MMS Group FY15 Results Presentation

August 2015

McMillanShakespeareGroup

Overview

- MMS generated a record financial result in FY15
  - EBITDA up 20%, NPAT up 23%, EPS up 18%
- MMS has entered a new stage in its evolution
  - Step change in scale, competitiveness and opportunity
  - Created a leading presence in the independent consumer car finance market
- Maintained financial strength with strong cash flow generation
- Management team strengthened to support growth

FY15 Operational Highlights

- Significant growth and profitability within Group Remuneration Services (GRS)
  - Operating revenues increased 12%, EBITDA by 25% and NPAT margins remain strong
- Selective approach to growth in Asset Management (AM)
  - Stable Australian asset book with conservative gearing levels
  - UK business showing momentum, commenced sale of “lifestyle leases”
- Created a new complimentary segment in Retail Financial Services (RFS)
  - Completed acquisition of Presidian on 27 February 2015; completed acquisition of UFS post year end (31 July 2015)
  - Ensures scale across the new and used vehicles customer value chain
  - Synergies and new growth opportunities identified with integration on track and well advanced

FY15 Operational Highlights (cont.)

- Secured additional contracts from new clients with a good pipeline of new business extending into FY16
- Secured improved funding arrangements with financers
- Productivity improvements from our IT investment continue to be realised
- Guaranteed Future Value product has been well received by the market
- Leading indicators are sound

FY15 Financial Highlights

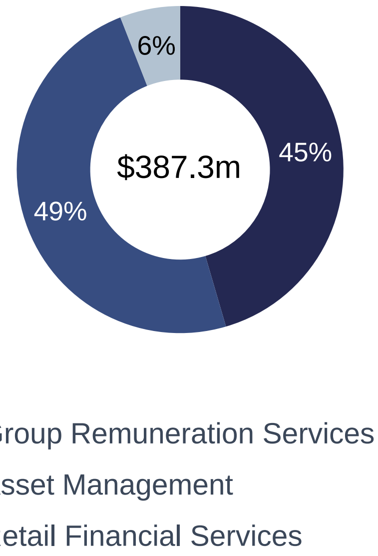
- Consolidated NPAT $67.5m[1] (23% growth on FY14) with underlying NPAT $70.2m[2] (26% growth on FY14)
  - Group Remuneration Services NPAT $54.3m (29% growth on FY14)
  - Asset Management NPAT $11.3m (17% less than FY14)
  - Retail Financial Services NPAT $3.0m[3] (represents four months of Presidian trading since acquisition)
- Final dividend of 27.0 cps (fully franked); Total dividend of 52.0 cps (fully franked); Total payout ratio of 63%
- Diluted EPS of 86.8 cps (19% growth on FY14) and Basic EPS of 87.0 cps (18% growth on FY14)
- EPS based on underlying NPAT[2] of 90.6 cps (21% growth on FY14)
- Annualised return on equity of 25% and return on capital employed of 24%
- Strong operating cash flow of $79.0m (pre CAPEX, tax and fleet increase)

1. Consolidated NPAT inclusive of unallocated items totalling $1.1m
2. Underlying NPAT excludes one-off payments in relation to transaction costs incurred for the acquisition of Presidian and a property lease early termination fee
3. Excludes acquisition associated costs and interest costs on debt associated with the acquisition of Presidian

Consolidated Financial Performance

$000	FY15	FY14	Change %	FY13	Change % with FY15
Profit and Loss					
Revenue from operating activities	387,263	345,316	*12%*	327,817	*18%*
Expenses	282,136	257,702	*9%*	239,589	*18%*
EBITDA	**105,127**	**87,614**	***20%***	**88,228**	***19%***
D&A of PPE and software	8,036	6,414	*25%*	4,311	*86%*
Amortisation of intangibles (acquisitions)	725	253	*187%*	-	*0%*
NPBT	**96,366**	**80,947**	***19%***	**83,917**	***15%***
Operating margin	*24.9%*	*23.4%*		*25.6%*	
Tax	26,937	24,282	*11%*	26,392	*2%*
Segment net profit after tax pre-UK	**69,429**	**56,665**	***23%***	**57,525**	***21%***
Unallocated items	411	602	*(32%)*	865	*(52%)*
Segment net profit after tax pre-UK and acquisition expenses	**69,840**	**57,267**	***22%***	**58,390**	***20%***
Share of JV	(816)	(1,120)	*27%*	(410)	*(99%)*
Acquisition expense for business combination	(1,537)	(1,177)	*31%*	(128)	*>100%*
NPAT	**67,487**	**54,970**	***23%***	**57,852**	***17%***
Underlying NPAT[1]	**70,241**	**55,865**	***26%***	**57,852**	***21%***
Key Metrics					
Return on equity	25%	26%		34%	
Return on capital employed	24%	26%		29%	
Basic earnings per share (cents)	87.04	73.76	*18%*	83.42	*4%*
Diluted earnings per share (cents)	86.80	72.65	*19%*	81.87	*6%*
Underlying earnings per share (cents)	90.59	74.96	*21%*	83.42	*9%*
Interim dividend paid per share (cents)	25	21		24	
Final dividend declared per share (cents)	27	31		18	
Total dividend per share (cents)	**52**	**52**		**42**	
Payout ratio	63%	70%		50%	

FY15 Revenue breakdown[2]



1. Underlying NPAT excludes one-off payments in relation to transaction costs incurred for the acquisition of Presidian of $1.5m and a property lease early termination fee of $1.2m
2. Retail Financial Services revenue and NPAT breakdown only presents 4 months trading under MMS ownership

