

# INTERIM FINANCIAL INFORMATION

June 30, 2018



 **Localiza**

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**Company Information / Capital Structure**

<b>Number of Shares (Thousands)</b>	<b>Current Quarter 06/30/2018</b>
<b>Paid-In Capital</b>	
<b>Common Shares</b>	667,149
<b>Preferred Shares</b>	0
<b>Total</b>	667,149
<b>Treasury Shares</b>	
<b>Common Shares</b>	5,273
<b>Preferred Shares</b>	0
<b>Total</b>	5,273

**Company Information / Cash Proceeds**

<b>Event</b>	<b>Approval</b>	<b>Proceeds</b>	<b>Beginning of Payment</b>	<b>Type of Share</b>	<b>Class of Share</b>	<b>Earnings per Share (Brazilian Reais / Share)</b>
Meeting of the Board of Directors	12/07/2017	Interest on Capital	01/31/2018	Common Shares		0.06475
Meeting of the Board of Directors	03/22/2018	Interest on Capital	05/16/2018	Common Shares		0.06356
Meeting of the Board of Directors	06/21/2018	Interest on Capital	08/16/2018	Common Shares		0.06496

**Individual Financial Statements / Balance Sheet – Assets****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 06/30/2018</b>	<b>Prior Year 12/31/2017</b>
1	Total Assets	8,543,374	9,001,774
1.01	Current Assets	1,580,795	2,597,692
1.01.01	Cash and Cash Equivalents	830,755	829,737
1.01.02	Financial Assets	0	1,158,867
1.01.02.01	Financial Assets at fair value through profit or loss	0	532,407
1.01.02.03	Financial Assets at amortized cost	0	626,460
1.01.03	Accounts Receivable	552,098	441,364
1.01.03.01	Trade Receivables	552,098	441,364
1.01.06	Recoverable Taxes	22,102	14,820
1.01.06.01	Current Recoverable Taxes	22,102	14,820
1.01.07	Prepaid Expenses	43,422	7,051
1.01.08	Other Current Assets	132,418	145,853
1.01.08.01	Non-Current Assets Available for Sale	39,556	27,033
1.01.08.03	Other	92,862	118,820
1.01.08.03.01	Dividends Receivable	0	39,812
1.01.08.03.02	Other	92,862	79,008
1.02	Non-Current Assets	6,962,579	6,404,082
1.02.01	Long-Term Assets	53,250	51,799
1.02.01.10	Other Non-Current Assets	53,250	51,799
1.02.01.10.03	Escrow Deposits	53,167	51,716
1.02.01.10.05	Other	83	83
1.02.02	Investments	971,044	949,169
1.02.02.01	Ownership Interests	971,044	949,169
1.02.02.01.02	Investments in Subsidiaries	971,044	949,169
1.02.03	Property and Equipment	5,895,725	5,356,734
1.02.03.01	Property and Equipment in Use	5,888,621	5,350,727
1.02.03.02	Ongoing Right of Use	751	1,204
1.02.03.02.01	Leased Property and Equipment	751	1,204
1.02.03.03	Constructions in Progress	6,353	4,803
1.02.04	Intangible Assets	42,560	46,380
1.02.04.01	Intangible Assets	42,560	46,380
1.02.04.01.02	Software in Service	42,507	46,308
1.02.04.01.03	Leased Software	53	72

## Individual Financial Statements / Balance Sheet – Liabilities

(In Thousands of Brazilian Reais)

Code	Description	Current Quarter 06/30/2018	Prior Year 12/31/2017
2	Total Liabilities	8,543,374	9,001,774
2.01	Current Liabilities	1,280,389	1,697,465
2.01.01	Payroll and Related Taxes	93,744	91,323
2.01.01.01	Payroll Taxes	10,701	17,190
2.01.01.02	Related Taxes	83,043	74,133
2.01.02	Trade Payables	881,677	1,157,954
2.01.02.01	Domestic Suppliers	881,669	1,156,679
2.01.02.02	Foreign Suppliers	8	1,275
2.01.03	Taxes Payable	4,168	11,767
2.01.03.01	Federal Taxes Payable	2,014	10,225
2.01.03.01.01	Income Tax and Social Contribution Payable	0	1,973
2.01.03.01.02	Other Federal Taxes	2,014	8,252
2.01.03.03	Municipal Taxes Payable	2,154	1,542
2.01.04	Loans and Financing	105,613	237,790
2.01.04.01	Loans and Financing	1,099	0
2.01.04.01.02	In Foreign Currency	1,099	0
2.01.04.02	Debentures	104,481	237,636
2.01.04.03	Finance Lease	33	154
2.01.05	Other Payables	195,187	198,631
2.01.05.01	Payables to Related Parties	4,996	4,534
2.01.05.01.02	Payables to Subsidiaries	4,996	4,534
2.01.05.02	Other	190,191	194,097
2.01.05.02.01	Dividends and Interest on Capital Payable	36,594	36,384
2.01.05.02.04	Other Current Liabilities	152,538	157,713
2.01.05.02.05	Derivative instruments – swap	1,059	0
2.02	Non-Current Liabilities	4,421,678	4,703,584
2.02.01	Loans and Financing	4,204,056	4,527,539
2.02.01.01	Loans and Financing	991,355	660,785
2.02.01.01.01	In Local Currency	683,187	660,785
2.02.01.01.02	In Foreign Currency	308,168	0
2.02.01.02	Debentures	3,212,701	3,866,719
2.02.01.03	Finance Lease	0	35
2.02.02	Other Payables	13,006	6,239
2.02.02.02	Other	13,006	6,239
2.02.02.02.03	Other Non-Current Liabilities	5,838	6,239
2.02.02.02.04	Derivative instruments – swap	7,168	0
2.02.03	Deferred Taxes	105,352	79,941
2.02.03.01	Deferred Income Tax and Social Contribution	105,352	79,941
2.02.04	Provisions	99,189	89,784
2.02.04.01	Provision for Tax, Social Security, Labor and Civil Risks	99,189	89,784
2.02.04.01.01	Provisions for Tax Risks	47,835	39,353
2.02.04.01.02	Provisions for Social Security and Labor Risks	34,587	33,559
2.02.04.01.04	Provisions for Civil Risks	16,767	16,872
2.02.06	Unearned Profit and Revenue	75	81
2.02.06.02	Unearned Revenue	75	81
2.03	Equity	2,841,307	2,600,725
2.03.01	Paid-In Capital	1,500,000	1,500,000
2.03.02	Capital Reserves	118,493	94,939

**Individual Financial Statements / Balance Sheet – Liabilities****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 06/30/2018</b>	<b>Prior Year 12/31/2017</b>
2.03.02.05	Treasury Shares	-41,178	-53,696
2.03.02.07	Share Issuance Premium and Stock Options Granted	159,671	148,635
2.03.04	Earnings Reserves	1,005,786	1,005,786
2.03.04.01	Legal Reserve	145,908	145,908
2.03.04.02	Statutory Reserve	622,985	622,985
2.03.04.05	Earnings Retention Reserve	236,893	236,893
2.03.05	Retained Earnings (Accumulated Losses)	217,028	0

**Individual Financial Statements / Income Statement****(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 04/01/2018 to 06/30/2018	Accumulated for the Current Year 01/01/2018 to 06/30/2018	Equal Quarter from Prior Year 04/01/2017 to 06/30/2017	Accumulated for the Prior Year 01/01/2017 to 06/30/2017
3.01	Revenue from Sales and/or Services	1,345,088	2,723,934	1,052,864	2,129,620
3.02	Cost of Sales and/or Services	-1,018,638	-2,022,351	-802,183	-1,628,108
3.03	Gross Profit	326,450	701,583	250,681	501,512
3.04	Operating Income (Expenses)	-102,594	-206,623	-59,765	-119,955
3.04.01	Selling Expenses	-128,526	-252,560	-81,016	-160,288
3.04.02	General and Administrative Expenses	-40,400	-73,367	-34,026	-63,295
3.04.05	Other Operating Expenses	-4,017	-9,800	14	-212
3.04.06	Equity in the Earnings of Subsidiaries	70,349	129,104	55,263	103,840
3.05	Profit (Loss) Before Finance Income (Expenses) and Taxes	223,856	494,960	190,916	381,557
3.06	Finance Income (Expenses)	-70,090	-127,708	-46,310	-105,491
3.06.01	Finance Income	25,056	56,202	36,314	72,290
3.06.02	Finance Expenses	-95,146	-183,910	-82,624	-177,781
3.07	Net Income Before Income Taxes	153,766	367,252	144,606	276,066
3.08	Income Tax and Social Contribution on Profit	-11,859	-49,340	-15,334	-26,528
3.08.01	Current	39	-16,100	0	-14,440
3.08.02	Deferred	-11,898	-33,240	-15,334	-12,088
3.09	Net Income from Continuing Operations	141,907	317,912	129,272	249,538
3.11	Net Income for the Period	141,907	317,912	129,272	249,538
3.99	Earnings per Share (R\$/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	0.21455	0.48112	0.19642	0.38001
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	0.21400	0.47992	0.19610	0.37894



**Individual Financial Statements / Statement of Comprehensive Income****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 04/01/2018 to 06/30/2018</b>	<b>Accumulated for the Current Year 01/01/2018 to 06/30/2018</b>	<b>Equal Quarter from Prior Year 04/01/2017 to 06/30/2017</b>	<b>Accumulated for the Prior Year 01/01/2017 to 06/30/2017</b>
4.01	Net Income for the Period	141,907	317,912	129,272	249,538
4.03	Comprehensive Income for the Period	141,907	317,912	129,272	249,538

**Individual Financial Statements / Statement of Cash Flows – Indirect Method****(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the
		Current Year 01/01/2018 to 06/30/2018	Prior Year 01/01/2017 to 06/30/2017
6.01	Net Cash Provided by Operating Activities	415,499	11,625
6.01.01	Cash Provided by Operations	1,965,872	1,636,003
6.01.01.01	Net Income for the Period	317,912	249,538
6.01.01.02	Depreciation and Amortization	63,652	75,608
6.01.01.03	Residual Value of Property and Equipment Written Off	1,443,763	1,216,649
6.01.01.04	Deferred Income Tax and Social Contribution	33,240	12,088
6.01.01.05	Equity in the Earnings of Subsidiaries	-129,104	-103,840
6.01.01.06	Other provisions	47,569	7,434
6.01.01.07	Provisions for contingencies	9,405	11,251
6.01.01.08	Interest on Loans, Financing, Debentures and Fixed-Rate Swap	179,435	167,275
6.01.02	Changes in Assets and Liabilities	-2,541,926	-1,420,882
6.01.02.01	Trade Receivables	-162,021	16,820
6.01.02.02	Acquisition of Cars, Net of Changes in Balances with Car Manufacturers	-2,298,871	-1,338,158
6.01.02.03	Escrow Deposits	-1,451	-7,426
6.01.02.04	Recoverable Taxes	-4,964	1,304
6.01.02.05	Prepaid Expenses	-36,371	-37,367
6.01.02.06	Other Current and Non-Current Assets	-30,477	-34,469
6.01.02.07	Trade Payables (Except Car Manufacturers)	-12,999	-46,436
6.01.02.08	Payroll and Related Taxes	2,421	-2,185
6.01.02.09	Income Tax and Social Contribution	16,100	14,440
6.01.02.11	Insurance Premiums	26,212	12,579
6.01.02.12	Other Current and Non-Current Liabilities	-39,505	16
6.01.03	Other	991,553	-203,496
6.01.03.01	Income Tax and Social Contribution Paid	-18,076	-22,969
6.01.03.02	Interest on Loans, Financing and Debt Paid	-149,238	-180,527
6.01.03.03	Short-term financial assets	1,158,867	0
6.02	Net Cash Provided by Investing Activities	129,460	98,111
6.02.01	Purchase of Other Property and Equipment	-14,858	-41,963
6.02.02	Purchase of Intangible Assets	-2,010	-2,662
6.02.04	Dividends from Subsidiaries	146,328	142,736
6.03	Net Cash Provided by Financing Activities	-543,941	388,063
6.03.01	Loans and Financing - Funding	300,024	0
6.03.02	Loans and Financing - Repayments	-154	-219,285
6.03.03	Debentures - Funding	0	696,073
6.03.04	Debentures - Repayments	-777,500	-37,500
6.03.06	Interest on Capital	-84,726	-86,599
6.03.08	Treasury Shares	987	0
6.03.09	Exercise of Stock Options with Treasury Shares, Net	17,428	35,374
6.05	Increase (Decrease) in Cash and Cash Equivalents	1,018	497,799
6.05.01	Opening Balance of Cash and Cash Equivalents	829,737	1,133,711
6.05.02	Closing Balance of Cash and Cash Equivalents	830,755	1,631,510

**Individual Financial Statements / Statement of Changes in Equity - 01/01/2018 to 06/30/2018****(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	1,500,000	94,939	1,005,786	0	0	2,600,725
5.02	Prior year adjustments	0	0	0	-15,911	0	-15,911
5.02.01	Effect of initial adoption of IFRS 9	0	0	0	-15,911	0	-15,911
5.03	Adjusted Opening Balances	1,500,000	94,939	1,005,786	-15,911	0	2,584,814
5.04	Capital Transactions with Shareholders	0	23,554	0	-84,973	0	-61,419
5.04.03	Stock Options Granted Recognized	0	5,139	0	0	0	5,139
5.04.05	Treasury shares sold	0	987	0	0	0	987
5.04.07	Interest on Capital	0	0	0	-84,973	0	-84,973
5.04.08	Exercise of Stock Options with Treasury Shares	0	17,428	0	0	0	17,428
5.05	Total Comprehensive Income	0	0	0	317,912	0	317,912
5.05.01	Net Income for the Period	0	0	0	317,912	0	317,912
5.07	Closing Balances	1,500,000	118,493	1,005,786	217,028	0	2,841,307

**Individual Financial Statements / Statement of Changes in Equity - 01/01/2017 to 06/30/2017****(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	976,708	33,977	1,186,305	0	0	2,196,990
5.03	Adjusted Opening Balances	976,708	33,977	1,186,305	0	0	2,196,990
5.04	Capital Transactions with Shareholders	523,292	38,258	-523,292	-79,122	0	-40,864
5.04.01	Capital Increases	523,292	0	-523,292	0	0	0
5.04.03	Stock Options Granted Recognized	0	2,884	0	0	0	2,884
5.04.07	Interest on Capital	0	0	0	-79,122	0	-79,122
5.04.08	Exercise of Stock Options with Treasury Shares	0	35,374	0	0	0	35,374
5.05	Total Comprehensive Income	0	0	0	249,538	0	249,538
5.05.01	Net Income for the Period	0	0	0	249,538	0	249,538
5.07	Closing Balances	1,500,000	72,235	663,013	170,416	0	2,405,664

**Individual Financial Statements / Statement of Value Added****(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the
		Current Year 01/01/2018 to 06/30/2018	Prior Year 01/01/2017 to 06/30/2017
7.01	Revenues	2,735,583	2,161,377
7.01.01	Sales of Goods, Products and Services	2,747,381	2,160,865
7.01.03	Revenues Related to the Construction of Own Assets	7,500	2,390
7.01.04	Allowance for/Reversal of Doubtful Debts	-19,298	-1,878
7.02	Inputs Acquired from Third Parties	-1,811,762	-1,427,283
7.02.01	Cost of Products, Goods and Services Sold	-1,658,806	-1,325,436
7.02.02	Materials, Power, Third-Party Services and Other	-152,956	-101,847
7.03	Gross Value Added	923,821	734,094
7.04	Retentions	-63,652	-75,608
7.04.01	Depreciation, Amortization and Depletion	-63,652	-75,608
7.05	Net Wealth Created	860,169	658,486
7.06	Wealth Received in Transfer	185,306	176,130
7.06.01	Equity in the Earnings of Subsidiaries	129,104	103,840
7.06.02	Finance Income	56,202	72,290
7.07	Total Wealth for Distribution	1,045,475	834,616
7.08	Wealth Distributed	1,045,475	834,616
7.08.01	Personnel	254,089	196,287
7.08.01.01	Salaries and Wages	191,453	148,755
7.08.01.02	Benefits	43,372	33,869
7.08.01.03	Severance Pay Fund (FGTS)	14,125	10,779
7.08.01.04	Other	5,139	2,884
7.08.02	Taxes, Fees and Contributions	181,650	129,959
7.08.02.01	Federal	116,875	84,383
7.08.02.02	State	52,266	35,571
7.08.02.03	Municipal	12,509	10,005
7.08.03	Lenders and Lessors	291,824	258,832
7.08.03.01	Interest	183,910	177,781
7.08.03.02	Rentals	98,277	74,188
7.08.03.03	Other	9,637	6,863
7.08.03.03.01	Other Rentals	9,637	6,863
7.08.04	Shareholders	317,912	249,538
7.08.04.01	Interest on Capital	84,973	79,122
7.08.04.03	Retained Earnings (Loss for the Period)	232,939	170,416

**Consolidated Financial Statements / Balance Sheet – Assets****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 06/30/2018</b>	<b>Prior Year 12/31/2017</b>
1	Total Assets	11,065,524	11,186,234
1.01	Current Assets	2,641,004	3,430,988
1.01.01	Cash and Cash Equivalents	855,861	1,338,195
1.01.02	Financial Assets	826,521	1,275,699
1.01.02.01	Financial Assets at fair value through profit or loss	817,642	615,134
1.01.02.03	Financial Assets at amortized cost	8,879	660,565
1.01.03	Accounts Receivable	688,298	585,124
1.01.03.01	Trade Receivables	688,298	585,124
1.01.06	Recoverable Taxes	35,954	28,036
1.01.06.01	Current Recoverable Taxes	35,954	28,036
1.01.07	Prepaid Expenses	56,681	8,178
1.01.08	Other Current Assets	177,689	195,756
1.01.08.01	Non-Current Assets Available for Sale	76,978	103,350
1.01.08.03	Other	100,711	92,406
1.01.08.03.01	Derivatives - Swap	278	0
1.01.08.03.02	Other	100,433	92,406
1.02	Non-Current Assets	8,424,520	7,755,246
1.02.01	Long-Term Assets	188,584	187,837
1.02.01.04	Accounts Receivable	5,724	4,698
1.02.01.04.01	Trade Receivables	5,724	4,698
1.02.01.07	Deferred Taxes	40,717	41,953
1.02.01.07.01	Deferred Income Tax and Social Contribution	40,717	41,953
1.02.01.10	Other Non-Current Assets	142,143	141,186
1.02.01.10.03	Escrow Deposits	86,303	83,124
1.02.01.10.04	Derivatives - Swap	13,916	16,703
1.02.01.10.05	Other	83	83
1.02.01.10.06	Investments in restricted accounts	41,841	40,584
1.02.01.10.07	Recoverable Taxes	0	692
1.02.03	Property and Equipment	8,156,690	7,483,974
1.02.03.01	Property and Equipment in Use	7,646,115	6,881,799
1.02.03.02	Right of Use in Lease	501,240	597,373
1.02.03.02.01	Leased Property and Equipment	501,240	597,373
1.02.03.03	Constructions in Progress	9,335	4,802
1.02.04	Intangible Assets	79,246	83,435
1.02.04.01	Intangible Assets	79,246	83,435
1.02.04.01.02	Goodwill on Acquisition of Investments	30,720	30,719
1.02.04.01.03	Software in Service	48,473	52,644
1.02.04.01.04	Leased Software	53	72

**Consolidated Financial Statements / Balance Sheet – Liabilities****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 06/30/2018</b>	<b>Prior Year 12/31/2017</b>
2	Total Liabilities	11,065,524	11,186,234
2.01	Current Liabilities	1,861,239	2,234,098
2.01.01	Payroll and Related Taxes	112,888	109,176
2.01.01.01	Payroll Taxes	12,910	20,560
2.01.01.02	Related Taxes	99,978	88,616
2.01.02	Trade Payables	1,111,238	1,331,680
2.01.02.01	Domestic Suppliers	1,111,230	1,330,405
2.01.02.02	Foreign Suppliers	8	1,275
2.01.03	Taxes Payable	26,006	44,209
2.01.03.01	Federal Taxes Payable	23,269	42,147
2.01.03.01.01	Income Tax and Social Contribution Payable	19,667	31,258
2.01.03.01.02	Other Federal Taxes	3,602	10,889
2.01.03.03	Municipal Taxes Payable	2,737	2,062
2.01.04	Loans and Financing	397,703	537,216
2.01.04.01	Loans and Financing	72,867	52,106
2.01.04.01.01	In Local Currency	71,768	52,106
2.01.04.01.02	In Foreign Currency	1,099	0
2.01.04.02	Debentures	114,977	249,269
2.01.04.03	Finance Lease	209,859	235,841
2.01.05	Other Payables	213,404	211,817
2.01.05.02	Other	213,404	211,817
2.01.05.02.01	Dividends and Interest on Capital Payable	36,594	36,384
2.01.05.02.04	Other Current Liabilities	162,918	168,602
2.01.05.02.05	Derivative instruments – swap	13,892	6,831
2.02	Non-Current Liabilities	6,362,978	6,351,411
2.02.01	Loans and Financing	5,904,049	5,940,463
2.02.01.01	Loans and Financing	1,784,101	1,130,522
2.02.01.01.01	In Local Currency	1,475,933	1,130,522
2.02.01.01.02	In Foreign Currency	308,168	0
2.02.01.02	Debentures	4,061,880	4,715,847
2.02.01.03	Finance Lease	58,068	94,094
2.02.02	Other Payables	57,317	58,142
2.02.02.02	Other	57,317	58,142
2.02.02.02.03	Other Non-Current Liabilities	6,347	6,734
2.02.02.02.04	Derivative instruments – swap	9,129	10,824
2.02.02.02.05	Restricted obligations	41,841	40,584
2.02.03	Deferred Taxes	254,652	219,706
2.02.03.01	Deferred Income Tax and Social Contribution	254,652	219,706
2.02.04	Provisions	139,600	126,490
2.02.04.01	Provision for Tax, Social Security, Labor and Civil Risks	139,600	126,490
2.02.04.01.01	Provisions for Tax Risks	64,270	54,712
2.02.04.01.02	Provisions for Social Security and Labor Risks	49,843	47,278
2.02.04.01.04	Provisions for Civil Risks	25,487	24,500
2.02.06	Unearned Profit and Revenue	7,360	6,610
2.02.06.02	Unearned Revenue	7,360	6,610
2.03	Consolidated Equity	2,841,307	2,600,725
2.03.01	Paid-In Capital	1,500,000	1,500,000

**Consolidated Financial Statements / Balance Sheet – Liabilities****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 06/30/2018</b>	<b>Prior Year 12/31/2017</b>
2.03.02	Capital Reserves	118,493	94,939
2.03.02.05	Treasury Shares	-41,178	-53,696
2.03.02.07	Share Issuance Premium and Stock Options Granted	159,671	148,635
2.03.04	Earnings Reserves	1,005,786	1,005,786
2.03.04.01	Legal Reserve	145,908	145,908
2.03.04.02	Statutory Reserve	622,985	622,985
2.03.04.05	Earnings Retention Reserve	236,893	236,893
2.03.05	Retained Earnings (Accumulated Losses)	217,028	0



**Consolidated Financial Statements / Income Statement****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 04/01/2018 to 06/30/2018</b>	<b>Accumulated for the Current Year 01/01/2018 to 06/30/2018</b>	<b>Equal Quarter from Prior Year 04/01/2017 to 06/30/2017</b>	<b>Accumulated for the Prior Year 01/01/2017 to 06/30/2017</b>
3.01	Revenue from Sales and/or Services	1,740,223	3,562,959	1,345,782	2,685,360
3.02	Cost of Sales and/or Services	-1,262,794	-2,568,766	-963,201	-1,932,677
3.03	Gross Profit	477,429	994,193	382,581	752,683
3.04	Operating Income (Expenses)	-200,440	-387,290	-147,054	-287,087
3.04.01	Selling Expenses	-148,216	-287,432	-105,311	-208,610
3.04.02	General and Administrative Expenses	-48,140	-88,626	-41,739	-78,242
3.04.05	Other Operating Expenses	-4,084	-11,232	-4	-235
3.05	Profit (Loss) Before Finance Income (Expenses) and Taxes	276,989	606,903	235,527	465,596
3.06	Finance Income (Expenses)	-88,796	-177,681	-67,166	-141,995
3.06.01	Finance Income	40,878	85,736	53,309	107,623
3.06.02	Finance Expenses	-129,674	-263,417	-120,475	-249,618
3.07	Net Income Before Income Taxes	188,193	429,222	168,361	323,601
3.08	Income Tax and Social Contribution on Profit	-46,286	-111,310	-39,089	-74,063
3.08.01	Current	-20,249	-67,063	-22,652	-58,240
3.08.02	Deferred	-26,037	-44,247	-16,437	-15,823
3.09	Net Income from Continuing Operations	141,907	317,912	129,272	249,538
3.11	Net Income for the Period	141,907	317,912	129,272	249,538
3.11.01	Attributable to the Company's Owners	141,907	317,912	129,272	249,538
3.99	Earnings per Share (R\$/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	0.21455	0.48112	0.19642	0.38001
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	0.21400	0.47992	0.19610	0.37894

**Consolidated Financial Statements / Statement of Comprehensive Income****(In Thousands of Brazilian Reais)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 04/01/2018 to 06/30/2018</b>	<b>Accumulated for the Current Year 01/01/2018 to 06/30/2018</b>	<b>Equal Quarter from Prior Year 04/01/2017 to 06/30/2017</b>	<b>Accumulated for the Prior Year 01/01/2017 to 06/30/2017</b>
4.01	Consolidated Net Income for the Period	141,907	317,912	129,272	249,538
4.03	Consolidated Comprehensive Income for the Period	141,907	317,912	129,272	249,538
4.03.01	Attributable to the Company's Owners	141,907	317,912	129,272	249,538

**Consolidated Financial Statements / Statement of Cash Flows – Indirect Method****(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the
		Current Year 01/01/2018 to 06/30/2018	Prior Year 01/01/2017 to 06/30/2017
6.01	Net Cash Provided by Operating Activities	-191,738	82,310
6.01.01	Cash Provided by Operations	2,616,778	2,041,826
6.01.01.01	Net Income for the Period	317,912	249,538
6.01.01.02	Depreciation and Amortization	138,076	130,056
6.01.01.03	Residual Value of Property and Equipment Written Off	1,819,992	1,378,675
6.01.01.04	Deferred Income Tax and Social Contribution	44,247	15,823
6.01.01.05	Other provisions	46,809	10,786
6.01.01.06	Provisions for contingencies	12,703	12,994
6.01.01.07	Interest on Loans, Financing, Debentures and Fixed-Rate Swap	257,924	243,954
6.01.01.08	Income from financial assets	-20,885	0
6.01.02	Changes in Assets and Liabilities	-2,977,151	-1,646,956
6.01.02.01	Trade Receivables	-155,672	20,776
6.01.02.02	Acquisition of Cars, Net of Changes in Balances with Car Manufacturers	-2,763,043	-1,631,577
6.01.02.03	Escrow Deposits	-3,179	-8,492
6.01.02.04	Recoverable Taxes	-3,827	-761
6.01.02.05	Prepaid Expenses	-48,503	-47,103
6.01.02.06	Other Current and Non-Current Assets	-24,886	5,328
6.01.02.07	Trade Payables (Except Car Manufacturers)	-34,081	-47,939
6.01.02.08	Payroll and Related Taxes	3,712	-1,293
6.01.02.09	Income Tax and Social Contribution	67,063	58,240
6.01.02.11	Insurance Premiums	26,312	12,579
6.01.02.12	Other Current and Non-Current Liabilities	-41,047	-6,714
6.01.03	Other	168,635	-312,560
6.01.03.01	Income Tax and Social Contribution Paid	-79,252	-58,961
6.01.03.02	Interest on Loans, Financing and Debt Paid	-222,176	-253,599
6.01.03.03	Short-term financial assets	470,063	0
6.02	Net Cash Provided by Investing Activities	-20,485	-108,079
6.02.01	Purchase of Other Property and Equipment	-17,842	-104,862
6.02.02	Purchase of Intangible Assets	-2,643	-3,217
6.03	Net Cash Provided by Financing Activities	-270,111	639,329
6.03.01	Loans and Financing - Funding	742,489	134,268
6.03.02	Loans and Financing - Repayments	-168,789	-351,962
6.03.03	Debentures - Funding	0	1,195,748
6.03.04	Debentures - Repayments	-777,500	-287,500
6.03.06	Interest on Capital	-84,726	-86,599
6.03.07	Exercise of Stock Options with Treasury Shares, Net	987	0
6.03.08	Treasury Shares	17,428	35,374
6.05	Increase (Decrease) in Cash and Cash Equivalents	-482,334	613,560
6.05.01	Opening Balance of Cash and Cash Equivalents	1,338,195	1,692,261
6.05.02	Closing Balance of Cash and Cash Equivalents	855,861	2,305,821

**Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2018 to 06/30/2018****(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	1,500,000	94,939	1,005,786	0	0	2,600,725	0	2,600,725
5.02	Prior year adjustments	0	0	0	-15,911	0	-15,911	0	-15,911
5.02.01	Effect of initial adoption of IFRS 9	0	0	0	-15,911	0	-15,911	0	-15,911
5.03	Adjusted Opening Balances	1,500,000	94,939	1,005,786	-15,911	0	2,584,814	0	2,584,814
5.04	Capital Transactions with Shareholders	0	23,554	0	-84,973	0	-61,419	0	-61,419
5.04.03	Stock Options Granted Recognized	0	5,139	0	0	0	5,139	0	5,139
5.04.05	Treasury shares sold	0	987	0	0	0	987	0	987
5.04.07	Interest on Capital	0	0	0	-84,973	0	-84,973	0	-84,973
5.04.08	Exercise of Stock Options with Treasury Shares	0	17,428	0	0	0	17,428	0	17,428
5.05	Total Comprehensive Income	0	0	0	317,912	0	317,912	0	317,912
5.05.01	Net Income for the Period	0	0	0	317,912	0	317,912	0	317,912
5.07	Closing Balances	1,500,000	118,493	1,005,786	217,028	0	2,841,307	0	2,841,307

**Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2017 to 06/30/2017****(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	976,708	33,977	1,186,305	0	0	2,196,990	0	2,196,990
5.03	Adjusted Opening Balances	976,708	33,977	1,186,305	0	0	2,196,990	0	2,196,990
5.04	Capital Transactions with Shareholders	523,292	38,258	-523,292	-79,122	0	-40,864	0	-40,864
5.04.01	Capital Increases	523,292	0	-523,292	0	0	0	0	0
5.04.03	Stock Options Granted Recognized	0	2,884	0	0	0	2,884	0	2,884
5.04.07	Interest on Capital	0	0	0	-79,122	0	-79,122	0	-79,122
5.04.08	Exercise of Stock Options with Treasury Shares	0	35,374	0	0	0	35,374	0	35,374
5.05	Total Comprehensive Income	0	0	0	249,538	0	249,538	0	249,538
5.05.01	Net Income for the Period	0	0	0	249,538	0	249,538	0	249,538
5.07	Closing Balances	1,500,000	72,235	663,013	170,416	0	2,405,664	0	2,405,664

**Consolidated Financial Statements / Statement of Value Added****(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the
		Current Year 01/01/2018 to 06/30/2018	Prior Year 01/01/2017 to 06/30/2017
7.01	Revenues	3,583,393	2,728,042
7.01.01	Sales of Goods, Products and Services	3,593,461	2,728,643
7.01.03	Revenues Related to the Construction of Own Assets	7,500	2,390
7.01.04	Allowance for/Reversal of Doubtful Debts	-17,568	-2,991
7.02	Inputs Acquired from Third Parties	-2,266,863	-1,654,053
7.02.01	Cost of Products, Goods and Services Sold	-2,104,641	-1,543,742
7.02.02	Materials, Power, Third-Party Services and Other	-162,222	-110,311
7.03	Gross Value Added	1,316,530	1,073,989
7.04	Retentions	-138,076	-130,056
7.04.01	Depreciation, Amortization and Depletion	-138,076	-130,056
7.05	Net Wealth Created	1,178,454	943,933
7.06	Wealth Received in Transfer	85,736	107,623
7.06.02	Finance Income	85,736	107,623
7.07	Total Wealth for Distribution	1,264,190	1,051,556
7.08	Wealth Distributed	1,264,190	1,051,556
7.08.01	Personnel	306,664	256,742
7.08.01.01	Salaries and Wages	234,185	199,229
7.08.01.02	Benefits	50,484	40,545
7.08.01.03	Severance Pay Fund (FGTS)	16,856	14,084
7.08.01.04	Other	5,139	2,884
7.08.02	Taxes, Fees and Contributions	279,488	213,118
7.08.02.01	Federal	191,619	151,864
7.08.02.02	State	70,195	47,798
7.08.02.03	Municipal	17,674	13,456
7.08.03	Lenders and Lessors	360,126	332,158
7.08.03.01	Interest	263,417	249,618
7.08.03.02	Rentals	86,881	75,455
7.08.03.03	Other	9,828	7,085
7.08.03.03.01	Other Rentals	9,828	7,085
7.08.04	Shareholders	317,912	249,538
7.08.04.01	Interest on Capital	84,973	79,122
7.08.04.03	Retained Earnings (Loss for the Period)	232,939	170,416

Dear Investors,

The Company remains focused on its strategy of growth with profitability, surpassing the mark of 208 thousand cars in fleet. In 2Q18, we maintained a strong growth trend, with a 47.9% increase in volume in Car Rental division and 21.4% in Fleet Rental division. Even in a quarter impacted by challenges such as the slower recovery of the economy, the truck drivers' strike that rebounded in May and June across all sectors of the economy and the election news generating uncertainty about the macro environment, we demonstrated our capacity of growth and excellence in execution.

