ZEDA

Connecting humanity

ANNUAL RESULTS

FOR THE YEAR ENDED
30 SEPTEMBER 2023

FY2023

ZEDA

AGENDA

BUSINESS OVERVIEW
FINANCIAL OVERVIEW
STRATEGY UPDATE
OUTLOOK
Q&A

BUSINESS
OVERVIEW

NAVIGATING THE IMPACT OF THE OPERATING ENVIRONMENT

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Recovery of Inbound market

Increased Corporate activities

Rising interest rates

Improved fleet supply

Used car margin pressure

Financial burden of R1.55bn unbundling debt

Raised new funding

Reduction of black ownership

STELLAR FINANCIAL PERFORMANCE IN A CHALLENGING ENVIRONMENT

+12% Revenue growth to R9.1bn	+18% EBITDA EBITDA margin 36%	+23% Operating profit Operating margin 17%
+31% EPS HEPS growth of 17%	ROE of 37% +400 basis points	ROIC of 18.7% above WACC of 12.8%

EXCELLENT STRATEGY EXECUTION TO SUSTAIN THE BUSINESS

BBBEE Level 1
for operating entities

Settlement of
R1.55bn
unbundling debt

A1.za
national scale
Ba3
Global scale

Credit rating by Moody's

+44% growth
in heavy
commercial fleet

AVIS
iLEASE

Extended subscription model

AVIS
VAN RENTAL

Corporatisation of certain Van Rental territories

SOLID PERFORMANCE DEMONSTRATES ESG COMMITMENT

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Improved LTIFR to 0.18

(FY2022:0.55)

18% reduction in electricity consumption

94% increase in waste recycle

122 Youth Employment Service (YES) learners

First 10 EV Trucks

16% increase in Hybrid vehicles

4 500 potholes p/m with Discovery Insure

Patrol Vehicle for crime prevention

RENTAL BUSINESS: STRONG PERFORMANCE

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+12% increase in revenue to **R6.6bn**

AVIS

17% increase in EBITDA to **R1.9bn**

28.0% EBITDA Margin + 100 basis points

Key messages:

- Strong performance in car rental business
- Growing contracted and discretionary business
- Solid performance in Corporate segment up **28%**
- Ongoing recovery of the Inbound segment up **108%**
- **17%** growth in average rental fleet to support an increased demand
- Sustained utilisation rate at **74%** despite fleet growth

LEASING BUSINESS: EXCEPTIONAL PERFORMANCE

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AVIS
Fleet

+13% increase in revenue to **R2.5bn**

+19% increase in EBITDA to **R1.5bn**

59% EBITDA margin +300 basis points

Key messages:

- Exceptional performance by the leasing business
- Growth underpinned by the Corporate sector up **6%**
- Heavy commercial strategy bearing fruit, with commercial units up **44%** (excludes 337 defleet)
- Good performance by Greater Africa, up **8% in revenue**
- Asset-light business contributed to improved margins

CAR SALES BUSINESS: RESILIENT PERFORMANCE IN THE FACE OF HEADWINDS

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AVIS® Car Sales

+6% cash generated **R2.7bn**

+4.4% in retail revenue

-5.2 ppts reduction in margins

Key messages

- Resilient car sales business despite challenging trading environment
- Stronger focus on retail – improved mix to **71:29** trade retail mix
- **1%** improvement in retail contribution
- Margins impacted by a downturn cycle in the used car market

FINANCIAL OVERVIEW

CONSISTENT DELIVERY OF PROFITABLE BUSINESS

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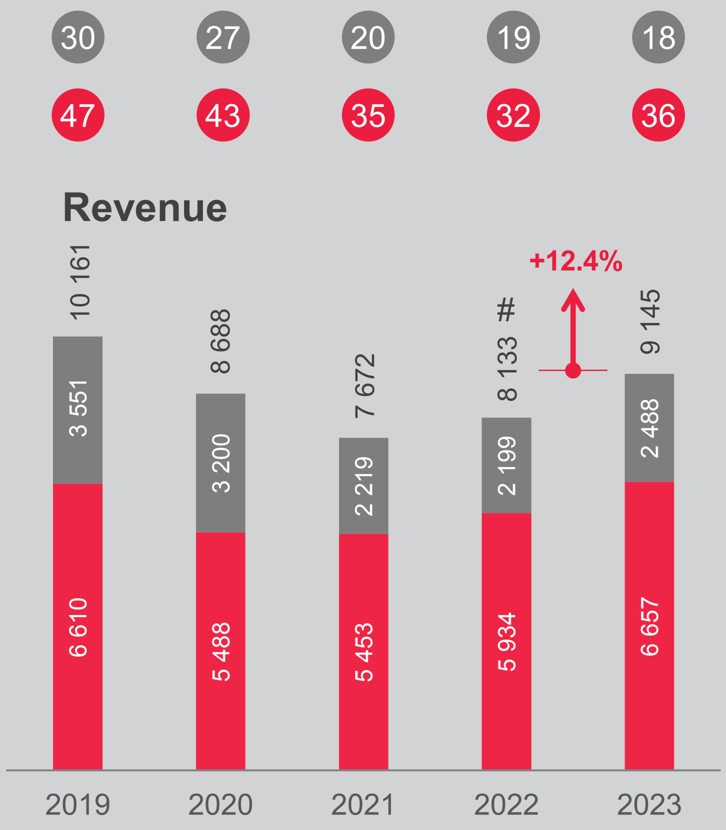
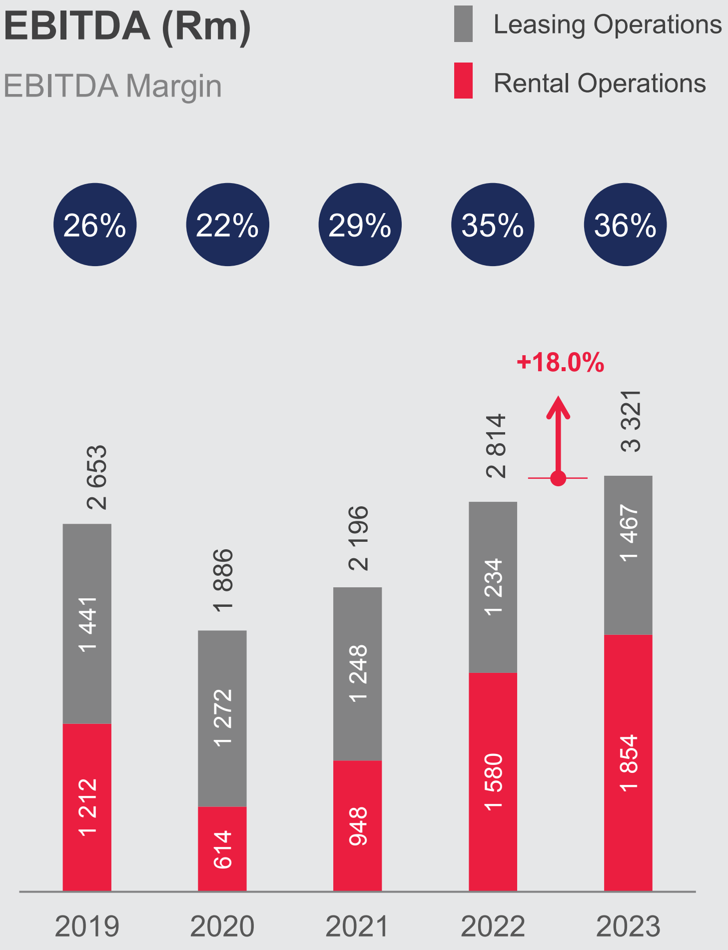
Average Fleet



