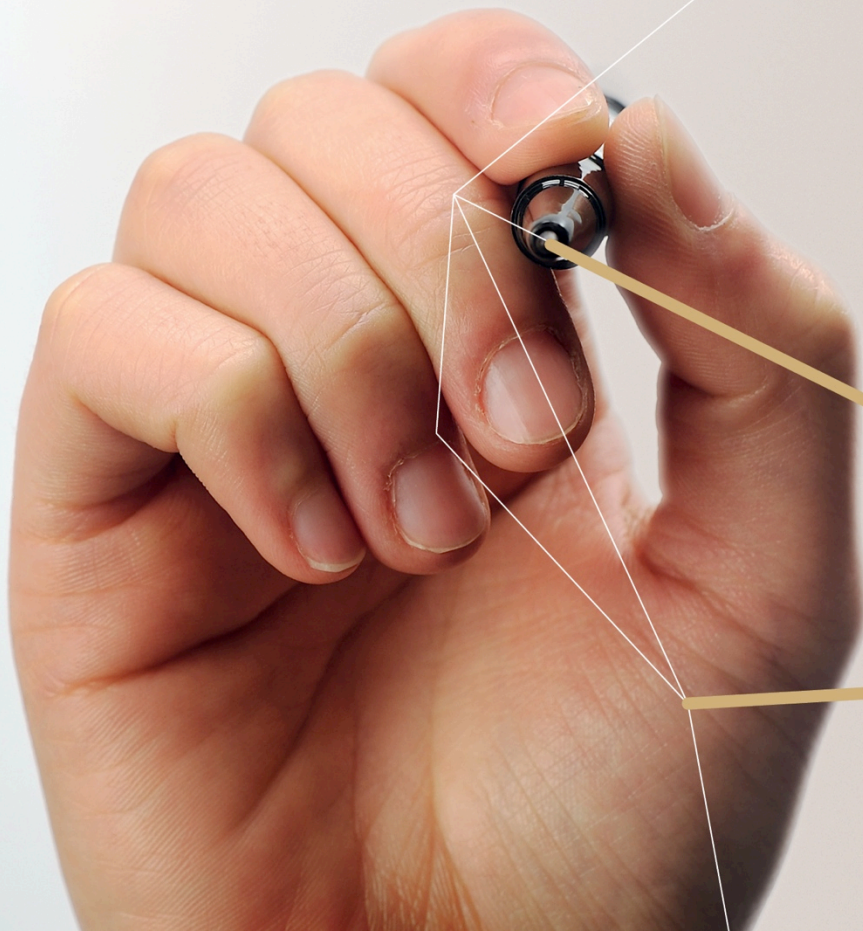




FSA Group Limited

AGM Presentation

22 November 2018



Agenda



- Overview
- Segments
 - Services
 - Consumer Lending
- Financial Results 2018
- Strategy and Outlook and Amendments

