



Investor Presentation FY2015 Results

18 August 2015



Important Notice and Disclaimer



IMPORTANT INFORMATION

The information in this presentation is general in nature and does not purport to be complete. It has been prepared by SG Fleet Group Limited (the “Company”) with due care but no representation or warranty, express or implied, is provided in relation to the accuracy, reliability, fairness or completeness of the information, opinions or conclusions in this presentation. The Company has not verified any of the contents of this presentation.

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Neither the Company, nor any Limited Party (as defined below) is responsible for updating, nor undertakes to update, this presentation. Items depicted in photographs and diagrams are not assets of the Company, unless stated.

Not financial product advice or offer

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other offer document under Australian law or the law of any other jurisdiction. This presentation is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Readers should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek independent legal, taxation and other professional advice appropriate for their jurisdiction. This presentation is not and should not be considered as an offer or invitation of securities. In particular, this document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

Financial data

All dollar values are in Australian dollars (\$) or A\$) unless stated otherwise.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Past performance

Past performance and pro-forma financial information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Past performance of the Company cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance.

Future performance

This presentation may contain certain 'forward-looking statements'. Forward-looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. Any forward-looking statements, opinions and estimates (including forecast financial information) provided in this presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends, distributions and other estimates.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of the Company's business strategies.

The success of any of these strategies is subject to uncertainties and contingencies beyond the Company's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, the Company assumes no obligation to update these forward-looking statements.

To the maximum extent permitted by law, the Company and its related bodies corporate, officers, employees, agents and advisers (the “Limited Parties”):

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability, fairness or completeness of such information, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Overview

Financial Results & Dividend

NPAT \$40.5m

- 3.3% ahead of Prospectus forecast
- Up 14.4% on FY14

EPS¹ of 16.7 cents

Further improvement in PBT margin, from 32.5% to 34.3%

Final dividend 6.117 cps, fully franked

- Total FY15 dividend 10.842 cps

ROE² 29.1%

Net cash of \$45.3m

Strategy & Operations

Business traded well throughout the period, with strong customer wins in final quarter

Revenue growth supported by exceptional customer retention level, increased penetration and high win rates

Customer service quality feedback positive, with focus on constant improvement

Competitive differentiation enhanced through continued innovation

Scale and internal efficiencies driving productivity improvements

1: Net Profit After Tax divided by weighted average number of shares for 12 months to 30 June 2015

2: FY15 Net Profit After Tax divided by average total equity for 12 months to 30 June 2015

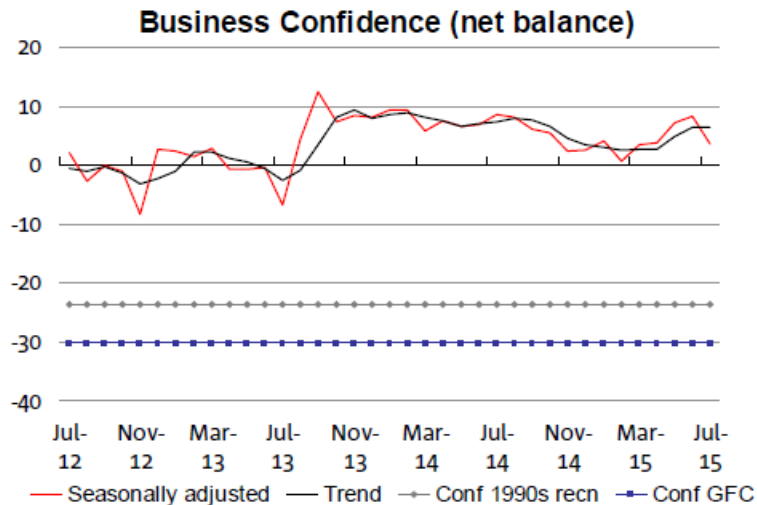
FY2015 Operating Environment

Australia



Economic and regulatory environment

- Gradual decline in business sentiment, with uptick in Q4-FY15
- Increased clarity in regulatory environment – no meaningful impact from implemented measures

