



Trading Update

Cash Converters International Limited is pleased to provide the following trading and performance update based on the first quarter unaudited management accounts for the 2015 financial year. The normalised EBITDA profit for the quarter ending 30 September 2014 was \$16.6 million, up 61% on the corresponding first quarter last year (2013 first quarter: \$10.3 million).

This strong result reflects the continuing upward trend in earnings reported at the full year.

Financial results summary (Statutory Reporting Basis)	30 September 2013 Quarter	30 September 2014 Quarter	Variance %
Revenue	\$77,039,320	\$97,230,953	+26.2
EBITDA	\$8,923,771	\$15,976,991	+79.0
Depreciation and amortisation	\$1,885,984	\$2,137,686	+13.3
EBIT	\$7,037,787	\$13,839,305	+96.6
Income tax	\$862,810	\$3,737,405	+333.2
Finance costs	\$1,797,714	\$2,381,657	+32.5
Net profit after tax	\$4,377,263	\$7,720,243	+76.4
Divisional EBITDA (Statutory Reporting Basis)	30 September 2013 Quarter	30 September 2014 Quarter	Variance %
Franchise operations	\$1,613,035	\$1,664,586	+3.2
Store operations	\$1,902,051	\$4,731,016	+148.7
Financial services - administration	\$2,674,316	\$2,972,666	+11.2
Financial services - personal loans	\$8,468,445	\$11,755,867	+38.8
Green Light Auto (after minority interest)	\$(193,369)	\$(190,266)	-1.6
Total before head office costs	\$14,464,478	\$20,933,869	+44.7
Corporate head office costs	\$(5,540,707)	\$(4,956,878)	-10.5
Total Divisional EBITDA	\$8,923,771	\$15,976,991	+79.0

Normalised EBITDA	30 September 2013 Quarter	30 September 2014 Quarter	Variance %
EBITDA	\$8,923,771	\$15,976,991	+79.0
Stamp duty on store acquisitions	\$1,662,983	\$384,079	-76.9
Green Light Auto (after minority interest)	\$193,369	\$190,266	-1.6
EBITDA normalised	\$10,280,123	\$16,551,336	+61.0

The above table provides a normalised EBITDA with adjustments to the respective periods to better reflect the underlying performance of the Cash Converters business.



Major highlights for the first quarter include:

- Strong revenue growth compared to the previous corresponding period up 26.2% to \$97.2 million (2013 first quarter: \$77.0 million). The major drivers for revenue growth over the period included an increase in personal loan income of \$12.5 million and an increase in corporate store revenue of \$6.1 million;
- The personal loan book in Australia grew by 23.4%, from \$85.1 million as at 30 September 2013 to \$105.0 million as at 30 September 2014;
- The growth of the online personal loan business in Australia continues to be very strong with the value of loans written increasing to \$13.1 million for the period, up 111.5% on the previous corresponding period. (2013 first quarter: \$6.2 million);
- The value of online cash advance and personal loan products approved in the period increased 112.7% to \$15.4 million; and
- The corporate store network in the UK and Australia has seen revenue grow by 15.4% to \$45.9 million over the corresponding period. The corporate store network EBITDA was \$4.7 million for the quarter, representing an increase of 148.7% on the corresponding period. (2013 first quarter: \$1.9 million).

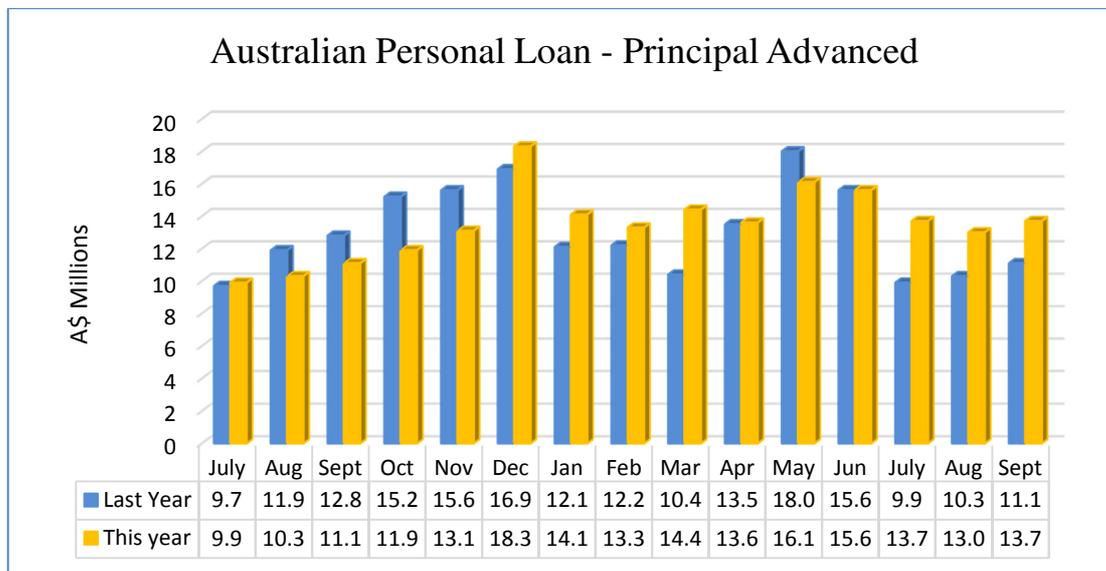
Financial services operations

During the first quarter we have continued to experience an increase in the amount of loans advanced for the personal loan product. As at 30 September the personal loan book was \$105 million, an increase of 23.4% on the same period last year (\$85.1 million as at 30 September 2013).

