3Q24 business update

FleetPartners Group Limited (ASX:FPR)
24 July 2024

FleetPartners

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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

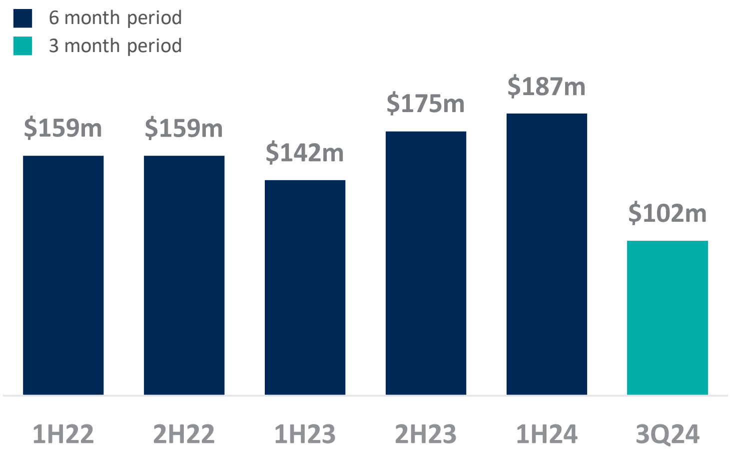
- Strong cash generation driven by defensive business model
- Continued outperformance on EOL as used vehicle pricing remains elevated and disposal volumes lift
- Portfolio credit quality continues to perform well with 90+ day arrears at 40bps, slightly below Mar-24 levels
- Share-buy back of $27m almost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

1) YTD June 2024 compared to YTD June 2023. NBW excludes sale and leasebacks.
2) Compared to Sep-23.

Fleet Australia

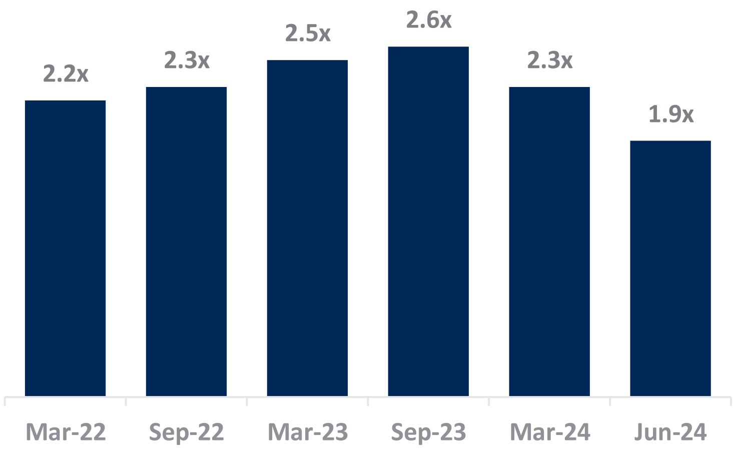
Continued success of Strategic Pathways delivering strong NBW and asset growth, supported by return of new vehicle supply

New business writings[1]



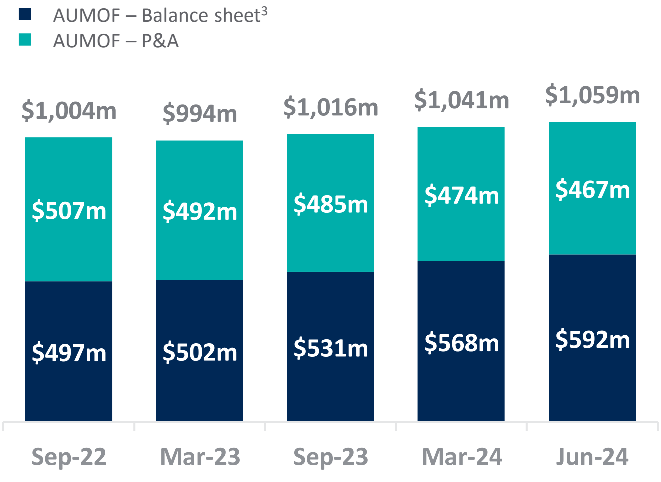
- NBW for the three months to Jun-24 (3Q24) was $102m, which is 40% higher than 3Q23 (excluding sale and leasebacks)
- NBW growth continues to be supported by improvements in supply across all key vehicle segments during the period, allowing for replacement of ageing vehicles

