



Eqstra Fleet Management and Logistics

EFML provides a full spectrum of **passenger** vehicle services including **leasing, fleet management, insurance, outsourcing solutions, maintenance, warranty management** and **vehicle tracking solutions**.

It also provides **fleet management** and **logistics solutions** for **commercial** vehicle fleet owners.



Fleet Management Solutions - passenger and light commercial vehicles



Vehicle **Tracking and GPS**



Fleet Management and Contract Hire Solutions - commercial vehicle fleet owners



Black owned Fleet Management company - focused on Government and PFMA fleet management outsource solutions

1984 – Hertz Leasing founded

1988 – **Acquisition by Imperial** and renamed Prime Car Leasing

1993 - 1996 – Introduction of **Managed Maintenance** and **Accident Management** products into SA Market

2004 – Acquisition of **Clover SA** Transport Business

2008 – Eqstra **unbundled** from Imperial Group and listed on **JSE** in General Industrials Sector

2012 – 2014

- **Clover** contract renewed for additional **10 years**
- **COJ** and **Transnet** tenders awarded
- Value added products **exceed 100 000 contracts**

2015 – **AX** Rollout starts to ROA countries

2016 - **AX** Rollout in SA

- Eqstra Holdings acquired by **enX Group**



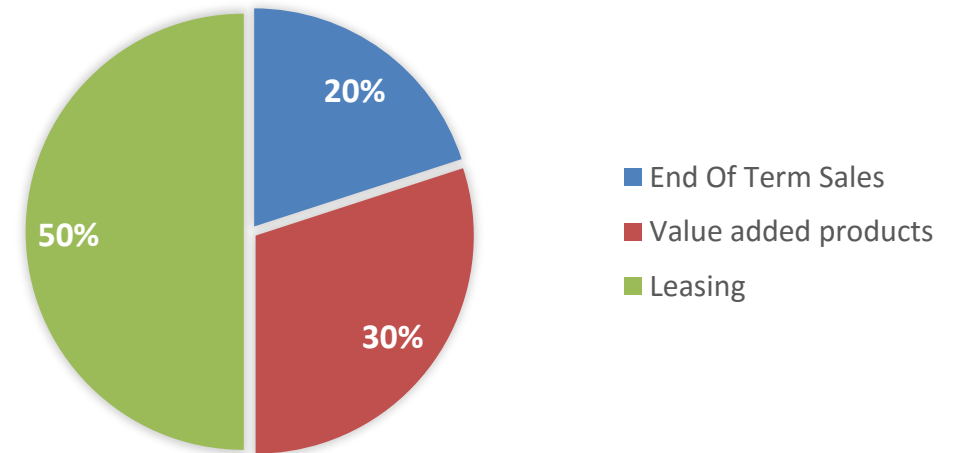
Key Differentiators

1. **Quest ERP** System
2. **Integrated** Value-added Services allows business to provide an **end to end solution**
3. **Independence** from banks allows for flexibility and additional source of credit for customers
4. Supported by a **nationwide network** of workshops and panel repair shops
5. **Scale** provides buying power

Market Size and Dynamics

- South Africa has a total vehicle population of approximately **10,5 million active vehicles**
- **85%** of all new vehicles in SA are purchased through company car fleets or car allowances
 - Corporate fleet 2,6 million vehicles
 - Car allowance 1,4 million vehicles
 - Company owned 1,2 million vehicles
 - Operating leases 100 000 vehicles
- Market for operating leases is **60% specialized fleet companies/40% banks**

Revenue Composition



Services

A **single point of access** to the full range of fleet solutions across all vehicle classes

Scope of services

EFM support **all vehicle classes** including specialised equipment and sub devices (cranes, tail lifts etc.)

Data in context

Having a single vehicle record in the Quest system allows for **data analysis** across all fleet elements and components providing new insights (**driver scorecards**)

The real cost driver

The EFM value proposition is based on the premise that the **real cost driver** is in fact the **vehicle driver** and as such requires careful management to reduce fleet costs over time

