

Zeda Limited Poised for Significant Growth in Expanding Car Rentals Market

Johannesburg – 27 November 2023: Zeda Limited, Africa's leading integrated mobility solutions provider and operator of the globally recognised Avis and Budget brands, today announced a robust financial performance for the year ended 30 September 2023, signalling strong growth in the dynamic car rentals and leasing market.

In its inaugural year as an independent listed company, the group achieved a 12% increase in revenue, totalling R9,145 million. This was further augmented by a significant 18% rise in Earnings before Interest, Depreciation, and Amortisation (EBITDA) to R3,321 million and a 23% increase in operating profit, reaching R1,552 million – a clear testament to the robust execution of the company's strategies across its business divisions.

The rental business, thriving on an expanded fleet, capitalised on the heightened demand in the corporate sector and the inbound market, delivering a 12% growth in top-line revenue. Similarly, the leasing business exhibited a 13% increase in revenue, driven by a strategic focus on expanding the heavy commercial fleet and deepening penetration in the Corporate and Greater Africa business sectors.

Zeda Limited's Car Sales business also recorded a solid performance, maintaining a healthy balance in the retail and wholesale segments of used vehicle sales. The business benefited from a diverse and well-calibrated mix of product offerings stemming from both rental and leasing operations. This diversity not only contributed to the group's EBITDA margin but also helped sustain the group operating margins at an impressive 36% and 17%, respectively.

From a capital allocation perspective, Zeda Limited's strategic reinvestment in its business operations has not only generated substantial value for shareholders but also led the sector in terms of returns. The company outperformed expectations with a Return on Invested Capital (ROIC) of 18.7%, surpassing the Group's Weighted Average Cost of Capital (WACC) of 12.8%. Moreover, there was a notable improvement in Return on Equity (ROE), escalating to 37% from the previous year's 33%.

"These results are a testament to our unwavering commitment to delivering exceptional value to our customers and shareholders. Our strategic focus on enhancing operational efficiency and expanding our service offerings has positioned us well in a competitive market," said Zeda Chief Executive Officer, Ramasela Ganda.

2023 also saw Zeda Limited embarking on key strategic developments. The company received its first credit rating from Moody's, achieving an A1.za on a national scale and Ba3 on a global scale. It also reached significant milestones in corporate social responsibility, obtaining BBBEE level 1 credentials for its subsidiaries and focusing on sustainable growth through technology and digitisation, highlighted by the launch of iLease, an innovative individual leasing product.

The company's commitment to Environmental, Social, and Governance (ESG) initiatives has been equally commendable. Zeda Limited successfully reduced electricity consumption by 18% and expanded its hybrid vehicle fleet, including the delivery of the first electric vehicle (EV) trucks to a last-mile customer. A notable improvement in safety culture reduced the Lost Time Injury Frequency Rate from 0.55 to 0.2.

In 2023, Zeda partnered with Discovery Pothole Patrol to support the Johannesburg Roads Agency (JRA) and the City of Johannesburg to deal with the serious pothole issue in the city. The organisations are working together to identify and repair potholes on major roads throughout Johannesburg, in a unique data driven initiative designed to make roads safer for all residents. The Discovery Pothole Patrol has fixed close to 200 000 potholes since the initiative launched in 2021.

"At the heart of our strategic approach is a deep investment in technology. By prioritising automation and digitisation, we're not just streamlining our operations, but we're also paving the way for innovation in the usership economy. This technological advancement is key to adapting to the evolving needs of our customers and significantly enhancing their experience with us," said Ganda.

Looking ahead, Zeda Limited has identified subscription services as one of its key growth areas, a strategic move aimed at diversifying and strengthening its off-airport model. Alongside this, the company's Heavy Commercial and Van Rental offerings position it to capture long-haul and last-mile market opportunities. This dual approach reflects Zeda Limited's commitment to maintaining its growth trajectory and adapting to the evolving demands of the mobility solutions sector.

Group Financial Highlights:

- **Revenue:** Increased by 12% to R9,145 million.
- **EBITDA:** Grew by 18% to R3,321 million; EBITDA margin of 36%.
- **Operating Profit:** Rose by 23% to R1,552 million; operating margin of 17%.
- **Earnings Per Share (EPS):** Increased by 31%.
- **Headline Earnings Per Share (HEPS):** Increased by 17%.
- **Return on Equity (ROE):** 36.7%.
- **Return on Invested Capital (ROIC):** 18.7%.

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