

3Q24 business update

FleetPartners Group Limited (ASX:FPR)

24 July 2024

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3Q24 business update

Strategic Pathways and order pipeline conversion are delivering growth in NBW and AUMOF ... and ultimately annuity-like revenue

Strong NBW and asset growth

- NBW up 32%¹ and AUMOF up 8%² driven by the continued execution of Strategic Pathways and supported by improvements in new vehicle supply
- Order activity in Fleet AU and remains robust driven by Corporate replacement activity and ongoing demand for EVs in Novated (59% of 3Q24 Novated NBW)
- Order activity in Fleet NZ weaker due to the economy ... however pipeline expected to support NBW in the near-term

Robust earnings

- NOI pre EOL & provisions 3.5%¹ higher than pcp ... 3Q24 7.8% higher than 3Q23
- 3Q24 saw asset growth starting to translate to earnings growth
- EOL remains elevated ... supported by recent strong performance in certain vehicle segments

Defensive business model

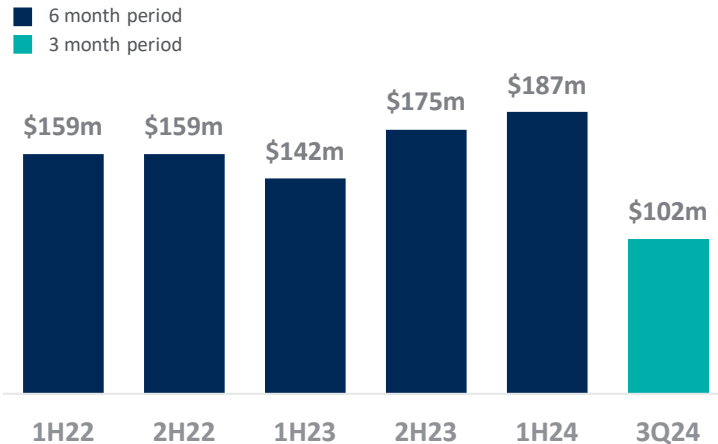
- Strong cash generation driven by defensive business model
- Continued outperformance on EOL as used vehicle pricing remains elevated and disposal volumes lift
- Portfolio credit quality continues to perform well with 90+ day arrears at 40bps, slightly below Mar-24 levels
- Share-buy back of \$27m almost complete and Accelerate program due to go-live at start of October 2024



Fleet Australia

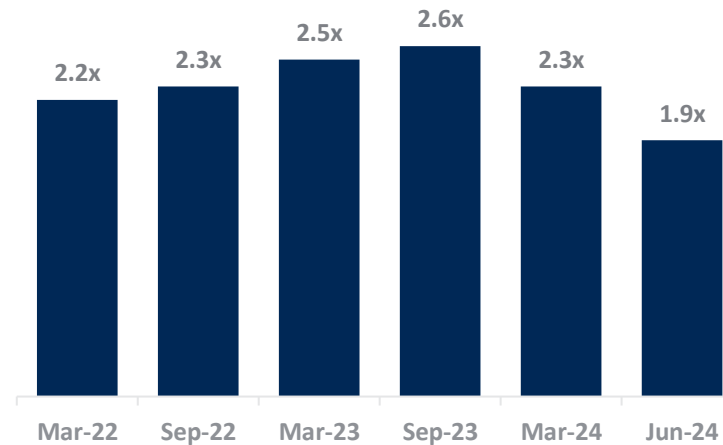
Continued success of Strategic Pathways delivering strong NBW and asset growth, supported by return of new vehicle supply

