

SG Fleet Group
Integrated Mobility

Investor Presentation

FY2018 RESULTS

14 AUGUST 2018



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Overview



Highlights



Financial Results

NPAT
\$67.7m
(↑13.6%)

Total revenue
\$316.5m
(↑7.9%)

EPS 26.38cps
(↑11.9%)



Dividend

**9.958 cps fully
franked** (↑7.5%)

FY18 Total
18.738 cps (↑11.5%)



Balance Sheet

**Corporate
leverage 0.2x**



Australia

Improved conditions
Additional product and
services growth



UK

Promising outlook in
key growth areas



New Zealand

Progress continues at
healthy rate



Strategy

Integrations nearing
completion –
inorganic growth
remains firmly on
agenda

Efficiency program
accelerating to
improve operating
rhythm and customer
experience

High value-add
product and services
expansion and
introduction of
mobility solutions

Strong foundations as business prepares for next growth phase



Operational Review – AUS



Environment

Economy

- Improved conditions across most industries
- Private car sales down on prior corresponding period

Operating environment

- Competitive, but largely rational
- Opportunities continue to emerge
- Financial services regulators remain active





Operational Review – AUS



Corporate

Customers

- Positive period with large government and corporate customers
 - New wins and strengthening relationships
 - Additional products & services
 - Future impact of WA contract loss not material

Products

- Dominant trend has been to add services to existing fleets
 - Car share offering take-up by some large customers
 - Inspect 365 response very promising
- Significant increase in extensions and inertia



Significant growth in product and services range



Operational Review – AUS

Consumer

Customers

- Growth in total eligible employee pool via corporate and government wins
 - Driver conversion somewhat challenging
 - Further opportunities in pipeline

Products

- Accessories sales buoyant
 - Full range of accessories sold across nlc
 - Strong conversion rates
- Expansion of car buying and used car disposal services across client base
 - Opportunity to access employee base ineligible for novated



Successfully extending target pools for novated and other products

Operational Review – UK



Environment

Economy

- Business confidence improved during the period
- Capital investment on the increase

Operating environment

- Opportunities pipeline reflects more positive economic mood
- Personal leasing popularity grows
- Focus on low emission - Diesel values holding





Operational Review – UK



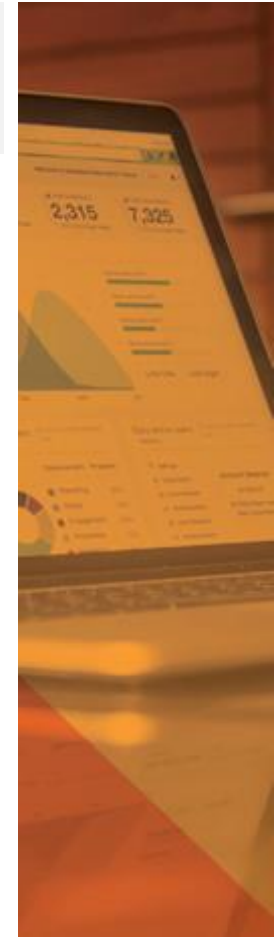
Business Activity

Customers

- Sole supply wins in multiple sectors
- Growing geographic footprint with public sector wins in Scotland
- SME business expanding

Products

- Van-based personal leasing and various affinity schemes receiving strong response
- Continued rollout of Fleetintelligence solution to enlarged customer base
- Partnership with major utility company to promote EVs



Promising outlook for key growth areas



Operational Review – NZ



Environment

Economy

- Growth rates expected to remain on trend
- Corporate investment continues
- New vehicle registrations grow YoY

Operating environment

- Tender activity levels maintained
- General trend towards higher value-add solutions





Operational Review – NZ



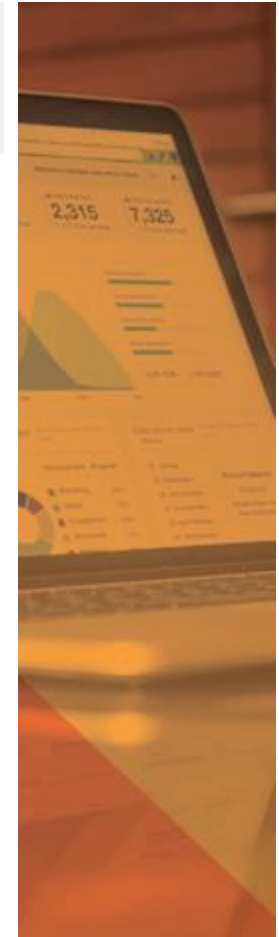
Business Activity

Customers

- Customer base widening with new wins
- Additional relationships established with government agencies
- Contributions to customers increasingly recognised, e.g. KiwiRail

Products

- Greater customer focus on driver safety solutions
- Recognised telematics expertise creating new opportunities
- Actively implementing increasingly prevalent switch to EV



