



cash**converters**



Investor Presentation
Strategy Review
Building on our strengths

New strategy

The logo for Cash Converters, featuring the word "cash" in a red, lowercase, sans-serif font, followed by "converters" in a white, lowercase, sans-serif font. A red swoosh underline is positioned under the "o" in "converters".

cashconverters

Cash Converters has a new strategy to deliver sustainable, profitable growth

1. Australia the strategic focus
2. Disciplined approach to business return on capital:
 - United Kingdom returns to being a master franchisor
 - Exit Carboodle and transition to new secured motor vehicle lending business
 - NZ future growth option
3. Leadership in customer satisfaction
4. Drive sustainable ROE and profit growth by redirecting capital to markets and businesses with current competitive advantages and high return potential

Focus – Build – Lead



Our strategy is based on a need to Focus – Build – and Lead across our Group and businesses

Focus

- Australia drives future growth
- Resources allocated to businesses that deliver returns above their cost of capital
- Lack of adequate profitability and returns from the United Kingdom and Carboodle addressed

Build

- Market share, brand, customer and network strengths in Australia
- New Zealand's potential for future growth
- Value from customer analytic data captured through the largest transaction volume business in the industry

Lead

- Competitive advantage delivered through leading market share; brand recognition; network; and customer satisfaction
- Shareholder returns at sector leading levels
- Top management talent attracted and retained

Strategic position



Our strategy is to invest in attractive markets where we have a strong competitive position

Business	Market Attractiveness			Strength of Strategic Position Top 3 Player by Size	Strength in Customer Satisfaction Meeting the Needs of Customers	Strength of Capabilities Possess Core Capabilities to Win	Overall Strategic Assessment
	Demand Demand for Product & Services	Competitive Dynamics Nature of Competition	Regulatory Regulatory Environment				
Australia	●	◐	◑	◑	◑	◑	●
United Kingdom	◐	◐	◑	◑	◐	◑	◑
New Zealand	◑	◑	◑	◐	◑	◑	◑
Carboodle	◑	◑	◐	◑	◐	◐	◑

Key: ○ Unfavourable ◐ Neutral ● Favourable

Build on strengths



We will build on our strengths in Australia ... exit or change other businesses

	Australia	United Kingdom	New Zealand	Carboodle
Position	Strong <ul style="list-style-type: none">• #1 market share• Leading brand recognition• Largest distribution• High customer satisfaction	Weak <ul style="list-style-type: none">• Unattractive under current business model• Sub-scale• Inadequate returns	High potential <ul style="list-style-type: none">• Growing market• Well known brand• Highly capable local team	Weak <ul style="list-style-type: none">• Low market penetration• Low customer uptake and lack of distribution scale
Strategy	Grow <ul style="list-style-type: none">• Build on market and brand strengths• Focus on customer leadership	Back to basics <ul style="list-style-type: none">• Exit corporate stores and loan book• Focus on demonstrated strengths as master franchisor	Grow <ul style="list-style-type: none">• Support current investment• Build on fundamentals for future growth	Reposition <ul style="list-style-type: none">• Cease business operations in current form• Pursue distribution partnership options in motor vehicle financing

