



ASX Announcement

Release date: 18 February 2019

Smartgroup announces 22% increase in profits, declares fully franked final dividend of 21.0 cents

Smartgroup Corporation Ltd (ASX: SIQ), a specialist employee management services provider, today reported its financial results for the full year ended 31 December 2018 (CY 2018).

Key financial highlights

<i>(\$m unless otherwise stated)</i>	CY 2017	CY 2018⁽¹⁾	Change
Revenue	205.4	241.8	18%
EBITDA ⁽²⁾	93.6	111.8	19%
NPATA ⁽³⁾	64.1	78.0	22%
Operating cash flow ⁽⁴⁾ / NPATA	99%	100%	
Shares on issue (millions)	123.2	130.9	
NPATA per share (cps)	52.0	59.6	
Final dividend (cps)	18.5	21.0	

Continued growth in CY 2019 across all key financial metrics

Over CY 2018, Smartgroup grew revenue by 18% to \$241.8 million. Earnings, as measured by EBITDA, grew 19% to \$111.8 million. Profit after tax, as measured by NPATA was up 22% to \$78.0 million. Smartgroup maintained its strong cash flow generation with operating cash flow of \$78.0 million, which represented 100% of NPATA.

1. A reconciliation of the reported financials to the statutory accounts is provided in the Appendix to the 2018 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, significant non-operating items.
4. Operating cash flow excludes receipts and payments from customers' salary packaging accounts, payments for M&A costs, and the impact of AASB 16 adoption.



Strong balance sheet and growing dividend

Smartgroup remains conservatively geared with net debt of \$14.6 million at 31 December 2018 representing a net debt / EBITDA of c.0.1x.

Reflecting the company's earnings profile and balance sheet the Board of Directors declared a final fully franked dividend of 21.0 cents per share, up 14% on the 2017 final dividend. This dividend will be payable on 15 March 2019, with a record date of 1 March 2019. This brings the total dividends for the CY 2018 to 41.5 cents per share, fully franked and up 19% from the prior year.

Another successful year

Smartgroup Chairman Michael Carapiet said: "In 2018, we delivered on our strategy of providing exceptional service to our clients and increased dividends to our shareholders; while continuing to make Smartgroup an attractive place to work and being a responsible corporate citizen for our community".

Smartgroup's Managing Director and CEO Deven Billimoria said: "I'm pleased to report that 2018 has seen many positive achievements for Smartgroup. In addition to growth across all key financial and operational metrics, our continued focus on customer service has gained recognition from our clients, customers and the industry. I am very grateful to the Smartgroup team for their dedication and I thank our clients for their continuing support."

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

Time: 11:30 am AEST
Date: Monday 18 February 2018

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/3194.aspx>

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

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