SG Fleet Group
Integrated Mobility

23 August 2023

FY23 Results Investor Presentation

sgfleet

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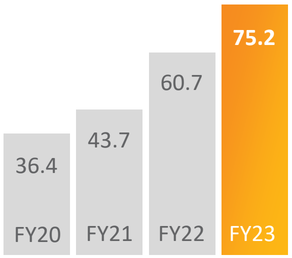
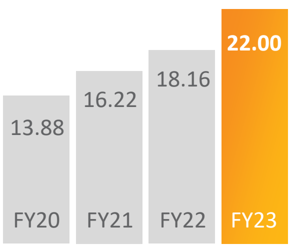
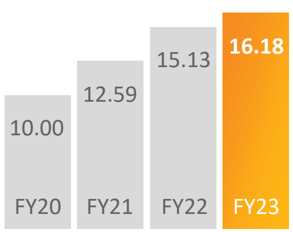
Overview



NPAT
Reported
(million)



EPS
Reported
(cents)



DIVIDEND
(cents)

- Continued strong new business and order flow
- Novated growth in ICE and EV vehicle categories
- Total amount financed up 3.7%
- Some supply improvement – used vehicle values remain strong
- Pipeline up despite record delivery quarter
- EV segment accelerates growth
- LeasePlan warehouse refinanced on improved general terms – immaterial change in cost of funds
- Reprioritising LeasePlan system migration

All businesses maintain positive momentum

Operational Review
Australia Corporate

Environment

- Steady flow of tenders
- Rational competitive environment
- Improvements in supply driven by EVs and non-mainstream manufacturers and models
- Stabilisation of labour environment and improved recruitment

Business Activity

- New business activity continues on from previous periods
  - Account win rates maintained
  - Managed-only accounts shift to financed, including sale & leaseback opportunities
  - Order book growth continues
- Supply improvements support higher deliveries on growing order book
- Telematics, *bookingintelligence*, DingGo, eStart penetration increases further

New business growth continues and deliveries accelerate

Operational Review
Australia Novated

Business Activity

- Content marketing and onsite activation stepped up
- Customer interest growing rapidly
    - Enquiry levels again reach new highs
    - Quoting activity doubles on 1H
- 4Q deliveries exceed previous 1Q22 high
- Customer upsell rates steadily improving – continued progress with LeasePlan book penetration

EV Demand

- Rapid acceleration in demand for EVs
- Continued growth in quoting for ICE vehicles confirms EV is attracting new customer segment
- SG Fleet novated employer and driver profile supports EV take-up
- Demand to persist beyond current incentives and across multiple lifecycles

14x
1Q to 3Q increase in Novated EV quotes

40%
Percentage of 3Q Novated quotes for EVs

9x
FY23 increase in EVs in Novated fleet

Unprecedented activity levels and industry-leading EV penetration

Operational Review
New Zealand

Environment

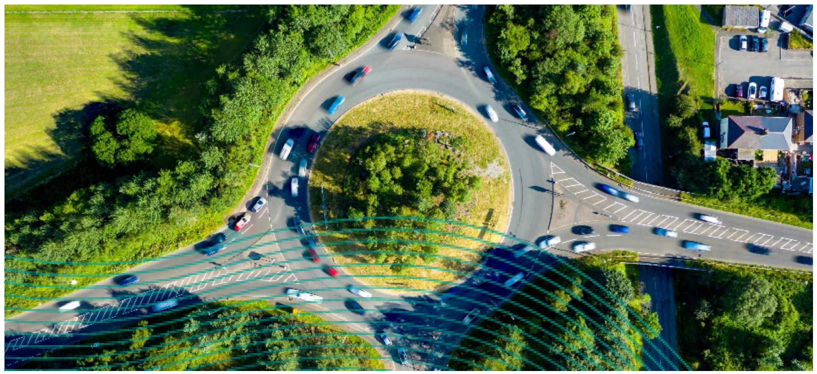
- Vehicle registrations strong despite muted economic environment
- Continued pressure on organisations to further environmental objectives
    - Active tendering in Corporate and Government sector with focus on EV and sustainable mobility technology
- New vehicle supply remains tight, with some easing late in period – used vehicle market strong

Business Activity

- Focus remains on service expansion and greater penetration with current customers
- Wins in multiple sectors
- Significant Government interest in eStart solution – fleet electrification and development of associated charging infrastructure

Continued strong demand for sustainable mobility solutions

Operational Review
United Kingdom



Environment

- Better interest rate outlook supports economic environment
- General business sentiment and activity on the rise – opportunities pipeline grows
- Vehicle registrations up on 1H, helped by supply improvement in some areas

Business Activity

- New business activity picks up
  - Panel to sole supply conversions and fleet additions
  - Novalease: new account wins and penetration of existing tool-of-trade accounts
- New and used car inflation increases appeal of salary sacrifice offering benefits
- FleetNews Leasing Company of the Year*

*: <20,000 vehicles

Improving sentiment throughout period

Supply, Order Pipeline, and Used Vehicle Values

Some improvement in supply environment

- Global vehicle availability remains patchy
- Variations depending on models and specifications
  - Specialist EV manufacturers and new market entrants boost AU registration numbers
  - Mainstream vehicle types still in short supply

Order pipeline extends further

- Combined Corporate / Novated pipeline up 17% on pcp to ca. 18,000 units despite best delivery quarter for years
- Novated channel deliveries helped by EV supply / Corporate deliveries limited by supply

Re-marketing activity increases

- Used vehicle values remaining strong overall – average profit on disposal stable throughout period
- Delivery improvement to gradually drive uptick in disposals, partially offsetting normalisation of used vehicle values

Outlook

- Maintaining order growth and ramping up deliveries
- Current trends to continue for majority of FY24

6.3x
Growth of combined Corporate / Novated pipeline (AU) June 2020 to June 2023

Order growth still outpacing improvement in delivery numbers

Financial Results

Financial Summary

A$m	FY2023	FY2022*	Variance
Revenue	1,053.5	908.2	16.0%
Cost of Revenue	(703.1)	(595.2)	(18.1%)
Net Revenue	350.4	313.0	11.9%
Operating Expenses	(197.0)	(174.6)	(12.8%)
Operating EBITDA	153.4	138.4	10.9%
Depreciation and amortisation expense	(30.2)	(27.2)	(11.1%)
Operating Income	123.2	111.2	10.8%
Interest on Corporate Debt	(16.7)	(12.6)	(32.9%)
Underlying Net Profit Before Income Tax	106.5	98.6	8.0%
Tax	(31.3)	(29.9)	(4.7%)
Underlying Net Profit After Tax	75.2	68.7	9.4%
One Off - Acquisition Costs	-	(8.0)	100.0%
Reported Net Profit After Tax	75.2	60.7	23.9%
Amortisation of Intangibles	9.9	9.1	9.3%
NPATA	85.1	69.8	22.0%
Underlying NPATA	85.1	77.8	9.4%
Underlying EPS (cents)	22.00	20.56	7.0%
Reported EPS (cents)	22.00	18.16	21.2%
Cash EPS (cents)	24.90	23.27	7.0%

60% (58% pcp)
of revenue recurring

11% (13% pcp)
on lease activation

29% (29% pcp)
on lease termination

Highlights

Revenue growth driven by strong delivery volumes, particularly Novated, together with higher volumes of end-of-lease disposals

Used vehicle market marginally off previous highs, but remains elevated

Opex adversely impacted by labour market conditions and ongoing technology investments

