

## McMillan Shakespeare Limited

### Annual General Meeting, 23 October 2018

#### Chairman's Address

I am delighted to provide some comments on our performance for the 2018 financial year, 2019 outlook and some of the recent changes to our Board.

#### **FY2018 Performance**

Our measure of underlying net profit after tax, or UNPATA, was \$93.5 million for FY18, an increase of 7.2% over the prior year. Underlying earnings per share was 113.2 cents up 8% and total fully franked dividends paid in respect of FY18 were 73 cents per share up 10.6%. These are good numbers delivered by a committed team focussed on providing high quality customer service.

We believe some of the notable outcomes from FY2018 include:

- The continuing organic growth story in our group remuneration services business with UNPATA increasing by almost 10%;
- The successful launch and national rollout of Plan Partners to provide services to participants in the National Disability Insurance Scheme;
- Return on capital employed for the group increased to 21.2% in FY18 from 20.1% in the prior year, in part due to a greater focus on principal and agency funding in our asset management business;
- Acquisitions and improved performance resulted in a 75% increase in net amount financed in our UK business and a 42% increase in UNPATA; and
- Post a strategic review of our businesses in our retail financial services division, we decided to exit our Money Now motor vehicle consumer finance business and concentrate on our profitable finance aggregation and risk businesses. We were disappointed to incur an after-tax impairment of \$38 million against this division during the year, but we believe the remaining businesses have a sustainable future. An update on September quarter trading will be provided shortly.

#### **FY2019 Outlook**

The Board and senior executive team are focussed on continuing to grow earnings per share, increase return on capital employed and increase fully franked dividends paid to shareholders.

There are a vast number of initiatives we are pursuing to achieve these aims and Mike will take you through some of them shortly. However, at a high level, we are focussed on the following strategic initiatives in our core businesses:

- In group remuneration services, long term investment in our operating platforms, driving novated leasing sales growth through enhanced pipeline and sales conversion and reducing our cost to serve via technology driven productivity improvements;
- In asset management, continuing to focus on expanding our remarketing channels and building off-balance sheet funding;

- In the UK we will continue to build scale through organic growth and by pursuing strategic acquisitions;
- In retail financial services we will continue to upgrade and enhance our warranty products and in finance aggregation we are focussing on strengthening relationships with major lenders and adding new broker relationships; and
- In our new business initiative, Plan Partners, organically building our customer base throughout Australia.

## **Board**

Last month we announced that Sue Dahn would not be standing for re-election at today's meeting and she retired from the Board at the end of September to pursue another opportunity. Sue was an excellent Director of our Company and a highly effective leader of our Audit, Risk and Compliance Committee. On behalf of the Board I would like to thank Sue for her contribution and wish her the very best for the future.

During September we welcomed Helen Kurincic as a Director of the Company. Helen is a highly impressive and experienced executive and director of ASX listed and unlisted companies with a deep understanding in the health, government and not for profit sectors. Helen has only been with us for a short period, but she has already added another dimension to our Board.

## **Closing**

In closing, I would like to acknowledge and thank Mike Salisbury, his executive leadership team and all our employees globally for their hard work and dedication during the 2018 financial year. Our team is highly committed and passionate about providing the very best service to our customers.

I would also like to thank my Board colleagues for the commitment and guidance they provide McMillan Shakespeare.

Finally, I would like to thank all our shareholders for your continued support and interest in our Company.