

Scottish Pacific Group Limited

2016 Annual General Meeting

15 November 2016



scottish pacific
GROUP LTD

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All information in this presentation is current at the date of this presentation, unless otherwise stated.

All currency amounts are in AUD dollars unless stated otherwise.

Agenda

- 1 Chairman's Address – Patrick Elliott
- 2 CEO's Presentation – Peter Langham



Chairman's Address

Patrick Elliott
Chairman



About Scottish Pacific

Scottish Pacific has consolidated its position in the Debtor Finance market in Australia and New Zealand over 28 years led by a highly experienced management team

1

Leading non-bank debtor financier in Australia and New Zealand, servicing the broadest customer segments

2

Consistent organic growth profile driven by operational performance and an extensive growing and “sticky” network

3

Strong history of financial performance underpinned by consistently low historical loss rates

4

Multiple avenues for future growth through increased product penetration, market share growth, product/customer extensions

5

Diverse funding platform, with 10 years+ support from major banks including through the GFC

6

Experienced senior management team with over 100 years of combined debtor finance industry experience

Introduction to your Board of Directors



Patrick Elliott
Chairman

- Founding partner of Next Capital
- Previous public-listed company Board roles include Chairman of JB Hi-Fi and Director of Invocare and the Reject Shop
- Chairman of AVCAL in 2004



Peter Langham
Executive Director

- 31+ years in debtor finance
- Joined Scottish Pacific in 1993
- Established Benchmark Debtor Finance in 1998 and continued as CEO following acquisition of Scottish Pacific in 2007



Peter Clare
Independent NED

- Former Chief Executive Officer of Westpac New Zealand and prior to that numerous senior executive roles with Westpac and St George Bank
- Director of Scottish Pacific, REEFFIND (Chairman), ChimpChange (Chairman), Digicash, Capital Markets Technologies 3



Katrina Onishi
Independent NED

- Director of Vitaco including Chair of Audit & Risk Committee and member of Remuneration and Nomination Committee
- Previously executive director of Concord Capital



Andrew Love
Independent NED

- Chairman Gateway Lifestyle and Non-Executive Director of Champion Iron
- Previous directorships include Lemur Resources (Chairman), ROC Oil (Chairman), Charter Hall Office Trust, Riversdale Mining, Lead Lease Primelife



FY2016 Loan book growth

■ 102% (\$369.3m to \$745.7m)

FY2016 Staff number growth

■ 67% (159 to 265)