Overview

FSA Group
Limited

Services

Consumer Lending

Financial
Results

Strategy and
Outlook



Overview



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

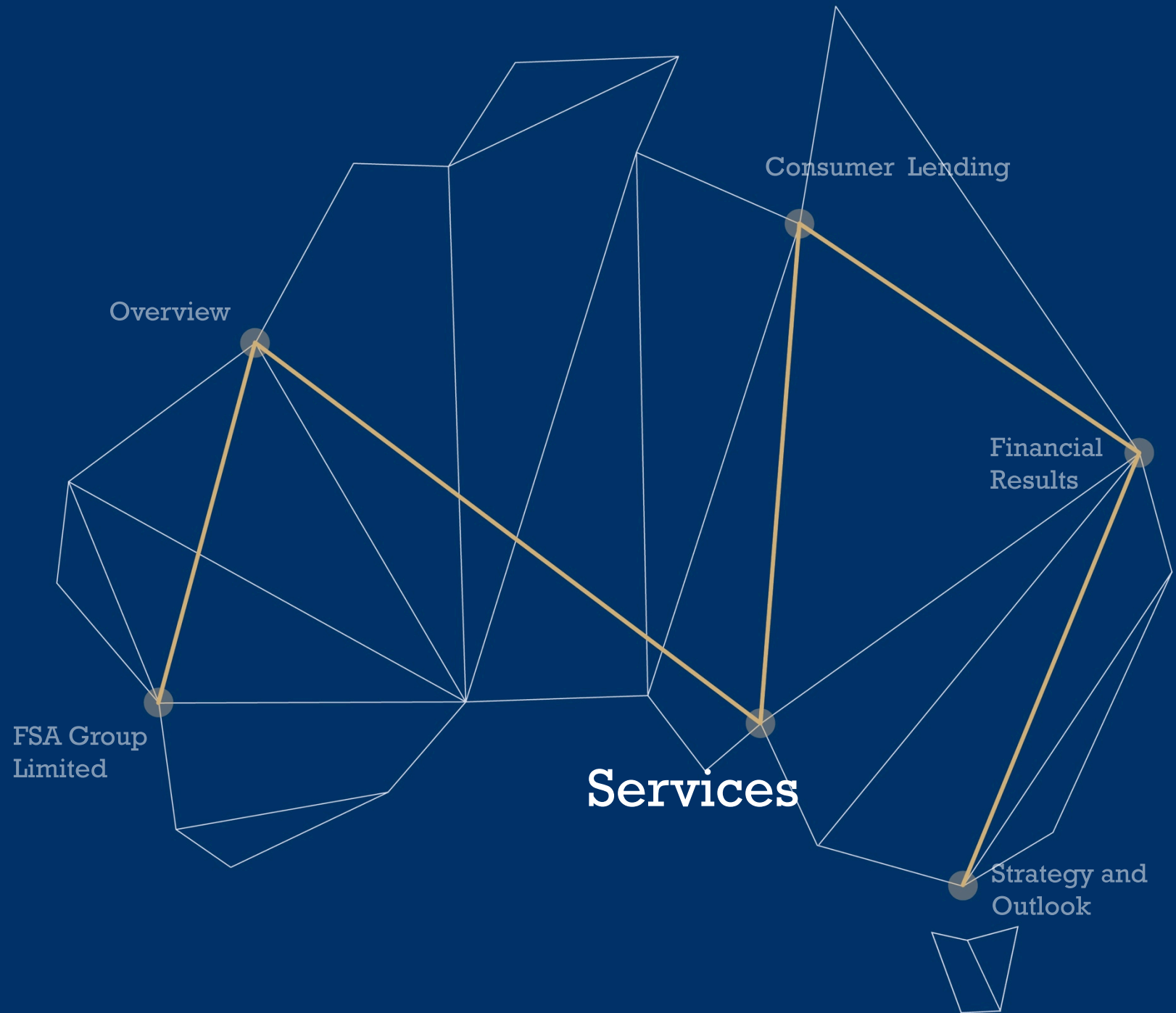
What we do

For over 18 years, FSA has helped thousands of Australians take control of their debt. Our large and experienced team of professionals offers a range of debt solutions and direct lending services, which we tailor to suit individual circumstances and to achieve successful outcomes for our clients.

Segments

Operates across 2 segments:

