



money3

AGM Presentation  
27 November 2018

**Scott Baldwin**  
Managing Director and CEO



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# Introduction



Money3 is a leading provider of pre-owned automotive finance to **4-5 million Australians** either not serviced by or excluded by traditional lenders



Over 18 years in business Money3 has settled over **800,000 loans** worth over **\$1 billion** in value



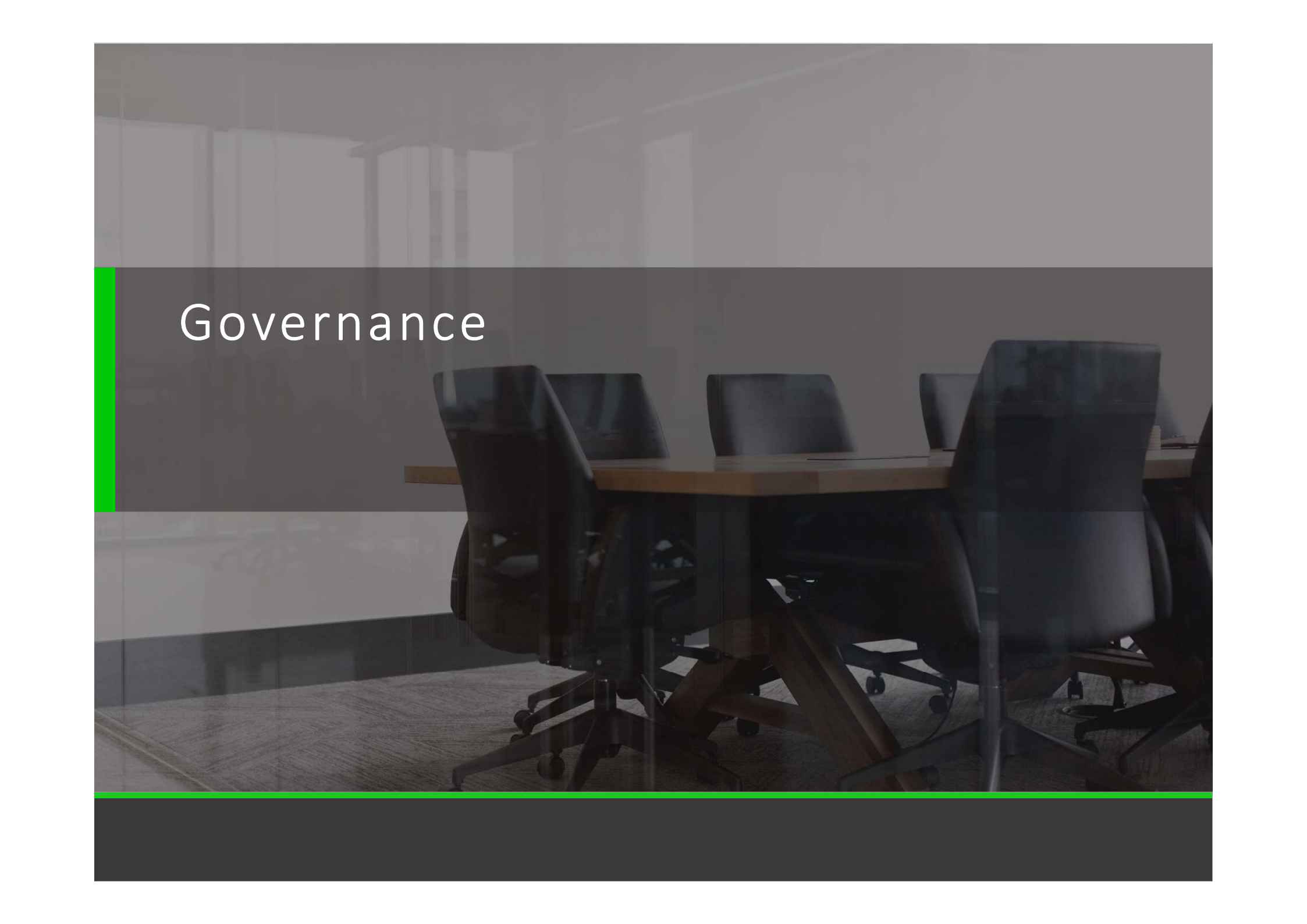
With **\$84m<sup>1</sup> available in deployable capital**, Money3 will grow its loan book and market share



Broker and direct business channels are growing strongly delivering 5 year compound annual growth rate (CAGR) in **EPS of over 25%**.

**500,000 UNIQUE CUSTOMERS**

<sup>1</sup> As at 31 October 2018



# Governance

# Board & Corporate Governance

## Experienced and balanced board



### **Stuart Robertson**

Non-Executive Chairman (Independent)  
*Broad experience in business advisory, investment banking, funds management and consumer finance sector. Board member of Ellerston Global Investments, Ellerston Asian Investments and Praemium.*



### **Scott Baldwin**

Managing Director and CEO  
*Joined Money3 in 2008, with wealth of experience in sales, marketing and technology.*



### **Symon Brewis-Weston**

Non-Executive Director, Chair of Remuneration Committee (Independent)  
Commences 27 November 2018  
*Former CEO of FlexiGroup (FXL:ASX)*



