

ASX ANNOUNCEMENT

14 June 2017

Superior Proposal from ASG Group Limited, DWS matching rights triggered

Further to the announcement by SMS Management & Technology Limited (**SMS**) (ASX:SMX) earlier today regarding the receipt of an unconditional and irrevocable binding offer (the **ASG Offer**) from ASG Group Limited (**ASG**, a 100% owned subsidiary of Nomura Research Institute, Ltd (**NRI**)), the SMS Board met today to consider the ASG Offer.

The SMS Board, after receiving advice from its external legal and financial advisers, has concluded that the ASG Offer is a Superior Proposal (as defined in the Scheme Implementation Agreement entered into on 27 February 2017 between SMS and DWS Limited (the **DWS SIA**)) compared to the proposed transaction to acquire SMS under the terms of the DWS SIA. That is, the SMS Board considers the ASG Offer to be a bona fide proposal which it has determined is reasonably capable of being completed on a timely basis taking into account all aspects of the ASG Offer and would, if completed substantially in accordance with its terms, be more favourable to SMS shareholders (as a whole) than the DWS offer, taking into account, among other things, all legal, financial, regulatory and other aspects of the ASG Offer and the identity of ASG.

The key terms of the ASG Offer, as previously disclosed, include the following:

- acquisition of 100% of the shares in SMS for \$1.80 in cash per share;
- SMS discretion to pay, subject to a favourable draft ATO class ruling being obtained, a fully-franked special dividend of up to a maximum of 10.2 cents per share. If declared, any special dividend would reduce the \$1.80 cash per share under the ASG Offer;
- a legally binding commitment from ASG, which includes:
 - an agreed form of Scheme Implementation Agreement (**SIA**) which is subject to a number of customary conditions; and
 - an executed Parent Company Guarantee from NRI, which guarantees ASG's payment obligations under the SIA.

The ASG Offer of \$1.80 in cash per share represents:

- a 12.2% premium to the implied value of consideration under the DWS SIA based on the mid-point of the Independent Expert's valuation of DWS shares¹;
- a 10.5% premium to the implied value of consideration under the DWS SIA based on the VWAP of DWS shares from 27 February 2017 (when the DWS SIA was announced) to 26 May 2017 (when the ASG expression of interest was received);
- a 12.4% premium to the implied value of consideration under the DWS SIA based on the 5-day volume weighted average price (VWAP) of DWS shares to 13 June 2017.

ASG has undertaken not to withdraw the ASG Offer until 6.00pm AEST Wednesday, 21 June 2017. The ASG Offer cannot be accepted by SMS until it has complied with its obligations under the DWS SIA.

¹ Based on Independent Expert's Report as contained in the Scheme Booklet dated 4 May 2017

These obligations include the “matching right” provisions under which SMS must not enter into any agreement relating to the ASG Offer, unless the ASG Offer is bona fide and each of the following has occurred:

- SMS has given DWS written notice (**Relevant Notice**) that either SMS proposes to enter into an agreement relating to the ASG Offer or one or more of the members of the SMS Board propose to change, withdraw or modify their recommendation of the DWS SIA;
- SMS has given DWS all information regarding the material terms of the ASG Offer, including price, conditions precedent, timetable and break fee;
- if DWS, within three business days of receiving a Relevant Notice, proposes to amend the terms of the DWS offer (**Counter Proposal**), then the SMS Board must review the Counter Proposal in good faith; and
- the SMS Board has evaluated any Counter Proposal from DWS and the SMS Board determines, after consultation with SMS’s external financial and legal advisers, that the ASG Offer is a Superior Proposal (as defined in the DWS SIA).

If DWS provides SMS with a Counter Proposal and that Counter Proposal was determined by the SMS Board to be at least no less favourable to SMS and SMS shareholders when compared to the ASG Offer, then the SMS Board would recommend the Counter Proposal.

Pursuant to the terms of the DWS SIA, SMS has provided a Relevant Notice to DWS, providing DWS with the right, but not the obligation, to put forward a Counter Proposal by 5.00pm AEST Monday, 19 June 2017.

DWS has been provided with a copy of the ASG Offer and SMS now awaits DWS’s response. Should a Counter Proposal emerge from DWS, SMS will make an ASX announcement, and the SMS Board will then give that proposal due consideration in accordance with its obligations under the DWS SIA.

Further announcements will be made by SMS when appropriate. Shareholders do not need to take any action in response to this announcement.

For further information please contact:

Rick Rostolis, Chief Executive Officer
rick.rostolis@smsmt.com
+61 3 9674 3327

Peter Sherar, Chief Financial Officer
peter.sherar@smsmt.com
+61 3 9674 3327

About SMS

SMS is an ASX-listed Australian business specialising in business and IT advisory, technology solutions, managed services and recruitment. SMS cultivates innovation, digital, mobile and design-led business and technology capability to empower organisations across all industry sectors. With over 1,400 staff across Australia, Hong Kong, Singapore and the Philippines, SMS promotes and delivers next-generation customer-centric outcomes for our clients.