SG Fleet Group
Integrated Mobility

1H21 Results
Investor Presentation

16 FEBRUARY 2021

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Overview

- NPAT $25.4m
  - Exceeds previous $22-$24m guidance
  - Up 3.9% on pcp
- No JobKeeper payments received

- Recovery in orders in Novated business – continuing into 2H
- Lead numbers exceed pcp

- Strong performance from Corporate business in all geographies
- End-of-lease income significantly higher

- Fleet growth despite supply disruptions and early terminations in affected sectors
- Business growth benefits to be spread out over future periods

- Interim dividend 7.192cps
- Reinstatement of 65% payout ratio

Operational Review - Australia

Corporate

- Strong performance overall throughout period with COVID-19 impact varying by segment
  - Parcel delivery space particularly buoyant
- Exceptionally strong second-hand car values
- Challenges to order fulfilment
  - Taking full advantage of excellent dealer relationships
- Large sale & leaseback deals
- *Bookingintelligence* roll-outs continue
- Opportunities pipeline growing further

Delivery challenges to spread out positive impact of healthy business growth

Operational Review - Australia

Novated

- Lower demand in Q1 – recovery in Q2 as orders returning to pre-COVID levels
- Total 1H deliveries lower than pcp – strong recovery in Q2 in context of supply constraints
- Leads currently exceeding pcp
- Material number of early terminations in airline and educational sectors
- TradeAdvantage service benefits from better penetration across businesses
- Digitalised marketing - focused on educational content
- NPS improves throughout COVID-19 period

Net Promoter Score

49.2

NPS Score – Rolling 3 months as at January 2021

Steady improvement in business flows, helped by increasingly positive service ratings

Operational Review – United Kingdom

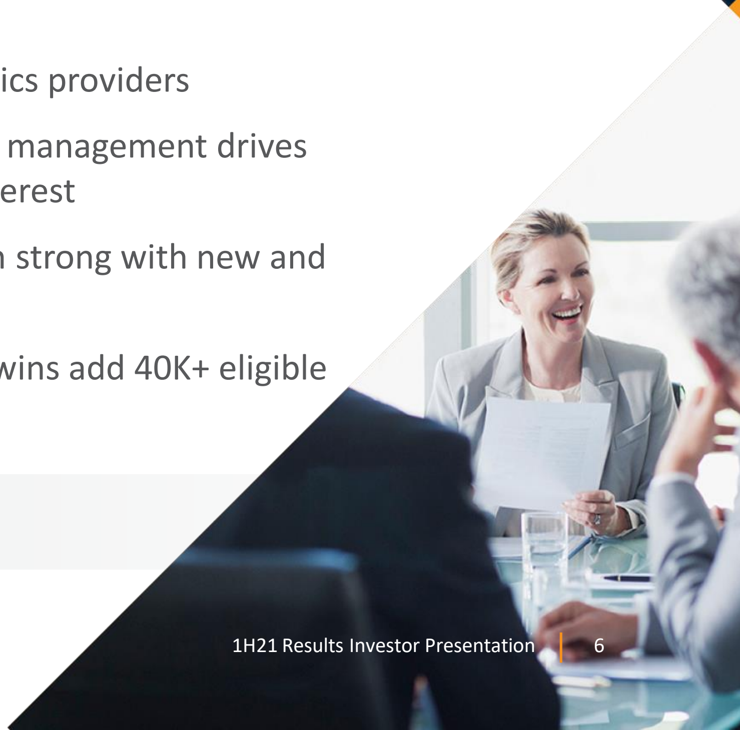
Environment

- Multiple lockdowns impact economic activity
- Industry impact varies
- Mood improves as Brexit uncertainty dissipates
- Substantial stimulus program supports economic growth rebound
- Increased activity in multiple sectors in anticipation of return-to-normal

Business Activity

- Strong performance vs. pcp – supported by exceptional RV environment
- Focus on business continuity - vehicle deliveries continue despite some supply challenges
- Demand from logistics providers
- Customer cash flow management drives sale & leaseback interest
- Product penetration strong with new and existing customers
- Novalease scheme wins add 40K+ eligible pool

