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# AUSTRALIAN MICROCAP INVESTMENT CONFERENCE PRESENTATION

18-19 October 2016

**Ray Malone**  
Chairman

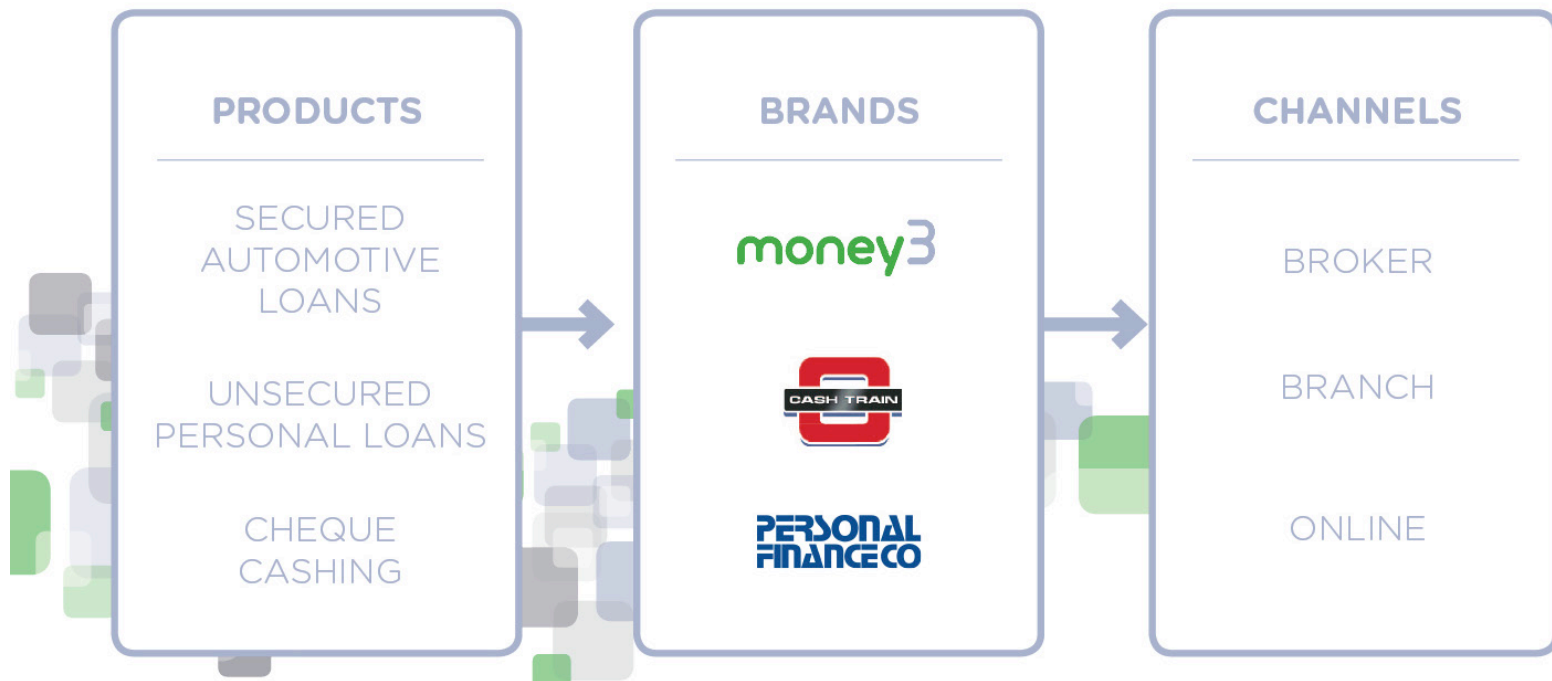
**Scott Baldwin**  
Managing Director



# About Money3



Money3 is a national credit provider committed to servicing the needs of customers who cannot access funding from traditional lenders.