8 offices across

- Australia
- New Zealand
- China
- United Kingdom

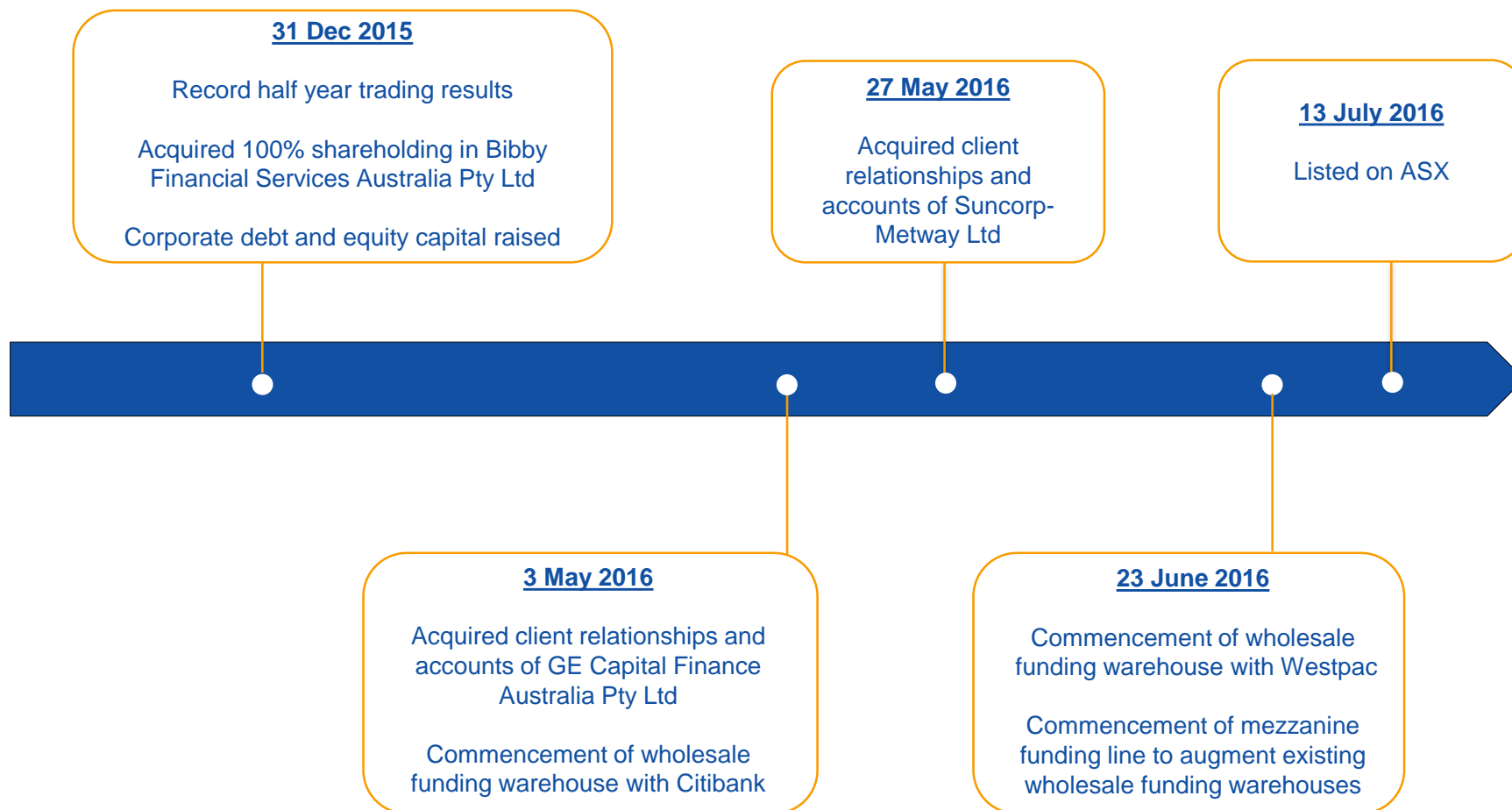


CEO'S Presentation

Peter Langham
Chief Executive Officer



FY16 Operational Highlights



FY16 Financial Highlights

Strong trading performance

- ✓ Pro forma NPATA increased 29.9% to \$23.0 million
- ✓ Loan book more than doubled to \$745 million
- ✓ Bad and doubtful debt expense remained low at 0.43% of average exposure
- ✓ Operating leverage improves to 60.5% (operating expenses/net revenue)
- ✓ Pro forma PBIT improves to 36.1% (PBIT/Net Revenue)
- ✓ Forecast cost synergies of \$1.4 million fully achieved

Strong balance sheet

- ✓ \$20.6 million in cash
- ✓ \$11 million in undrawn availability of Corporate Debt Facility
- ✓ Almost \$400 million in undrawn availability within wholesale funding warehouses

