

# Frasle Mobility (FRAS3)

## Weak Results Add Concerns on Organic Growth Normalization

### 4Q25 Review

Frasle posted weak 4Q25 results, with adj. EBITDA of R\$214 million (-2% YoY and -21% QoQ). Net revenues were aided by Dacomsa's integration (+25% YoY), while organic revenues worsened -9% YoY amid a soft domestic OEM environment and weaker external markets, particularly in North America. **Profitability contracted further than we anticipated**, with adj. EBITDA margin at 15.4% (-4.2p.p. YoY) reflecting higher raw material costs, a less favorable product mix, and seasonally lower volumes, closing FY2025 at the lower-end of its profitability guidance range (17.8% vs. 17.5%-20.5%). **Going forward**, although Frasle's FY2026 guidance stood broadly in-line with our estimates, **we believe today's set of results adds concerns around a challenging environment for organic growth** and implies downside risks for its mid-range guidance. At current valuation levels (2026 P/E of 16.0x), **we see limited margin of safety should earnings momentum continue to worsen**, reiterating our Neutral rating.

**Top-line.** Net revenues of R\$1.4 billion were up +25% YoY (-2% QoQ), or -9% YoY (-4% QoQ) organically. **(i)** Domestic revenues were flat (-1% YoY), with resilient aftermarket trends (aided by market share gains among distributors), despite an overall cautious consumption environment highlighted by Frasle, offsetting a soft performance from domestic OEM (-33% YoY), weighted by lower heavy vehicle sales in Brazil. **(ii)** Externally, the consolidation of Dacomsa compensated a market downturn, with revenues up +65 YoY, or -20% YoY organically, especially hampered by an uncertain economic environment in the United States, which impacted both replacement and OEM segments.

**Profitability.** Adj. EBITDA margin of 15.4% contracted further than we anticipated, down -4p.p. YoY (-2.4p.p. vs. XPe), closing FY2025 at the lower-end of its guidance (17.8% vs. a 17.5-20.5% range). We see this especially reflecting higher raw material costs, due to a worse product mix and the growth of co-manufactured items, as well as seasonally lower volumes.

**Guidance.** Frasle disclosed its FY2026 guidance, indicating net revenues around R\$5.6-6.2 billion (mid-point +7% YoY), and EBITDA margin slightly in-line with last year's forecast (17.5%-20.0%).

**Our take.** Although Frasle's guidance was in-line with our estimates, we believe today's results add concerns around a deteriorating environment for organic growth and a negative earnings revision trend. We note a more cautious tone in Frasle's 2026E outlook, highlighting (i) 1H25 as a challenging comparable period for North America, given current market conditions, while (ii) company-specific factors (Nakata integration, ERP change) may further weigh on near-term execution. Trading at a 2026E P/E of 16.0x, we see current valuation levels leaving little room for disappointment should earnings growth continue to soften, reiterating our Neutral rating on the shares.

Frasle Mobility	FRAS3
<b>Rating</b>	<b>Neutral</b>
<b>Target Price (R\$/sh.)</b>	<b>24.00</b>
Current Price (R\$/sh.)	23.94
Upside (%)	0%
Market Cap (R\$ million)	6,568
# of shares (million)	274
Free Float (%)	39%
ADTV (R\$ million)	6

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### Frasle Mobility (FRAS3): 4Q25 Results

Income Statement	4Q25A	4Q25 XPe	vs. XP	4Q24	YoY	3Q25	QoQ
<b>Net Operating Revenues</b>	<b>1,385</b>	<b>1,384</b>	<b>0%</b>	<b>1,108</b>	<b>25%</b>	<b>1,414</b>	<b>-2%</b>
<b>Adj. EBITDA<sup>1</sup></b>	<b>214</b>	<b>246</b>	<b>-13%</b>	<b>217</b>	<b>-2%</b>	<b>270</b>	<b>-21%</b>
Adj. EBITDA Margin	15.4%	17.8%	-2.4 p.p.	19.6%	-4.2 p.p.	19.1%	-3.7 p.p.
<b>Consolidated Net Earnings</b>	<b>55</b>	<b>94</b>	<b>-42%</b>	<b>133</b>	<b>-59%</b>	<b>105</b>	<b>-48%</b>