\# R47m was reclassified out of revenue

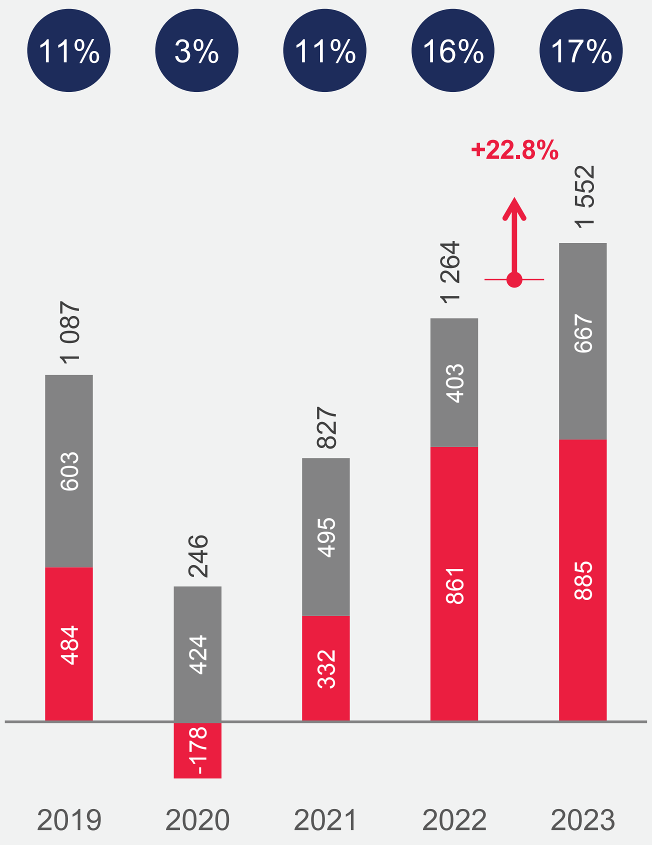
EBITDA (Rm)

EBITDA Margin

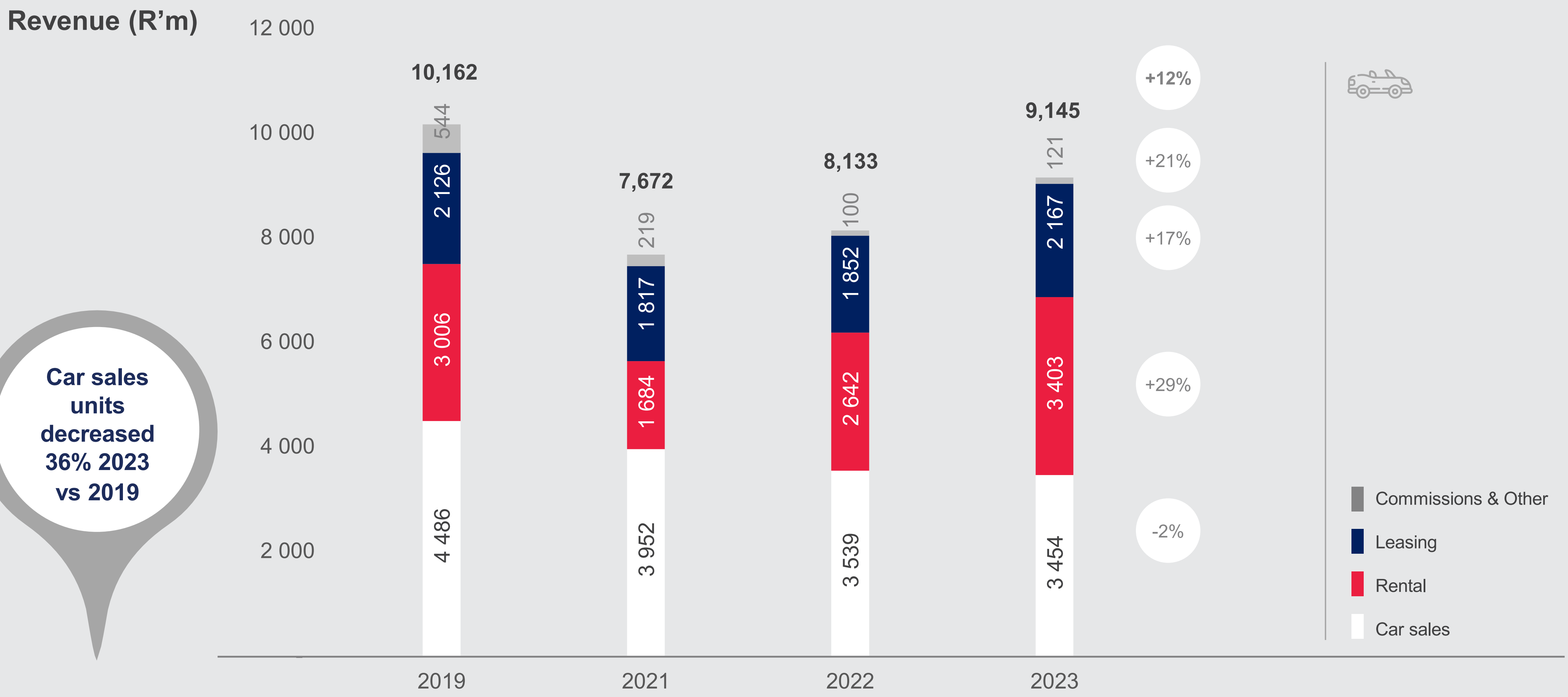


Operating Profit/(Loss) (Rm)