Australia

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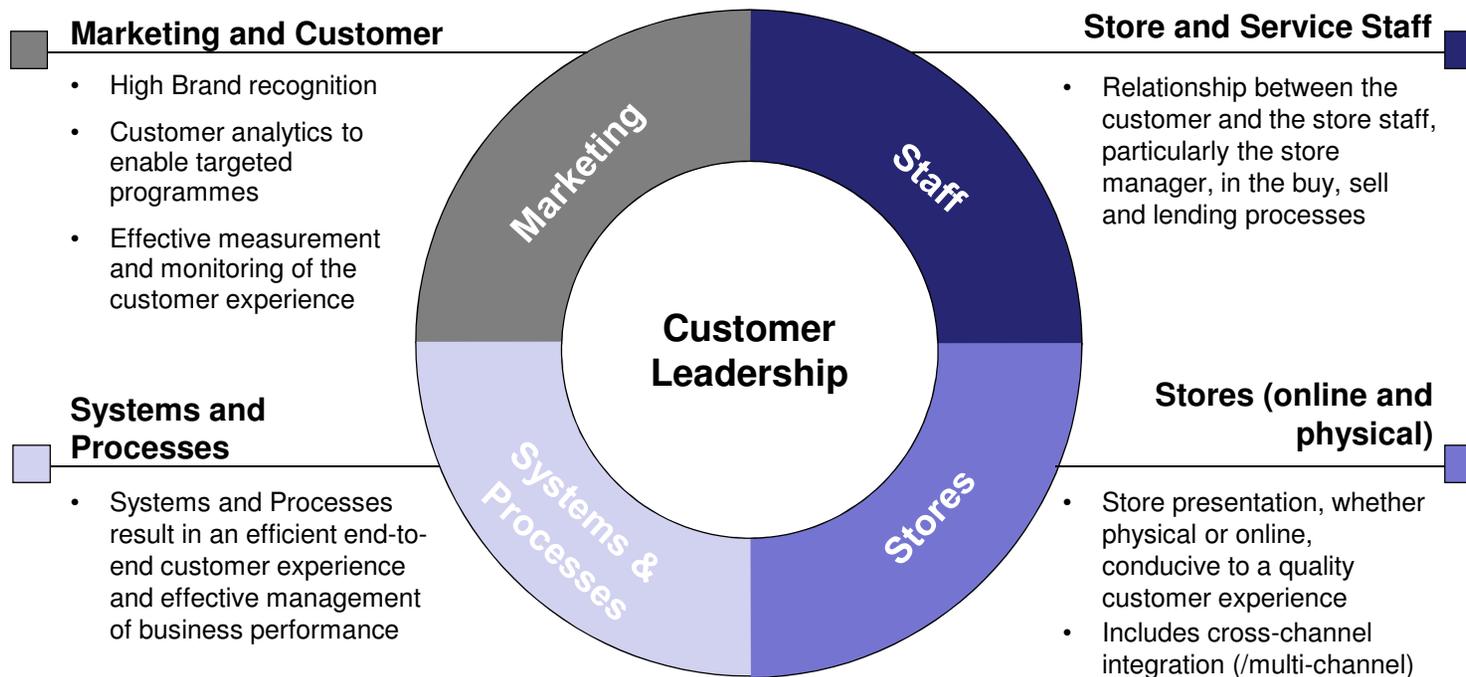
Australia is well positioned for continuing success

- **#1 SACC market share**
- **Market leading brand awareness:** 97% brand awareness (TNS Brand Monitor)
- **High customer satisfaction:** 91% of customers 'very satisfied' or 'fairly satisfied' (TNS Brand Monitor)
- **Market leading distribution:** 153 stores nationwide. Online retail and financial services
- **Leveraging scale and re-investing in processes:** Scale enables process efficiency. Currently replacing core loan system to drive further efficiencies
- **Experienced executive team and store staff**

Customer leadership



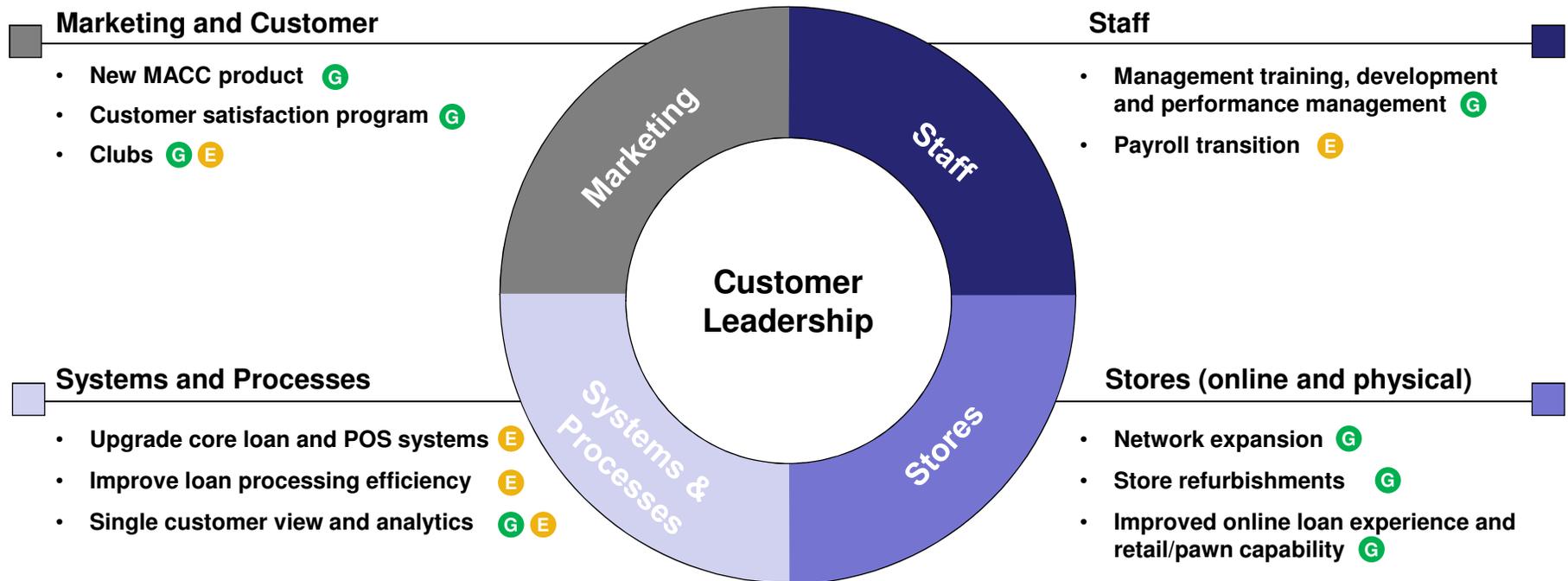
There is a real strategic opportunity to build clear customer leadership in Australia



