

## Q1 2017 Earnings Call

### Company Participants

- Nora Mascarenhas Lanari, Head-Investor Relations
- Roberto Antônio Mendes, Chief Financial Officer and Investor Relations Officer

### Other Participants

- Alberto Valerio, Strategist
- Augusto Ensiki, Analyst
- Bruno Amorim, Analyst
- Lucas Marquiori, Analyst
- Murilo Freiburger, Analyst
- Márcio Prado, Analyst
- Pedro Furtado, Head of Investment Analysis
- Rogério Araújo, Analyst

## MANAGEMENT DISCUSSION SECTION

### Operator

Good morning, and welcome to the First Quarter 2017 Conference Call of Localiza Rent a Car. Hosting the event today, we have Mr. Roberto Mendes, CFO; and Ms. Nora Lanari, Investor Relations Officer.

We would like to inform that the numbers in this presentation are stated in million of Brazilian real and based on IFRS. The presentation will be recorded and all participants will be able to listen to the conference that will be recorded. And then, all participants will be able to participate - listen to the conference and then we'll have a Q&A session for analysts.

The conference call audio and the accompanying slide presentation are being broadcast simultaneously over the Internet at the address, [www.localiza.com/ir](http://www.localiza.com/ir). The slide presentation can be downloaded at the same address by clicking on the banner 1Q17 Webcast.

Before proceeding, we would like to clarify that any statements made in the conference call concerning the business outlook of the company forecast as well as operating and financial targets represent the opinions and assumptions of the company's management, which may or may not occur. Investors must comprehend that economic conditions and other operating factors may affect the company's future and may lead to materially different results from those stated in this call.

To start the first quarter 2017 teleconference, I turn the floor over to CFO, Mr. Roberto Mendes.

## **Roberto Antônio Mendes** {BIO 7289124 <GO>}

Good afternoon, everyone, and thank you for attending our conference call. The first quarter 2017 was another quarter of important achievement for Localiza in terms of innovation, growth, and profitability. We continue to invest in the customer experience and engagement. We surpassed the mark of six million customers in our loyalty program and we have more than one million followers on Facebook with the greatest engagement of the category.

We have launched Localiza FAST, 100% digital Car Rental by-passing the counter. With it, customers can make reservation of cars and open contracts via the app. And at the branch, they go straight to the parking spot of the reserved car and open the door with a click, with their mobile phone. The car return is also made using the app. Localiza FAST is another Localiza initiative to improve customer experience. In addition, we exclusively launched the Audi Q3 SUV and the Hybrid Toyota Prius to offer a new modern and diversified fleet.

On slide number 3, we have the operational highlights for the first quarter of 2017. Car Rental's division volume grew 25.1% when compared to the first quarter of the previous year. Fleet Rental division's volume grew 6.7%. 20,309 cars were sold, representing a growth of 24.2% when compared to the first quarter 2016. In the end of the first quarter of 2017, Localiza's three systems fleet reached 137,607 cars, a growth of 19.5%.

On the next slide, we present the financial highlights of the first quarter of 2017. Net revenue grew 27.9% when compared to the previous year. The car and fleet Car Rental grew 15.7%. EBITDA and EBIT followed the growth, increasing 14.9% and 13.6%, respectively. The net income in this quarter amounted to BRL 120.3 million of record was an increase 16.8% when compared to the first quarter of 2016.

To present this quarter result for the first quarter 2017, I turn the floor over to the Investor Relations Officer, Nora Lanari.

## **Nora Mascarenhas Lanari** {BIO 18838335 <GO>}

Thank you, Roberto. Good afternoon, everyone. On slide number 5, we detail the growth in the Car Rental division. The first quarter of 2017, the volume grew 21.5%. Net revenues increased 18.8% when compared to the first quarter of 2016, impacted by the drop in the average rental rate of the Car Rental division as shown on Slide 6.

The average rental rate in the quarter was BRL 79.27, 5.2% lower than the first Q 2016 and stable when compared to the average rental rate in the year of 2016. The utilization rate remain consistent at the level of 73.5%, which reflects the company's initiative to manage rates in order to foster demand, mix of segments, and improve fleet management.

On slide number seven, we present a number of Car Rental corporate branches. In the first three months of the year, 18 corporate branches were opened, which added to the 158 franchisees branches in Brazil, totaled 579 locations in Brazil, and 70 in six South American countries.

