

McMillanShakespeareGroup

ASX ANNOUNCEMENT

ACQUISITION OF PRESIDIAN

Please find attached a Media Release and Investor Presentation in relation to McMillan Shakespeare's acquisition of Presidian for \$115 million.

The acquisition is subject to customary closing conditions and is expected to complete by 27 February 2015 or earlier if the conditions are satisfied.

An investor briefing via webcast will be held tomorrow morning, Friday 6 February 2015 at 9.00am. Mr Mike Salisbury (Managing Director and CEO) and Mr Mark Blackburn (CFO and Company Secretary) will deliver a presentation on the Presidian acquisition.

The link to hear the live presentation will be placed on the McMillan Shakespeare website www.mmsg.com.au. Alternatively, investors may go direct www.openbriefing.com/OB/1722.aspx



Mark Blackburn
CFO and Company Secretary
McMillan Shakespeare Limited



Mike Salisbury
Managing Director and CEO
McMillan Shakespeare Limited

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About McMillan Shakespeare

McMillan Shakespeare is considered a market leader in the provision of remuneration programs. Its services include remuneration policy design, salary packaging benefit administration and motor vehicle lease management backed by expertise in FBT management, tax and compliance. McMillan Shakespeare also provides a complementary fleet management service, including the procurement of motor vehicles and finance and the management of fuel card and service maintenance programs.

McMillanShakespeareGroup

MEDIA RELEASE

MCMILLAN SHAKESPEARE EXPANDS ITS PRESENCE IN THE AUTOMOTIVE SEGMENT WITH THE ACQUISITION OF PRESIDIAN

The Board of Directors of McMillan Shakespeare Limited ("**MMS**") is pleased to announce today that MMS has entered into a binding agreement to acquire 100% of the shares in privately owned Presidian Pty Ltd ("**Presidian**") for a purchase price of \$115 million.

The transaction is scheduled to complete on 27 February 2015, subject to certain conditions precedent, which are expected to be satisfied before this date.

Presidian is an independent provider of finance, warranty and insurance products to the automotive industry, specialising in the used car market segment. Presidian has unique access to a distribution network which covers in excess of 2,500 used car dealers, 82 brokers and 14 retail branches via its Money Now business.

In FY14, Presidian achieved pro forma¹ revenue and EBITDA of \$64.8 million and \$12.2 million respectively, with the Company experiencing good growth through to 31 December 2014. The current run rate² has seen pro forma revenue and EBITDA increase to \$75.4 million and \$14.4 million respectively. The acquisition is forecast to be earnings accretive for MMS on a pro forma FY15 basis³.

Mike Salisbury, Chief Executive Officer of MMS, said "The acquisition firmly establishes MMS in the consumer finance space for new and used motor vehicles with a market leading value proposition. The acquisition represents a complementary extension to MMS's existing Australia wide network and auto value chain competencies in the new car market, and brings with it numerous cross selling opportunities across both organisations."

"The consumer finance platform in place allows for further industry consolidation, given the fragmented nature of the industry, and product extension into other asset categories such as trucks, boats and other leisure assets."

Key executives including Jamie Johnson, Chief Executive Officer of Presidian, will remain with MMS post acquisition.

The investment will be funded via a combination of existing MMS cash reserves, existing debt facilities and new equity issued to Presidian shareholders.

¹ Pro forma revenue and EBITDA excludes one-off and abnormal items including shareholder expenses, transaction costs, financial performance of Franklin Finance (online consumer finance business) which is being restructured upon acquisition

² The current run rate is based on the annualised 6 months trading performance to 31 December 2014

³ Pro forma FY2015 EPS accretion based on annualised first-half trading performance of both MMS and Presidian, and transaction funding structure

For further information on the acquisition including an overview of the Presidian business and the strategic rationale please refer to the Investor Presentation.

First half FY15 preliminary financial performance

The Directors of MMS are pleased to provide an update to the market on the Company's preliminary unaudited results for the six-month period ended 31 December 2014.

MMS' preliminary first half FY15 Reported Net Profit After Tax is expected to be \$31.1m.

Please be aware that historically the operating performance of the company for the first half is normally in the range of 46-48% of the full year result.

The FY15 first half result has a number of one off impacts that are not expected to reoccur in the second half. The result will be discussed in more detail when the final result is announced.