Key Australian initiatives



We will invest in four key areas to drive growth and efficiency



Key: **G** Growth **E** Efficiency

Strategic focus on growth



Our new strategy will deliver revenue and profit growth in Australia

Industry drivers

- Continued growth in demand for short term lending products and services
- Substantial growth in online
- Consumer profile changing to include more employed, younger clients seeking financial product choice
- Regulation leading to substantial improvement in compliance, customer service standards and predictable operating environment for lenders

Company drivers

- Investment in customer leadership:
 - Expanded product range and distribution
 - Improved customer satisfaction
 - Increasingly efficient operating platform
- Proactive engagement with government and industry to continue to reshape sector towards sustainable, responsible member of financial services landscape

Strategy
impact

Sustainable revenue and profit growth

The United Kingdom has structural and sectoral issues that require a different strategic approach

Returns inadequate

- Corporate store and personal finance businesses performance improved – but returns do not meet cost of capital requirements

Regulatory headwinds

- Financial services regulation has reduced market size and intensified competition
- FCA stated intent is 2-3 lenders in market
- Compliance costs increased substantially

Insufficient scale

- Sub-scale in UK personal finance market, particularly online
- Scale impacting economics; disadvantage will be magnified as industry consolidates

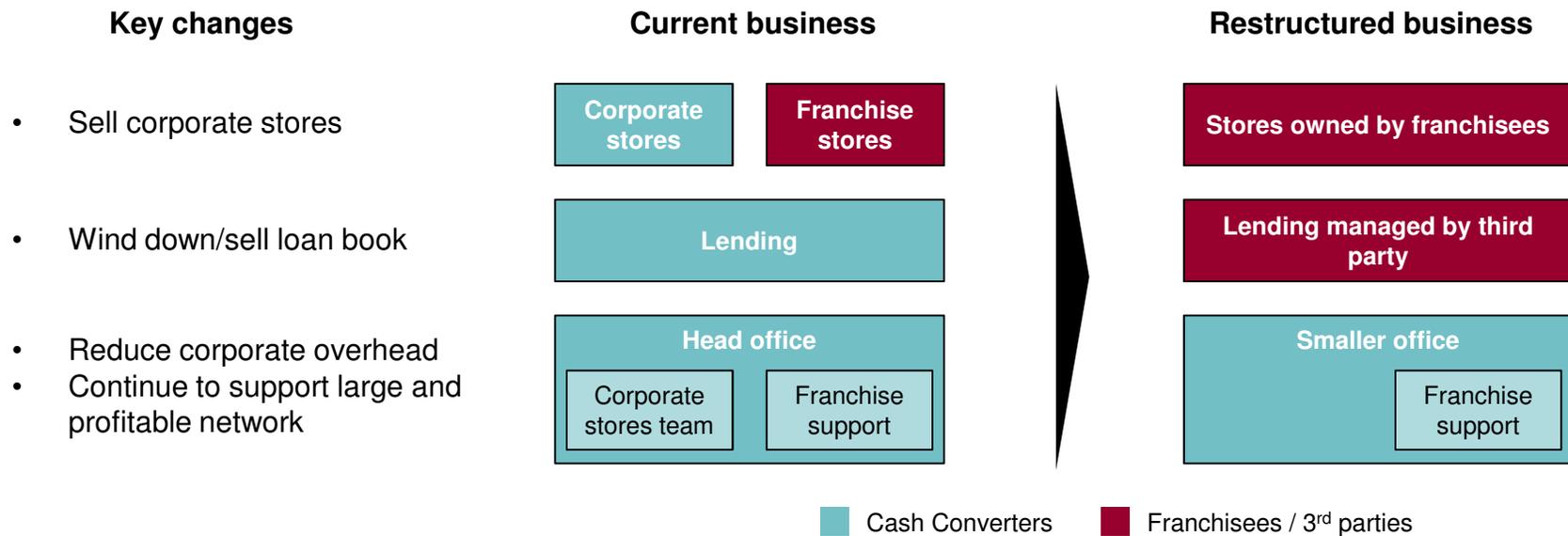
Group impact

- Executive team spread thinly
- Potential returns do not justify risk profile and management commitment

United Kingdom restructure



We will build on our strengths as a master franchisor and continue to support our large franchise network



Strategy impact

Eliminate losses; return to stable profit from FY17
Reduce capital intensity of business, allowing redirection of funds to growth areas

In New Zealand we will use our current investment as the basis for a long term growth strategy

Attractive market

- Growing market
- Positive regulatory environment

Leadership capability

- Highly capable management with > 35 years combined Cash Converters franchise experience
- Building organisation on strengths and culture of Australian business

Customer leadership

- Leading distribution, strong and improving brand, efficient core loan systems
- Customer satisfaction now high and continuing to improve

Growth potential

- Management team focused on network expansion and growth in sales per store
- Potential to increase stake in business in future

Strategy impact

Longer term potential

Carboodle will cease current operations and be repositioned