Business and market position growth in challenging environment



Operational Review – New Zealand

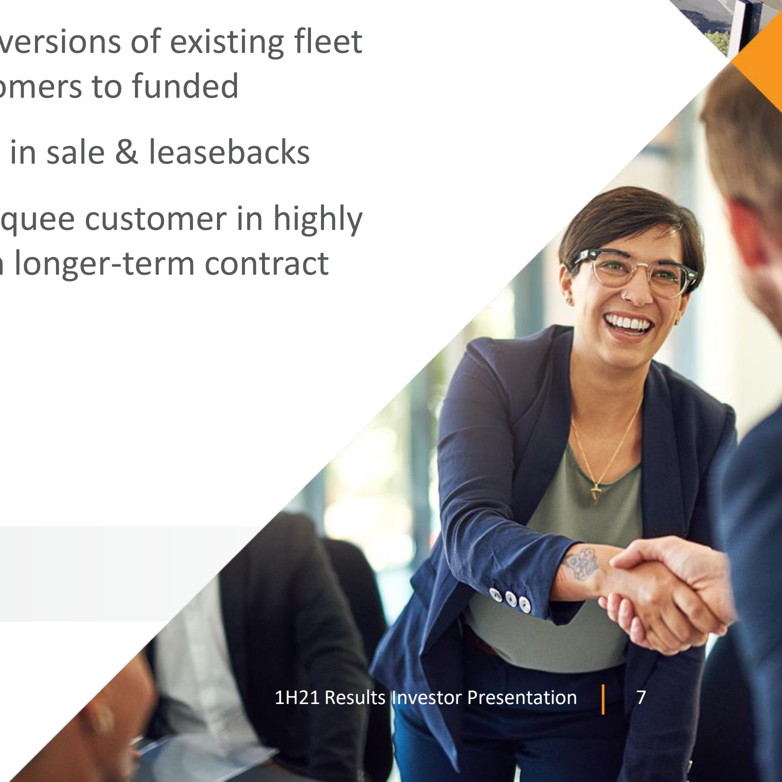
Environment

- Economy resilient and recovering well from previous restrictions
- National vehicle registrations down 23% on 2019
- Stock constraints for higher volume models
- Government and corporate tender activity strong

Business Activity

- Operating largely on BAU basis
- Cash flow imperatives drive customer behaviour:
  - Continued conversions of existing fleet managed customers to funded
  - Strong interest in sale & leasebacks
- Retention of marquee customer in highly contested RFP on longer-term contract

Limited COVID-19 impact on business



Tenders and Products Penetration – Update

Tenders

56 ↑
Number of tender submissions awaiting decision[1]
(2H20: 38)

44% ↑
1H21
Corporate win rate[1]
(2H20: 40%)

69% →
1H21
Novated win rate[2]
(2H20: 69%)

1. AU/NZ / 2: AU

Product Penetration

47% ↑
of customers take up 2 or more products[1]
(2H20: 42%)

44% ↑
of SME[2] customers take up 2 or more products[1]
(2H20: 38%)

1. Legal entity basis – Corporate business / 2: <500 units

- Tender pipeline increases further on 2H20
- Corporate win rate trend continues
- High Novated win rate maintained
- Win rates well in excess of current market share
- Significant number of contract renewals

- Product penetration up across customer book
- Smaller customers now following large account penetration trends

Financial Results

Financial Summary

A$m	1H2021	1H2020	Variance
Revenue	241.0	250.2	(3.7%)
Cost of Revenue	(142.8)	(153.3)	6.9%
Net Revenue	**98.2**	**96.9**	**1.3%**
Operating Expenses	(50.8)	(50.6)	(0.4%)
Operating EBITDA	**47.4**	**46.3**	**2.4%**
Depreciation and amortisation expense	(8.6)	(8.2)	(4.9%)
Operating Income	**38.8**	**38.1**	**1.8%**
Interest on Corporate Debt	(2.8)	(2.8)	-
Underlying Net Profit Before Income Tax	**36.0**	**35.3**	**2.0%**
Tax	(10.6)	(10.8)	1.9%
Underlying Net Profit After Tax[1]	**25.4**	**24.5**	**3.9%**
Reported Net Profit After Tax	**25.4**	**24.5**	**3.9%**
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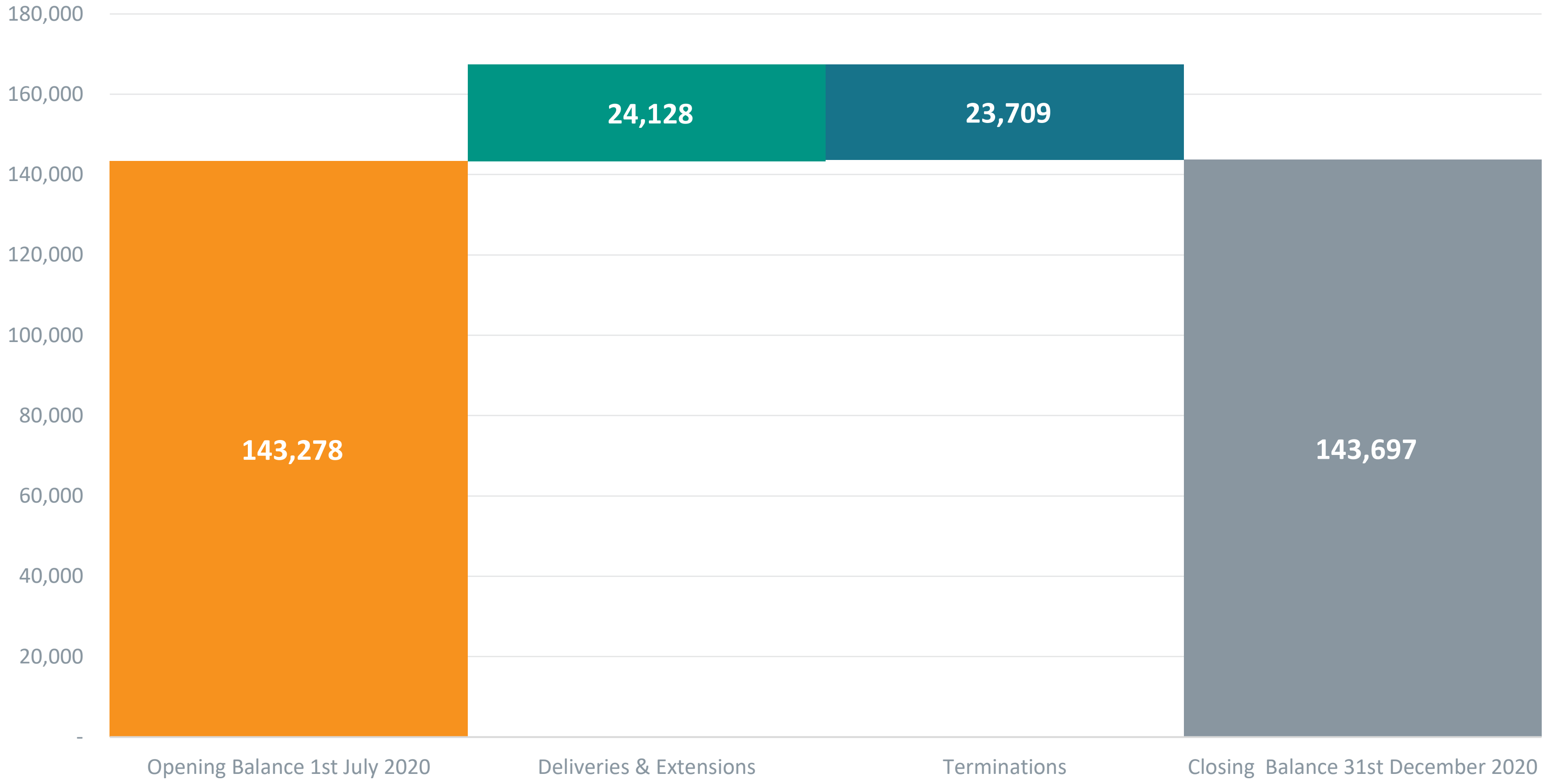
Amortisation of Intangibles	3.6	3.5	2.9%
Underlying NPATA[2]	**29.0**	**28.0**	**3.6%**
Underlying EPS (cents)	**9.71**	**9.35**	**3.9%**
Reported EPS (cents)	**9.71**	**9.35**	**3.9%**
Underlying Cash EPS (cents)	**11.06**	**10.68**	**3.6%**