### **Leath Nicholson**

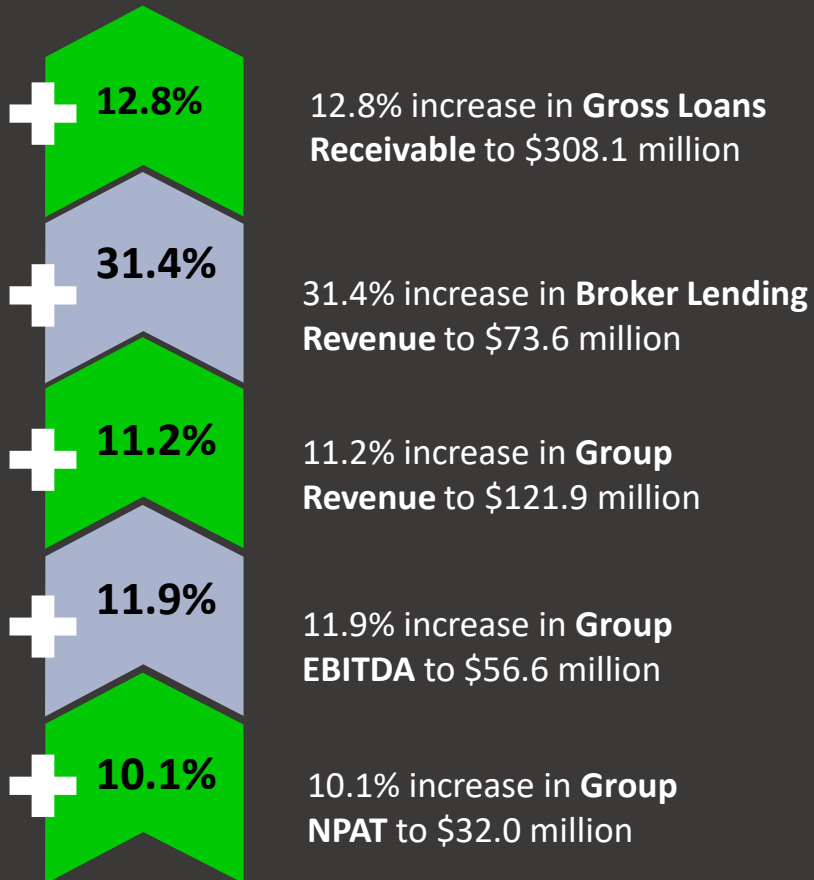
Non-Executive Director  
*Highly experienced commercial and legal expert, specifically in the area of mergers & acquisitions and corporate governance. Co-founder of legal firm Nicholson Ryan.*



A photograph of a business meeting in progress. Several people are seated around a wooden table, looking at documents and laptops. The scene is dimly lit, with a focus on the hands and papers. A semi-transparent dark grey bar is overlaid across the middle of the image, and a bright green vertical bar is on the left side. The text 'FY18 Results' is written in white on the dark grey bar.

# FY18 Results

# FY18 Highlights



**Final FY18 dividend** of 5.00 cents fully franked, taking full year dividend to 9.50 cents fully franked

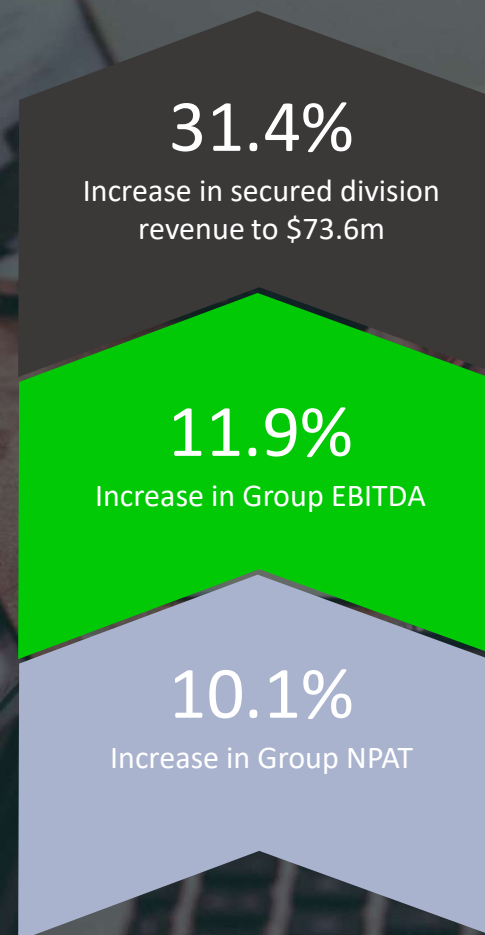


**Bad debts** within target range of 5-6% of gross loans receivable

# FY18 financial results

<b>Group Financial information (Audited)</b>	FY18	FY17	Mvt %
<i>Amounts in \$m unless otherwise stated</i>			
Revenue	121.9	109.6	11.2%
Expenses	(65.3)	(59.0)	
<b>EBITDA</b>	<b>56.6</b>	<b>50.6</b>	<b>11.9%</b>
<i>EBITDA as % of revenue</i>	<i>46.4%</i>	<i>46.2%</i>	
<b>NPAT</b>	<b>32.0</b>	<b>29.1</b>	<b>10.1%</b>
<i>NPAT as % of revenue</i>	<i>26.3%</i>	<i>26.5%</i>	
EPS (Basic) cents per share	19.91	18.81	5.8%

