

Investor Presentation

FY2014 Results

18 August 2014



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Overview

Financial Results

- Pro forma NPAT \$35.4m, 1.4% ahead of forecast
- EPS¹ of 14.6 cents
- Strong PBT margin of 32.5%
- Committed to FY2015 prospectus forecast

Dividend

- Dividend 4 cents per share, fully franked
- ROE² 27.4%

Capital Position

- Company well capitalised
- Net cash position

Strategy & Operations

- Execution of strategy has delivered desired results
- Novated environment normalised after 2013 disruption
- Positive structural demand trends continue

1: Pro forma Net Profit After Tax divided by total number of shares as at 30 June 2014.

2: Pro forma Net Profit After Tax divided by total equity as at 30 June 2014.

FY2014 Operating Performance

Customer Activity - Australia



- Focus on:
 - Bringing new entrants to outsourced fleet management model
 - Increased penetration of existing customers
 - Converting fleet management customers to full leasing services

- Innovative products introduced to major customers, with good response
 - Maintains differentiated product & services proposition



- Major progress with Government contracts, high satisfaction levels

➤ *Further enhancement of depth and quality of customer base*

FY2014 Operating Performance

Tender and Customer Acquisition Activity



Corporate

- Tenders:
 - Pipeline full throughout the period
 - Selective tendering approach maintained
 - Win rate in excess of estimated market share
 - Conversion of tenders taking longer
- Non-tender environment:
 - Pursuing select opportunities outside of tender framework
 - Continued wins in smaller end of market

Salary Packaging

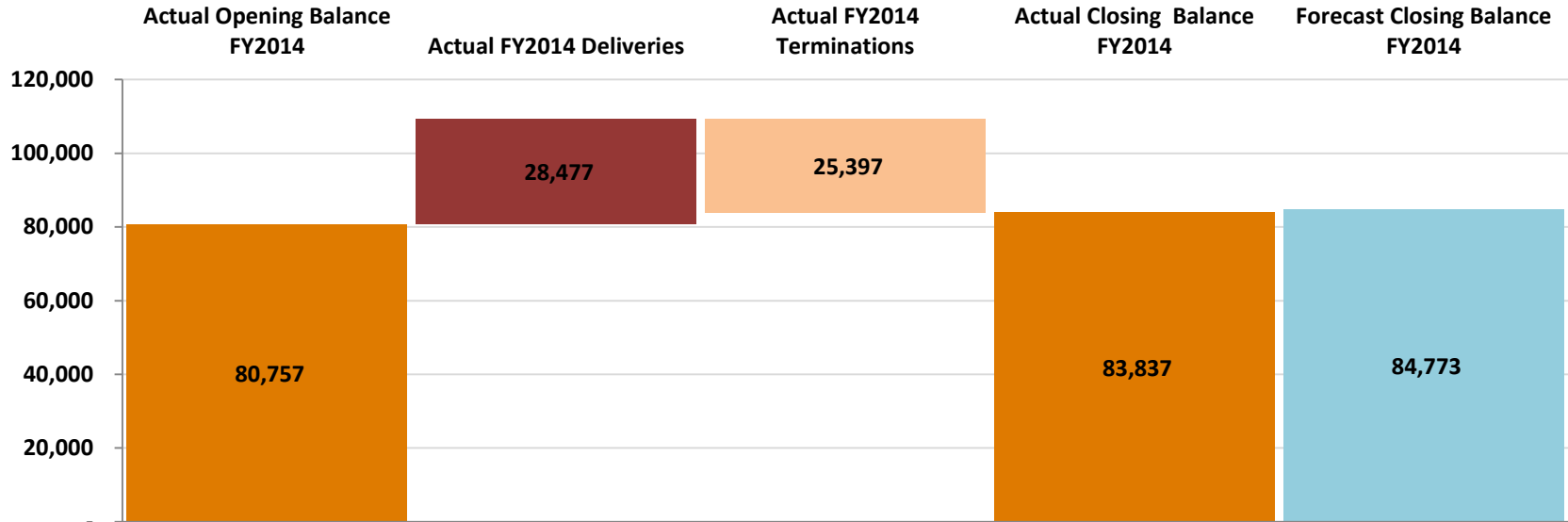
- Further headway into Government segment

