



SG Fleet Group Limited Acquisition of **nlc** Investor Presentation

18 November 2015



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Transaction Overview

Summary

Strategically Attractive and Financially Compelling Acquisition



nlc Overview

- Specialist manager / provider of novated leases, consumer vehicle finance and vehicle sourcing
- Diversified revenue streams
- Long-term, sticky customer base
- Experienced and committed management team
- Strong track record of customer acquisition, retention and earnings growth

Strategic Rationale

- Complementary novated business model and product/skill set
- Complementary business culture and focus on customer satisfaction and experience
- Creates leading market position, opens up consumer-style options and cross-sell opportunities
- Enhanced scale and diversification, building on core competencies and capabilities
- Delivers on multiple pillars of SG Fleet's growth strategy, including continued evaluation of inorganic opportunities

Transaction Overview

- Enterprise Value \$154m (acquisition price \$200m less net cash on nlc balance sheet \$46m)
- 6.2x FY15 EBITDA pre-synergies
- Funded by \$110m in debt facility / 9.1m shares to vendor / balance in cash
- Anticipated 25%+ cash EPS accretion in first full year of ownership - additional strong accretion in subsequent years
- Meaningful synergy opportunities



Overview of **nlc**

Business Overview



nlc is a specialist manager and provider of novated leases, consumer vehicle finance and vehicle sourcing

Established in 1990 - based in Melbourne, with national presence

Employs ca. 140 staff

Highly experienced and dedicated management team

Blue chip, well-established and long-dated corporate and growing government customer base

Efficient operating model, generating strong margins

Capital-light funding model

nlc's Vision

*"To be the leader
in car purchase
and car
ownership
experience for
Australian
consumers."*

Diverse Product Offering



Diversified Revenue Streams



- nlc strategy places emphasis on vehicle purchase experience for consumers

- Growing consumer vehicle finance business

- Multiple insurance products offering
 - No underwriting risk exposure
 - Moves business further up value chain and diversifies revenue sources

- No residual value exposure
 - Opportunity to introduce operating leases and broaden consumer-style offering

Attractive Customer Profile



'Sticky' Customer Portfolio

- Strong corporate relationships
 - Average customer relationship length of over 9 years

- Predominantly in private sector

- Blue chip corporates, educational institutions, and growing government book

- Over 250 customers

- Low customer concentration
 - Top 20 accounts for 45%, largest customer accounts for 8% in terms of fleet size

Attractive Novated Driver Profile

- Values benefits of fleet management

- Receptive to consumer loan offering

- Strong conversion on lease expiry

- 96% customer satisfaction

Experienced Management Team



Well-Regarded Management

- Matt Reinehr, MD, established nlc in 1990

- At the forefront of the novated industry

- Experienced, innovative, and highly regarded

- Exceptional management depth

Ongoing Commitment to the Business

- Key staff retained by SG Fleet

- Matt Reinehr has taken scrip as part of consideration and will remain with business
 - Escrow arrangements in place

- Retention arrangements in place

- Commitment to further develop combined business

Strong Financial Performance



Strong Growth Record



- 3-year EBITDA CAGR 17.1%
- Strong earnings growth financial year to-date
- Attractive EBITDA margins
- Strong cash generation
- Capital-light funding model, with principal & agency funding structure



Acquisition Rationale

Strategically Attractive and Financially Compelling Acquisition

All Relevant Investment Hurdles Met



Business Fit

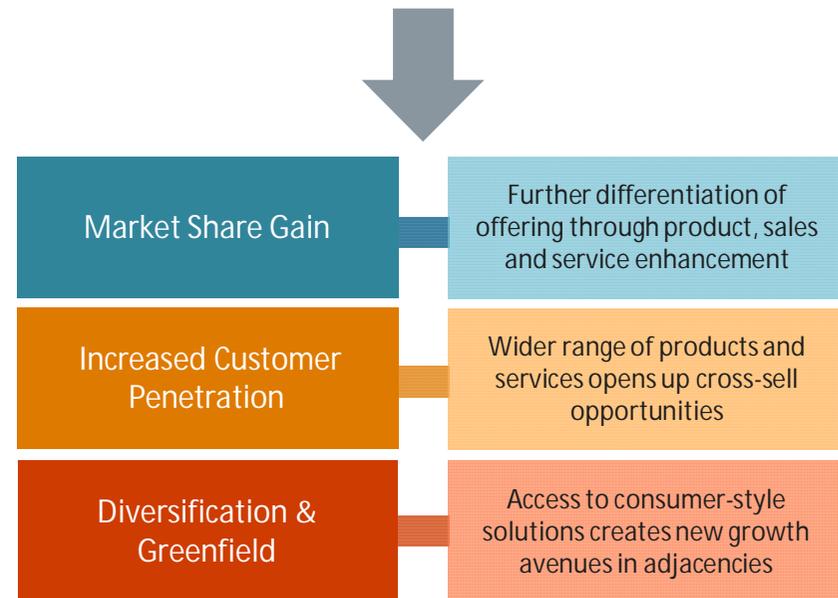
- Consumer-style/driver-focused nlc novated business model complementary to SG Fleet model
- Tool-of-trade cross-sell opportunity to novated customers
- Enhanced scale and diversification within existing business segments - building on core competencies and capabilities

