
Smartgroup Annual General Meeting, 9 May 2019

Address by Deven Billimoria, Managing Director and CEO

Good morning everyone and thank you for joining us today – it is good to see so many of you again. My name is Deven Billimoria, and I'm the Managing Director and CEO of Smartgroup.

I will provide an overview of our financial performance in 2018, and I'll also take you through some of the highlights in what has been another year of continued financial growth and improved operational results, despite challenging market conditions.

As shown on Slide 1, Smartgroup has delivered another year of continued financial growth and improved operational results:

First, we delivered revenues for the full year of \$241.8 million dollars and NPATA of \$78.0 million dollars. Top and bottom line numbers were up on the prior year by 18% and 22%, respectively.

Second, we grew Smartgroup's core packaging and leasing business organically.

Third, we continued to build on our success in delivering multiple services to common clients across the group.

Fourth, we continue the ongoing integration of acquired businesses.

And finally, we are pleased to have declared a final dividend of 21.0 cents per share. This brought our total dividend for CY2018 to 41.5 cents per share, fully franked, up 19% from CY 2017. Also, we are pleased to have paid a special dividend of 20.0 cents per share on the 6th May 2019.

Turning to Slide 2, we saw continued growth in revenues and earnings versus CY 2017.

Looking at the bottom table on Slide 2, we can see that both our salary packages and novated leases under management also continued to grow, which, coupled with the decreased FTE numbers, represents approximately a 10% efficiency saving.

Turning to Slide 3, you can see that our growth has continued since our IPO in 2014.

On Slide 4, you can see that our salary packages and novated leases under management increased as a result of organic activities.

Turning to Slide 5, you can see the continued growth in our fleet management footprint, as a result of organic and acquisitive activities. The Fleet West product offering continues to perform well and has been an important contributor to our cross-sell initiatives.

On Slide 6 we can see how the contributions and additional synergies from the CY 2017 acquisitions enabled us to deliver an EBITDA of approximately \$112 million dollars.

On Slide 7, you can see that our client base has continued to grow, with key end markets being PBIs, Hospitals, Government and Education.

On Slide 8 we continue to see success in delivering multiple services, principally to our PBI clients. 164 clients use two or more service offerings.

On Slide 9 you can see that we continued the long-term improvement in customer adoption of digital channels at Smartsalary. We also continued work on implementing improvements to business processes through our robotic process automation program that began 3 years ago.

On Slide 10, you can see that we continue to drive operational efficiencies and enhance sales and IT capabilities, while seeing organic growth in salary packages and novated leases under management.

Turning to Slide 11, you will see that Smartgroup has executed two small acquisitions in the early part of 2019. These acquisitions further strengthen our presence in the corporate and PBI sectors.

Turning to Slide 12 and in summary, despite tighter market conditions, 2018 saw improvement across all key financial and operational metrics.

Novated leasing volumes and yields remain relatively flat YTD 2019, and market conditions continue to be challenging.

That concludes my address and I thank you for joining us this morning.

Before handing back to our Chairman, I would to thank all of our team members at Smartgroup for their ongoing dedication.