- Services
- Consumer Lending



Services



Debt Agreements

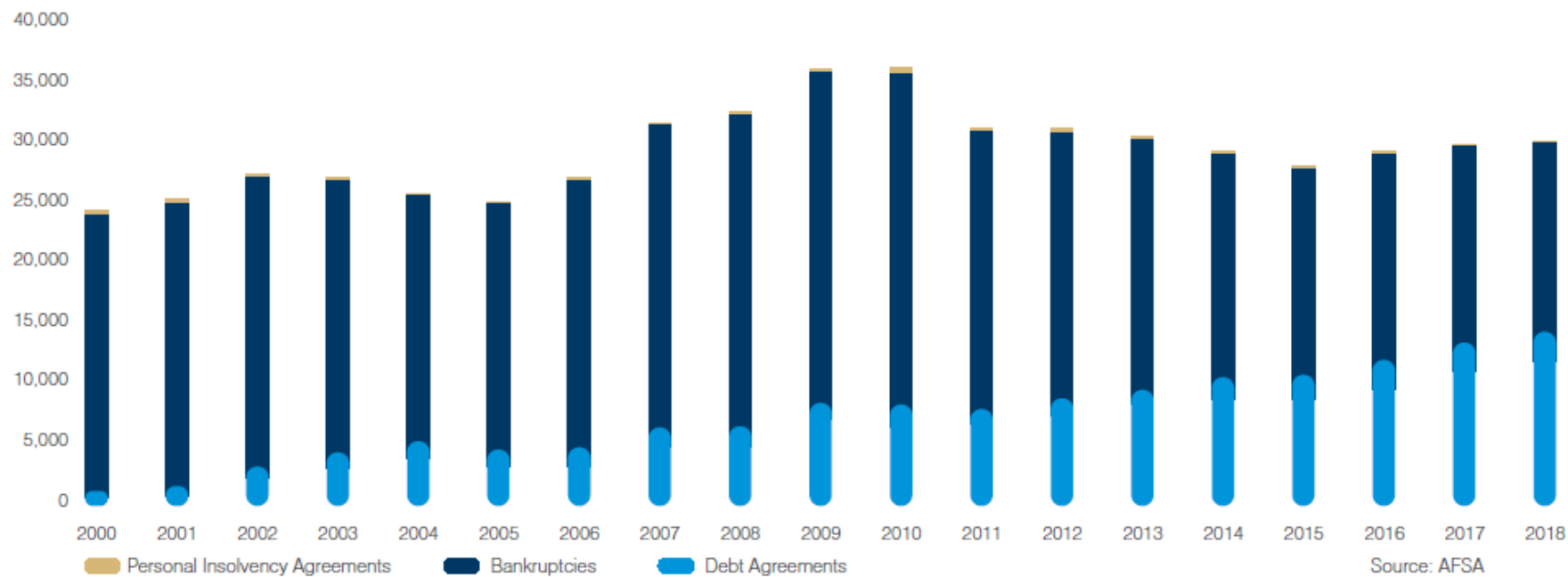
PIAs and Bankruptcy

FSA offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These services include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy.

