

Zenith delivers resilient performance against challenging economic backdrop

- Another year of record results
- Increased battery electric vehicles to 32%¹ of funded fleet

Leeds, 31 July 2023: Zenith, the UK's leading independent leasing, fleet management and vehicle outsourcing business, today published its annual financial results for the year ended 31 March 2023. Despite the continuing economic and market challenges, the award-winning Leeds-based company increased turnover by 16.8% to £688.1m (2022: £589.1m) and delivered another record EBITDA of £79.4m² (2022: £74.7m).

Zenith's diverse business model, addressing business and consumer markets, has continued to prove resilient, driving positive outcomes across the Group's three divisions. This includes solid progress on the Group's vision to decarbonise the UK vehicle parc by eliminating tailpipe emissions, with the proportion of battery electric vehicles (BEV) in the funded fleet growing to 32%¹, in a year that saw over 8% growth in Zenith's funded fleet.

Tim Buchan, Chief Executive Officer, Zenith, said:

"I am proud to report that Zenith has delivered another year of record performance, with EBITDA at almost £80m² and the size of our funded fleet reaching an all-time high. This has been achieved while making significant investments in the business to position us for continued success over the long term.

"Once again, the fundamental resilience of our strategy and business model has come to the fore, enabling us to continue delivering despite the testing economic backdrop. From the ongoing war in Ukraine and supply chain disruption, inflationary pressures, and interest rate uncertainty, to increases in overhead costs, there have been challenges throughout our sector for both businesses and consumers.

"Nevertheless, we have stepped up and shown how we can adapt and grow as a team to thrive, for example responding to the growing demand for company-sponsored vehicle schemes (both company car and salary sacrifice), as companies and their employees seek to take advantage of Benefit-in-Kind (BIK) tax incentives. At the same time, we have not faltered in our vision to decarbonise the UK vehicle parc by eliminating tailpipe emissions. Over 32%¹ of our funded fleet is already electric, and 47%¹ of the current order book is for battery electric vehicles.

"Our success this year was recognised by Fleet News, which named us as its Leasing Company of the Year in our category³. I would like to thank all our incredible people for the day-in, day-out support they give to our customers. And to thank our customers and partners – long standing and new – who place their trust and confidence in Zenith every day."

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¹ Excluding managed fleet and commercial vehicles

² Excluding the adjustment relating to the reassessment of residual values on funded fleet and exceptional items

³ For leasing companies with over 20,000 vehicles

Financial highlights

- EBITDA increased to £79.4m⁴ (2022: £74.7m).
- Turnover increased by 16.8% to £688.1m (2022: £589.1m).
- Gross profit increased by 7.9% to £147.0m⁴ (2022: £136.2m):
- Order bank of over 12,000⁵ vehicles, underpinning Zenith's future growth.
- ZenAuto moved into profit⁶, with the fleet growing to over 11,000 vehicles.
- Increased securitisation facilities by £250m to £975m and extended to November 2025.

Operational highlights

- Total fleet (funded and managed) grew by 3.9% to 168,292 vehicles (2022: 162,041) despite new car registrations declining to their lowest level since 1992.
- Funded fleet grew by 8.4% to 76,034 vehicles (2022: 70,155), with the percentage of BEV in the funded fleet growing to 32%⁵ (2022: 19%).
- Created 170 new jobs in our local communities in the UK, a 14% YOY growth in total employees.
- The UK government's commitment to maintain Benefit-in-Kind tax at low levels until 2028, and the new zero emission vehicle (ZEV) mandate, underpins the Zenith strategy.
- Completed the first Zenith Census to better understand the diversity of our people.
- Won Fleet News Leasing Company of the Year (over 20,000 vehicles) award.
- Launched our first EVXperience report, the UK's largest ever survey of BEV drivers.
- Leadership board changes:
 - Martin Holland is stepping down as Deputy CFO, being replaced by two new non-Leadership Board roles with Nicola Brown as Group Finance Director and Sarah Thompson as Corporate Finance Director and Head of Investor Relations.
 - John Tracy, CEO of the Consumer division, is leaving to return to the USA with Andrew Kirby assuming his responsibilities, in addition to his existing role as CEO of Zenith's rental business.
- Successful compliance with new Consumer Duty.

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Annual report and investor conference call

Zenith's Annual Report and investor presentation for the year ended 31 March 2023 are available at <https://www.zenith.co.uk/investors/>. A conference call and presentation of the results will be held on 1 August 2023.

⁴ Excluding the adjustment relating to the reassessment of residual values on funded fleet and exceptional items

⁵ Excluding managed fleet and commercial vehicles

⁶ Breakeven on an EBITDA basis, before exceptional items

Notes to editors'

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About Zenith

Zenith is the UK's leading independent leasing, vehicle outsourcing and fleet management provider for cars, vans, trucks, and trailers, specified, sourced, funded, and managed. All delivered by trusted experts, award-winning service, and innovative technology.

Headquartered in Leeds, its 1,300 employees manage a fleet of almost 170,000 vehicles. Its operations span the breadth of the automotive market with commercial vehicles, corporate fleets, and consumer leasing.

Our Corporate division offers fully outsourced company car and van schemes, vehicle funding solutions, salary sacrifice solutions and short-term rental vehicles, as well as a comprehensive suite of ancillary services and products. We focus on customers with larger fleets (more than 100 vehicles) for whom we are often the sole supplier and for whom service quality is an important differentiator.

Our Commercial division offers fleet management services, maintenance, and funding solutions for light commercial vehicles, HGVs, and specialist vehicles. We are the UK's largest operator in large commercial vehicle management and trailer rental.

Our Consumer division is comprised of two main businesses: ZenAuto and White Label Solutions. ZenAuto is our fully digital, new, and used car leasing platform for consumers. Our White Label Solutions offering provides business process outsourcing and back-office services for the finance arms of leading automotive manufacturing and consumer finance businesses.

Zenith is a member of the EV100, a global initiative committed to accelerating the transition to electric vehicles and making electric transport the new normal by 2030. The EV100 brings together forward-looking companies to tackle the electric transport transition, reduce air pollution and climate change.