



CLASS A12 NOTES INVESTOR PRESENTATION

May 2024



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TODAY'S PRESENTERS



Tom Mackay
Group CFO

- Joined the AA as CFO in November 2021
- Tom qualified as Chartered Accountant with Ernst and Young and prior to joining the AA, was CFO at Pret a Manger. Prior to this he was CFO at Virgin Atlantic and held senior Finance roles at Marks and Spencer and CGI



Tim Allen
Group Treasurer

- Joined the AA as Group Treasurer in April 2024
- Prior to joining the AA, Tim held various Treasury roles at Heathrow and Barclays covering funding, corporate finance and investor relations

AGENDA

- **Company Overview**
- **Business Review**
- **Financial Review**
- **Transaction Overview**
- **Appendices**

Company Overview



GROUP AT A GLANCE



Roadside Assistance

- UK's largest provider of B2C and B2B roadside assistance
- Largest UK fleet of c.2,800 highly trained patrols
- In-house recovery fleet of >400 patrols



Driving Services

- Market-leading driving schools, AA Driving School and BSM
- Drivetech driver education business
- Prestige, our in-house service, maintenance and repair (SMR) platform with AA Autocentre and 660+ network garages



Insurance Broker & Underwriter

- Insurance broker business operating a panel of motor and home policy distribution
- In-house underwriter (outside Intermediate Co Group) leveraging AA proprietary data, supporting broker
- Multi-brand offer under AA and BEAM brand



Financial and Insurance Services

- AA Cars platform enabling customers to buy used cars and vans
- Market-leading in-house claims management proposition, Accident Assist
- Other financial services products such as personal loans, car financing and savings accounts offered with support from our partners

