Corpay's Second Quarter 2026 Earnings Conference Call - Prepared Remarks

August 5, 2026 at 5:30p.m. ET

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Chief Executive Officer

Peter Walker

Chief Financial Officer

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SVP, Global Investor Relations

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Jim Eglseder, SVP, Global Investor Relations

Our earnings release and supplemental materials for the quarter are available on the Investor Relations section of Corpay.com. Please refer to these materials for an explanation of the non- GAAP financial measures discussed on this call, along with a reconciliation of those measures to the nearest applicable GAAP measures. Our remarks today will include forward-looking statements about expected operating and financial results, strategic initiatives, acquisitions and divestitures, among other matters. Forward-looking statements may differ materially from actual results and are subject to a number of risks and uncertainties. Some of those risks are mentioned in today's press release on Form 8-K, and can also be found in our annual report on Form 10-k. These documents are available on our website, and at SEC.gov.

Ron Clarke, Chief Executive Officer

Up front, I'll plan to cover 3 subjects…

- First, provide my take on Q2 results
- Second, I'll share our updated guidance for 2026
- And then lastly, I'll speak to our future and where we're headed

Q2 Results

Let me begin with our Q2 results, which were very, very good.

We reported revenue of $1.34B, up 21%, coming in $45M above our expectations.

The Q2 macro environment was super favorable to us, contributing $30M more than our expectations.

We reported cash EPS of $7.00, up 36%, that set an all-time company earnings record, which feels good.

Our two biggest Corporate Payments deals…Alpha and Avid…contributed $0.39 of cash EPS accretion in the quarter…so right on our target.

Our Q2 fundamentals were really solid…

- Overall organic revenue growth was 10%, led by our Corporate Payments segment at 16%, and our Vehicle Payments segment at 8%. So combined, our two biggest segments delivered 12% organic growth.
- Our operating trends were also quite good in the quarter…
  - Retention steady at 93%
  - Year-over-year sales, or new bookings growth, of 30%
  - and same-store-sales of +1%
- These trends bode well for continued performance ROY.

So look, all in all, an outstanding quarter and an outstanding first half, both against our expectations and against the prior year.

Rest-of-year/Full Year Guidance

Let me transition to our 2026 outlook.

We're raising full year revenue guidance to $5,310 million at the midpoint…with the bridge as follows:

- First, we'll flow through our Q2 $45 million revenue beat
- Second, we'll increase full-year revenue guidance another $15 million, based on expected stronger macro and fundamental business performance

- And we'll net out $40 million related to our Epyx divestiture, assuming a September 1 close

We continue to expect 10% organic revenue growth for the year…our most important measure of "durability".

We continue to outlook 10% organic revenue growth in the second half, with our Corporate Payments segment expected to maintain mid-teens plus organic growth, and our Lodging segment set to accelerate to mid-single digits.

On the earnings side, we're raising full-year 2026 cash EPS guidance to $27.35 at the midpoint. That's up from our $26.00 initial guide at the start of the year.

The rest-of-year EPS bridge anticipates:

- Flowing through our Q2 cash EPS beat of $0.45
- Raising rest-of-year cash EPS another $0.20
- And holding the Epyx divestiture EPS impact neutral, as we'll use the proceeds to repurchase CPAY shares

This higher full-year 2026 guidance implies:

- 17% full-year revenue growth
- 28% full-year cash EPS growth
- 2026 cash EPS up $6 versus 2025
- A Q4 Cash eps exit rate over $29
- Full-year cash EBITDA of approximately $3B
- $1.8B of full-year free cash flow, or approximately a 7% yield

The drivers of our 2026 performance are a combination of:

- A very favorable macro environment…particularly the first half
- Two big accretive Corporate Payments acquisitions
- And strong underlying fundamental operating performance

We've got a lot of confidence in the outlook.

The Future/Way forward

OK, so last up today... I want to share our thoughts on the future, the road ahead for the company. We posted an updated investor presentation today to our website, laying out our direction and growth algorithm.

We've never felt clearer about the way forward, or more excited about the prospects for the company.

1. Portfolio

Let's start with the Portfolio…we've said repeatably our plan is to create a simpler company, with fewer, bigger businesses.

