

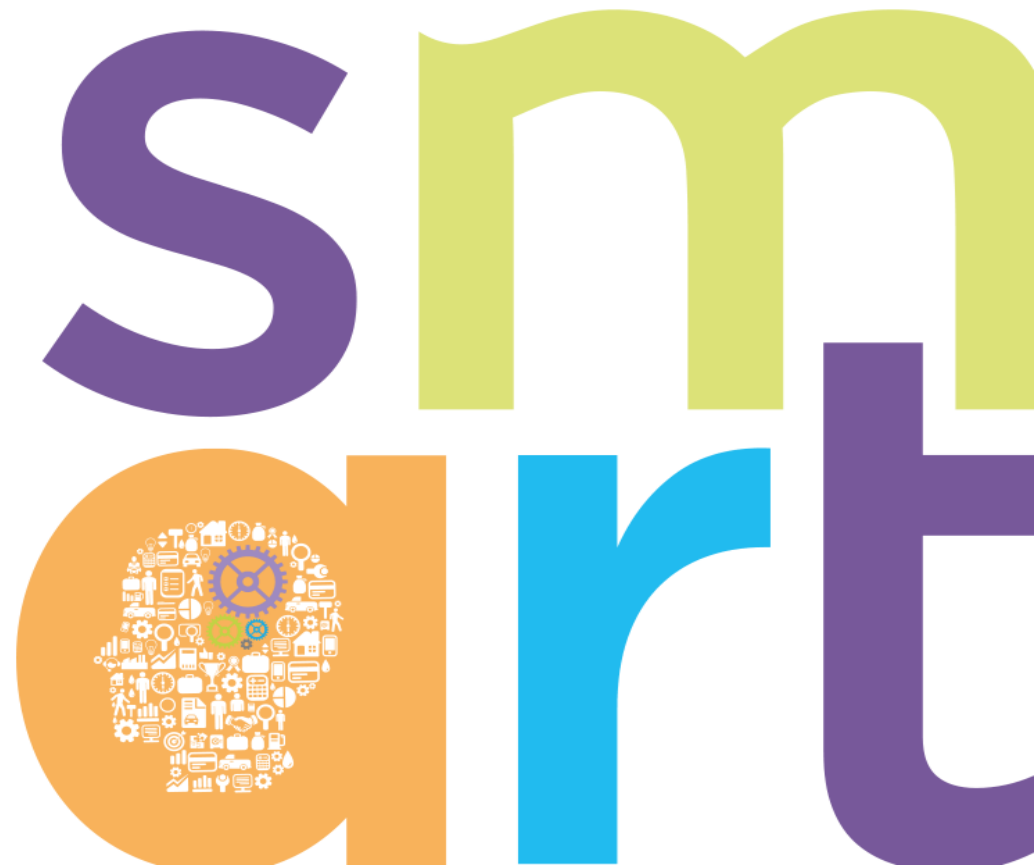


Investor presentation Half year 2016 results

Deven Billimoria – Managing Director and CEO
Tim Looi – Chief Financial Officer

25 August 2016

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

1

H1 revenue of \$60.9m and NPATA⁽¹⁾ of \$18.1m

- H1 revenue growth of 36% vs. pcp, NPATA growth of 45% vs. pcp
- Guidance affirmed for CY16 NPATA of \$41.2m-\$43.2m⁽²⁾ including part year contributions from recent acquisitions

2

Continued growth in core Smartgroup business

- Strong tender record maintained
- Continued packaging and leasing growth

3

Acquisitions of Autopia and Selectus provide increased scale

- Complementary acquisitions completed in July and August
- Expands Smartgroup footprint to corporate and rebatable market segments

4

Business remains moderately geared

- Pro forma net debt of \$105m, with pro forma Net Debt / EBITDA of 1.5x⁽³⁾
- Successfully renegotiated new bank agreement, first maturity 2019

5

H1 interim dividend of 9.8cps, fully franked

- Record date of 15 September 2016
- New shares issued in relation to Selectus acquisition and SPP are eligible for the dividend

1. Excluding post tax acquisition costs for H1 2016 of \$0.4m

2. Excluding post tax acquisition costs for the year estimated to be \$2.0m

3. Unaudited. Reflects Smartgroup net debt to EBITDA ratio at 30 June 2016 pro forma for acquisitions of Autopia, Selectus, equity raising and new debt drawdown. Net debt excludes any earn out amounts which may be payable in future.