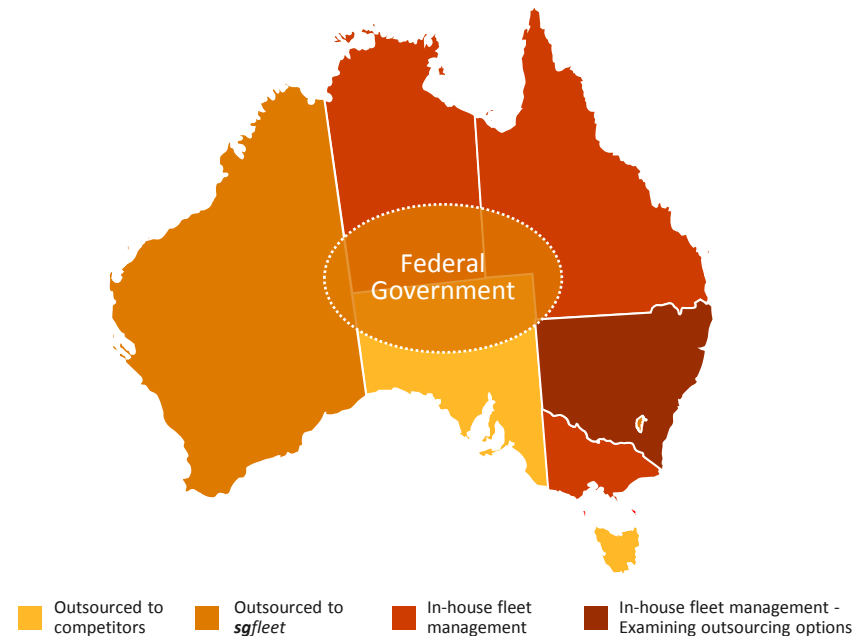


Source: NAB Monthly Business Survey

Business activity

- Full opportunities pipeline
- States exploring outsourcing options or moving to higher value add arrangements
- Corporate activity triggers competitive aggression in predominantly rational market

Current Government Outsourcing Status



FY2015 Operating Performance

Australia



Disciplined execution of stated growth strategy

- Optimisation of sales and marketing model
- Positive feedback through newly introduced NPS
- Further enhancement and differentiation of offering supports customer retention and win rates
- Strong conversion rate across Tool-of-Trade and Novated, all growth strategy channels, customer types and industries

Customer wins by growth avenue, client type, and business				
	Corporate		Government	
	Novated	Tool-of-Trade	Novated	Tool-of-Trade
New Entrants	✓	✓	✓	✓
Conversion to Full Leasing	N/A	✓	N/A	✓
Market Share Gain	✓	✓	✓	✓
Increased Customer Penetration	✓	✓	✓	✓

