



# **STP Acquisition Investor Presentation**

**March 15, 2016**



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## STP Transaction Overview

Price	<ul style="list-style-type: none"><li>FleetCor signed a definitive agreement to acquire STP for approximately R\$4.2 billion Real or \$1.05 billion USD<sup>1</sup></li></ul>
Valuation	<ul style="list-style-type: none"><li>~11.5x 2015 EBITDA, adjusted for one-time items</li><li>~9.0x 2015 EBITDA post tax-deductible goodwill &amp; intangibles</li><li>Both multiples prior to synergies</li></ul>
Timing	<ul style="list-style-type: none"><li>Expected close in third quarter of 2016, subject to regulatory approval</li></ul>
Accretion	<ul style="list-style-type: none"><li>2016 annualized accretion estimate of approximately \$0.30 cash EPS ... \$0.10 - \$0.13 for calendar 2016 depending on timing of close</li></ul>
Leverage	<ul style="list-style-type: none"><li>Proforma leverage at Q3-16 of 2.9x, post acquisition</li></ul>

<sup>1</sup> FX of 4.00:1.00 BRL:USD used throughout the presentation.



## STP is Brazil's leading electronic toll payment provider, with expansion into parking & fuel payments

### Overview

#### Automatic Toll



- Automatic vehicle ID & payment on toll roads
- Provides convenience & faster travel for users
- Improves vehicle flow & reduces traffic for merchants

#### Parking



- Ticketless payment in parking lots (malls, airports, etc.)
- Increases usage and retention of customers

#### Fuel



- Automatic payment at Shell sites
- Increases customer loyalty and station throughput
- Faster & easier than cash or card

### 2015 Highlights

- 4.5 million active vehicles
- > 800 million transactions annually
- Approximately R\$745 million Real, \$186 million USD revenue
- Brazil-wide 99% toll coverage
- Acceptance at 240 parking lots (e.g. malls, airports)
- Acceptance at 400 Shell fueling stations
- > 1,500 sales & service personnel



## Brazil Toll Payments Market

Existing Toll Roads	<ul style="list-style-type: none"><li>• 2<sup>nd</sup> largest toll network globally</li><li>• 1/2 size of EU, 2x size of US</li></ul>
Toll Road Growth	<ul style="list-style-type: none"><li>• Announced new concessions potentially doubling toll road network in medium term</li><li>• First major expansion since 2010</li></ul>
Vehicles	<ul style="list-style-type: none"><li>• 7% annual historic growth (2010 – 2014)</li></ul>
Penetration	<ul style="list-style-type: none"><li>• Currently &lt;10% of vehicles in Brazil</li><li>• Global major market benchmarks are &gt; 25%</li></ul>

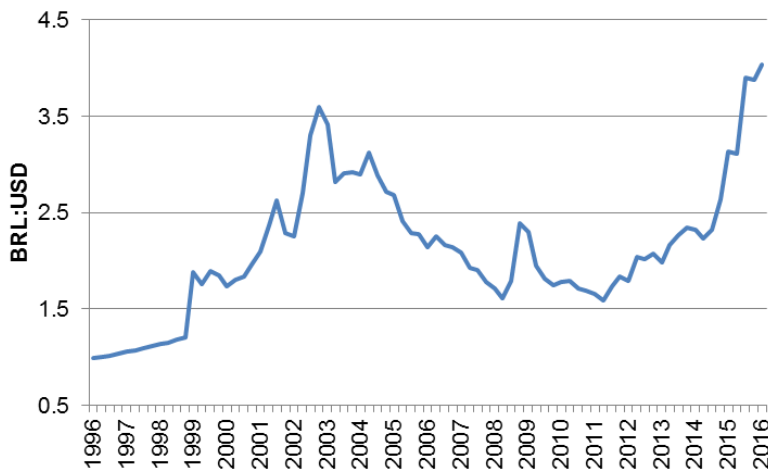
Source: Denetran, Associação Brasileira de Concessionárias de Rodovias.



Brazil is experiencing “difficult times” ... but STP has continued to power through the environmental headwinds

Brazil Environment

- FX<sup>1</sup> ... at 20 year low



- GDP<sup>2</sup> growth ... currently negative:
  - 2014A = -1.9%
  - 2015A = -3.8%
  - 2016F = -3.0%

STP Performance

- 2<sup>nd</sup> half 2015:
  - Tag volume growth 9%
  - Revenue growth 13%
- January 2016
  - Revenue growth 13%

<sup>1</sup> Source: Oanda.com, quarterly from March 1996 - 2016

<sup>2</sup> Source: World Bank, Bloomberg consensus forecast.



