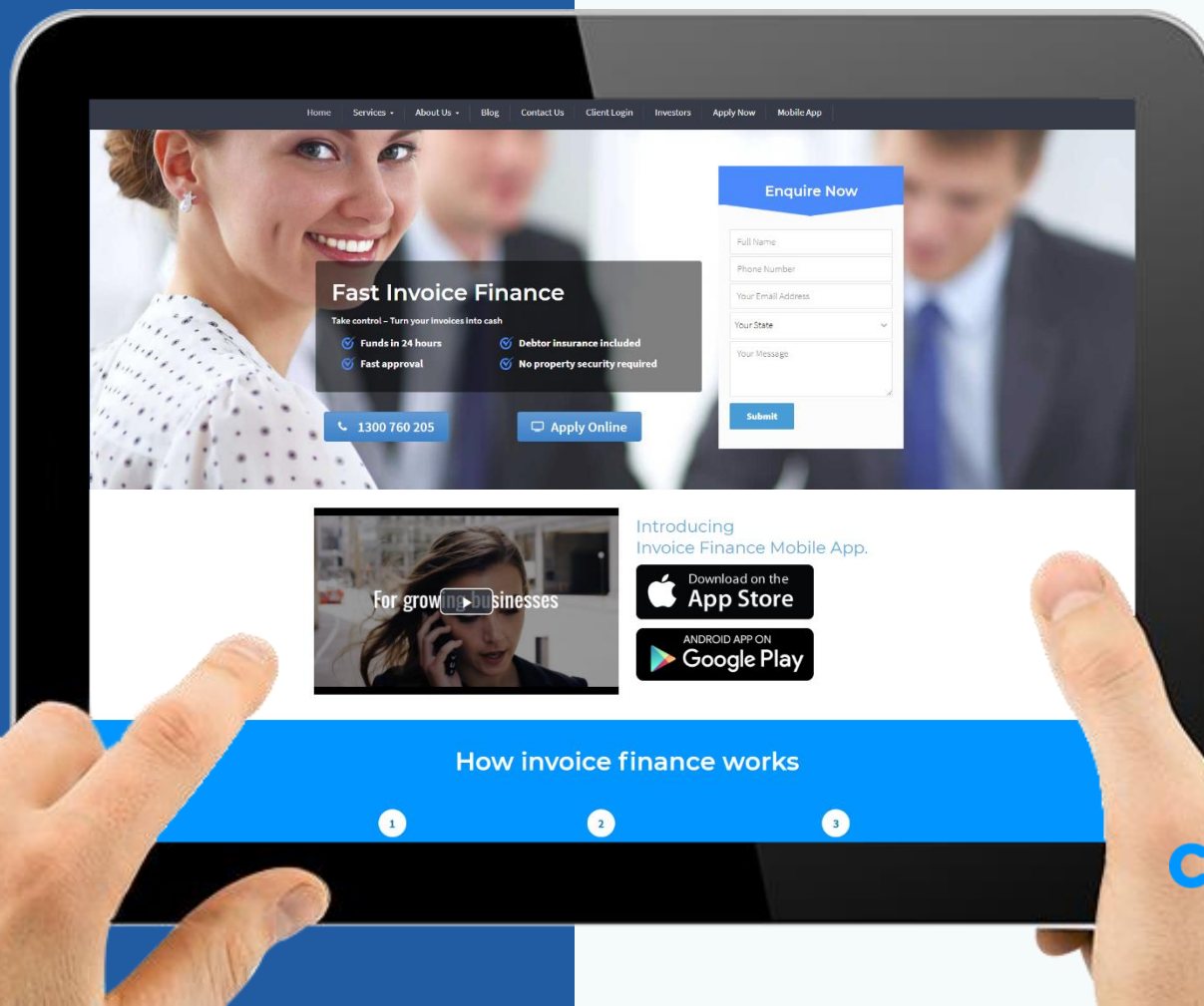


CML Group

FY'19 Results

CEO Daniel Riley
CFO Steve Shin

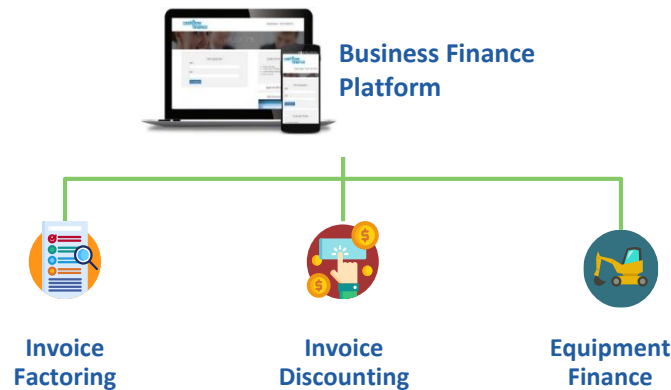


cashflow
finance



About CML

A provider of Business Finance solutions, offering Invoice Finance and Equipment Finance, operating under the name Cashflow Finance