Operating Margin

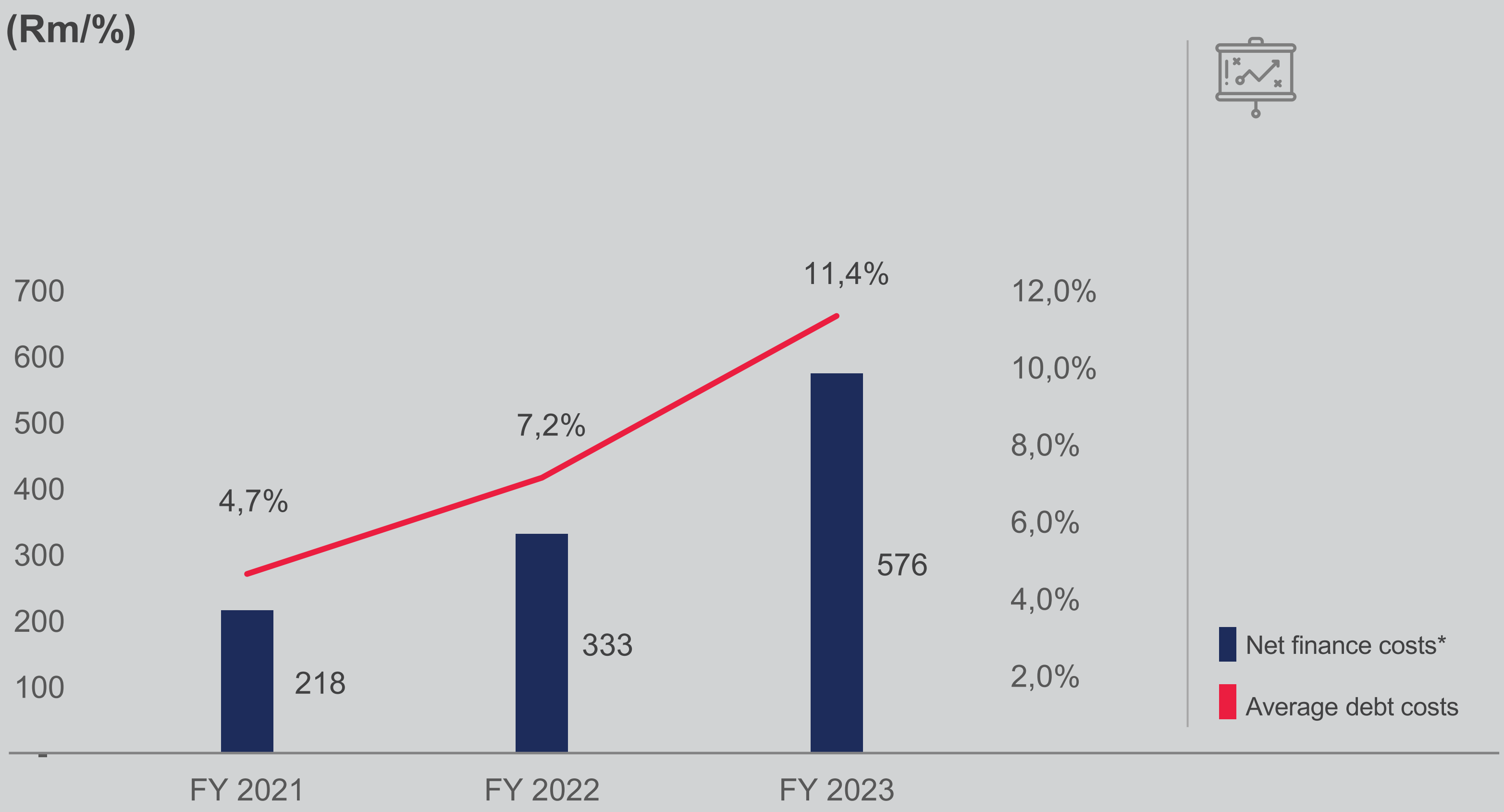


RENTAL AND LEASING REVENUE SURPASSED 2019 LEVELS



Car sales units decreased 36% 2023 vs 2019

NET FINANCE COSTS*



2021	2022	**2023**
R4 746	R4 154	R4 826

*Net finance costs excludes interest paid on IFRS 16 lease liabilities

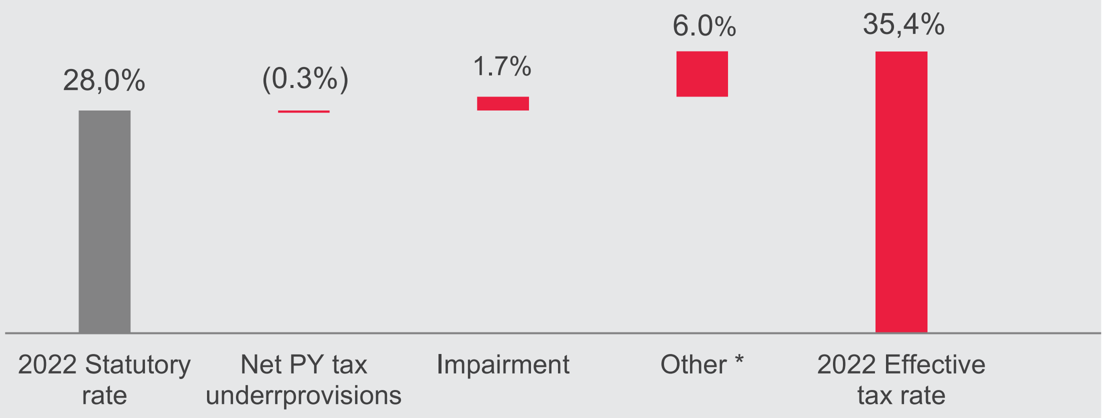
ZEDA Annual Results FY2023

Net finance costs have increased, driven by higher market rates and debt levels

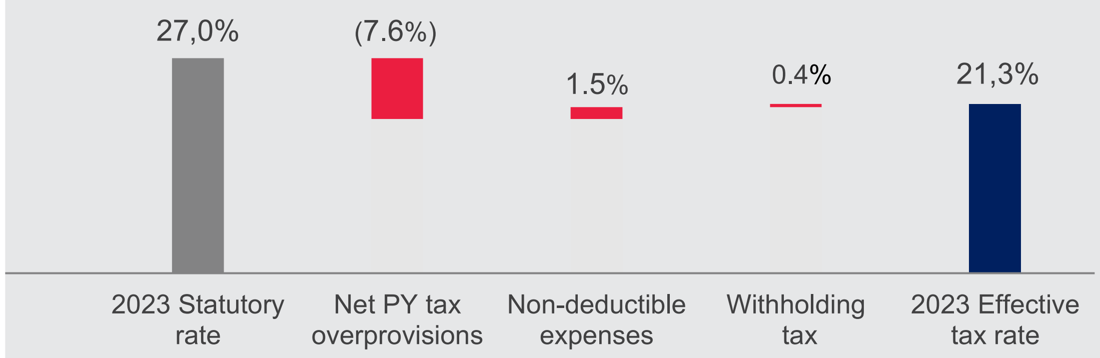
- Net finance costs (excl. IFRS 16) up more than 70% compared to 2022
- Average debt costs up by over 6.7% since 2021
- SA Prime interest rate up by 200 basis points in the financial year

TAX CHARGE RECONCILIATION

2022



2023



Cumulative prior year over provision. Historic business segments winding down and final disposal entries

Foreign tax rate differential as we have companies that operate in different Greater Africa jurisdictions with different tax rate

