



Smartgroup Corporation

Investor presentation

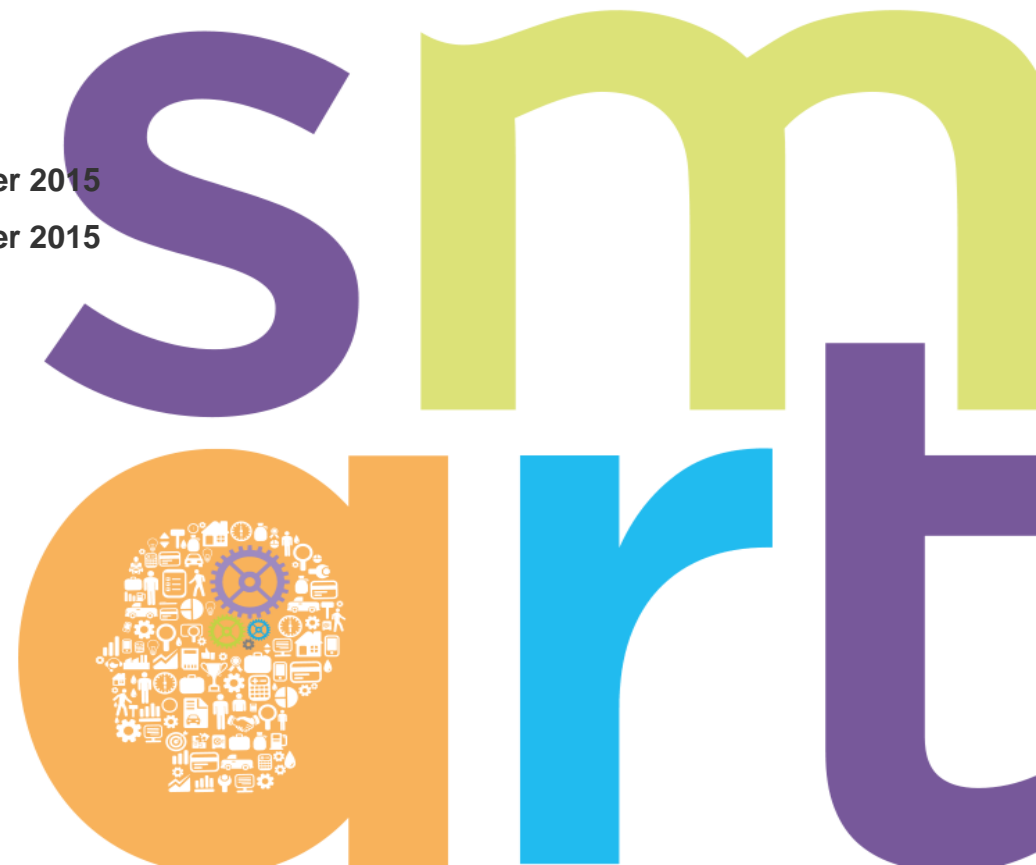
Credit Suisse Auto, fleet & packaging day

Morgans Annual Investor Conference

20 October 2015

21 October 2015

Deven Billimoria – Chief Executive Officer



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.

Competitor landscape

SIQ employs an 'asset light' business model



Competitor product offering – Key areas of focus

←————— asset light —————→

	Finance/operating lease	Fleet managed	Novated leasing	Salary packaging administration	Vehicle services
Smartgroup⁽¹⁾					
McMillan Shakespeare Limited					
SG Fleet Group Limited⁽²⁾					
Eclix Group					
	FLEET MANAGEMENT		SALARY PACKAGING ADMINISTRATION		RETAIL

Smartgroup's client focus is within the **Government and Public Benevolent Institutes sectors** and largely in the **salary packaging sector**

Source: Management estimate

1. Smartgroup is also a provider of software and stand alone cards salary packaging solutions, as well as insurance distribution and vehicle buying retail services.

2. SG Fleet Group Limited's salary packaging offering is primarily focused on novated leases.

Smartgroup is well placed to deliver another year of strong results...

