

Smartgroup Annual General Meeting, 23 April 2015

Address by Michael Carapiet, Chairman of the Board

I would like to begin today's meeting by introducing the board of directors.

I am the chairman of the Board. My background is finance and investment banking. I have a number of other public roles, which are listed in the Annual Report.

Deven Billimoria is the managing director and CEO. Deven joined the company in 2000, and has been CEO of Smartgroup now for 12 years. Deven will speak to you shortly regarding the 2014 financial year results and give an update on how we are tracking for 2015.

Gavin Bell was appointed to the Board in February 2014 as an independent non-executive director. He has a strong legal background, having been Managing Partner at Herbert Smith Freehills, one of Australia's most prominent legal firms, for close to 10 years, and having otherwise practised law for over 20 years. Gavin is chair of the Smartgroup Human Resources and Remuneration Committee.

Andrew Bolam has been a member of the Board since 2012 and is a non-executive director. Andrew has held a number of senior financial and general management positions and has more than 20 years of experience in finance. He was the Chief Financial Officer of ASTRO ALL ASIA Networks plc (part of the group which launched the Astro Pay-TV services). Following that, he was Chief Financial Officer of Usaha Tegas, a Malaysian investment company. Andrew is currently Chief Financial Officer of Fetch TV Pty Ltd and he also serves on the Board of Benaris International Pty Ltd. As Andrew is standing for re-election today, a summary of his qualifications and experience is also included in the notice of meeting.

John Prendiville was appointed to the Board in February 2014 as an independent non-executive director. John has a strong financial background, having worked at Macquarie Bank for 20 years and been chairman of the investment banking unit of Macquarie. John was, until he recently retired, chairman of Kina Petroleum Limited, an ASX-listed company. John is chair of the Smartgroup Audit and Risk Committee.

I would also like to acknowledge the executive management team who are also here today. Their dedication and commitment are key to the company's success. They are Tim Looi - Chief Financial Officer, Michael Ellies - Chief Operating Officer, Dave Adler - Chief Commercial Officer. Houda Lebbos, the Chief Human Resources Officer, is not able to be with us today and sends her apologies.

Our General Counsel and Company Secretary - Amanda Morgan, is also here today.

The company's auditors, PriceWaterhouse Coopers, are present and represented today, by the partner in charge, Scott Walsh, sitting here at the front. King and Wood Mallesons are represented here today by Diana Nicholson, a partner in their Melbourne office.

I would like to note that our Annual Report is available online, which comprises the annual financial report, the directors' report and the auditor's report. These documents are also available in print and can be collected from the table at the back of the room should you wish to collect a copy following the meeting.

I will now provide an update on the company's performance before handing over to Deven, our CEO.

Address – performance update

2014 results

I turn now to our results. It is pleasing to report that in its first year as a public company, Smartgroup has outperformed its Prospectus forecasts for revenue, earnings and cash-flow.

Smartgroup reported profit after tax, measured by pro-forma NPATA, was \$17.4 million for the full year, exceeding the prospectus forecast of \$16.5 million. Revenue was \$72.8 million, exceeding the prospectus forecast of \$69.6 million by \$3.2 million. Both revenue and earnings exceeded the prospectus forecast by 5%.

The Company declared a maiden dividend of 6.1 cents per share, fully franked, which was paid on 31 March 2015. The dividend represents a payout ratio of 70% of NPATA for the six months to 31 December 2014, at the top end of the prospectus target range of 60-70%. Going forward, the Board's intention is to pay fully franked dividends twice a year.

Becoming a publicly listed company

As I noted earlier, Smartgroup listed on the stock exchange less than a year ago. It has been an exciting time for the company's staff and executive management team, as well as the Board, to make the transition from a privately owned business to a publicly owned company, which continues to succeed. I think our results to date show that Smartgroup has made that transition very well.

Future focus

Smartgroup will continue to focus on its key strengths in the coming years – which are customer loyalty, innovation, and staff engagement. In particular we are focused on diversifying our customer base, and to continue to grow the company, both organically and by acquisition. 2015 promises to be an exciting year and we look forward to delivering further strong results on your behalf.

Conclusion

In conclusion, I would like to thank the executive management team and all our staff for another excellent financial result, and further, for a great effort in keeping focused on the business and our core capabilities during the listing process.

I will now hand over to Deven Billimoria, the Managing Director and CEO.