Localiza Rent a Car S.A.

2Q12 and 1H12 results

R$ million, IFRS

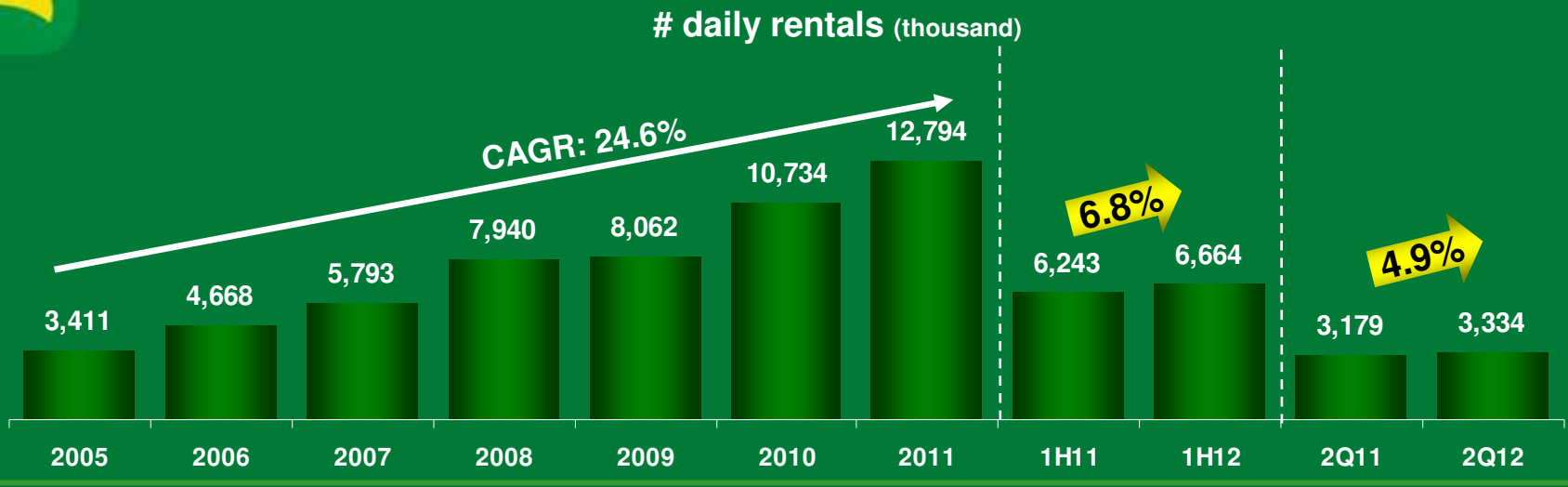


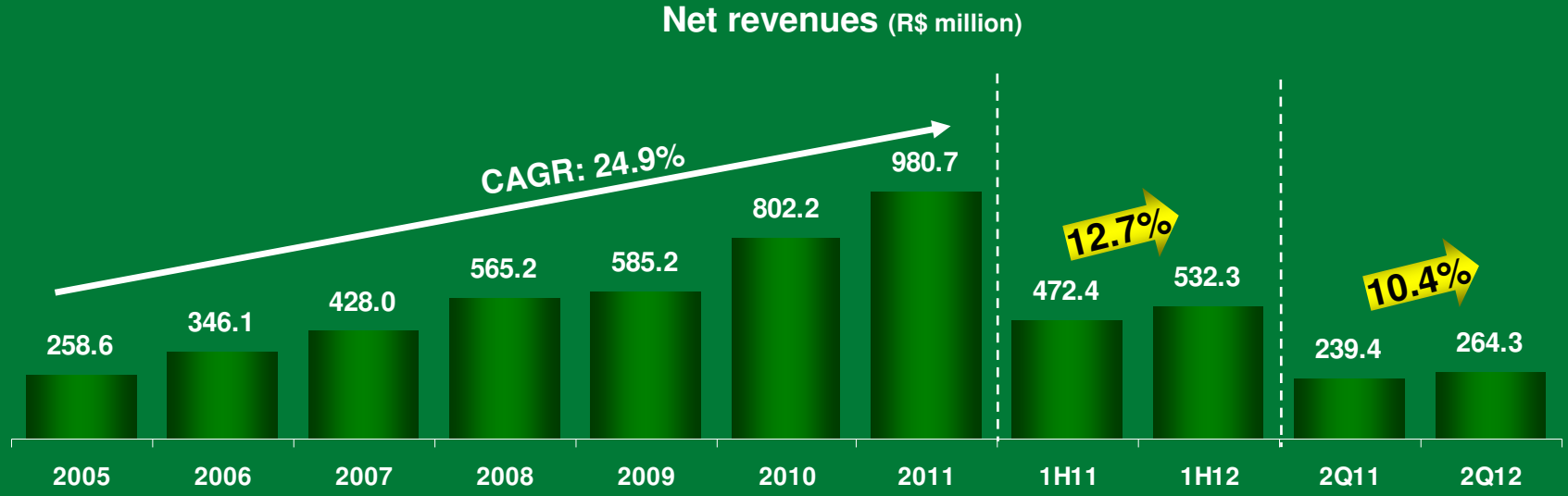
July 18, 2012

Highlights

- Reflexes of the tax reduction (IPI) for new cars from May 21, 2012 to August 31, 2012 that might be extended:
  - Drop in the residual value expected for cars after their useful life. In the 2Q12 an amount of R$100.1 million was recognized as additional depreciation
  - Increase of pre-owned car sales sold for fleet renewal: April: 3,876; May: 4,917 and June: 5,711 cars (all time high)
  - The Company expects that the reduction in sale prices will be offset by the reduction of purchase prices with the IPI reduction (with no impact on the CAPEX for fleet renewal)
- Utilization rate of 74.2% in the Car Rental division
- Free cash flow of R$242.3 million in the 1H12

