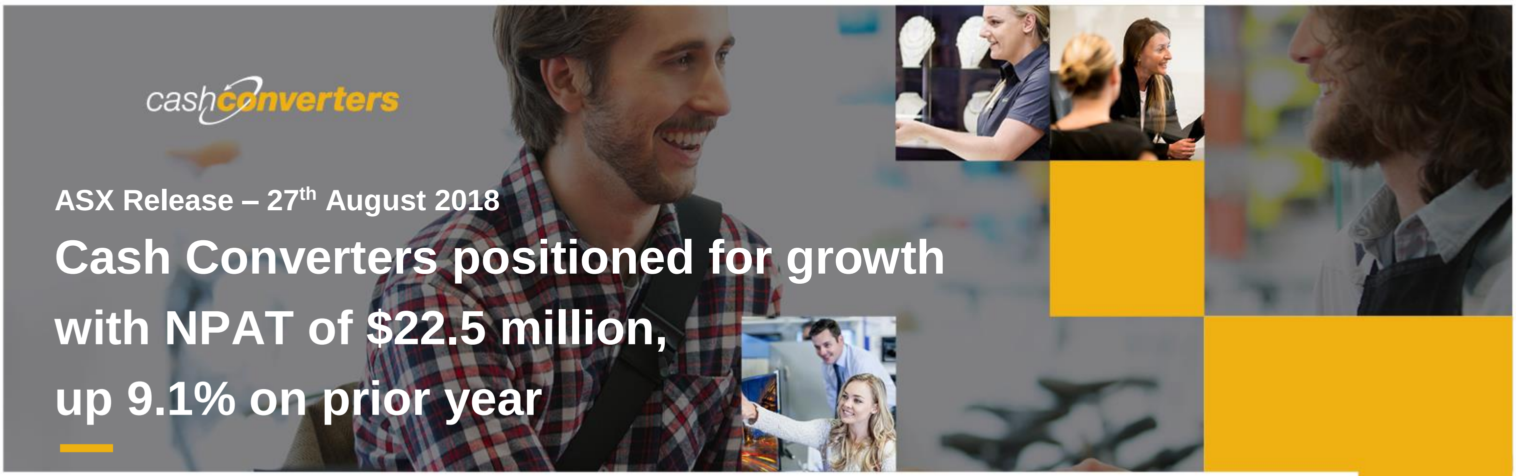

ASX Release – 27th August 2018

Cash Converters positioned for growth with NPAT of $22.5 million, up 9.1% on prior year

Cash Converters International Limited (ASX: CCV) (‘Cash Converters’ or the ‘Company’) has reported a Net Profit After Tax (NPAT) of $22.5m for the financial year ended 30 June 2018 (FY18), an increase on the prior year of 9.1%.

The strength of the Company’s full year result reflects a stronger than anticipated second half of FY18 (H2 FY18), successfully delivered in a difficult industry environment. The H2 FY18 NPAT growth, up 40.4% on H1 FY18, reflects growth in the Green Light Auto (GLA) vehicle finance division and continued revenue momentum in the Medium Amount Credit Contract (MACC) loan book.

Financial Results Overview

- NPAT of $22.5m up 9.1% on previous corresponding period (pcp)
- EBITDA of $49.8m up 8.9% on pcp
- Growth across all loan books, increasing 49.7% on pcp to $172.3m:
    - SACC (personal loan and cash advance) loan book increasing 19.4% to $85.6m
    - MACC loan book increasing 154.6% to $34.0m
    - GLA loan book increasing 109.3% to $42.1m
    - Pawn loan book up 6.3% to $10.6m
- Personal Finance (SACC and MACC) lending volumes up 22.4% to $180.9m
- Personal Finance net bad debt down from 18.4% of outgoings to 15.2%
- GLA maiden profit delivered, revenue up 30.7%
- Increased contribution from Cash Converters UK (CCUK) and Cash Converters NZ (CCNZ) driving Franchise segment EBITDA up 18.2% to $12.4m
- Corporate expenses down 11.8% on pcp reflecting tighter expense control

