# Update: Simpar S.A.

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Primary Contact

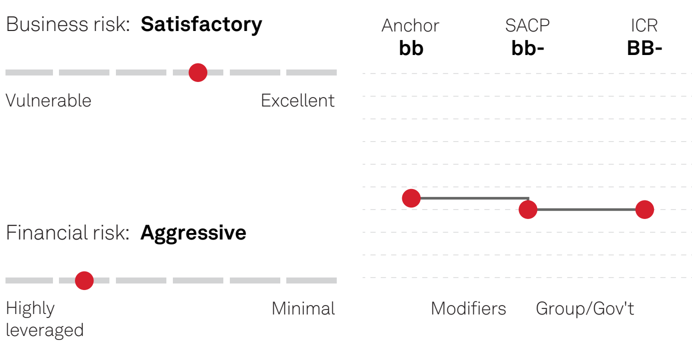
**Henrique Koch**
Sao Paulo
55-11-3039-9723
h.koch
@spglobal.com

Secondary Contact

**Luisa Vilhena**
Sao Paulo
55-11-3039-9727
luisa.vilhena
@spglobal.com

This report does not constitute a rating action.

## Ratings Score Snapshot




**Issuer credit rating**

**BB-/Stable/--**

ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

### Overview

| Key strengths | Key risks |
| --- | --- |
| The leading market positions of the main subsidiaries, and significant scale. | Persistently high interest rates in Brazil that weigh on interest coverage and debt service. |
| A good degree of predictability with its cash flow, from a diversified, long-term contract base. | Elevated consolidated leverage following a period of intensive capital expenditure. |
| The ability to generate cash through asset monetization. | Exposure to cyclicality in specific segments, such as the used vehicle market. |

**Simpar's strategy focuses on optimizing capital and reducing leverage.** Capital expenditure propelled significant growth not that long ago, but the group's scale since then has been facilitating a transition toward organic growth and, more importantly, an easing of balance sheet pressures. The reduction in net capex illustrates this strategic pivot: It declined to Brazilian real (R$) 7.4 billion in 2025 from R$11.1 billion in 2024, and we project that it'll be down to R$5.6 billion this year.

The group has also focused on other ways to reduce debt and the interest burden. The capital increase that concluded in May 2026, which included about R$1.2 billion from BNDESPar-BNDES Participacoes S.A., resulted in cash inflows of R$1.764 billion for Simpar, R$750 million for Movida Participacoes S.A., and R$600 million for Vamos Locacao de Caminhoes, Maquinas e Equipamentos S.A. And it has divested some unlisted companies: It divested Ciclus Rio for R$1.1 billion (equity value) in a process that concluded in December 2025, and it divested Ciclus Amazônia for R$277 million (equity value) in July 2026. Furthermore, Simpar on July 23 announced the sale of CS Porto Aratu for an enterprise value of R$1.8 billion (comprising R$750 million in equity value and R$1.0 billion in net debt). We believe the group could sell other noncore assets, but the timing and the amounts aren't clear at this point.

The capital increase and asset sales reflect a disciplined approach to capital allocation, helping to reduce debt at the holding company level. We expect that part of the proceeds will go toward reducing gross debt at the holding company level by about R$1 billion this year.

**Simpar's main subsidiaries are navigating their way through a high-interest-rate environment through contract renegotiations and enhanced asset utilization.** Although persistently elevated interest rates in Brazil continue to pressure credit metrics, the group is mitigating that through contract adjustments and improved operating efficiency.

At Movida, the strategy focuses on optimizing the rental mix to support recent margin expansion. It implemented rent-a-car tariffs that have outpaced inflation in recent years, but it's now balancing occasional higher-tariff rentals (with lower occupancy) against the stability of the long-term fleet management segment, which maintains occupancy rates above 95%.

At Vamos, the improved performance of the second leasing cycle is driving higher yields from existing assets with lower capital intensity. That underpins our expectation of resilient margins.

And at JSL S.A., the transition toward an asset-rental model will, in our view, optimize capital efficiency and reduce net capex to near zero in 2026. While the lagged effect of high interest rates on legacy contracts may cause short-term margin volatility, the ability to incorporate higher yields into new contracts provides a trajectory for improved profitability.

