

McMillanShakespeareGroup

ASX ANNOUNCEMENT

Expected non-cash asset impairment

McMillan Shakespeare Limited (MMS) announces it expects to recognise a non-cash asset impairment of \$15.3 million after tax in its FY17 full year results to be released on 23 August 2017.

The expected asset impairment relates to the carrying value of intangibles for the warranty and insurance business which forms part of the Company's Retail Financial Services (RFS) segment. The warranty and insurance business represents approximately 5% of the Company's FY17 UNPATA¹.

In determining the carrying value of its assets, MMS considers a range of assumptions including discount rates, business operating performance and regulatory conditions. The RFS warranty and insurance business, which carries a greater share of intangible assets arising from the Presidian acquisition, has underperformed to our expectations during FY17. The Company's RFS finance business has performed solidly during FY17. However, for accounting purposes, the RFS finance business is a separate cash generating unit to the RFS warranty and insurance business and hence separate testing for asset impairment is performed.

The expected asset impairment is a non-cash item which the Company intends adding back to its statutory NPAT for the purpose of calculating UNPATA.

MMS expects that FY17 UNPATA will be \$87.2 million (subject to completion of the year-end audit and Board approval).

For more information please contact:



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¹UNPATA represents net profit after tax excluding one-off payments in relation to transaction costs incurred in acquisitions and the amortisation of acquisition intangibles