

Presentation by  
McMillan Shakespeare Limited

# Lodge Partners 2009 Conference

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March 2009

**McMillan Shakespeare**

*Benefit From Our Experience*  
EST 1988

# Contents.

Strategy.

Opportunities in core business.

New opportunities.

Current performance.



# Vision.

- To be Australia's premier provider of workplace benefits through always meeting staff, customer and shareholder expectations.

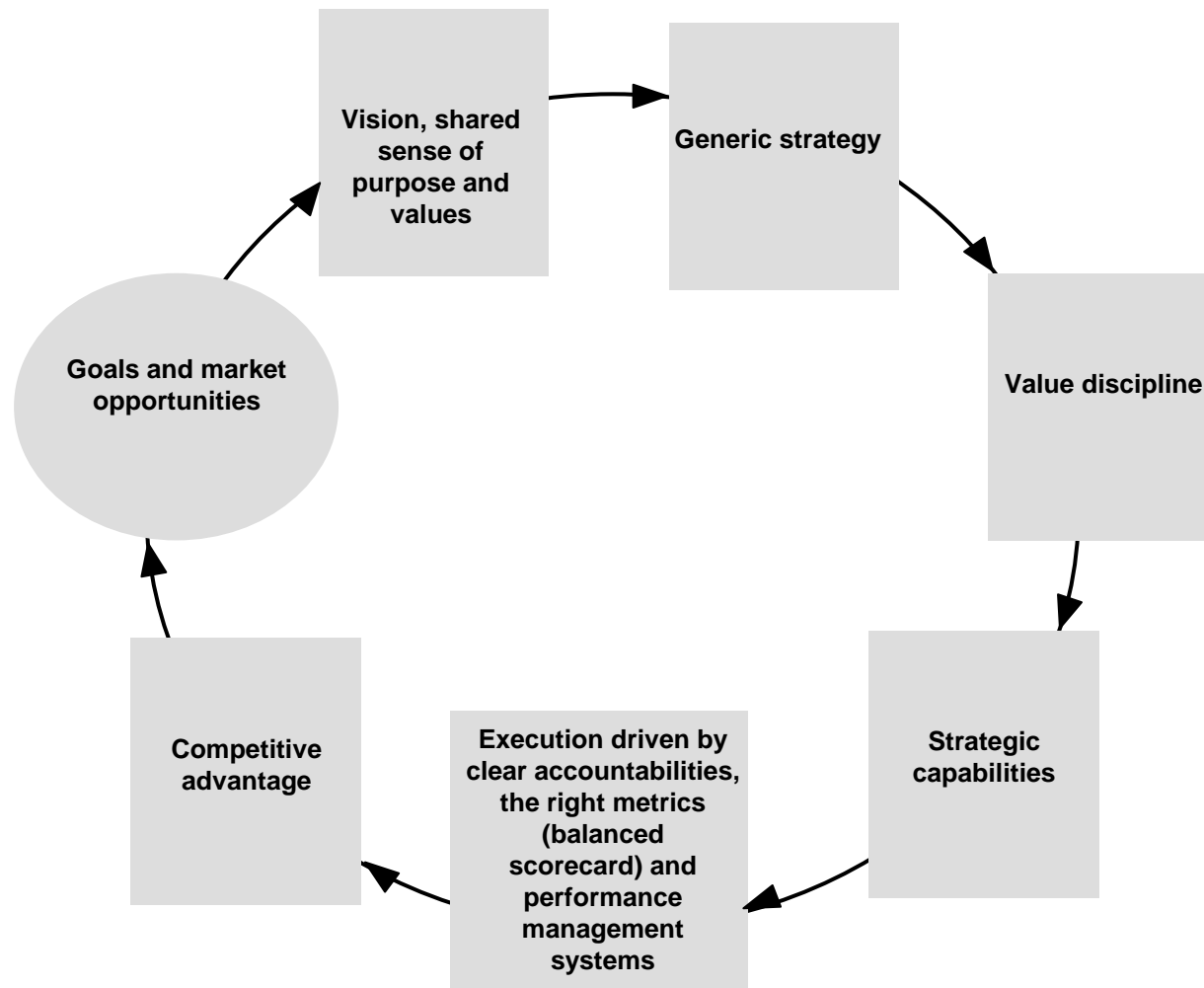


# How will we achieve our vision?

- We will grow and extend our core business through new business and increased participation.
- We will develop further benefit offerings for our customers and their employees.
- We will look to acquire quality businesses that complement and strengthen our value proposition.
- We will achieve high staff engagement levels (80%).
- We will achieve high net promoter scores ( $\geq 45\%$ ).

