

CML Group

22nd May 2018

Bond Repayment & Acquisition Update

Key Highlights:

- Repayment of \$40m Bond issue will result in \$2.5m interest saving on like for like basis
- Thorn acquisition ahead of budget and now expected to make a positive contribution to FY'18 earnings

CML Group Limited (ASX:CGR) ("CML" or the "Company") is pleased to confirm that it has completed the repayment of the 8%, \$40m FIIG Corporate Bond #2 ("CB2"), as announced on 6th April 2018.

The repayment of CB2 through the partial utilisation of the \$120m Institutional Funding Facility will result in a significant reduction in average cost of debt.

On a like for like business volume basis, **the recurring annual pre-tax interest saving will be in excess of \$2.5m** (FY'19 compared to FY'18). This cost saving incorporates lower interest on the replacement of CB2 with the Facility, interest cost saving on conversion of Convertible Notes to equity in October 2017, plus a more efficient Facility structure requiring less interest-bearing cash to be held in reserve.

In respect to the **Thorn Trade and Debtor Finance acquisition in February 2018**, the integration of the acquired business is progressing ahead of schedule, business volumes are ahead of forecast, the cost base adjustment has been completed and associated costs absorbed. The acquired business is expected to make a positive contribution to CML Group's earnings in FY'18 and a more significant contribution in FY'19.

In addition to contributing to profit at an earlier stage than anticipated, the acquired business has been added to the funding pool for the Institutional Funding Facility, which has allowed CML to increase usage of this facility and further dilute the average cost of debt.

Sincerely,



Daniel Riley
CEO

CML Group

ABOUT CML GROUP

CML provides finance to SME businesses.

CML's primary service is 'factoring' or 'receivables finance'. Through the factoring facility CML provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customers (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. CML will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services include trade finance to assist clients finance purchases, as well as equipment finance to assist SME's with capital expenditure on items required to operate their business.