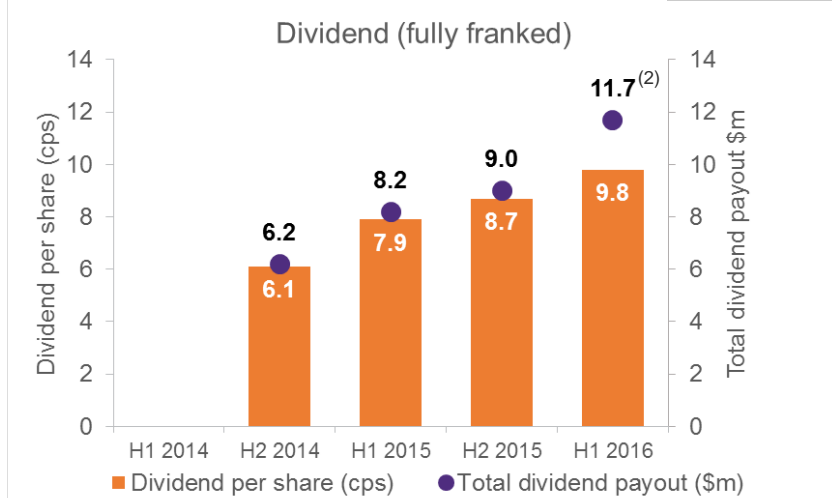
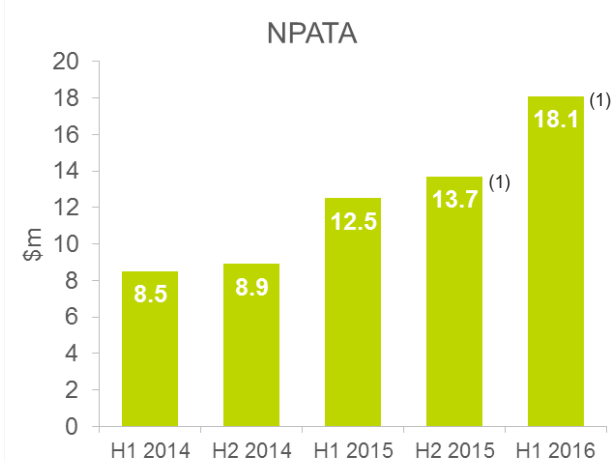
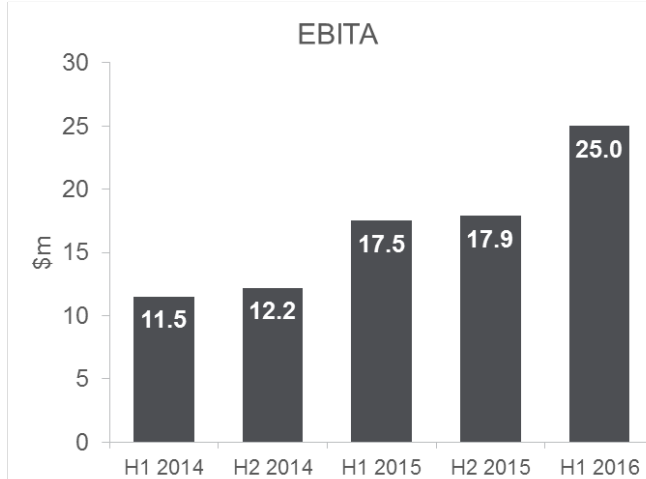
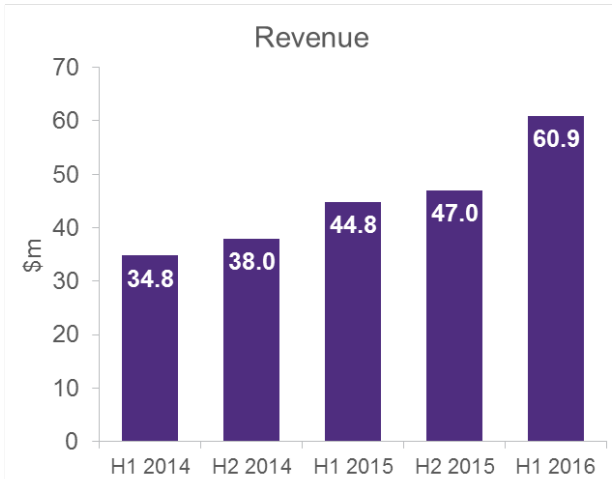
...with growth across financial and operational metrics...

