

money3

Financial Year 2020  
Growth during  
challenging times

Investor presentation

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# Overview

Money3 is specialist provider of consumer finance for the purchase or maintenance of a vehicle in Australia and New Zealand. Our unique business model and approach to customer care attracts customers that are under serviced by mainstream banks.



Over 50,000 active customers across Australia & New Zealand



Over \$1bn in vehicles financed since inception



1 / 450 vehicles in Australia have a Money3 loan



1 / 700 vehicles in New Zealand have a Go Car Finance loan



**Specialist provider of consumer finance** - vehicle and personal loans

**Responsible lending** - the cornerstone of our sustainable lending practices

**Growth focused**- Product expansion into near prime customer segment & geographic expansion into under serviced areas

**Customer Care** - Providing consumers with tailored and flexible repayments through the life of their loan

# Vehicles financed

52,000+

Loans in the portfolio

48,000+

Vehicles in the portfolio

500+

New Vehicles

Loan count by Security type



45,378



1,473



855



316



173



146



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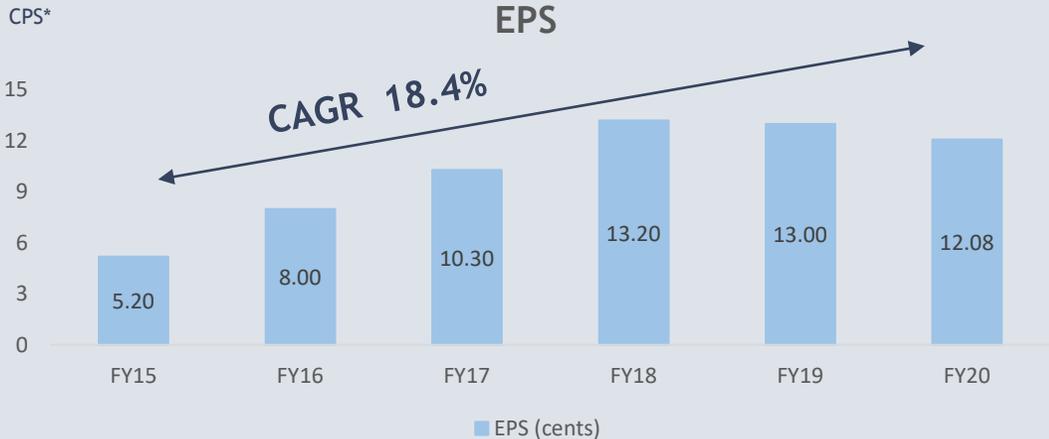
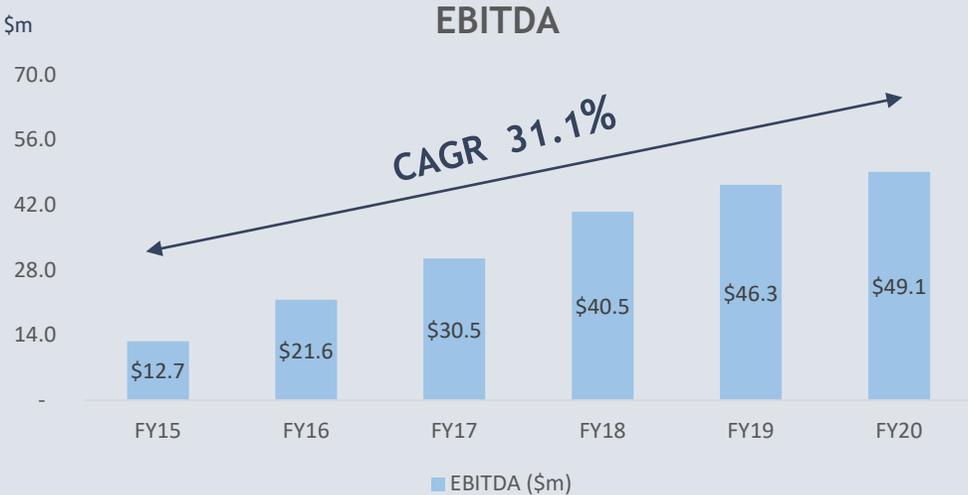
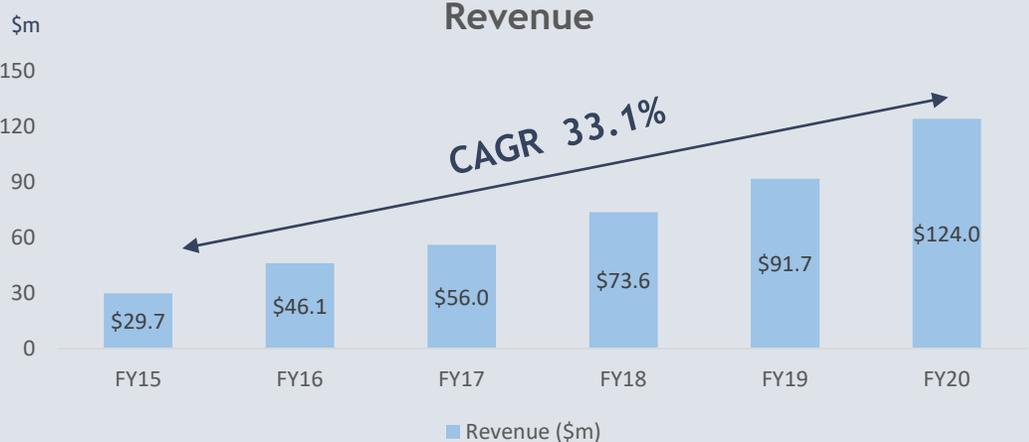
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# Continuing our long-term growth story

