



Annual General Meeting 2022

Acknowledgement of Country

I acknowledge that I am hosting this webinar from the lands of the Gadigal People of the Eora Nation.

I pay my respects to their Elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander people here today.

I would also like to acknowledge the Traditional Custodians of the various lands on which we all work today.



01



Chairman's Address

Michael Carapiet

Smartgroup Board of Directors



Gavin Bell
Non-Executive
Director



Michael Carapiet
Chairman and
Non-Executive
Director



Deborah Homewood
Non-Executive
Director



Andrew Bolam
Non-Executive
Director



Tim Looi
Managing Director
and CEO



John Prendiville
Non-Executive
Director



Carolyn Colley
Non-Executive
Director



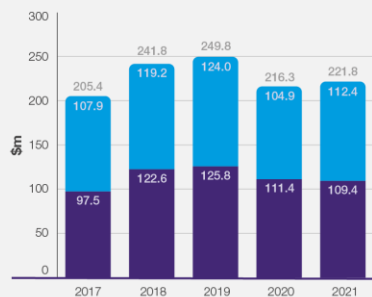
Anne McDonald
Non-Executive
Director



Ian Watt AC
Non-Executive
Director

2021 results an improvement in all financial metrics versus 2020 with total dividends of 72cps

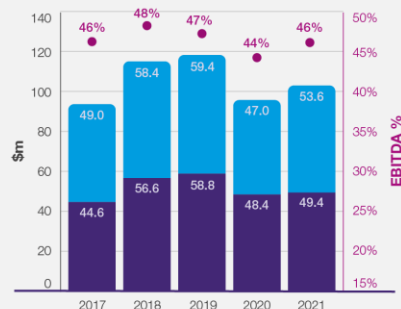
Revenue



● H1

● H2

EBITDA¹

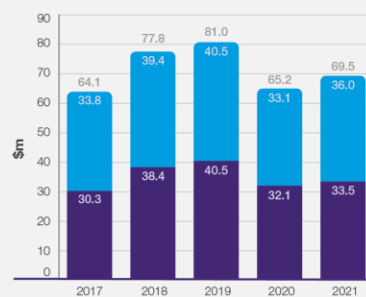


● H1

● H2

● EBITDA margin

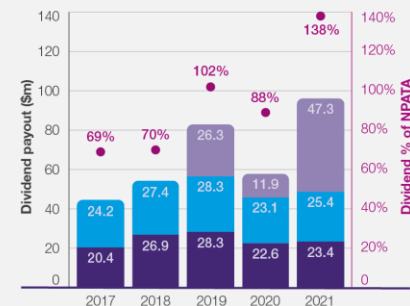
NPATA¹



● H1

● H2

Dividend (fully franked)²



Shares on issue (m)
2017: 123.2, 2018: 130.9, 2019: 131.7, 2020: 132.8, 2021: 133.5

● H1

● H2

● Special

● Dividend % of NPATA

- Adjusted to reflect one-off impact on adoption of AASB 16 Leases from January 2018. Impact is to increase 2018 EBITDA by \$1.6m in each of H1 and H2 and reduce 2018 NPATA by \$0.1m in each of H1 and H2.
- In addition to the \$11.9m 2020 special dividend, a \$7.3m 2021 special dividend was declared in February 2021 in relation to profits earned by group companies in 2020. This \$7.3m is classified as an interim special dividend within the 2021 Annual Report.

A focus on culture and sustainability

We're committed to empowering our diverse and inclusive workforce, and to promoting equality at all levels.



Gender diversity targets of

40/40/20*

achieved at Executive, Senior Management and All Employee levels



Commitment to equal pay, eliminating gender pay gap



Smartgroup Foundation gave nearly \$250,000 in grants across 22 projects in 2021



ESG Committee established in 2021
2022 adoption of Sustainability Strategy and targets



WGEA Employer of Choice for **Gender Equality & Inclusive Employer** by Diversity Council Australia 2021-2022



Recognised as a member of the **RAP network** in October 2021

*40% female, 40% male and 20% either gender

Smartgroup
Foundation





2022 Update

Financial performance

Revenue and EBITDA in line with our expectations and pcp

Low net debt of \$47m and leverage of 0.5x EBITDA, following payment of 2021 final ordinary and special dividends

