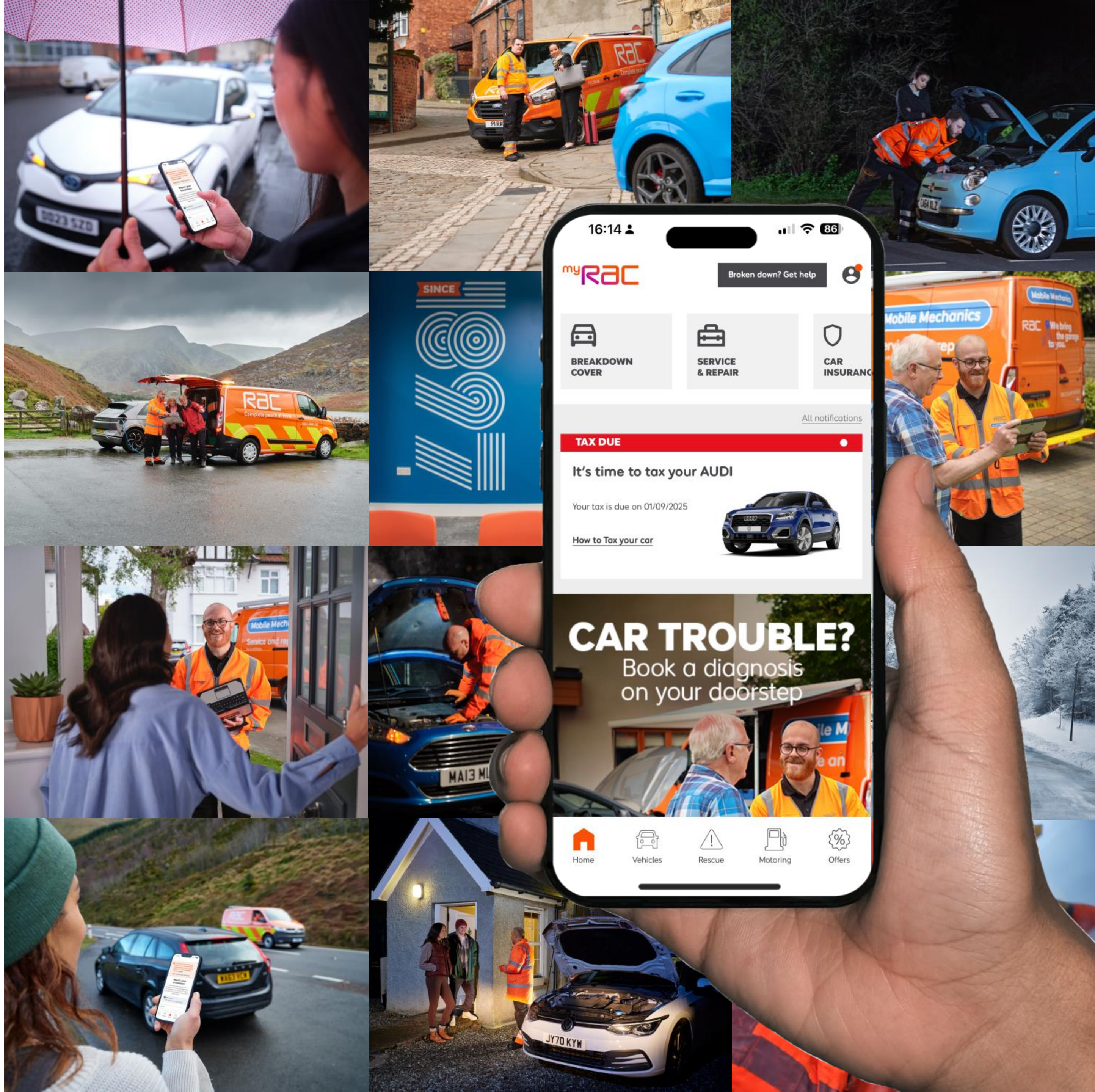
Rac

H1 2025 Investor call

2nd September 2025



Agenda

Today's speakers

Dave Hobday | Chief Executive Officer

> Joined RAC in February 2017

> Previous experience includes:

worldpay from FIS, BT, P&G, Telewest, HBOS plc

Jo Baker | Chief Financial Officer

> Joined RAC in May 2018

> Previous experience includes:

wonga, worldpay from FIS, BARCLAYS, Dresdner Kleinwort, Merrill Lynch

Agenda

1. H1 2025 highlights
2. Financial performance
3. Strategic update
4. Closing remarks
5. Q&A

Continued progress on execution of our strategy has delivered strong performance in H1 2025, with improvements across all key metrics