(continuing operations)



\*Cents per unit

# FY20 Highlights

## Financial Highlights

- 35.3% increase in revenue to \$124.0m
- 16.4% growth in loan book in FY20 to \$433.8m (2H growth only 1.7%)
- 31.1% increase in Normalised EBITDA (continuing operations)\*
- 30.1% increase in Normalised NPAT (continuing operations)
- One off, economic outlook provision of \$10.1m (non-cash)
- ~\$65m in available funds (including cash and unutilised debt facilities)

## Operational Highlights

- Record cash collections of \$277.2m up 36.3% y-y
- Record Q4 cash collection of \$77.8m up 31.9% y-y contributing to a flat loan book growth
- New near prime product launched, broadening addressable market
- Money3 applications up 20% y-y
- Introduced tighter credit criteria on all loans and minimised exposure to certain industry segments
- Average loan size up 8% y-y to \$11k

ASX300  
Company

Gross Loan book  
\$433.8m

Cash advanced  
\$247.7m

Cash collected  
\$277.2m

\*Statutory EBITDA was \$49.1m

# COVID-19 Business impact



## Australia

- Origination levels back to 2019 levels at the end of June after initial downturn
- Customers valuing their vehicles drive strong cash collections
- Successful transition to working from home underpinned by technology
- Competition is less active/exited the market



## New Zealand

- New loan origination ceased during lockdown
- Post lock down to the end of July new originations returned to record levels
- Competition is less active in the market
- All staff transitioned to working from home
- Expanding number of Dealer partners

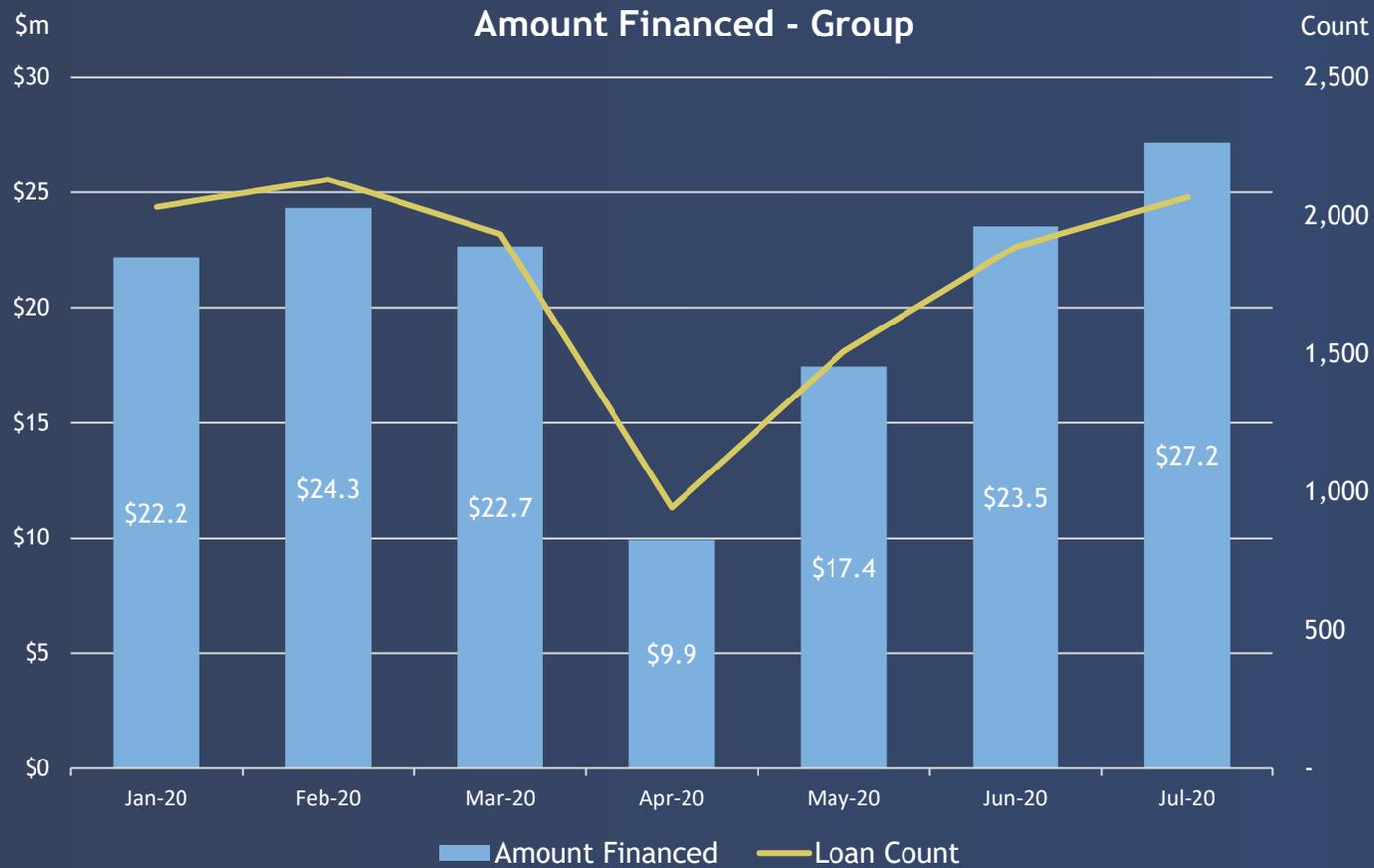
Strong demand from consumers for vehicles post lockdown