Scottish Pacific Business Purpose creates Shareholder Value

Assisting SMEs to increase their cash flow and achieve their aspirations

Our Customers

Cash flow is essential at all times

SMEs are always starting up and growing

SMEs need specialist financiers

Our Business

Core business able to lend in all economic cycles

Growth from new clients and existing clients

Supplement core business growth with new products

Delivering

Growing loan book

Minimum bad debts

Cash generating business

Shareholder Value

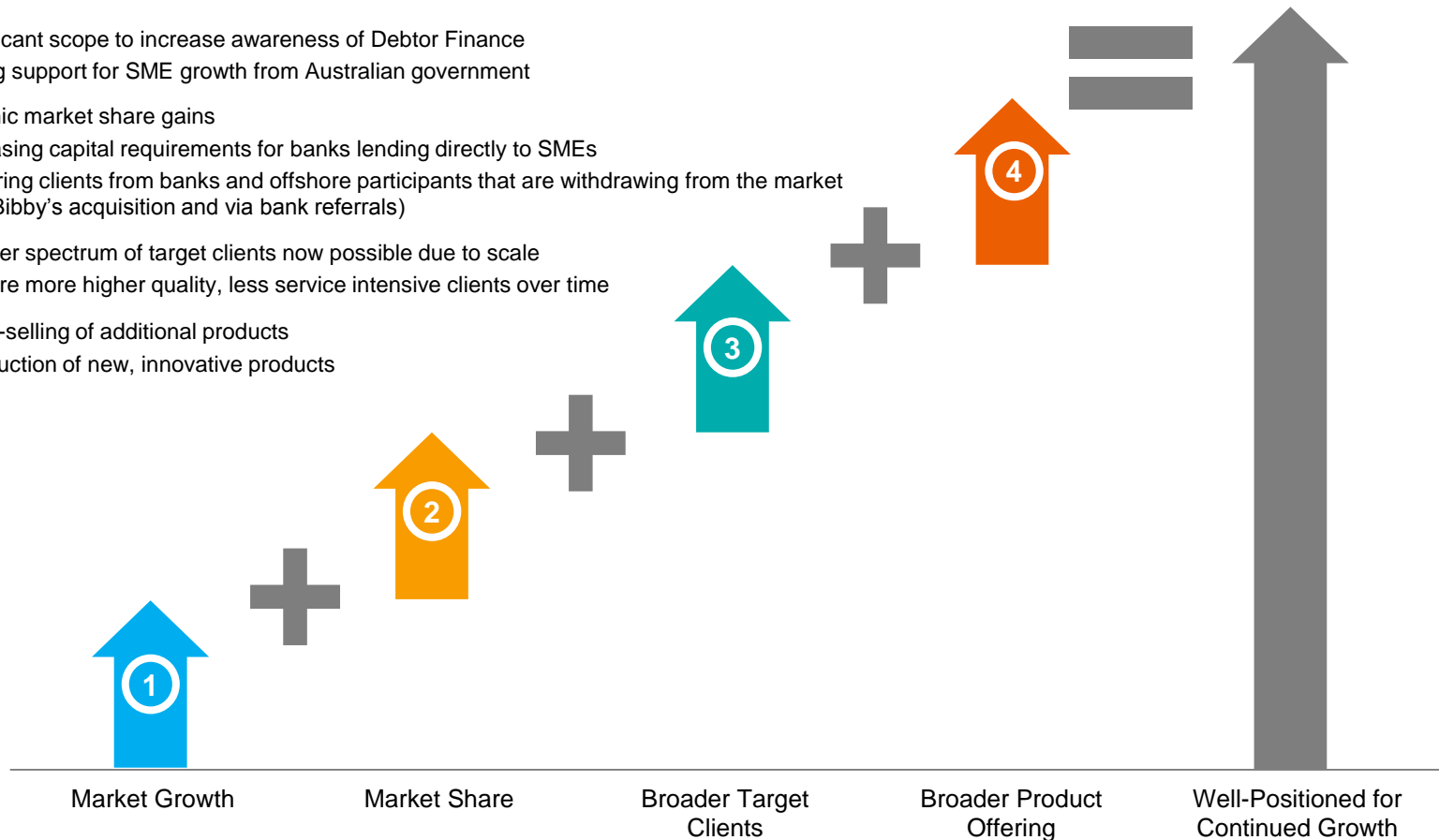
- *Growing through established products and clients*
- *New products to meet the increasing demands of SMEs*
- *Sustainable dividend 60% - 80% of NPATA*