Strong vehicle order levels continuing

Settlement volume is impacted by vehicle supply shortages, leading to a large pipeline of future settlements

Shareholder returns

Since listing in 2014, Smartgroup has paid ~\$388m in fully franked dividends (~\$166m franking value)

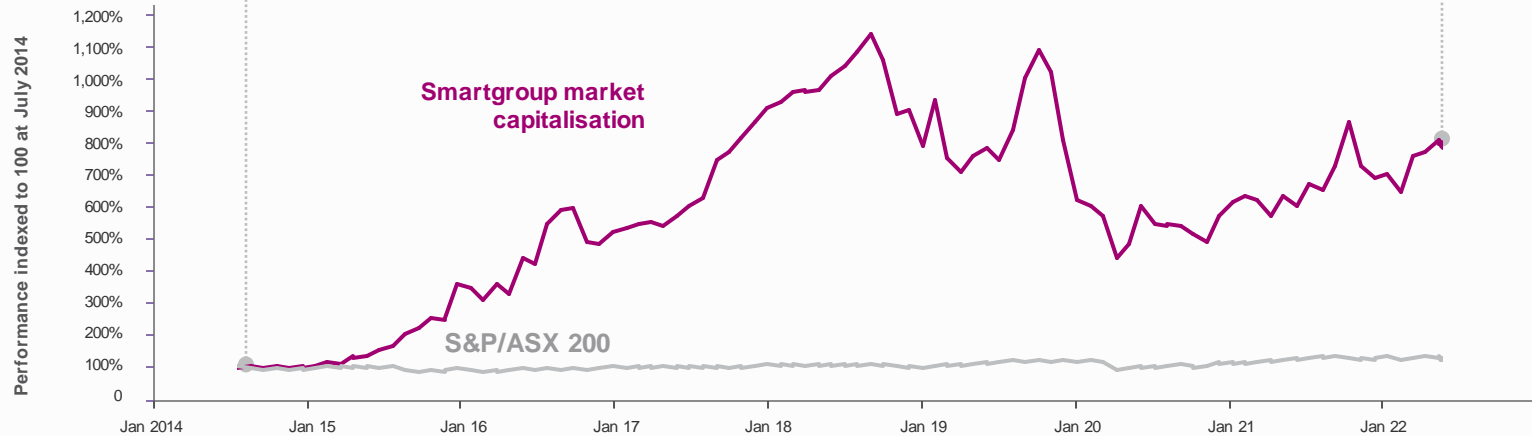
~\$160M

SIQ Market Cap | 2 July 2014



~\$1.1B

SIQ Market Cap | 6 May 2022



Source: Refinitiv, S&P Capital IQ, ASX (at 6 May 2022)

Current market cap is ~7.1x IPO market cap and share price is ~5.4x IPO issue price
Total Shareholder Return >700% since IPO, including franking value

02



Managing Director and CEO's Address

Tim Looi

Smartgroup Leadership Team



Justine Carmichael
Chief People Officer



Anthony Dijanosic
Chief Financial Officer



Tania Cumming
Chief Customer Officer



Sarah Haas
Chief Operating Officer



Bijal Desai
Chief Risk Officer



Tim Looi
Managing Director and CEO



Alfonzo Venturi
Chief Technology Officer



Sophie MacIntosh
Chief Legal and Sustainability Officer

Our investment proposition

Smartgroup's investment proposition is underpinned by a capital light business model, generating strong cash flows and dividends



