

2Q17 and 1H17 Earnings Release

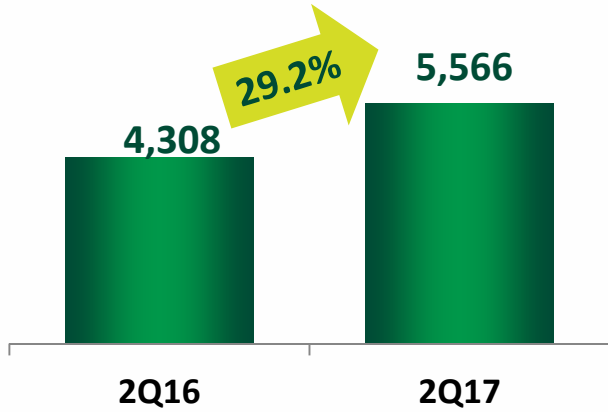
July 21, 2017

151,750 cars

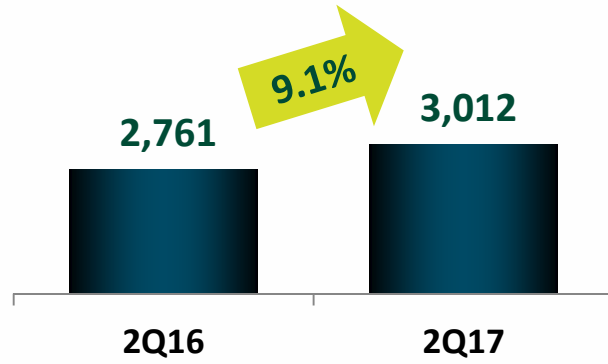
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2Q17 Operational Highlights

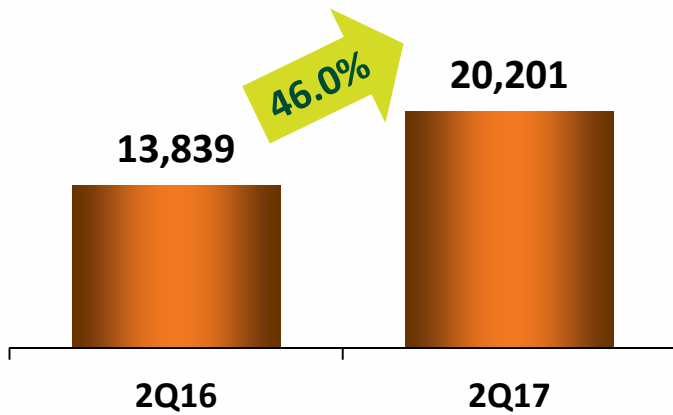
Rental days evolution (thousand)– Car Rental



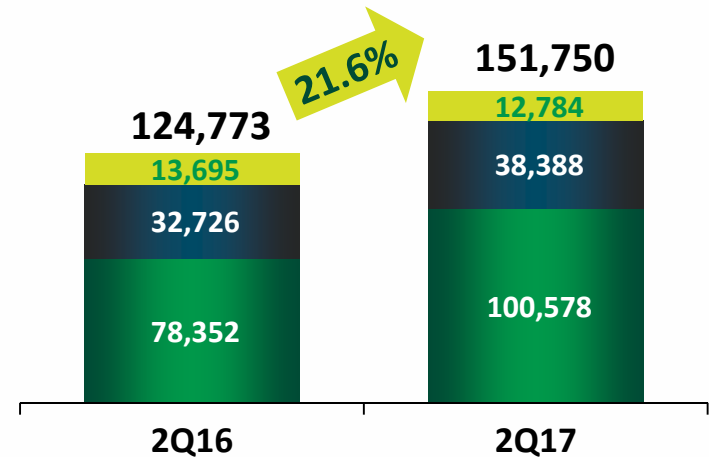
Rental days evolution (thousand)– Fleet Rental



Cars sold– consolidated



Fleet at end of the period

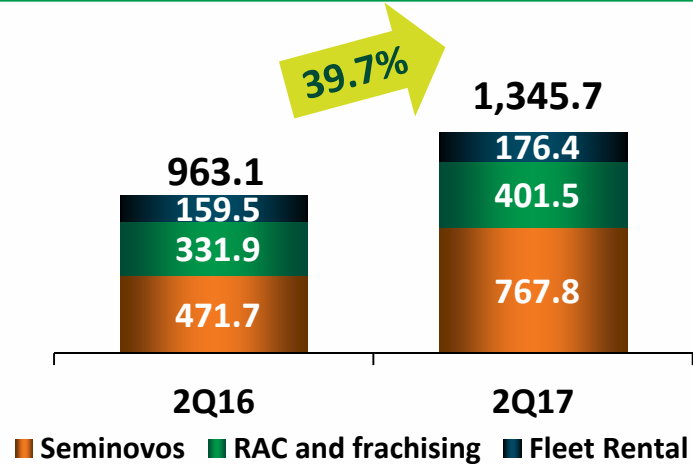


■ Car Rental ■ Fleet Rental ■ Franchising

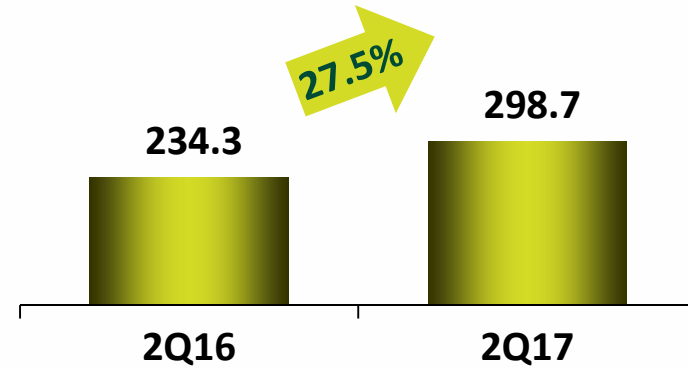
151,750 cars on 06/30/2017

2Q17 Financial Highlights

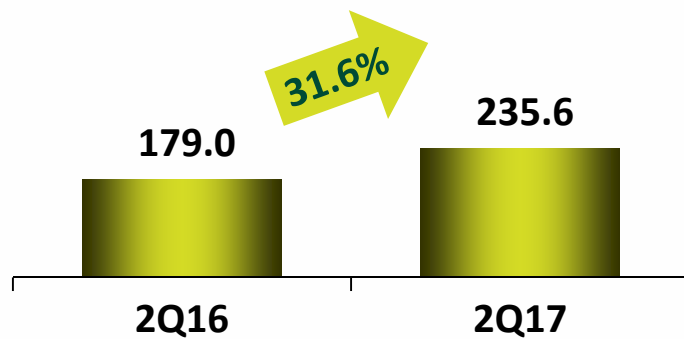
Net Revenues - (R\$ million)



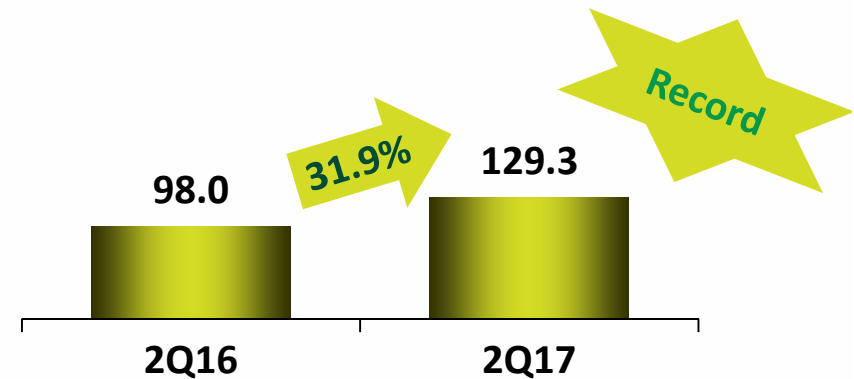
EBITDA - (R\$ million)



EBIT (R\$ milhões)



