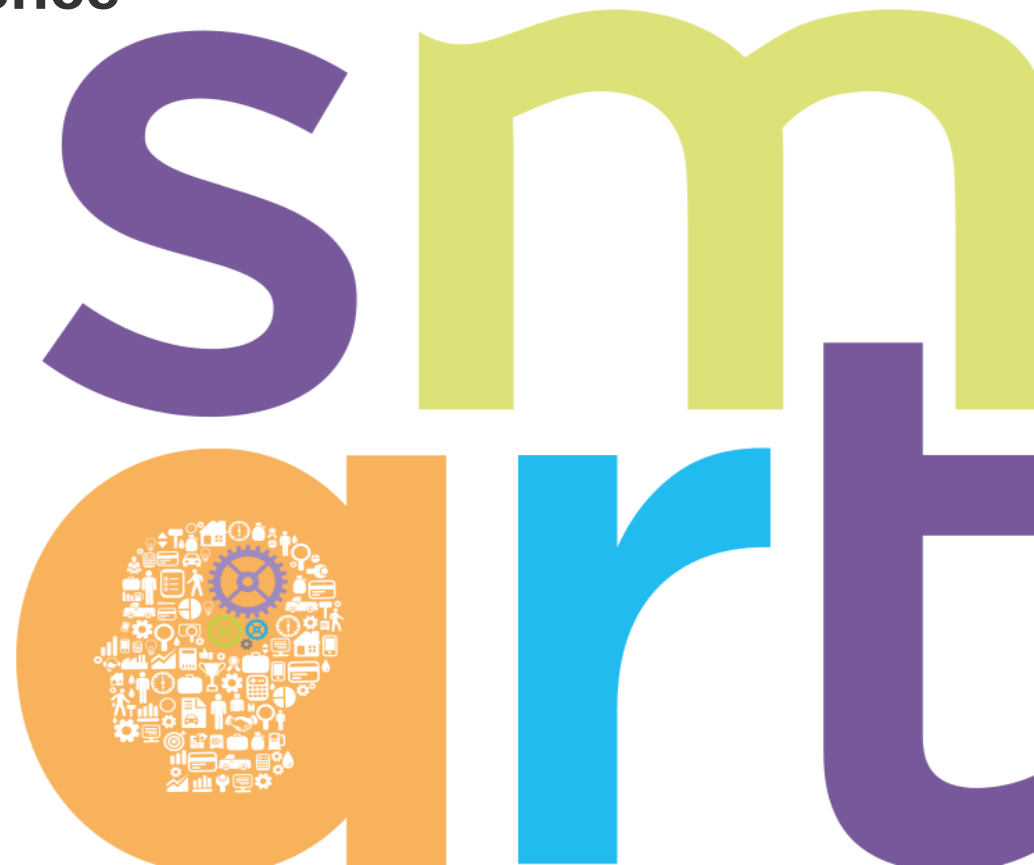




Morgan Stanley 2019 Australian Emerging Companies Conference Sydney

Deven Billimoria
Managing Director and CEO

13 June 2019



Smartgroup has achieved continued growth in 2018 and paid a special dividend in 2019...

1

Continued strong financial performance

- Revenue of \$241.8m up 18% vs CY 2017
- NPATA⁽¹⁾ of \$78.0m up 22% vs CY 2017

2

Continued client growth

- Organic growth of c.18,000 packages and c.2,750 leases
- Over 300 new employer client wins across business units - includes recent appointment to whole of NSW Health packaging and leasing panels

3

Building on initial success delivering multiple services to clients

- 164 clients use two or more service offerings, 10% growth from June 2018
- 14 clients use three or four services

4

Ongoing integration of acquired businesses

- Fleet West integrated into Smartfleet
- Integration progressing with c.700 clients transitioned to core systems
- Consolidation of IT infrastructure well underway, and premises reduced from 17 to 8

5

Fully franked final dividend of 21.0cps (covering H2 CY 2018 period)

- After tax operating cashflow at 100% of NPATA
- Full year fully franked dividends of 41.5cps, up 19% from CY 2017
- Special fully franked dividend of 20.0cps paid on 6 May 2019

1. NPATA is net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items. Refer to Appendix for the reconciliation.

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

\$m	CY 2017	CY 2018	Change % (CY18 v CY17)
Revenue	205.4	241.8	18%
EBITDA ⁽¹⁾	93.6	111.8	19%
NPATA	64.1	78.0	22%

