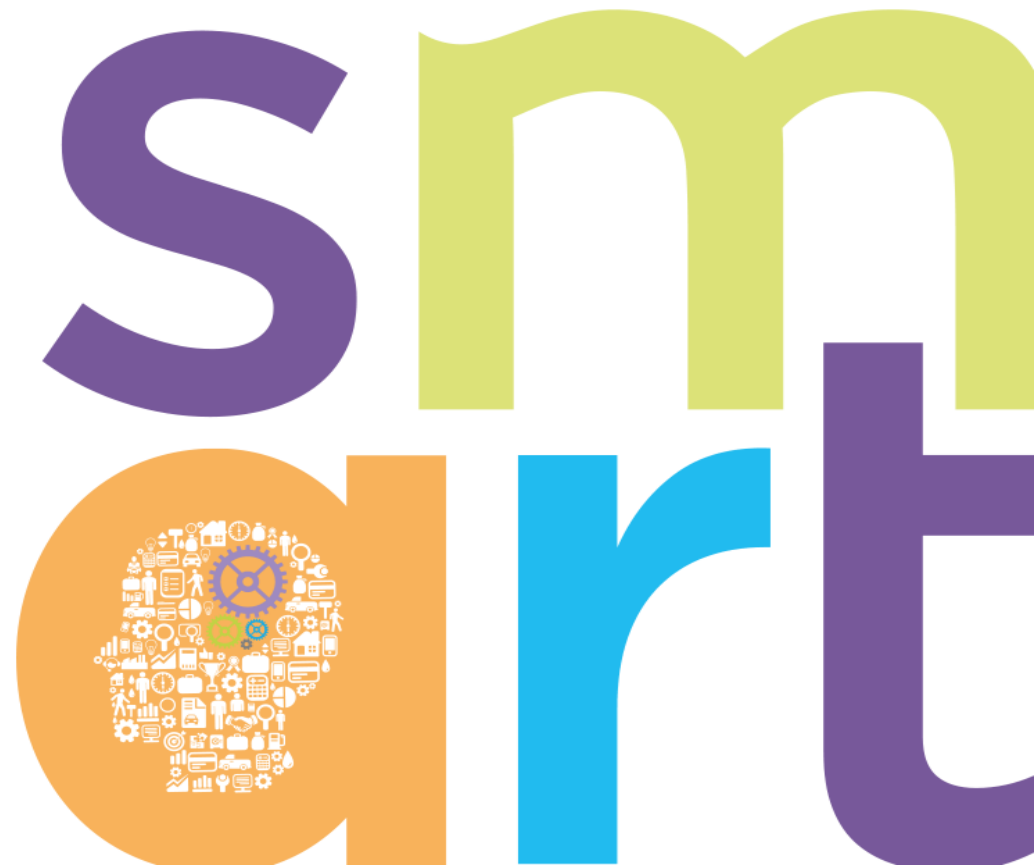




Annual General Meeting

Deven Billimoria
Managing Director and CEO

3rd May 2017



1. Acquisition of AccessPay . . .

About AccessPay

- Specialist salary packaging provider to PBI employer clients
- Established in 2001, based in Adelaide and c.80 FTE
- Administers c.40,000 salary packages and c.600 novated leases across c.500 employer client organisations
- Forecast FY2017 revenues of c.\$8.3m, proforma FY2017 EBITDA of c.\$2.3m



Key acquisition terms






- Agreement to acquire 100% of AccessPay Pty Ltd for \$15.0m
- Transaction consideration comprises \$14.7m in cash⁽¹⁾ funded from cash reserves and \$0.3m in SIQ shares⁽¹⁾⁽²⁾
- Smartgroup ownership effective immediately, with key management retained

1. \$1.0m cash to be held in escrow, 50% to 1st May 2018 and 50% to 1st Nov 2018. SIQ shares to be held in escrow with 50% released in Feb 2018 and the remainder in August 2018
 2. The number of shares to be issued is based on VWAP of Smartgroup for the 5 trading days ending on 1st May 2017

... enables Smartgroup to continue to build scale and expand its PBI footprint ...



Smartgroup's outsourced salary packaging and leasing offerings⁽¹⁾

	PBI	Government	Corporate	Rebatable
	Completed			
	Completed December 2015			
	Completed May 2017			
			Completed July 2016	
	Completed August 2016			

1. Diagram excludes non-salary packaging and novated leasing offerings of Smartfleet, Smartequity and Health-e Workforce Solutions

... and is expected to contribute meaningfully to Smartgroup in CY2018.



Expected contribution to Smartgroup

- Advantage and AccessPay have similar client bases with similar service delivery, and there exists opportunity to leverage best practice across both
- c.\$2m one-off IT and other integration expense in 12 months⁽¹⁾ post ownership to enhance the IT platform and customer interface
- Including one-off IT and other integration expense:
 - CY2017 EBITDA and NPATA contribution expected to be c.\$0.5m and c.\$nil
 - CY2018 EBITDA and NPATA contribution expected to be c.\$4.0m and c.\$2.5m
 - CY2018 EPS accretion of c.4%⁽²⁾

1. The c. \$2m one-off IT and other integration expense is expected to be c. \$1.5m in CY2017 and c. \$0.5m in CY2018
2. Based on the current number of ordinary shares at 122.7m

2. 2016 was yet another successful year for Smartgroup . . .

1

Continued strong financial performance

- Revenue of \$144.4m up 57% vs CY 2015
- NPATA⁽¹⁾ of \$44.0m up 68% vs CY 2015

2

Continued client growth

- Significant client renewals and wins across all SIQ businesses
- Organic growth of c.13,500 packages and c.3,000 leases

3

Continued long term improvement in Smartsalary's operational efficiencies

- 40% more efficient than in 2011
- 82% of high-volume benefit⁽²⁾ claims processed on-line

4

Completed two major acquisitions in CY 2016

- Expanded footprint into Corporate and Rebatale market segments
- Synergies tracking ahead of schedule with \$1.5m (pre-tax) realised to end 2016

5

Fully franked final dividend of 15.0cps (covering H2 CY 2016 period)

- Up 72% from pcp
- Total full year dividends for CY 2016 are 24.8cps, fully franked

1. NPATA is net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles and significant non-operating items. A reconciliation of the reported financials to the statutory accounts is provided in the Appendix.

