Best Ideas, 2019

Hosted by: MOI GLOBAL

EZCORP®

(EZPW)

LAUGHING WATER CAPITAL

DISCLAIMER

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LAUGHING WATER CAPITAL

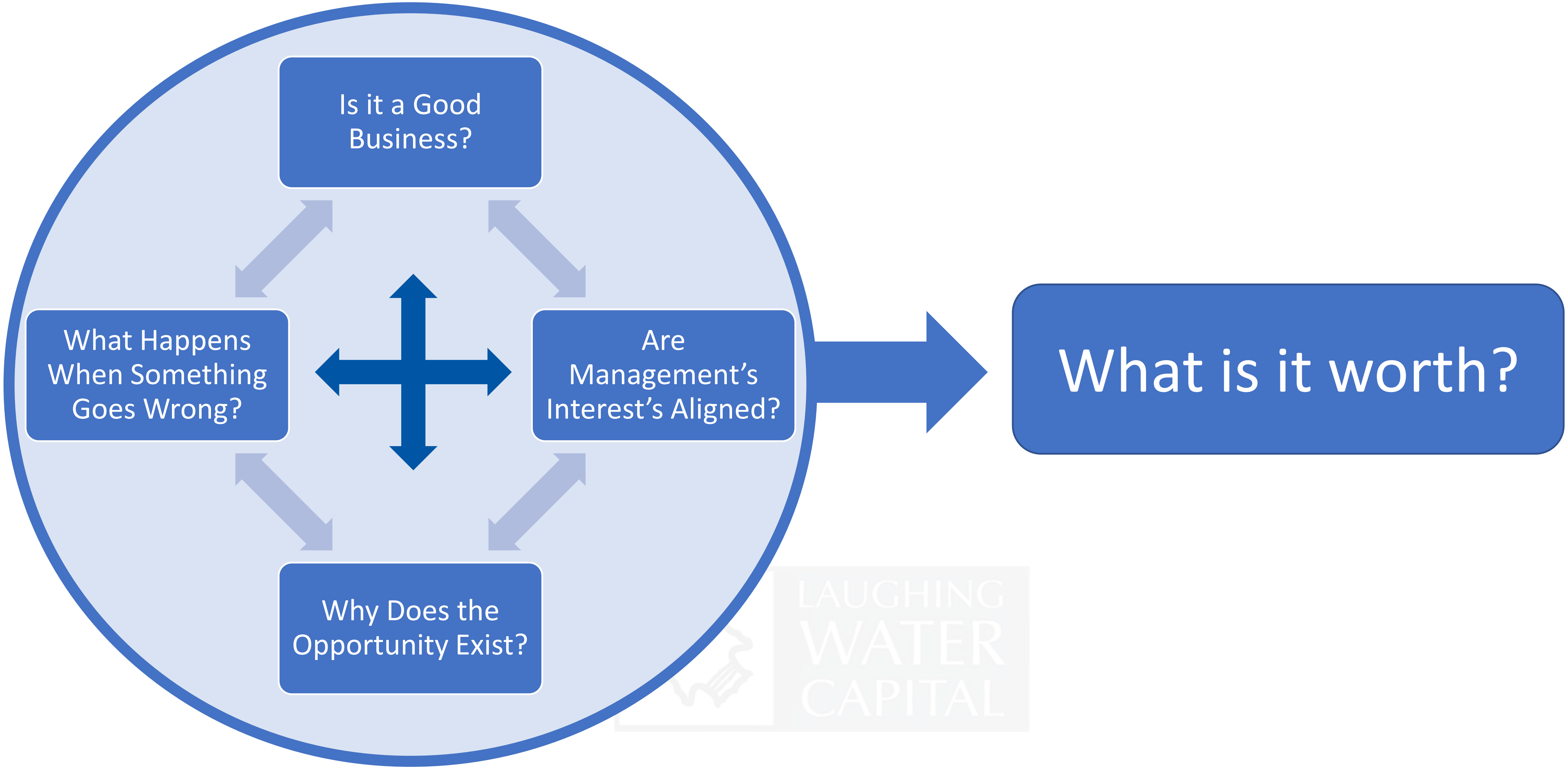
About Laughing Water Capital

- Private partnership formed in 2016
- Concentrated value strategy: typically own 10-20 stocks
- Common sense approach to investing: seek out good businesses that are dealing with structural and/or operational problems that are likely easily solved by an incentivized management team given enough time
- Patience is essential: typically invest with a 3-5 year view
  - Volatility is not risk

About Matt Sweeney

- 17 years in sales, trading, banking and research roles on the buy and sell side
  - Sales experience covering hedge funds and mutual funds focused on small/mid cap names
  - Learned what <u>not</u> to do: focus on short term, trade frequently, over-diversify
- Additional experience in change management consulting
  - Learned the importance of people and culture, and that turn arounds often don't turn
- Almost my entire net worth is invested in the strategy
- Former Vice Chair, New York Society of Security Analysts (NYSSA) Value Investing Committee
- Chartered Financial Analyst

LWC’s 5 Part Framework



EZCORP®

(EZPW)

LAUGHING WATER CAPITAL

Elevator Pitch

EZPW is a recession proof, cash flowing, growing business that is trading at multiples not seen since the 2008 recession and a 50+% discount to peers. The rolling off of 1 time items and FY contribution from recent acquisitions will drive near term upside, while a long runway for profitable growth and an increasing focus on ROIC and improvements to corporate governance lay the foundation for multi-year success.

Valuation Summary		
Downside Cases	**Target Price**	**% Upside**
Estimated Net Asset Value	$11.13	44%
Financial Crisis EBITDA Multiple	$7.61	-2%
Upside Cases	**Target Price**	**% Upside**
"Normal" 2018 adj. EBITDA, No Multiple Expansion	$9.16	18%
"Normal" 2018 adj. EBITDA, 15 Year Comp Discount	$14.32	85%
"Normal" 2018 adj. EBITDA, Pre Acquisition Comp Discount	$16.14	109%
2020: Acquisitions and Operational Improvement	$19.20	148%
2021: Acquisitions and Operational Improvement	$20.70	168%

