# TerraDrive Mobility Corp. Q1 2025 Earnings Call Transcript

Date: May 13, 2025

Location: New York, NY

Participants:

• Richard Calhoun – Chief Executive Officer

• Elaine Warner – Chief Financial Officer

• Moderator

Moderator:

Good morning and welcome to TerraDrive Mobility Corp.'s first quarter 2025 earnings conference call. Joining me today are our Chief Executive Officer Richard Calhoun and Chief Financial Officer Elaine Warner. Please note that some of the statements made on this call will be forward-looking in nature, reflecting our current expectations and assumptions. These statements are subject to various risks and uncertainties that may cause actual results to differ materially. With that, let me turn the call over to Richard.

Richard Calhoun (CEO):

Thank you. Q1 2025 results reflect the early impact of our ongoing turnaround strategy. Despite macroeconomic headwinds and industry-specific challenges, TerraDrive made progress on several fronts, including cost optimization, fleet realignment, and digital transformation.  
  
Revenue for the quarter came in at $1.81 billion, a 13% decrease year-over-year. The reduction was driven by a smaller fleet, lower business travel demand, and pricing pressure in several international markets. Transaction days dropped to 33.9 million, down 8% year-over-year. Revenue per day declined 5% to $53.38, partly due to a margin-focused change in fleet mix and the Easter holiday shift into Q2.  
  
Despite these headwinds, vehicle utilization improved to 79%, up from 76% last year. This increase reflects more disciplined fleet management and better demand forecasting.

Elaine Warner (CFO):

We recorded an Adjusted Corporate EBITDA loss of $325 million, a 43% improvement from the $567 million loss in Q1 2024. This improvement was primarily driven by lower depreciation costs—our Depreciation Per Unit (DPU) fell significantly to $353, down from $588 last year. This is largely due to a more favorable resale market and a refreshed fleet profile.  
  
Our Direct Operating Expense per transaction day rose slightly to $37.59, but when adjusted for volume, we achieved a 1% reduction. We remain committed to achieving over $300 million in DOE and SG&A cost savings in FY2025 through strategic sourcing, workforce rationalization, and technology-led efficiency programs.  
  
Liquidity remains stable at $1.2 billion, composed of $626 million in cash and $549 million in available revolving credit. Our capital markets activity included extending $2.9 billion in U.S. vehicle ABS, €1.2 billion in European ABS, and our Canadian securitization—all to May 2027. We remain in discussions to secure additional flexibility through non-vehicle debt refinancing and potential equity-linked instruments.

Richard Calhoun (CEO):

Let me now discuss our strategic building blocks for 2025. Our cost discipline starts with the fleet. We’ve aggressively rotated out high-maintenance vehicles, with over 70% of our U.S. core fleet now less than one year old. Retail channels accounted for nearly 40% of Q1 vehicle sales, supporting stronger residual values.  
  
On the revenue side, we are using dynamic pricing tools and loyalty-tiered incentives to capture more durable demand. We’ve eliminated low-yield bookings and improved collections, reducing bad debt exposure. Our average Revenue Per Unit (RPU) came in at $1,264 per month, with room to grow through pricing optimization in value-added services.  
  
We’re leveraging telemetry and AI forecasting tools to improve matching of vehicle supply to market-specific demand curves. These investments support our fleet's improved utilization rate of 79% despite lower available car days.

Elaine Warner (CFO):

Capital discipline remains a key priority. In Q1, we invested $2.8 billion in revenue-earning vehicles while disposing of $2.1 billion worth of aging inventory. Free cash flow was negative $578 million, an improvement from last year’s Q1 FCF of negative $729 million.  
  
Adjusted operating cash flow, net of depreciation and fleet costs, was negative $373 million. We are targeting significant improvements through operating efficiencies and reduced CapEx intensity over the coming quarters. In addition, we are evaluating $500 million to $1 billion in near-term liquidity levers, including refinancing options and structured equity placements.

Richard Calhoun (CEO):

Looking ahead, we’re focused on four pillars: cost reduction, fleet modernization, pricing precision, and digital transformation. We expect to return to positive adjusted EBITDA in the second half of FY2026. While it will take time to fully stabilize operations, we are confident in our strategy and execution team.  
  
The fundamentals of the mobility sector remain strong. With the right balance of financial discipline, operational agility, and innovation, TerraDrive is well-positioned to emerge stronger in the long term.

Moderator:

Thank you, Richard and Elaine. That concludes our prepared remarks. We will now open the call for questions.