



(ASX: CGR)

FY'16 Investor Presentation

Daniel Riley – CEO

August 2016

Executive Summary

FY'16 Highlights

- Finance Division EBITDA up 440% to \$5.4m
 - Loan Book up 325% to \$69.9m
- Group EBITDA up 263% to \$5.3m
 - Earnings from Other Division offset by Corporate costs
- Final Dividend of 0.5cps (FY'16 dividend to 1.0cps)

FY'17 Guidance

- Reaffirmed Group EBITDA of \$10.6m+
 - Despite loss of earnings post sale of Lester business and reflects improved earnings from Finance Division

Y/E 30 Jun (\$m)	FY'15 A	FY'16 A	Δ pcp
Finance	3.5	11.4	329%
Other ²	19.8	15.7	(21%)
Revenue²	23.3	27.1	16%
Finance ¹	1.0	5.4	440%
Other ²	1.7	1.6	(5%)
Corporate	(1.2)	(1.6)	35%
EBITDA^{1,2}	1.5	5.3	263%
NPAT ^{1,2}	0.4	1.0	157%
EPS ^{1,2}	0.40c	0.98c	145%
DPS	0.5c	1.0c	100%

1. FY'15 adjusted to underlying to exclude impact of \$1.1m one-off expenses

2. Continuing Business excluding Lester sold in July 16

CML Group Overview

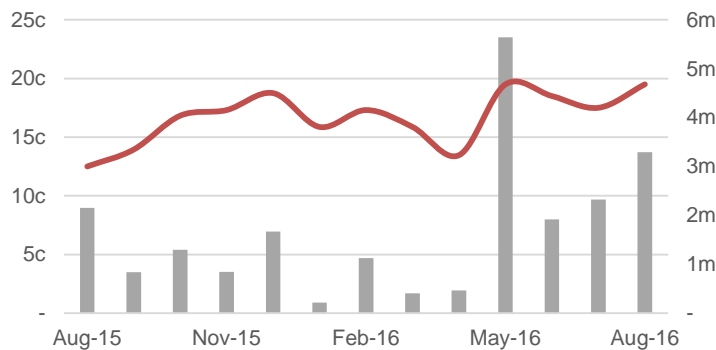
Overview

Key Stats

- CML Group (**CML**) provides a range of business finance solutions to help their clients' businesses

Capital Structure (26 Aug 16)	
Share Price	\$0.195
Shares on Issue	130,100,023
Market Capitalisation	\$25.4

Price & Volume Trading History



Capital Table

- Board own ~23%

Board (20 Jun 16)		Shareholding
Greg Riley	Non-Executive Chairman	22,011,163
Daniel Riley	MD & CEO	3,179,761
Sue Healy	Non-Executive Director	391,287
Geoff Sam	Non-Executive Director	1,228,800
Richard Farrington	Non-Executive Director	2,532,527

- Institutions own ~37%
 - Naos Asset Management (~19%)
 - First Samuel (~18%)

History

CML has transformed into a significant player in the invoice financing market

- Loan Book has grown to ~\$70m (since the establishment of the Finance business in February 2012), of which ~\$44m was acquired

	Key Milestones		Acquired Loan Book	Debt / Hybrid Funding	Year End	
	Acquisitions / Divestments				Loan Book	Debt Funding
2002	Established					
2010	Acquisition					
	ASX Listing					
2012	Acquisition					
	Launched Invoice Financing				\$2m	~\$2m
2015	Acquisition (May 15)		\$10m	\$10.4m Con Note (Jan 15) \$25m Corporate Bond (May 15)	\$21.5	~\$35m
2016	Acquisition (Mar 16)					
	Acquisition (May 16)		\$10m \$24m	\$25m Corporate Bond (Mar 16) \$15m Corporate Bond (May 16)	\$70m	~\$75m
	Divestment (Jun 16)					

Consolidated Financials

Comprehensive Income Statement

Strong earnings improvement has continued, driven by growth in the Finance division

Y/E 30 Jun (\$m)	FY'15 A	FY'16 A	Δ pcp	Comments
Finance Revenue	3.5	11.4	226%	Revenue driven by increase in Invoices Purchased
Other Revenue	19.8	15.7	(21)%	Does not include divested Lester business
Group Revenue	23.3	27.1	16%	
Finance EBITDA	1.0	5.4	440%	Earnings growth in excess of revenue growth
Other EBITDA	1.7	1.6	(5)%	
Corporate Overhead	(1.2)	(1.6)	35%	Increased overheads associated with integration of acquisitions
Underlying EBITDA¹	1.5	5.3	263%	
D&A	(0.1)	(0.1)	15%	
Net Interest	(1.2)	(3.8)	225%	Increased with higher debt
Tax	0.2	(0.5)		
Continuing NPAT²	0.4	1.0		
EPS	0.40	0.98		
DPS	0.50	1.00		0.5 cents per share Final Dividend

