

CareersMultiList

(ASX: CGR)

Investor Presentation

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February 2014

CML Group

Payroll & Finance

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Business Overview

Summary of Operations

“CML Group is a leading provider of Payroll, Finance and Employment solutions. We offer tailored services for organisations of all sizes which enable them to succeed in their core activities”

What does this mean?



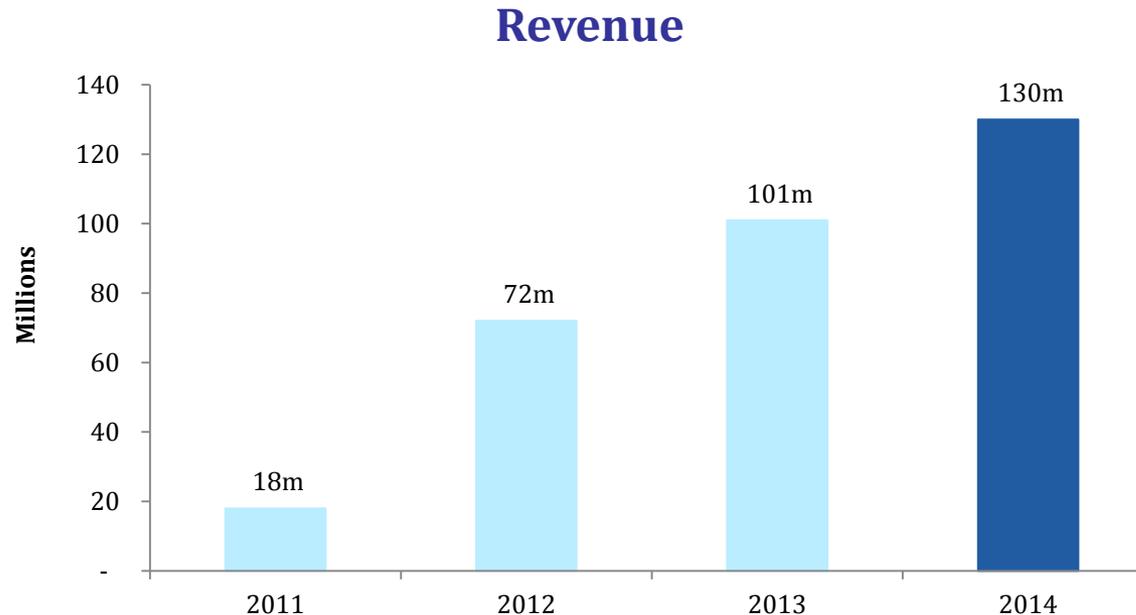
History

Key Events

Early 2002	Company commenced as a Recruitment Franchisor
November 2009	Acquisition of Zenith Management Services, gaining project management expertise & Gov clients
February 2010	Company listed on ASX, revenue circa \$20m
September 2011	Acquisition of Lester Australia, gaining payroll expertise & software
December 2011	Launch of Finance offering to existing recruitment agency customers
February 2013	Launch of finance offering to broader market - significant upswing in customer numbers
June 2013	Group revenue exceeds \$100m for FY13
December 2013	Group revenue - 6mths to 31Dec13 is expected to exceed \$61m

Snapshot

- ✓ Strong year-on-year revenue growth
- ✓ Consistent fully franked dividend
- ✓ Restructure completed - FY13 significantly reduces operating cost base



Key Income Streams

Finance	Payroll Solutions	Employment & Other Services
<p>Funding against invoices (Invoice finance/factoring)</p> <p>Risk covered through trade credit insurance and 'managed' back-office</p>	<p>Managed employment services for contract staff</p> <p>Salary packaging</p> <p>Sponsorship for foreign workers on 457 visas</p>	<p>Procurement of recruitment contracts</p> <p>Recruitment agency panel management</p> <p>Project management</p> <p>Migration practice</p>
<p>Revenue FY13 \$19m</p>	<p>Revenue FY13 \$71m</p>	<p>Revenue FY13 \$11m</p>
<p>FY14 Outlook Rapid growth Revenue > 150% Profit > 50%</p>	<p>FY14 Outlook Steady on revenue Profit improvement > 10%</p>	<p>FY14 Outlook Reduction in revenue Small profit reduction</p>