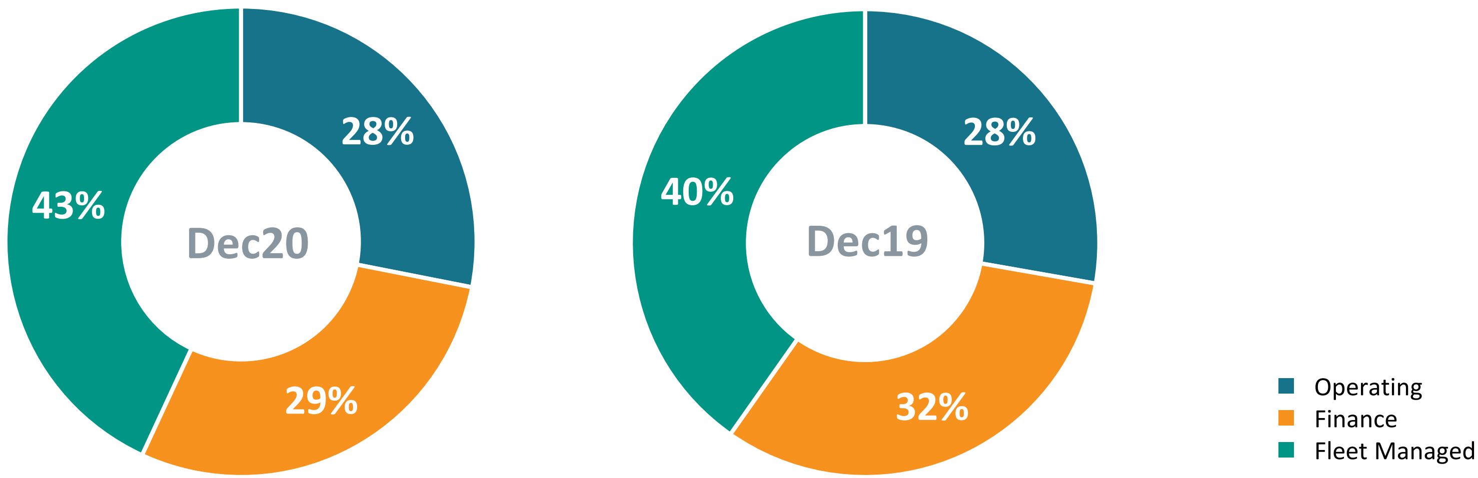
- Strong performance in Corporate – parcel delivery space and large sale & leaseback
- New Novated deliveries down 17.1% vs. pcp:
  - Q1 – Orders begin to normalise
  - Q2 – Orders at pre-COVID levels but pipeline is materially higher due to supply constraints
- Significant early-terminations in Novated – airline and university sectors
- Exceptionally strong End-of-Lease income has offset softer Novated performance
- Underlying NPAT $25.4m vs. guidance of $22m to $24m - November & December End-of-Lease income outperformed forecast