New business writings¹



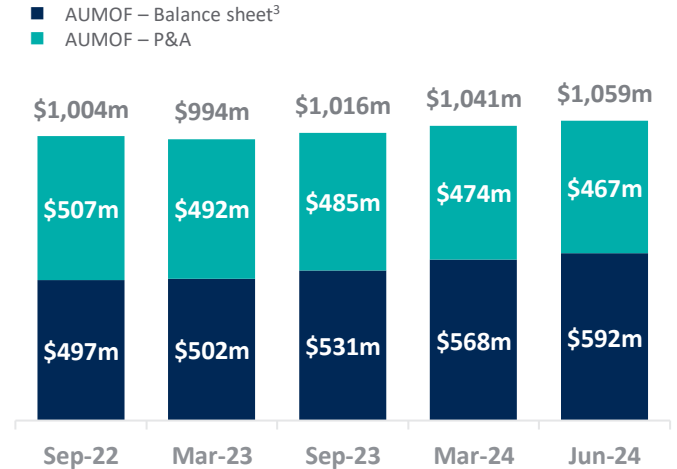
- NBW for the three months to Jun-24 (3Q24) was \$102m, which is 40% higher than 3Q23 (excluding sale and leasebacks)
- NBW growth continues to be supported by improvements in supply across all key vehicle segments during the period, allowing for replacement of ageing vehicles

Order pipeline²



- Order pipeline (backlog of orders) remains elevated at 1.9x, but has reduced from its peak at Sep-23 as improved supply has enabled delivery of more vehicles
- Current order pipeline level helps underwrite future NBW and AUMOF growth

AUMOF³

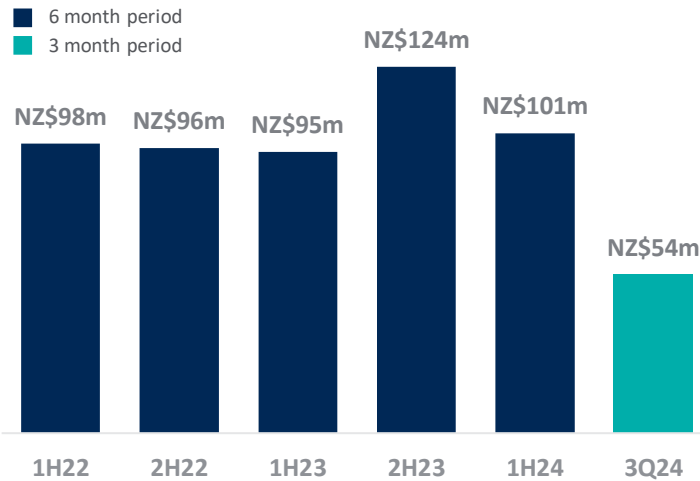


- AUMOF was 4% higher than Sep-23 and balance sheet funded AUMOF (warehouse/ABS) was 11% higher than Sep-23
- AUMOF growth drives sustainable, annuity-like revenue

Fleet New Zealand

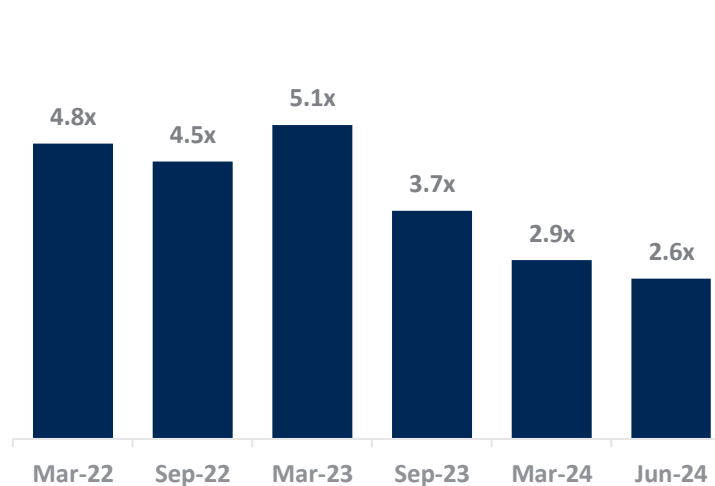
NBW remains stable, partly supported by drawdown of pipeline as economy softens – asset base continues to grow

