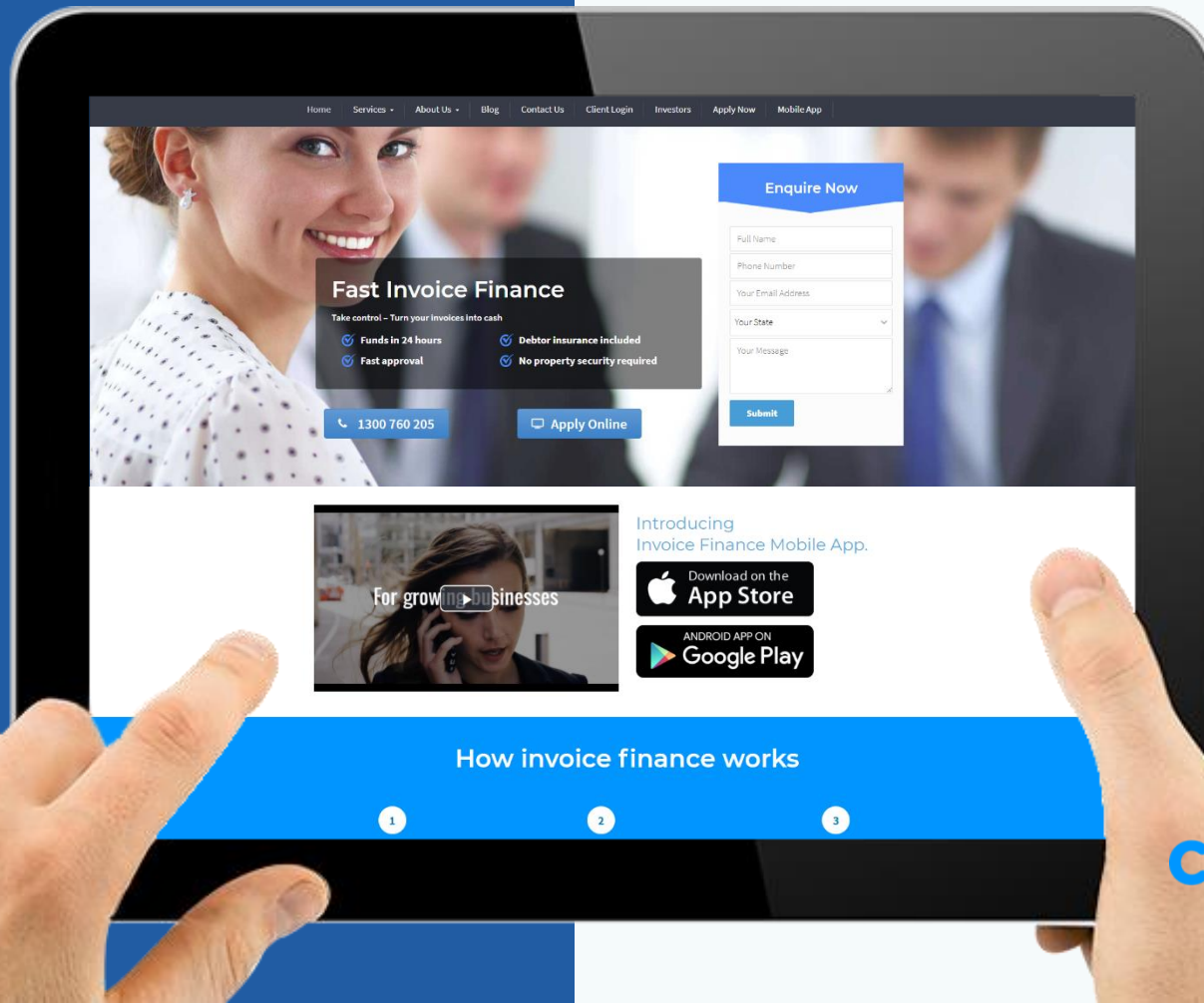


CML Group

FY'18 Results

CEO Daniel Riley
CFO Steve Shin



cashflow
finance

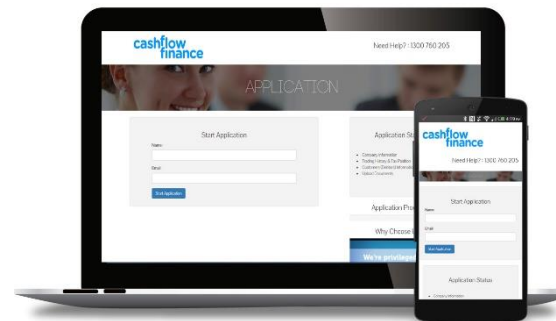
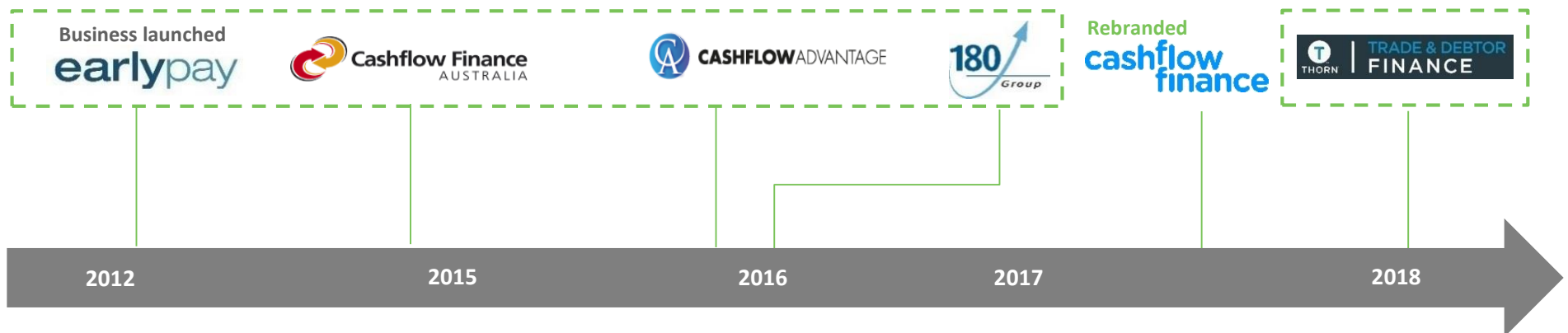


About CML

Operating under the name Cashflow Finance, CML's primary service is 'invoice factoring' or 'debtor 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 customer (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume.

