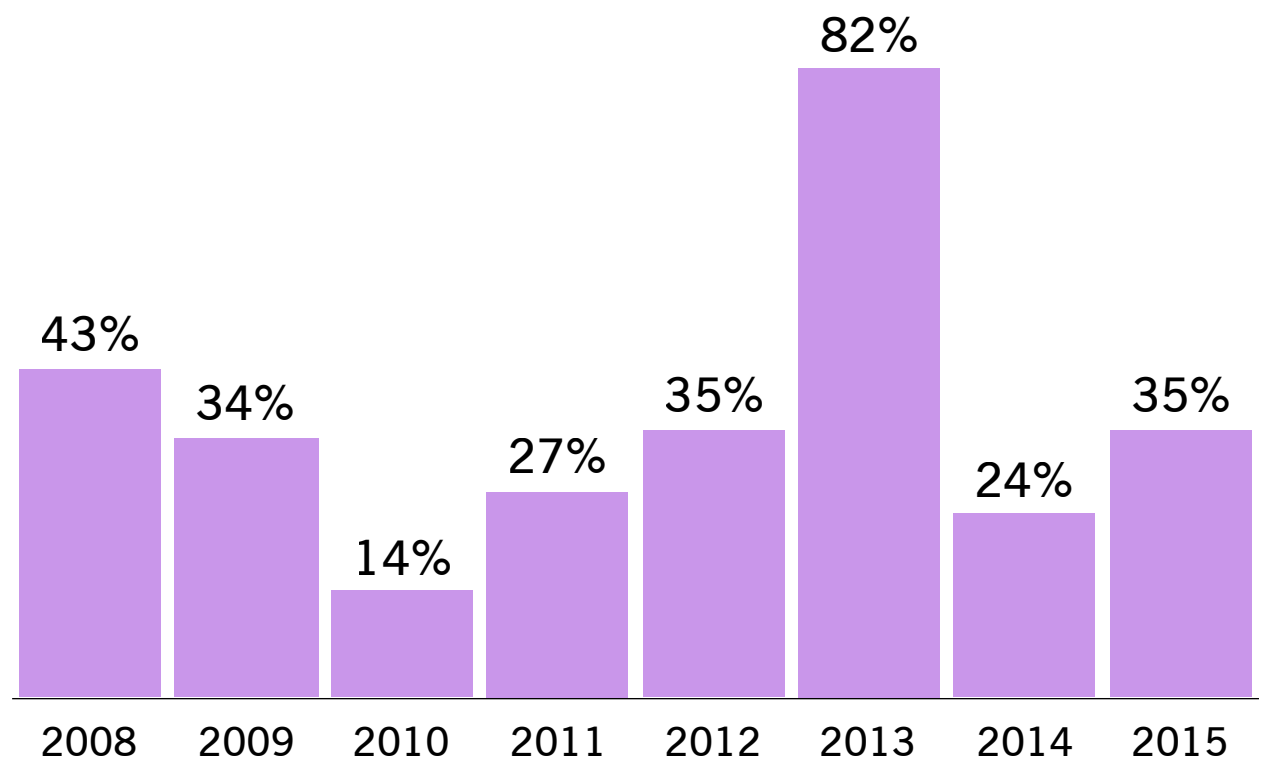
Localiza is the least leveraged one

... directing cash flow to shareholders

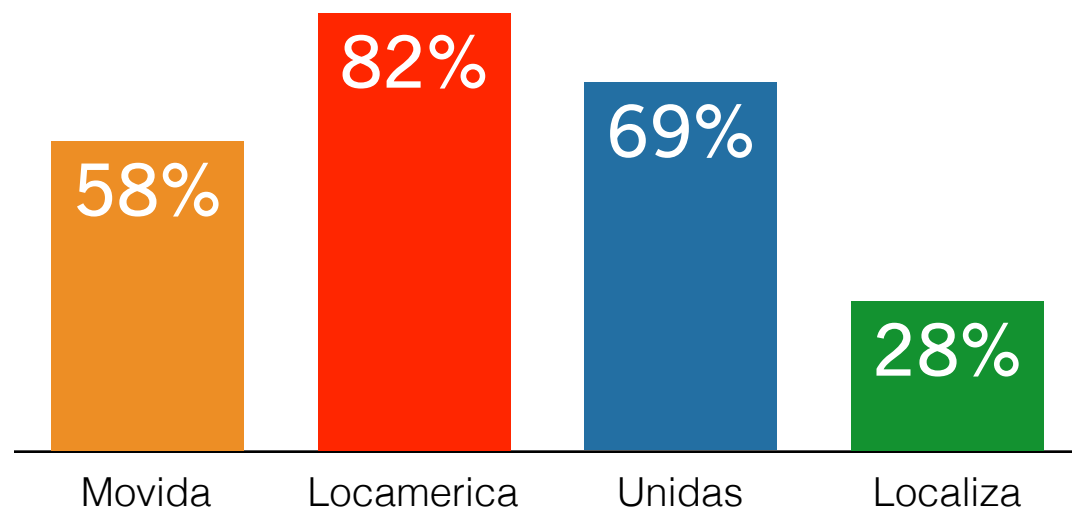
Net Debt / EBITDA (x)



Dividend Payout



Net Financial Expenses / EBIT



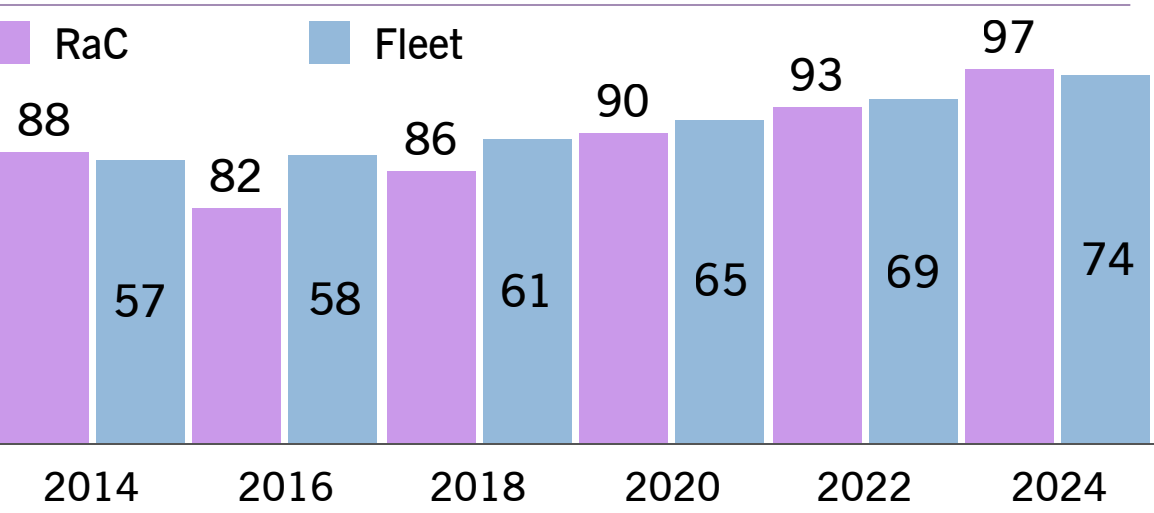
Source: Localiza, Movida, Unidas, Locamerica, Team K



# A Growth Investment Case

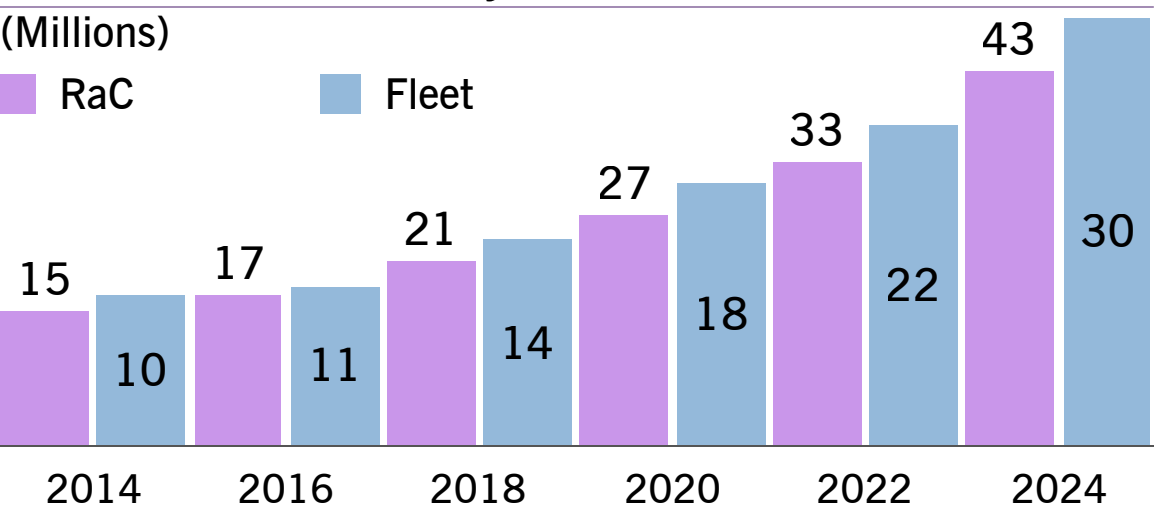
Prices growth below inflation...

Revenue per Daily Tariff



...and aggressive volume growth...

Number of Rental Days



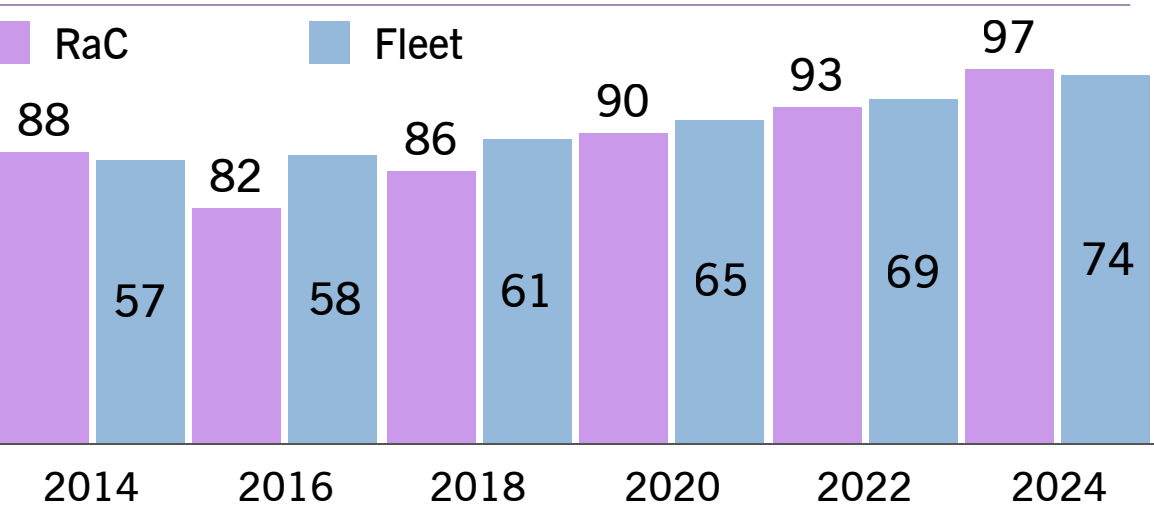
Source: Localiza, Team K



# A Growth Investment Case

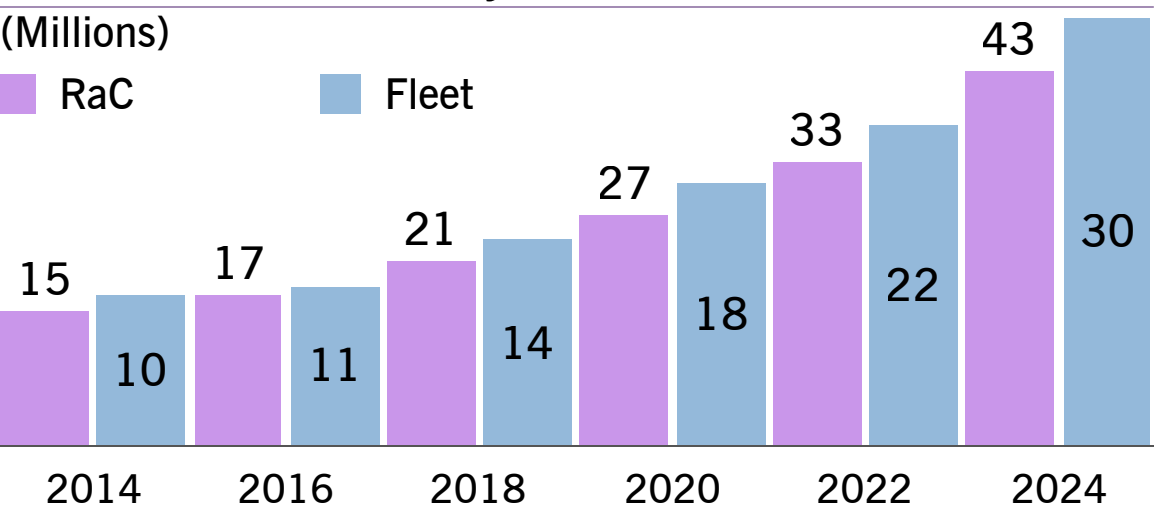
Prices growth below inflation...

