



INVESTOR PRESENTATION

SG FLEET GROUP LIMITED - FY2016 RESULTS

16 August 2016



Fleet Intelligence

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Overview

Highlights

FINANCIAL RESULTS & DIVIDEND

NPAT \$47.0m (up 16.1%)

Underlying NPAT¹ \$51.2m (up 26.4%)

Underlying PBT margin 34.9% (up 0.6%)

- Continued generation of scale benefits

EPS 18.94cps (up 13.5%)

Underlying Cash EPS 21.77cps (up 29.2%)

Final dividend 7.63cps

- Total FY16 dividend 12.853cps (up 18.5%)

Corporate leverage ratio² 0.5x

- Total leverage 0.7x

1 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.

2 Pro forma / as at 30 June 2016

STRATEGY & OPERATIONS

Continued customer wins and increased penetration drive revenue growth

Positive customer response to nlc acquisition, product innovation and development of broader integrated mobility solutions

Back office system consolidation creating customer and business benefits

nlc strong contributor to multiple revenue streams

NSW Government appointment and subsequent fleet allocation recognises SG Fleet industry leadership

New Zealand achieves maiden profit year

Acquisition of Fleet Hire (UK) after end of reported period

Operational Review

Australia

ENVIRONMENT

Patchy business environment

- Business sentiment cautious throughout
- Federal election lead-up
- Evidence of lifting business conditions at year-end

Regulatory clarity

- Bipartisan undertaking to retain current salary packaging and FBT arrangements
- Ongoing dialogue between industry body and decision makers

**Stable, supportive environment,
with growth upside**

BUSINESS ACTIVITY

Tender pipeline very active

- Limited impact of lack of business confidence
- Temporary disruptions delay decision making

Customer focus on whole-of-life outcomes

- Cost savings track record paramount

Comprehensive product suite strengthens customer relationships

- Uncontested contract renewals
- Strong win rate with new opportunities (incl. NSW Government)

Innovation take-up gains momentum

- Full telematics portfolio creates additional revenue sources

**Marquee wins strengthen
competitive position**

Operational Review

United Kingdom

ENVIRONMENT

Mixed confidence prior to Brexit vote

- Gradual slowdown in lead-up to vote
- Initial signs of business sentiment settling down
- Economic impact industry-specific

Car salary packaging concept receives increased traction

- Greater corporate and public recognition accelerates take-up

Longer term demand trends maintained

BUSINESS ACTIVITY

Steady growth in demand for salary packaging and tool-of-trade offering

- Sole supply wins in corporate segment
- Scale of salary sacrifice tenders increasing
- Business breaks into 10,000+ employees segment with Atos win
- Significant number of salary sacrifice schemes launched in H2
- Employee take-up amongst previously won contracts is accelerating

Fleet Hire acquisition post-year end

- Establishes profitable growth platform

Product strength increasingly recognised

Operational Review

New Zealand

ENVIRONMENT

Business confidence remains strong

- In positive territory after strong improvement in H1 – pointing towards robust economic growth
- Government infrastructure spending plans support sentiment
- Opportunities pipeline full and regular

Electric vehicles an emerging focus

- Government announces measures to promote take-up

Positive operational environment

BUSINESS ACTIVITY

Step-up to market top-end

- Kiwi Rail win in H1 followed by other blue chip signings
- Participant in all major tenders and RFPs
- Active involvement in EV dialogue, with zero emission vehicles provided to leading corporates

Maiden profit year achieved

- Continued profit months since November 2015

Established market and product presence

Financial Results

Financial Summary

A\$m	FY2016	FY2015	Variance
Total Revenue	212.0	171.4	23.7%
Total Expenses excluding acquisition-related expenses	(138.1)	(112.6)	22.6%
Underlying Net Profit Before Tax	73.9	58.8	25.7%
Margin	34.9%	34.3%	0.6%
Tax	(22.7)	(18.3)	
Underlying Net Profit After Tax ¹	51.2	40.5	26.4%
Margin	24.2%	23.6%	0.6%
Acquisition-related expenses	(4.2)		
Reported Net Profit After Tax	47.0	40.5	16.1%
Amortisation of Intangibles after Tax	2.8	0.4	240.0%
Underlying NPATA ²	54.0	40.9	32.0%
Margin	25.5%	23.9%	1.6%
Reported EPS (cents per share)	18.94	16.68	13.6%
Cash EPS (cents per share)	20.08	16.85	19.2%
Underlying Cash EPS (cents per share)	21.77	16.85	29.2%