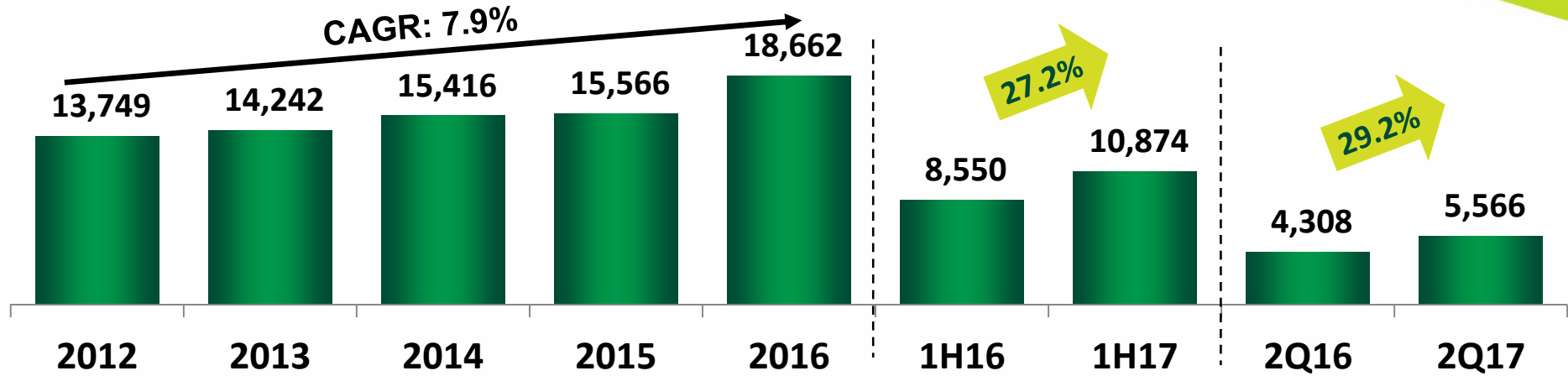
Net Income (R\$ million)



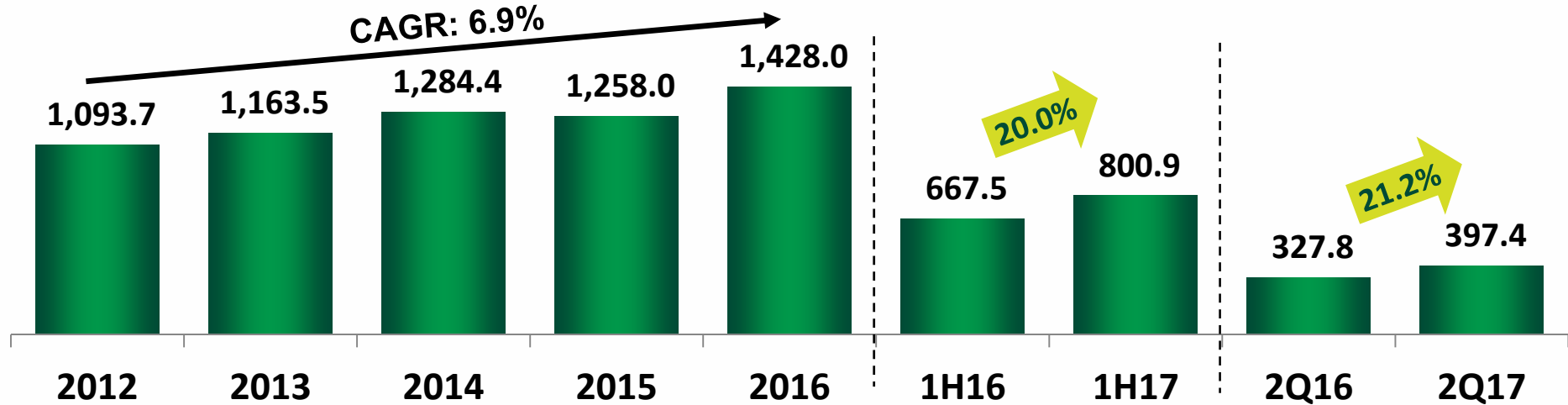
Record profit of R\$129.3 millions in the 2Q17

Car Rental

Number of Daily Rentals (thousand)



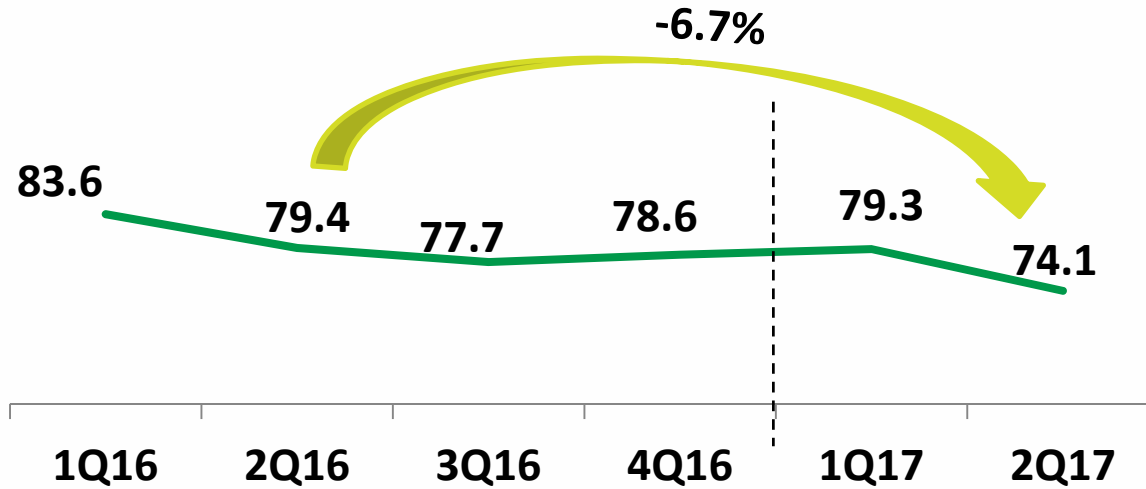
Net Revenues (R\$ million)



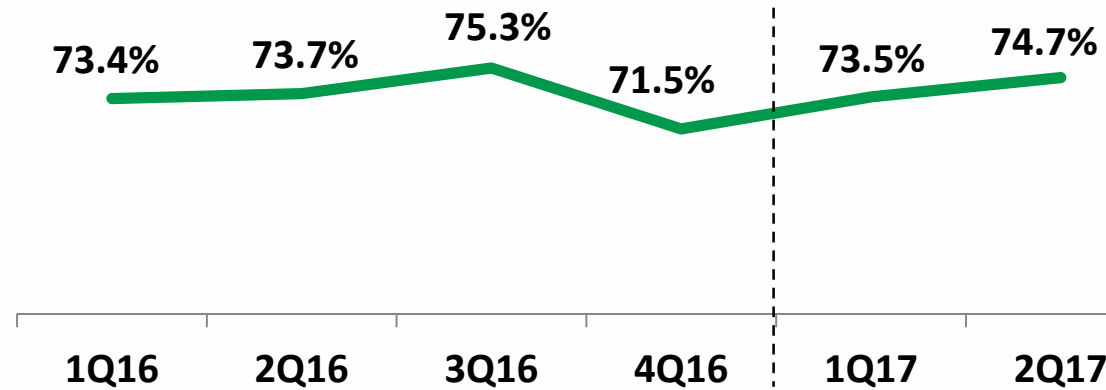
Growth of 29.2% in daily rentals and of 21.2% in net revenues in 2Q17

