



# H1 RESULTS PRESENTATION

19 FEBRUARY 2018

**Scott Baldwin**  
Managing Director

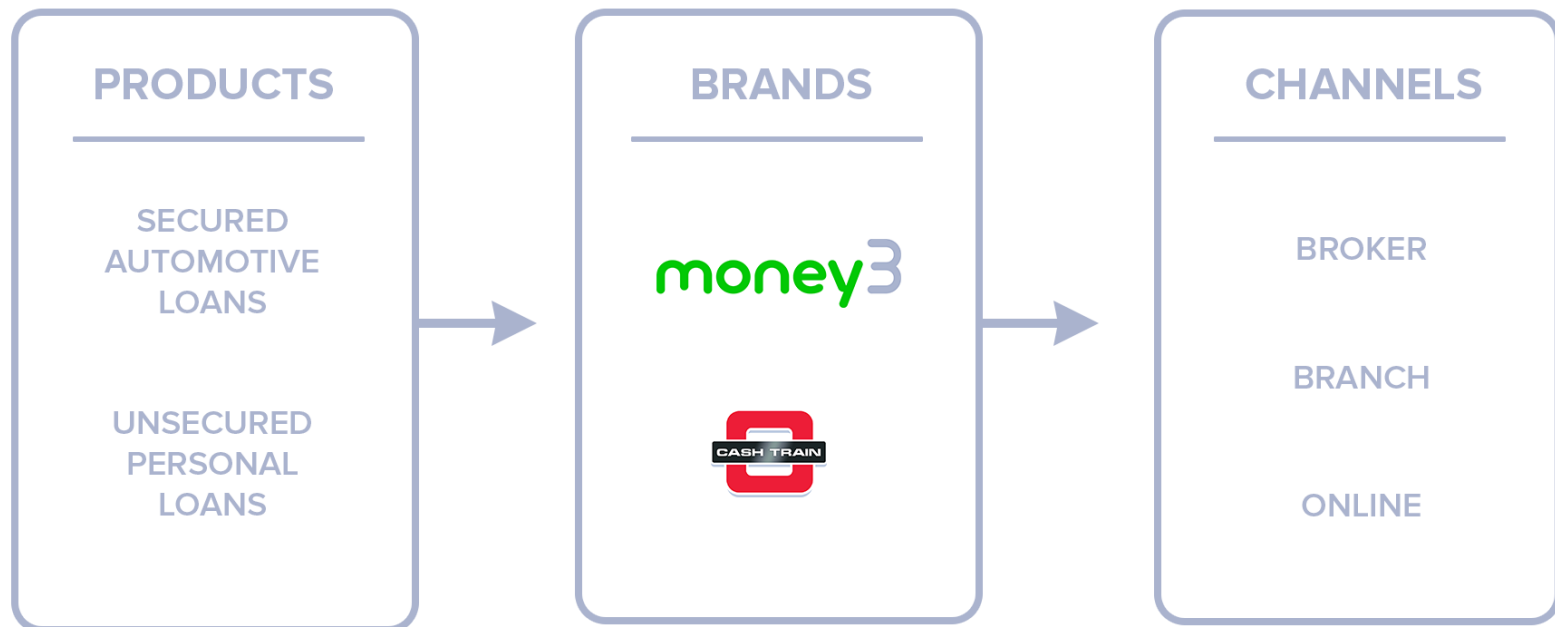
**Ray Malone**  
Chairman

**Brett Coventry**  
Chief Financial Officer



# About Money3

Money3 is a national credit provider committed to servicing the needs of customers who cannot access funding from traditional lenders



# H1 FY18 Financial Performance

	H1 FY18 \$m		H1 FY17 \$m		H1 FY16 \$m
Revenue	60.4	16.8%	51.7	9.1%	47.4
Expenses	32.9	16.3%	28.3	-6.6%	30.3
<b>EBITDA</b>	<b>27.5</b>	<b>18.0%</b>	<b>23.3</b>	<b>36.3%</b>	<b>17.1</b>
<i>EBITDA as % of revenue</i>	45.6%		45.2%		36.0%
<b>NPAT</b>	<b>15.5</b>	<b>12.3%</b>	<b>13.8</b>	<b>38.0%</b>	<b>10.0</b>
<i>NPAT as % of revenue</i>	25.7%		26.7%		21.0%
EPS (Basic) cents per share	9.80 cps	9.9%	8.96 cps	17.9%	7.60 cps