During the truck drivers' strike, which resulted in the widespread lack of fuel, our teams did not measure efforts to maintain Localiza's quality standard and to promote the best possible service for our customers. In the Car Rental division we honored all existing reservations, despite occasional blocking on new reservations. Even with the high volatility in fuel prices, we did not transfer the increased costs to our customers and offered upgrades to compensate for eventual unavailability of reserved cars. This has reinforced our brand's reputation and commitment to our principle of customer appreciation. The estimated losses caused by the strike generated a reduction in revenue of approximately R\$15 million. Furthermore, we had additional costs of about R\$2 million associated with supply and logistics.

In Seminovos, customers flow fell on strike days and during the World Cup. We estimate that about 2 thousand cars were not sold in May and June, with an estimated impact of approximately R\$83 million in revenue. New stores will be opened in 2H18 to meet the Company's fleet renewal needs.

As we reached record levels in volume, revenues, EBITDA and income in 2017, the profit sharing payment, which occurs in the 2<sup>nd</sup> quarter of each year, was higher than the amount provisioned during 2017. This value, together with the collective agreement, backdated to December 2017, for employees of Minas Gerais, impacted the payroll this quarter.

We estimated that the amount of the effects related to the strike, World Cup and payroll affected EBITDA in about R\$39 million and net income in approximately R\$29 million, considering the effective income tax rate for the quarter.

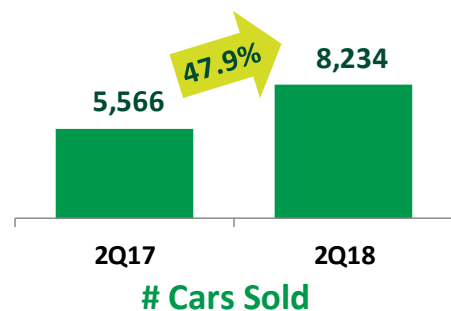
This quarter, we used our strong cash position to achieve a more efficient short-term cash management and to reduce its carrying cost. We chose not to discount credit card receivables and anticipated some payments to suppliers with higher rates than our financial investments. The net impact of these two operations totaled R\$260.2 million in working capital increase, with a benefit in the financial result. It is important to mention that the anticipated commitments are short-term and would have been paid in 3Q18.

We highlight the recognition of Localiza as the most innovative company in the transportation and logistics category, according to the "Valor Inovação" award of Valor Econômico newspaper; the inclusion of Localiza in the ranking of the best companies to work in Minas Gerais by GPTW - Great Places to Work; and the receipt of the "Inclusive Company Award" by the Government of Minas Gerais. It is also worth mentioning the acknowledgments received by our CEO, Eugênio Mattar: "Executive of Value", by Valor Econômico newspaper and one of "15 Best CEOs of Brazil", by Forbes magazine.

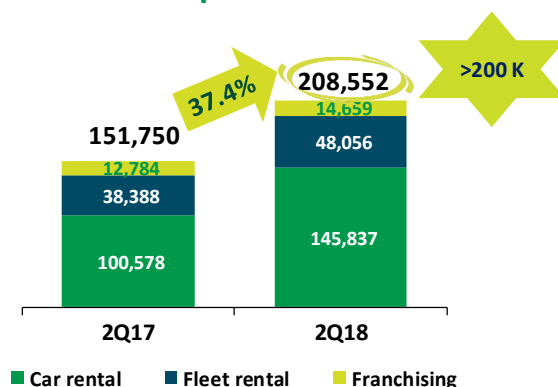
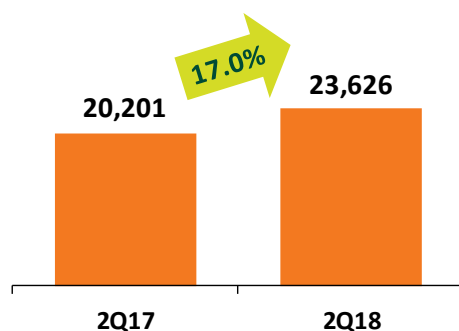
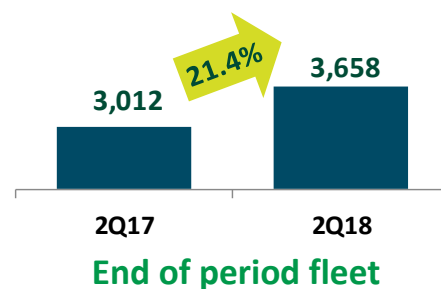
We remain committed to our growth strategy with value generation, seeking a better long-term return for our shareholders, through innovation and continuous improvement of operational and financial management.

## Operational Highlights

# of rental days – Car Rental (thousands)

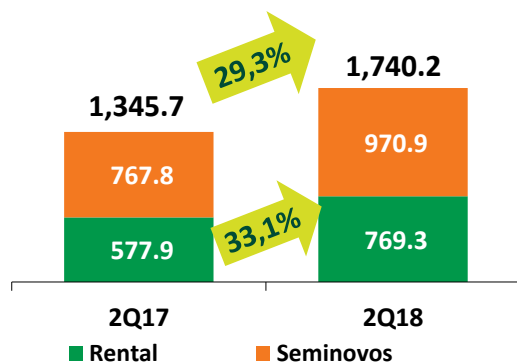


# of rental days – Fleet Rental (thousands)

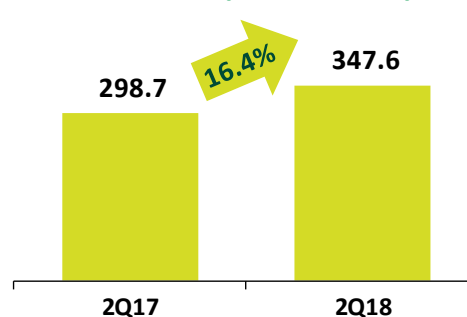


## Consolidated financial Highlights

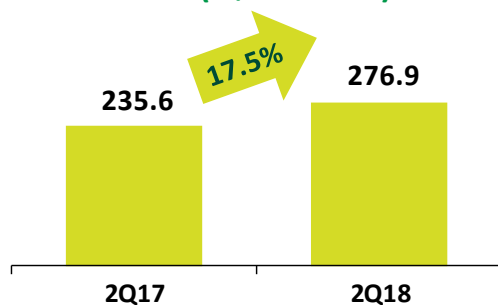
Net revenues (R\$ millions)



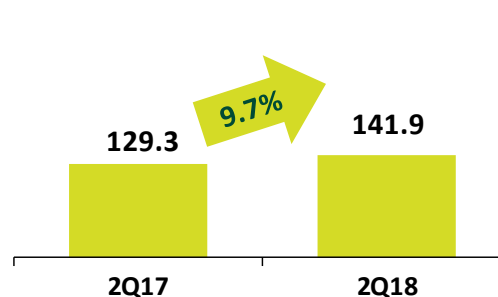
EBITDA (R\$ millions)



EBIT (R\$ millions)



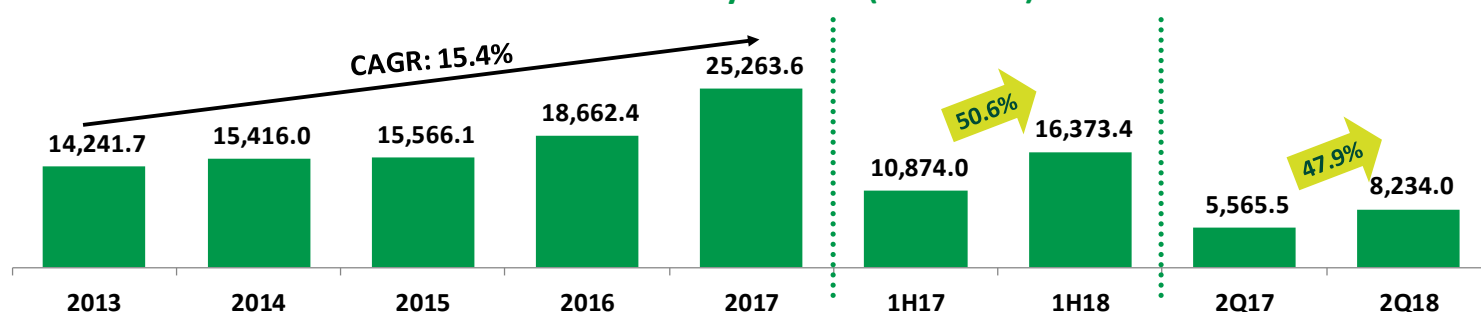
Net Income (R\$ millions)



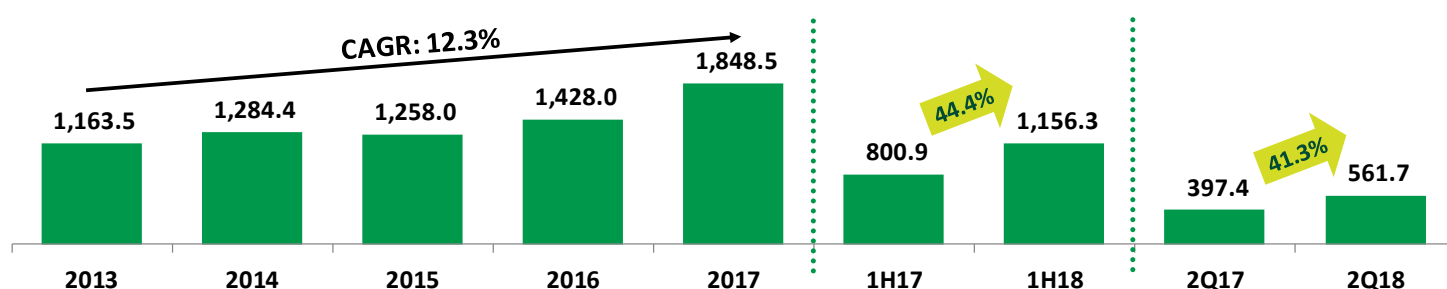


# 1 - Rent a Car

## Number of daily rentals (thousand)



## Net revenues (R\$ million)



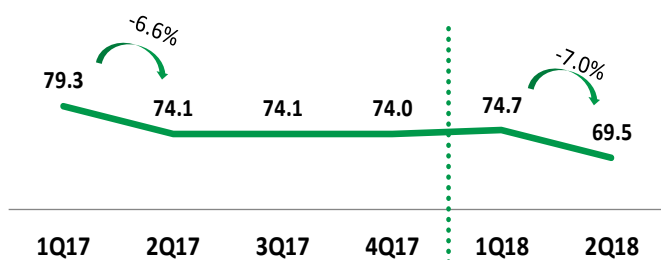
In 2Q18, **Car Rental** division daily rental volume grew 47.9% in relation to 2Q17. On the same comparison basis, net revenues increased 41.3%, as a consequence of 6.2% reduction in the average rental rate, in function of (i) mix with greater participation of segments with lower rental rates and (ii) the competitive landscape.

In 1H18, volume increased 50.6% and net revenue grew 44.4% when compared with the same period of the previous year.

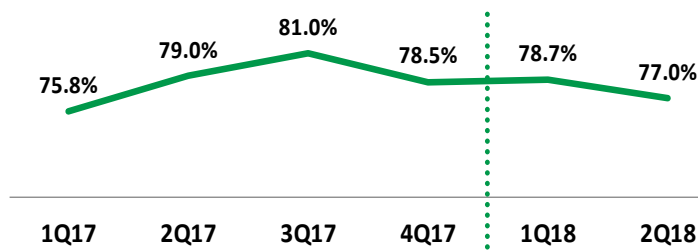
This quarter, the truck drivers' strike affected volume, average rental rate and utilization rate, with the main impacts being: (i) not accepting new reservations, and ii) higher no-show rate in the daily rental segment. In comparison with 1Q18, the average rental rate was impacted by the end of the high peak season.

For the mentioned effects, the average rental rate and the utilization rate had the following behaviors:

### Average daily rate (in R\$)

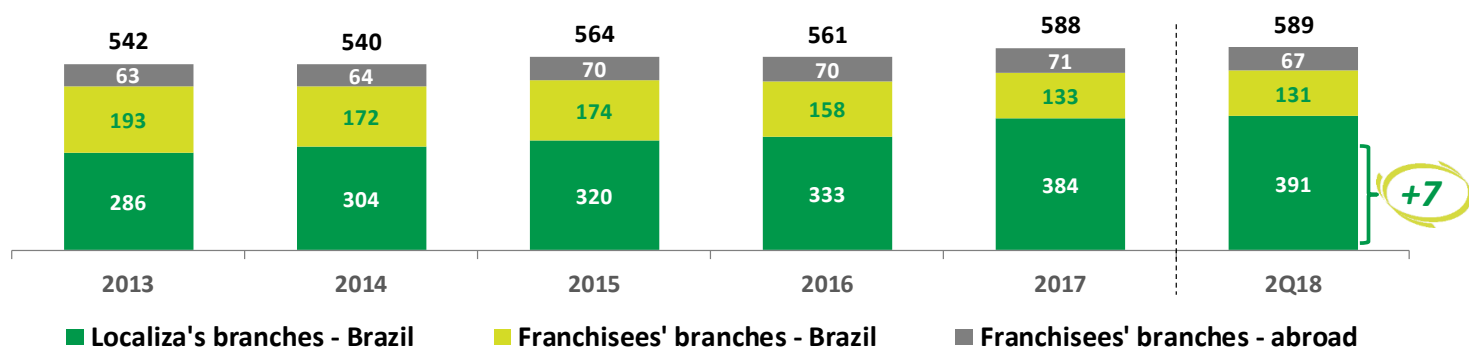


### Operating fleet utilization rate (%)



## 1.1 - Distribution network

### *Number of car rental locations Brazil and abroad*

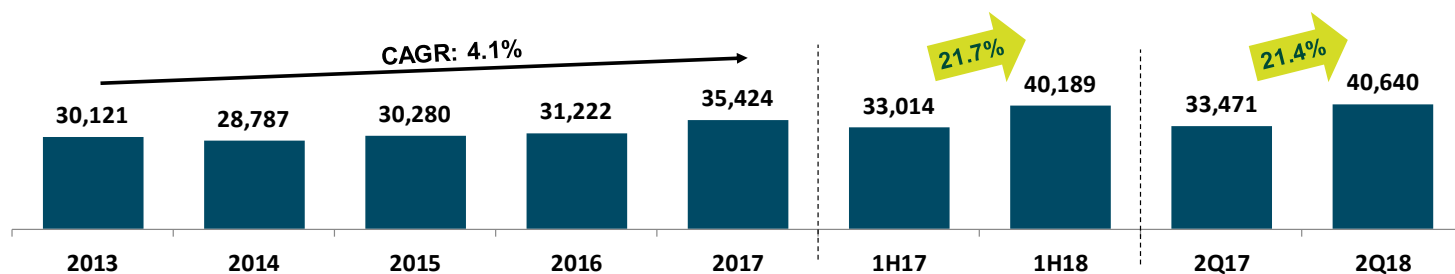


In 2Q18, Localiza's corporate network was expanded by 7 locations, going from 384 on 12/31/2017 to 391 on 06/30/2018, including 3 locations which were previously operated by franchisees.

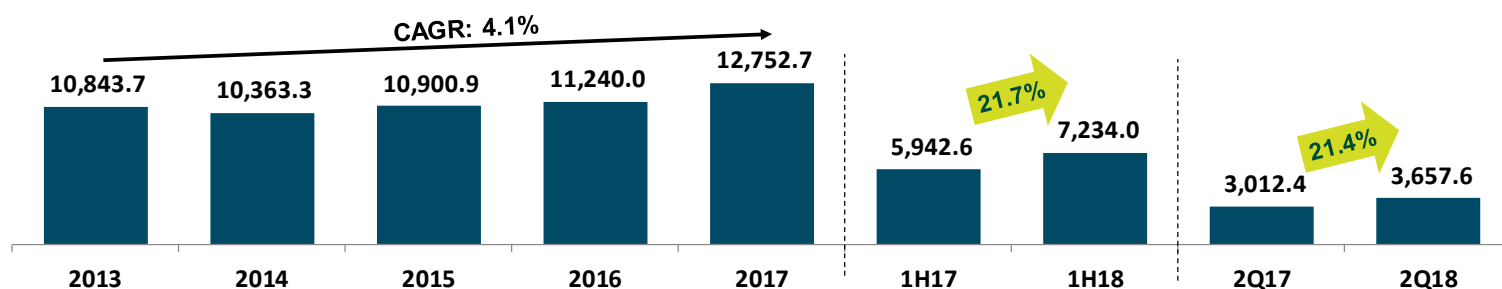
By the end of 2Q18, Localiza system had 589 rental locations, being 522 in Brazil and 67 in 6 other South American countries.

## 2 – Fleet Rental

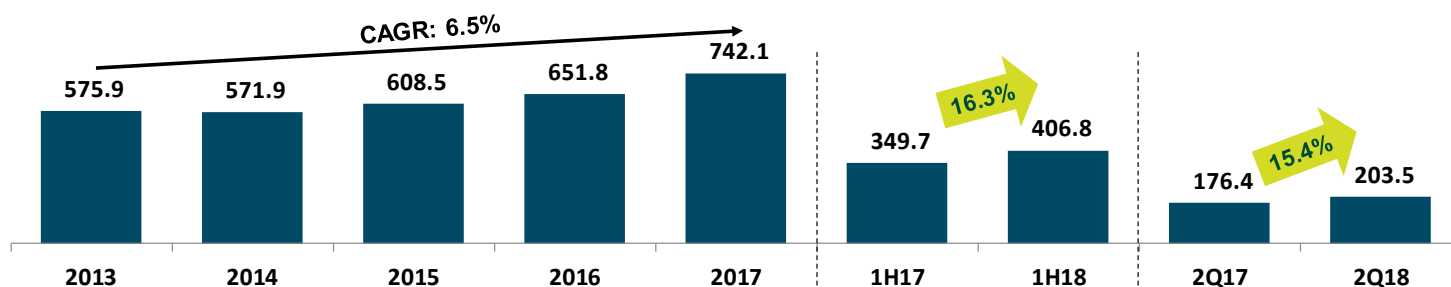
### Average rented fleet



### Number of daily rentals (thousand)



### Net revenues (R\$ million)



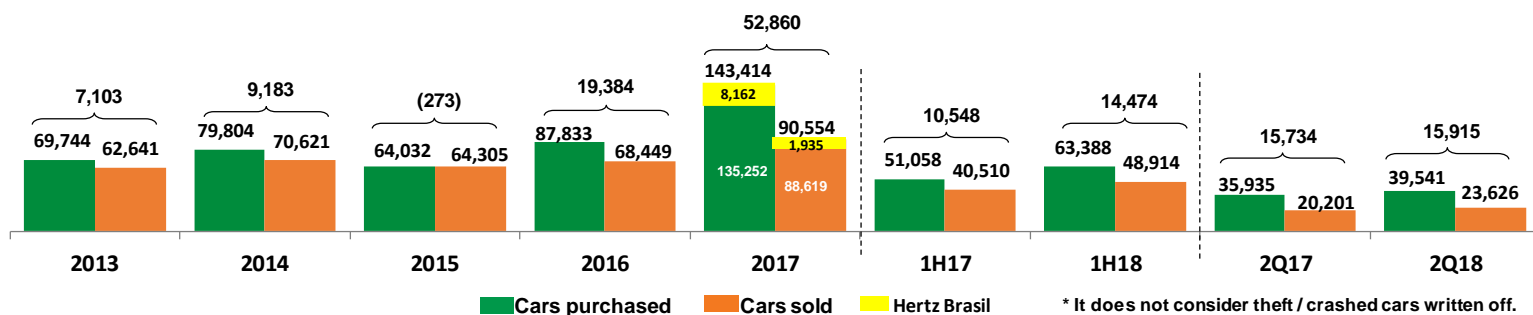
In 2Q18, **Fleet Rental** division registered a 21.4% increase in volume and 15.4% in revenue compared to the same period of the previous year, as a consequence of the 6.0% reduction in the average rental rate. In the 1H18, volume raised 21.7% and net revenue increased 16.3% in this division, due to a 5.8% reduction in average rental rate.

The lower rental rate of this division mainly reflects the pricing of new contracts in a context of lower interest rates.

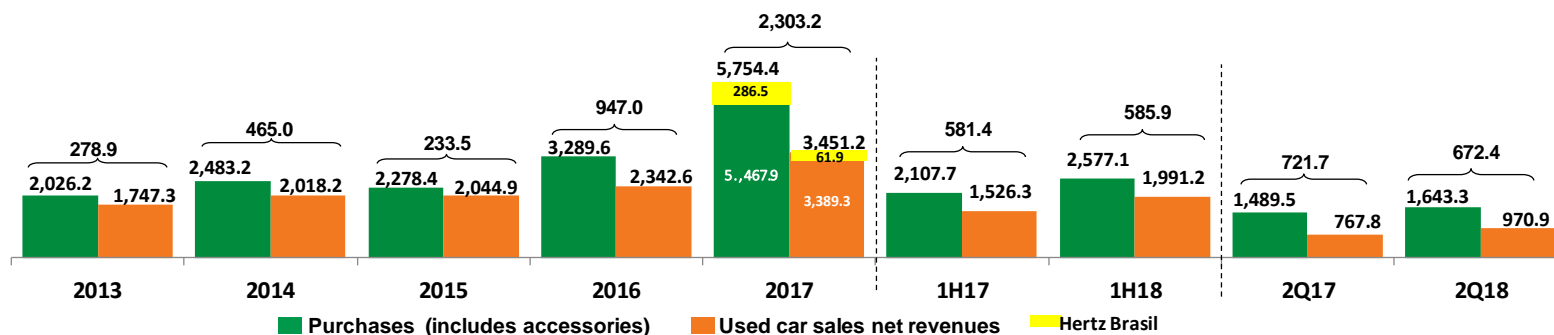
## 3 - Fleet

### 3.1 – Net investment in the fleet

#### Car purchase and sales (quantity)



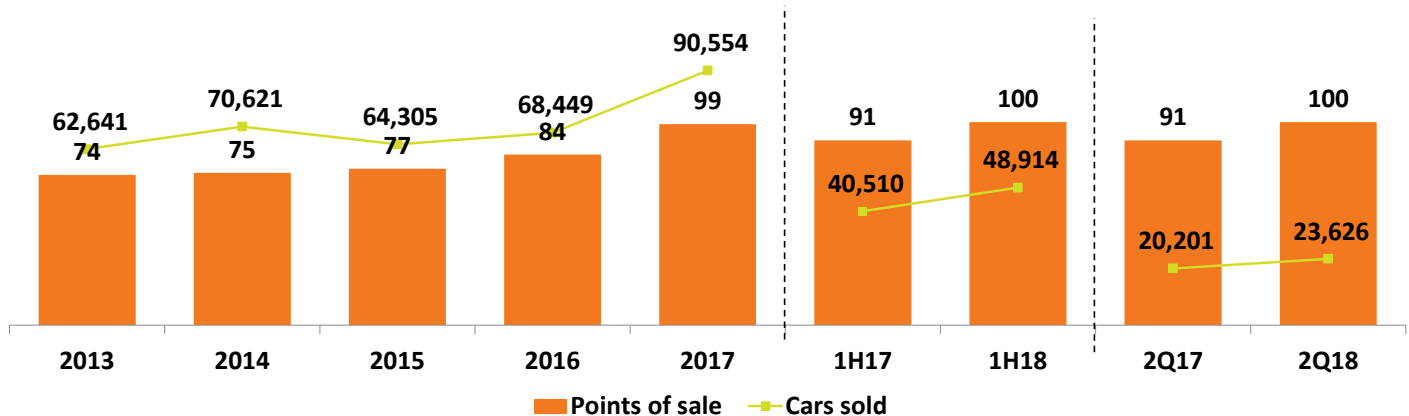
#### Net investment in fleet (R\$ million)



The strong daily rental volume of the 1Q18 and the growth observed in 2Q18 demanded additional purchases of cars to increase fleet. We bought 39,541 and sold 23,626 cars. The result was a fleet increase in 15,915 cars and net investment of R\$ 672.4 million in 2Q18.

## 4 – Seminovos

Number of points of sale (Brazil)



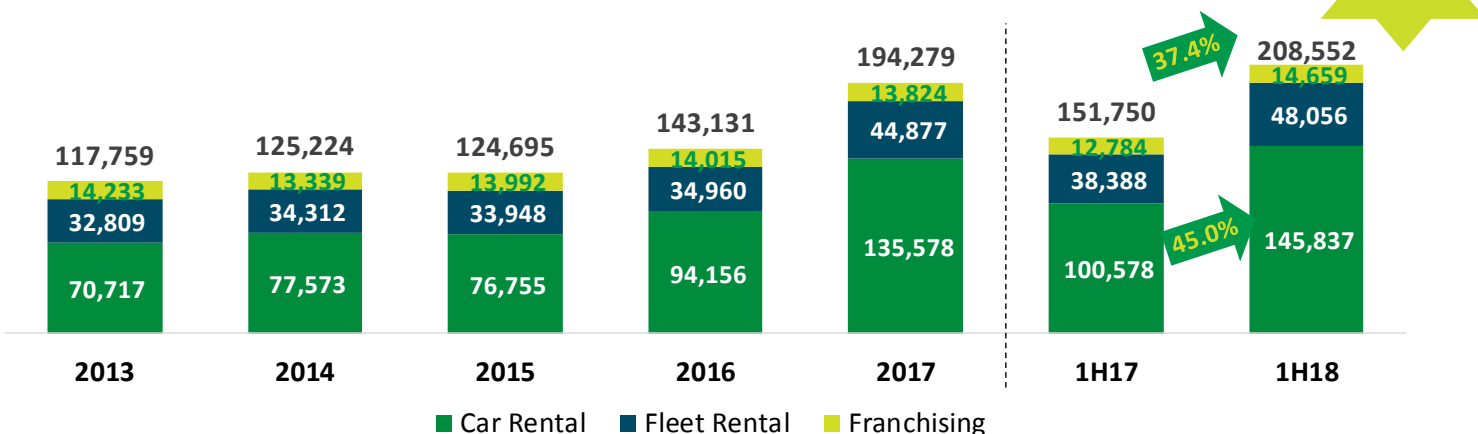
On 06/30/2018, **Seminovos** network was comprised of 100 stores distributed in 66 cities in Brazil. In the semester, 48,914 cars were sold, representing a growth of 20.7% compared to 1H17.

Car sales in 2Q18 were impacted by (i) low number of cars available for sale at the beginning of the quarter due to strong growth in the Car Rental division, which resulted less cars decommissioning between March and April, (ii) by the truck drivers' strike and (iii) the World Cup.

New stores will be opened in 2H18 to meet the Company's fleet renewal needs.

## 5 – End of period fleet

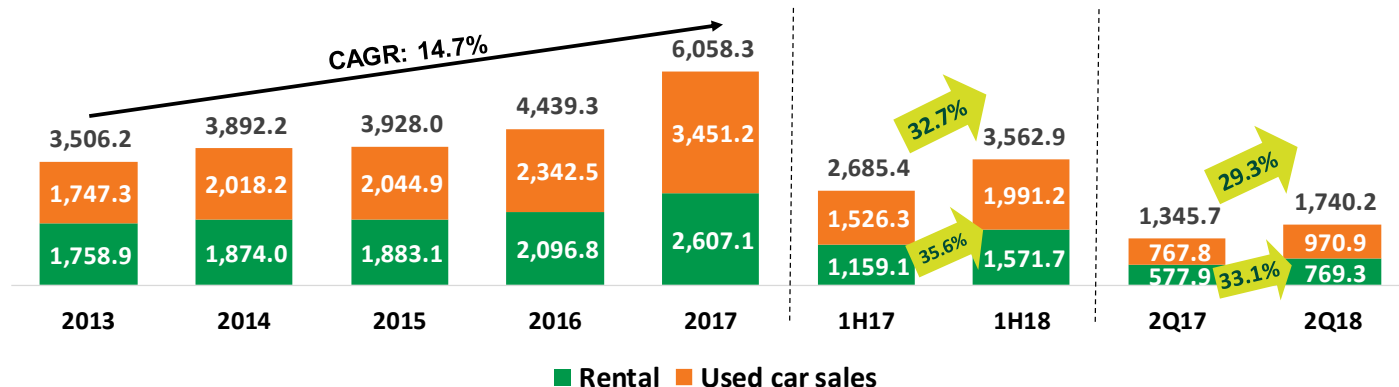
End of period fleet (quantity)



As of 06/30/2018, we overcame the mark of 200 thousand cars, reaching a total fleet of 208,552 cars, including 14,659 cars from franchisees.

## 6 – Net revenues - consolidated

### Consolidated net revenues (R\$ million)

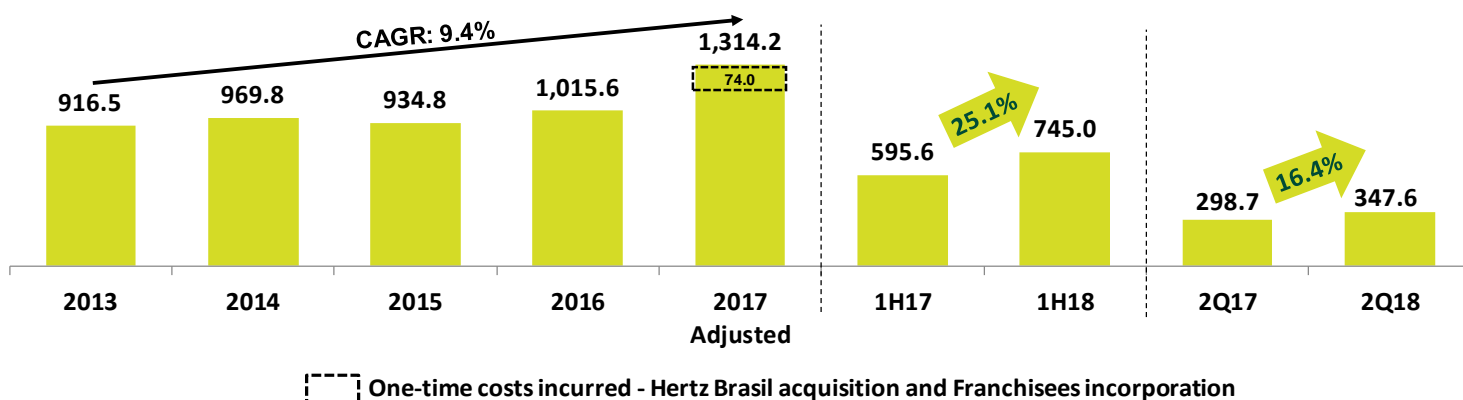


In 2Q18, consolidated net revenues grew 29.3% when compared with 2Q17. Net rental revenues increased 33.1%, being 41.3% in the **Car Rental** division and 15.4% in the **Fleet Rental** division.

**Seminovos** net revenues in 2Q18 grew 26.5% when compared with 2Q17, due to 17.0% increase in sales volume and 8.1% increase in the average price of cars sold.

## 7 - EBITDA

### Consolidated EBITDA (R\$ million)



EBITDA margin:

Divisions	2013	2014*	2015	2016	2017	1H17	1H18	2Q17	2Q18
Car Rental	36.8%	38.7%	31.8%	32.3%	34.9%**	35.3%	33.9%	34.0%	32.0%
Fleet Rental	65.5%	60.0%	62.2%	64.5%	61.9%**	62.4%	62.9%	61.8%	64.6%
Rental Consolidated	46.5%	45.3%	41.7%	42.3%	42.6%**	43.4%	41.5%	42.4%	40.7%
Used Car Sales	5.7%	6.0%	7.3%	5.5%	5.9%	6.0%	4.7%	7.0%	3.5%

(\*) 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 2Q18, consolidated EBITDA totaled R\$347.6 million, 16.4% higher than the same period of the previous year.

The EBITDA margin of the **Car Rental** division was 32.0% in 2Q18, 2.0 p.p. lower when compared with 2Q17, mainly due to the effects of the truck drivers' strike and higher payroll expenses. Excluding these effects, the margin would have been around 35%.

In the **Fleet Rental** Division, EBITDA margin was 64.6% in 2Q18, lower by 2.8 p.p. when compared with 2Q17, mainly due to improvement of costs of this division because of the lower average fleet age and productivity gains.

