



# *Interim Financial Information*

*June 30, 2016*



(A free translation of the original in Portuguese)

**Localiza Rent a Car S.A.**  
**Interim financial information (ITR) at**  
**June 30, 2016**  
**and report on review of**  
**quarterly information**

(A free translation of the original in Portuguese)

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Registration Form - 2016 - LOCALIZA RENT A CAR S.A.

Version: 1

## 1. General Information

<b>Corporate name</b>	LOCALIZA RENT A CAR S.A.	
<b>Date of adoption of the corporate name</b>	10/2/1995	
<b>Type</b>	Publicly-held corporation	
<b>Previous corporate name</b>	LOCALIZA RENT A CAR LTDA.	
<b>Date of establishment</b>	9/28/1973	
<b>Federal Corporate Taxpayers' Registration Number (CNPJ)</b>	16.670.085/0001-55	
<b>Brazilian Securities Commission (CVM) code</b>	1973-9	
<b>CVM registration date</b>	5/6/05	
<b>CVM registration status</b>	Active	
<b>Date of effectiveness of status</b>	5/6/05	
<b>Home country</b>	Brazil	
<b>Country in which the securities are held in custody</b>	Brazil	
<b>Other countries in which the securities can be traded</b>		
<b>Activity sector</b>	<b>Country</b>	<b>Date of admission</b>
	Transportation and Logistics Services	
<b>Description of activities</b>	Car and fleet rental	
<b>Issuer category</b>	Category A	
<b>Date of registration in the current category</b>	1/1/10	
<b>Issuer status</b>	Operating phase	
<b>Date of effectiveness of status</b>	5/6/05	
<b>Type of ownership control</b>	Private	
<b>Date of last change in ownership control</b>	9/3/15	
<b>Date of last change of the fiscal year</b>		
<b>Month/day of the end of the fiscal year</b>	12/31	
<b>Issuer's website on the Internet</b>	www.localiza.com	
<b>Newspapers in which the issuer discloses its information</b>	<b>Name of newspapers in which the issuer discloses its information</b>	<b>State</b>
	Diário Oficial de Minas Gerais (Minas Gerais Official Gazette)	MG
	Jornal Diário do Comércio	MG
	Online Portal - "Rede Divulgação" - www.rededivulgacao.com.br	BR

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**2. Address**

<b>Mail address</b>	Av Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902, Telephone (31) 32477753, Fax (31) 32477755, E-mail controladoria@localiza.com
<b>Headquarters' address</b>	Av Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902, Telephone (31) 32477753, Fax (31) 32477755, E-mail controladoria@localiza.com

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### 3. Securities

#### Shares

Market	Managing entity	Beginning	Trading		Trading segment	Beginning	Listing	
			End				End	
Stock exchange	BM&FBOVESPA	5/6/05			New Market	5/23/05		

#### Debentures

Market	Managing entity	Beginning	Trading		Trading segment	Beginning	Listing	
			End				End	
Stock exchange	BM&FBOVESPA	7/2/07			Traditional	7/10/07		
Organized OTC	CETIP	5/5/10			Traditional	5/10/10		

#### Commercial notes

Market	Managing entity	Beginning	Trading		Trading segment	Beginning	Listing	
			End				End	
Organized OTC	CETIP	12/29/10			Traditional	12/29/10		

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4. Auditor

**Does the Issuer have an auditor?** YES

**CVM code** 287-9

**Type of auditor** Brazilian Firm

**Name/Corporate name** PricewaterhouseCoopers Auditores Independentes

**Individual Taxpayers' Registration Number (CPF)/  
Federal Corporate Taxpayers' Registration Number (CNPJ)** 61.562.112/0005-54

**Period of services** 3/26/12

Partner responsible	Period of services	CPF
Guilherme Campos e Silva	3/26/12	714.114.966-04

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5. Share Registrar

Does the Company have a service provider?	YES
Corporate name	Banco Bradesco S.A.
CNPJ	60.746.948/0001-12
Period of services	5/6/05
Service address	Av. Yara, Prédio Amarelo, s/n, Cidade de Deus, São Paulo, SP, Brasil, CEP 06029-900, Telephone (31) 36849441, Fax (31) 36843811, E-mail 4010.acoes@bradesco.com.br



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## 6. Investor Relations Officer or Equivalent

<b>Name</b>	Roberto Antônio Mendes
	Investor Relations Officer
<b>CPE/CNPJ</b>	137.768.946-87
<b>Mail address</b>	Av. Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902, Telephone (31) 32477040, Fax (31) 32477755, E-mail ri@localiza.com
<b>Date when the person assumed the position</b>	1/3/05
<b>Date when the person left the position</b>	

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## 7. Shareholders' Department

**CONTACT** **Nora Mascarenhas Lanari**

**Date when the person  
assumed the position** **11/8/12**

**Date when the person left  
the position**

**Mail address** Av Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902,  
Telephone (31) 32477039, Fax (31) 32477755, E-mail ri@localiza.com

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### Company information / capital structure

<b>Number of shares (In thousands)</b>	<b>Current quarter 6/30/16</b>
<b>Paid-up capital</b>	
<b>Common shares</b>	211,793
<b>Preferred shares</b>	0
<b>Total</b>	211,793
<b>Treasury shares</b>	
<b>Common shares</b>	3,519
<b>Preferred shares</b>	0
<b>Total</b>	3,519

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### Company information/cash dividends

<b>Event</b>	<b>Approval</b>	<b>Description</b>	<b>Initial date of payment</b>	<b>Type of share</b>	<b>Class of share</b>	<b>Earnings per share (Real/share)</b>
Board of Directors' Meeting	12/10/15	Interest on capital	1/28/16	Common		0.15948
Board of Directors' Meeting	3/17/16	Interest on capital	5/12/16	Common		0.17015
Board of Directors' Meeting	6/23/16	Interest on capital	8/17/16	Common		0.17660
Ordinary General Meeting	4/29/16	Dividend	5/20/16	Common		0.00500

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**Parent company financial statements / balance sheet - assets**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 6/30/16</b>	<b>Prior year 12/31/15</b>
1	Total assets	5,213,008	4,956,994
1.01	Current assets	1,443,984	1,312,424
1.01.01	Cash and cash equivalents	977,017	881,659
1.01.03	Accounts receivable	375,983	374,843
1.01.03.01	Trade receivables	375,983	374,843
1.01.06	Recoverable taxes	15,480	11,597
1.01.06.01	Current recoverable taxes	15,480	11,597
1.01.07	Prepaid expenses	18,623	157
1.01.08	Other current assets	56,881	44,168
1.01.08.01	Non-current assets held for sale	2,336	2,421
1.01.08.03	Other	54,545	41,747
1.01.08.03.01	Dividends receivable	0	10,639
1.01.08.03.02	Other	53,184	31,108
1.01.08.03.03	Derivative instruments - swap	1,361	0
1.02	Non-current assets	3,769,024	3,644,570
1.02.01	Long-term assets	34,144	79,898
1.02.01.08	Receivables from related parties	729	683
1.02.01.08.02	Receivables from subsidiaries	729	683
1.02.01.09	Other non-current assets	33,415	79,215
1.02.01.09.03	Escrow deposits	33,332	33,552
1.02.01.09.04	Other	83	83
1.02.01.09.05	Derivative instruments - swap	0	45,580
1.02.02	Investments	904,746	877,015
1.02.02.01	Equity interests	904,746	877,015
1.02.02.01.02	Interests in subsidiaries	904,746	877,015
1.02.03	Property and equipment	2,771,812	2,625,539
1.02.03.01	Property and equipment in service	2,767,794	2,617,524
1.02.03.02	Property and equipment leased	3,169	3,952
1.02.03.03	Property and equipment in progress	849	4,063
1.02.04	Intangible asset	58,322	62,118
1.02.04.01	Intangible assets	58,322	62,118
1.02.04.01.02	Software in service	58,070	61,773
1.02.04.01.03	Software leased	252	345

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**Parent company financial statements / balance sheet - liabilities and equity**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 6/30/16</b>	<b>Prior year 12/31/15</b>
2	Total liabilities and equity	5,213,008	4,956,994
2.01	Current liabilities	1,175,308	942,971
2.01.01	Social and labor obligations	63,729	65,292
2.01.01.01	Social obligations	7,408	8,518
2.01.01.02	Labor obligations	56,321	56,774
2.01.02	Trade payables	608,469	589,175
2.01.02.01	Domestic trade payables	608,469	588,721
2.01.02.02	Foreign trade payables	0	454
2.01.03	Tax obligations	10,550	12,321
2.01.03.01	Federal tax obligations	8,991	11,287
2.01.03.01.01	Income tax and social contribution payable	2,903	4,883
2.01.03.01.02	Other federal taxes	6,088	6,404
2.01.03.03	Municipal tax obligations	1,559	1,034
2.01.04	Loans and financing	406,900	167,210
2.01.04.01	Loans and financing	227,045	19
2.01.04.01.02	In foreign currency	227,045	19
2.01.04.02	Debentures	178,662	165,706
2.01.04.03	Finance leases	1,193	1,485
2.01.05	Other obligations	85,660	108,973
2.01.05.01	Payables to related parties	1,546	1,987
2.01.05.01.02	Payables to subsidiaries	1,546	1,987
2.01.05.02	Other	84,114	106,986
2.01.05.02.01	Dividends and interest on capital payable	31,311	29,306
2.01.05.02.04	Other current liabilities	52,803	77,680
2.02	Non-current liabilities	1,963,489	2,072,446
2.02.01	Loans and financing	1,850,416	1,962,858
2.02.01.01	Loans and financing	0	273,336
2.02.01.01.02	In foreign currency	0	273,336
2.02.01.02	Debentures	1,849,833	1,688,320
2.02.01.03	Finance leases	583	1,202
2.02.02	Other obligations	7,739	7,432
2.02.02.02	Other	7,739	7,432
2.02.02.02.03	Other non-current liabilities	7,739	7,432
2.02.03	Deferred taxes	51,427	48,575
2.02.03.01	Deferred income tax and social contribution	51,427	48,575
2.02.04	Provisions	53,894	53,539
2.02.04.01	Tax, social security, labor and civil provisions	53,894	53,539
2.02.04.01.01	Tax provisions	4,818	2,075
2.02.04.01.02	Social security and labor provisions	36,473	40,645
2.02.04.01.04	Civil provisions	12,603	10,819
2.02.06	Deferred revenues	13	42
2.02.06.02	Deferred revenues	13	42
2.03	Equity	2,074,211	1,941,577
2.03.01	Share capital	976,708	976,708
2.03.02	Capital reserves	39,745	35,923
2.03.02.01	Share premium	100,874	99,321
2.03.02.04	Options granted	15,651	14,590
2.03.02.05	Treasury shares	-76,780	-77,988
2.03.04	Revenue reserves	928,946	928,946
2.03.04.01	Legal reserve	100,159	100,159
2.03.04.02	Statutory reserve	828,787	828,787
2.03.05	Retained earnings	128,812	0

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**Parent company financial statements / income statement**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 4/1/16 to 6/30/16</b>	<b>Accumulated of current year 1/1/16 to 6/30/16</b>	<b>Same quarter of prior year 4/1/15 to 6/30/15</b>	<b>Accumulated of prior year 1/1/15 to 6/30/15</b>
3.01	Revenue from sale of goods and/or services	717,813	1,476,467	701,821	1,448,216
3.02	Cost of goods and/or services sold	-528,297	-1,083,684	-509,996	-1,054,793
3.03	Gross profit	189,516	392,783	191,825	393,423
3.04	Operating income/expenses	-47,282	-90,177	-40,890	-80,962
3.04.01	Selling expenses	-64,350	-131,465	-67,586	-134,705
3.04.02	General and administrative expenses	-31,963	-63,106	-31,649	-56,880
3.04.05	Other operating expenses	137	22	246	-1,112
3.04.06	Equity in results of investees	48,894	104,372	58,099	111,735
3.05	Result from operations before finance result and taxes	142,234	302,606	150,935	312,461
3.06	Financial result	-38,753	-90,279	-51,448	-99,715
3.06.01	Financial income	41,005	73,010	29,205	52,621
3.06.02	Financial expenses	-79,758	-163,289	-80,653	-152,336
3.07	Net income before taxes on income	103,481	212,327	99,487	212,746
3.08	Income tax and social contribution	-5,479	-11,311	-6,136	-19,116
3.08.01	Current	-3,044	-8,459	1	-8,791
3.08.02	Deferred	-2,435	-2,852	-6,137	-10,325
3.09	Net income from continuing operations	98,002	201,016	93,351	193,630
3.11	Net income for the period	98,002	201,016	93,351	193,630
3.99	Earnings per share (real/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.47061	0.96552	0.44668	0.92709
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.46984	0.96411	0.44548	0.92459



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**Parent company financial statements / statement of comprehensive income**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 4/1/16 to 6/30/16</b>	<b>Accumulated of current year 1/1/16 to 6/30/16</b>	<b>Same quarter of prior year 4/1/15 to 6/30/15</b>	<b>Accumulated of prior year 1/1/15 to 6/30/15</b>
4.01	Net income for the period	98,002	201,016	93,351	193,630
4.03	Comprehensive income for the period	98,002	201,016	93,351	193,630

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**Parent company financial statements / statement of cash flows - indirect method**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Accumulated of current year 1/1/16 to 6/30/16</b>	<b>Accumulated of prior year 1/1/15 to 6/30/15</b>
6.01	Net cash provided by (used in) operating activities	-74,484	-40,434
6.01.01	Cash flows provided by operating activities	894,221	882,141
6.01.01.01	Net income for the period	201,016	193,630
6.01.01.02	Depreciations and amortizations	48,005	35,862
6.01.01.03	Residual value of property and equipment disposals	739,679	738,210
6.01.01.04	Deferred income tax and social contribution	2,852	10,325
6.01.01.05	Equity in results of investees	-104,372	-111,735
6.01.01.06	Other	7,041	15,849
6.01.02	Assets and liabilities changes	-810,088	-774,502
6.01.02.01	Trade receivables	-5,113	28,000
6.01.02.02	Acquisition of cars, net of changes in balances with car manufacturers	-907,826	-914,341
6.01.02.03	Escrow deposits	220	-8,365
6.01.02.04	Recoverable taxes	-3,883	-33,410
6.01.02.05	Other current and non-current assets	-38,946	-27,335
6.01.02.06	Trade payables (except car manufacturers)	3,564	5,305
6.01.02.07	Social and labor obligations	-1,563	-1,670
6.01.02.08	Income tax and social contribution	8,459	8,791
6.01.02.09	Interest on loans, financing, debentures and fixed-rate swap	160,598	148,904
6.01.02.10	Insurance premiums	-6,310	21,696
6.01.02.11	Other current and non-current liabilities	-19,288	-2,077
6.01.03	Other	-158,617	-148,073
6.01.03.01	Income tax and social contribution paid	-10,441	-13,819
6.01.03.02	Interest on loans, financing and debentures paid	-148,176	-134,254
6.02	Net cash provided by investing activities	79,168	172,541
6.02.01	Purchases of other property and equipment	-5,328	-4,799
6.02.02	Purchases of intangible assets	-2,804	-4,932
6.02.03	Capital increase in subsidiaries	0	-109
6.02.04	Dividends from subsidiaries	87,300	182,381
6.03	Net cash provided by (used in) financing activities	90,674	-144,398
6.03.01	Loans and financing - proceeds	0	226,056
6.03.02	Loans and financing - repayments	-868	-124,011
6.03.03	Debentures - proceeds	197,413	496,771
6.03.04	Debentures - repayments	-37,500	-668,000
6.03.05	Dividends	-1,042	-44,660
6.03.06	Interest on capital	-68,620	-39,299
6.03.08	Treasury shares	0	-9,027
6.03.09	Stock options exercised with treasury shares, net	1,291	17,772
6.05	Increase (decrease) in cash and cash equivalents	95,358	-12,291
6.05.01	Cash and cash equivalents at the beginning of the period	881,659	810,911
6.05.02	Cash and cash equivalents at the end of the period	977,017	798,620

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**Parent company financial statements / statement of changes in equity - 1/1/16 to 6/30/16**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings (accumulated losses)</b>	<b>Other comprehensive income</b>	<b>Equity</b>
5.01	Opening balances	976,708	35,923	928,946	0	0	1,941,577
5.03	Adjusted opening balances	976,708	35,923	928,946	0	0	1,941,577
5.04	Capital transactions with shareholders	0	3,822	0	-72,204	0	-68,382
5.04.03	Options granted recognized	0	2,531	0	0	0	2,531
5.04.05	Treasury shares sold	0	1,291	0	0	0	1,291
5.04.07	Interest on capital	0	0	0	-72,204	0	-72,204
5.05	Total comprehensive income	0	0	0	201,016	0	201,016
5.05.01	Net income	0	0	0	201,016	0	201,016
5.07	Closing balances	976,708	39,745	928,946	128,812	0	2,074,211

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Version: 1

**Parent company financial statements / statement of changes in equity - 1/1/15 to 6/30/15**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings (accumulated losses)</b>	<b>Other comprehensive income</b>	<b>Equity</b>
5.01	Opening balances	976,708	40,428	638,368	0	0	1,655,504
5.03	Adjusted opening balances	976,708	40,428	638,368	0	0	1,655,504
5.04	Capital transactions with shareholders	0	11,147	0	-48,091	0	-36,944
5.04.03	Options granted recognized	0	2,402	0	0	0	2,402
5.04.04	Treasury shares purchased	0	-9,027	0	0	0	-9,027
5.04.05	Treasury shares sold	0	17,772	0	0	0	17,772
5.04.07	Interest on capital	0	0	0	-48,091	0	-48,091
5.05	Total comprehensive income	0	0	0	193,630	0	193,630
5.05.01	Net income	0	0	0	193,630	0	193,630
5.07	Closing balances	976,708	51,575	638,368	145,539	0	1,812,190

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**Parent company financial statements / statement of value added**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/16 to 6/30/16</b>	<b>Accumulated - prior year 1/1/15 to 6/30/15</b>
7.01	Revenue	1,502,684	1,469,605
7.01.01	Sale of goods and services	1,503,692	1,473,200
7.01.03	Revenues related to the construction of own assets	2,965	2,779
7.01.04	Provision/reversal for impairment of trade receivables	-3,973	-6,374
7.02	Inputs acquired from third parties	-931,217	-933,747
7.02.01	Cost of products, goods and services sold	-851,438	-857,451
7.02.02	Materials, energy, third-party services and other	-79,779	-76,296
7.03	Gross value added	571,467	535,858
7.04	Retentions	-48,005	-35,862
7.04.01	Depreciation, amortization and depletion	-48,005	-35,862
7.05	Net value added	523,462	499,996
7.06	Value added received through transfer	177,382	164,356
7.06.01	Equity in results of investees	104,372	111,735
7.06.02	Financial income	73,010	52,621
7.07	Total net value added for distribution	700,844	664,352
7.08	Distribution of value added	700,844	664,352
7.08.01	Personnel	160,659	154,522
7.08.01.01	Salaries and wages	125,116	121,915
7.08.01.02	Benefits	24,233	22,508
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	8,779	7,875
7.08.01.04	Other	2,531	2,224
7.08.02	Taxes, charges and contributions	98,628	98,373
7.08.02.01	Federal	63,515	68,937
7.08.02.02	State	29,182	23,777
7.08.02.03	Municipal	5,931	5,659
7.08.03	Remuneration of third parties' capital	240,541	217,827
7.08.03.01	Interest	163,289	152,336
7.08.03.02	Rentals	71,409	60,438
7.08.03.03	Other	5,843	5,053
7.08.04	Remuneration of own capital	201,016	193,630
7.08.04.01	Interest on capital	72,204	48,091
7.08.04.03	Retained earnings	128,812	145,539

(A free translation of the original in Portuguese)

ITR - Interim Financial Information - 6/30/16 - LOCALIZA RENT A CAR S.A.

Version: 1

## Consolidated financial statements / balance sheet - assets

(In thousands of Brazilian reais)

Code	Description	Current quarter 6/30/16	Prior year 12/31/15
1	Total assets	6,324,882	6,123,024
1.01	Current assets	2,064,804	2,005,577
1.01.01	Cash and cash equivalents	1,467,113	1,385,103
1.01.03	Accounts receivables	453,691	486,072
1.01.03.01	Trade receivables	453,691	486,072
1.01.06	Recoverable taxes	29,927	25,498
1.01.06.01	Current recoverable taxes	29,927	25,498
1.01.07	Prepaid expenses	27,876	157
1.01.08	Other current assets	86,197	108,747
1.01.08.01	Non-current assets held for sale	6,490	31,780
1.01.08.03	Other	79,707	76,967
1.01.08.03.01	Derivative instruments - swap	1,361	0
1.01.08.03.02	Other	78,346	76,967
1.02	Non-current assets	4,260,078	4,117,447
1.02.01	Long-term assets	59,759	103,300
1.02.01.03	Accounts receivable	3,762	4,737
1.02.01.03.01	Trade receivables	3,762	4,737
1.02.01.09	Other non-current assets	55,997	98,563
1.02.01.09.03	Escrow deposits	54,451	52,900
1.02.01.09.04	Other	83	83
1.02.01.09.06	Derivative instruments - swap	1,463	45,580
1.02.03	Property and equipment	4,115,024	3,925,027
1.02.03.01	Property and equipment in service	3,583,167	3,372,180
1.02.03.02	Property and equipment leased	531,008	548,784
1.02.03.03	Property and equipment in progress	849	4,063
1.02.04	Intangible asset	85,295	89,120
1.02.04.01	Intangible assets	85,295	89,120
1.02.04.01.02	Goodwill on acquisition of investments	22,077	22,077
1.02.04.01.03	Software in service	62,966	66,698
1.02.04.01.04	Software leased	252	345

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ITR - Interim Financial Information - 6/30/16 - LOCALIZA RENT A CAR S.A.

Version: 1

## Consolidated financial statements / balance sheet - liabilities and equity

(In thousands of Brazilian reais)

Code	Description	Current quarter 6/30/16	Prior year 12/31/15
2	Total liabilities and equity	6,324,882	6,123,024
2.01	Current liabilities	1,552,030	1,356,058
2.01.01	Social and labor obligations	81,522	85,590
2.01.01.01	Social obligations	9,470	11,172
2.01.01.02	Labor obligations	72,052	74,418
2.01.02	Trade payables	710,128	690,594
2.01.02.01	Domestic trade payables	710,128	690,140
2.01.02.02	Foreign trade payables	0	454
2.01.03	Tax obligations	27,594	41,810
2.01.03.01	Federal tax obligations	24,749	38,478
2.01.03.01.01	Income tax and social contribution payable	16,689	28,250
2.01.03.01.02	Other federal taxes	8,060	10,228
2.01.03.03	Municipal tax obligations	2,845	3,332
2.01.04	Loans and financing	642,028	422,383
2.01.04.01	Loans and financing	238,584	6,673
2.01.04.01.01	In local currency	11,539	6,654
2.01.04.01.02	In foreign currency	227,045	19
2.01.04.02	Debentures	178,662	165,706
2.01.04.03	Finance leases	224,782	250,004
2.01.05	Other obligations	90,758	115,681
2.01.05.02	Other	90,758	115,681
2.01.05.02.01	Dividends and interest on capital payable	31,311	29,306
2.01.05.02.04	Other current liabilities	59,447	86,375
2.02	Non-current liabilities	2,698,641	2,825,389
2.02.01	Loans and financing	2,452,383	2,596,893
2.02.01.01	Loans and financing	534,841	824,149
2.02.01.01.01	In local currency	534,841	550,813
2.02.01.01.02	In foreign currency	0	273,336
2.02.01.02	Debentures	1,849,833	1,688,320
2.02.01.03	Finance leases	67,709	84,424
2.02.02	Other obligations	9,544	9,228
2.02.02.02	Other	9,544	9,228
2.02.02.02.03	Other non-current liabilities	9,544	9,228
2.02.03	Deferred taxes	160,550	141,614
2.02.03.01	Deferred income tax and social contribution	160,550	141,614
2.02.04	Provisions	69,128	68,321
2.02.04.01	Tax, social security, labor and civil provisions	69,128	68,321
2.02.04.01.01	Tax provisions	8,828	5,190
2.02.04.01.02	Social security and labor provisions	45,878	50,252
2.02.04.01.04	Civil provisions	14,422	12,879
2.02.06	Deferred revenues	7,036	9,333
2.02.06.02	Deferred revenues	7,036	9,333
2.03	Consolidated equity	2,074,211	1,941,577
2.03.01	Share capital	976,708	976,708
2.03.02	Capital reserves	39,745	35,923
2.03.02.01	Share premium	100,874	99,321
2.03.02.04	Options granted	15,651	14,590
2.03.02.05	Treasury shares	-76,780	-77,988
2.03.04	Revenue reserves	928,946	928,946
2.03.04.01	Legal reserve	100,159	100,159
2.03.04.02	Statutory reserve	828,787	828,787
2.03.05	Retained earnings	128,812	0

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ITR - Interim Financial Information - 6/30/16 - LOCALIZA RENT A CAR S.A.

Version: 1

## Consolidated financial statements / income statement

(In thousands of Brazilian reais)

Code	Description	Current quarter 4/1/16 to 6/30/16	Accumulated of current year 1/1/16 to 6/30/16	Same quarter of prior year 4/1/15 to 6/30/15	Accumulated of prior year 1/1/15 to 6/30/15
3.01	Revenue from sale of goods and/or services	963,143	2,010,108	949,434	1,956,431
3.02	Cost of goods and/or services sold	-662,637	-1,383,265	-645,233	-1,346,814
3.03	Gross profit	300,506	626,843	304,201	609,617
3.04	Operating income (expenses)	-121,479	-245,373	-124,917	-244,096
3.04.01	Selling expenses	-82,274	-167,949	-87,847	-174,248
3.04.02	General and administrative expenses	-39,348	-77,416	-37,444	-68,649
3.04.05	Other operating expenses	143	-8	374	-1,199
3.05	Results from operations before finance result and taxes	179,027	381,470	179,284	365,521
3.06	Financial result	-49,489	-117,158	-51,461	-99,423
3.06.01	Financial income	55,381	99,930	44,671	82,579
3.06.02	Financial expenses	-104,870	-217,088	-96,132	-182,002
3.07	Net income before taxes on income	129,538	264,312	127,823	266,098
3.08	Income tax and social contribution	-31,536	-63,296	-34,472	-72,468
3.08.01	Current	-18,794	-44,360	-20,706	-51,405
3.08.02	Deferred	-12,742	-18,936	-13,766	-21,063
3.09	Net income from continuing operations	98,002	201,016	93,351	193,630
3.11	Consolidated net income for the period	98,002	201,016	93,351	193,630
3.11.01	Attributable to shareholders of the parent company	98,002	201,016	93,351	193,630
3.99	Earnings per share (real/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.47061	0.96552	0.44668	0.92709
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.46984	0.96411	0.44548	0.92459



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ITR - Interim Financial Information - 6/30/16 - LOCALIZA RENT A CAR S.A.

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**Consolidated financial statements / statement of comprehensive income**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 4/1/16 to 6/30/16</b>	<b>Accumulated - current year 1/1/16 to 6/30/16</b>	<b>Same quarter of prior year 4/1/15 to 6/30/15</b>	<b>Accumulated - prior year 1/1/15 to 6/30/15</b>
4.01	Consolidated net income for the period	98,002	201,016	93,351	193,630
4.03	Consolidated comprehensive income for the period	98,002	201,016	93,351	193,630
4.03.01	Attributable to shareholders of the parent company	98,002	201,016	93,351	193,630

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ITR - Interim Financial Information - 6/30/16 - LOCALIZA RENT A CAR S.A.

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## Consolidated financial statements / statement of cash flows - indirect method

(In thousands of Brazilian reais)

Code	Description	Accumulated of current year 1/1/16 to 6/30/16	Accumulated of prior year 1/1/15 to 6/30/15
6.01	Net cash provided by operating activities	73,127	7,049
6.01.01	Cash flows provided by operating activities	1,240,926	1,224,912
6.01.01.01	Net income for the period	201,016	193,630
6.01.01.02	Depreciation and amortization	111,226	102,346
6.01.01.03	Residual value of property and equipment disposals	901,444	889,290
6.01.01.04	Deferred income tax and social contribution	18,936	21,063
6.01.01.05	Other	8,304	18,583
6.01.02	Assets and liabilities changes	-905,168	-989,238
6.01.02.01	Trade receivables	28,573	33,247
6.01.02.02	Acquisition of cars, net of changes in balances with car manufacturers	-1,114,163	-1,169,552
6.01.02.03	Escrow deposits	-1,551	-9,735
6.01.02.04	Recoverable taxes	-4,439	-48,235
6.01.02.05	Other current and non-current assets	-27,457	-55,548
6.01.02.06	Trade payables (except car manufacturers)	-196	2,535
6.01.02.07	Social and labor obligations	-4,068	-4,940
6.01.02.08	Income tax and social contribution	44,360	51,405
6.01.02.09	Interest on loans, financing, debentures and fixed-rate swap	206,043	194,773
6.01.02.10	Insurance premiums	-6,310	21,696
6.01.02.11	Other current and non-current liabilities	-25,960	-4,884
6.01.03	Other	-262,631	-228,625
6.01.03.01	Income tax and social contribution paid	-55,924	-56,094
6.01.03.02	Interest on loans, financing and debentures paid	-206,707	-172,531
6.02	Net cash used in investing activities	-41,301	-56,781
6.02.01	Purchases of other property and equipment	-37,838	-51,119
6.02.02	Purchases of intangible assets	-3,463	-5,662
6.03	Net cash provided by (used in) financing activities	50,184	-116,846
6.03.01	Loans and financing - proceeds	108,117	365,028
6.03.02	Loans and financing - repayments	-149,475	-235,431
6.03.03	Debentures - proceeds	197,413	496,771
6.03.04	Debentures - repayments	-37,500	-668,000
6.03.05	Dividends	-1,042	-44,660
6.03.06	Interest on capital	-68,620	-39,299
6.03.07	Treasury shares	0	-9,027
6.03.08	Stock options exercised with treasury shares, net	1,291	17,772
6.05	Increase (decrease) in cash and cash equivalents	82,010	-166,578
6.05.01	Cash and cash equivalents at the beginning of the period	1,385,103	1,390,189
6.05.02	Cash and cash equivalents at the end of the period	1,467,113	1,223,611

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ITR - Interim Financial Information - 6/30/16 - LOCALIZA RENT A CAR S.A.

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**Consolidated financial statements / statement of changes in equity - 1/1/16 to 6/30/16**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings (accumulated losses)</b>	<b>Other comprehensive income</b>	<b>Equity</b>	<b>Non- controlling interests</b>	<b>Consolidated equity</b>
5.01	Opening balances	976,708	35,923	928,946	0	0	1,941,577	0	1,941,577
5.03	Adjusted opening balances	976,708	35,923	928,946	0	0	1,941,577	0	1,941,577
5.04	Capital transactions with shareholders	0	3,822	0	-72,204	0	-68,382	0	-68,382
5.04.03	Options granted recognized	0	2,531	0	0	0	2,531	0	2,531
5.04.05	Treasury shares sold	0	1,291	0	0	0	1,291	0	1,291
5.04.07	Interest on capital	0	0	0	-72,204	0	-72,204	0	-72,204
5.05	Total comprehensive income	0	0	0	201,016	0	201,016	0	201,016
5.05.01	Net income	0	0	0	201,016	0	201,016	0	201,016
5.07	Closing balances	976,708	39,745	928,946	128,812	0	2,074,211	0	2,074,211

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ITR - Interim Financial Information - 6/30/16 - LOCALIZA RENT A CAR S.A.