FY2014 Operating Performance

Deliveries and Fleet Size



FY2014 Delivery Analysis (Units)



FY2014 Operating Performance

Customer Activity – United Kingdom and New Zealand



United Kingdom



- General business climate more positive
- Completed move out of broker market
 - Improvement in profitability and risk profile
- Focus on developing salary sacrifice and tool-of-trade customer base
 - Unique salary sacrifice product well received in growing market – driver conversion process lengthy but opportunities pipeline strong
 - Promising wins for tool-of-trade product

New Zealand



- Market stable to positive
- Significant growth in new business pipeline
- Relationship with major financial institutions provides further attractive opportunities

- Temporary disruption in novated segment in 1Q14 due to Labor Government FBT proposal announcement (July 2013)
 - Impacted revenue and profit relative to FY2013
 - New Government supports industry view
 - Novated volumes have recovered
- Federal Budget announcement (May 2014)
 - Customer activity delayed
 - Increase in extensions pre-Budget
 - Activity now at normal levels

Financial Results

Financial Summary



A\$m	Pro forma ¹ Actual			Pro forma Forecast		Statutory Actual	Statutory Forecast
	FY2012	FY2013	FY2014	FY2014	FY2015	FY2014 ²	FY2014
Revenue	144.5	157.0	156.5	157.5	168.5	165.7	166.6
Total expenses	(105.2)	(103.1)	(105.7)	(107.3)	(112.3)	(112.9)	(114.5)
Profit Before Tax	39.3	53.9	50.8	50.2	56.2	52.8	52.1
Net Profit After Tax	23.6	37.6	35.4	34.9	39.2	34.9	34.5

Profit Before Tax Margin	27.2%	34.3%	32.5%	31.9%	33.4%	31.9%	31.3%
Net Profit After Tax Margin	16.3%	23.9%	22.6%	22.2%	23.3%	21.1%	20.7%
% Change: Profit Before Tax	n/a	37.1%	(5.8%)		12.0%		

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.

2: 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 \$19.3million 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

Underlying Growth



PBT Adjustments ¹	Pro forma ² Actuals		Pro forma Forecast
June Y/E (\$m)	FY2013	FY2014	FY2015
Profit Before Tax	53.9	50.8	56.2
Impact of novated disruption ³	-	3.1	-
Significant items ⁴	(3.0)	-	-
End of lease income	(14.9)	(12.7)	(9.7)
Adjusted Profit Before Tax	36.0	41.2	46.5
% change: Adjusted Profit Before Tax	n/a	14.4%	12.9%

1: The above growth rates do not adjust for the change of capital structure arising from the payment of a pre-IPO dividend of \$47 million. FY2014 and FY2015 financials include no interest income on this reduction in cash. FY2012 and FY2013 include the actual interest income earned by sgfleet in those periods and therefore may not be directly comparable to FY2014 and FY2015 in this regard

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3: The Impact of the novated disruption is an estimate based on a number of assumptions

4: The significant items in FY2013 consist of the impact of the change from cash to accrual accounting for certain funding arrangements, a distribution from a profit share arrangement and the reduction in the provision for bad and doubtful debts. Refer to section 4.9.4 of the Initial Public Offering Prospectus for further information

Revenue

Overview



	Pro forma ¹ FY2013 Actual	Pro forma FY2014 Actual	Pro forma FY2014 Forecast	Variance
	A\$m	A\$m	A\$m	%
Management and maintenance income	55.9	59.8	59.0	1.4
Additional products and services	41.9	41.7	40.6	2.7
Funding commissions	21.2	23.6	24.8	(4.8)
End of lease income	14.9	12.7	12.5	1.6
Rental income	12.3	12.2	13.1	(6.9)
Other income	10.8	6.5	7.5	(13.3)
Total Revenue	157.0	156.5	157.5	(0.6)

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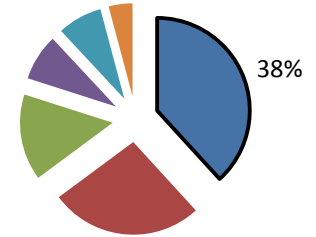
Revenue

