FY20 Half Year Results Presentation

19 February 2020

McMillan Shakespeare Limited

Presenters

Mike Salisbury, CEO

Mark Blackburn, CFO

Overview

Result reflective of challenging market conditions

Financial performance
- 1H20 UNPATA of $37.8m
- FY20 UNPATA guidance of $83m-$87m unchanged. Risks remain around lender appetite and new car sales

GRS maintains margins
- Strong new business performance
- Beyond 2020 delivering productivity improvements
- Financier risk appetite tightening and impact of financier mix
- Lower sales of insurance products

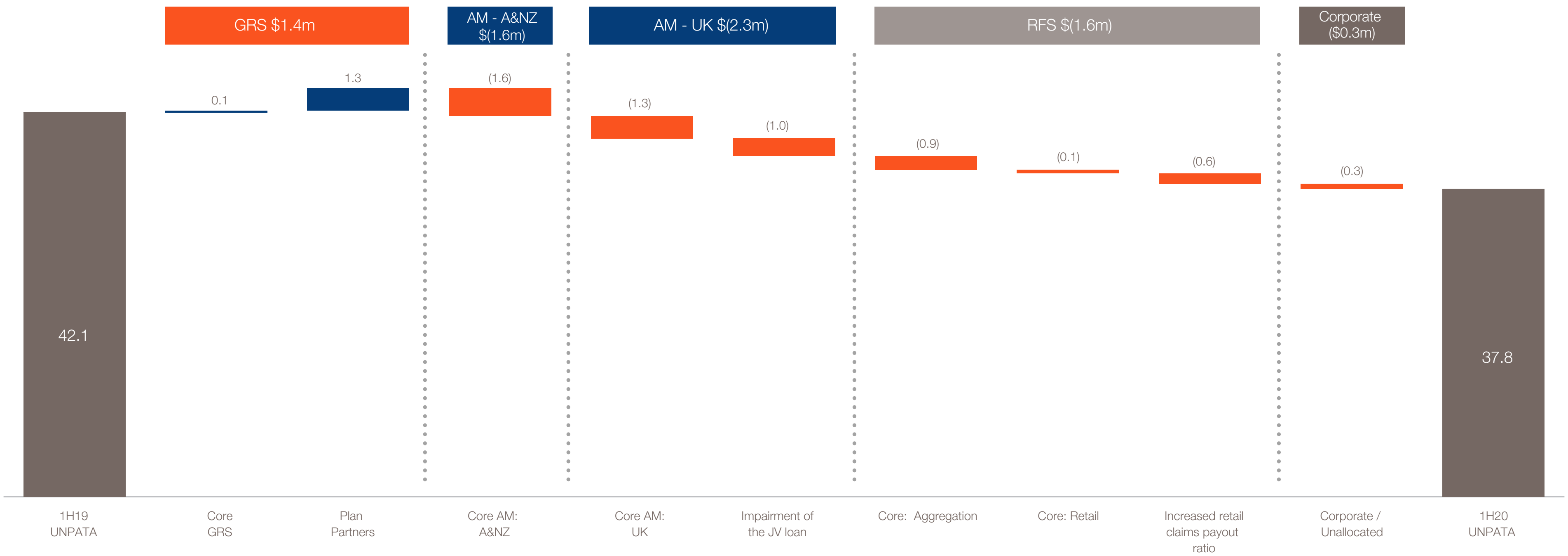
Plan Partners continues positive profit contribution
- Continued customer growth and margin improvement

AM & RFS experienced UNPATA contraction
- Highly competitive environment in AM AU/NZ
- Constrained economic conditions in AM UK
- Regulatory uncertainty surrounding warranty and insurance products

Capital management strategy
- Successfully completed $80m off market share buy back
- ROE 22.5% (22.7% pcp)
- Project team established to deliver a warehouse funding option for novated leases

Group UNPATA bridge

Revenue	EBITDA	UNPATA[1,2]	Underlying EPS	Fully franked dividend
$270.4m	$57.2m	$37.8m	46.8 cps	34.0 cents/share
(1.0%)	(11.8%)	(10.3%)	(9.1%)	unchanged



1 Underlying NPATA excludes one-off payments in relation to class action legal costs, reversal of deferred acquisition consideration, the amortisation of acquisition intangibles and asset impairment of acquired intangible assets (see page 32)

Continued growth in customers and assets

Lead indicator for future profitability

358,000
Salary packages
↑ 5.6%

71,600
Novated leases
↑ 9.7%

43,543
Asset pool (Units)
↓ (2.8%)

$514m
Assets managed (WDV)[1]
↓ (4.3%)

$1,435m
Net amount financed
↓ (2.0%)

$417m
Plan Partners client funds under administration
↑ more than 100%

1,358
Average Employees
↑ 5.3%

53.5
Net Promoter Score
Average monthly score for 1H20

1 Inclusive of on and off balance sheet funding
Note: Movements compared to prior corresponding period

Scorecard

FY20 UNPATA guidance unchanged

1H Positives

- Increase in Salary Packages of 5.6% versus pcp
- Increase in Novated Leases of 9.7% versus pcp
- Beyond 2020 improved GRS productivity
- ATO settlement improved tax rate and cashflow
- Plan Partners (MMS Share) increased UNPATA by $1.3m versus pcp
- AM AU/NZ increased off balance sheet funding to $75m
- Free cashflow $34.2m or 90.6% of UNPATA
- Completed a $80m off market share buy back

1H Negatives

- Float increased $34m, however interest rate decreases resulted in reduced revenue and UNPATA (by $1.2m & $0.8m respectively)
- Reduced funder credit appetite and insurance penetration combined with a change in funding mix lowered novated yield by 4.4% versus pcp
- AM AU/NZ market competitive and WDV remained stable
- AM UK pricing pressure impacted gross margin
- RFS volumes and margins impacted by softer car market
- Costs[1] associated with class action claim of $3.1m (after tax)

2H Tailwinds

- New client wins in GRS 1H
- Increased contribution from Plan Partners
- Continued Beyond 2020 productivity improvements
- Cost out initiatives
- AM AU/NZ drive towards $100m off balance sheet funding with expansion of financing options

