CML Group Limited (ASX:CGR)

17 November 2015

CML GROUP LIMITED 2015 ANNUAL GENERAL MEETING ADDRESSES TO SHAREHOLDERS

CML Group Limited (ASX:CGR) will address shareholders today at its Annual General Meeting to be held at 3.00pm at the Kirribilli Club, 11 Harbourview Crescent, Lavender Bay, NSW.

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's address, CEO's presentation that will be delivered at the Meeting.

Sincerely,

Steve Shin
Company Secretary

ABOUT CML GROUP

The Company delivers finance, payroll & employment solutions, enabling its clients to focus on and succeed in their core activities.

The Finance division undertakes 'factoring' or 'receivables finance'. Through the factoring facility the Company 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 customer (often 30 to 60 days). This is a flexible line of credit that is utilized in line with sales volume. The Company 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.

The Payroll & Employment division provides 'managed employment' services to clients that do not wish to engage their workforce directly, generally as they do not have the processes, systems, insurances or desire to employ directly. This division also includes labour sourcing through recruitment agency panel management, project management and a migration practice.

CML Group

Chairman's address to the AGM of CML Group Limited

17th November 2015

Welcome to the 2015 Annual General Meeting of CML Group.

My Report in the Annual Report covers off my comments about the 2015 financial year. Our CEO, Daniel Riley, will provide specific details of that year and our CFO, Steve Shin, is available to answer questions regarding the financials.

Also present to assist with shareholder enquiries are staff from our share registry, Computershare, and our Auditors, Pitcher Partners.

My focus and that of the Board is to ensure a successful 2016 financial year. And to that end we are off to a good start.

As you know from the Annual Report we have accessed strong funding from a convertible note issued in January 2015 and a Bond Issue in May. This has provided the platform for strong growth in our finance book this financial year.

I would like to thank the Note Holders and Bond Holders for their support and, in particular, our Corporate Advisors, Ryan Whitelegg and his team at Henslow who have assisted with both issues.

Our thanks also to our keystone investors who provided the initial support for funds raised.

FIIG Group have been sensational in facilitating the Bond Issue and will be our first port of call when current funds are fully allocated.

Greensill have long been supporters of CML Group in providing an ongoing $10m facility and we hope in the near future to extend that facility.

2015 was a tough year in which backward steps were taken but also a year in which the Group has moved forward considerably.

So, also a great big thanks to our shareholders who have supported the Group from the beginning and who will continue to benefit from their shareholding in the business.

On a closing note, I stood before you last year as Interim Chairman and am both pleased and humbled to report that the Board has seen fit this year to elect me unanimously as Chairman.

Thank you.

Greg Riley
Chairman

CML Group

(ASX: CGR)

AGM Presentation

Daniel Riley – CEO

November 2015

Corporate Snapshot

Capital Structure	
Share price	$0.16
Shares on issue	93,937,825
Market capitalisation	$15.0m
Cash (FY'15)	$14.1m
Debt (Convertible Note & Corporate Bond)	$33.7m
Enterprise Value	$34.6m