3.3m
Personal members

11.0m
Business holdings

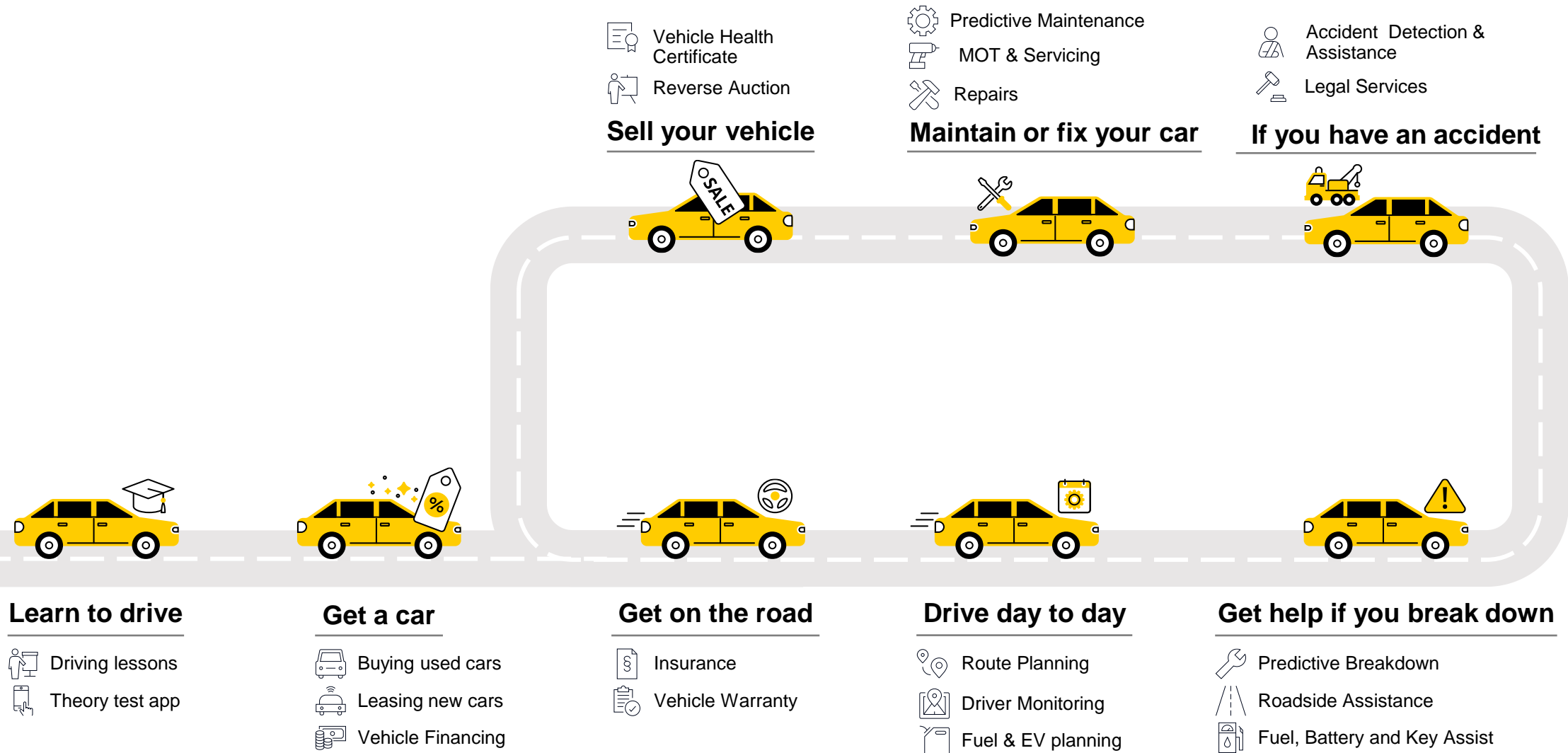
>40%
Share of Consumer Market

1.7m
Insurance Policies

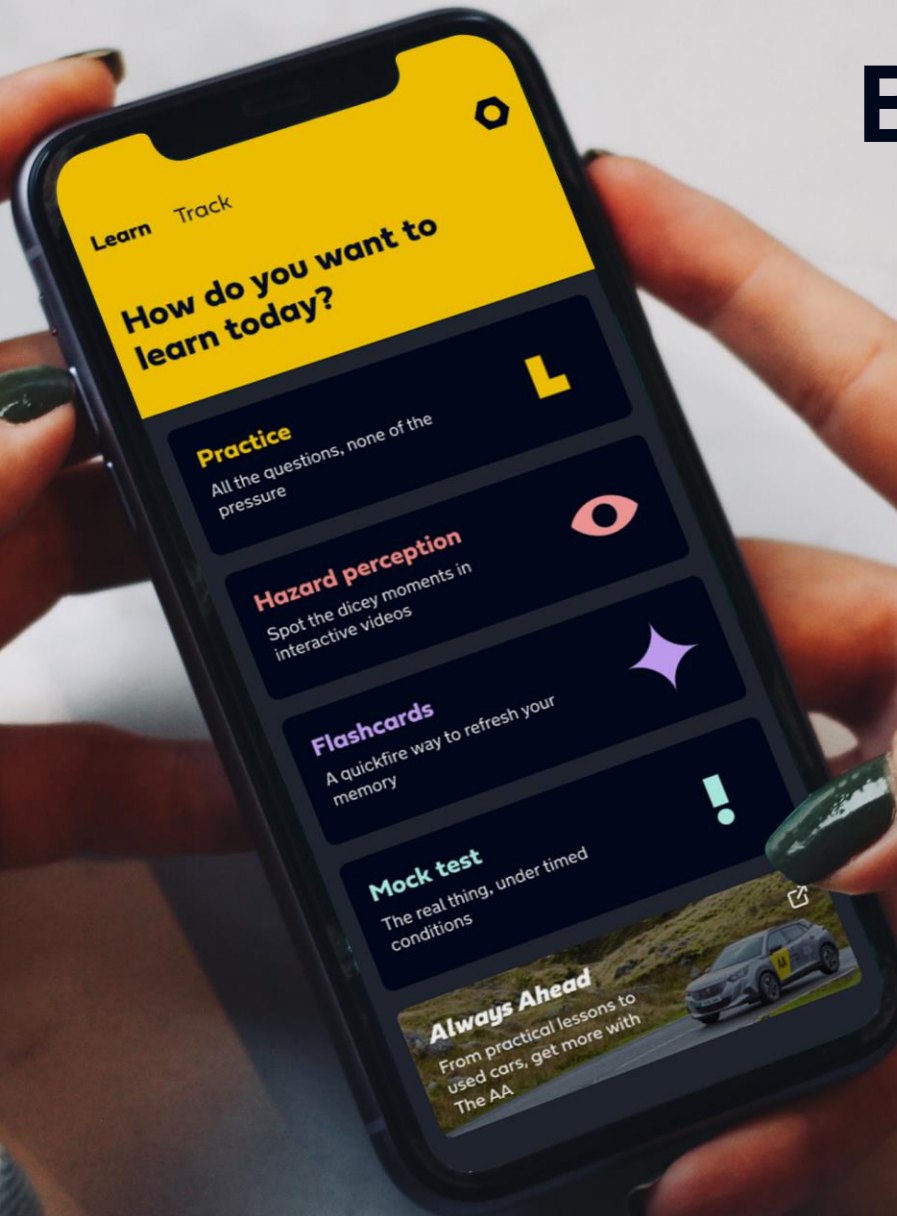
19.3m
AA Cars website visitors

>74k
Accident Assist
Member Claims

UNIQUELY POSITIONED IN WIDER DRIVING ECOSYSTEM



Business review



KEY MESSAGES



Delivered third consecutive year of growth at AA Limited with Group revenue up 11% and adjusted EBITDA up 4%



Continued growth in customers: Roadside customers increased to 14.3m members, Insurance motor book stabilised, Insurance underwriter up 15%



Improved financial health: Group leverage reduced to 5.1x from 5.7x (FY22), £550m AA Bonds successfully refinanced, £61m debt repaid



Continued excellent customer service: 'Which? Recommended Provider' for 6th year running



Completed Horizon 1 of strategy, with progress validated through investment from new shareholder Stonepeak



Moved into next phase of our growth strategy with accelerating momentum becoming evident

