Investor Presentation
Full year CY15 Results

Deven Billimoria – Managing Director and CEO

Tim Looi – Chief Financial Officer

25 February 2016

STRICTLY CONFIDENTIAL

Overview of 2015 performance

Deven Billimoria
Managing Director and CEO

Smartgroup has had another successful year…

1

Revenues of $91.8m and NPATA of $26.2m[1]

- Up 25% and 51% respectively vs CY14

2

Major client renewals and new client wins

- Department of Defence contract renewed on exclusive basis for up to 6 years
- Net new client packages increased by 7,400

3

Continued improvements in operational efficiencies

- 28% more packages per operational FTE over the past 4 years

4

Completed two acquisitions in CY15, and a third post balance date

- 50% of Health-e Workforce Solutions (15 hospitals)
- 100% of Advantage Salary Packaging (50,000 outsourced salary packages)
- Selected assets of Trinity Management Group (c50+ corporate clients)

5

Fully franked final dividend of 8.7 cps (covering 2H15 period)

- Up 43% from pcp; 70%[2] payout ratio
- Record date of 15 March 2016
- Total full year dividends for CY15 to 16.6 cps, fully franked

1 – excluding transaction costs (after tax) of $0.8m from the acquisition of Advantage Salary Packaging
2 – based on actual NPATA of $12.9m for H2 2015

. . . with growth across all financial and operational metrics

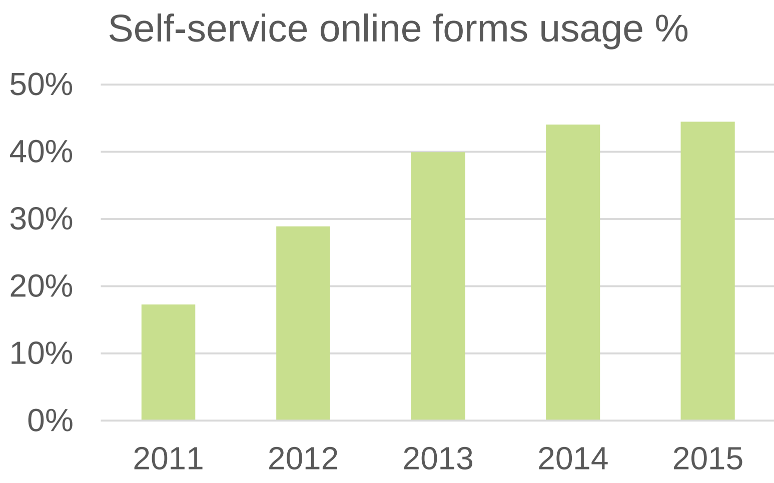
	2015 Statutory $ m	2014 Proforma $ m	Change %	
Revenue[1]	91.8	73.4	25%	
EBITA[2]	35.4	24.2	46%	
NPATA[3]	25.4	17.4	46%	
Addback: Advantage transaction costs (tax effected)	0.8	0.0	N/A	
NPATA[3]	26.2	17.4	51%	
	Smartgroup ex Advantage Salary Packaging	**Advantage Salary Packaging**	**Total Group As at December 2015**	**Total Group As at December 2014**
Packages	132,500	50,000	182,500	118,700
Novated leases under management[4]	32,500	1,500	34,000	30,900
Staff	365	33	398	343

1. Revenue refers to revenue earned from the rendering of services and commissions, including finance revenue.
2. EBITA is earnings before interest, tax and amortisation.
3. NPATA is net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles.
4. Novated leases under management units at 31 December 2014 have been adjusted to exclude non-fee generating units for comparability.