1

Revenues of \$44.8m and NPATA of \$12.5m

- Revenue growth of 29% from pcp
- Earnings growth of 47% from pcp

2

Major client renewal

- Department of Defence contract renewed
- Exclusivity retained

3

New client wins

- Peter MacCallum Cancer Centre and NSW Health Pathology (Apr 15)
- South Eastern Sydney LHD transitioning c.7,000 packages (Aug 15)
- Added to Australian Bureau of Statistics panel (Sept 15)

4

Improved profitability margins with a net cash position of \$9.1m

- EBITA margin up by 6 pts to 39%
- Corporate debt fully repaid

5

Dividend of 7.9 cps reflecting a payout ratio of 65% of NPATA for H1 2015

- Fully franked, with record date of 15 September 2015

...with improved financial and operating metrics at the half year.

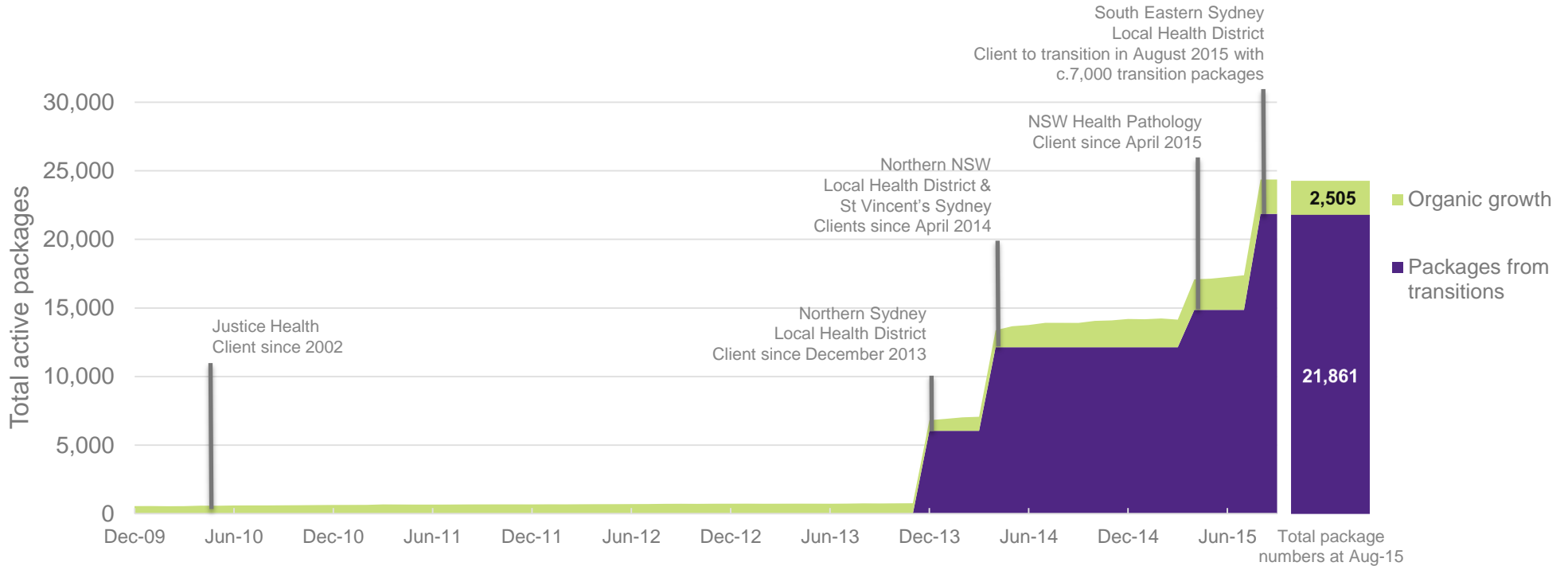
	H1 2015 Statutory \$ m	H1 2014 Proforma ⁽¹⁾ \$ m	Change %
Revenue	44.8	34.8	29%
EBITA	17.5	11.5	52%
NPATA	12.5	8.5	47%

