MOODY'S
RATINGS

Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Simpar S.A.

26 Feb 2025

New York, February 26, 2025 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Simpar S.A. 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.moodys.com for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Simpar S.A.'s Ba3 rating primarily reflects its status as the holding company of one of the largest logistics, and vehicle and equipment rental groups in Brazil, with a significant size, scale and market position as the largest supply-chain management service provider and truck logistics transportation company in Brazil through JSL S.A. (JSL); largest truck and equipment leasing company in Brazil through Vamos Locação de Caminhões, Máquinas e Equipamentos S.A. (Vamos); and the second-largest renta-car and fleet management company through Movida Participações S.A. (Movida). The company's solid business model encompasses long-term service agreements, a wide service portfolio, a diversified client base and cross-selling opportunities, providing resiliency to operations during downturns, an additional credit positive. Simpar S.A.'s subsidiaries have flexible business models and a proven ability to manage the return on invested capital throughout the life cycle of its vehicles and equipment, ensuring adequate profitability and cash generation through economic cycles. The company's good liquidity and profitability also support the rating. In 2025 we expect Simpar's subsidiaries to reduce investment on growth thus reducing capital spending needs and allowing the group to improve cash flow generation.

The rating is primarily constrained by the group's high consolidated Moody's-adjusted leverage. We estimate leverage will reach 5.0x by year-end 2024 and 4.3x in 2025. During growth periods the group's consolidated free cash flow should remain negative posing an additional risk, but the group has the flexibility to reduce expansion capital spending and sell its unencumbered light and heavy vehicle fleet in case of need, helping the group generate cash and reduce debt. Finally, Simpar S.A.'s capital allocation strategy could lead to notching considerations of debt issued at the parent level in case of structural subordination in the future.

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 Surface Transportation and Logistics published in December 2021. Please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non-EU rated, non-UK rated, non-EU endorsed and non-UK endorsed ratings may be referenced herein to the extent necessary, if they are part of the same organization list.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Erick Rodrigues
Vice President - Senior Analyst

Marcos Schmidt
Associate Managing Director

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

entity you represent will directly or indirectly disseminate this document or its contents to “retail clients” within the meaning of section 761G of the Corporations Act 2001. MOODY’S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody’s credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody’s Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion (“SPO”) nor a Net Zero Assessment (“NZA”) is a “credit rating”. The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of “Ancillary Businesses”, not “Credit Rating Business”, and are not subject to the regulations applicable to “Credit Rating Business” under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, “PRC” refers to the mainland of the People’s Republic of China, excluding Hong Kong, Macau and Taiwan.