**The group's diversified business model and contract structure give it a buffer against macroeconomic volatility.** Long-term contracts support 70%-80% of operational cash flow from Simpar's core logistics and rental operations; this enhances revenue visibility and mitigates cyclicality. JSL's, Vamos', and Movida's leading market positions in their respective segments also support the group's resilience.

The agribusiness cycle does continue to test some segments, including Vamos and Automob. But the group's diversified exposure across logistics, vehicle rentals, and fleet management--and its exposure to different sectors of the economy--helps it mitigate concentrated sector risks.

**Our updated financial forecasts reflect our more conservative approach to the company's margins and a focus on reducing leverage gradually amid stubbornly high interest rates.** We revised our projections to account for macroeconomic difficulties--specifically, the effects of elevated base interest rates. We forecast average base interest rates of 14.3% in 2026 and 13.4% in 2027.

Despite our more conservative view on margins, our updated forecasts see increasing EBIT and cash flow over the next two years. This should result in EBIT interest coverage above 1.2x and funds from operations (FFO) to debt remaining above 15% throughout the forecast period.

We also expect a gradual decline in consolidated net debt, to R$46 billion by the end of 2026 and R$44.5 billion by the end of 2027 (from R$47.3 billion at the end of 2025). Because of this, we anticipate a gradual improvement in leverage metrics, with support from Simpar's ability to finance fleet renewal through internal cash flow and diverse funding sources (including recent subsidiary issuances and new multilateral credit lines).

# Outlook

The stable outlook reflects our view that Simpar will remain focused on efficiency measures to balance out sustained high interest rates. During the next few years, we don't envision large mergers or acquisitions, and we expect growth to be mostly organic. Our forecast sees FFO to debt in the vicinity of 19% in 2026 and above 22% in 2027, and it sees EBIT interest coverage at 1.2x in 2026 and close to 1.5x in 2027.

## Downside scenario

We could lower the ratings in the next 12-18 months if the group's cash flow sees additional strain amid higher-than-expected interest rates or weaker-than-expected operations.

Although it's unlikely considering the current focus on reducing leverage, we could also lower the ratings if the group adopts a more aggressive growth strategy that's funded with debt and not accompanied by cash flow. For a downgrade, we would need to see persistently higher leverage, with EBIT interest coverage below 1.3x on a sustained basis and FFO to debt below 12%.

## Upside scenario

In our view, an upgrade is unlikely in the next 12-18 months because of the high interest rates that are straining Simpar's credit metrics. We could upgrade the company if:

- We expect that its EBIT margin will stay comfortably above 20%,
- We expect that its EBIT interest coverage will surpass and stay at or above 1.7x, and
- We expect that its FFO to debt will consistently be above 20%.

# Our Base-Case Scenario

**Assumptions**

- GDP growth in Brazil of about 1.8% in 2026, 1.7% in 2027, and 2.2% in 2028
- Average inflation in Brazil of 4.7% in 2026, 4.1% in 2027, and 3.7% in 2028, affecting labor-related and fleet maintenance prices
- Average base interest rates of 14.3% in 2026, 13.4% in 2027, and 10.8% in 2028, influencing funding costs and rates for new fleet management contracts
- Consolidated revenue growth at Simpar of 10%-15% in 2026 and 5%-10% in 2027-2028
- Revenue growth at Vamos of 10%-15% in the next three years from new contracts with higher prices
- Revenue growth at Movida of 5%-10% in 2026-2028 from higher utilization rates amid a stable fleet size
- Revenue growth at JSL of 7%-12% in 2026-2028 because of the current backlog, new contracts, and price adjustments

- A continuation of good growth prospects at Automob amid synergies from past mergers and acquisitions, with revenue growth of 10%-15% in the next couple of years and a roughly 4% EBITDA margin
- Controlled working capital needs from the group in the next few years, with it continuing to have solid relationships with suppliers
- Debt refinancing across all of the subsidiaries, with gross debt being reduced this year by R$1 billion at the holding company level
- Dividend payouts of 25% of Simpar's prior-year net income

