

McMillan Shakespeare Limited
Chairman's AGM Address
22 October 2013

2013 was another successful financial year for the MMS Group. On a consolidated basis, net profit after tax increased by 15%. Both segments of our business performed well. Remuneration Services increased its year on year profit after tax by 16% to \$46.8m. This was achieved on revenue of \$156m, an increase of 14% on last year.

The asset management segment also performed well, growing net profit after tax by 5% in a very competitive market. Additionally on the asset management side, our UK business is now up and running. We are excited about the quality of our UK team and the opportunities in that market. Indeed, I am pleased to announce today the acquisition of a bolt on to our UK business, CLM Fleet Management. CLM has been purchased for £8.5m (A\$14.4m). Our CEO will provide further details when he addresses you, but let me say the Board sees this as a very important step in our UK strategy. CLM is a well-regarded player and brings to our UK operations an end to end fleet management capability, from fleet sales and procurement to in-life services and through to vehicle remarketing. This, together with Maxxia Finance (wholly owned by MMS) gives us a full suite of fleet and asset management capabilities in the UK, including financing. CLM provides MMS with a perfect platform to pursue profitable growth in the UK market. CLM is a good business at a sensible price.

We are here today to talk about the financial results for the year ending 30 June, 2013. But it is impossible to ignore what occurred on 16 July, 2013 when the former government, out of the blue, announced proposed changes to the FBT treatment of motor vehicles. This announcement was effective as at close of business 16 July. As has been widely publicised, and as we reported to the market, it had an immediate impact on the novated leasing component of our remuneration services business. It also had an immediate impact on the entire motor vehicle value chain, from originators like us, to dealers, financiers, component manufacturers and even the car manufacturers themselves. Again, I will leave it to our CEO to take you through the detail. But as Chairman of MMS, let me state how proud I am of the way our company responded to this challenge. We did not accept our lot. We, and the industry, waged a successful campaign to inform the public of why the policy was wrong. Critically, our industry was able to convince the Coalition to reverse Labor's decision.

I cannot speak highly enough of our Company's employees across the nation, whose response, dedication, long hours of endeavour and commitment, led by our unwavering CEO and Management team, has brought about this result. They are deserving of our deepest thanks.

As a result, your business is now ramping up towards business as usual. Clearly there will be a financial impact, particularly in the first half of this financial year. At this stage we remain unsure about the extent of the impact and will not have a clearer idea until the ramp-up to business-as-usual is complete.

Due to the uncertainty at the time our full year results were posted, your Board elected not to declare a full year dividend. However, now that the worst appears to be behind us, I am pleased to announce a dividend of 18 cents per share. We have tried to strike a sensible balance between remaining watchful of our cash while the business recovers and the desirability of rewarding shareholders for an excellent 2013 result. As our business recovers, the Board will closely monitor and review our position.

Even though the past few months have been a trying time, I believe our business responded quickly and effectively to protect the interests of its staff, its customers and its shareholders. This crusade has brought our people closer together and has made us even more determined to continue to deliver outstanding service to customers and outstanding results for shareholders.

In summary, your business and its people are prepared and ready to face whatever challenges lie before it in these uncertain times. Your Board is confident of continuing success in 2014 and beyond. It is now my pleasure to hand over to our Managing Director and CEO, Michael Kay.