



16 May 2017

MTF reports half year profit of \$4.4 million

Profit before commission and fair value movements increased 7.6%, to \$23.6m, a consequence of higher sales volume and growth in finance receivables. Commission paid to shareholder originators increased 9.7% to \$18.2m. Total amounts paid to MTF originators, including commission, fees and payment waiver, increased 25.2% to \$32.4m.

Unrealised gain on fair value of financial instruments totalled \$0.6m, compared to a (\$1.3)m loss for the same period last year, giving a net profit after tax of \$4.4m (31 March 2016: \$2.9m, 30 September 2016: \$7.2m).

Underlying profit after tax, which removes the volatility of unrealised fair value movements, providing a more consistent and meaningful measure of company performance after commissions, decreased 3.4% to \$3.7m (31 March 2016: \$3.8m, 30 September 2016: \$7.9m).

Sales have increased 36% from the same period last year due to a number of factors including a buoyant economy, record vehicle sales and the release of a non-recourse lending option to MTF originators. The car lending market generally remains very competitive and it has been very pleasing to achieve growth in market share, measured by PPSR registrations, from 11.4% to 12.9% for the period ending 31 March (31 March 2016: 11.4%, 30 September 2016: 11.9%).

Operating expense, excluding bad debt, as a percentage of assets under administration remained consistent at 2.7% for the period (30 September 2016: 2.8%).

In November we informed you of a partnership with Turners Ltd to provide a non-recourse offering to our originators. The product was introduced primarily to provide motor vehicle dealer originators an alternative way of supporting the company they own and reflects the changing appetite this market channel is developing towards credit risk. It will also provide franchise originators a product to supplement their recourse ledger and provide a mechanism to balance out the risk of their portfolio in line with their individual risk appetites.

This partnership allows all MTF shareholders to benefit from Turners' ledger management experience, without taking on the credit risk or MTF needing to resource a new team to manage this ledger. A pilot was launched in early December with a progressive roll out from January once the lessons from the pilot were applied. The uptake has significantly exceeded expectations with sales exceeding \$25m since 1 December 2016 and presents exciting opportunities for the future.

The motor vehicle industry has been experiencing record new and used vehicle sales and, with a 5.9% increase in the first quarter of 2017, show no immediate signs of slowing. Throughout this sustained boom MTF has been able to increase its share of the finance market while continuing to provide exceptional returns to its originators and shareholders with commission, return on equity and dividend returns remaining at levels superior to many in the industry.

The board and management are confident a focus on delivering outstanding service to customers and originators will enable MTF to grow its share of a highly competitive market.

For further information, please contact:

Glen Todd
Chief Executive Officer
t: 03 474 6370
e: gtodd@mtf.co.nz