

## ASX Announcement

Release date: 8 May 2025

### Macquarie Australia Conference and Business Update

**Smartgroup Corporation Ltd (ASX: SIQ)** (“Smartgroup” or “the Group”), a leading employee services and fleet solutions provider, is pleased to provide a business update and a copy of the presentation for the Macquarie Australia Conference to be held today.

#### Q1 2025 financial and operational update

- Average monthly revenue for Q1 2025 was in line with H2 2024. Q1 2025 average monthly revenue increased 10% compared to Q1 2024 (pcp).
- Average monthly total novated leasing settlements, which include refinanced vehicles, increased 1% compared to H2 2024, representing a 9% increase vs pcp.
- Average monthly novated leasing orders (excluding refinanced) increased 9% vs H2 2024, representing a 21% increase vs pcp.
  - Internal Combustion Engine (ICE) new vehicle orders were stable vs H2 2024 and increased 4% compared to pcp.
  - Total electric vehicles (EV) accounted for 51% of Q1 2025 new vehicle orders, including battery-electric vehicles (BEV) at 30% and plug-in hybrid electric vehicles (PHEV) at 21% of new vehicle orders.
- The Federal Government Electric Car Discount Policy for plug-in-hybrids ended on 31st March this year. As a result, PHEVs demand accelerated in Q1 2025, resulting in new leases (excluding refinanced) increasing to 86%, compared to 82% in H2 2024. The Federal Government Electric Car Discount Policy remains available for BEVs.
- Q1 2025 novated leasing yield was steady vs H2 2024 and increased 4% vs pcp.
- \$11-13m expected capex spend in 2025 as announced with 2024 full-year results.
- Continued progress on Strategic Priorities, with new partnerships starting in 2025, including Intellihub’s Enreal and BMW Financial Services.

Commenting on Smartgroup’s performance over the first quarter of 2025, Managing Director and CEO, Scott Wharton, said: “We are pleased that our Strategic Priorities and targeted investments have led to positive operational momentum in 2025. Leasing demand remained stable for both EV and ICE vehicles, and we benefited from a boost in PHEV demand during the quarter.”

#### Outlook

Commenting on Smartgroup’s outlook, Managing Director and CEO, Scott Wharton, said: “We remain cautiously optimistic for the year ahead. We continue to progress our Strategic Priorities, focusing on the delivery of our digital assets in our leasing and salary packaging businesses. These investments will further improve customer experience and increase efficiency and scalability.”



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

**For further information:**

Website: [www.smartgroup.com.au](http://www.smartgroup.com.au)

**Investors:**

Aline van Deventer  
GM, Investor Relations  
and Strategic Planning  
[ir@smartgroup.com.au](mailto:ir@smartgroup.com.au)  
0423 553 434

**Media:**

Michael Fairbairn  
GM, Corporate Affairs  
[media@smartgroup.com.au](mailto:media@smartgroup.com.au)  
0448 524 731