Revenue per Daily Tariff



...and aggressive volume growth...

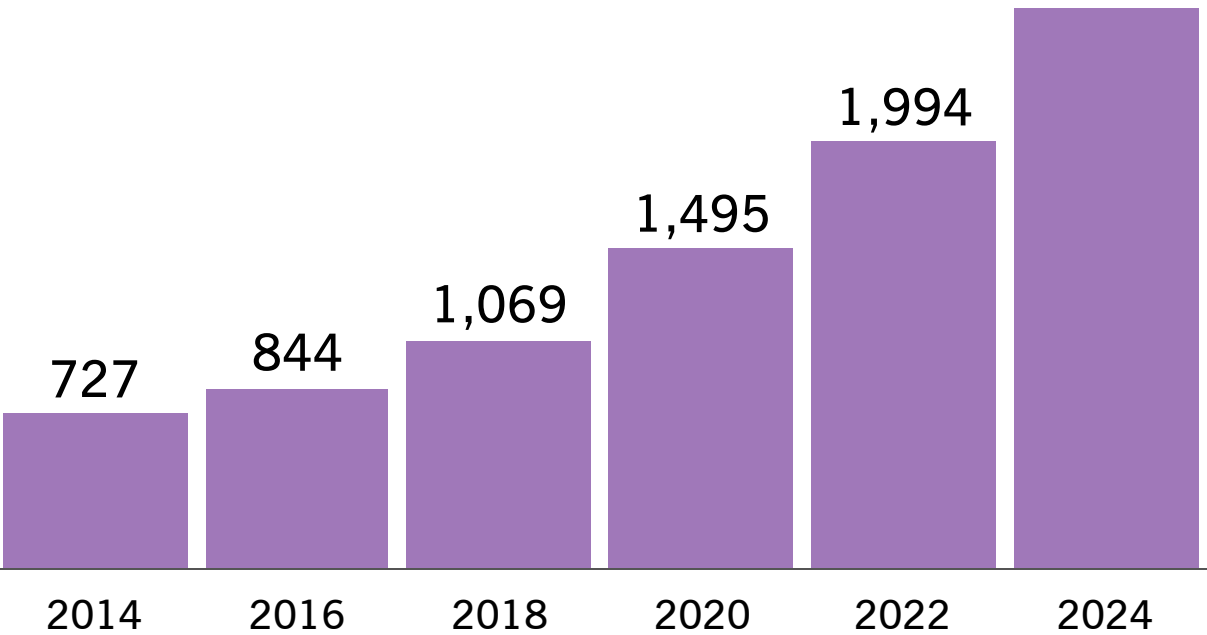
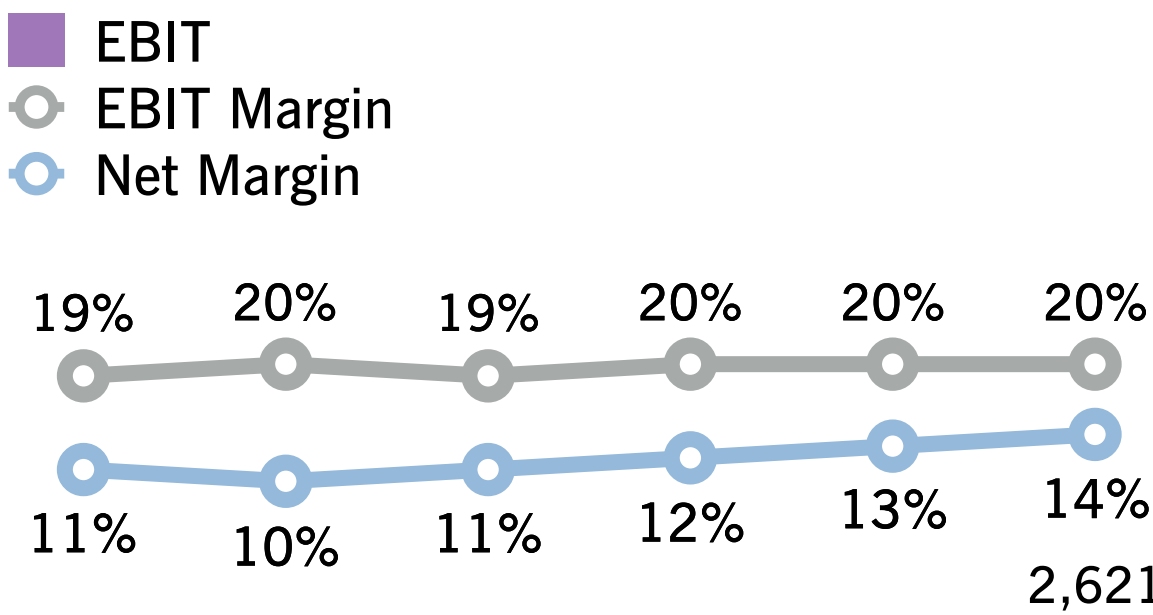
Number of Rental Days



Source: Localiza, Team K

... result in stable margins

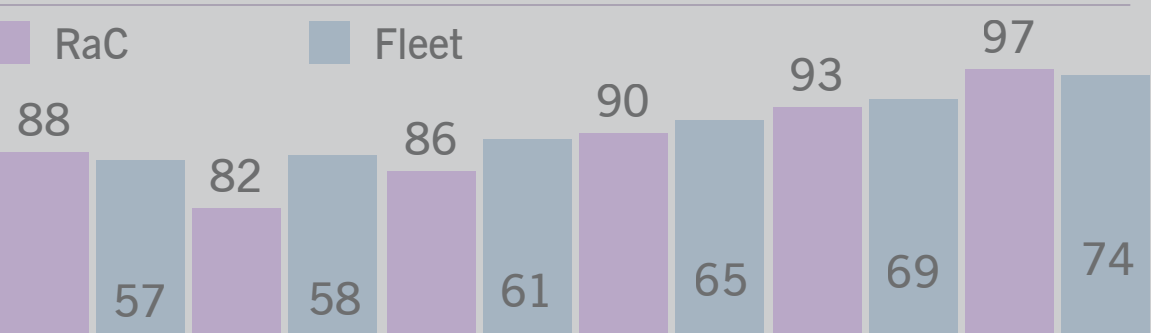
EBIT and Margins



# A Growth Investment Case

Prices growth below inflation...

Revenue per Daily Tariff



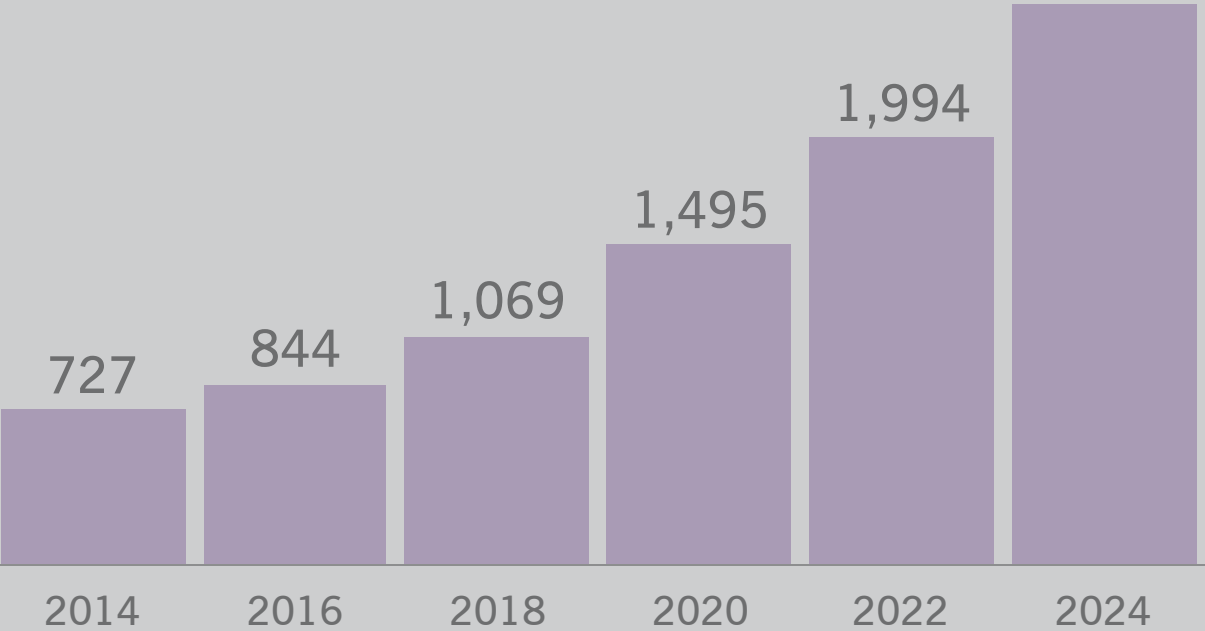
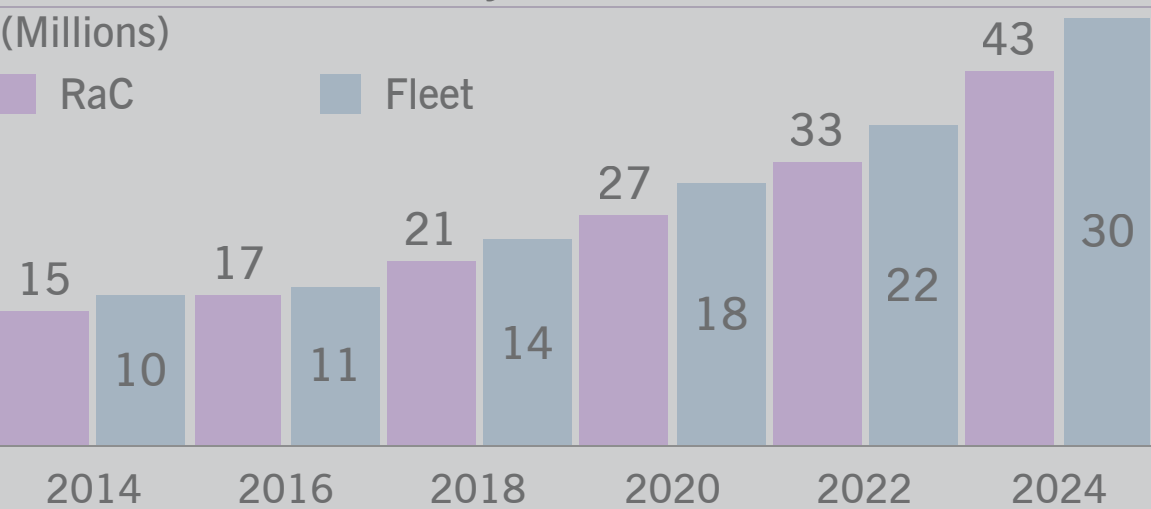
... result in stable margins

EBIT and Margins

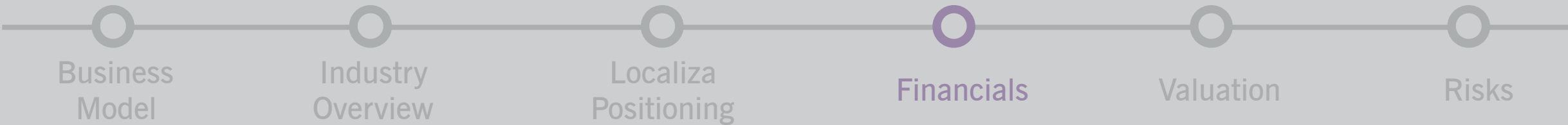


The biggest. The best. Yields the highest returns. Least leveraged one. And it will grow.

