

Acquisition of Fleet West and trading update



14th December 2017

Acquisition of Fleet West



About Fleet West

- Established in 2002, based in Perth with 15 staff
- Specialist fleet management provider to the not-for-profit sector, with c.180 clients, with c.2,800 vehicles under management
- FY 2017 revenues of c.\$3.5m and EBITDA of c.\$1.5m

Acquisition terms

- 100% of share capital for \$8.0m of cash and \$1.0m⁽¹⁾ in shares
- Expected to complete in January 2018

Financial impact of the acquisition

- Fleet West expected to contribute c.\$2.2m EBITDA in CY 2018
 - Excludes impact of anticipated one-off IT and other integration costs in 12 months⁽²⁾ post ownership of c.\$0.7m
 - ☐ Implied acquisition multiple of c.4.1x forecast CY 2018 EBITDA
 - ☐ CY 2018 EPS accretion of c.2%⁽²⁾

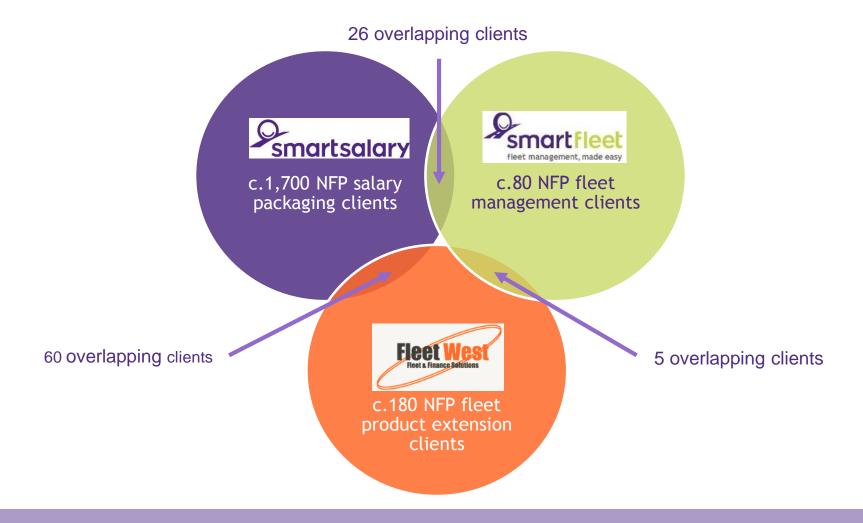
^{1.} Shares to be issued at 4-day VWAP ending 12th December 2017, with 50% of shares escrowed to end March 2019 and the remainder to end March 2020

^{2.} The implied acquisition multiple and incremental EPS accretion assumes CY 2018 EBITDA of \$2.2m excluding the one-off IT and integration costs. The accretion calculation is based on consensus CY 2018 NPATA of \$75m, comprising the 4 most recent analyst forecasts (Macquarie Group, Morgans, Citigroup and Ord Minnett)

Extending Smartgroup's service offerings to the not-for-profit sector



Not-for-profits represent c.50% of Smartgroup's total client base of c.3,500 clients



CY2017 trading update



- Smartgroup provides a trading update for the period ending 31 December 2017
- Smartgroup currently expects to report CY 2017 NPATA of \$64.0m (1) (45% increase on prior year)
- This strong performance was driven principally by the achievement of synergies earlier than expected from the AccessPay, Aspire and RACV Salary Solutions acquisitions completed earlier this year
- The estimated unaudited full year financial results assume the continuation of current trading conditions
- The above figures are preliminary and subject to the year end audit and sign off
- Smartgroup's CY 2017 audited results will be released on 21 February 2018

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("Important Notice")



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