

CASH CONVERTERS INTERNAT. LIMITED

Come what may, earnings still go up

Cash Converters Limited ("Cash Converters", "CCV", "Company") reported Q1 EBIT of \$14.2m (up 43% pcp, although 1Q12 was not reported at the time). The Safrock loan book has grown to ~A\$91m (Aust \$67.1m UK GBP15.3m), up from \$86.8m at June. Bad debt levels have stabilised in the UK and profitability has increased. The Australian business continues to perform well.

Hartleys increases FY13e NPAT to \$38.8m, DPS to 3.75cps

We had previously expected FY13 EBIT of \$54.6m, but today's announcement suggests the Company is already on a run-rate of \$56.8m. We have increased our EBIT estimate to \$57.8m, which implies quarter-to-quarter growth of ~1.2% (eg Q1 \$14.2m, Q2 \$14.4m, Q3 \$14.5m, Q4 \$14.7m). It feels like such an estimate will need to be revised up again, but we are happy to wait for the 1H12 results with more detailed segmental analysis. Our NPAT estimate for FY13 has increased to \$38.8m and we have increased our dividend to 3.75cps. We expect 1H13 NPAT of \$19.1m and a 1.75cps dividend.

We have lowered our loan book growth estimates considerably. This reduces the potential stress on the balance sheet, but also means less earnings growth in FY14. Note though, our FY14 earnings assume a significant decline in Australian finance product margins (10-15% reduction) due to a conservative view of the impact to the consumer credit legislation implementation. The actual reduction in profitability is difficult to predict, but is unlikely to be worse than our assumption. Hence, there could be earnings upgrades for FY14 as we get closer to implementation.

Our FY14 NPAT is barely changed at \$43.3m but we have increased our dividend estimate to 4cps. If the Australian regulation has no margin impact (which is plausible, but too speculative to assume), then our FY14 NPAT estimate would rise to ~\$48m.

Retain Buy recommendation.

The stock is trading at an attractive FY13e p/e of 9.8x and FY14e of 8.8x. We have a twelve month price target of \$1.19. We believe that our FY13e dividend estimate of 3.75cps can grow, making the stock an attractive yield play. The legitimacy of the payday loan industry has been consistently reaffirmed by regulators in the UK and Australia after they carry out their respective research. We maintain our high conviction Buy recommendation.

Fig. 1: Earnings estimate changes

Profit & Loss (\$m)	6/12A		6/13F		% diff	6/14F		% diff
	actual	Old	New	Old		New		
Safrock Loan Book (end)	86.8	122.6	104.6	-14.7%	165.3	127.0	-23.1%	
Company owned stores (end)	102	122	122	0.0%	134	134	0.0%	
- additional	14	20	20		12	12		
Company owned stores (avg)	93	109	109	0.0%	126	126	0.0%	
Revenue	233.5	272.1	271.3	-0.3%	322.5	309.6	-4.0%	
EBITDA	51.2	59.5	64.0	7.5%	70.4	69.4	-1.3%	
- margin	21.9%	21.9%	23.6%	7.9%	21.8%	22.4%	2.8%	
Depreciation/Amortisation	-4.3	-4.9	-6.1	25.1%	-5.6	-5.4	-2.3%	
EBIT	46.9	54.6	57.8	6.0%	64.8	64.0	-1.2%	
Net Interest	-1.6	-3.5	-3.1		-4.9	-3.1		
Pretax Profit	41.4	51.1	54.7	7.0%	59.9	60.9	1.8%	
Tax	-12.0	-14.8	-15.9	7.0%	-17.4	-17.7	1.8%	
Norm. Net Profit After Tax	32.2	36.3	38.8	7.0%	42.5	43.3	1.8%	
- margin	13.8%	13.3%	14.3%		13.2%	14.0%		

Source: Hartleys

Share Price:	\$0.970
Valuation:	\$1.27
12mth price target:	\$1.19

Brief Business Description:

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

Hartleys Brief Investment Conclusion:

High returns, industry tailwinds, market leader, cheap.