Key highlights:	Membership	Revenue	EBITDA
	15m (+0.5m)	£411m (+8%)	£152m (+12%)

DRIVE continued growth in our core businesses of Breakdown and Insurance

- More members
- Staying longer
- Spending more
- Operating efficiently

EXPAND our TAM in SMR, and ACCELERATE growth via data and digital

- Growing mobile mechanic proposition
- Increasingly delivered digitally

Engaged Orange Heroes providing "Complete Peace of Mind"

- GLASSDOOR: 4.5 out of 5 "Very good"
- Trustpilot: 4.4 to 4.7 "Excellent"

With 128 years of history, a UK authority on motoring, positioned at the heart of the driving ecosystem

Breakdown
For individuals, SMEs and corporate partners

Insurance
Broker predominantly focused on motor

SMR
Mobile servicing, repairs and garage network

On track to deliver 14th consecutive year of growth, with growing revenue and earnings, strong cash flow and reduced leverage

Key performance metrics

Membership	Revenue	EBITDA
15.0m	**£411m**	**£152m**
YE 24: 14.5m	H1 24: £382m	H1 24: £136m

Margin	Cash conversion*	Leverage
37.0%	**105%**	**4.6x**
H1 24: 35.6%	H1 24: 96%	YE 24: 5.0x

