



The Manager, Listings  
Australian Securities Exchange  
ASX Market Announcements  
Level 14, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

18 August 2015

Dear Sir,

**Results for the full year ended 30 June 2015 – Investor Presentation**

We attach a copy of the 2015 Full Year Investor Presentation.

Yours faithfully

A handwritten signature in black ink that reads 'S.A. Edwards'.

Sarah Anne Edwards

**Company Secretary**

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# Investor Presentation FY2015 Results

18 August 2015



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# Overview

## Financial Results & Dividend

**NPAT \$40.5m**

- 3.3% ahead of Prospectus forecast
- Up 14.4% on FY14

**EPS<sup>1</sup> of 16.7 cents**

**Further improvement in PBT margin, from 32.5% to 34.3%**

**Final dividend 6.117 cps, fully franked**

- Total FY15 dividend 10.842 cps

**ROE<sup>2</sup> 29.1%**

**Net cash of \$45.3m**

## Strategy & Operations

**Business traded well throughout the period, with strong customer wins in final quarter**

**Revenue growth supported by exceptional customer retention level, increased penetration and high win rates**

**Customer service quality feedback positive, with focus on constant improvement**

**Competitive differentiation enhanced through continued innovation**

**Scale and internal efficiencies driving productivity improvements**

1: Net Profit After Tax divided by weighted average number of shares for 12 months to 30 June 2015

2: FY15 Net Profit After Tax divided by average total equity for 12 months to 30 June 2015

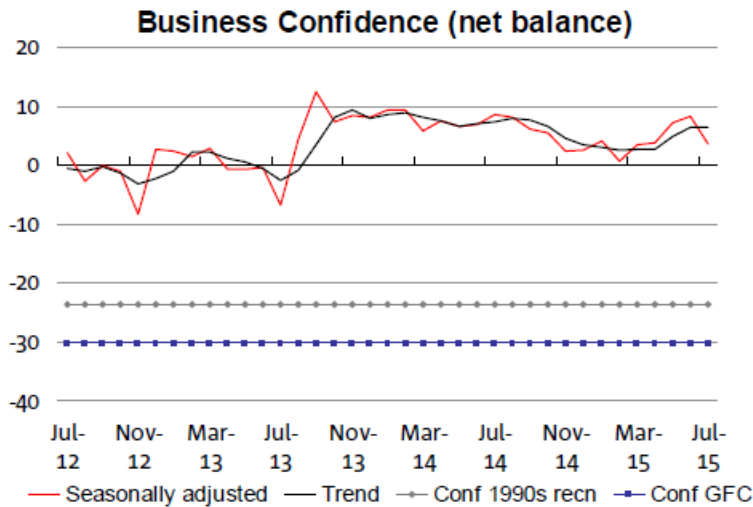
# FY2015 Operating Environment

## Australia



### Economic and regulatory environment

- Gradual decline in business sentiment, with uptick in Q4-FY15
- Increased clarity in regulatory environment – no meaningful impact from implemented measures