Chairman & CEO:

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

Top Shareholders:

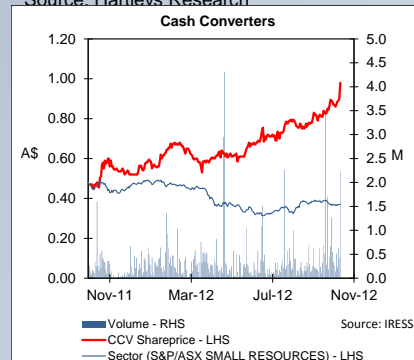
EZ Corp 32.3%
Fidelity Mgt & Res. (FMR) 6.0%
Rand Holdings Pty Ltd 5.0%

Company Address:

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

Issued Capital:	385.4m
- fully diluted	399.1m
Market Cap:	\$373.8m
- fully diluted	\$387.1m
Net Debt (30 Jun '12a):	\$26.2m
	FY12a FY13e FY14e
Op Cash Flw	25.3 30.0 45.3
Free Cash Flw	9.4 20.7 37.0
NPAT (A\$m)	32.2 38.8 43.3
EPS (\$, dil)	8.2 9.9 11.0
P/E (basic)	12.5x 9.6x 8.6x
P/E (diluted)	11.8x 9.8x 8.8x
EV / EBITDA	7.8x 6.3x 5.8x
DPS (\$)	0.035 0.038 0.040
Franking	100% 100% 100%
Dividend Yield	3.6% 3.9% 4.1%
N.D. / equity	14.1% 17.3% 15.6%

Source: Hartleys Research



Authors:

Trent Barnett, CFA
Head of Research / Industrial Analyst
Ph: +61 8 9268 3052
E: trent_barnett@hartleys.com.au

Peter Gray
Analyst
Ph: +61 8 9268 2837
E: peter_gray@hartleys.com.au

Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Cash Converters International, for which it has earned fees and continues to earn fees. The analyst has a beneficial interest in CCV shares. See disclosure on back page for details.