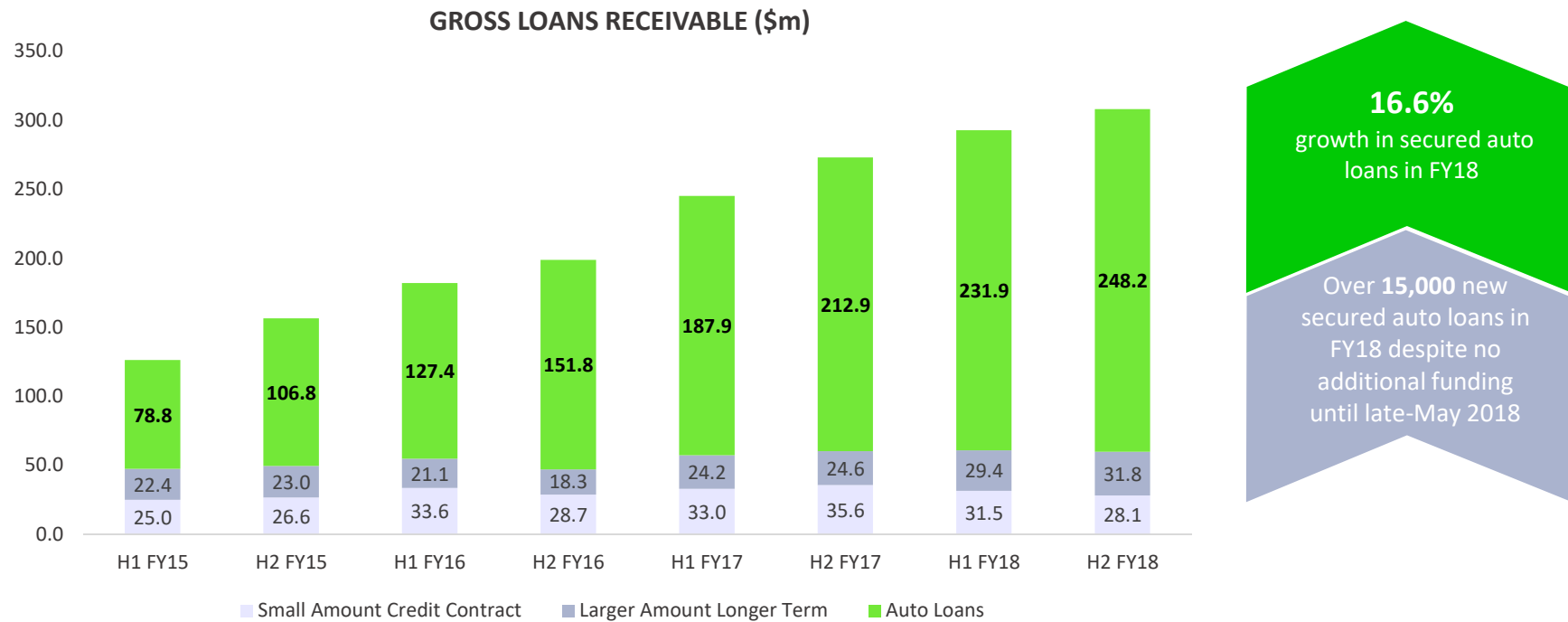
Note: FY17 results were not restated for early adoption of the new accounting standards (AASB9 and AASB15) and is not comparable with FY18 results. On a normalised basis, FY18 EBITDA increased by 20%.





# Loan book continues to grow strongly

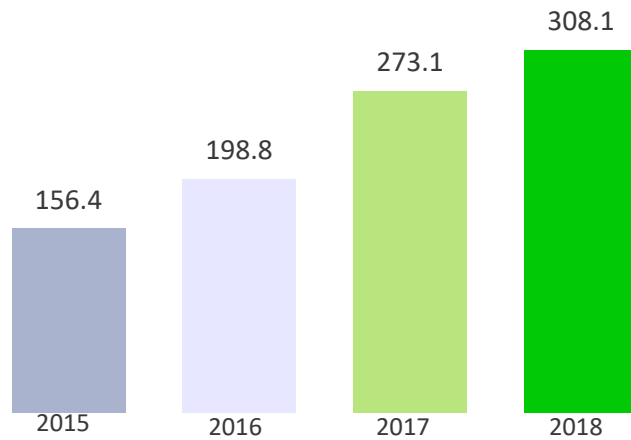
12.8% increase in Gross Loans Receivable to \$308.1 million.  
Gross Loans Receivable is the key leading indicator of future revenue.



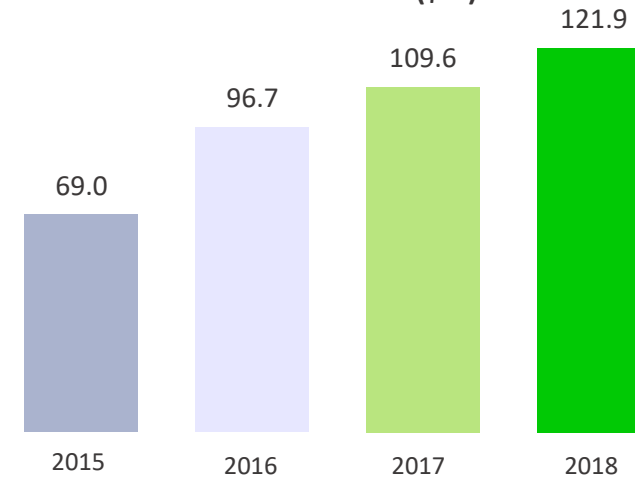
**Prudent responsible lending sees less than 1 in 3 secured automotive applications approved**