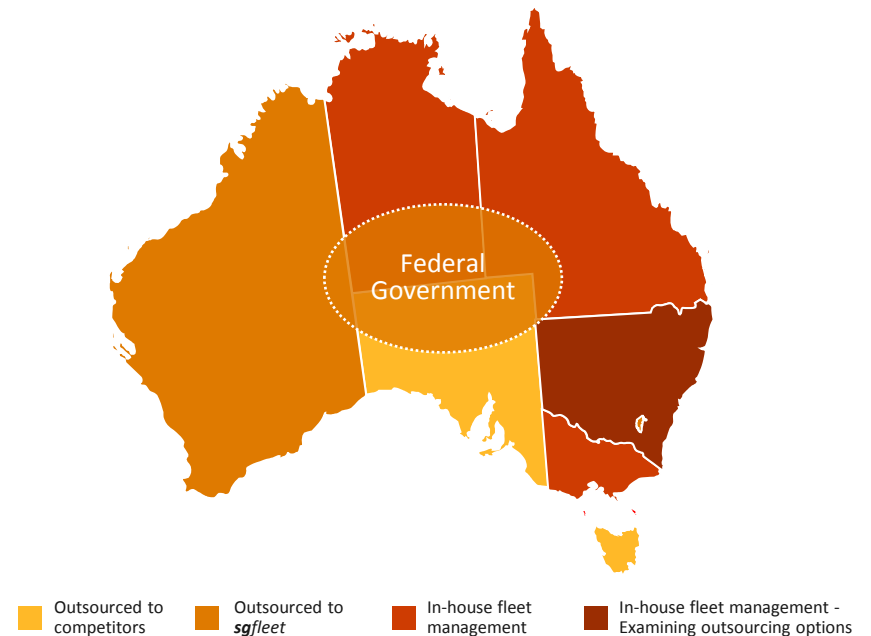


Source: NAB Monthly Business Survey

### Business activity

- Full opportunities pipeline
- States exploring outsourcing options or moving to higher value add arrangements
- Corporate activity triggers competitive aggression in predominantly rational market

#### Current Government Outsourcing Status



# FY2015 Operating Performance

## Australia



### Disciplined execution of stated growth strategy

- Optimisation of sales and marketing model
- Positive feedback through newly introduced NPS
- Further enhancement and differentiation of offering supports customer retention and win rates
- Strong conversion rate across Tool-of-Trade and Novated, all growth strategy channels, customer types and industries

Customer wins by growth avenue, client type, and business				
	Corporate		Government	
	Novated	Tool-of-Trade	Novated	Tool-of-Trade
New Entrants	✓	✓	✓	✓
Conversion to Full Leasing	N/A	✓	N/A	✓
Market Share Gain	✓	✓	✓	✓
Increased Customer Penetration	✓	✓	✓	✓