SUMMARY MODEL

Cash Converters International Ltd (CCV)					Recommendation: Buy				
Company Information					Profit & Loss (\$m)				
Today's Date	12 Nov 2012	Level 18, 37 St. Georges Tce			AUD/GBP	6/11A	6/12A	6/13F	6/14F
Share Price	\$0.970	Perth, WA, 6000			Safrock Loan Book	62.2	86.8	104.6	127.0
52 Week High-Low	\$0.92 - \$0.445	Ph: (08) 9221 9111			Safrock Revenue	56.6	87.1	100.3	116.7
Market Cap (\$m)	\$373.8	Fax: (08) 9221 9011			Safrock PBT	24.4	33.5	40.9	44.3
Enterprise Value (\$m)	\$400.0	www.cashconverters.com.au			margin	43.1%	38.4%	40.8%	38.0%
Ordinary Shares	385.4				Mon-e Revenue	13.9	16.6	20.7	22.4
Fully Diluted Shares	399.1				Mon-e PBT	12.3	13.7	16.0	17.4
					margin	88.8%	82.3%	77.1%	77.5%
					Owned # (UK + Aust) - end	88	102	122	134
					Owned Stores Revenue	100.9	122.8	126.2	145.7
					Owned Stores PBT	8.6	8.1	8.8	10.2
					margin	8.5%	6.6%	7.0%	7.0%
					Franchised # (UK + Aust) - end	249	263	271	275
					Franchise Revenue	27.4	23.5	24.1	24.8
					Franchise PBT	6.5	6.1	6.2	6.4
					margin	23.7%	25.8%	25.8%	25.8%
					Group Revenue	185.1	233.5	271.3	309.6
					growth	46.2%	26.2%	16.2%	14.1%
					Divisional PBT	51.8	61.3	71.9	78.3
					Overheads	-12.6	-19.9	-17.2	-17.4
					EBITDA - Group	43.9	51.2	64.0	69.4
					growth	34.8%	16.5%	24.9%	8.6%
					EBITDA / Sales	23.7%	21.9%	23.6%	22.4%
					Depreciation/Amortisation	-3.4	-4.3	-6.1	-5.4
					EBIT	40.6	46.9	57.8	64.0
					EBIT / Sales	21.9%	20.1%	21.3%	20.7%
					Net Corporate Interest	0.0	-1.6	-3.1	-3.1
					Pretax Profit	39.2	41.4	54.7	60.9
					Tax	-11.6	-12.0	-15.9	-17.7
					Effective Tax Rate	29.5%	29.0%	29.0%	29.0%
					Minorities	0.0	0.0	0.0	0.0
					Normalised NPAT to equity	28.6	32.2	38.8	43.3
					Norm. Net Profit / Sales	15.4%	13.8%	14.3%	14.0%
					Abnormals / discontinued	-0.9	-2.8	0.0	0.0
					Reported Profit to equity	27.6	29.4	38.8	43.3
					Reported EPS (basic, weighted)	7.28	7.75	10.15	11.2
					Normalised EPS (dil, wghd)	7.36	8.19	9.88	11.0
					DPS (\$)	0.0350	0.0350	0.0375	0.0400
					Franking	100%	100%	100%	100%
					Payout Ratio	46.5%	41.3%	37.2%	35.7%
					Cashflow Statement (\$m)	6/11A	6/12A	6/13F	6/14F
					EBITDA (inc Safrock interest)	43.9	51.2	64.0	69.4
					Working Capital Change	-2.2	-8.9	-15.0	-3.4
					Cash from Operations	41.8	42.3	48.9	66.1
					Corporate Interest	0.1	-1.7	-3.1	-3.1
					Tax Paid	-10.1	-15.3	-15.9	-17.7
					Net Operating Cash Flow	31.7	25.3	30.0	45.3
					Capital Expenditure	-9.5	-11.9	-9.3	-8.3
					Other (including loan book)	-16.7	-22.7	-17.8	-22.4
					Investments & acquisitions	-28.4	-6.1	0.0	0.0
					Net Investing Cash Flow	-54.6	-40.7	-27.0	-30.7
					Proceeds from Equity Issues	0.0	0.0	0.0	0.0
					Net Change in Debt & Leases	9.4	20.4	0.5	0.8
					Dividends Paid	-12.3	-11.1	-13.4	-15.4
					Net Financing Cash Flow	-3.5	9.0	-12.9	-14.6
					Movement in Cash	-26.3	-6.5	-10.0	0.0
					HP Lease Capex (non-cash)				
					Balance Sheet (\$m)	6/11A	6/12A	6/13F	6/14F
					Cash	23.5	16.4	6.4	6.4
					Receivables	9.0	10.9	12.6	14.4
					Inventories	14.1	17.1	33.0	38.1
					Other (including loan book)	66.4	91.1	108.9	131.3
					Total Current Assets	112.9	135.5	161.0	190.3
					Property, Plant & Equipment	13.2	19.6	23.4	27.0
					Intangibles (inc. Goodwill)	96.9	92.7	92.0	91.3
					Other	9.7	14.9	14.9	14.9
					Total Non Current Assets	119.7	127.3	130.4	133.3
					Total Assets	232.7	262.7	291.4	323.5
					Accounts Payable	20.3	19.6	22.3	25.8
					Interest Bearing Liabilities	4.6	11.3	11.3	11.3
					Other	11.2	13.8	13.8	13.8
					Total Current Liabilities	36.1	44.7	47.4	50.9
					Accounts Payable	0.0	0.0	0.0	0.0
					Interest Bearing Liabilities	18.0	31.4	31.8	32.6
					Other	3.3	0.1	0.1	0.1
					Total Non Current Liabilities	21.3	31.4	31.9	32.7
					Total Liabilities	57.4	76.1	79.3	83.6
					Net Assets	175.3	186.6	212.1	239.9
					Net Asset Value / Share (\$)	0.46	0.49	0.55	0.62
					NTA / Share (\$)	0.21	0.25	0.31	0.39
					Net Debt (net cash)	-0.8	26.2	36.7	37.5
					Analyst: Trent Barnett	Last Earnings Estimate Changes:			
					Phone: +61 8 9268 3052	12 November 2012			
					Sources: IRESS, Company Information, Hartleys Research				