## Key metrics

**Simpar S.A.--Forecast summary**

| Period ending | Dec-31-2022 | Dec-31-2023 | Dec-31-2024 | Dec-31-2025 | Dec-31-2026 | Dec-31-2027 | Dec-31-2028 | Dec-31-2029 |
|---|---|---|---|---|---|---|---|---|
| (Mil. BRL) | 2022a | 2023a | 2024a | 2025a | 2026e | 2027f | 2028f | 2029f |
| Revenue | 24,382 | 31,844 | 41,063 | 43,528 | 49,088 | 53,604 | 57,868 | 62,442 |
| EBITDA (reported) | 7,013 | 8,373 | 10,747 | 13,057 | 13,017 | 14,233 | 15,586 | 16,979 |
| Plus/(less): Other | (75) | (175) | (243) | (1,093) | (174) | (222) | (222) | (222) |
| EBITDA | 6,938 | 8,198 | 10,504 | 11,964 | 12,843 | 14,011 | 15,364 | 16,757 |
| Less: Cash interest paid | (3,126) | (4,554) | (5,348) | (6,421) | (6,054) | (5,620) | (4,988) | (4,676) |
| Less: Cash taxes paid | (465) | (482) | (288) | (411) | (23) | (164) | (432) | (676) |
| Plus/(less): Other | 1,190 | 824 | 1,202 | 1,462 | 1,767 | 1,944 | 2,272 | 2,768 |
| Funds from operations (FFO) | 4,537 | 3,986 | 6,070 | 6,594 | 8,533 | 10,172 | 12,216 | 14,173 |
| EBIT | 6,270 | 5,973 | 7,738 | 8,297 | 9,320 | 10,253 | 11,720 | 13,376 |
| Interest expense | 3,904 | 4,475 | 6,015 | 7,174 | 7,500 | 6,974 | 6,209 | 5,830 |
| Cash flow from operations (CFO) | 2,363 | 2,162 | 5,590 | 7,346 | 7,065 | 8,647 | 10,719 | 12,700 |
| Capital expenditure (capex) | 13,462 | 7,940 | 11,096 | 7,380 | 5,564 | 5,418 | 5,330 | 5,506 |
| Free operating cash flow (FOCF) | (11,099) | (5,778) | (5,507) | (34) | 1,500 | 3,229 | 5,389 | 7,194 |
| Dividends | 415 | 482 | 157 | 229 | 100 | 32 | 290 | 764 |
| Share repurchases (reported) | 18 | 38 | 100 | 203 | 1,248 | -- | -- | -- |
| Discretionary cash flow (DCF) | (11,532) | (6,297) | (5,763) | (467) | 152 | 3,197 | 5,099 | 6,430 |
| Debt (reported) | 37,901 | 43,166 | 55,052 | 56,669 | 56,453 | 56,453 | 56,453 | 56,453 |

**Simpar S.A.--Forecast summary**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Plus: Lease liabilities debt | 1,924 | 2,137 | 2,346 | 2,405 | 2,886 | 3,319 | 3,650 | 3,833 |
| Less: Accessible cash and liquid Investments | (12,742) | (10,946) | (12,971) | (12,512) | (13,485) | (15,438) | (18,899) | (23,637) |
| Plus/(less): Other | 6,020 | 5,007 | 3,656 | 770 | (1,528) | (1,766) | (2,003) | (2,241) |
| Debt | 33,102 | 39,364 | 48,083 | 47,332 | 44,325 | 42,568 | 39,201 | 34,408 |
| Equity | 5,582 | 6,752 | 5,725 | 7,411 | 7,679 | 8,809 | 11,576 | 15,600 |
| **Adjusted ratios** | | | | | | | | |
| Debt/EBITDA (x) | 4.8 | 4.8 | 4.6 | 4.0 | 3.5 | 3.0 | 2.6 | 2.1 |
| FFO/debt (%) | 13.7 | 10.1 | 12.6 | 13.9 | 19.3 | 23.9 | 31.2 | 41.2 |
| EBITDA interest coverage (x) | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 | 2.0 | 2.5 | 2.9 |
| CFO/debt (%) | 7.1 | 5.5 | 11.6 | 15.5 | 15.9 | 20.3 | 27.3 | 36.9 |
| FOCF/debt (%) | (33.5) | (14.7) | (11.5) | (0.1) | 3.4 | 7.6 | 13.7 | 20.9 |
| DCF/debt (%) | (34.8) | (16.0) | (12.0) | (1.0) | 0.3 | 7.5 | 13.0 | 18.7 |
| Lease capex-adjusted FOCF/debt (%) | (35.8) | (16.5) | (13.4) | (1.9) | 0.1 | 3.6 | 9.3 | 16.2 |
| Annual revenue growth (%) | 75.8 | 30.6 | 29.0 | 6.0 | 12.8 | 9.2 | 8.0 | 7.9 |
| EBITDA margin (%) | 28.5 | 25.7 | 25.6 | 27.5 | 26.2 | 26.1 | 26.6 | 26.8 |
| Return on capital (%) | 20.4 | 14.1 | 15.5 | 15.3 | 17.5 | 19.8 | 22.9 | 26.5 |
| EBIT interest coverage (x) | 1.6 | 1.3 | 1.3 | 1.2 | 1.2 | 1.5 | 1.9 | 2.3 |
| Debt/debt and equity (%) | 85.6 | 85.4 | 89.4 | 86.5 | 85.2 | 82.9 | 77.2 | 68.8 |

