SG Fleet Group
Integrated Mobility

FY2019 RESULTS
INVESTOR PRESENTATION

22 AUGUST 2019

Important Notice and Disclaimer

Important information

The information in this presentation is general in nature and does not purport to be complete. It has been prepared by SG Fleet Group Limited (the "Company") with due care but no representation or warranty, express or implied, is provided in relation to the accuracy, reliability, fairness or completeness of the information, opinions or conclusions in this presentation. The Company has not verified any of the contents of this presentation. Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Neither the Company, nor any Limited Party (as defined below) is responsible for updating, nor undertakes to update, this presentation. Items depicted in photographs and diagrams are not assets of the Company, unless stated.

Not financial product advice or offer

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other offer document under Australian law or the law of any other jurisdiction. This presentation is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Readers should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek independent legal, taxation and other professional advice appropriate for their jurisdiction. This presentation is not and should not be considered as an offer or invitation of securities. In particular, this document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

Financial data

All dollar values are in Australian dollars ($ or A$) unless stated otherwise.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Past performance

Past performance and pro-forma financial information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Past performance of the Company cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance.

Future performance

This presentation may contain certain 'forward-looking statements'. Forward-looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. Any forward-looking statements, opinions and estimates (including forecast financial information) provided in this presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends, distributions and other estimates.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of the Company's business strategies.

The success of any of these strategies is subject to uncertainties and contingencies beyond the Company's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, the Company assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, the Company and its related bodies corporate, officers, employees, agents and advisers (the "Limited Parties"):

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability, fairness or completeness of such information, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Overview

Financial Results

Underlying NPAT[1]
$64.5m (-4.5%)

Reported NPAT 60.5m (-10.4%)

Reported EPS 23.202cps (-11.8%)

Total revenue
$509.7m (-1.1%)

Final Dividend

9.52 cps fully franked

FY19 total 17.689 cps

Payout ratio maintained at 65% of NPATA

Balance Sheet

Corporate leverage 0.3x

Corporate business progress continues

Improved performance in Consumer business despite unchanged environment

Further growth on strong 1H

Profit improvement on previous year

Strategy and Operational Outlook

Strategic initiatives to build stronger business

Improving quality and resilience of income streams

Targeting market share gains

Deeper penetration of new products and services

Improved performance in 2H despite unchanged conditions

1: Underlying Net Profit After Tax = Reported Net Profit After Tax before non-cash impairment related to the Company's move to a single brand in its Consumer business

Operational Review - AUS

Environment

Economy

- Business conditions remain largely unchanged despite spike after election and interest rate cuts
- Continued weak wage growth and household spending
  - retail conditions at GFC levels
  - private new vehicle sales down 10% in FY19

Operating Environment

- Competition maintained
- Residual values remain strong
  - some weakness in prime mover segment
- Extensions remain elevated
- Some improvement in credit approval processes
- Increasing electric vehicle (EV) interest

1H external factors remain largely present

Operational Review - AUS

Corporate

Customers

- 1H progress continues
- Further customer book diversification
  - new contacts across wide range of industries
- Corporate and government pipeline remains strong
- Decision processes slow

Products

- Strong growth in accessories income
  - penetration trends accelerate
  - recently launched products and services make contribution
  - contract wins for specific add-on services

Moderate revenue growth

More diversified income profile

Operational Review - AUS

Consumer

Business Activity

- Improvement despite continued presence of factors impacting conversion and margins
  - strong competition for available business
- Targeted strategy to proactively deal with challenges
  - focus on lessening impact of retail sentiment by improving sales process and by widening offering

Customers

- Growth in eligible pool
  - new wins
  - expansion within existing accounts
- Leads and enquiry growth
- Strong growth in accessory sales
- Pipeline remains healthy

Promising improvement despite continued challenges

Operational Review - UK

Environment

- Economy in flux
    - business confidence negative but stable despite Brexit uncertainty
- Some expectations of bold growth agenda from new PM
- Vehicle registrations mixed
    - new car registrations down YoY, but fleet registrations stable
    - van registrations remain strong
    - tax changes and increased choice drive interest in EVs

Business Activity

- On-boarding of 1H wins
- Sole supply tool-of-trade and personal contract hire accounts added in 2H
- Affinity schemes continue to generate opportunities
- Further customer contracts activating in 1H20

Further growth on strong 1H

Operational Review - NZ

Environment

- Decline in business confidence – economy slowing
- Vehicle registrations down from historic peaks
- Government tender activity subdued but corporate activity remains strong
- Price sensitivity in tenders

Business Activity

- Good growth from:
  - conversion of existing customers to funding
  - fleet management solutions for owned fleets
- New wins on back of technical expertise and capabilities reputation
- Opportunities in Trade, Energy, and Retail sectors