- nlc acquisition contributed \$10.4m to Underlying Net Profit Before Tax
- Excluding the nlc contribution, Profit Before Tax grew by 8%
- Further expansion of Underlying Net Profit Before Tax Margin, to 34.9%

1: 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.

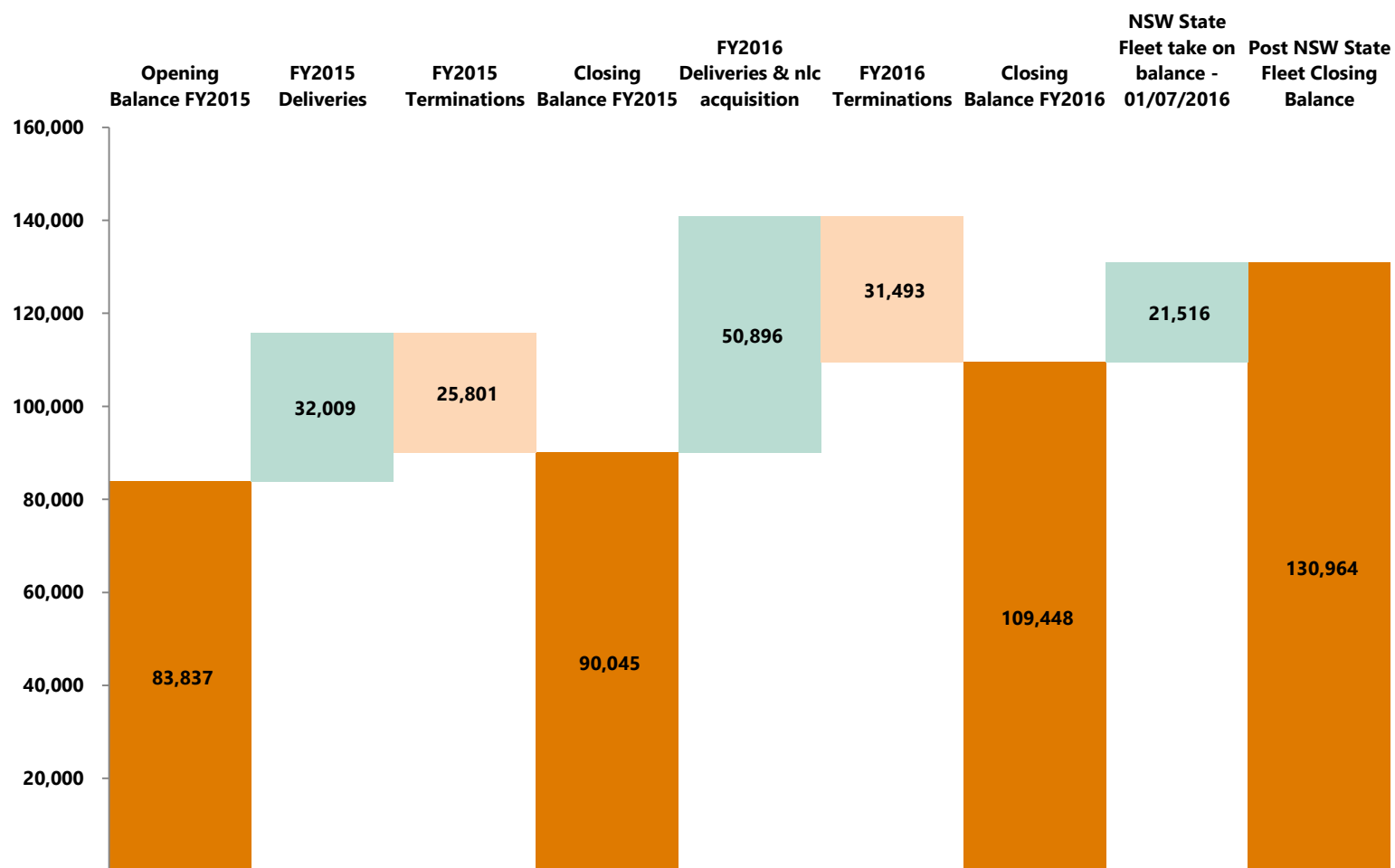
2: NPATA is Net Profit After Tax excluding amortisation and impairment of intangible assets on after tax basis