STRONG PERFORMANCE IN FY24

Key financial metrics

Group Revenue¹

£1,298m

+11%

Adjusted EBITDA¹

£424m

+4%

Adjusted EBITDA¹ %

32.7%

-2ppts

Group leverage¹

5.1x

vs. 5.4x

Key customer metrics

B2C customers

3.3m

+<1%

B2B holdings

11.0m

+4%

Motor policies²

1.0m

-<1%

Underwriter policies^{2,3}

1.1m

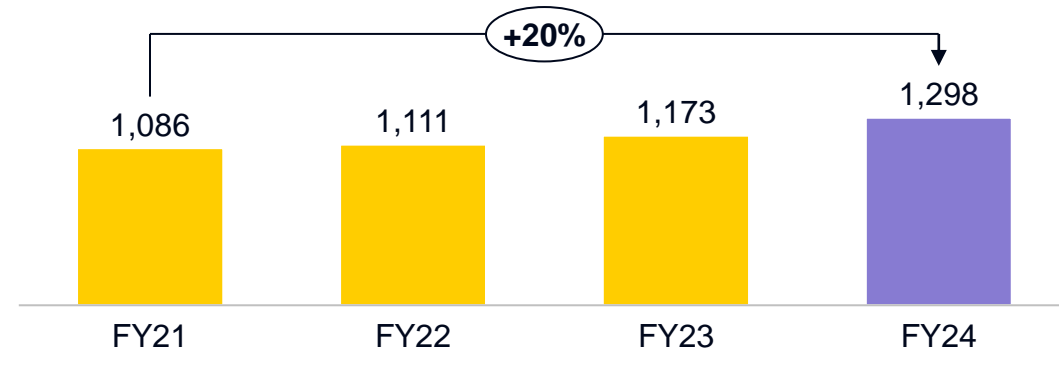
+15%

Notes

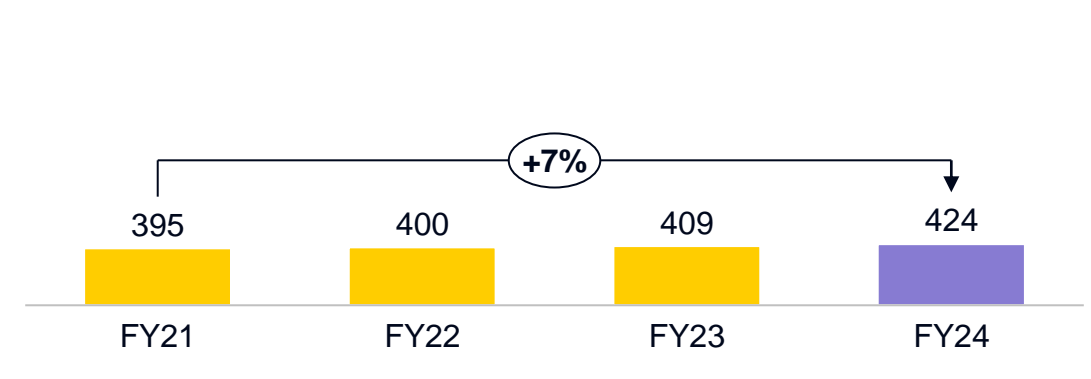
1. Prior year comparatives have been restated on the adoption of IFRS 17.
2. Represents policies in force. FY23 restated. Underwriter includes motor and home policies.
3. AA Limited's Insurance Underwriting activities sit outside the WBS Group.

THIRD CONSECUTIVE YEAR OF REVENUE AND EBITDA GROWTH

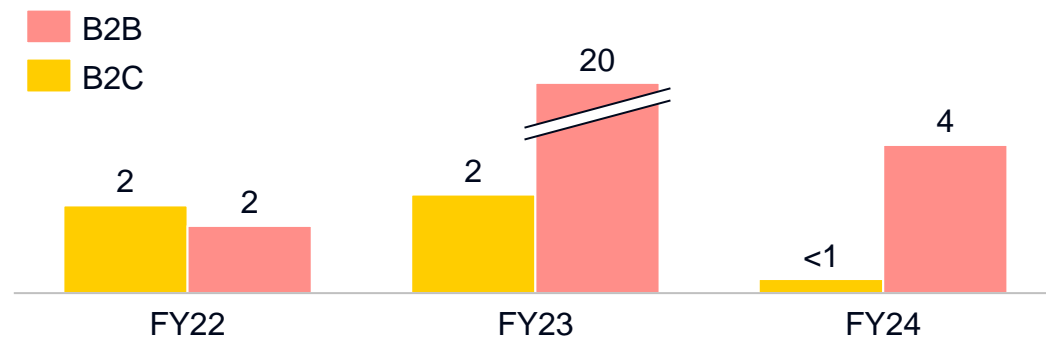
AA Limited Group Revenue¹ (£m)



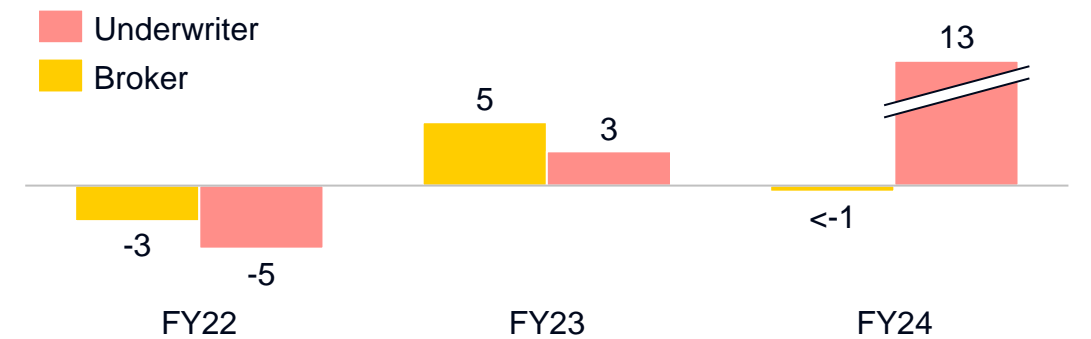
AA Limited Group Adjusted EBITDA¹ (£m)



Roadside Membership Growth (%)



Insurance Motor Policy Growth (%)



Notes

1. FY23 comparative has been restated on the adoption of IFRS 17. FY21 and FY22 figures are proforma, based on growth in Reported EBITDA/revenue under IFRS 4 between FY21, FY22 and FY23.