# Macquarie Australia Conference 2025



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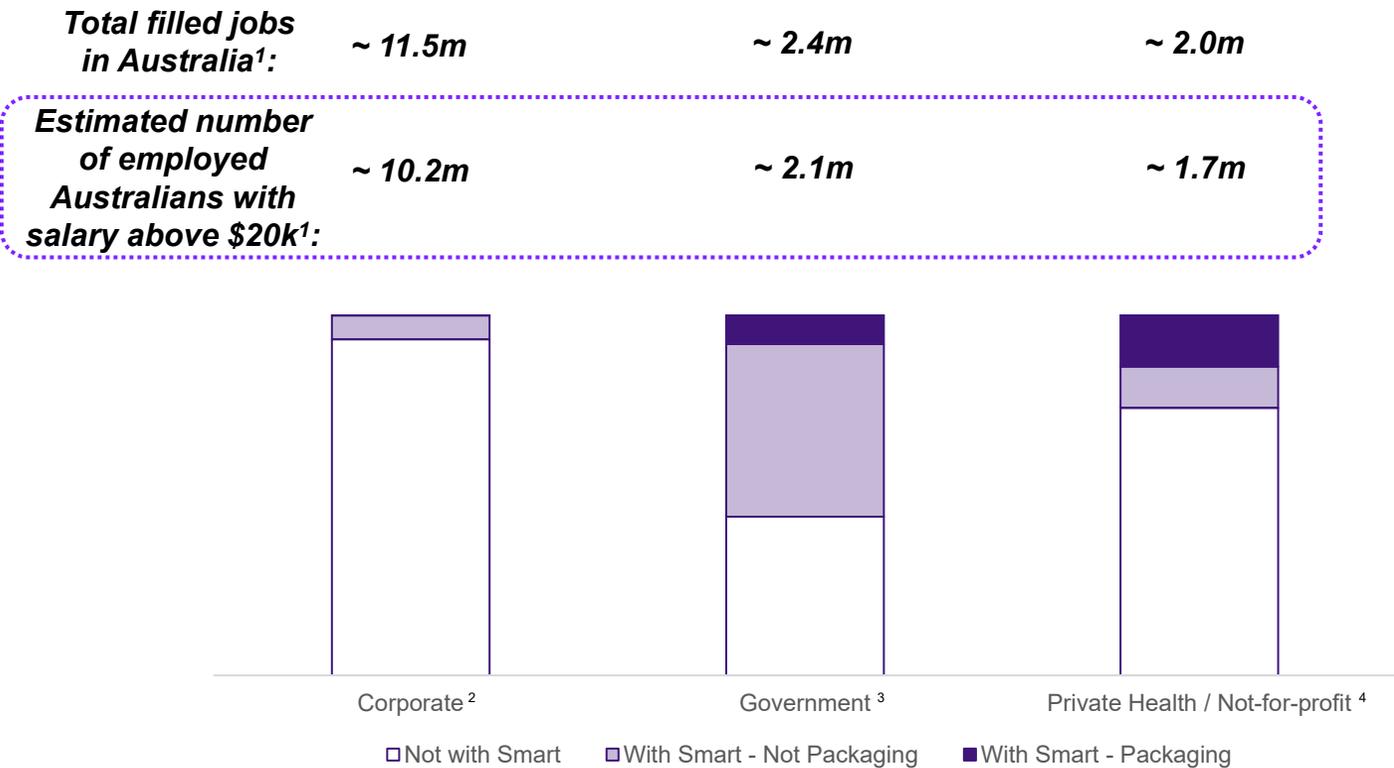
# Investment proposition



## CY 2024 vs CY 2023

<b>Leading, resilient business</b>	Leading player with diversified exposure	<ul style="list-style-type: none"> <li>Positioned as a market leader in salary packaging and novated leasing</li> <li>Broad product offering incl. exposure to fleet management</li> </ul>	▶	<b>541,000</b> LTM salary packaging customers <sup>1</sup>	<b>~2.3m</b> potential customers in existing client base
	Resilient business with high client retention	<ul style="list-style-type: none"> <li>Resilient customer demand through the cycle</li> <li>Significant recurring revenue</li> <li>Long-term client contracts in attractive and growing segments</li> </ul>	▶	<b>46%</b> Not-for-profit, <b>26%</b> Government, <b>19%</b> Health, <b>6%</b> Education	
<b>Attractive financial profile</b>	Consistent strong financial performance	<ul style="list-style-type: none"> <li>Proven track record of revenue growth</li> <li>Solid margins supported by increasingly scalable model</li> <li>Strong operating cash flow conversion</li> </ul>	▶	<b>+11.3%</b> revenue <sup>2</sup> CAGR (3y)	<b>108%</b> operating cash flow to NPATA
	Favourable operating environment	<ul style="list-style-type: none"> <li>Continued demand for novated leasing</li> <li>Vehicle delivery timeframes improving</li> <li>Cost of living pressures</li> </ul>	▶	<b>+22%</b> increase in novated leases under mgt <sup>5</sup>	<b>~44%</b> improvement in average delivery time <sup>3</sup>
<b>Building profitable growth</b>	Capital light business model	<ul style="list-style-type: none"> <li>Strong and flexible balance sheet</li> <li>Minimal residual value exposure with limited on-balance sheet funding</li> </ul>	▶	<b>P&amp;A</b> funding model	<b>0.4x</b> net debt / EBITDA <sup>4</sup>
	Strategic Priorities increasing scalability	<ul style="list-style-type: none"> <li>Focus on core business performance and simplification</li> <li>Investment in technology to drive scale benefits, strengthen customer experience and accelerate digitisation</li> </ul>	▶	<b>+10%</b> in the number of packages / FTE <sup>5</sup>	<b>~10%</b> improvement in NPS <sup>5</sup>

