



# SCOTTISH PACIFIC BUSINESS FINANCE

## GOLDMAN SACHS SMALL AND MID-CAP CONFERENCE

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All currency amounts are in AUD dollars unless stated otherwise.

## About Debtor Finance

- Lifeblood for every business – working capital
- Essential throughout the life of the business
- Lend to a business, get repaid by the broader economy
- Available in all economic conditions
- Under penetrated in the Australia and New Zealand markets, compared to other markets such as the UK and Europe
- Labour intensive
- More capital required than property lending
- No need to provide property security

## Scottish Pacific

- Largest debtor finance company in Australia and New Zealand
- Loan book exceeding \$1 billion
- More customers than NAB and Westpac in debtor finance
- Almost 300 staff, across four countries
- 30 years of IP and learnings
- New products, improving market penetration and new source of income
- Historical low bad debts

USING OUR MARKET LEADING POSITION TO OFFER MORE PRODUCTS TO OUR CUSTOMERS  
AND AN EXPANDED TARGET MARKET

# ADDING VALUE WITH HIGH SATISFACTION

## EXCELLENT RESULTS FOR BUSINESS FINANCE INDUSTRY

Adds Value  
to Business

81% customers  
agree

Trusted  
Advisor

68% customers  
agree

Flexibility  
and  
efficiency

65% customers  
agree

### Drivers of positive customer experience

Being responsive

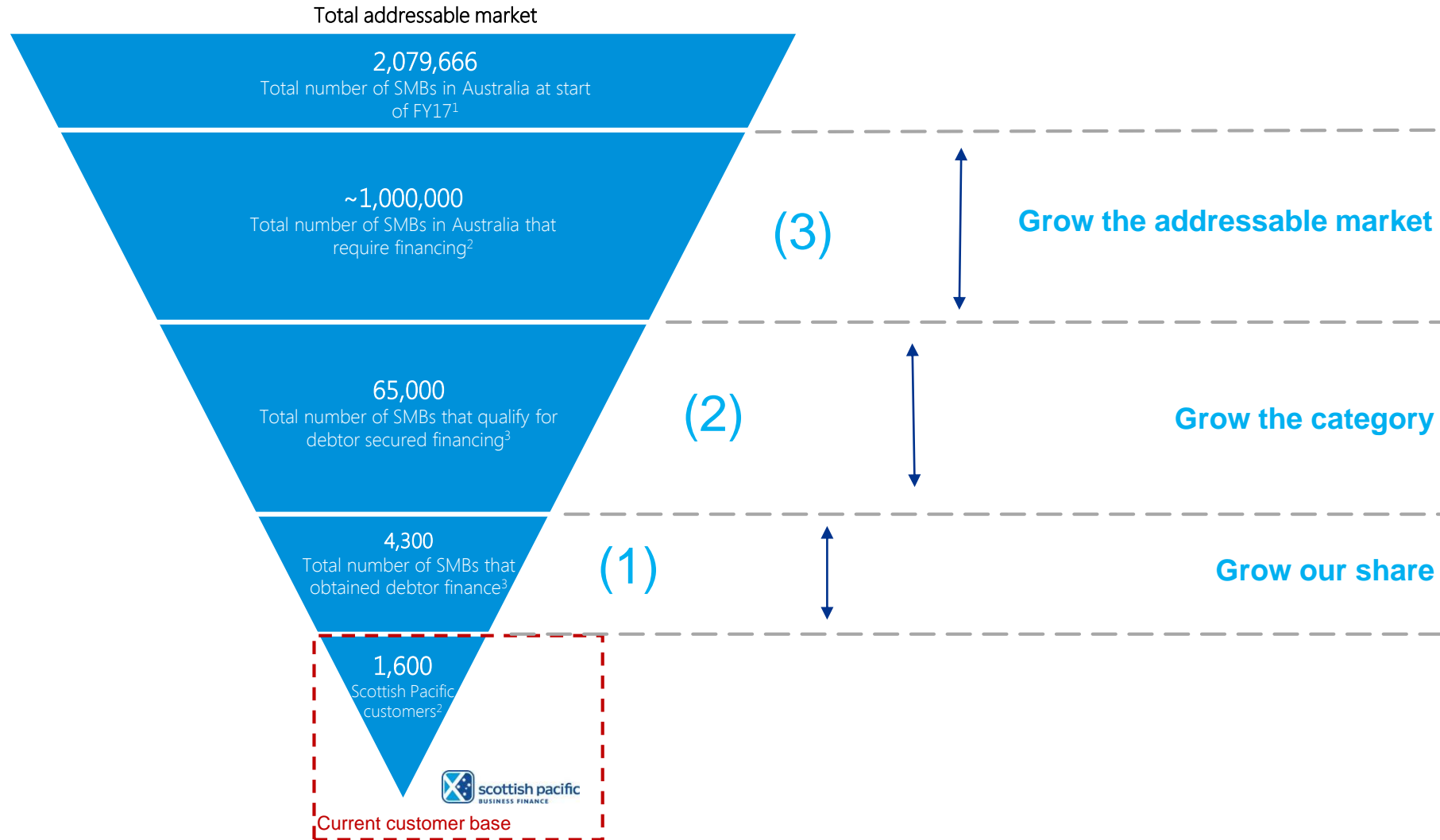
Timeliness

Professionalism

Being helpful and supportive

Understanding business  
needs and requirements

# DEFINING THE MARKET OPPORTUNITY



# STRATEGIC PRIORITIES

## INCREASING OUR INFLUENCE IN THE SME MARKET TO GROW THE CATEGORY



### Increase relevance by expanding the product portfolio

Manufacture solutions for the majority of SME's working capital needs

Extend and complete range with complimentary product partnerships

Meet needs throughout the entire business lifecycle

Tailored to specific segment needs



### Grow reach through channel development

Create proprietary channels that operate early in the path to purchase

Develop integrations that enable acquisition in partner environments

Continue to grow the direct channel volume and origination capability

Develop and activate distribution partnerships



### Understand customer needs and optimise the customer experience

Develop an intimate understanding of the entire market through product and channel data

Enhance the customer relationship by providing data driven insights and advice

Create more ways to do business when and where it suits our audience. Use data analytics to predict needs and provide timely and contextually relevant recommendations to customers and prospects

Develop a segmented customer experience model based on complexity of need.