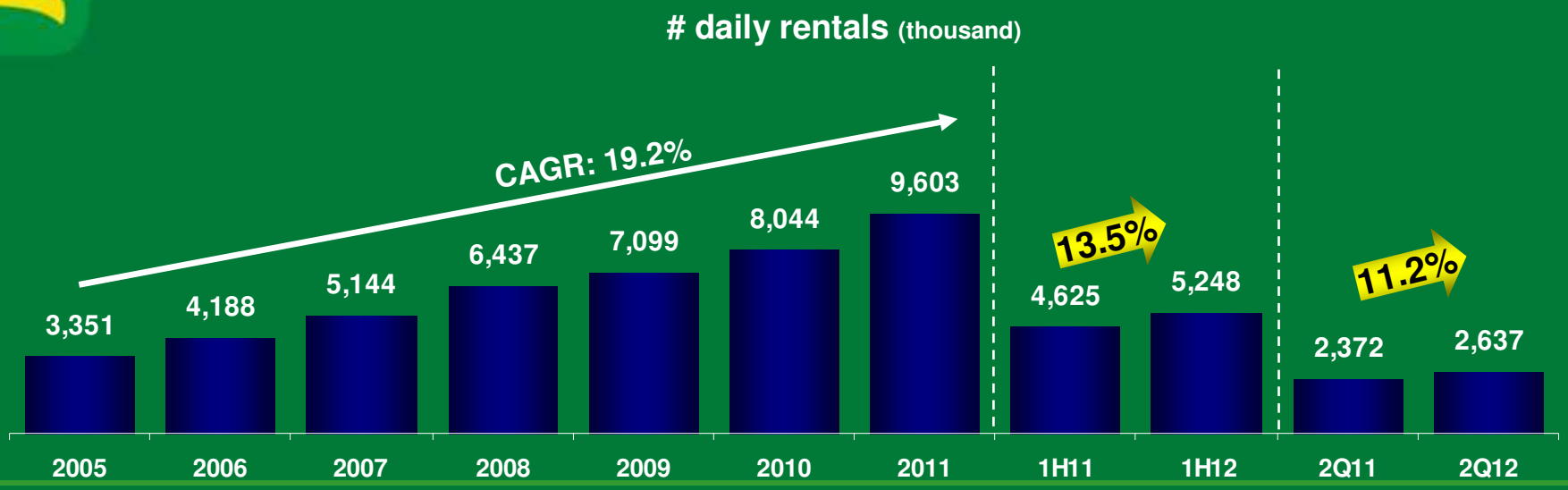
Car Rental Division

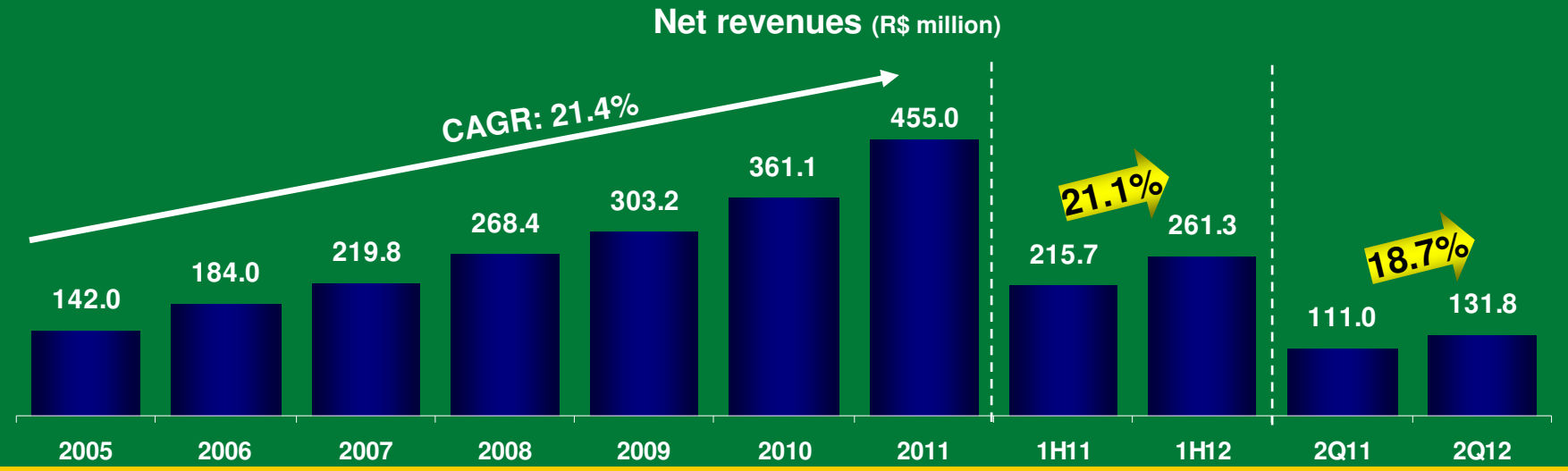




Revenue grew above volume due to the increase in the average rental rate per car.

