

Zeda Limited declares dividend for the first time since its JSE listing, showcasing strong growth in the face of stagnant markets

Johannesburg – 30 May 2024: Zeda Limited, Africa's leading integrated mobility solutions provider and operator of the globally recognised Avis and Budget brands, has today released its interim results, declaring a cash dividend for its shareholders for the first time since its JSE listing. The interim results showcase strong topline growth and cash generation.

More than a year since it was listed independently, the Zeda board declared a gross interim dividend of 50 cents per share, following an amendment to its dividend policy. The Group achieved a double-digit topline growth (19%), reaching a new record level revenue of R5 270 million. Meanwhile, an EBITDA growth (Earnings Before Interest, Taxes, Depreciation and Amortisation) of 7.5% was accrued in the face of a stagnant economy, softening used car market, and rising interest rates and fuel costs.

“As part of these pleasing interim results, we have presented a healthy balance sheet which reflects the effectiveness of our capital allocation framework. We’re proud to be able to declare a dividend and return cash to our shareholders in just over a year since our listing. It is a true testament to our market resilience, adaptability, and strong strategy.” said Zeda Limited Group Chief Executive Officer, Ramasela Ganda.

Net debt was contained at R5 188 million, despite a growth of the fleet – supported by strong cash generation of R958 million, an increase of 49% compared to the previous year. The re-investment of capital to the business has also delivered solid returns, with a Return on Invested Capital (ROIC) of 16.0% higher than the Weighted Average Cost of Capital (WACC) of 12.8% and a Return on Equity (ROE) of 28.5%.

“This solid performance demonstrates solid execution of our integrated mobility strategy and a robust business model that enabled us to manage a challenging trading environment. Notwithstanding this robust topline growth, the returning to normality in the used car market impacted profitability when compared to the prior year as indicated by the end of super used car profits,” said Ganda.

The short-term rental business and the long-term leasing business delivered top line revenue growth capturing the increased demand in domestic and inbound markets.

The leasing business has seen substantial revenue growth, delivering a stellar performance of 17.0% increase in revenue to R 1 339 million.

Ganda explained this performance was underpinned by Zeda’s strategy of growing the heavy commercial fleet and increasing penetration within Corporate and the Greater Africa business – a core strategic imperative for the Group.

As Zeda continues to diversify its fleet mix and revenue, the business has invested in its heavy commercial strategy, which has delivered consistently improved results, with the segment units growing 13% compared to the prior year.

Meanwhile, the short-term rental business achieved 19.6% growth to R3 930 million, underpinned by ongoing recovery of the industry and used car sales volumes.

“We saw strong growth in Inbound and Local segments compared to the prior year. Strong used car sales volumes were driven by our equally robust retail marketing focus which resulted in a further increase in retail contribution to 30.3% of used car volumes,” says Ganda.

The Group has reiterated its technology-led strategic ambitions, with innovation at its core to drive greater adoption of the usership economy and enhancing customer experience.

This was embodied in the release of Zeda’s subscription service product, iLease, launched in the first half of FY2024, which has already seen strong demand from customers.

“To accelerate the adoption of this product, we have introduced iLease in the dealership floor and we expect our conversion rate to improve as we strengthen our distribution channels,” said Ganda.

Going forward, Zeda has committed to a continued execution of its integrated mobility strategy to ensure the Group’s growth ambitions. As part of this strategy, Zeda has identified greater regional development across the continent as one of its growth pillars.

“As we solidify our market position in Greater Africa, we are developing frameworks to empower and collaborate with citizens and mitigate the impact of market conditions from operating in these regions. We look forward to what the future holds,” says Ganda.

Further, ESG (environmental, social and governance) remains a key strategic pillar of the business. Our efforts to reduce our environmental footprint have remained a focal point, particularly in water management. During the year we have expanded our wash bays revamp program for water savings. This has yielded a 22% reduction in municipal water withdrawals for the first half of the year.

Zeda's renewable energy program has also shown significant improvement with an increase of 48% in comparison to the previous year, through the Group's liquid water recycling program.

"We are confident that the implementation of various initiatives as committed to in our ESG strategy, will reduce our operational costs, increase efficiency and improve reputation and brand value," concludes Ganda.

Group Financial Highlights for first six months ending 31 March 2024:

- **Revenue:** New Record level, Increased by 19% to R5 270 million.
- **EBITDA:** Grew by 7.5% to R1 796 million; EBITDA margin of 34%.
- **Healthy Balance Sheet:** Net debt of R5 188 million with net debt to EBITDA maintained at 1.5x
- **Return on Equity:** 28.5%
- **Return On Invested Capital:** 16% above WACC (weighted average cost of capital) of 12.8%
- **Shareholder Rewards:** 50 cents gross interim dividend declared

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