# Localiza Rent a Car S.A.

## 1Q13 Earnings

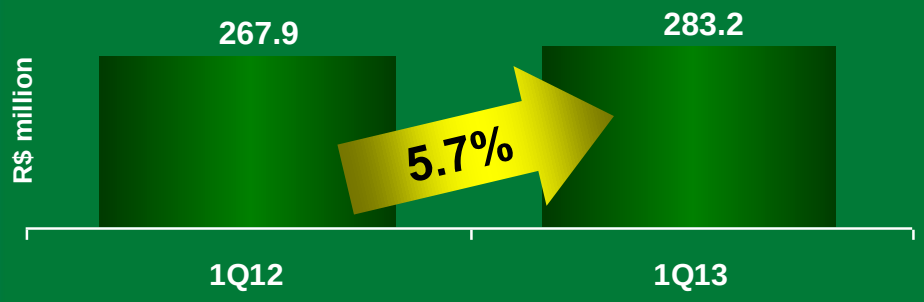
**R$ million, IFRS**



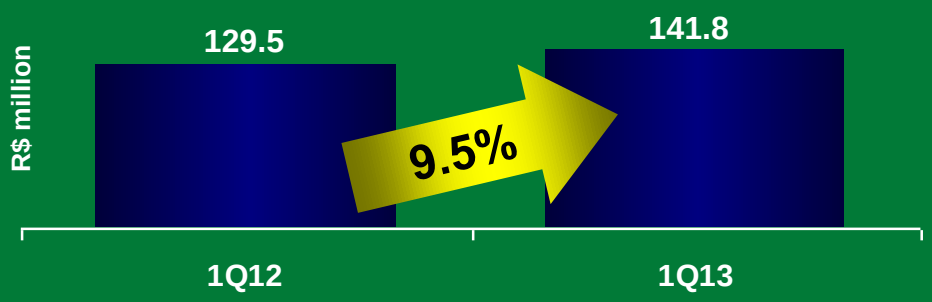

**April 17, 2013**

# 1Q13 Highlights

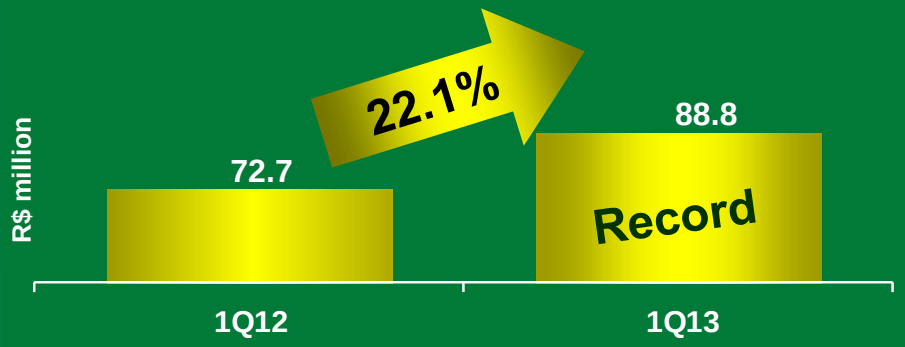
## Net Revenues – Car Rental Division



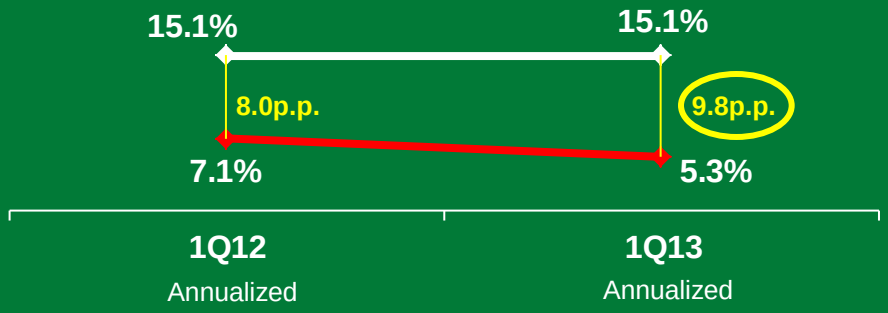

## Net Revenues – Fleet Outsourcing




## Net Income – Consolidated

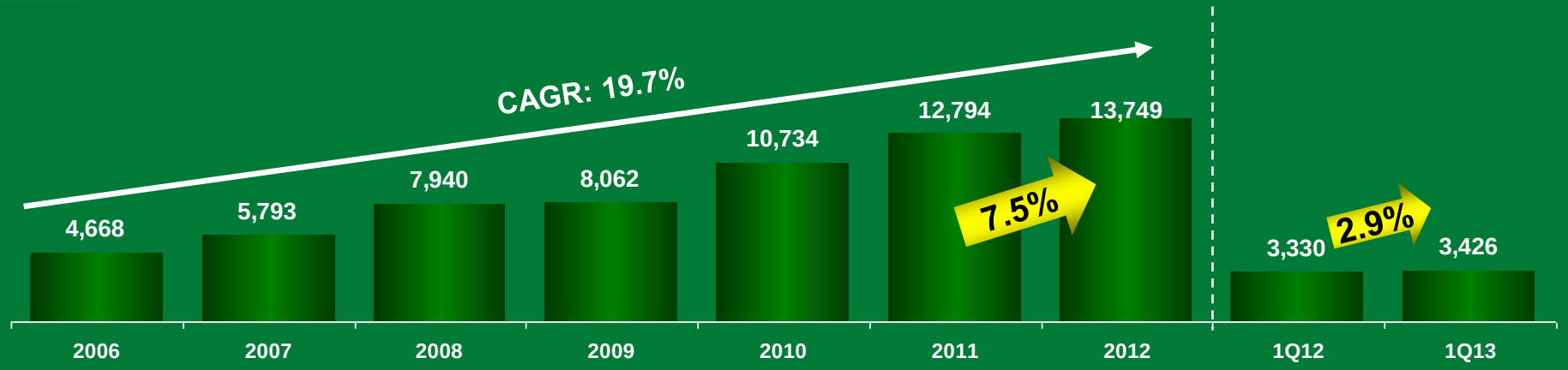



