4Q16 and 2016 Results

February 6, 2017



Localiza

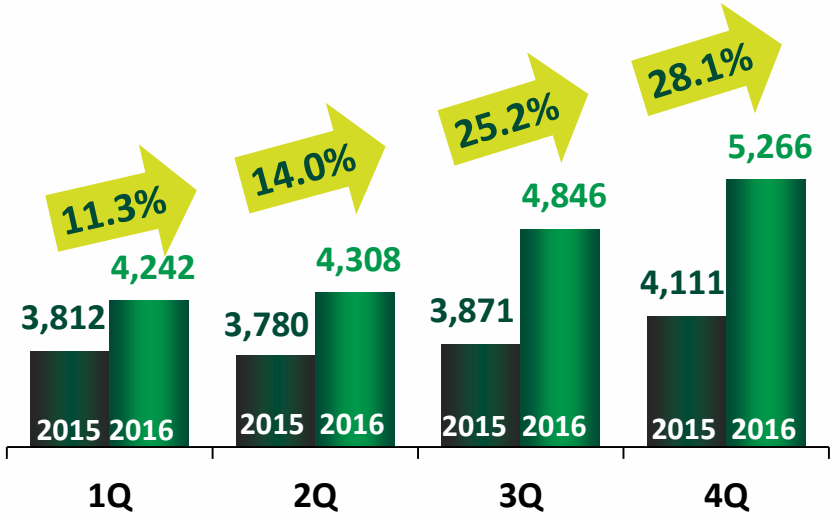
Message from the CEO – highlights

- ✓ **Financial discipline and strong balance sheet**
  - Cash position and debt profile to face the tough environment
  - High credit ratings
- ✓ **The only company in the sector to create value for shareholders**
  - Focused on leadership, commercial and operational excellence and on active cost management
- ✓ **Long-term global strategic alliance agreement with The Hertz Corporation**
  - Expand its market share in inbound/outbound reservations
  - Use the Localiza-Hertz brand through a co-brand agreement
  - Exchange knowhow, technology and expertise
- ✓ **Indisputable leadership in quality and service**
  - *Net Promoter Score* of over 80 in 2016
- ✓ **The most visited site in its category, with more than 7.6 million visitors in 2016**
  - 195,000 downloads of its mobile app
  - Facebook fan page with more than 515,000 followers and the highest engagement in the category
- ✓ **Protagonist on innovation**
  - Localiza *FAST* na app that allows clients to open the car door without going through the counter
- ✓ **Car rental division with the biggest and most diversified fleet that is renewed yearly**
  - More than 50 models of cars, from compact to premium brands such as Audi, BMW and Volvo
- ✓ **Brand**
  - 25ª most valuable brand in Brazil , among other brands across different sectors
- ✓ **Highest standards of ethics and corporate governance**
  - Honored as the best company in Transparency and Ethics at the Revista Exame 2016 ranking

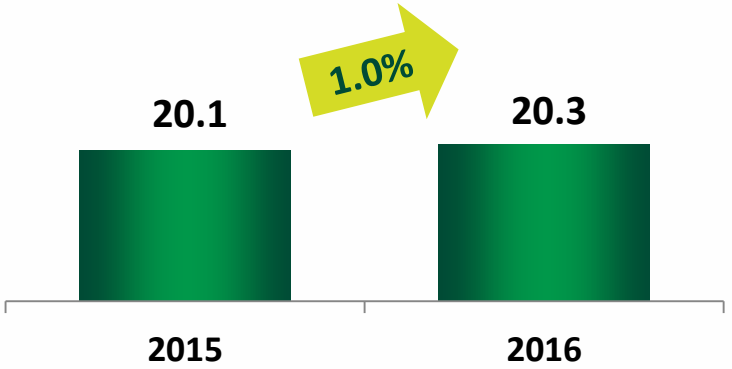
Strong ambition towards growth and expanding its market leadership

4Q16 and 2016 Operational Highlights

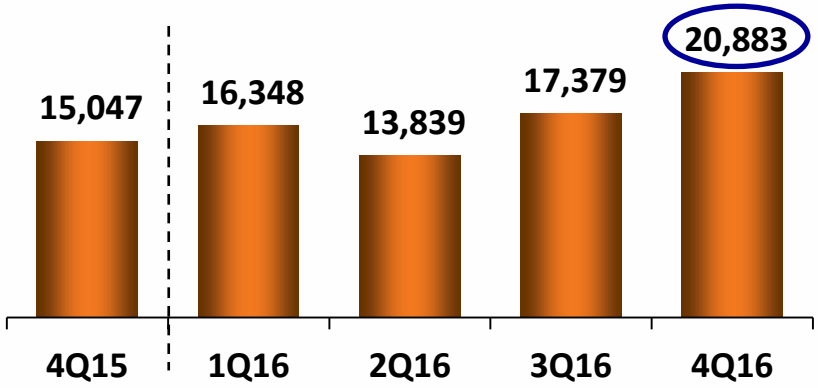
Rental days evolution (thousand)– Car Rental



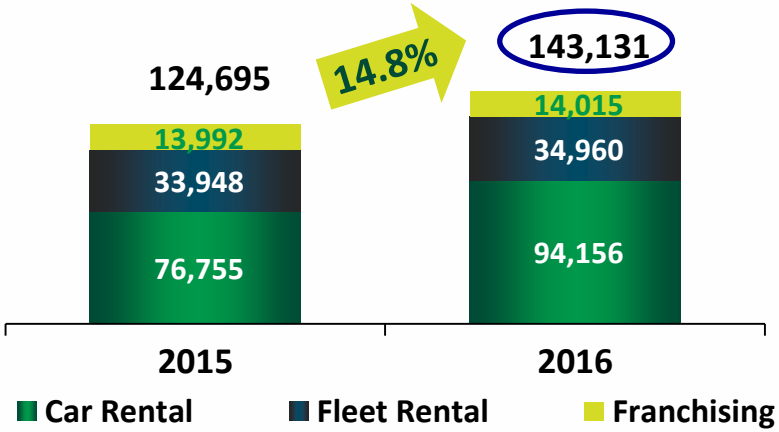
Average revenues per operating car (R$ thousand)



Cars sold– consolidated

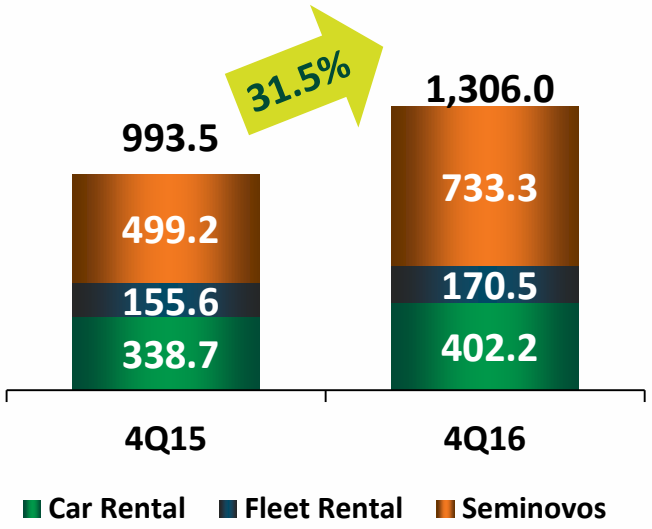


Fleet at end of the year

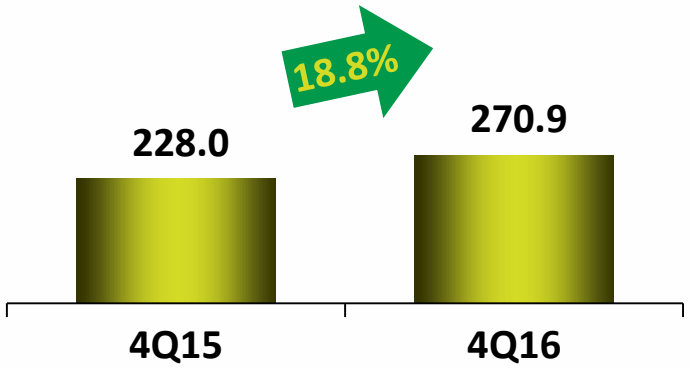


4Q16 and 2016 Financial Highlights

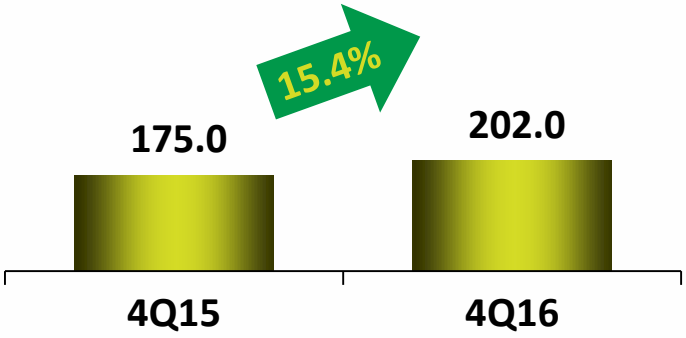
Net Revenues - (R$ million)