Shares on issue (millions)	123.2	130.9	6%
NPATA per share (cps)	52.0	59.6	15%

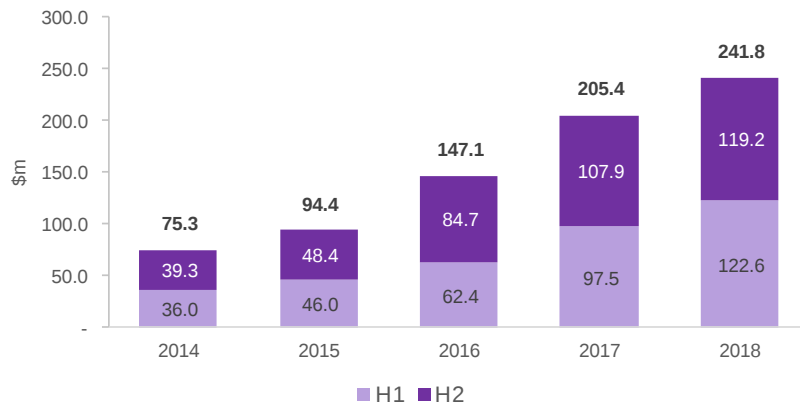
	As at December 2017	As at December 2018	Change %
Packages	325,000	343,000	6%
Novated leases under management	62,500	65,250	4%
FTEs	721 ⁽²⁾	695	(4%)

1. EBITDA is earnings before interest, tax, depreciation and amortisation adjusted for significant non-operating items. Refer to Appendix for the reconciliation

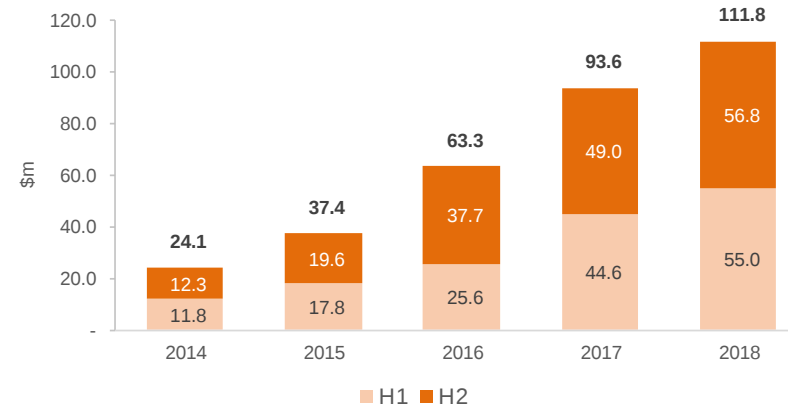
2. Includes 15 staff from Fleet West acquisition completed in January 2018.

...and increasing revenue, earnings and dividends.