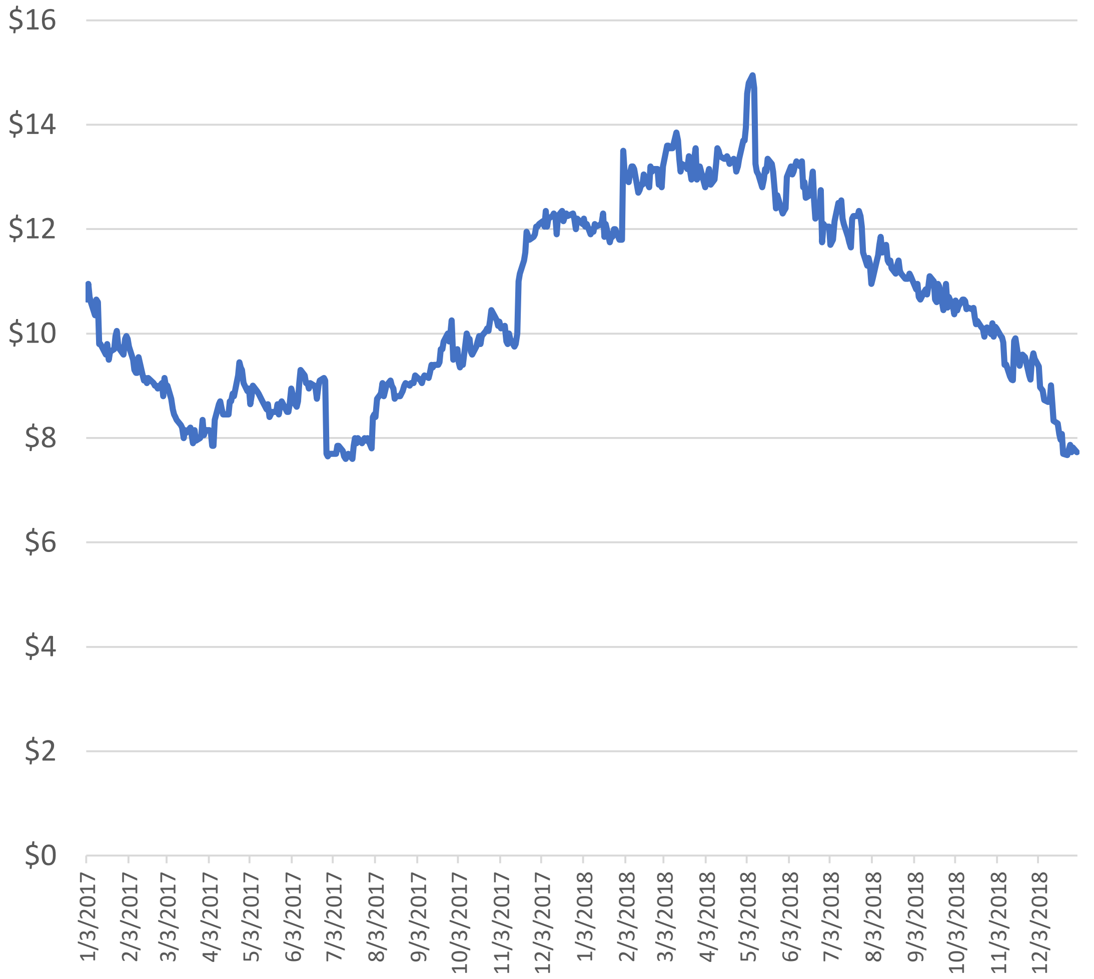
Profitable, growing, recession proof stocks should not trade at a discount to NAV.

Investment Basics

- ✓ Easy To Understand
- ✓ Recession Proof Industry
- ✓ Strong FCF Generation
- ✓ Limited Sell Side Coverage
- ✓ Long runway for growth
- ✓ Operational improvements underway
- ✓ Governance improvements underway
- ✓ One time items
- ✓ Hidden Assets
- ✓ Large Margin of Safety

Stock Basics

Stock Symbol	EZPW
Stock Price*	$7.73
Shares Out (mm)*	54,585
Market Cap (mm)	$421.9
Cash (mm)	$286,015
Debt (mm)*	$316.4
Enterprise Value (mm)*	$575.3
% Owned By Insiders	10.6%
Current Yield	N/A
52 Week Range	$7.45 - $15.10

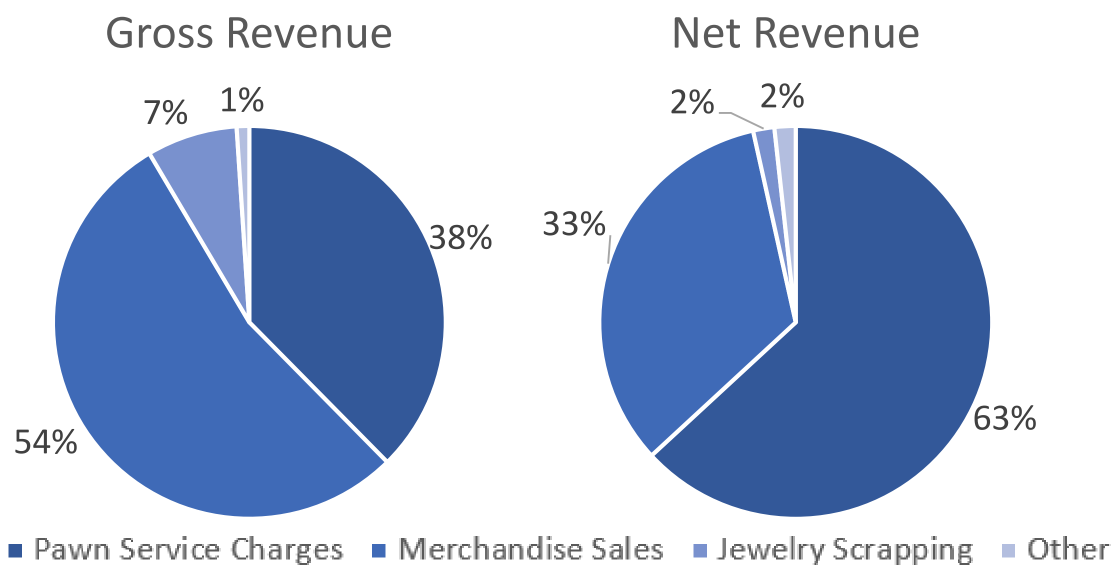


*Share price as of 12/31/2018
*Shares out = A shares + B shares + RSUs
*Debt is convertible to equity at $10, $15.90, and $16.06, and is accounted for via treasury method
*Includes investment in public securities, and financial receivable due

Company Basics

- 2nd largest publicly traded pawn company
- IPO in 1991
- New management team brought in in 2014 has cleaned up past mistakes, and established a pattern of operational excellence
- U.S. business is a mature cash cow
- Latin America represents an exciting growth and margin opportunity
  - 84% store count growth in 2018
  - 22-44% store count growth expected in 2019

FY'18 Revenue Mix



Geographic Mix

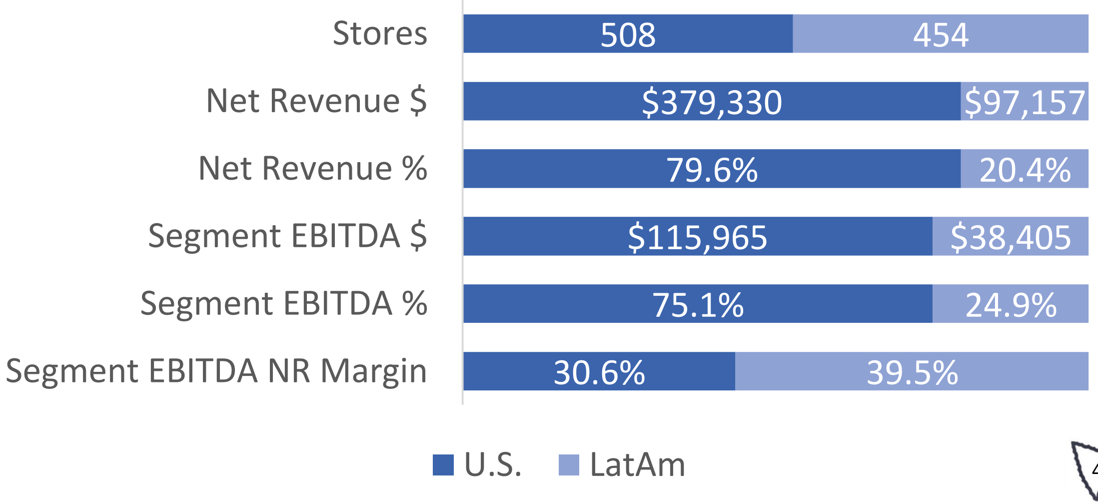


Table source: 2018 10K

Is it a Good Business: Necessity => Longevity

Meeting an Essential Need

- While it may seem like an unsavory business to the investing class, for the working poor pawn is an important part of managing cash needs
  - Close to 1 in 4 Americans are under-banked or unbanked
  - More than 3 in 5 Mexicans are unbanked
  - Close to 1 in 2 LatAm ex-Mexico are unbanked
- Secured lending: heads I win, tails I don’t lose
- Low capex: if a store is too nice, it may actually intimidate customers
  - Maintenance CapEx ~1% of gross revenue

Longevity

- Pawn is likely the worlds second oldest business
  - How many businesses have existed virtually unchanged for ~3,000 years?
- While bears worry about regulatory risk, they fail to acknowledge that multiple Popes, absolute monarchs, the Prophet Mohammed, and others have tried and failed to regulate away the pawn industry

Industry Landscape

U.S.

