RAC Bidco Limited
Investor Presentation

21 March 2019

Private and Confidential

#OrangeHeroes

Contents

FY18 Highlights

- **Seventh consecutive year of growth**
  - Solid financial performance with overall EBITDA growth of £17m to £207m
  - Strong trading and operational performance across all areas
  - Exceptional weather handled seamlessly across the business by our teams
  - Continued strong levels of end-to-end customer service and retention
  - Our strategy of focussing on the core business continues to deliver

- **This financial performance was achieved with an increase in consumer membership, several major corporate partner wins in business and strong momentum in insurance:**
  - In Consumer Breakdown Services we grew membership through continued evolution of our products and services, and strengthened our proposition and acquisition web journey, driving an increase in sales
  - In Business Breakdown Services we onboarded new partners including Hastings, HSBC and First Direct. We are proud to have won brand new contracts with PSA Group (including the Peugeot, Citroen and Vauxhall brands) and with Saga plc, which will commence in H1 2019
  - In Insurance & Financial Services, we grew the motor base significantly by working closely with our insurance partners to leverage our data and deliver better value for our customers

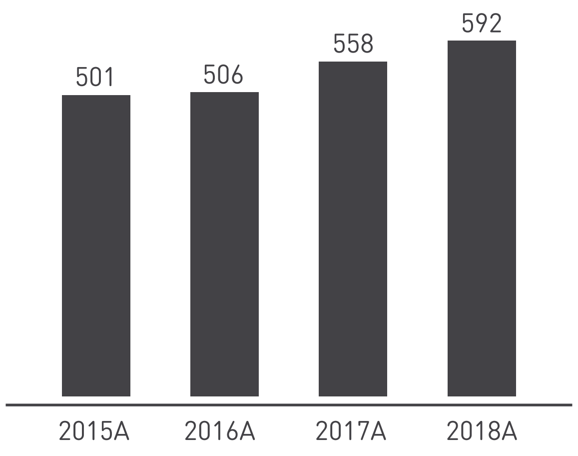
Outlook

- We have carried our momentum into 2019, with positive year on year growth across the business
- We expect to continue to deliver sustainable growth in members, exceptional customer service, and strong financial performance
- We are well positioned and well invested to maintain our trajectory

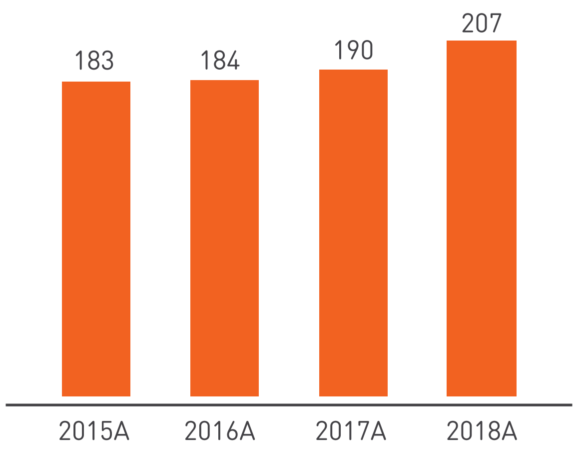
KPIs

- **Strong financial performance**
  - Revenue of £592m, +£34m (+6%) vs 2017
  - EBITDA of £207m, +£17m vs 2017 including £12m of benefit from adoption of IFRS 16
  - Operating Cash flow of £181m, +£7m (+4%) vs 2017
  - Continued strong cash conversion of 87% (2017: 92%)

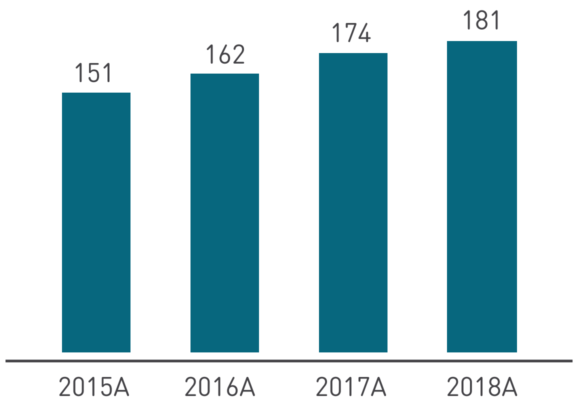
- **Robust operational KPIs supporting our focus on the core of our business**
  - Roadside Repair Rate of 80% (2017: 80%)
  - Roadside Membership Retention Rate of 79% (2017: 80%)



