

6 May 2015

CASH CONVERTERS INT. LTD (CCV)

Reports normalised Q3 in-line, but reported was weak.

Cash Converters International Ltd recently reported Q3 EBITDA of \$16.3m (EBIT \$14.2m). This was lower than we expected mainly due to a \$3m increase in Australian bad debts as a result of writing off slow paying customer accounts. The writeoff is unaudited, but based on a conservative assumption that there is a higher risk that slow paying customers are more likely to eventually default, even though there continues to be ad-hoc collections. Many of these loans are well over a year old, and some even pre-date the legislative changes, and consequently we believe it is a one-off charge given it has accumulated over several years. Normalised for the loan book writeoff, Q3 EBITDA was more consistent with our estimates.

The UK reported an EBITDA loss of \$1.6m, and guidance is for a loss of \$3.1m in 2H (\$4.6m FY15). This is better than we expected (~\$6m FY15), and we have adjusted our model. Unfortunately, Carboodle lost \$0.7m in Q3, more than we expected.

Hartleys expects FY15 normalised NPAT \$36.5m, FY16 \$48.8m

We have lowered our FY15 NPAT by 5.2% to \$36.5m. We have lowered our FY16 estimate by 7.3% to \$48.8m.

Retain Buy

The Australian business excluding Carboodle generated ~\$21m EBITDA in Q3, which is an annualised rate of \$84m. That suggests CCV is trading on a p/e of ~8.5x if it were to close all loss making businesses AND did not grow earnings above the Q3 run-rate. We continue to believe that the loss making divisions can improve profitability over the next twelve months, but highlight the low valuation of the core business. We maintain our Buy.

Share Price:	\$0.815
Valuation:	\$1.23
12mth price target:	\$1.33

Brief Business Description:

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

Hartleys Brief Investment Conclusion:

High returns, Australian business growth outlook strong. Market leader.

Chairman & CEO:

Mr Reginald Webb (Chairman)
Mr Peter Cumins (Managing Director)

Top Shareholders:

EZ Corp 31.6%
Perpetual Ltd 13.0%
CBA 6.0%
Fidelity Mgt & Res. (FMR) 5.5%

Company Address:

Level 18, 37 St. Georges Tce
Perth, WA, 6000

Issued Capital:	481.2m
- fully diluted	504.0m
Market Cap:	\$392.2m
- fully diluted	\$410.7m
Net Debt (31 Dec '14a):	\$84.8m
Net Debt (31 Dec '14a) adj*:	\$84.8m

	FY14a	FY15e	FY16e
Op Cash Flw	35.1	52.9	61.9
Free Cash Flw	14.8	-0.9	55.1
NPAT (A\$m)	26.2	36.5	48.8
EPS (\$, dil)	6.0	7.9	9.9
P/E (basic)	14.3x	27.5x	8.1x
P/E (diluted)	15.7x	11.3x	8.4x
EV / EBITDA	8.9x	6.8x	5.3x
DPS (\$)	4.00	4.25	4.75
Franking	100%	100%	100%
Dividend Yield	4.9%	5.2%	5.8%
N.D. / equity	39.7%	25.8%	18.2%

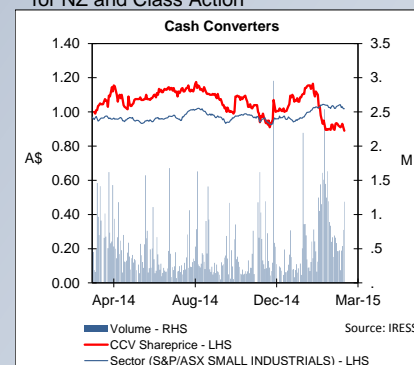
Source: Hartleys Research

*for NZ and Class Action

Fig. 1: Quarterly Earnings

	FY15			
	Q1e	Q2e	Q3e	Q4e
Reported EBITDA	16.0	-13.1	16.3	19.0
Store Stamp Duty	0.4	0.0	0.0	0.0
Ausgroup / Kentsleigh	0.0	28.0	0.0	0.0
Carboodle losses	0.2	0.5	0.7	0.3
One Off Bad Debt (Aust)	0.0	0.0	3.0	0.0
GST &/or bank fee	0.0	0.7	0.0	0.0
Total abnormals	0.6	28.5	3.7	0.3
Underl. EBITDA (ex Carb.)	16.6	16.1	20.0	19.4
Underlying EBITDA (inc Carb.)	16.4	15.6	19.3	19.0
- annualised	65.4	62.3	77.2	76.1
UK Underlying			-1.6	-1.7
- annualised			-6.2	-7.0
Aust Underlying inc Carboodle			20.9	20.8
- annualised			83.5	83.0
Aust Underlying ex Carboodle			21.6	21.1
- annualised			86.3	84.4

