McMillanShakespeareGroup

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28 October 2022

Manager Company Announcements
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

By E-lodgement

2022 Annual General Meeting Presentation

Please find attached for immediate release in relation to McMillan Shakespeare Limited (ASX: MMS) the following document:

- 2022 Annual General Meeting Presentation

Yours faithfully

McMillan Shakespeare Limited

Ashley Conn
Chief Financial Officer

This document was authorised for release by the MMS Board.

MMS Group

Annual General Meeting 2022

28 October 2022

MMS
McMillanShakespeareGroup

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Financial data

All dollar values are in Australian dollars ($) unless stated otherwise.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation.

Chair address

Helen Kurincic
Chair of the Board

1. **FY22 results overview**
2. **Sustainability strategy**
3. **Board update and CEO transition**
   - Arlene Tansey appointment announced
   - Rob De Luca commenced
4. **FY23 capital management**
   - New dividend payout policy of 70-100% of UNPATA[1]
   - Completed 10% off-market share buy-back in Oct-22 at a cost of $90.2m
     - > $11.66 per share
     - > 14% discount to 5 day VWAP (maximum allowable)
     - > Strong shareholder demand. Tenders were scaled back by approximately 50.7% with MMS buying back approximately 49.3% of shares tendered[2]
     - > $10.67 as fully franked dividend
     - > Proceeds paid by 1 Nov 2022

Management presentation

Rob De Luca

CEO and Managing Director

Ashley Conn

CFO and Company Secretary

Kylie Chambers

Managing Director – Group Remuneration Services

FY22 Overview

Financial	Customer	ESG	Strategic priorities
Normalised[3] Revenue $594.3m ↑ 9.2%	Net Promoter score 52[6] ↑ 15.4%	Launched our **Reflect Reconciliation Plan** and **Accessibility & Inclusion Plan**	New segments – GRS, PSS and AMS
Normalised[3] UNPATA $83.8m ↑ 16.5%	Salary packages 370,902 ↑ 3.8%	Reduction in Greenhouse emissions 25%[8]	Focused and simplified portfolio – divested Warranty and CLM, acquired Plan Tracker
Normalised[3] EPS 108.3 cps ↑ 16.5%	Novated leases 70,912 Orders ↑ 3.0% Sales ↓ (4.0%)	MMS Australian fleet transitioned to EVs 18%	Warehouse launched
Dividend payout ratio 100%[4]	PSS Customers 25,876 ↑ 63.6%	Women in leadership 38%[9]	Digital investments, enhancing the customer experience
ROCE improved to 38.6%[5]	AMS Net Amount Financed $2,148m ↑ 13.9%[7]	Sustainable engagement score 83%	Capital management: revised dividend payout policy and announced share buy-back

Warehouse update

Ramping up to target of 20% of novated volumes

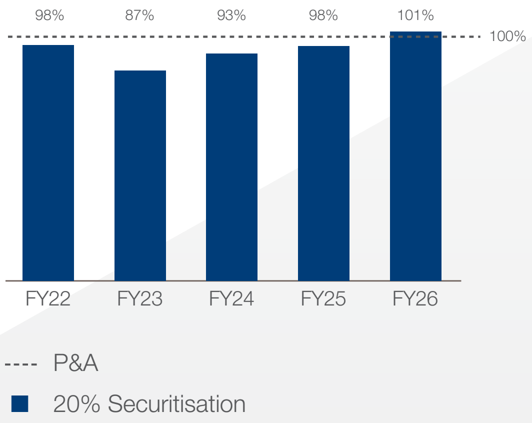
Strategic and financial benefits

- Secures and diversifies our funding sources
- Increase in annuity based income
- New source of income
- Higher overall value per transaction
- 20% of volume aimed at balancing scale for the Warehouse and maintaining diversity of fund

Update

- Funded $1.5m of leases during FY22
- Continue to target 20% of monthly novated volumes by end of FY23

Estimated UNPATA impact from the Warehouse transition



Financial Impact

- FY23 impact estimated to be ~$(11m) UNPATA on targeted volumes
- During the transition period (up to FY25) financials will be presented on a “Normalised UNPATA” basis which excludes the above impacts
- Expect profitability under the Warehouse model will approximately equal traditional P&A funding model by FY25 and higher thereafter

Electric Vehicle (EV) FBT Exemption update

Well positioned to accelerate our EV uptake

Treasury Laws Amendment (Electric Car Discount) Bill 2022[10]

- Incentivises the uptake of zero and low emissions vehicles (ZLEV's) by removing FBT costs on employer provided vehicles and import tariffs on relevant EV's
- Bill subject to passage through the Parliament