## Spread

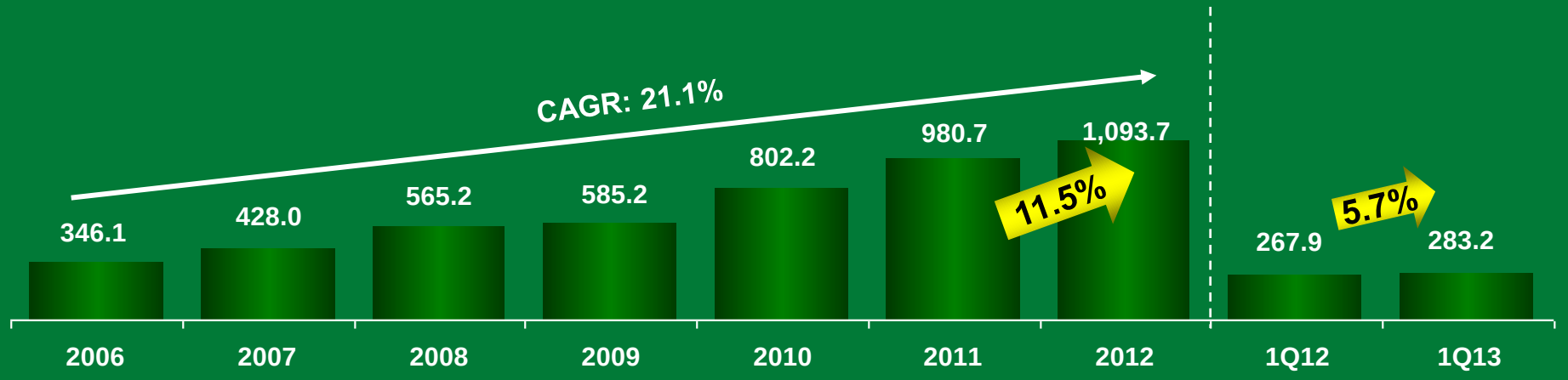


# Car Rental Division

## # Daily Rentals (thousands)



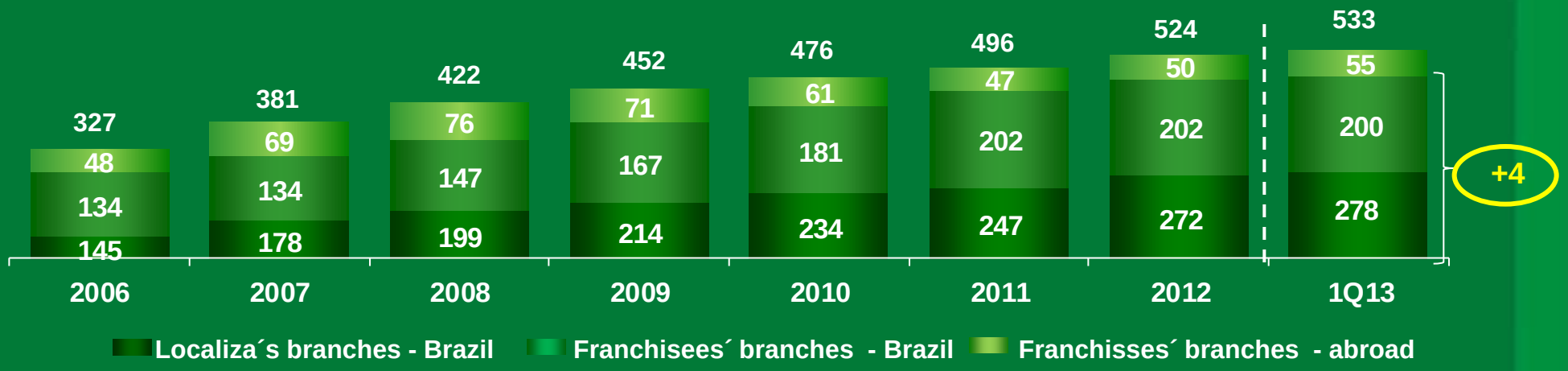

## Net Revenues (R$ million)




**Low economic activity growth reflected on more moderate results in 1Q13.**

# Car Rental locations evolution

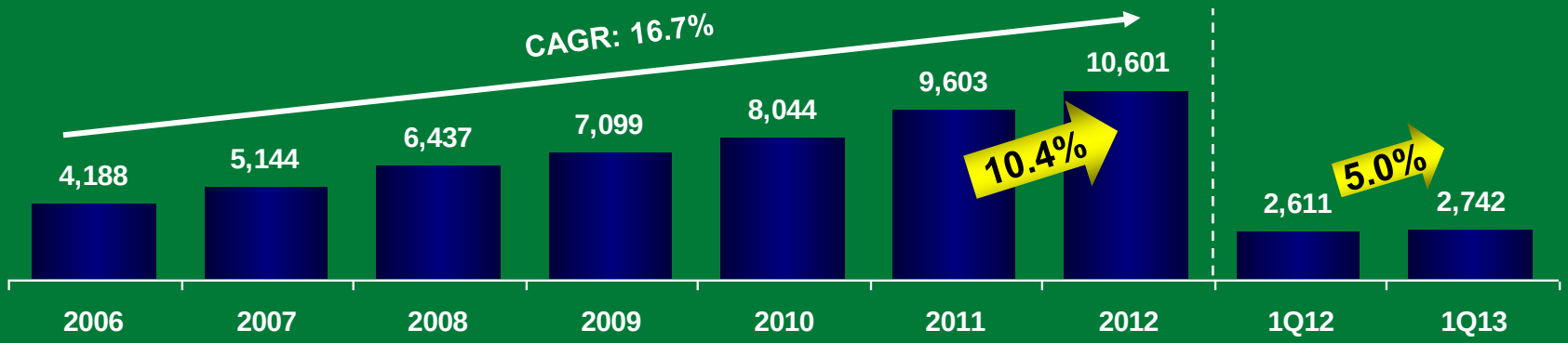
# of car rental locations (Brazil and abroad)