On slide number eight, we present the evolution of volumes and revenues of the Fleet Rental division. In the first quarter of 2017, the volume grew 6.7% and net revenues presented a growth of 9.4%, totaling BRL 173.3 million.

On the next slide, we present the fleet change. In the first quarter of the year, the Car Rental fleet is adjusted after the peak demand of summer vacation. 15,123 cars were sold and 20,309 were – or rather, first were purchased and then were sold, totaling a divestment of BRL 141 million.

Slide 10 shows the impact of the mix to the average prices of cars purchased in the first quarter. In this quarter, the average price of cars purchased was BRL 40,680, 16.6% lower or higher when compared to the price of BRL 34,880 the first quarter of 2016 due to the mix purchase with a higher aggregate value, 69% in this quarter and 42% in the same quarter of last year.

On the next slide, we show the evolution of Seminovos stores to support the growth of Car Rental. Four stores were opened in this quarter. Since 2013, the company started to look for outlets ready-to-use, former dealers, and resellers to open new points of sale and reduce CapEx per store. Seminovos network ended the quarter with 88 points of sale. During the year, new stores shall be opened to support the fleet renewal due to strong growth of Car Rental division.

On slide 12, we show the evolution of the end-of-period fleet. On Car Rental, 18,607 cars were added, on Fleet Rental and 3,852 cars were added. Overall, Localiza system ended the first quarter 2017 with 137,607 cars, a 19.5% growth when compared to the first quarter of 2016.

Slide 13 shows the growth of 27.9% on consolidated net revenue in first quarter 2017 when compared to the same period of last year due to the 15.7% growth in the rental and 39.3% in Seminovos revenues.

Slide 14 shows the impact of the mix in the average price of cars sold in the first Q 2017 in the Car Rental division. In this quarter, 3,962 cars were sold in addition to those of the first Q 2016, and the average car sales price was 12.2% higher.

The increase in the average price of cars sold was mainly due to the change in the mix with higher added value of cars purchased in the fourth quarter 2015, which were discontinued in this quarter.

On the next slide, we present the consolidated EBITDA. In the first quarter of 2017, EBITDA grew 14.9% or BRL 38.6 million, reaching BRL 297 million. In the Car Rental division,

the EBITDA margin was 36.6% in the first quarter, an increase of 2.1 percentage points in relation to the first quarter of 2016. This increase is mainly due to the growth of daily rental volume and consequent gains of scale in operating expenses, SG&A.

In the Fleet Rental division, EBITDA margin was 63% in the first quarter according to the company's expectation of a falling interest rate scenario.

On a slide number 16, we present the evolution of the average depreciation per car, in Car and Fleet Rental division. Average depreciation per car in the Car Rental division was BRL 1,485 per car, an increase of BRL 649 when compared to the first quarter of 2016 due to a lower increase in the new car prices charged by dealers.

The increase in the average depreciation happened in the third quarter 2016 and stabilized after that at the levels BRL 1,500 per car. In the Fleet Rental division, average depreciation per car was 20.2% lower than in the same period of last year. In this division, the contracts are, in most cases, for two or three years and depreciation benefits from the increase in new cars price, which occurs during the car's useful life.

Slide 17 shows consolidated EBIT, which increased BRL 27.6 million, 13.6% higher than in the first Q 2016. The EBIT margin of RAC (11:47) decreased 0.8 percentage points due to the higher depreciation per car. In Fleet Rental division, EBIT margin remained virtually stable at 50.9%.

On the next slide, we present a record net income. In this quarter, net income totaled BRL 120.3 million, a 16.8% increase when compared to the first quarter of 2016 due to the increase of BRL 38.6 million in EBITDA, partially offset by higher car depreciation and net financial expenses. That increased BRL 11.6 million and BRL 7.1 million, respectively.

Financial expenses increased due to an increase in the average net debt as a consequence of investment in 22,459 cars for fleet increase, partially offset by the drop in the basic interest rate.

Slide 19 shows the free cash flow. BRL 220.5 million came from rental operations. BRL 53.4 million were invested in fleet renewal. Another BRL 12.6 million were invested in other property.

Cash generated by operations net of fleet renewal CapEx was BRL 154.5 million. The fleet reduction in the first quarter contributed to the generation of BRL 193.7 million used to reduce accounts payable to car suppliers by BRL 146.4 million. Besides that, another BRL 26 million were invested in the new headquarters construction, resulting in a free cash flow before interest of BRL 175.6 million.