Progress continues at healthy rate

Financial Results



Financial Summary

A\$m	FY2018	FY2017	Variance
Total Revenue	316.5	293.2	7.9%
Total Expenses excluding acquisition-related expenses	(220.2)	(203.2)	8.4%
Underlying Net Profit Before Tax	96.3	90.0	7.0%
Margin	30.4%	30.7%	(0.3%)
Tax	(28.6)	(27.1)	5.5%
Underlying Net Profit After Tax¹	67.7	62.9	7.6%
Margin	21.4%	21.5%	(0.1%)
Acquisition-related expenses	-	(3.3)	(100.0%)
Reported Net Profit After Tax	67.7	59.6	13.6%
Amortisation of Intangibles after Tax	6.5	5.8	12.1%
Underlying NPATA²	74.2	68.7	8.0%
Margin	23.4%	23.4%	0.0%
Underlying EPS (cents)	26.38	24.87	6.1%
Reported EPS (cents)	26.38	23.58	11.9%
Underlying Cash EPS (cents)	28.92	27.17	6.5%

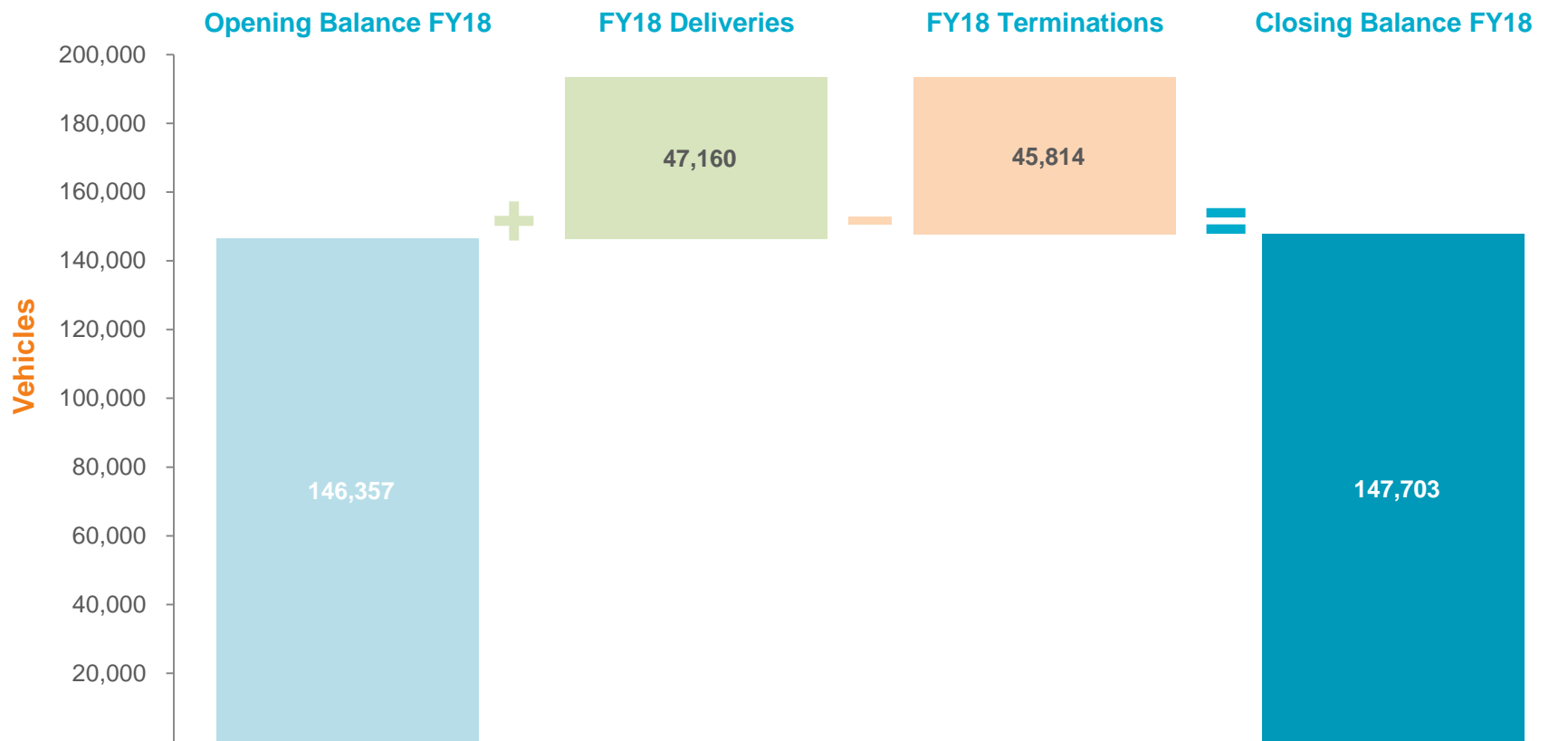
Growth in Revenue and NPAT outstripped growth in fleet due to:

- Penetration of Additional Products and Services
- Greater contribution from End of Lease Income

1: Underlying Net Profit After Tax = Net Profit After Tax before acquisition-related expenses incurred during the reported period.