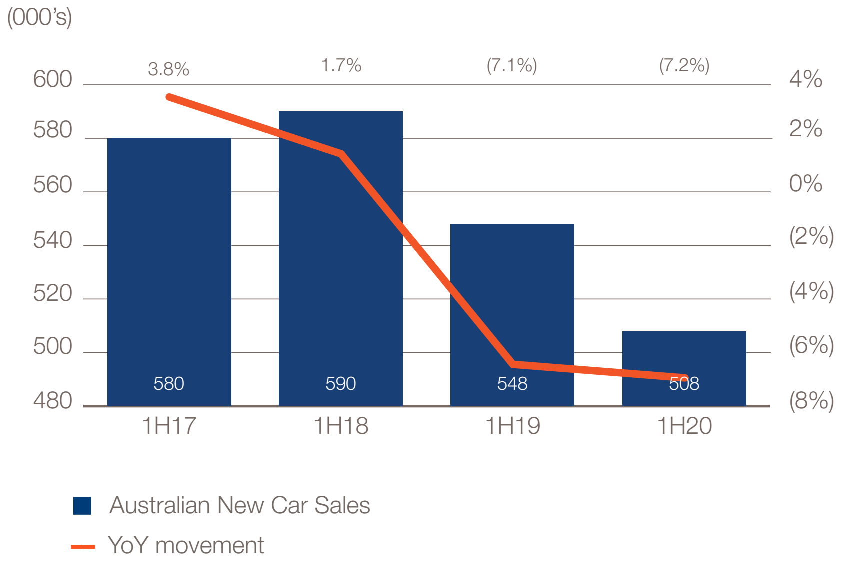
2H Headwinds

- Business and consumer confidence
- New car sales
- Funder credit appetite
- Regulatory uncertainty surrounding warranty and insurance products

1 Costs may be subject to recoverability from the insurer and other parties.

GRS growth and Australian new car sales

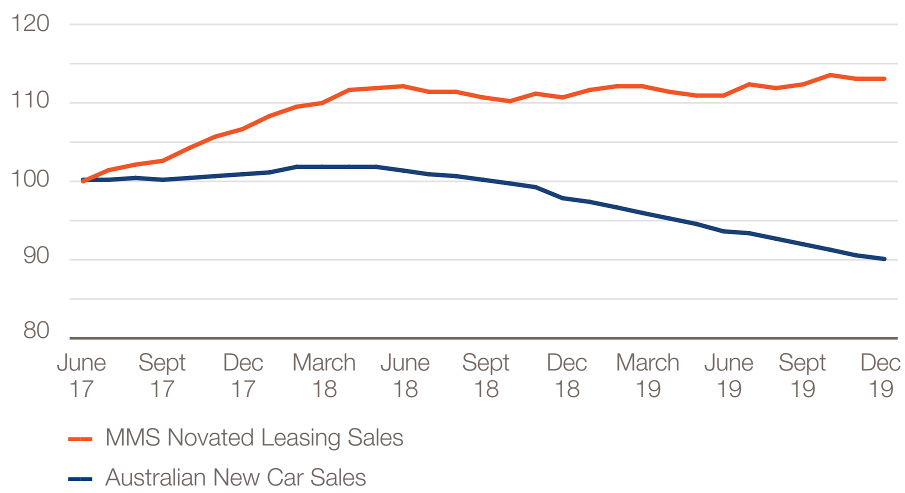
Australian New Car Sales



- Car sales for FY20 down 7.2% on prior comparable period
- 20 consecutive months of lower sales versus pcp

MMS Novated Leasing Sales

Rolling 12 month avg (Indexed to June 2017)



- MMS share of new car sales continue to grow through increase in customer base following client wins
- Indicators are that the market is to remain subdued for near term (Jan-20 down 12.5% on pcp)

Beyond 2020

Driving productivity gains

Core technology platform upgrade

- Delay in program shifts planned expenditure into FY21
- Reprioritisation of spend to support warehouse funding option

	FY20 forecast	1H20 actual	First half spend	FY21 budget
Capex	4.0	1.7	44%	-
Opex	1.2	0.3	24%	2.3
Total	**5.2**	**2.0**	**39%**	**2.3**

Novated leasing uplift and operational efficiencies

- Digital app – lead generation
- Online amendments - 50% delivered in 1H20
- Novated lease digital quote – to be delivered end 2H20

	FY20 forecast	1H20 actual	First half spend	FY21 budget
Capex	3.2	1.8	56%	3.2
Opex	2.3	1.1	47%	2.3
Total	**5.5**	**2.9**	**53%**	**5.5**

Process	Outcome	Annual benefits
Robotics	Robotic Process Automation 457 process steps have been automated (up from 268 at 30 June 2019)	26,000 manual processing hours removed (up from 19,000 at 30 June 2019)
Customer enablement	Online Amendments via App and Websites 59,000+ hits on the app from new functionality per month	6,700 workload hours removed 20,000 customer requests now automated
Speed to Competency	Ongoing optimisation of the employee knowledge management system Process optimisation and systemisation (non-Robotics)	3,100 processing hours removed

Plan Partners

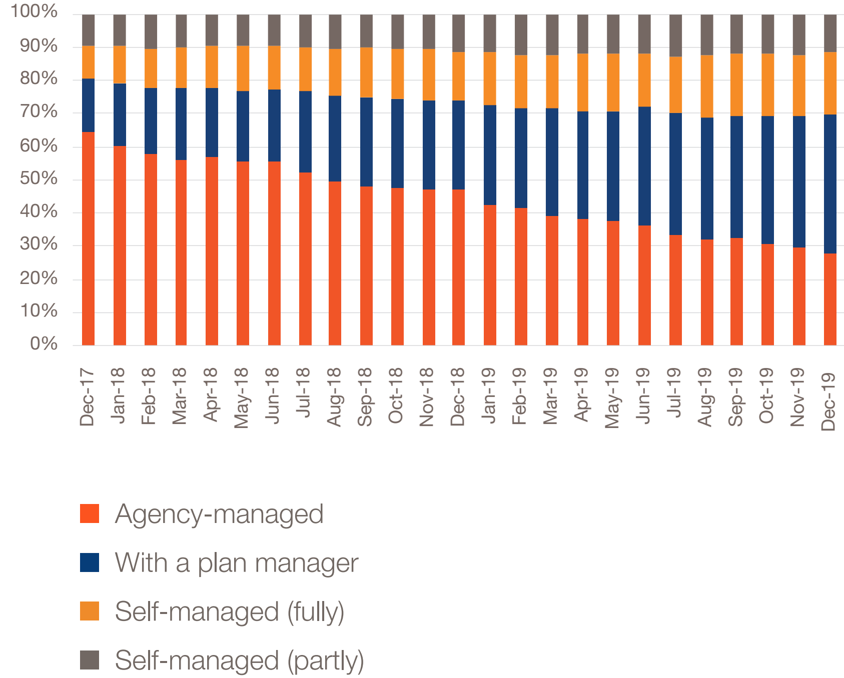
Strong operating growth

- Plan Partners remains focused on providing intermediary services via expertise in the disability sector and funds and payment administration to National Disability Insurance Scheme participants
- Positive profit contribution
- NDIS rollout approximately 67% complete (circa 330,000 people)
- Growth continued in 1H20 through improved business development activities
- Fast payment system implemented in FY19 supporting growth in invoice processing
- Self service tools released in FY19 delivered anticipated benefits to customer and service provider experience, with further development to occur in 2H20

Key Plan Partners statistics

15,274	Unique service providers on the platform at 31 December 2019 (up from 6,099 at 31 December 2018)
206,000	Total number of invoices processed in 1H20 (50k in 1H19)
$417m	Clients funds under administration at 31 December 2019 ($178m at 31 December 2018)
78	FTE's at 31 December 2019 (44 at 31 December 2018)

Plan management type and month of entry[1]



1 COAG Disability Reform Council Quarterly Annual Report – 31 December 2019

UK strategic review update

Rationale for Strategic Review

Business and consumer confidence

- Given a lowering of business and consumer confidence and increased competitive intensity, margins have been negatively impacted

UK economy

- The instability of the political and economic landscape is impacting the growth of the UK with GDP not expected to exceed 1.5% over the next 3 years.

