



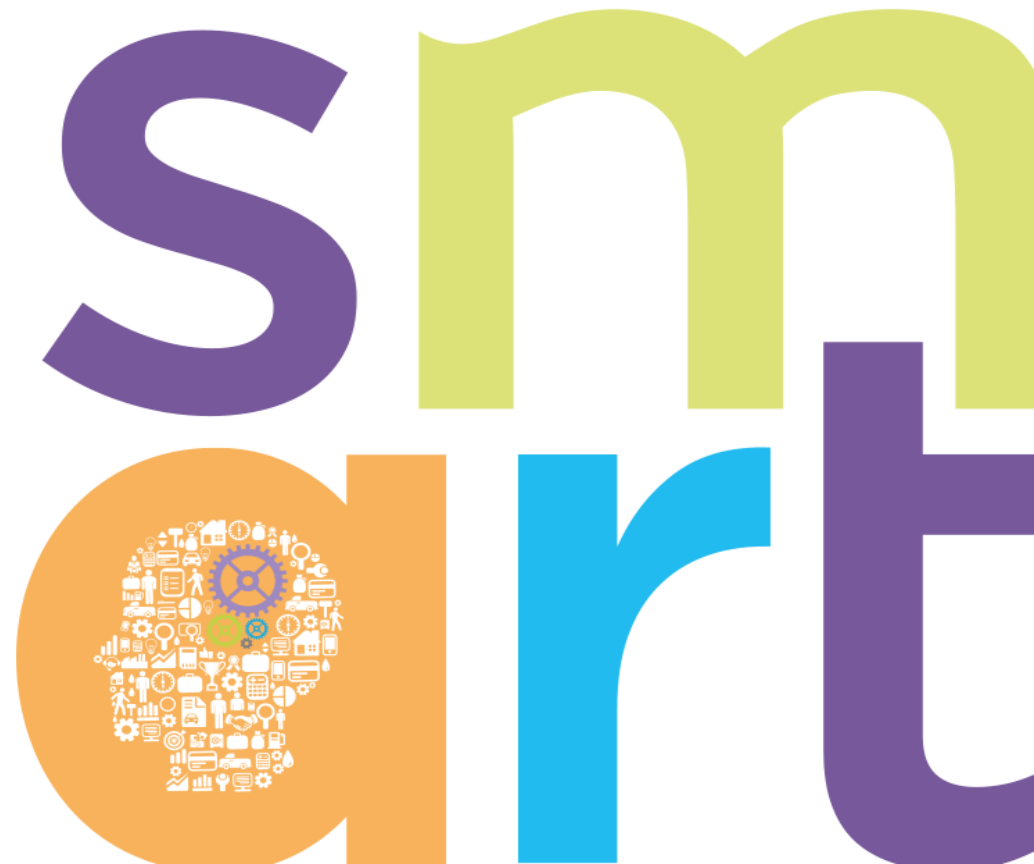
Investor presentation Half year 2015 results

Deven Billimoria – Managing Director and CEO

Tim Looi – Chief Financial Officer

27 August 2015

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Important notice and disclaimer.

("Important Notice")

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Non-International Financial Reporting Standards (Non-IFRS) information

This presentation presents financial information on both a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS)) and non-IFRS basis.



Overview of H1 2015 performance

Deven Billimoria
Managing Director and CEO

Smartgroup is well placed to deliver another year of strong results...

1

Revenues of \$44.8m and NPATA of \$12.5m

- Revenue growth of 29% from pcp
- Earnings growth of 47% from pcp

2

Major client renewal

- Department of Defence contract renewed
- Exclusivity retained

3

New client wins

- Peter MacCallum Cancer Centre and NSW Health Pathology (Apr 15)
- South Eastern Sydney LHD transitioning c.7,000 packages (Aug 15)
- Added to Australian Bureau of Statistics panel (Sept 15)

4

Improved profitability margins with a net cash position of \$9.1m

- EBITA margin up by 6 pts to 39%
- Corporate debt fully repaid

5

Dividend of 7.9 cps reflecting a payout ratio of 65% of NPATA for H1 2015

- Fully franked, with record date of 15 September 2015

...with improved financial and operating metrics at the half year.