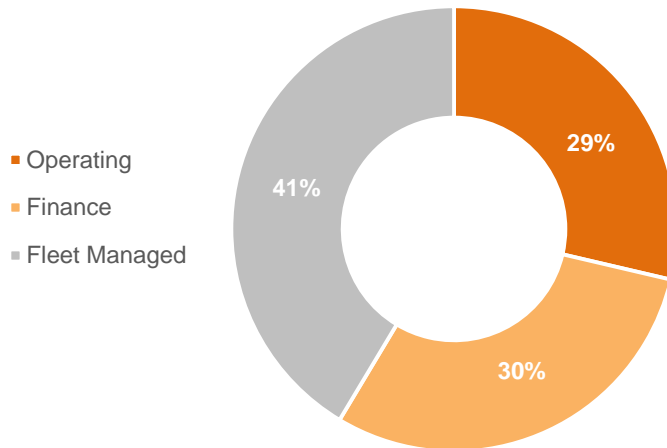
2: Underlying NPATA = Net Profit After Tax before acquisition-related expenses incurred during the reported period and excluding amortisation and impairment of intangible assets on an after tax basis.

Fleet Growth

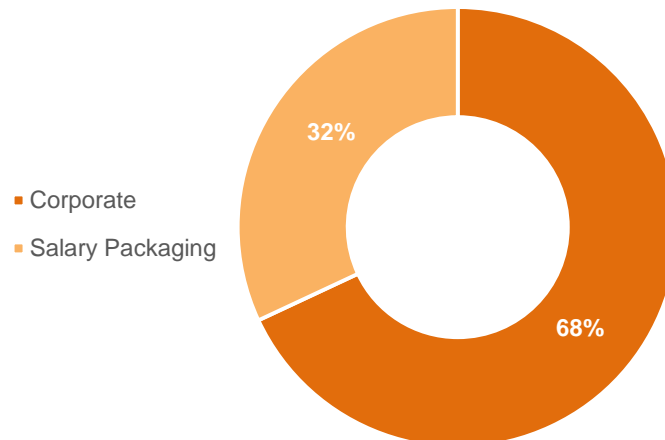
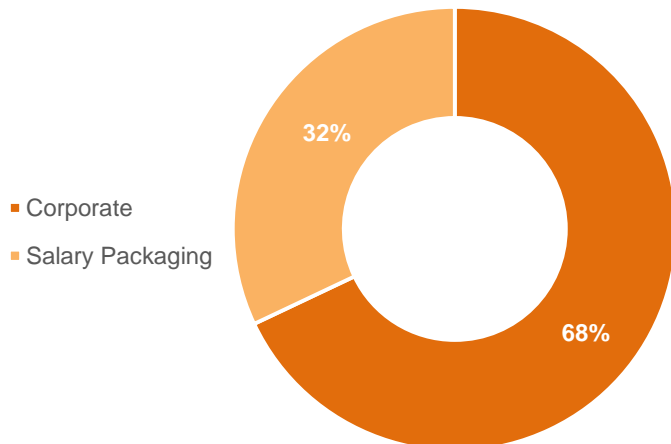
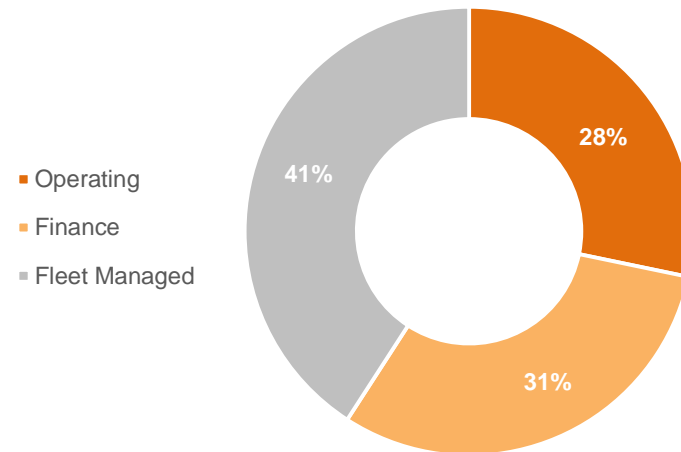