Version: 1

**Consolidated financial statements / statement of changes in equity - 1/1/15 to 6/30/15**

**(In thousands of Brazilian reais)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings (accumulated losses)</b>	<b>Other comprehensive income</b>	<b>Equity</b>	<b>Non- controlling interests</b>	<b>Consolidated equity</b>
5.01	Opening balances	976,708	40,428	638,368	0	0	1,655,504	0	1,655,504
5.03	Adjusted opening balances	976,708	40,428	638,368	0	0	1,655,504	0	1,655,504
5.04	Capital transactions with shareholders	0	11,147	0	-48,091	0	-36,944	0	-36,944
5.04.03	Options granted recognized	0	2,402	0	0	0	2,402	0	2,402
5.04.04	Treasury shares purchased	0	-9,027	0	0	0	-9,027	0	-9,027
5.04.05	Treasury shares sold	0	17,772	0	0	0	17,772	0	17,772
5.04.07	Interest on capital	0	0	0	-48,091	0	-48,091	0	-48,091
5.05	Total comprehensive income	0	0	0	193,630	0	193,630	0	193,630
5.05.01	Net income	0	0	0	193,630	0	193,630	0	193,630
5.07	Closing balances	976,708	51,575	638,368	145,539	0	1,812,190	0	1,812,190

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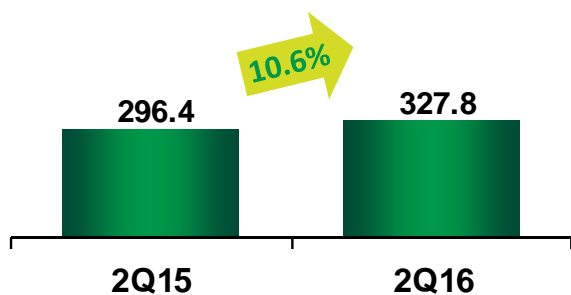
## Consolidated financial statements / statement of value added

(In thousands of Brazilian reais)

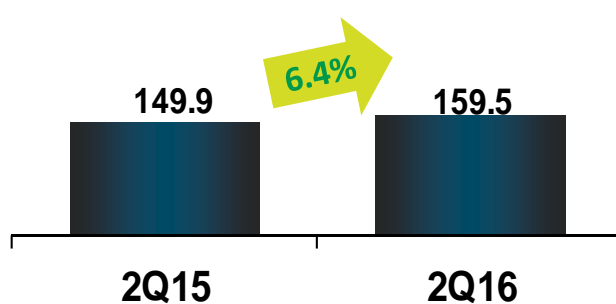
Code	Description	Accumulated - current year 1/1/16 to 6/30/16	Accumulated - prior year 1/1/15 to 6/30/15
7.01	Revenue	2,044,743	1,986,943
7.01.01	Sale of goods and services	2,046,561	1,992,616
7.01.03	Revenues related to the construction of own assets	2,965	2,779
	Recognition/reversal of provision for impairment of trade		
7.01.04	receivables	-4,783	-8,452
7.02	Inputs acquired from third parties	-1,143,738	-1,137,300
7.02.01	Cost of products, goods and services sold	-1,057,464	-1,051,536
7.02.02	Materials, energy, third-party services and other	-86,274	-85,764
7.03	Gross value added	901,005	849,643
7.04	Retentions	-111,226	-102,346
7.04.01	Depreciation, amortization and depletion	-111,226	-102,346
7.05	Net value added	789,779	747,297
7.06	Value added received through transfer	99,930	82,579
7.06.02	Financial income	99,930	82,579
7.07	Total value added for distribution	889,709	829,876
7.08	Distribution of value added	889,709	829,876
7.08.01	Personnel	211,622	204,044
7.08.01.01	Salaries and wages	167,791	162,960
7.08.01.02	Benefits	29,492	28,115
	Government Severance Indemnity Fund for Employees		
7.08.01.03	(FGTS)	11,808	10,567
7.08.01.04	Other	2,531	2,402
7.08.02	Taxes, charges and contributions	181,050	183,250
7.08.02.01	Federal	131,898	140,710
7.08.02.02	State	41,013	35,318
7.08.02.03	Municipal	8,139	7,222
7.08.03	Remuneration of third parties' capital	296,021	248,952
7.08.03.01	Interest	217,088	182,002
7.08.03.02	Rentals	72,820	61,999
7.08.03.03	Other	6,113	4,951
7.08.04	Remuneration of own capital	201,016	193,630
7.08.04.01	Interest on capital	72,204	48,091
7.08.04.03	Retained earnings	128,812	145,539

## 2Q16 Highlights

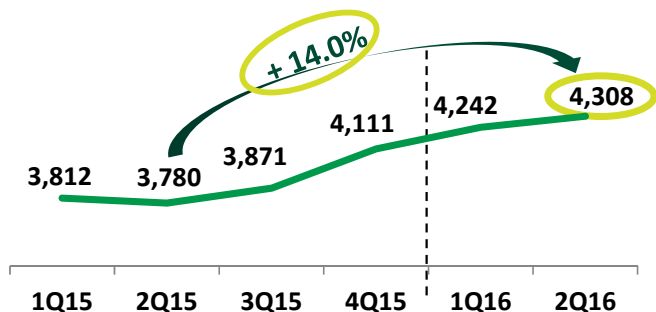
### Net revenues – Car Rental Division (R\$ million)



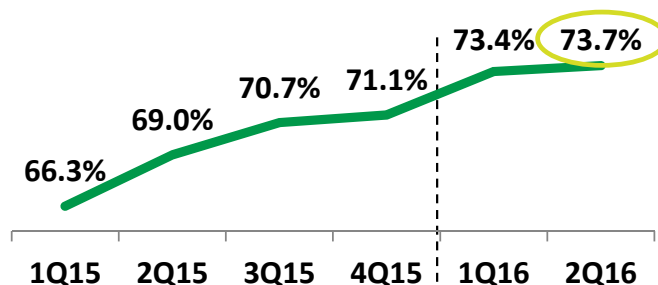
### Net revenues – Fleet Rental Division (R\$ million)



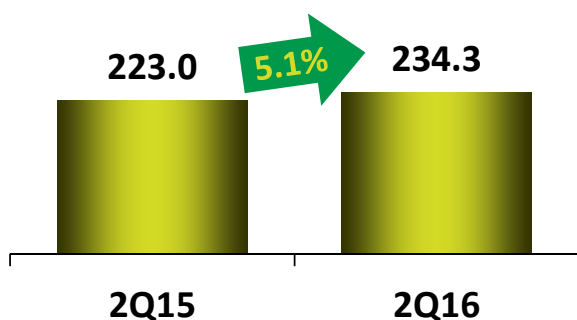
### Rental days evolution – Car Rental (Thousand)



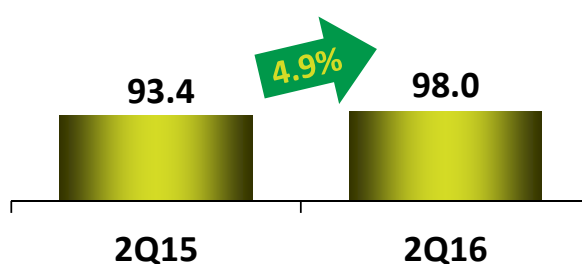
### Utilization rate evolution Car Rental



### Consolidated EBITDA (R\$ million)

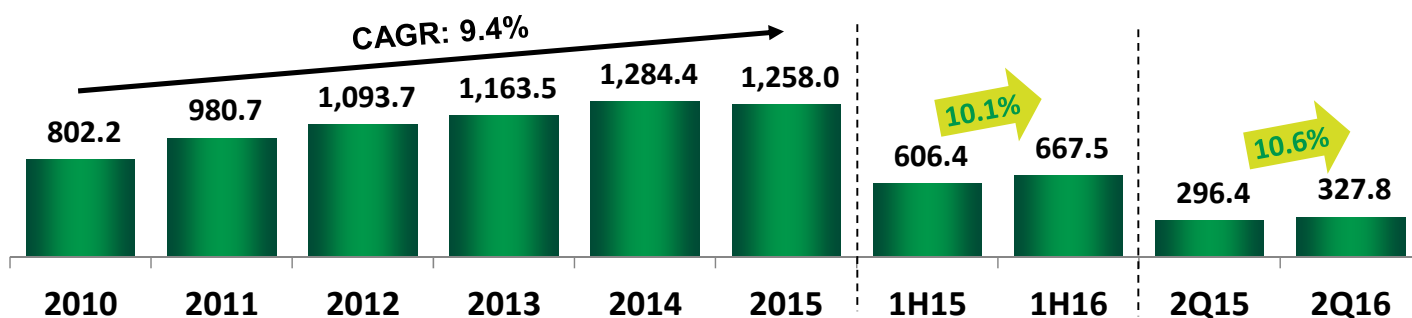


### Consolidated Net Income (R\$ million)

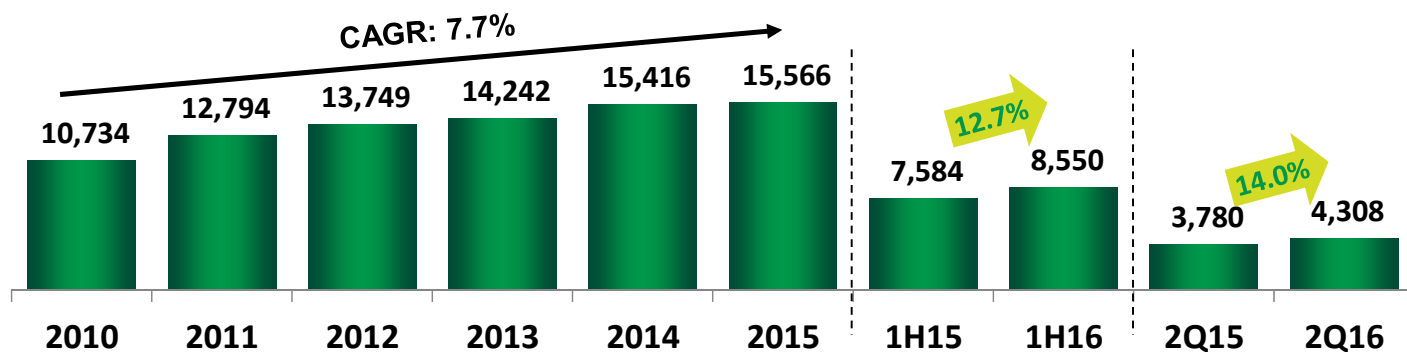


## 1 – Car Rental

Net Revenues (R\$ million)

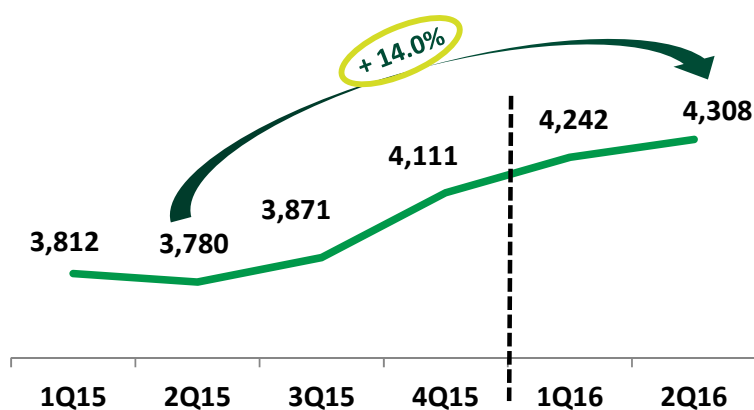


Number of Daily Rentals (thousands)



**Car Rental Division's** net revenues grew 10.6% in 2Q16 when compared with 2Q15 due to an increase of 14.0% in volume that was partially offset by a 3.0% decrease in the average rental rate.

Rental days evolution – Car Rental (Thousand)



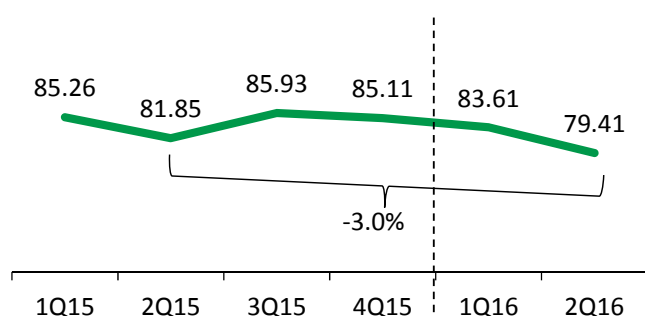
In 1H16, net revenues grew 10.1% when compared with 1H15 due to an increase of 12.7% in volume which was partially offset by a 2.6% decrease in the average rental rate.

## 1 – Car Rental

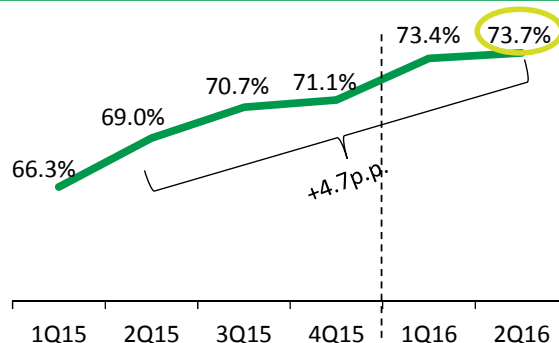
The 3.0% reduction of the average rental rate in 2Q16, over 2Q15, aimed at increasing demand and maximizing the utilization rate, which increased 4.7p.p..

The 5.0% reduction in the average rental rate in 2Q16, when compared with 1Q16, was due to a different rental mix. Demand from individuals in the second quarter is usually lower when compared with the first quarter's. 1Q is summer vacations season in Brazil and therefore there is a higher demand from individuals and leisure trips.

Average daily rental rate evolution – Car Rental  
In R\$

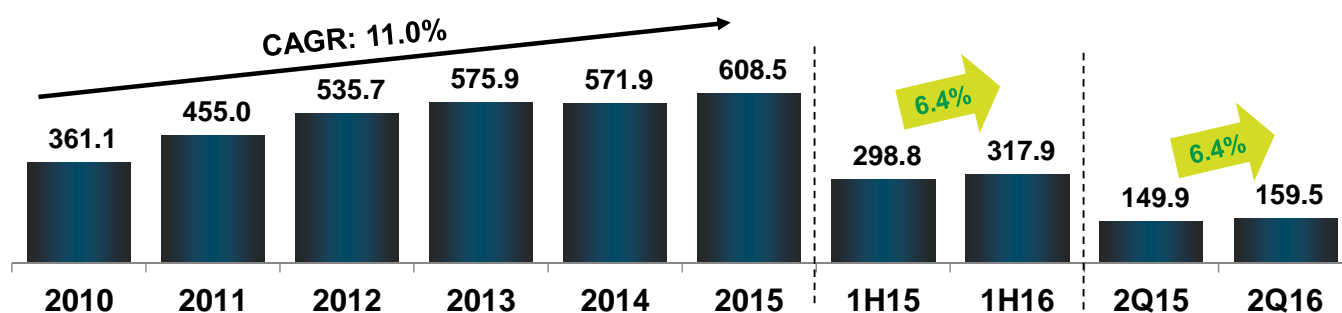


Utilization rate evolution – Car Rental

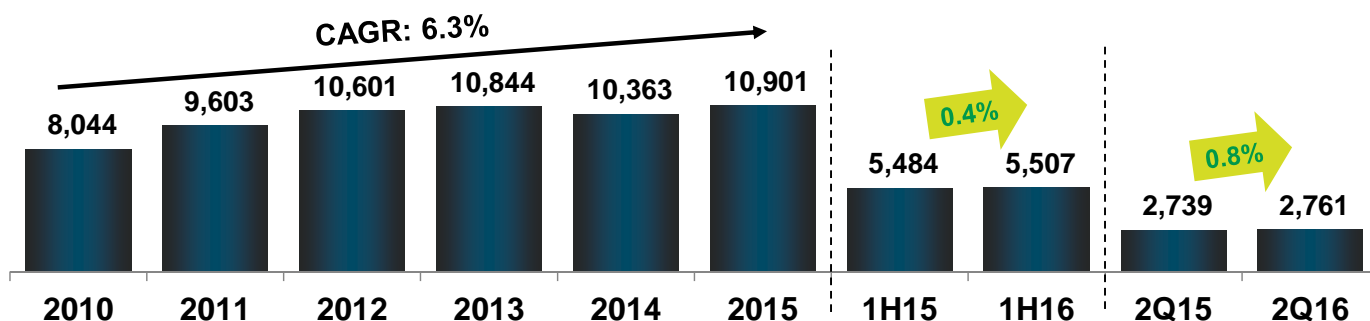


## 2 – Fleet Rental

Net Revenues (R\$ million)



Number of Daily Rentals (thousands)



In 2Q16, **Fleet Rental Division's** net revenues grew 6.4% compared with 2Q15. This was due to 0.8% growth in rental days and 5.2% growth of the average rental rate.

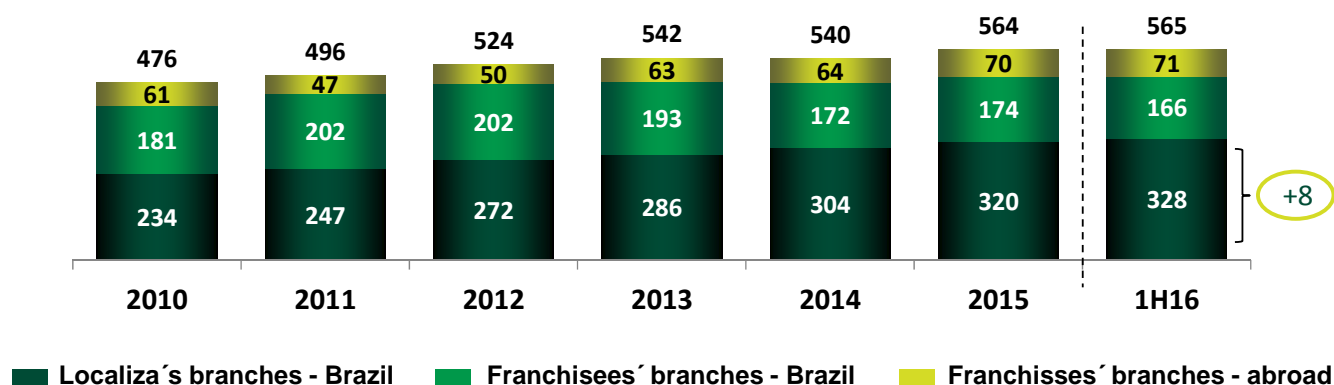
In 1H16, net revenues on this Division grew 6.4% due to a 0.4% growth in volume and a 5.1% increase in the average rental rate.



## 3 – Distribution network

### 3.1 – Car rental

Number of car rental locations (Brazil and abroad)

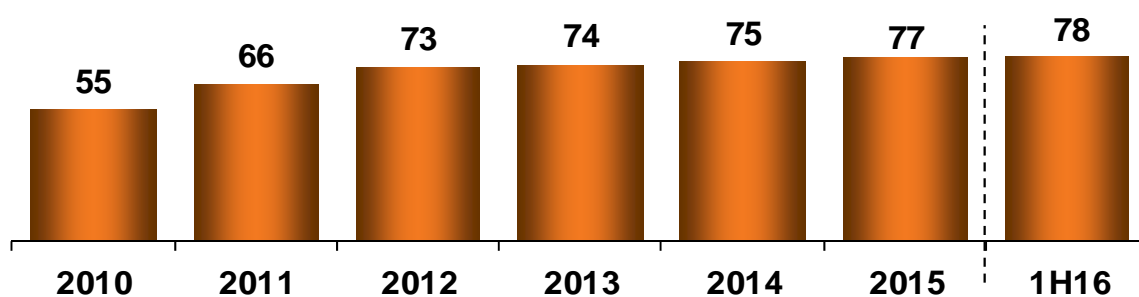


In 1H16 the number of corporate branches was increased by 8 locations, from 320 in the end of 2015 to 328 on June 30, 2016.

Therefore, as of June 30, 2016, Localiza's system totaled 565 locations in Brazil and in 7 other South American countries.

### 3.2 – Seminovos

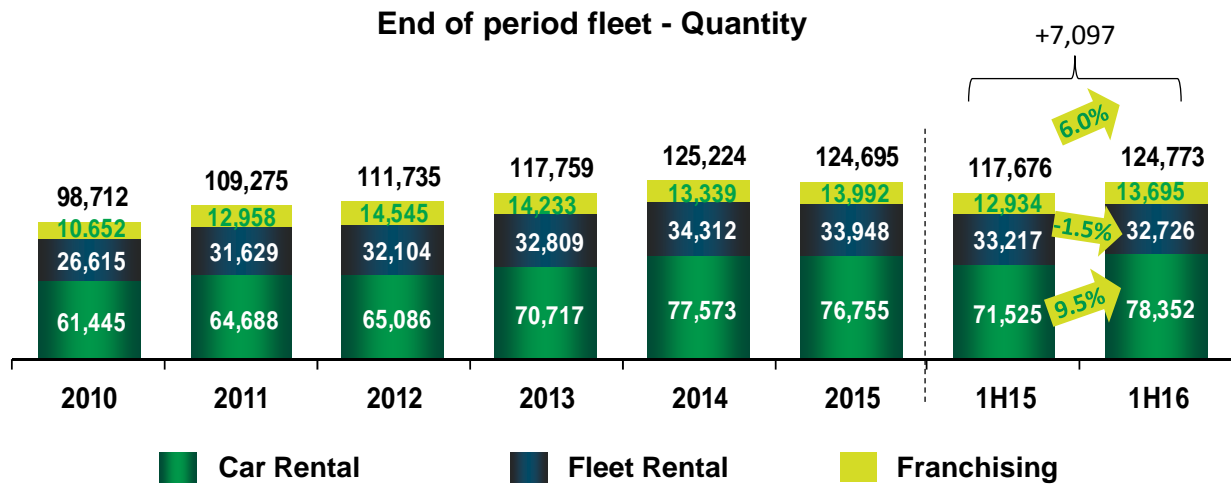
Number of Points of sale (Brazil)



As of 2Q16, **Seminovos** had 78 stores distributed across 48 Brazilian cities.

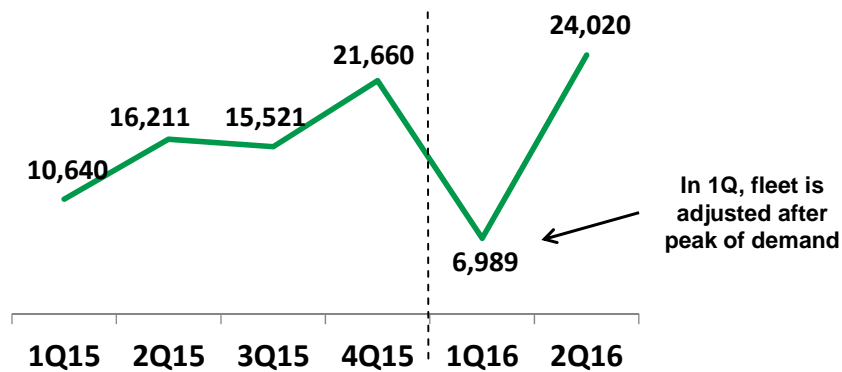
## 4 – Fleet

### 4.1 – End of period fleet

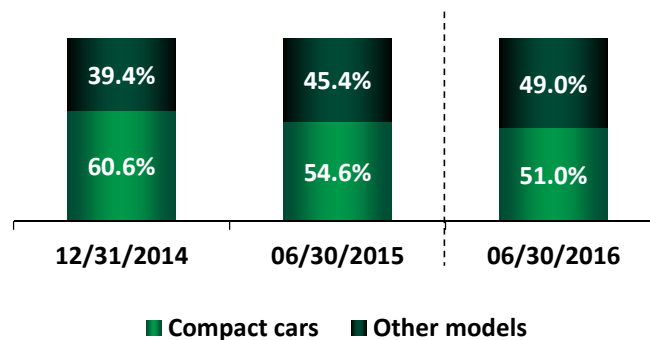


The fleet of the **Car Rental Division** grew 9.5% in 1H16 (6,827 cars) compared with 1H15 while the number of rented cars grew 12.7%, increasing utilization rate from 67.7% to 73.6% (increase of 5.9p.p.). The utilization rate in the **Fleet Rental Division** also increased from 95.5% to 97.5%.

#### Evolution of Cars Purchased - Consolidated



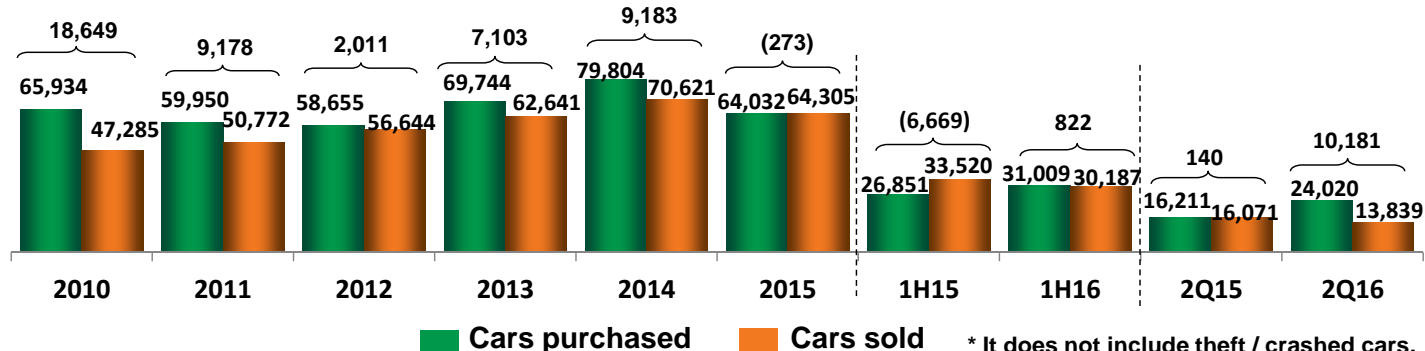
#### Fleet Profile – Car Rental



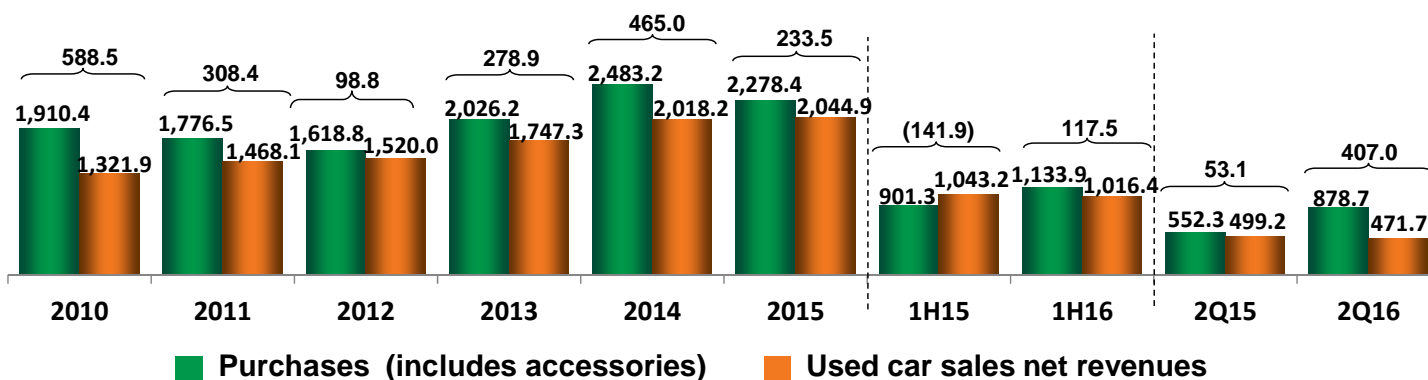
The decrease in compact cars in the **Car Rental Division** is in line with the market's changing demand for more capable vehicles. Compact cars have represented more than 50% of new cars registrations but currently only represent about 30%.

## 4.2 – Net investment in the fleet

Fleet Expansion\* (quantity)

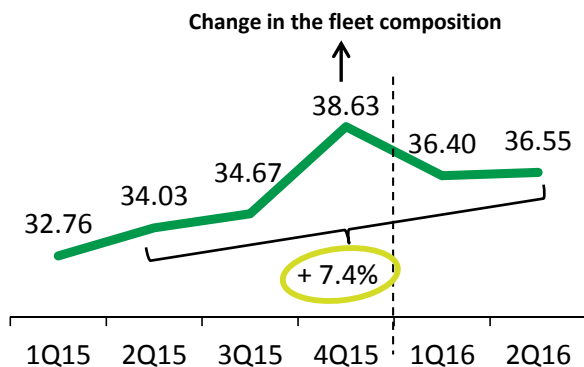


Net Investment in Fleet (R\$ million)

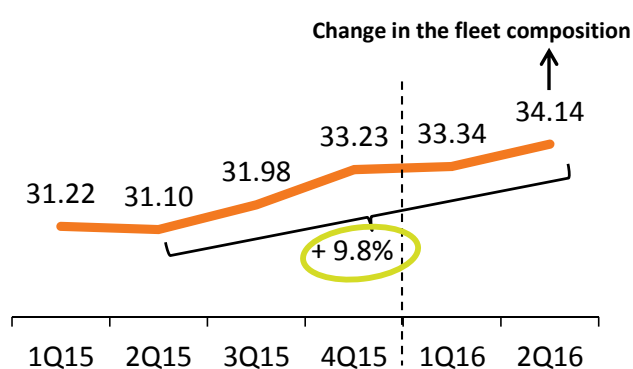


In 2Q16, 24,020 cars were bought and 13,839 were sold, representing an increase of 10,181 cars and net investment of R\$407.0 million.

Average price of cars purchased (R\$ thousands)



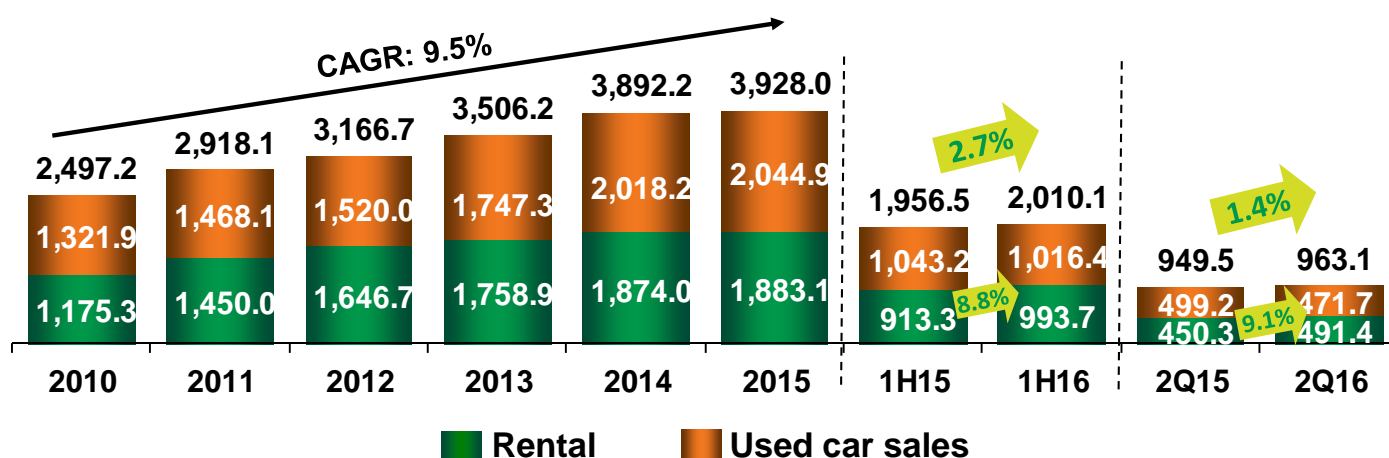
Average price of cars sold (R\$ thousands)



During the 2Q16, the average sales price of cars sold increased 9.8% when compared with the same period of the previous year. This change was mainly due to the change in fleet mix this quarter.

## 5 – Net revenues - consolidated

Consolidated net revenues (R\$ million)



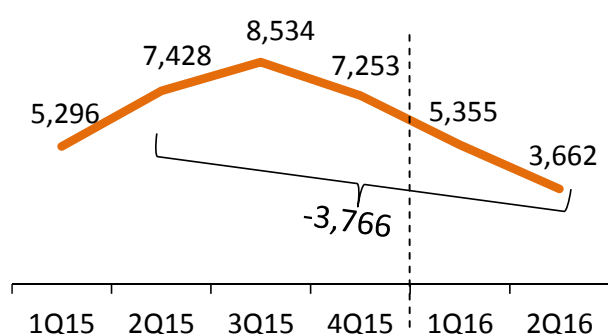
In 2Q16, consolidated net revenues grew 1.4% when compared with 2Q15.

Rental revenues grew 9.1%, being 10.6% growth in the **Car Rental Division's** revenue and 6.4% increase in the **Fleet Rental Division's** revenue.

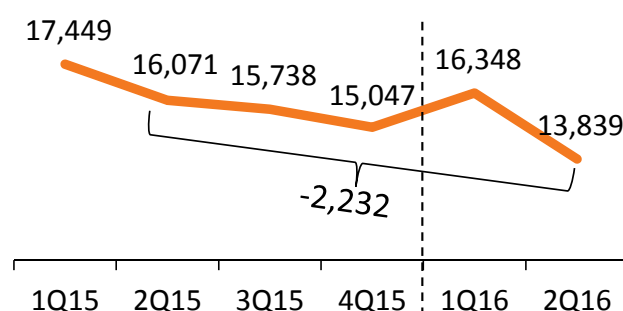
Net revenue from **Seminovos** in the 2Q16 decreased 5.5% when compared with 2Q15. The 13.9% drop in the volume of cars sold was compensated by a 9.8% increase in the average car sales price due to the previously mentioned change in mix.

During 2Q16, 13,839 vehicles were sold, 2,232 fewer than in 2Q15. The lower quantity of cars available for sale at **Seminovos'** stores has impacted sales this quarter.

Cars in Seminovos stores (Average)



Number of cars sold at Seminovos

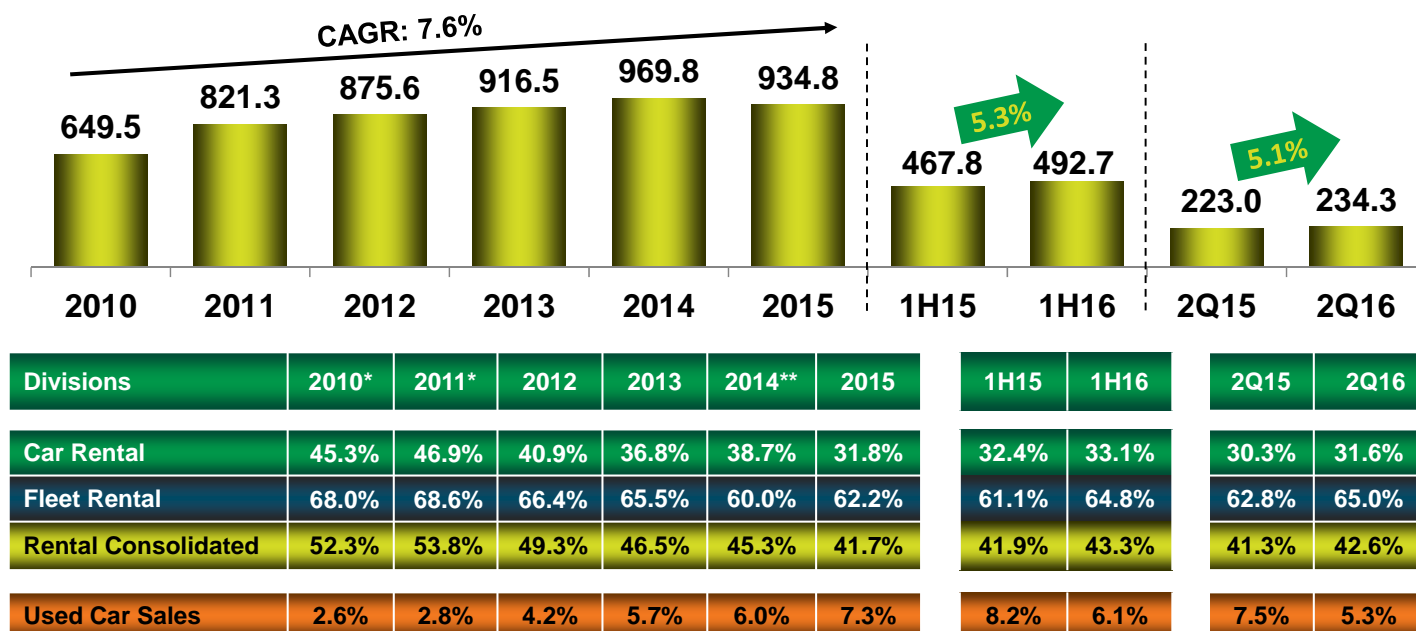


The higher-than-expected growth in rentals from the **Car Rental Division** led the Company to increase its orders for new cars. However, delivery has been slower than usual since carmakers decreased their production as a result of weaker demand for cars in the Brazilian market and delays on auto parts deliveries. Therefore, fleet decommissioning has been postponed to cope with the increase for car rentals.