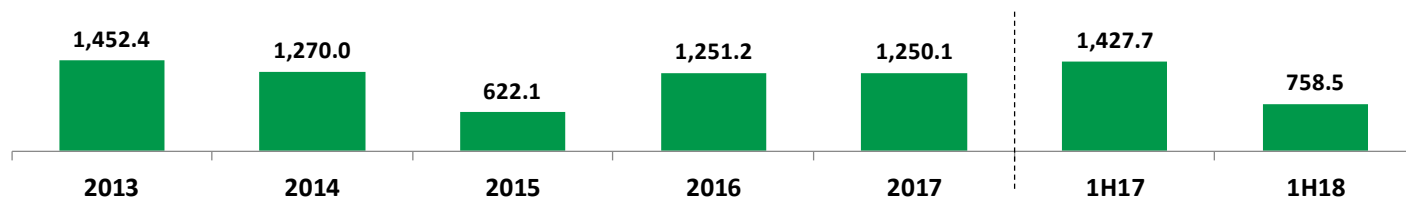
**Seminovos** EBITDA margin in 2Q18 was 3.5%, reflecting the reduction in depreciation in the **Car Rental** division, which has been occurring for 4 quarters, causing book value to get closer to the price of cars sold. This segment was also impacted by (i) the truck drivers' strike and World Cup, with lower sales volume on days of the strike and games, causing lower dilution of fixed costs and impact on revenue; and (ii) payroll expenses. Excluding these effects, the margin would have been around 4%.

Considering the above-mentioned effects, we estimate that consolidated EBITDA would have been approximately R\$39 million higher, totaling R\$387 million.

## 8 - Depreciation

### 8.1 – Rent a Car

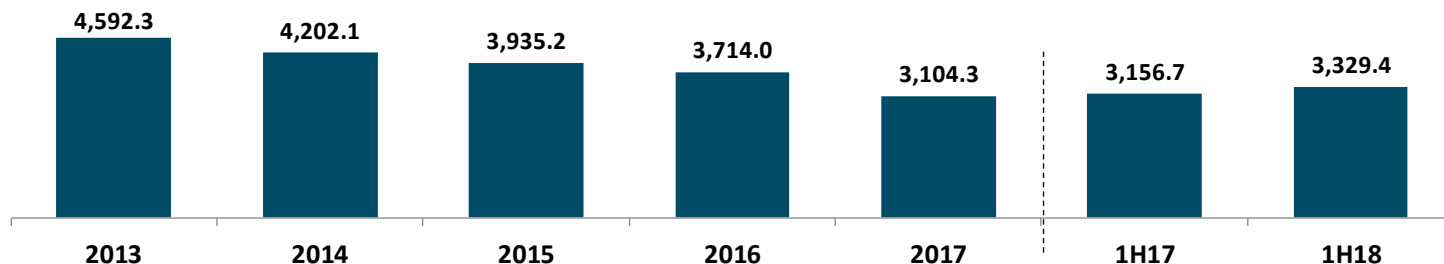
#### Average annualized depreciation per car (R\$) – RAC



The annualized average depreciation of 1H18 was R\$758.5, 46.9% lower if compared with 1H17. The decrease in depreciation reflects the Company's efficiency in the purchase and sale of its assets, besides the increase in the average sale price.

### 8.2 – Fleet Rental

#### Average annualized depreciation per car (R\$) – Fleet Rental

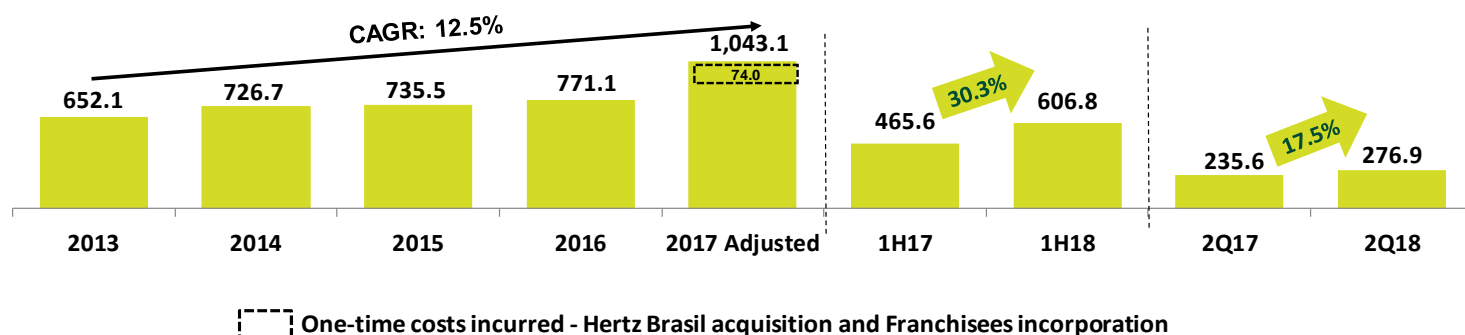


In the **Fleet Rental** division, the annualized average depreciation per car in 1H18 was R\$3,329.4, a 5.5% increase when compared with 1H17. Depreciation reflects the fleet mix and the Company's expectations in relation to the sales price of this division.



## 9 - EBIT

### Consolidated EBIT (R\$ million)



EBIT margin calculated over rental revenues:

Divisions	2013	2014	2015	2016	2017	1H17	1H18	2Q17	2Q18
Car Rental	32.8%	36.2%	34.3%	30.2%	35.5%*	34.9%	34.6%	35.1%	30.2%
Fleet Rental	45.1%	44.3%	48.9%	51.2%	51.4%*	52.4%	49.9%	54.0%	51.8%
Consolidated	37.1%	38.8%	39.1%	36.8%	40.0%*	40.2%	38.6%	40.8%	36.0%

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

Consolidated EBIT for 2Q18 reached R\$276.9 million, a 17.5% increase when compared with 2Q17, due to a 16.4% increase in EBITDA and partially offset by a 12.0% increase in depreciation.

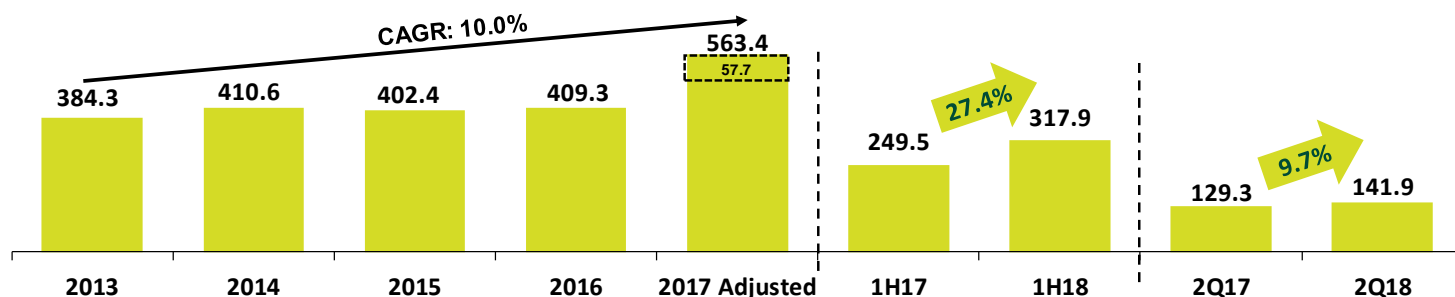
The EBIT margin of 2Q18 of the **Car Rental** Division was 30.2%, representing a decrease of 4.9 p.p. when compared with 2Q17, reflecting the decrease in EBITDA in this division and lower Seminovos margin.

The EBIT margin of the **Fleet Rental** division in 2Q18 was 51.8%, a reduction of 2.2 p.p. in relation to 2Q17, due to higher depreciation and lower Seminovos margin.

The decrease in the interest rate allows a lower EBIT margin, maintaining the spread (ROIC - Kd) over a greater base of capital, resulting in an increase of the Company's value generation.

## 10 - Consolidated net income

### Consolidated net income (R\$ million)



One-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation, after taxes

Reconciliation EBITDA x Net income	2013	2014	2015	2016	2017*	Var. R\$	Var. %	1H17	1H18	Var. R\$	Var. %	2Q17	2Q18	Var. R\$	Var. %
Consolidated EBITDA	916.5	969.8	934.8	1,015.6	1,314.2	298.6	29.4%	595.6	745.0	149.4	25.1%	298.7	347.6	48.9	16.4%
Cars depreciation	(229.0)	(207.4)	(163.6)	(206.3)	(232.0)	(25.7)	12.5%	(112.0)	(116.7)	(4.7)	4.2%	(54.1)	(59.8)	(5.7)	10.5%
Other property depreciation and amortization	(35.4)	(35.7)	(35.7)	(38.2)	(39.1)	(0.9)	2.4%	(18.0)	(21.5)	(3.5)	19.4%	(9.0)	(10.9)	(1.9)	21.1%
EBIT	652.1	726.7	735.5	771.1	1,043.1	272.0	35.3%	465.6	606.8	141.2	30.3%	235.6	276.9	41.3	17.5%
Financial expenses, net	(110.6)	(151.1)	(202.7)	(243.5)	(315.0)	(71.5)	29.4%	(142.0)	(177.6)	(35.6)	25.1%	(67.2)	(88.7)	(21.5)	32.0%
Income tax and social contribution	(157.2)	(165.0)	(130.4)	(118.3)	(164.7)	(46.4)	39.2%	(74.1)	(111.3)	(37.2)	50.2%	(39.1)	(46.3)	(7.2)	18.4%
Net income of the period	384.3	410.6	402.4	409.3	563.4	154.1	37.6%	249.5	317.9	68.4	27.4%	129.3	141.9	12.6	9.7%

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

The net income of 2Q18 totaled R\$141.9 million, an increase of 9.7% over 2Q17, mainly due to:

(+) R\$48.9 million EBITDA increase;

(-) R\$7.6 million increase in depreciation;

(-) R\$21.5 million increase in net financial expenses, mainly due to an increase in the average debt balance (R\$2.3 billion increase), partially offset by lower interest rate. The lower financial income is a result of a decrease in the basic interest rate and lower return of financial investments, which is why we reduced the average cash position aiming at reducing its carrying costs.

(-) R\$7.2 million increase in income taxes, due to higher taxable income and an increase in the income tax effective rate and social contribution. The higher rate is due to the lower representativeness of interest on equity in relation to net income.

Excluding non-recurring effects, we estimate that consolidated net income would have been higher by approximately R\$29 million, totaling R\$ 171 million in the 2Q18.

## 11 – Free cash flow (FCF)

Free cash flow - R\$ million		2013	2014	2015	2016	2017	1H18
Operations	EBITDA	916.5	969.8	934.8	1,015.60	1314.2	745.0
	Used car sale revenue, net from taxes	(1,747.3)	(2,018.2)	(2,044.9)	(2,342.5)	(3,451.2)	(1,991.2)
	Depreciated cost of cars sold	1,543.8	1,777.0	1,769.1	2,102.5	3,106.6	1,820.0
	(-) Income tax and social contribution	(108.5)	(113.1)	(110.7)	(93.3)	(108.3)	(79.3)
	Change in working capital	2.9	(27.1)	(30.0)	(40.8)	(47.9)	(63.7)
Cash generated by rental operations		607.4	588.4	518.3	641.5	813.4	430.8
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	1,747.3	2,018.2	2,036.3	2,342.5	3,451.2	1,991.2
	Fleet renewal investment	(1,819.7)	(2,197.7)	(2,278.4)	(2,563.6)	(3,660.9)	(1,988.6)
	Change in accounts payable to car suppliers – renewal	144.3	120.0	(25.4)	219.9	227.6	(167.4)
	Net investment for fleet renewal	71.9	(59.5)	(267.5)	(1.2)	17.9	(164.8)
Fleet renewal – quantity		62,641	70,621	64,032	68,449	90,554	48,914
Investment, property and intangible		(47.5)	(46.3)	(29.7)	(42.2)	(48.8)	(20.5)
Free cash flow from operations, before growth		631.8	482.6	221.1	598.1	782.5	245.5
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)	(588.5)
	Change in accounts payable to car suppliers – growth	(54.6)	214.4	(23.9)	26.8	168.7	101.0
	Hertz Brazil acquisition - fleet	-	-	-	-	(286.5)	-
	Fleet growth capex	(264.0)	(72.4)	(15.3)	(699.2)	(1,924.8)	(487.5)
Fleet increase / (reduction) – quantity		7,103	9,183	(273)	19,384	52,860	14,474
Free cash flow after growth, interest and new HQ		367.8	410.2	205.8	(101.1)	(1,142.3)	(242.0)
Capex - non-recurring	Hertz Acquisition (Except fleet) / Incurred one-time costs effect	-	-	-	-	(120.7)	-
	New headquarters construction and furniture	(6.5)	(148.3)	(30.7)	(84.4)	(126.2)	-
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)	(242.0)
Cash effects of discount of credit card receivables and anticipation of payables to suppliers (**)		-	-	(71.9)	98.0	88.3	(260.2)
Free cash flow before interest		361.3	261.9	103.2	(87.5)	(1,300.9)	(502.2)

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

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

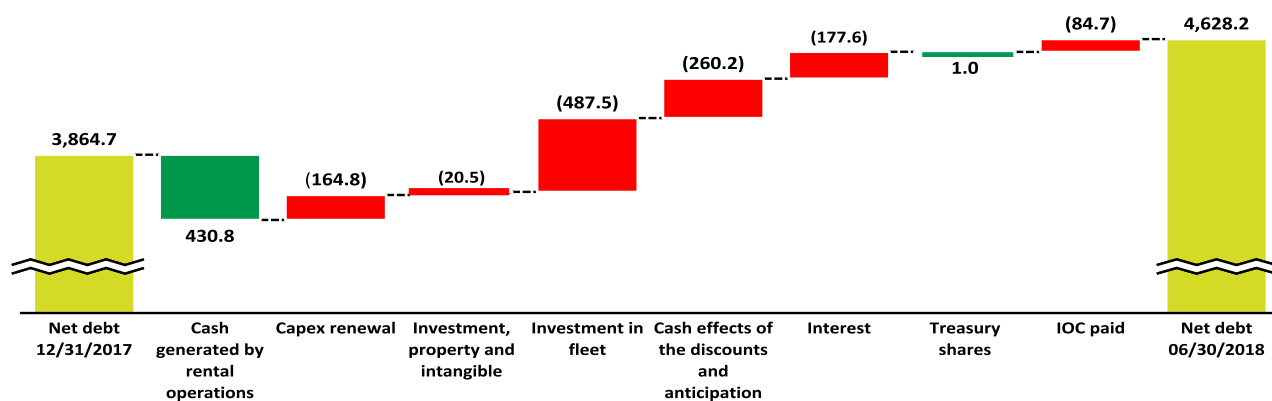
(\*\*) Discount of credit card receivables and anticipation of accounts payable to suppliers were demonstrated in a different line so that the Free Cash Flow From Operations, Before Growth considered only the contractual terms, reflecting the Company's operation

In 2Q18, considering the strong cash position and in order to reduce its carrying costs, the Company chose not to discount credit card receivables and took advantage of opportunities to anticipate accounts payable to suppliers. The net impact of these measures was an increase of R\$260.2 million in the company's working capital.

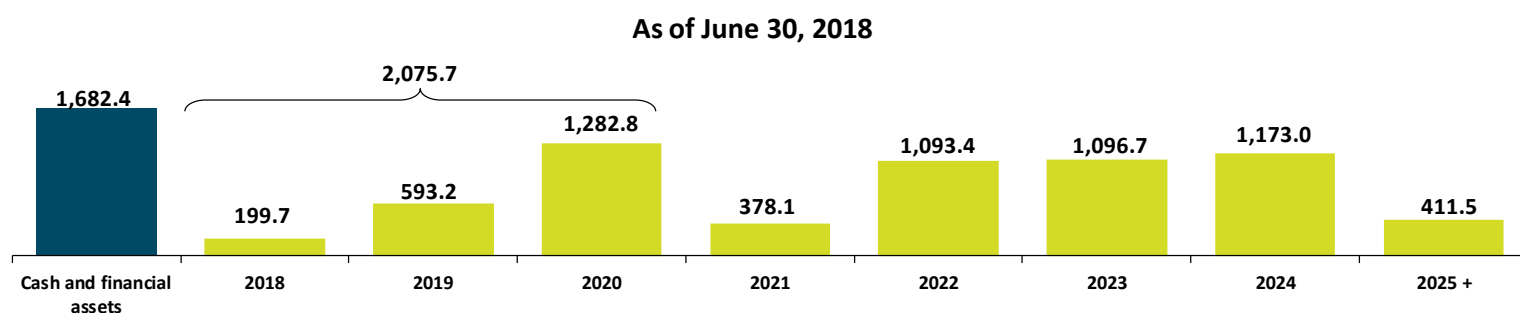
Those effects, for not reflecting the contractual terms, are demonstrated in the line “Cash Effects of Discount of Credit Card Receivables and Anticipation of Payables to Suppliers”. We only considered in this line the discounts and anticipations made based on financial decision of short-term cash management.

## 12 – Debt

### 12.1 – Change in debt – R\$ million

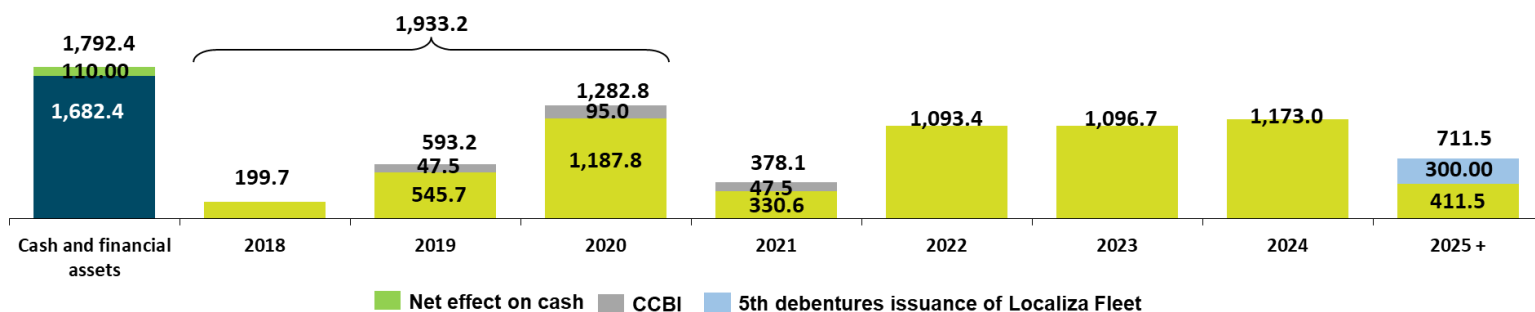


### 12.2 – Debt maturity profile – Principal – R\$ million



The cash position on 06/30/2018 was R\$ 1.7 billion and on July 18, 2018, the Company announced the fifth issuance of debentures of Localiza Fleet in the amount R\$300 million, scheduled to be settled on July 31. In addition, the prepayment of CCBI was approved, in the total amount of R\$190.0 million, expected to occur on August 6. The graph below shows the proforma debt profile of post funding and prepayment:

#### Proforma considering the Fleet's 5<sup>th</sup> issuance and CCBI prepayment



## 12.3 – Debt profile

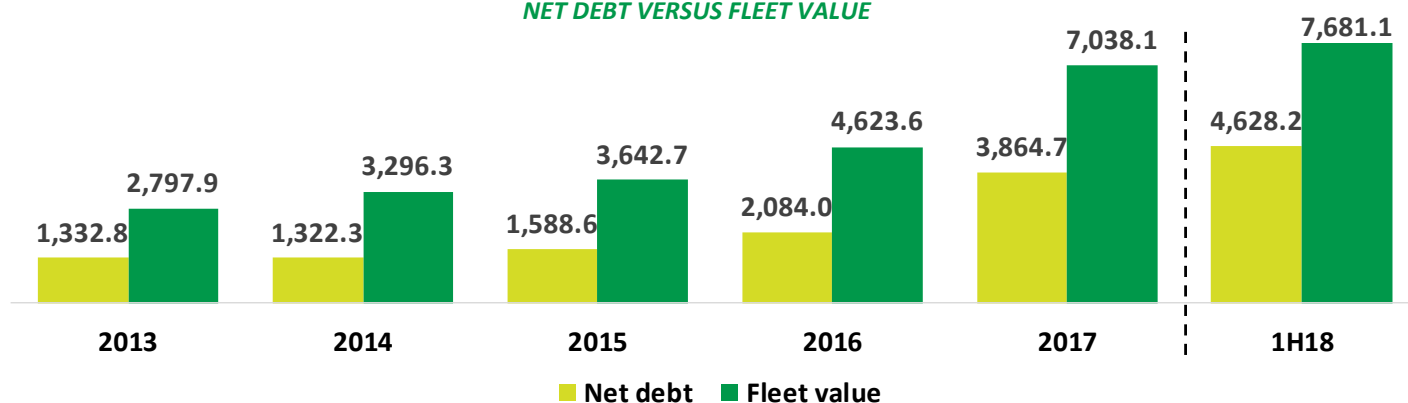
Debt	Issuance	Contract rate	2018	2019	2020	2021	2022	2023	2024	2025+	Total
Debentures 7th Issuance	09/30/2013	110.95% CDI	37.5	75.0	100.0	100.0	-	-	-	-	312.5
Debentures 8th Issuance	09/10/2014	109.5% CDI	-	250.0	250.0	-	-	-	-	-	500.0
Debentures 10th Issuance	01/08/2016	113.9% CDI	-	-	100.0	100.0	-	-	-	-	200.0
Debentures 11th Issuance	12/12/2016	111.5% 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
Debentures 3rd Issuance of Localiza Fleet	05/05/2017	107.0% CDI	-	-	-	-	-	500.0	-	-	500.0
Debentures 4th Issuance of Localiza Fleet	10/02/2017	CDI + 0.30%	-	-	-	-	-	-	350.0	-	350.0
Foreign currency loan with SWAP	05/22/2018	108,0% CDI	-	-	-	-	150.0	150.0	-	-	300.0
Promissory notes 6th issuance	09/29/2017	CDI + 0.40%	-	-	650.0	-	-	-	-	-	650.0
CCBI – New headquarters	06/18/2014	98.8% CDI	-	47.5	95.0	47.5	-	-	-	-	190.0
Real State Receivables Certificate (CRI)	02/26/2018	99% CDI	13.4	7.0	4.3	5.6	9.0	12.3	15.0	303.5	370.1
Working Capital / Others	-	Several	148.8	213.6	83.5	125.0	-	-	-	-	570.9
Interest accrued and paid	-	-	81.9	-	-	-	-	-	-	-	81.9
Cash and cash equivalents on 06/30/2018	-	-	(1,682.4)	-	-	-	-	-	-	-	(1,682.4)
<b>Net debt</b>	<b>-</b>	<b>-</b>	<b>(1,400.8)</b>	<b>593.1</b>	<b>1,282.8</b>	<b>378.1</b>	<b>1,093.5</b>	<b>1,096.8</b>	<b>1,173.1</b>	<b>411.6</b>	<b>4,628.2</b>

Localiza's strong cash position ensured greater flexibility for the Company in terms of new issuances and higher prepayment of more expansive debt, with the goal of reducing the average cost and increasing the duration of the consolidated debt.

In 2Q18, the 9th issuance of Localiza debentures was pre-paid, with interest rate of 113.2% of CDI and we raised a new loan at 108% of CDI and an average maturity of 4.5 years

## 12.4 – Debt ratios

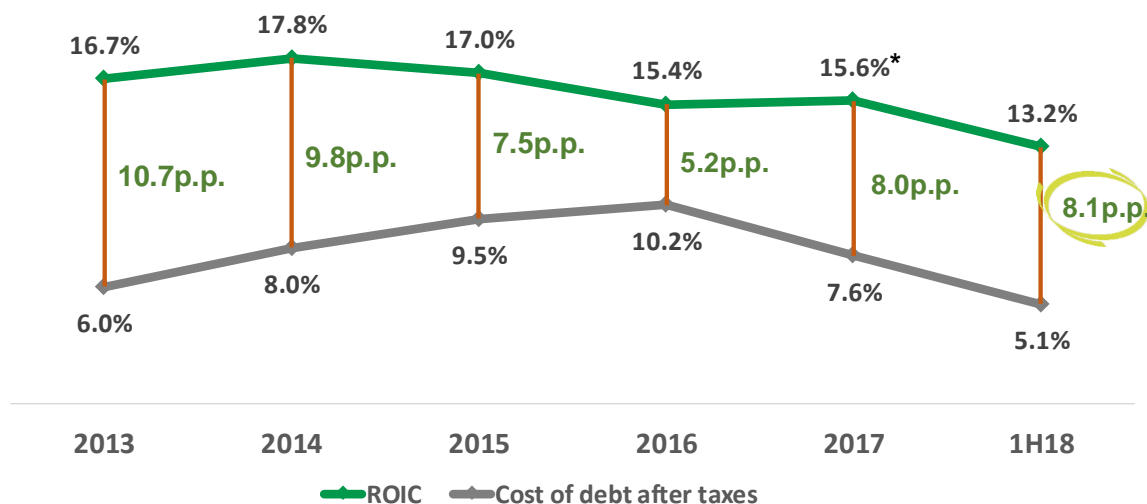
NET DEBT VERSUS FLEET VALUE



BALANCE AT THE END OF PERIOD	2013	2014	2015	2016	2017	1H18
Net debt / Fleet value	48%	40%	44%	45%	55%	60%
Net debt / annualized EBITDA	1.5x	1.4x	1.7x	2.1x	2.9x	3.1x
Net debt / Equity	1.0x	0.8x	0.8x	0.9x	1.5x	1.6x
EBITDA / Net financial expenses	8.3x	6.4x	4.6x	4.2x	4.2x	4.2x

EXCLUDING THE EFFECTS OF THE ANTICIPATIONS THE NET DEBT/EBITDA RATIO WOULD HAVE BEEN OF 2.9x

## 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	

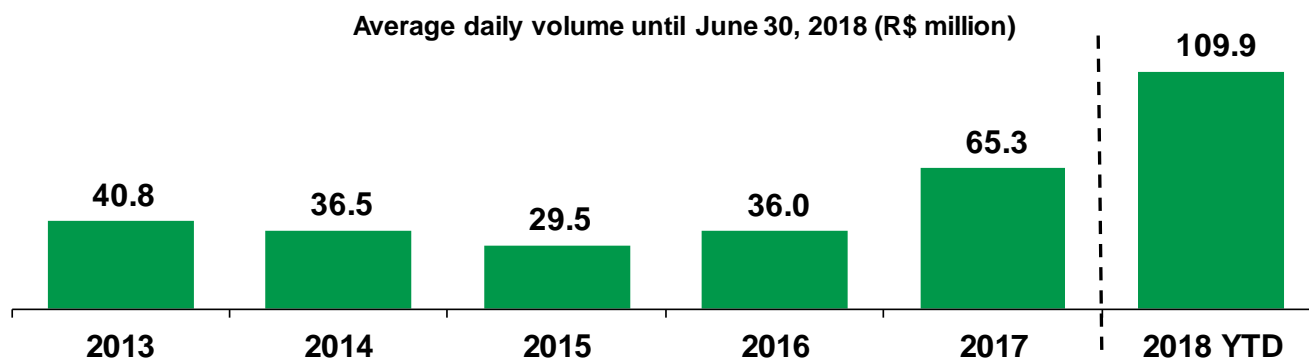
2018 interest on capital were approved as follow:

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
Total					85.0	

(\*) 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\$109.9 million, 68.3% higher than the average volume of 2017. Under the ADR Level I program, the Company had 14,402,997 ADRs issued as of 06/30/2018.



# 16 – Results per division

## 16.1 –Table 1 – Car Rental – R\$ million

CAR RENTAL RESULTS	2013	2014	2015	2016	2017	Var.	2017 Adjusted	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Car rental gross revenues (*)	1,208.4	1,352.1	1,316.9	1,486.9	1,898.7	27.7%	1,898.7	27.7%	833.0	1,180.1	41.7%	412.2	572.0	38.8%
Taxes on revenues (**)	(44.9)	(67.7)	(58.9)	(58.9)	(50.2)	-14.8%	(50.2)	-14.8%	(32.1)	(23.8)	-25.9%	(14.8)	(10.3)	-30.4%
<b>Car rental net revenues</b>	<b>1,163.5</b>	<b>1,284.4</b>	<b>1,258.0</b>	<b>1,428.0</b>	<b>1,848.5</b>	<b>29.4%</b>	<b>1,848.5</b>	<b>29.4%</b>	<b>800.9</b>	<b>1,156.3</b>	<b>44.4%</b>	<b>397.4</b>	<b>561.7</b>	<b>41.3%</b>
Car rental costs	(536.9)	(577.3)	(618.1)	(707.4)	(926.4)	31.0%	(870.7)	23.1%	(381.4)	(553.4)	45.1%	(191.6)	(273.8)	42.9%
<b>Gross profit</b>	<b>626.6</b>	<b>707.1</b>	<b>639.9</b>	<b>720.6</b>	<b>922.1</b>	<b>28.0%</b>	<b>977.8</b>	<b>35.7%</b>	<b>419.5</b>	<b>602.9</b>	<b>43.7%</b>	<b>205.8</b>	<b>287.9</b>	<b>39.9%</b>
Operating expenses (SG&A)	(197.9)	(209.7)	(239.9)	(258.8)	(347.2)	34.2%	(332.3)	28.4%	(136.7)	(211.0)	54.4%	(70.6)	(108.2)	53.3%
Other assets depreciation and amortization	(22.2)	(22.2)	(22.3)	(23.9)	(23.6)	-1.3%	(23.6)	-1.3%	(10.9)	(13.0)	19.3%	(5.5)	(6.6)	20.0%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>406.5</b>	<b>475.2</b>	<b>377.7</b>	<b>437.9</b>	<b>551.3</b>	<b>25.9%</b>	<b>621.9</b>	<b>42.0%</b>	<b>271.9</b>	<b>378.9</b>	<b>39.4%</b>	<b>129.7</b>	<b>173.1</b>	<b>33.5%</b>
Financial expenses, net	(1.3)	(1.5)	(2.0)	(1.4)	(5.3)	278.6%	(5.3)	278.6%	(0.8)	(9.5)	1087.5%	(0.5)	(8.3)	1560.0%
Income tax and social contribution	(119.5)	(136.2)	(89.9)	(95.9)	(123.4)	28.7%	(138.9)	44.8%	(61.7)	(96.4)	56.2%	(29.9)	(40.7)	36.1%
<b>Net income for the period</b>	<b>285.7</b>	<b>337.5</b>	<b>285.8</b>	<b>340.6</b>	<b>422.6</b>	<b>24.1%</b>	<b>477.7</b>	<b>40.3%</b>	<b>209.4</b>	<b>273.0</b>	<b>30.4%</b>	<b>99.3</b>	<b>124.1</b>	<b>25.0%</b>
<b>Net Margin</b>	<b>24.6%</b>	<b>26.3%</b>	<b>22.7%</b>	<b>23.9%</b>	<b>22.9%</b>	<b>-1.0 p.p.</b>	<b>25.8%</b>	<b>1.9 p.p.</b>	<b>26.1%</b>	<b>23.6%</b>	<b>-2.5 p.p.</b>	<b>25.0%</b>	<b>22.1%</b>	<b>-2.9 p.p.</b>
<b>EBITDA</b>	<b>428.7</b>	<b>497.4</b>	<b>400.0</b>	<b>461.8</b>	<b>574.9</b>	<b>24.5%</b>	<b>645.5</b>	<b>39.8%</b>	<b>282.8</b>	<b>391.9</b>	<b>38.6%</b>	<b>135.2</b>	<b>179.7</b>	<b>32.9%</b>
<b>EBITDA Margin</b>	<b>36.8%</b>	<b>38.7%</b>	<b>31.8%</b>	<b>32.3%</b>	<b>31.1%</b>	<b>-1.2 p.p.</b>	<b>34.9%</b>	<b>2.6 p.p.</b>	<b>35.3%</b>	<b>33.9%</b>	<b>-1.4 p.p.</b>	<b>34.0%</b>	<b>32.0%</b>	<b>-2.0 p.p.</b>