Scottish Pacific's Growth Levers

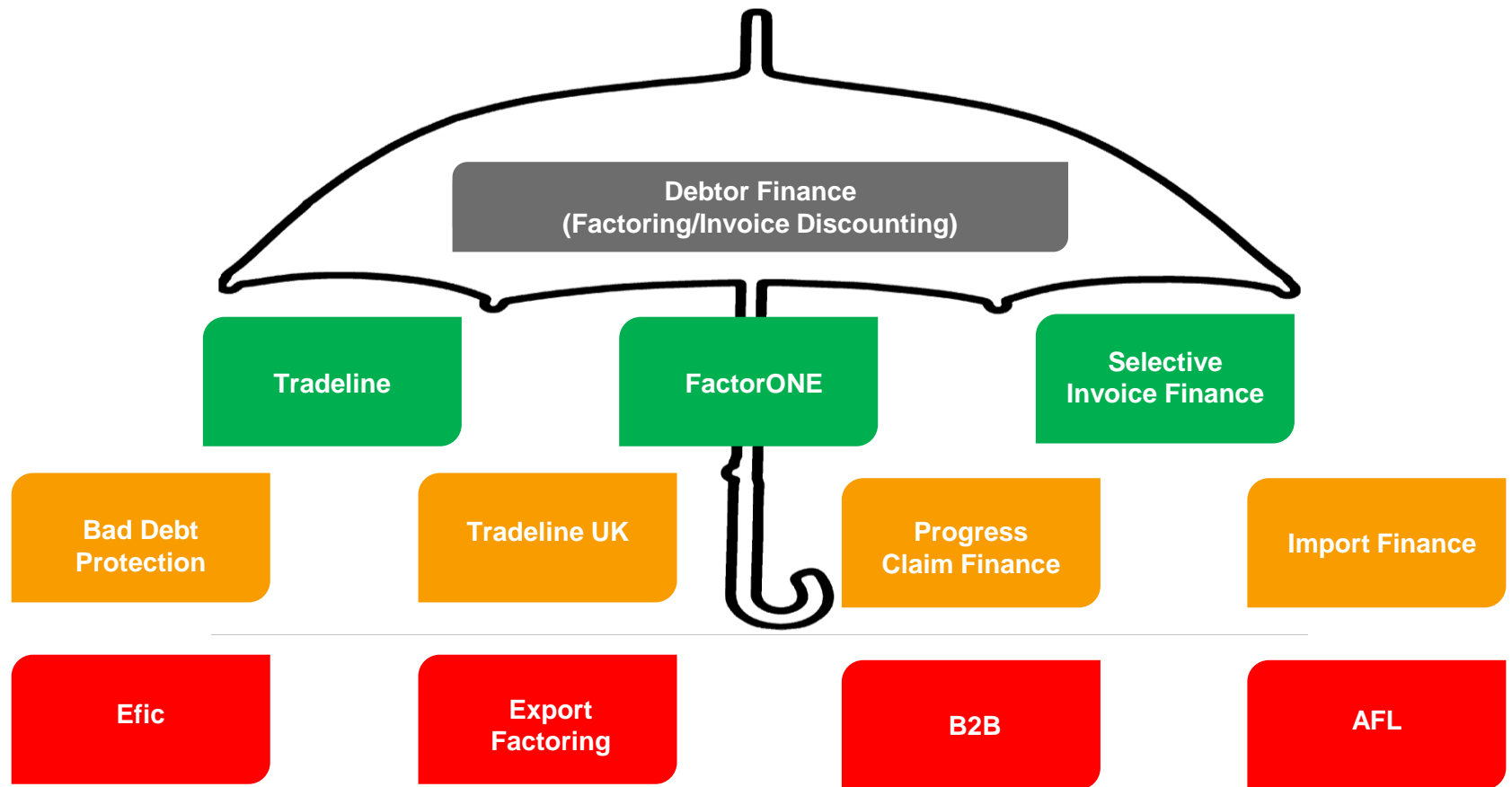
Scottish Pacific has multiple growth levers including increasing market share and product penetration, coupled with implementation of innovative new products

Growth Levers

- 1
 - Significant scope to increase awareness of Debtor Finance
 - Strong support for SME growth from Australian government
- 2
 - Organic market share gains
 - Increasing capital requirements for banks lending directly to SMEs
 - Acquiring clients from banks and offshore participants that are withdrawing from the market (e.g. Bibby's acquisition and via bank referrals)
- 3
 - Broader spectrum of target clients now possible due to scale
 - Capture more higher quality, less service intensive clients over time
- 4
 - Cross-selling of additional products
 - Introduction of new, innovative products



Existing products and growing suite of new products



Trading Update

- As announced to ASX on 14 November 2016, we have experienced lower than expected volumes from a number of our larger clients during the first 4 months of FY17
- This has impacted gross income and net revenue, however margins remain in line with expectations and costs and bad debt expense are both lower than expected
- Accordingly, the Company has decided to review its FY17 forecasts as set out in the Prospectus for our initial public offer
- Assuming no uptick in borrowing levels (as a % of turnover) for the remainder of FY17, we now expect to produce pro forma PBIT of \$40.7m and pro forma NPATA of \$30.8m in FY17 as compared to our Prospectus forecasts of \$44.0m for pro forma PBIT and \$31.8m for pro forma NPATA
- Importantly, the impacted clients are still active and borrowing, our broader client retention remains broadly in line with expectations and the fundamentals of our business remain sound:
 - Limit request increases totalling \$57m from just 11 clients in the last 4 months
 - The month of October saw the highest number of new business enquiries we have recorded and exposure to new settled deals exceed lost clients by \$26m
 - We continue to write larger deals, with the average exposure to new clients greater than historical levels with no change to our credit policy and continuing low loss rates

Thank you