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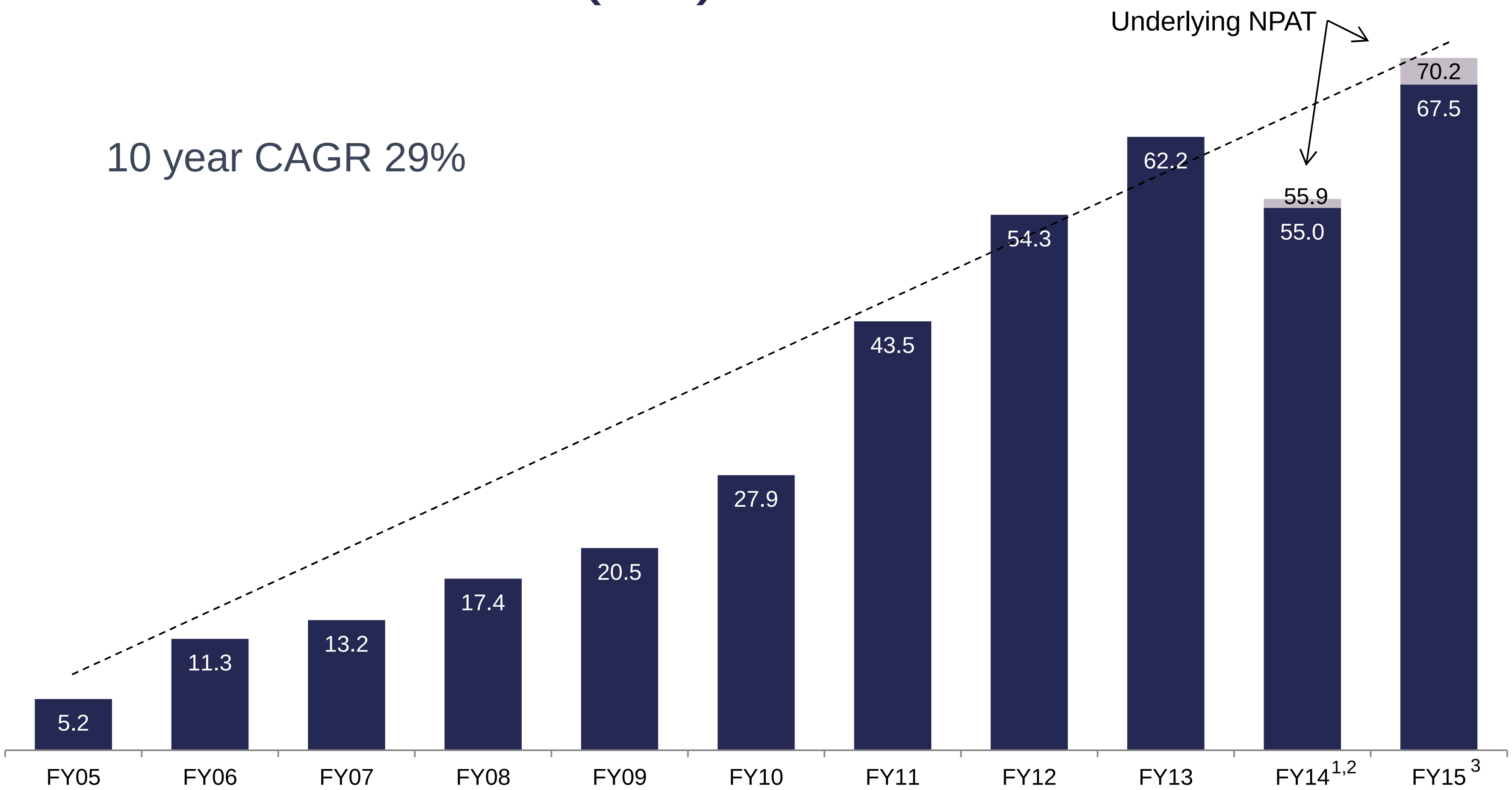
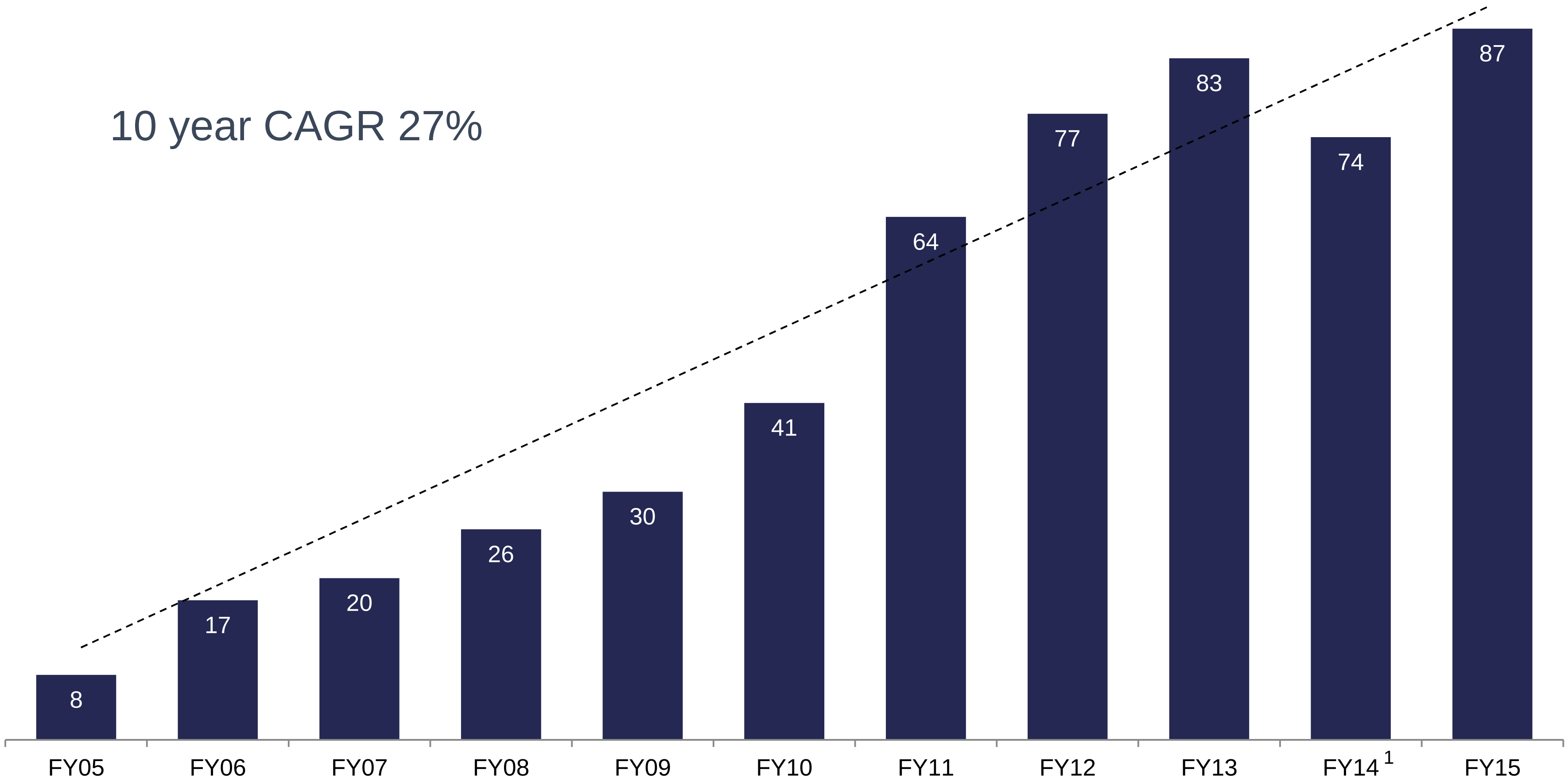
NPAT Performance ($m)



