

FY2017 ANNUAL GENERAL MEETING

CEO REVIEW

24 OCTOBER 2017



SG Fleet Group
Integrated Mobility

Highlights

FINANCIAL RESULTS & DIVIDEND

NPAT \$59.6m (up 26.9%)

Underlying NPATA¹ \$68.7m (up 27.2%)

- Guidance at 1H17: \$65.9 to \$68.6m

EPS 23.58cps (up 24.5%)

Underlying Cash EPS 27.17cps (up 24.8%)

Final dividend 9.265cps

- Total FY17 dividend 16.801cps (up 30.7%)

Pro forma² net corporate leverage 0.6x

- Pro forma total leverage 1.0x

STRATEGY & OPERATIONS

Good growth achieved in patchy conditions to beat upwardly revised guidance

High value-add proposition increasingly recognised

Telematics and tech solutions take-up accelerating

Australian corporate / consumer business split enhances focus and efficiency

nlc and UK integration and synergy extraction on track

UK and NZ businesses continue to make progress

Continue to explore opportunities to create scale

1: Underlying NPATA = Net Profit After Tax before acquisition-related expenses incurred during the reported period and excluding amortisation and impairment of intangible assets on an after tax basis.

2: Leverage ratio calculated on Pro forma EBITDA excluding acquisition-related expenses

Operational Review

Australia

ENVIRONMENT

Economy

- News alternated between positive and negative

Industry environment stabilised

- Aggressive tactics less prevalent
- Residual values generally steady

BUSINESS ACTIVITY - CORPORATE

Positive mood – strong pipeline

- Major new wins – uncontested retention and extensions – additional products

Success rate reflects high value-add proposition

- Increased receptiveness to tech applications
- Telematics – *Bookingintelligence* – GoGet
- Focus on emerging opportunities

Continued discipline in competitive approach

BUSINESS ACTIVITY - CONSUMER

Continued growth

- Significant opportunities coming to market in FY18

New customers added and good retention

- Strong months towards end of the year for both brands

Good scope for growth within existing book

- Higher penetration within eligible pool
- Strong focus on sales of broadening product range

Sales channel split has enhanced focus and optimised processes

Operational Review

United Kingdom

ENVIRONMENT

Business activity in target segments unaffected by Brexit

- Healthy pipeline of new business opportunities
- Light commercial vehicles drive leasing industry growth – favouring Motiva offering

Car salary packaging recovery post 2016 Autumn Statement

- Recovery started later than anticipated
- New scheme launches accelerating towards year-end

Steady business environment

BUSINESS ACTIVITY

Enhanced business scale supporting win rates

- Wins across contract hire, fleet management, salary sacrifice
 - Re-signed largest daily rental customer on 5y exclusive basis
 - 3 significant salary sacrifice wins in 2H – multiple opportunities coming to market in 1H18
- Winning sole supply arrangements by leveraging group capabilities
- Launch of personal contract hire product

Overall financial performance temporarily affected by Autumn Statement impact

- Normalisation in FY18

Targeting strong progress
in FY18

Operational Review

New Zealand

ENVIRONMENT

Economy remains sound

- Business confidence on the rise throughout 2H17
- Companies positive about prospects, willing to hire and invest
- Election lead-up did not disrupt current trends

Competitive landscape

- Changes likely to produce opportunities

**Operational environment
remains supportive**

BUSINESS ACTIVITY

Marquee endorsements help win rate

- Several sizeable fleet managed and leasing wins in 2H
- Technology upsell accelerating across main contracts
- Positive feedback from major clients is raising sgfleet brand profile in tightly-knit business community

Strong profit growth

- Doubling of profit

**Brand increasingly recognised
for blue chip offering**

FY2018 Update

MAJOR INITIATIVES

UK integration

- Integration well on track – synergy extraction timing as planned
 - All teams and operations now fully integrated
 - Fleet Hire systems integration in coming months / Motiva 2H18
 - Re-branding on target for 1H18 completion

nlc integration

- Systems integration underway
- Reconfirming synergy extraction targets: cumulative synergies of \$6-6.5m by end of FY18 - remaining synergies in FY19
- Actively looking at further opportunities to grow revenue lines

Product innovation

- Chain of responsibility software applications in anticipation of amended legislation
- Online quoting solution to support UK personal contract hire consumer product
- Next gen *DriverSafety* product: virtual assessment
- AU telematics-*Fleetintelligence* integration rolled out in NZ

Corporate activity

- Actively seeking inorganic growth opportunities
- Funding and execution abilities demonstrated
- Industry moving towards consolidation

FY2018 Update

BUSINESS ACTIVITY

Australia

- Corporate
 - Execution of agreements in energy and infrastructure sectors – further opportunities
 - Increased activity in NFP sector
 - Telematics and mobility services take-up acceleration continues
- Consumer
 - Leads growth despite muted new car market
 - Number of new employer clients signed

United Kingdom

- Car salary packaging activity now recovered to pre-HMRC consultation levels – tender pipeline strong
- Increased business scale, product suite and technology focus opening up new, larger opportunities

New Zealand

- Vehicle sector activity unaffected by elections - new registrations at record levels
- Appointed to Health Alliance supply panel, servicing number of district health boards
- Business pursuing number of additional large tenders
- Disruption in competitive landscape is creating further opportunities

Summary

- **Guidance exceeded**
- **Opportunity pipeline strong**
- **Maintaining competitive discipline**
- **High value-add services in demand**
- **Tech solutions and telematics take off**
- **Enhanced business focus**
- **Strong combined sgfleet-nlc novated offering**
- **nlc synergy extraction on track for key year**
- **UK business integration yielding good results**
- **Profit growth in New Zealand accelerates**
- **Strong financial flexibility**
- **Continued exploration of scale opportunities**

Developing agile business around core expertise areas



Targeting attractive growth rates and sustainable returns