



FSA Group
AGM Presentation
28 November 2014

Agenda



1. Chairman's address
2. Executive Director's address
3. Ordinary business

Chairman's address



- Another year of strong performance
- PAT of \$13.5m up 25%
- EPS basic of 10.78c up 27%
- Dividend per share of 6c up 20%
- Focus on growing our loan pools
- In a strong financial position to expand our operations

Executive Director's address



- Overview
- Core division – Services
- Growth divisions – Consumer Lending and Business Lending
- Financial results 2014
- Where are we heading?
- July to October 2014



Overview

Overview



**Australia's largest provider of debt solutions;
direct lender to individuals & businesses**

FY2014

Profit after tax \$13.5m up 25%
EPS basic 10.78c up 27%
Dividend/share 6.0c up 20%

Divisions

FSA operates across 3 key divisions

- **Services**
- **Consumer Lending**
- **Business Lending**

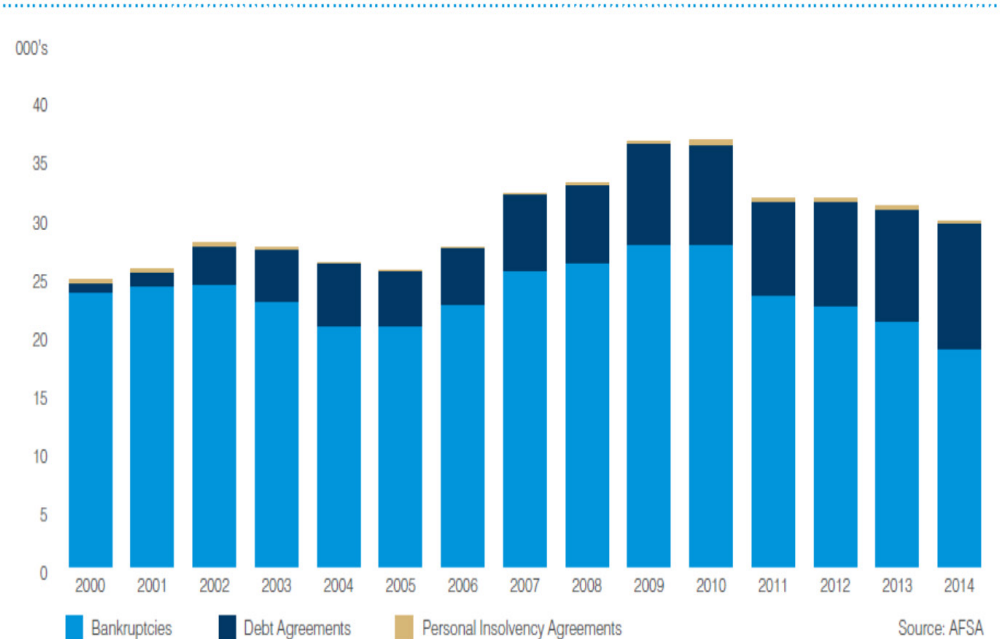


Core Division Services

Services



The Services Market



FSA assists individuals wishing to enter into a formal payment arrangement with their creditors through:

- 1. Debt Agreement**
- 2. Personal Insolvency Agreement**
- 3. Bankruptcy**

FSA is Australia's largest provider of debt solutions

Services



Debt Agreements

- Largest provider
 - 45%* market share for new agreements (49% 5 year average)
- Our focus is affordable, viable and sustainable agreements
 - Reflected by our 61%* market share for paid out agreements
- Over 18,000 clients owing \$313m to creditors
- Low arrears, \$81m paid to creditors in 2014
- Superior returns to creditors compared to market
- Fee for service income delivering annuity cash flow