# Our addressable market is a significant growth opportunity

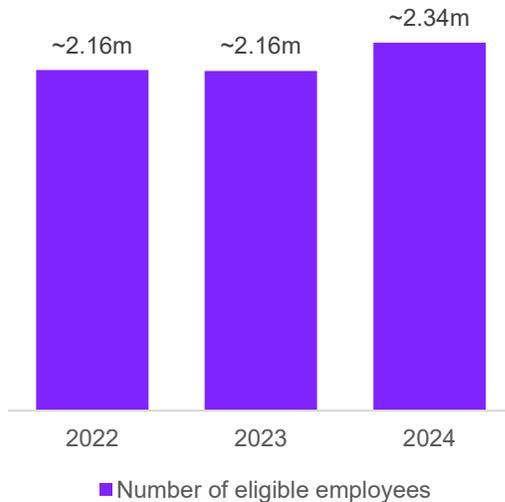


- There are over 15 million employed Australians, of those circa **14 million** earn a salary above \$20k, and can benefit from salary packaging
- Of those 14 million potential customers, over **2.3 million are employed by Smartgroup clients**
- Smartgroup served **~541,000 customers** in the last 12 months, with the majority in Government, Health and Not-for-profit segments
- Our opportunity is to increase penetration in our existing client base, grow in the Corporate segment and acquire new clients

1. ABS Employment data Q3 2024.  
 2. ABS Employment data Q3 2024 (Private – Corporate, Education, Mining and Uniformed) and Smartgroup estimates of total employees per segment as at Feb 2025.  
 3. ABS Employment data Q3 2024 (Government) and Smartgroup estimates of total employees per segment as at Feb 2025.  
 4. ABS Employment data Q3 2024 (Private Health / Social Assistance and Smartgroup estimates of total employees per segment as at Feb 2025..

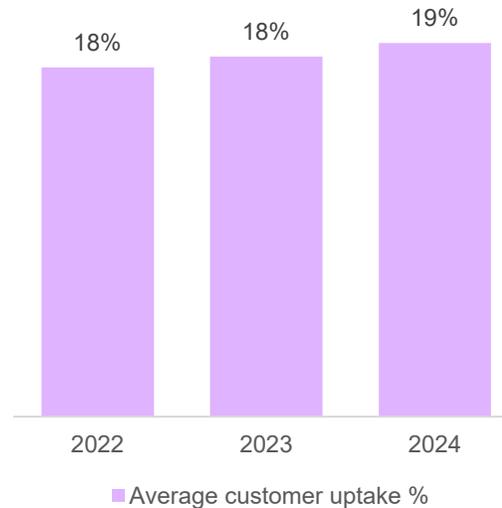
# Positioning to drive scalability

**Increasing eligible customer base<sup>1</sup>**



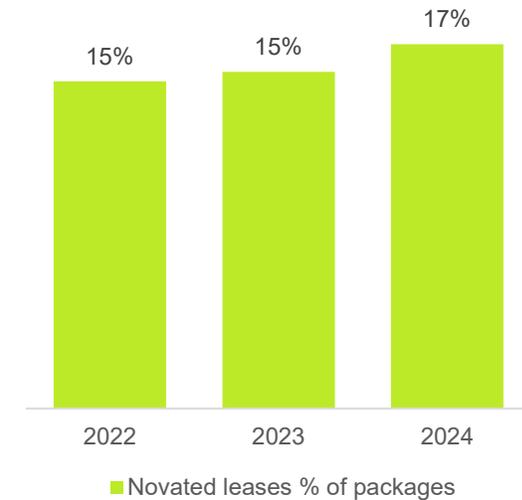
- Focus on increasing eligible employee numbers to leverage the scale of our platform