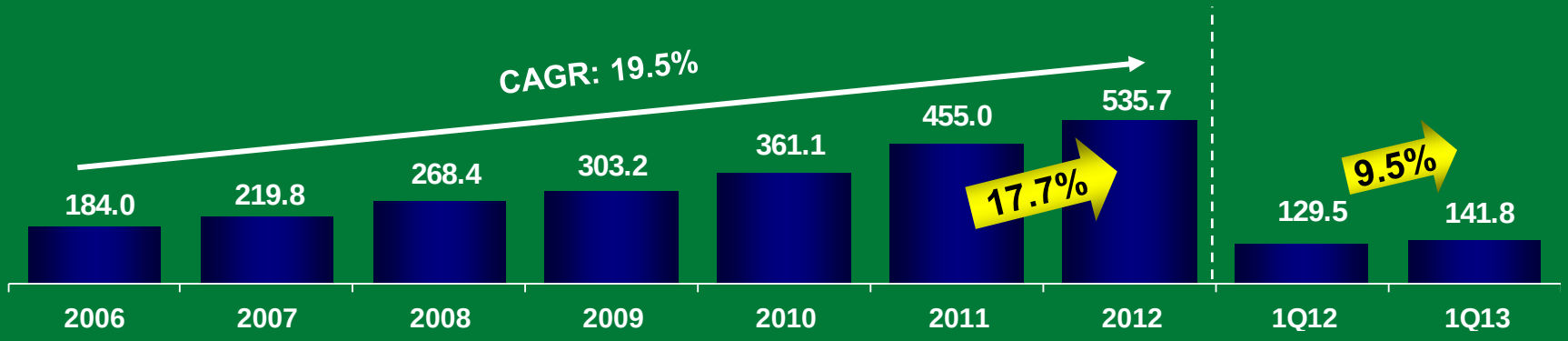

**4 rental locations were added to the Brazilian footprint.**

# Fleet Outsourcing Division

## # Daily Rentals (thousands)



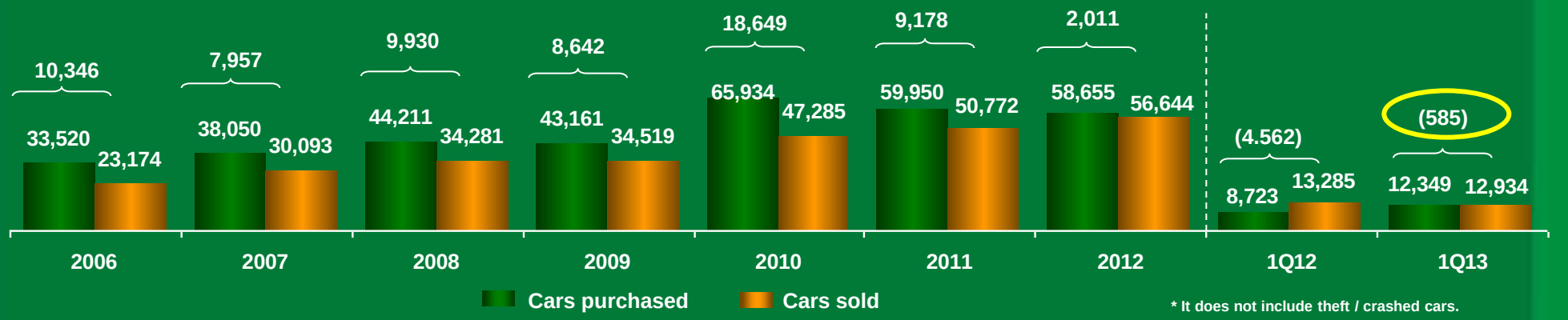

## Net Revenues (R$ million)




**Revenue growth outpaced volume growth due to a 3.8% increase in the average rental rate.**

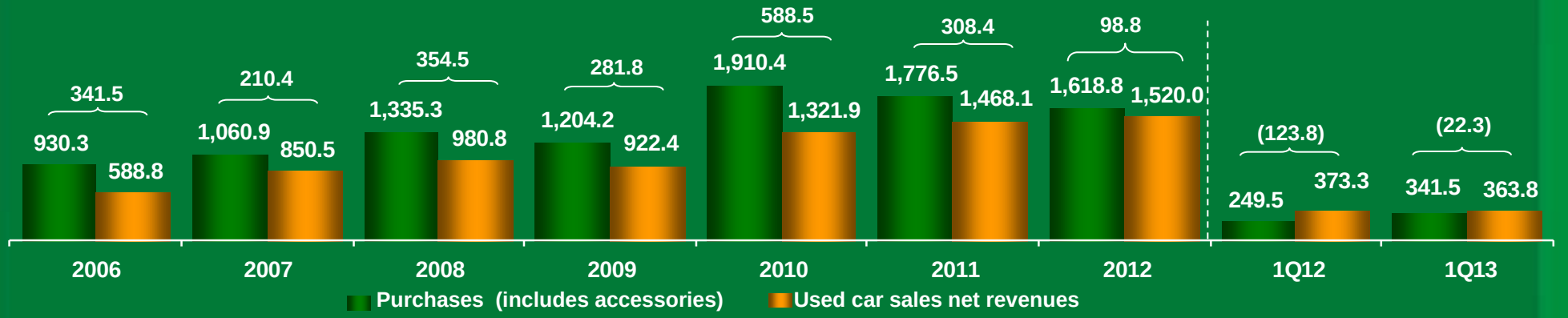
# Net Investment

## Fleet Expansion* (quantity)




* It does not include theft / crashed cars.

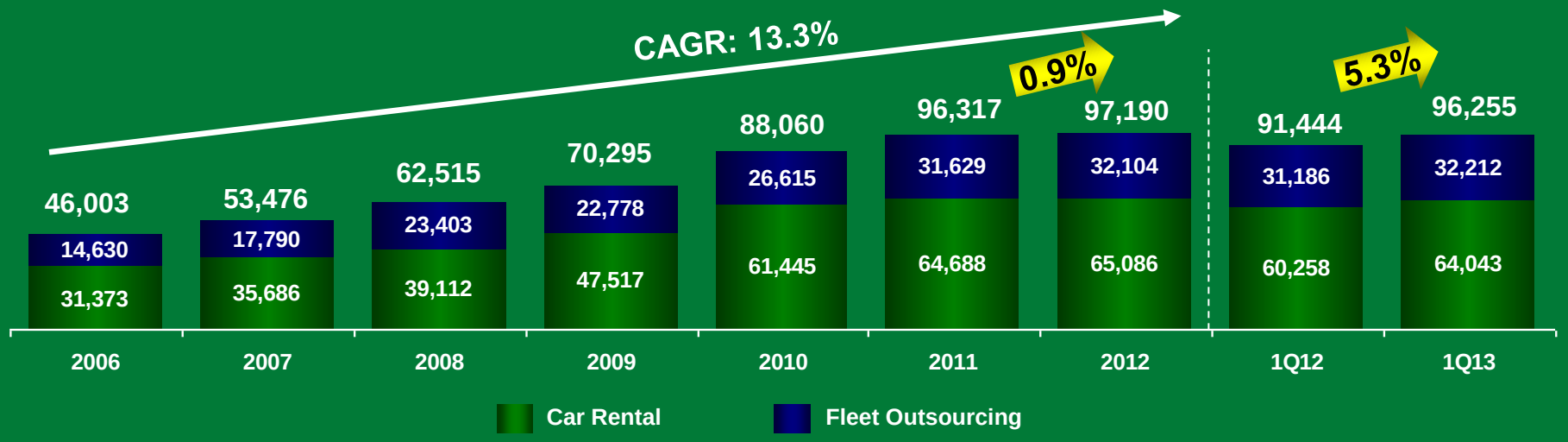
## Net Investment (R$ million)