Strong consumer focus on paying down loans

Lockdown driving change and digital adoption

Receivables growth flat during lockdown periods driven by strong cash collections

# COVID-19 Business impact



Record new loan originations post lockdown, despite tighter credit criteria minimizing exposure to effected industries

# FY20 - Financial Performance

# FY20 Highlights

Financial resilience through COVID-19

Revenue

**35.3%**

to \$124.0m



Normalised  
EBITDA<sup>1</sup>

**31.1%**

to \$60.7m



Normalised  
NPAT<sup>1</sup>

**30.1%**

to \$30.3m



Strong capital base and  
~\$65m in available  
funds

Strong cash collections  
and improvement in  
loan book quality

Normalised  
EPS<sup>1</sup>

**27.0%**

to 16.50 cents



Loan  
book

**16.4%**

to \$433.8m



Final  
Dividend

**3 cents**

Full year: 8 cents (Fully Franked)

58.8% growth in cash  
advanced until 1H FY20

Tightened lending criteria  
during COVID-19

<sup>1</sup>represents normalised results from continuing operations

# FY20 Financial results

Group Financial Results <i>Amounts in \$m unless otherwise stated</i>	FY20 (Statutory)	FY20 (Normalised)	FY19 (Statutory)	Mvt % FY20 Normalised Vs FY19 Statutory
Revenue	124.0	124.0	91.7	35.3%
Bad debts, net	(23.6)	(20.8)	(13.1)	58.8%
Movement in impairment provisions	(14.4)	(4.3)	(2.6)	65.4%
Expenses	(36.9)	(38.2)	(29.7)	28.6%
EBITDA	49.1	60.7	46.3	31.1%
<i>EBITDA as % of revenue</i>	39.6%	49.0%	50.5%	
NPAT (continuing operations)	22.2	30.3	23.3	30.1%
NPAT (discontinued operations)	2.0	2.0	5.0	-60.0%
NPAT Total	24.2	32.3	28.3	14.2%
<i>NPAT Margin (continuing operations)</i>	17.9%	24.5%	25.4%	
EPS - Basic (continuing operations) cents per share	12.08	16.50	13.00	