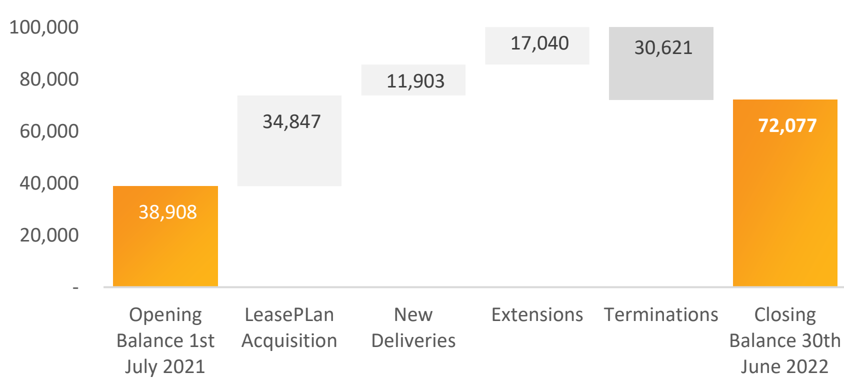
* Restated
1: Underlying Net Profit After Tax = Net Profit After Tax before significant non-recurring items
2: Reported NPATA = Net Profit After Tax excluding amortisation of intangibles arising from acquisitions on an after tax basis