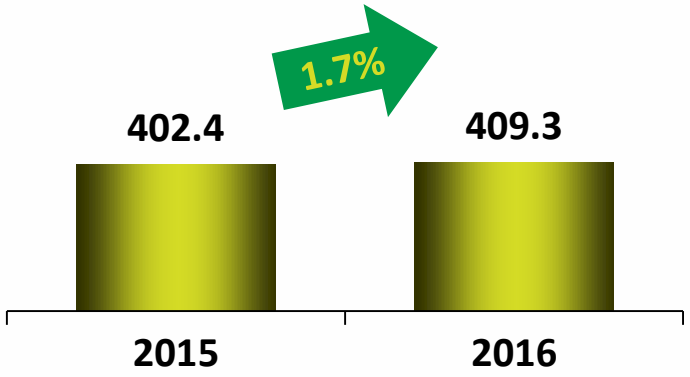
EBITDA - (R$ million)



EBIT (R$ milhões)

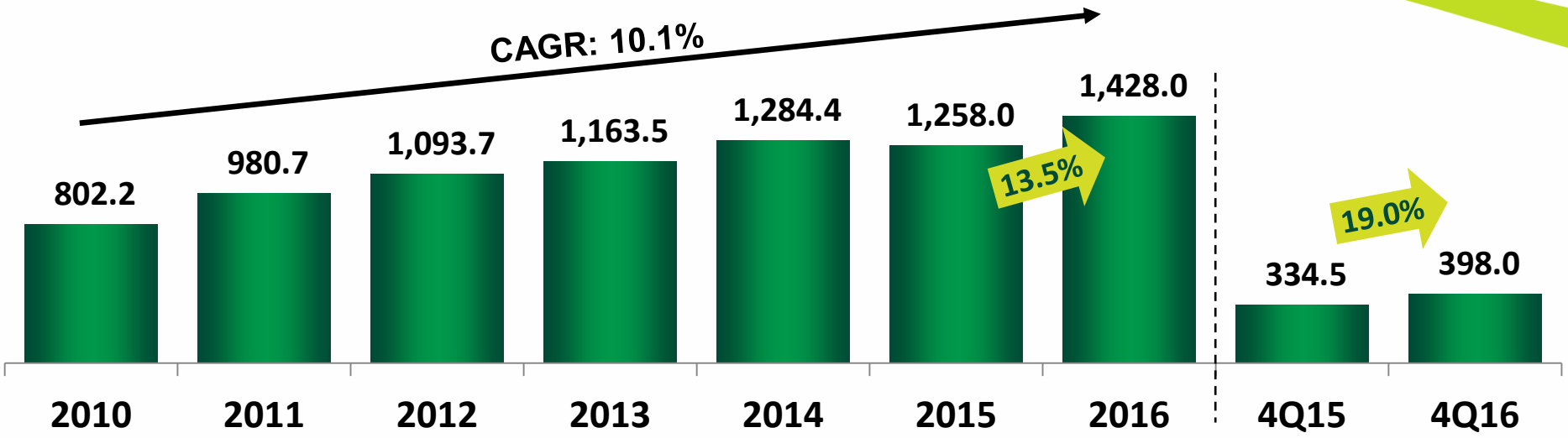


Net Income (R$ million)

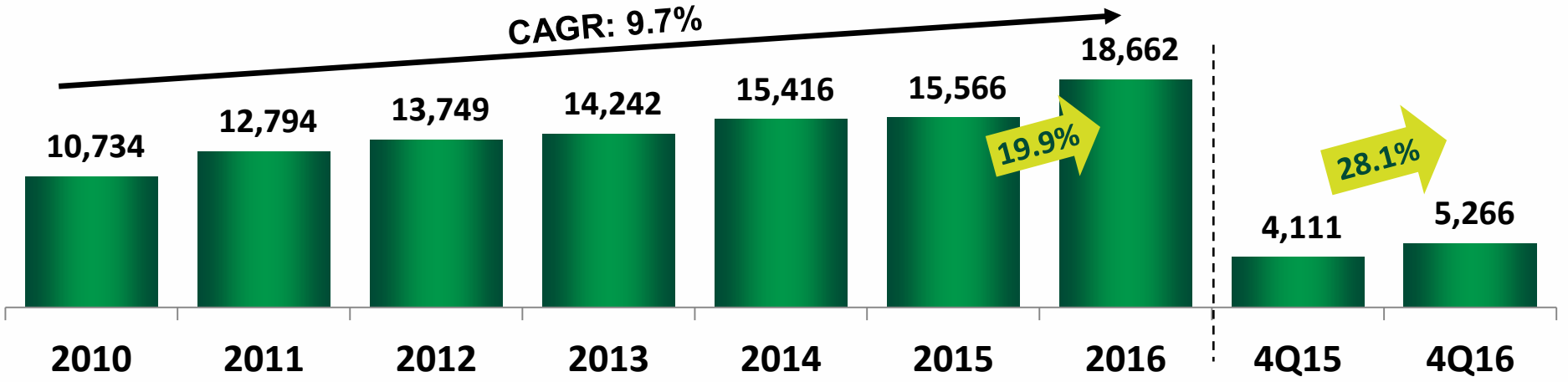


Car Rental

Net Revenues (R$ million)



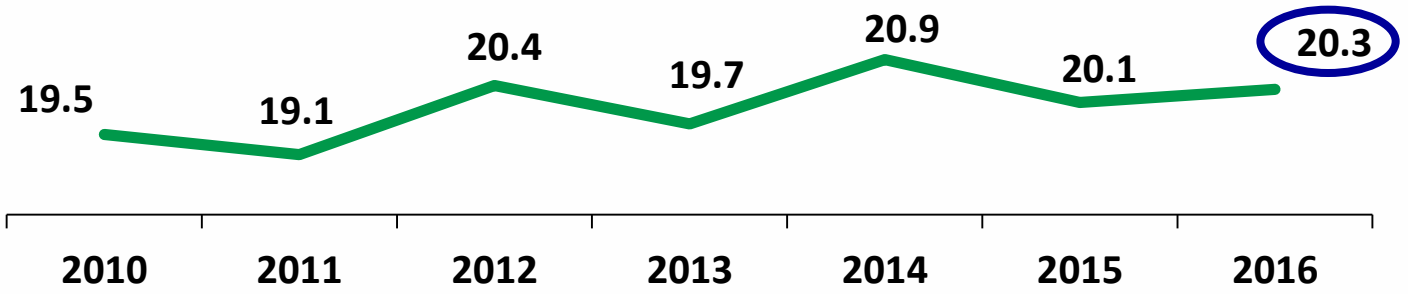
Number of Daily Rentals (thousand)



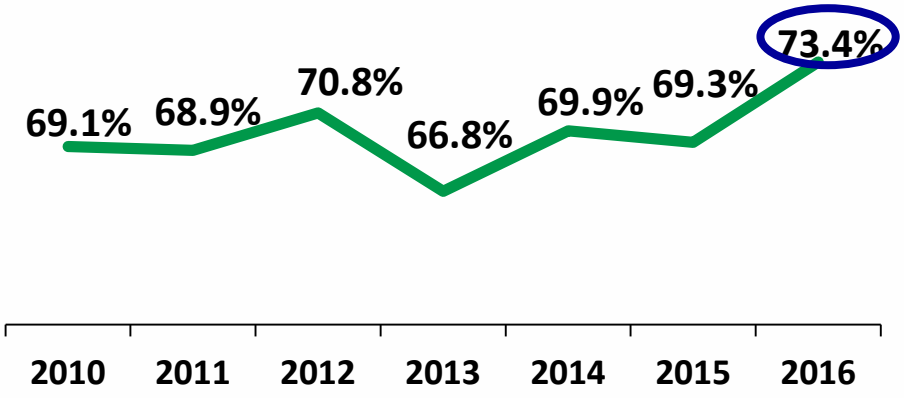
28.1% increase in car rental volume and
19.0% growth in net revenue in 4Q16 versus 4Q15