BROAD BASED BUSINESS TRANSFORMATION

Delighted customers

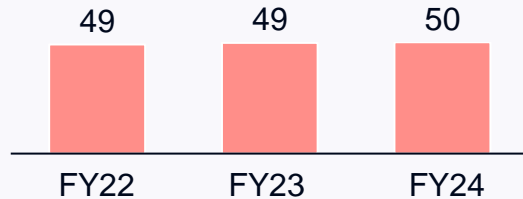
Increasing Trustpilot score



Six time "Which Recommended Provider"



Further improvement in NPS



New Brand and ESG approach

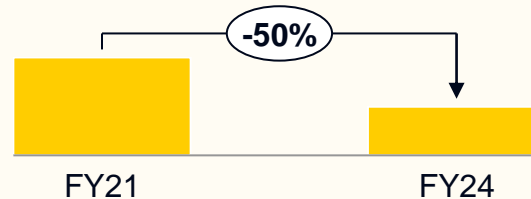
New Brand launch



'Climate Disclosure Project' Rating



Reduced carbon emissions from property
Market based, Tonnes CO2e

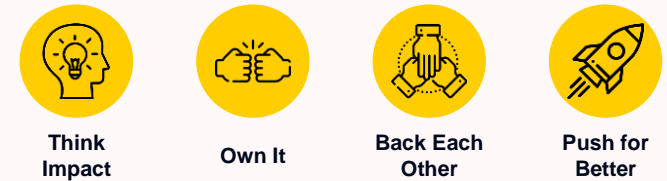


Engaged colleagues

Best in class company engagement

+9ppts to 70%
vs. Nov '21

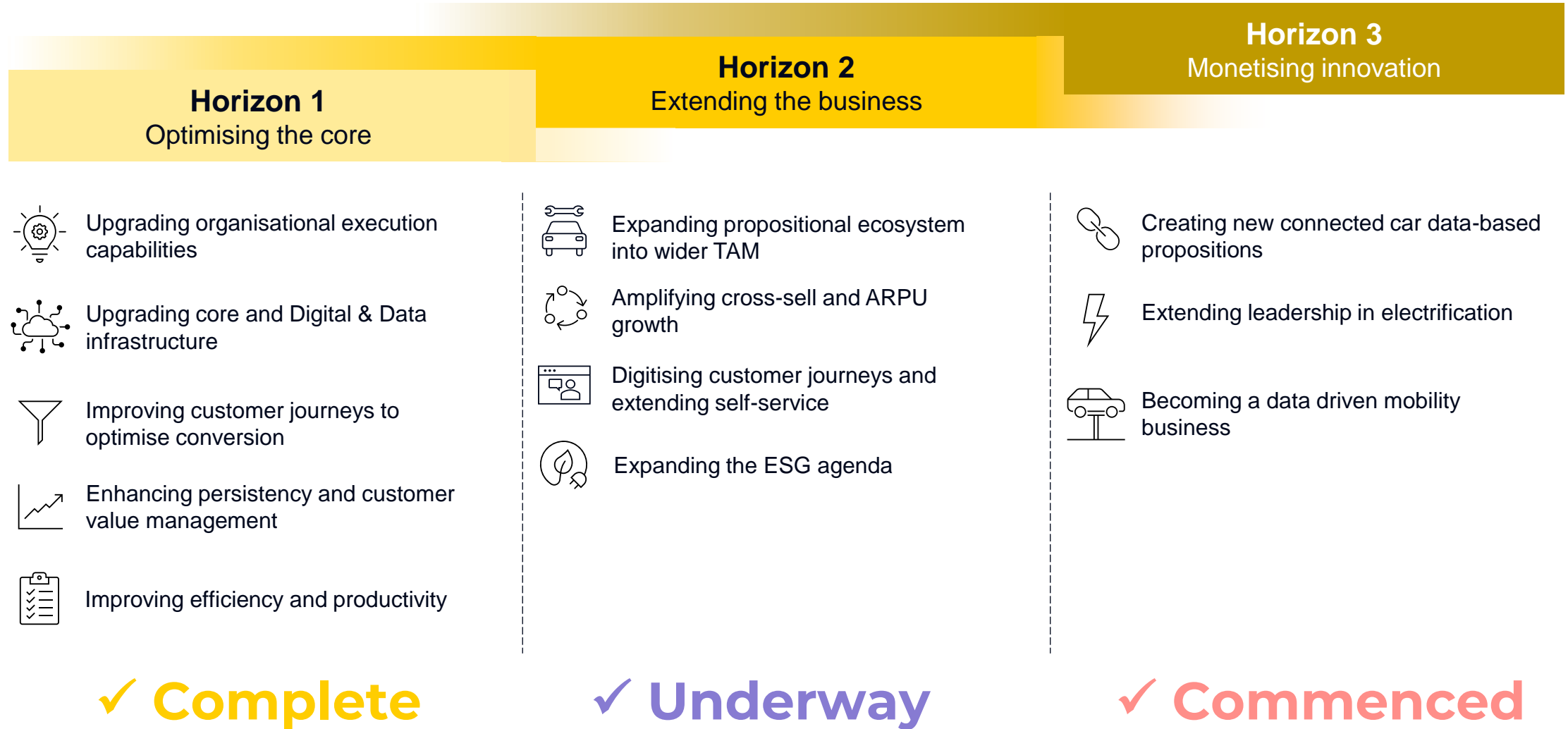
Company blueprint launch



Improved external reviews

'GLASSDOOR'
2.9 to 4.0
vs. Jan '21

HORIZON 1 OF AA TRANSFORMATION COMPLETE



Financial review

A.com



STRONG FINANCIAL PERFORMANCE IN FY24

- › **Revenue and adjusted EBITDA growth** at the AA Limited Group despite ongoing macro-economic challenges
- › Operating profit reduction due to one off adjusting items including costs of Stonepeak investment
- › Operating profit before adjusting items **up 5% to £240m**
- › Positive **cash flow generation** and continued **improvement of the Group's capital structure**

Group Revenue¹	Adjusted EBITDA¹	Adjusted EBITDA¹ %	Operating profit¹
£1,298m	£424m	32.7%	£192m
+11%	+4%	-2ppts	-3%
NCF from operating activities	Net debt	Group leverage¹	Available liquidity²
£325m	£2,174m	5.1x	£143m
+24%	vs. £2,222m	vs. 5.4x	vs. £166m

Notes

1. Prior year comparatives have been restated on the adoption of IFRS 17.
2. Available liquidity is total available cash and cash equivalents plus working capital facility available for cash drawing.