2. High-volume benefits includes vehicle and PBI threshold, which account for c.90% of all claims.

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

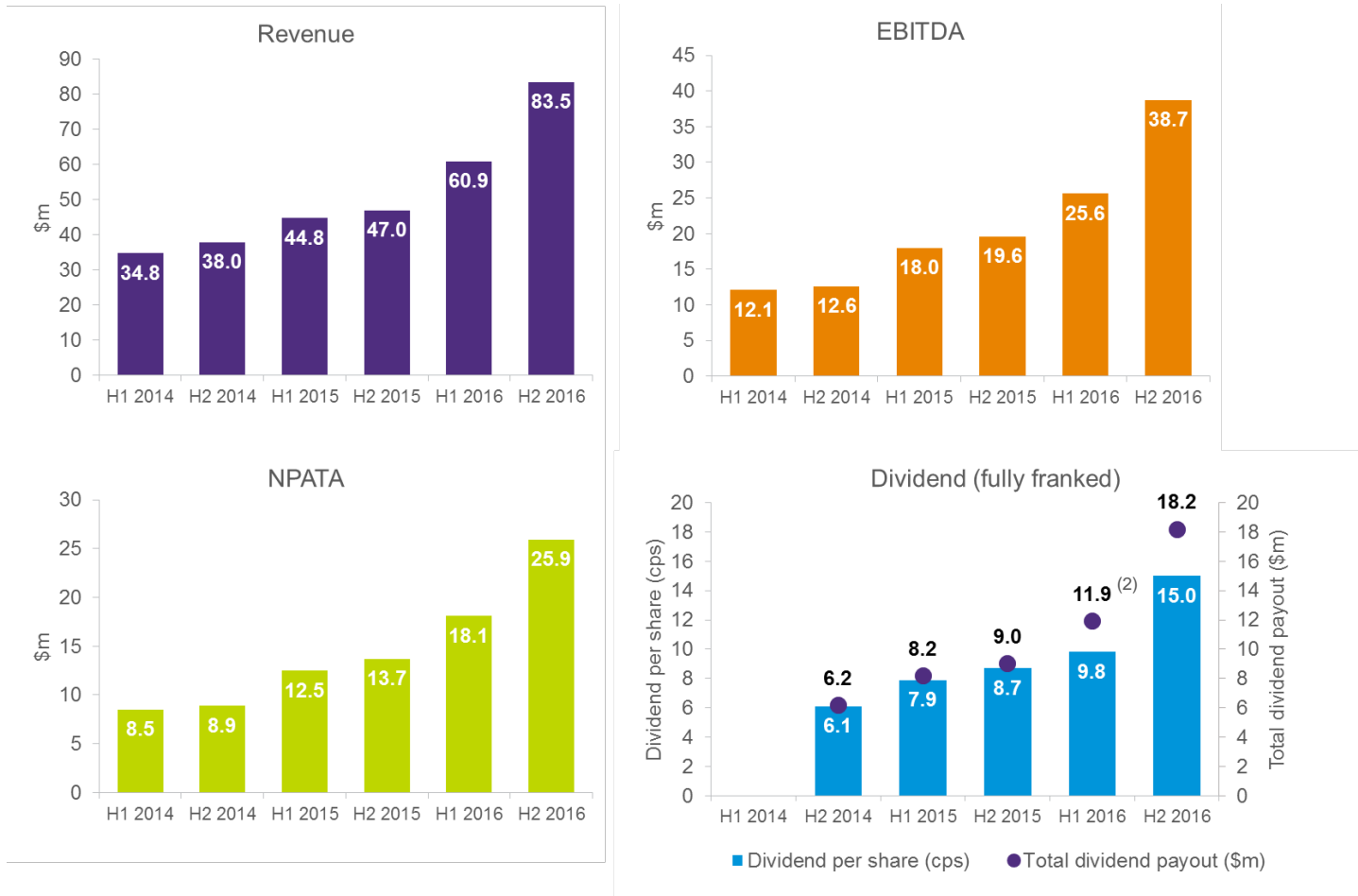
\$m	CY 2015	CY 2016	Change %	CY 2016 pro-forma ⁽²⁾
Revenue	91.8	144.4	57%	168.7
EBITDA ⁽¹⁾	37.6	64.3	71%	75.3
NPATA	26.2	44.0	68%	50.7

Shares on issue (millions)	103.7	121.5	17%	121.5
NPATA per share (cps)	25.3	36.2	43%	41.7

	As at December 2015	As at December 2016	Change %
Packages	182,500	221,000	21%
Novated leases under management	34,000	53,000	56%
Staff	398	556	40%

1. EBITDA is earnings before interest, tax, depreciation and amortisation adjusted for significant non-operating items. A reconciliation of the reported financials to the statutory accounts is provided in the Appendix.
2. CY 2016 pro-forma is arrived at by adjusting the statutory financial results to include the pre-acquisition contributions of Autopia and Selectus (as per SIQ disclosure in the H1 CY 2016 results on 25 August 2016 plus the trading results of Selectus for July 2016).