Finance Cost	FY'15	FY'16
Utilised funds	\$0.8m	\$2.6m
Unutilised funds	\$0.4m	\$1.4m
Interest Income	\$0.1m	\$0.1m

1. FY'15 adjusted to underlying to exclude impact of \$1.1m one-off expenses
2. Continuing Business excluding Lester sold in July 16

Comprehensive Financial Position

Borrowings have increased in line with Loan Book growth

Y/E 30 Jun (\$m)	As at 30 Jun. 15	As at 30 Jun. 16	Comments
Cash	14.1	14.7	Cash available to lend
Trade Receivables	39.5	114.6	Reflects Finance division Loan Book growth
Other	3.6	10.1	Includes \$9.6m Lester assets held for sale
Current Assets	57.2	139.4	
Property & Equipment	0.2	0.2	
Deferred Tax Assets	1.5	1.6	
Intangibles	7.4	15.4	Includes goodwill of CA and 180 acquisitions
Non-Current Assets	9.2	17.1	
Total Assets	66.4	156.5	
Trade Payables	19.9	50.0	Reflects Finance division loan book growth
Other Payables	1.4	7.2	Includes \$4.4m Unsecured Loan
Provisions	1.4	1.5	
Other	0.0	6.2	Includes \$6.2m associated with Lester business held for sale
Current Liabilities	22.7	64.9	
Borrowings	33.7	77.0	Primarily borrowings of Corporate Bond and Convertible Note
Non-Current Liabilities	33.7	77.1	
Total Liabilities	56.5	142.0	
Net Equity	9.9	14.5	

Statement of Cash Flows

Cash flows reflect growth in loan book, driven by rising volume of Invoices Purchased