**11+ years**  
Average length of Top 20 Customer relationships

**25%+**  
Tender win rate

**147**  
New customers vs. 133 in FY14



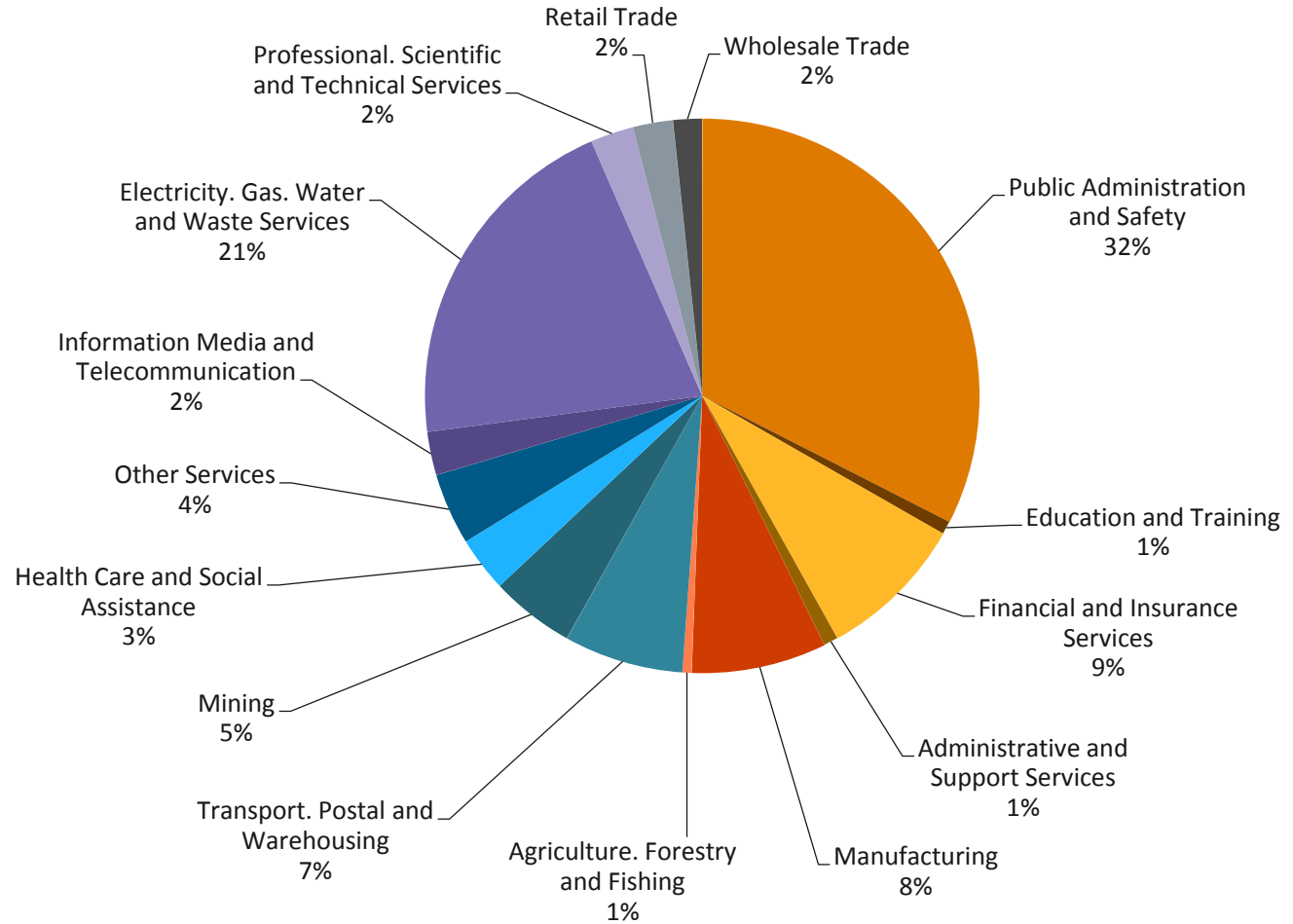
**Supplier of the Year**

# FY2015 Operating Performance

Australia



## Total fleet by industry



Industry and scale spread highlights brand strength and customer portfolio depth & diversity



# FY2015 Operating Performance

## United Kingdom



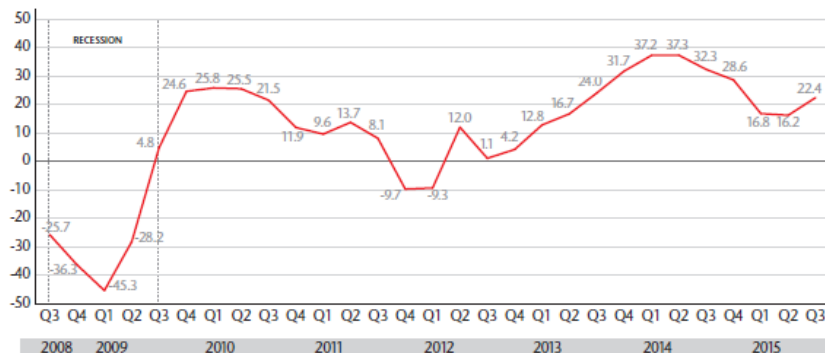
### Economic environment

- Operating environment supported by strengthening economic confidence following decisive general election outcome

### Business activity

- Focus on providing profitable full service solutions in tool-of-trade and salary sacrifice segments
- Uniquely placed product offering seeing increased take-up
- Improved online capabilities support sales process efficiency and higher customer penetration
- Increasing diversity in growing customer base

Fig. 1 Trend of UK business confidence



Source: ICAEW / Grant Thornton UK Business Confidence Monitor

Product ✓  
+  
Process ✓  
=  
Progress ✓

# FY2015 Operating Performance

## New Zealand



### Economic environment

- Despite negative turn in business confidence in final quarter, market activity has remained buoyant
- Mid to large corporate and government fleets coming to market

ANZ BUSINESS CONFIDENCE INDEX



Source: ANZ

### Business activity

- Market-leading products are challenging more established players
  - Successes at very top end of the market
- Contracts won are of exceptional quality
  - Sale & lease-backs
  - Fully maintained operating leases