Strategic review

- Review to assess the various options available
  - > Invest
  - > Hold and restructure
  - > Divest

Current status

- Established a project team
- Appointed external advisors
- Commenced strategic review assessing political, economic and market factors

External factors directly impacting the timing of the Strategic Review

- UK general election occurred 12 December 2019
- Heightened Brexit uncertainty as a result of the general election leading to exit from the European Union on 31 January 2020

Expect further announcement during 2H20

Warehouse funding option

Continue to diversify funding sources

> ### Strategy
- Commence establishing a revolving warehouse as an additional source of funding for novated leases during FY21

Rationale
- Provide a cost and capital efficient source of funding for ongoing business growth
- Introduce new funders and investors into the group on competitive terms
- Provide a committed source of funding to an agreed limit
- Opportunity to fund into the public capital markets, as a term asset backed security issue
- Source of matched funding
- Provide an annuity income stream

Revenue recognition for warehoused assets
- Net interest margin earned throughout life of novated lease rather than as upfront revenue

Financial performance

Results summary

$m	1H20	1H19[3]	Variance
Revenue	270.4	273.1	*(1.0%)*
EBITDA	**57.2**	**64.9**	***(11.8%)***
EBITDA margin (%)	*21.2%*	*23.8%*	
NPBT	47.4	50.3	*(5.8%)*
NPAT (after minority interest)	33.9	34.0	*(0.5%)*
UNPATA	**37.8**	**42.1**	***(10.3%)***
Basic earnings per share (cents)	42.1	41.2	*2.0%*
Underlying earnings per share (cents)	46.8	51.0	*(8.2%)*
Interim dividend per share (cents)	34.0	34.0	*(0.0%)*
Payout ratio (%)[1]	*69.7%*	*66.7%*	*5.5%*
Free cash flow[2]	**34.2**	**27.2**	***25.6%***
Return on equity (%)[4]	*22.5%*	*22.7%*	
Return on capital employed (%) [4]	*18.6%*	*19.4%*	

1 Payout ratio calculated by total dividend per share (cents) divided by underlying earnings per share (cents). For the purpose of this calculation, underlying earnings per share (cents) use final shares on issue at the end of December 2019 of 77,381,107.

2 Free operating cash flow before investing, financing activities and fleet increases.

3 1H19 has been re-stated to reverse the Group's equity accounted share of the JV loss of $0.7m and to recognise an impairment for the loan to the JV of $1.1m. These adjustments resulted from the transition to the new accounting standard AASB 9: Financial Instruments as disclosed in the notes to the financial statements for the year ended 30 June 2019.

4 Return on equity (ROE) and return on capital employed (ROCE), which are based on first half UNPATA and underlying EBIT respectively, are annualised returns which exclude one-off acquisition related expenses, the amortisation of acquisition intangibles, class action dispute expenses, contingent consideration fair valuation and share buy-back expenses. Equity and 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.

Balance sheet

$m	31 December 19[6]			30 June 19
	AM	Other	Group	Group
Cash at bank	14.7	36.2	50.9	137.8
Other current assets	30.5	36.4	66.9	70.0
Total fleet funded assets	440.7	0.0	440.7	431.1
Goodwill / intangibles	50.7	145.6	196.4	191.3
Other non-current assets	18.3	20.7	39.0	23.4
Total Assets	554.9	238.9	793.8	853.5
Borrowings (current)	3.3	12.8	16.1	8.8
Other current liabilities	41.6	78.0	119.6	133.3
Borrowings (non-current)	320.3	21.1	341.4	319.5
Other non-current liabilities	8.0	9.5	17.5	20.5
Total Liabilities	373.3	121.3	494.7	482.1
Net Assets	181.6	117.6	299.1	371.5

1. Net debt defined as current and non-current borrowings less cash, inclusive of fleet funded debt & lease liability adjustment
2. Group net debt / (equity + net debt)
3. EBIT / Net interest (interest expense less interest income)
4. Cash ($50.9m) less corporate debt ($16.5m) excludes fleet funded debt
5. AM debt (current and non-current) / total fleet funded assets
6. 31 December 2019 includes adjustments to current borrowings ($7.2m) and non-current borrowings ($19.4m) as a result of the transition to the new accounting standard AASB 16: Leases as disclosed in the notes to the financial statements for the half year ended 31 December 2019.

Group

Net debt to EBITDA[1]

2.7x vs 2.0x pcp

Group gearing[2]

51% vs 41% pcp

Interest times cover[3]

11.2x vs 12.9x pcp

Specific

Net cash (excl. fleet funded debt)[4]

$34.4 million

AM debt to funded fleet WDV[5]

72% vs 62% pcp

Compared to previous corresponding period (pcp)

Funds flow

$m	1H20 Group Remuneration Services	1H20 Asset Management	1H20 Retail Financial Services	1H20 Unallocated / parent co.	1H20 MMS Group Total	1H19[1] MMS Group Total
NPAT	31.1	5.7	(1.9)	(1.0)	33.9	34.0
Non-fleet depn/amort, reserves and other non-cash items	5.9	2.7	1.7	0.5	10.8	11.7
Capex (non fleet) and software upgrade	(8.3)	(0.4)	(0.5)	-	(9.2)	(9.1)
Acquisition expenses	-	-	-	-	-	4.0
Tax payments in excess of tax expense	5.8	(2.8)	(1.2)	-	1.9	(5.0)
Working capital inflow / (outflow)	0.1	(4.3)	1.0	-	(3.2)	(8.4)
Free cashflow before fleet increase	34.7	1.0	(0.9)	(0.5)	34.2	27.2
Investing activities and fleet increases:						
Net growth in Asset Management portfolio	-	(59.5)	-	-	(59.5)	(60.6)
Sale of fleet portfolio	-	55.1	-	-	55.1	55.2
Subordinated loan made to UK JV	-	(2.1)	-	-	(2.1)	(1.1)
Acquisition expenses	-	-	-	-	-	(4.0)
Free cashflow	34.7	(5.5)	(0.9)	(0.5)	27.8	16.7
Financing activities:						
Equity contribution (exercise of options)	-	-	-	5.5	5.5	-
Intercompany working capital funding	40.0	(39.2)	(0.8)	-	-	-
Debt repayments	-	(62.1)	-	(2.9)	(65.0)	(82.3)
Debt drawdown	-	62.2	-	-	62.2	111.9
Payment of lease liabilities[2]	(3.4)	(0.2)	-	-	(3.6)	-
Share buy back	-	-	-	(80.5)	(80.5)	-
Dividends paid	-	-	-	(33.3)	(33.3)	(33.1)
Net cash movement	71.4	(44.8)	(1.7)	(111.7)	(86.9)	13.2
Opening cash					137.8	99.7
Closing cash					50.9	112.9

