



Investor Presentation

*We will lead the transformation of
the consumer lending industry in
Australia*

Rob Bryant – MD

Craig Harris - CFO and Company Secretary

Level 1, 40 Graduate Road | Bundoora Vic 3083 | Tel: 03 9093 8255

September 2014

The Company and Key people

- ▶ Founded in June 2000 and listed on the ASX in October 2006
- ▶ Profitable every year since 2001
- ▶ The key executives are Rob Bryant MD and founder, Craig Harris CFO ex OAMPS and Wentworth and Scott Baldwin COO ex GE Health
- ▶ Our niche is “*understanding customers that traditional credit providers ignore*”

Financial Review

	FY14	FY13	% increase
Written Income	\$63.6M	\$34.1M	86.6%
Earned Income	\$43.5M	\$22.8M	90.9%
Profit Before Tax	\$11.0M	\$5.2M	110.0%
Gross Margin	25.3%	22.8%	11.0%
Bad debts as % of revenue	14.1%	10.7%	
Trade receivables	\$72.7M	\$32.1M	126.5%
Basic EPS	8.13 cents	6.16 cents	32.0%
DPS	4.5 cents	4.0 cents	12.5%
NTA	61.3 cents	45.8 cents	33.8%

Financial Review - Secured

	FY14	FY13	% increase
Written Income	\$30.8M	\$16.5M	86.7%
Earned Income	\$14.5M	\$6.2M	133.9%
Profit Before Tax	\$8.1M	\$4.8M	68.8%
Bad debts as % of revenue	7.18%	9.8%	
Trade receivables	\$50.2M	\$21.5M	133.5%
No of Loans	4,782	1,696	

Secured Loan Division Highlights

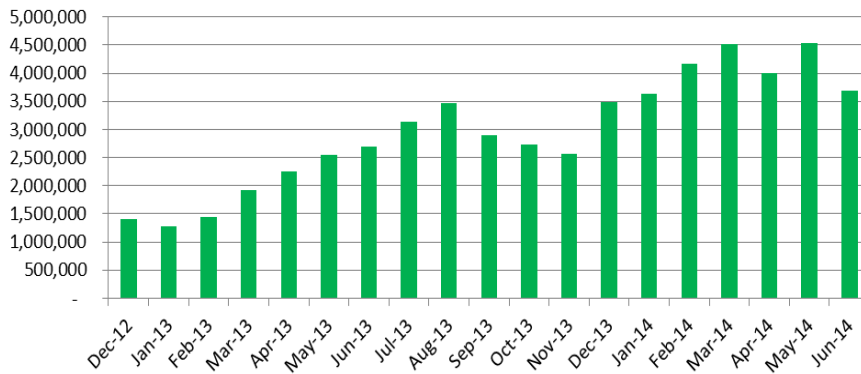
- ▶ Cash advance increased in each of the last 6 months periods:

- ▶ June 14 \$24.6M
- ▶ Dec 13 \$18.3M
- ▶ June 13 \$12.1M
- ▶ Dec 12 \$7.8M

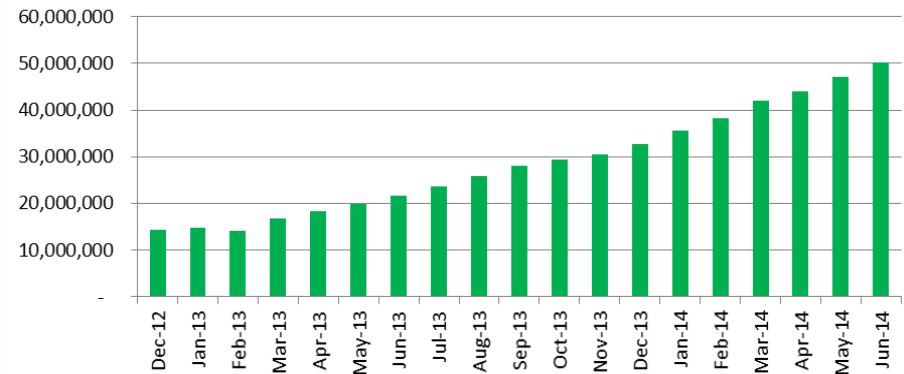
- ▶ No. of loans increased in each of the last 6 months periods:

- ▶ June 14 2,848 loans
- ▶ Dec 13 1,841 loans
- ▶ June 13 1,062 loans
- ▶ Dec 12 634 loans

Total Secured Cash Advanced



Secured Loan Book Balance



Financial Review - Unsecured

	FY14	FY13	% increase
Written Income	\$32.6M	\$17.5M	86.3%
Earned Income	\$28.8M	\$16.5M	74.5%
Profit Before Tax	\$9.1M	\$5.1M	78.4%
Bad debts as % of revenue	17.6%	13.5%	
Bad debts - established branches	13.9%		
Bad debts - new branches	21.9%		
Trade receivables	\$22.4M	\$10.6M	111.3%
No of loans	114,566	99,827	

