

SCOTTISH PACIFIC GROUP LTD ANNOUNCES FY16 PROFORMA NPATA OF \$23.0M, \$0.7M AHEAD OF PROSPECTUS FORECAST

Highlights

Scottish Pacific Group Ltd (“Scottish Pacific” or “the Company”), today released results for the year ended 30 June 2016. Scottish Pacific listed on the ASX on 13 July 2016.

- Pro-forma NPATA \$23.0m, up \$0.7m on Prospectus forecast
- Statutory NPBT \$0.5m (ahead of Prospectus Forecast by \$0.3m) after \$21.6m of one off acquisition, restructuring and transaction costs
- Re-affirming FY17 Pro-forma forecasts NPATA \$31.8m as per Prospectus
- Over \$400m of undrawn facilities available for continued loan book growth
- Investment in online lead generation sees 20% of new business sourced directly, up from 9% in FY15
- July new client numbers and value of new loans up significantly
- Now have over 1700 clients

Acquisitions

During FY16, Scottish Pacific completed three acquisitions, acquiring ~\$400m of new loans and over 600 new clients. The acquisitions have delivered:

- cost synergies (\$5.1m forecast in FY17)
- improved operating leverage
- new products to be cross sold across the expanded customer base
- an ability to make even larger loans due to a greater diversification of customers
- a more diverse funding base

The integration of these acquisitions has been completed and is expected to deliver the benefits consistent with the FY17 prospectus forecast.

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Funding

During the year, the Company completed a major restructure of its funding platform now incorporating three asset backed, and non-recourse to Scottish Pacific, warehouses plus mezzanine facilities and a full recourse corporate debt facility.

CEO Statement

Scottish Pacific CEO, Peter Langham, commenting on the result said “The last 12 months has seen a period of extraordinary growth with the Company now placed as the largest specialist provider of SME finance with a loan book of approximately \$800m. I am particularly pleased to see so many new debtor finance proposals coming from new distribution channels and excited about the prospects for the newer products within our business”.

“Today, the acquisitions, new funding and being a public company sees Scottish Pacific, well positioned for further growth. Growth is anticipated from the core debtor finance business, as existing clients grow, more is invested into new distribution channels and the benefits of scale, make the products more accessible”.

“In addition there are a number of products, still very much in their infancy, that whilst not significant contributors today, will set the platform for future growth. By way of example, Selective Invoice Finance was launched in July 2015, generated \$0.4m operating profit in FY16, winning clients who later become long-term debtor finance clients”.

“Our investment in direct marketing, new products and digital has supported the Company’s growth aspirations. Over 1,600 new business enquiries are now made directly each year. We are deploying technology to assess credit applications online and accelerate the client on boarding process. This in turn has focussed our new product efforts on satisfying the requirements of a broader base of borrowers”.

Scottish Pacific today:

- Provides facilities to over 1700 businesses
- The loan book has increased to ~\$800m
- Generates over 1600 new loan leads online
- Has the largest sales and marketing team in Australia / New Zealand
- Has referral agreements with ANZ and Suncorp-Metway
- Has undrawn warehouse facilities of ~\$400m

Trading Outlook

35 new clients settled in July, up from a 2H15 monthly average of 26. Attrition rates steady.

Average annual turnover of new customers in July of \$44m, up from a 2H15 monthly average of \$18m

East & Partners latest survey of over 1200 businesses with annual sales between \$1m and \$20m, indicates that over 70% of CFOs cite cash flow as “the thing that keeps them awake at night”. The same survey, shows an increasing number of businesses looking to non-bank lenders for their pending investment, compared to the same time 2 years ago.

“The trends identified by East & Partners have provided good momentum for the business resulting in a very pleasing start to the year” added Mr Langham.

Media & Investors

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