1. 1H19 has been re-stated to reverse the Group's equity accounted share of the JV loss of $0.7m and to recognise an impairment for the loan to the JV of $1.1m. These adjustments resulted from the transition to the new accounting standard AASB 9: Financial Instruments as disclosed in the notes to the financial statements for the year ended 30 June 2019.
2. 1H20 includes payment of lease liabilities ($3.6m) in financing activities as a result of the transition to the new accounting standard AASB16: Leases.

Segment performance

Segment Review

$m	Group Remuneration Services			Asset Management			Retail Financial Services			Unallocated			Total		
	1H20	1H19	%	1H20	1H19	%	1H20	1H19	%	1H20	1H19	%	1H20	1H19	%
Revenue	108.8	106.0	*2.6%*	123.1	124.2	*(0.9%)*	38.3	42.3	*(9.6%)*	0.2	0.6	*(64.5%)*	270.4	273.1	*(1.0%)*
Expenses	59.1	59.7	*(1.0%)*	113.9	111.5	*2.1%*	38.9	36.2	*7.5%*	1.3	0.8	*56.9%*	213.2	208.2	*2.4%*
EBITDA	49.7	46.3	*7.3%*	9.3	12.7	*(26.9%)*	(0.7)	6.1	*>(100%)*	(1.1)	(0.2)	*>(100%)*	57.2	64.9	*(11.8%)*
EBITDA margin (%)	*45.7%*	*43.7%*		*7.5%*	*10.2%*		*-1.7%*	*14.4%*		*>(100%)*	*(36.8%)*		*21.2%*	*23.8%*	
D&A of PPE and software	6.4	3.8	*67.9%*	1.4	0.7	*98.1%*	0.5	0.4	*35.2%*	-	-	-	8.3	4.9	*69.5%*
Amortisation and impairment of intangibles (acquisitions)	-	-	-	0.9	1.0	*(14.2%)*	1.3	1.6	*(16.7%)*	-	-	-	2.2	2.6	*(15.8%)*
Interest expense	0.3	-	*>100%*	0.2	-	*>100%*	0.0	-	*>100%*	0.3	0.5	*(34.3%)*	0.8	0.5	*81.3%*
Deferred consideration FV adjustment	-	-	-	(1.5)	2.6	*>(100%)*	-	-	-	-	-	-	(1.5)	2.6	*>(100%)*
Acquisition expenses	-	-	-	-	-	-	-	-	-	-	4.0	*>(100%)*	-	4.0	*>(100%)*
NPBT	43.0	42.5	*1.2%*	8.3	8.4	*(0.8%)*	(2.6)	4.1	*>(100%)*	(1.4)	(4.7)	*70.1%*	47.4	50.3	*(5.8%)*
Tax	11.5	12.9	*(10.5%)*	2.6	3.5	*(24.6%)*	(0.7)	1.4	*100.0%*	(0.4)	(1.4)	*70.1%*	13.1	16.4	*(20.1%)*
NPAT (before minority interest add-back)	31.5	29.6	*6.4%*	5.7	4.9	*16.1%*	(1.9)	2.7	*>(100%)*	(1.0)	(3.3)	*70.1%*	34.3	33.9	*1.0%*
Outside Equity Interest - Plan Partners	(0.3)	0.1	*>(100%)*	-	-	-	-	-	-	-	-	-	(0.3)	0.1	
NPAT	31.1	29.7	*4.7%*	5.7	4.9	*16.1%*	(1.9)	2.7	*>(100%)*	(1.0)	(3.3)	*70.1%*	33.9	34.0	*(0.5%)*
UNPATA	31.1	29.7	*4.7%*	5.1	9.1	*(43.3%)*	2.2	3.8	*(42.2%)*	(0.7)	(0.4)	*(46.9%)*	37.8	42.1	*(10.3%)*

Group Remuneration Services (GRS)

$m	1H20	1H19	Variance
Revenue	108.8	106.0	*2.6%*
Employee expenses	47.2	43.5	*8.5%*
Property & other expenses	11.9	16.2	*(26.5%)*
EBITDA	49.7	46.3	*7.3%*
EBITDA margin	*45.7%*	*43.7%*	
Depreciation	6.4	3.8	*67.9%*
Interest expense	0.3	-	*>100%*
Tax	11.5	12.9	*(10.5%)*
UNPATA[1] (before minority interest add-back)	31.5	29.6	*6.4%*
UNPATA margin	*28.9%*	*27.9%*	
OEI - Plan Partners	(0.3)	0.1	*>(100%)*
UNPATA	31.1	29.7	*4.7%*
UNPATA margin	*28.6%*	*28.0%*	
Key metrics			
Salary packages (units)	357,999	339,055	*5.6%*
Novated leases (fleet units)	71,620	65,259	*9.7%*
Direct employees (FTE's)[2] – GRS	609	594	*2.5%*
Direct employees (FTE's) – Plan Partners	72	41	*75.6%*
Key financials excluding impact of interest[3]			
Revenue	105.2	101.2	*4.0%*
EBITDA	46.3	41.5	*11.6%*

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

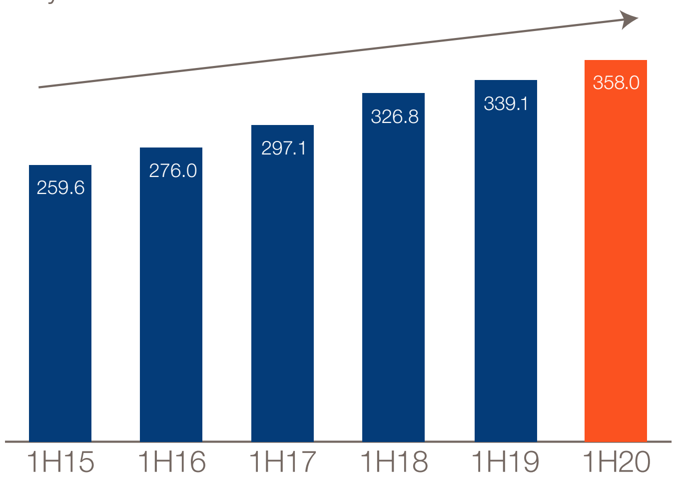
Commentary

- 5.6% increase in salary packages and 9.7% increase in novated fleet units against a backdrop of weak new car sales
  - Successful on-boarding of Melbourne Health and Ballarat Health
- Lower sales of insurance products and financier risk appetite and financier mix has resulted in novated leasing margin pressure
- Float balances increased, however reductions in interest rates have resulted in less revenue and UNPATA
- Investment in Beyond 2020 resulted in EBITDA margin improvement in core GRS business
- Plan Partners strong customer growth and margin improvement
- Plan Partners contribution to UNPATA of $1.0m versus $0.3 loss pcp

