Merrill Lynch Emerging Stars Conference 2012

McMillanShakespeareGroup

18 -19 October 2012

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Maxxia Maximising your workplace benefits | RemServ | HOLDEN Leasing | Interleasing

The McMillan Shakespeare Group of Companies

Consolidated financial performance

	FY12 $000 Total	FY11 $000 Total
Revenue from operating activities	300,626	270,538
Expenses	222,950	205,971
Pre tax profit from operating activities	77,676	64,567
Operating margin	25.8%	23.9%
Tax	23,143	19,449
Segment net profit after tax	**54,533**	**45,118**
Unallocated items		
Interest income	1,404	767
Interest and borrowing costs on parent company debt	(861)	(1,814)
Public company costs	(870)	(831)
Integration	-	(491)
Tax on unallocated items	99	711
Profit after tax from operating activities	**54,305**	**43,460**
NPAT growth	**25%**	
Return on equity	38%	43%
Basic earnings per share (cents)	76.63	64.00
Diluted earnings per share (cents)	74.11	61.22
Diluted EPS Growth	**21%**	
Final dividend declared per share (cents)	25.00	22.00

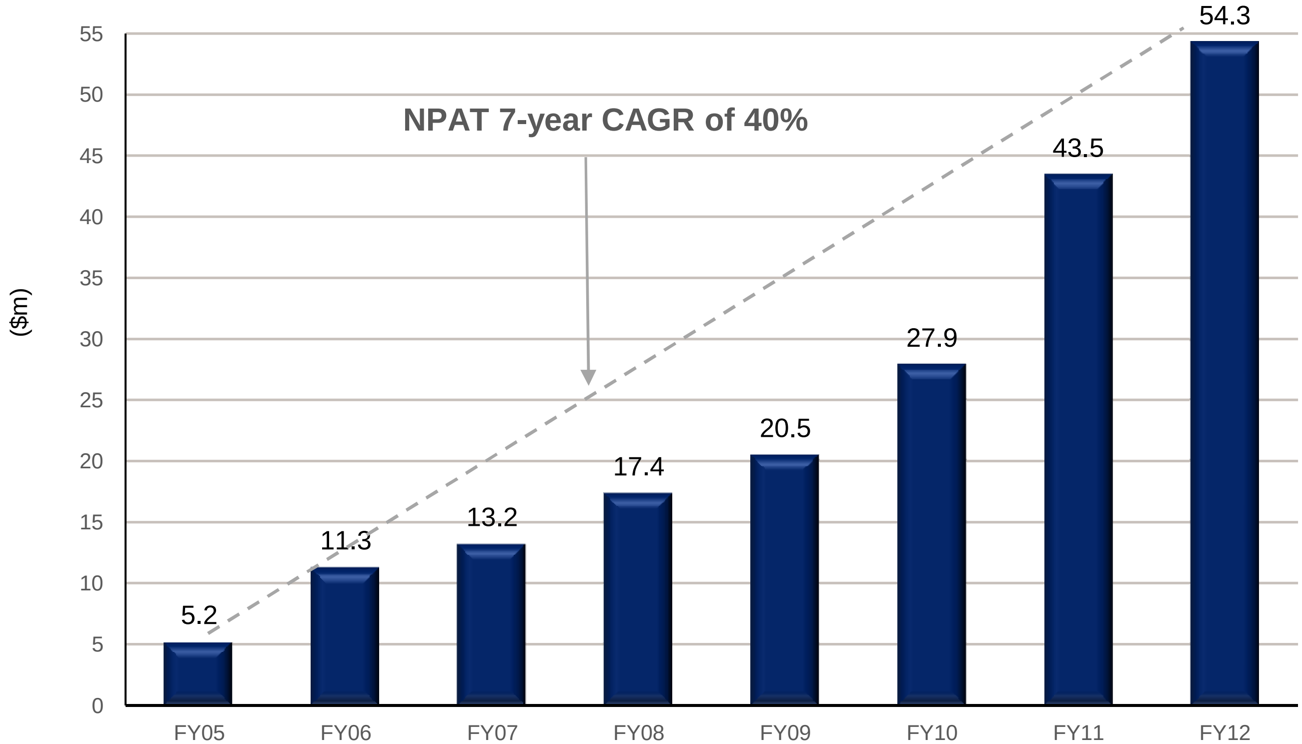
Financial highlights

- A year of consistent delivery, ongoing organic profitable growth and gathering momentum.
- Consolidated NPAT of $54.3m (growth of 25%).
- Diluted EPS growth of 21%.
- Group Remuneration Services NPAT of $40.3m (27% growth).
- Asset management NPAT $14.3m (6% growth) but normalised for FY11 tyre and maintenance provision release arising from change to IFRS – growth of 21%.