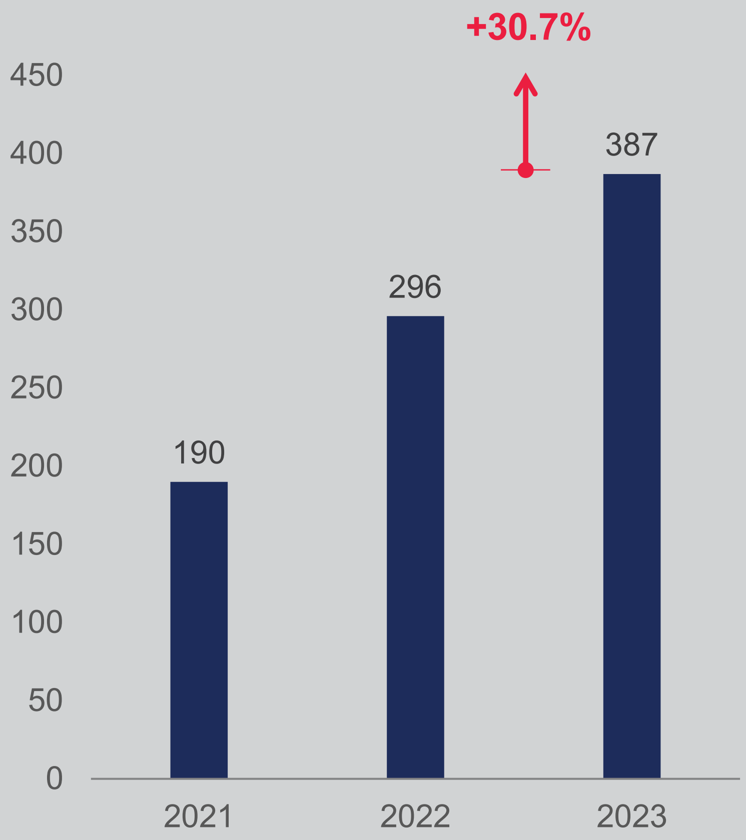
Non-deductible expenses such as traffic fines, depreciation on non-allowance assets and donations

*2022 Other is made up of: Non-deductible expenses 3.8%; Withholding tax 0.5%; Rate change 0.4%; Foreign differential 1.3%

ROBUST EARNINGS

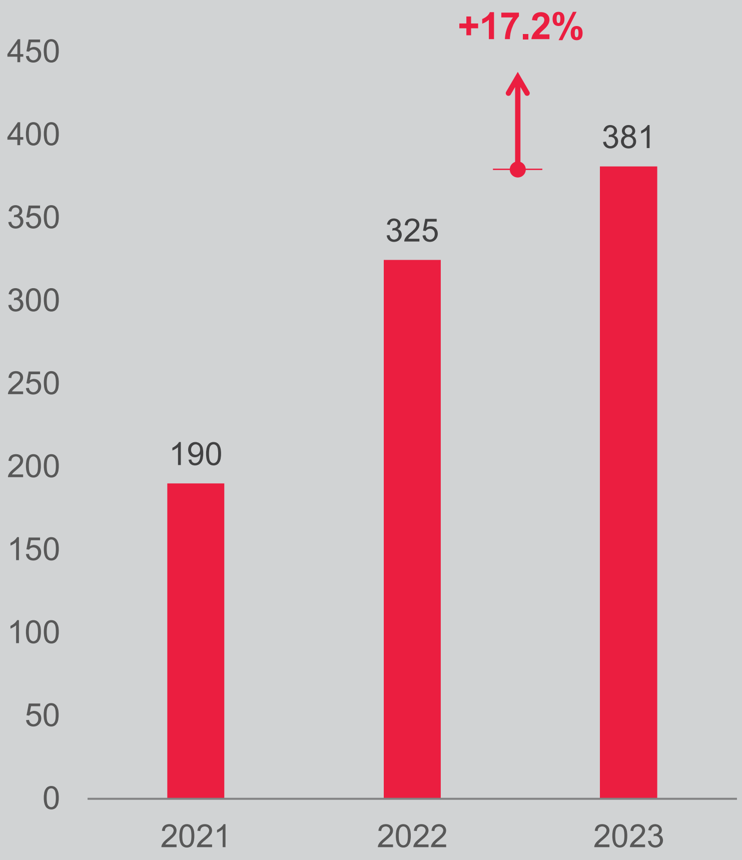
Basic Earnings per share

(cents)



Headline Earnings per share

(cents)



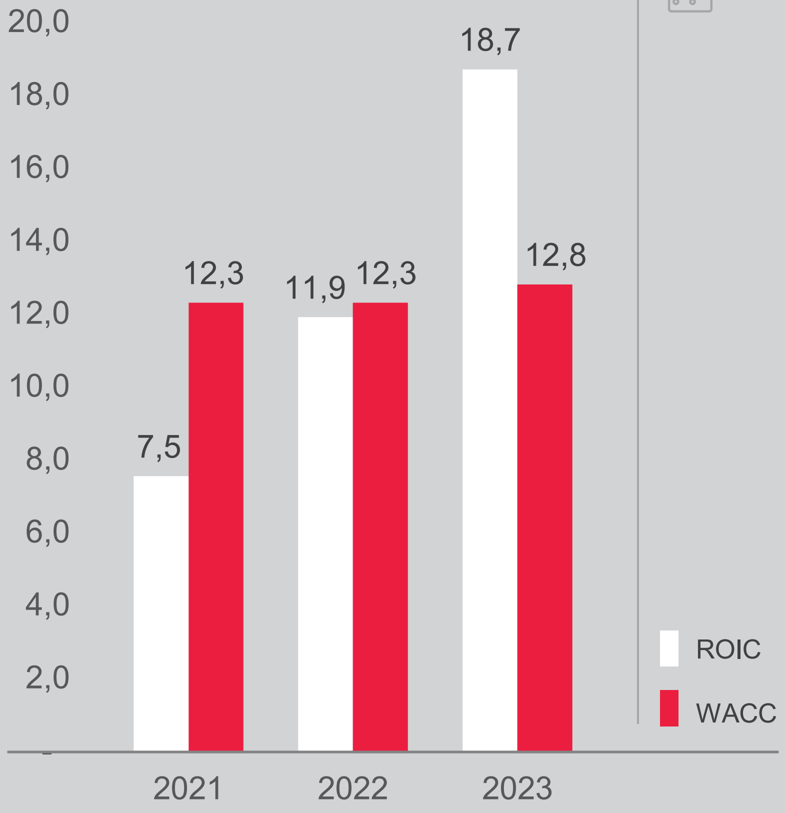
Continued earnings growth

- Non-operating and capital item relates to sale of property
- Earnings were affected by the high cost of funding that prevailed in the economies in which we operate
- Positive impact of prior year tax overprovision