Analysis



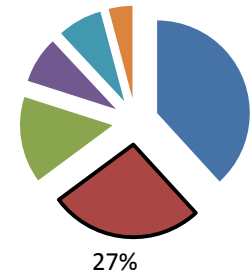
Management and maintenance income

- \$59.8 million – 1.4% ahead of forecast
- Higher than forecast average maintenance income per unit



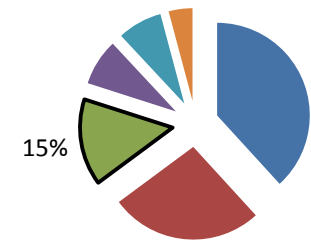
Additional products and services

- \$41.7 million – 2.7% ahead of forecast
- Insurance income and revenue from majority of other lines ahead of forecast
- Accessories revenue impacted by lower than forecast deliveries



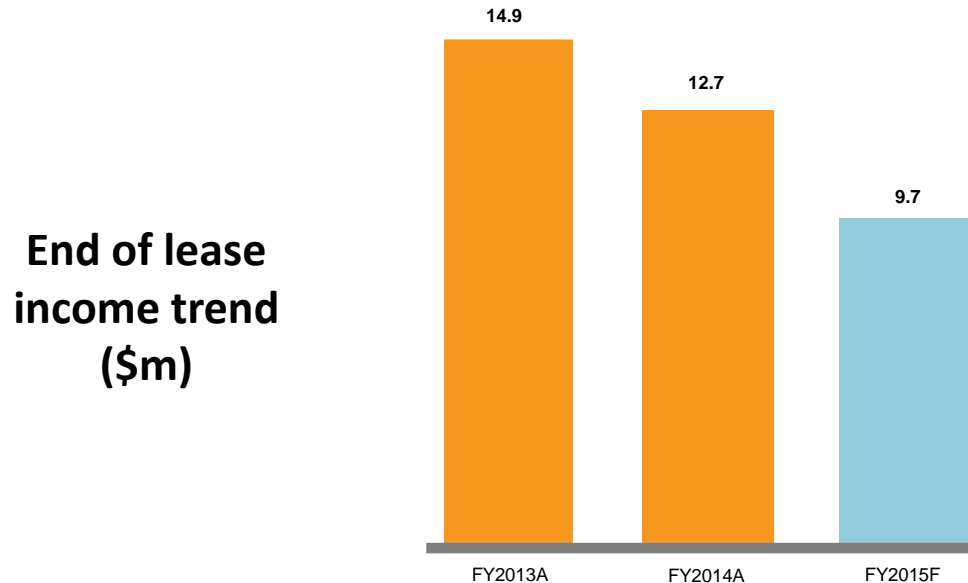
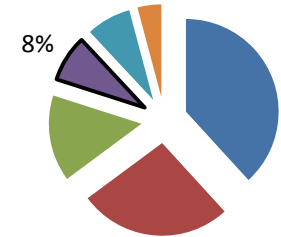
Funding commissions

- \$23.6 million – 4.8% below forecast
- Predominantly reflects impact of lower than forecast deliveries
- Year-on-year growth despite novated disruption



End of lease income

- \$12.7 million – 1.6% ahead of forecast
- Achieved despite smaller number of returned vehicles due to increase in formal extensions
- Average profit per vehicle higher than forecast
- Residual values continue adjustment as foreshadowed



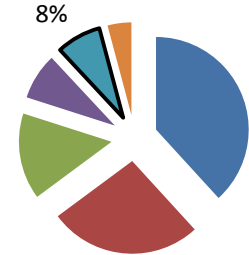
Revenue

Analysis (ctd.)