382,500

Salary Packaging
customers



63,100

Novated
Leases



24,750

Fleet Vehicles
Managed



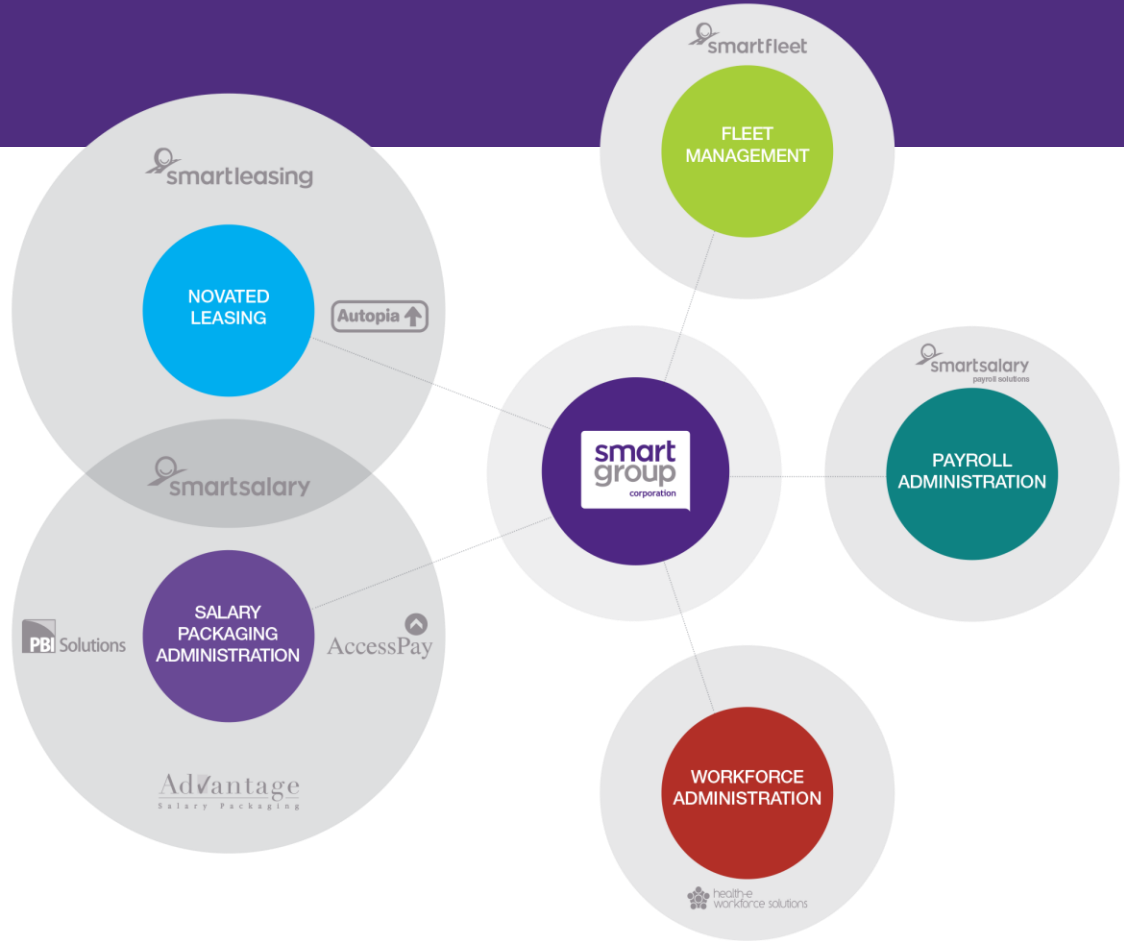
~700

Full Time
Equivalents

- ✓ Premium established player with scale in a proven industry
- ✓ Proven and resilient earnings, with high cash flow conversion, solid returns and fully franked dividends
- ✓ Robust capital light business model supported by a strong balance sheet
- ✓ Diversified customer base operating in attractive sectors
- ✓ Strong long-term contractual relationships with key clients
- ✓ Growth strategy and enhanced operational efficiencies through digital investment