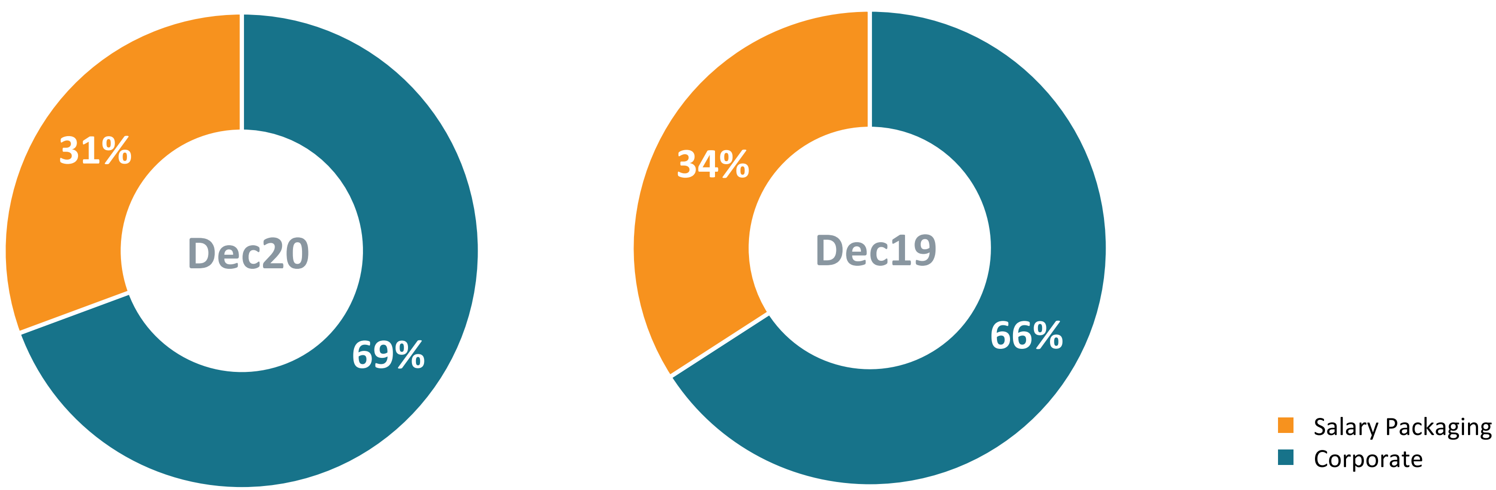
1: Underlying Net Profit After Tax = Net Profit After Tax before significant non-recurring items.
2: Underlying NPATA = Net Profit After Tax before acquisition-related expenses incurred during the reported period and excluding amortisation and impairment of intangible assets on an after tax basis.

Fleet Movement



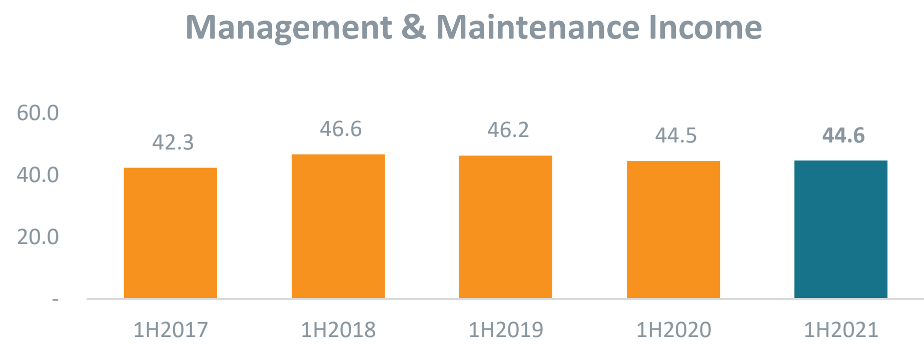
Fleet Movement





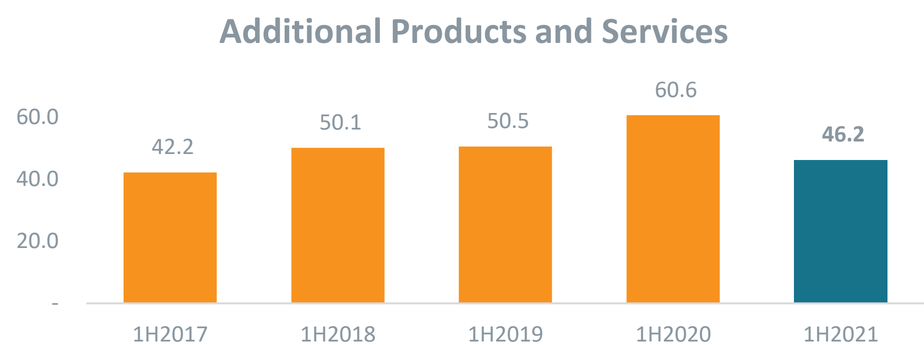
Continuation of shift in product mix in favour of Corporate Leasing

