



SG Fleet Group Limited
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The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Level 14, Exchange Centre
20 Bridge Street
Sydney NSW 2000

16 February 2015

Dear Sir,

Results for announcement to the market – half year ended 31 December 2014

We attach the following:

1. Half Year Report (ASX Appendix 4D) in accordance with ASX Listing Rules 4.2A and 4.2B;
and
2. Interim Report - 31 December 2014.

Yours faithfully

Julianne Lyall-Anderson

Company Secretary

1. Company details

Name of entity: SG Fleet Group Limited
ABN: 40 167 554 574
Reporting period: For the half-year ended 31 December 2014

2. Results for announcement to the market

The Company was incorporated on 15 January 2014 and commenced trading on 6 March 2014. Therefore there are no comparative figures for the financial half-year ended 31 December 2013.

	\$'000
Revenues from ordinary activities	85,429
Profit from ordinary activities after tax attributable to the owners of SG Fleet Group Limited	19,712
Profit for the half-year attributable to the owners of SG Fleet Group Limited	19,712

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the period ended 30 June 2014, declared on 18 August 2014. The final dividend was paid on 29 October 2014 to shareholders registered on 8 October 2014.	4.000	4.000

On 16 February 2015 the directors declared a dividend of 4.725 cents per ordinary share with a record date of 2 April 2015 to be paid on 22 April 2015.

Comments

The profit for the Group after providing for income tax amounted to \$19,712,000.

For a Review of Operations for the half-year ended 31 December 2014, please refer to the ASX announcement accompanying this Report.

3. Net tangible assets

	Reporting period Cents
Net tangible assets per ordinary security	<u>(0.76)</u>

4. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the period ended 30 June 2014, declared on 18 August 2014. The final dividend was paid on 29 October 2014 to shareholders registered on 8 October 2014.	4.000	4.000

On 16 February 2015 the directors declared a dividend of 4.725 cents per ordinary share with a record date of 2 April 2015 to be paid on 22 April 2015.

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Board of Directors has established a Dividend Reinvestment Plan (under which any shareholder may elect that the dividends payable by SG Fleet Group Limited be reinvested in whole or in part by a subscription for shares at a price to be determined by the Board from time to time, in its absolute discretion). No Dividend Reinvestment Plan was activated during the period.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of SG Fleet Group Limited for the half-year ended 31 December 2014 is attached.

8. Signed



Signed _____

Date: 16 February 2015

Andrew Reitzer
Chairman
Sydney

Pro forma adjustments to the statutory income statement

The table below sets out the adjustment to the Statutory Results for the financial half-years ended 31 December 2014, 31 December 2013 and the financial year ended 30 June 2014 to primarily reflect the acquisitions that SG Fleet Group Limited has made since 1 July 2013 as if they had occurred as at 1 July 2013 and the full year impact of the operating and capital structure that was in place following completion of the Initial Public Offering ('IPO') (on 6 March 2014) as if it was in place as at 1 July 2013. In addition, certain other adjustments to eliminate non-recurring items have been made. These adjustments are summarised below:

	31 December 2014 \$m	Consolidated 31 December 2013 \$m	30 June 2014 \$m
Statutory revenue	85.4	76.2	165.7
Interest income	-	(0.8)	(1.1)
Exit fees	-	-	(8.1)
Pro forma revenue	85.4	75.4	156.5
Statutory NPAT	19.7	13.7	34.9*
RPS interest	-	2.5	2.5
Management fees	-	0.3	0.6
Listed public company costs	-	(0.9)	(1.1)
Interest income	-	(0.8)	(1.1)
Exit fees	-	-	(8.1)
Bonus shares and bonus payment	-	-	4.7
Transaction costs	-	-	0.5
Income tax effect	-	0.4	2.5
Pro forma NPAT	19.7	15.2	35.4

* The statutory NPAT of \$34.9 million comprised the statutory NPAT of SG Fleet Holdings Pty Limited and its subsidiaries for the period 1 July 2013 to 5 March 2014 of \$19.3 million aggregated with the statutory NPAT of SG Fleet Group Limited and its subsidiaries for the period 6 March 2014 to 30 June 2014 of \$15.6 million.