EBITDA

£m	Roadside	Insurance	AA Limited Group
Adjusted EBITDA – FY23	364	45	409
Change in reported EBITDA	(3)	16	13
Change in amortisation of acquisition costs	(1)	3	2
Adjusted EBITDA – FY24	360	64	424

FY24 Performance

- › Positive revenue growth in roadside in FY24 offset by higher cost growth
 - › Inflationary cost pressures, particularly in H1
 - › Added more than 100 patrols in past 12 months to continue strong call-to-arrive
- › Strong performance in insurance in FY24 driven by growth in income per policy and growth in underwriting business
 - › Income per policy increased by 24%

FY25 Outlook

- › Strong trading in Q1 FY25 and positive outlook for H1, with EBITDA growth ahead of last year
- › Driven by roadside business returning to EBITDA growth following prior year price increases and cost pressures easing

CASH FLOW

£m	AA Limited Group		Indicative WBS ¹
	FY24	FY23	FY24
Adjusted EBITDA	424	409	380
Customer acquisition	(63)	(61)	(39)
Pension payments	(31)	(29)	(31)
Working capital and other ²	47	(5)	38
Tax paid	(18)	(15)	(18)
Capital expenditure	(78)	(79)	(78)
Proceeds from sale of fixed assets	4	14	4
Other investment activity ³	(1)	-	2
Lease payments	(36)	(28)	(36)
Operating free cash flow after capital expenditure	248	206	222
Interest on Class A borrowings less interest receivable	(125)	(106)	(125)
Interest on Class B borrowings	(18)	(18)	(18)
Operating free cash flow before adjusting operating items	105	82	79
Adjusting operating items ³	(34)	(36)	(19)
Free cash flow	71	46	60
Refinancing transactions and debt buyback	(72)	7	(72)
Net cash movement	(1)	53	(12)

- › Operating free cash flow after capital expenditure increased by £42m, driven by EBITDA growth and improvement in working capital from:
 - › Growth in motor and home insurance written premiums
 - › Increase in Roadside membership advance payments
- › Capex stabilising following investment in core product platforms in both roadside and insurance
- › Higher interest paid in FY24 reflects new debt issued to refinance £550m of Class A7 notes
- › Class B interest paid will materially reduce following Stonepeak investment and £180m Class B note paydown by July 2025
- › Refinancing transactions in FY24 primarily reflect the partial redemption of £61m Class A2 notes

Notes

1. WBS numbers are indicative, unaudited and subject to finalisation and change.
2. Working capital and adjusted operating items are shown net of unpaid Stonepeak transaction fees. £15m adjusted operating item in FY24 related to investment in connected car capability sits outside of the WBS Group.
3. Includes financial investments at AAUICL, disposal of financial assets and JV investments.

NET DEBT

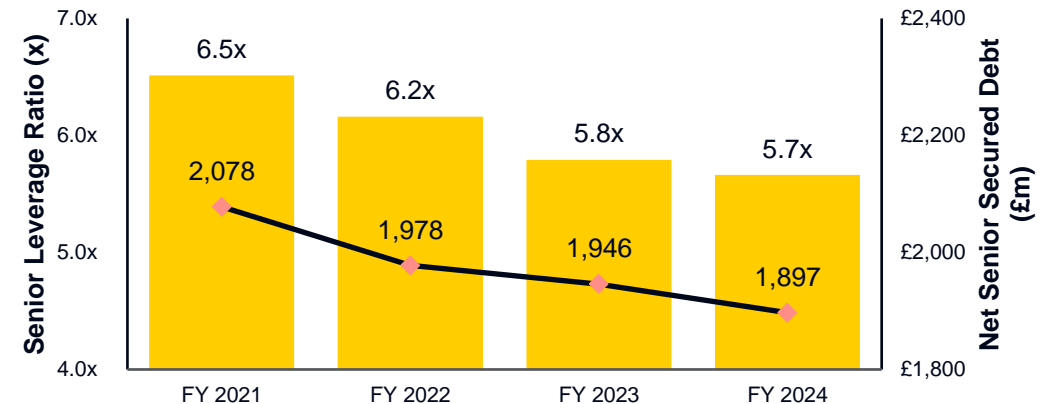
£m	FY24	FY23
Total Net Debt per accounts	2,174	2,222
Less: lease adjustment for IFRS 16	(20)	(28)
Less: AA Limited group lease obligations	(2)	(3)
Add: AA Limited cash	77	66
Net Debt for covenant reporting	2,229	2,257

Key metrics	FY24	FY23
Net Debt/EBITDA ¹	5.1x	5.4x
WBS Senior Leverage Ratio ²	5.7x	5.8x
WBS Class B Leverage Ratio ³	6.7x	6.7x
Interest cover ⁴	2.9x	3.3x

Financial covenants	FY24	FY23
Class A FCF to DSCR ⁵ (covenant > 1.35x)	2.7x	2.9x

- › Cash and cash equivalents of £164m, of which £77m is at AA Limited level
- › Working capital facility: £56m, of which £46m is available for cash drawings
- › WBS cash: £87m
- › AA Limited Group Net debt/EBITDA will reduce further to 4.7x on an adjusted basis, following the Stonepeak transaction completing

Demonstrated deleveraging since take private in 2021



Notes

1. Total Net Debt to AA Limited Adjusted EBITDA for the last 12 months.
2. Ratio of Net Senior Secured Debt to Intermediate group Debt Covenant EBITDA for the last 12 months.