**Increasing customer penetration<sup>1</sup>**



- Focus on the organic opportunity to expand penetration into our existing client base

**Increasing customer lifetime value**



- Focus on expanding our products and services to better meet customer needs and increase retention

# Our Strategic Priorities and focus

## Our ambition

### Smarter Benefits for a Smarter Tomorrow

Simplifying benefits and adding value to our clients and customers, while enabling businesses to attract and retain great teams as we build a more sustainable Australia.

## Our focus

### Smarter Experiences

Market-leading customer experience, helping customers and employers work with us how and when they want

### Smarter Products

Simple and innovative products and services to help customers do more and save more

### Working Smarter

Simple and scalable operations, with improved capability that puts the customer first

## Our Strategic Priorities

Customer-focused, digital and efficient salary packaging offering

Leadership in Novated Leasing via EVs

Innovation of propositions to meet growing customer needs

Targeted investment in fleet capabilities

- Digitise operations and enhance self-service to delight clients and customers
- Simplify and consolidate the core technologies and drive scale benefits including moving to a single brand
- Maintain a market-leading proposition for EVs through sustained digital investment
- Accelerate our digital sales engine
- Expand our novated leasing offering to meet a broader set of needs
- Scale our benefits program
- Continue to support client demand for tailored products
- Increase capability via balance sheet-funded pilot

# Delivering Smarter benefits for a Smarter tomorrow

## Solid progress on our Strategic Priorities in CY24

Customer-focused, digital and efficient salary packaging offering	Leadership in Novated Leasing via EVs	Innovation of propositions to meet growing customer needs	Targeted investment in fleet capabilities
<ul style="list-style-type: none"> <li>• New brand 'Smart', progressed brand simplification from 6 to 4 brands in 2024</li> <li>• smart.com.au, our new digital home attracted over half a million total users since November 2024</li> <li>• Improved customer service and digital capabilities, NPS &gt;10% higher in 2024</li> <li>• Delivered process improvements and automation, ~10% improvement in the number of packages / operations FTE</li> <li>• More than doubled new client wins<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Grew number of settlements by 20% in 2024 v pcp</li> <li>• EV and ICE new car orders up 51% and 12% in 2024 v pcp, respectively</li> <li>• Continued growth in the SME segment</li> <li>• Enhanced our car leasing portal, increasing digital conversion<sup>2</sup></li> <li>• Active yield management delivered 7% improvement v pcp</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded our benefits offering</li> <li>• Established new partnerships including Intellihub and Qantas</li> <li>• Over 30,000 users accessing Smartrewards in 2024</li> <li>• Progressed improvements in benefits sign-up process</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded our fleet offering to larger clients</li> <li>• Increased vehicles under management by 6% in 2024 v pcp</li> <li>• Grew self-funded fleet pilot to ~750 vehicles for ~40 clients</li> <li>• Implemented operational improvements for our clients</li> </ul>

1. Based on total eligible employees of new client wins.

2. Comparing current and first version of the car leasing portal, conversion measured from calculator start to vehicle order (comparing H2 2024 period).

# Q1 2025 Update



# Strong leasing demand and yield sustained

	Q1 2025 v pcp	Q1 2025 v H2 2024	H2 2024 v pcp
New lease orders <sup>1</sup>	+21%	+9%	+19%
Total settlement volume <sup>2</sup>	+9%	+1%	+15%
Leasing yield	+4%	Steady	+2%

## Strong customer demand

- Continued customer interest in novated leasing
- Discount policy for plug-in hybrid (PHEV) ended in April, driving accelerated demand in Q1 2025

## Vehicle delivery timeframes stable

- Total pipeline future revenue of c.\$12m at the end of March 2025 (in line with December 2024) remains above pre-COVID levels (c.\$4m)

