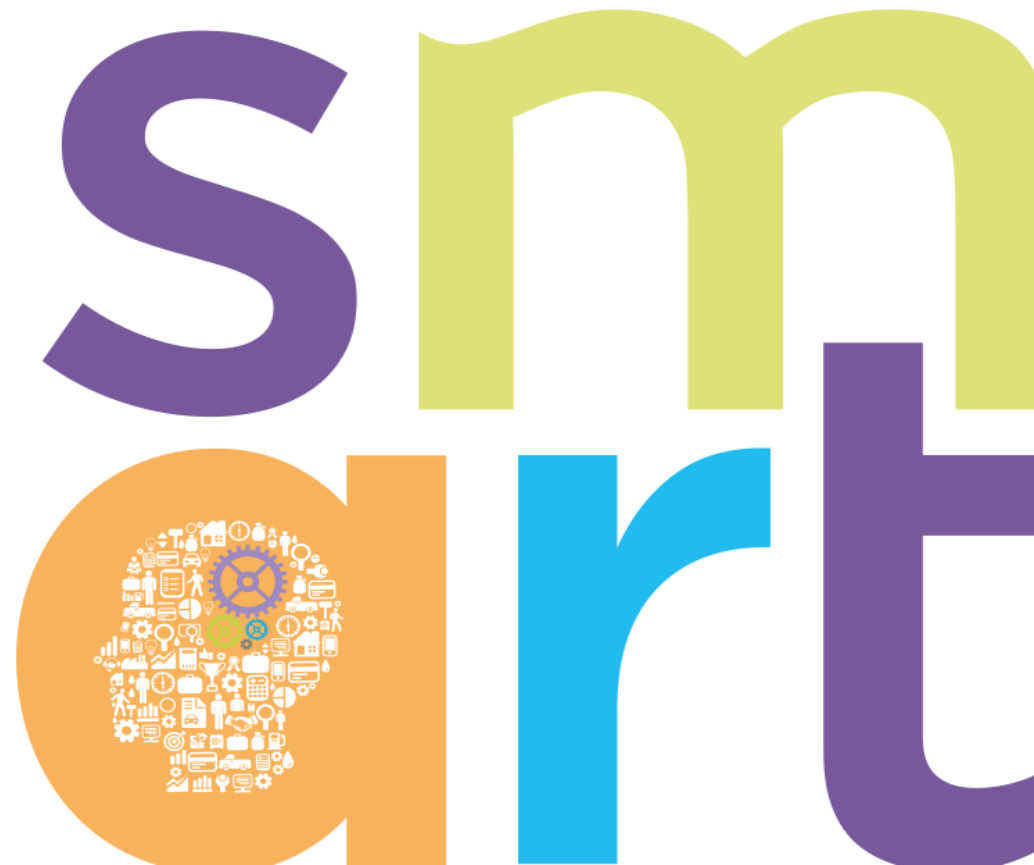




Trading update and acquisition of Advantage Salary Packaging

11 December 2015



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.

Smartgroup trading update

- Smartgroup provides a trading update for the period ending 31 December 2015. The update is preliminary and subject to the year end audit and sign-off
- Smartgroup currently expects to report
 - CY2015 Revenue of ~\$90m (+24% increase on prior year)
 - CY2015 EBITDA of ~\$36m¹ (+46% increase on prior year)
 - CY2015 NPATA of ~\$26m¹ (+49% increase on prior year)
 - CY2015 NPATA per share of \$0.25¹ (+46% increase on prior year)
- The above figures are unaudited and exclude any impact of the Advantage Salary Packaging acquisition including a one off after tax acquisition expense of \$0.8m to be booked in 2H 2015²
- The estimated unaudited full year financial results are based on the continuation of current trading conditions

¹ CY2015 EBITDA and NPATA estimated to be ~\$A34.8m and ~\$A25.2m inclusive on acquisition expense incurred for Advantage Salary Packaging

² Relating to costs of stamp duty, legal and accounting advice for the acquisition