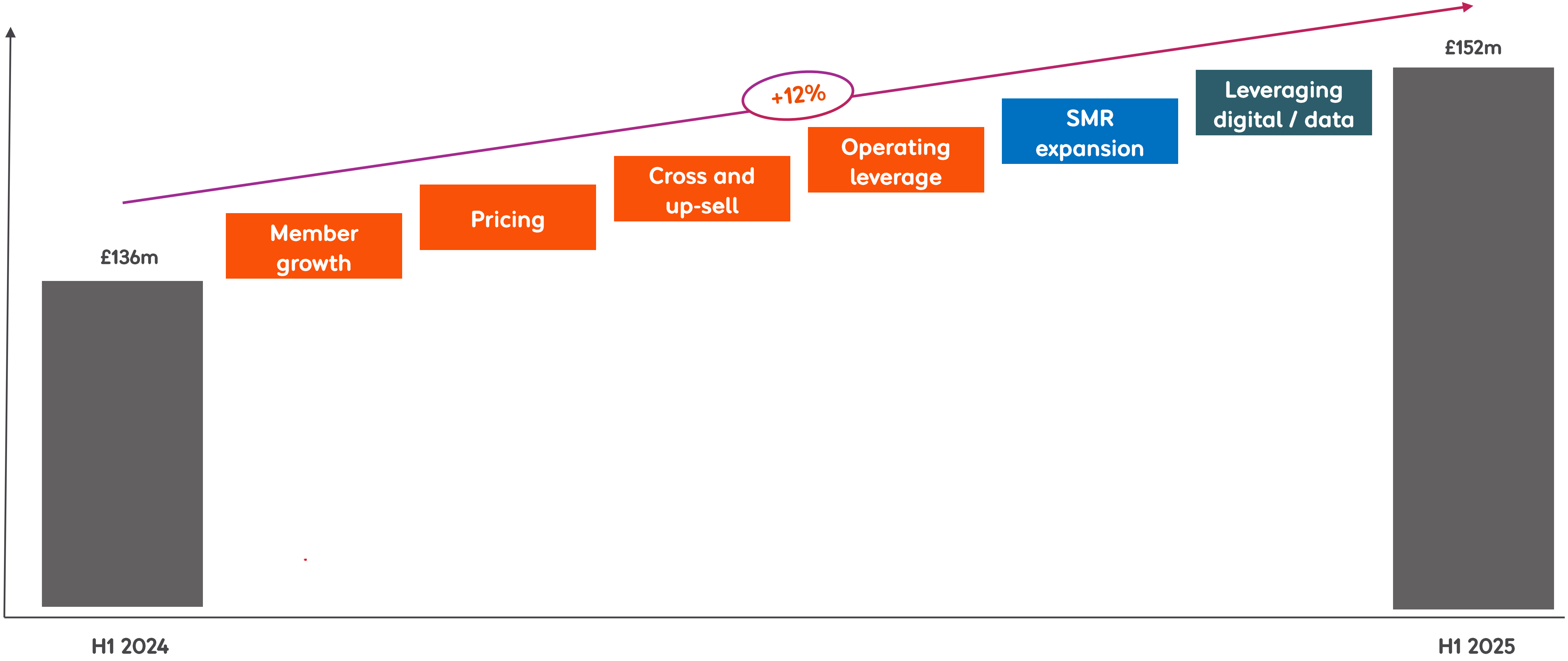
Key financial highlights

- Continually growing membership base, now at 15m members
- Strong growth in revenue (+8%) and accelerated growth in EBITDA (+12%), delivered at an improved margin
- Strong cash generation and £165m of gross debt repaid in the period, resulting in leverage reduction

*Cash conversion is defined as net cash flows from operating activities divided by EBITDA

Double digit earnings growth shows the benefits coming through from our strategy

All three strategic pillars are contributing to consistent and compounding earnings growth



Strong revenue, EBITDA and margin growth, supported by recurring revenues from our subscription-based model and operating leverage

£m	H1 2025	H1 2024	Growth £m	Growth %
Revenue				
Membership Services	372	347	+25	+7%
- subscription based	*278*	*257*	*+21*	*+8%*
- demand based / pay on use	*76*	*82*	*(6)*	*-7%*
- SMR	*18*	*8*	*+10*	*+125%*
Insurance	39	35	+4	+11%
Total	**411**	**382**	**+29**	**+8%**
EBITDA				
Membership Services	157	142	+15	+11%
Insurance	25	21	+4	+19%
Head Office costs	(30)	(27)	(3)	+11%
Total	**152**	**136**	**+16**	**+12%**
Margin %	**37.0%**	**35.6%**		
Operating profit	**109**	**101**	**+8**	**+8%**

- Strong Group and Divisional performance across revenue, EBITDA, margin and operating profit
- Membership Services revenue grew by +7% and EBITDA by +11%. We benefitted from continued membership growth alongside profitable expansion into SMR. Pay on use revenue (and related costs) fell due to lower job volumes in these segments
- Our focus on the motor insurance market through expanding our footprint delivered +11% revenue and +19% EBITDA growth
- Group EBITDA increased by +12% supported by a growing top-line and improved operating leverage
- Margin grew by 140bps to 37.0%
- Operating profit grew +8% despite £6m of exceptional items due to a loss on disposal of non-core policy books

Group remains highly cash generative, delivering 105% cash conversion. Despite growth, capex remained stable reflecting asset-light business model

£m	H1 2025	H1 2024	Growth £m	Growth %
EBITDA	**152**	**136**	**+16**	**+12%**
Change in working capital	22	10		
Tax paid	(15)	(16)		
Net cash flows from operating activities	**159**	**130**	**+29**	**+22%**
Customer acquisition intangibles	(22)	(20)		
Maintenance capex	(4)	(5)		
Investment capex	(11)	(13)		
Total capex	**(37)**	**(38)**	**+1**	**+3%**
Lease payments	(10)	(10)		
Interest paid on borrowings*	(46)	(44)		
Closing cash balance	**46**	**100**	**(54)**	**-54%**
Cash conversion	**105%**	**96%**		**+9ppts**

- Positive working capital movements driven by proactive management and timing of partner receipts
- Customer acquisition intangibles linked to new business sales for Consumer Breakdown and Insurance. Expect the H1 increase to soften in H2
- Investment and maintenance capex in-line with previous period, driven by continued investment in digital platforms, member offerings and service improvements
- Debt interest increased slightly due to higher interest rates on new debt and an increase in our hedging rates partially offset by our ongoing deleveraging
- Healthy period end cash position despite £165m of debt repayments funded by own cash funds

*Net interest paid, excluding £4m one-off interest payment made to HMRC

Successfully completed two refinancing activities, reducing drawn debt by £165m in H1 2025, with no near-term maturities