You'll see us divest more sub-scale businesses, like today's Epyx announcement, and double down in 3 primary product areas...

> **a. Spend management** ... our Card + AP businesses… Additionally, we'll move further into the procurement space, and expand wider geographically.

b. In Vehicle...we'll stay invested in our largest & most advantaged fleet businesses. We'll embed fleet into our spend management platform, such that our platform can serve the unique driver needs of our clients.

c. In cross-border…we're adding new real time private, blockchain rails, and building out our global banking/deposit offering, which will be a game changer for middle market companies.

This Portfolio re-positioning gives us a $600B TAM, enabling us to potentially 10x the company to $50B over time.

2. Go Left

Our second direction is to "Go Left", which means we'll help clients with their indirect expense "decision making", before they approve payment.

We'll support decision making like…

- the selection of vendors
- the pricing
- the terms
- what renewal decisions they have

We'll deliver…

- Benchmarking data
- Spend insights
- And simplify our client's expense management workflows

We aspire to bring "more value" to our client's expense management assignment.

3. Growth Algorithm

Finally, let me turn to our mid-term growth algorithm, which remains unchanged.

We target 10% plus organic revenue growth, low teens PBT growth, and over 20% cash eps growth. This model is supported by…

- A large market opportunity
- Proven sales and retention capability
- And a material free cash flow yield

We expect to have approximately $15B of capital, via a combo of annual free cash flow, plus higher debt capacity as earnings grow.

This capital will create "eps acceleration", as we either buyback ½ of CPAY, or buy the earnings of other Corporate Payments companies...based on the relative returns of each.

Conclusion

So look, in conclusion today…

- We're obviously delighted with our Q2 performance
- We're confident in our raised 2H guide…with mid-twenties Y/Y cash eps growth expected
- And we're excited about our future, and what Corpay can become

So with that, let me turn the call back over to Peter to provide some additional details on the quarter.

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Peter Walker, Chief Financial Officer

We delivered another outstanding quarter, with 21% revenue growth and 36% adjusted EPS growth year-over-year, marking our fourth consecutive quarter of outperforming expectations.

Our first half performance was exceptional, and we're proud of what the team accomplished. While we've certainly benefited from favorable macro conditions, the foundation of our performance continues to be consistent double-digit organic growth. That consistency is the engine behind our compounding model, and we've now delivered double-digit organic revenue growth for five consecutive quarters and 10% organic growth in five of the last six years. Having been in the CFO seat for just over a year, I can tell you these outcomes don't simply happen. They are the result of constant focus, active management, and thousands of decisions made across the organization every day to drive returns. I wouldn't underestimate just how important our operating discipline is to our long-term performance.

Corporate Payments

Corporate payments delivered 16% organic growth for the quarter including a 180-basis point drag from float revenue compression driven by lower interest rates year-over-year. The organic revenue growth was in line with our expectations, with strong performance in both cross-border and payables. Overall, Corporate Payments continued to be driven by strong underlying customer activity, with organic spend increasing 43% to $95 billion.

Cross-Border continued to deliver strong sales and revenue performance in Q2. Alpha's integration continues to progress exceptionally well, with over 80% of Alpha's corporate volume now migrated to our global tech platform.

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The payables business continued to perform well driven by sales and volume growth in Q2. We are also pleased with the strong performance of AVID, our minority investment, which is reflected as an equity investment in our financials. AVID continues to execute well under new ownership, with sales growing more than 30%, continued strength in volume and revenue, and EBITDA more than doubling year over year to a record level.

Vehicle Payments

Vehicle Payments organic growth was 8%, right in-line with our high single digit expectations. Brazil and Europe remain quite strong. In the US, growth remains consistent with our strategy of reallocating sales investment toward the higher-return opportunities within Corporate Payments.

Lodging Payments

Lodging was in line with our expectations, delivering sequential organic revenue growth improvement of 2% vs Q1 2026. We have now lapped the more episodic events last year that created tough comps, and we continue to expect organic performance to improve in the second half of the year.