PIAs and Bankruptcy

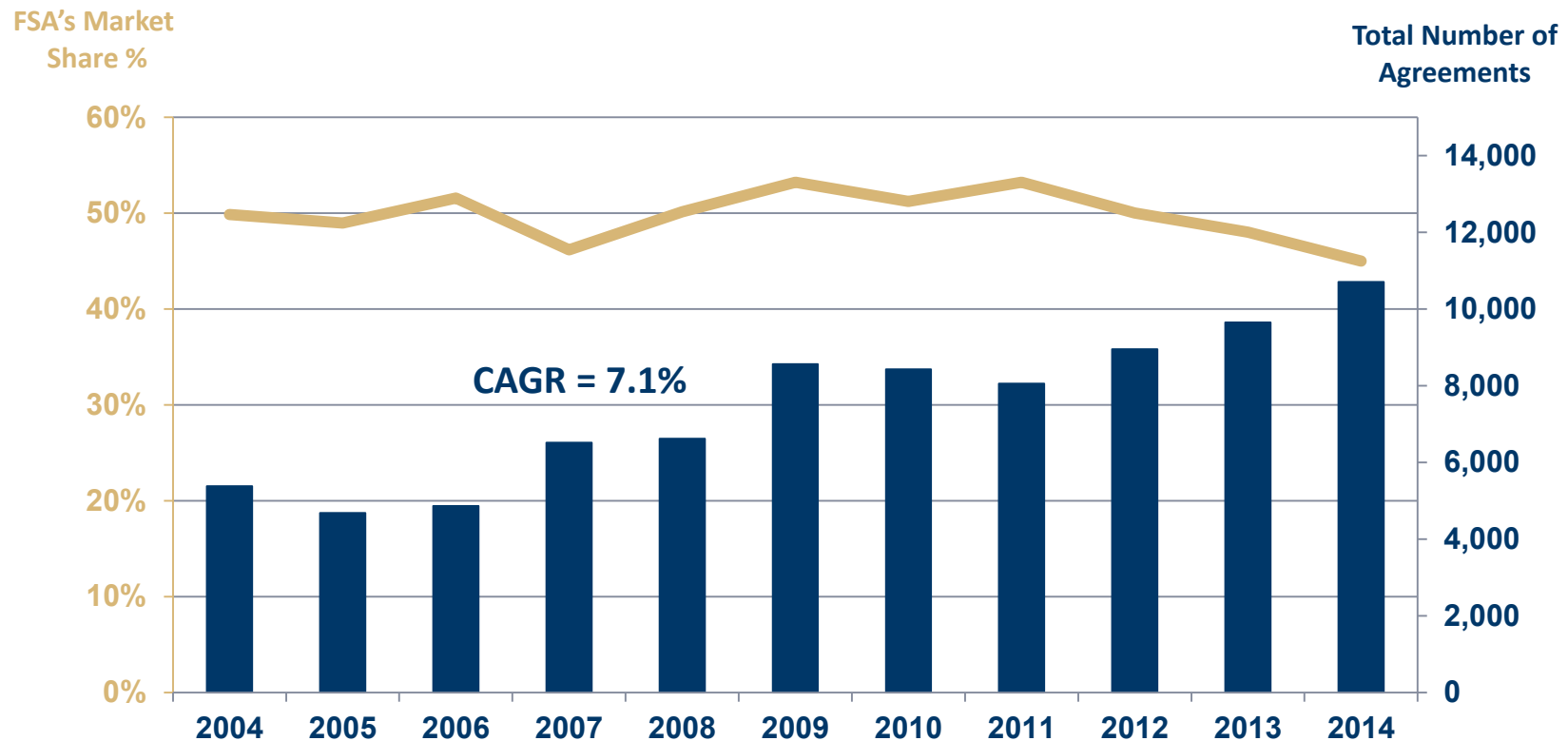
- One of the largest providers
- Over 1,500 clients
- Fee for service income delivering annuity cash flow

* Calculated using AFSA statistics for FY2014

FSA is the leader in debt agreements



— FSA's Market Share — Market Size





Growth Divisions Consumer Lending and Business Lending

Consumer Lending



Home Loans

FSA is one of the few remaining non-conforming home loan lenders assisting clients with property who wish to consolidate their debt.

Personal Loans

FSA offers non-conforming personal loans to existing clients to assist with the purchase of a motor vehicle. Launched in February 2014.

