



# ASX Release

**22 August 2019**

## Moving up, scaling up and going global.

Zip Co Limited (ASX : Z1P) ("Zip" or "Company"), a leading player in the digital retail finance and payments industry, today announced its full year results for the year ended 30 June 2019.

### **FY19 HIGHLIGHTS**

- Revenue of \$84.2 million, up 138%. Annualising at over \$100m.
- Transaction volume of \$1,128.5 million, up 108%.
- Loan book (receivables) of \$682.6 million, up 115%.
- More than 1.3 million customers and 16,000 partners on the platform.
- Net bad debt write-off of 1.63%, well below industry standards.
- Achieved cashflow breakeven for the last 6 quarters.
- Reported cash EBTDA of \$9.2 million in FY19, compared to a loss of \$8.8 million in FY18.
- Raised \$54.4m, net of costs, in an oversubscribed capital raise.
- Launched the Zip App that has transformed the customer experience.
- Multiple billion-dollar partners joined the Zip platform.
- Announced the acquisition of global technology platform PartPay.

Larry Diamond, Managing Director and CEO said:

*"2019 has been a huge year for Zip as we continued the rapid growth in customer accounts, transactions and revenue. We also were successful in signing many \$1bn+ enterprise accounts to the platform, launching the Zip App and more recently announcing the expansion of Zip globally.*

*These outstanding results and achievements are testament to the incredible hard work of the entire Zip team, and on behalf of the Board I would like to thank everyone for their dedication and commitment.*

*We are proud of these results, but are only just beginning and are now well positioned to drive **more customers**, to transact at **more places, more often**. We have a number of strategies in place to execute, both locally and globally, and are genuinely excited by the opportunities that lie ahead."*

During FY19 the Company saw significant growth in all core operating metrics, compared to the previous financial year:

- Customer numbers increased by 80% to over 1.3 million.
- Partner numbers increased by 54% to over 16,000.
- Transaction volumes increased by 108% to \$1,128.5 million.
- Number of transactions processed increased by 154% to 4.8 million.

Accordingly, revenue for the financial year increased from \$40.4 million to \$84.2 million, an increase of 138% reflecting growth across all key metrics.

Pocketbook, Australia's category-leading personal finance management tool, increased users to 700,000 over the year and will shortly announce the expansion of its product offering beyond tracking, budgeting and saving.

## **Receivables Performance**

Customer receivables increased by 115% from \$316.7 million at 30 June 2018 to \$682.6 million at 30 June 2019.

Monthly repayments remain healthy at approximately 13%-14% of the prior month's closing balance, which equates to customers repaying their entire balance in just over 7-8 months on average.

Despite our receivables growing substantially during the year, both arrears and bad debts remain significantly better than industry standards and are a testament to the substantial investment in our proprietary credit decisioning technology. As at 30 June 2019, the reported arrears rate was 1.89%, remaining stable compared to 1.87% at the end of FY18. Net bad debt write-offs were 1.63% compared to 2.61% at 30 June 2018, materially better than industry benchmarks, and ahead of management's guidance.

## **Financial Position and Debt Funding**

The Company had \$12.6 million in cash on its balance sheet, inclusive of restricted cash of \$6.4 million, at 30 June 2019.

The Company had funding facilities available of \$631.5 million at 30 June 2019, of which \$587.5 million was utilised. The total facility size increased to \$731.5m in July 2019, following an increase in the facility provided by NAB in the zipMoney Trust 2017-1.

During the year the Company planned the implementation of the Zip Master Trust program, and in July mandated NAB to arrange an initial issuance of \$400m (subject to potential upsizing) in rated debt funding as an initial issuance into the Trust. The transaction was launched on 19<sup>th</sup> August and is expected to settle on 5 September 2019. Following the implementation of the Zip Master Trust committed facilities available will increase to \$931.5m.

At 30 June 2019 Zip held \$71.5 million in equity subordination across its various funding programs, including amounts invested from the capital raising.

## **FY20 Outlook & Beyond**

Since formation, Zip's unwavering goal has been to disrupt the credit card industry, using big data and technology to build leading-edge, digital consumer products which provide fairness, transparency and genuine payment flexibility, without the need for customers to fall into arrears to drive revenue.

Key priorities for the Company in FY20 include:

### **Financial Targets**

- 2.5 million customers with an active Zip account.
- \$2.2 billion in annualised transaction volume.

### **Local Expansion**

- Launch instalments for business.
- Secure strategic deals with banks, and partners.
- Enter everyday spend categories and accelerate acceptance.

### **Global Expansion**

- Integrate PartPay, grow market share in NZ and launch in the UK.
- Explore new market opportunities.

### **People**

- Hire seasoned leaders for the next phase of growth.
- Expand workforce to multi jurisdictions.
- Continue to drive a growth culture.

**For more information, please contact:**

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**About Zip**

ASX-listed Zip Co Limited (Z1P: ASX) or ("Zip") is a leading player in the digital retail finance and payments industry. The Company offers point-of-sale credit and digital payment services to the retail, education, health and travel industries. It operates under the Zip Pay, Zip Money and Pocketbook brands. The Company is focused on offering transparent, responsible and fairly priced consumer products. Zip's platform is entirely digital and leverages big data in its proprietary fraud and credit decisioning technology to deliver real-time consumer responses. Zip is managed by a team with over 50 years' experience in retail finance and payments and is a licensed and regulated credit provider.

For more information, visit: [www.zip.co](http://www.zip.co)