

1Q17 Earnings Release

April 27, 2017.



Milhão
de fãs no Facebook.

 **Localiza**

Customer Experience and Engagement

- ✓ Localiza FAST - pioneer in 100% digital rent (counter by-pass)
- ✓ More than 6 million customers in Localiza Loyalty Program
- ✓ More than 1 million followers on Facebook, with the highest engagement in the category



Platinum



Gold

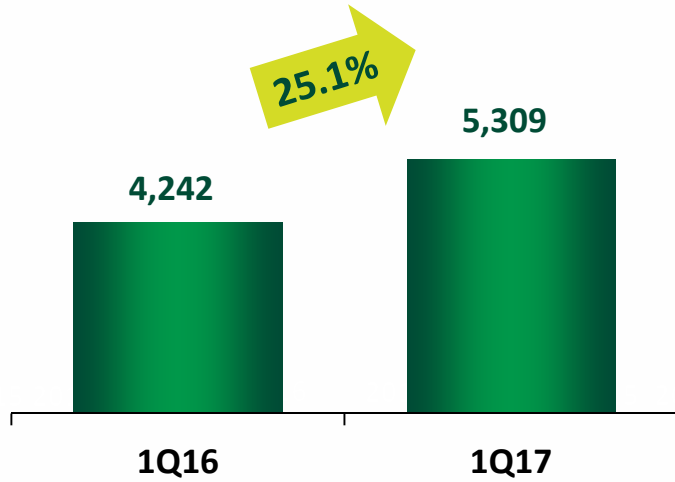


Verde

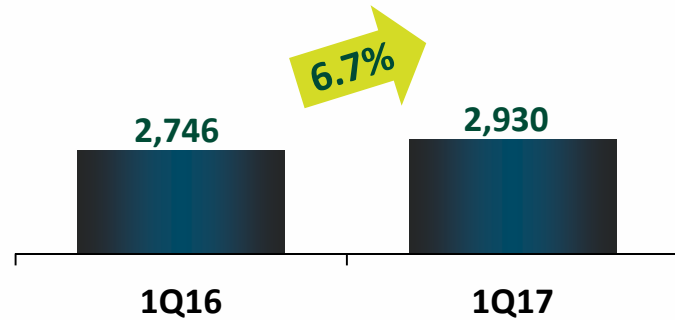


1Q17 Operational Highlights

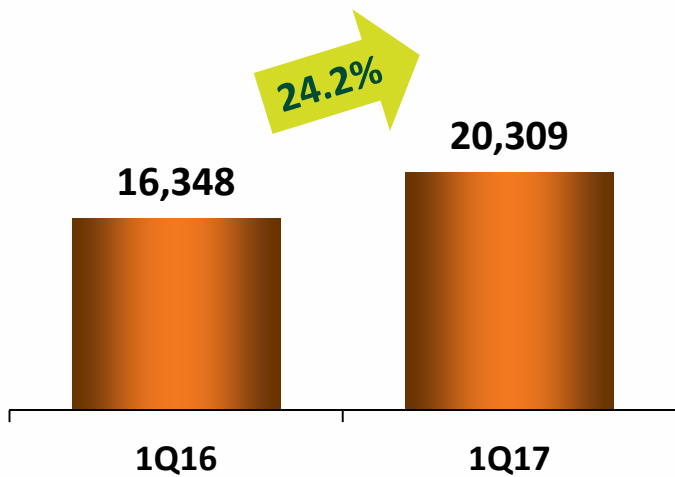
Rental days evolution (thousand)– Car Rental



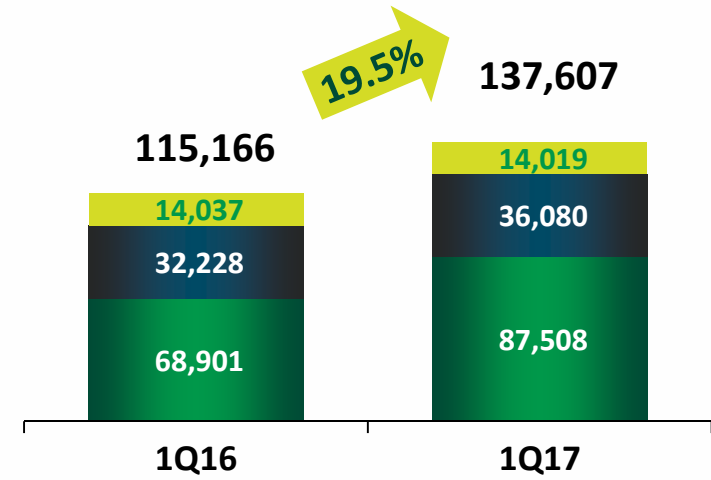
Rental days evolution (thousand)– Fleet Rental



Cars sold– consolidated

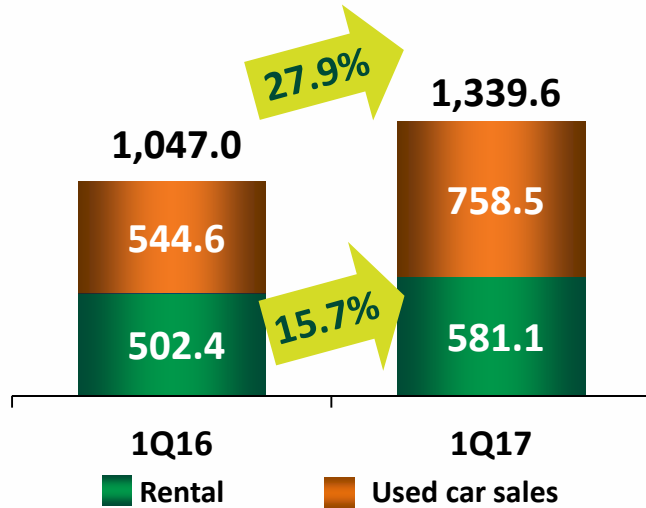


Fleet at end of the period

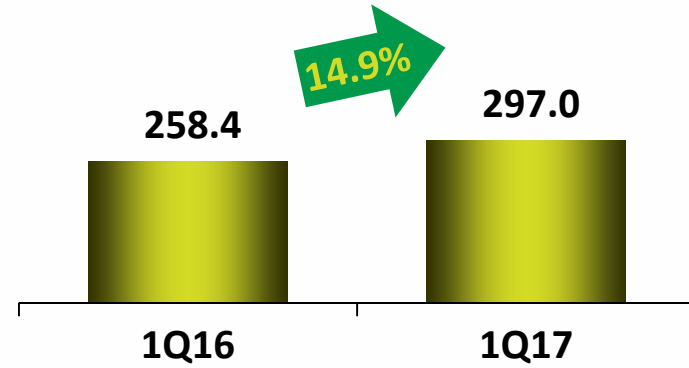


1Q17 Financial Highlights

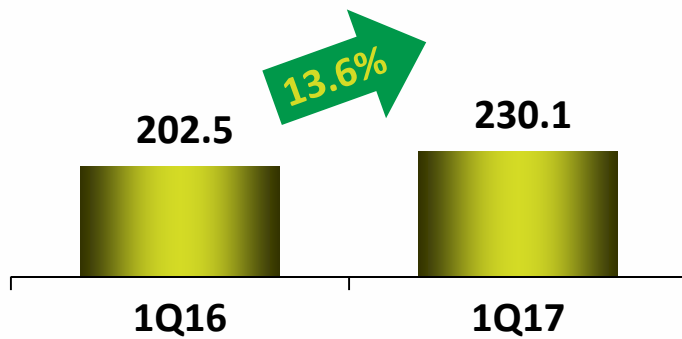
Net Revenues - (R\$ million)



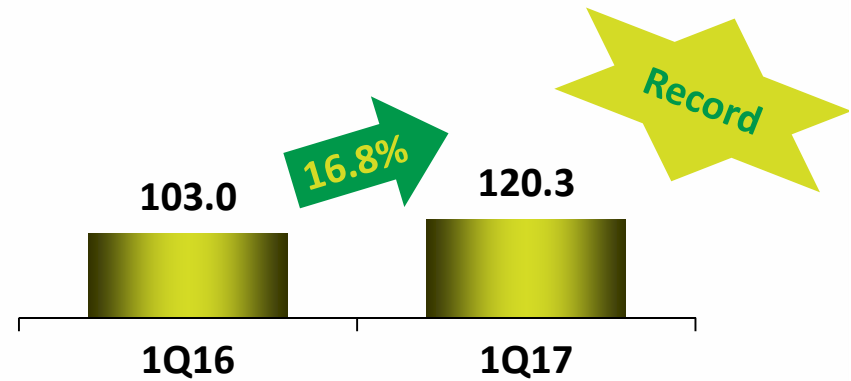
EBITDA - (R\$ million)