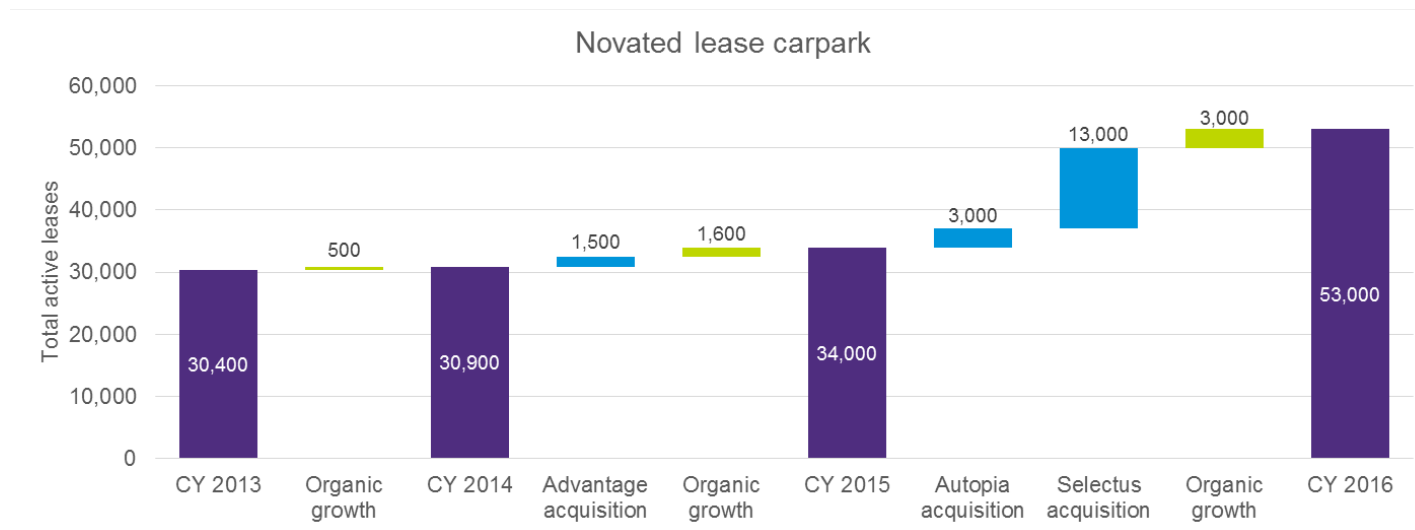
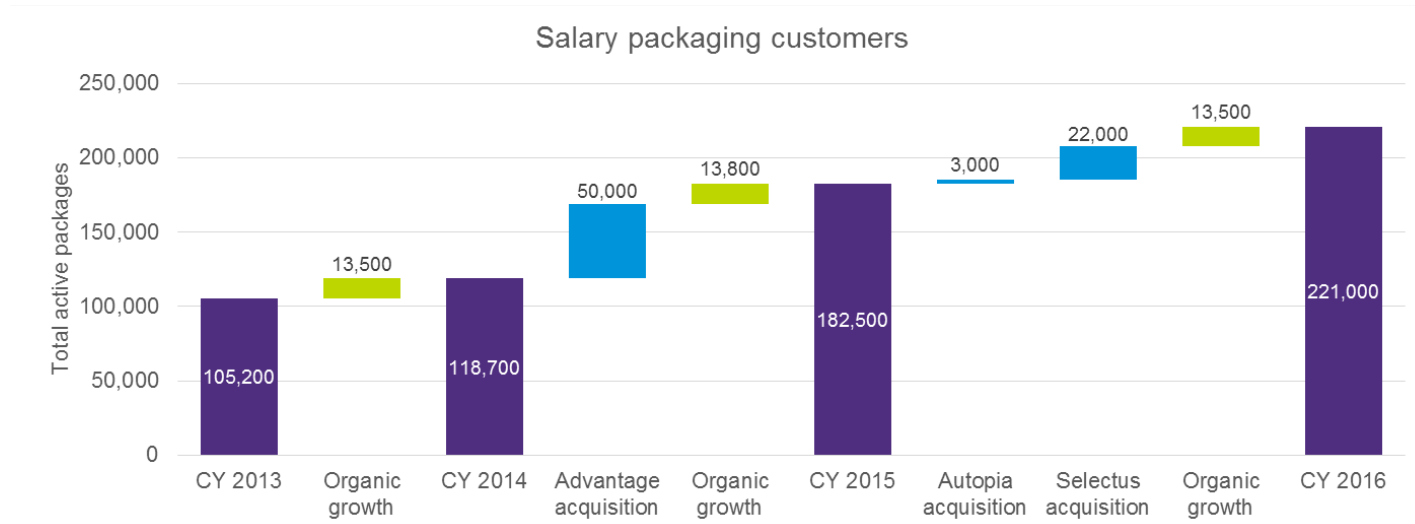
... and continuing our track record since IPO.



Shares on issue (1) (million shares)	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016
	n/a	101.5	103.7	103.7	107.3	121.5