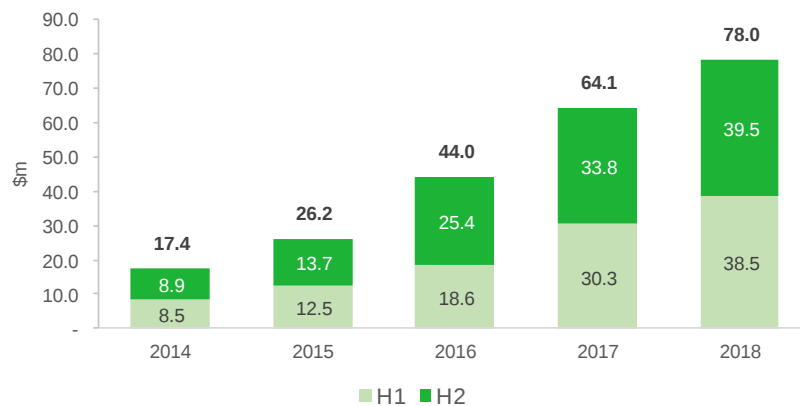
Revenue



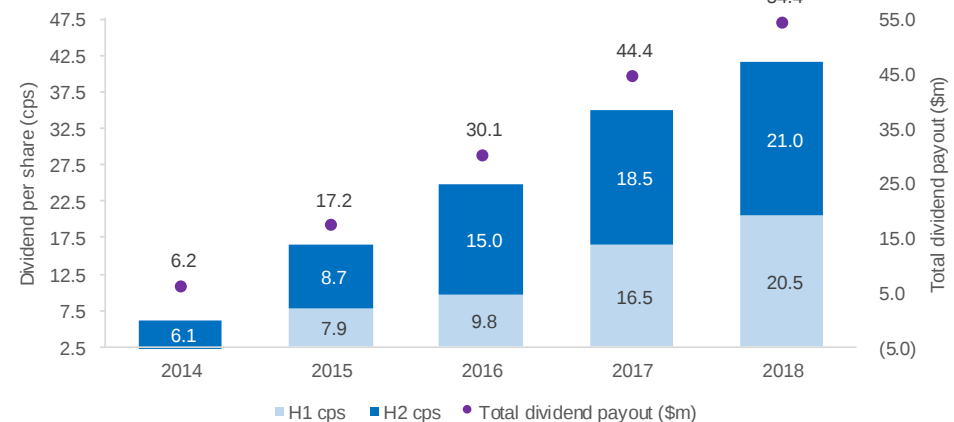
EBITDA



NPATA



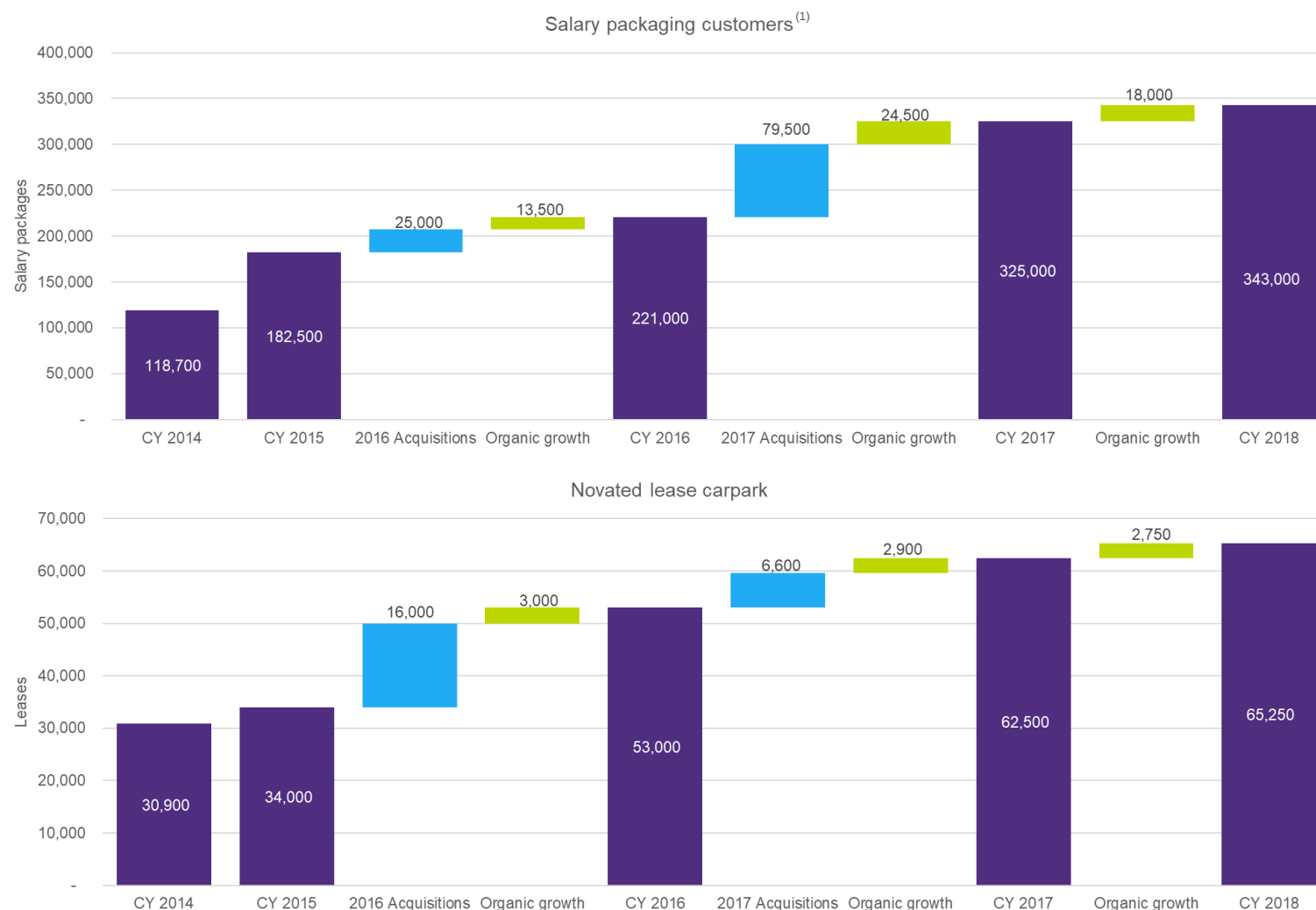
Dividend (fully franked)



Shares on issue (m)