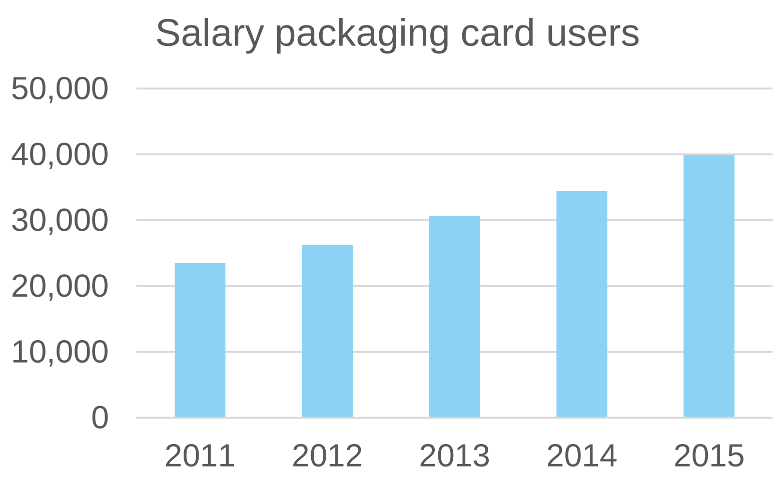
The 2015 results include contributions from Advantage Salary Packaging from 17 December 2015
The above 2014 financials are on a proforma basis, which have been reconciled to the statutory accounts in the 2014 Annual Report.

Our novated lease 'car park' continues to grow . . .

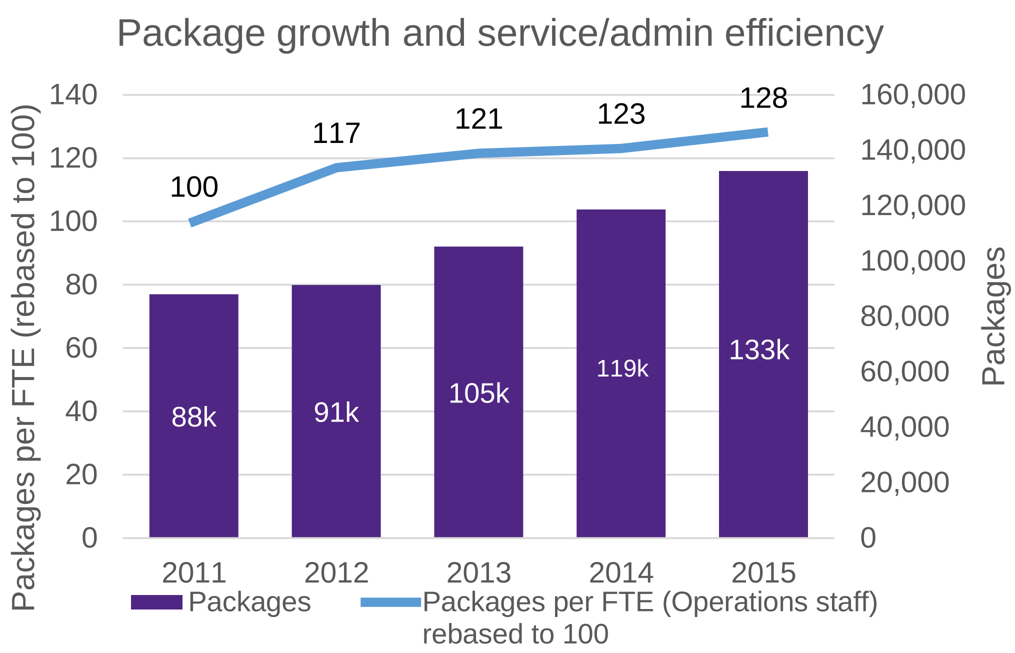
. . . and we continue to drive efficiencies . . .



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



Note: Salary Packaging card users as at 31 December of each year (excluding Advantage Salary Packaging)



Notes:
(1) Figures based on average 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, 2015 FTE adjusted to include vacancies