- Fragmented market
  - 10,000+ pawn stores
  - FCFS and EZPW have ~1,600 stores
  - Next largest player has ~40 stores
  - Wide range of quality
- Barriers to entry for new stores
- Primarily state level regulation

Mexico / Latin America

- Fragmented market
  - Mexico
    - 7,000+ stores
    - 22 large operators with 50+ stores
  - Other LatAm
- FCFS and EZPW have ~1,800 stores
- Significant opportunity to high-grade stores toward general merchandise
- Federal regulation

Note: estimates of store counts vary widely

Competitive Advantage

Driving Pawn Loans Outstanding

Technology

- Data analytics
  - Using data to strike the right balance between maximizing LTV, and protecting gross margins in the event of forfeiture
  - Improve customer experience through higher LTVs, and speed of transaction
- Ahead of FCFS for the time being, but expect that gap to close
- Mom and pops will not be able to compete

Scale

- Balance sheet strength and bigger footprint allows for higher LTVs / more inventory risk
- Not relevant vs. FCFS, very relevant vs. Mom and Pops

Relationships

- Stability of employee base drives transactions
- Average district manager 8 years with EZ, 3 years in position
- Average store manager 8 years, 4 in position

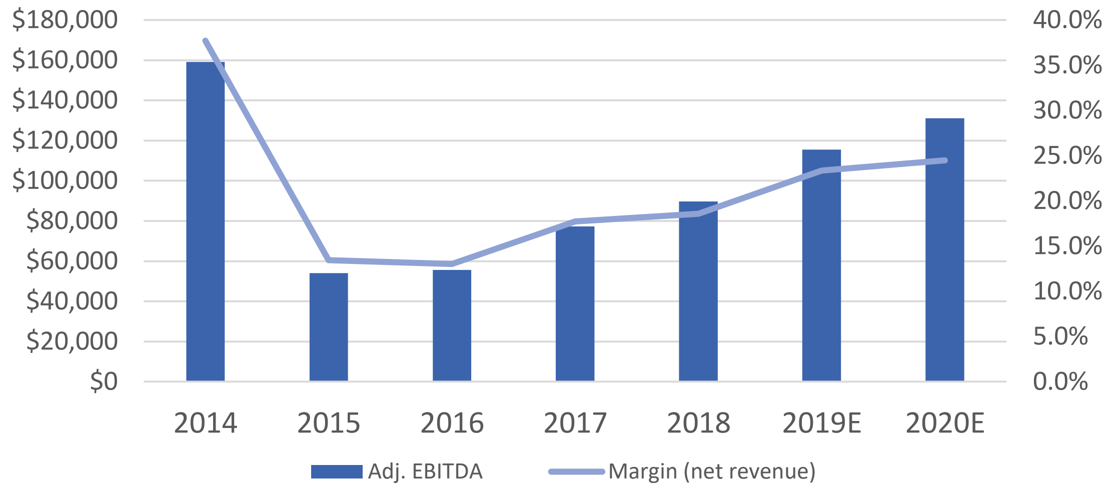
Where Are We Now: Operational Excellence

Under previous management, EZPW got away from its core competency of pawn lending, leading to several poor acquisitions, and subsequent writedowns

The business has since been streamlined, and is once again executing at a very high level as a pure play pawn company

- Focus on growing pawn loans outstanding (PLO)
  - LatAm same store PLO growth:
    - 18 straight Qs of constant currency growth
  - U.S. same store PLO growth:
    - Growth in 11 out of last 12 quarters

Consolidated EBITDA Trends and Margin



Source: Sentieo, company presentation

Why Now: Macro

Recession Proof?

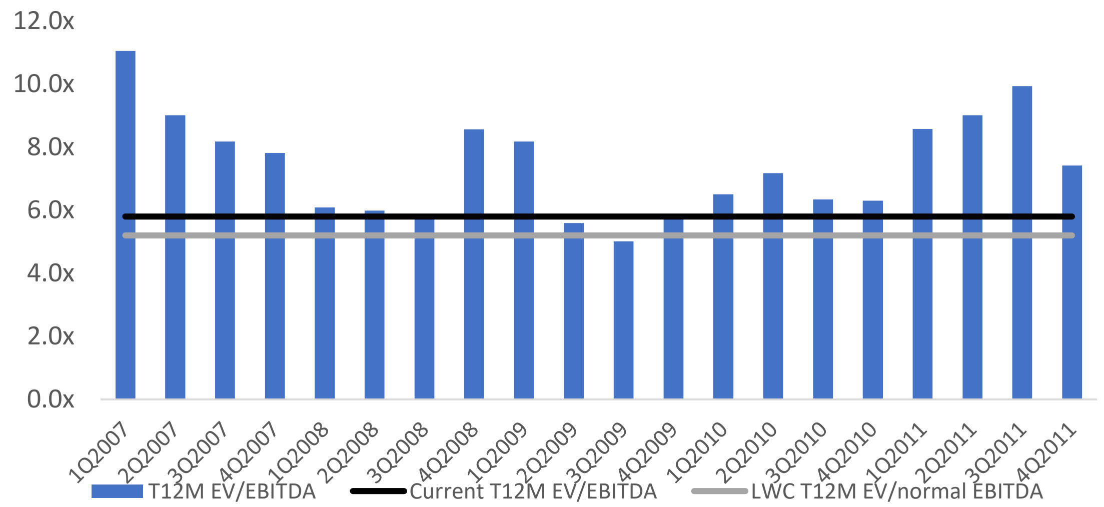
Historically, pawn has exhibited counter-cyclical trends, positioning the business well for any macro problems

With multiples near crisis era lows, and operating metrics likely to improve, EZPW stock appears very well positioned

Improving Metrics Through the Great Recession

	2007	2008	2009	2010	2011
Revenue	$372	$457	$597	$733	$853
growth	-	*22.9%*	*30.6%*	*22.7%*	*16.3%*
EBITDA	65	87	114	157	192
margin	*17.6%*	*19.0%*	*19.1%*	*21.4%*	*22.6%*
growth	-	*34%*	*31%*	*38%*	*22%*
Diluted EPS	$0.88	$1.21	$1.42	$1.96	$2.57
growth		*37.5%*	*17.4%*	*38.0%*	*31.1%*

T12M EV/EBITDA Mult. Through the Great Recession



Same Store Sales Through the Great Recession

	2007	2008	2009	2010	2011
Total Revenue	n/a	+13%	+5%	+14%	+10%
US Pawn Service Charges	+10%	+17%	+9%	+16%	+12%

Source: Company Filings, Sentieo

Why Now: Organic EBITDA Growth Already Baked

Calendar adjustments

- While EZPW now has 453 LatAm stores, we estimate a weighted average of ~390 stores through FY'18
- The 210 stores added in 2018 have significant room for revenue and margin expansion
    - 12 de novos maturing
    - Mix shift to general merchandise
    - Upgraded technology
    - Back office synergies

Rolling off of 1 time items

- 2017 Hurricanes in TX and FL were an estimated $6.9M drag on 2018 EBITDA

If EZPW simply muddles along in 2019, adjusted EBITDA should improve by ~13%

Full Year Acquisition Contribution		
2018 LatAm Net Rev	$97,157	10K
Wtd. Avg. # of LatAm Stores	390	LWC estimate
Net Revenue/ Wtd. Avg. Store	$249	
FY19 Initial Store Count	453	Investor Day Presentation
Implied Net Revenue	$112,852	
FY 18 LatAm EBITDA Margin	39.5%	10K
Implied FY19 LatAm EBITDA	$44,609	no margin expansion
2018 LatAm EBITDA	38,405	
Implied Calendar Improvement	$6,204	no operational improvement

