JSL S.A.

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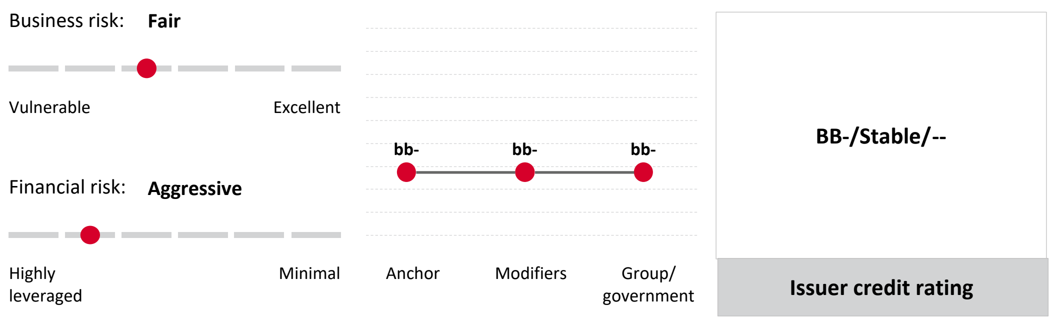
This report does not constitute a rating action.

Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Leading logistics services provider in Brazil, with a diversified portfolio of services and clients.	Presence in the highly fragmented and competitive logistics industry.
Balanced asset-light and asset-heavy business model allows for efficient cost structure.	Exposure to floating-rate debt pressures cash flow generation when interest rates are high.

We expect JSL S.A. to maintain mild growth over the next three years. We forecast net revenues of approximately Brazilian real (R$) 10 billion in 2025, increasing to R$11.2 billion and R$12.5 billion in 2026 and 2027, respectively. This growth will primarily be driven by organic expansion, supported by ongoing efforts to improve operating efficiencies. We anticipate that initiatives focused on optimizing the fleet, reducing maintenance costs and fuel consumption, and effective utilization of price adjustment mechanisms within its contracts should allow margins to rise to 19.0%-20.0% over the next three years.

JSL's strategy focuses on capex management and deleveraging. The company actively manages its debt profile, which should lead to a reduction in leverage metrics from 2025 onwards. This involves relying more on leasing contracts for fleet renewal rather than new debt issuances. We forecast net capital expenditures of approximately R$100 million to R$130 million in 2025, from close to R$1 billion in 2024, and R$300 to R$400 million in 2026, as interest rates are projected to ease. This approach reduces the need for additional debt financing and preserves liquidity amid the current high-interest rate environment. We expect the debt-to-EBITDA ratio to decrease to 3.5x in 2025 and 3.0x in 2026 from 4.2x in 2024, assuming no further acquisitions.

Current high interest rates continue to affect coverage ratios. We project JSL's EBITDA interest coverage ratio to reach a trough at the end of 2025, at 1.4x. As interest rates are expected to decline from mid-2026 onwards, coupled with improving EBITDA generation from organic growth, we forecast a recovery in interest coverage. However, we expect coverage to remain below 2.0x in 2026 and then improve close to 2.5x in 2027. We expect a similar improvement in funds from operations (FFO) to debt to close to 20% in 2026 and 25% in 2027.

JSL's strong position in Brazil's fragmented logistics market supports consistent growth. The company offers a broad range of services, transporting raw materials and finished goods, and benefits from a diversified client base where no single customer accounts for more than 10% of revenue, mitigating concentration risk. The less volatile food and beverage segment represents approximately 24% of JSL's contracts, providing stability, while other segments like pulp and paper (17%), automotive (14%), and consumer goods (11%) contribute to the overall revenue mix.

Outlook

The stable outlook indicates our view that JSL will continue expanding its operations organically and potentially through strategic acquisitions, supporting solid revenue growth and cash flow generation over the next few years. We also believe it will finance growth mostly with internal cash flows, but also with modest adjusted debt increases compensated by a continued focus on improving profitability. We expect JSL to post debt to EBITDA around 3.5x and FFO to debt around 15% in 2025 and 20% in 2026.

Downside scenario

We could lower the ratings in the next 12-18 months if JSL fails to improve profitability and leverage, with debt to EBITDA consistently above 4x and FFO to debt below 12%, and if lower cash flows harm the company's liquidity. That could result from a higher cost of debt pressuring the company's cash flows or a more aggressive acquisition strategy. A downgrade could also happen amid much weaker economic conditions in Brazil, deteriorating JSL's operating performance, with lower volume of new contracts or an inability to pass cost increases.

