MMS Group

Citi – 8th Annual Australian and New Zealand Investment Conference

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Presenters
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McMillanShakespeareGroup

Overview

- **Record FY16 profit result with strong free cash flow**
  - Segment revenue of $503.2m, +29.9%
  - EBITDA $137.3m, +30.6%
  - Underlying NPATA $87.2m, +25.3%
  - Free cash flow $93.5m, +42.1%
  - Full year dividend 63.0 cps, +21.2%
  - ROE 24.1%, ROCE 21.9%
- **Profitable growth across all segments with synergies across the integrated model**
  - GRS – Revenue growth 6.9%, EBITDA growth 11.5%, operational gearing and productivity drive margin expansion
  - AM – UNPATA $15.3m up 31.9%, selective approach to growth
  - RFS – Compared to Proforma FY15, EBITDA growth 21.8%, net amount financed growth 9.5%
- **Year ahead**
  - Continue organic growth via new business wins, retention of contracts and increased participation rates
    - Q1 financial results in line with internal forecasts
  - Execute specific initiatives to drive long term value creation

FY17 Update

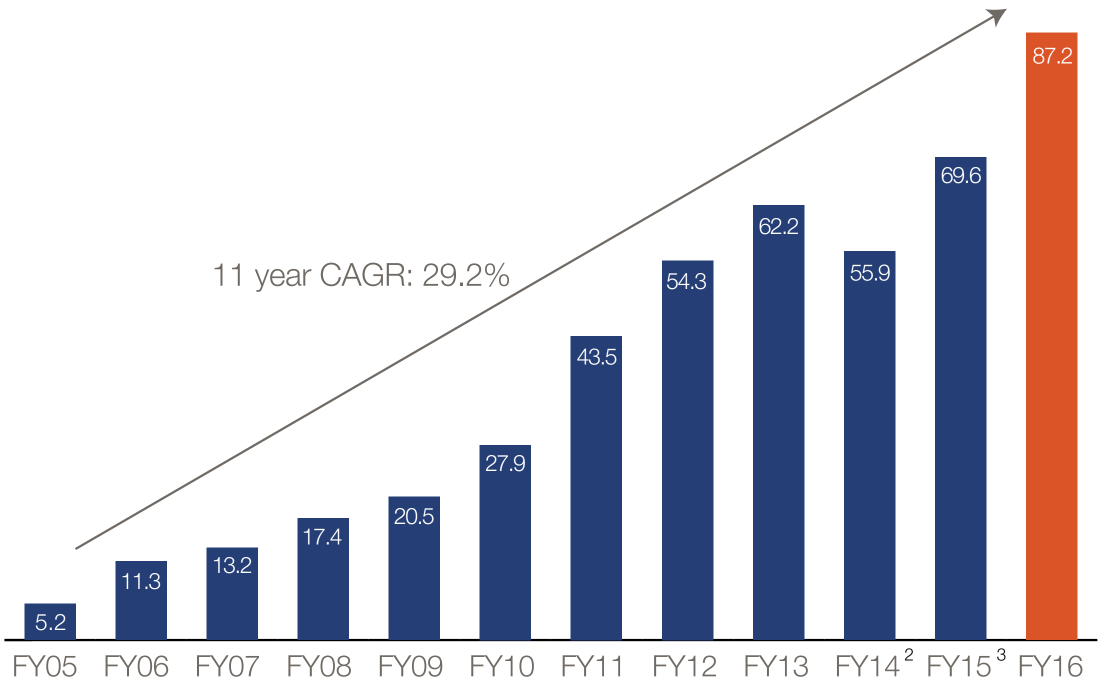
Queensland Government novated leasing contract	• Announced on 10 October 2016 that RemServ had been appointed as one of eight organisations who are authorised to originate and manage novated leases for employees of the Queensland Government • The appointment is effective 7 November 2016 for a period of three years with an option to extend for an additional two years (exercisable by the Queensland Government) • The expected financial implications of the novated leasing contract are consistent with the Company's disclosure in the FY16 results presentation on 24 August 2016
Market update	• Record low interest rates driving consumer confidence levels to the highest level since January 2014 • Removal of tariffs with China, Japan and Korea resulting in lower priced new vehicles and good stock availability • Year on year growth in new car sales with used vehicle prices being maintained at prior year levels
New business update	• In addition to the renewal of the Queensland Government novated leasing contract, MMS has secured a number of new salary packaging / novated leasing contracts including two organisations in the health sector covering 9,000 employees

