

30 Apr 2014

## CASH CONVERTERS LIMITED (CCV)

### They're back

Cash Converters reported March quarter unaudited EBITDA of \$14.5m (NPAT \$7.2m). "Like-FY13" Q3 EBITDA was \$15.9m, in line with our expectations. On a quarter-by-quarter basis, earnings momentum is now strongly positive. Q1 "Like-FY13" EBITDA was \$11.9m and Q2 was \$13.0m.

Importantly, the loan book in Australia continues to grow, which has historically been the main predictor for future profit growth.

Annualised personal loan EBITDA was \$44.4m in Q3, which was predominantly earned from a ~\$117m loan balance (UK & Aust) at 31 December, implying a return of ~38%. The headline return is significantly diluted by the UK book. We estimate that Australian loan book returns are back to approaching 45-50% pa. This suggests that the Australian regulatory imposition has had very little long term impact on this part of the business. It also suggest that predicting profit growth for this division (which is by far the most significant division) can return to our rule-of-thumb that an additional \$10m of Australian loan book equates to \$4-5m of additional EBITDA in the following twelve months. The personal loan book in Australia grew from \$94.3m at December to \$100.3m at the end of March (additional \$6m of loans, suggesting ~\$3m of additional EBITDA in FY15).

Corporate store profits in Australia were \$4.6m (annualised \$18.4m pa) suggesting that the payday short term loans product performance has improved significantly. CCV's on-line rollout has been delayed, but we expect it could be a significant contributor to FY15

### UK division in a holding pattern

The UK division broke even. The UK finance division generated a small profit (\$0.7m). UK corporate store division produced a loss of \$0.6m. Management has put the UK division in a holding pattern until there is regulatory certainty (expected November). Our expectations were already low, but we have reduced our estimates for the UK again. Our hope is that regulatory changes cause competition to rationalise and CCV UK can improve in the future (FY16).

### Carboodle looks on track to profit in FY15

Carboodle had 851 leases at the end of March (778 at end December), ~50 fewer than we had modelled but the loss \$0.16m is better than we had expected. It appears the division will be breakeven in the next quarter and should generate a profit in FY15.

### Hartleys FY14e normalised NPAT \$32.0m, FY15e \$38.4m

Our earnings estimates have been lowered slightly (-2.6% and -3.4%), due mainly to lower UK expectations. On an annualised basis, Q3 EBITDA is running at ~\$64m pa, which implies our FY15 forecast of ~\$70.5m is achievable.

### Maintain Buy

The profit disruption from last year looks like it was a one off surprise and the earnings predictability and high returns appear to have resumed. We maintain our Buy recommendation. On our estimates, CCV is trading on a FY15 p/e of 13.2x and EV/EBIT of 8.5x.

<b>Share Price:</b>	\$1.090
<b>Valuation:</b>	\$1.12
<b>12mth price target:</b>	\$1.23

#### Brief Business Description:

Payday lending, consumer finance & second hand retailer in UK & Aust.

#### Hartleys Brief Investment Conclusion:

High returns, Australian business looks to be recovering after regulatory change, market leader.

#### Chairman & CEO:

Mr Reginald Webb (Chairman)

Mr Peter Cumins (Managing Director)

#### Top Shareholders:

EZ Corp 31.9%

Perpetual Ltd 12.5%

CBA 6.0%

Fidelity Mgt & Res. (FMR) 5.6%

#### Company Address:

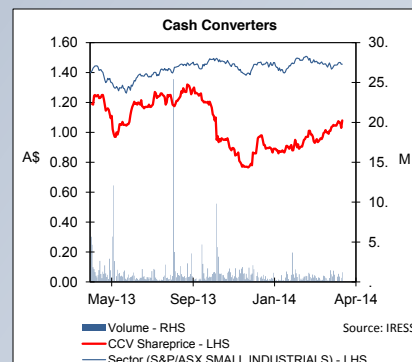
Level 18, 37 St. Georges Tce

Perth, WA, 6000

<b>Issued Capital:</b>	428.9m
- fully diluted	464.1m
<b>Market Cap:</b>	\$467.5m
- fully diluted	\$505.9m
<b>Net Debt (31 Dec '13a):</b>	\$63.4m