Revenue – Overview

A\$m	FY2016	FY2015	Variance
Management and maintenance income	69.8	64.0	9.1%
Additional products and services	68.5	48.8	40.4%
Funding commissions	41.2	29.3	40.6%
End of lease income	12.6	11.3	11.5%
Rental income	12.2	10.8	13.0%
Other income	7.7	7.2	6.9%
Total Revenue	212.0	171.4	23.7%

Revenue growth in all categories

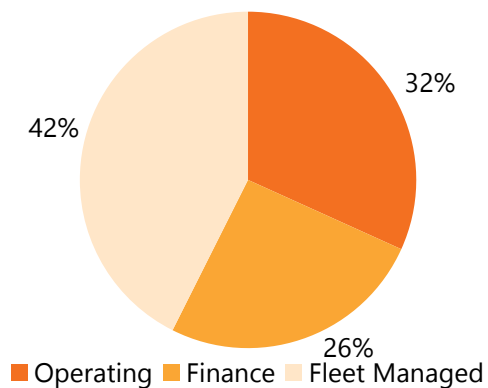
Fleet Growth



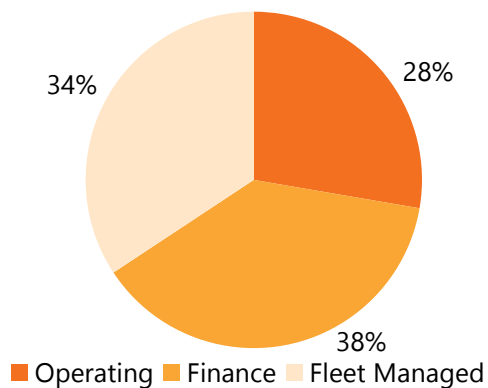
- 22% growth in closing fleet balance compared to FY15

Fleet Mix

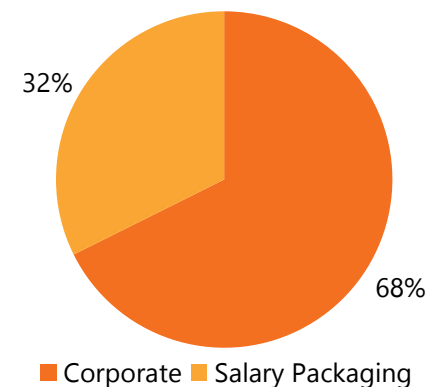
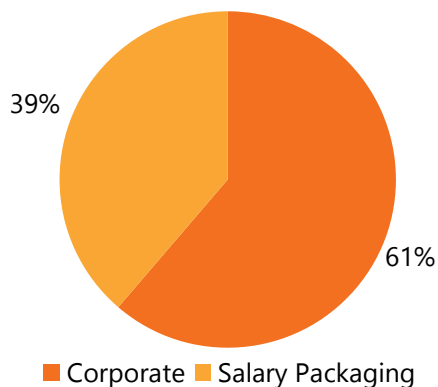
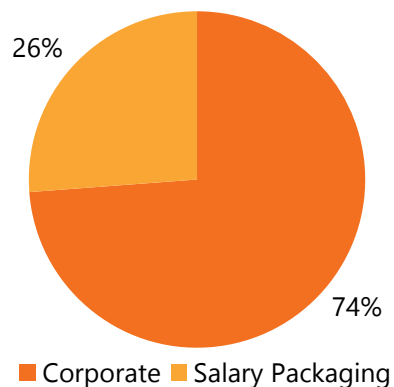
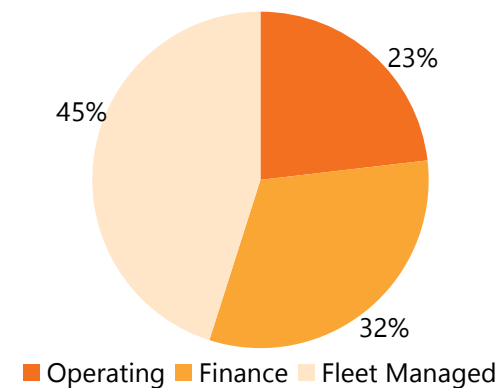
As at June 2015