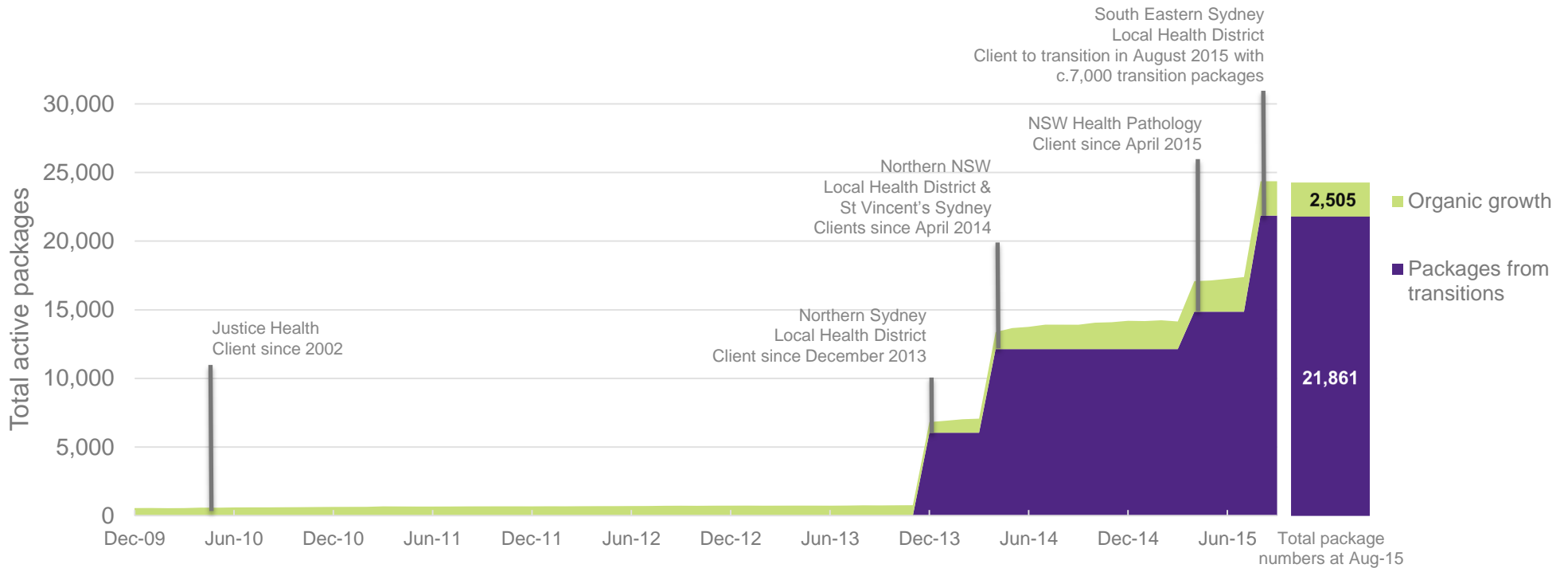
	H1 2015 Statutory \$ m	H1 2014 Proforma ⁽¹⁾ \$ m	Change %
Revenue	44.8	34.8	29%
EBITA	17.5	11.5	52%
NPATA	12.5	8.5	47%

	As at 30 June 2015	As at 30 June 2014	Change %
Packages	122,054	111,889	9%
Novated leases under management ⁽²⁾	31,280	29,364	7%
Staff	342	346	(1%)

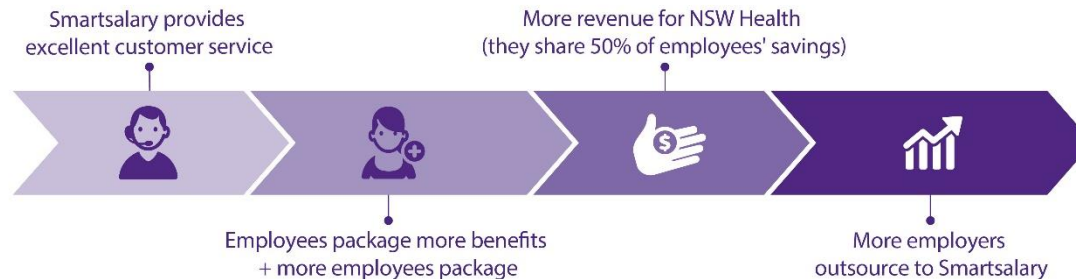
1. The above 2014 H1 financials are on a proforma basis, which have been reconciled to the H1 2014 statutory financials. The reconciliation can be found in the 2014 half year accounts.
2. Novated leases under management units have been adjusted to exclude non-fee generating units. In the prior year, novated leases under management was reported as 30,755.

