

McMillan Shakespeare Limited

Half Year Results Presentation and Analyst Briefing

Michael Kay – CEO
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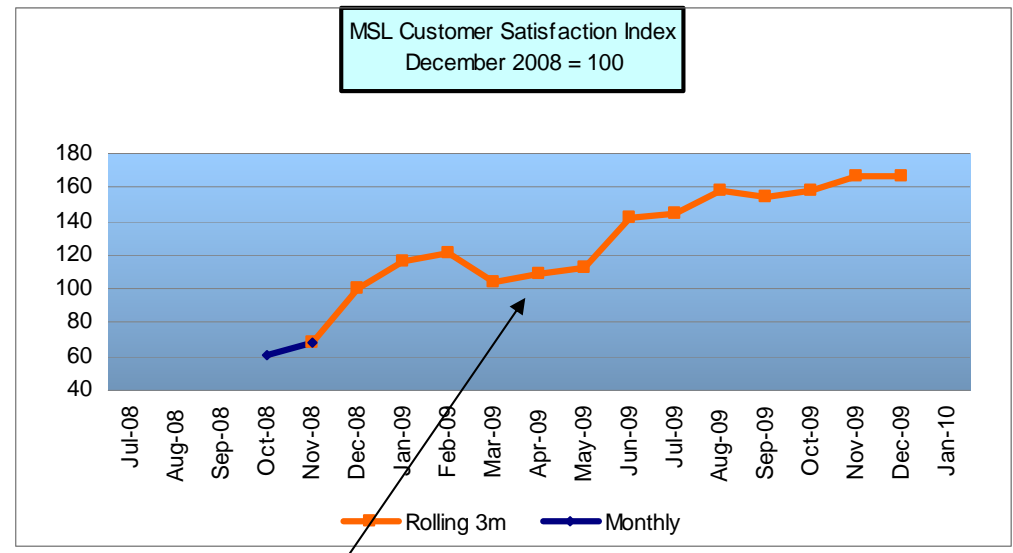
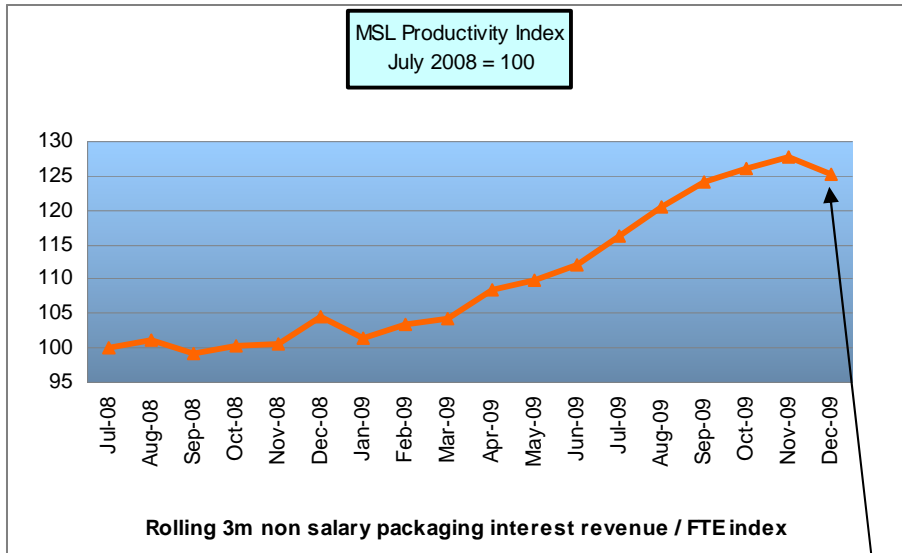
February 2010

Financial Performance

	1H FY10	1H FY09	% increase over prior comparable period
	\$'000	\$'000	
Total revenue and other income	43,693	37,699	16%
EBITDA	16,963	13,629	25%
EBIT	15,515	12,924	20%
NPAT	11,227	9,537	18%
ROE	38%	38%	
ROE adjusted for surplus cash	67%	57%	
Basic earnings per share (cents)	16.61	14.11	18%
Dividends declared per share (cents)	10.0	8.5	18%
Amount franked	100%	100%	



Key Efficiency and Service Measures



Increased head count to maintain client service levels during the up coming end of FBT year process.



Highlights and Key Activities

- NPAT growth of 18% to \$11.2m.
- Revenue growth of 16% to \$43.6m.
- Core operating margin improvement of 7 percentage points.⁽¹⁾
- Net operating cash flow \$34.0m.
- EPS growth of 18% to 16.6 cents per share.
- Interim dividend of 10.0 cents per share compared to prior comparable half of 8.5 cents per share.
- Return on equity of 38%.

Note 1: Operating margin - profit before M&A, finance, tax and depreciation as a percentage of revenue derived directly from salary packages managed and novated leasing.

Highlights and Key Activities

- Despite significant year on year reduction in interest rates and interest income, strong revenue growth driven by new business acquisition and increasing participation within existing customers.
- Ongoing strong NPAT growth.
- Reduction in expense ratio despite:
 - ongoing investment in people, IT and marketing; and
 - an additional charge for M&A activity (\$400k).
 - reduction in interest income;



Highlights and Key Activities

- Phase 1 CRM software successfully installed on time and on budget, increasing both customer service and productivity.
- IT infrastructure project successfully completed on time and on budget. Platform industrialised, less complex with full BCP/DRP; “warm sites” fully operational within two hours of a disaster.
- New telephone system successfully installed on time and on budget.
- Successfully moved Maxxia operations and MMS head office (c.300 people) to Melbourne Central, on time and under budget.



Highlights and Key Activities

- Ongoing high retention rate, including major hospital group in Melbourne.
- Won contract for major hospital group in Sydney.



Outlook

- Continuing growth in core business (revenue and NPAT) through new business and better participation.
- Insurance marketing campaign commences in February/March.
- Productivity Commission Research report on the Contribution of the Not-for-Profit Sector has been released. (<http://www.pc.gov.au/projects/study/not-for-profit/report>). No specific recommendation on FBT.
- Henry report and Government response due for release March/April (<http://taxreview.treasury.gov.au>). MMS has no knowledge of the contents of either the report or the Government's response.

