

# H1 FY20 Investor Presentation

February 2020

*cash***converters**



# Our Presence



2 Cash Converters has a 25% equity interest in Cash Converters New Zealand (CCNZ)

# Our Business



Focus on meeting the cash needs of a growing and under-serviced market.



**Diversified** product offering: secured and unsecured lending, second-hand goods retailing.



Bespoke proprietary technology, developed inhouse, delivering **enhanced customer service**.



**30+ years** of operation through multiple economic and business cycles, across multiple geographies.



**Data-driven** decision optimising lending outcomes through machine learning.



Global, integrated multi-channel **network**.

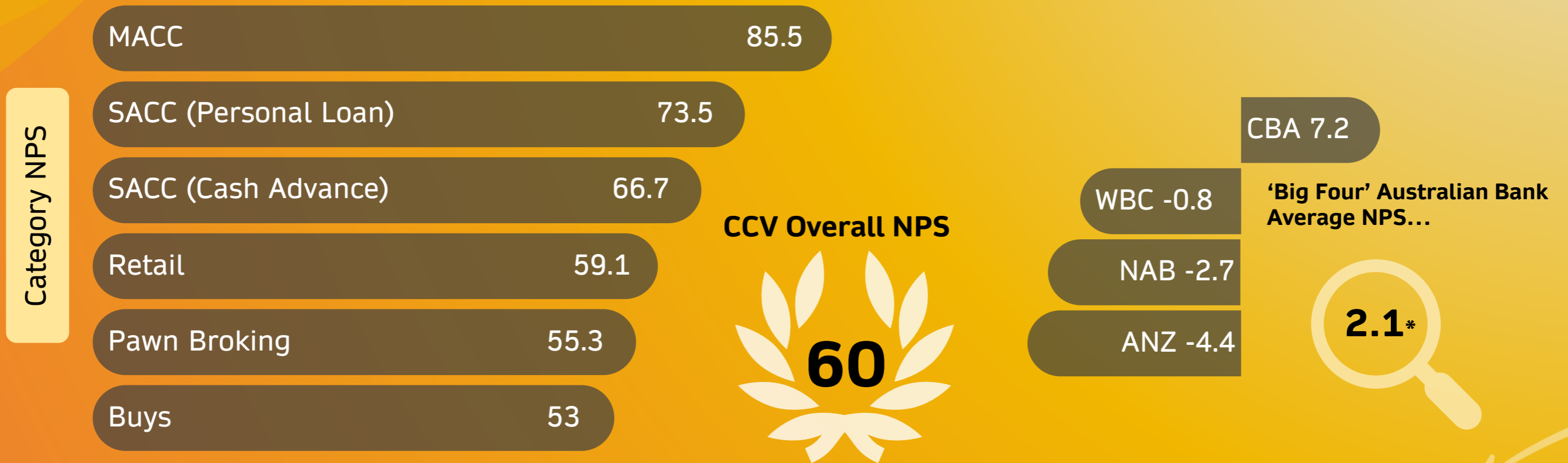


**Growth** opportunities in domestic and overseas markets.

# Customer Satisfaction

In recent years we have facilitated millions of transactions, amassing customer data that we can then leverage to create a competitive advantage.

Our ability to find new customers and provide existing customers with what they want, is reflected in industry leading Net Promoter Score (NPS) satisfaction levels...



# Results



# H1 FY20 Milestones

Several milestones were achieved during H1 FY20 including a record-breaking December 2019 for Personal Finance outgoings, Online Applications and Speed-to-Cash.

A selection of these milestones are outlined below.