Fleet Rental Division

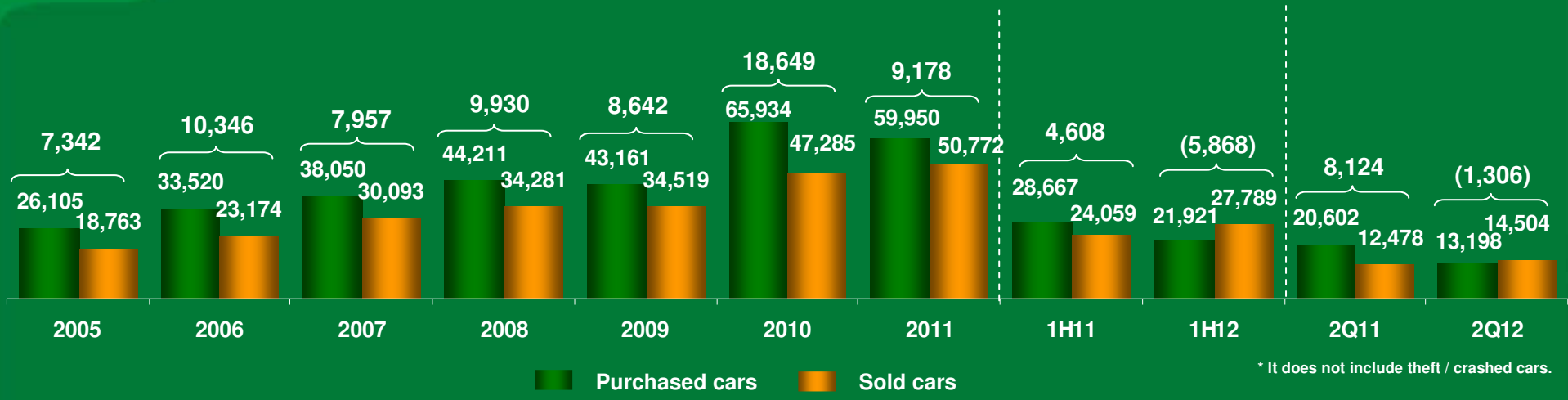




Revenues reflect the interest and depreciation assumptions at the time of the agreement.

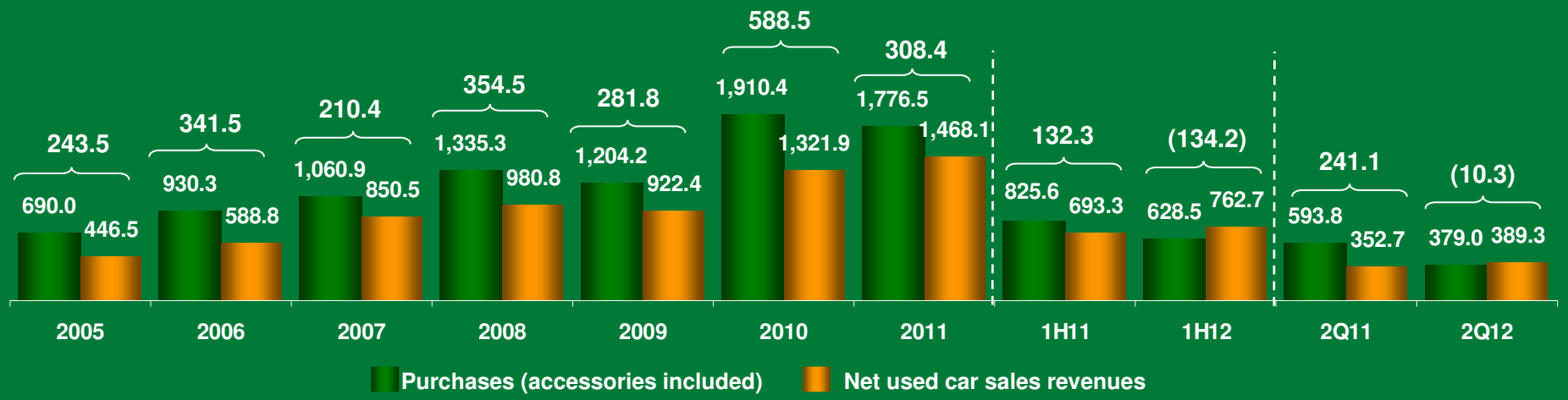
Net Investment

Fleet increase * (quantity)



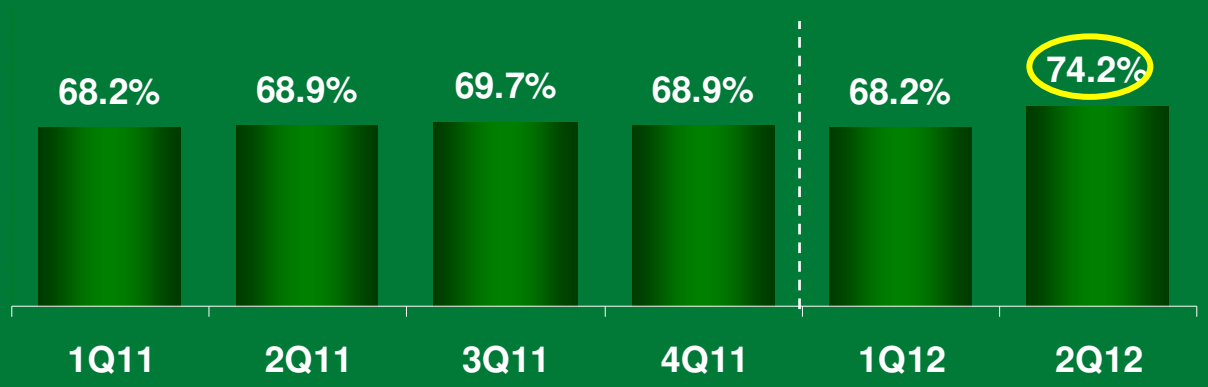
* It does not include theft / crashed cars.

Net investment (R$ million)