Market



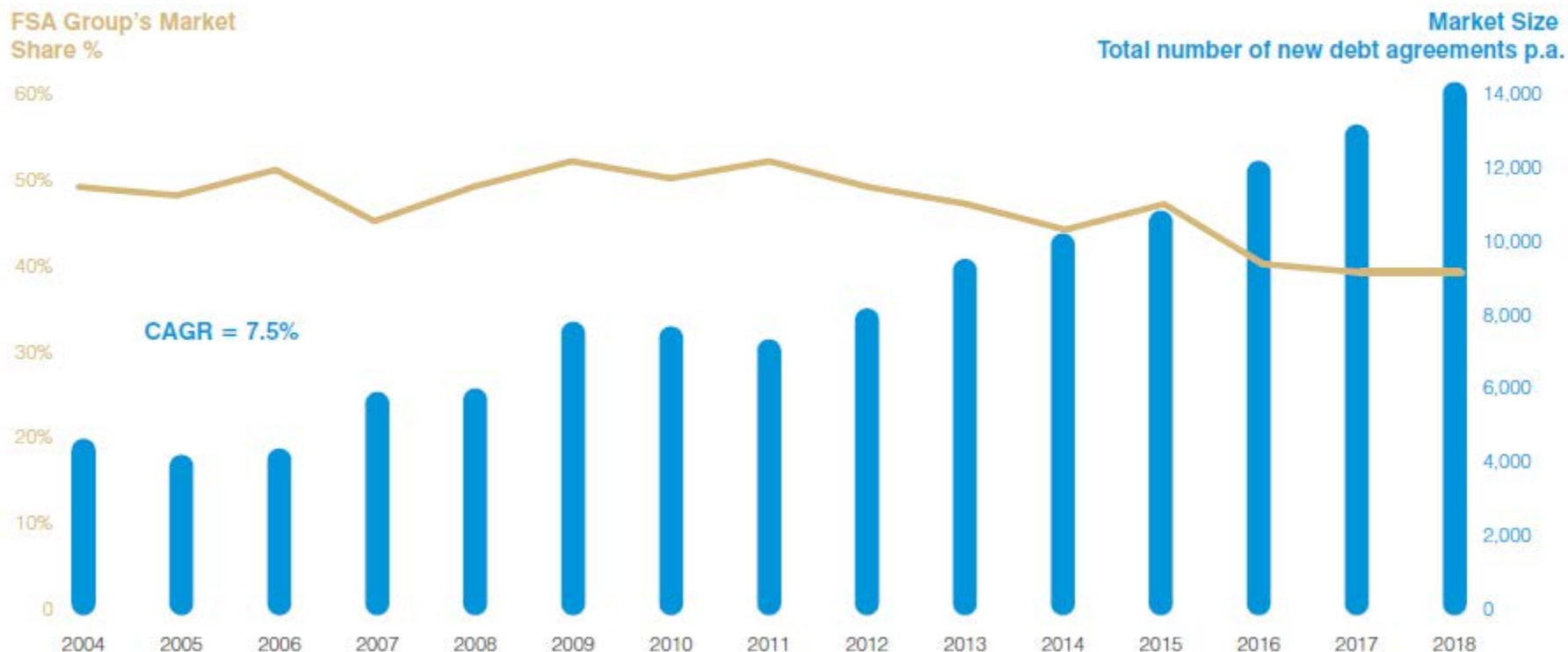
The Services Market



FSA is the leader in debt agreements



Debt Agreement Market Share



Services



Debt Agreements

Market share 39%*
7% increase in new clients
21,885 clients up 8%
\$398m of debt managed
\$82m paid to creditors

Our market share remains under pressure. We will never sacrifice quality and customer benefit for volume and market share.

PIAs and Bankruptcy

Largest Trustee
17% increase in new clients
1,253 clients down 11%

* Calculated using AFSA statistics for FY2018

Consumer Lending



Consumer Lending



Home Loans

FSA offers non-conforming home loans to assist clients with property who wish to consolidate their debt.

Personal Loans

FSA offers non-conforming personal loans to assist clients with the purchase of a motor vehicle.

Loan pools



| Loan Pool Data | Home Loans | Personal Loans |
|---------------------------------|------------------|----------------|
| Average loan size | \$349,237 | \$24,978 |
| Security type | Residential home | Motor vehicle |
| Average loan to valuation ratio | 67% | 95% |
| Variable or fixed rate | Variable | Fixed |
| Geographical spread | All states | All states |

Loan pools



| Loan Pools | FY2016 | FY2017 | FY2018 | % Change |
|----------------|--------|--------|--------|----------|
| Home Loans | \$262m | \$306m | \$360m | +18% |
| Personal Loans | \$20m | \$35m | \$48m | +35% |
| Total | \$282m | \$342m | \$408m | +19% |

| Arrears > 30 day | FY2015 | FY2016 | FY2017 | FY2018 |
|------------------|--------|--------|--------|--------|
| Home Loans | 2.87% | 2.17% | 2.21% | 1.40% |
| Personal Loans | Nil | 0.59% | 1.56% | 1.55% |