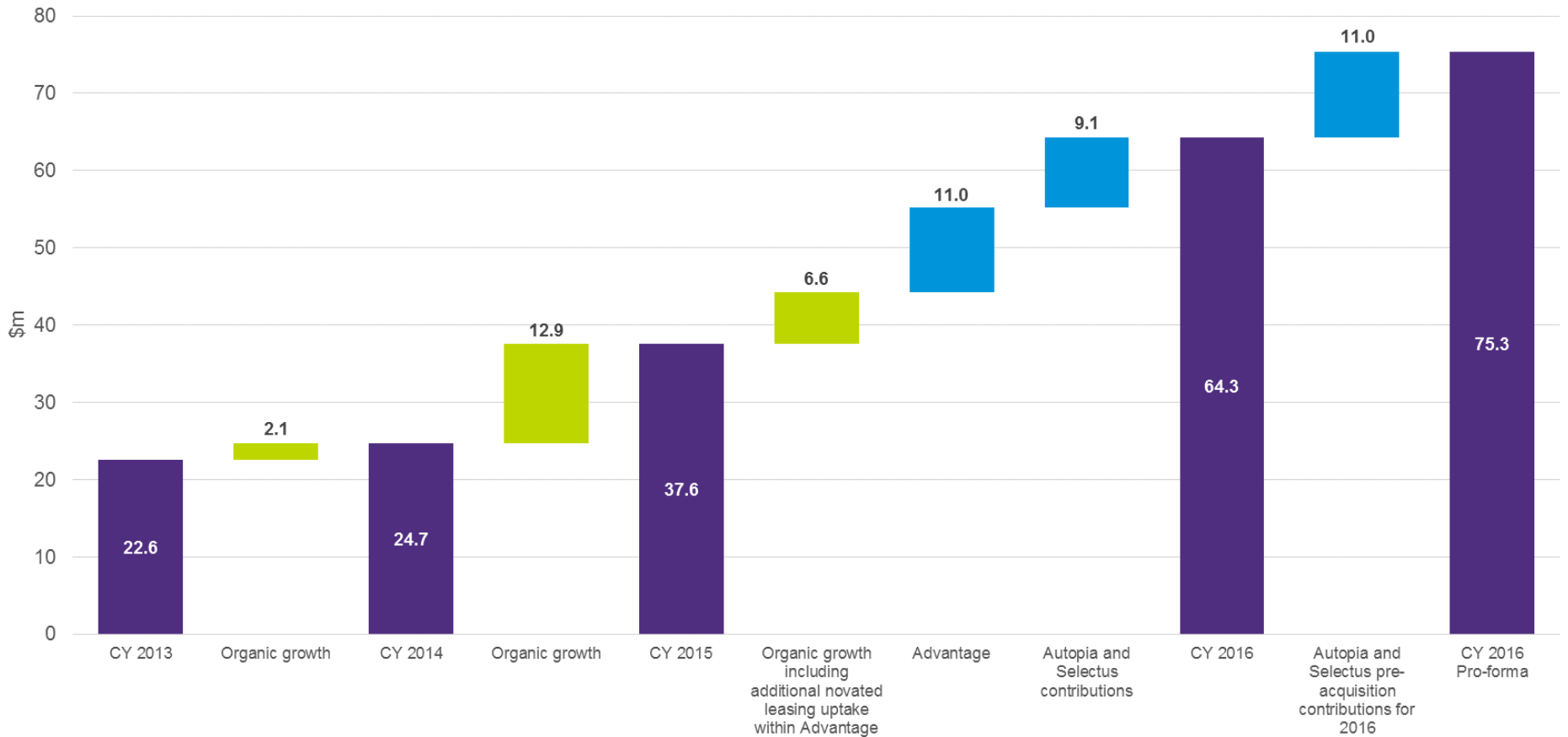
1. Represents shares on issue (SOI) at the end of the period.
 2. H1 CY 2016 dividend payment of \$11.9m was based on a SOI base of 121.4m which includes the equity raising after period end for the acquisition of Selectus. SOI at all other dividend payment dates was the same as the SOI at the end of the reporting period to which each dividend relates.

Smartgroup has grown salary packages and novated leases both organically and through acquisition . . .



... resulting in strong EBITDA growth in 2016 ...

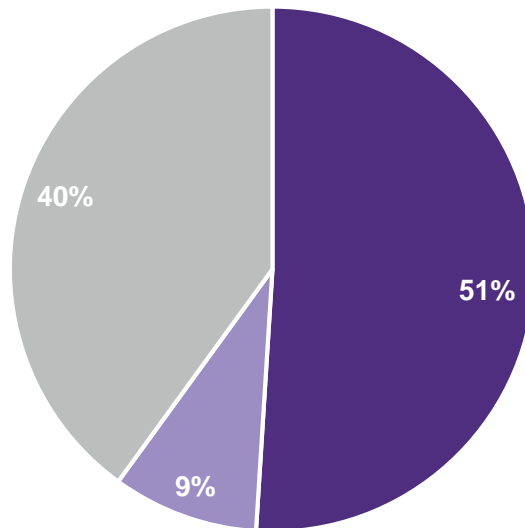
Smartgroup EBITDA growth



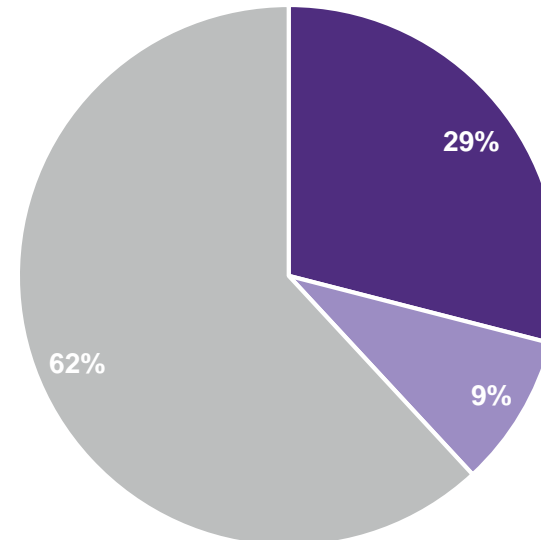
... with a more diversified client base ...

Given growth in Smartgroup’s client base, the top 5 clients account for 29% of revenue vs 51% in 2013⁽¹⁾. Smartgroup’s employer clients now total c.1,400 vs c.200 in 2013.

Client concentration by revenue at December 2013



Client concentration by revenue at December 2016



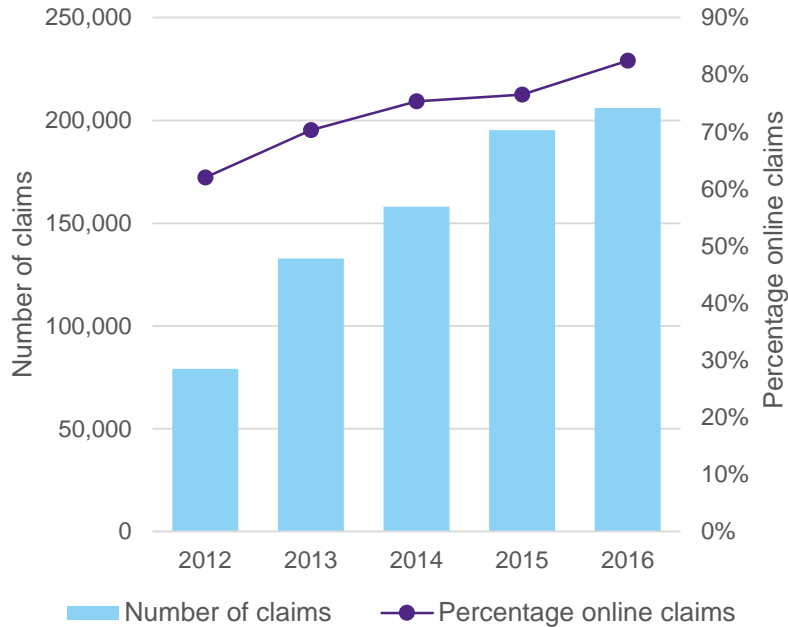
- Percentage of Smartgroup revenue from top 5 clients
- Percentage of Smartgroup revenue from clients 6-10
- Percentage of Smartgroup revenue from other clients

1. December 2013 pro-forma Smartgroup revenue of \$61.5m, as disclosed in SIQ prospectus. December 2016 pro-forma Smartgroup revenue of \$168.7m.