Profit improvement on previous year

FINANCIAL RESULTS

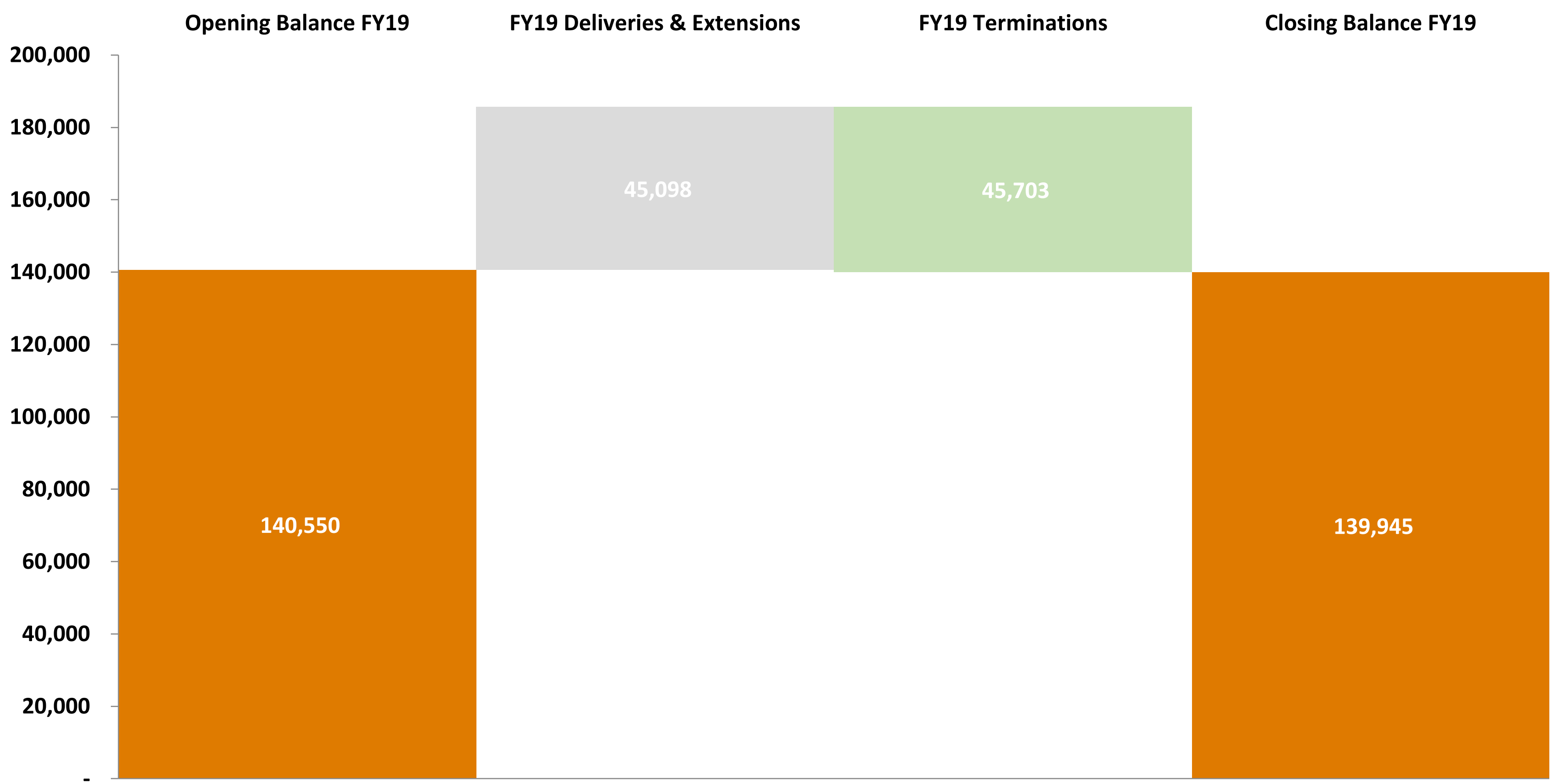
Financial Summary

A$m	FY2019	FY2018	Variance
Revenue	509.7	515.2	(1.1%)
Cost of Revenue	(300.7)	(303.6)	(1.0%)
Net Revenue	**209.0**	**211.6**	**(1.2%)**
Operating Expenses	(94.6)	(97.9)	(3.4%)
Operating EBITDA	**114.5**	**113.7**	**0.7%**
Depreciation and amortisation expense	(16.1)	(10.7)	50.5%
Operating Income	**98.4**	**103.0**	**(4.5%)**
Interest on Corporate Debt	(6.8)	(7.0)	(2.9%)
Underlying Net Profit Before Income Tax	**91.6**	**96.0**	**(4.6%)**
Tax	(27.1)	(28.5)	(4.9%)
Underlying Net Profit After Tax[1]	**64.5**	**67.5**	**(4.5%)**
One Off Cost	(4.0)	-	-
Reported Net Profit After Tax	**60.5**	**67.5**	**(10.4%)**
Underlying Net Profit After Tax[1]	**64.5**	**67.5**	**(4.5%)**
Amortisation of Intangibles	6.8	6.5	4.6%
Underlying NPATA[2]	**71.3**	**74.0**	**(3.7%)**