Car Rental

Average daily rental rate – In R\$



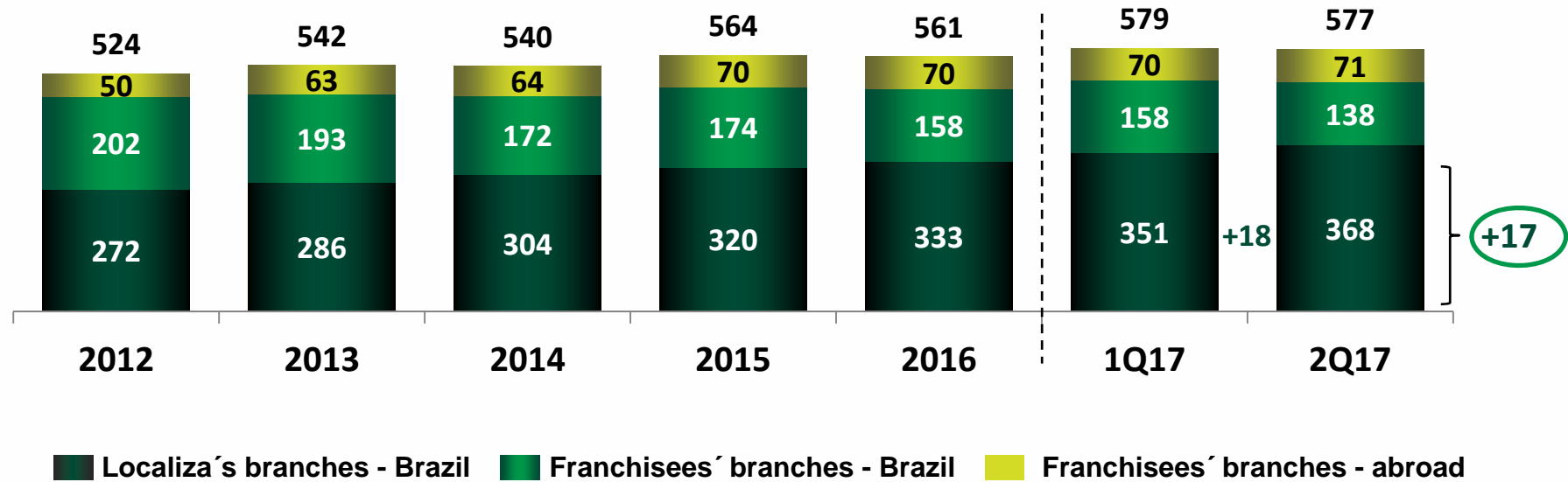
Utilization Rate Evolution – Car Rental



The average daily rental rate decrease was offset by cost control, productivity gains and strong growth, increasing profitability.

Car Rental network evolution

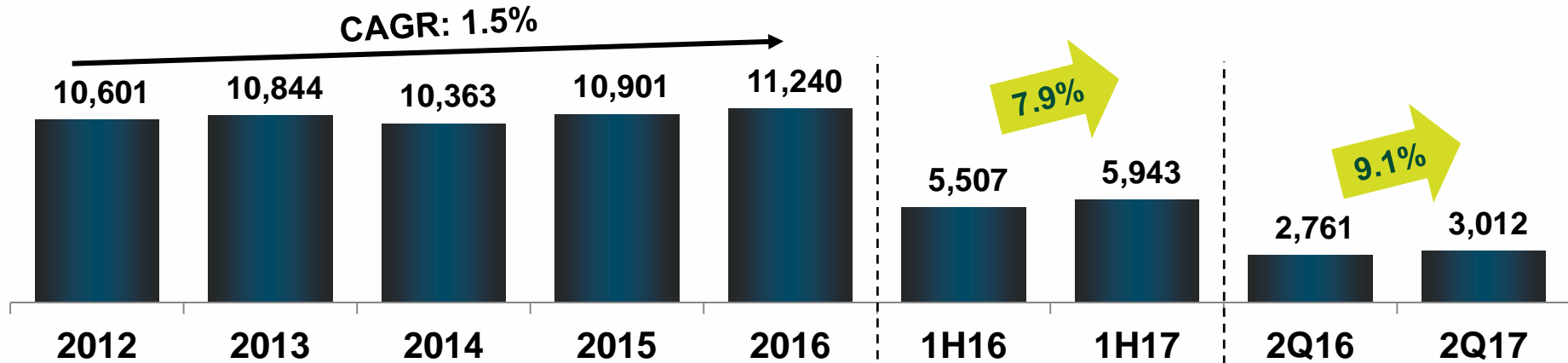
Number of car rental locations (Brazil and abroad)



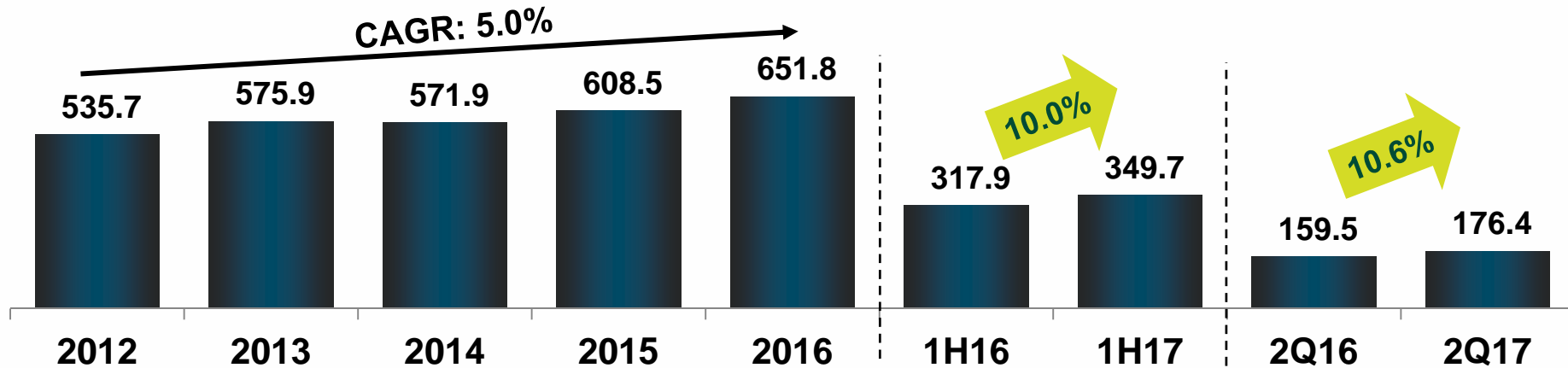
35 corporate branches were added to the network in 1H17

Fleet Rental

Number of Daily Rentals (thousand)



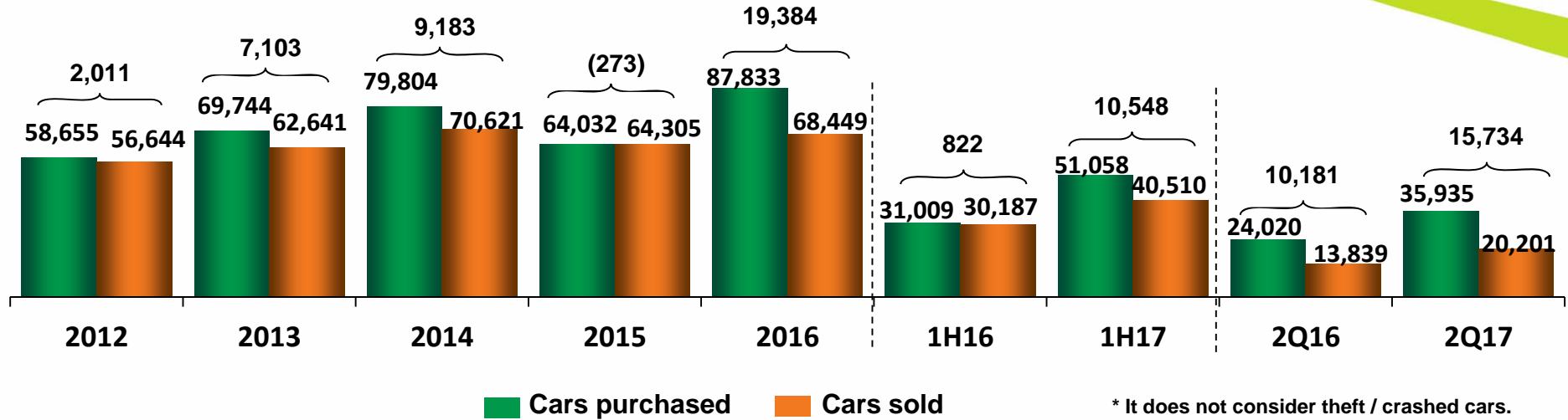
Net Revenues (R\$ million)