	H1 2015 Statutory \$ m	H1 2016 Statutory \$ m	Change %	H1 2016 Pro Forma ⁽²⁾ \$ m
Revenue	44.8	60.9	36 %	82.6
EBITA	17.5	25.0	43 %	34.9
NPATA	12.5	18.1⁽¹⁾	45 %	24.2

	As at 30 June 2015	As at 30 June 2016	Change %	As at 30 June 2016 (Pro Forma)
Packages	122,000	185,000	52%	210,000⁽³⁾
Novated leases under management	31,000	35,000	13%	51,000⁽⁴⁾
Staff	342	415	21%	577⁽⁵⁾

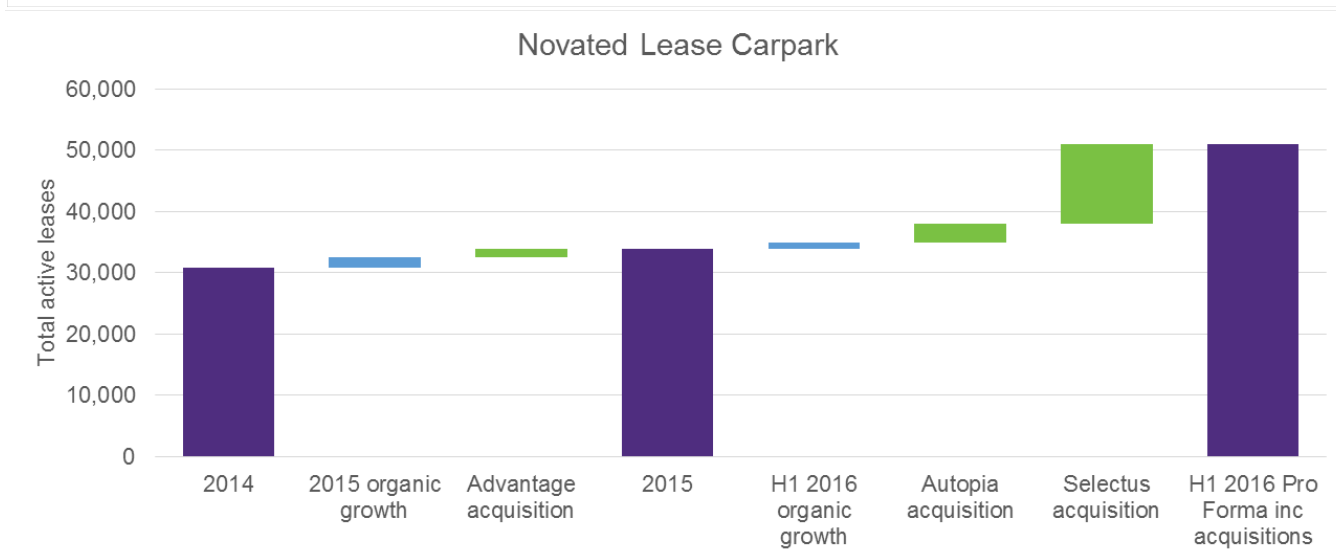
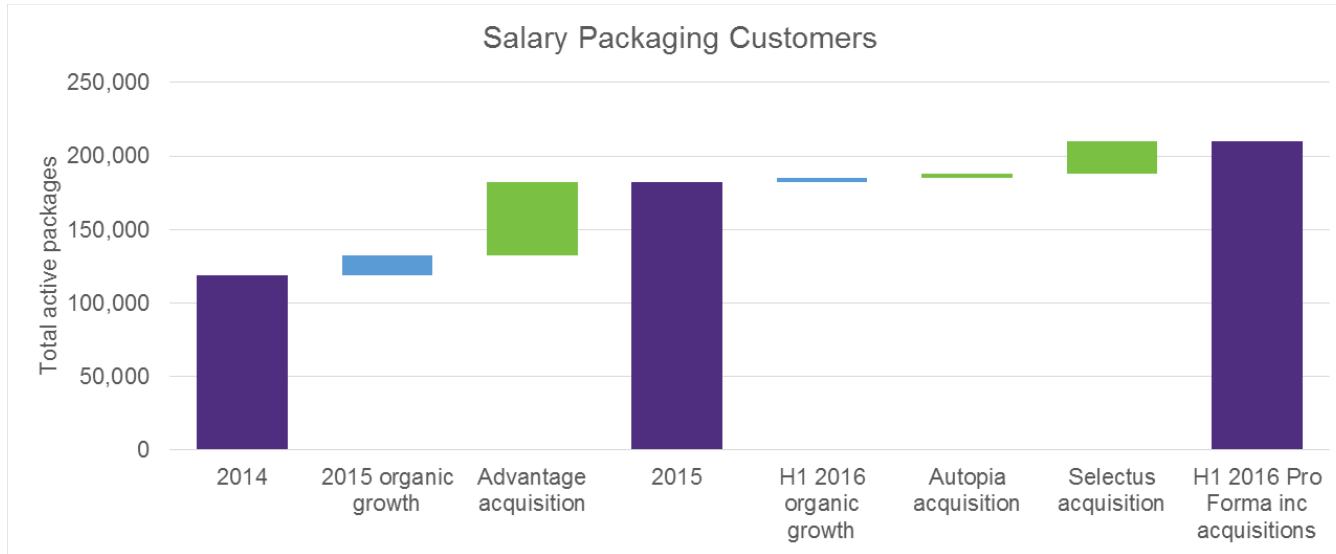
1. Excluding post tax acquisition costs for H1 2016 of \$0.4m
2. H1 2016 Pro Forma represents the H1 2016 Statutory result adjusted for the estimated contributions of Autopia and Selectus for H1 2016 (consistent with forecast contribution assumptions disclosed on 25 July 2016)
3. Includes 3,000 packages from Autopia and 22,000 packages for Selectus, which is a variation from the 27,000 previously reported due to alignment with group reporting methodology
4. Includes 3,000 vehicles under management from Autopia and 13,000 vehicles under management from Selectus
5. Includes 32 staff from Autopia and 130 staff from Selectus

