

# Half-Year Financial Results

For the period ended 31 December 2019

## Strong Revenue & Loan Book Growth

Cash Converters International Limited (ASX: CCV) ('Cash Converters' or 'the Company') today announces the Company's financial results for the half-year ended 31 December 2019 (H1 FY20).

### H1 FY20 Overview\*

**Revenue** of \$143.9 million, up 4.9%

**EBITDA loss** of \$12.8 million and **Normalised EBITDA** of \$24.3 million, up 13.7%

**Net Loss After Tax** of \$19.4 million

**Normalised NPAT** of \$11.5 million up 31.2% after adjusting for settlement of Lynch Class Action for \$42.5 million and associated legal costs

**Total Loan Book** of \$224.2 million, up 1.6% compared to 30 June 2019

- Medium Amount Credit Contract (MACC) book growth to \$46.3 million, up 11.9%
- Pawnbroking (PB) book growth to \$11.5 million, up 5.4%
- Small Amount Credit Contract (SACC) and GLA loan books closed relatively flat at \$91.2 million and \$70.0 million respectively

**Normalised net operating cash flows** of \$13.6 million compared to -\$24.6 million in H1 FY19 (adjusted for Class Action Settlements and accounting standard changes)

**Total Retail Sales** of \$42.5 million, up 12.8% with Gross Profit up 6.2%

**Online Retail Sales** of \$3.8 million up 24.5%

\*all comparisons are to previous corresponding period (H1 FY19) unless stated otherwise

Sam Budiselik, Chief Executive Officer stated, *"The strong half-year performance of our business is a direct result of our focus in meeting the cash needs of our customers. We have invested in our store and digital platforms to provide our customers with an interface that ensures they can interact with our business via the channel of their choosing, with customer satisfaction levels reflected in industry leading Net Promoter Scores. The growth of our retail business in difficult trading conditions is a reflection of the strength of our store-based customer relationships. We are getting better at*

*understanding and serving our customers in a sustainable manner, resulting in the reduction in net bad debt expense in the Personal Finance business.*

*Looking towards the second half of the year, the Board and senior management team are excited about the opportunities the Company has to continue to build on momentum in the underlying business and to serve a growing customer base."*

## Financial Results Summary

The Group recorded a net loss after tax for the half-year ended 31 December 2019 of \$19.397 million (half-year ended 31 December 2018 net loss after tax: \$5.236 million). This included the recording of the \$42.500 million settlement for the second of two class actions in Queensland (the Lynch Proceeding) and associated legal costs and tax effects. On a normalised basis, net profit after tax for the period was \$11.510 million (half-year ended 31 December 2018: \$8.774 million), showing a 31.2% improvement in underlying earnings.

In order to provide a meaningful comparison to the prior period, the table below highlights the effect of costs relating to the Class Action settlement and other costs of a non-recurring nature to show the underlying operational performance of the Company.

	<b>31 Dec 2019</b> <b>\$'000</b>	<b>31 Dec 2018</b> <b>\$'000</b>
Net profit / (loss) after tax from continuing operations	(19,397)	(5,236)
<i>Normalisation adjustments:</i>		
Class action settlement	42,500	16,400
Class action legal fees	416	2,467
Restructure costs	-	1,147
Tax effect of adjustments	(12,875)	(6,004)
Normalised NPAT	10,644	8,774
Impact of adoption of AASB 16 (net of tax)	866	-
Normalised NPAT after adjusting for AASB 16 adoption	11,510	8,774

A summary of consolidated revenues and results by significant segment is set out below:

	Segment revenues		Segment profit / (loss before tax result)	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
Franchise operations	11,130	9,638	6,453	6,144
Store operations	63,580	59,678	6,331	7,217
Personal finance	58,433	59,263	15,887	13,470
Vehicle financing	10,572	8,112	1,566	437
Totals before head office costs	143,715	136,691	30,237	27,268
Head office (i)	205	567	(57,982)	(34,923)
<b>Totals after head office costs</b>	<b>143,920</b>	<b>137,258</b>	<b>(27,745)</b>	<b>(7,655)</b>
Income tax (expense) / benefit			8,348	2,419
<b>Profit / (loss) for the half-year</b>			<b>(19,397)</b>	<b>(5,236)</b>

- (i) Head office segment results for the half-year ended 31 December 2019 include a Class Action settlement of \$42.500 million and for 31 December 2018 a Class Action settlement of \$16.400 million.

## Outlook

Cash Converters was pleased to settle the Class Action during the period, thereby removing uncertainty over the impact of the case, and allowing the Company to accelerate its strategy to continue to transform the business into a diverse, sustainable and profitable company.

**For further information please contact:**

Sam Budiselik, Chief Executive Officer

info@cashconverters.com