What we do

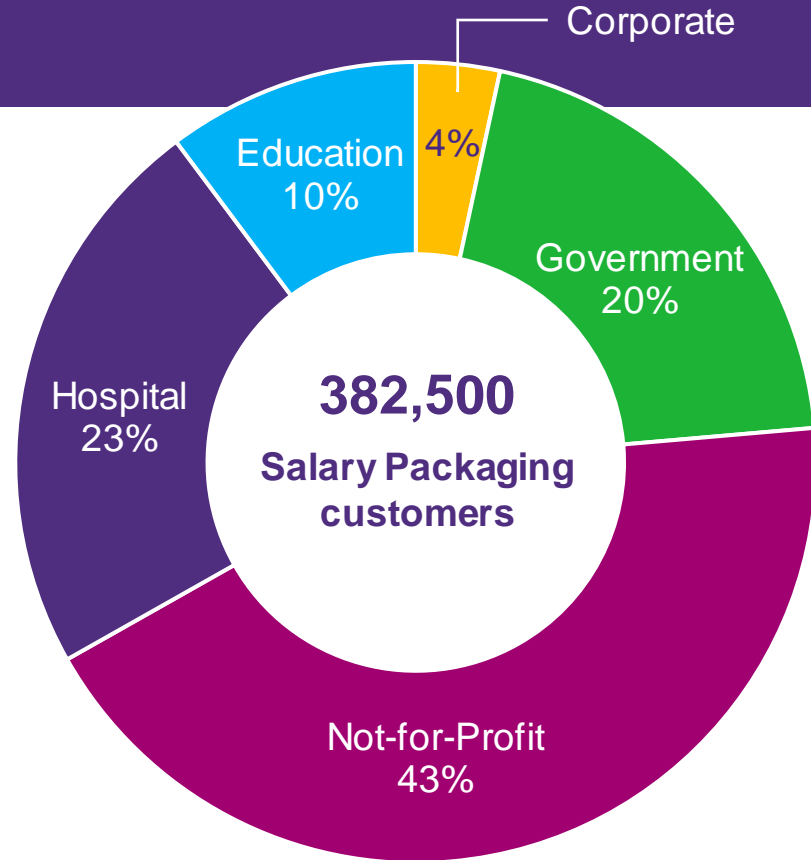
At Smartgroup, we simplify salary packaging, fleet management and a range of other employee benefit services for organisations across Australia



Who we serve

Our employer clients and employee customers

- **Not-for-Profit** – charities, disability and aged care providers
- **Hospital** – public and private
- **Government** – local, state and federal
- **Corporate** – small, medium and large
- **Education** – schools, universities, state departments and dioceses



Resilient performance, building capability and streamlining operations

We have navigated challenges and progressed important integrations



Regulatory

Successfully implemented changes to add-on insurance processes and disclosures to satisfy new design and distribution obligations



COVID

Continued to manage operational impacts and maintain strong client and customer relationships



Margin Compression

Managed add-on insurance supplier repricing with EBITDA margins remaining strong



Acquisition Integration

Accelerated the transition of acquired businesses to target brands, with ~80% completed



Management Strength

New senior managers have enhanced our capability below Executive level

Smartgroup is well positioned to move forward with a strong platform for growth

03

2021 full
year results
recap



Results to 31 December 2021

Pleasing results reflect continued momentum



Strong improvement in profit

- Revenue of \$221.8m up 3% vs CY 2020
- Operating EBITDA of \$103.0m up 8% vs CY 2020
- NPATA¹ of \$69.5m up 7% vs CY 2020



Successful renewal outcomes with improved operating performance

- Renewal or extension of all top 20 client contracts falling due in CY 2021 (8 in total)
- Largest client, Department of Defence, successfully renewed for 5 years, inclusive of extension options
- Total package growth of 17,000 and leasing settlement volumes up 4% vs pcp
- New novated leasing orders increased by 14% with pipeline of future settlements representing c.\$12m of additional future revenues²



Results to 31 December 2021

Pleasing results reflect continued momentum



Smart Future program delivering targeted benefits

- 12% increase in digital leads for new leases
- 80% increase in customer engagement with the new leasing calculator
- 13-point increase in leasing sales customer NPS with a 2 percentage point improvement in lead to order conversion



Strong cashflow conversion and net cash position enabling total dividends for the year of 72.0cps³