Order pipeline[2]



- 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

AUMOF[3]



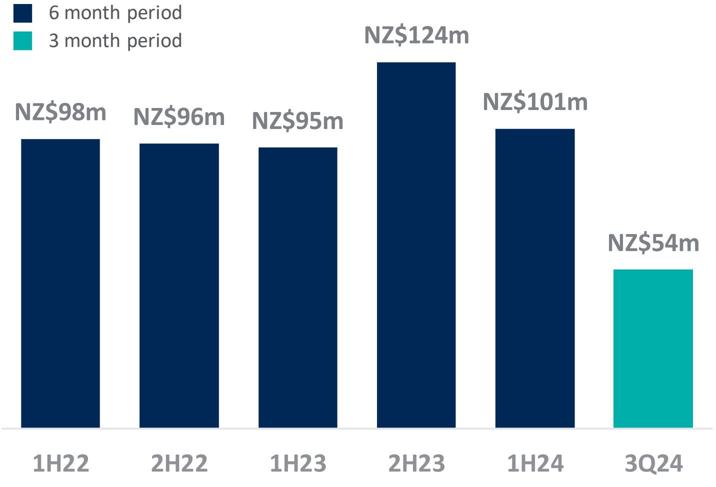
- AUMOF was 4% higher than Sep-23 and balance sheet funded AUMOF (warehouse/ABS) was 11% higher than Sep-23
- AUMOF growth drives sustainable, annuity-like revenue

1) New Business Writings excludes sale and leasebacks.
2) Compared to Sep-19, the last full financial year prior to the emergence of the COVID-19 pandemic.
3) Balance sheet funded AUMOF relates to warehouse and ABS funded leases.

Fleet New Zealand

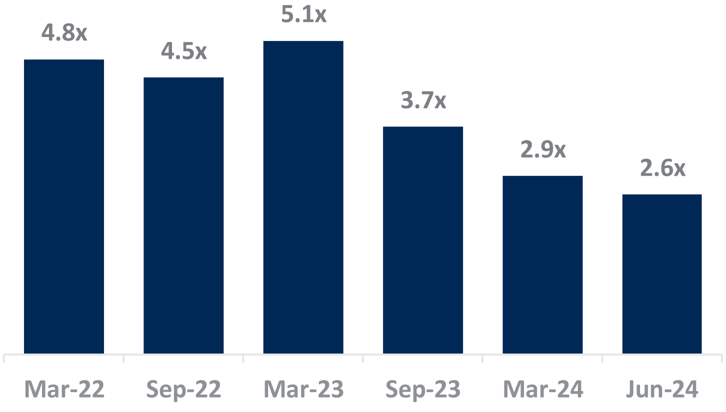
NBW remains stable, partly supported by drawdown of pipeline as economy softens – asset base continues to grow

New business writings[1]



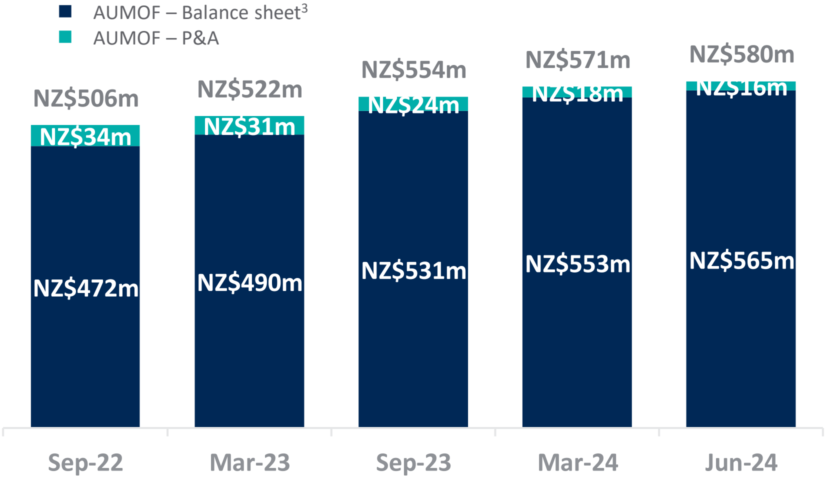
- NBW for 3Q24 was NZ$54m, which is 13% lower than 3Q23 (excluding sale and leasebacks), which benefited from pulled forward demand ahead of changes to the Clean Car Discount
- NBW supported by improvements in vehicle supply, but decline vs 2H23 a result of the slowing economy