Expected Base Improvement to YoY EBITDA		
2018 EZPW adj. EBITDA	$100,500	Investor Day Presentation
+ Hurricane Impact	6,900	Investor Day Presentation
+ FY acq. Contribution	6,204	LWC estimate
2019 EZPW Base adj. EBITDA	$113,604	no operational improvement
YoY increase	*13.0%*	

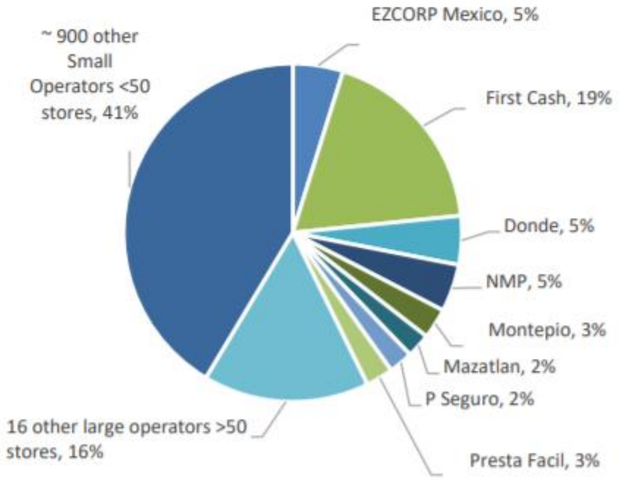
Source: Company filings, company presentation, LWC estimates

Why Now: Aggressive Acquisitions Likely

Mexico

At their December investor day, management indicated they expect to add 100-200 stores in 2019, while providing detail on the Mexican market for the first time

Mexican Acquisition Opportunities

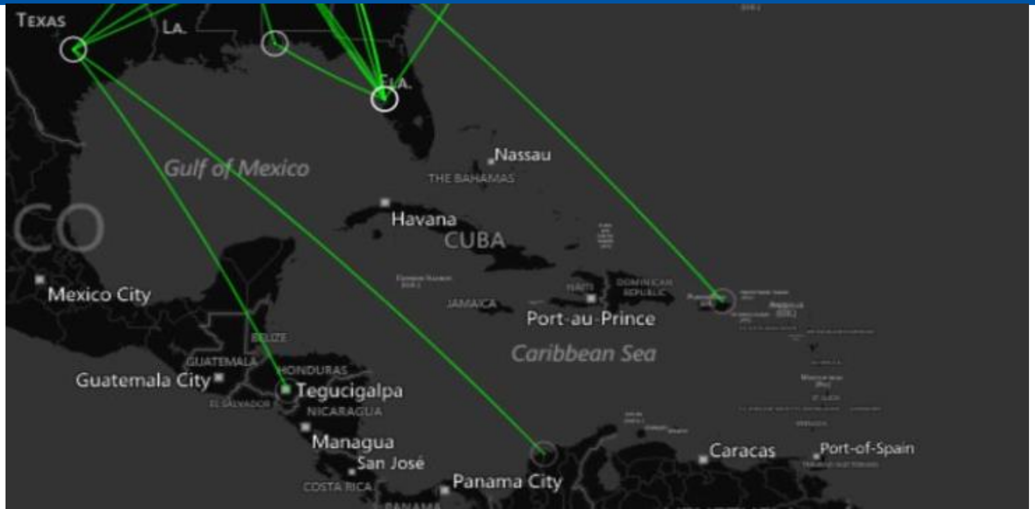


Investor Day Presentation

Other LatAm

Examining the flight history of the company plane circa the time of the May convertible bond offering indicates management had been travelling to destinations where they do not currently have a meaningful presence, suggesting a deal was close… yet no large deal has materialized

Flight History



Why Now: Aggressive Acquisitions Likely

Ability to Self Finance

With expected ROIC for acquisitions of 25%, we view acquisitions as an effective use of capital

Combining current liquidity with expected near term cash generation and cash receivables indicates EZPW has substantial dry powder

EZPW should be able to finance acquisitions without relying on capital markets transactions

Cost Per Store Matrix

		Current Cash Available			Cash Available Including 2019 Generation			
		$20M	$30M	$40M	$50M	$60M	$70M	$80M
# of Stores to Buy	100	$200	$300	$400	$500	$600	$700	$800
	125	$160	$240	$320	$400	$480	$560	$640
	150	$133	$200	$267	$333	$400	$467	$533
	175	$114	$171	$229	$286	$343	$400	$457
	200	$100	$150	$200	$250	$300	$350	$400

Cash Available For Acquisitions

	Low	High	
Current Cash Available	$20,000	$40,000	Investor day pres.
+ 2018 OCF After PLO Growth	70,000	70,000	No credit for FY contribution from acq.
+ 2019 Alpha Receivable	30,000	30,000	Q4 presentation
- CapEx (inc. growth)	30,000	35,000	
2019 Cash Available	$90,000	$105,000	

ROIC = NOPAT / total cost of acquisition

Why Now: Operational Margin Improvement

A Proven Formula for Growing PLO

Recent acquisitions in LatAm are significantly underearning vs. their potential

Legacy stores saw same store PLO grow ~75% from 2015-2018 as the company improved operations

- Change to store level incentives
- Mix shift to general merchandise / focus on PLO growth
- Right sizing store level operating expense

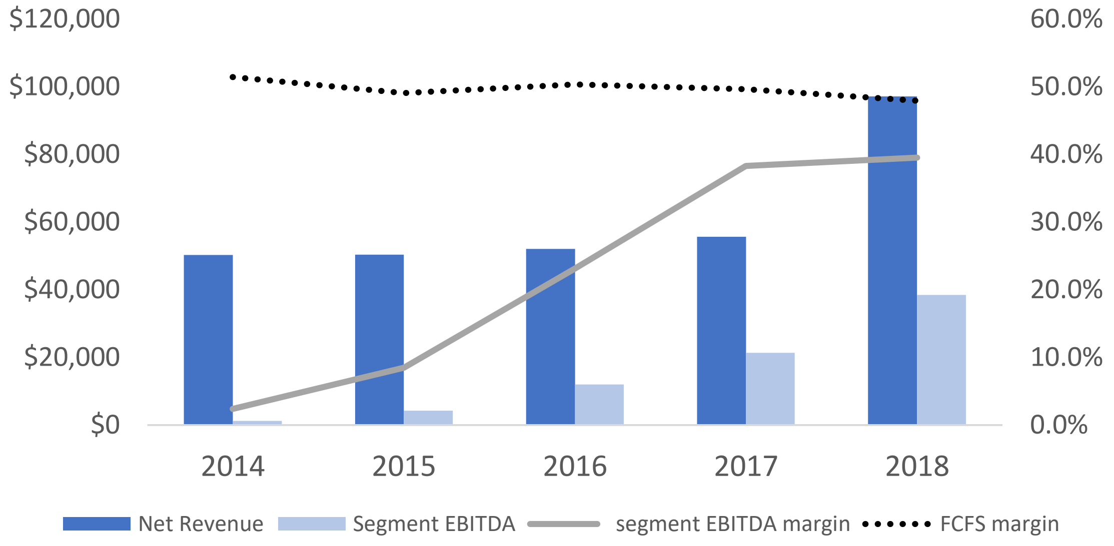
As store level costs are largely fixed, PLO growth comes with significant operating leverage

We believe the trend will continue with recent acquisitions as EZPW improves operations, and FCFS indicates additional potential upside