Attractive Valuation

- 6.2x FY15 EBITDA pre-synergies
- Anticipated 25%+ cash EPS accretion in first full year of ownership – additional strong accretion in subsequent years

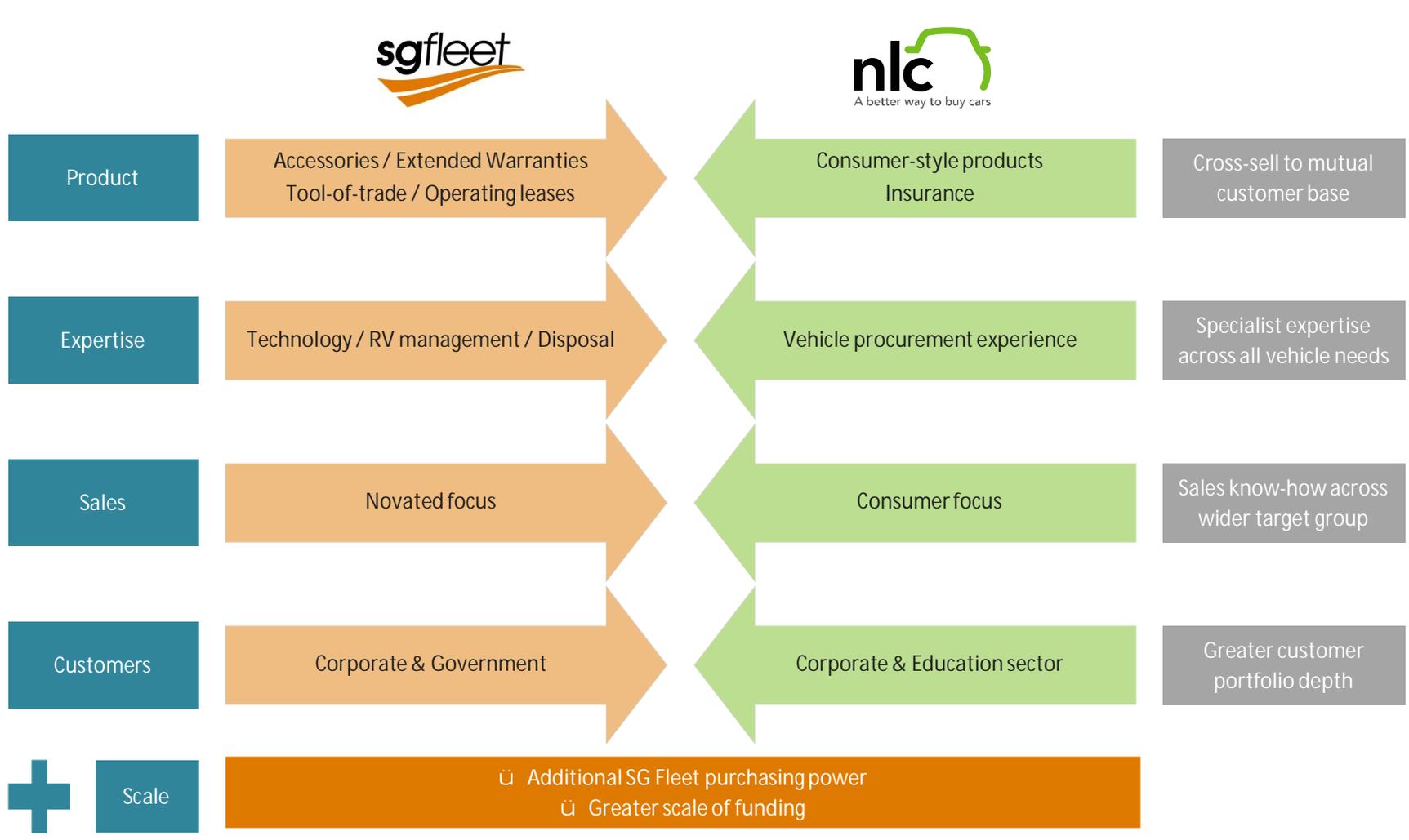
'On Strategy' Growth Enabler

- Accelerates underlying growth objectives
- Supports stated multiple growth avenues strategy



Potential for Operating Leverage

Two Strong Brands with Significant Opportunity to Share and Leverage Key Differentiators