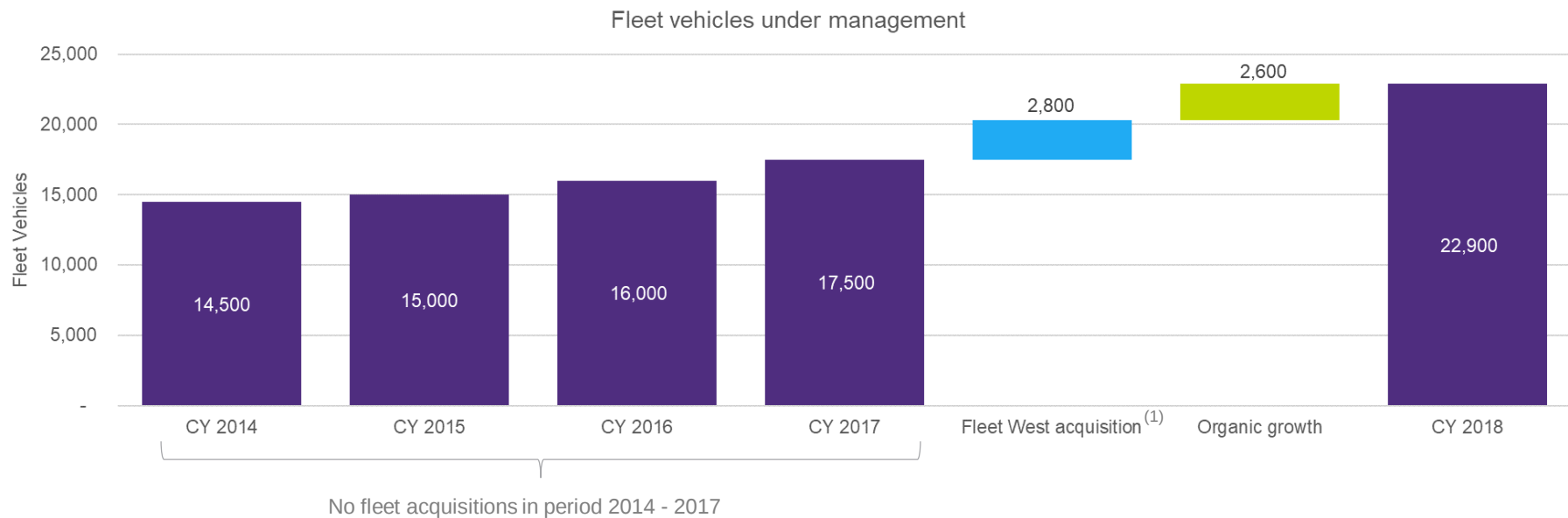
2014	2015	2016	2017	2018
101.5	103.7	121.5	123.2	130.9

Smartgroup continues to grow salary packages and novated leases...



1. CY 2015 package figure includes the acquisition of Advantage with c.50,000 packages, and a major client win of c.7,400 packages. CY 2016 and CY 2017 organic growth figures include major client wins of c.6,500 and c.8,500 packages, respectively. CY 2018 organic growth includes no major client wins.

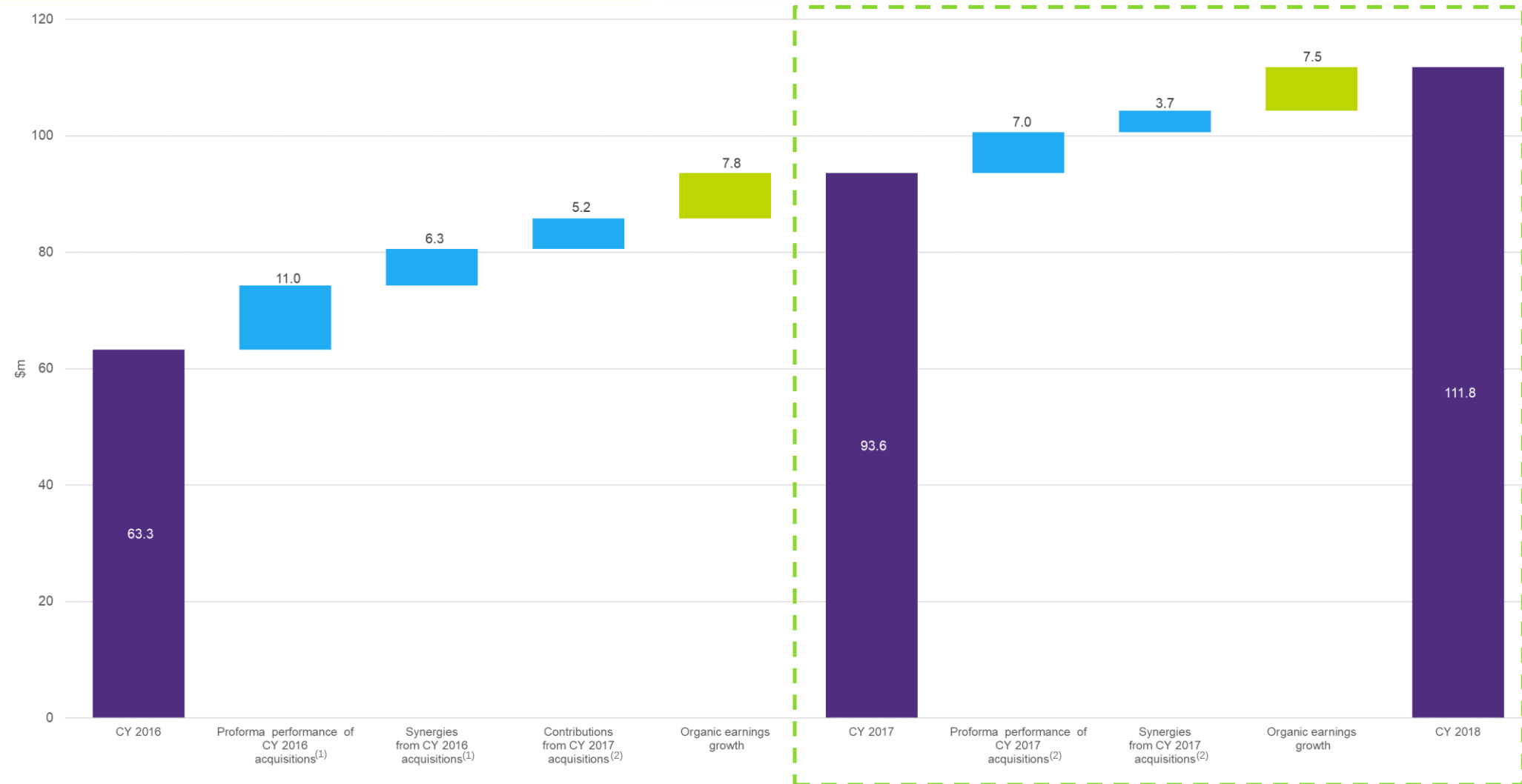
... and also continues to grow its fleet management footprint, both organically and through acquisition...