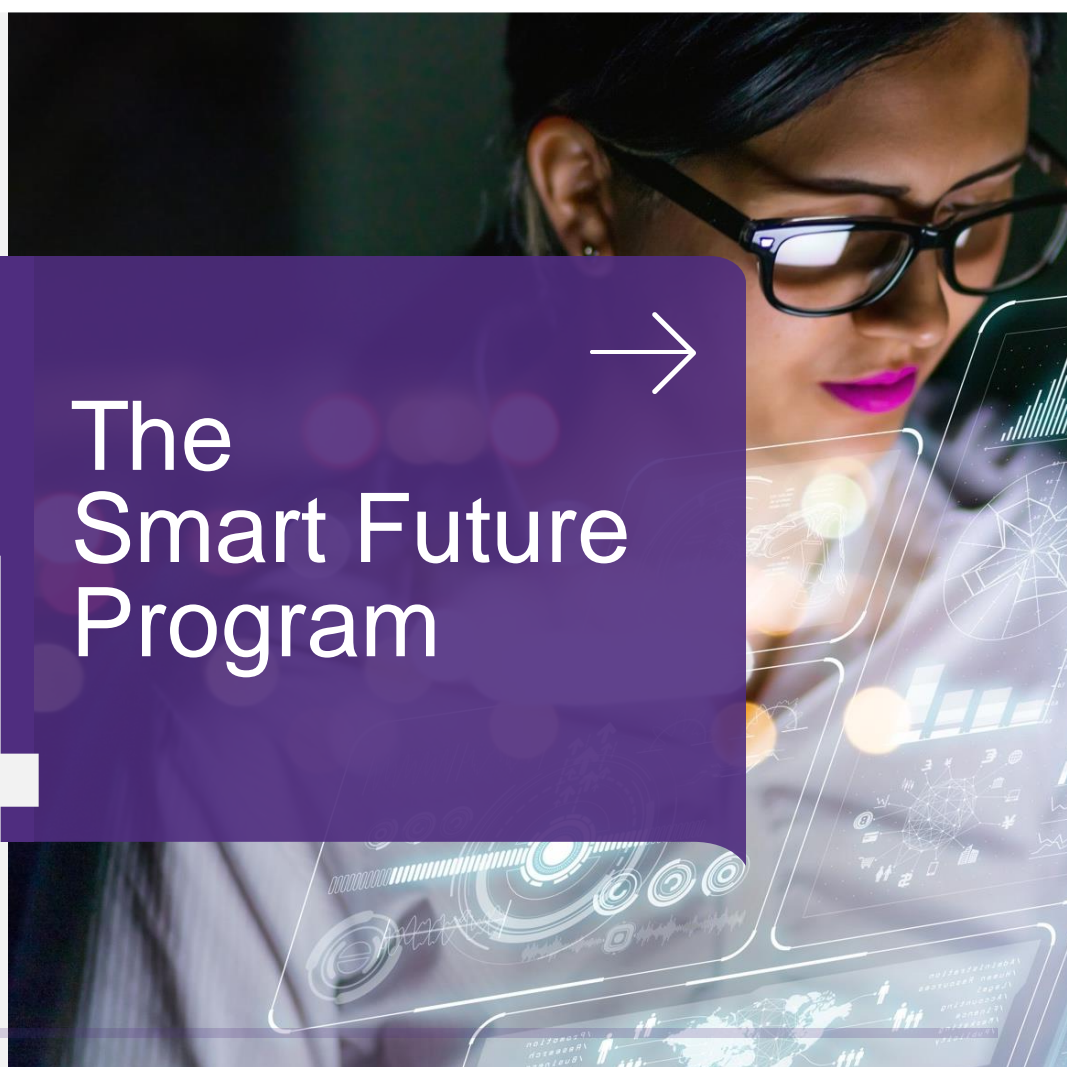
- Adjusted after-tax operating cashflows at 113% of NPATA
- Net cash of \$3.6m at year end
- Fully franked final ordinary dividend of 19.0cps³
- Fully franked special dividend of 30.0cps, bringing total dividends for the year to 72.0cps³

3. Total dividends for the year include the 5.5cps special dividend paid in March 2021 and 17.5cps interim ordinary dividend paid in September 2021.



04

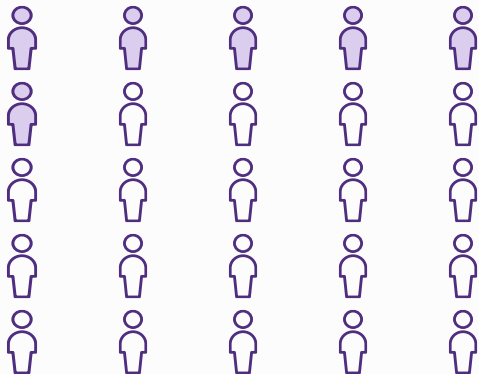
→
The
Smart Future
Program



Significant organic growth opportunities from existing clients

Addressable market

c.1.2-1.5m¹ employees
within existing client base



= 60,000 employees (potential customers)