Fleet Mix

As at June 2017

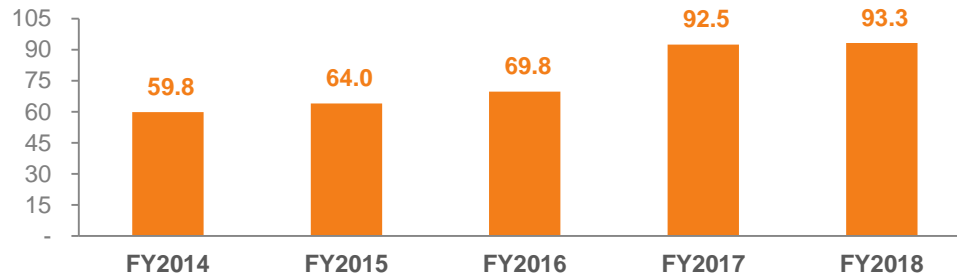


As at June 2018



Revenue - Analysis

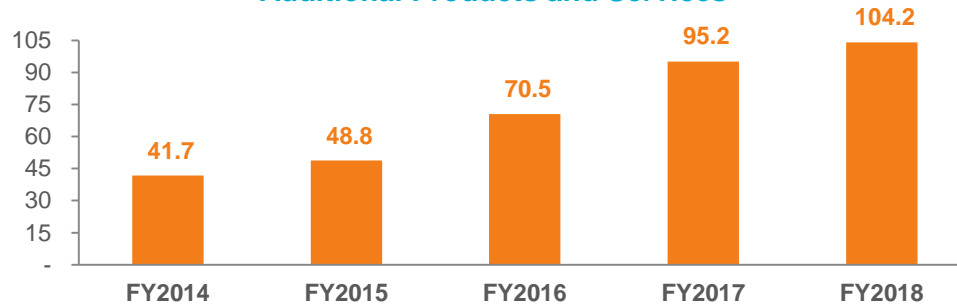
Management and Maintenance Income



↑ 0.9%

- Growth driven by growth in fleet under management

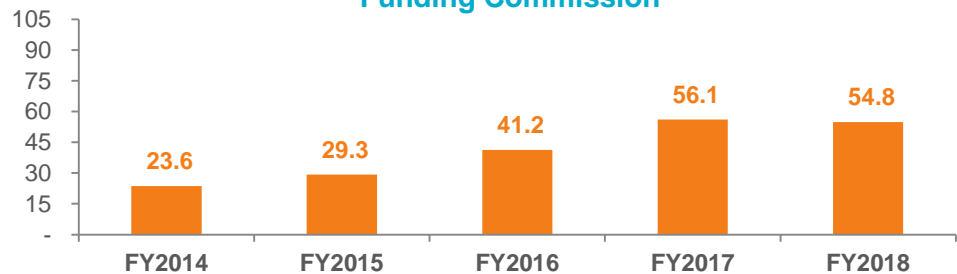
Additional Products and Services



↑ 9.5%

- Growth in accessory income, supplier incentives and registration income
- Adversely impacted by lower margins on warranty products

Funding Commission

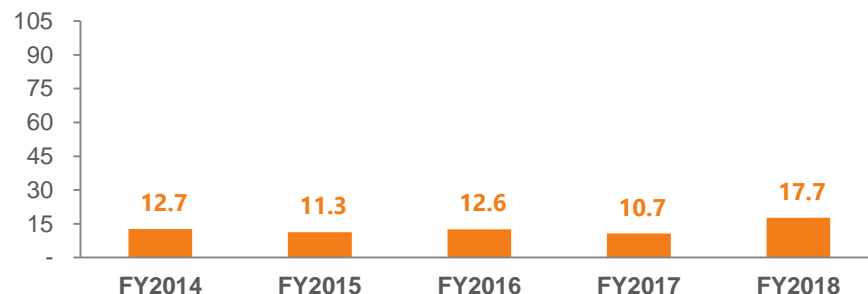


↓ 2.3%

- Tighter margins on retail vehicles, partially offset by a slight improvement in corporate margins
- Significant growth in inertia and extensions
- Softer private vehicle sales impacted novated

Revenue - Analysis

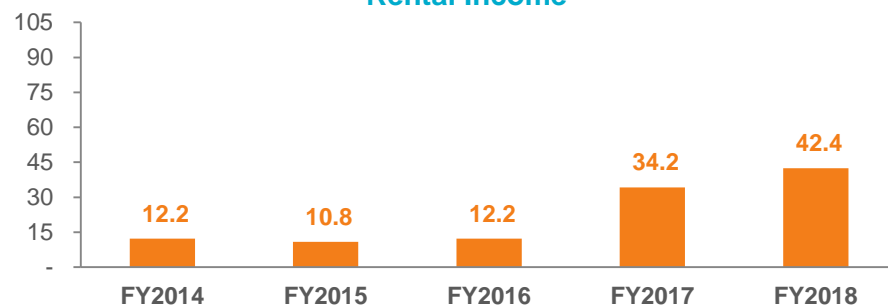
End Of Lease Income



↑ **65.4%**

- Higher volumes and strong average profit
- Significant increase in volumes and margins from TradeAdvantage product

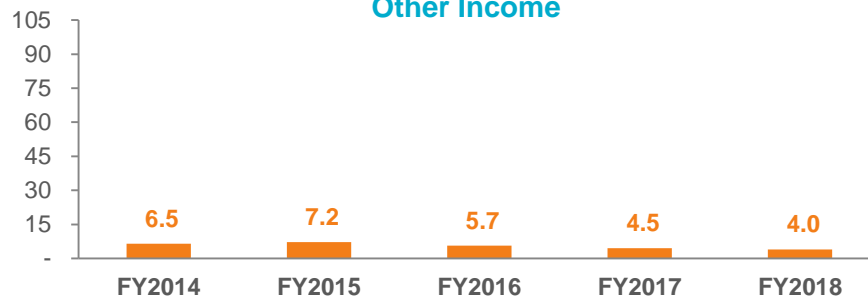
Rental Income



↑ **24.0%**

- Driven by growth in average on-balance sheet vehicles, greater number of vehicles in inertia and growth in short-term rental income