- Fleet West staffing, operations, technology and branding now integrated into Smartfleet.

1. Fleet West acquisition was completed in January 2018

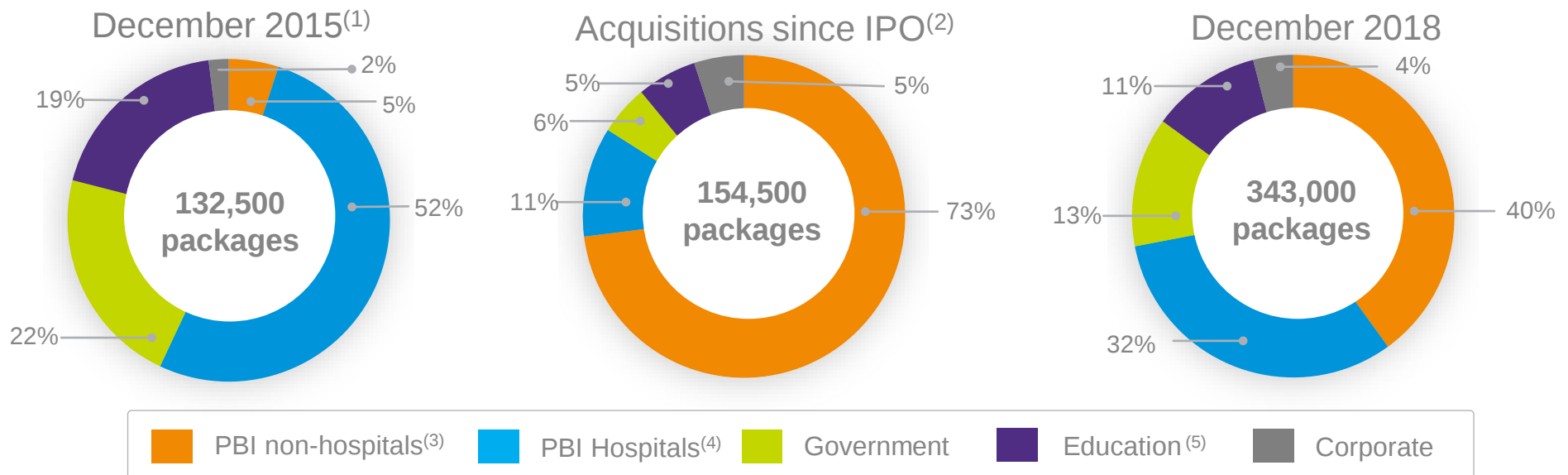
... delivering further EBITDA growth in 2018...



1. CY 2016 acquisitions – Smartequity, Autopia and Selectus.

2. CY 2017 acquisitions – AccessPay, Aspire, RACV Salary Solutions and Fleet West (completed 4 Jan 2018).

... from a growing and diversified client base.