11+ years

Average length of
Top 20 Customer
relationships

25%+

Tender win rate

147

New customers
vs. 133 in FY14



Supplier of the Year

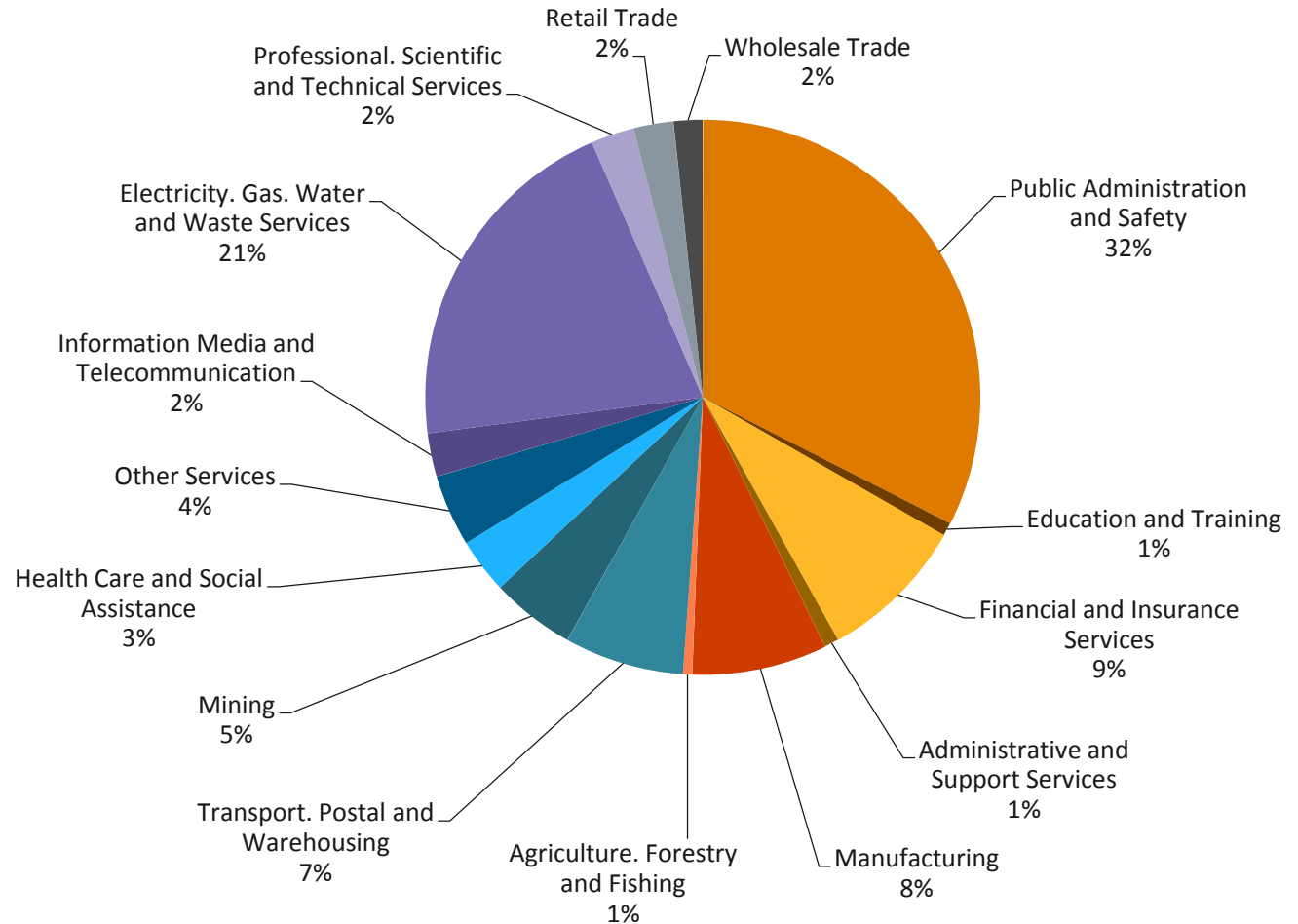
FY2015 Operating Performance

Australia



Industry and
scale spread
highlights
brand strength
and customer
portfolio depth
& diversity

Total fleet by industry



FY2015 Operating Performance

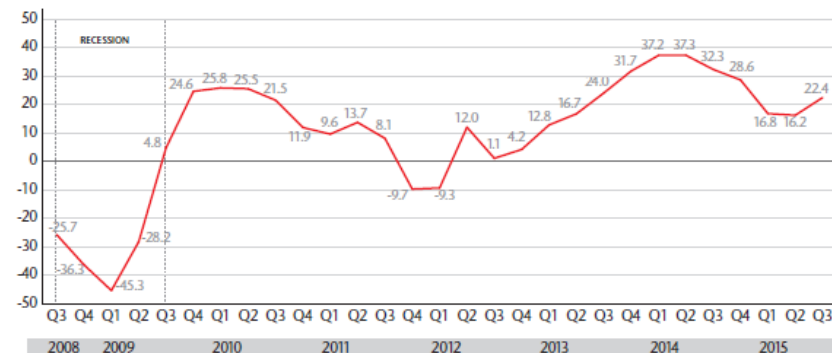
United Kingdom



Economic environment

- Operating environment supported by strengthening economic confidence following decisive general election outcome

Fig. 1 Trend of UK business confidence



Source: ICAEW / Grant Thornton UK Business Confidence Monitor

Business activity

- Focus on providing profitable full service solutions in tool-of-trade and salary sacrifice segments
- Uniquely placed product offering seeing increased take-up
- Improved online capabilities support sales process efficiency and higher customer penetration
- Increasing diversity in growing customer base

