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Underwritten Entitlement Offer to Reduce Debt and Strengthen Balance Sheet for Future Growth

Highlights

- **Underwritten 1 for 4 pro-rata non renounceable entitlement offer to raise approximately \$39.5 million (before costs)**
- **Offer price of \$0.32 per New Share, represents a 12.8% discount to the 5-day VWAP of \$0.367**
- **Major shareholder, EZCORP Inc (31.75%), has committed to take up its pro-rata entitlement (approximately \$12.5 million) and to apply for up to a further approximately \$6 million worth of New Shares either through the Oversubscription Facility or through an application for shortfall (or a combination of both)**
- **Funds raised, together with existing cash, will be used to strengthen the balance sheet, reduce debt, improve gearing and provide Cash Converters with additional capital to allow flexibility to pursue growth opportunities, whilst maintaining sufficient working capital**

Cash Converters International Limited (ASX: CCV) ('Cash Converters' or the 'Company') is pleased to announce that it has today launched an underwritten non-renounceable entitlement offer to raise approximately \$39.5 million (before costs) ('Entitlement Offer').

The Entitlement Offer provides eligible shareholders with the opportunity to acquire new fully paid ordinary shares in the Company ('New Shares') at an issue price of \$0.32 per New Share on the basis of one (1) New Share for every four (4) shares held by eligible shareholders on the Record Date of 5pm (Perth time) on Monday, 4 June 2018. The offer price of \$0.32 per New Share, represents a discount of:

- 12.8% to the 5-day VWAP of \$0.367
- 12.3% to the last close of \$0.365
- 10.1% to the theoretical ex-rights price ('TERP') of \$0.356*

The Company's major shareholder, EZCORP Inc ('EZCORP'), has committed to take up its full pro rata entitlement of 31.75% of the New Shares, representing approximately \$12.5 million, and to apply for up to a further approximately \$6 million worth of New Shares either through the Oversubscription Facility or through an application for shortfall (or a combination of both). EZCORP's shareholding in the Company may increase to 34.75% as a result of its pro rata participation in, and take up of shortfall under, the Entitlement Offer. New Shares applied for by EZCORP in addition to its pro rata entitlement will be for up to its maximum 3% capacity to acquire further shares in Cash Converters under item 9 of section 611 of the Corporations Act. EZCORP will not be paid a fee for these commitments.

Hartleys Limited is acting as Lead Manager in respect of the Entitlement Offer. In addition, Hartleys Limited is acting as Underwriter in respect of approximately \$21 million of the Entitlement Offer, incremental to the pre-commitment from EZCORP of approximately \$18.5 million.

Cash Converters CEO, Mr Mark Reid said: *"This entitlement offer is important, for growth and improving our balance sheet, reducing our net debt and gearing ratio. The additional capital will allow flexibility to pursue growth opportunities whilst maintaining sufficient working capital."*

* The theoretical ex-rights price ("TERP") is the theoretical price at which a company's shares should trade after the ex-date for an Entitlement Offer, by reference to the last closing share price prior to announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares will trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to the TERP.

“We are pleased to provide all eligible Cash Converters shareholders with the opportunity to participate in this capital raising, which will enable the Company to strengthen its balance sheet and continue to build on the growth momentum that was demonstrated during the first half of the 2018 financial year. It was encouraging to see the high level of interest that the Company has received during the sub-underwriting process as well as the high quality of investors that have participated as sub-underwriters.”

Use of Proceeds

The Entitlement Offer will result in a capital structure that has:

- Post-Entitlement Offer Pro forma (31 Dec 2017) net debt of \$18.8 million
- Post-Entitlement Offer Pro forma (31 Dec 2017) gearing (net debt / equity) of 6.1%
- Significant headroom within revised banking covenants
- Sufficient working capital to allow financial flexibility to pursue growth opportunities

The proceeds from the Entitlement Offer, together with the Company’s existing cash balance, will enable the Company to strengthen its balance sheet and continue to build on the growth momentum that was demonstrated during the first half of the 2018 financial year.

Sources of Funds	A\$m	Description
Existing Cash and cash equivalents (31 December 2017)	99.4	Cash & Cash Equivalents as at 30 April 2018 (unaudited) totalled \$99.3m, with cash generated by the business throughout H1 FY18 having been reinvested in Loan Book growth
Entitlement Offer	39.5	
Total	138.9	

Use of proceeds	A\$m	Description
Repayment of FIIG Bond	60.0	The \$60m FIIG Bond (senior unsecured 7.95%) matures in September 2018 and its repayment will reduce annual pre-tax interest costs by approximately \$4.8m
Retained Cash and Working Capital	77.4	Provides the Company with the financial flexibility to pursue growth opportunities whilst maintaining sufficient working capital
Costs of the Offer	1.5	
Total	138.9	

About the Entitlement Offer

The Entitlement Offer is non-renounceable meaning eligible shareholders who do not take up their entitlements will not be able to transfer or receive any value for those entitlements, and their proportionate equity interest in the Company will be diluted.

Eligible shareholders may choose to accept all or part of their entitlement or none at all. Entitlements of eligible shareholders that are not taken up will comprise an Oversubscription Facility.

The total number of New Shares expected to be issued under the Entitlement Offer is 123,287,397 New Shares.

Oversubscription Facility

Eligible shareholders who have applied for all of their entitlement may also apply for additional New Shares in excess of their entitlement, subject to a cap equal to 50% of their entitlements, at the same issue price of \$0.32 per New Share ('Oversubscription Facility'). There is no guarantee regarding the number of New Shares (if any) that will potentially be available to eligible shareholders under the Oversubscription Facility. To the extent that demand under the Oversubscription Facility exceeds the number of New Shares that are available, there will be a scale back on a pro rata basis.

Timetable

The indicative timetable for the Entitlement Offer is summarised below

Event	Date
Announcement of Entitlement Offer	Wednesday, 30 May 2018
Shares commence trading ex-entitlement	Friday, 1 June 2018
Record Date	5pm (Perth time) Monday, 4 June 2018
Entitlement Offer opens	Tuesday, 5 June 2018
Entitlement Offer closes	5pm (Perth time) Monday, 18 June 2018
Allotment of New Shares	Tuesday, 26 June 2018
Normal trading of New Shares commences and despatch of holding statements	Wednesday, 27 June 2018

An Appendix 3B for the New Shares to be issued pursuant to the Entitlement Offer, Entitlement Offer Booklet, Investor Presentation and Cleansing Statement will follow this announcement.

Copies of the Entitlement Offer Booklet and entitlement and acceptance forms will be mailed to all eligible shareholders in accordance with the timetable set out above.

Cash Converters expects its trading halt to be lifted and its shares to recommence trading from market open today.

If you require further assistance, please contact the Cash Converters Offer Information Line on 1300 653 310 (within Australia) or +61 3 9415 4000 (outside Australia) between 6:30am and 3:00pm (Perth time) / 8:30am and 5:00pm (AEST) Monday to Friday, before the Entitlement Offer closes at 5:00pm (Perth time) / 7:00pm (AEST) on Monday, 18 June 2018.

Important Notice

This announcement does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States or any other jurisdiction in which such an offer or solicitation would be illegal. The securities referred to in this announcement have not been, and will not be, registered under the US Securities Act of 1933, as amended (the 'US Securities Act') or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, to persons in the United States unless they have been registered under the US Securities Act (which Cash Converters has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.