On the next slide, we present the change in debt. Cash generated by rental operations net of fleet renewal CapEx and interest was BRL 79.7 million in the first quarter of this year. The cash generated by fleet reduction was used to reduce accounts payable to suppliers and net debt by BRL 54.1 million.

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Slide 21 shows the debt maturity profile at March 31 and debt maturity profile pro forma after the twelfth debenture issuance of Localiza and third debenture issuance of Localiza Fleet. In March 31, the company had BRL 1.5 billion in cash, enough to pay the next three years' debt.

On April 17, the Board of Directors approved two debenture issuances, which will add BRL 915 million to the cash of the company net of the optional early redemption of the second public debenture issuance of Localiza Fleet. The remaining funds will be used to strengthen the cash position.

On Slide 22, we show the debt ratios of the company, which are quite comfortable. The comfortable levels of leverage supports our growth rate target.

Finally, the last slide present the company's ROIC. In the first quarter of 2017, Localiza's ROIC was 15.5%, 6 percentage points spread of cost of debt after taxes. The drop in the basic interest rate contributed for a 0.8 percentage point increase in spread.

Let us now move on to the Q&A session.

## Q&A

### Operator

Ladies and gentlemen, we'll now begin the Q&A session. First question from Bruno Amorim, Santander.

#### Q - Bruno Amorim {BIO 17243832 <GO>}

Good morning, everyone. I have a question about the cost structure of the company. We've seen cash going that's going to revenues and EBITDA in the Car Rental division dropping 6% for the first quarter of this year when compared to the fourth quarter 2016 despite a stable average fleet. What explains that? And is that related to any non-recurring cost having impacted the fourth quarter in terms of fleet implementation? And what do you think what will happen in the future if this results from a reduction in cost? This is my first question.

#### A - Operator

Thank you for the question, Bruno. In fact, there were series of initiatives to reduce cost. And the growth also improved the EBITDA margin in Car Rental. When specifically compared to the fourth quarter of last year, if you recall, we had made a significant purchase of 25 new cars that impacts rental cars because of significant increase in the mobilization flow.

#### Q - Bruno Amorim {BIO 17243832 <GO>}

Okay. Thank you. And I have a second question regarding financial expenses, which has varied quite considerably from quarter-to-quarter. And also in this quarter, the 2017, what

explains such a big variation? And what could we expect from now on? Is that related to any advance payments made to car suppliers or should we expect anything similar this year?

### A - Operator

Thank you for your question. Well, in the first quarter of 2017 when compared to the fourth quarter last year, there was a reversible provision and there was a monetary adjustment regarding this provision. So, if I reduce this effect, the net financial expenses of the fourth quarter would have been almost the same as the first quarter of this year. We don't see any significant effect. It's like you said, from now on, the drop in the interest rate will help, obviously, adjusted to that, that has changed a bit in the period.

### Q - Bruno Amorim {BIO 17243832 <GO>}

Okay. Thank you.

### Operator

The next question is from Rogério Araújo, UBS.

### Q - Rogério Araújo

Good morning. Thank you for the opportunity. I have two questions. First, I would like to know more about the competitive dynamics after the IPO of one of your main competitors. Has there been any pressure on volume of cars? Does that affect the Car Rental rate? What's the competition like now?

And the second question is the spread between the ROIC and the cost of debt. How do you expect this figure to evolve in the next quarters given that the cost of debt will probably be reduced by 3 percentage points? Do you expect the margin of Seminovos to get to normal, to something a bit below what you have been delivering or to remain high? That's an important point for ROIC. And what would be a sustainable level of spread ROIC for Localiza in the medium and long run? Thank you.

### A - Operator

Thank you for your question, Rogério. In terms of competition, we see a stable competitive environment. We want to maintain this strategy to encourage demand, provided that it adds value to shareholders. The drop in interest rates helps us with this strategy. We're also working to increase productivity, which is shown on our AC margins (19:53).

As for ROIC, we think that interest will help - we won't give any guidance, but ROIC is pretty much in line with last year's figure. We don't expect many major variances, but the spread would increase helped by the drop in interest rates. And from now on - what is the current spread from now on? It's hard because it will depend on market dynamics and our initiative to improve efficiency. So, we won't set any goal for spread at this moment.

## Q - Rogério Araújo

Okay. Thank you. Could you talk about the Hertz acquisition process and the timing of that?

