
Smartgroup Annual General Meeting, 5 May 2016

Address by Michael Carapiet, Chairman of the Board

Good morning Ladies and Gentlemen, and thank you all for coming today. I am Michael Carapiet, the Chairman of the Board. I welcome you all to the Annual General Meeting of Smartgroup Corporation Ltd.

It is now 11.00 am, the nominated time for the meeting. I have been advised by the Company Secretary that a quorum is present and so I am pleased to declare the meeting open.

I am advised by the Company Secretary that due Notice of the Meeting has been given in accordance with the requirements of the Corporations Act and the ASX Listing Rules.

Joining me here today are:

- Deven Billimoria, Managing Director and Chief Executive Officer;
- our non-executive Directors: Gavin Bell, Andrew Bolam, John Prendiville and Ian Watt
- Amanda Morgan, General Counsel and Company Secretary

I would particularly like to welcome Dr Ian Watt, who joined our Board in July last year. Ian has had a long and distinguished career heading up several Commonwealth government departments. As such, his knowledge and understanding of government decision-making and legislative and executive process is invaluable to our Board. As Ian is standing for election today, a summary of his qualifications and experience is included in the notice of meeting.

I would like to take this opportunity to thank all of my fellow directors for their contribution and support, during the past year.

Importantly, I must also thank Deven and his team for another year of tremendous work. Excellent financial results can only be achieved with a really talented executive team, which Smartgroup has here.

The company's auditors, PriceWaterhouse Coopers, are here and represented today by the partner in charge, Scott Walsh, sitting here at the front.

Please 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

2015 results

I turn now to our results.

I am very pleased to say that in the first full year since listing on the ASX, Smartgroup has seen strong growth across the business with group revenues growing 25% to \$91.8 million and after-tax profits, represented by NPATA, growing 51% to \$26.2 million.

During the year, we were pleased to sign a number of new health industry and Federal Government clients. Significantly, we also renewed our Department of Defence salary packaging contract for six years inclusive of extensions.

The Company declared a final dividend of 8.7 cents per share, fully franked, which was paid on 31 March 2016. The dividend is an increase of 43% on the previous final dividend. The total dividends paid for the year come to 16.6 cents per share, representing a payout ratio of 65% for H1 2015 and 70% for H2 2015.

Smartgroup also had an acquisitive year, finalising three acquisitions that enabled the company to build scale within our core salary packaging business, and extend our footprint into related businesses servicing similar sets of clients. You will hear more about these acquisitions in the CEO presentation today.

New director

As you may have seen from our announcement to the ASX on 21 March, Deborah Homewood has agreed to join the Board of Smartgroup. Her appointment takes effect next week from 9 May. Deborah is the managing director of MAX Solutions, the parent company of MAX Employment, which is the largest provider of job and disability employment services in Australia. Deborah has worked in a number of executive roles in different industry sectors and we think she will be a great asset to the Board. Deborah will come up for election in 2017.

2016

The Board is committed to maintain the momentum across the business that underpinned the company's success in 2015. At the heart of this will be a continued focus on our key strengths, which we see as customer loyalty, innovation, and staff engagement.

2016 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 result.

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