FY17 Update

Regulatory update	**UK market** • Along with industry bodies and market participants, Maxxia (UK) has lodged a submission to HMRC stating the benefits of a car salary sacrifice scheme • HMRC will announce in late November through the Autumn Tax Statement the final outcome however, the industry is of the view that car salary sacrifice will be retained however it may be less financially beneficial than the current environment **Brexit** • Weaker pound sterling against the Australian dollar will result in a reduced Australian dollar reported profit for UK entities • Operating performance of the UK business has seen no discernible difference since the Brexit result **Australian market** • MMS remains supportive of the regulators review of the practices of credit insurance providers resulting in improved transparency, clarity and consistency across the automotive industry • MMS is continuing to understand the implications of the proposed changes, with initial modelling undertaken suggesting that the proposed changes will not have a material impact on FY17 results
P&A update	• Implementation of P&A funding arrangements progressing well with a number of transactions completed for several select customers during Q1 FY17 • Discussions on-going to expand the panel of P&A financiers to complement our committed revolving facilities

MMS delivers another record result

UNPATA[1] performance ($m)



Segment Revenue[4] up 29.9% to
$503.2 million

EBITDA up 30.6% to
$137.3 million

UNPATA up 25.3% to
$87.2 million

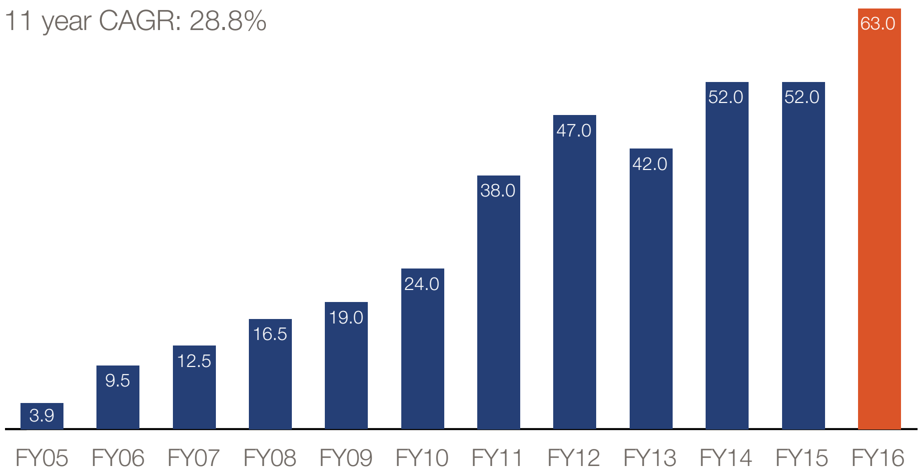
Free Cash Flow[5] up 42.1% to
$93.5 million