Payroll Solutions

Deep Understanding...	Competitive Advantage...
<p>15 years experience providing payroll services</p> <p>Thousands of payrolls processed each month</p> <p>Strong emphasis on employment compliance</p> <p>Thorough understanding of Fringe Benefits Tax legislation</p>	<p>We accept employment of contract staff</p> <p>Migration practice to assist foreign workers gain a 457 visa</p> <p>Labour Agreement with Department of Immigration to sponsor and 'on-hire' skilled workers on 457 visas</p> <p>A comprehensive Timesheeting, Billing and Receipting (TBR) software, wholly owned and facilitating cost efficient, high volume processing</p>
<p>Revenue FY13 \$71m</p>	
<p>FY14 Outlook Steady on Revenue Profit improvement > 10%</p>	

Employment & Other Services

Service Line	Advantages
Procurement of recruitment contracts	Multiple Government and corporate contracts in place, won over 12 yrs. Supply is via an agency network that pays membership fees for access to the contracts
Project management	Ongoing Government and Commercial project teams, with staffing sourced via the agency network
Migration Practice	Specialising in 457 visas, the migration practice generates external revenue & supports the Group payroll division
<p style="text-align: center;">Revenue FY13 \$11m</p>	
<p style="text-align: center;">FY14 Outlook Reduction in revenue Small profit reduction</p>	

Finance – “Earlypay”

Rapid Growth...	Competitive Advantage...
<p>Revenue growth from nil to over \$5m per month since launch in December 2011</p> <p>We continue to win new business, including transition from established industry competitors</p> <p>Unique funding arrangement with NAB</p>	<p>Innovative approach to risk mitigation – invoicing structure shifts risk from the finance client to the end-user customer</p> <p>Trade credit insurance included in all customer arrangements – funding provided up to endorsed limits</p> <p>Ability to take-on new business much faster than a bank lender - through risk mitigation practices and a motivated operations team</p>
<p style="text-align: center;">Revenue FY13 \$19m</p>	
<p style="text-align: center;">FY14 Outlook Rapid growth Revenue > 150% Profit > 50%</p>	

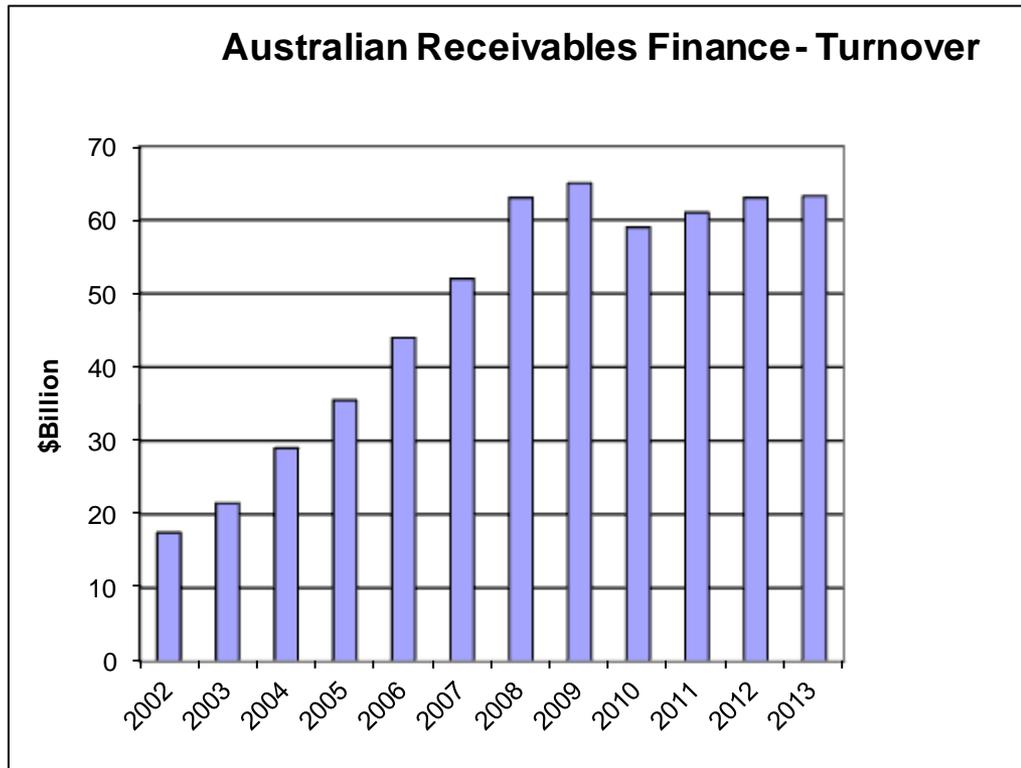
Growth Opportunity - Finance Division

<http://earlypay.com.au/>

Industry Size

“Increasing acceptance of receivables finance by Australian businesses over the last decade”