# Overview of Money3



## Key Highlights

- Established in November 2005 through the roll-up of Money3 and Money Plus branded businesses, listed on ASX in October 2006
- National credit provider specialising in lending to customers who are unable to access credit from traditional lenders
- Operates in a highly regulated industry and has voluntarily introduced a lending charter beyond legislative requirements for responsible lending
- Extremely well positioned due to strong relationships with a broad network of brokers, physical branches, well capitalised business and has established systems to consistently achieve regulatory compliance
- Listed on ASX (MNY) with a market cap of ~\$270m\*
- Strong financial metrics: FY16 NPAT of \$20.1m (FY17 NPAT guidance of \$26m)
- Considering multiple debt funding alternatives to fund strong growth in Secured Automotive Loans

\* AS AT 12 OCTOBER 2016

# Financial Overview FY16



## Key Financial Highlights

- 55.0% increase in Revenue from secured automotive loans
- 40.0% overall increase in Revenue, with all Divisions delivering revenue growth
- 44.7% increase in EBITDA driven by strong performance in Broker and Online
- 44.4% increase in Net Profit After Tax to \$20.1m, above guidance of \$19m
- Gross Loan Book increased 27.1% to \$198.8m at 30 June 2016
- Final dividend declared of 2.5 cents fully franked, taking full year dividend to 5.25 cents. The DRP will not apply to this dividend
- New \$20m debt facility drawn in June 2016 to fund growth in FY17 and an ability to request a further \$10m
- \$27.2m cash at bank at 30 June 2016 to fund business growth in FY17

**Strong start to FY17 – guidance of NPAT of \$26m**

# Product Mix

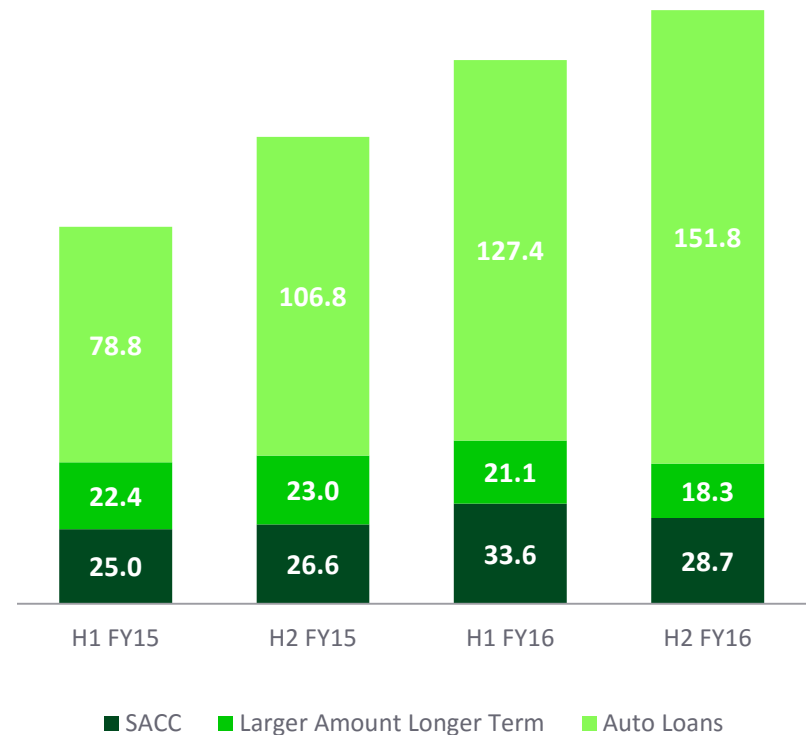


## Product Mix Continues to Change

- Secured automotive loans now represent 76.3%\* of gross loan book
- Larger amount longer term loans now represent 9.2%\* of gross loan book
- Small Amount Credit Contract (SACC) loans now represent 14.5%\* of gross loan book
- Focus for FY17 is to continue to organically grow the secured automotive loans and larger amount longer term loans

\* AS AT 30 JUNE 2016

## Gross Loan Book \$m



# Financial Performance



	FY16 \$m	FY15 \$m	Mvt %
Revenue	96.7	69.1	40.0%
Expenses	61.4	44.7	37.4%
<b>EBITDA</b>	<b>35.3</b>	<b>24.4</b>	<b>44.7%</b>
<i>EBITDA as % of revenue</i>	36.5%	35.3%	
<b>NPAT</b>	<b>20.1</b>	<b>13.9</b>	<b>44.4%</b>
<i>NPAT as % of revenue</i>	20.8%	20.2%	
EPS (Basic) cents per share	14.21 cps	11.82 cps	20.2%

- Strong growth in secured automotive loans driven by the Broker channel
- Expense growth well maintained, with cost out program initiated to further improve EBITDA margin
- Significant NPAT growth, continues to deliver improved NPAT as a percentage of revenue for the period
- Future growth to be funded by debt and re-investment of profits