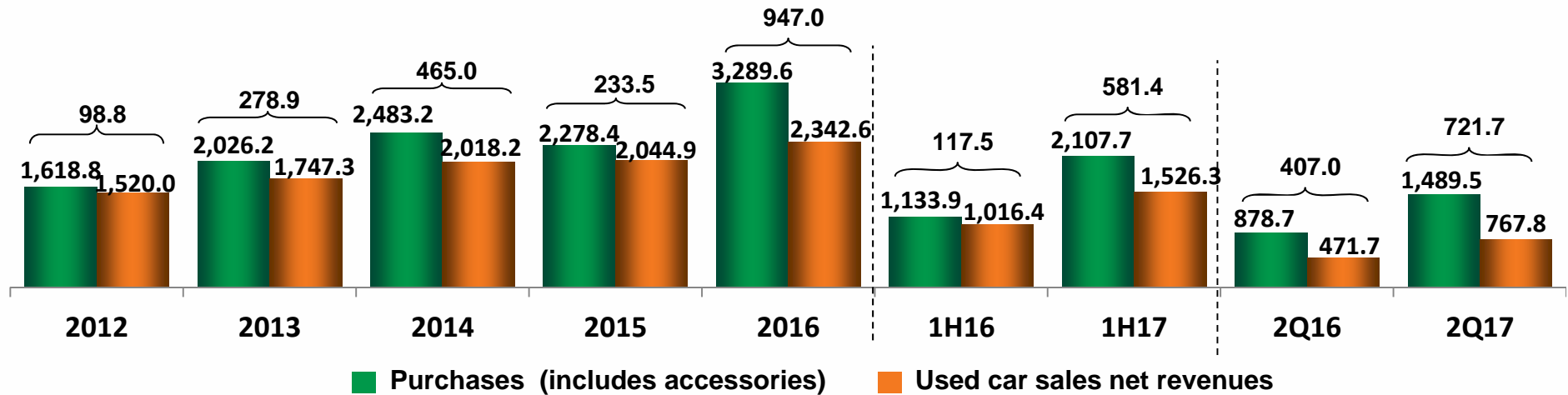
9.1% growth in daily rentals and 10.6% growth in net revenues in 2Q17

Net investment

Fleet Expansion (reduction)* (quantity)

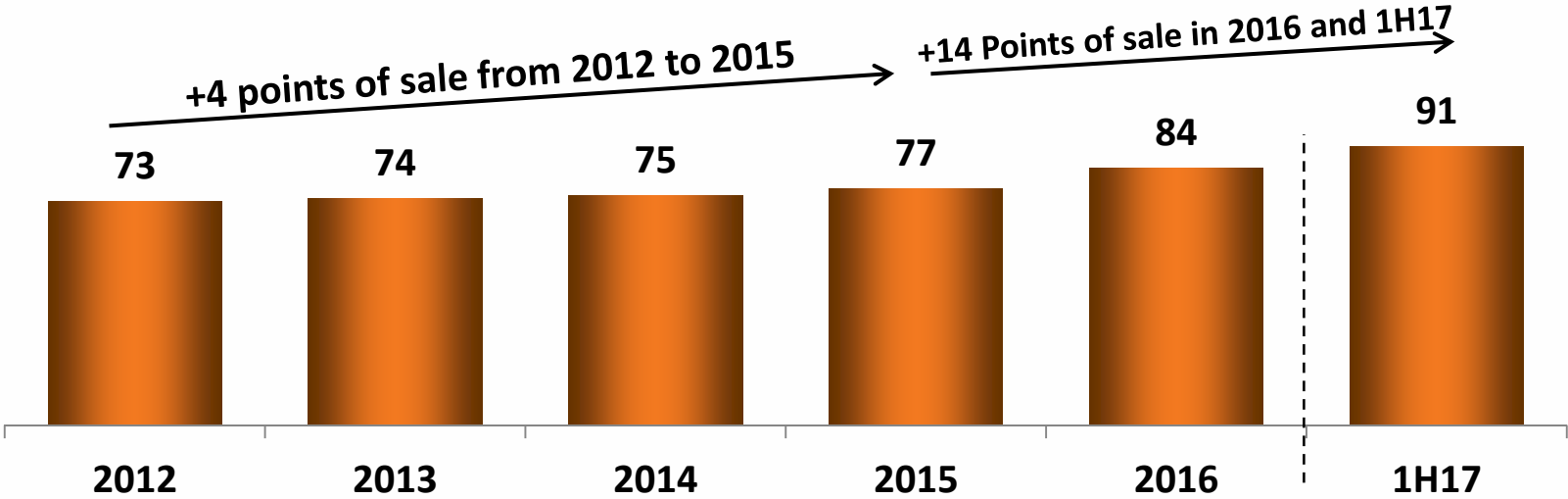


Net Investment in Fleet (R\$ million)



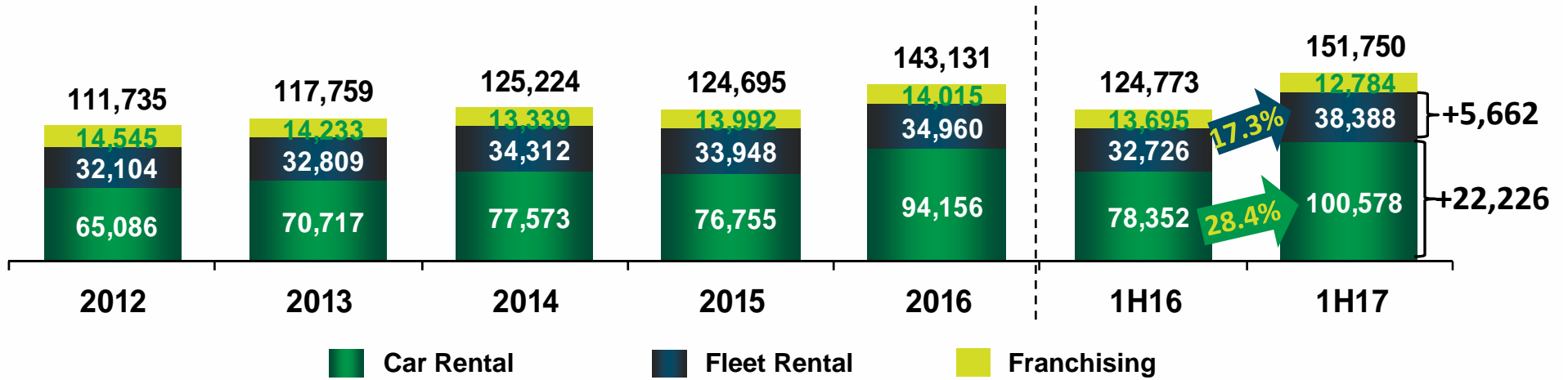
51,058 cars purchased in the 1H17

Number of points of sale



New points of sale will be added to support the strong growth of the Car Rental Division

