Corpay: Compounding Beyond the Fuel Card

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Corpay’s evolution into a broader corporate payments business combines established competitive advantages, attractive economics and a long runway for growth as businesses modernise how they manage and spend money.

What the company does?

Corpay is a global payments and expense-management company that helps businesses control spending, pay suppliers and manage expenses more efficiently. Its solutions go beyond simply moving money by reducing administration, improving visibility and helping prevent unauthorised spending.

The business operates across three main areas, namely Corporate Payments, Vehicle Payments and Lodging Payments. Corporate Payments helps companies automate supplier payments, manage commercial cards and make international payments. Vehicle Payments manages fuel, tolls, parking and other vehicle expenses, while Lodging Payments helps businesses arrange and pay for workforce and crew accommodation.

Corpay earns transaction and service fees, card-payment economics, foreign-exchange margins and lodging commissions as these payments flow through its platforms.

Why we like it: an evolving business with a larger opportunity

Formerly known as FLEETCOR, Corpay has evolved from a predominantly fleet-card business into a broader business-to-business payments platform. This transformation is central to our investment case, expanding the company into faster-growing markets while leveraging its existing customer relationships, networks and payment infrastructure.

The shift is already visible with Corporate Payments representing 41% of group revenue in the second quarter of 2026 and growing organically by 16%. As this business grows, Corpay's growth opportunity expands while its reliance on the more mature vehicle business declines.

We therefore believe viewing Corpay simply as a fuel-card company understates what the business is becoming: an increasingly important platform through which companies control, automate and manage their expenditure.

Competitive advantage: a self-reinforcing payments ecosystem

Corpay's moat is built around its specialised networks, customer relationships and deep integration into business workflows.

1. A Scaled, Self-Reinforcing Ecosystem: Corpay serves more than 800,000 business clients and connects them to more than 4 million merchants and vendors through 30+ proprietary networks. Each participant benefits from the ecosystem:
   - Business clients: Gain lower costs and discounts, simpler payments, better expense control, fraud prevention and useful spending data.
   - Merchants and vendors: Gain access to a large pool of recurring customer spending, supporting transaction volumes and strengthening loyalty to Corpay's network.
   - Proprietary networks: Specialised integrations and payment controls provide better functionality and economics than general-purpose payment solutions, while generating valuable transaction data.
   - Network growth: More customers and merchants increase the network's usefulness, generating more data, cross-selling opportunities and deeper customer integration. This strengthens switching costs and supports retention above 90%.

   This creates a virtuous circle: more customers attract merchants; greater merchant acceptance attracts customers and increasing transaction volumes generate more data and opportunities to deepen relationships.

2. Embedded Switching Costs: Corpay is integrated into invoice processing, payment approvals, expense management and accounting workflows. Changing providers therefore involves more than replacing a card; it can require changing systems, processes and established ways of working. This helps explain consistently high customer retention of above 90%.

3. Specialised Products and Infrastructure: Corpay solves payment problems that general-purpose bank products often cannot. Fleet customers, for example, can control what drivers purchase, where they purchase it and how much they spend. International customers gain access to payments, foreign bank accounts and sophisticated FX management. Replicating these capabilities requires technology, merchant relationships, licences, compliance infrastructure and specialised sales expertise built over many years.

Together, these advantages make Corpay increasingly valuable as more customers, merchants and transactions enter its ecosystem.

A high-quality business model

Corpay benefits from the recurring nature of business expenditure. Customers repeatedly pay suppliers, refuel vehicles and arrange accommodation, creating durable transaction volumes. Combined with retention above 90%, this results in long customer relationships during which Corpay can cross-sell additional products.

Corpay's business model benefits from favourable lifetime economics. It incurs the cost of acquiring customers upfront, but those relationships are long-lasting and become more valuable over time through higher transaction volumes and cross-selling. Because the incremental cost of servicing additional activity is relatively low, revenue growth can translate into attractive margins and strong cash generation.

This strong cash generation has supported both acquisitions and share repurchases. Under long-serving CEO Ron Clarke, Corpay has compounded revenue and cash earnings per share at approximately 17% and 19%, respectively, since listing, while reducing its share count materially. Capital allocation has therefore been an important component of long-term shareholder value creation.

Growth Prospects

Corpay's largest opportunity is the continued digitisation of business payments. Many mid-sized businesses still rely on manual invoice processes, bank transfers, cheques and fragmented payment systems. Corpay brings these activities together, helping businesses automate payments while maintaining greater control over expenditure.

Management estimates a roughly $600 billion global revenue opportunity across spend management, cross-border payments and vehicle solutions. Corpay estimates that it holds a market share of less than 1% in both spend management and cross-border payments, illustrating the runway available if it can continue gaining share.

Growth should come from winning new customers, cross-selling more products, geographical expansion and acquisitions. Recent transactions such as Alpha Group and the investment in AvidXchange further strengthen Corpay's capabilities in cross-border payments and accounts-payable automation, accelerating the shift towards Corporate Payments.

Risks

Corpay operates in competitive payments markets against banks, established payment companies and newer technology providers, creating potential pressure on pricing and customer-acquisition costs. Transaction volumes are also exposed to economic conditions, while fuel prices, foreign-exchange movements and electric-vehicle adoption can affect parts of the business.

Acquisitions introduce execution and integration risk, while the use of debt increases the importance of disciplined capital allocation. Finally, the company's long association with CEO Ron Clarke creates key-man and succession risk.

Valuation and return potential

A good business does not automatically make a good investment; the price paid remains critical. Despite the shares rising approximately 37% year to date, Corpay still trades at less than 14 times expected earnings over the next twelve months. Management is targeting organic revenue growth of 10%+ a year and approximately 22% annual growth in cash earnings per share between 2026 and 2029. Even allowing for earnings growth below these targets, we believe the combination of its established earnings base, expanding corporate payments business and attractive valuation offers the potential for mid-teens annualised returns without relying on a re-rating.

For us, the central attraction is Corpay’s ability to compound earnings and cash generation over time. A higher valuation multiple could provide additional upside, but it is not a prerequisite for an attractive investment outcome.

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