Revenue Analysis



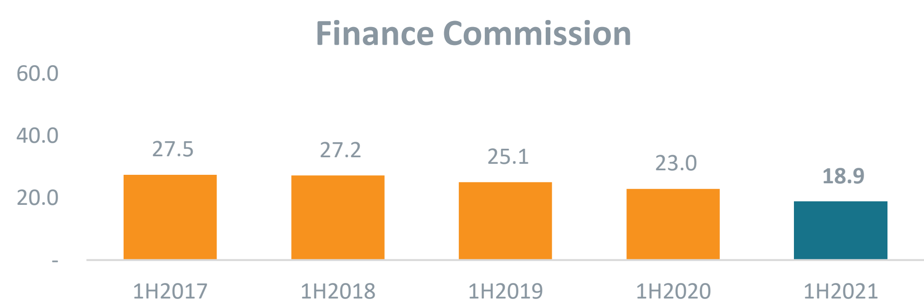
↑ 0.1%

- Management Fees increased due to 2.0% growth in average fleet under management vs. pcp
- Lower vehicle utilisation results in lower maintenance spend and consequently lower maintenance revenue recognised



↓ 23.7%

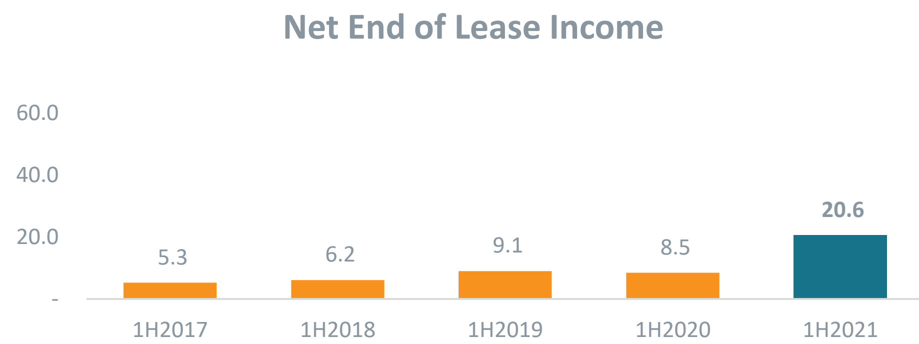
- New Novated deliveries decreased 17.1% vs. pcp - impacting accessories, insurance, procurement rebates and TradeAdvantage volumes
- Q1 of pcp benefited from tail impact of insurance products exited



↓ 17.9%

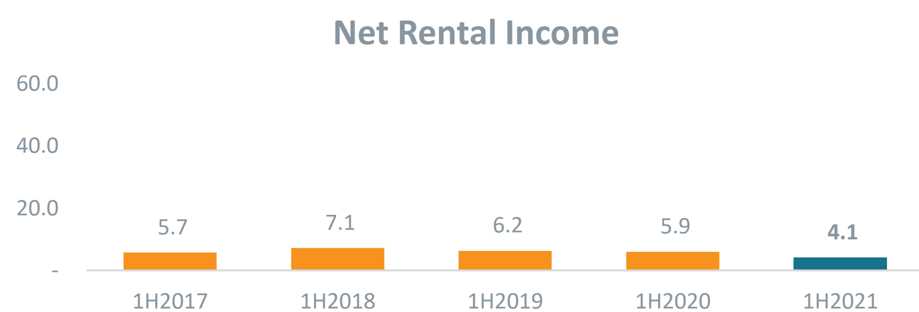
- Impact of decrease in Novated deliveries
- Partially offset by strong growth in Corporate deliveries

Revenue & Direct Costs Analysis



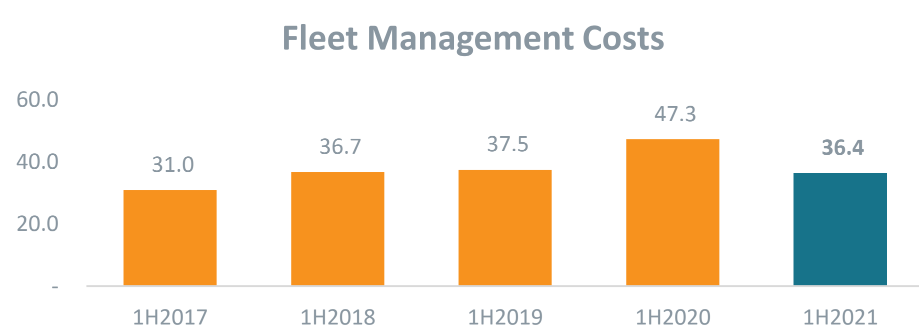
↑ 143.3%

- Exceptionally strong second-hand market due to strong demand and limited supply of second-hand vehicles
- Disposal volumes marginally below pcp
- TradeAdvantage reclassified to Additional Products and Services



