EZ Livery Leasing LLC

B+ *1 year PD* **0.60% to 1.89%**

- Strong profitability and low leverage highlight solid financial discipline and scalable operations. Entity is overall very healthy, with limited customer concentration (e.g. ~20% Revel).
- High CAPEX, opaque governance, large distributions (despite negative FCF in FY-23), unclear loan renewal status, and covenant compliance require monitoring / clarification.

Strengths

- **Exceptional Profitability Growth:** FY-23 EBITDA margin surged to 57.6%, well above peer median of 13.4%, and Adjusted EBITDA more than doubled YoY to $69.3mn, reflecting significant operating efficiency improvements.
- **Low Leverage Despite Rapid Asset Growth:** With a Net Debt/EBITDA of 0.6x and Debt-to-Assets of 33.8% in FY-23, the company maintains strong control over debt, despite total assets more than doubling to $133.5mn from the prior year.
- **Strong Return Metrics vs. Peers:** The company achieved a Return on Capital Employed (ROCE) of 61.5% and ROE of 78.7%, substantially outperforming peers' with 12.0% and 16.3% respectively.

Challenges

- **Weak Liquidity Buffer:** The Current Ratio declined to 1.02x in FY-23 (vs. peers' 1.44x), signaling tight short-term liquidity, especially in light of increased working capital demands, large cash-outs, and a ~$23.8mn line-of-credit usage.
- **Aggressive CAPEX and Strategy Concerns:** CAPEX soared to $59.1mn in FY-23 ("additions to revenue earning vehicles and equipment"), resulting in negative FCF (-$19mn) raising questions about sustainability especially in conjunction with distributions over $7mn taken by owner the same year (vs $20.3mn the year prior).
- **Unclear Loan Covenants, Compliance, and Renewal Status:** All LT debt, including the R/C-line (which is with a bank, and vital) did or ar subject to mature in 2025. We have currently no transparency on the status of the renewals, the respective covenants and their compliance history with such covenants.

Company Overview

Headquarters	Bronx, NY
Type	Private (Non-PE)
Employees	<10
Year Founded	2002
Website	https://www.nyliveryleasing.com/
Business	Leases vehicles to licensed livery drivers.
Revenues	$120.3M

- **Company Overview:** Z Livery Leasing LLC is a Bronx, NY-based specialty vehicle leasing company focused primarily on the New York City for-hire vehicle (FHV) market.
- **Product:** Offers long-term and short-term lease financing of licensed TLC (Taxi & Limousine Commission) vehicles, including sedans, SUVs, and luxury black cars. Focus is placed on turnkey solutions, inclusive of licensing and insurance support, which are crucial for FHV drivers in NYC
- **Customers:** Primarily independent drivers and small fleet operators requiring TLC-certified vehicles. These clients rely on flexible lease arrangements to participate in ride-hailing platforms such as Uber or Lyft.
- **Ownership:** Privately held. No public disclosure suggests institutional, VC, or PE ownership; presumed owner-managed.
- **Debt Structure:** ~$23mn of debt is drawn under their R/C-line ($17mn capacity plus an additional $10mn unused L/C-commitment. The R/C-line is due in 6/25. Additional $18mn in subordinate debt with affiliated entities matured in 2/25. Covenants apply, but weren't shared (yet).
- **Basis for Assessment:** Complete, commented, and audited FY-21/22/23.
- **Single Event Risks:** Loss of Credit Access / Covenant Breach - heavy reliance on short-term debt for fleet funding; credit freeze = liquidity crisis. Regulatory Shock - NYC TLC changes could cut leasing demand overnight; no geographic buffer. Fleet Devaluation - drop in resale values or faster depreciation strains leverage and reduces lender confidence.