EBIT (R\$ milhões)

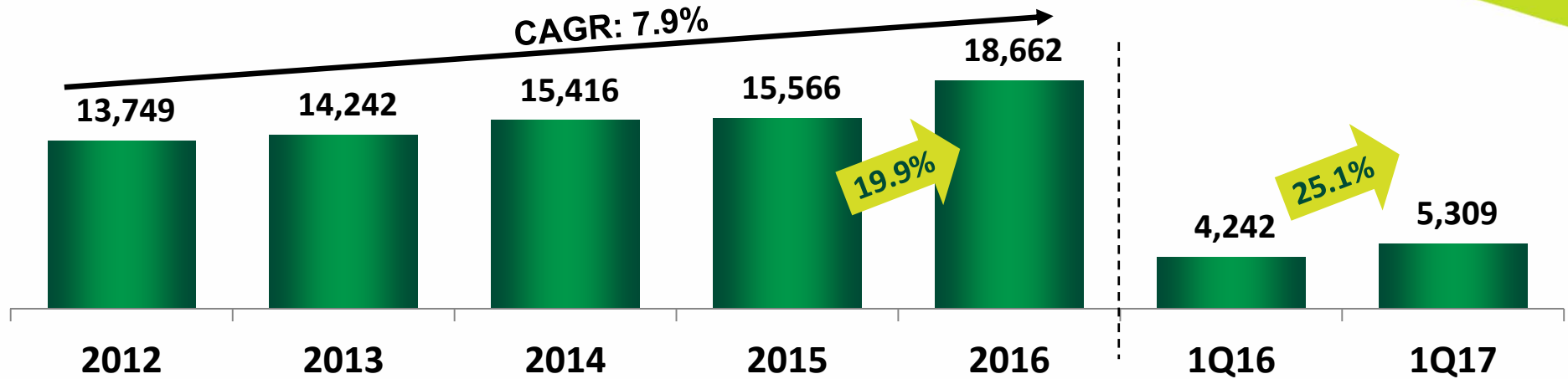


Net Income (R\$ million)

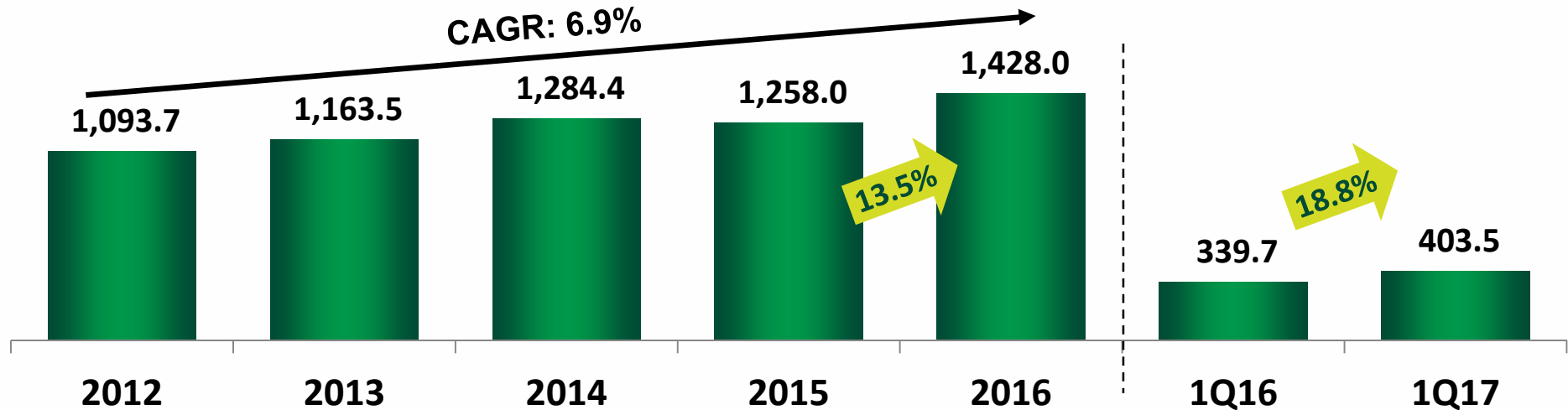


Car Rental

Number of Daily Rentals (thousand)



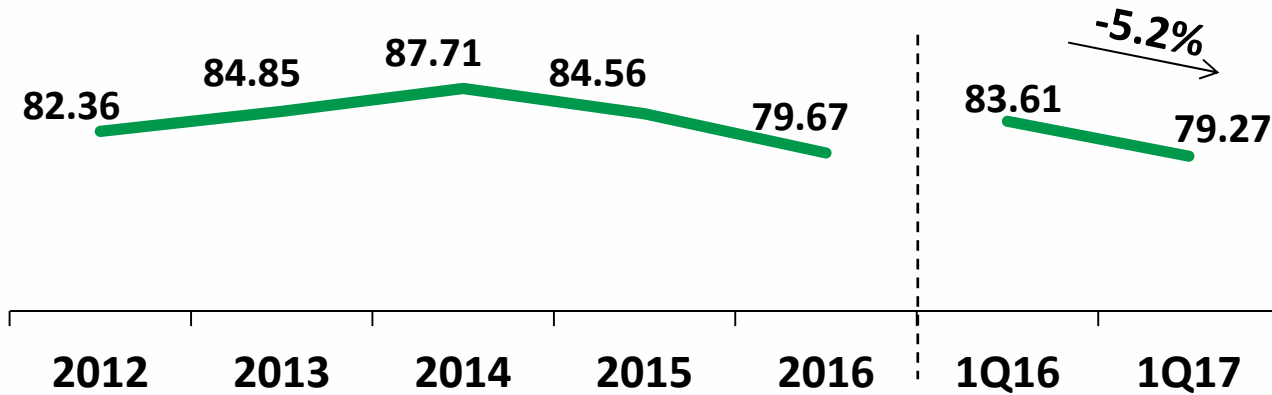
Net Revenues (R\$ million)



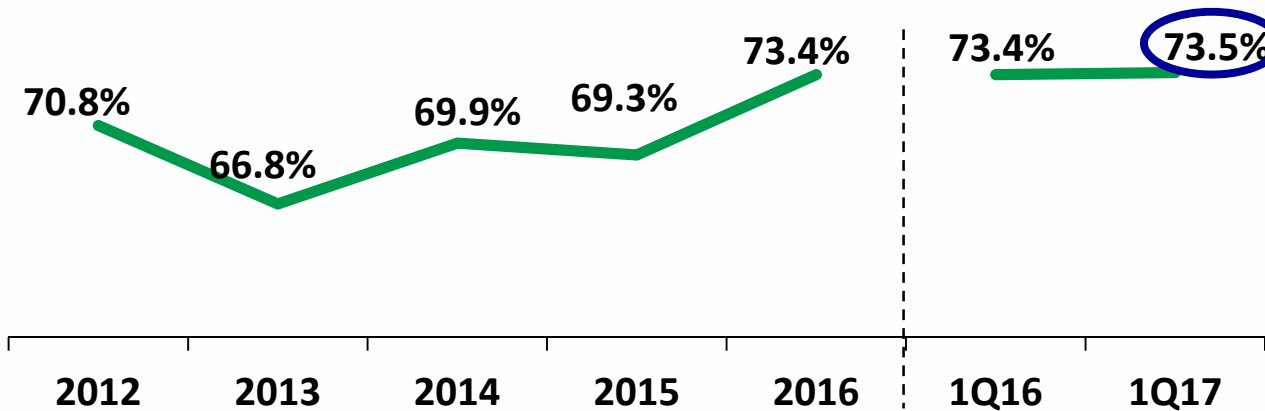
Growth of 25.1% in daily rentals and of 18.8% in net revenues in 1Q17 vs. 1Q16