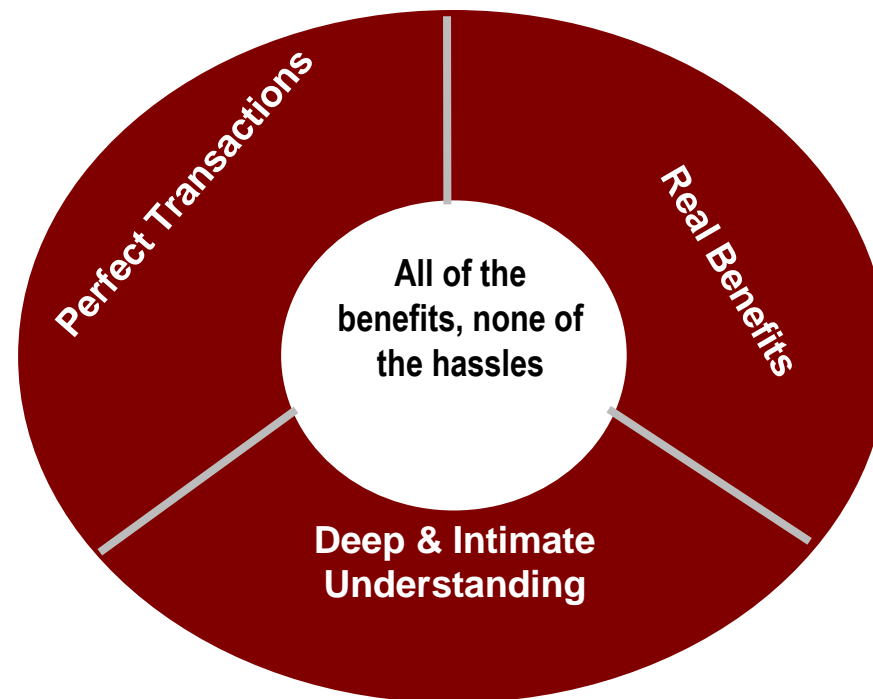


# Strategic framework for attainment of our goals.



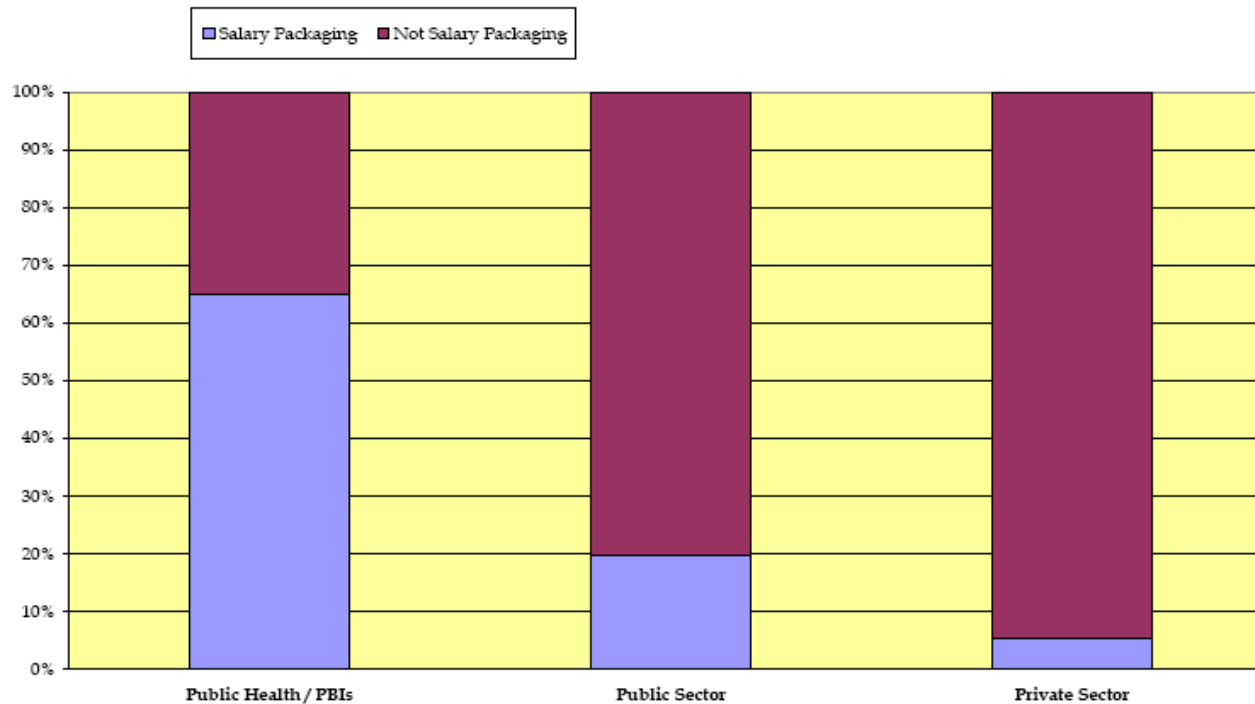
# Our fundamental purpose.