We expect this to be temporary and normalize throughout 2H16.

## 6 – EBITDA

### Consolidated EBITDA (R\$ million)



(\*) Up to 2011, accessories and freight of new cars were recorded as permanent assets and depreciated over the cars' useful life. From 2012 on, such values have been registered directly in the cost line, reducing EBITDA and depreciation costs.

(\*\*) It considers the new appropriation criteria of the overhead, which is also appropriated to Seminovos.

Consolidated EBITDA totaled R\$234.3 million in 2Q16, 5.1% higher than same period last year.

In 1H16, EBITDA grew 5.3% compared with 1H15.

In the **Car Rental Division**, the EBITDA margin was 31.6% in 2Q16, representing a 1.3 p.p increase compared with 2Q15, mainly due to a higher efficiency and gains of scale in operational expenses management.

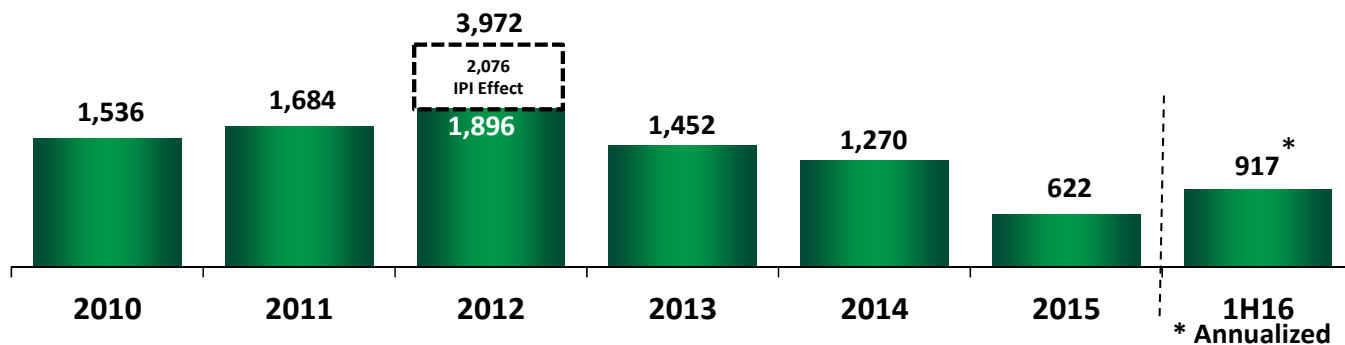
In the **Fleet Rental Division**, EBITDA margin was 65.0% in 2Q16, an increase of 2.2p.p. when compared with 2Q15 due to the increase in the average rental rate and cost management efficiency.

**Seminovos** EBITDA margin was 5.3% in 2Q16. This 2.2p.p drop compared with 2Q15 is in line with the Company's expectations. In 2015, **Seminovos'** margin was benefitted by the increase in prices for new cars, which had reflected on Seminovos' higher prices.

## 7 – Depreciation



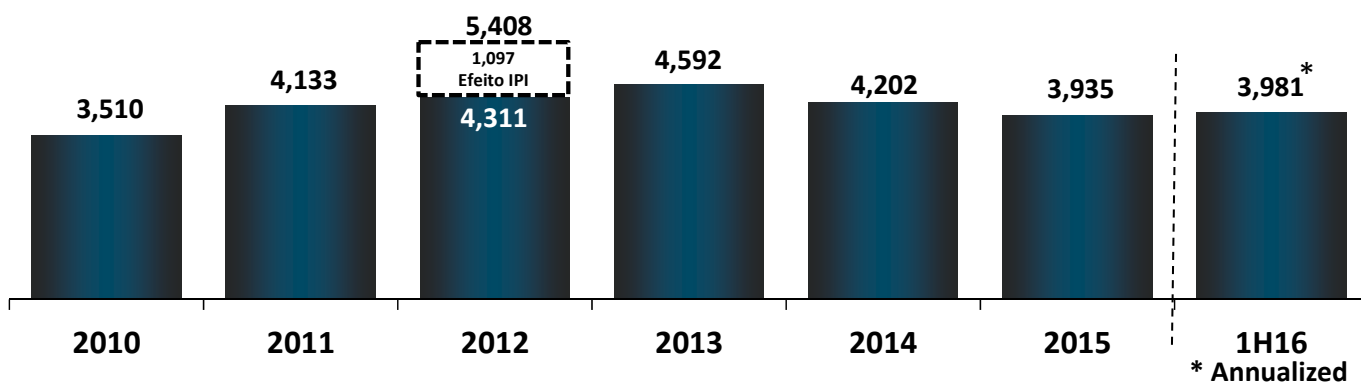
### Average depreciation per car (R\$) – Car Rental



1H16 annualized depreciation in the **Car Rental Division** was R\$917.0, a 47.4% increase compared to the depreciation in 2015. This was due to the following events: (i) drop in sales expectation since prices for new cars are not increasing according to inflation, which was an initial assumption, and dealers are decreasing car prices in some models and (ii) increase in new car purchase prices (page 6).



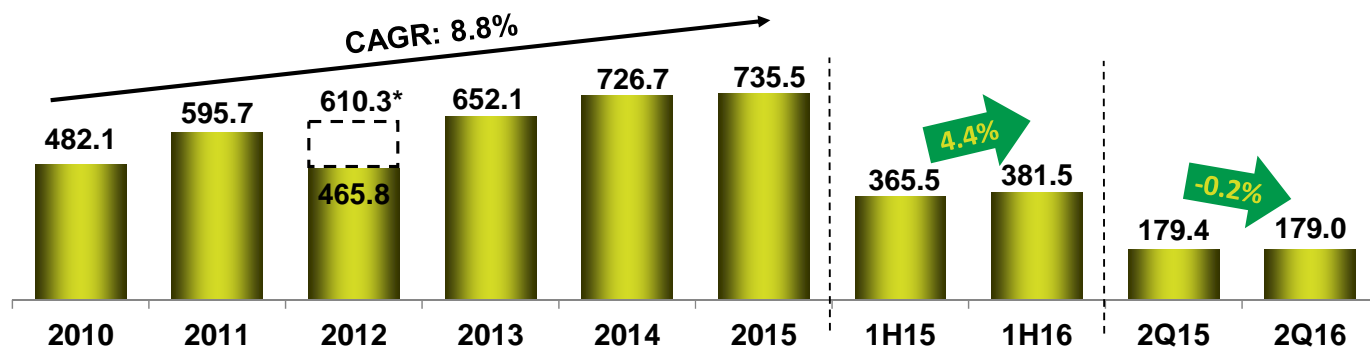
### Average depreciation per car (R\$) – Fleet Rental



In the **Fleet Rental Division**, annualized depreciation in 1H16 totaled R\$3,981.3, stable comparing with last year's depreciation.

## 8 – EBIT

### Consolidated EBIT (R\$ million)



\*2012 EBIT was impacted by R\$144.5 million of additional depreciation related to IPI (sales tax) reduction.

EBIT margin calculated on rental revenues:

Divisions	2010	2011	2012	2013	2014	2015	1H15	1H16	2Q15	2Q16
Car Rental	38.5%	38.8%	23.7%	32.8%	36.2%	34.3%	36.5%	32.5%	34.3%	29.3%
Fleet Rental	46.2%	45.6%	36.9%	45.1%	44.3%	48.9%	47.1%	50.6%	50.7%	50.7%
Consolidated	41.0%	41.1%	28.3%	37.1%	38.8%	39.1%	40.0%	38.4%	39.8%	36.4%

EBIT in the 2Q16 was stable when comparing to 2Q15. The R\$11.3 million EBITDA increase was offset by R\$11.1 million higher cars depreciation.

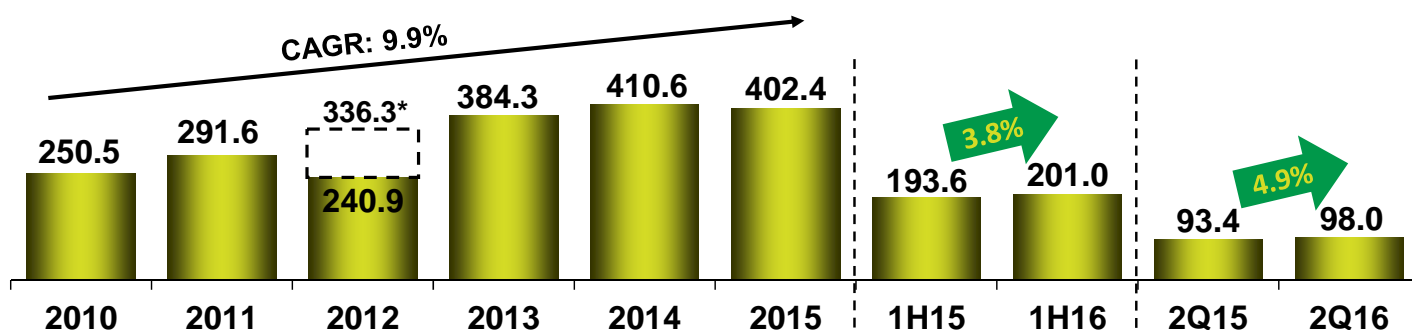
In the 1H16, EBIT grew 4.4% compared with 1H15.

The EBIT margin of the **Car Rental Division** in 2Q16 was 29.3%, a 5p.p decrease. This was due to the increase in depreciation, as previously explained.

The EBIT margin of the **Fleet Rental Division** was 50.7% in 2Q16, which is stable when compared to last year's.

## 9 – Consolidated net income

### Consolidated net income (R\$ million)



\* Pro forma 2012 net income excluding additional depreciation related to the IPI tax reduction, net of income tax.

Reconciliation EBITDA x Net income	2010	2011	2012	2013	2014	2015	1H15	1H16	Var. R\$	Var. %	2Q15	2Q16	Var. R\$	Var. %
Consolidated EBITDA	649.5	821.3	875.6	916.5	969.8	934.8	467.8	492.7	24.9	5.3%	223.0	234.3	11.3	5.1%
Cars depreciation	(146.3)	(201.5)	(232.4)	(229.0)	(207.4)	(163.6)	(84.6)	(92.1)	(7.5)	8.9%	(34.7)	(45.8)	(11.1)	32.0%
Cars additional depreciation – IPI effect	-	-	(144.5)	-	-	-	-	-	-	-	-	-	-	-
Other property depreciation and amortization	(21.1)	(24.1)	(32.9)	(35.4)	(35.7)	(35.7)	(17.7)	(19.1)	(1.4)	7.9%	(8.9)	(9.5)	(0.6)	6.7%
Financial expenses, net	(130.1)	(179.0)	(138.7)	(110.6)	(151.1)	(202.7)	(99.4)	(117.2)	(17.8)	17.9%	(51.5)	(49.5)	2.0	-3.9%
Income tax and social contribution	(101.5)	(125.1)	(135.3)	(157.2)	(165.0)	(130.4)	(72.5)	(63.3)	9.2	-12.7%	(34.5)	(31.5)	3.0	-8.7%
Income tax and social contribution – IPI effect	-	-	49.1	-	-	-	-	-	-	-	-	-	-	-
Net income of the period	250.5	291.6	240.9	384.3	410.6	402.4	193.6	201.0	7.4	3.8%	93.4	98.0	4.6	4.9%

Net income reached R\$98.0 million in 2Q16, a 4.9% increase compared with 2Q15, mainly due to:

- R\$11.3 million increase in EBITDA, which was offset by R\$11.1 million higher cars depreciation, as explained before.
- R\$2.0 million reduction of net financial expenses, mainly due to the fact that 2Q15 was impacted by R\$5.3 million in prepayment costs related to 4<sup>th</sup> and 5<sup>th</sup> debentures issuance and a foreign currency loan.
- R\$3.0 million decrease in income tax due to the increase of interest on capital because of the increase in the Long Term Interest Rate (TJLP) and shareholders' equity (calculation basis).

Overall in the 1H16, net income reached R\$201.0 million, representing a 3.8% increase when compared with the previous year.



## 10 – Free cash flow (FCF)

Free cash flow - R\$ million		2010	2011	2012	2013	2014	2015	1H16
Operations	EBITDA	649.5	821.3	875.6	916.5	969.8	934.8	492.7
	Used car sale revenue, net from taxes	(1,321.9)	(1,468.1)	(1,520.0)	(1,747.3)	(2,018.2)	(2,044.9)	(1,016.4)
	Depreciated cost of cars sold (*)	1,203.2	1,328.6	1,360.2	1,543.8	1,777.0	1,769.1	901.4
	(-) Income tax and social contribution	(57.8)	(83.0)	(100.9)	(108.5)	(113.1)	(110.7)	(55.9)
	Change in working capital	54.5	(83.9)	37.1	2.9	(27.1)	(30.0)	(31.7)
	<b>Cash generated by rental operations</b>	<b>527.5</b>	<b>514.9</b>	<b>652.0</b>	<b>607.4</b>	<b>588.4</b>	<b>518.3</b>	<b>290.1</b>
Capex - Renewals	Used car sale revenue, net from taxes	1,321.9	1,468.1	1,520.0	1,747.3	2,018.2	2,036.3	1,016.4
	Fleet renewal investment	(1,370.1)	(1,504.5)	(1,563.3)	(1,819.7)	(2,197.7)	(2,278.4)	(1,103.8)
	<b>Net investment for fleet renewal</b>	<b>(48.2)</b>	<b>(36.4)</b>	<b>(43.3)</b>	<b>(72.4)</b>	<b>(179.5)</b>	<b>(242.1)</b>	<b>(87.4)</b>
	Fleet renewal – quantity	47,285	50,772	56,644	62,641	70,621	64,032	30,187
Investment, other property and intangibles investments		(50.6)	(59.9)	(77.8)	(47.5)	(46.3)	(29.7)	(19.9)
<b>Free cash flow from operations, net of fleet renewal capex</b>		<b>428.7</b>	<b>418.6</b>	<b>530.9</b>	<b>487.5</b>	<b>362.6</b>	<b>246.5</b>	<b>182.8</b>
Capex - Growth	Fleet growth (investment)	(540.3)	(272.0)	(55.5)	(209.4)	(286.8)	8.6	(30.1)
	Change in accounts payable to car suppliers	111.3	32.7	(116.9)	89.7	334.4	(121.2)	19.7
	<b>Fleet growth</b>	<b>(429.0)</b>	<b>(239.3)</b>	<b>(172.4)</b>	<b>(119.7)</b>	<b>47.6</b>	<b>(112.6)</b>	<b>(10.4)</b>
	Fleet increase / (reduction) – quantity	18,649	9,178	2,011	7,103	9,183	(273)	822
<b>Free cash flow after growth, and before interest and new HQ</b>		<b>(0.3)</b>	<b>179.3</b>	<b>358.5</b>	<b>367.8</b>	<b>410.2</b>	<b>133.9</b>	<b>172.4</b>
Capex - HQ	Investment in the construction of the new HQ	(0.5)	(3.1)	(2.4)	(6.5)	(55.7)	(123.3)	(21.4)
	Marketable securities – new HQ	-	-	-	-	(92.6)	92.6	-
	<b>New headquarters construction</b>	<b>(0.5)</b>	<b>(3.1)</b>	<b>(2.4)</b>	<b>(6.5)</b>	<b>(148.3)</b>	<b>(30.7)</b>	<b>(21.4)</b>
<b>Free cash flow before interest</b>		<b>(0.8)</b>	<b>176.2</b>	<b>356.1</b>	<b>361.3</b>	<b>261.9</b>	<b>103.2</b>	<b>151.0</b>

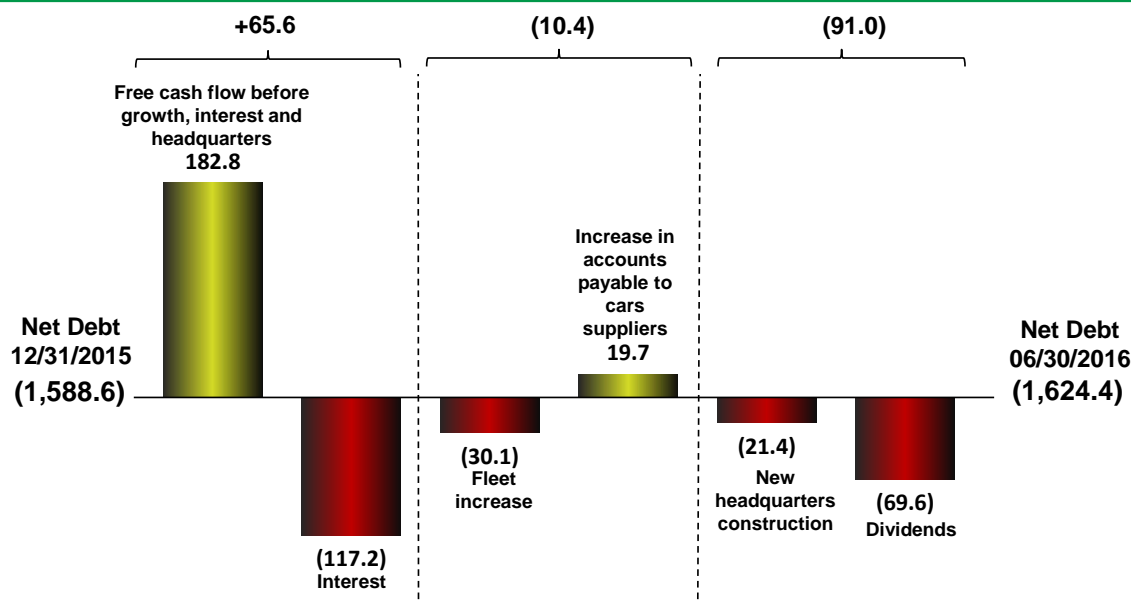
(\*) without the technical discounts reduction up to 2010 (see Glossary)

**A** Net CAPEX for fleet renewal in 1H16 decreased 23.4% when compared with 2015. The change in fleet mix in 2015 with purchases of cars with larger engines is starting to reflect on cars sold for fleet renewal this 1H16.

**B** The investment in the construction of the new headquarters was R\$36.7 million in 1H16. In accordance to CPC 20 accounting pronouncement, interests on the funding for this construction are being capitalized along with the asset. In 1H16, R\$4.0 million of net financial expenses and R\$19.3 million of mark to market credit were capitalized.

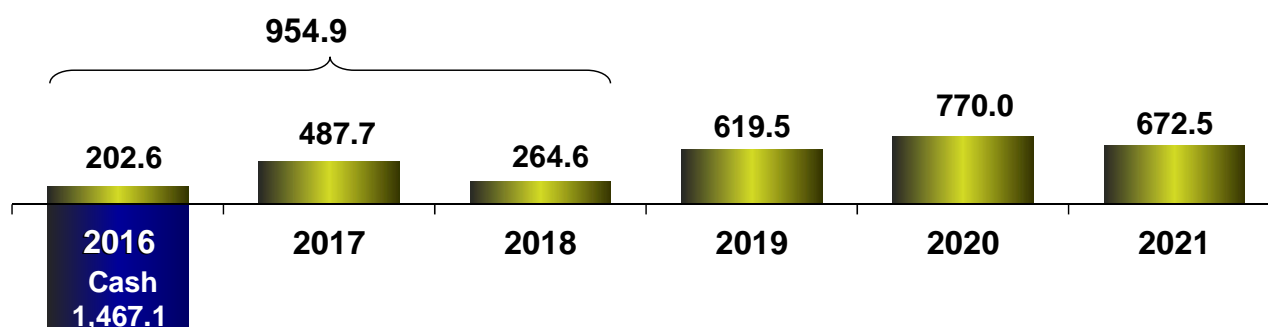
## 11 – Debt

### 11.1 – Change in debt – R\$ million



The increase of R\$35.8 million in net debt was mainly due to the distribution of dividends (interest on capital), which represented 35.9% of 1H16 net income.

### 11.2 – Debt maturity profile at June 30, 2016 – Principal – R\$ million

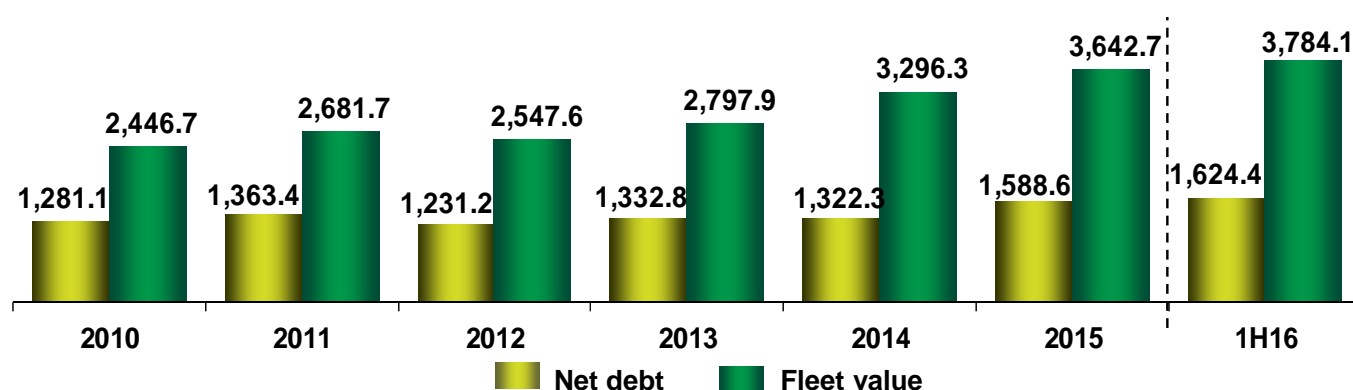


Debt	Contract rate	2016	2017	2018	2019	2020	2021	Total
Debentures 6th Issuance	CDI + 0.95% aa	30.0	30.0	120.0	120.0	-	-	300.0
Debentures 7th Issuance	110.95% CDI	37.5	75.0	75.0	75.0	100.0	100.0	462.5
Debentures 8th Issuance	109.5% CDI	-	-	-	250.0	250.0	-	500.0
Debentures 9th Issuance	113.2% CDI	-	-	-	50.0	150.0	300.0	500.0
Debentures 10th Issuance	113.9% CDI	-	-	-	-	100.0	100.0	200.0
CCBI – New Headquarters	98.8% CDI	-	-	-	47.5	95.0	47.5	190.0
Foreign currency loan with SWAP	105.5% CDI	-	225.0	-	-	-	-	225.0
Working capital / Others	Several	135.1	157.7	69.6	77.0	75.0	125.0	639.4
Interest accrued and paid	-	74.6	-	-	-	-	-	74.6
Cash and cash equivalents on 06/30/2016	-	(1,467.1)	-	-	-	-	-	(1,467.1)
<b>Net debt</b>	<b>-</b>	<b>(1,189.9)</b>	<b>487.7</b>	<b>264.6</b>	<b>619.5</b>	<b>770.0</b>	<b>672.5</b>	<b>1,624.4</b>

The Company is still presenting strong cash position and adequate debt profile for the current macro and growth landscape

## 11.3 – Debt ratios

### Net debt vs. Fleet value



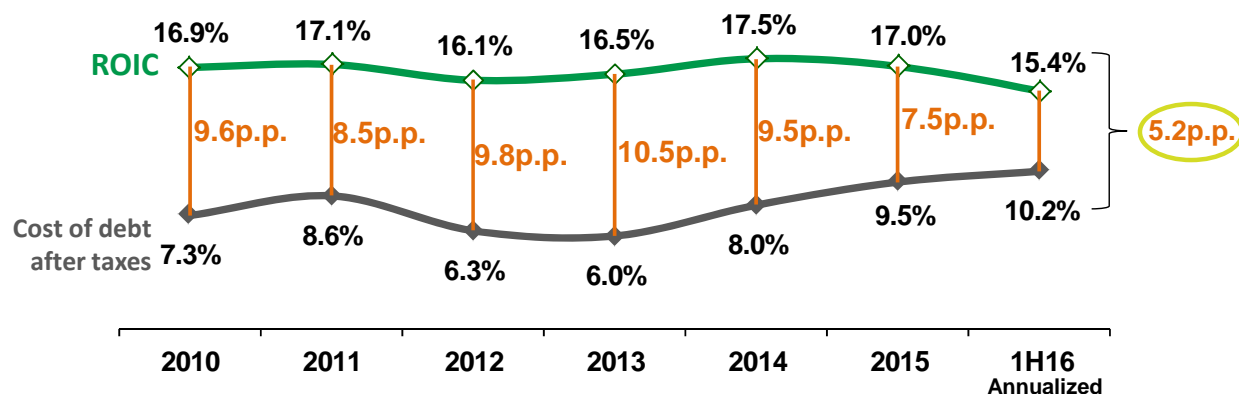
BALANCE AT THE END OF PERIOD	2010(*)	2011	2012	2013	2014	2015	1H16
Net debt / Fleet value	52%	51%	48%	48%	40%	44%	43%
Net debt / EBITDA(**)	2.0x	1.7x	1.4x	1.5x	1.4x	1.7x	1.6x
Net debt / Equity	1.4x	1.2x	0.9x	1.0x	0.8x	0.8x	0.8x
EBITDA / Net financial expenses	5.0x	4.6x	6.3x	8.3x	6.4x	4.6x	4.2x

(\*) 2010 ratios based on USGAAP financial statements  
(\*\*) Annualized

Comfortable debt ratios.

## 12 – Spread (ROIC minus cost of debt after taxes)

### SPREAD



2010 to 2014 ROIC considered income tax rate of 30%  
2015 and 2Q16 ROIC considered income tax rate of 24.5%

2012 ROIC was calculated excluding additional fleet depreciation that was treated as an equity loss since it relates to extraordinary non-recurring event caused by external factors (IPI tax reduction for new cars), following the concepts recommended by Stern Value Management.

Spread of 5.2p.p.  
despite the adverse scenario and high interest rates.

## 13 – Dividends and interest on capital (IOC)

2015 dividends and interest on capital were approved as follow:

Nature	Approval date	Shareholding position date	Payment date	Amount (R\$ million)	Amount per share (R\$)
IOC	03/19/2015	03/31/2015	05/14/2015	22.3	0.107094
IOC	06/25/2015	06/30/2015	08/20/2015	25.8	0.123396
IOC	09/30/2015	09/30/2015	11/19/2015	29,5	0.141816
IOC	12/10/2015	12/30/2015	01/28/2016	33.2	0.159480
Dividends	04/28/2015	04/30/2015	05/21/2015	44.7	0.214031
<b>Total</b>				<b>155.5</b>	

2016 dividends and interest on capital were approved as follow:

Nature	Approval date	Shareholding position date	Payment date	Amount (R\$ million)	Amount per share (R\$)
IOC	03/17/2016	03/31/2016	05/12/2016	35.4	0.170149
IOC	06/23/2016	06/30/2016	08/17/2016	36.8	0.176597
Dividends	04/29/2016	04/29/2016	05/20/2016	1.0	0.005004
<b>Total</b>				<b>73.2</b>	

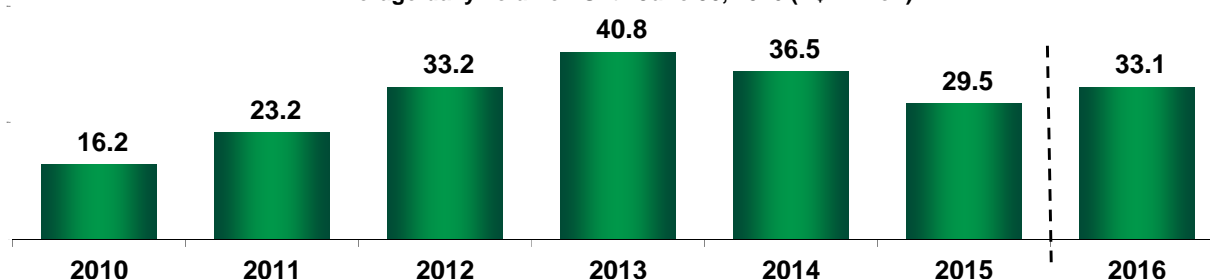
## 14 – RENT3

On June 30, 2016, the Company had 211,793,400 issued shares, being 3,518,901 held in treasury.

On the same date, there were 7,185,913 level 1 ADRs issued as of June 30, 2016, compared with 7,096,361 on December 31, 2015.

In 1H16, ADTV of RENT3 was R\$33.1 million.

Average daily volume - Until June 30, 2016 (R\$ million)



### About Localiza's financial information:

The financial information is audited and presented in million of Brazilian Reais, unless where otherwise stated, and from 2011 on, is based on financial information prepared in accordance with International Financial Reporting Standards (IFRS), with reconciliation to the financial information in USGAAP. The financial information from 2010 is presented in accordance with USGAAP and, for the purpose of comparison with IFRS figures, net revenues are presented net of taxes on revenue.