Funded Fleet Movement & Pipeline – Corporate

FY2022

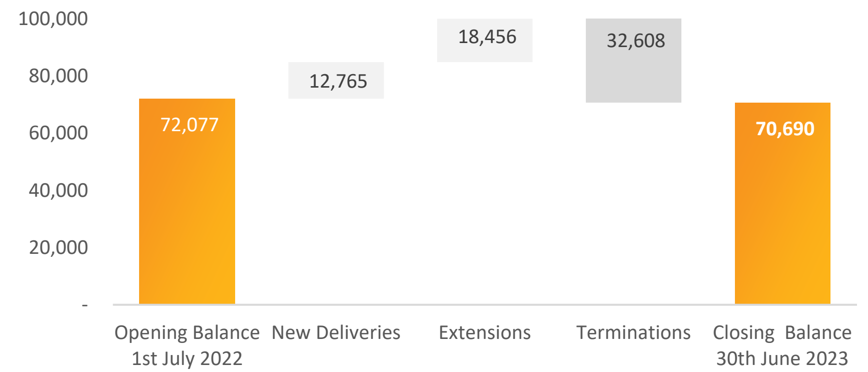
Corporate Funded Fleet

7.2% increase in new deliveries



FY2023

Corporate Funded Fleet



Corporate Funded Pipeline

11.9% increase in Corporate Pipeline

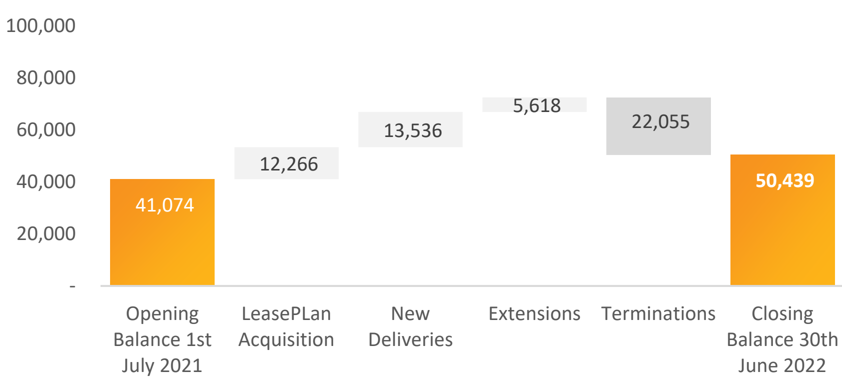
Corporate Funded Pipeline

Funded Fleet Movement & Pipeline – Novated

FY2022

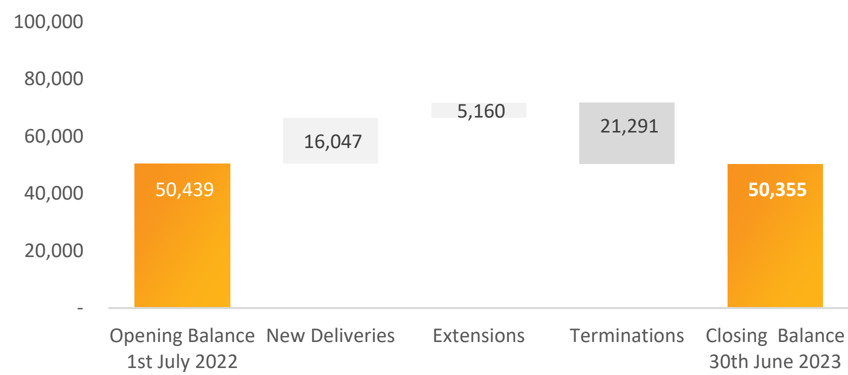
Novated Funded Fleet

18.6% growth in new deliveries



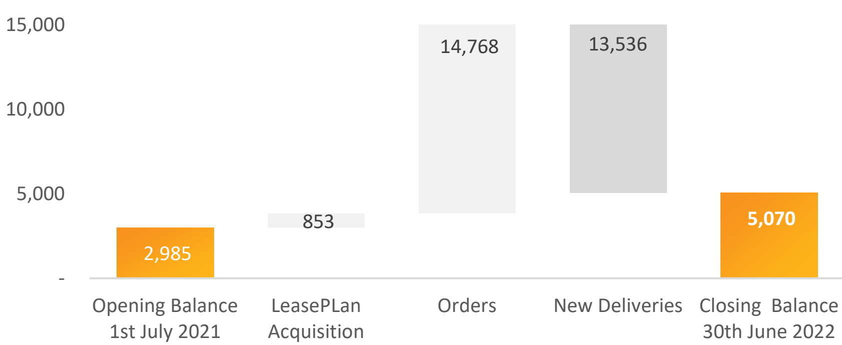
FY2023

Novated Funded Fleet

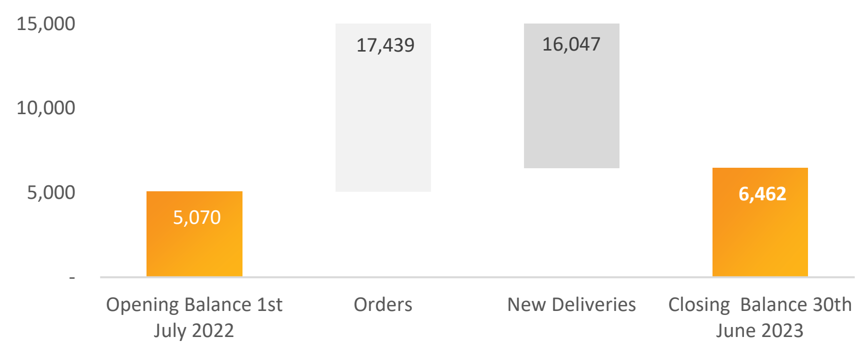


Novated Funded Pipeline

27.5% increase in Novated Pipeline

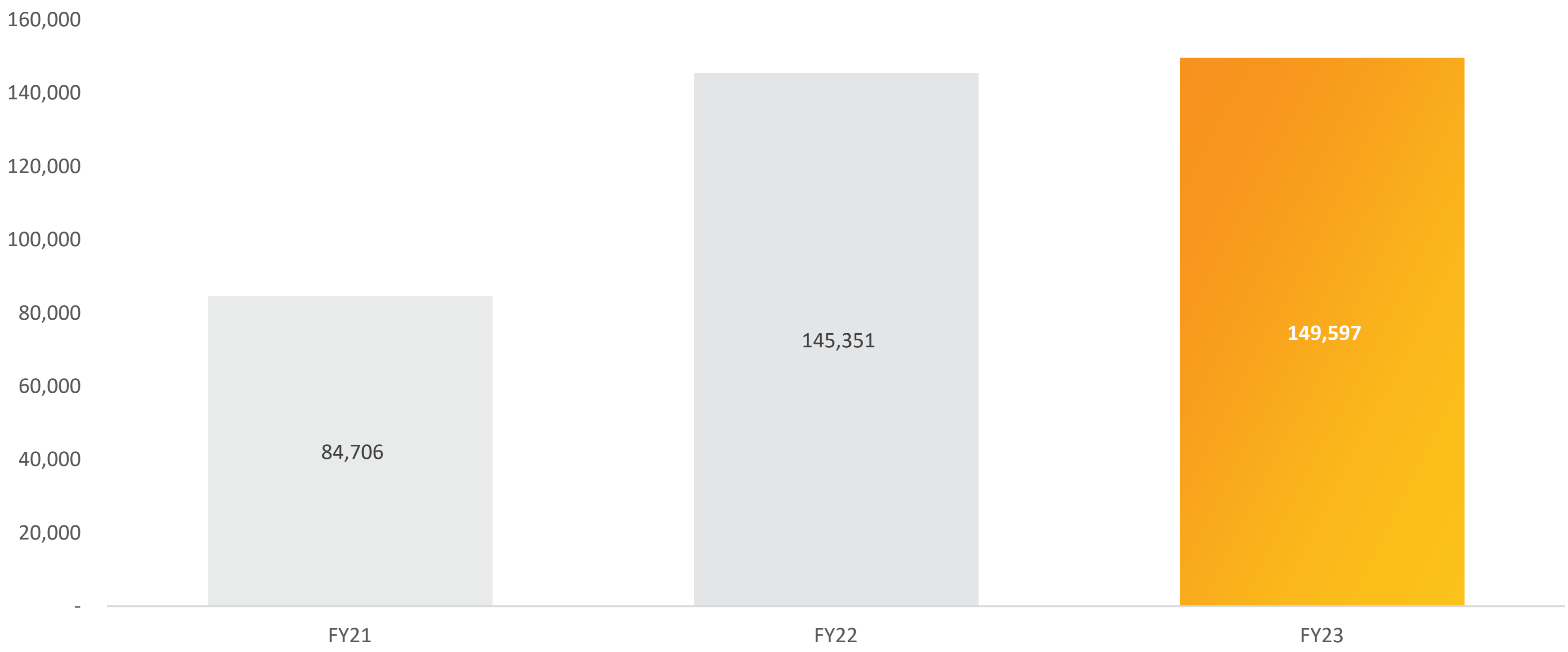


Novated Funded Pipeline



Lite Fleet

Lite Fleet – Vehicles where funding is not provided. SG Fleet may provide only one, or any number of the following services for these vehicles - Vehicle acquisition & Disposal services, Maintenance Management, Registration Management, Fuel Cards and Toll Management. The Lite Fleet product is offered for the following reasons – As an initial entry point to a customer; potential opportunity to convert to funded; a method of immediately dislodging an incumbent competitor; as a way of gaining experience in a new asset class prior to underwriting asset risk; to create customer entanglement.

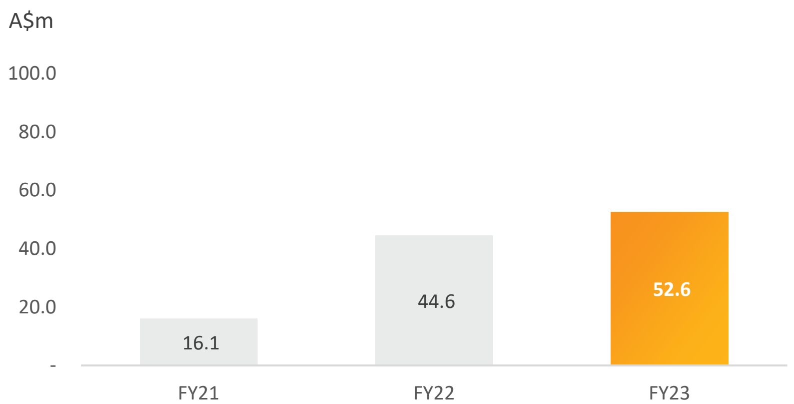


2.9% growth in Lite Fleet

Net Rental & Finance Income

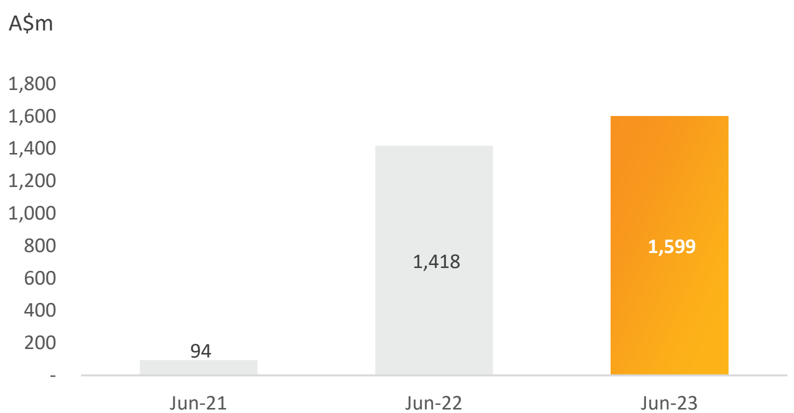
Rental & Finance Income is primarily earned in respect of on balance sheet funded operating and finance leases. It also includes income generated by short-term rental vehicles, subscription vehicles and certain principal & agency ("P&A") funded vehicles in inertia. The costs of sale related to this income stream are operating lease depreciation, direct interest and short-term hire costs. This is an annuity income stream and its primary driver is the size of the on balance sheet lease portfolio assets.

Net Rental & Finance Income

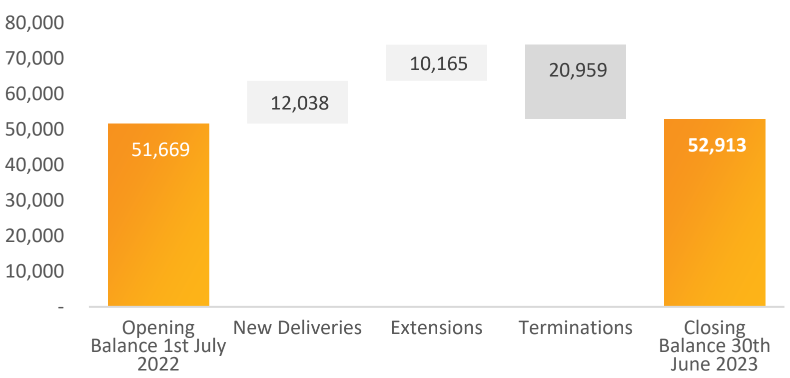


18% growth driven by higher on-balance sheet fleet and growth in vehicles in inertia as a result of mainstream vehicle supply constraints