Financial highlights (cont'd)

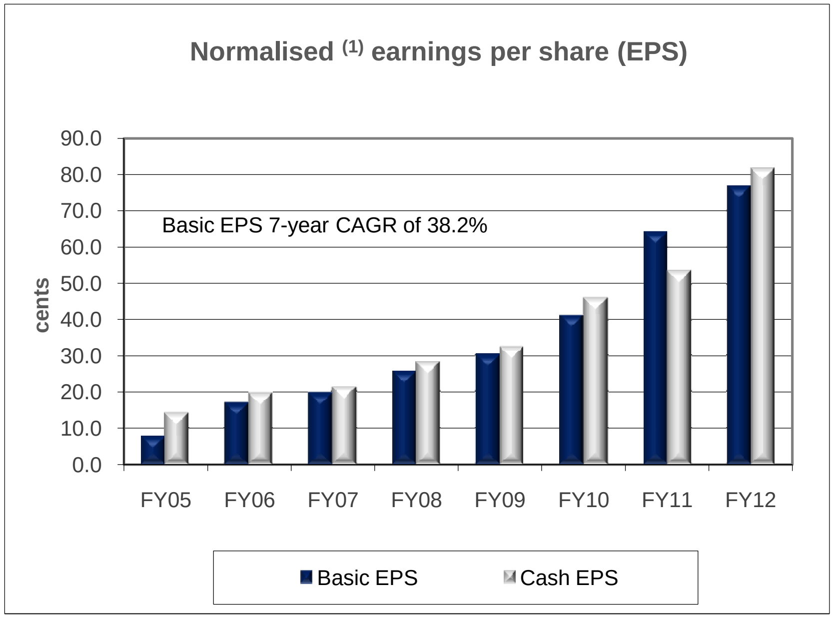
- Strong free cashflow ($56.3m pre-fleet increase).
- Final dividend of 25cps (total FY12 dividend of 47cps versus 38cps FY11). FY12 payout ratio of 61%.
- Return on equity of 38%.
- Parent company debt fully repaid i.e. the $30m facility drawn in April 2010 to part fund the acquisition of Interleasing.
- $30m of share capital raised as a result of exercise of employee options.

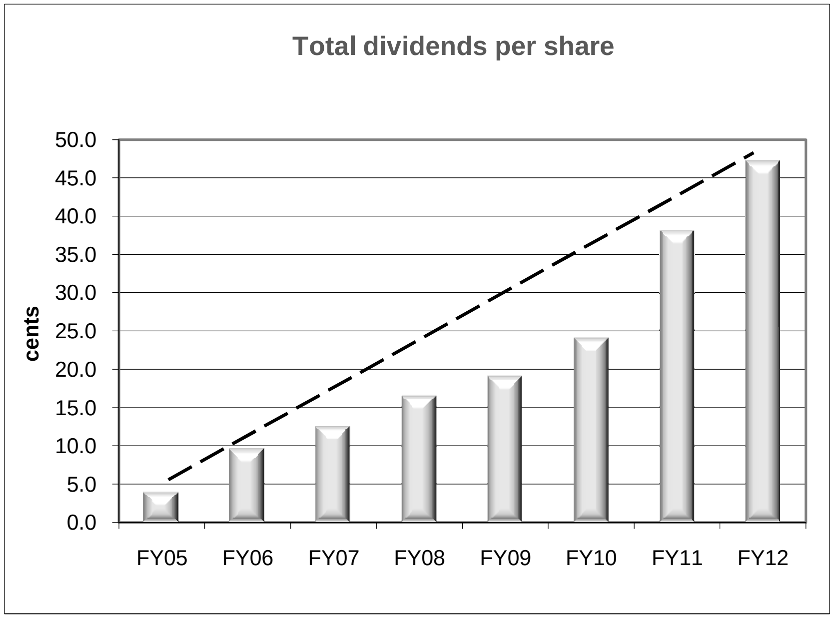
Normalised[1] NPAT



Note 1: Normalised NPAT excludes the profit recognised on acquisition of Interleasing in FY10 ($17m profit after tax).

Historical earnings and dividends per share





FY11 and FY12 cash EPS is after funding major systems upgrade as part of 5 year IT strategy.