Financial Statement Highlights

$ '000s	(C) Dec-21 T12	(B) Dec-22 T12	(A) Dec-23 T12	Change (C) to (B)	Change (B) to (A)
Income Statement					
Total Revenue	68,856	80,214	120,324		50.0%
Gross Profit	68,856	80,214	120,324		50.0%
Adjusted EBITDA	23,676	34,634	69,272		100.0%
Gross Profit Margin	100.0%	100.0%	100.0%		0 bps
Net Income	13,484	20,630	45,405		120.1%
Balance Sheet					
Cash And Cash Equivalents	9,440	834	2,684		222.0%
Total Current Assets	34,560	27,640	55,733		101.6%
Total Assets	59,208	61,736	133,535		116.3%
Total Current Liabilities	22,274	23,200	54,460		134.7%
Total Debt	18,714	19,996	45,131		125.7%
Total Equity	18,219	18,540	57,721		211.3%
Key Ratios					
Current Ratio	1.55	1.19	1.02		-14.1%
Quick Ratio	1.55	1.19	1.02		-14.1%
Net Debt / EBITDA	0.39	0.55	0.61		10.8%
Debt to Assets	31.6%	32.4%	33.8%		+141 bps
EBITDA Margin	34.4%	43.2%	57.6%		+1439 bps
ROCE %	40.2%	66.2%	61.5%		(462) bps

- Revenue rose +50% YoY to $120mn in FY-23, compared to $80mn in FY-22 and $69mn in FY-21, signaling strong growth momentum.
- Net income more than doubled in FY-23 to $45mn, following $21mn in FY-22, driven by operating leverage and efficiency gains.
- Total assets more than doubled to $134mn, driven by reinvestment in vehicle assets (net PP&E rose from $25mn to $63mn).

Scorecard Summary

Financial vs Business Risk Weighting Factors

Ownership	Private (Non-PE)
Company Stage	Stabilized
Financials	Partial

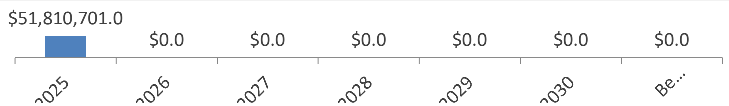
	Weight	Score	Dimension	Weight	Score
Financial	50%	7.1	Liquidity	25%	*4.2*
			Leverage	38%	*7.1*
			Profitability	38%	*9.1*
Business	50%	3.6	Industry Risk	20%	
			Competitive Position	50%	*4.4*
			Mgmt / Governance	30%	*4.7*
			Sponsor / Parent		
Modifiers		0.3	Trend Analysis		*0.3*

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	*9*	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.44	1.02	*20%*
	Quick Ratio	1.01	1.02	*50%*
Leverage	Net Debt / EBITDA	3.51	0.61	*70%*
	Debt to Assets	45.6%	33.8%	*62%*
Profitability	EBITDA Margin	13.4%	57.6%	*83%*
	ROCE %	12.0%	61.5%	*100%*
	Revenue	$148M	$120M	

Industry Benchmarks - Primary: Specialized Finance

Debt Maturities



Business Risk Highlights

- **Industry:** Operates in the niche TLC/FHV leasing market, which is highly dependent on NYC regulations and ride-share industry trends. The sector is capital-intensive, moderately cyclical, and vulnerable to regulatory tightening. The U.S. fleet car leasing market is projected to grow at a CAGR of 1.8% from 2024 through '29. Considering a 2% annual inflation target by the FRB, this would be a net effective decline. In contrast, globaly the market segment is projecting a CAGR of 7.3% during the same timeframe. The drivers behind that are cost-effective fleet management solutions, rising adoption of flexible mobility options, and advancements in automotive technology.
- **Competitive Position:** Despite strong financials, there is limited brand visibility outside the NYC FHV sector. The company lacks national scale or brand equity that competitors like Falcon or Signature might leverage. A possible weakness could be if competitors offer more advanced value-added services or fleet analytics (e.g. integrated fleet management or telematics systems). We currently don't have enough transparency whether the entity provides that already or not.
- **Management:** No disclosed governance structure, audited financials, or key executive profiles. No history of litigation or fraud was found. We currently don't have much