Expected Improvement at New Stores

	Monthly PLO Yield	Avg. Net Rev/Store	Avg. Pre-tax profit
Legacy MX Stores	18%	$239.7	$82
Acquired MX Stores	12%	$137.7	$56
Potential Operational Improvement	600 bps	$102.0	$26

EZPW LatAm: Margin Trends

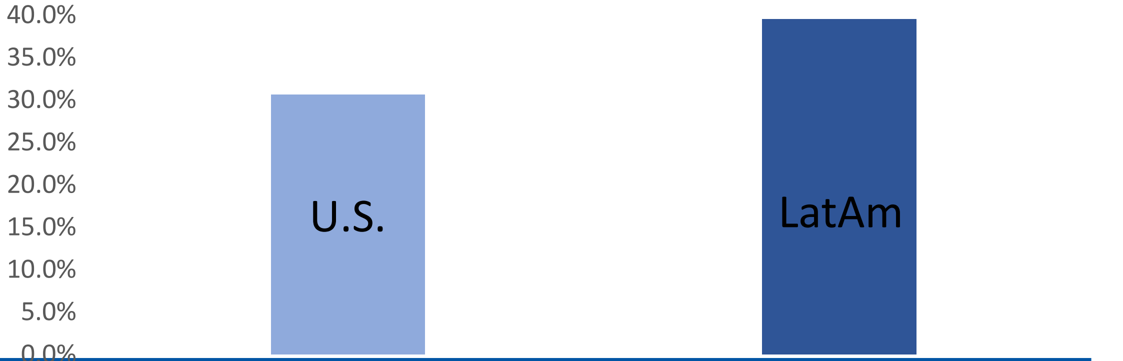


Source: Investor Day Presentation, company filings, LWC estimates

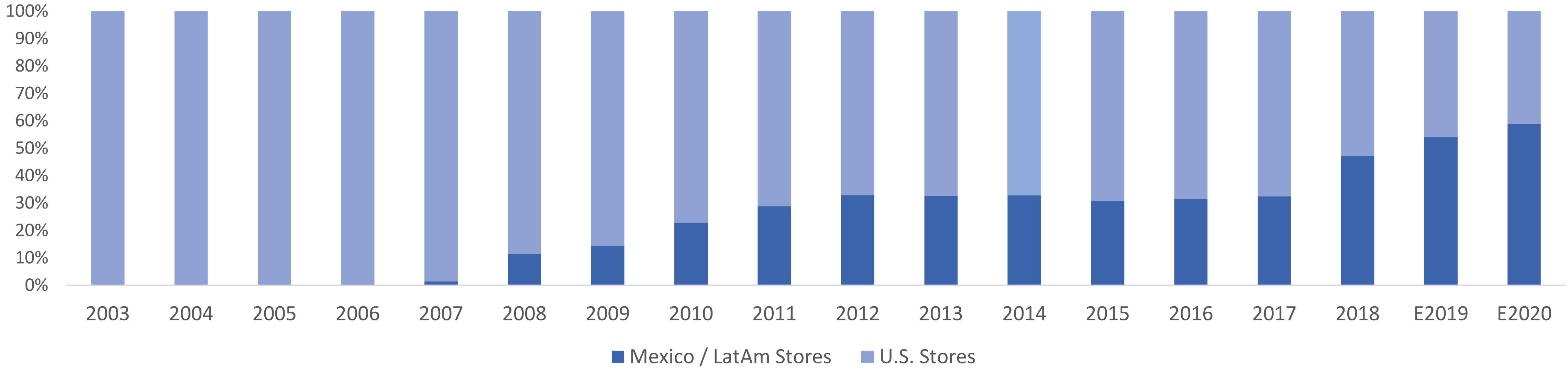
Why Now: Mix Related Margin Improvement

Continued growth in higher margin LatAm will drive up consolidated margins

FY'18 Segment Margin



An Evolving Mix



Source: company filings, LWC estimates

Why Does the Opportunity Exist?

Big Picture

Structural Factors

- Unsavory industry
- Controlling shareholder that spent a few years taking advantage of related party transactions

Sins of the Past

~~Madison Park Consulting Agreement~~

Why Does the Opportunity Exist?

Big Picture

Political Factors

Left wing populist Andres Manuel Lopez Obrador(AMLO) became President of Mexico on December 1, 2018

Prior to his inauguration, AMLO proposed policies that would limit the ability of Mexican banks to charge fees to retail customers, sparking fears that the pawn industry may face increased regulation

We view these fears as unfounded:

- Bank fees in Mexico are egregious
  - Ex: direct deposit may cost 10% of your pay check
- Pawn shops are not regulated like financial institutions in Mexico
- The government runs a large pawn network that was founded in 1774
- Pawn is an essential part of life for the majority of Mexicans

A.M.L.O.

Why Does the Opportunity Exist?

Small Picture

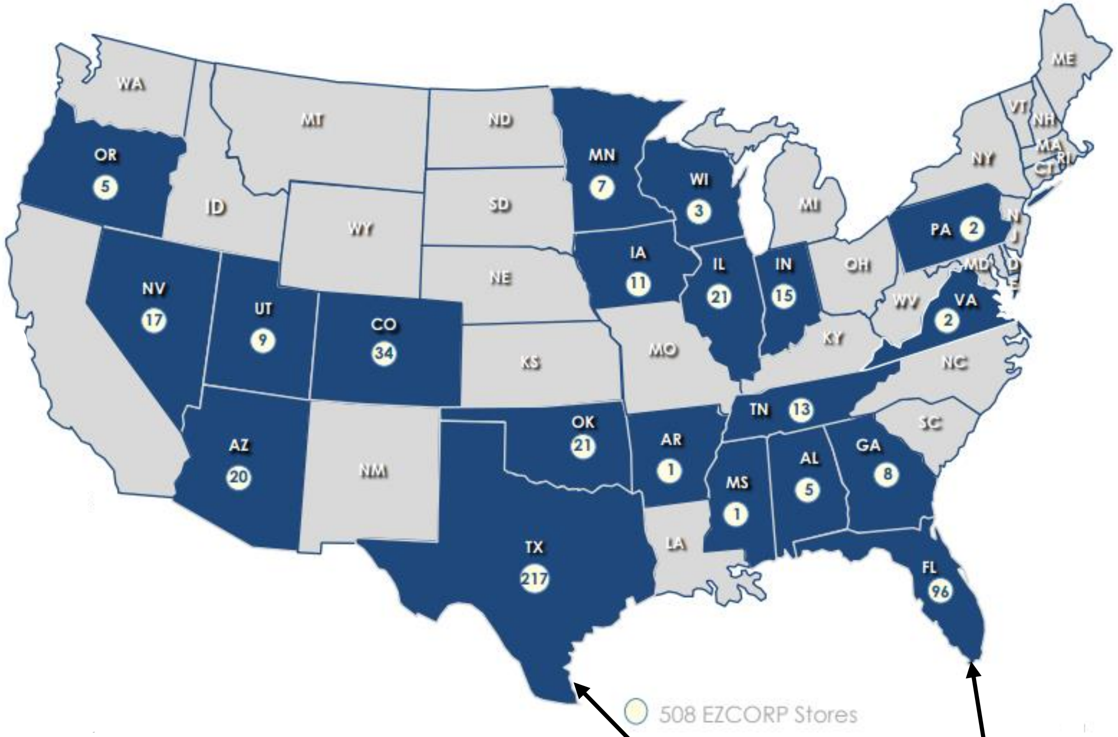
Temporary Problems

Hurricane Impact

- In late Q4’17, hurricanes Irma and Harvey led to the temporary closing of 176 stores in TX and FL
- FEMA relief funds subsequently reduced the cash needs of EZPW’s customers
- The company estimates that 2018 EBITDA was impacted by -$6.9M (6.9%)

Segment Reporting Problems

- The company owns 27 Payday Lending / Installment Loan stores in Canada that acted as a ~$3.8M (3.8%) EBITDA drag in 2018
- Despite this loss, the segment does not have a negative value, so this loss could be excluded from “normal” EBITDA



~62% of stores in TX and FL

Why Does the Opportunity Exist?