Other Income



↓ **11.1%**

- Lower interest income as a result of lower average cash balance during the year

Expenses

A\$m	FY2018	FY2017	Variance
Fleet management costs	84.1	77.5	8.5%
Employee benefits expense	75.7	73.6	2.9%
Occupancy costs	6.1	6.0	1.7%
Depreciation and amortisation	28.6	22.6	26.5%
Technology costs	5.6	4.6	21.7%
Other expenses	10.5	9.1	15.4%
Finance costs	9.6	9.8	(2.0%)
Total excluding Acquisition-related expenses	220.2	203.2	8.4%

Fleet management costs

- Largely driven by growth in accessory and short-term rental income

Depreciation and amortisation

- Growth in average on-balance sheet lease portfolio assets

Technology costs

- Investment in Unified Communications Platform
- Implementation of enterprise-grade infrastructure across acquired entities

Other expenses

- Travel due to acquisitions
- Marketing, advertising and branding
- Increase in insurance premiums

Balance Sheet, Cash Flow and Debt

- Net corporate debt¹

\$31.1m

- Net leverage ratio

- Total leverage

0.6x

- Corporate leverage

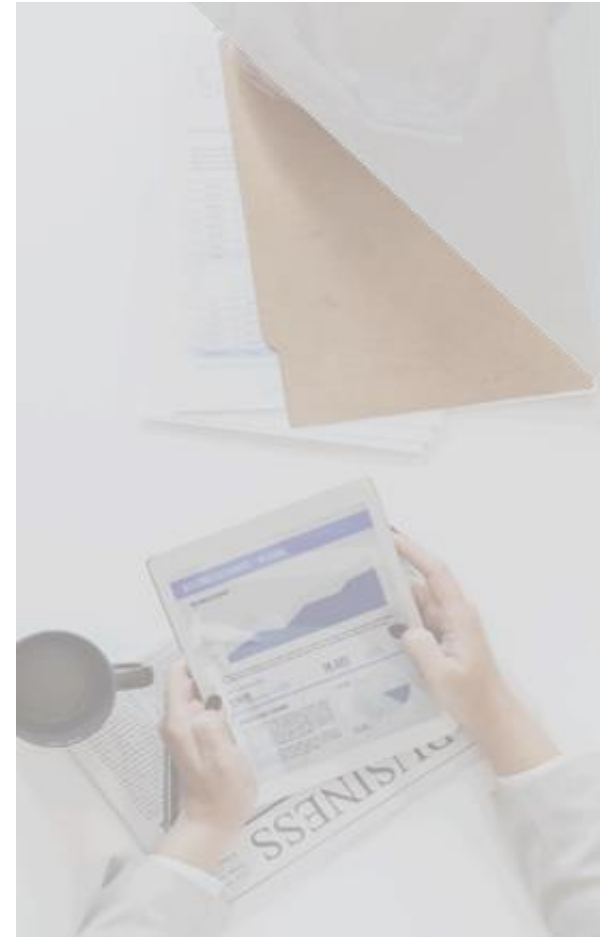
0.2x

- Cash conversion

114% of EBITDA

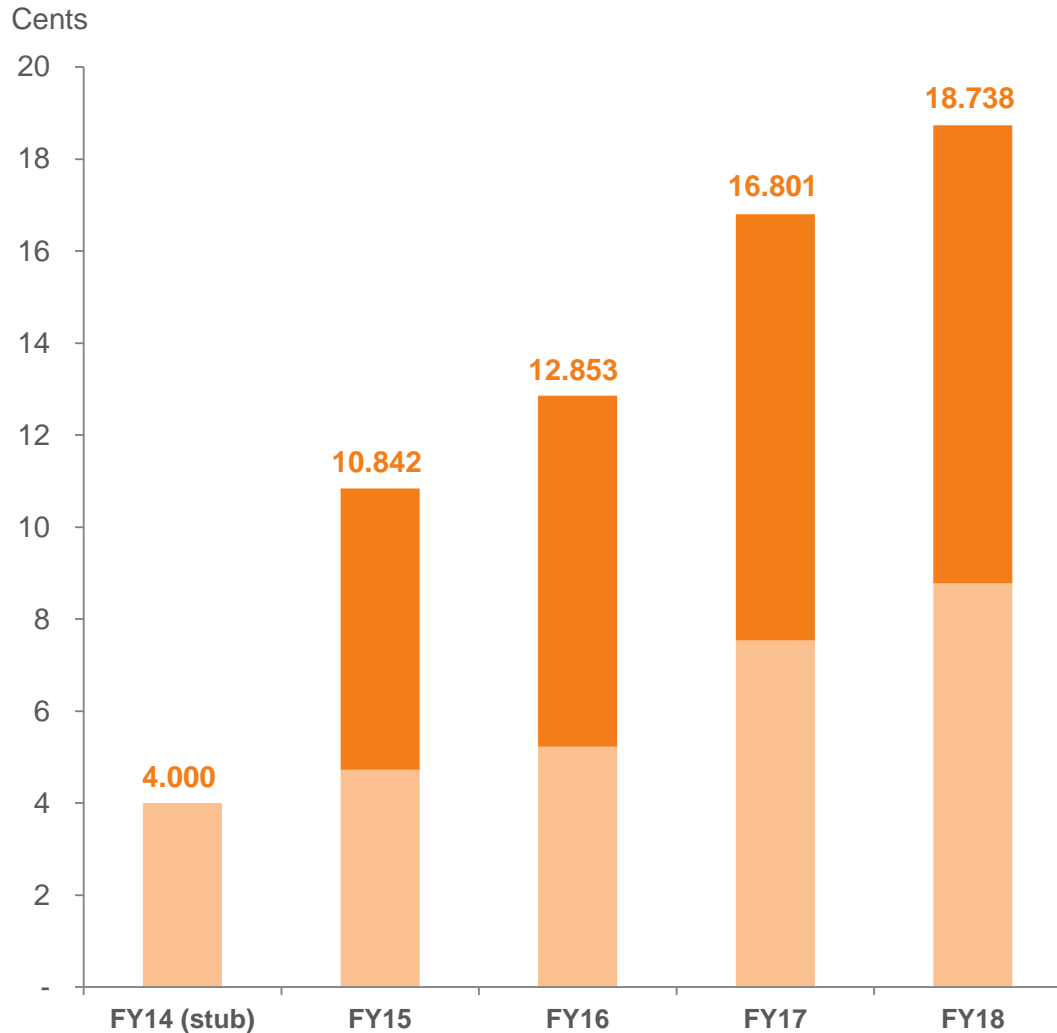
- Year-end cash balance unusually high due to 30 June falling on a Saturday, favourably impacting above ratios

- Retaining capacity for further growth opportunities



1: Net corporate debt excludes lease portfolio borrowings

Dividend



Final dividend

9.958 cents

per share fully franked

Total dividend

↑ 11.5%

vs. PCP



Payout ratio

65%

of NPATA



Record date

25th September 2018

Payment date

16th October 2018

Operational and Strategy Updates



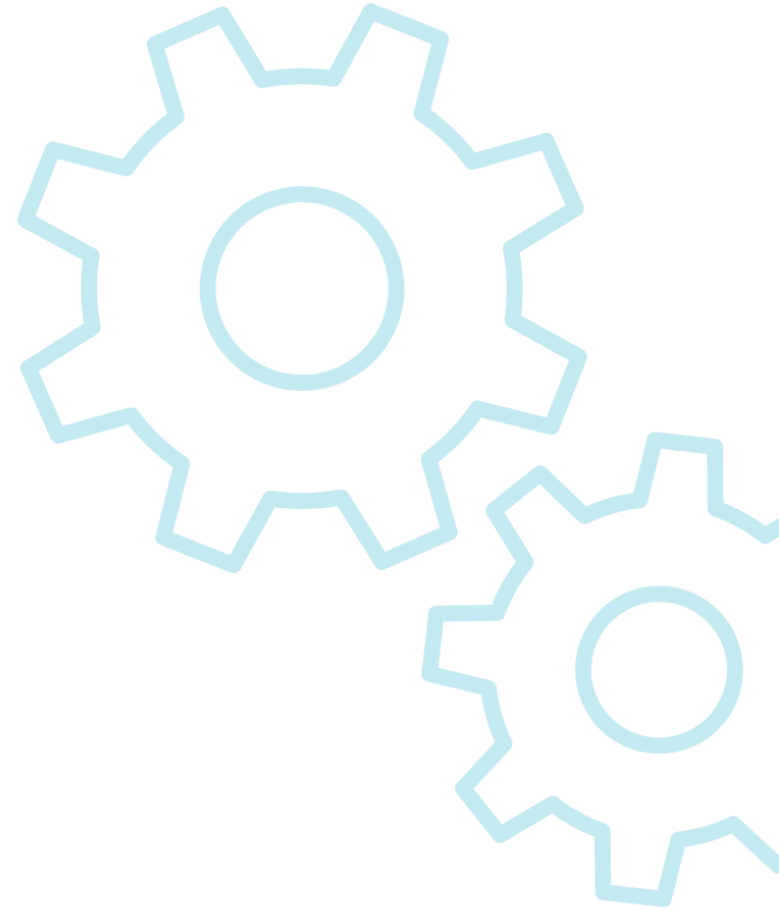
Integrations

UK

- People – fully integrated customer service team structure (procurement, trade, sales, customer service)
- Processes – unified across the business
- Branding integration – businesses and products brought together under sgfleet brand
- Fleet Hire system migration complete – Motiva on track for 1H19

nlc

- IT system integration Phase 1 completed – Phase 2 to be completed in 1H19 – Phase 3 in 2H19