Secured automotive  
loan revenue of  
\$36.0m, increase of

**32.8%**

(H1 FY17: \$27.1 million)

Net profit after tax  
of \$15.5 million,  
increase of

**12.3%**

(H1 FY17: \$13.7 million)

EBITDA margin  
improved to

**45.6%**

(H1 FY17: 45.2%)

(H1 FY16: 36.1%)

# H1 FY18 Key Highlights

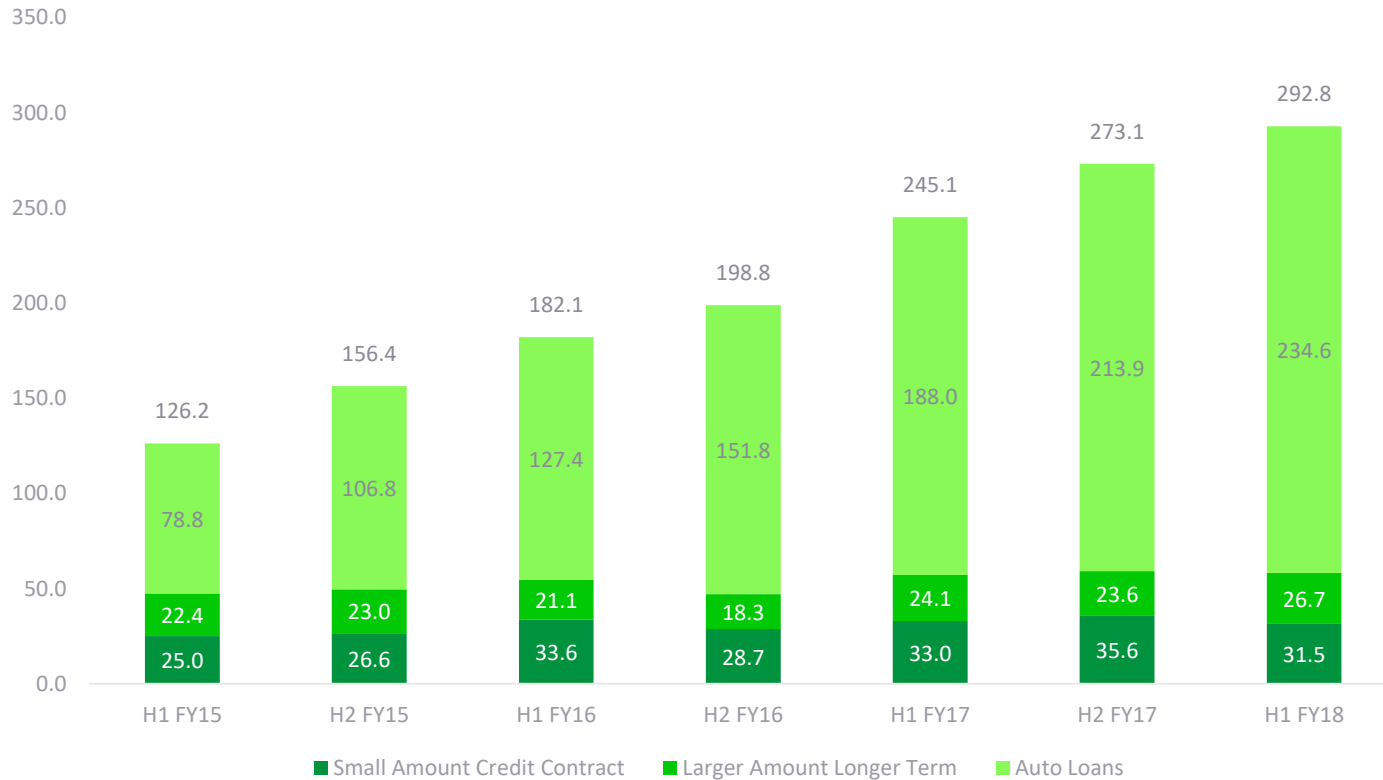
- New debt facility, \$150m providing significant headroom for growth
- Record half year Revenue of \$60.4m, up 16.8% y-y
- Record half year NPAT of \$15.5m, up 12.3% y-y
- Record half year Dividend of 4.5c up 80% y-y
- Gross loan book increased to \$292.8m, up 18.5% y-y
- New accounting standards AASB9 and AASB15 have been adopted for revenue recognition and provisioning, with a total adjustment to retained earnings of \$6.4m
- Bad debts of 2.7% of gross loan book slightly up from 2.5% in H1 FY17, within forecast range of 5-6% annually
- Closed a further 3 branches during H1 FY18
- Increase in net tangible assets of 11.5% y-y to \$1.07 per share