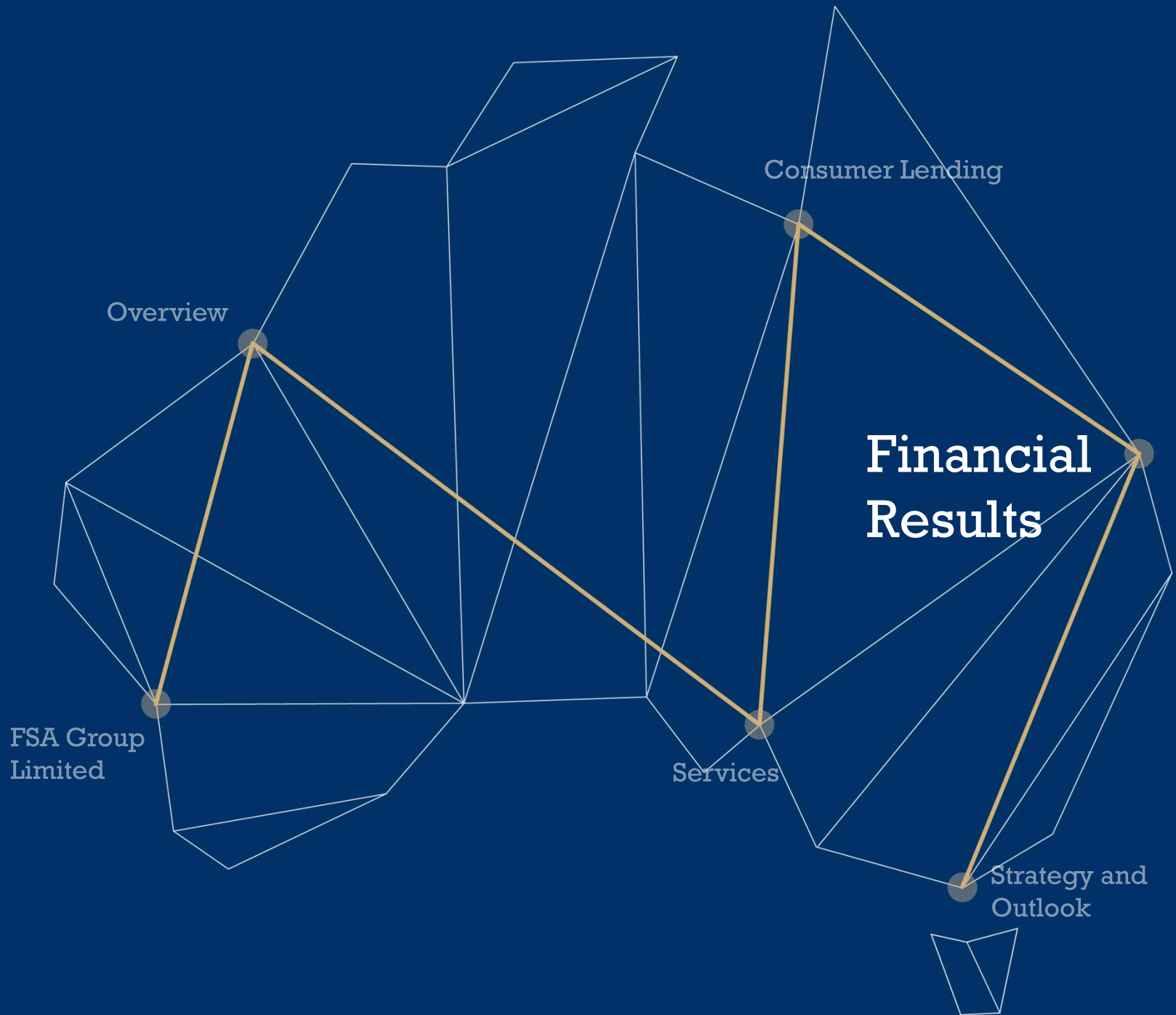
| Impairments | FY2015 | FY2016 | FY2017 | FY2018 |
|----------------|-----------|-----------|-----------|-----------|
| Home Loans | \$173,288 | \$564,867 | \$259,895 | \$290,680 |
| Personal Loans | Nil | \$20,222 | \$294,911 | \$854,845 |