**NZ business ready to step up to next level**

# Financial Results

# Financial Summary



	Actuals	Pro forma Actuals <sup>1</sup>	Variance
A\$m	FY2015	FY2014	FY2015 vs. FY2014
Revenue	171.4	156.5	9.5%
Total expenses	(112.6)	(105.7)	6.5%
Profit Before Tax	58.8	50.8	15.7%
Net Profit After Tax	40.5	35.4	14.4%
Profit Before Tax Margin	34.3%	32.5%	
Net Profit After Tax Margin	23.6%	22.6%	

- Profit before tax up 15.7% on PCP
- Underlying growth in profit before tax of 9.1% adjusting for novated disruption in PCP

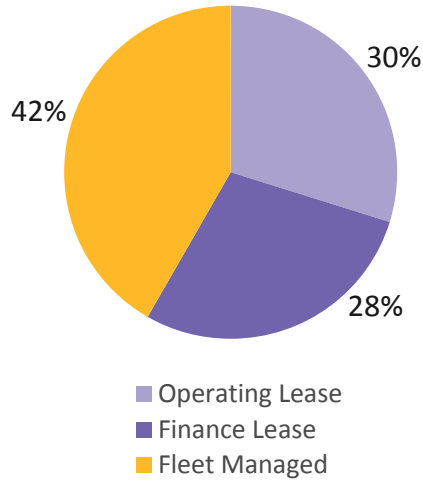
# Fleet Growth



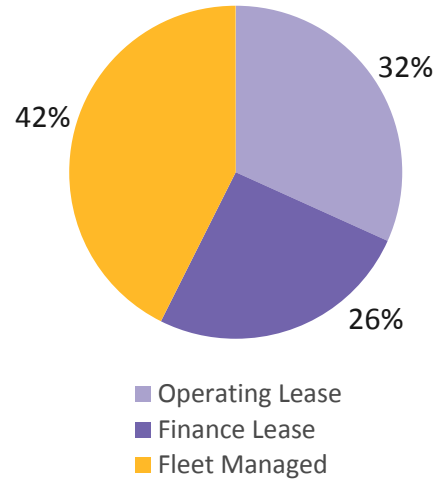
- 7.4% growth in closing fleet balance vs. PCP
- 12.4% growth in deliveries
- Underlying growth in deliveries of 9.7% adjusting for novated disruption in PCP

# Fleet Mix

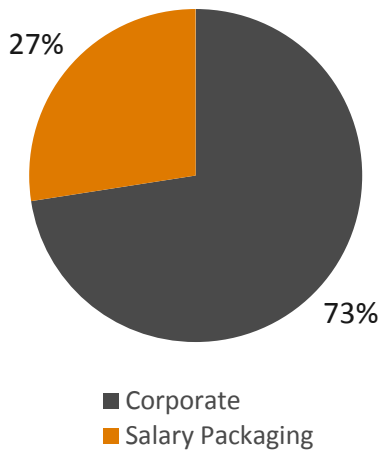
As at June 2014



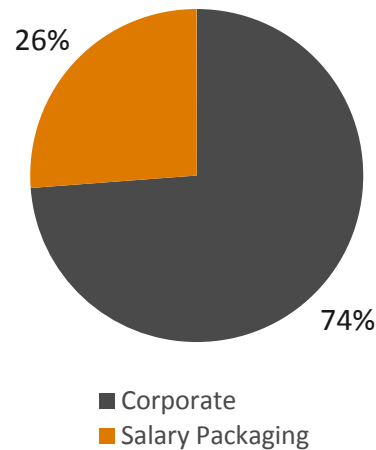
As at June 2015



As at June 2014



As at June 2015



- Diversified product mix
- Operating Lease grew as a percentage of total fleet partially as a result of a large tool-of-trade fleet converting from Finance Lease