# Sustainable Cashflow

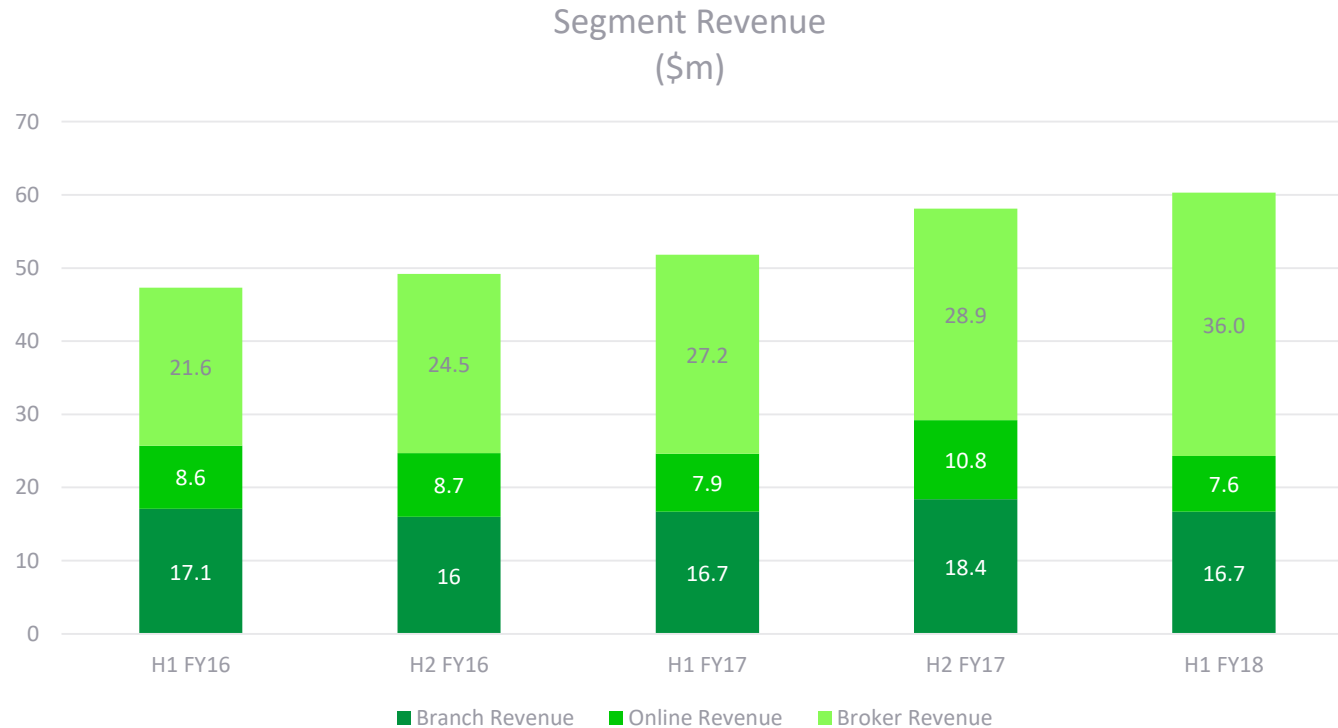
	H1 FY18 \$m	H1 FY17 \$m	\$ Change \$m	% Change
Receipts from customers	167.0	148.9	+ 18.1	+ 12%
Payments to suppliers & employees	- 21.1	- 22.6	+ 1.5	- 7%
Net interest and finance expense	- 5.7	- 2.2	- 3.5	+ 165%
Income tax paid	- 11.1	- 8.6	- 2.5	+ 28%
<b>Cashflow from operating activities</b>	<b>129.1</b>	<b>115.5</b>	<b>+ 13.6</b>	<b>+ 12%</b>
Funds advanced for new loans	- 136.9	- 142.8	- 5.9	- 4%
<b>Net Cash used in operating activities</b>	<b>- 7.8</b>	<b>- 27.3</b>	<b>- 19.5</b>	<b>- 71%</b>