**Total Loan Book**  
\$224.2m (+1.6% on FY19)



**53.9% of loans originated online** (+4.6%)



**Total PF Applications**  
264k (+10.3%)



**CCPF Mobile App**  
9,500+ users  
(since Nov'19 launch)



**Speed-to-Cash (STC)**  
Money in account <1hr in many cases (via New Payments Platform)



**New Webshop**  
launched



**My Loans Portal**  
50,000 users  
(since Nov'19 launch)



**36k applications**



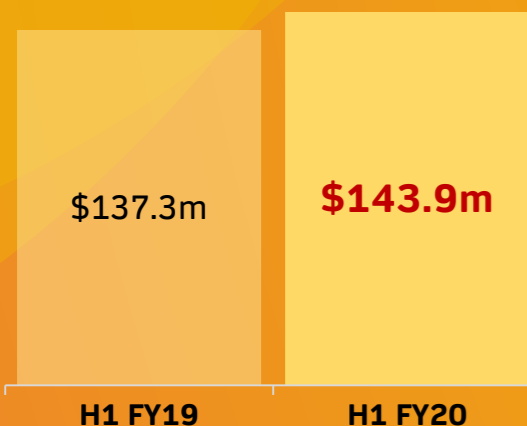
**\$8.8m approved loans**



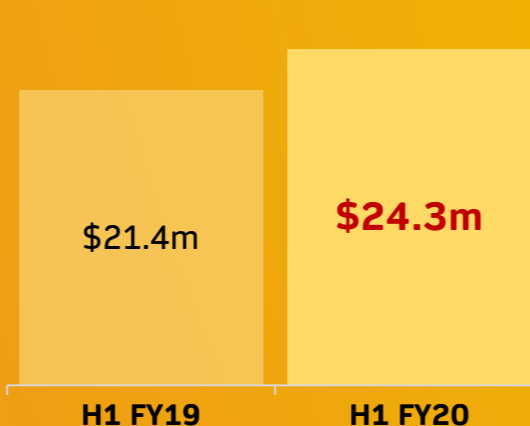
**14k payments**

# H1 FY20 Highlights

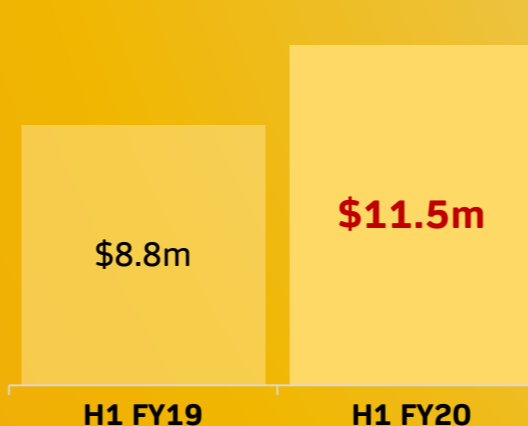
**Total Revenue**  
\$143.9m (+4.9%)



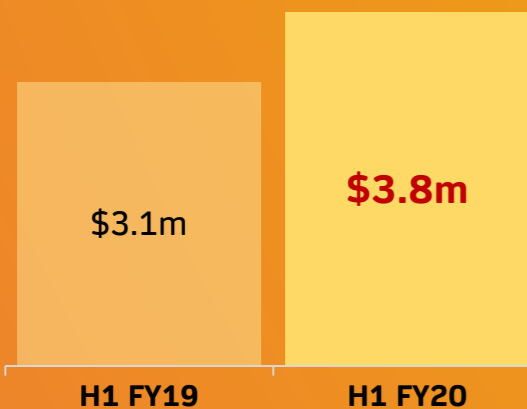
**Normalised EBITDA**  
\$24.3m (+13.7%)



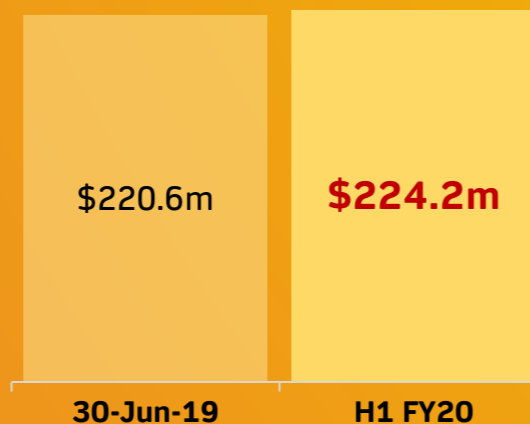
**Normalised NPAT**  
\$11.5m (+31.2%)



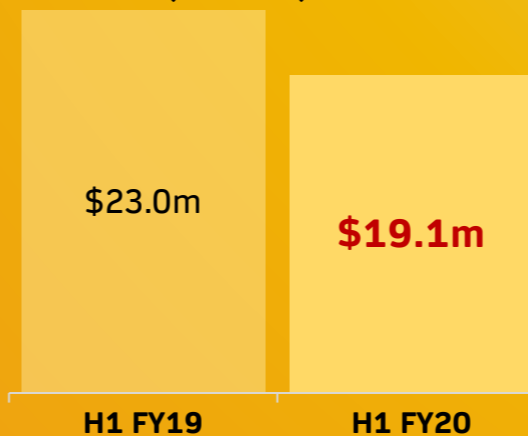
**Online Retail**  
\$3.8m (+24.5%)



**Total Loan Book**  
\$224.2M (+1.6%)



**PF Net Bad Debt Expense**  
\$19.1M (-16.8%)



## Commentary

- Normalised NPAT up 31.2% driven by improvements across all segments.
- Strong revenue growth achieved in a challenging retail environment.
- Improved normalised net operating cash flows of \$17.0m\*.
- Optimisation of customer journey and data analytics has led to strong application growth.
- Our ongoing focus on responsible lending and improved credit decisioning has resulted in a more conservative conversion rate (<30%), ultimately resulting in a better-quality loan book.
- Deployment of improved eCommerce platform (WebShop) resulting in online retail growing by 24.5%.