	FY13a	FY14e	FY15e
Op Cash Flw	44.9	27.5	46.5
Free Cash Flw	3.5	13.6	40.0
<b>NPAT (A\$m)</b>	<b>35.3</b>	<b>32.0</b>	<b>38.4</b>
EPS (\$, dil)	8.4	7.3	8.7
P/E (basic)	13.5x	17.4x	12.5x
P/E (diluted)	14.3x	15.8x	13.2x
EV / EBITDA	8.8x	9.9x	7.5x
DPS (\$)	4.00	4.00	4.25
Franking	100%	100%	100%
Dividend Yield	3.7%	3.7%	3.9%
N.D. / equity	20.8%	29.4%	19.0%

Source: Hartleys Research



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Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to CCV, for which it has earned fees and continues to earn fees. The analyst has a beneficial interest in CCV shares. See disclosure on back page.

**Cash Converters International Ltd (CCV)****Company Information**

Today's Date	30 Apr 2014	Level 18, 37 St. Georges Tce
Share Price	\$1.090	Perth, WA, 6000
52 Week High-Low	\$1.45 - \$0.75	Ph: (08) 9221 9111
Market Cap (\$m)	\$467.5	Fax: (08) 9221 9011
Enterprise Value (\$m)	\$530.9	www.cashconverters.com.au
Ordinary Shares	428.9	
Fully Diluted Shares	464.1	

