



ASX Announcement

Release date: 24 February 2016

Smartgroup announces 51% increase in profits, declares fully franked final dividend of 8.7 cents

Smartgroup Corporation Ltd (ASX: SIQ), one of Australia's largest providers of salary packaging administration and novated leases, today reported its financial results for the full year ended 31 December 2015 (CY15) that saw the company deliver strong growth across all key financial and operational metrics.

Key financial highlights

<i>(\$m unless otherwise stated)</i>	CY15	CY14	Change
Revenue	91.8	73.4	25%
EBITA ¹	36.6	24.2	51%
NPATA ¹	26.2	17.4	51%
Operating cash flow	27.9	24.0	16%
Final dividend declared (cps, fully franked)	8.7	6.1	43%
Total full year dividends for CY15 earnings (cps, fully franked)	16.6	6.1 ²	

Strong growth across all key financial metrics

Over CY15, Smartgroup grew revenue by 25% to \$91.8 million. This growth in revenue was underpinned by the addition of new clients, increased uptake of new packages and packaging products, and renegotiated supplier agreements.

Earnings, as measured by earnings before interest, tax and amortisation (EBITA)¹, grew 51% to \$36.6 million. Profit after tax, as measured by NPATA¹ was up 51% to \$26.2 million.

Smartgroup maintained its strong cash flow generation with operating cash flow of \$27.9 million, which was greater than 100% of NPATA.

1 – excluding transaction costs (after tax) of \$0.8m from the acquisition of Advantage Salary Packaging

2 - An interim dividend was not declared for CY14 as the company had its Initial Public Offering in July 2014.



Three acquisitions recently completed

In CY15, Smartgroup acquired 100% of Advantage Salary Packaging and 50% of Health-e Workforce Solutions. Advantage Salary Packaging expands Smartgroup's outsourced salary packaging business to small-to-medium-sized healthcare and other public benevolent institutions, while Health-e Workforce Solutions extends Smartgroup's capabilities into workforce management software for the health sector.

In January 2016, Smartgroup completed the acquisition of selected assets of Trinity Management Group, with those assets renamed to Smartequity. Smartequity extends the group's remuneration services into equity plan administration.

Together, these three acquisitions have enabled Smartgroup to build scale within our core salary packaging business and to extend our footprint into related businesses servicing similar clients.

The integration of each of these acquisitions is progressing as planned.

Strong balance sheet and growing dividend

Smartgroup remains conservatively geared with net debt of \$33.3 million at 31 December 2015 representing a net debt / EBITDA³ below 1.0x.

Reflecting the company's earnings profile and strong balance sheet, the Board of Directors declared a fully franked final dividend of 8.7 cents per share, up 43% on the 2014 final dividend. This brings the total full year dividends for CY15 to 16.6 cents per share, fully franked.

The final dividend will be payable on 31 March 2016, with a record date of 15 March 2016.

Positive outlook

Smartgroup Chairman Michael Carapiet said: "In the first full year since listing, Smartgroup has delivered growth across the business. The company renewed various contracts, expanded the number of salary packages and also won a number of new clients. With a highly cash generative business, the company is well placed to continue delivering positive outcomes for our clients, shareholders and staff."

Smartgroup CEO, Deven Billimoria added: "Smartgroup has remained focussed on our three operational capabilities: outstanding customer service, innovation, and staff engagement to grow and strengthen the business. I'm particularly pleased to be working with the founders of each of the acquired businesses. Smartgroup is well placed to assist them to grow through our focus on customers and operational efficiencies."

3. Comprising the 2015 SIQ EBITDA plus proforma full year EBITDA of the acquired businesses



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

Time: 9:00 am AEST

Date: Thursday 25 February 2016

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/2045.aspx>. This can also be accessed from the investor section of the Smartgroup website: <http://ir.smartgroup.com.au/investors/>.

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