# Revenue

## Overview



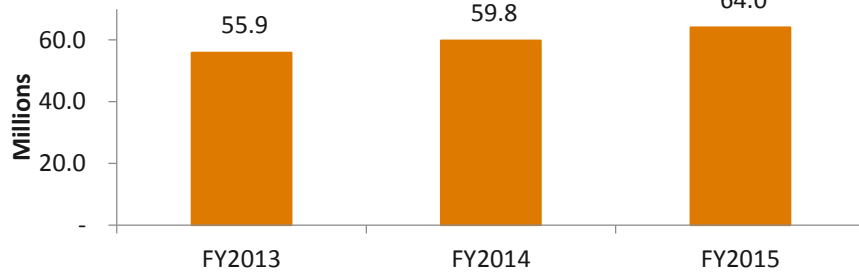
	Actuals	Pro forma Actuals <sup>1</sup>	Variance
A\$m	FY2015	FY2014	FY2015 vs. FY2014
Management and maintenance income	64.0	59.8	7.0%
Additional products and services	48.8	41.7	17.0%
Funding commissions	29.3	23.6	24.2%
End of lease income	11.3	12.7	(11.0%)
Rental income	10.8	12.2	(11.5%)
Other income	7.2	6.5	10.8%
<b>Total Revenue</b>	<b>171.4</b>	<b>156.5</b>	<b>9.5%</b>

# Revenue

## Analysis

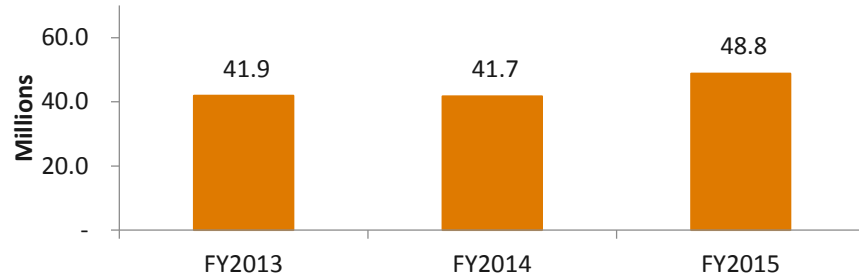


### Management and Maintenance Income



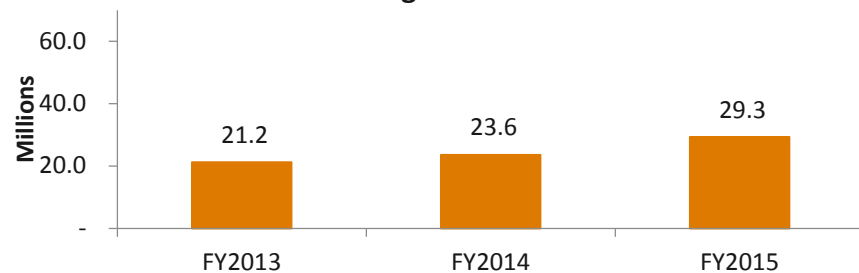
- Up 7.0% on PCP
- Growth in line with fleet growth
- Customer conversions from budgeted to underwritten maintenance

### Additional Products and Services



- Up 17.0% on PCP
- Driven by 12.4% growth in deliveries and improved penetration per unit

### Funding Commission



- Up 24.2% on PCP
- Underlying growth of 17.5% adjusting for novated disruption in PCP
- Driven by 12.4% growth in deliveries and improved finance margins