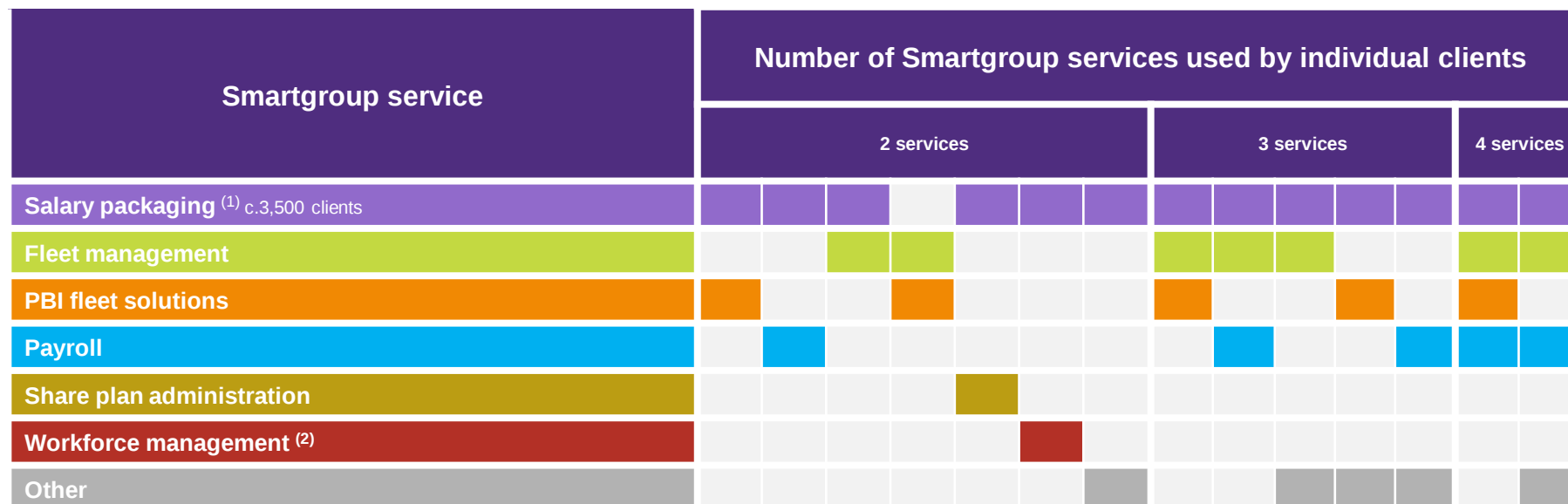
1. December 2015 adjusted to exclude 50,000 packages from the acquisition of Advantage completed in December 2015
2. Includes all 9 acquisitions completed since November 2015;
3. 'PBI non-hospitals' includes charities and other not-for-profit organisations registered as a public benevolent institution (PBI) and recognised by the ACNC and ATO and eligible for FBT exemption, excluding PBI Hospitals with hospital employees having a different tax status to employees of all other PBI organisations
4. 'PBI Hospitals' includes public and private not-for-profit hospitals.
5. 'Education' includes public and private not-for-profit educational institutions.

Smartgroup is building on early successes in delivering multiple services, principally to our PBI clients.



Common clients across the group

164 clients use two or more service offerings, growth of 10% from June 2018



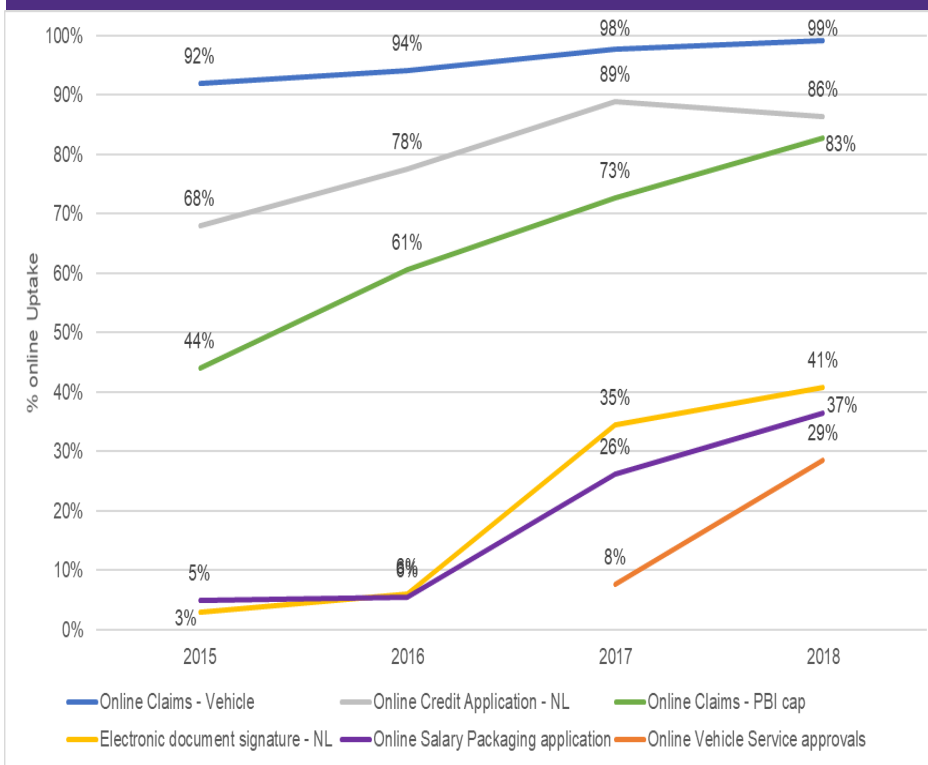
													Total
Total 31 December 2018	150						12				2		164
Total reported 30 June 2018	138						11				-		149