**Valuation**

Spot DCF - 9 years explicit + terminal value (Base Case) \$1.12

12mth fwd DCF - 9 years explicit + terminal value (Base Case) \$1.19

12mth forward P/E of 14.0x \$1.27

Price / NTA (Dec '13a) 1x \$0.31

12mth fwd Div Yield of 2.6% (Gross yield=3.7%) \$1.65

**12mth price target \$1.23**

P / E (6/14F) at price target 16.5x

P / E (6/15F) at price target 13.8x

EV/EBITDA (6/15F) at price target 8.6x

EV/EBIT (6/15F) at price target 9.7x

**Multiples (\$/price at \$1.09)****P / E (basic, weighted) 6/12A 6/13A 6/14F 6/15F**

P / E (normalised, fully diluted) 15.7x 14.3x 15.8x 13.2x

P / E (ord mkt cap / rep NPAT) 15.9x 14.2x 17.5x 12.4x

Dividend Yield 3.2% 3.7% 3.7% 3.9%

Group Free Cash Flow (f.c.f.) / EV -2.9% -7.4% -2.8% 6.2%

Equity f.c.f. / Mkt Cap -4.0% -9.3% -4.3% 5.6%

Norm f.c.f. / Mkt cap -4.0% -9.3% -4.3% 5.6%

Mkt cap / operating cash flow 11.1x 7.2x 9.0x 6.6x

EV/EBITDA multiple 10.4x 8.8x 9.9x 7.5x

EV/EBIT multiple 11.3x 9.9x 11.4x 8.5x

Price / Book Value 2.2x 1.9x 1.8x 1.7x

Price / NTA 4.4x 3.8x 3.6x 3.0x

**Ratios 6/12A 6/13A 6/14F 6/15F**

Return on Average Equity 17.8% 16.5% 12.8% 14.2%

Return on Assets 13.0% 11.6% 8.6% 9.4%

ROIC pre-tax 38.9% 33.8% 24.6% 30.4%

ND / ND + Equity 12.3% 17.2% 22.7% 16.0%

Net Interest Cover (EBIT) 29.7 22.3 5.6 7.5

Reported eps growth 6.4% 4.4% -22.7% 39.2%

**Free Cash Flow Analysis 6/12A 6/13A 6/14F 6/15F**

Net Operating Cash Flow 25.3 44.9 27.5 46.5

Capex (Reported) inc loan book -40.7 -84.4 -42.6 -13.8

Group Free Cash Flow (rep'ted) -15.4 -39.5 -15.0 32.7

Fixed Debt Repayments -3.3 -4.1 -5.1 -6.4

**Equity Free Cash Flow (rep'ted) -18.7 -43.6 -20.1 26.3**

HP Lease Capex (non-cash) 0.0 0.0 0.0 0.0

Free Cash Flow (normalised) -18.7 -43.6 -20.1 26.3

Capex (inc HP) / depreciation 278% 118% 97% 79%

**Share Data 6/12A 6/13A 6/14F 6/15F**

Ord Issued shares (m) 379.8 423.9 430.4 436.8

growth 0.0% 11.6% 1.6% 1.5%

Weighted ave shares (m) 379.8 406.3 427.1 433.6

growth 0.0% 7.0% 5.1% 1.5%

Diluted shares wgted (m) 393.1 419.7 437.9 441.7

growth 1.3% 6.8% 4.3% 0.9%

**Unpaid Capital (inc estimated DRP)**

Year Expires	Number	% ord	Avg Price	\$m unpaid
30-Jun-14	6,570,034	1.5%	\$ 1.04	\$ 6.8
30-Jun-15	6,364,969	1.5%	\$ 1.09	\$ 6.9
30-Jun-16	6,862,784	1.6%	\$ 1.09	\$ 7.5
30-Jun-17	15,457,960	3.6%	\$ 0.52	\$ 8.1
30-Jun-18	-	0.0%	\$ -	\$ -
TOTAL	35,255,747	8.2%	\$ 0.83	\$ 29.3

**Directors & Senior Management**

Directors & Senior Management	Substantials
Mr Reginald Webb (Chairman)	EZ Corp 31.9%
Mr Peter Cummins (Managing Director)	Perpetual Ltd 12.5%
Mr William Love (Non-exec, EZ Corp)	CBA 6.0%
Mr Joseph Beal (Non-exec, EZ Corp)	Fidelity Mgt & Res. (FMR) 5.6%
CFO - Mr Ralph Groom	

**Recommendation:****Buy****Profit & Loss (\$m) 6/12A 6/13A 6/14F 6/15F**

AUD/GBP	0.644	0.642	0.562	0.606
Safrock Loan Book	87.3	125.7	136.3	135.1
Safrock Revenue	87.1	113.6	131.6	166.1
Safrock EBITDA	33.5	43.6	41.7	57.0
<i>margin</i>	38.4%	38.4%	31.7%	34.3%
Fin. Services Admin. Revenue	16.6	17.7	15.3	15.9
Fin. Services Admin. EBITDA	13.7	14.2	10.3	11.1
<i>margin</i>	82.3%	80.2%	67.3%	69.9%
Owned # (UK + Aust) - end	102	118	145	145
Owned Stores Revenue	122.8	136.1	163.3	170.4
Owned Stores EBITDA	8.6	11.3	15.1	15.7
<i>margin</i>	7.0%	8.3%	9.2%	9.2%
Franchised # (UK + Aust) - end	263	273	282	282
Franchise Revenue	23.5	24.0	19.2	18.4
Franchise EBITDA	6.1	4.3	6.7	6.5
<i>margin</i>	25.8%	17.8%	35.0%	35.0%
Carboodle fleet value (100%)	7.1	9.8	14.6	20.7
Carboodle fleet (car leases)	246	528	1,032	1,740
Carboodle EBIT	nm	nm	-3.3	0.3

**Group Revenue 233.5 272.2 324.5 357.8***growth* 26.2% 16.6% 19.2% 10.2%**Underlying EBITDA - Group 51.2 60.0 53.8 70.5***growth* 16.5% 17.2% -10.3% 30.9%**EBITDA / Sales 21.9% 22.0% 16.6% 19.7%**