## 15 – Results per division

### 15 – Table 1 – Car Rental – R\$ million

CAR RENTAL RESULTS	2010	2011	2012	2013	2014	2015	Var.	1H15	1H16	Var.	2Q15	2Q16	Var.
Car rental gross revenues (*)	838.0	1,019.4	1,132.3	1,208.4	1,352.1	1,316.9	-2.6%	634.4	696.8	9.8%	309.5	342.1	10.5%
Taxes on revenues	(35.8)	(38.7)	(38.6)	(44.9)	(67.7)	(58.9)	-13.0%	(28.0)	(29.3)	4.6%	(13.1)	(14.3)	9.2%
<b>Car rental net revenues (**)</b>	<b>802.2</b>	<b>980.7</b>	<b>1,093.7</b>	<b>1,163.5</b>	<b>1,284.4</b>	<b>1,258.0</b>	<b>-2.1%</b>	<b>606.4</b>	<b>667.5</b>	<b>10.1%</b>	<b>296.4</b>	<b>327.8</b>	<b>10.6%</b>
Car rental costs	(317.8)	(382.7)	(476.6)	(536.9)	(577.3)	(618.1)	7.1%	(295.2)	(324.6)	10.0%	(148.4)	(164.2)	10.6%
<b>Gross profit</b>	<b>484.4</b>	<b>598.0</b>	<b>617.1</b>	<b>626.6</b>	<b>707.1</b>	<b>639.9</b>	<b>-9.5%</b>	<b>311.2</b>	<b>342.9</b>	<b>10.2%</b>	<b>148.0</b>	<b>163.6</b>	<b>10.5%</b>
Operating expenses (SG&A)	(121.1)	(137.7)	(170.2)	(197.9)	(209.7)	(239.9)	14.4%	(114.9)	(122.2)	6.4%	(58.2)	(60.1)	3.3%
Other assets depreciation and amortization	(15.2)	(17.0)	(19.9)	(22.2)	(22.2)	(22.3)	0.5%	(11.1)	(11.9)	7.2%	(5.6)	(5.9)	5.4%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>348.1</b>	<b>443.3</b>	<b>427.0</b>	<b>406.5</b>	<b>475.2</b>	<b>377.7</b>	<b>-20.5%</b>	<b>185.2</b>	<b>208.8</b>	<b>12.7%</b>	<b>84.2</b>	<b>97.6</b>	<b>15.9%</b>
Financial expenses, net	(1.0)	(1.9)	(2.7)	(1.3)	(1.5)	(2.0)	33.3%	(0.8)	(0.8)	0.0%	(0.5)	(0.4)	-20.0%
Income tax and social contribution	(101.0)	(135.4)	(123.8)	(119.5)	(136.2)	(89.9)	-34.0%	(49.6)	(49.0)	-1.2%	(21.9)	(23.9)	9.1%
<b>Net income for the period</b>	<b>246.1</b>	<b>306.0</b>	<b>300.5</b>	<b>285.7</b>	<b>337.5</b>	<b>285.8</b>	<b>-15.3%</b>	<b>134.8</b>	<b>159.0</b>	<b>18.0%</b>	<b>61.8</b>	<b>73.3</b>	<b>18.6%</b>
<b>Net Margin</b>	<b>30.7%</b>	<b>31.2%</b>	<b>27.5%</b>	<b>24.6%</b>	<b>26.3%</b>	<b>22.7%</b>	<b>-3.6p.p.</b>	<b>22.2%</b>	<b>23.8%</b>	<b>1.6p.p.</b>	<b>20.9%</b>	<b>22.4%</b>	<b>1.5p.p.</b>
<b>EBITDA</b>	<b>363.3</b>	<b>460.3</b>	<b>446.9</b>	<b>428.7</b>	<b>497.4</b>	<b>400.0</b>	<b>-19.6%</b>	<b>196.3</b>	<b>220.7</b>	<b>12.4%</b>	<b>89.8</b>	<b>103.5</b>	<b>15.3%</b>
<b>EBITDA Margin</b>	<b>45.3%</b>	<b>46.9%</b>	<b>40.9%</b>	<b>36.8%</b>	<b>38.7%</b>	<b>31.8%</b>	<b>-6.9p.p.</b>	<b>32.4%</b>	<b>33.1%</b>	<b>0.7p.p.</b>	<b>30.3%</b>	<b>31.6%</b>	<b>1.3p.p.</b>

USED CAR SALES RESULTS (SEMINOVOS)	2010	2011	2012	2013	2014	2015	Var.	1H15	1H16	Var.	2Q15	2Q16	Var.
Gross revenues (*)	1,104.7	1,244.7	1,253.6	1,486.1	1,671.4	1,679.2	0.5%	865.6	830.0	-4.1%	415.0	393.8	-5.1%
Taxes on revenues	(3.6)	(3.6)	(3.3)	(3.1)	(3.5)	(2.5)	-28.6%	(1.3)	(1.0)	-23.1%	(0.6)	(0.6)	0.0%
<b>Net revenues (**)</b>	<b>1,101.1</b>	<b>1,241.1</b>	<b>1,250.3</b>	<b>1,483.0</b>	<b>1,667.9</b>	<b>1,676.7</b>	<b>0.5%</b>	<b>864.3</b>	<b>829.0</b>	<b>-4.1%</b>	<b>414.4</b>	<b>393.2</b>	<b>-5.1%</b>
Book value of cars sold	(980.0)	(1,092.0)	(1,068.5)	(1,271.9)	(1,428.4)	(1,396.3)	-2.2%	(715.5)	(707.2)	-1.2%	(342.6)	(335.6)	-2.0%
<b>Gross profit</b>	<b>121.1</b>	<b>149.1</b>	<b>181.8</b>	<b>211.1</b>	<b>239.5</b>	<b>280.4</b>	<b>17.1%</b>	<b>148.8</b>	<b>121.8</b>	<b>-18.1%</b>	<b>71.8</b>	<b>57.6</b>	<b>-19.8%</b>
Operating expenses (SG&A)	(89.0)	(119.1)	(125.6)	(138.7)	(160.7)	(178.8)	11.3%	(89.3)	(79.5)	-11.0%	(45.9)	(40.6)	-11.5%
Cars depreciation	(65.9)	(86.4)	(212.7)	(85.8)	(78.1)	(38.9)	-50.2%	(18.8)	(29.7)	58.0%	(6.2)	(16.2)	161.3%
Other assets depreciation and amortization	(5.1)	(6.1)	(11.5)	(11.7)	(11.3)	(8.8)	-22.1%	(4.3)	(4.4)	2.3%	(2.2)	(2.3)	4.5%
<b>Operating profit (loss) before financial results and taxes (EBIT)</b>	<b>(38.9)</b>	<b>(62.5)</b>	<b>(168.0)</b>	<b>(25.1)</b>	<b>(10.6)</b>	<b>53.9</b>	<b>-608.5%</b>	<b>36.4</b>	<b>8.2</b>	<b>-77.5%</b>	<b>17.5</b>	<b>(1.5)</b>	<b>-108.6%</b>
Financial expenses, net	(86.1)	(121.9)	(92.6)	(76.6)	(106.3)	(138.4)	30.2%	(67.8)	(82.4)	21.5%	(34.6)	(34.7)	0.3%
Income tax and social contribution	28.1	58.0	83.1	30.3	33.2	17.6	-47.0%	7.6	15.6	105.3%	3.9	8.9	128.2%
<b>Net loss for the period</b>	<b>(96.9)</b>	<b>(126.4)</b>	<b>(177.5)</b>	<b>(71.4)</b>	<b>(83.7)</b>	<b>(66.9)</b>	<b>-20.1%</b>	<b>(23.8)</b>	<b>(58.6)</b>	<b>146.2%</b>	<b>(13.2)</b>	<b>(27.3)</b>	<b>106.8%</b>
<b>Net Margin</b>	<b>-8.8%</b>	<b>-10.2%</b>	<b>-14.2%</b>	<b>-4.8%</b>	<b>-5.0%</b>	<b>-4.0%</b>	<b>1.0p.p.</b>	<b>-2.8%</b>	<b>-7.1%</b>	<b>-4.3p.p.</b>	<b>-3.2%</b>	<b>-6.9%</b>	<b>-3.7p.p.</b>
<b>EBITDA</b>	<b>32.1</b>	<b>30.0</b>	<b>56.2</b>	<b>72.4</b>	<b>78.8</b>	<b>101.6</b>	<b>28.9%</b>	<b>59.5</b>	<b>42.3</b>	<b>-28.9%</b>	<b>25.9</b>	<b>17.0</b>	<b>-34.4%</b>
<b>EBITDA Margin</b>	<b>2.9%</b>	<b>2.4%</b>	<b>4.5%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>6.1%</b>	<b>1.4p.p.</b>	<b>6.9%</b>	<b>5.1%</b>	<b>-1.8p.p.</b>	<b>6.2%</b>	<b>4.3%</b>	<b>-1.9p.p.</b>

CAR RENTAL TOTAL FIGURES	2010	2011	2012	2013	2014	2015	Var.	1H15	1H16	Var.	2Q15	2Q16	Var.
Car rental gross revenues (*)	838.0	1,019.4	1,132.3	1,208.4	1,352.1	1,316.9	-2.6%	634.4	696.8	9.8%	309.5	342.1	10.5%
Car sales for fleet renewal - gross revenues (*)	1,104.7	1,244.7	1,253.6	1,486.1	1,671.4	1,679.2	0.5%	865.6	830.0	-4.1%	415.0	393.8	-5.1%
Total gross revenues (*)	1,942.7	2,264.1	2,385.9	2,694.5	3,023.5	2,996.1	-0.9%	1,500.0	1,526.8	1.8%	724.5	735.9	1.6%
Taxes on revenues	(35.8)	(38.7)	(38.6)	(44.9)	(67.7)	(58.9)	-13.0%	(28.0)	(29.3)	4.6%	(13.1)	(14.3)	9.2%
Car sales for fleet renewal	(3.6)	(3.6)	(3.3)	(3.1)	(3.5)	(2.5)	-28.6%	(1.3)	(1.0)	-23.1%	(0.6)	(0.6)	0.0%
Car rental revenues - net revenues (**)	802.2	980.7	1,093.7	1,163.5	1,284.4	1,258.0	-2.1%	606.4	667.5	10.1%	296.4	327.8	10.6%
Car sales for fleet renewal - net revenues (**)	1,101.1	1,241.1	1,250.3	1,483.0	1,667.9	1,676.7	0.5%	864.3	829.0	-4.1%	414.4	393.2	-5.1%
<b>Total net revenues (**)</b>	<b>1,903.3</b>	<b>2,221.8</b>	<b>2,344.0</b>	<b>2,646.5</b>	<b>2,952.3</b>	<b>2,934.7</b>	<b>-0.6%</b>	<b>1,470.7</b>	<b>1,496.5</b>	<b>1.8%</b>	<b>710.8</b>	<b>721.0</b>	<b>1.4%</b>
Direct costs	(317.8)	(382.7)	(476.6)	(536.9)	(577.3)	(618.1)	7.1%	(295.2)	(324.6)	10.0%	(148.4)	(164.2)	10.6%
Car sales for fleet renewal	(980.0)	(1,092.0)	(1,068.5)	(1,271.9)	(1,428.4)	(1,396.3)	-2.2%	(715.5)	(707.2)	-1.2%	(342.6)	(335.6)	-2.0%
<b>Gross profit</b>	<b>605.5</b>	<b>747.1</b>	<b>798.9</b>	<b>837.7</b>	<b>946.6</b>	<b>920.3</b>	<b>-2.8%</b>	<b>460.0</b>	<b>464.7</b>	<b>1.0%</b>	<b>219.8</b>	<b>221.2</b>	<b>0.6%</b>
Operating expenses (SG&A)	(121.1)	(137.7)	(170.2)	(197.9)	(209.7)	(239.9)	14.4%	(114.9)	(122.2)	6.4%	(58.2)	(60.1)	3.3%
Car sales for fleet renewal	(89.0)	(119.1)	(125.6)	(138.7)	(160.7)	(178.8)	11.3%	(89.3)	(79.5)	-11.0%	(45.9)	(40.6)	-11.5%
Cars depreciation	(65.9)	(86.4)	(212.7)	(85.8)	(78.1)	(38.9)	-50.2%	(18.8)	(29.7)	58.0%	(6.2)	(16.2)	161.3%
Other assets depreciation and amortization	(15.2)	(17.0)	(19.9)	(22.2)	(22.2)	(22.3)	0.5%	(11.1)	(11.9)	7.2%	(5.6)	(5.9)	5.4%
Car sales for fleet renewal	(5.1)	(6.1)	(11.5)	(11.7)	(11.3)	(8.8)	-22.1%	(4.3)	(4.4)	2.3%	(2.2)	(2.3)	4.5%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>309.2</b>	<b>380.8</b>	<b>259.0</b>	<b>381.4</b>	<b>464.6</b>	<b>431.6</b>	<b>-7.1%</b>	<b>221.6</b>	<b>217.0</b>	<b>-2.1%</b>	<b>101.7</b>	<b>96.1</b>	<b>-5.5%</b>
Financial expenses, net	(87.1)	(123.8)	(95.3)	(77.9)	(107.8)	(140.4)	30.2%	(68.6)	(83.2)	21.3%	(35.1)	(35.1)	0.0%
Income tax and social contribution	(72.9)	(77.4)	(40.7)	(89.2)	(103.0)	(72.3)	-29.8%	(42.0)	(33.4)	-20.5%	(18.0)	(15.0)	-16.7%
<b>Net income for the period</b>	<b>149.2</b>	<b>179.6</b>	<b>123.0</b>	<b>214.3</b>	<b>253.8</b>	<b>218.9</b>	<b>-13.8%</b>	<b>111.0</b>	<b>100.4</b>	<b>-9.5%</b>	<b>48.6</b>	<b>46.0</b>	<b>-5.3%</b>
<b>Net margin</b>	<b>7.8%</b>	<b>8.1%</b>	<b>5.2%</b>	<b>8.1%</b>	<b>8.6%</b>	<b>7.5%</b>	<b>-1.1p.p.</b>	<b>7.5%</b>	<b>6.7%</b>	<b>-0.8p.p.</b>	<b>6.8%</b>	<b>6.4%</b>	<b>-0.4p.p.</b>
<b>EBITDA</b>	<b>395.4</b>	<b>490.3</b>	<b>503.1</b>	<b>501.1</b>	<b>576.2</b>	<b>501.6</b>	<b>-12.9%</b>	<b>255.8</b>	<b>263.0</b>	<b>2.8%</b>	<b>115.7</b>	<b>120.5</b>	<b>4.1%</b>
<b>EBITDA margin</b>	<b>20.8%</b>	<b>22.1%</b>	<b>21.5%</b>	<b>18.9%</b>	<b>19.5%</b>	<b>17.1%</b>	<b>-2.4p.p.</b>	<b>17.4%</b>	<b>17.6%</b>	<b>0.2p.p.</b>	<b>16.3%</b>	<b>16.7%</b>	<b>0.4p.p.</b>

OPERATING DATA	2010	2011	2012	2013	2014	2015	Var.	1H15	1H16	Var.	2Q15	2Q16	Var.
Average operating fleet	42,903	51,285	53,548	59,094	61,525	62,513	1.6%	62,943	64,670	2.7%	61,215	65,150	6.4%
Average rented fleet	29,646	35,348	37,932	39,475	42,999	43,315	0.7%	42,637	47,604	11.6%	42,250	48,036	13.7%
Average operating fleet age (in months)	6.3	6.8	7.8	7.2	7.2	7.4	2.8%	7.1	8.7	22.5%	7.2	8.8	22.2%
End of period fleet	61,445	64,688	65,086	70,717	77,573	76,755	-1.1%	71,525	78,352	9.5%	71,525	78,352	9.5%
Number of rental days - in thousands	10,734.3	12,794.3	13,748.8	14,241.7	15,416.0	15,566.1	1.0%	7,584.2	8,550.2	12.7%	3,780.2	4,307.9	14.0%
Average daily rental revenues per car (R\$)	78.07	79.68	82.36	84.85	87.71	84.56	-3.6%	83.65	81.49	-2.6%	81.85	79.41	-3.0%
Annualized average depreciation per car (R\$)	1,536.0	1,683.9	3,972.4	1,452.4	1,270.0	622.1	-51.0%	598.6	917.0	53.2%	405.7	996.8	145.7%
Utilization rate	69.1%	68.9%	70.8%	66.8%	69.9%	69.3%	-0.6p.p.	67.7%	73.6%	5.9p.p.	69.0%	73.7%	4.7p.p.
Number of cars purchased	54,320	46,746	47,623	58,826	64,908	52,343	-19.4%	21,902	26,133	19.3%	13,669	21,010	53.7%
Number of cars sold	39,658	42,843	46,115	52,759	57,578	52,508	-8.8%	27,621	24,216	-12.3%	13,325	11,394	-14.5%
Average sold fleet age (in months)	15.0	13.7	15.7	15.3	14.4	14.9	3.5%	14.2	16.9	19.0%	14.1	17.2	22.0%
Average total fleet	49,950	59,678	60,773	68,251	70,982	72,169	1.7%	71,246	72,642	2.0%	71,419	74,984	5.0%
Average value of total fleet - R\$ million	1,344.2	1,620.9	1,595.9	1,776.8	1,963.8	2,205.9	12.3%	2,100.8	2,440.1	16.2%	2,125.4	2,542.7	19.6%
Average value per car in the period - R\$ thsd	26.9	27.2	26.3	26.0	27.7	30.6	10.5%	29.5	33.6	13.9%	29.8	33.9	13.8%

(\*) Gross revenues from car rental and car sales for fleet renewal are net of discounts and cancellations.

(\*\*) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues from car rental and car sales for fleet renewal of 2010, which are presented in USGAAP, are net of taxes on revenues.

## 15.2 – Table 2 – Fleet Rental – R\$ million

FLEET RENTAL RESULTS								1H15	1H16	Var.	2Q15	2Q16	Var.
Fleet rental gross revenues (*)	374.5	472.9	552.4	592.8	589.5	619.6	5.1%	304.8	323.3	6.1%	152.9	162.4	6.2%
Taxes on revenues	(13.4)	(17.9)	(16.7)	(16.9)	(17.6)	(11.1)	-36.9%	(6.0)	(5.4)	-10.0%	(3.0)	(2.9)	-3.3%
<b>Fleet rental net revenues (**)</b>	<b>361.1</b>	<b>455.0</b>	<b>535.7</b>	<b>575.9</b>	<b>571.9</b>	<b>608.5</b>	<b>6.4%</b>	<b>298.8</b>	<b>317.9</b>	<b>6.4%</b>	<b>149.9</b>	<b>159.5</b>	<b>6.4%</b>
Fleet rental costs	(94.7)	(117.8)	(146.3)	(161.1)	(190.8)	(189.3)	-0.8%	(96.3)	(93.2)	-3.2%	(45.3)	(46.4)	2.4%
<b>Gross profit</b>	<b>266.4</b>	<b>337.2</b>	<b>389.4</b>	<b>414.8</b>	<b>381.1</b>	<b>419.2</b>	<b>10.0%</b>	<b>202.5</b>	<b>224.7</b>	<b>11.0%</b>	<b>104.6</b>	<b>113.1</b>	<b>8.1%</b>
Operating expenses (SG&A)	(20.8)	(25.1)	(33.5)	(37.5)	(38.1)	(40.7)	6.8%	(20.0)	(18.7)	-6.5%	(10.4)	(9.4)	-9.6%
Other assets depreciation and amortization	(0.7)	(0.7)	(1.1)	(1.1)	(1.1)	(2.2)	100.0%	(1.1)	(1.4)	27.3%	(0.5)	(0.7)	40.0%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>244.9</b>	<b>311.4</b>	<b>354.8</b>	<b>376.2</b>	<b>341.9</b>	<b>376.3</b>	<b>10.1%</b>	<b>181.4</b>	<b>204.6</b>	<b>12.8%</b>	<b>93.7</b>	<b>103.0</b>	<b>9.9%</b>
Financial expenses, net	(0.4)	(0.7)	(0.5)	(0.1)	(0.2)	(0.1)	-50.0%	-	(0.9)	1.00	-	(0.8)	100.0%
Income tax and social contribution	(71.3)	(95.8)	(104.3)	(111.4)	(99.2)	(90.5)	-8.8%	(49.2)	(46.1)	-6.3%	(25.6)	(25.0)	-2.3%
<b>Net income for the period</b>	<b>173.2</b>	<b>214.9</b>	<b>250.0</b>	<b>264.7</b>	<b>242.5</b>	<b>285.7</b>	<b>17.8%</b>	<b>132.2</b>	<b>157.6</b>	<b>19.2%</b>	<b>68.1</b>	<b>77.2</b>	<b>13.4%</b>
<b>Net Margin</b>	<b>48.0%</b>	<b>47.2%</b>	<b>46.7%</b>	<b>46.0%</b>	<b>42.4%</b>	<b>47.0%</b>	<b>4.6p.p.</b>	<b>44.2%</b>	<b>49.6%</b>	<b>5.4p.p.</b>	<b>45.4%</b>	<b>48.4%</b>	<b>3.0p.p.</b>
<b>EBITDA</b>	<b>245.6</b>	<b>312.1</b>	<b>355.9</b>	<b>377.3</b>	<b>343.0</b>	<b>378.5</b>	<b>10.3%</b>	<b>182.5</b>	<b>206.0</b>	<b>12.9%</b>	<b>94.2</b>	<b>103.7</b>	<b>10.1%</b>
<b>EBITDA Margin</b>	<b>68.0%</b>	<b>68.6%</b>	<b>66.4%</b>	<b>65.5%</b>	<b>60.0%</b>	<b>62.2%</b>	<b>2.2p.p.</b>	<b>61.1%</b>	<b>64.8%</b>	<b>3.7p.p.</b>	<b>62.8%</b>	<b>65.0%</b>	<b>2.2p.p.</b>

USED CAR SALES RESULTS (SEMINOVOS)								1H15	1H16	Var.	2Q15	2Q16	Var.
Gross revenues (*)	221.3	227.7	270.2	264.6	350.8	368.6	5.1%	179.1	187.5	4.7%	84.9	78.6	-7.4%
Taxes on revenues	(0.5)	(0.7)	(0.5)	(0.3)	(0.5)	(0.4)	-20.0%	(0.2)	(0.1)	-50.0%	(0.1)	(0.1)	0.0%
<b>Net revenues (**)</b>	<b>220.8</b>	<b>227.0</b>	<b>269.7</b>	<b>264.3</b>	<b>350.3</b>	<b>368.2</b>	<b>5.1%</b>	<b>178.9</b>	<b>187.4</b>	<b>4.8%</b>	<b>84.8</b>	<b>78.5</b>	<b>-7.4%</b>
Book value of cars sold	(201.4)	(197.5)	(237.3)	(214.1)	(276.3)	(286.7)	3.8%	(138.2)	(149.9)	8.5%	(65.8)	(62.7)	-4.7%
<b>Gross profit</b>	<b>19.4</b>	<b>29.5</b>	<b>32.4</b>	<b>50.2</b>	<b>74.0</b>	<b>81.5</b>	<b>10.1%</b>	<b>40.7</b>	<b>37.5</b>	<b>-7.9%</b>	<b>19.0</b>	<b>15.8</b>	<b>-16.8%</b>
Operating expenses (SG&A)	(17.1)	(18.1)	(25.1)	(23.4)	(32.6)	(33.6)	3.1%	(14.8)	(17.8)	20.3%	(7.7)	(7.9)	2.6%
Cars depreciation	(80.4)	(115.1)	(164.2)	(143.2)	(129.3)	(124.7)	-3.6%	(65.8)	(62.4)	-5.2%	(28.5)	(29.6)	3.9%
Other assets depreciation and amortization	(0.1)	-	-	-	(0.6)	(2.0)	233.3%	(0.9)	(1.1)	22.2%	(0.5)	(0.5)	0.0%
<b>Operating profit (loss) before financial results and taxes (EBIT)</b>	<b>(78.2)</b>	<b>(103.7)</b>	<b>(156.9)</b>	<b>(116.4)</b>	<b>(88.5)</b>	<b>(78.8)</b>	<b>-11.0%</b>	<b>(40.8)</b>	<b>(43.8)</b>	<b>7.4%</b>	<b>(17.7)</b>	<b>(22.2)</b>	<b>25.4%</b>
Financial expenses, net	(43.0)	(56.3)	(43.8)	(34.0)	(44.9)	(63.8)	42.1%	(31.5)	(34.3)	8.9%	(16.7)	(14.1)	-15.6%
Income tax and social contribution	43.6	49.0	59.9	44.7	38.4	33.7	-12.2%	19.3	17.0	-11.9%	9.4	8.9	-5.3%
<b>Net loss for the period</b>	<b>(77.6)</b>	<b>(111.0)</b>	<b>(140.8)</b>	<b>(105.7)</b>	<b>(95.0)</b>	<b>(108.9)</b>	<b>14.6%</b>	<b>(53.0)</b>	<b>(61.1)</b>	<b>15.3%</b>	<b>(25.0)</b>	<b>(27.4)</b>	<b>9.6%</b>
<b>Net Margin</b>	<b>-35.1%</b>	<b>-48.9%</b>	<b>-52.2%</b>	<b>-40.0%</b>	<b>-27.1%</b>	<b>-29.6%</b>	<b>-2.5p.p.</b>	<b>-29.6%</b>	<b>-32.6%</b>	<b>-3.0p.p.</b>	<b>-29.5%</b>	<b>-34.9%</b>	<b>-5.4p.p.</b>
<b>EBITDA</b>	<b>2.3</b>	<b>11.4</b>	<b>7.3</b>	<b>26.8</b>	<b>41.4</b>	<b>47.9</b>	<b>15.7%</b>	<b>25.9</b>	<b>19.7</b>	<b>-23.9%</b>	<b>11.3</b>	<b>7.9</b>	<b>-30.1%</b>
<b>EBITDA Margin</b>	<b>1.0%</b>	<b>5.0%</b>	<b>2.7%</b>	<b>10.1%</b>	<b>11.8%</b>	<b>13.0%</b>	<b>1.2p.p.</b>	<b>14.5%</b>	<b>10.5%</b>	<b>-4.0p.p.</b>	<b>13.3%</b>	<b>10.1%</b>	<b>-3.2p.p.</b>

FLEET RENTAL TOTAL FIGURES								1H15	1H16	Var.	2Q15	2Q16	Var.
Fleet rental gross revenues (*)	374.5	472.9	552.4	592.8	589.5	619.6	5.1%	304.8	323.3	6.1%	152.9	162.4	6.2%
Car sales for fleet renewal - gross revenues (*)	221.3	227.7	270.2	264.6	350.8	368.6	5.1%	179.1	187.5	4.7%	84.9	78.6	-7.4%
Total gross revenues (*)	595.8	700.6	822.6	857.4	940.3	988.2	5.1%	483.9	510.8	5.6%	237.8	241.0	1.3%
Taxes on revenues													
Fleet rental	(13.4)	(17.9)	(16.7)	(16.9)	(17.6)	(11.1)	-36.9%	(6.0)	(5.4)	-10.0%	(3.0)	(2.9)	-3.3%
Car sales for fleet renewal	(0.5)	(0.7)	(0.5)	(0.3)	(0.5)	(0.4)	-20.0%	(0.2)	(0.1)	-50.0%	(0.1)	(0.1)	0.0%
Fleet rental - net revenues (**)	361.1	455.0	535.7	575.9	571.9	608.5	6.4%	298.8	317.9	6.4%	149.9	159.5	6.4%
Car sales for fleet renewal - net revenues (**)	220.8	227.0	269.7	264.3	350.3	368.2	5.1%	178.9	187.4	4.8%	84.8	78.5	-7.4%
<b>Total net revenues (**)</b>	<b>581.9</b>	<b>682.0</b>	<b>805.4</b>	<b>840.2</b>	<b>922.2</b>	<b>976.7</b>	<b>5.9%</b>	<b>477.7</b>	<b>505.3</b>	<b>5.8%</b>	<b>234.7</b>	<b>238.0</b>	<b>1.4%</b>
Direct costs													
Fleet rental	(94.7)	(117.8)	(146.3)	(161.1)	(190.8)	(189.3)	-0.8%	(96.3)	(93.2)	-3.2%	(45.3)	(46.4)	2.4%
Car sales for fleet renewal	(201.4)	(197.5)	(237.3)	(214.1)	(276.3)	(286.7)	3.8%	(138.2)	(149.9)	8.5%	(65.8)	(62.7)	-4.7%
<b>Gross profit</b>	<b>285.8</b>	<b>366.7</b>	<b>421.8</b>	<b>465.0</b>	<b>455.1</b>	<b>500.7</b>	<b>10.0%</b>	<b>243.2</b>	<b>262.2</b>	<b>7.8%</b>	<b>123.6</b>	<b>128.9</b>	<b>4.3%</b>
Operating expenses (SG&A)													
Fleet rental	(20.8)	(25.1)	(33.5)	(37.5)	(38.1)	(40.7)	6.8%	(20.0)	(18.7)	-6.5%	(10.4)	(9.4)	-9.6%
Car sales for fleet renewal	(17.1)	(18.1)	(25.1)	(23.4)	(32.6)	(33.6)	3.1%	(14.8)	(17.8)	20.3%	(7.7)	(7.9)	2.6%
Cars depreciation	(80.4)	(115.1)	(164.2)	(143.2)	(129.3)	(124.7)	-3.6%	(65.8)	(62.4)	-5.2%	(28.5)	(29.6)	3.9%
Other assets depreciation and amortization													
Fleet rental	(0.7)	(0.7)	(1.1)	(1.1)	(1.1)	(2.2)	100.0%	(1.1)	(1.4)	27.3%	(0.5)	(0.7)	40.0%
Car sales for fleet renewal	(0.1)	-	-	-	(0.6)	(2.0)	233.3%	(0.9)	(1.1)	22.2%	(0.5)	(0.5)	0.0%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>166.7</b>	<b>207.7</b>	<b>197.9</b>	<b>259.8</b>	<b>253.4</b>	<b>297.5</b>	<b>17.4%</b>	<b>140.6</b>	<b>160.8</b>	<b>14.4%</b>	<b>76.0</b>	<b>80.8</b>	<b>6.3%</b>
Financial expenses, net	(43.4)	(57.0)	(44.3)	(34.1)	(45.1)	(63.9)	41.7%	(31.5)	(35.2)	11.7%	(16.7)	(14.9)	-10.8%
Income tax and social contribution	(27.7)	(46.8)	(44.4)	(66.7)	(60.8)	(56.8)	-6.6%	(29.9)	(29.1)	-2.7%	(16.2)	(16.1)	-0.6%
<b>Net income for the period</b>	<b>95.6</b>	<b>103.9</b>	<b>109.2</b>	<b>159.0</b>	<b>147.5</b>	<b>176.8</b>	<b>19.9%</b>	<b>79.2</b>	<b>96.5</b>	<b>21.8%</b>	<b>43.1</b>	<b>49.8</b>	<b>15.5%</b>
<b>Net margin</b>	<b>16.4%</b>	<b>15.2%</b>	<b>13.6%</b>	<b>18.9%</b>	<b>16.0%</b>	<b>18.1%</b>	<b>2.1p.p.</b>	<b>16.6%</b>	<b>19.1%</b>	<b>2.5p.p.</b>	<b>18.4%</b>	<b>20.9%</b>	<b>2.5p.p.</b>
<b>EBITDA</b>	<b>247.9</b>	<b>323.5</b>	<b>363.2</b>	<b>404.1</b>	<b>384.4</b>	<b>426.4</b>	<b>10.9%</b>	<b>208.4</b>	<b>225.7</b>	<b>8.3%</b>	<b>105.5</b>	<b>111.6</b>	<b>5.8%</b>
<b>EBITDA margin</b>	<b>42.6%</b>	<b>47.4%</b>	<b>45.1%</b>	<b>48.1%</b>	<b>41.7%</b>	<b>43.7%</b>	<b>2.0p.p.</b>	<b>43.6%</b>	<b>44.7%</b>	<b>1.1p.p.</b>	<b>45.0%</b>	<b>46.9%</b>	<b>1.9p.p.</b>

OPERATING DATA								1H15	1H16	Var.	2Q15	2Q16	Var.
Average operating fleet	22,916	27,858	30,357	31,188	30,778	31,676	2.9%	31,953	31,375	-1.8%	31,778	31,270	-1.6%
Average rented fleet	22,343	26,676	29,444	30,121	28,787	30,280	5.2%	30,501	30,593	0.3%	30,494	30,680	0.6%
Average operating fleet age (in months)	15.9	15.8	16.8	18.6	18.0	16.7	-7.2%	16.7	17.7	6.0%	16.7	17.9	7.2%
End of period fleet													
Rented Fleet	26,615	31,629	32,104	32,809	34,312	33,948	-1.1%	33,217	32,726	-1.5%	33,217	32,726	-1.5%
Managed Fleet	331	234	162	30	267	207	-22.5%	212	140	-34.0%	212	140	-34.0%
Number of rental days - in thousands	8,043.8	9,603.4	10,600.7	10,843.7	10,363.3	10,900.9	5.2%	5,484.4	5,506.6	0.4%	2,738.7	2,761.1	0.8%
Average daily rental revenues per car (R\$)	46.27	48.83	51.59	53.83	56.16	56.08	-0.1%	55.01	57.83	5.1%	55.13	58.00	5.2%
Annualized average depreciation per car (R\$)	3,509.7	4,133.0	5,408.2	4,592.3	4,202.1	3,935.2	-6.4%	4,118.2	3,981.3	-3.3%	3,588.8	3,786.2	5.5%
Utilization rate	97.5%	95.8%	97.0%	96.6%	93.5%	95.6%	2.1p.p.	95.5%	97.5%	2.0p.p.	96.0%	98.2%	2.2p.p.
Number of cars purchased	11,614	13,204	11,032	10,918	14,896	11,689	-21.5%	4,949	4,876	-1.5%	2,542	3,010	18.4%
Number of cars sold	7,627	7,929	10,529	9,882	13,043	11,797	-9.6%	5,899	5,971	1.2%	2,746	2,445	-11.0%
Average sold fleet age (in months)	28.4	32.8	31.8	32.4	35.1	33.4	-4.8%	34.3	31.6	-7.9%	34.6	31.6	-8.7%
Average total fleet	24,049	29,308	31,688	32,488	32,686	33,446	2.3%	33,319	32,589	-2.2%	33,166	32,517	-2.0%
Average value of total fleet - R\$ million	696.7	842.2	886.3	887.3	943.3	1,067.1	13.1%	1,038.7	1,084.4	4.4%	1,046.9	1,089.0	4.0%
Average value per car in the period - R\$ thsd	29.0	28.7	28.0	27.3	28.9	31.9	10.4%	31.2	33.3	6.7%	31.6	33.5	6.0%

(\*) Gross revenues from fleet rental and car sales for fleet renewal are net of discounts and cancellations.

(\*\*) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues from fleet rental and car sales for fleet renewal of 2010, which are presented in USGAAP, are net of taxes on revenues.

## 15.3 – Table 3 – *Franchising* – R\$ million

FRANCHISING RESULTS	2010	2011	2012	2013	2014	2015	Var.	1H15	1H16	Var.	2Q15	2Q16	Var.
Gross revenues(*)	12.8	15.1	18.3	20.6	18.7	17.8	-4.8%	8.7	8.9	2.3%	4.4	4.4	0.0%
Taxes on revenues	(0.8)	(0.8)	(1.0)	(1.1)	(1.0)	(1.2)	20.0%	(0.6)	(0.6)	0.0%	(0.4)	(0.3)	-25.0%
<b>Net revenues (**)</b>	<b>12.0</b>	<b>14.3</b>	<b>17.3</b>	<b>19.5</b>	<b>17.7</b>	<b>16.6</b>	<b>-6.2%</b>	<b>8.1</b>	<b>8.3</b>	<b>2.5%</b>	<b>4.0</b>	<b>4.1</b>	<b>2.5%</b>
Costs	(5.5)	(6.8)	(7.9)	(8.1)	(7.8)	(9.2)	17.9%	(4.3)	(3.6)	-16.3%	(2.0)	(1.6)	-20.0%
<b>Gross profit</b>	<b>6.5</b>	<b>7.5</b>	<b>9.4</b>	<b>11.4</b>	<b>9.9</b>	<b>7.4</b>	<b>-25.3%</b>	<b>3.8</b>	<b>4.7</b>	<b>23.7%</b>	<b>2.0</b>	<b>2.5</b>	<b>25.0%</b>
Operating expenses (SG&A)	(0.3)	-	(0.1)	(0.1)	(0.7)	(0.6)	-14.3%	(0.2)	(0.7)	2.50	(0.2)	(0.3)	50.0%
Other assets depreciation and amortization	-	(0.3)	(0.4)	(0.4)	(0.5)	(0.4)	-20.0%	(0.3)	(0.3)	0.0%	(0.1)	(0.1)	0.0%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>6.2</b>	<b>7.2</b>	<b>8.9</b>	<b>10.9</b>	<b>8.7</b>	<b>6.4</b>	<b>-26.4%</b>	<b>3.3</b>	<b>3.7</b>	<b>12.1%</b>	<b>1.7</b>	<b>2.1</b>	<b>23.5%</b>
Financial expenses, net	0.4	1.8	0.9	1.4	1.8	1.6	-11.1%	0.7	1.2	71.4%	0.3	0.5	66.7%
Income tax and social contribution	(0.9)	(0.9)	(1.1)	(1.3)	(1.2)	(1.3)	8.3%	(0.6)	(0.8)	33.3%	(0.3)	(0.4)	33.3%
<b>Net income for the period</b>	<b>5.7</b>	<b>8.1</b>	<b>8.7</b>	<b>11.0</b>	<b>9.3</b>	<b>6.7</b>	<b>-28.0%</b>	<b>3.4</b>	<b>4.1</b>	<b>20.6%</b>	<b>1.7</b>	<b>2.2</b>	<b>29.4%</b>
<b>Net Margin</b>	<b>47.5%</b>	<b>56.6%</b>	<b>50.3%</b>	<b>56.4%</b>	<b>52.5%</b>	<b>40.4%</b>	<b>-12.1p.p.</b>	<b>42.0%</b>	<b>49.4%</b>	<b>7.4p.p.</b>	<b>42.5%</b>	<b>53.7%</b>	<b>11.2p.p.</b>
<b>EBITDA</b>	<b>6.2</b>	<b>7.5</b>	<b>9.3</b>	<b>11.3</b>	<b>9.2</b>	<b>6.8</b>	<b>-26.1%</b>	<b>3.6</b>	<b>4.0</b>	<b>11.1%</b>	<b>1.8</b>	<b>2.2</b>	<b>22.2%</b>
<b>EBITDA Margin</b>	<b>51.7%</b>	<b>52.4%</b>	<b>53.8%</b>	<b>57.9%</b>	<b>52.0%</b>	<b>41.0%</b>	<b>-11.0p.p.</b>	<b>44.4%</b>	<b>48.2%</b>	<b>3.8p.p.</b>	<b>45.0%</b>	<b>53.7%</b>	<b>8.7p.p.</b>

(\*) Gross revenues are net of discounts and cancellations.