… while also maintaining Smartsalary's high customer service levels

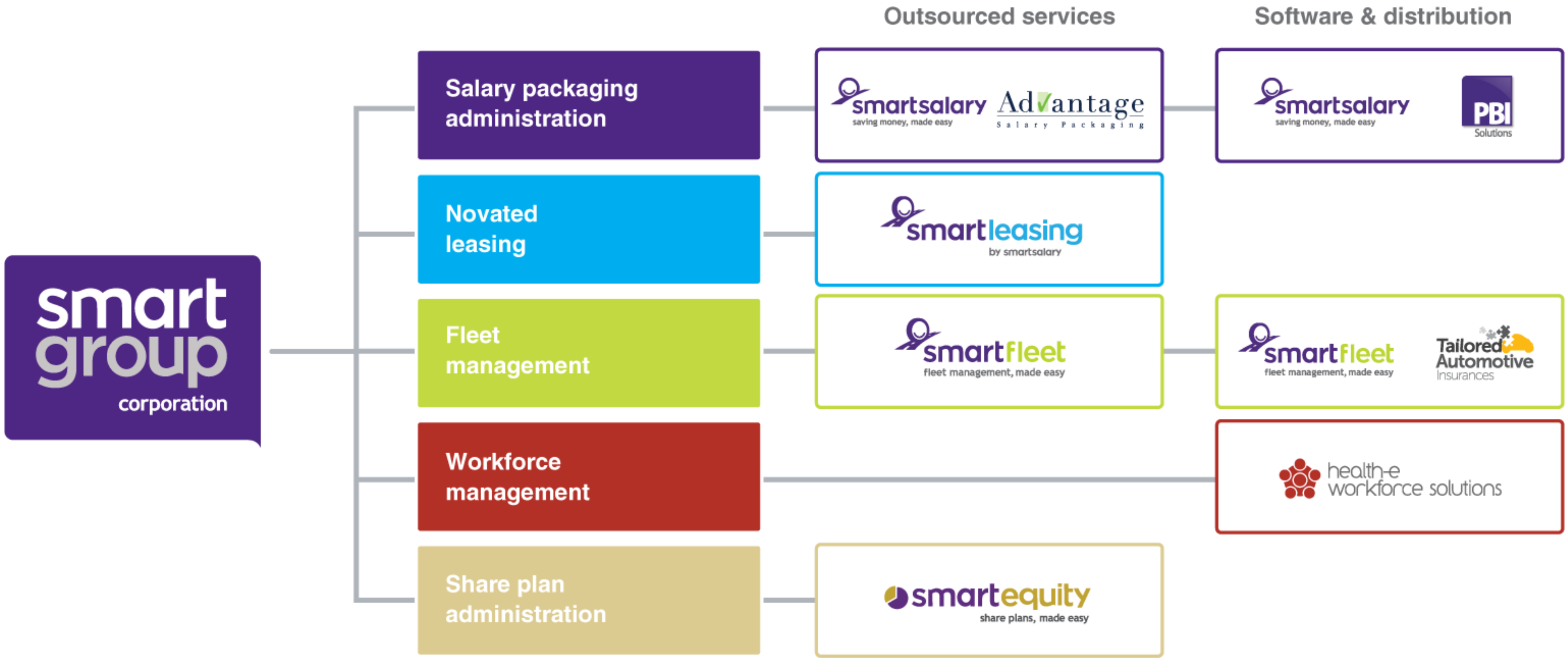
2015 Achievements

- NSW State Award Winner for Service Excellence in the Medium Business category
- National Award Highly Commended for Service Excellence in the Medium Business category

CSIA has advised that Smartsalary:

- Is one of only four companies ever to achieve an aggregate score of over 8.0
- Has received more 9+ scores for individual attributes than any other company in the history of CSIA

We recently completed three acquisitions: Health-e Workforce Solutions, Advantage Salary Packaging, and selected assets of Trinity Management Group (now trading as Smartequity) …



… and the integration of all three recently acquired businesses progressing well

smart group corporation

Advantage Salary Packaging

- Completed acquisition for $60.8m in December 2015
- Acquisition represented an implied EV/CY15 EBITDA multiple of 5.9x
- Expands the outsourced salary packaging footprint to small-to-medium-sized healthcare and other public benevolent institutions

health-e workforce solutions

- Completed acquisition of 50% share for $6m in December 2015
- Services leading hospitals nationally with a workforce management solution
- Option for SIQ to acquire the remaining 50% of the shares in 5 years

smartequity share plans, made easy

- Completed acquisition of selected assets in Trinity Management Group for $1.7m (with 3 year earn-out) in January 2016
- Extends remuneration services into equity plan administration
- Now trading as Smartequity