Source: Debtor and Invoice Finance Association of Australia and NZ



Addressable market
in Australia is
\$60bn+ in turnover

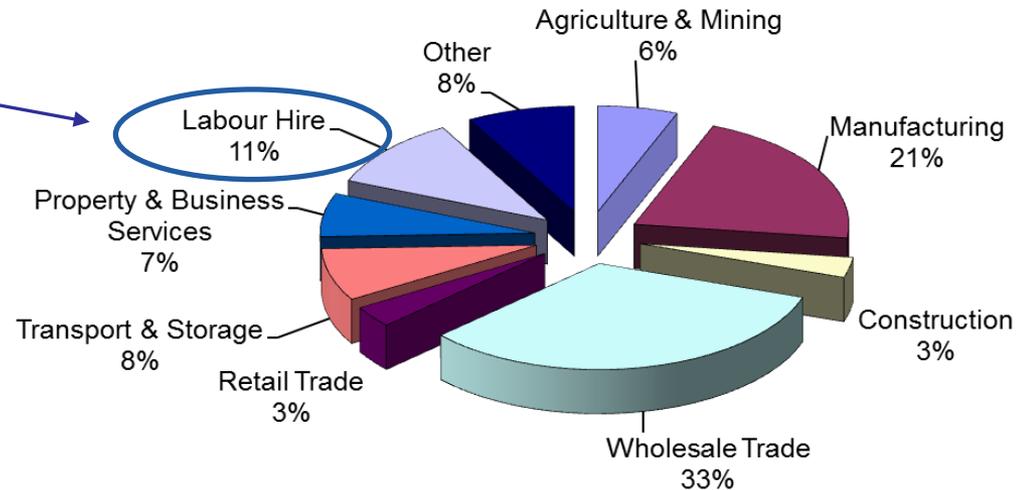
Steady growth in
size of market since
GFC

Industry Segments, Australian Market

- We will continue to target industries suited to invoice finance

September Quarter 2013
Percentage of Receivables

Our primary focus to date, just
11% of the total market



Growth is supported by a recently negotiated finance line with NAB

The debtor problem – waiting for payment

1) You purchase stock from Supplier



2) You provide goods & services to your customer and you invoice them, outlining payment amount and terms;



3) You will wait for the customer to pay within agreed terms (e.g. 30, 60 or 90 days);

The usual problem

- Your customers control your ability to buy additional stock or employ additional staff and meet cash flow commitments like payroll;
- If your customer becomes insolvent, your business might be at risk; &
- Your relationship with your customers gets affected when they delay payments

With earlypay , we make your cash flow quickly

1) You provide goods & services to your customer and you invoice them, outlining payment amount and terms



2) Invoice details are sent to us electronically



3) earlypay advances 80% of the value of your accepted invoices within 24 hours - This gives you the ability to purchase new stock, fund new orders and manage your expenses straightaway



4) Your customers make payments to earlypay as per your credit terms (e.g. 30, 60 or 90 days)



5) earlypay pays you the remaining 20% of the funds when earlypay receives payment from your customers, less fees and charges

Unleash the value of your debtor's ledger!

Using earlypay means

- Improved profitability through early payment discounts from suppliers or reducing debtor settlement discounts;
- Immediate cash flow for everyday needs (e.g. payroll & tax commitments);
- The opportunity to invest in business growth;
- Improved administrative efficiency via earlypay's receivables management support;
- Protection from bad debts;

The Debtor Solution

Mitigation of credit risk

- Invoices issued under CML's ABN (disclosed facility)
- 'Managed service' provided, meaning collections and payment allocations managed by CML
- All debtors insured through policies with QBE and Euler Hermes
- Funding provided up to the limit endorsed by the insurer
- We shift the risk from the finance client to the end-users of the finance client (i.e. the finance client's customers)

Business Model

Return on capital

- Average fee is 3.5% of turnover
- Funding level is 80%
- Average 'debtor days' is 45
- Return on capital is 35% (pre-tax)

Example

Debtors ledger	\$1,000,000
Funding extended	\$800,000
Fee charged @ 3.5%	\$35,000