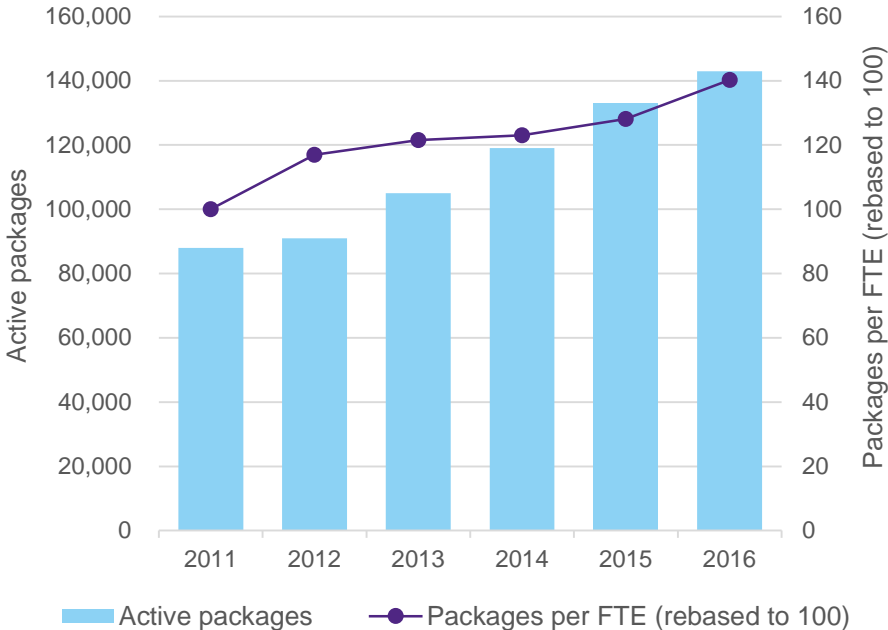
Smartgroup has continued to focus on driving efficiencies . . .

Smartsalary's increased uptake of online claims has contributed to an improvement in operational efficiency of 40% since 2011

Total claims and percentage submitted online⁽¹⁾



Package growth and operational efficiency^(2,3)



Operational improvement initiatives for recent acquisitions have not been evaluated.

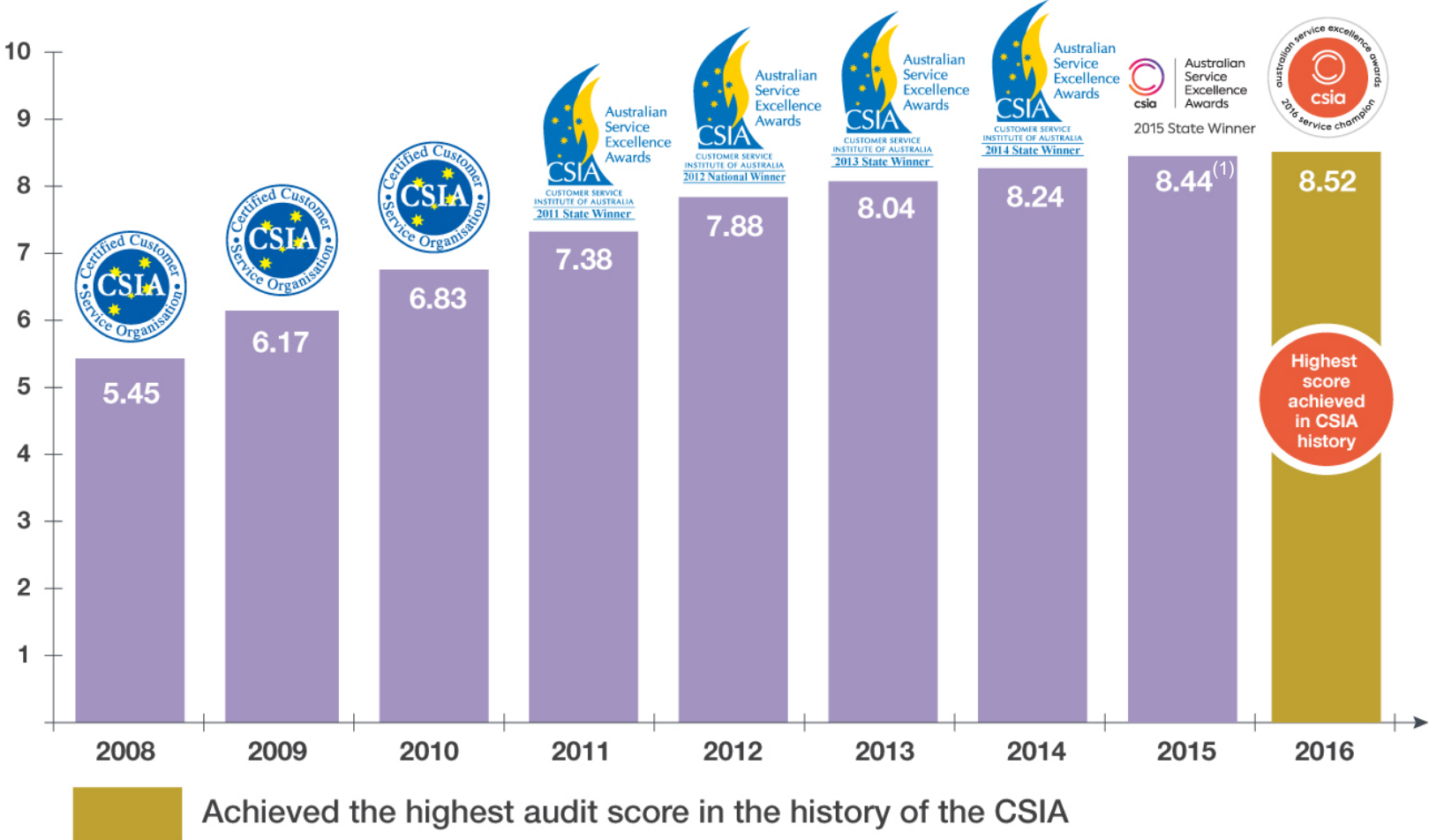
1. High-volume benefits include vehicle and PBI threshold, which account for c.90% of all claims.
 2. Figures based on average number of Service and Operations FTE, adjusted to include vacancies. Average FTE was 144 for CY 2016.
 3. Total active packages at 31st December.