Car Rental

Average daily rental rate – In R\$



Utilization Rate Evolution – Car Rental

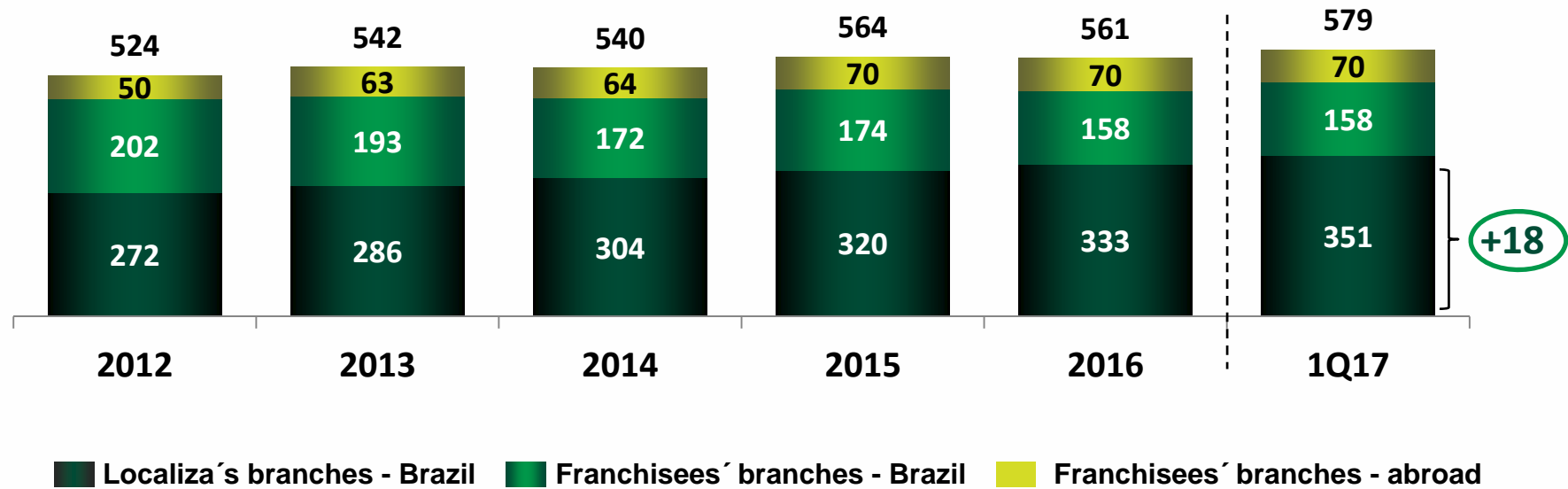


Average daily rental rate of the 1Q17 is a result of the initiative to manage its rates in order to stimulate demand and the mix of segments.

Car Rental network evolution



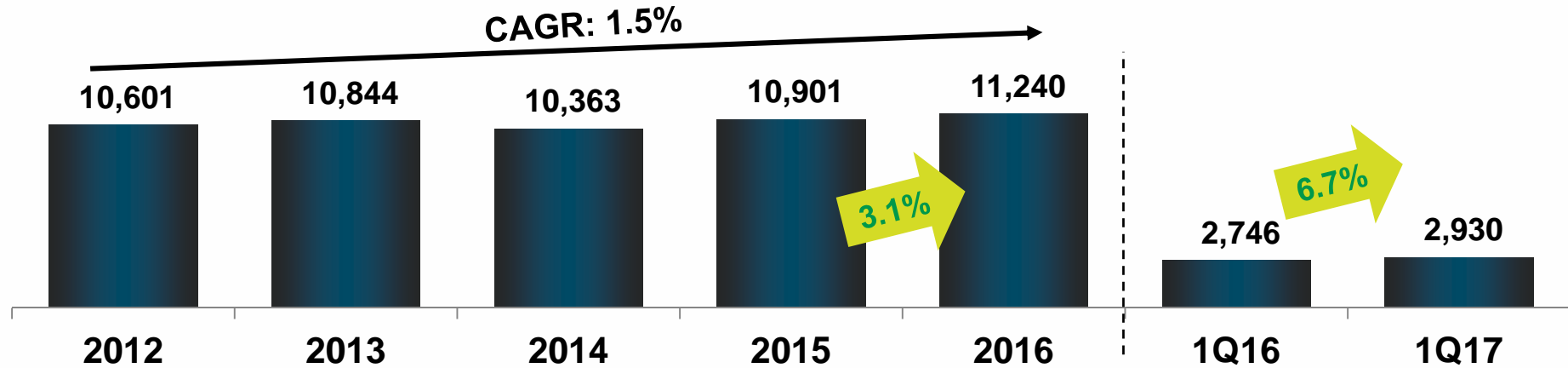
Number of car rental locations (Brazil and abroad)



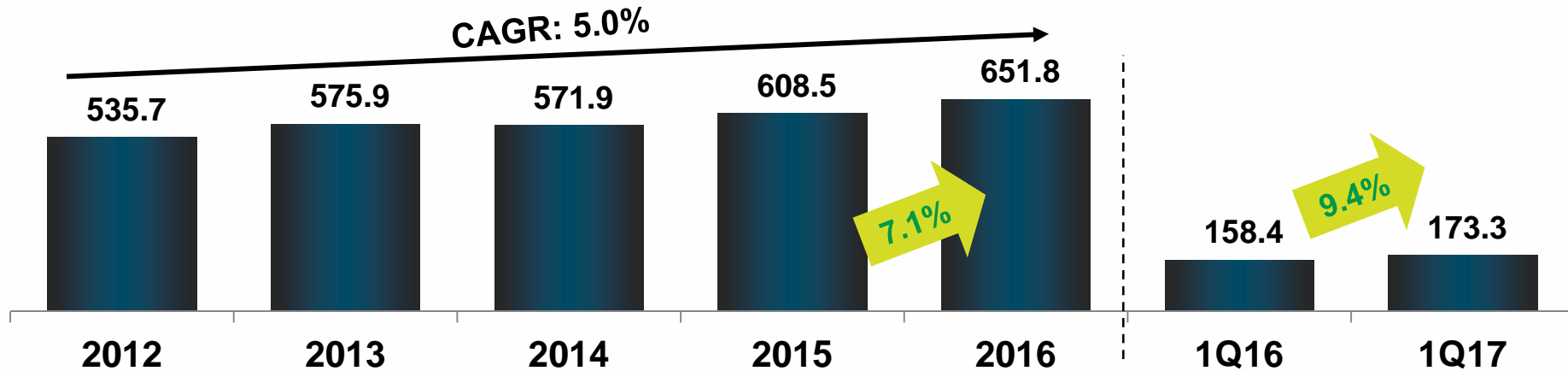
18 new corporate branches were added to the network

Fleet Rental

Number of Daily Rentals (thousand)



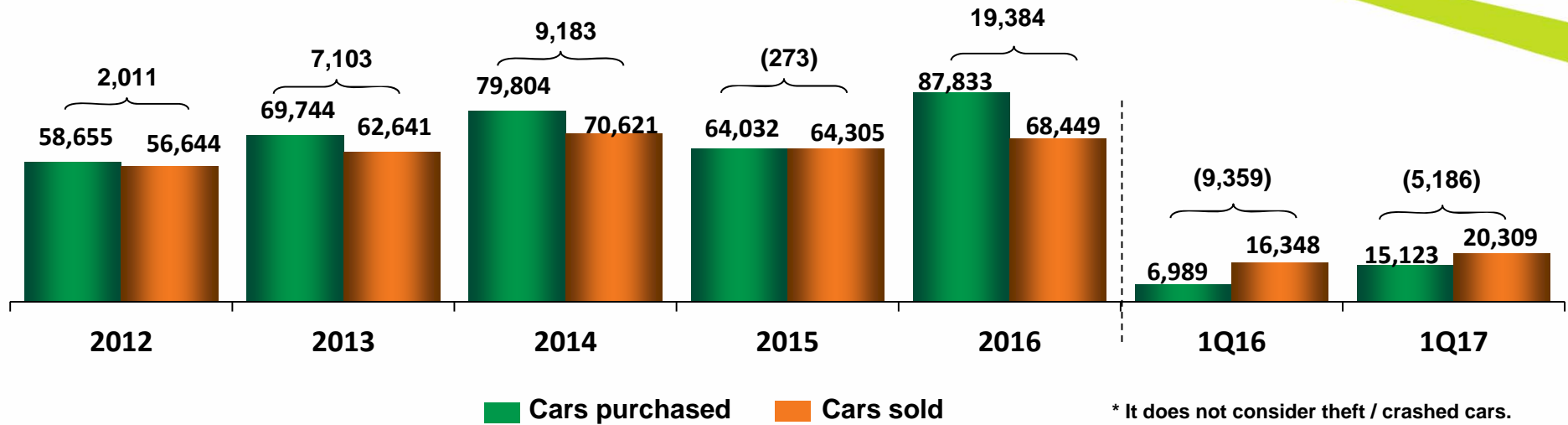
Net Revenues (R\$ million)



