

McMillanShakespeareGroup

ASX ANNOUNCEMENT

COVID-19: Further Market Update

McMillan Shakespeare Limited (ASX: MMS) continues to actively manage the impact of COVID-19 containment measures with the health and safety of the Company's employees and delivering services to our customers our most important priorities.

MMS has moved quickly to enable most employees to work remotely whilst maintaining a high level of service to customers, particularly across the recent FBT year end. The Company currently has approximately 90% of employees working remotely and, with further enhancements to our digital platforms and telephony system being implemented shortly, will be moving to 100% remote capability in the coming days.

A summary of recent activity in each of our business units is as follows:

- Notwithstanding the Company's large customer base in the health, public and emergency service sectors, inquiry levels for new novated leases has continued to decline since our last market update;
- Salary packaging activity remains unchanged and may well increase with recent announcements by various State Government's increasing the size of their health workforces;
- New asset financing in the Australian and New Zealand asset management business has declined and the focus is on extending maturing lease contracts and working with customers who have been severely impacted by COVID-19 to restructure their lease arrangements;
- The UK asset management business has responded to the lock down by furloughing non-essential staff and reducing salary and other costs;
- RFS aggregation and risk businesses have been significantly impacted by the lower volume of finance originations and a continuing decline in the number of car sales; and
- Plan Partners has not experienced any disruption to date and continues to add new clients and provide an uninterrupted service to existing clients.

The Board and management are focused on the sustainability and financial health of the Company for the longer term, and are working to maintain the business where possible, protect its long term future and to put affected business units in a position to stand back up as quickly as possible when circumstances permit, by retaining our talented workforce.

Effective from 13 April 2020, the Company will temporarily move into a partial or full stand down of the workforce in most parts of the business where there has been or is likely to be a material change in workload. We will be matching our workforce to the activity in each of our business units and to support our customers.

MMS is further responding to the current environment by reducing all non-essential operating and capital expenditure. As part of these cost reduction measures, the Board, Managing Director and all Group Executives have elected to reduce their remuneration by approximately 35% collectively.

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As per the announcement on 19 March 2020, MMS has withdrawn earnings guidance for FY20. Furthermore, given the current uncertainty, MMS does not consider any earnings forecasts in analyst reports in relation to MMS to be reliable in the present circumstances.

This announcement was authorised for release by the MMS Board.

For more information please contact:

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