



## ASX Announcement

Release date: 22 February 2017

### Smartgroup announces 68% increase in profits, declares fully franked final dividend of 15.0 cents

Smartgroup Corporation Ltd (ASX: SIQ), one of Australia's largest providers of salary packaging administration and novated leasing services, today reported its financial results for the full year ended 31 December 2016 (CY 2016).

#### Key financial highlights

<i>(\$m unless otherwise stated)</i>	<b>CY 2015</b>	<b>CY 2016<sup>(1)</sup></b>	<b>Change</b>	<b>CY 2016 Pro-forma</b>
Revenue	91.8	144.4	57%	168.7
EBITDA <sup>(2)</sup>	37.6	64.3	71%	75.3
NPATA <sup>(3)</sup>	26.2	44.0	68%	50.7
Operating cash flow <sup>(4)</sup> / NPATA	106%	103%		
Shares on issue (millions)	103.7	121.5	17%	121.5
NPATA per share (cps)	25.3	36.2	43%	41.7
Final dividend (cps)	8.7	15.0	72%	

#### Strong growth across all key financial metrics

Over CY 2016, Smartgroup grew revenue by 57% to \$144.4 million. Earnings, as measured by EBITDA, grew 71% to \$64.3 million. Profit after tax, as measured by NPATA was up 68% to \$44.0 million. Smartgroup maintained its strong cash flow generation with operating cash flow of \$45.3 million, which represented 103% of NPATA.

The CY 2016 pro-forma revenue and profit after tax, as measured by NPATA, are \$168.7 million and \$50.7 million, respectively. This result is arrived at by adjusting the statutory financial result to include the pre-acquisition contributions of Autopia and Selectus (as per SIQ disclosure in the H1 results on 25 August 2016 plus the trading results of Selectus for July 2016).

1. A reconciliation of the reported financials to the statutory accounts is provided in the Appendix to the 2016 Investor Presentation.
2. EBITDA is earnings before interest, tax, depreciation and amortisation adjusted for significant non-operating items.
3. NPATA refers to net profit after tax, adjusted to exclude the non-cash tax effected amortisation of intangibles and significant non-operating items.
4. Operating cash flow excludes receipts and payments from customers' salary packaging accounts and payments for M&A costs.



## **Acquisition of Autopia and Selectus**

In early July 2016, Smartgroup acquired 100% of Autopia Group, expanding its novated leasing capabilities within the corporate sector. Later in the same month, Smartgroup entered into an agreement to acquire 100% of Selectus, the market leader in salary packaging for private schools. Together, Autopia and Selectus have more than 800 employer clients and manage more than 16,000 vehicles. The integration of these businesses is progressing well, with synergy capture tracking ahead of schedule.

## **Strong balance sheet and growing dividend**

Smartgroup remains conservatively geared with net debt of \$72 million at 31 December 2016 representing a net debt / pro-forma EBITDA of c.1.0x.

Reflecting the company's earnings profile and balance sheet the Board of Directors declared a final fully franked dividend of 15.0 cents per share, up 72% on the 2015 final dividend. This dividend will be payable on 31 March 2017, with a record date of 15 March 2017.

## **Outlook**

Smartgroup Chairman Michael Carapiet said: "Smartgroup experienced good growth and I have every confidence that we enter 2017 in an excellent position to continue to provide exceptional service to customers, value to shareholders and a focussed and supportive workplace for our staff."

Smartgroup's Managing Director and CEO Deven Billimoria added: "2016 was another successful year for Smartgroup with significant client renewals and wins across our businesses, as well as the completion of two major acquisitions which have expanded our footprint into the Corporate and Rebatale market segments. On behalf of the executive team, I would like to thank our customers for rewarding our hard work with their loyalty, and our staff for their efforts in building one of Australia's leading customer-centric organisations."



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 23 February 2017

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/2391.aspx>

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

**For further information:**

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