Underlying EPS (cents)	24.76	26.30	(5.9%)
Reported EPS (cents)	23.20	26.30	(11.8%)
Underlying Cash EPS (cents)	27.35	28.84	(5.2%)

- Private new car sales in Australia down 10.0% vs. pcp
  - SG Fleet novated sales down 3.0% vs. pcp
- Accessory sales and passenger RV disposals strong
- EPS impacted by higher number of shares in issue
  - impact of DRP
  - vesting of share options

1: Underlying Net Profit After Tax = Net Profit After Tax before significant non-recurring items.
2: Underlying NPATA = Net Profit After Tax before acquisition-related expenses incurred during the reported period and excluding amortisation and impairment of intangible assets on an after tax basis.

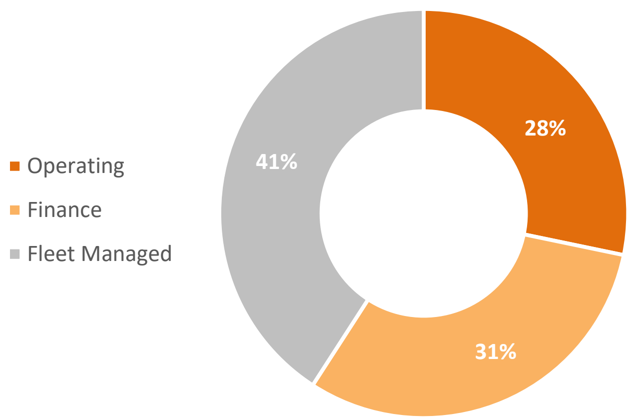
Fleet Growth

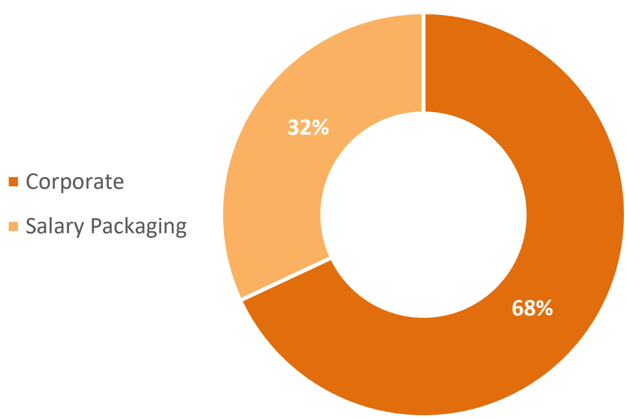


The opening balance has been adjusted for the loss of the Western Australia Government contract with effect from 1 July 2018 – 7153 vehicles