3. Ratio of Net WBS Debt to Intermediate group Debt Covenant EBITDA for the last 12 months.
4. Adjusted EBITDA for the last 12 months: AA Limited ongoing cash finance costs.
5. Ratio of last 12 months Intermediate group debt covenant free cash flow to proforma debt service relating to the Senior Term Facility and Class A Notes.

SUMMARY



Third consecutive year of AA Limited Group growth with accelerating revenue and profit across the business



Further improved financial health with track record of deleveraging



Completion of Horizon 1 of strategy with a strengthened core generating strong growth momentum



Now well into executing against future growth strategy, further amplified by addition of Stonepeak minority investment

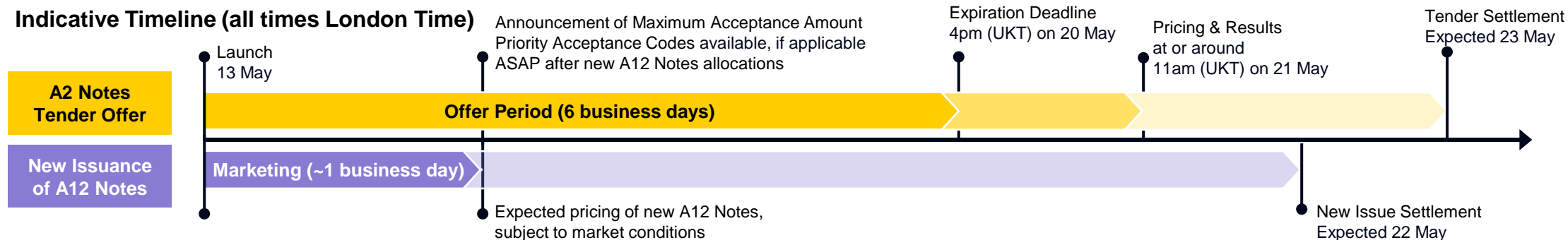
Transaction Overview



TRANSACTION SUMMARY TERM SHEET

Issuer	AA Bond Co Limited	Documentation	Multicurrency Programme base prospectus dated 3 July 2023, as supplemented on 10 May 2024
Instrument	Class A12 Notes	Call Features	Par Call at 6 months, Make Whole Call at Gilts + 50bps
Expected Ratings	BBB- by S&P	Listing	Irish Stock Exchange (Euronext Dublin)
Format	Class A, Senior, Secured, Reg S, Bearer	Denominations	£100k + £1k
Amount	Benchmark	Use of Proceeds	Refinance the remaining A2 notes
Currency	GBP	Target Market Active Bookrunners	UK MiFIR / EU MiFID II product governance is eligible counterparties and professional investors only (all distribution channels). No UK PRIIPs or EU PRIIPs key information document (KID) has been prepared as Notes not available to retail in the UK or in the EEA
Expected Maturity	31 July 2031		
Legal Final Maturity	31 July 2050	Active Bookrunners	Barclays, BNP Paribas, Citigroup, Lloyds

TENDER OFFER OVERVIEW



Target Notes	ISIN	Principal Amount Issued / Outstanding	Expected Maturity Date	Reference Gilt	Purchase Spread	Maximum Acceptance Amount	Priority Acceptance Codes
£500m 6.269% Sub-Class A2	XS0949169923	£500m / £439m	31 July 2025	UKT 5% Mar-25 (GB0030880693)	G+50 ¹	An aggregate principal amount of Notes not less than the aggregate principal amount of the New Notes ²	Noteholders who have subscribed for, and been allocated, New Notes will receive an Acceptance Code, for use in submissions of Tender and Priority Acceptance Instructions for the tender offer

Overview of tender offer

- Offer: The AA has announced a tender offer targeting the existing A2 Notes, capped at the Maximum Acceptance Amount
- Use of Funds: Proceeds from the issuance of the new A12 Notes will be used for purchasing the existing A2 Notes
 - The Offer also provides Noteholders with the opportunity to sell their Notes ahead of the next potential Optional Redemption Date, being the next Interest Payment Date on 31 July 2024.
- New Financing Condition: offer subject to the successful completion (in the sole determination of the AA) of the new issuance of the A12 Notes
- Priority acceptance in the tender offer: The AA is offering priority acceptance in the tender offer for A2 Noteholders who subscribe for and are allocated new A12 Notes, if the A12 Note proceeds are less than the A2 Note nominal amounts outstanding
 - Tender and Priority Acceptance instructions with a valid priority acceptance code will be accepted in priority in an amount equivalent to the new issue allocation, to facilitate a 1-for-1 switch for existing A2 Noteholders
 - Acceptance codes will be shared once the new A12 Notes are subscribed for and allocated to existing Noteholders via the Dealer Managers

Notes

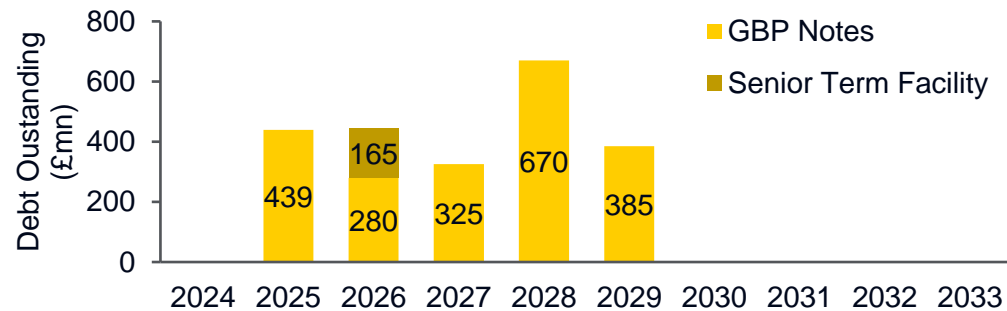
Full procedures of the tender offer can be found in the Tender Offer Memorandum dated 13 May 2024 and this overview is subject to the full procedures set out therein.

