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Tear Sheet:

Movida Participacoes S.A.

December 4, 2025

This report does not constitute a rating action.

We anticipate Movida Movida Participacoes S.A.'s (Movida) revenue to continue growing for the next few years, accompanied by improving operational profitability. We expect revenue to rise to about R$16.0 billion in 2026 from approximately R$14.7 billion in 2025. The company's EBIT margin has been increasing over the past few quarters, reaching 23.9% in the 12 months ended September 2025, versus 21.7% in 2024. This was due to operational efficiency measures, including price adjustments exceeding inflation, improved customer service, and higher fleet utilization resulting from fleet optimization efforts. Although we expect more modest tariff increases in 2026, continued efficiency improvements should enable EBIT margin rise above 25%.

Free operating cash flow remains negative. Despite a stable fleet size of approximately 260,000 vehicles and sustained used-car sales, thanks to a well-managed vehicle mix and a balanced retail and wholesale channel strategy, we now expect net capital expenditure of around R$2.5 billion in 2025. This amount is a substantial increase from our previous projection of R$1.2 billion, driven in part by higher vehicle prices affecting the cost of fleet renewal. This will keep free operating cash flow (FOCF) negative for the next couple of years. We expect funds from operations (FFO) to debt to remain slightly above 17% in 2025 and 2026, reaching 20% by 2027.

Brazil's persistently high interest rates will continue to pressure Movida's main credit metrics. As of September 2025, the company's gross debt totaled approximately R$18 billion. In the fourth quarter of 2025, Movida issued around R$1.8 billion in debentures. Even with ongoing efforts to reduce the spread of its debt, which currently averages 1.9% over the CDI, we still expect interest expense to remain high, roughly R$3 billion in 2026. Therefore, we expect EBIT interest coverage will remain constrained at 1.4x-1.5x for the next two years.

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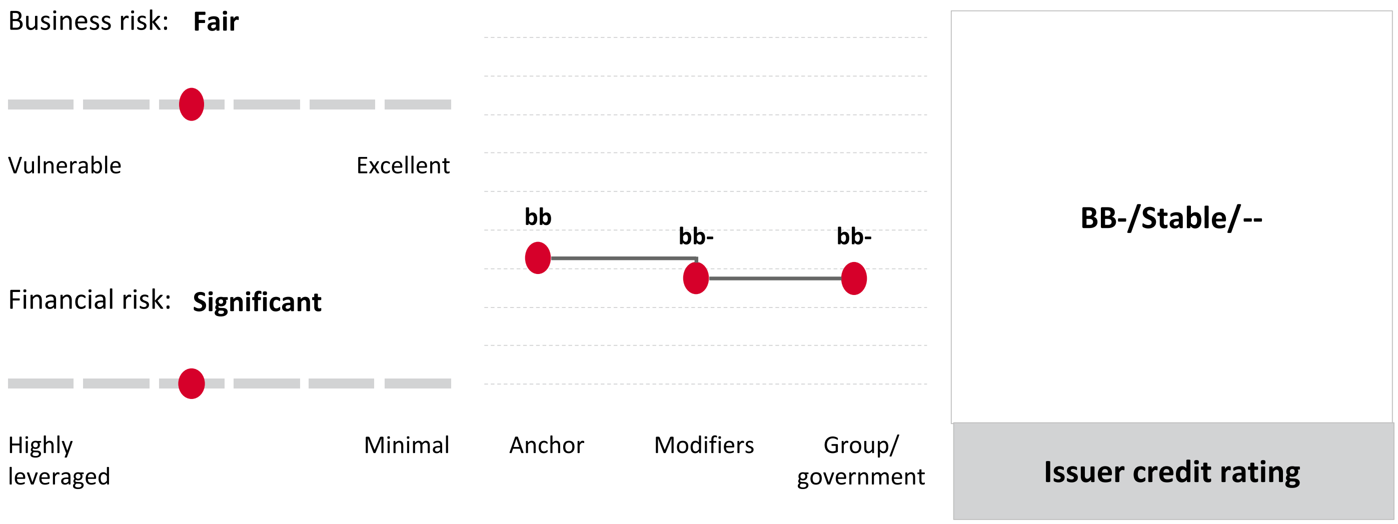
Ratings Score Snapshot



Company Description

Movida is the second-largest car rental company in Brazil, providing car rental and fleet management services. As of Sept. 30, 2025, the company operated a fleet of approximately 259,000 vehicles, 44% of which were for the rental car segment and the remainder for fleet management services. We forecast Movida will generate net revenue of approximately R$14.7 billion and EBITDA of R$5.7 billion in 2025. Movida is controlled Brazilian transportation group Simpar S.A. (BB-/Stable/--), which holds a 67.7% stake. The remaining shares are free-floating.

