



## Cash Converters Trading Update – First Quarter

### New Strategy Progressing Well and On Budget

Cash Converters International Limited ('the Company') is pleased to provide the following trading and performance update based on the first quarter unaudited results for the 2017 financial year.

The net profit for the period was \$6.3 million and is in line with the Company forecast. The first quarter result benefits from the timing of interest earned on higher loan volumes written in the second half of the previous year. The Company confirms guidance previously given to the market of full year 2017 NPAT being in the range of \$20.0 to \$23.0 million.

#### Financial results summary – first quarter

	Quarter ending 30 September 2016 \$
Revenue	73,678,386
EBITDA	13,069,289
EBIT	11,449,941
Net profit after tax	6,260,752
Basic earnings per share (cents per share)	1.29

#### Highlights

- Net profit after tax \$6.3 million
- EBITDA profit \$13.1 million
- Key strategy initiatives well advanced and within budget
- Cash converters UK (CCUK) returned to profit for the quarter generating an EBITDA of \$383.7K
- CCUK has generated \$6.5m of cash from the personal loan book wind down

#### Strategy implementation and results

Cash Converters continues to advance the implementation of the three year corporate strategy and associated restructure announced to the market earlier in the year.

- In the United Kingdom, the Company has exited its corporate owned stores and is operating as the master franchisor. It is also winding down the United Kingdom personal loan book and expects to have that closed by December 2016. Lending ceased from 31 May 2016. CCUK has since returned \$6.5m of cash to the parent Company. CCUK produced an EBITDA profit of \$383.7K, for the quarter.
- In Australia, Carboodle has been closed and Green Light Auto Finance (GLAF) started. The focus of the business is to provide a car loan product rather than a complete car package. Early loan advances of the new vehicle finance company's principal and loan interest product have been encouraging. GLAF produced an EBITDA loss of \$69.0K for the quarter.



- As advised previously, we have decided to reduce our small amount lending to a number of customer segments which will impact our overall SACC (Small Amount Credit Contract) loan volumes in Australia. This strategy has been implemented in the first quarter and lending volumes are down approximately 30%. This reduction has impacted profit accordingly, however the first quarter has benefited from interest earned from higher loan volumes written in the second half of last year.

The Australian business produced an EBITDA profit of \$12.6 million down 30.4% on the corresponding quarter in 2016.

- To help offset this reduction in profit a new loan product, the MACC (Medium Amount Credit Contract) being a loan ranging in value from \$2K to \$5K was released to the market on 17 October 2016.

#### **Search for Independent non-executive directors**

The Company has engaged worldwide executive search firm Heidrick & Struggles to commence a search for two Independent non-executive directors to join the Board. It is anticipated that process will be completed within the next quarter.

#### **Outlook**

Managing Director Peter Cumins said: "We are making good progress with the implementation of the new corporate strategy we announced earlier this year. The key changes to our businesses in the United Kingdom and Australia are proceeding as planned and within our estimated budget. We are well positioned financially and we expect demand for our well established retail and pawn broking services to remain solid".

Ralph Groom  
Company Secretary  
Cash Converters International Limited  
14 November 2016