



Corpay's Second Quarter 2025 Earnings Conference Call - Prepared Remarks

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Ron Clarke

Chief Executive Officer

Peter Walker

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SVP, Global Investor Relations



Jim Eglseder, SVP, Global Investor Relations

Today's documents including our earnings release and supplement, can be found under the Investor Relations section on our website at [Corpay.com](https://www.corpay.com). Throughout this call, we will be covering several non-GAAP financial metrics including revenues, net income, and net income per diluted share, all on an adjusted basis. We will also discuss organic revenue growth. This metric neutralizes the impact of year-over-year changes in FX rates, fuel prices and fuel spreads. It also includes pro forma results for acquisitions and divestitures, or scope changes, closed during the two years being compared. None of these measures are calculated in accordance with GAAP, so may be different than at other companies. Reconciliations of the non-GAAP to GAAP information can be found in today's press release, and on our website. It's important to understand that our comments may include forward-looking statements, which reflect the information we have currently. All statements about our outlook, expected macro environment, new products, business development expectations, future acquisitions or synergies are based on that information. They are not guarantees of future performance and you should not put undue reliance upon them. We undertake no obligation to update any of these statements. These expected results are also subject to numerous uncertainties and risks, which could cause actual results to differ materially from what we expect. Some of those risks are mentioned in today's press release on Form 8-K, and in our annual report on Form 10-k. These documents are available on our website, and at [SEC.gov](https://www.sec.gov).

Ron Clarke, Chief Executive Officer

At the top, I'll plan to cover 3 subjects:

- First, I'll provide my take on Q2 results, and rest-of-year forecast
- Second, I'll provide a brief update on our 2025 top priorities and progress
- And lastly, I'll provide an update on our M&A developments



Q2 Results

Let me begin with our Q2 results...We reported Q2 print revenue of \$1,102, up 13%, and Cash EPS of \$5.13, also up 13%...although up 17% on a constant macro basis.

Our Q2 results were right in line with our expectations in both revenue and profits.

The Q2 macro environment came in more favorable than expected, but was mostly offset by weaker lodging revenue, and weaker gift card shipments than planned...landing us right back at our Q2 revenue target of \$1.1B.

Q2 overall organic revenue growth was 11%.

- Up 2% sequentially from Q1
- Our vehicle payments segment grew 9% in the quarter
- Our Corporate Payments segment grew 18% in the quarter
- And our lodging segment declined 2% y/y

Q2 trends were very good:

- Q2 sales finished up 31%, and that's on the back of 36% in Q4, and 35% growth in Q1. So, 3 consecutive quarters of 30% plus new sales/bookings growth. Again, we think this is the single best indicator of demand for our solutions.
- Overall retention in Q2 ticked up to 92.3%, the highest level in quite some time. Retention was helped by improved US vehicle payments retention, as the pivot to larger clients takes hold.
- Same store sales were essentially flat for the quarter.



So look, in summary, Q2 finished right on expectations, with:

- Accelerating vehicle payments revenue growth
- Continued high-teens Corporate Payments revenue growth
- Along with continued solid fundamental trends

Rest-Of-Year Guidance

Let me make the turn to our ROY guidance...Our updated full year 2025 guidance today is mostly unchanged. After Q1, we provided \$4,420 in revenue and \$21.00 of cash eps at the midpoint.

Today, we're inching up full year revenue by \$25M, to \$4,445 and full year 2025 cash eps to \$21 and change. Our 2nd half outlook reflects a more positive macro environment, particularly more favorable fx...offset by continued lodging revenue softness, resulting in \$25M of incremental print revenue.

Most everything else in our 2H outlook is tracking to plan...

- We expect 2nd half vehicle segment revenue to reach 10% organic growth...hallelujah...with US vehicle growth accelerating to the mid-single digits
- We're expecting Corporate Payments to report high-teens revenue growth for the full year

This updated guidance implies full year print revenue growth of 12%, and full year organic revenue growth of 10%.



Top Priorities

I'll transition now to our 2025 top priorities...all intended to simplify the company, so it's easier to manage and understand, and better position the company for the long term.

1. Portfolio: We're working hard to have fewer, bigger businesses. We're rotating the portfolio to more Corporate Payments with the recent Avid and Alpha announcements. We expect the Corporate Payments segment will reach \$2B in revenue and represent over 40% of the company in 2026
2. USA Sales: We're now live in market with our new Corpay brand advertising, targeting CFO's with our entire solution set. We've got impressive sales momentum, with 3 straight quarters of 30% plus sales /bookings growth
3. Payables: We've successfully implemented our new, enterprise client which reached \$1B of spend in July. We're now in search of our next enterprise client. And we've just launched our Corpay Complete tech platform in the UK, bringing Corporate Payments capabilities into the international arena.
4. Cross Border: we've successfully extended our Cross Border business to now serving 4 different market segments. See page 15 in our supplement.