- Following strong organic growth and the acquisition of four competitors, CML is the clear number two non-bank invoice factoring business in Australia.
- Invoice turnover for FY'18 exceeded \$1.3 Billion, representing +15% market share.
- CML employs an experienced team of ~70 people across Brisbane, Sydney, Perth, Adelaide and Melbourne, now holding a truly national footprint.



Executive Summary



+33%

**Invoices
Funded**



+32%

**Finance
Revenue
Growth**



+34%

**Group EBITDA
Growth¹**



+71%

**Group NPATA
Growth²**



+31%

**Underlying
EPS Growth³**



0.75c

**Final
Dividend**

FY'18 Results

- Continued organic growth in invoice financing, plus successful Thorn Debtor Finance ("TDF") acquisition delivers record profit
- Equipment Finance EBITDA contribution of \$0.3m in first year of operation

FY'19 Outlook

- CML provides FY'19 guidance of:
 - Improvement of 15 - 20% on Underlying EBITDA, i.e. \$20m - \$21m, compared to previous guidance of \$19.5m
- Guidance based on:
 - 1) Organic growth
 - 2) Full-year contribution from TDF
 - 3) Improved earnings from Equipment Finance Division
 - 4) Includes new business establishment costs

¹Pre-tax impact of: penalty component for early redemption of Bond #2

²Post-tax impact of: penalty and interest component for early redemption of Bond #2 and early conversion to equity of Convertible Note

³Underlying EPS is based on Underlying NPATA

Capital Structure

Capital Structure (23rd of Aug '18)

Share Price	\$0.59
Shares on Issue (m)	201.0
Market Capitalisation (m)	\$117.6
NTA / Share (cents)	11.67c

Price & Volume Trading History



Share Register	Shareholding (m)	Shareholding (%)
J P Morgan Nominees	44.6	22%
National Nominees Ltd	34.9	17%
HSBC Custody Nominees Pty Ltd	14.0	7%
Greg Riley*	16.9	8%
Citicorp Nominees Pty Ltd	4.6	2%
BNP Paribas Nominees Pty Ltd	3.4	2%
VIP Executive Pty Ltd	3.2	2%
Daniel Riley*	3.2	2%
Aust Executor Trustees LTD	2.9	1%
Black Duck Holdings	2.0	1%
Top 10	129.4	64%
Top 50	157.2	78%

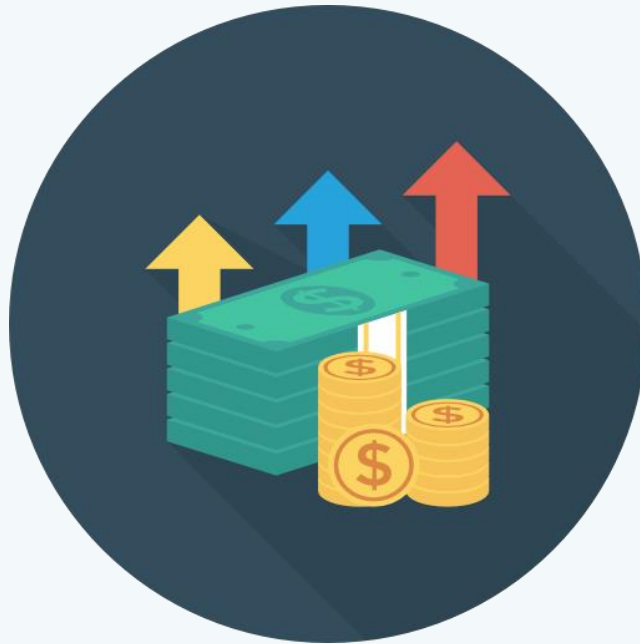
- **Institutions own +50%**

**Board Member*

Board		Shareholding (m)
Greg Riley	Non-Executive Chairman	16.9
Daniel Riley	MD & CEO	3.2
Sue Healy	NED	0.4
Geoff Sam	NED	1.5
Illka Tales	NED	Nil

- **Board own ~11%**

Consolidated Financials



Comprehensive Income Statement

Strong earnings improvement has continued, largely driven by growth within the Finance division