SUPERIOR RETURNS

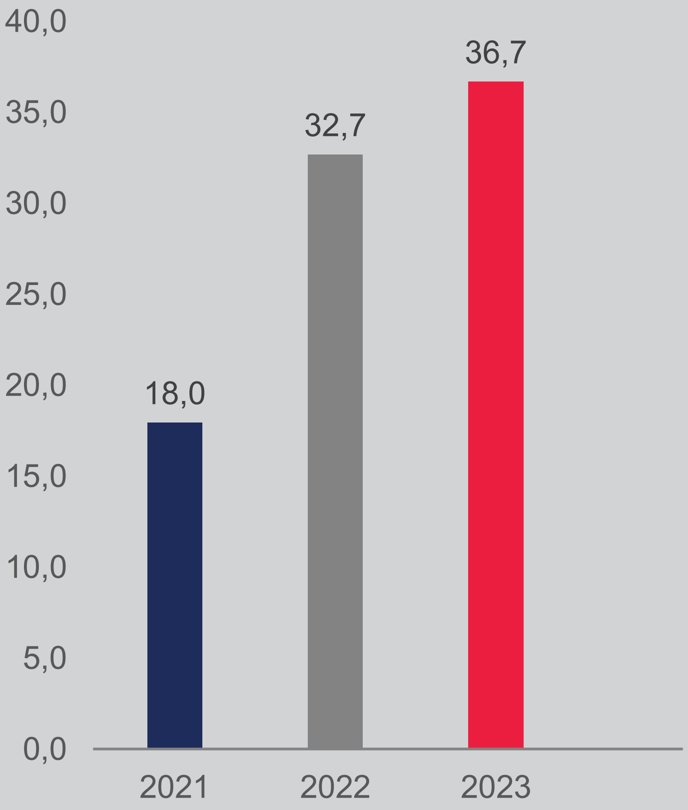
Return on Invested Capital vs WACC

(%)



Return on Equity

(%)



ROIC achieved above the WACC

- Capital deployment strategy returned a ROIC above WACC
- WACC updated to reflect new profile of Zeda as standalone Group
- Record high ROE attained despite high interest rate environment

DEMAND DRIVEN FLEET GROWTH

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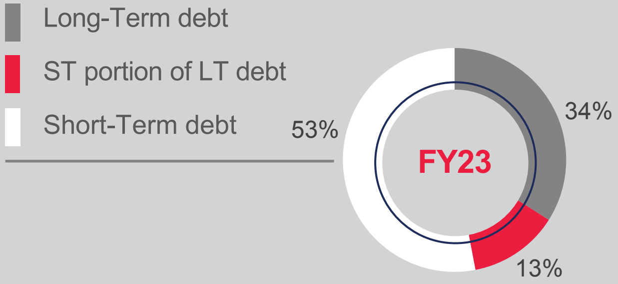
Demand driven Fleet growth

- Rental fleet has grown to support growth in demand
- Value of Investment in commercial fleet contributed to overall growth
- Reduction in receivables driven by a concerted collection effort
- Inventory increase due to higher average carrying values

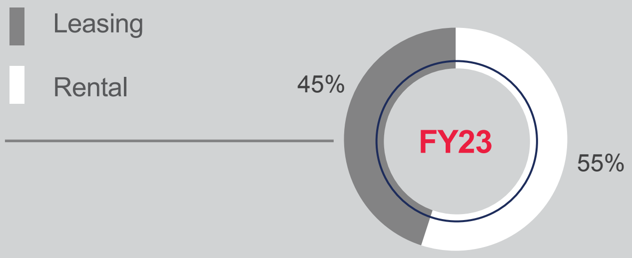
Classes of assets
(R'm)

	2021	2022	2023
PPE (excl vehicles)	135	116	**106**
Fleet Assets - Rental	2,818	3,812	**4,987**
Fleet Assets - Leasing	3,462	3,509	**4,100**
Other Assets	743	847	**941**
Net working Capital			
- Receivables	3,426	1,499	**1,292**
- Inventory	307	471	**545**
- Payables	-2,148	-2,503	**-3,093**