# Group Performance

**+31.2%**

Normalised  
NPAT

**+4.9%**

Revenue

- Total retail sales up **12.8% to \$42.5m**
- Online retail sales up **24.5% to \$3.8m**
- Pawnbroking revenue up **3.9% to \$15.8m**
- Franchise revenue up **15.5% to \$11.1m**
- Vehicle finance revenue up **30.3% to \$10.6m**

	H1 FY20 (\$m)	H1 FY19 (\$m)	Change (%)
Revenue	143.9	137.3	+4.9%
Expenses	(158.6)	(136.8)	-15.9%
EBITDA	(12.8)	(1.4)	-814.3%
Normalised EBITDA	24.3	21.4	+13.7%
NPAT	(19.4)	(5.2)	-270.4%
Normalised NPAT	11.5	8.8	+31.2%



# Divisional Earnings

## Personal Finance (PF)

- Strong application volumes, coupled with a 2.2% increase in loans funded and continued optimisation of credit decisioning, resulted in a 16.8% decrease in net bad debt expense to \$19.1m (from \$23.0m pcp), delivering a PBT of \$15.9m, up 17.9% pcp.

## Vehicle Finance (GLA)

- GLA delivered a 30.3% improvement in revenues to \$10.6m, with profit before tax (PBT) of \$1.6m, compared to \$437k pcp, as it continues in its fourth year of operating in the secured auto finance market.

## Franchise Operations

- New Zealand operations contributed \$1.8m (half-year ended 31 December 2018: \$930k). International revenues remained steady, whilst the UK contributed \$1.4m of profit before tax (half-year ended 31 December 2018: \$1.3m).

## Store Operations

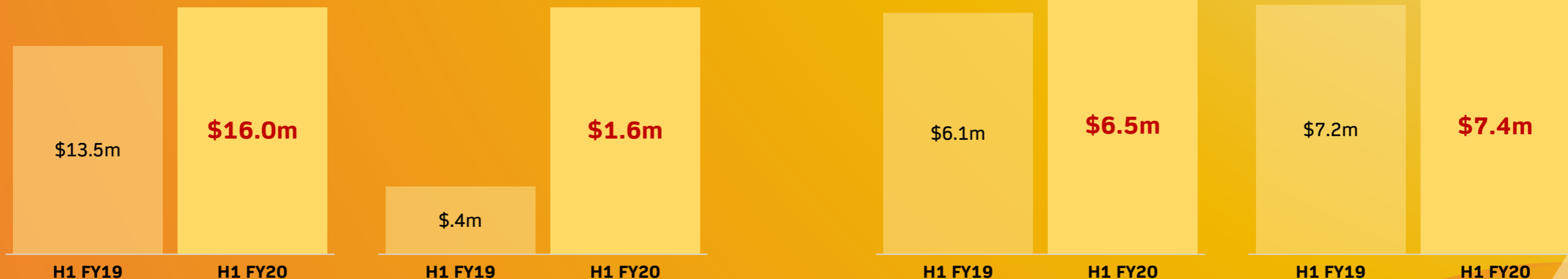
- Stores continued to see increased retail sales of 12.8% to \$42.5m, with total purchases up 3.0% to \$12.7m. Pawnbroking revenue was up 3.9% on the previous corresponding period.