Compared to previous corresponding period

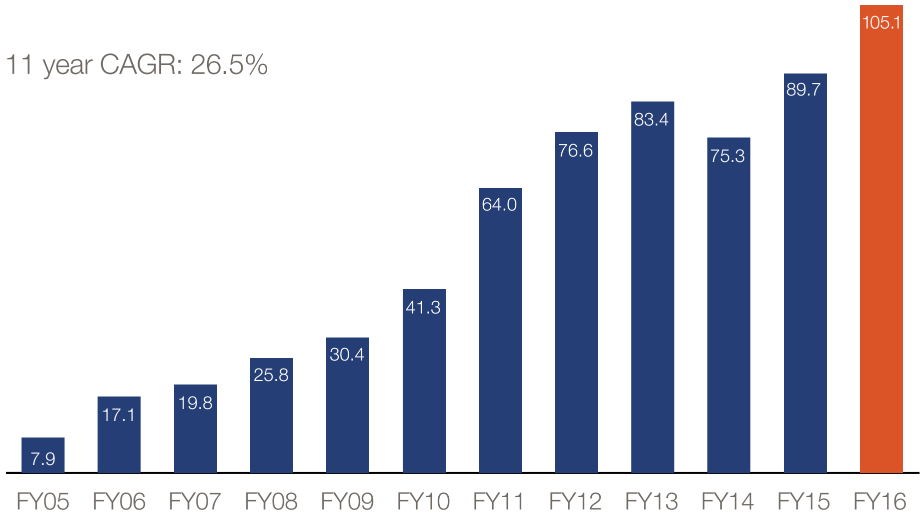
1 Underlying NPATA (UNPATA) excludes one-off payments in relation to transaction costs incurred in acquisitions and the amortisation of acquisition intangibles
2 FY14 UNPATA was negatively impacted by proposed changes to novated leasing
3 FY15 UNPATA of $69.6m has been restated (was previously $70.2m) to be consistent with FY16
4 Segment revenue excludes corporate interest income of $1.5m which is accounted for as non-segment revenue (Group revenue totals: $504.7m)
5 Free operating cash flow before investing, financing activities and fleet increases

Financial Overview

Dividends per share (cents)



Earnings per share (cents)



Results Summary

Improved profit performance and strong free cash flow

$m	FY16	FY15	Variance
Segment revenue	503.2	387.3	*29.9%*
EBITDA	**137.3**	**105.1**	***30.6%***
EBITDA margin (%)	*27.3%*	*27.1%*	
NPBT	125.0	96.4	*29.7%*
NPAT	82.5	67.5	*22.2%*
Underlying NPATA[1]	**87.2**	**69.6**	***25.3%***
Basic earnings per share (cents)	99.4	87.0	*14.3%*
Underlying earnings per share (cents)	105.1	89.7	*17.2%*
Total dividend per share (cents)	63.0	52.0	*21.2%*
Payout ratio (%)[2]	*60%*	*61%*	
Free cash flow[3]	**93.5**	**65.8**	***42.1%***
Return on equity (%)[4]	*24.1%*	*27.1%*	
Return on capital employed (%)[4]	***21.9%***	***23.4%***	