## Yield focus

- A higher proportion of new car leases, supply chain renegotiation and vehicle mix delivered yield uplift vs pcp
- New lease settlements<sup>1</sup> improved to 86% of total novated volume for Q1 2025 (vs 82% in H2 2024), driven by pull-forward demand for PHEVs
- Q1 2025 yield remains in line with H2 2024

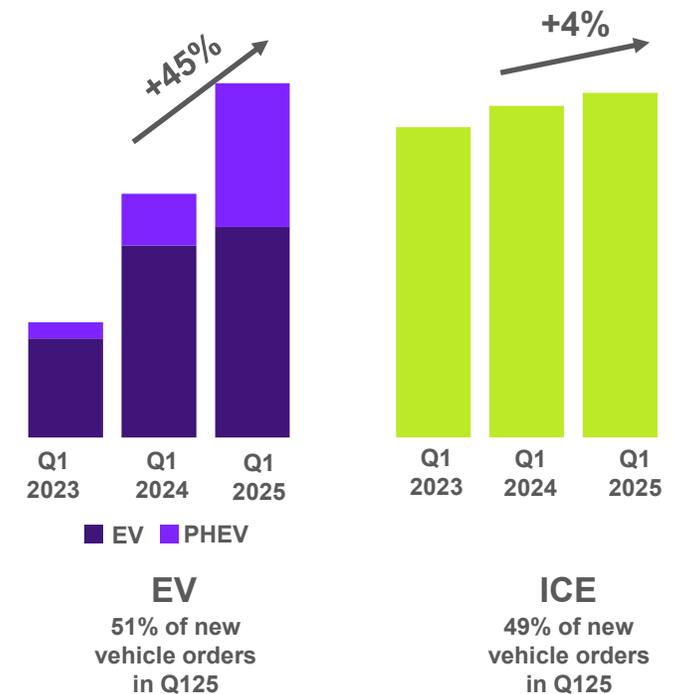
1. Excludes refinanced deals.

2. Includes new, used and refinanced.

# EV and ICE new vehicle orders continue to grow

- Availability of EVs remains good
- Q1 2025 ICE new vehicle orders grew 4% vs pcp, and were stable vs H2 2024
- ICE accounted for 49%, EV accounted for 51% of Q1 2025 new vehicle orders, of which PHEV was 21%
- Strong EV interest during Q1 2025, new vehicle orders +45% vs pcp. PHEV new vehicle orders +177% vs pcp, driven by the end of the discount policy
- From 1 April 2025, PHEVs no longer benefit from the government EV policy, but remain eligible for novated leasing

New vehicle orders growth (ICE and EVs)



# Trading Update and Outlook

## Operational performance

- Leasing demand was stable in Q1 2025, cautiously optimistic for the year ahead
- Growth in salary packages, novated leases and fleet vehicles under management
- Industry dynamics across all business lines remain competitive
- Monitoring for impact from inflation/interest rates and international factors on demand and supply

## Q1 2025 financial performance

- Q1 2025 average monthly revenue was in line with H2 2024, representing a 10% increase vs pcp, supported by PHEV interest
- Continued focus on driving operating leverage, including through cost management and efficiency programs
- \$11-13m expected technology and digital capex spend in 2025

## Strategic Priorities

- Executing well and progressing to plan
- Delivered new partnerships with Intellihub's Enreal and BMW Financial Services

