

ASX Announcement

28 August 2018

## **SCOTTISH PACIFIC DELIVERS STRONG GROWTH WITH PBIT UP 14.1%**

### **FY18 Highlights (vs FY17)**

- PBIT of \$47.6m, up 14.1%
- Net Revenue of \$108.6m, up 8.2%
- NPAT of \$29.7m, up 17.4%
- NPATA of \$33.8m, up 15.0%
- EPS of 24.2 cps, up 15.0%
- Final dividend of 10.0cps fully franked, Full year dividend of 19.0cps, representing payout ratio of 78.5% Pro-Forma NPATA

Scottish Pacific Group Limited (ASX: SCO) is pleased to announce its FY18 financial results for the 12-month period ended 30 June 2018, which saw Profit before Interest and Tax of \$47.6m, up 14.1% compared to FY17.

### **Overview**

Growing customers, complemented by operating efficiencies and solid cost controls across the business has resulted in Scottish Pacific's NPAT growing 17.4% to \$29.7m and Net Revenue growing 8.2% to \$108.6m. NPATA is up 15.0% to \$33.8m.

Strong growth from the core Debtor Finance was supported by growing customers expanding their facilities with Scottish Pacific. Average exposure over the year is up 15% to \$998m and Turnover is up 13.2% to \$17.5 billion.

Specialised Finance Net Revenue grew by 13.9% and continues to help win and retain Debtor Finance clients. During FY18, a focus on client service and the ability to offer more than just Debtor Finance has resulted in 13% of Debtor Finance clients now having at least one other product.

Contributing to Company earnings was a lower cost to income ratio, which decreased to 50.2%, from a like for like 52.1% in FY17, due to operating efficiencies across the business. Bad and Doubtful Debts have continued their downward trend as the business benefits from the investments into credit risk resources. The results also include a one-time \$1.1m benefit from a reduction in collective provisioning coverage to 30 basis points.

Scottish Pacific's Board is pleased to declare a final, fully franked, dividend of 10.0 cents per share bringing the total payout for FY18 to 19.0 cents per share and representing a payout ratio of 78.5% of Pro-Forma NPATA (at the upper end of SCO's 60-80% target).

**Commenting on the results, Chief Executive Officer, Peter Langham** said, "We are pleased to have delivered a strong result for FY18, reporting Profit before Interest and Tax growth of

14.1% to \$47.6m. With our customers growing on average at three times the rate of GDP, their growth is our growth, with many continuing to expand their facilities with us to support their growing businesses.

We are pleased to see the results of our investments in operations, and towards efficiencies, beginning to flow through, contributing to a reduction in Scottish Pacific's cost to income ratio and strengthening the earnings profile of the business."

### **Trading Update and Outlook**

In FY19, Scottish Pacific is guiding to low double digit profit growth as measured by NPATA.

The Company is expanding its offering to a broader target market, with a focus on new products, such as Asset Finance, complementing the core Debtor Finance offering. The capability to provide facilities secured against assets other than just receivables will see new sources of income developed, particularly from FY19 onwards.

Scottish Pacific will continue to exercise strong control over expenses while ensuring it is still investing for the future. Targeted areas of investment include our people and the adoption of new technology that will further streamline our processes, making it easier to on-board and manage our customers.

Net Revenue growth in FY19 is expected to improve on FY18, driven by a good start with July 18 client exposures and July 18 Net Revenue exceeding the FY18 growth rates. This is in addition to a solid pipeline of new business, momentum in Selective Invoice Finance, Bad Debt Protection and Trade Finance; and a pick-up in Progress Claim Finance.

-Ends-

### **Conference Call**

Peter Langham (CEO) and David Rose (CFO) will host a conference call today at 10.30am AEST.

To join the call, dial: 1800 267 430 (Toll Free) or +61 2 9008 9006 (Australia Local) and quote conference ID 364 555

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