

ASX ANNOUNCEMENT

14 June 2017

Binding offer received from ASG Group Limited

Further to the announcement by SMS Management & Technology Limited (**SMS**) (ASX:SMX) on Tuesday, 13 June 2017, regarding an updated expression of interest from ASG Group Limited (**ASG**, a 100% owned subsidiary of Nomura Research Institute, Ltd (**NRI**)), on the evening of Tuesday, 13 June 2017, SMS received a binding offer from ASG to enter into an agreement to acquire 100% of the shares in SMS for \$1.80 in cash per share (the **ASG Offer**).

The ASG Offer is a legally binding commitment from ASG, which includes:

- an agreed form of Scheme Implementation Agreement (**SIA**); and
- an executed Parent Company Guarantee from NRI (**PCG**), which guarantees ASG's payment obligations under the SIA.

Furthermore, the ASG Offer is unconditional and irrevocable and confirms that:

- due diligence has been completed;
- Foreign Investment Review Board approval is not required; and
- all necessary internal approvals have been obtained in order to issue the ASG Offer, and to enter into the SIA and PCG.

The ASG Offer provides SMS with 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.

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 clause 7.6 of the Scheme Implementation Agreement entered into on 27 February 2017 between SMS and DWS Limited (**DWS SIA**).

The obligations under the DWS SIA have the effect that SMS cannot enter into an agreement, such as accepting the ASG Offer and entering into the SIA until, amongst other things:

- the SMS Board determines that the ASG Offer is bona fide and determines in good faith, after consultation with SMS's external financial and legal advisers, that the ASG Offer is a Superior Proposal to the proposed transaction to acquire SMS under the DWS SIA; and
- SMS delivers a "relevant notice" to DWS, providing DWS with the right, but not the obligation, to put forward a counter proposal within three business days following the day the "relevant notice" is issued.

The SMS Board is considering the terms of the ASG Offer. Once it has determined whether or not it constitutes a Superior Proposal, a further ASX announcement will be made, including whether a "relevant notice" triggering the matching rights will be delivered to DWS.

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As announced on Tuesday, 13 June 2017, SMS wishes to remind shareholders that **the Scheme Meeting scheduled for Wednesday, 14 June 2017 has been postponed and will NOT be proceeding today.**

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

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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.

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