21st August 2014

ASX Limited
Exchange Centre
20 Bridge Road
Sydney NSW 2000

Media Release FY2014 Results

On behalf of the board of directors of Money3 Corporation Ltd (Money3), it is our pleasure to present the results for the financial year 2014 (FY14).

Over recent years Money3 has transformed itself into a well funded scalable diversified financial services company focusing on short to medium term loans for credit challenged customers. The company expansion and success is as a result of our team of dedicated staff and a strong expanding branch and broker network.

2014 Key Highlights:

- Generated $11.0 million profit before tax an increase of 110% (2013: $5 million)
- Basic EPS increased by 32% to 8.13 cents per share (2013: 6.16 cents)
- Dividends increased by 12.5% to 4.5 cents (2013: 4.0 cents)
- Increased branch network by 30 sites to become 70 sites,
- Introduced new products successfully under new regulations,

2014 Other Achievements

- Earned Revenue increased by 90.9% to $43.5 million (2013: $22.7 million)
- Written Revenue increased by 86.6% to $63.6 million (2013: $34.1 million)
- Debtors increased by 126% to $72.7 million (2013: $32.2 million)
- Money3 raised $25.5 million via the issue of 27.6 million shares and still maintained strong EPS growth
- Successfully raised $30 million via a Bond Note issue

Unsecured Lending

During the financial year via the 70 branch network and centralised Web Centre, Money3 generated a significant increase in the volume of loans to 114,566 loans between $50 and $5,000.

Taking over the Cash Store operation on 24th September 2013 provided a challenging and fantastic opportunity. It is pleasing to report that the contribution to profit in the last quarter from all the Cash Store branches was $668,185 and the overall contribution in FY15 is expected to be significant.

Unsecured lending is the foundation of our business and all staff at Money3 are required to work in this part of the business to gain an understanding of why we exist. This establishes our culture of giving people ignored by traditional credit providers, a second and sometimes third chance. We are now seeing customers being referred from the branch network to our secured division and expect this referral of customers to not only continue but increase in the coming years.

FY14 Financial Achievements were:

- Written income increased by 86% to $32.6 million (2013:$17.5 million)
- Earned income increased by 75% to $28.8 million (2013: $16.5 million)
- Loan book increased by 112% to $22.4 million (2013: $10.6 million)
- Bad debts as a % of revenue for established branches was 13.91%
- Bad debts as a % of revenue for new branches was 21.88%

Secured Lending

This division is the fastest growing and the most scalable part of the business. The division is split into two sections:

- The Loan Centre, providing loans between $2,001 and $35,000 for a period up to 4 years, processed 2,589 loans and generated earned income of $11.8 million (2013: $7.5 million)
- Micro Motors, providing loans between $2,001 and $6,000 for a period of 12 months to 2 years, processed 2,193 loans and generated earned income of $2.7 million (2013: $0.5 million).

Loans for this division are sourced from external brokers, branch network, existing customers and the web. This division has seen very strong growth over the past two years and we expect this growth to continue in the foreseeable future.

FY14 Financial Achievements were:

- Written income increased by 87% to $30.8 million (2013: $16.5 million)
- Earned income increased by 134% to $14.5 million (2013:$ 6.2 million)
- Loan book increased by 133% to $50.2 million (2013: $21.5 million)
- Bad debts as a % of revenue for was 7.18%

Bad Debts

As Money3 lend to customers who have often had issues with credit in the past it is expected that slow and bad debt would be higher than traditional lenders. Money3 considers bad debt a cost of doing business therefore we account for bad debt as a percentage of revenue. Bad debt levels normally sits between 11% and 15% of revenue depending on the maturity and profile of the particular portfolio. With the expansion of the branch network in NSW, SA and QLD Money3 has seen an increase in bad debts. This increase in normal when new branches are being set up and tends to normalise after 12 months. Managing bad debts remains a priority of Money3 and the investment in an internal debt recovery team is beginning to deliver positive outcomes as bad debts are being recovered.

Culture of Money3

The common thread through the company is the desire to contribute to others. For the past 14 years we have developed ways to provide self-esteem to customers and staff who have often been neglected, rejected and at least financially excluded. In order to fulfil that desire we place a strong emphasis on personal development of staff.

Regularly we run programs for staff to examine and transform how they relate to circumstances. The outcome of this training is a culture of possibility encompassed in the statement “we will lead the transformation of consumer lending in Australia.” The personal benefit to staff is a sense of fulfilment, to customers is opportunities that otherwise would not exist and to shareholders a sustainable, scalable, profitable business in which to invest well.

The benefit of this training was well demonstrated this year in the integration of staff from the Cash Store takeover. It allows new staff to understand our culture quickly and chose if it suits them.

Regulations

New regulations governing all consumer credit commenced 1st March 2013 with caps on fees and charges coming into place on 1st July 2013. Money3 were well prepared, had lobbied for many of the changes and are pleased with the new consumer credit environment.

The Consumer Credit Legislation Amendment (Enhancement) Act 2012 continues to be fine-tuned and will be reviewed by a three person government appointed panel in July 2015. With an exodus of many of the recalcitrant industry participants since the Bill was introduced and the adoption of similar rules to Australia by the UK regulators it is unlikely that any significant reform will come from the review.

Dividends

The Directors of the company recommend that a final dividend of 2.50 cents per share is to be paid on the 23 October 2014 to those shareholders on the register at the close of business on the 8 October 2014. The final dividend payable of 2.5 cents per share brings the full year dividend to 4.5 cents per share fully franked up from 4.0 cents in FY13.

Funding

Unlike in previous years were the funding of growth was solely from equity raisings, growth for the next 12 months is being funded by debt. This debt is a combination of the recent Bond issue that raised $30M and the $20m securitised banking facility that has been approved.

Outlook

Money3 is well placed to capitalise on the growth prospects in the consumer credit industry. With debt funding in place, the unmet demand particularly in secured lending will see strong organic growth. With the current momentum and run rate, FY2015 will see records of both revenue and profit exceeded again.

Conclusion

The pleasing results of FY2014 would not have been achieved without the commitment of directors, management and staff. We thank them for their efforts and would also like to thank you, our valued shareholders for your ongoing support. We are set up for a sustainable long term future and are committed to giving you value and together we will lead the transformation of the consumer lending industry in Australia.

Yours faithfully,

Rob Bryant
Managing Director
Melbourne
21 August 2014