Car purchases were adjusted to improve fleet productivity…

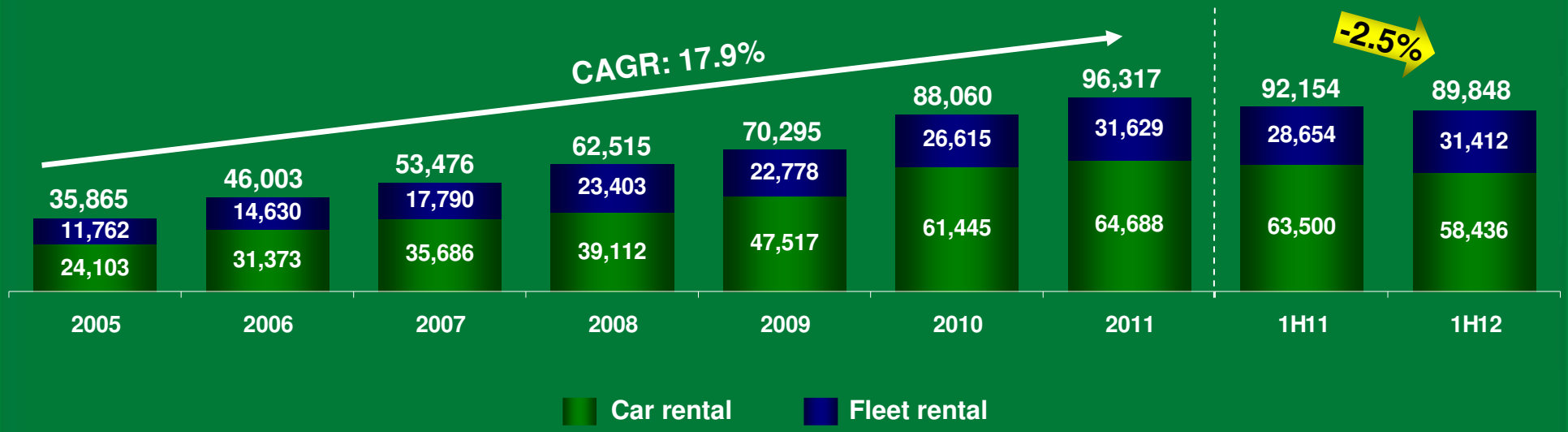
Utilization rate – car rental division



...resulting in higher utilization rate.

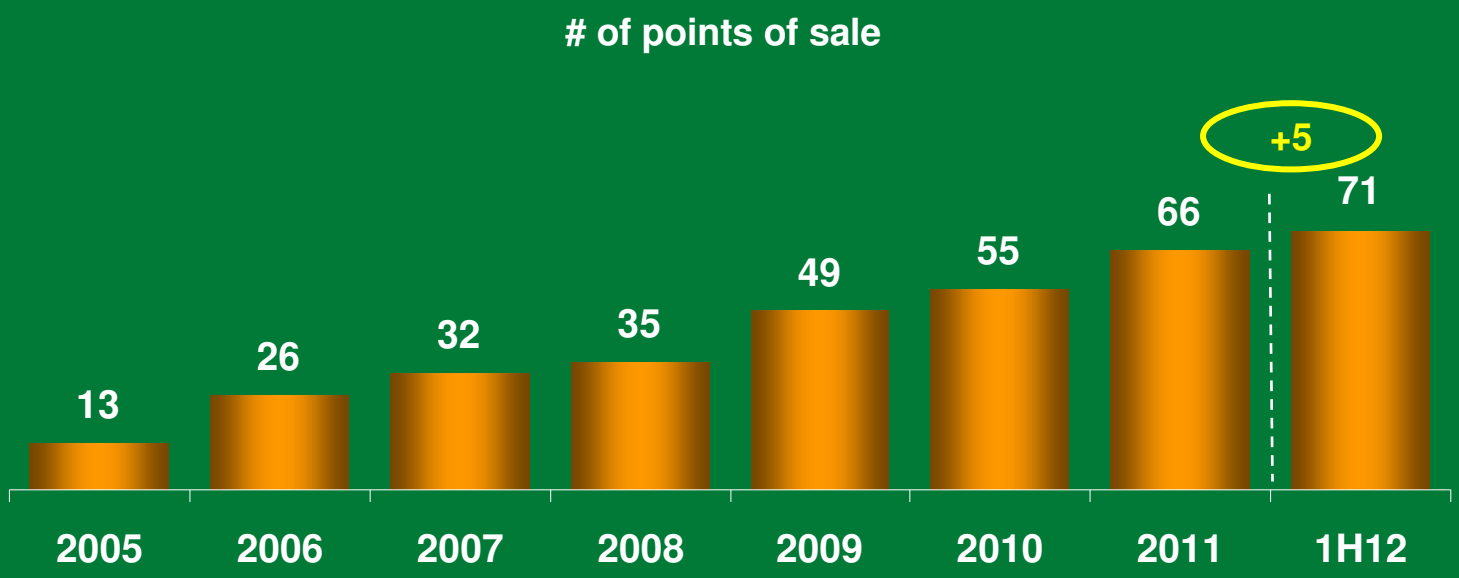
End of period fleet

Quantity



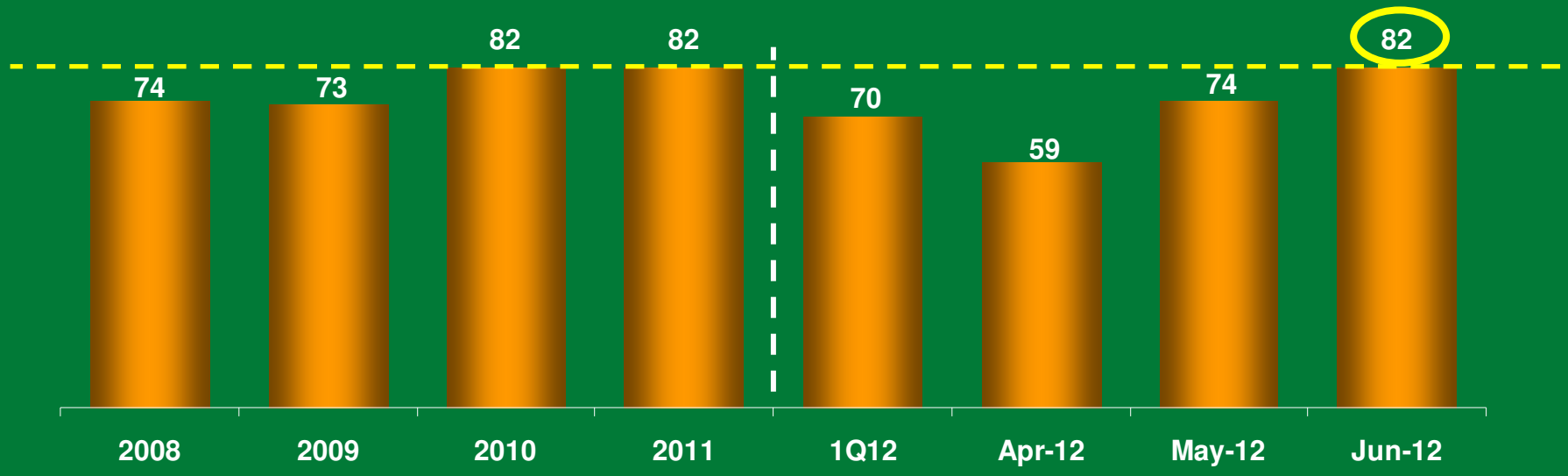
Fleet is adjusted to demand.