## A - Operator

Well, the transaction is being analyzed by CADE at the moment. And we need their approval, the agency approval.

## Q - Rogério Araújo

Is there any deadline for CADE analysis?

## A - Operator

No. It's being analyzed by the agency. There is some formality that are being done, but we don't have any expected deadline or timeline for that.

Okay. The next question from Márcio Prado, Goldman Sachs.

## Q - Márcio Prado

Good afternoon. Thank you for the call. Two questions, first, some more specific about depreciation. It seems that depreciation has reached a plateau. I would like to understand if these new vehicles that is more concentrated in higher value cars. Does that put pressure on depreciation with time? And how much should we expect in depreciation increase due to this factor?

And the second is more a qualitative question. We saw in the release the highlight given to several programs of customer access, Localiza FAST app. I have also read some articles about the monthly rental fees to individuals. So, could you comment a bit more about on the main initiatives of product either new or older products? Some things the company has emphasized lately, especially on the performance of every area that's been too strong in the last three quarters? Thank you.

## A - Nora Mascarenhas Lanari {BIO 18838335 <GO>}

Thank you for your question, Márcio. Let me start with the first one, depreciation around BRL 1,800 or BRL 1,500 per car. That should not be of reference in terms of purchase mix. This mix will decrease throughout the year. But of course, when you pay more for a car that has more added value, we expect to recover that when selling the car. So, there won't be an impact in depreciation given from this mix. This impact we saw in the first quarter will be diluted throughout the year.

## A - Roberto Antônio Mendes {BIO 7289124 <GO>}

I would like to add, Nora, that depreciation is a function of two important numbers; the amount I paid when I purchase; and the amount I expect to get when I sell the car in the future. So, it won't necessarily mean that a more expensive car will have a higher depreciation. The difference between the purchase and sale price will give me the

depreciation figure. If I pay more for a car, for example, would have an impact on financial expenses. So, since – as Nora said, this mix – we don't expect to change the mix. Maybe it was a one – it was a specific situation in the third quarter.

### **A - Nora Mascarenhas Lanari {BIO 18838335 <GO>}**

Thank you, Roberto. Now, I'll continue answering the second question. You mentioned two products, Localiza FAST and while it's worth mentioning that Localiza has been heavily investing in customer experience and customer – meeting customer demands and making things more comfortable for the customers and looking for innovations to try to reach a consistent growth towards the future.

So I'm not going to talk about any specific line of products, but we're looking at the demand, and an example of that is Localiza FAST, which is a by-pass of the counter. So, you increase that service level, more agile services and customer experience increase. The monthly rental for individuals is not new, but this is a good product. Customers like it.

### **Q - Márcio Prado**

Thank you, Nora. Thank you, Roberto.

### **Operator**

The next question is from Alberto Valerio from Citibank.

### **Q - Alberto Valerio {BIO 20009178 <GO>}**

Good afternoon. Congratulations on the continuous result. Just to follow up on the last question. What about the discounts for cars now that cars have a more – a higher purchase mix? What should we expect in term of discounts? And what do you expect in terms of recovery of the Brazilian demand? What would be the impact of that?

### **A - Nora Mascarenhas Lanari {BIO 18838335 <GO>}**

Thank you for your question, Alberto. Well, we make negotiations and we purchase cars every year. And we negotiate with the car manufacturers a package according to the desired fleet mix. So, we don't see any difference in discounts given the change in the mix because the mix of the first quarter will not reflect the mix of the whole year. In this first quarter, there is a concentration of higher added value cars but, throughout the year, the mix will remain very similar to the previous mix.

### **A - Roberto Antônio Mendes {BIO 7289124 <GO>}**

Let me add something to what you're saying, Nora. We find important to explain the increase in the average price of cars in this quarter to avoid any misunderstanding that car prices, in general, would increase. Actually, we don't see an increase in car prices. This increase will only happen in the first quarter because of the change in the mix. That will not be repeated from now on.



So, it means that, so far, we don't foresee car dealers increasing car prices significantly. Actually, we think that it will stay below inflation. So, this is why it's important to explain the reason for the increase in average price in this quarter.

**A - Nora Mascarenhas Lanari {BIO 18838335 <GO>}**

Thank you, Roberto, for your comments. In addition, Roberto, what we've seen is a general increase in car prices to the public, but that has no impact on dealers. So, car prices at dealers has remained stable. They end up making sales promotions and prices are stable.

