



# Market Briefing

Goldman Sachs Small and Mid-Cap Conference

21 May 2014



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# sgfleet – a Leading, Diversified Fleet Manager

Core expertise in all targeted areas

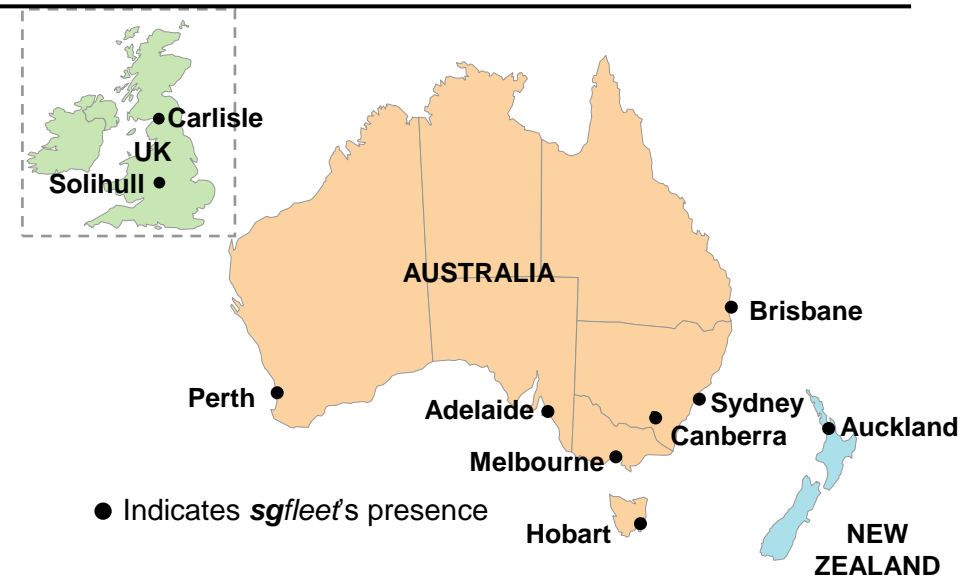
- ✓ Strong market presence across both corporate and salary packaging sectors
- ✓ Innovative approach to fleet management
- ✓ High quality, diverse customer base across governments and corporates
- ✓ Fleet of over 83,000 vehicles as at 30 April 2014
- ✓ Operates predominantly in Australia, with a small presence in New Zealand and the UK
- ✓ Strong financial performance
- ✓ Growth supported by current customer base

## Total Fleet

					CAGR (FY11- FY15F)
72,786	73,700	80,757	84,773	91,649	5.9%
50,062	50,912	57,623	61,776	67,125	7.6%
22,724	22,788	23,134	22,997	24,524	1.9%
FY11	FY12	FY13	FY14F	FY15F	
<span style="color: #0070C0;">■</span> Salary packaged vehicles <span style="color: #FF8C00;">■</span> Corporate					

Note: *sgfleet* fiscal year end is 30 June / fleet size is at end of period

## sgfleet's Presence



# Investment Highlights



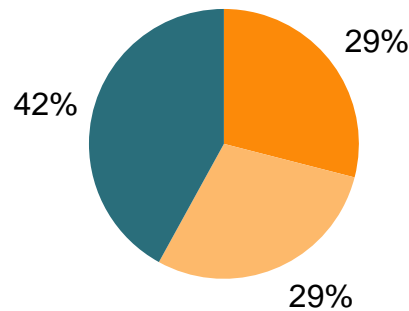
- ✓ Attractive financial profile with diverse, highly visible fee-based revenue streams
- ✓ A leading presence across all sectors of attractive market
- ✓ Diversified business model and high quality customer base
- ✓ Differentiated technology solutions and innovation
- ✓ Low capital intensity funding model delivering attractive returns
- ✓ Strong asset management capabilities
- ✓ Strong embedded growth outlook
- + Regulatory clarity post Federal Budget



# Diversified Business Model

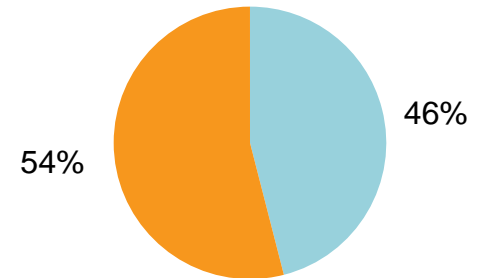
Diversification across broad range of measures to manage risk and performance