**35.3%**

Increase in revenue

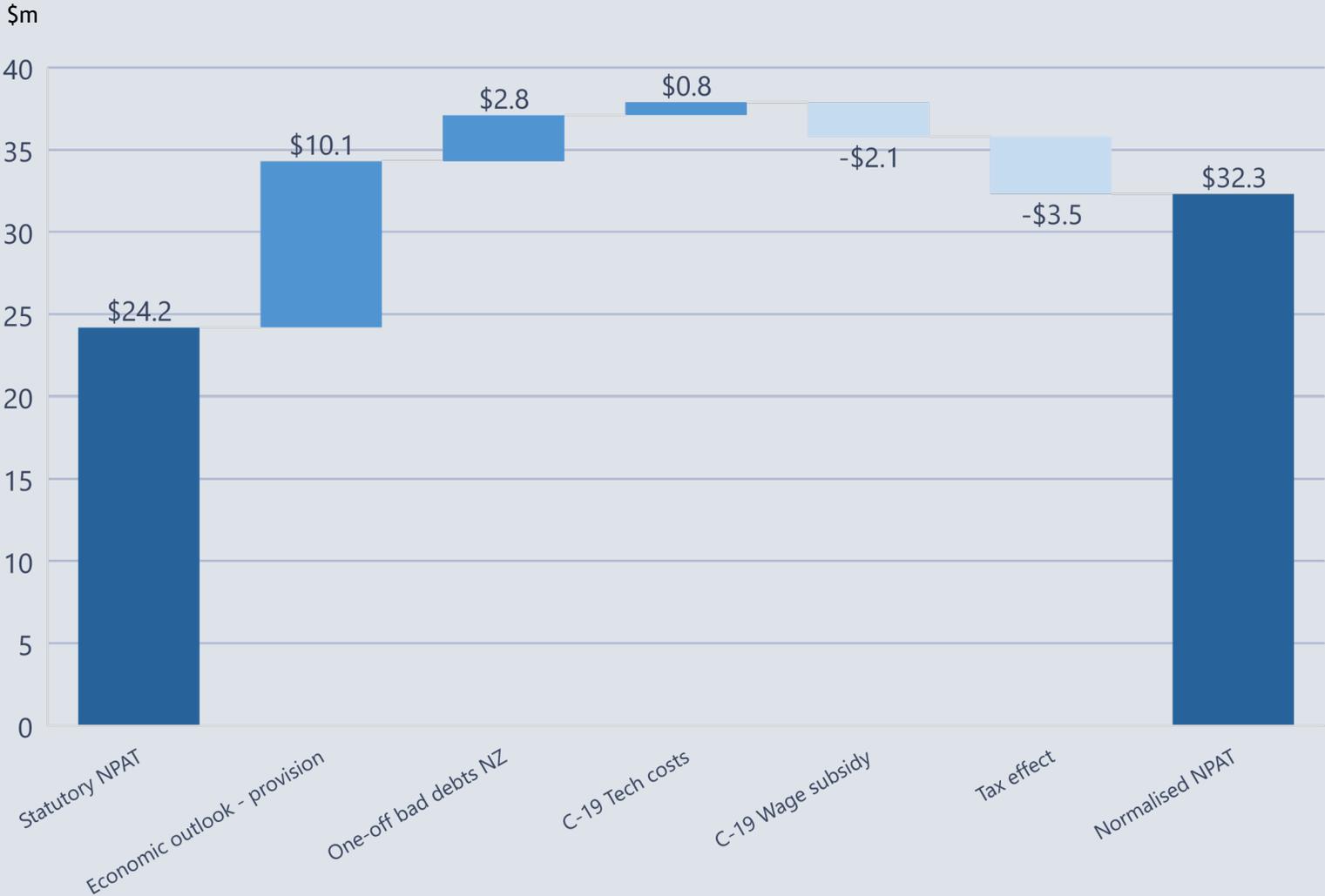
**31.1%**

Increase in normalised  
Group EBITDA  
(Continuing operations)

**30.1%**

Increase in normalised  
Group NPAT  
(Continuing operations)

# FY20 NPAT bridge



Incremental impairment provision due to economic outlook \$10.1m.i.e. Expected bad debt over life of loans if there is continued economic downturn