**The reduction of the fleet in 1Q13 was of only 585 cars, compared to 4,562 cars reduced in 1Q12.**

# End of Period Fleet

Quantity

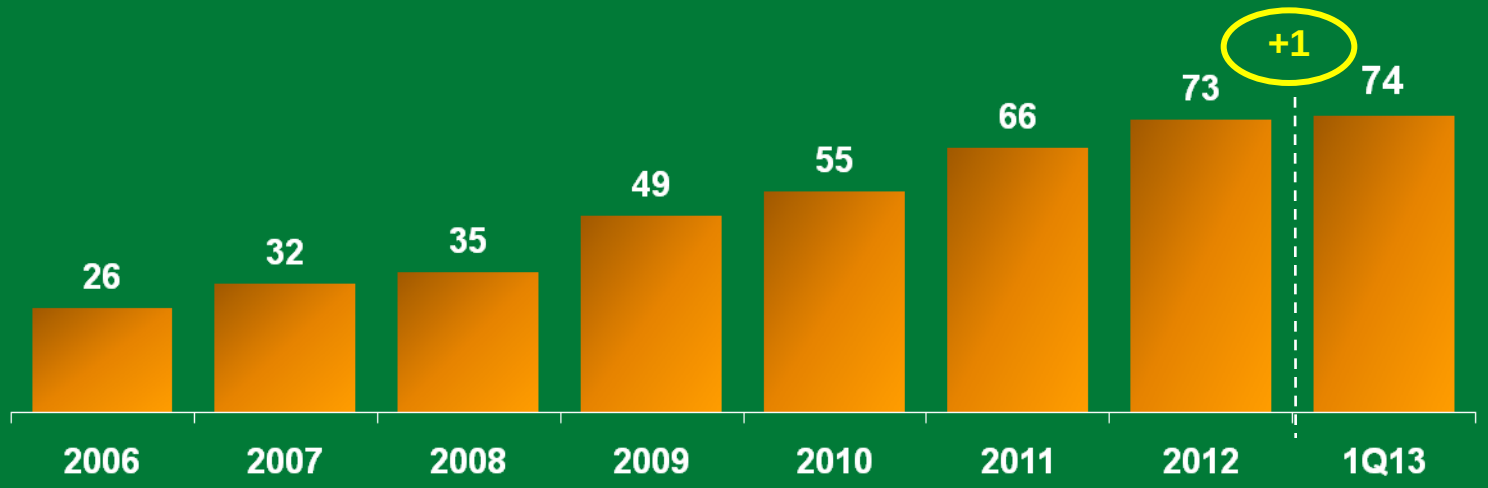



**Fleet grew 5.3% compared to 1Q12**

**Total Fleet of 111,358 cars, including 15,103 cars from franchisees.**

# Seminovos Points of Sale Evolution

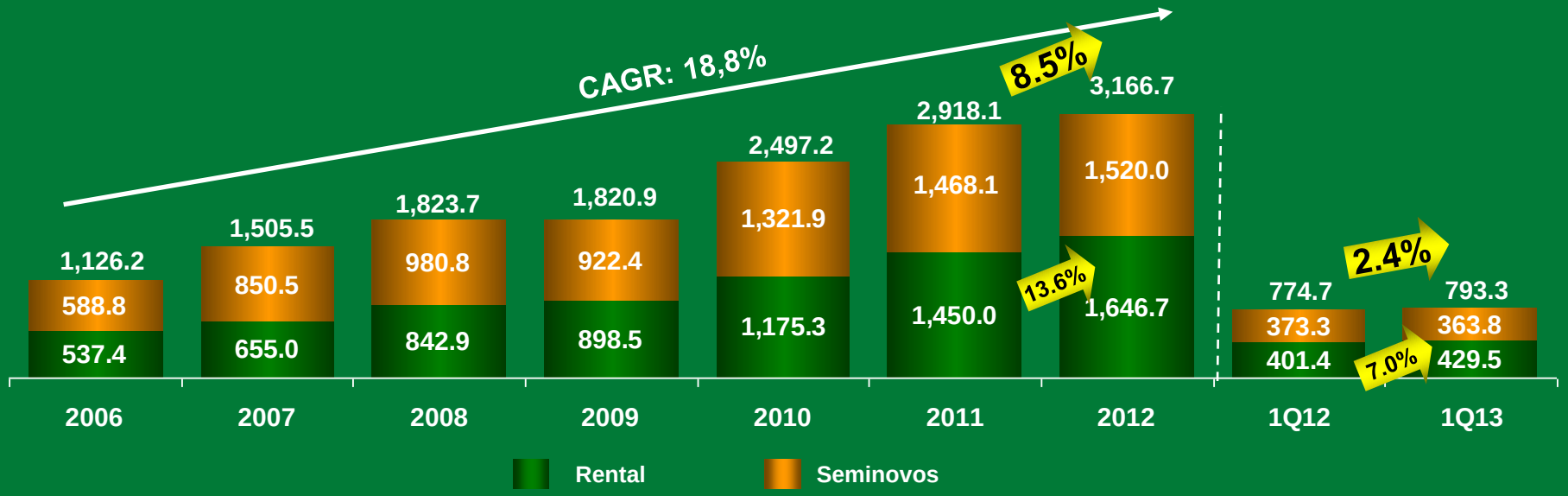
# Points of sale (Brazil)