Capital Structure (21st August 2019)

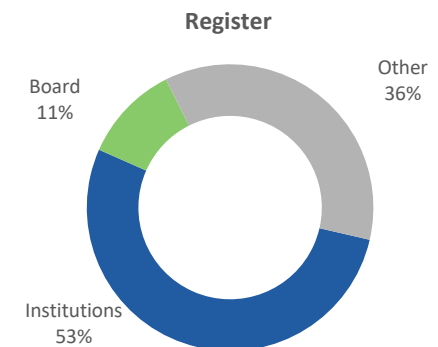
Share Price	\$0.44
Shares on Issue (m)	201.4
Market Capitalisation (m)	\$88.6
NTA / Share (cents)	14.5c

About CML

CML employs an experienced team of ~80 people and services clients nationally from offices in Brisbane, Sydney, Melbourne and Perth.

Operating under the name Cashflow Finance, CML provides the following services:

- **Invoice Factoring:** CML provides an advance payment of up to 80% of a client's invoice as a flexible line of credit that is utilised in line with sales volume. This service typically includes a receivables management service and is targeted at smaller clients.
- **Invoice Discounting:** Similar to Invoice Factoring, CML provides an advance payment of up to 80% of a client's receivables ledger. Under Invoice Discounting, the client typically manages their receivables function and this service is targeted at larger clients.
- **Equipment Finance:** Loans range from \$20,000 to \$500,000 focussing primarily on funding second-hand transport and yellow goods with a strong resale market. All equipment is independently valued and CML lends against the price expected if the equipment was to be sold via auction.



FY'19 Highlights

Results driven by increasing volume across all lending products



+11%

Finance
Revenue
Growth



+16%

Group EBITDA
Growth



+46%

Group NPATA
Growth



+25%

Underlying EPS
Growth¹



+60%

Full Year
Dividend
Growth



+30%

Reduction in
Average Cost of
Funding

FY'19 Results

Operational Highlights

- Continued strong performance in core Factoring business, facilitating investment into business expansion initiatives
- Commencement of expansion into Invoice Discounting, targeting larger clients and expanding CML's addressable market
- Equipment Finance volumes growing while helping CML to win and retain clients
- Sales and marketing initiatives introduced in 2H'19 demonstrating early traction and providing strong momentum into FY'20

Funding Costs

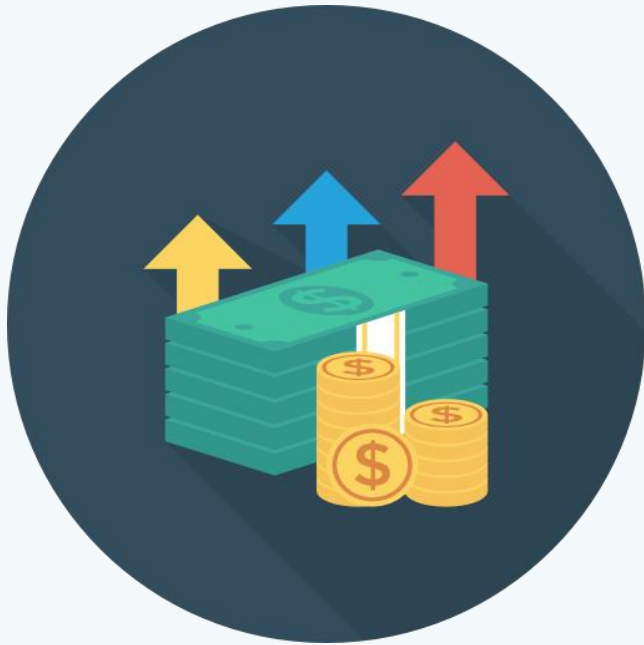
- Material reduction in funding costs, allowing CML to compete on similar terms with leading non-bank competitors

Outlook

- Continued investment into human resources, product development and process improvements, positioning CML to build market share and facilitate growth in business volumes in FY'20 and beyond

¹FY'19 Underlying EPS is based on NPATA, which excludes \$1.1m non-cash Amortisation of Acquired Entities

Financials



Operating scale has improved EBITDA margins and combined with reducing funding costs is facilitating material Net Profit growth

Comprehensive Income Statement

Earnings improvement has continued, driven by growth within the Finance division, new products & improved funding structure