# Strong long-term growth

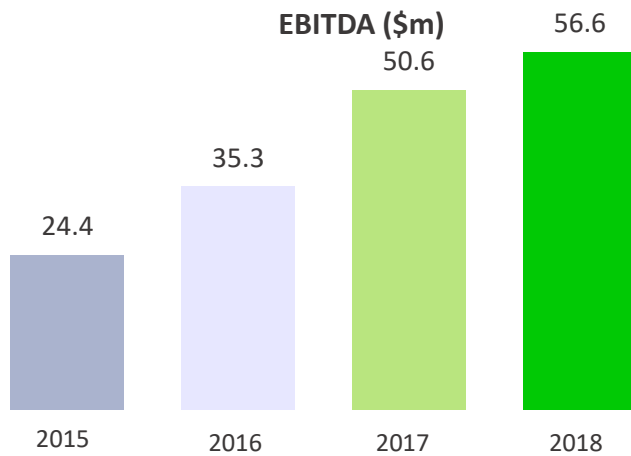
Loan Book (\$m)



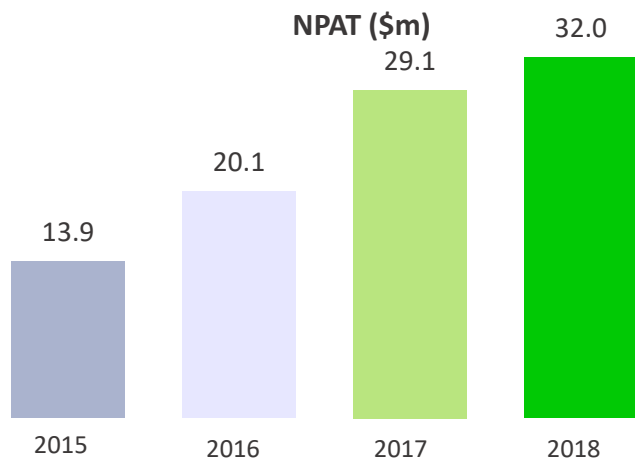
Revenue (\$m)



EBITDA (\$m)



NPAT (\$m)





Market  
opportunity

# Automotive market opportunity

## Australian automotive market



### Huge Market

- \$80bn+<sup>1</sup> of annual vehicle sales
- \$35.7bn<sup>2</sup> of vehicles financed annually
- \$20bn<sup>2</sup> annual market for consumer vehicle financing, of which used vehicle financing is \$6bn



### Growing

- Over 1.2m new vehicles and 2.1m used vehicle sales<sup>3</sup> annually
- ~2.1%<sup>3</sup> increase number of cars on Australian roads in 2017 (or over 400,000 vehicles)



### Servicing Gap

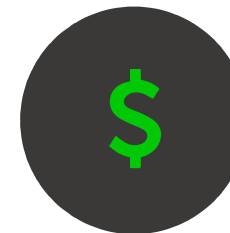
- 4-5 million Australians are either not serviced or excluded by traditional lenders
- Requires highly experienced customer care function to serve appropriately

## Money3 opportunity



### Money3 market share

- 1 out of 600 registered vehicles in Australia is financed by Money3
- Money3 currently accounts for 2% of its target market and is on track to increase to 3% market share by CY19



### Market opportunity

- ~\$84m of deployable funds providing significant headroom for loan book growth
- Significant investment into software integration across broker and dealers enabling significant volume growth

<sup>1</sup> Roy Morgan: Report - State of the Nation 27: Australian Automotive Industry accelerates towards 'Decade of Upheaval'

<sup>2</sup> Royal commission into misconduct in the banking, superannuation and financial services industry: Report - Some Features of Car Financing in Australia

<sup>3</sup> Australian Bureau of Statistics: Report - 9309.0 - Motor Vehicle Census, Australia, 31 Jan 2018



# Money3 – think Holden Commodore



Tremendous focus on great service for customers who traditional credit providers often exclude

Car loans up to \$35,000 over periods of up to 60 months

Cash loans up to \$8,000 for repairs and/or maintenance to vehicles under finance with us

# Customer care

Money3's core competitive advantages are: understanding customers, identifying a profitable relationship on a product basis, and the collection of outstanding loans from these customers

Money3's customers typically have a below prime consumer record. We believe that these consumers are deserving of and should have access to credit. Money3 fills this critical market role.

Money3 has customer centricity at the heart of its approval and collections process and the company has a strong understanding of consumer repayment ability and probability.

Money3 has flexibility at the centre of its corporate mindset and, by extension, in its products.

Money3's highly experienced customer care team collect a material amount of cash from customers to service its lending obligations throughout the course of a financial year.

At its core Money3 engages and helps customers to meet their repayments, with demonstrated customer satisfaction, with 1 in 4 customers returning to borrow again.







# FY19 Outlook

# FY19 Q1 financial results

<b>Group Financial information (unaudited)</b>	Q1 FY19	Q1 FY18	Mvt %
<i>Amounts in \$m unless otherwise stated</i>			
Revenue	32.9	30.7	7.2%
Expenses	(16.8)	(15.6)	7.7%
EBITDA	16.1	15.1	6.6%
<i>EBITDA as % of revenue</i>	48.9%	49.2%	
NPAT	9.1	8.6	5.8%
<i>NPAT as % of revenue</i>	27.7%	28.0%	

**FY19 NPAT FORECAST OF \$35-\$36m**

**13.9%**  
Increase in broker segment  
revenue on Q1 pcp

**9.7%**  
decrease in SACC revenue  
on Q1 pcp

EBITDA margins  
maintained

# FY19 Q1 operating cash flows

<b>Group Operating Cashflows (unaudited)</b>	Q1 FY19	Q1 FY18	Mvt %
<i>Amounts in \$m unless otherwise stated</i>			
Receipts from customers	34.0	30.8	10.4%
Payments to suppliers and employees	(11.2)	(9.7)	15.5%
Net finance costs paid	(2.4)	(2.0)	20.0%
Income tax paid	(6.0)	(6.8)	(11.8%)
<b>Net cashflows (excluding loans advanced)</b>	<b>14.4</b>	<b>12.3</b>	<b>17.1%</b>
Loan advanced, net of principal repayments	(20.3)	(12.7)	59.8%
<b>Net cash flows from operating activities</b>	<b>(5.9)</b>	<b>(0.4)</b>	<b>1,375%</b>