As at June 2016



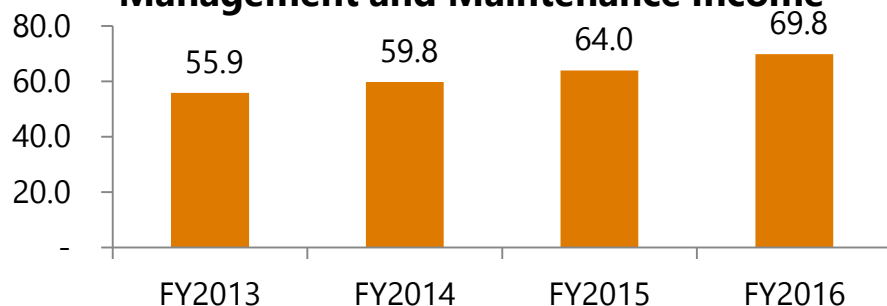
Post NSW StateFleet



- nlc acquisition increased proportion of novated leases
- NSW StateFleet contract shifted balance back towards Corporate

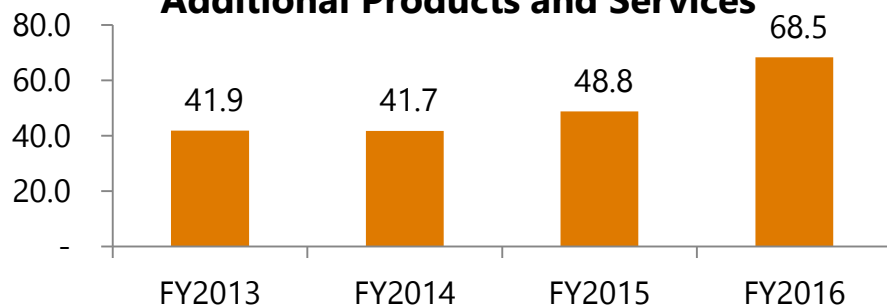
Revenue – Analysis

Management and Maintenance Income



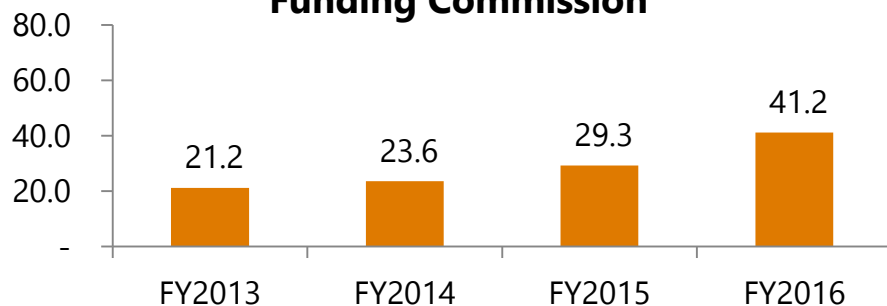
- Up 9.1%
- Organic growth in management fees in line with organic growth in fleet

Additional Products and Services



- Up 40.4%
- Improved penetration of insurance products
- Growth in Establishment Fees and Supplier Incentives
- Contribution from nlc