[In cross border} We've moved beyond just our core middle market Corporate businesses to now also...

- Serve FI's (financial institutions) more aggressively via the Mastercard partnership
- Serve Institutional asset managers via the Alpha acquisition
- And serve digital asset and stablecoin providers, like Circle and Ripple, with our on/off ramp services. We are super excited about the Circle partnership announced earlier...it will provide a fast start in the space.



We've now reached 10,000 MCA bank accounts in one year from zero, and reached \$1B in deposits in July. One of our best new product launches.

We're making "terrific progress" transforming the company into new faster growth categories across more geographies. This will extend the company's runway for years.

M&A Update

Last up, let me cover our progress on the M&A front...starting with our 2024 acquisitions:

- Paymerang, an AP automation and payment company, acquired last July, is on track to double EBITDA this year...it extends the verticals that our core payables business can serve.
- GPS, a cross border company acquired in December is performing well. We've shuttered the GPS IT, and are seeing new sales/bookings double with the same GPS sales group, as a result of being in our system
- And Zapay/Gringo, our new Brazil car debts companies, are growing like crazy. Combined revenue in the 1st half is up more than 50%, and we've cross-sold \$4M of car debt's alerts to our existing STP client base. So an new exciting vehicle payments category to ride.

We're also continuing to advance our 2 newest partnerships, with Mastercard and Avid, as both of those investments track towards closing by Q4.

- Mastercard – The Mastercard FI partnership is out of the blocks, with both companies taking the opportunity seriously. We've held a number of planning sessions, and are now in market with our initial set of prospect sales calls.

- Avid – Our Avid take private investment with TPG is tracking to close in Q4, as we've cleared HSR. We're still expecting the Avid deal to be accretive to earnings in 2026.
- Alpha – We just recently announced our agreement to acquire Alpha, a European cross border company, for \$2.2B enterprise value.

We're super excited about the addition of Alpha's global alternative bank account solution that targets not only institutional asset managers, but that could also be quite interesting to Tier 2 FI partners via the Mastercard partnership.

We're reaffirming that Alpha will be at least 50¢ accretive in 2026.

- Non-Core divestitures – We've tee'd up 2 non -core vehicle divestiture candidates. We've hired investment bankers, and expect to launch post Labor Day. Both are very good businesses, and are divestiture candidates because of their relatedness, not performance. We're hopeful that our net proceeds will exceed \$1.5B if we can successfully transact.

All of our recent M&A activity is intended to go deeper, not wider, and result in fewer, bigger businesses.

Conclusion

Finally in conclusion...The story of 2025 is that we expect to finish basically where we started out the year...at \$4.4B in revenue, and \$21 of cash eps.

- We expect a more favorable macro environment, but offset by a weaker lodging business
- Our vehicle segment is tracking to plan, and expected to accelerate to 10% in the 2nd half
- Our Corporate Payments business continues on track, to hi-teens growth for the year



We've made lots of progress "re-positioning the company", towards Corporate Payments

- In Payables, we're adding the up-market Enterprise opportunity, and going International with our platform launch this summer in the UK
- In Cross Border, our MCA product looks like a hit, and we've added 3 new customer segments
 - FI's, via Mastercard
 - Institutional Asset Managers via Alpha
 - And Digital Asset providers via new partnerships

These moves go a long way to extend the runway and potential of the company.

Peter Walker, Chief Financial Officer

I'm thrilled to join Corpay during such an exciting time. The last several weeks have been super busy, and a great opportunity to learn the business and meet the team. I look forward to meeting more of our investors and analysts soon. I'm impressed by the exceptional talent and high-caliber capabilities that support the organization. Corpay has a proven track record of generating strong top and bottom-line growth, and I'm excited to dig in and drive the company forward to achieve our objectives.

Now, onto some additional details about the quarter...As Ron mentioned, Q2 print revenue of \$1.102 billion was just above the mid-point of our guide. In the quarter, our print revenue benefited from a favorable FX environment partially offset by weakness in our lodging business. Print revenue increased 13% year over year driven by organic revenue growth of 11%, a 500 basis point improvement over the prior year. Q2 Adjusted EPS of \$5.13 per share increased 13% over the prior year due to strong top line performance, paired with solid expense management. Adjusted EPS grew 17% over the prior year on a constant macro basis.



The headline for the quarter is double digit top and bottom-line growth, excellent organic growth, all while maintaining strong margins. We've also produced significant sales growth this year that will fuel our business over the balance of the year and into next year. All of this puts us half-way down the path to delivering both the revenue and profit targets laid out back in February.

Corporate Payments

Corporate payments delivered 18% organic revenue growth for the quarter, with similar results in the payables and cross-border businesses. Overall, the performance was driven by growth in spend volumes which increased 36% on a reported basis and was up 19% organically. Spend volume was just over \$58 billion in the Q2, which puts us on a pace to be well north of \$200 billion annually.