## SECURED LOANS

↑ 22.8%

Increase in secured division cash collected (\$45.7m) on Q1 pcp

↑ 10.1%

Increase in secured division loans advanced on Q1 pcp

## SACC LOANS

↓ 22.3%

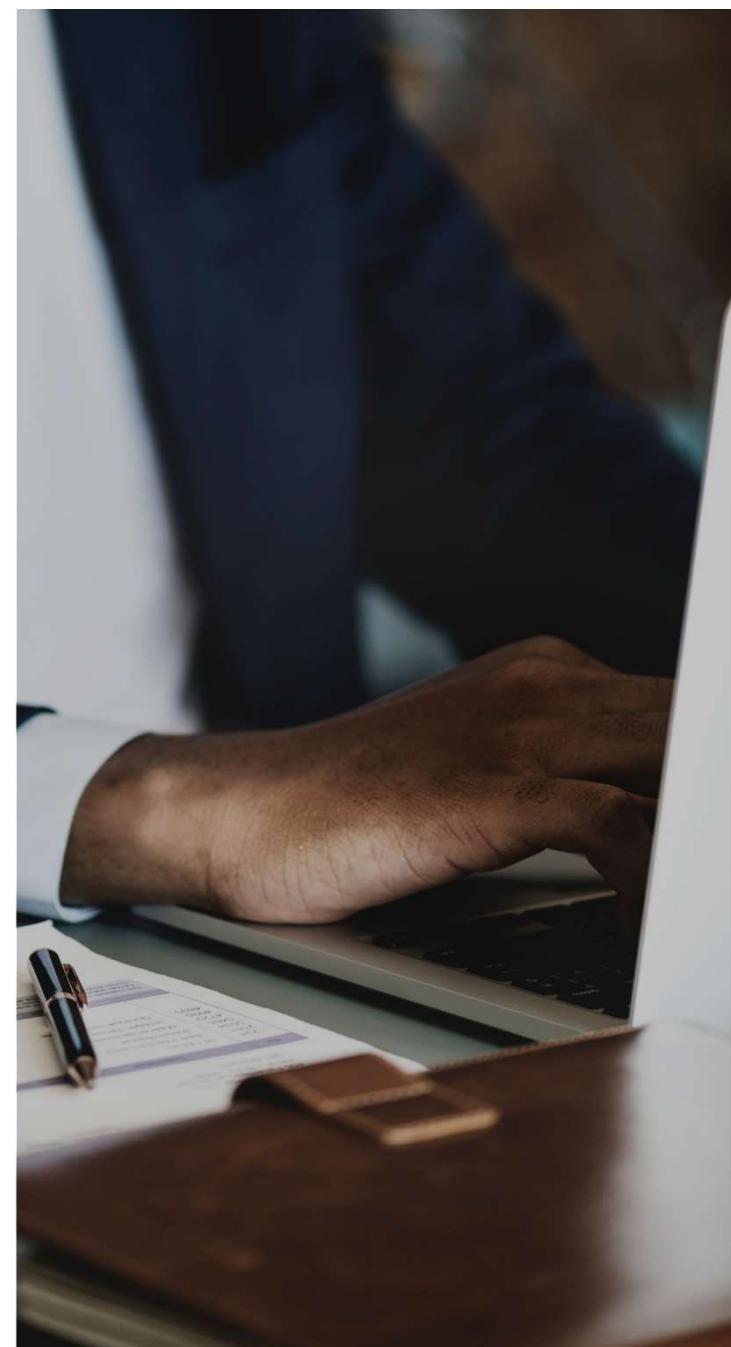
Decrease in SACC cash collected on Q1 pcp