Loan pools - funding



| Funding | Facility Type | Provider | Limit | Availability End Date | Maturity Date |
|----------------|------------------------|---------------|--------|-----------------------|----------------|
| Home Loans | Non-recourse senior | Westpac | \$350m | July 2019 | October 2019 |
| | Non-recourse senior | Westpac | \$25m | June 2019 | September 2019 |
| | Non-recourse mezzanine | Institutional | \$25m | July 2019 | October 2019 |
| Personal Loans | Recourse corporate | Westpac | \$45m | - | December 2018 |
| | Recourse senior | Westpac | \$75m* | 2 years | 4 years |

* The conditionally approved \$75m recourse senior personal loan facility will replace the \$45m recourse corporate facility once formal documentation is agreed and entered into by the parties



PBT by segment from continuing operations



| Profit before tax by segment | FY2016 | FY2017 | FY2018 | % Change |
|------------------------------|----------|---------|---------|----------|
| Services | \$14.2m | \$14.9m | \$15.1m | +1% |
| Consumer Lending | \$5.2m | \$7.0m | \$9.5m | +36% |
| Other/unallocated | (\$2.5m) | \$1.6m | \$0.3m | |
| Profit before tax | \$16.8m | \$23.5m | \$24.9m | +6% |

Other/unallocated

Includes the before tax mark to market unrealised loss of \$2.4m in 2016, unrealised gain of \$1.4m in 2017 and unrealised gain of \$0.2m in 2018 on our 5 year interest rate swap agreements.

Group financials from continuing operations



| Financial Overview | FY2016 | FY2017 | FY2018 | % Change |
|---|---------|---------|---------|----------|
| Operating income | \$62.1m | \$70.6m | \$74.5m | +6% |
| Profit before tax | \$16.8m | \$23.5m | \$24.9m | +6% |
| Profit after tax attributable to members | \$10.7m | \$15.4m | \$16.4m | +7% |
| EPS basic | 8.52c | 12.27c | 13.09c | +7% |
| Net cash inflow from operating activities | \$9.9m | \$11.1m | \$14.5m | +30% |
| Dividend/share | 7c | 7c | 7c | - |
| Shareholder Equity | \$76.8m | \$83.3m | \$91.0m | +9% |

PBT, PAT, EPS

Impacted by the before tax mark to market unrealised loss of \$2.4m in 2016, unrealised gain of \$1.4m in 2017 and unrealised gain of \$0.2m in 2018 on our 5 year interest rate swap agreements.

Group financials from continuing operations, excluding impact of swap agreement



| Normalised Financial Overview | FY2016 | FY2017 | FY2018 | % Change |
|---|---------|---------|---------|----------|
| Normalised profit before tax | \$19.2m | \$22.1m | \$24.7m | +12% |
| Normalised profit after tax attributable to members | \$12.3m | \$14.4m | \$16.2m | +13% |
| Normalised EPS basic | 9.85c | 11.48c | 12.96c | +13% |

PBT, PAT, EPS

Excludes the before tax mark to market unrealised loss of \$2.4m in 2016, unrealised gain of \$1.4m in 2017 and unrealised gain of \$0.2m on our 5 year interest rate swap agreements.