Number of Rental Days



Source: Localiza, Team K

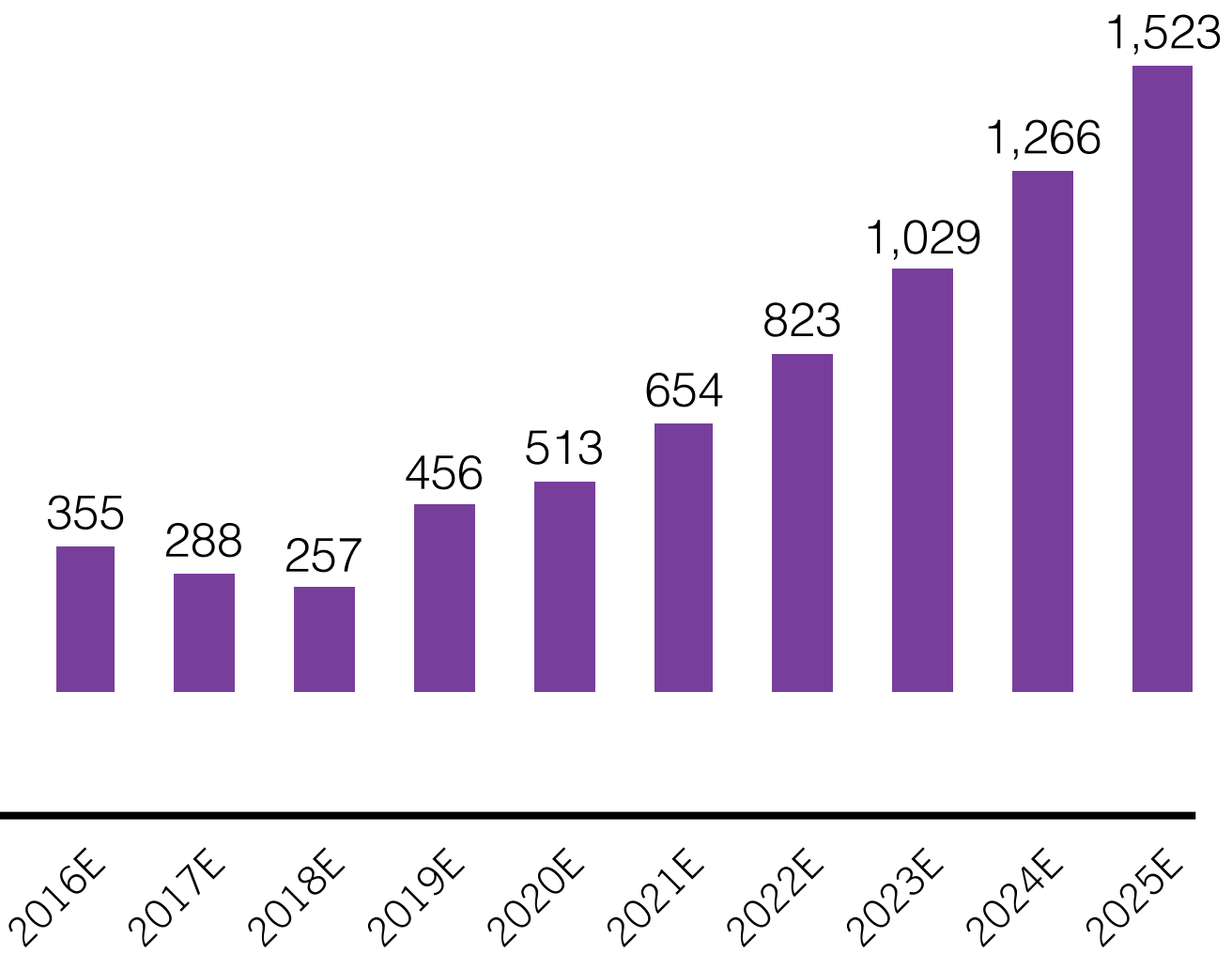




# Valuation

## 10 Years FCFF Projection

10 Years FCFF Projection



Source: Team K

# Valuation

10 Years FCFF Projection		2015	2025E
Main Assumptions	RaC Market Share	22%	50%
	Fleet Penetration	11%	17%
	Revenue per Daily Tariff Growth	Bellow the inflation rate	
	RaC Market Growth	In line with GDP	
	Spread Sold/Bought	Current level	

