

H1 FY18 Investor Presentation

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*cash***converters**



Mark Reid
Chief Executive Officer

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Key Highlights

- Exceeded NPAT guidance - \$9.4m vs \$9.2m H2 FY17
- EBITDA +6% on H2 FY17
- Combined loan book growing on H2 FY17 – up 35%
- Bad debt down from 21.5% to 11.3% of principal advanced
- Strengthened balance sheet & cash position
- UK continuing to improve contribution to Group result
- Enforceable Undertaking successfully closed

Trading Update H1 FY18

Loan books growing



Personal Finance +33%
Green Light Auto +57%
from 30 June 2017

Revenue growth returning



Revenue stronger H2 FY18

Quality of book



Net bad debt written off down from 21.5% to 11.3% of principal advanced

Operations

- Strengthened balance sheet
- Enforceable Undertaking completed
- UK continuing to improve contribution to Group result
- GLA maiden profit delivered

Investor Commitments

Achievements

All comparisons to H1 FY17 unless otherwise indicated

Medium Amount Credit Contract (MACC) loan book growth >\$2m per month	✓	YTD \$2.8m per month growth; MACC loan book up 125.0% on H2 FY17 to \$30.1m
Stabilised Small Amount Credit Contract (SACC) Loan book	✓	SACC loan book up 13.8% on H2 FY17 to \$77.4m
Pawn broking growth	✓	YTD interest income up 3.5% YOY; Pawn broking loan book up 4.9% on H2 FY17 to \$10.5m
Green Light Auto (GLA) growth in loan book	✓	YTD average \$1.9m per month principal advanced GLA loan book up 57.2% on H2 FY17 to \$31.6m
Uplift in online retail sales	✓	7.3% increase in Webshop sales
Reducing bad debts (write offs net of recoveries)	✓	Personal Finance net bad debt written off 11.3% of principal advanced vs 21.5%, bad debt written off \$10.4m vs \$15.9m, an improvement of 34.4%
Expected NPAT to be a flat H1 FY18 in line with H2 FY17.	✓	H1 FY18 NPAT of \$9.4m (H2 FY17 NPAT \$9.2m)

H1 FY18 Key Achievements

Foundation for growth in place...