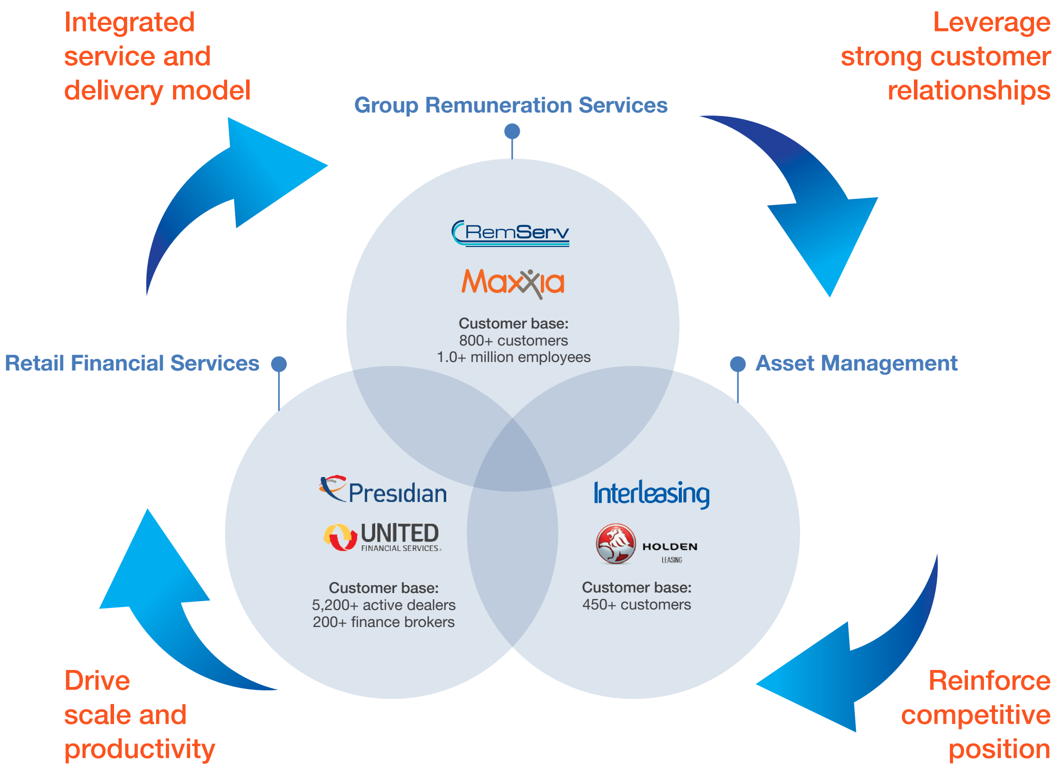
1 UNPATA excludes one-off payments in relation to transaction costs incurred for acquisitions and amortisation of acquisition intangibles
2 Payout ratio calculated as total dividend for financial year divided by UNPATA for financial year
3 Free operating cash flow before investing, financing activities and fleet increases
4 Return on equity and capital employed has been adjusted to reflect 12 months trading for acquisitions made in each financial year

Complementary diversification across the MMS Group

	Group Remuneration Services	Asset Management	Retail Financial Services
Brands	Maxxia, RemServ	CLM, AngloScottish, Holden Leasing, Maxxia, Interleasing	Presidian, United Financial Services
Primary service	– Salary packaging – Novated leases	– Vehicle fleet leasing and management – Used vehicle retail sales	– Vehicle finance, insurance and warranty broking
Customers	– Hospitals, health & charity workers – Public and private sector	– Predominantly corporate customer base	– Retail customer base – Dealer, broker and retail network
Distribution	– Over 800 clients – Circa 1.0m customers	– Over 450 clients – Select brokers	– 5,200+ active dealers – 200+ finance brokers
Key operating statistics	– 293,000 salary packages – 55,800 novated leases	– 37,100 total assets managed – $435.7m total assets funded – $327.5m net amount financed[1]	– $936.7m net amount financed[2] – $24.7m gross written product – 76,000 warranty products
Growth strategy	– Target organic growth via existing clients and new business – Broaden product suite (Maxxia Plus) – Consider strategic acquisitions	– Implemented P&A funding arrangements (“capital light” business model) in August 2016 – Consider selective acquisitions in the UK	– Organic growth and capture of all identified synergies (revenue and cost) – Invest in brokers within existing network – Broaden asset class

1 Includes Anglo Scottish ownership for 8 months
2 Includes UFS ownership for 11 months

Integrated model drives sustainable performance



Profitable growth and enhanced shareholder returns will be delivered by leveraging core strengths across the enlarged distribution footprint.