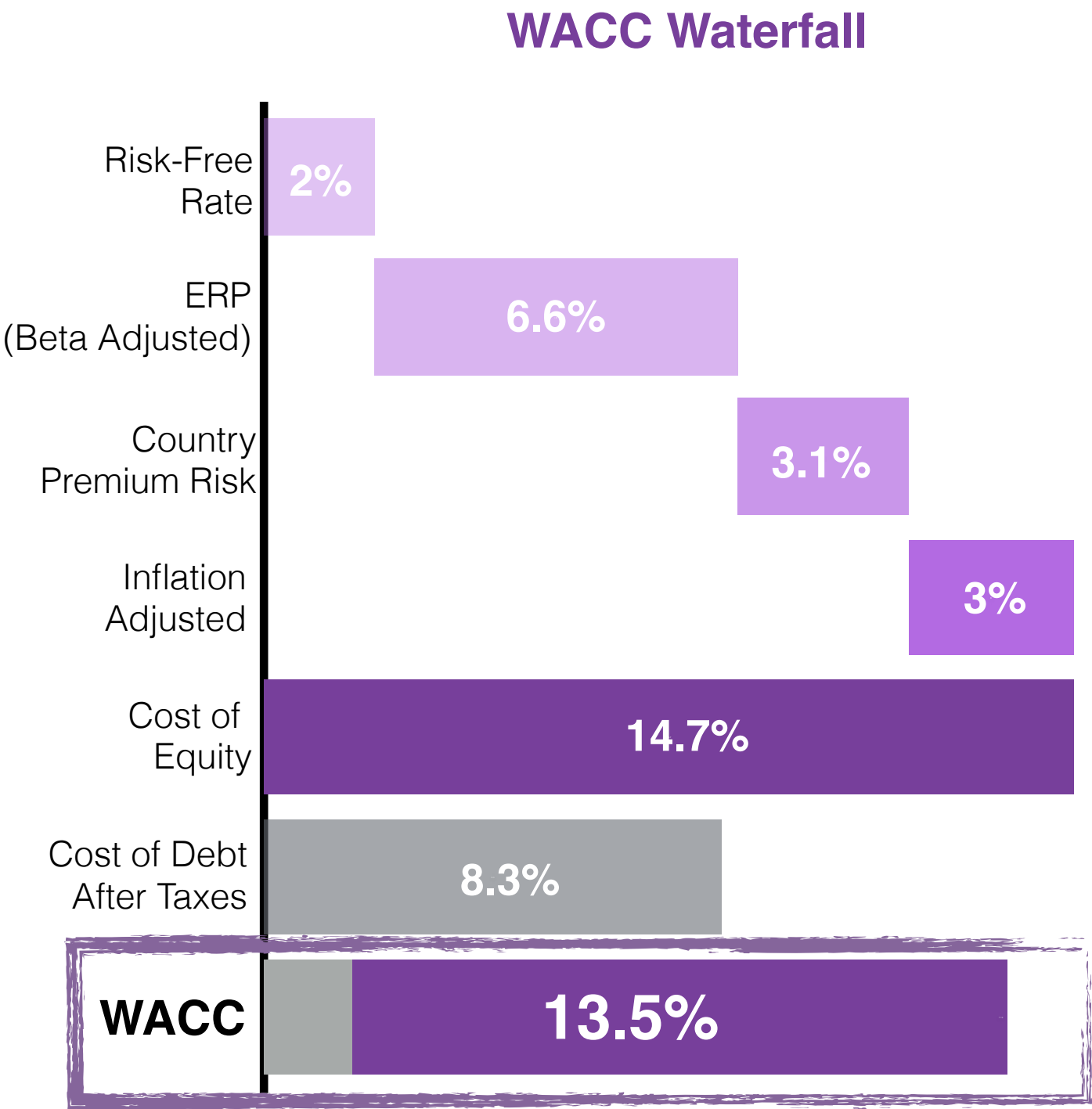
Source: Team K

# Valuation

10 Years FCFF Projection

Main Assumptions

A Plain Vanilla WACC



Source: Team K

# Valuation

10 Years FCFF Projection

Main Assumptions

A Plain Vanilla WACC

Long Term Growth Rate

Brazil  
GDP Growth

+

Inflation

≈

RoIC  
23.6%

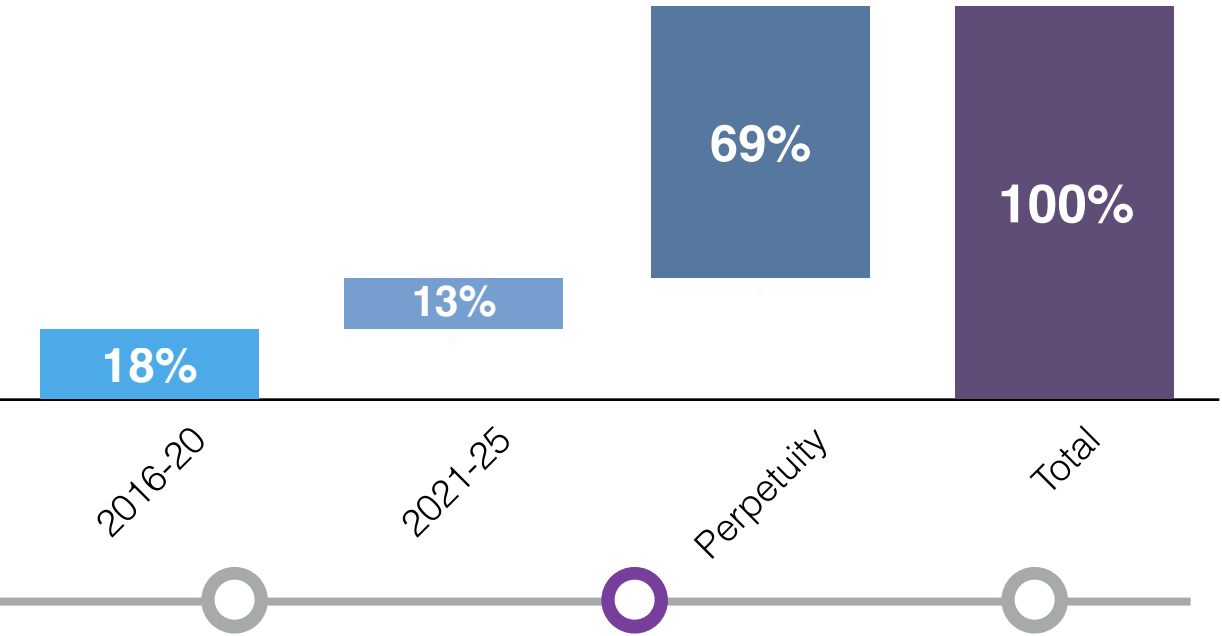
×

Reinvestment Rate  
29.6%

=

Perpetuity:  
7.0%

## Cash Flow Break Down



Source: Team K

Business  
Model

Industry  
Overview

Localiza  
Positioning

Financials

Valuation

Risks

# Valuation

10 Years FCFF Projection

Main Assumptions

A Plain Vanilla WACC

Long Term Growth Rate

Recommendation

Localiza is priced  
for perfection

Target Price  
BRL 44.40

+8.30%

HOLD

Source: Team K

Business  
Model

Industry  
Overview

Localiza  
Positioning

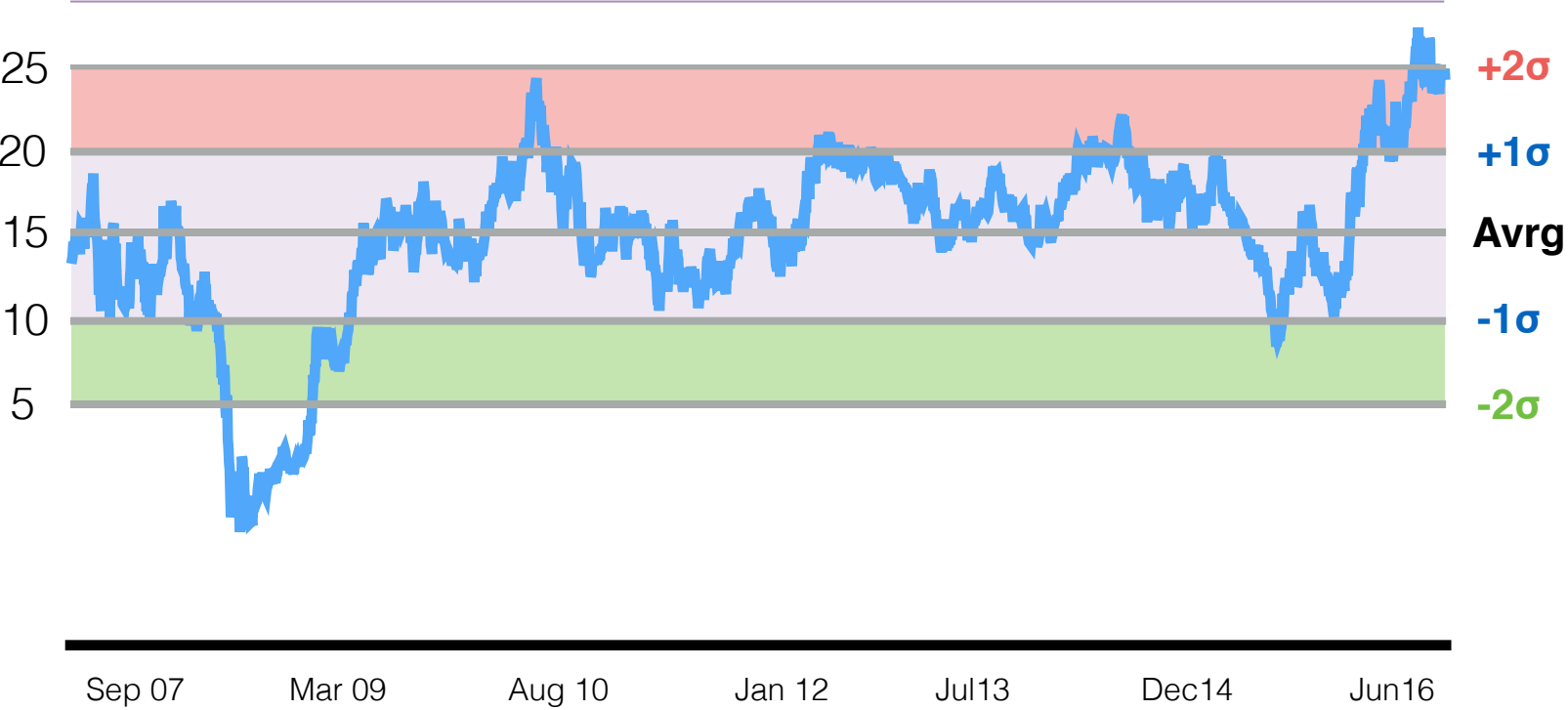
Financials

Valuation

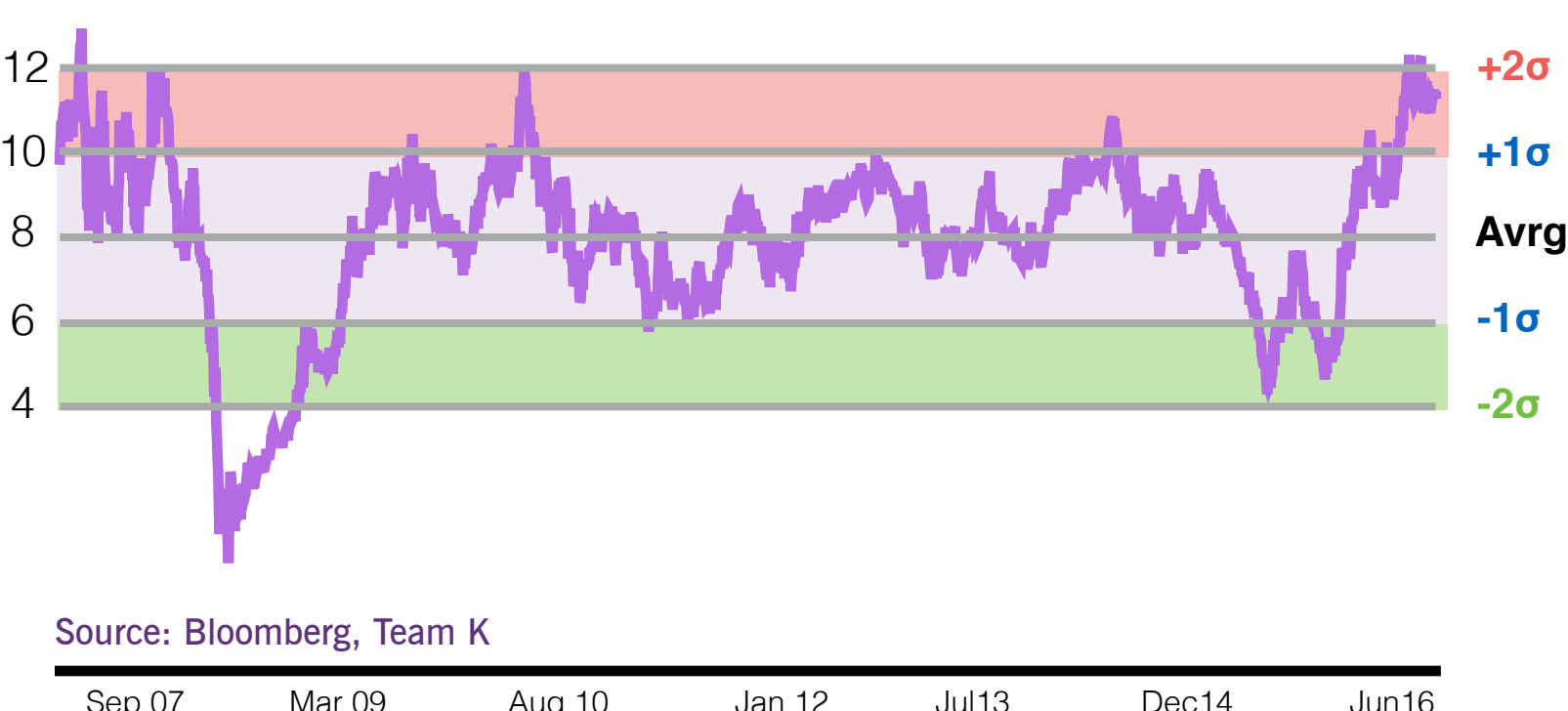
Risks

# Valuation

Historical PE Forward (12M)



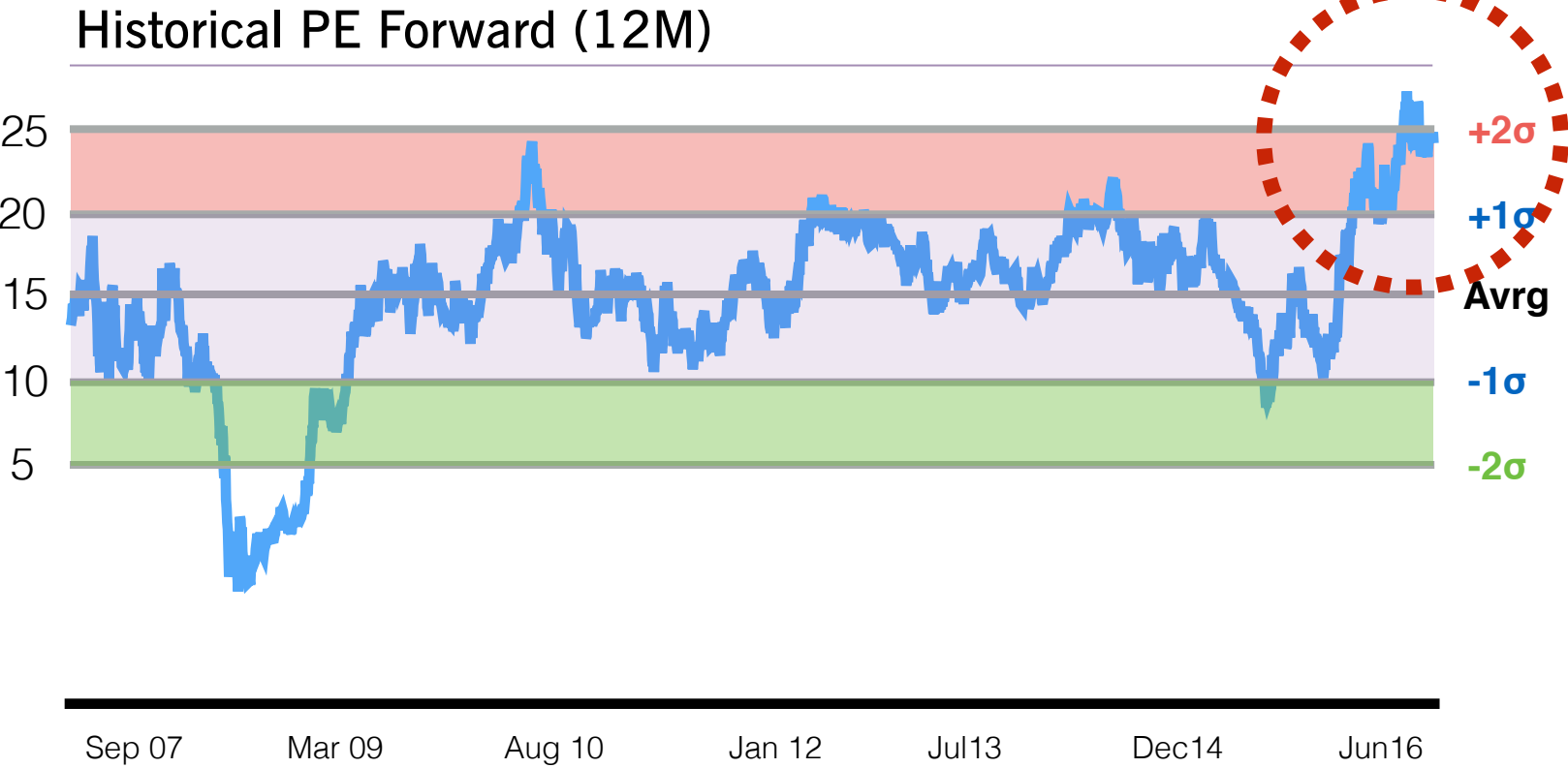
Historical EV/EBITDA Forward (12M)