Debt £m	Rate	Maturity	H1 2025	YE 2024
Class A2 Notes	4.87%	May 2026	-	485
Class A3 Notes	8.25%	November 2028	250	250
Class A4 Notes	5.75%	November 2029	400	-
Class B2 Notes	5.25%	November 2027	345	345
Senior Term Facility 2021 (A)	SONIA + 1.80%	June 2025	-	170
Senior Term Facility 2021 (B)	SONIA + 2.50%	June 2028	95	95
Senior Term Facility 2024	SONIA + 3.00%	January 2029	205	205
Senior Term Facility 2025	SONIA + 3.00%	January 2029	40	-
US Private Placement	6.49%	June 2030	50	-
Drawn debt			**1,385**	**1,550**
Working Capital Facility	SONIA + 3.00%	January 2029	50	50
Liquidity Facility	SONIA + 2.25%	Annual renewal	100	100
Undrawn debt			**150**	**150**

- Fully redeemed remaining £485m of Class A2 Notes, funded by £85m of own cash and a very successful new issue of £400m Class A4 Notes which was 5x oversubscribed, achieving -8bps new issue concession
- Repaid £170m STF 2021 (A), partly funded by proceeds of a new £40m STF 2025 and £50m Private Placement and £80m of own cash
- Successfully renewed our Liquidity Facility in April 2025
- BBB S&P rating maintained
- No upcoming maturities for the next 2 years – next maturity Class B2 Notes in November 2027

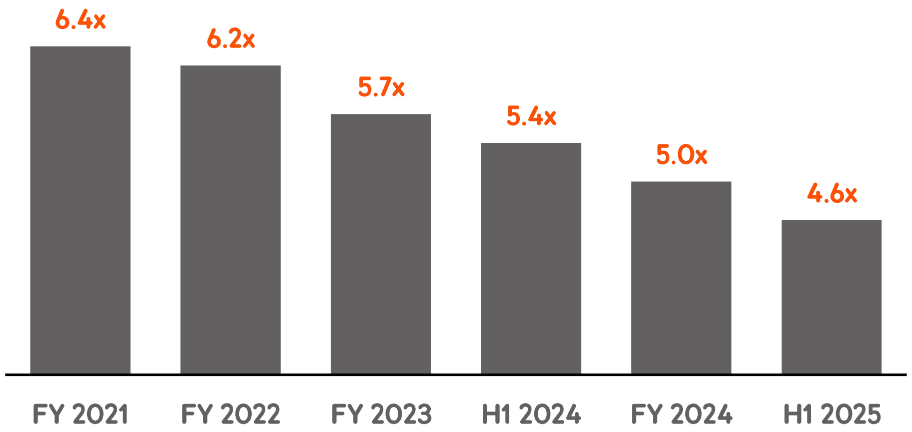
Comfortable headroom on our financial covenants. Leverage ratio continues to reduce, expected to be well below 4.5x by year-end

Class A FCF DSCR	H1 2025	FY 2024
Actual	**4.27**	**3.84**
Trigger	1.35	1.35
Default	1.10	1.10

Class B FCF DSCR	H1 2025	FY 2024
Actual	**3.33**	**2.99**
Default	1.00	1.00

Leverage ratio	H1 2025	FY 2024
EBITDA LTM (£m)	**311**	**295**
Gross debt* (£m)	1,380	1,548
Cash (£m)	(46)	(152)
IFRS 16 lease liability (£m)	82	85
Net debt (£m)	**1,416**	**1,481**
	4.6x	**5.0x**

- Class A and Class B FCF DSCR covenants met with significant headroom
- Debt Service cost largely protected by:
  - Hedging (2.4% SONIA fixed until Q1 2027)
  - Fixed pricing on Class A and Class B Bonds
- Cash generation remains strong, which alongside EBITDA growth supports continued leverage reduction



*Includes interest and capitalised finance costs

Delivered further progress against our vision to be UK's #1 for Driving Services providing "Complete Peace of Mind" for our members' driving needs