	As at 30 June 2015	As at 30 June 2014	Change %
Packages	122,054	111,889	9%
Novated leases under management ⁽²⁾	31,280	29,364	7%
Staff	342	346	(1%)

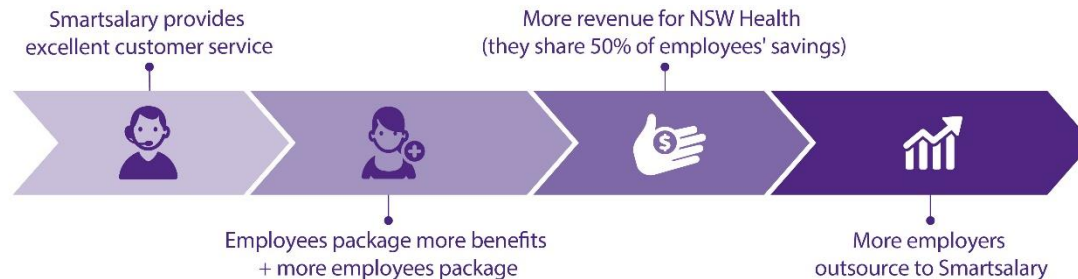
1. The above 2014 H1 financials are on a proforma basis, which have been reconciled to the H1 2014 statutory financials. The reconciliation can be found in the 2014 half year accounts.
2. Novated leases under management units have been adjusted to exclude non-fee generating units. In the prior year, novated lease under management was reported as 30,755.

In recent times, there has been a strong trend towards outsourcing within the NSW Health network.

- Smartgroup's outsourced salary packaging growth within NSW Health



- Drivers of recent growth

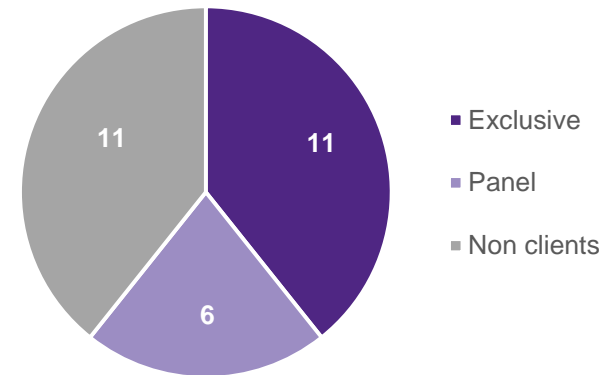


Smartgroup has had continued growth in its Federal Government client base, with CSIRO and ABS being recent additions.

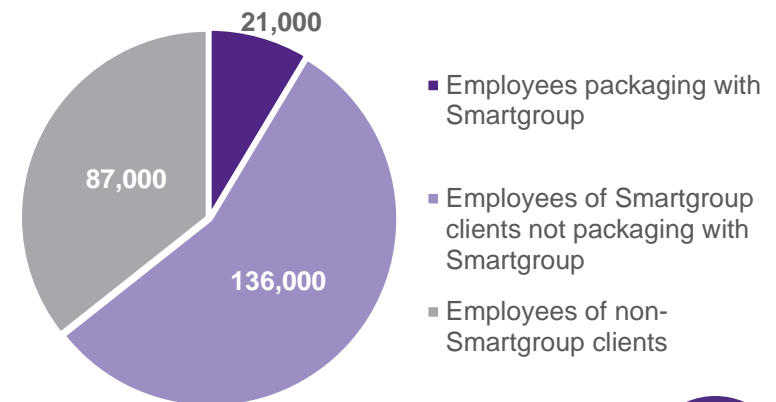


- Of the 28 Federal Government departments/agencies with over 1,000 employees, Smartgroup is the salary packaging provider to 17 of them
 - These 17 clients employ 158,000 of the total 244,000 Federal Government employees^(1,2)
- Federal Government outsourced salary packaging clients added in 2015 include:
 - CSIRO: added 1 June 2015; 4,971 employees; 2 incumbent panellists replaced by 2 new panellists.
 - ABS: added 1 September 2015; 2,670 employees; included as second panellist.