These results are subject to the completion of the Auditor's review and final sign-off by the Board. The Board intends to announce the final half-year results and interim dividend on 24 February 2015.

Appointment of Managing Director

The Directors of MMS are delighted to announce that Mr. Michael Neil Salisbury currently Chief Executive Officer has been appointed to the position of Managing Director and Chief Executive Officer of the Company, effective immediately.

For further information please contact:



Mark Blackburn
CFO and Company Secretary
McMillan Shakespeare Limited



Mike Salisbury
Managing Director and CEO
McMillan Shakespeare Limited

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Acquisition of Presidian

February 2015

McMillanShakespeareGroup

Important notice and disclaimer

"This presentation has been prepared by McMillan Shakespeare Limited (ACN107 233 983) (MMS) for the sole purpose of providing an overview of its recent acquisition of Presidian Holdings Pty Ltd ACN 603 801 770 and its corporate group. This presentation is not a prospectus, disclosure document, product disclosure statement or other offering document.

The presentation contains selected information and does not purport to be all inclusive or to contain all information that may be relevant to a prospective investor. The information in this presentation does not take into account the investment objectives, financial situation and particular needs of any particular investor and each person is responsible for conducting its own examination of MMS and assessment of the merits and risks of investing in MMS' shares. This presentation contains certain forward-looking statements. These statements are only predictions. Actual events or results may differ materially. Nothing in this presentation is a promise or representation as to the future. MMS does not make any representation or warranty as to the accuracy of such statements or assumptions.

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An investment in MMS is subject to known and unknown risks, some of which are beyond the control of MMS, including possible loss of income and principal invested. MMS does not guarantee any particular rate of return or the performance of MMS, nor does it guarantee the repayment of capital from MMS or any particular tax treatment. Each person should have regard to MMS' other periodic and continuous disclosure documents when making their investment decision and should consult such advisers as they consider necessary before making an investment decision. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This presentation contains information provided by third parties. MMS takes no responsibility for the accuracy, currency, reliability and correctness of any information provided by third parties, or of any third party material included within this presentation either directly or by reference.

All dollar values are in Australian dollars (A\$) unless otherwise stated and financial data is presented as at the date stated."

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3. Strategic rationale and business model
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For personal use only

1. Transaction overview

Transaction overview

Agreement to acquire Presidian Pty Ltd (“Presidian”) for \$115 million

Presidian overview

- Leading independent provider of finance, warranty and insurance for the used vehicle market
- Combined network of over 2,500 dealers, 80+ brokers and 14 retail branches (Money Now)
- Highly experienced senior management team covering all key divisions of Presidian business
- Achieved normalised Revenue and EBITDA of \$64.8 million and \$12.2 million respectively in FY14

Compelling strategic rationale

- Firmly establishes McMillan Shakespeare Limited (“MMS”) in consumer finance space for motor vehicles with market leading value position across both the new and used vehicle segments
- Market leadership position in attractive ‘Warranty’ segment
- Established consumer finance platform with integrated IT offering for dealers, and a finance broking capability for product extension into related asset categories (trucks, boats, other leisure vehicles)
- Deep penetration into dealer landscape (2,500) opening up incremental opportunities to wider MMS organisation
- Combined scale and offering drives multiple combination benefits

Acquisition snapshot

- Agreement to acquire Presidian for \$115.0 million
- Implied EV / FY15 pro forma EBITDA purchase price multiple of 8.0x based on YTD run-rate performance¹
- Acquisition is EPS accretive on a pro forma FY2015 basis²
- Completion of the transaction remains subject to satisfaction of customary conditions with anticipated transaction close by 27 February, 2015

Transaction funding

- 40% MMS scrip with shares held in escrow for up to 24 months (\$10.7346 per share = 4,285,192 shares)^{3,4}
- 60% cash comprising existing MMS cash reserves (cash as at 30 June 2014: \$71.0 million) and debt facilities

1. Based on the annualised six months trading performance through to 31 December, 2014, and excluding one-off and abnormal items including shareholder expenses, transaction costs, and financial performance of Franklin Finance (online consumer finance business) which is being restructured prior to completion (Pro forma EBITDA of \$14.4 million)