# Balance Sheet



	FY16 \$m	FY15 \$m	Mvt %
Cash and Cash Equivalents	27.2	12.4	119.4%
Loans and Other Receivables	164.4	130.3	26.2%
Other Assets	7.1	6.2	14.5%
Intangible Assets	19.7	19.4	1.5%
<b>Total Assets</b>	<b>218.4</b>	<b>168.3</b>	<b>29.8%</b>
Borrowings	48.6	35.2	38.1%
Other Liabilities	13.3	10.4	27.9%
<b>Total Liabilities</b>	<b>61.9</b>	<b>45.6</b>	<b>35.7%</b>
<b>Total Equity</b>	<b>156.5</b>	<b>122.7</b>	<b>27.5%</b>

- Loans and other receivables increased 26.2% (after provision for doubtful debts)
- Capital raising in Nov/Dec 2015 provided funding for growth in FY16 – future growth to be funded by debt
- \$20m debt facility drawn down in June 2016 with ability to request a further \$10m
- Debt to equity ratio remains low at 31.1% (borrowings/equity) providing significant opportunity to raise debt funding for future growth

# Capital Management - Debt



## Debt Facilities

- \$20m debt facility drawn down in June 2016, maturing June 2018. Capacity to request additional \$10m draw down under this facility.
- \$30m bond drawn down in May/June 2014, \$15m maturing May 2018 and \$15m maturing June 2018.
- Debt funding sources being considered to provide seamless growth ahead.

	FY16 \$m	FY15 \$m	Mvt %
Cash	27.2	12.4	119.4%
Gross debt (excl. borrowing costs)	50.0	37.5	33.3%
<b>Net debt (Gross debt less cash)</b>	<b>22.8</b>	<b>25.1</b>	<b>-9.2%</b>
<b>Gross debt/EBITDA</b>	<b>1.42x</b>	<b>1.54x</b>	<b>-7.8%</b>



# Capital Management - Equity

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## Options on Issue

- 15m listed bond options on issue at a strike price of \$1.296056, expiring May 2018.
- 7.15m employee options on issue at strike prices varying from \$0.996056 to \$1.696056.
- 2.55m options exercised on 6 October 2016, raising \$1.26m.

## Dividend Policy

- New dividend payout ratio to be 30-50% of underlying NPAT from FY17 onwards to balance shareholder returns in the form of dividends versus capital growth through reinvestment of profit into the Loan Book.



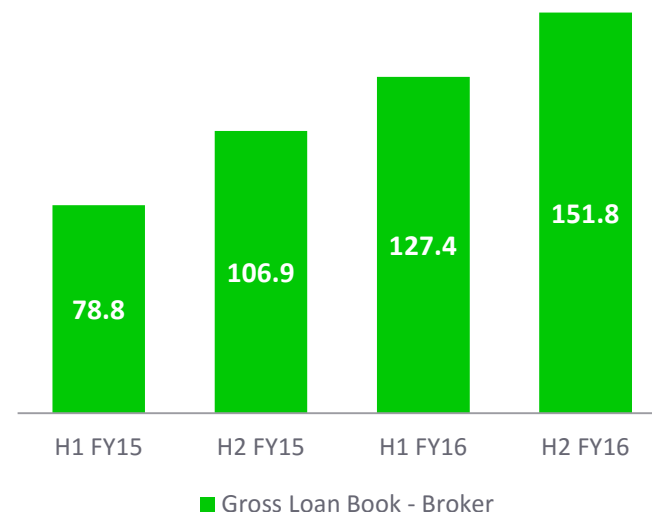
# Financial Results - Broker



	FY16 \$m	FY15 \$m	Mvt %
Revenue	46.1	29.7	55.0%
Expenses	14.7	9.2	57.9%
<b>EBITDA</b> (pre corporate overhead)	<b>31.4</b>	<b>20.5</b>	<b>53.7%</b>
<i>EBITDA as % of revenue</i>	<i>68.2%</i>	<i>68.8%</i>	
<b>Gross Loan Book</b>	<b>151.8</b>	<b>106.9</b>	<b>42.1%</b>

- Broker is the major channel for secured automotive loans
- Revenue increase driven from increased broker penetration and introduction of new product in Q3 FY16
- Expense growth well maintained, driving increased EBITDA performance
- Loan book continues to grow and drive future revenue

