

Draft Press Release

Moody's Ratings announces completion of a periodic review of ratings of Movida Participacoes S.A.

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New York, <Rating Date Pending> -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Movida Participacoes S.A. (Movida) and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 19 February 2025 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

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Key Rating considerations and rationale are summarized below.

The Ba3 rating is supported by Movida's competitive position as the second-largest company in the Brazilian car and fleet rental market. It has a flexible business model with a large unencumbered fleet, which helps it to weather economic and auto market slowdowns. The company's good liquidity, stable operating performance and our expectation of adequate leverage over the next 12-18 months also support the rating. In addition, the rating incorporates Movida's significance for Simpar S.A. (Ba3 stable) and the benefits it derives from being controlled by the Simpar group. In 2025, we expect no growth in Movida's fleet compared to year-end 2024 which will reduce capital spending needs and allow the company to improve cash flow generation during the year.

Movida's ratings are constrained by the capital-intensive nature of the car rental business. In the last twelve months ended in September 2024, its Moody's-adjusted gross leverage reached 4.7x, with annualized gross leverage at 4.0x. We expect the company to sustain gross leverage at around 4.0x - 4.5x in the next 2 years even if it resumes fleet growth. The company has the ability to partially cover its maintenance capital spending by divesting its used vehicles, but any future expansion would require funding from of third-party debt. Furthermore, Movida's ratings take into account its lack of significant international footprint, with most of its revenue generated in Brazil (Ba1 positive).

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Equipment and Transportation Rental published in December 2024. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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