



## CML Group Limited (ASX:CGR)

27 April 2016

# Trading Update & Full Year Guidance

## Highlights

- Full year EBITDA guidance of \$5m+, up 128%+ on the previous year's underlying result
- Acquisition of Cashflow Advantage completed and fully integrated
- Second corporate bond issue complete, raising \$25m capital

## Trading Update and Full Year Earnings Guidance

CML Group ("CML" or the "Company") is pleased to provide a trading update and earnings guidance for the full year ending 30 June 2016, based on unaudited management accounts for the 9 months ended 31 March 2016.

CML expects to report EBITDA for the full year ending 30 June 2016 of \$5m+, which is substantially above last year's result. To position itself for expansion in the debtor loan book and earnings growth, both organically and by acquisition, CML has raised significant growth capital of \$60m within the last 18 months. This increased capacity in growth capital has contributed to an increase in total interest costs to \$3.6m, resulting in expected net profit after tax (NPAT) and earnings per share (EPS) in excess of \$1.0m+ and 1.0+ cents per share, respectively.

A summary of expected earnings for the full year ended 30 June 2016 is tabled below:

\$m	FY'15 A	FY'16 G	pcp Δ	Margins	
				FY'15 A	FY'16 G
<b>Invoices Purchased</b>	<b>96.9</b>	<b>325+</b>	<b>235%+</b>		
Finance	3.5	10.0+	183%+	3.6%	3.0%+
Payroll & Other	82.2	74.0+			
<b>Total Revenue</b>	<b>85.7</b>	<b>84.0+</b>			
Finance	1.0	4.5+	350%+	28.2%	45%+
Payroll & Other	2.4	2.0+		2.9%	2.7%+
Corporate	(1.2)	(1.5)			
<b>Underlying EBITDA</b>	<b>2.2</b>	<b>5.0+</b>	<b>128%+</b>	<b>2.6%</b>	<b>5.9%+</b>
One-off Costs	(1.4)	-		1.6%	-
<b>Reported EBITDA</b>	<b>0.8</b>	<b>5.0+</b>	<b>508%+</b>	<b>1.0%</b>	<b>5.9%+</b>
D&A	(0.2)	(0.2)			
Net Interest	(1.3)	(3.6)			
Tax	0.7	(0.5)+			
<b>NPAT</b>	<b>0.0</b>	<b>1.0+</b>	<b>6,150%</b>	<b>-</b>	<b>1.2%+</b>
Underlying* NPAT	0.5	1.0+	100%+		
<b>EPS</b>	<b>0.02 cps</b>	<b>1.0+ cps</b>			
Underlying* EPS	0.53 cps	1.0+ cps	100%+		

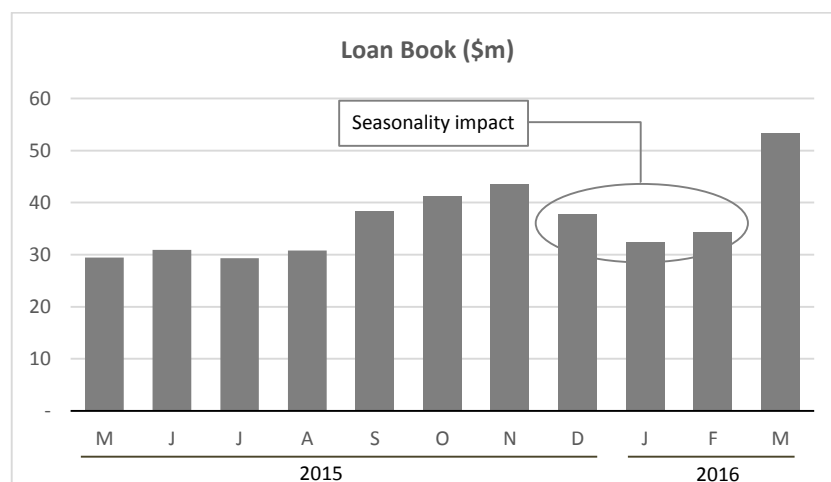
\*Underlying NPAT adjusted to remove impact of on-off costs

# CML Group

The FY'16 expected result has been driven by strong growth in the finance division debtor loan book, which has been supplemented by the successful acquisition and integration of Cashflow Advantage.

The debtor loan book grew to \$53.4m at the end of March. The loan book was impacted by the usual seasonality effects at the start of the year and has resumed growing organically. Invoices purchased over the 9 months to 31 March 2016 total \$234.3m, up 274% over the previous corresponding period.

CML completed the acquisition of Cashflow Advantage Pty Ltd ("CA") on 24 March 2016. CA has since been fully integrated with the existing Finance operations of CML.



Concurrent to the acquisition of CA, CML completed its second corporate bond offering, raising \$25m of capital.

## FY'17 Outlook

Whilst the company has not finalised its budgets for FY'17, based on the current monthly run rate in the debtor loan book and existing funding capacity, CML expects that invoices purchased will be in excess of \$500m in FY'17, up 54% on FY'16 guidance. CML also expects to at least maintain gross profit margin on the expanded debtor loan book.

There is approximately \$20m of head-room in current growth capital available to fund further organic growth, from which CML anticipates progressively generating income in-line with expansion of its finance business.

In addition, CML continues to seek out and negotiate with invoice financing providers to drive further acquisitive growth in its debtor loan book and finance offering.

Commenting on the earnings guidance CML Group CEO, Daniel Riley, said, "We are confident that the investment and focus that we have given to the invoice finance business will continue to reward us with strong growth and value for our shareholders. The acquisitions that we have made and the team that we have developed will strengthen CML's offering and position for continued growth."

# CML Group

Sincerely,

A handwritten signature in purple ink, appearing to read 'Daniel Riley', with a long horizontal flourish extending to the right.

Daniel Riley  
CEO

## **ABOUT CML GROUP**

CML provides cash flow and integrated business solutions, to help its clients focus on their core business.

CML's primary business is 'factoring' or 'receivables finance'. Through the factoring facility CML provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customer (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. CML will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services are delivered via CML's Payroll & Employment divisions, which provide 'managed employment' services to clients that do not wish to engage their workforce directly, generally as they do not have the processes, systems, insurances or desire to employ directly. This division also includes labour sourcing through recruitment agency panel management, project management and a migration practice.