All remaining integration activity to be completed in FY19

Efficiency Program

Significant scope for continued efficiency progress:

- Integrations nearing completion
- Platform consolidation in UK and novated
- Best practice learnings from within each business



- Focused efficiency drive across integrated group
 - Simplify/streamline
 - Automate/digitise
 - Further improve customer experience

Fleet/FTE ratio improvement of
5% in FY18

Re-shaping the way we operate to deliver better customer experience

Efficiency Program

Robotic Process Automation

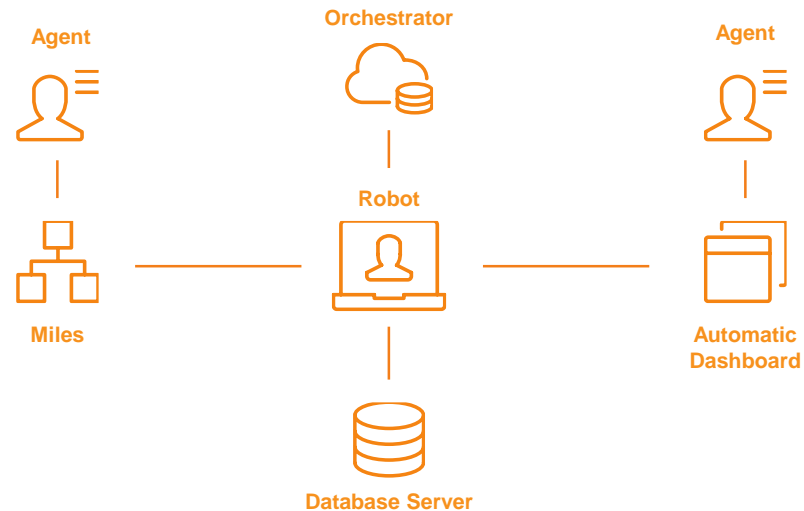
Fuel card
administration
pilot

- ✓ Error elimination
- ✓ Efficiency
- ✓ Speed
- ✓ Cost benefits

Human Process

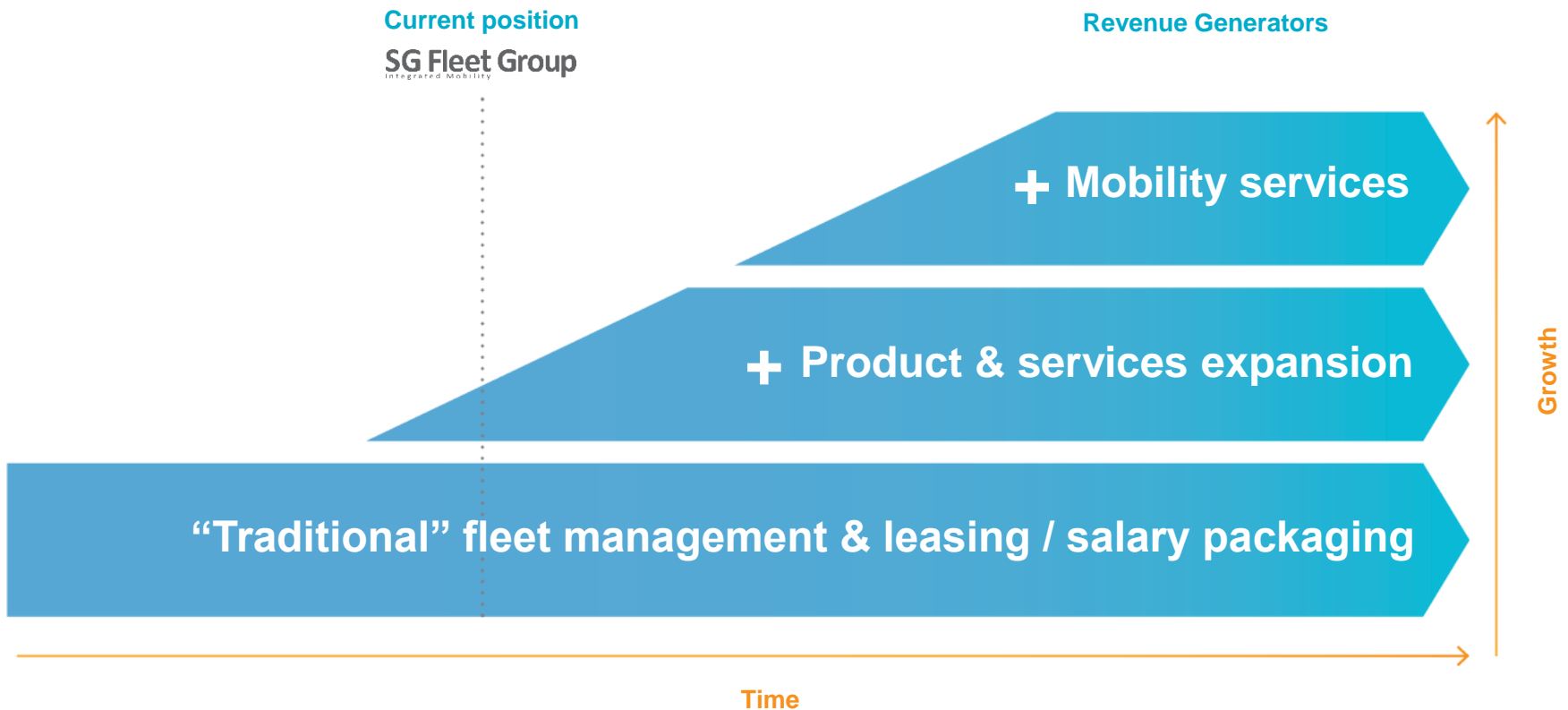


Robotic Infrastructure



Organic Growth Profile

We are in the early stages of extending our range of revenue generators



Product & Services Expansion

Existing products in initial phase of adoption – but accelerating

- Bookingintelligence monthly volumes triple – greater use diversity
- Zero emission strategies in cooperation with government and corporates
- Telematics and IVAM take-up accelerating
- Driver safety platform rolled out more widely
- Inspect365 Chain of Responsibility compliance solution launched



Shared fleet
funding,
sourcing &
deployment



Data
management



Vehicle
performance
and usage
optimisation



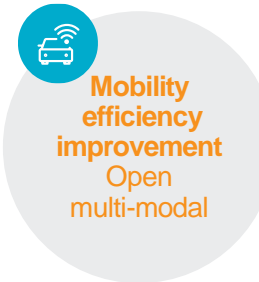
Fleet efficiency
improvement
Closed single
mode

Significant and continuous scope to create new products & services

Mobility services

Next stage of expansion builds on existing enablers

- Mobility policy consulting and development
- Car share offering - take-up increasing
- Ride share via Bookingintelligence
