



money3

Automotive acquisition  
and capital raising  
accelerates growth

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# AFS acquisition

Money3 has entered into a binding contract to acquire Automotive Finance Services Pty Ltd (AFS) with expected completion in January 2021



Strategic fit



Acceleration into near prime automotive segment



Servicing several hundred Dealer Groups<sup>1</sup>



Strong loan book quality<sup>2</sup>



Earnings accretive



Funding diversification from large Australian bank<sup>3</sup>



Successful business model and experienced management team



Lot of similarities with the Go Car acquisition in 2019



FY22 Revenue (forecast)  
~\$14m

FY22 NPAT (forecast)  
~\$2.5m

Strong loan book quality  
30+ days arrears less than 1% of book

Purchase consideration  
\$10.8m

<sup>1</sup> <https://afico.com.au/>

<sup>2</sup> AFICO - AFS secures S&P Global Ratings

<sup>3</sup> AFICO - Westpac increases senior debt (source: <https://afico.com.au/>)



## Brad Dale - AFICO Founder

“We are extremely pleased to announce that AFS will be joining the Money3 Group. We believe there is a good cultural fit and strong alignment in strategy. By leveraging off our respective strengths we plan to build a real force in the asset finance market and deliver superior growth for shareholders in the years ahead.”



## Brian Anderson - CEO AFS

“AFS is steadfast in our commitment to the Automotive and Asset Finance Industry. The Money3 acquisition is an alignment of common goals, likeminded values + mutual growth mindset. It will be the basis for an exciting period for our business - we will continue to invest in our process and infra-structure, to ensure efficient delivery of our next generation products and services to drive peak performance.”

# FY20 AFS Financial Results

AFS Financial Results <i>Amounts in \$m unless otherwise stated</i>	FY20 (Normalised)
Revenue	10.2
Impairment expense	0.4
Operating expenses	(5.9)
<b>EBITDA</b>	<b>4.7</b>
<i>EBITDA Margin</i>	<i>46.1%</i>
<b>NPAT</b>	<b>1.5</b>
<i>NPAT Margin</i>	<i>14.7%</i>

Loan book is forecast to grow in excess of \$75m with annualised NPAT of ~\$2.5m in 18 months

## Customers

In excess of 4,000  
and growing

## Loan size

Averaging  
outstanding balance  
**\$12,000**

## Loan book

**\$52.1m** as of  
October 2020

## Bad debts

Less than 1% p.a. on  
gross loan book

## AFS Funding Facility

~\$20m Headroom in AFS  
warehouse facility

# Australian automotive market opportunity

## Australian automotive market

\$20bn

### 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

- 19.8 million registered vehicles in Australia<sup>4</sup>
- Over 1.2m new and 2.1m used vehicle sales annually
- ~300k additional vehicles on Australian roads from 2019 to 2020<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

## 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



### Market opportunity

- >4m Trucks and light commercial vehicles - AFS product offering expands addressable market

<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, 29 May 2020

# Money3 Group - market



## Non-conforming loans - Australia

- \$355m loan book (November 2020)
- Annual market opportunity - >\$1bn<sup>1</sup> - used vehicle financing to sub prime applicants
- 1/450 registered vehicles in Australia funded by Money3
- New warehouse funding facility led by a globally recognised A+ rated bank

## Products

- Automotive loans (consumer)
- Personal loans (consumer)



## Near prime segment - Australia

- \$52.1m loan book (October 2020)
- Annual market opportunity - \$3bn<sup>1</sup> in used car financing to near prime applicants
- Less than 1% market share providing a huge opportunity to grow
- \$55m debt facility from a large Australian bank with ~\$20m facility headroom

## Products

- Automotive loans (consumer)
- Automotive loans (commercial)