↓ 31.6%

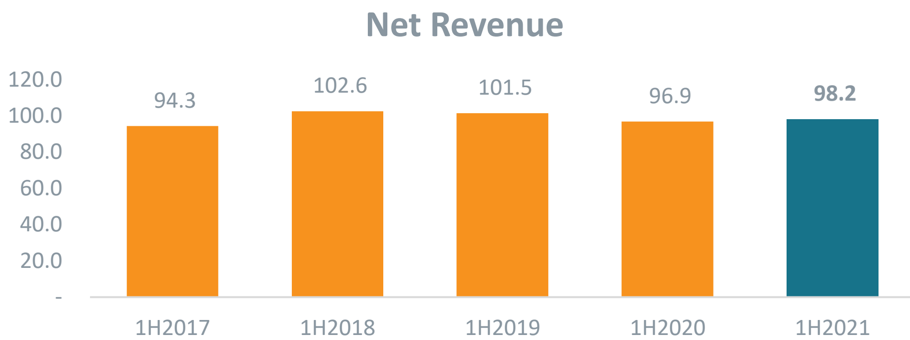
- Lower short-term rental volumes due to COVID-19 and tighter margins
- Impacted by fewer vehicles in inertia



↓ 22.9%

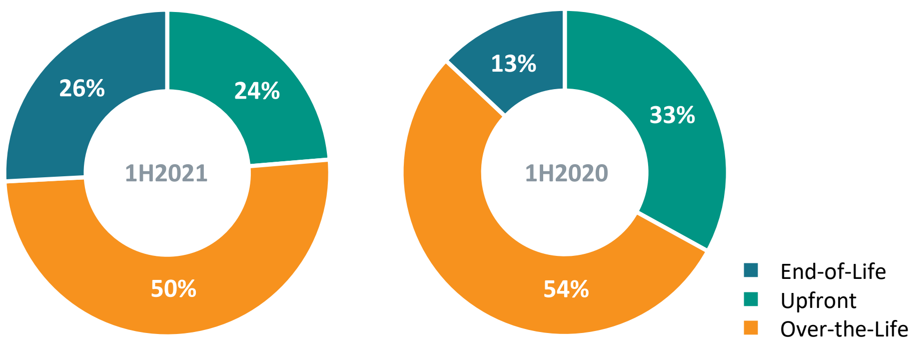
- Reduced vehicle utilisation due to COVID-19 resulted in lower maintenance expense
- Accessory cost of sale reduced in line with lower accessory sales due to lower novated volumes

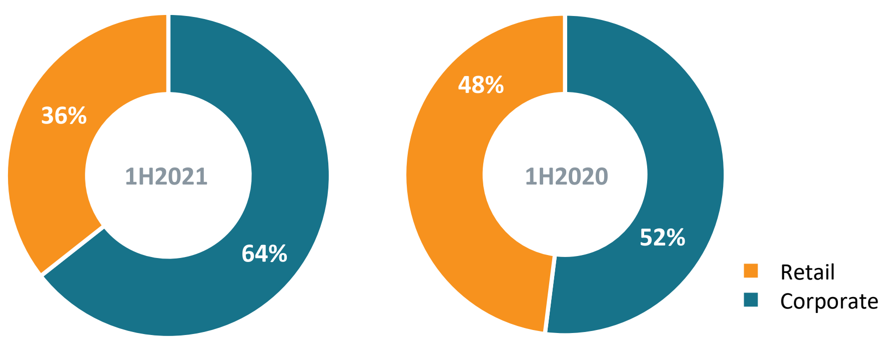
Net Revenue Analysis



↑ 1.3%

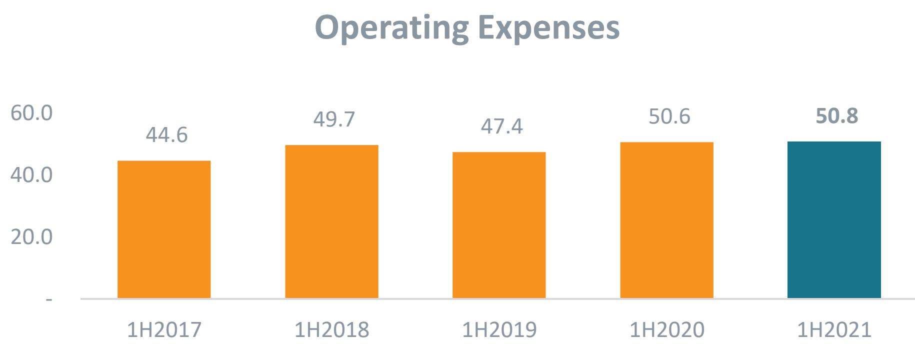
- Net Revenue = Gross Revenue less direct costs (fleet management costs, vehicle cost of sales, short-term rental cost of sale and depreciation and interest on the lease portfolio)





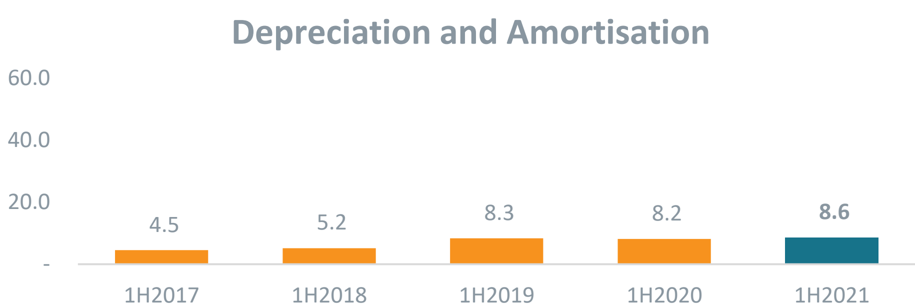
- Strong used market has increased the End-of-Life proportion of Net Revenue and materially shifted the proportion of Net Revenue earned from the Corporate sector