...and continuing growth since IPO



1. NPATA for H2 2015 and H1 2016 excludes the after tax acquisition costs of \$0.8m and \$0.4m, respectively.
 2. H1 2016 dividend of \$11.7m (65% of NPATA) is based on a dividend of 9.8cps and 119,533,800 shares on issue as at 24 August 2016. The total dividend is indicative only and will be increased by the amount of any dividend payable on shares issued under the SPP, which are eligible for the H1 2016 dividend. The 44,014 shares to be issued to Autopia vendors will be issued on 30 September 2016 and are not entitled to the H1 2016 dividend.

The group has grown salary packages and novated leases organically and through acquisitions



A number of key milestones were achieved in H1 2016

Salary packaging administration



- Retained Queensland Government and added Queensland Health (as 1 of 2 salary packaging providers)
- Replaced larger of 2 novated leasing providers on Westpac panel via a competitive tender process

Novated leasing



- Transitioned 1,500 novated leases for Advantage from 3rd party provider to Smartleasing

Fleet management



- Selected by NSW Fleet as 1 of 2 fleet management administrators. On-boarded c1,000 vehicles
- Launched Automated Vehicle Maintenance Booking solution and Pool Vehicle Booking app

Workforce management



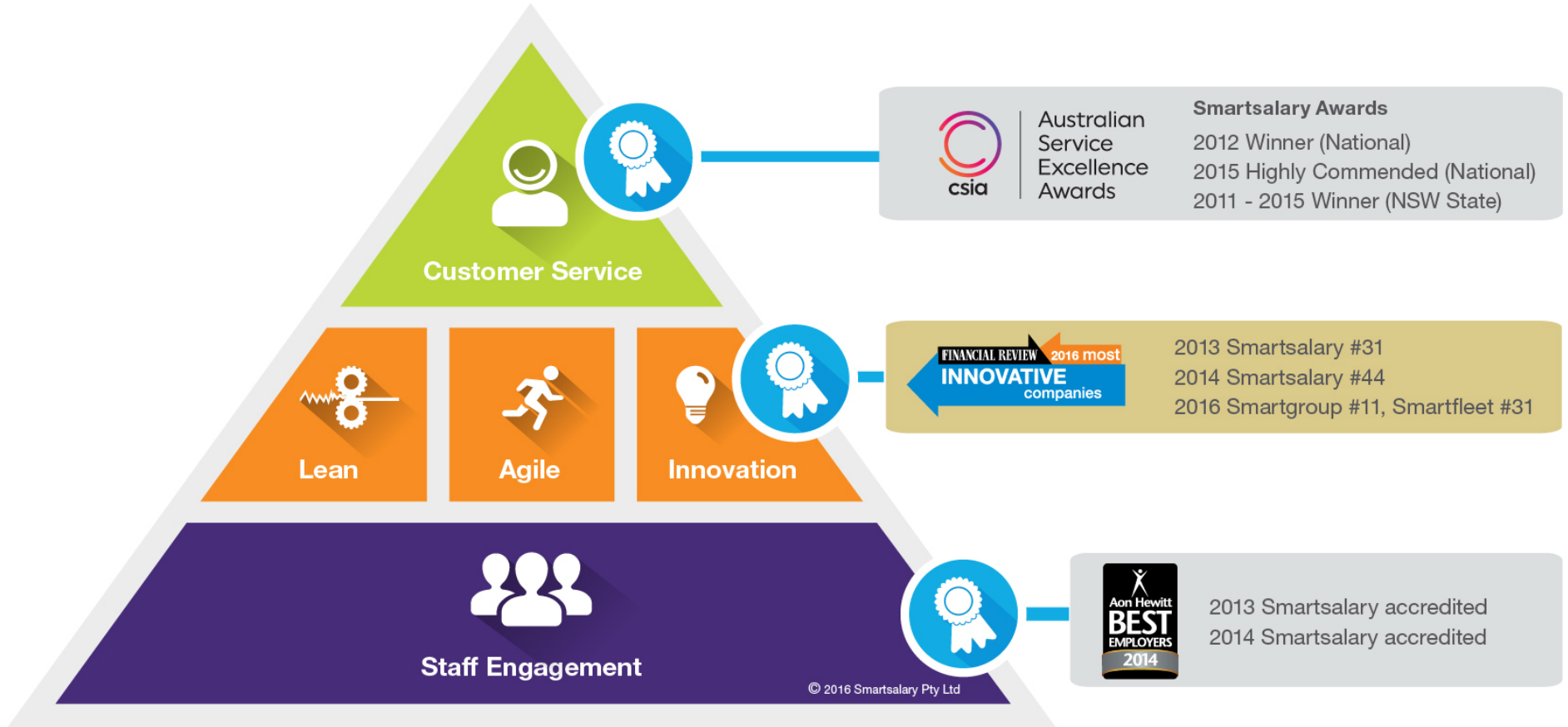
- 3 renewals including Royal Adelaide Hospital
- 2 new clients including ACT Health

Share plan administration



- Launched new Smartequity website with online self-service portal providing a comprehensive range of transaction services