Brazil is a large economy, with “superior” historical growth, improving mid-term prospects and a “very attractive” workforce payments market

Brazil Economy – Large & “Improving”

- Comparative GDP (2014):
  - Brazil – \$2.35 trillion
  - UK – \$2.99 trillion
  - Mexico – \$1.29 trillion

- Historical GDP growth<sup>1</sup>:

	<u>20yr CAGR</u>	<u>10yr CAGR</u>
World ex-China & US	2.5%	2.3%
Brazil	3.0%	3.4%

- GDP<sup>2</sup> growth forecast:

- 2016 = -3.0%
- 2017 = 1.0%

Attractive Workforce Payments Market

- ✓ Many tax-advantaged workforce payment opportunities
  - Fuel cards
  - Tolls
  - Payroll cards
  - Food cards
  - Transport cards
- ✓ Low penetration ... “early days”
- ✓ No major oil company commercial fuel cards
- ✓ Favorable economics ... merchant discount, working capital neutral

<sup>1</sup> Source: US economic Resource Service, [www.ers.usda.gov](http://www.ers.usda.gov), 20yr '94-'14, 10yr, '04-'14.

<sup>2</sup> Source: Bloomberg consensus forecast.





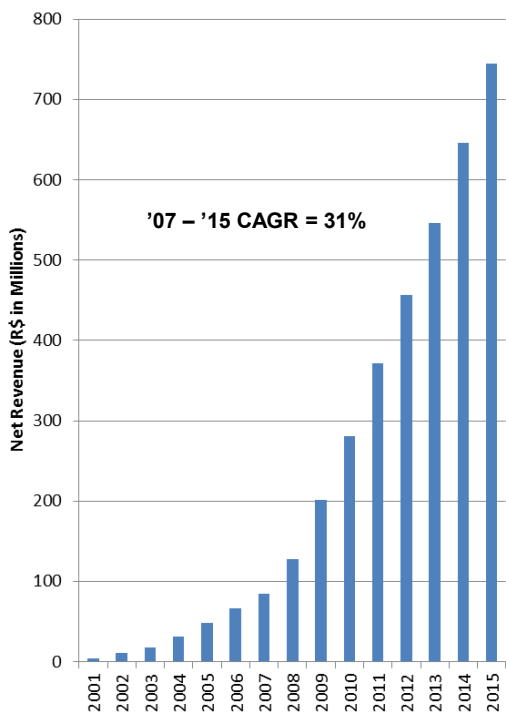
### FleetCor Strategic Rationale

- |                                    |  |
|------------------------------------|--|
| 1. EPS accretion                   | <ul style="list-style-type: none"><li>• Immediate cash EPS accretion, with long term EPS growth potential</li></ul>  |
| 2. Brazil scale                    | <ul style="list-style-type: none"><li>• Enhanced scale in Brazil to support our broader ambitions in workforce payments</li><li>• STP has &gt;1 million commercial vehicles to cross-sell fuel cards, food cards, etc.</li></ul> |
| 3. Innovative fuel payments scheme | <ul style="list-style-type: none"><li>• An innovative, card-less fuel payments solution with FleetCor's global partner, Shell</li></ul>  |



STP's prospects for continued revenue & earnings growth are promising

Historic Net Revenue



2015 STP Financials

- Revenue \$186 million USD
- EBITDA \$93 million USD

Drivers 2017 & Beyond

- New toll roads
- Sticker distribution opportunity
- Fuel project w/ Shell
- Synergies



## PF Debt and Leverage at Q3-16<sup>1</sup> (\$B)

	FLT	PF FLT + STP
<b>Debt</b>	<b>\$2.1B</b>	<b>\$3.1B</b>
<b>Leverage</b>	<b>2.1x</b>	<b>2.9x</b>

## Liquidity

Sources		Uses	
• Availability on existing facilities	\$850m	• STP	\$1,050m
• Accordion	\$500m	• Other	\$750m
		- Stock buy-backs	
		- Other acquisitions	
• Debt available	\$1,350m	• Total	\$1,800m
• 3 quarters of free cash flow <sup>2</sup>	\$450m		
• Availability at Q3-16	\$1,800m		

<sup>1</sup> Assumes no stock buy-backs or additional acquisitions.

<sup>2</sup> Cash net income used as a proxy for free cash flow