Source: Hartleys Estimates



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Hartleys has completed a capital raising in the past 12 months for CCV, for which it has earned fees. Hartleys has provided corporate advice to CCV 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

Cash Converters International Ltd (CCV)					Recommendation: Buy					
Company Information					Profit & Loss (\$m)					
Today's Date	6 May 2015	Level 18, 37 St. Georges Tce			AUD/GBP	6/13A	6/14A	6/15F	6/16F	
Share Price	\$0.815	Perth, WA, 6000			Pers. Finance Loan Book	125.7	138.0	142.7	164.9	
52 Week High-Low	\$1.205 - \$0.77	Ph: (08) 9221 9111			Pers. Finance Revenue	113.6	137.7	164.7	202.8	
Market Cap (\$m) - post	\$392.2	Fax: (08) 9221 9011			Pers. Finance EBITDA	43.6	39.8	50.8	66.4	
Enterprise Value (\$m)	\$477.0	www.cashconverters.com.au			<i>margin</i>	38.4%	28.9%	30.8%	32.7%	
Ordinary Shares	481.2				Fin. Services Admin. Revenue	17.7	14.3	23.2	24.5	
Fully Diluted Shares	504.0				Fin. Services Admin. EBITDA	14.2	10.4	13.2	14.1	
Price Target Methodology					<i>margin</i>					
Spot DCF - 9 years explicit + terminal value (Base Case)					\$1.23	80.2%	72.7%	56.7%	57.8%	
12mth fwd DCF - 9 years explicit + terminal value (Base Case)					\$1.31	Owned # (UK + Aust) - end	118	122	129	
12mth forward P/E of 14.0x					\$1.42	Owned Stores Revenue	136.1	171.9	185.0	
Price / NTA (Dec'14a) 1x \$0.31					\$0.31	Owned Stores EBITDA	11.3	15.6	21.2	
12mth fwd Div Yield of 2.9% (Gross yield=4.2%)					\$1.54	<i>margin</i>	8.3%	9.1%	11.5%	
12mth Price Target					\$1.33	Franchised # (UK + Aust) - end	273	253	253	
P / E (FY16) at Price Target					13.1x	Franchise Revenue	24.0	18.5	18.0	
P / E (FY17) at Price Target					12.5x	Franchise EBITDA	4.3	6.6	6.3	
EV/EBITDA (FY17) at Price Target					7.5x	<i>margin</i>	17.8%	35.9%	35.0%	
EV/EBIT (FY17) at Price Target					8.6x	Carboodle fleet value (100%)	9.8	14.4	19.8	
Multiples (\$/price at \$0.82)					Group Revenue					
P / E (basic, weighted)	6/13A	6/14A	6/15F	6/16F	272.2	331.7	380.0	425.7		
P / E (normalised, fully diluted)	10.1x	14.3x	27.5x	8.1x	<i>growth</i>	16.6%	21.8%	14.6%	12.0%	
P / E (normalised, weighted dil.)	11.6x	15.7x	11.3x	8.4x	Underlying EBITDA - Group	60.0	53.6	70.3	90.0	
