

MOODY'S RATINGS

Rating Action: Moody's Ratings assigns Ba3 rating to Movida's proposed notes

11 May 2026

New York, May 11, 2026 -- Moody's Ratings (Moody's) assigned a Ba3 rating to the proposed benchmark-sized senior unsecured notes to be issued by Movida Europe S.A. (Movida), unconditionally and irrevocably guaranteed by Movida Participacoes S.A. Movida's other rating remains unchanged. The outlook is stable.

The proposed issuance is part of Movida's ongoing liability management strategy. Proceeds will be used to fund a concurrent Tender Offer of its 2029 notes, and fund general corporate purposes, without significantly impacting the company's leverage metrics.

The rating of the proposed notes assumes that the final transaction documents will not be materially different from draft legal documentation reviewed by us to date and assume that these agreements are legally valid, binding, and enforceable.

RATINGS RATIONALE

The transaction includes liability management that supports a more extended amortization profile and financial flexibility. Since 2025, Movida has been reducing fleet investments, resulting in a slowdown in fleet growth and a reduction in capex. At the same time, the company implemented significant tariff increases across both the Rent-a-Car and Fleet Management segments, driving revenue growth of 6.1% in the twelve months ended March 2026. These measures substantially reduced cash consumption and supported deleveraging, with Debt/EBITDA (ex-Credit Linked Notes) improving to 3.4x in March 2026 from 4.2x in December 2024. We expect the company to maintain a disciplined fleet investment strategy in 2026, prioritizing cash generation and balance-sheet strengthening.

Movida's Ba3 rating reflect its competitive position as the second largest company in the Brazilian car and fleet rental market. It has a flexible business model, which helps it weather economic and auto market slowdowns. The company's adequate liquidity, stable operating performance, and our expectation of an adequate leverage over the next 12-18 months also support the rating.

The rating also incorporate Movida's relevance for Simpar S.A. (Ba3 stable) and benefits derived from being controlled by Simpar group, which holds a 67.7% ownership stake in Movida. The significant board representation gives it strong incentives and ability to influence Movida's financial policies and provide support when needed. Movida benefits from the broader group's scale and diversification, while the absence of guarantee-related debt links preserves Simpar's flexibility to manage its portfolio. At the same time, Movida maintains substantial operational independence, supported by its own dedicated management team and a distinct brand identity.

Constraining the rating of Movida is the capital-intensive nature of the car rental business, because of that we expect the company to maintain gross leverage at around 3.5x – 4.0x. Although the company has the ability to fairly cover maintenance capex by divesting of used vehicles, fleet expansions require funding obtained from third-party debt. Additionally, Movida's rating incorporate the lack of significant international footprint with most of its revenues generated in Brazil; the Government of Brazil (Brazil, Ba1 stable).

The stable rating outlook reflects our expectations that Movida will continue to grow, while maintaining profitability, cash generation and adequate leverage, including a large unencumbered fleet.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

Movida's rating could be upgraded if the company is able to increase market share, geographic diversification and revenue while maintaining healthy credit metrics. A rating upgrade would also require Movida to improve free cash flow and its liquidity profile by extending debt maturities. Quantitatively, a rating upgrade would require total Moody's-adjusted gross debt/EBITDA below 3.5x and EBIT margin above 20%, and RCF/Net Debt above 25% on a sustained basis. A rating upgrade would also be dependent on the relative positioning to the rating of Simpar, given the strong links between the two companies.

The rating could be downgraded if Movida's liquidity deteriorates because of weakness in operations, inability to sell used vehicles or to refinance upcoming maturities. Negative rating pressure would emerge if EBITDA growth does not materialize, such that Movida's Moody's-adjusted gross leverage remains above 4.5x on a sustained basis, and EBIT Margin declines below 15% without prospects of improvement.

The principal methodology used in this rating was Equipment and Transportation Rental published in October 2025 and available at <https://ratings.moodys.com/rmc-documents/452286>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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