\$m	FY'18 A	FY'19 A	Δ pcp	Comments
Invoice Finance	34.4	35.8	4%	Revenue growth driven by increase in Invoices Purchased
Equipment Finance	1.0	3.4	226%	Interest income is increasing monthly as Equipment Finance enters its third year of operation
Other & Corporate	11.3	8.5	-24%	Reduced revenue reflects exit of marginally profitable contracts from historic recruitment services business
Group Revenue	46.7	47.7	2%	
Invoice Finance	18.1	19.4	7%	Scale is driving improved EBITDA margin despite ~\$0.7m establishment cost in development of ID product
Equipment Finance	0.3	1.6	538%	EBITDA margin is improving as this division matures. FY'19 EBITDA Margin of 47% (30% in FY'18)
Other & Corporate	(0.8)	(0.6)	-1%	
Group EBITDA (Underlying)	17.6	20.4	16%	
Non-recurring Expenses (Pre-tax)	(1.7)	-		Relates primarily to costs of early redemption of Bonds in May'18, to facilitate transition into lower cost funding
Group EBITDA (Reported)	15.9	20.4	28%	
D&A	(0.3)	(0.3)	8%	
Net Interest	(9.6)	(7.1)	-26%	Warehouse funding arrangements are driving reduction in net interest, on significantly higher business volume
Tax	(1.9)	(3.6)	92%	
Amortisation of Acquired Entities	(1.0)	(1.1)	-10%	
NPAT Reported	3.2	8.4	164%	
Add Back:				
Amortisation of Acquired Entities	(1.0)	(1.1)	-10%	Non-cash amortization of identifiable intangible assets from acquired entities
Non-recurring Expenses (Post-tax)	(2.3)		n/m	
Underlying NPATA¹	6.5	9.5	46%	
EPS Underlying²	3.8	4.7	25%	
EPS Reported	1.9	4.2	120%	
DPS	1.50	2.40	60%	
Key Metrics				
Invoices Funded	1,328	1,579	20%	
GP Margin	2.59%	2.26%		
EBITDA Margin	52.6%	54.2%		FY'19 Margin of 54.2% (52.6% in FY'18 and 51.5% in FY'17)

1. FY'18 NPATA excludes early redemption costs of a corporate bond and non-cash amortisation of acquired entities. FY'19 excludes non-cash amortisation of acquired entities.

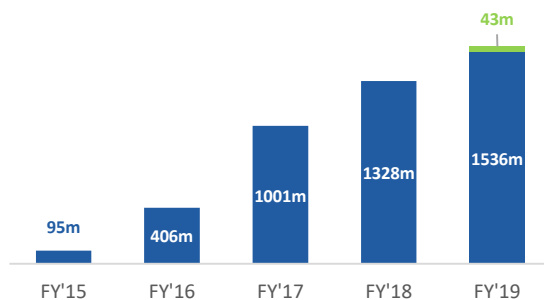
2. Underlying EPS is based on Underlying NPATA

Historical Growth

CML has delivered consistent year-on-year growth, translating into consistent growth in shareholder returns