1. Purchase price to be floored at par, if applicable.
2. Subject to the right of the Borrower to increase or decrease such amount in its sole and absolute discretion.

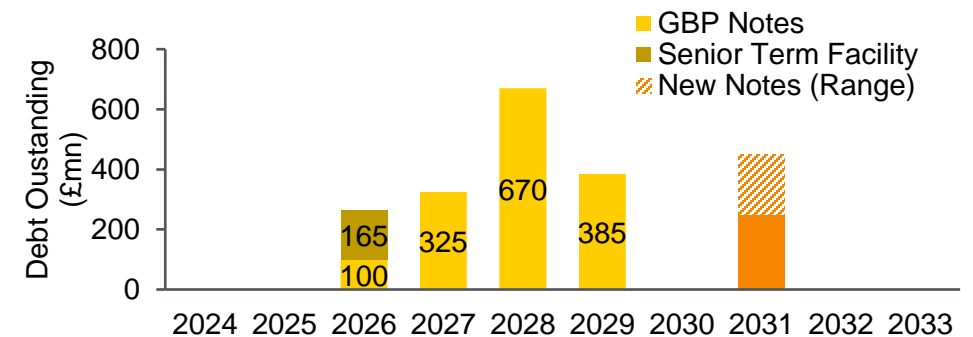
CAPITALISATION

£m	Adjusted for Stonepeak capital injection and A12 Issuance ²	FY24	FY23	Ratings (S&P)	Expected Maturity Date	Coupon
Senior Term Facility	165	165	150		Mar-26	3.490% / 7.170%
Class A2 Notes	-	439	500	BBB-	Jul-25	6.269%
Class A7 Notes	-	-	550	BBB-	Jul-24	4.875%
Class A8 Notes	325	325	325	BBB-	Jul-27	5.500%
Class A9 Notes	270	270	270	BBB-	Jul-28	3.250%
Class A10 Notes	385	385	250	BBB-	Jul-29	7.375%
Class A11 Notes	400	400	-	BBB-	Jan-28	8.450%
Class A12 Notes ¹	(up to) 439	-	-	BBB- (expected)	Jul-31	tbc
Class A Gross Debt	1,984	1,984	2,045			
Class B3 Notes ²	100	280	280	B+	Jan-26	6.500%
Leases adjustment	52	52	31			
WBS Total Gross Debt	2,136	2,316	2,356			

Current Debt Maturity Profile (as of January 2024):



Adjusted Debt Maturity Profile³:



Notes

- Proposed Class A12 notes issuance in May 2024 of up to £439m.
- Stonepeak capital injection to be used for £180m of B3 note redemption by July 2025.
- Expected debt maturity profile in 2025 following the contemplated A12 issuance, A2 redemption and B3 reduction following the Stonepeak transaction (as further described in Prospectus Supplement published on 10th May 2024).

Appendices



ENHANCING OUR STRATEGY FOR ACCELERATING GROWTH

To create confidence for drivers, now and for the future



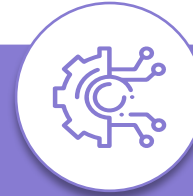
Growth from the core

- › Continued profitable growth in customer base driven by unrivalled service and brand trust
- › ARPU growth driven by deeper customer relationships and improved cross-sell
- › Enhanced patrol productivity and digital efficiencies



A broader offer

- › Insurance growth, leveraging our new platform
- › Expansion into wider Driving Services, building on our proven track record
- › Accelerating data-driven approach to cross sell and journey optimisation



A connected future

- › Extension of first connected car data use case for consumers
- › Development of connected car data B2B propositions
- › Extension of EV transition readiness

Growing and sustainable cash generation enabling continued investment in the future

INCOME STATEMENT

£m	FY24	FY23 ²	YoY
Revenue	1,298	1,173	11%
Adjusted EBITDA¹	424	409	4%
Amortisation of insurance acquisition cash flows	(63)	(61)	(3%)
Reported EBITDA	361	348	4%
Fulfilment finance costs (included within operating profit)	(1)	-	-
Share-based payments	(4)	(3)	(33%)
Pension service charge adjustment	(6)	(5)	(20%)
Amortisation and depreciation	(110)	(105)	(5%)
Impairment of goodwill and property	-	(7)	-
Adjusting operating items	(48)	(30)	(60%)
Operating profit	192	198	(3%)
Net finance costs	(150)	(127)	(18%)
Profit before tax	42	71	(41%)
Tax expense	(15)	(6)	-
Profit for the period	27	65	(58%)

- › Group revenue growth driven by:
 - › Considered price increases in B2C
 - › Growth in B2B holdings
 - › Growth in motor insurance premiums, following stabilisation in market post GIPP
 - › Growth in Accident Assist business
- › Adjusted EBITDA growth driven by higher ARPU and premiums, despite inflationary cost pressures
- › Adjusting operating items for FY24 include:
 - › £15m of Stonepeak transaction fees
 - › Investment in innovation and connected car capability
- › Increased net finance costs due to higher interest costs on new debt used to refinance £550m of Class A7 notes

Notes:

1. Adjusted EBITDA is profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation of intangible assets, amortisation of insurance acquisition cash flows, adjusting operating items, share-based payments, pension service charge adjustments, impairment of property, plant and equipment, impairment of intangible assets, net finance costs and tax expense.
2. Prior year comparatives have been restated on the adoption of IFRS 17