\$m	FY'17 A	FY'18 A	Δ pcp	Comments
Invoice Finance	26.0	34.4	32%	Revenue growth driven by increase in Invoices Purchased
Equipment Finance	-	1.0	n/m	Interest payments
Other & Corporate	14.0	11.3	-19%	Includes \$1.6m one-off loss on early Bond redemption (refer to Page-16)
Group Revenue	40.0	46.7	17%	
Invoice Finance	13.4	18.1	35%	FY'18 EBITDA Margin of 52.5% (51.5% against FY'17)
Equipment Finance	-	0.3	n/m	Positive FY'18 contribution
Other & Corporate	(0.3)	(0.8)	174%	Includes \$1.6m loss on early Bond redemption against \$0.9m profit contribution from Other
Group EBITDA (Underlying)	13.1	17.6	34%	
Non-recurring Expenses (Pre-tax)	-	(1.7) ¹		
Group EBITDA (Reported)	13.1	15.9	21%	
D&A	(0.2)	(0.2)	33%	
Net Interest	(7.9)	(9.6)	22%	
Tax	(1.3)	(1.9)	46%	
Underlying NPATA	3.8	6.5	71%	
Amortisation of Acquired Entities	(1.4)	(1.0)	-23%	
Non-recurring Expenses (Post-tax)	-	(2.3) ²	n/m	
NPAT Reported	2.5	3.2	30%	
EPS Underlying³	2.9	3.8	31%	
EPS Reported	1.9	1.9	0%	
DPS	1.25	1.50	20%	
Key Metrics				
Invoices Funded	1,001	1,328	33%	
GP Margin	2.60%	2.59%		
EBITDA Margin	51%	53%		

\$m	FY'17 A	FY'18 A
1 Pre-Tax Adjustments (\$m)		
Restructure of Funding Costs ¹	-	(1.6)
TDF Redundancy Expense	-	(0.1)
2 Post-Tax Adjustments (\$m)		
Restructure of Funding Costs ²	-	(2.2)
TDF Redundancy Expense	-	(0.1)

¹Pre-tax impact of: penalty component for early redemption of Bond #2

²Post-tax impact of: penalty and interest component for early redemption of Bond #2 and early conversion to equity of Convertible Note

³Underlying EPS is based on Underlying NPATA

Comprehensive Financial Position

Balance sheet positioned to fund organic loan book growth & development of new products

\$m	FY'17 A	FY'18 A	Comments	Key Metrics (\$m)
Cash	14.9	15.7	Cash available to lend	
Trade Receivables	130.2	214.1	Reflects Finance division Loan Book growth	
Finance Lease Receivables	-	2.3	EF Principal Receivables inside 12-months	
Other	2.2	2.3		
Current Assets	147.3	234.4		
Finance Lease Receivables	-	7.2	EF Principal Receivables outside 12-months	
Other	1.7	2.3		
Intangibles	12.5	16.7	Goodwill of CA, 180 & TDF acquisitions	
Non-Current Assets	14.2	26.2		
Total Assets	161.5	260.6		
Trade Payables	55.6	89.6		
Borrowings	14.3	84.3		
Other	2.0	2.2		
Current Liabilities	71.9	176.1		
Borrowings	73.0	44.2	\$9.6m of Borrowings relate to Equipment Finance Division	
Other	0.2	0.2		
Non-Current Liabilities	73.1	44.3		
Total Liabilities	145.0	220.4		
Net Equity	16.4	40.2	Improved position reflects conversion of con-note	

Finance Division	FY'17 A	FY'18 A
Trade Receivables	127.2	211.7
Funds Advanced	77.3	129.3
Average Funds in Use	61%	61%

Equipment Finance	FY'17 A	FY'18 A
Gross Receivables	-	13.8
Principal Component	-	9.6

Statement of Cash Flows

Cash flows reflect growth in loan book, driven by rising volume of Invoices Purchased & development of EF Division

\$m	FY'17 A	FY'18 A	Comments
Receipts from Customers	1038.1	1335.4	Both increase with growth in Invoices Purchased / Loan Book
Payments to Suppliers & Staff	(1041.6)	(1346.7)	
Net Finance Costs	(7.2)	(7.5)	Interest on debt funding
Income Tax	(0.2)	(2.3)	
Net Operating Activities	(10.8)	(21.1)	
Purchase of PP&E & IT	(0.3)	(0.2)	
Payment for Subsidiary	-	(2.8)	Acquisition of TDF
Other	1.8	-	
Net Investing Activities	1.5	(2.9)	
Net Proceeds from Issue of Shares	0.7	12.7	\$13m Institutional placement in Mar-18 (net of capital raising fees)
Net Borrowings	9.7	14.6	
Dividends Paid	(1.3)	(2.5)	20% increase in DPS on increased share volume
Net Financing Activities	9.0	24.8	
Cash at Beginning of Year	15.3	14.9	
Net Cash Movement	(0.4)	0.8	
Cash at end of Year	14.9	15.7	

Invoice Finance Division



Loan Book Analysis

GP and EBITDA Margins have continued to improve independent of dilutive impact of TDF Acquisition

\$m	FY'17 A	Existing Business	TDF Acquisition Contribution*	FY'18 A	Δ pcp
Invoices Purchased	1,001	1,171	157	1,328	33%
Revenue	26.0	31.3	3.1	34.4	32%
EBITDA	13.4			18.1	35%
Gross Margin	2.60%	2.67%	1.97%	2.59%	-0.01%
EBITDA Margin	51.5%			52.6%	+1.12%

+7bps GP Margin Improvement on existing book

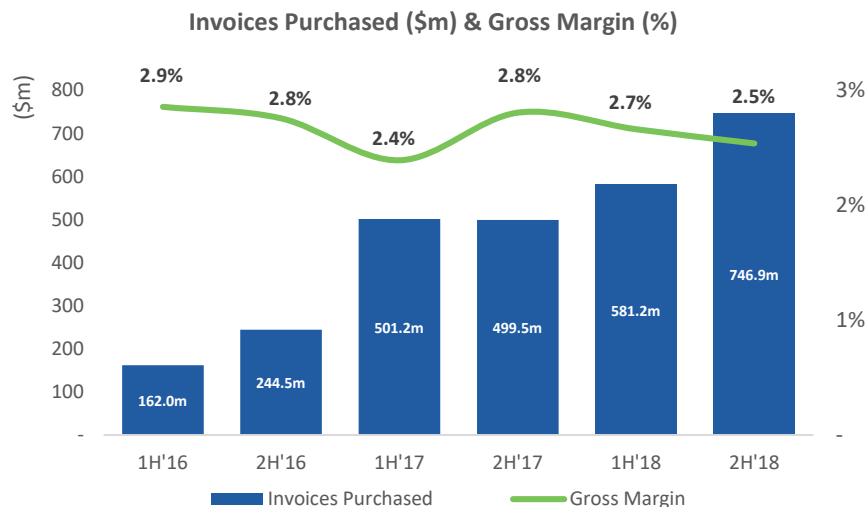
Dilutive impact of lower margin TDF Loan book on overall FY'18 GP Margin