**Balanced Product Portfolio  
(By Fleet Size)**



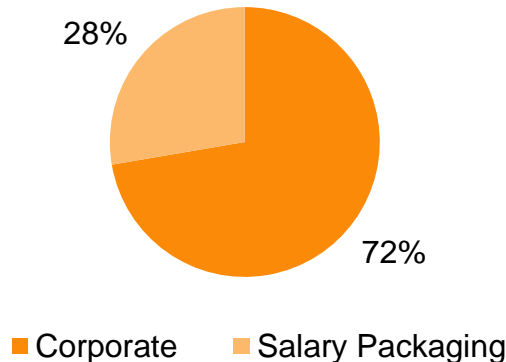
■ Operating Lease ■ Finance Lease ■ Fleet Managed

**High Quality Client Base  
(By Fleet Size)**



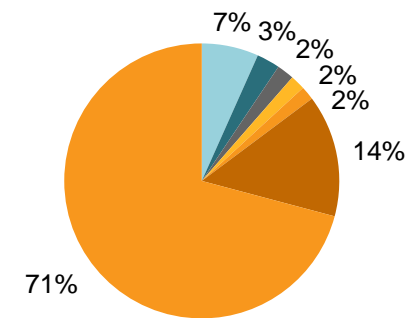
■ Government Related ■ Private Sector

**Presence across Corporate and Salary Packaging Sectors  
(By Fleet Size)**



■ Corporate ■ Salary Packaging

**Diversified Client Base  
(By FY13 Revenue)**



■ Customer 1 ■ Customer 2 ■ Customer 3  
 ■ Customer 4 ■ Customer 5 ■ Customers 6-20  
 ■ Other



1. Relationship with customer provides (often exclusive) channel to employee
2. Fleet figures as at 31 December 2013; revenue information for fiscal year ending 30 June 2013

# Regulatory Environment

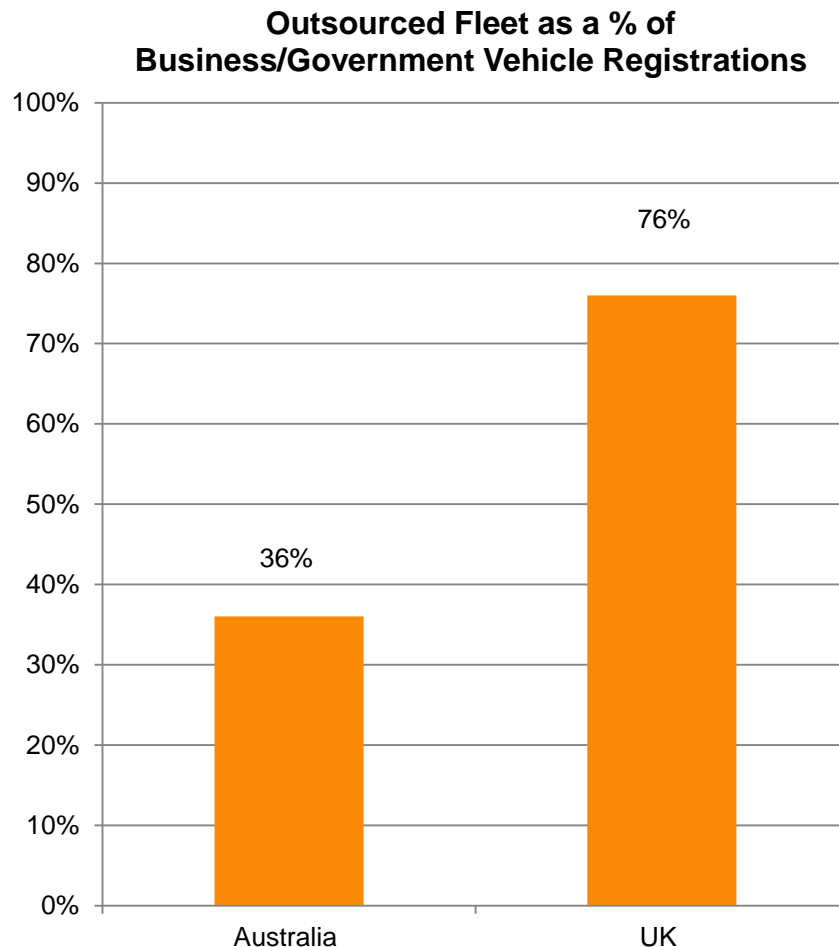
- 2014 Federal Budget
  - Fringe Benefits Tax rules for motor vehicles unchanged
  - In line with Coalition's November 2013 statements
- **sgfleet** has a track record of successfully dealing with and taking advantage of change
  - ✓ Diversified business
  - ✓ Value-add products and services
  - ✓ Technology and process development
  - ✓ Government consultation

# Attractive Market Fundamentals

## The trend to outsourcing

**Trend towards outsourcing represents ongoing opportunity for *sgfleet***  
**Compared to more mature markets, outsourcing in Australia has significant growth upside**

