

# McMillanShakespeareGroup

## ASX ANNOUNCEMENT

### Annual General Meeting, 20 October 2020 Chairman's Address

#### Introduction

I would like to start by paying tribute to each and every employee of the McMillan Shakespeare Group in Australia, New Zealand and the UK for their effort and commitment during the 2020 financial year. With deteriorating economic conditions, a changing and uncertain regulatory environment, and a global pandemic, 2020 was a deeply challenging year.

The response from our team to these and other challenges was superb. Led by Mike Salisbury and his executive leadership team, the commitment displayed by our team to provide high quality, seamless service to our clients throughout such a disrupted year was a great achievement.

#### FY2020 Performance

Disappointingly, the 2020 financial year results for MMS are not a true reflection of the hard work from our team or the progress we have made on many important initiatives. For the record, in 2020 we delivered revenue of \$494 million which was down 10% on the prior year and our measure of underlying net profit after tax, or UNPATA, was \$69 million which was down 22%. Although we did not pay a final dividend, a 34 cent per share interim dividend was paid in March and we returned a further \$80 million to shareholders through an off-market share buyback.

Despite the challenging market conditions, parts of our business performed well. Our GRS business delivered a 5.2% increase in salary packages and a 5.6% increase in novated leases, whilst Plan Partners achieved client funds under administration of \$669 million by the end of the year, growth of well over 100%. The performance of our UK and Aggregation businesses was well below expectations which necessitated a material adjustment to the carrying value of the intangible assets of these businesses.

Mike will make some further comments on the Company's performance in the 2020 financial year shortly.

#### Outlook for FY2021

While the 2020 financial year was challenging and our financial year results were disappointing, we are very optimistic about the future for MMS.

COVID-19 related restrictions are continuing to impact our operations, business and consumer activity, and the broader economy. However, absent a further deterioration in the economic environment, we currently expect that MMS will return to growth in underlying net profit after tax in the 2021 financial year and resume paying dividends with an interim dividend in respect of the first half of this financial year.

MMS has some highly attractive and valuable businesses with strong market positions that generate returns well in excess of our cost of capital. The Board and leadership team are committed to focusing on maximising the value of these businesses, whilst continuing to examine adjacent sectors for opportunities to develop new businesses.

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## Board Changes

In May this year we welcomed Kathy Parsons to the Board as an independent non-executive director. Kathy had a long and distinguished career as an assurance partner at Ernst & Young in the firm's US, UK and Australian practices. Since joining our Board, Kathy has made an immediate and positive impact and she has recently taken over as the Chair of our Audit, Risk and Compliance Committee.

I was delighted to announce recently that Helen Kurincic will be the next Chair of our Company. Helen is a highly skilled and experienced non-executive director, and she will be an outstanding Chair of MMS. Congratulations Helen and I am looking forward to working with you in your new role.

You will hear from Helen and Kathy shortly when we get to the election and re-election of directors.

## Acknowledgement

Our Chief Financial Officer and Company Secretary, Mark Blackburn, will be leaving MMS in December and embarking on the next stage of his career. Mark has been a critical member of the MMS Board and senior leadership team for the past nine years. I know Mike will say more about Mark's time with the Company shortly, but given his outstanding contribution and close working relationship with the Board, I did want to acknowledge and thank Mark on behalf of the Board. Mark's skill, experience, integrity, transparency, and good humour are all qualities that we have greatly appreciated. He has done a tremendous job for the Company and we wish Mark and his family all the very best for the future.

I would also like to welcome our new Chief financial Officer and Company Secretary, Ashley Conn. Ashley is an experienced senior executive with a strong background in financial services and public markets. We are delighted Ashley has joined MMS and we are looking forward to working with him.

## Closing

In closing I would like to once again thank Mike Salisbury, his executive leadership team and all our employees for their hard work and dedication during the 2020 financial year.

I would also like to thank my Board colleagues for the guidance and support they provide the Company. We have had 62 Board meetings during the past two financial years as we have dealt with the many challenges and opportunities, which demonstrates the Board's commitment to MMS.

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

This announcement was authorised for release by the MMS Board.

For more information please contact:

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