New business writings¹



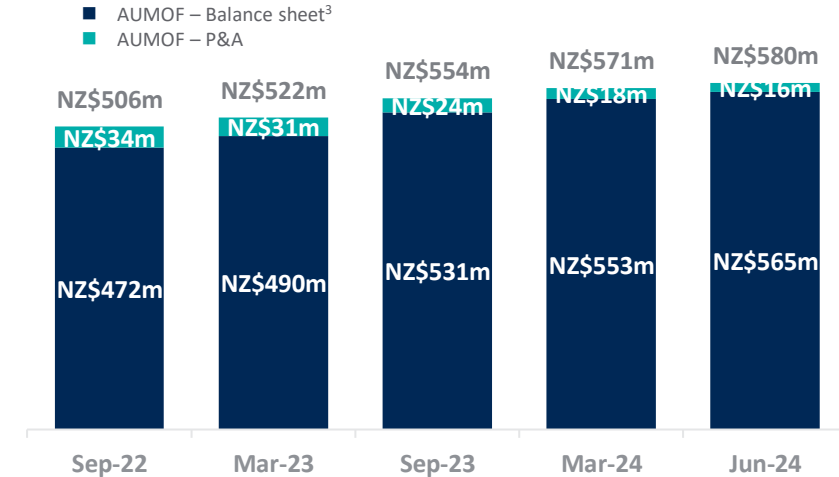
- NBW for 3Q24 was NZ\$54m, which is 13% lower than 3Q23 (excluding sale and leasebacks), which benefited from pulled forward demand ahead of changes to the Clean Car Discount
- NBW supported by improvements in vehicle supply, but decline vs 2H23 a result of the slowing economy

Order pipeline²



- NBW result supported by a drawdown of the pipeline, as order activity remains soft due to the deterioration of the economic landscape in NZ
- As a result, the order pipeline reduced to 2.6x compared to 3.7x at Sep-23

AUMOF³

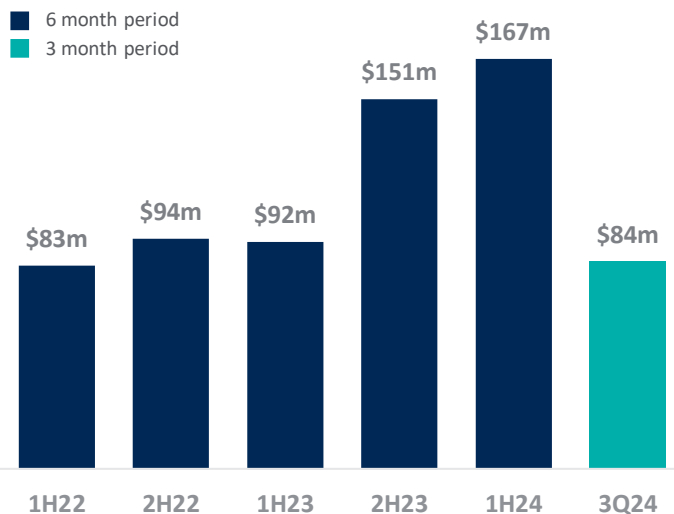


- AUMOF was 5% higher than Sep-23 and balance sheet funded AUMOF was 6% higher than Sep-23
- AUMOF growth drives sustainable, annuity-like revenue

Novated

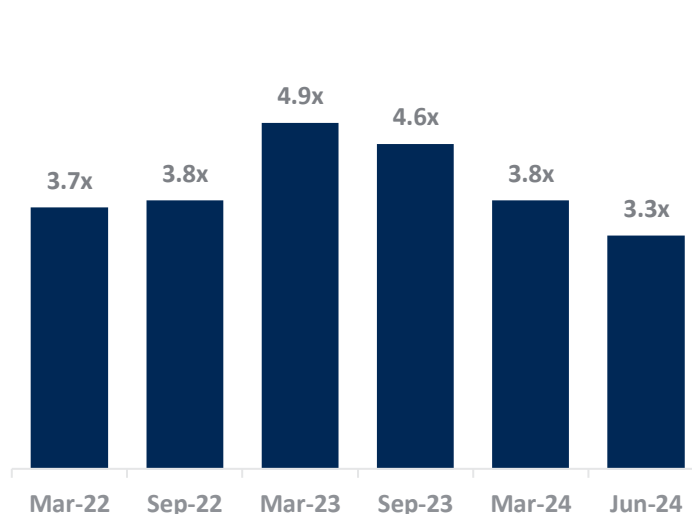
NBW run rate consistent with 1H24, supported by ongoing demand for EVs – asset base continues to grow