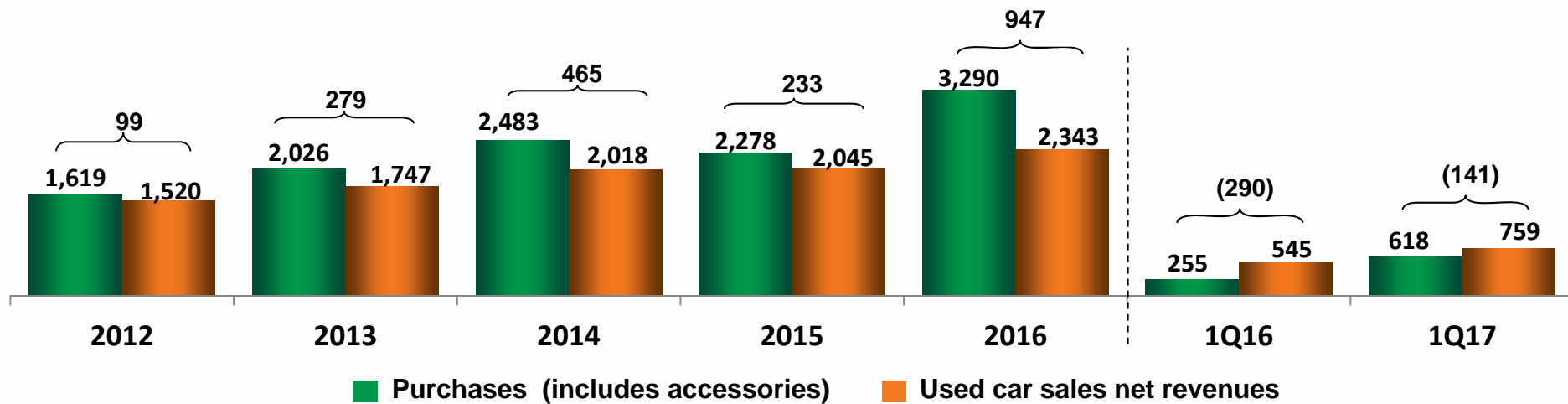
6.7% growth in daily rentals and of 9.4% growth in net revenues in 1Q17 vs. 1Q16

Net investment

Fleet Expansion (reduction)* (quantity)



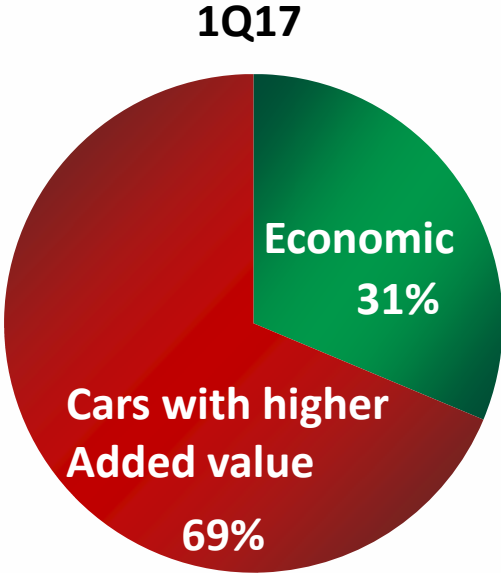
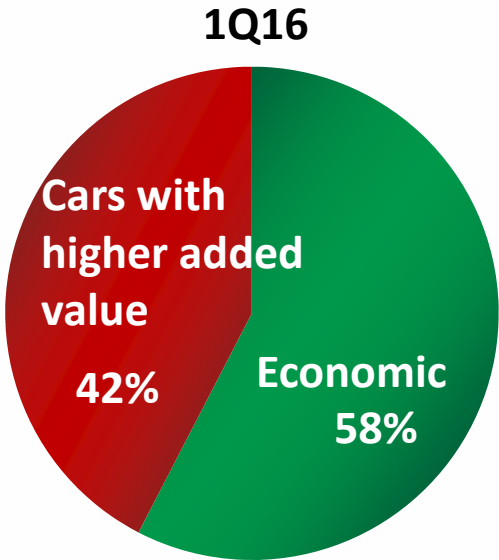
Net Investment in Fleet (R\$ million)



Car Rental fleet was reduced after the peak demand of summer vacation

Car Rental

Cars Purchase Mix



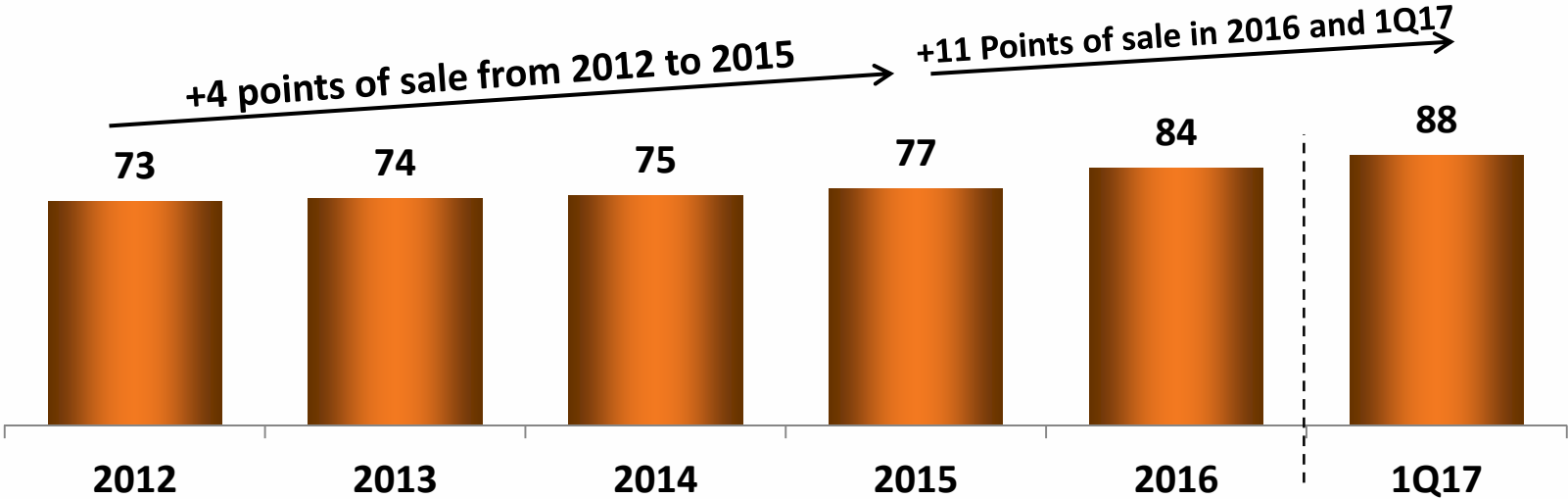
Average price of cars purchased 1Q16:
34.88

+16.6% →

Average price of cars purchased 1Q17:
40.68

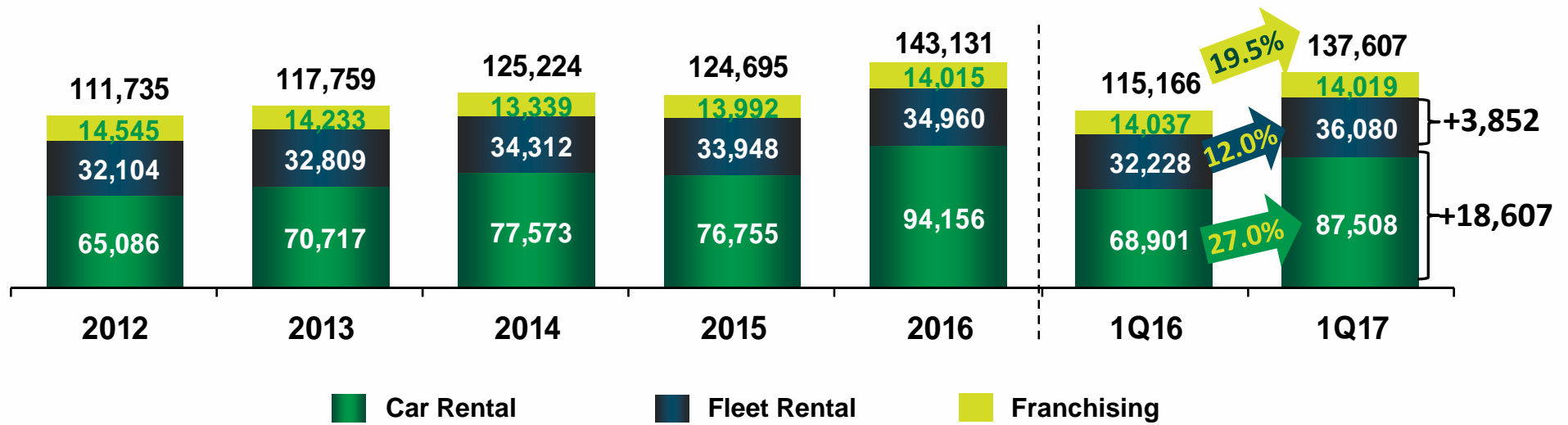
Higher aggregated value car mix raised the average price of purchased cars in 1Q17.