Invoices Purchased & Loan Book	<ul style="list-style-type: none"> +17% organic growth in Invoices Purchased, supported by a further +16% inorganic growth through TDF acquisition Experienced sales team and successful digital marketing strategy driving acceleration of client acquisition
GP Margins	<ul style="list-style-type: none"> Increase on GP margin (+7bps) recorded within existing Loan book Lower Margin Thorn Book generated 1.97% GP Margin diluting overall FY'18 GP Margin by 1bps Opportunity to increase revenue from the Thorn book over the next 12-months through take-up of additional services now available to clients under CML's ownership
EBITDA Margins	<ul style="list-style-type: none"> EBITDA margins continue to improve as business gains scale and operational expenses are diluted TDF cost structure lower than anticipated which supported margins

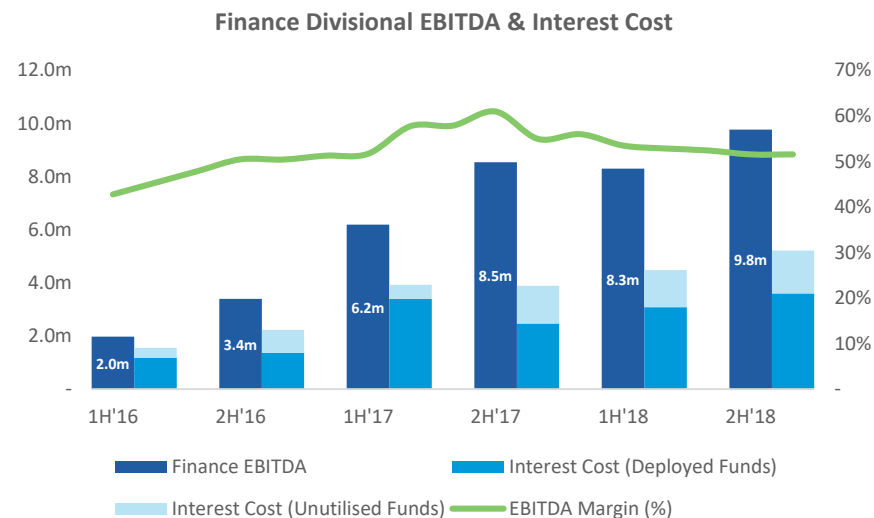
*4-Month contribution from Thorn Acquisition

Half-on-Half Analysis

Strong 2H'18 growth accelerated through acquisition of TDF



- Invoices Purchased grew organically, 17% on FY'17 reflecting a successful sales and marketing strategy
- Substantial step-up in 2H'18 volumes attributable to TDF acquisition
- 2H'18 Gross Margin softened as a result of lower margin contracts being blended with existing loan book through TDF Acquisition
- CML expects to improve margins in the medium term as it continues to win new business at historic margins and offer additional products and services to acquired clients



- Finance EBITDA totalled \$18.1m, with 2H'18 EBITDA totalling \$9.8m, further evidence of the benefit of organic and inorganic growth within the division
- Full-year EBITDA margin improved 110bps to 52.6%
- Interest costs to reduce through lower cost of funds, an increased equity base and improved funding structure, requiring less equity capital to be held in reserve
- Investment in development of direct channel during the period absorbed within costs

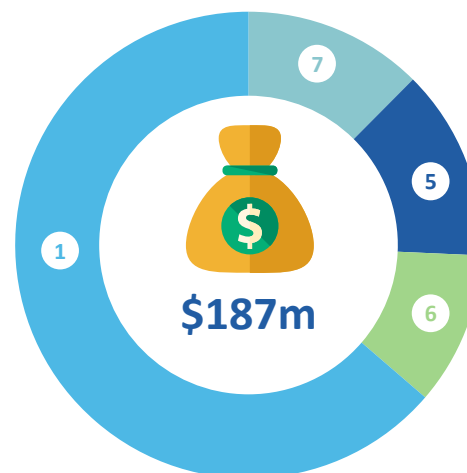
Funding

New funding structure delivers material reduction in cost of debt

- 1 Expansion of Institutional Funding Facility from \$40m to \$120m. This has resulted in:
 - 2 Retirement of \$25m FIIG Bond #2
 - 3 Retirement of \$15m FIIG Bond #2 Extension
 - 4 Retirement of \$10m Debenture
- 6 Raised \$20m unsecured corporate bond to fund Equipment Finance division. This has resulted in:
 - The changes to funding structures detailed above have reduced CML's average funding costs by ~3%
 - Recurring annual pre-tax interest savings in future years will be in excess of \$2.5m on like for like funding volumes with FY'18

Funding (\$m)	1H'18	FY'18	Cost	Issued
1 Wholesale Facility	\$40	\$120	Sub-5%	Mar '17
2 Corporate Bond #2	\$25	<i>Repaid</i>	8.00%	Mar '16
3 Corporate Bond #2 Extension	\$15	<i>Repaid</i>	8.00%	May '16
4 Debenture	\$10	<i>Repaid</i>	8.75%	Aug '17
5 Corporate Bond #1	\$25	\$25	BBSW + 5.4%	May '15
6 Equipment Finance Bond	-	\$20	7.95%	May '18
7 Equity	\$15	\$22	n/a	n/a
Total Funds Available	\$130m	\$187m		