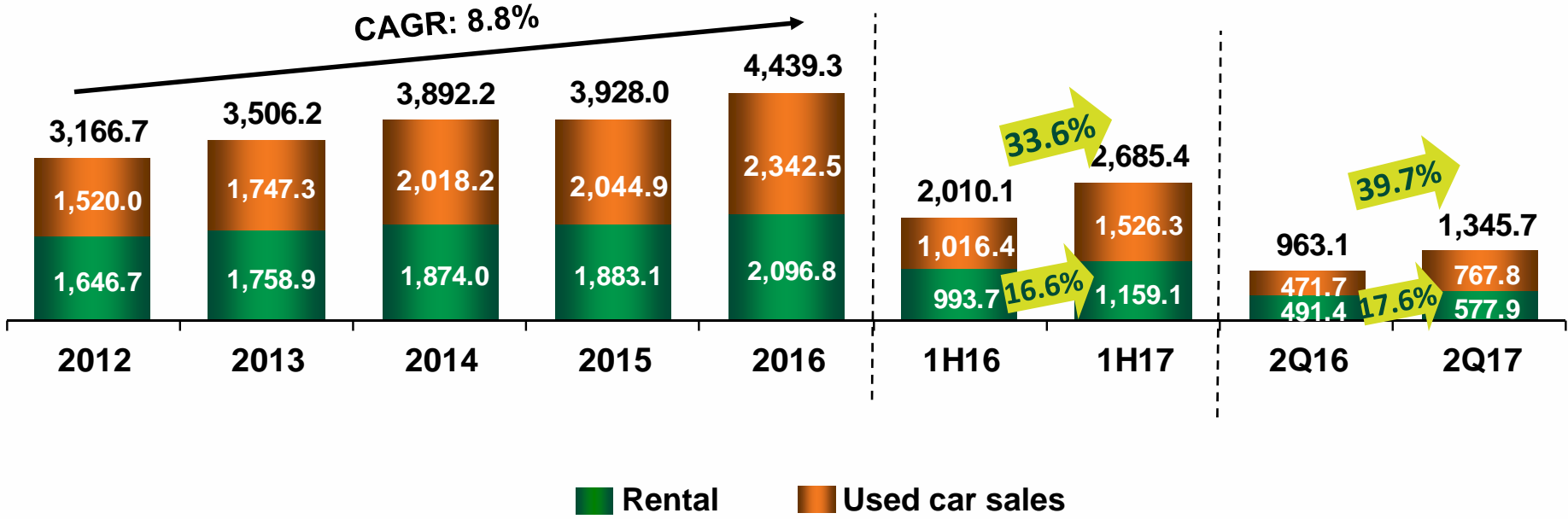
Period-end fleet Quantity



Increase of 22,226 cars in the Car Rental Division without impacting the utilization rate

Consolidated net revenues

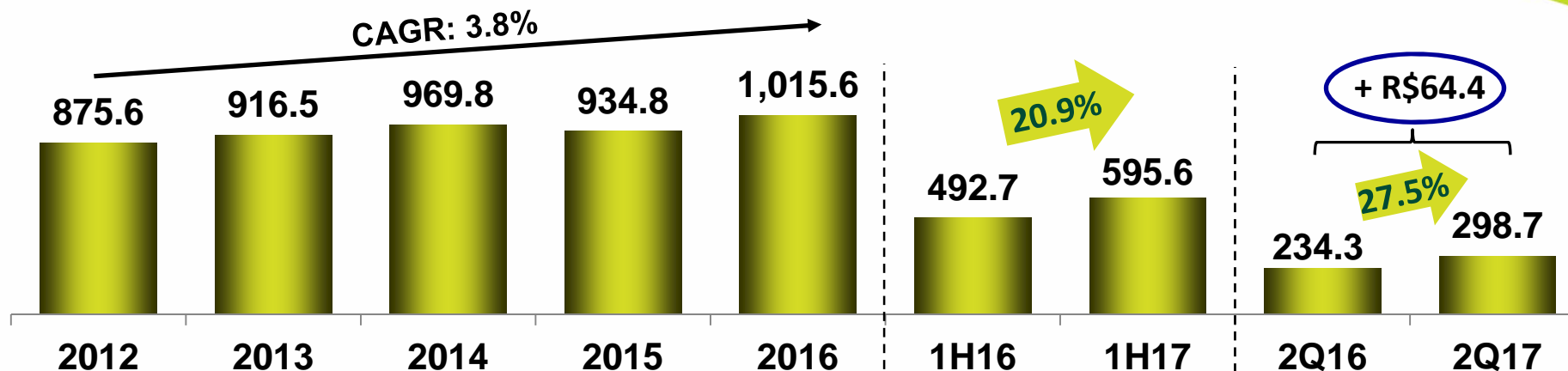
R\$ million



39.7% increase in consolidated revenue in 2Q17

Consolidated EBITDA

R\$ million



EBITDA margin:

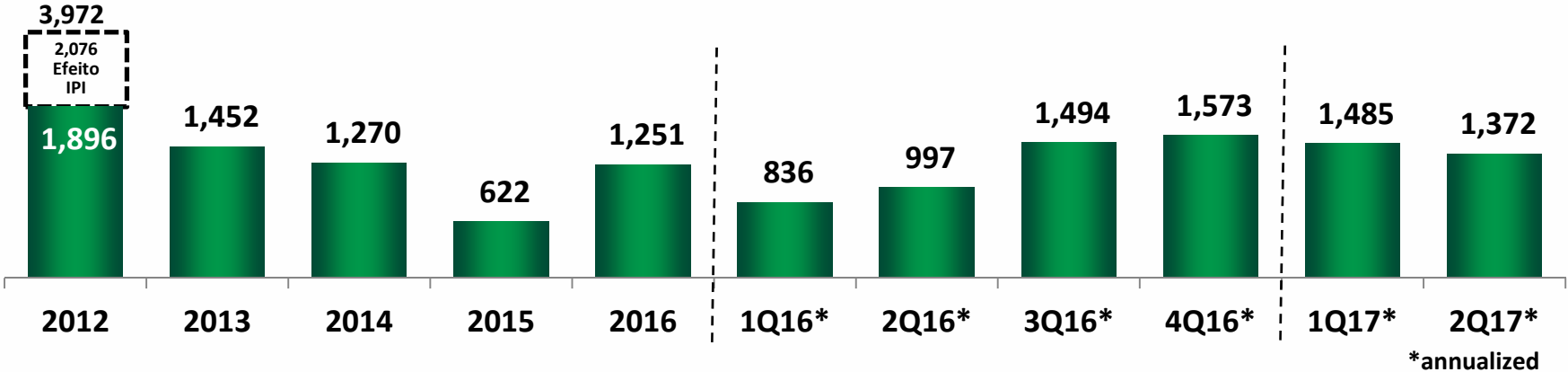
Divisions	2012	2013	2014*	2015	2016	1H16	1H17	2Q16	2Q17
Car Rental	40.9%	36.8%	38.7%	31.8%	32.3%	33.1%	35.3%	31.6%	34.0%
Fleet Rental	66.4%	65.5%	60.0%	62.2%	64.5%	64.8%	62.4%	65.0%	61.8%
Rental Consolidated	49.3%	46.5%	45.3%	41.7%	42.3%	43.3%	43.4%	42.6%	42.4%
Used Car Sales	4.2%	5.7%	6.0%	7.3%	5.5%	6.1%	6.0%	5.3%	7.0%

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

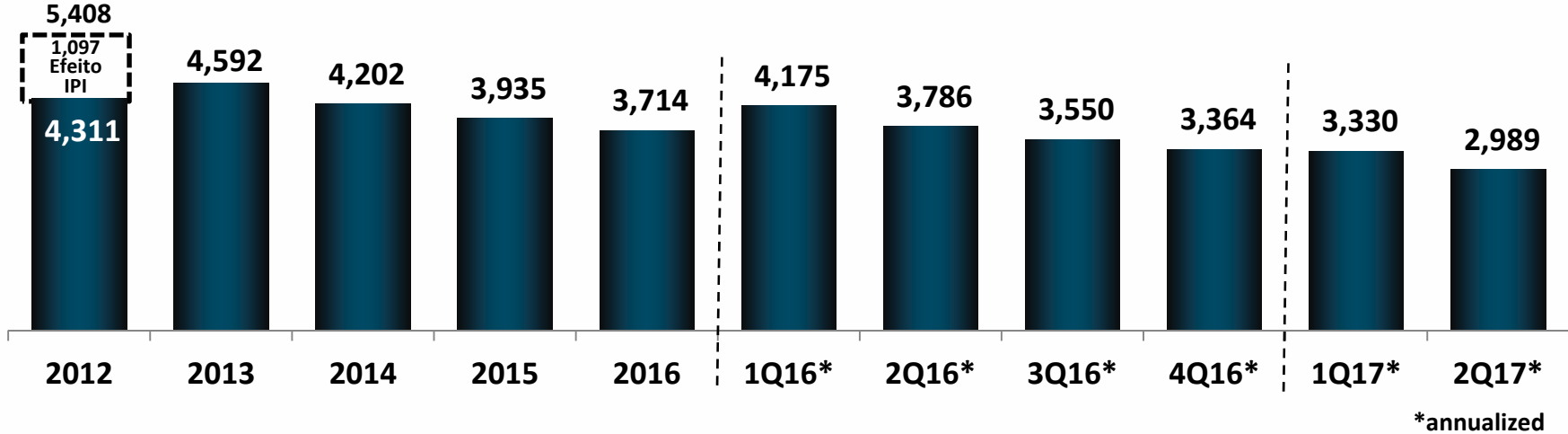
The EBITDA margin of Fleet Rental reflects the context of lower basic interest rates and depreciation