### Ensure sustainability through operational excellence

Operational efficiency of process and systems

Flexible Funding options aligned for growth

Attracting and developing the best talent

Best practice risk management

Fostering a high performing culture

A clear data strategy and roadmap of enabling technologies

LEVERAGING STRONG FOUNDATIONS OF SCALE, BRAND, FUNDING, AND DISTRIBUTION

# GROWTH DRIVERS

Existing customers  
increasing turnover



*At 3x CPI growth*



Increase in  
customer numbers

*New customers, staying  
longer*

Increase in average  
customer size



*Selective targeting*



Increase market  
penetration and value  
per Customer

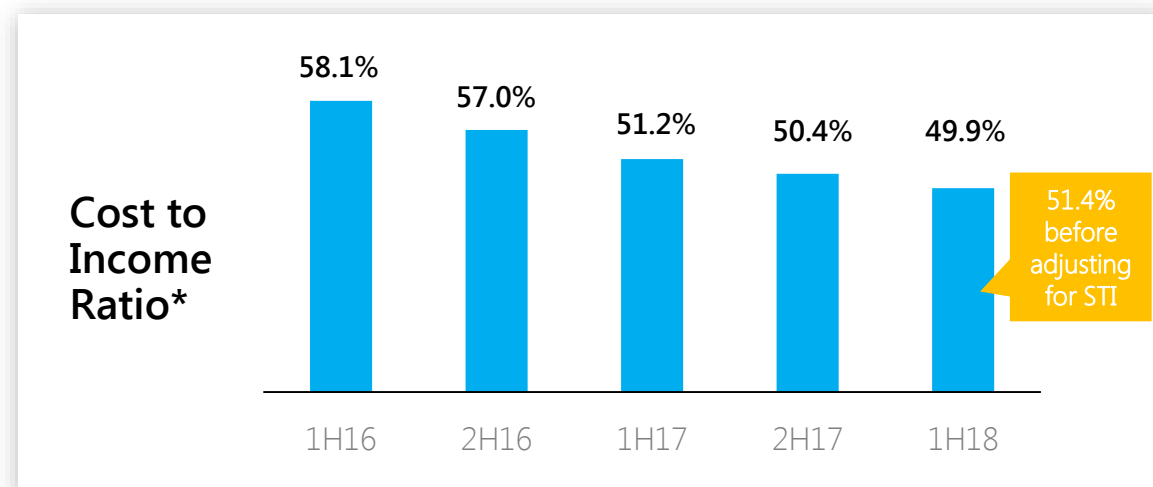
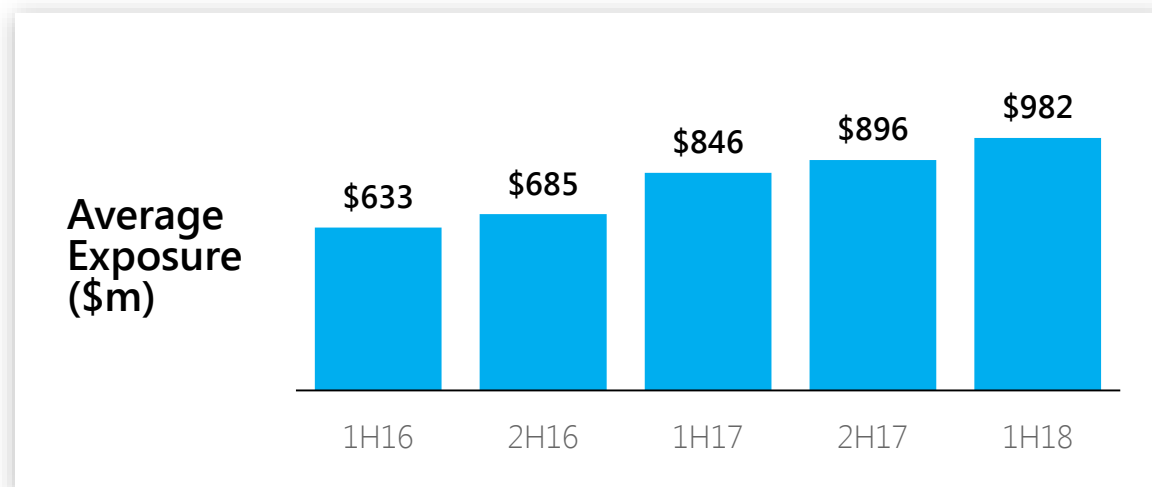
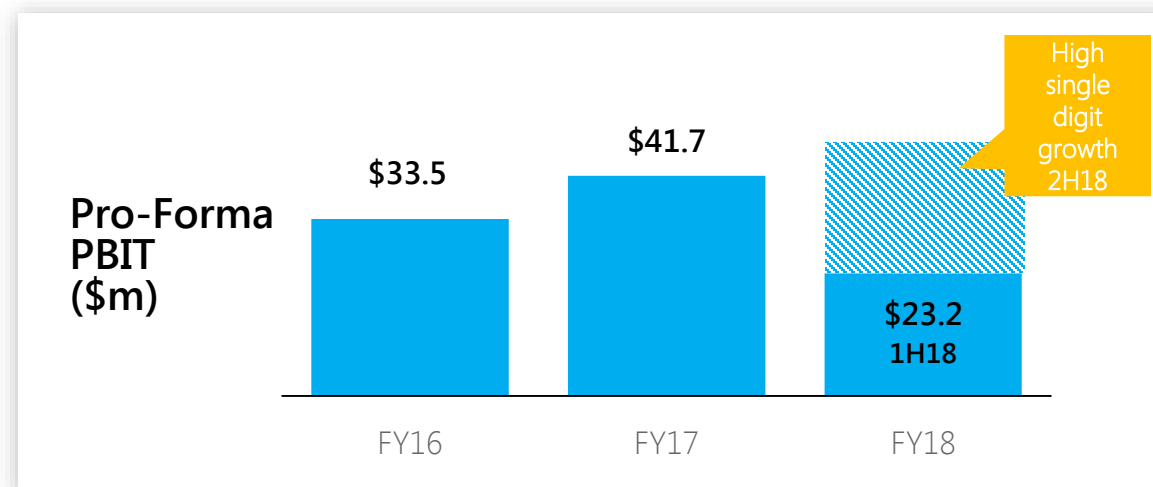
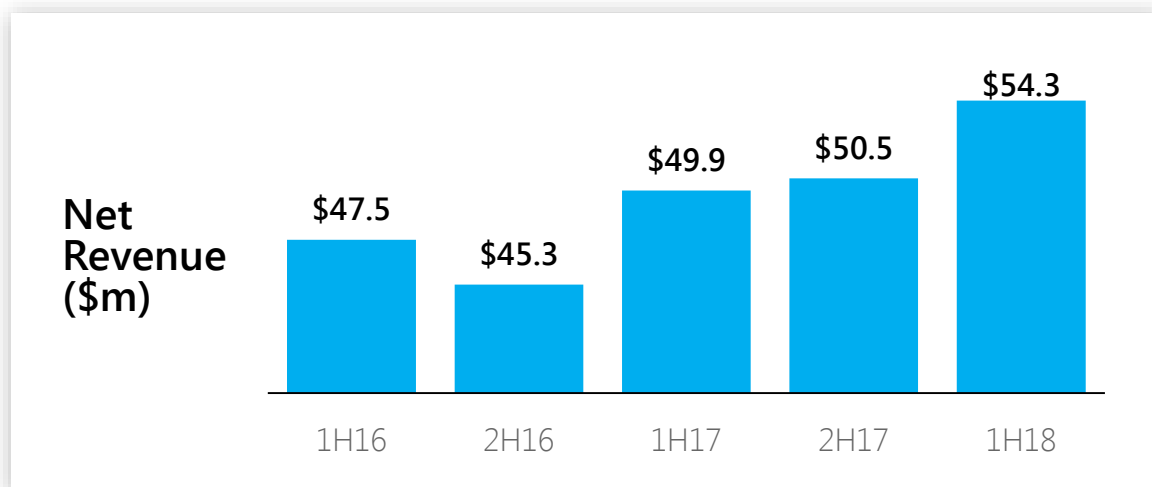
*New products added*