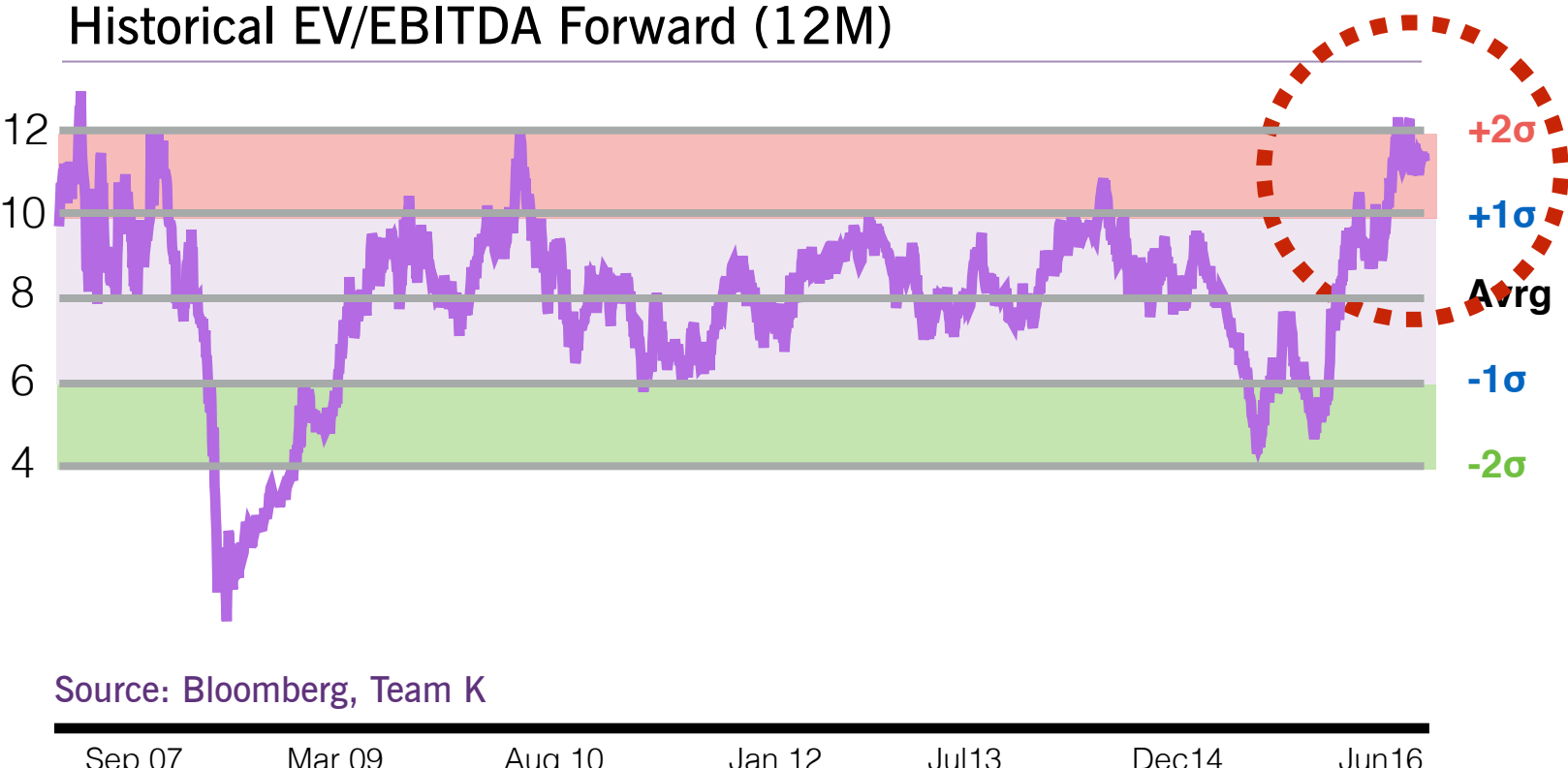
Source: Bloomberg, Team K



# Valuation



Extraordinary growth expectations



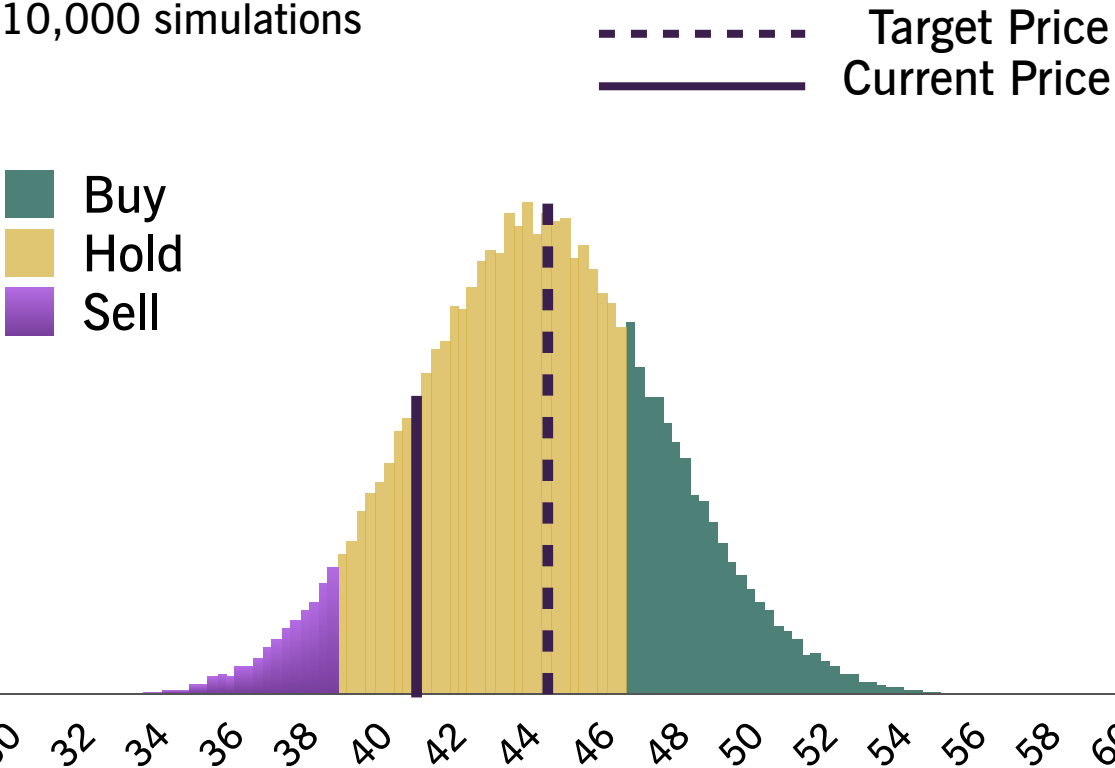
Source: Bloomberg, Team K

# Scenario Analysis

What if our assumptions are wrong?

## Monte Carlo Simulation

10,000 simulations

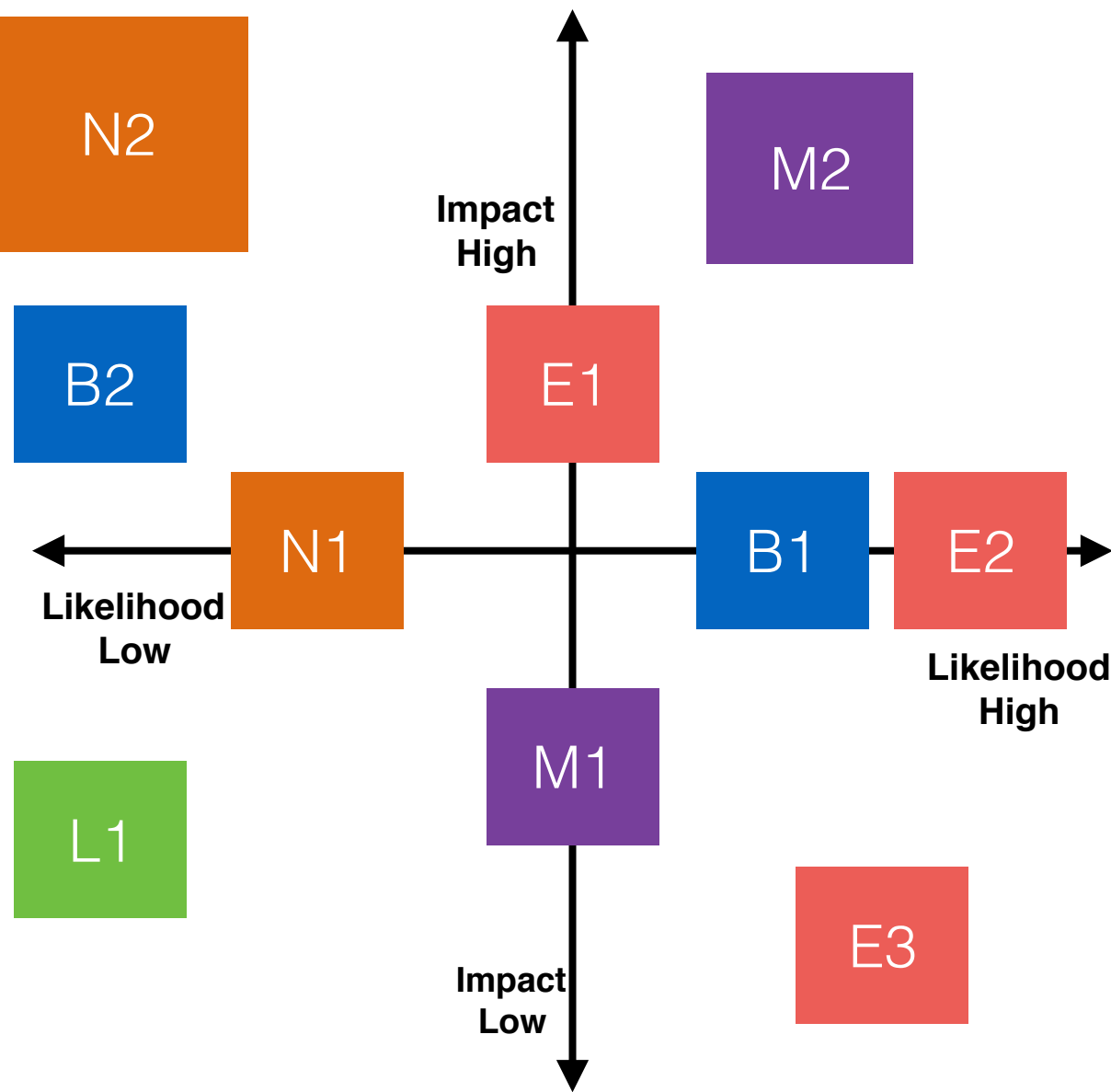


	Bull	Bear
RaC Market Share	60%	40%
Fleet Penetration	17%	14%
Avg Spread Price of Buying/Selling	13%	6%
Target Price (BRL)	55.44	27.30
Upside	36%	(33%)

Source: Team K

# Risks

Risk Matrix



Risks	
B1	Succession of the board of directors
B2	Loss of bargaining power with OEMs
E1	Higher SG&A dillution
E2	Fleet market penetration rises more than developed markets
E3	Company gains market share in Fleet Market
M1	Increasing competition with international players
M2	Barriers of entry and inorganic expansion – an M&A move
N1	Ride-hailing strong presence
N2	OEMs participating at car-sharing
L1	Alteration in tax legislation