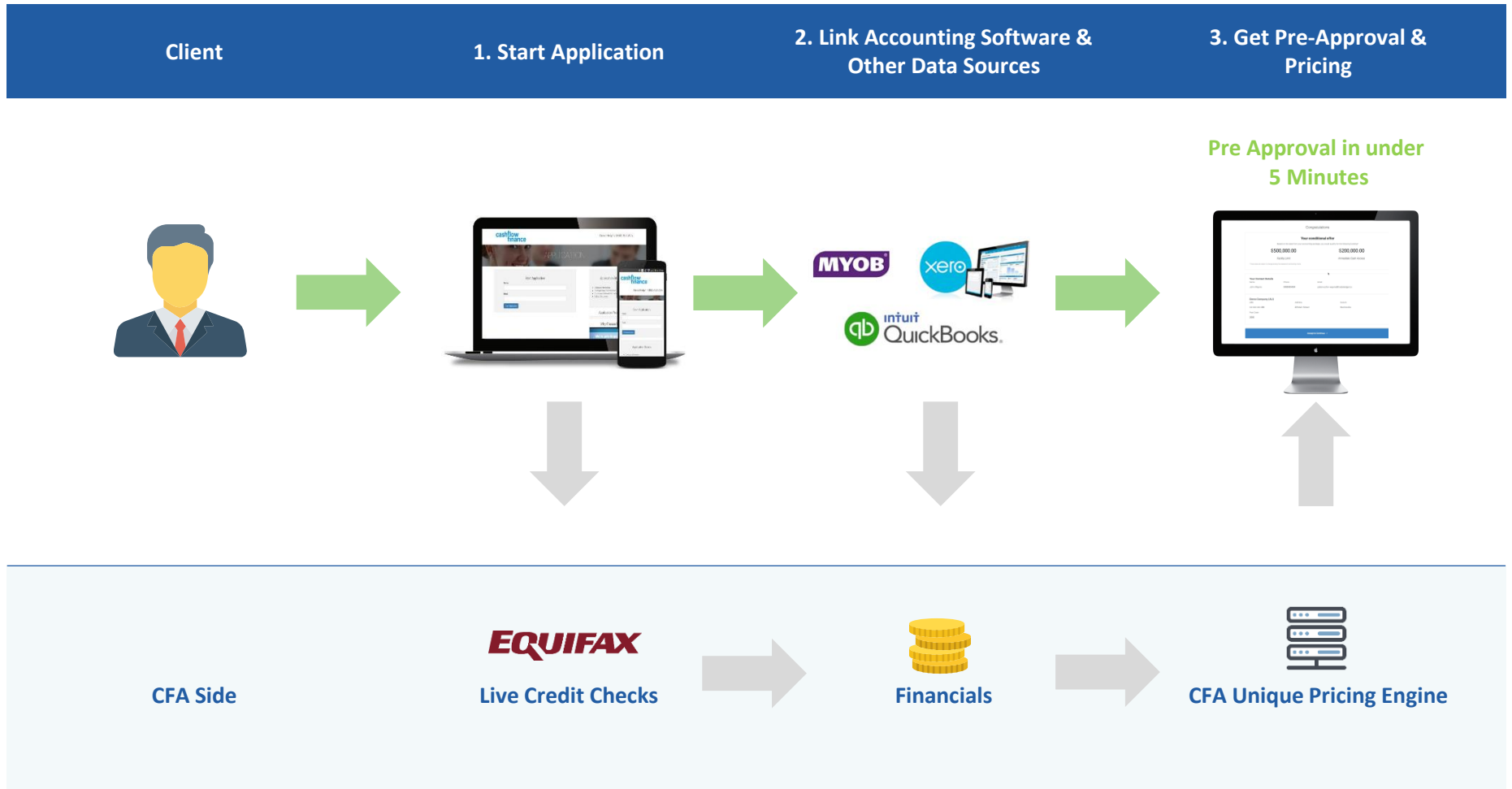
Funding Sources



Client Origination

CML's investment in new technology is driving client origination and organic growth

- 3-step Approval Process



Equipment Finance & Other Divisions

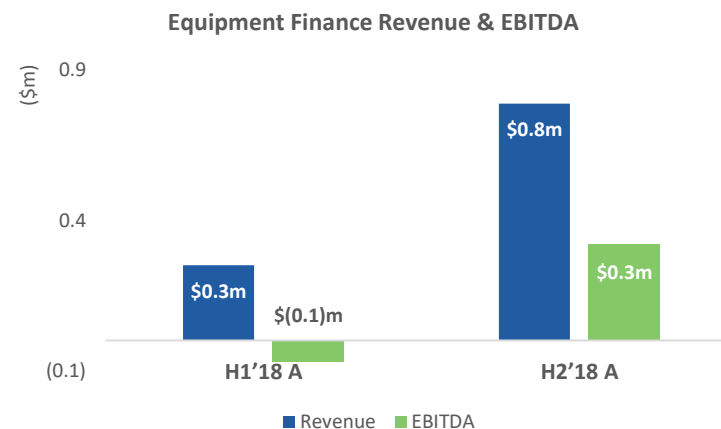
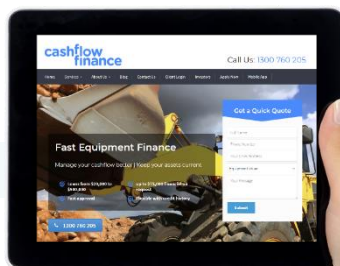