USED CAR SALES RESULTS (SEMINOVOS)	2013	2014	2015	2016	2017	Var.	2017 Adjusted	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Gross revenues (*)	1,486.1	1,671.4	1,679.2	1,997.8	2,990.0	49.7%	2,990.0	49.7%	1,342.7	1,676.7	24.9%	664.0	823.0	23.9%
Taxes on revenues	(3.1)	(3.5)	(2.5)	(2.7)	(4.9)	81.5%	(4.9)	81.5%	(1.9)	(2.7)	42.1%	(1.0)	(1.2)	20.0%
<b>Net revenues</b>	<b>1,483.0</b>	<b>1,667.9</b>	<b>1,676.7</b>	<b>1,995.1</b>	<b>2,985.1</b>	<b>49.6%</b>	<b>2,985.1</b>	<b>49.6%</b>	<b>1,340.8</b>	<b>1,674.0</b>	<b>24.9%</b>	<b>663.0</b>	<b>821.8</b>	<b>24.0%</b>
Book value of cars sold and preparation for sale	(1,271.9)	(1,428.4)	(1,396.3)	(1,727.5)	(2,603.2)	50.7%	(2,603.2)	50.7%	(1,165.6)	(1,479.4)	26.9%	(570.0)	(732.7)	28.5%
<b>Gross profit</b>	<b>211.1</b>	<b>239.5</b>	<b>280.4</b>	<b>267.6</b>	<b>381.9</b>	<b>42.7%</b>	<b>381.9</b>	<b>42.7%</b>	<b>175.2</b>	<b>194.6</b>	<b>11.1%</b>	<b>93.0</b>	<b>89.1</b>	<b>-4.2%</b>
Operating expenses (SG&A)	(138.7)	(160.7)	(178.8)	(176.8)	(220.0)	24.4%	(220.0)	24.4%	(104.1)	(122.0)	17.2%	(52.4)	(65.0)	24.0%
Cars depreciation	(85.8)	(78.1)	(38.9)	(87.8)	(117.7)	34.1%	(117.7)	34.1%	(58.5)	(46.8)	-20.0%	(28.4)	(25.2)	-11.3%
Other assets depreciation and amortization	(11.7)	(11.3)	(8.8)	(9.1)	(9.7)	6.6%	(9.7)	6.6%	(4.6)	(4.7)	2.2%	(2.3)	(2.4)	4.3%
<b>Operating profit (loss) before financial results and taxes (EBIT)</b>	<b>(25.1)</b>	<b>(10.6)</b>	<b>53.9</b>	<b>(6.1)</b>	<b>34.5</b>	<b>-665.6%</b>	<b>34.5</b>	<b>-665.6%</b>	<b>8.0</b>	<b>21.1</b>	<b>163.7%</b>	<b>9.9</b>	<b>(3.5)</b>	<b>-135.4%</b>
Financial expenses, net	(76.6)	(106.3)	(138.4)	(174.4)	(229.9)	31.8%	(229.9)	31.8%	(104.2)	(130.1)	24.9%	(48.6)	(62.7)	29.0%
Income tax and social contribution	30.3	33.2	17.6	37.2	43.9	18.0%	43.9	18.0%	21.5	27.7	28.8%	8.9	16.2	82.0%
<b>Net loss for the period</b>	<b>(71.4)</b>	<b>(83.7)</b>	<b>(66.9)</b>	<b>(143.3)</b>	<b>(151.5)</b>	<b>5.7%</b>	<b>(151.5)</b>	<b>5.7%</b>	<b>(74.7)</b>	<b>(81.3)</b>	<b>8.8%</b>	<b>(29.8)</b>	<b>(50.0)</b>	<b>67.8%</b>
<b>Net Margin</b>	<b>-4.8%</b>	<b>-5.0%</b>	<b>-4.0%</b>	<b>-7.2%</b>	<b>-5.1%</b>	<b>2.1 p.p.</b>	<b>-5.1%</b>	<b>2.1 p.p.</b>	<b>-5.6%</b>	<b>-4.9%</b>	<b>0.7 p.p.</b>	<b>-4.5%</b>	<b>-6.1%</b>	<b>-1.6 p.p.</b>
<b>EBITDA</b>	<b>72.4</b>	<b>78.8</b>	<b>101.6</b>	<b>90.8</b>	<b>161.9</b>	<b>78.3%</b>	<b>161.9</b>	<b>78.3%</b>	<b>71.1</b>	<b>72.6</b>	<b>2.1%</b>	<b>40.6</b>	<b>24.1</b>	<b>-40.6%</b>
<b>EBITDA Margin</b>	<b>4.9%</b>	<b>4.7%</b>	<b>6.1%</b>	<b>4.6%</b>	<b>5.4%</b>	<b>0.8 p.p.</b>	<b>5.4%</b>	<b>0.8 p.p.</b>	<b>5.3%</b>	<b>4.3%</b>	<b>-1.0 p.p.</b>	<b>6.1%</b>	<b>2.9%</b>	<b>-3.2 p.p.</b>

CAR RENTAL TOTAL FIGURES	2013	2014	2015	2016	2017	Var.	2017 Adjusted	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Car rental gross revenues (*)	1,208.4	1,352.1	1,316.9	1,486.9	1,898.7	27.7%	1,898.7	27.7%	833.0	1,180.1	41.7%	412.2	572.0	38.8%
Car sales for fleet renewal - gross revenues (*)	1,486.1	1,671.4	1,679.2	1,997.8	2,990.0	49.7%	2,990.0	49.7%	1,342.7	1,676.7	24.9%	664.0	823.0	23.9%
Total gross revenues (*)	2,694.5	3,023.5	2,996.1	3,484.7	4,888.7	40.3%	4,888.7	40.3%	2,175.7	2,856.8	31.3%	1,076.2	1,395.0	29.6%
Taxes on revenues	(44.9)	(67.7)	(58.9)	(58.9)	(50.2)	-14.8%	(50.2)	-14.8%	(32.1)	(23.8)	-25.9%	(14.8)	(10.3)	-30.4%
Car sales for fleet renewal	(3.1)	(3.5)	(2.5)	(2.7)	(4.9)	81.5%	(4.9)	81.5%	(1.9)	(2.7)	42.1%	(1.0)	(1.2)	20.0%
Car rental revenues - net revenues	1,163.5	1,284.4	1,258.0	1,428.0	1,848.5	29.4%	1,848.5	29.4%	800.9	1,156.3	44.4%	397.4	561.7	41.3%
Car sales for fleet renewal - net revenues	1,483.0	1,667.9	1,676.7	1,995.1	2,985.1	49.6%	2,985.1	49.6%	1,340.8	1,674.0	24.9%	663.0	821.8	24.0%
<b>Total net revenues</b>	<b>2,646.5</b>	<b>2,952.3</b>	<b>2,934.7</b>	<b>3,423.1</b>	<b>4,833.6</b>	<b>41.2%</b>	<b>4,833.6</b>	<b>41.2%</b>	<b>2,141.7</b>	<b>2,830.3</b>	<b>32.2%</b>	<b>1,060.4</b>	<b>1,383.5</b>	<b>30.5%</b>
Direct costs	(536.9)	(577.3)	(618.1)	(707.4)	(926.4)	31.0%	(870.7)	23.1%	(381.4)	(553.4)	45.1%	(191.6)	(273.8)	42.9%
Car sales for fleet renewal	(1,271.9)	(1,428.4)	(1,396.3)	(1,727.5)	(2,603.2)	50.7%	(2,603.2)	50.7%	(1,165.6)	(1,479.4)	26.9%	(570.0)	(732.7)	28.5%
<b>Gross profit</b>	<b>837.7</b>	<b>946.6</b>	<b>920.3</b>	<b>988.2</b>	<b>1,304.0</b>	<b>32.0%</b>	<b>1,359.7</b>	<b>37.6%</b>	<b>594.7</b>	<b>797.5</b>	<b>34.1%</b>	<b>298.8</b>	<b>377.0</b>	<b>26.2%</b>
Operating expenses (SG&A)	(197.9)	(209.7)	(239.9)	(258.8)	(347.2)	34.2%	(332.3)	28.4%	(136.7)	(211.0)	54.4%	(70.6)	(108.2)	53.3%
Car sales for fleet renewal	(138.7)	(160.7)	(178.8)	(176.8)	(220.0)	24.4%	(220.0)	24.4%	(104.1)	(122.0)	17.2%	(52.4)	(65.0)	24.0%
Cars depreciation	(85.8)	(78.1)	(38.9)	(87.8)	(117.7)	34.1%	(117.7)	34.1%	(58.5)	(46.8)	-20.0%	(28.4)	(25.2)	-11.3%
Other assets depreciation and amortization	(22.2)	(22.2)	(22.3)	(23.9)	(23.6)	-1.3%	(23.6)	-1.3%	(10.9)	(13.0)	19.3%	(5.5)	(6.6)	20.0%
Car sales for fleet renewal	(11.7)	(11.3)	(8.8)	(9.1)	(9.7)	6.6%	(9.7)	6.6%	(4.6)	(4.7)	2.2%	(2.3)	(2.4)	4.3%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>381.4</b>	<b>464.6</b>	<b>431.6</b>	<b>431.8</b>	<b>585.8</b>	<b>35.7%</b>	<b>656.4</b>	<b>52.0%</b>	<b>279.9</b>	<b>400.0</b>	<b>42.9%</b>	<b>139.6</b>	<b>169.6</b>	<b>21.5%</b>
Financial expenses, net	(77.9)	(107.8)	(140.4)	(175.8)	(235.2)	33.8%	(235.2)	33.8%	(105.0)	(139.6)	33.0%	(49.1)	(71.0)	44.6%
Income tax and social contribution	(89.2)	(103.0)	(72.3)	(58.7)	(79.5)	35.4%	(95.0)	61.8%	(40.2)	(68.7)	70.9%	(21.0)	(24.5)	16.7%
<b>Net income for the period</b>	<b>214.3</b>	<b>253.8</b>	<b>218.9</b>	<b>197.3</b>	<b>271.1</b>	<b>37.4%</b>	<b>326.2</b>	<b>65.3%</b>	<b>134.7</b>	<b>191.7</b>	<b>42.3%</b>	<b>69.5</b>	<b>74.1</b>	<b>6.6%</b>
<b>Net margin</b>	<b>8.1%</b>	<b>8.6%</b>	<b>7.5%</b>	<b>5.8%</b>	<b>5.6%</b>	<b>-0.2 p.p.</b>	<b>6.7%</b>	<b>0.9 p.p.</b>	<b>6.3%</b>	<b>6.8%</b>	<b>0.5 p.p.</b>	<b>6.6%</b>	<b>5.4%</b>	<b>-1.2 p.p.</b>
<b>EBITDA</b>	<b>501.1</b>	<b>576.2</b>	<b>501.6</b>	<b>552.6</b>	<b>736.8</b>	<b>33.3%</b>	<b>807.4</b>	<b>46.1%</b>	<b>353.9</b>	<b>464.5</b>	<b>31.3%</b>	<b>175.8</b>	<b>203.8</b>	<b>15.9%</b>
<b>EBITDA margin</b>	<b>18.9%</b>	<b>19.5%</b>	<b>17.1%</b>	<b>16.1%</b>	<b>15.2%</b>	<b>-0.9 p.p.</b>	<b>16.7%</b>	<b>0.6 p.p.</b>	<b>16.5%</b>	<b>16.4%</b>	<b>-0.1 p.p.</b>	<b>16.6%</b>	<b>14.7%</b>	<b>-1.9 p.p.</b>

OPERATING DATA	2013	2014	2015	2016	2017	Var.	2017	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Average operating fleet	59,094	61,525	62,513	70,185	94,194	34.2%	94,194	34.2%	81,931	123,401	50.6%	82,850	126,339	52.5%
Average rented fleet	39,475	42,999	43,315	51,515	69,762	35.4%	69,762	35.4%	60,704	91,036	50.0%	61,900	91,091	47.2%
Average operating fleet age (in months)	7.2	7.2	7.4	7.9	6.5	-17.7%	6.5	-17.7%	6.9	7.2	4.3%	7.1	7.5	5.6%
End of period fleet	70,717	77,573	76,755	94,156	135,578	44.0%	135,578	44.0%	100,578	145,837	45.0%	100,578	145,837	45.0%
Number of rental days - in thousands	14,241.7	15,416.0	15,566.1	18,662.4	25,263.6	35.4%	25,263.6	35.4%	10,874.0	16,373.4	50.6%	5,565.5	8,234.0	47.9%
Average daily rental revenues per car (R\$)	84.85	87.71	84.56	79.67	75.16	-5.7%	75.16	-5.7%	76.61	72.08	-5.9%	74.07	69.46	-6.2%
Annualized average depreciation per car (R\$)	1,452.4	1,270.0	622.1	1,251.2	1,250.1	-0.1%	1,250.1	-0.1%	1,427.7	758.5	-46.9%	1,371.8	799.0	-41.8%
Utilization rate (Does not include cars in preparation and decommissioning)	-	-	75.4%	78.0%	78.6%	0.6 p.p.	78.6%	0.6 p.p.	77.5%	77.9%	0.4 p.p.	79.0%	77.0%	-2.0 p.p.
Number of cars purchased	58,826	64,908	52,343	76,071	114,966	51.1%	114,966	51.1%	41,984	51,374	22.4%	30,466	32,174	5.6%
Number of cars sold	52,759	57,578	52,508	57,596	76,901	33.5%	76,901	33.5%	34,959	40,209	15.0%	17,102	19,627	14.8%
Average sold fleet age (in months)	15.3	14.4	14.9	16.8	14.3	-14.9%	14.3	-14.9%	14.8	14.5	-2.0%	13.7	14.0	2.2%
Average total fleet	68,251	70,982	72,169	80,765	107,997	33.7%	107,997	33.7%	91,153	136,703	50.0%	95,297	142,093	49.1%
Average value of total fleet - R\$ million	1,776.8	1,963.8	2,205.9	2,790.2	4,100.6	47.0%	4,100.6	47.0%	3,392.0	5,354.9	57.9%	3,594.6	5,599.6	55.8%
Average value per car in the period - R\$ thsd	26.0	27.7	30.6	34.5	38.0	10.1%	38.0	10.1%	37.2	39.2	5.4%	37.7	39.4	4.5%

(\*) 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 14 of the 2017 Financial Statements



## 16.2 – Table 2 – Fleet Rental – R\$ million

FLEET RENTAL RESULTS	2013	2014	2015	2016	2017	Var.	2017 Adjusted	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Fleet rental gross revenues (*)	592.8	589.5	619.6	664.1	757.4	14.0%	757.4	14.0%	358.3	409.9	14.4%	180.5	205.4	13.8%
Taxes on revenues (**)	(16.9)	(17.6)	(11.1)	(12.3)	(15.3)	24.4%	(15.3)	24.4%	(8.6)	(3.1)	-64.0%	(4.1)	(1.9)	-53.7%
<b>Fleet rental net revenues</b>	<b>575.9</b>	<b>571.9</b>	<b>608.5</b>	<b>651.8</b>	<b>742.1</b>	<b>13.9%</b>	<b>742.1</b>	<b>13.9%</b>	<b>349.7</b>	<b>406.8</b>	<b>16.3%</b>	<b>176.4</b>	<b>203.5</b>	<b>15.4%</b>
Fleet rental costs	(161.1)	(190.8)	(189.3)	(193.7)	(220.4)	13.8%	(220.1)	13.6%	(105.7)	(122.8)	16.2%	(54.3)	(57.7)	6.3%
<b>Gross profit</b>	<b>414.8</b>	<b>381.1</b>	<b>419.2</b>	<b>458.1</b>	<b>521.7</b>	<b>13.9%</b>	<b>522.0</b>	<b>13.9%</b>	<b>244.0</b>	<b>284.0</b>	<b>16.4%</b>	<b>122.1</b>	<b>145.8</b>	<b>19.4%</b>
Operating expenses (SG&A)	(37.5)	(38.1)	(40.7)	(37.9)	(65.4)	72.6%	(62.3)	64.4%	(25.9)	(28.0)	8.1%	(13.1)	(14.3)	9.2%
Other assets depreciation and amortization	(1.1)	(1.1)	(2.2)	(2.9)	(3.5)	20.7%	(3.5)	20.7%	(1.4)	(2.4)	71.4%	(0.7)	(1.2)	71.4%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>376.2</b>	<b>341.9</b>	<b>376.3</b>	<b>417.3</b>	<b>452.8</b>	<b>8.5%</b>	<b>456.2</b>	<b>9.3%</b>	<b>216.7</b>	<b>253.6</b>	<b>17.0%</b>	<b>108.3</b>	<b>130.3</b>	<b>20.3%</b>
Financial expenses, net	(0.1)	(0.2)	(0.1)	(1.1)	(1.6)	45.5%	(1.6)	45.5%	(0.2)	(0.3)	50.0%	(0.1)	(0.2)	100.0%
Income tax and social contribution	(111.4)	(99.2)	(90.5)	(90.4)	(102.8)	13.7%	(103.6)	14.6%	(49.3)	(65.0)	31.8%	(25.1)	(31.8)	26.7%
<b>Net income for the period</b>	<b>264.7</b>	<b>242.5</b>	<b>285.7</b>	<b>325.8</b>	<b>348.4</b>	<b>6.9%</b>	<b>351.0</b>	<b>7.7%</b>	<b>167.2</b>	<b>188.3</b>	<b>12.6%</b>	<b>83.1</b>	<b>98.3</b>	<b>18.3%</b>
<b>Net Margin</b>	<b>46.0%</b>	<b>42.4%</b>	<b>47.0%</b>	<b>50.0%</b>	<b>46.9%</b>	<b>-3.1 p.p.</b>	<b>47.3%</b>	<b>-2.7 p.p.</b>	<b>47.8%</b>	<b>46.3%</b>	<b>-1.5 p.p.</b>	<b>47.1%</b>	<b>48.3%</b>	<b>1.2 p.p.</b>
<b>EBITDA</b>	<b>377.3</b>	<b>343.0</b>	<b>378.5</b>	<b>420.2</b>	<b>456.3</b>	<b>8.6%</b>	<b>459.7</b>	<b>9.4%</b>	<b>218.1</b>	<b>256.0</b>	<b>17.4%</b>	<b>109.0</b>	<b>131.5</b>	<b>20.6%</b>
<b>EBITDA Margin</b>	<b>65.5%</b>	<b>60.0%</b>	<b>62.2%</b>	<b>64.5%</b>	<b>61.5%</b>	<b>-3.0 p.p.</b>	<b>61.9%</b>	<b>-2.6 p.p.</b>	<b>62.4%</b>	<b>62.9%</b>	<b>0.5 p.p.</b>	<b>61.8%</b>	<b>64.6%</b>	<b>2.8 p.p.</b>

USED CAR SALES RESULTS (SEMINOVOS)	2013	2014	2015	2016	2017	Var.	2017 Adjusted	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Gross revenues (*)	264.6	350.8	368.6	347.8	466.5	34.1%	466.5	34.1%	185.6	317.5	71.1%	104.9	149.3	42.3%
Taxes on revenues	(0.3)	(0.5)	(0.4)	(0.4)	(0.4)	0.0%	(0.4)	0.0%	(0.1)	(0.3)	200.0%	(0.1)	(0.2)	100.0%
<b>Net revenues</b>	<b>264.3</b>	<b>350.3</b>	<b>368.2</b>	<b>347.4</b>	<b>466.1</b>	<b>34.2%</b>	<b>466.1</b>	<b>34.2%</b>	<b>185.5</b>	<b>317.2</b>	<b>71.0%</b>	<b>104.8</b>	<b>149.1</b>	<b>42.3%</b>
Book value of cars sold and preparation for sale	(214.1)	(276.3)	(286.7)	(279.4)	(392.1)	40.3%	(392.1)	40.3%	(150.5)	(276.4)	83.7%	(84.0)	(128.7)	53.2%
<b>Gross profit</b>	<b>50.2</b>	<b>74.0</b>	<b>81.5</b>	<b>68.0</b>	<b>74.0</b>	<b>8.8%</b>	<b>74.0</b>	<b>8.8%</b>	<b>35.0</b>	<b>40.8</b>	<b>16.6%</b>	<b>20.8</b>	<b>20.4</b>	<b>-1.9%</b>
Operating expenses (SG&A)	(23.4)	(32.6)	(33.6)	(31.0)	(32.7)	5.5%	(32.7)	5.5%	(14.1)	(20.6)	46.1%	(7.8)	(10.1)	29.5%
Cars depreciation	(143.2)	(129.3)	(124.7)	(118.5)	(114.3)	-3.5%	(114.3)	-3.5%	(53.5)	(69.9)	30.7%	(25.7)	(34.6)	34.6%
Other assets depreciation and amortization	-	(0.6)	(2.0)	(1.8)	(1.7)	-5.6%	(1.7)	-5.6%	(0.8)	(1.1)	37.5%	(0.4)	(0.5)	25.0%
<b>Operating profit (loss) before financial results and taxes (EBIT)</b>	<b>(116.4)</b>	<b>(88.5)</b>	<b>(78.8)</b>	<b>(83.3)</b>	<b>(74.7)</b>	<b>-10.3%</b>	<b>(74.7)</b>	<b>-10.3%</b>	<b>(33.4)</b>	<b>(50.8)</b>	<b>52.1%</b>	<b>(13.1)</b>	<b>(24.8)</b>	<b>89.3%</b>
Financial expenses, net	(34.0)	(44.9)	(63.8)	(68.7)	(80.0)	16.4%	(80.0)	16.4%	(38.0)	(38.5)	1.3%	(18.1)	(18.0)	-0.6%
Income tax and social contribution	44.7	38.4	33.7	32.3	35.1	8.7%	35.1	8.7%	16.2	23.1	42.6%	7.3	10.5	43.8%
<b>Net loss for the period</b>	<b>(105.7)</b>	<b>(95.0)</b>	<b>(108.9)</b>	<b>(119.7)</b>	<b>(119.6)</b>	<b>-0.1%</b>	<b>(119.6)</b>	<b>-0.1%</b>	<b>(55.2)</b>	<b>(66.2)</b>	<b>19.9%</b>	<b>(23.9)</b>	<b>(32.3)</b>	<b>35.1%</b>
<b>Net Margin</b>	<b>-40.0%</b>	<b>-27.1%</b>	<b>-29.6%</b>	<b>-34.5%</b>	<b>-25.7%</b>	<b>8.8 p.p.</b>	<b>-25.7%</b>	<b>8.8 p.p.</b>	<b>-29.8%</b>	<b>-20.9%</b>	<b>8.9 p.p.</b>	<b>-22.8%</b>	<b>-21.7%</b>	<b>1.1 p.p.</b>
<b>EBITDA</b>	<b>26.8</b>	<b>41.4</b>	<b>47.9</b>	<b>37.0</b>	<b>41.3</b>	<b>11.6%</b>	<b>41.3</b>	<b>11.6%</b>	<b>20.9</b>	<b>20.2</b>	<b>-3.3%</b>	<b>13.0</b>	<b>10.3</b>	<b>-20.8%</b>
<b>EBITDA Margin</b>	<b>10.1%</b>	<b>11.8%</b>	<b>13.0%</b>	<b>10.7%</b>	<b>8.9%</b>	<b>-1.8 p.p.</b>	<b>8.9%</b>	<b>-1.8 p.p.</b>	<b>11.3%</b>	<b>6.4%</b>	<b>-4.9 p.p.</b>	<b>12.4%</b>	<b>6.9%</b>	<b>-5.5 p.p.</b>

FLEET RENTAL TOTAL FIGURES	2013	2014	2015	2016	2017	Var.	2017 Adjusted	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Fleet rental gross revenues (*)	592.8	589.5	619.6	664.1	757.4	14.0%	757.4	14.0%	358.3	409.9	14.4%	180.5	205.4	13.8%
Car sales for fleet renewal - gross revenues (*)	264.6	350.8	368.6	347.8	466.5	34.1%	466.5	34.1%	185.6	317.5	71.1%	104.9	149.3	42.3%
<b>Total gross revenues (*)</b>	<b>857.4</b>	<b>940.3</b>	<b>988.2</b>	<b>1,011.9</b>	<b>1,223.9</b>	<b>21.0%</b>	<b>1,223.9</b>	<b>21.0%</b>	<b>543.9</b>	<b>727.4</b>	<b>33.7%</b>	<b>285.4</b>	<b>354.7</b>	<b>24.3%</b>
Taxes on revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet rental (**)	(16.9)	(17.6)	(11.1)	(12.3)	(15.3)	24.4%	(15.3)	24.4%	(8.6)	(3.1)	-64.0%	(4.1)	(1.9)	-53.7%
Car sales for fleet renewal	(0.3)	(0.5)	(0.4)	(0.4)	(0.4)	0.0%	(0.4)	0.0%	(0.1)	(0.3)	200.0%	(0.1)	(0.2)	100.0%
Fleet rental - net revenues	575.9	571.9	608.5	651.8	742.1	13.9%	742.1	13.9%	349.7	406.8	16.3%	176.4	203.5	15.4%
Car sales for fleet renewal - net revenues	264.3	350.3	368.2	347.4	466.1	34.2%	466.1	34.2%	185.5	317.2	71.0%	104.8	149.1	42.3%
<b>Total net revenues (**)</b>	<b>840.2</b>	<b>922.2</b>	<b>976.7</b>	<b>999.2</b>	<b>1,208.2</b>	<b>20.9%</b>	<b>1,208.2</b>	<b>20.9%</b>	<b>535.2</b>	<b>724.0</b>	<b>35.3%</b>	<b>281.2</b>	<b>352.6</b>	<b>25.4%</b>
Direct costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet rental	(161.1)	(190.8)	(189.3)	(193.7)	(220.4)	13.8%	(220.1)	13.6%	(105.7)	(122.8)	16.2%	(54.3)	(57.7)	6.3%
Car sales for fleet renewal	(214.1)	(276.3)	(286.7)	(279.4)	(392.1)	40.3%	(392.1)	40.3%	(150.5)	(276.4)	83.7%	(84.0)	(128.7)	53.2%
<b>Gross profit</b>	<b>465.0</b>	<b>455.1</b>	<b>500.7</b>	<b>526.1</b>	<b>595.7</b>	<b>13.2%</b>	<b>596.0</b>	<b>13.3%</b>	<b>279.0</b>	<b>324.8</b>	<b>16.4%</b>	<b>142.9</b>	<b>166.2</b>	<b>16.3%</b>
Operating expenses (SG&A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet rental	(37.5)	(38.1)	(40.7)	(37.9)	(65.4)	72.6%	(62.3)	64.4%	(25.9)	(28.0)	8.1%	(13.1)	(14.3)	9.2%
Car sales for fleet renewal	(23.4)	(32.6)	(33.6)	(31.0)	(32.7)	5.5%	(32.7)	5.5%	(14.1)	(20.6)	46.1%	(7.8)	(10.1)	29.5%
Cars depreciation	(143.2)	(129.3)	(124.7)	(118.5)	(114.3)	-3.5%	(114.3)	-3.5%	(53.5)	(69.9)	30.7%	(25.7)	(34.6)	34.6%
Other assets depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet rental	(1.1)	(1.1)	(2.2)	(2.9)	(3.5)	20.7%	(3.5)	20.7%	(1.4)	(2.4)	71.4%	(0.7)	(1.2)	71.4%
Car sales for fleet renewal	-	(0.6)	(2.0)	(1.8)	(1.7)	-5.6%	(1.7)	-5.6%	(0.8)	(1.1)	37.5%	(0.4)	(0.5)	25.0%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>259.8</b>	<b>253.4</b>	<b>297.5</b>	<b>334.0</b>	<b>378.1</b>	<b>13.2%</b>	<b>381.5</b>	<b>14.2%</b>	<b>183.3</b>	<b>202.8</b>	<b>10.6%</b>	<b>95.2</b>	<b>105.5</b>	<b>10.8%</b>
Financial expenses, net	(34.1)	(45.1)	(63.9)	(68.8)	(81.6)	16.9%	(81.6)	16.9%	(38.2)	(38.8)	1.6%	(18.2)	(18.2)	0.0%
Income tax and social contribution	(66.7)	(60.8)	(56.8)	(58.1)	(67.7)	16.5%	(68.5)	17.9%	(33.1)	(41.9)	26.6%	(17.8)	(21.3)	19.7%
<b>Net income for the period</b>	<b>159.0</b>	<b>147.5</b>	<b>176.8</b>	<b>206.1</b>	<b>228.8</b>	<b>11.0%</b>	<b>231.4</b>	<b>12.3%</b>	<b>112.0</b>	<b>122.1</b>	<b>9.0%</b>	<b>59.2</b>	<b>66.0</b>	<b>11.5%</b>
<b>Net margin</b>	<b>18.9%</b>	<b>16.0%</b>	<b>18.1%</b>	<b>20.6%</b>	<b>18.9%</b>	<b>-1.7 p.p.</b>	<b>19.2%</b>	<b>-1.4 p.p.</b>	<b>20.9%</b>	<b>16.9%</b>	<b>-4.0 p.p.</b>	<b>21.1%</b>	<b>18.7%</b>	<b>-2.4 p.p.</b>
<b>EBITDA</b>	<b>404.1</b>	<b>384.4</b>	<b>426.4</b>	<b>457.2</b>	<b>497.6</b>	<b>8.8%</b>	<b>501.0</b>	<b>9.6%</b>	<b>239.0</b>	<b>276.2</b>	<b>15.6%</b>	<b>122.0</b>	<b>141.8</b>	<b>16.2%</b>
<b>EBITDA margin</b>	<b>48.1%</b>	<b>41.7%</b>	<b>43.7%</b>	<b>45.8%</b>	<b>41.2%</b>	<b>-4.6 p.p.</b>	<b>41.5%</b>	<b>-4.3 p.p.</b>	<b>44.7%</b>	<b>38.1%</b>	<b>-6.6 p.p.</b>	<b>43.4%</b>	<b>40.2%</b>	<b>-3.2 p.p.</b>

OPERATING DATA	2013	2014	2015	2016	2017	Var.	2017	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Average operating fleet	31,188	30,778	31,676	31,908	36,804	15.3%	36,804	15.3%	33,915	42,015	23.9%	34,441	42,582	23.6%
Average rented fleet	30,121	28,787	30,280	31,222	35,424	13.5%	35,424	13.5%	33,014	40,189	21.7%	33,471	40,640	21.4%
Average operating fleet age (in months)	18.6	18.0	16.7	18.0	18.1	0.6%	18.1	0.6%	19.1	15.6	-18.3%	19.3	15.3	-20.7%
End of period fleet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rented Fleet	32,809	34,312	33,948	34,960	44,877	28.4%	44,877	28.4%	38,388	48,056	25.2%	38,388	48,056	25.2%
Managed Fleet	30	267	207	145	94	-35.2%	94	-35.2%	103	77	-25.2%	103	77	-25.2%
Number of rental days - in thousands	10,843.7	10,363.3	10,900.9	11,240.0	12,752.7	13.5%	12,752.7	13.5%	5,942.6	7,234.0	21.7%	3,012.4	3,657.6	21.4%
Average daily rental revenues per car (R\$)	53.83	56.16	56.08	58.23	58.77	0.9%	58.77	0.9%	59.58	56.11	-5.8%	59.23	55.66	-6.0%
Annualized average depreciation per car (R\$)	4,592.3	4,202.1	3,935.2	3,714.0	3,104.3	-16.4%	3,104.3	-16.4%	3,156.7	3,329.4	5.5%	2,988.6	3,250.6	8.8%
Utilization rate (Does not include cars in preparation and decommissioning) (***)	-	-	98.4%	98.9%	98.2%	-0.8 p.p.	98.2%	-0.8 p.p.	98.6%	97.2%	-1.4 p.p.	98.6%	96.9%	-1.7 p.p.
Number of cars purchased	10,918	14,896	11,689	11,762	20,286	72.5%	20,286	72.5%	9,074	12,014	32.4%	5,469	7,367	34.7%
Number of cars sold	9,882	13,043	11,797	10,853	13,653	25.8%	13,653	25.8%	5,551	8,705	56.8%	3,099	3,999	29.0%
Average sold fleet age (in months)	32.4	35.1	33.4	31.4	31.8	1.3%	31.8	1.3%	30.5	33.5	9.8%	29.0	33.1	14.1%
Average total fleet	32,488	32,686	33,446	33,436	39,605	18.5%	39,605	18.5%	36,211	45,683	26.2%	37,049	46,533	25.6%
Average value of total fleet - R\$ million	887.3	943.3	1,067.1	1,130.4	1,482.5	31.1%	1,482.5	31.1%	1,280.8	1,803.4	40.8%	1,327.8	1,835.1	38.2%
Average value per car in the period - R\$ thsd	27.3	28.9	31.9	33.8	37.4	10.7%	37.4	10.7%	35.4	39.5	11.6%	35.8	39.4	10.1%

(\*) 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 14 of 2017 the Financial Statements

