



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 rent-a-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.

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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

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