Seminovos network increase



Used car sales network has increased by 5 stores.

Average monthly car sales per street store

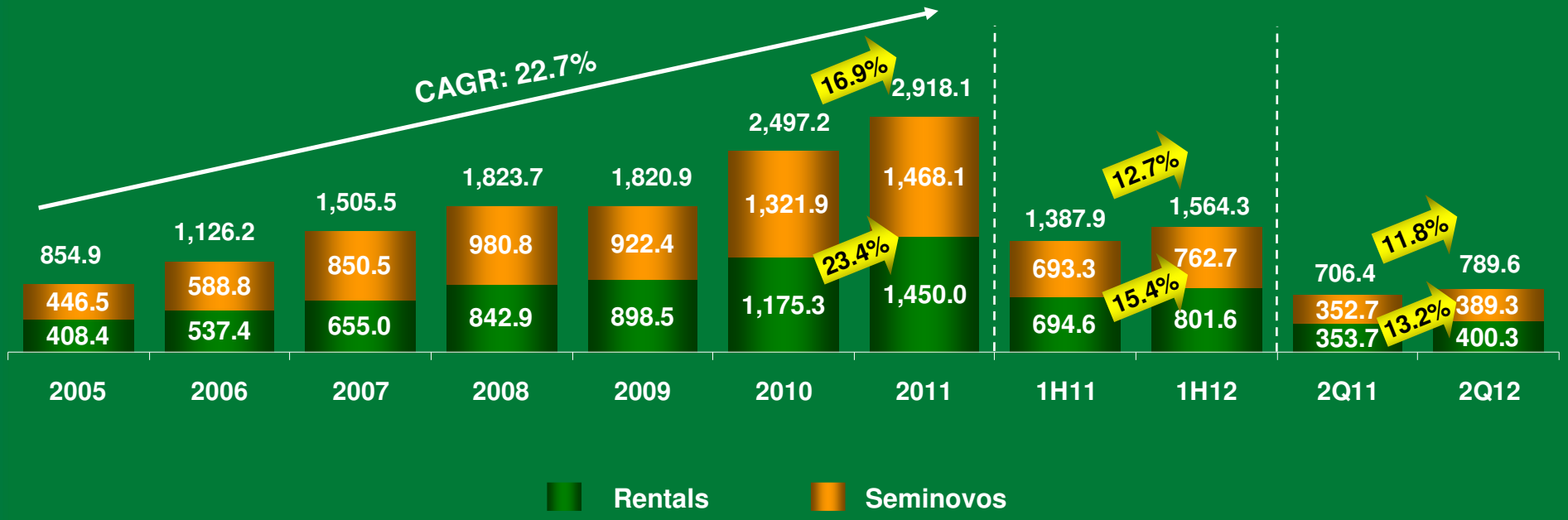


Number of sold cars is weighed by number of opened stores in the period

Productivity has improved, contributing to the reduction of fixed cost per car sold.

Consolidated net revenues

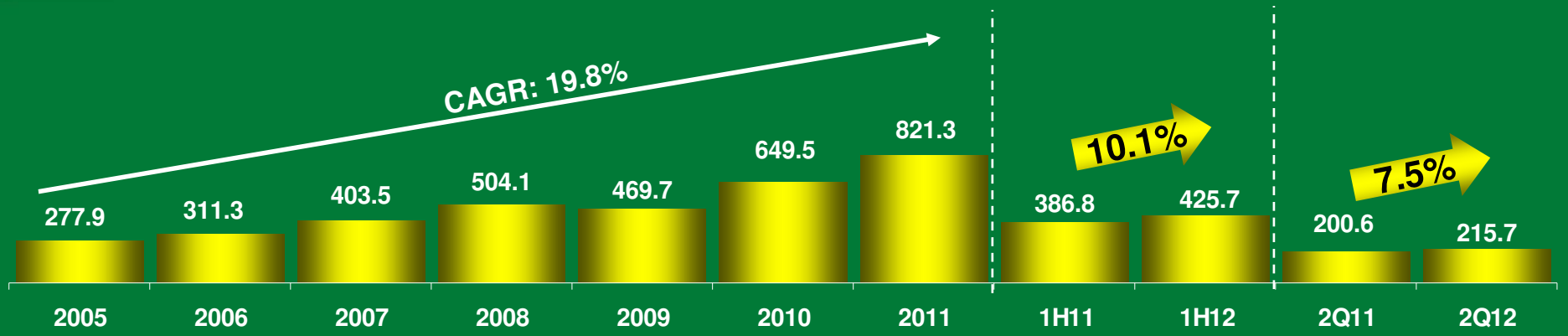
R$ million



In the 2Q12, net revenues grew due to the increase of 13.2% in rental revenues and 10.4% in Seminovos revenues

