



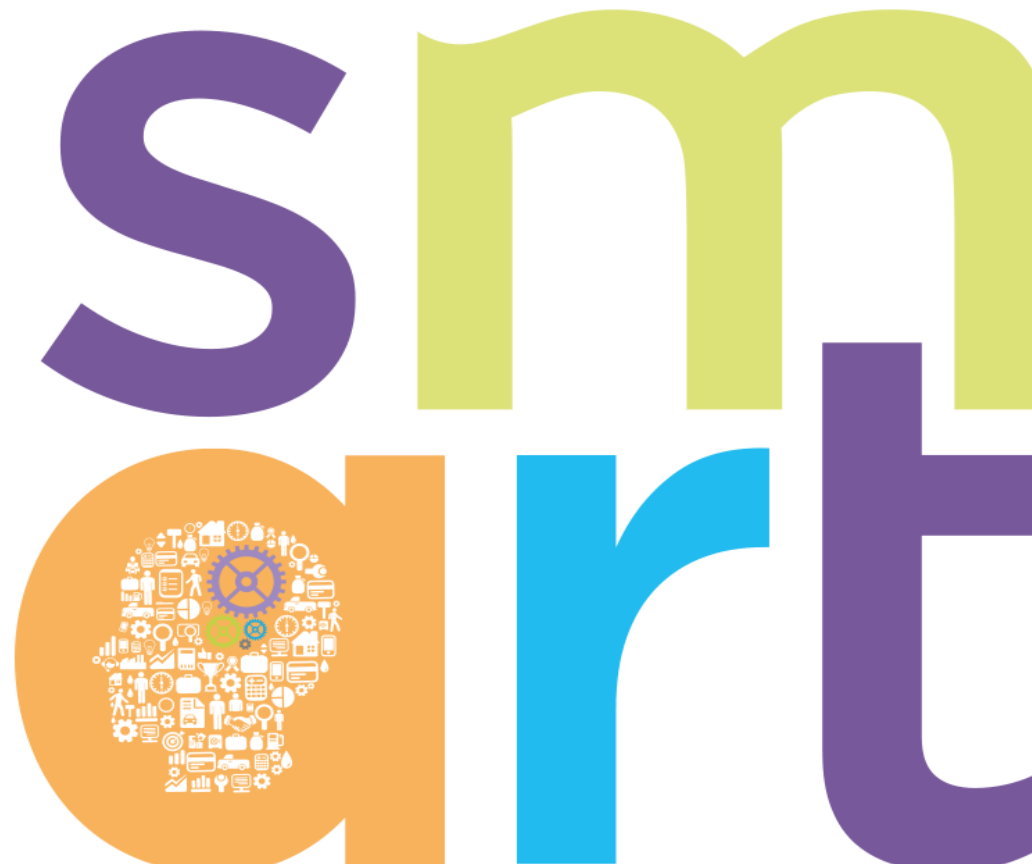
Annual General Meeting

Deven Billimoria – Managing Director and CEO

Tim Looi – Chief Financial Officer

23 April 2015

STRICTLY CONFIDENTIAL



Important notice and disclaimer

("Important Notice")

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Non-International Financial Reporting Standards (Non-IFRS) information

This presentation presents financial information on both a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS)) and non-IFRS basis.



Overview of 2014 performance

Deven Billimoria
Managing Director and CEO

Smartgroup has delivered another year of strong performance...



1

Revenues of \$72.8m and NPATA of \$17.4m

- Exceeding Prospectus revenues (\$69.6m) and NPATA (\$16.5m) by c5%

2

Packages of 118,656, in line with Prospectus forecast of 118,457

- Growth of 13,489 packages from the prior year

3

Novated leases under management of 32,119

- Growth of 7% from the prior year

4

Continued improvement in operating efficiencies

- 23% improvement since 2011

5

Maiden dividend of 6.1 cps reflecting a payout ratio of 70% of NPATA for H2 CY2014