Financial results
Full year CY2015

Tim Looi
Chief Financial Officer

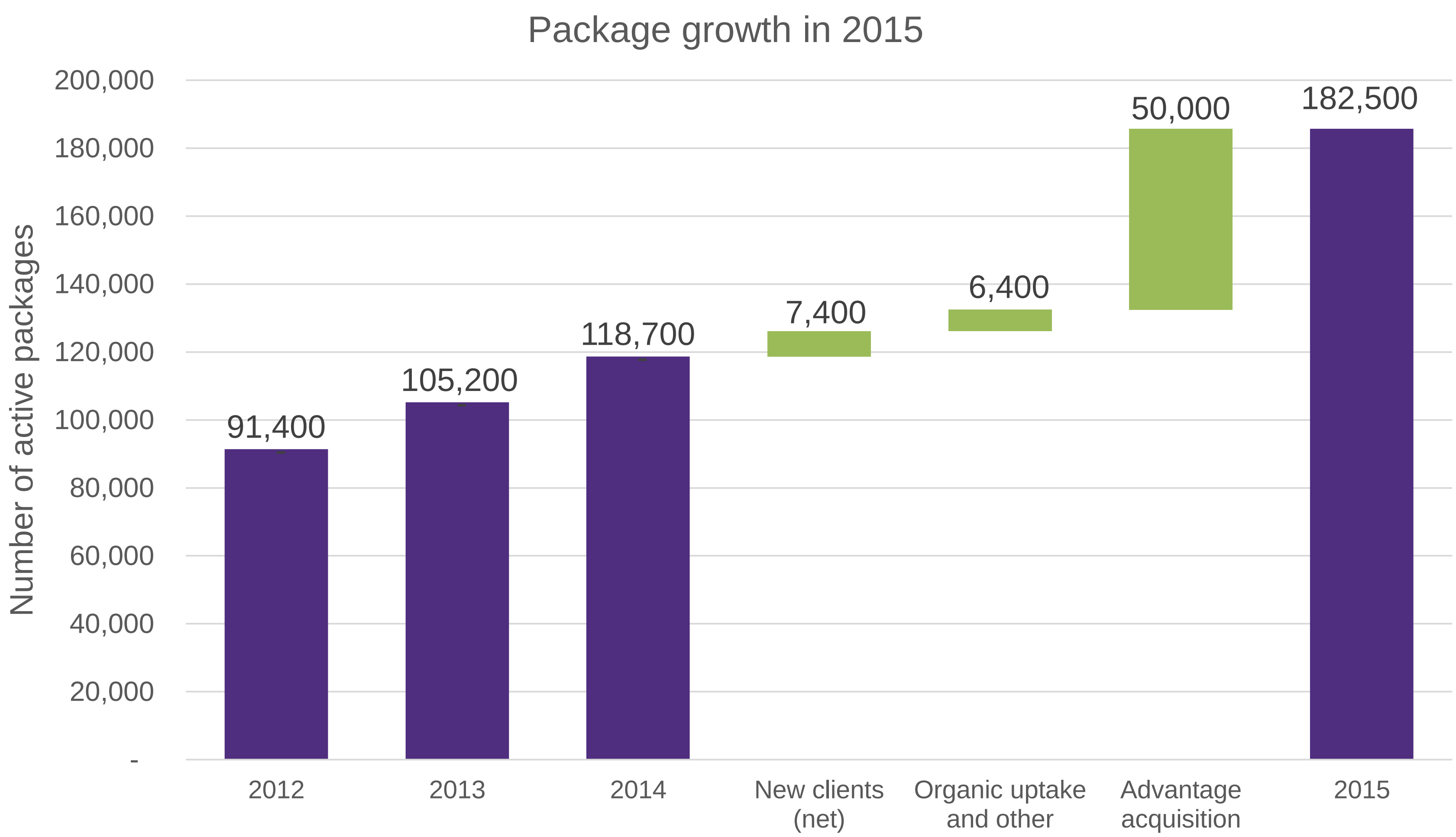
CY15 delivered record revenue and earnings; with growth across all key financial metrics