150 clients use two service offerings, 12 clients use three service offerings and 2 clients using four service offerings

1. Approximately 20 benefits can be salary packaged, one of which is a novated lease
2. Workforce management clients are individual hospitals

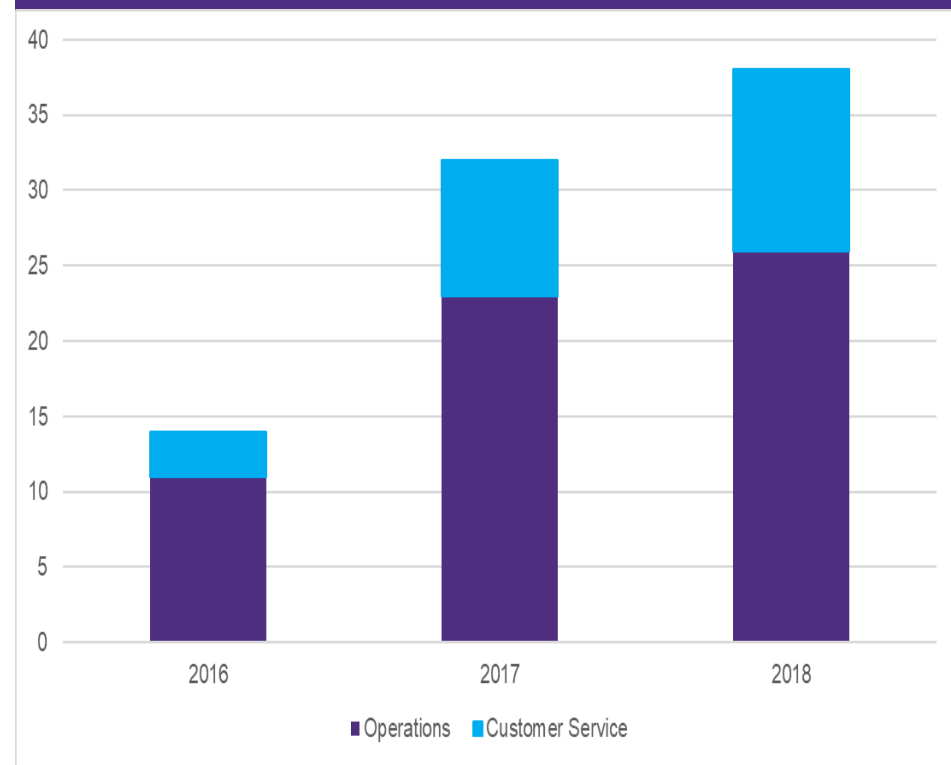
The focus on customer service excellence through increasing levels of customer adoption of digital channels and automation in core systems continues.

Online processing uptake of high-volume Smartsalary⁽¹⁾ transactions



- Continued the long-term improvement in customer adoption of digital channels at Smartsalary.
- Extension to acquired businesses progressing and continues, as integration and client transitions to core systems are completed.