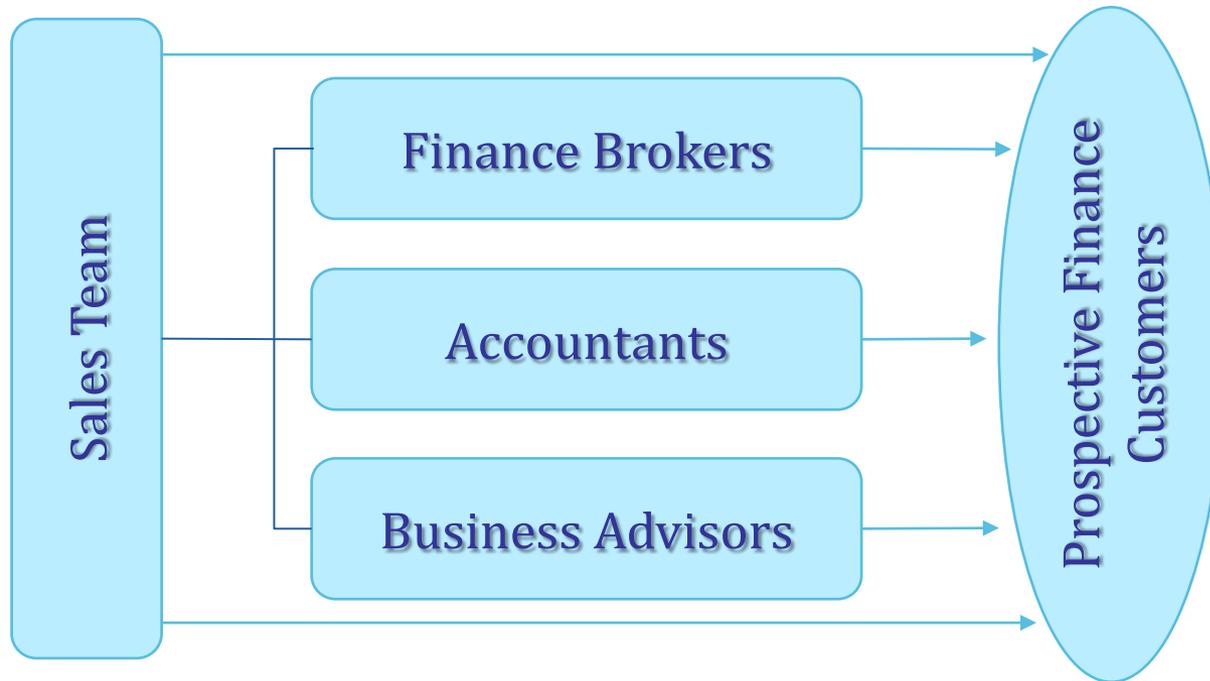
Collection timeframe 45 days
Return on capital; 35%
 $\$35,000 / (45/365 \times \$800,000)$

Cost of bank-sourced funds is 7.50%

Cost of service delivery on new business is 5% (including trade credit insurance)

High return on
capital invested

Sales Structure



CML's referrer network is growing & opportunities are being presented to the sales team with increasing frequency

Sales Channels

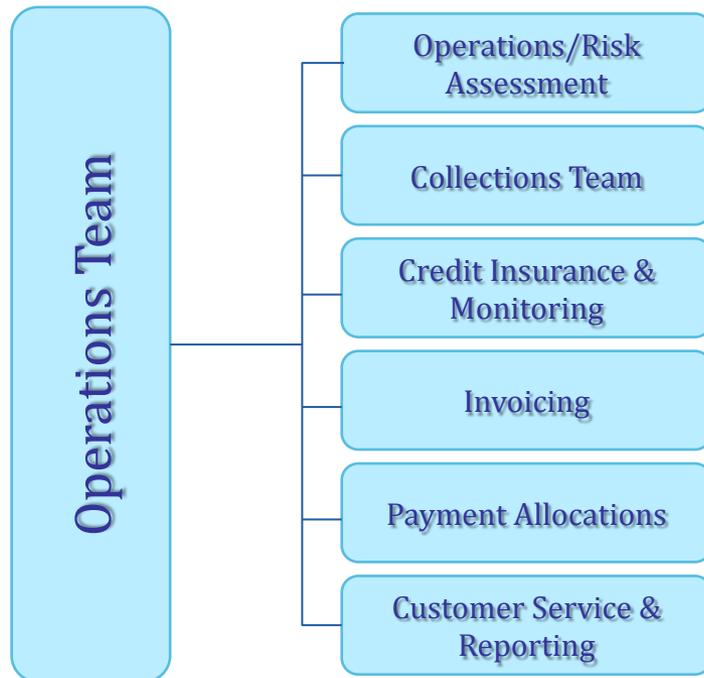
Current source of business



Target source of business



Operations Team



Significant investment has been made in recruitment and training of the sales & operations team