- FY15 saw a return to the historical performance of producing a record annual result, that was temporarily impacted in FY14 by the former governments proposed change to novated leasing

1. FY14 NPAT was negatively impacted by the former government's proposed changes to novated leasing
2. FY14 Underlying NPAT excludes one-off payments in relation to transaction costs incurred for the acquisition of CLM
3. FY15 Underlying NPAT excludes one-off payments in relation to transaction costs incurred for the acquisition of Presidian of $1.5m and a property lease early termination fee of $1.2m

Earnings Per Share (cents)



- Impressive FY15 EPS performance is reflective of the additional shares issued as a result of Presidian acquisition

1. FY14 EPS was negatively impacted by the former government's proposed changes to novated leasing
FY11 to FY15 EPS includes funding the major systems upgrade as part of the 5 year IT strategy

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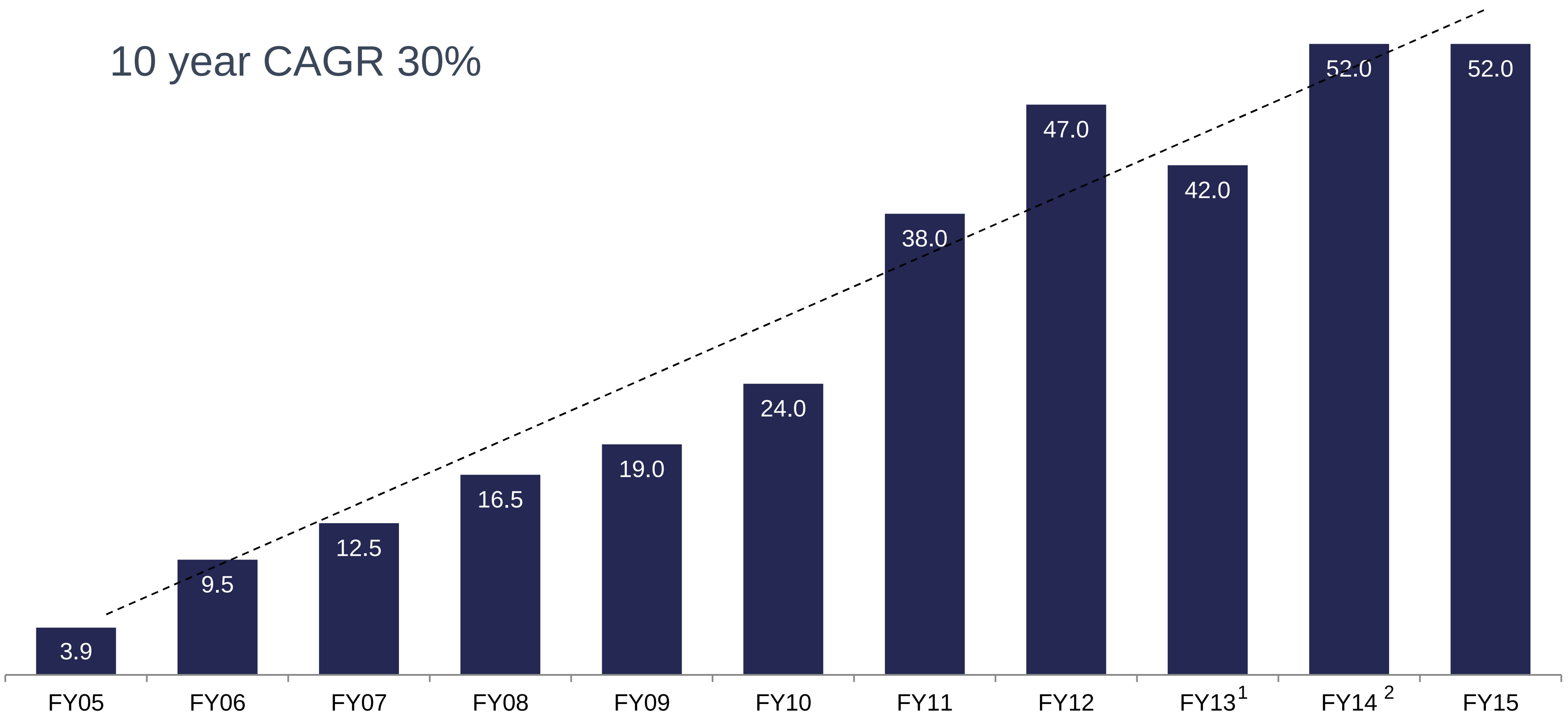
Dividends Per Share (cents)