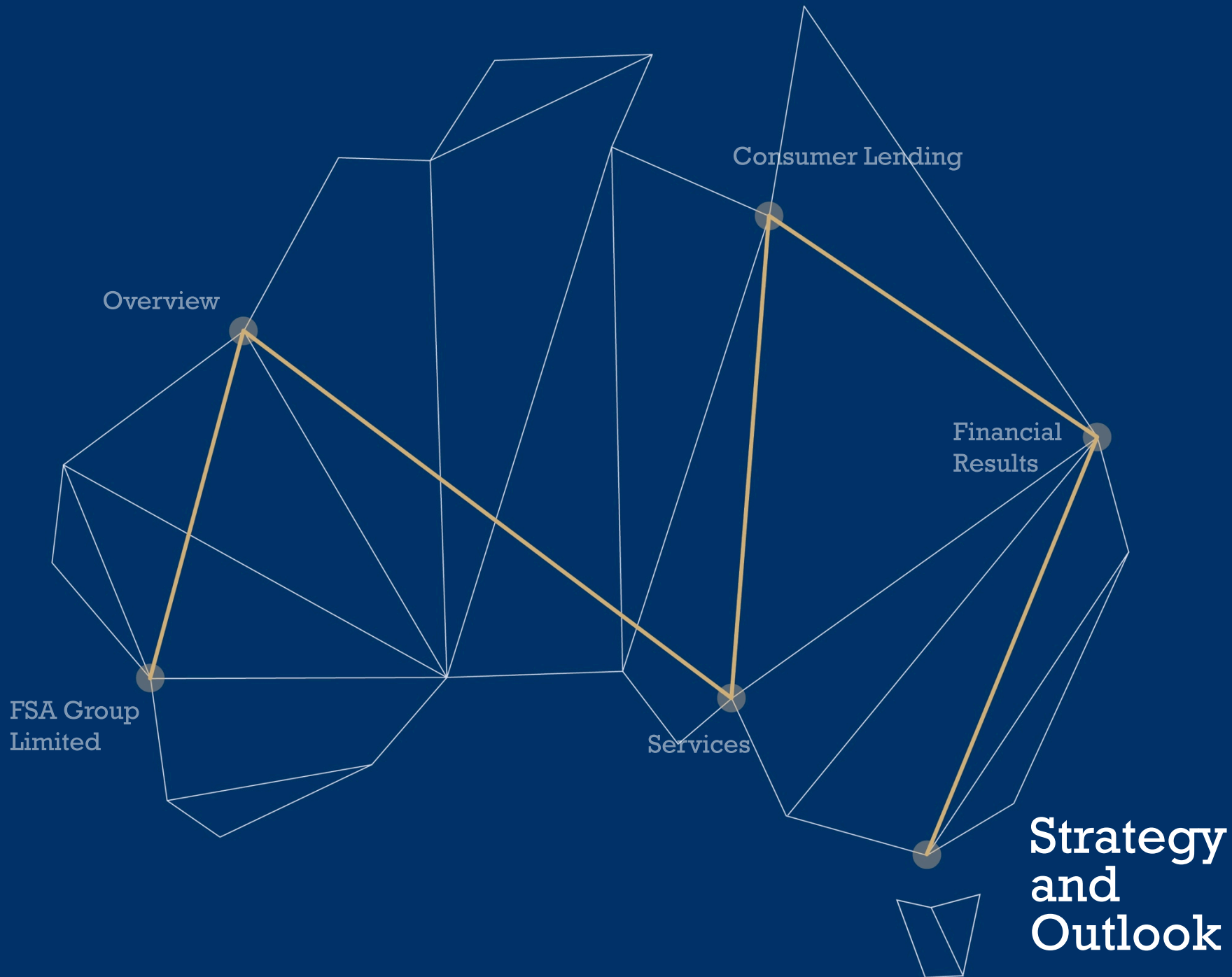
What's underpinning operating cash flow



Long-term annuity income

| | FY2016 | FY2017 | FY2018 | % Change |
|---|--------|---------|---------|----------|
| Net cash inflow from operating activities | \$9.9m | \$11.1m | \$14.5m | +30% |

| | | No of clients / loan pool size | Average client life in years |
|-------------------------|-------------------|-----------------------------------|---------------------------------|
| Services | - Debt Agreements | 21,885 | 4.5 to 5.5 |
| | - PIA/Bankruptcy | 1,253 | 3 |
| Consumer Lending | - Home Loans | \$360m | 3 to 4 |
| | - Personal Loans | \$48m | 4 to 5 |