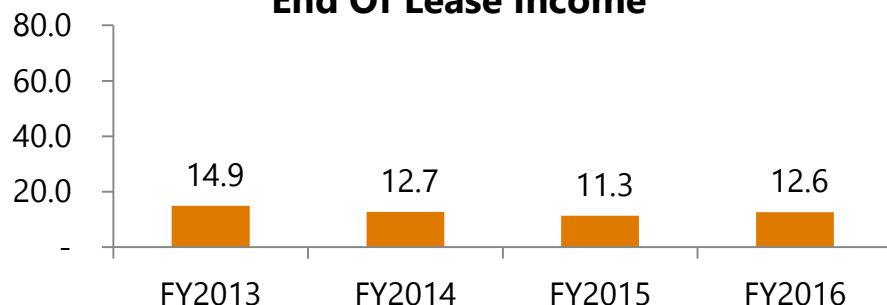
Funding Commission



- Up 40.6%
- Funding margins impacted by competitive behaviour on some products
- Continued shift in product mix
- Contribution from nlc

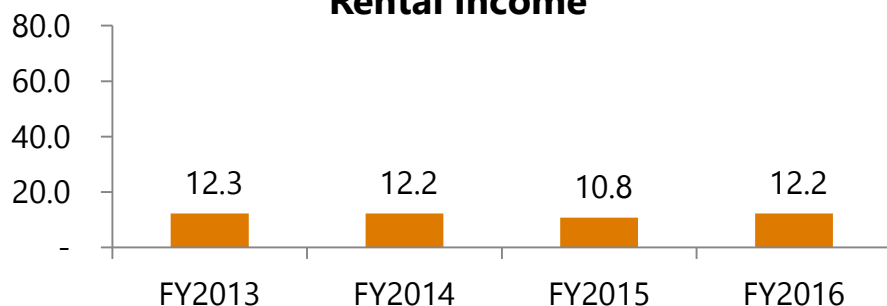
Revenue – Analysis

End Of Lease Income



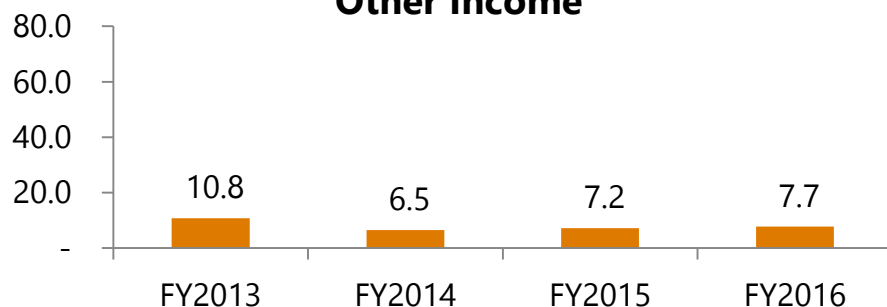
- Up 11.5%
- Improved disposal profit per unit vs. pcp
- Greater number of vehicles disposed of on a profit share basis will affect future disposal profits

Rental Income



- Up 13.0%
- Continued growth in on-balance sheet lease portfolio funding

Other Income



- Up 6.9%
- Impact of lower interest rates on float balances
- Contribution from nlc

Expenses

A\$m	FY2016	FY2015	Variance
Fleet management costs	51.7	44.5	16.2%
Employee benefits expense	53.8	43.6	23.4%
Occupancy costs	5.0	4.1	22.0%
Depreciation, amortisation and Impairment	10.7	7.1	50.7%
Technology costs	3.1	3.2	(3.1%)
Other expenses	7.5	6.6	13.6%
Finance costs	6.3	3.5	80.0%
Total excluding acquisition-related expenses	138.1	112.6	22.6%