Financing Decisions

The dual share structure and messy historical financials combine to limit EZPW's ability to access debt markets at acceptable rates

As a result, the company has relied on convertible debt. A May, 2018 convert sale led to a sell off in EZPW shares due to:

1) Short selling by convert arb players
2) Fear of future dilution
3) No subsequent large acquisition

In our view, the more appropriate lens is to consider the convertible debt as an equity raise at an 11.4x multiple, which compares favorably to where we estimate recent acquisitions have taken place

If EZPW issued equity at 11.4x and made an acquisition at 4.8x, markets would crow about value creation through multiple arbitrage, but this dynamic is lost on impatient market participants

Effective Equity Sale Multiple of $15.90 Converts		
Diluted Shares	61,691	LWC estimate: treasury method + unvested RSUs
Price	$15.9	2025 convert price
Market Cap	$980,885	
-Cash & Equivalent	159,912	3.31.18 10Q
-Notes Receivable	56,751	3.31.18 10Q
-Cash Converters	46,509	3.31.18 10Q
+Gross Debt	354,792	3.31.18 10Q includes deriv
EV	$1,056,463	
3.31.18 T12M adj. EBITDA	$92,780	Company presentations
EV / T12M adj. EBITDA	11.4x	

Recent Adj. Purchase Price Multiples in Mexico		
Avg. Net Revenue / Legacy MX Store	$239.7	Investor Day presentation
# of MX Stores Purchased in '18	84	Company filings
Potential Net Revenue Purchased	$20,135	
2018 L.A. Segment EBITDA Margin	39.5%	10k – conservative b/c of new store drag in FY18
Potential EBITDA Purchased	$7,959	
Estimated Purchase Price	$38,148	Imputed from company filings
Adj. Purchase Multiple	4.8x	

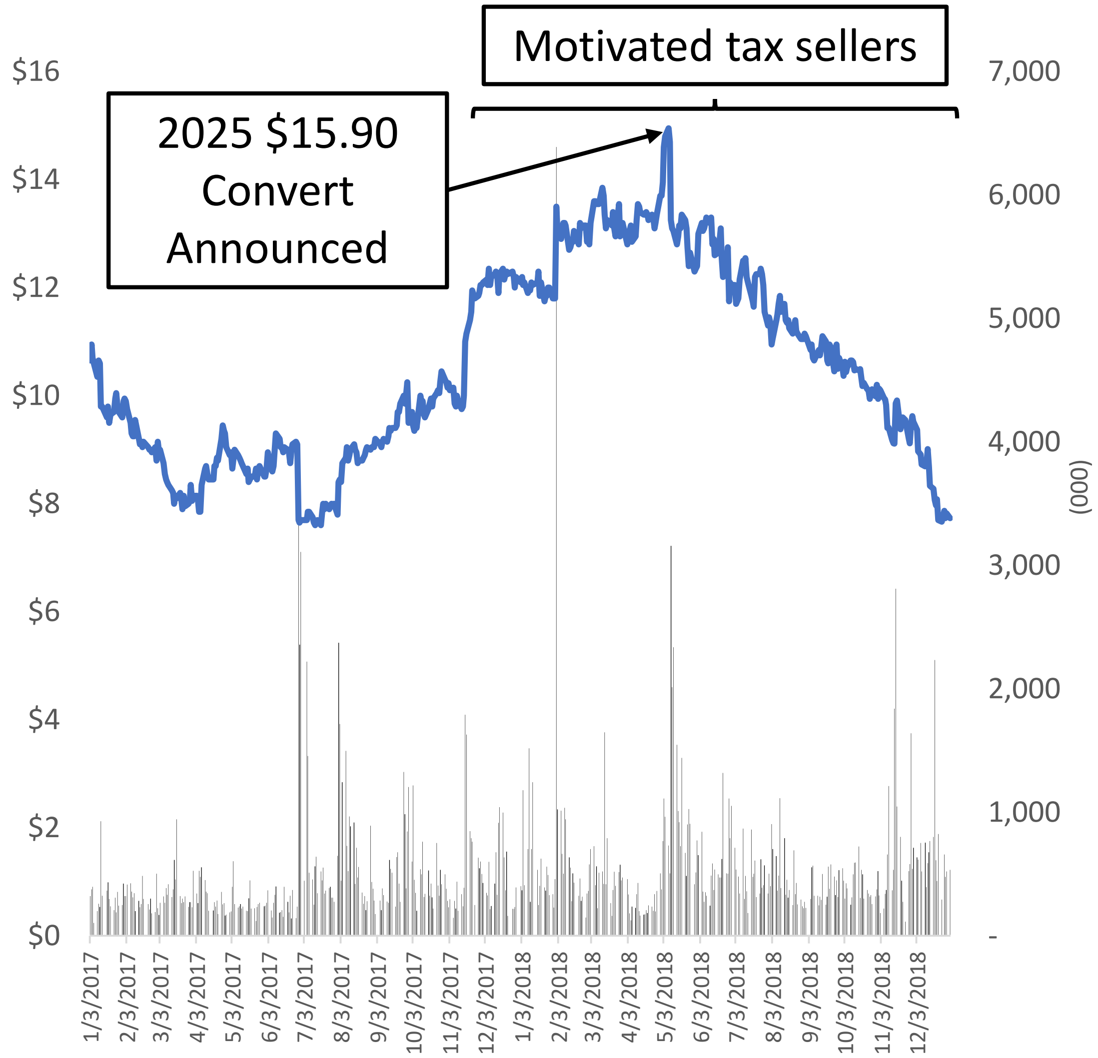
Why Does the Opportunity Exist?

Small Picture

Trading Factors

- In May of 2018 EZPW announced a convertible bond offering that led to a 50% decline in share price as:
    - Arb players shorted stock vs. the convertible
    - A large acquisition was not subsequently announced
    - Equity players questioned management's capital allocation and incentives in the face of potential dilution
- Non economic sellers contribute to downward momentum
    - Tax motivated sellers sought to lock in short term losses in 2018
    - EZPW rose ~100% in the 3 quarters before the convert, likely becoming too big of a position for some holders

2 Year Price and Volume



Why Does the Opportunity Exist: Hidden Assets?

Cash Converters

- EZPW owns a ~35% stake in a publicly traded Australian company
  - Present market value of $0.63 per EZPW share
- Cash Converters has its own problems
  - Regulatory etc.
  - Restructuring
- Difficult to value this business, but there is potential for significant upside with shares presently trading around 6x forward earnings

ASX: CCV

Alpha Credit Receivable

- EZPW sold Grupo Finmart subsidiary in September, 2016 for $50M and a $91M promissory note, which was subsequently refinanced at attractive terms
- Present value of the remaining payments is ~$37M, and we believe collection is very likely
  - Undiscounted value of $.68 per EZPW share
  - ~$30M expected in 2019
  - Borrower saves $4M if paid by 6.30.19

GRUPO FINMART

Mechanical screeners and some sell side reports that we have seen fail to ascribe any value to these assets, which are worth ~17% of the share price.

Are Management's Interests Aligned?