Operational Highlights

- ASIC Enforceable Undertaking (EU) successfully closed out February 2018
- New Personal Finance website deployed along with initial phases of machine learning and automated application streaming (based on credit profile) to prioritise assessing high quality applicants
- Increased securitisation facility to $150m until 2020 with the ability to fund growth in MACC and GLA
- Successful non-renounceable rights issue raising $39.5m with proceeds to contribute to settling $60m FIIG Bond maturing in September 2018
- New Head of Corporate Stores appointed with 15 years of Cash Converters retail and franchise store experience
- Online corporate store retail sales up 12.0% with new webshop platform due for delivery in H1 FY19
- Outsourcing of all collections activity to Collections House (ASX: CLH) as of 30 June 2018

Chief Executive Officer, Mark Reid stated, *"Cash Converters has delivered a strong earnings performance achieving the goals we set out to achieve in FY18. The turnaround taking place is a direct result of our efforts to enhance customer experience, improve our operational efficiency, broaden our revenue base creating sustainable, long-term shareholder value. I am very proud of the team for delivering such a strong financial result. We've laid the foundation to position the Company for further growth as we look to become Australia's most trusted personal finance provider and second-hand goods retailer."*

Review of operations

Franchise division

Franchise Operations delivered strong EBITDA growth up 18.2% on pcp to $12.4m. CCUK, operating as a master franchisor to 195 stores for its second year, delivered an increase in EBITDA of 84.5% to $3.2m (which is a significant strategic turnaround for this part of the business, having incurred increasing losses during FY15 and FY16). Work continues with existing and potential franchisees to identify opportunities to grow the Cash Converters footprint both domestically and internationally.

Corporate Stores

The 69 Australian corporate stores delivered an EBITDA of $15.8m, down 10.0% on the prior year, as the changes to assessing criteria for in store lending contributed to a lower loan book. Online retailing continues to bolster store network revenue, with a 12.0% increase in online sales during the year. Pawnbroking revenue remained steady and is the focus of a new marketing campaign, 'Flip It', launched at the end of FY18.

Personal Finance

The transformation of the Personal Finance business resulted in an EBITDA of $46.7m, down 5.6% on the prior year. However, principal advanced within the division increased 22.4% on the prior year to $180.9m and the overall loan book grew 40.6% from 30 June 2017. The resurgence of the loan volumes delivered a stronger second half, with personal loan interest revenue up 25.4% from $46.3 H1 FY18 to $58.0m in H2 FY18.

Close monitoring of bad debt continues, which in conjunction with the move to the larger MACC loans with more stringent lending criteria, and enhanced accuracy of affordability assessments for all lending assessments, resulted in the rate of bad debts net of recoveries reducing from 18.4% (FY17) to 15.2% (FY18). The Company will continue to evaluate its risk parameters and has commenced the utilisation of machine learning to assist with credit risk assessment to complement the manual assessment process for all loan approval decisions.

The Company launched its new online loan application website during the FY18 year, with the objective of delivering an enhanced customer experience, which has resulted in a 30% reduction in monthly online application withdrawals by customers since the launch, due to improved assessing turnaround times.

Vehicle Financing

GLA continued its positive momentum in FY18, reporting a maiden profit, with a segment EBITDA of $2.6m, up from a $0.4m segment EBITDA loss in FY17. The growth in vehicle lending resulted in a 109.3% increase in the loan book to $42.1m at 30 June 2018. During the year, the business successfully migrated its loan management platform to the core Cash Converters Personal Finance (CCPF) platform which will facilitate the optimisation of process efficiencies and scalability. Throughout the year the business has added to its network of brokers and dealers. Responding to their feedback, GLA now offers financing for motorcycles and private sales broadening its reach into the automotive finance market. With the outsourcing of the GLA collections activity to Collections House (ASX: CLH) as of 30 April 2018, and funding in place to grow the loan book, the division is well positioned to continue this growth trajectory.