2. Pro forma FY2015 EPS accretion based on annualised first-half trading performance of both MMS and Presidian (refer note 1), and transaction funding structure

3. MMS scrip component to be based on 30-day volume weighted average price for the period one day prior to the announcement of the transaction

4. Escrow shares to be released per the following schedule: 25% released 6 months after completion, 25% released 12 months after completion, and the balance (50%) released 24 months after completion

Presidian highlights

1

Attractive financial profile

- Generates robust margins at both the Gross Margin, and EBITDA level
- Diverse revenue sources across finance, insurance and warranty products

2

Substantial distribution network

- Over 2,500 dealers nationwide supported by 80+ brokers and 14 Money Now retail branches
- Difficult to replicate distribution footprint

3

Industry structure

- Highly fragmented market, with few players of scale
- Presidian is the #1 player in the used vehicle warranty market with a compelling service offering (product, training, IT systems)

4

IT platform

- Developed proprietary IT system tailored for Presidian environment
- Key differentiator driving customer (dealer) value proposition and operating efficiencies

5

Depth of management expertise

- Deep experience and capability at senior management team level covering all key divisions of Presidian business

6

Growth opportunities

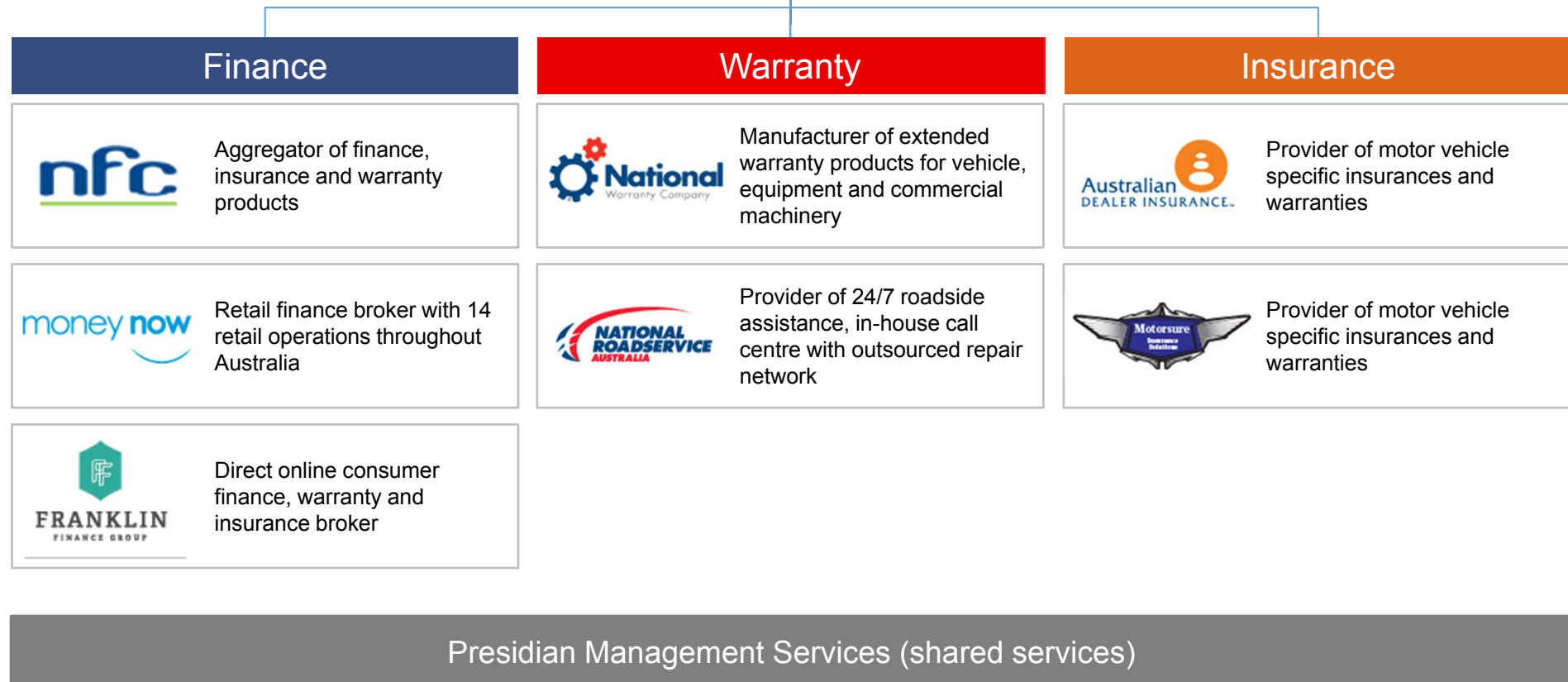
- Commencing roll-out of integrated offering to market (Warranty, Finance, Insurance)
- Leveraging data and systems to capture incremental sale opportunities (in life services, insurance, remarketing etc.)

