

ASX announcement

Fleet Hire acquisition gives SG Fleet scale and profitable growth platform in UK market

- **Fleet Hire is provider of contract hire, salary sacrifice, short-term rental and fleet management services**
- **West Midlands HQ – 60 staff**
- **Normalised EBITDA £4.6m – Normalised PBT £2.0m**
- **Acquisition creates broader customer base for SG Fleet’s Novalease product, greater scale for corporate offering and profitable presence in short-term rental segment**
- **Enterprise value £25.7m (acquisition price £19.6m plus lease portfolio debt net of cash of £6.1m) – 5.6x Normalised EBITDA**
- **Anticipated 4.5% cash EPS accretion in first full year of ownership**

4 August 2016

SG Fleet Group Limited ('SG Fleet' / ASX: SGF) announces the acquisition of UK company Fleet Hire, a provider of contract hire, salary sacrifice, short-term rental and fleet management services.

The acquisition provides SG Fleet with critical mass in the attractive UK market and, in combination with its existing local business, creates a profitable platform for continued growth.

Total value is £25.7 million, comprised of a purchase price of £19.6 million and lease portfolio debt net of cash of £6.1 million.

Shares to the value of £1.8 million will be issued to the vendors, with the remainder of the consideration to be funded through debt (£12.0 million) and cash on hand (£5.8 million).

SG Fleet expects cash EPS accretion in its first full year of ownership of 4.5%, with further accretion in subsequent years. The consideration paid values Fleet Hire at 5.6-times normalised EBITDA, not including synergies anticipated in procurement, premises, systems and operating costs. Exchange and completion of the transaction is occurring simultaneously and consolidation of SG Fleet UK with Fleet Hire will start immediately.

SG Fleet's Chief Executive Officer, Robbie Blau, said: "Fleet Hire is an ideal fit for our long-term growth strategy in the UK. Its acquisition meets all the strict criteria we have set for ourselves in terms of valuation and expansion of customer book and product range. Together with the invaluable expertise we access by retaining the commitment of the company's management team, we have made a significant stride forward in this market."

"Our Novalease product has already been very successful in disrupting the local car salary sacrifice market and combining it with Fleet Hire's broader salary sacrifice offering gives us access to an additional customer base and a more comprehensive solution for existing SG Fleet drivers. We will have a more sizeable corporate offering, capable of servicing larger customers. Our planned diversification into the high growth short-term rental segment will also be accelerated," Mr Blau noted.

sgfleet Australia

Lvl 2, Bldg 3, 20 Bridge St, Pymble, NSW 2073
Ph: + 61 2 9494 1000 Fax: +61 2 9391 5600

sg fleet NZ

Lvl 26, PWC Tower, 188 Quay St, Auckland, 1010
Ph: +64 9 363 2993 Fax: +64 363 2994

sgfleet UK

Avon House, 435 Stratford Road, Shirley,
Solihull, West Midlands B90 4AA
Ph: + 44 1228 564455 +44 (0) 1228 564 4464

Fleet Hire overview

Fleet Hire is headquartered near SG Fleet's Solihull offices and employs 60 staff.

The company has been very successful at positioning itself as a 'one stop' provider of its full range of services and has seen continued organic growth since its establishment, recently breaking into the UK market's Top 25. Fleet size stands at approximately 6,500 units.

It offers traditional corporate leasing for multi-year periods to corporates, as well as Car Salary Exchange, its rapidly growing salary sacrifice product.

Corporates accessing vehicles for temporary requirements are offered a short-term rental solution, which has proven very successful nationally. Fleet Hire also provides a range of fleet management services, stand-alone or in combination with contract hire.

The company has a range of well-entrenched customers, from SMEs to large listed entities and across various industries.

Fleet Hire's management team, led by CEO Graham Hale, is highly regarded within the industry and will remain with the consolidated entity.

Long-term UK strategy on track

"We looked at this asset carefully and for some time and tested the proposition in the context of the UK's current economic environment," Mr Blau said. "We have a clear view on our long-term outlook in the UK and have gone about executing our plans in a very disciplined fashion."

"With this acquisition, we make a leap forward in our strategic agenda here and we establish ourselves as a recognised player in a number of segments. Most importantly, we do so in a profitable manner and by gaining access to additional local expertise. I am delighted we have been successful in convincing the Fleet Hire team to join us and look forward to growing our presence here further," Mr Blau concluded.

Preliminary FY2016 results

On an unaudited basis, SG Fleet expects Underlying Net Profit After Tax¹ for the 2016 financial year to be approximately \$51.2 million. This preliminary result is subject to both Auditor and Board sign-off.

Full details will be provided at the Company's results announcement on 16 August 2016.

The Fleet Hire acquisition will not alter the Company's dividend policy, which is to pay out between 60 and 70% of NPATA.

Investor Briefing Details

SG Fleet will conduct an investor conference call at 9.30AM (AEST) on Friday 5 August.

The following dial-in arrangements are in place:

Australia (Toll Free)	1800 554 798
UK	0808 234 8407
Confirmation code	6631139

Additional country-specific dial-in numbers are available on request.

For further information, please contact:

Yves Noldus
Corporate Services & Investor Relations Executive
SG Fleet Group Limited
Tel: 02 9494 1095 / 0401 416 686

¹ Underlying Net Profit After Tax = Net Profit After Tax before acquisition-related expenses incurred during the reported period. Acquisition-related expenses include transaction advisory, legal fees and due diligence costs, together with the non-cash finance costs relating to the restructure of the Group's debt facilities for the nlc acquisition.