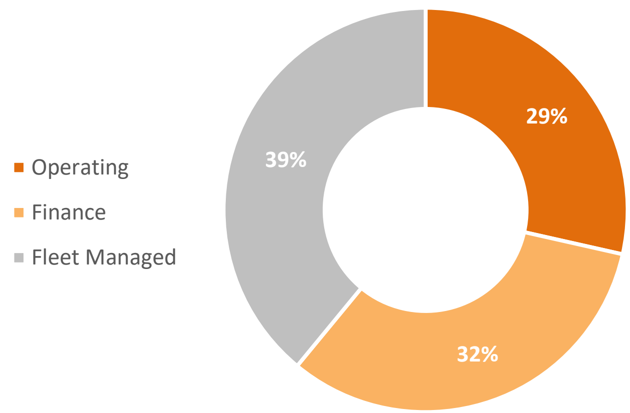
Fleet Mix

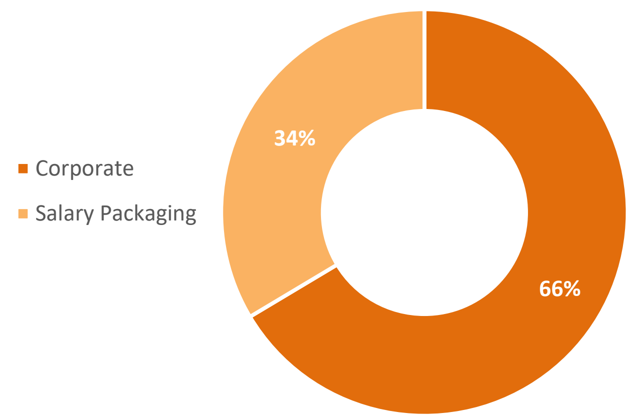
As at June 2018



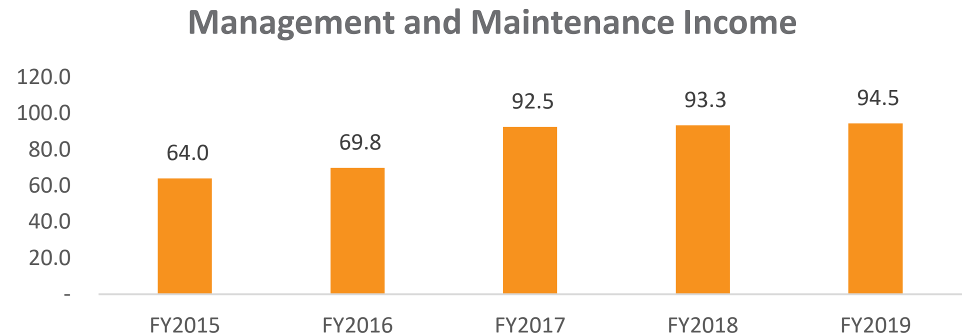


As at June 2019



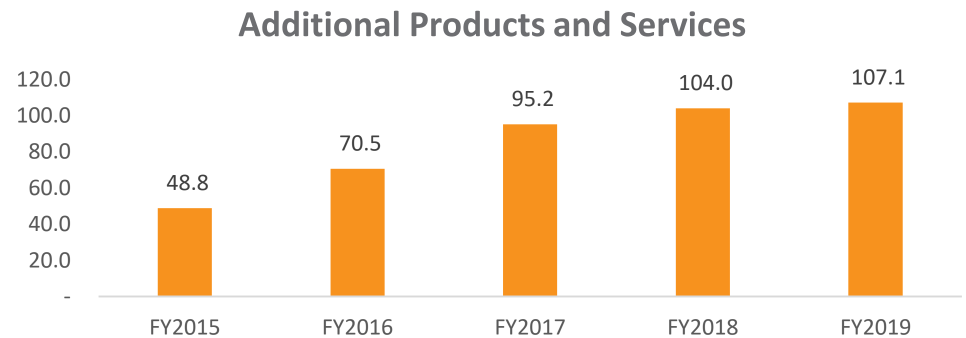


Revenue - Analysis



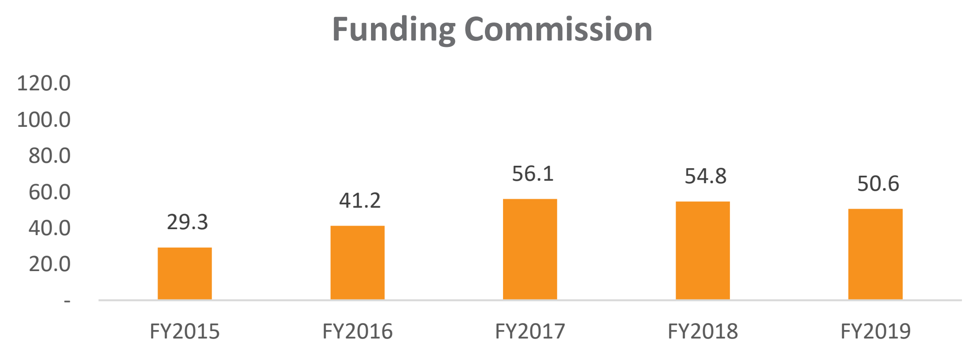
↑ 1.2%

- Management fee income growth notwithstanding reduction in average fleet under management
- Product mix and a greater deferral of maintenance income adversely impacted total



↑ 3.0%

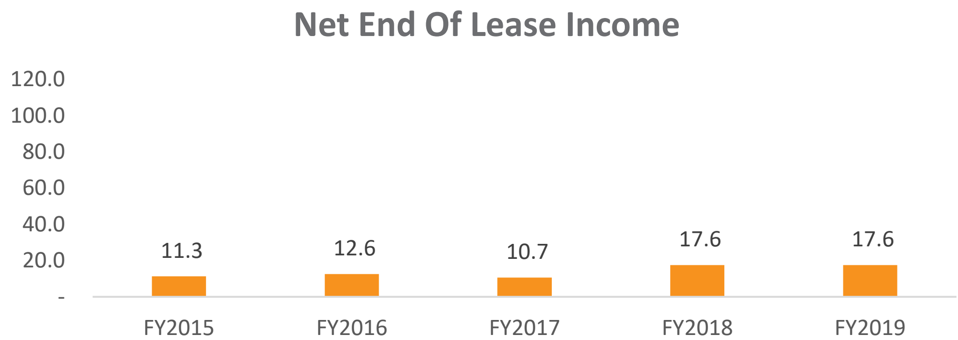
- Growth largely driven by increased accessory penetration
- Continued growth in telematics income