## Near prime & non-conforming loans - New Zealand

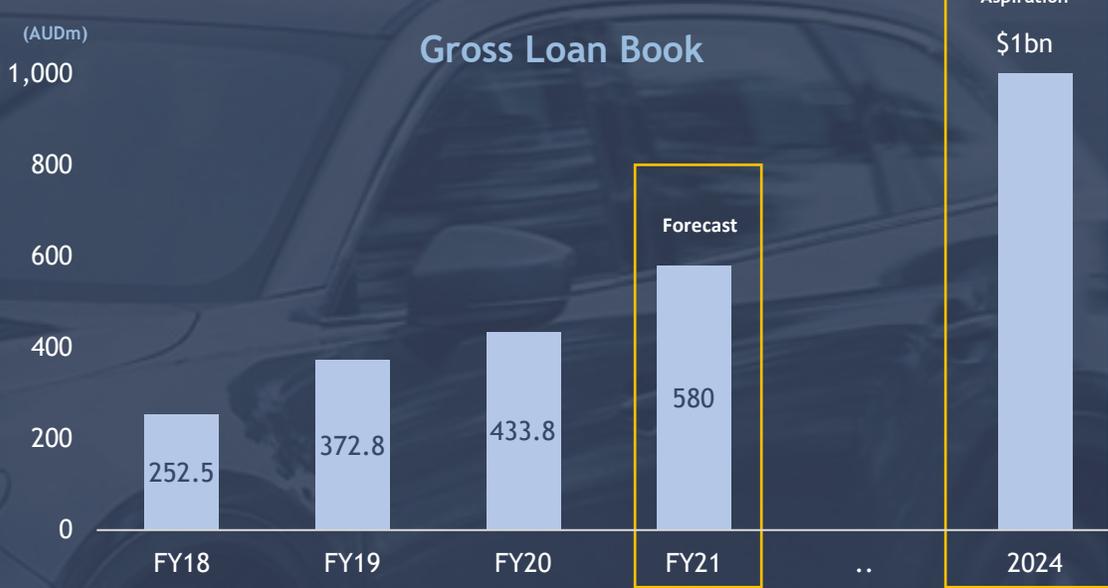
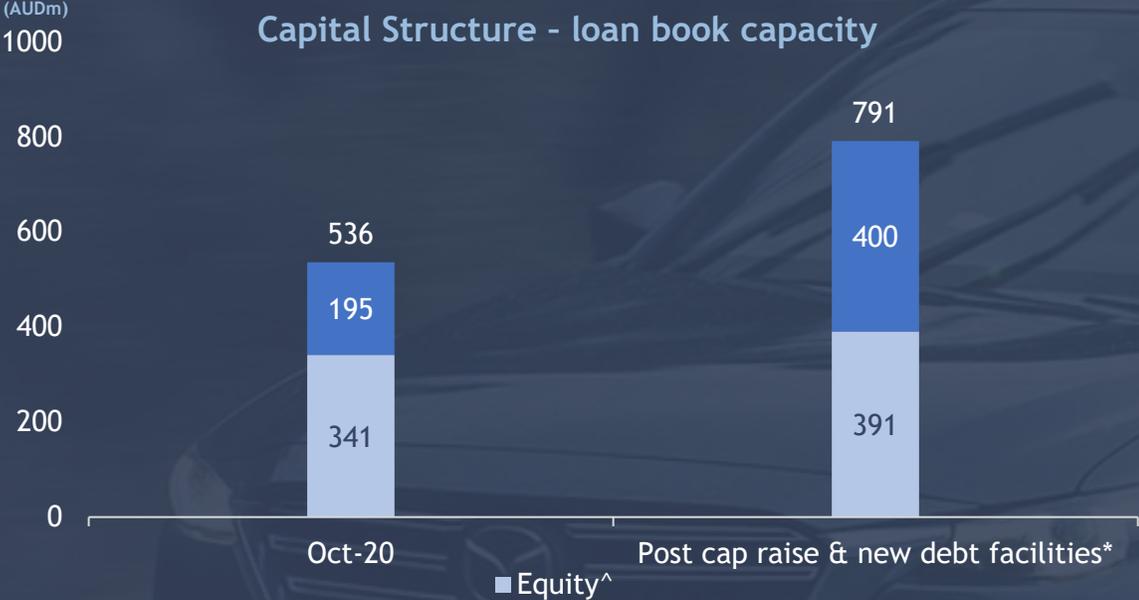
- NZ\$115m loan book (November 2020)
- NZ\$13.2b<sup>1</sup> annual motor vehicle sales
- Go Car estimates it finances <1% of the total car market
- 1/700 vehicles funded by Go Car Finance
- Funding expansion in 2021

