

SCOTTISH PACIFIC REPORTS STRONG FY17 RESULT
ORGANIC LOAN GROWTH OF 11.3%, WITH MARGINS MAINTAINED

FY17 Highlights (vs FY16)

- Net Revenue of \$100.4m, up 8.2%
- PBIT of \$41.7m, up 24.4%
- NPAT of \$25.3m, up 21.1%
- NPATA of \$29.4m, up 27.2%
- Underlying EPS of 18.2cps, up 20.8%
- Final dividend of 8.5cps, fully franked, payable 22 September 2017

Scottish Pacific Group Limited (ASX: SCO) is pleased to announce its FY17 financial results for the 12-month period ended 30 June 2017, which saw organic loan book growth of 11.3% and margins maintained.

Overview

Continued momentum in client volume growth, particularly in invoice turnover and exposure with the core debtor finance business, along with strict operational management, has driven increases in the Company's key financial metrics. Scottish Pacific has reported FY17 PBIT of \$41.7m, NPAT of \$25.3m and NPATA of \$29.4m. Scale benefits and synergies drove an increase in the PBIT margin to 41.5%, up from the Pro-Forma FY16 figure of 36.1%.

The Company achieved Net Revenue of \$100.4m, up 8.2% on FY16. This increase reflects the first full year contribution of the acquired Bibby, GE and Suncorp client portfolios and was driven by a strong second half FY17. The results for FY17 substantially achieved guidance and importantly FY18 starts with a loan book volume, well up on last year.

Increasing average client size contributed to growth, with Average Exposure \$871m in June 2017, up from \$633m in June 2016. In addition, new business enquiries jumped 70% on FY16 with increases from directly sourced new clients and bank referrals.

The Company's debtor finance loan book grew at 11.3% in FY17, whilst maintaining margins and conservative risk parameters. Investment in additional credit staff and systems, as well as recoveries of specific bad debts, reduced bad debt and doubtful debt expense to 0.13% of Average Exposure, down from 0.43% in FY16.

Scottish Pacific's Board is pleased to declare a final, fully franked, dividend of 8.5 cents per share, bringing the total payout for FY17 to 16.5 cents per share and representing a payout ratio of 78.2% of NPATA (upper end of SCO's 60-80% target). The capital light model enables the company to support a high dividend payout whilst continuing to significantly grow its loan book.

Scottish Pacific CEO, Peter Langham said “With a back drop of integrating four portfolios, I am proud of our staff who successfully drove strong organic growth, whilst maintaining margins and keeping bad and doubtful debts low. The results, especially in our established debtor finance area, confirm that there is always a need for increased working capital and our SME clients are under serviced by traditional bank facilities. Ours is a relationship business, dealing directly with business owners and our purpose is to support their financial needs, through making access to working capital fair and flexible”.

Trading Update and Outlook

Scottish Pacific will continue enacting on its growth initiatives, including increasing new business enquiries and growing the direct origination capabilities of the business. The Company will continue to invest in its Online New Business Portal to capture new audiences and drive additional volumes.

Now that the acquisitions of 2016 have been integrated, new product innovation is expected to be an important driver of business growth as Scottish Pacific continues to establish itself as the market leading working capital business finance provider. Scottish Pacific aims to increase penetration of its Selective Invoice Finance, Bad Debt Protection and Progress Claims Finance products.

“Trading in the year to date has seen a continuation of the momentum achieved in the second half of FY17 with the loan book up 14% year on year as at 31 July 2017. We expect to achieve high single digit PBIT growth in FY18 even as we continue to make investments in our capabilities and new product development.

“We will be introducing more lending products to existing and new clients, as we capitalise on our scale, brand, access to funding and numerous distribution channels”, says Mr Langham.

-Ends-

Conference Call

Peter Langham (CEO) and Chris Hedge (CFO) will host a conference call today at 11am AEST.

To join the call, dial: 1800 908 299 (Toll Free) or +61 2 9007 8048 (Australia Local) and quote conference ID 844 998.

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