**Q - Alberto Valerio {BIO 20009178 <GO>}**

Okay. Thank you. That was very clear.

**Operator**

The next question is from Murilo Freiburger from Bank of America.

**Q - Murilo Freiburger {BIO 17385357 <GO>}**

Thank you. Good afternoon. On our side, we have two questions. First, the profitability of Rent a Car in this quarter. There is a seasonality because usually it starts strong at the beginning of the year, but this increase in the margin was pretty high. So, should we expect a growth for the rest of the year, year-on-year, keeping the pace?

And secondly, on the Seminovos side, if your profile, the Car Rental grows a lot, the idea is to make a turnover to a new fleet that's much higher. We've seen the strong volume in the first quarter. What do you expect in this coming quarters in terms of sales of Seminovos or used cars and what are your plans to open new stores to support now this new fleet you have?

**A - Operator**

Hello, Murilo. Thank you for your questions. In fact, the profitability of Rent a Car was a good surprise. But as you said, the first quarter is historically a strong one. So, we do expect some accommodation throughout the year.

Having said that, we are working on other initiative in terms of cost management, but we don't promise a very high margin in this year. That's why we don't advise you to use this margin of the first quarter as a benchmark for the rest of the year because of this accommodation expected for coming quarters.

Seminovos is a good impact for the growth of Rent a Car, and we have faced increased popularity of Seminovos. So, probably we'll have a significant number of stores open to support growth. Some stores are being negotiated, but we won't give any guidance of growth. But new stores this year has already planned their sales need for 2018. So, the number of stores will change throughout the year. But thinking about 2018, because the numbers of stores we have today are good for 2017.

Let me add something. Last year, purchases had a typical of 90,000 cars purchased, 30,000 were in the first half, and 60,000 in the second half of the year. So, in the first half of this year we will discontinue a number of cars that are more than 12 months old, but the higher sales volume will certainly happen in the second half of this year because we want cars to be 12 months old at the most. So, it's just to tell you that the perception (31:16) of sales volume is pretty much in form in terms of its dynamics for this year.

**Q - Murilo Freiburger** {BIO 17385357 <GO>}

Thank you. Thank you, Nora, and thank you, Roberto.

## Operator

The next question is from Bruno Amorim, Santander.

**Q - Bruno Amorim** {BIO 17243832 <GO>}

Good morning. I have just one more question. Could you please comment on Seminovos? How is the number of – issue of the number of cars sold by store since the number of cars sold has been growing so much more than the number of stores that has an important impact in the cost dilution of each business unit. So, what do you expect in terms of the number of cars sold by store? And what is your growth plan for this business unit?

And what would be the impact of that on depreciation given that the cost of sale of the car is one of the main factors to determine depreciation? And now you're selling many more cars per store, reducing cost, structurally speaking, could we think that depreciation tends to be lower in the future? Thank you.

**A - Nora Mascarenhas Lanari** {BIO 18838335 <GO>}

Hello, Bruno. Thank you for your question. A good question. Well, obviously, we're working on productivity gains to try to decrease fixed cost and that makes sense (32:55) to use their Seminovos cars as well. Right now, as you see, SG&A is around 7.5% in Seminovos, which is a very reasonable one. So, growth tends to be more in the number of stores given the higher demand of cars sold we expected for the second half of this year. So, we don't see this having an impact on depreciation because depreciation is based on the SG&A assumptions we have delivered already.

**A - Roberto Antônio Mendes** {BIO 7289124 <GO>}

I would like to enforce, Nora, that in calculating depreciation, we have considered current levels of cost per car sold. So, future depreciation will not fluctuate given this large amount of cars sold per store that we have reached because this reduction we have reached is already included in depreciation.

**Q - Bruno Amorim** {BIO 17243832 <GO>}

But if we consider that the margin of 5% in Seminovos is quite high, will this be lowered to a lower level? If depreciation won't change, then what will be the driver for this margin to drop in the next quarter or years?

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### **A - Roberto Antônio Mendes {BIO 7289124 <GO>}**

Well, the answer, Bruno, we have been working on the fact that new car prices will not increase, at least prices at dealers, like Nora mentioned. If the price of new cars won't change, used cars won't change either or just accompany a small, a slight increase in new car prices, if any. So, this drop in the margin that we believe will happen is due to this no increase in prices of new cars and, therefore, of used cars, and not due to gain of costs per car sold given to larger gains of scale. The cars we are selling now were cars purchased one year ago. So their depreciation situation is based on the past.

