

Media Release
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Mortgage Choice HY20 Results

Mortgage Choice Limited (MOC) has today announced its financial results for the six months ending 31 December 2019.

Financial highlights for the period include:

- NPAT on an IFRS basis of \$4.0m
- NPAT on a cash basis of \$5.5m; NPAT on a cash adjusted basis of \$6.1m
- \$5.0 billion settled home loans, up 22% on 2H19
- Total loan book of \$54.3 billion, holding steady on 2H19
- Financial planning Funds Under Advice up 30% from 1H19 to \$1.1 billion
- Financial planning insurance Premiums In Force of \$31.2 million, up 8% from 1H19
- Cash earnings per share of 4.4 cents
- Interim fully franked dividend of 3 cents per share

Mortgage Choice Chief Executive Officer, Susan Mitchell said the period saw improving market conditions and early benefits from the Company's investments for growth.

"The interim results reflect a turnaround in the nation's housing market and are in line with expectations. We have seen a steady increase in the volume of applications and approvals and despite settlements being down slightly on the previous corresponding period, they were up 22% on the six months to 30 June 2019.

"Following the investment made in our broker remuneration model and technology platforms in FY19, we are starting to see regeneration of our broker network with an improved rate of growth in new brokers joining the network. We have also seen an improvement in productivity as a part of this activity, enabling our network to operate more efficiently and dedicate more time to customer interaction.

"The industry has experienced significant regulatory change and uncertainty in recent times related to declining credit growth and uncertain economic conditions. This was exacerbated by a prolonged drought and, more recently, a devastating bushfire season. However, the turnaround in the housing market in the second half of 2019 has continued into 2020 and I believe we are well-positioned to take advantage of this new environment as we focus on building a long-term, sustainable business."



Mortgage Broking Industry remains robust

Demand for mortgage broking continues to be strong with 55% of home loans originated from brokers during the quarter ended 30 September 2019. This was down from the heights of nearly 60% in the first quarter of 2019, due to a decline in investment lending.

The national housing market is recovering and gathering momentum, albeit in a tightened lending environment, reducing borrowing capacity for Australian consumers. Australia's house value rebound has continued into 2020 with the CoreLogic National Home Value Index up by 0.9% in January. This now places the annual growth rate at 4.1%, the fastest rate of growth for a twelve-month period since December 2017. November 2019 saw the largest month-on-month rise since 2003, and since hitting its low in June 2019, the national dwelling index has recovered by 6.7%.

Regulatory change

With Best Interest Duty approaching on 1 July, Mortgage Choice welcomes these changes as they are positive for consumers and aligned to its customer-centric business model. Readiness for the new obligations will be a focus in the second half, having invested in its digital platform to ensure the broker network is appropriately equipped to meet customer needs.

Mortgage Choice Financial Planning reaches \$1bn in FUA

The Company's financial planning business continues to grow with Premiums In Force up by 8% and Funds Under Advice by 30% half-on-half to \$1.1 billion. With the appointment of a new Chief Advice Officer, Dean Thomas, the business is well placed to build on this momentum and deliver growth in this business line.

Dividend

Mortgage Choice will pay a fully franked half-year dividend of three cents on the 17th of April 2020 consistent with the two previous periods.

Outlook

In the second half, Mortgage Choice will continue its focus on attracting high-quality brokers and advisors to its franchise network, while investing further in its IT systems and brand. Targeted recruitment activity is showing early signs of success with the network stabilising, and its digital strategy beginning to improve lead activity. The business will also actively ensure network readiness for the rollout of forthcoming new legislation with attention on core business processes and maintaining robust frameworks.

"We are confident we can continue to regenerate the broker network and build scale in our financial planning business. We will be implementing a new brand strategy to strengthen customer appeal, backed by further enhancements to the customer experience. We have recently re-launched a white label offering on our lending panel providing a branded solution for our network to offer our customers. These activities are all part of our ongoing journey towards building a resilient and sustainable business that generates consistent growth and returns for shareholders over time," added Susan Mitchell.

Ends.



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Important information

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About Mortgage Choice

Mortgage Choice is an ASX listed company that seeks to help Australians with all of their financial needs. Established in 1992, Mortgage Choice was originally established to help Australians improve their financial situation by offering a choice of home loan providers, coupled with the expert advice of a mortgage professional. Since that time, the company has grown and developed into a fully-fledged financial services provider. Today, Mortgage Choice helps customers source car loans, personal loans, credit cards, commercial loans, asset finance, deposit bonds, and risk and general insurance. Further, the company offers Australians access to real, relevant and affordable financial advice through our qualified financial advisers. Mortgage Choice has no balance sheet or funding risk, and consistently delivers strong profits and attractive yields. It listed on the ASX in 2004 (MOC) and is a member of the Mortgage & Finance Association of Australia (MFAA). Mortgage Choice holds an Australian Credit Licence: no. 382869 and Mortgage Choice Financial Planning Pty Limited holds an Australian Financial Services Licence: no. 422854. Both licences are issued by ASIC. Visit www.mortgagechoice.com.au or call customer service on 13 77 62.