In recent times, there has been a strong trend towards outsourcing within the NSW Health network.

- Smartgroup's outsourced salary packaging growth within NSW Health



- Drivers of recent growth

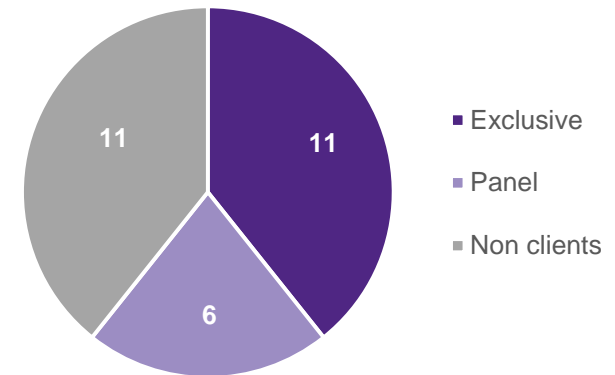


Smartgroup has had continued growth in its Federal Government client base, with CSIRO and ABS being recent additions.

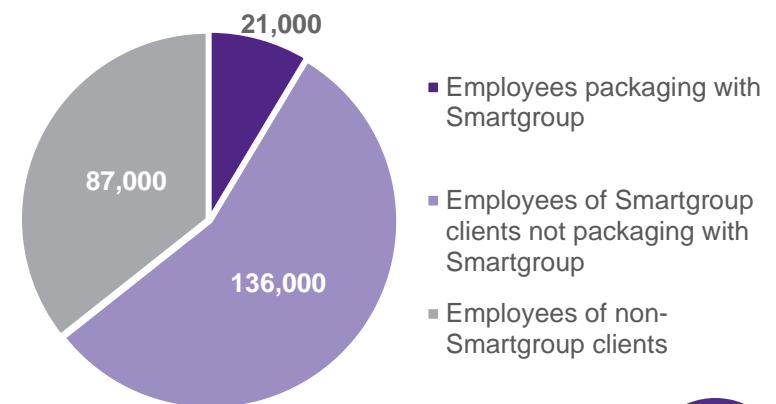


- Of the 28 Federal Government departments/agencies with over 1,000 employees, Smartgroup is the salary packaging provider to 17 of them
 - These 17 clients employ 158,000 of the total 244,000 Federal Government employees^(1,2)
- Federal Government outsourced salary packaging clients added in 2015 include:
 - CSIRO: added 1 June 2015 ; 4,971 employees; included as a new panellist.
 - ABS: added 1 September 2015; 2,670 employees; included as second panellist.

Federal Government departments/agencies with over 1,000 employees



Number of Employees at Federal Government departments/agencies



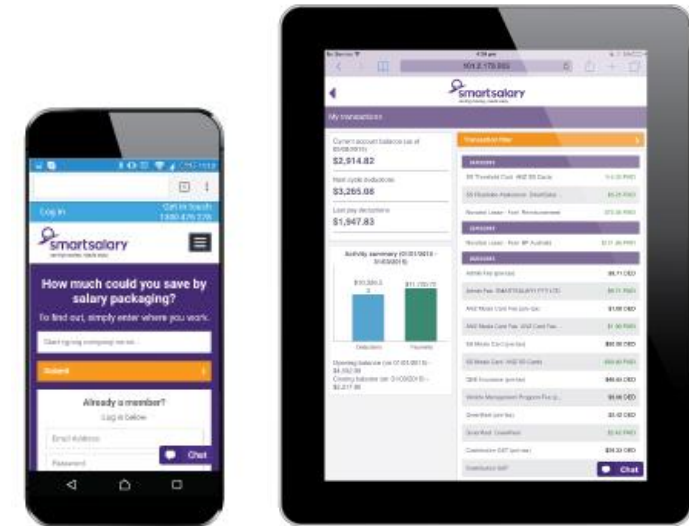
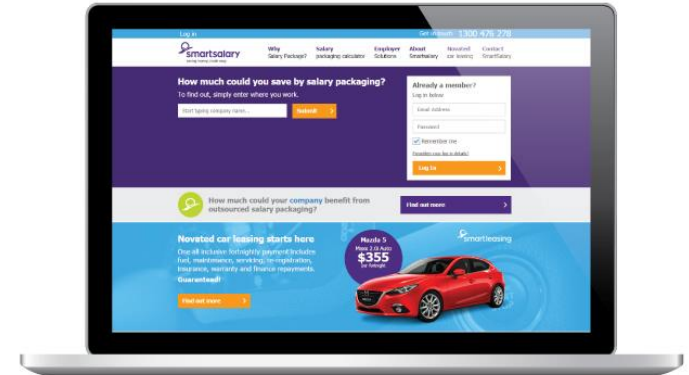
1. Employee numbers from Budget Paper No.4 Agency Resourcing 2015-16.
 2. Numbers rounded to nearest thousand.

