6th April 2018

Expanded $120m Facility with Substantial Interest Savings

Highlights

- Expanded existing Institutional Funding Facility from $40m to $120m
- New Facility will be used in part to retire 8%, $40m FIIG Corporate Bond #2
- Significant reduction in the average cost of debt
- An improved capital structure positions CML Group for ongoing growth

CML Group Limited (ASX:CGR) ("CML" or the "Company) is pleased to announce that it has successfully negotiated an extension and improved terms to its existing Institutional Funding Facility ("Facility"), first announced on the **24th of March 2017.** The improvements in the terms of the Facility include:

- An increase in the size of the Facility from $40m to $120m on a revolving 12-month term
- A reduction in capital support requirements by 5%

The Original $40m Facility was fully drawn following the recent Thorn Debtor Finance ("TDF") acquisition. The Expanded Facility will allow CML to repay the $40m FIIG Corporate Bond #2 ("CB2") and leaves ~$40m of headroom to support continued organic growth.

With the increased Facility, replacement of CB2 and conversion of the Convertible Notes during this financial year, CMLs cost of debt has been substantially reduced:

- **Recurring annual pre-tax interest saving,** commencing from FY'19 and compared to FY'18, on like for like business volume, will be in excess of $2.5m. This cost saving incorporates lower interest on the replacement of CB2 with the Facility, interest cost saving on conversion of Convertible Notes to equity in October 2017, plus a more efficient Facility structure requiring less interest-bearing cash to be held in reserve.
- **Incremental business volume,** including the recent acquisition of TDF and organic growth, will further leverage the cost benefit of the Facility, with average cost of debt across the expanded business expected to reduce by ~300bps in FY'19 compared to FY'18.
- **Debt funding headroom** has increased by ~$40m, after repayment of CB2.

The early buy back of the CB2 will result in a one-off write-down of unamortised costs of $1.07m and a penalty for early repayment of $1.6m.

Outlook

In relation to the substantial changes over the last 9-months and outlook, CML Managing Director, Daniel Riley, commented:

"We are delighted with the substantial improvement in the Company's capital structure. The use of the

Facility is expected to drive profit margins upward and increase CMLs competitiveness in the debtor finance market. The lower capital support requirements and shorter drawdown periods of the Facility will allow the Company to pursue organic growth more aggressively.

The Company's integration of the recent acquisition of the TDF book is ahead of schedule and is exceeding initial expectations. In addition, with a substantially improved debt and equity position and the new equipment finance division now contributing to profit, 6 months ahead of schedule, the Company is well positioned for continued earnings growth. We will continue to seek improvements to existing funding structures, supporting continued margin improvement and sustain organic top-line growth.

All divisions are performing ahead of expectations and we are more than comfortable in re-affirming existing guidance of:

- ~$1.1bn in invoices purchased and ~$15.5m EBITDA in FY'18
- ~$1.5bn in invoices purchased and ~$19.5m EBITDA in FY'19"

Sincerely,

Daniel Riley
CEO

ABOUT CML GROUP

CML provides finance to SME businesses.

CML's primary service is 'factoring' or 'receivables finance'. Through the factoring facility CML provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customers (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. CML will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services include trade finance to assist clients finance purchases, as well as equipment finance to assist SME's with capital expenditure on items required to operate their business.