Product ✓
+
Process ✓
=
Progress ✓

FY2015 Operating Performance

New Zealand



Economic environment

- Despite negative turn in business confidence in final quarter, market activity has remained buoyant
- Mid to large corporate and government fleets coming to market

ANZ BUSINESS CONFIDENCE INDEX



Source: ANZ

Business activity

- Market-leading products are challenging more established players
 - Successes at very top end of the market
- Contracts won are of exceptional quality
 - Sale & lease-backs
 - Fully maintained operating leases

NZ business ready to step up to next level

Financial Results

Financial Summary

	Actuals	Pro forma Actuals ¹	Variance
A\$m	FY2015	FY2014	FY2015 vs. FY2014
Revenue	171.4	156.5	9.5%
Total expenses	(112.6)	(105.7)	6.5%
Profit Before Tax	58.8	50.8	15.7%
Net Profit After Tax	40.5	35.4	14.4%
Profit Before Tax Margin	34.3%	32.5%	
Net Profit After Tax Margin	23.6%	22.6%	

- Profit before tax up 15.7% on PCP
- Underlying growth in profit before tax of 9.1% adjusting for novated disruption in PCP

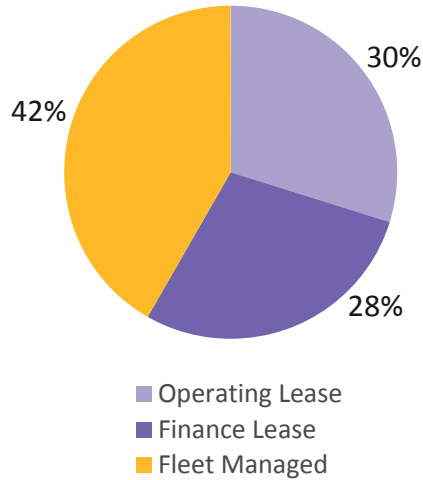
Fleet Growth



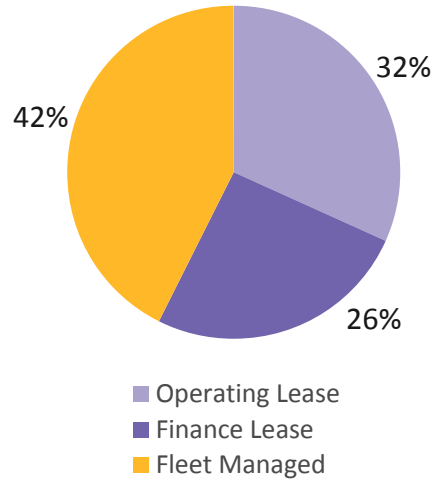
- 7.4% growth in closing fleet balance vs. PCP
- 12.4% growth in deliveries
- Underlying growth in deliveries of 9.7% adjusting for novated disruption in PCP

Fleet Mix

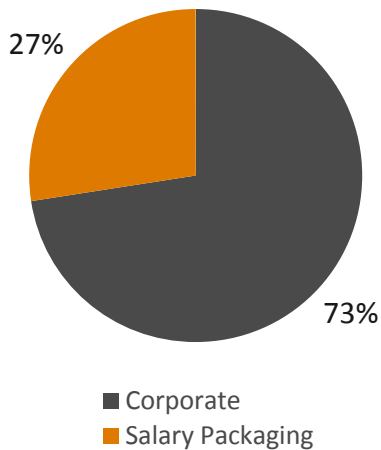
As at June 2014



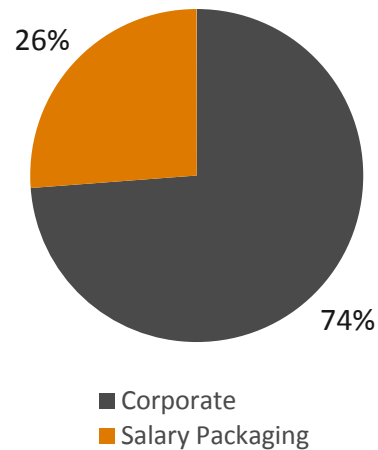
As at June 2015



As at June 2014



As at June 2015



- Diversified product mix
- Operating Lease grew as a percentage of total fleet partially as a result of a large tool-of-trade fleet converting from Finance Lease