Expense Analysis



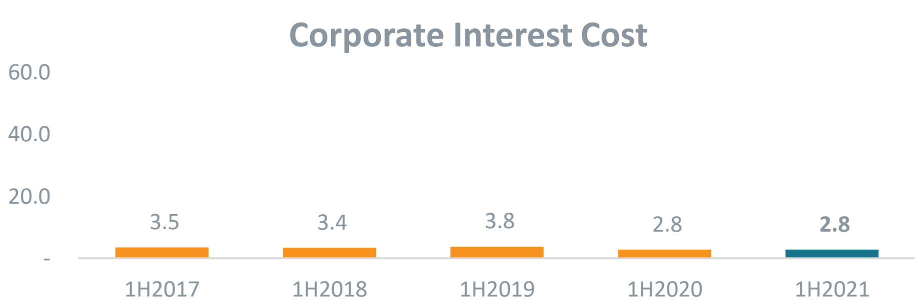
↑ 0.4%

- Lower technology costs
- Reduced Travel & Entertainment
- Offset by higher legal costs (securitisation), corporate insurance



↑ 4.9%

- Impact of growth in capex



↔ 0.0%

- Consistent with pcp

Balance Sheet, Cashflow and Dividend

- Net corporate debt[1] – $1.1m ($43.2m pcp)
- Pro forma net leverage ratio[2]
  - Total leverage – 0.6x Statutory EBITDA (0.7x pcp)
  - Corporate leverage – 0.0x Statutory EBITDA (0.4x pcp)
- Cash conversion – 137% of Statutory EBITDA
- Securitisation live
- Interim dividend of 7.192 cents per share fully franked
- Pay-out ratio of 65% of Reported NPATA (51% 2H20)

1: Net corporate debt excludes lease portfolio borrowings

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

Operational Update & Outlook

COVID-19-related Trends – Demand Impact

Fear of infection and shift away from public or shared transport towards single-occupancy transport modes that support social distancing	**Fleet management services – General:** use of closed pool of vehicles and personal vehicles ("grey fleet") for tool-of-trade movements over reliance on public/shared transport **Leasing – Novated:** renewed preference for owned/leased vehicles over public/shared **Leasing – Mini-lease / Carly / Short-term hire (UK):** demand for short-term single vehicle or single occupancy vehicle arrangements to replace reliance on public transport, ride share, or multiple passengers	★★ ★★ ★★
Greater focus on vehicle and trip safety, including hygiene	**fleetintelligence / bookingintelligence**: introduction of sanitisation datapoint **Inspect365**: WH&S focus on sanitisation and introduction of sanitisation checkpoint **Fleet management services – Aftermarket:** demand for vehicle sanitisation kits **DingGo:** contactless repair process and vehicle sanitisation	★ ★ ★ ★★
Expansion of eCommerce and last mile delivery implications	**Fleet management / Corporate Leasing – General:** demand as consequence of expansion of delivery fleets **Leasing – Mini-lease / Carly / Short-term hire (UK):** short-term fleet expansions to cover seasonal peak periods	★★★ ★★
Shift towards greater acceptability of people and vehicle movement tracking to manage emergencies	**IVAM / telematics**: greater requirement for vehicle tracking **bookingintelligence**: greater ability to identify asset user / driver in case of infection	★ ★
Economic impact on business activity levels and uncertain business outlook	**Leasing – Mini-lease / Carly:** interest in short-term solutions complementary to existing product range	★★
Economic impact on corporate finances and resulting management of balance sheet, cashflow and costs	**Leasing – General:** increased appeal of outsourcing, demand for sale and leaseback arrangements **Fleet management services / Leasing – General:** greater cost focus and receptiveness to fleet efficiency advice and solutions	★★★ ★★★

Investments

Carly

- Consumer focus firmly on value and flexibility:
  - Cost-effectiveness
  - Ability to switch between vehicle brands and types
  - Ability to adjust to changing transport needs
- Firmly established as key player in new mobility environment
- Growth in demand - hampered by vehicle supply constraints

★ **Corporate vehicle utilisation days up from 64% to 82%[1]**

★ **Subscription transaction value up 137%[2]**

★ **Total gross revenue growth 15%[1]**

1: Q4 CY20 vs. Q3 CY20 / 2: Q4 CY20 vs. Q4 CY19

DingGo

- First digital contactless repair solution in market
  - 61% uptake for fleet repairs
- National network expansion completed: over 400 repairers
- Technical integration with SG Fleet – instant access to DingGo for all corporate customers
- Reduced customer repair costs and higher driver satisfaction

