

Full-Year Financial Results

For the period ended 30 June 2020

Strong underlying performance supported by a robust balance sheet

Cash Converters International Limited (ASX: CCV) ("Cash Converters" or "the Company") today announced its financial results for the period ended 30 June 2020 (FY 2020).

Key Results

- Revenue \$279.0 million, down 0.9% on previous corresponding period (pcp)
- Statutory net loss after tax \$10.5 million
- Operating[^] EBITDA \$62.1 million, up 51.5% (reported EBITDA \$19.2 million, down 10.7%)
- Operating[^] NPAT \$19.6 million, up 63.2%
- Online lending increased to 54.9% of total principal, up from 50.5%
- Corporate Store Retail Sales \$88.0 million, up 16.5%
 - Online Retail Sales \$8.4 million, up 42.6%
 - In-store Retail Sales \$70.1 million, up 11.0%
 - Scrap Gold Sales \$8.4 million, up 49.0%
- Cash & Equivalents \$106.5 million, up 31.4%
- Provision increased to 19.0% (from 17.3%) of Gross Loan Book value reflecting a conservative risk overlay due to uncertainty surrounding the current economic climate
- \$150.0 million Securitisation Facility renewed until December 2022 (\$60.8 million undrawn), no other corporate debt
- Net Tangible Assets per share \$0.289

[^]Operating results adjusted for Class Action Settlement

All comparisons are on the previous corresponding period (pcp) ended 30 June 2019 (FY 2019) unless otherwise stated.

Chief Executive Officer, Sam Budiselik, stated, "The underlying strength of our business and balance sheet has allowed us to adapt to the rapidly changing economic environment and continue meeting our customers' needs. This resilience is evidenced by the outperformance of our digital assets, with new sales records being set on WebShop, and our online lending presence expanding."

"I would also like to commend our store-based colleagues who ensured our Australian Corporate stores remained open throughout FY 2020 whilst keeping colleagues and customers safe."

"As mentioned in our Business Update on 1 July 2020, COVID-19 continues to impact our business over the short term, with an increase in early loan payouts and a reduction in credit demand."

"Our priority as a business continues to be one of ensuring that we are there for our customers in these confronting and challenging times. With a robust balance sheet, a renewed securitisation facility in place until December 2022 and no other corporate debt, the management team remains focused on consolidating and leveraging our domestic store network, increasing awareness of our digital assets, rebuilding our loan books and capitalising on organic and adjacent growth opportunities as they emerge."

Financial Results Summary

The most significant impact to revenue and earnings occurred in the final quarter of the financial year, with personal and vehicle finance demand reducing as customers benefited from cash received from the government stimulus. Early settlements occurred at a higher rate than prior quarters and a decline in demand and eligibility impacted origination volumes. This resulted in a reduction in principal advanced during the period and gross loan books falling 24.2% year-on-year to \$160.0 million.

Pleasingly, store operations demonstrated counter-cyclical retail behaviour complimented by particularly strong online sales of home entertainment and technology items. Although store sales trended lower in the final months of FY 2020 as inventory levels decreased, turnover remained above the monthly average of prior years', as did the gross profit margin.

	As reported		Operating [^]	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Total revenue	279,008	281,565	279,008	281,565
(Loss) / profit for the year	(10,491)	(1,692)	19,573	11,993
EBIT ^{^^}	(693)	8,232	42,255	27,783
EBITDA ^{^^}	19,168	21,454	62,116	41,005

[^]The operating results are presented net of the significant expense items that were directly associated with the settlement of class action litigation claims, to aid the comparability and usefulness of the financial information reflecting the underlying performance of the business.

^{^^}The Company reports EBIT calculated as earnings before interest expense and tax and EBITDA calculated as EBIT before depreciation and amortisation.

Outlook

With a strong balance sheet and the competitive advantage of a diversified store network, complemented by industry leading digital assets, Cash Converters will continue to consolidate its position as a lender and retailer of first choice for customers.

With Victoria recently entering Stage 4 Restrictions to combat a 'second wave' of COVID-19 infections, the Company's Melbourne metropolitan stores have been temporarily closed as per State Government directive. As a result of the significant investment made into the Company's online retail and lending operations, Cash Converters can continue supporting its customers in Victoria and around Australia through these difficult times.

The ultimate impact of COVID-19 is yet to be fully realised by Australia's economy. The scale of support provided by the Government has been unprecedented and the Company has seen its impact in the softening of demand in its personal finance products. As Australia emerges from 'lock-down' Cash Converters remains well positioned to benefit from a wider economic recovery.

Authorised for release by the Company Secretary of Cash Converters International Limited.

For further information please contact:

info@cashconverters.com