✓ New assessing platform implemented

✓ Improved UK performance

✓ Significant loan book growth

✓ Improving loan book quality

✓ Enforceable Undertaking (EU) completed with ASIC

✓ Funding secured for the next 3 years

✓ GLA maiden profit reported

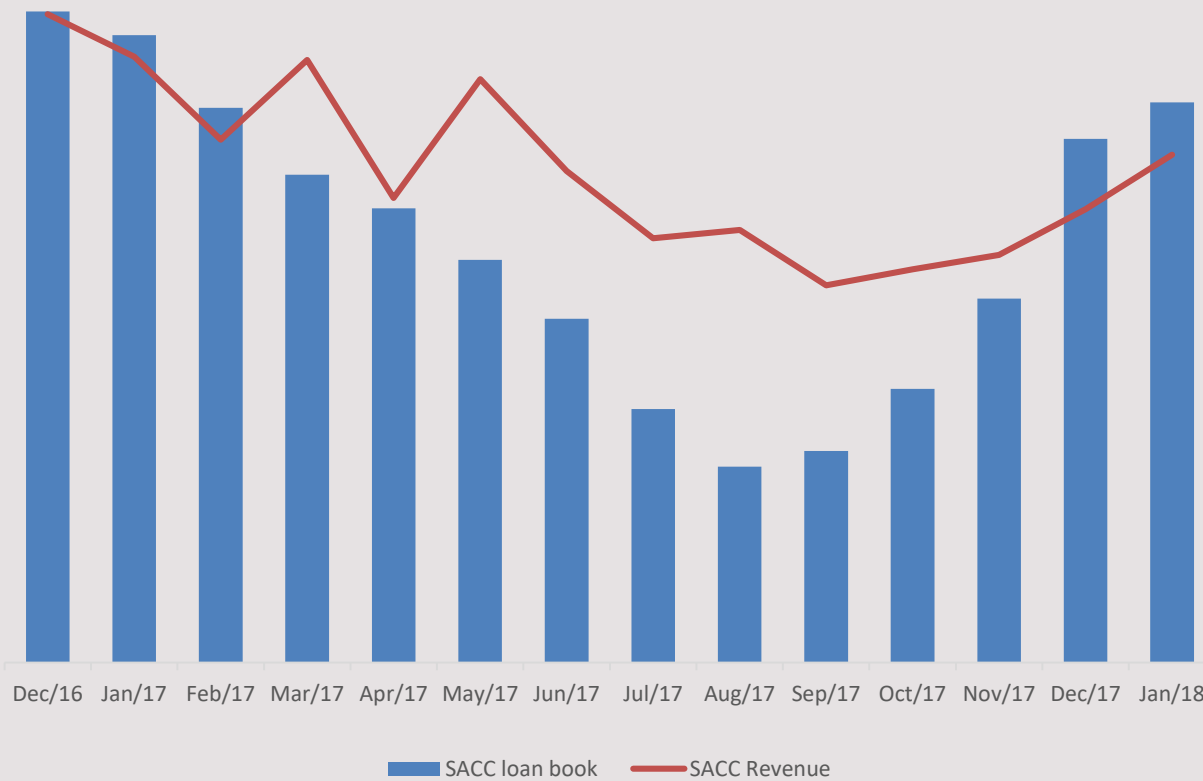
✓ NPS at record highs

✓ Digital platform delivery

Growth momentum continuing to build...

Loan Book & Revenue

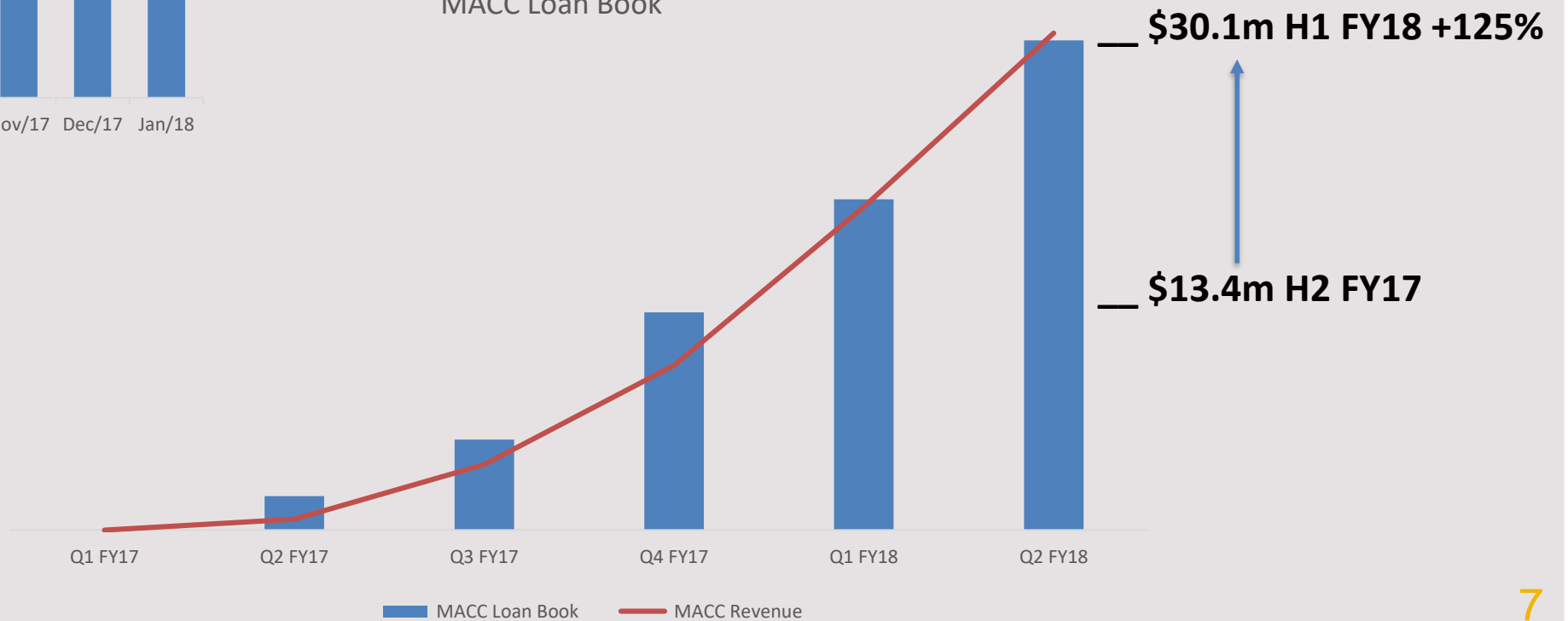
SACC Loan Book



— \$77.4m H1 FY18 +14%
 — \$68.0m H2 FY17

- Loan book revenue for both SACC & MACC on a growth trajectory heading to H2 FY18.