Smartgroup continues to drive online interaction capabilities to enhance customer experience and reduce cost to serve.



- Mobile friendly website going live by end 2015

Key	Ways we interact with our employee customers											
	2014	2015	2016/17	Face to Face	Phone	Fax	Email	Smartphone App	Social Media	Mobile Friendly Website	P2P	Wearable Devices
Education and Enquiry				Face to Face	Phone	Fax	Email	Smartphone App	Social Media	Mobile Friendly Website	P2P	Wearable Devices
Leasing Application				Face to Face	Phone	N/A	Email	N/A	N/A	Mobile Friendly Website	N/A	N/A
Packaging Application				Face to Face	Phone	Fax	Email	N/A	N/A	Mobile Friendly Website	N/A	N/A
Manage Account				Face to Face	Phone	Fax	Email	N/A	N/A	Mobile Friendly Website	N/A	N/A
Claim				N/A	N/A	Fax	Email	Smartphone App	N/A	Mobile Friendly Website	N/A	N/A
Reactivate / Cease				Face to Face	Phone	Fax	Email	N/A	N/A	Mobile Friendly Website	N/A	N/A
Package Transfer				Face to Face	Phone	Fax	Email	N/A	N/A	Mobile Friendly Website	N/A	N/A



Smartgroup's social media community continues to drive customer engagement and satisfaction.



Tracie Barbour, Minjit Singh, Jill Sowler and 560 others like this. 25 shares

Write a comment...

- Donna N Dave Byrnes** Get everything u can on smart salary mark maybe a new car 😊😊
Like · Reply · June 19 at 3:49pm
- Lydia Stephenson** Nom Nom must do
See Translation
Like · Reply · June 17 at 10:06pm
- Monica Sen** I sure do 😊😊
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Like · Reply · June 20 at 6:35pm
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Chad
Car: Jeep Grand Cherokee

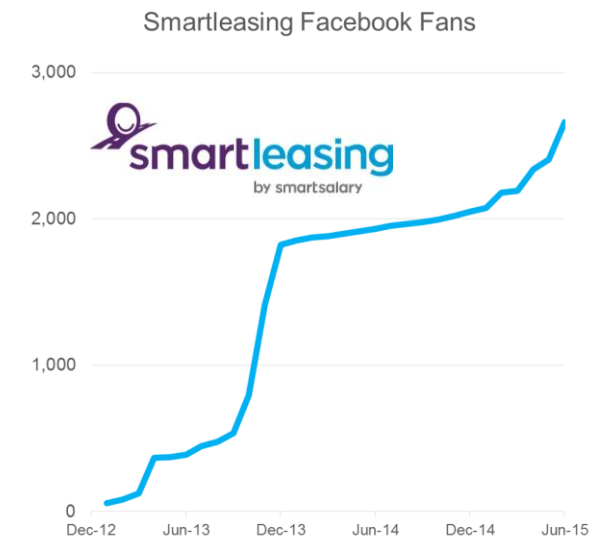
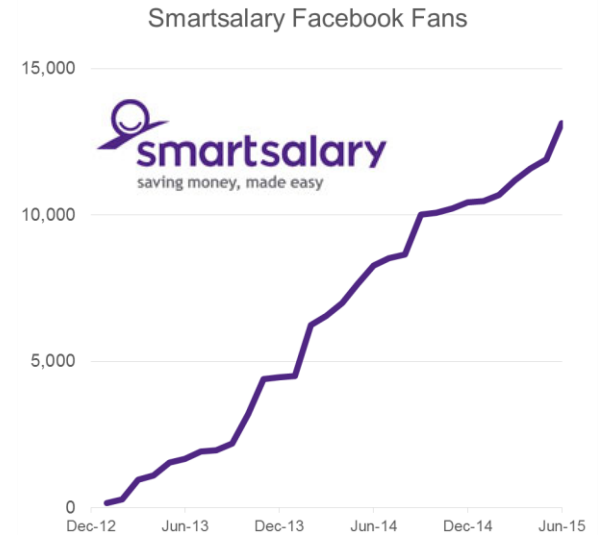
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Smartleasing
Meet Chad and Nicole, they're on their 5th Smartleasing car - they bought a Jeep!
Written by Lisa Smart (?)
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Melelgi Valivaka, Amanda Bath, Melody Gabriel and 36 others like this.