Acquisition of Advantage Salary Packaging

About Advantage

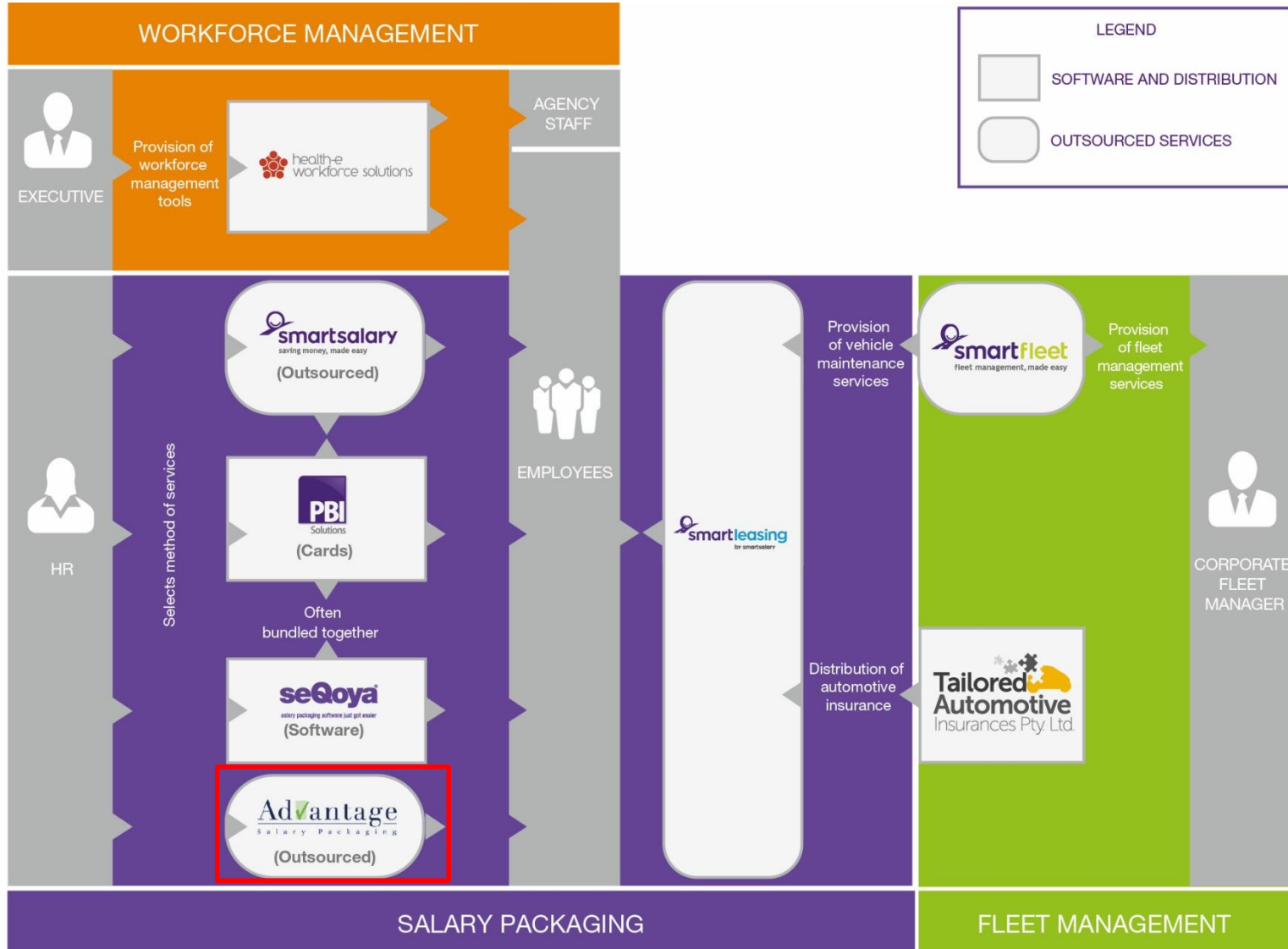
- Specialist salary packaging provider to PBI (Public Benevolent Institutions) employers
- c.350 client employer organisations, many of whom are long standing clients
- Administers the salary packages for about 50,000 employees
- Established in 2000
- Employs c.30 staff based in Armadale Victoria
- Experienced management team led by Anton Gaudry



Smartgroup opportunity

- ✓ Expands Smartgroup's PBI footprint to a broader segment of the outsourced salary packaging market, including charities and aged care
- ✓ Potential to grow novated leasing offering under Smartgroup ownership
 - Advantage currently uses a third party provider to offer novated leasing (limited existing presence)
- ✓ Good cultural fit with Smartgroup
- ✓ Alignment with management supported by scrip component of consideration

Complementary to Smartgroup's existing business



Key acquisition terms

- Agreement to acquire 100% of Advantage Salary Packaging for \$60.8m
 - Revenues of \$14.7m and EBITDA of \$10.3m
 - Implied CY2015 EV/EBITDA of 5.9x
- Transaction consideration comprised of:
 - \$10.0m in SIQ shares issued to Anton Gaudry (Co-founder and Executive Director)
 - \$50.8m in cash funded through approved new and existing debt facilities
- Anton Gaudry to stay on as CEO of Advantage Salary Packaging
 - New shares to be issued to Anton Gaudry in March 2016, after the entitlement date to SIQ's 2H 2015 dividend, with 50% held in escrow until release of CY2016 results and 50% until release of CY2017 results
 - The number of shares to be issued is based on 20-day VWAP of Smartgroup prior to signing and announcement of deal
- Pro Forma CY2015 EPS accretion of 18%¹
- Pro Forma net debt / CY2015 EBITDA of 1.0x
- Transaction expected to complete by 31 December 2015

¹ Excluding the impact of the after tax \$0.8m of transaction expense

Combined business overview



- The acquisition of Advantage expands Smartgroup's salary packaging footprint and novated leasing potential

	Smartsalary	Advantage Salary Packaging	Combined Smartgroup
Packages	c. 130,000	c. 50,000	c.180,000
Novated Lease car park	c. 32,000	c. 1,500	c. 33,500
Employer clients	c.150	c. 350	c. 500
Staff	c. 350	c. 30	c. 380

Advantage is Smartgroup's eighth acquisition, and second since the IPO