	2015 Statutory ($m)	Add back: Advantage acquisition cost [3] ($m)	2015 Adjusted ($ m)	2014 Proforma[4] ($m)	Change
Revenue	91.8	**-**	**91.8**	73.4	25%
EBITA[1]	35.4	1.2	**36.6**	24.2	51%
NPAT	20.2	0.8	**21.0**	7.4	184%
Add: Amortisation (tax effected)	4.0	-	**4.0**	8.8	(55)%
Add: Cash tax benefit of amortisation	1.2	-	**1.2**	1.2	0%
NPATA[2]	25.4	0.8	**26.2**	17.4	51%
EBITA margins	38.6%		**39.9%**	33.0%	
NPATA margins	27.7%		**28.5%**	23.7%	

1. EBITA refers to earnings before interest, tax and amortisation.
2. NPATA is net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles.
3. Advantage Salary Packaging acquisition expense cost relates to stamp duty, legal and accounting fees
4. The above 2014 financials are on a proforma basis, which have been reconciled to the statutory accounts in the 2014 Annual Report.

The 2015 results include contributions from Advantage Salary Packaging from 17 December 2015

New health clients, strong organic uptake and the acquisition of Advantage contributed to strong package growth in CY15



Operating cash flows remain greater than 100% NPATA, with low recurring capex

	31 December 2015 Statutory ($m)	31 December 2014 Proforma ($m)[1]	Change
Receipts from customers (inclusive of GST)	96.8	76.6	26%
Payments to suppliers and employees (inclusive of GST)	(64.9)	(47.9)	35%
Interest received from operations	1.0	0.7	43%
Interest paid	(0.5)	(0.6)	(17)%
Income taxes paid	(4.5)	(4.8)	(6)%
Net cash from operating activities	**27.9**	**24.0**	**16%**
As a % of NPATA[2]	110%	138%	
Capital expenditure – recurring[3]	(0.3)	(0.2)	

1. The above 2014 financials are on a proforma basis, which have been reconciled to the statutory accounts in the 2014 Annual Report.
2. NPATA of $25.4m which includes the transaction costs for Advantage of $0.8m (after tax)
3. Recurring capital expenditure is exclusive of a one-time telephony system upgrade in 2015 ($0.2m) and a one-time office fit-out in 2014 ($1.3m)

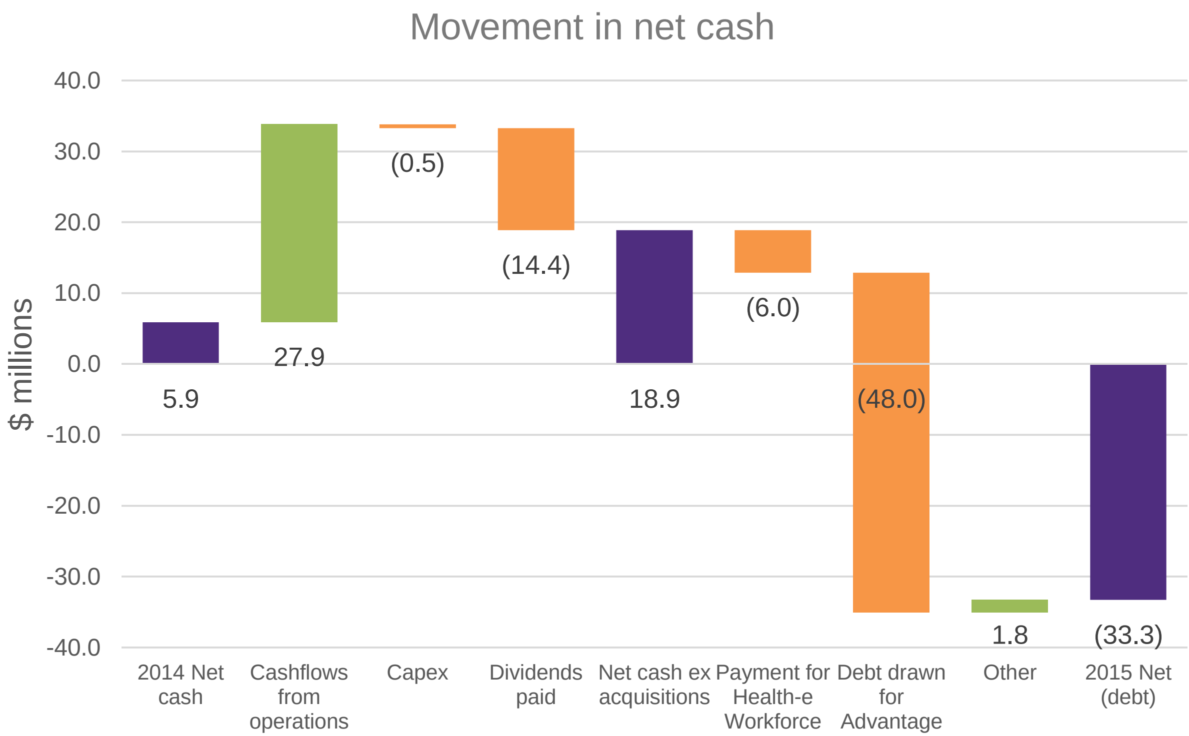
Including the full year contributions of the acquisitions, 2015 pro-forma NPATA is c$33m