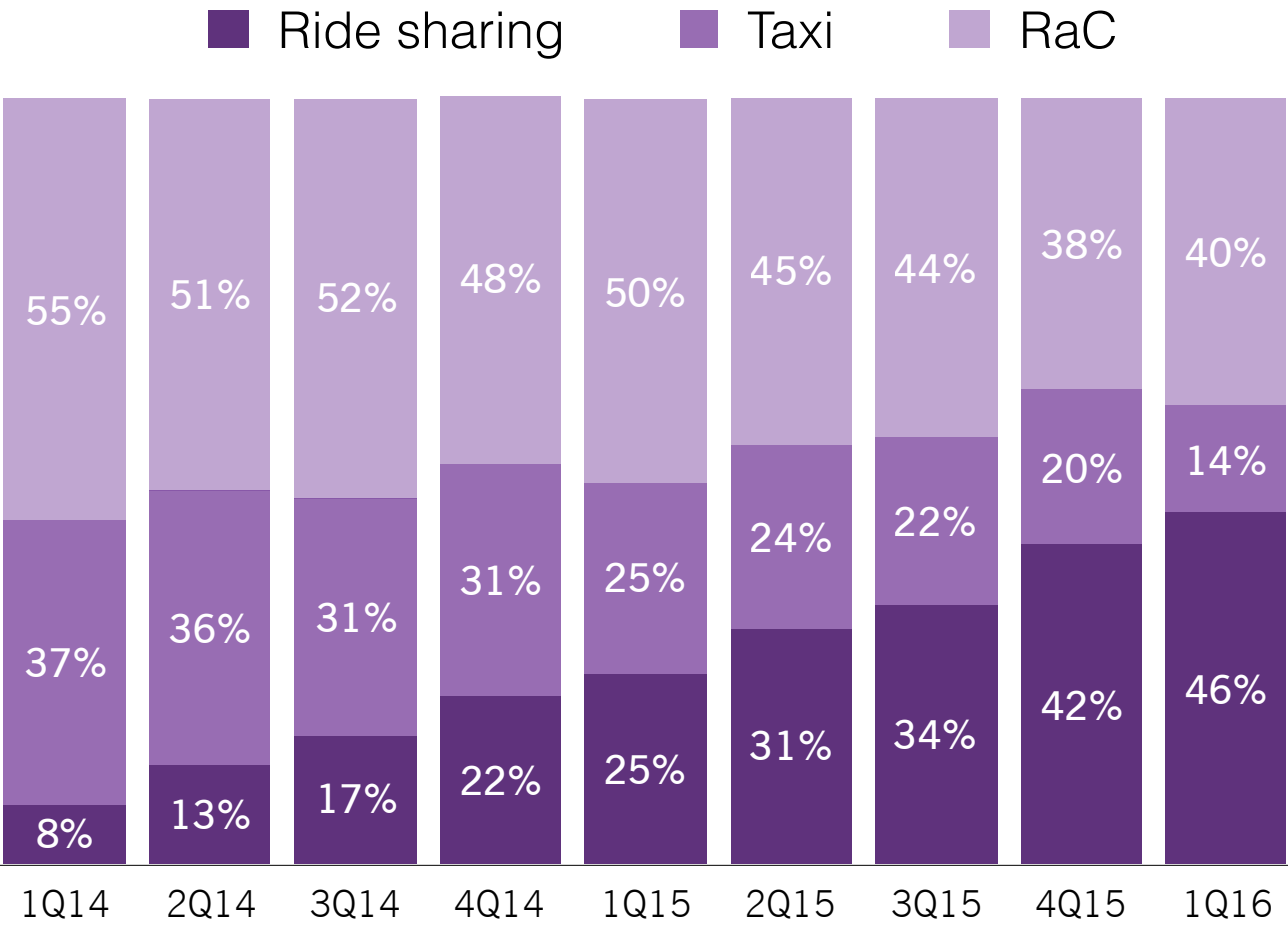
Source: Team K

# Risks: The Car-Sharing Impact

Uber may impact negatively RaC

## Ride Sharing Impact in the USA

Business travels



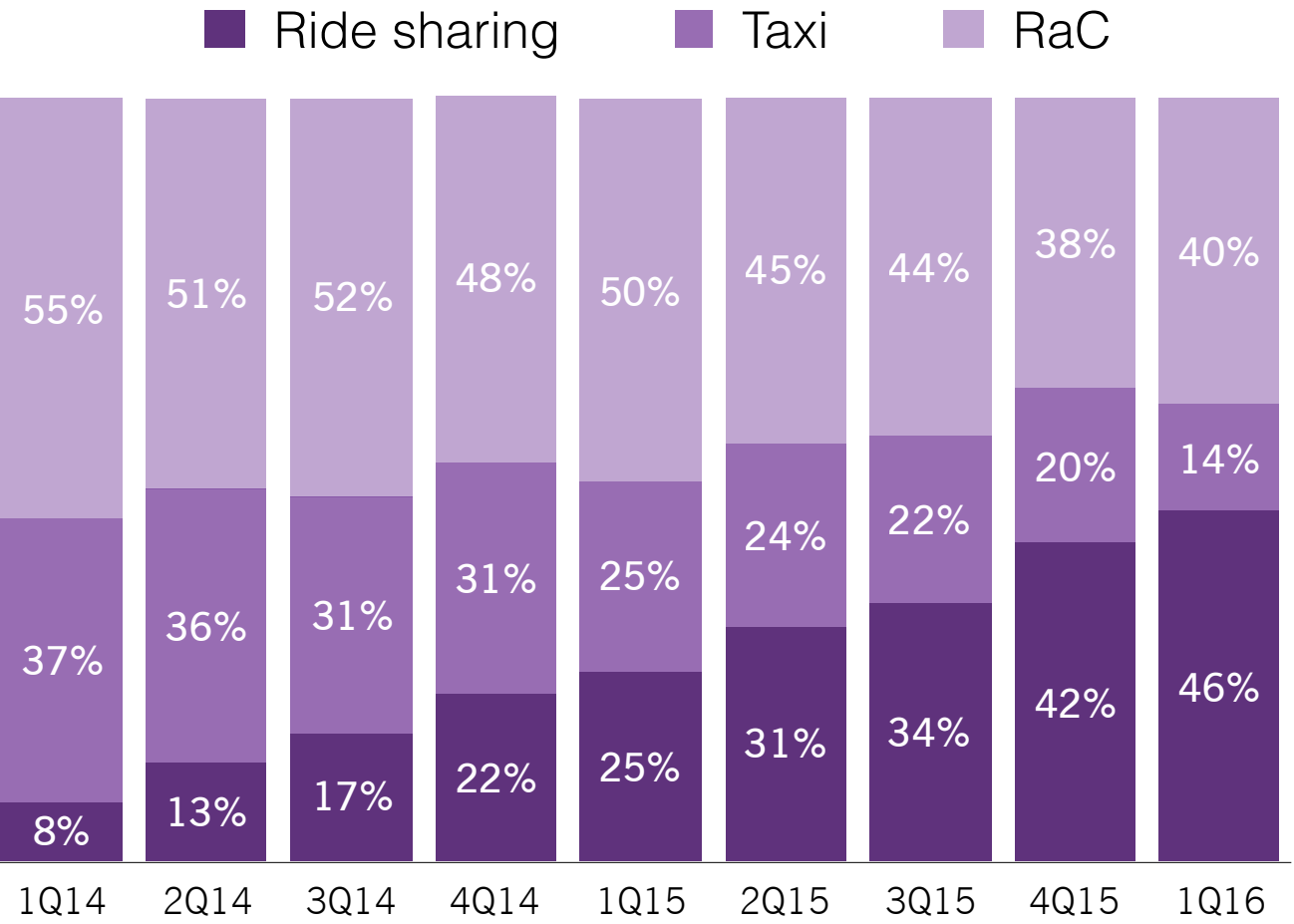
Source: Bloomberg News, Team K

# Risks: The Car-Sharing Impact

Uber may impact negatively RaC

## Ride Sharing Impact in the USA

Business travels



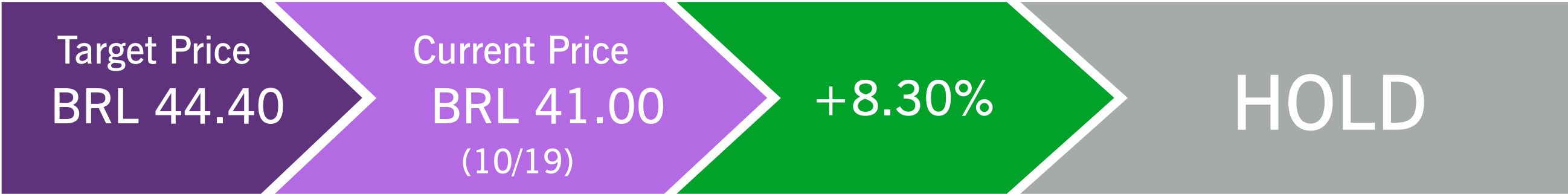
Source: Bloomberg News, Team K

## New Mindset

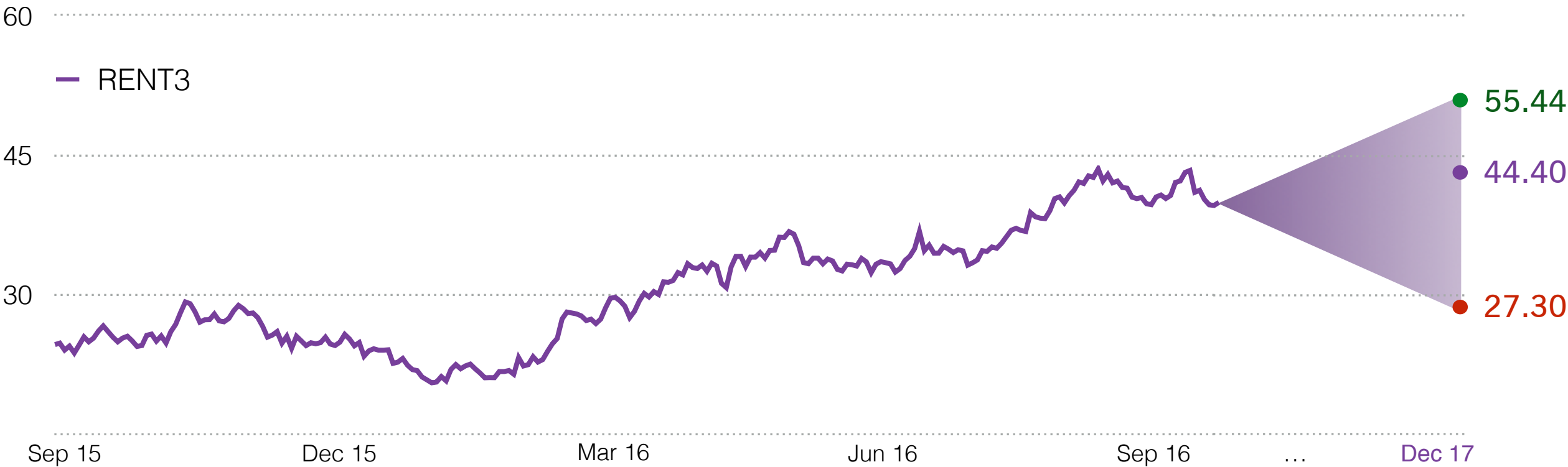
Car: From an asset  
to a service



# Recommendation



## Stock Chart





# Q&A

“Because investing is as much an art as a science,  
investors need a margin of safety.”

Seth Klarman

# Appendix

## Main Indicators

In BRL mn	2011	2012	2013	2014	2015	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
EBIT	596	466	652	727	736	844	918	1069	1,288	1,495	1,726	1,994	2,293	2,621	2,980
Net Earnings	292	241	384	411	403	443	507	602	756	907	1,077	1,283	1,521	1,792	2,098
Net Revenues	2,918	3,167	3,506	3,892	3,928	4,317	4,802	5,637	6,604	7,61	8,787	10,093	11,539	13,138	14,903
FCFF	65	224	314	199	-188	355	288	257	456	513	654	823	1.029	1.266	1.523
EPS	138	1.14	1.81	1.94	1.90	2.09	2.39	2.84	3.57	4.28	5.09	6.06	7.18	8.46	9.90

	2011	2012	2013	2014	2015	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
EV/EBITDA (x)	12.2x	11.3x	10.9x	10.3	11.0x	10.2x	8.9x	7.7x	6.4x	5.6x	4.8x	4.1x	3.5x	2.9x	2.4x
P/E (x)	——	——	——	——	21.46x	19.50x	17.04x	14.35x	11.44x	9.53x	8.02x	6.73x	5.68x	4.82x	4.12x
FCF yield (%)	0.8%	2.6%	3.6%	2.3%	-2.2%	4.1%	3.3%	3%	5.3%	5.9%	7.6%	9.5%	11.9%	14.6%	17.6%
ROIC (%)	15.8%	12.7%	16.1%	16.2%	14.6%	15.3%	15.2%	15.8%	17.3%	18.2%	19%	20.1%	21.2%	22.4%	23.6%
ROE (%)	32.4%	21.5%	29.0%	30.7%	24.3%	22.8%	22.9%	23.9%	26.2%	27.2%	27.8%	28.3%	28.7%	28.9%	28.8%



