



Media Release

28 August 2015

Cash Converters Reports Strong Revenue and Underlying EBITDA Growth

Cash Converters (ASX:CCV) (“Cash Converters” or “the Company”) today announced its financial results for the financial year dated 30 June 2015.

Highlights

- Revenue growth of 13.0% to \$374.9 million. The major drivers for revenue growth over the year included an increase in personal loan interest of \$14.6 million and establishment fees of \$7.8 million, and an increase in corporate store revenue of \$18.3 million
- The normalised Group EBITDA of \$62.7 was up 12.2%
- The normalised Australian divisional EBITDA of \$71.3 million was up 26.4%
- The Australian personal loan book stood at \$107.4 million as at 30 June 2015, down slightly on the previous year (2014: \$109.2 million) after it peaked at a record \$115.7 million at the half year
- The growth of the online personal loan business in Australia continues to be very strong with the value of loans written increasing 53.2% to \$74.6 million (2014: \$48.7 million)
- The value of online cash advance in Australia has also been strong with the value of loans written increasing by 57.7% to \$11.2 million. (2014: \$7.1 million)
- The Australian cash advance product produced an EBITDA result of \$11.5 million, up 19.8% on last year’s result of \$9.6 million
- The Australian corporate store network EBITDA was \$18.8 million, representing a 14.6% increase on the corresponding period (2014: \$16.4 million)
- A cost cutting and restructure has been completed to more effectively manage the UK business. There have been a number of senior management changes made and staff redundancies, in addition the Company has appointment a very experienced and successful Cash Converters multi-store owner and operator to manage the corporate store network

Financial Overview

Financial results summary (Statutory Reporting Basis) in \$A	30 June 2015	30 June 2014	Variance %
Revenue	374,892,639	331,668,907	+13.0
EBITDA	9,323,021	51,601,406	-81.9
Depreciation, amortisation & impairment*	(16,625,373)	(7,923,711)	+109.8
EBIT	(7,302,352)	43,677,695	-116.7
Income tax	(5,109,292)	(10,908,176)	-53.2
Finance costs	(9,072,074)	(8,577,184)	+5.8
Net profit / (loss) after tax	(21,483,718)	24,192,335	-188.8
* This includes an Impairment Charge for the UK of \$7,587,315 in 2015 (2014: Nil)			



Geographical split (Statutory EBITDA)	30 June 2015	30 June 2014	Variance %
Australia	15,787,580	53,505,822	-70.5
UK	(6,893,076)	(2,413,001)	-185.7
International	428,517	508,585	-15.7

Normalised Underlying EBITDA in \$A	30 June 2015	30 June 2014	Variance %
EBITDA statutory	9,323,021	51,601,406	-81.9
Stamp duty on store acquisitions	388,663	1,820,093	-78.6
Ausgroup provision	(2,927,229)	1,358,333	-315.5
GST adjustment	-	1,135,883	-
Kentsleigh agency termination payment	29,628,270	-	-
Termination fees – bank facility (GLA)	700,000	-	-
NSW Class action settlement provision	23,000,000	-	-
Class action legal fees	1,844,903	-	-
Redundancy costs CCUK	787,751	-	-
EBITDA normalised	62,745,379	55,915,715	+12.2

Divisional EBITDA (Normalised Basis) in A\$	30 June 2015	30 June 2014	Variance %
Franchise operations	5,965,054	6,633,516	-10.1
Store operations	15,831,313	15,615,352	+1.4
Financial services - administration	12,518,594	10,410,310	+20.3
Financial services - personal loans	48,544,232	40,971,153	+18.5
Green Light Auto (before minority interest)	(1,987,167)	(4,038,694)	+50.8
Minority interest - Green Light Auto	201,372	3,060,046	-93.4
Total before head office costs	81,073,398	72,651,683	+11.6
Corporate head office costs	(18,328,019)	(16,735,968)	-9.5
Total Divisional EBITDA	62,745,379	55,915,715	+12.2
Geographical split (Normalised EBITDA)	30 June 2015	30 June 2014	Variance %
Australia	71,349,416	56,461,798	+26.4
UK	(9,032,554)	(1,051,668)	-756.4
International	428,517	508,585	-15.7

EBITDA = Earnings before interest, taxes, depreciation, amortisation and impairment.

The above table provides a normalised EBITDA with adjustments to the respective periods to better reflect the underlying performance of the Cash Converters business.



Comments on the UK performance

Following the introduction of the *Consumer Credit (Cost Cap) 2014* in the United Kingdom in January 2015, there has been a drop in personal and cash advance loans, impacting the profitability of the UK operations. As a result of this legislation and other economic factors, an impairment charge of £3.8 million (\$7.6 million) has been recognised in relation to the UK operations.

A review of the UK business has taken place and following this a cost cutting programme has been completed to ensure that the current cost structure better matches the size of the UK business today. A restructure has also been completed to more effectively manage the UK business. There have been a number of senior management changes made and staff redundancies. The appointment of a very experienced and successful Cash Converter multi-store owner and operator has been made to manage the corporate store network.

Dividend

Notwithstanding that the Company has a strong underlying profit and the cash resources to pay a dividend consistent with its past dividend policy, the Company is unable to do so due to the application of the covenants under its banking facility. The Company is in the process of replacing the current bank securitisation facility – and although an alternative provider has yet to be confirmed, the Company is confident of establishing a new facility in the short term.

As a consequence, no final dividend has been declared.

Summary and outlook

The Australian business continued to perform strongly in FY 2015 with normalised, underlying EBITDA up 26.4% to \$71.3 million and we expect to see further growth in FY 2016 as we enjoy the full year benefits of the Kentsleigh/Cliffview transaction, the store acquisitions in February and organic growth.

The initial negative impact that UK legislative changes had from 2 January 2015 on lending volumes has eased and volumes have returned to previous levels. We are now starting to see new customer numbers increase as a result of the closure of a significant number of competitors and look forward to growth in 2016. We also expect to see an improvement in the UK result in FY 2016.

Managing Director Peter Cumins said “The Company is now enjoying strong underlying profit growth from two profit drivers, the Australian corporate stores and the Australian financial services business. We have now made some very significant changes to our UK business and expect to enjoy the benefit of that turnaround in our group results in 2016.”



In closing, we wish to thank the staff, management and franchisees for their contribution during the year.

Reginald Webb
Chairman

Peter Cumins
Managing Director

Conference Call Details

Date: Friday 28 August 2015

Time: 10.00am AWST, 12.00 pm AEST

National Toll Free Number: 1800 280 741

Overseas Toll Free Number: +61 3 8687 7788

Participants are requested to dial in 5-10 minutes prior to the start time.

To register your attendance, please email general.enquiries@cashconverters.com

For further information regarding the 2015 financial year results please refer to the Cash Converters Appendix 4E Preliminary Final Report and the Power Point Presentation both of which will be lodged with the ASX on 28 August 2015.