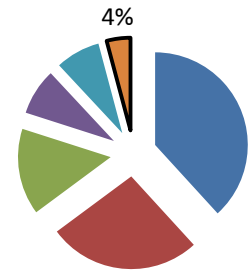
Rental income

- \$12.2 million – 6.9% below forecast
- Reflects fewer vehicles going into inertia as contracts were formally extended instead



Other income

- \$6.5 million – 13.3% below forecast
- Reflects:
 - Lower early termination income linked to increase in extensions
 - Lower interest income on cash balances
 - Lower ad hoc project income



Expenses



	Pro forma ¹ FY2013 Actual	Pro forma FY2014 Actual	Pro forma FY2014 Forecast	Variance
	A\$m	A\$m	A\$m	%
Fleet management costs	36.7	38.6	39.5	2.3
Employee benefit expense	41.3	42.7	42.7	-
Occupancy costs	3.5	4.1	4.1	-
Depreciation, amortisation & impairment	7.8	6.8	7.4	8.1
Technology costs	2.9	2.9	2.9	-
Other expenses	6.4	6.4	6.6	3.0
Finance costs	4.5	4.2	4.1	(2.4)
Total Expenses	103.1	105.7	107.3	1.5

Comments

- Lower than forecast fleet running costs
- Growth in Employee & Occupancy costs reflects full year impact of Federal Government contract
- Decline in depreciation due to smaller on-balance sheet fleet

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- Company well capitalised
- Conservative balance sheet, with cash > borrowings
- Pro forma net operating cash flow of \$38.5m, on forecast
- Corporate Borrowings mature in March 2016 – extension is credit approved & in documentation stage
- On-balance sheet funding line for New Zealand lease portfolio for FY2015

- Dividend of 4 cents per share, fully franked
- As foreshadowed in IPO Prospectus
- Company will maintain 60-70% payout range in FY2015
- Intend to adopt 45/55% interim - full year payout split
- Record date: 8 October 2014
- Payment date: 29 October 2014

Outlook

Economic climate

- Continued growth in market size
- Significant number of opportunities but decision making process has lengthened

Regulatory environment

- FBT
 - No indication of change in Government's stated stance on FBT
- Tariffs on imported new and second hand vehicles
 - Any changes unlikely to cause material decline in new vehicle prices or trigger mass imports of second hand vehicles
 - Little effect on business expected

FY2015 priorities

- Attracting new outsourcing entrants
- Increased customer penetration
- Conversion to full services
- Tender pipeline remains full – maintaining high conversion rate

Industry dynamics create opportunities

- Consolidation reduces number of players
- Competitive tension in certain segments
- Tender and customer servicing discipline paramount

Customer Activity



Australia



- Increasing Government focus on more efficient management of assets
- Deepening relationships with Government customers has opened up novated opportunities
- Expect activity and opportunity generation to remain strong

United Kingdom



- Focus on executing strategic priorities
- Significant opportunities pipeline in salary packaging segment
- Build further critical mass in corporate (contract hire) segment

New Zealand



- Unprecedented growth in opportunities pipeline

Positive structural trends continue

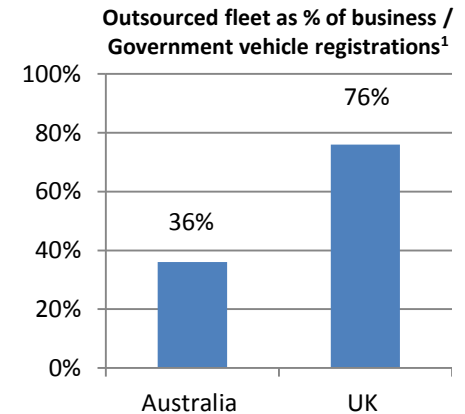
- Penetration of outsourced fleet management services increasing steadily from low base
- Federal Government approach extending to States

Products & Services proposition strengthening continuously

- Market-leading technological innovation supports clear competitive differentiation
- Targeting further customer service improvements via new service quality measurement model

Internal processes

- Scope for greater efficiency



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)

	Pro forma ¹ Actual	Forecast	Year-on-year growth
A\$m	FY2014	FY2015	
Revenue	156.5	168.5	+7.7%
Total expenses	(105.7)	(112.3)	+6.2%
Profit Before Tax	50.8	56.2	+10.6%
Net Profit After Tax	35.4	39.2	+10.7%
Profit Before Tax Margin (%)	32.5	33.4	+90bps
Net Profit After Tax Margin (%)	22.6	23.3	+70bps
Fleet Size (units – end of period)	83,837	91,649	+9.3%

Comments

- Remain fully committed to Prospectus FY2015 forecast
- Targeting 10%+ NPAT growth, supported by margin expansion

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Questions