Lease Motor Vehicle Assets and Lease Receivables



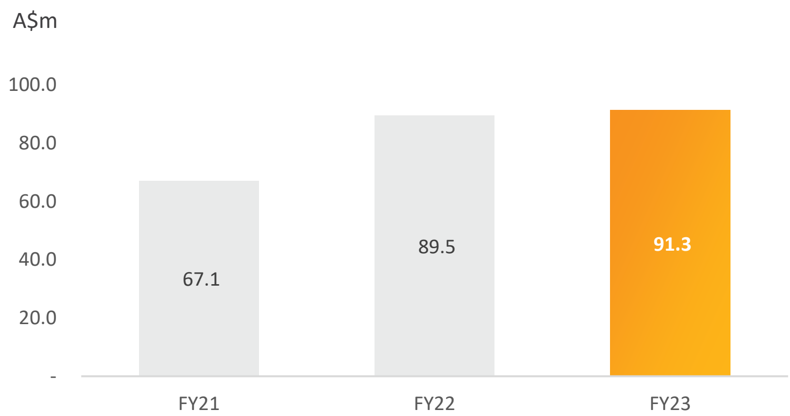
On-Balance Sheet Funded Fleet



Net Mobility Services Revenue

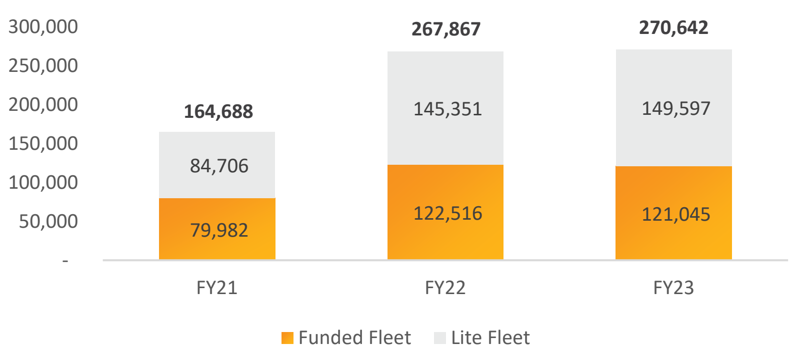
Mobility Services Income includes the products and services required to keep a vehicle on the road in a safe and compliant manner. This revenue category includes income from registering and insuring the vehicle, providing assistance in the event of a break-down or accident, telematics and safety inspections. It also includes income from car-share bookings. This is an annuity income stream driven by the total fleet size and utilisation.

Net Mobility Services Revenue



2% growth in Net Mobility Services Revenue driven by increase in total fleet under management

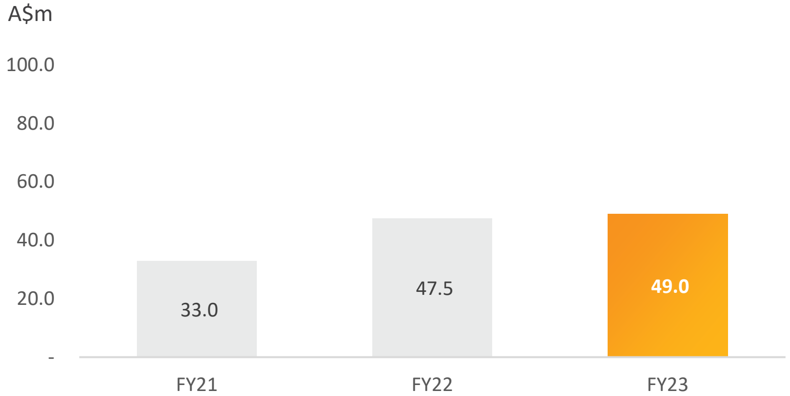
Total Fleet



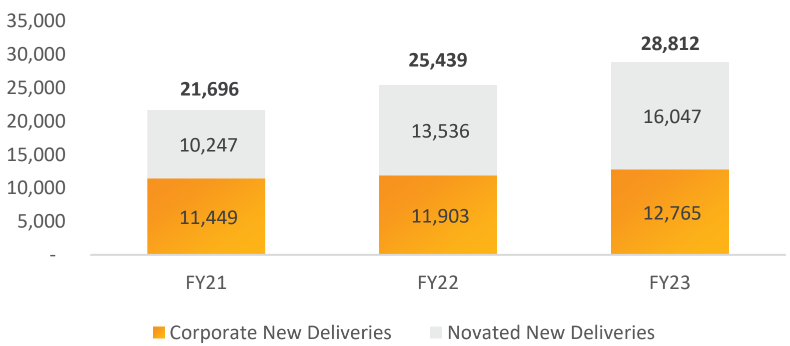
Net Additional Products & Services Revenue

Additional Products and Services revenue is generated by products that are not typically related to keeping the vehicle on the road and mobile. This revenue category includes products such as accessories, redundancy protection, TradeAdvantage and rebates. This income stream is largely transactional in nature and its key driver is the volume of new funded deliveries, coupled with penetration rates.

Net Additional Products & Services Revenue



New Funded Deliveries



3.3% growth as a result of increase in new funded deliveries

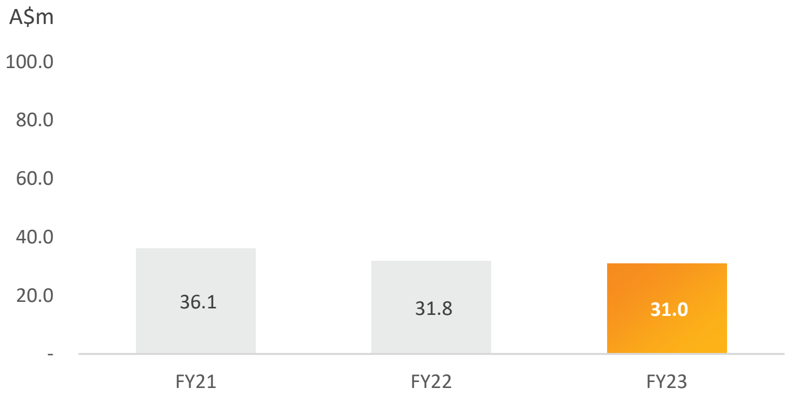
Improved rebates due to integrated volumes

Tighter margins on TradeAdvantage

Finance Commission

Finance Commission is the income earned on leased vehicles funded off balance sheet. This income stream is largely transactional in nature, has no direct costs, and the primary driver is the volume of P&A-funded deliveries.

Finance Commission

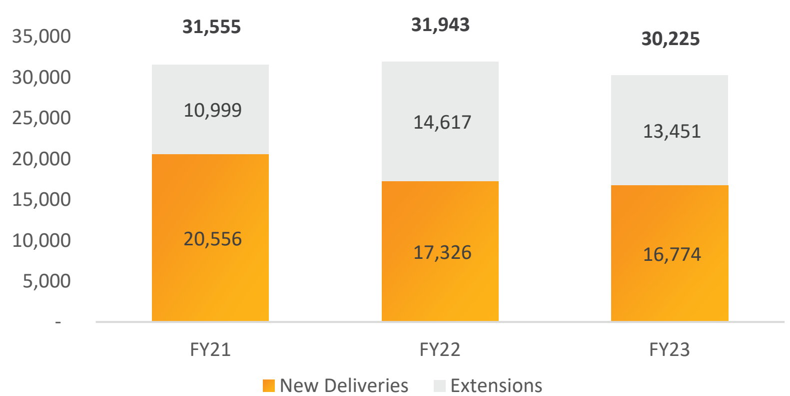


2.6% reduction driven by a reduction in P&A-funded new deliveries and extensions

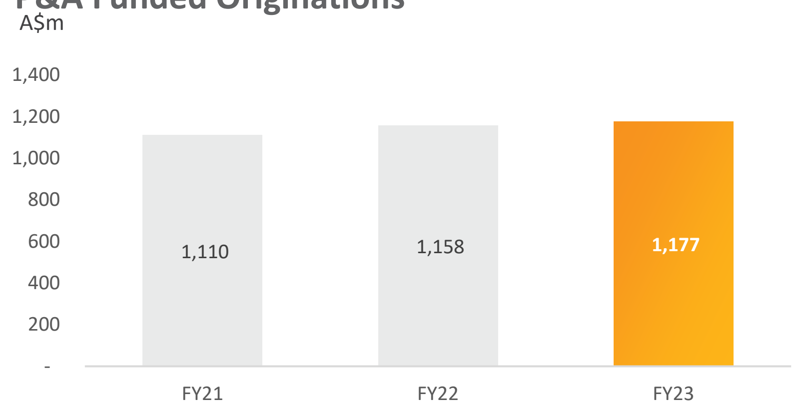
ca.$100m in new originations diverted from P&A to securitisation warehouse