Equipment Finance Division

Positive EBITDA contribution with additional growth opportunities through cross-selling

- CML launched its equipment finance division in July 2017, operating as Cashflow Equipment Finance
- Loans range from \$20,000 to \$500,00 focussing primarily on funding second-hand transport and yellow goods
- The division settled ~100 transactions in the first 12-months, representing \$11.4m in settlements, generating gross receivables of \$16.4m
- Very good synergies with existing products, with 20% of Equipment Finance transactions settled in FY'18 also requiring Invoice Finance Services
- Potential exists to offer Equipment Finance to existing Invoice Finance clients
- Recruitment underway for additional credit managers to assess new submissions and increase business volume
- \$20m in funding secured through unsecured bond, increasable at quarterly intervals also secured

(\$m)	FY'18 A
Transactions	~100
Revenue	\$0.8m
Receivables	\$9.6m
EBITDA	\$0.3m



Equipment Finance Earnings Model (Year-1)

Cost	\$1000
Written Down Value	\$800
Assessed Value	\$600
Loan	\$500
Interest on loan balance (20%)	\$100
Cost of Funds (8%)	\$40
Margin	\$60

Other & Corporate Divisional Performance

CML completed the divestment of non-core Lester Associates business; other businesses remain profitable

\$m	FY'17 A	FY'18 A	Δ pcp
Other Revenue	14.0	12.9	-8%
Other EBITDA	1.3	0.9	-31%
<i>Other EBITDA Margin</i>	<i>9%</i>	<i>7%</i>	
Corporate EBITDA	(1.5)	(1.6)	6%

Corporate

- Marginal cost increase despite growth in business

Outlook

- Division to remain stable

Outlook



Outlook

Improvement of 15 - 20% on Underlying EBITDA, i.e. \$20m - \$21m, compared to previous guidance of \$19.5m



Increasing Business Volume

- Marketing and technology initiatives will continue to drive loan book growth, delivering more enquiries and higher conversion rates



Funding Costs

- Following the successful transition of funding during FY'18, CML's average funding costs have reduced by circa 3%. The recurring annual pre-tax interest savings in future years will be in excess of \$2.5m on like for like funding volumes with FY'18.



Equipment Finance

- New division is performing well-ahead of expectations, now contributing positively to earnings and anticipated to scale quickly throughout FY'19
- Continued benefit being observed through cross-selling opportunities with Finance Division



Guidance

- CML provides FY'19 guidance of:
 - Improvement of 15 - 20% on Underlying EBITDA, i.e. \$20m - \$21m, compared to previous guidance of \$19.5m

Appendix



Invoice Finance Revenue Model

CML is the clear number two non-bank invoice factoring business in Australia

There are 4 key drivers to Finance division:

1. Invoices Purchased

- The gross amount of cash flow against which CML provides working capital assistance
- CML will provide up to 80% in funds of the face value of an invoice
- The amount of Invoices Purchased and LVR drives the size of the Loan Book

2. Gross Margin

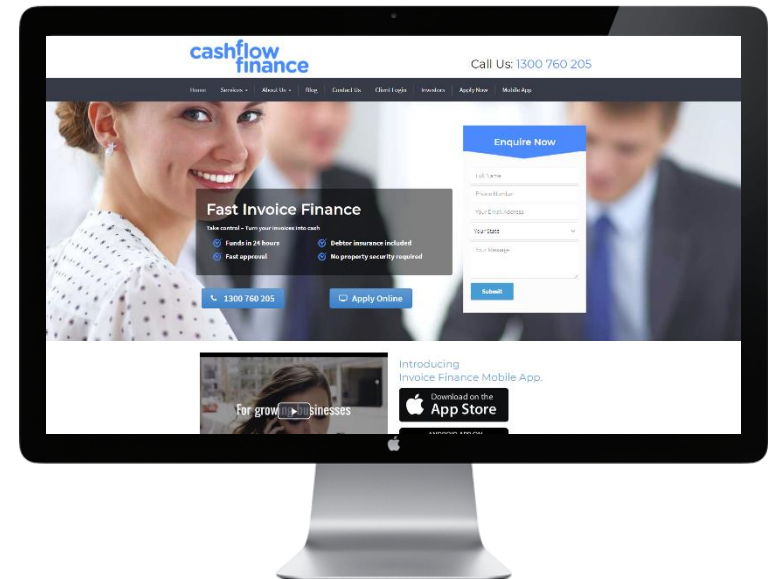
- The fees which CML generates for providing finance services; this is accounted as divisional Revenue