Car Rental

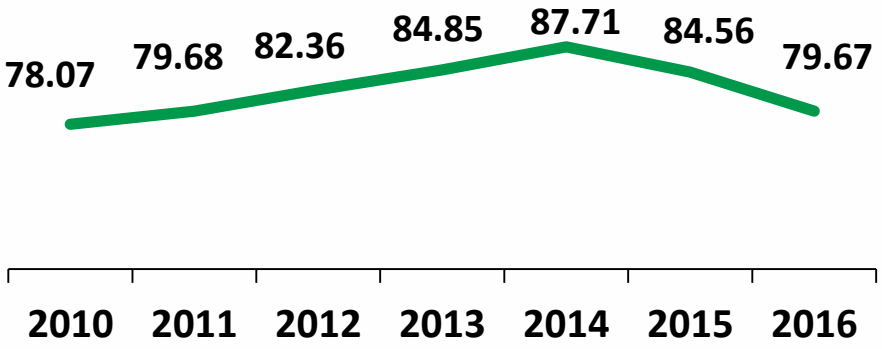
Average annual revenues per operating car (R$ thousand)



Utilization Rate Evolution – Car Rental



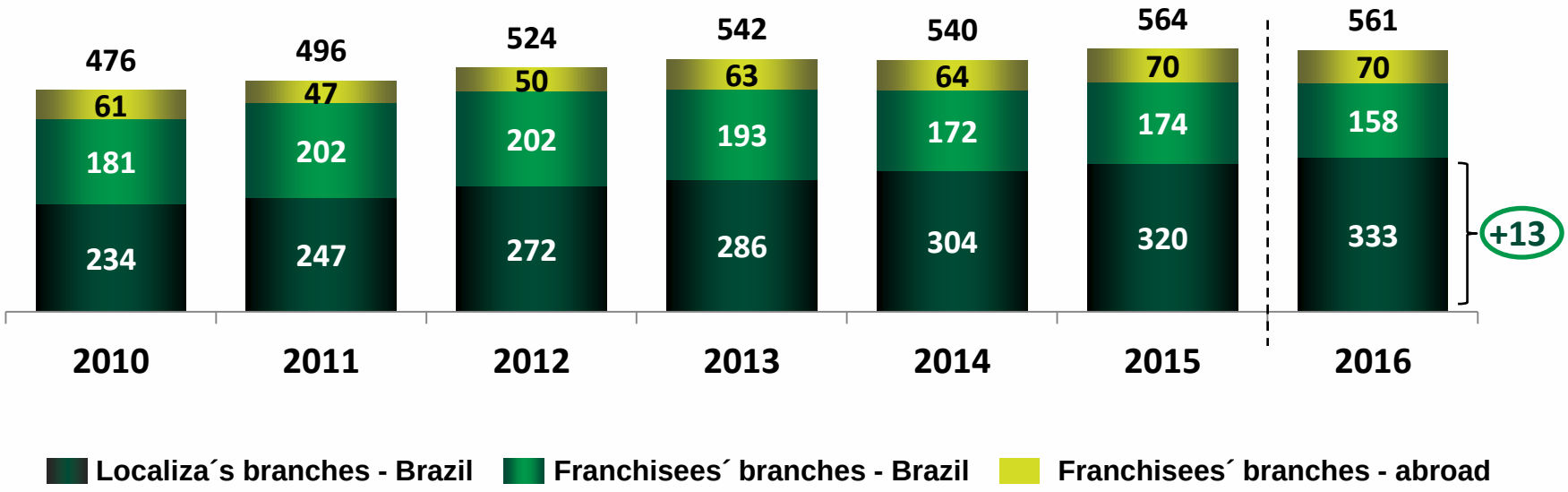
Average daily rental – In R$



The increase in the utilization rate offset the drop in the average rate, keeping the average revenue per operating car stable

Car Rental network evolution

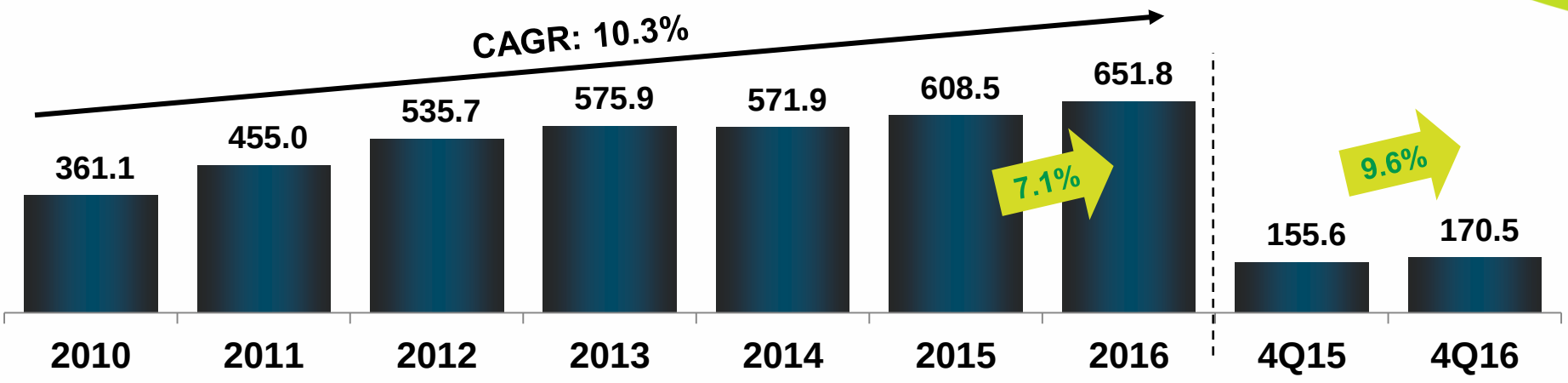
Number of car rental locations (Brazil and abroad)



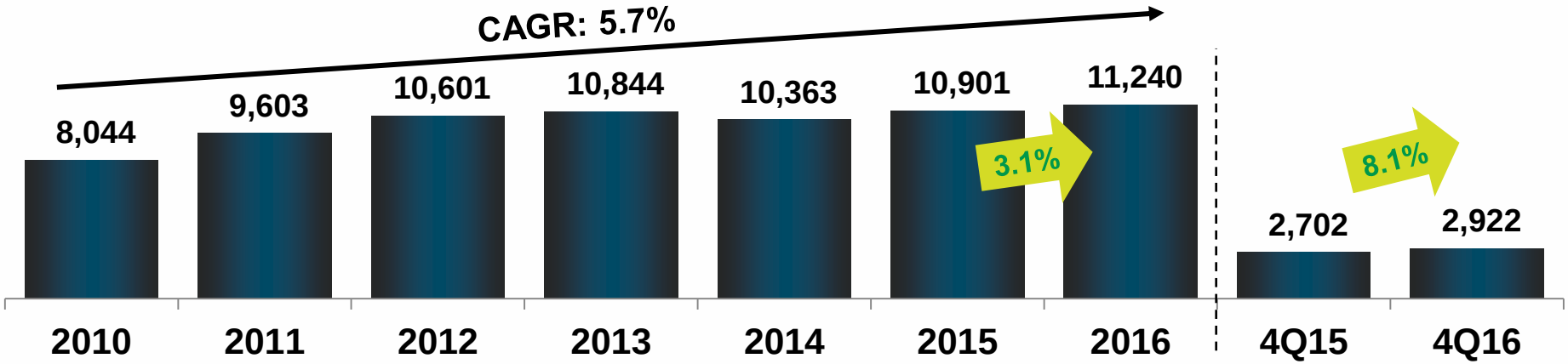
13 new corporate locations were added to the network

Fleet Rental

Net Revenues (R$ million)



