

## **ASX Announcement**

# Record Delivery Volumes Drive SG Fleet Profit Growth

- Reported NPAT \$45.5m (up 8.5%) / NPATA \$50.5m (up 7.7%)
- Reported EPS 13.31c (up 8.5%)
- FY24 interim dividend 9.60cps (up 7.7%)
- Orders and deliveries reach new heights
- Opportunities pipeline strong across all channels

### 20 February 2024

SG Fleet Group Limited ('SG Fleet' / 'the Company' / ASX: SGF) has reported a Net Profit After Tax ('NPAT') of \$45.5 million for the half year period ended 31 December 2023 ('1H24'), up 8.5% on the prior corresponding period ('1H23').

Total net revenue for the period was \$197.6 million, up 10.8% on 1H23. Reported Earnings Per Share ('EPS') amounted to 13.31 cents, up 8.5% on 1H23. The Company's Board has declared a fully franked final dividend of 9.60 cents per share<sup>1</sup>, up 7.7% on 1H23.

## **Exceptional order growth and delivery numbers**

SG Fleet's Chief Executive Officer, Robbie Blau, noted that the acceleration the Company experienced towards the end of the previous period across a number of markets and channels carried into the first half of the 2024 financial year. "Combined with some improvement in supply, this has meant we are now increasingly able to benefit from a long, uninterrupted sequence of financial periods with strong order growth," he said.

SG Fleet achieved growth in all revenue lines, with the exception of the anticipated reduction in net vehicle risk income. Used vehicle values adjusted gradually during the period, a trend the Company expects to continue before stabilising well above pre-COVID levels. Demand for its End-of-Lease vehicles remained high. "The fact that the increase in revenue generated by strong delivery numbers more than offset the adjustment in end of lease revenue is again evidence of the natural hedge in our business model," Mr Blau commented.

Order growth reached new highs across both the Corporate and the Novated channel. The Company was able to deliver exceptional volumes in Novated, reducing the pipeline in that channel somewhat. Despite stronger deliveries in Corporate, the pipeline in that channel remained largely unchanged. "The supply improvements we have seen are still insufficient to reduce the pipeline built up over a number of years. Taking into account our continued strong order growth, it is likely that it will take a number of periods for the pipeline numbers to return to normal levels. This means that we will have elevated delivery numbers for the foreseeable future," Mr Blau said.

<sup>&</sup>lt;sup>1</sup> Record date 6 March 2024 / Payment date 20 March 2024

#### **Australia**

The Australian Corporate and Novated channels benefited from strong tender activity, a significant number of customer wins, record order levels, and increased penetration of additional products and services.

During the period, the DingGo accident management platform and the bookingintelligence asset management solution were in particular demand in the Corporate channel. The business made further progress with its focus on sale & lease back opportunities, and saw an increased level of global tender referrals through SG Fleet's partnership with Ayvens. The continued boom in government spending on new infrastructure programs also boosted demand for commercial units and equipment.

In the Novated channel, leads grew significantly throughout the period, resulting in a 20.3% increase in orders. Demand was helped further by the FBT incentives for lower emission vehicles, with EVs accounting for 37% of orders.

"2023 has been a break-through year for novated leasing and we have seen ever-growing interest throughout the period," Mr Blau noted. "We are currently seeing very healthy volumes of further opportunities both in Novated and in the Corporate channel, so we believe there is significant potential for more progress."

#### **New Zealand**

Vehicle registrations continued to rise solidly each month in New Zealand, and new business and tender activity reached record levels during the period. Vehicle supply improved somewhat.

SG Fleet maintained its momentum from previous periods, registering wins across a range of sectors. The SME segment in particular saw good progress. The Company also continued to develop its offering, introducing a number of additional products and services. DingGo was rolled out as SG Fleet's accident management services provider following its success in the Australian market, and additional eStart projects were launched.

## **United Kingdom**

In the UK, some of the previously seen cost pressures, such as wages and fuel, eased, keeping inflation in check and boosting business confidence. As in other markets, new vehicle supply improved. The light commercial market, in which the Company is very active, continued to recover.

SG Fleet received a steady stream of new opportunities, maintaining healthy win rates across a range of sectors for both its tool-of-trade offering and its Novalease salary packaging product. In addition, a focus on existing accounts helped the business to contract extensions and the conversion of panel arrangements to sole supply contracts.

"In the UK, 2023 has been the year in which our business has firmly established itself as a leader in its market segment. We have succeeded in building an excellent service proposition and customers can count on us to provide continuity of service and exceptional expertise, boosted by our innovation capability," Mr Blau commented.

#### LeasePlan integration and continued digitisation

Integration of the LeasePlan acquisition continued successfully during the period, in tandem with SG Fleet's digitisation project. The first phase of the New Zealand system integration was completed, and the Company is on track for all remaining stages.

"We believe the move to a single system and the digitisation of our business will fundamentally reshape the company and enhance the opportunities we are creating to grow beyond our current offering," Mr Blau said. "In addition to these revenue-generating advances, the completion of integration, combined with greater process digitisation, will also help us with the extraction of synergies, significantly enhance our efficiency, and lower our cost-to-serve. At completion, we will then also be able to rapidly phase out the additional costs that were required for the integration process," he noted.

Mr Blau commented: "The first half of the 2024 financial year has been another period of strong progress. We have been able to reap the benefits of multiple periods with good order growth as the delivery environment improved. Orders and deliveries continued to set new records in both our channels and Novated has had a real break-through year in terms of recognition of the benefits of the product."

"New Zealand continues to make good progress with the development of new business opportunities and greater product penetration, and our UK business grew revenue further, helped by the recognition it has received as a leader in its market segment," he said.

"Electric vehicles continued to attract strong interest during the period, and we have taken full advantage of that in our Novated channel. We believe the big payback in the form of broader corporate adoption is some years away, but the scale and impact for our business will be significant."

"It has been a very positive period for us, and our good performance has carried into the second half, which is very promising indeed," Mr Blau concluded.

This announcement was approved for release by Tawanda Mutengwa, Company Secretary of SG Fleet Group Limited.

#### For further information, please contact:

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