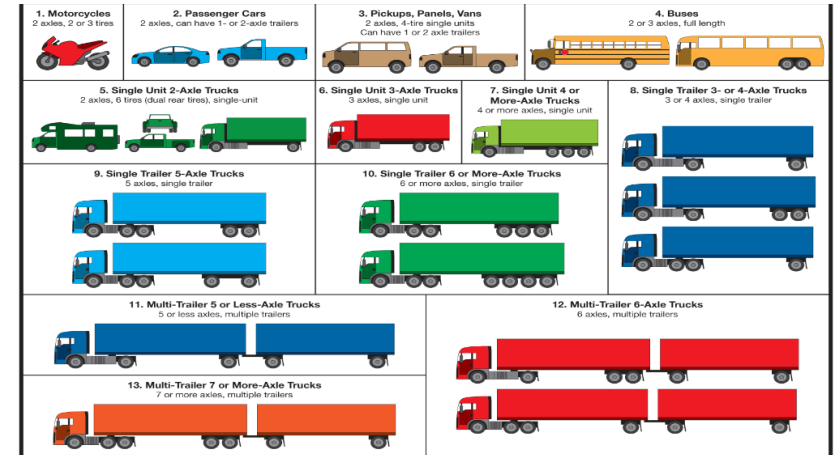
Services offered



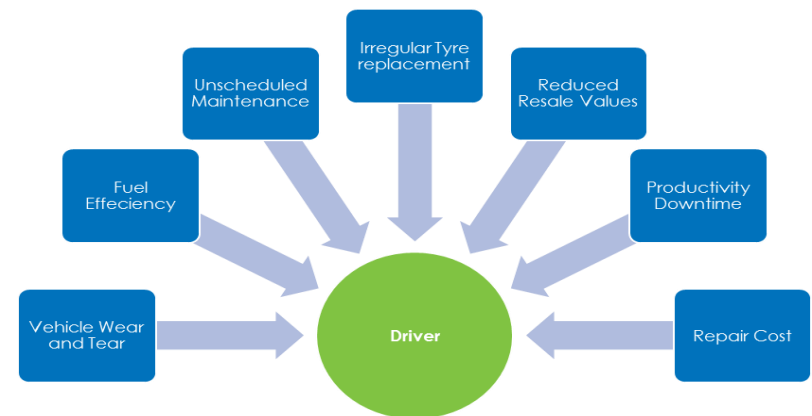
Data in context



Scope of management



Managing the real cost driver



Quest system elements

Quest developed in Microsoft AX 2012 using the full suite of MS products

Quest solutions

Quest provides management solutions for fleet, insurance, maintenance, tracking, fuel, roadside assistance and accident management

Quest objectives

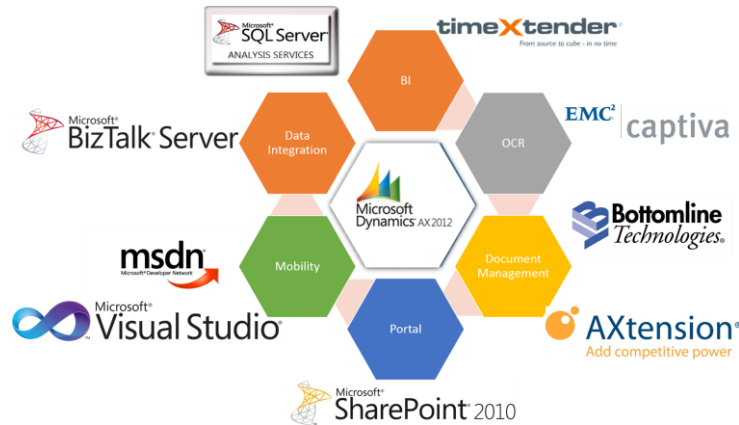
Quest designed to improve service quality and ensure additional value to customers

Quest differentiators

Quest system has been built with integration and process automation in mind

Supports EFM strategic objective of being lowest cost provider in all markets which we serve