- FY14 DPS incorporates a ‘catch up’ dividend payment given conservative view taken in FY13

1. FY13 total dividend payments was impacted by the former government’s proposed changes to novated leasing
2. FY14 final dividend reflects a catch up payment for FY13

Segments Defined

	Group Remuneration Services	Asset Management	Retail Financial Services
Brands	Maxxia, RemServ	Holden Leasing, CLM, Interleasing, Maxxia	Presidian
Service offering	▪ Administrative services in respect of salary packaging ▪ Facilitates the settlement of motor vehicle novated leases for customers, but does not provide financing ▪ Ancillary services associated with motor vehicle novated lease products such as insurance and after market products	▪ Financing and ancillary management services associated with motor vehicles, commercial vehicles and equipment ▪ Services to our business's located in Australia, New Zealand and the United Kingdom	▪ Retail brokerage services, aggregation of finance originations and extended warranty cover, but does not provide financing
Customers	▪ Hospitals, health & charity workers ▪ Public and private sector lease programs	▪ Predominantly corporate customer base	▪ Retail customer base ▪ Dealer, broker and retail network
Distribution footprint	▪ Over 800 customers ▪ Circa 1.0 million employees	▪ Over 300 customers ▪ Select brokers	▪ 2,500+ active dealers ▪ 450 finance brokers

Segment Financial Overview

$000	Group Remuneration Services	Asset Management	Retail Financial Services	Unallocated items[2]	FY15 Total
Revenue	176,096	188,061	23,106	-	**387,263**
EBITDA	79,697	19,929	5,501	-	**105,127**
EBITDA margin	*45.3%*	*10.6%*	*23.8%*		*27.1%*
NPBT	75,171	16,609	4,586	-	**96,366**
NPBT margin	*42.7%*	*8.8%*	*19.8%*		*24.9%*
NPAT	54,306	11,281	3,027	(1,127)	**67,487**
NPAT margin	*30.8%*	*6.0%*	*13.1%*		*17.4%*
Underlying NPAT[1]	55,523	11,281	4,564	(1,127)	**70,241**
UNPAT margin	*31.5%*	*6.0%*	*19.8%*		*18.1%*

1. Underlying NPAT excludes one-off payments in relation to transaction costs incurred for the acquisition of Presidian of $1.5m (Retail Financial Services) and a property lease early termination fee of $1.2m (Group Remuneration Services)
2. Unallocated items includes acquisition and corporate administrative expenses, offset by interest income and tax on unallocated items

Group Remuneration Services
Full Year Financial Performance

$000	FY15	FY14	% Change with FY15	FY13	% Change with FY15
Segment revenue	**176,096**	**157,247**	**12%**	**155,855**	**13%**
Expenses					
Employee expenses	71,649	67,138	7%	62,408	15%
Property and other expenses	24,750	26,345	(6%)	23,338	6%
Total expenses	96,399	93,483	3%	85,746	12%
EBITDA	**79,697**	**63,764**	**25%**	**70,109**	**14%**
Depn and amort of PPE and software	4,526	3,680	23%	3,484	30%
NPBT	**75,171**	**60,084**	**25%**	**66,625**	**13%**
Tax	20,865	18,096	15%	19,832	5%
NPAT	**54,306**	**41,988**	**29%**	**46,793**	**16%**

- Excluding the impact of interest derived from external funds administered, segment revenue was higher by 13% compared to FY14
- Increase in depreciation and amortisation of PPE and software relates to the first year's depreciation of new IT projects which went live during the year