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

# Company Description

Simpar is a privately owned entity headquartered in São Paulo. The group was founded in 1956, and it provides transportation and logistics services in Brazil and other countries through its subsidiaries: JSL, Movida, Vamos, CS Brasil, Automob, BBC Bank, and CS Infra.

Our expectation is that the group will post consolidated revenue of about R$49.5 billion and EBITDA of close to R$13.0 billion in 2026. We think Movida will account for 48% of EBITDA, Vamos 31%, JSL 15%, and the other subsidiaries 6%.

- Movida is Brazil's second-largest car rental company, offering car rental and fleet management services. It had a fleet of 267,256 cars and 388 stores as of March 30, 2026.
- Vamos is Brazil's leading company for renting trucks, machinery, and heavy equipment. It had a fleet of 50,980 (78% trucks and 22% equipment) as of March 30, 2026.

- JSL is Brazil's largest provider of logistics services and freight transportation. It segments its operations into three core areas: dedicated transportation solutions (JSL Serviços Dedicados; 73% of JSL's net revenue in the first quarter), warehousing and intralogistics (Intralog; 21%), and its digital logistics initiative (JSL Digital; 6%).
- Automob is Brazil's largest authorized light- and heavy-vehicle dealerships group. It operates 38 brands through 199 stores.
- BBC Bank mainly offers leasing, freight payments, and financial services to customers and suppliers.
- CS Brasil provides fleet management and outsourcing services to the public sector, as well as public passenger transport.
- CS Infra operates public concessions of ports, toll roads, and urban mobility infrastructure.

# Liquidity

We view Simpar's liquidity as adequate. We expect that cash sources over cash uses will be at comfortable levels over the next 12 months, at about 1.5x. In our view, the group will maintain significant cash holdings as it continues to extend its debt amortization profile.

In addition, we believe the group has proven access to diverse sources of funding, such as banks and the domestic capital markets. It has available committed credit lines of about R$1.6 billion.

| Principal liquidity sources | Principal liquidity uses |
| --- | --- |
| • Accessible cash position of R$13.7 billion as of March 30, 2026<br>• Total available credit lines of R$1.6 billion maturing beyond 12 months<br>• Proceeds of about R$710 million from asset sales to be received in the next 12 months (Ciclus Amazônia and CS Porto Aratu)<br>• Proceeds of roughly R$1.7 billion from the recent capital increase | • Short-term debt maturities of R$8.2 billion as of March 30, 2026<br>• Short-term acquisitions payable of R$385 million as of March 30, 2026<br>• Short-term assignment of credit rights of R$1.8 billion as of March 30, 2026<br>• Working capital needs of about R$500 million in the 12 months beginning March 30, 2026<br>• Net capex of R$5.5 billion in the next 12 months<br>• Dividend distribution of R$100 million in the next 12 months |

# Covenant Analysis

## Requirements

Simpar's financial flexibility is limited by debt-payment acceleration covenants on its debentures and notes, which require:

- Net debt to EBITDA-A of 3.5x and EBITDA-A to net interest at a minimum of 2.0x. These covenants apply to the local debentures and CRA (Certificado de Recebíveis do Agronegócio), and are of debt payment acceleration type.