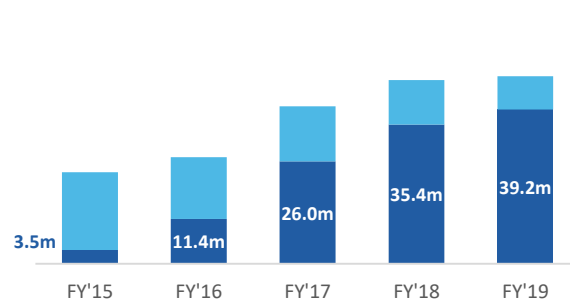
Invoices Funded

■ Invoice Factoring ■ Invoice Discounting

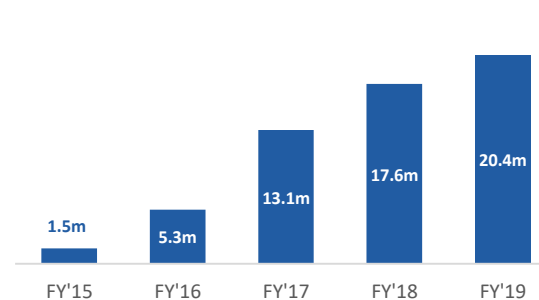


Revenue

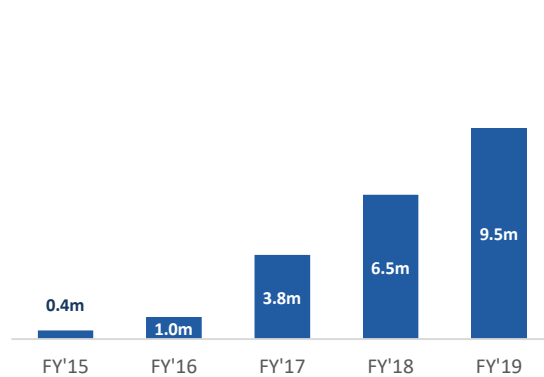
■ Finance Revenue ■ Other Divisions



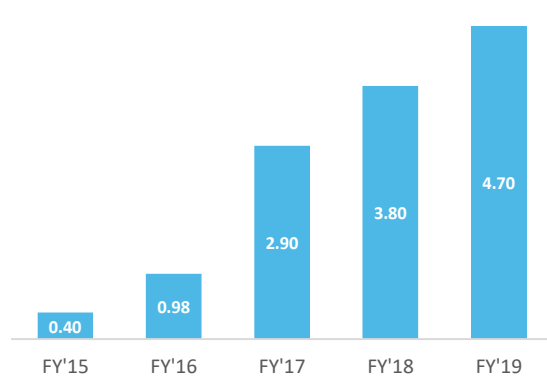
Underlying EBITDA



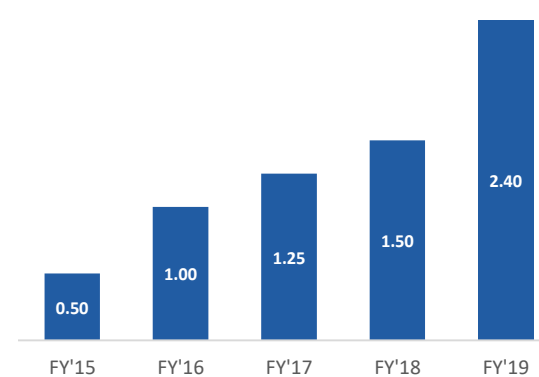
Underlying NPATA



Underlying EPS



DPS



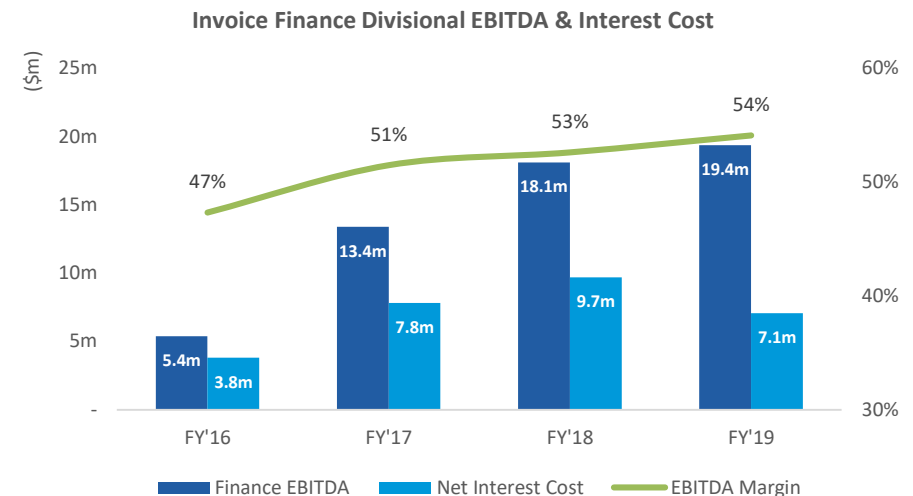
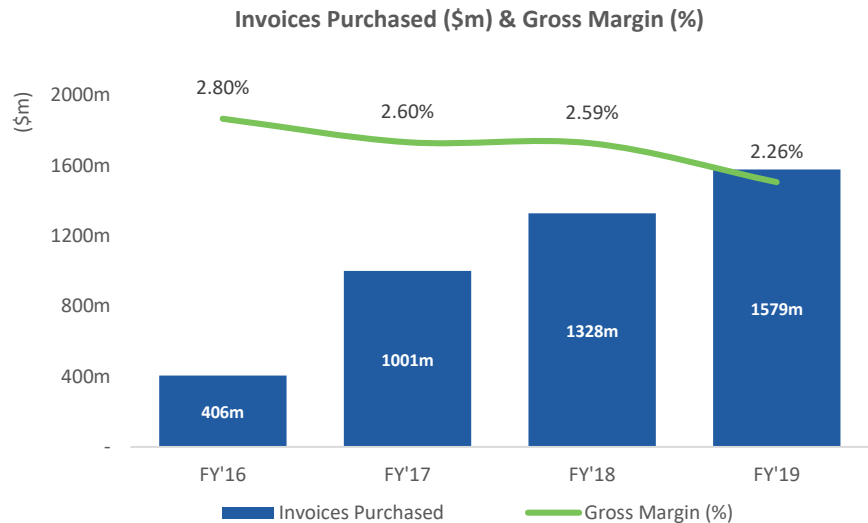
Invoice Finance Division



Successful investment in platform & expansion of product offering to include Invoice Discounting, servicing larger clients and expanding our addressable market

Invoice Finance

Continued growth in invoices purchased & EBITDA, with substantial reduction in comparative interest costs



- With a 19% increase in Invoices Funded, totalling ~\$1.6bn FY'19 saw continued growth in CML's core Invoice Finance Division
- CML continues to move up the client credit curve with the launch of Invoice Discounting beginning to drive volume
- The anticipated increase in Invoice Discounting volumes will put downward pressure on gross margins in future periods but will result in increased:
 - Average facility size, invoice volume per client and average income per client
 - Tenure of client relationship (currently between 3 & 4 years)
 - Overall quality of loan book
 - Addressable market (4x larger than factoring)
- During 2H'19 CML on-boarded its first group of Invoice Discounting clients, these costs have now been absorbed and, on an underlying basis, the business has continued to foster strong growth
- Invoice Finance EBITDA totalled \$19.4m, up 7% on PCP, includes \$0.7m costs of establishing Invoice Discounting
- EBITDA margins improved in FY'19 to 54.2% (FY'18: 52.6%)
- Group funding costs in FY'19 reduced by 26% to \$7.1m (FY'18: \$9.6m), despite a significant increase in business volume