## 16.3 – Table 3 – *Franchising* – R\$ million

FRANCHISING RESULTS	2013	2014	2015	2016	2017	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Gross revenues(*)	20.6	18.7	17.8	18.0	17.6	-2.2%	9.0	9.1	1.1%	4.4	4.4	0.0%
Taxes on revenues	(1.1)	(1.0)	(1.2)	(1.0)	(1.1)	10.0%	(0.5)	(0.5)	0.0%	(0.3)	(0.3)	0.0%
<b>Net revenues</b>	<b>19.5</b>	<b>17.7</b>	<b>16.6</b>	<b>17.0</b>	<b>16.5</b>	<b>-2.9%</b>	<b>8.5</b>	<b>8.6</b>	<b>1.2%</b>	<b>4.1</b>	<b>4.1</b>	<b>0.0%</b>
Costs	(8.1)	(7.8)	(9.2)	(9.7)	(8.9)	-8.2%	(4.7)	(4.1)	-12.8%	(2.4)	(1.9)	-20.8%
<b>Gross profit</b>	<b>11.4</b>	<b>9.9</b>	<b>7.4</b>	<b>7.3</b>	<b>7.6</b>	<b>4.1%</b>	<b>3.8</b>	<b>4.5</b>	<b>18.4%</b>	<b>1.7</b>	<b>2.2</b>	<b>29.4%</b>
Operating expenses (SG&A)	(0.1)	(0.7)	(0.6)	(1.5)	(1.8)	20.0%	(1.1)	(0.2)	-81.8%	(0.8)	(0.2)	-75.0%
Other assets depreciation and amortization	(0.4)	(0.5)	(0.4)	(0.5)	(0.6)	20.0%	(0.3)	(0.3)	0.0%	(0.1)	(0.2)	100.0%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>10.9</b>	<b>8.7</b>	<b>6.4</b>	<b>5.3</b>	<b>5.2</b>	<b>-1.9%</b>	<b>2.4</b>	<b>4.0</b>	<b>66.7%</b>	<b>0.8</b>	<b>1.8</b>	<b>125.0%</b>
Financial expenses, net	1.4	1.8	1.6	2.1	1.8	-14.3%	1.2	0.8	-33.3%	0.1	0.5	400.0%
Income tax and social contribution	(1.3)	(1.2)	(1.3)	(1.5)	(1.2)	-20.0%	(0.8)	(0.7)	-12.5%	(0.3)	(0.5)	66.7%
<b>Net income for the period</b>	<b>11.0</b>	<b>9.3</b>	<b>6.7</b>	<b>5.9</b>	<b>5.8</b>	<b>-1.7%</b>	<b>2.8</b>	<b>4.1</b>	<b>46.4%</b>	<b>0.6</b>	<b>1.8</b>	<b>200.0%</b>
<b>Net Margin</b>	<b>56.4%</b>	<b>52.5%</b>	<b>40.4%</b>	<b>34.7%</b>	<b>35.2%</b>	<b>0.5 p.p.</b>	<b>32.9%</b>	<b>47.7%</b>	<b>14.8 p.p.</b>	<b>14.6%</b>	<b>43.9%</b>	<b>29.3 p.p.</b>
<b>EBITDA</b>	<b>11.3</b>	<b>9.2</b>	<b>6.8</b>	<b>5.8</b>	<b>5.8</b>	<b>0.0%</b>	<b>2.7</b>	<b>4.3</b>	<b>59.3%</b>	<b>0.9</b>	<b>2.0</b>	<b>122.2%</b>
<b>EBITDA Margin</b>	<b>57.9%</b>	<b>52.0%</b>	<b>41.0%</b>	<b>34.1%</b>	<b>35.2%</b>	<b>1.1 p.p.</b>	<b>31.8%</b>	<b>50.0%</b>	<b>18.2 p.p.</b>	<b>22.0%</b>	<b>48.8%</b>	<b>26.8 p.p.</b>

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

## 16.4 – Table 4 – Consolidated – R\$ million

CONSOLIDATED RESULTS	2013	2014	2015	2016	2017	Var.	2017 Adjusted	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
Car rental gross revenues (*)	1,208.4	1,352.1	1,316.9	1,486.9	1,898.7	27.7%	1,898.7	27.7%	833.0	1,180.1	41.7%	412.2	572.0	38.8%
Franchising gross revenues (*)	20.6	18.7	17.8	18.0	17.6	-2.2%	17.6	-2.2%	9.0	9.1	1.1%	4.4	4.4	0.0%
Car Rental and Franchising total gross revenues (*)	1,229.0	1,370.8	1,334.7	1,504.9	1,916.3	27.3%	1,916.3	27.3%	842.0	1,189.2	41.2%	416.6	576.4	38.4%
Fleet Rental gross revenues (*)	592.8	589.5	619.6	664.1	757.4	14.0%	757.4	14.0%	358.3	409.9	14.4%	180.5	205.4	13.8%
Car and Fleet Rentals and Franchising total gross revenues (*)	1,821.8	1,960.3	1,954.3	2,169.0	2,673.7	23.3%	2,673.7	23.3%	1,200.3	1,599.1	33.2%	597.1	781.8	30.9%
Taxes on revenues - Car and Fleet Rentals and Franchising (**)	(62.9)	(86.3)	(71.2)	(72.2)	(66.6)	-7.8%	(66.6)	-7.8%	(41.2)	(27.4)	-33.5%	(19.2)	(12.5)	-34.9%
<b>Car and Fleet Rentals and Franchising net revenues</b>	<b>1,758.9</b>	<b>1,874.0</b>	<b>1,883.1</b>	<b>2,096.8</b>	<b>2,607.1</b>	<b>24.3%</b>	<b>2,607.1</b>	<b>24.3%</b>	<b>1,159.1</b>	<b>1,571.7</b>	<b>35.6%</b>	<b>577.9</b>	<b>769.3</b>	<b>33.1%</b>
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	49.7%	2,990.0	49.7%	1,342.7	1,676.7	24.9%	664.0	823.0	23.9%
Car sales for fleet renewal - Fleet Rental (*)	264.6	350.8	368.6	347.8	466.5	34.1%	466.5	34.1%	185.6	317.5	71.1%	104.9	149.3	42.3%
Car sales for fleet renewal - total gross revenues (*)	1,750.7	2,022.2	2,047.8	2,345.6	3,456.5	47.4%	3,456.5	47.4%	1,528.3	1,994.2	30.5%	768.9	972.3	26.5%
Taxes on revenues - Car sales for fleet renewal	(3.4)	(4.0)	(2.9)	(3.1)	(5.3)	71.0%	(5.3)	71.0%	(2.0)	(3.0)	50.0%	(1.1)	(1.4)	27.3%
<b>Car sales for fleet renewal - net revenues</b>	<b>1,747.3</b>	<b>2,018.2</b>	<b>2,044.9</b>	<b>2,342.5</b>	<b>3,451.2</b>	<b>47.3%</b>	<b>3,451.2</b>	<b>47.3%</b>	<b>1,526.3</b>	<b>1,991.2</b>	<b>30.5%</b>	<b>767.8</b>	<b>970.9</b>	<b>26.5%</b>
<b>Total net revenues</b>	<b>3,506.2</b>	<b>3,892.2</b>	<b>3,928.0</b>	<b>4,439.3</b>	<b>6,058.3</b>	<b>36.5%</b>	<b>6,058.3</b>	<b>36.5%</b>	<b>2,685.4</b>	<b>3,562.9</b>	<b>32.7%</b>	<b>1,345.7</b>	<b>1,740.2</b>	<b>29.3%</b>
Direct costs and expenses:														
Car rental	(536.9)	(577.3)	(618.1)	(707.4)	(926.4)	31.0%	(870.7)	23.1%	(381.4)	(553.4)	45.1%	(191.6)	(273.8)	42.9%
Franchising	(8.1)	(7.8)	(9.2)	(9.7)	(8.9)	-8.2%	(8.9)	-8.2%	(4.7)	(4.1)	-12.8%	(2.4)	(1.9)	-20.8%
Total Car rental and Franchising	(545.0)	(585.1)	(627.3)	(717.1)	(935.3)	30.4%	(879.6)	22.7%	(386.1)	(557.5)	44.4%	(194.0)	(275.7)	42.1%
Fleet Rental	(161.1)	(190.8)	(189.3)	(193.7)	(220.4)	13.8%	(220.1)	13.6%	(105.7)	(122.8)	16.2%	(54.3)	(57.7)	6.3%
Total Car and Fleet Rentals and Franchising	(706.1)	(775.9)	(816.6)	(910.8)	(1,155.7)	26.9%	(1,099.7)	20.7%	(491.8)	(680.3)	38.3%	(248.3)	(333.4)	34.3%
Car sales for fleet renewal - Car rental	(1,271.9)	(1,428.4)	(1,396.3)	(1,727.5)	(2,603.2)	50.7%	(2,603.2)	50.7%	(1,165.6)	(1,479.4)	26.9%	(570.0)	(732.7)	28.5%
Car sales for fleet renewal - Fleet Rental	(214.1)	(276.3)	(286.7)	(279.4)	(392.1)	40.3%	(392.1)	40.3%	(150.5)	(276.4)	83.7%	(84.0)	(128.7)	53.2%
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)	49.3%	(2,995.3)	49.3%	(1,316.1)	(1,755.8)	33.4%	(654.0)	(861.4)	31.7%
Total costs	(2,192.1)	(2,489.6)	(2,499.6)	(2,917.7)	(4,151.0)	42.3%	(4,095.0)	40.4%	(1,807.9)	(2,436.1)	34.7%	(902.3)	(1,194.8)	32.4%
<b>Gross profit</b>	<b>1,314.1</b>	<b>1,411.6</b>	<b>1,428.4</b>	<b>1,521.6</b>	<b>1,907.3</b>	<b>25.3%</b>	<b>1,963.3</b>	<b>29.0%</b>	<b>877.5</b>	<b>1,126.8</b>	<b>28.4%</b>	<b>443.4</b>	<b>545.4</b>	<b>23.0%</b>
Operating expenses														
Advertising, promotion and selling:														
Car rental	(103.5)	(117.8)	(127.9)	(148.6)	(199.6)	34.3%	(193.3)	30.1%	(84.8)	(140.5)	65.7%	(42.8)	(71.4)	66.8%
Franchising	(0.1)	(0.8)	(0.6)	(0.6)	(1.1)	83.3%	(1.1)	83.3%	(0.7)	0.1	-114.3%	(0.6)	(0.1)	-83.3%
Total car rental and Franchising	(103.6)	(118.6)	(128.5)	(149.2)	(200.7)	34.5%	(194.4)	30.3%	(85.5)	(140.4)	64.2%	(43.4)	(71.5)	64.7%
Fleet Rental	(14.4)	(15.1)	(18.2)	(14.0)	(18.8)	34.3%	(18.8)	34.3%	(9.3)	(13.1)	40.9%	(4.5)	(6.6)	46.7%
Car sales for fleet renewal	(162.1)	(172.3)	(191.1)	(191.6)	(232.3)	21.2%	(232.3)	21.2%	(109.4)	(130.5)	19.3%	(55.5)	(68.5)	23.4%
Total advertising, promotion and selling	(280.1)	(306.0)	(337.8)	(354.8)	(451.8)	27.3%	(445.5)	25.6%	(204.2)	(284.0)	39.1%	(103.4)	(146.6)	41.8%
General, administrative and other expenses	(117.5)	(135.8)	(155.8)	(151.2)	(215.3)	42.4%	(203.6)	34.7%	(77.7)	(97.8)	25.9%	(41.3)	(51.2)	24.0%
Total Operating expenses	(397.6)	(441.8)	(493.6)	(506.0)	(667.1)	31.8%	(649.1)	28.3%	(281.9)	(381.8)	35.4%	(144.7)	(197.8)	36.7%
Depreciation expenses:														
Cars depreciation:														
Car rental	(85.8)	(78.1)	(38.9)	(87.8)	(117.7)	34.1%	(117.7)	34.1%	(58.5)	(46.8)	-20.0%	(28.4)	(25.2)	-11.3%
Fleet Rental	(143.2)	(129.3)	(124.7)	(118.5)	(114.3)	-3.5%	(114.3)	-3.5%	(53.5)	(69.9)	30.7%	(25.7)	(34.6)	34.6%
Total cars depreciation expenses	(229.0)	(207.4)	(163.6)	(206.3)	(232.0)	12.5%	(232.0)	12.5%	(112.0)	(116.7)	4.2%	(54.1)	(59.8)	10.5%
Other assets depreciation and amortization	(35.4)	(35.7)	(35.7)	(38.2)	(39.1)	2.4%	(39.1)	2.4%	(18.0)	(21.5)	19.4%	(9.0)	(10.9)	21.1%
Total depreciation and amortization expenses	(264.4)	(243.1)	(199.3)	(244.5)	(271.1)	10.9%	(271.1)	10.9%	(130.0)	(138.2)	6.3%	(63.1)	(70.7)	12.0%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>652.1</b>	<b>726.7</b>	<b>735.5</b>	<b>771.1</b>	<b>969.1</b>	<b>25.7%</b>	<b>1,043.1</b>	<b>35.3%</b>	<b>465.6</b>	<b>606.8</b>	<b>30.3%</b>	<b>235.6</b>	<b>276.9</b>	<b>17.5%</b>
Financial expenses, net:														
Expense	(187.1)	(276.4)	(370.1)	(445.5)	(511.9)	14.9%	(511.9)	14.9%	(249.6)	(263.4)	5.5%	(120.5)	(129.6)	7.6%
Income	76.5	125.3	167.4	202.0	196.9	-2.5%	196.9	-2.5%	107.6	85.8	-20.3%	53.3	40.9	-23.3%
Financial (expenses) revenues, net	(110.6)	(151.1)	(202.7)	(243.5)	(315.0)	29.4%	(315.0)	29.4%	(142.0)	(177.6)	25.1%	(67.2)	(88.7)	32.0%
<b>Income before tax and social contribution</b>	<b>541.5</b>	<b>575.6</b>	<b>532.8</b>	<b>527.6</b>	<b>654.1</b>	<b>24.0%</b>	<b>728.1</b>	<b>38.0%</b>	<b>323.6</b>	<b>429.2</b>	<b>32.6%</b>	<b>168.4</b>	<b>188.2</b>	<b>11.8%</b>
Income tax and social contribution	(157.2)	(165.0)	(130.4)	(118.3)	(148.4)	25.4%	(164.7)	39.2%	(74.1)	(111.3)	50.2%	(39.1)	(46.3)	18.4%
<b>Net income for the period</b>	<b>384.3</b>	<b>410.6</b>	<b>402.4</b>	<b>409.3</b>	<b>505.7</b>	<b>23.6%</b>	<b>563.4</b>	<b>37.6%</b>	<b>249.5</b>	<b>317.9</b>	<b>27.4%</b>	<b>129.3</b>	<b>141.9</b>	<b>9.7%</b>
EBITDA	916.5	969.8	934.8	1,015.6	1,240.2	22.1%	1,314.2	29.4%	595.6	745.0	25.1%	298.7	347.6	16.4%
EBIT	652.1	726.7	735.5	771.1	969.1	25.7%	1,043.1	35.3%	465.6	606.8	30.3%	235.6	276.9	17.5%
<b>Consolidated EBIT Margin (calculated over rental revenues)</b>	<b>37.1%</b>	<b>38.8%</b>	<b>39.1%</b>	<b>36.8%</b>	<b>37.2%</b>	<b>0.4 p.p.</b>	<b>40.0%</b>	<b>3.2 p.p.</b>	<b>40.2%</b>	<b>38.6%</b>	<b>-1.6 p.p.</b>	<b>40.8%</b>	<b>36.0%</b>	<b>-4.8 p.p.</b>
Car and Fleet Rentals and Franchising EBITDA	817.3	849.6	785.3	887.8	1,037.0	16.8%	1,111.0	25.1%	503.6	652.2	29.5%	245.1	313.2	27.8%
<b>EBITDA Margin</b>	<b>46.5%</b>	<b>45.3%</b>	<b>41.7%</b>	<b>42.3%</b>	<b>39.8%</b>	<b>-2.5 p.p.</b>	<b>42.6%</b>	<b>0.3 p.p.</b>	<b>43.4%</b>	<b>41.5%</b>	<b>-1.9 p.p.</b>	<b>42.4%</b>	<b>40.7%</b>	<b>-1.7 p.p.</b>
Used Car Sales (Seminovos) EBITDA	99.2	120.2	149.5	127.7	203.2	59.1%	203.2	59.1%	92.0	92.8	0.9%	53.6	34.4	-35.8%
<b>EBITDA Margin</b>	<b>5.7%</b>	<b>6.0%</b>	<b>7.3%</b>	<b>5.5%</b>	<b>5.9%</b>	<b>0.4 p.p.</b>	<b>5.9%</b>	<b>0.4 p.p.</b>	<b>6.0%</b>	<b>4.7%</b>	<b>-1.3 p.p.</b>	<b>7.0%</b>	<b>3.5%</b>	<b>-3.5 p.p.</b>

(\*) 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 14 of the 2017 Financial Statements.

## 16.5 – Table 5 – Operating data

SELECTED OPERATING DATA	2013	2014	2015	2016	2017	Var.	1H17	1H18	Var.	2Q17	2Q18	Var.
<b>Average operating fleet:</b>												
Car Rental	59,094	61,525	62,513	70,185	94,194	34.2%	81,931	123,401	50.6%	82,850	126,339	52.5%
Fleet Rental	31,188	30,778	31,676	31,908	36,804	15.3%	33,915	42,015	23.9%	34,441	42,582	23.6%
Total	90,282	92,303	94,189	102,093	130,998	28.3%	115,846	165,416	42.8%	117,291	168,921	44.0%
<b>Average rented fleet:</b>												
Car Rental	39,475	42,999	43,315	51,515	69,762	35.4%	60,704	91,036	50.0%	61,900	91,091	47.2%
Fleet Rental	30,121	28,787	30,280	31,222	35,424	13.5%	33,014	40,189	21.7%	33,471	40,640	21.4%
Total	69,596	71,786	73,595	82,737	105,186	27.1%	93,718	131,225	40.0%	95,371	131,731	38.1%
<b>Average age of operating fleet (months)</b>												
Car Rental	7.2	7.2	7.4	7.9	6.5	-17.7%	6.9	7.2	4.3%	7.1	7.5	5.6%
Fleet Rental	18.6	18.0	16.7	18.0	18.1	0.6%	19.1	15.6	-18.3%	19.3	15.3	-20.7%
Average age of total operating fleet	11.1	10.0	10.6	11.0	9.8	-10.9%	10.7	9.4	-12.1%	10.8	9.5	-12.0%
<b>Fleet at end of period:</b>												
Car Rental	70,717	77,573	76,755	94,156	135,578	44.0%	100,578	145,837	45.0%	100,578	145,837	45.0%
Fleet Rental	32,809	34,312	33,948	34,960	44,877	28.4%	38,388	48,056	25.2%	38,388	48,056	25.2%
Total	103,526	111,885	110,703	129,116	180,455	39.8%	138,966	193,893	39.5%	138,966	193,893	39.5%
Managed fleet at end period - Fleet Rental	30	267	207	145	94	-35.2%	103	77	-25.2%	103	77	-25.2%
<b>Fleet investment (R\$ million)</b>												
Car Rental	1,634.5	1,909.1	1,773.1	2,782.2	4,581.8	64.7%	1,709.8	2,035.6	19.1%	1,241.1	1,309.5	5.5%
Fleet Rental	389.7	571.2	502.0	503.4	881.5	75.1%	396.3	538.2	35.8%	247.5	332.2	34.3%
Total	2,024.2	2,480.3	2,275.1	3,285.6	5,463.3	66.3%	2,106.0	2,573.8	22.2%	1,488.6	1,641.7	10.3%
<b>Number of rental days (In thousands):</b>												
Car Rental - Total	14,414.7	15,696.2	15,815.8	18,864.8	25,494.0	35.1%	10,993.6	16,481.8	49.9%	5,632.0	8,288.2	47.2%
Rental days for Fleet Rental replacement service	(173.0)	(280.2)	(249.7)	(202.4)	(230.4)	13.8%	(119.6)	(108.5)	-9.3%	(66.5)	(54.2)	-18.4%
Car Rental - Net	14,241.7	15,416.0	15,566.1	18,662.4	25,263.6	35.4%	10,874.0	16,373.3	50.6%	5,565.5	8,234.0	47.9%
Fleet Rental	10,843.7	10,363.3	10,900.9	11,240.0	12,752.7	13.5%	5,942.6	7,234.0	21.7%	3,012.4	3,657.6	21.4%
Total	25,085.4	25,779.3	26,467.0	29,902.4	38,016.3	27.1%	16,816.6	23,607.3	40.4%	8,577.9	11,891.6	38.6%
<b>Annualized average depreciation per car (R\$)</b>												
Car Rental	1,452.4	1,270.0	622.1	1,251.2	1,250.1	-0.1%	1,427.7	758.5	-46.9%	1,371.8	799.0	-41.8%
Fleet Rental	4,592.3	4,202.1	3,935.2	3,714.0	3,104.3	-16.4%	3,156.7	3,329.4	5.5%	2,988.6	3,250.6	8.8%
Total	2,537.1	2,247.7	1,736.3	2,020.9	1,771.0	-12.4%	1,933.9	1,411.5	-27.0%	1,846.6	1,417.0	-23.3%
<b>Average annual revenues per operating car (R\$ thousand)</b>												
Car Rental	19.7	20.9	20.1	20.3	19.4	-4.4%	19.7	18.9	-4.1%	19.2	17.8	-7.3%
Fleet Rental	18.2	18.3	18.9	20.1	19.9	-1.0%	20.4	19.2	-5.9%	20.2	18.9	-6.4%
<b>Average daily rental (R\$)</b>												
Car Rental (*)	84.85	87.71	84.56	79.67	75.16	-5.7%	76.61	72.08	-5.9%	74.07	69.46	-6.2%
Fleet Rental	53.83	56.16	56.08	58.23	58.77	0.9%	59.58	56.11	-5.8%	59.23	55.66	-6.0%
<b>Utilization rate (Does not include cars in preparation and decommissioning):</b>												
Car Rental	-	-	75.4%	78.0%	78.6%	0.6 p.p.	77.5%	77.9%	0.4 p.p.	79.0%	77.0%	-2.0 p.p.
Fleet Rental	-	-	98.4%	98.9%	98.2%	-0.8 p.p.	98.6%	97.2%	-1.4 p.p.	98.6%	96.9%	-1.7 p.p.
<b>Number of cars purchased - consolidated (**)</b>	69,744	79,804	64,032	87,833	135,252	54.0%	51,058	63,388	24.1%	35,935	39,541	10.0%
<b>Average price of cars purchased (R\$ thsd) - consolidated</b>	29.02	31.08	35.53	37.41	40.39	8.0%	41.25	40.60	-1.6%	41.42	41.52	0.2%
<b>Numbers of cars sold - consolidated</b>	62,641	70,621	64,305	68,449	90,554	32.3%	40,510	48,914	20.7%	20,201	23,626	17.0%
<b>Average price of cars sold (R\$ thsd) (***) - consolidated</b>	25.36	25.90	28.54	31.23	35.38	13.3%	34.81	37.85	8.7%	35.08	37.98	8.3%

(\*) 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 decommissioned for fleet renewal.

## 17 – Consolidated financial statements – IFRS – R\$/million

ASSETS	2013	2014	2015	2016	2017	1H18
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	1,010.7	1,390.2	1,385.1	1,692.3	1,338.2	855.9
Financial assets	-	-	-	-	1,275.7	826.5
Trade accounts receivable	408.3	459.6	486.1	424.5	585.1	688.3
Derivative financial instruments - swap	-	-	-	2.2	-	0.3
Other current assets	57.9	94.6	102.6	115.0	128.6	193.1
Decommissioning cars to fleet renewal	16.5	18.3	31.8	8.8	103.4	77.0
<b>Total current assets</b>	<b>1,493.4</b>	<b>1,962.7</b>	<b>2,005.6</b>	<b>2,242.8</b>	<b>3,431.0</b>	<b>2,641.1</b>
<b>NON CURRENT ASSETS:</b>						
Long-term assets:						
Marketable securities	-	92.5	-	-	-	-
Derivative financial instruments - swap	-	-	45.6	7.4	16.7	13.9
Trade accounts receivable	7.1	3.2	4.7	3.2	4.7	5.7
Escrow deposit	38.1	41.9	52.9	60.1	83.1	86.3
Deferred income tax and social contribution	32.4	-	-	-	42.0	40.7
Investments in restricted accounts	-	-	-	-	40.6	41.8
Other non current assets	0.1	0.1	0.1	0.1	0.7	0.2
<b>Total long-term assets</b>	<b>77.7</b>	<b>137.7</b>	<b>103.3</b>	<b>70.8</b>	<b>187.8</b>	<b>188.6</b>
Property and equipment						
Cars	2,781.4	3,278.0	3,610.9	4,614.8	6,934.7	7,604.1
Other	166.1	203.9	314.1	405.8	549.3	552.5
Intangible:						
Software and others	47.3	60.3	67.1	61.1	52.8	48.5
Goodwill on acquisition of investments	12.3	22.0	22.0	22.0	30.6	30.7
<b>Total non current assets</b>	<b>3,084.8</b>	<b>3,701.9</b>	<b>4,117.4</b>	<b>5,174.5</b>	<b>7,755.2</b>	<b>8,424.4</b>
<b>TOTAL ASSETS</b>	<b>4,578.2</b>	<b>5,664.6</b>	<b>6,123.0</b>	<b>7,417.3</b>	<b>11,186.2</b>	<b>11,065.5</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	2013	2014	2015	2016	2017	1H18
<b>CURRENT LIABILITIES:</b>						
Trade accounts payable	460.5	828.4	690.6	910.9	1,331.7	1,111.2
Social and labor obligations	73.9	86.3	85.6	95.0	109.2	112.9
Loans, financing and debentures	275.4	300.9	422.4	654.6	537.2	397.7
Derivative financial instruments - swap	-	-	-	-	6.8	13.9
Income tax and social contribution	35.2	41.3	28.3	23.0	31.3	19.7
Dividends and interest on own capital	53.1	59.2	29.3	39.7	36.4	36.6
Other current liabilities	78.6	82.3	99.9	118.5	181.5	169.2
<b>Total current liabilities</b>	<b>976.7</b>	<b>1,398.4</b>	<b>1,356.1</b>	<b>1,841.7</b>	<b>2,234.1</b>	<b>1,861.2</b>
<b>NON CURRENT LIABILITIES:</b>						
Loans, financing and debentures	2,068.1	2,411.6	2,596.9	3,131.3	5,940.5	5,904.1
Derivative financial instruments - swap	-	-	-	-	10.8	9.1
Provisions	50.9	69.9	68.3	63.1	126.5	139.6
Deferred income tax and social contribution	111.8	106.0	141.6	171.9	219.7	254.7
Restricted Obligations	-	-	-	-	40.6	41.8
Other non current liabilities	29.5	23.2	18.5	12.3	13.3	13.7
<b>Total non current liabilities</b>	<b>2,260.3</b>	<b>2,610.7</b>	<b>2,825.3</b>	<b>3,378.6</b>	<b>6,351.4</b>	<b>6,363.0</b>
<b>Total liabilities</b>	<b>3,237.0</b>	<b>4,009.1</b>	<b>4,181.4</b>	<b>5,220.3</b>	<b>8,585.5</b>	<b>8,224.2</b>
<b>SHAREHOLDERS' EQUITY:</b>						
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	118.5
Earnings Reserves	334.3	638.4	929.0	1,186.3	1,005.8	1,222.8
<b>Total shareholders' equity</b>	<b>1,341.2</b>	<b>1,655.5</b>	<b>1,941.6</b>	<b>2,197.0</b>	<b>2,600.7</b>	<b>2,841.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,578.2</b>	<b>5,664.6</b>	<b>6,123.0</b>	<b>7,417.3</b>	<b>11,186.2</b>	<b>11,065.5</b>

## 18 – Consolidated financial statements – Income statements - R\$/million

STATEMENT OF INCOME	2013	2014	2015	2016	2017	2017 Adjusted	1H18
<b>Total net revenues</b>	<b>3,506.2</b>	<b>3,892.2</b>	<b>3,928.0</b>	<b>4,439.3</b>	<b>6,058.3</b>	<b>6,058.3</b>	<b>3,562.9</b>
<b>COSTS AND EXPENSES:</b>							
Direct costs	(2,192.1)	(2,480.6)	(2,499.6)	(2,917.7)	(4,151.0)	(4,095.0)	(2,436.1)
Selling, general, administrative and other expenses	(397.6)	(441.8)	(493.6)	(506.0)	(667.1)	(649.1)	(381.8)
Cars depreciation	(229.0)	(207.4)	(163.6)	(206.3)	(232.0)	(232.0)	(116.7)
Other assets depreciation and amortization	(35.4)	(35.7)	(35.7)	(38.2)	(39.1)	(39.1)	(21.5)
Total costs and expenses	(2,854.1)	(3,165.5)	(3,192.5)	(3,668.2)	(5,089.2)	(5,015.2)	(2,956.1)
<b>Income before financial results and taxes (EBIT)</b>	<b>652.1</b>	<b>726.7</b>	<b>735.5</b>	<b>771.1</b>	<b>969.1</b>	<b>1,043.1</b>	<b>606.8</b>
<b>FINANCIAL EXPENSES, NET</b>	<b>(110.6)</b>	<b>(151.1)</b>	<b>(202.7)</b>	<b>(243.5)</b>	<b>(315.0)</b>	<b>(315.0)</b>	<b>(177.6)</b>
<b>Income before taxes</b>	<b>541.5</b>	<b>575.6</b>	<b>532.8</b>	<b>527.6</b>	<b>654.1</b>	<b>728.1</b>	<b>429.2</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>							
Current	(130.1)	(139.5)	(94.8)	(88.0)	(119.4)	(135.7)	(67.1)
Deferred	(27.1)	(25.5)	(35.6)	(30.3)	(29.0)	(29.0)	(44.2)
	(157.2)	(165.0)	(130.4)	(118.3)	(148.4)	(164.7)	(111.3)
<b>Net income</b>	<b>384.3</b>	<b>410.6</b>	<b>402.4</b>	<b>409.3</b>	<b>505.7</b>	<b>563.4</b>	<b>317.9</b>

# 19 – Statements of Cash Flows – R\$/million

CONSOLIDATED CASH FLOW	2013	2014	2015	2016	2017	2017 Adjusted	1H18
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Net income	384.3	410.6	402.4	409.3	505.7	563.4	317.9
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	138.2
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	1,820.0
Deferred income tax and social contribution	27.1	25.5	35.6	30.3	29.1	29.1	44.2
Interest on loans, financing, debentures and swaps of fixed rates	181.6	281.7	406.6	438.1	476.2	476.2	257.9
Income from financial investments	-	-	-	-	-	-	(20.8)
Other	33.7	32.0	17.3	26.9	81.7	81.7	59.5
(Increase) decrease in assets:							
Trade receivable	(54.7)	(49.9)	(36.6)	56.8	(151.8)	(151.8)	(155.7)
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)	(2,763.1)
Escrow deposits	(15.1)	(5.7)	(15.3)	(7.2)	(17.5)	(17.5)	(3.2)
Taxes recoverable	(20.3)	(43.4)	(5.2)	(6.0)	2.6	2.6	(3.8)
Prepaid expenses	0.0	0.0	0.0	0.0	2.7	2.7	(48.5)
Other assets	6.1	(5.7)	(1.3)	(3.6)	(8.8)	(8.8)	(24.9)
Increase (decrease) in liabilities:							
Accounts payable (except car manufacturers)	14.6	33.5	(16.7)	29.6	(4.8)	(4.8)	(34.1)
Social and labor obligations	20.7	12.4	(0.5)	9.4	7.5	7.5	3.7
Income tax and social contribution	130.1	139.5	94.8	88.0	119.4	135.7	67.1
Insurance premium	4.0	(0.6)	4.4	8.6	19.3	19.3	26.3
Other liabilities	1.1	(5.4)	5.9	(19.5)	40.1	40.1	(41.0)
<b>Cash provided by (used in) operating activities</b>	<b>582.0</b>	<b>694.5</b>	<b>460.2</b>	<b>308.8</b>	<b>(573.3)</b>	<b>(499.3)</b>	<b>(360.3)</b>
Income tax and social contribution paid	(108.5)	(113.1)	(110.7)	(93.3)	(108.3)	(108.3)	(79.3)
Interest on loans, financing and debentures paid(*)	(152.0)	(328.0)	(352.9)	(442.3)	(485.7)	(485.7)	(222.2)
Financial assets	-	-	-	-	(1,275.8)	(1,275.8)	470.1
<b>Net cash provided by (used in) operating activities</b>	<b>321.5</b>	<b>253.4</b>	<b>(3.4)</b>	<b>(226.8)</b>	<b>(2,443.1)</b>	<b>(2,369.1)</b>	<b>(191.7)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
(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)	(20.5)
<b>Net cash provided by (used in) investing activities</b>	<b>(54.0)</b>	<b>(194.3)</b>	<b>(60.4)</b>	<b>(126.6)</b>	<b>(508.2)</b>	<b>(508.2)</b>	<b>(20.5)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>							
Loans and financings:							
Proceeds	112.6	499.1	747.1	266.3	950.1	950.1	742.5
Repayment	(129.4)	(490.4)	(368.4)	(297.9)	(510.1)	(510.1)	(168.8)
Debentures							
Proceeds	496.3	497.3	496.8	943.4	2,626.9	2,626.9	-
Repayment	(220.7)	(90.8)	(668.0)	(105.0)	(355.0)	(355.0)	(777.5)
Treasury shares (acquired)/ sold	(36.8)	0.0	(27.5)	(25.0)	2.1	2.1	1.00
Exercise of stock options with treasury shares, net	12.8	5.5	18.0	18.2	50.1	50.1	17.4
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)	(84.7)
<b>Net cash provided by (used in) financing activities</b>	<b>(80.7)</b>	<b>320.4</b>	<b>58.7</b>	<b>660.6</b>	<b>2,597.2</b>	<b>2,597.2</b>	<b>(270.1)</b>
<b>NET CASH FLOW PROVIDED (USED) IN THE YEAR</b>	<b>186.8</b>	<b>379.5</b>	<b>(5.1)</b>	<b>307.2</b>	<b>(354.1)</b>	<b>(280.1)</b>	<b>(482.3)</b>
Cash flow without incurred one-time costs Hertz and franchisees	-	-	-	-	-	- 74.00	-
<b>NET CASH FLOW PROVIDED (USED) IN THE YEAR AFTER ONE TIME COSTS</b>	<b>186.8</b>	<b>379.5</b>	<b>(5.1)</b>	<b>307.2</b>	<b>(354.1)</b>	<b>(354.1)</b>	<b>(482.3)</b>
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	855.9
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>186.8</b>	<b>379.5</b>	<b>(5.1)</b>	<b>307.2</b>	<b>(354.1)</b>	<b>(354.1)</b>	<b>(482.3)</b>
<b>Supplemental disclosure of cash flow information:</b>							
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)	(1,988.6)
Cars acquisition in the year/period - growth	(209.4)	(286.9)	-	(726.0)	(1,807.0)	(1,807.0)	(588.5)
Suppliers - automakers:							
Balance at the end of the year	378.1	712.5	591.3	782.0	1,197.5	1,197.5	1,011.5
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)	(2,763.1)

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



## 20 – 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.
- **Profit sharing:** Payment made to employees and based on the achievement of corporate and individual goals. It aligns the interests of employees with the interests of shareholders and contributes to the retention of talents and long-term vision in the decision-making process.
- **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.