Average depreciation per car (in R\$)

Car Rental



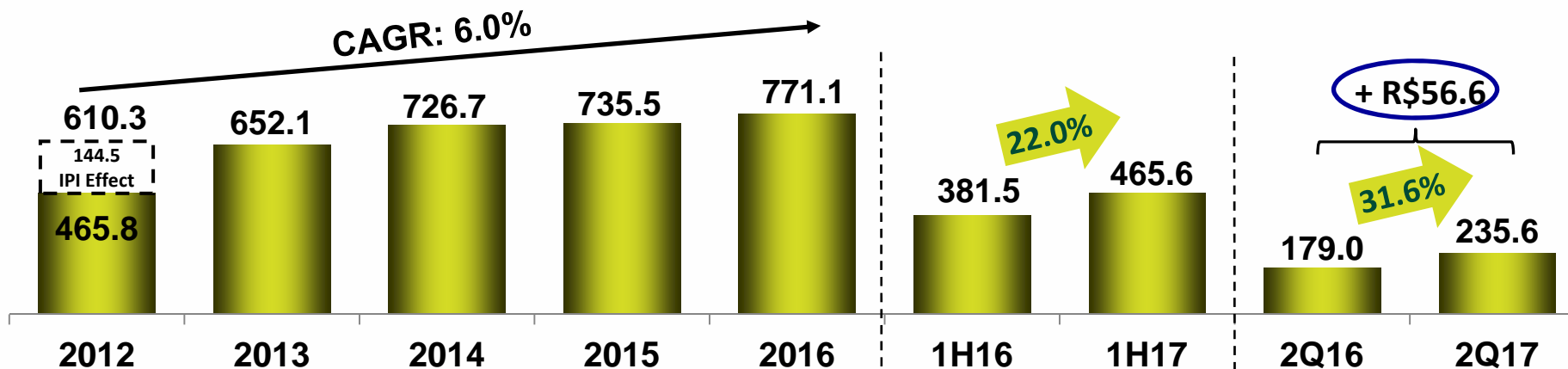
Fleet Rental



Depreciation is calculated based on the expectation of the future value of the car

Consolidated EBIT

R\$ million

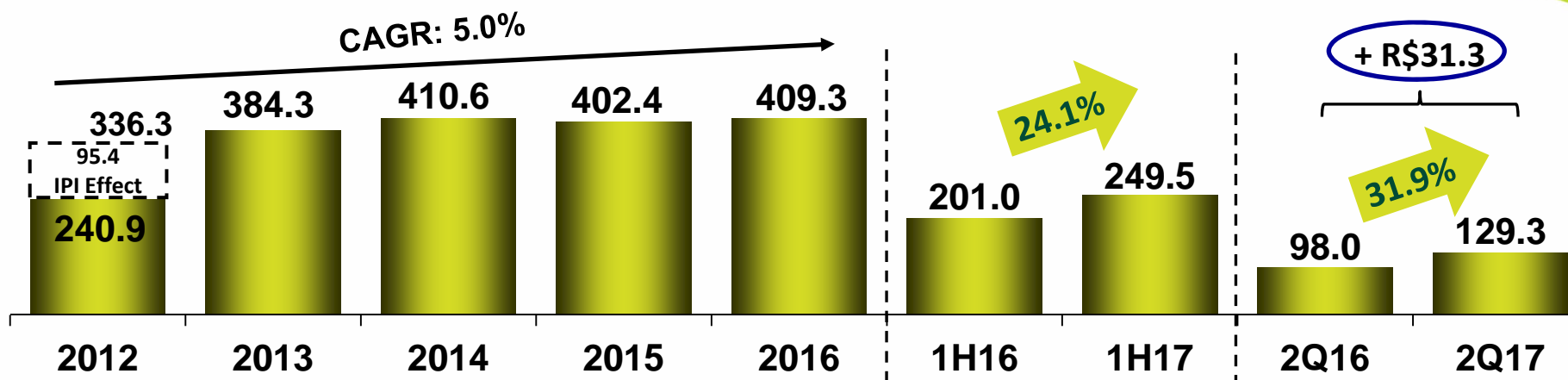


Divisions	2012	2013	2014	2015	2016	1H16	1H17	2Q16	2Q17
Car Rental	23.7%	32.8%	36.2%	34.3%	30.2%	32.5%	34.9%	29.3%	35.1%
Fleet Rental	36.9%	45.1%	44.3%	48.9%	51.2%	50.6%	52.4%	50.7%	54.0%
Consolidated	28.3%	37.1%	38.8%	39.1%	36.8%	38.4%	40.2%	36.4%	40.8%