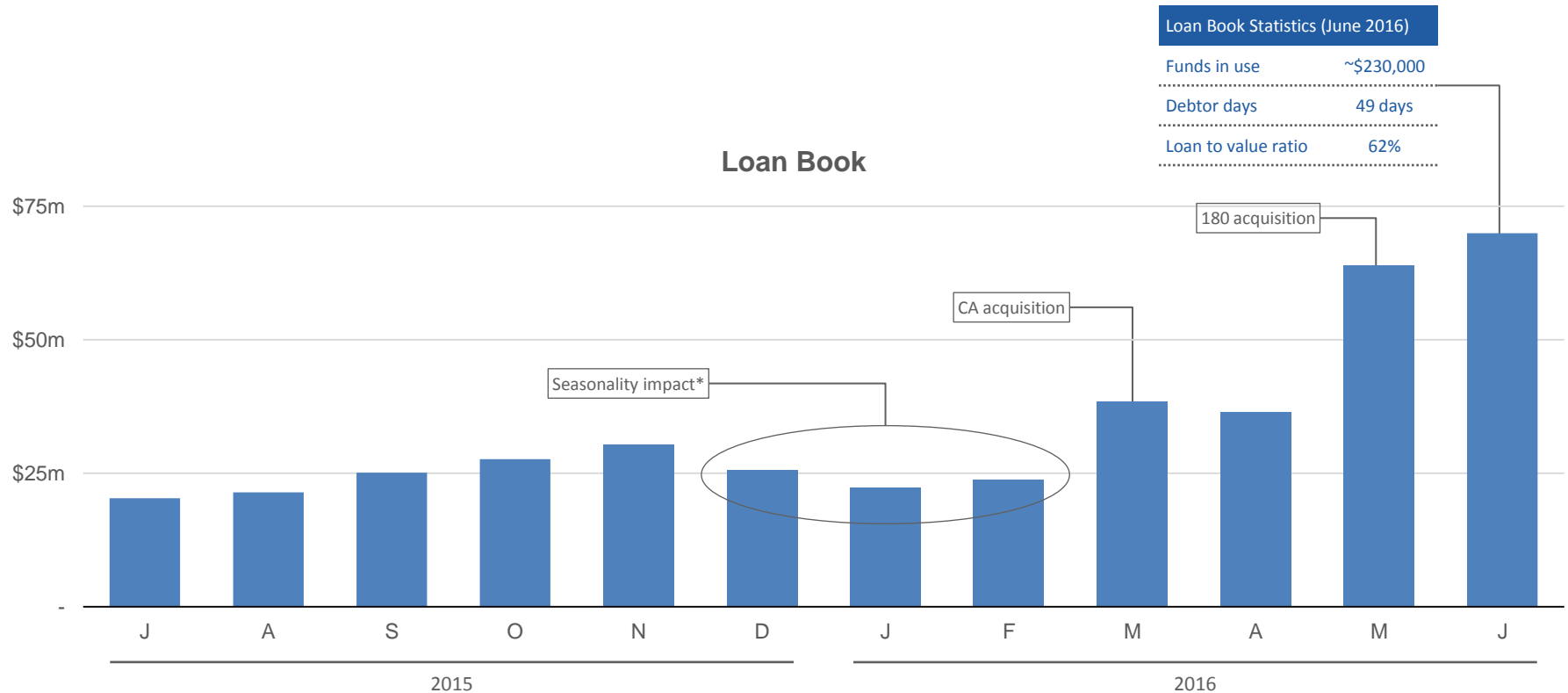
Y/E 30 Jun (\$m)	As at 30 Jun. 15	As at 30 Jun. 16	Comments
Receipts from Customers	157.1	450.2	Both increase with growth in Invoices Purchased / Loan Book
Payments to Suppliers & Staff	(165.9)	(483.5)	
Net Finance Costs	(1.3)	(4.0)	Interest on funding: Convertible Note, Corporate Bonds & Greensill Facility
Income Tax	-	(0.6)	
Net Operating Activities	(10.1)	(37.8)	
Purchase of PP&E & IT	(0.1)	(0.1)	Acquisition of Cashflow Advantage and 180 Group
Payments for subsidiary	(2.7)	(8.9)	
Net Investing Activities	(2.9)	(8.9)	
Proceeds from Issue of Shares	0.6	5.1	\$5.2m Placement and Rights Issue completed during the second half
Net Borrowings	27.0	43.3	
Dividends Paid	(1.0)	(0.5)	Corporate Bond #2, Extension and Unsecured Loan
Net Financing Activities	26.6	47.9	
Cash at Beginning of Year	0.5	14.1	
Net Cash Movement	13.6	1.1	
Cash at end of Year	14.1	15.3	

Finance Division

Loan Book

Loan book growth accelerated by acquisitions

- Strong organic growth has been bolstered in FY'16 by the acquisition of CA and 180 loan books



*Loan book is impacted annually by business slow-down and holiday period during December and January

Finance Divisional Performance

Growth in Invoices Purchased has underpinned improved performance in Finance division

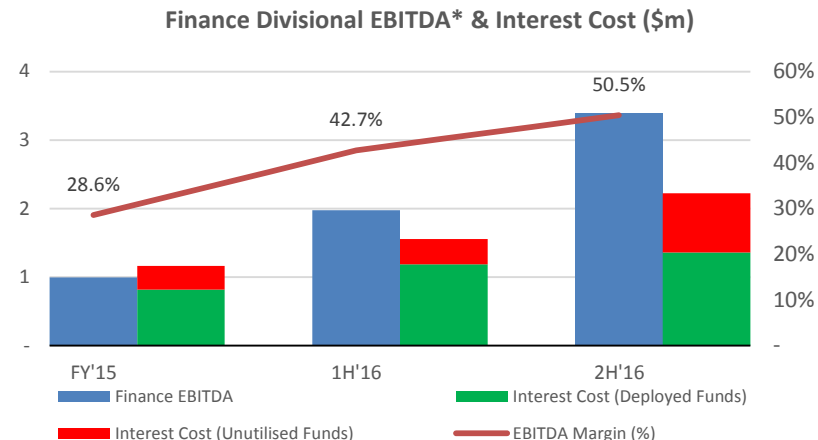
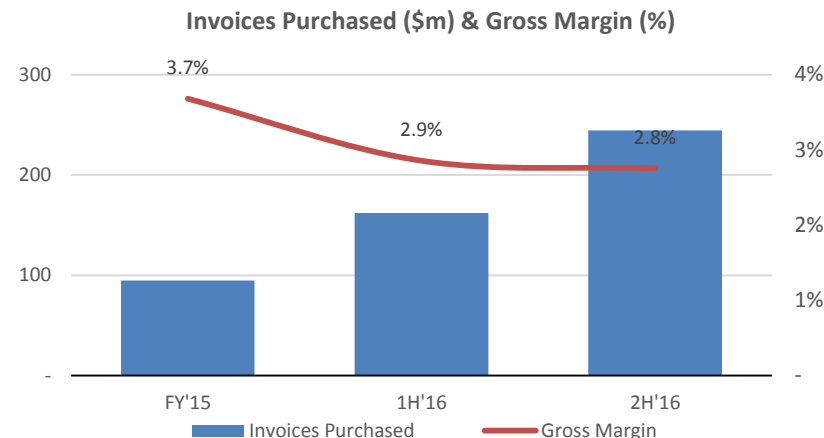
Y/E 30 Jun (\$m)	FY'15 A	FY'16 A	Δ pcp
Invoices Purchased	94.7	406.5	329%
Revenue	3.5	11.4	226%
Gross Margin	3.7%	2.8%	
Underlying EBITDA*	1.0	5.4	440%
Underlying EBITDA Margin*	28.6%	47.3%	

