



# AGM Investor Presentation

1pm, Wednesday 16<sup>th</sup> November 2022

30 Graduate Road, Bundoora

Scott Baldwin  
CEO & Managing Director

Money3 Corporation Limited  
(change of name pending)



# Board of Directors



**Stuart Robertson**

Non-Executive Director & Chair of the Board

Member of Audit & Risk Committee and Remuneration & Nomination Committee

**Qualification**

B. Com ACA FINSIA GAICD MBA



**Kate Robb**

Non-Executive Director & Chair of the Audit & Risk Committee

Member of Audit & Risk Committee and Remuneration & Nomination Committee

**Qualification**

B. Acc. ACA, GAICD



**Symon Brewis-Weston**

Non-Executive Director & Chair of the Remuneration & Nomination Committee

Member of Audit & Risk Committee and Remuneration & Nomination Committee

**Qualification**

B. Econ (Hons), Masters in Applied Finance



**Scott Baldwin**

Managing Director & Chief Executive Officer

**Qualification**

Dip. Finance, GAICD, MBA B.Eng. (Hons)



**Terri Bakos**

Company Secretary

**Qualification**

B. Acc. ACA, ACIS

# Management Team



**Siva Subramani**  
Chief Financial Officer



**Pushkar Pendse**  
Chief Operating Officer



**Tessa Georgis**  
Head of People & Culture



**Natasha Velkovski**  
Head of Marketing



**Craig Harris**  
General Manager – Money3



**Paul Verhoeven**  
CEO – Go Car Finance Ltd



**Brian Anderson**  
General Manager – Automotive  
Financial Services

# Solvar Group





# Our Group

- + The Group is a provider of Automotive & Personal finance to consumers and small businesses
- + Providing finance to customers that are not well serviced, using skills developed over a 20 year history in working with our targeted customers
- + Represented across Australia & New Zealand by 3 unique brands
- + Solvar seeks to expand organically as well as seeking out strategic opportunities to expand products and distribution through acquisition
- + Solvar – We are here to help solve life's financial needs

# The SOLAR Group

**AFS** AUTOMOTIVE  
FINANCIAL  
SERVICES

**Go Car Finance**  
*Goes way further*

**money3**



**>\$2 Billion of  
vehicles funded**



**+200k vehicles  
funded**



**+20 years  
experience**



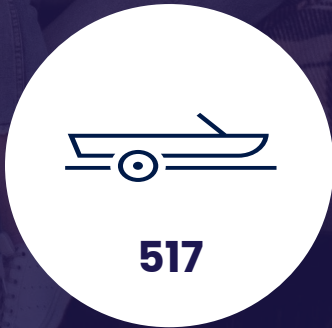
**Australia &  
New Zealand**



**+ 1 million loans  
originated**



# Assets under finance



Assets currently under finance as of 30 June 2022

# Group Business Units

money3



## Consumer loans - Australia

- Automotive loans up to \$100,000
- Personal loans up to \$30,000\*
- Focused on specialist credit
- Strong Customer Care team
- ~52k active customers\*\*
- \$438.9 million loan book\*\*
- Large customer database
- FY23 - Expected to settle ~27k new loans
- 170+ Staff

AFS AUTOMOTIVE  
FINANCIAL  
SERVICES



## Consumer & Commercial loans – Australia

- Automotive loans up to \$200,000
- ~20% Commercial loans
- Focused Prime credit provider
- ~5.5k Active customers\*\*
- \$123.9 million loan book\*\*
- FY23 - Expected to settle ~3k new loans
- 20+ Staff

Go Car Finance

Goes way further



## Consumer & Commercial loans – New Zealand

- Automotive loans up to \$100,000
- Personal loans up to \$5,000
- Broad range of credit covering new & used vehicles
- Vehicle maintenance & compliance
- ~13k Active customers\*\*
- NZ\$217.0 million loan book\*\*
- FY23 - Expected to settle ~6k new loans
- 90+ Staff

\*Maximum unsecured Personal loan is \$10,000

\*\* Closing balance Q1 FY23



A wedding couple is shown on the left side of the slide. The groom, on the left, is wearing a grey three-piece suit with a white shirt and a black bow tie. He is smiling broadly. The bride, on the right, is wearing a white lace wedding dress with a full skirt and a veil. She is also smiling and has her arms raised. They are surrounded by a shower of white confetti. The background is a dark, out-of-focus interior.