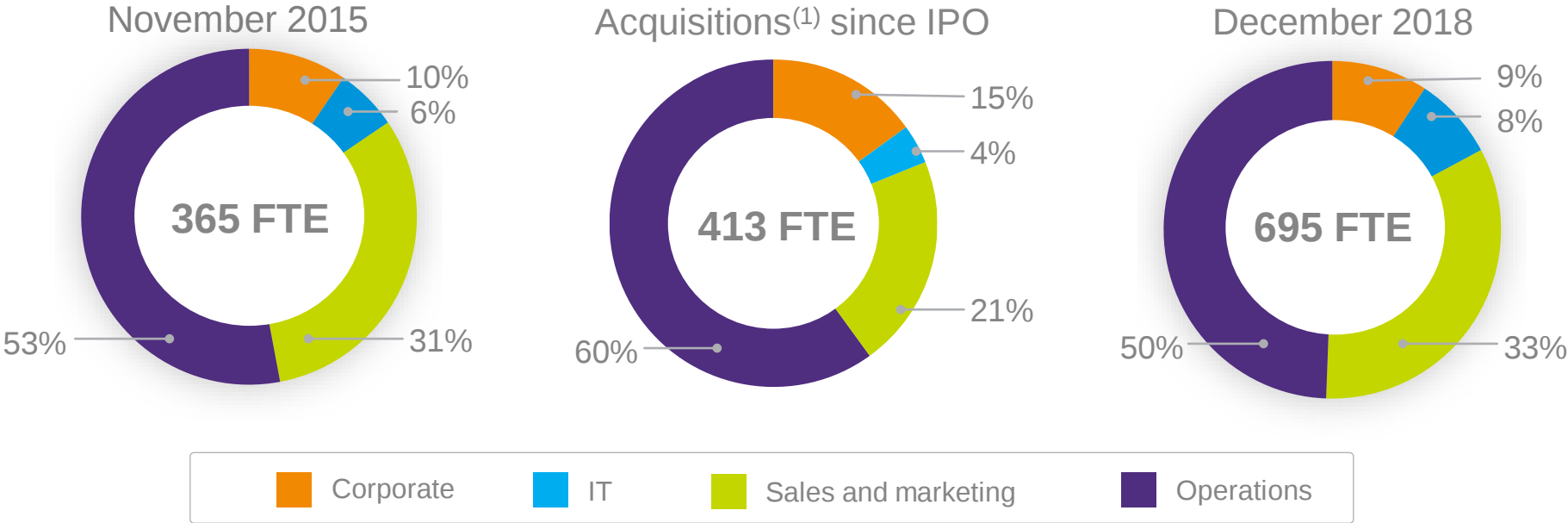
Progressive implementation of Robotic Process Automation (RPA)



- Work on implementing improvements to business processes through automation is progressing and continues in 2019.
- Enhanced customer service and operational efficiency improvements.

1. At Dec 2018, Smartsalary represented c.50% of total SIQ packages and c.70% of total SIQ leases. Data excludes acquired brands not currently on the Smartsalary digital platform.

The staffing level reflects the continued focus on operational efficiencies and investments in IT, sales and marketing



	November 2015	Acquisitions since IPO	December 2018
Packages	132,500	154,500	343,000
Novated leases under management	32,500	24,100	65,250
Packages / FTE	363	374	494

1. Includes all 9 acquisitions completed since November 2015; excludes 50% equity stake in Health-e Workforce Solutions

Acquisitions update

Mylease

- Acquired the novated leasing assets of Mylease from iNovation Pty Ltd for \$6.9m in cash, including \$1.0m retained in escrow
- Administers c.1,000 novated leases across c.500 employer clients with FY 2018 revenue of c.\$2.7m and EBITDA of c.\$1.5m

Acquisition 2*

- Acquired 100% of salary packaging and novated leasing business for \$2.2m in cash, including \$0.7m retained in escrow
- Administers c.1,500 packages and c.500 novated leases across c.30 employer clients with FY 2018 revenue of c.\$1.5m and EBITDA of c.\$0.5m

Acquisition	Completion date	H1 2019			H2 2019			2020
		EBITDA contribution \$m	Integration costs \$m	Net EBITDA contribution \$m	EBITDA contribution \$m	Integration costs \$m	Net EBITDA contribution \$m	EBITDA contribution \$m
Mylease	April 2019	0.2	(0.2)	0.0	0.8	(0.2)	0.6	2.2
Acquisition 2	c. June 2019	0.1	(0.1)	0.0	0.3	(0.2)	0.1	0.8
Total		0.3	(0.3)	0.0	1.1	(0.4)	0.7	3.0

Each acquisition will be integrated into existing Smartgroup brands

* Smartgroup executed a Share Purchase Agreement with the vendors of Acquisition 2 on 8 May 2019. The vendors have requested that the identity of the acquired company be withheld until after client and employee communications occur.

In summary...

- Improvement across all key financial and operational metrics
- Continuing early success in delivering multiple service offerings to clients
- Ongoing integration of acquired businesses including clients, systems and premises
- Novated leasing trading update to end May 2019:
 - financing approval rates declined by c.2% versus pcg
 - volumes are relatively flat versus pcg
 - yields are down c.2% versus Q4 2018
 - market conditions remain challenging
- Final fully franked dividend of 21.0 cps bringing full year dividends to 41.5 cps
- Fully franked special dividend of 20.0 cps paid on 6 May 2019

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