Acquisitions	<ul style="list-style-type: none"> Cashflow Advantage and 180 Group only contributed 3 & 1 month to FY'16 result respectively Acquisitions now fully integrated
Staffing	<ul style="list-style-type: none"> Have retained experienced staff from acquisitions Employed high performance sales team of 12
Outlook	<ul style="list-style-type: none"> Gross Margins are expected to increase with new pricing model being rolled out to client base New marketing and sales initiatives expected to drive organic growth

*FY'15 adjusted to underlying to exclude impact of one-off expenses

Finance Division – Key Drivers

CML achieved greater volumes of Invoices Purchased and EBITDA margins



- Invoices Purchased grew 329% (YoY) through acquisitions and organic growth
- Gross Margin declined as a result of blending lower margin loan books of acquisitions with higher margin CML Loan Book
 - 180 Gross Margin of 1.8% on acquisition
- Gross Margin is expected to increase with introduction of additional services to newly acquired clients
 - Clients to date have shown a strong take up

- EBITDA growth has been driven by increasing Invoices Purchased & greater earnings leverage on existing cost base
- Synergies on acquisition will drive continued improvement in EBITDA margin
 - Targeting a divisional EBITDA margin of 50%+
- Interest costs have grown in line with higher funding requirements

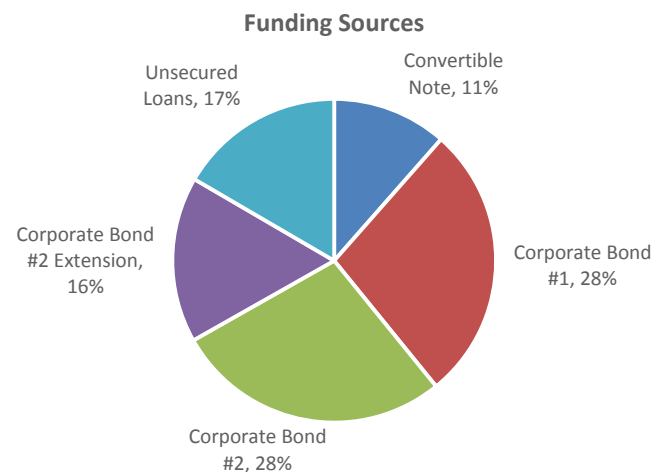
*FY'15 adjusted to underlying to exclude impact of one-off expenses

Funding Strategy

CML has secured appropriate funding with sufficient headroom for organic growth to \$90+ million of funds in use

- Loan Book growth has required debt funding:
 - \$10.4m Convertible Note (February 2015)
 - \$25m Corporate Bond #1 (May 2015)
 - \$25m Corporate Bond #2 (March 2016)
 - \$15m Corporate Bond #2 Extension (May 2016)
- Note & Bonds are permanent structures on which interest is payable on the entirety of funding available
- Temporary funding is available using Unsecured Loans, on which interest is only payable on drawn funds
 - Temporary funding is used when headroom on permanent structures is exceeded
- Having achieved scale in Finance division the next phase is to secure future funding at lower cost

Funding	Quantum	Cost
Convertible Note	\$10.4m	9.0%
Corporate Bond #1	\$25.0m	BBSW* + 5.4%
Corporate Bond #2	\$25.0m	8.0%
Corporate Bond #2 Extension	\$15.0m	8.0%
Unsecured Loans	\$15.0m	9.0% to 10.0%
Total Available	\$90.4m	



