

ASX ANNOUNCEMENT

1 September 2017

SMS Management & Technology Limited (ASX:SMX)

ASG Scheme Meeting

Chairman's address

In accordance with ASX Listing Rule 3.13.3 please find attached the SMS Management & Technology Limited Chairman's address that will be delivered at the Company's Scheme Meeting commencing at 11.00am (Melbourne time) today.

For further information please contact:

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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.

For more information please visit www.smsmt.com

SMS MANAGEMENT & TECHNOLOGY LIMITED
Scheme of Arrangement
Chairman's address
1 September 2017

Welcome

Good morning Ladies and Gentlemen.

I would like to begin by welcoming you to today's Scheme Meeting and thank you for your attendance.

Before we proceed, a couple of housekeeping matters. Firstly, I ask that you ensure that any mobile devices are turned off. Secondly, in the event of an emergency, please take direction from the RACV staff.

My name is Derek Young and I am your Chairman for the Scheme Meeting. I have been Chairman of SMS since June 2014 and prior to my appointment as Chairman, I have been a Director of SMS since November 2011.

Today is a significant day in the history of SMS. Today, shareholders will be asked to vote on a proposed Scheme of Arrangement under which ASG Group Limited (**ASG**) would acquire all the shares in SMS for a total cash payment of \$1.80 per share (less the cash value of any Special Dividend paid). From now on, I will refer to this arrangement as **the Scheme**.

Business of meeting

The purpose of this Scheme Meeting is to seek the agreement of shareholders to the Scheme.

As it is now 11.00am being the scheduled start time for this Scheme Meeting, I will commence the meeting.

Scheme Meeting

I am advised that a quorum is present and therefore declare the Scheme Meeting open.

Before I introduce your Directors, I will outline the conduct of today's meeting.

I remind everyone that this is a shareholders' meeting and only shareholders, validly appointed proxies, corporate representatives and attorneys have the right to speak at the meeting. Each shareholder who registered today will have received a YELLOW voting card or if they have already voted by proxy or appointed a proxy to vote on their behalf, a BLUE non-voting card. We have allowed visitors and press into the meeting and they have been provided with a RED card.

Representatives from Link Market Services, SMS's registry provider, are present today to assist in the conduct of the meeting.

Representatives of Deloitte are also present today in the capacity of Poll Scrutineer.

As outlined in the Notice of Scheme Meeting attached as Annexure D to SMS's Scheme Booklet dated 26 July 2017, the resolution to be voted on by shareholders at today's meeting will be decided on a poll.

I would now like to introduce you to my fellow Board members and Directors of SMS:

- Rick Rostolis, our Managing Director & Chief Executive Officer;
- Bruce Thompson, Non-Executive Director; and
- Nicole Birrell, Non-Executive Director.

Our remaining Non- Executive Director, Justin Milne, is an apology for today's meeting.

Also, joining us today is Penny Grau, our Company Secretary and Peter Sherar our Chief Financial Officer.

Your Board believes that this offer from ASG Group Limited represents the best available opportunity for you to realise value for your SMS Shares for the following reasons:

- The value of the Scheme Consideration represents a significant premium to:
 - the Last Undisturbed Share Price of \$1.28, being the last share price close (on 22 February 2017) prior to the announcement of the DWS Scheme Implementation Agreement; and
 - trading valuations since SMS provided updated guidance at its AGM in November 2016.The premiums range between 37% and 41%.
- The Independent Expert has concluded that the Scheme is both fair and reasonable and, therefore, is in the best interests of SMS Shareholders. The Scheme Consideration is above the valuation range for SMS, as assessed by the Independent Expert
- The all cash Scheme Consideration provides immediate and certain value.
- If the Special Dividend is declared and the Scheme becomes Effective, SMS Shareholders will receive a fully franked Special Dividend in an amount declared by the SMS Board (which may be up to a maximum of 10.2 cents per SMS Share). Those SMS Shareholders who are able to realise the full benefit of franking credits attached to the Special Dividend may receive additional benefits of up to a maximum of 4.4 cents per SMS Share (based on a Special Dividend of 10.2 cents per SMS Share).
- No Superior Proposal has emerged as at the date of this meeting.
- If the Scheme does not proceed, and no Superior Proposal emerges, the SMS share price may fall.
- No brokerage or stamp duty will be payable by you on the transfer of your SMS Shares.