EBITDA

R$ million

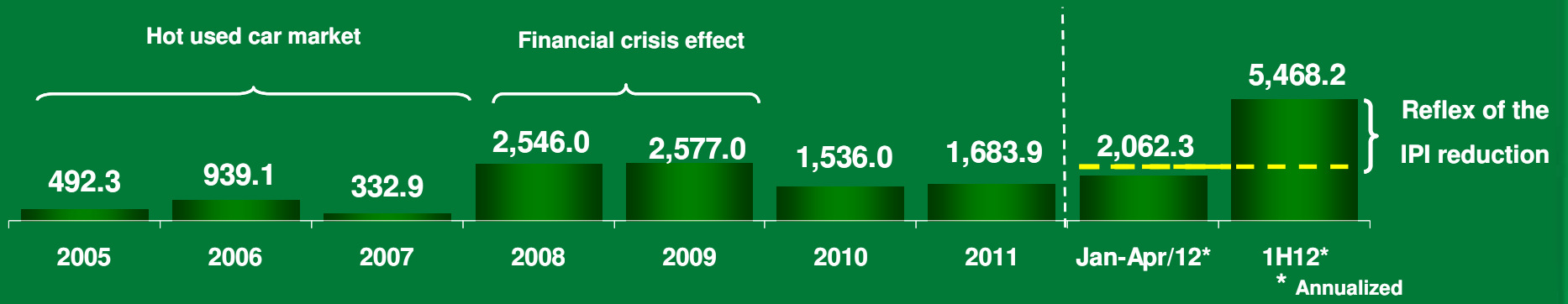


Divisions	2005	2006	2007	2008	2009	2010	2011	1H11	1H12	2Q11	2Q12
Car rental	47.5%	43.4%	46.0%	45.9%	41.9%	45.3%	46.9%	45.1%	41.3%	46.1%	40.6%
Fleet rental	65.5%	71.4%	71.3%	69.1%	68.7%	68.0%	68.6%	67.1%	66.0%	68.5%	65.8%
Rental consolidated	53.6%	52.9%	54.5%	53.3%	51.1%	52.3%	53.8%	52.0%	49.4%	53.1%	48.9%
Seminovos	13.2%	4.6%	5.5%	5.6%	1.1%	2.6%	2.8%	3.7%	3.9%	3.6%	5.1%

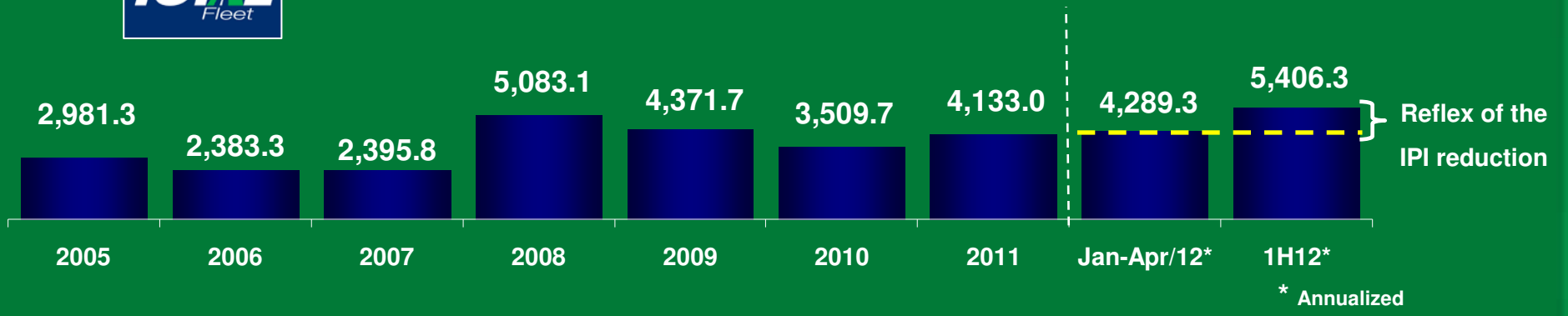
EBITDA margin in the 2Q12 was impacted by non-recurring expenses.

Average depreciation per car

Localiza



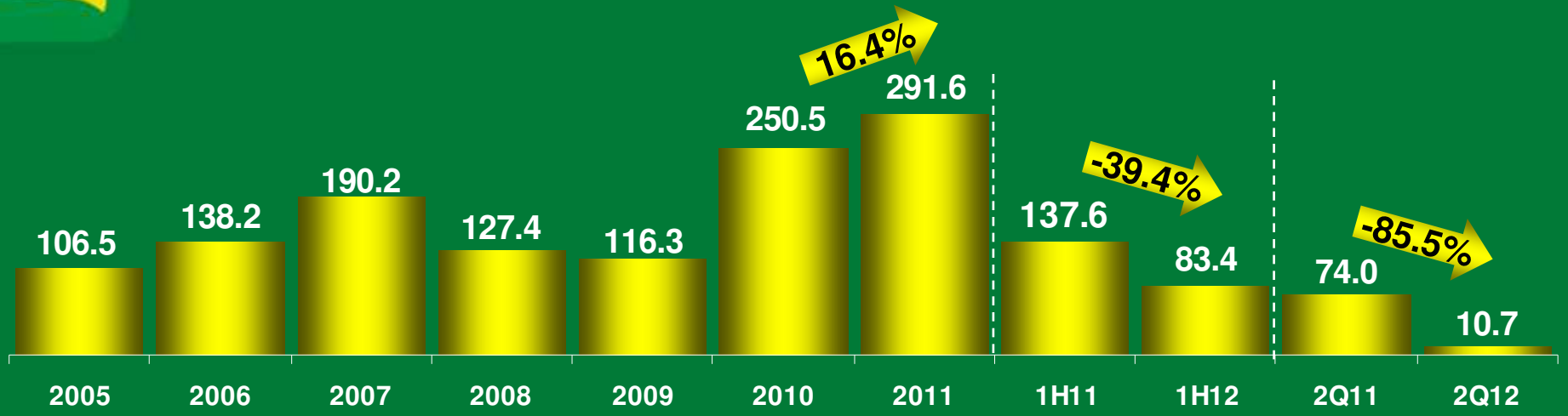
TOTAL Fleet



Depreciation was impacted by the decrease in car prices due to the IPI reduction...

