

# Verra Mobility Corporation



BB

1 year PD

0.38% to 0.60%

Headquarters	Mesa, AZ	U.S.
Type	Public	
Employees	~1,900	
Year Founded	1987	
Website	https://www.verramobility.com/	
Business	Smart mobility solutions for transportation automation.	
Revenues	\$879.2M	

## Company Overview

- Company Overview:** Verra Mobility Corporation is a technology-driven provider of smart mobility solutions.
- Product:** The company offers automated toll and violations management, traffic enforcement cameras, and parking management software to streamline compliance, optimize mobility, and improve road safety.
- Customers:** Key clients include rental car companies, commercial fleet operators, municipalities, school districts, and private parking operators seeking automated solutions for tolling, enforcement, and mobility mgmt.
- Ownership:** Verra Mobility is a publicly traded company on NASDAQ (VRRM), with major institutional investors like BlackRock and The Vanguard Group among its largest shareholders.
- Debt Structure:** 61% of total debt is comprised of a First Lien Term Loan (\$695.6mn UPB, SOFR+325, due 3/28), and 31% or \$350mn in Senior Unsecured Notes (due 4/29, at a fixed rate of 550 bps).
- Basis for Assessment:** SEC-filed FY-22, FY-23, and FY-24.
- Other (pros/cons):** Verra's growing revenue base supports cash flow, but declining profitability and rising costs pressure financial flexibility and debt servicing (yet 1.84x FCCR). Strong liquidity offsets some risks, but high leverage, goodwill impairments, and capital allocation favoring buybacks over debt reduction weaken credit sustainability. In '24, the US market for intelligent transportation systems was valued at approximately \$6.3bn and is projected to reach \$12.5bn by '31, reflecting a CAGR of 8.8% during this period. Major revenue segments are Commercial Services (46%), and Government Solutions (42%). Refi risks/concerns, covenant breaches, and Governmental contract loss/regulatory shifts are major single event risks.

## Financial Snapshot

	Dec-22	Dec-23	Dec-24	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	741,598	817,310	879,207	7.6%
Gross Profit	694,336	773,847	833,161	7.7%
Adjusted EBITDA	303,389	301,881	244,547	-19.0%
Gross Profit Margin	93.6%	94.7%	94.8%	0.1 ppt
EBITDA Margin	40.9%	36.9%	27.8%	-9.1 ppt
Net Income	92,475	57,015	31,448	-44.8%
Depreciation & Amorti	138,684	113,067	108,525	-4.0%

## Financial Ratio Benchmarking

# of Benchmarks:	90	Industry Median	Company Metric	Percentile Rank
Liquidity	Revenue		\$299M	\$879M
	Current Ratio		1.32	1.97
	Quick Ratio		1.21	1.89
Leverage	Net Debt / EBITDA		2.66	4.37
	Debt to Assets		32.8%	71.2%
	EBITDA Margin		13.2%	27.8%
Profitability	ROCE %		7.0%	9.6%

# of Industry Benchmarks

90

Company Financials Date

Dec-24

Industry Benchmarks - Primary: Data Processing and Outsourced Services | Secondary: Diversified Support Services | Tertiary: Transaction and Payment Processing Services

## Business Risk

Industry Group Risk Profile			Technology Software And Services		20%	5.5	to	7.5	
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description					
Cyclicality		Intermediate risk	<div></div>	Entities that derive a majority of their revenue from information technology services and software. This includes commercial outsourcing and project services, transaction processing, and enterprise and consumer software providers.					
Competitive Risk		Intermediate risk	<div></div>						
Global Industry		Intermediate risk	<div></div>						
Market Segment Outlook		Above Average	<div></div>						
Competitive Position Profile				Business And Consumer Services		50%	6.0	to	7.5
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline					
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.					
Market Position		Above Average	<div></div>	Moderate market position with some barriers to entry.					
Brand Equity and Reputation		Satisfactory	<div></div>	Average brand with limited ability to command a price premium.					
Business Strategy		Satisfactory	<div></div>	Inconsistent in some key areas.					
Customer & End-Market Diversity		Satisfactory	<div></div>	Moderate reliance on a group of customers or end-markets.					
Service Diversity		Above Average	<div></div>	Offers a moderate range of services. Some diversity in customer needs met.					
Geographic Diversity		Above Average	<div></div>	Moderate geographic diversification. Some dependence on specific regions.					
Technical Advancements		Strong	<div></div>	Diverse supplier base from multiple regions.					
Strategic Partnerships		Above Average	<div></div>	Moderate ability to flex staff or inventory. Some direct labor expense but manageable.					
Management, Governance, Sponsorship						30%	3.5	to	5.0

## Anchor Modifiers

Modifiers					
Trend Analysis		Adjustment		Moderate Negative	
Financial Flexibility		Adjustment		Above Average	

## Rating Range (Rounded)

5.5

to

6.5