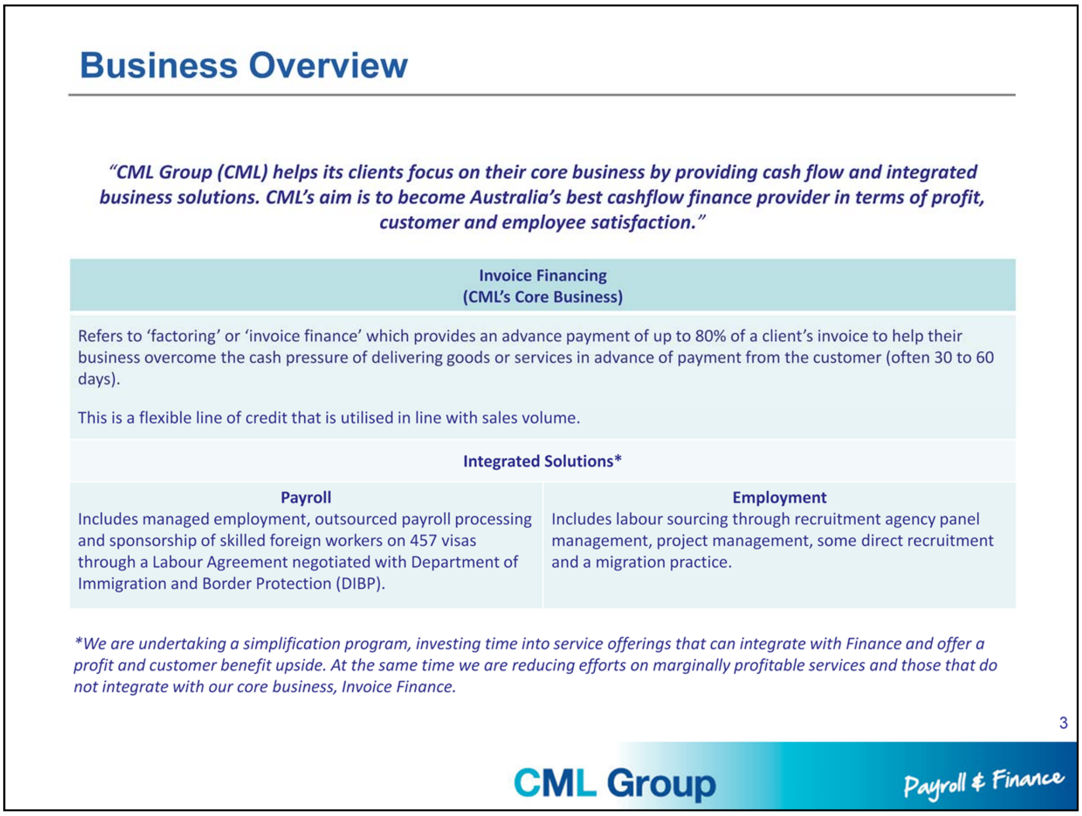
Register	
Board & Management	29%
Institutional	22%

Board		Shares
Greg Riley	Non-Executive Chairman	22,514,913
Daniel Riley	MD & CEO	3,129,761
Sue Healy	Non-Executive Director	206,060
Geoff Sam	Non-Executive Director	24,000
Richard Farrington	Non-Executive Director	1,121,550

With just under 94m shares on issue we have a market cap of $15m and an enterprise value of $34.6m

Capital for Growth;

At 30Jun15 we had over $14m cash at bank + $10m undrawn facilities, all of which is for loan book growth



Core Business;

CML Group's core business is invoice financing, which assists businesses with their cashflow requirements by advancing up to 80% of the value of their invoices. We manage collections from the end-debtor, deduct our fees and pay the residual to our client.

CML entered into invoice financing in early 2012, which was followed by a period of strong growth. Since then, we have overcome some challenges and completed our first acquisition in this industry in May 2015. Invoice finance is now CML's core focus, with our strategy clearly developed around becoming a large participant in this industry.

Additional Services;

In addition to invoice financing, CML has other service offerings which operate as stand-alone businesses under their own brands & represent the Company's history. These include;

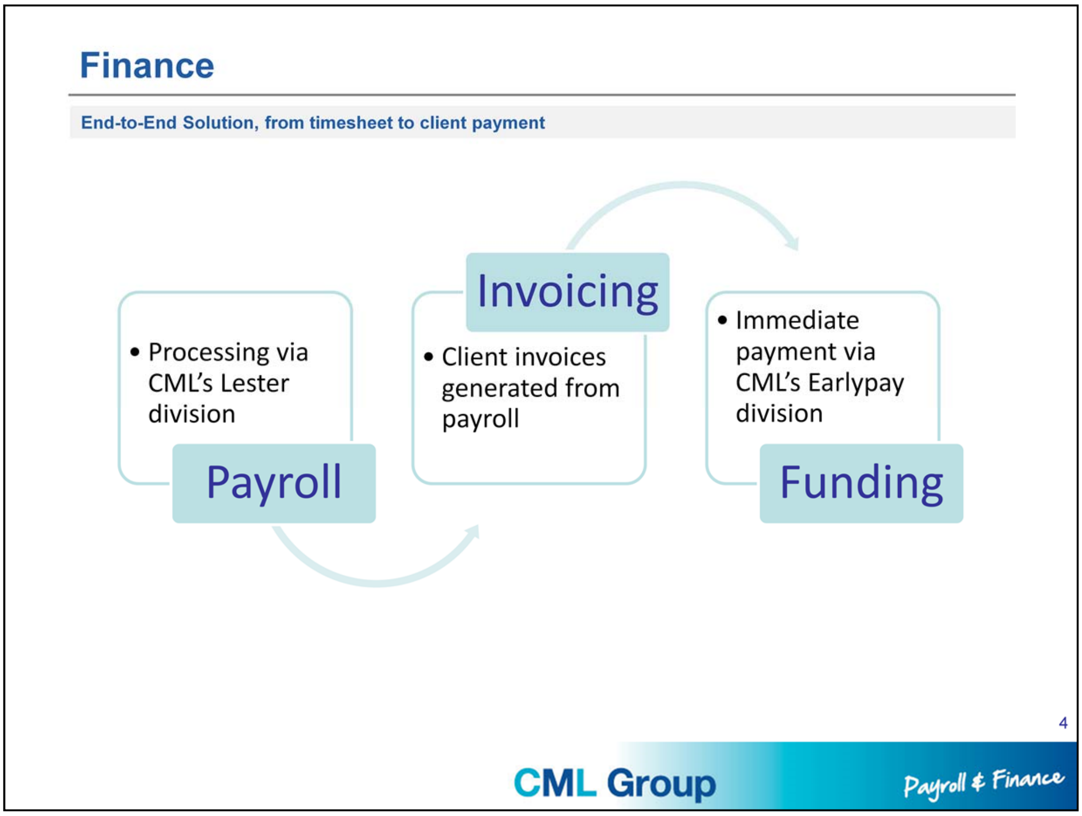
1) Payroll;