... and to be recognised as one of Australia's most innovative and customer-centric companies.



Smartgroup capabilities triangle

For the second consecutive year, Smartsalary achieved the highest customer service score awarded in CSIA history.



1. The 2015 Smartsalary CSIA customer service score of 8.44 was the highest score ever awarded by CSIA, until surpassed by Smartsalary in 2016.

Recently appointed SIQ Group Executives add experience and capability to the Executive Management Team.



Prior experience



Dr Tony O'Connell

Group Executive, Health

Joined October 2016

- Tony was the National Health Adviser for KPMG Australia. Tony was also the Director-General of Queensland Health, National Director of Hospitals for the Republic of Ireland and has been a front-line clinician, including time as Head of the Intensive Care Unit at the Children's Hospital, Westmead.



Sophie MacIntosh

Group General Counsel

Joined November 2016

- Sophie was a Senior Associate at Ashurst. Sophie was also a corporate solicitor at DLA Piper, the Acting Australian General Counsel at Coca-Cola Amatil, Acting General Counsel at Westfield Retail Trust and a Senior Legal Counsel at PricewaterhouseCoopers.



Therese McGrath

Group Chief Operating Officer

Joined December 2016

- Therese was the General Manager Strategy, Projects and Governance at ANZ Banking Group, Global Wealth Division. Therese has also held international leadership positions in finance, strategy and operations positions at SAP, Thomson Reuters, Microsoft and Diageo plc.



Clarence Yap

Group Chief Information Officer

Joined January 2017

- Clarence was the Acting Chief Information Officer and Head of Transformation & IT Strategy at HCF. Clarence has also held leadership positions in technology and consulting at Accenture, CIT Group and St George Bank.

- Tim Looi and Houda Lebbos continue in their roles as Chief Financial Officer and Chief Human Resources Officer, respectively.
- Michael Ellies and Dave Adler have assumed new roles; as CEO Smartsalary, and CEO Smartleasing and Smartfleet, respectively.

Closing remarks

CY 2016 marks another successful year

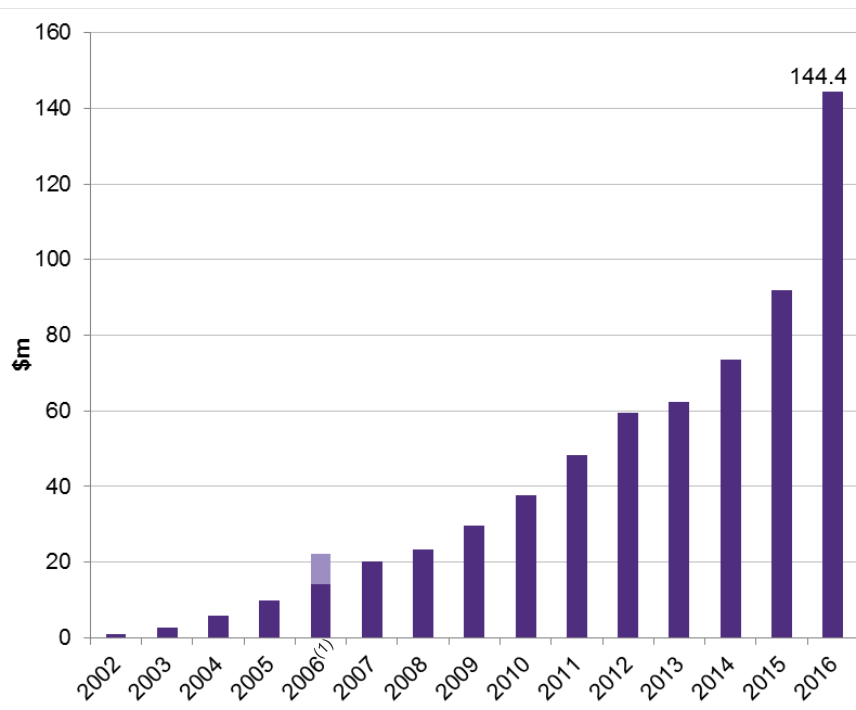
- Growth across all key financial and operational metrics
- Successful acquisitions of Selectus and Autopia with synergies realised earlier than expected
- Cash flows greater than 100% of NPATA
- Net debt to pro-forma EBITDA of c.1.0x
- Final fully franked dividend of 15.0cps, vs. 8.7cps for pcg