Fig. 1: Half year P & L and Balance Sheet

Profit & Loss (\$m)	Jun-10a	Dec-10a	Jun-11a	Dec-11a	Jun-12a	Dec-12e	Jun-13e
AUD/GBP	0.582	0.609	0.656	0.639	0.671		
Safrock Loan Book	38.7	47.3	62.2	75.0	86.8		
Safrock Revenue	21.4	24.8	31.8	38.0	49.1		
Safrock PBT	8.4	10.6	13.8	14.1	19.4		
<i>margin</i>	39.3%	42.8%	43.4%	37.2%	39.4%		
Mon-e Revenue	5.5	6.6	7.3	8.0	8.6		
Mon-e PBT	5.0	5.9	6.4	6.6	7.0		
<i>margin</i>	89.9%	90.5%	87.4%	83.1%	81.6%		
Owned Stores Revenue	31.7	48.4	52.5	60.8	62.0		
Owned Stores PBT	3.2	5.6	2.9	4.3	3.8		
<i>margin</i>	10.1%	11.7%	5.6%	7.0%	6.2%		
Franchise Revenue	11.6	13.3	14.1	12.3	11.2		
Franchise PBT	4.2	3.4	3.1	2.9	3.2		
<i>margin</i>	36.5%	25.9%	21.7%	23.3%	28.5%		
Group Revenue	67.3	87.9	97.2	111.7	121.9	133.7	137.6
<i>growth</i>	13.5%	30.6%	10.5%	14.9%	9.1%	9.7%	2.9%
EBITDA - Group	17.1	21.6	22.3	22.8	28.4	31.7	32.3
<i>growth</i>	9.9%	26.8%	3.0%	2.2%	24.7%	11.5%	1.9%
EBITDA / Sales	25.3%	24.6%	22.9%	20.4%	23.3%	23.7%	23.5%
Depreciation/Amortisation	-0.9	-1.1	-2.3	-2.0	-2.3	-3.1	-3.1
EBIT	16.2	20.5	20.0	20.8	26.1	28.6	29.2
EBIT / Sales	24.1%	23.3%	20.6%	18.6%	21.4%	21.4%	21.2%
Net Corporate Interest	0.2	0.0	0.0	-0.6	-1.0	-1.6	-1.6
Pretax Profit	16.4	20.5	18.7	20.3	21.2	27.1	27.7
Tax	-4.8	-6.2	-5.3	-6.0	-6.0	-7.9	-7.9
Effective Tax Rate	29.3%	30.4%	28.6%	29.7%	28.3%	29.3%	28.7%
Minorities	-0.1	0.0	0.0	0.0	0.0		
Normalised NPAT to equity	11.6	14.7	13.9	14.0	18.2	19.1	19.7
Norm. Net Profit / Sales	17.2%	16.7%	14.3%	12.5%	14.9%	14.3%	14.3%
Abnormals / discontinued	0.0	-0.4	-0.5	-0.8	-2.0	0.0	0.0
Reported Profit to equity	11.6	14.3	13.3	13.2	16.2	19.1	19.7
Reported EPS (basic, weighted)	3.10	3.71	3.57	3.44	4.31	4.96	5.19
Normalised EPS (dil, wghd)	3.08	3.69	3.67	3.51	4.68	4.79	5.08
DPS (\$)	0.0150	0.0175	0.0175	0.0175	0.0175	0.0175	0.0200
Franking	100%	100%	100%	100%	100%	100%	100%
Payout Ratio	48.4%	47.1%	49.1%	50.9%	40.6%	35.3%	38.5%
Balance Sheet (\$m)	Jun-10a	Dec-10a	Jun-11a	Dec-11a	Jun-12a	Dec-12e	Jun-13e
Cash	50.7	23.4	23.5	19.5	16.4		
Receivables	8.2	9.9	9.0	11.0	10.9		
Inventories	10.7	12.1	14.1	14.7	17.1		
Other (including loan book)	43.0	57.3	66.4	80.8	91.1		
Total Current Assets	112.6	102.7	112.9	126.1	135.5		
Property, Plant & Equipment	6.8	9.4	13.2	16.8	19.6		
Intangibles (inc. Goodwill)	70.6	91.3	96.9	91.7	92.7		
Other	7.1	6.9	9.7	11.2	14.9		
Total Non Current Assets	84.5	107.6	119.7	119.8	127.3		
Total Assets	197.1	210.3	232.7	245.8	262.7		
Accounts Payable	10.5	17.5	20.3	14.5	19.6		
Interest Bearing Liabilities	3.3	3.2	4.6	4.6	11.3		
Other	8.6	9.6	11.2	13.6	13.8		
Total Current Liabilities	22.4	30.3	36.1	32.7	44.7		
Accounts Payable	0.0	0.0	0.0	0.0	0.0		
Interest Bearing Liabilities	10.6	8.8	18.0	33.7	31.4		
Other	1.3	3.0	3.3	3.5	0.1		
Total Non Current Liabilities	11.9	11.8	21.3	37.2	31.4		
Total Liabilities	34.3	42.1	57.4	69.9	76.1		
Net Assets	162.9	168.2	175.3	176.0	186.6		
Net Asset Value / Share (\$)	0.43	0.44	0.46	0.46	0.49		
NTA / Share (\$)	0.24	0.20	0.21	0.22	0.25		
Net Debt (net cash)	-36.8	-11.5	-0.8	18.7	26.2		