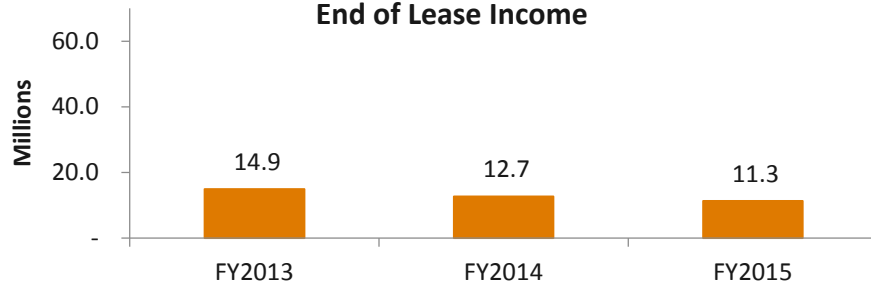


# Revenue

## Analysis (ctd.)

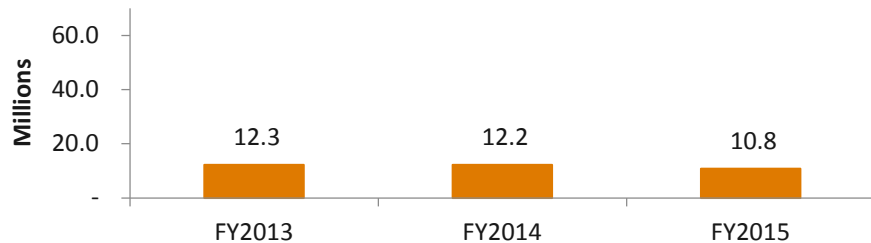


End of Lease Income



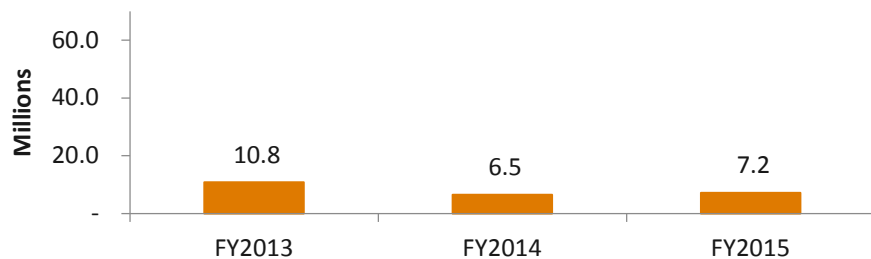
- Down 11.0% on PCP as residual values continued to normalise as foreshadowed
- Slightly lower disposal volumes compared to PCP
- Disposal prices now relatively stable

Rental Income



- Down 11.5% on PCP
- Fewer vehicles in inertia as customers replaced vehicles with new orders

Other Income



- Up 10.8% on PCP
- Higher interest income on cash balances, higher early termination income and higher ad-hoc income

# Expenses

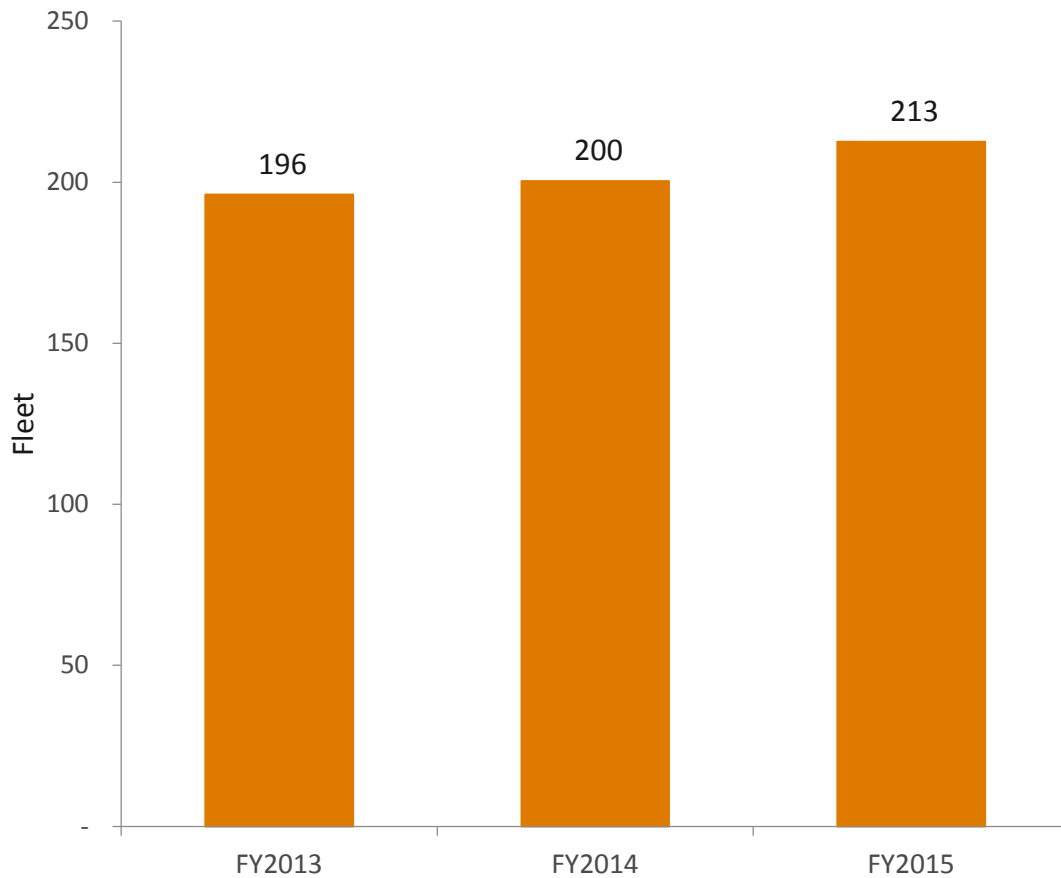
	Actuals	Pro forma Actuals <sup>1</sup>	Variance
A\$m	FY2015	FY2014	FY2015 vs. FY2014
Fleet management costs	44.5	38.6	15.3%
Employee benefits expense	43.6	42.7	2.1%
Occupancy costs	4.1	4.1	-
Depreciation, amortisation and impairment	7.1	6.8	4.4%
Technology costs	3.2	2.9	10.3%
Other expenses	6.6	6.4	3.1%
Finance costs	3.5	4.2	(16.7%)
<b>Total Expenses</b>	<b>112.6</b>	<b>105.7</b>	<b>6.5%</b>