In summary, we delivered 10% organic growth in Q2, driven by sales growth of 30% and retention rates of 93% … all quite robust. Our corporate payments and vehicle payments segments total 84% of our Q2 revenue and delivered a combined organic growth rate of 12%, consistent with Q1. Taken together, these results reinforce our confidence in the durability of our growth model and support our decision to increase full-year guidance.

Income Statement

Operating costs increased 9%, excluding the impact of FX, M&A, stock compensation, amortization, and a settlement charge. The settlement charge of $100M relates to the FTC matter, and is subject to final commission approval. The 9% increase was primarily due to sales investments and modestly higher credit losses. Adjusted EBITDA margin of 57.3% was up ~100 bps over the prior year primarily due to operating leverage and flow through of macro benefit. Our adjusted effective tax rate for the quarter was 25.3%. The year-over-year decrease in the tax rate was driven by our improved mix of earnings.

Balance Sheet

Turning to the balance sheet, we ended the quarter in a very strong financial position. Our leverage ratio finished at 2.55 times, and we had approximately $1.6 billion of available capacity under our revolving credit facility. During the quarter, we repurchased $321 million of stock, retiring approximately one million shares. And as of quarter end, we still had roughly $1.4 billion remaining under our current share repurchase authorization.

We also completed the refinancing of our revolving credit facility and Term Loan A, increasing the size of our revolver by ~$1.0 billion to $3.7 billion while paying down our Term Loan B by $1.0 billion. Over the past nine months, we've successfully refinanced our entire debt stack, extending maturities, lowering our borrowing costs, and further strengthening our balance sheet. More importantly from a capital allocation perspective, we've increased our financial flexibility and are well positioned to continue executing our balanced strategy of both meaningful share repurchases and disciplined, accretive M&A.

Finally, I'd like to touch on our interest rate profile. Following the Alpha acquisition, our restricted cash balance increased significantly, primarily reflecting the growth of the global bank account business. Our cash now creates a meaningful natural hedge against our floating-rate debt, with approximately 85% of our exposure naturally offset during the second quarter. Including our interest rate swaps, we were effectively more than 120% hedged. Given the strength of that natural hedge, we don't expect to enter into additional interest rate swaps going forward.

Guidance and Outlook

As Ron mentioned, we signed a definitive agreement to sell epyx, a non-core vehicle payments asset. We expect the transaction to close this fall, likely between September and October. For planning purposes, we've assumed a September 1 closing. The transaction is expected to reduce 2026 revenue by approximately $40 million, or roughly $10 million per month, but is not expected to have an impact on adjusted EPS because we intend to redeploy the proceeds into share repurchases.

We're raising our 2026 revenue guidance to $5.310 billion at the mid-point, growing 17% year over year. Importantly, this guidance continues to assume approximately 10% organic revenue growth for the year. Our updated revenue outlook flows through our Q2 beat of $45 million, raises the rest of the year by $15 million driven by a combination of macro favorability and business momentum, partially offset by $40 million from the sale of epyx.

We're raising our full year guidance for adjusted EPS to $27.35 per share at the midpoint, growing 28% year over year. This captures the $0.45 beat in Q2 and raises guidance by $0.20 from higher revenue and productivity improvements over the rest of the year.

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Our Q3 revenue guidance is $1.355 billion at the midpoint, growing 16% year over year. We expect Q3 organic revenue growth in the range of 9-11%. We expect adjusted EPS of $7.15 at the midpoint, growing 26% year over year.

Stepping back, our model is built to compound over time. We remain focused on consistently delivering double-digit organic growth, maintaining strong margins, and deploying capital where we believe it generates the highest long-term returns for shareholders.

Additional details regarding our full year guidance raise and Q3 outlook can be found in our earnings release and earnings supplement.

About Corpay

Corpay (NYSE: CPAY), the Corporate Payments and Expense Management Company, is an S&P 500 company with three primary B2B solution sets. Spend Management, provides corporate and virtual card programs and automates procure-to-pay. Cross-Border, converts foreign currencies and establishes foreign bank accounts. Vehicle Solutions, controls fuel, tolls, parking and related vehicle spend. With Corpay, the more a business controls, the less it spends. To learn more visit www.corpay.com