Margin improvement is largely behind our earnings upgrades

Note that the loan book (~\$91m + plus unearned interest) is short duration and, theoretically at least, would be turned into cash easily within twelve months if the business was wound down

Source: Company Data, Hartleys Estimates

Fig. 1: Free Cash Flow

Operating cash flow has been strong, but is invested in the significant growth profile

Cashflow Statement (\$m)	Jun-10a	Dec-10a	Jun-11a	Dec-11a	Jun-12a	Dec-12e	Jun-13e
EBITDA (inc Safrack interest)	17.1	21.6	22.3	22.8	28.4		
Working Capital Change	-6.4	-2.5	0.3	-3.5	-5.4		
Cash from Operations	10.6	19.2	22.6	19.3	23.0		
Corporate Interest	0.4	0.5	-0.4	-0.6	-1.1		
Tax Paid	-3.7	-5.1	-4.9	-6.3	-9.0		
Net Operating Cash Flow	7.3	14.5	17.2	12.4	12.9		
Capital Expenditure	-1.9	-3.3	-6.2	-6.5	-5.4		
Other (including loan book)	-4.0	-7.8	-8.8	-12.1	-10.6		
Investments & acquisitions	-12.2	-22.7	-5.7	-6.1	0.0		
Net Investing Cash Flow	-18.1	-33.8	-20.7	-24.8	-16.0		
Proceeds from Equity Issues	9.7	0.0	0.0	0.0	0.0		
Net Change in Debt & Leases	-0.2	-1.6	11.0	15.7	4.7		
Dividends Paid	-5.5	-5.7	-6.6	-6.7	-4.5		
Net Financing Cash Flow	3.6	-7.5	4.0	9.0	-0.1		
Movement in Cash	-7.1	-26.9	0.5	-3.3	-3.2		
HP Lease Capex (non-cash)							
Free Cash Flow Analysis	Jun-10a	Dec-10a	Jun-11a	Dec-11a	Jun-12a	Dec-12e	Jun-13e
Net Operating Cash Flow	7.3	14.5	17.2	12.4	12.9		
Capex (Reported) inc loan book	-18.1	-33.8	-20.7	-24.8	-16.0		
Group Free Cash Flow (rep'ted)	-10.8	-19.3	-3.5	-12.3	-3.1		
Fixed Debt Repayments	-2.4	-2.2	-2.9	-5.1	-6.7		
Equity Free Cash Flow (rep'ted)	-13.1	-21.5	-6.4	-17.4	-9.8		
HP Lease Capex (non-cash)	0.0	0.0	0.0	0.0	0.0		
Free Cash Flow (normalised)	-13.1	-21.5	-6.4	-17.4	-9.8		
Capex (inc HP) / depreciation	219%	299%	274%	332%	233%		