EBIT Margin increase in the Car Rental and Fleet Rental Division

Consolidated net income

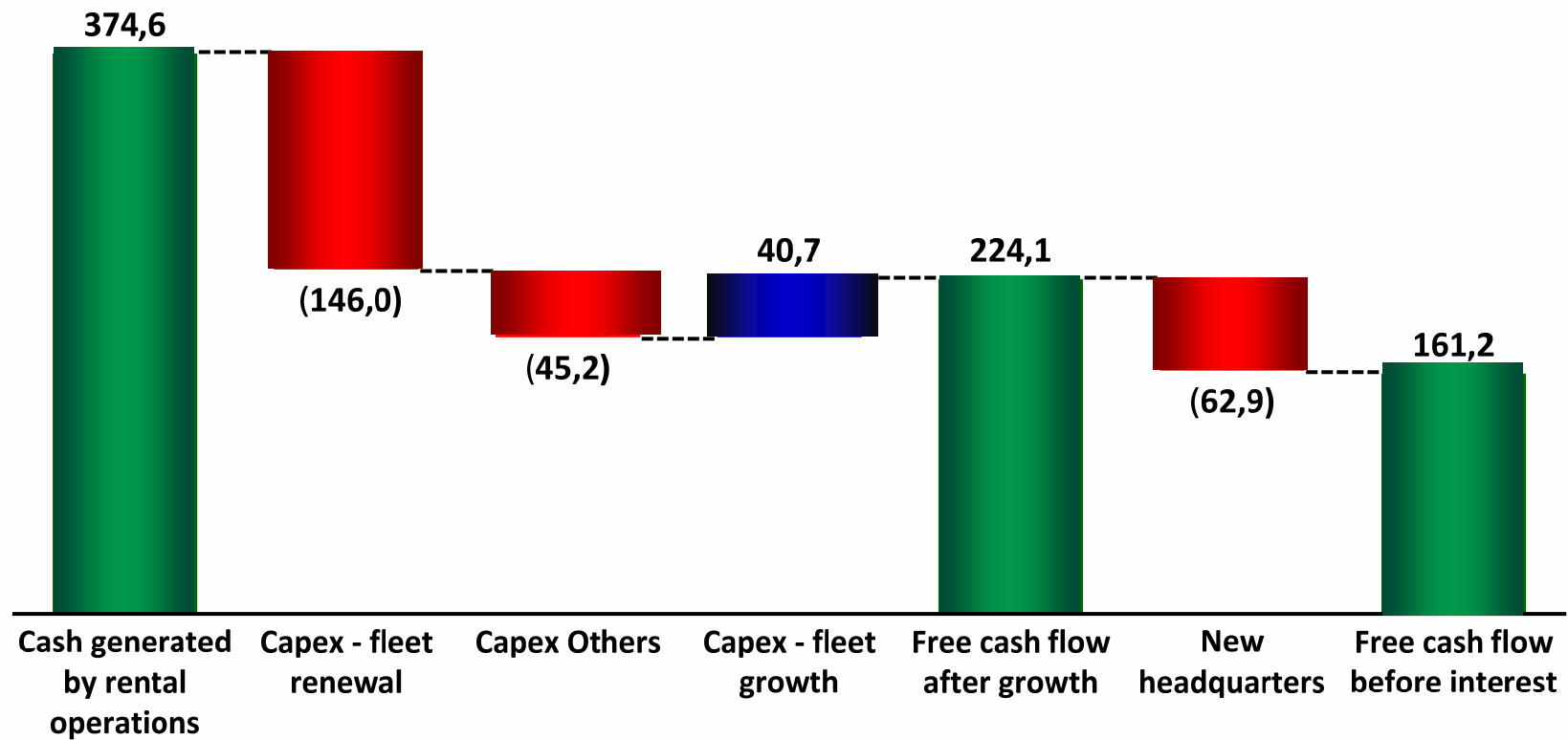
R\$ million



Reconciliation EBITDA x Net income	2012	2013	2014	2015	2016	1H16	1H17	Var. R\$	Var. %	2Q16	2Q17	Var. R\$	Var. %
Consolidated EBITDA	875.6	916.5	969.8	934.8	1,015.6	492.7	595.6	102.9	20.9%	234.3	298.7	64.4	27.5%
Cars depreciation	(232.4)	(229.0)	(207.4)	(163.6)	(206.3)	(92.1)	(112.0)	(19.9)	21.6%	(45.8)	(54.1)	(8.3)	18.1%
Cars additional depreciation – IPI effect	(144.5)	-	-	-	-	-	-	-	-	-	-	-	-
Other property depreciation and amortization	(32.9)	(35.4)	(35.7)	(35.7)	(38.2)	(19.1)	(18.0)	1.1	-5.8%	(9.5)	(9.0)	0.5	-5.3%
EBIT	465.8	652.1	726.7	735.5	771.1	381.5	465.6	84.1	22.0%	179.0	235.6	56.6	31.6%
Financial expenses, net	(138.7)	(110.6)	(151.1)	(202.7)	(243.5)	(117.2)	(142.0)	(24.8)	21.2%	(49.5)	(67.2)	(17.7)	35.8%
Income tax and social contribution	(135.3)	(157.2)	(165.0)	(130.4)	(118.3)	(63.3)	(74.1)	(10.8)	17.1%	(31.5)	(39.1)	(7.6)	24.1%
Income tax and social contribution – IPI effect	49.1	-	-	-	-	-	-	-	-	-	-	-	-
Net income of the period	240.9	384.3	410.6	402.4	409.3	201.0	249.5	48.5	24.1%	98.0	129.3	31.3	31.9%

Growth of 31.9% of net income in the 2Q17

Free cash flow



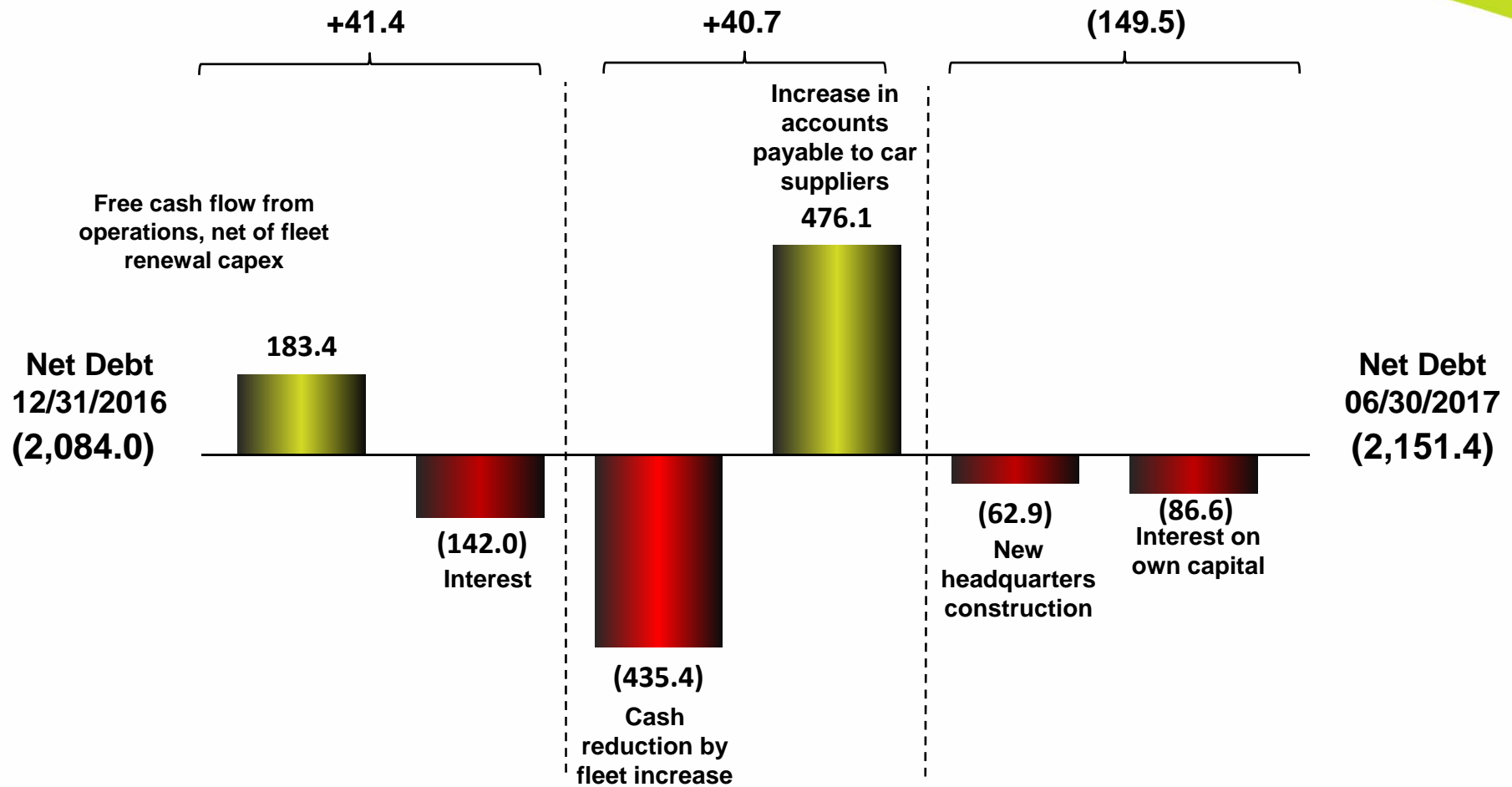
R\$161.2 million of free cash flow

Free cash flow

Free cash flow - R\$ million		2012	2013	2014	2015	2016	1H17
Operations	EBITDA	875.6	916.5	969.8	934.8	1,015.6	595.6
	Used car sale revenue, net from taxes	(1,520.0)	(1,747.3)	(2,018.2)	(2,044.9)	(2,342.5)	(1,526.3)
	Depreciated cost of cars sold	1,360.2	1,543.8	1,777.0	1,769.1	2,102.5	1,378.7
	(-) Income tax and social contribution	(100.9)	(108.5)	(113.1)	(110.7)	(93.3)	(59.0)
	Change in working capital	37.1	2.9	(27.1)	(30.0)	113.2	(14.4)
Cash generated by rental operations		652.0	607.4	588.4	518.3	795.5	374.6
Capex - Renewals	Used car sale revenue, net from taxes	1,520.0	1,747.3	2,018.2	2,036.3	2,342.5	1,526.3
	Fleet renewal investment	(1,563.3)	(1,819.7)	(2,197.7)	(2,278.4)	(2,563.6)	(1,672.3)
	Net investment for fleet renewal	(43.3)	(72.4)	(179.5)	(242.1)	(221.1)	(146.0)
	Fleet renewal – quantity	56,644	62,641	70,621	64,032	68,449	40,510
Investment, other property and intangibles investments		(77.8)	(47.5)	(46.3)	(29.7)	(42.2)	(45.2)
Free cash flow from operations, net of fleet renewal capex		530.9	487.5	362.6	246.5	532.2	183.4
Capex - Growth	Fleet growth (investment)	(55.5)	(209.4)	(286.8)	8.6	(726.0)	(435.4)
	Change in accounts payable to car suppliers	(116.9)	89.7	334.4	(121.2)	190.7	476.1
	Fleet growth	(172.4)	(119.7)	47.6	(112.6)	(535.3)	40.7
	Fleet increase / (reduction) – quantity	2,011	7,103	9,183	(273)	19,384	10,548
Free cash flow after growth, and before interest and new HQ		358.5	367.8	410.2	133.9	(3.1)	224.1
New headquarters construction		(2.4)	(6.5)	(148.3)	(30.7)	(84.4)	(62.9)
Free cash flow before interest		356.1	361.3	261.9	103.2	(87.5)	161.2