Number of points of sale



Since 2013, Seminovos started to look for former dealers and closed resellers, to open new points of sale, reducing capex per store.

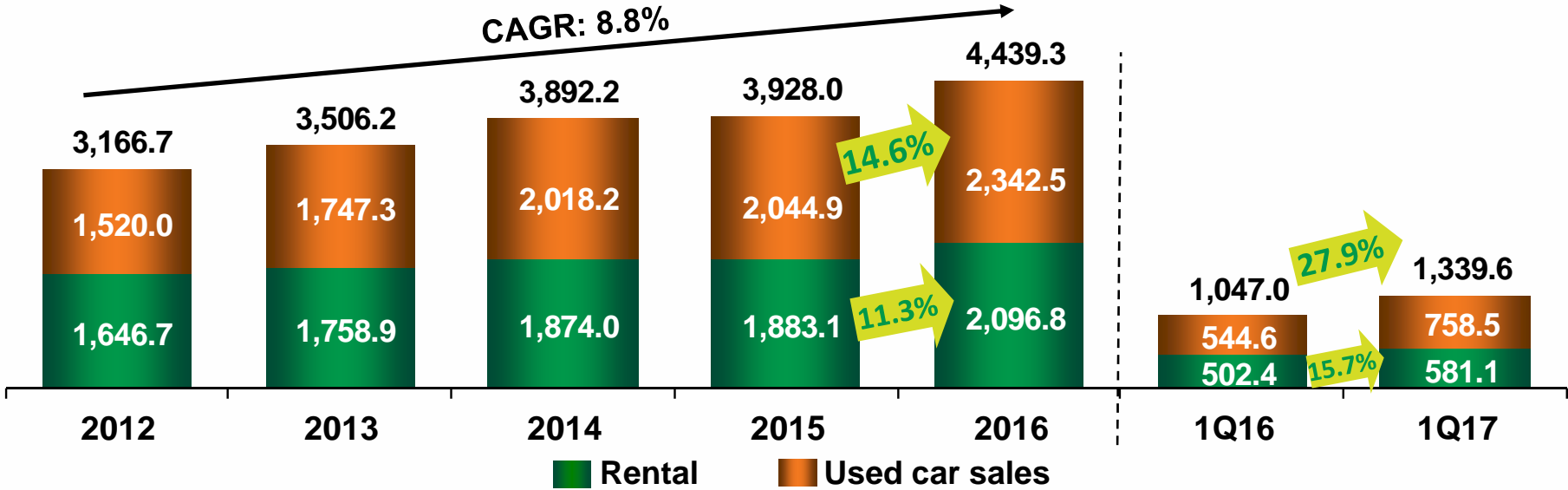
Period-end fleet Quantity



Record utilization rate of 73.5%, even with the increase of Car Rental's fleet in 18,607 cars to attend the strong demand of the 1Q17.

Consolidated net revenues

R\$ million

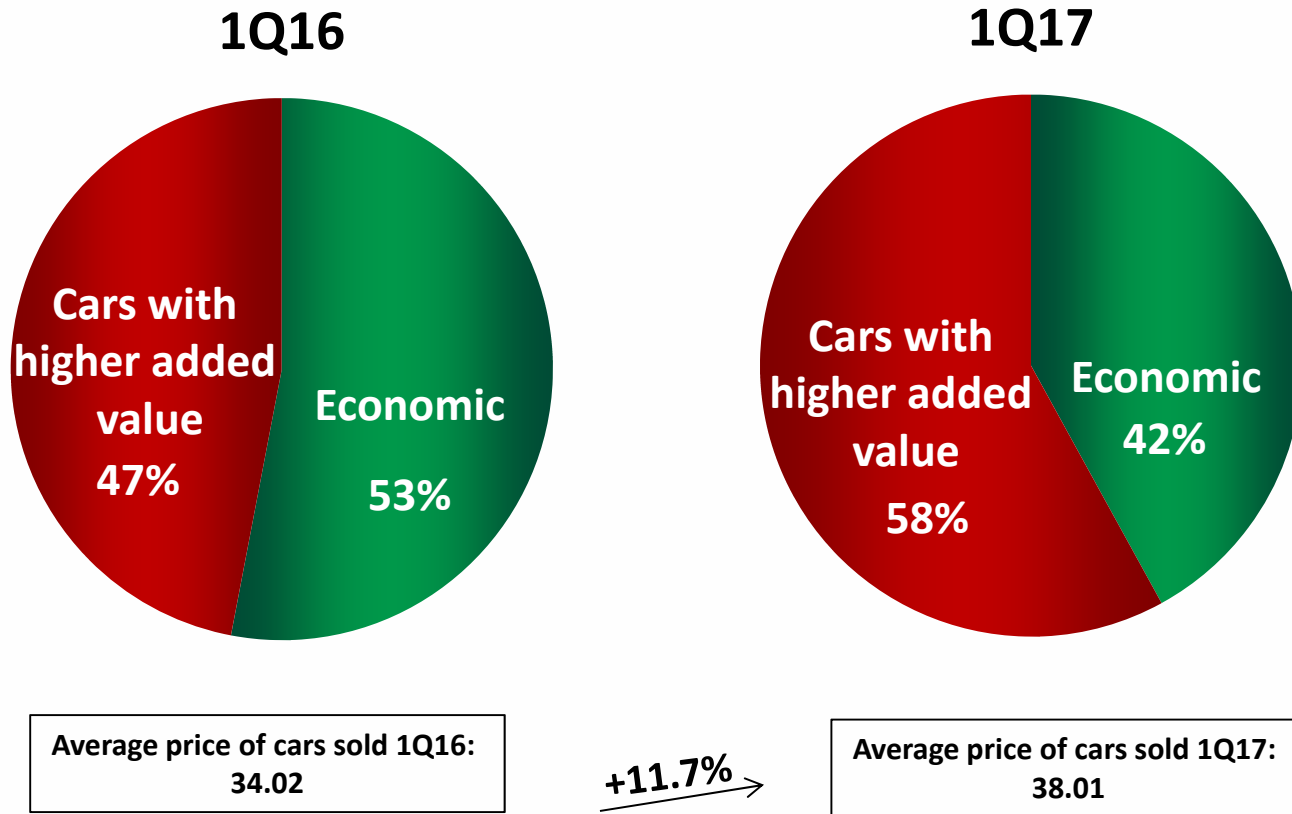


27.9% increase in consolidated revenue in 1Q17 versus 1Q16

Seminovos' revenue increased 39.3% in 1Q17, due to a higher volume of sold cars (+3,962) and an increase of 12.2% in the average car sales price when compared with 1Q16

Car Rental

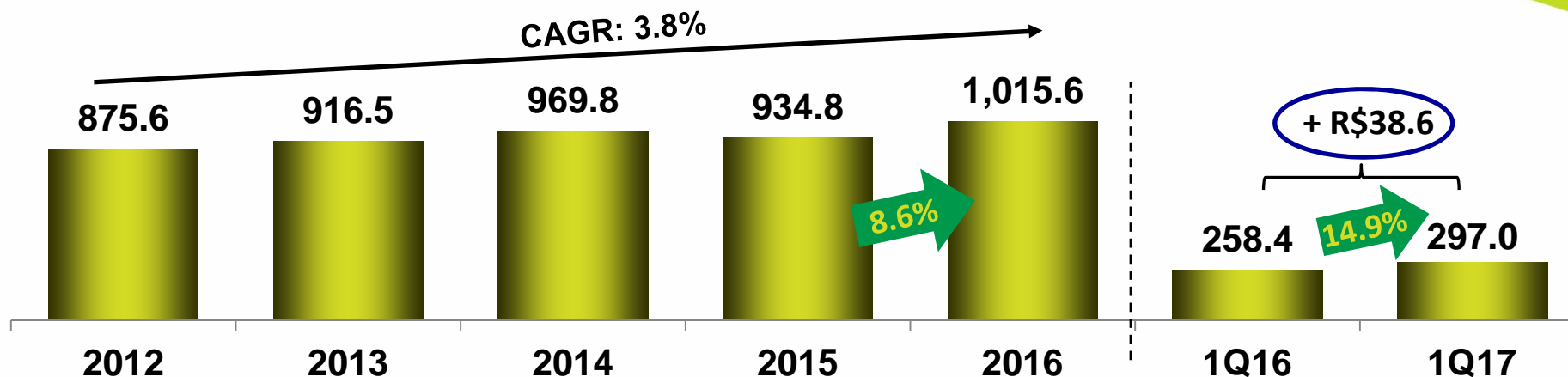
Cars Sold Mix



The increase of average price of cars sold was mainly due to the change in the cars purchased mix with a higher added value in the 4Q15.