↓ 7.6%

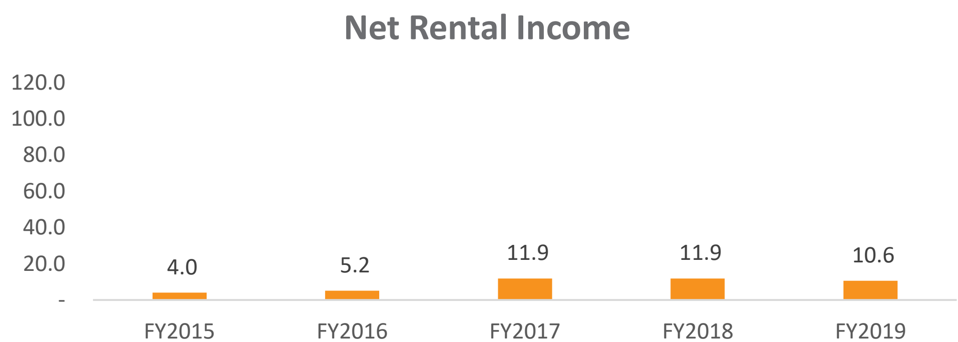
- Impact of soft vehicle sales in Australia
- Lower novated volumes and margins

Revenue & Direct Costs - Analysis



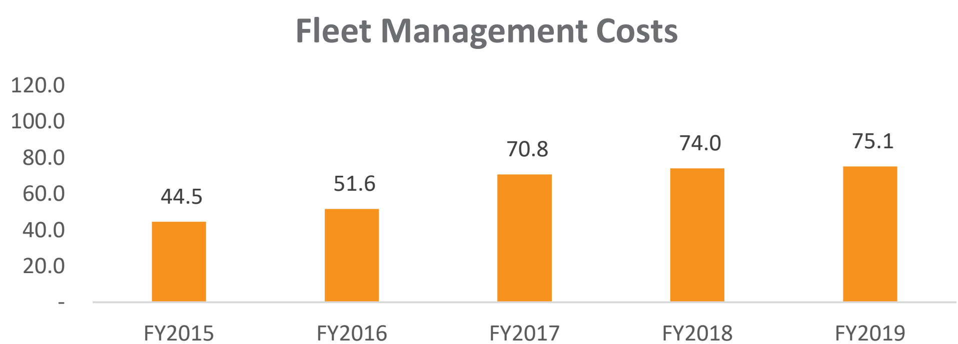
⬆ 0.2%

- Volumes consistent vs. pcp
- Passenger disposal results materially stronger than pcp
- Prime movers weak in the second half



⬇ 10.9%

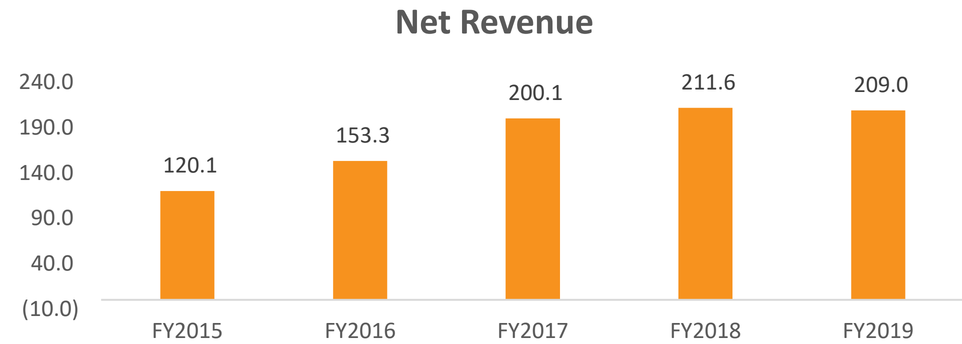
- Driven by a reduction in the on balance sheet lease portfolio in the UK
- Change in Short-Term Rental model. Disposed of owned Short-Tern Rental fleet in favour of aggregator model