2. Overview of Presidian

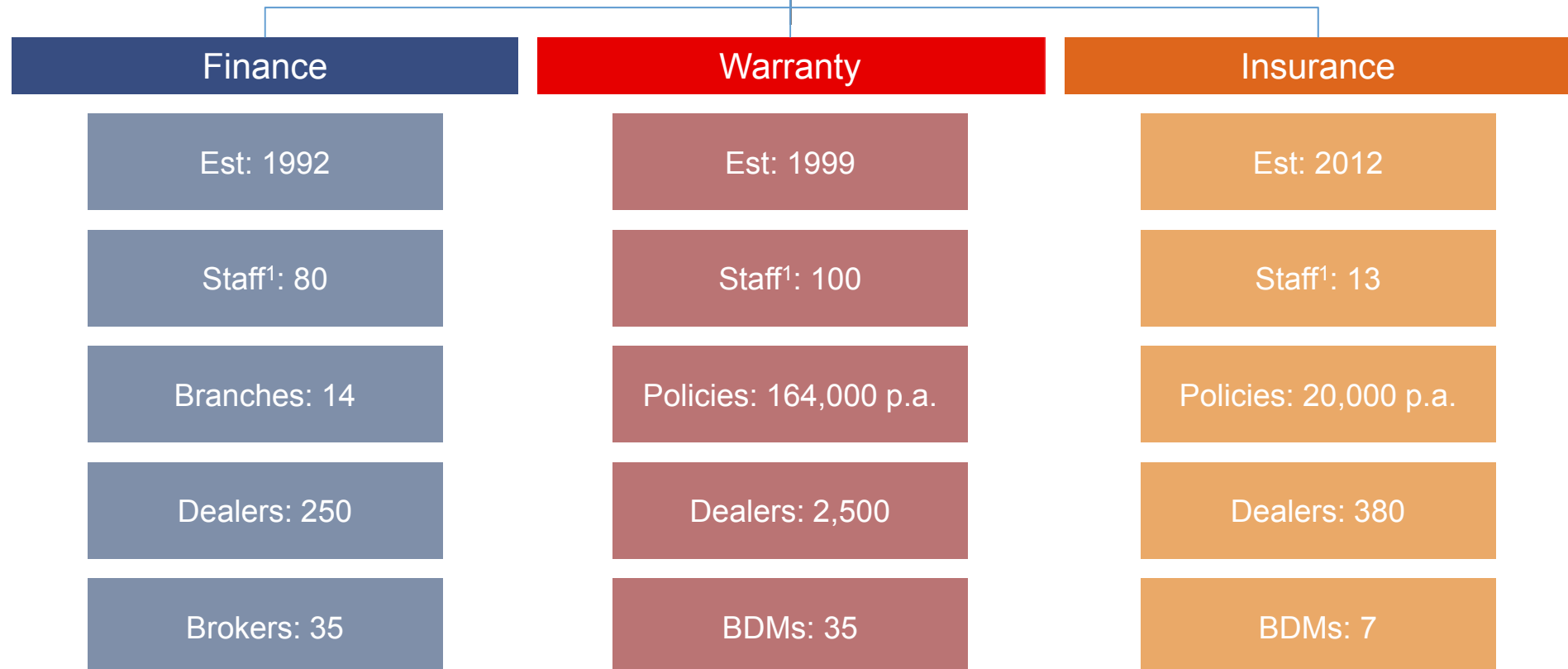
Presidian overview

- Presidian is an independent provider of finance, warranty and insurance products to the automotive industry, specialising in the used car market segment
- Comprises three business units providing the following services:
 - Finance: Aggregation and finance brokerage services
 - Warranty: Manufacturer and wholesaler of warranty products for motor and consumer leisure equipment
 - Insurance: Third party introducer of insurance product
- On a combined basis, Presidian has a workforce of 175 FTE's combined with in excess of 3,000 distribution points across Australia
- In FY 2014, the Company generated normalised revenues of \$64.8 million and EBITDA of \$12.2 million