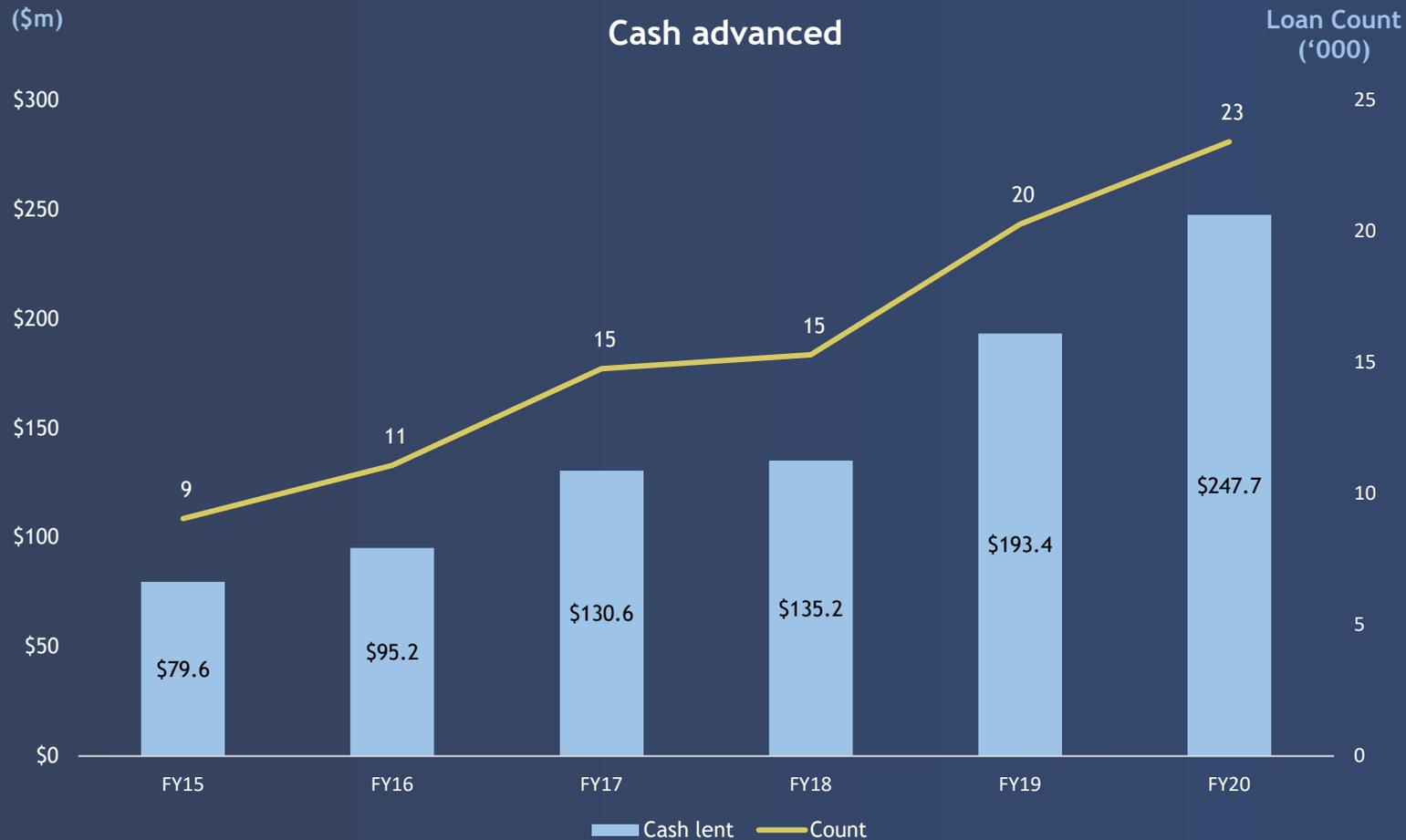
One Off write off of \$2.8m New Zealand portfolio of unsecured loans

Instant asset write off of \$0.8m - assets acquired to assist working from home and other fixed assets