# H1 FY18 – Continued Growth in Secured Lending

Gross Loan Book \$m

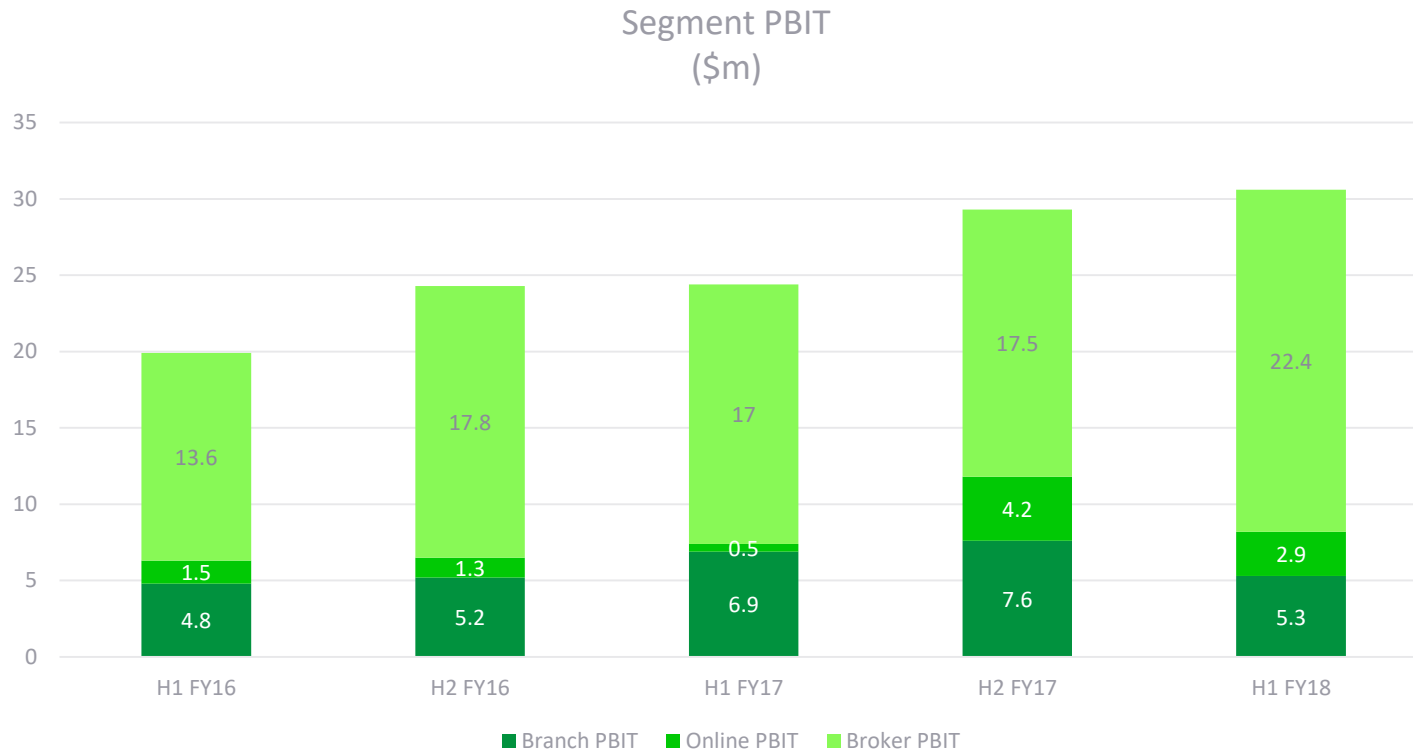


# Segment Revenue



Secured Automotive Lending revenue continues to grow with further growth expected in H2