Profitable  
Growth

Delivering a business which remains highly relevant, competitive and scalable.  
Fit for further significant growth.

# FINANCIAL HIGHLIGHTS

## CORE BUSINESS NET REVENUE GROWTH 10.4%



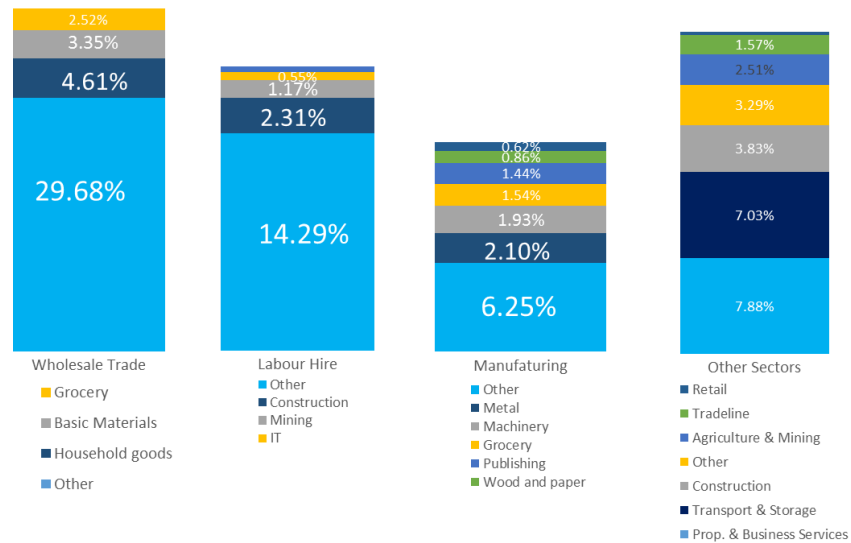
\* Operating Expenses minus BDD and D&A/Net Revenue