Upside scenario

We could consider an upgrade if JSL has increasing scale and profitability combined with lower leverage. In this scenario, we would expect to see debt to EBITDA below 3.5x, FFO to debt trending to above 25%, and positive free operating cash flow. Still, an upgrade would depend on the same rating action on JSL's parent company, Simpar S.A. (BB-/Stable/--), which we believe is unlikely in the short to medium term due to high interest rates pressuring Simpar's credit metrics.

Our Base-Case Scenario

Assumptions

- Brazil's GDP growth of 2.3% in 2025, 1.7% in 2026, and 2.1% in 2027
- Inflation of 5.1% in 2025, 4.4% in 2026, and 3.5% in 2027, affecting costs and expenses, along with contract prices and rates on existing contracts, owing to clauses that allow for inflation pass-through
- Average policy rate of 14.8% in 2025, 13% in 2026, and 11.1% in 2027, mostly affecting cost of debt
- Revenue from services increasing 10%-12%, mostly due to the signing of new contracts and price adjustments in line with cost inflation
- Revenue from asset sales of R$380 million-R$500 million per year in the next three years
- Slight margin expansion in 2025 and 2026, given JSL's cost management and pricing strategy
- Cash outflows for past acquisitions of about R$150 million per year in 2025-2027
- Net capex of about R$100-R$130 million in 2025 and R$300 million-R$400 million in 2026, mostly for maintenance of its fleet, following a slight shift toward more leased assets
- Dividend distribution of 50% of the previous year's net income
- New debt issuances of about R$500 million in 2025 and about R$700 million in 2026-2027 to support capex and refinance maturities

Key metrics

JSL S.A.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. BRL)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	4,296	6,022	7,575	9,056	10,000	11,204	12,577
EBITDA (reported)	762	1,080	1,728	1,788	2,009	2,260	2,541
Plus/(less): Other	(149)	(56)	(305)	(190)	(70)	--	--
EBITDA	612	1,024	1,423	1,599	1,939	2,260	2,541
Less: Cash interest paid	(162)	(406)	(570)	(809)	(1,126)	(1,012)	(823)
Less: Cash taxes paid	(27)	(25)	(21)	(11)	(25)	(84)	(173)
Plus/(less): Other	--	56	69	226	199	179	140
Funds from operations (FFO)	423	650	901	1,005	987	1,343	1,684
EBIT	415	777	1,045	1,247	1,552	1,788	1,956
Interest expense	354	600	787	1,059	1,346	1,184	989
Cash flow from operations (CFO)	454	997	628	778	523	1,249	1,320
Capital expenditure (capex)	695	735	1,185	973	124	394	1,354
Free operating cash flow (FOCF)	(241)	262	(557)	(195)	399	855	(34)

JSL S.A.--Forecast summary

Dividends	33	100	135	--	104	74	186
Share repurchases (reported)	--	2	0	0	--	--	--
Discretionary cash flow (DCF)	(274)	160	(692)	(195)	295	781	(221)
Debt (reported)	3,588	4,241	6,820	7,333	7,122	6,412	6,355
Plus: Lease liabilities debt	358	498	629	667	1,000	1,500	1,553
Less: Accessible cash and liquid Investments	(954)	(873)	(1,854)	(1,894)	(1,699)	(1,528)	(990)
Plus/(less): Other	466	328	655	596	449	299	150
Debt	3,457	4,194	6,250	6,702	6,872	6,683	7,067
Equity	1,330	1,413	1,663	1,770	1,814	2,113	2,540
Cash and short-term investments (reported)	954	873	1,854	1,894	1,699	1,528	990
Adjusted ratios							
Debt/EBITDA (x)	5.6	4.1	4.4	4.2	3.5	3.0	2.8
FFO/debt (%)	12.2	15.5	14.4	15.0	14.4	20.1	23.8
FFO cash interest coverage (x)	3.6	2.6	2.6	2.2	1.9	2.3	3.0
EBITDA interest coverage (x)	1.7	1.7	1.8	1.5	1.4	1.9	2.6
CFO/debt (%)	13.1	23.8	10.0	11.6	7.6	18.7	18.7
FOCF/debt (%)	(7.0)	6.2	(8.9)	(2.9)	5.8	12.8	(0.5)
DCF/debt (%)	(7.9)	3.8	(11.1)	(2.9)	4.3	11.7	(3.1)
Annual revenue growth (%)	52.0	40.2	25.8	19.6	10.4	12.0	12.3
EBITDA margin (%)	14.3	17.0	18.8	17.7	19.4	20.2	20.2
Return on capital (%)	10.2	15.0	15.5	15.2	18.1	20.5	21.3
Debt/debt and equity (%)	72.2	74.8	79.0	79.1	79.1	76.0	73.6