In addition to organic growth via client wins and retention of contracts, 3 key initiatives have been prioritised:

- Implementation of the Maxxia Plus employee benefits offering
- Continued technology drive
- Selective acquisitions that enhance the development of the existing businesses

Maxxia Plus – new employee benefits offering

Leverage existing RFS vehicle finance solutions, partnerships and networks to GRS customers

Market Size

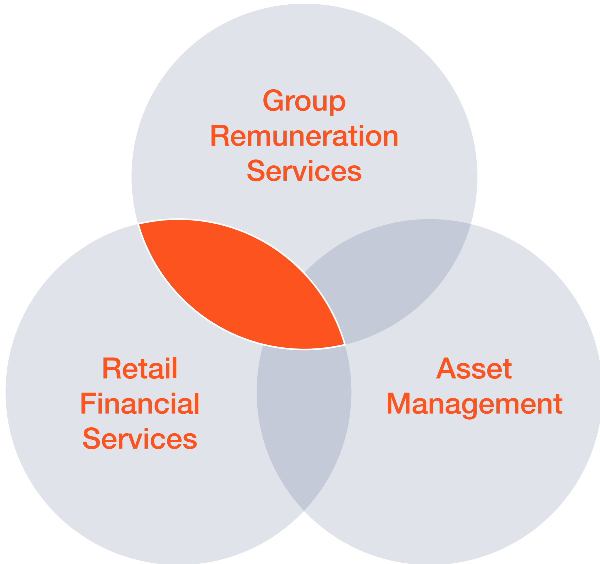
- GRS customer base estimated to be 1.0 million people
- Estimated that 29% of GRS customers who approach the business to discuss a novated lease, end up purchasing a vehicle either by financing by other means or by paying cash.

Opportunity

- Offer to all GRS customers the ability to purchase a vehicle by:
  - Leveraging MMS car buying power
  - Utilising MMS consumer finance options

Strategy/Execution

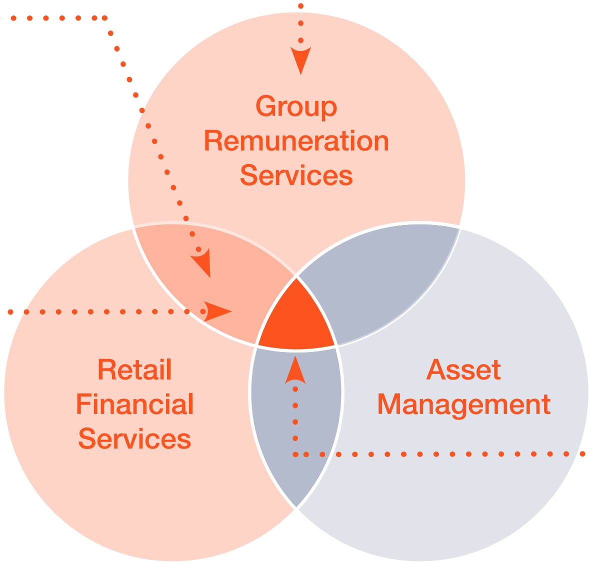
Preliminary Launch Prove acceptance with 15 new and existing clients	✔
Full Roll-out Expand offer to GRS customer base	Commenced September 2016



Enhanced technology drive

Utilise core technology expertise across all aspects of the business to drive additional revenue growth and productivity improvements

- **RFS**: Data mining of RFS customer base to develop repeat business
  - Undertake data analytics and propensity modelling to increase the share of the customer wallet and ensure repeat business
  - Commenced with revenue growth to be achieved in FY17
- **RFS**: Deployment of Horizon 2 platform
  - Industry leading proprietary software, developed in-house to help brokers capture, track and manage finance applications for both consumer and commercial loans
  - Fully integrates with financer loan assessment systems
  - Assists with GRS consumer finance conversation
  - Soft launch undertaken with a full roll-out in the next 6 months



- **GRS**: Salary packaging / novated leasing online and mobile applications
  - Develop additional functionality to already deployed on-line and mobile applications to drive further GRS margin improvement / cost to serve
  - Additional functionality to include on-line package set-up, ability to make package amendments to more frequent transactions
  - Roll-out of additional functionality throughout FY17
- **Group**: Vehicle marketing and disposal
  - Develop integrated vehicle remarketing and disposal capabilities to assist all businesses
  - Improve returns on the disposal of AM vehicles
  - Strengthen dealer relationships within RFS
  - Support financing proposals within GRS and RFS