### Outsourcing Penetration<sup>1</sup>



### Benefits of Outsourcing

- ✓ Lower fleet costs through access to economies of scale and fleet optimisation
- ✓ Outsource non-core activity to focus on core business
- ✓ Greater budget and cashflow certainty
- ✓ Transfer of maintenance cost of vehicles
- ✓ Transfer of residual value risk
- ✓ Efficient capital allocation and balance sheet utilisation
- ✓ Provide remuneration benefits to employees through salary packaging

1. The Australian statistic is the proportion of new vehicles registered by corporate and government departments (as per Federal Chamber of Automotive Industries data) that were managed by Australian Fleet Lessors Association (“AFLA”) members in 2012 (as per AFLA data). The UK statistic is the proportion of UK company car parc (as per Society of Motor Manufacturers and Traders data) that were managed by British Vehicle Rental and Leasing Association (“BVRLA”) members as at 31 December 2012 (as per BVRLA data)



# Government Outsourcing

## Federal Budget confirms trend

- Government outsourcing levels low when compared internationally
  - 2014 Federal Budget confirms Government's intention to increase focus on efficient management of assets
  - State Governments (QLD, NSW, VIC) likely to evolve in similar direction (ca. 50,000 assets)
- **sgfleet's** offer can assist with Government's cost agenda
  - E.g.: reduced fuel spend for federal government client by providing real time and accurate fuel usage data
  - E.g.: assisted state government client with optimisation of fleet
  - Strong government relationships also provide opportunities for novated leases as a salary packaged tool



# Well-Developed Strategy For Growth

**sgfleet's growth strategy represents a continuation of initiatives that management have been successfully executing for several years**

#1

## Greater Penetration of Existing Customers

- Significant embedded growth from recent customer wins where **sgfleet** will write new leases as these new fleets roll on
- Forward visibility on majority of growth required to achieve forecast corporate vehicle deliveries in FY2015 (underpinned by recent customer wins)
- Active customer retention program
- Greater penetration of employee base within existing salary packaging customers

#2

## Winning New Customers

- Winning new corporate customers from competitors and from new-to-market customers
- Targeted sales effort including priority targets for new business development
- New large employers as customers offer salary packaged vehicles as an employment benefit to their employees
- Significant 'salary sacrifice' and corporate opportunities in the UK