Smartgroup customers

Addressable market

c.0.9-1.2m² total cars owned
by those employees



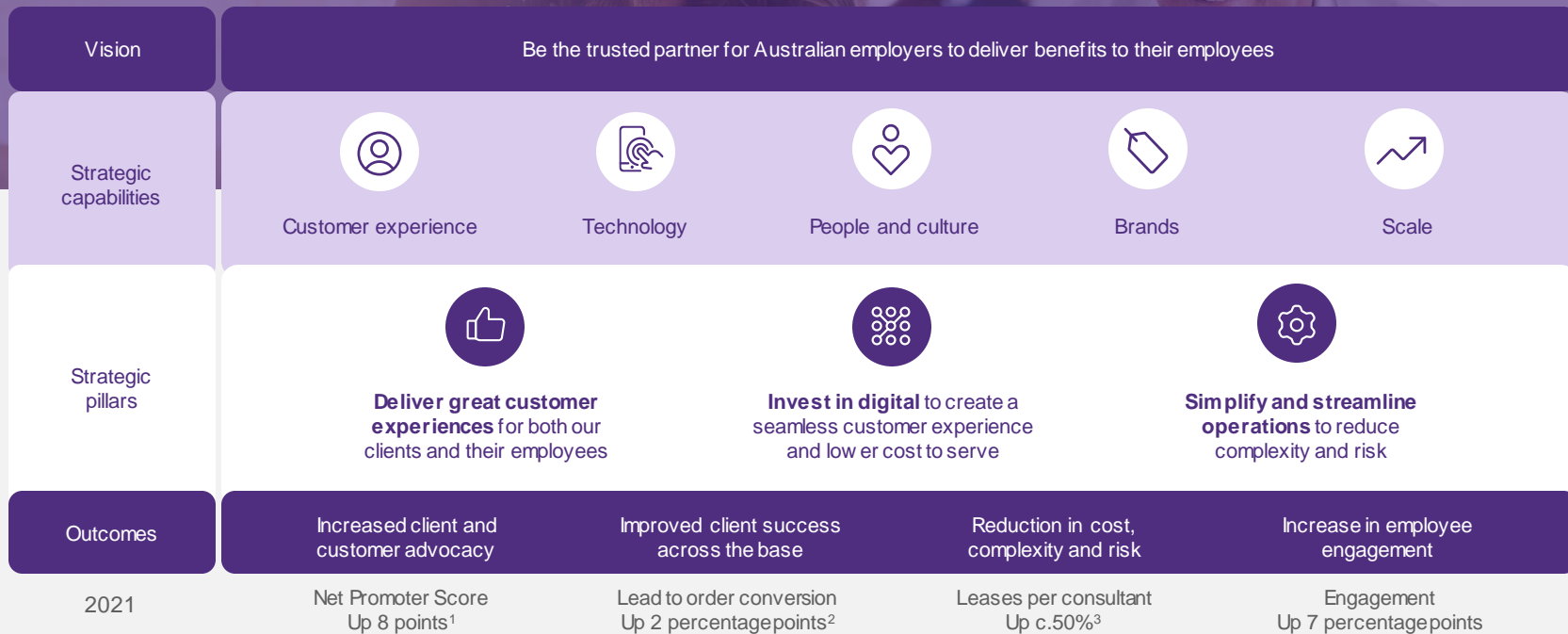
= 60,000 cars (potential Smartgroup novated vehicles)



Smartgroup novated vehicles

1. Number of employees within existing client base is a Smartgroup management estimate based on publicly available data and data provided by current clients.
2. Number of cars owned by those employees is a Smartgroup management estimate derived with input from ABS 3101.0 National, state and territory population Sept 2020, ABS Motor Vehicle Census Australia 2020, and VFACTS private vehicle sales data.

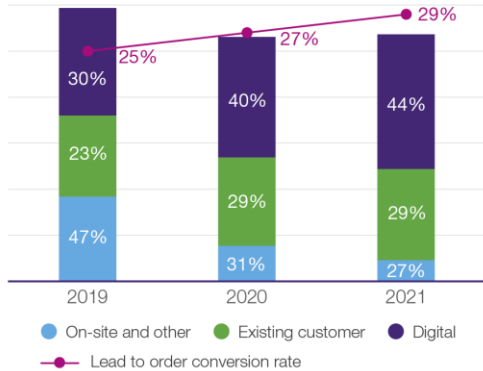
Smart Future Program Launched May 2021



1. Combined sales and service NPS across all brands.
2. Lead to vehicle order conversion increase reflects the fully -matured conversion rate for H1 2021 leads versus 2020. H2 2021 lead to order conversion rates were not fully mature at Dec 2021.
3. CY 2021 lease settlements per sales consultant versus 12 months prior to COVID disruption.

