SG Fleet Group Limited
ABN 40 167 554 574
Level 2, Building 3,
20 Bridge Street
Pymble NSW 2073

www.sgfleet.com

Level 2 Building 3
20 Bridge Street
PYMBLE NSW 2073

PO Box 252
PYMBLE NSW 2073

Telephone: (02) 9494 1000
Facsimile: (02) 9391 5600

ASX announcement

SG Fleet's interim result ahead of FY15 halfway point

- **1H15 NPAT $19.7m, up 29.6% on 1H14 pro forma[1] 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 Equity[3] reached 28.6%, while Earnings per Share[4] 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

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:

Yves Noldus
Corporate Affairs & Investor Relations Executive
SG Fleet Group Limited
Tel: 02 9494 1095 / 0418 155 942