

Smartgroup Annual General Meeting, 3 May 2017

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, Deborah Homewood, John Prendiville and Ian Watt
- Amanda Morgan, General Counsel and Company Secretary

I would particularly like to welcome Deborah Homewood, who joined our Board in May last year. Deborah has worked in a number of executive roles in different industry sectors. She is currently the managing director of MAX Solutions, the parent company of MAX Employment. Max Employment is the largest provider of job and disability employment services in Australia. Deborah has been an invaluable and welcome addition to our Board over the past year.

As Deborah is standing for election today, a summary of her qualifications and experience is included in the notice of meeting.

I would like to take this opportunity to thank all my fellow directors for their contribution and support, during 2016.

Thanks must also go to our CEO Deven, and his team for their very hard work this year. Smartgroup has yet again achieved excellent financial results and we have the executive management team to thank for that.

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

I would like to 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

2016 results

I turn now to our results.

Smartgroup has had another excellent year, expanding its activities both through organic growth and through acquisitions. We have seen strong growth across the business with Group revenues

growing 57% to \$144.4 million, and after-tax profits, represented by NPATA, growing 68% to \$44 million.

Smartgroup signed contracts with a number of new major clients this year, in each of the corporate, health and government sectors. This continues a strategy of diversification of revenue, with the top five clients accounting for less than 30% of Group revenue.

The Company declared a final dividend of 15 cents per share, fully franked, which was paid on 31 March 2017. The total dividends paid for the year come to 24.8 cents per share, an increase of 49% from 2015.

Smartgroup completed two large acquisitions in the past year – Autopia and Selectus.

Autopia has a strong reputation in the corporate sector. It specialises in providing a focussed novated leasing solution combined with a high level of client service.

Selectus is a very large salary packaging and novated leasing business, specialising in the private school sector. Together, these two acquisitions both consolidate Smartgroup's strengths and diversify its client base. You will hear more about these businesses in the CEO presentation today.

Yesterday Smartgroup announced the acquisition of the AccessPay Group, a salary packaging business located in Adelaide, for \$15 million. AccessPay specialises in PBI clients. You will also hear more about this in the CEO presentation today.

2017

The Board is committed to maintaining the momentum across the business that underpinned the company's success in 2016. At the heart of this will be a continued focus on our key strengths, which we see as customer loyalty, innovation, and staff engagement.

2017 promises to be an exciting year and we look forward to delivering further positive 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.