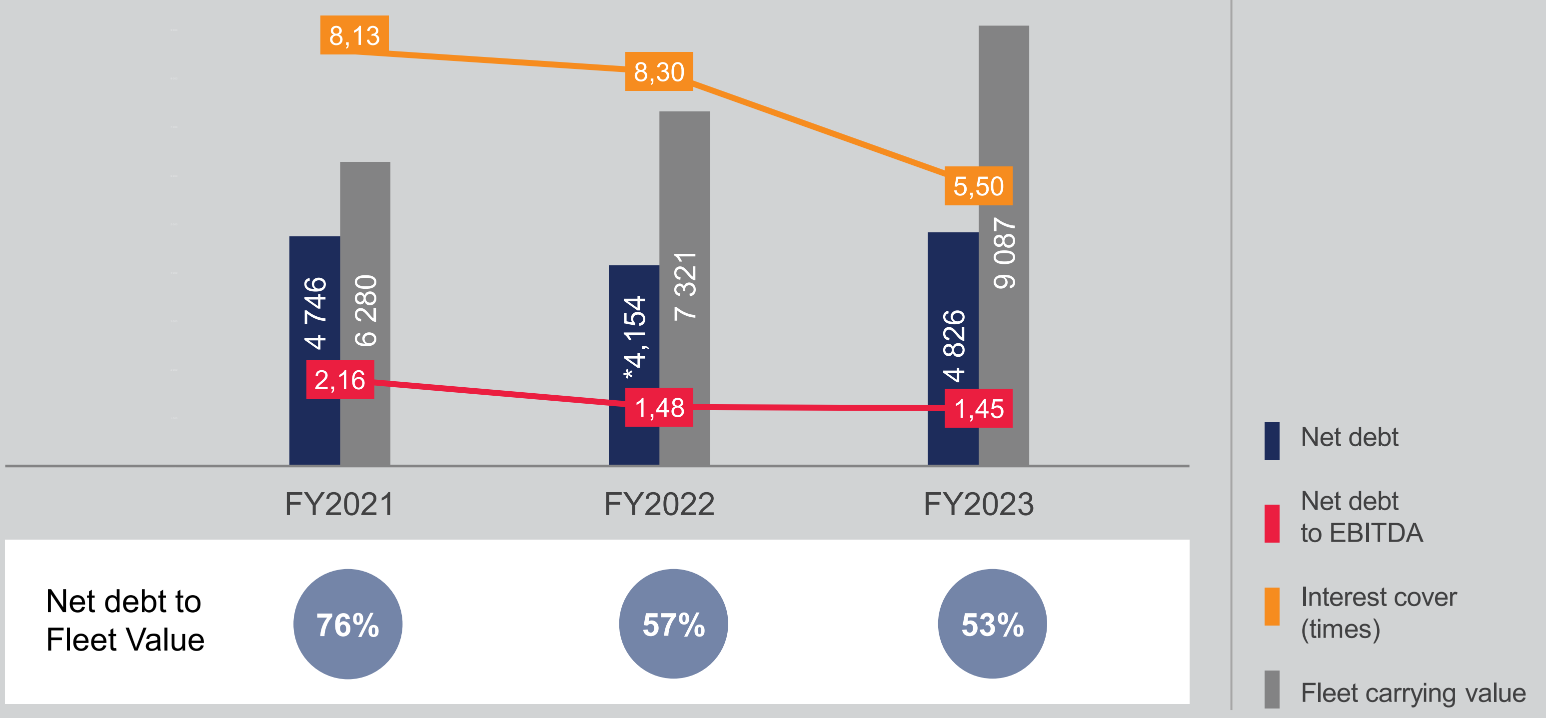
Financing split



Fleet assets split



EMBEDDED EQUITY



Net debt to Fleet Value	76%	57%	53%

Interest Cover = EBITDA/Interest Expense. Net debt and interest excl IFRS 16

* Reclassification of floorplans

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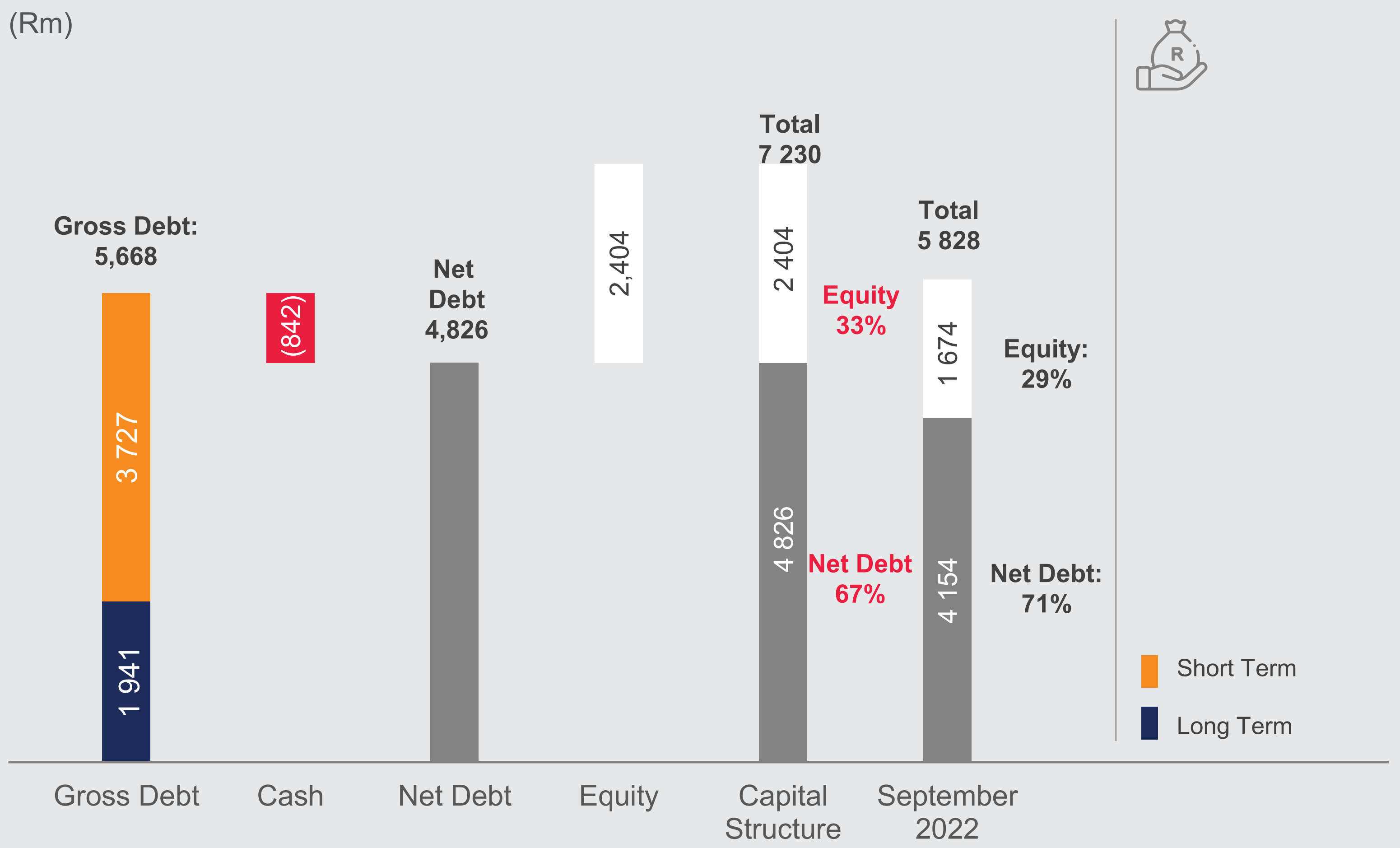
Net debt to EBITDA improved at 1.45

- Net debt at R4.8b
- Interest Cover at 5.5 times
- Company leverage improving to 53%