Pro forma consolidated income statements: Financial half-year ended 31 December 2014 compared to financial half-year ended 31 December 2013 and financial year ended 30 June 2014

The pro forma consolidated income statement for the financial half-years ended 31 December 2014 and 31 December 2013 has been prepared on the same basis as the pro forma consolidated financial income statement for the 12 months ended 30 June 2014 published with SG Fleet Group Limited's Appendix 4E for the year ended 30 June 2014.

The table below sets out the pro forma consolidated income statement for the financial half-years ended 31 December 2014, 31 December 2013 and financial year ended 30 June 2014.

	31 December 2014 \$m	31 December 2013 \$m	Consolidated Change %	30 June 2014 \$m
<i>Revenue</i>				
- Management and maintenance income	30.6	29.9	2.3%	59.8
- Additional products and services	24.5	18.1	35.4%	41.7
- Funding commissions	15.1	11.6	30.2%	23.6
- End of lease income	5.9	5.7	3.5%	12.7
- Rental income	5.4	6.7	(19.4%)	12.2
- Other income	3.9	3.4	14.7%	6.5
Total revenue	85.4	75.4	13.3%	156.5
Fleet management costs	(22.1)	(18.8)	17.6%	(38.6)
Employee benefits expense	(22.5)	(21.5)	4.7%	(42.7)
Occupancy costs	(2.0)	(2.1)	(4.8%)	(4.1)
Technology costs	(1.7)	(1.8)	(5.6%)	(2.9)
Other expenses	(3.2)	(3.3)	(3.0%)	(6.4)
Depreciation and amortisation	(3.4)	(3.8)	(10.5%)	(6.8)
Finance costs	(1.9)	(2.1)	(9.5%)	(4.2)
Profit before tax	28.6	22.0	30.0%	50.8
Income tax expense	(8.9)	(6.8)	30.9%	(15.4)
NPAT	19.7	15.2	29.6%	35.4



SG Fleet Group Limited

ABN 40 167 554 574

Interim Report - 31 December 2014

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SG Fleet Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Andrew Reitzer (Chairman)
Robbie Blau
Cheryl Bart AO
Graham Maloney
Peter Mountford
Kevin Wundram (alternate for Robbie Blau)
Colin Brown (alternate for Peter Mountford)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of motor vehicle fleet management and salary packaging services.

Review of operations

The profit for the Group after providing for income tax amounted to \$19,712,000.

The Company was incorporated on 15 January 2014 and commenced trading on 6 March 2014. Therefore there are no comparative figures for the financial half-year ended 31 December 2013.

For a Review of Operations for the half year ended 31 December 2014, please refer to the ASX announcement accompanying this Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Reitzer
Chairman



Robbie Blau
Chief Executive Officer

16 February 2015
Sydney



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of SG Fleet Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Peter Russell

Partner

Sydney

16 February 2015

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SG Fleet Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014



	Note	Consolidated 31 Dec 2014 \$'000
Revenue	4	85,429
Expenses		
Fleet management costs		(22,073)
Employee benefits expense		(22,459)
Occupancy costs		(2,053)
Depreciation, amortisation and impairment	5	(3,367)
Technology costs		(1,733)
Other expenses		(3,253)
Finance costs	5	(1,908)
Profit before income tax expense		28,583
Income tax expense		(8,871)
Profit after income tax expense for the half-year attributable to the owners of SG Fleet Group Limited		19,712
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation difference for foreign operations		484
Other comprehensive income for the half-year, net of tax		484
Total comprehensive income for the half-year attributable to the owners of SG Fleet Group Limited		<u>20,196</u>
		Cents
Basic earnings per share	13	8.12
Diluted earnings per share	13	8.12