Consolidated EBITDA

R\$ million

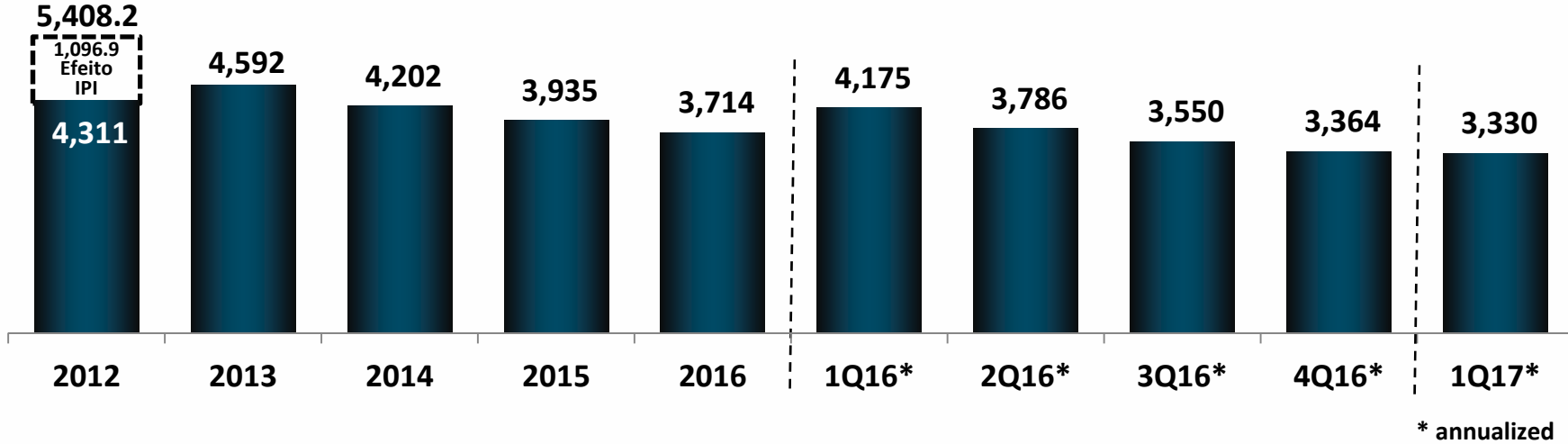
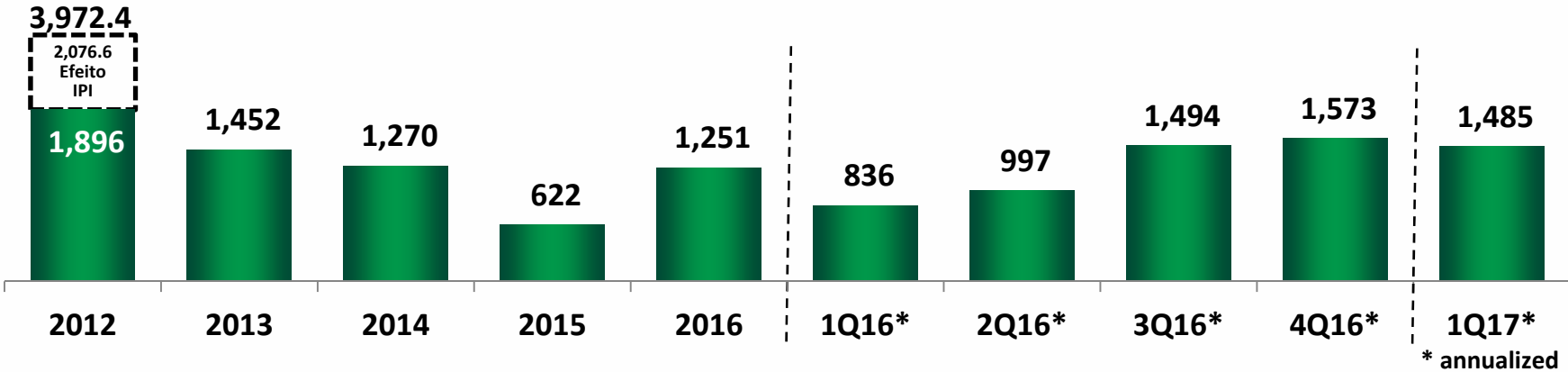


Divisions	2012	2013	2014*	2015	2016	1Q16	1Q17
Car Rental	40.9%	36.8%	38.7%	31.8%	32.3%	34.5%	36.6%
Fleet Rental	66.4%	65.5%	60.0%	62.2%	64.5%	64.5%	63.0%
Rental Consolidated	49.3%	46.5%	45.3%	41.7%	42.3%	44.1%	44.5%
Used Car Sales	4.2%	5.7%	6.0%	7.3%	5.5%	6.8%	5.0%

(*) It considers the new appropriation criteria of the overhead, which is also appropriated to Seminovos.

EBITDA increase of R\$38.6 million in the 1Q17

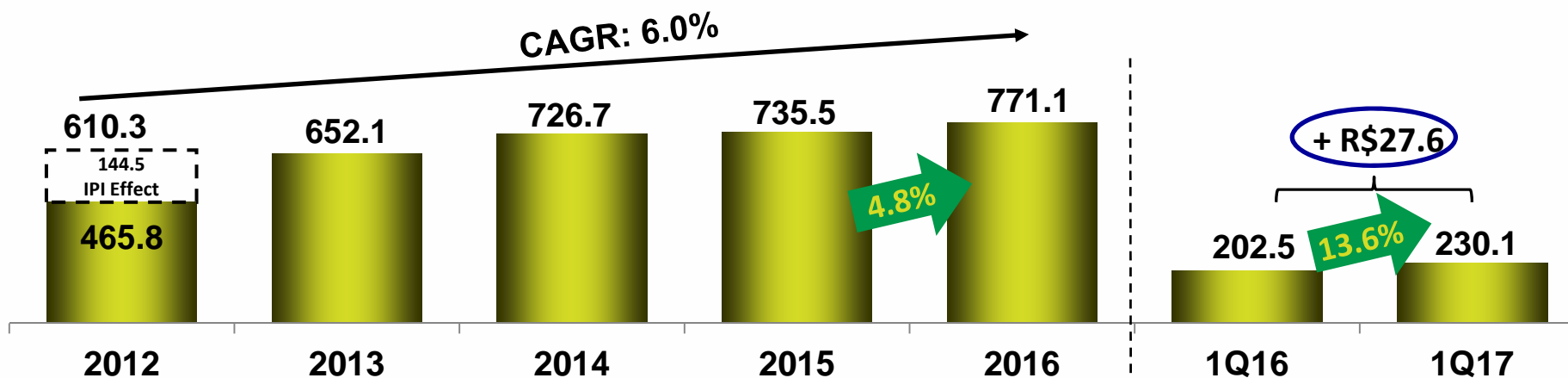
Average depreciation per car (in R\$)



Depreciation is calculated based on the future expectation of the car price, less sales expenses.

Consolidated EBIT

R\$ million

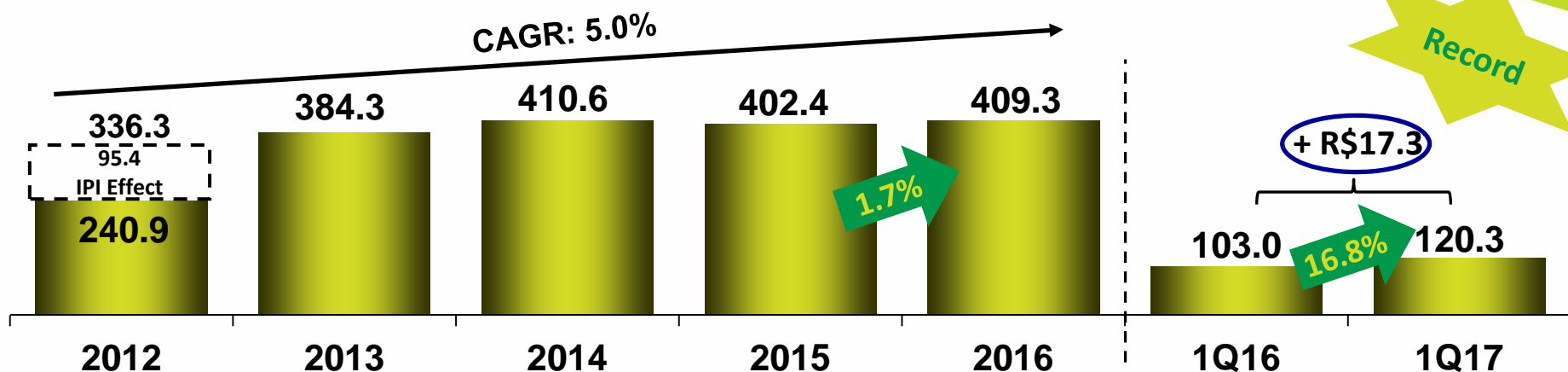


Divisions	2012	2013	2014	2015	2016	1Q16	1Q17
Car Rental	23.7%	32.8%	36.2%	34.3%	30.2%	35.6%	34.8%
Fleet Rental	36.9%	45.1%	44.3%	48.9%	51.2%	50.3%	50.9%
Consolidated	28.3%	37.1%	38.8%	39.1%	36.8%	40.3%	39.6%