Consolidated net income

R$ million



EBITDA x net income Reconciliation	2009	2010	2011	Var. R$	Var. %	1H11	1H12	Var. R$	Var. %	2Q11	2Q12	Var. R$	Var. %
Consolidated EBITDA	469.7	649.5	821.3	171.8	26.5%	386.8	425.7	38.9	10.1%	200.6	215.7	15.1	7.5%
Car depreciation	(172.3)	(146.3)	(201.5)	(55.2)	37.7%	(89.7)	(223.3)	(133.6)	148.9%	(43.3)	(165.3)	(122.0)	281.8%
Other property and equipment dep.	(21.0)	(21.1)	(24.1)	(3.0)	14.2%	(12.3)	(15.6)	(3.3)	26.8%	(6.3)	(8.1)	(1.8)	28.6%
Financial expenses, net	(112.9)	(130.1)	(179.0)	(48.9)	37.6%	(88.0)	(77.7)	10.3	-11.7%	(45.2)	(34.1)	11.1	-24.6%
Income tax and social contribution	(47.2)	(101.5)	(125.1)	(23.6)	23.3%	(59.2)	(25.7)	33.5	-56.6%	(31.8)	2.5	34.3	-107.9%
Net income	116.3	250.5	291.6	41.1	16.4%	137.6	83.4	(54.2)	-39.4%	74.0	10.7	(63.3)	-85.5%

…reducing the net income of the period.

Excluding the additional depreciation, 1H12 net income would have reached R$149.5 million (8.6% above 1H11).

Free cash flow - FCF

Free cash flow - R$ million	2005	2006	2007	2008	2009	2010	2011	1H12
EBITDA	277.9	311.3	403.5	504.1	469.7	649.5	821.3	425.7
Used car sales net revenues	(446.5)	(588.8)	(850.5)	(980.8)	(922.4)	(1,321.9)	(1,468.1)	(762.7)
Depreciated cost of used car sales (*)	361.2	530.4	760.0	874.5	855.1	1,203.2	1,328.6	687.7
(-) Income tax and social contribution	(32.7)	(42.7)	(63.4)	(52.8)	(49.0)	(57.8)	(83.0)	(54.9)
Working capital variation	(24.2)	(4.8)	13.3	(44.8)	(11.5)	54.5	(83.9)	(18.9)
Cash provided before *capex*	135.7	205.4	262.9	300.2	341.9	527.5	514.9	276.9
Used car sales net revenues	446.5	588.8	850.5	980.8	922.4	1,321.9	1,468.1	762.7
Capex of car - renewal	(496.0)	(643.3)	(839.0)	(1,035.4)	(947.9)	(1,370.1)	(1,504.5)	(628.5)
Net capex for renewal	(49.5)	(54.5)	11.5	(54.6)	(25.5)	(48.2)	(36.4)	134.2
Capex – other property and equipment, net	(28.0)	(32.7)	(23.7)	(39.9)	(21.0)	(51.1)	(63.0)	(36.0)
Free cash flow before growth	58.2	118.2	250.7	205.7	295.4	428.2	415.5	375.1
Capex of car - growth	(194.0)	(287.0)	(221.9)	(299.9)	(241.1)	(540.3)	(272.0)	-
Change in accounts payable to car suppliers (*capex*)	(25.5)	222.0	(51.0)	(188.9)	241.1	111.3	32.7	(132.8)
Net capex for fleet growth	(219.5)	(65.0)	(272.9)	(488.8)	0.0	(429.0)	(239.3)	(132.8)
Fleet increase – quantity	7,342	10,346	7,957	9,930	8,642	18,649	9,178	(5,868)
Free cash flow after growth	(161.3)	53.2	(22.2)	(283.1)	295.4	(0.8)	176.2	242.3

Company is still presenting strong cash generation.

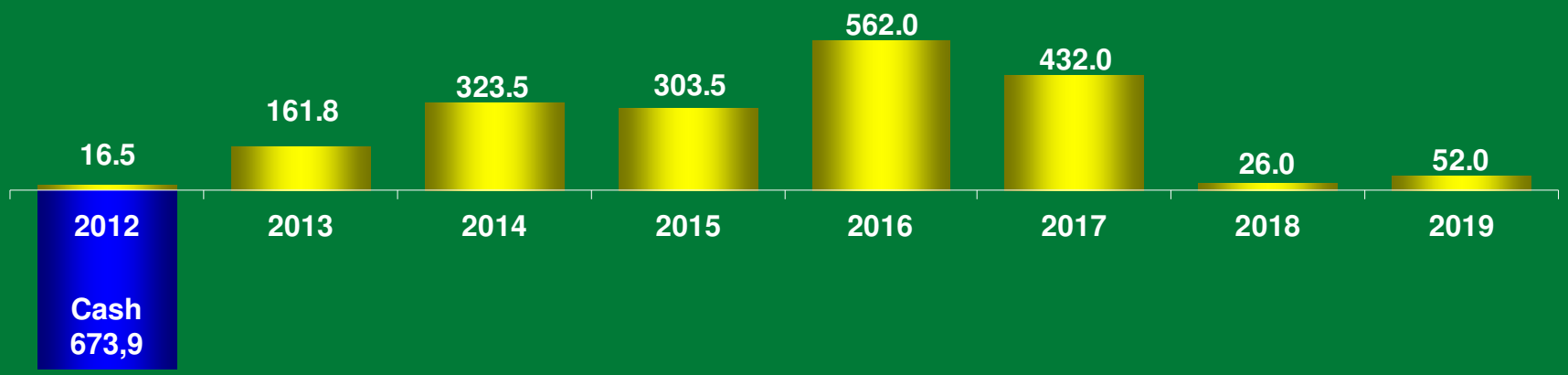
(*) Without tecnical discount deduction up to 2010 (see item 18 – Glossary)