GRS operating metrics

Salary packages (000's)[1]

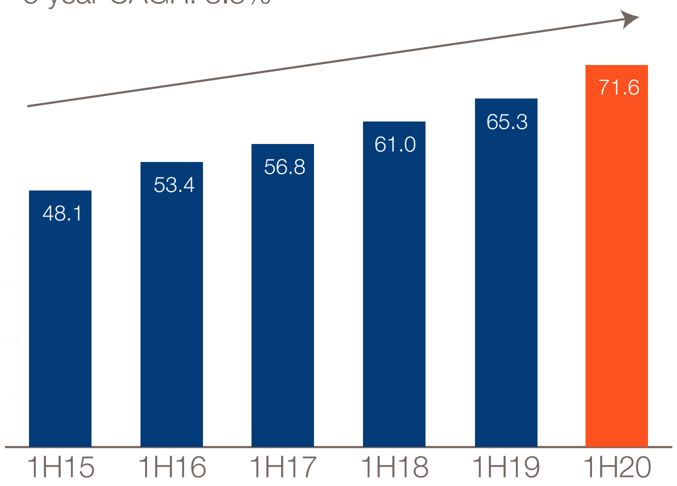
5 year CAGR: 6.6%



- New clients: 12,900 packages
- Increased participation: 6,000 packages

Novated vehicles (000's)[2]

5 year CAGR: 8.3%



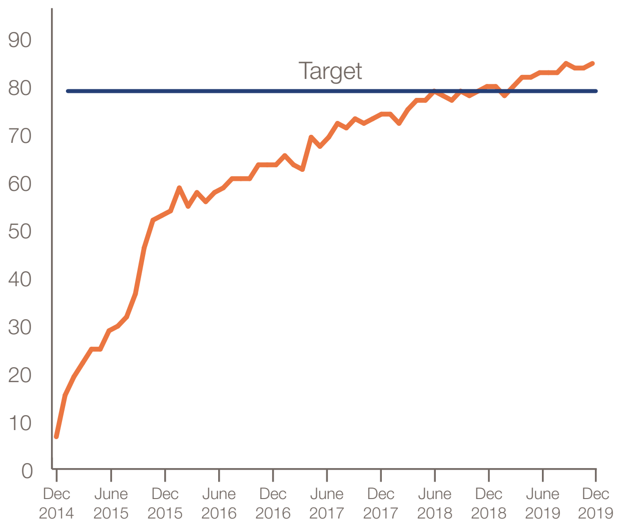
- New clients: 900 vehicles
- Increased participation: 5,400 vehicles

1 Total number of salary packages at period end
2 Novated leases under management at period end
Note: New clients are organisations who commenced during the period

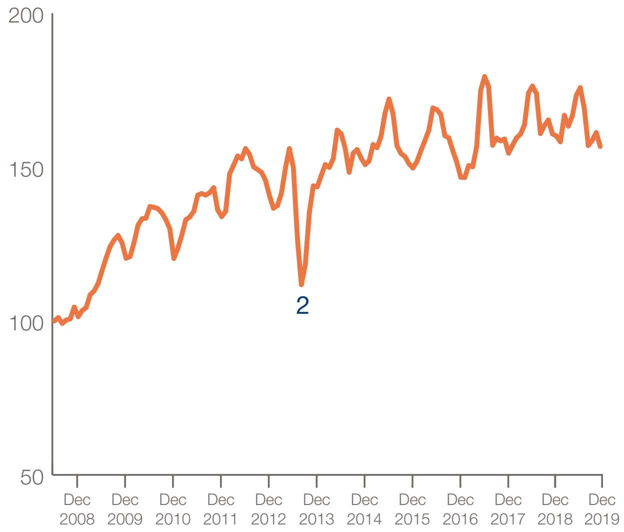
GRS

Technology investments drive new levels of innovation and productivity

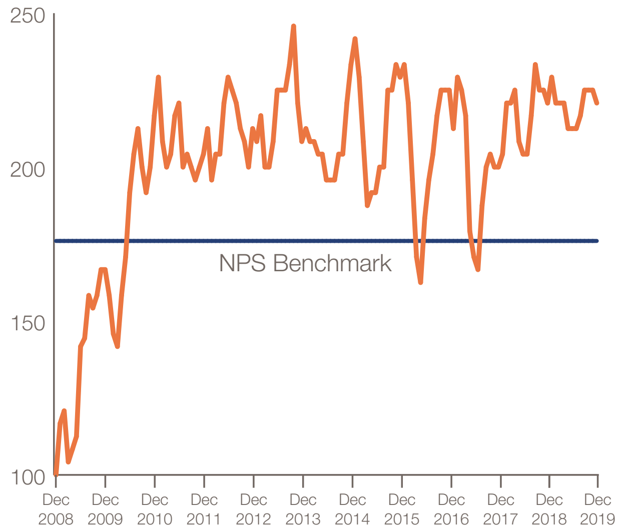
On-line claims take-up rate (%)



Productivity index[1]



Customer satisfaction index[3]



- 88% at 31 December 2019 (applies to 100% of MMS customers)

- Aiming to met world class service standards (NPS benchmark) while optimising profitability

1 Rolling three month revenue (ex SP interest) / FTE
2 Negatively impacted by proposed changes to novated leasing
3 Based on net promoter score