# FY22 Financial Results

Group Financial Results	FY22 (Statutory)	FY21 (Statutory)	Mvt %
<i>Amounts in \$m unless otherwise stated</i>			
Revenue	187.9	145.1	29.5%
Bad Debts	(27.2)	(18.2)	(49.5%)*
Movement in Impairment provisions	(5.3)	(0.9)	**
Expenses	(56.4)	(45.1)	25.1%
EBITDA	99.0	80.9	22.4%
EBITDA Margin	52.7%	55.8%	
Finance costs	(23.1)	(22.2)	4.1%
Depreciation & Amortisation	(2.2)	(2.2)	-
Tax	(22.1)	(17.3)	27.7%
NPAT	51.6	39.2	31.6%
NPAT Margin	27.5%	27.0%	
EPS – Basic (cents per share)	24.40	19.85	22.9%

\*Bad debts returning to normalised levels post Government stimulus in FY21, anticipated FY23 bad debts of 3.5% - 4.5% of the loan book.

\*\*Movement in impairment provisions returning to normalised levels post one-off COVID provision taken up in FY20, released in FY21.

# FY22 Financial Results

- + 26.4% increase in cash collected in FY22 to \$440.9m delivering strong Revenue growth
- + 26.3% increase in new lending in FY22 to \$467.0m underpinning future Revenue growth
- + ~31k new loans written in FY22 (17.2% increase over prior comparative period)
- + Post pandemic normalisation of bad debts, anticipated to be 3.5% - 4.5% in FY23



# Q1 FY23 Results

# Highlights – Q1 FY23

**Revenue**  
increased

**10.8%**

to \$51.0m on pcip



**EBITDA**  
increased

**5.9%**

to \$28.0m on pcip



**Q1 Bad Debts**

**3.3%**

Full Year Bad Debts  
expected to be 3.5-4.5%

Secured additional  
NZ\$250.0m funding  
facility to support  
GCF growth

On-market share  
buy-back of 2.4m  
ordinary shares  
for \$4.7m

(as of 14th November 2022)