Revenue

Overview



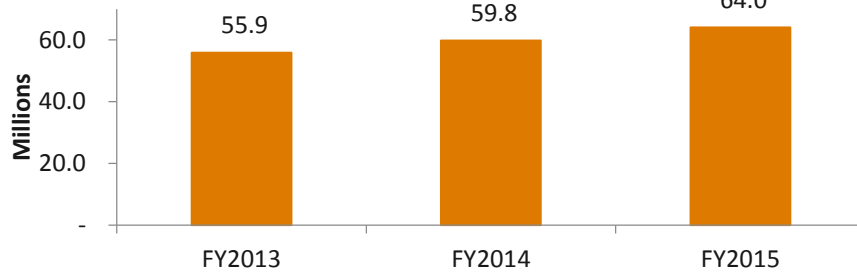
	Actuals	Pro forma Actuals ¹	Variance
A\$m	FY2015	FY2014	FY2015 vs. FY2014
Management and maintenance income	64.0	59.8	7.0%
Additional products and services	48.8	41.7	17.0%
Funding commissions	29.3	23.6	24.2%
End of lease income	11.3	12.7	(11.0%)
Rental income	10.8	12.2	(11.5%)
Other income	7.2	6.5	10.8%
Total Revenue	171.4	156.5	9.5%

1: Refer to Section 4.2 of the Initial Public Offering Prospectus for further information on the preparation of the above pro forma financial information

Revenue

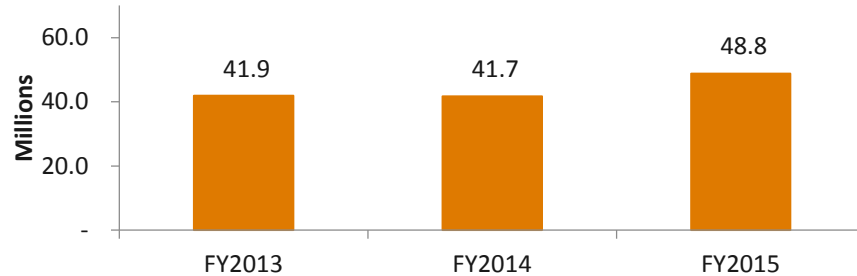
Analysis

Management and Maintenance Income



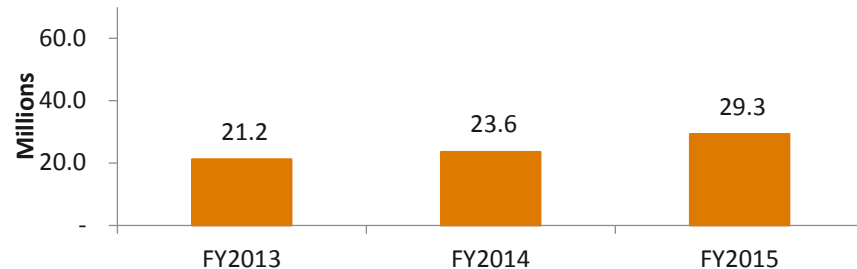
- Up 7.0% on PCP
- Growth in line with fleet growth
- Customer conversions from budgeted to underwritten maintenance

Additional Products and Services



- Up 17.0% on PCP
- Driven by 12.4% growth in deliveries and improved penetration per unit

Funding Commission

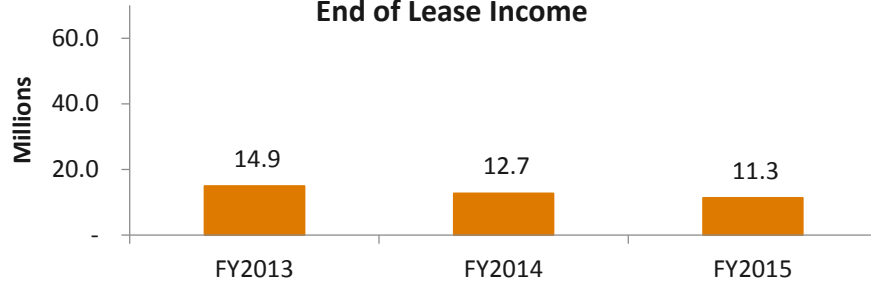


- Up 24.2% on PCP
- Underlying growth of 17.5% adjusting for novated disruption in PCP
- Driven by 12.4% growth in deliveries and improved finance margins