CAPITAL STRUCTURE

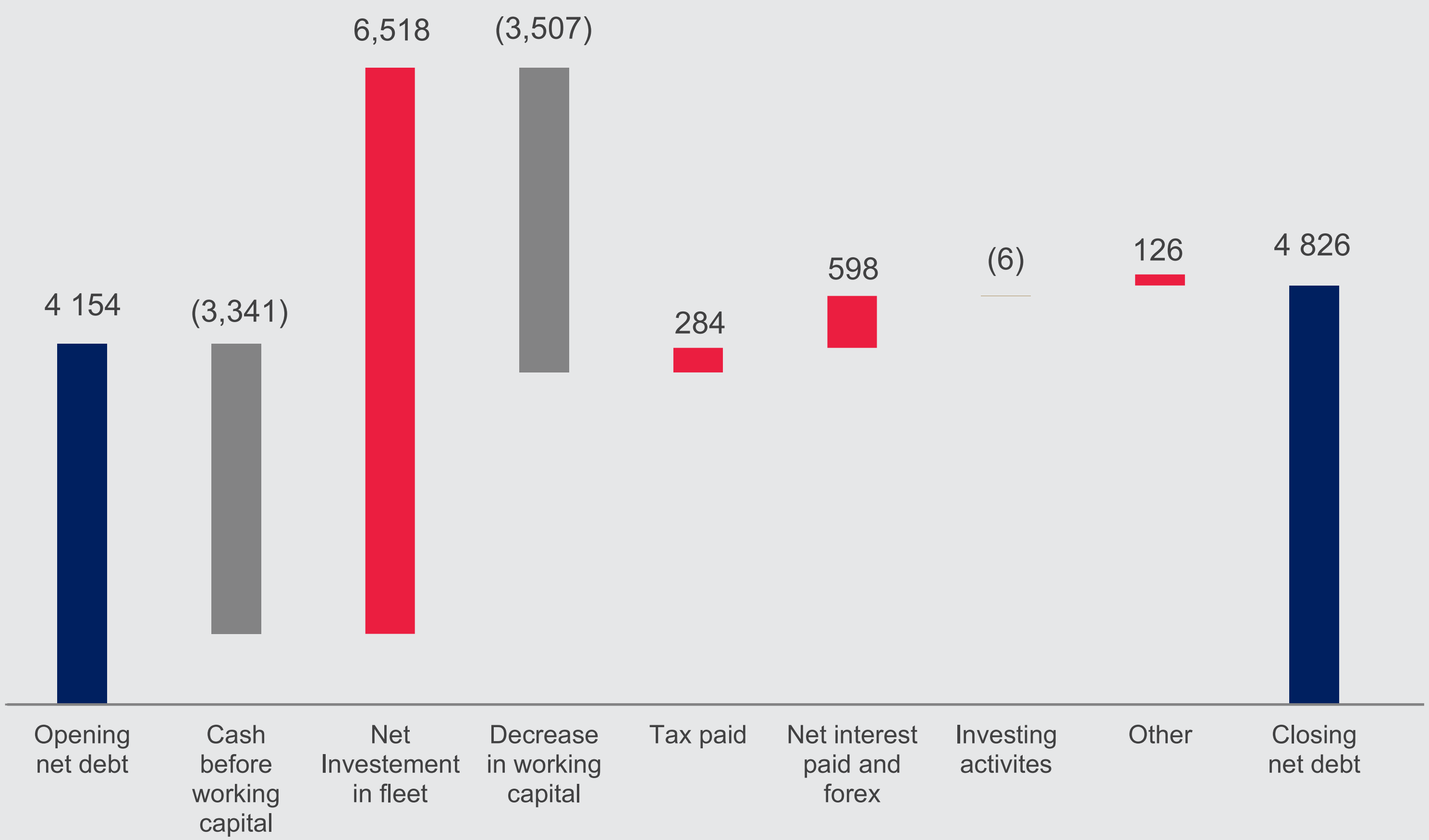


*Excluding IFRS 16 liabilities

Net Debt to Equity Improved to 67%

- Equity is 33% of capital structure
- Net Debt up from R4.1b to R4.8b. Fleet value up R1.7b

STRONG CASH GENERATION

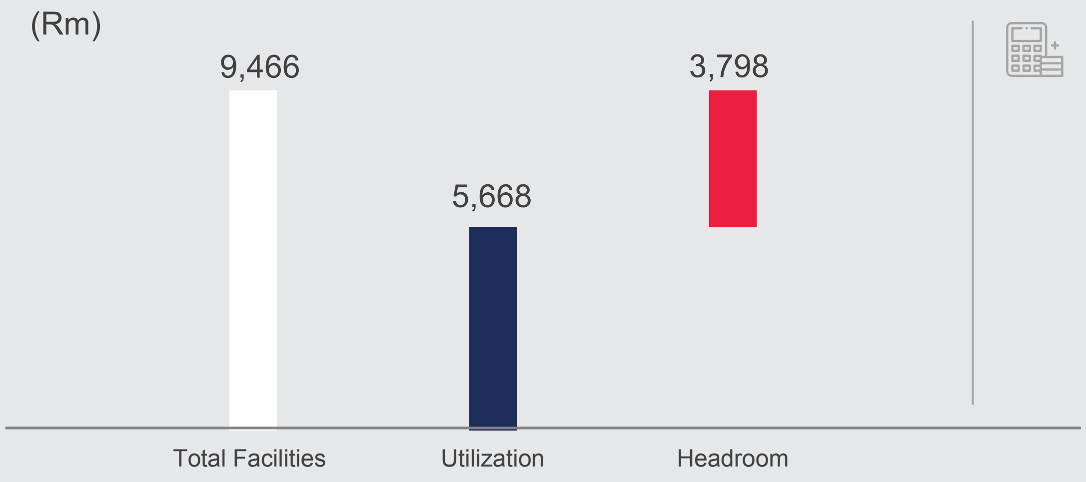


*Excluding IFRS 16 liabilities

STRONG CASH GENERATED FROM OPERATIONS

- Net debt to EBITDA at 1.45 for September 2023
- Fleet investment of R6.5bn
- Net cash inflow R536m
- Former shareholder debt fully settled.

FUNDING FACILITIES



SEPTEMBER YTD FY23

Headroom

- Sufficient headroom of R3.8 billion
- Balanced funding mix
- Operating Assets and Liability matching
- Solidify relationships with lenders
- Introduced diversified funding

Unbundling debt Balance as at 30 September 2023	R'm
Balance Loan	**R1,546**
Repayment	R1,546
Balance Due	**R0**

Unbundling Loan

- R1.55 billion repaid in FY 2023
- Prepayment of R182 million
- Legacy loan fully paid by 30 September 2023

KEY TAKE AWAY MESSAGES

Stable net debt of R4.5 billon over the past 3 years

Demand driven Fleet growth

Consistency in delivering profitable businesses

Repositioned customer segments

Diversified revenue streams

Disciplined cost containment

STRATEGY
UPDATE

DISCIPLINE IN STRATEGY EXECUTION

Integrated mobility

Diversify revenue

Cost Containment

Repositioning Car Rental and the Leasing business

Diversify funding

2021

Prepare unbundling and listing

Externalise the debts

Build internal capabilities
Focus on Operational efficiencies

Portfolio Review:
Optimise Chauffer Services & Lux

Safety culture

2022

Usership economy

Fix:
- Mozambique and Botswana
- BBBEE1 for operating entities

Optimise:
- ESG strategy
- Balance Sheet optimize

Grow:
- Heavy commercial
- Corporate leasing
- Self service
- Subscription expansion

2023

Outcomes 2021-2023

NPAT:
R365:m- R742m

EBITDA margin:
29%-36%

ROIC 2021:
7.5%- 18.7%

LTFIR improvement:
0.34-.0.18

Results

EXPANDING SUBSCRIPTION

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Monthly rental

1 – 11 months

All Customer Segments

Flexibility

Competitive pricing

Matches short term mobility needs

Avis where you are

1 – 11 months

Flexibility
Accessible on short notice
Competitive pricing

One Invoice, different cars, different locations

Upgrade, Downgrade based on mobility requirement

iLEASE

12 – 48 months

- Tailored
- Brand agnostic
- Best Total Cost of Usership
- Flexible Terms
- Comprehensive insurance
- New or Used

No Ballon payment,
No risk on RV
For: Individual

One Payment

MEDIUM TERM OUTLOOK

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KEY FOCUS AREAS

Customer Centricity
Operating Model
Tailored Solutions

Customer Experience

Expansion of renewable energy programme

Establish Carbon offset programme (internal and external expansion)

Sustainable Mobility

Employee Value Proposition

Wellness and safety of employees (Zero harm)