CY 2017 off to a positive start

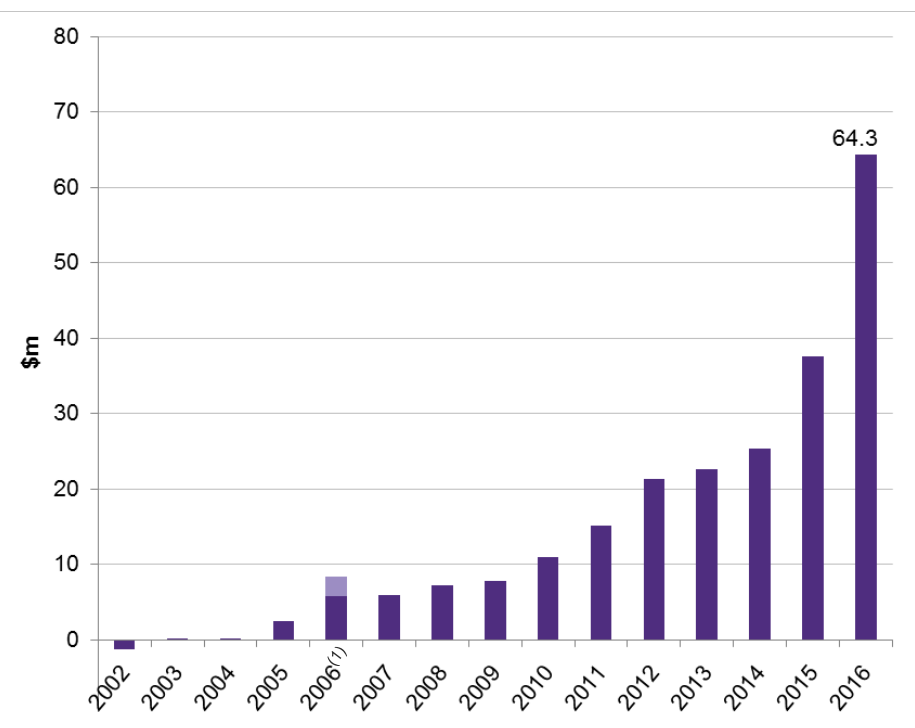
- The business continues to trade well
- Acquisition of AccessPay grows PBI footprint

... building on our track record since inception.

Smartgroup revenues



Smartgroup EBITDA



1. 2006 represents 18 months of results from the change of year end from June to December.



Appendices

In CY 2016, Smartgroup delivered another year of record revenue and earnings.

\$m	CY 2016 statutory	Adjusted for equity share & acquisition items ⁽¹⁾	CY 2016 adjusted	CY 2015 adjusted ⁽²⁾	Change %
Revenue	144.4	-	144.4	91.8	57%
EBITDA ⁽³⁾	63.3	1.0	64.3	37.6	71%
NPAT	32.7	0.1	32.8	21.0	
NPATA ⁽⁴⁾	43.7	0.3	44.0	26.2	68%

1. A reconciliation of the adjustments to the statutory accounts for equity share and acquisition items is included on slide [27].
2. Excludes before-tax and after-tax transaction costs of \$1.2m and \$0.8m, respectively, from the acquisition of Advantage.
3. EBITDA is earnings before interest, tax, depreciation and amortisation adjusted for significant non-operating items.
4. NPATA refers to net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles amortisation and significant non-operating items.

After-tax operating cash flow⁽¹⁾ remained strong at 103% of NPATA, with continued low recurring capex.

\$m	CY 2016	CY 2015
Receipts from customers (inclusive of GST)	154.4	96.8
Payments to suppliers and employees (inclusive of GST) ⁽²⁾	(94.2)	(64.9)
Interest receipts from operations	1.6	1.0
Interest paid	(3.3)	(0.5)
Income taxes paid	(13.2)	(4.5)
Net cash from operating activities	45.3	27.9
As a % of NPATA ⁽³⁾	103%	106%
Capital expenditure – recurring ⁽⁴⁾	(0.3)	(0.3)

1. Operating cash flow excludes receipts and payments from customers' salary packaging accounts and significant non-operating items.
2. Excludes payments for transaction costs (inclusive of GST) of \$2.9m in CY 2016 and nil in CY 2015.
3. NPATA of \$44.0m in CY 2016 and \$26.2m in CY 2015.
4. Excludes the \$0.4m fitout for 550 Bourke Street Melbourne to consolidate offices.

Smartgroup's intangibles were impacted by acquisitions, which were funded by a debt and an equity raise . . .

\$m	31 Dec 2016 statutory	31 Dec 2015 statutory
Cash	80.0	19.4
Restricted cash ⁽¹⁾	39.5	0.7
Trade and other current assets	22.9	13.7
Current assets	142.4	33.8
Property and equipment	3.2	3.2
Goodwill	217.5	90.9
Identifiable intangibles ⁽²⁾	68.0	32.5
Other non-current assets	7.5	7.1
Non-current assets	296.2	133.7
Total assets	438.6	167.5
Trade and other payables	26.4	21.3
Customer salary packaging liabilities ⁽¹⁾	39.5	0.7
Provisions and other liabilities	28.3	10.2
Non-current interest-bearing loans ⁽³⁾	150.1	52.8
Total liabilities	244.3	85.0
Net assets	194.3	82.5
Issued capital ⁽⁴⁾	170.9	62.0
Retained earnings & reserves	23.4	20.5
Total capital	194.3	82.5