Quest system elements



Quest objectives



Quest solutions



Quest differentiators

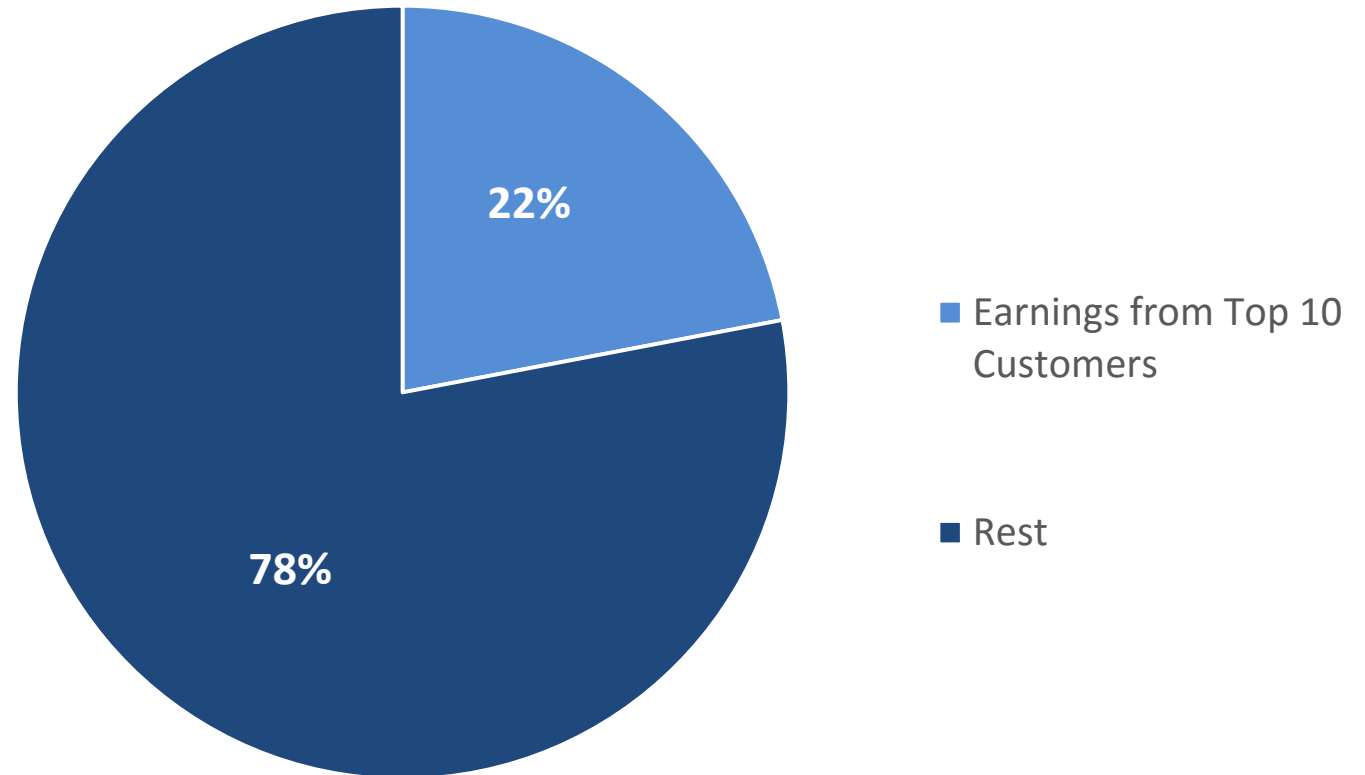
- **Product master agreements** (controls all contracted agreements with the customer)
- **Case management** (history with supporting notes)
- **Output documents** – over 350 delivered automatically
- OCR allowing for a **paperless fleet management** and incoming document management
- **Portals** for both suppliers and customers
- **Smartphone applications** for drivers covering; service scheduling, roadside assistance and accident reporting



