

Brazil Transportation

U.S. Non-Deal Roadshow Feedback

Rising Interest in Infra (More CCR, Less Rumo); Cyclical/levered names remain Risky (Including Localiza)

We held an U.S. in-person non-deal roadshow (NY, Boston, Chicago and Miami). Foreign investors left Brazil for other regions and have not yet returned (China and EMEA were mentioned), although we see some interest in YTD rally (weak USD prospects may be the main flow trigger to EM/Brazil). **In Transportation, we highlight (1) Our infra preference was well received** (CCR was the positive interest surprise, with Rumo less favored on pushbacks from agri volatility); and **(2) Cyclical/levered names remain out of favor** (Localiza although highly demanded for discussions remains out of preference on high *Seminovos*' risk perception).

Foreign investors left Brazil and are not back yet. We noted a clear feedback that investors are very "light" in Brazil in general, particularly so in our sector. Investors have accumulated LatAm/BZ coverage with other regions such as China and EMEA (and in some cases shifted positioning). Having said that, we also saw interest in understanding Brazil's YTD rally (possibly indicating an initial "FOMO"). Finally, a silver lining could come from a relatively consensual view that USD may have peaked, potentially driving flows to EM.

In Transportation, our Infra preference was well received (...) Our stock pickings in the sector are (in order): Rumo, HBSA and CCR (as detailed in our recent full-sector update report [Hiding From a Tough Macro In The Infrastructure Space](#)). However, investor interest followed a different order: **(1) CCR called the most attention** on valuation, improved governance and large pipeline (Airport sale faced some pushback as a potential stock trigger); **(2) HBSA raised eyebrows** on potential large upside from turning point in results and significant deleveraging (stock liquidity is an issue, some considered exposure via Ultra and/or Rumo); and **(3) Rumo, although most agree with positive S&D outlook, faced pushbacks** on (a) agri-related volatility making it less of an "infra story", (b) pricing uncertainty in the short term, and (c) overall capex risk.

(...) while cyclical names remain out of favor. Localiza remains highly sought after, and there is some willingness to build a case for potential D&A normalization (based on improved monthly D&A data). However, the macro scenario may delay ongoing downward earnings revisions, as (i) some perceive it as a "rates trade" (not a call yet), and (ii) economic activity slowdown puts the sector in a "choose your poison" position (both with affordability in RaC and D&A in *Seminovos*).

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Company	Ticker	Current Price	Target Price	Upside	Rec.	EBITDA (R\$ mn)		P/E		EV/EBITDA		Mkt. Cap (R\$ mn)	IRR (%)
						2025E	2026E	2025E	2026E	2025E	2026E		
Rumo	RAIL3	R\$ 17.08	R\$ 28.00	64%	Buy	R\$ 8,585	R\$ 9,328	16.1x	12.1x	5.9x	5.4x	R\$ 31,590	16.8%
Hidroviás do Brasil	HBSA3	R\$ 2.25	R\$ 3.20	42%	Buy	R\$ 968	R\$ 1,197	29.9x	8.6x	6.3x	4.8x	R\$ 1,711	16.6%
CCR	CCRO3	R\$ 11.89	R\$ 16.20	36%	Buy	R\$ 10,097	R\$ 11,166	15.2x	11.8x	5.7x	5.4x	R\$ 23,994	15.2%
Ecorodovias	ECOR3	R\$ 5.41	R\$ 7.30	35%	Buy	R\$ 5,548	R\$ 5,626	5.0x	7.4x	4.8x	5.4x	R\$ 3,767	13.5%
Santos Brasil	STBP3	R\$ 13.26	R\$ 18.00	36%	Buy	R\$ 1,840	R\$ 2,125	11.3x	9.3x	7.2x	6.2x	R\$ 11,456	11.3%
Vamos	VAMO3	R\$ 5.27	R\$ 7.50	42%	Buy	R\$ 4,062	R\$ 4,697	9.6x	6.8x	4.5x	4.1x	R\$ 5,748	
Mills	MILS3	R\$ 9.71	R\$ 14.00	44%	Buy	R\$ 909	R\$ 1,041	7.3x	5.9x	4.1x	3.4x	R\$ 2,345	
Armaz	ARML3	R\$ 4.81	R\$ 7.00	46%	Buy	R\$ 800	R\$ 874	7.7x	6.7x	4.3x	4.0x	R\$ 1,667	
Localiza	RENT3	R\$ 34.82	R\$ 39.00	12%	Buy	R\$ 13,767	R\$ 14,950	12.2x	11.6x	5.2x	5.0x	R\$ 36,692	
Movida	MOV13	R\$ 5.27	R\$ 5.70	8%	Buy	R\$ 5,280	R\$ 5,519	n.m.	9.3x	3.4x	3.4x	R\$ 1,886	
Simpar	SIMH3	R\$ 4.62	R\$ 6.30	36%	Buy	R\$ 12,289	R\$ 14,022	n.m.	60.8x	4.2x	3.8x	R\$ 3,983	
JSL	JSLG3	R\$ 5.61	R\$ 9.50	69%	Buy	R\$ 2,034	R\$ 2,316	7.5x	3.9x	3.7x	3.3x	R\$ 1,596	
Azul	AZUL4	R\$ 3.51	R\$ 4.10	17%	Neutral	R\$ 7,368	R\$ 7,846	n.m.	n.m.	5.4x	5.4x	R\$ 1,222	
Priner	PRNR3	R\$ 16.93	R\$ 22.10	31%	Buy	R\$ 250	R\$ 305	13.8x	9.2x	5.0x	4.2x	R\$ 761	