The payables business continues to perform, driven by strong execution on Paymerang synergies and solid progress implementing and ramping enterprise customers. We remain confident and excited about the future of the business, and are laser focused on customer acquisition.

Cross-Border sales were excellent in the quarter, setting a new record high. While there is little incremental clarity on US trade policy and tariffs, the global coverage and nature of our business is such that markets outside of North America are doing quite well and made up for some softness in North America. There is no shortage of opportunity in cross-border regardless of the macro backdrop.



Vehicle Payments

Vehicle Payments delivered 9% organic revenue growth for the quarter, our third quarter in a row delivering high single digit organic growth and a 400 basis point increase over the prior year.

U.S. vehicle payments organic revenue growth turned positive in the quarter, a significant improvement over prior year. This was driven by improved sales production, applications and approvals, onboarding new customers and stronger retention.

Brazil and international vehicle payments continued to perform well. In Brazil, the combination of 7% tag growth, growth in our extended network, including the car debt offering, is driving the strong results. International Vehicle Payments continues to deliver consistent results, driven by strong sales and performance across the UK, Europe and ANZ. The vehicle payments segment is tracking to 10% organic growth in the second half of this year.

Lodging Payments

Lodging organic revenue was down 2% for the quarter. Room nights decreased 1% as lower emergency services and distressed airline rooms offset some improvement in workforce. We feel good about the progress we've made here to position the business for the future, but the recovery has yet to show through in a meaningful way. We don't expect organic revenue to improve in the second half.



Other

The Other segment was up 18%, as the gift business generated significant year over year growth from new gift card orders delivered in the quarter. Given the pent up demand due to new regulations to upgrade gift card packaging to reduce fraud, we expect continued strong gift card performance in Q3.

In summary, we delivered 11% organic growth in Q2 and are pleased with the continued strong high teens corporates payments organic growth and all other segments delivering significant year-over-year organic revenue growth improvement.

Income Statement

Second quarter operating expenses of \$623M increased 15% compared to Q2 of last year. \$32 million of the increase was due to the net impact of acquisitions and divestitures compared with Q2 of last year. Excluding the M&A activity, and normalizing for lower FX rates, operating expenses increased approximately 9% versus Q2 of last year. The increase in operating expense was driven by higher transaction volumes, sales activities to drive growth, and one-time M&A deal fees and integration-related expenses. The increase would be 7% if we exclude addbacks. Our Adjusted EBITDA margin was 56.3%, relatively consistent with the prior year. Our adjusted effective tax rate for the quarter was 27.7%, the increase in the rate was driven by a discrete tax item, Pillar 2 and a change in the mix of earnings. Pillar 2 is effective in 2025 and resulted in multiple jurisdictions implementing a minimum tax rate of 15%.



Balance Sheet

We ended the quarter in excellent shape, continuing to de-lever and resulting in a leverage ratio of 2.53 times. We have over \$3.5 billion of cash and revolver availability, which gives us ample flexibility in how we fund our growth, including our recently announced Alpha acquisition.

Capital deployment in the quarter was again limited, as we prepared our “checkbook” for transactions. We did spend \$32 million on share buybacks associated with employee option exercises. We continue to work on non-core divestitures, including the recent announcement that we are divesting one of our legacy private label fuel card portfolios that will free up \$100 million of capital. Executing on non-core divestitures will bring focus to our portfolio of businesses and provide additional capacity in preparation for closing the Alpha transaction in Q4.

Guidance and Outlook

We’re increasing our full year 2025 revenue guidance to \$4.445 billion at the midpoint representing print growth of 12% primarily driven by the continued benefit of improved foreign exchange in the back half of the year. We are also increasing our Adjusted EPS guidance to \$21.06 per share at the mid-point representing growth of 11% as a result of our slight Q2 beat and continued expense discipline in the second half of the year. Our organic revenue growth range is updated to 9% - 11% due to the expected weaker performance in our Lodging segment that I mentioned earlier.

For the 3rd quarter, we expect print revenue growth of \$1.165 billion at the midpoint representing growth of 13% and Adjusted EPS of \$5.60 per share at the midpoint representing growth of 12%.



We've provided additional details regarding our rest of year and 3rd quarter outlook in our press release and earnings supplement

About Corpay

Corpay (NYSE: CPAY) is a global S&P 500 corporate payments company that helps businesses and consumers manage and pay expenses in a simple, controlled manner. Corpay's suite of modern payment solutions help its customers better manage vehicle-related expenses (e.g. fueling and parking), travel expenses (e.g. hotel bookings) and accounts payable (e.g. paying vendors). This results in our customers saving time and ultimately spending less. Corpay – Payments made easy. For more information, please visit www.corpay.com.