- Fully franked, paid 31 March 2015

...with results exceeding prospectus forecast

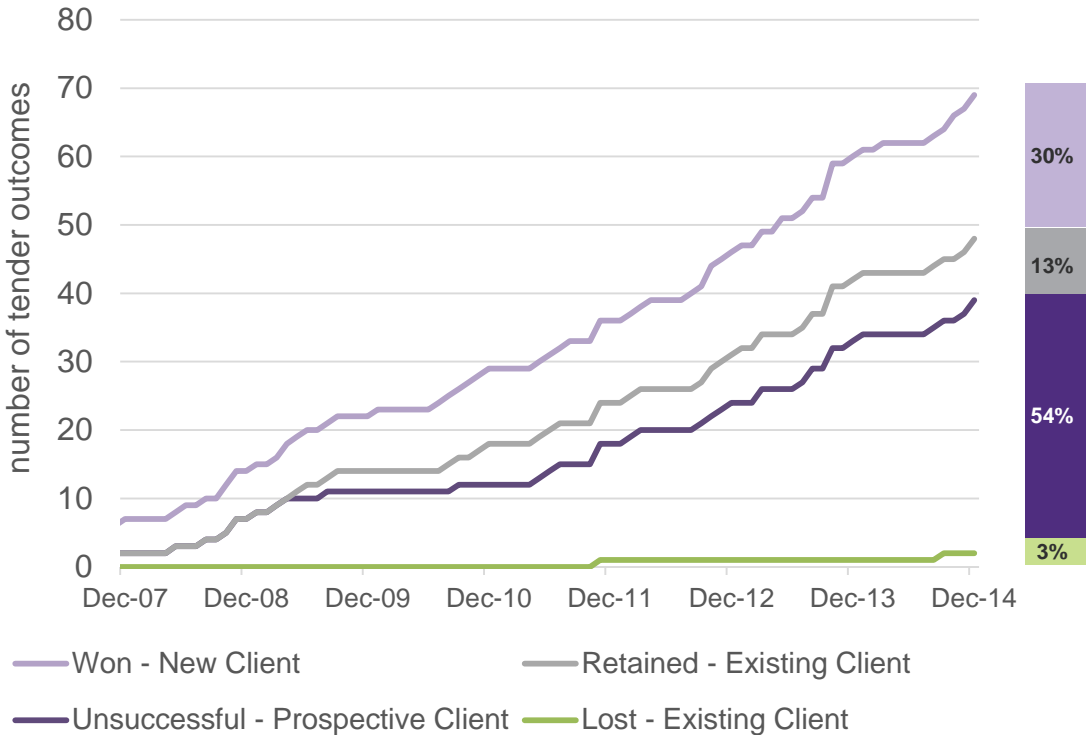
	Proforma 2014 \$ m	Prospectus 2014 \$ m	Change %
Revenue	72.8	69.6	5%
EBITA	23.7	22.6	5%
NPATA	17.4	16.5	5%

	As at December 2014	Prospectus as at December 2014
Packages	118,656	118,457
Novated leases under management	32,119	n/a
Staff	343	347

1. The above 2014 financials are on a proforma basis, which have been reconciled to the statutory 2014 financial accounts in the appendices.
2. Revenue refers to revenue earned from the rendering of services and commissions, excluding finance revenue.
3. EBITA is earnings before interest, tax and amortisation.

Smartsalary maintains its strong client track record

Outsourced salary packaging public tender outcomes⁽¹⁾



Outsourced salary packaging client outcomes 2014

- 9 small to medium sized public salary packaging tenders submitted in 2014
- Of these we have won 3 new clients, including the Peter MacCallum Cancer Centre with c.2000 packages, and lost an existing client
- The client loss was only the 2nd of greater than 1,000 packages in 15 years of business history
- Outside of public tenders in 2014 Smartsalary retained 4 of its long-standing public health sector clients and added NSW Pathology with c.2500 packages

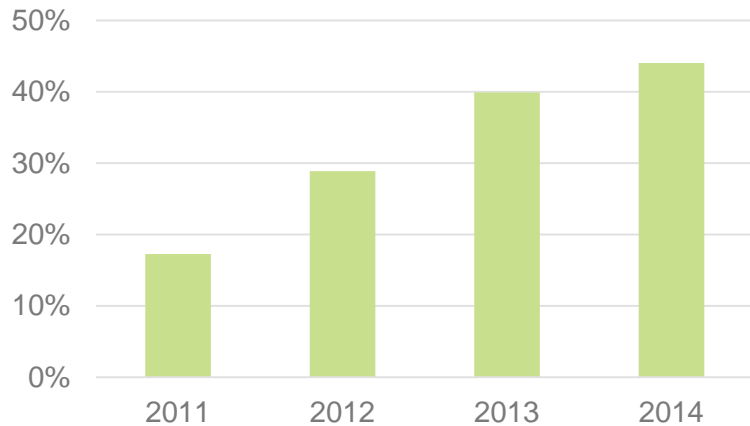
Notes:
1. Data available from September 2007, date shown is tender submission date

Our novated leases under management continue to grow...



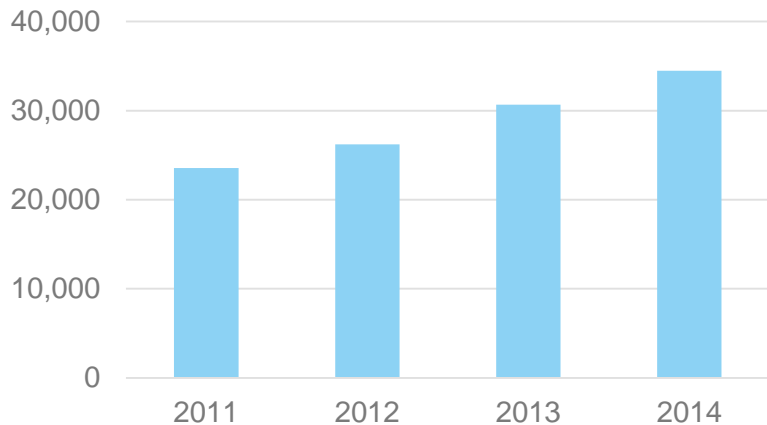
...and self-service online forms and salary packaging cards uptake continue to contribute to service efficiencies