- Managed employment,
- Outsourced payroll processing and
- Sponsorship of skilled foreign workers on 457 visas through a Labour Agreement negotiated with Department of Immigration and Border Protection (DIBP).

2) Recruitment Services;

- Direct recruitment, plus
- 'Recruitment broking' where large contracts we win are fulfilled by recruitment firms under our methodology and management

As our growth focus is clearly on invoice financing, we are undertaking a simplification program, investing time into service offerings that can integrate with invoice financing and offer a profit and customer benefit upside. At the same time we're reducing efforts on marginally profitable services and those that do not integrate with our core business, invoice financing.

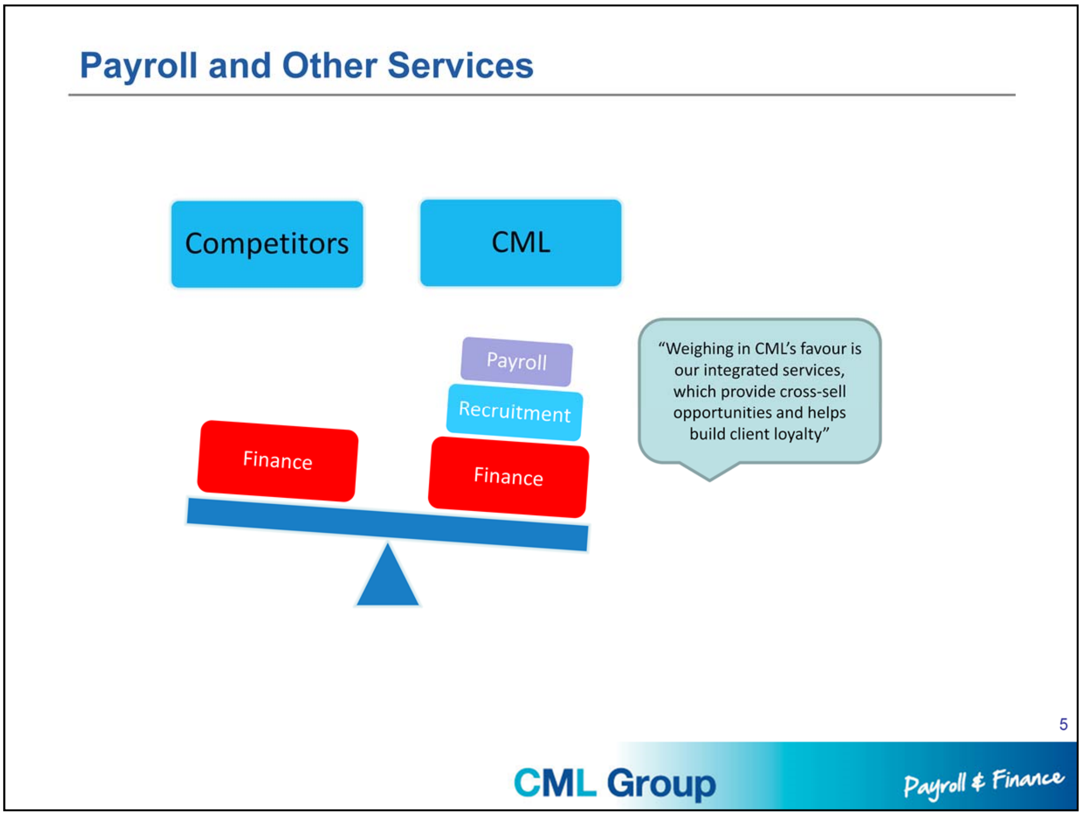


Some services can integrate from an operational perspective.