**The continuous increase in points sales sustains the Company business model, allowing fleet renewal.**

# Consolidated Net Revenues

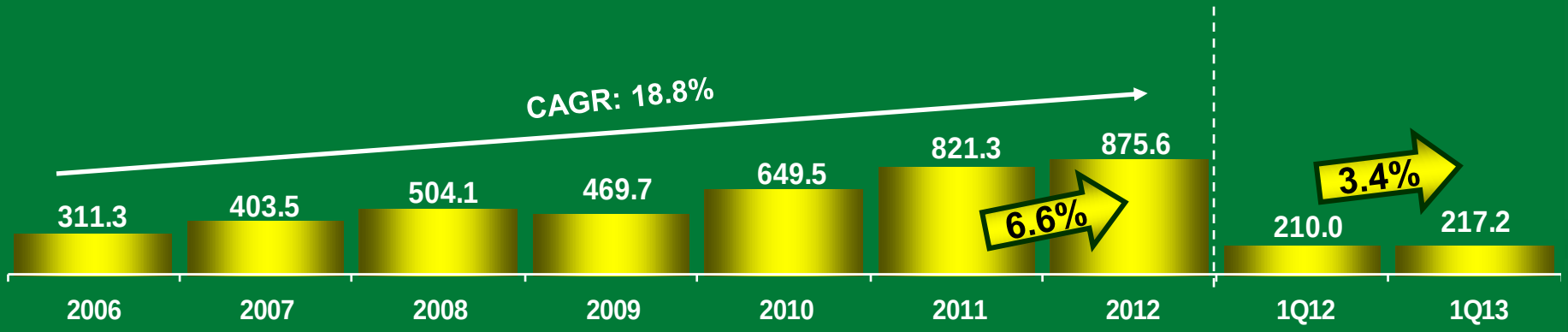
R$ million




**Car rental and outsourcing fleet net revenues increased 7.0%.**

# Consolidated EBITDA

R$ million



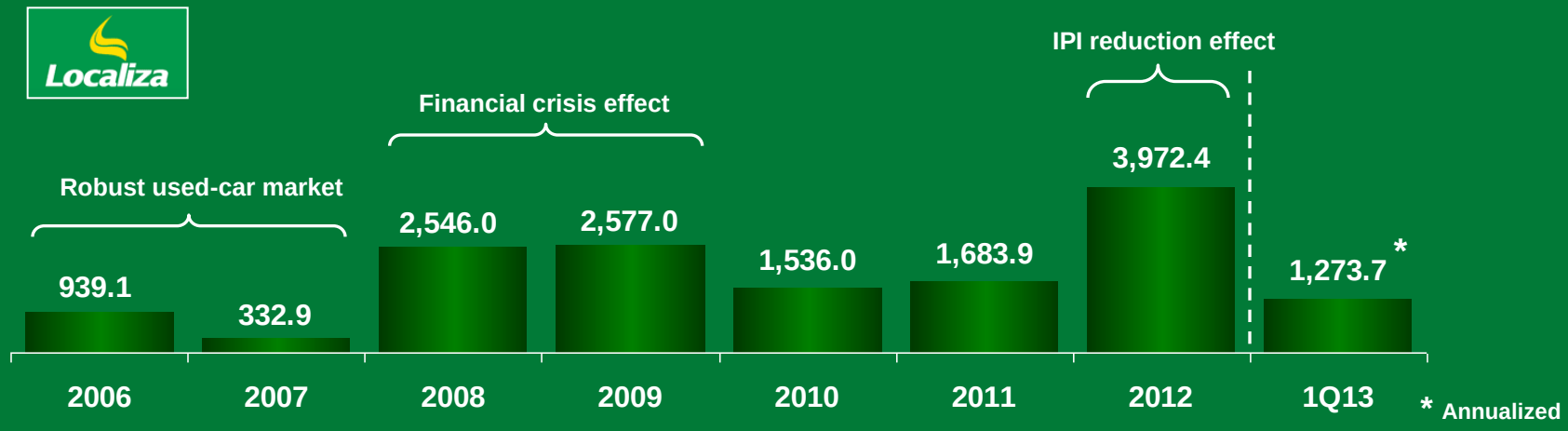

**EBITDA margin from 2006 to 2011 was adjusted to reflect the accounting of accessories in the cost line:**

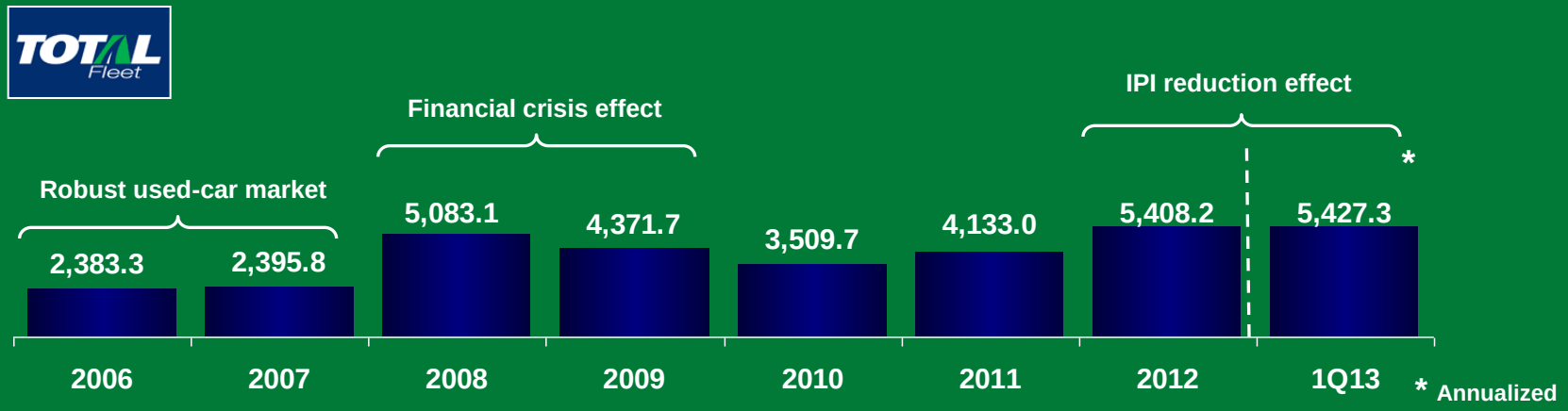
| Divisions | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 1Q12 | 1Q13 |
|---|---|---|---|---|---|---|---|---|---|
| Car Rental | 42.7% | 45.0% | 43.5% | 39.8% | 43.5% | 43.9%* | 40.9% | 42.0% | 35.6% |
| Fleet Outsourcing | 70.7% | 70.3% | 67.5% | 67.5% | 66.7% | 66.8%* | 66.4% | 66.2% | 65.9% |
| Rental Consolidated | 52.4% | 53.6% | 51.2% | 49.3% | 50.7% | 51.2%* | 49.3% | 49.9% | 45.8% |
| Used Car Sales | 4.6% | 5.5% | 5.6% | 1.1% | 2.6% | 2.8% | 4.2% | 2.6% | 5.6% |

*Includes the adjustment of accessories and excludes the reversals of non-recurring provisions of R$10.6 million in 3Q11.