MACC Loan Book



— \$30.1m H1 FY18 +125%
 — \$13.4m H2 FY17

H1 FY18 Overview

- Statutory H1 FY18 NPAT \$9.4m exceeding guidance of \$9.2m H2 FY17.
- Revenue of \$122.9 million, delivering EBITDA of \$21.5 million.
- Personal Finance net bad debt written off down 34.4% to \$10.4m from \$15.9m pcp.
- \$99.4m cash at bank at 31 December 2017 (up 23.4% from 30 June 2017) positioned to drive growth through 2018.

Consolidated basis	H1 FY18 (\$m)	H2 FY17 (\$m)	Variance (%)	H1 FY17 (\$m)	Variance (%)
Revenue	122.9	130.8	-6.0	140.4	-12.5
EBITDA	21.5	20.3	+5.9	25.5	-15.7
EBITDA as % of revenue	17.5%	15.5%	-	18.1%	-
NPAT	9.4	9.2	+2.2	11.5	-18.3
EPS (basic) cents per share	1.90c	1.88c	+1.1	2.35c	-19.1

H1 FY18 Divisional EBITDA

Divisional* EBITDA	H1 FY18 (\$m)	H2 FY17 (\$m)	Variance (%)	H1 FY17 (\$m)	Variance (%)
Franchise operations	5.8	5.4	+7.4	5.1	+13.7
Store operations	8.2	8.0	+2.5	9.5	-13.7
Personal Finance	21.8	23.6	-7.6	25.9	-15.8
Vehicle Financing	0.9	0.4	+125	(0.8)	-
Total before Head Office costs	36.7	37.4	-1.9	39.7	-7.6
Corporate Head Office costs	(15.2)	(17.2)	+11.1	(14.2)	-7.0
Total divisional EBITDA	21.5	20.3	+5.9	25.5	-15.7

Franchise Operations

- United Kingdom EBITDA up \$0.4m - from \$1.0m to \$1.4m
- New Zealand's 25% equity contribution up \$0.3m to \$0.5m, from \$0.2m
- Australian EBITDA contribution steady at \$4.1m

Store Operations

- Pawn broking revenue up 3.5%
- Webshop sales up 7.3%

Personal Finance

- Net bad debt written off down to 11.3% of principal advanced, from 21.5%
- Net bad debt written off down to \$10.4m, from \$15.9m
- MACC growth exceeding initial expectations with \$28m principal advanced in the period

Vehicle Financing

- GLA second consecutive half of positive EBITDA, on track for full year profit.
- \$12.5m principal advanced funded in the period.

Head Office Costs

- Corporate expenses down 11.1% on H2 FY17.

H1 FY18 Balance Sheet

	Dec 17 (\$m)	Jun 17 (\$m)	Variance (%)
Cash and cash equivalents	99.4	80.6	+23.3
Loan receivables	135.2	102.0	+32.5
Trade and other receivables	29.6	31.1	-4.8
Other assets	54.6	51.1	+6.8
Intangible assets (including goodwill)	135.7	134.0	+1.3
Total assets	454.5	398.8	+14.0
Borrowings	154.7	107.2	+44.3
Other liabilities	28.8	30.8	-6.5
Total liabilities	183.5	138.0	+33.0
Total equity	271.0	260.8	+3.9
Net debt (gross debt less cash)	55.3	26.6	+107.9

Loan receivables

- A strong half year has seen growth across all lending products, with the largest growth areas MACC & secured vehicle loans, with respective loan books up 125% and 57% respectively.
- A resurgence of SACC personal loans towards the end of the period resulted in a loan book increase of 14%.

Other assets and intangibles

- Capital investment continued throughout 2017, with \$5.7m of capital expenditure, primarily in software development and store refurbishments.

