

ASX ANNOUNCEMENT

29 May 2017

Receipt of Non-Binding Expression of Interest from ASG Group Limited

SMS Management & Technology Limited (**SMS**) (ASX:SMX) on the evening of Friday, 26 May 2017, received an unsolicited, non-binding, confidential, indicative, incomplete and conditional Expression of Interest (**EOI**) from ASG Group Limited (**ASG**, a 100% owned subsidiary of Nomura Research Institute, Ltd (**NRI**)) to potentially acquire 100% of the shares in SMS for \$1.80 in cash per share.

The EOI is non-binding and is subject to a number of conditions, including but not limited to:

- completion of confirmatory due diligence;
- final internal approvals;
- unanimous recommendation from the SMS Board in support of the transaction; and
- execution of a binding implementation agreement, including terms such as no material adverse change in the business condition, "no shop" and "no talk" restrictions, no prescribed occurrences in relation to SMS, no regulatory action in relation to the transaction, SMS not making any capital returns or declaring additional dividends and an agreed break fee.

The EOI is not subject to a financing condition. ASG does not anticipate at this stage that Foreign Investment Review Board approval would be required to implement the EOI, but has not yet expressed a concluded view.

Under the terms of the Scheme Implementation Agreement entered into on 27 February 2017 between SMS and DWS Limited (the **DWS SIA**), SMS has a well-defined process to follow in these circumstances. The SMS Board, after receiving advice from its legal and financial advisers, has concluded that the EOI may reasonably be expected to lead to a Superior Proposal (as defined in the DWS SIA). The SMS Board is committed to acting in the best interests of SMS shareholders and therefore will engage with ASG, subject to the negotiation of an appropriate confidentiality agreement. DWS has been notified of the key terms and conditions of the EOI.

There is no certainty that an offer for SMS from ASG will eventuate. The SMS Board continues to believe that the proposed acquisition by DWS by scheme of arrangement (the **DWS Scheme**) is in the best interests of SMS shareholders. The SMS Board continues to unanimously recommend that SMS shareholders vote in favour of the DWS Scheme in the absence of a Superior Proposal emerging or the Independent Expert changing or qualifying their conclusion that the DWS Scheme is in the best interests of SMS shareholders. The Scheme Meeting is currently scheduled for 14 June 2017.

Further announcements will be made by SMS if and 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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