Revenue (£m)



EBITDA (£m)

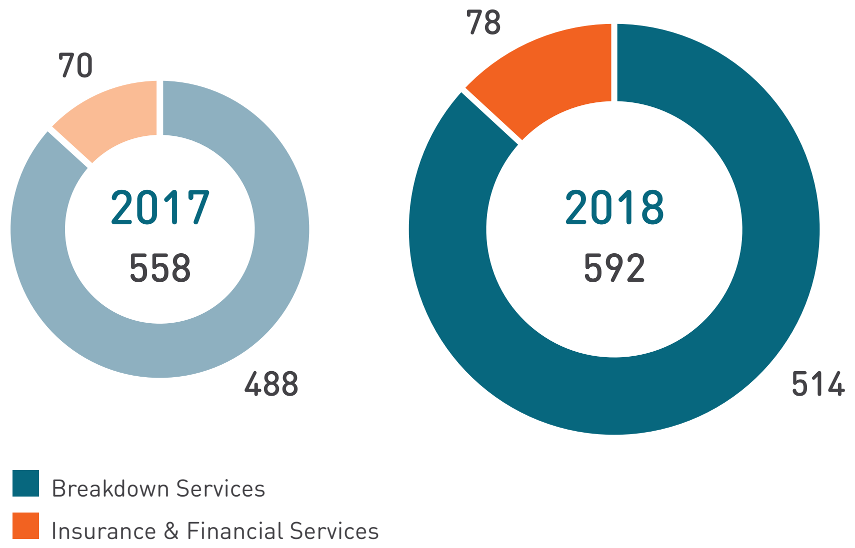


Operating Cash Flow (£m)

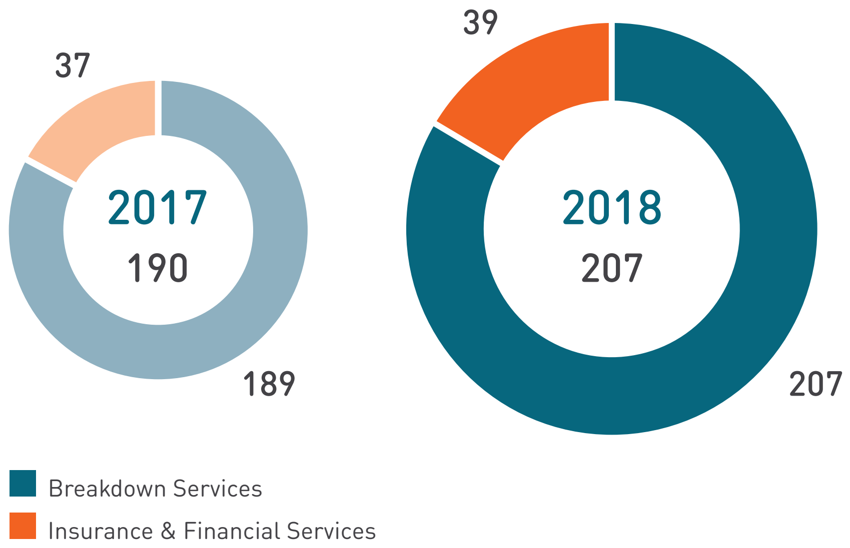
2. 2018 Highlights Cont'd

Segmental trading performance

Revenue (£m)



EBITDA (£m)



- EBITDA of 207m delivered through strong trading performance and ongoing improvement of our core business across all areas
- Our Consumer Breakdown Services business performed well with growth in the number of members and average revenue per member. More members than ever chose our highest levels of cover
- Business Breakdown Services delivered growth from both existing corporate partner relationships and onboarding new partners including Hastings and HSBC
- Insurance & Financial Services held overall income per policy stable and grew total motor policies by 16% as a result of improvements in retention rate, and higher acquisition volumes

3. Business and regulatory update

Business update

- No changes in RAC Bidco Ltd group structure in 2018, with no acquisitions or disposals
- No change in "Permitted Business"
- Board changes:
  - Jo Baker joined as Chief Financial Officer on 29 May 2018