## Products

- Automotive loans (consumer)
- Other complimentary products

<sup>1</sup> Money3 estimates

# Group - Gross loan book growth



\*Includes \$40m debt facility offer from a NZ Bank  
 ^Includes deferred revenue impairment provision on loan book

Capital raising and new debt facilities announced support loan book growth to ~\$800m

AFS acquisition increases momentum towards a \$1bn loan book

Return on Equity (RoE) to grow towards 20% with increasing leverage as new debt facilities are utilised

# Capital Raising

## Offer details

Offer overview	<ul style="list-style-type: none"> <li>A Placement to raise a minimum \$45.0m via the issue of approximately 16.7m shares ('Placement') at an Offer Price of \$2.70 under the Company's capacity provided by ASX Listing Rule 7.1</li> <li>A Share Purchase Plan ('SPP') to raise approximately \$5.0m via the issuance of approximately 1.9m shares at an Offer Price \$2.70</li> </ul> <p>The placement is priced at \$2.70 per share representing an 8.8% discount to the last closing price of \$2.96 on 2 December 2020 and a 7.2% discount to the 5-day VWAP of \$2.91 on 2 December 2020</p>
Use of proceeds	Capital raising is to fund the acquisition of AFS and its subsequent loan book growth and provide capital for growth, including additional acquisitions and New Zealand loan book growth
Ranking	All new shares issued under the Placement and SPP will rank equally with the Company's existing ordinary shares
Underwriting	The Placement was not underwritten by Bell Potter and Shaw and Partners. The SPP is not underwritten.
Share purchase plan	Under the SPP, the Company will offer each eligible Shareholder the opportunity to apply for up to 11,100 new ordinary shares at the Placement issue price of \$2.70 each, being the same price as the issue of shares under the Placement and representing a 8.8% discount to the closing price of the Company's securities on 2 December 2020.