3. EBITDA Margin

- The costs of operating the Finance business

4. Interest Costs

- The costs of funds required to provide financing

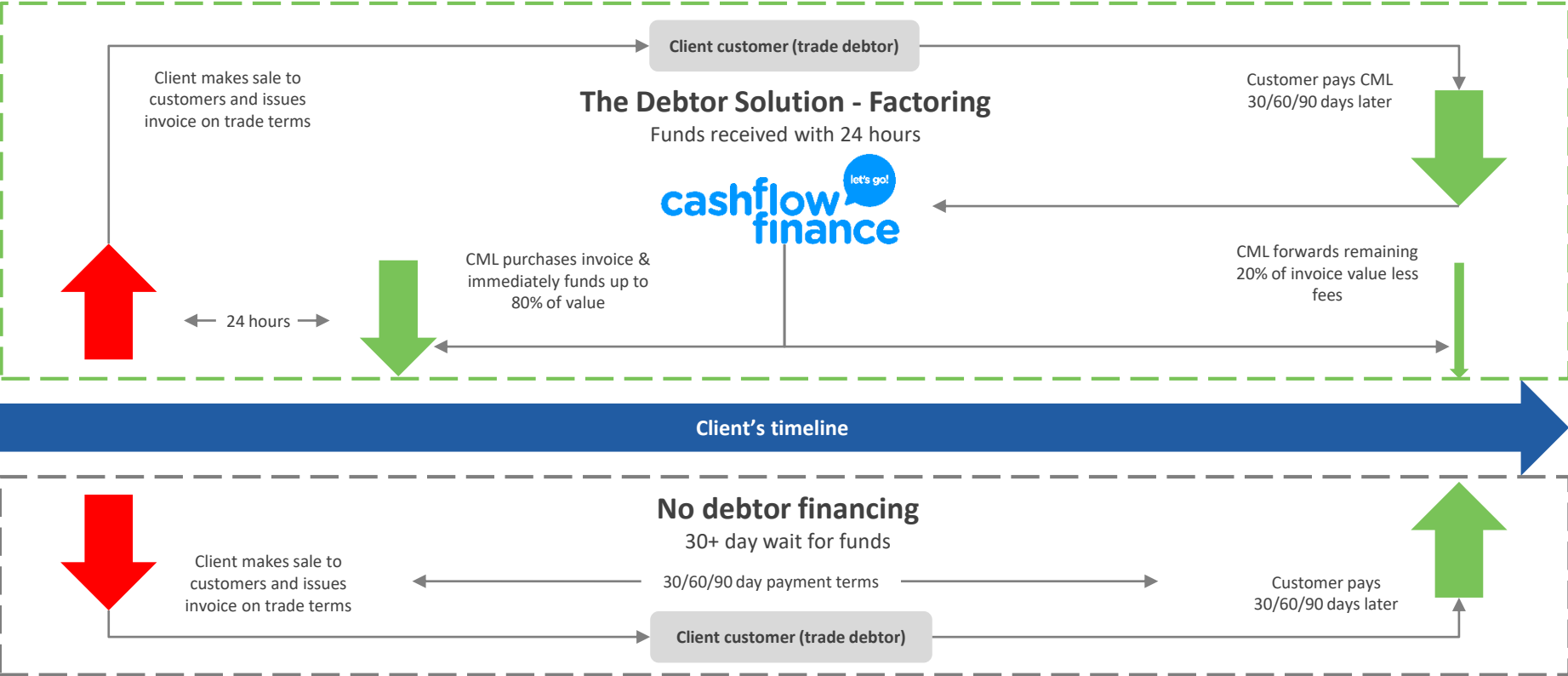


Finance Divisional Earnings Model

Invoices Purchased	\$100	
Revenue	\$2.6	Based on FY'18 Gross Margin
EBITDA	\$1.3	Targeting 50%+ EBITDA Margin
PBT	\$0.52	Targeting 20%+ PBT Margin

Debtor Financing

Debtor financing provides liquidity, bridging the gap between expense and invoice payment timing



Risk Mitigation

CML manages and mitigates its risk exposure with multiple mechanisms

Verification

- CML conducts extensive credit assessment and invoice quality approvals when taking on new clients, reviewing clients financial statements, ATO portal, VEDA searches
- CML maintains ongoing verification of its clients and debtors & has access to bank statements and ATO portal
- Each batch of new invoices submitted is subject to random verification
- CML will use an accounting or insolvency firm to report on sustainability of client's business if they breach performance metrics

Insurance

- CML takes out trade credit insurance coverage over its entire Loan Book to protect against defaults and bad debts of trade debtors
- Protects both CML and clients, with costs passed to client
- Funding provided against debtor invoices is limited to the maximum extent covered by insurance
- In the event of default, CML is able to recover funding provided, with balance remitted to client

Security & Recourse

- CML takes general security and first ranking over a client's invoices and unencumbered assets
 - Second ranking over encumbered assets (e.g. financed equipment)
- Trade debtor invoices are assigned to CML (CML owns and has legal claim to invoice proceeds)
- CML has recourse to all invoices submitted for funding, even if funding is denied due to debtor failing credit checks

- In the event of a bad debt or default, CML's fund recovery is as follows:

Insurance Mechanism	\$'000s
Total owing by defaulting debtor	100
Less standard \$5,000 excess	95
Insurance covers 90% of debtor, less excess	85
CML recovers funding provided (assumed typical 60% LVR)	60
Balance returned to client	25

Risk Mitigation

CML's credit risk exposure is against a highly diversified pool of 10,000+ trade debtors

Loan to Value Ratio (LVR)

- CML provides funding up to a maximum of 80% of invoice face value, with typical LVR being ~63%
- The value of assets backing the financing (invoices) will always be greater than funding provided

In-house Collection

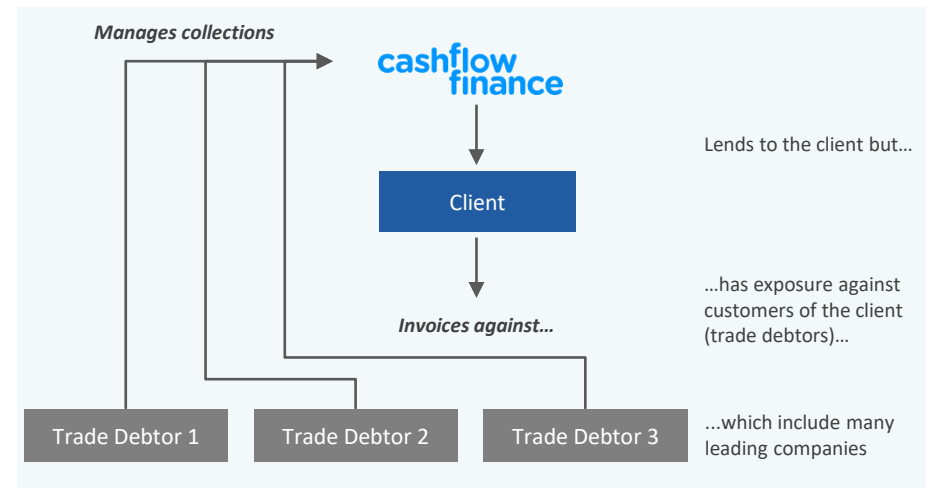
- Invoice financing is a disclosed and managed service, whereby CML takes ownership of invoices and is responsible for collection
- Responsibility for collections is controlled by CML and not by the client