Presidian group structure



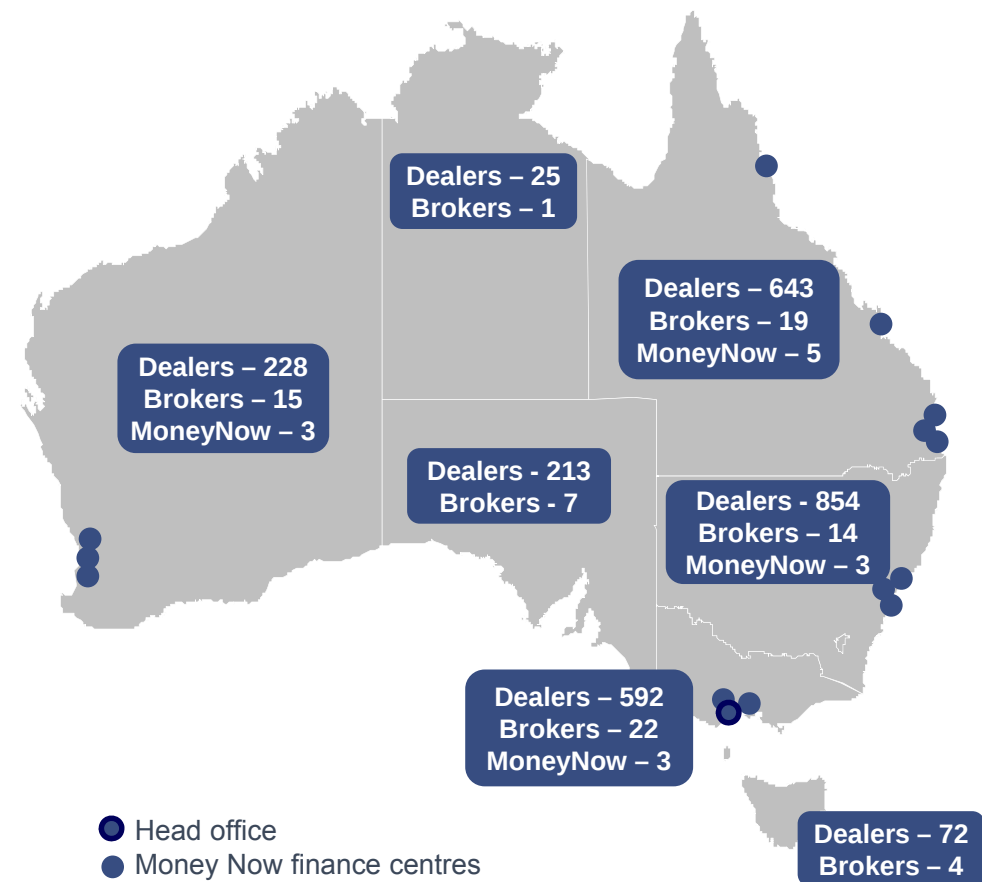
Divisional snapshot



1. Divisional staff count numbers include both full-time and casual employees of Presidian

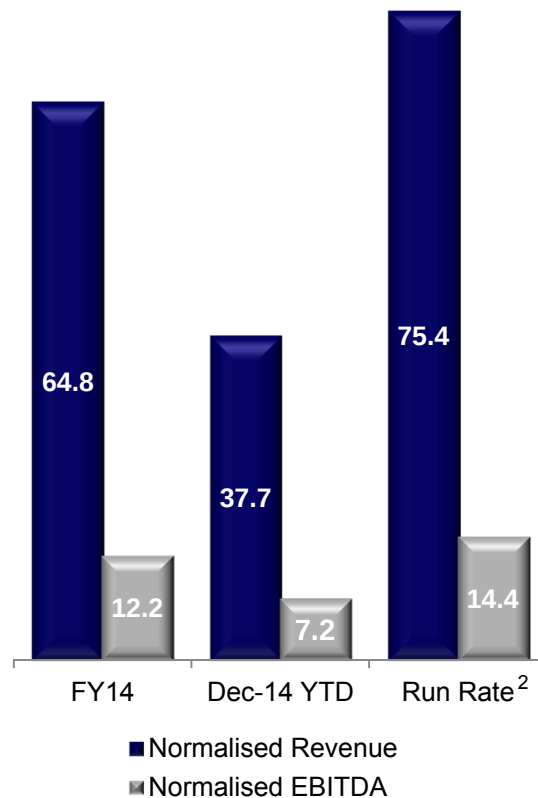
Distribution network

- Presidian's distribution network focuses on the sale of used cars and spans Australia consisting of:
 - Over 2,500 active dealers
 - 82 brokerages with 450 individual asset finance brokers
 - 14 Money Now branches
- **Complements MMS's existing Australia wide network and auto value chain competencies in new cars**

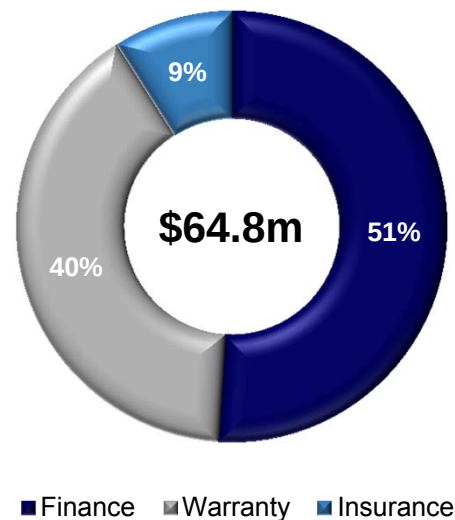


Presidian summary financial performance

Financial performance (\$m)¹



FY14 revenue breakdown



Commentary

- Generates attractive EBITDA margins of 18% to 20% from diverse revenue sources
- Presidian consolidation in 2013 and 2014 has improved overall value proposition and market penetration as reflected in YTD performance FY2015
- Revenue growth anticipated from recently secured financing contract with Australia's leading automotive auction group
- Further integration and cross selling opportunities between divisions forecast to drive continued top line growth and margin improvement

1. Normalised financial performance excludes one-off and abnormal items including shareholder expenses, transaction costs, and Franklin Finance (online consumer business) which is being restructured prior to completion

2. Based on the annualised six months trading performance through to 31 December, 2014

3. Strategic rationale and combined business model

Compelling strategic rationale

Consumer finance offering

- Firmly establishes MMS in consumer finance space for new and used motor vehicles with a market leading value proposition
 - Few alternatives of scale or breadth (product)
 - Access to in excess of 2,500 dealers, 82 brokers and 14 retail (Money Now) outlets