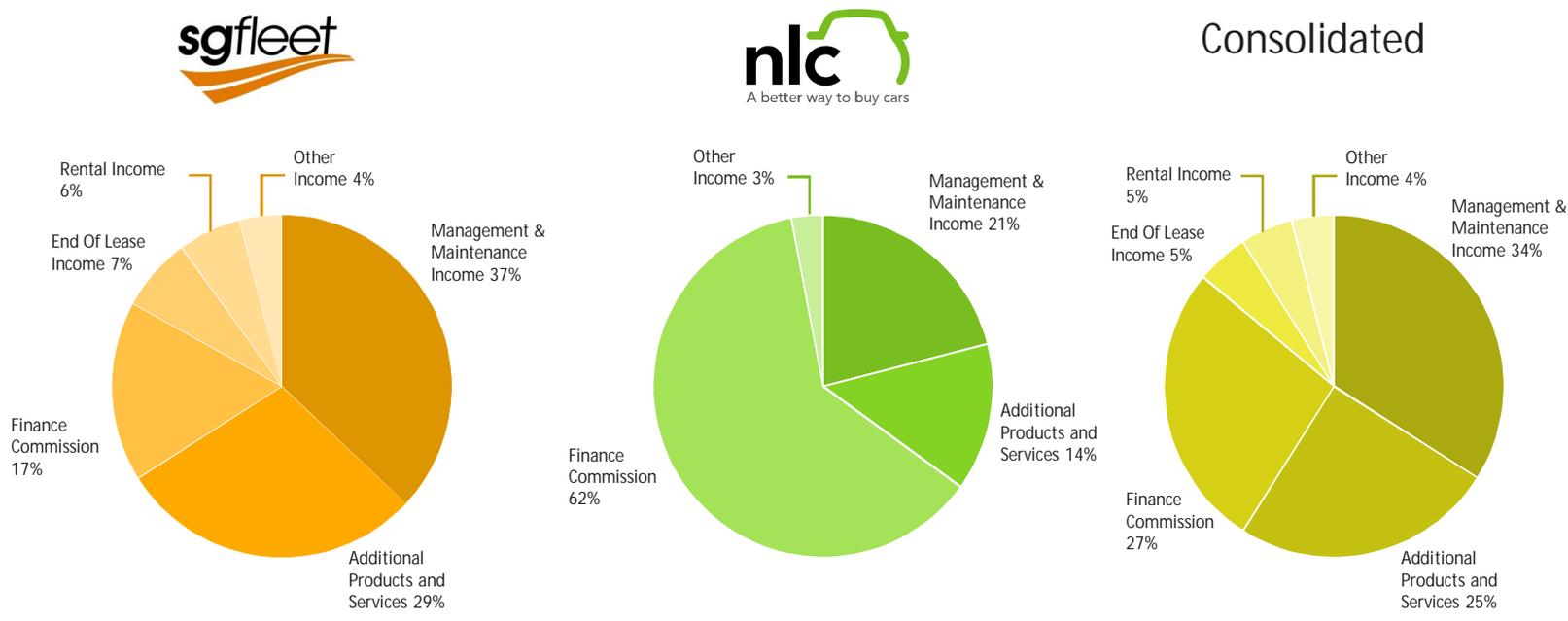


Combined Entity Profile



➔ Combination of SG Fleet's novated business with nlc's consumer-focused model creates larger novated segment, diversified across multiple customer profiles and requirements

Pro forma FY15 revenue breakdown



- Combined fleet size over 100,000 vehicles
- Separate brands retained
- No change to business systems and processes currently envisaged
- Melbourne HQ location maintained

Financial Impact and Funding



Acquisition cost

Acquisition price	\$200m
Net cash on nlc balance sheet	\$46m
Enterprise value	\$154m

- 6.2x FY15 EBITDA pre-synergies

Funding structure

- Debt \$110 million
- Scrip to vendor 9.1 million shs.
 - Issued at \$2.95/share
 - Under escrow: 50% until release FY16 results / 50% until release FY17 results
- Existing SG Fleet cash balance

EPS accretive transaction

- Anticipated 25%+ Cash EPS accretion in first full year of ownership
- Additional strong accretion in subsequent years

Meaningful synergy opportunities

Balance sheet at completion

Net leverage ratio ¹	
Total	0.9x
Corporate (excluding lease portfolio)	0.7x

Next steps

- Acquisition completion before end CY2015
- Requirement to obtain shareholder approval for financial assistance / whitewash

1: Pro forma trailing net debt/EBITDA



Business Outlook

SG Fleet Business Outlook



SG Fleet aiming to maintain levels of underlying profit growth similar to FY15 (excluding nlc transaction) – business remains on track

Continued evaluation of inorganic opportunities

Strong accretion expected from nlc transaction – continued growth in nlc business anticipated

Synergies expected to be realised in FY16 to FY18

SG Fleet dividend policy remains unchanged



Questions