Self-service online forms usage %



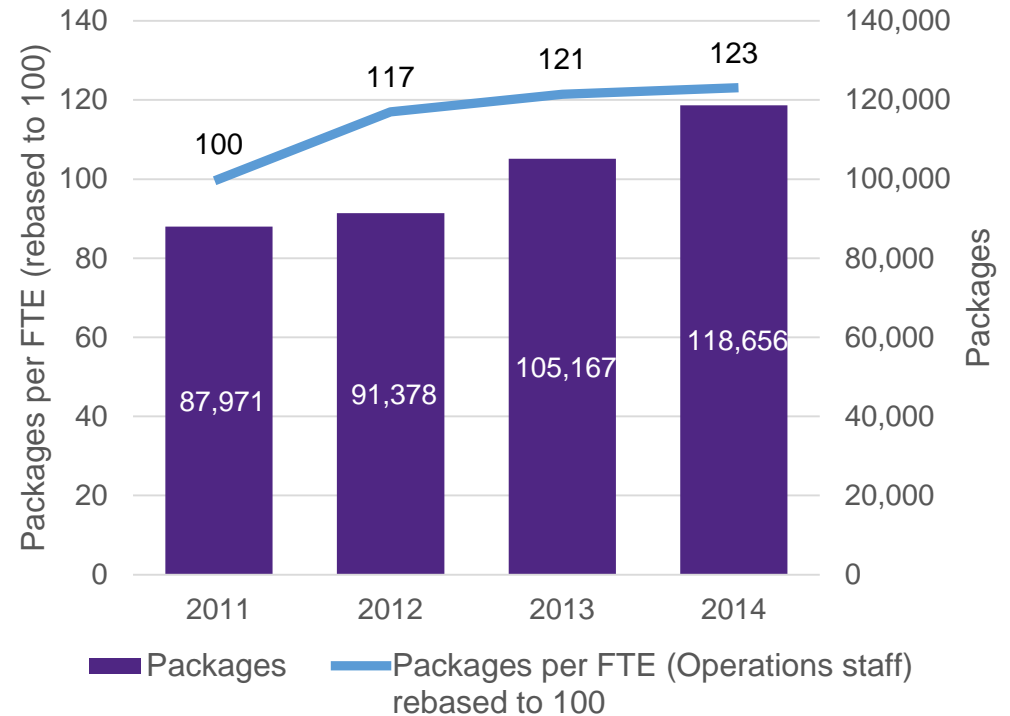
Note: online uptake is percentage of all applications and claims completed online

Salary packaging cards uptake



Note: Salary Packaging card users as at 31 December of each year

Package growth and service/admin efficiency

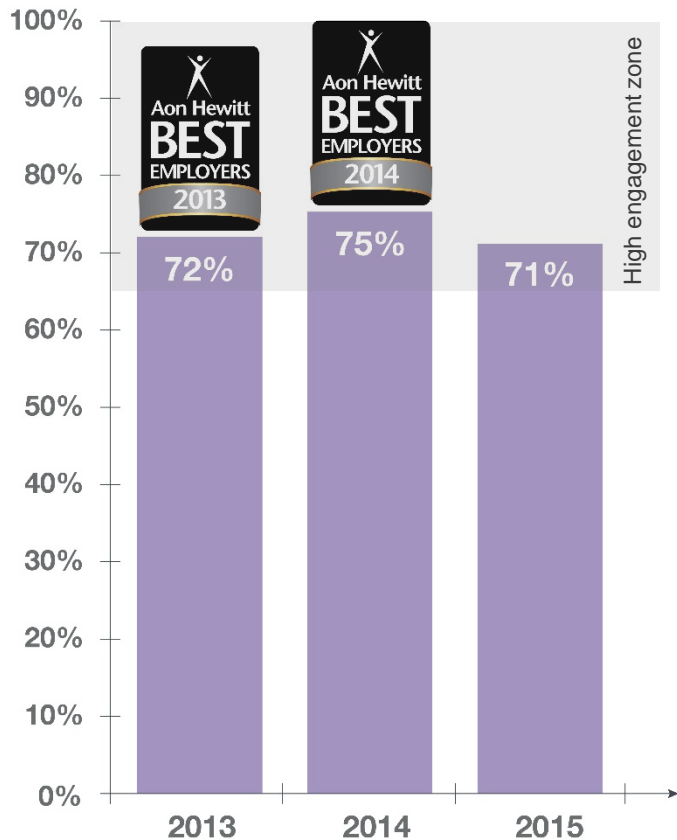


Notes:

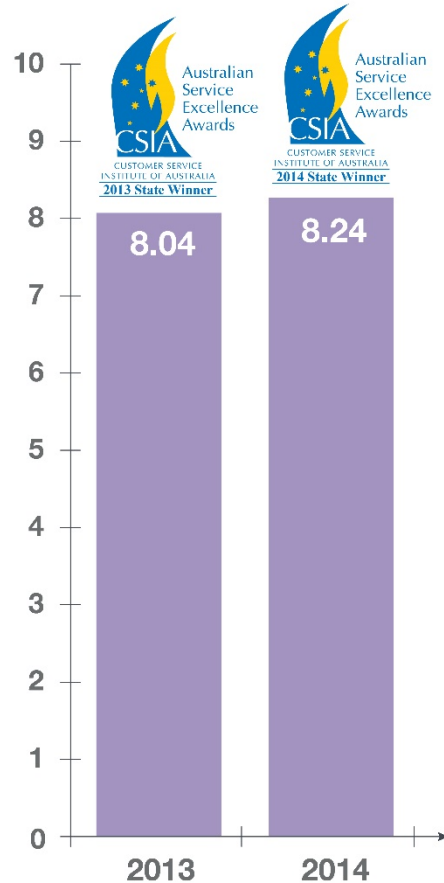
- (1) Figures based on number of Full Time Equivalent staff and Total Active Packages at 31st December
- (2) includes all Service Centre, Admin, Operations and Customer Relationship Management staff and excluding IT function
- (3) 2014 FTE adjusted to include vacancies

Smartsalary maintains its high staff engagement and customer service levels

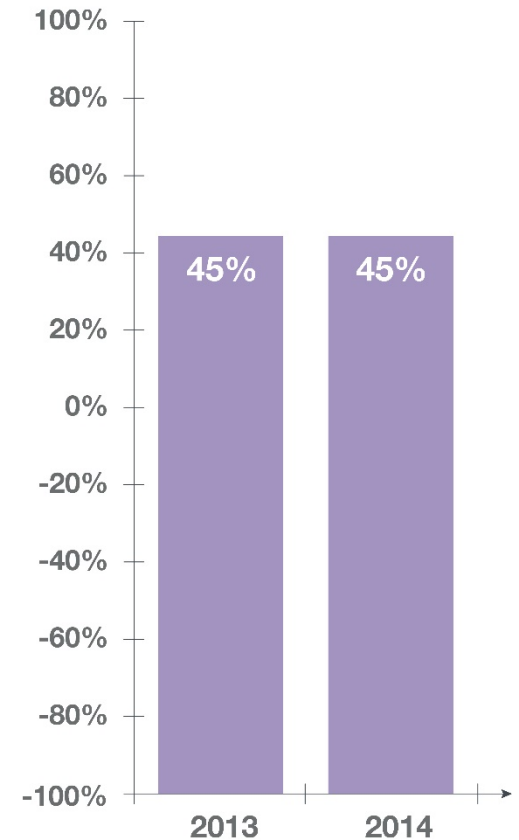
Aon Hewitt Employee Engagement Score



Customer Service Institute of Australia (CSIA) Score



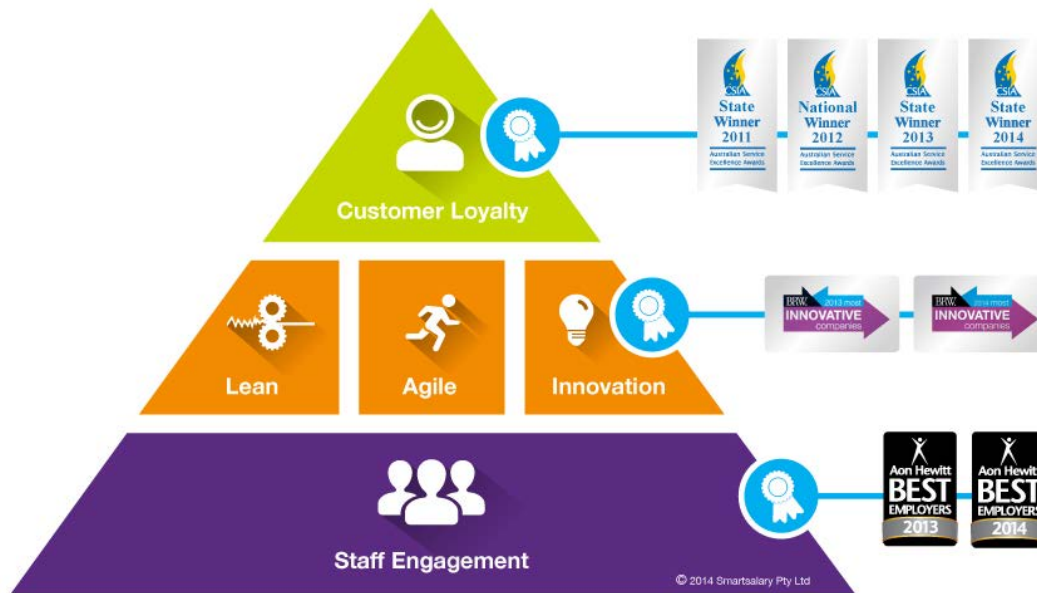
Net Promoter Score



We attribute our success to our people focus, which is at the foundation of our strategy



Smartgroup's core capabilities



Vision: To be the easiest salary packaging and vehicle services company to deal with

Smartsalary awards



- 2011, 2012, 2013, 2014 NSW State Award for Service Excellence in the Medium Business category
- 2012 National Award for Service Excellence in the Medium Business category



BRW Magazine's list of Australia's 50 most innovative companies

- Ranked 31st in 2013
- Ranked 44th in 2014



- Accredited as an Aon Hewitt Best Employer in both 2013 and 2014



Financial results CY2014

Tim Looi
Chief Financial Officer

Smartgroup has achieved double digit growth on key financial metrics for the full year...