Changes in net debt

R\$ million

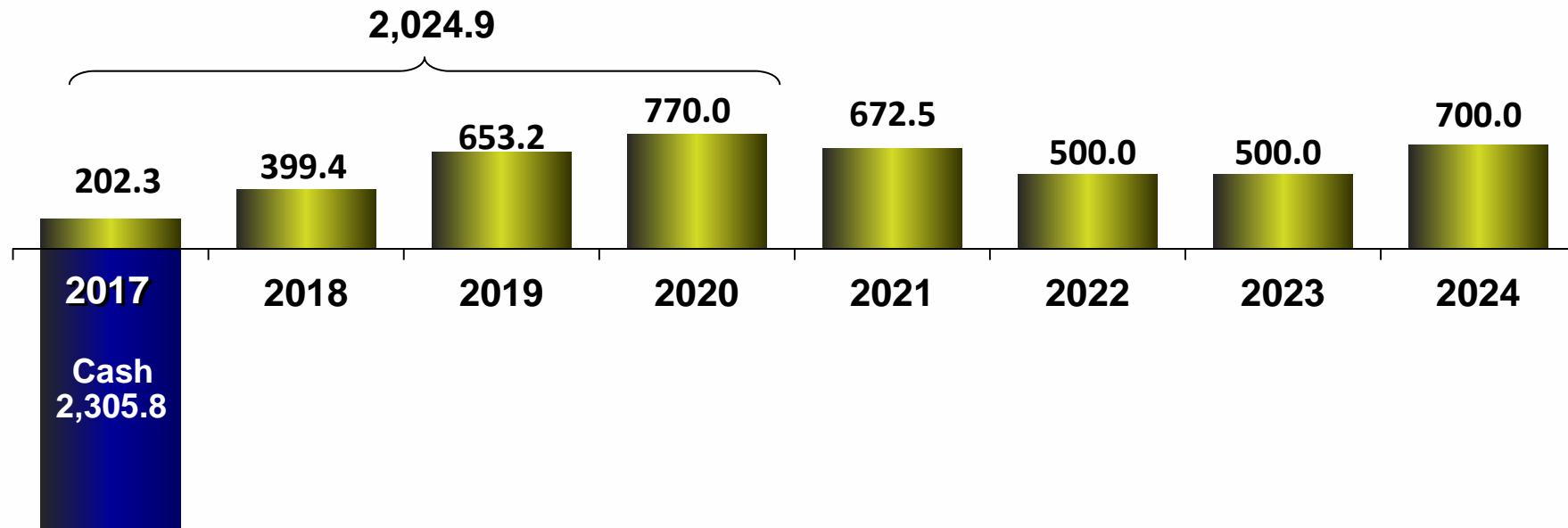


Fleet increase of 10,548 cars with no impact in the net debt

Debt maturity profile (principal)

R\$ million

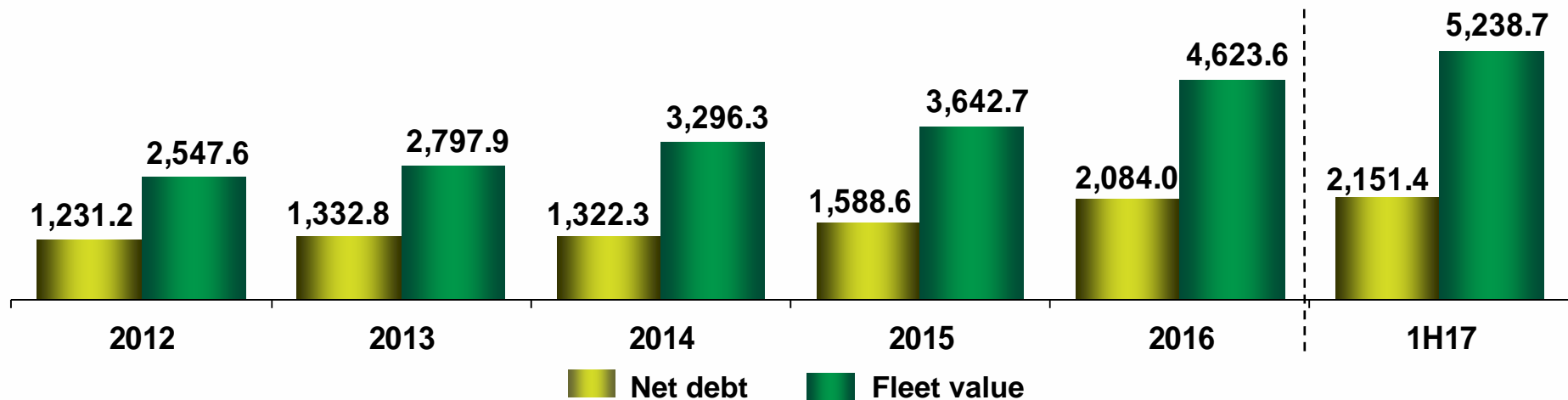
As of June 30, 2017



Comfortable debt profile and strong cash position

Debt - ratios

Net debt vs. Fleet value

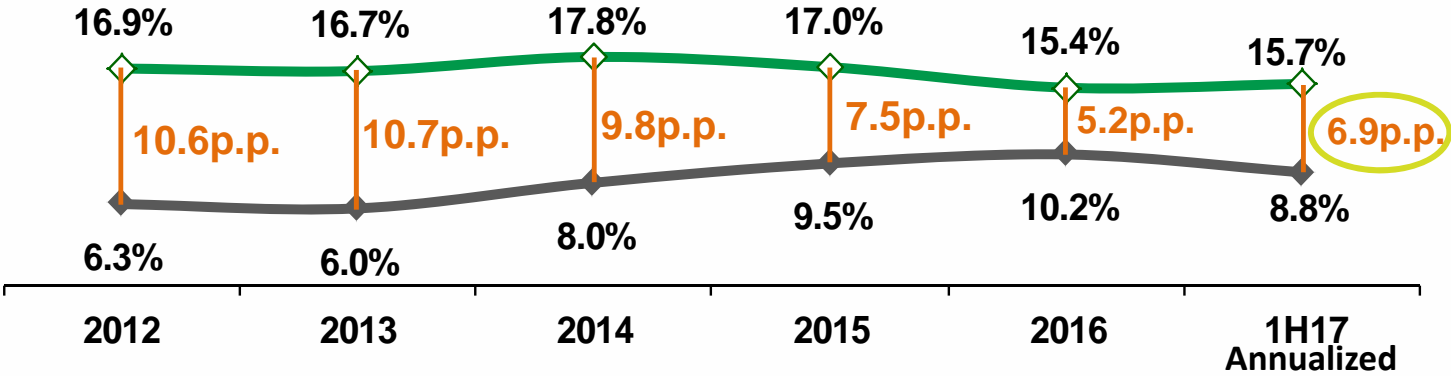


BALANCE AT THE END OF PERIOD	2012	2013	2014	2015	2016	1H17
Net debt / Fleet value	48%	48%	40%	44%	45%	41%
Net debt / EBITDA(*)	1.4x	1.5x	1.4x	1.7x	2.1x	1.8x
Net debt / Equity	0.9x	1.0x	0.8x	0.8x	0.9x	0.9x
EBITDA / Net financial expenses	6.3x	8.3x	6.4x	4.6x	4.2x	4.2x

(*)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

Localiza is committed to value creation for its shareholders

Thank You!



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