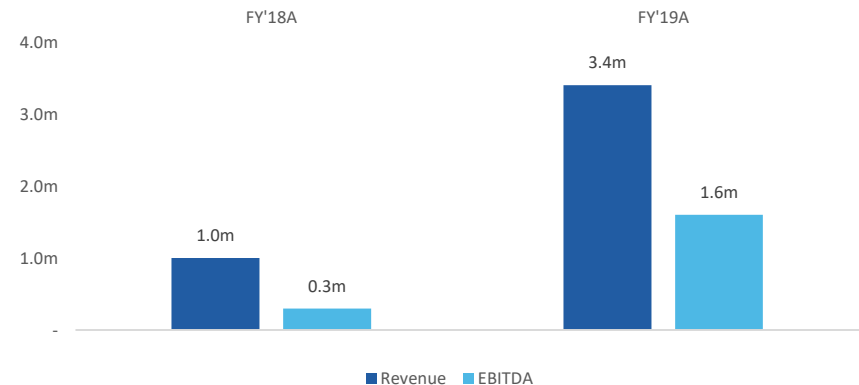
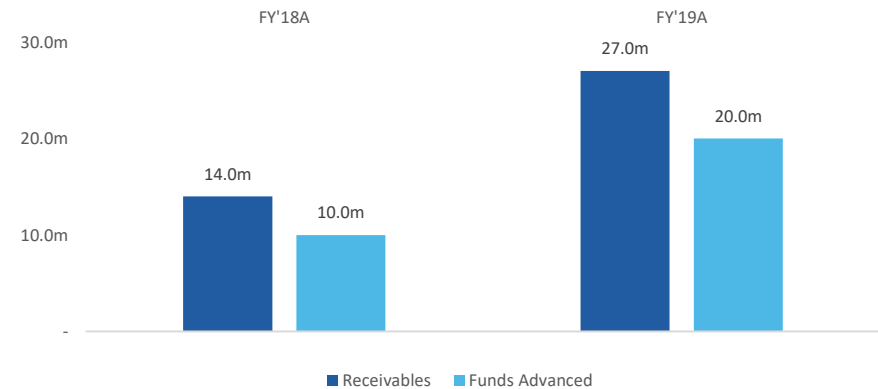
Equipment Finance

Launched in Jul-17 the Equipment Finance division continues to progress ahead of expectations

- Loans range from \$20,000 to \$500,000, strong synergies with Invoice Finance in terms of cross-sell and client retention



- At FY'19 end the division had generated \$27m of receivables on \$20m of funds advanced, generating \$3.4m in Revenue and \$1.6m in EBITDA in the period.
- Experienced team sourcing opportunities through accredited arrangements, with long standing broker relationships
- The division has now settled 250+ transactions and proven to be highly complementary to the core Invoice Finance products, with consistent cross-selling opportunities generated, supporting strong ongoing client retention
- Over the medium term, CML will seek to transition the current debenture funding to a lower-cost warehouse funding structure. This strategy is identical to the approach adopted in the core Invoice Finance business



Funding is in place to support growth

New funding structure delivers material reduction in cost of debt and improves CML's competitiveness

- CML's average cost of funds is below 6%
- This allows CML to compete on similar terms with the leading non-bank Debtor Finance provider for market share
- Wholesale Facility now driving considerable cost savings having been increased to total \$140m in 2H'19
- Sufficient headroom to increase invoice volumes by +30%

Finance Division	30 Jun'19
Trade Receivables	196.8
Funds Advanced	109.0
Average Funds in Use	55%

Equipment Finance	30 Jun'19
Gross Receivables	27.0
Principal Component	18.8

Funding (\$m)	FY'19	Cost	Issued
1 Wholesale Facility	\$140m	Sub-5%	Mar '17
2 Corporate Bond #1	\$25m	BBSW + 5.4%	May '15
3 Equipment Finance Bond	\$20m	7.95%	May '18
4 Equity	\$25m+	n/a	n/a
Total Funds Available		\$210m	
Current headroom		~\$60m	

Funding Sources



Strategy and Outlook



FY'19 represented a period of investment in the future of the overall CML business, establishing the foundations for the next leg of the Company's growth

CML Group Growth Strategy

FY'19 represented a period of investment in the future of the overall CML business, establishing the foundations for the next leg of the Company's growth

