



## 1H FY20 Investor Presentation

17 February 2020

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**Scott Baldwin**  
Managing Director

**Siva Subramani**  
Chief Financial Officer



# Money3 - Consumer automotive finance

## Focus

Money3 Group provides automotive finance for the purchase and maintenance of vehicles



## Responsible Lending

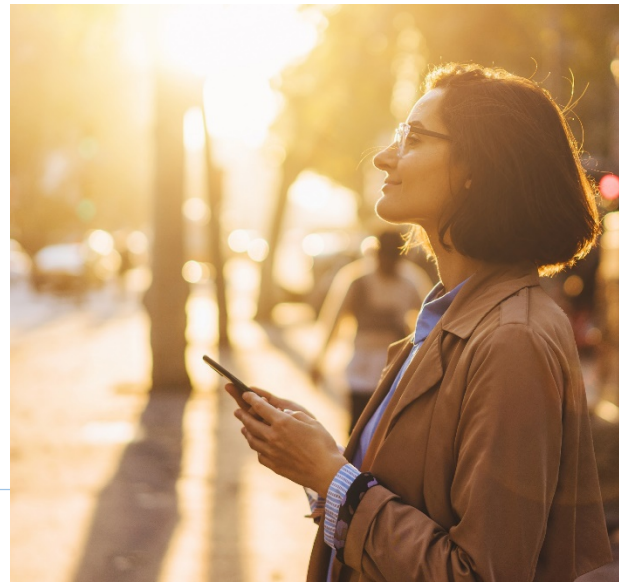
Responsible lending and compliance leadership is the cornerstone of our sustainable lending practices



## Customer Care

Unique approach to customer care, providing consumers with tailored and flexible repayments