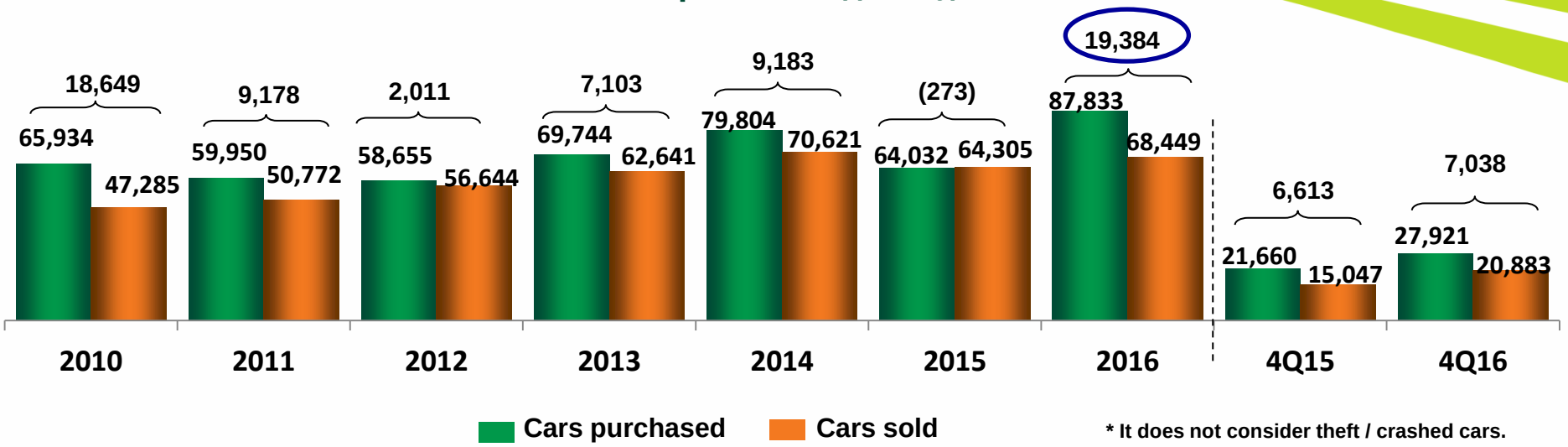
Number of Daily Rentals (thousand)



8.1% growth in daily volume and
9.6% in net revenue in 4Q16 versus 4Q15

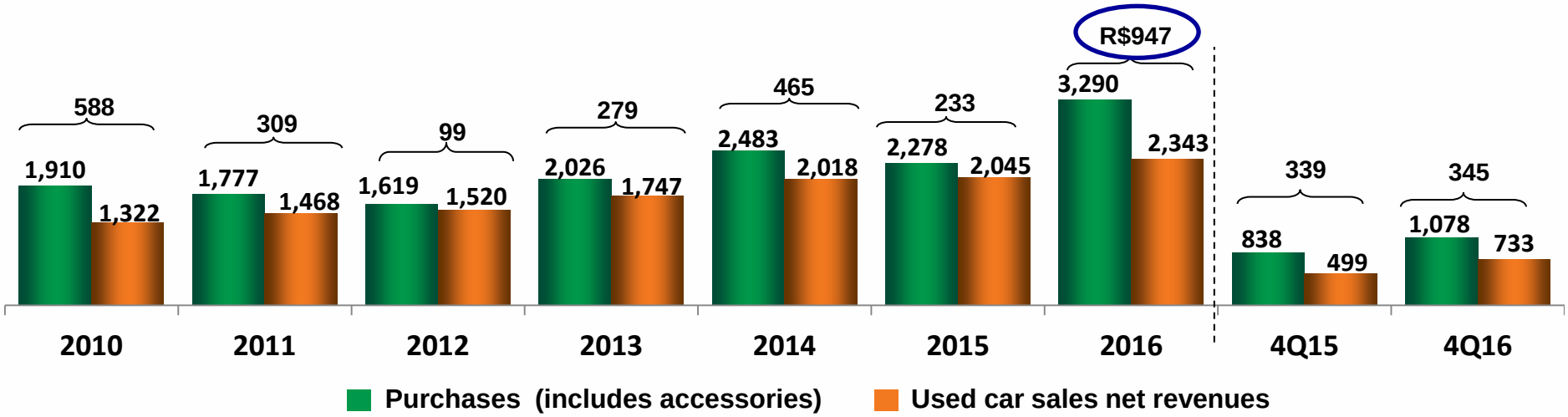
Net investment

Fleet Expansion* (quantity)



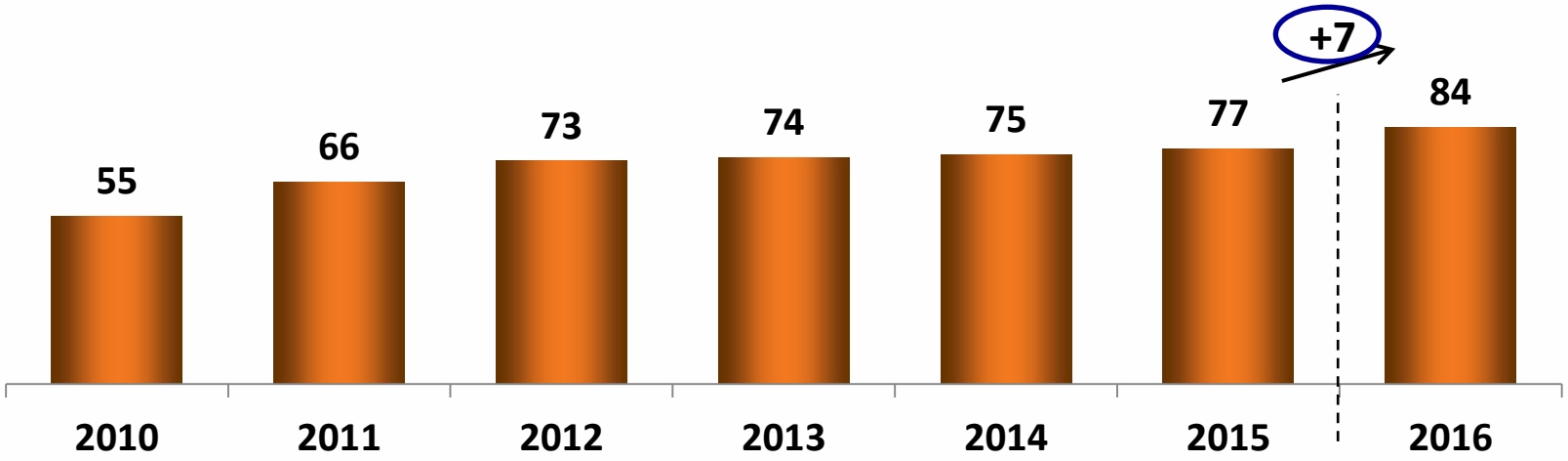
* It does not consider theft / crashed cars.

Net Investment in Fleet (R$ million)



Strong growth in the fleet to support the Company's growth

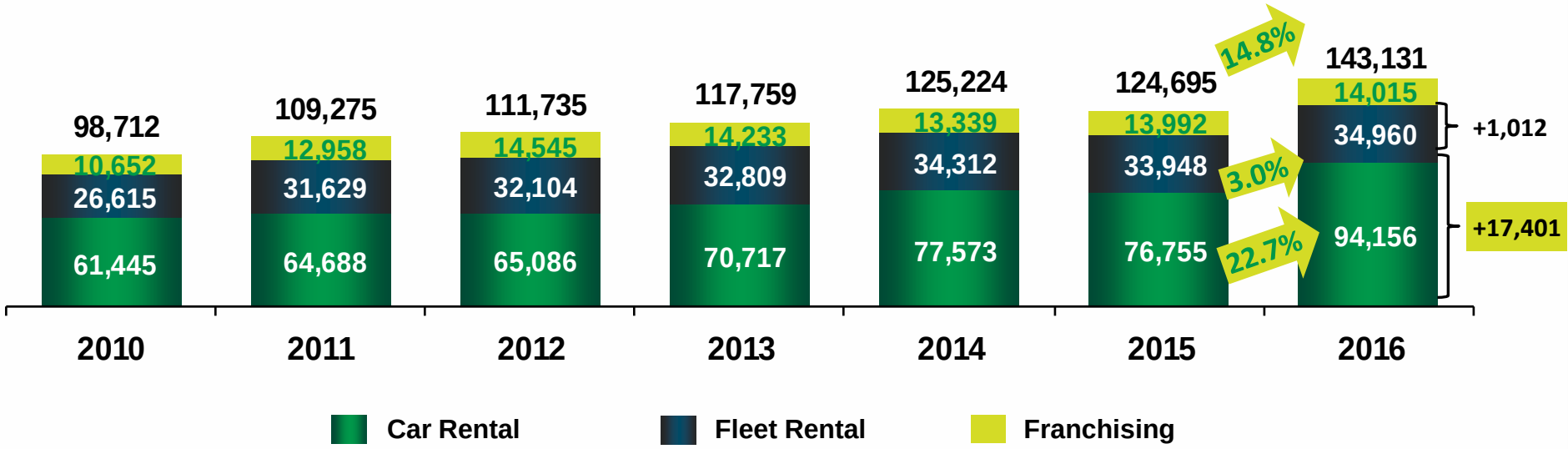
Number of points of sale



New stores will be added to the network to support the renewal of the fleet due to the strong growth of the Car Rental Division