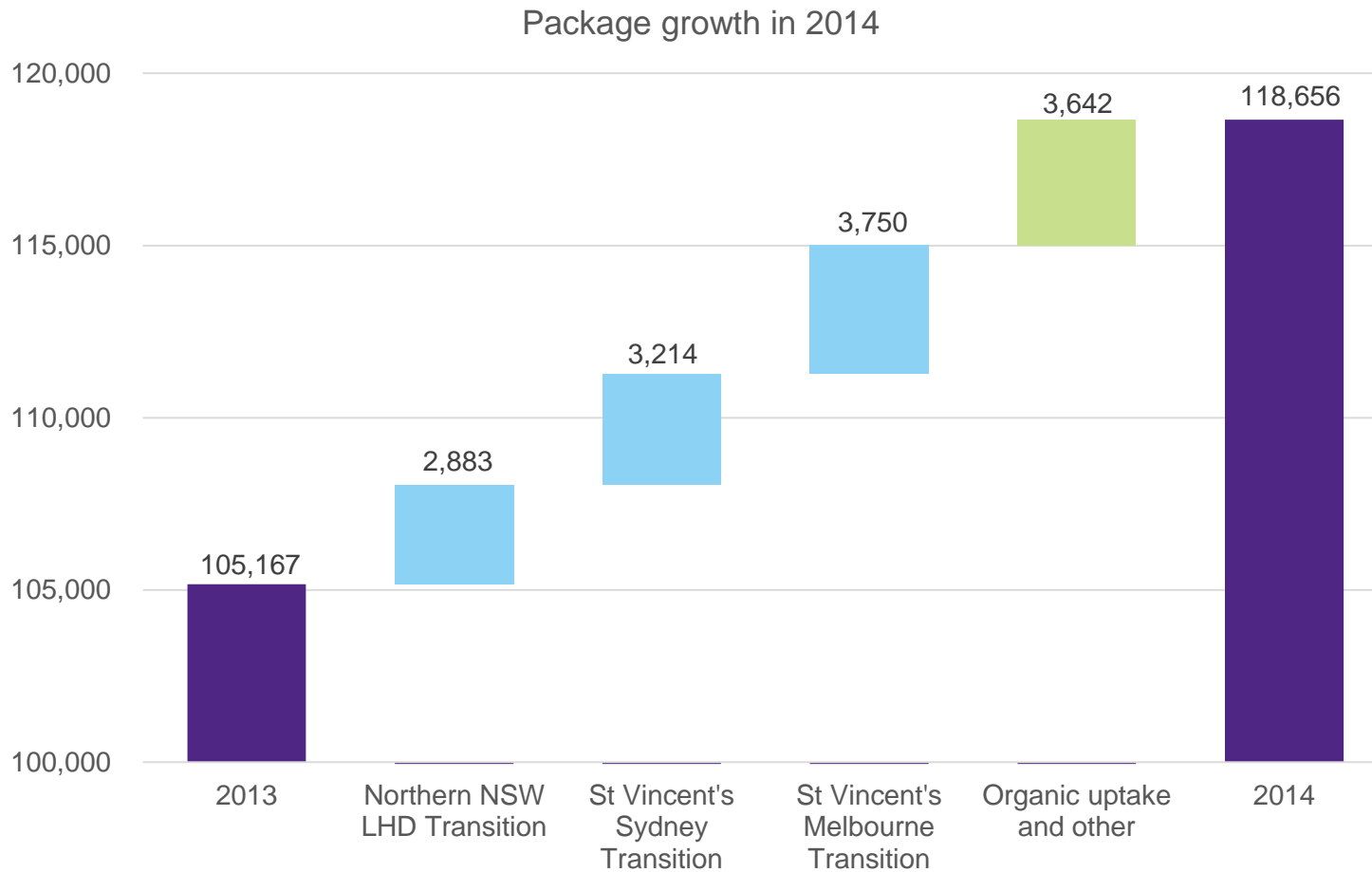
	Proforma 2014 \$m	2013 \$m	Change %
Revenue	72.8	62.0	17%
EBITA before corporate costs	24.8	21.4	15%
EBITA	23.7	21.4	11%
NPATA	17.4	13.2	32%*

	As at December 2014	As at December 2013	Change %
Packages	118,656	105,167	13%
Novated leases under management	32,119	30,140	7%
Staff	343	315	9%

* NPATA 2013 reflected the historical debt structure prior to the IPO. Adjusting for the impact of the higher interest expense, the NPATA growth from 2013 is 15%