# FY20 - Operational performance

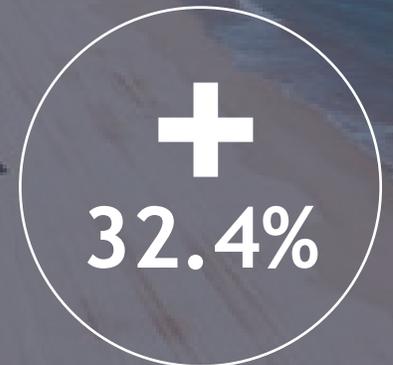
# Group - Strong growth in originations



\*adjusted for acquisition period



Increase in Australian  
loans advanced to  
\$196.5m on FY19



Increase in New Zealand  
loans\* advanced to \$51.2m  
on FY19

# Group - Strong growth in cash collections



*\*adjusted for acquisition period*

**+**  
**24.9%**

Increase in Australian  
collections to \$237.0m  
on FY19

**+**  
**38.3%**

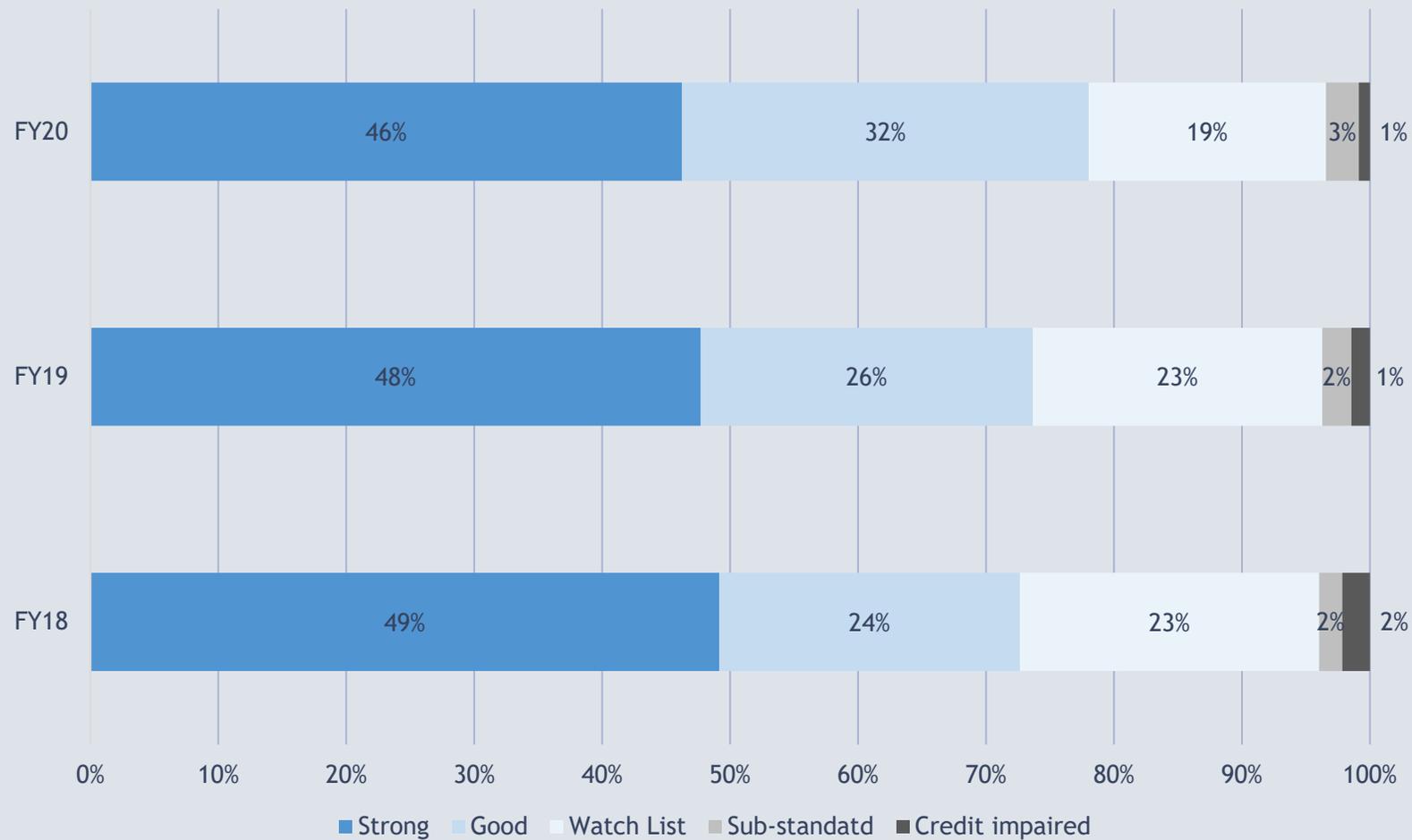
Increase in New  
Zealand\* collections to  
\$40.2m on FY19

# Strong loan book growth



Tapered loan book growth in 2H FY20 due to record cash collections

# Stable credit quality



Overall credit quality stable with slight improvement year on year

Strong positive impact on “good” credit quality customers as a result of Customer Care initiatives

Incremental impairment provision of \$10.1m based on assumptions around economic outlook

A person wearing a light-colored denim jacket, a dark cap, and dark pants is running away from the camera on a city street. The street is lined with buildings and has a white van parked on the right side. The scene is overlaid with a blue tint.

# The Market

# Australian automotive market opportunity

## Australian automotive market



### Huge Market

- 19.8 million registered vehicles in Australia<sup>3</sup>
- \$20bn<sup>1</sup> annual market for consumer vehicle financing
- \$6.3bn<sup>2</sup> is attributed to used vehicle financing



### Growing

- Over 1.1m new and 2.1m used vehicle sales annually
- The average vehicle is 10.4 Yrs. old<sup>3</sup>
- ~300k additional vehicles on Australian roads from 2019 to 2020<sup>3</sup>



### Servicing Gap

- Money3 estimates 4-5 million Australian's are not serviced by traditional lenders
- Requires highly experienced customer care function to serve appropriately

## Money3 Opportunity



### Money3 market share

- 1 out of 450 registered vehicles in Australia are currently financed by Money3
- Money3 estimates it finances 3% of the used car market annually
- 400+ new vehicles financed in active book



### Market opportunity

- Well-funded with stable credit quality will drive growth in market share in FY21
- New product launch increasing market share of higher credit quality customers
- Broader finance offering pushing into new vehicles

<sup>1</sup> Royal commission into misconduct in the banking, superannuation and financial services industry: Report - Some Features of Car Financing in Australia

<sup>2</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>3</sup> 9309.0 - Motor Vehicle Census, Australia, 31 Jan 2020

<https://www.carsguide.com.au/car-advice/australian-car-market-car-sales-statistics-and-figures-70982>