Consumer Lending



Home Loans – 30 June

Loan Pool Size	\$221m
Average Loan Size	\$207,951
Average Weighted LVR	67%
Variable Rate Borrowers	100%
Geographical Spread	Australia Wide
>30 day arrears	3.32%

Personal Loans – 30 June

Loan Pool Size	\$1.1m
Average Loan Size	\$23,889
% Secured	100%
Fixed Rate Borrowers	100%
Geographical Spread	Australia Wide
>30 day arrears	NA

Funding

- Non-recourse funding of \$250m
 - WBC Senior \$230m
 - Institutional Mezzanine \$20m
- Renewed to October 2016
- FSA's balance sheet risk limited to 3% equity
- Lender's margin delivering annuity cash flow

Funding

- Corporate funding of \$10m from WBC
- Renewed to December 2015
- A structured funding facility will be established
- Lender's margin delivering annuity cash flow

Business Lending



Business Lending

FSA Group offers factoring finance to assist small businesses with cash flow management.

Business Lending – 30 June

Loan Pool Size	\$24m
Average Loan Size	\$294,240
Average Weighted LVR	Ranges 55% to 65%
Variable Rate Borrowers	100%
Geographical Spread	Australia Wide
>90 day arrears	5.89%

Funding

- Funding of \$35m from WBC
- Renewed to June 2015
- FSA 15% equity
- Lender's margin delivering annuity cash flow



Financial Results

PBT by division



	FY2012	FY2013	FY2014	%
Services	\$11.6m	\$11.7m	\$11.2m	-4%
Consumer Lending	\$4.1m	\$5.1m	\$6.8m	+34%
Business Lending	(\$0.7m)	\$0.8m	\$2.8m	+240%
Other	(\$0.1m)	\$0.1m	(\$0.1m)	-
Profit before tax	\$14.9m	\$17.8m	\$20.8m	+17%

Home Loans pool	\$232m	\$221m	\$221m
Personal Loans pool	-	-	\$1.1m
Business Lending pool	\$25m	\$20m	\$24m

