MOODY'S
RATINGS

Rating Action: Moody's Ratings downgrades Rumo's ratings to Ba3; outlook changed to negative

17 Jul 2026

New York, July 17, 2026 -- Moody's Ratings (Moody's) has today downgraded to Ba3 from Ba2 Rumo S.A. (Rumo)'s corporate family rating (CFR) and the rating of the $500 million backed senior unsecured sustainability-linked notes due in 2032 issued by Rumo Luxembourg S.a r.l. and unconditionally backed by Rumo. The outlook for the ratings was changed to negative from under review. This concludes the review process initiated in March 2026.

RATINGS RATIONALE

The downgrade of Rumo's ratings to Ba3 follows the rating action that downgraded and changed the outlook for the ratings of its controlling shareholder Cosan S.A. (Cosan, B1 negative), holding company of the Cosan group, on account of still-weak holding-level interest coverage and the company's continued reliance on dividends and asset monetization to support its financial profile. Rumo does not directly guarantee the debts of Cosan, but we believe it to be a strategic asset for the holding company, one of its sources of dividends, and clearly perceived as part of the Cosan group sharing reputational risks.

Rumo's Ba3 corporate family rating reflects its market position as the largest independent rail operator in Brazil (Government of Brazil, Ba1 stable), with operations in the south, midwest and southeastern regions, areas home to roughly 86% of the country's soybean and corn production. The rating captures adequate liquidity and funding access to support its investments in expansion while mitigating the outlook for negative free cash flow (FCF). Additional credit positives include historical shareholder support, access to capital markets and to Banco Nac. Desenv. Economico e Social - BNDES' (Ba1 stable, ba1).

The rating is constrained by Rumo's large exposure to agricultural commodities, competitive dynamics and high customer concentration in large global trading companies, although these risks are mitigated by the existence of take-or-pay contracts. Rumo's market presence is concentrated in Brazil in a highly regulated business, with all its concessions exposed to the local regulatory framework, including concessionary and environmental regulations. Finally, execution risks in the company's large capital spending program related to existing and new concessions remain an important credit consideration. However, the current management has proved to be successful in its capital allocation over the last five years.

LIQUIDITY

Rumo has adequate liquidity. As of March 2026, the company reported BRL5.4 billion in cash, cash equivalents, and liquid short-term investments. That, coupled with the available and undraw BNDES' credit lines of BRL3 billion is sufficient to cover debt amortizations until 2027. Rumo's next relevant debt maturity relates to its $500 million outstanding notes due in January 2028. Accordingly, the company will need to pursue initiatives to avoid refinancing risk.

RATING OUTLOOK

The negative outlook mirrors Cosan's negative outlook and reflects the risks associated with the refinancing of Rumo's 2028 notes despite the company's adequate liquidity and controlled leverage to mitigate risks arising from its large capex program in the next 12-18 months.

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

Positive pressure on Rumo's rating could arise if Rumo maintains a high operating margin while improving its cash generation and reducing leverage. Quantitatively, positive rating pressure would require: Moody's-adjusted leverage is sustained at or below 4.0x, Moody's-adjusted interest coverage ratio, measured as EBITDA/interest expense, is kept persistently above 2.5x; and EBIT margin is sustained at or above 35%. An upgrade of Cosan's ratings would also be required for an upgrade of Rumo's ratings.

Conversely, the ratings could be downgraded if: Moody's-adjusted leverage is sustained above 5.0x, Moody's-adjusted interest coverage ratio, measured as EBITDA/interest expense, is kept persistently below 1.5x; and EBIT margin is sustained below 25%. The rating could also be downgraded if the company's liquidity deteriorates significantly because of substantial capex plans, unfavorable rulings in judicial disputes or changes in the regulatory framework that hurt Rumo's business profile (such as the revocation of a concession without adequate compensation). Additional negative rating actions on Cosan could also trigger a negative action on Rumo's ratings.

COMPANY PROFILE

Rumo S.A. is the largest independent rail-based logistics operator in Latin America. Its operations comprise five long-term rail concessions, totaling almost 14,000 kilometers (km) of rail tracks, about 1,500 locomotives and more than 35,000 railcars, through which the company transports agricultural commodities and industrial products. Additionally, Rumo develops the intermodal logistics of containers and related storage services through Brado Logistica. As of the last twelve, Rumo recorded net revenue of BRL13.8 billion ($2.5 billion) and Moody's-adjusted EBITDA of BRL9.5 billion.

The principal methodology used in these ratings was Surface Transportation and Logistics published in December 2025 and available at https://ratings.moodys.com/rmc-documents/455789. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

Rumo's scorecard-indicated outcome under our Surface Transportation and Logistics rating methodology maps to a Ba1, as does our 12-18-month forward view, two notches above the company's current rating. This difference results from the persistent weakness of Cosan's (Rumo's parent company) metrics.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

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