Finally, you will recall that the ASG Scheme was agreed following an earlier scheme which had been agreed with DWS Limited. Your Board took the view that the ASG Scheme was superior to the DWS scheme. DWS had the right to match the ASG scheme, but elected not to do so. Your Board believes that the process leading to this proposed ASG Scheme, including the decision by DWS to not put forward a counter proposal despite its matching rights, provides further evidence that the ASG Scheme represents the best available opportunity for shareholders to realise value for their SMS Shares.

I strongly encourage you to vote in favour of the Scheme.

Resolution proposed to be agreed to

The purpose of this meeting is to consider and, if thought fit, to pass the following resolution. This resolution is set out in the notice of meeting which is contained in Annexure D of the Scheme Booklet:

“That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed to be entered into between SMS Management & Technology Limited and holders of its ordinary shares (other than holders of Excluded Shares), which is described in the scheme booklet which contains this notice of meeting, is agreed to with or without such modifications or conditions as may be approved by the Supreme Court of Victoria.”

The proposal has been outlined in detail in the Scheme Booklet which was made available to shareholders in accordance with Court orders and dispatched to shareholders on 2 August 2017.

The Directors have carefully considered the proposed Scheme and believe that shareholders should vote in favour of the resolution that is proposed today. Each Director intends, in relation to any SMS shares held or controlled by them, to vote in favour of the Scheme at today's meeting.

As I have mentioned, the Independent Expert, KPMG, has concluded that the Scheme is in the best interests of SMS shareholders.

A copy of the Independent Expert's Report is contained in Annexure A of the Scheme Booklet.

In order for the resolution to be passed, it must be agreed to by:

- a majority in number of shareholders of SMS present and voting at the meeting (either in person or by proxy); and
- at least 75% of the total number of votes cast on the resolution at the meeting by the shareholders of SMS present and voting at the meeting (either in person or by proxy).

Should these majorities be met, the Second Court Hearing will take place on 6 September 2017 at 10.00am at the Supreme Court of Victoria. The Court's approval of the Scheme is the final condition for it to become effective.

If the Court approves the Scheme, a copy of the Court order approving the Scheme will be lodged with ASIC and the Scheme will become effective. This is expected to occur on Thursday, 7 September 2017. SMS will apply to the ASX for its shares to be suspended from official quotation on the ASX from close of trade on this day.

Shareholders on the Register at 7.00pm on Tuesday 19 September 2017 will be entitled to receive the Scheme Consideration in respect of the SMS shares they hold at that point. This Scheme Consideration is expected to be despatched on Tuesday 26 September 2017.

As stated in the Chairman's letter in the Scheme Booklet, subject to a favourable draft ATO Class Ruling being obtained, the Board has retained discretion to pay a fully franked Special Dividend of up to a maximum of 10.2 cents per SMS Share. If the Special Dividend is declared by the SMS Board and the Scheme becomes Effective, the Scheme Consideration will be reduced by the cash value of any Special Dividend paid.

I can advise that a favourable draft ATO Class Ruling has now been obtained. The Board will consider whether it will pay a Special Dividend following the Scheme Meeting and once it knows the outcome of this meeting. Should a Special Dividend be declared, the Company will announce the declaration (and associated amount) of that Special Dividend to ASX later today.

As set out in the Scheme Booklet if a Special Dividend is declared the record date for determining entitlements to any such Special Dividend is anticipated to be 7.00 pm Monday, 11 September 2017 and the payment date is expected to be Monday, 18 September 2017.