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

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

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## **1. OPERATIONAL CONTEXT**

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 in B3 S.A. - Brasil, Bolsa, Balcão ("B3") Novo Mercado, which characterizes the highest corporate governance level in 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 subsidiary Localiza Fleet S.A. ("Localiza Fleet") and its indirect subsidiary Localiza Car Rental Systems S.A. ("Car Rental Systems" or "Hertz Brasil") sell their decommissioned cars, thereby generating cash to pay carmakers for new cars.

As of June 30, 2018, the Localiza Platform (including its franchisees in Brazil and abroad) was comprised of 589 car rental locations (not reviewed by the auditors), of which: (i) 522 locations in 362 cities in Brazil, 391 of which were operated by Localiza and 131 by franchisees; and (ii) 67 locations in 41 cities in 6 South American countries, all operated by franchisees.

On that same date, Localiza's Platform fleet was composed of 208,552 cars (not reviewed by the auditors), of which: (i) 193,893 belonged to the Company, including 145,837 of the Car Rental Division and 48,056 of the Fleet Rental Division; (ii) 8,161 belonged to its franchisees in Brazil; and (iii) 6,498 belonged to its franchisees abroad. Decommissioned cars are substantially sold to final consumers through 100 points of sale owned by the Company, located in 66 cities throughout Brazil, reducing intermediation and depreciation costs and maximizing cash flow generation for fleet renewal.

## **2. BASIS OF PREPARATION, PRESENTATION OF INTERIM FINANCIAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company's interim financial information comprises individual and consolidated interim financial information, identified as "Individual" and "Consolidated", and is prepared and presented in accordance with technical pronouncement CPC 21 (R1) – Interim Statements, issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities Commission ("CVM"), and in accordance with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB") and disclose all relevant information that should be reported in the interim financial information, and only such information, which is consistent with the information used by Management in the performance of its duties.

The individual interim financial information discloses the measurement of investments in subsidiaries under the equity method of accounting, in accordance with the accounting practices adopted in Brazil and the IFRS.

Except for the changes arising from the application of IFRS 9 (as mentioned in note 3.1), the other information on the basis of preparation, presentation of the interim financial information and summary of significant accounting policies has not significantly changed compared with that disclosed in note 2 and other notes to the annual financial statements for the year ended December 31, 2017 (hereinafter referred to as "financial statements for the year ended December 31, 2017"), published on March 7, 2018 through the websites [www.cvm.gov.br](http://www.cvm.gov.br), [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br) and [www.localiza.com/ri](http://www.localiza.com/ri) and disclosed on March 15, 2018 in the "Diário do Comércio de Minas Gerais" and "Diário Oficial de Minas Gerais" (Minas Gerais State Register) newspapers.

### 3. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

#### 3.1. Recently issued accounting pronouncements and interpretations adopted by the Company

- **IFRS 9 – Financial Instruments**

In July 2014, IASB issued the IFRS 9 pronouncement, which addresses the recognition and measurement of financial assets and liabilities, as well as contracts for 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, the effective date of first-time adoption.

**Classification and measurement:** The Company does not expect a significant impact on its balance sheet or shareholders' equity when applying the classification and measurement requirements of IFRS 9. Financial assets, as well as trade account receivables, are maintained to capture contractual cash flows and should generate cash flows representing only payments of principal and interest. Financial assets maintained in fixed-income investment funds units are measured at fair value through profit or loss pursuant to the Company's business model. 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 life. As of January 1, 2018, Localiza and its subsidiaries started to record provision for losses expected during the entire life under trade accounts receivable. Due to the unsecured nature of its receivables, the impact of first-time adoption on the financial statements for the fiscal year ended December 31, 2017 was as follows:

	Individual			Consolidated		
	As reported	Adjustment adoption of IFRS 9	Adjusted opening balance	As reported	Adjustment adoption of IFRS 9	Adjusted opening balance
<b>ASSETS</b>						
Cash, cash equivalents and financial assets	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 accounts 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
<b>Total current assets</b>	<b>2,597,692</b>	<b>(23,027)</b>	<b>2,574,665</b>	<b>3,430,988</b>	<b>(23,976)</b>	<b>3,407,012</b>
Long-term assets	51,799	-	51,799	187,837	-	187,837
Investments in subsidiaries	949,169	(713)	948,456	-	-	-
Fixed and intangible assets	5,403,114	-	5,403,114	7,567,409	-	7,567,409
<b>Total non-current assets</b>	<b>6,404,082</b>	<b>(713)</b>	<b>6,403,369</b>	<b>7,755,246</b>	<b>-</b>	<b>7,755,246</b>
<b>Total assets</b>	<b>9,001,774</b>	<b>(23,740)</b>	<b>8,978,034</b>	<b>11,186,234</b>	<b>(23,976)</b>	<b>11,162,258</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>EQUITY</b>						
Trade accounts payable	1,157,954	-	1,157,954	1,331,680	-	1,331,680
Loans, financing and debt	237,790	-	237,790	537,216	-	537,216
Other current liabilities	301,721	-	301,721	365,202	-	365,202
<b>Total current liabilities</b>	<b>1,697,465</b>	<b>-</b>	<b>1,697,465</b>	<b>2,234,098</b>	<b>-</b>	<b>2,234,098</b>
Loans, financing and debt	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
<b>Total non-current liabilities</b>	<b>4,703,584</b>	<b>(7,829)</b>	<b>4,695,755</b>	<b>6,351,411</b>	<b>(8,065)</b>	<b>6,343,346</b>
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
Retained earnings	236,893	-	236,893	236,893	-	236,893
<b>Total Shareholders' Equity</b>	<b>2,600,725</b>	<b>(15,911)</b>	<b>2,584,814</b>	<b>2,600,725</b>	<b>(15,911)</b>	<b>2,584,814</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,001,774</b>	<b>(23,740)</b>	<b>8,978,034</b>	<b>11,186,234</b>	<b>(23,976)</b>	<b>11,162,258</b>

The estimated losses were calculated based on the actual experience of loan loss last year. The Company calculated loss rates separately for each segment using the percentage of delinquency observed in the period between 90 and 210 days after the due date, since, after this period, the effectiveness of collection efforts is no longer significant. The positions within each segment were segregated based on common credit risk characteristics, such as risk rating, type of product purchased, form of payment and level of delinquency.

Considering the cost-benefit tradeoff and the respective impact on the interim financial statements, the Company did not restate comparison information from previous years due to the changes in classification and measurement of financial instruments (including expected loan losses). As shown previously, differences in the book balances of financial assets and liabilities resulting from the adoption of IFRS 9 were recognized as retained earnings on January 1, 2018.

- **IFRS 15 - Revenue from Contracts with Customers**

In May 2014, IASB issued IFRS 15, which addresses the recognition of customer contract revenues in accordance with the transfer of the goods and services involved to the customer, at values 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 as of January 1, 2018, effective date of first-time adoption.

The Company conducted a detailed analysis of IFRS 15 and did not identify significant impacts with regard to the accounting practices currently adopted.

- **Review of IFRS 2 – Share-based payments**

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 shareholders' equity instruments". The amendments are effective for annual periods beginning January 1, 2018.

The Company conducted a detailed analysis of IFRS 2 and did not identify significant impacts in relation to the accounting practices currently adopted.

### **3.2. Recently issued accounting pronouncements and interpretations and not yet adopted by the Company**

The following 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 can be out of the scope of this new standard. The criteria for recognition and measurement of leases in the financial statements of the lessors will be substantially maintained. On December 21, 2017, CVM, through Resolution 787/17, approved CPC 06 (R2), which is equivalent to said IFRS. IFRS 16 is effective for years beginning as from January 1, 2019 and replaces IAS 17 - Leases and corresponding interpretations. The Management is evaluating the total impact of this pronouncement.

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Cash and banks	7,286	10,593	12,397	18,370
Bank Certificates of Deposit ("CDB") and others	255,119	-	263,495	14,919
Non-exclusive, fixed-income investment fund units	568,350	819,144	579,969	1,304,906
<b>Total</b>	<b>830,755</b>	<b>829,737</b>	<b>855,861</b>	<b>1,338,195</b>

On June 30, 2018, investments in CDB and other fixed-income investment fund units had an weighted average yield of 99.6% of the Interbank Deposit Certificates ("CDI") rate variation (103.4% on December 31, 2017), have immediate liquidity and may be used within up to 90 days.

#### 5. FINANCIAL ASSETS

Financial assets are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Bank Certificates of Deposit ("CDB")	-	222,128	8,816	253,614
Repurchase operations	-	404,332	63	406,951
Non-exclusive, fixed-income investment fund units	-	532,407	817,642	615,134
<b>Total</b>	<b>-</b>	<b>1,158,867</b>	<b>826,521</b>	<b>1,275,699</b>

As of June 30, 2018, investments in CDB, repurchase operations and non-exclusive, fixed-income investment funds recorded weighted annual average yield of 98.2% of the CDI rate variation (103.4% as of December 31, 2017), are highly liquid and may be used within 91 to 365 days.

#### 6. TRADE RECEIVABLES

Trade receivables are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Car rental	453,153	359,346	454,509	361,077
Fleet rental	-	-	108,607	111,276
Sale of decommissioned cars	166,160	118,975	204,154	160,936
Franchising	637	1,187	10,822	11,827
	<b>619,950</b>	<b>479,508</b>	<b>778,092</b>	<b>645,116</b>
Allowance for doubtful debts/expected losses (*)	(67,852)	(38,144)	(84,070)	(55,294)
<b>Total</b>	<b>552,098</b>	<b>441,364</b>	<b>694,022</b>	<b>589,822</b>
<b>Current</b>	<b>552,098</b>	<b>441,364</b>	<b>688,298</b>	<b>585,124</b>
<b>Non-current (**)</b>	<b>-</b>	<b>-</b>	<b>5,724</b>	<b>4,698</b>

(\*) The increase in provision on June 30, 2018 compared to December 31, 2017 is due to the first-time adoption of IFRS 9, which included the allowance for expected losses on receivables (note 3.1).

(\*\*) Refers to the franchising integration rate.

The aging list of trade receivables is as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Current	488,629	314,293	616,817	410,332
Up to 30 days overdue	54,539	92,320	62,545	132,691
31 to 60 days overdue	22,308	21,116	26,376	28,786
61 to 90 days overdue	11,928	15,915	14,478	20,548
91 to 180 days overdue	21,802	15,091	25,063	19,650
Over 181 days overdue	20,744	20,773	32,813	33,109
<b>Total</b>	<b>619,950</b>	<b>479,508</b>	<b>778,092</b>	<b>645,116</b>

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

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Up to 30 days overdue	47,486	91,050	55,378	131,001
31 to 60 days overdue	16,972	20,108	20,715	27,578
61 to 90 days overdue	7,069	14,980	9,337	19,407
Over 91 days overdue	560	2,743	2,138	3,960
<b>Total</b>	<b>72,087</b>	<b>128,881</b>	<b>87,568</b>	<b>181,946</b>

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

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Current	(8,618)	(1,810)	(10,363)	(2,456)
Up to 30 days overdue	(7,053)	(1,270)	(7,167)	(1,690)
31 to 60 days overdue	(5,336)	(1,008)	(5,661)	(1,208)
61 to 90 days overdue	(4,859)	(935)	(5,141)	(1,141)
Over 91 days overdue	(41,986)	(33,121)	(55,738)	(48,799)
<b>Total</b>	<b>(67,852)</b>	<b>(38,144)</b>	<b>(84,070)</b>	<b>(55,294)</b>

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

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
<b>Balance at the beginning of the period</b>	<b>(38,144)</b>	<b>(25,958)</b>	<b>(55,294)</b>	<b>(37,094)</b>
Balance from first-time adoption of IFRS9	(10,410)	-	(11,208)	-
Recognition	(50,195)	(2,521)	(57,019)	(3,835)
Reversal	30,897	643	39,451	844
<b>Balance at the end of the period</b>	<b>(67,852)</b>	<b>(27,836)</b>	<b>(84,070)</b>	<b>(40,085)</b>

	Individual		Consolidated	
	2Q18	2Q17	2Q18	2Q17
<b>Balance at the beginning of the period</b>	<b>(58,260)</b>	<b>(27,715)</b>	<b>(75,069)</b>	<b>(39,697)</b>
Recognition	(15,812)	(589)	(15,702)	(1,032)
Reversal	6,220	468	6,701	644
<b>Balance at the end of the period</b>	<b>(67,852)</b>	<b>(27,836)</b>	<b>(84,070)</b>	<b>(40,085)</b>

Other information related to accounts receivable (Individual and Consolidated) did not undergo significant changes compared to the information disclosed in note 6 to the financial statements as of December 31, 2017.

## 7. OTHER CURRENT AND NON-CURRENT ASSETS

Other current and non-current assets are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Balances stated separately in current assets:				
Prepaid expenses (*)	43,422	7,051	56,681	8,178
Recoverable taxes	22,102	14,820	35,954	28,036
Derivative instruments – swap (note 13 (b))	-	-	278	-
	65,524	21,871	92,913	36,214
Other current assets:				
Receivables from insurance company (**)	83,180	65,416	83,670	66,234
Other receivables – subsidiaries (note 8(b) (i))	587	634	-	-
Receivables from Hertz Corp.	-	-	-	4,496
Other current assets	9,095	12,958	16,763	21,676
	92,862	79,008	100,433	92,406
<b>Total other current assets</b>	<b>158,386</b>	<b>100,879</b>	<b>193,346</b>	<b>128,620</b>
Balances stated separately in non-current assets:				
Recoverable taxes	-	-	-	692
Investments in restricted accounts (note 14)	-	-	41,841	40,584
Derivative instruments – swap (note 13(b))	-	-	13,916	16,703
Other non-current assets	83	83	83	83
<b>Total other non-current assets</b>	<b>83</b>	<b>83</b>	<b>55,840</b>	<b>58,062</b>
<b>Total other current and non-current assets</b>	<b>158,469</b>	<b>100,962</b>	<b>249,186</b>	<b>186,682</b>

(\*) Basically refers to prepaid expenses on Vehicle Tax (“IPVA”), in the consolidated amount of R\$49,656, paid at the beginning of the year for fleet cars in use and monthly paid according to car purchases during the year, which are amortized within the year between the months of payment and December, 2018, or based on the estimated useful life of each car when the sale is expected to be made before December 31, 2018.

(\*\*) Expenses incurred on claims, cost of stolen cars and receivables from the insurance company for insurance coverage contracted by customers when renting cars from the Company (Note 2.7.7 to the financial statements for the year ended December 31, 2017).

## 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, whose main operations 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 engaged primarily in acquiring, selling and renting own 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 garages 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 garages 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.

The interests in capital, equity and net income / (loss) of direct and indirect subsidiaries are as follows:

	Number of shares		In capital (%)		Interest					
					In equity		In net income / (loss)			
	06/30/18	12/31/17	06/30/18	12/31/17	06/30/18	12/31/17	1H18	1H17	2Q18	2Q17
<b>Localiza subsidiaries:</b>										
Localiza Fleet	103,280,354	103,280,354	100.0	100.0	587,410	553,770	111,176	102,353	65,009	52,898
Rental Brasil	15,000,000	15,000,000	100.0	100.0	256,283	257,178	5,540	-	1,382	-
Localiza Prime	15,000	15,000	100.0	100.0	88,470	91,585	(3,114)	(14,089)	(2,646)	(5,875)
Car Assistance	200,000	200,000	100.0	100.0	10,702	16,662	10,462	11,036	4,601	6,549
Franchising Brasil	399,069	399,069	100.0	100.0	5,183	7,183	4,834	4,342	1,980	1,649
LFI S.R.L.	131,078	131,078	98.0	98.0	902	696	206	241	22	61
Rental International	1,000	1,000	100.0	100.0	17	18	-	(43)	1	(19)
					<b>948,967</b>	<b>927,092</b>	<b>129,104</b>	<b>103,840</b>	<b>70,349</b>	<b>55,263</b>
<b>Goodwill in the acquisition of investments:</b>										
Goodwill					22,077	22,077	-	-	-	-
<b>Total</b>					<b>971,044</b>	<b>949,169</b>	<b>129,104</b>	<b>103,840</b>	<b>70,349</b>	<b>55,263</b>
<b>Indirect subsidiary:</b>										
LFI S.R.L.	2,160	2,160	2.0	2.0	18	14	4	-	-	-
<b>Franchising Brasil's subsidiary:</b>										
FR Assistance	150,000	150,000	100.0	100.0	<b>150</b>	<b>150</b>	-	-	-	-
<b>Localiza Fleet's subsidiary:</b>										
Car Rental Systems	603,876,785	603,876,785	100.0	100.0	462,183	451,095	11,237	-	6,931	-
<b>Goodwill, surplus value and loss in acquisition of investments by Localiza Fleet:</b>										
Goodwill on acquisition of Car Rental Systems					8,642	8,642	-	-	-	-
Surplus value from fixed assets, net of realizations					2,707	7,017	-	-	-	-
Loss from fixed assets, net of realizations					(4,271)	(7,571)	-	-	-	-
<b>Total</b>					<b>469,261</b>	<b>459,183</b>	<b>11,237</b>	<b>-</b>	<b>6,931</b>	<b>-</b>

Variations in the balance of investments in direct subsidiaries are as follows:

	1H18	1H17	2Q18	2Q17
<b>Balance at the beginning of the period</b>	<b>927,092</b>	<b>829,032</b>	<b>985,135</b>	<b>792,369</b>
Equity in the earnings of subsidiaries	129,104	103,840	70,349	55,263
Dividends from subsidiaries (item (iii) below)	(106,516)	(135,264)	(106,516)	(50,000)
Provision for equity deficiency and effect from exchange variation of subsidiary				
Rental International	-	43	(1)	19
Effect, in equity accounting, from the first-time adoption of IFRS 9 in subsidiaries	(713)	-	-	-
<b>Balance at the end of the period</b>	<b>948,967</b>	<b>797,651</b>	<b>948,967</b>	<b>797,651</b>



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

**(i) Balance sheets**

<b>06/30/18</b>	<b>Localiza Fleet Consolidated</b>	<b>Rental Brasil</b>	<b>Localiza Prime</b>	<b>Car Assistance</b>	<b>Franchising Brasil Consolidated</b>	<b>LFI S.R.L.</b>	<b>Rental International</b>
<b>Assets</b>							
Current	567,224	415,944	89,085	13,163	11,184	1,298	17
Non-current							
Long-term assets	92,228	13,916	19,179	-	10,011	-	-
Investment	18	-	-	-	-	-	-
Property and equipment	1,862,412	398,229	324	-	-	-	-
Intangible assets	14,228	-	-	-	381	-	-
<b>Total</b>	<b>2,536,110</b>	<b>828,089</b>	<b>108,588</b>	<b>13,163</b>	<b>21,576</b>	<b>1,298</b>	<b>17</b>
<b>Liabilities</b>							
Current	576,272	22,393	12,100	2,461	4,972	359	-
Non-current	1,372,428	549,413	8,018	-	11,421	19	-
Equity	587,410	256,283	88,470	10,702	5,183	920	17
<b>Total</b>	<b>2,536,110</b>	<b>828,089</b>	<b>108,588</b>	<b>13,163</b>	<b>21,576</b>	<b>1,298</b>	<b>17</b>

<b>12/31/17</b>	<b>Localiza Fleet Consolidated</b>	<b>Rental Brasil</b>	<b>Localiza Prime</b>	<b>Car Assistance</b>	<b>Franchising Brasil Consolidated</b>	<b>LFI S.R.L.</b>	<b>Rental International</b>
<b>Assets</b>							
Current	699,136	53,567	94,369	23,262	16,962	1,285	18
Non-current							
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	-	-
<b>Total</b>	<b>2,536,414</b>	<b>466,939</b>	<b>112,701</b>	<b>23,262</b>	<b>26,250</b>	<b>1,285</b>	<b>18</b>
<b>Liabilities</b>							
Current	554,108	9,251	12,795	6,600	8,632	550	-
Non-current	1,428,536	200,510	8,321	-	10,435	25	-
Equity	553,770	257,178	91,585	16,662	7,183	710	18
<b>Total</b>	<b>2,536,414</b>	<b>466,939</b>	<b>112,701</b>	<b>23,262</b>	<b>26,250</b>	<b>1,285</b>	<b>18</b>

**(ii) Income statements**

<b>1H18</b>	<b>Localiza Fleet Consolidated (*)</b>	<b>Rental Brasil (**)</b>	<b>Localiza Prime</b>	<b>Car Assistance</b>	<b>Franchising Brasil Consolidated</b>	<b>LFI S.R.L.</b>	<b>Rental International</b>
Net revenue	823,066	17,873	16,794	11,887	7,116	348	-
Gross profit	241,115	17,383	16,794	11,684	5,273	361	-
Net income / (loss) before income tax and social contribution	168,549	8,375	(4,184)	12,215	5,914	210	-
<b>Net income / (loss)</b>	<b>111,176</b>	<b>5,540</b>	<b>(3,114)</b>	<b>10,462</b>	<b>4,834</b>	<b>210</b>	<b>-</b>

<b>1H17</b>	<b>Localiza Fleet</b>	<b>Localiza Prime</b>	<b>Car Assistance</b>	<b>Franchising Brasil Consolidated</b>	<b>LFI S.R.L.</b>	<b>Rental International</b>
Net revenue	534,632	10,778	12,259	7,419	342	-
Gross profit	222,775	10,769	12,059	5,248	320	-
Net income / (loss) before income tax and social contribution	154,795	(22,083)	12,797	5,668	241	(43)
<b>Net income / (loss)</b>	<b>102,353</b>	<b>(14,089)</b>	<b>11,036</b>	<b>4,342</b>	<b>241</b>	<b>(43)</b>

<b>2Q18</b>	<b>Localiza Fleet Consolidated (*)</b>	<b>Rental Brasil (**)</b>	<b>Localiza Prime</b>	<b>Car Assistance</b>	<b>Franchising Brasil Consolidated</b>	<b>LFI S.R.L.</b>	<b>Rental International</b>
Net revenue	386,485	8,944	8,157	5,456	3,486	106	-
Gross profit	125,589	9,426	8,157	5,336	2,358	113	-
Net income / (loss) before income tax and social contribution	98,378	2,086	(3,834)	5,579	2,546	22	1
<b>Net income / (loss)</b>	<b>65,009</b>	<b>1,382</b>	<b>(2,646)</b>	<b>4,601</b>	<b>1,980</b>	<b>22</b>	<b>1</b>

<b>2Q17</b>	<b>Localiza Fleet</b>	<b>Localiza Prime</b>	<b>Car Assistance</b>	<b>Franchising Brasil Consolidated</b>	<b>LFI S.R.L.</b>	<b>Rental International</b>
Net revenue	280,847	5,945	7,541	3,645	131	-
Gross profit	115,869	5,945	7,417	2,569	100	-
Net income / (loss) before income tax and social contribution	80,010	(10,827)	7,599	2,194	61	(19)
<b>Net income / (loss)</b>	<b>52,898</b>	<b>(5,875)</b>	<b>6,549</b>	<b>1,649</b>	<b>61</b>	<b>(19)</b>

(\*) As of September 2017, Localiza Fleet consolidated Car Rental Systems in its financial statements.

(\*\*) Rental Brasil started operating on July 1<sup>st</sup>, 2017.

### (iii) Dividends from subsidiaries

<b>1H18</b>	<b>Localiza Fleet</b>	<b>Rental Brasil</b>	<b>Car Assistance</b>	<b>Franchising Brasil</b>	<b>Total</b>
Dividends for 2017 (mandatory minimum)	30,000	2,145	5,474	2,193	<b>39,812</b>
Dividends in addition to the mandatory minimum for 2017	32,079	6,435	16,422	6,580	<b>61,516</b>
Prepaid dividends for 2018	45,000	-	-	-	<b>45,000</b>
<b>Total approved dividends</b>	<b>107,079</b>	<b>8,580</b>	<b>21,896</b>	<b>8,773</b>	<b>146,328</b>

<b>1H17</b>	<b>Localiza Fleet</b>	<b>Car Assistance</b>	<b>Franchising Brasil</b>	<b>Total</b>
Dividends for 2016 (mandatory minimum)	-	5,050	2,422	<b>7,472</b>
Dividends in addition to the mandatory minimum for 2016	30,949	15,149	7,266	<b>53,364</b>
Prepaid dividends for 2017	81,900	-	-	<b>81,900</b>
<b>Total approved dividends</b>	<b>112,849</b>	<b>20,199</b>	<b>9,688</b>	<b>142,736</b>

**(b) Balances and transactions with related parties**

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

	Individual					
	Localiza Fleet		Other subsidiaries		Total	
	06/30/18	12/31/17	06/30/18	12/31/17	06/30/18	12/31/17
<b>Balances:</b>						
Trade receivables	4,042	2,556	-	2	<b>4,042</b>	<b>2,558</b>
Dividends receivable	-	30,000	-	9,812	-	<b>39,812</b>
Other receivables (current and non-current) (note 7)	-	-	587	634	<b>587</b>	<b>634</b>
Trade payables	(3,167)	(1,416)	(16,864)	(4,256)	<b>(20,031)</b>	<b>(5,672)</b>
Other payables (note 14)	(2,525)	(1,780)	(2,471)	(2,754)	<b>(4,996)</b>	<b>(4,534)</b>

	Individual					
	Localiza Fleet		Other subsidiaries		Total	
	1H18	1H17	1H18	1H17	1H18	1H17
<b>Transactions:</b>						
Costs and expenses	(8,802)	-	(21,948)	-	<b>(30,750)</b>	-
Recoverable costs and expenses	18,217	14,501	1,954	2,680	<b>20,171</b>	<b>17,181</b>
Revenues	9,957	9,651	7	39	<b>9,964</b>	<b>9,690</b>

	Individual					
	Localiza Fleet		Other subsidiaries		Total	
	2Q18	2Q17	2Q18	2Q17	2Q18	2Q17
<b>Transactions:</b>						
Costs and expenses	(4,316)	-	(9,249)	-	<b>(13,565)</b>	-
Recoverable costs and expenses	10,333	8,451	1,031	1,447	<b>11,364</b>	<b>9,898</b>
Revenues	5,073	5,172	6	19	<b>5,079</b>	<b>5,191</b>

As of June 30, 2018, there were collateral signatures related to guarantees for loans, financing and debt securities amounting to: (i) R\$3,504,899 issued by Localiza Fleet to Localiza; (ii) R\$1,433,763 issued by Localiza to Localiza Fleet; and (iii) R\$190,477 issued by Localiza to Rental Brasil. There were also collateral signatures between companies when bank guarantees and guarantees insurances were issued for lawsuits totaling R\$53,661.

Additionally, the Company has guarantees insurances with J Malucelli Seguradora and Pottencial Seguradora, the latter being a company in which Salim Mattar and Eugênio Mattar, founding partners of Localiza, jointly hold 40% of the capital. In transactions with Pottencial Seguradora, made under normal market conditions, the amount of the accumulated premium paid through June 30, 2018 was R\$1,407 related to guarantees insurances in the current insured amount of R\$102,024.

Transactions are conducted based on conditions agreed upon between the parent company and its wholly-owned subsidiaries.

**(ii) Key management compensation**

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
Compensation of the Board of Directors and Fiscal Council	7,556	6,865	7,556	6,865
Management and Executive Board				
Fees and compensation	10,786	8,403	15,478	13,158
Payroll taxes	2,875	2,119	4,042	3,126
Options granted recognized	3,702	2,305	3,702	2,305
Supplementary pension plan	2,480	1,051	3,239	1,381
<b>Total</b>	<b>27,399</b>	<b>20,743</b>	<b>34,017</b>	<b>26,835</b>

	Individual		Consolidated	
	2Q18	2Q17	2Q18	2Q17
Compensation of the Board of Directors and Fiscal Council	4,128	3,429	4,128	3,429
Management and Executive Board				
Fees and compensation	5,872	5,039	8,150	7,844
Payroll taxes	1,655	1,034	2,236	1,553
Options granted recognized	1,902	1,008	1,902	1,008
Supplementary pension plan	1,368	939	1,744	1,209
<b>Total</b>	<b>14,925</b>	<b>11,449</b>	<b>18,160</b>	<b>15,043</b>

## 9. PROPERTY AND EQUIPMENT

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

	Individual							
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Other
<b>Cost:</b>								
As of December 31, 2017	5,295,132	108,347	82,034	38,807	4,802	681	1,913	23,520
Additions	2,035,593	-	2,532	3,541	7,500	-	-	1,285
Write-offs/transfers (*)	(1,499,815)	5,949	-	(191)	(5,949)	-	-	-
As of June 30, 2018	5,830,910	114,296	84,566	42,157	6,353	681	1,913	24,805
<b>Accumulated depreciation:</b>								
As of December 31, 2017	(87,898)	(52,675)	(23,699)	(21,211)	-	-	(1,041)	(11,978)
Additions	(44,456)	(5,857)	(3,704)	(2,719)	-	-	(44)	(1,042)
Write-offs/transfers (*)	46,177	-	-	191	-	-	-	-
As of June 30, 2018	(86,177)	(58,532)	(27,403)	(23,739)	-	-	(1,085)	(13,020)
<b>Net carrying amount:</b>								
As of December 31, 2017	5,207,234	55,672	58,335	17,596	4,802	681	872	11,542
As of June 30, 2018	5,744,733	55,764	57,163	18,418	6,353	681	828	11,785

	Individual							
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Other
<b>Cost:</b>								
As of December 31, 2016	3,486,670	153,455	45,038	28,652	6,200	681	1,913	25,071
Additions	1,709,750	-	5,198	5,834	29,260	-	-	1,671
Write-offs/transfers (*)	(1,286,903)	(52,478)	-	(727)	(7,282)	-	-	(88)
As of June 30, 2017	3,909,517	100,977	50,236	33,759	28,178	681	1,913	26,654
<b>Accumulated depreciation:</b>								
As of December 31, 2016	(77,298)	(100,107)	(27,628)	(19,168)	-	-	(953)	(14,071)
Additions	(58,485)	(6,116)	(1,671)	(1,811)	-	-	(44)	(908)
Write-offs/transfers (*)	51,487	59,760	-	727	-	-	-	90
As of June 30, 2017	(84,296)	(46,463)	(29,299)	(20,252)	-	-	(997)	(14,889)
<b>Net carrying amount:</b>								
As of December 31, 2016	3,409,372	53,348	17,410	9,484	6,200	681	960	11,000
As of June 30, 2017	3,825,221	54,514	20,937	13,507	28,178	681	916	11,765

	Consolidated								
	Cars	Leasehold improve- ments	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Other	Total
<b>Cost:</b>									
As of December 31, 2017	7,328,454	110,305	82,237	40,525	4,802	29,342	369,935	24,699	7,990,299
Additions	2,577,089	-	2,532	3,541	10,482	-	-	1,287	2,594,931
Write-offs/transfers (*)	(1,922,366)	5,949	-	(191)	(5,949)	-	-	-	(1,922,557)
As of June 30, 2018	<u>7,983,177</u>	<u>116,254</u>	<u>84,769</u>	<u>43,875</u>	<u>9,335</u>	<u>29,342</u>	<u>369,935</u>	<u>25,986</u>	<u>8,662,673</u>
<b>Accumulated depreciation:</b>									
As of December 31, 2017	(393,683)	(53,169)	(23,725)	(21,861)	-	-	(1,747)	(12,140)	(506,325)
Additions	(116,740)	(6,052)	(3,714)	(2,862)	-	-	(775)	(1,100)	(131,243)
Write-offs/transfers (*)	131,394	-	-	191	-	-	-	-	131,585
As of June 30, 2018	<u>(379,029)</u>	<u>(59,221)</u>	<u>(27,439)</u>	<u>(24,532)</u>	<u>-</u>	<u>-</u>	<u>(2,522)</u>	<u>(13,240)</u>	<u>(505,983)</u>
<b>Net carrying amount:</b>									
As of December 31, 2017	6,934,771	57,136	58,512	18,664	4,802	29,342	368,188	12,559	7,483,974
As of June 30, 2018	7,604,148	57,033	57,330	19,343	9,335	29,342	367,413	12,746	8,156,690

	Consolidated									
	Cars	Leasehold improve- ments	Furniture and fixtures	IT equipment	Construction of the new head office	Constructions in progress	Land	Property	Other	Total
<b>Cost:</b>										
As of 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
Additions	2,107,690	-	5,219	5,834	62,877	29,260	-	-	1,672	2,212,552
Write-offs/transfers (*)	(1,493,312)	(52,478)	-	(727)	-	(7,282)	-	-	(88)	(1,553,887)
As of June 30, 2017	<u>5,605,505</u>	<u>100,977</u>	<u>51,927</u>	<u>34,088</u>	<u>339,040</u>	<u>28,178</u>	<u>29,279</u>	<u>3,046</u>	<u>27,322</u>	<u>6,219,362</u>
<b>Accumulated depreciation:</b>										
As of December 31, 2016	(376,334)	(100,107)	(28,992)	(19,457)	-	-	-	(953)	(14,258)	(540,101)
Additions	(112,015)	(6,116)	(1,704)	(1,821)	-	-	-	(44)	(938)	(122,638)
Write-offs/transfers (*)	96,965	59,760	-	727	-	-	-	-	88	157,540
As of June 30, 2017	<u>(391,384)</u>	<u>(46,463)</u>	<u>(30,696)</u>	<u>(20,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(997)</u>	<u>(15,108)</u>	<u>(505,199)</u>
<b>Net carrying amount:</b>										
As of 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
As of June 30, 2017	5,214,121	54,514	21,231	13,537	339,040	28,178	29,279	2,049	12,214	5,714,163

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

As of June 30, 2018, the consolidated balances include the net carrying amounts of property and equipment items acquired as finance leases in the amount of R\$501,240 (R\$597,373 as of December 31, 2017). For further information on finance leases, see note 13(a).