↓ 11.4%

Decrease in SACC cash advanced on Q1 pcp

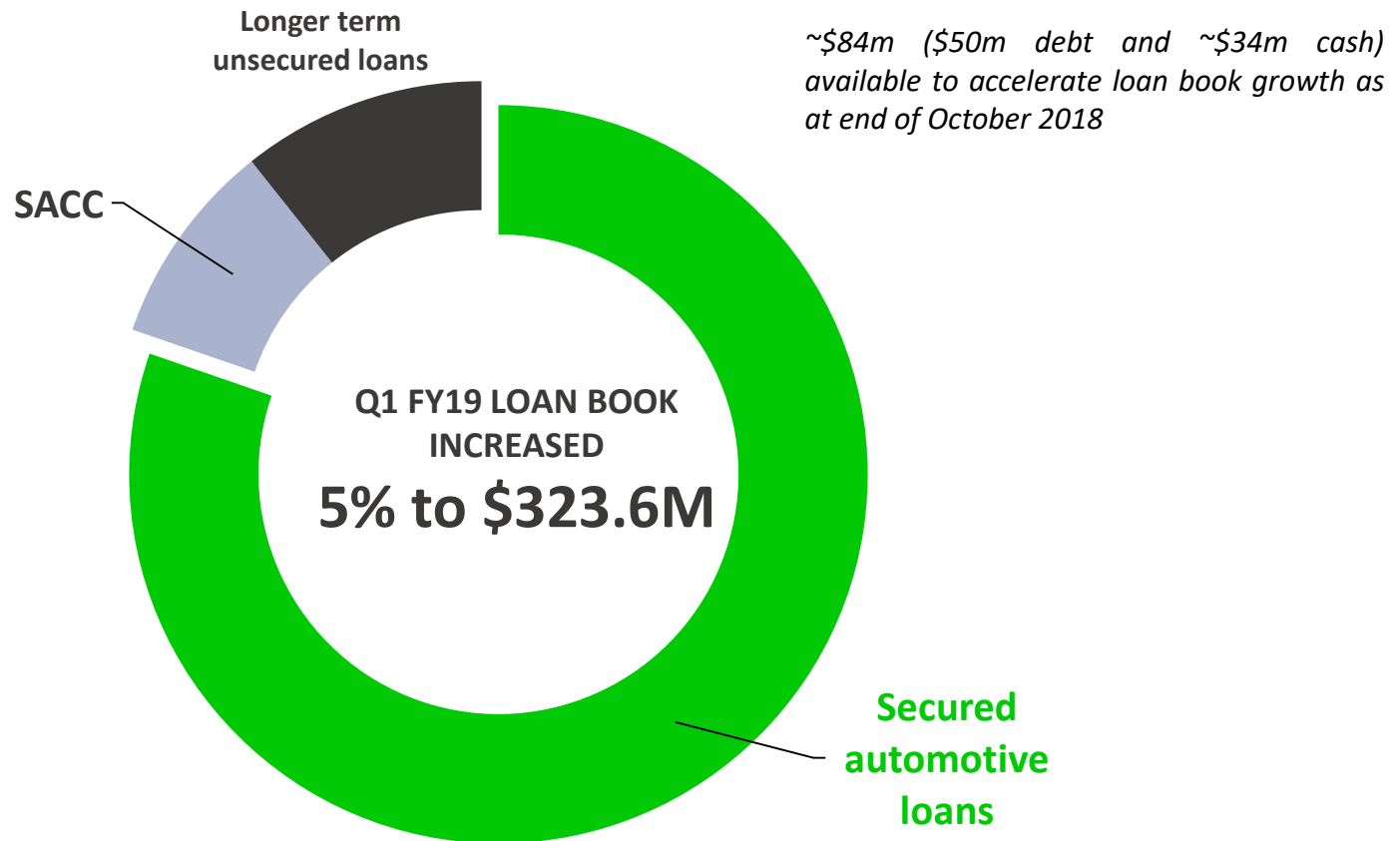
# Q1 FY19 cash conversion metrics

<b>Cash conversion metrics</b> <i>Amounts in \$m unless otherwise stated</i>	Q1 FY19	Q1 FY18
<b>Income statement</b>		
NPAT	9.1	8.6
Add: Impairment expense	5.4	4.3
Cash NPAT	14.5	12.9
<b>Cash flow statement</b>		
Net cash flows from operating activities (excluding loans advanced)	14.4	12.3
Net operating cash flow	14.4	12.3
<i>Cash conversion</i>	99.3%	95.3%