**“All of the benefits, none of the hassles.”**



# Our core business has significant growth opportunities

- Australian workforce approximately 10.7 million employees.
- McMillan Shakespeare Limited target market approximately 3.5 million employees.
- Participation rate by sector:

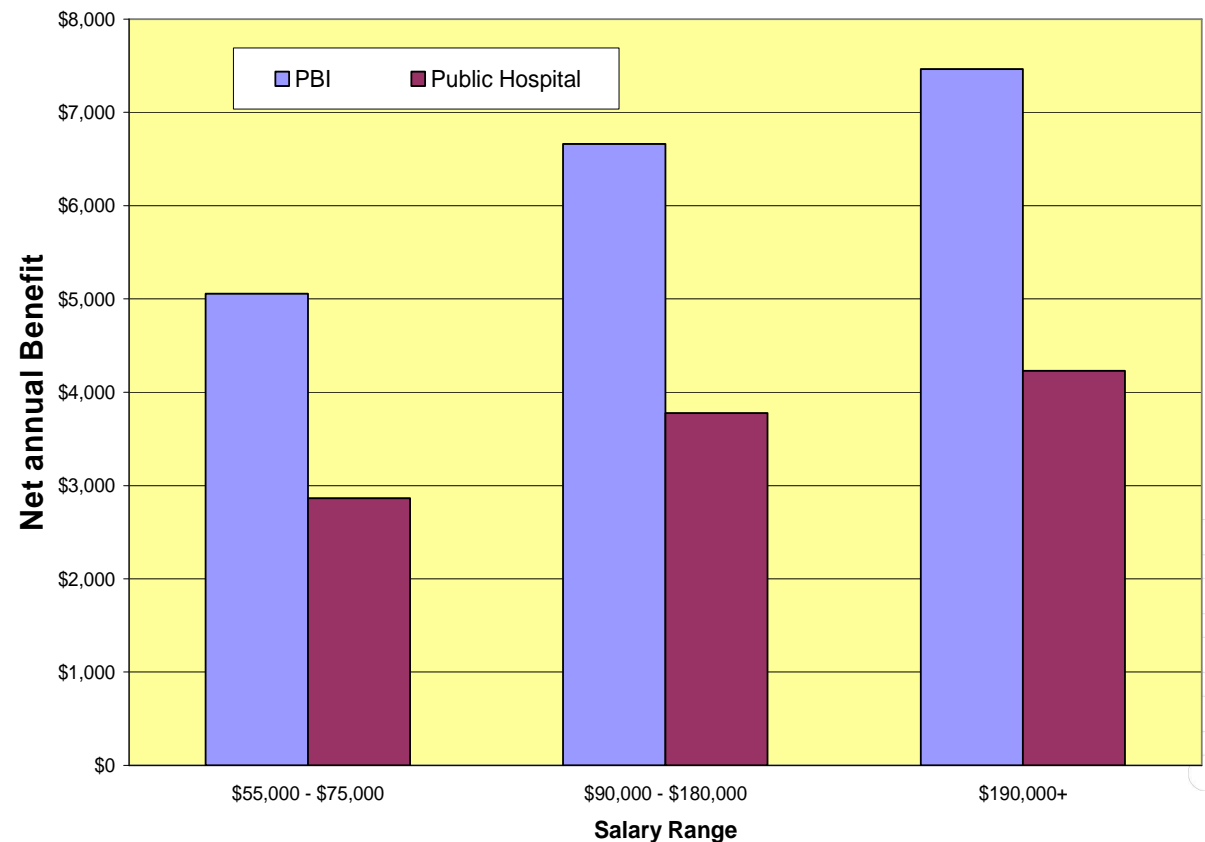


Source: Industry estimates completed by MMS

# Our core business provides significant tax incentives to participants

## Salary Packaging Example (Public Health / PBIs)

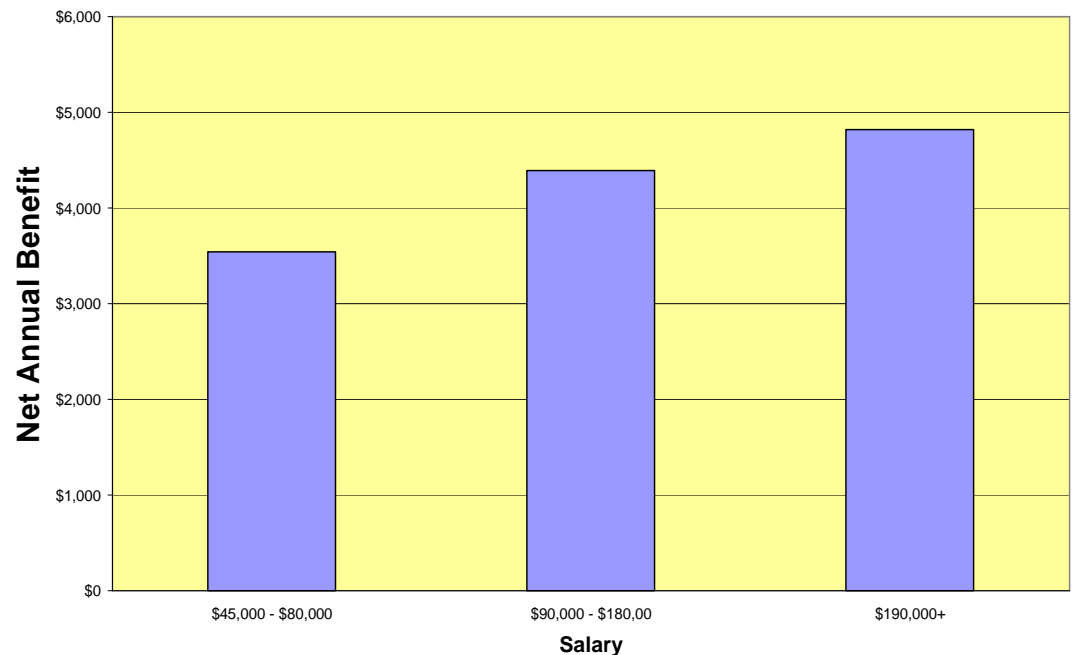
- In the example above the employee salary packages the maximum allowable amount i.e. \$9,905 (public health) or \$16,050 (PBI).
- The net annual benefit is the difference between salary packaging the mortgage payments and not salary packaging these costs.



# Our core business provides significant tax incentives to participants

## Salary Packaging Example (Motor Vehicle Lease)

- In the example above the employee novates a fully maintained finance lease to their employer.
- The vehicle has a value of \$30,000 and the annual operating costs are \$15,984.
- The vehicle travels 20,000 kilometres per annum.
- The employee makes a post tax contribution to their employer of \$6,600 per annum to reduce the FBT to zero.
- The net annual benefit is the difference between salary packaging the lease and operating costs of the vehicle and not salary packaging these costs.