- Fleet management costs
Growth driven by growth in Management and maintenance income and Additional products and services revenue - further improvement in accessory margins
- Employee benefits expense
Inflationary increase in employment costs and impact of nlc acquisition - increase in headcount late Q4 in anticipation of NSW fleet go-live
- Depreciation, amortisation and impairment
\$3m amortisation of capitalised intangibles as a result of nlc acquisition
- Finance costs
Additional gearing for nlc acquisition

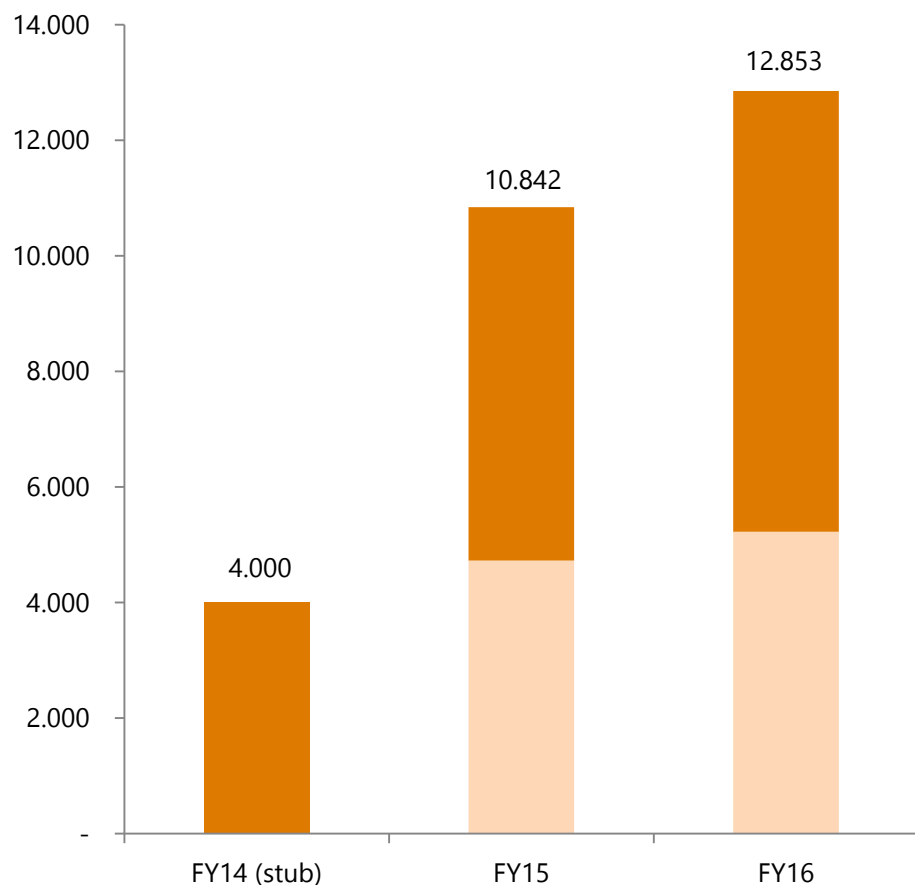
Balance Sheet, Cash Flow and Debt

- Net Debt – \$64.9m
- Pro forma Net Leverage Ratio¹
 - Total Leverage – 0.7x
 - Corporate Leverage – 0.5x
- Cash conversion – 104% of EBITDA

Ongoing capacity for further growth opportunities

¹ Leverage ratio calculated on EBITDA excluding acquisition-related expenses

Dividend



- Final dividend of 7.63 cents per share fully franked
- Total FY16 dividend 12.853 cents per share fully franked
- Payout ratio of 65% of NPATA
- Record date: 29 September 2016 / Payment date: 20 October 2016