Increased focus on **digital engagement** and **improved experiences** have led to **growth** in digital novated leads and better lead **conversion**

Novated leads by channel and conversion rates



Lead to order conversion rate increasing 4 percentage points from 2019¹

Novated leasing leads have reduced from 2019 with **restricted on-site access**

Increased focus on **digital engagement** throughout late 2020 and 2021 has seen digital leads **grow significantly**, both in total and as a proportion of total leads

Improved customer journeys and customer experience training saw **lead conversion increase** across most channels

Leads expected to **further increase** as on-site client activity restrictions ease

New Smartleasing vehicle calculator has seen sustained improvement in customer engagement and leads



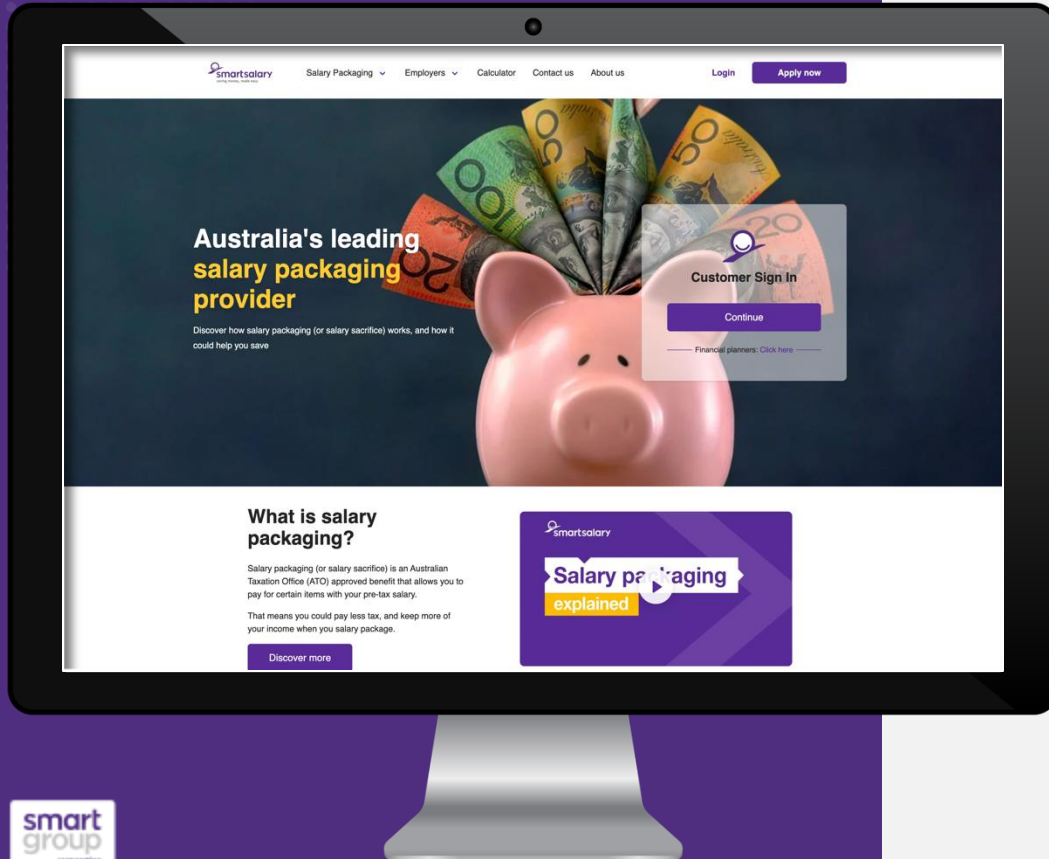
c.40%+ increase in **calculator traffic** and c.60%+ increase in **calculator leasing leads**¹

c.80% increase in the time customers spend **interacting** with calculator/self-educating¹

Increased calculator visit to **lead conversion worth c.\$3m+ in vehicle order revenue p.a.**²



1. Baseline period is 12 months prior to mid-March 2021 go-live of new Smartleasing calculator.
 2. Assuming historic lead to vehicle order conversion.



