



# Financial Year 2024 Investor Presentation

11am Tuesday 20 August 2024

Scott Baldwin, Managing Director & CEO  
Siva Subramani, CFO

# Presenting Today



**Scott Baldwin**

Managing Director & Chief  
Executive Officer



**Siva Subramani**

Chief Financial Officer

## Agenda

- Strategy
- FY24 Results Summary
- FY24 Results
- Summary and Outlook
- Questions



## Market Opportunity

Addressable market  
Consumer:  
\$35+ billion<sup>1</sup>  
Commercial:  
\$8 billion<sup>1</sup>

  
1m new vehicles<sup>2</sup>  
3m used vehicles<sup>2</sup>  
sold annually

SOLVAR

  
\$0.4 billion of  
vehicles funded  
FY24

  
Growth opportunity  
with ~2% consumer  
market share

## Vision

Empowering people through accessible,  
responsible and flexible financial products

EMPOWER

Underserved  
customers

ACCESSIBLE

Personalised

FLEXIBLE

Transparent, fair

RESPONSIBLE

Customer first

## The Future

We finance underserved  
markets

Drive profitable growth

Product innovation &  
Leveraging existing distribution

Deliver efficiency and scale

All figures as at 30 June 2024, unless otherwise noted

(1) Solvar management estimate for Australian annual consumer and commercial lending volume.

(2) New - Federal Chamber of Automotive Industries 2002 new car sales data (5 January 2023); Used - Carsales investor presentation dated 8 March 2023 respectively.

# FY24 - Results summary



**Revenue**  
**\$216.0m**

up 3.2% on pcip

10.6% Australian revenue growth on pcip



**NPAT\*** (normalised)  
**\$29.0m**

Statutory NPAT \$17.0m  
down 64.2% on pcip



**Bad debts**  
**4.4%** of loan book  
up on pcip (3.7%)

Within expected range of 3.5%-4.5%

**EPS\* – 13.8c**  
down 8.8c on pcip

**DPS – 10.0c**  
down 6.5c on pcip

**NTA – \$1.58** per share



**Originations**  
**\$427.6m**

down 20.1% on pcip



**Loan book**  
**\$930.3m**

up 2.2% on pcip

Consumer \$875.9m  
Commercial \$54.4m



**RoTE\***  
**8.7%**

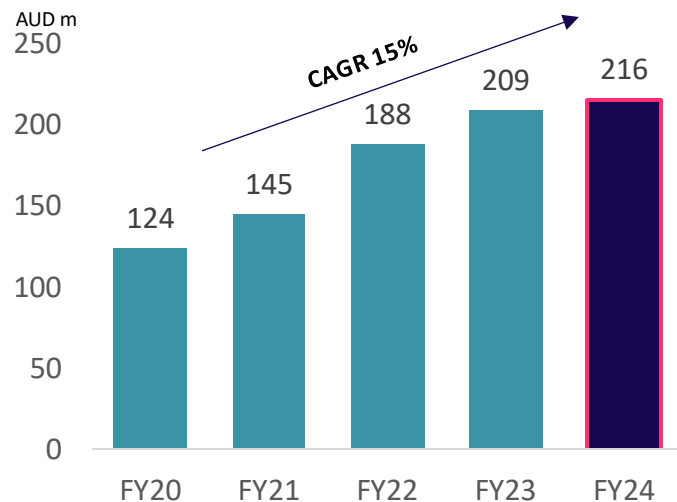
down 5.9% on pcip

**Cash**  
**\$152.9m**

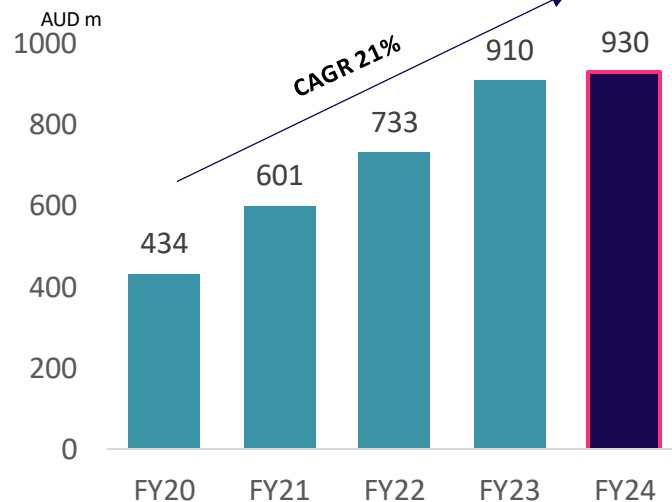
Unrestricted cash of \$87.5m

\* After adjusting for impairment of goodwill and other intangible assets and legal & professional fees associated with the ongoing regulatory related legal action

