

SG Fleet Group Limited

Acquisition of Motiva Group Limited

INVESTOR PRESENTATION

30 NOVEMBER 2016



car servicing

01 02 03 04

fuel economy



distance (km)

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Acquisition Overview

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Further Scale in UK Tool-of-Trade Market



Contract hire, short-term rental and fleet management

Strategic Rationale

- Ideal fit for stated growth strategy
- Further builds on profitable platform and critical mass created by Fleet Hire acquisition
- Additional scale for corporate / short-term rental offering
- Broader target customer base for existing salary sacrifice products
- Access to broader panel of funding partners and funding structures
- Will be integrated into SG Fleet / Fleet Hire structure to form UK Top 20 player

Transaction Details

- Purchase price £12.4m
- Multiple of 7.1x Normalised Profit Before Tax
- Funded by £7.4m in debt facility / £3.9m in cash / £1.1m in equity to vendors
- Anticipated 3.5% cash EPS accretion in first full year of ownership (including synergies)



Summary

Offers contract hire, short-term rental, fleet management, telematics – fleet size c. 4,300

Established in 1986 - based in Staffordshire – owned by senior management

Employs ca. 50 staff

Range of corporate solutions from spot rental to contract hire

Significant presence in high growth light commercial segment

Strong, consistent revenue growth

Low concentration customer base, with high retention rates

Mix of off- and on-balance sheet funding

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- Current SG Fleet / Fleet Hire location
- Current Motiva location



Product and Services

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Integrated Vehicle Solutions Provider

Motiva Contract Hire

- Cars, light commercial, trucks
- Off- and on-balance sheet arrangements
- Motrak telematics offering:
 - cost savings analysis, accident risk reduction

M-Way Vehicle Rentals

- Light and commercial vehicles, including specialist vehicles
- Short-term fixed tariff rentals
- Lite-Lease short-term contract hire

MotivaDirect

- Fleet management
 - maintenance, accident, roadside management
- End-of-contract vehicle sales





Customer Profile

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Low customer concentration

- Top Motiva customer accounts for 7% of fleet
- Ca. 400 customer accounts

Attractive customer mix

- From small to large corporates
- Wide spread across industries

Strong relationships

- High retention rates
- Whole-of-life cost analysis system embeds relationships

Consistent customer growth

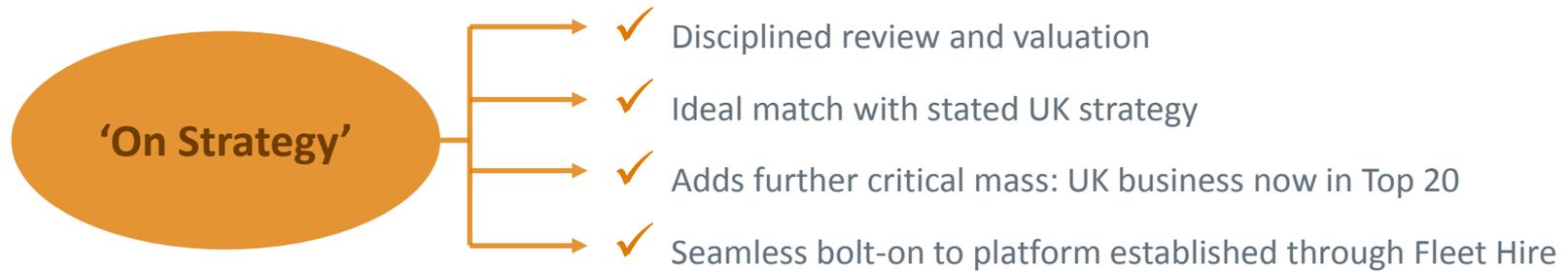
- Widening of products range through innovation
- Customer service technology investment
- High win rates

“Motiva focuses its systems, processes and the skills of its people solely on providing industry-leading standards of service to fleet users. Motiva can work with you to identify the most appropriate fleet package for your needs.”

Strategic Rationale

Compatible, Additional Scale

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Business Fit

- Additional scale to pursue contract hire and fleet management customers
- Further acceleration of short-term rental offering
- Adds expertise in specialist light commercial vehicle segment
- Creates broader customer base for SG Fleet / Fleet Hire's salary sacrifice products
- Key management and sales/marketing expertise retained

Synergy Potential

- Operating costs
- Integration of system platforms and reduced back office costs
- Procurement advantages, including funding

EPS accretive transaction

- Anticipated 3.5% Cash EPS accretion in first full year of ownership
- Additional accretion in subsequent years

Synergy opportunities

- Systems
- Operating costs
- Procurement

Acquisition cost and valuation

- Purchase price £12.4m
- Acquisition costs £0.9m
- 7.1x Normalised PBT (£1.75m)

Funding structure

- Debt (£ denominated) £7.4m
- Scrip to vendors £1.1m*
 - Priced at 90-day VWAP
 - Under escrow: 50% until release 1H18 results / 50% until release 1H19 results
- Existing SG Fleet cash £4.8m

Pro forma net leverage ratio

Total leverage	1.3x
Corporate leverage (excluding lease portfolio)	0.7x

Fleet Hire Integration

- Moved to single Midland premises last week – savings to flow through from February 2017 / Fleet Hire Milton Keynes office closed
- Systems integration underway - target completion date of Q4FY17
- Procurement integration underway - delivering vehicle purchase savings
- Disposal integration underway - delivering reduced disposal costs
- Next phase: SMR procurement and processes
- Very positive reaction from Fleet Hire and SG Fleet customers and staff

Regulatory Environment

- Autumn Statement has provided clarity on BIK and National Insurance Contribution benefits
- Government focus on driving take-up of low emission vehicles remains
- Attractiveness of low emission vehicles to increase / high emission vehicles unchanged
- Mid-range emission vehicles retain benefits at lower level
- Announcement effectively confirms UK Government's long-term commitment to BIK structure with regard to car salary sacrifice