Opportunity for MMS

- The Federal Treasurer stated upon introduction of the Bill that for a vehicle of about $50,000:
  - it will save the employer up to $9,000 a year; and
  - for individuals using a salary sacrifice arrangement to pay for the same model, their saving would be up to $4,700 a year
- Greater financial incentive for fleets to transition to EV's in line with their sustainability commitments
- As Australia's largest novated lease provider, together with our Asset Management (ANZ) business, MMS well positioned to assist customers transition into EV's under this policy

Our progress

- Our goal is to be the market leader and partner of choice in supporting clients and customers transition to ZLEV's
- Developing internal expertise, necessary system enhancements/readiness
- Focus on EV product development, client engagement and customer education
- EV charging infrastructure and related partnerships

Outlook

Overall outlook remains consistent with commentary provided with FY22 results presentation

Q1FY23 experience

- Vehicle supply dynamic continued resulting in elevated remarketing yields relative to pre COVID levels
- Notwithstanding pressures such as inflation and rising interest rates, we haven't seen an impact on novated lease customer demand as evident in leads, orders and the retention of these opportunities

1 Managing within market conditions

- Commenced FY23 with ~$26m[11] in novated lease carryover
- Ongoing elevated novated & remarketing yields
- Vehicle supply dynamic to continue through FY23
- NDIS participant growth
- Interest rate increases and wage inflation
- Proposed EV FBT exemption[12]
- FY22 tax & one-off transaction cash flow benefits to unwind

2 Business momentum benefiting from customer focus

- Onboarding recent client wins
- Focus on upcoming client renewals and new tenders
- Investing in enhancing the customer experience through digital and data analytics for future productivity benefits
- Ongoing Warehouse ramp up with UNPATA impact of ~$(11m) in FY23

3 Focussed and simplified business

- Exploring exit options for the UK
- Integration of Plan Tracker
- Progress organic growth and consider non-organic opportunities in PSS

4 Disciplined capital management with improved returns to shareholders

- Dividend payout ratio moved to 100% for FY22 and new dividend policy payout ratio of 70–100% of UNPATA[1]
- Completed 10% off-market share buy-back in Oct-22 (including significant franked dividend component)

Endnotes

1 During the Warehouse transition period (currently expected to be for FY22 to FY25) the UNPATA used for the dividend policy will exclude the impact of the Warehouse "Normalised UNPATA".

2 Tenders were scaled back by approximately 50.7% with MMS buying back approximately 49.3% of shares tendered, subject to Priority Allocations and minimum share parcel sizes and in accordance with the terms set out in the Buy-Back Booklet.

3 Normalised refers to adjustments made for the negative earnings transitional period for the implementation of the funding warehouse, OnBoard Finance ("Warehouse"). It normalises for the Warehouse's in year operating and establishment expenses and for an adjustment for current commissions that would have otherwise been received in period had the sales been financed via a principal and agency funder rather than through the Warehouse. Normalised financials are stated for FY22 and FY21 (for comparative purposes) and are currently expected to be stated up to and including FY25. FY21 normalisations only include an adjustment to remove the impact of JobKeeper. FY22 Normalised impacts of Revenue $0.2m, EBITDA $2.2m, EBIT $2.4m and UNPATA $1.7m. FY21 Normalised impacts of EBITDA $10.5m and UNPATA $7.3m.

4 Dividend payout ratio is calculated as total dividend for the financial period divided by Normalised UNPATA for the financial period.

5 Return on capital employed (ROCE), is based on last 12 months' Normalised Normalised earnings before interest and tax (EBIT). Normalised EBIT is before the pre-tax impact of acquisition related and non-business operational items, and also adjusted for the Warehouse in FY22 and JobKeeper in FY21. Capital employed (excluding lease liabilities) used in the calculations includes the add back of impairment of acquired intangible asset charges incurred in the respective financial period and also includes add back for the Warehouse in FY22 and JobKeeper in FY21.

6 Net Promoter Score (Group).

7 Excludes NAF from divested EVC business.

8 Includes Scope 1 (fuel), Scope 2 (purchased electricity), Scope 3 (employee commute and working from home, business travel and third party services).

9 Board, Executive Committee and General Managers, Senior Managers and Other Manager levels.

10 Proposed legislation applies: to battery electric, plug-in hybrid and hydrogen fuel cell vehicles under the threshold for fuel efficient cars ($84,916 in 2022/23); to second hand retail car sales on 1 July 2022 or later; retrospectively from 1 July 2022 and be reviewed after 3 years.

11 Estimated revenue associated with increased carryover (above pre-COVID levels) expected to become revenue when vehicle supply constraints revert.

12 *Treasury Laws Amendment Electric Car Discount Bill 2022*.