Whenever I sell 20 new cars, 20,000 or 25,000 new cars come in. So, I'm looking what will happen in the future to calculate depreciation. So, this forward scenario is what we look at to calculate depreciation, as well as assumptions of fixed cost, variable cost, and discounts that we give -average discounts we give when selling the car. Because the future price of the car is what we expect to get, but many of these cars are sold to resellers or we don't have the CapEx of having our own stores, but we have to give them a discount. So, this discount is not calculated, but it happens. So, when we look towards the future, we also deduct this amount of negotiation that will be given as a discount to resellers. This is the assumption we're using.

### **Q - Bruno Amorim {BIO 17243832 <GO>}**

Okay. Thank you.

### **Operator**

Next question comes from Lucas Marquiori from Banco Safra.

### **Q - Lucas Marquiori {BIO 17907247 <GO>}**

Good morning. I have two questions. First, fleet management. We've seen both in volume and Car Rental increases slightly compared to the fourth quarter. Is there any trend in terms of slight price increase or slight volume increase to understand what the year is going to be?

And the second question is about Seminovos. You mentioned in the release that you are prospecting new stores, for existing stores to reduce the CapEx per store. Could you give us an idea of how much the CapEx is reduced per store? How much you would save when using existing stores already? Thank you.

### **A - Nora Mascarenhas Lanari {BIO 18838335 <GO>}**

Hello, Lucas. Thank you for the questions. Let me start with the last question. 20% to 30% savings when compared to building a store from scratch. As for the first question, we see a consistent volume in terms of fleet management. And you must remember that existing contracts are updated according to inflation rates. So, every year, they're adjusted according to inflation.

But new contracts must reflect the interest rates – falling interest rates. The new contracts have lower prices because they reflect this drop in interest rates. Now, this year, throughout the year as we renew the contract, we probably will have lower average prices. So, we don't expect major gains in the average Car Rental. But it depends on the contract we're going to sign.

**Q - Lucas Marquiori** {BIO 17907247 <GO>}

Okay. Thank you, Nora.

**Operator**

Next question, Augusto Ensiki from HSBC.

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

My question is about the Rent a Car volume. Could you give some explanation on the volume growth? Maybe there's some recovery in the Corporate side? And second question is about the fleet mix. I see that you're increasing car fleet, premium cars. What's the steady state of that in the future comparing to current mix?

**A - Operator**

Thank you, Augusto, for your question. In terms of the fleet mix, the first quarter does not reflect the full mix of the year. We've made a more significant change in the fourth quarter 2015 when we started adding premium cars to the fleet. That tends to stabilize and has been stabilized during 2016. So, in 2017, we don't expect any significant changes in that. When we look at the Rent a Car, the volume has been strong. All cars have grown. Obviously, the Corporate segment grows more slowly, it reflects of a kind of the economic situation. Just the whole segment is growing.

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Thank you.

**Operator**

Next question from Pedro Furtado, Prada.

**Q - Pedro Furtado** {BIO 2249867 <GO>}

Good morning. I would like to understand the question about pricing. Since the interest rate is much lower, what does the company plan to manage there to prevent any exposure? Let's say the scenario will change in the future and the curve would go up and you wouldn't be exposed to a problem?

**A - Nora Mascarenhas Lanari** {BIO 18838335 <GO>}

I would like to take this opportunity to talk to Pedro. The cars from – the amount invested in the cars per Fleet Rental for third-party capital is swapped by a previous interest rate.

So, 50% of the value of the fleet is BRL 1.5 billion, Nora, right? BRL 1.3 billion amount invested in fleet management? Half of this we have a swap. Could you confirm the amount, Nora? So, in no moment you are directly betting that interest rates will go down or up. You're always protected.

Yes, the amount that has been invested, we have a swap agreement. We have everything taken care of.

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Okay. Thank you.

## Operator

We now end the Q&A session. So, I would like to turn the floor over to Mr. Nora Lanari for her final remarks.

**A - Nora Mascarenhas Lanari** {BIO 18838335 <GO>}

Thank you, all, for attending our teleconference. I would like to inform you that our Investor Relations Department is available to answer any other questions you may have, and thank you.

## Operator

The conference call for Localiza Rent a Car has now ended. We thank you all for attending and have a good day.

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