## Gross Loan Book – Broker \$m



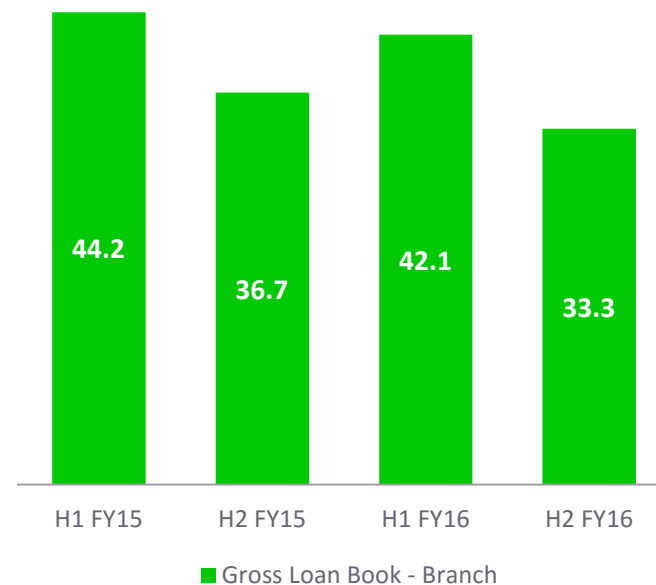
# Financial Results - Branch



	FY16 \$m	FY15 \$m	Mvt %
Revenue	33.1	31.1	6.7%
Expenses	22.7	20.4	11.5%
<b>EBITDA</b> (pre corporate overhead)	<b>10.4</b>	<b>10.7</b>	<b>-2.5%</b>
<i>EBITDA as % of revenue</i>	<i>31.4%</i>	<i>34.3%</i>	
<b>Gross Loan Book</b>	<b>33.3</b>	<b>36.7</b>	<b>-9.2%</b>

- Branch is the major channel for larger amount, longer term unsecured loans and Small Amount Credit Contracts
- Revenue increase driven from an increase in loan volume across all products and in loan size
- 11 branches closed that were underperforming

## Gross Loan Book – Branch \$m



# Financial Results - Online

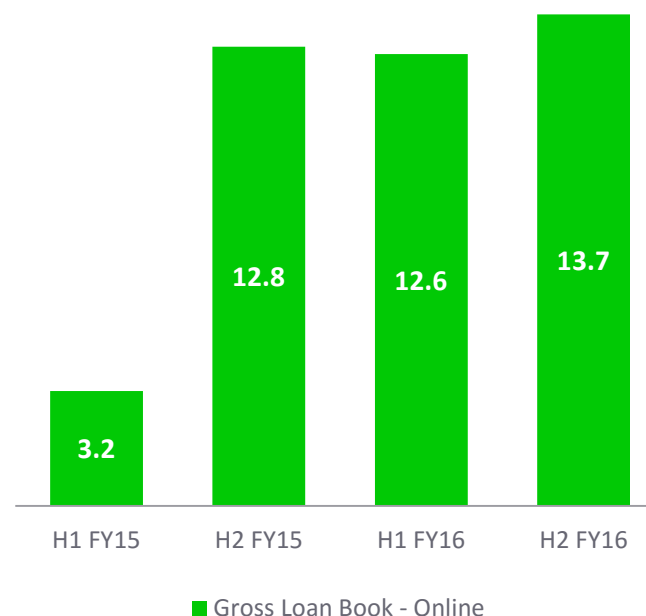


	FY16 \$m	FY15 \$m*	Mvt %
Revenue	17.3	8.3	109.7%
Expenses	14.0	7.3	92.5%
<b>EBITDA (pre corporate overhead)</b>	<b>3.3</b>	<b>1.0</b>	<b>236.1%</b>
<i>EBITDA as % of revenue</i>	<i>19.2%</i>	<i>12.0%</i>	
<b>Gross Loan Book</b>	<b>13.7</b>	<b>12.8</b>	<b>6.7%</b>

\* COMPARATIVE INCLUDES 7 MONTHS OF CASH TRAIN RESULTS POST ACQUISITION ONLY

- Online channel predominantly provides Small Amount Credit Contract loans today. New larger amount longer term loan to be introduced in FY17
- Strong focus on improving EBITDA return

## Gross Loan Book – Online \$m



# Outlook & Summary



- Continued strong growth expected in secured automotive loans
- SACC loan book expected to remain stable, whilst larger amount longer term loans expected to increase
- Benefits of cost saving initiatives and closure of 11 branches expected to flow through to the business
- Money3 is actively pursuing further debt funding facilities in order to enable all parts of the business to continue to grow market share

## **NPAT**

- Strong start to FY17 – guidance of NPAT of \$26m

# Disclaimer



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