Money3 is the lender of choice for over 47,000 active customers



## Technology

A data driven organisation with unique integration to third parties

Application simplicity through technology

1 / 500 vehicles in Australia have a current Money3 loan

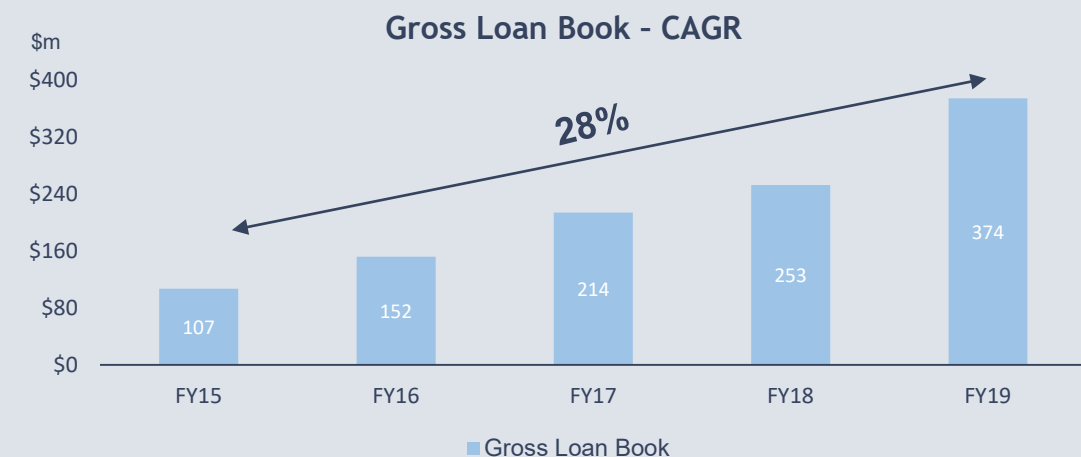
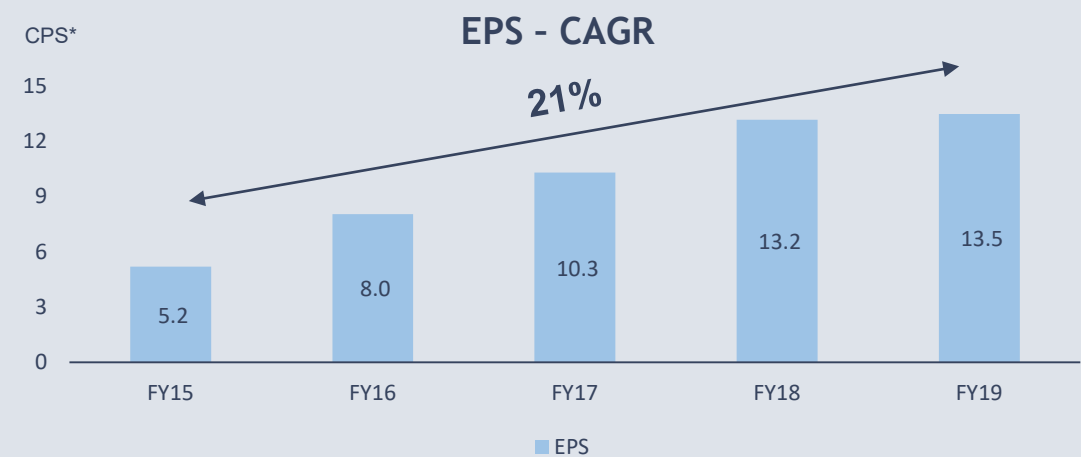
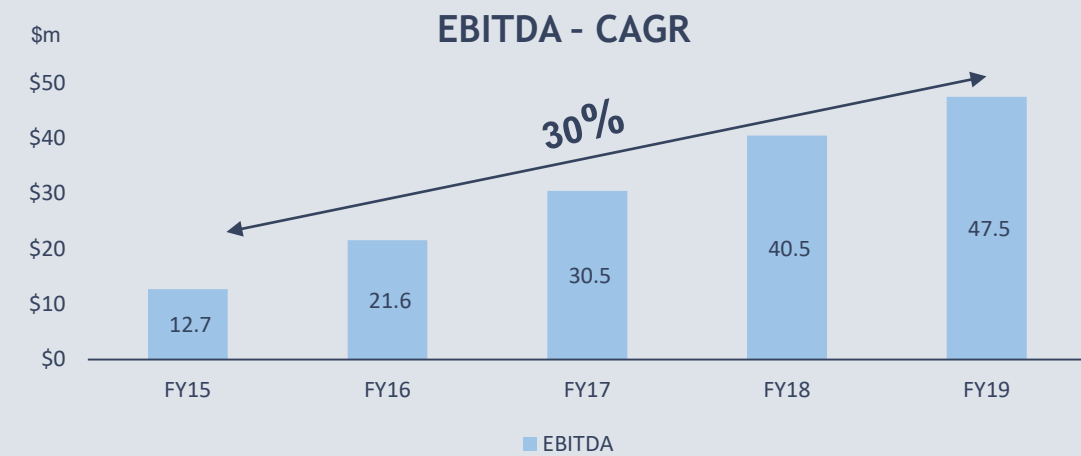
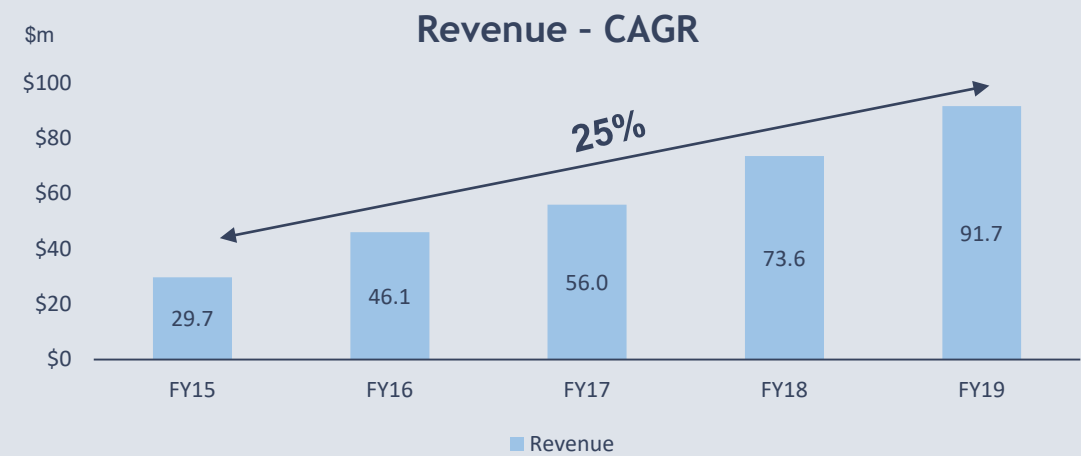
1 / 800 vehicles in New Zealand have a current Go Car Finance loan