Smartgroup continues to be recognised as one of Australia's most innovative companies



- 2015 CSIA Service Excellence Awards
Smartgroup achieved the highest audit score in the history of the CSIA awards
- 2016 AFR 50 Most Innovative Companies
Awards for: Robotics process automation (Smartgroup #11); Automated Vehicle Maintenance Booking solution (Smartfleet #31)

The acquisitions of Autopia and Selectus are complementary to Smartgroup's salary packaging and novated leasing business



Autopia increases Smartgroup's presence to include the corporate segment, while Selectus expands presence into private schools



About Autopia

- Established in 2004
- Based in Sydney with c.30 staff
- c.3,000 vehicles under management
- More than 300 employer clients
- Strong presence in the corporate segment
- Progressive realisation of synergies expected from 2017



About Selectus

- Established in 1997
- Based in Melbourne with c.130 staff
- c.13,000 vehicles under management
- c.22,000⁽¹⁾ salary packaging customers
- More than 500 employer clients
- Strong presence in the rebatable segment, which principally comprises private schools
- Estimated ~\$6 million⁽²⁾ of synergies to be realised in CY2017, net of one-off integration costs. Actions to capture these synergies are progressing ahead of schedule.

1. Variation from the 27,000 previously reported due to alignment with group reporting methodology





2. Synergies are estimated by Smartgroup's management. To the extent that the actual results are materially different to underlying assumptions, the quantum of synergies will vary.