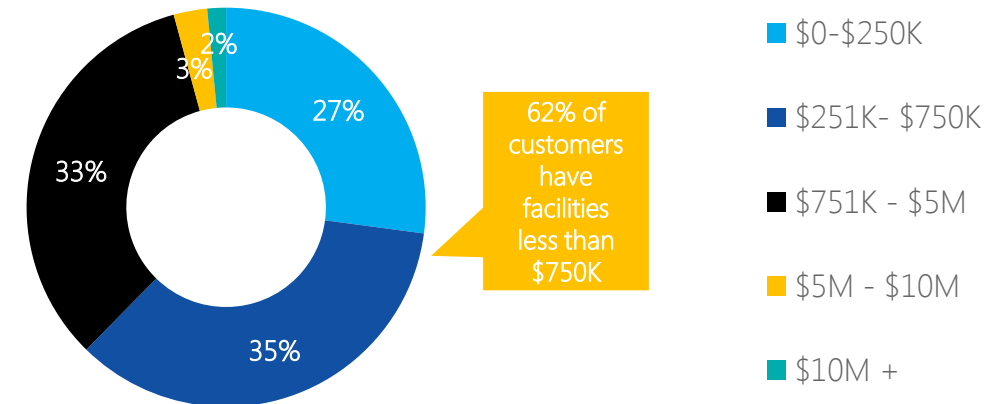
# DIVERSE PORTFOLIO OF CUSTOMERS

## RISKS MITIGATED BY INDUSTRY AND DISCIPLINED CREDIT STANDARDS

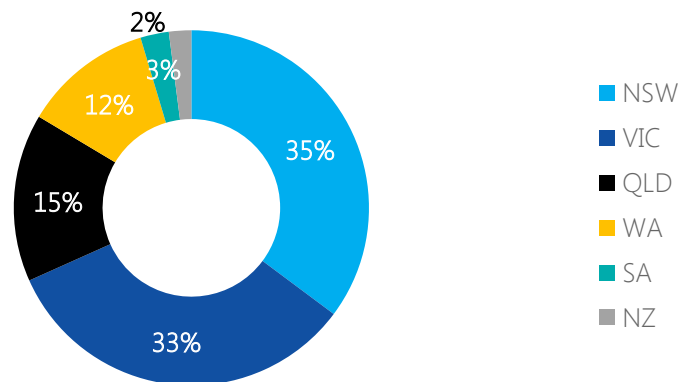
Customer Exposure by Sector (31 Dec 2017)



Customer Size by Facility Limits (31 Dec 2017)



Funding Exposure by Geography (31 Dec 2017)



Disciplined approach to credit standards, underpins outstanding low bad and doubtful debt performance



# TECHNOLOGY ENABLING RETURNS



## Channel and Distribution

Online channel for Direct and 3<sup>rd</sup> parties

Open API's

Tools to connect with customers earlier in the purchase journey



## Automation of workflow and processes

Completion of core operating system migration (Aquarius) due in Sep 2018

Straight Through Processing (STP) for simple lends

Cloud enabled collaboration – Office 365 and CRM

Incremental productivity and efficiency driving JAWS and C:I



## Relationship Management

New CRM – April 2018

Digitisation of customer data supporting Analytics :

- Predict need and match solutions
- Data driven insight and advice

Automated, tailored marketing



## Credit Decisioning and Origination

Automated credit decisioning tools – scales existing IP

Risk based origination (Hi/Low touch and No touch)

Real time portfolio management

# DIVIDEND



## Dividend Payouts

Interim Dividend 1H17	8.0 cents per share	Fully franked
Final Dividend 2H17	8.5 cents per share	Fully franked
Interim Dividend 1H18	9.0 cents per share	Fully franked





# OUTLOOK

Confidence in longer term

- Reducing home ownership/equity
- Providing solutions rather than a product
- Moving up the sales curve through partnerships
- Targeted approach to larger quality customers

Reconfirming earlier guidance of high single digit PBIT growth

Supported by:

- Strong growth in loan book and Net Revenue
- Flattening of fee margin compression





Q&A