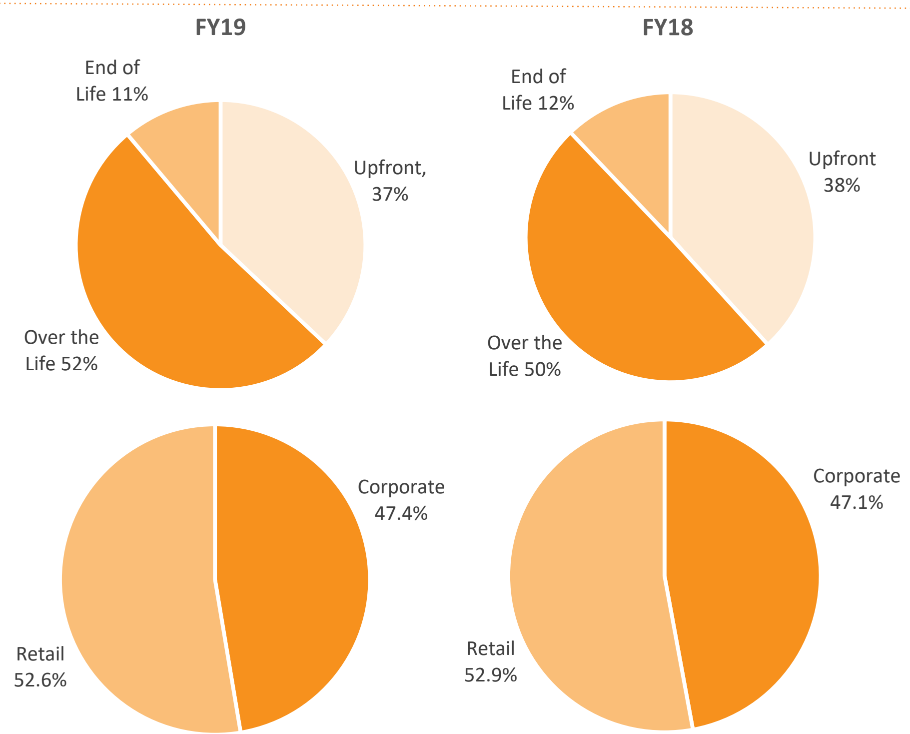


⬆ 1.4%

- Driven by growth in accessories revenue, offset by lower maintenance costs

Net Revenue - Analysis





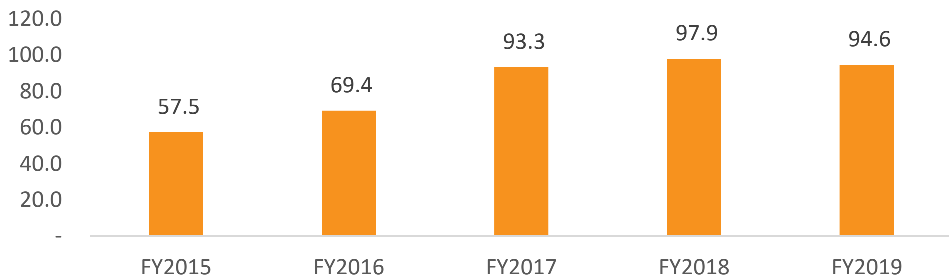
⬇ 1.2%

- Net Revenue = Gross Revenue less direct costs, being fleet management costs, vehicle cost of sale, short-term rental cost of sale and depreciation and interest on the lease portfolio
- Net Revenue declined 1.2%
- Further improvement in the proportion of over the life income
- Net Revenue split between Corporate and Retail is 47%/53%, consistent with the previous year

SG Fleet Group
Integrated Mobility

Expense - Analysis

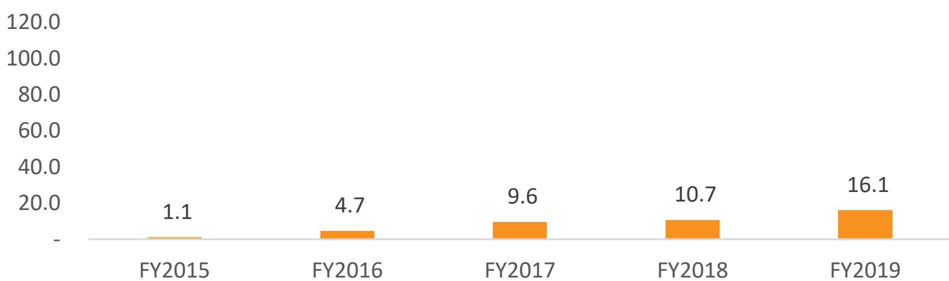
Operating Expenses



⬇ 3.4%

- Lower employment costs vs. pcp
- Lower occupancy costs due to impact of AASB16 – comparatives not restated
- Continued investment in technology & innovation