Finance Commission per unit improved as a result of higher average funded capital, driven by new car price inflation and growth in electric vehicles

P&A Funded New Deliveries + Extensions



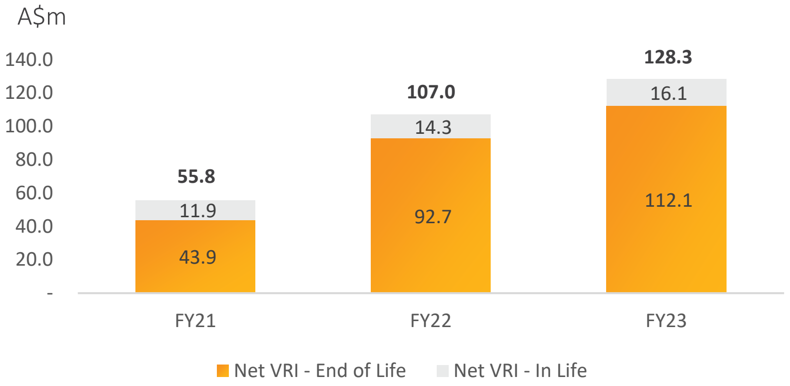
P&A Funded Originations



Net Vehicle Risk Income

Vehicle Risk Income ("VRI") is the income earned as a result of underwriting a long-term risk position on a vehicle at lease commencement, the ultimate financial outcome of which will depend on circumstances and market conditions that occur over the life of each vehicle. VRI is made up of an End-of-Life Component (profits earned from underwriting Residual Value risk) and an In-Life Component (profits earned from underwriting maintenance and other running costs). VRI – End-of-Life is largely transactional in nature and its primary driver is the volume of Operating Lease Disposals. VRI – In-Life is a combination of annuity and transactional income and is driven by the number of open-contract vehicles and vehicles with underwritten maintenance risk positions.

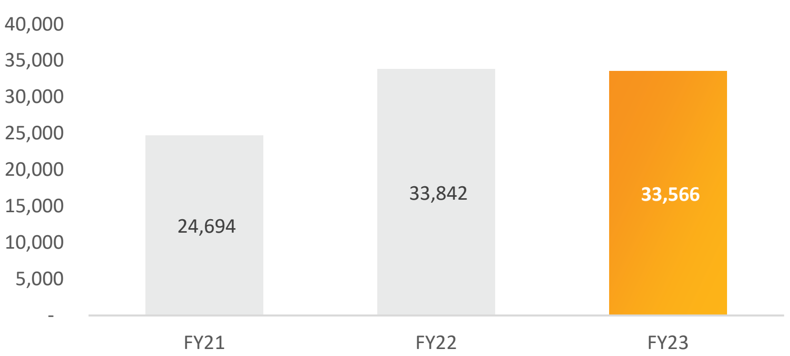
Net Vehicle Risk Income



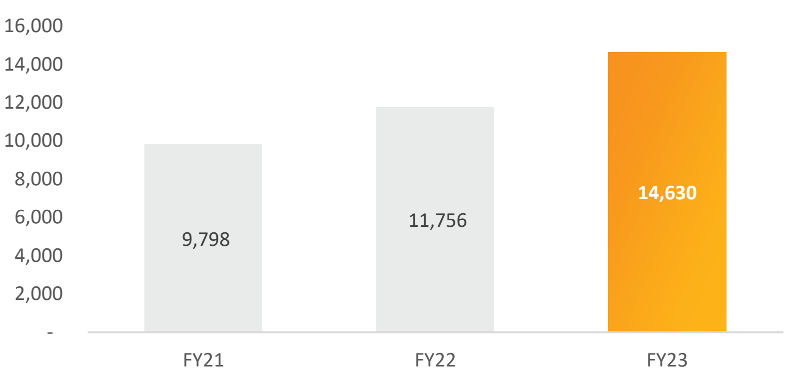
21.0% growth in End-of-Life Vehicle Risk Income driven by 24.4% growth in operating lease disposals

Growth in In-Life Vehicle Risk Income driven by improved margins as a result of lower fleet utilisation

VRI – In-Life Fleet

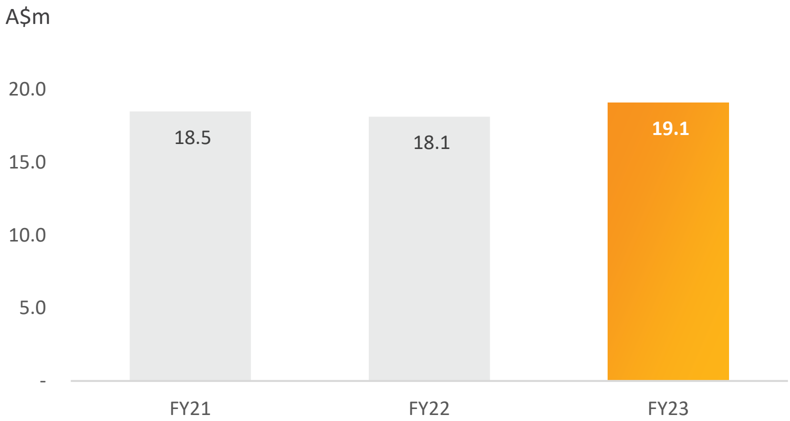


Operating Lease Disposals



Fleet & Credit Provisions

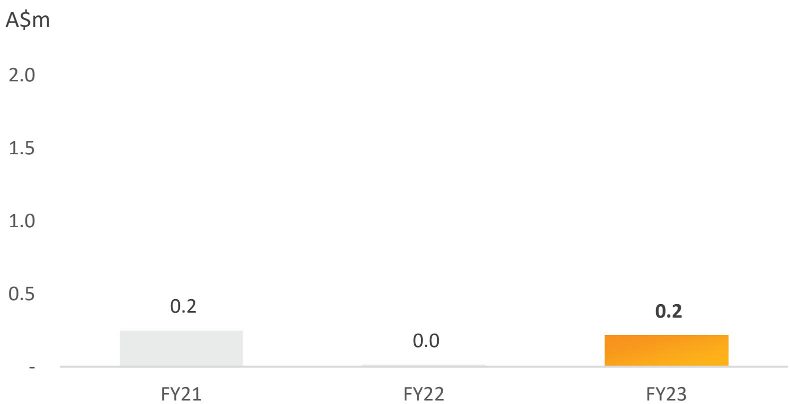
Residual Value Provision & Lease Motor Vehicle Impairment



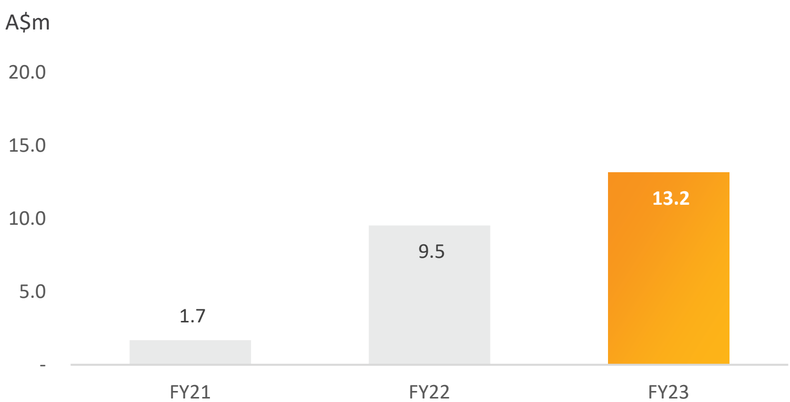
Growth in Expected Credit Loss Provision driven by:

- Growth in warehouse funding
- Increased customer vehicle usage causing negative running cost balances

Inventory Impairment

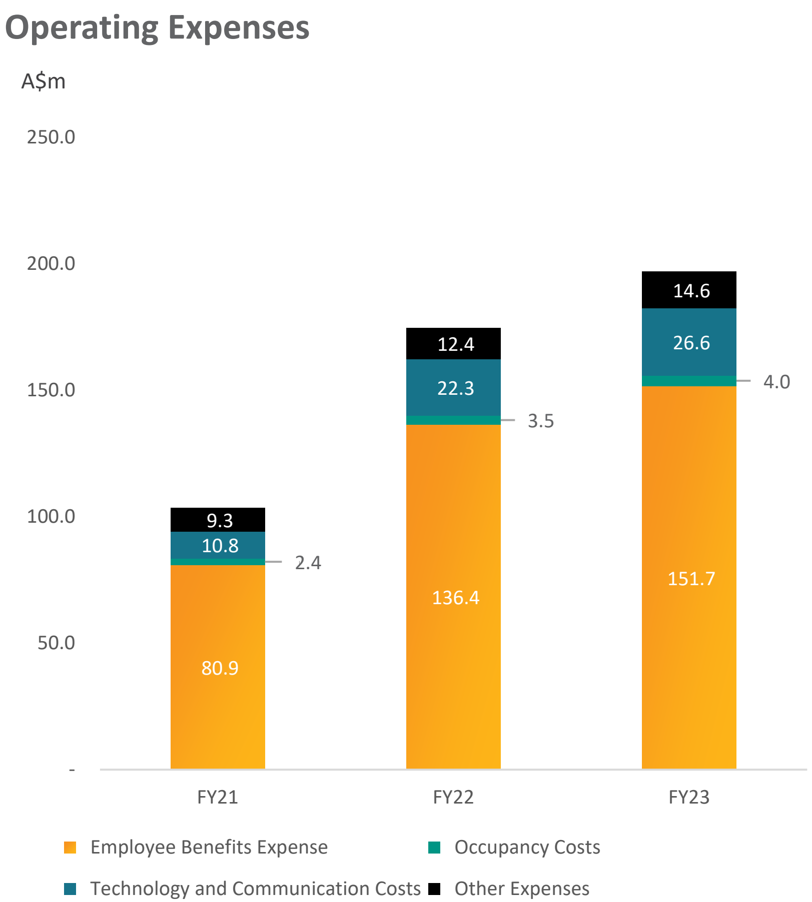


Expected Credit Loss Provision*



* Includes other provisions

Operating Expenses



Technology & Communication Costs

- Continued investment in platforms and infrastructure
- Increased spending on infosec and cyber risk initiatives

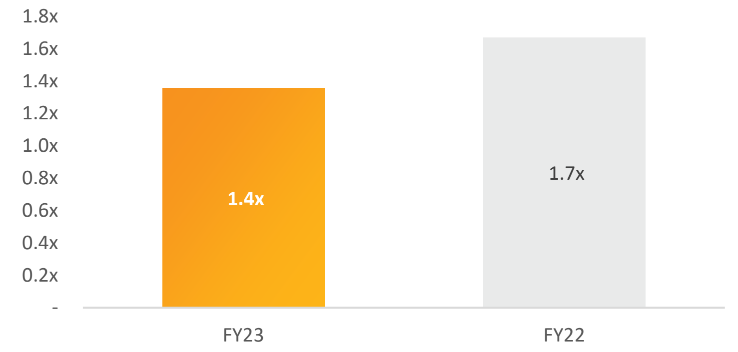
Employee Benefit Expense

- Labour market conditions and record levels of staff turnover causing material wage cost pressure

Financial Position

A$m	June-23	Jun-2022[1]	Variance
Cash and cash equivalents	92.8	61.6	50.6%
Restricted Cash	167.6	168.8	(0.7%)
Trade and other receivables	235.1	197.3	19.2%
Inventories	29.6	47.2	(37.2%)
Lease motor vehicle assets & receivables	1,598.5	1,417.8	12.7%
Derivative financial instruments – Assets	40.7	44.1	(7.6%)
Property, plant and equipment	37.0	36.3	2.0%
Intangibles	623.1	631.0	(1.2%)
Investment in other companies	8.1	6.6	23.6%
Income tax refund	4.7	5.7	(17.2%)
Total Assets	2,837.2	2,616.2	8.4%
Trade and other payables	(275.8)	(235.0)	(17.3%)
Derivative financial instruments - Liabilities	(0.0)	(0.7)	96.2%
Employee benefits	(24.0)	(22.8)	(5.3%)
Provisions	(31.9)	(29.8)	(7.1%)
Corporate Borrowings	(300.8)	(292.4)	(2.9%)
Right of Use Borrowings	(26.0)	(27.3)	4.8%
Lease Portfolio Borrowings	(1,296.4)	(1,199.3)	(8.1%)
Vehicle maintenance funds	(140.5)	(157.8)	11.0%
Deferred income	(72.6)	(62.3)	(16.5%)
Deferred tax – Liabilities	(95.3)	(42.8)	(122.7%)
Total Liabilities	(2,263.3)	(2,070.2)	(9.3%)
Net Assets	573.9	545.9	(5.1%)
Issued capital	(506.0)	(506.0)	-
Reserves	83.7	90.1	7.2%
Retained profits	(151.6)	(130.1)	(16.5%)
Total Equity	(573.9)	(545.9)	(5.1%)

Corporate Leverage[2]



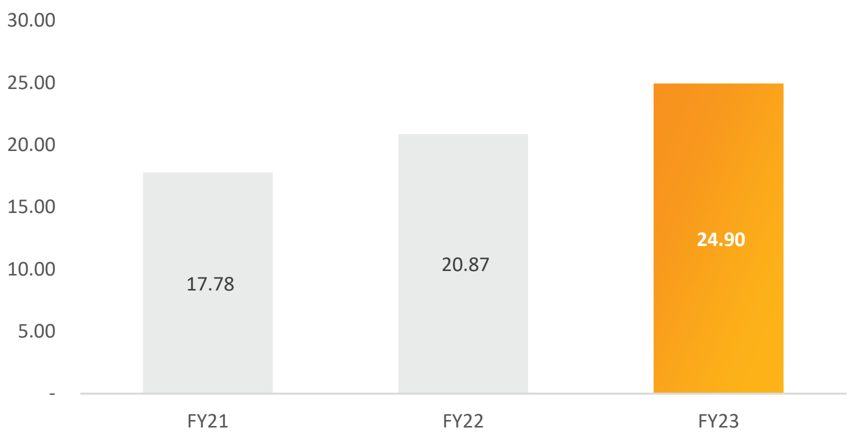
Strong balance sheet – Corporate Leverage of 1.4x

Tax refund triggered by Temporary Full Expensing measures announced in the 2020 / 2021 Budget

1: Restated
2: Corporate Leverage = (Corporate Borrowings less Cash & Cash Equivalents excl. Restricted Cash) / LTM Operating EBITDA