Company Description

JSL is one of the main providers of logistics services and freight transportation in Brazil. It operates in the entire logistics chain, from the shipment of raw materials to warehousing and distribution of products. The company provides services to more than 16 sectors with no significant revenue concentration.

Its portfolio consists of asset-light and asset-heavy contracts, accounting for 52% and 48% of its total revenue in the first half of 2025, respectively. JSL posted net revenue of about R$9.5 billion and EBITDA of R$1.7 billion in the last 12 months ended June 2025.

JSL is a subsidiary of the Brazilian transportation group Simpar S.A., which owns 74.9% of the company. We think JSL will contribute 20%-25% of the group's total revenue and 15%-20% of its EBITDA in 2025.

Peer Comparison

JSL lacks geographic diversification and scale compared with those of some of its international peers. XPO Inc. operates in both North American and Western European markets, and Logwin in Germany and Austria. JSL currently operates in other Latin American countries, South Africa, and Ghana, but Brazil still represents the vast majority of the company's revenue. JSL's profitability is in line with XPO and higher than Logwin's due to its exposure to industries with a currently healthy momentum. Logwin has significant exposure to air transportation, which results in weaker margins.

JSL S.A.--Peer Comparisons

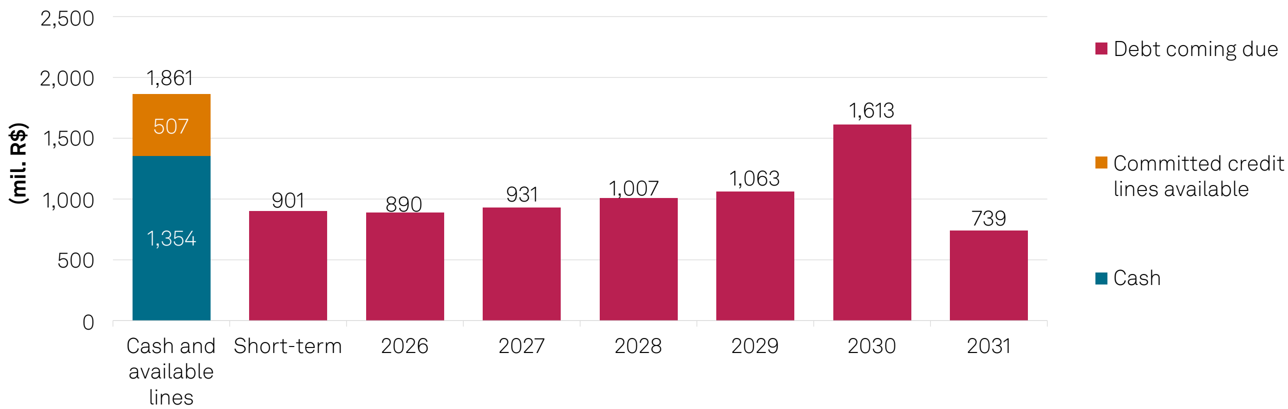
	JSL S.A.	XPO, Inc.	Logwin AG
Foreign currency issuer credit rating	BB-/Stable/--	BB/Stable/--	BB+/Stable/--
Local currency issuer credit rating	BB-/Stable/--	BB/Stable/--	BB+/Stable/--
Period	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31
Mil.	R$	R$	R$
Revenue	9,056	49,925	9,236
EBITDA	1,599	8,721	757
Funds from operations (FFO)	1,005	6,517	618
Interest	1,059	1,623	32
Cash interest paid	809	1,647	27
Operating cash flow (OCF)	778	6,041	695
Capital expenditure	973	4,880	28
Free operating cash flow (FOCF)	(195)	1,161	667
Discretionary cash flow (DCF)	(195)	1,161	396
Cash and short-term investments	1,894	1,522	2,386
Gross available cash	1,894	1,522	2,386
Debt	6,702	23,948	551
Equity	1,770	9,908	2,410
EBITDA margin (%)	17.7	17.5	8.2
Return on capital (%)	15.2	12.6	20.8
EBITDA interest coverage (x)	1.5	5.4	23.4
FFO cash interest coverage (x)	2.2	5.0	23.8
Debt/EBITDA (x)	4.2	2.7	0.7
FFO/debt (%)	15.0	27.2	112.2
OCF/debt (%)	11.6	25.2	126.1
FOCF/debt (%)	(2.9)	4.8	121.1
DCF/debt (%)	(2.9)	4.8	71.9