Unsecured Loan Division Highlights

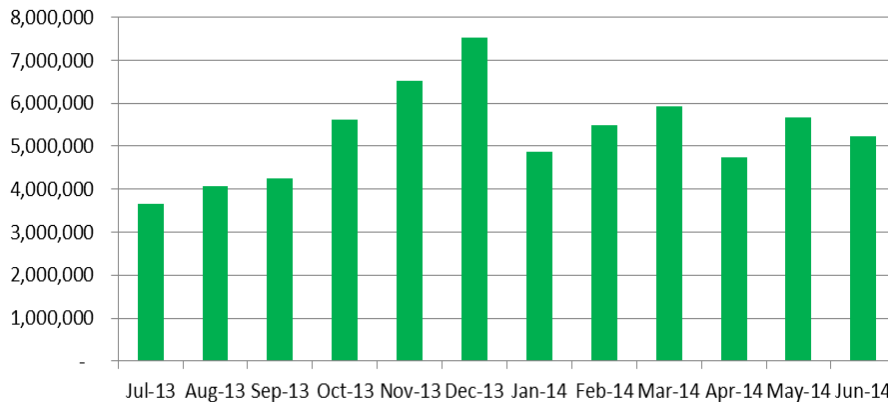
- ▶ Cash advance increased in each of the last 6 months periods:

- ▶ June 14 \$31.9M
- ▶ Dec 13 \$31.6M
- ▶ June 13 \$20.7M
- ▶ Dec 12 \$16.9M

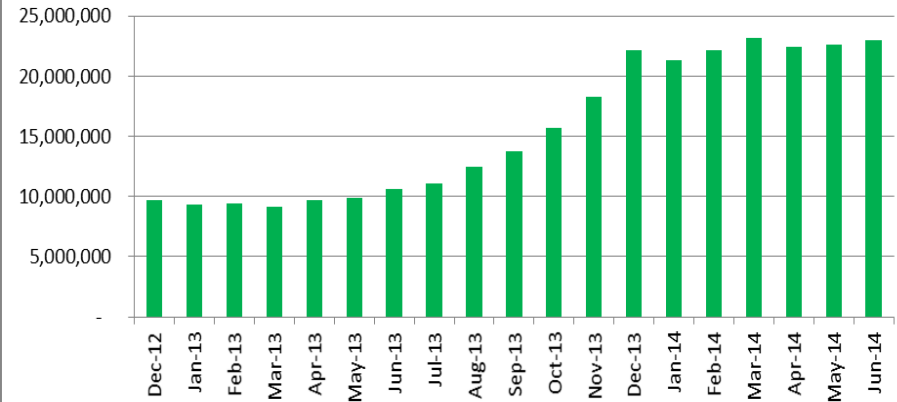
- ▶ No. of loans in each of the last 6 months periods:

- ▶ June 14 60,826 loans
- ▶ Dec 13 55,983 loans
- ▶ June 13 56,994 loans
- ▶ Dec 12 42,833 loans

Total Unsecured Cash Advanced



Unsecured Loan Book Balance



Bad Debts

- ▶ Bad debts is a cost of doing business
- ▶ Our new customer experience for unsecured lending is:
 - ▶ One in three fails
 - ▶ One in three borrows once
 - ▶ One in three becomes a long term customer
- ▶ When you expand your branch network or procure more customers via the web this leads to an increase in bad debts in the short term.
- ▶ 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
- ▶ Our long term targeted bad debts levels are:
 - ▶ Secured 10% to 12%
 - ▶ Unsecured branch 10% to 15%

Funding

- ▶ Currently the company has two major sources of funding:
 - ▶ In May 2014 the company raised \$30M via a unlisted secured bond issue which was led by the Thorney Group who subscribed for \$15M of the issue. The bonds are 4 year bonds and have a free attaching listed option with a strike price of \$1.30
 - ▶ The company is completing the documentation on a \$20M securitised warehouse facility. Documentation and initial drawdown will be completed by the end of September 2014. The facility will provide funding up to 50% of eligible receivables in the secured lending division
- ▶ Once the debt funding is deployed EPS growth will follow

Regulatory Environment

- ▶ Comprehensive Credit Reporting commenced in March 2014. Take up has been minimal
- ▶ Credit Enhancement Bill that regulates our industry will be reviewed by a 3 person panel commencing July 2015
- ▶ It appears that high street lenders have reduced, internet lenders(licensed and unlicensed) have increased
- ▶ It also appears that loan amounts and duration of repayment have increased which was part of the intention of the regulations
- ▶ Review by ASIC is soon to be released about SACC products, Loans less than \$2,000 and less than 12 months duration

Outlook and Recent Developments

Developments over past 6 months

- ▶ Set up the internal broker division to focus on repeat secured business using our database
- ▶ Roll out our secured products to WA based brokers
- ▶ Set up a referral arrangement with finance brokers to refer small unsecured loans
- ▶ Ex-Cash store branches contributed \$0.6M for the last quarter of the financial year and continues to improve

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

Questions?