

**Media Release**  
**28 November 2022**

## **Zeda Limited delivers robust results, releases pre-listing statement**

*Strong performance underpinned by diversifying strategy  
implemented during the height of Covid-19*

### **Highlights**

- Zeda Group is the largest and only integrated mobility partner in Sub Saharan Africa.
- Long term licence agreement with the Avis Budget group to operate Avis and Budget brands in Southern Africa.
- Diversifying strategy has delivered a strong set of maiden results.
- Group revenue up 6.6% (R8 181 million) despite lower size fleet and lagging recovery in inbound market.
- Operating profit up 52.8% (R1 264 million) delivering a margin of 15.5% (FY21: 10.8%)
- Return hurdles exceeded with ROE of 32.7%.

Johannesburg – Zeda Limited (“Zeda”) today released its Pre-Listing Statement providing further details about its unbundling from Barloworld Limited and separate listing on the JSE, the business and affairs of the Company and its subsidiaries (“Zeda Group”).

Speaking about the developments, Zeda Group chief executive officer designate Ramasela Ganda said: *“I look forward to leading this solid business into the future. Today, Zeda Group is the largest and only integrated mobility provider in Sub-Saharan Africa offering both short-term car rental and long-term fleet management and leasing solutions across 11 countries in Africa under the well-established, highly recognisable “Avis” and “Budget” global brands.”*

*“I am delighted with the strong set of results for the year. Zeda Group’s management team’s determination to execute on its diversifying strategy has yielded good returns, with top-line revenue returning to growth despite a lower fleet size and lagging recovery in the inbound market,”* she adds.

### **Operating performance**

The group’s maiden set of results were delivered in the face of a challenging operating environment characterised by slow economic recovery, inflationary pressures and global supply chain constraints impacting the ability to procure vehicles.

Several tailwinds benefited the car rental industry across our operating markets as activity levels and rental demand are on the increase, driven by the easing of pandemic-imposed restrictions. While demand has improved, it is yet to return to pre-pandemic levels.

The car rental business (Avis Budget) grew revenue by 9.7% to R5 982 million due to sustained demand for subscription offerings, a solid base of the insurance business (replacement) and the recovery in domestic and corporate travel. EBITDA increased 66.7% to R1 580 million, reaching a record EBITDA margin of 26.4%. Operating profit surged 159.3% to R861 million, surpassing pre-Covid-19 levels, resulting in the operating profit margin more than doubling from 6.1% in the prior year to 14.4%.

In the leasing business (Avis Fleet), revenue was slightly down by 0.9.% to R2 199 million, impacted by an adverse outlook on parts pricing and a resultant actuarial valuation adjustment,

interest rates and foreign currency fluctuation. Excluding the impact of external factors on the maintenance fund, leasing revenue grew by 1.9% to R1 753 million. Operating profit declined by 18.6% as a result of once-off costs associated with the funding externalisation, though buffered by strong contract management and a focus on the health of the fleet. Notwithstanding the headwinds, the EBITDA margin expanded to 56.1%.

The underlying leasing business demonstrated positive results in the second half of the year, supported by strong market share retention in the corporate sector and diversifying into heavy commercial vehicles. Despite a subdued trading environment, there are areas of growing demand, particularly in the corporate and SMME segments. Used vehicle margins continues to benefit from the integration with the car rental operation, leveraging infrastructure, strategic disposal channels, and systems.

## **Outlook**

A reset of the business has laid a solid foundation from which to grow. Zeda leveraged off the integrated business synergies, right-sized the business and implemented austerity measures to reduce fixed costs.

Looking forward, mobility is undergoing positive changes, making the world move faster and more efficiently, increasingly connecting more people and businesses. Zeda's growth strategy positions the business well to capture the opportunities in the market, with a strategic focus on growing market share and participating in the mobility ecosystem, through digitising and automating business processes to reduce cost and improve customer experience.

With an unmatched scale in Southern Africa, underpinned by its holistic and modular offering, no other player in Zeda's countries of operation can provide integrated mobility solutions ranging from driven services to leasing extra-heavy commercial vehicles from within one stable.

*"Zeda Group's end-to-end integrated offering is a key differentiator in the market allowing us to centrally assess demand and usage across our 11 operating countries. As a market leader with strong fundamentals, we are well-positioned to continue driving transformation and growth of the Southern African mobility system. Our over-arching objective is to be a trusted integrated mobility solutions provider in Sub-Saharan Africa by providing relevant mobility solutions and best-in-class customer interactions at competitive prices. South Africa's transport and logistics requirements are evolving and given our experience and platform, Zeda Group is best positioned to develop solutions for these mobility requirements,"* concludes Ganda.

Zeda Limited is set to list on the JSE on 13 December 2022.

## **Ends**

Issued for and on behalf of Barloworld by Brunswick South Africa

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## **About Zeda**

Zeda was established in Bloemfontein in 1967 as Zeda Car Rental and Tours (Pty) Ltd. It has grown to become Africa's largest and only integrated mobility solutions provider. It has operations in Africa, and its headquarters in Johannesburg, South Africa. Zeda operates the widely recognised Avis and Budget global brands under a long-term license agreement with the Avis Budget Group (ABG).

Car Rental business operates under the brand name Avis Budget and focuses exclusively on rentals that do not exceed 12 months. The customer segment base is diversified and consists of private sector, public sector, insurance business (replacement), inbound market, domestic leisure market and subscription. This business provides a range of products and services to a wide range of customers which include car rental, chauffeur services, luxury, and van rental.

Avis Fleet provides a full spectrum of outsourced mobility solutions to private and public sector entities including leasing, fleet management, maintenance and service plan solutions, fuel management, traffic fine management, accident management and vehicle telematics. The offering is across passenger, light delivery vehicles, and commercial vehicles up to extra heavy vehicles for all categories of fleet users, with a sub-Saharan Africa footprint. The holistic and modular offering allows customers to focus on their core operations, while Avis Fleet takes care of their mobility needs and ensures maximum up-time for their operations.

Avis Car Sales sells used cars from our rental and leasing businesses to retail customers and wholesalers. This is done through the 14 Avis Car Sales dealerships, wholesale outlets, our online channel or through independent auction site [www.avisauktion.co.za](http://www.avisauktion.co.za). Retail vehicles are advertised on the company's online sales portal and other third-party websites. Wholesale stock is sold through our online auction trading platform or through bulk deal offerings direct to the market. Avis Car Sales accepts trade-ins and buy-ins, allowing for market competitiveness and an alternative car stock source.

For more information, visit [Zeda.co.za](http://Zeda.co.za)