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- Isabel McDermott** I'm on my 4th best thing ever
Unlike · Reply · June 5 at 10:59pm
- Tracy Panecasio** We're coming up for our 6th between us! Must be doing something right!
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- Janet Westcott Alice!**
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- Barbara Wilson Jordy Case**
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Smartgroup has a complementary suite of services and software.

- Smartgroup has evolved its services and software suite

	Outsourced services	Software and distribution
Salary packaging administration	 <p>smartsalary saving money, made easy</p>	 <p>seQoya[®] salary packaging software just got easier</p>  <p>PBI Solutions</p>
Novated leasing	 <p>smartleasing by smartsalary</p>	
Fleet management	 <p>smartfleet fleet management, made easy</p>	 <p>smartfleet fleet management, made easy</p>  <p>Tailored Automotive Insurances</p>
Other		



Financial results H1 2015

Tim Looi
Chief Financial Officer

Normalised H1 2015 results reflect a 33% NPATA growth with improved operating margins.

	H1 2015 Statutory (\$m)	Adjusting for unusual item ³ (\$m)	H1 2015 Normalised (\$ m)	H1 2014 Proforma ⁴ (\$m)	Change
Revenue	44.8	(1.7)	43.1	34.8	24%
EBITA ¹	17.5	(1.7)	15.8	11.5	37%
NPAT	9.1	(1.2)	7.9	3.5	126%
Add: Amortisation (tax effected)	2.7	-	2.7	4.4	(39)%
Add: Cash tax benefit of amortisation	0.6	-	0.6	0.6	0%
NPATA ²	12.5 [^]	(1.2)	11.3 [^]	8.5	33%
EBITA margins			36.7%	33.0%	3.7 pts
NPATA margins			26.2%	24.4%	1.8 pts