Existing infrastructure can support significant growth in business with only modest cost increase

Implementation of leading software solution to support the Operations Team to be completed FY14

Service Offering

Service	Our Offering	Factoring Competitors	Bank Competitors
Quick review and response to finance application	✓	✓	X
Funds available within 24hrs of invoice batch completion	✓	✓	✓
Up to 80% funding against the debtors ledger	✓	✓	✓
Trade credit insurance against bad debts	✓	X	X
Debtor concentration issues mitigated through insurance	✓	X	X
Managed collections and credit checks on all new customers	✓	✓	X
Managed receipting	✓	✓	X
Optional managed payroll	✓	X	X

Full service offering mitigates risk by giving us significant involvement in the customers' accounts function

Back-office support builds customer loyalty

Satisfied Customers

“The CML facility is without a doubt the best funding solution our company has ever had & for the first time in a long time we are confident in future planning & achieving our goals. Your staff are fantastic to deal with & I trust you find our staff as helpful.”

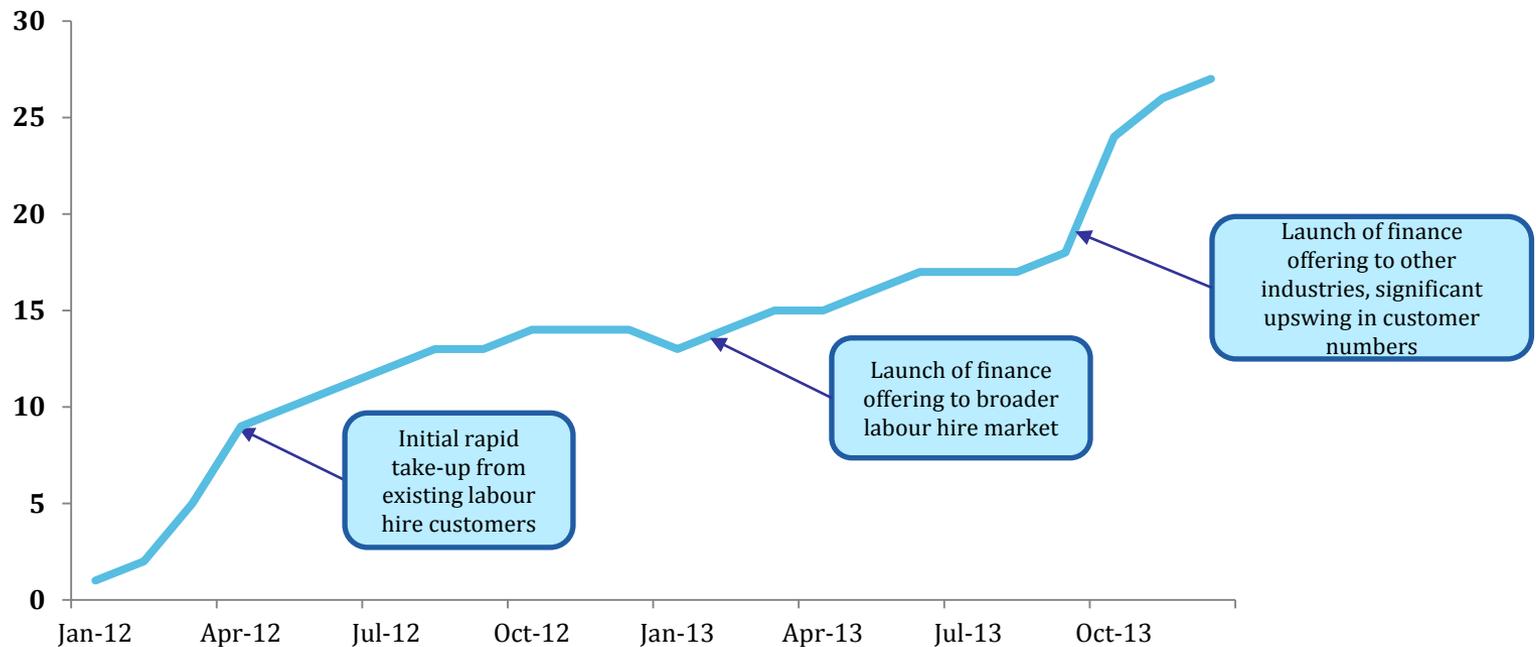
“From the start, you made it a point to understand our industry and business needs. Your application process was very simple and your quick release of funds allowed us to finance the on-hire payroll. Most importantly, we no longer have to get angry at clients who pay late.”