Order pipeline[2]



- 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

AUMOF[3]



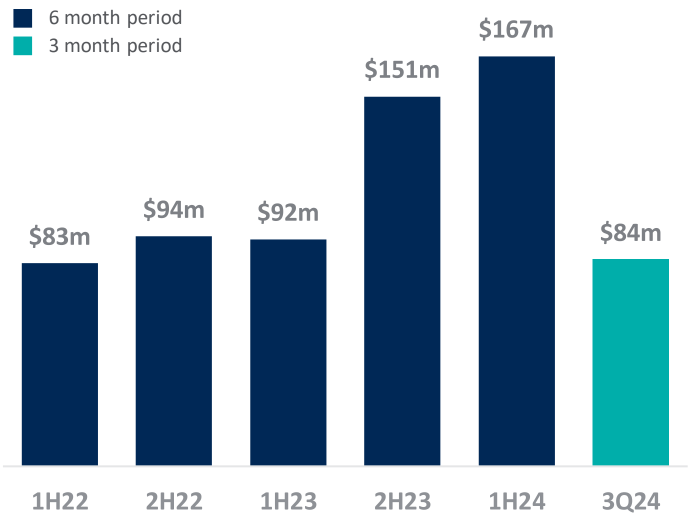
- AUMOF was 5% higher than Sep-23 and balance sheet funded AUMOF was 6% higher than Sep-23
- AUMOF growth drives sustainable, annuity-like revenue

1) New Business Writings excludes sale and leasebacks.
2) Compared to Sep-19, the last full financial year prior to the emergence of the COVID-19 pandemic. Calculated in NZD.
3) Balance sheet funded AUMOF relates to warehouse and ABS funded leases.

Novated

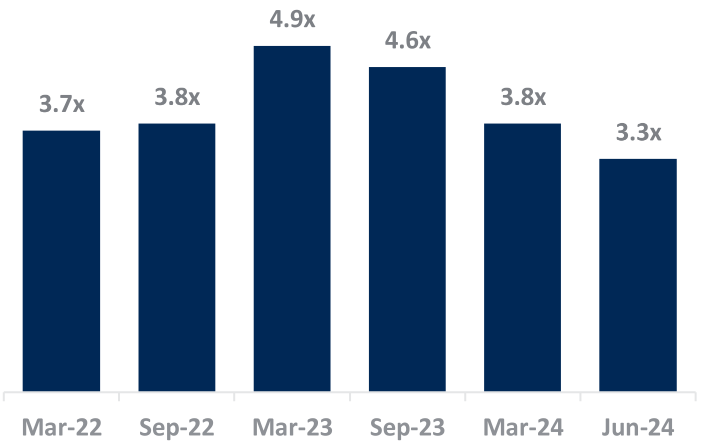
NBW run rate consistent with 1H24, supported by ongoing demand for EVs – asset base continues to grow

New business writings[1]



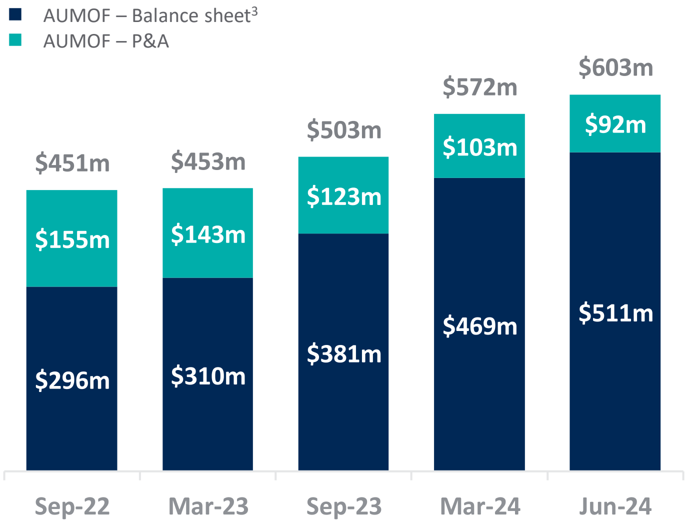
- NBW for 3Q24 was $84m, which is 29% higher than 3Q23
- NBW growth supported by improvements in supply and the continuing tailwind of the Electric Car Discount, with 54% of YTD NBW relating to EVs (and 59% of 3Q24 NBW)