Period-end fleet

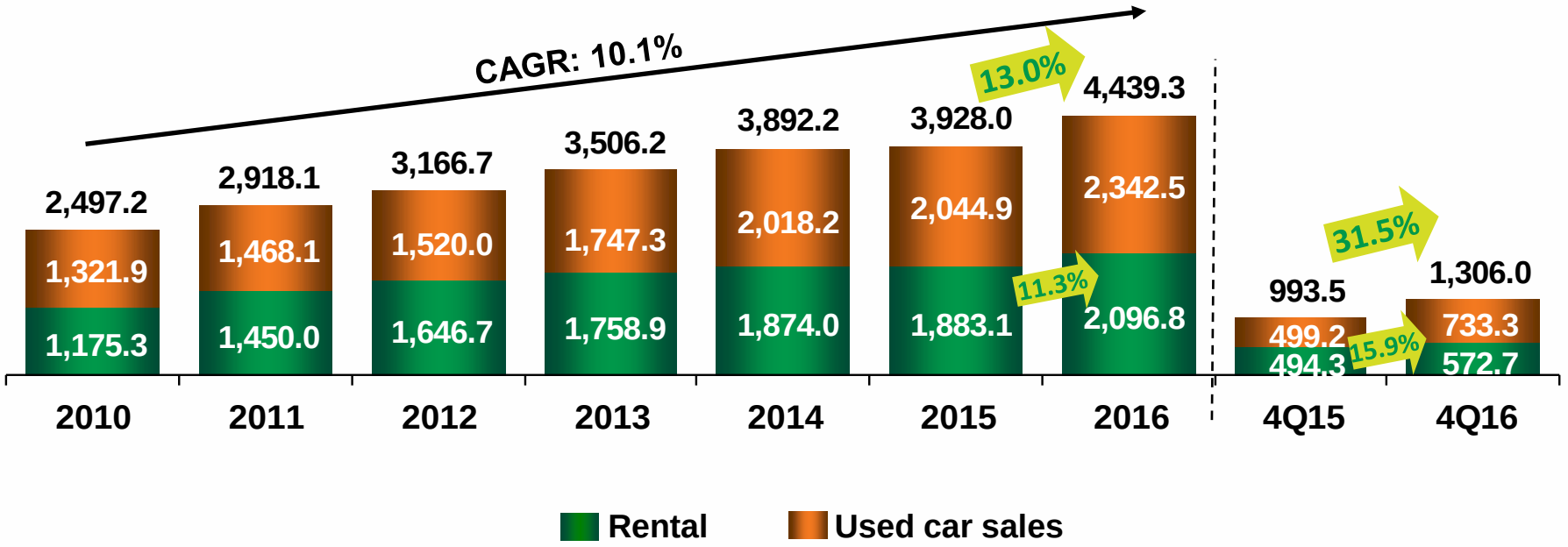
Quantity



The car rental fleet increased 17,401 cars to meet strong demand, maintaining the utilization rate at a record level of 73.4%

Consolidated net revenues

R$ million

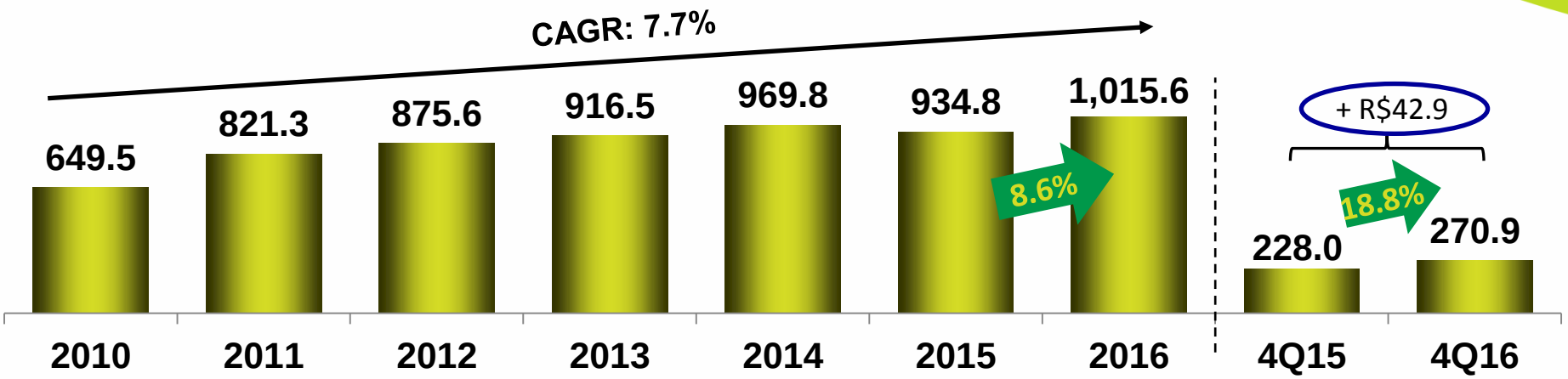


31.5% increase in consolidated revenue in 4Q16 versus 4Q15

The increase of 46.9% in 4Q16 in the revenue of the Seminovos is due to 5,836 cars sold more than in 4Q15, and to the increase of 5.9% in the car prices

Consolidated EBITDA

R$ million



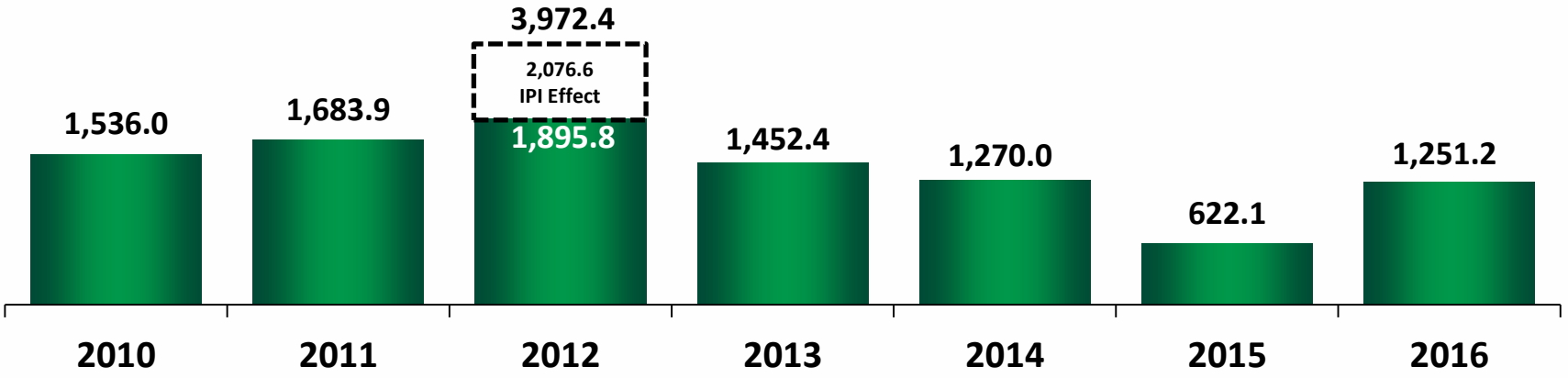
Divisions	2010*	2011*	2012	2013	2014**	2015	2016	4Q15	4Q16
Car Rental	45.3%	46.9%	40.9%	36.8%	38.7%	31.8%	32.3%	30.2%	31.5%
Fleet Rental	68.0%	68.6%	66.4%	65.5%	60.0%	62.2%	64.5%	64.0%	63.8%
Rental Consolidated	52.3%	53.8%	49.3%	46.5%	45.3%	41.7%	42.3%	40.8%	40.8%
Used Car Sales	2.6%	2.8%	4.2%	5.7%	6.0%	7.3%	5.5%	5.2%	5.0%

(*)From 2012 onwards, accessories and freight of new cars have been accounted directly in the cost line, impacting EBITDA but reducing depreciation costs.
(**) It considers the new appropriation criteria of the overhead, which is also appropriated to Seminovos.

