

ASX announcement

SG Fleet Establishes Top 20 Position in UK Market with Motiva Acquisition

- **Motiva is provider of contract hire, short-term rental and fleet management services**
- **Based in Stoke-on-Trent – 50 staff**
- **Normalised PBT £1.75m**
- **Acquisition builds further on platform created by Fleet Hire acquisition**
- **Purchase price £12.4m – 7.1x Normalised PBT**
- **Anticipated 3.5% cash EPS accretion in first full year of ownership**

30 November 2016

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

The acquisition follows that of Fleet Hire in August 2016 and builds further on the profitable platform and critical mass created by combining SG Fleet's existing UK business and Fleet Hire. Integration of Motiva will see SG Fleet enter the Top 20 segment of the UK market.

Purchase price of the acquisition is £12.4 million. Shares to the value of £1.125 million will be issued to the vendors, with the remainder of the consideration to be funded through debt (£7.4 million) and cash on hand (£3.9 million). This values Motiva at 7.1-times Normalised Profit Before Tax. SG Fleet expects cash EPS accretion including synergies in its first full year of ownership of 3.5%.

SG Fleet's Chief Executive Officer, Robbie Blau, said: "Motiva perfectly complements our current footprint in the UK. It is an ideal fit for our growth strategy, adding further scale to our tool-of-trade offering as well as expertise in the specialist light commercial vehicle segment. It also provides us with a broader target customer base for our salary sacrifice products and gives us access to a broader panel of funders and funding structures. Finally, given the strong compatibility with our existing UK business, there are clear opportunities to extract revenue and cost synergies".

Motiva overview

Motiva is headquartered in Stoke-on-Trent, 80 kilometres north of SG Fleet's Hampton-in-Arden offices, towards the Manchester/Liverpool economic hub. The company employs 50 staff and currently has a 4,300-unit fleet under management.

Contract hire services are provided under the main Motiva brand. This division operates a fleet ranging from cars and light commercial vehicles to trucks. The vast majority of the Motiva Contract Hire Fleet carries the company's Motrak telematics units.

M-Way Vehicle Rentals is the rental division, focusing on the light van and commercial vehicle market, including specialist vehicles. M-Way offers short-term fixed tariff rentals or shorter contract hire agreements under the Lite-Lease brand.

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Motiva Direct operates the Group's fleet management services, including maintenance and accident management and roadside assistance. All of these brands have strong recognition in the market.

Motiva's offering is sold as an integrated corporate solution, similar to that of SG Fleet's current UK business. The company has grown a well-balanced, low concentration customer book and consistently achieves high retention rates, helped by continuous product innovation.

Key members of Motiva's highly regarded management team will be retained by SG Fleet, adding further bench strength and knowledge to its UK team.

Fleet Hire integration on track – UK progress to continue

Mr Blau also provided an update on the integration of Fleet Hire, noting that no time had been wasted in bringing the SG Fleet and Fleet Hire businesses together. "The teams are operating from a combined location and our systems integration is proceeding as planned. We have made good progress with extracting the procurement and disposal benefits available to us. Most importantly, we have received a really positive response from our customers," he said.

"I am delighted that we have been able to come to an agreement with Motiva. We will be targeting a seamless integration of the business, taking our UK presence to the next level. We now have the scale, the products and the expertise to establish ourselves firmly in this market," Mr Blau concluded.

Investor Briefing Details

SG Fleet will conduct an investor conference call at 9.00AM (AEST) on Wednesday 30 November.

The following dial-in arrangements are in place:

Australia (Toll Free)	1800 573 793
UK	0330 336 9105
Confirmation code	9693697

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

An audio replay facility will be active within 2 hours of the conclusion of the conference. Please dial Australia (Toll Free) 1800 154 669 – confirmation code 9693697.

For further information, please contact:

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