13.6% growth in EBIT in the quarter (+ R\$27.6 million)

Consolidated net income

R\$ million



Reconciliation EBITDA x Net income	2012	2013	2014	2015	2016	1Q16	1Q17	Var. R\$	Var. %
Consolidated EBITDA	875.6	916.5	969.8	934.8	1,015.6	258.4	297.0	38.6	14.9%
Cars depreciation	(232.4)	(229.0)	(207.4)	(163.6)	(206.3)	(46.3)	(57.9)	(11.6)	25.1%
Cars additional depreciation – IPI effect	(144.5)	-	-	-	-	-	-	-	-
Other property depreciation and amortization	(32.9)	(35.4)	(35.7)	(35.7)	(38.2)	(9.6)	(9.0)	0.4	-6.3%
EBIT	465.8	652.1	726.7	735.5	771.1	202.5	230.1	27.6	13.6%
Financial expenses, net	(138.7)	(110.6)	(151.1)	(202.7)	(243.5)	(67.7)	(74.8)	(7.1)	10.5%
Income tax and social contribution	(135.3)	(157.2)	(165.0)	(130.4)	(118.3)	(31.8)	(35.0)	(3.2)	10.1%
Income tax and social contribution – IPI effect	49.1	-	-	-	-	-	-	-	-
Net income of the period	240.9	384.3	410.6	402.4	409.3	103.0	120.3	17.3	16.8%

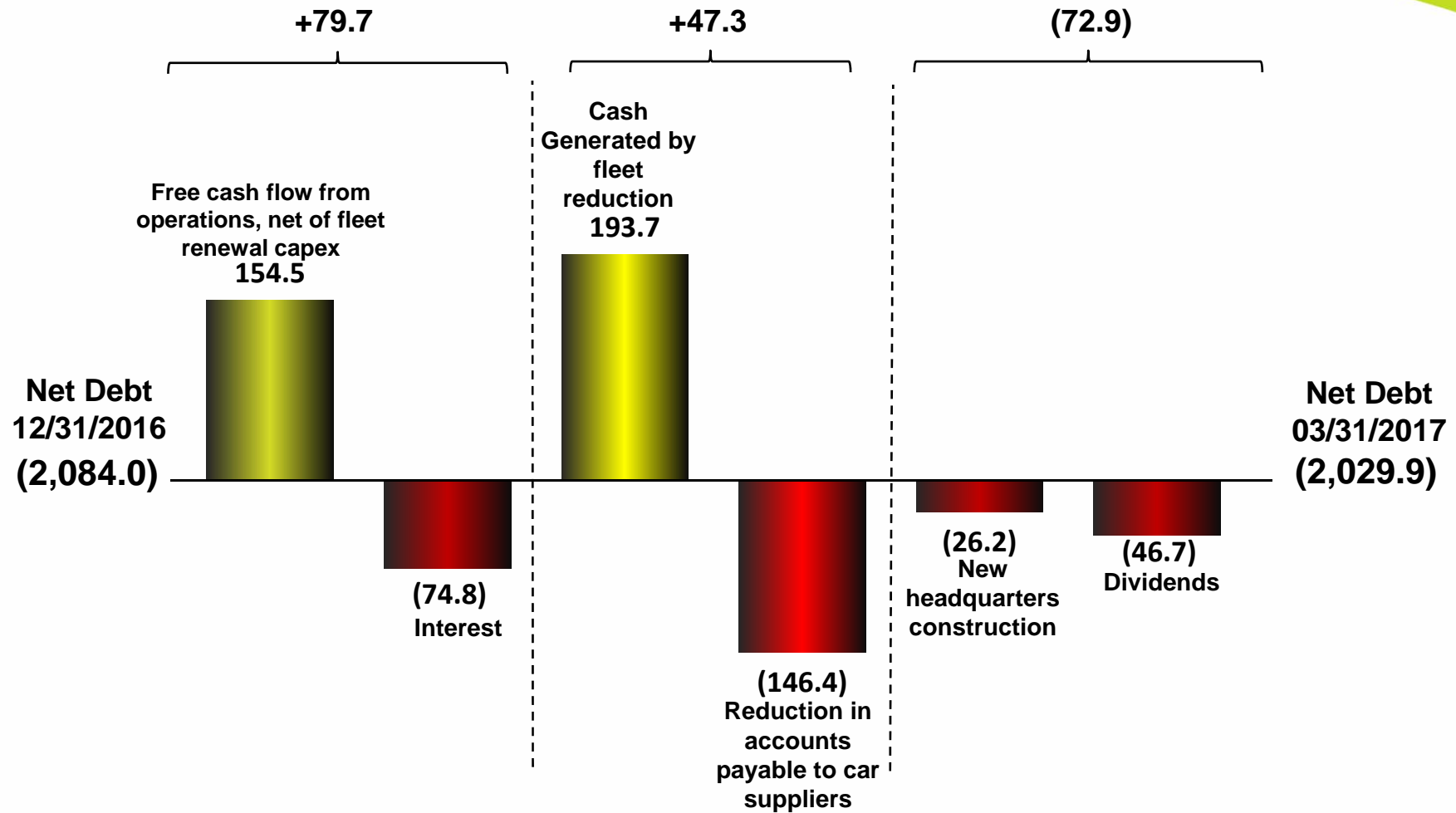
Growth of 16.8% of net income in the 1Q17 even with the increase of financial expenses and depreciation

Free cash flow

Free cash flow - R\$ million		2012	2013	2014	2015	2016	1Q17
Operations	EBITDA	875.6	916.5	969.8	934.8	1,015.6	297.0
	Used car sale revenue, net from taxes	(1,520.0)	(1,747.3)	(2,018.2)	(2,044.9)	(2,342.5)	(758.5)
	Depreciated cost of cars sold	1,360.2	1,543.8	1,777.0	1,769.1	2,102.5	688.4
	(-) Income tax and social contribution	(100.9)	(108.5)	(113.1)	(110.7)	(93.3)	(24.0)
	Change in working capital	37.1	2.9	(27.1)	(30.0)	113.2	17.6
Cash generated by rental operations		652.0	607.4	588.4	518.3	795.5	220.5
Capex - Renewals	Used car sale revenue, net from taxes	1,520.0	1,747.3	2,018.2	2,036.3	2,342.5	564.8
	Fleet renewal investment	(1,563.3)	(1,819.7)	(2,197.7)	(2,278.4)	(2,563.6)	(618.2)
	Net investment for fleet renewal	(43.3)	(72.4)	(179.5)	(242.1)	(221.1)	(53.4)
	Fleet renewal – quantity	56,644	62,641	70,621	64,032	68,449	12,123
Investment, other property and intangibles investments		(77.8)	(47.5)	(46.3)	(29.7)	(42.2)	(12.6)
Free cash flow from operations, net of fleet renewal capex		530.9	487.5	362.6	246.5	532.2	154.5
Capex - Growth	Fleet growth (investment)	(55.5)	(209.4)	(286.8)	8.6	(726.0)	193.7
	Change in accounts payable to car suppliers	(116.9)	89.7	334.4	(121.2)	190.7	(146.4)
	Fleet growth	(172.4)	(119.7)	47.6	(112.6)	(535.3)	47.3
	Fleet increase / (reduction) – quantity	2,011	7,103	9,183	(273)	19,384	(5,186)
Free cash flow after growth, and before interest and new HQ		358.5	367.8	410.2	133.9	(3.1)	201.8
New headquarters construction		(2.4)	(6.5)	(148.3)	(30.7)	(84.4)	(26.2)
Free cash flow before interest		356.1	361.3	261.9	103.2	(87.5)	175.6