Group financials

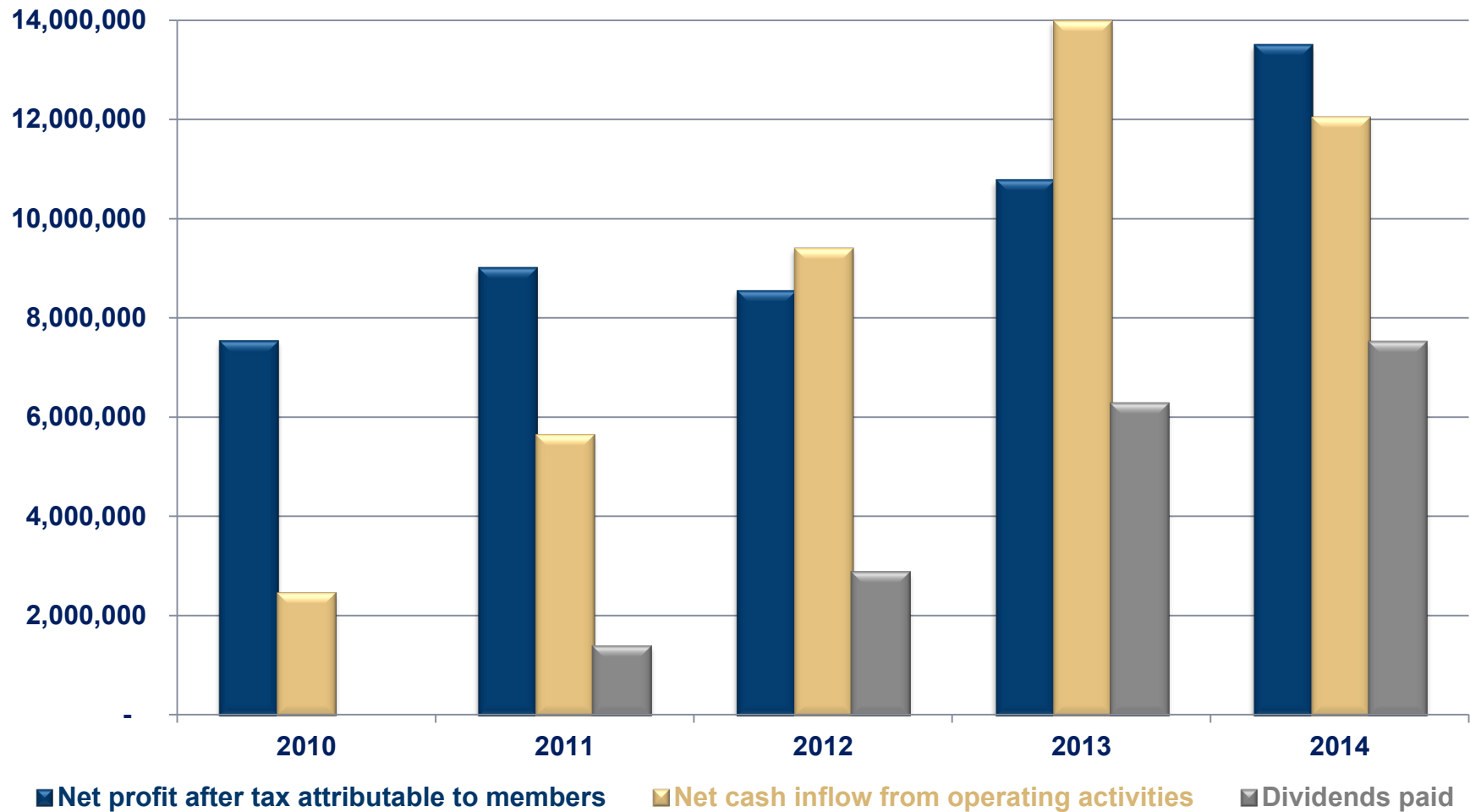


	FY2012	FY2013	FY2014	%
Revenue and income	\$59.0m	\$64.4m	\$65.5m	+2%
Profit before tax	\$14.9m	\$17.8m	\$20.8m	+17%
Profit after tax ¹	\$8.5m	\$10.8m	\$13.5m	+25%
Operating cash flow ²	\$9.4m	\$14.0m	\$12.0m	-14%
NTA backing/share	37.8c	42.3c	47.1c	+11%
EPS basic	6.27c	8.51c	10.78c	+27%
Dividend/share	2.2c	5.0c	6.0c	+20%

1. Profit after tax attributable to members

2. Net cash inflow from operating activities

PAT vs Operating cash flow vs Dividends



What's underpinning operating cash flow?

Long-term annuity income



		Average client life (years)
Services	- Debt Agreements	4.5 to 5.5
	- PIA/Bankruptcy	3
Consumer Lending	- Home Loans	3 to 4
	- Personal Loans	4 to 5
Business Lending		2.5 to 3.5

Growing loan pools - Capital requirements



Operating cash flow - \$14m in 2013 and \$12m in 2014

Investing cash flow - CAPEX around \$500k pa (stable)