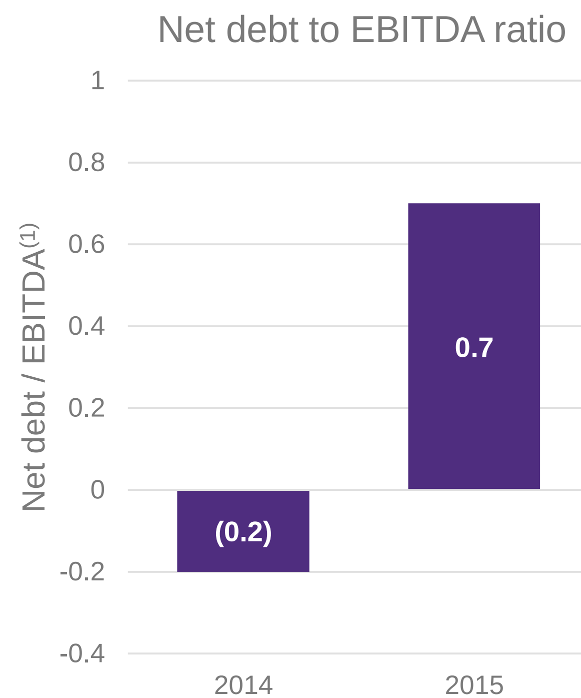
	2015 Adjusted ($ m)	Add: Acquisitions historical results[1] ($ m)	2015 Pro-forma for acquisitions ($ m)	Change
Revenue	**91.8**	16.7	**108.5**	18%
EBITA[2]	**36.6**	11.7	**48.3**	32%
NPAT	**21.0**	6.4	**27.4**	30%
Add: Amortisation (tax effected)	**4.0**	-	**4.0**	-
Add: Cash tax benefit of amortisation	**1.2**	-	**1.2**	-
NPATA[3]	**26.2**	6.4	**32.6**	24%
EBITA margins	**39.9%**	70.0%	**44.5%**	
NPATA margins	**28.5%**	38.3%	**30.0%**	

1. Historical acquisition results are unaudited and intangibles have been provisionally allocated to goodwill. The results also assumes that the acquisition debt is drawn down for the full year.
2. EBITA refers to earnings before interest, tax and amortisation.
3. NPATA is net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles.

We remain conservatively geared with net debt / LTM EBITDA[1] less than 1.0

- Net debt / LTM EBITDA below 1.0 x





[1] – Comprising the 2015 SIQ EBITDA plus proforma, unaudited full year EBITDA of the acquired businesses
* A further $5m of debt has been drawn down (total per Balance Sheet is $53m, gross of borrowing costs) to cover net liabilities arising from the acquisitions.