Asset Management (AM) – Australia & New Zealand

$m	1H20	1H19	Variance
Revenue	91.0	93.3	*(2.5%)*
Fleet depreciation	30.5	34.3	*(10.9%)*
Lease and vehicle management expenses	38.2	34.8	*9.6%*
Employee expenses	7.5	7.7	*(2.2%)*
Property and other expenses	5.3	5.5	*(4.1%)*
EBITDA	9.4	11.0	*(14.9%)*
EBITDA margin	*10.3%*	*11.8%*	
Depreciation	0.8	0.3	*>100%*
Interest expense	0.1	-	*>100%*
Tax	2.5	3.2	*(20.7%)*
UNPATA[1]	5.9	7.5	*(21.7%)*
UNPATA margin	*6.5%*	*8.0%*	
Key Metrics			
Return on assets (%)	3.1%	4.0%	
Asset pool (units)[2]	20,100	21,200	*(5.2%)*
– Funded (units)	11,400	12,500	*(8.8%)*
– Managed (units)	6,000	6,800	*(11.8%)*
– P&A (units)	2,700	1,900	*42.1%*
Assets written down value ($m)	377.2	376.6	*0.1%*
- On balance sheet ($m)	301.9	320.3	*(5.7%)*
- Off balance sheet ($m)	75.2	56.3	*33.6%*
Direct employees (FTE's)[3]	98	98	*0.0%*

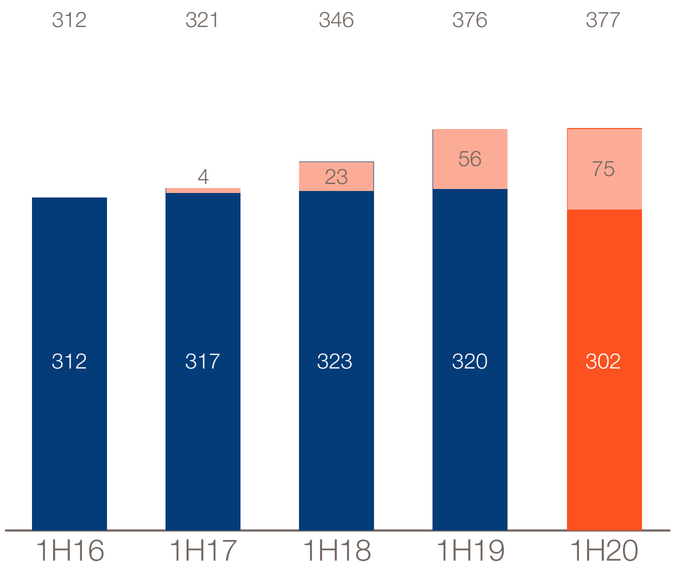
Commentary

- Market continues to be highly competitive with Asset WDV remaining stable at $377m
- Continued shift to off balance sheet funding
- Growth in funded only assets
  - > Revenue impacted by reduced full service leasing income (i.e. tyre and maintenance)
- Expanded Just Honk retail car yards footprint increased unit volumes by 31% on 1H19

1 NPAT and UNPATA are the same
2 Assets managed comprises operating and finance leases and fleet managed vehicles
3 Average direct employees for the period

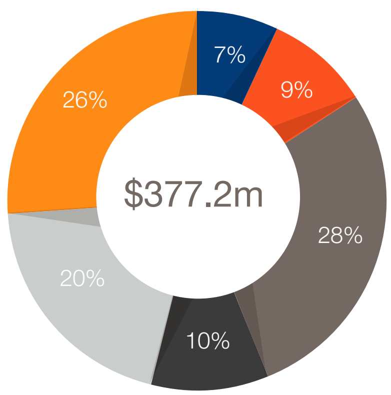
AM – Australia & New Zealand operating metrics

Fleet assets written down value ($m)



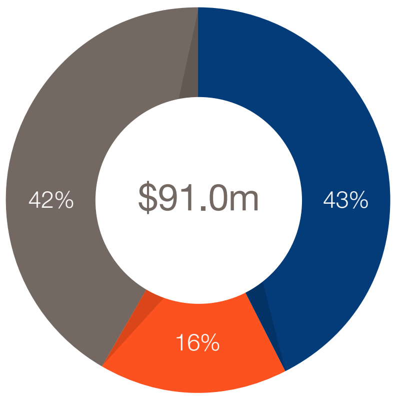
Fleet assets funded utilising P&A

1H20 WDV breakdown



- Mining and construction
- Manufacturing
- Industry
- Wholesale and retail trade
- Services
- Other

1H20 Revenue breakdown



- Principal and interest
- Maintenance and tyres
- Proceeds from sales of leased assets

AM – United Kingdom

$m	1H20	1H19	Variance
Revenue	32.2	30.9	*4.1%*
Lease and vehicle management expenses	17.2	15.1	*14.1%*
Employee expenses	8.8	7.8	*12.6%*
UK subordinated loan expense	2.1	1.1	*90.1%*
Property and other expenses	4.2	5.2	*(19.7%)*
EBITDA	(0.1)	1.7	*>(100%)*
EBITDA margin	*(0.3%)*	*5.5%*	
Depreciation	0.6	0.4	*47.7%*
Amortisation of intangibles	0.9	1.0	*(14.2%)*
Interest expense	0.1	-	*>100%*
Deferred consideration FV adjustment	(1.5)	2.6	*>(100%)*
Tax	0.0	0.3	*(86.3%)*
NPAT	(0.2)	(2.6)	*(93.1%)*
NPAT margin	*(0.6%)*	*(8.4%)*	
UNPATA	(0.7)	1.6	*>(100%)*
UNPATA margin	*(2.3%)*	*5.1%*	
Key Metrics			
Asset pool (units)	23,443	23,595	*(0.6%)*
Assets written down value ($m)[1]	136.4	160.0	*(14.7%)*
Portfolio sales ($m)	57.0	65.5	*(13.0%)*
Net amount financed ($m)	499.6	484.9	*3.0%*
- On balance sheet ($m)	101.9	121.7	*(16.2%)*
- Off balance sheet ($m)	397.7	363.2	*9.5%*
Direct employees (FTE's)[2]	266	242	*9.8%*

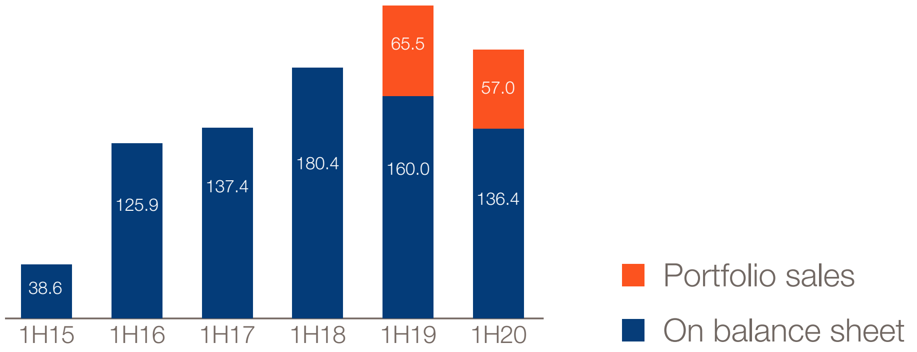
Commentary

- Constrained economic conditions including uncertainty associated with UK general election and Brexit, along with increased competitive intensity and challenging UK car market
- Marginal increase in NAF in a subdued market (up 3% to $500m) however pricing pressure has impacted gross margins
- FTE increase required to support new regulatory framework and growth in originations
- Write off of subordinated loan required to support the loss making JV business – recognised on a cash basis
- Strategic review progressing (refer page 9)