Increase of R$42.9 million in EBITDA in 4Q16

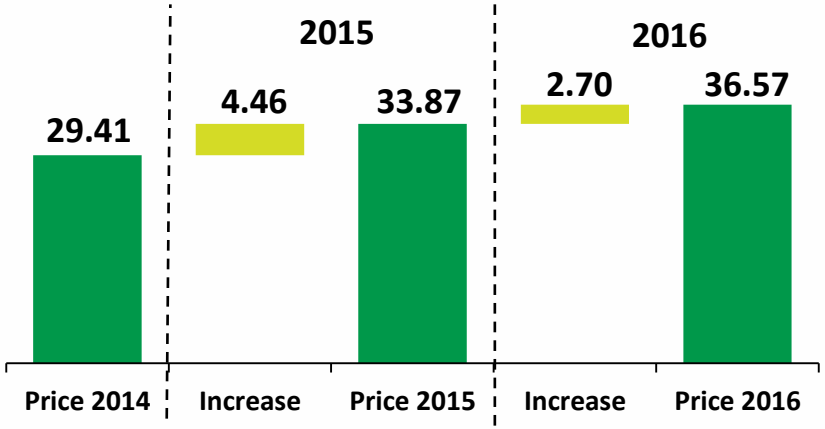
Average depreciation per car (in R$)

Car Rental



Average Price of cars purchased

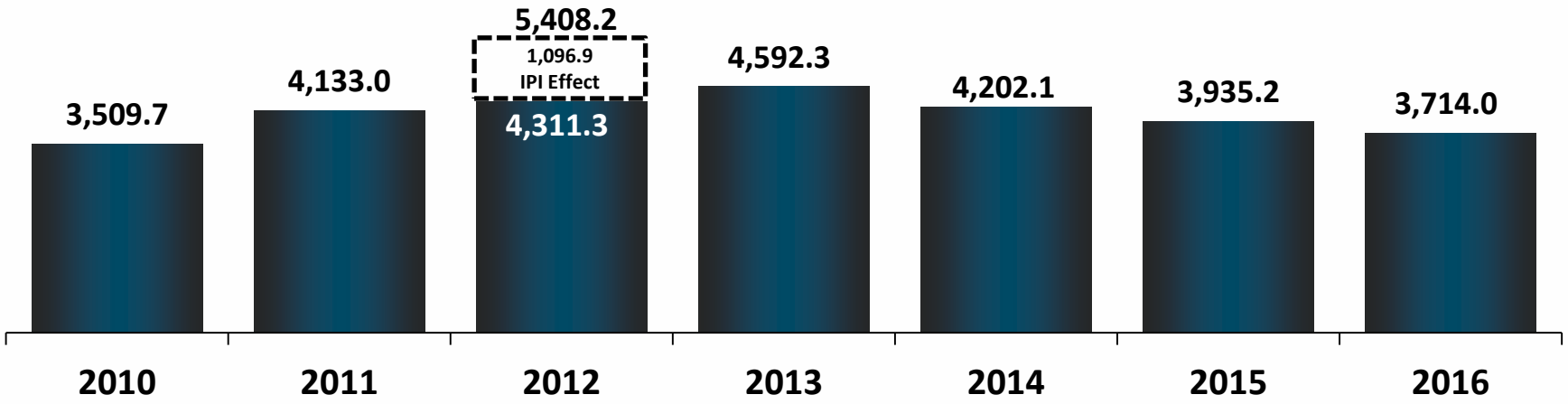
In R$ Thousand



The increase in the average depreciation per car of the RAC is a reflection of the slowdown of the increase of the new cars price that reflects in the seminovos cars

Average depreciation per car (in R$)

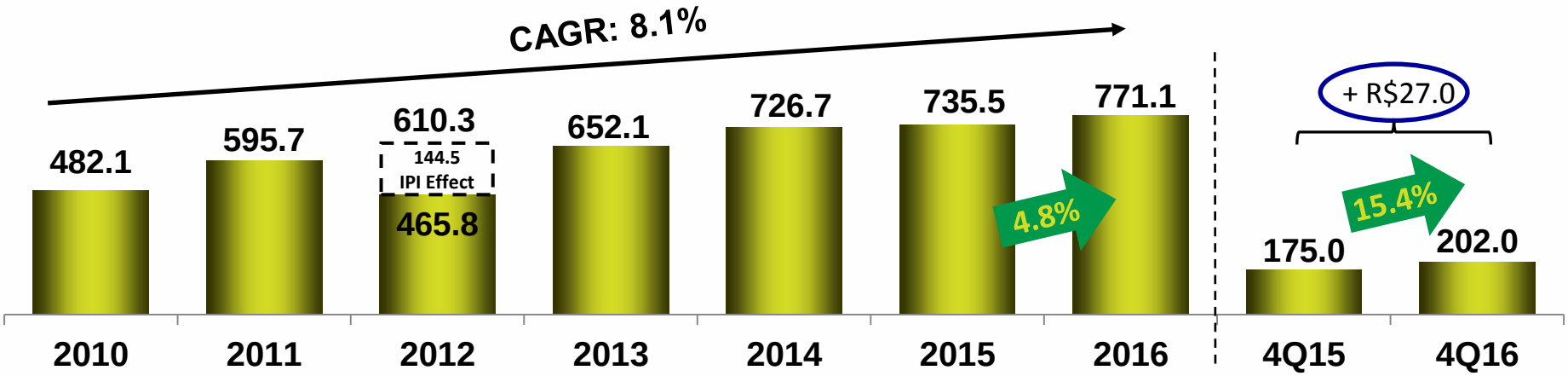
Fleet Rental



The drop in depreciation is due to a longer cycle
The depreciation of the cars in this division benefits from the price increase of new cars that occurs over the life of the car

Consolidated EBIT

R$ million

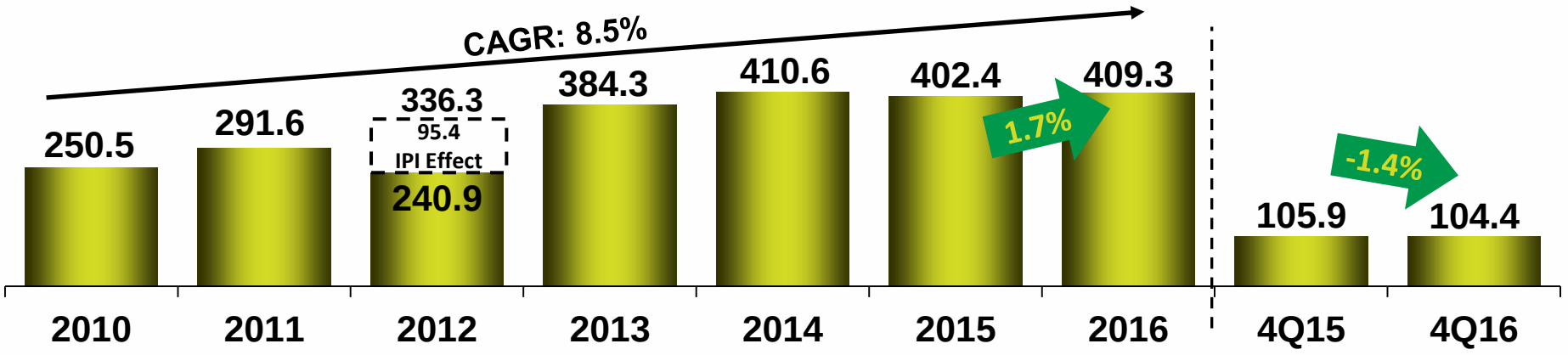


Divisions	2010	2011	2012	2013	2014	2015	2016	4Q15	4Q16
Car Rental	38.5%	38.8%	23.7%	32.8%	36.2%	34.3%	30.2%	28.7%	28.4%
Fleet Rental	46.2%	45.6%	36.9%	45.1%	44.3%	48.9%	51.2%	49.9%	52.4%
Consolidated	41.0%	41.1%	28.3%	37.1%	38.8%	39.1%	36.8%	35.4%	35.3%

Even with increased car depreciation of the Car Rental Division, EBIT Margin remained stable in 4Q16