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Figure 01: Transportation US NDR – Summarized Investor Perception

Transportation				
	Company	Interest	View/Perception	Obs.
Infrastructure	 CCR	5	4	High interest. Highest traction among our preferences on (i) valuation, (ii) improved governance perception, and (iii) large pipeline. Airport sale stock trigger has some pushbacks.
	 ecoRODOVIAS GRUPO	2	2	Low interest. High concerns with high-leverage/capex profile despite the strong operational figures (superior traffic performance).
	 rume	4	3	High interest. Positive S&D outlook is well received. But weak overall perception on (i) high-vol agri demand profile (particularly in 2025), and (ii) capex risk.
	 Hidrovias do Brasil	3	4	Medium interest. Positive perception of our 2025 turning-point call. Low liquidity, however, restricts practical interest.
	 SANTOS BRASIL	3	4	Medium interest. We were surprised with some interest in updating about the ongoing offer (and risk-arb trade). Positive perception remains as some hold until the offer.
Car Rental	 Localiza	4	2	High interest in almost all meetings, but skepticism still dominates (D&A as main risk). Even the more positive investors fear the impact from weaker econ. activity ahead.
	 mov(da) aluguel de carros	2	2	Low interest. The skepticism towards Localiza applies to Movida (sector themes). Plus, we noted additional concerns related to leverage/balance sheet.
Heavy Rental	 GRUPO VAMOS	3	3	Medium interest. Governance and delinquency are risks (limiting exposure). However, we note a still positive view of the business model and penetration potential.
	 mills	2	3	Low interest. Similarly to Vamos, we see some "benefit of the doubt" towards the Heavy Rental sector potential. However, we noted low effective interest mainly on macro and low-share-liquidity risks.
	 armac	2	2	
Logistics & Industrial Services	 JSL	2	3	Low interest. Investors continue to recognize JSL's improved overall contract management capabilities. Yet, recent margin pressure and low share liquidity keeps investors away for now.
	 SIMPAR	2	2	Low interest. Leverage risks are among the top-ranked concerns given a tough macro. Additionally, we noted governance as a theme since the Vamo-Amob deal proposal.
	 GRUPO Priner	2	4	Low interest. Despite increased traction among locals, low share liquidity is an issue abroad. Positive operations and stock run, however, yields a positive perception.
Airlines	 Azul	2	1	Low interest. Investors recognize Azul's debt renegotiation efforts. Yet, we still see major concerns of potential further equity dilutions, in addition to a tough macro.

Figure 02: Transportation US NDR – Investors' Overall Score (Interest + View/Perception)



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