Revenue

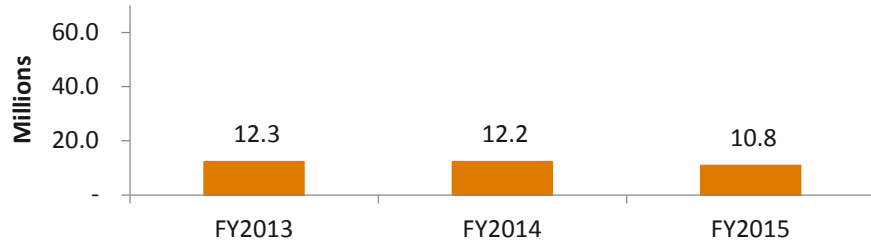
Analysis (ctd.)

End of Lease Income



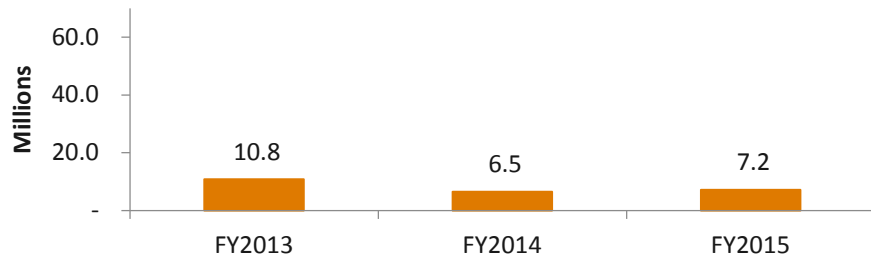
- Down 11.0% on PCP as residual values continued to normalise as foreshadowed
- Slightly lower disposal volumes compared to PCP
- Disposal prices now relatively stable

Rental Income



- Down 11.5% on PCP
- Fewer vehicles in inertia as customers replaced vehicles with new orders

Other Income



- Up 10.8% on PCP
- Higher interest income on cash balances, higher early termination income and higher ad-hoc income