For example;

- CML's payroll division, Lester Associates, can process payroll for a labour-hire firm and,
- generate invoices on behalf of the labour-hire firm to end-user debtors and,
- 'sell' the invoices to CML's finance division, earlypay, for funding

This creates an end-to-end solution for a labour-hire client, from timesheet through to payment.



The aim of CML's simplification program with payroll and recruitment services is to integrate with finance sales to create cross-sell opportunities.

Cross-sell

Components of our integrated services will be relevant to many finance clients. As new clients come on-board, they are introduced to our payroll and recruitment divisions to discuss their requirements.

There is also cross-sell opportunity the other way. For example, one service our payroll division offers is a managed 'back-office' for recruitment agencies. This includes payroll processing for their on-hired staff and an invoicing service. We are now bundling this service with Finance to offer an end-to-end solution from timesheet to payment.

CML's other services helps differentiate us from our competition & offers our clients additional value. We want to make it compelling for clients to come on-board with us over a finance competitor & simply too difficult and disruptive for our clients to leave us for another provider.

Group Performance

Strong growth in Revenue and Underlying Earnings

Y/E June ($m)	FY'13 (A)	FY'14 (A)	FY'15 (A)	pcp Δ
Revenue	100.8	139.4	162.2	*16%*
Underlying EBITDA	**1.6**	**2.4**	**2.6**	***9%***
One-off costs	-	-	1.9	
Reported EBITDA	**1.6**	**2.4**	**0.8**	***(66)%***
D&A	(0.1)	(0.1)	(0.2)	*38%*
Interest	(0.3)	(0.6)	(1.4)	*110%*
Tax	(0.4)	(0.6)	0.7	
Reported NPAT	**0.8**	**1.1**	**0.02**	***(98)%***
Underlying EBITDA Margin	1.6%	1.7%	1.6%	

FY'15 was a challenging year and was affected by:

- 4-months (Oct'14 - Jan'15) where new business writing was restricted by funding
- Loan book provisioning > $1m
- Corporate costs associated with capital raisings & the acquisition of CFA
- Higher interest costs on money raised, without a return on un-deployed funds

Actions taken

1. Internal review of loan book, resulting in some clients being managed out
2. Review and update of our credit policy
3. Implementation of industry leading software to manage the loan book
4. Comprehensive independent review of loan book, policies & processes by PWC
5. Employment of an experienced management team, bringing decades of invoice finance experience to CML

Although we increased turnover and underlying EBITDA in FY'15, from a reported financial performance perspective it was a challenging year.

Reported results were adversely affected by:

- A period from Oct14 to Jan15 where we couldn't write new business due to funding restrictions
- Loan book provisioning > $1m
- Corporate costs associated with capital raisings & the acquisition of CFA
- Interest costs on money raised but not yet lent to finance clients

During the period, numerous actions were taken to position the Company for future growth:

1. Internal review of loan book, resulting in some clients being managed out
2. Review and update of our credit policy
3. Implementation of industry leading software to manage the loan book
4. Comprehensive independent review of loan book, policies & processes by PWC
5. Employment of an experienced management team, bringing decades of invoice finance experience to CML

FY'15 Recap - Achievements

- Despite challenges in FY'15, CML made significant progress with our strategy and was the year that CML transitioned from a finance start-up to a mature and sustainable business
- This is based on the achievement of 4 key objectives:

Funding	• During FY'15 CML progressed from reliance on a restrictive $13m back-to-back invoice finance facility, to $35m of secure long-term funding through the issue of a Convertible Note and Corporate Bond
Scale	• Through the acquisition of Cashflow Finance Australia (operating for 30 years in Queensland) CML doubled the loan book, effective from late May 2015
Process improvement and Software	• A complete review of policies and processes was undertaken, both internally and externally, with regular ongoing audits to ensure compliance • All clients were transitioned onto an industry leading software platform, improving client experience and assisting CML with risk monitoring
Management & Board improvements	• Employment of an experienced management team, bringing decades of invoice finance experience to CML + strengthening of the CML board