Smartgroup now has a strong presence across all key customer segments

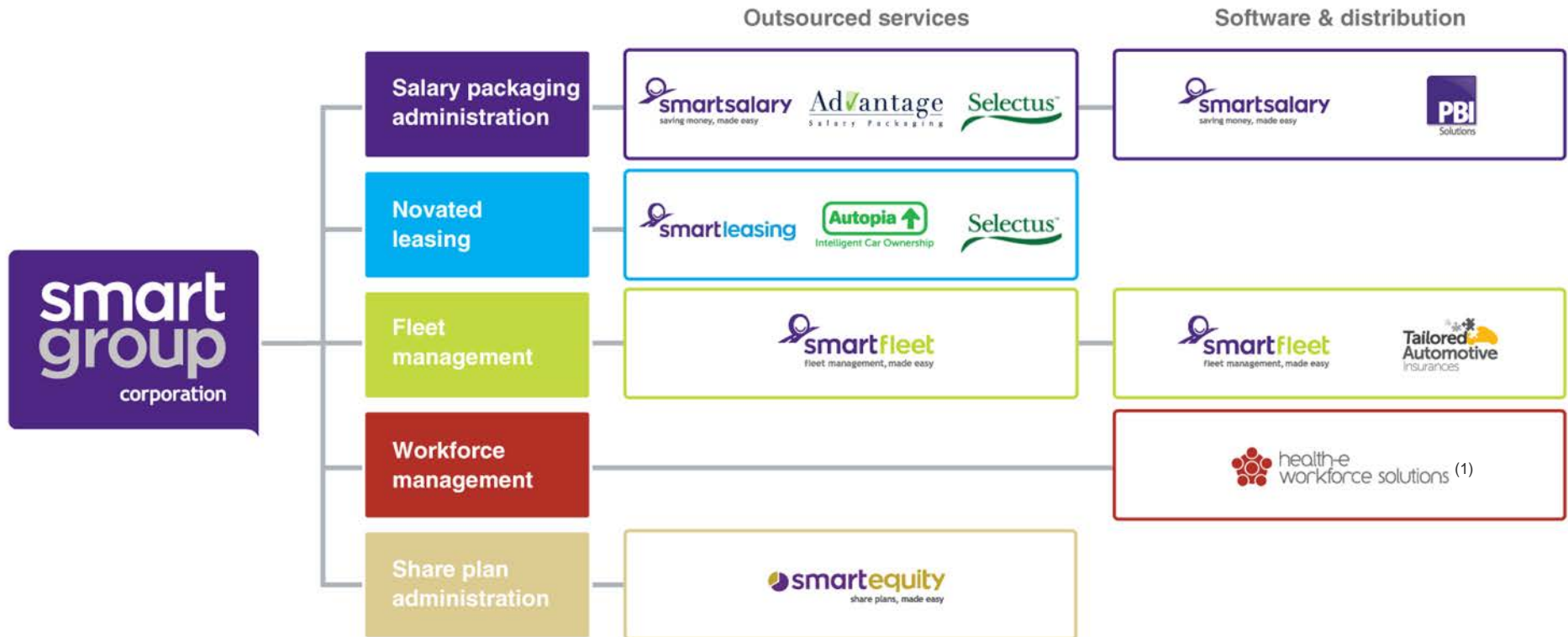


Of the recent acquisitions, Advantage focuses on the Charity / PBI segment, Autopia has a Corporate client base and Selectus specialises in the Rebatable and Government market segment

Outsourced salary packaging and leasing offerings

	PBI	Government	Corporate	Rebatable
	Present			Absent
	Present	Present		
	Absent		Present	Absent
	Present			

The recent acquisitions expand Smartgroup's portfolio



(1) Smartgroup owns 50% of HWS



Financial results H1 2016

Tim Looi
Chief Financial Officer

Smartgroup's recorded H1 2016 NPATA⁽¹⁾ of \$18.1m, a 45% increase from the prior year...

