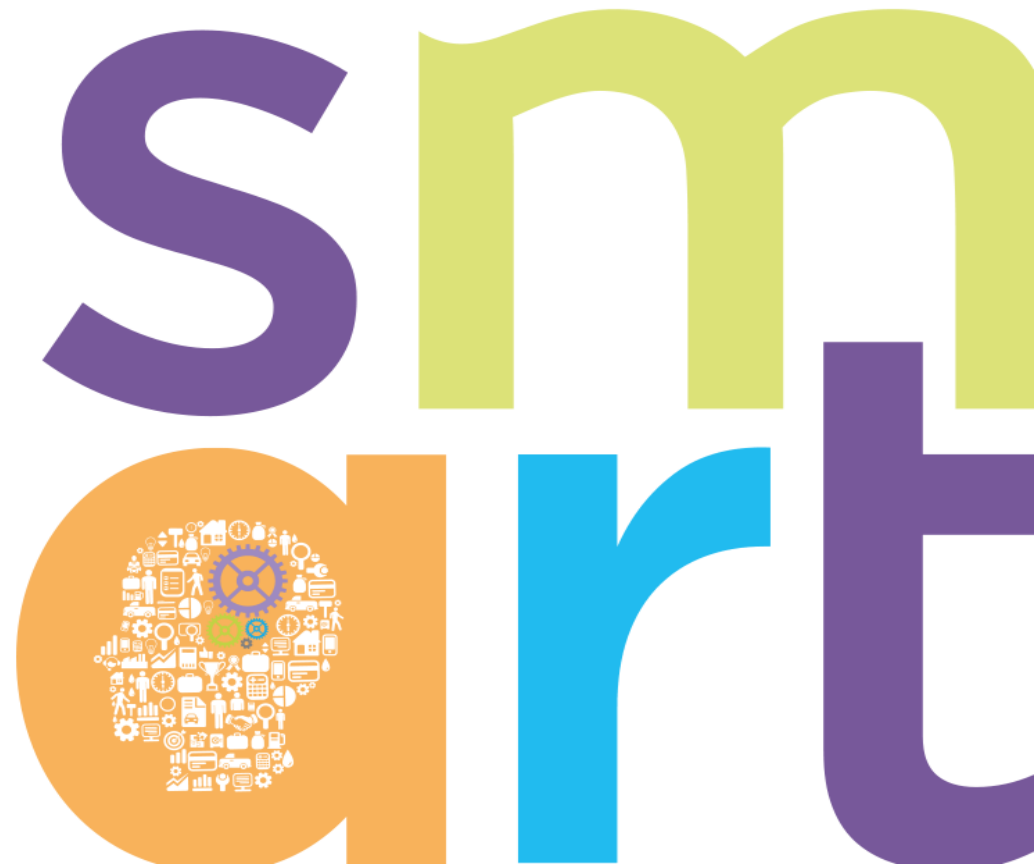




Investor presentation

**Acquisitions of
RACV Salary Solutions &
Aspire Benefits Management**

8th September 2017



Acquisition of RACV Salary Solutions and Aspire

About RACV Salary Solutions



- Salary packaging provider to all segments of the market
- Established in 2005, based in Adelaide with c.100 staff
- Administers c.38,000 salary packages and c.4,500 novated leases across c.700 employer clients
- FY 2017 revenues of c.\$16.6m, normalised FY 2017 EBITDA of c.\$5.0m⁽¹⁾

About Aspire



- Specialist novated leasing provider to corporate employer clients
- Established in 2009, based in Sydney with c.20 staff
- Administers c.1,500 novated leases across c.100 employer client organisations
- FY 2017 revenues of c.\$3.3m, normalised FY 2017 EBITDA of c.\$1.2m⁽¹⁾

Transaction summary



Key acquisition terms

- Agreement to acquire the assets of RACV Salary Solutions for \$27.0m plus \$7.0m⁽¹⁾ ⁽²⁾ retained in escrow
- All-cash transaction, funded from cash reserves and existing debt facilities
- Transaction agreement executed 8th September 2017 with Smartgroup ownership effective on completion, expected 1 November 2017
- Key personnel retained



Key acquisition terms

- Agreement to acquire 100% of ABM Pty Ltd for \$5.6m net of cash acquired plus \$0.6m⁽³⁾ retained in escrow
- All-cash transaction, funded from cash reserves
- Transaction executed 23rd August 2017, with Smartgroup ownership effective immediately
- Key personnel retained

1. \$7.0m cash to be held in escrow and payable 12 months from completion, subject to certain operational metrics

2. Excludes transaction costs attributable to advisory fees and stamp duties of \$1.2m that will be incurred and expensed in CY 2017

3. \$0.1m cash to be held in escrow to 31st December 2017 and \$0.5m cash to be held in escrow to 30th June 2018, payable subject to certain operational metrics

Expected financial impact on Smartgroup

Combined financial impact

Excluding one-off integration costs:

- Combined CY 2017 EBITDA contribution expected to be c.\$1.2m, for the balance of the year
- Combined CY 2018 EBITDA contribution expected to be c.\$12.0m, full synergy run rate expected in H2 2018
- Implied combined acquisition multiple of c.3.3x CY 2018 EBITDA
- CY 2018 EPS accretion of c.12%⁽¹⁾
- Gearing of c.1.3x ⁽²⁾ pro-forma LTM EBITDA

Acquisition	Completion date	CY 2017			CY 2018		
		EBITDA contribution (\$m)	Integration costs (\$m)	Net EBITDA contribution (\$m)	EBITDA contribution (\$m)	Integration costs (\$m)	Net EBITDA contribution (\$m)
Aspire	August 2017	0.4 ⁽³⁾	(0.4)	0.0	3.0	(0.5)	2.5
RACVSS	November 2017	0.8 ⁽⁴⁾	(0.4)	0.4	9.0	(1.5)	7.5
Total		1.2	(0.8)	0.4	12.0	(2.0)	10.0

1. The incremental CY 2018 EPS accretion for the RACV Salary Solutions and Aspire acquisitions assumes:
 - a. CY 2018 EBITDA of \$12m for RACV Salary Solutions and Aspire excluding one-off integration costs
 - b. Consensus CY2018 NPATA of \$67.8m comprising 6 analyst forecasts (Macquarie Bank, Morgans, Morgan Stanley, Citigroup, Credit Suisse, CLSA) updated since SIQ H12017 results announcement on 23rd August 2017
2. Net debt/ pro-forma LTM June 2017 EBITDA
3. 4 months at historical FY 2017 EBITDA of c.\$1.2m
4. 2 months at historical FY 2017 EBITDA of c.\$5.0m

Smartgroup's salary packaging and novated leasing footprint



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

	PBI	Government	Corporate	Rebatable
smartsalary				
Advantage Salary Packaging	Completed December 2015			
Autopia ↑ Intelligent Car Ownership			Completed July 2016	
Selectus™	PBI clients transitioned to Advantage & AccessPay	Completed August 2016		
AccessPay	Completed May 2017			
ASPIRE BENEFITS MANAGEMENT			Completed August 2017	
RACV Salary Solutions	Agreement September 2017			

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

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("Important Notice")

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