Source: Company, Hartleys Estimates

Fig. 2: Earnings Changes

Profit & Loss (\$m)	6/12A	6/13F			6/14F			6/15F		
	actual	Old	New	% diff	Old	New	% diff	Old	New	% diff
Safrack Loan Book (end)	86.8	122.6	104.6	-14.7%	165.3	127.0	-23.1%	186.0	146.6	-21.2%
Company owned stores (end)	102	122	122	0.0%	134	134	0.0%	134	134	0.0%
- additional	14	20	20		12	12		0	0	
Company owned stores (avg)	93	109	109	0.0%	126	126	0.0%	134	134	0.0%
Revenue	233.5	272.1	271.3	-0.3%	322.5	309.6	-4.0%	341.0	325.5	-4.6%
EBITDA	51.2	59.5	64.0	7.5%	70.4	69.4	-1.3%	74.8	72.4	-3.1%
- margin	21.9%	21.9%	23.6%	7.9%	21.8%	22.4%	2.8%	21.8%	22.3%	2.0%
Depreciation/Amortisation	-4.3	-4.9	-6.1	25.1%	-5.6	-5.4	-2.3%	-6.0	-6.0	0.1%
EBIT	46.9	54.6	57.8	6.0%	64.8	64.0	-1.2%	68.8	66.4	-3.4%
Net Interest	-1.6	-3.5	-3.1		-4.9	-3.1		-5.3	-3.0	
Pretax Profit	41.4	51.1	54.7	7.0%	59.9	60.9	1.8%	63.5	63.4	-0.2%
Tax	-12.0	-14.8	-15.9	7.0%	-17.4	-17.7	1.8%	-18.4	-18.4	-0.2%
Norm. Net Profit After Tax	32.2	36.3	38.8	7.0%	42.5	43.3	1.8%	45.1	45.0	-0.2%
- margin	13.8%	13.3%	14.3%		13.2%	14.0%		13.2%	13.8%	
Reported Profit	29.4	36.3	38.8	7.0%	42.5	43.3	1.8%	45.1	45.0	-0.2%
DPS	3.50	3.50	3.75	7.1%	3.50	4.00	14.3%	3.71	4.16	12.1%
EPS	8.2	9.3	9.9	6.3%	10.8	11.0	1.8%	11.5	11.4	-0.2%
P/E	11.8x	10.4x	9.8x		9.0x	8.8x		8.5x	8.5x	
Net Debt	26.2	57.9	36.7	-36.7%	76.3	37.5	-50.9%	66.5	28.4	-57.2%

Source: Hartleys Estimates

PRICE TARGET

Our twelve month price target is increased to \$1.19 (from \$1.07).

CCV Price Target Methodology	Weighting	Spot	12 mth out
DCF	59%	\$1.21	\$1.27
- 9 years explicit + terminal value (Base Case)	50%	\$1.27	\$1.33
- 9 years explicit + then wind up of loan book	9%	\$0.89	\$0.91
12mth forward P/E of 10.0x	30%	\$1.03	\$1.12
Price / NTA (Jun '12a) 1x \$0.25	1%	\$0.25	\$0.25
12mth fwd Div Yield of 3.7% (Gross yield=5.3%)	10%	\$1.02	\$1.09
Risk weighted composite		\$1.13	\$1.19
12 Months Price Target		\$1.19	
Shareprice - Last		\$0.970	
12 mth total return (% to 12mth target + dividend)		27%	

Source: Hartleys Estimate

Fig. 3: Key assumptions and risks for valuation

Assumption	Risk of not realising assumption	Downside risk to valuation if assumption is incorrect	Comment
Australian regulatory impact felt from 1 July 2013	High	Upside	The current timetable is for the legislation to be effective on 1 July 2013.
We assume Mon-e and Safrock margins are reduced significantly.	High	Upside/downside	We assume no improvement in corporate store sales, ~10-15% decline in margins for Mon-e Australia and Safrock Australia.
UK Safrock margins improve	Low	Moderate	We assume that Safrock UK margins increase significantly but peak at a level much lower than the peak in the Aust business.
Safrock loan book peaks at \$155m in FY17	High	High	We assume that the Australian loan book peaks at around the current level, but that the UK book increases to ~A\$83m.
\$95m in value for other projects	Low	Upside	We attribute \$95m for Carboodle (CCV has a convertible note which converts to an 80% equity interest in January 2013). Given the history of the Company's innovation, it is likely that CCV will develop new products.