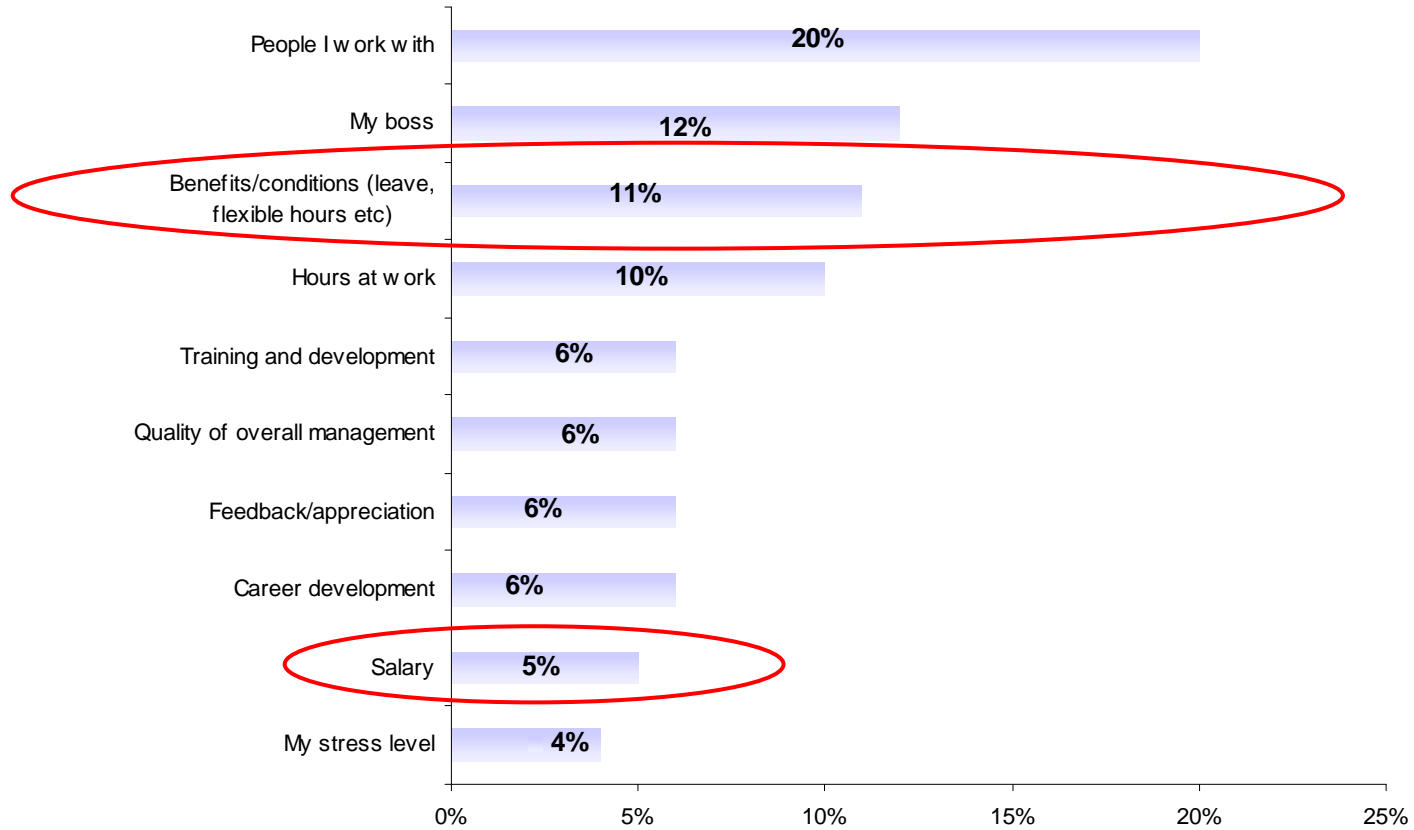
# Some interesting statistics on employee benefits.

- 80% of working Australians see benefits as an important consideration when joining an organisation.
- Only 55% of employers see benefits as important.
- Employee dissatisfaction with benefits is rising.
- Only 26% of employers actively market benefit programs.

Source: Mercer "Benefits outside the square" 2008

# What employees love about their job.

What people love about their current job.



Q. On a scale of 1-5 please rate what you love or hate about your current job?

Source: Mercer "Benefits outside the square" 2008

# New opportunities – What benefit programs are currently in the market?

- Financial Services.
- Travel/lifestyle benefits.
- Health and wellbeing.
- Fuel and household necessities.



# New opportunities – What benefit programs do employees want?

Product	Ranking	
	Employees	Employers
Discounted personal insurance	1	22
Home computer or internet packages	2	16
Lower interest home loans (< than banks)	2	6
Discounted hotels/airfares	3	21

Source: Mercer “Benefits outside the square” 2008

# Financial Performance.

	<b>First half 08/09 \$'000</b>	<b>First half 07/08 \$'000</b>	<b>% change on prior year</b>
<b>Revenue</b>	37,699	31,533	20%
<b>EBITDA</b>	13,629	11,813	15%
<b>EBIT</b>	12,924	11,091	17%
<b>NPAT</b>	9,537	7,948	20%
<b>Basic earnings per share (cents)</b>	14.10	11.81	19%
<b>Dividends declared per share (cents)</b>	8.5	7.5	
<b>% franked</b>	100%	100%	



# MMS in the context of current market

- High exposure to non-cyclical sectors (Health/PBI's).
- Annuity income streams.
- No debt.
- Negative working capital.
- Strong cash flow.
- Minimal credit risk.
- Scale in core business.
- Strong operational performance.