Scale

- CML has significantly de-risked its business with growth the:
 - Loan book is now spread across a greater number of clients, debtors and industries
 - Maximum concentration to any one client has been lessened,
 - Team and experience has expanded

Diversification

- CML's credit risk exposure is not against the client, but against the trade debtor (i.e. customers of the finance client)
- Whilst CML has a portfolio of 472 clients, the number of trade debtors is highly diversified against 10,000+ trade debtors
 - This pool of trade debtors are highly diversified and include many leading companies



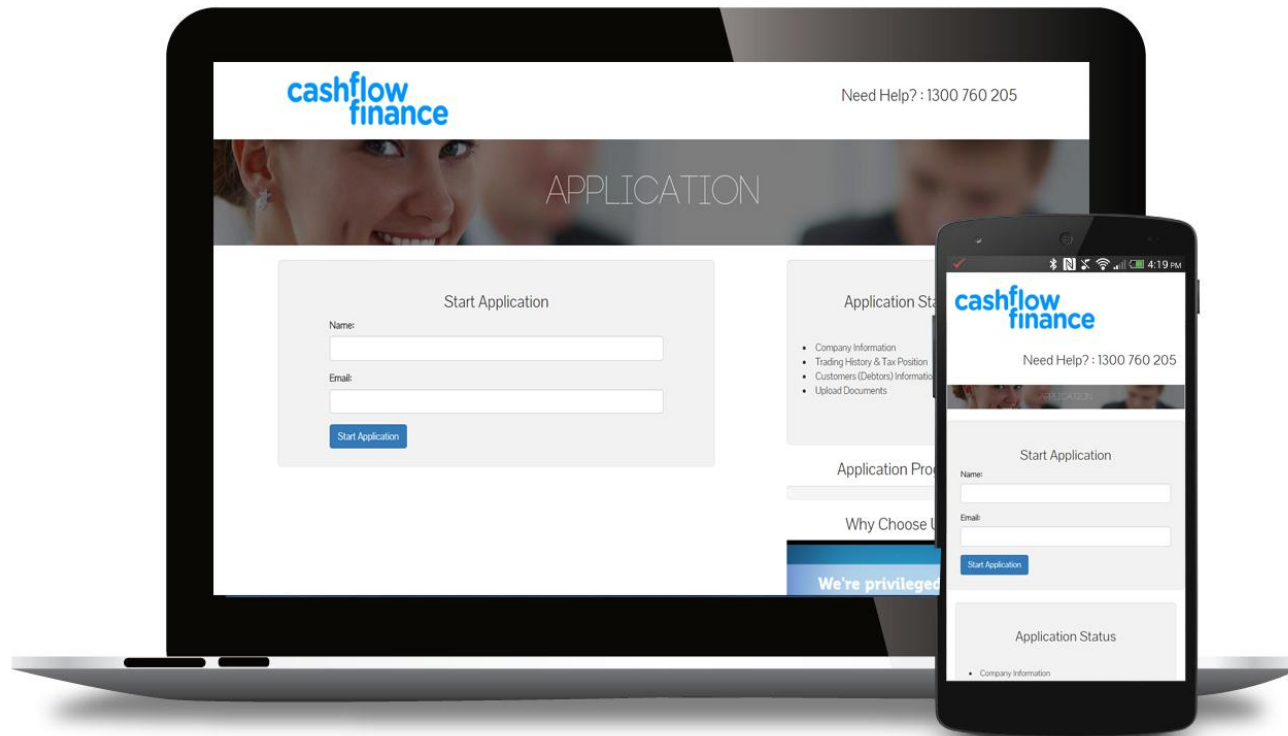
Pool of 10,000+ trade debtors including:



Online Application

cashflow
finance

- Apply Online for Invoice Finance
- Complete in less than 5 minutes
- Mobile optimised application
- Same day offer letters



Disclaimer

The information presented herein contains predictions, estimates and other forward looking statements that are subject to risk factors that are associated with the human resource management sector. The persons involved in or responsible for the production and publication of this report believe that the information herein has been obtained from reliable sources and that any estimates, opinions conclusions or recommendations are reasonably held at the time of compilation.

Although CML Group believes that its expectations are based on reasonable assumptions, it can give no assurances that its goals will be achieved.

Important factors that could cause results to differ materially from those included in the forward-looking statements include timing and extent of changes in the employment cycle, government regulation, changes to the number of preferred supplier agreements, reduction in franchise partner numbers and the ability of CML Group to meet its stated goals.

The purpose of this presentation is to provide background information to assist in obtaining a general understanding of CML Group's proposals and objectives. This presentation is not to be considered as a recommendation by CML Group or any of its subsidiaries, directors, officers, affiliates, associates or representatives that any person invest in its securities. It does not take into account the investment objectives, financial situation and particular needs of each potential investor. If you are unclear in relation to any matter or you have any questions, you should seek advice from an accountant or financial adviser.

CML Group