# Average depreciation per car

in R$



# Additional Depreciation due to lower IPI tax rate

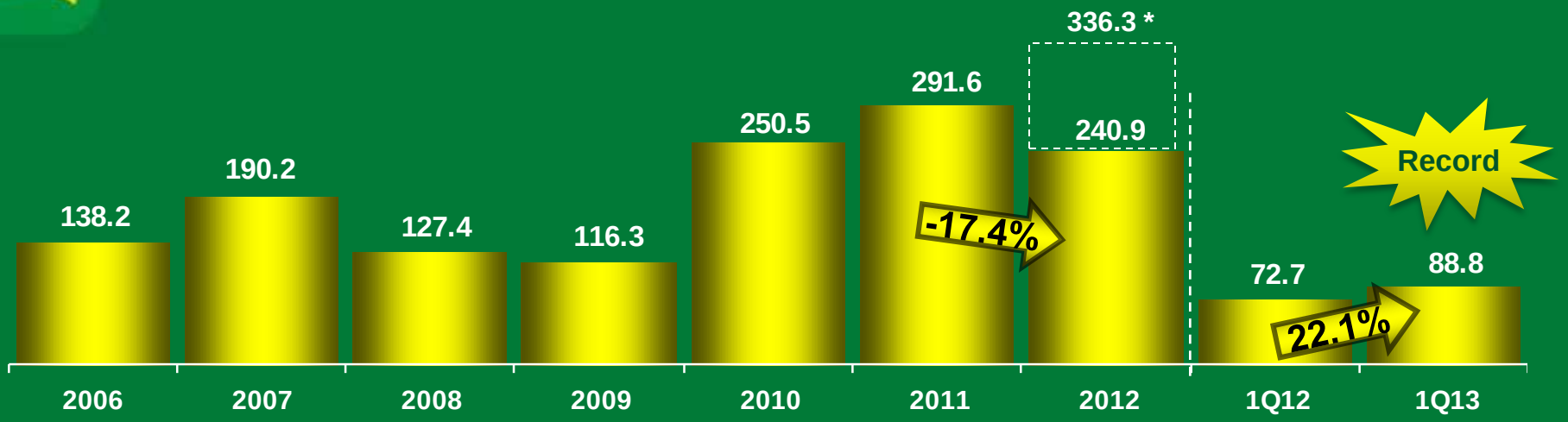
R$ million

| Division | Additional Depreciation | | | | |
|---|---|---|---|---|---|
| | Accounted | | | Estimated | Total |
| | 2012 | 1Q13 | Subtotal | From 2Q13 on | |
| Car Rental | 111.2 | 3.2 | 114.4 | 1.6 | 116.0 |
| | 95.9% | 2.8% | 98.6% | 1.4% | 100.0% |
| Fleet Outsourcing | 33.3 | 6.8 | 40.1 | 24.4 | 64.5 |
| | 51.6% | 10.5% | 62.2% | 37.8% | 100.0% |
| Consolidated | 144.5 | 10.0 | 154.5 | 26.0 | 180.5 |

**98.6% additional depreciation of the Car Rental Division have already been recorded.**

# Consolidated Net Income

R$ million




* Pro forma net income excluding aditional depreciation of R$144.5 million in the year, net of income tax.

| Reconciliation EBITDA vs. Net income | 2009 | 2010 | 2011 | 2012 | 1Q12 | 1Q13 | Var. R$ | Var. % |
|---|---|---|---|---|---|---|---|---|
| Consolidated EBITDA | 469.7 | 649.5 | 821.3 | 875.6 | 210.0 | 217.2 | 7.2 | 3.4% |
| Car depreciation | (172.3) | (146.3) | (201.5) | (376.9) | (58.0) | (60.5) | (2.5) | 4.3% |
| Other property depreciation and amortization | (21.0) | (21.1) | (24.1) | (32.9) | (7.5) | (8.6) | (1.1) | 14.7% |
| Financial expenses, net | (112.9) | (130.1) | (179.0) | (138.7) | (43.6) | (23.0) | 20.6 | -47.2% |
| Income tax and social contribution | (47.2) | (101.5) | (125.1) | (86.2) | (28.2) | (36.3) | (8.1) | 28.7% |
| Net income | 116.3 | 250.5 | 291.6 | 240.9 | 72.7 | 88.8 | 16,1 | 22.1% |

**22.1% net income growth, especially due to the reduction of net financial expenses and the conservative financial policy of the Company.**