Incentives

Management

- CEO - Stuart Grimshaw
  - Left his job as CEO of the 3rd largest bank in Australia to join a small cap American pawn company
  - Seems odd, unless he thought there was a huge opportunity
  - Will be selling shares via 10b5-1 to finance the purchase of a new home
- Top 20 executives
  - Incentive compensation recently tied to per share performance

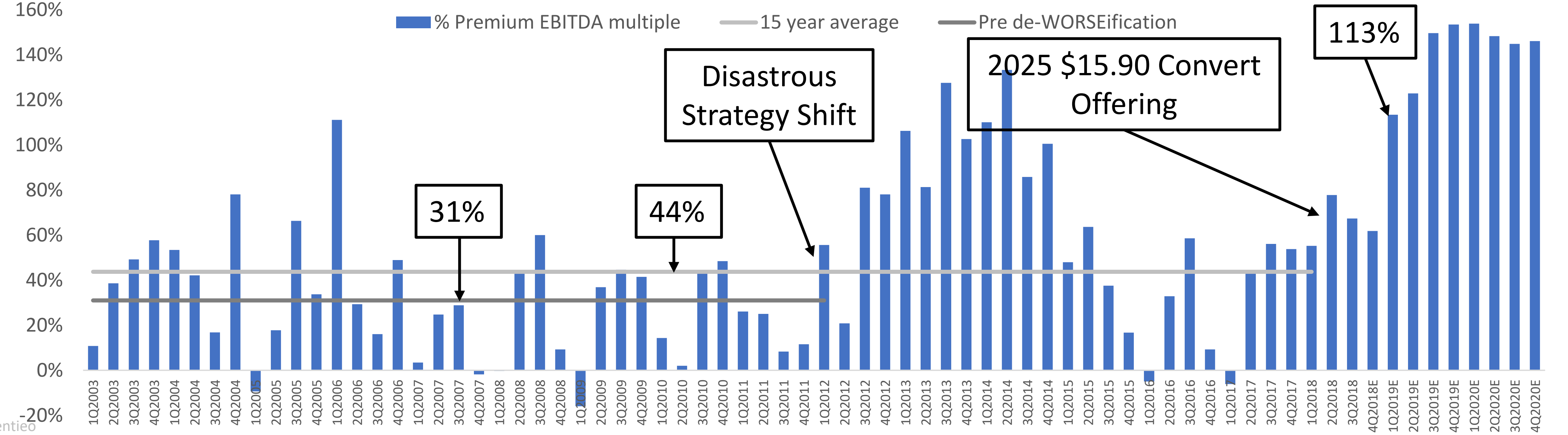
Controlling Shareholder

- Philip Cohen
  - Australian banker/private equity investor controls 5.5% of stock and 100% of the vote
  - Previously paid himself exorbitant consulting fees via Madison Park
  - Agreement terminated in 2014, and DE court ruled in Jan. 2016 that "entire fairness standard" applies – extremely unlikely deal is re-implemented
  - Historically poor track record of capital allocation
  - Share price appreciation is now Cohen's only avenue toward wealth creation, and new management appears to have a better grasp on capital allocation

Quantifying the Cohen Discount

- Phil Cohen is a clear hindrance to value creation at EZPW, and EZPW thus deserves to trade at a discount to FCFS
- However, at the moment, this discount is historically wide
  - The last time these levels were approached, performance was suffering from a strategy shift away from the core pawn business that led to significant write downs
  - At present, the company is operating at a very high level, with continued growth and margin expansion all but guaranteed, suggesting that the spread should be close to record tights, not at record wides
  - The convertible bond that led to recent selling is out of the money by >100% at present

FCFS premium T12M EV/EBITDA multiple to EZPW



Source: Sentieo

Valuation – Downside Case: NAV

Rare to find a growing, cash flowing, defensive business that is trading below breakup value

# U.S. Stores	508			
# LatAm Stores	453			
U.S. Value Per Store	$800	$1,000	$1,200	$1,400
U.S. Asset Value	406,400	508,000	609,600	711,200
L.A. Value Per Store	$300	$350	$400	$450
L.A. Asset Value	135,900	158,550	181,200	203,850
Total Store Value	$542,300	$666,550	$790,800	$915,050
+ Cash	286,015	286,015	286,015	286,015
+Note Receivable	37,425	37,425	37,425	37,425
+ Cash Converters	34,484	34,484	34,484	34,484
- Total Debt	511,250	511,250	511,250	511,250
NAV	$388,974	$513,224	$637,474	$761,724
Shares	57,268	57,268	57,268	57,952
NAV/Share	$6.79	$8.96	$11.13	$13.14
Price	$7.73	$7.73	$7.73	$7.73
Upside to NAV	*-13.3%*	*12.9%*	*44.0%*	*70%*

Notes

US Store Value

1. Total US store value of $610M puts a middle of the range private multiple on segment EBITDA
2. Management believes $1.2M per store is conservative

LatAm Store Value

1. Total LatAm store value of $181 ties to LWC's estimate of EZPW's recent adjusted acquisition multiple of 4.8x
2. De novo cost = ~$300k USDvalue goes up with inventory and customer relationships over time
3. LWC estimates that EZPW's 2018 acquisitions avg'd ~$500k per

Cash Converters @ Market

Notes Receivable @ BS

Relative Valuation

- LWC estimates that while EZPW trades at a discount to NAV, FCFS trades at a >100% premium
- This despite the fact that EZPW appears to have a better geographic mix in the U.S., has been taking share, has a larger relative growth opportunity, and has upside to margins relative to FCFS

Valuation – Downside Case: Financial Crisis

EZPW: Trading at Crisis Era Lows

If 2018 had been a "normal" year without assorted one time items, EBITDA would have been ~17% higher

If despite EZPW's consistent growth throughout the financial crisis, T12M EV/EBITDA multiples declined to a low of 5.0x, on normalized EBITDA downside would be limited

This sort of multiple implies dark clouds on the horizon, yet EZPW is primed for continued margin expansion and organic sales growth, as well as growth from acquisitions

2018 adj. EBITDA As Reported	$100,600	Company presentation
+ Est. Hurricane Impact	6,900	Company presentation
+ Canada EBITDA Drag	3,771	10K
+ Est. '18 De Novo Start Up Loss	400	LWC estimate
+ FY contribution from acqs	6,204	LWC estimate
Est. 2018 Normal adj. EBITDA	$117,875	LWC estimate
Crisis Era Low Multiple	5.0x	Source: Sentieo
Enterprise Value	$589,374	
+ Cash and Equivalents	286,015	10K
+ Cash Accumulation	0	completely unrealistic
+ Notes Receivable	37,425	10K
+ Cash Converters	34,484	10K
-2019 Convert Gross	195,000	10K note: June maturity
-2024 Convert Gross	143,750	10K
-2025 Convert Gross	172,500	10K
Market Cap	$436,048	
Diluted Shares	57,268	Treas. Method inc. unvested RSUs
Per Share	$7.61	
Downside	*-1.6%*	

Valuation: Normalized 2018, Historical Discount

Improving Profile… Increasing Cohen Discount?