# Segment PBIT



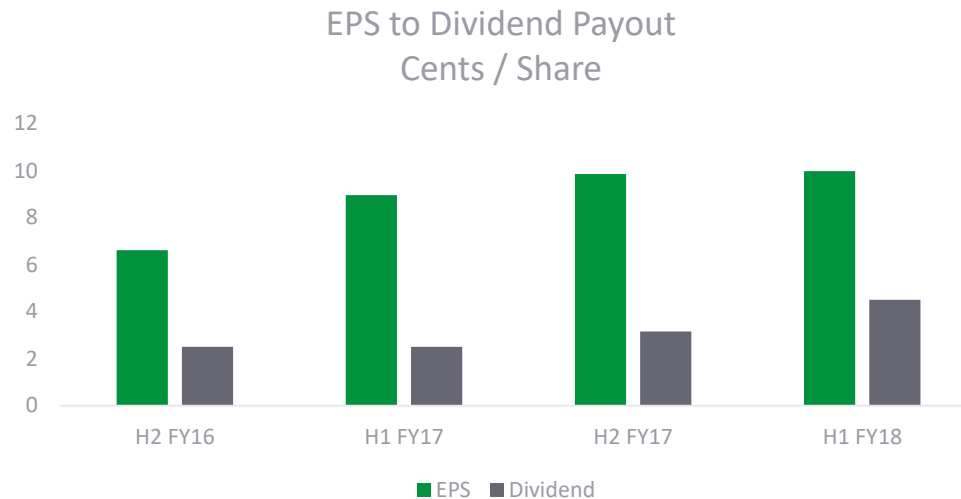
Secured Automotive lending contribution trending toward 75% of total contribution in H2



# H1 FY18 – Continued Growth in Secured Lending

- Strong secured automotive revenue of \$36m up 32.7% y-y
- Gross receivable grew by \$46.6m to \$234.6, up 24.7% y-y
- Strong demand continues for secured automotive receivables with significant growth planned for FY19
- Cash receipts from secured automotive lending of \$75m up 24.8% y-y
- Secured automotive loans now represents 80.1% of the gross loan book up from 76.7% y-y
- New \$150m debt facility settled in December 2017 provides significant funds available to increase loan growth in 2018, via progressive drawdown

# Increased Dividend Yield



- Earnings Per Share of 9.8 cents
- The Directors declared an increased Interim Dividend of 4.5c per share, up 80% y-y
- Increased cashflows combined with new finance facilities will allow dividends to continue to be paid at the higher end of the stated payout range of 30 – 50%
- The company continues to explore ways of releasing excess franking credits held by the company, to the shareholders

# Regulations

- The National Consumer Credit Protection Act of 2009 review, conducted after 1 July 2015, handed down 24 recommendations for changes to existing regulations. After review of these recommendations, Money3 has concluded there is no material financial impact should all of the recommendations be adopted into legislation
- On 5 September ASIC banned flex-commissions in the car finance market. This legislative change will not affect Money3, as Money3 does not provide flex commissions on its products
- Money3 puts particular emphasis on responsible lending conducting an enquiry into every applicants ability to repay a loan, accessing their source of income, residential status, number of dependants and any other financial commitments they have at the time of application.

# Outlook

- Money3 estimates its target market in Australia for automotive loans is approximately 700,000 loans per annum with Money3's prior year run rate of approximately 14,000, representing approximately 2% penetration
- There is significant scope to grow market share of the second hand automotive finance market and with larger lenders taking a more conservative approach to lending an opportunity exists for Money3 to assist consumers to buy a car
- Full year results will continue to benefit from expense control and strong margins
- Progress continues to be made towards the exit of SACC lending, still anticipated in FY19
- Money3 secured funding of \$150m, which will repay bond debts and provide continued growth opportunities
- Full year guidance has increased to \$30-31m NPAT
- Commenced marketing to our database and expect to take 3% of market share over the coming 12 months

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# Money3 Corporation Limited



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