Note 1: Normalised EPS excludes the profit recognised on acquisition as a result of the business combination of ILA in FY10. Cash EPS includes CAPEX but excludes the investment in fleet growth.

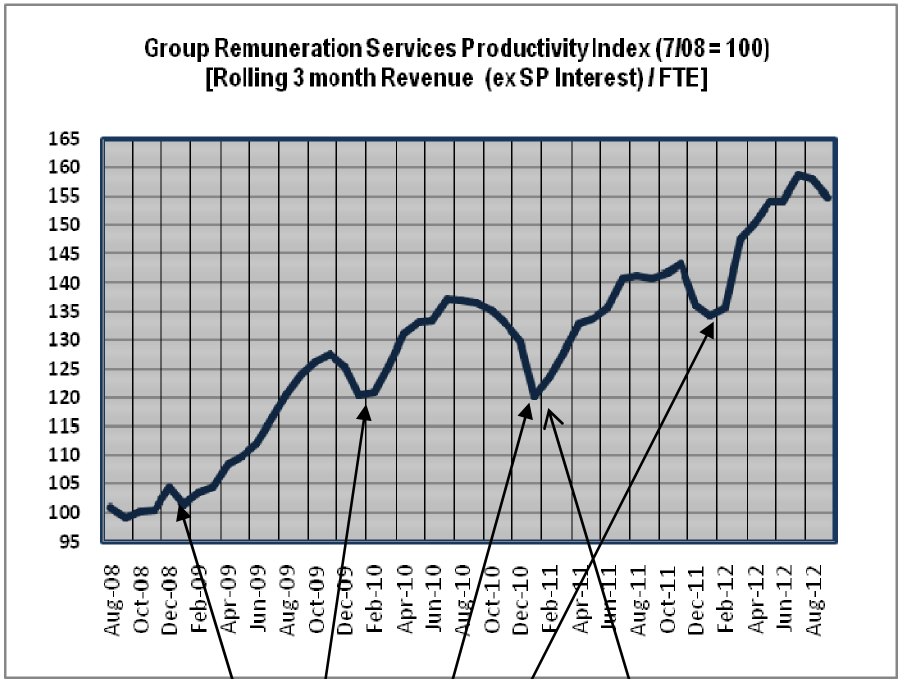
Definition of segments

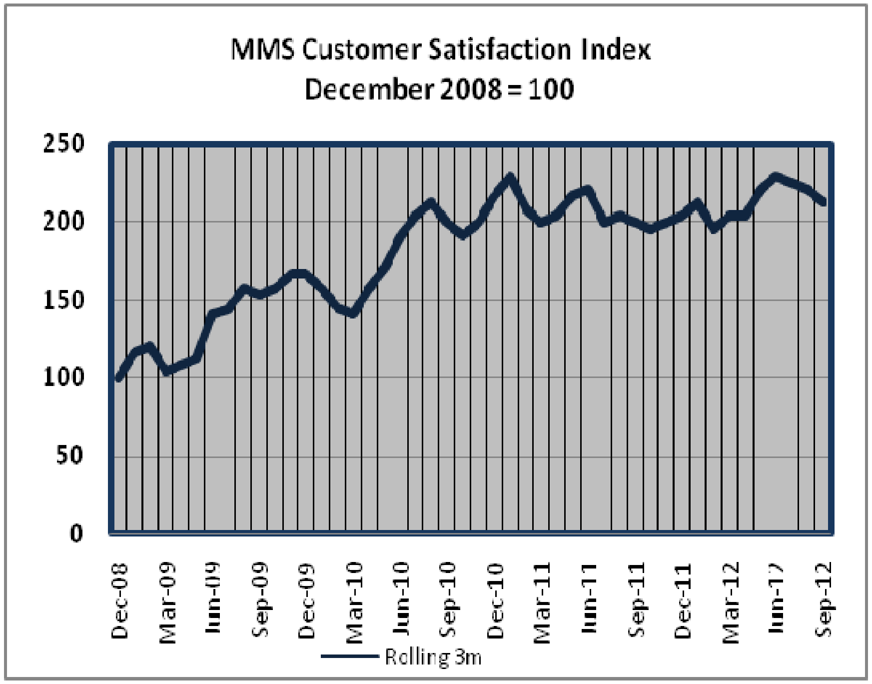
- **Group Remuneration Services segment definition:**
  The segment provides administrative services in respect of salary packaging and facilitates the settlement of motor vehicle novated leases for customers, but does not provide financing. The segment also provides ancillary services associated with motor vehicle novated lease products such as insurance and after market products.
- **Asset Management segment definition:**
  The segment provides financing and ancillary management services associated with motor vehicles, commercial vehicles and equipment.