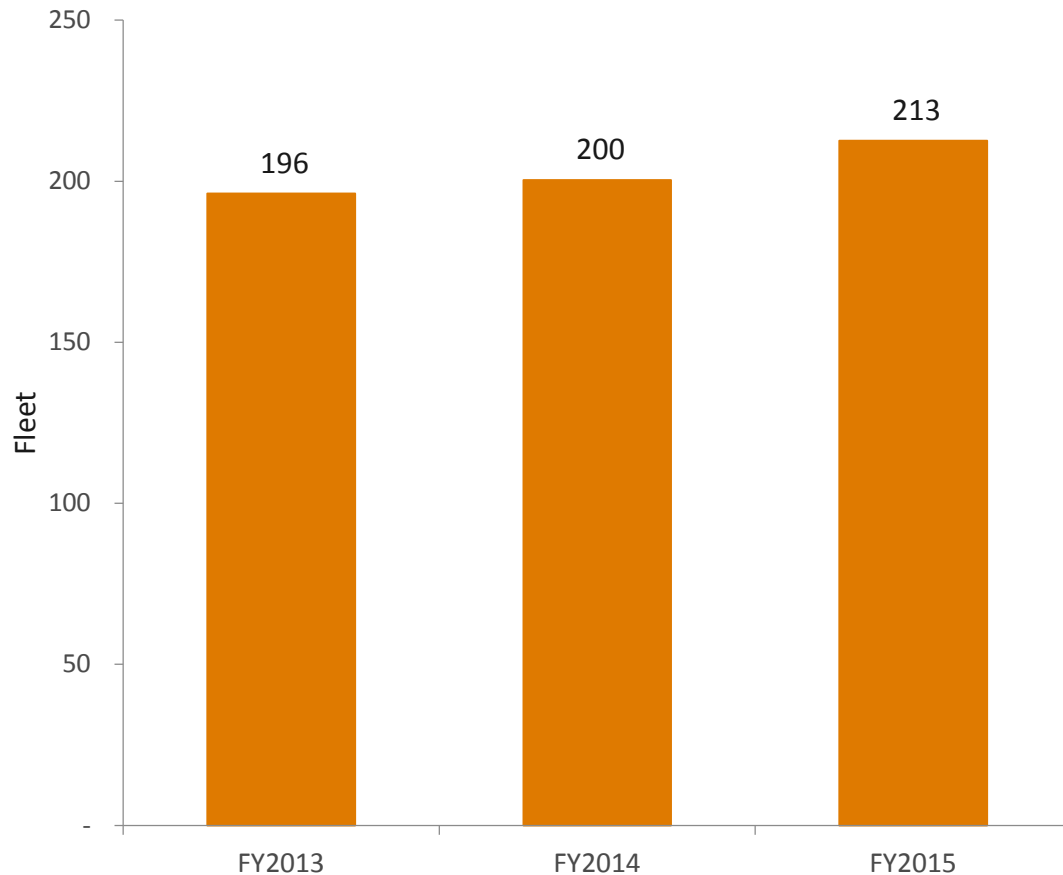
Expenses

	Actuals	Pro forma Actuals ¹	Variance
A\$m	FY2015	FY2014	FY2015 vs. FY2014
Fleet management costs	44.5	38.6	15.3%
Employee benefits expense	43.6	42.7	2.1%
Occupancy costs	4.1	4.1	-
Depreciation, amortisation and impairment	7.1	6.8	4.4%
Technology costs	3.2	2.9	10.3%
Other expenses	6.6	6.4	3.1%
Finance costs	3.5	4.2	(16.7%)
Total Expenses	112.6	105.7	6.5%

- Growth in fleet management costs primarily driven by growth in additional products & services revenue
- Higher technology costs reflect cost incurred in on-going consolidation of systems infrastructure
- Other expenses increased due to costs associated with investigation of UK acquisition opportunity
- Reduction in finance cost due to re-negotiated pricing of senior debt facility

Productivity & Profitability Trends

Fleet per Employee



- Productivity, measured by Fleet/FTE, has improved as a result of ongoing focus on internal efficiencies
- Profitability has been supported by scale benefits