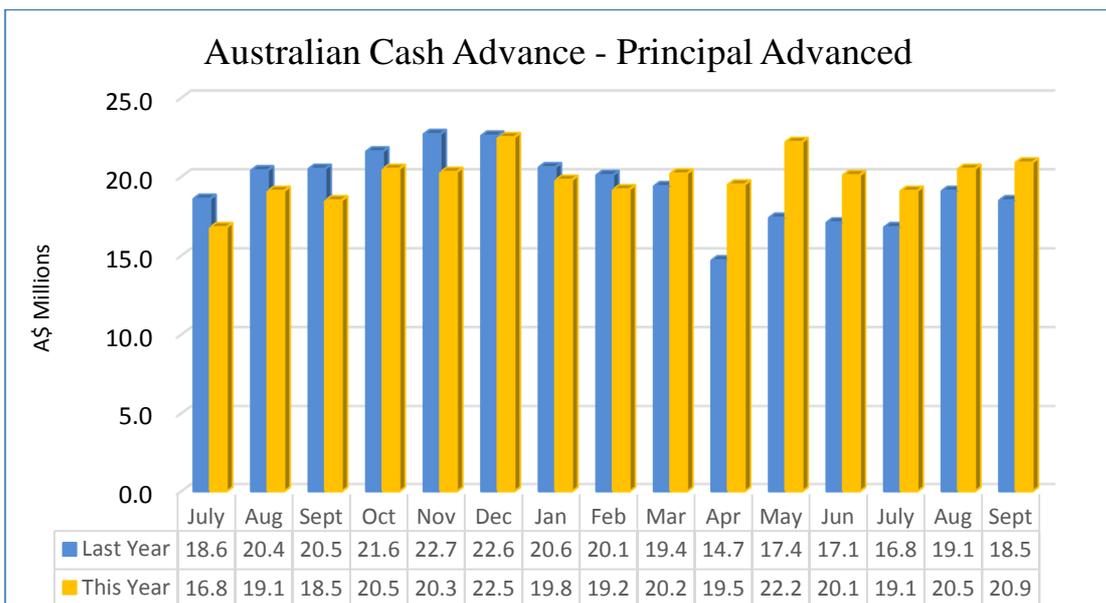




The personal loan book traditionally falls away slightly in the first quarter from the closing loan book as at 30 June. This seasonal trend continued with the loan book down slightly from 30 June 2014 closing balance of \$109.2 million, though representing a notably smaller 3.8% decrease, which is less than we have historically experienced (pcp was down 7%). Bad debt percentage levels have increased slightly to 7.2% from 6.6% as at the 30 June 2014 which is within the historical range for the business. . We expect the loan book growth momentum to continue into the Christmas period which is a seasonally strong period for Cash Converters.



The volume of cash advance loans have increased by 11.2% over the corresponding quarter last year, with the margin per loan remaining stable.





Company owned store results

The corporate store network in Australia produced a first quarter EBITDA of \$4.7 million, up 148.7% on the previous period (2013 first quarter: \$1.9 million). For existing stores, a number of important KPI's improved against the corresponding period - pawn broking interest (up 16%), cash advance commission (up 19%), personal loan commission (up 13% with online up 51%) and retail sales up 2%. Recently acquired stores delivered an additional \$695K of EBITDA.

In the quarter ending 30 June 2014 the Company acquired three franchised stores in Queensland. These acquisitions take the number of corporate stores in Australia to 64. The acquisition price of \$5.2 million for these latest three stores represents an EBIT multiple of 3.9 times on earnings and a multiple of 2.9 times excluding assets.

The corporate store network of 58 stores in the UK produced an EBITDA loss of \$121,406, compared to previous corresponding profit of \$301,466.

Outlook

During the first quarter we have continued to experience an increase in the amount of loans advanced for both the personal loan and cash advance products. This improving trend started in December 2013 following the transition to the new regulatory regime. The Australian personal loan book experienced a strong increase over the previous corresponding period and it is currently at \$105 million. We expect the momentum to continue into the Christmas period which is a seasonally strong period for Cash Converters. The online loan advances are contributing strongly to the growth in the personal loan book with an increase on the corresponding period last year of close to 113%.

Cash Converters Managing Director Mr Peter Cumins said "The growth we are experiencing in the Australian market is very pleasing. Our financial performance has been improving strongly with our normalised EBITDA up 61% over the previous year. Our Corporate Store network continues to perform well in Australia, with the EBITDA contribution up 148%. Key store KPI's have delivered strong increases over the corresponding period last year, and recent store acquisitions have started to make a contribution. In addition, we are considering opportunities across the Cash Converters network for further acquisitions".

Ralph Groom
Company Secretary
27 October 2014