The other information on property and equipment (Individual and Consolidated) has not significantly changed when compared with that disclosed in note 9 to the financial statements for the year ended December 31, 2017.

#### (a) Decommissioned cars for fleet renewal

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

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Cost	40,980	28,590	89,290	123,909
Accumulated depreciation	(1,424)	(1,557)	(12,312)	(20,559)
<b>Net carrying amount</b>	<b>39,556</b>	<b>27,033</b>	<b>76,978</b>	<b>103,350</b>

## 10. INTANGIBLE ASSETS

The variations in cost, accumulated amortization and net carrying amount of softwares in each period are as follows:

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
<b>Cost:</b>				
At the beginning of the period	96,961	93,065	109,146	102,652
Additions	2,010	2,662	2,643	3,217
At the end of the period	<b>98,971</b>	<b>95,727</b>	<b>111,789</b>	<b>105,869</b>
<b>Accumulated amortization:</b>				
At the beginning of the period	(50,581)	(37,453)	(56,430)	(41,596)
Additions	(5,830)	(6,573)	(6,833)	(7,418)
At the end of the period	<b>(56,411)</b>	<b>(44,026)</b>	<b>(63,263)</b>	<b>(49,014)</b>
<b>Net carrying amount:</b>				
At the beginning of the period	46,380	55,612	52,716	61,056
At the end of the period	<b>42,560</b>	<b>51,701</b>	<b>48,526</b>	<b>56,855</b>

On June 30, 2018, the consolidated balances include net carrying amounts of intangible assets acquired as finance lease in the amount of R\$53 (R\$72 on December 31, 2017). For more information on finance lease, see note 13(a).

The other information on intangible assets (Individual and Consolidated) has not significantly changed in relation to that disclosed in note 10 to the financial statements for the year ended December 31, 2017.

## 11. TRADE PAYABLES

Trade payables are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Car manufacturers (*)	784,388	1,047,666	1,011,501	1,197,455
Insurance premiums	1,852	28,110	2,522	28,730
Maintenance services and parts	24,123	27,658	38,473	40,148
Rentals	30,979	17,546	14,211	13,301
IT services and other	40,335	36,974	44,531	52,046
<b>Total</b>	<b>881,677</b>	<b>1,157,954</b>	<b>1,111,238</b>	<b>1,331,680</b>

(\*) The balance payable to car manufacturers refers to cars acquired at the end of each period and with average payment term of approximately 90 days.

## 12. PAYROLL AND RELATED TAXES

Payroll and related taxes are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Accrued vacation pay	40,572	35,841	47,257	41,880
Accrued profit sharing (*)	29,184	38,292	36,821	46,736
Accrued 13 <sup>th</sup> salary (**)	13,287	-	15,900	-
Social security contribution ("INSS")	6,338	12,358	7,457	14,595
Government Severance Indemnity Fund for Employees ("FGTS")	2,151	1,991	2,604	2,395
Other	2,212	2,841	2,849	3,570
<b>Total</b>	<b>93,744</b>	<b>91,323</b>	<b>112,888</b>	<b>109,176</b>

(\*) The Company has a profit sharing program for employees as prescribed in Law 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 accrued profit sharing is classified as "cost", "selling expenses" and "general, administrative and other expenses" in the income statement for the year, based on the function exercised by the respective employees.

(\*\*) Accrued 13th salary accumulated during the year, which is usually paid by the Company in every November.

## 13. LOANS, FINANCING, DEBT AND SWAP

Loans, financing, debt and swap are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
<b>In local currency</b>				
Debentures - 6 <sup>th</sup> issue	-	243,638	-	243,638
Debentures - 7 <sup>th</sup> issue	316,976	355,570	316,976	355,570
Debentures - 8 <sup>th</sup> issue	509,325	510,818	509,325	510,818
Debentures - 9 <sup>th</sup> issue	-	504,148	-	504,148
Debentures - 10 <sup>th</sup> issue	205,557	207,095	205,557	207,095
Debentures - 11 <sup>th</sup> issue	498,796	498,366	498,796	498,366
Debentures - 12 <sup>th</sup> issue	701,889	701,986	701,889	701,986
Debentures - 13 <sup>th</sup> issue	1,084,639	1,082,734	1,084,639	1,082,734
Debentures of Localiza Fleet - 3 <sup>rd</sup> issue	-	-	504,760	505,193
Debentures of Localiza Fleet - 4 <sup>th</sup> issue	-	-	354,915	355,568
Promissory notes - 6 <sup>th</sup> issue	683,187	660,785	683,187	660,785
Working capital	-	-	299,869	324,769
Real estate credit note ("CCBI")	-	-	197,490	197,074
Finance lease	33	189	267,927	329,935
Real estate Receivables Certificate ("CRI")	-	-	367,155	-
<b>In foreign currency</b>				
Loan in US dollar	309,267	-	309,267	-
	<b>4,309,669</b>	<b>4,765,329</b>	<b>6,301,752</b>	<b>6,477,679</b>
<b>Loans, financing and debt</b>				
Current liabilities	105,613	237,790	397,703	537,216
Non-current liabilities	4,204,056	4,527,539	5,904,049	5,940,463
	<b>4,309,669</b>	<b>4,765,329</b>	<b>6,301,752</b>	<b>6,477,679</b>
<b>Derivatives instruments – swap (b)</b>				
Current assets (note 7)	-	-	(278)	-
Non-current assets (note 7)	-	-	(13,916)	(16,703)
Current liabilities (note 14)	1,059	-	13,892	6,831
Non-current liabilities (note 14)	7,168	-	9,129	10,824
<b>Total loans, financing and debt, net of swap</b>	<b>4,317,896</b>	<b>4,765,329</b>	<b>6,310,579</b>	<b>6,478,631</b>



On December 6, 2017, the Board of Directors approved the signing of all documents related to the issuance of Real State Receivables Certificate (CRI), issued by RB Capital Companhia de Securitização, backed by real estate receivables from lease contracts of property of Localiza's and Localiza Fleet's registered 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.

On the same date, the Company settled in advance the debentures related to the 6<sup>th</sup> issue in the amount of R\$246,733.

On May 22, 2018, Localiza signed a loan agreement in the amount of US\$80,000 thousand, with maturity of principal on May 22, 2022 and May 22, 2023. Simultaneously, a swap transaction (plain vanilla) 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.

On the same date, the Company settled in advance the debentures related to the 9<sup>th</sup> issue in the amount of R\$504,567.

On July 18, 2018, Localiza's Board of Directors approved the 5<sup>th</sup> issuance in the amount of R\$300,000 of Localiza Fleet's debentures, guaranteed by Localiza, for cash increase and final term of 7 years. Such issue is subject to public distribution with restricted distribution efforts and placement guarantee, pursuant to CVM Instruction 476/09.

Changes in loans, financing and debentures, net of swap are as follows:

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
<b>Balance at the beginning of the period</b>	<b>4,765,329</b>	<b>2,685,584</b>	<b>6,478,631</b>	<b>3,776,293</b>
Loans	300,024	696,073	742,489	1,330,016
Interest and finance charges (*)	179,435	167,275	257,924	243,954
Repayment of principal	(777,654)	(256,785)	(946,289)	(639,462)
Interest amortization	(149,238)	(180,527)	(222,176)	(253,599)
<b>Balance at the end of the period</b>	<b>4,317,896</b>	<b>3,111,620</b>	<b>6,310,579</b>	<b>4,457,202</b>

(\*) The consolidated balance of 1H17 includes the net debt amount of R\$6,205 related to interest and mark-to-market on loans of Rental Brasil capitalized according to CPC 20 – Borrowing Costs until June 30, 2017. As from July 1, 2017, Rental Brasil started its operations and these effects were recognized in the income statement.

As of June 30, 2018, Localiza had six issues of outstanding debentures, not convertible into shares, and one issue of promissory notes and Localiza Fleet had two issues of debentures, not convertible into shares. These issues have early 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 unremedied default within the respective period in individual or aggregate amount equal to or above R\$25,000 (7<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup> issue of debentures from Localiza) or 3% of the consolidated average equity calculated in the past three quarters (11<sup>th</sup> issue and 13<sup>th</sup> issue of debentures and 6<sup>th</sup> issue of promissory notes from Localiza and 3<sup>rd</sup> and 4<sup>th</sup> issues of debentures from Localiza Fleet); (iii) decrease of capital of Localiza and/or repurchase of its own shares for cancellation, other than if previously authorized by debenture holders; (iv) Localiza's merger, consolidation or spin-off, except if, as set forth in article 231 of Law 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 downgrading, as follows:

Issue	Downgrading in national scale (*)
Debentures - 7 <sup>th</sup> issue	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.
Debentures - 8 <sup>th</sup> issue	Downgraded by two grades or more in relation to the rating brAAA (BR, triple A) by Standard & Poor's (**).
Debentures - 10 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup> and 13 <sup>th</sup> issues	Downgraded by two grades or more in relation to the rating AAA (BR, triple A) by Fitch (**).

Issue	Downgrading in national scale (*)
Debentures of Localiza Fleet - 3 <sup>rd</sup> and 4 <sup>th</sup> issues	Downgraded by two grades or more in relation to the rating AAA (BR, triple A) by Fitch (**).
Promissory notes - 6 <sup>th</sup> issue	Downgraded by two grades or more in relation to the rating AAA (BR, triple A) by Fitch (**).

(\*) Corporate credit ratings in national scale effective as of June 30, 2018: Standard & Poor's (AAA(bra)/negative), 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 in the 12 month periods ended in June 30, 2018 and December 31, 2017 as shown below:

Ratio	Limits	12-month period ended 06/30/18	12-month period ended 12/31/17
Net debt/ Adjusted EBITDA (*)	Below 4.00	3.14	2.92
Adjusted EBITDA/ Finance costs, net	Above 1.50	4.20	4.20

(\*) EBITDA corresponds to the Issuer's net income or loss, on a consolidated basis, relating to the 12 last months, before: (i) finance income (expenses); (ii) income tax and social contribution; and (iii) depreciation and amortization expenses. For all issues, EBITDA is also adjusted by the costs on stock options, nonrecurring expenses and impairment. In the 12 months ended June 30, 2018 and December 31, 2017, non-recurring expenses totaled R\$74,068.

Additionally, the Company has loans and financing that also include certain early maturity events under conditions similar to those applicable to debt securities. As of June 30, 2018, restrictive covenants were all complied with.

#### (a) Finance lease

The net carrying amounts, by asset category, acquired through finance lease agreements on June 30, 2018 and December 31, 2017 are as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Cars	-	-	500,489	596,169
Hardware	751	1,204	751	1,204
<b>Total property and equipment (note 9)</b>	<b>751</b>	<b>1,204</b>	<b>501,240</b>	<b>597,373</b>
Software	53	72	53	72
<b>Total intangible assets (note 10)</b>	<b>53</b>	<b>72</b>	<b>53</b>	<b>72</b>
<b>Total</b>	<b>804</b>	<b>1,276</b>	<b>501,293</b>	<b>597,445</b>

#### (b) Derivative instruments – Swap

The breakdown of swap balance, presented in line items "Other current liabilities" (note 7) or "Other current liabilities" and "Other non-current liabilities" (note 14), is as follows:

	Consolidated	
	06/30/18	12/31/17
Swap pre-fixed (i)	(14,794)	(17,655)
Swap TR (ii)	14,194	16,703
Swap dollar (iii)	(8,227)	-
<b>Total liabilities, net</b>	<b>(8,827)</b>	<b>(952)</b>

**(i) CDI x Fixed rate**

Fleet rental contracts vary from 24 to 36 months and usually include an annual adjustment clause based on the inflation rate. 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. The specific characteristics of this swap transaction, as well as its respective notional and carrying amounts, are as follows:

Range of maturity dates	Index		Amount of reference	Value of the curve			Market value (carrying amount)			Variation
	Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
	% CDI									
July 2018 to July 2020	108.5%	9.78%	325,000	351,012	356,908	(5,896)	353,501	359,719	(6,218)	(322)
January 2019 to April 2020	108.0%	8.28%	225,000	235,187	236,615	(1,428)	236,420	238,309	(1,889)	(461)
January 2019 to January 2020	106.9%	9.15%	270,000	286,004	289,544	(3,540)	287,959	292,808	(4,849)	(1,309)
January 2019 to January 2020	108.0%	9.76%	75,000	80,403	81,388	(985)	80,838	82,676	(1,838)	(853)
				<b>952,606</b>	<b>964,455</b>	<b>(11,849)</b>	<b>958,718</b>	<b>973,512</b>	<b>(14,794)</b>	<b>(2,945)</b>

**(ii) TR x CDI**

As of June 30, 2018, the subsidiary Rental Brasil had a current swap transaction (plain vanilla), with the sole purpose of hedging its loan in the form of CCBI, 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:

Range of maturity dates	Index		Amount of reference	Value of the curve			Market value (carrying amount)			Variation
	Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
06/15/21	TR + 9.25%	98.8% of CDI	190,000	200,208	190,477	9,731	204,284	190,090	14,194	4,463

On July 12, 2018, Rental Brasil settled this swap transaction in advance, receiving the amount of R\$12,401. On the meeting held on July 19, 2018, Localiza's Board of Directors approved the settlement in advance of the CCBI by Rental Brasil. The payment will occur on August 6, 2018.

**(iii) Dollar x Reais**

On June 30, 2018, the Company had a swap transaction (plain vanilla) in force with the sole purpose of hedging the loan 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:

Range of maturity dates	Index		Amount of reference	Value of the curve			Market value (carrying amount)			Variation
	Long position	Short position	Notional (thousand US dollar)	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
05/22/23	USD Libor + 0.47%	108.00%	80,000	309,267	302,182	7,085	302,753	310,980	(8,227)	(15,312)

Other information related to loans, financing, debt and swap (Individual and Consolidated) did not undergo significant changes compared to the information disclosed in note 13 to the financial statements as of December 31, 2017.

## 14. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities are broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Balances stated separately in current liabilities:				
Payables to related parties (note 8(b) (i))	4,996	4,534	-	-
Federal taxes withheld from third parties	2,014	8,252	3,602	10,889
Municipal taxes payable	2,154	1,542	2,737	2,062
Derivative instruments – swap (note 13 (b))	1,059	-	13,892	6,831
	<u>10,223</u>	<u>14,328</u>	<u>20,231</u>	<u>19,782</u>
Other current liabilities:				
Advances from car rental and decommissioned sale customers	52,736	84,444	55,390	86,999
Insurance premiums for transfer (*)	91,893	65,681	92,152	65,840
Deferred revenues (**)	35	29	3,816	3,859
Other	7,874	7,559	11,560	11,904
	<u>152,538</u>	<u>157,713</u>	<u>162,918</u>	<u>168,602</u>
<b>Total other current liabilities</b>	<b><u>162,761</u></b>	<b><u>172,041</u></b>	<b><u>183,149</u></b>	<b><u>188,384</u></b>
Balances stated separately in non-current liabilities:				
Deferred revenues (**)	75	81	7,360	6,610
Derivative instruments – swap (note 13 (b))	7,168	-	9,129	10,824
Restricted obligations (***)	-	-	41,841	40,584
Other	5,838	6,239	6,347	6,734
	<u>13,081</u>	<u>6,320</u>	<u>64,677</u>	<u>64,752</u>
<b>Total other non-current liabilities</b>	<b><u>13,081</u></b>	<b><u>6,320</u></b>	<b><u>64,677</u></b>	<b><u>64,752</u></b>
<b>Total other current and non-current liabilities</b>	<b><u>175,842</u></b>	<b><u>178,361</u></b>	<b><u>247,826</u></b>	<b><u>253,136</u></b>

(\*) Premiums received from customers that took insurance for rented cars and which will be transferred by Localiza to the insurance company (note 2.7.7 to the financial statements for the year ended December 31, 2017).

(\*\*) Refers to the integration of franchising

(\*\*\*) The restricted obligations refers 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 assets carried out by the Company, with restricted access, and shall be made available for withdrawal on August 31, 2020 and 2024.

## 15. PROVISIONS AND ESCROW DEPOSITS

### (a) Legal provisions recognized

The balance of legal provisions is broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Tax (*)	47,835	39,353	64,270	54,712
Social security	8,684	8,075	10,487	9,754
Labor	25,903	25,484	39,356	37,524
Civil	16,767	16,872	25,487	24,500
<b>Total</b>	<b><u>99,189</u></b>	<b><u>89,784</u></b>	<b><u>139,600</u></b>	<b><u>126,490</u></b>

(\*) 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 10,833/03, at the fraction of 1/48 per month instead of the general rule of 1/60 per month. Starting April 2017, based on favorable outcome, Localiza and Localiza Fleet will appropriate credits at the fraction of 1/48 per month and recognize the difference between said bases until new decisions about the discussion are issued. Said provision was also recognized for 2013, period in which the same procedure to take the credits was adopted.

## (b) Escrow deposits

The balance of escrow deposits is broken down as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Tax	36,800	35,334	64,523	61,947
Social security	1,347	1,328	1,347	1,328
Labor	13,741	13,935	17,992	17,658
Civil	1,279	1,119	2,441	2,191
<b>Total</b>	<b>53,167</b>	<b>51,716</b>	<b>86,303</b>	<b>83,124</b>

The other information on provisions and escrow deposits (Individual and Consolidated) has not significantly changed in relation to that disclosed in note 15 to the financial statements for the year ended December 31, 2017.

## 16. TAXES ON INCOME – INCOME TAX AND SOCIAL CONTRIBUTION

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

The breakdown of deferred income tax and social contribution as of June 30, 2018 and December 31, 2017 is as follows:

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Temporary differences in the deductibility of provisions:				
Legal and other provisions	32,952	29,763	42,805	38,332
Allowance for doubtful debts/expected losses and other allowances	39,494	18,822	41,896	21,732
Provision of payment of services in progress and others (*)	18,870	23,038	23,510	29,579
Swap transaction with payment on a cash basis	2,797	-	7,827	6,003
Income tax and social contribution losses (**)	27,919	13,379	62,621	48,551
<b>Total deferred income tax and social contribution assets</b>	<b>122,032</b>	<b>85,002</b>	<b>178,659</b>	<b>144,197</b>
Car depreciation (***)	226,909	164,361	266,350	197,086
Leasing in the purchase of property and equipment (****)	475	582	121,147	121,074
Swap transactions with payment on a cash basis	-	-	574	1,500
Other	-	-	4,523	2,290
<b>Total deferred income tax and social contribution liabilities</b>	<b>227,384</b>	<b>164,943</b>	<b>392,594</b>	<b>321,950</b>
<b>Total deferred income tax and social contribution, net</b>	<b>105,352</b>	<b>79,941</b>	<b>213,935</b>	<b>177,753</b>
<b>Non-current assets</b>	<b>-</b>	<b>-</b>	<b>(40,717)</b>	<b>(41,953)</b>
<b>Non-current liabilities</b>	<b>105,352</b>	<b>79,941</b>	<b>254,652</b>	<b>219,706</b>

(\*) Refers mainly to the deferred income and social contribution taxes tax on temporary differences of the accrued provisions for profit sharing and loyalty program.

(\*\*) Refers mainly to deferred income tax and social contribution of Localiza, Localiza Prime and Car Rental Systems in the amounts of R\$27,919, R\$16,663 and R\$18,039, respectively, as a result of income tax and social contribution losses (R\$15,512 and R\$19,660, respectively on December 31, 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 12,973/14. The difference as of December 31, 2014, in conformity with chapter IV, articles 64, 66 and 67 of Law 12973/14, 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, as of June 30, 2018, as tax credit on tax loss carryforwards of R\$27,919 (Individual) and R\$62,621 (Consolidated) (R\$13,379 and R\$48,551, respectively on 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 losses and social contribution tax loss carryforwards, is contingent upon future events that will make the provisions that gave rise to them and will enable 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 recovering of tax credits:

	Individual	Consolidated
2018	35,762	44,630
2019	47,530	58,671
2020	14,382	23,407
2021	352	9,228
2022	15,357	26,101
2023 to 2026	8,649	16,622
<b>Total deferred income and social contribution tax assets</b>	<b>122,032</b>	<b>178,659</b>

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

The reconciliation between the statutory and effective rates for the periods ended June 30, 2018 and 2017 is as follows:

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
Net income (loss) before taxes	367,252	276,066	429,222	323,601
Statutory rate	34%	34%	34%	34%
<b>Expense at statutory rate</b>	<b>(124,866)</b>	<b>(93,862)</b>	<b>(145,935)</b>	<b>(110,024)</b>
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	43,895	35,306	-	-
Effect of deduction of interest on capital	28,891	26,901	28,891	26,901
Income tax and social contribution due by subsidiaries (deemed income)	-	-	3,332	3,191
Other, net	2,740	5,127	2,402	5,869
<b>Expense at effective rate</b>	<b>(49,340)</b>	<b>(26,528)</b>	<b>(111,310)</b>	<b>(74,063)</b>
<b>Current income tax and social contribution</b>	<b>(16,100)</b>	<b>(14,440)</b>	<b>(67,063)</b>	<b>(58,240)</b>
<b>Deferred income tax and social contribution</b>	<b>(33,240)</b>	<b>(12,088)</b>	<b>(44,247)</b>	<b>(15,823)</b>

	Individual		Consolidated	
	2Q18	2Q17	2Q18	2Q17
Net income (loss) before taxes	153,766	144,606	188,193	168,361
Statutory rate	34%	34%	34%	34%
<b>Expense at statutory rate</b>	<b>(52,280)</b>	<b>(49,166)</b>	<b>(63,986)</b>	<b>(57,242)</b>
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	23,918	18,790	-	-
Effect of deduction of interest on capital	14,617	13,338	14,617	13,338
Income tax and social contribution due by subsidiaries (deemed income)	-	-	1,221	1,735
Other, net	1,886	1,704	1,862	3,080
<b>Expense at effective rate</b>	<b>(11,859)</b>	<b>(15,334)</b>	<b>(46,286)</b>	<b>(39,089)</b>
<b>Current income tax and social contribution</b>	<b>39</b>	<b>-</b>	<b>(20,249)</b>	<b>(22,652)</b>
<b>Deferred income tax and social contribution</b>	<b>(11,898)</b>	<b>(15,334)</b>	<b>(26,037)</b>	<b>(16,437)</b>

## 17. EQUITY

### (a) Capital

As of June 30, 2018, the Company's capital was R\$1,500,000, divided into 667,149,210 common shares. The ownership of capital and the related reconciliation of the number of outstanding shares are as follows:

	Management (not reviewed by auditors)			Outstanding shares (not reviewed by auditors)	Number of shares – ON
	Founding partners	Board of Directors and Statutory Boards	Treasury shares		
<b>Amount as of December 31, 2017</b>	<b>157,505,935</b>	<b>957,569</b>	<b>6,752,346</b>	<b>501,933,360</b>	<b>667,149,210</b>
Election (destitution)	-	(531,633)	-	531,633	-
Acquisition (sale) of shares, net	-	(149,745)	-	149,745	-
Exercise of stock options with treasury shares	477,645	355,654	(1,361,990)	528,691	-
Sale of treasury shares	38,077	36,630	(116,908)	42,201	-
Renting of shares	(2,276,347)	-	-	2,276,347	-
<b>Amount as of June 30, 2018</b>	<b>155,745,310</b>	<b>668,475</b>	<b>5,273,448</b>	<b>505,461,977</b>	<b>667,149,210</b>

	Management (not reviewed by auditors)			Outstanding shares (not reviewed by auditors)	Number of shares – ON
	Founding partners	Board of Directors and Statutory Board	Treasury shares		
<b>Amount as of December 31, 2016</b>	<b>59,028,084</b>	<b>337,778</b>	<b>3,692,636</b>	<b>148,734,902</b>	<b>211,793,400</b>
Stock bonus	2,686,334	15,262	144,485	7,743,589	10,589,670
Acquisition (sale) of shares, net	(6,374,355)	(164,060)	-	6,538,415	-
Exercise of stock options with treasury shares	559,758	172,879	(1,097,195)	364,558	-
Renting of shares	485,186	-	-	(485,186)	-
<b>Amount as of June 30, 2017</b>	<b>56,385,007</b>	<b>361,859</b>	<b>2,739,926</b>	<b>162,896,278</b>	<b>222,383,070</b>

For comparison purposes, the ownership interest in capital and the respective reconciliation of number of outstanding shares adjusted considering the 5% stock bonus and the stock split at the ratio of three (3) shares to one (1) existing common share, approved in the Extraordinary Shareholders Meetings held on April 25, 2017 and November 22, 2017, respectively, is as follows:

	Management (not reviewed by auditors)			Outstanding shares (not reviewed by auditors)	Number of shares – ON
	Founding partners	Board of Directors and Statutory Board	Treasury shares		
<b>Amount as of December 31, 2016</b>	<b>185,938,465</b>	<b>1,064,001</b>	<b>11,631,803</b>	<b>468,514,941</b>	<b>667,149,210</b>
Acquisition (sale) of shares, net	(20,056,333)	(511,452)	-	20,567,785	-
Exercise of stock options with treasury shares	1,736,868	533,028	(3,412,025)	1,142,129	-
Renting of shares	1,536,021	-	-	(1,536,021)	-
<b>Amount as of June 30, 2017</b>	<b>169,155,021</b>	<b>1,085,577</b>	<b>8,219,778</b>	<b>488,688,834</b>	<b>667,149,210</b>

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

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. The Company had 14,402,997 ADRs issued in the

United States as of June 30, 2018 and 19,173,432 as of December 31, 2017 (not reviewed by the auditors). Each ADR corresponds to 1 (one) Company's share.

**(b) Interest on capital and dividends**

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

1H18					
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	
<b>Total</b>	<b>84,973</b>				

1H17					
Approval date	Total amount approved	Amount per share (in R\$)		Shareholding position date	Payment date
		On approval date	For comparison purposes (*)		
03/08/17	39,891	0.19161	0.06083	03/15/17	05/02/17
06/30/17	39,231	0.17862	0.05954	07/06/17	08/24/17
<b>Total</b>	<b>79,122</b>				

(\*) For comparison purposes, interest on equity per share was adjusted considering the 5% stock bonus and the stock split at the ratio of three (3) shares to one (1) existing common share, approved in the Extraordinary Shareholders Meetings held on April 25, 2017 and November 22, 2017, respectively, is as follows

Dividends and interest on capital payable are broken down as follows:

	Individual and Consolidated	
	06/30/18	12/31/17
Proposed interest on capital in net income for the period	42,992	42,745
Provision for withholding income tax on interest on capital	(6,398)	(6,361)
<b>Total interest on capital payable</b>	<b>36,594</b>	<b>36,384</b>

**(c) Capital reserves**

**(i) Options exercised in 1H18**

In 1H18, 1,361,990 stock options related to the Stock Options Programs from 2011 to 2014 and 1<sup>st</sup> tranche of the 2017 Program were exercised, calculated at fair value in the amount of R\$5,876. All options were exercised using treasury shares and, therefore, it was not necessary to issue new shares.

**(ii) Goodwill on share subscription**

The goodwill reserve on share subscription for the period ended June 30, 2018 rises from the following:

	06/30/18
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 1H18 on realization of treasury shares for the options exercised and the sale of treasury shares	5,897
<b>Total</b>	<b>103,660</b>



### (iii) Treasury shares

On June 30, 2018, there were 5,273,448 shares in treasury (8,219,778 on June 30, 2017, including the effects from the stock splits in 2017), acquired under the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> Share Repurchase Programs, with fair value of R\$125,139 (quotation of R\$23.73 per share as of June 29, 2018).

### (d) Bylaws reserve

The Annual Shareholders Meeting held on April 26, 2018 approved the accrual of a Bylaws reserve in the amount of R\$317,490, related to the balance net income from 2017.

Other information on equity has not significantly changed in relation to that disclosed in note 17 to the financial statements for the year ended December 31, 2017.

## 18. EARNINGS PER SHARE

The methods used to calculate basic and diluted earnings per share are the same as those disclosed in note 18 to the financial statements for the year ended December 31, 2017.

The table below shows net income information and the number of shares used, encompassing the effects of stock bonus and stock split occurred in 2017, in the calculation of basic and diluted earnings per share for each of the reporting years of the income statement:

	Individual and Consolidated		Individual and Consolidated	
	1H18	1H17	2Q18	2Q17
<b>Net income for the period</b>	<b>317,912</b>	<b>249,538</b>	<b>141,907</b>	<b>129,272</b>
<b><u>Basic earnings per share:</u></b>				
Weighted average number of outstanding common shares (units)	660,781,235	656,653,863	661,406,917	658,155,184
<b>Basic earnings per share (R\$)</b>	<b><u>0.48112</u></b>	<b><u>0.38001</u></b>	<b><u>0.21455</u></b>	<b><u>0.19642</u></b>
<b><u>Diluted earnings per share:</u></b>				
Weighted average number of outstanding common shares (units)	660,781,235	656,653,863	661,406,917	658,155,184
Dilutive effect of stock options (units)	1,648,826	1,865,760	1,694,792	1,055,530
Total shares subject to dilution (units)	662,430,061	658,519,623	663,101,709	659,210,714
<b>Diluted earnings per share (R\$)</b>	<b><u>0.47992</u></b>	<b><u>0.37894</u></b>	<b><u>0.21400</u></b>	<b><u>0.19610</u></b>

## 19. DIVISION REPORTING

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 of the financial statements for the year ended December 31, 2017.