New business writings¹



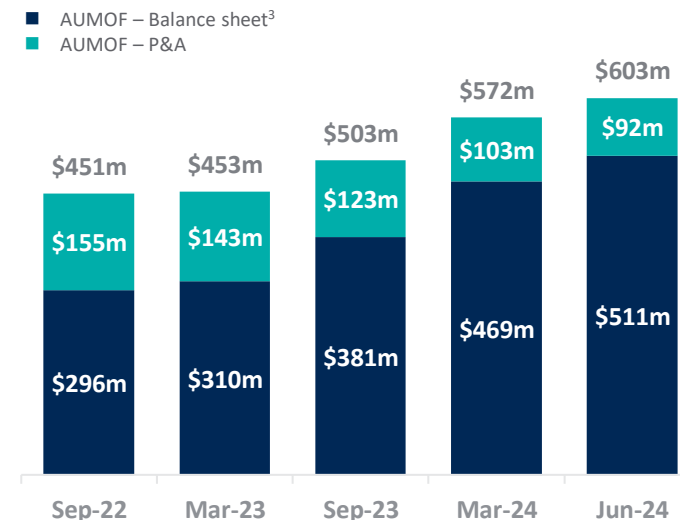
- NBW for 3Q24 was \$84m, which is 29% higher than 3Q23
- NBW growth supported by improvements in supply and the continuing tailwind of the Electric Car Discount, with 54% of YTD NBW relating to EVs (and 59% of 3Q24 NBW)

Order pipeline²



- As a result of the strong NBW, the order pipeline decreased from 3.8x at Mar-24 to 3.3x at Jun-24
- Tesla Model Y, Tesla Model 3 and BYD Atto 3 remain the most popular EV models, however their proportion is reducing as a greater variety of makes and models become available, with PHEVs in particular growing in popularity

AUMOF³

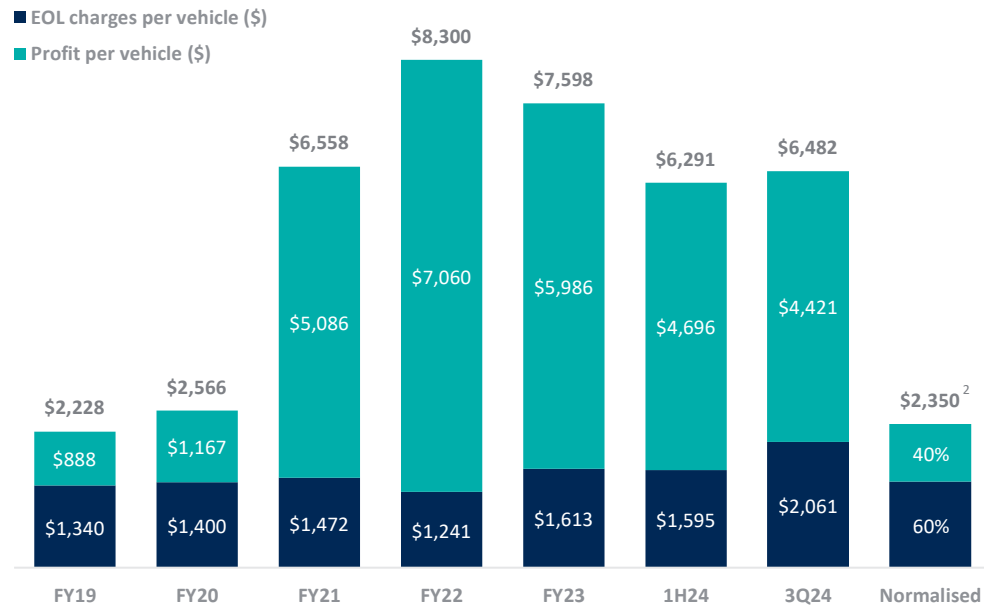


- AUMOF was 20% higher than Sep-23 and balance sheet funded AUMOF was 34% higher than Sep-23
- The mix-shift away from P&A is expected to continue, with the majority of Novated NBW being balance sheet funded post Accelerate