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 Dec 2014	30 Jun 2014
		\$'000	\$'000
Assets			
Cash and cash equivalents	6	68,557	57,906
Finance, trade and other receivables		37,799	41,741
Inventories		7,228	4,643
Leased motor vehicle assets		14,345	15,688
Deferred tax		14,117	15,032
Property, plant and equipment		1,171	1,199
Intangibles	7	141,584	141,365
Total assets		<u>284,801</u>	<u>277,574</u>
Liabilities			
Trade and other payables	8	41,106	43,981
Income tax		4,690	2,460
Employee benefits		4,522	4,588
Residual risk provision		13,679	15,949
Borrowings	9	40,402	43,516
Vehicle maintenance funds		16,194	14,947
Deferred income		24,460	23,117
Total liabilities		<u>145,053</u>	<u>148,558</u>
Net assets		<u>139,748</u>	<u>129,016</u>
Equity			
Issued capital		232,768	232,768
Reserves		(118,644)	(119,372)
Retained profits		25,624	15,620
Total equity		<u>139,748</u>	<u>129,016</u>

The above statement of financial position should be read in conjunction with the accompanying notes

SG Fleet Group Limited
Statement of changes in equity
For the half-year ended 31 December 2014



Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2014	232,768	(119,372)	15,620	129,016
Profit after income tax expense for the half-year	-	-	19,712	19,712
Other comprehensive income for the half-year, net of tax	-	484	-	484
Total comprehensive income for the half-year	-	484	19,712	20,196
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	244	-	244
Dividends paid (note 10)	-	-	(9,708)	(9,708)
Balance at 31 December 2014	<u>232,768</u>	<u>(118,644)</u>	<u>25,624</u>	<u>139,748</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

SG Fleet Group Limited
Statement of cash flows
For the half-year ended 31 December 2014



Consolidated
31 Dec 2014
\$'000

Cash flows from operating activities

Receipts from customers (inclusive of GST)	98,662
Payments to suppliers and employees (inclusive of GST)	(66,767)
Interest received	921
Interest and other finance costs paid	(1,908)
Income taxes paid	(5,726)
	<hr/>
Net cash from operating activities	25,182

Cash flows from investing activities

Acquisition of lease portfolio assets	(11,287)
Payments for property, plant and equipment	(233)
Payments for intangibles	(509)
Proceeds from disposal of lease portfolio assets	10,259
	<hr/>
Net cash used in investing activities	(1,770)

Cash flows from financing activities

Proceeds from borrowings	6,160
Dividends paid	(9,708)
Repayment of borrowings	(9,544)
	<hr/>
Net cash used in financing activities	(13,092)

Net increase in cash and cash equivalents	10,320
Cash and cash equivalents at the beginning of the financial half-year	57,906
Effects of exchange rate changes on cash and cash equivalents	331
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Cash and cash equivalents at the end of the financial half-year	<u>68,557</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover SG Fleet Group Limited as a Group consisting of SG Fleet Group Limited (the 'Company' or 'parent entity') and its subsidiaries (the 'Group'). The financial statements are presented in Australian Dollars, which is SG Fleet Group Limited's functional and presentation currency.

SG Fleet Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, Building 3
20 Bridge Street
Pymble NSW 2073

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 February 2015. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company was incorporated on 15 January 2014 and commenced trading on 6 March 2014. Therefore there are no comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended 31 December 2013.

The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2014 and are not expected to have any significant impact for the full financial year ending 30 June 2015. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into geographic operating segments: Australia, New Zealand, United Kingdom and Corporate. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews segment results based on Profit Before Tax ('PBT'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 3. Operating segments (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

There are no major customers that contributed more than 10% of revenue to the Group.