(\*\*) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues of 2010, which are presented in USGAAP, are net of taxes on revenues.



## 15.4 – Table 4 – Consolidated – R\$ million

CONSOLIDATED RESULTS	2010	2011	2012	2013	2014	2015	Var.	1H15	1H16	Var.	2Q15	2Q16	Var.
Car rental gross revenues (*)	838.0	1,019.4	1,132.3	1,208.4	1,352.1	1,316.9	-2.6%	634.4	696.8	9.8%	309.5	342.1	10.5%
Franchising gross revenues (*)	12.8	15.1	18.3	20.6	18.7	17.8	-4.8%	8.7	8.9	2.3%	4.4	4.4	0.0%
Car Rental and Franchising total gross revenues (*)	850.8	1,034.5	1,150.6	1,229.0	1,370.8	1,334.7	-2.6%	643.1	705.7	9.7%	313.9	346.5	10.4%
Fleet Rental gross revenues (*)	374.5	472.9	552.4	592.8	589.5	619.6	5.1%	304.8	323.3	6.1%	152.9	162.4	6.2%
Car and Fleet Rentals and Franchising total gross revenues (*)	1,225.3	1,507.4	1,703.0	1,821.8	1,960.3	1,954.3	-0.3%	947.9	1,029.0	8.6%	466.8	508.9	9.0%
Taxes on revenues - Car and Fleet Rentals and Franchising	(50.0)	(57.4)	(56.3)	(62.9)	(86.3)	(71.2)	-17.5%	(34.6)	(35.3)	2.0%	(16.5)	(17.5)	6.1%
<b>Car and Fleet Rentals and Franchising net revenues (**)</b>	<b>1,175.3</b>	<b>1,450.0</b>	<b>1,646.7</b>	<b>1,758.9</b>	<b>1,874.0</b>	<b>1,883.1</b>	<b>0.5%</b>	<b>913.3</b>	<b>993.7</b>	<b>8.8%</b>	<b>450.3</b>	<b>491.4</b>	<b>9.1%</b>
Car sales gross revenues													
Car sales for fleet renewal - Car Rental (*)	1,104.7	1,244.7	1,253.6	1,486.1	1,671.4	1,679.2	0.5%	865.6	830.0	-4.1%	415.0	393.8	-5.1%
Car sales for fleet renewal - Fleet Rental (*)	221.3	227.7	270.2	264.6	350.8	368.6	5.1%	179.1	187.5	4.7%	84.9	78.6	-7.4%
Car sales for fleet renewal - total gross revenues (*)	1,326.0	1,472.4	1,523.8	1,750.7	2,022.2	2,047.8	1.3%	1,044.7	1,017.5	-2.6%	499.9	472.4	-5.5%
Taxes on revenues - Car sales for fleet renewal	(4.1)	(4.3)	(3.8)	(3.4)	(4.0)	(2.9)	-27.5%	(1.5)	(1.1)	-26.7%	(0.7)	(0.7)	0.0%
<b>Car sales for fleet renewal - net revenues (**)</b>	<b>1,321.9</b>	<b>1,468.1</b>	<b>1,520.0</b>	<b>1,747.3</b>	<b>2,018.2</b>	<b>2,044.9</b>	<b>1.3%</b>	<b>1,043.2</b>	<b>1,016.4</b>	<b>-2.6%</b>	<b>499.2</b>	<b>471.7</b>	<b>-5.5%</b>
<b>Total net revenues (**)</b>	<b>2,497.2</b>	<b>2,918.1</b>	<b>3,166.7</b>	<b>3,506.2</b>	<b>3,892.2</b>	<b>3,928.0</b>	<b>0.9%</b>	<b>1,956.5</b>	<b>2,010.1</b>	<b>2.7%</b>	<b>949.5</b>	<b>963.1</b>	<b>1.4%</b>
Direct costs and expenses:													
Car rental	(317.8)	(382.7)	(476.6)	(536.9)	(577.3)	(618.1)	7.1%	(295.2)	(324.6)	10.0%	(148.4)	(164.2)	10.6%
Franchising	(5.5)	(6.8)	(7.9)	(8.1)	(7.8)	(9.2)	17.9%	(4.3)	(3.6)	-16.3%	(2.0)	(1.6)	-20.0%
Total Car rental and Franchising	(323.3)	(389.5)	(484.5)	(545.0)	(585.1)	(627.3)	7.2%	(299.5)	(328.2)	9.6%	(150.4)	(165.8)	10.2%
Fleet Rental	(94.7)	(117.8)	(146.3)	(161.1)	(190.8)	(189.3)	-0.8%	(96.3)	(93.2)	-3.2%	(45.3)	(46.4)	2.4%
Total Car and Fleet Rentals and Franchising	(418.0)	(507.3)	(630.8)	(706.1)	(775.9)	(816.6)	5.2%	(395.8)	(421.4)	6.5%	(195.7)	(212.2)	8.4%
Car sales for fleet renewal - Car rental	(980.0)	(1,092.0)	(1,068.5)	(1,271.9)	(1,428.4)	(1,396.3)	-2.2%	(715.5)	(707.2)	-1.2%	(342.6)	(335.6)	-2.0%
Car sales for fleet renewal - Fleet Rental	(201.4)	(197.5)	(237.3)	(214.1)	(276.3)	(286.7)	3.8%	(138.2)	(149.9)	8.5%	(65.8)	(62.7)	-4.7%
Total Car sales for fleet renewal (book value)	(1,181.4)	(1,289.5)	(1,305.8)	(1,486.0)	(1,704.7)	(1,683.0)	-1.3%	(853.7)	(857.1)	0.4%	(408.4)	(398.3)	-2.5%
Total costs	(1,599.4)	(1,796.8)	(1,936.6)	(2,192.1)	(2,480.6)	(2,499.6)	0.8%	(1,249.5)	(1,278.5)	2.3%	(604.1)	(610.5)	1.1%
<b>Gross profit</b>	<b>897.8</b>	<b>1,121.3</b>	<b>1,230.1</b>	<b>1,314.1</b>	<b>1,411.6</b>	<b>1,428.4</b>	<b>1.2%</b>	<b>707.0</b>	<b>731.6</b>	<b>3.5%</b>	<b>345.4</b>	<b>352.6</b>	<b>2.1%</b>
Operating expenses													
Advertising, promotion and selling:													
Car rental	(62.6)	(79.5)	(93.3)	(103.5)	(117.8)	(127.9)	8.6%	(65.7)	(65.8)	0.2%	(31.7)	(31.7)	0.0%
Franchising	(0.3)	(0.1)	(0.1)	(0.1)	(0.8)	(0.6)	-25.0%	(0.2)	(0.2)	-	(0.1)	(0.1)	0.0%
Total car rental and Franchising	(62.9)	(79.6)	(93.4)	(103.6)	(118.6)	(128.5)	8.3%	(65.9)	(66.0)	0.2%	(31.8)	(31.8)	0.0%
Fleet Rental	(9.8)	(10.5)	(11.6)	(14.4)	(15.1)	(18.2)	20.5%	(10.0)	(7.1)	-29.0%	(5.7)	(3.6)	-36.8%
Car sales for fleet renewal	(98.1)	(129.0)	(150.6)	(162.1)	(172.3)	(191.1)	10.9%	(94.3)	(90.1)	-4.5%	(48.3)	(44.8)	-7.2%
Total advertising, promotion and selling	(170.8)	(219.1)	(255.6)	(280.1)	(306.0)	(337.8)	10.4%	(170.2)	(163.2)	-4.1%	(85.8)	(80.2)	-6.5%
General, administrative and other expenses	(77.5)	(80.9)	(98.9)	(117.5)	(135.8)	(155.8)	14.7%	(69.0)	(75.7)	9.7%	(36.6)	(38.1)	4.1%
Total Operating expenses	(248.3)	(300.0)	(354.5)	(397.6)	(441.8)	(493.6)	11.7%	(239.2)	(238.9)	-0.1%	(122.4)	(118.3)	-3.3%
Depreciation expenses:													
Cars depreciation:													
Car rental	(65.9)	(86.4)	(212.7)	(85.8)	(78.1)	(38.9)	-50.2%	(18.8)	(29.7)	58.0%	(6.2)	(16.2)	161.3%
Fleet Rental	(80.4)	(115.1)	(164.2)	(143.2)	(129.3)	(124.7)	-3.6%	(65.8)	(62.4)	-5.2%	(28.5)	(29.6)	3.9%
Total cars depreciation expenses	(146.3)	(201.5)	(376.9)	(229.0)	(207.4)	(163.6)	-21.1%	(84.6)	(92.1)	8.9%	(34.7)	(45.8)	32.0%
Other assets depreciation and amortization	(21.1)	(24.1)	(32.9)	(35.4)	(35.7)	(35.7)	0.0%	(17.7)	(19.1)	7.9%	(8.9)	(9.5)	6.7%
Total depreciation and amortization expenses	(167.4)	(225.6)	(409.8)	(264.4)	(243.1)	(199.3)	-18.0%	(102.3)	(111.2)	8.7%	(43.6)	(55.3)	26.8%
<b>Operating profit before financial results and taxes (EBIT)</b>	<b>482.1</b>	<b>595.7</b>	<b>465.8</b>	<b>652.1</b>	<b>726.7</b>	<b>735.5</b>	<b>1.2%</b>	<b>365.5</b>	<b>381.5</b>	<b>4.4%</b>	<b>179.4</b>	<b>179.0</b>	<b>-0.2%</b>
Financial expenses, net:													
Expense	(168.3)	(239.3)	(199.3)	(187.1)	(276.4)	(370.1)	33.9%	(182.0)	(217.1)	19.3%	(96.2)	(104.9)	9.0%
Income	38.2	60.3	60.6	76.5	125.3	167.4	33.6%	82.6	99.9	20.9%	44.7	55.4	23.9%
Monetary and exchange variation - assets and liabilities, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains (losses) on derivative	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial (expenses) revenues, net	(130.1)	(179.0)	(138.7)	(110.6)	(151.1)	(202.7)	34.1%	(99.4)	(117.2)	17.9%	(51.5)	(49.5)	-3.9%
<b>Income before tax and social contribution</b>	<b>352.0</b>	<b>416.7</b>	<b>327.1</b>	<b>541.5</b>	<b>575.6</b>	<b>532.8</b>	<b>-7.4%</b>	<b>266.1</b>	<b>264.3</b>	<b>-0.7%</b>	<b>127.9</b>	<b>129.5</b>	<b>1.3%</b>
Income tax and social contribution	(101.5)	(125.1)	(86.2)	(157.2)	(165.0)	(130.4)	-21.0%	(72.5)	(63.3)	-12.7%	(34.5)	(31.5)	-8.7%
<b>Net income for the period</b>	<b>250.5</b>	<b>291.6</b>	<b>240.9</b>	<b>384.3</b>	<b>410.6</b>	<b>402.4</b>	<b>-2.0%</b>	<b>193.6</b>	<b>201.0</b>	<b>3.8%</b>	<b>93.4</b>	<b>98.0</b>	<b>4.9%</b>
EBITDA	649.5	821.3	875.6	916.5	969.8	934.8	-3.6%	467.8	492.7	5.3%	223.0	234.3	5.1%
<b>Consolidated EBITDA Margin</b>	<b>26.0%</b>	<b>28.1%</b>	<b>27.7%</b>	<b>26.1%</b>	<b>24.9%</b>	<b>23.8%</b>	<b>-1.1p.p.</b>	<b>23.9%</b>	<b>24.5%</b>	<b>0.6p.p.</b>	<b>23.5%</b>	<b>24.3%</b>	<b>0.8p.p.</b>
Car and Fleet Rentals and Franchising EBITDA	615.1	779.9	812.1	817.3	849.6	785.3	-7.6%	382.4	430.7	12.6%	185.8	209.4	12.7%
<b>EBITDA Margin</b>	<b>52.3%</b>	<b>53.8%</b>	<b>49.3%</b>	<b>46.5%</b>	<b>45.3%</b>	<b>41.7%</b>	<b>-3.6p.p.</b>	<b>41.9%</b>	<b>43.3%</b>	<b>1.4p.p.</b>	<b>41.3%</b>	<b>42.6%</b>	<b>1.3p.p.</b>
Used Car Sales (Seminovos) EBITDA	34.4	41.4	63.5	99.2	120.2	149.5	24.4%	85.4	62.0	-27.4%	37.2	24.9	-33.1%
<b>EBITDA Margin</b>	<b>2.6%</b>	<b>2.8%</b>	<b>4.2%</b>	<b>5.7%</b>	<b>6.0%</b>	<b>7.3%</b>	<b>1.3p.p.</b>	<b>8.2%</b>	<b>6.1%</b>	<b>-2.1p.p.</b>	<b>7.5%</b>	<b>5.3%</b>	<b>-2.2p.p.</b>

(\*) Gross revenues are net of discounts and cancellations.

(\*\*) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues of 2010, which are presented in USGAAP, are net of taxes on revenues.



## 15.5 – Table 5 – Operating data

SELECTED OPERATING DATA	2010	2011	2012	2013	2014	2015	Var.	1H15	1H16	Var.	2Q15	2Q16	Var.
<b>Average operating fleet:</b>													
Car Rental	42,903	51,285	53,548	59,094	61,525	62,513	1.6%	62,943	64,670	2.7%	61,215	65,150	6.4%
Fleet Rental	22,916	27,858	30,357	31,188	30,778	31,676	2.9%	31,953	31,375	-1.8%	31,778	31,270	-1.6%
Total	65,819	79,143	83,905	90,282	92,303	94,189	2.0%	94,896	96,045	1.2%	92,993	96,420	3.7%
<b>Average rented fleet:</b>													
Car Rental	29,646	35,348	37,932	39,475	42,999	43,315	0.7%	42,637	47,604	11.6%	42,250	48,036	13.7%
Fleet Rental	22,343	26,676	29,444	30,121	28,787	30,280	5.2%	30,501	30,593	0.3%	30,494	30,680	0.6%
Total	51,989	62,024	67,376	69,596	71,786	73,595	2.5%	73,138	78,197	6.9%	72,744	78,716	8.2%
<b>Average age of operating fleet (months)</b>													
Car Rental	6.3	6.8	7.8	7.2	7.2	7.4	2.8%	7.1	8.7	22.5%	7.2	8.8	22.2%
Fleet Rental	15.9	15.8	16.8	18.6	18.0	16.7	-7.2%	16.7	17.7	6.0%	16.7	17.9	7.2%
Average age of total operating fleet	9.6	9.9	11.0	11.1	10.0	10.6	6.0%	10.4	11.7	12.5%	10.6	11.8	11.3%
<b>Fleet at end of period:</b>													
Car Rental	61,445	64,688	65,086	70,717	77,573	76,755	-1.1%	71,525	78,352	9.5%	71,525	78,352	9.5%
Fleet Rental	26,615	31,629	32,104	32,809	34,312	33,948	-1.1%	33,217	32,726	-1.5%	33,217	32,726	-1.5%
Total	88,060	96,317	97,190	103,526	111,885	110,703	-1.1%	104,742	111,078	6.0%	104,742	111,078	6.0%
Managed fleet at end period - Fleet Rental	331	234	162	30	267	207	-22.5%	212	140	-34.0%	212	140	-34.0%
<b>Fleet investment (R\$ million)</b>													
Car Rental	1,476.1	1,306.2	1,227.2	1,634.5	1,909.1	1,773.1	-7.1%	674.1	923.6	37.0%	430.5	744.8	73.0%
Fleet Rental	411.3	439.9	386.4	389.7	571.2	502.0	-12.1%	226.1	208.8	-7.7%	121.1	133.2	10.0%
Total	1,887.4	1,746.1	1,613.6	2,024.2	2,480.3	2,275.1	-8.3%	900.2	1,132.4	25.8%	551.6	878.0	59.2%
<b>Number of rental days (In thousands):</b>													
Car Rental - Total	10,818.8	12,907.7	13,886.3	14,414.7	15,696.2	15,815.8	0.8%	7,720.3	8,663.9	12.2%	3,844.9	4,371.3	13.7%
Rental days for Fleet Rental replacement service	(84.6)	(113.4)	(137.5)	(173.0)	(280.2)	(249.7)	-10.9%	(136.1)	(113.7)	-16.5%	(64.7)	(63.4)	-2.0%
Car Rental - Net	10,734.3	12,794.3	13,748.8	14,241.7	15,416.0	15,566.1	1.0%	7,584.2	8,550.2	12.7%	3,780.2	4,307.9	14.0%
Fleet Rental	8,043.8	9,603.4	10,600.7	10,843.7	10,363.3	10,900.9	5.2%	5,484.4	5,506.6	0.4%	2,738.7	2,761.1	0.8%
Total	18,778.1	22,397.7	24,349.5	25,085.4	25,779.3	26,467.0	2.7%	13,068.6	14,056.8	7.6%	6,518.9	7,069.0	8.4%
<b>Annualized average depreciation per car (R\$)</b>													
Car Rental	1,536.0	1,683.9	3,972.4	1,452.4	1,270.0	622.1	-51.0%	598.6	917.0	53.2%	405.7	996.8	145.7%
Fleet Rental	3,509.7	4,133.0	5,408.2	4,592.3	4,202.1	3,935.2	-6.4%	4,118.2	3,981.3	-3.3%	3,588.8	3,786.2	5.5%
Total	2,223.2	2,546.0	4,491.9	2,537.1	2,247.7	1,736.3	-22.8%	1,783.7	1,918.0	7.5%	1,493.4	1,901.5	27.3%
<b>Average annual revenues per operating car (R\$ thousand)</b>													
Car Rental	19.5	19.1	20.4	19.7	20.9	20.1	-3.8%	19.4	20.7	6.7%	19.4	20.2	4.1%
Fleet Rental	16.2	16.2	17.5	18.2	18.3	18.9	3.3%	18.5	20.0	8.1%	18.6	20.1	8.1%
<b>Average daily rental (R\$)</b>													
Car Rental (**)	78.07	79.68	82.36	84.85	87.71	84.56	-3.6%	83.65	81.49	-2.6%	81.85	79.41	-3.0%
Fleet Rental	46.27	48.83	51.59	53.83	56.16	56.08	-0.1%	55.01	57.83	5.1%	55.13	58.00	5.2%
<b>Utilization rate:</b>													
Car Rental	69.1%	68.9%	70.8%	66.8%	69.9%	69.3%	-0.6p.p.	67.7%	73.6%	5.9p.p.	69.0%	73.7%	4.7p.p.
Fleet Rental	97.5%	95.8%	97.0%	96.6%	93.5%	95.6%	2.1p.p.	95.5%	97.5%	2.0p.p.	96.0%	98.2%	2.2p.p.
<b>Number of cars purchased - consolidated</b>	65,934	59,950	58,655	69,744	79,804	64,032	-19.8%	26,851	31,009	15.5%	16,211	24,020	48.2%
<b>Average price of cars purchased (R\$ thsd) - consolidated</b>	28.63	29.13	27.51	29.02	31.08	35.53	14.3%	33.53	36.52	8.9%	34.03	36.55	7.4%
<b>Numbers of cars sold - consolidated</b>	47,285	50,772	56,644	62,641	70,621	64,305	-8.9%	33,520	30,187	-9.9%	16,071	13,839	-13.9%
<b>Average price of cars sold (R\$ thsd) (*) - consolidated</b>	25.80	26.30	24.24	25.36	25.90	28.54	10.2%	28.06	30.48	8.6%	27.77	30.64	10.3%

(\*) Recalculated as from 2010 to include additional revenues, net of SG&A expenses related to the sale of cars deactivated for fleet renewal.

(\*\*) Not included the rentals for Fleet Rental Division.

## 16 – Consolidated financial statements – IFRS – R\$/million

ASSETS	2010	2011	2012	2013	2014	2015	1H16
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents	415.7	711.0	823.9	1,010.7	1,390.2	1,385.1	1,467.1
Trade accounts receivable	274.8	353.4	361.1	408.3	459.6	486.1	453.7
Derivative financial instruments - swap	-	-	-	-	-	-	1.4
Other current assets	40.7	54.1	50.0	57.9	94.6	102.6	136.1
Decommissioning cars to fleet renewal	20.1	29.0	13.3	16.5	18.3	31.8	6.5
<b>Total current assets</b>	<b>751.3</b>	<b>1,147.5</b>	<b>1,248.3</b>	<b>1,493.4</b>	<b>1,962.7</b>	<b>2,005.6</b>	<b>2,064.8</b>
<b>NON CURRENT ASSETS:</b>							
Long-term assets:							
Marketable securities	-	-	-	-	92.5	-	-
Derivative financial instruments - swap	-	-	-	-	-	45.6	1.5
Trade accounts receivable	-	-	4.0	7.1	3.2	4.7	3.8
Escrow deposit	24.8	25.0	23.0	38.1	41.9	52.9	54.4
Deferred income tax and social contribution	24.0	19.8	24.5	32.4	-	-	-
Other non current assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total long-term assets</b>	<b>48.9</b>	<b>44.9</b>	<b>51.6</b>	<b>77.7</b>	<b>137.7</b>	<b>103.3</b>	<b>59.8</b>
Property and equipment							
Cars	2,427.4	2,652.7	2,534.3	2,781.4	3,278.0	3,610.9	3,777.6
Other	114.9	141.7	171.0	166.1	203.9	314.1	337.4
Intangible:							
Software	7.7	18.3	36.2	47.3	60.3	67.1	63.3
Goodwill on acquisition of investments	4.5	4.5	4.5	12.3	22.0	22.0	22.0
<b>Total non current assets</b>	<b>2,603.4</b>	<b>2,862.1</b>	<b>2,797.6</b>	<b>3,084.8</b>	<b>3,701.9</b>	<b>4,117.4</b>	<b>4,260.1</b>
<b>TOTAL ASSETS</b>	<b>3,354.7</b>	<b>4,009.6</b>	<b>4,045.9</b>	<b>4,578.2</b>	<b>5,664.6</b>	<b>6,123.0</b>	<b>6,324.9</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	2010	2011	2012	2013	2014	2015	1H16
<b>CURRENT LIABILITIES:</b>							
Trade accounts payable	443.0	488.7	356.2	460.5	828.4	690.6	710.1
Social and labor obligations	58.0	58.7	53.2	73.9	86.3	85.6	81.5
Loans, financing and debentures	233.7	130.9	210.1	275.4	300.9	422.4	642.0
Income tax and social contribution	22.7	32.5	26.0	35.2	41.3	28.3	16.7
Dividends and interest on capital	40.2	38.3	18.7	53.1	59.2	29.3	31.3
Other current liabilities	36.1	44.7	70.0	78.6	82.3	99.9	70.4
<b>Total current liabilities</b>	<b>833.7</b>	<b>793.8</b>	<b>734.2</b>	<b>976.7</b>	<b>1,398.4</b>	<b>1,356.1</b>	<b>1,552.0</b>
<b>NON CURRENT LIABILITIES:</b>							
Loans, financing and debentures	1,463.1	1,943.5	1,845.0	2,068.1	2,411.6	2,596.9	2,452.4
Provisions	42.5	30.1	35.2	50.9	69.9	68.3	69.1
Deferred income tax and social contribution	81.6	92.4	76.8	111.8	106.0	141.6	160.5
Other non current liabilities	35.1	29.2	30.0	29.5	23.2	18.5	16.7
<b>Total non current liabilities</b>	<b>1,622.3</b>	<b>2,095.2</b>	<b>1,987.0</b>	<b>2,260.3</b>	<b>2,610.7</b>	<b>2,825.3</b>	<b>2,698.7</b>
<b>Total liabilities</b>	<b>2,456.0</b>	<b>2,889.0</b>	<b>2,721.2</b>	<b>3,237.0</b>	<b>4,009.1</b>	<b>4,181.4</b>	<b>4,250.7</b>
<b>SHAREHOLDERS' EQUITY:</b>							
Capital	601.7	601.7	601.7	976.7	976.7	976.7	976.7
Capital Reserves	12.0	19.0	48.0	30.2	40.4	35.9	39.7
Earnings Reserves	273.9	499.8	675.0	334.3	638.4	929.0	1,057.8
Valuation adjustments to equity	11.1	0.1	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>898.7</b>	<b>1,120.6</b>	<b>1,324.7</b>	<b>1,341.2</b>	<b>1,655.5</b>	<b>1,941.6</b>	<b>2,074.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,354.7</b>	<b>4,009.6</b>	<b>4,045.9</b>	<b>4,578.2</b>	<b>5,664.6</b>	<b>6,123.0</b>	<b>6,324.9</b>

## 17 – Consolidated financial statements – Income statements and reconciliations - R\$/million

STATEMENT OF INCOME	2010 USGAAP	2011 IFRS	2012 IFRS	2013 IFRS	2014 IFRS	2015 IFRS	1H16 USGAAP	Reclassifications	1H16 IFRS
<b>Total net revenues</b>	<b>2,497.2</b>	<b>2,918.1</b>	<b>3,166.7</b>	<b>3,506.2</b>	<b>3,892.2</b>	<b>3,928.0</b>	<b>2,046.5</b>	<b>(36.4) (a)</b>	<b>2,010.1</b>
<b>COSTS AND EXPENSES:</b>									
Direct costs	(1,599.4)	(1,796.8)	(1,936.6)	(2,192.1)	(2,480.6)	(2,499.6)	(1,278.5)	-	(1,278.5)
Taxes on revenues	-	-	-	-	-	-	(36.4)	36.4 (a)	-
Selling, general, administrative and other expenses	(248.3)	(300.0)	(354.5)	(397.6)	(441.8)	(493.6)	(238.9)	-	(238.9)
Cars depreciation	(146.3)	(201.5)	(376.9)	(229.0)	(207.4)	(163.6)	(92.1)	-	(92.1)
Other assets depreciation and amortization	(21.1)	(24.1)	(32.9)	(35.4)	(35.7)	(35.7)	(19.1)	-	(19.1)
Total costs and expenses	(2,015.1)	(2,322.4)	(2,700.9)	(2,854.1)	(3,165.5)	(3,192.5)	(1,665.0)	36.4	(1,628.6)
<b>Income before financial results and taxes (EBIT)</b>	<b>482.1</b>	<b>595.7</b>	<b>465.8</b>	<b>652.1</b>	<b>726.7</b>	<b>735.5</b>	<b>381.5</b>	<b>-</b>	<b>381.5</b>
<b>FINANCIAL EXPENSES, NET</b>	<b>(130.1)</b>	<b>(179.0)</b>	<b>(138.7)</b>	<b>(110.6)</b>	<b>(151.1)</b>	<b>(202.7)</b>	<b>(117.2)</b>	<b>-</b>	<b>(117.2)</b>
<b>Income before taxes</b>	<b>352.0</b>	<b>416.7</b>	<b>327.1</b>	<b>541.5</b>	<b>575.6</b>	<b>532.8</b>	<b>264.3</b>	<b>-</b>	<b>264.3</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>									
Current	(80.2)	(106.2)	(106.5)	(130.1)	(139.5)	(94.8)	(44.4)	-	(44.4)
Deferred	(21.3)	(18.9)	20.3	(27.1)	(25.5)	(35.6)	(18.9)	-	(18.9)
	(101.5)	(125.1)	(86.2)	(157.2)	(165.0)	(130.4)	(63.3)	-	(63.3)
<b>Net income</b>	<b>250.5</b>	<b>291.6</b>	<b>240.9</b>	<b>384.3</b>	<b>410.6</b>	<b>402.4</b>	<b>201.0</b>	<b>-</b>	<b>201.0</b>

(a) Refers to reclassification of taxes on revenues to specific account.

Shareholder's equity Reconciliation	Dec 31, 2015	June 30, 2016
<b>Shareholders' equity - IFRS</b>	<b>1,941.6</b>	<b>2,074.1</b>
Dividends proposed	1.0	-
Goodwill, net of income tax and social contribution	21.8	21.8
<b>Shareholders' equity - USGAAP</b>	<b>1,964.4</b>	<b>2,095.9</b>

## 18 – Statements of Cash Flows – R\$/million

CONSOLIDATED CASH FLOW	2010 USGAAP	2011 IFRS	2012 IFRS	2013 IFRS	2014 IFRS	2015 IFRS	1H16 IFRS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Net income	250.5	291.6	240.9	384.3	410.6	402.4	201.0
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:							
Depreciation and amortization	167.4	225.6	409.8	264.4	243.2	199.3	111.2
Net book value of vehicles written off	1,214.3	1,328.6	1,360.2	1,543.8	1,777.0	1,769.1	901.4
Deferred income tax and social contribution	21.3	18.9	(20.3)	27.1	25.5	35.6	18.9
Other	6.7	2.7	21.8	33.7	32.0	17.3	8.3
(Increase) decrease in assets:							
Trade receivable	(63.3)	(81.3)	(14.6)	(54.7)	(49.9)	(36.6)	28.6
Purchases of cars (see supplemental disclosure below)	(1,799.1)	(1,743.8)	(1,735.7)	(1,939.4)	(2,150.2)	(2,399.6)	(1,114.2)
Escrow deposits	(1.6)	0.6	0.7	(15.1)	(5.7)	(15.3)	(1.5)
Taxes recoverable	(7.0)	(15.9)	(11.4)	(20.3)	(43.4)	(5.2)	(4.4)
Other assets	(4.2)	10.7	8.5	6.1	(5.7)	(1.3)	(27.5)
Increase (decrease) in liabilities:							
Accounts payable (except car manufacturers)	39.2	13.0	(15.6)	14.6	33.5	(16.7)	(0.2)
Social and labor obligations	27.9	0.7	(5.5)	20.7	12.4	(0.5)	(4.1)
Income tax and social contribution	78.3	106.2	106.5	130.1	139.5	94.8	44.4
Interest on loans, financing, debentures and swaps of fixed rates	161.4	231.0	195.9	181.6	281.7	406.6	206.0
Insurance premium	(10.0)	2.6	15.8	4.0	(0.6)	4.4	(6.3)
Other liabilities	20.8	(17.0)	16.0	1.1	(5.4)	5.9	(25.9)
<b>Cash provided by operating activities</b>	<b>102.6</b>	<b>374.2</b>	<b>573.0</b>	<b>582.0</b>	<b>694.5</b>	<b>460.2</b>	<b>335.7</b>
Income tax and social contribution paid	(57.8)	(83.0)	(100.9)	(108.5)	(113.1)	(110.7)	(55.9)
Interest on loans, financing and debentures paid	(169.6)	(237.0)	(190.6)	(152.0)	(328.0)	(352.9)	(206.7)
<b>Net cash provided by operating activities</b>	<b>(124.8)</b>	<b>54.2</b>	<b>281.5</b>	<b>321.5</b>	<b>253.4</b>	<b>(3.4)</b>	<b>73.1</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
(Investments) withdraw in marketable securities	-	-	-	-	(92.6)	92.6	-
Acquisition of investment, goodwill and fair value surplus	-	-	-	(12.5)	(14.4)	-	-
Purchases of other property and equipment and addition to intangible assets	(51.1)	(63.0)	(80.8)	(41.5)	(87.3)	(153.0)	(41.3)
<b>Net cash provided by (used in) investing activities</b>	<b>(51.1)</b>	<b>(63.0)</b>	<b>(80.8)</b>	<b>(54.0)</b>	<b>(194.3)</b>	<b>(60.4)</b>	<b>(41.3)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>							
Loans and financings:							
Proceeds	427.9	288.1	125.9	112.6	499.1	747.1	108.1
Repayment	(408.9)	(404.5)	(359.9)	(129.4)	(490.4)	(368.4)	(149.5)
Debentures							
Proceeds	370.0	500.0	300.2	496.3	497.3	496.8	197.4
Repayment	(222.1)	-	(90.6)	(220.7)	(90.8)	(668.0)	(37.5)
Treasury shares acquired	-	-	-	(36.8)	-	(27.5)	-
Exercise of stock options with treasury shares, net	-	-	21.9	12.8	5.5	18.0	1.3
Dividends paid	(6.1)	(23.3)	(26.3)	(255.1)	(38.6)	(44.7)	(1.0)
Interest on capital	(28.8)	(56.2)	(59.0)	(60.4)	(61.7)	(94.6)	(68.6)
<b>Net cash provided by (used in) financing activities</b>	<b>132.0</b>	<b>304.1</b>	<b>(87.8)</b>	<b>(80.7)</b>	<b>320.4</b>	<b>58.7</b>	<b>50.2</b>
<b>NET CASH FLOW PROVIDED (USED) IN THE YEAR</b>	<b>(43.9)</b>	<b>295.3</b>	<b>112.9</b>	<b>186.8</b>	<b>379.5</b>	<b>(5.1)</b>	<b>82.0</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	459.6	415.7	711.0	823.9	1,010.7	1,390.2	1,385.1
CASH AND CASH EQUIVALENTS AT END OF YEAR	415.7	711.0	823.9	1,010.7	1,390.2	1,385.1	1,467.1
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(43.9)</b>	<b>295.3</b>	<b>112.9</b>	<b>186.8</b>	<b>379.5</b>	<b>(5.1)</b>	<b>82.0</b>
<b>Supplemental disclosure of cash flow information:</b>							
Cash paid during the period to:							
Statement of the cash paid for cars acquisition							
Cars acquisition in the year/period - renewal	(1,370.1)	(1,504.5)	(1,563.3)	(1,819.7)	(2,197.7)	(2,278.4)	(1,103.8)
Cars acquisition in the year/period - growth	(540.3)	(272.0)	(55.5)	(209.4)	(286.9)	-	(30.1)
Suppliers - automakers:							
Balance at the end of the year	372.6	405.3	288.4	378.1	712.5	591.3	611.0
Balance at the beginning of the year	(261.3)	(372.6)	(405.3)	(288.4)	(378.1)	(712.5)	(591.3)
Cash paid for cars purchased	(1,799.1)	(1,743.8)	(1,735.7)	(1,939.4)	(2,150.2)	(2,399.6)	(1,114.2)

## 19 – Glossary and other information

- **CAGR:** Compounded average growth rate.
- **CAPEX:** Capital expenditure.
- **Car depreciation:** the amount to be depreciated is the positive difference between the acquisition price of the vehicle and its estimated residual value. Depreciation is calculated as long as the assets' estimated residual value does not exceed its accounting value. Depreciation is recognized during the estimated life cycle of each asset. In the Car Rental Division, depreciation method used is linear. In the Fleet Rental Division, depreciation is recorded according to the sum of the years' digits (SOYD) method, which better reflects the consumption pattern of the economic benefits that decrease during the cars' useful life. The residual value is the estimated sale price net of the estimated selling expense.
- **Depreciated cost of used cars sales (book value):** consists of the acquisition value of vehicles, depreciated up to the date of sale, less the technical discount. The **technical discount** is the discount given to the buyer for any required repairs that were not made. These repair costs are recorded as a charge to operating costs and as a credit to cost of cars sold.
- **EBITDA:** EBITDA is the net income of the period, added by the income tax, net financial expenses, depreciation, amortization and exhaustions, as defined by CVM instruction 527/12.
- **EBITDA Margin:** EBITDA divided by the net revenues.
- **EBIT:** EBIT is the net income of the period added by the income tax and net financial expenses.
- **EBIT Margin:** EBIT divided by the net revenues.
- **IPI tax:** Tax over industrialized products. In May, 2012 Government announced an IPI tax exemption valid initially up to August, 2012, however, successively extended in 2012. In 2013 IPI tax for compact cars was increased to 2% and was kept at this level until December 2014. On January 1, 2015 the tax was fully reinstated. Those measures aim at incentivizing the automotive industry by stimulating demand, since the tax reduction tends to be passed on to the final consumer.
- **Net debt:** Short and long term debts minus cash and cash equivalents. The "net debt" term is a Company's measure and cannot be compared with similar terms used by other companies.
- **Net (Divestment) Investment in cars:** capital investment in cars acquisition, net of the revenues from selling decommissioned cars.
- **NOPAT:** Net operating profit after tax.
- **Average Rented Fleet:** In the car rental division it is the number of daily rentals in the period divided by the number of days in the period.
- **Operating Fleet:** Operating fleet is comprised by the cars that are at the rental locations, either rented or not, under maintenance, as well as cars in transit from OEMs to car rental locations and those being prepared for sale, and not yet delivered to the Seminovos stores.
- **Utilization Rate:** It is the number of rental days of the period divided by the operating fleet. It is a Company's measure and cannot be compared with similar terms used by other companies.
- **ROIC:** Return on invested capital.