Remaining 2 years of our 5 years strategic plan 2016 - 2020



| | |
|--|--|
| Services | Maintain our leading position in a niche market |
| Consumer Lending | Aiming to grow our loan pools to around \$500m, broken down as \$400m for home loans and \$100m for personal loans |
| Earnings | Expect earnings growth of 5% to 15% per annum |
| Capital Management | Over the next 2 years we expect our full year dividend to be between 5c to 7c per share with the balance of earnings to be re-invested to support the growing personal loan pool |
| Preparing our business for the future | See next slide |

Preparing our business for the future



| | |
|--------------------|--|
| Our Plan | <p>We are offshoring a number of administrative tasks and automating others. A primary benefit of this initiative is that it allows our key staff to focus on critical roles such as their engagement with customers and other stakeholders; thus improving customer outcomes.</p> <p>The combined benefits of offshoring and automation will allow us to leverage our human capital quickly and cost effectively to assist an increasing number of new clients.</p> |
| Philippines | 25 staff operational |
| India | 13 staff operational |

Possible Senate Inquiry



Possible Senate Inquiry

We are aware of a potential Senate inquiry into parts of the finance sector.

We do not believe we will be called upon in relation to debt agreements because of the inquiry conducted by the Senate Legal and Constitutional Affairs Legislation Committee in March 2018, which resulted in the passing of amendments to the Bankruptcy Act in September 2018 which take effect from 27 June 2019.

Amendments to the Bankruptcy Act



Amendments to Bankruptcy Act

Amendments Will limit the time to repay debt under a debt agreement to 3 years for non-home owners while allowing those who own a home up to 5 years.

Non-home owners may be adversely affected by this change as a 3 year term may not provide commercially acceptable rates of return to creditors resulting in these proposals being rejected. The likely consequence of this may be an increase in non-home owners exploring other solutions to resolve their unmanageable debt.

Impact We are a diversified debt solution provider. Unlike some of our competitors, we offer a range of solutions to assist clients with unmanageable debt. These solutions include debt consolidation, informal arrangements, debt agreements, personal insolvency agreements and bankruptcy.

We do not see these amendments as having a material impact on the number of clients we are able to assist or our long term financial performance.

Investor Relations Contacts



Mr. Tim Odillo Maher

Executive Director

FSA Group Limited

Level 3, 70 Phillip Street
Sydney NSW 2000

T: 02 8985 5090

F: 02 8985 5310

E: tmaher@fsagroup.com.au

Ms. Deborah Southon

Executive Director

FSA Group Limited

Level 3, 70 Phillip Street
Sydney NSW 2000

T: 02 8985 5091

F: 02 8985 5333

E: dsouthon@fsagroup.com.au

Further information can be accessed from
fsagroup.com.au

Cautionary Statements and Disclaimer Regarding Forward-Looking Information



This release may contain forward-looking statements, including statements about FSA Group Limited's (**Company**) financial condition, results of operations, earnings outlook and prospects. Forward-looking statements are typically identified by words such as "plan," "aim", "focus", "target", "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions.

The forward-looking statements contained in this release are predictive in character and not guarantees or assurances of future performance. These forward-looking statements involve and are subject to known and unknown risks and uncertainties many of which are beyond the control of the Company. Our ability to predict results or the actual effects of our plans and strategies is subject to inherent uncertainty.

Factors that may cause actual results or earnings to differ materially from these forward-looking statements include general economic conditions in Australia, interest rates, competition in the markets in which the Company does and will operate, and the inherent regulatory risks in the businesses of the Company, along with the credit, liquidity and market risks affecting the Company's financial instruments described in the Company's latest Annual Report.

Forward-looking statements are based on assumptions regarding the Company's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate. Those assumptions may not be correct or exhaustive.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. **You are cautioned not to place undue reliance on any forward-looking statements.**

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