Over \$1bn lent to customers since inception

Originated loans for over 500,000 customers

# Growth story - Automotive finance

(continuing operations)



\*Cents per share



# money3

1H FY20

Results & Commentary

# 1H FY20 Highlights

## Strong growth continues

Revenue

**55.0%** ↑

to \$62.7m  
(on PCP)

EBITDA<sup>^</sup>

**56.4%** ↑

to \$30.5m  
(on PCP)

NPAT\*

**61.9%** ↑

to \$15.7m  
continuing operations  
(on PCP)

EPS

**31.3%** ↑

to 8.6 cents  
(on PCP)

Loan book

**48.8%** ↑

to \$426.7m  
since Dec-18

Dividend

**5** cents

Interim dividend  
Fully Franked

<sup>^</sup>Normalised EBITDA

\*Normalised NPAT, *Statutory NPAT is \$17.7m*





# 1H FY20 Financial results

**55.0%**

Revenue  
growth

**56.4%**

EBITDA  
growth

**2.3%**

Bad debts  
(in line with forecast  
4.5% - 5.5% p.a.)

## Group Financial Results

(continuing operations)  
*Amounts in \$m unless otherwise stated*

	1H FY20	1H FY19	% Growth
<b>Revenue</b>	<b>62.7</b>	<b>40.4</b>	<b>55.0%</b>
(-) Bad debts (net of recoveries)	9.7	7.0^	
(-) Impairment allowance	2.8	0.8	
(-) Operating expenses	19.7	13.2	
<b>EBITDA (normalised)</b>	<b>30.5</b>	<b>19.5^</b>	<b>56.4%</b>
<b>NPAT (normalised)</b>	<b>15.7</b>	<b>9.7^</b>	<b>61.9%</b>
EPS (Basic) cents per share	8.60	6.55	31.3%

**48.6%**

EBITDA margin  
(PCP: 48.3%)

**25.0%**

NPAT margin  
(PCP: 24.0%)