Balance Sheet, Cash flow and Debt



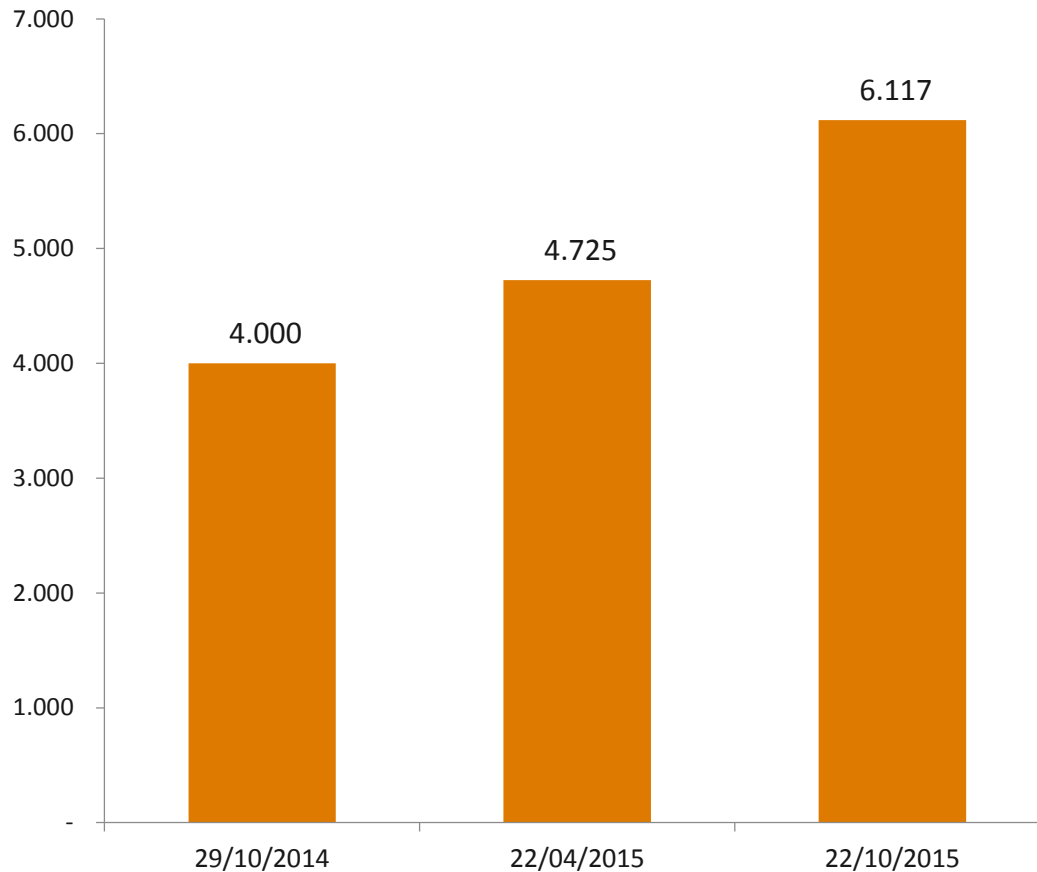
Net cash of \$45.3m
vs. \$14.4m in PCP

Cash conversion of
110% of EBITDA

Implemented a
small on-balance
sheet lease
portfolio funding
line in NZ

Well positioned to leverage all growth opportunities

Dividend per Share (in Cents)



- Dividend of 6.117 cents per share fully franked
- Payout ratio of 65%, based on 45%/55% interim vs. full year payout split
- Record date:
1 October 2015
- Payment date:
22 October 2015

Outlook

Economic and regulatory environment

Recovery in business confidence tested by Greece situation and Chinese equity market volatility

Monitoring regulatory environment on ongoing basis – no significant developments anticipated

Business activity

Current assessment of outsourcing options by major States expected to go into next phase

Industry corporate activity

SG Fleet withdraws from Global Alliance following GE/Element transaction

- No impact on existing customers or business development

Activity levels remain high across all geographies

Aiming to maintain similar levels of underlying profit growth through combination of revenue gains and margin expansion¹

Revenue

Objective	Measure	✓
Enhanced differentiation	Maintain product innovations flow	
Stronger customer relationships	Maintain retention rate	
Greater penetration	Increase accessories revenue	
Increased market share	Maintain above market share win rate	

Margin

Objective	Measure	✓
Extract scale benefits	Improve Fleet/FTE ratio	
Greater internal efficiency	System consolidation	
Cost compression	Process improvements	

Position SG Fleet to be a beneficiary of structural and step-change developments

Longer Term Outlook

FY2017 and beyond



Revenue

- Maintain multi-avenue growth strategy
- Next phase for diversification and greenfield concepts
- Identification of inorganic growth opportunities

Margin

- Impact of system integration
- Increased scale benefits

Long-term strategy actively supported by skills and talent management

- Protect internal talent pool of asset know-how and innovation expertise
- Match Board skill set with organic and inorganic growth strategy
 - New Board appointment of Edwin Jankelowitz

Financial Results & Dividend

NPAT \$40.5m

- 3.3% ahead of Prospectus forecast
- Up 14.4% on FY14

EPS¹ of 16.7 cents

Further improvement in PBT margin, from 32.5% to 34.3%

Final dividend 6.117 cps, fully franked

- Total FY15 dividend 10.842 cps

ROE² 29.1%

Net cash of \$45.3m

FY16 onwards

Build momentum into FY16 and beyond

Maintain multi-pronged growth strategy, including inorganic

Greater competitive differentiation through product development and customer service enhancements

Position for step-change opportunities

Continued productivity improvement through scale and efficiency benefits

Maintain similar levels of underlying profit growth

1: Net Profit After Tax divided by weighted average number of shares for 12 months to 30 June 2015

2: FY15 Net Profit After Tax divided by average total equity for 12 months to 30 June 2015

Questions