Operating segment information

Consolidated - 31 Dec 2014	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	80,845	1,192	2,648	(177)	-	84,508
Other revenue	900	15	4	2	-	921
Total revenue	<u>81,745</u>	<u>1,207</u>	<u>2,652</u>	<u>(175)</u>	<u>-</u>	<u>85,429</u>
Segment results	<u>31,240</u>	<u>(187)</u>	<u>(728)</u>	<u>(1,742)</u>	<u>-</u>	<u>28,583</u>
Profit before income tax expense						28,583
Income tax expense						<u>(8,871)</u>
Profit after income tax expense						<u>19,712</u>
Assets						
Segment assets	185,048	4,475	14,619	80,659	-	284,801
Total assets						<u>284,801</u>
Liabilities						
Segment liabilities	102,554	1,046	6,810	34,643	-	145,053
Total liabilities						<u>145,053</u>

Note 4. Revenue

	Consolidated 31 Dec 2014 \$'000
<i>Sales revenue</i>	
Management and maintenance income	30,653
Additional products and services	24,482
Funding commissions	15,075
End of lease income	5,926
Rental income	5,354
Other income	3,018
	<u>84,508</u>
<i>Other revenue</i>	
Interest	921
Revenue	<u><u>85,429</u></u>

Note 5. Expenses

**Consolidated
31 Dec 2014
\$'000**

Profit before income tax includes the following specific expenses:

Depreciation

Leasehold improvements	4
Fixtures and fittings	232
Motor vehicles	29
Leased motor vehicle assets	<u>2,812</u>

Total depreciation	<u>3,077</u>
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Amortisation

Software	<u>290</u>
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Total depreciation and amortisation	<u>3,367</u>
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Finance costs

External borrowing costs for corporate debt	1,512
External borrowing costs for lease portfolio	393
Net foreign exchange losses	<u>3</u>

Total finance costs	<u>1,908</u>
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Rental expense relating to operating leases

Minimum lease payments	<u>1,945</u>
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Superannuation expense

Defined contribution superannuation expense	<u>1,643</u>
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Note 6. Cash and cash equivalents

**Consolidated
31 Dec 2014 30 Jun 2014
\$'000 \$'000**

Cash at bank	58,980	45,352
Secured deposits	<u>9,577</u>	<u>12,554</u>
	<u>68,557</u>	<u>57,906</u>

Note 7. Intangibles

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Goodwill - at cost	136,460	136,460
Customer contracts - at cost	706	706
Software - at cost	5,235	4,725
Less: Accumulated amortisation	(817)	(526)
	<u>4,418</u>	<u>4,199</u>
	<u><u>141,584</u></u>	<u><u>141,365</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill	Customer	Software	Total
	\$'000	contracts	\$'000	\$'000
		\$'000		
Balance at 1 July 2014	136,460	706	4,199	141,365
Additions	-	-	509	509
Amortisation expense	-	-	(290)	(290)
Balance at 31 December 2014	<u>136,460</u>	<u>706</u>	<u>4,418</u>	<u>141,584</u>

Note 8. Trade and other payables

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Trade payables	29,788	33,812
Accrued expenses	4,976	6,628
Residual values payable to financiers	6,342	3,541
	<u>41,106</u>	<u>43,981</u>

The residual values payable to financiers are secured by the underlying operating lease asset as well as by bank guarantees and a cash lock-up of \$9,577,000 (30 June 2014: \$8,554,000)

Note 9. Borrowings

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Bank loans	32,250	32,250
Lease portfolio liabilities	8,152	11,266
	<u>40,402</u>	<u>43,516</u>

Note 9. Borrowings (continued)

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Bank loans	32,250	32,250
Lease portfolio liabilities	8,152	11,266
	<u>40,402</u>	<u>43,516</u>

Assets pledged as security

Banking facilities

The banking facility is secured by guarantees and indemnities as well as fixed and floating charges or composite guarantees and debentures issued by the Company and its subsidiaries. The facility is repayable by way of a bullet payment of \$32,250,000 in November 2018.