P / E (ord mkt cap / rep NPAT)	11.9x	15.8x	29.0x	8.0x	<i>growth</i>	17.2%	-10.7%	31.1%	28.1%	
Dividend Yield	4.9%	4.9%	5.2%	5.8%	EBITDA / Sales	22.0%	16.2%	18.5%	21.1%	
Group Free Cash Flow (f.c.f) / EV	-8.3%	-6.9%	-1.2%	6.9%	Depreciation/Amortisation	-6.5	-7.9	-9.5	-12.1	
Equity f.c.f. / Mkt Cap	-11.1%	-9.6%	-3.1%	6.3%	EBIT	53.6	45.7	60.8	77.9	
Norm f.c.f. / Mkt cap	-11.1%	-9.6%	-3.1%	6.3%	EBIT / Sales	19.7%	13.8%	16.0%	18.3%	
Mkt cap / operating cash flow	6.1x	7.0x	5.8x	4.3x	Net Corporate Interest	-2.4	-8.0	-8.6	-8.2	
EV/EBITDA multiple	7.9x	8.9x	6.8x	5.3x	Norm Pretax Profit	51.2	37.7	52.1	69.8	
EV/EBIT multiple	8.9x	10.4x	7.8x	6.1x	Norm. Tax	-15.9	-11.5	-15.6	-20.9	
Price / Book Value	1.4x	1.4x	1.4x	1.2x	Effective Tax Rate	31.0%	30.6%	30.0%	30.0%	
Price / NTA	2.9x	3.1x	2.6x	2.2x	Minorities	0.0	0.0	0.0	0.0	
Ratios					Normalised NPAT to equity					
Return on Average Equity	6/13A	6/14A	6/15F	6/16F	35.3	26.2	36.5	48.8		
Return on Assets	16.5%	10.8%	13.7%	16.1%	Norm. Net Profit / Sales	13.0%	7.9%	9.6%	11.5%	
ROIC pre-tax	11.6%	6.9%	8.5%	10.3%	Abnormals / discontinued	-2.4	-1.4	-23.0	0.0	
ND / ND + Equity	33.8%	23.0%	25.9%	28.7%	Reported Profit to equity	32.9	24.8	13.5	48.8	
Net Interest Cover (EBIT)	17.2%	28.4%	20.5%	15.4%	Reported EPS (basic, w'ted)	8.1	5.7	3.0	10.1	
Reported eps growth	4.4%	-29.5%	-47.9%	239.4%	Normalised EPS (dil, w'ted)	8.4	6.0	7.9	9.9	
Norm. eps growth	2.7%	-29.1%	32.3%	25.7%	DPS (\$)	0.0400	0.0400	0.0425	0.0475	
Free Cash Flow Analysis					Cashflow Statement (\$m)					
Net Operating Cash Flow	6/13A	6/14A	6/15F	6/16F	6/13A	6/14A	6/15F	6/16F		
Capex (Reported) inc loan book	44.9	35.1	52.9	61.9	EBITDA	60.0	53.6	70.3		
Group Free Cash Flow (rep'ted)	-84.4	-67.8	-58.6	-29.1	Working Capital Change	4.7	2.8	-2.6		
Fixed Debt Repayments	-39.5	-32.7	-5.6	32.9	Cash from Operations	64.7	56.4	67.7		
Equity Free Cash Flow (rep'ted)	-43.6	-37.8	-12.0	24.9	Corporate Interest	-2.5	-8.0	-8.6		
HP Lease Capex (non-cash)	0.0	0.0	0.0	0.0	Tax Paid	-17.2	-13.3	-6.1		
Free Cash Flow (normalised)	-43.6	-37.8	-12.0	24.9	Net Operating Cash Flow	44.9	35.1	52.9		
Capex (inc HP) / depreciation	118%	80%	99%	56%	Capital Expenditure	-7.6	-6.4	-9.4		
Share Data					Net Investing Cash Flow					
Ord Issued shares (m)	6/13A	6/14A	6/15F	6/16F	-84.4	-67.8	-58.6	-29.1		