Debt profile

R$ million

Debt profile in 06/30/2012- principal

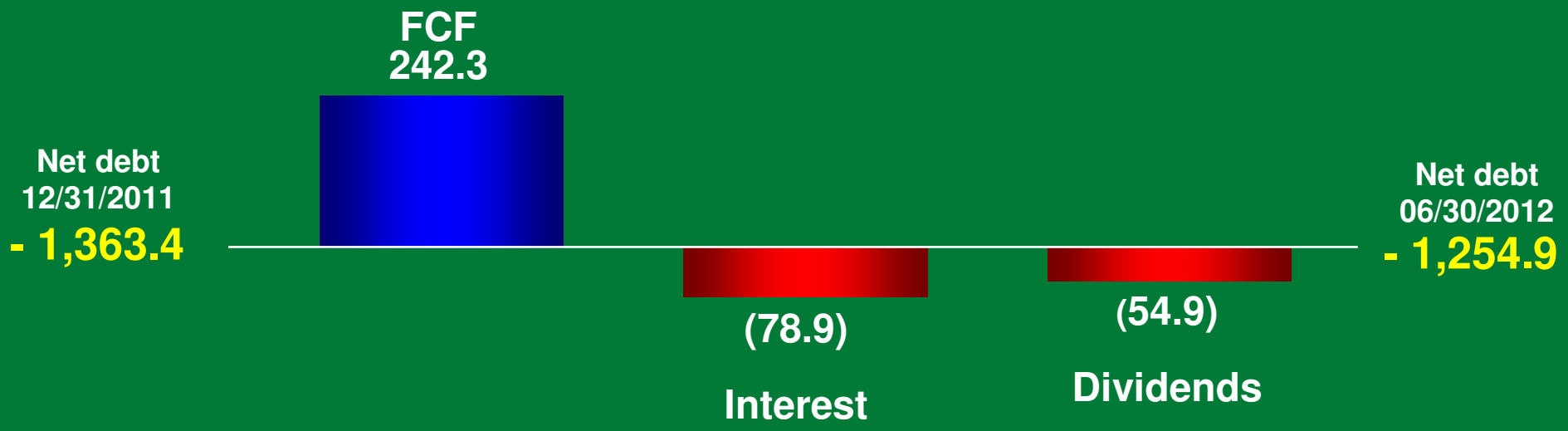
(R$ million)



Strong cash position and comfortable debt profile.

In the 1H12, *all in spread* was of 1.3p.p. above the Selic rate.

Changes in net debt in 1H12 (R$ million)



Net debt was reduced by R$108.5 million (-8.0%).

Debt – *ratios*

R$ million



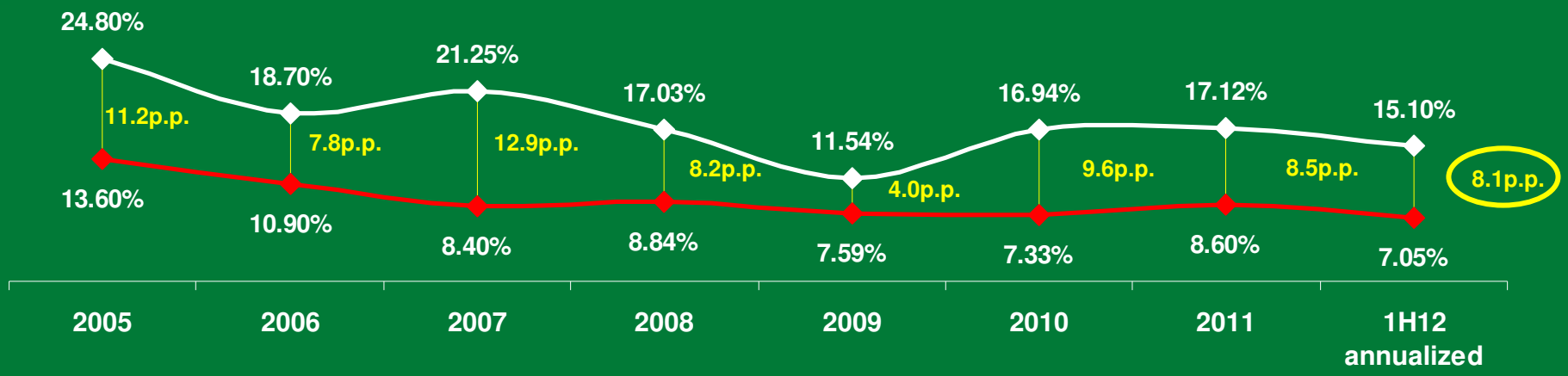
END OF PERIOD BALANCE	2005	2006	2007	2008	2009	2010	2011(**)	1H12 (**)
Net debt / Fleet value	60%	36%	51%	72%	57%	52%	51%	52%
Net debt / EBITDA (*)	1.9x	1.4x	1.9x	2.5x	2.3x	2.0x	1.7x	1.5x
Net debt / Equity	1.4x	0.7x	1.3x	2.0x	1.5x	1.4x	1.2x	1.1x
EBITDA / Financial expenses, net	3.3x	4.8x	5.4x	3.8x	4.2x	5.0x	4.6x	5.5x

(*) annualized

(**) From January 1st 2011, adress financial statements in IFRS

The Company presents conservative indebtedness *ratios*.

Spread



	2005	2006	2007	2008	2009	2010	2011	1H12 a
Average capital investment - R$ million	606.3	986.2	1,137.5	1,642.3	1,702.3	1,984.6	2,445.3	2,645.6
NOPAT margin (over rental net revenues)	37.0%	34.5%	36.9%	32.1%*	21.9%	28.6%	28.9%	24.9%*
Turnover of average capital investment (over rental net revenues)	0.67x	0.55x	0.58x	0.53x	0.53x	0.59x	0.59x	0.61x
ROIC	24.8%	18.7%	21.3%	17.0%	11.5%	16.9%	17.1%	15.1%
Interest on debt after tax	13.60%	10.90%	8.40%	8.84%	7.59%	7.33%	8.60%	7.05%
Spread (ROIC – Interest after tax) - p.p.	11.2	7.8	12.9	8.2	4.0	9.6	8.5	8.1

ROIC and spread reflect the Company's competitive pricing strategy.

* Excludes additional fleet depreciation, following the concept recommended by Stern Stewart

Localiza ADR level I

- Ticker Symbol: LZRFY
- CUSIP: 53956W300
- ISIN: US53956W3007
- Ratio: 1 Ordinary Share : 1 ADR
- Exchange: OTC
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- Depositary bank's local custodian: Banco Bradesco S/A, Brazil

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