Lease portfolio liabilities

The lease portfolio liabilities are secured by the underlying funded assets and sub-hire agreements, together with irrevocable letter of credit, cash lock-ups and guarantees. These facilities are interest bearing and are repaid on a transactional basis as and when the underlying assets are disposed of.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Total facilities		
Banking facilities	56,744	56,743
Lease portfolio facilities	34,406	33,561
	<u>91,150</u>	<u>90,304</u>
Used at the reporting date		
Banking facilities	49,227	49,008
Lease portfolio facilities	8,152	11,266
	<u>57,379</u>	<u>60,274</u>
Unused at the reporting date		
Banking facilities	7,517	7,735
Lease portfolio facilities	26,254	22,295
	<u>33,771</u>	<u>30,030</u>

Note 10. Equity - dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2014 \$'000
Final dividend for the period ended 30 June 2014 of 4 cents per preference share paid on 29 October 2014 (2013: Nil)	<u>9,708</u>

On 16 February 2015, the Directors declared a fully franked interim dividend for the period ended 31 December 2014 of 4.725 cents per ordinary shares, to be paid on 22 April 2015 to eligible shareholders on the register as at 2 April 2015. This equates to a total estimated distribution of \$11,466,000, based on the number of ordinary shares on issue as at 31 December 2014.

Note 11. Contingent liabilities

The Group has entered into agreements under which the residual risk inherent in operating leases is transferred from the funder of the asset to the Group. Under these agreements, the Group is obliged to pay the guaranteed residual value amount at the end of their contractual lease term and sell the vehicle. Bank guarantees and letters of credit have been issued as security for these obligations.

The Group has executed certain guarantees and indemnities, as well as fixed and floating charges over the assets of the Group in favour of funders as security for banking and lease portfolio facilities provided to the Group (Refer note 9)

Note 12. Events after the reporting period

Apart from the dividend declared as disclosed in note 10, no other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 13. Earnings per share

	Consolidated 31 Dec 2014 \$'000
Profit after income tax attributable to the owners of SG Fleet Group Limited	<u>19,712</u>
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>242,691,826</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>242,691,826</u>
	Cents
Basic earnings per share	8.12
Diluted earnings per share	8.12

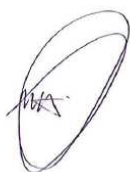
8,066,046 options over ordinary shares are excluded from the above calculations for the half-year ended 31 December 2014 as they were anti-dilutive.

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Reitzer
Chairman

16 February 2015
Sydney



Robbie Blau
Chief Executive Officer



Independent auditor's review report to the members of SG Fleet Group Limited

Report on the financial report

We have reviewed the accompanying interim financial report of SG Fleet Group Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of SG Fleet Group Pty Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of SG Fleet Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Peter Russell
Partner

Sydney

16 February 2015



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ASX announcement

SG Fleet's interim result ahead of FY15 halfway point

- **1H15 NPAT \$19.7m, up 29.6% on 1H14 pro forma¹ NPAT**
- **Strong revenue growth of 13.3% on prior corresponding period**
- **Improvement in PBT margin to 33.5%**
- **Fully franked interim dividend of 4.725 cps vs. 4 cps in 2H14**
- **On target to achieve or exceed Prospectus FY15 NPAT forecast of \$39.2m**

16 February 2015

SG Fleet Group Limited (SG Fleet / ASX: SGF) today announced a \$19.7 million Net Profit After Tax (NPAT) for the first half of the 2015 financial year (1H15). This represents an increase of close to 30% on the prior corresponding period (1H14)². The result puts the Company ahead of the halfway point for its Prospectus FY15 NPAT forecast of \$39.2 million.

Revenue grew by 13.3% on the prior corresponding period. When adjusting 1H14 revenue for the novated disruption, the core underlying revenue growth rate was 8.4%. The Profit Before Tax margin increased to 33.5% from 29.2% in 1H14. Return on Equity³ reached 28.6%, while Earnings per Share⁴ was 8.12 cents.