Outlook

The stable outlook reflects our expectation that Movida will maintain its focus on operational efficiency to compensate for its consistently high interest burden, given our expectation of no debt reduction in the short term. The elevated interest burden will continue to weigh on the company's credit metrics for the next two years. We expect EBIT interest coverage of 1.4x-1.5x and FFO to debt of 17%-20% in 2026 and 2027.

Downside scenario

We could lower the ratings if the company fails to deliver the expected operating cash flow in the next 12-18 months to partly offset the high interest burden. In this scenario, its credit metrics will depart from our base-case forecast, with EBIT interest coverage below 1.3x and FFO to debt below 20% on a sustained basis.

Upside scenario

Although unlikely in the next 12-18 months, we could upgrade Movida in the long term if it continues to increase the fleet management segment's share of cash flow, without incurring substantial additional debt. In this scenario, we would see FFO to debt comfortably above 20% and EBIT interest coverage of about 2.0x on a consistent basis. Still, an upgrade would also depend on an upgrade of Movida's parent company, Simpar, which we believe is unlikely in the short to medium term with high interest rates pressuring the latter's credit metrics.

Key Metrics

Movida Participacoes 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	Dec-31-2028
(Mil. BRL)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
Revenue	5,333	9,600	10,342	13,481	14,721	15,915	16,671	17,199
EBITDA	2,113	3,617	3,638	4,701	5,670	6,088	6,491	6,857
Less: Cash interest paid	(488)	(1,416)	(1,712)	(2,058)	(2,626)	(2,851)	(2,554)	(2,225)
Less: Cash taxes paid	(81)	(89)	(160)	(2)	(167)	(208)	(291)	(578)
Plus/(less): Other	--	486	235	312	368	346	331	355
Funds from operations (FFO)	1,545	2,598	2,002	2,952	3,245	3,374	3,977	4,409
EBIT	1,960	2,981	1,974	2,932	3,671	4,053	4,305	4,700
Interest expense	750	1,686	1,338	2,060	2,563	2,932	2,826	2,463
Cash flow from operations (CFO)	1,554	2,105	4,088	2,990	2,077	2,167	2,921	3,361
Capital expenditure (capex)	4,259	5,464	4,544	4,984	2,347	3,088	3,003	3,277
Free operating cash flow (FOCF)	(2,705)	(3,359)	(455)	(1,994)	(270)	(921)	(82)	84
Dividends	107	448	138	--	58	81	101	141
Share repurchases (reported)	4	2	36	0	--	--	--	--
Discretionary cash flow (DCF)	(2,816)	(3,808)	(630)	(1,994)	(328)	(1,002)	(183)	(57)
Debt (reported)	14,313	17,231	14,756	19,842	20,827	20,528	21,798	21,798
Plus: Lease liabilities debt	453	493	544	649	770	804	834	860
Less: Accessible cash and liquid Investments	(7,786)	(6,828)	(2,999)	(4,291)	(5,016)	(3,745)	(4,645)	(4,341)
Plus/(less): Other	344	2,195	1,165	695	1,900	1,900	1,900	1,900
Debt	7,323	13,091	13,465	16,896	18,481	19,487	19,887	20,217
Equity	3,284	2,769	2,522	2,492	2,759	3,082	3,545	4,526
Adjusted ratios								
Debt/EBITDA (x)	3.5	3.6	3.7	3.6	3.3	3.2	3.1	2.9
FFO/debt (%)	21.1	19.8	14.9	17.5	17.6	17.3	20.0	21.8
CFO/debt (%)	21.2	16.1	30.4	17.7	11.2	11.1	14.7	16.6
FOCF/debt (%)	(36.9)	(25.7)	(3.4)	(11.8)	(1.5)	(4.7)	(0.4)	0.4
DCF/debt (%)	(38.5)	(29.1)	(4.7)	(11.8)	(1.8)	(5.1)	(0.9)	(0.3)

Movida Participacoes S.A.--Forecast summary

Annual revenue growth (%)	30.5	80.0	7.7	30.4	9.2	8.1	4.8	3.2
EBIT interest coverage (x)	2.6	1.8	1.5	1.4	1.4	1.4	1.5	1.9
Debt/debt and equity (%)	69.0	82.5	84.2	87.1	87.0	86.3	84.9	81.7

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. R$--Brazilian real.

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	**Significant**
Cash flow/leverage	Significant
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	Negative (-1 notch)
Stand-alone credit profile	**bb-**

Related Criteria

- Criteria | Corporates | General: Corporate Methodology, Jan. 7 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8 2023
- 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 | Industrials: Key Credit Factors For The Operating Leasing Industry, Dec. 14 2016
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 6 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20 2016

- 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