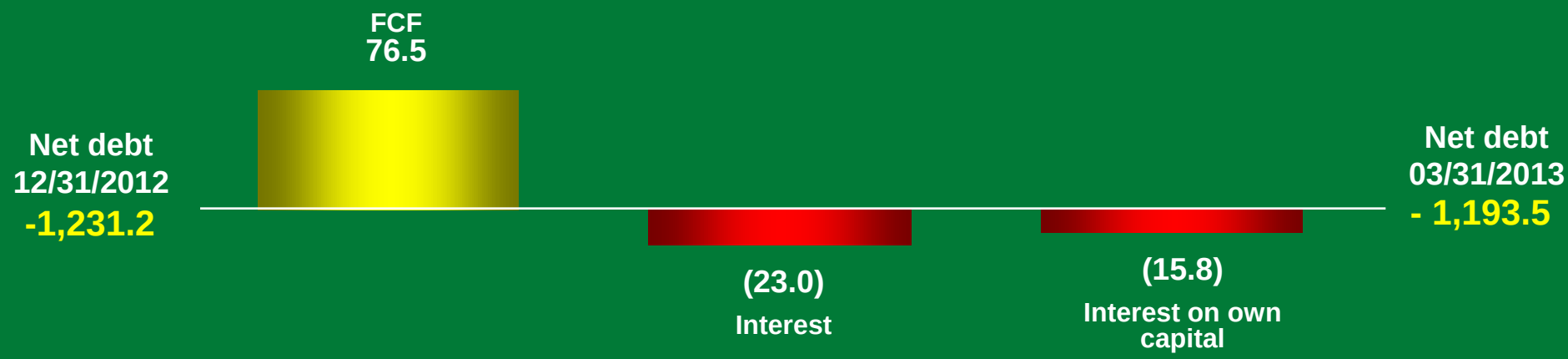
# Free Cash Flow

| Free cash flow - R$ million | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 1Q13 |
|---|---|---|---|---|---|---|---|---|
| EBITDA | 311.3 | 403.5 | 504.1 | 469.7 | 649.5 | 821.3 | 875.6 | 217.2 |
| Used car sale revenue, net from taxes | (588.8) | (850.5) | (980.8) | (922.4) | (1,321.9) | (1,468.1) | (1,520.0) | (363.8) |
| Depreciated cost of cars sold (*) | 530.4 | 760.0 | 874.5 | 855.1 | 1,203.2 | 1,328.6 | 1,360.2 | 320.9 |
| (-) Income tax and social contribution | (42.7) | (63.4) | (52.8) | (49.0) | (57.8) | (83.0) | (100.9) | (23.0) |
| Change in working capital | (4.8) | 13.3 | (44.8) | (11.5) | 54.5 | (83.9) | 37.1 | (32.7) |
| Cash provided before investment | 205.4 | 262.9 | 300.2 | 341.9 | 527.5 | 514.9 | 652.0 | 118.6 |
| Used car sale revenue, net from taxes | 588.8 | 850.5 | 980.8 | 922.4 | 1,321.9 | 1,468.1 | 1,520.0 | 347.3 |
| Car investment for renewal | (643.3) | (839.0) | (1,035.4) | (947.9) | (1,370.1) | (1,504.5) | (1,563.3) | (341.5) |
| Net investment for fleet renewal | (54.5) | 11.5 | (54.6) | (25.5) | (48.2) | (36.4) | (43.3) | 5.8 |
| Fleet renewal – quantity | 23,174 | 30,093 | 34,281 | 34,519 | 47,285 | 50,772 | 56,644 | 12,349 |
| Other property investment | (32.7) | (23.7) | (39.9) | (21.0) | (51.1) | (63.0) | (80.2) | (7.7) |
| Free cash flow before growth and before interest | 118.2 | 250.7 | 205.7 | 295.4 | 428.2 | 415.5 | 528.5 | 116.7 |
| Investment on cars for fleet (growth) /reduction | (287.0) | (221.9) | (299.9) | (241.1) | (540.3) | (272.0) | (55.5) | 16.5 |
| Change in accounts payable to car suppliers | 222.0 | (51.0) | (188.9) | 241.1 | 111.3 | 32.7 | (116.9) | (56.7) |
| Fleet growth | (65.0) | (272.9) | (488.8) | 0.0 | (429.0) | (239.3) | (172.4) | (40.2) |
| Fleet increase / (reduction) – quantity | 10,346 | 7,957 | 9,930 | 8,642 | 18,649 | 9,178 | 2,011 | (585) |
| Free cash flow after growth and before interest | 53.2 | (22.2) | (283.1) | 295.4 | (0.8) | 176.2 | 356.1 | 76.5 |

