



29 August 2024

## INVESTOR REPORT

To: Deutsche Trustee Company Limited as Obligor Security Trustee, Issuer Security Trustee and Class A Note Trustee  
Deutsche Bank AG, London as 2021 and 2024 STF Facility Agent and WCF Agent  
RAC Bond Co PLC as Issuer  
J.P. Morgan Securities plc, Banco Santander S.A. (London Branch) and Barclays Bank PLC as Borrower Hedge Counterparties  
Standard & Poor's Credit Market Services Europe Limited as Rating Agency

From: RAC Group Limited as Holdco Group Agent

### General Overview

RAC Bond Co PLC has today reported the unaudited consolidated results of RAC Bidco Limited ("Group") for the six months ended 30 June 2024.

A summary of the Group's performance for the six months ended 30 June 2024 ("H1 2024") is set out below.

### Highlights

- Revenue up 10% to £382 million.
- EBITDA up 8% to £136 million continuing our track record of uninterrupted growth
- Membership exceeding 14 million for the first time ever
- Strong operating cash flow of £130 million resulting in operating cash conversion of 96%
- Successfully refinanced 2020 Senior Term Facility and tendered £115 million of 2026 Class A2 Notes. Total debt reduced by £50 million and leverage reduced to 5.4x
- Continued progress on strategic initiatives aligned to vision of becoming the UK's number one for Driving Services

### Outlook

We remain confident about the outlook for our performance for the remainder of 2024 and beyond. Our strategy and execution, combined with our recurring membership model underpin our long-term confidence in delivering sustainable growth and becoming the UK's number one for Driving Services.

## Regulatory and business update

### Business Update

- No changes in RAC Bidco Ltd Group structure in H1 2024, with no acquisitions or disposals
- **No change in "Permitted Business"**
- On 27 February 2024, Jonathan Galore resigned from the Board of Directors of RAC Bidco Limited, and Ahmed Khairat was appointed. There have been no other changes to the Board of Directors in the period.

### Regulatory/Legislative Update

The Regulated Entities Boards have approved the Group's first annual Board self-assessment under the FCA's Consumer Duty principles. The report confirmed compliance with the Consumer Duty and demonstrated improvements in a range of customer outcomes our members receive as a result of proactive initiatives we have driven across the Group. The Group remains focussed on the delivery and enhancements of its Operational Resilience capability and is on track for being able to demonstrate operation within impact tolerance thresholds in line with the FCA and PRA's March 2025 deadline.

### Capital Expenditure

- Capital Investment totalled £38 million during the period (H1 2023: £35 million)
- Of this amount, £20 million (H1 2023: £19 million) relates to insurance acquisition cash flows and contract costs (i.e. includes commissions paid to third parties for sales)
- £15 million (H1 2023: £16 million) relates to investment in our strategic initiatives, digital offerings and improvements to service

### Financing Position

Interest rate risk on the floating rate Senior Term Facility is appropriately hedged in accordance with the Hedging Policy set out in the Common Terms Agreement through interest rate swaps and the hedges remain effective.

The table below sets out the current funding position as at 30 June 2024:

Facility	£million	Due	Coupon / Interest
Class A2 Notes	485	May 2026/46	4.870%
Class A3 Notes	250	November 2028/May 2046	8.250%
Class B2 Notes	345	November 2027/ May 2046	5.250%
2021 Senior Term Facility	170	June 2025	1.800% + SONIA
2021 Senior Term Facility	95	June 2028	2.500% + SONIA
2024 Senior Term Facility	205	January 2029	3.000% + SONIA
Drawn debt	<b>1,571</b>		
<u>Additional committed facilities:</u>			
Working Capital Facility	50	January 2029	3.000% + SONIA
Liquidity Facility	100	Annual renewal	2.250% + SONIA

The Group repaid £50 million of debt in the period, replacing the £140 million 2020 Senior Term Facility with a new £205 million 2024 Senior Term Facility while also repurchasing £115 million of 2026 Class A2 Notes. Interest paid was £45 million (2023: £46 million).

No other changes were made to the debt instruments.

## Ratios

We confirm that in respect of this investor report dated 29 August 2024, by reference to the most recent Financial Statements that we are obliged to deliver to you in accordance with paragraph 1 (Financial Statements) of Part A (Information Covenants) of Schedule 2 (Holdco Group Covenants) of the Common Terms Agreement:

- (a) the Class A FCF DSCR in respect of the relevant Test Period is equal to 3.90; and
- (b) the amount of Additional Financial Indebtedness raised since the date of the immediately preceding Investor Report was £64.0m;

(together the *Ratios*).

We confirm that each of the above Ratios has been calculated in respect of the Test Period(s) or as at the Test Dates for which it is required to be calculated under the Common Terms Agreement and is set out below:

### Class A FCF DSCR for the year ended 30 June 2024

Class A FCF has been calculated as:

	£m
EBITDA <sup>1</sup>	262.0
Cash tax paid	(24.6)
Increase in working capital	11.9
Minimum capital maintenance spend	(8.0)
Increase in restricted cash	(4.2)
Class A FCF	237.4

Class A Total Debt Service Charges has been calculated as:

	£m
Accrued interest	64.0
Commitment fees on WCF and LF	1.6
Interest received on cash equivalents	(4.8)
Class A Total Debt Service Charges	60.8

Ratio Class A FCF DSCR at 30 June 2024 3.90

We confirm that:

- (a) no CTA Default or Trigger Event has occurred and is continuing;
- (b) the Borrower is in compliance with the Hedging Policy;
- (c) the amount of Retained Excess Cashflow as at the date of this Investor Report is £112.4 million;
- (d) the statements set out in this Investor Report are accurate in all material respects.

Yours faithfully



.....  
Dave Hobday, Chief Executive Officer  
For and on behalf of  
RAC Group Limited as Holdco Agent



.....  
Jo Baker, Chief Financial Officer

<sup>1</sup> EBITDA of £262.0m is stated excluding the uplift in the consolidated operating profits of the Holdco Group for the relevant period arising as a result of the adoption of IFRS 16 'Leases' in the consolidated financial statements.