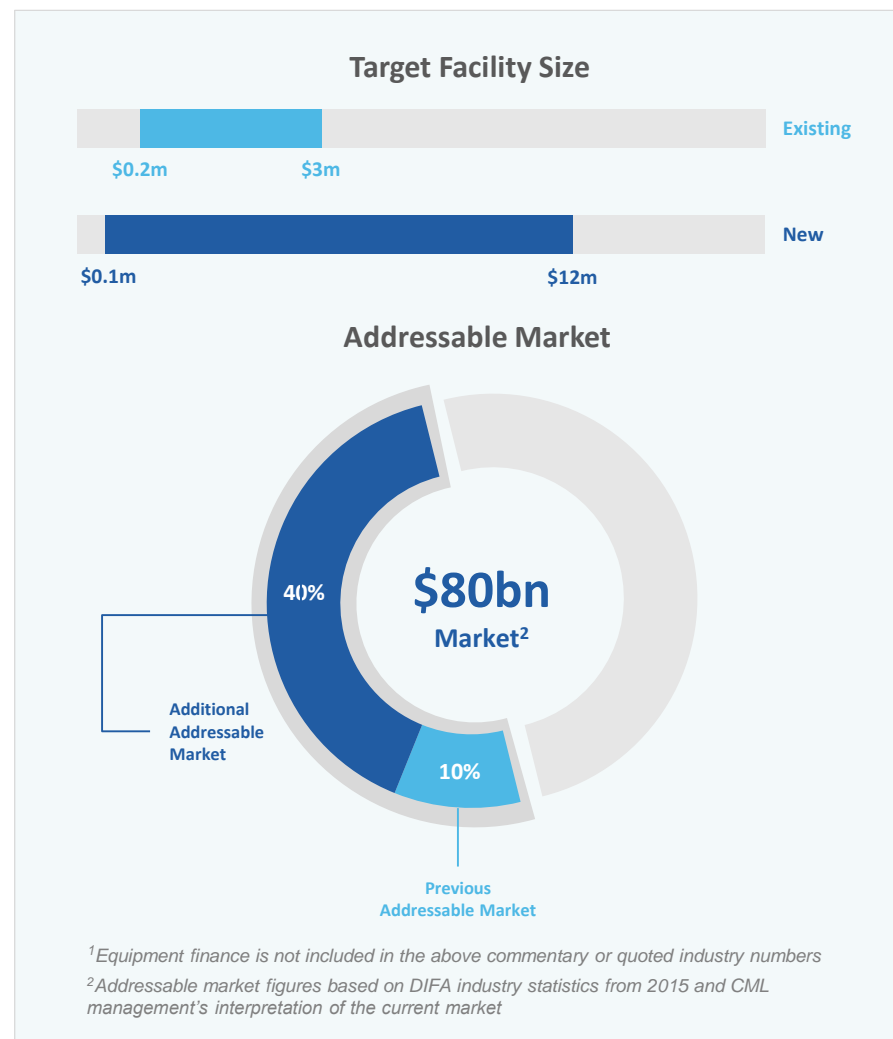
New Product Strategy

- CML is targeting additional larger clients with invoice discounting, with facilities as large \$12m, assisting in increasing addressable Invoice Finance Market from 10% to +40% by volume
- Moving up the credit curve to target larger clients will increase the average facility size, earnings per client and extend average client tenure

Sales & Marketing Strategy

CML has developed a direct channel to its target SME market through:

- A call centre to manage in-bound enquiries
- Online applications into digital platform for loan application, credit submission and documentation, with +30% of new client originations came from this channel during Q4 FY'19



FY'20 Outlook

Following investment in HR, technology, new product development and process improvements CML is now well-positioned to continue to build market share and facilitate growth in business volumes in FY'20



Sales & Marketing

With demonstrated month-on-month improvement in new business volumes CML will increase its investment in client acquisition in FY'20, increasing investment in sales and marketing underpinning all products, with:

- A newly implemented Head of Client Acquisition, combined with an expanded sales team
- Improved web platform design and Salesforce implementation



Increased Volumes

Increased business volumes will be achieved in FY'20 through:

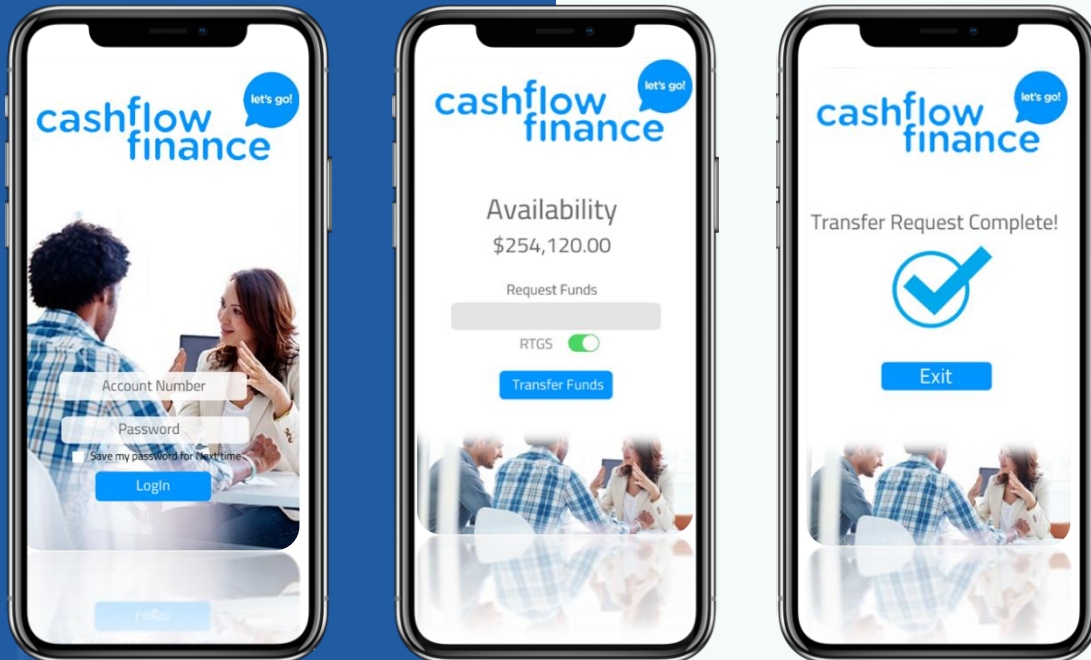
- Gaining critical mass in the new Invoice Discounting product, with employment of key senior executives and current momentum of Invoice Discounting pointing to a contribution of +15% to total Invoice Finance volumes in FY'20
- Continued expansion of core Invoice Factoring product, with an increased addressable market and substantially automated processes
- Scaling of Equipment Finance division, with cross-selling from Invoice Finance clients



Funding Costs

- Implement flexible, lower-cost funding structure within Equipment Finance Division to replicate interest cost saving strategy implemented in Invoice Finance Division

Appendix



CML Group

Senior Management



Daniel Riley
CEO CML Group

- Daniel commenced with CML in 2002 and has been CEO since 2010. Daniel launched the Invoice Finance business in 2012 and transitioned CML from a recruitment services firm to a finance business, managing an accelerated growth program, including the acquisition of four key finance competitors, which in combination with strong demand for CML's service offering, has made CML a large player in the non-bank finance industry



Mark Cleaver
MD Invoice Finance

- Mark spent 18yrs with Bibby Financial Services (BFS), the UK's largest independent provider of Invoice Finance funding to SME's, with over 10,000 clients globally. Roles with BFS included:
- Managing Director, UK for 4 years, CEO Europe for 6 years, Managing Director, Australia & NZ for 3 years, prior to the acquisition of this business by Scotpac in 2015
- Mark will drive CML's growth strategy, leveraging all channels to market to capture greater market share for the core business, invoice factoring, plus product extension to win larger transactions in invoice discounting.



Shannon Stelfox
COO

- Shannon has worked in invoice finance for over 26 years and has undertaken every role in both operations and sales. Shannon worked for Scottish Pacific (Scotpac) for 19 years before moving to their new specialist factoring division, FactorONE in 2011
- At the time of her subsequent resignation from Scotpac in 2015 to join CML, Shannon was Scotpac's longest term employee in Australia. Shannon joined CML for the acquisition phase, and during her 4yr tenure with CML, Shannon has employed and developed an operations, risk and credit team



Steve Shin
CFO

- Steve joined CML Group as CFO in April 2015 with more than 15 years of experience as key executive in ASX listed companies and top-10 accountancy firm.
- Steve also has 9 years of experience in fin-tech and media companies



Sandy Fitzgerald
GM Equipment Finance

- Sandy joined CML in early 2017 to establish an Equipment Finance business
- With 35 years in corporate finance specialising in large scale lending projects, Sandy has deep knowledge of Equipment Finance and has a diverse skill set across general management.
- Sandy believes sustainable growth and profitability flows from happy customers, business partners and employees.