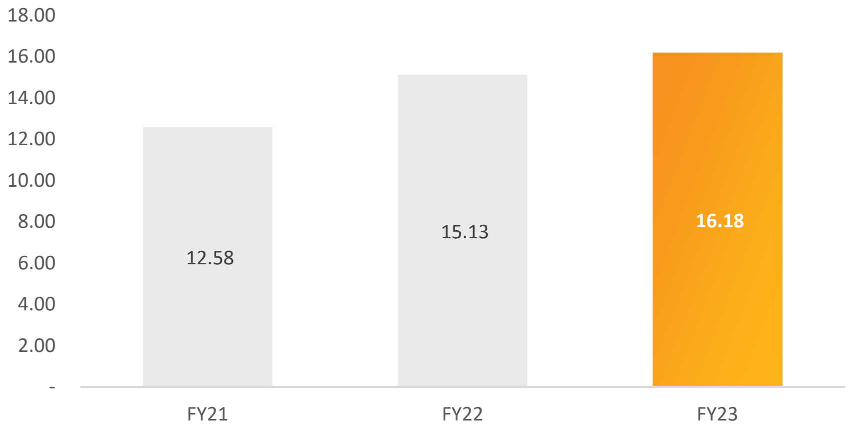
Earnings Per Share & Dividend

Cash EPS[1] (cents)



	Profit (millions)	Shares (millions)	EPS (cents)
Net Profit After Tax / Reported EPS	75.2	342.0	22.0
Amortisation of Intangibles	9.9	342.0	2.9
NPATA / Cash EPS	85.1	342.0	24.9

Dividend per Share (cents)



Final dividend 7.27cps

FY23 dividend 16.18cps fully-franked

7% increase versus pcp

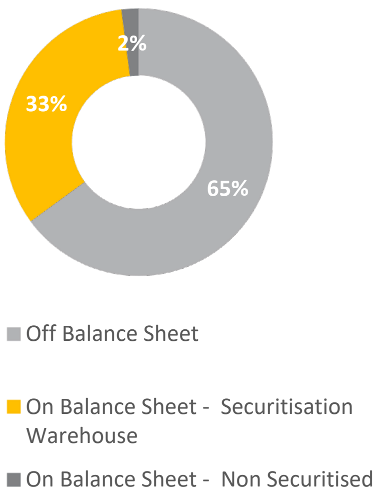
65% payout ratio to Cash EPS

1: Cash EPS = Reported Net Profit After tax excluding amortisation of intangibles arising from acquisitions on an after tax basis divided by weighted average shares.

Funding

Autonomy 2021 warehouses extended for 2 years. Immaterial change in cost of funds, Reduced Equity, Improved Eligibility Criteria and Portfolio Parameters

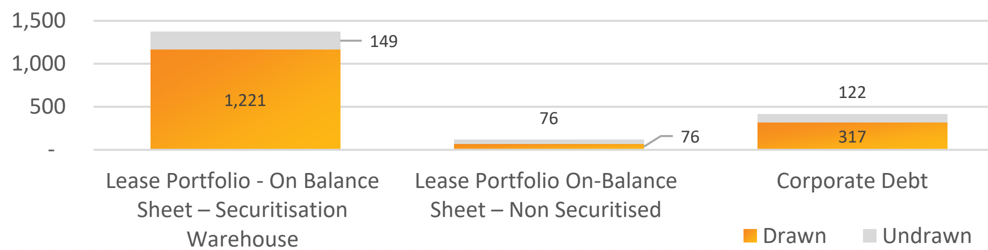
Lease Portfolio Composition



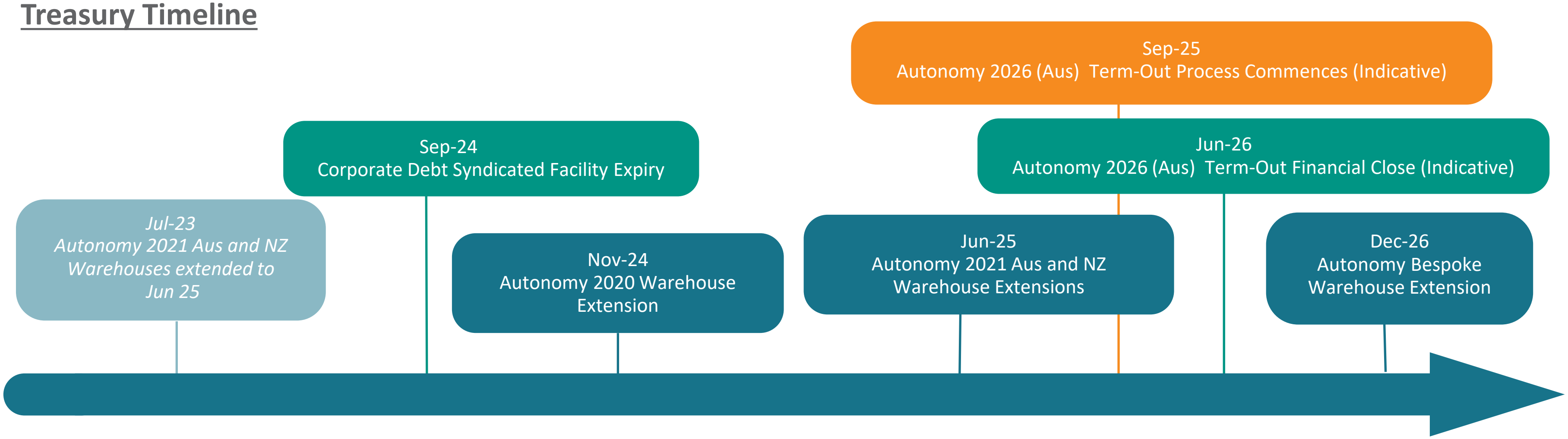
Base Rate Exposure

	Lease Portfolio On Balance Sheet - Securitisation Warehouse	Lease Portfolio On Balance Sheet - Non-Securitised	Corporate Debt
Base Rate Movement Exposure	$1,220.6 m	$75.8 m	$317.3 m
Percentage Fixed Rate / Hedged	100%	100.0%	77.7%

Facility Capacity



Treasury Timeline



Cash Flow

A$m	June-23	June-22	Variance
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	1,137.6	996.3	14.2%
Payments to suppliers and employees (inclusive of GST)	(704.4)	(677.6)	4.0%
Cash generation from operations before investment in lease portfolio	433.3	318.7	35.9%
Acquisition of operating and finance lease assets	(698.2)	(530.2)	31.7%
Proceeds from disposal of operating lease assets (excluding vehicle risk income)	119.6	198.6	(39.8%)
Capital receipts from finance lease assets	196.4	157.4	24.8%
Cash generation from operations after investment in lease portfolio	51.1	144.6	(64.7%)
Interest received	8.6	0.7	1,222.3%
Interest and other finance costs paid	(64.8)	(47.0)	37.9%
Income taxes refunded	23.0		
Income taxes paid	-	(52.1)	(100.0%)
Net cash from operating activities	17.9	46.1	(61.2%)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	-	(455.8)	(100.0%)
Payment for investments	(2.0)	(4.9)	(58.4%)
Payments for property, plant and equipment	(7.1)	(4.0)	77.5%
Proceeds from disposal of property, plant and equipment	0.4	0.6	(34.3%)
Payment of intangibles	(5.5)	(4.2)	30.4%
Net cash used in investing activities	(14.3)	(468.3)	(97.0%)
Cash flows from financing activities			
Share awards settled through direct market acquisition	(1.8)	-	-
Proceeds from Lease Portfolio borrowings	145.0	1,537.2	(90.6%)
Repayments of Lease Portfolio borrowings	(57.3)	(1,226.4)	(95.3%)
Proceeds from Corporate borrowings	-	300.7	(100.0%)
Reapyment of Corporate borrowings	-	(125.7)	(100.0%)
Borrowing cost paid	(0.6)	(11.4)	(94.4%)
Repayments of Lease liabilities -right-of-use assets	(6.9)	(6.5)	5.9%
Dividend paid	(53.8)	(44.5)	20.9%
Net cash from / (used in) financing activities	24.7	423.3	(94.2%)
Net increase in cash and cash equivalents	28.3	1.1	2,418.9%
Cash and cash equivalents at the beginning of the financial year	230.4	231.1	(0.3%)
Effects of exchange rate changes on cash and cash equivalents	1.7	(1.8)	(193.8%)
Cash and cash equivalents at the end of the financial year	260.4	230.4	13.0%