**6.3%\***

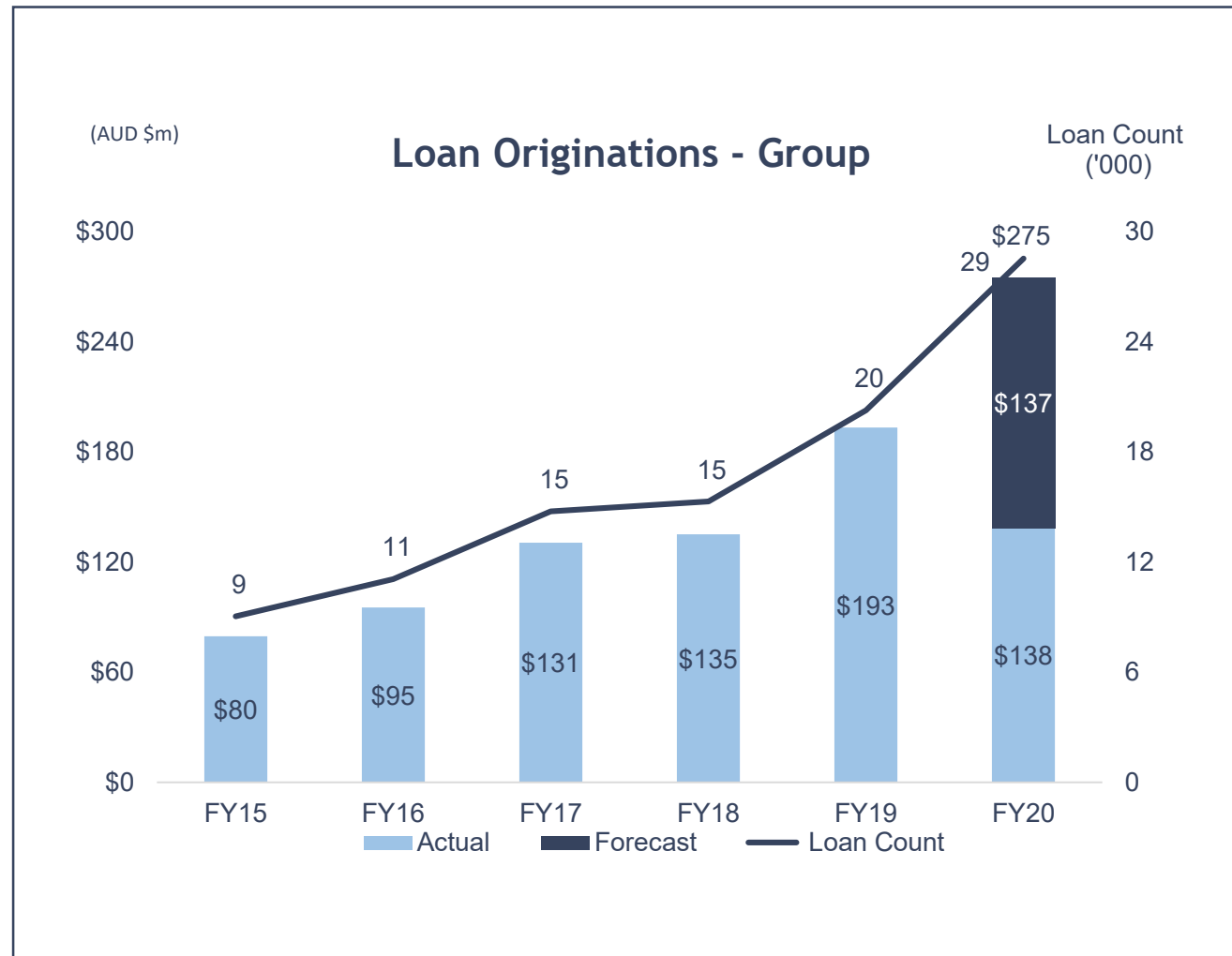
Impairment  
allowance  
(Jun 19: 6.0%)

^normalised for one-off additional bad debt recoveries from divested operation in FY19.

\*a more conservative outlook of future economic conditions has been factored into impairment allowance.

# Strong growth in originations

- lead indicator of future revenue growth



## Australia

**\$109.1m** in loans  
advanced in 1H FY20  
**25.2%** up on PCP

**\$114.3m** in cash  
collections in 1H FY20  
**23.1%** up on PCP

## New Zealand

**\$29.2m** in loans  
advanced in 1H FY20

**\$20.2m** in cash  
collections in  
1H FY20

## Group

**\$138.3m** in new loan originations  
up **58.8%** on PCP

**\$134.5m** in cash collections  
up **44.9%** on PCP

# Australian automotive market opportunity

## Australian automotive market

### Huge Market



- \$80bn+<sup>1</sup> of annual vehicle sales
- \$20bn<sup>2</sup> annual market for consumer vehicle financing
- \$6.3bn<sup>3</sup> is attributed to used vehicle financing

### Growing



- 19.5 million registered vehicles in Australia<sup>4</sup>
- Over 1.2m new and 2.1m used vehicle sales annually
- ~331,500 additional vehicles on Australian roads from 2018 to 2019<sup>4</sup>

### Servicing Gap



- Money3 estimates 4-5 million Australians are either not serviced or excluded by traditional lenders
- Requires highly experienced customer care function to serve appropriately

### Money3 market share



- 1 out of 500 registered vehicles in Australia are currently financed by Money3
- Money3 estimates it finances 3% of the used car market annually

### Market opportunity



- \$50m of undrawn funding providing significant headroom for loan book growth
- Over 500,000 unique customers

<sup>1</sup> Roy Morgan: Report - State of the Nation 27: Australian Automotive Industry accelerates towards 'Decade of Upheaval' – March 2017

<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> ABS, 5671.0 Lending Finance, Australia, November 2018 (14 August 2019) Table 9 – Finance Commitments, for Motor Vehicles: Australia, Original (\$000) <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/5671.0>>.