Consolidated net income

R$ million



Reconciliation EBITDA x Net income	2010	2011	2012	2013	2014	2015	2016	Var. R$	Var. %	4Q15	4Q16	Var. R$	Var. %
Consolidated EBITDA	649.5	821.3	875.6	916.5	969.8	934.8	1,015.6	80.8	8.6%	228.0	270.9	42.9	18.8%
Cars depreciation	(146.3)	(201.5)	(232.4)	(229.0)	(207.4)	(163.6)	(206.3)	(42.7)	26.1%	(44.0)	(59.5)	(15.5)	35.2%
Cars additional depreciation – IPI effect	-	-	(144.5)	-	-	-	-	-	-	-	-	-	-
Other property depreciation and amortization	(21.1)	(24.1)	(32.9)	(35.4)	(35.7)	(35.7)	(38.2)	(2.5)	7.0%	(9.0)	(9.4)	(0.4)	4.4%
EBIT	482.1	595.7	465.8	652.1	726.7	735.5	771.1	35.6	4.8%	175.0	202.0	27.0	15.4%
Financial expenses, net	(130.1)	(179.0)	(138.7)	(110.6)	(151.1)	(202.7)	(243.5)	(40.8)	20.1%	(43.5)	(72.7)	(29.2)	67.1%
Income tax and social contribution	(101.5)	(125.1)	(135.3)	(157.2)	(165.0)	(130.4)	(118.3)	12.1	-9.3%	(25.6)	(24.9)	0.7	-2.7%
Income tax and social contribution – IPI effect	-	-	49.1	-	-	-	-	-	-	-	-	-	-
Net income of the period	250.5	291.6	240.9	384.3	410.6	402.4	409.3	6.9	1.7%	105.9	104.4	(1.5)	-1.4%

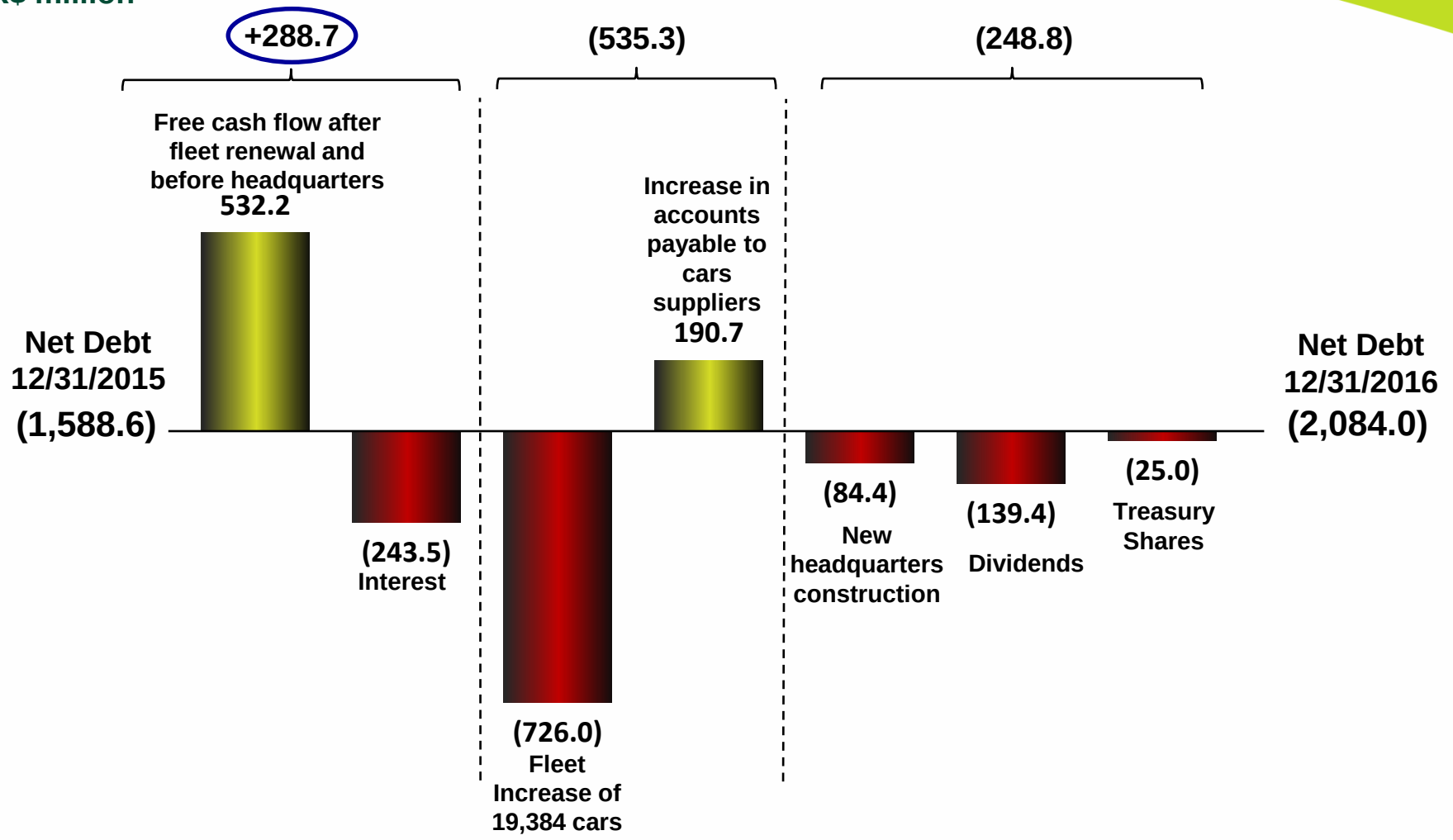
Increase of 1.7% in 2016 profit even with the increase of interest and depreciation

Free cash flow

	Free cash flow - R$ million	2010	2011	2012	2013	2014	2015	2016
Operations	EBITDA	649.5	821.3	875.6	916.5	969.8	934.8	1,015.6
	Used car sale revenue, net from taxes	(1,321.9)	(1,468.1)	(1,520.0)	(1,747.3)	(2,018.2)	(2,044.9)	(2,342.5)
	Depreciated cost of cars sold	1,203.2	1,328.6	1,360.2	1,543.8	1,777.0	1,769.1	2,102.5
	(-) Income tax and social contribution	(57.8)	(83.0)	(100.9)	(108.5)	(113.1)	(110.7)	(93.3)
	Change in working capital	54.5	(83.9)	37.1	2.9	(27.1)	(30.0)	113.2
	Cash generated by rental operations	527.5	514.9	652.0	607.4	588.4	518.3	795.5
Capex - Renewals	Used car sale revenue, net from taxes	1,321.9	1,468.1	1,520.0	1,747.3	2,018.2	2,036.3	2,342.5
	Fleet renewal investment	(1,370.1)	(1,504.5)	(1,563.3)	(1,819.7)	(2,197.7)	(2,278.4)	(2,563.6)
	Net investment for fleet renewal	(48.2)	(36.4)	(43.3)	(72.4)	(179.5)	(242.1)	(221.1)
	Fleet renewal – quantity	47,285	50,772	56,644	62,641	70,621	64,032	68,449
	Investment, other property and intangibles	(50.6)	(59.9)	(77.8)	(47.5)	(46.3)	(29.7)	(42.2)
	Free cash flow from operations, net of fleet renewal capex	428.7	418.6	530.9	487.5	362.6	246.5	532.2
Capex - Growth	Fleet growth (investment)	(540.3)	(272.0)	(55.5)	(209.4)	(286.8)	8.6	(726.0)
	Change in accounts payable to car suppliers	111.3	32.7	(116.9)	89.7	334.4	(121.2)	190.7
	Net investment for fleet growth	(429.0)	(239.3)	(172.4)	(119.7)	47.6	(112.6)	(535.3)
	Fleet increase / (reduction) – quantity	18,649	9,178	2,011	7,103	9,183	(273)	19,384
	Free cash flow after growth, and before interest and new HQ	(0.3)	179.3	358.5	367.8	410.2	133.9	(3.1)
	New headquarters construction	(0.5)	(3.1)	(2.4)	(6.5)	(148.3)	(30.7)	(84.4)
	Free cash flow before interest	(0.8)	176.2	356.1	361.3	261.9	103.2	(87.5)