Key Customers

CONSUMER GOODS	BASIC FOODS
EQUIPMENT OEMs	ICT
GENERAL	

Revenue from Top 10 Customers



1. Increased outsourcing awareness on the back of global trends

2. Integrated services and reporting on all cost drivers relating to fleet management

3. Change in IFRS

4. Capital constraints due to economic pressures leading to long vehicle lifecycles

5. Requirement for big data and analysis tools

6. Flexibility to drive down total cost of ownership (TCO)

1. Annuity revenues

2. Diversified customer base

3. Leading market position

4. Global leader in Leasing Information Technology

5. Full suite of leasing products

6. Scale gives purchasing power

7. Scaleable model

8. Long history of profitability

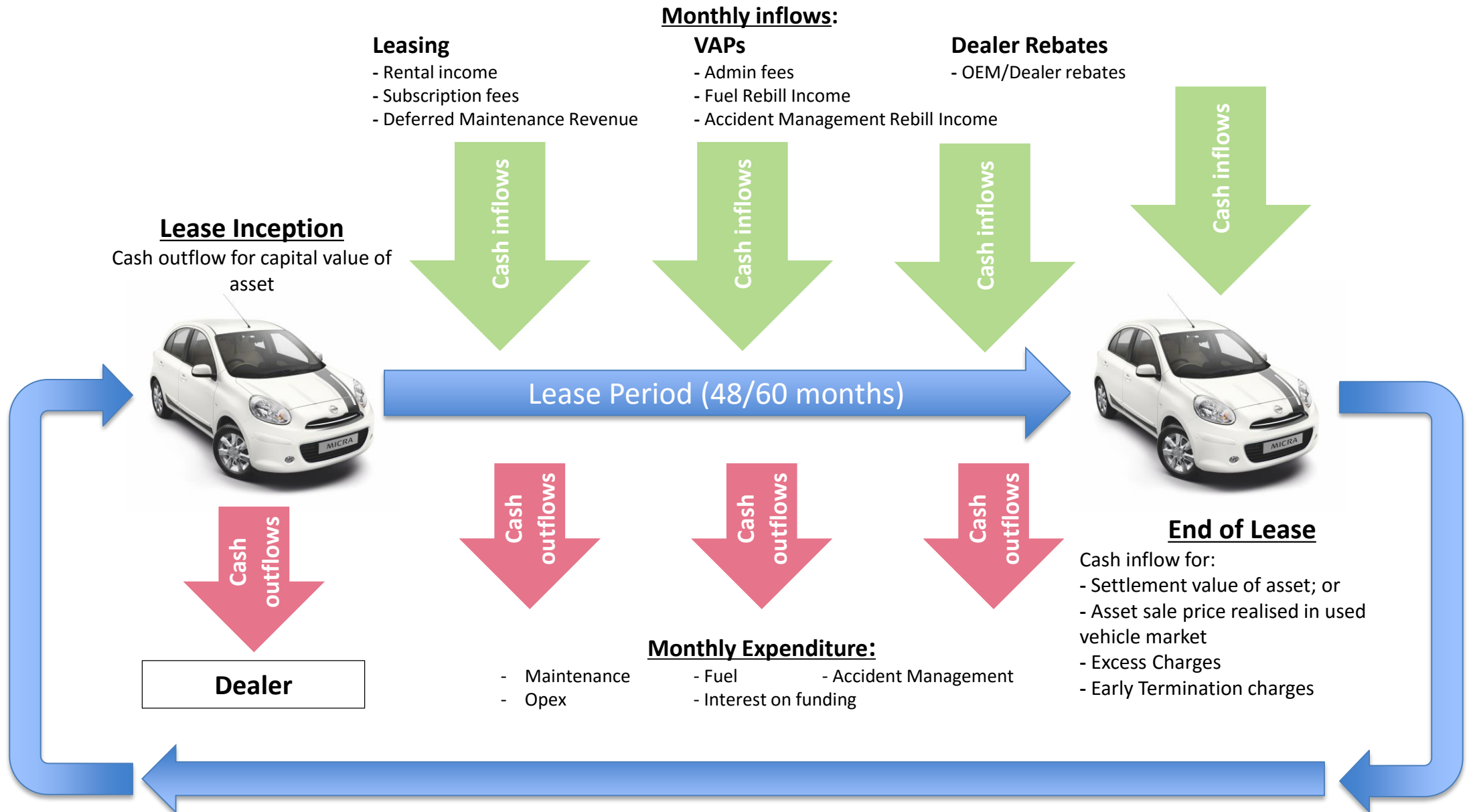
Product Offering	Key Competitors	
OPR / Fleet Services	Fleet Management Companies Emerging B-BBEE entities	Banks
Tracking	Tracking System Companies	Vehicle Recovery Specialists
Insurance & Accident Management	Roadside Assistance Providers	Insurance Companies
Value Added Products	Specialised Warranty Administrators	
Remarketing	Used Car Dealerships / Networks	Online Used Vehicle Resellers
Allowance Optimiser	Dealerships Banks	OEMs