We will launch new digital assets promoting education and digitising interactions

New Smartsalary website

- ✓ Simpler
- ✓ Better user experience
- ✓ Improved data analytics

Customers will be able to engage with Smartgroup for novated leasing digitally 24/7

New vehicle sales portal

- ✓ Digitising customer education and interactions
- ✓ End-to-end sales process when all development phases are complete



05

Business
update to
April 2022



Strong leasing lead generation and pipeline

V PCP	CY 2021	Apr 2022 YTD
Total leasing leads	+1%	+6%
New lease digital leads	+12%	+11%
Value of 'excess' new VO pipe (Revenue)	c.\$12m	c.\$14m

Strong leasing lead generation and 'excess' new vehicle order pipeline growth from **\$12m to \$14m**

Lead to Vehicle Order conversion rates are stable

Lower-cost digital lead volumes have **grown** beyond pre-COVID levels

Strong order levels have continued into 2022 – settlement volume is impacted by vehicle supply shortages, leading to a large pipeline of future settlements



Update

Operations

Salary packaging customers up c.5,000 (+1%) since December 2021

Return to office for Smartgroup team members across Australia

Novated funding panel

Transition from St George to Angle complete, including early payment by St George of future performance fees

API launched with second panel financier

Financial performance

Revenue and EBITDA in line with our expectations and pcip

Low net debt of \$47m and leverage of 0.5x EBITDA, following payment of 2021 final ordinary and special dividends

06

Voting instructions
and questions



07

Consideration of financial statements and reports



08

Resolution 1 –
Remuneration Report



Resolution 1 – Remuneration Report

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	158	63,894,233	98.91
Open	83	258,035	0.40
Against	69	447,852	0.69
Abstain	3	13,936	

09

Resolution 2 – Election
of Anne McDonald



Resolution 2 – Election of Anne McDonald

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	219	68,000,355	97.00
Open	82	256,008	0.37
Against	31	1,843,730	2.63
Abstain	2	3,654	

10

Resolution 3 –
Re-election of Gavin Bell



Resolution 3 – Re-election of Gavin Bell

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	218	68,967,535	98.38
Open	82	256,008	0.37
Against	33	880,204	1.26
Abstain	0	0	

11

Resolution 4 –
Re-election of Carolyn
Colley



Resolution 4 – Re-election of Carolyn Colley

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	227	69,450,579	99.07
Open	81	254,008	0.36
Against	25	399,160	0.57
Abstain	0	0	

12

Resolution 5 –
Re-election of
Dr Ian Watt AC



Resolution 5 – Re-election of Dr Ian Watt AC

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	224	69,244,454	98.77
Open	82	256,292	0.37
Against	27	603,001	0.86
Abstain	0	0	

13

Resolution 6 – Issue
of shares under Loan
Funded Share Plan



Resolution 6 – Issues of securities under Loan Funded Share Plan

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	151	68,174,210	99.10
Open	82	255,133	0.37
Against	90	367,175	0.53
Abstain	5	22,881	

14

Resolution 7 – Approval
of the Short Term Incentive
Plan and issues of securities
under the Plan



Resolution 7 – Approval of the Short Term Incentive Plan

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	133	59,460,998	98.49
Open	81	256,658	0.43
Against	88	657,602	1.09
Abstain	7	2,966,609	

15

Resolution 8 – Issue
of Performance Rights to
Mr Timothy Looi under the
Short Term Incentive Plan



Resolution 8 – Issue of Performance Rights to Mr Timothy Looi

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	136	61,795,133	98.99
Open	80	256,326	0.41
Against	94	377,219	0.60
Abstain	6	2,963,155	

16

Resolution 9 – Amendments to the Company's Constitution



Resolution 9 – Amendments to the Company’s Constitution

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	207	68,271,854	97.45
Open	82	257,151	0.37
Against	37	1,532,781	2.19
Abstain	7	45,526	

17

Resolution 10 – Increase
to maximum aggregate
remuneration payable to
non-executive Directors



Resolution 10 – Increase to max. NED aggregate remuneration payable

Summary of proxy and direct votes received before the meeting

	Holders	Votes	%
For	121	64,195,607	98.77
Open	80	240,801	0.37
Against	107	559,062	0.86
Abstain	7	407,363	

smart
group
corporation