Depreciation/Amortisation -4.3 -6.5 -7.5 -8.2

**EBIT 46.9 53.6 46.4 62.2**

EBIT / Sales 20.1% 19.7% 14.3% 17.4%

Net Corporate Interest -1.6 -2.4 -8.2 -8.3

**Pretax Profit 41.4 47.7 38.1 53.9**

Tax -12.0 -14.8 -11.4 -16.2

Effective Tax Rate 29.0% 31.0% 30.0% 30.0%

Minorities 0.0 0.0 0.0 0.0

**Normalised NPAT to equity 32.2 35.3 32.0 38.4****Norm. Net Profit / Sales 13.8% 13.0% 9.9% 10.7%**

Abnormals / discontinued -2.8 -2.4 -5.3 -0.7

**Reported Profit to equity 29.4 32.9 26.7 37.7****Reported EPS (basic, w'ted) 7.7 8.1 6.3 8.7****Normalised EPS (dil, w'ted) 8.2 8.4 7.3 8.7****DPS (\$) 0.0350 0.0400 0.0400 0.0425**

Franking 100% 100% 100% 100%

Payout Ratio 41.3% 48.1% 53.8% 48.3%

**Cashflow Statement (\$m) 6/12A 6/13A 6/14F 6/15F**

EBITDA (inc Safrock interest) 51.2 60.0 53.8 70.5

Working Capital Change -8.9 4.7 -1.6 0.5

**Cash from Operations 42.3 64.7 52.2 71.0**

Corporate Interest -1.7 -2.5 -8.2 -8.3

Tax Paid -15.3 -17.2 -16.4 -16.2

**Net Operating Cash Flow 25.3 44.9 27.5 46.5**

Capital Expenditure -11.9 -7.6 -7.2 -6.5

Other (including loan book) -22.7 -40.9 -28.6 -7.4

Investments &amp; acquisitions -6.1 -35.9 -6.7 0.0

**Net Investing Cash Flow -40.7 -84.4 -42.6 -13.8**

Proceeds from Equity Issues 0.0 31.6 6.4 6.5

Net Change in Debt &amp; Leases 20.4 28.2 25.7 -1.9

Dividends Paid -11.1 -17.4 -17.1 -17.3

**Net Financing Cash Flow 9.0 42.4 15.0 -12.7****Movement in Cash -6.5 2.9 0.0 20.0****HP Lease Capex (non-cash)****Balance Sheet (\$m) 6/12A 6/13A 6/14F 6/15F**

Cash 16.4 20.7 20.7 40.7

Receivables 10.9 13.0 15.9 15.7

Inventories 17.1 21.8 26.1 27.3

Other (including loan book) 91.1 123.6 134.2 133.1

**Total Current Assets 135.5 179.1 196.9 216.8**

Property, Plant &amp; Equipment 19.6 22.5 24.6 23.8

Intangibles (inc. Goodwill) 92.7 121.2 125.6 124.6

Other 14.9 24.1 47.1 55.6

**Total Non Current Assets 127.3 167.8 197.3 204.0****Total Assets 262.7 347.0 394.2 420.8**

Accounts Payable 19.6 20.0 25.6 27.1

Interest Bearing Liabilities 11.3 70.5 55.0 55.0

Other 13.8 14.3 14.3 14.3

**Total Current Liabilities 44.7 104.9 94.8 96.4**

Accounts Payable 0.0 0.0 0.0 0.0

Interest Bearing Liabilities 31.4 0.4 41.6 39.7

Other 0.1 0.1 0.1 0.1

**Total Non Current Liabilities 31.4 0.5 41.7 39.9****Total Liabilities 76.1 105.3 136.5 136.3****Net Assets 186.6 241.6 257.7 284.6**

Net Asset Value / Share (\$) 0.49 0.57 0.60 0.65

NTA / Share (\$) 0.25 0.28 0.31 0.37

Net Debt (net cash) 26.2 50.2 75.9 54.0

Last Earnings Estimate Changes:  
30 April 2014Analyst: Trent Barnett  
Phone: +61 8 9268 3052