Conclusion

The Company faces some reasonable risks but we believe we have been realistic or conservative in our base case assumptions.

Source: Hartleys

RISKS

For some good reading on regulatory issues, see

http://www.ofc.gov.uk/shared_ofc/reports/consumer_credit/High-cost-credit-review/OFT1232.pdf

<http://www.treasury.gov.au/contentitem.asp?NavId=002&ContentID=2131f>
www.nocap.com.au

http://www.aph.gov.au/senate/committee/corporations_ctte/Consumer_Credit_Corporations_2011/report/report.pdf

HARTLEYS CORPORATE DIRECTORY

Research

Trent Barnett	Head of Research	+61 8 9268 3052
Mike Millikan	Resources Analyst	+61 8 9268 2805
Ben Crowley	Resources Analyst	+61 8 9268 3045
Peter Gray	Research Analyst	+61 8 9268 2837
Janine Bell	Research Assistant	+61 8 9268 2831

Corporate Finance

Grey Egerton-Warburton	Head of Corp Fin.	+61 8 9268 2851
Richard Simpson	Director –Corp. Fin.	+61 8 9268 2824
Paul Fryer	Director–Corp. Fin.	+61 8 9268 2819
Dale Bryan	Director–Corp. Fin.	+61 8 9268 2829
Ben Wale	Snr Mgr–Corp. Fin.	+61 8 9268 3055
Ben Crossing	Snr Mgr – Corp.Fin.	+61 8 9268 3047
Stephen Kite	Snr Mgr- Corp. Fin.	+61 8 9268 3050
Scott Weir	Mgr - Corp Fin.	+61 8 9268 2821

Registered Office

Level 6, 141 St Georges Tce Postal Address:

PerthWA 6000	GPO Box 2777
Australia	Perth WA 6001
PH:+61 8 9268 2888	FX: +61 8 9268 2800
www.hartleys.com.au	info@hartleys.com.au

Note: personal email addresses of company employees are structured in the following

manner:firstname_lastname@hartleys.com.au

Hartleys Recommendation Categories

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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Chris Chong	+61 8 9268 2817
Simon Andrew	+61 8 9268 3020
Veronika Tkacova	+61 8 9268 3053

Wealth Management

Nicola Bond	+61 8 9268 2840
Bradley Booth	+61 8 9268 2873
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David Hainsworth	+61 8 9268 3040
Neil Inglis	+61 8 9268 2894
Murray Jacob	+61 8 9268 2892
Bradley Knight	+61 8 9268 2823
Gavin Lehmann	+61 8 9268 2895
Shane Lehmann	+61 8 9268 2897
Steven Loxley	+61 8 9268 2857
Andrew Macnaughtan	+61 8 9268 2898
Scott Metcalf	+61 8 9268 2807
David Michael	+61 8 9268 2835
Damir Mikulic	+61 8 9268 3027
Jamie Moullin	+61 8 9268 2856
Chris Munro	+61 8 9268 2858
Michael Munro	+61 8 9268 2820
Ian Parker	+61 8 9268 2810
Ian Plowman	+61 8 9268 3054
Charlie Ransom	+61 8 9268 2868
Brenton Reynolds	+61 8 9268 2866
Conlie Salvemini	+61 8 9268 2833
David Smyth	+61 8 9268 2839
Greg Soudure	+61 8 9268 2834
Sonya Soudure	+61 8 9268 2865
Dirk Vanderstruyf	+61 8 9268 2855
Jayne Walsh	+61 8 9268 2828
Samuel Williams	+61 8 9268 3041