Low penetration	<ul style="list-style-type: none">• Technical product and operations capability solid, however customer uptake of operating lease product has been below expectations• Business has been unable to build appropriate distribution scale
Cease current operations	<ul style="list-style-type: none">• Current operations will cease and the operating lease book will be progressively wound down
Partnering for distribution	<ul style="list-style-type: none">• Discussions underway for the transition to a new secured motor lending business, Green Light Auto Finance. Would operate as a low overhead, capital 'light' business leveraging distribution partnerships and supported by funding from a third party
Future growth potential	<ul style="list-style-type: none">• New structure to provide low-risk platform to explore future growth potential
Strategy impact	<p>Break even within 12 months Potential for longer term growth in profitable segment with customers we know</p>

We will invest \$10 million a year in projects. We will incur one-time restructure costs for the UK and Carboodle

Australian growth

- ~\$10 million a year over the next three years for growth and efficiency projects
 - ~\$5 million a year reduction from recent run rate of ~\$15 million a year as major projects are completed
- Potential to apply further capital to acquisitions where returns are attractive

UK restructure

- Maximum FY16 PBT impact \$32 million (cash costs, provisions and write-downs)
- UK operation immediately cash flow positive: minimum \$20 million capital return to our Group over the next five years
 - FY16 restructure cash costs offset by net cash flow from loan book wind down

NZ growth

- Self-funded through reinvestment of profits

Carboodle reposition

- Maximum FY16 PBT impact \$3 million (non cash)
- ~\$5 million cash cost over three years to wind existing operations down
- Repositioned company (excl. wind-down impact) cash flow positive within 12 months

Clear measures



We are setting clear measures for our new strategy

	High market share	Leading customer satisfaction	High staff engagement	Attractive shareholder returns
Key Imperatives	<ul style="list-style-type: none">• Maintain leading share• Growth in the Australian loan book	<ul style="list-style-type: none">• Lead in customer satisfaction among our peers	<ul style="list-style-type: none">• Create an environment for industry leading staff engagement	<ul style="list-style-type: none">• Deliver leading returns to shareholders
Measures	<ul style="list-style-type: none">• #1 market share in chosen markets	<ul style="list-style-type: none">• NPS growth• Leader in NPS among peers	<ul style="list-style-type: none">• Low turnover rate• Top 25% in financial services industry survey	<ul style="list-style-type: none">• Double digit ROE• Year-on-year PBT growth

We have a new strategy to focus our resources and build on our strengths to achieve customer leadership

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