## **LOCALIZA RENT A CAR S.A.**

### **NOTES TO THE INTERIM FINANCIAL INFORMATION**

#### **SEMESTERS ENDED JUNE 30, 2016 AND 2015**

**(All amounts in thousands of reais unless otherwise stated)**

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## **1. OPERATIONS**

Localiza Rent a Car S.A. ("Localiza"), headquartered at Av. Bernardo Monteiro, 1.563, Belo Horizonte, Minas Gerais State, has, since May 2005, been a Brazilian publicly held company, listed in the BM&FBovespa (São Paulo Securities, Commodities and Futures Exchange) *Novo Mercado*, which characterizes the highest Corporate Governance level in the Brazilian capital market. Localiza's shares are traded under the ticker symbol RENT3.

The main activities of Localiza and its subsidiaries (the "Company") comprise car rental, fleet rental and franchising. In order to renew the fleet, Localiza and its subsidiary Localiza Fleet S.A. ("Localiza Fleet") sell their decommissioned cars, thereby generating cash to pay the Original Equipment Manufacturers ("OEMs") which provide the new cars.

On June 30, 2016, Localiza Platform, including franchisees in Brazil and abroad, was comprised of 565 car rental locations, being: (i) 494 locations in 361 cities in Brazil, 328 of which were operated directly by Localiza and the others by its franchisees; and (ii) 71 locations in 42 cities in seven South American countries, all operated by franchisees.

Localiza Platform's fleet was comprised of 124,773 cars, on June 30, 2016, as follows: (i) 111,078 owned by the Company, including 78,352 in the Car Rental Division and 32,726 in the Fleet Rental Division; (ii) 8,729 (not reviewed) belonging to franchisees in Brazil; and (iii) 4,966 (not reviewed) belonging to franchisees abroad. Decommissioned cars are substantially sold to final consumers through 78 sales locations owned by the Company, located in 48 cities throughout Brazil, without intermediation costs, maximizing cash flow generation for fleet renewal and reducing the depreciation cost.

The Company's direct and indirect subsidiaries are summarized in note 7(a).

## **2. BASIS OF PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company's interim financial information comprises parent company and consolidated interim information, being identified as "Parent company" and "Consolidated", and is prepared and presented in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and also in accordance with the accounting practices adopted in Brazil, being identified as "parent company" and "consolidated". The accounting practices adopted in Brazil include those established in the Corporate Law as well as the technical pronouncements, instructions, and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM), and disclose all (and only) the applicable significant information related to the interim financial information, which is consistent with the information utilized by Management in the performance of its duties.

The parent company interim information discloses investments in subsidiaries under the equity method of accounting, in accordance with prevailing legislation and in conformity with IFRS.

The other information on the basis of preparation and presentation of the interim financial information and the summary of significant accounting policies has not significantly changed compared with that disclosed in

**LOCALIZA RENT A CAR S.A.****NOTES TO THE INTERIM FINANCIAL INFORMATION****SEMESTERS ENDED JUNE 30, 2016 AND 2015****(All amounts in thousands of reais unless otherwise stated)**

note 2.6 and other notes to the annual financial statements for the year ended December 31, 2015 (hereinafter referred to as "Financial Statements for the year ended December 31, 2015"), published on March 3, 2016 through the following websites: [www.cvm.gov.br](http://www.cvm.gov.br), [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br) and [www.localiza.com/ri](http://www.localiza.com/ri) and published on March 15, 2016 in the newspaper "Diário do Comércio Minas Gerais" and on March 16, 2016 in the newspaper "Diário Oficial de Minas Gerais" (Minas Gerais Official Gazette).

**3. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS**

The accounting pronouncements and interpretations on which this quarterly financial information is based have not significantly changed in relation to those disclosed in the financial statements for the year ended December 31, 2015.

**4. CASH AND CASH EQUIVALENTS**

The composition of cash and cash equivalents is as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Cash and banks	4,263	5,280	23,475	7,377
Bank Deposit Certificates (CDB)	66,091	56,683	90,548	77,553
Financial investments with guarantee of repurchase	152,768	140,603	342,550	349,935
Fixed-income investment funds	753,895	679,093	1,010,540	844,986
Investment in financial bills	-	-	-	105,252
<b>Total</b>	<b>977,017</b>	<b>881,659</b>	<b>1,467,113</b>	<b>1,385,103</b>

As of June 30, 2016, investments in CDB, financial investments with guarantee of repurchase and fixed-income investment fund quotas had an average yield of 102.3% of the Interbank Deposit Certificate (CDI) rate variation (105.3% as of December 31, 2015) and have immediate liquidity.

**5. TRADE RECEIVABLES**

The composition of trade receivables is as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Car rental	290,191	291,112	288,684	291,725
Fleet rental	-	-	60,813	73,209
Sale of decommissioned cars	107,253	101,298	132,036	143,646
Franchising	2,669	2,590	11,476	13,002
	<b>400,113</b>	<b>395,000</b>	<b>493,009</b>	<b>521,582</b>
Provision for impairment of trade receivables	(24,130)	(20,157)	(35,556)	(30,773)
<b>Total</b>	<b>375,983</b>	<b>374,843</b>	<b>457,453</b>	<b>490,809</b>
<b>Current</b>	<b>375,983</b>	<b>374,843</b>	<b>453,691</b>	<b>486,072</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>3,762</b>	<b>4,737</b>

**LOCALIZA RENT A CAR S.A.****NOTES TO THE INTERIM FINANCIAL INFORMATION****SEMESTERS ENDED JUNE 30, 2016 AND 2015****(All amounts in thousands of reais unless otherwise stated)**

The provision for impairment of trade receivables increased in 1H16 due to the increased risk of default resulting from the current macroeconomic scenario.

Other information on trade receivables (parent company and consolidated) has not significantly changed compared with that disclosed in note 5 to the financial statements for the year ended December 31, 2015.

**6. OTHER CURRENT AND NON-CURRENT ASSETS**

The composition of other current and non-current assets is as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Balances stated separately in current assets:				
Prepayments (*)	18,623	157	27,876	157
Recoverable taxes (**)	15,480	11,597	29,927	25,498
Derivative instruments - swap (note 12)	1,361	-	1,361	-
	<u>35,464</u>	<u>11,754</u>	<u>59,164</u>	<u>25,655</u>
Other current assets:				
Amounts receivable from insurance company (***)	45,547	25,476	64,421	65,425
Other receivables - subsidiaries (note 7(b)(i))	172	216	-	-
Other current assets	7,465	5,416	13,925	11,542
	<u>53,184</u>	<u>31,108</u>	<u>78,346</u>	<u>76,967</u>
<b>Total current assets</b>	<b><u>88,648</u></b>	<b><u>42,862</u></b>	<b><u>137,510</u></b>	<b><u>102,622</u></b>
Balances stated separately in non-current assets:				
Other receivables - subsidiaries (note 7(b)(i))	729	683	-	-
Derivative instruments - swap (note 12)	-	45,580	1,463	45,580
Other non-current assets	83	83	83	83
<b>Total non-current assets</b>	<b><u>812</u></b>	<b><u>46,346</u></b>	<b><u>1,546</u></b>	<b><u>45,663</u></b>
<b>Total other current and non-current assets</b>	<b><u>89,460</u></b>	<b><u>89,208</u></b>	<b><u>139,056</u></b>	<b><u>148,285</u></b>

(\*) Basically refers to prepaid expenses related to the renewal of the Car Tax (IPVA), which are amortized in the year and based on the estimated useful life of each vehicle, when the expected sale is prior to December 31, 2016.

(\*\*) Changes in the "Recoverable taxes" account basically relate to the: (i) increase in the withholding income tax on financial investments, amounting to R\$ 2,375 in parent company and R\$ 5,962 in consolidated as a result of increase in investments for the period; (ii) increase of R\$ 2,467 in consolidated related to Corporate Income Tax (IRPJ) and withholding income tax (IR) on billings; and (iii) offsetting of income tax and social contribution payable, by use of the prepayment balance, for Localiza Prime and Rental Brasil, amounting R\$ 5,282, due to the end of fiscal year 2015.

(\*\*\*) Expenses incurred on claims, cost of stolen cars and amounts receivable from the insurance company due to insurance intermediation services (note 2.6.5 to the financial statements for the year ended December 31, 2015).

**7. INVESTMENTS IN SUBSIDIARIES AND RELATED-PARTY TRANSACTIONS****(a) Information on subsidiaries**

The businesses of car rental, fleet rental and franchises in Brazil and abroad are conducted by Localiza or its subsidiaries.



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ITR - Interim Financial Information – 6/30/16 - LOCALIZA RENT A CAR SA

Version 1

## **LOCALIZA RENT A CAR S.A.**

### **NOTES TO THE INTERIM FINANCIAL INFORMATION**

#### **SEMESTERS ENDED JUNE 30, 2016 AND 2015**

**(All amounts in thousands of reais unless otherwise stated)**

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The operations of the main subsidiaries are as follows:

Localiza Fleet S.A. (“Localiza Fleet”): privately held corporation engaged in the fleet rental business.

Localiza Serviços Prime S.A. (“Localiza Prime”): privately held corporation mainly engaged in the intermediation of sales of decommissioned cars previously used by Localiza and Localiza Fleet.

Rental Brasil Administração e Participação S.A. (“Rental Brasil”): privately held corporation engaged in managing and holding ownership interest in other companies, as a quotaholder or shareholder.

Localiza Franchising Brasil S.A. (“Franchising Brasil”): privately held corporation engaged in the franchise business of the "Localiza" brand in Brazil.

The other subsidiaries of the Company, Rental International LLC (“Rental International”), Car Assistance Serviços de Administração de Sinistros S.A. (“Car Assistance”), Localiza Franchising International S.R.L (“LFI S.R.L.”), and FR Assistance Serviços de Administração de Sinistros S.A. (“FR Assistance”), are also wholly owned subsidiaries and privately held corporations.

**LOCALIZA RENT A CAR S.A.****NOTES TO THE INTERIM FINANCIAL INFORMATION****QUARTERS ENDED JUNE 30, 2016 AND 2015****(All amounts in thousands of reais unless otherwise stated)**

The interest in capital, equity and net income/(loss) of direct and indirect subsidiaries is as follows:

	Number of shares		In capital (%)		In equity		Interest			
	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15	1H16	1H15	2Q16	2Q15
<b>Direct subsidiaries:</b>										
Localiza Fleet	103,280,354	103,280,354	100.0	100.0	604,042	553,977	93,161	98,195	48,154	51,961
Rental Brasil	15,000,000	15,000,000	100.0	100.0	150,283	151,932	-	1,195	-	681
Localiza Prime	15,000	15,000	100.0	100.0	111,790	126,041	(4,331)	2,704	(6,409)	(674)
Localiza Cuiabá (*)	-	-	-	-	-	-	-	(74)	-	-
Franchising Brasil	399,069	399,069	100.0	100.0	6,471	8,149	5,867	4,964	2,978	2,541
Rental International (**)	1,000	1,000	100.0	100.0	-	-	(50)	(33)	(26)	(20)
Car Assistance	200,000	200,000	100.0	100.0	10,026	14,691	9,786	4,832	4,219	3,665
LFI S.R.L.	130,078	130,078	98.0	98.0	57	118	(61)	(48)	(22)	(55)
					<b>882,669</b>	<b>854,908</b>	<b>104,372</b>	<b>111,735</b>	<b>48,894</b>	<b>58,099</b>
<b>Goodwill and fair value increment in the acquisition of investments:</b>										
Fair value adjustments of property and equipment, net of realizations					-	30	-	-	-	-
Goodwill (note 9(b))					22,077	22,077	-	-	-	-
<b>Total</b>					<b>904,746</b>	<b>877,015</b>	<b>104,372</b>	<b>111,735</b>	<b>48,894</b>	<b>58,099</b>
<b>Indirect subsidiary:</b>										
FR Assistance	150,000	150,000	100.0	100.0	150	150	-	-	-	-
<b>Indirect interest:</b>										
LFI S.R.L.	2,160	2,160	2.0	2.0	4	4	-	-	-	-

(\*) Wholly owned subsidiary merged on April 30, 2015, as approved at the Ordinary and Extraordinary General Meeting of April 29, 2015.

(\*\*) In 1H16, Localiza recognized in its liabilities provision for net capital deficiency related to the subsidiary Rental International, amounting to R\$ 50.

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

The changes in investments in subsidiaries are as follows:

	6/30/16	12/31/15
<b>Opening balance</b>	<b>854,908</b>	<b>1,063,915</b>
Capital increase in subsidiary	-	339
Capital decrease in subsidiary	-	(120,000)
Merger of subsidiary	-	(4,674)
Equity in the results of investees	104,372	251,323
Dividends from subsidiaries (item (iii) below)	(76,661)	(336,067)
Provision for net capital deficiency of subsidiary Rental International	50	72
<b>Closing balance</b>	<b>882,669</b>	<b>854,908</b>

A summary of the financial information of the main groups of the balance sheet and income statement of the direct and indirect subsidiaries is as follows:

#### (i) Balance sheets

6/30/16	Localiza Fleet	Franchising Brasil	Localiza Prime	Rental International	Car Assistance	Rental Brasil	LFI S.R.L.
<b>Assets</b>							
Current	367,899	14,021	128,035	21	11,376	101,769	220
Non-current							
Long-term receivables	14,880	7,097	3,238	-	-	1,463	-
Investment	4	-	-	-	-	-	-
Property and equipment	1,099,923	36	409	-	-	242,844	-
Intangible asset	3,990	906	-	-	-	-	-
<b>Total</b>	<b>1,486,696</b>	<b>22,060</b>	<b>131,682</b>	<b>21</b>	<b>11,376</b>	<b>346,076</b>	<b>220</b>
<b>Liabilities</b>							
Current	357,865	5,535	11,452	-	1,350	3,622	127
Non-current	524,789	10,054	8,440	729	-	192,171	32
Equity	604,042	6,471	111,790	(708)	10,026	150,283	61
<b>Total</b>	<b>1,486,696</b>	<b>22,060</b>	<b>131,682</b>	<b>21</b>	<b>11,376</b>	<b>346,076</b>	<b>220</b>
12/31/15	Localiza Fleet	Franchising Brasil	Localiza Prime	Rental International	Car Assistance	Rental Brasil	LFI S.R.L.
<b>Assets</b>							
Current	349,447	24,568	157,391	25	21,426	157,215	184
Non-current							
Long-term receivables	13,170	3,090	3,422	-	-	-	-
Investment	4	-	-	-	-	-	-
Property and equipment	1,088,628	42	149	-	-	210,639	-
Intangible asset	3,855	1,070	-	-	-	-	-
<b>Total</b>	<b>1,455,104</b>	<b>28,770</b>	<b>160,962</b>	<b>25</b>	<b>21,426</b>	<b>367,854</b>	<b>184</b>
<b>Liabilities</b>							
Current	378,200	8,521	26,157	-	6,735	6,479	19
Non-current	522,927	12,100	8,764	683	-	209,443	43
Equity	553,977	8,149	126,041	(658)	14,691	151,932	122
<b>Total</b>	<b>1,455,104</b>	<b>28,770</b>	<b>160,962</b>	<b>25</b>	<b>21,426</b>	<b>367,854</b>	<b>184</b>

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

#### (ii) Income statements

1H16	Localiza Fleet	Franchising Brasil	Localiza Prime	Rental International	Car Assistance	LFI S.R.L.		
Net revenue	504,131	7,615	20,272	-	10,540	86		
Gross result	198,587	6,109	18,962	-	10,340	62		
Net income (loss) before income tax and social contribution	140,956	7,145	(3,111)	(50)	11,476	(61)		
<b>Net income (loss)</b>	<b>93,161</b>	<b>5,867</b>	<b>(4,331)</b>	<b>(50)</b>	<b>9,786</b>	<b>(61)</b>		

1H15	Localiza Fleet	Franchising Brasil	Localiza Prime	Rental International	Car Assistance	Rental Brasil	LFI S.R.L.	Localiza Cuiabá
Net revenue	476,563	7,345	30,820	-	5,559	-	-	-
Gross result	178,093	5,384	27,494	-	5,343	-	-	(69)
Net income (loss) before income tax and social contribution	148,017	6,065	3,519	(33)	5,553	2,086	(48)	(73)
<b>Net income (loss)</b>	<b>98,195</b>	<b>4,964</b>	<b>2,704</b>	<b>(33)</b>	<b>4,832</b>	<b>1,195</b>	<b>(48)</b>	<b>(74)</b>

2Q16	Localiza Fleet	Franchising Brasil	Localiza Prime	Rental International	Car Assistance	LFI S.R.L.		
Net revenue	237,584	3,771	4,177	-	4,575	69		
Gross result	98,907	3,147	4,417	-	4,461	58		
Net income (loss) before income tax and social contribution	72,857	3,590	(6,409)	(26)	4,960	(22)		
<b>Net income (loss)</b>	<b>48,154</b>	<b>2,978</b>	<b>(6,409)</b>	<b>(26)</b>	<b>4,219</b>	<b>(22)</b>		

2Q15	Localiza Fleet	Franchising Brasil	Localiza Prime	Rental International	Car Assistance	Rental Brasil	LFI S.R.L.	
Net revenue	234,116	3,627	12,014	-	4,186	-	-	-
Gross result	95,249	2,767	10,335	-	4,076	-	-	-
Net income (loss) before income tax and social contribution	79,023	3,094	(832)	(20)	4,200	1,023	(55)	
<b>Net income (loss)</b>	<b>51,961</b>	<b>2,541</b>	<b>(674)</b>	<b>(20)</b>	<b>3,665</b>	<b>681</b>	<b>(55)</b>	

#### (iii) Dividends from subsidiaries

1H16	Localiza Fleet	Franchising Brasil	Localiza Prime	Car Assistance	Rental Brasil	Total
Dividends for 2015	-	2,515	3,307	4,817	-	10,639
Prepaid dividends	16,000	-	-	-	-	16,000
Dividend in addition to the mandatory minimum for 2015	27,096	7,545	9,920	14,451	1,649	60,661
<b>Total</b>	<b>43,096</b>	<b>10,060</b>	<b>13,227</b>	<b>19,268</b>	<b>1,649</b>	<b>87,300</b>

2015	Localiza Fleet	Franchising Brasil	Localiza Prime	Car Assistance	Rental Brasil	Total
Dividends for 2014	43,476	2,733	-	2,016	3,729	51,954
Dividend in addition to the mandatory minimum for 2014	130,428	-	-	-	-	130,428
Prepaid dividends for 2015	195,000	-	-	-	-	195,000
Proposed dividends for 2015	-	2,515	3,307	4,817	-	10,639
<b>Total</b>	<b>368,904</b>	<b>5,248</b>	<b>3,307</b>	<b>6,833</b>	<b>3,729</b>	<b>388,021</b>

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION

#### QUARTERS ENDED JUNE 30, 2016 AND 2015

(All amounts in thousands of reais unless otherwise stated)

#### (b) Balances and transactions with related parties

##### (i) Balances and transactions with subsidiaries and other related parties

	Localiza Fleet		Other subsidiaries		Total	
	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15
<b>Balances:</b>						
Trade receivables	1,507	159	39	54	1,546	213
Dividends receivable	-	-	-	10,639	-	10,639
Other receivables						
(current and non-current) (note 6)	-	-	901	899	901	899
Trade payables	-	1	-	-	-	1
Other payables (note 13)	234	1,278	1,312	709	1,546	1,987

	Localiza Fleet		Other subsidiaries		Total	
	1H16	1H15	1H16	1H15	1H16	1H15
<b>Transactions:</b>						
Costs and expenses	(2)	-	-	-	(2)	-
Recovery of costs and expenses	8,372	8,166	3,260	2,406	11,632	10,572
Revenue from car rental	8,967	12,201	36	11	9,003	12,212

	Localiza Fleet		Other subsidiaries		Total	
	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15
<b>Transactions:</b>						
Recovery of costs and expenses	4,589	3,739	1,673	1,341	6,262	5,080
Revenue from car rental	4,836	6,477	12	5	4,848	6,482

As of June 30, 2016, there were collateral signatures related to guarantees for loans and financing, amounting to: (i) R\$ 1,432,705 (R\$ 1,252,862 on December 31, 2015) issued by Localiza Fleet to Localiza; (ii) R\$ 650,104 (R\$ 679,262 on December 31, 2015) issued by Localiza to Localiza Fleet; and (iii) R\$ 195,584 (R\$ 209,802 on December 31, 2015) issued by Localiza to Rental Brasil. There were also collateral signatures between companies when bank guarantees and guarantee insurances were contracted for several lawsuits totaling R\$ 22,070 (R\$ 35,649 on December 31, 2015). Additionally, the Company has guarantee insurance with Pottencial Seguradora, a company in which 40% of share capital is jointly held by Salim Mattar and Eugenio Mattar, the founding partners of Localiza. These transactions were made under normal market conditions and the amount of the accumulated premium paid by June 30, 2016 was R\$ 849 (R\$ 749 on December 31, 2015) related to surety bonds in the current insured value of R\$ 47,620 (R\$ 39,862 on December 31, 2015). Aiming at cost reduction, the Company is migrating from bank guarantees to surety bonds in the legal proceedings.

The Company optimizes cash through a centralized administration and with the concept of sole cash funds. Related-party receivables and payables do not have defined maturity and settlement dates and depend on the companies' cash flows. Transactions are based on conditions agreed upon between Localiza and its wholly owned subsidiaries.

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

#### (ii) Key management compensation

	Parent company		Consolidated	
	1H16	1H15	1H16	1H15
Compensation of the Board of Directors	6,888	5,730	6,888	5,730
Statutory and Executive Board				
Fees and compensation	6,374	6,069	11,296	10,153
Social charges	1,774	1,478	2,944	2,439
Options granted	2,047	2,012	2,047	2,012
Supplementary pension plan (*)	-	909	-	1,653
<b>Total</b>	<b>17,083</b>	<b>16,198</b>	<b>23,175</b>	<b>21,987</b>
	Parent company		Consolidated	
	2Q16	2Q15	2Q16	2Q15
Compensation of the Board of Directors	3,445	3,065	3,445	3,065
Statutory and Executive Board				
Fees and compensation	2,391	3,467	4,663	5,805
Social charges	779	798	1,295	1,326
Options granted	903	1,121	903	1,121
Supplementary pension plan (*)	-	465	-	835
<b>Total</b>	<b>7,518</b>	<b>8,916</b>	<b>10,306</b>	<b>12,152</b>

(\*) Until December 31, 2015, the Company had a Pension Plan for Management, which will be resumed as from July 1, 2016 (see details in note 25). Except for this plan, the Company does not have other programs for the granting of severance benefits to Management.

## 8. PROPERTY AND EQUIPMENT

The cost, accumulated depreciation and net book value of property and equipment in each of the periods are as follows:

	Parent company			Consolidated		
	Cars	Other property and equipment	Total	Cars	Other property and equipment	Total
<b>Cost:</b>						
<b>As of December 31, 2014</b>	<b>2,302,717</b>	<b>233,647</b>	<b>2,536,364</b>	<b>3,620,026</b>	<b>323,239</b>	<b>3,943,265</b>
Additions	1,773,067	11,833	1,784,900	2,278,445	135,357	2,413,802
Write-offs/transfers (*)	(1,514,093)	37	(1,514,056)	(1,973,929)	(81)	(1,974,010)
<b>As of December 31, 2015</b>	<b>2,561,691</b>	<b>245,517</b>	<b>2,807,208</b>	<b>3,924,542</b>	<b>458,515</b>	<b>4,383,057</b>
Additions	923,556	5,328	928,884	1,133,893	37,838	1,171,731
Write-offs/transfers (*)	(761,755)	(6,219)	(767,974)	(947,966)	(6,219)	(954,185)
<b>As of June 30, 2016</b>	<b>2,723,492</b>	<b>244,626</b>	<b>2,968,118</b>	<b>4,110,469</b>	<b>490,134</b>	<b>4,600,603</b>
<b>Accumulated depreciation:</b>						
<b>As of December 31, 2014</b>	<b>(59,872)</b>	<b>(117,885)</b>	<b>(177,757)</b>	<b>(341,985)</b>	<b>(119,422)</b>	<b>(461,407)</b>
Additions	(38,862)	(24,917)	(63,779)	(163,543)	(25,106)	(188,649)
Write-offs/transfers (*)	59,789	78	59,867	191,905	121	192,026
<b>As of December 31, 2015</b>	<b>(38,945)</b>	<b>(142,724)</b>	<b>(181,669)</b>	<b>(313,623)</b>	<b>(144,407)</b>	<b>(458,030)</b>
Additions	(29,652)	(11,753)	(41,405)	(92,110)	(11,828)	(103,938)
Write-offs/transfers (*)	23,280	3,488	26,768	72,901	3,488	76,389
<b>As of June 30, 2016</b>	<b>(45,317)</b>	<b>(150,989)</b>	<b>(196,306)</b>	<b>(332,832)</b>	<b>(152,747)</b>	<b>(485,579)</b>
<b>Net book value:</b>						
<b>As of December 31, 2015</b>	<b>2,522,746</b>	<b>102,793</b>	<b>2,625,539</b>	<b>3,610,919</b>	<b>314,108</b>	<b>3,925,027</b>
<b>As of June 30, 2016</b>	<b>2,678,175</b>	<b>93,637</b>	<b>2,771,812</b>	<b>3,777,637</b>	<b>337,387</b>	<b>4,115,024</b>

(\*) Include write-offs due to car sale, robbery, damage and transfer of decommissioned cars for fleet renewal to assets for sale.

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

The composition of the main classes in "Other property and equipment", as well as their net book values, is as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Leasehold improvements	59,077	60,143	59,077	60,143
Furniture and fittings	15,103	16,364	15,442	16,736
IT equipment	7,900	8,588	7,955	8,629
Property and equipment in progress				
New headquarters	-	-	213,117	191,754
Other	849	4,063	1,978	4,126
Land	681	681	29,279	19,503
Other	10,027	12,954	10,539	13,217
<b>Total</b>	<b>93,637</b>	<b>102,793</b>	<b>337,387</b>	<b>314,108</b>

As of June 30, 2016, the consolidated balances of "Cars" and "Other property and equipment" include the net book values of property and equipment items acquired as finance leases in the amount of R\$ 531,008 (R\$ 548,784 as of December 31, 2015). For further details on finance leases, see note 23 of the financial statements for the year ended December 31, 2015.

#### (a) Decommissioned cars for fleet renewal

The balances for each of the periods are as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Cost	2,431	2,544	8,192	41,915
Accumulated depreciation	(95)	(123)	(1,702)	(10,135)
<b>Net book value</b>	<b>2,336</b>	<b>2,421</b>	<b>6,490</b>	<b>31,780</b>

#### (b) Construction of the new headquarters of the Company

The expected investment for the construction of the new headquarters amounts to approximately R\$ 300,000. This investment will allow: (i) to reduce the expenses from property rental in the future; (ii) to gain productivity with the centralization of administration and support activities, which are currently located in four buildings; and (iii) to support the growth of the Company by the integration of central Management at one location. As of June 30, 2016, R\$ 213,117 (R\$ 191,754 as of December 31, 2015) had been spent.

## 9. INTANGIBLE ASSETS

#### (a) Software

The cost, the accumulated amortization and the net book value of software are as follows:

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION

#### QUARTERS ENDED JUNE 30, 2016 AND 2015

(All amounts in thousands of reais unless otherwise stated)

	Parent company	Consolidated
<b>Cost:</b>		
As of December 31, 2014	70,552	76,364
Additions	15,795	17,575
Write-offs/transfers	(77)	(77)
As of December 31, 2015	86,270	93,862
Additions	2,804	3,463
As of June 30, 2016	89,074	97,325
<b>Accumulated amortization:</b>		
As of December 31, 2014	(14,466)	(16,107)
Additions	(9,686)	(10,712)
As of December 31, 2015	(24,152)	(26,819)
Additions	(6,600)	(7,288)
As of June 30, 2016	(30,752)	(34,107)
<b>Net book value:</b>		
As of December 31, 2015	62,118	67,043
As of June 30, 2016	58,322	63,218

Other information on intangible assets - software (parent company and consolidated) has not significantly changed compared with that disclosed in note 9 to the financial statements for the year ended December 31, 2015.

#### (b) Goodwill on acquisition of investments

The gross book value, the accumulated amortization and the net book value of goodwill are as follows:

	Consolidated	
	6/30/16	12/31/15
Goodwill on acquisition of non-controlling interest in subsidiaries, net of amortization	4,508	4,508
Goodwill on acquisition of investments in franchisees	17,569	17,569
Net book amount (note 7(a))	22,077	22,077

## 10. TRADE PAYABLES

Trade payables are comprised as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Car manufacturers	525,445	509,715	611,074	591,344
Maintenance services and parts	27,432	23,052	38,006	33,590
Rentals	13,829	9,635	13,829	9,635
Insurance premiums	30,039	29,769	30,039	29,769
Other	11,724	17,004	17,180	26,256
Total	608,469	589,175	710,128	690,594



## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

The change in the balance of trade payables to car manufacturers relates to the number of cars purchased at the end of each period, bearing no financial charges and an average payment term of 60 days.

#### 11. SOCIAL AND LABOR OBLIGATIONS

Social and labor obligations are comprised as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Provision for vacation pay	23,701	23,179	29,961	29,852
Provision for 13th month salary (*)	8,451	-	10,623	-
Provision for employee profit sharing	24,169	33,595	31,468	44,566
Social Security Contribution (INSS)	4,754	4,875	6,017	6,497
Government Severance Indemnity Fund for Employees (FGTS)	1,092	1,091	1,393	1,435
Other	1,562	2,552	2,060	3,240
<b>Total</b>	<b>63,729</b>	<b>65,292</b>	<b>81,522</b>	<b>85,590</b>

(\*) Provision for employees' 13th month salary accumulated during the period, which is usually paid by the Company in November of each year.