**Personal Finance PBT\***  
\$16.0m (up 18.6%)

**Vehicle Finance PBT**  
\$1.6m (up 258.3%)

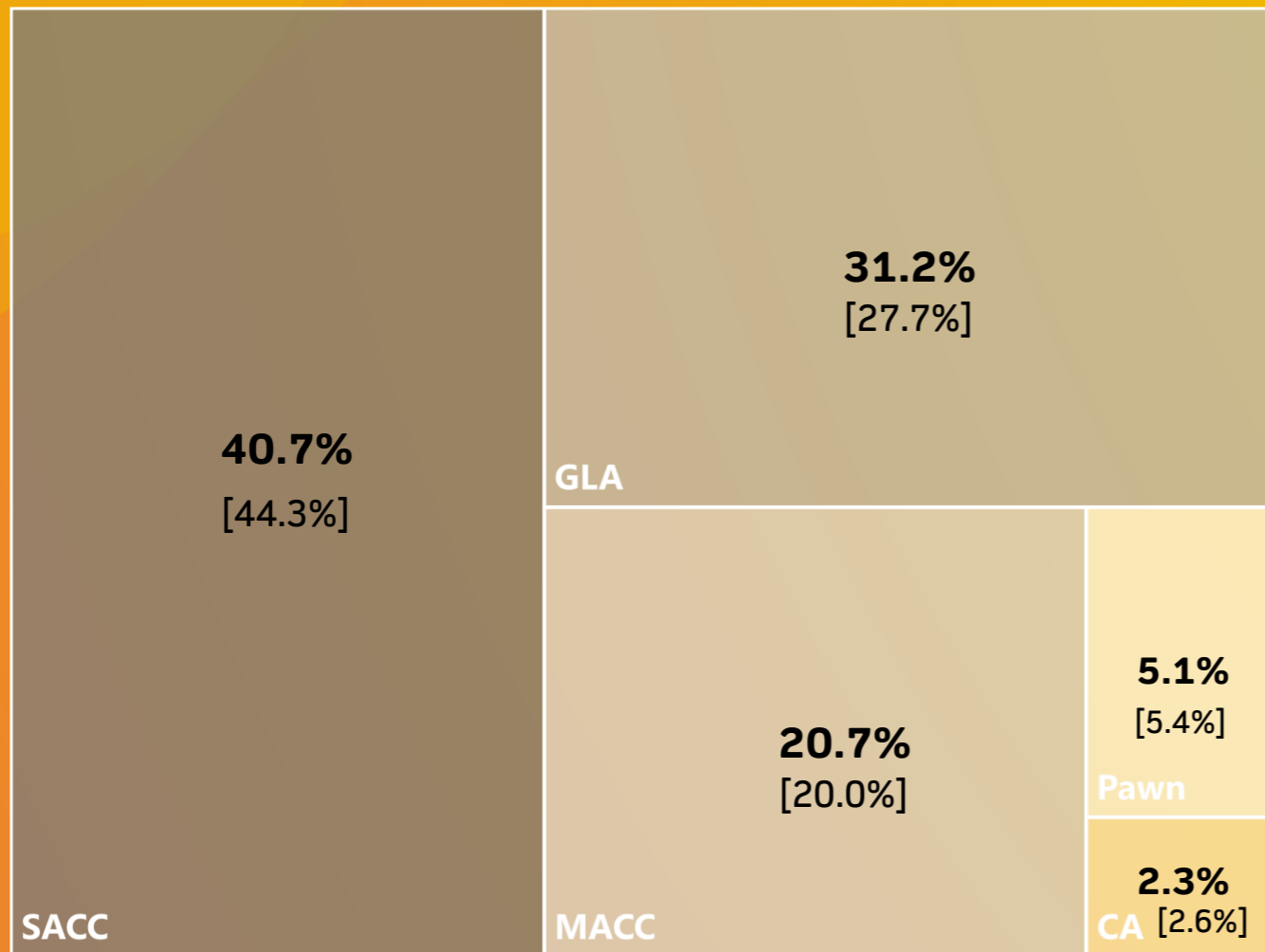
**Franchise PBT\***  
\$6.5m (up 5.7%)

**Stores PBT\***  
\$7.4m (up 2.6%)



# Loan Books & Funding

31 December 2019 [Compared to PCP]



Available Cash **\$45.6m**

Total Cash **\$59.4m**

Restricted Cash Deposits **(\$13.8m)**

Securitisation **\$122.5m**

Facility limit **\$150m**

Headroom **\$27.5m**

Strong free cash flow improving available cash position, supportive funding partner to facilitate continued Loan Book growth...

# H2 FY20 Priorities

1

**Business Optimisation** | Continued focus on quality loan portfolio, auto lending review focus

2

**Operational Excellence** | Continued investment in core loan processing systems, collections optimisation

3

**Continue to rebuild awareness & trust** | Brand-focused campaign, strong engagement with regulator

4

**Grow** | Continue to grow and strengthen customer base and relationships by providing exceptional products & services

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# Thank You