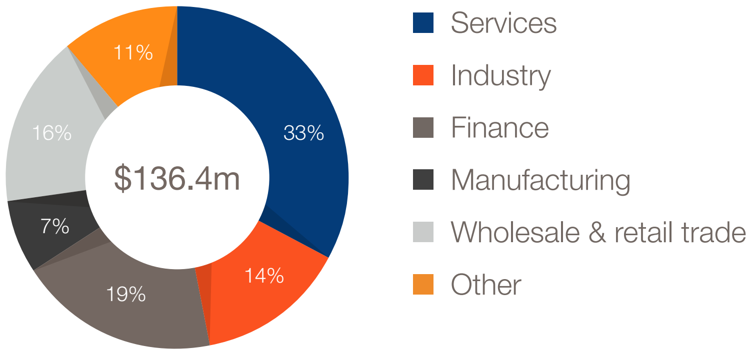
1. Included in assets written down value
2. Average direct employees for the period

AM – United Kingdom operating metrics

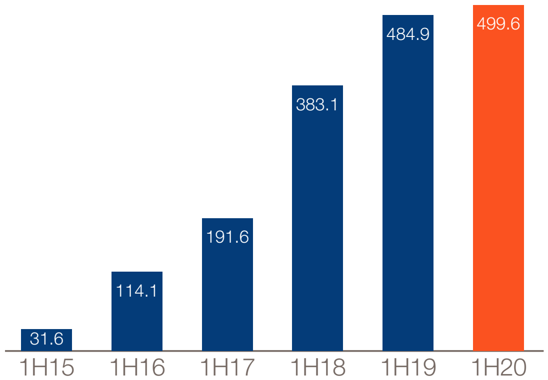
Assets written down value ($m)



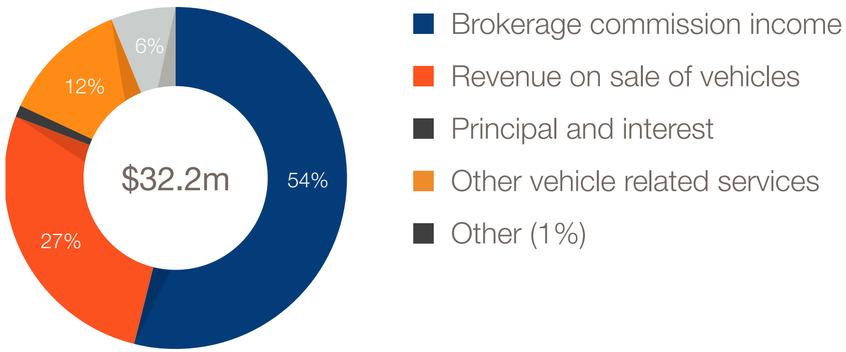
1H20 WDV on balance sheet breakdown



Net amount financed ($m)



1H20 Revenue breakdown



Retail Financial Services (RFS)

$m	1H20	1H19	Variance
Revenue	**38.3**	**42.3**	***(9.6%)***
Brokerage commissions	17.8	19.2	*(7.1%)*
Employee expenses	8.0	9.0	*(11.5%)*
Net claims	6.9	6.3	*9.2%*
Property and other expenses	6.2	1.7	*>100%*
EBITDA	**(0.7)**	**6.1**	***>(100%)***
EBITDA margin	*(1.7%)*	*14.4%*	
Depreciation	0.5	0.4	*35.2%*
Amortisation and impairment of intangibles	1.3	1.6	*(16.7%)*
Interest expense	0.0	-	*<100.0%*
Tax	(0.7)	1.4	*>(100%)*
NPAT	**(1.9)**	**2.7**	***>(100%)***
NPAT margin	*(5.0%)*	*6.4%*	
UNPATA	**2.2**	**3.8**	***(42.2%)***
UNPATA margin	*5.7%*	*9.0%*	
Key Metrics			
Net amount financed ($m)	514.5	533.5	*(3.6%)*
- Aggregation ($m)	514.4	521.5	*(1.4%)*
- Retail ($m)	0.1	12.1	*(99.5%)*
Employees (FTE's)[1]	82	88	*(6.8%)*

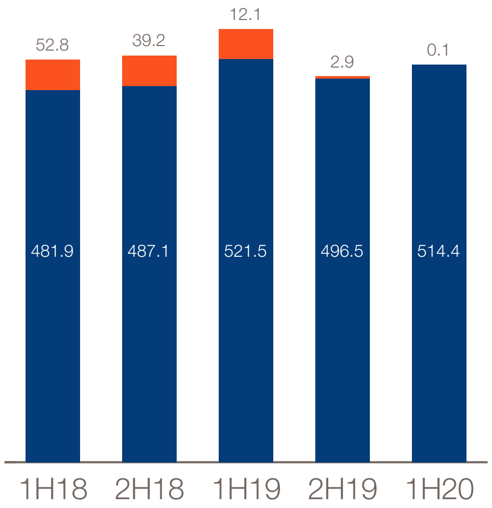
Commentary

- Aggregation business continues to acquire new broker relationships
  - > Maintained NAF despite soft vehicle market; however pricing pressure has impacted gross margin
- Retail - industry leading changes implemented with new suite of dealer warranty products, including the removal of dealer incentive payments and revised remuneration structures
- Growth in new franchise dealer relationships
- Costs[2] associated with class action claim up until 31 December 2019 have been expensed

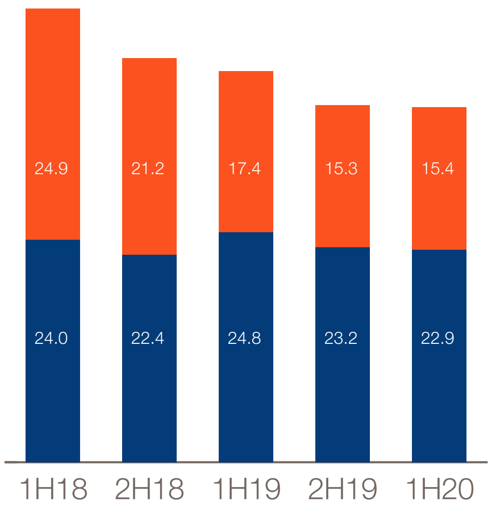
1 Average direct employees for the period.
2 Costs may be subject to recoverability from the insurer and other parties.