1. EBITA refers to earnings before interest, tax and amortisation.

2. NPATA reflects the proforma net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles.

3. Unusual item is a one-time income received from the supply chain received in H1

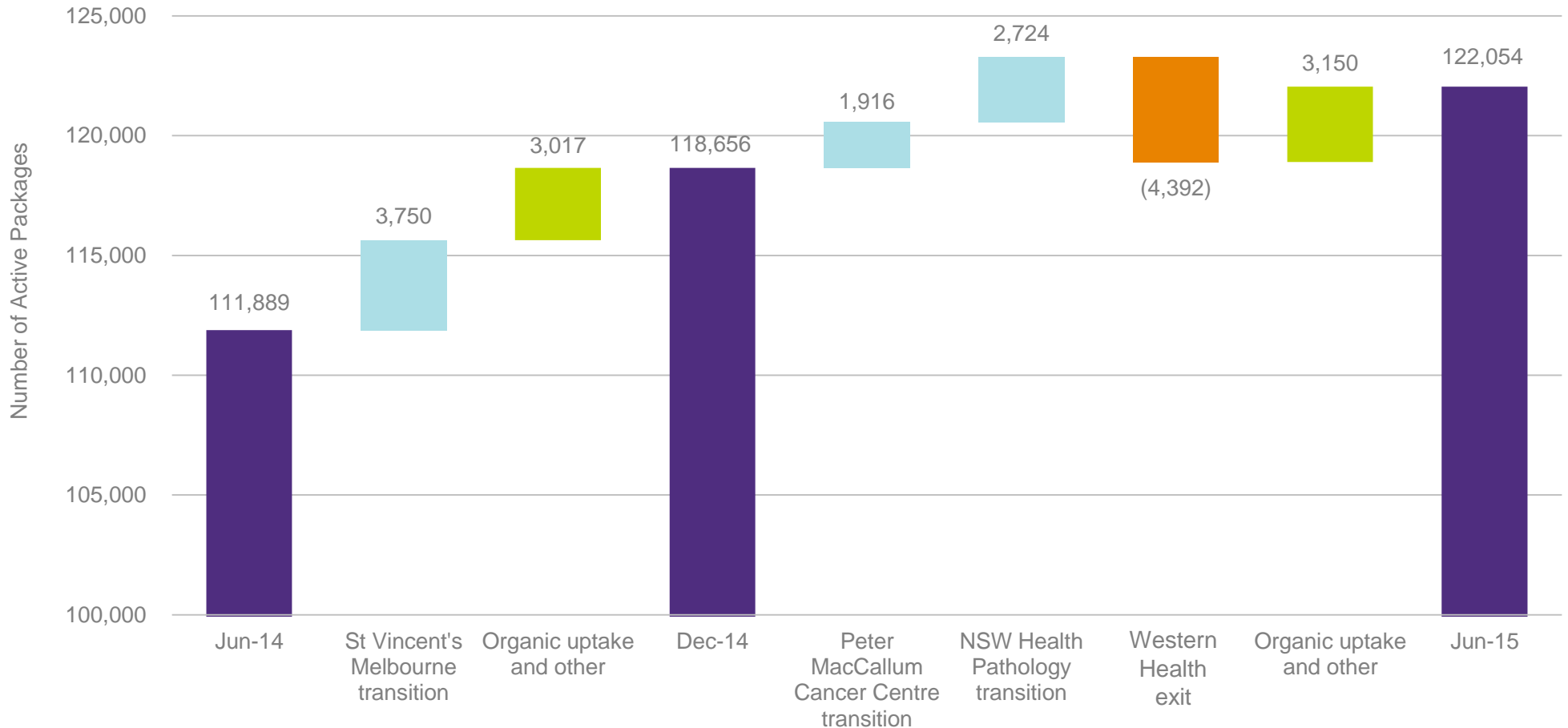
4. The above H1 2014 financials are on a proforma basis, which have been reconciled to the H1 2014 statutory financials. The reconciliation can be found in the H1 2014 accounts.

[^] Rounded to the correct amount when underlying figures are used. Refer to the H1 2015 accounts for the detailed results.

Packages continue to grow from new client signups and organic uptake.