ROADSIDE PERFORMANCE REVIEW



Roadside financial review

	FY24	FY23	YoY
Revenue (£m)	943	878	+7%
Adjusted EBITDA (£m) ¹	360	364	(1%)
Adjusted EBITDA margin (%) ¹	38%	41%	(3ppt)
Personal paid members (k)	3,263	3,252	+0%
Average income per paid member (£)	200	190	+5%
Business customers (k)	10,995	10,618	+4%
Average income per business customer (£)	24	23	+4%



Commentary

- › Solid revenue growth from considered price increases, delivering 5% B2C ARPU growth
- › Investment in patrols offset growth in revenue
- › Continued price increases secured for coming year, given annual renewal model
- › Further growth in Driving school with instructors reaching 3,150
- › SMR B2C volumes up 13%

Notes:

1. Prior year comparatives have been restated on the adoption of IFRS 17

INSURANCE PERFORMANCE REVIEW



Insurance financial review

	FY24	FY23	YoY
Revenue (£m) ¹	355	295	+20%
Adjusted EBITDA (£m) ¹	64	45	+42%
Adjusted EBITDA margin (%) ¹	18%	15%	+3ppt
Total insurance policies ² ('000s)	1,727	1,754	(2%)
Total policies underwritten ² ('000s)	1,098	958	+15%
Total Motor policies ² ('000s)	996	1,002	(1%)
Total Home policies ² ('000s)	731	752	(3%)
Average income per policy ³ (Motor and Home) (£)	183	147	+24%
Accident Assist member volumes ⁴ (‘000s)	26	22	+18%



Commentary

- › Post GIPP market stabilisation driving premium growth enabling 42% growth in EBITDA
- › Motor policy count saw only slight decline despite 24% growth in income per policy
- › Strong growth in Underwriter demonstrating value in joint model
- › Accident Assist seeing strong growth in member volumes
- › Claims inflation starting to slow in market

Notes:

1. Prior year comparatives have been restated on the adoption of IFRS 17
2. Represents policies in force. FY23 restated.
3. Includes income from the in-house insurer and Accident Assist businesses
4. Does not represent all claims volumes

IMPACT OF IFRS 17

Key messages

- IFRS 17 is a new accounting standard for insurance contracts (including Roadside Assistance)
- We have successfully transitioned to IFRS 17
- No significant change to profitability, cash, solvency requirements
- Election to capitalise acquisition costs
- Significant changes to statutory presentation

Observations

- Revenue is now shown gross of reinsurance
- Deferral and capitalisation of acquisition cash flows
- Increased equity at transition date due to the deferral of acquisition costs

Reported to Adjusted EBITDA reconciliation

£m	Total
Reported EBITDA (previously reported) as at 31 January 2023	353
Impact of IFRS 17 adoption	(5)
Reported EBITDA (restated) as at 31 January 2023	348
Amortisation of acquisition cash flows	61
Adjusted EBITDA (restated) as at 31 January 2023	409

DEFINITIONS

The following definitions apply throughout:

- Adjusted EBITDA is defined as profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation of intangible assets, amortisation of insurance acquisition cash flows, adjusting operating items, share-based payments, pension service charge adjustments, impairment of property, plant and equipment, impairment of intangible assets, net finance costs and tax expense.
- Reported EBITDA is defined as Adjusted EBITDA excluding the adjustment for amortisation of insurance acquisition cash flows.
- Personal members and business customers: measured at the period end.
- Net WBS Debt represents the borrowings and cash balances within the WBS structure headed by the Company. This includes the principal amounts of the Senior Term Facility, Class A notes, Class B3 notes and lease obligations for covenant reporting less cash and cash equivalents.
- Available liquidity is available cash and the amounts available to borrow under the Working Capital Facility (WCF).

ESG Report FY24: A year of progress



Planet

We believe that driving doesn't have to cost the earth, and are committed to reducing our impact and supporting drivers to do the same.

- **Net zero:** Net Zero by 2035 for scope 1 & 2 emissions target approved by board.
- **Property:** 52% reduction in property emissions since FY22.
- **Fleet:** Fleet emissions up overall but down by 5% per task in FY24 showing promise on fleet decarbonisation including HVO trials.
- **EV readiness:** 90% of patrols now EV Level 2 trained preparing us for wider EV transition.



Community

We are driving change for the better for our communities and supporting cleaner, safer and more accessible ways of driving.

- **Campaigns:** Continued advocacy for UK drivers with focus on potholes, MOTs and fuel price transparency.
- **Charity of the Year:** New approach launched with Cancer Research UK voted in for FY25 and £15k+ already raised.
- **The AA Charitable Trust:** Continued support with campaigns including free theory app access to young people in care.



People

We are creating a safe, inclusive workplace that reflects our customers and our communities and where people can feel they belong and thrive.

- **D&I targets:** Female senior leadership over target at 44% (vs 40%), progress on ethnic diversity which is at 9% (vs. a target of 10%)
- **Engagement:** New highs on colleague engagement with employee NPS now at 68 and a "world-class" engagement rating from survey provider.
- **Health & safety:** Fifth consecutive RoSPA gold award with drop in reportable incidents.



Governance

All underpinned by strong corporate governance, ensuring we act in ways that are transparent and ethical at all times.

- **ESG governance:** Third ESG report in May 2024 with continued ESG SteerCo and board updates.
- **TCFD:** First CFD disclosure included in FY24 ARA outlining key climate-related risks and opportunities.
- **ESG benchmarks:** CDP rating up from C to B and 10% increase on our Ecovadis score.