Smartgroup continues to run an efficient working capital business model

	Existing Smartgroup	Plus: Advantage	Plus: Health-e Workforce	Statutory 2015	Statutory 2014	Movement
ASSETS						
Cash and cash equivalents	17.9	1.6	-	19.5	27.8	(8.3)
Other current assets	12.9	0.6	-	13.5	11.1	2.4
Total current assets	30.8	2.2	-	33.0	38.9	(5.9)
Intangible assets	56.9	62.1	-	119.0	62.5	56.5
Other non-current assets	8.3	1.1	6.0	15.4	9.1	6.3
Total non-current assets	65.2	63.2	6.0	134.4	71.6	62.8
Total assets	**96.0**	**65.4**	**6.0**	**167.4**	**110.5**	**56.9**
LIABILITIES						
Trade and other payables	20.6	1.3	-	21.9	17.2	4.7
Other current liabilities	8.2	0.8	-	9.0	4.5	4.5
Total current liabilities	28.8	2.1	-	30.9	21.7	9.2
Other non-current liabilities	1.2	-	-	1.2	1.0	0.2
Borrowings	-	52.8	-	52.8	21.9	30.9
Total non-current liabilities	1.2	52.8	-	54.0	22.9	31.1
Total liabilities	**30.0**	**54.9**	**-**	**84.9**	**44.6**	**40.3**
NET ASSETS	**66.0**	**10.5**	**6.0**	**82.5**	**65.9**	**16.6**
Cash and cash equivalents	17.9	1.6	-	19.5	27.8	(8.3)
Borrowings	-	(52.8)	-	(52.8)	(21.9)	(30.9)
NET CASH / (DEBT)	**17.9**	**(51.2)**	**-**	**(33.3)**	**5.9**	**(39.2)**
NET WORKING CAPITAL [1]	**(5.6)**	**(1.0)**	**-**	**(6.6)**	**(2.6)**	**(4.0)**

1. Cash at year end at $19.5m.
2. Allocation of Advantage intangibles not yet completed and to be performed in 2016.
3. Debt facilities comprise of:
   a) $22m maturing May 2017
   b) $31m maturing Dec 2018
4. Both businesses operate an efficient working capital business model

1. Working capital is defined as total current assets excluding free cash, less total current liabilities adjusted for amounts payable to vendors for business acquisitions.

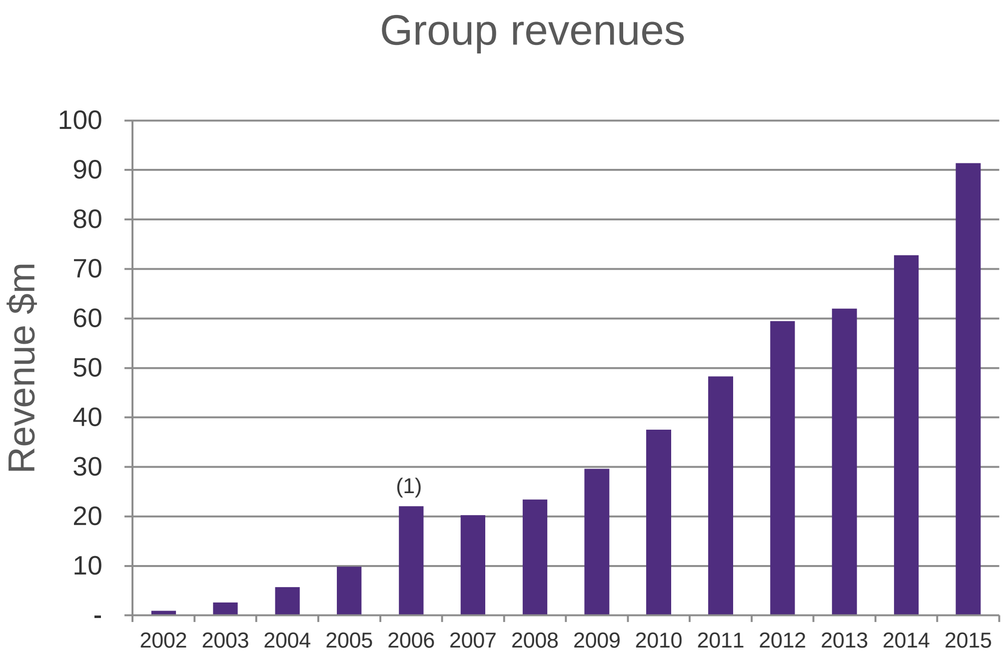
Since listing in July 2014, we have had consistent half on half performance …