**Cash collections**  
(Collection of Principal &  
Interest)

**10.5%**

to \$119.9m on pcip



**Loan book grew**

**18.2%**

to \$753.7m on pcip



**Q1 New loan  
Originations**

**\$112.8m**

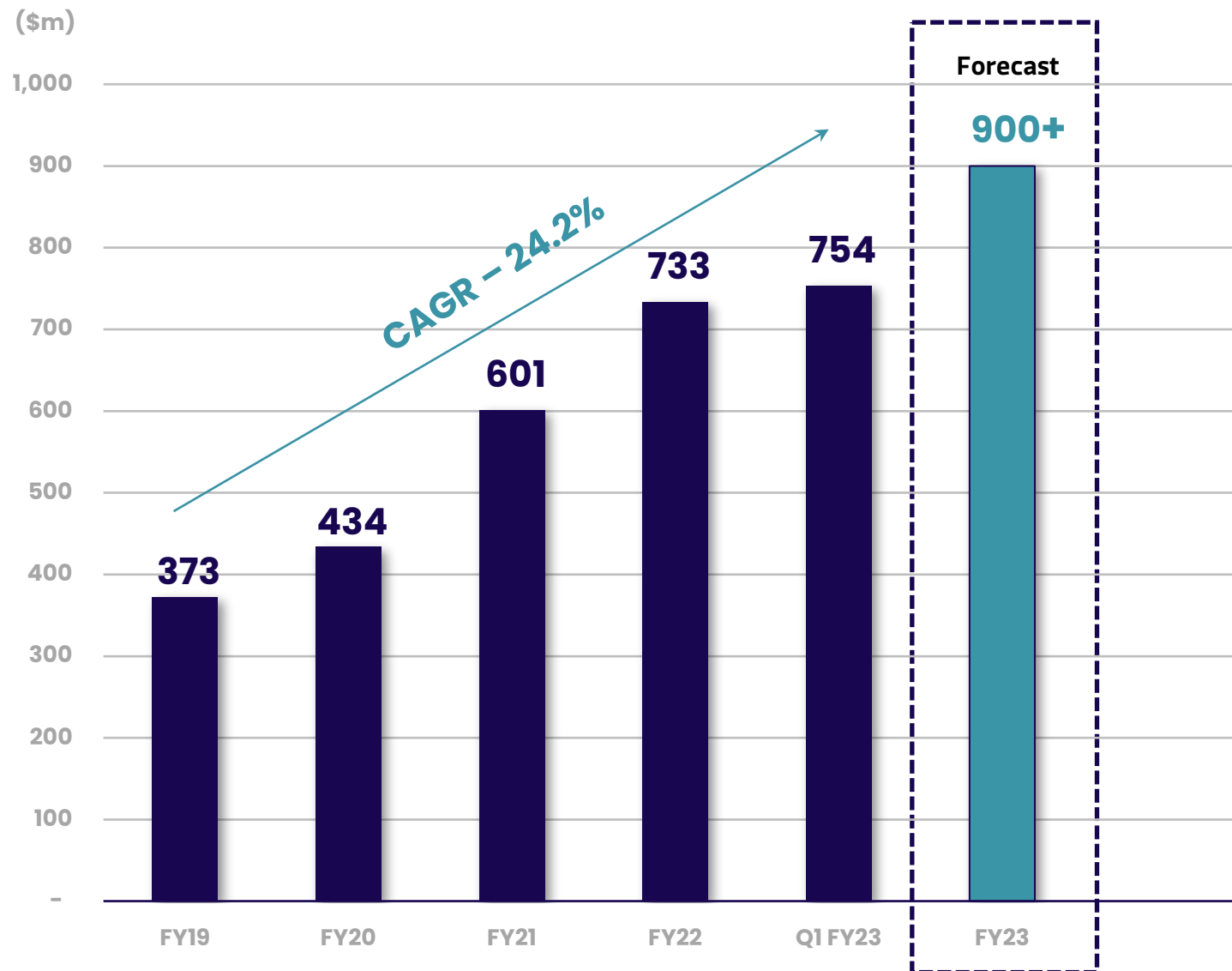
flat on pcip

Change of Group  
name

**SOLVAR**

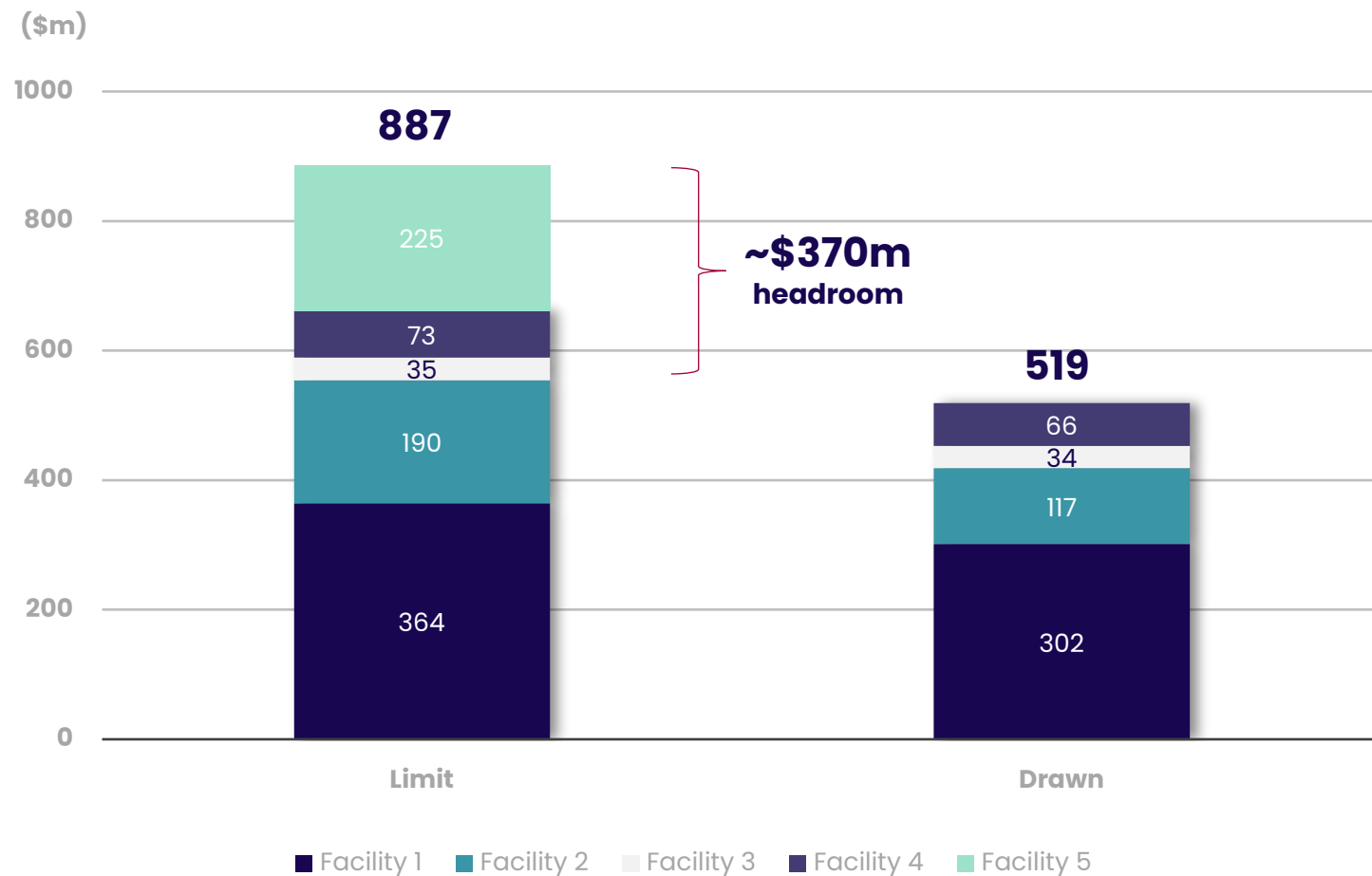
To better represent  
the whole business