## 4Q25 Results

Figure 1: Frasle Mobility 4Q25 Results

Income Statement	4Q25A	4Q25 XPe	vs. XP	4Q24	YoY	3Q25	QoQ
<b>Net Operating Revenues</b>	<b>1,385</b>	<b>1,384</b>	<b>0%</b>	<b>1,108</b>	<b>25%</b>	<b>1,414</b>	<b>-2%</b>
Internal Market	660	701	-6%	669	-1%	683	-3%
External Market	725	683	6%	439	65%	731	-1%
Dacomsa	372	n.m.	n.m.	n.m.	n.m.	356	5%
External Market excl. Dacomsa	353	n.m.	n.m.	439	-20%	731	-52%
COGS	(957)	(939)	2%	(713)	34%	(937)	2%
<b>Gross Profit</b>	<b>428</b>	<b>445</b>	<b>-4%</b>	<b>394</b>	<b>8%</b>	<b>477</b>	<b>-10%</b>
Gross Margin	30.9%	32.2%	-1.3 p.p.	35.6%	-4.7 p.p.	33.7%	-2.8 p.p.
<b>EBITDA</b>	<b>220</b>	<b>246</b>	<b>-10%</b>	<b>217</b>	<b>2%</b>	<b>270</b>	<b>-18%</b>
EBITDA Margin	15.9%	17.8%	-1.9 p.p.	19.6%	-3.7 p.p.	19.1%	-3.2 p.p.
<b>Adj. EBITDA<sup>1</sup></b>	<b>214</b>	<b>246</b>	<b>-13%</b>	<b>217</b>	<b>-2%</b>	<b>270</b>	<b>-21%</b>
Adj. EBITDA Margin	15.4%	17.8%	-2.4 p.p.	19.6%	-4.2 p.p.	19.1%	-3.7 p.p.
<b>EBIT</b>	<b>147</b>	<b>166</b>	<b>-11%</b>	<b>171</b>	<b>-14%</b>	<b>213</b>	<b>-31%</b>
EBIT Margin	10.6%	12.0%	-1.4 p.p.	15.5%	-4.8 p.p.	15.0%	-4.4 p.p.
Net Financial Results	(102)	(73)	39%	2	-5221%	(103)	-1%
Income Taxes & Contributions	11	3	n.m.	(38)	-128%	(3)	-406%
Non-Controlling Interest	(2)	(2)	-10%	(1)	23%	(1)	40%
<b>Consolidated Net Earnings</b>	<b>55</b>	<b>94</b>	<b>-42%</b>	<b>133</b>	<b>-59%</b>	<b>105</b>	<b>-48%</b>

Notes: (1) Adjusted EBITDA excludes R\$6.8 million one-off effects related to an asset impairment in the Alabama site (-R\$0.4 million) and a business combination update (R\$7.2 million).

Figure 2: Frasle Mobility FY2026 Guidance

Frasle Mobility 2026 Guidance	Low	High	Mid (a)	XPe (b)	Diff. (%) (a/b)	2025 (c)	YoY (%) (a/c)
<b>Net Revenues (Total)</b>	5,600	6,200	<b>5,900</b>	5,963	<b>-1%</b>	5,491	<b>7%</b>
Net Revenues (External Markets, USD)	540	570	555	575	-3%	520	7%
<b>EBITDA</b>	980	1,240	<b>1,106</b>	1,107	<b>0%</b>	975	<b>13%</b>
<b>EBITDA Margin</b>	17.5%	20.0%	<b>18.8%</b>	18.6%	<b>0.2p.p.</b>	17.8%	<b>1.0p.p.</b>
<b>Capex</b>	170	200	<b>185</b>	179	<b>3%</b>	191	<b>-3%</b>

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