Localiza makes profit sharing payments for employees, in April and July, classified as "Cost", "Selling expenses", and "General, administrative and other expenses", in the income statement, according to the functional allocation of the respective employees.

#### 12. LOANS, FINANCING, DEBENTURES AND SWAP

Loans, financing, debentures and swap are comprised as follows:

	Parent company		Consolidated			Average effective interest rate
	6/30/16	12/31/15	6/30/16	12/31/15	Maturity	
In Brazilian currency						
Debentures - 6th issue	308,389	308,499	308,389	308,499	10/15/16 to 10/15/19	CDI + 1.07% p.a.
Debentures - 7th issue	478,017	516,340	478,017	516,340	3/30/16 to 9/30/21	113.6% of CDI
Debentures - 8th issue	520,657	520,441	520,657	520,441	9/10/19 to 9/10/20	110.9% of CDI
Debentures - 9th issue	509,112	508,746	509,112	508,746	4/30/19 to 4/30/21	113.9% of CDI
Debentures - 10th issue	212,320	-	212,320	-	1/8/20 to 1/8/21	116.7% of CDI
Working capital and other	1,776	2,687	(838,871) (*)	891,895	10/1/15 to 6/15/21	Equivalent to CDI + 1.3% p.a.
In foreign currency						
Foreign currency loan - U.S. dollars	227,045	273,355	227,045	273,355	3/31/17	102.7% of CDI
	2,257,316	2,130,068	3,094,411	3,019,276		

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

	Parent company		Consolidated		Maturity	Average effective interest rate
	6/30/16	12/31/15	6/30/16	12/31/15		
<b>Loans, financing and debentures:</b>						
Current liabilities	406,900	167,210	642,028	422,383		
Non-current liabilities	1,850,416	1,962,858	2,452,383	2,596,893		
	<b>2,257,316</b>	<b>2,130,068</b>	<b>3,094,411</b>	<b>3,019,276</b>		
<b>Derivative instruments - swap:</b>						
Current assets (note 6)	(1,361)	-	(1,361)	-		
Non-current assets (note 6)	-	(45,580)	(1,463)	(45,580)		
<b>Total loans, financing and debentures, net of swap</b>	<b>2,255,955</b>	<b>2,084,488</b>	<b>3,091,587</b>	<b>2,973,696</b>		

(\*) Within the total of R\$ 838,871, the amount of R\$ 290,715 relates to Localiza Fleet's debt agreements, subject to an average rate of 15.35% p.a., and the amount of R\$ 1,776 relates to Localiza's debt agreements, subject to an average rate of 13.46% p.a. and includes the swap transaction balances payable of R\$ 1,469 (note 22(d)).

The changes in loans, financing, debentures and swap are as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
<b>Opening balance</b>	<b>2,084,488</b>	<b>2,133,129</b>	<b>2,973,696</b>	<b>2,712,466</b>
Proceeds	197,413	721,941	305,530	1,243,995
Interest and financial charges (*)	160,598	301,293	206,043	406,585
Repayment of principal	(38,368)	(793,003)	(186,975)	(1,036,448)
Interest paid	(148,176)	(278,872)	(206,707)	(352,902)
<b>Closing balance</b>	<b>2,255,955</b>	<b>2,084,488</b>	<b>3,091,587</b>	<b>2,973,696</b>

(\*) The consolidated balance includes the credit amount of R\$ 6,536 (interest of R\$ 12,731 and credit effect of R\$ 19,267 relating to the marked-to-market swap), R\$ 46,476 on December 31, 2015 on loans of the subsidiary Rental Brasil, capitalized according to CPC 20.

On January 8, 2016, Localiza made the tenth issue of debentures, under the terms of CVM Instruction 476, amounting to R\$ 200,000, for a final term of five years. The debentures are subject to certain early maturity events, which include the maintenance, by the Company, of quarterly financial ratios, based on the consolidated financial statements, that are identical to those required for the sixth, seventh, eighth and ninth issuance of debentures. Expenses incurred on the issuance, including taxes, commissions and other costs, which totaled R\$ 2,588, are classified under the same caption as the respective loan and are recognized over the total debt period.

The General Meeting of Debenture holders of the 9th Public Issuance held on June 22, 2016 approved for some scripture clauses: (i) change in the hypothesis of automatic early maturity events of the Debentures to a not automatic early maturity; (ii) change of the profitability period of the Debentures, so that the percentage of remuneration of the Debentures be applied as from the date of that Meeting; (iii) change in the quorum of, at least, 80% of the outstanding Debentures, for approval of the deliberation of debenture holders, which may decide for not stating the Debentures early maturity; (iv) possibility of optional prepayment, in the whole or in part, of the Debentures, at the sole discretion of the Company through payment of premium to the Debenture holders.

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### NOTES TO THE INTERIM FINANCIAL INFORMATION

#### QUARTERS ENDED JUNE 30, 2016 AND 2015

(All amounts in thousands of reais unless otherwise stated)

On June 30, 2016, Localiza had five outstanding debenture issuances, all non-convertible into shares. Localiza's debentures are subject to early maturity in the event of (but not limited to): (i) request or declaration of bankruptcy by the issuer or third parties that is not duly resolved within the legal term; (ii) default of individual or aggregate amount equal to or higher than R\$ 25,000; (iii) Localiza capital decrease and/or repurchase of its own shares for cancellation, except if previously authorized by the debenture holders; (iv) incorporation, merger or spin-off of Localiza, except if under the terms of Article 231 of the Brazilian Corporate Law or if the spun-off portion or the company resulting from the incorporation or merger remains in the current controlling group of the issuer; (v) non-maintenance of quarterly financial ratios, based on the Company's consolidated financial statements and decrease of the Company's rating, as follows: (a) 4.0 the upper limit for net debt/adjusted EBITDA (\*) and (b) 1.5 the minimum limit for adjusted EBITDA/net financial expenses for all debenture issues and downgrading of the Company's rating, as follows: (1) 6th issue: If rating is downgraded to brA+ (BR, A, positive) by Standard & Poor's (\*\*); (2) 7th issue: Corporate rating granted by Moody's, Standard & Poor's or Fitch Ratings to the issuer for the following levels of classification of risks or less, in the national scale: Aa3, AA- and AA- respectively; (3) 8th issue: Downgraded by two or more notches in relation to the rating brAAA (BR, triple A) by Standard & Poor's (\*\*); (4) 9th issue: Downgraded by two or more notches, by two corporate rating agencies in relation to the rating BrAAA (BR, triple A) by Standard & Poor's and AAA (BR, triple A) by Fitch; and (5) 10th issue: downgraded by two or more notches in relation to the rating AAA (BR, triple A) by Fitch (\*\*).

(\*) EBITDA corresponds to the issuer's net income or loss, on a consolidated basis, for the last 12-month period, before (i) financial expense (income), net; (ii) income tax and social contribution; (iii) depreciation and amortization expenses. For all the issues, the EBITDA is also adjusted by: (i) stock option costs; (ii) non-recurring expenses and (iii) impairment.

(\*\*) Due to any change in shareholding structure that results in loss, transfer or disposal of the Company's controlling power by the current controlling shareholders.

#### Compliance with financial covenants:

Covenants	Limits	12-month period ended 6/30/16
Net debt/adjusted EBITDA	Lower than 4.0	1.68
Adjusted EBITDA/net financial expenses	Greater than 1.5	4.38

Expenses incurred on the Localiza debentures issuance, including charges, commission and other costs, totaling R\$ 13,965, are classified under the same caption as the respective debentures and are recognized over the total debt period. On June 30, 2016, the amount to be recognized was R\$ 10,030 (R\$ 8,525 on December 31, 2015), presented net in the respective debenture caption.

Additionally, the Company has loans and financing that includes certain early maturity events under conditions similar to those applicable to debentures. The Company's Management understands that the restrictive clauses applicable to loans, financing and debentures were being complied with on June 30, 2016.

The other information on loans, financing, debentures and swap (parent company and consolidated) has not significantly changed compared with that disclosed in note 12 to the financial statements for the year ended December 31, 2015.

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### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

#### 13. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities are comprised as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Balances stated separately in current liabilities:				
Payables to related parties (note 7(b)(i))	1,546	1,987	-	-
Federal taxes withheld from third parties	6,088	6,404	8,060	10,228
Municipal tax obligations	1,559	1,034	2,845	3,332
	9,193	9,425	10,905	13,560
Other current liabilities:				
Advances from car rental and decommissioned sale customers (*)	19,414	38,362	20,014	39,704
Insurance premiums to transfer (**)	31,496	37,804	31,695	38,239
Deferred revenue (***)	38	48	5,807	6,880
Other	1,855	1,466	1,931	1,552
	52,803	77,680	59,447	86,375
<b>Total other current liabilities</b>	<b>61,996</b>	<b>87,105</b>	<b>70,352</b>	<b>99,935</b>
Balances stated separately in non-current liabilities:				
Deferred revenue (***)	13	42	7,036	9,333
Other	7,739	7,432	9,544	9,228
<b>Total other non-current liabilities</b>	<b>7,752</b>	<b>7,474</b>	<b>16,580</b>	<b>18,561</b>
<b>Total other current and non-current liabilities</b>	<b>69,748</b>	<b>94,579</b>	<b>86,932</b>	<b>118,496</b>

(\*) The decrease of R\$ 18,948 and R\$ 19,690 in the balance of advances from customers, in the parent company and in the consolidated accounts, respectively, on June 30, 2016, compared with December 31, 2015, results from the car rental and sale peak demand at the end of the year.

(\*\*) Premiums received from customers that contracted insurance for rented cars and which are transferred by Localiza to the insurance company (note 2.6.5 to the financial statements for the year ended December 31, 2015).

(\*\*\*) Basically refers to flat fee revenue billed to franchisees for granting the right to use Localiza's brand. This revenue is recognized in the income statement during the contract terms (usually 60 months).

#### 14. PROVISIONS AND ESCROW DEPOSITS

##### (a) Provisions constituted

The composition of provisions for contingencies is as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Tax	4,818	2,075	8,828	5,190
Social security and labor (*)	36,473	40,645	45,878	50,252
Civil	12,603	10,819	14,422	12,879
<b>Total</b>	<b>53,894</b>	<b>53,539</b>	<b>69,128</b>	<b>68,321</b>

(\*) The decrease in the provision for labor lawsuits resulted from judicial agreements in specific lawsuits, as well as from decisions in favor of the Company.

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### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

#### (b) Escrow deposits

Escrow deposits are comprised as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Tax (*)	22,332	21,009	40,370	37,150
Social security and labor	10,566	12,066	13,594	15,232
Civil	434	477	487	518
<b>Total</b>	<b>33,332</b>	<b>33,552</b>	<b>54,451</b>	<b>52,900</b>

(\*) The changes in the tax-related amounts result, mainly, from escrow deposits monetarily restated totaling R\$ 2,371, made by Localiza and its wholly-owned subsidiary Localiza Fleet, in connection with litigations involving the payment of Car Tax (IPVA) in the State of São Paulo. These deposits have the purpose of suspending the payments of the tax and challenging those payments in court.

Other information on provisions and escrow deposits (parent company and consolidated) have not significantly changed compared with that disclosed in note 14 to the financial statements for the year ended December 31, 2015.

## 15. TAXES ON INCOME - INCOME TAX AND SOCIAL CONTRIBUTION

#### (a) Deferred income tax and social contribution assets and liabilities

The composition of deferred income tax and social contribution is as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Temporary differences in the deductibility of provisions:				
Provision for payables to suppliers and others	14,121	2,879	17,584	5,153
Provision for impairment of trade receivables	9,710	7,696	11,410	10,024
Swap transaction with payment on a cash basis	-	1,095	500	1,143
Provision for contingencies and other	17,863	17,880	19,337	19,081
Income tax and social contribution losses	18,927	22,622	18,954	22,651
<b>Total deferred income tax and social contribution assets</b>	<b>60,621</b>	<b>52,172</b>	<b>67,785</b>	<b>58,052</b>
Car depreciation (*)	110,098	99,286	129,269	118,915
Leasing in the purchase of property and equipment	1,488	1,461	98,604	80,751
Swap transaction with payment on a cash basis	462	-	462	-
<b>Total deferred income tax and social contribution liabilities</b>	<b>112,048</b>	<b>100,747</b>	<b>228,335</b>	<b>199,666</b>
<b>Total deferred income tax and social contribution, net</b>	<b>51,427</b>	<b>48,575</b>	<b>160,550</b>	<b>141,614</b>

(\*) Refers to the temporary difference in the calculation of depreciation and residual value, introduced by the new accounting practices (adoption of IFRS). Localiza and its wholly owned subsidiary Localiza Fleet calculate, for tax purposes, car depreciation expenses based on the depreciation criteria used on December 31, 2007, pursuant to Law 12,973/14. The difference on December 31, 2014, in compliance with Chapter IV, Articles 64, 66 and 67 of Law 12,973/14, is accounted for in asset-related sub-accounts as realized, as from January 1, 2015.

The realization of income tax and social contribution deferred credits, referring to temporary differences, depends on future events that will make the provisions that gave rise to them deductible, in accordance with prevailing tax legislation.

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION

#### QUARTERS ENDED JUNE 30, 2016 AND 2015

(All amounts in thousands of reais unless otherwise stated)

#### (b) Income tax and social contribution - reconciliation of expenses at statutory and effective rates

The reconciliation between the statutory and effective rates for the six-month periods ended June 30, 2016 and 2015 is as follows:

	Parent company		Consolidated	
	1H16	1H15	1H16	1H15
Net income before taxes	212,327	212,746	264,312	266,098
Standard rate	34%	34%	34%	34%
<b>Expense at statutory rate</b>	<b>(72,191)</b>	<b>(72,334)</b>	<b>(89,866)</b>	<b>(90,473)</b>
Adjustments to expense at statutory rate:				
Equity in results of subsidiaries	35,486	37,990	-	-
Effect of deduction of interest on capital	24,550	16,351	24,550	16,351
Income tax and social contribution due by subsidiaries (deemed income)	-	-	3,363	-
Other, net	844	(1,123)	(1,343)	1,654
<b>Expense at effective rate</b>	<b>(11,311)</b>	<b>(19,116)</b>	<b>(63,296)</b>	<b>(72,468)</b>
<b>Current income tax and social contribution</b>	<b>(8,459)</b>	<b>(8,791)</b>	<b>(44,360)</b>	<b>(51,405)</b>
<b>Deferred income tax and social contribution</b>	<b>(2,852)</b>	<b>(10,325)</b>	<b>(18,936)</b>	<b>(21,063)</b>

The reconciliation between the statutory and effective rates for the quarters ended June 30, 2016 and 2015 is as follows:

	Parent company		Consolidated	
	2Q16	2Q15	2Q16	2Q15
Net income before taxes	103,481	99,487	129,538	127,823
Standard rate	34%	34%	34%	34%
<b>Expense at statutory rate</b>	<b>(35,184)</b>	<b>(33,826)</b>	<b>(44,043)</b>	<b>(43,460)</b>
Adjustments to expense at statutory rate:				
Equity in results of subsidiaries	16,624	19,755	-	-
Effect of deduction of interest on capital	12,506	8,766	12,506	8,766
Income tax and social contribution due by subsidiaries (deemed income)	-	-	1,554	(737)
Other, net	575	(831)	(1,553)	959
<b>Expense at effective rate</b>	<b>(5,479)</b>	<b>(6,136)</b>	<b>(31,536)</b>	<b>(34,472)</b>
<b>Current income tax and social contribution</b>	<b>(3,044)</b>	<b>1</b>	<b>(18,794)</b>	<b>(20,706)</b>
<b>Deferred income tax and social contribution</b>	<b>(2,435)</b>	<b>(6,137)</b>	<b>(12,742)</b>	<b>(13,766)</b>

#### (c) Payable income tax and social contribution

Localiza, Localiza Fleet, Localiza Prime and Rental Brasil calculate their income tax and social contribution charges on an actual taxable income basis, as follows: Localiza, Localiza Fleet and Localiza Prime, under the quarterly taxation regime, and Rental Brasil, under the annual taxation regime.

In the first six-month period of 2016, Franchising Brasil and Car Assistance calculated income tax and social contribution under the deemed income regime amounting to R\$ 1,278 (R\$ 1,101 in 1H15) and R\$ 1,690 (R\$ 721 in 1H15), respectively. For this reason, these companies do not record deferred taxes.

The Company's income tax returns are open to review by the tax authorities for a period of five years. Other taxes, rates and contributions are also subject to review, according to the applicable legislation.

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### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

#### 16. EQUITY

##### (a) Share capital

On June 30, 2016 and December 31, 2015, the Company's share capital was R\$ 976,708, divided into 211,793,400 common shares. The ownership of capital and the related reconciliation of the number of outstanding shares were as follows:

	Management			Shares outstanding in the market	Number of shares - ON
	Founding partners	Board of Directors and Statutory Board	Treasury shares		
As of December 31, 2014	58,874,596	274,456	3,495,429	149,148,919	211,793,400
Acquisition (disposal) of shares, net	1,676	(229,643)	-	227,967	-
Exercise of stock options with treasury shares	137,880	334,289	(932,984)	460,815	-
Repurchase of shares	-	-	1,073,500	(1,073,500)	-
As of December 31, 2015	59,014,152	379,102	3,635,945	148,764,201	211,793,400
Acquisition (disposal) of shares, net	-	(1,713)	-	1,713	-
Exercise of stock options with treasury shares	73,656	-	(117,044)	43,388	-
As of June 30, 2016	59,087,808	377,389	3,518,901	148,809,302	211,793,400

The Company has participated in the Level I American Depositary Receipts (ADR) Program since its approval by the Brazilian Securities Commission (CVM) on May 22, 2012 and the beginning of trading on June 5, 2012. As of June 30, 2016, the Company's position was 7,185,913 ADRs issued in the United States (7,096,361 on December 31, 2015). Each ADR corresponds to one of the Company's shares.

##### (b) Interest on capital and dividends

The Company pays interest on capital to shareholders on a quarterly basis. The Board of Directors' meetings have approved the payment of interest on capital as follows:

2016				
Approval date	Total amount paid	Amount per share (in R\$)	Shareholding position date	Payment date
3/17/16	35,423	0.17015	3/31/16	5/12/16
6/23/16	36,781 (*)	0.17660	6/30/16	8/17/16
<b>Total 2016</b>	<b>72,204</b>			

(\*) This interest on capital had not been paid to shareholders as of June 30, 2016.

2015				
Approval date	Total amount paid	Amount per share (in R\$)	Shareholding position date	Payment date
3/19/15	22,308	0.10709	3/31/15	5/14/15
6/25/15	25,783	0.12340	6/30/15	8/15
<b>Total 2015</b>	<b>48,091</b>			

On January 28, 2016, the Company paid interest on capital approved by the Board of Directors at the meeting held on December 10, 2015, totaling R\$ 33,197, with an amount per share of R\$ 0.15948.

The Ordinary General Meeting held on April 29, 2016 approved the allocation of R\$ 1,042 for the payment of dividends to shareholders, on May 20, 2016, in order to supplement the 25% minimum

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

mandatory dividend on net income, given the payment of interest on capital net of withholding income tax.

Dividends and interest on capital payable are as follows:

	Parent company and consolidated	
	6/30/16	12/31/15
Proposed dividends on net income for 2015	-	1,042
Proposed interest on capital on net income for the period	36,781	33,197
Withholding income tax on interest on capital	(5,470)	(4,933)
<b>Total dividends and interest on capital payable</b>	<b>31,311</b>	<b>29,306</b>

#### (c) Capital reserve

##### (i) Options exercised in 1H16

In 1H16, 117,044 stock options relating to the Stock Option Programs from 2009 to 2010 were exercised, using treasury shares. The weighted average exercise price of options and the weighted average market price of Localiza's shares on the exercise date were as follows:

Program	Number of options exercised	Fair value (R\$)	Calculation at fair value (R\$ thousand)	Weighted average exercise price (R\$)	Weighted average market price (R\$)
2009 Program	102,738	12.21	1,287	9.08	30.94
2010 Program	14,306	12.10	183	24.33	31.54
<b>Total</b>	<b>117,044</b>		<b>1,470</b>		

The other information on the Stock Option Programs has not significantly changed compared with that disclosed in note 16 to the financial statements for the year ended December 31, 2015.

All options were exercised using treasury shares and, therefore, it was not necessary to issue new shares.

#### (d) Treasury shares

The number of treasury shares on June 30, 2016 was 3,518,901 shares (3,635,945 on December 31, 2015), acquired under the first, fourth, sixth and seventh Share Repurchase Programs.

The cost of acquisition of the treasury shares, including related costs, on June 30, 2016, was as follows:

Program	Date of approval by the Board of Directors	Opening balance at 12/31/15		Disposal/realization		Closing balance at 6/30/16		Cost (R\$)		
		Number	Amount	Number	Amount	Number	Amount	Minimum	Medium	Maximum
1st program	12/18/07	1,469,135	13,755	(117,044)	(1,208)	1,352,091	12,547	5.15	10.32	16.55
4th program	7/19/12	1,093,310	36,782	-	-	1,093,310	36,782	33.52	33.64	33.78
6th program	7/25/14	280,800	9,027	-	-	280,800	9,027	31.91	32.11	32.39
7th program	7/23/15	792,700	18,424	-	-	792,700	18,424	22.80	23.35	23.69
<b>Total</b>		<b>3,635,945</b>	<b>77,988</b>	<b>(117,044)</b>	<b>(1,208)</b>	<b>3,518,901</b>	<b>76,780</b>			

The market value of the 3,518,901 treasury shares was R\$ 121,402 on June 30, 2016, (quotation of R\$ 34.50 per share on June 30, 2016).



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### NOTES TO THE INTERIM FINANCIAL INFORMATION

#### QUARTERS ENDED JUNE 30, 2016 AND 2015

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#### (e) Statutory reserve

At the Ordinary General Meeting held on April 29, 2016, Management approved the creation of a statutory reserve amounting to R\$ 270,456, arising from the remaining net income balance for 2015.

#### 17. EARNINGS PER SHARE

The methods of calculating basic and diluted earnings per share are the same as those disclosed in note 17 to the financial statements for the year ended December 31, 2015.

The table below shows net income information and the number of shares used in the calculation of basic and diluted earnings per share for each of the reporting periods of the income statement:

	Parent company and consolidated		Parent company and consolidated	
	1H16	1H15	2Q16	2Q15
Net income for the period	201,016	193,630	98,002	93,351
<b>Basic earnings per share (*):</b>				
Weighted average of outstanding common shares (in units)	208,193,908	208,857,689	208,246,743	208,987,642
<b>Basic earnings per share (in R\$)</b>	<b>0.96552</b>	<b>0.92709</b>	<b>0.47061</b>	<b>0.44668</b>
<b>Diluted earnings per share (*):</b>				
Weighted average of outstanding common shares (in units)	208,193,908	208,857,689	208,246,743	208,987,642
Dilutive effect of stock options (in units)	305,161	564,160	341,055	564,739
Total shares subject to dilution (in units)	208,499,069	209,421,849	208,587,798	209,552,381
<b>Diluted earnings per share (in R\$)</b>	<b>0.96411</b>	<b>0.92459</b>	<b>0.46984</b>	<b>0.44548</b>

(\*) According to CPC 41 – Earnings per share, all shares (except treasury shares) are considered for the calculation of the weighted average of outstanding shares.

#### 18. SEGMENT REPORTING

Operating segments are defined as business areas: (i) which can earn revenue and incur expenses; (ii) the operating results of which are regularly reviewed by the chief operating decision maker regarding funds to be allocated to the segment and for the evaluation of its performance; and (iii) for which individual financial information is available.

Management has defined three operating segments that are separately managed based on the reports used by the Board of Directors to make strategic decisions. The accounting policies of these operating segments are the same as those described in note 2.6 to the financial statements for the year ended December 31, 2015.

- **Car rental:** this division is responsible for car rentals in locations located inside and outside airports. Cars are rented by individuals, legal entities, insurance companies and car manufacturers, which offer replacement cars to customers in the case of damage or mechanical failure during the term of the insurance policy or warranty, respectively. Given the need to renew the fleet, Localiza sells its cars after they have been used for 12 to 18 months. In order to avoid incurring intermediation costs on the sale of decommissioned cars, most cars are directly sold to the final consumers. Consequently, the Company maximizes the recoverable value of these assets and reduces the depreciation of the cars and the net amount invested in fleet renewal, since the selling expense of the Company's own stores is smaller than the discount required by resellers.
- **Fleet rental:** this division is responsible for fleet rental to legal entities for long periods, usually 24 to 36 months. Cars are purchased after contracts have been signed, according to the needs of each customer. The fleet rental division decommissions its cars when the contract expires. On average,

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## **LOCALIZA RENT A CAR S.A.**

### **NOTES TO THE INTERIM FINANCIAL INFORMATION**

#### **QUARTERS ENDED JUNE 30, 2016 AND 2015**

**(All amounts in thousands of reais unless otherwise stated)**

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decommissioned cars are sold after 33 months of use to final consumers by means of a proprietary network of points of sale, and also to car dealers.

- Franchising: this division is responsible for the management and licensing of the right to use the Localiza brand, including the transfer of the necessary know-how to operate the business.

**LOCALIZA RENT A CAR S.A.**
**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**QUARTERS ENDED JUNE 30, 2016 AND 2015**  
**(All amounts in thousands of reais unless otherwise stated)**
**(a) Operating segment financial information****(i) Consolidated assets and liabilities by operating segment are as follows:**

	Car rental		Fleet rental		Franchising		Unallocated balances		Eliminations/reclassifications		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15
<b>Assets</b>												
Cash and cash equivalents	-	-	-	-	-	-	1,467,113	1,385,103	-	-	1,467,113	1,385,103
Trade receivables	376,641	385,618	73,512	94,938	8,846	10,466	-	-	(1,546)	(213)	457,453	490,809
Decommissioned cars for fleet renewal	2,336	2,421	4,154	29,359	-	-	-	-	-	-	6,490	31,780
Property and equipment	3,015,065	2,836,327	1,099,923	1,088,628	36	42	-	-	-	30	4,115,024	3,925,027
Other assets	232,267	259,820	40,535	36,490	7,704	6,831	-	-	(1,704)	(12,836)	278,802	290,305
<b>Total assets</b>	<b>3,626,309</b>	<b>3,484,186</b>	<b>1,218,124</b>	<b>1,249,415</b>	<b>16,586</b>	<b>17,339</b>	<b>1,467,113</b>	<b>1,385,103</b>	<b>(3,250)</b>	<b>(13,019)</b>	<b>6,324,882</b>	<b>6,123,024</b>
<b>Liabilities</b>												
Trade payables	611,705	594,702	99,774	95,926	159	128	-	-	(1,510)	(162)	710,128	690,594
Loans, financing and debentures	-	-	-	-	-	-	3,094,411	3,019,276	-	-	3,094,411	3,019,276
Other liabilities	290,874	332,426	142,117	132,140	15,589	20,555	-	-	(2,448)	(13,544)	446,132	471,577
<b>Total liabilities</b>	<b>902,579</b>	<b>927,128</b>	<b>241,891</b>	<b>228,066</b>	<b>15,748</b>	<b>20,683</b>	<b>3,094,411</b>	<b>3,019,276</b>	<b>(3,958)</b>	<b>(13,706)</b>	<b>4,250,671</b>	<b>4,181,447</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,074,211</b>	<b>1,941,577</b>	<b>-</b>	<b>-</b>	<b>2,074,211</b>	<b>1,941,577</b>
<b>Total liabilities and equity</b>	<b>902,579</b>	<b>927,128</b>	<b>241,891</b>	<b>228,066</b>	<b>15,748</b>	<b>20,683</b>	<b>5,168,622</b>	<b>4,960,853</b>	<b>(3,958)</b>	<b>(13,706)</b>	<b>6,324,882</b>	<b>6,123,024</b>

**LOCALIZA RENT A CAR S.A.**
**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**QUARTERS ENDED JUNE 30, 2016 AND 2015**  
**(All amounts in thousands of reais unless otherwise stated)**
*(ii) Consolidated income statements by operating segment are as follows:*

	Car rental		Fleet rental		Franchising		Eliminations/reclassifications		Consolidated	
	1H16	1H15	1H16	1H15	1H16	1H15	1H16	1H15	1H16	1H15
Net revenue	1,496,473	1,470,603	505,205	477,742	8,430	8,086	-	-	2,010,108	1,956,431
Costs	(1,070,981)	(1,038,904)	(306,647)	(301,143)	(3,771)	(4,554)	(1,866)	(2,213)	(1,383,265)	(1,346,814)
Gross profit (loss)	<b>425,492</b>	<b>431,699</b>	<b>198,558</b>	<b>176,599</b>	<b>4,659</b>	<b>3,532</b>	<b>(1,866)</b>	<b>(2,213)</b>	<b>626,843</b>	<b>609,617</b>
Operating expenses:										
Selling	(143,862)	(151,237)	(24,834)	(24,020)	(245)	(172)	992	1,181	(167,949)	(174,248)
General, administrative and other	(64,778)	(58,998)	(13,060)	(11,873)	(460)	(9)	874	1,032	(77,424)	(69,848)
Result before financial expenses, net (EBIT)	<b>216,852</b>	<b>221,464</b>	<b>160,664</b>	<b>140,706</b>	<b>3,954</b>	<b>3,351</b>	-	-	<b>381,470</b>	<b>365,521</b>
Financial expenses, net									(117,158)	(99,423)
Earnings before taxes									<b>264,312</b>	<b>266,098</b>
Income tax and social contribution									(63,296)	(72,468)
Net income									<b>201,016</b>	<b>193,630</b>

	Car rental		Fleet rental		Franchising		Eliminations/reclassifications		Consolidated	
	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15
Net income	720,963	710,728	238,040	234,742	4,140	3,964	-	-	963,143	949,434
Costs	(520,667)	(502,044)	(139,285)	(139,940)	(1,754)	(2,148)	(931)	(1,101)	(662,637)	(645,233)
Gross profit (loss)	<b>200,296</b>	<b>208,684</b>	<b>98,755</b>	<b>94,802</b>	<b>2,386</b>	<b>1,816</b>	<b>(931)</b>	<b>(1,101)</b>	<b>300,506</b>	<b>304,201</b>
Operating expenses:										
Selling	(71,327)	(75,327)	(11,324)	(12,967)	(122)	(149)	499	596	(82,274)	(87,847)
General, administrative and other	(32,912)	(31,907)	(6,477)	(5,659)	(248)	(9)	432	505	(39,205)	(37,070)
Result before financial expenses, net (EBIT)	<b>96,057</b>	<b>101,450</b>	<b>80,954</b>	<b>76,176</b>	<b>2,016</b>	<b>1,658</b>	-	-	<b>179,027</b>	<b>179,284</b>
Financial expenses, net									(49,489)	(51,461)
Earnings before taxes									<b>129,538</b>	<b>127,823</b>
Income tax and social contribution									(31,536)	(34,472)
Net income									<b>98,002</b>	<b>93,351</b>

**LOCALIZA RENT A CAR S.A.****NOTES TO THE INTERIM FINANCIAL INFORMATION****QUARTERS ENDED JUNE 30, 2016 AND 2015****(All amounts in thousands of reais unless otherwise stated)**

The Company operates in Brazil and has a network of franchisees in seven South American countries; its revenue is derived mainly from its operations in the Brazilian market. The composition of consolidated net revenues, in Brazil and abroad, is as follows:

	Consolidated		Consolidated	
	1H16	1H15	2Q16	2Q15
Brazilian operations	1,998,854	1,948,939	959,898	946,636
Export revenue (*)	10,507	6,751	2,945	2,461
Royalties abroad	747	741	300	337
<b>Net revenue</b>	<b>2,010,108</b>	<b>1,956,431</b>	<b>963,143</b>	<b>949,434</b>

(\*) Revenue from car rental in Brazil to clients resident and domiciled abroad.

**(iii) Consolidated depreciation and amortization expenses by operating segment are as follows:**

	Consolidated		Consolidated	
	1H16	1H15	2Q16	2Q15
Car rental:				
Car depreciation	29,652	18,839	16,236	6,208
Depreciation of other property and equipment and amortization of intangible assets	16,398	15,460	8,177	7,850
Fleet rental:				
Car depreciation	62,458	65,795	29,600	28,511
Depreciation of other property and equipment and amortization of intangible assets	2,471	2,031	1,177	966
Franchising:				
Depreciation of other property and equipment and amortization of intangible assets	247	221	126	115
<b>Total depreciation and amortization expenses</b>	<b>111,226</b>	<b>102,346</b>	<b>55,316</b>	<b>43,650</b>

**19. NET REVENUE**

The reconciliation between gross revenue and net revenue in the income statement for the periods is as follows:

	Parent company		Consolidated	
	1H16	1H15	1H16	1H15
Gross revenue	1,506,223	1,477,329	2,055,819	2,004,745
Deductions:				
Discounts	(2,531)	(4,129)	(9,258)	(12,129)
Taxes (*)	(27,225)	(24,984)	(36,453)	(36,185)
<b>Net revenue</b>	<b>1,476,467</b>	<b>1,448,216</b>	<b>2,010,108</b>	<b>1,956,431</b>
	Parent company		Consolidated	
	2Q16	2Q15	2Q16	2Q15
Gross revenue	733,481	715,441	986,027	971,871
Deductions:				
Discounts	(1,573)	(1,891)	(4,698)	(5,282)
Taxes (*)	(14,095)	(11,729)	(18,186)	(17,155)
<b>Net revenue</b>	<b>717,813</b>	<b>701,821</b>	<b>963,143</b>	<b>949,434</b>

(\*) Taxes levied on revenues: Services Tax (ISSQN), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS).