*1 month BBSW as at 22 August 2016 was 1.7%

Other & Corporate Divisions

Other & Corporate Divisional Performance

CML completed the divestment of non-core Lester Associates business; remaining businesses remain profitable

Y/E 30 Jun (\$m)	FY'15 A	FY'16 A	Δ pcp
Other Revenue	19.8	15.7	(21)%
Other EBITDA	1.7	1.6	(5)%
<i>Other EBITDA Margin</i>	<i>8.5%</i>	<i>10.2%</i>	
Corporate EBITDA	(1.2)	(1.6)	35%

Lester Associates	<ul style="list-style-type: none"> Sold after 30 June releasing \$3.5m in capital, which includes \$1.8m of goodwill Sale is part of the business simplification program aimed at exiting non-core business Lester earnings contribution not included in table above
Corporate	<ul style="list-style-type: none"> Increased costs resulting from acquisitions made during year
Outlook	<ul style="list-style-type: none"> Other division is expected to remain profitable, delivering steady earnings CML may divest this Division (as part of the simplification program) if an appropriate offer is received

Outlook

Outlook

Guidance of \$10.6m+ in FY'17

- CML expects the strong growth momentum achieved in FY'16 to continue into FY'17
- Reaffirmation of previously stated guidance of EBITDA of \$10.6m+ and despite loss of earnings from sale of Lester

\$m	FY'16 A	FY'17 Guidance	Δ pcp
Group EBITDA	5.3	10.6+	98%+

- FY'17 earnings to be driven by:

Scale

- Full year contribution from CA and 180, which only contributed one and three months, respectively, to FY'16 earnings
- Collectively, CA and 180 have Invoice Purchases of greater than \$500m on an annualised basis

Margin Improvement

- Expected take-up of additional value-add services from clients of acquired Loan Book will drive greater margin generation

Cost Synergies

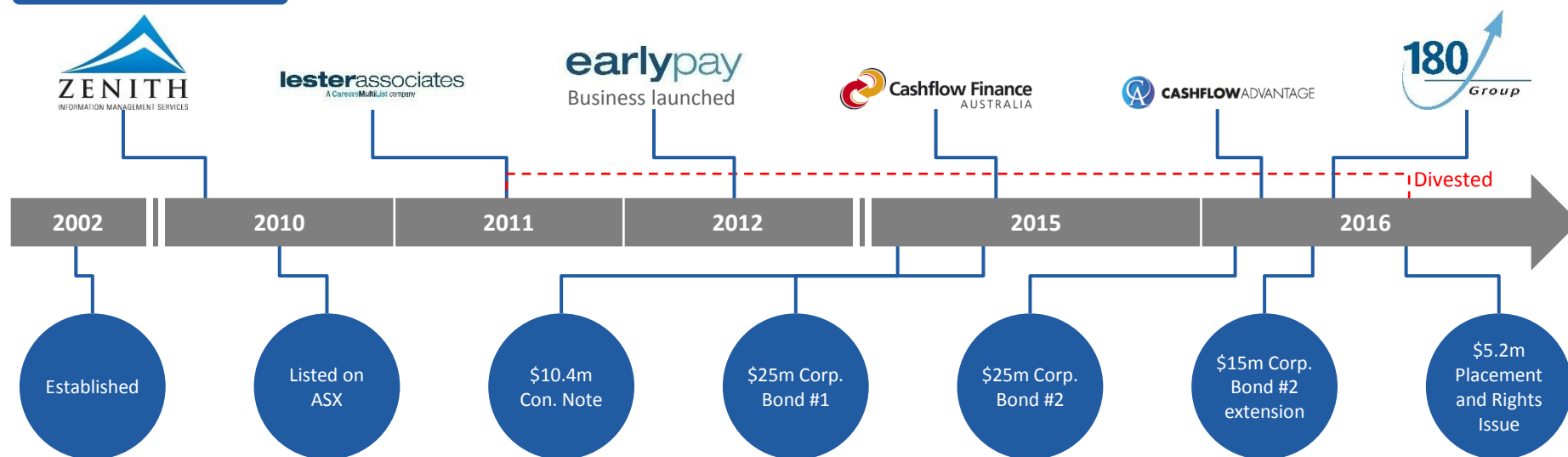
- Merger of acquisitions is expected to save more than \$1m p.a.