<i>growth</i>	423.9	428.9	481.3	488.3	Proceeds from Equity Issues	31.6	0.0	47.1		
Weighted ave shares (m)	11.6%	1.2%	12.2%	1.5%	Net Change in Debt & Leases	28.2	48.2	-3.0		
<i>growth</i>	406.3	426.3	455.1	484.8	Dividends Paid	-17.4	-12.4	-18.5		
Diluted shares wgted (m)	7.0%	4.9%	6.7%	6.5%	Net Financing Cash Flow	42.4	35.8	25.6		
<i>growth</i>	419.7	439.3	463.1	492.9	Movement in Cash	2.9	3.1	20.0		
Unpaid Capital (inc estimated DRP)					HP Lease Capex (non-cash)					
Year Expires	Number	% ord	Avg Price	\$m unpaid	Balance Sheet (\$m)					
30-Jun-15	-	0.0%	\$ -	\$ 2.4	Cash	6/13A	6/14A	6/15F	6/16F	
30-Jun-16	7,075,523	1.5%	\$ 0.82	\$ 5.8	Receivables	20.7	26.8	46.8	66.8	
30-Jun-17	15,643,932	3.3%	\$ 0.39	\$ 6.2	Inventories	13.0	33.5	37.2	38.5	
30-Jun-18	-	0.0%	\$ -	\$ -	Other (including loan book)	21.8	25.6	27.5	27.7	
30-Jun-19	-	0.0%	\$ -	\$ -	Total Current Assets	179.1	220.2	250.6	294.3	
30-Jun-20	-	0.0%	\$ -	\$ -	Property, Plant & Equipment	22.5	22.6	32.3	27.9	
TOTAL	22,719,455	4.7%	\$ 0.63	\$ 14.3	Intangibles (inc. Goodwill)	121.2	132.7	135.5	134.6	
Directors & Senior Management					Total Non Current Assets					
Substantials					167.8					
Mr Reginald Webb (Chairman)	EZ Corp				131.0%	Total Assets	347.0	410.3	453.2	491.6
Mr Peter Cummins (Managing Director)	Perpetual Ltd				13.0%	Accounts Payable	20.0	26.8	29.8	32.3
Mr Stuart Grimshaw (N.-exec, EZ Corp)	CBA				6.0%	Interest Bearing Liabilities	70.5	59.9	59.9	59.9
Mr Lachlan Given (Non-exec, EZ Corp)	Fidelity Mgt & Res. (FMR)				5.5%	Other	14.3	14.7	14.7	14.7
Mr Kevin Dundo (Non-exec.)						Total Current Liabilities	104.9	101.4	104.5	107.0
CFO - Mr Ralph Groom						Accounts Payable	0.0	0.0	0.0	0.0
						Interest Bearing Liabilities	0.4	64.0	61.0	64.9
						Other	0.1	0.1	0.1	0.1
						Total Non Current Liabilities	0.5	64.2	61.2	65.1
						Total Liabilities	105.3	165.6	165.7	172.0
						Net Assets	241.6	244.7	287.5	319.6
						Net Asset Value / Share (\$)	0.57	0.57	0.60	0.65
						NTA / Share (\$)	0.28	0.26	0.32	0.38
						Net Debt (net cash)	50.2	97.1	74.1	58.0
						- adj for NZ & NSW class act.	50.2	77.1	74.1	58.0
Analyst: Trent Barnett					Last Earnings Estimate Changes:					
Phone: +61 8 9268 3052					6 May 2015					
Sources: IRESS, Company Information, Hartleys Research										