If 2018 had been a “normal” year without assorted one time items, EBITDA would have been ~17% higher

With no multiple expansion, this would lead to 18% upside

In recent years, EZPW has simplified its business, improved their geographic mix, developed an acquisition pipeline, and proven they can execute very well

All of these items suggest that a return to historic discounts (or tighter) is appropriate

Note that at historic discounts, implied multiples are attractive on an absolute basis

2018 adj. EBITDA	$100,600		
+ Est. Hurricane Impact	6,900		
+ Canada EBITDA Drag	3,771		
+ Est. De Novo Start Up Loss	400		
+ FY Contribution From Acqs	6,204		
Est. 2018 Normal adj. EBITDA	$117,875	$117,875	$117,875
T12M Multiple	5.8x	~7.5x	~9.2x
Enterprise Value	$677,781	$886,254	$1,086,173
+ Cash and Equivalents	286,015	286,015	286,015
+ Notes Receivable	37,425	37,425	37,425
+ Cash Converters	34,484	$34,484	$34,484
- 2019 Convert Gross	195,000	195,000	195,000
- 2024 Convert Gross	143,750	$143,750	$143,750
- 2025 Convert Gross	172,500	$172,500	$172,500
Market Cap	$524,454	$893,520	$1,094,120
Diluted Shares TM, inc. unvested RSUs	57,268	62,398	67,782
Per Share	$9.16	$14.32	$16.14
Upside	18.3%	85%	108.5%

Current Cohen discount: 133%

Cohen discount to FCFS @ 44%

Cohen discount to FCFS @ 31%

FCFS @ 13.4x T12M EV/EBITDA per Bloomberg

Valuation: Acquisitions & Operational Improvement

Back of the Envelope

Multiple moving pieces including margin assumptions, cash accumulation, acquisition multiples, and financing decisions make an accurate view of the future impossible

However, using reasonable estimates can be illustrative

Assuming reasonable operational improvements as recently acquired LatAM stores mature and store count growth well within guidance illustrates the potential to increase adjusted EBITDA by 60% over the next 3 years

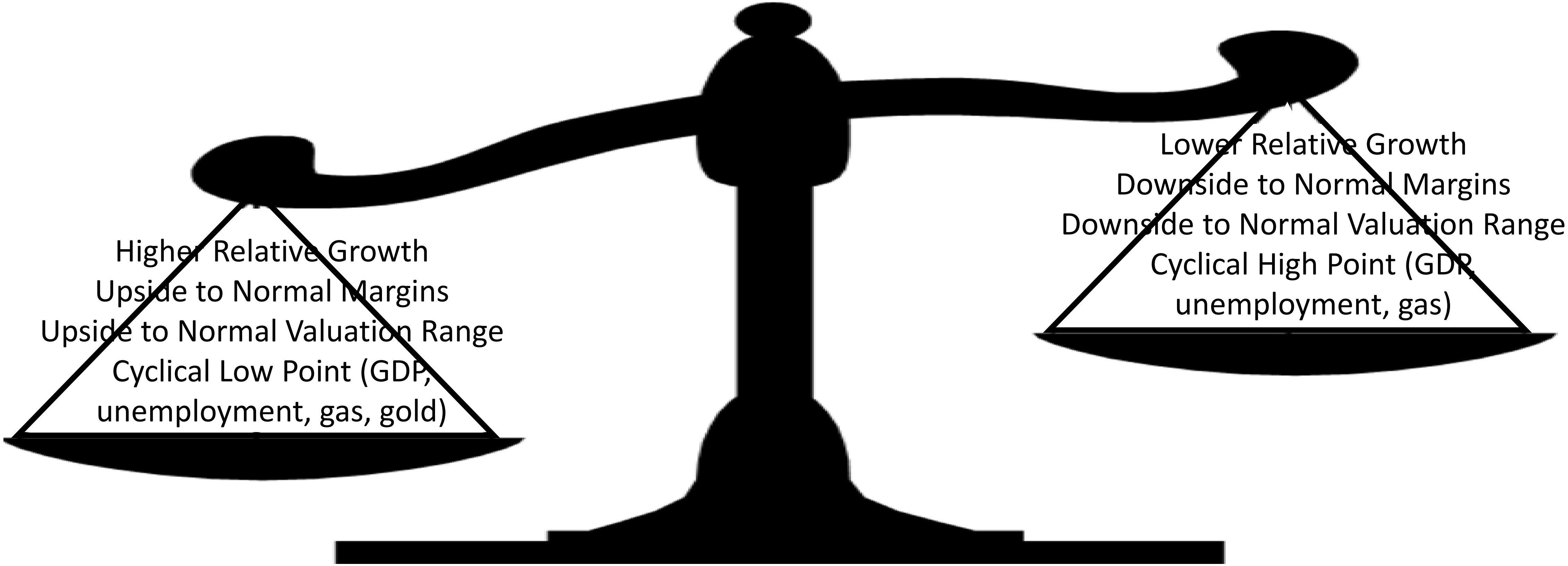
Assuming collection of the outstanding receivable, redemption of the 2019 note, $40M in cash accumulation per year, average purchase price of $400k USD per store, and a multiple reflective of defensive, growing business that is executing well illustrates the potential for significant upside, and a very large margin of safety from current prices

	2020	2021	
U.S. Segment EBITDA	$115,965	$115,965	
+ Est. Hurricane Impact	6,900	6,900	Investor day presentation
Adj U.S. Segment EBITDA	$122,865	$122,865	
LatAm Store Count	600	725	LWC estimate
*Net Revenue / Store	250	250	Slight improvement
LatAm Net Revenue	$150,000	$181,250	
EBITDA Margin	43.0%	44.0%	Conservative vs FCFS
LatAm Segment EBITDA	$64,500	$79,750	
Corp Segment EBITDA	-$50,000	-$51,000	LWC estimate
Total EBITDA	$137,365	$151,615	
+ adj.	8,000	8,000	LWC estimate
Adj. EBITDA	$145,365	$159,615	
Multiple	10.0x	10.0x	
EV	$1,453,650	$1,596,150	
+ Cash and Equivalents	108,440	103,440	
+ Cash Converters	34,484	34,484	10K
-2024 Convert Gross	143,750	143,750	10K
-2025 Convert Gross	172,500	172,500	10K
Market Cap	$1,280,324	$1,417,824	
Shares	66,700	68,500	Treasury method, including. unvested RSUs
Per Share	$19.20	$20.70	
Upside	148%	168%	

Valuation: Relative to SP 500

As recession fears grow, long only investors should seriously consider EZPW

EZPW	SP500



EZPW could trade 20-50% higher than our estimates if (when) GDP goes negative…
The S&P could trade down 20+% if GDP goes negative…

Valuation Kickers

Significant Opportunity for Creative Value Creation

- EZPW's ability to access capital markets has been significantly impaired by the presence of the controlling shareholder, resulting in significant share price convexity tied to convertible bonds
  - Going forward, EZPW should be able to self finance their growth, and potentially restructure their capital structure on more favorable terms
  - A financial buyer could remove the Cohen discount and restructure the capital structure on more favorable terms
- As Cohen ages, he is more likely to sell
  - FCFS is a logical buyer that could realize large operational synergies
  - Strategically, if FCFS were to purchase EZPW, they would be eliminating their main competitor in any auction for additional stores

Summary

An investment in EZPW is very favorably skewed, as downside appears negligible, and significant potential upside exists as the company continues to grow revenue and margins in the years to come. Importantly, even absent successful growth, meaningful upside exists as one time items roll off and EBITDA normalizes.

Valuation Summary

Downside Cases	**Target Price**	**% Upside**
Estimated Net Asset Value	$11.13	44%
Financial Crisis EBITDA Multiple	$7.61	-2%
Upside Cases	**Target Price**	**% Upside**
"Normal" 2018 adj. EBITDA, No Multiple Expansion	$9.16	18%
"Normal" 2018 adj. EBITDA, 15 Year Comp Discount	$14.32	85%
"Normal" 2018 adj. EBITDA, Pre Acquisition Comp Discount	$16.14	109%
2020: Acquisitions and Operational Improvement	$19.20	148%
2021: Acquisitions and Operational Improvement	$20.70	168%

What Could Go Wrong?

Risk	Mitigant
• Controlling shareholder	• Incentives are to focus on share price
• Continued reliance on potentially dilutive convertible offerings	• At this point, the company should be able to self finance all but the largest acquisitions
• Regulatory	• Unlikely: pawn is a vital service
• Weakness in retail sales/shift to online	• A real risk, reduced by on demand nature of pawn, and clients w/o credit cards
• Universal Basic Income?	• Human nature to outspend your income

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