



### SG Fleet Reports \$47.0m Profit, Supported by Broad Revenue Growth and Strong nlc Contribution

- FY16 NPAT \$47.0m, up 16.1% on FY15
- Underlying NPAT<sup>1</sup> \$51.2m, up 26.4%
- EPS 18.94cps / Underlying Cash EPS 21.77cps (up 29.2%)
- Further improvement in PBT margin, to 34.9% and continued generation of scale benefits
- Fully franked final dividend of 7.63cps / FY16 total 12.853cps (up 18.5%)
- NSW Government fleet allocation 21,500 vehicles
- New Zealand business in profit

#### 15 August 2016

SG Fleet Group Limited ('SG Fleet' / ASX: SGF) today announced a \$47.0 million Net Profit After Tax ('NPAT') for the 2016 financial year ('FY16'). The result constitutes an increase of 16.1% on the prior corresponding period ('FY15'). Underlying NPAT, which excludes acquisition-related expenses, rose by 26.4% to \$51.2 million.

Total revenue for the reported period was \$212.0 million, up 23.7% on the previous financial year. Expenses increased at a lower rate of 22.6% to \$138.1 million. Margins at the Underlying Net Profit Before Tax level expanded further, from 34.3% to 34.9%.

The result equates to cash Earnings Per Share of 20.1 cents, or 21.8 cents when excluding acquisition-related expenses, an increase of 19.2% and 29.2% respectively over the prior year.

SG Fleet's Board has declared a fully franked final dividend of 7.63 cents per share<sup>2</sup>, bringing the total for FY16 to 12.853 cents per share.

#### Growth on multiple fronts

SG Fleet's Chief Executive Officer, Robbie Blau, said the Company made continued progress by further leveraging the strong competitive position created by the quality of its offering and the strength of its customer relationships. "We achieved growth across all individual revenue lines,

<sup>1</sup> Underlying Net Profit After Tax = Net Profit After Tax before acquisition-related expenses incurred during the reported period. Acquisition-related expenses include \$2.6m on transaction advisory, legal fees and due diligence costs together with \$1.6m in non-cash finance costs relating to the restructure of the Group's debt facilities for the nlc acquisition.

<sup>2</sup> Record date 29 September 2016, Payment date 20 October 2016

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reflecting an increase in total fleet size as a result of further customer wins, as well as deeper penetration within existing customers. The nlc business made a strong contribution to revenue and we continue to derive synergies as the integration of the business progresses,” Mr Blau said.

## **Australia**

Healthy growth in profit was achieved despite a patchy business environment as the Company’s tender pipeline remained very active. Temporary disruptions, such as the lead-up to the Federal election campaign, delayed some decision making as customers preferred to have full clarity on the outlook before executing their business plans.

“Throughout the period, customers have responded positively to our continuous product innovation. Take-up of products launched in the 2015 financial year gained solid momentum across government and corporate sectors,” Mr Blau noted. “In the second half, we entered into an exclusive arrangement with GoGet to offer their vehicles and technology to our existing and potential customers. Trials of this technology are now under way with a large government agency.

At the end of calendar 2015, SG Fleet acquired Melbourne-based novated specialist nlc. The acquisition allowed SG Fleet to gain market share by enhancing its offering and service, widen its customer book and diversify into consumer-style solutions. It also provided the Company with an opportunity to extract further operating leverage and synergy benefits.

In March 2016, SG Fleet was appointed as one of two providers of fleet management services to the NSW Government. Subsequently, the Government’s agencies allocated over 21,500 vehicles, or 95% of the total, to the Company. “This is strong recognition of SG Fleet’s industry leadership, as well as our product and service quality. We will now work closely with the agencies to establish a best practice fleet management approach and provide additional expertise over time,” Mr Blau said.

## **New Zealand**

SG Fleet’s New Zealand business established itself at the top end of the local market during the year, winning the much coveted KiwiRail contract. The operational environment has remained active, with a number of corporate and government accounts coming to market. The Company has also responded to the country’s focus on electric vehicles and already provides some leading corporates with zero emission cars. The New Zealand business maintained the momentum set in the first half and delivered its maiden profit year for the Group.

## **United Kingdom**

The UK business profited from a steady increase in interest for its salary packaging services and tool-of-trade offering throughout the year. While its operating environment was temporarily affected by the Brexit vote, calm is now returning and companies are gradually reactivating their business plans. Orders coming through from employees of previously won salary sacrifice contracts are steadily increasing in number.

After the end of the reported period, SG Fleet acquired UK contract hire, salary sacrifice, short-term rental and fleet management provider Fleet Hire. “The acquisition provides us with scale and profitable growth in the UK and establishes a platform for us to build on and execute our strategic plans in this attractive market,” Mr Blau noted.

## **A strengthening outlook**

“During the reported period, SG Fleet has again delivered on its growth objectives. The Company made headway in terms of profit, improved its margins and delivered strong returns for its shareholders. In addition, we have established a strong platform for further progress,” Mr Blau said.

“Our competitive position in Australia was enhanced by the nlc acquisition and the full impact of this will only start to emerge in the current financial year. Similarly, the landmark NSW Government win will start to bear fruit after the current ramp-up phase is completed. New Zealand has gone from strength to strength and is now a profitable, established presence in that market. In the UK, we will stay our strategic course and build scale over time,” he added.

“We retain our capacity to target further inorganic growth with the active support of Super Group, our majority shareholder. Scale is of paramount importance in this business and if opportunities that meet our acquisition criteria present themselves, we will not hesitate to actively pursue them,” Mr Blau concluded.

### **For further information, please contact:**

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