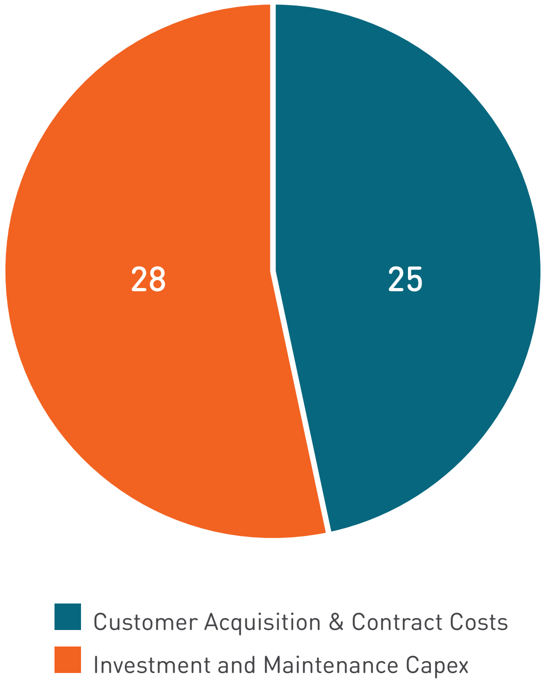
Regulatory / legislative update

- No material regulatory or legislative changes
- The Group adopted the new Insurance Distribution Directive (IDD) on 1 October 2018. The Senior Managers Certification Regime became effective for RACIL on 10 December 2018

RAC remains well invested

- The business is well invested and we continue to target expenditure aligned to our strategy covering both current priorities and selected opportunities to support future growth
- Capital Investment on target with £53 million invested in 2018 across Tangible and Intangible assets (2017: £50 million)
- Capex investment across a number of areas, including:
  - Enhancements to the consumer web journey and contact centre;
  - Rapidly deployable trailer replacement cycle;
  - Patrol vehicle "all wheels up" towing capability;
  - Upgrade of our breakdown patrol dispatch system;
  - Information and Data Security;
  - IT infrastructure and systems enhancement; and
  - Fleet and Insurance telematics boxes
- Maintenance Capex of £8.5 million for the year ended 31 December 2018 (2017: £8.3m)

Capital Investment (£m)



No changes to financing structure in 2018

Facility	£m	Due	Coupon
Class A1 Notes	300	May 2023/46	4.565%
Class A2 Notes	600	May 2026/46	4.870%
Class B1 Notes	275	November 2022/46	5.000%
Senior Term Facility	280	May 2021	LIBOR + 2.75%
Drawn Debt	**1,455**		
Working Capital Facility	50	May 2021	LIBOR + 2.75%
Liquidity Facility	90	Renewed annually	LIBOR + 2.25%
Undrawn Debt	**140**		

- Class A1 Notes, Class A2 Notes and Senior Term Facility put in place under the Whole Business Securitisation ("WBS") completed in May 2016
- Class B1 Notes issued in July 2017 of £275m
- No change to S&P rating assigned to Class A1 and A2 Notes of BBB-(sf) or Class B1 Notes of B (sf)
- Interest rate risk on the Senior Term Facility remains 100% hedged through an interest rate swap agreement to pay 2.025% fixed and receive three month LIBOR

Significant covenant headroom

Class A FCF DSCR	2017	2018
Actual	3.03	3.02
Trigger	1.35	1.35
Default	1.10	1.10

Class B FCF DSCR	2017	2018
Actual	2.45	2.44
Default	1.00	1.00

Leverage	
EBITDA (£m)[1]	207
Gross debt (£m)	**1,530**
Unrestricted cash (£m)	(84)
Net debt (£m)	**1,446**
Leverage	6.98x

[1]Gross debt and net debt include finance lease liabilities of £75m arising from adoption of IFRS 16

- Class A and Class B FCF DSCR covenants met with significant headroom
- Net leverage of 6.98x (net leverage is 7.05x excluding impact of adopting IFRS 16)

7. Summary

- Strong performance in 2018 with Revenue, EBITDA and Cashflow growth
- Continued strong cash conversion of 87%
- Significant covenant headroom and ratings reaffirmed by S&P
- Continuing investment in our core businesses to power sustainable growth
- Selectively innovating new products and services to realise opportunities to meet more of our members' driving needs
- Encouraging start to 2019, trading ahead of Budget and 2018
- Well positioned and well invested to maintain our trajectory

Financial calendar

Early September 2019

- Half year results to 30 June 2019

Early March 2020

- Annual Report & Financial Statements for year ending 31 December 2019

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