<sup>4</sup> Australian Bureau of Statistics: Report - 9309.0 - Motor Vehicle Census, Australia, 31 Jan 2019



# New Zealand automotive market opportunity

## New Zealand automotive market



### Huge Market

- 4.33 million registered vehicles in New Zealand<sup>1</sup>
- NZ\$13.2b annual motor vehicles sales<sup>2</sup>
- 59% of households have 2 or more cars (2018 census)



### Significant Opportunity

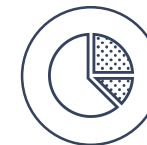
- 104k new & 140k used imported vehicle sales annually<sup>3</sup>
- Go Car estimates that the average vehicle changes ownership every 4 years in New Zealand



### Servicing

- Go Car estimates over 1 million New Zealanders are either not serviced or excluded by traditional lenders
- Requires highly experienced customer care function to serve appropriately

## Go Car Opportunity



### Go Car market share

- 1 / 800 passenger vehicles in NZ are currently financed by Go Car
- Go Car estimates it finances 2% of the used car imports annually



### Market opportunity

- New distribution channels being introduced to expand market share
- Adequately funded to grow

<sup>1</sup> Statistics New Zealand (2020). *Motor Vehicles Currently Licensed by Type (Annual – Mar)*[<http://archive.stats.govt.nz/infoshare/ViewTable.aspx?pxID=bbacd049-d0f6-4efd-a914-bc07952b32a4>]. Retrieved from Transport Vehicle Registrations: December 2019, [www.stats.govt.nz](http://www.stats.govt.nz)

<sup>2</sup> Based on Financial Services Federation data

<sup>3</sup> Motor Industry Association (2020). *Registration Data – 1975 to Jan 2020*. Retrieved from <https://www.mia.org.nz/Sales-Data/Vehicle-Sales>

# Go Car Finance - NZ Operations

Go Car Finance prides itself on exceptional customer relations, with a 95% “likely to recommend” score, and one in five customers returning for a new loan.

## Integration complete



Go Car Finance successfully integrated into Money3, with 50% growth in loan book since acquisition

## New cars and larger loans



Over 4.0% of Go Car Finance originations in 1H FY20 have been for new cars – Expanding the product footprint across New Zealand

## Growth opportunity



With 3.85m cars in New Zealand and Go Car's strong brand, there is significant growth opportunity

**Go Car Finance**  
Goes way further



# New Zealand - Operations

Highly integrated partner driven model, with dealers using Go Car Finance proprietary software on a daily basis

Introducing Broker distribution channel to compliment existing dealer and direct channels to drive further loan growth in FY21

Growth through leveraging existing resources. Integration has driven a 50.0% increase in loan book to NZ\$81.0m since acquisition

Loan book growth is well funded with bank facilities reducing the need for significant capital from parent

Well positioned to grow the gross loan book in excess of NZ\$100.0m in FY20

Introduction of direct lending and remarketing strategies is growing settlements

# Strategy and FY20 Outlook



## Specialist Lender

- Focused automotive finance lender
- Multiple distribution channels serving consumers where they want
- Expanding product mix to attract higher credit quality applicants, increasing the number of addressable consumers
- Enhanced digital capabilities improving decision turn around times for customers



## Financial

- \$50m of funding headroom
- Forecast 10c dividend for FY20
- Secure favourably priced incremental debt funding at the right mix
- Forecast FY20 NPAT (continuing operations) in excess of \$30m and statutory NPAT in excess of \$32m
- Forecast in excess of \$475m of gross loan book for FY20



## Regulatory

- All compliant with current regulation
- Focused on responsible lending and collection practices
- Regulatory driven changes to banking policy is driving credit worthy consumers towards Money3 and specialist finance providers with product suited to customer needs



# Appendix 1 - Corporate information

## CAPITAL STRUCTURE

ASX 300 Company

Shares on issue	184.2 million
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Share Price (14 February 2020)	\$2.71
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Market capitalisation	\$499.2 million
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Deployable Capital	\$50.0 million
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1H FY20 EPS (Basic)	8.6 cents
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Interim Dividend	5.0 cents
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