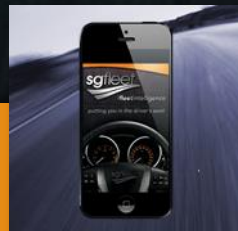




# Morgan Stanley 2016 Australian Emerging Companies Conference

Innovation, Technology & Competitive Advantage

16 June 2016



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# Market-leading Fleet Management and Salary Packaging Group

- Diversified business, with leading position across both corporate and salary packaging sectors
- Presence in Australia, New Zealand and UK
- Two strong brands
- High quality, diverse and well-entrenched customer base across government and corporate
- Diverse, fee-based revenue streams
- Growth outlook well-embedded



**Transparent business model, highly visible revenue streams and clear growth path**

# Balanced Growth



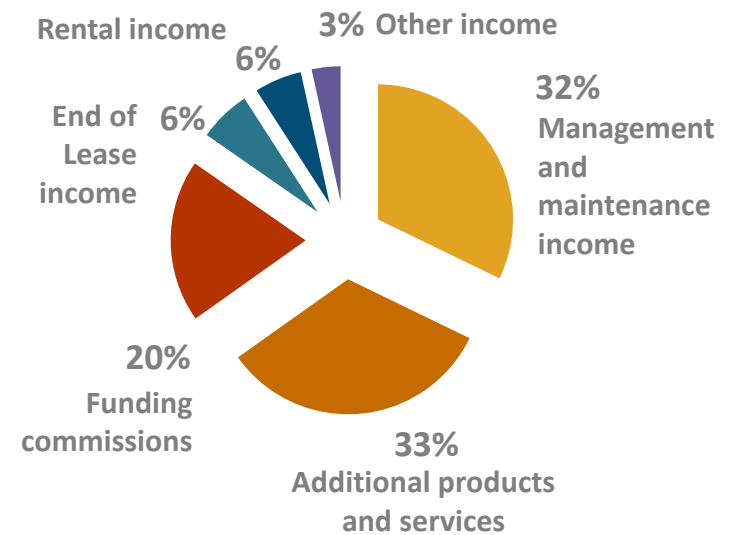
## Financials

A\$m	FY2015	1H2016
Revenue	171.4	93.3
Total Expenses	(112.6)	(61.0)*
Profit Before Tax	58.8	32.3*
Net Profit After Tax	40.5	19.7
Profit Before Tax Margin	34.3%	34.6%
Dividend	10.842 cps	5.223 cps

Market capitalisation ca. \$1 billion

\*: Excluding nlc acquisition costs

## Revenue Breakdown



Fleet size over 100,000 vehicles

# What Drives Industry Innovation?

## Four Demand Trends

### Key Differentiators

#### 1 Efficiency drive requires more sophisticated solutions

- Fleet / transport optimisation objective is not new, but **scope of solutions** is widening
- Customers face a challenge to recruit **specialist expertise** in-house
- Increased **technology investment** requires significant spend / scale

Wide range of relevant services

Extensive business area experience

Mature development approach

#### 2 Cost vs. return remains paramount for customers

- **Penetration** of technology / telematics applications is accelerating
- Increased willingness to invest in solutions for future **demonstrable** savings and returns
- Hardware and solutions must meet **specific, evolving** customer demands

Wide range of industry expertise

Track record of achieved savings

Flexibility of solutions

# What Drives Industry Innovation?

## Four Demand Trends (ctd.)

### 3 Don't just source and deliver the box – use the data

- Telematics black box is a passive tool, not a solution in itself
- Applications must go beyond replacement of manual processes such as logbooks
- Active data use is key to support multiple optimisation / mobility applications

#### Key Differentiators

High value-add

True innovation

Analysis expertise

### 4 Mobility solutions and data flow / transaction frequency

- Customers demand mobility alternatives beyond traditional offering and highly data-dependent
- Industry disruption is creating a new landscape in terms of demand / offer
- Changing revenue profiles will include periodic fees and transactional income