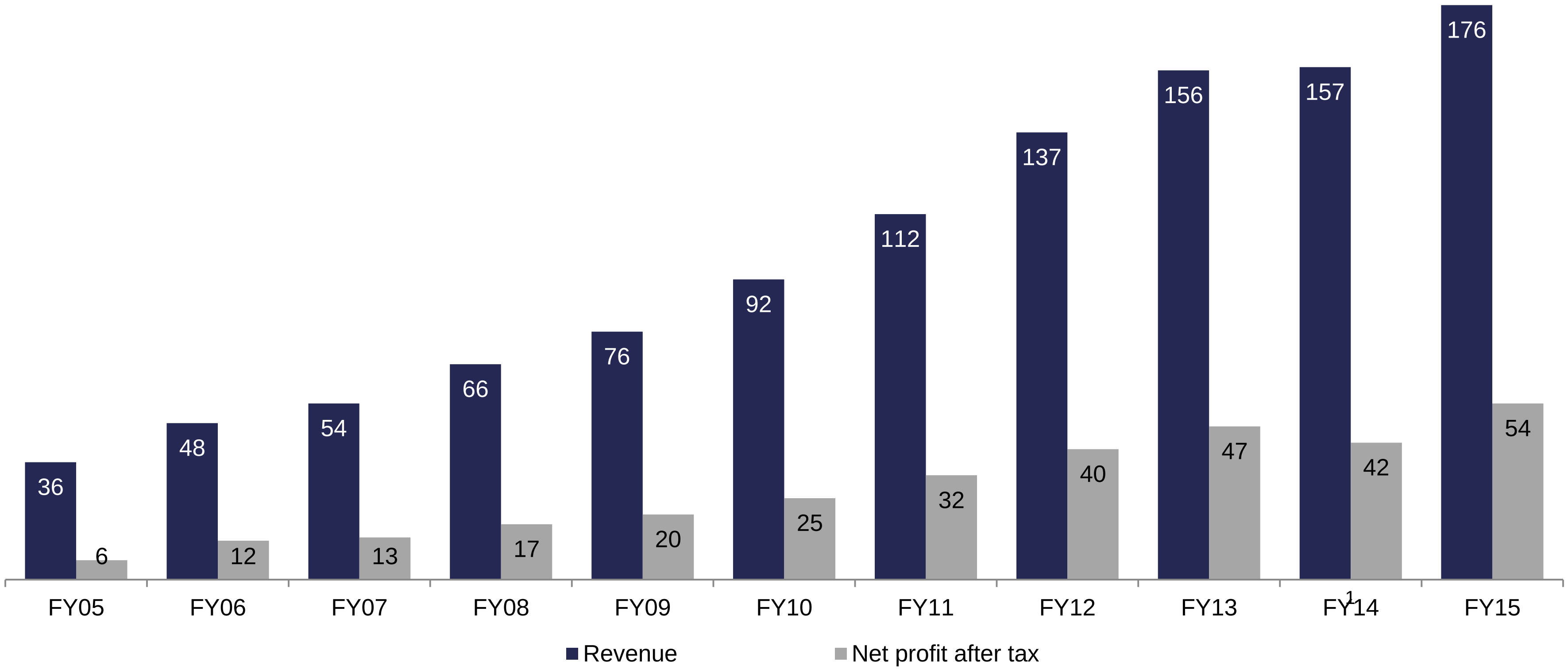
Group Remuneration Services

Commentary

- FY15 NPAT of $54.3m was $12.3m or 29% higher than FY14
- Improving participation, strong sales and distribution capability and significant new business wins
- Good pipeline of new business opportunities
- Generating free operating cash flow in excess of NPAT
- IT based projects well embedded and delivering productivity improvements
- Maintained customer metrics (productivity index and customer satisfaction index) above benchmarks
- FY15 core operating contribution[1] of $69.6m represents an increase of 25% on FY14

1. Core operating contribution represents profit before finance, tax and depreciation derived directly from salary packages managed and novated leasing

Group Remuneration Services
Historical Financial Performance



- FY15 saw a return to annual revenue and NPAT growth over prior year

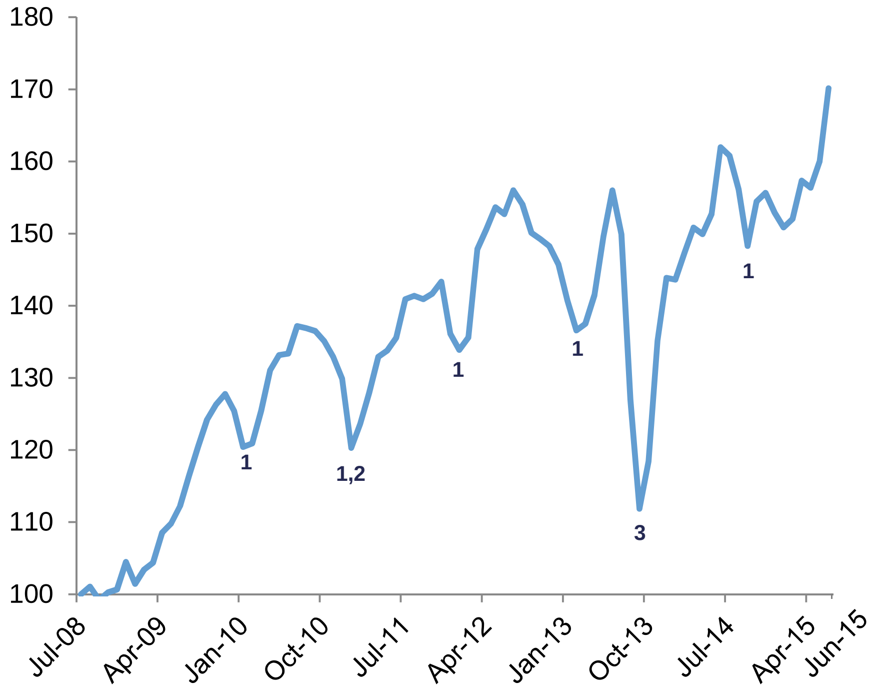
1. FY14 EPS was negatively impacted by the former government's proposed changes to novated leasing

Group Remuneration Services

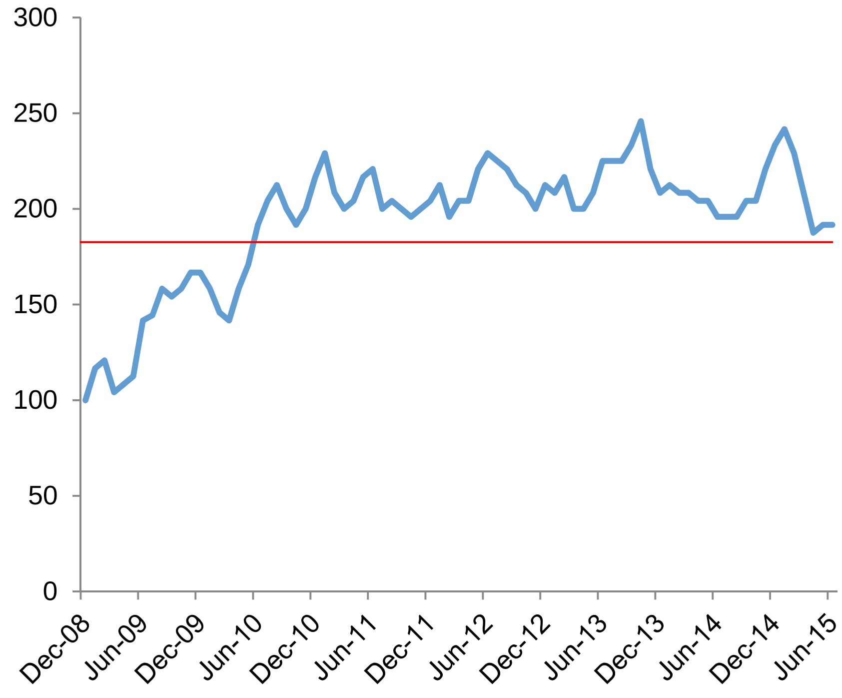
Competitive Strengths and Performance Indices