Recognised as an Employer of Choice

Enterprise Supplier Development

Enterprise and Supplier

Development incubator programme

KEY FOCUS AREAS – GROWTH

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Long haul and last mile: Rental of trucks and vans

On demand Self service & Driven service

Inbound recovery & Corporate

Greater Africa growth

Expansion of subscription

Digitalise the Car Sales business

MEDIUM TERM GUIDANCE

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Maintain growth trajectory

Sustain margins

Manage net debt to EBITDA

Deliver returns to shareholders

Key messages:

- **Maintain topline growth trajectory** supported by growth in market segments
- **Manage margins** supported by growth in profitability
- **Manage balance sheet** – manage net debt to EBITDA, not an absolute number
- Deliver solid returns to shareholders
- Dividend policy payout of 20-30% of net profit after tax from FY2024

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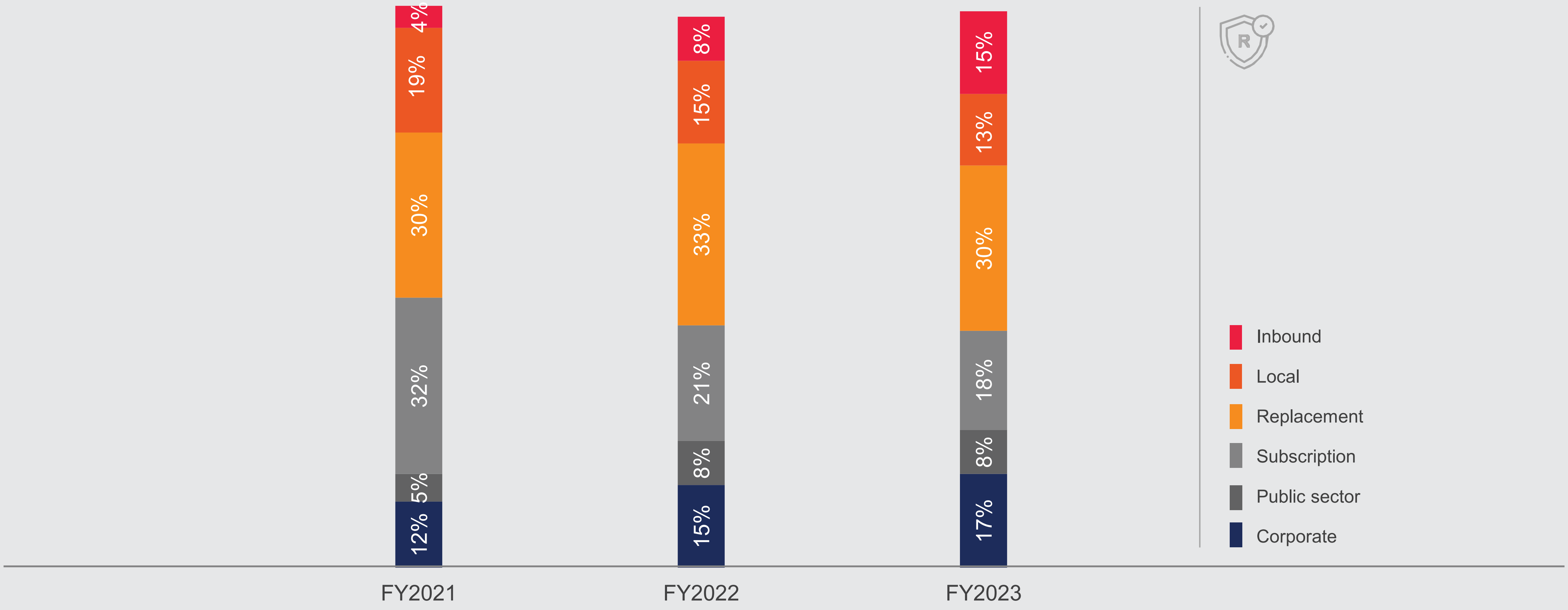
THANK YOU

Q & A

ANNEXURE

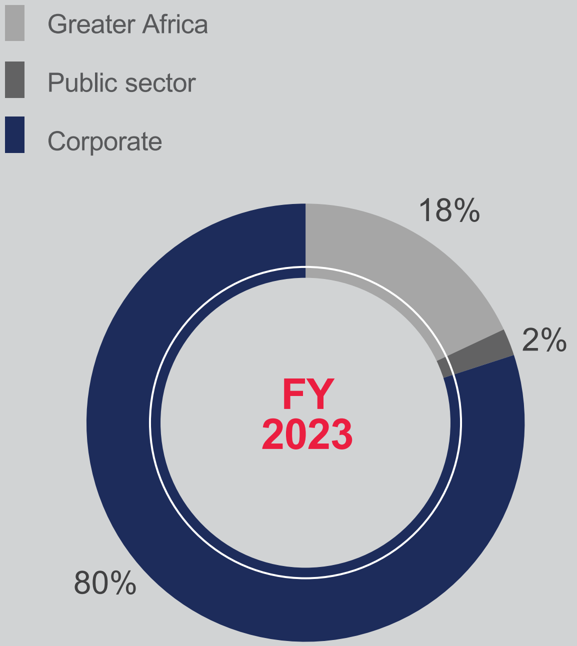
HIGH YIELD BUSINESS SUPPORTS GROWTH

Customer segments (billed days contribution)



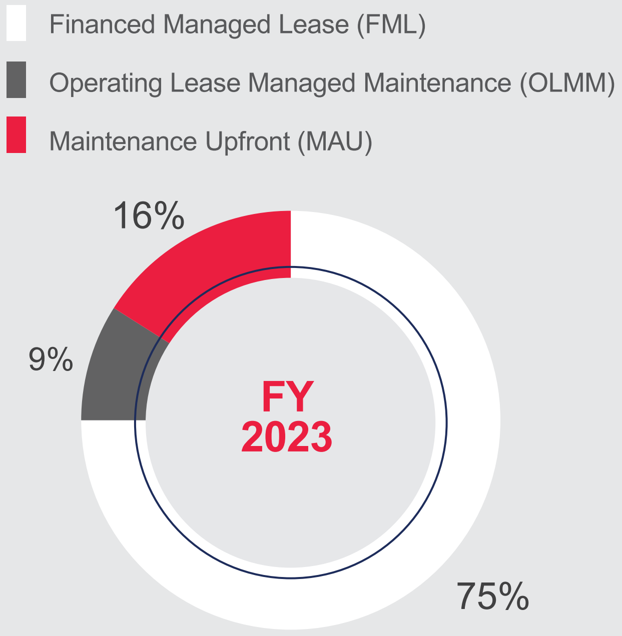
DOUBLE DIGIT GROWTH ACROSS THE LEASING PRODUCT PORTFLIOS

Customer segments



Predominantly corporate segment which is **well diversified**

Product segments (revenue contribution)



Predominantly Financed Managed Lease, growth supported by Heavy Commercial

Product segment (revenue growth)