Selective acquisition pathway

- GRS
  - Selective, disciplined and accretive acquisitions
- AM
  - Extend depth, reach and distribution through aggregating key asset finance brokers in the UK
- RFS
  - Consider acquisitions that broaden our finance broking capability beyond vehicles
- Adjacent markets
  - Leverage existing core competencies to target acquisitions in complementary adjacencies

Group Remuneration Services (GRS)
Financial Performance

$m	FY16	FY15	Variance
Revenue	**188.3**	**176.1**	***6.9%***
Employee expenses	74.3	71.6	*3.8%*
Property & other expenses	25.1	24.8	*1.6%*
EBITDA	**88.9**	**79.7**	***11.5%***
EBITDA margin	*47.2%*	*45.3%*	
Depreciation	4.2	4.5	*(6.7%)*
Tax	26.0	20.9	*24.4%*
UNPATA[1]	**58.7**	**54.3**	***8.1%***
Key metrics			
Salary packages (units)	293,000	269,700	*8.6%*
Novated leases (fleet units)	55,800	50,900	*9.6%*
Direct employees (FTE's)[2]	551	557	*(1.0%)*
Key financials excluding impact of interest[3]			
Revenue	178.7	166.0	*7.7%*
EBITDA	79.3	69.6	*13.9%*

1 Segment NPAT and UNPATA are the same
2 Direct employees excludes back office functions such as finance, IT, HR and marketing
3 Excludes impact of interest derived from external funds administered

Commentary

- Revenue growth of 6.9%
  – 23,000 additional packaging customers
  – 4,900 additional NL's under management
- Secured a number of new business wins
- Customer satisfaction levels evidenced through key contract extensions
- Operational efficiencies and new digital channels driving our cost to income ratio down
  – On line claims take up rate > 60%

Outlook

- Market consolidation will drive a more competitive environment
- Continued investment in technology innovation to drive service enhancements and margin improvement
- New products to expand our offering
  – Maxxia Plus & Bus Travel

Asset Management (AM) – Aust/NZ
Financial Performance

$m	FY16	FY15	Variance
Revenue	**179.5**	**175.4**	***2.3%***
Fleet depreciation	78.6	83.0	*(5.3%)*
Lease and vehicle management expenses	55.0	49.4	*11.3%*
Employee and other expenses	24.2	25.5	*(5.1%)*
EBITDA	**21.7**	**17.5**	***24.0%***
EBITDA margin	*12.1%*	*10.0%*	
Depreciation	2.4	2.6	*(7.7%)*
Tax	6.5	4.2	*54.8%*
UNPATA[1]	**12.8**	**10.8**	***18.5%***
Key metrics			
Return on assets (%)	4.3%	3.5%	*22.9%*
Assets managed (units)[2]	21,000	20,000	*5.0%*
Assets written down value ($m)[3]	306.8	313.5	*(2.1%)*
Employees (FTE's)	76	79	*(3.8%)*

1 Segment NPAT and UNPATA are the same
2 Assets managed comprises operating and finance leases and fleet managed vehicles
3 Assets written down value in FY15 restated from $311.0m to $313.5m

Commentary

- Business confidence remains low due to economic/political indicators with many corporates utilising lease extensions as opposed to replacing with new assets
- Written down value of assets flat at $307m
- Market remains competitively priced, operating margins have been retained over the financial year
- Our disciplined approach is paying dividends
- New business success includes the appointment as a funder to the NSW Government fleet

Outlook

- Initiating principal and agency (P&A) agreements with a number of funding providers to convert a portion of the loan book to a “capital light” business model
  - At 30 June 2016 a number of funding providers have been secured with funding commencing in August 2016
- Commence provision of fleet management services for Daimler Fleet Management