Changes in net debt

R\$ million

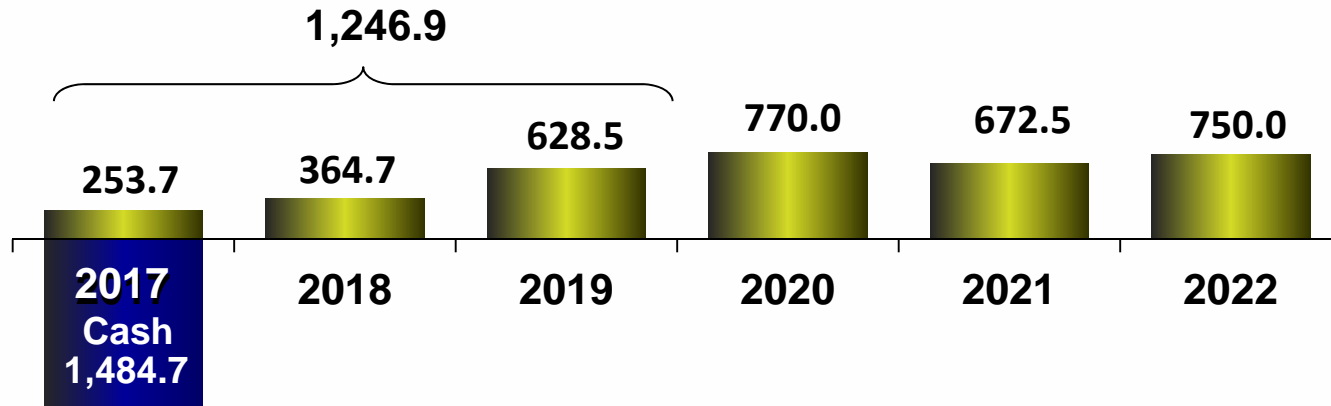


R\$54.1 million decrease on the net debt mainly due to the cash generated by fleet reduction

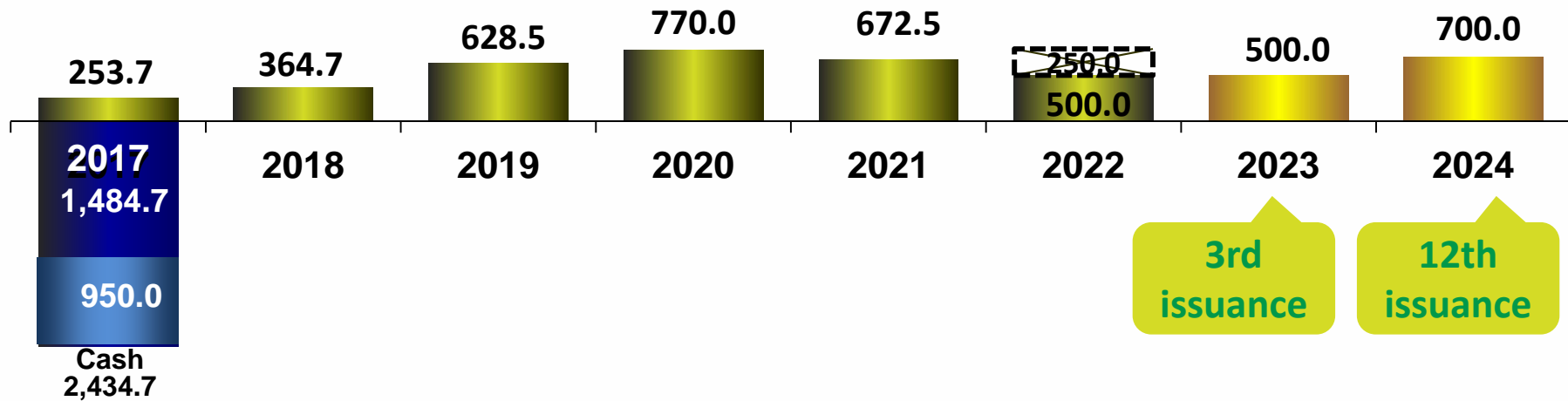
Debt maturity profile (principal)

R\$ million

As of March 31, 2017



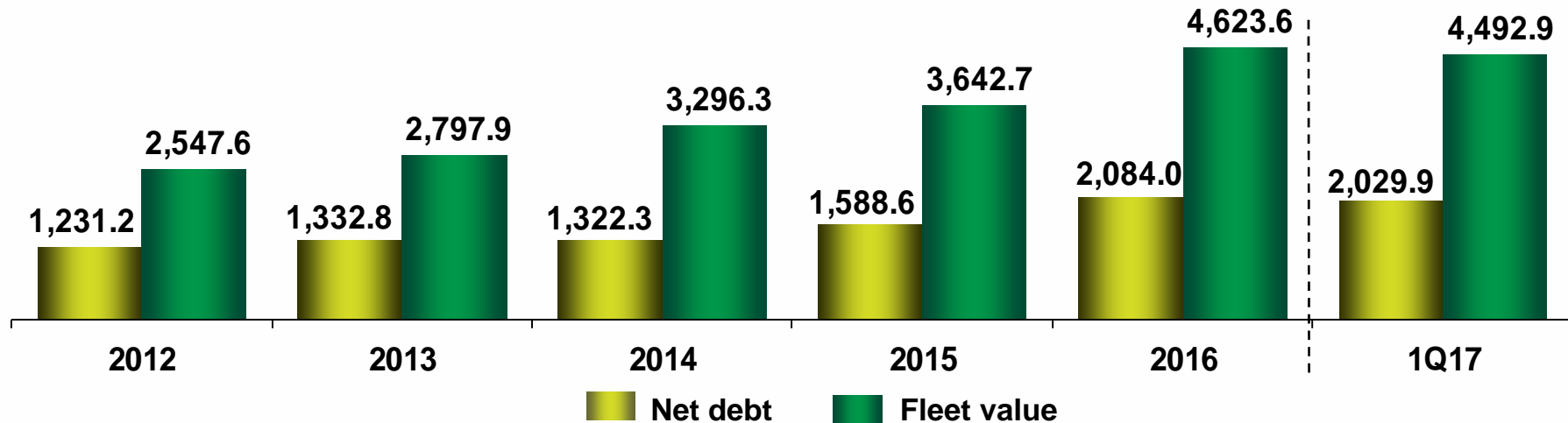
Proforma debt profile after 12th debenture issuance of Localiza and 3rd debenture issuance of Localiza Fleet



Comfortable debt profile and strong cash position

Debt - ratios

Net debt vs. Fleet value

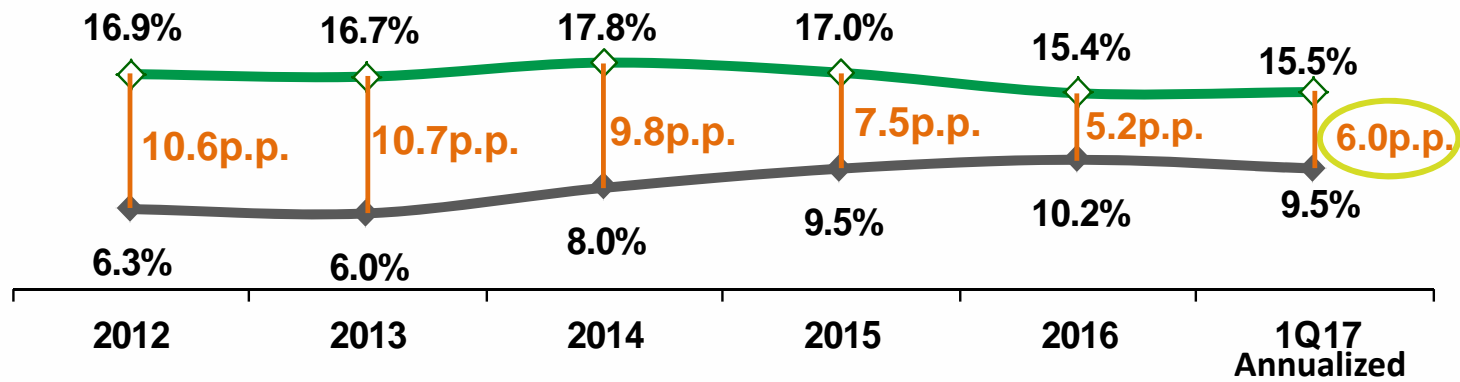


BALANCE AT THE END OF PERIOD	2012	2013	2014	2015	2016	1Q17
Net debt / Fleet value	48%	48%	40%	44%	45%	45%
Net debt / EBITDA(*)	1.4x	1.5x	1.4x	1.7x	2.1x	1.7x
Net debt / Equity	0.9x	1.0x	0.8x	0.8x	0.9x	0.9x
EBITDA / Net financial expenses	6.3x	8.3x	6.4x	4.6x	4.2x	4.0x

(*)Annualized

Low leverage supports growth targets

ROIC versus cost of debt after taxes



— ROIC — Cost of debt after taxes

ROIC considered effective income tax rate

Spread of 6.0p.p. in line with the Company's strategy

Thank You!



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