Go Car Finance is rated  
**Excellent**

Based on 329 reviews



★ Trustpilot

# NZ's top-rated car finance company.

## A team you can trust.



# New Zealand automotive market opportunity

## New Zealand automotive market



### Huge Market

- 4.3 million registered on road vehicles in New Zealand
- NZ\$13.2b annual motor vehicle sales
- With no manufacturing in New Zealand a large number of used cars are imported ~120k per annum



### Opportunities

- Used car import regulations introduced to improve safety ratings and consequently higher retail values
- Alignment with large importer to provide retail products to their dealer network



### Servicing Gap

- Product offering moving towards a Total Transport Solution for customers
- Car data captured to support additional funding opportunities and deliver unique service proposition

## Go Car Opportunity



### Go Car Finance's market share

- 1 out of 700 registered vehicles in New Zealand are currently financed by Go Car
- Go Car estimates it finances <1% of the total car market
- 50+ new cars financed in FY20



### Market opportunity

- Strong origination network utilising bespoke Profit Share agreements with dealers
- Value-add products supporting Go Car Finance's Total Transport Solution
- Go Car Finances' App allowing access to both vehicle and transactional data

<sup>4</sup> <https://www.nzta.govt.nz/resources/new-zealand-motor-vehicle-register-statistics/national-vehicle-fleet-status/>

A woman with blonde hair, wearing sunglasses and a light-colored top, is looking out of the driver's side window of a dark-colored car. Her hand is resting on the window frame. The background shows a blurred road and greenery. The word "Outlook" is written in large, white, sans-serif font across the center of the image.

# Outlook

# Strategy and Outlook



## Market Outlook

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- Strong Loan book growth in NZ from expanding distribution
- Focused on vehicle finance, repairs and maintenance market with opportunity to increase exposure to newer vehicles and higher credit quality customers
- Expanding addressable market with the introduction of new products
- Reduced competition enabling opportunity to grow market share
- Opportunistic acquisitions



## Financial

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- ~\$65m of available funding headroom from existing facility
- Gross loan book > \$500m to drive NPAT growth in FY21
- Bank funding delayed due to COVID-19, new funder to be introduced in FY21
- Discussions commenced seeking improved funding terms for FY21



## Outlook

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- Aspirational target of \$1bn under management by 2024
- Increased focus on online applications in Australia
- Key dealer program driving new & used volume
- Better interest rates attracting broader spectrum of customers
- Product launch capturing new vehicle demand
- Investment in technology driving application processing productivity