Fig. 1: Earnings Changes

	6/14A actual	Old	6/15F New	% diff	Old	6/16F New	% diff	Old	6/17F New	% diff
AUD/GBP	0.556	0.521	0.521	0.0%	0.508	0.508	0.0%	0.511	0.511	0.0%
Aust profit	51	79	75	-5.2%	96	91	-4.7%	98	93	-5.1%
UK profit	2	-6.0	-5	-19.7%	-0.5	-1.3	178.1%	0.0	0.0	0.0%
Revenue	331.7	391.0	380.0	-2.8%	434.6	425.7	-2.0%	464.5	456.3	-1.8%
Norm. EBITDA	53.6	73.2	70.3	-4.0%	95.3	90.0	-5.5%	98.3	93.3	-5.1%
- margin	16.2%	18.7%	18.5%	-1.2%	21.9%	21.1%	-3.6%	21.2%	20.4%	-3.4%
EBITDA reported	51.6	42.5	38.2	-10.1%						
- margin	15.3%	10.4%	10.2%	-2.4%						
Depreciation/Amortisation	-7.9	-9.5	-9.5	0.0%	-12.1	-12.1	0.0%	-12.1	-12.1	0.0%
EBIT	45.7	63.7	60.8	-4.6%	83.2	77.9	-6.3%	86.2	81.2	-5.9%
Net Interest	-8.0	-8.7	-8.6	-0.7%	-8.0	-8.2	2.6%	-7.7	-8.4	8.7%
Pretax Profit	37.7	55.0	52.1	-5.2%	75.2	69.8	-7.3%	78.5	72.7	-7.3%
Tax	-11.5	-16.5	-15.6	-5.2%	-22.6	-20.9	-7.3%	-23.5	-21.8	-7.3%
Norm. Net Profit After Tax	26.2	38.5	36.5	-5.2%	52.7	48.8	-7.3%	54.9	50.9	-7.3%
- margin	7.9%	9.9%	9.6%		12.1%	11.5%		11.8%	11.2%	
Reported Group Profit	24.8	18.5	13.5	-27.1%	52.7	48.8	-7.3%	54.9	50.9	-7.3%
DPS	4.00	4.25	4.25	0.0%	4.75	4.75	0.0%	5.45	5.05	-7.3%
Norm. EPS (diluted)	6.0	8.3	7.9	-5.2%	10.7	9.9	-7.3%	11.0	10.2	-7.3%
P/E (\$0.815)	13.7x	9.8x	10.3x		7.6x	8.2x		7.4x	8.0x	
Ordinary Shares (end)	428.9	481.3	481.3	0.0%	488.3	488.3	0.0%	503.9	504.0	0.0%
Ordinary Shares (avg wgt)	426.3	455.1	455.1	0.0%	484.8	484.8	0.0%	496.1	496.2	0.0%
Net Debt	97.1	75.8	74.1	-2.2%	51.0	58.0	13.7%	43.4	53.7	23.8%
- adj for NZ & NSW class act.	77.1	55.8	74.1	32.9%	31.0	58.0	87.0%	23.4	53.7	129.6%

Source: Hartleys Estimates

Fig. 2: Quarterly Earnings

	FY15				FY15		Annual		
	Q1e	Q2e	Q3e	Q4e	1He	2He	FY14a	FY15e	FY16e
Reported EBITDA	16.0	-13.1	16.3	19.0	2.9	35.3	51.6	38.2	90.6
Store Stamp Duty	0.4	0.0	0.0	0.0	0.4	0.0	1.8	0.4	
Ausgroup / Kentsleigh	0.0	28.0	0.0	0.0	28.0	0.0	1.4	28.0	0.0
Carboodle losses	0.2	0.5	0.7	0.3	0.7	1.0	3.3	1.7	-0.5
One Off Bad Debt (Aust)	0.0	0.0	3.0	0.0	0.0	3.0	0.0	3.0	
GST &/or bank fee	0.0	0.7	0.0	0.0	0.7	0.0	1.1	0.7	
Total abnormals	0.6	28.5	3.7	0.3	29.1	1.0	7.6	33.1	-0.5
Underl. EBITDA (ex Carb.)	16.6	16.1	20.0	19.4	32.6	39.4	56.9	72.0	89.5
Underlying EBITDA (inc Carb.)	16.4	15.6	19.3	19.0	31.9	38.3	53.6	70.3	90.0
- annualised	65.4	62.3	77.2	76.1	63.9	76.7	53.6	70.3	90.0
UK Underlying			-1.6	-1.7	-1.5	-3.3		-4.8	-1.3
- annualised			-6.2	-7.0	-3.0	-6.6		-4.8	-1.3
Aust Underlying inc Carboodle			20.9	20.8	33.4	41.6		75.1	91.3
- annualised			83.5	83.0	66.9	83.3		75.1	91.3
Aust Underlying ex Carboodle			21.6	21.1	34.1	42.7		76.8	90.8
- annualised			86.3	84.4	68.3	85.3		76.8	90.8

Source: Hartleys Estimates

Upcoming events

We highlight some upcoming events:

- 1) Pre-July: Potential to settle NSW class action pre-trial
- 2) 2 June: NSW Class Action, Directions
- 3) 6 July – 10 July: NSW Class Action, Hearing
- 4) Before 30 June: ASIC submission to the Government review on the small credit legislation;
- 5) Before 30 June: Formation of the three person committee to review the legislation (appointed by the Government minister);
- 6) August: FY15 earnings results
- 7) November: earliest we estimate that the Government review of the legislation will be concluded.