“The staff at earlypay were very responsive to my requirements and problems. I liked that the account manager came out to see us despite our location to understand my business and ‘owned’ the problem. Although we are probably one of your smallest clients currently, I don’t feel that way. I feel that I am getting an excellent level of service currently and that’s why I would and have recommended you to other businesses.”

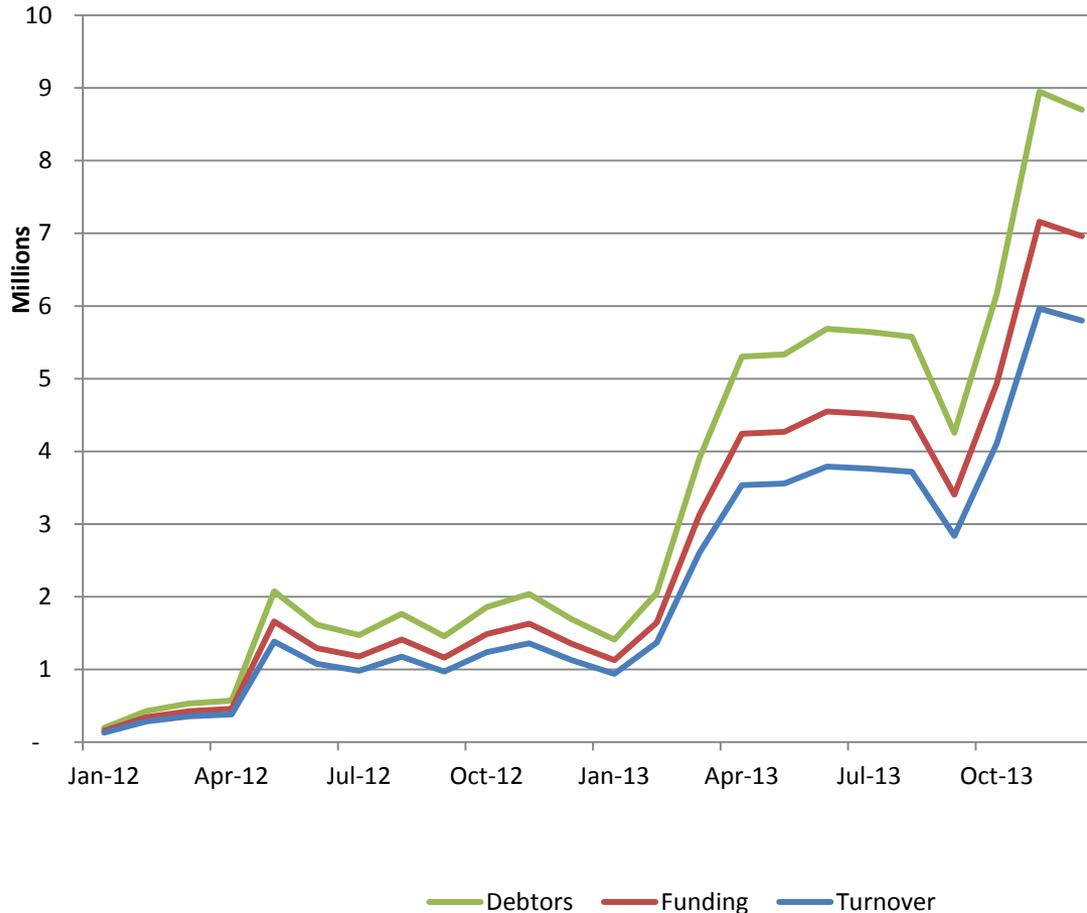
Early Customer Success

"In addition to traditional recruitment labour hire, we are gaining traction with businesses invoicing on a similar labour component, including traffic control & security. We are entering new industries, including transport, wholesale & business services"