## LOCALIZA RENT A CAR S.A.

### NOTES TO THE INTERIM FINANCIAL INFORMATION

#### QUARTERS ENDED JUNE 30, 2016 AND 2015

(All amounts in thousands of reais unless otherwise stated)

The composition of net revenue recognized in each significant category is as follows:

	Parent company		Consolidated	
	1H16	1H15	1H16	1H15
Revenue from car rental	652,641	591,211	667,430	606,365
Revenue from fleet rental	-	-	317,837	298,867
Franchising	747	741	8,430	8,086
Cars sold for fleet renewal	823,079	856,264	1,016,411	1,043,113
<b>Net revenue</b>	<b>1,476,467</b>	<b>1,448,216</b>	<b>2,010,108</b>	<b>1,956,431</b>

	Parent company		Consolidated	
	2Q16	2Q15	2Q16	2Q15
Revenue from car rental	327,793	290,581	327,713	296,311
Revenue from fleet rental	-	-	159,486	149,980
Franchising	300	337	4,140	3,964
Cars sold for fleet renewal	389,720	410,903	471,804	499,179
<b>Net revenue</b>	<b>717,813</b>	<b>701,821</b>	<b>963,143</b>	<b>949,434</b>

**LOCALIZA RENT A CAR S.A.****NOTES TO THE INTERIM FINANCIAL INFORMATION  
QUARTERS ENDED JUNE 30, 2016 AND 2015  
(All amounts in thousands of reais unless otherwise stated)****20. INFORMATION ON THE NATURE OF COSTS AND OPERATING EXPENSES RECOGNIZED IN THE INCOME STATEMENT**

Information on the nature of costs and operating expenses recognized in the income statement is as follows:

	Costs				Selling, general and administrative and other				Total			
	Parent company		Consolidated		Parent company		Consolidated		Parent company		Consolidated	
	1H16	1H15	1H16	1H15	1H16	1H15	1H16	1H15	1H16	1H15	1H16	1H15
Cost of cars sold	(707,244)	(715,472)	(857,163)	(853,655)	-	-	-	-	(707,244)	(715,472)	(857,163)	(853,655)
Car depreciation	(29,652)	(18,811)	(92,110)	(84,634)	-	-	-	-	(29,652)	(18,811)	(92,110)	(84,634)
Car maintenance, Car Tax (IPVA) and other	(116,804)	(109,614)	(181,191)	(177,648)	-	-	-	-	(116,804)	(109,614)	(181,191)	(177,648)
Depreciation and amortization of other property and equipment and intangible assets	(10,077)	(9,999)	(10,825)	(10,558)	(8,276)	(7,052)	(8,291)	(7,154)	(18,353)	(17,051)	(19,116)	(17,712)
Salaries and social charges	(96,915)	(88,228)	(110,834)	(103,668)	(67,462)	(65,006)	(104,219)	(100,576)	(164,377)	(153,234)	(215,053)	(204,244)
Profit sharing	(12,725)	(12,624)	(15,410)	(15,411)	(9,103)	(11,330)	(14,974)	(17,095)	(21,828)	(23,954)	(30,384)	(32,506)
Third-party services	(10,010)	(14,375)	(12,580)	(16,929)	(30,910)	(26,040)	(32,955)	(29,061)	(40,920)	(40,415)	(45,535)	(45,990)
Rentals	(48,832)	(39,005)	(49,608)	(40,176)	(22,577)	(21,433)	(23,212)	(21,823)	(71,409)	(60,438)	(72,820)	(61,999)
Water, electricity and telephone	(4,683)	(4,730)	(4,687)	(4,731)	(3,346)	(3,003)	(3,525)	(3,097)	(8,029)	(7,733)	(8,212)	(7,828)
Travel	(3,328)	(5,793)	(3,451)	(5,888)	(2,012)	(2,757)	(2,973)	(3,304)	(5,340)	(8,550)	(6,424)	(9,192)
Commissions	-	-	-	-	(15,216)	(16,074)	(15,727)	(16,557)	(15,216)	(16,074)	(15,727)	(16,557)
Publicity	-	-	-	-	(12,070)	(15,354)	(12,504)	(15,701)	(12,070)	(15,354)	(12,504)	(15,701)
Provision for impairment of trade receivables and write-off of uncollectible amounts	-	-	-	-	(13,074)	(11,984)	(13,929)	(14,245)	(13,074)	(11,984)	(13,929)	(14,245)
Other	(43,414)	(36,142)	(45,406)	(33,516)	(10,503)	(12,664)	(13,064)	(15,483)	(53,917)	(48,806)	(58,470)	(48,999)
<b>Total</b>	<b>(1,083,684)</b>	<b>(1,054,793)</b>	<b>(1,383,265)</b>	<b>(1,346,814)</b>	<b>(194,549)</b>	<b>(192,697)</b>	<b>(245,373)</b>	<b>(244,096)</b>	<b>(1,278,233)</b>	<b>(1,247,490)</b>	<b>(1,628,638)</b>	<b>(1,590,910)</b>

**LOCALIZA RENT A CAR S.A.****NOTES TO THE INTERIM FINANCIAL INFORMATION****QUARTERS ENDED JUNE 30, 2016 AND 2015****(All amounts in thousands of reais unless otherwise stated)**

	Costs				Selling, general and administrative and other				Total			
	Parent company		Consolidated		Parent company		Consolidated		Parent company		Consolidated	
	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15	2Q16	2Q15
Cost of cars sold	(335,601)	(342,622)	(398,362)	(408,378)	-	-	-	-	(335,601)	(342,622)	(398,362)	(408,378)
Car depreciation	(16,236)	(6,208)	(45,836)	(34,719)	-	-	-	-	(16,236)	(6,208)	(45,836)	(34,719)
Car maintenance , Car Tax (IPVA) and other	(60,672)	(56,616)	(91,740)	(89,090)	-	-	-	-	(60,672)	(56,616)	(91,740)	(89,090)
Depreciation and amortization of other property and equipment and intangible assets	(4,958)	(5,030)	(5,329)	(5,316)	(4,140)	(3,512)	(4,151)	(3,615)	(9,098)	(8,542)	(9,480)	(8,931)
Salaries and social charges	(49,599)	(44,469)	(55,738)	(52,511)	(34,133)	(34,233)	(52,259)	(51,713)	(83,732)	(78,702)	(107,997)	(104,224)
Profit sharing	(6,332)	(6,112)	(7,595)	(7,389)	(3,760)	(5,528)	(6,622)	(8,361)	(10,092)	(11,640)	(14,217)	(15,750)
Third-party services	(5,404)	(6,946)	(7,008)	(8,472)	(15,678)	(14,263)	(16,908)	(15,233)	(21,082)	(21,209)	(23,916)	(23,705)
Rentals	(25,552)	(18,799)	(25,909)	(19,396)	(11,053)	(10,843)	(11,369)	(11,041)	(36,605)	(29,642)	(37,278)	(30,437)
Water, electricity and telephone	(2,272)	(2,314)	(2,274)	(2,315)	(1,608)	(1,565)	(1,694)	(1,616)	(3,880)	(3,879)	(3,968)	(3,931)
Travel	(1,638)	(2,021)	(1,708)	(2,088)	(1,237)	(1,730)	(1,805)	(2,025)	(2,875)	(3,751)	(3,513)	(4,113)
Commissions	-	-	-	-	(7,170)	(7,918)	(7,398)	(8,130)	(7,170)	(7,918)	(7,398)	(8,130)
Publicity	-	-	-	-	(6,018)	(7,562)	(6,390)	(7,795)	(6,018)	(7,562)	(6,390)	(7,795)
Provision for impairment of trade receivables and write-off of uncollectible amounts	-	-	-	-	(5,839)	(4,883)	(6,067)	(6,586)	(5,839)	(4,883)	(6,067)	(6,586)
Other	(20,033)	(18,859)	(21,138)	(15,559)	(5,540)	(6,952)	(6,816)	(8,802)	(25,573)	(25,811)	(27,954)	(24,361)
<b>Total</b>	<b>(528,297)</b>	<b>(509,996)</b>	<b>(662,637)</b>	<b>(645,233)</b>	<b>(96,176)</b>	<b>(98,989)</b>	<b>(121,479)</b>	<b>(124,917)</b>	<b>(624,473)</b>	<b>(608,985)</b>	<b>(784,116)</b>	<b>(770,150)</b>



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### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

#### 21. FINANCIAL RESULT

Financial income (expenses) in the income statement is as follows:

	Parent company		Consolidated	
	1H16	1H15	1H16	1H15
<b>Financial income</b>				
Interest income from financial investments	66,553	46,646	92,076	74,402
PIS/COFINS on financial income	(3,588)	-	(4,778)	-
Other interest income	10,045	5,975	12,632	8,177
	<b>73,010</b>	<b>52,621</b>	<b>99,930</b>	<b>82,579</b>
<b>Financial expenses</b>				
Interest expense from loans, financing, debentures and swap	(160,598)	(148,904)	(212,579)	(177,293)
Other interest expenses	(2,691)	(3,432)	(4,509)	(4,709)
	<b>(163,289)</b>	<b>(152,336)</b>	<b>(217,088)</b>	<b>(182,002)</b>
<b>Financial expenses, net</b>	<b>(90,279)</b>	<b>(99,715)</b>	<b>(117,158)</b>	<b>(99,423)</b>
	Parent company		Consolidated	
	2Q16	2Q15	2Q16	2Q15
<b>Financial income</b>				
Interest income from financial investments	35,280	26,110	48,951	40,672
PIS/COFINS on financial income	(2,014)	-	(2,660)	-
Other interest income	7,739	3,095	9,090	3,999
	<b>41,005</b>	<b>29,205</b>	<b>55,381</b>	<b>44,671</b>
<b>Financial expenses</b>				
Interest expense from loans, financing, debentures and swap	(78,253)	(78,455)	(102,055)	(93,169)
Other interest expenses	(1,505)	(2,198)	(2,815)	(2,963)
	<b>(79,758)</b>	<b>(80,653)</b>	<b>(104,870)</b>	<b>(96,132)</b>
<b>Financial expenses, net</b>	<b>(38,753)</b>	<b>(51,448)</b>	<b>(49,489)</b>	<b>(51,461)</b>

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### NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)

## 22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts of financial assets and liabilities segregated by category are as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
<b>Financial assets</b>				
Loans and receivables measured at amortized cost				
Cash and cash equivalents (note 4)	977,017	881,659	1,467,113	1,385,103
Trade receivables (note 5)	375,983	374,843	457,453	490,809
Escrow deposits (note 14(b))	33,332	33,552	54,451	52,900
<b>Financial liabilities</b>				
Other financial liabilities measured at amortized cost				
Trade payables (note 10)	608,469	589,175	710,128	690,594
Loans, financing, debentures and swap (note 12)	2,255,955	2,084,488	3,091,587	2,973,696

### (a) Risk management

In the normal course of its operations, the Company is exposed to the following risks related to its financial instruments: (i) market risk; (ii) credit risk, and (iii) liquidity risk.

The Company's risk management is conducted by the Audit, Risk Management and Compliance Committee. Additionally, the process of identification, analysis and monitoring of risks is performed by the Board of Directors, which has powers to make decisions about the strategies to be adopted by the Company.

### (i) Market risk

The market risk management is carried out in order to ensure that the Company is exposed only to risk levels considered acceptable in the context of its operations.

The Company's financial instruments that are affected by the market risk include: (i) cash and cash equivalents and (ii) loans, financing, debentures and fixed rate swap.

- **Interest rate risk** – This is the risk that the fair value or future cash flows of a certain financial instrument will flow according to market interest rate variations.

The Company uses cash from operations to conduct its daily business activities, and finance its fleet renewal and part of its growth. To supplement its cash requirements for growth, the Company obtains loans and financing from major financial institutions in Brazil, and issues debt securities (debentures and promissory notes), that are mostly indexed to the CDI rate. The inherent risk arises from the possibility of significant increases in CDI.

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As a strategy to manage interest rate risk, Management continuously monitors the CDI in order to, if necessary, adjust car rental fees to mitigate such fluctuations. For the fleet rentals, the wholly owned subsidiary Localiza Fleet contracts interest rate swaps to exchange the floating rate risk for a fixed rate, thus eliminating the risk of fluctuation in the basic interest rate on long-term contracts. In addition, almost the totality of the Company's cash and cash equivalents balance is indexed to the CDI rate, which is the same index adopted for debts related to car rental.

The Company has performed sensitivity tests for adverse scenarios (deterioration of the CDI rate by 25% and 50% from the expected scenario), considering the following assumptions:

- On June 30, 2016, the Company's net debt totaled R\$ 1,624,474. Of this total, R\$ 711,924, with fixed cost at an average rate of 15.49% p.y., was excluded, as it is related to the transactions contracted at a fixed rate and amounts corresponding to the hedge from the swap transactions, changing the rates indexed to the CDI for fixed rates. The net debt subject to the CDI rate therefore totaled R\$ 912,550 on June 30, 2016.
- An expected scenario for the following 12 months, according to data from the Focus Bulletin issued by the Brazilian Central Bank, is an estimated effective average CDI rate of 13.00% against the effective annualized rate of 14.07% in the six-month period ended June 30, 2016.

Description	Consolidated		
	Expected Scenario (*)	Scenario I - 25% deterioration	Scenario II - 50% deterioration
<b>Net debt as of June 30, 2016</b> (letter (b) (i))	<b>1,624,474</b>	<b>1,624,474</b>	<b>1,624,474</b>
(-) Debt at a fixed rate and amounts hedged with swap to a fixed rate (note 12 and note 22(d)(iii))	(711,924)	(711,924)	(711,924)
<b>Net debt subject to the CDI variation</b>	<b>912,550</b>	<b>912,550</b>	<b>912,550</b>
Effective average annualized CDI rate for the six-month period ended June 30, 2016	14.07%	14.07%	14.07%
Estimated average annual CDI rate, according to stress scenarios	13.00%	16.25%	19.50%
Effect on financial expenses subject to the CDI rate:			
- according to effective rates	(128,396)	(128,396)	(128,396)
- according to scenarios	(118,632)	(148,289)	(177,947)
<b>(Increase)/decrease in financial expenses for 12 months</b>	<b>9,764</b>	<b>(19,893)</b>	<b>(49,551)</b>

(\*) As required by IFRS 7 and based on the 13.00% rate corresponds to the fairly likely scenario for the next 12 months, according to the market projection (Focus Bulletin of the Brazilian Central Bank, issued on July 1, 2016).

- **Currency risk** – as stated in note 22(d), the Company is not exposed to currency risk, since it enters into swap transactions tied to foreign currency loans.

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#### (ii) Credit risk

The credit risk is the risk that a counterparty does not comply with its contractual obligations, thereby causing the Company to incur financial losses. The Company's credit risk basically arises from trade accounts receivable and cash and cash equivalents deposited/applied in banks and other financial institutions.

The maximum exposure to credit risk, based on the net book value of the underlying financial assets, is as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Loans and receivables				
Cash and cash equivalents:				
Financial investments:				
Aa1 in the Moody's scale or equivalent in another rating agency	972,754	876,379	1,443,638	1,377,726
Cash and banks	4,263	5,280	23,475	7,377
<b>Total cash and cash equivalents (note 4)</b>	<b>977,017</b>	<b>881,659</b>	<b>1,467,113</b>	<b>1,385,103</b>
Trade receivables - customers	230,691	217,539	300,478	320,850
Trade receivables - credit cards:				
Aaa in the Moody's scale	55,694	69,583	57,529	73,380
Sundry	89,598	87,721	99,446	96,579
<b>Total other receivables (note 5)</b>	<b>375,983</b>	<b>374,843</b>	<b>457,453</b>	<b>490,809</b>
	<b>1,353,000</b>	<b>1,256,502</b>	<b>1,924,566</b>	<b>1,875,912</b>

- **Cash and cash equivalents** – the credit risk in balances with banks and other financial institutions is managed by the Company's Finance Department, according to policies defined by the Board of Directors, with the purpose of mitigating risk concentration and, therefore, minimizing a potential financial loss in the case of bankruptcy of one counterparty.

As established by the Board of Directors, the maximum fund allocation limits per financial institution, on a consolidated basis, must comply with the following criteria: (i) the maximum amount of 20% of the total available funds must be allocated only in financial institutions that are listed in the Investment, Indebtedness, Derivatives and Guarantees Policy and (ii) the maximum amount of 40% of the total available funds must be allocated only in the financial institutions that are listed in the Investment, Indebtedness, Derivatives and Guarantees Policy and the equity of which is higher than R\$ 10.0 billion.

- **Accounts receivable** – the management of the credit risk related to trade receivables is constantly monitored by the Company, which has established control policies.

The Company reduces its credit risk by operating significantly with credit cards for car rentals, mainly in transactions with individuals. As of June 30, 2016, two of the largest credit card companies represented 12.6% and 10.6%, individually, of the Company's trade receivables balance. The credit risk in transactions with legal entities for car rental and fleet rental is reduced by a credit limit granting policy, based on the analysis of the financial position of the customer, past experience and the position of overdue bills. The financial position of customers is continuously monitored in order to evaluate and adjust, if necessary, the credit limit previously

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granted. The credit risk in the sale of decommissioned cars is reduced through the utilization of financing companies and/or leasing companies with well-known financial and liquidity capacities.

Additionally, the management of credit risk includes the periodic analysis of the recoverability of trade receivables, in which the need to constitute a provision for the impairment of trade receivables is analyzed in order to adjust the receivables to their probable realizable values. This analysis, which has the purpose of assigning a risk classification to the customer according to internal criteria defined by management, takes into consideration the current financial position of the customer, past experience and the position of overdue bills. Therefore, according to the customer risk classification, receivables are adjusted to their likely realizable amounts through the recognition of a provision for impairment of trade receivable, and may be applied both to overdue bills and current bills, depending on the risk classification assigned to the customer.

Credit risk concentration is limited because the customer base is broad. All significant operations and customers are located in Brazil, and there is no customer that individually represents more than 10% of the Company's revenues.

#### (iii) *Liquidity risk*

Liquidity risk is the risk of the Company not having enough funds to settle its obligations as they fall due. The management of the liquidity risk seeks to ensure that the Company has the necessary funds to settle its financial liabilities at the maturity dates.

The management of the liquidity risk is carried out by the Finance Department and monitored by the Board of Directors. Liquidity risk management is conducted considering funding requirements and liquidity management in the short, medium and long-terms. The Company manages the liquidity risk by maintaining adequate financial resources available in cash and cash equivalents and by means of credit facilities, based on the continuous monitoring of estimated and realized cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

Management also considers that the access to third-party credit is facilitated by the corporate credit rating of Localiza according to the main market rating agencies. The analysis of the maturities of the undiscounted consolidated contractual cash flows of loans, financing, debentures and swap, using the interest rate contracted for each transaction and a CDI rate of 14.13% as of June 30, 2016, is as follows:

	Parent company						Total
	2016	2017	2018	2019	2020	2021	
Debentures - 6th issue	52,195	69,299	154,788	137,611	-	-	413,893
Debentures - 7th issue	73,553	136,519	124,718	113,620	126,594	111,286	686,290
Debentures - 8th issue	38,139	74,425	74,117	313,816	307,339	-	807,836
Debentures - 9th issue	38,517	77,034	77,034	123,695	207,871	301,531	825,682
Debentures - 10th issue	15,506	31,140	30,882	30,882	123,710	107,881	340,001
Leases	710	1,035	199	-	-	-	1,944
Foreign currency loans/with swap	4,329	250,587	-	-	-	-	254,916
<b>Total</b>	<b>222,949</b>	<b>640,039</b>	<b>461,738</b>	<b>719,624</b>	<b>765,514</b>	<b>520,698</b>	<b>3,330,562</b>

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	Consolidated						Total
	2016	2017	2018	2019	2020	2021	
Debentures - 6th issue	52,195	69,299	154,788	137,611	-	-	413,893
Debentures - 7th issue	73,553	136,519	124,718	113,620	126,594	111,286	686,290
Debentures - 8th issue	38,139	74,425	74,117	313,816	307,339	-	807,836
Debentures - 9th issue	38,517	77,034	77,034	123,695	207,871	301,531	825,682
Debentures - 10th issue	15,506	31,140	30,882	30,882	123,710	107,881	340,001
Commercial Credit Note (NCC)	33,933	71,244	97,357	116,153	96,546	129,658	544,891
Leases	156,250	156,569	21,255	-	-	-	334,074
Foreign currency loans/with swaps	4,329	250,587	-	-	-	-	254,916
Bank Credit Note Property (CCBI) new headquarters/with swap	9,138	18,531	19,051	65,799	105,302	48,971	266,792
<b>Total</b>	<b>421,560</b>	<b>885,348</b>	<b>599,202</b>	<b>901,576</b>	<b>967,362</b>	<b>699,327</b>	<b>4,474,375</b>

#### (b) Capital management

The Company's businesses require intensive long-term capital to finance the fleet, in order to implement its expansion strategy. The main objectives of capital management are: (i) to ensure the Company's operational continuity; (ii) to maintain a strong credit rating; (iii) to maximize the return to shareholders; and (iv) to guarantee the Company's competitive edge in the raising of funds.

The Company's management continuously monitors capital, adjusting its capital structure to the economic conditions.

#### (i) Debt ratio

Capital is monitored based on the Company's indebtedness level, which corresponds to the ratio of net debt to equity. Net debt, in turn, is defined by the Company as short and long-term debts, including the positive or negative balances of the swap transactions entered into to hedge these debts, less cash and cash equivalents. The Company's overall capital management strategy has remained unchanged over the last two years.

The table below shows the Company's debt ratios as of June 30, 2016 and December 31, 2015:

	Consolidated	
	6/30/16	12/31/15
Short- and long-term debts, net of the swap transactions classified in current and non-current assets and liabilities (note 12)	3,091,587	2,973,696
Cash and cash equivalents (note 4)	(1,467,113)	(1,385,103)
<b>Net debt</b>	<b>1,624,474</b>	<b>1,588,593</b>
Equity	2,074,211	1,941,577
<b>Debt ratio</b>	<b>0.78</b>	<b>0.82</b>
<b>Value of the fleet (*)</b>	<b>3,784,127</b>	<b>3,642,699</b>
<b>Net debt/value of the fleet</b>	<b>0.43</b>	<b>0.44</b>

(\*) Property and equipment cars and cars decommissioned for fleet renewal (note 8).

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#### (c) Fair value of financial instruments

The estimated carrying amounts and fair values of loans, financing, and debentures are calculated based on models that use observable inputs and future assumptions about fixed and floating interest rates, among other applicable variables. The rates used are obtained from financial institutions for transactions with similar conditions or based on market information, when available. The Company makes a reasonable analysis of the calculations presented by these financial institutions by comparing them with similar calculations made by other parties for the same applicable period. There are no financial instruments measured at fair value in hierarchical levels 1 and 3. Fair values are calculated by projecting the future flows of transactions based on the projection of the interest rate curves, discounted to present value using indicative data on prices and benchmark rates available in the market or based on premium payment conditions upon the early optional redemption established in the debenture deed of each issuance.

The summary of the fair values of the swap transactions recorded in the “derivative instruments – swap” account is as follows:

	Level 2
Fixed rate swap (letter (d) (iii))	(1,469)
U.S. dollar swap (letter (d) (i))	1,361
TR swap (letter (d) (ii))	1,463
	<b>1,355</b>

The financial liabilities measured at fair value in the Company’s balance sheet as of June 30, 2016 and the categories of the data related to the respective liabilities are as follows:

	Parent company				Consolidated			
	Carrying amount		Fair value		Carrying amount		Fair value	
	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15
<b>Financial liabilities – other financial liabilities:</b>								
Loans, financing, debentures and swap	2,255,955	2,084,488	2,268,012	2,095,346	3,091,587	2,973,696	3,103,644	2,984,554
Swap transactions – amount (payable)/receivable	1,361	45,580	1,361	45,580	1,355	25,827	1,355	25,827

Management understands that the carrying amounts of other financial instruments, such as cash and cash equivalents, trade receivables and trade payables, which are recognized in the parent company and consolidated financial statements, do not differ significantly from their fair values, as the maturity dates of a substantial portion of the balances are close to the reporting date.

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#### (d) Derivatives

##### (i) U.S. dollar x Brazilian reais

As of June 30, 2016, the Company was party to a swap transaction (plain vanilla) only for purposes of protection against the respective foreign currency-denominated loans. The transaction was entered into with major financial institutions.

The specific characteristics of this swap transaction, as well as its respective notional and carrying amounts, are as follows:

Swap transaction	Contract date	Maturity	Counterparty	Rates		Parent company and consolidated		
						6/30/16		(Payables)/ receivables
				Assets	Liabilities	Notional value		
						R\$ thousand	US\$ thousand	R\$ thousand
U.S. dollar x Brazilian reais	4/2/15	3/31/17	Banco de Tokyo	Foreign exchange variations of the U.S. dollar + 2.20% p.a. coupon and foreign exchange variations of the U.S. dollar + 2.30% p.a. coupon	98.5% and 105.5% of the variation of CDI	224,959	70,000	1,361

The amounts receivable are presented in the "Derivative instruments – swap" account (note 12).

##### (ii) TR x CDI

As of June 30, 2016, the subsidiary Rental Brasil had a current swap operation (plain vanilla), which has as its exclusive purpose the protection of its loan in the form of CCBI. This is a loan agreement contracted with a major financial institution.

The specific characteristics of this swap transaction, as well as its respective notional and carrying amounts, are as follows:

Swap transaction	Contract date	Maturity	Counterparty	Rates		Consolidated	
						6/30/16	
				Assets	Liabilities	Notional value	(Payables)/ receivables
						R\$ thousand	R\$ thousand
TR x CDI	6/25/14	6/15/21	Itaú Unibanco	TR variation + 9.5% p.a. coupon	98.8% of CDI variation	190,000	1,463



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#### (iii) CDI x Fixed rate

Fleet rental contracts vary from 24 to 36 months and include an annual adjustment clause based on the inflation rate. As the rental contracts cannot be adjusted based on the basic interest rate, Localiza Fleet executed swap operations exchanging the CDI variation for a fixed rate in order to protect itself from the risk of losing profitability on rental contracts and to maintain its competitiveness.

The specific characteristics of this swap transaction, as well as its respective notional and carrying amounts, are as follows:

Swap transaction	Contract date	Maturity	Counterparty	Rates		Parent company and consolidated	
						6/30/16	
				Assets	Liabilities	Notional value	(Payables)/receivables
						R\$ thousand	R\$ thousand
CDI x Fixed rate	6/2/16	7/2/18	Various banks	111.1% of the CDI variation	15.6% p.a.	400,000 (*)	(1,469)

(\*) The swaps short-position (fixed rate) corresponded to R\$ 419,433 on June 30, 2016.

## 23. FINANCE LEASES

The net book values by category of assets acquired under finance leases are as follows:

	Parent company		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15
Property and equipment				
Cars	-	-	527,839	544,832
Hardware	3,169	3,952	3,169	3,952
<b>Total property and equipment</b>	<b>3,169</b>	<b>3,952</b>	<b>531,008</b>	<b>548,784</b>
Intangible assets				
Computer software	252	345	252	345
<b>Total intangible assets</b>	<b>252</b>	<b>345</b>	<b>252</b>	<b>345</b>
<b>Total property and equipment and intangible assets</b>	<b>3,421</b>	<b>4,297</b>	<b>531,260</b>	<b>549,129</b>

Other information on leases (parent company and consolidated) has not significantly changed compared with that disclosed in note 23 to the financial statements for the year ended December 31, 2015.

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### **NOTES TO THE INTERIM FINANCIAL INFORMATION QUARTERS ENDED JUNE 30, 2016 AND 2015 (All amounts in thousands of reais unless otherwise stated)**

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#### **24. RENTAL COMMITMENTS**

Information on rental commitments (parent company and consolidated) has not significantly changed compared with that disclosed in note 24 to the financial statements for the year ended December 31, 2015.

#### **25. SUPPLEMENTARY PENSION PLAN**

From August 2011 to December 2015, the Company had a pension plan to supplement official social security benefits. This plan is established in a "defined contribution" manner and is managed by a major independent pension fund manager. There are no actuarial and investment risks to be assumed by the Company as its sponsor; consequently, no actuarial valuation is required and there is no possibility of recognizing actuarial gains or losses. During the first six-month period of 2016, the Company stopped contributing to this pension plan.

On June 23, 2016, the Board of Directors approved that the Company resumes the contribution to the supplementary pension plan of its employees and directors as from July 1, 2016.

Under this plan's regulations, the cost is shared between the employer and the employees, where the Company matches the employee's contribution, which varies according to a contribution scale based on salary ranges from 1% to 5% of the employee's compensation.

Other information on the pension plan has not significantly changed compared with that disclosed in note 25 to the financial statements for the year ended December 31, 2015.

#### **26. APPROVAL OF THE INTERIM FINANCIAL INFORMATION**

This parent company and consolidated interim financial information was approved and authorized for disclosure by the Board of Directors on July 21, 2016.

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### **Comments on the behavior of business projections**

The Company did not disclose any projections for 2016.

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## Other information considered relevant by the Company

### 1. BALANCE SHEET

The Company's consolidated balance sheet for the six-month periods ended June 30, 2016 and 2015 is as follows:

	Consolidated					
	1H16			1H15		
<b>1. Calculation basis for social indicators</b>						
Net revenue (NR)	2,010,108			1,956,431		
Earnings before taxes (EBT)	264,312			266,098		
Gross payroll (GP)	208,956			205,922		
<b>2. Internal social indicators</b>						
	1H16			1H15		
	Amount			Amount		
	R\$/thousand	% on GP	% on NR	R\$/thousand	% on GP	% on NR
Meals	11,208	5%	1%	9,728	5%	0%
Compulsory social charges	45,622	22%	2%	43,285	21%	2%
Health care	15,543	7%	1%	13,555	6%	1%
Training and professional development	253	0%	0%	1,539	1%	0%
Day care center or child care allowance	136	0%	0%	137	0%	0%
Profit sharing	30,384	15%	2%	32,506	16%	2%
Other	2,689	1%	0%	4,093	2%	0%
<b>Total - internal social indicators</b>	<b>105,835</b>	<b>50%</b>	<b>6%</b>	<b>104,843</b>	<b>51%</b>	<b>5%</b>
<b>3. External social indicators</b>						
	1H16			1S15		
	Amount	% on EBT	% on NR	Amount	% on EBT	% on NR
	R\$/thousand			R\$/thousand		
Education	151	0%	0%	129	0%	0%
Culture	604	0%	0%	863	0%	0%
Other	150	0%	0%	209	0%	0%
<b>Total contributions to society</b>	<b>905</b>	<b>0%</b>	<b>0%</b>	<b>1,201</b>	<b>0%</b>	<b>0%</b>
Taxes (excluding social charges)	146,741	56%	7%	149,226	56%	8%
<b>Total - external social indicators</b>	<b>147,646</b>	<b>56%</b>	<b>7%</b>	<b>150,427</b>	<b>57%</b>	<b>8%</b>
<b>4. Personnel indicators</b>						
	6/30/16			6/30/15		
Number of employees at the end of the period	6,168			5,952		
Number of employees hired during the period	341			427		
Number of outsourced employees	109			285		
Number of interns	27			5		
Number of employees above age 45	714			654		
Number of women working in the company	2,822			2,709		
% of supervisory positions held by women	49.40%			49.65%		
Number of people with disabilities or special needs	227			223		

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## Other information considered relevant by the Company

	6/30/16			Goals 2016		
<b>5. Relevant information regarding corporate citizenship</b>						
Highest/lowest compensation ratio			73.72(*)			80.00(*)
Total number of occupational accidents during the period			27			-
- The social and environmental projects developed by the Company were established by	(x) directors	( ) directors and managers	( ) all employees	(x) directors	( ) directors and managers	( ) all employees
- The safety and health standards in the workplace were established by	( ) directors and managers	( ) all employees	(x) all + Cipa (****)	( ) directors and managers	( ) all employees	(x) all + Cipa
- Regarding union freedom, right to collective bargaining and internal workers' representation, the Company	( ) is not involved	(x) follows the standards of the ILO (***)	( ) encourages and follows the standards of the ILO	( ) will not be involved	(x) will follow the standards of the ILO	( ) will encourage and follow the standards of the ILO
- The profit sharing plan covers	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
- In selecting suppliers, the same ethical, social responsibility and environmental standards adopted by the Company	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be suggested	(x) will be required
- As to the participation of employees in volunteer work programs, the company	( ) is not involved	( ) supports	(x) organizes and encourages	( ) will not be involved	( ) will support	(x) will organize and encourage
- Total number of complaints and criticisms from consumers	In the Company (**)	In the Procon (****) 122	In Court 1,372	In the company (**)	In Procon NA	In court NA
- % of complaints and criticisms from customers handled or solved	In the Company (**)	In Procon 71.3%	In court 46.7%	In the Company (**)	In Procon NA	In court NA

(\*) To calculate the ratio between the highest and lowest remuneration paid by the Company, the head office's salaries were utilized (Belo Horizonte).

(\*\*) The customer assistance area attends calls referring to mechanical problems, accidents, doubts about billings, as well as praises and complaints. The Company does not have a record of the number of calls concerning complaints only.

(\*\*\*) ILO – International Labor Organization.

(\*\*\*\*) Cipa – Internal Accident Prevention Committee.

(\*\*\*\*\*) Procon – Consumer Protection Agency.

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## **Report on special review - without exceptions**

## **Report on review of quarterly information**

To the Board of Directors and Stockholders  
Localiza Rent a Car S.A.

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Localiza Rent a Car S.A., included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2016, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

(A free translation of the original in Portuguese)

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## **Report on special review - without exceptions**

### **Other matters**

#### **Statement of value added**

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2016. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, July 21, 2016

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