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CML Group Payroll & Finance

While the spotlight for FY'15 may be on the challenges, we did make significant progress with our previously stated strategy. In fact, we feel that FY'15 was the year that CML transitioned from an invoice financing start-up to a sustainable business with strong growth potential. This is based on the achievement of 4 key objectives;

1) Funding – during FY'15 we progressed from reliance on restrictive back-to-back invoice finance at business banking level with NAB, to secure long-term funding through the issue of a $10m Convertible Note and $25m Corporate Bond
2) Scale – through the acquisition of Cashflow Finance Australia, operating for 30yrs in Queensland, we doubled our loan book, effective from late May 2015
3) Process improvement and software – during FY'15 we completed transition of all clients onto an industry leading software platform and completed a full review of processes
4) Board and Management - CML now has the required experience at Board and Management levels to develop and implement strategy that will allow CML to best capitalise on opportunities for expansion

Capital Strategy

Sufficient capital to grow loan book funds utilisation to $50m

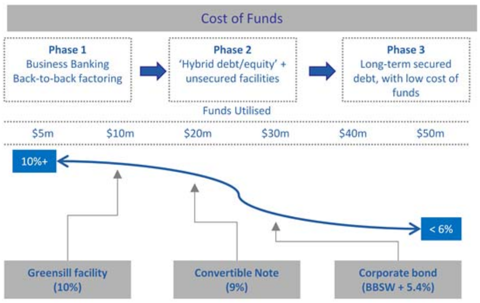
- Challenge to date has not been sales, but access to continued appropriate funding
- CML is progressing through a 3-phased approach to loan book growth funding:

  Phase 1:

  - Bank-sourced back-to-back invoice financing; required duplication of many processes with high admin costs

  Phase 2:

  - Partial self-funding via a $5m share placement (Apr-14)
  - $10.4m unsecured convertible note (Jan-15)
  - $25m secured corporate bond (May-15)
- The note + bond have been used to fund existing and acquired loan books
- Current headroom + Greensill Facility provide headroom for future growth in loan book up to $50m and which Phase 3 funding is likely



Funding	Quantum	Cost
Equity	$5.0m	-
Secured Note	$25.0m	BBSW + 5.4%
Convertible Note	$10.0m	9.0%
Greensill Facility	$10.0m	10.0%
Total	**$50.0m**	

CML Group Payroll & Finance

During FY’15, CML progressed its capital strategy to Phase 3, which is long-term secured debt, with reduced cost of funds compared to earlier arrangements.

The combination of Equity, Convertible Note, Secured Note and unsecured facilities provides CML with $50m to fund its loan book. This provides sufficient headroom for strong organic growth through FY’16.

Improved Risk Profile & Growing Scale

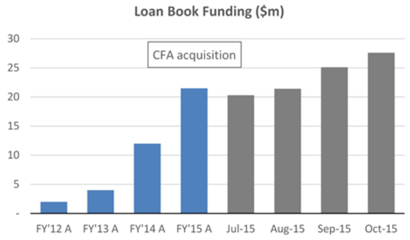
Risk Profile

- In last 15 months CML has diversified and reduced risk with:
  - Greater customer spread (162 vs 45)
  - Reduced LVR (67% down from 74%)
  - Significant increase in industry experience (15 people with 3yrs+ vs 1)

Growing Scale

- Completed CFA acquisition on 21st May 2015, contributing only 6 weeks to FY'15 earnings
  - Acquisition price of $3.5m (ex loan book) or just over 2x EBITDA
  - Acquisition will be earnings accretive in FY'16
- Acquisition has substantially bolstered CML's existing loan book
- CML and CFA finance teams were consolidated into a single location at mid-September

	Jun'14	Jun'15	Oct'15
Debtors	$16.2m	$30.9m	$41.1m
Loan book	$12m	$21.5m	$27.6m
LVR %	74%	70%	67%
Customers	45	148	162
Finance division Staff	15	30	22
Staff w/ 3yrs+ experience	1	16	15
Combined years of experience	19	190	173



Improvement to risk profile

The table demonstrates the improvement to our risk profile, as measured by;

1) Greater customer spread, assisted by the acquisition of Cashflow Finance Australia in May15
2) Reduced LVR, providing additional 'head-room' between secured assets and funds advanced against them
3) Substantial increase in experienced staff, with only a modest increase to overall numbers between Jun14 and Sept15, post merging of the CML/CFA operation team.