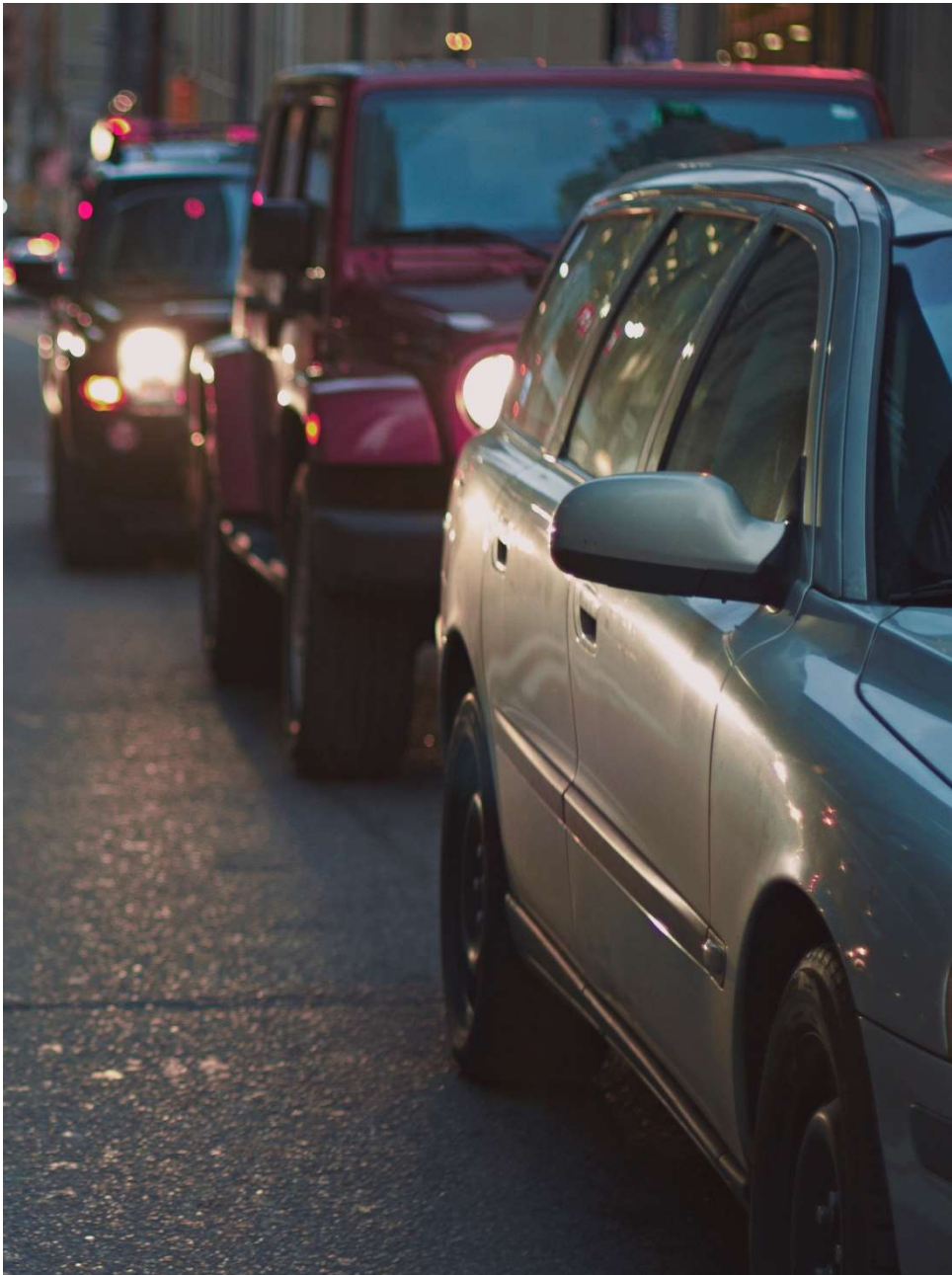


# Strong long-term growth in loan book

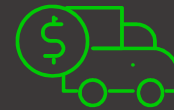
Secured auto loans are the fastest growing product







## Money3 has a strong presence with key channels, with a significant market opportunity to continue to grow



In FY19 Money3 anticipates funding ~\$170m of car purchases, out of \$6bn in used vehicle financing opportunity

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1 out of 600 registered vehicles in Australia is financed by Money3

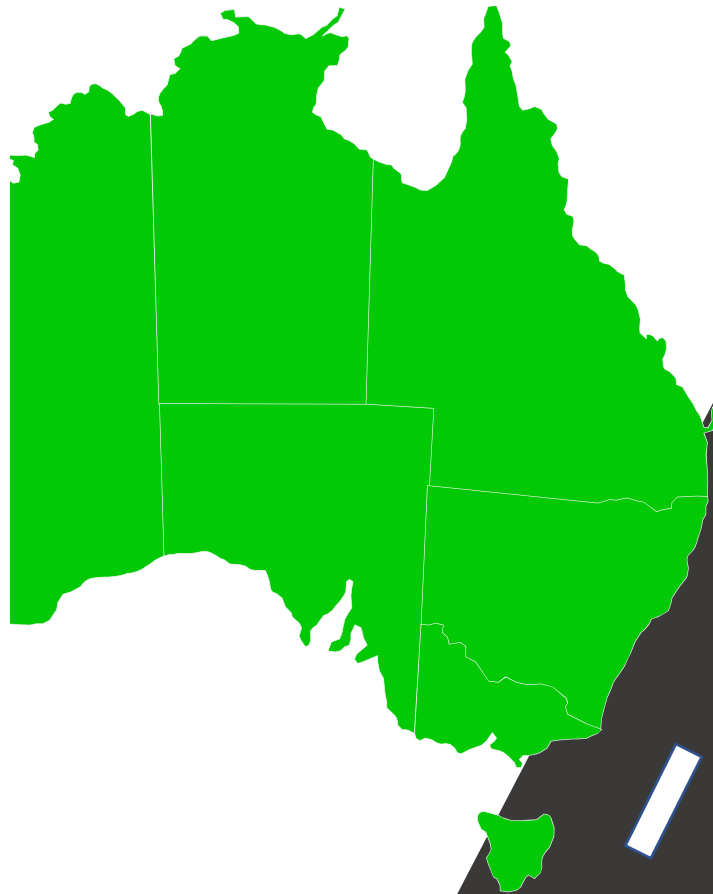
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Money3 already has a strong foothold in the used vehicle finance market through brokers and direct channels with significant runway for growth



# Money3 has the ability to monetise existing database



On average, Australians **change cars every 7 years**<sup>1</sup>

With more than 500,000 past and current customers, **Money3 is presented with more than ~70,000 of its own customers** in search of a new vehicle every year

We are exceptionally well placed to mine our own database in search of repeat customers, at **lower risk and capable of driving further efficiencies within the business**

<sup>1</sup>Roy Morgan: Report - State of the Nation 27: Australian Automotive Industry accelerates towards 'Decade of Upheaval'

# Summary

## BOARD AND CORPORATE GOVERNANCE

With Mr Robertson as Chairman and Mr Brewis-Weston joining the board, Money3 has a balanced board with three non-executive directors.

## MARKET SHARE AND CHANNELS TO DRIVE GROWTH

Money3 continues to focus on increasing its market share in the secured loans sector through high-tech, low-touch broker integrations as well as enhancing its own direct sales channels to new, existing and paid-up customers.

## COST CONTROL

The successful expenditure review program launched in FY17 has been extended into FY19 with a particular focus on automation technology and an ongoing review of consolidation across the branch network.

## GEOGRAPHIC EXPANSION

Money3 is actively pursuing M&A opportunities with a view to expanding into complimentary product sets and strengthening particular geographic areas.