Order pipeline[2]



- 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

AUMOF[3]



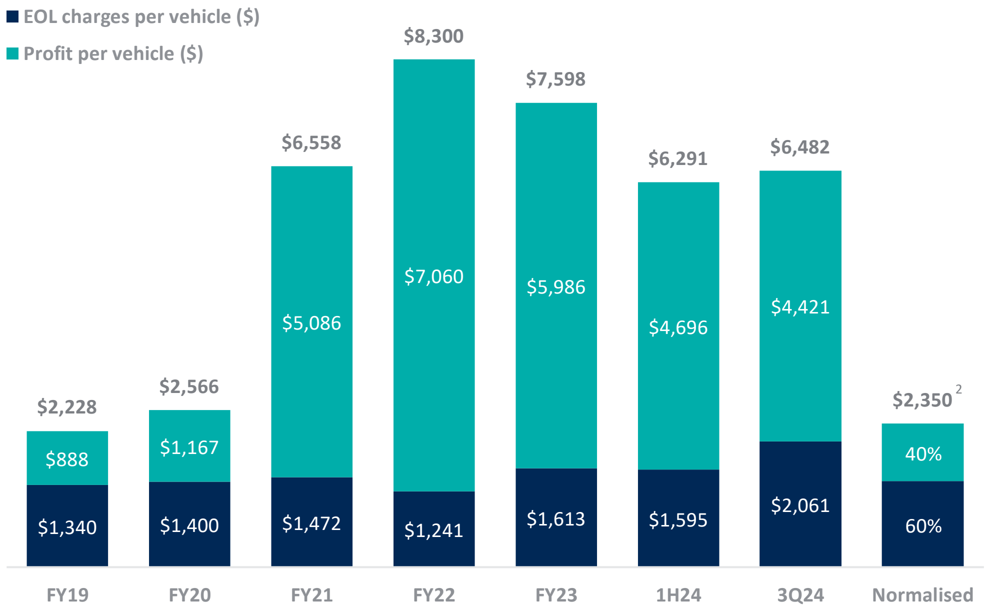
- AUMOF was 20% higher than Sep-23 and balance sheet funded AUMOF was 34% higher than Sep-23
- The mix-shift away from P&A is expected to continue, with the majority of Novated NBW being balance sheet funded post Accelerate

1) 1H22 excludes FCNT which was dissolved in Mar-22 in line with the Group's strategy to exit low returning products.
2) Compared to Sep-19, the last full financial year prior to the emergence of the COVID-19 pandemic.
3) AUMOF excludes FCNT which was dissolved in Mar-22. Balance sheet funded AUMOF relates to warehouse and ABS funded leases.

End of lease income

End of lease income per vehicle remains elevated

Vehicles sold & end of lease income per vehicle[1]



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 unit[2] over the longer term
- Growth in EVs to date has been predominantly in Novated, where there is no residual value risk exposure for FPR

1) FY19 and FY20 exclude non-core businesses.
2) Midpoint of normalised range of $2,200 to $2,500.

FY24 expectation analysis

	FY23A	FY24 (expectation)	Comments *(changes to 1H24 result presentation comments indicated in italics)*
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)*	• *Decrease due to new premises in Melbourne and lease extension in Sydney*
Share-based payments	($3.4m)	($3.9 – 4.0m)	• Increase due to additional year of SBP grants
Depreciation	($1.1m)	*($1.4 – 1.5m)*	• *Increase due to leasehold improvements associated with new Melbourne premises*
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

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