Fig. 3: Review relating to small amount credit contracts

(1) The Minister must cause an independent review of the following matters to be undertaken as soon as practicable after 1 July 2015:

(a) the operation of the following provisions:

- (i) subsections 117(1A), 118(3A), 123(3A), 130(1A), 131(3A) and 133(3A) of this Act;
- (ii) Division 7 of Part 3-1 of this Act;
- (iii) Part 3-2C of this Act;
- (iv) sections 23A, 31A, 31B, 39A and 39B of the National Credit Code;

(b) whether a national database of small amount credit contracts should be established;

(c) whether any additional provisions relating to small amount credit contracts should be included in this Act and/or the National Credit Code.

(2) The review must be undertaken by 3 persons who, in the Minister's opinion, possess appropriate qualifications to undertake the review.

(3) The persons who undertake the review must give the Minister a written report of the review.

(4) The Minister must cause a copy of the report to be tabled in each House of the Parliament within 15 sitting days of that House after the day on which the report is given to the Minister.

(5) The report is not a legislative instrument.

Source: NATIONAL CONSUMER CREDIT PROTECTION ACT 2009 - SECT 335A

http://www5.austlii.edu.au/au/legis/cth/consol_act/nccpa2009377/s335a.html

PRICE TARGET

Our twelve month price target is increased to \$1.33 (from \$1.44).

Valuation Methodology	Weighting	Spot	12 mth out
DCF	50%	\$1.23	\$1.31
12mth forward P/E of 14.0x	30%	\$1.34	\$1.42
Price / NTA (Dec'14a) 1x \$0.31	5%	\$0.31	\$0.31
12mth fwd Div Yield of 2.9% (Gross yield=4.2%)	15%	\$1.45	\$1.54
Risk weighted composite		\$1.25	\$1.33
12 Months Forward		\$1.33	
Shareprice - Last		\$0.815	
12 mth total return (% to 12mth target + dividend)		68%	

Source: Hartleys Estimate

Fig. 4: Key assumptions and risks for potential new valuation

Assumption	Risk of not realising assumption	Downside risk to valuation if assumption is incorrect	Comment
DRP (Dividend Reinvestment Plan)	Low	Moderate	We assume an ongoing DRP with ~25% takeup until and including FY17.
We assume Personal Finance (Safrock) returns have stabilised in Australia. We assume very modest Australian loan growth	High	Upside	We believe we are conservative given CCV is under penetrated NSW and on-line lending
UK continues to be loss making, returns to breakeven in FY16, but eventually is profitable	Low	Low / Upside	We believe this is reasonable. We do not assume any release of capital from the division
Carboodle makes a full year slightly positive EBIT contribution in FY16, loss in FY15	Low	Moderate	We assume that Carboodle is slow to grow.
We assume \$20m liability for the NSW class action	High	Upside	We incorporate a worst case scenario of \$20m liability. The Company has not made a provision. It is possible that there is no liability, or that it is considerably less, in our view. The headline claim is for ~\$40m.