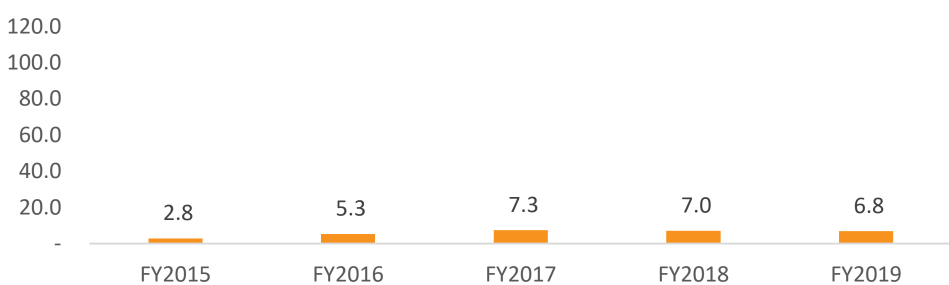
Depreciation and Amortisation



⬆ 50.5%

- Increase driven by impact of AASB16 – depreciation on $11.1m of capitalised right-of-use assets

Corporate Interest Costs

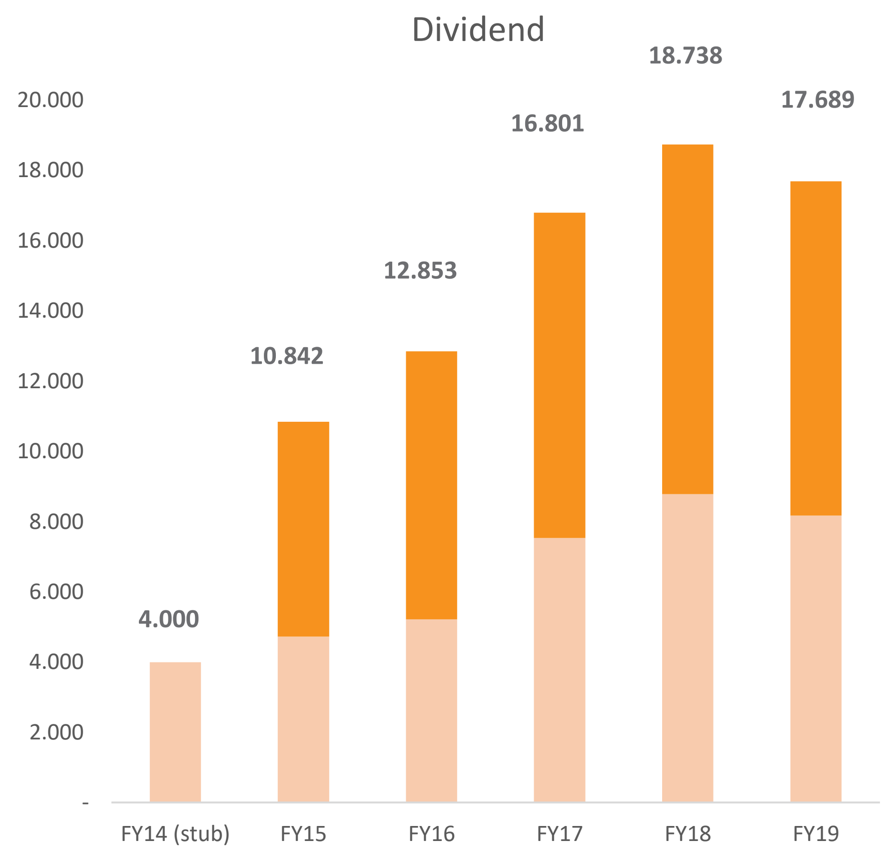


⬇ 2.9%

- Improved terms on refinance of Corporate Debt
- Partially offset by impact of AASB16 – Interest expense on $11.1m of capitalised right-of-use assets

Balance Sheet, Cash Flow and Dividend

- Net corporate debt[1] – $38.8m
- Pro forma net leverage ratio[2]
  - total leverage – 0.6x Statutory EBITDA (0.6x pcp)
  - corporate leverage – 0.3x Statutory EBITDA (0.2x pcp)
- Cash conversion – 76% of Statutory EBITDA
- 30 June 2018 cash balance unusually high – impacted FY19 cash generation
- Final dividend of 9.520 cents per share fully franked
- Total dividend of 17.689 cents
- Payout ratio of 65% of Reported NPATA



1: Net corporate debt excludes lease portfolio borrowings

2: Leverage ratio calculated on Pro forma EBITDA excluding significant non-recurring transactions

STRATEGY & OPERATIONAL OUTLOOK

Strategic Initiatives – Outcomes

	1	2	3	4
Initiative	**Funding method diversification**	**Add-on insurance product portfolio review**	**Novated lease product**	**New products and services**
Progress	Implementing required processes & systems	Launching redesigned protected lease product	Improving penetration	Accelerated by Innovation Hub

ANNUITY STREAMS

- Proportion of upfront income to become annuity income
- **$15-20m of FY20 income to shift to future years**