FY16 dividends up 18.5%

Operational Update

Operational Update

nlc INTEGRATION SCORECARD

- Reported period ended on strong note
- Consumer business making progress

Process	Status	
Realignment of business structure – Corporate / Consumer	Stage 1 (separate Novated & Corporate teams within SGF) in progress	
Renegotiation nlc lease portfolio cost of funds	Majority complete	
Leveraging scale with existing suppliers	Ongoing – initial focus on fuel	
Launch nlc products into SGF novated	Ongoing	
Introduction aftermarket sales to nlc	Target launch 2H FY17	
Redirection SGF consumer finance leads to nlc	Complete	
Redirection nlc tool-of-trade leads to SGF	Complete	
Transfer nlc customer tool-of-trade requirements to SGF	Complete	
Consolidation of premises	Perth completed – nlc Sydney sublet underway	
Back-office integration	Starts after completion SGF system integration (Miles)	
Consolidation of IT infrastructure	Starts after completion SGF system integration (Miles)	

Targeted synergy extraction on track

Operational Update

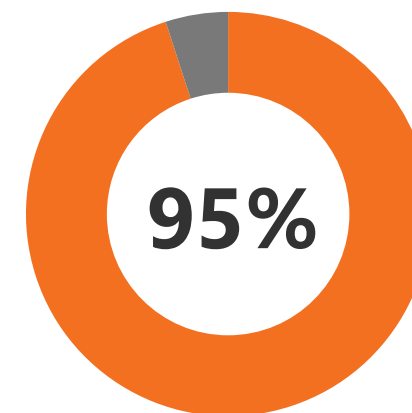
NSW Government

Appointment to fleet manager panel and fleet allocation demonstrate industry leadership

- 21,500+ vehicles
- Build key customer relationships
- Agency selection of SG Fleet driven by:
 - Government relationship strength
 - Experience with similar contract size and customer type
 - Product and service quality
 - Track record of generating positive outcomes for customers
 - Tailor-made, flexible, innovative technology solutions

Process

- Initial on-boarding completed
- Working with agency customers to establish best practice fleet management approach
- Identifying scope for additional value-add solutions
- Financial impact to come over time



Percentage of NSW Government fleet allocated to SG Fleet

Operational Update

Fleet Hire

Strategic Rationale

- Profitable platform and critical mass for combined UK business
- Broader target customer base and complementary salary packaging suite
- Enhanced scale for corporate offering and presence in short-term rental segment
- Ideal fit for stated growth strategy – opportunity under review for some time

Market Structure

- Traditional contract hire and fleet management markets well established, but fragmented
- Car salary sacrifice market in early stages of development – high growth segment
- Significant short-term rental segment, catering for shorter period vehicle requirements

Transaction Details

- Purchase price £19.6m – Enterprise value £25.7m
- Multiple of 5.6x normalised EBITDA / Multiple of 9.8x normalised PBT
- Funded by £12.0m in debt facility / £5.8m in cash / £1.8m in equity to vendors
- Anticipated 4.5% cash EPS accretion in first full year of ownership
- Synergy opportunities



Contract hire, salary
sacrifice, short-term
rental and fleet
management



Operational Update

Mobility

Next generation products and services

- Changing industry landscape and disruption
- Active focus on broader integrated mobility solutions, alternative energy sources and driverless vehicle technology
- Future proof current solutions and direct new solution development

Phase 1

- Rapid response to evolving customer needs
- Exploration of value creation through solutions outside of the industry's standard offering
- GoGet arrangement
 - Offering car share vehicles and technology to existing and potential customers
 - Trials currently underway with large government agency
- Electric Vehicles
 - Provision in New Zealand market

Phase 2

- Additional mobility solutions in expanding products and services range

The logo for goget, with "go" in orange and "get" in blue, in a lowercase, sans-serif font.The logo for DRIVE ELECTRIC, featuring a stylized orange lightning bolt icon inside a circle, followed by the text "DRIVE ELECTRIC" in a bold, uppercase, sans-serif font.

Summary

Summary

- Progress across all revenue streams
- Industry and product leadership enhanced
- Next generation products coming on-stream
- Marquee wins late in reported period
- NSW Government contract on-boarded
- Strong contribution from nlc
- nlc synergy extraction on track
- Maiden profit year for New Zealand
- Fleet Hire gives UK scale and profitability
- Regulatory clarity
- Improving economic outlook
- Actively exploring M&A options

Growth Strategy on Track

Questions