A$m	June-23	June-22
Cash generated from operations before Investment in Lease Portfolio (A)	433.3	318.7
Operating EBITDA	153.4	138.3
Add: Depreciation on Lease Portfolio Assets	211.8	175.5
Add: Interest on Lease Porfolio Borrowings	55.2	34.9
Less: One-Off Deal Costs	-	(4.6)
Reported EBITDA (B)	420.4	344.2
Cash generation from operating activities as a % of Reported EBITDA (A/B)	103.1%	92.6%

Cash generation ratio of 103%

Changes to cash flow presentation – Investment in Lease Portfolio Assets now shown as part of Operating Cash Flow

Operational Update & Outlook

Five-Year Horizon

Impact | FY24 | FY25 | FY26 | FY27 | FY28 | Ongoing

Market environment (COST, REVENUE)
- Continued outsourcing trend
- Acceleration Battery and Hydrogen EV take-up
- Supply normalisation and used values adjustment
- 'Future of Transport' shift
- Industry consolidation

LeasePlan Integration (COST, REVENUE)
- LP system integration
- Realisation scale leverage
- Realisation cost and revenue synergies

Cost and efficiency improvements (COST)
- Continued process automation and digitisation
- Cost-to-income ratio improvement
- Potential securitisation term-out

Innovation (REVENUE)
- Digitisation of customer experience
- Expansion of higher value-add products & services offering
- Selective investment in new capabilities
- Growth in EV-related services demand
- Expansion mobility services | Introduction full MaaS | Growth in MaaS demand

Customers (REVENUE)
- New outsourcing entrants – targeting known tenders
- Continued market share growth
- Higher customer penetration
- Product range and penetration gains amongst LeasePlan customers

Strengthening positive demand trends

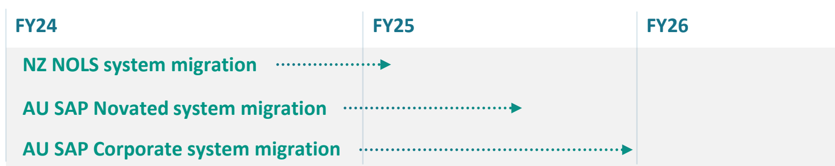
LeasePlan Integration

2H23 integration process delivers further wins

- Continued standardisation of product & services range across brands
- Dealer network harmonisation
- Improved supply arrangements for tyres, accident management and roadside assistance
- Strong customer retention and increased product penetration

Continued assessment of system migration progress

- Re-prioritising LeasePlan AU SAP system migration process steps
- Moving some planned products and services changes forward to occur under existing systems and brands
- Complex customer accounts to be migrated after product harmonisation
- Continued migration of smaller accounts to SG Fleet system
- NZ system migration continues as planned – completion around FY24 year-end



Benefits

- Positive products and risk outcomes
- Improved customer experience and smoother final transition process
- Reduced need to build legacy product into future system

Synergy realisation outcomes

- FY23 synergies extracted – FY24 synergies maintained
- Continued synergy extraction in FY25
- Remaining synergies to occur after Australian system migration – benefits in FY26
- Overall synergy target maintained and exploring opportunities to extract additional benefits

Re-prioritising system migration steps - maintaining and enhancing customer experience

Electric Vehicles

446%
FY23 increase in EVs in Australia Fleet

Australia

- New EV registrations predominantly Private – Corporate wave yet to come
- Permanent shift in mindset
- SG Fleet accounts for significant proportion of national EV registrations

2x
Increase in EVs in NZ Fleet in last 18 months

New Zealand

- Earlier start of rapid EV growth has transitioned to steady increase
- Greater preference for EVs over hybrids

80%
Percentage of EVs in UK personal contract hire fleet

United Kingdom

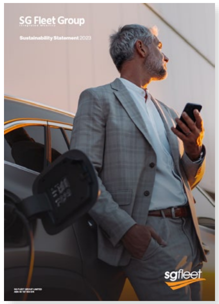
- Strong position as EV specialist
- Light Commercial EV know-how
- EVs account for 22% of fleet
- Majority of personal contract hire vehicles are EVs

Unit Profile

- Overall effect positive
- Average EV vehicle amount financed ca. 52% higher than ICE vehicle
- Maintenance profile different but total cost similar

Leading EV position in all markets creates new business opportunities

ESG



A strong commitment to better environmental and social outcomes across the Group

Summary

Australian Corporate

New business growth continues as deliveries accelerate

Australian Novated

Unprecedented activity levels

New Zealand

Continued strong demand for sustainable mobility solutions

UK

Improving sentiment throughout period

Supply, Order Pipeline, and Used Values

- Order book growth still outpacing improvement in delivery numbers

Five-Year Horizon

- Strengthening positive demand trends

LeasePlan Integration

- Re-prioritising Australian system migration process steps - maintaining and enhancing customer experience
- Overall synergy target maintained and exploring opportunities to extract additional benefits

Electric Vehicles

- Leading EV position in all markets creates new business opportunities

Improved 2H23 Performance carried into FY24


Questions

Appendix

Lease Portfolio Interest Rate / Margin Exposure Heat Map

			Lease Portfolio - Off Balance Sheet (ANZ / UK)	Lease Portfolio - On Balance Sheet – Securitisation Warehouse (ANZ Only)	Lease Portfolio On-Balance Sheet – Non Securitised (ANZ / UK)
Movements between vehicle quote and delivery	Base Rate Movements	ANZ	The majority of leases are re-priced at vehicle delivery to reflect the base rate of the day which removes any base rate risk	The majority of leases are re-quoted at vehicle delivery to reflect the base rate of the day which removes any base rate risk	The majority of leases are re-quoted at vehicle delivery to reflect the base rate of the day which removes any base rate risk
		UK	In the UK it is not market practice to re-price at vehicle delivery to reflect the base rate of the day. We therefore carry base rate risk between quote and vehicle delivery	N/A	In the UK it is not market practice to re-quote at vehicle delivery to reflect the base rate of the day. We therefore carry base rate risk between quote and vehicle delivery
	Financier Margin Movements	ANZ	For the majority of leases, any movements in financier margins before vehicle delivery are passed on to the customer at delivery.	For the majority of leases, any movements in financier margins before delivery are passed on to the customer at delivery.	Line of credit – financier margins are held from the date of quote until the lease expiry date
		UK	In the UK, movements in financier margins before vehicle delivery are not always passed on to the customer	N/A	Movements in financier margins before vehicle delivery are not always passed on to the customer
Movements post vehicle delivery (i.e. in-life)	Base Rate Movements	ANZ	Base rate movements post vehicle delivery are borne by the underlying financier	We pre-hedge on a weekly basis using interest rate swaps based on the projected delivery volumes for the following week	Leases funded via Line of Credit are hedged using interest rate swaps
		UK	Base rate movements post vehicle delivery are borne by the underlying financier	N/A	Non-Securitised On-Balance Sheet borrowings are fixed rate facilities
	Financier Margin Movements	ANZ	Financier margins are fixed from the time of delivery until the lease expiry date	Financier Margins are fixed for the duration of the warehouse facility (2 Years). At the point of facility extension the warehouse can be re-priced, impacting the back-book.	Line of credit – financier margins are held from the date of quote until the lease expiry date
		UK	Financier margins are fixed from the time of delivery until the lease expiry date	N/A	Line of credit – financier margins are held from the date of quote until the lease expiry date Back-to-back facilities – financier margins are fixed for the term of each lease