Borrowing and Gearing

- The increase in the securitisation facility utilisation has driven an increase in Gearing to 20.4% up from 10.2% (net debt/total equity)

Strategy for Growth – H2 FY18 & Beyond

- Diversify loan book portfolio
- Invest in digital capabilities creating:-
 - An enhanced customer experience
 - Greater operational efficiencies
 - Improved sales effectiveness driving revenue growth
- Risk / Reward:-
 - Effectively manage bad debt
 - Maximising revenue opportunities
- Drive Green Light Auto loan growth
- International business opportunities

1

Continue NPAT growth from both new/existing products and channels

2

Continue to diversify and grow revenue base to deliver improved returns for shareholders

3

Position for future growth by repositioning the brand and culture, building new capabilities in digital and data

Summary

“The first half results for the 2018 financial year demonstrate that our transition of the Cash Converters business is achieving all that we set out to do. The significant growth in the total loan book is further evidence of this and provides a lead indicator for revenue growth in the second half of the 2018 financial year and into the 2019 financial year”

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Mark Reid

CEO

- Key Highlights Recap:
 - Exceeded NPAT guidance : \$9.4m vs \$9.2m H2 FY17
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Appendices

cashconverters

Appendix 1: Corporate Overview

Cash Converters is a leading Australian (and international) franchisor operating in retail, second hand goods and financial services.

- The Company has a worldwide network of 725 stores in 18 countries
- In Australia, there are 152 Cash Converters outlets with over 1,750 employees
- Operates in United Kingdom, New Zealand and 15 countries around the world
- The core business of Cash Converters is the ownership and franchising of retail and financial services stores
- Cash Converters has also successfully developed online channels for retailing and personal lending and established a broker network for auto finance
- Cash Converters' strategy is one of growth, leveraging our trusted brand and continuing to put the customer at the centre of everything we do
- The Company has built unique brand strength in Australia and internationally



Australia

69 corporate stores
83 franchise stores



UK

195 franchise stores



New Zealand

10 corporate stores
18 franchise stores



International

350 franchise stores
15 countries

Appendix 2: Division Detail

Division	Description
Franchise operations	<ul style="list-style-type: none"> Royalties and licence fees from 16 countries with franchised Cash Converters operations as well as Cash Converters UK Ltd (CCUK), a wholly owned subsidiary of the Company, which during the previous financial year was restructured to return to a master franchise operation. This segment also includes fees from 83 franchisee owned stores in Australia and a 25% equity interest in Cash Converters New Zealand
Store operations	<ul style="list-style-type: none"> Covers performance of the 69 Company owned Cash Converters stores in Australia. Revenue from these stores is derived from: <ul style="list-style-type: none"> retailing of new and second hand goods both in-store and online interest from pawn broking loans and cash advance short term loans. Stores also receive commission from successful personal loan applications processed in-store. Stores also receive a share of income from successful online loan applications.
Personal Finance	<ul style="list-style-type: none"> Incorporates the trading results of Mon-E Pty Ltd (Australia) and Cash Converters Personal Finance Pty Ltd (CCPF). Mon-E is responsible for providing the administration services for the Cash Converters network in Australia to offer small cash advance loans to their customers. CCPF provides unsecured loans through the franchise and corporate store networks in Australia and online. The UK Finance Division ceased issuing new loans in May 2016, and therefore does not form part of the Group's continuing operations. All UK revenues are incorporated in the Franchise operations.
Vehicle Financing	<ul style="list-style-type: none"> Revenue derived from Cash Converters' subsidiary Green Light Auto Group Pty Ltd offering secured vehicle finance. In March 2016, the business ceased to offer its Carboodle vehicle lease product. These leases are continuing to be managed by the business to their scheduled completion.
Corporate Head Office	<ul style="list-style-type: none"> Corporate costs consist of corporate related activities such as IT, Business Development, Finance, HR, Risk and Internal Audit, Legal, Board and leadership team and Marketing.

Appendix 3: Glossary of Terms

Division	Description
Personal Finance ; PF ; Financial Services	<ul style="list-style-type: none"> Unsecured personal loan business transacted online and in store, short/medium and long term and amount unsecured personal loans
GLA	<ul style="list-style-type: none"> Green Light Auto Group Pty Ltd, a wholly owned subsidiary that provides automotive vehicle finance
CA	<ul style="list-style-type: none"> Cash Advance product, a 6-12 week store based cash loan product, up to \$2,000 unsecured personal loan
SACC	<ul style="list-style-type: none"> Small Amount Credit Contract, transacted in store and online, up to \$2,000 unsecured personal loan
MACC	<ul style="list-style-type: none"> Medium Amount Credit Contract, transacted in store and online, up to \$5,000 unsecured personal loan
Webshop	<ul style="list-style-type: none"> Online retail website listing retail items available for sale in stores or online
NPS	<ul style="list-style-type: none"> Net Promoter Score
Principal advanced	<ul style="list-style-type: none"> Value of amount lent to customers