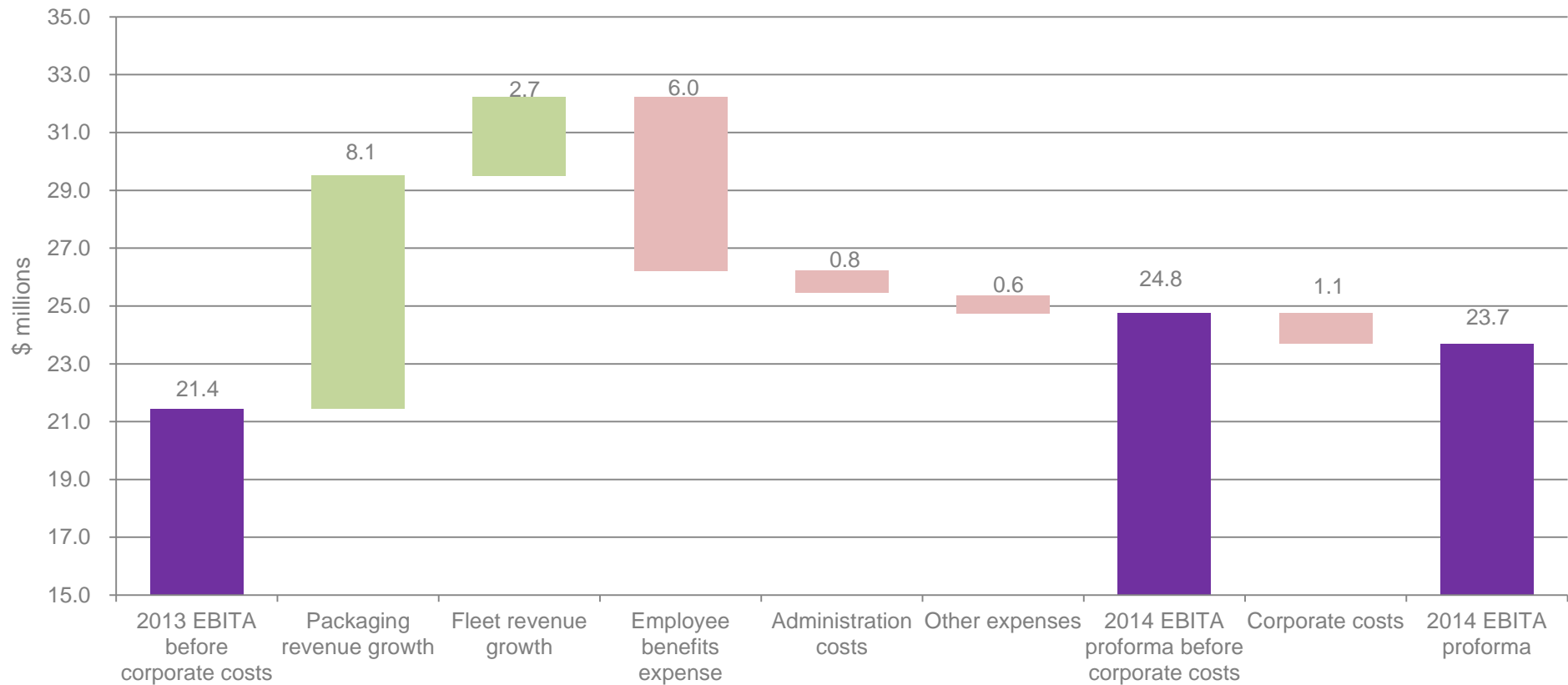
1. The above 2014 financials are on a proforma basis, which have been reconciled to the statutory 2014 financial accounts in the appendices.
2. Revenue refers to revenue earned from the rendering of services and commissions, excluding finance revenue.
3. EBITA refers to earnings before interest, tax and amortisation.
4. NPATA reflects the proforma net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles.

...with package increases arising from major new client wins and organic growth



EBITA before corporate costs increased 15% to \$24.8m from growth in packaging and fleet

EBITA growth in 2014



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Cashflow from operations conversion is strong with recurring capital expenditure remaining low

Summary of cashflows from operations

	\$ millions	Proforma 2014	2013	Change %
Receipts from customers (inclusive of GST)		76.6	65.7	17%
Payments to suppliers and employees (inclusive of GST)		(47.9)	(44.5)	8%
Interest received from operations		0.7	0.7	0%
Interest paid		(0.6)	(2.0)	-70%
Income taxes paid		(4.8)	(4.7)	1%
Cashflow from operations		24.1	15.2	59%
Cashflow from operations as % of NPATA		139%	115%	
Capital expenditure (statutory)		1.5	0.2	641%
Capital expenditure in relation to once-off fit out		1.3	-	n/a
Recurring capital expenditure		0.2	0.2	1%

1. The above 2014 financials are on a proforma basis, which have been reconciled to the statutory 2014 financial accounts in the appendices.