## Key Figures (In BRL M)

Unless otherwise stated

	2014	2015	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
<b>Car Rental</b>												
<b>Net Revenue (BRL mn)</b>	2,952	2,935	3,246	3,570	4,295	4,998	5,788	6,661	7,626	8,691	9,865	11,159
# of rental days (000's)	15,416	15,574	17,357	18,749	21,191	23,818	26,622	29,574	32,679	35,943	39,374	42,978
Average Price (BRL)	87.7	84.6	82.5	84.5	86.2	87.9	89.7	91.5	93.3	95.2	97.1	99.0
<b>EBIT</b>	498	463	525	543	723	839	969	1,111	1,269	1,443	1,634	1,844
<b>CAPEX</b>	1,909	1,773	2,002	2,247	2,866	3,355	3,891	4,490	5,157	5,900	6,727	7,645
<b>Fleet Rental</b>												
<b>Net Revenue (BRL mn)</b>	922	977	1,053	1,131	1,328	1,563	1,749	2,011	2,301	2,620	2,971	3,355
# of rental days (000's)	10,363	10,895	11,029	12,287	13,889	15,589	17,386	19,280	21,271	23,360	25,547	27,830
Average Price (BRL)	57	57	58	60	61	63	65	67	69	72	74	76
<b>EBIT</b>	255	302	336	324	379	466	525	586	663	747	837	934
<b>CAPEX</b>	571	502	464	838	914	1,024	1,181	1,355	1,549	1,764	2,001	2,263
<b>Seminovos</b>												
<b>Net Revenue (BRL mm)</b>	2,018	2,045	2,293	2,460	3,037	3,586	4,136	4,807	5,557	6,393	7,325	8,361
# Cars Sold RaC (000's)	58	52	52	54	59	67	75	83	92	101	111	122
# Cars Sold GDF (000's)	13	12	13	14	15	17	19	21	23	25	28	30
Average Price per car sold RaC (`000 BRL)	29.0	32.0	41.1	40.9	45.4	47.3	49.4	51.7	54.0	56.4	59.0	61.6
Average Price per car sold Fleet (`000 BRL)	26.9	31.2	32.0	30.7	36.2	35.2	35.9	37.5	39.1	40.9	42.8	44.7
<b>COGS</b>	(1,705)	(1,683)	(1,908)	(2,142)	(2,510)	(2,911)	(3,405)	(3,969)	(4,588)	(5,279)	(6,048)	(6,903)
Book Value of Sold Cars RaC	24.8	26.6	29.8	33.3	35.3	36.9	38.5	40.3	42.1	44.0	46.0	48.0
Book Value of Sold Cars Fleet	21.2	24.3	26.4	25.9	27.6	26.4	27.6	29.3	30.6	32.0	33.4	34.9
<b>EBIT</b>	<b>(87.3)</b>	<b>(14.1)</b>	<b>32.6</b>	<b>(110.8)</b>	<b>(28.6)</b>	<b>21.7</b>	<b>2.3</b>	<b>0.7</b>	<b>11.0</b>	<b>24.2</b>	<b>41.1</b>	<b>62.1</b>
<b>Consolidated Results</b>												
<b>Net Revenues</b>	3,892	3,928	4,317	4,720	5,642	6,581	7,557	8,694	9,949	11,334	12,861	14,540
COGS e SG&A	(2,922)	(2,993)	(3,324)	(3,636)	(4,270)	(4,955)	(5,713)	(6,591)	(7,550)	(8,610)	(9,779)	(11,067)
<b>EBIT</b>	727	736	844	862	1,098	1,300	1,489	1,693	1,928	2,184	2,461	2,774
Margin	18.7%	18.7%	19.5%	18.3%	19.5%	19.8%	19.7%	19.5%	19.4%	19.3%	19.1%	19.1%
<b>Net Income (BRL mm)</b>	411.2	402.7	443.2	464.2	614.9	760.5	900.2	1052.7	1231.3	1431.9	1653.7	1907.9
Margin	10.6%	10.3%	10.3%	9.8%	10.9%	11.6%	11.9%	12.1%	12.4%	12.6%	12.9%	13.1%
<b>EPS (R\$)</b>	1.94	1.90	2.09	2.19	2.90	3.59	4.25	4.97	5.81	6.76	7.81	9.01

## Consolidated Balance (In BRL M)

	2014	2015	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
<b>Total current assets</b>	<b>1,963</b>	<b>2,006</b>	<b>2,304</b>	<b>2,300</b>	<b>2,275</b>	<b>2,386</b>	<b>2,507</b>	<b>2,729</b>	<b>3,072</b>	<b>3,566</b>	<b>4,243</b>	<b>5,125</b>
Cash and equivalents	1,390	1,385	1,634	1,559	1,400	1,374	1,345	1,392	1,536	1,812	2,249	2,866
Accounts receivable	461	486	530	576	683	792	909	1,046	1,201	1,372	1,560	1,768
Other current assets	93.5	102.6	139.6	165.9	192.0	219.6	252.9	291.6	334.7	382.0	434.3	492.1
Decommissioning cars to fleet renewal	18.3	31.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total long term assets</b>	<b>171</b>	<b>103</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
Long term cash & equivalents	93	46	2	2	2	2	2	2	2	2	2	2
Escrow deposits	42	53	54	54	54	54	54	54	54	54	54	54
Deferred taxes	33	0	0	0	0	0	0	0	0	0	0	0
Other LT assets	3	5	4	4	4	4	4	4	4	4	4	4
<b>Total fixed assets</b>	<b>3,564</b>	<b>4,014</b>	<b>4,238</b>	<b>4,599</b>	<b>5,130</b>	<b>5,646</b>	<b>6,269</b>	<b>6,919</b>	<b>7,593</b>	<b>8,285</b>	<b>8,985</b>	<b>9,695</b>
Property & equipment, gross + Intangible	4,694	5,587	6,235	6,948	7,718	8,650	9,790	11,043	12,387	13,858	15,459	17,211
Accumulated depreciation	(1,129)	(1,573)	(1,997)	(2,349)	(2,588)	(3,004)	(3,521)	(4,124)	(4,794)	(5,573)	(6,474)	(7,516)
PP&E + intangible, net	3,564	4,014	4,238	4,599	5,130	5,646	6,269	6,919	7,593	8,285	8,985	9,695
Cars	3,278	3,611	3,808	4,155	4,672	5,173	5,780	6,414	7,070	7,745	8,431	9,122
Other PP&E	204	314	344	358	373	388	404	420	437	455	469	488
Intangible	82	89	85	85	85	85	85	85	85	85	85	85
<b>Total assets</b>	<b>5,698</b>	<b>6,123</b>	<b>6,601</b>	<b>6,959</b>	<b>7,465</b>	<b>8,092</b>	<b>8,836</b>	<b>9,708</b>	<b>10,725</b>	<b>11,911</b>	<b>13,288</b>	<b>14,880</b>
<b>Total current liabilities</b>	<b>1,398</b>	<b>1,356</b>	<b>1,643</b>	<b>1,697</b>	<b>1,842</b>	<b>2,016</b>	<b>2,215</b>	<b>2,442</b>	<b>2,688</b>	<b>2,961</b>	<b>3,264</b>	<b>3,597</b>
Short-term debt	301	422	653	653	653	653	653	653	653	653	653	653
Suppliers	828	691	745	794	917	1,065	1,235	1,428	1,638	1,871	2,128	2,412
Wages and labor costs	86	86	82	82	82	82	82	82	82	82	82	82
Taxes	41	28	36	35	40	48	55	64	73	84	95	108
Dividends	59	29	31	31	31	31	31	31	31	31	31	31
Other current liabilities	82	100	96	103	118	137	159	184	211	242	275	311
<b>Total long term liabilities</b>	<b>2,644</b>	<b>2,825</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>	<b>2,739</b>
Total long term debt	2,412	2,597	2,493	2,493	2,493	2,493	2,493	2,493	2,493	2,493	2,493	2,493
Provisions	70	68	69	69	69	69	69	69	69	69	69	69
Deferred taxes	139	142	161	161	161	161	161	161	161	161	161	161
Other long term liabilities	23	19	17	17	17	17	17	17	17	17	17	17
<b>Minority interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Shareholders' equity	1,656	1,942	2,219	2,524	2,885	3,338	3,882	4,529	5,299	6,211	7,286	8,545
Capital stock	977	977	977	977	977	977	977	977	977	977	977	977
Retained earnings	679	965	1,243	1,547	1,908	2,362	2,906	3,552	4,322	5,235	6,310	7,568
<b>Total liabilities &amp; shareholders' equity</b>	<b>5,698</b>	<b>6,123</b>	<b>6,601</b>	<b>6,959</b>	<b>7,465</b>	<b>8,092</b>	<b>8,836</b>	<b>9,708</b>	<b>10,725</b>	<b>11,911</b>	<b>13,288</b>	<b>14,880</b>

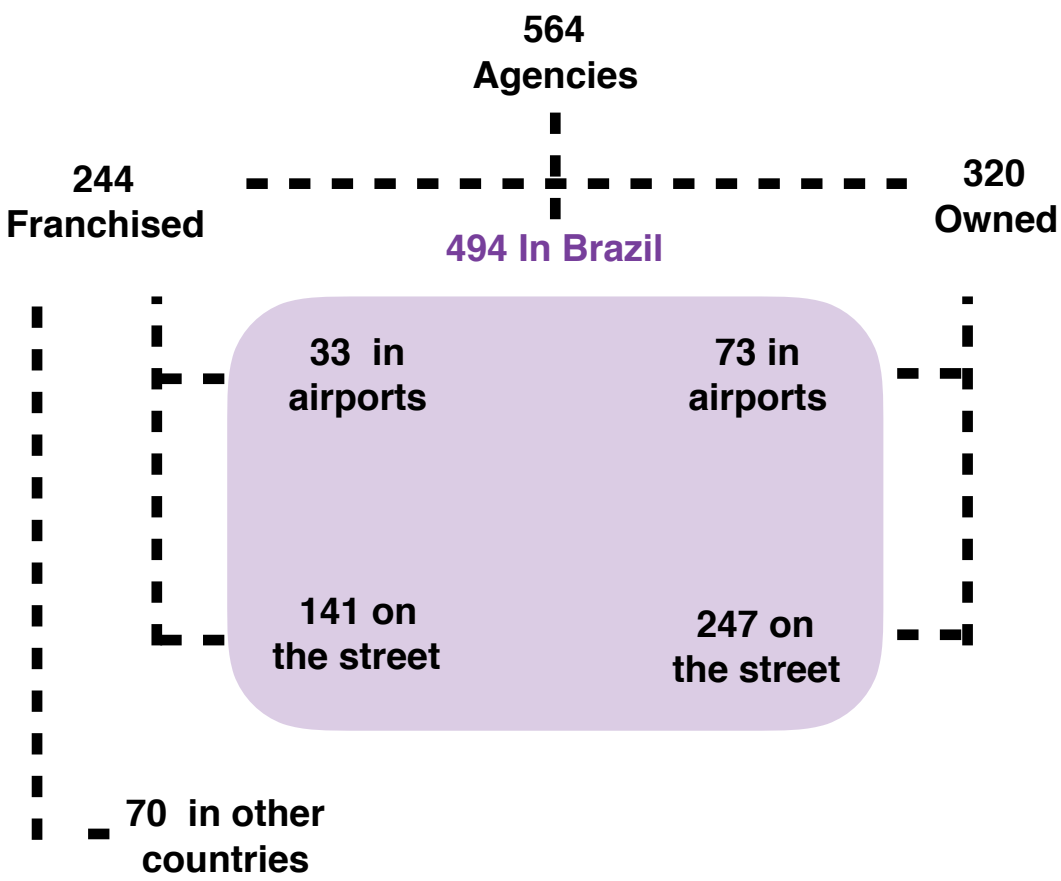
# Indirect Cash Flow (In BRL M)

