

## **COVID-19 Market Update**

**22 April 2020**

SG Fleet Group Limited's ('SG Fleet' / ASX: SGF) efforts to manage the impact of COVID-19 on its business operations have continued since its 27 March 2020 market update. The Company's focus remains on the wellbeing of its employees and customers, as well as on maintaining service delivery at the highest standards.

Currently, the majority of Australian and all New Zealand staff are working from home where possible, fully supported by the Company's IT and communication systems. Some staff have been reallocated to business areas that are seeing higher activity levels. Given the tighter restrictions imposed by the UK Government, the UK business has put non-essential staff on furlough, with the remainder working from home.

SG Fleet's Board of Directors and senior executives have reduced their remuneration by 30%. In addition, numerous initiatives have been put in place across the business to reduce employment costs. These include reducing working hours for certain staff, directing the taking of annual leave, implementing broad-based, temporary reductions in remuneration of up to 20%, as well as the cancellation of all short-term incentive arrangements.

Activity levels in the Australian Corporate Tool-of-Trade business have largely been maintained, helped by its exposure to the government and utility sectors. The SME segment in particular has responded positively to the Company's offer to provide services that can assist with cashflow management, such as sale-and-leaseback arrangements, shorter term leases and fleet optimisation tools. Extension levels have increased significantly over the past month.

In the Novated business, enquiry levels have dropped off as previously reported. The business is actively supporting novated drivers experiencing hardship in cooperation with their employers and funders.

In New Zealand, SG Fleet's large exposure to the public sector has also resulted in relatively stable activity levels over the past month.

The sale of ex-lease vehicles across the Group has been impacted by a temporary drop in demand for second-hand vehicles. Online auctions continue to proceed in Australia for a reduced number of vehicles, which are being sold at acceptable price levels. Disposals have been temporarily halted in New Zealand and the UK.

SG Fleet remains focused on its financial health and cashflow and is taking a prudent approach to sourcing, expenditure and workload management. All non-essential expenditure and projects have been postponed and the Company is working with business partners and suppliers to explore mutual options to protect cashflows. In addition, the Company is investigating its eligibility for a number of business support initiatives announced by the Government.

As previously advised, given the uncertainty around the COVID-19 pandemic and its impact on demand for the Company's products and services, the guidance provided at the time of the 1H20 results has been withdrawn. In line with this, the Company also considers financial forecasts contained in current analyst reports to be unreliable.

This announcement was authorised for release by the Company Secretary of SG Fleet Group Limited.

**For further information, please contact:**

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