Federal Government departments/agencies with over 1,000 employees



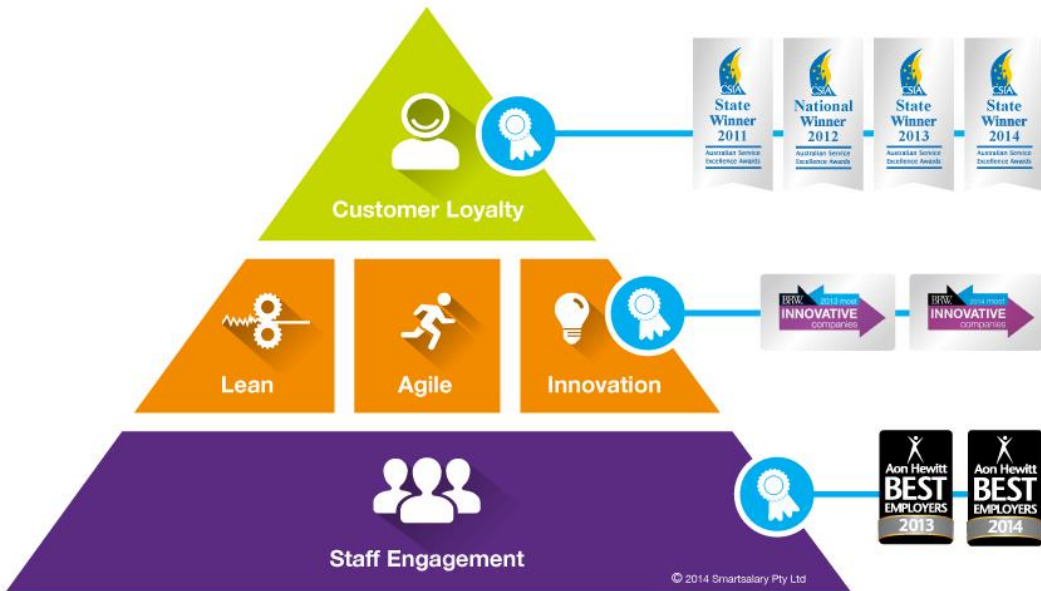
Number of Employees at Federal Government departments/agencies



1. Employee numbers from Budget Paper No.4 Agency Resourcing 2015-16.
 2. Numbers rounded to nearest thousand.

Smartgroup's core capabilities

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



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



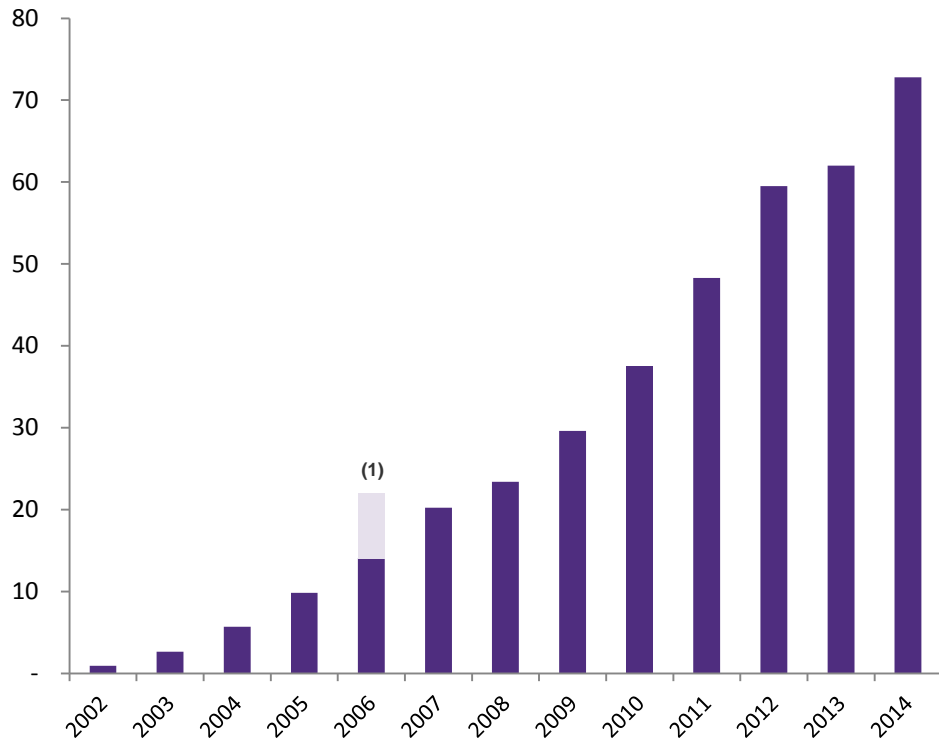
- Accredited as an Aon Hewitt Best Employer in both 2013 and 2014