SG Fleet's Board has declared a fully franked dividend of 4.725 cents per share for 1H15, an 18% increase over the 2H14 dividend of 4 cents per share.

Resilient performance confirms SG Fleet strengths

SG Fleet's Chief Executive Officer, Robbie Blau, noted that the Company took great confidence from the fact that it was meeting its profit objectives despite a fairly muted economic environment. "While business sentiment is notably weaker than at the time of preparing our FY15 forecast, we remain well on target to achieve and possibly exceed that forecast. We see this as an endorsement of our strategy, the quality of our people, and the strong competitive differentiation of our products and services. It also puts us in a great position to achieve additional growth into the future," Mr Blau said.

Growth strategy executed successfully

During the reported period, SG Fleet made significant progress with its growth strategy. In addition to bringing new entrants to the outsourced fleet management arena and converting fleet management customers to full leasing services, the Company also won a number of operating

¹ Pro forma adjustments were made to the FY14 statutory results to primarily reflect the acquisitions that SG Fleet Group Limited has made since 1 July 2013 as if they had occurred as at 1 July 2013 and the full year impact of the operating and capital structure that is in place following completion of the Company's IPO as if it was in place as at 1 July 2013. In addition, certain other adjustments to eliminate non-recurring items have been made.

² As previously reported, 1H14 was adversely impacted by disruption in the novated leasing industry following the Labor Government Fringe Benefits Tax proposal in July 2013.

³ 2H14 pro forma NPAT plus 1H15 actual NPAT divided by total equity as at 31 December 2014

⁴ 1H15 NPAT divided by weighted average number of shares for six months to 31 December 2014

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lease contracts from competitors and introduced a wide range of new products and services to existing customers.

“Our strong competitive point of differentiation in terms of products and services is allowing us to capture further market share and continuous innovation creates new revenue sources from within our well entrenched customer base. This gives us growth channels that are less sensitive to the economic climate,” Mr Blau noted.

SG Fleet has benefited from a full pipeline of opportunities during 1H15, both in the tender and non-tender environment. The Company continues to be selective in its approach, while focusing on opportunities that add maximum value to customers and the business.

Good progress was made in the Salary Packaging business, with a number of corporate wins added to the continued successes in the government segment.

UK and New Zealand

In the United Kingdom, the continued economic recovery has positively influenced the Company’s operating environment. Feedback on its offering is very favourable and notably the Not-for-Profit segment has been very receptive to SG Fleet’s salary packaging product. Approximately 20 salary packaging schemes were launched or started their implementation phase during the period. While initial driver take-up of vehicle salary sacrifice options has been slower than expected, recently, the order pipeline has shown promising growth.

Market activity picked up during 1H15 in the fleet management segment in New Zealand. While competition was intense, SG Fleet has continued to register wins with customers in several industries. Product add-on opportunities are also being pursued whilst taking advantage of the Company’s financial institution relationships.

Outlook

Mr Blau said that SG Fleet’s growth profile will continue to be positively influenced by a structural trend towards outsourcing, supported by the increasing sophistication of its offering, as well as the Company’s proven ability to create growth in excess of the overall market.

“We will maintain our discipline and focus in the execution of our strategy, both organically and through acquisitions where our hurdles are met. At the same time, we pursue further product, marketing and efficiency enhancements,” he said. “During the period, we moved to a new sales approach and restructured our sales team. We also continue to anticipate and respond to emerging customer needs, developing and bringing to market new solutions ahead of our competitors,” Mr Blau pointed out.

Conclusion

“We have met the 1H15 outlook flagged at last year’s AGM and we are well on track to meet or exceed a FY15 forecast that was set over a year ago and in a different business climate. Taking into account the steady growth in demand for the industry’s offering and our ability to further enhance our competitive advantage within that industry, we remain very confident we can meet our ongoing objective to achieve double digit profit growth and further margin expansion,” Mr Blau concluded.

For further information, please contact:

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