End of lease income

End of lease income per vehicle remains elevated

Vehicles sold & end of lease income per vehicle¹



Units sold	13,155	12,962	10,546	11,115	9,696	5,708	2,568
EOL	\$29.3m	\$33.3m	\$69.2m	\$92.3m	\$73.7m	\$35.9m	\$16.6m

Comments

- Whilst used vehicle prices have reduced from the peak in Feb-22, recent strength in certain vehicle segments has seen EOL per unit increase slightly in 3Q24 compared to 1H24
- Used passenger vehicle pricing in particular has been resilient, as softening economic environment sees private buyers substitute purchases of new vehicles for used vehicles
- EOL income expected to remain stronger for longer, benefiting from an increase in units sold as the supply chain continues to normalise
- EOL per unit expected to gradually trend down towards pre-COVID-19 levels of c.\$2,350 per unit² over the longer term
- Growth in EVs to date has been predominantly in Novated, where there is no residual value risk exposure for FPR

FY24 expectation analysis

	FY23A	FY24 (expectation)	Comments <i>(changes to 1H24 result presentation comments indicated in italics)</i>
NOI pre EOL and provisions	\$150.8		- Growth in average AUMOF partially offset by reduction in management fees as extensions and inertia reduce to more typical levels and funding commissions reduce with more balance sheet funded NBW 2H benefits from commissions on annual insurance renewal cycle
End of lease	\$73.7		- Prices in used vehicle market expected to continue to reduce - Units sold expected to remain strong as supply enables replacement of aged vehicles
Provisions	(\$1.0m)		Provisioning expected to increase over FY23 as the balance sheet funded portfolio grows
NOI	\$223.5m		
Operating expenses	(\$84.5m)	(\$89.0 – 90.0m)	5.5 – 6.5% higher driven by NBW activity and cost inflation, mostly for employee and technology costs
EBITDA	\$139.0m		
Interest & depreciation on leases	(\$2.4m)	(\$1.9 – 2.0m)	<i>Decrease due to new premises in Melbourne and lease extension in Sydney</i>
Share-based payments	(\$3.4m)	(\$3.9 – 4.0m)	Increase due to additional year of SBP grants
Depreciation	(\$1.1m)	(\$1.4 – 1.5m)	<i>Increase due to leasehold improvements associated with new Melbourne premises</i>
Interest on corporate debt	(\$6.8m)	(\$6.5 – 6.6m)	- Based on current 90-day BBSW and corporate borrowings. +/- \$0.1m impact for every future +/- 25 bps change to BBSW - May increase should inorganic or organic opportunities emerge
Tax	29.5%	29 – 30% (tax rate)	- Based on statutory earnings from Australia and New Zealand - No Australian corporate tax expected to be paid in cash, given carried-forward tax losses associated with Temporary Full Expensing (which ceased 1 Jul-23)

Operating environment and strategic priorities

FleetPartners is continuing to execute on its clear strategy to pursue long-term value creation

Operating environment

- Customer demand continues to be solid across Fleet AU and Novated, however Fleet NZ has softened
- Transition to EVs to remain a key industry focus for the foreseeable future – presenting a significant opportunity for FMOs
- EOL continues to be elevated but expected to revert to pre-COVID-19 levels in the coming years
- Material improvement with vehicle supply – no longer a growth impediment

Strategic priorities

- Drive growth with Strategic Pathways;
 - Corporate – Service excellence, expertise and a critical partner for fleet decarbonisation
 - Small Fleets – Digital origination platform - scalable across multiple distribution channels
 - Novated – Frictionless customer experience - unlocking opportunities driven by strong EV demand
- Accelerate – due to go-live at start of October 2024
- Share buy-back program – current \$27m buy-back almost complete and 29% of shares cancelled to date
- ESG and sustainability are central to the Group's strategy and values

FleetPartners today

- ✓ Clearly defined & well-established EPS growth strategy
- ✓ Predictable, annuity-like income
- ✓ Disciplined approach to opex management
- ✓ Highly cash-generative business model
- ✓ Strong balance sheet and no net debt
- ✓ Proven funding and liquidity standing
- ✓ High quality credit portfolio

Thank you

fleetpartners.com.au