Revenue and earnings since inception

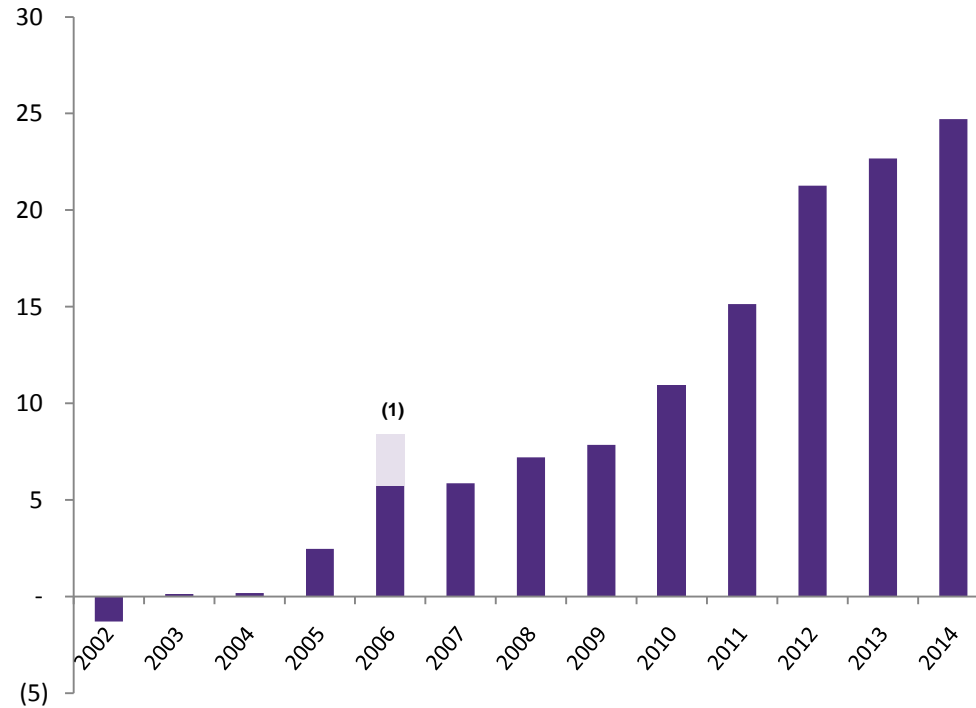
We have a strong historical track record in growing the business



Revenue (\$m)