Group Remuneration Services financial performance

	FY12 $000	FY11 $000	% Inc	Comment
Segment revenue	**137,284**	**111,648**	**23%**	(ex float interest 24%)
Expenses				
Employee expenses	54,250	43,908	24%	SA Govt transition / Customer relationship management
Depn and amort of PPE and software	3,438	3,310	4%	
Property expenses	4,275	3,935	9%	Additional space
Other expenses	18,085	15,226	19%	
Total expenses	**80,048**	**66,380**	**21%**	
Profit before tax	**57,236**	**45,268**	**26%**	Ongoing productivity improvements
Tax	16,971	13,610	**25%**	
Net profit after tax	**40,265**	**31,658**	**27%**	

Competitive strengths and performance indices





Queensland floods.

Increased head count to maintain client service levels during the end of FBT year process.

Asset Management segment financial performance

	FY12 $000	FY11 $000	% Inc	Comment
Segment revenue	**163,342**	**158,890**	**3%**	
Expenses				
Depreciation of motor vehicle fleet	66,942	63,681	5%	
Interest on fleet financing	9,524	9,464	1%	
Lease and vehicle management expenses	50,850	52,434	-3%	
Employee and other expenses	15,586	14,012	11%	Investment in distribution and marketing
Total Expenses	**142,902**	**139,591**	**2%**	
Profit before tax	**20,440**	**19,299**	**6%**	
Tax	6,172	5,839	**6%**	
Net profit after tax	**14,268**	**13,460**(1)	**6%**	
Net profit adjusted for FY11 T&M provision release(1)	**14,268**	**11,817**	**21%**	Increasing momentum, book in growth and remarketing profits

Note 1: The tyre and maintenance provision release in FY11 ($2.3m) related to provisions that existed at the time of acquisition of Interleasing but were required under AIFRS to be released by reference to the stage of completion of the lease when the outcome of the service contracts could be reliably estimated.

Asset Management segment commentary

- Business growth gathering momentum (assets under finance $262m versus $220 FY11; $214m FY10).
- Strong NPAT performance of 6% growth (normalised for FY11 tyre and maintenance release – 21%).
- Conduit for Group Remuneration Services sales into the private sector i.e. contributor to Group Remuneration Services segment growth.
- Competitive cost of funds.
- Net interest margin exceeding budget.
- Liquidity, diversity and duration of funding extended on better terms.
- Strong remarketing performance.

Asset Management segment commentary (cont'd)

- Increase in yield from in-life services, through leveraging combined scale of Asset Management and Group Remuneration Services (novated leases) vehicles under management.
- Credit losses of less than $40,000.
- Interest rate risk managed through hedging facilities.
- Prudent provisioning against possible future losses on residual values increased to $1.9m.

FY12 Key points

- Business combination (Group Remuneration Services and Asset Management) strategy working well: increasing new business in private sector; better cost of funds; better yield from value chain.
- 167 new business contracts and cross-sales; 79% in private sector.
- Business strategy working well: continued investment in business to reinforce competitive strengths and sustain growth and advantage.
- Asset Management systems upgrade on track for completion in CY13.
- Business Intelligence enhanced capability on track for completion in FY13.

FY12 Key points (cont'd)

- Salary packaging system upgrade to commence FY13.
- New premises and staff in S.A. to support S.A. Government opportunity.
- Increase of 124 staff (head count c.800).
- Treasury and credit well managed; Deferred effects of fall in interest rates.

Sensitivities

- Interest rates (earnings on float).
- Second hand car prices (remarketing earnings).
- New car sales (novated lease participation).
- Government austerity/redundancy programs.
- Delivery of new IT programs.
- The not-for-profit sector tax concession working group, (www.notforprofit.gov.au).
- Significant international events, general economic conditions and consumer confidence.

Outlook and update

- Ongoing profitable growth through new contracts won over the past 12-18 months and ongoing participation growth.
- Group financial performance for 1QFY13 in line with our expectations.
- Remarketing / second hand car values remain strong in our portfolio.
- Government redundancies noticeable but not material.
- Ongoing new business growth – good pipeline of tenders and opportunities.
- Validate S.A. Government's decision to move to one provider (lower cost; better service; better participation; better counter-party risk management).
- Rising barriers to entry, integrated model gaining share.
- Further development of our funding strategy to maintain liquidity and duration.
- Look for opportunistic acquisition/bolt-ons.