Operational Compliance

The Company has undergone a significant transformation over the past two years, and FY18 resulted in the finalisation of a number of legacy challenges. This year's financial and operational results show that Cash Converters has taken a determined approach to turning itself into Australia's most compliant personal finance and second-hand goods provider, an ambition it will continue to pursue into FY19 and beyond.

On 14 February 2018 the Company successfully completed all commitments made to the Australian Securities and Investments Commission (ASIC) as part of its Enforceable Undertaking (EU), with the final report from the independent expert (Deloitte) confirming no findings in relation to our enhanced lending practices. The Company also resolved with ASIC all legacy issues in relation to collections.

Having embedded a new Income and Expenditure (I&E) platform and assessing guidelines, Cash Converters does not determine a loan decision based on benchmarks when assessing a Personal Finance loan applicant, irrespective of loan amount size, instead analysing actual bank statement transactions to determine an accurate position of affordability. All loan approval decisions are manually determined in support of our responsible lending obligations.

Outlook and Growth

The key pillars of the strategy for sustainable profit growth at Cash Converters are centred around continued revenue growth with new product development, operational efficiency improvements, a sound risk management framework, an enhanced physical and digital customer experience and further investment in our corporate and franchise store networks. This will be achieved through the continued investment in our technology, with FY19 delivering further enhancements in process automation, customer self-service, online retail, machine learning and customer data analytics. The contribution of the H2 FY18 NPAT result of $13.1m to the FY18 NPAT result of $22.5m is indicative of continued momentum across all of the Company's business lines.

The new Personal Finance business platform now positions Cash Converters to expand product and channel offerings. The increased utilisation of proprietary technology such as machine learning and application streaming (prioritising online customer flow based on credit attributes) is set to play an important role in the efficient processing of high quality loan applications. Strategically, the Company will continue developing products to attract new customers and diversify revenue beyond SACC, which ends FY18 at 49.7% of the combined loan book (down from 89.7% in FY16).

FY19 will see a renewed focus on the core distribution channel of the store network, both corporate and franchise, with the appointment of a new General Manager of Corporate Distribution bringing a wealth of Cash Converters experience as a UK franchisee for over 10 years. With continued engagement across the franchise network in Australia and internationally, Cash Converters will aim to capitalise upon growth opportunities that a corporate and franchise store ownership model can deliver.

The GLA vehicle finance business has evolved into a meaningful part of the Company's growth strategy, with current momentum continuing to increase GLA's share of the auto finance market. With the strategic addition of dealers and brokers to the GLA panel, the improvement of direct online sales channels and the renewed focus of distribution through the Cash Converters store network, Cash Converters will continue to capitalise on this early stage momentum.

Resignation of Chief Executive Officer

The release of the FY18 results coincides with the decision of the Chief Executive Officer, Mr. Mark Reid, to leave the Company. Mr. Reid joined Cash Converters in November 2015 and has been instrumental in leading the business turnaround, establishing a new executive leadership team and executing the Company's digital transformation strategy during his tenure. The successful finalisation of the Enforceable Undertaking and market capital raising during FY18 positions the company well for future growth and underpins the long-term sustainability of the company.

Chairman, Mr Stuart Grimshaw stated, "Mark has done a terrific job in evaluating the position of the Company upon formally taking the role and then successfully moving the Company in a direction that is reflected by the current strong financial results. It has taken a lot of time and energy and the commitment he has shown to the Company has been first class."

"We are grateful to Mark for his contribution to the business over the past three years and wish him every success in his future endeavours."

With this resignation effective Monday 27th August 2018, Sam Budiselik, Chief Operating Officer, will assume the role of interim CEO, in conjunction with the Chairman taking an active role in the business, whilst the Board conduct an executive search for a replacement for Mr. Reid.

This release should be read in conjunction with the Appendix 4E, Consolidated Financial Statements and Investor Presentation.

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