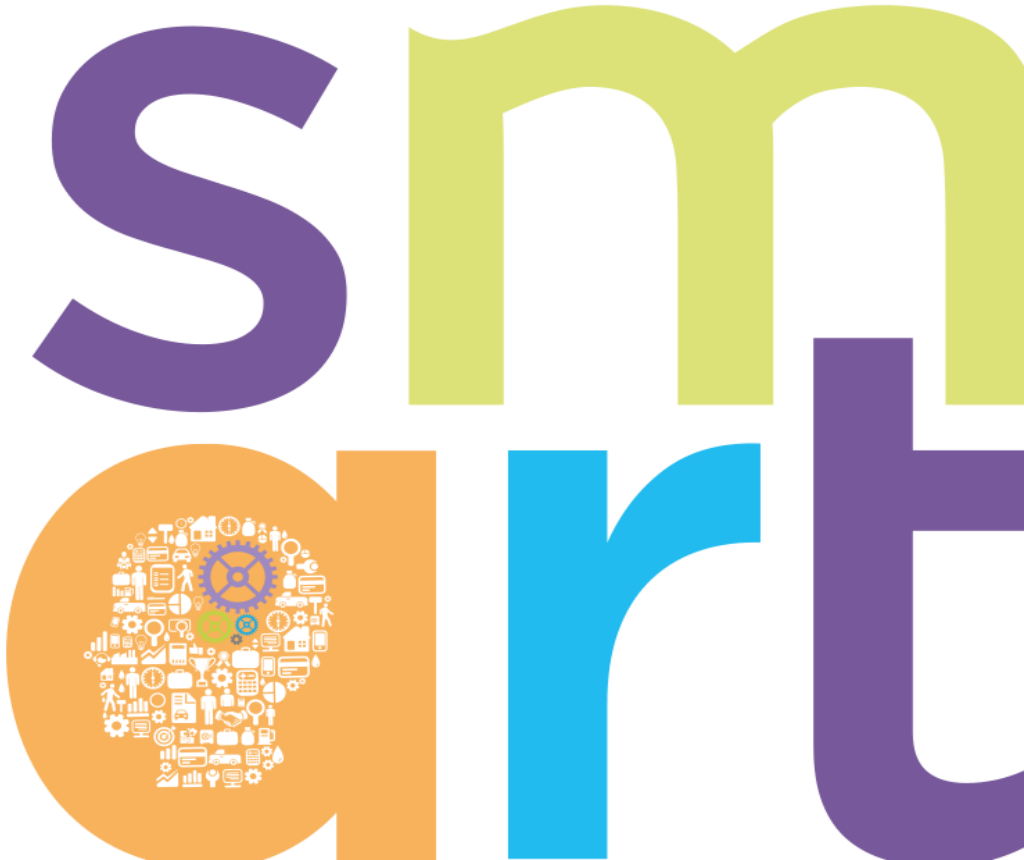
EBITDA (\$m)



1. Smartgroup changed its financial year end from 30 June to 31 December in 2006 hence the 2006 revenues and earnings above represent an 18 month period



**Expanding Software
Services to the
Healthcare Industry**



Introducing Health-e Workforce Solutions ...

1

About

- Delivers proprietary software with wrap-around consultancy services to the Healthcare industry
- Led by Founder / CEO with a team of 14 staff based in Ballarat Victoria

2

Attractive financial profile

- Normalised FY15 (30 June 2015) EBITDA of \$1.4m
- Pro-forma forecast CY16 (31 December 2016) EBITDA \$2.0m

3

Premium healthcare client base

- c.15 public and private hospitals across Australia and New Zealand

4

Workforce optimisation

- Proprietary workforce modelling and allocations software
- Proven track record, enabling hospitals to achieve significant savings in total salaries & wages

5

Opportunities for growth

- Strong macroeconomic conditions expected to support continued business growth
- Proprietary software serving healthcare customer segment core to Smartgroup

... Smartgroup's latest acquisition ...

- Agreement to acquire 50% of the company for \$6m, funded from cash and/or existing facilities available to the company
- Expected to complete by end of December 2015, subject to certain conditions precedent
- Normalised FY15 (30 June 2015) EBITDA of \$1.4m
- Pro-forma forecast CY16 (31 December 2016) EBITDA \$2.0m
- Option to acquire remaining 50% from Founder / CEO in 5 years

... a company with proprietary software to support effective workforce management ...