The balance sheet is conservative with net cash of c\$6m at year end

\$ millions	Statutory 2014	Statutory 2013	Movement
Assets			
Cash and cash equivalents	27.8	16.9	10.9
Other current assets	11.1	9.0	2.1
Total current assets	38.9	25.9	13.0
Intangible assets	62.5	75.0	(12.5)
Other non-current assets	9.1	3.3	5.8
Total non-current assets	71.6	78.3	(6.7)
Total Assets	110.5	104.2	6.3
Liabilities			
Trade and other payables	18.3	14.0	4.3
Other current liabilities	3.4	3.5	(0.1)
Borrowings	-	5.0	(5.0)
Total current liabilities	21.7	22.5	(0.8)
Other non-current liabilities	1.0	0.9	0.1
Borrowings	21.9	50.9	(29.0)
Total non-current liabilities	22.9	51.8	(28.9)
Total Liabilities	44.6	74.3	(29.7)
Net Assets	65.9	29.9	36.0
Cash and cash equivalents	27.8	16.9	10.9
Borrowings	(21.9)	(55.9)	34.0
Net Cash/ (Debt)	5.9	(39.0)	44.9

1. Cash at year end at \$28m
2. Intangible assets comprise of goodwill of \$52m and identifiable intangibles at \$10m. Amortisation of the intangibles to be c\$5.6m in 2015
3. Trade payables temporarily higher at \$18m due to timing difference in December.
4. Net cash at year end of \$6m



Summary and update since 2014 Full Year Results

Deven Billimoria
Managing Director and CEO

In Conclusion

Business Development update

- Further to our Full Year 2014 results briefing:
 - Two additional public tender wins including the Peter MacCallum Cancer Centre with c.2,000 packages
 - NSW Health Pathology won outside of tender with c.2,500 packages
 - Renewal of existing long-standing health sector client
- Since listing, we have won 7 new corporate clients with c.5,000 eligible employees and c.100 employees packaging

Strong financial performance in 2014







- Full year results 5% ahead of prospectus forecast
- Fully franked dividend at 6.1 cents per share, representing a 70% payout ratio for H2 CY2014
- Balance sheet conservative with net cash of \$6m

Earnings guidance for H1 2015

- Packages and novated leases under management continue to grow
- Subject to stable market conditions, we are pleased to provide H1 2015 NPATA guidance of \$11.5m. This figure includes \$1.2m (after tax) of non-recurring earnings

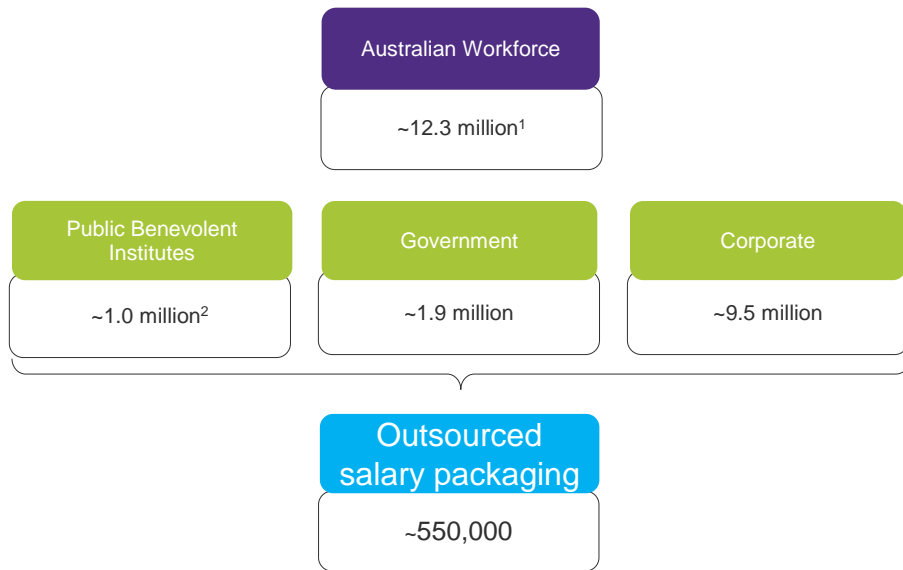


Appendices

	Key Brands	Description
Salary Packaging Administration		<ul style="list-style-type: none"> • Outsourced salary packaging provider to the largest employers in the country with over 118,000 Employee Customers under management • Diverse customer base across health, charities, state and federal government departments and corporates
		<ul style="list-style-type: none"> • Specialist software licensed to organisations across Australia to manage the salary packaging arrangements of employees in-house
		<ul style="list-style-type: none"> • Provider of marketing and administrative services for salary packaging benefit cards, on behalf of an Australian bank
Novated Leasing		<ul style="list-style-type: none"> • Over 30,000 novated leases under management
Fleet Management		<ul style="list-style-type: none"> • Online fleet management system, servicing over 14,000 vehicles in Australia
		<ul style="list-style-type: none"> • Distributor of a range of insurance products for the novated lease and motor vehicle industry

The market for outsourced salary packaging currently comprises c.550,000 employees

Employees by category



Salary packaging benefits by employer

Employer category	Types of employer	Typical benefits subject to salary packaging				
Full FBT	Government departments	Novated leases	Superannuation	Portable electronic devices	Meal entertainment	Cap benefit (\$17,000 Cap)
	Private companies					
Public companies						
Public Benevolent Institutes (PBI17) ³	Public hospitals					
Public Benevolent Institutes (PBI30) ³	Medical research institutes	Novated leases	Superannuation	Portable electronic devices	Meal entertainment	Cap benefit (\$30,000 cap)
	Aged care organisations					
Charities						
Partially exempt FBT ⁴	Independent schools					
						Cap benefit (\$30,000 cap)

1. Labour force is taken as the sum of the employed and unemployed. Source: ABS, December 2013. Differences due to rounding.