★ **Revenue growth 98%[3]**

★ **User growth 115% to 11,000+[3]**

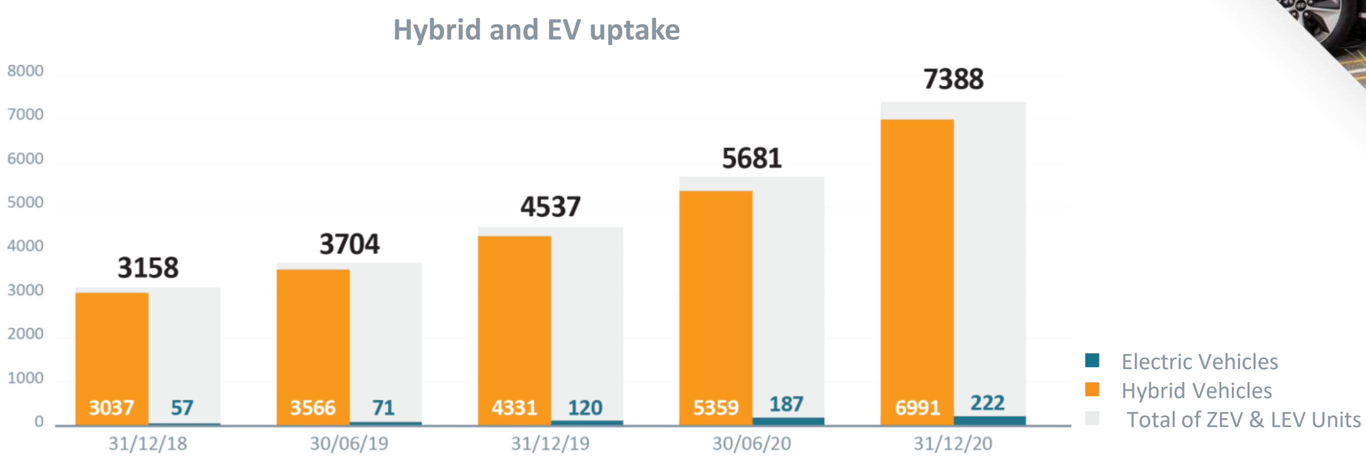
★ **Fleet repairs growth 42% MoM[3]**

★ **Customer rating 4.84/5.00**

3: July-December 2020

Low- and Zero-Emission Vehicles

- Government support gathers momentum internationally
  - Australian Government announces objective to drive uptake through fleet-focused strategy
- Growing range of solutions supporting introduction of low- and zero-emission vehicles
  - Hybrid and EV uptake growing within total fleet
- Exploring hydrogen options in cooperation with partners and government – first to register 20 Hyundai Nexo in Australia



Summary

Australia – Corporate

- Ongoing strong performance
- Exceptional residual value environment
- Delivery challenges to spread out positive impact of healthy business growth

Australia – Novated

- Lower Q1 demand followed by strong Q2 recovery towards pre-COVID levels in context of supply constraints
- Leads exceeding pcp
- Improvement in service ratings

UK

- Business and market position growth despite challenging environment

New Zealand

- Limited COVID-19 impact on business

Customers

- Tender win rates and product penetration levels improve further
- Trends initiated by COVID-19 support product and services take-up

Innovation

- Carly and DingGo investments performing well
- Product innovation drive unaffected by COVID-19
- LEV/ZEV interest accelerating

Outlook

- Current RV environment likely to continue through Q3 and Q4
- Supply disruptions to have impact for some time
- Strong pipeline in Corporate and Novated
- Continued improvement in UK and NZ
- Operational process improvements to yield cost benefits in future periods
- Anticipate strong 2H subject to current trends continuing
- Typical 1H/2H split unlikely given strong 1H performance

Questions

Annexure

Annexure

A$m	1H2021	1H2020	Variance
Management and Maintenance Income	44.6	44.5	0.1%
Additional Products and Services	46.2	60.6	(23.7%)
Finance Commission	18.9	23.0	(17.9%)
End Of Lease Income	112.2	100.6	11.6%
Rental Income	18.7	19.9	(5.7%)
Other Income	0.3	1.6	(81.4%)
Total Revenue	241.0	250.2	(3.7%)
Fleet Management Costs	(36.4)	(47.3)	22.9%
Short Term Hire Costs	(5.5)	(5.8)	6.9%
Cost of End of Lease Income	(91.7)	(92.2)	0.5%
Operating Lease Depreciation	(7.9)	(7.0)	(13.0%)
Direct Interest	(1.3)	(1.0)	(23.6%)
Total Expenses	(142.8)	(153.3)	6.9%
Net Revenue	98.2	96.9	1.3%
Net Revenue excluding End of Lease Income	77.6	88.4	(12.2%)
Net End of Lease Income	20.6	8.5	143.3%
Employee Benefits Expense	(39.9)	(39.8)	(0.0%)
Occupancy Costs	(1.2)	(1.1)	(8.3%)
IT and Communication Costs	(4.6)	(5.0)	7.6%
Other Expenses	(5.1)	(4.6)	(9.7%)
Total Operating Expenses	(50.8)	(50.6)	(0.4%)
Operating EBITDA	47.4	46.3	2.4%
Depreciation and amortisation expense	(8.6)	(8.2)	(4.9%)
Operating Income	38.8	38.1	1.8%
Interest on Corporate Debt	(2.8)	(2.8)	(0.0%)
Underlying Net Profit Before Income Tax	36.0	35.3	2.0%
Tax	(10.6)	(10.8)	1.9%
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