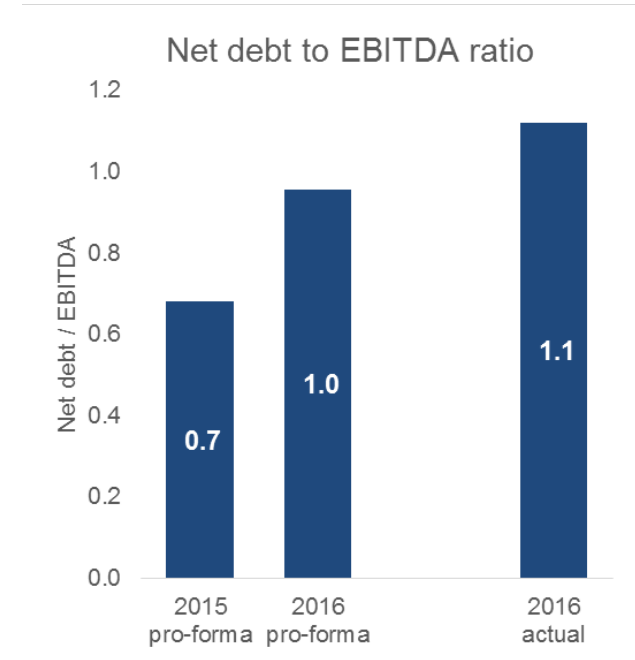
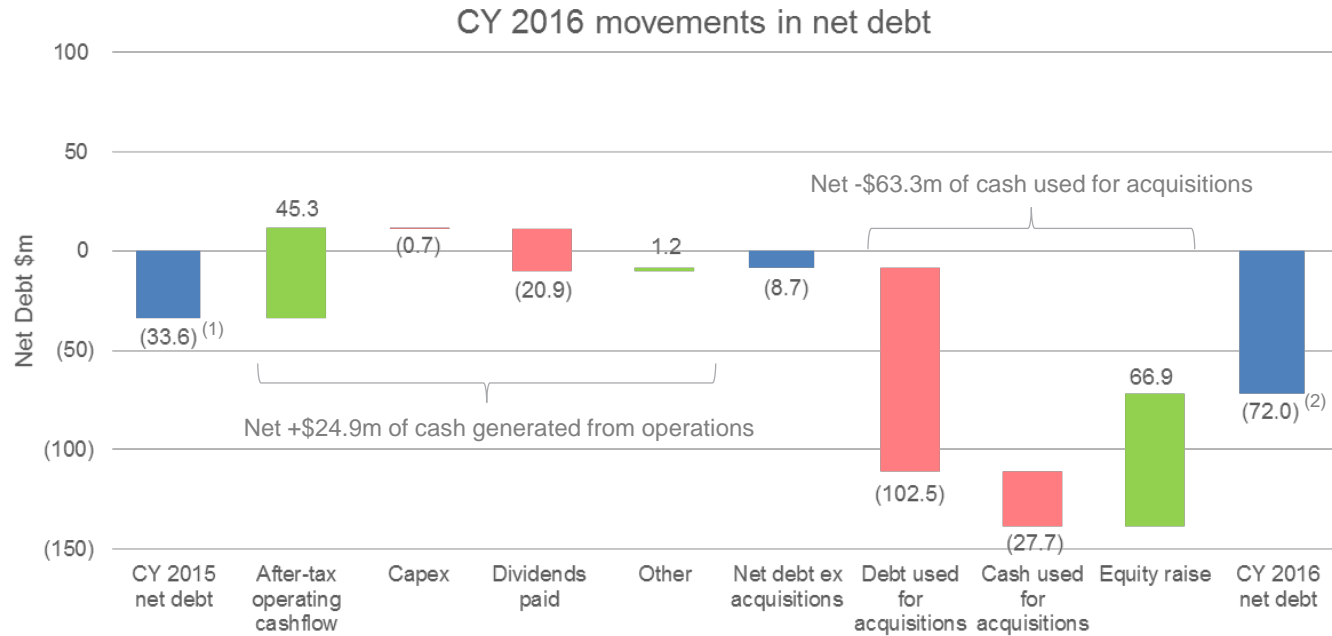
1. Restricted cash and customer salary packaging liabilities represent funds held in common salary packaging accounts on behalf of clients by Smartgroup's acquired entities¹.
2. A total of \$48.0m of identifiable intangibles is recognised from acquisitions in CY 2016.

\$33.3m of the acquired intangibles is classified as software and \$14.7m as customer contracts.

The amortisation for CY 2016 is \$12.5m with an annualised amortisation charge of \$16.3m p.a., of which \$9.4m is attributable to software and \$6.9m to customer contracts.
3. Syndicated debt facility is provided by two major Australian banks. The facility term expires in mid CY 2019.
4. 4.6m shares were issued as part consideration for Selectus and a further 9.6m shares were issued as part of an equity raise.

* Restricted cash and all customer salary packaging cash can only be used for those customers' salary packaging payments and not for working capital purposes.

... with Smartgroup's net debt position at year end at c. \$72m, representing a debt / pro-forma EBITDA of c.1.0x.



Net debt (\$m)	33.6 ⁽¹⁾	72.0 ⁽²⁾	72.0 ⁽²⁾
EBITDA (\$m)	49.3	75.3	64.3

1. Excludes capitalised borrowing costs of \$0.2m.
 2. Excludes capitalised borrowing costs of \$1.9m.

Reconciliation of earnings to statutory financial statements.

	CY 2016 statutory financials	Reclassify: equity share investments	Add back: acquisition costs	Less: fair value gain	CY 2016 adjusted	Add: pro-forma adjustment ⁽¹⁾	CY 2016 pro-forma
Revenue	144.4	-	-	-	144.4	24.3	168.7
Operating EBITDA	64.2	1.0	-	-	65.2	11.0	76.2
Corporate interest revenue	(0.9)	-	-	-	(0.9)	-	(0.9)
Equity share of investments	0.5	(0.5)	-	-	-	-	-
M&A transaction costs	(2.1)	-	2.1	-	-	-	-
Fair value adjustment	1.6	-	-	(1.6)	-	-	-
EBITDA	63.3	0.5	2.1	(1.6)	64.3	11.0	75.3
Depreciation	(1.4)	-	-	-	(1.4)	(0.1)	(1.5)
Software amortisation	(7.2)	(0.3)	-	-	(7.5)	(1.9)	(9.4)
Contracts amortisation	(5.3)	-	-	-	(5.3)	(1.6)	(6.9)
Net finance costs	(3.3)	-	-	-	(3.3)	(2.3)	(5.6)
PBT	46.1	0.2	2.1	(1.6)	46.8	5.1	51.9
Income tax expense	(13.4)	(0.2)	(0.4)	-	(14.0)	(1.5)	(15.5)
NPAT	32.7	-	1.7	(1.6)	32.8	3.6	36.4
Add back:							
Amortisation (tax effected)	8.8	0.2	-	-	9.0	2.5	11.5
Cash tax benefit	2.2	-	-	-	2.2	0.6	2.8
NPATA	43.7	0.2	1.7	(1.6)	44.0	6.7	50.7
Shares (million) ⁽²⁾					121.5		121.5
NPATA per share (\$)					0.36		0.42
Weighted average shares (million) ⁽²⁾					111.6		121.5
NPATA per share (\$)					0.39		0.42

1. Representing the pre-acquisition contributions of Autopia and Selectus (as per SIQ disclosure in the H1 CY 2016 results on 25 August 2016 plus the trading results of Selectus for July 2016).
2. Includes loan funded shares.

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