# Appendix

# Appendix 1 - Corporate Information

## CAPITAL STRUCTURE

ASX 300 Company

Shares on issue 185.3 million

Share Price (14<sup>th</sup> August 2020) \$1.90

Market capitalisation \$352.0 million

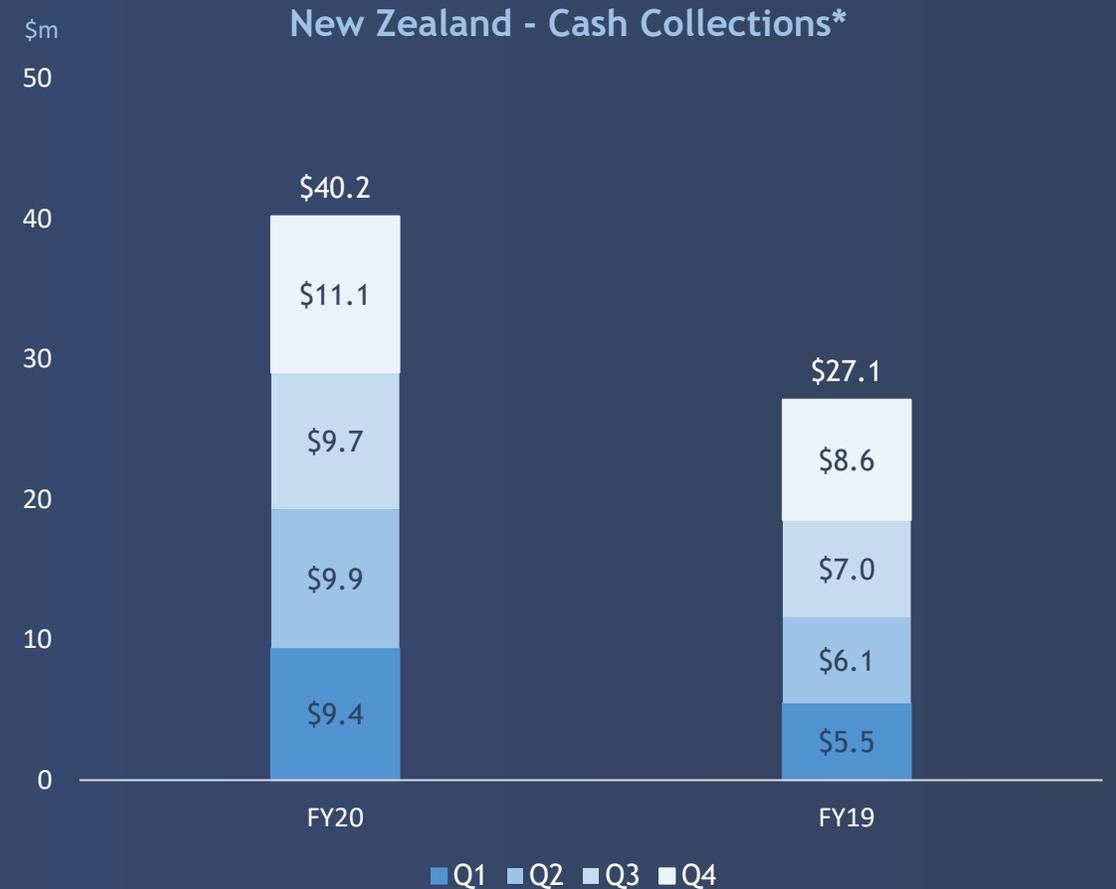
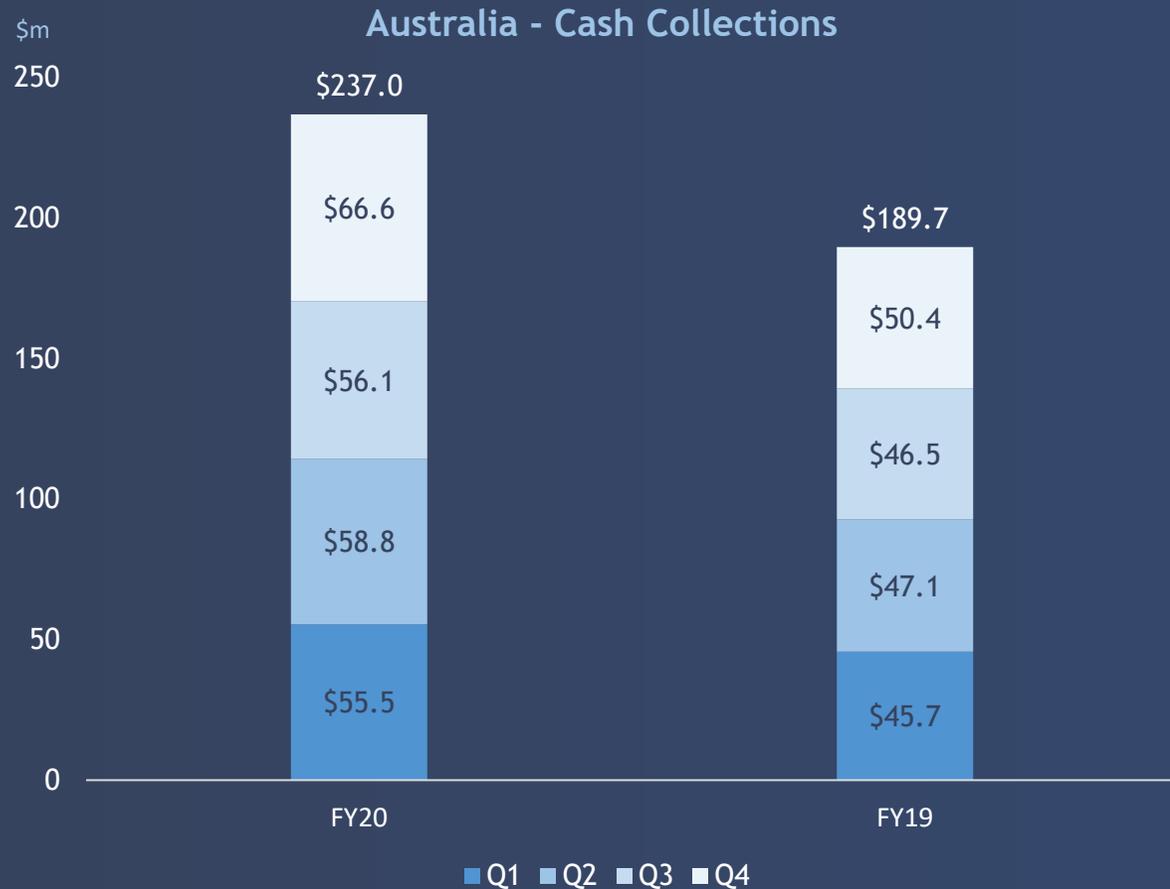
Deployable Capital ~\$65.0 million

Earnings per share 13.17 cents

Dividends per share (final) 3.00 cents



# Appendix 2 - Quarterly cash collections



\* New Zealand operations were acquired in March 2019 and the entire cash flow of FY19 do not belong to the Money3 Group



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