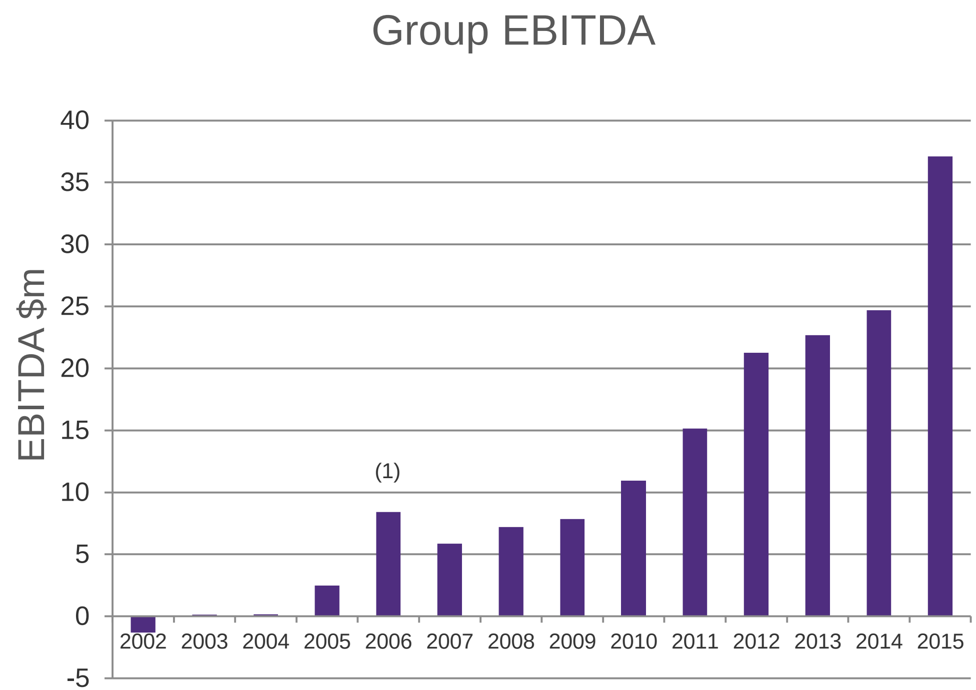
	H1 2014* ($ m)	H2 2014* ($ m)	H1 2015 ($ m)	H2 2015[1] ($ m)
Revenue	34.8	38.0	44.8	**47.0**
EBITA[2]	11.5	12.2	17.5	**19.1**
NPATA[3]	8.5	8.9	12.5	**13.7**
EBITA margins	33.0%	32.1%	39.1%	**40.6%**
NPATA margins	24.4%	23.4%	27.9%	**29.1%**
Fully franked dividends (cps)	-	6.1	7.9	**8.7**

1. Excluding transaction costs (after tax) of $0.8m from the acquisition of Advantage Salary Packaging
2. EBITA refers to earnings before interest, tax and amortisation.
3. NPATA is net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles

* 2014 financials are on a proforma basis, which have been reconciled to the statutory accounts in the 2014 Annual Report.
The 2015 results include contributions from Advantage Salary Packaging from 17 December 2015

… building on our track record since inception





The 2015 results include contributions from Advantage Salary Packaging from 17 December 2015
The revenues and EBITDA are based on statutory results with the exception of 2014. 2014 revenues and EBITDA are on a proforma basis and reconciled to the statutory accounts in the 2014 Annual Report.
(1) 2006 represents 18 months of results from the change of year end from June to Dec

In summary…

Deven Billimoria
Managing Director and CEO

In summary

- Growth across all key financial and operational metrics
- Net debt to EBITDA[1] less than 1.0x
- Cash flows greater than 100% of NPATA
- 2H CY15 dividend of 8.7 cps, fully franked, up 43% on pcp

1– Comprising the 2015 SIQ EBITDA plus proforma, unaudited full year EBITDA of the acquired businesses

Questions?

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(“Important Notice”)

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