

ASX/Media Announcement

Release date: 27 August 2014

Smartgroup half year earnings on track to meet full year prospectus forecast

Highlights

1. Underlying earnings (proforma NPATA) for the half year ended 30 June 2014 of \$8.5 million, representing 52 per cent of the full year forecast of \$16.5 million;
2. Successfully implemented recent major client contract wins (Northern Sydney Local Health District (LHD), Northern NSW LHD and St Vincent's Sydney);
3. Retention of the Melbourne Health contract (c6,400 employee customers) through a public tender process;
4. High service and staff engagement metrics maintained with Net Promoter Score (NPS) at 50% and accreditation as Aon Hewitt Best Employer for second consecutive year; and
5. Stable legislative outlook.

Sydney, 27 August 2014 - Smartgroup Corporation Limited (ASX:SIQ), one of Australia's largest providers of salary packaging administration and novated leasing services, today reported proforma NPATA of \$8.5m for the half year ended 30 June 2014, which represents 52 percent of its full year forecast. EBITA pre-corporate costs increased 14 percent from the prior period to \$12.2 million and cashflow from operations increased 51 percent from the prior period to \$11.3 million.

Smartgroup has a net debt position of \$5.4 million with \$16.5 million of cash at hand.

Smartgroup Chief Executive Officer Deven Billimoria said Smartgroup was on track to meet its prospectus forecasts and the group's strategy positioned the company well for the future.

"Smartgroup's strategy is underpinned by a highly engaged workforce delivering industry-leading service levels and strong word of mouth referrals. Coupled with a focus on employee customer education and a stable legislative outlook, our business is positioned for growth."



Operations

The number of Smartgroup's employee customers (packages) increased by 17% from the prior period to 111,889 with the increase primarily driven by recent major client contract wins.

NPS was implemented by Smartgroup in 2009 as the key metric to measure the quality of employee customer engagement. As at July 2014, Smartgroup's NPS was 50%, representing one of the highest scores in the Australian service industry.

People are at the foundation of Smartgroup's strategy and in 2013 and again in 2014 Smartsalary (Smartgroup's salary packaging and novated leasing business) was one of only a handful of companies in Australia and New Zealand to be accredited as an Aon Hewitt Best Employer. The accreditations recognise (a) employee engagement, (b) committed leadership, (c) high-performance culture and (d) differentiated employment branding.

Result briefing

Smartgroup Chief Executive Officer Deven Billimoria and Chief Financial Officer Tim Looi will hold a briefing today to discuss the results. The details are as follows:

Time: 2.00pm AEST

Date: Wednesday 27 August 2014

The audio briefing will be streamed live at this time and can be accessed via the Smartgroup company page on the Open Briefing website: <http://www.openbriefing.com/OB/1523.aspx>. This can also be accessed from the investor section of the Smartgroup website, www.smartgroup.com.au.

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About Smartgroup Corporation Ltd

Smartgroup is one of Australia's largest providers of salary packaging administration and novated leasing services to employees of State and Federal Government departments, Public Benevolent Institutes and corporate employers, and also provides fleet management services.

Smartgroup initially commenced business in 1999 and has successfully expanded its market position and suite of products and services through growth and strategic acquisitions. Smartgroup has 346 employees (as at 30 June 2014) and is supported by a range of information technology systems, enabling Smartgroup to deliver a consistently high level of service.

Smartgroup's strategies to expand its business are focused on:

- (i) growing its employer client base through its high tender win rate and strong employer client referrals;
- (ii) increasing uptake through employee customer education; and
- (iii) marketing and cross selling multiple products to employee customers.