Business Model

<p>Key Partners</p> <ul style="list-style-type: none"> • OEMs • Supply Chain • Financial Institutions • PWC / Microsoft 	<p>Key Activities</p> <ul style="list-style-type: none"> • FMR • Fleet Services • Vehicle Tracking • Insurance and VAPs • Vehicle Remarketing • Allowance Optimizer 	<p>Unique Value Proposition</p> <ul style="list-style-type: none"> • Single point of access to full range of fleet services • Effective Driver Management • Process automation & consistency • Full process visibility • Automated Document Management • Portals & Smartphone Applications • Consolidated Reporting 	<p>Customer Relationship</p> <ul style="list-style-type: none"> • Measurable SLA • Measurable ROI • Value Statements • Gain Share Agreements • Sector specific solutions • Penalty methodology 	<p>Customer Segments</p> <ul style="list-style-type: none"> • OEMs • Dealership Groups • Blue Chip Corporates • Multi-Nationals • Consumers • Car Allowance Drivers
<p>Key Resources</p> <ul style="list-style-type: none"> • Quest • Technology • Treasury Function • Fleet Experience • Supply Chain • Fleet Consulting 			<p>Channels</p> <ul style="list-style-type: none"> • Direct Sales • Consulting • Brokers • Dealerships • Payroll 	
<p>Cost Structure</p> <ul style="list-style-type: none"> • Quest Investment • Group & Shared Services Admin Fees • Employees and Vehicles • Customer Retention and acquisition • Cost per vehicle 			<p>Revenue Streams</p> <ul style="list-style-type: none"> • Administration Fees • Risk Margin on Funds • Vehicle Resale Margin • Interest Differential • Rebates and Settlement Discounts 	



Cash Flow Cycle – Leasing and VAPs



KEY INCOME STATEMENT LINE ITEMS	COMPOSITION	ACCOUNTING TREATMENT
Revenue	<ul style="list-style-type: none"> Lease payments (which effectively include funding costs and capital repayment) Disposal proceeds of used fleet Admin fees for value added services Supplier rebates through other income 	<ul style="list-style-type: none"> Lease payments are billed and received monthly in advance and recognized monthly over lease period VAPS admin fee recognised in revenue monthly, and product specific balance sheet recognition until termination of contract Disposals recognised when used vehicles are sold
Cost of sales	<ul style="list-style-type: none"> Depreciated cost of used vehicles coming off lease 	<ul style="list-style-type: none"> Recognised when used vehicles are sold
Maintenance related revenues and expenses	<ul style="list-style-type: none"> Maintenance revenues are recognised only as expenses are incurred Expenses recognised as incurred End of term maintenance profits/losses are released from the fund Net result is profit/loss on maintenance activities 	<ul style="list-style-type: none"> Monthly maintenance revenues are allocated to the on-balance sheet maintenance fund as deferred revenue Expenses are charged to the income statement as incurred Revenue is released from the Maintenance Fund to the Income Statement when the related expense is incurred + a profit margin End of term profits/losses are released from the maintenance fund when leases expires
Depreciation of fleet vehicles	<ul style="list-style-type: none"> Depreciation charge relating to leased vehicles 	<ul style="list-style-type: none"> Straight line basis to residual value over the lease term
Interest Charge	<ul style="list-style-type: none"> Interest accrued on interest bearing finance 	<ul style="list-style-type: none"> Accrual basis

KEY BALANCE SHEET LINE ITEM	ACCOUNTING TREATMENT
Fleet vehicles	Recognised at depreciated cost of leasing assets until disposed of
Deferred Revenue for Maintenance Reserve	<ul style="list-style-type: none"> • Net balance of maintenance revenues not yet recognised in the income statement to cover expenditure • Unrealised maintenance profits
Debtors	Billings that have come due
Inventories	Used vehicles coming off lease, available for sale
Debtors Provisioning Policy	90 + day overdue accounts provided for in full; legal debtors provided for at 100% of amount outstanding

CASH FLOW LINE ITEM	ACCOUNTING TREATMENT
Cash generated from operations (pre-working capital)	Customary cash flows at this level. Effectively excludes revenues from disposal of used vehicles, working capital movements and cash flows on new and replacement fleet vehicles
Movement in working capital	<ul style="list-style-type: none"> • Will always show cash inflows due to inflows from the disposal of used vehicles. The cash outflows for these vehicles were shown as capital outflows at initiation of the lease. • Includes movement in net maintenance fund
Capital expenditure	Cash outflows for vehicles purchased and added to leasing fleet. Could be replacement or new vehicles

1. Optimise Quest

- Build out on capabilities
- Develop “**white label**” solutions - car rental, fleet management, dealer management

2. Grow valued added product offerings

- Target brokers and insurance companies for **claims admin**
- Target high volume **roadside assistance** opportunities – employ industry sales expert
- Focus on growth of **vision manager** GPS product