Customer Numbers



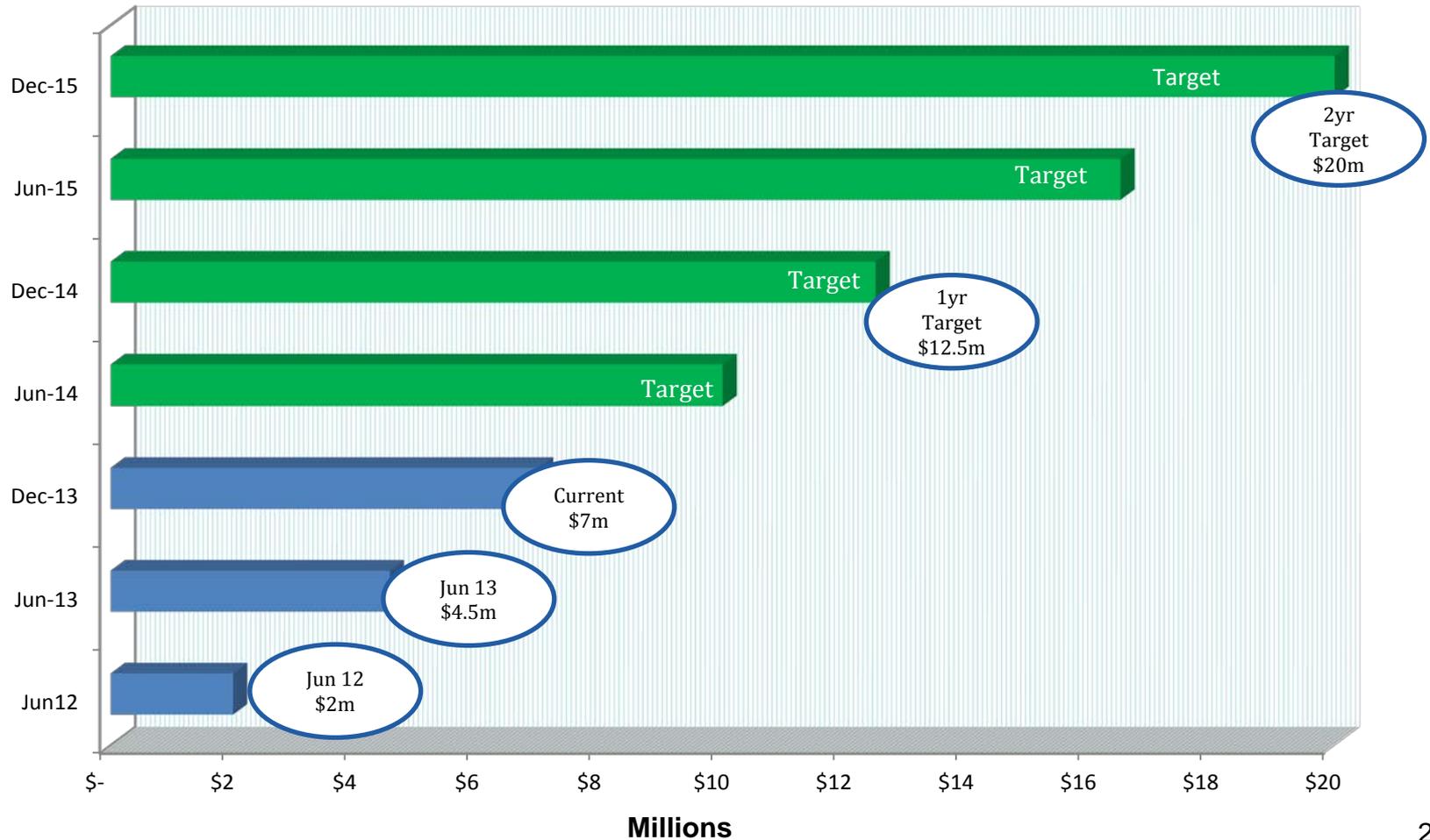
Significant Growth Since Commencement



CML market share for Dec-13 was only 1.2%

Significant addressable market to support growth

Funding Targets



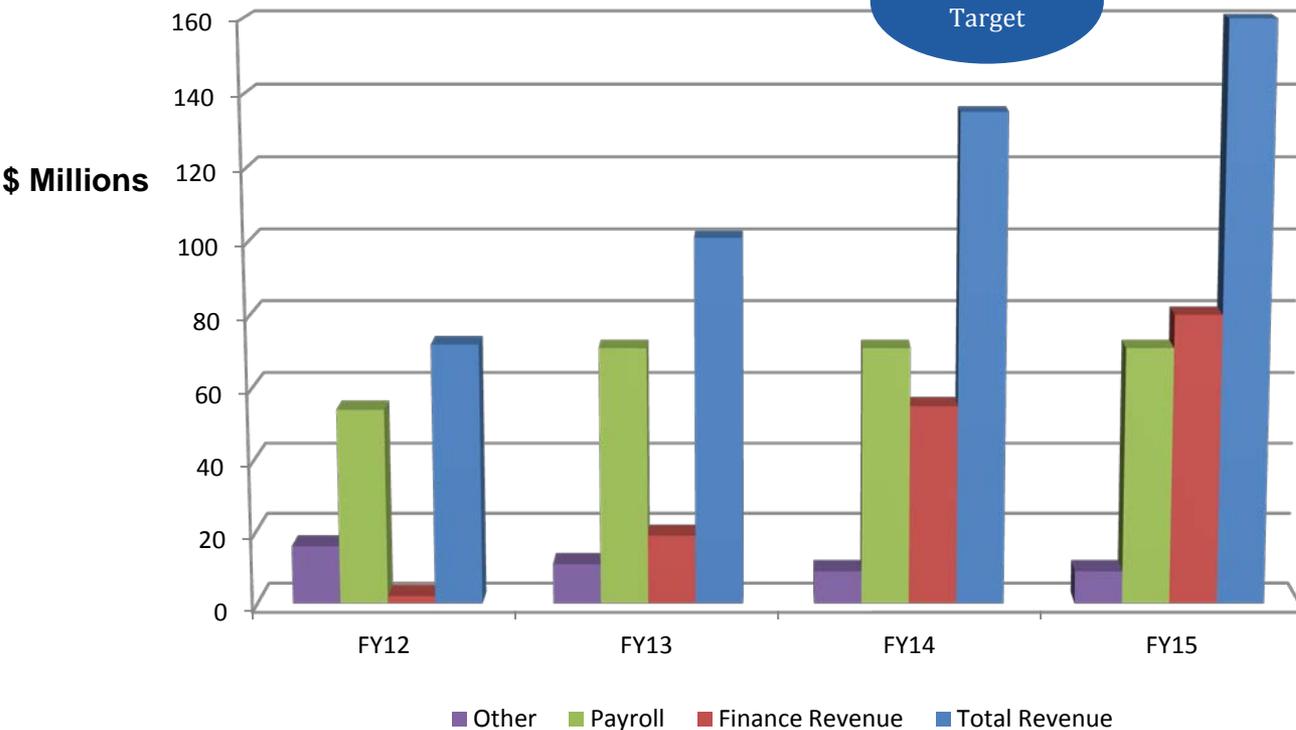
Growth Strategy

- Extend service offering into new industry segments
 - Labour hire only 11% of addressable market
- Expand referrer/broker network
 - Increasing frequency of new business leads
- Leverage existing finance division infrastructure
 - Significant growth achievable with only modest cost increase
- Broaden CML's funding base
 - High return on capital invested

Earnings Outlook

Growth Targets

Revenue



Solid sales pipeline

Scalable finance division cost base

1HFY2014 Guidance

	FY2012 (Actual)	FY2013 (Actual)	1HFY2014 (Forecast)
Revenue	\$71.97m	\$100.82m	\$61.00m
EBITDA	\$1.59m	\$1.72m	\$1.20m
Net profit after tax	\$0.86m	\$0.77m*	\$0.55m
Earnings per share	1.54c	1.23c	0.90c
Dividends per share	1.0c ff	1.0c ff	0.5c ff

FY13 effective tax rate was 35%, compared with 30% in FY12

1HFY2014 results expected to be released on 25th February

Dividend Policy

- Target payout ratio: minimum 50% of NPAT to be paid as dividends
- It is anticipated that dividends will continue to be fully franked
- Forecast 1HFY14 interim dividend 0.5cps fully franked

Disclaimer

The information presented herein contains predictions, estimates and other forward looking statements that are subject to risk factors that are associated with the human resource management sector. The persons involved in or responsible for the production and publication of this report believe that the information herein has been obtained from reliable sources and that any estimates, opinions conclusions or recommendations are reasonably held at the time of compilation.

Although Careers MultiList believes that its expectations are based on reasonable assumptions, it can give no assurances that its goals will be achieved.

Important factors that could cause results to differ materially from those included in the forward-looking statements include timing and extent of changes in the employment cycle, government regulation, changes to the number of preferred supplier agreements, reduction in franchise partner numbers and the ability of Careers MultiList to meet its stated goals.

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