Conclusion

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

Source: Hartleys

USEFUL WEBLINKS

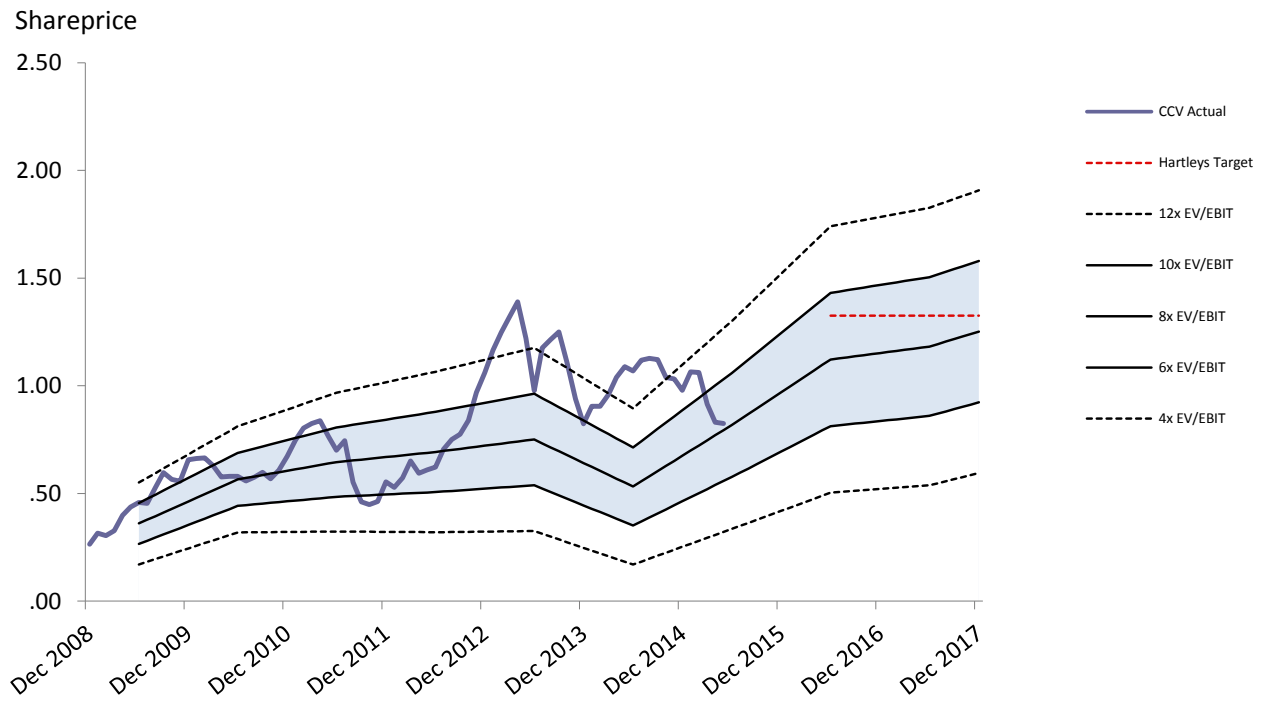
Fig. 5: Weblinks

Title	Link
Stopping the game of loans will take more than regulation	http://theconversation.com/stopping-the-game-of-loans-will-take-more-than-regulation-39506?utm_medium=email&utm_campaign=Latest+from+The+Conversation+for+2+April+2015+
Caught Short. Exploring the role of small, short -term loans in the lives of Australians. Final report. July 2012	http://www.uq.edu.au/swahs/news/CaughtShortFinalReport.pdf
Consumer Credit Legislation Amendment (Enhancements) Act 2012	http://www.comlaw.gov.au/Details/C2012A00130
National Consumer Credit Protection Act 2009	http://download.asic.gov.au/media/2243019/rg209-published-5-november-2014.pdf
Credit licensing: Responsible lending conduct	http://download.asic.gov.au/media/2243019/rg209-published-5-november-2014.pdf
Inquiry into Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011	http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/Completed_inquiries/2010-13/Consumer_Credit_Corporations_2011/report/c05
15-056MR ASIC puts payday lending industry on notice to lift standards	http://www.asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-056mr-asic-puts-payday-lending-industry-on-notice-to-lift-standards/
ASIC Deputy Chairman Interview "ASIC report on payday lenders and the new small amount lending provisions"	https://www.youtube.com/watch?v=oSLXYevMnVU
No Cap	www.nocap.com.au
The Politics of Payday Lending Regulation in Australia	http://www.law.unimelb.edu.au/files/dmfile/201421.pdf
PS14/16: Detailed rules for the price cap on high-cost short-term credit - Including feedback on CP14/10 and final rules	http://www.fca.org.uk/news/ps14-16-detailed-rules-on-the-price-cap-on-high-cost-short-term-credit
FCA confirms price cap rules for payday lenders	http://www.fca.org.uk/news/fca-confirms-price-cap-rules-for-payday-lenders
US CFPB Considers Proposal to End Payday Debt Traps	http://www.consumerfinance.gov/newsroom/cfpb-considers-proposal-to-end-payday-debt-traps/
NSW class action	http://www.mauriceblackburn.com.au/legal-services/general-law/class-actions/current-class-actions/cash-converters-class-action/
NSW class action	https://www.comcourts.gov.au/file/Federal/P/NSD2090/2013/actions#;javascript:void%280%29;

Source: Hartleys

EV/EBIT BANDS

Fig. 6: Using Hartleys base case forecasts



Source: Hartleys Estimates, IRESS

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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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