Scale

The CFA acquisition was important for CML for several reasons, one of them being Scale, which is something we have been striving for as it offers many advantages for our business model, including;

- Funding. We effectively doubled our loan book with the acquisition of CFA and it helped us progress our capital strategy to Phase 3, meaning we were suddenly big enough to attract the attention of the bond market and progress away from business banking relationships
- Loan book diversification. Our customer numbers increased from 50 to 140, providing a greater risk spread and lower average advance
- Staffing costs. We did not need to employ additional senior management staff & effective mid-September have combined operations into a single location, reducing headcount across the combined business by 25%

About CFA

CFA is an invoice finance business, which has just celebrated 30yrs in business. Funded by the previous owner personally, plus individual investors and complemented by a small bank facility, CFA's growth was hindered by access to a larger funding line. It's client base comprises many small clients, primarily based in Qld. The business has an excellent sales and operations team and the growth rate is accelerating again under CML's management. We will retain the CFA brand, it has been around for 30yrs and is well recognised in the Qld market.

Board & Management Changes

Highly credentialed leadership, with strong industry expertise

Board - strengthened with the appointment of 2 Non-Executive Directors

- **Geoff Sam, OAM**
  - Experience in capital markets, business development & the financing industry
  - Previously Chairman & Independent Director of Money 3, Independent Director of Hutchison's Childcare Services & Managing Director of Nova Health
  - Currently Chairman of Healthecare Australia, Director of R.P. Dean & Co and serves on the boards of the Country Health SA Local Health Network Governing Council and the Australian Private Hospitals Association
- **Richard Farrington, FAICD FAIM**
  - Experience in capital markets and business management
  - Currently Non-Executive Chairman of Baillie Asset Management

Management - Highly experienced finance executives have been hired in addition to retaining key CFA personnel

- **Peter Toohey – Executive General Manager**
  - 40 years experience in banking & finance, with a specialisation in invoice financing for the last 2 decades
- **Shannon Stelfox – National Operations manager**
  - 23 years invoice finance experience, most recently in a similar role for a large established industry competitor

CML now has the required experience at Board and Management levels to develop and implement strategy that will allow CML to best capitalise on opportunities for expansion

Outlook

CML Group

Payroll & Finance

Outlook for this year

Deployment of capital funding to loan book will underpin growth

CML expects the strong growth momentum achieved prior to FY'15 to resume in FY'16; driven by:

Revenue Growth

- Full year contribution from CFA
- Expansion of the loan book with sufficient capital now in place

Margin Improvement

Business integration

- The management team is working on initiatives to create an integrated business that will create cross-sell opportunities and synergies with service delivery

Cost management

- Effective mid-Sept'15, headcount in the finance division reduced by 25% on merging the operations of CML and acquired business CFA into a central location

Business Efficiency

- Improved efficiencies from the implementation of industry-leading software
- Improved earnings by generating a return on currently un-deployed interest-bearing funds
- Introducing CML's charge methodology to the CFA business

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CML Group Payroll & Finance

Whilst it is too early to give specific guidance, the Company expected to continue growing underlying earnings & the resumption of growth in reported earnings.

This will be driven by both:

1) Revenue Growth

We are pleased with growth of the loan book since June 2015, with debtors and funds in use increasing as follows;

	Jun'15	Oct'15	Change
Debtors	$30.9m	$41.1	33%
Loan book	$21.5m	$27.6	28%
LVR	70%	67%	

2) Margin Improvement

Driven by three key factors:

- Business integration
- Cost management
- Business Efficiency

Staff - CML has completed the operations merger with CFA into a central location, which facilitated a reduction in headcount, and is now benefiting from reduced costs.

Interest costs – as the loan book grows, un-deployed interest bearing funds are reducing

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 CML Group 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 CML Group to meet its stated goals.

The purpose of this presentation is to provide background information to assist in obtaining a general understanding of CML Group's proposals and objectives. This presentation is not to be considered as a recommendation by CML Group or any of its subsidiaries, directors, officers, affiliates, associates or representatives that any person invest in its securities. It does not take into account the investment objectives, financial situation and particular needs of each potential investor. If you are unclear in relation to any matter or you have any questions, you should seek advice from an accountant or financial adviser.