Changes in net debt

R$ million

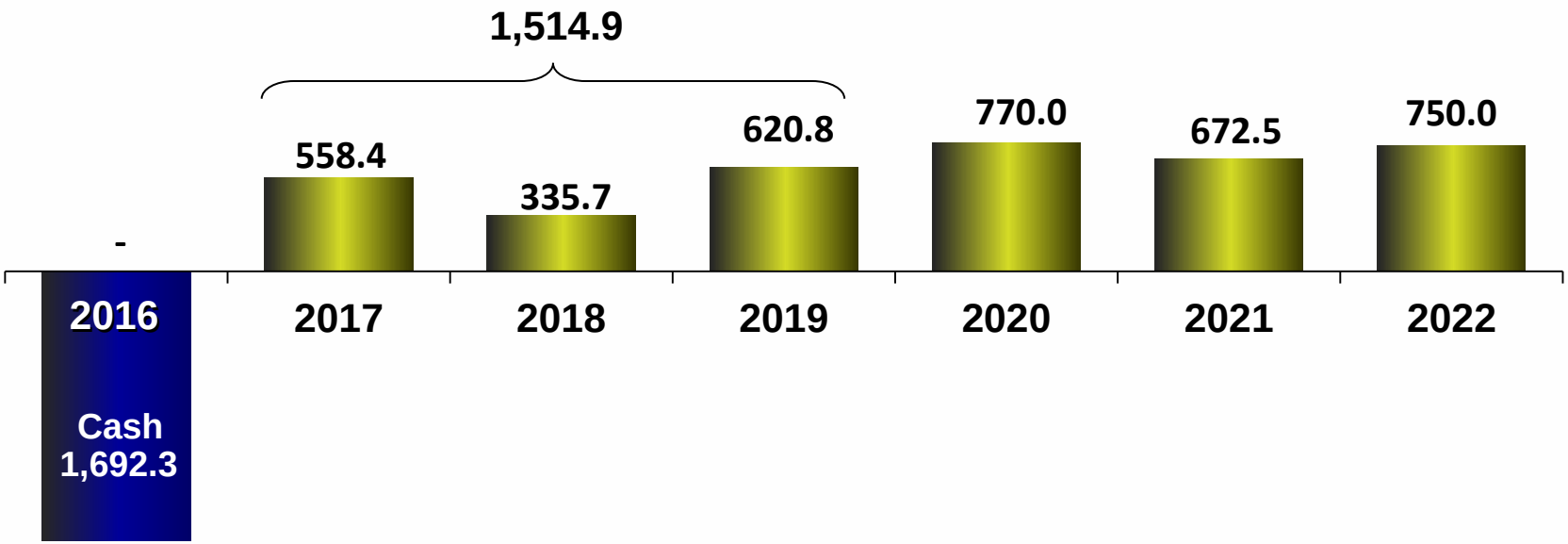


R$288.7 million of cash generation after interest was invested to increase the fleet

Debt maturity profile (principal)

R$ million

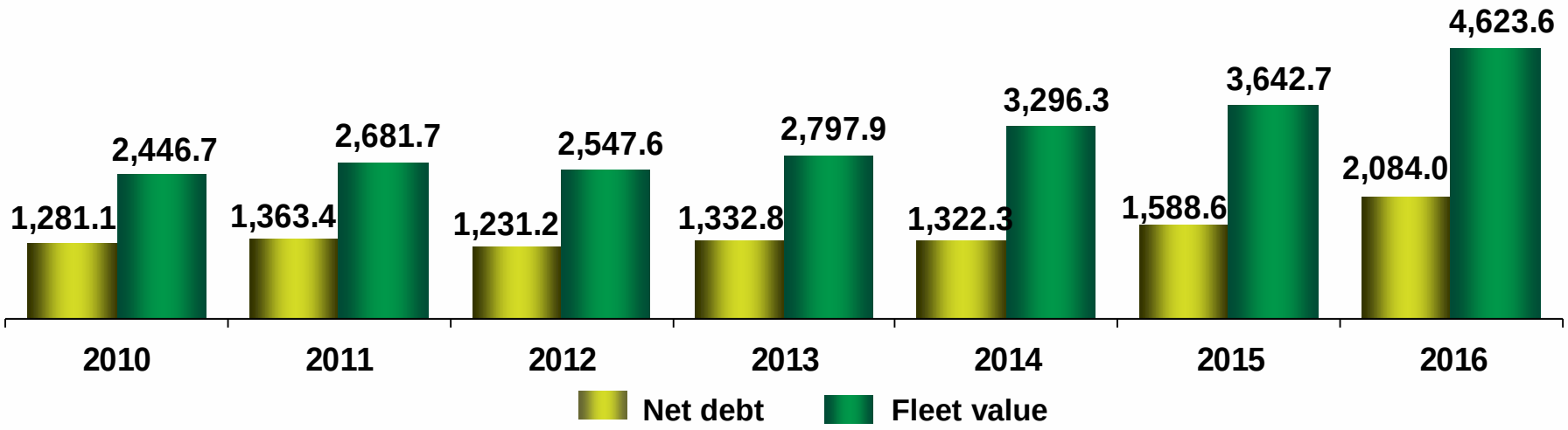
As of December 31, 2016



Strong cash position and comfortable debt profile to take advantage of growth opportunities

Debt - ratios

Net debt vs. Fleet value

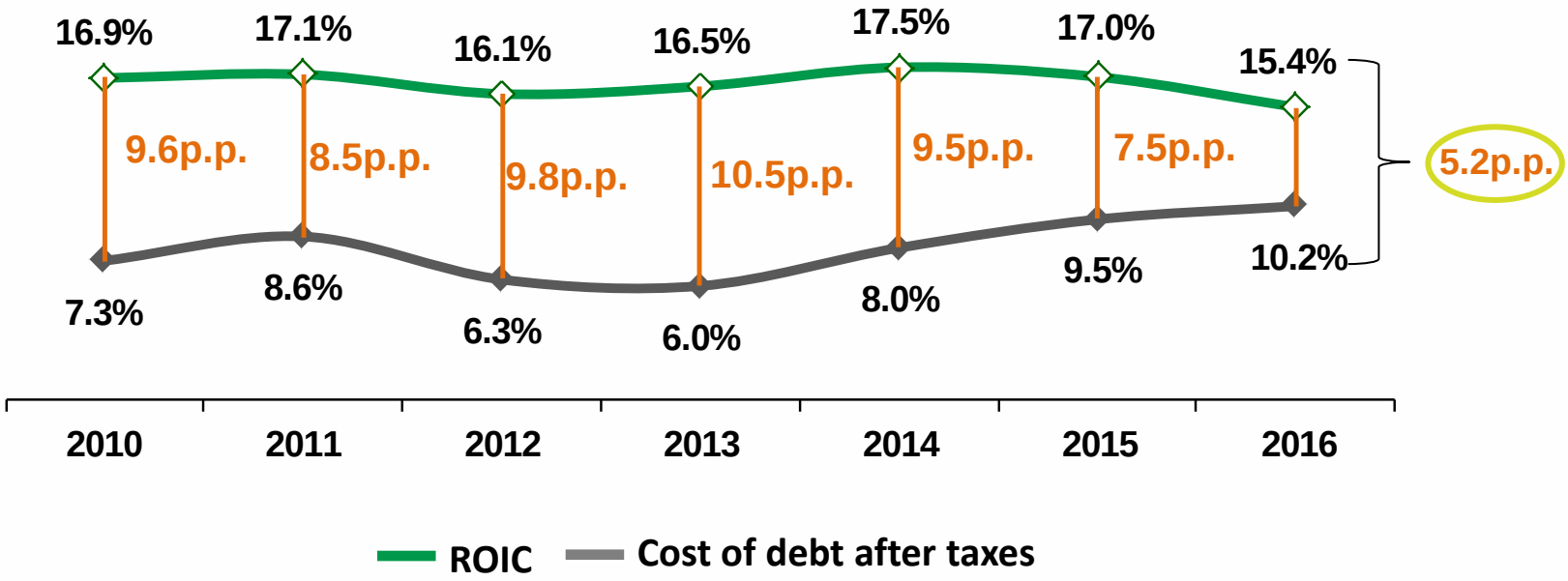


BALANCE AT THE END OF PERIOD	2010(*)	2011	2012	2013	2014	2015	2016
Net debt / Fleet value	52%	51%	48%	48%	40%	44%	45%
Net debt / EBITDA	2.0x	1.7x	1.4x	1.5x	1.4x	1.7x	2.1x
Net debt / Equity	1.4x	1.2x	0.9x	1.0x	0.8x	0.8x	0.9x
EBITDA / Net financial expenses	5.0x	4.6x	6.3x	8.3x	6.4x	4.6x	4.2x

(*) 2010 ratios based on USGAAP financial statements

Low leverage supports growth targets

ROIC *versus* cost of debt after taxes



2010 to 2014 ROIC considered income tax rate of 30% and effective income tax rate from 2015 on

Spread of 5.2p.p. in line with the Company's short-term strategy and expectation of a sharp drop in interest in 2017

Thank You!

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