DRIVE

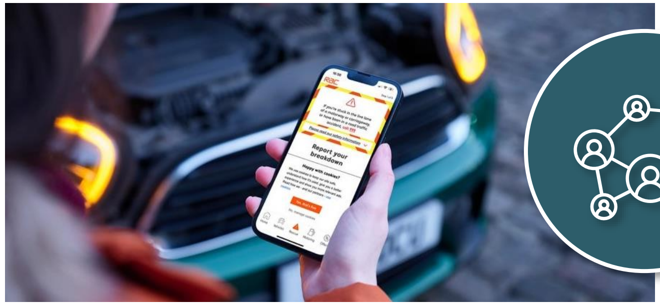
continued growth in our core businesses

- Increasingly personalised propositions
- Renewed Motability partnership
- Expanded Motor footprint

EXPAND

our total addressable market into SMR

- >250 Mobile Mechanics
- 82k jobs completed in H1
- Growing profitably



ACCELERATE

growth by leveraging our unique data assets and myRAC digital member platform

- +55% (3.4m) myRAC members
- +50% (0.9m) myRAC MAUs
- Increased AI adoption

Deep Dive: Transforming our offering for Motability, the UK's largest fleet (800k). Providing a more comprehensive service for a ten-year term (to 2036)

DRIVE continued growth in our core businesses

Motability Scheme

"Complete Peace of Mind"

RAC

- End-to-end managed service with a single supplier - RAC
- Single, fully integrated platform, enabling full visibility of all off road vehicles (c.5k)
- Complete integration of all partners, data, systems
- Intelligent AI triaging to recommend optimised "next best" actions
- Reduced off-road time, lower costs, improved member experience

- Renewed largest B2B Partner for new ten-year term (to 2036)
- Increasing collaboration, value creation, revenue and margin
- Beyond breakdown to broader offering including VoR and SMR
- Maximising efficiency to create win-win-win for RAC, Motability and our members
- Developed proprietary claims platform – with wider B2B applications

Increasing value creation for both Motability and RAC

Deep Dive: In SMR, our competitive advantage driven by our trusted brand and 15m members is enabling growth at healthy margins

EXPAND our total addressable market into SMR

Captive opportunities provide competitive advantage

Breakdown referrals at zero CAC

~300 Daily referrals

myRAC digital notifications create awareness

80m Notifications sent

Growing B2B pipeline

10k B2B jobs completed

cinch
Motability Scheme

Strong foundations support commercial performance

Competitive and transparent pricing

~£200 ARPU

Cost synergies from existing operations

3% Lower parts costs

Digital led service driving efficiencies

+ve EBITDA margin

Continued investment to unlock ongoing expansion

Ongoing mechanic recruitment

>250 Mobile Mechanics

Growing SMR job volumes

82k Jobs completed

RAC Mobile Mechanics

Capital-light model

£3m Capital investment*

SMR is established as our third complementary offering, driving RAC loyalty and providing "Complete Peace of Mind" with a 4.7 Trustpilot rating

*Includes additions of tangible and intangible assets plus lease payments made under IFRS16

Deep Dive: Delivering an increasingly digital member experience through AI

ACCELERATE growth by leveraging our unique data assets and myRAC digital member platform

Registering breakdown claims

- AI voice bot implemented to handle breakdown claims promptly, accurately and consistently
- Capable of handling thousands of daily calls without human interaction
- Captures member details, symptoms, vulnerabilities and location
- myRAC currently handles 52% of breakdowns digitally
- Voice bot increases this to almost two-thirds being logged digitally
- Improving productivity and costs via reduction in front-line FTE

replicant

Dealing with member concerns

- AI case management system reviews member and breakdown data
- Formulates a consistent response based on historic cases
- Provides increased consistency, more timely responses and improved written communications
- Enables closure of cases quicker, reducing average number of days open by 70%
- Significantly reducing resourcing cost per case by almost 50%

courtcorrect

Working with industry leading partners, we are trialling and deploying innovative AI and digital technologies, leveraging our unique data assets and existing platforms to improve member experience and accelerate growth

Closing remarks

- Delivered a strong set of results for H1 – on track to deliver a 14th consecutive year of EBITDA growth
- Membership exceeding 15 million, revenue up +8%, EBITDA up +12% and margin up +1.4ppts
- Remain highly cash generative, cash conversion 105% and leverage reduced to 4.6x
- Vision and strategy are unchanged. Further evidence of progress in the period
- Recurring membership model creates predictable results giving confidence for the remainder of 2025 and beyond

RAC: Complete Peace of Mind for motorists and becoming the UK's #1 for driving services

Q&A

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