Productivity Index

Rolling 3 month revenue (ex SP interest) / FTE



Customer Satisfaction Index[4]



1. Increased headcount to maintain client service levels during end of FBT year process
2. Queensland floods
3. Proposed FBT change
4. Based on net promoter score

Asset Management

Full Year Financial Performance

	FY15			FY14		
$000	**Australia / NZ**	**UK**	**Total**	**Australia / NZ**	**UK**	**Total**
Segment revenue	**175,433**	**12,628**	**188,061**	**178,195**	**9,874**	**188,069**
Expenses						
Depreciation of motor vehicle fleet	83,004	-	83,004	81,475	-	81,475
Lease and vehicle management expenses	49,445	1,272	50,717	47,239	3,140	50,379
Interest on fleet financing	9,129	1,199	10,328	10,469	403	10,872
Employee and other expenses	16,366	7,717	24,083	16,544	4,948	21,492
Total expenses	157,944	10,188	168,132	155,727	8,491	164,218
EBITDA	**17,489**	**2,440**	**19,929**	**22,468**	**1,383**	**23,851**
Dep / amort of PPE and software	2,556	370	2,926	2,537	197	2,734
Amortisation of intangibles	-	393	393	-	253	253
NPBT	**14,933**	**1,677**	**16,610**	**19,931**	**933**	**20,864**
Tax	4,177	335	4,512	5,922	264	6,186
NPAT excl. UK JV	**10,756**	**1,342**	**12,098**	**14,009**	**669**	**14,678**
Share of UK JV	-	(816)	(816)		(1,120)	(1,120)
NPAT incl. UK JV	**10,756**	**526**	**11,282**	**14,009**	**(451)**	**13,558**

- Excluding the increase in provisioning and credit losses (noted on the following page), FY15 total NPAT (including UK JV) is $13.9m, an increase of $0.3m over FY14
- UK gaining momentum and profitability in FY15
- Novated lease revenue and expenses are recorded within the Group Remuneration Services segment

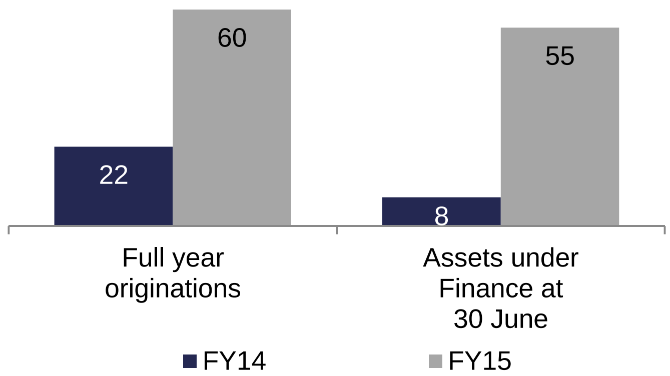
Asset Management
Australia and New Zealand Commentary

- Recorded a decline in NPAT compared to FY14
  - Decline principally driven by an increase in asset impairment provisions for certain heavy vehicle clients of $3.2m and credit losses of $0.4m for the period (combined impact after tax of $2.6m)
- Assets under finance marginally declined since FY14 to $311m
- Market remains highly competitive with pressure on NIM and management fees
- Inertia of fleets remains consistent with previous period
- Interest rate risk managed through hedging facilities
- Pipeline of new business opportunities