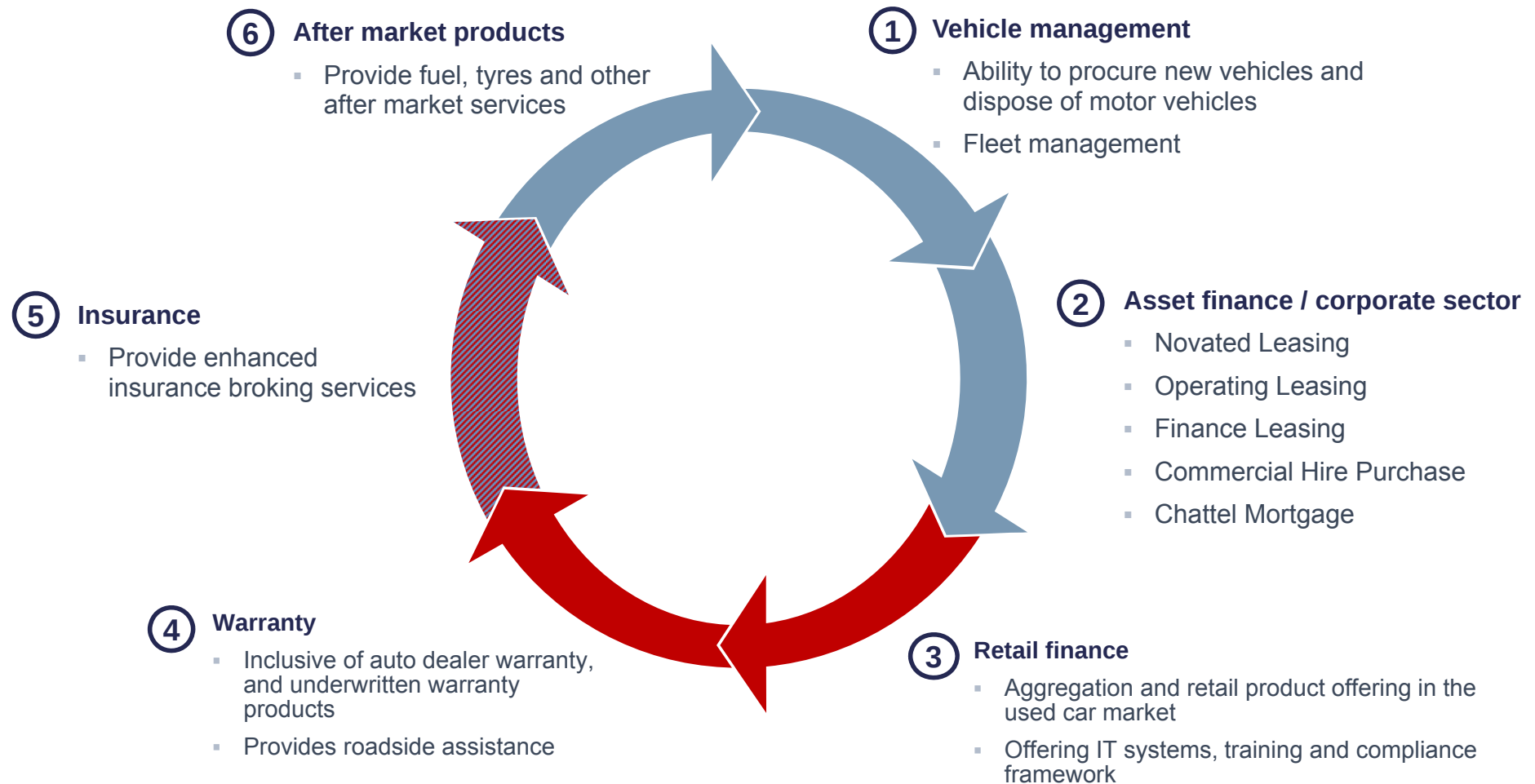
Complementary extensions to MMS motor vehicle franchise

- Presidian provides MMS the following:
 - An established consumer finance platform
 - Finance broking capability for product extension into other asset categories such as trucks, boats, other leisure assets, etc.
 - A market leadership position in the niche 'Warranty' segment
 - Platform for further industry consolidation
 - Expansion opportunities in commercial finance
- Access to Presidian dealer network (2,500) providing opportunity to leverage MMS' scale and product offering in the auto segment