- Growth in fleet management costs primarily driven by growth in additional products & services revenue
- Higher technology costs reflect cost incurred in on-going consolidation of systems infrastructure
- Other expenses increased due to costs associated with investigation of UK acquisition opportunity
- Reduction in finance cost due to re-negotiated pricing of senior debt facility

# Productivity & Profitability Trends



Fleet per Employee



- Productivity, measured by Fleet/FTE, has improved as a result of ongoing focus on internal efficiencies
- Profitability has been supported by scale benefits

# Balance Sheet, Cash flow and Debt



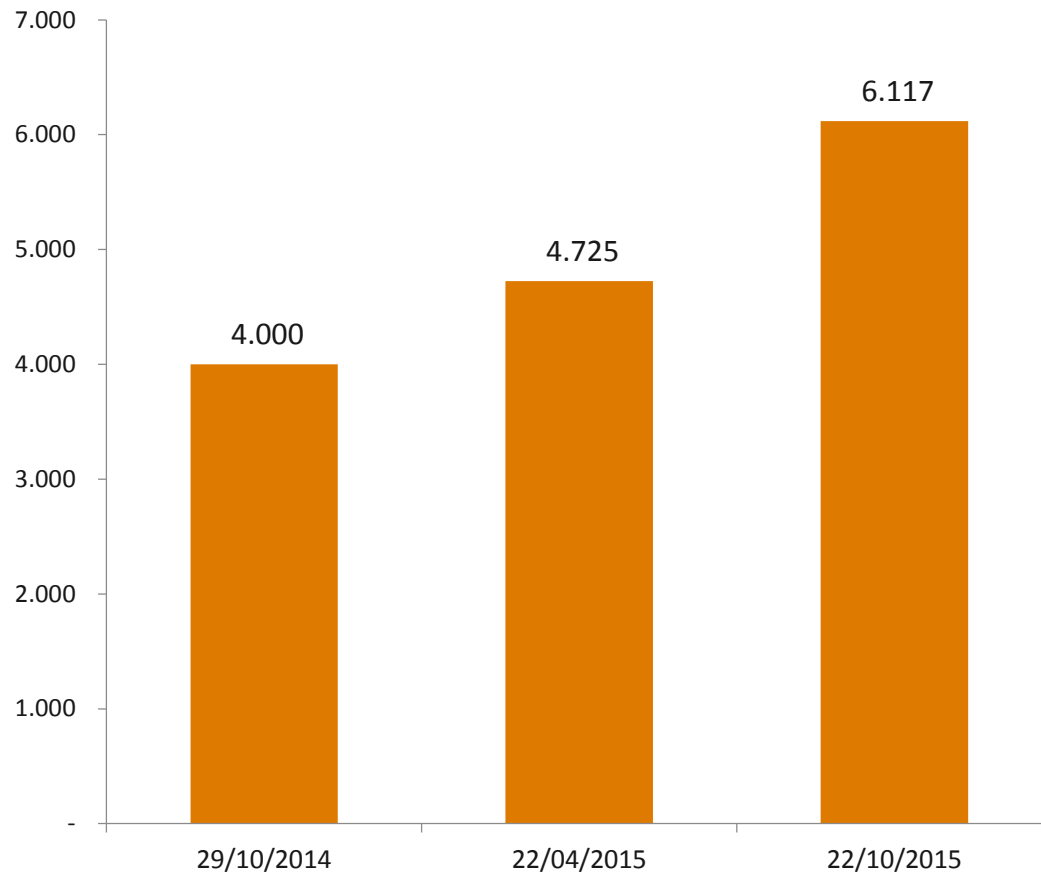
Net cash of \$45.3m  
vs. \$14.4m in PCP