# Investor contact

Aline van Deventer  
ir@smartgroup.com.au  
1300 665 855

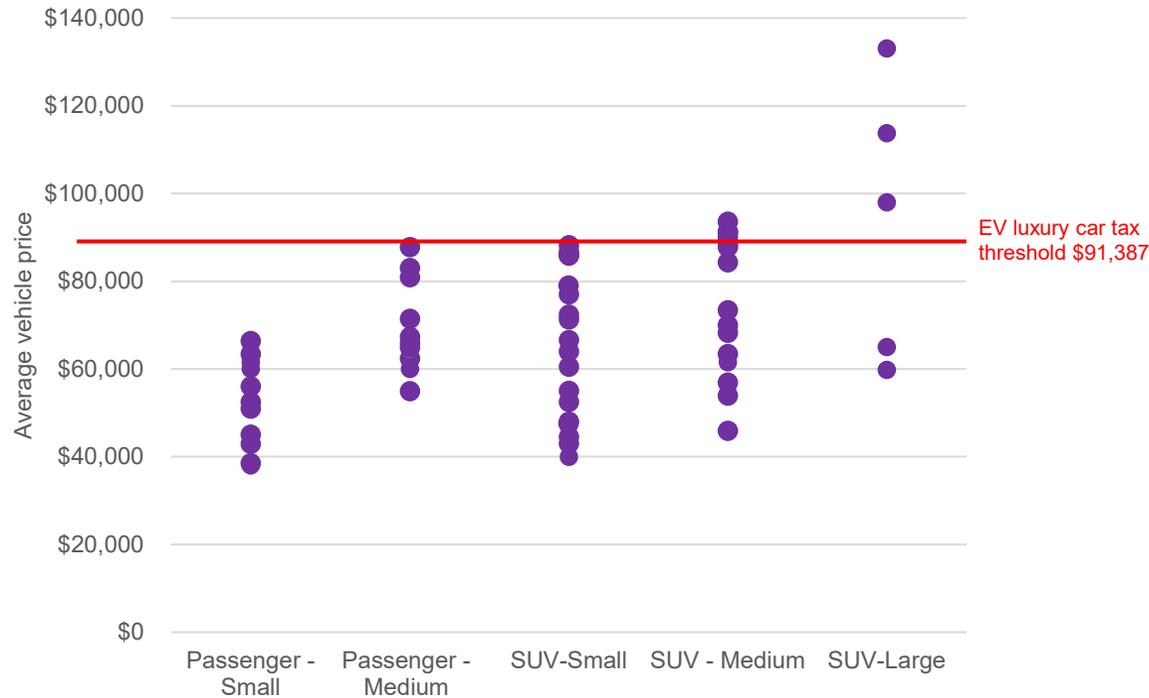


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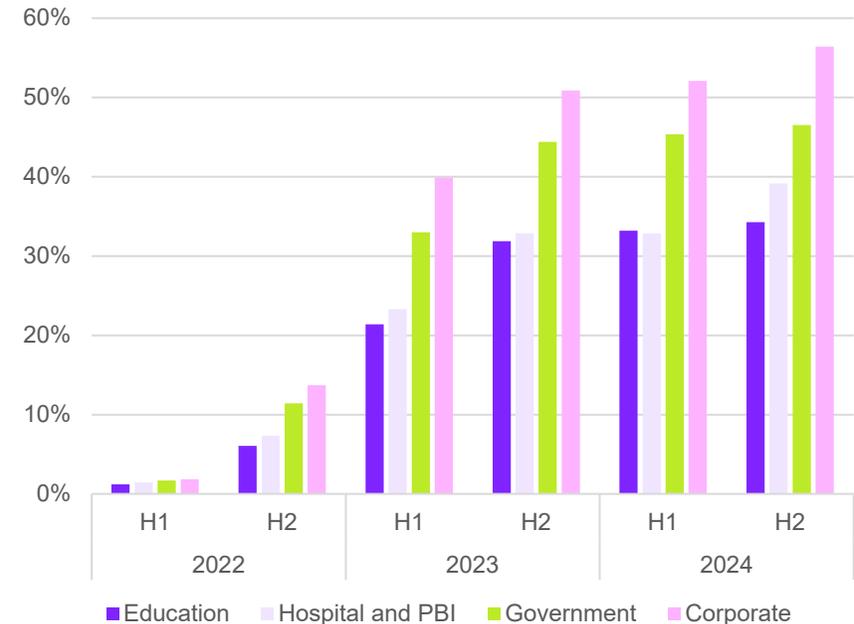
# The EV market is continuing to expand

Price points of EVs by category



- EV availability across most price points and categories

EV<sup>1</sup>% of new car orders (i.e. excl. used cars and refinancees)



- EV proportion of new car lease orders and settlements continues to grow across all client segments

1. Includes EVs below the luxury car tax threshold of \$91,387.