## Strong loan book growth

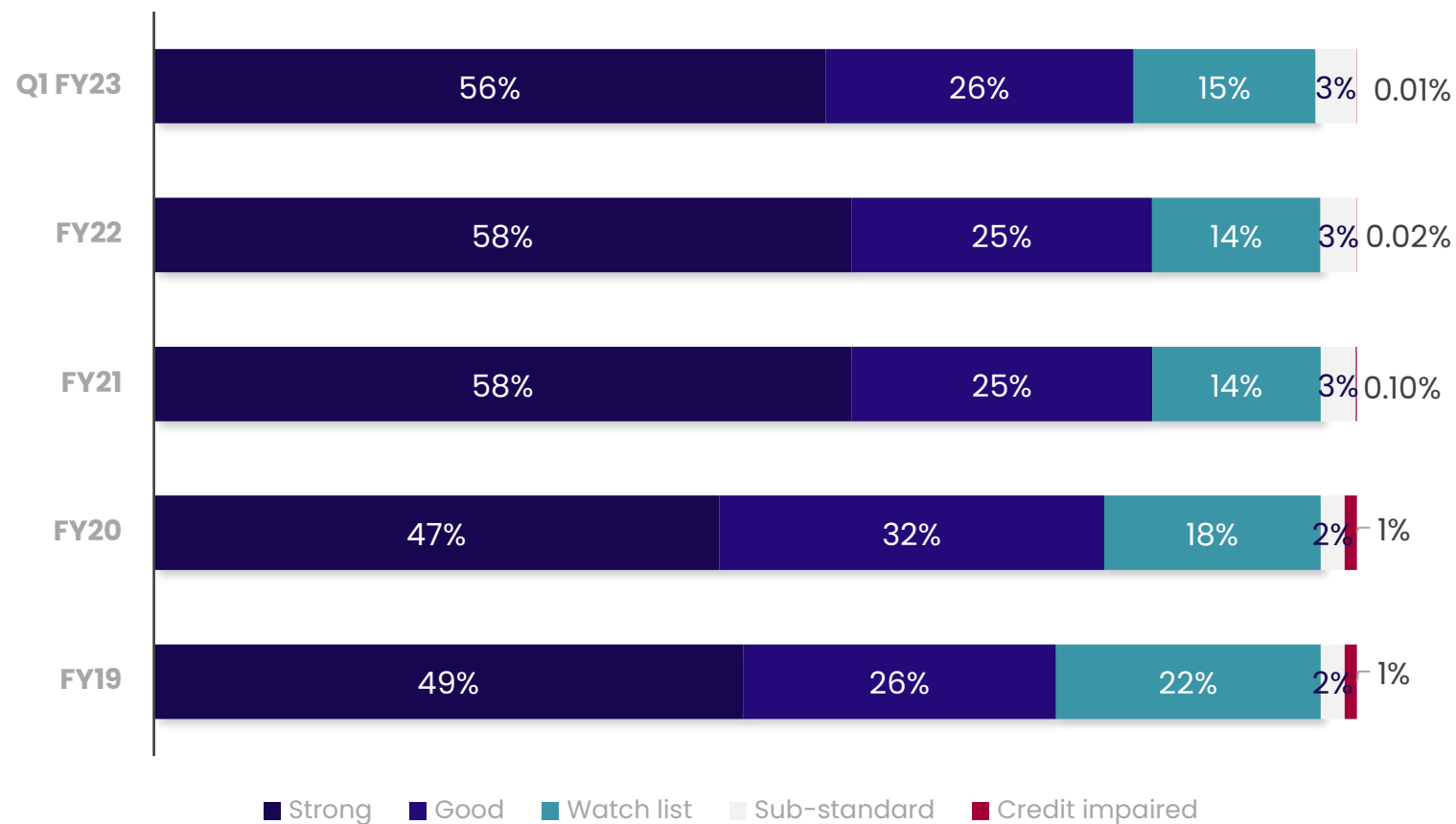
- + Strong lending momentum in Oct-22 increasing **loan book to \$779.4m**
- + On track for record new lending in November 2022
- + Group continues to take market share growing in market challenged by interest rate rises
- + Agile pricing strategy adopted to continue to drive profitable growth
- + ~\$500.0m in available funds (debt headroom and available cash) to support growth well beyond \$1bn
- + \$119.9m in quarterly cash collections – normalising compared to prior comparative period
- + Strong start to FY23 with \$112.8m in new lending in Q1 FY23



# Debt Facility Commentary\*

- + Diversified facilities with 6 funders (including major Australian, New Zealand and international banks)
- + Funding cost margin reduction available as book size and quality improves
- + Secured funding to protect growth runway by early drawdown – leading to a short-term P&L impact until deployed
- + A portion of the book hedged for interest rates rises
- + ~45% loan book leverage (net of cash)