Sources: IRESS, Company Information, Hartleys Research

Fig. 1: Hartleys estimates of quarterly earnings

	Q1e	Q2e	Q3e	Q4e	1Ha	2He	FY14e	FY15e
Reported EBITDA	7.6	11.5	14.5	15.6	19.1	30.2	49.3	69.7
Store Stamp Duty	1.8	0	-0.1	0.0	1.8	-0.1	1.7	
Abnormals								
Ausgroup	0	1.1	0.6	0.5	1.1	1.1	2.2	1.0
Carboodle losses	2.5	0.4	0.2	0.6	2.9	0.8	3.7	-0.3
GST adjustment	0	0	0.7	0.0	0.0	0.7	0.7	
Total abnormals	4.3	1.5	1.3	1.2	5.8	2.5	8.3	0.7
"Like-FY13" EBITDA	11.9	13.0	15.8	16.8	24.9	32.6	57.5	70.2
Underlying EBITDA	9.4	12.6	15.7	16.2	22.0	31.8	53.8	70.5

Source: Hartleys Research estimates, CCV reports

Fig. 2: Earnings Changes

	6/13A	6/14F			6/15F			6/16F		
	actual	Old	New	% diff	Old	New	% diff	Old	New	% diff
AUD/GBP	0.642	0.562	0.562	0.0%	0.606	0.606	0.0%	0.601	0.601	0.0%
Safrock Loan Book	125.7	144.7	136.3	-5.8%	140.9	135.1	-4.1%	169.6	156.2	-7.9%
Safrock Revenue	113.6	133.3	131.6	-1.3%	177.0	166.1	-6.2%	186.7	182.2	-2.4%
Safrock EBITDA	43.6	42.5	41.7	-1.9%	59.8	57.0	-4.7%	60.0	58.5	-2.5%
margin	38.4%	31.9%	31.7%	-0.6%	33.8%	34.3%	1.6%	32.2%	32.1%	-0.1%
Fin. Services Admin. Revenue	17.7	15.3	15.3	0.0%	15.9	15.9	0.0%	15.9	15.9	0.0%
Fin. Services Admin. EBITDA	14.2	10.6	10.3	-2.6%	11.1	11.1	0.0%	11.1	11.1	0.0%
margin	80.2%	69.1%	67.3%	-2.6%	69.9%	69.9%	0.0%	69.8%	69.8%	0.0%
Owned # (UK + Aust) - end	118	145	145	0.0%	145	145	0.0%	145	145	0.0%
- additional	16	27	27	0.0%	0	0	nm	0	0	nm
Company owned stores (avg)	110	133	133	0.0%	145	145	0.0%	145	145	0.0%
Owned Stores Revenue	136.1	163.3	163.3	0.0%	170.4	170.4	0.0%	171.2	171.2	0.0%
Owned Stores EBITDA	11.3	14.9	15.1	1.3%	15.5	15.7	1.3%	15.6	15.8	1.3%
margin	8.3%	9.1%	9.2%	1.3%	9.1%	9.2%	1.3%	9.1%	9.2%	1.3%
Franchised # (UK + Aust) - end	273	282	282	0.0%	282	282	0.0%	282	282	0.0%
Franchise Revenue	24.0	19.2	19.2	0.0%	18.4	18.4	0.0%	18.6	18.6	0.0%