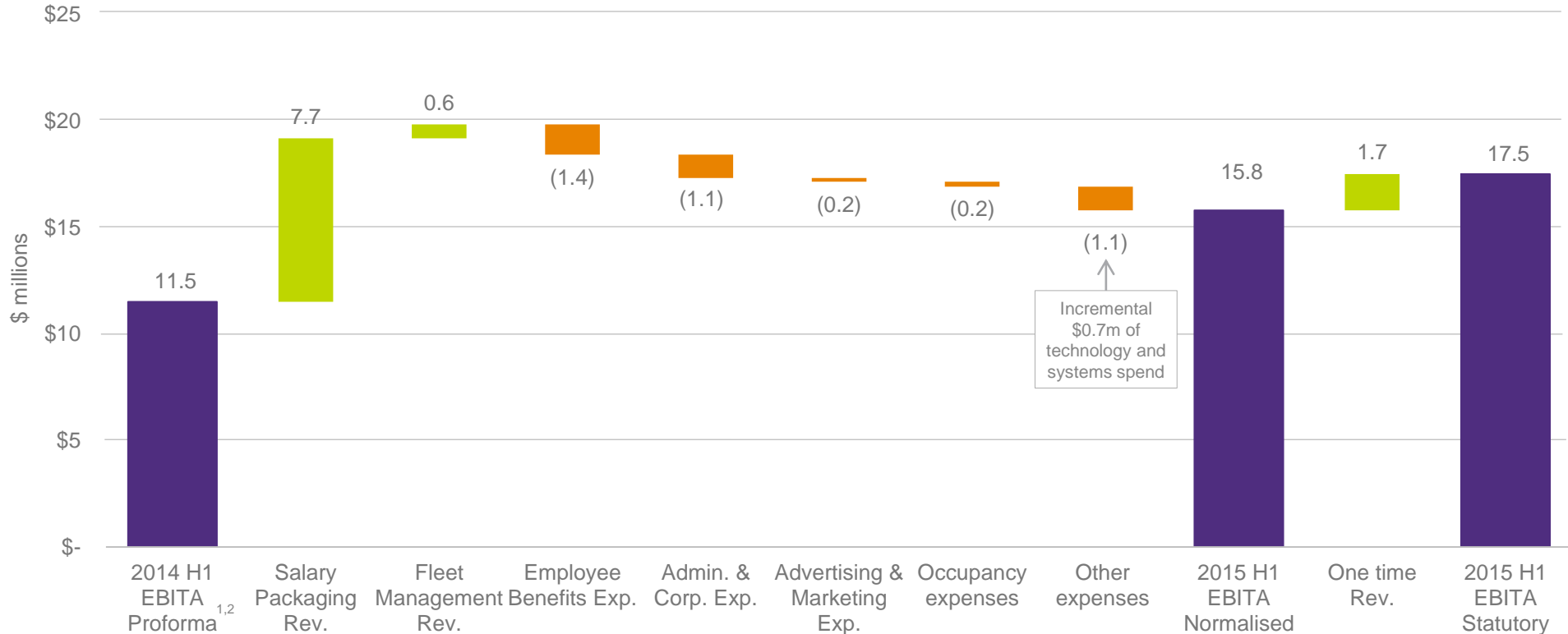


Package growth July 2014 to June 2015



Normalised EBITA increased 37% primarily from stronger salary packaging performance.

EBITA growth in 2015



1. EBITA refers to earnings before interest, tax and amortisation.
 2. The above H1 2014 EBITA is on a proforma basis, which has been reconciled to the H1 2014 statutory financials. The reconciliation can be found in the H1 2014 accounts.

Cashflow from operations remain strong with low capital expenditure.

	30 June 2015 Statutory (\$m)	30 June 2014 Proforma (\$m) ¹	Change
Receipts from customers (inclusive of GST) ²	47.2	37.6	26%
Payments to suppliers and employees (inclusive of GST)	(35.0)	(24.3)	44%
Interest received from operations	0.5	0.4	25%
Interest paid	(0.4)	(0.5)	(20)%
Income taxes paid	(3.0)	(1.9)	58%
Net cash from operating activities	9.3	11.3	(18)%
As a % of NPATA	74%*	133%	
Capital expenditure	(0.1)	(0.2)	(50)%

1. The above H1 2014 financials are on a proforma basis, which have been reconciled to the H1 2014 statutory financials. The reconciliation can be found in the H1 2014 statutory accounts.

2. Inclusive of the unusual item of \$1.7m pre tax being one-time income received from the supply chain

* Some supplier payments were deferred from Dec 14 to Jan 15. Adjusting for the deferrals, net cash from operation activities as % of NPATA was 101%.

Smartgroup's balance sheet is now debt free and agile.

	30 June 2015 Statutory (\$m)	31 Dec 2014 Statutory (\$m)
Cash and cash equivalents	9.1	27.8
Trade and other current assets	12.7	11.1
Current assets	21.8	38.9
Property and equipment	3.3	3.6
Goodwill	52.2	52.2
Intangibles	6.4	10.3
Other non-current assets	5.0	5.5
Non-current assets	66.9	71.6
Total Assets	88.7	110.5
Trade and other payables	14.2	17.2
Provisions and other current liabilities	4.4	4.5
Current liabilities	18.6	21.7
Non-current provisions and other	1.0	1.0
Non-current interest-bearing loans	-	21.9
Non-current liabilities	1.0	22.9
Total liabilities	19.6	44.6
Net assets	69.1	65.9
Net cash	9.1	5.9

Corporate debt fully repaid with the following undrawn facilities accessible at short notice:

Corporate facility: \$22m
Other facilities: \$5m

Closing remarks.

Strong financial performance for H1 2015

- Revenue and NPATA growth of 29% and 47% respectively
- Fully franked dividend at 7.9 cps, representing a 65% payout ratio of NPATA for H1 2015
- Debt free balance sheet with \$9.1m of cash

Business continues to track well

- South Eastern Local Health District (NSW Health) transitioning c7,000 packages in August 2015
- Launch of Mobile First by year end to enhance customer experience and reduce cost to serve
- A promising start to the second half of 2015