Cash conversion of  
110% of EBITDA

Implemented a  
small on-balance  
sheet lease  
portfolio funding  
line in NZ

**Well positioned to leverage all growth opportunities**

## Dividend per Share (in Cents)



- Dividend of 6.117 cents per share fully franked
- Payout ratio of 65%, based on 45%/55% interim vs. full year payout split
- Record date:  
1 October 2015
- Payment date:  
22 October 2015

# Outlook

## Economic and regulatory environment

Recovery in business confidence tested by Greece situation and Chinese equity market volatility

Monitoring regulatory environment on ongoing basis – no significant developments anticipated

## Business activity

Current assessment of outsourcing options by major States expected to go into next phase

Industry corporate activity

SG Fleet withdraws from Global Alliance following GE/Element transaction

- No impact on existing customers or business development

**Activity levels remain high across all geographies**

**Aiming to maintain similar levels of underlying profit growth through combination of revenue gains and margin expansion<sup>1</sup>**

## Revenue

Objective	Measure	✓
Enhanced differentiation	Maintain product innovations flow	
Stronger customer relationships	Maintain retention rate	
Greater penetration	Increase accessories revenue	
Increased market share	Maintain above market share win rate	

## Margin

Objective	Measure	✓
Extract scale benefits	Improve Fleet/FTE ratio	
Greater internal efficiency	System consolidation	
Cost compression	Process improvements	

**Position SG Fleet to be a beneficiary of structural and step-change developments**



# Longer Term Outlook

FY2017 and beyond



## Revenue

- Maintain multi-avenue growth strategy
- Next phase for diversification and greenfield concepts
- Identification of inorganic growth opportunities

## Margin

- Impact of system integration
- Increased scale benefits

## Long-term strategy actively supported by skills and talent management

- Protect internal talent pool of asset know-how and innovation expertise
- Match Board skill set with organic and inorganic growth strategy
  - New Board appointment of Edwin Jankelowitz

## Financial Results & Dividend

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**Further improvement in PBT margin, from 32.5% to 34.3%**

**Final dividend 6.117 cps, fully franked**

- Total FY15 dividend 10.842 cps

**ROE<sup>2</sup> 29.1%**

**Net cash of \$45.3m**

## FY16 onwards

**Build momentum into FY16 and beyond**

**Maintain multi-pronged growth strategy, including inorganic**

**Greater competitive differentiation through product development and customer service enhancements**

**Position for step-change opportunities**

**Continued productivity improvement through scale and efficiency benefits**

**Maintain similar levels of underlying profit growth**

1: Net Profit After Tax divided by weighted average number of shares for 12 months to 30 June 2015

2: FY15 Net Profit After Tax divided by average total equity for 12 months to 30 June 2015

# Questions