# Stable credit quality

- + Credit quality profile maintained during Q1 FY23 despite inflationary pressures
- + 82% of portfolio is in 'Strong and Good' category – representing very low arrears
- + Full Year Bad Debts expected to be 3.5%-4.5% (well below long term average of 4.5%-5.5%)
- + Normalisation of cash collections – will drive loan book growth

*Note: The above graph is prepared under the requirements of Australian Accounting Standards and is included in Note 19 of the annual report.*

A woman with long brown hair, wearing a straw hat, a light-colored crop top, and white pants, stands next to the open trunk of a dark-colored car. The trunk is filled with beach items, including a white cushion, a straw hat, and a basket of white daisies. She is holding a woven basket in her right hand and has her left hand on her hip. The background shows a sandy beach and the ocean under a clear sky.

# Outlook FY23



# FY23 – Outlook

## Strategic Outlook

- Well positioned to expand product offering into adjacent markets i.e. commercial automotive
- Well capitalised to take advantage of acquisition opportunities

## Market Outlook

- Used asset pricing stabilising with improving availability
- Competition adjusting to rising interest rates is providing an opportunity to take market share

## Financial Outlook




- Closing loan book expected to exceed \$900.0 million
- Revenue growth expected to exceed 10%
- Bad debts 3.5% - 4.5% for the financial year
- Growth and improving business performance expected to cover the increasing cost of funding
- Net Profit After Tax \$52.0 million
- Earning Per Share – 24 cents

A photograph of two technicians, a man and a woman, working on a car engine. The man, on the left, is wearing a green beanie and a plaid shirt. The woman, on the right, is wearing a grey and red work jacket. They are both looking intently at the engine, which is illuminated by a bright light. The background is a blurred industrial setting.

# Appendices



# Appendix 1 – Product summary

Product						
Purpose	Consumer Vehicle Finance	Consumer Personal loans	Consumer Vehicle Finance	Commercial Vehicle Finance	Consumer Vehicle Finance	Commercial Vehicle Finance
Location	Australia	Australia	Australia	Australia	New Zealand	New Zealand
Loan Amount	up to \$100,000	up to \$30,000	up to \$200,000	up to \$200,000	up to \$100,000	up to \$100,000 Pilot 2023
Term	2–5 yrs	1–5 yrs	Up to 7 yrs	Up to 7 yrs	2–5 yrs	2–5 yrs
Loan Book 30 Sep 22	A\$438.9 million		A\$123.9 million		NZ\$217.0 million	

## Appendix 2 – Group Performance

Financial Results 'millions	FY17	FY18	FY19	FY20	FY21	FY22	CAGR
Revenue	56.0	73.6	91.7	124.0	145.1	187.9	27.4%
EBITDA	30.5	40.5	46.3	49.1	80.9	99.0	26.6%
EPS (cents)	10.30	13.20	13.00	12.08	19.85	24.40	18.8%
Dividends (cents)	5.65	9.50	10.00	8.00	10.00	13.00	18.1%
Loan book	213.8	252.5	372.8	433.8	600.9	733.4	27.9%

# Glossary of Terms

**NAF** – Net Amount Financed: The amount of credit advanced to a customer in respect to their loan

**PCP** – Prior Corresponding Period: A comparison of the results for the same period during the previous reported period, typically the previous financial year

**AFS** – Automotive Financial Services: The Group's Australian prime automotive operations

**GCF** – Go Car Finance: The Group's New Zealand Operations

**NZ\$** – New Zealand dollars

**A\$ or \$** – Australian dollars

**Active customer** – A customer with an outstanding balance



# Disclaimer

The content of this presentation has been prepared by Money3 Corporation Limited (the **Company**). It is general information on the Company and its subsidiaries (together, the **Group**) current as of the 14<sup>th</sup> November 2022. It is in summary form and is not necessarily complete.

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# Thank you!

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