Asset Management

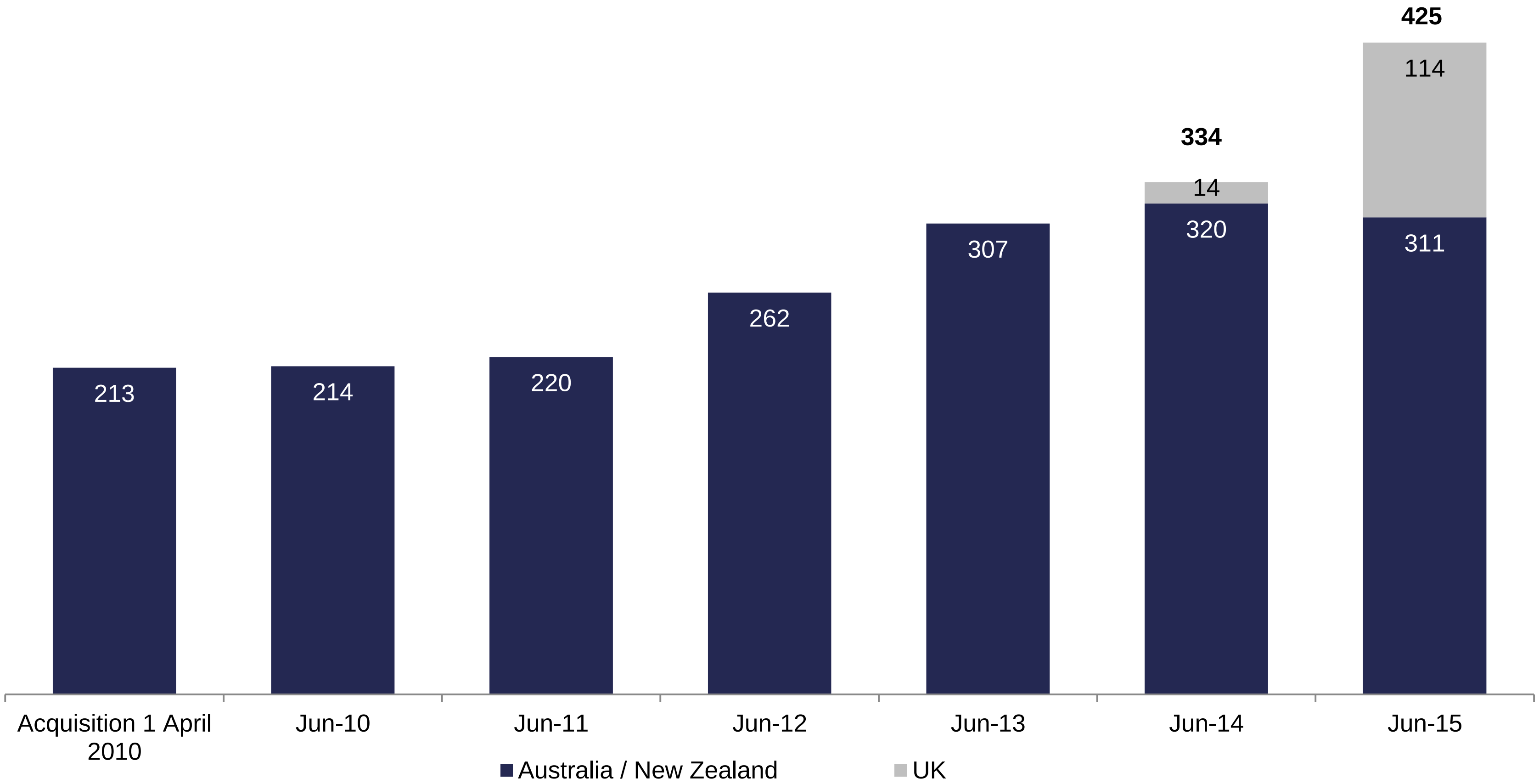
UK Commentary

- UK business building momentum recording first year of combined profitability
  - o All wholly owned businesses generated a profit
  - o JV business continues to build brand reputation in the market
- Retail sales model supplemented with wholesale funding panel
- Successfully grew asset finance origination to £60m (A$128m[1])
- Assets under finance grew by £47m (A$100m[1])
- Lifestyle Lease product approved by HMRC



1. Assumes year end exchange rate of A$1 : £2.13

Asset Management
Fleet Assets Written Down Value

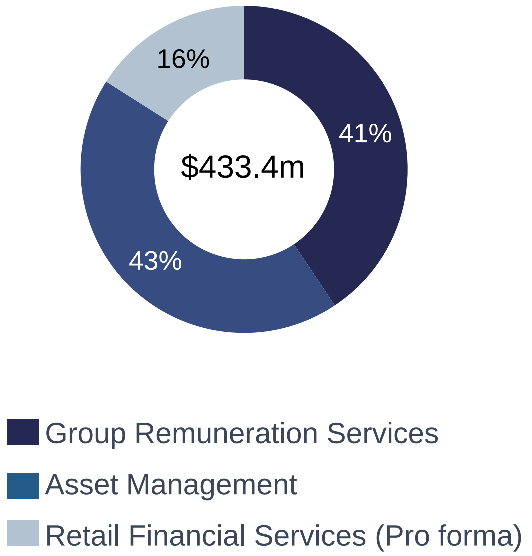


Retail Financial Services

Full Year Financial Performance

$000	27 February 2015 to 30 June 2015 [1,2]	FY15 full year pro-forma [2,3]
Segment revenue	**23,106**	**69,252**
Expenses		
Employee expenses	7,573	20,468
Net claims and brokerage commissions	7,697	26,355
Property and other expenses	2,335	9,008
Total expenses	17,605	55,831
EBITDA	**5,501**	**13,421**
Depn and amort of PPE and software	584	992
Amortisation of intangibles	331	993
NPBT	**4,586**	**11,436**
Tax	1,559	3,958
NPAT	**3,027**	**7,478**

FY15 Revenue breakdown[3]



- In FY16, the Retail Financial Services financial performance will include the acquisition of UFS completed on 31 July 2015

1. Represents 4 months trading of Presidian given acquisition was completed on 27 February 2015
2. Excludes acquisition associated costs and interest costs on debt associated with the acquisition of Presidian
3. FY15 full year pro forma represents 12 months of trading as though owned by MMS since 1 July 2014

Retail Financial Services

Commentary

- Completed the acquisition of Presidian on 27 February 2015 for $114.4m
- Capture of revenue synergies and development of IT platform is ongoing
  - Secured improved funding arrangement with financers
- Integration of Presidian into MMS operations tracking ahead of target
  - Payroll integration complete; finance integration underway
  - Relocated a significant number of employees from Presidian regional locations to MMS head office
- Increased net amount financed (NAF) originations from forecast $450m per annum during acquisition process to in excess of $500m per annum
- **Note:** Post year end, completed the acquisition of UFS on 31 July 2015 for an acquisition price of $42m (refer to the ASX announcement dated 23 July 2015)

Retail Financial Services

Presidian Overview

- Leading independent provider of finance, warranty and insurance with a focus on used vehicles
- Combined network of over 2,500 dealers, 80+ broker outlets, 450 brokers and 14 retail branches (Money Now)
- Generating NAF in excess of $500m per annum
- Solid growth (new products, revenue synergies) expected; high margins; high return on invested capital

Rationale for the Presidian acquisition

- Represents value to shareholders
- Complimentary to existing MMS skillset
- Identified revenue and cost synergies
- Similar sector focus (MMS new vehicles; Presidian used vehicles)
- Extension of virtual dealership model inclusive of additional products
- Diversifies risk

Retail Financial Services

Events Subsequent to Balance Date - Acquisition of UFS[1]