2. Not-for-profit tax concession working group, Discussion paper, November 2012.

3. PBI17 refers to those organisations who can package tax exempt benefits with a total capped benefit of \$17,000 in grossed up income. PBI30 refers to those organisations who can package tax exempt benefits with a total capped benefit of \$30,000 in grossed up income.

4. The partially exempt FBT sector is not serviced by Smartgroup as at the date of this Presentation. The value of meal entertainment and cap benefits packaging options is lower than it is for employees of Public Benevolent Institutes.

Reconciliation of 2014 earnings

Statutory to proforma

\$ millions	Statutory 2014	Adjustments		Proforma 2014
		IPO Costs	Proforma	
Revenue from rendering of services and commissions	72.8	-	-	72.8
Expenses				
Employee benefits expense	(33.5)	-	-	(33.5)
Administration and corporate expenses	(6.5)	-	(0.2)	(6.7)
Advertising and marketing expense	(2.3)	-	-	(2.3)
Occupancy expenses	(1.9)	-	-	(1.9)
Other expenses	(3.9)	-	0.2	(3.7)
Operating Expenses	(48.1)	-	-	(48.1)
Operating EBITDA	24.7	-	-	24.7
Depreciation expense	(1.0)	-	-	(1.0)
Operating EBITA	23.7	-	-	23.7
Operating EBITA %	32.6%			32.6%
Transaction costs on initial public offering	(10.0)	10.0	-	-
EBITA	13.7	10.0	-	23.7
Amortisation expense	(12.5)	-	-	(12.5)
EBIT	1.2	10.0	-	11.2
Finance costs, net of finance revenue	(2.1)	-	1.6	(0.5)
PBT	(0.9)	10.0	1.6	10.7
Income tax expense	(0.1)	(2.7)	(0.5)	(3.3)
NPAT	(1.0)	7.3	1.1	7.4
Amortisation, tax effected				10.0
NPATA	n/a			17.4
NPATA per share				\$ 0.171

Adjustments

1. IPO Costs: An adjustment to remove the one-off costs of the initial public offer incurred in 2014 of \$10m pre-tax and \$7.3m post-tax.

2. Proforma: Adjustments to reflect full costs for the year of being a listed entity. These costs include director remuneration, additional compliance, ASX fees and share registry costs. The one-time M&A costs incurred in 2014 have also been removed to make the accounts comparable to the basis on which the Prospectus was prepared.

An adjustment is also made to net interest of \$1.6m pre tax reflecting the lower net debt profile of the group following the amended debt arrangements effective 2 July 2014.

Reconciliation of 2014 cashflows

Statutory to proforma

\$ millions	Statutory 2014	Adjustments			Proforma 2014
		IPO Costs	Capital structure	Proforma	
Receipts from customers (inclusive of GST)	76.6	-	-	-	76.6
Payments to suppliers and employees (inclusive of GST)	(47.9)	-	-	-	(47.9)
Payments to suppliers and employees in relation to transaction costs (inclusive of GST)	(9.3)	9.3	-	-	-
Interest received from operations	0.7	-	-	-	0.7
Interest paid	(4.7)	-	2.5	1.6	(0.6)
Income taxes paid	(4.3)	-	-	(0.5)	(4.8)
Net cash from operating activities	11.1	9.3	2.5	1.1	24.0
Payments for purchase of property and equipment	(1.5)	-	-	1.3	(0.2)
Interest received from investments	0.6	-	-	-	0.6
Net cash used in investing activities	(0.9)	-	-	1.3	0.4
Proceeds from issuance of shares	37.5	-	(37.5)	-	-
Share issue transaction costs	(2.2)	2.2	-	-	-
Proceeds from borrowings	21.9	-	(21.9)	-	-
Repayment of bank borrowings	(36.4)	-	36.4	-	-
Repayments of mandatory redeemable preference shares	(20.0)	-	20.0	-	-
Net cash from financing activities	0.8	2.2	(3.0)	-	-
Net increase in cash and cash equivalents	11.0	11.5	(0.5)	2.4	24.4
Cash and cash equivalents at the beginning of the financial year	16.8				
Cash and cash equivalents at the end of the financial year	27.8				

Adjustments

1. IPO Costs: An adjustment to remove the one-off costs of the initial public offer paid in 2014 of \$9.3m.
2. Capital structure: An adjustment to remove the interest paid on the redeemable preference shares and previous bank loan in relation to the pre-listing debt profile of the company. On 2 July 2014 the redeemable preference shares were settled and will not have an ongoing impact on the business. The new debt profile which came into effect on 2 July 2014 has been assumed effective from 1 January 2014 for the purposes of the proforma figures.
3. Proforma: An adjustment to recognise the impact of P&L proforma adjustments on cash flows, and remove the one-time fit out costs for leased premises.