	2014	2015	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
CFO	963	404	568	719	898	1,134	1,329	1,563	1,834	2,156	2,524	2,927
Net income	411	403	443	507	602	756	907	1,077	1,283	1,521	1,792	2,098
(+) Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(+) D & A	243.3	199.2	148.3	230.0	284.5	340.8	373.8	434.7	503.2	579.8	669.7	760.4
(+/-) Δ in WC	308.2	(198.3)	(24.0)	(18.2)	11.1	37.7	49.1	50.6	48.2	55.3	61.8	68.5
(+/-) Δ in other accounts	0	0	0	0	0	0	0	0	0	0	0	0
CFI	(872)	(745)	(382)	(591)	(815)	(857)	(996)	(1,085)	(1,177)	(1,272)	(1,370)	(1,471)
Fleet capex	(2,480)	(2,275)	(2,465)	(3,104)	(3,809)	(4,418)	(5,124)	(5,911)	(6,789)	(7,765)	(8,849)	(10,052)
Non-fleet capex	(73.6)	(146.0)	(56.0)	(28.0)	(29.1)	(30.3)	(31.5)	(32.8)	(34.1)	(35.5)	(36.7)	(38.0)
Cost of cars sold add-back	1,705	1,683	2,136	2,541	3,022	3,591	4,159	4,859	5,646	6,528	7,516	8,620
Other investments	(22.7)	(6.8)	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total free cash flow from operations	90.9	(341.3)	185.6	127.9	82.3	276.5	333.1	477.8	657.7	884.1	1,153.6	1,456.0
CFF	171.8	50.9	(108.1)	(203.5)	(241.0)	(302.2)	(362.6)	(430.9)	(513.2)	(608.4)	(716.8)	(839.1)
(+) New debt issued - debt repayments	369.0	306.8	125.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(+) Equity raised	(197.2)	(255.9)	(233.9)	(203.5)	(241.0)	(302.2)	(362.6)	(430.9)	(513.2)	(608.4)	(716.8)	(839.1)
(-) Dividends paid	38.6	44.7	0.0	0.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(-) Interest on capital paid	61.7	94.6	165.5	202.2	240.7	302.2	362.6	430.9	513.2	608.4	716.8	839.1
Free cash flow to equity	262.7	(290.4)	77.5	(75.7)	(158.7)	(25.7)	(29.5)	46.8	144.5	275.7	436.8	616.9
CF adjustments (omissions, acquisitions, etc)	116.8	285.3	171.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted total FCF to equity	379.5	(5.1)	249.3	(75.7)	(158.7)	(25.7)	(29.5)	46.8	144.5	275.7	436.8	616.9
Opening cash (1)	1,010.7	1,390.2	1,385.1	1,634.4	1,558.7	1,400.0	1,374.3	1,344.8	1,391.7	1,536.2	1,811.9	2,248.7
Closing cash (2)	1,390.2	1,385.1	1,634.4	1,558.7	1,400.0	1,374.3	1,344.8	1,391.7	1,536.2	1,811.9	2,248.7	2,865.6
(2) - (1) = Net increase/(decrease) in cash	380	(5)	249	(159)	(129)	4	(15)	31	87	162	251	348

## Capital Structure and Debt (In BRL M)

Debt / PL	2010	2011	2012	2013	2014	2015	1H16
Localiza	273%	258%	205%	241%	244%	215%	205%
Movida					116%	230%	220%
Unidas	216%	127%	109%	146%	143%	154%	177%
Locamérica	428%	485%	293%	286%	343%	376%	373%
Short-term debt composition							
Localiza	34%	27%	27%	30%	35%	32%	37%
Movida					73%	61%	61%
Unidas	96%	14%	24%	35%	45%	54%	58%
Locamérica	40%	36%	23%	21%	18%	41%	37%
Indebtedness							
Localiza	73%	72%	67%	71%	71%	68%	67%
Movida					54%	70%	69%
Unidas	68%	56%	52%	59%	59%	61%	64%
Locamérica	81%	83%	75%	74%	77%	79%	79%
Asset Imobilization							
Localiza	284%	251%	207%	224%	215%	207%	203%
Movida					164%	201%	230%
Unidas	228%	123%	120%	148%	169%	165%	184%
Locamérica	388%	410%	232%	243%	291%	308%	300%
Non-current imobilized resources							
Localiza	101%	88%	83%	83%	83%	84%	88%
Movida					125%	106%	123%
Unidas	209%	59%	66%	76%	94%	97%	105%
Locamérica	109%	100%	71%	75%	77%	96%	89%

Agencies Distribution (Localiza 2015)



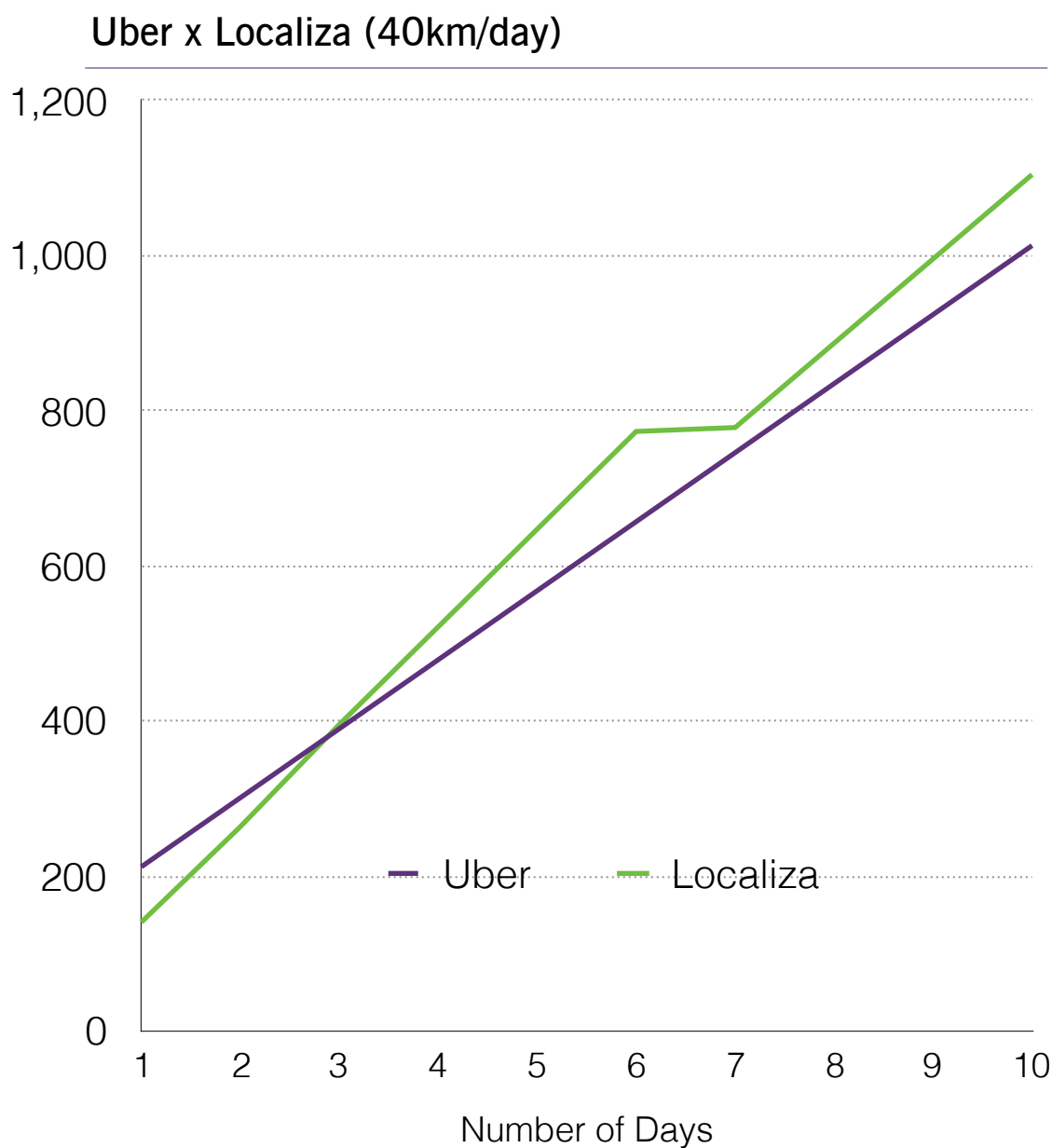
RaC: Number of Agencies

Company	In	Out of Airports
Localiza	105	389
Movida	52	100
Unidas	53	158
Hertz	53	56
Avis	26	22
Others	31	7901

Competitors Information

Operational Information				
2T16	Localiza	Movida	Unidas	Locam.
RaC Fleet (EOP)	78,352	38,559	19,047	N/M
RaC own Branches	328	164	95	N/M
RaC Franchise Branches	237	2	116	N/M
Outsourcing Fleet (EOP)	32,726	16,257	24,007	27,616
Cars Purchased	24,020	10,449	6,879	3,098
Cars Sold	13,839	8,967	4,701	1,453
Semi Sales Stores	78	43	45	14

# Uber vs Renting a Car

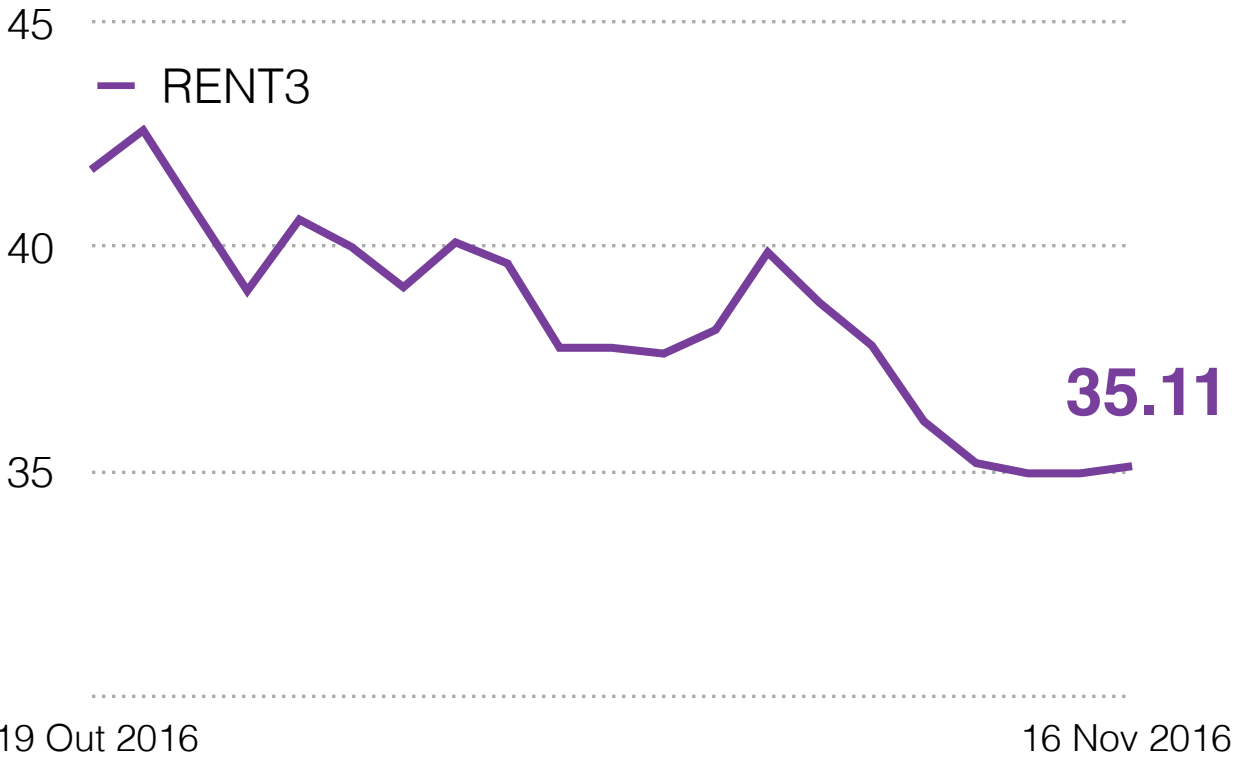


Uber x Localiza (km/day x Number of Days)

	10 km	20 km	30 km	40 km	50 km	60 km	70 km	80 km
1 day	1.03	0.93	0.84	0.77	0.72	0.67	0.63	0.60
1days	1.63	1.35	1.16	1.02	0.92	0.83	0.77	0.71
3 days	2.12	1.66	1.38	1.18	1.04	0.93	0.85	0.78
4 days	2.46	1.86	1.50	1.27	1.11	0.98	0.89	0.81
5 days	2.73	2.00	1.59	1.33	1.15	1.01	0.91	0.83
6 days	2.95	2.11	1.66	1.37	1.18	1.04	0.93	0.85
7 days	2.69	1.89	1.47	1.22	1.04	0.92	0.82	0.75
8 days	2.82	1.95	1.51	1.24	1.06	0.93	0.83	0.76
9 days	2.93	2.00	1.54	1.26	1.07	0.94	0.84	0.76
10 days	3.02	2.04	1.56	1.27	1.08	0.95	0.85	0.77

# Since the report...

## Stock Chart



## Short Term Distortions

Market reacted negatively to 3Q Results

High volume with weak margins scared the market

Donald Trump Election may have caused outflow from foreign investors