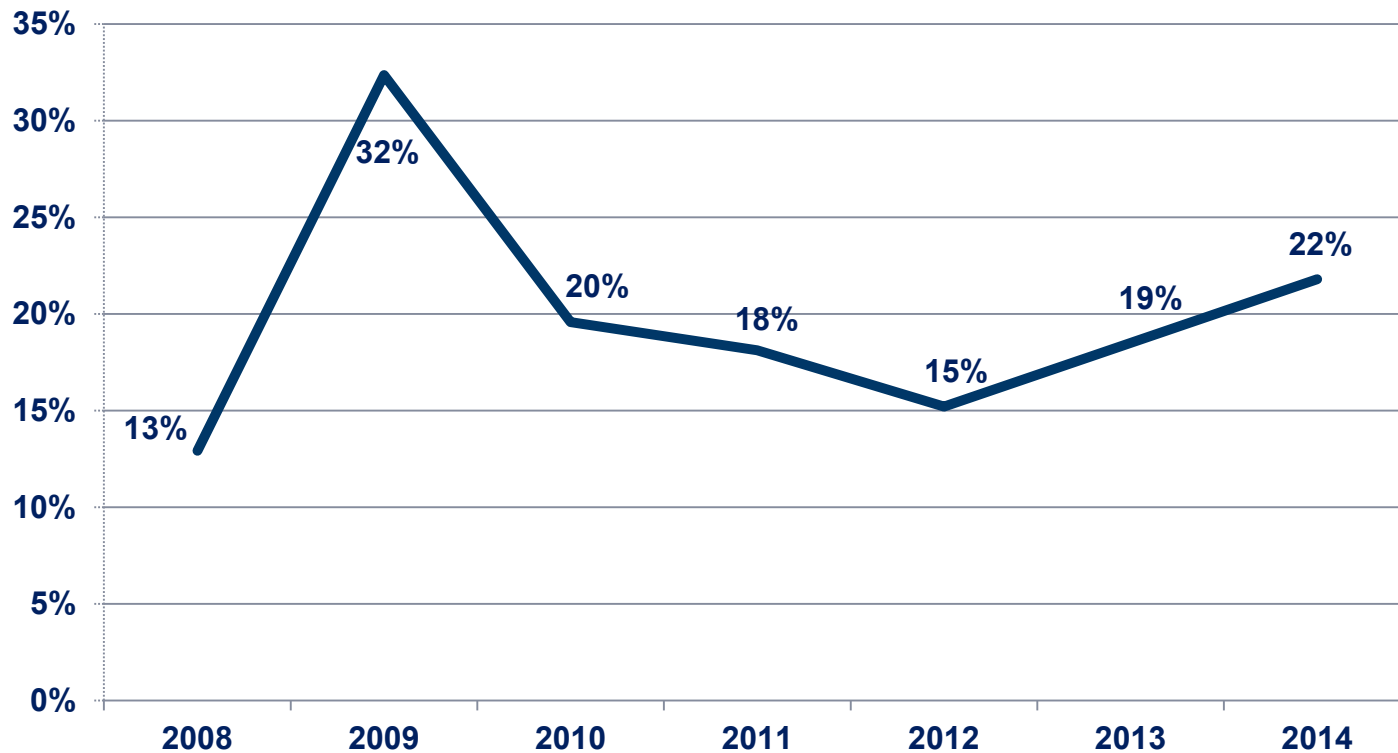
Business generating \$12m+ a year in free cash flow

Future capital requirements to support loan pool growth

- Home Loans - \$0.3m capital required for \$10m increase in pool
- Personal Loans - \$3.0m¹ capital required for \$10m increase in pool
- Business Lending - \$1.5m capital required for \$10m increase in pool

1. Estimated – a structured funding facility has not yet been established for the Personal Loan product.

Return on Equity



Growth in loan pools will be the key to growing profitability at an above average annual rate. ROE expected to increase as loan pools grow.



Where are we heading? July to October 2014

Where are we heading?



Services

Maintain our leading position in a niche market

Consumer Lending

Focus on growing our loan pools

Business Lending

Focus on growing our loan pools

New Product

Trial a new product to assist clients with paying their bills

Staff

Investing in professional development and growth

July to October 2014



Services	New client numbers up 16% for Debt Agreements and down 3% for PIA/Bankruptcy on previous corresponding period.
Consumer Lending	BDM team established to initiate Home Loans referrals among other initiatives. Loan pool \$222m, expect loan pool growth over 2015. Still trialling Personal Loans, loan pool \$2.6m.
Business Lending	BDM team expanded. Loan pool \$27m, expect loan pool growth over 2015.
New Product	Trialling 100 clients with new product to assist clients with paying their bills. Plan to increase client numbers over 2015.
Earnings and Dividend guidance for FY2015	Earnings guidance - will be provided after half year results Dividend guidance - 6.25c to 6.75c per share

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fsagroup.com.au

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