Risk Mitigation

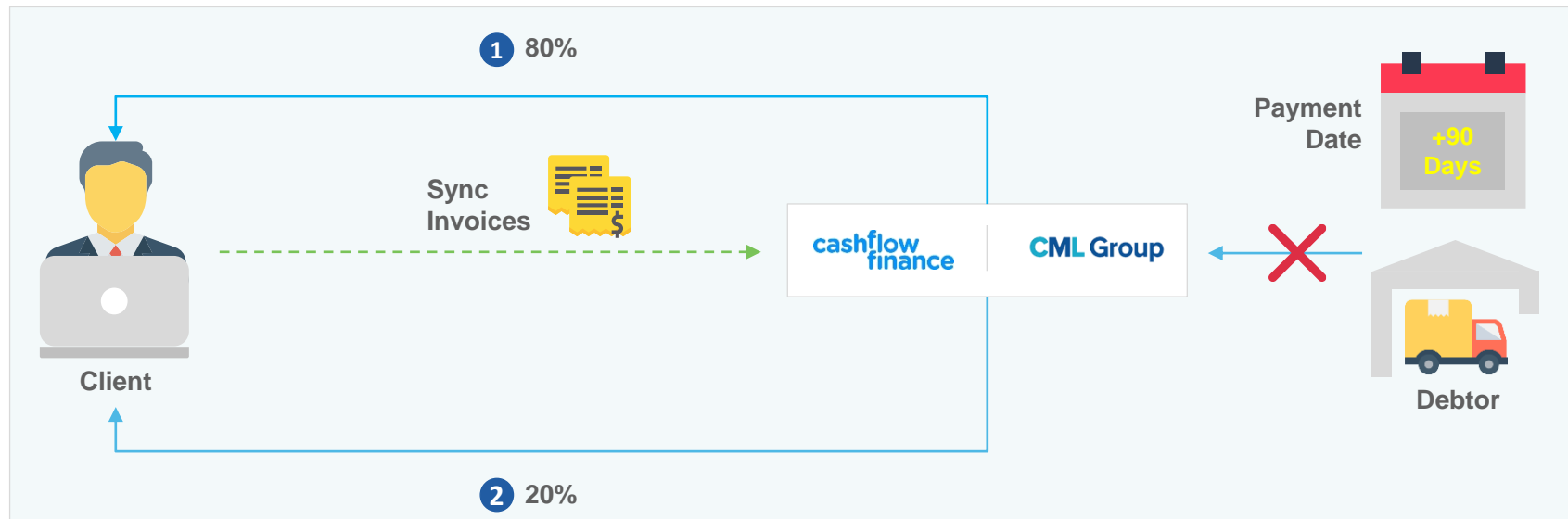
Debtor Finance is a robust, secured, business lending product with minimal exposure to arrears

CML's service offering incorporates both finance and receivables management, with finance provided under the following conditions;

- 1) Verification on each invoice batch is completed prior to acceptance for funding
- 2) Finance is continued against debtors with invoices aged within 90 days from end of month
- 3) If debtors age beyond 90 days from end of month, funding is clawed back from the client by reducing funding availability against the balance of their receivables ledger

This process means that actual financial exposure for CML against aged debtors is minimal, however the receivables management component of CML's service continues on behalf of the client

- **The strength of CML's credit procedures is demonstrated by realised bad debts of less than 0.1% of invoices financed for each of the last 3 financial years**



Invoice Finance Revenue Model

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

There are 4 key drivers to earnings:

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	\$2.2	Based on FY'19 Gross Margin
EBITDA	\$1.1	50%+ EBITDA Margin

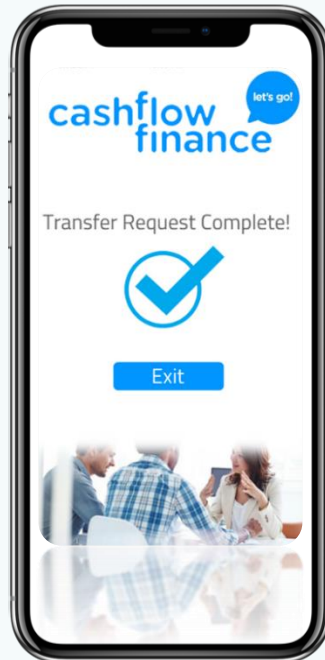
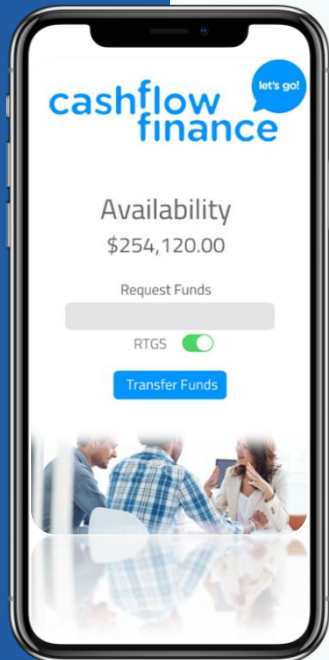
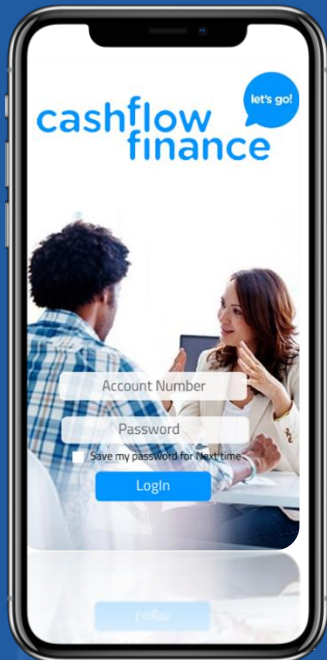
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Although CML Group believes that its expectations are based on reasonable assumptions, it can give no assurances that its goals will be achieved.

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