Continuous solution development

Clear long-term strategy

System flexibility

# SG Fleet's Competitive Advantage



## 1. Innovation Culture

**Mature, robust technology infrastructure and innovation platform**



**Investment in scalable, efficient back-end systems**

**In-house development of customer-facing front-end**



**In-market now with leading edge solutions**

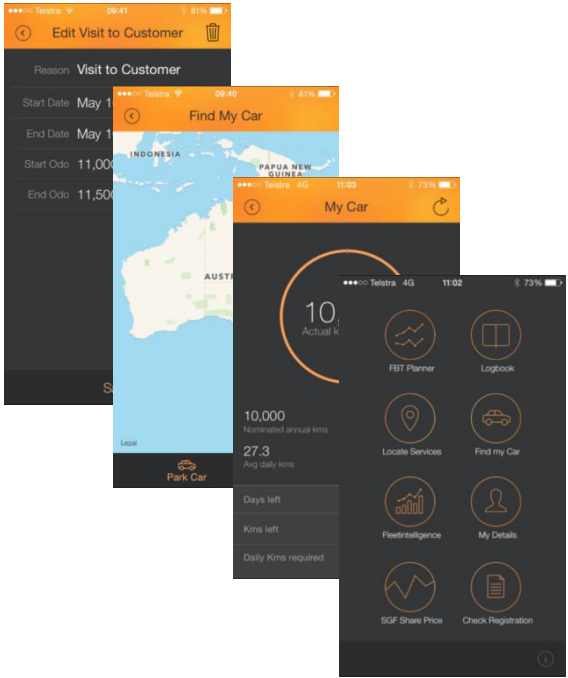
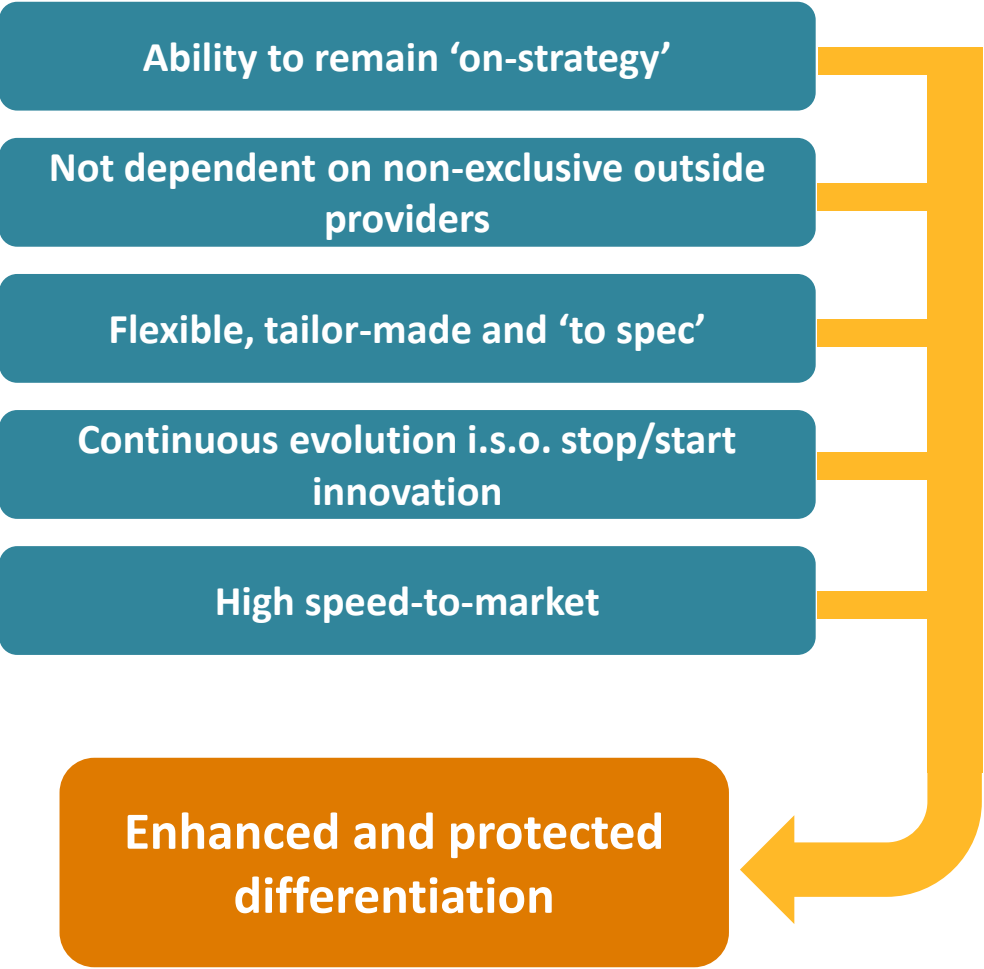
**Launching next step ahead**

**Next gen concepts under investigation**

**SG Fleet's existing structure and innovation culture puts it in a unique industry position to shape and profit from disruption**

# SG Fleet's Competitive Advantage

## 2. In-house Development Capability





# SG Fleet's Competitive Advantage

## 3. High Value-add Reputation



*"Fleetintelligence is fantastic... makes SG Fleet so much easier to deal with than other lease companies I've had to deal with."*

- Commercial bank

*"\$10 million of savings and 67% reduction in service overdue in 12 months, minimising WH&S risk and operating cost."*

- Government agency



*Penetration accelerating: government customer sign-up for 1,000 drivers.*

# SG Fleet's Competitive Advantage

## 4. Leading Edge with Clear Long-term View



**SG Fleet is an active participant in the debate about future mobility solutions**

- ✓ Shared use
- ✓ Energy source
- ✓ Driverless
- ✓ Integrated mobility

Future-proofing current products/services



Setting direction for product development



Shaping greenfields strategy

### Case Study: **goget**



- ✓ Exclusive trial with GoGet to offer GoGet vehicles and/or technology to SG Fleet customers
- ✓ Natural progression of current closed environment offering

# Summary

## Demand Trends

- Increased sophistication of available solutions
- Customers demand tangible optimisation results
- From data collection to active data use
- Mobility is here now

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## Industry Must-Haves

- Established presence and expertise across full range of services
- Tailor-made solutions
- High value-add, supported by innovation
- Capacity and capability to develop future solutions

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## SG Fleet's Competitive Advantage

- Existing structure and culture supports disruption leadership
- In-house innovation creates permanent differentiation margin
- Track record of high-value add and customer service excellence
- First-to-market with new mobility solutions