Workforce Modelling

Build a predictive workforce profile, best matching skills to needs



... enabling early recruitment of additional permanent staff



... avoiding staffing vacancies



... and reducing costly overtime and agency expense



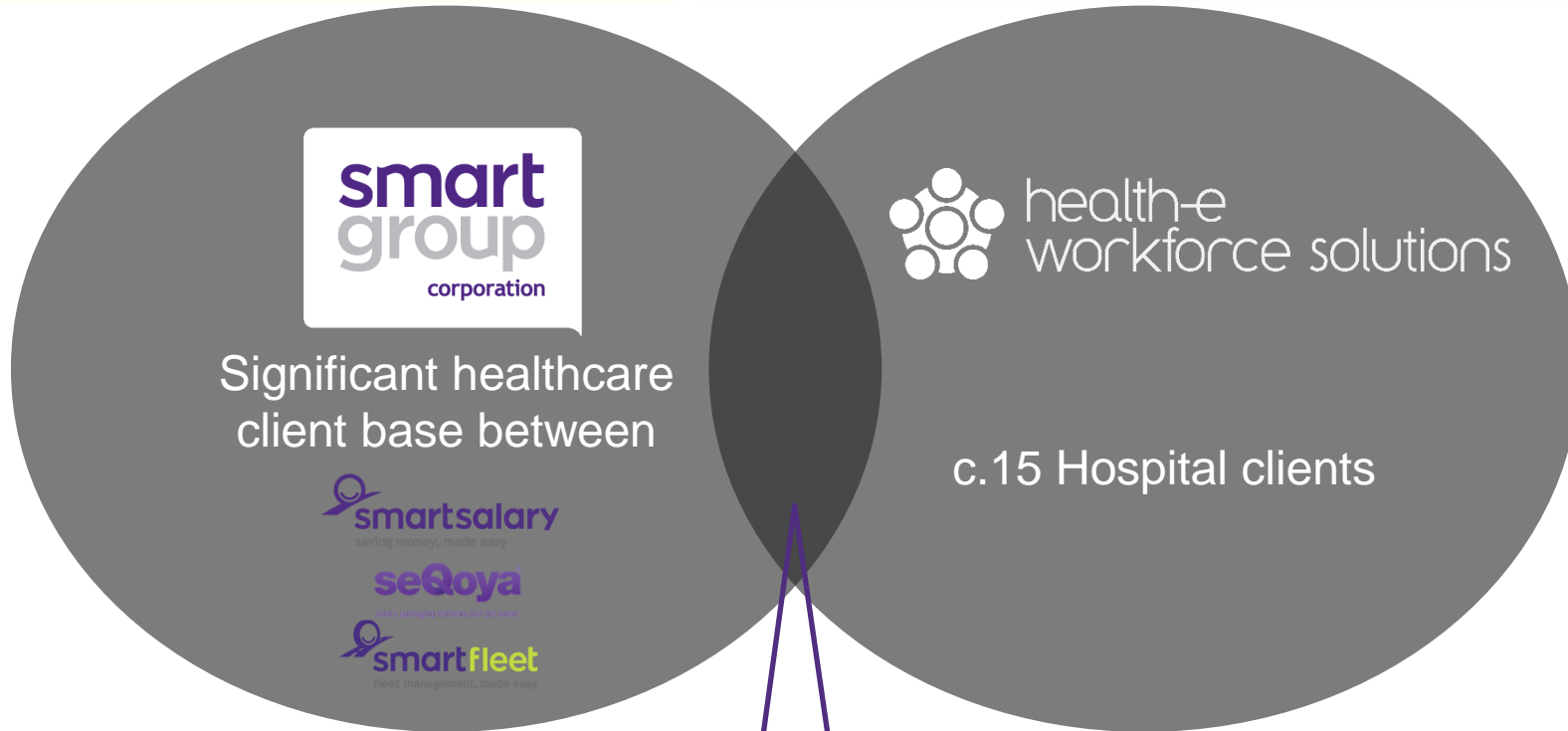
Workforce Allocations

Assists in effective and timely workforce allocation



... ultimately reducing salaries and wages expense.

... serving healthcare customer segment core to Smartgroup ...



Some common clients:

- St Vincent's Hospital Melbourne
- Central Gippsland Health Service
- Austin Health
- Forensicare, The Victorian Institute of Forensic Mental Health

... and delivering an adjacent product to complement the Smartgroup offering.