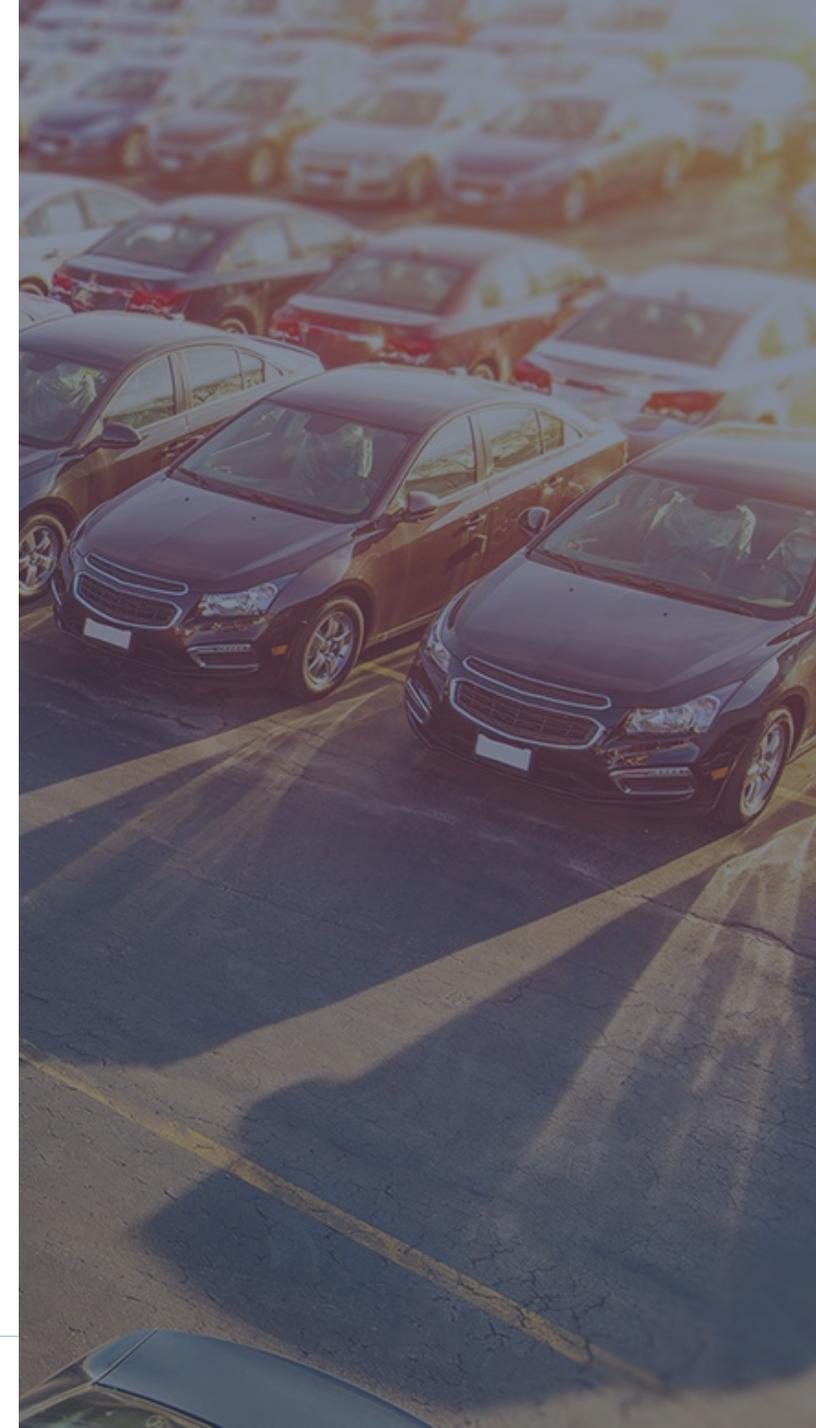
## Key Offer Statistics

Offer Price	\$2.70
Total number of existing shares on issue prior to completion of the Offer	185,369,867
New Shares available under Placement offer	16,666,698
Gross proceeds from Placement offer	\$45.0m
New Shares available under the Share Purchase Plan (SPP)	1,851,852
Gross proceeds from the SPP Offer	\$5.0m
Total number of shares on issue post the completion of the Offer	203,888,417

# Capital Raising (cont.)

## Indicative timetable

Key Offer Statistics	
Trading Halt	Thursday, 3 December 2020
Final bids due	Friday, 4 December 2020
Allocations Completed and Confirmation Letters Issued	Friday, 4 December 2020
Confirmation letters due	Friday, 4 December 2020
Placement announcement	Monday, 7 December 2020
Settlement of Placement Shares	Thursday, 10 December 2020
Allotment and Issue of Placement Shares under the Offer	Friday, 11 December 2020
Normal trading commences (Placement Shares)	Friday, 11 December 2020
Record Date for SPP Offer	Friday, 4 December 2020
SPP Offer Open	Tuesday, 15 December, 2020
SPP Offer Closes	Monday, 11 January 2021
Announcement and results and settlement of SPP	Thursday, 14 January 2020
Issue of SPP shares	Wednesday, 20 January 2021
Commencement of Trading of SPP Shares	Thursday, 21 January 2021



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