	H1 2016 Statutory (\$m)	H1 2015 Statutory (\$m)	Change
Revenue	60.9	44.8	36%
EBITA	25.0	17.5	43%
NPAT	14.7	9.1	
Add: Amortisation (tax effected)	2.1	2.7	
Add: Cash tax benefit of amortisation	0.9	0.6	
NPATA	17.7	12.5 ⁽³⁾	42%
Add: M&A costs (tax effected)	0.4	-	
NPATA excl. M&A costs	18.1	12.5	45%
EBITA margins ⁽²⁾	42.0%	39.1%	
NPATA margins ⁽²⁾	29.7%	27.9%	

1. Excluding post tax acquisition costs of \$0.4m

2. Calculations exclude acquisition costs of \$0.6m (pre tax) and \$0.4m (post tax) for H1 2016 and nil for H1 2015

3. Rounded to the correct amount when underlying figures are used. Refer to the 2015 Half Year Accounts for the detailed results

...with cashflow from operations at 88% of NPATA⁽¹⁾ and continued low capital expenditure

	30 June 2016 Statutory (\$m)	30 June 2015 Statutory (\$m)
Receipts from customers (inclusive of GST)	65.6	47.2
Payments to suppliers and employees (inclusive of GST)	(41.6)	(35.0)
Interest received from operations	0.6	0.5
Interest paid	(1.0)	(0.4)
Income taxes paid	(7.7)	(3.0)
Net cash from operating activities	15.9	9.3
As a % of NPATA	88%	74% ⁽²⁾
Capital expenditure	(0.2)	(0.1)

1. Excluding post tax acquisition costs of \$0.4m

2. Some supplier payments were deferred from Dec 14 to Jan 15. Adjusting for the deferrals, net cash from operations as % of NPATA was 101%.

Smartgroup's net debt position, after post balance date transactions is c.\$105m

	31 Dec 2015 Statutory (\$m)	30 Jun 2016 Statutory (\$m)	Autopia (\$m)	Selectus (\$m)	Debt/equity for acq. net of cash paid (\$m)	Unaudited pro forma (\$m)
Cash	19.5	18.9	6.9	0.2	20.9	46.9
Trade and other current assets	13.4	14.1	0.7	3.5	-	18.3
Current assets	32.9	33.0	7.6	3.7	20.9	65.2
Property and equipment	3.4	2.8	0.1	0.4	-	3.3
Goodwill	102.5	103.9	35.5	143.4	-	296.4
Identifiable intangibles	16.5	13.6	-	0.5	-	14.1
Other non-current assets	12.1	13.6	-	0.5	-	14.1
Non-current assets	134.5	133.9	35.6	144.3	-	313.8
Total Assets	167.4	166.9	43.2	148.0	20.9	379.0
Trade and other payables	21.9	18.0	2.0	27.1	-	47.1
Provisions and other liabilities	10.2	11.2	0.8	1.9	-	13.9
Non-current interest-bearing loans	52.8	49.3	0	0	102.5	151.8
Total liabilities	84.9	78.5	2.8	29.0	102.5	212.8
Net assets	82.5	88.4	40.4	119.0	(81.6)	166.2
Net debt	33.3	30.4				104.9

Strong financial performance in H1 2016:

- Growth across financial and operational metrics
- Revenue of \$60.9m and NPATA⁽¹⁾ of \$18.1m
- Revenue growth of 36% vs. pcp, NPATA⁽¹⁾ growth of 45% vs. pcp
- Cash flows at 88% of NPATA⁽¹⁾
- Proforma H1 2016⁽²⁾ revenue and NPATA of \$82.6m and \$24.2m
- H1 2016 dividend of 9.8cps, fully franked vs. 7.9cps for pcp
- Total interim dividends of \$11.7m⁽³⁾ to be paid, representing an increase of 43% from pcp

Business continues to track well:

- Actions to capture CY2017 synergies from recent Autopia and Selectus acquisitions are progressing ahead of schedule
- Guidance affirmed for CY16 NPATA of \$41.2m-\$43.2m⁽⁴⁾, including part year contributions from recent acquisitions.

1. Excluding post tax acquisition costs for H1 2016 of \$0.4m

2. H1 2016 Pro Forma represents the H1 2016 Statutory result adjusted for the estimated contributions of Autopia and Selectus for H1 2016 (consistent with forecast contribution assumptions disclosed on 25 July 2016)

3. Total dividend is indicative only and will be increased by the amount of any dividend payable on shares issued under the SPP, which are eligible for the H1 2016 dividend

4. Excluding post tax acquisition costs for the year estimated to be c.\$2m

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("Important Notice")

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