- Completed the acquisition of UFS on 31 July 2015, for an acquisition price of $42m
- UFS is an independent financial agency and automotive brokerage services business providing consumer and commercial finance and insurance products primarily to the used motor vehicle sector
- Compelling strategic rationale for the acquisition
  - Extends the consumer finance platform (strengthens recently acquired Presidian platform)
  - Synergies available across the combined Retail Financial Services segment
  - Complementary distribution footprint within the Retail Financial Services segment
  - Strengthens the strategic fit with core MMS business

1. UFS consists of United Financial Services Pty Ltd, United Financial Services Network Pty Ltd and United Financial Services (Queensland) Pty Ltd

Key Funded Balance Sheet Items

$000	30-Jun-15	30-Jun-14	Movement
Operating lease assets	293,125	303,408	(10,283)
Motor vehicle inventories	7,165	5,379	1,786
Finance leases & commercial hire purchase			
Current	35,253	7,969	27,284
Non-current	89,911	16,937	72,974
Fleet financing borrowings			
Current	5,658	452	5,206
Non-current	346,046	213,995	132,051
Maintenance instalments received in advance	6,622	7,529	(907)
Asset Management net assets / equity[1]	148,281	125,259	23,022

- Growth in the total funded finance lease assets is principally driven from growth in the UK business

1. Asset Management net assets / equity total includes non-fleet assets and liabilities

Gearing

$000	30-Jun-15 MMS & other segments	Asset Management	Group Balance	30-Jun-14 Group Balance
Net Debt	(22,016)	287,991	265,975	143,903
Book value of equity	170,162	148,281	318,443	223,847
Gearing ratio[1]	(15%)	66%	46%	39%
Interest times cover[2]			12.5	10.1
Debt to total funded fleet WDV		69%		

- As at 30 June 2015, the Group remains well within its banking covenants, while optimising the use of surplus cash to increase returns
- Significant headroom is available within debt facilities to achieve growth objectives

1. Gearing ratio calculated as Net Debt / (Net Debt + Equity)
2. Interest times cover calculated as Earnings before Interest and Taxes / Net Interest

FY15 Cashflow

$000	Group Remuneration Services	Asset Management	Retail Financial Services	Unallocated / parent co.	MMS Group
Segment NPAT	**54,306**	**11,281**	**3,027**	**(1,126)**	**67,488**
Non-fleet depn / amort, reserves and other non-cash items	8,645	4,588	915	-	14,148
Working capital inflow / (outflow)	3,367	(4,622)	(1,556)	-	(2,811)
Operating cashflow pre increase in AM portfolio and and tax payments	**66,318**	**11,247**	**2,386**	**(1,126)**	**78,825**
Contract establishment costs	(465)	-	-	-	(465)
Capex (non fleet & ex-sales) and software incl. 5 year IT systems upgrade	(5,412)	(4,330)	(238)	-	(9,980)
Free cash flow pre increase in AM portfolio and abnormal tax payments	**60,441**	**6,917**	**2,148**	**(1,126)**	**68,380**
Tax payments in excess of tax expense	(1,369)	(1,088)	(130)	-	(2,588)
Free cashflow pre increase in AM portfolio	**59,072**	**5,829**	**2,018**	**(1,126)**	**65,793**
Investing activities and fleet increase:					
Equity contribution into subsidiary companies	(20,689)	20,689	-	-	-
Investment in Presidian (net of cash acquired, excl. acquisition costs)	-	-	-	(63,620)	(63,620)
Subordinated loan to UK JV	-	(961)	-	-	(961)
Net growth in Asset Management Portfolio	-	(91,762)	-	-	(91,762)
Free cash flow	**38,383**	**(66,205)**	**2,018**	**(64,746)**	**(90,550)**
Financing activities:					
Equity contribution	-	-	-	15,112	15,112
Intercompany funding	3,511	(3,511)	-	-	-
Net debt (repayments) / borrowings (net of costs)	-	76,873	-	57,011	133,884
Dividend paid	-	-	-	(43,913)	(43,913)
	3,511	**73,362**	**-**	**28,210**	**105,083**
Net cash movement	**41,894**	**7,157**	**2,018**	**(36,536)**	**14,532**

Funding Overview

- The Group funding arrangements were extended to March 2018 on more favourable terms
- During FY15, the UK facility was increased by a further £32m on more favourable terms
- Cash as at 30 June 2015 was $85.7m

Borrowings at 30 June 2015	**Duration**	**Facility '000**	**Drawn '000**	**Undrawn '000**
Revolving - Asset Financing Australia[1]	31-Mar-18	AUD 252,141	186,000	66,141
Amortising - Purchase of Presidian	31-Mar-20	AUD 57,100	57,141	-
Revolving - Asset Financing UK	03-Apr-18	GBP 57,000	43,500	13,500
Amortising - Purchase of CLM UK	31-Aug-18	GBP 5,750	5,750	-
Revolving - Asset Financing New Zealand[1]	03-Apr-18	NZD 20,000	9,700	10,300

1. The combined facility totals AUD$270m

Key Risk Sensitivities

- Interest rates (earnings on float)
- Second hand car prices (remarketing earnings)
- New car sales (novated lease participation)
- Government policy development
- Loss of major customers
- General economic conditions and consumer confidence
- Acquisition and integration risk

Outlook

- Ongoing profitable growth through:
  - New business and cross-sell from our stronger integrated value proposition, competitive cost of funds and flexible financing facilities
  - Increasing participation rates within existing customer portfolio
  - Presidian and UFS acquisitions and resultant synergies
- Continue to invest ahead of the growth curve to ensure efficiency, productivity and performance
- Maintain industry leading service levels
- Enhance client and customer experiences via administration platforms, customer facing technology and innovation
- Business well placed to maintain momentum through continuing disciplined execution of clear strategy
- Continue to identify other potential value adding acquisitions

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