Franchise EBITDA	4.3	6.3	6.7	6.1%	6.1	6.5	6.1%	6.1	6.5	6.1%
margin	17.8%	33.0%	35.0%	6.1%	33.0%	35.0%	6.1%	33.0%	35.0%	6.1%
Carboodle fleet value (100%)		14.6	14.6	0.0%	20.7	20.7	0.0%	41.6	41.6	0.0%
Carboodle EBIT (100%)		-3.7	-3.3	-10.1%	0.3	0.3	0.0%	7.0	7.0	0.0%
Revenue	272.2	316.2	324.5	2.6%	368.0	357.8	-2.8%	392.1	387.9	-1.1%
<b>Norm. EBITDA</b>	<b>60.0</b>	<b>55.0</b>	<b>53.8</b>	<b>-2.1%</b>	<b>73.1</b>	<b>70.5</b>	<b>-3.6%</b>	<b>77.8</b>	<b>76.6</b>	<b>-1.6%</b>
- margin	22.0%	17.4%	16.6%	-4.6%	19.9%	19.7%	-0.9%	19.9%	19.7%	-0.6%
EBITDA reported	60.0	50	49.3	-2.3%	72	69.7	-3.6%	73.8	72.6	-1.7%
- margin	22.0%	15.7%	15.0%	-4.8%	19.9%	19.8%	-0.9%	19.1%	19.0%	-0.6%
Depreciation/Amortisation	-6.5	-7.9	-7.5	-5.8%	-8.5	-8.2	-3.1%	-8.6	-8.4	-1.8%
EBIT	53.6	47.1	46.4	-1.5%	64.6	62.2	-3.7%	69.3	68.1	-1.6%
Net Interest	-2.4	-7.7	-8.2	6.6%	-8.8	-8.3	-5.0%	-10.1	-9.5	-5.8%
Pretax Profit	47.7	39.4	38.1	-3.1%	55.8	53.9	-3.5%	59.2	58.6	-0.9%
Tax	-14.8	-11.8	-11.4	-3.1%	-16.7	-16.2	-3.5%	-17.7	-17.6	-0.9%
<b>Norm. Net Profit After Tax</b>	<b>35.3</b>	<b>32.9</b>	<b>32.0</b>	<b>-2.6%</b>	<b>39.8</b>	<b>38.4</b>	<b>-3.4%</b>	<b>41.4</b>	<b>41.0</b>	<b>-0.9%</b>
- margin	13.0%	10.4%	9.9%		10.8%	10.7%		10.6%	10.6%	
<b>Reported Group Profit</b>	<b>32.9</b>	<b>27.6</b>	<b>26.7</b>	<b>-3.1%</b>	<b>39.1</b>	<b>37.7</b>	<b>-3.5%</b>	<b>41.4</b>	<b>41.0</b>	<b>-0.9%</b>
DPS	4.00	4.00	4.00	0.0%	4.25	4.25	0.0%	4.36	4.47	2.6%
EPS (diluted)	8.4	7.5	7.3	-2.6%	9.0	8.7	-3.4%	9.2	9.2	-1.0%
P/E (\$1.090)	13.0x	14.5x	14.9x		12.1x	12.5x		11.8x	11.9x	
Ordinary Shares (end)	423.9	430.3	430.4	0.0%	436.6	436.8	0.1%	443.3	443.7	0.1%
Ordinary Shares (avg wgt)	406.3	427.1	427.1	0.0%	433.4	433.6	0.0%	439.9	440.2	0.1%
Net Debt	50.2	83.1	75.9	-8.6%	56.5	54.0	-4.4%	77.3	67.0	-13.4%