- Net debt to EBITDA below 4.0x. This applies to the group's bond issuance. It doesn't trigger debt acceleration--it's an incurrence covenant that limits the ability to contract additional debt.

### Compliance expectations

We expect Simpar to comply with the net debt-to-EBITDA requirement in 2026 with a cushion of about 20%, and we think that cushion will rise above 30% in coming years with improving EBITDA. We also expect Simpar to maintain a cushion of more than 15% for the interest coverage ratio in 2026, and we think that cushion will rise above 30% in the next two years.

## Environmental, Social, And Governance

Environmental, social, and governance factors are a neutral consideration in our credit rating analysis of Simpar.

On one hand, the company operates mainly in the transportation and logistics segment, which contributes to increasing greenhouse gas emissions. On the other hand, Simpar and its subsidiaries are committed to reducing greenhouse gas emissions: They've implemented several initiatives, such as waste recycling, having a newer fleet with sophisticated technology that directly helps to reduce emissions, and having more electric vehicles in the fleet.

The holding company issued a sustainability-linked bond in January 2021, aiming to reduce greenhouse gas emissions 15% until 2030.

## Issue Ratings--Recovery Analysis

### Key analytical factors

- We rate the group's senior unsecured notes 'BB-' (the same as our issuer credit ratings), with a '4' recovery rating. The '4' recovery rating reflects our expectation of average (rounded estimate: 35%) recovery in the event of a payment default. This considers the expected recovery at each of Simpar's subsidiaries as well as the resulting debt structure of the nonoperating holding company.
- In our simulated default scenario, we contemplate a payment default in 2030. The simulated default scenario encompasses high default rates in Vamos' and JSL's portfolios of contracts, lower utilization rates at Movida's rent-a-car business, and an erosion of Brazil's used-car and truck market. All of this lowers the group's cash generation and limits its asset sales. This would hamper its capacity to service interest and principal payments. We also account for limited access to refinancing amid a long period of fragile credit conditions.
- We value the group by considering a combination of the EBITDA multiple and discrete asset valuation approaches. We value its logistics and other businesses using a 6.0x multiple applied to our projected emergence-level EBITDA, reflecting Simpar's continued solid growth prospects.
- The projected emergence-level EBITDA is R$4.2 billion, resulting in an estimated gross emergence value of about R$25.0 billion. We have valued Simpar's operating lease business segments with the discrete asset valuation approach, applying an overall haircut of 25%-30% to the asset bases of those subsidiaries. We arrive at a stressed valuation of about R$33.1 billion.

- We assume that the secured debt and the debt at JSL, Vamos, and Movida have priority over Simpar's unsecured debt in a hypothetical default scenario because those subsidiaries are not guarantors of the debt at the holding company level.

### Simulated default assumptions

- Year of default: 2030
- Jurisdiction: Brazil

### Simplified waterfall

- Consolidated enterprise value (net of 5% administrative expenses): R$56.8 billion (R$27.7 billion of which is attributed to Movida, R$17.3 billion of which is attributed to Vamos, and R$11.8 billion of which is attributed to JSL and the other subsidiaries)
- Debt position at subsidiaries: R$56.4 billion
- Senior unsecured debt at the holding company level: R$6.4 billion
- Recovery expectations for bonds at the holding company level: 30%-50% (rounded estimate: 35%)

Note: All debt amounts include six months of prepetition interest.

**Rating Component Scores**

| | |
|---|---|
| **Foreign currency issuer credit rating** | **BB-/Stable/--** |
| **Local currency issuer credit rating** | **BB-/Stable/--** |
| **Business risk** | **Satisfactory** |
| Country risk | Moderately High |
| Industry risk | Intermediate |
| Competitive position | Satisfactory |
| **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 | Negative (-1 notch) |
| **Stand-alone credit profile** | **bb-** |

## Related Criteria

- Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers, March 30, 2026
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 6, 2025
- 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: 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 | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 19, 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

## Related Research

- Tear Sheet: Vamos Locacao de Caminhoes, Maquinas e Equipamentos S.A., June 24, 2026
- Tear Sheet: JSL S.A., May 21, 2026
- Movida Participacoes S.A., April 16, 2026