- Bookingintelligence integration, including cost centre allocation, multiple payment options, and keyless access technology
- Personal contract hire



Progressing our existing offering toward provision of mobility services

Innovation Hub



Dedicated research and development unit



Building next generation solutions



Testing value-add and commercial viability



Creation of Board innovation sub-committee

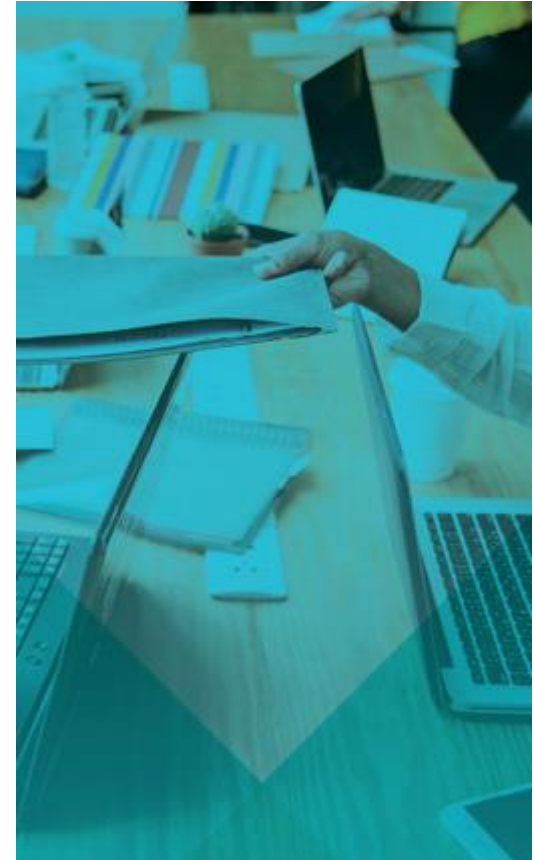


Strengthening long-term growth profile via continued innovation

Inorganic Growth

Acquisition and scale opportunities

- Actively monitoring industry dynamics in Australia/New Zealand – consolidation opportunities may re-emerge in FY19
- UK market providing attractive opportunities to build further scale, product range and geographic footprint
- Super Group fully supportive of both organic and inorganic growth agenda



Inorganic opportunities focus maintained

Conclusion



Summary

<p>Financials</p> <p>2H makes up part of 1H shortfall</p>	<p>UK</p> <p>Promising outlook for key growth areas</p>	<p>Efficiency drive</p> <p>Accelerating program Fleet/FTE ratio improvement</p>	<p>Innovation</p> <p>Creation of dedicated innovation hub</p>
<p>Australia - Corporate</p> <p>Growth in products and services within vehicle pool</p>	<p>NZ</p> <p>Progress continues as relationships strengthen</p>	<p>Products & Services</p> <p>Extending range of revenue generators</p>	<p>Inorganic growth</p> <p>Consolidation likely to re-emerge M&A focus remains</p>
<p>Australia – Consumer</p> <p>Target pool grows – upsell successful</p>	<p>Integrations</p> <p>Nearing completion</p>	<p>Mobility Services</p> <p>Early stages of contribution</p>	<p>Outlook</p> <p>Multiple growth layers</p>

Solid foundations for long-term growth

SG Fleet Group
Integrated Mobility

Questions