Appendix

Group History

Organic and acquisitive growth has built CML into a significant player in the invoice financing market

Acquisitions / Divestments



	Cashflow Finance Australia	Cashflow Advantage	180 Group
Loan book	\$10m	\$10m	\$24m
Clients	110	65	116
Avg. funds in use	\$100,000	\$154,000	\$247,000
Loan to value	55%	70%	52%
Acquisition date	May '15	Mar. '16	May '16
FY'16 contribution	12 months	3 months	1 month

Finance Revenue Model

CML is targeting a Gross Margin of 2.8%+ on total Invoices Purchased

There are 4 key drivers to Finance division

1. Invoices Purchased

- The gross amount of cash flow against which CML provides working capital assistance
- CML will provide up to 80% in funds of the face value of an invoice
- The amount of Invoices Purchased and LVR drives the size of the Loan Book

2. Gross Margin

- The fees which CML generates for providing finance services; this is accounted as divisional Revenue

3. EBITDA Margin

- The costs of operating the Finance business

4. Interest Costs

- The costs of funds required to provide financing

Finance Divisional Earnings Model

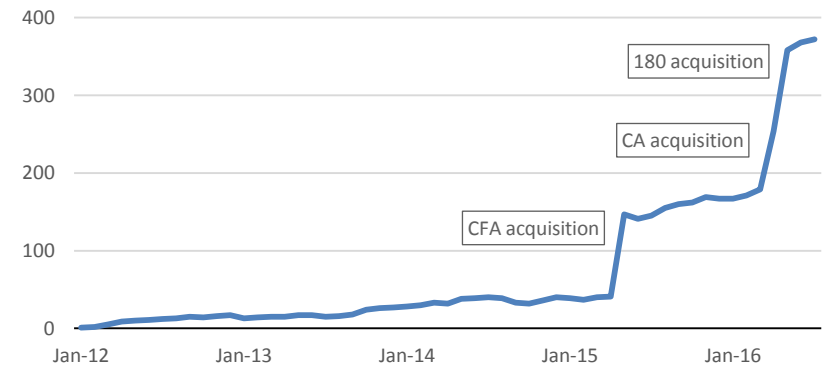
Invoices Purchased	\$100	
Revenue	\$2.8	Targeting 2.8%+ Gross Margin
EBITDA	\$1.4	Targeting 50%+ EBITDA Margin
PBT	\$0.56	Targeting 20%+ PBT Margin

Clients

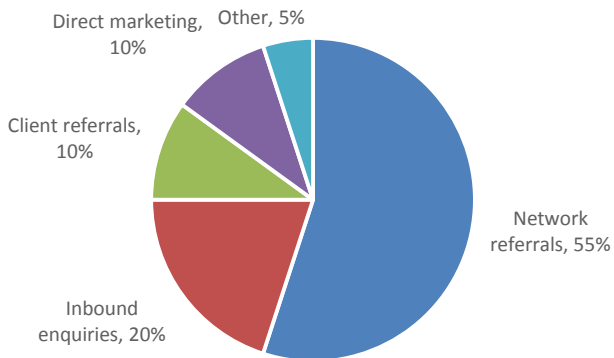
CML has 350+ clients, covering 13 industries

- CML has a portfolio 350+ clients
 - Clients are spread across 13 industries
 - Average client tenure of 4+ years
- CML has built a sales and business development team of 12
 - Seeking to drive organic growth, with targeted growth of ~15 new clients per month
- Clients generated through network of 2,500+ referrers

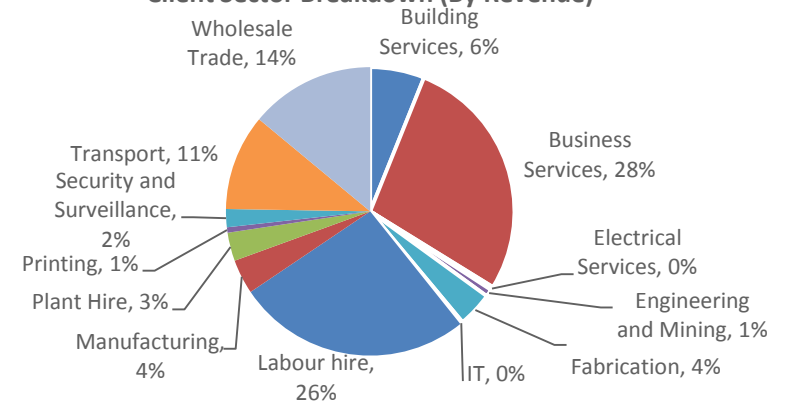
Finance Division Clients



Client Sources



Client Sector Breakdown (By Revenue)



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