(*) Technical discount deduction excluded until 2010

# Changes in Net Debt

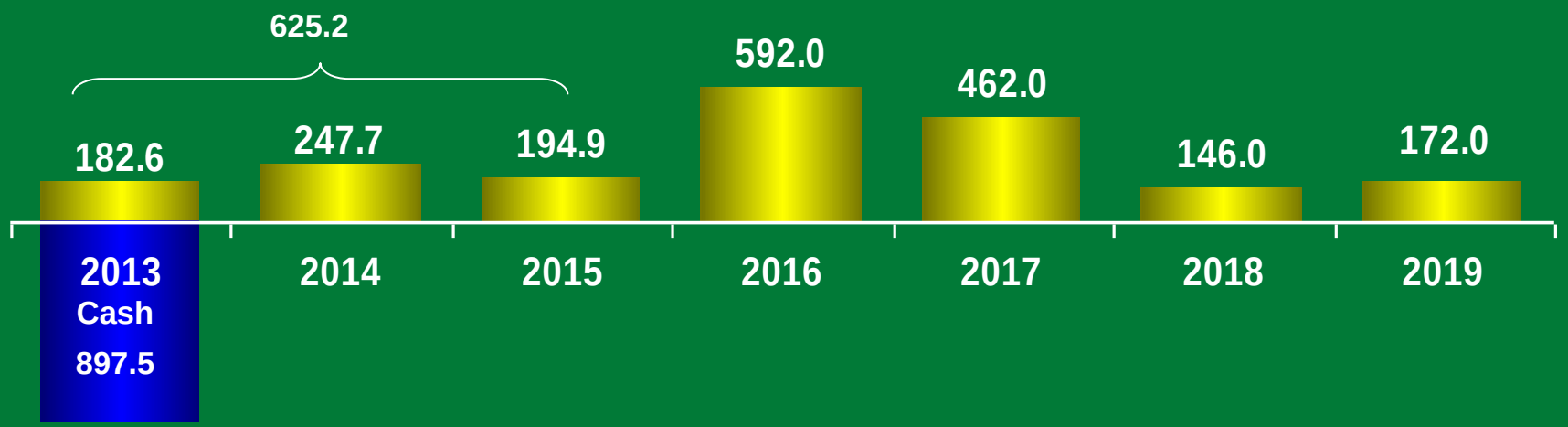
R$ million




**Net debt was reduced by 3.1%, or R$37.7 million in this quarter.**

# Debt Profile (principal)

R$ million



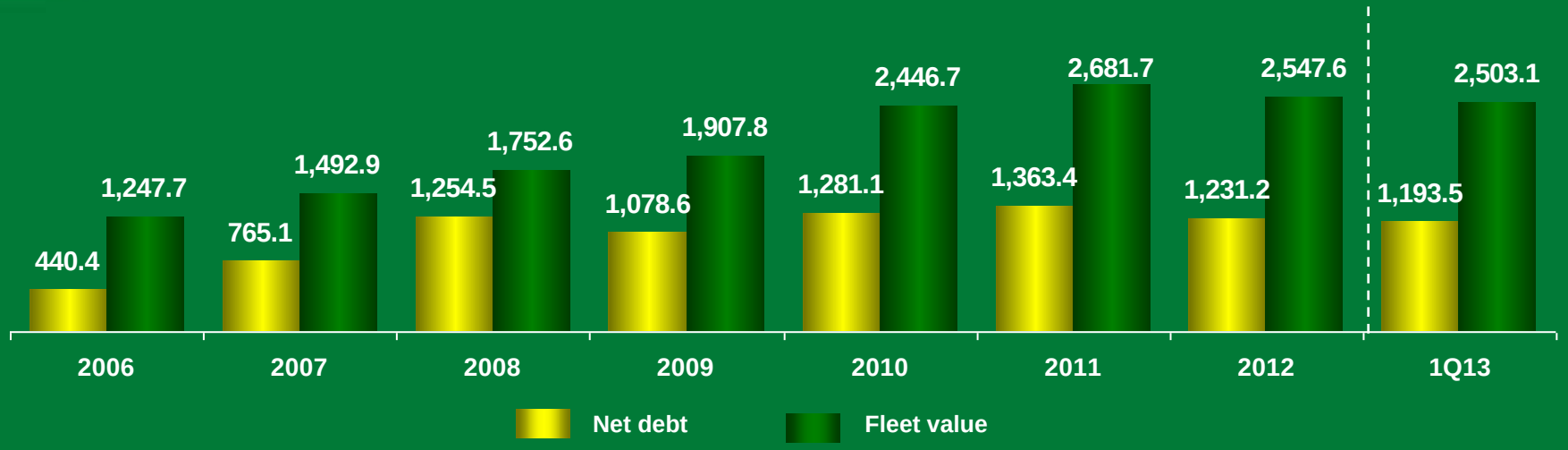

**The Company continues delivering a strong cash position and comfortable debt profile.**

**Cash available at the Company is enough to pay 100% of debt from years 2013, 2014,2015 and 46% of 2016's.**

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# Debt - ratios

## Net debt vs. Fleet value

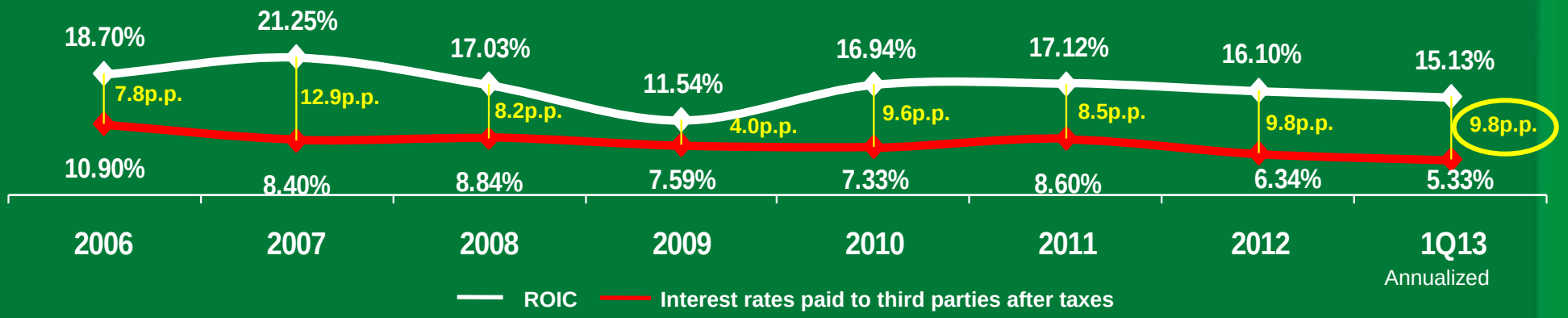



| BALANCE AT THE END OF PERIOD | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (*) | 2012 (*) | 1Q13(*) |
|---|---|---|---|---|---|---|---|---|
| Net debt / Fleet value | 36% | 51% | 72% | 57% | 52% | 51% | 48% | 48% |
| Net debt / EBITDA (**) | 1.4x | 1.9x | 2.5x | 2.3x | 2.0x | 1.7x | 1.4x | 1,4x |
| Net debt / Equity | 0.7x | 1.3x | 2.0x | 1.5x | 1.4x | 1.2x | 0.9x | 0,8x |
| EBITDA / Net financial expenses | 4.8x | 5.4x | 3.8x | 4.2x | 5.0x | 4.6x | 6.3x | 9,4x |

(*) As from January 1, 2011, based on the financial statements in IFRS
(**) Annualized

**Comfortable debt ratios.**

# Spread (ROIC minus interest rates paid for third parties after tax)




**Stable spread despite the EBITDA margin decrease.**

# Succession: current structure





BOARD OF DIRECTORS

CEO

Car acquisition

Legal

Communication

COO

Finance and IR

HR

IT

Localiza

Localiza FRANCHISING

TOTAL Fleet

Localiza SemiNovos

# Succession: structure from May/2013



BOARD OF DIRECTORS



CEO

- Legal
- Communication
- Finance and IR
- Supply and logistics
- HR
- IT

- Localiza
- Localiza FRANCHISING
- TOTAL Fleet
- Localiza SemiNovos

# Attributions of the Chairman and CEO

## Chairman of the Board

- To represent the institution before society
- Governance standards
- Long and mid term strategies and goals
- Business model and portfolio

- Value management to shareholders
- Institutional crisis management
- Strategic planning
- To guard Culture and Values

## CEO

- Definition of goals, actions and initiatives based on the strategies
- Continuous innovation and improvement of the management model

- Executive role to the press, investors, market and employees
- Coaching and succession of the executive officers

# Localiza Level I ADR

- Ticker Symbol: LZRFY
- CUSIP: 53956W300
- ISIN: US53956W3007
- Ratio: 1 Common Share : 1 ADR
- Exchange: OTC
- Depositary bank: Deutsche Bank Trust Company Americas
- ADR broker helpline: +1 212 250 9100 (New York)
  +44 207 547 6500 (London)
- E-mail: adr@db.com
- ADR website: www.adr.db.com
- Depositary bank's local custodian: Banco Bradesco S/A, Brazil

# Thank you!

**www.localiza.com/ir**
**E-mail: ri@localiza.com**
**Tel: +55 31 3247-7024**

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