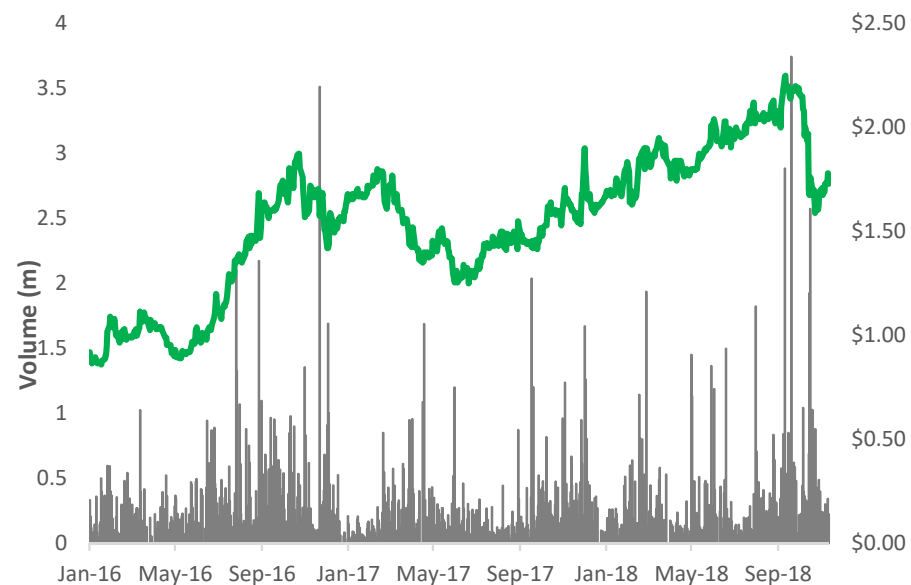
## SACC

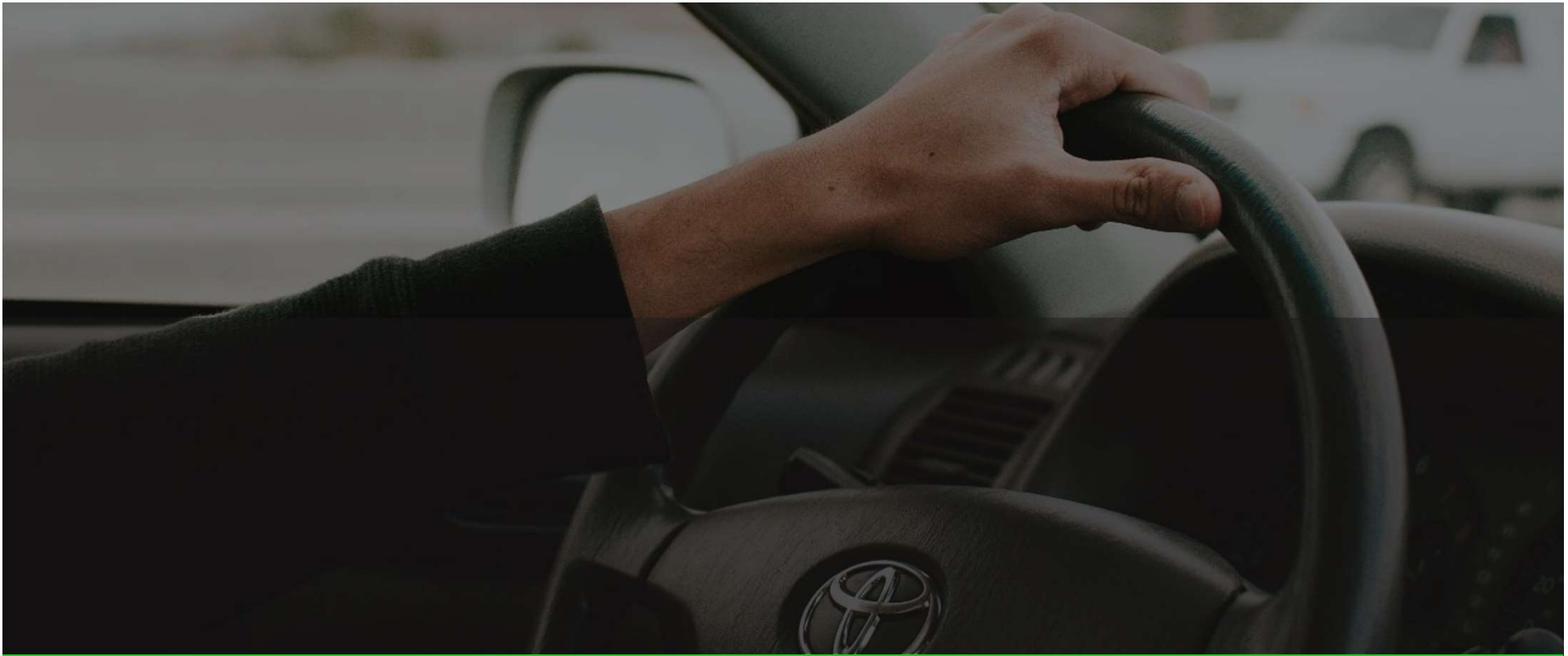
Money3 continues to manage a strategic transition away from SACC lending, with a strong focus on secured automotive loans and unsecured longer-term loans. This was demonstrated in Q1 with diminishing revenue contribution, cash advanced and cash collected.

# Appendix – Corporate Information

## Capital structure

Shares on issue	179.67m
Share Price as at 20/11/18	\$1.655
Market capitalisation	\$297.35m
Cash as at 31 October-2018	\$34m
Financing facility available	\$50.0m
Debt	\$98.1m
Dividend per share (FY18)	9.50 cents





money3

Scott Baldwin  
Managing Director  
[s.baldwin@money3.com.au](mailto:s.baldwin@money3.com.au)

Siva Subramani  
Chief Financial Officer  
[s.subramani@money3.com.au](mailto:s.subramani@money3.com.au)