Financial Risk

Debt maturities

JSL's debt amortization schedule

As of June 30, 2025



Source: Company's files and S&P Global Ratings.

Liquidity

We view JSL's liquidity as adequate, with sources of cash exceeding uses by close to 2.0x over the next 12 months, and we expect they'd remain positive even if EBITDA were to decline 15%. We expect the company to continue to rely on adequate funding sources to support its growth, reducing cash flow pressures.

Principal liquidity sources	Principal liquidity uses
• Cash and cash equivalents of R$1.3 billion as of June 30, 2025 • Forecast cash FFO of about R$890 million in the next 12 months after June 2025 • Available credit lines of R$507 million as of June 30,2025	• Short-term debt of approximately R$790 million as of June 30, 2025 • Short-term acquisitions payable around R$120 million as of June 30, 2025 • Working capital needs of about R$120 million in the 12 months after June 2025 • Net capex of R$260 million in the 12 months after June 2025 • Dividends distribution of about R$90 million in the 12 months after June 2025

Covenant Analysis

Requirements

JSL has the following debt payment acceleration covenants on its local debentures and CRA issuance:

- Net debt to EBITDA-A of a maximum of 3.5x, where EBITDA-A is EBITDA plus the residual accounting cost from the sale of assets; and

- EBITDA-A to net interest at a minimum of 2.0x.

Compliance expectations

We forecast JSL will remain compliant with both covenants over the next few years, with a cushion of over 35% for the leverage covenant but a tighter buffer of approximately 15% for the coverage covenant in 2025.

Environmental, Social, And Governance

Environmental, social, and governance factors are neutral considerations in our credit rating analysis of JSL. The transportation industry contributes to an increase in greenhouse gas emissions (GHG) as it operates in the logistics services and freight transportation. Nevertheless, the company is committed to reduce GHG emissions by implementing initiatives. These include acquisition of carbon credits and renewable energy from other companies to partially offset the GHG emissions, waste recycling, and maintenance of newer truck fleet because newer vehicles have more sophisticated technologies that reduce pollutants and fuel consumption. The company is aiming to introduce electric vehicles in its fleet over the next few years.

Group Influence

We view JSL as a highly strategic subsidiary of Simpar. We expect JSL to benefit from the group's long-term commitment because the subsidiary represents 20%-25% of the group's total revenue and 15%-20% of its EBITDA, and given the historical link of JSL's brand with the group. Therefore, JSL is likely to receive support during stressed conditions.

Rating Component Scores	
Foreign currency issuer credit rating	**BB-/Stable/--**
Local currency issuer credit rating	**BB-/Stable/--**
Business risk	**Fair**
Country risk	Moderately High
Industry risk	Intermediate
Competitive position	Fair
Financial risk	**Aggressive**
Cash flow/leverage	Aggressive
Anchor	**bb-**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bb-**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of November 03, 2025)*	
JSL S.A.	
Issuer Credit Rating	BB-/Stable/--
Brazil National Scale	brAA+/Stable/--
Issuer Credit Ratings History	
30-Mar-2023	BB-/Stable/--
24-Sep-2021	B+/Positive/--

Ratings Detail (as of November 03, 2025)*		
09-Sep-2020		B+/Stable/--
24-Sep-2024	*Brazil National Scale*	brAA+/Stable/--
Related Entities		
Movida Europe		
Senior Unsecured		BB-
Movida Participacoes S.A.		
Issuer Credit Rating		BB-/Stable/--
Brazil National Scale		brAA+/Stable/--
Simpar S.A.		
Issuer Credit Rating		BB-/Stable/--
Brazil National Scale		brAA+/Stable/--
Vamos Locacao de Caminhoes, Maquinas e Equipamentos S.A.		
Issuer Credit Rating		BB-/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.