REVENUE GROWTH

- Better value for customers
- Wider offering

Outcome

STABLE, LOWER RISK REVENUE PROFILE

- Reduced sensitivity to external factors
- Quality, resilient income streams

Building a better platform to invest and create new opportunities

Products and Services Evolution

Innovation Hub

Launched Products and Services

- Inspect 365
- DingGo
- Trade Advantage
- Online Tendering
- GoGet
- Protected Lease
- eStart
- other…

Increased annuity income proportion

Increased spend per customer / vehicle

New business & market share gains

Next Gen Products and Services

- Mobility solutions
- Next gen telematics / BI
- EV-related
- other…

Summary

Group

- Accelerated penetration of additional products and services
- Continued customer growth
- Further efficiency improvements

Australia - Corporate

- Good performance maintained
- New products open up further win opportunities
- Pipeline remains strong

Australia - Consumer

- Steady performance despite continued presence of external challenges
- Proactive measures produce results

UK

- Going from strength to strength competitively and financially

NZ

- Good performance despite slowdown in environment

Strategy

- Improving income stream quality and resilience
- Diversifying funding models
- Targeting higher penetration

Innovation

- Steady stream of new revenue earners delivered by Innovation Hub
- Range of opportunities widens

Inorganic growth

- Continued discipline in pursuit of inorganic growth opportunities

Outlook

- Near-term financial consequence of changing revenue profile
- Creating a stronger player in the emerging mobility space

QUESTIONS

ANNEXURES

Statement of Profit or Loss

A$m	Reported FY18	Impact of AASB15	Restated FY18	FY19	Variance
Revenue	**316.5**	**198.7**	**515.2**	**509.7**	**(1.1%)**
Management & Maintenance Income	93.3		93.3	94.5	1.2%
Additional Products and Services	104.2	(0.2)	104.0	107.1	3.0%
Finance Commission	54.8		54.8	50.6	(7.6%)
End Of Lease Income	17.7	198.9	216.6	213.4	(1.5%)
Rental Income	42.4		42.4	40.5	(4.7%)
Other Income	4.0		4.0	3.7	(7.9%)
Cost of Revenue	**(104.5)**	**(199.1)**	**(303.6)**	**(300.7)**	**(1.0%)**
Fleet Management Costs	(74.0)		(74.0)	(75.1)	1.4%
Short Term Hire Costs	(10.1)		(10.1)	(11.6)	14.7%
Cost of End of Lease Income	-	(199.1)	(199.1)	(195.8)	(1.7%)
Operating Lease Depreciation	(17.9)		(17.9)	(15.5)	(13.5%)
Direct Interest	(2.5)		(2.5)	(2.8)	9.6%
Net Revenue	**211.9**	**(0.3)**	**211.6**	**209.0**	**(1.2%)**
Net Revenue excluding End of Lease Income	194.2	(0.2)	194.0	191.5	(1.3%)
Net End of Lease Income	17.7	(0.1)	17.6	17.6	0.2%
Operating Expenses	**(97.9)**	**-**	**(97.9)**	**(94.6)**	**(3.4%)**
Employee Benefits Expense	(75.7)		(75.7)	(75.1)	(0.8%)
Occupancy Costs	(6.1)		(6.1)	(2.6)	(57.7%)
IT & Communication Cost	(7.1)		(7.1)	(7.8)	10.1%
Other Expenses	(9.0)		(9.0)	(9.0)	0.7%
Operating EBITDA	**114.0**	**(0.3)**	**113.7**	**114.5**	**0.7%**
Depreciation and amortisation expense	(10.7)		(10.7)	(16.1)	50.5%
Operating Income	**103.3**	**(0.3)**	**103.0**	**98.4**	**(4.5%)**
Interest on Corporate Debt	(7.0)		(7.0)	(6.8)	(2.9%)
Underlying Net Profit Before Income Tax	**96.3**	**(0.3)**	**96.0**	**91.6**	**(4.6%)**
Tax	(28.6)	0.1	(28.5)	(27.1)	(4.9%)
Underlying Net Profit After Tax[1]	**67.7**	**(0.2)**	**67.5**	**64.5**	**(4.5%)**
One Off Cost	-		-	(4.0)	-
Reported Net Profit After Tax	**67.7**	**(0.2)**	**67.5**	**60.5**	**(10.4%)**
Amortisation of Intangibles	6.5		6.5	6.8	4.0%
Underlying NPATA[2]	**74.2**	**(0.2)**	**74.0**	**71.3**	**(3.7%)**

1: Underlying Net Profit After Tax = Net Profit After Tax before significant non-recurring items.
2: Underlying NPATA = Net Profit After Tax before acquisition-related expenses incurred during the reported period and excluding amortisation and impairment of intangible assets on an after tax basis.