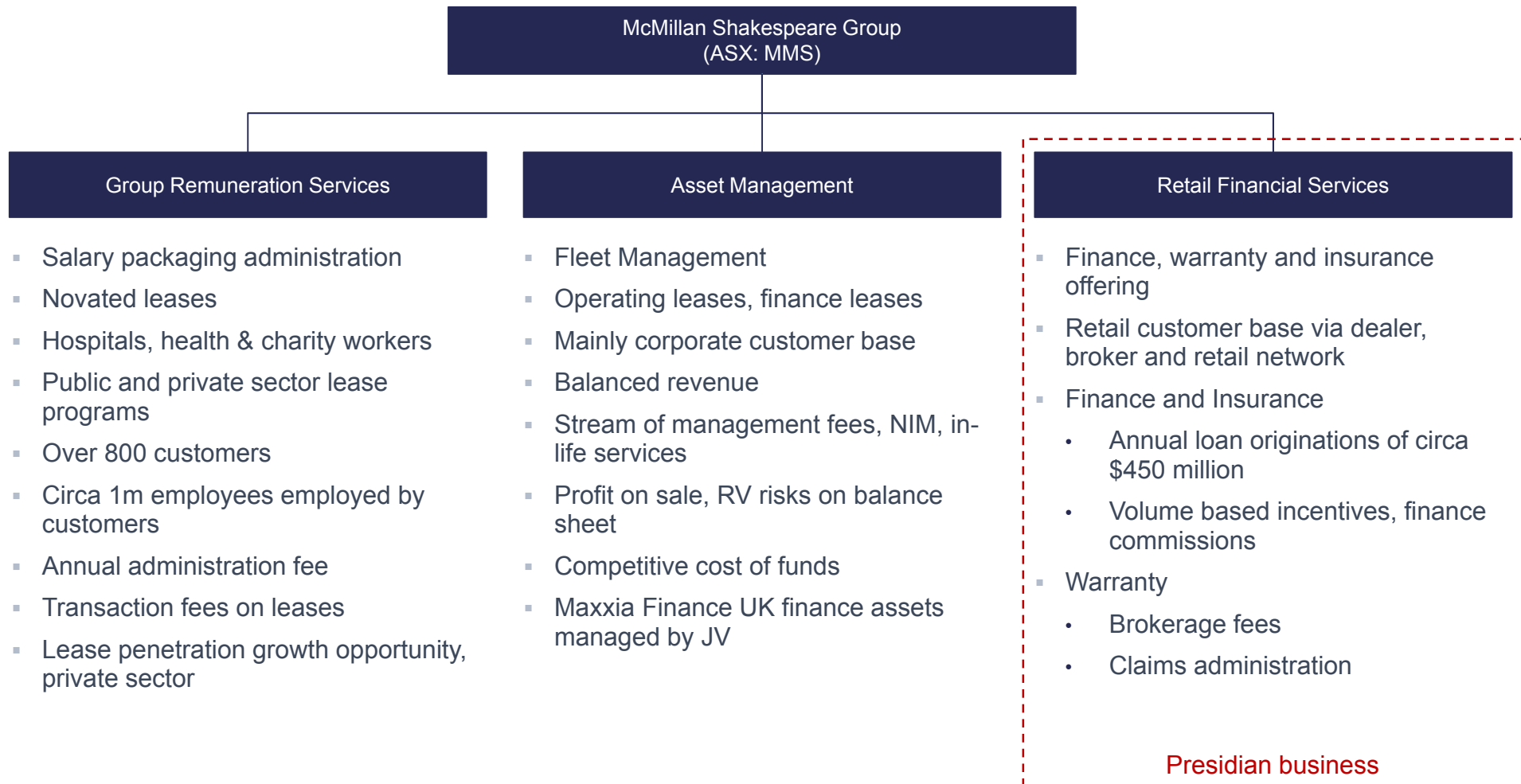
Combination benefits

- Scale benefits with combined consumer loan book in excess of \$1.0 billion per annum
- Cross selling opportunities across both organisations
 - Vertically integrating Presidian consumer finance offering with existing MMS customers
 - Extending expert vehicle disposal services to Presidian customers

Extension of existing virtual car dealership model



Business model



4. Summary

Summary

Sources & uses

Sources (\$m)		Uses (\$m)	
Proceeds from the issue of MMS shares	46.0	Payment in the form of MMS shares	46.0
Surplus cash / corporate debt facilities	71.0	Payment in the form of cash	69.0
		Estimated transaction costs	2.0
Total Sources	117.0	Total Uses	117.0

Funding structure

- \$115.0 million acquisition price
 - 40% MMS scrip
 - Priced by reference to the 30-day volume weighted average price (VWAP) one day prior to announcement of the transaction (\$10.7346 per share = 4,285,192 shares)
 - 60% cash
- Scrip held in escrow for up to 24 months¹
- MMS will utilise blend of surplus cash on Balance Sheet, and existing debt facilities to fund the 60% cash component

Key transaction features

- Suitable employment agreements entered into with key employees
- Long term arrangements entered into with key third party suppliers (IT, Insurance)
- Well provisioned Balance Sheet at completion to manage existing Warranty policies
- Targeting completion by 27 February subject to satisfaction of customary closing conditions
- EPS accretive based on a pro forma FY2015 basis²

1. Escrow shares to be released per the following schedule: 25% released 6 months after completion, 25% released 12 months after completion, and the balance (50%) released 24 months after completion
 2. Pro forma FY2015 EPS accretion based on annualised first-half trading performance of both MMS and Presidian, and transaction funding structure



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