Asset Management (AM) – UK

Financial Performance

$m	FY16	FY15	Variance
Revenue	**25.3**	**12.6**	***100.2%***
Lease and vehicle management expenses	5.0	1.3	*294.8%*
Employee and other expenses	14.8	8.9	*65.9%*
EBITDA	**5.5**	**2.4**	***123.8%***
EBITDA margin	*21.7%*	*19.0%*	
Depreciation	0.5	0.4	*25.0%*
Amortisation of intangibles	0.8	0.4	*100.0%*
Tax	0.8	0.3	*166.7%*
Share of JV	1.5	0.8	*87.5%*
NPAT	**1.8**	**0.5**	***260.0%***
UNPATA	**2.5**	**0.8**	***192.3%***
Key metrics			
Return on assets (%)	*2.0%*	*1.3%*	
Assets managed (units)	16,100	15,700	*2.5%*
Assets written down value ($m)	128.9	113.3	*13.8%*
Net amount financed ($m)	327.5	111.9	*192.7%*
Employees (FTE's)	136	83	*63.9%*

Commentary

- Revenue doubled in the last 12 months to $25m
- Financed $327m in assets
- Good organic growth with increasing repeat business
- Acquired Anglo Scottish in November 2015 increasing the UK footprint as well as increasing the UK funding panel to over 40 funders

Outlook

- Commercial impact of Brexit vote is unclear at this time
- Reinforce and grow market position in the asset finance broking sector by building on origination and distribution capability already in place
- Continue to pursue strategic acquisitions that fit within the UK growth strategy

Retail Financial Services (RFS)

Financial Performance

$m	FY16[1]	Proforma FY15 [2,3]	Variance
Revenue	**110.0**	**109.3**	***0.6%***
Employee and other expenses	24.3		
Net claims and brokerage commissions	54.8		
Property and other expenses	9.7		
EBITDA	**21.2**	**17.4**	***21.8%***
EBITDA margin	*19.3%*	*15.9%*	
Depreciation	1.3		
Amortisation of intangibles	3.1		
Tax	5.0		
NPAT	**11.8**		
UNPATA	**14.0**		
Key metrics			
Net amount financed ($m)	936.7	855.4	*9.5%*
Warranty policies written (units)	76,000	71,300	*6.6%*
Employees (FTE's)	196		

1 FY16 represents 11 months trading of UFS
2 Excludes acquisition associated costs and interest costs on debt associated with the acquisition of Presidian
3 Proforma FY15 represents 12 months trading of Presidian from 1 July 2014 and 11 months trading of UFS from 1 August 2014

Commentary

- First full year of operation - Presidian & UFS
- Growth in the finance book of 9.5%
- Growth in warranty units of 6.6%
- Delivered on the first two key synergy opportunities
  - New pricing arrangements effective July 2015 driving EBITDA margin improvement from 15.9% to 19.3%
  - Implemented cross sell of warranty products into GRS
- Integration of IT development teams and back office functions nearing completion

Outlook

- Investments in systems are ongoing
- Cross sell of financing into GRS through Maxxia +
- Generate repeat business from existing customers
- Leverage AM remarketing
- Regulatory review of sector underway

Risks and sensitivities

- Interest rates (earnings on float)
- Second hand car prices (remarketing earnings)
- New and used car sales
- Government policy development
- Loss of major customers (mitigated by contract extensions)
- General economic conditions and consumer confidence
- Acquisition and integration risk
- Regulation of risk products

Summary

- Record profit result in FY16 with strong free cash flow:
  - Segment revenue $503.2m +29.9%
  - UNPATA $87.2m, +25.3%
  - Free cash flow $93.5m, +42.1%
- Extends track record of delivering earnings growth, +26.5% CAGR over last 11 years
- Focus on clear strategies to drive medium term growth in revenues, deliver synergies and improve productivity across the integrated group
  - Cross sell into significant distribution footprint
  - Competitive strengths of people, processes and technology
  - Leverage financial scale and expertise

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