3. Sale of Quest across Africa

- **Low monthly fee** per vehicle

4. Investigate strategic merger opportunities globally

- **Opportunities for acquisitions** in SA market and abroad

5. Develop a leading vehicle remarketing online portal

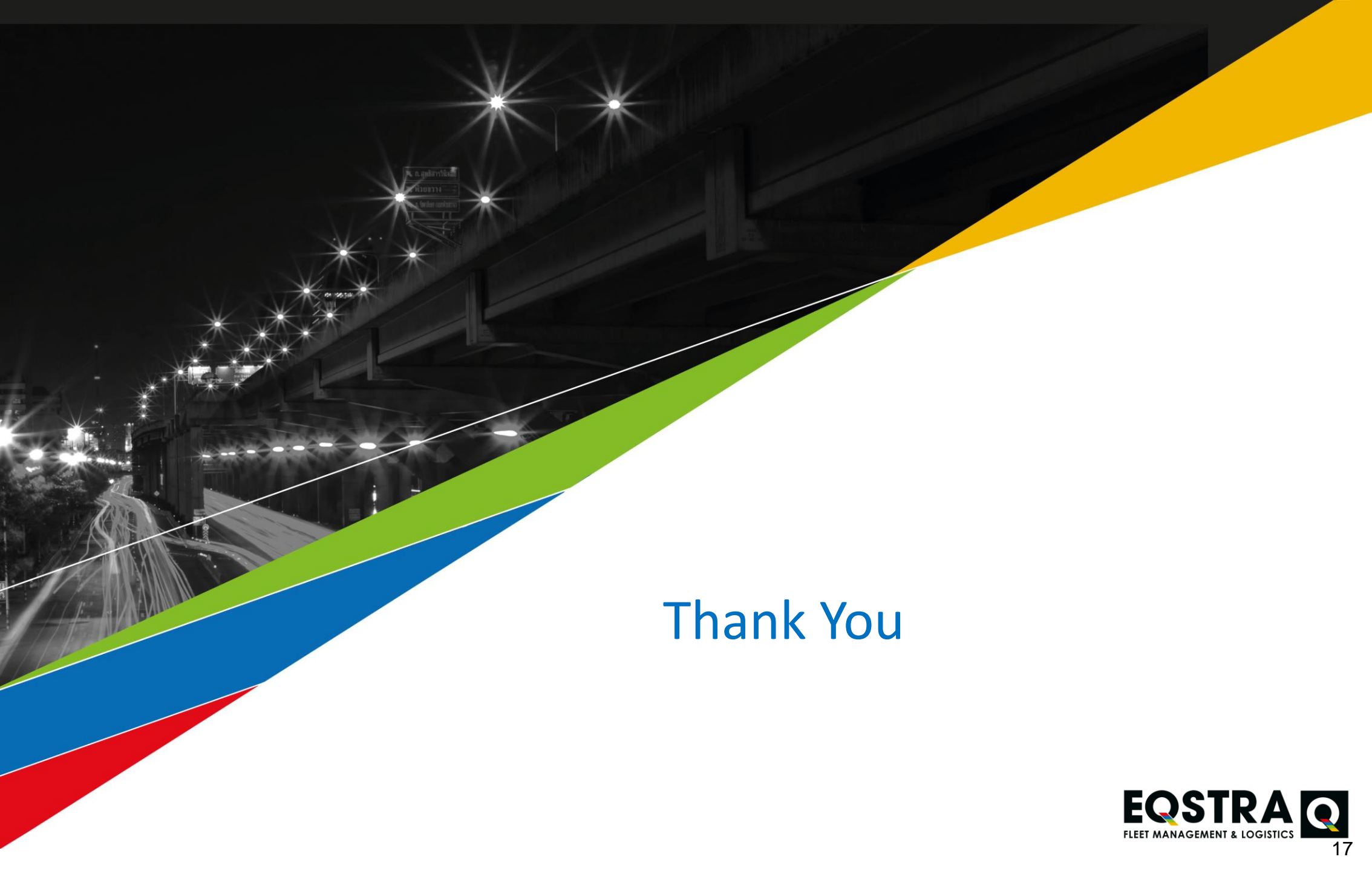
- Allow for total transaction **transparency**
- **Limited competition** apart from smaller private companies

6. Sale of document management as a service

- Investigate viability of selling **business process outsourcing** (BPO) using existing business infrastructure
- **Few competitors** and growing awareness of value

7. Equipment rental model investigation

- Potential introduction of **new rental products**



Thank You