- **Car Rental:** This division is responsible for car rentals in locations located 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 is directly sold to the 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 clients' needs. Therefore, the fleet is more diversified in terms of models and brands. Decommissioned cars are sold within 34 months of use, on average, directly to the end consumer 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**

06/30/18	Car Rental	Fleet Rental	Franchising	Unallocated balances	Deductions/ Reclassifications	Consolidated
<b>Assets</b>						
Cash and cash equivalents	-	-	-	855,861	-	855,861
Financial assets	-	-	-	826,521	-	826,521
Trade receivables	573,813	141,410	9,695	-	(30,896)	694,022
Decommissioned cars for fleet renewal	43,375	33,603	-	-	-	76,978
Property and equipment	5,911,543	1,859,264	-	387,447	(1,564)	8,156,690
Other assets	313,889	142,700	5,875	-	(7,012)	455,452
<b>Total assets</b>	<b>6,842,620</b>	<b>2,176,977</b>	<b>15,570</b>	<b>2,069,829</b>	<b>(39,472)</b>	<b>11,065,524</b>
<b>Liabilities</b>						
Trade payables	883,525	259,669	53	-	(32,009)	1,111,238
Loans, financing and debt	-	-	-	6,301,752	-	6,301,752
Other liabilities	534,681	265,727	16,718	-	(5,899)	811,227
<b>Total liabilities</b>	<b>1,418,206</b>	<b>525,396</b>	<b>16,771</b>	<b>6,301,752</b>	<b>(37,908)</b>	<b>8,224,217</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,841,307</b>	<b>-</b>	<b>2,841,307</b>
<b>Total liabilities and equity</b>	<b>1,418,206</b>	<b>525,396</b>	<b>16,771</b>	<b>9,143,059</b>	<b>(37,908)</b>	<b>11,065,524</b>

12/31/17	Car Rental	Fleet Rental	Franchising	Unallocated balances	Deductions/ Reclassifications	Consolidated
<b>Assets</b>						
Cash and cash equivalents	-	-	-	1,338,195	-	1,338,195
Financial assets	-	-	-	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
<b>Total assets</b>	<b>6,276,069</b>	<b>1,950,303</b>	<b>16,649</b>	<b>2,999,068</b>	<b>(55,855)</b>	<b>11,186,234</b>
<b>Liabilities</b>						
Trade payables	1,165,097	174,899	1,898	-	(10,214)	1,331,680
Loans, financing and debt	-	-	-	6,477,679	-	6,477,679
Other liabilities	511,470	292,024	17,743	-	(45,087)	776,150
<b>Total liabilities</b>	<b>1,676,567</b>	<b>466,923</b>	<b>19,641</b>	<b>6,477,679</b>	<b>(55,301)</b>	<b>8,585,509</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600,725</b>	<b>-</b>	<b>2,600,725</b>
<b>Total liabilities and equity</b>	<b>1,676,567</b>	<b>466,923</b>	<b>19,641</b>	<b>9,078,404</b>	<b>(55,301)</b>	<b>11,186,234</b>

(ii) Consolidated income statements per operating division

1H18	Car Rental	Fleet Rental	Franchising	Reclassifications	Consolidated
Net revenue	2,830,349	724,082	8,528	-	3,562,959
Costs	(2,090,017)	(471,062)	(4,382)	(3,305)	(2,568,766)
Gross profit	740,332	253,020	4,146	(3,305)	994,193
Operating expenses:					
Selling expenses	(256,078)	(33,150)	97	1,699	(287,432)
General, administrative and other expenses	(84,195)	(17,028)	(241)	1,606	(99,858)
Profit (loss) before finance costs, net	400,059	202,842	4,002	-	606,903
Finance costs, net					(177,681)
Profit before income tax and social contribution					429,222
Income tax and social contribution					(111,310)
Net income					317,912
1H17	Car Rental	Fleet Rental	Franchising	Reclassifications	Consolidated
Net revenue	2,141,793	535,150	8,417	-	2,685,360
Costs	(1,614,391)	(310,829)	(4,981)	(2,476)	(1,932,677)
Gross profit	527,402	224,321	3,436	(2,476)	752,683
Operating expenses:					
Selling expenses	(186,093)	(23,069)	(708)	1,260	(208,610)
General, administrative and other expenses	(61,444)	(17,965)	(284)	1,216	(78,477)
Profit (loss) before finance costs, net	279,865	183,287	2,444	-	465,596
Finance costs, net					(141,995)
Profit before income tax and social contribution					323,601
Income tax and social contribution					(74,063)
Net income					249,538
2Q18	Car Rental	Fleet Rental	Franchising	Reclassifications	Consolidated
Net revenue	1,383,385	352,672	4,166	-	1,740,223
Costs	(1,036,952)	(222,032)	(2,078)	(1,732)	(1,262,794)
Gross profit	346,433	130,640	2,088	(1,732)	477,429
Operating expenses:					
Selling expenses	(132,688)	(16,350)	(66)	888	(148,216)
General, administrative and other expenses	(44,130)	(8,811)	(127)	844	(52,224)
Profit (loss) before finance costs, net	169,615	105,479	1,895	-	276,989
Finance costs, net					(88,796)
Profit before income tax and social contribution					188,193
Income tax and social contribution					(46,286)
Net income					141,907
2Q17	Car Rental	Fleet Rental	Franchising	Reclassifications	Consolidated
Net revenue	1,060,431	281,245	4,106	-	1,345,782
Costs	(794,545)	(164,644)	(2,575)	(1,437)	(963,201)
Gross profit	265,886	116,601	1,531	(1,437)	382,581
Operating expenses:					
Selling expenses	(93,275)	(12,169)	(593)	726	(105,311)
General, administrative and other expenses	(32,967)	(9,350)	(137)	711	(41,743)
Profit (loss) before finance costs, net	139,644	95,082	801	-	235,527
Finance costs, net					(67,166)
Profit before income tax and social contribution					168,361
Income tax and social contribution					(39,089)
Net income					129,272

The Company had, as of June 30, 2018 and 2017, a network of franchisees in six South American countries; its revenue is derived mainly from its operations in the Brazilian market. The consolidated net revenue, in Brazil and abroad, is broken down as follows:

	Consolidated		Consolidated	
	1H18	1H17	2Q18	2Q17
Revenue in Brazil	3,547,229	2,674,109	1,735,342	1,342,497
Exports revenue (*)	14,666	10,581	4,307	2,955
Royalties abroad	1,064	670	574	330
Net revenue	3,562,959	2,685,360	1,740,223	1,345,782

(\*) Revenue from car rental in Brazil to customers resident and domiciled abroad.

(iii) Consolidated depreciation and amortization expenses per operating division

	Consolidated		Consolidated	
	1H18	1H17	2Q18	2Q17
<b>Car Rental</b>				
Car depreciation	46,798	58,485	25,237	28,413
Depreciation of other property and equipment and amortization of intangible assets	17,657	15,639	8,954	7,747
<b>Fleet Rental</b>				
Car depreciation	69,942	53,530	34,604	25,733
Depreciation of other property and equipment and amortization of intangible assets	3,405	2,108	1,703	1,084
<b>Franchising</b>				
Depreciation of other property and equipment and amortization of intangible assets	274	294	137	139
<b>Total</b>	<b>138,076</b>	<b>130,056</b>	<b>70,635</b>	<b>63,116</b>

## 20. NET REVENUE

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

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
Gross revenue	2,750,706	2,163,395	3,607,830	2,736,822
Deductions:				
Discounts	(3,325)	(2,530)	(14,369)	(8,179)
Taxes (*)	(23,447)	(31,245)	(30,502)	(43,283)
<b>Net revenue</b>	<b>2,723,934</b>	<b>2,129,620</b>	<b>3,562,959</b>	<b>2,685,360</b>

	Individual		Consolidated	
	2Q18	2Q17	2Q18	2Q17
Gross revenue	1,356,660	1,068,506	1,760,916	1,371,097
Deductions:				
Discounts	(1,552)	(1,417)	(6,859)	(5,100)
Taxes (*)	(10,020)	(14,225)	(13,834)	(20,215)
<b>Net revenue</b>	<b>1,345,088</b>	<b>1,052,864</b>	<b>1,740,223</b>	<b>1,345,782</b>

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

The breakdown of the net revenue recognized in each significant category is as follows:

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
Revenue from car rental	1,153,952	798,226	1,156,311	800,948
Revenue from fleet rental	-	-	406,880	349,705
Franchising	1,064	670	8,528	8,417
Cars sold for fleet renewal	1,568,918	1,330,724	1,991,240	1,526,290
<b>Net revenue</b>	<b>2,723,934</b>	<b>2,129,620</b>	<b>3,562,959</b>	<b>2,685,360</b>

	Individual		Consolidated	
	2Q18	2Q17	2Q18	2Q17
Revenue from car rental	561,079	395,129	561,649	397,479
Revenue from fleet rental	-	-	203,557	176,449
Franchising	574	330	4,166	4,106
Cars sold for fleet renewal	783,435	657,405	970,851	767,748
<b>Net revenue</b>	<b>1,345,088</b>	<b>1,052,864</b>	<b>1,740,223</b>	<b>1,345,782</b>

## 21. NATURE OF COSTS AND OPERATING EXPENSES

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

	Individual					
	Costs		Selling, general, administrative and other expenses		Total	
	1H18	1H17	1H18	1H17	1H18	1H17
Cost of cars sold	(1,362,482)	(1,165,643)	-	-	(1,362,482)	(1,165,643)
Car maintenance, IPVA and others	(258,903)	(153,830)	-	-	(258,903)	(153,830)
Car depreciation	(44,456)	(58,485)	-	-	(44,456)	(58,485)
Payroll, related taxes and benefits	(140,100)	(119,136)	(110,706)	(73,943)	(250,806)	(193,079)
Real estate rental	(74,703)	(49,945)	(23,574)	(24,243)	(98,277)	(74,188)
Third-party services	(43,774)	(20,997)	(42,593)	(34,051)	(86,367)	(55,048)
Profit sharing	(22,844)	(18,566)	(17,491)	(12,409)	(40,335)	(30,975)
Depreciation and amortization of other property and equipment and intangible assets	(10,896)	(9,366)	(8,300)	(7,757)	(19,196)	(17,123)
Water, electricity and telephone	(6,261)	(4,966)	(3,874)	(3,632)	(10,135)	(8,598)
Travel	(5,627)	(3,587)	(2,484)	(1,745)	(8,111)	(5,332)
Advertising	-	-	(23,419)	(19,075)	(23,419)	(19,075)
Commissions	-	-	(34,462)	(20,683)	(34,462)	(20,683)
Allowance for doubtful debts/ expected losses and write-off of uncollectible amounts	-	-	(41,292)	(12,171)	(41,292)	(12,171)
Other	(52,305)	(23,587)	(27,532)	(14,086)	(79,837)	(37,673)
<b>Total</b>	<b>(2,022,351)</b>	<b>(1,628,108)</b>	<b>(335,727)</b>	<b>(223,795)</b>	<b>(2,358,078)</b>	<b>(1,851,903)</b>

	Consolidated					
	Costs		Selling, general, administrative and other expenses		Total	
	1H18	1H17	1H18	1H17	1H18	1H17
Cost of cars sold	(1,722,936)	(1,316,302)	-	-	(1,722,936)	(1,316,302)
Car maintenance, IPVA and others	(359,420)	(226,588)	-	-	(359,420)	(226,588)
Car depreciation	(116,740)	(112,015)	-	-	(116,740)	(112,015)
Payroll, related taxes and benefits	(155,115)	(132,766)	(144,683)	(118,136)	(299,798)	(250,902)
Real estate rental	(63,139)	(50,621)	(23,742)	(24,834)	(86,881)	(75,455)
Third-party services	(51,773)	(24,892)	(46,335)	(37,405)	(98,108)	(62,297)
Profit sharing	(25,898)	(22,014)	(25,415)	(21,127)	(51,313)	(43,141)
Depreciation and amortization of other property and equipment and intangible assets	(12,503)	(10,263)	(8,833)	(7,778)	(21,336)	(18,041)
Water, electricity and telephone	(6,334)	(5,016)	(4,116)	(3,861)	(10,450)	(8,877)
Travel	(5,820)	(3,776)	(3,388)	(2,982)	(9,208)	(6,758)
Advertising	-	-	(23,828)	(19,841)	(23,828)	(19,841)
Commissions	-	-	(35,194)	(21,091)	(35,194)	(21,091)
Allowance for doubtful debts/ expected losses and write-off of uncollectible amounts	-	-	(40,771)	(13,564)	(40,771)	(13,564)
Other	(49,088)	(28,424)	(30,985)	(16,468)	(80,073)	(44,892)
<b>Total</b>	<b>(2,568,766)</b>	<b>(1,932,677)</b>	<b>(387,290)</b>	<b>(287,087)</b>	<b>(2,956,056)</b>	<b>(2,219,764)</b>

	Individual					
	Selling, general, administrative and other expenses					
	Costs				Total	
	2Q18	2Q17	2Q18	2Q17	2Q18	2Q17
Cost of cars sold	(687,644)	(570,009)	-	-	(687,644)	(570,009)
Car maintenance, IPVA and others	(122,594)	(77,013)	-	-	(122,594)	(77,013)
Car depreciation	(25,138)	(28,413)	-	-	(25,138)	(28,413)
Payroll, related taxes and benefits	(71,140)	(60,373)	(57,235)	(37,533)	(128,375)	(97,906)
Real estate rental	(36,878)	(24,104)	(11,872)	(12,215)	(48,750)	(36,319)
Third-party services	(21,174)	(11,087)	(23,319)	(18,116)	(44,493)	(29,203)
Profit sharing	(13,679)	(11,110)	(11,040)	(6,928)	(24,719)	(18,038)
Depreciation and amortization of other property and equipment and intangible assets	(5,507)	(4,745)	(4,192)	(3,771)	(9,699)	(8,516)
Water, electricity and telephone	(3,033)	(2,300)	(1,916)	(1,694)	(4,949)	(3,994)
Travel	(3,451)	(1,960)	(1,434)	(999)	(4,885)	(2,959)
Advertising	-	-	(14,223)	(10,496)	(14,223)	(10,496)
Commissions	-	-	(14,519)	(9,287)	(14,519)	(9,287)
Allowance for doubtful debts/ expected losses and write-off of uncollectible amounts	-	-	(20,781)	(5,933)	(20,781)	(5,933)
Other	(28,400)	(11,069)	(12,412)	(8,056)	(40,812)	(19,125)
<b>Total</b>	<b>(1,018,638)</b>	<b>(802,183)</b>	<b>(172,943)</b>	<b>(115,028)</b>	<b>(1,191,581)</b>	<b>(917,211)</b>

	Consolidated					
	Selling, general, administrative and other expenses					
	Costs				Total	
	2Q18	2Q17	2Q18	2Q17	2Q18	2Q17
Cost of cars sold	(845,153)	(654,028)	-	-	(845,153)	(654,028)
Car maintenance, IPVA and others	(168,452)	(115,490)	-	-	(168,452)	(115,490)
Car depreciation	(59,841)	(54,146)	-	-	(59,841)	(54,146)
Payroll, related taxes and benefits	(78,702)	(67,212)	(75,410)	(59,592)	(154,112)	(126,804)
Real estate rental	(31,088)	(24,477)	(11,957)	(12,508)	(43,045)	(36,985)
Third-party services	(25,023)	(13,115)	(24,921)	(19,186)	(49,944)	(32,301)
Profit sharing	(15,360)	(13,278)	(16,371)	(12,238)	(31,731)	(25,516)
Depreciation and amortization of other property and equipment and intangible assets	(6,336)	(5,189)	(4,458)	(3,781)	(10,794)	(8,970)
Water, electricity and telephone	(3,073)	(2,329)	(2,042)	(1,808)	(5,115)	(4,137)
Travel	(3,579)	(2,095)	(1,847)	(1,631)	(5,426)	(3,726)
Advertising	-	-	(14,551)	(11,088)	(14,551)	(11,088)
Commissions	-	-	(14,902)	(9,476)	(14,902)	(9,476)
Allowance for doubtful debts/ expected losses and write-off of uncollectible amounts	-	-	(20,813)	(6,375)	(20,813)	(6,375)
Other	(26,187)	(11,842)	(13,168)	(9,371)	(39,355)	(21,213)
<b>Total</b>	<b>(1,262,794)</b>	<b>(963,201)</b>	<b>(200,440)</b>	<b>(147,054)</b>	<b>(1,463,234)</b>	<b>(1,110,255)</b>

## 22. FINANCIAL INCOME (EXPENSES)

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

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
Interest income on financial assets	47,326	67,658	74,195	100,839
PIS/COFINS on finance income	(2,683)	(3,516)	(4,011)	(5,119)
Other interest income	11,559	8,148	15,552	11,903
<b>Total financial income</b>	<b>56,202</b>	<b>72,290</b>	<b>85,736</b>	<b>107,623</b>

	Individual		Consolidated	
	1H18	1H17	1H18	1H17
Interest expenses on loans, financing, debt and swap	(179,435)	(167,275)	(257,924)	(237,749)
Other interest expenses	(4,475)	(10,506)	(5,493)	(11,869)
<b>Total financial expenses</b>	<b>(183,910)</b>	<b>(177,781)</b>	<b>(263,417)</b>	<b>(249,618)</b>
<b>Total financial income (expenses)</b>	<b>(127,708)</b>	<b>(105,491)</b>	<b>(177,681)</b>	<b>(141,995)</b>

	Individual		Consolidated	
	2Q18	2Q17	2Q18	2Q17
Interest income on financial assets	19,953	34,597	34,535	50,871
PIS/COFINS on finance income	(1,196)	(1,759)	(1,912)	(2,553)
Other interest income	6,299	3,476	8,255	4,991
<b>Total financial income</b>	<b>25,056</b>	<b>36,314</b>	<b>40,878</b>	<b>53,309</b>
Interest expenses on loans, financing, debt and swap	(96,275)	(78,066)	(130,517)	(115,105)
Other interest expenses	1,129	(4,558)	843	(5,370)
<b>Total financial expenses</b>	<b>(95,146)</b>	<b>(82,624)</b>	<b>(129,674)</b>	<b>(120,475)</b>
<b>Total financial income (expenses)</b>	<b>(70,090)</b>	<b>(46,310)</b>	<b>(88,796)</b>	<b>(67,166)</b>

## 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	Individual		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
<b>Financial assets</b>				
Cash and cash equivalents (note 4)				
Amortized cost	262,405	10,593	275,892	33,289
Financial assets at fair value through profit or loss	568,350	819,144	579,969	1,304,906
Financial assets (note 5)				
Amortized cost	-	626,460	8,879	660,565
Financial assets at fair value through profit or loss	-	532,407	817,642	615,134
Amortized cost				
Trade receivables (note 6)	552,098	441,364	694,022	589,822
Escrow deposits (note 15)	53,167	51,716	86,303	83,124
Other receivables – subsidiaries (note 7)	587	634	-	-
Investments in restricted accounts (note 7)	-	-	41,841	40,584
Financial assets at fair value through profit or loss				
Swap (note 13)	-	-	14,194	16,703
<b>Financial liabilities</b>				
Other financial liabilities				
Trade payables (note 11)	(881,677)	(1,157,954)	(1,111,238)	(1,331,680)
Loans, financing and debt (note 13)	(4,309,669)	(4,765,329)	(6,301,752)	(6,477,679)
Payable to related parties (note 14)	4,996	4,534	-	-
Restricted obligations (note 14)	-	-	(41,841)	(40,584)
Financial liabilities at fair value through profit or loss				
Swap (note 13)	(8,227)	-	(23,021)	(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 is 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) financial assets, (iii) trade receivables from customers and (iv) loans, financing, debt 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 loans and financing 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 loans 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 loans and swaps floating interest rates for fixed interest rates, up to the limit of floating-rate net debt, thus eliminating the risk of fluctuation in the benchmark interest rate in long-term contracts (see details of these operations in Note 13(b)). 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-rate debts.

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

- As of June 30, 2018, the Company's net debt totaled R\$4,628,197. Of this total, R\$1,232,382, with fixed cost at an average rate of 9.90% 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 the CDI for fixed-rates. Therefore, net debt subject to the CDI fluctuation amounts to R\$3,395,815 as of June 30, 2018.

- The probable scenario for the next 12 months was estimated, according to information in the Focus Market Readout issued by the Central Bank of Brazil, based on an average CDI rate of 6.56% against the effective annual rate of 6.56% in the three-month period ended June 30, 2018.

Description	Consolidated		
	Probable scenario (*)	Scenario I - 25% deterioration	Scenario II - 50% deterioration
<b>Net debt as of June 30, 2018</b>	<b>4,628,197</b>	<b>4,628,197</b>	<b>4,628,197</b>
Debts at a fixed-rate and amounts hedged with swap to a fixed-rate	(1,232,382)	(1,232,382)	(1,232,382)
<b>Net debt subject to the CDI fluctuation</b>	<b>3,395,815</b>	<b>3,395,815</b>	<b>3,395,815</b>
Effective average annual CDI rate for the six-month period ended June 30, 2018	6.56%	6.56%	6.56%
Estimated average annual CDI rate, according to stress scenarios	6.56%	8.20%	9.84%
Effect on finance costs subject to the CDI rate fluctuation:			
- according to effective rates	(222,765)	(222,765)	(222,765)
- according to scenarios	(222,765)	(278,457)	(334,148)
<b>(Increase) decrease in finance expenses for the next 12 months</b>	<b>-</b>	<b>(55,692)</b>	<b>(111,383)</b>

(\*) As required by IFRS 7 and based on the average rate of 6.56%, 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 June 29, 2018.

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



**(iii) Credit risk**

The credit risk is the risk that a counterparty does not comply with its contractual obligations, thereby causing the Company to incur financial losses. The Company's credit risk basically arises from trade receivables and cash and cash equivalents and financial assets 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	
	06/30/18	12/31/17	06/30/18	12/31/17
Cash and cash equivalents:				
Financial assets:				
At least Aa3 in the Moody's scale or equivalent in another rating agency	823,469	819,144	843,464	1,319,825
Cash and banks	7,286	10,593	12,397	18,370
<b>Total cash and cash equivalents (note 4)</b>	<b>830,755</b>	<b>829,737</b>	<b>855,861</b>	<b>1,338,195</b>
Financial assets:				
Rated at least Aa3 by Moody's or an equivalent rating by another agency	-	1,158,867	826,521	1,275,699
<b>Total financial assets (note 5)</b>	<b>-</b>	<b>1,158,867</b>	<b>826,521</b>	<b>1,275,699</b>
Trade receivables – customers	390,405	421,006	524,869	568,188
Trade receivables – credit card:				
Aaa in the Moody's scale	59,590	7,203	60,120	7,242
Sundry	102,103	13,155	109,033	14,392
<b>Total trade receivables (note 6)</b>	<b>552,098</b>	<b>441,364</b>	<b>694,022</b>	<b>589,822</b>
<b>Total</b>	<b>1,382,853</b>	<b>2,429,968</b>	<b>2,376,404</b>	<b>3,203,716</b>

- **Cash and cash equivalents and financial assets** – 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 one 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.

Credit risk concentration is limited because the customer basis is extensive. All significant transactions and customers are located in Brazil, and there is no customer that individually accounts for 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. In transactions with legal entities for car rental and fleet rental, the risk 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 also 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 historical loan losses.

Estimated losses were calculated based on the actual experience of loan loss last year. The Company calculated loss rates separately for each segment using the percentage of delinquency observed in the period between 90 and 210 days after the due date since, after this period, the effectiveness of collection efforts is no longer significant. The positions within each segment were segregated based on common loan risk characteristics, such as risk rating, type of product purchased, form of payment and level of delinquency.

### **(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 and financial assets and by means of credit facilities, based on the continuous monitoring of estimated and realized cash flows, and the combination of the maturity profiles of financial assets and financial liabilities. Management also 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 loans, financing, debt and swap, based on the interest rate contracted for each transaction and a CDI rate of 6.39% as of June 30, 2018, is as follows:

	Individual								
	2018	2019	2020	2021	2022	2023	2024	2025	Total
Debentures – 7 <sup>th</sup> issue	47,797	91,659	110,433	103,454	-	-	-	-	353,343
Debentures – 8 <sup>th</sup> issue	17,248	279,326	262,241	-	-	-	-	-	558,815
Debentures – 10 <sup>th</sup> issue	7,181	14,420	107,420	100,150	-	-	-	-	229,171
Debentures – 11 <sup>th</sup> issue	17,572	35,277	34,993	34,985	501,102	-	-	-	623,929
Debentures – 12 <sup>th</sup> issue	23,651	47,475	47,083	47,088	47,097	46,721	717,512	-	976,627
Debentures – 13 <sup>th</sup> issue	37,519	75,313	74,708	74,805	483,323	453,468	116,665	109,042	1,424,843
Promissory notes – 6 <sup>th</sup> issue	22,941	48,412	687,692	-	-	-	-	-	759,045
Finance lease	35	-	-	-	-	-	-	-	35
Loans in foreign currency/with swap	5,250	10,420	10,449	10,420	166,100	159,734	-	-	362,373
<b>Total</b>	<b>179,194</b>	<b>602,302</b>	<b>1,335,019</b>	<b>370,902</b>	<b>1,197,622</b>	<b>659,923</b>	<b>834,177</b>	<b>109,042</b>	<b>5,288,181</b>

	2018	2019	2020	2021	2022	2023	2024	2025	2026 to 2032	Total
Debentures – 7 <sup>th</sup> issue	47,797	91,659	110,433	103,454	-	-	-	-	-	353,343
Debentures – 8 <sup>th</sup> issue	17,248	279,326	262,241	-	-	-	-	-	-	558,815
Debentures – 10 <sup>th</sup> issue	7,181	14,420	107,420	100,150	-	-	-	-	-	229,171
Debentures – 11 <sup>th</sup> issue	17,572	35,277	34,993	34,985	501,102	-	-	-	-	623,929
Debentures – 12 <sup>th</sup> issue	23,651	47,475	47,083	47,088	47,097	46,721	717,512	-	-	976,627
Debentures – 13 <sup>th</sup> issue	37,519	75,313	74,708	74,805	483,323	453,468	116,665	109,042	-	1,424,843
Debentures of Localiza Fleet – 3 <sup>rd</sup> issue	16,847	33,830	33,555	33,558	33,561	511,417	-	-	-	662,768
Debentures of Localiza Fleet – 4 <sup>th</sup> issue	11,554	23,191	23,009	23,008	23,008	22,823	367,648	-	-	494,241
Promissory notes – 6 <sup>th</sup> issue	22,941	48,412	687,692	-	-	-	-	-	-	759,045
Working capital	36,542	94,800	84,444	126,051	-	-	-	-	-	341,837
Finance lease	35	-	-	-	-	-	-	-	-	35
CCBI new head office/with swap	6,004	55,833	99,326	47,985	-	-	-	-	-	209,148
CRI	24,922	29,626	26,327	27,326	30,296	32,853	35,169	39,225	358,481	604,225
Loans in foreign currency/with swap	5,250	10,420	10,449	10,420	166,100	159,734	-	-	-	362,373
<b>Total</b>	<b>275,063</b>	<b>839,582</b>	<b>1,601,680</b>	<b>628,830</b>	<b>1,284,487</b>	<b>1,227,016</b>	<b>1,236,994</b>	<b>148,267</b>	<b>358,481</b>	<b>7,600,400</b>

## (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 to 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, the 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 and 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 financial assets.

The table below shows the Company's debt ratios as of June 30, 2018 and December 31, 2017:

	Consolidated	
	06/30/18	12/31/17
Short and long-term debts, net of the swap transactions classified in current and non-current assets and liabilities (note 13)	6,310,579	6,478,631
Cash and cash equivalents (note 4)	(855,861)	(1,338,195)
Financial assets (note 5)	(826,521)	(1,275,699)
<b>Net debt</b>	<b>4,628,197</b>	<b>3,864,737</b>
Equity	2,841,307	2,600,725
<b>Debt ratio (net debt / equity)</b>	<b>1.63</b>	<b>1.49</b>
Fleet value (*)	7,681,126	7,038,121
<b>Net debt / fleet value</b>	<b>0.60</b>	<b>0.55</b>

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

## (c) Fair value of financial instruments

The estimated carrying amounts and fair values of loans, financing and debt 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 Levels 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 their entirety, as described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair values of swap transactions recorded under "derivative instruments – swap," which are classified as Level 2, are presented in note 13(b).

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

The fair value of financial liabilities recognized at amortized cost in the Company's balance sheet as of June 30, 2018 and December 31, 2017:

	Individual			
	Carrying amount		Fair value	
	06/30/18	12/31/17	06/30/18	12/31/17
<b>Financial liabilities – other financial liabilities:</b>				
Loans, financing and debt	(4,309,669)	(4,765,329)	(4,247,791)	(3,698,672)
	Consolidated			
	Carrying amount		Fair value	
	06/30/18	12/31/17	06/30/18	12/31/17
<b>Financial liabilities – other financial liabilities:</b>				
Loans, financing and debt	(6,301,752)	(6,477,679)	(6,136,428)	(5,186,060)

Management believes that the carrying amounts of other financial instruments, which are recognized in the parent company 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

The Company has property lease contracts for its car rental locations located in airports, off-airports (downtown locations), stores, head office, 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, head office and parking lots do not have contingent payment clauses.

Other information on rental commitments (Individual and Consolidated) has not significantly changed compared with that disclosed in note 24 to the financial statements for the year ended December 31, 2017.

## 25. SUPPLEMENTARY PENSION PLAN

Since August 2011, the Company offers 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 the 1H18, contributions made by the Company totaled R\$3,229 in the Individual and R\$4,204 in the Consolidated, which were allocated to line items "cost", "selling expenses" and "general, administrative and other expenses" in profit or loss.

Other information on pension plan has not changed compared with that disclosed in note 25 to the financial statements for the year ended December 31, 2017.

## **26. APPROVAL OF THE INTERIM FINANCIAL INFORMATION**

This individual and consolidated interim financial information was approved and authorized for issue by the Executive Board on July 26, 2018.

## **Comments on the Performance of Business Projections**

The Company did not disclose any projections for 2018.

## Other Information Considered Relevant by the Company

### SOCIAL STATEMENT

The Company's Consolidated Social Statement (not reviewed by the auditors) for the six-month periods ended June 30, 2018 and 2017 is as follows:

(In R\$ thousand)

1H18				1H17		
<b>Calculation basis of consolidated social indicators</b>						
Net revenue ("NR")			3,562,959			2,685,360
Earnings before taxes ("EBT")			429,222			323,601
Gross payroll ("GP")			297,540			250,640
<b>Internal social indicators</b>	<b>Amount</b>	<b>% on GP</b>	<b>% on NR</b>	<b>Amount</b>	<b>% on GP</b>	<b>% on NR</b>
Meals	21,026	7%	1%	18,158	7%	1%
Compulsory payroll taxes	61,256	21%	2%	51,387	21%	2%
Health	20,816	7%	1%	16,734	7%	1%
Professional training and development	1,969	1%	0%	1,288	1%	0%
Daycare centers or childcare allowance	121	0%	0%	127	0%	0%
Profit sharing	51,313	17%	1%	43,141	17%	2%
Other	7,543	3%	0%	4,864	1%	0%
<b>Total internal social indicators</b>	<b>164,044</b>	<b>56%</b>	<b>5%</b>	<b>135,699</b>	<b>54%</b>	<b>6%</b>
<b>External social indicators</b>	<b>Amount</b>	<b>% on EBT</b>	<b>% on NR</b>	<b>Amount</b>	<b>% on EBT</b>	<b>% on NR</b>
Education	239	0%	0%	231	0%	0%
Culture	950	0%	0%	728	0%	0%
Other	239	0%	0%	121	0%	0%
<b>Total contributions to society</b>	<b>1,428</b>	<b>0%</b>	<b>0%</b>	<b>1,080</b>	<b>0%</b>	<b>0%</b>
Taxes (excluding payroll taxes) (*)	225,941	53%	6%	168,128	52%	6%
<b>Total external social indicators</b>	<b>227,369</b>	<b>53%</b>	<b>6%</b>	<b>169,208</b>	<b>52%</b>	<b>6%</b>
<b>Staff indicators</b>	<b>06/30/18</b>			<b>06/30/17</b>		
Number of employees at the end of the period			7,436			6,514
Number of new hires during the period			569			512
Number of third-party workers			375			243
Number of interns			51			74
Number of employees above 45 years old			866			744
Number of female employees			3,235			2,854
Percentage of lead positions held by female employees			49.55%			48.76%
Number of disabled employees			344			278



**Opinions and Representations / Report on Review of Interim Financial Information – Unqualified**

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

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Management and Shareholders of  
Localiza Rent a Car S.A.  
Belo Horizonte - MG

**Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Localiza Rent a Car S.A. ("Company"), included in the Interim Financial Information Form - ITR for the quarter ended June 30, 2018, which comprises the balance sheet as at June 30, 2018 and the related income statement and statement of comprehensive income for the three- and six-month periods then ended, and the statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information - ITR, and presented in accordance with the standards issued by CVM.

**Opinions and Representations / Report on Review of Interim Financial Information – Unqualified****Other matters***Statements of value added*

We have also reviewed the individual and consolidated interim statements of value added ("DVA"), for the six-month period ended June 30, 2018, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information - ITR and is considered as supplemental information for International Financial Reporting Standards - IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, July 26, 2018

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Daniel de Carvalho Primo  
Engagement Partner

**Opinions and Representations / Management's Statement on the Financial Statements****MANAGEMENT'S STATEMENT ON THE INTERIM FINANCIAL INFORMATION**

By this instrument, the CEO and CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection II, paragraph 1, article 29 of CVM Instruction 480/09, hereby declare that they have:

I. Reviewed, discussed and approved Localiza's and consolidated interim financial information for the six-month period ended June 30, 2018.

Belo Horizonte, July 26, 2018.

Eugênio Pacelli Mattar  
CEO

Maurício Fernandes Teixeira  
CFO and Investor Relations Officer

**Opinions and Representations / Management's Statement on the Independent Auditor's Report****MANAGEMENT'S STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT**

By this instrument, the CEO and CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection II, paragraph 1, article 29 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 interim financial information for the six-month period ended June 30, 2018.

Belo Horizonte, July 26, 2018.

Eugênio Pacelli Mattar  
CEO

Maurício Fernandes Teixeira  
CFO and Investor Relations Officer