Source: Hartleys Estimates

## PRICE TARGET

Our twelve month price target is increased to \$1.23 (from \$1.09).

Price Target Methodology	Weighting	Spot	12 mth out
DCF	59%	\$1.12	\$1.19
12mth forward P/E of 14.0x	20%	\$1.14	\$1.27
Price / NTA (Dec '13a) 1x \$0.31	5%	\$0.31	\$0.31
12mth fwd Div Yield of 2.6% (Gross yield=3.7%)	16%	\$1.55	\$1.65
<b>Risk weighted composite</b>		<b>\$1.15</b>	<b>\$1.23</b>
<b>12 Months Forward</b>		<b>\$1.23</b>	
Shareprice - Last		\$1.090	
<b>12 mth total return (% to 12mth target + dividend)</b>		<b>17%</b>	

Source: Hartleys Estimate

**Fig. 3: Key assumptions and risks for potential new valuation**

Assumption	Risk of not realising assumption	Downside risk to valuation if assumption is incorrect	Comment
We assume Safrock returns have stabilised in Australia. We assume Mon-e Australia volumes rebound	High	High	We assume a decline in margins for Mon-e Australia and Safrock Australia.
UK financial margins improve slowly	Low	Low / Upside	We assume that Safrock and Mon-e UK margins increase slowly.
Store profits rebound	Low	Moderate	We assume Aust store volumes increase, and margins remain robust.
Carboodle makes a full year slightly positive EBIT contribution in FY15, loss in FY14	Low	Moderate	We assume that Carboodle is slow to grow, and peaks at 4,000 leases, which is substantially lower than we believe should be achievable.
Safrock loan book peaks at \$155m in FY16	High	Low / Upside	We assume that the Australian loan book peaks at around the current level, but that the UK book increases to ~A\$50m in FY16, after consolidating at around \$25-30m for the FY14/FY15.

*Conclusion*

*We believe we have been realistic or conservative in our base case assumptions.*

Source: Hartleys

## USEFUL WEBLINKS

[http://www.ofc.gov.uk/shared\\_ofc/reports/consumer\\_credit/High-cost-credit-review/OFT1232.pdf](http://www.ofc.gov.uk/shared_ofc/reports/consumer_credit/High-cost-credit-review/OFT1232.pdf)

[www.nocap.com.au](http://www.nocap.com.au)

[http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r4682\\_ems\\_b9d82b8b-af71-481c-8975-088be001d298/upload\\_pdf/370236.pdf;fileType=application%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r4682_ems_b9d82b8b-af71-481c-8975-088be001d298/upload_pdf/370236.pdf;fileType=application%2Fpdf)

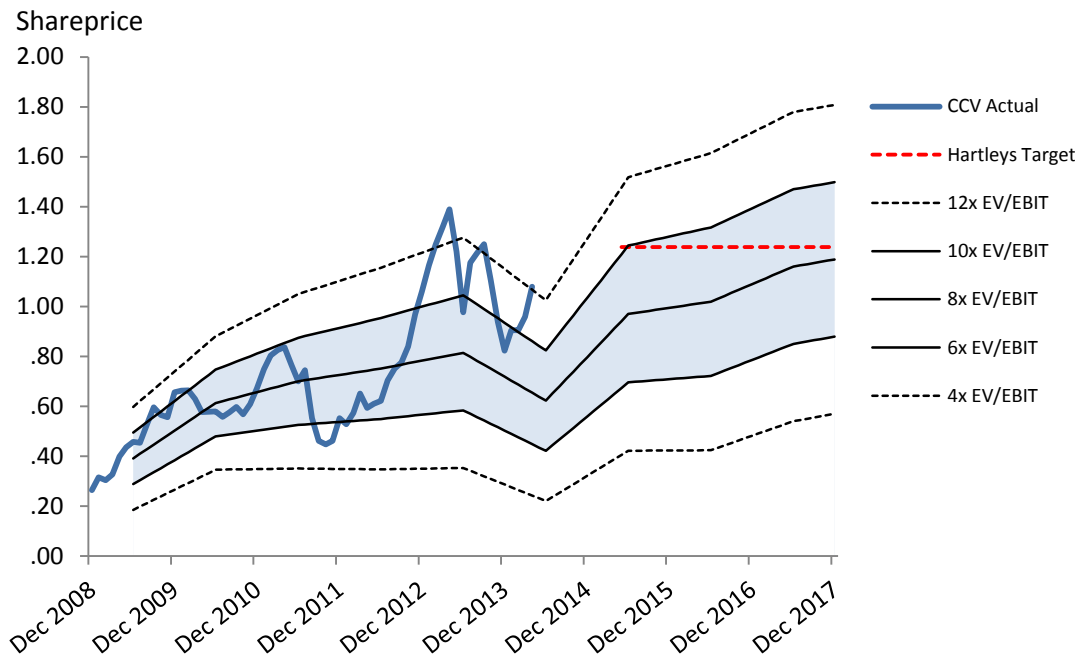
<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2012/038.htm&pageID=003&min=brs&Year=&DocType=>

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## EV/EBIT BANDS

Fig. 4: Using Hartleys base case forecasts



Source: Hartleys Estimates, IRESS

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## Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a “Buy”. Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a “Buy”.
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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