RFS operating metrics

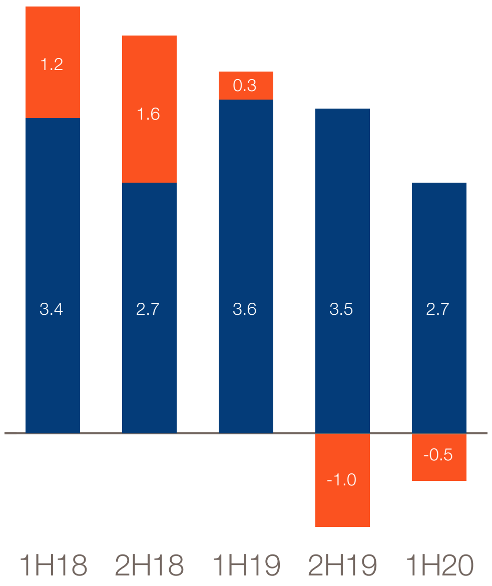
Net amount financed ($m)



Revenue breakdown ($m)



UNPATA breakdown ($m)



- Aggregation
- Retail

Summary

Summary

- 1H20 UNPATA $37.8m
- Consistent profitable growth with margins maintained in core GRS business
  - > Organic growth of 5.6% in salary packaging and 9.6% in novated leasing
  - > Ongoing efficiencies from Beyond 2020 investment
  - > Positive momentum in Plan Partners
  - > Challenging environment with tightening credit, lower insurance penetrations and low cash rates
- AM & RFS segments less resilient
  - > Need for simpler, more focused approach
  - > Cost reductions underway
  - > Further update on UK strategic review in 2H20
- Capital management
  - > $80m share buy back completed
  - > Strong free cash flow
  - > Novated warehouse option in development
- FY20 UNPATA guidance unchanged at $83m–$87m. Risks remain around lender appetite and new car sales

Appendix

Complementary diversification across the MMS Group

	Group Remuneration Services	Asset Management	Retail Financial Services
Brands			
Primary service	– Salary packaging – Novated leases – Plan management & support coordination	– Vehicle fleet leasing and management – Vehicle finance, insurance and broking – Used vehicle retail sales	– Vehicle finance, insurance and warranty broking
Customers	– Hospitals, health & charity workers – Public and private sector – NDIS participants	– Predominantly corporate customer base – Dealer, broker and retail network	– Retail customer base – Dealer, broker and retail network
Distribution	– Over 1,300 customers – Circa 1.2 million employees	– Over 450 customers – Select brokers and dealers	– 5,200+ active dealers – 200 finance brokers
Key operating statistics	– 358,000 salary packages – 71,600 novated leases – $417m client funds under administration	– 43,543 total assets managed – $514m total assets funded[1]	– $515m net amount financed
Growth strategy	– Organic growth via existing clients and new business – Broaden product suite – Consider strategic acquisitions	– Continue P&A funding arrangements (“capital light” business model) – Expand Just Honk Used Cars	– Organic growth and capture of all identified synergies (revenue and cost)

1 Total assets funded on and off balance sheet

Funding overview

- Highly competitive Club debt facilities priced at upper investment grade based on common terms
- Diversity of on and off balance sheet funding from Australia's major banks
- All facilities are in the process of being extended beyond 12 months

		Local Currency		Australian Dollars ($m)			
		Currency	Facility size	Facility size	Amount drawn	Amount undrawn	Duration
Asset Financing Australia	Revolving	A$	210.0	210.0	163.8	46.2	31 March 2021
Asset Financing New Zealand	Revolving	NZ$	35.0	33.6	32.7	1.0	
Asset Financing UK	Revolving	GBP	79.0	148.2	106.9	41.3	31 March 2021
Purchase of Presidian Australia	Amortising	A$	16.5	16.5	16.5	-	($7.4m) 29 September 2022 ($7.7m) 31 December 2022
Purchase of CLM UK	Amortising	GBP	2.0	3.8	3.8	-	31 January 2021
Purchase of EVC/Capex UK	Amortising	GBP	4.0	7.4	7.4	-	31 March 2022
		Revolving total		**391.8**	**303.4**	**88.4**	
		Amortising total		**27.7**	**27.7**	**-**	
		Total		**419.5**	**331.1**	**88.4**	

Risks and sensitivities

- Regulation of consumer insurance products
- Regulation of consumer lending products
- Lenders risk appetite (availability of credit)
- Ongoing potential risk of consumer action
- Acquisition and integration risk
- Second hand car prices (remarketing earnings)
- New and used car sales
- Interest rates (earnings on float)
- Loss or repricing of major customers
- Policy and regulatory change
- General economic conditions and consumer confidence
- Technology and privacy risk

Reconciliation between NPAT and UNPATA

$m	1H20	1H19	Variance
NPAT	33.9	34.0	*(0.1%)*
1. Amortisation of intangibles from acquisitions	1.7	1.8	*(3.2%)*
2. Deferred consideration	(1.4)	2.7	*(153.1%)*
3. Acquisition related costs	0.1	3.6	*100.0%*
4. Share buy back costs	0.3	0.0	*100.0%*
5. Class action costs	3.1	0.0	*100.0%*
UNPATA	37.8	42.1	*(10.2%)*

1. Amortisation of intangible assets acquired on business combination.
2. Renegotiation of deferred consideration for Anglo Scottish.
3. Costs incurred in relation to the proposed acquisition of Eclipx and the UK strategy.
4. Costs incurred in relation to the share buy back.
5. Costs in relation to the Davantage class action may be subject to recoverability from the insurer and other parties. Any recovered amounts will be excluded from UNPATA in future periods.

AASB16 Lease Accounting

	1H20	AASB 1H20	1H20 (excl AASB16)	1H19	Variance
Revenue	270.4	-	270.4	273.1	*(1.0%)*
Expenses	213.7	3.0	216.2	208.2	*3.8%*
EBITDA	57.2	(3.0)	54.2	64.9	*(16.5%)*
EBITDA margin (%)	*21.2%*	-	*20.0%*	*23.8%*	*(15.7%)*
D&A of PPE and software	8.3	(2.6)	5.7	4.9	*17.1%*
Amortisation and impairment of intangibles (acquisitions)	2.2	-	2.2	2.6	*(15.8%)*
Deferred consideration FV adjustment	(1.5)	-	(1.5)	2.6	*>(100%)*
Corporate interest expense	0.8	(0.5)	0.3	0.5	*(34.4%)*
Acquisition expenses	-	-	-	4.0	*>(100%)*
NPBT	47.4	0.0	47.4	50.3	*(5.8%)*
Tax	13.1	-	13.1	16.4	*(20.3%)*
NPAT (before minority interest add-back)	34.3	0.0	34.3	33.9	*1.2%*
Outside equity interest - Plan Partners	(0.3)	-	(0.3)	0.1	*>(100%)*
NPAT	33.9	0.0	34.7	34.0	*1.9%*
UNPATA	37.8	-	37.8	42.1	*(10.2%)*

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