



## ASX Announcement

**Release date: 23 December 2020**

### Earnings guidance for the full year ending 31 December 2020

Smartgroup Corporation Limited (ASX:SIQ) is pleased to provide the following update in relation to its earnings expectations for the full year ending 31 December 2020 (CY2020).

Following a stronger second half performance, Smartgroup expects to report CY2020 NPATA<sup>1</sup> of approximately \$65m, including a c.\$1m after-tax benefit from the repayment of corporate debt. This guidance is an estimate only and remains subject to the annual audit process.

Profit performance has been supported by an improved operating EBITDA margin of approximately 44% in the second half of 2020, up from 43% in the first half. Operating EBITDA is expected to be approximately \$47m for the second half. Improved cost controls helped offset a forecast 3% fall in novated leasing volumes from the first half. The second half result also includes 8% lower yields, reflecting the impact of the previously announced insurance price reductions that became effective 1 July 2020.

The number of salary packages and novated leases under management are forecast to be in line with H1 2020.

Smartgroup Managing Director and CEO, Tim Looi, said: "We expect to deliver an encouraging full year profit result demonstrating the resilience of our business in a challenging operating environment. We are seeing a positive trend in the number of novated lease enquiries and settlements in respect of new vehicles.

"However, we remain cautious. The current environment is fragile with the potential for further economic disruption due to COVID-19 public health responses and the potential knock on effects these may have on consumer confidence and our business," Mr Looi said.

This announcement was authorised by the Board of Smartgroup for release to the ASX.

#### **For further information:**

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<sup>1</sup> NPATA is net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles and significant non-operating items.