#3

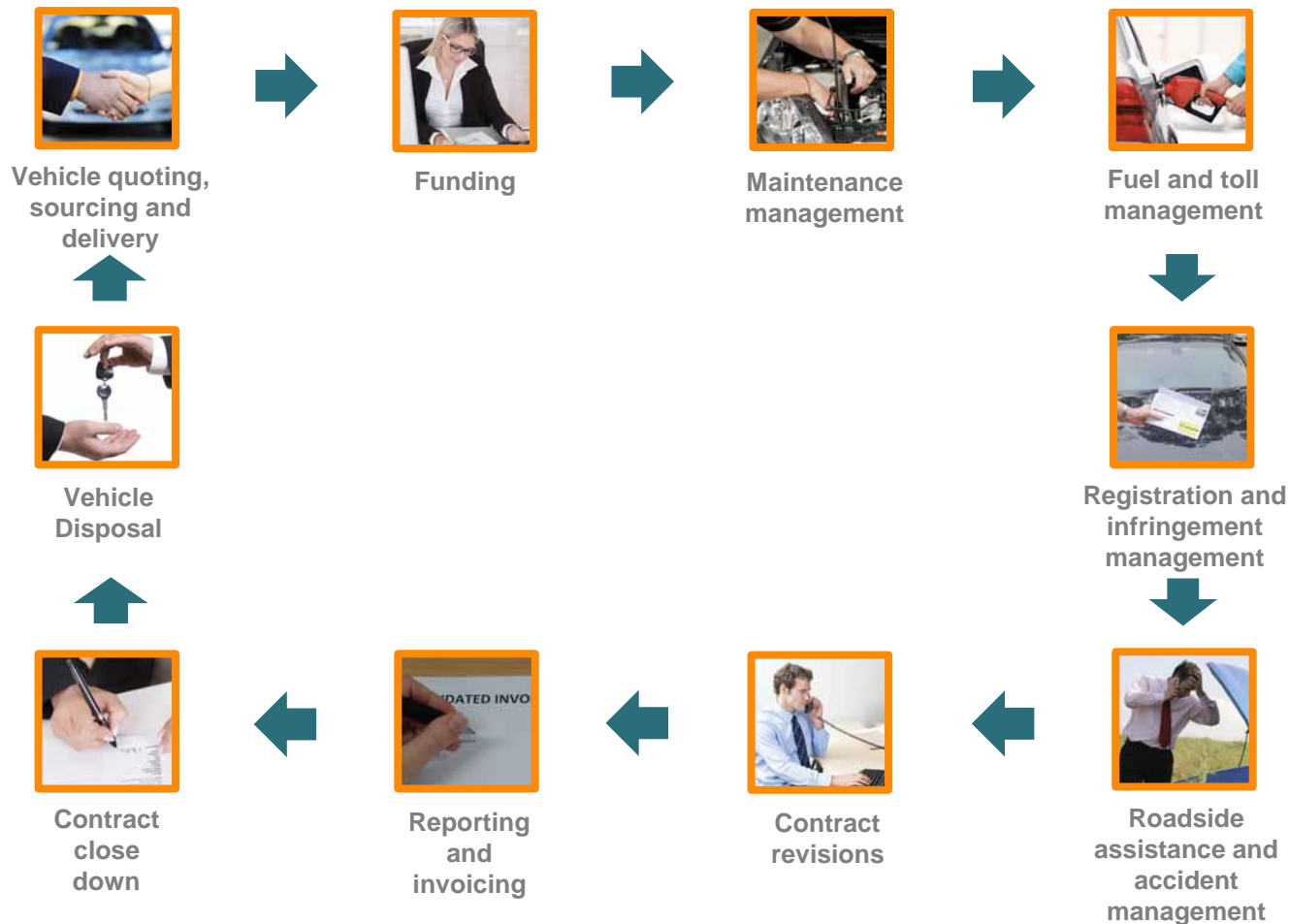
## Inorganic Opportunities

- Possible acquisition and investment opportunities in Australia and in the UK
- Subject to appropriate price, risk and return hurdles

# Customer Penetration

## Enhanced integrated offering

- Offer end-to-end fleet management service
- Focus goes beyond asset: full customer, driver and technology service



# Customer Penetration

## Product and Service Innovation

- IT systems and advanced customer-facing technology are key differentiators

**fleet**intelligence

**logbook**

**booking**intelligence

- Range of opportunities:
  - ✓ In Vehicle Asset Management (IVAM - Telematics)
  - ✓ Work Health & Safety applications (Driver Safety)

**driversafety**  
intelligence



Greater penetration of existing customers  
Enhanced offer to targeted new clients  
Improved profitability

**sgfleet**

# Recent Customer Acquisition

- Pipeline of vehicle orders up 13.4% since end of December 2013
- Tender update
  - Selective approach to tendering
  - Continued progress with 22 outstanding tenders as at January 2014, with completed win rate already in excess of estimated market share
  - Number of additional wins in tenders entered since January 2014
  - Tender pipeline remains full
  - Confident of maintaining high conversion rate
- Blue chip novated client wins from major competitors

# UK and New Zealand

- United Kingdom

- Growing market for salary sacrificed vehicles
- Service and value-add increasingly important
- **sgfleet** launched differentiated solution (NovaLease) in late 2012, leveraging Australian experience
- Product addresses risks and limitations present in competing solutions
- May 2014 update
  - Current schemes provide access to potential salary sacrifice customer base of over 40,000 employees
  - Corporate wins – tool of trade fleet growing

- New Zealand

- Trans-Tasman and domestic customers
- Continued progress with attracting large corporate customers
- Awaiting response to number of sizeable client win opportunities

# On Track to Achieve Prospectus Forecast

## ✓ Year-to-date trading on track relative to forecast

All amounts A\$m	Pro forma <sup>1</sup> historical			Pro forma <sup>1</sup> forecast		Statutory forecast	
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
Revenue	123.3	144.5	157.0	157.5	168.5	166.6	168.5
EBITDA	41.6	56.7	66.2	61.7	66.8	66.5	66.8
EBIT	27.8	44.7	58.4	54.3	60.2	59.1	60.2
NPAT	15.3	23.6	37.6	34.9	39.2	34.5	39.2

1: Refer to Section 4.2 of the Initial Public Offering Prospectus for further information on the preparation of the above financial information and to Section 4 generally for the notes to the financial information and the assumptions and sensitivities underlying the basis of forecast financial information.

# Summary

- ✓ Maintaining good sector, client and asset mix
- ✓ Strong expertise in all chosen markets
- ✓ Change in operational and regulatory environment managed effectively and Federal Budget uncertainty removed
- ✓ Outsourcing trend gaining traction in government space
- ✓ Continued development of products and services offering yields penetration, new business and profitability benefits
- ✓ Steady growth in client and vehicle numbers as tendering success rate is maintained
- ✓ Good progress in UK and New Zealand
- ✓ Year-to-date trading on track relative to forecast