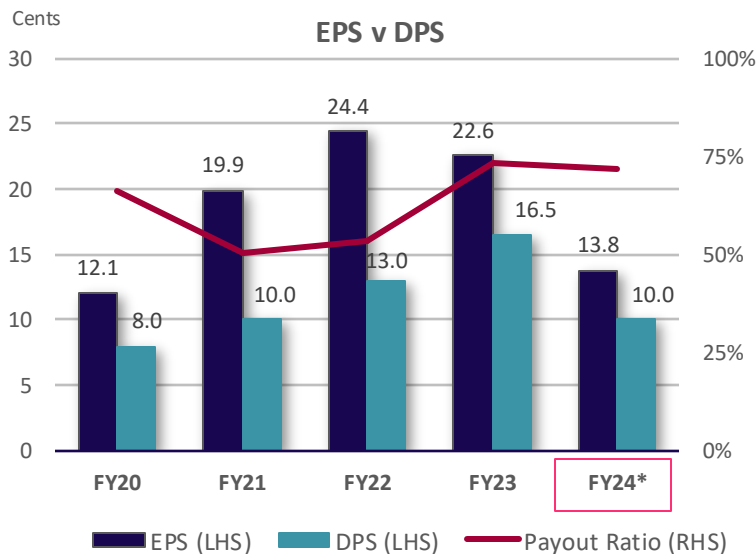
## Revenue



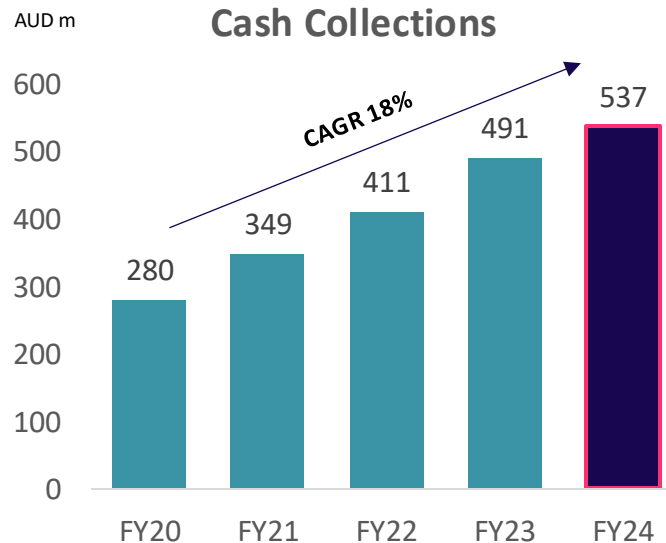
## Loan Book



## EPS v DPS



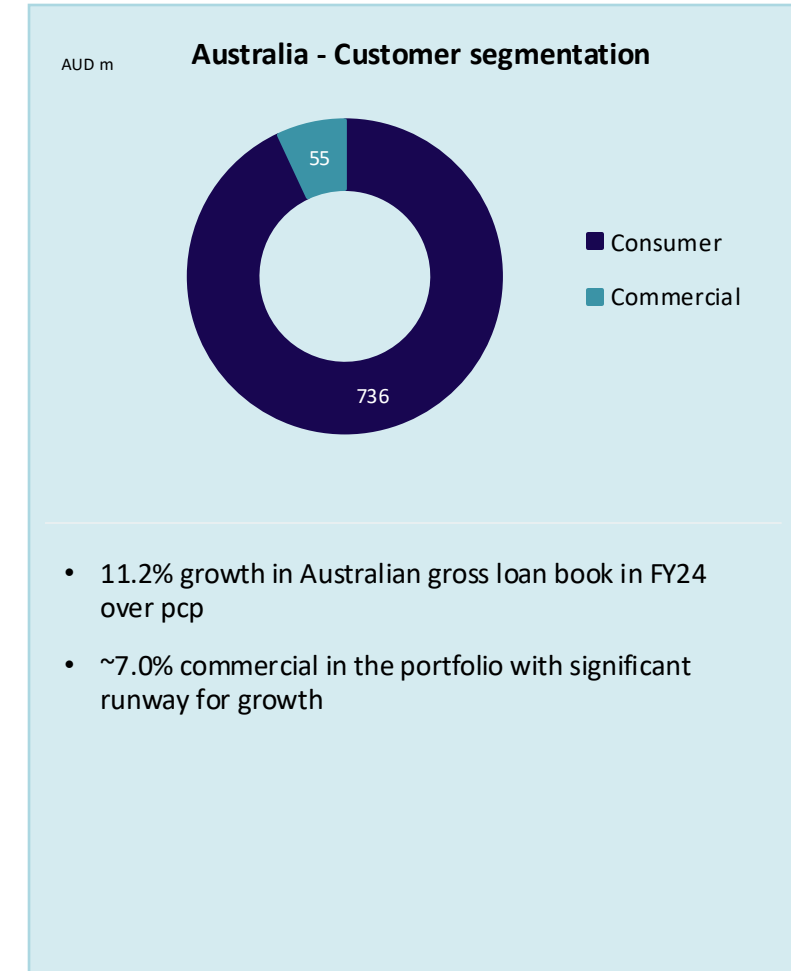
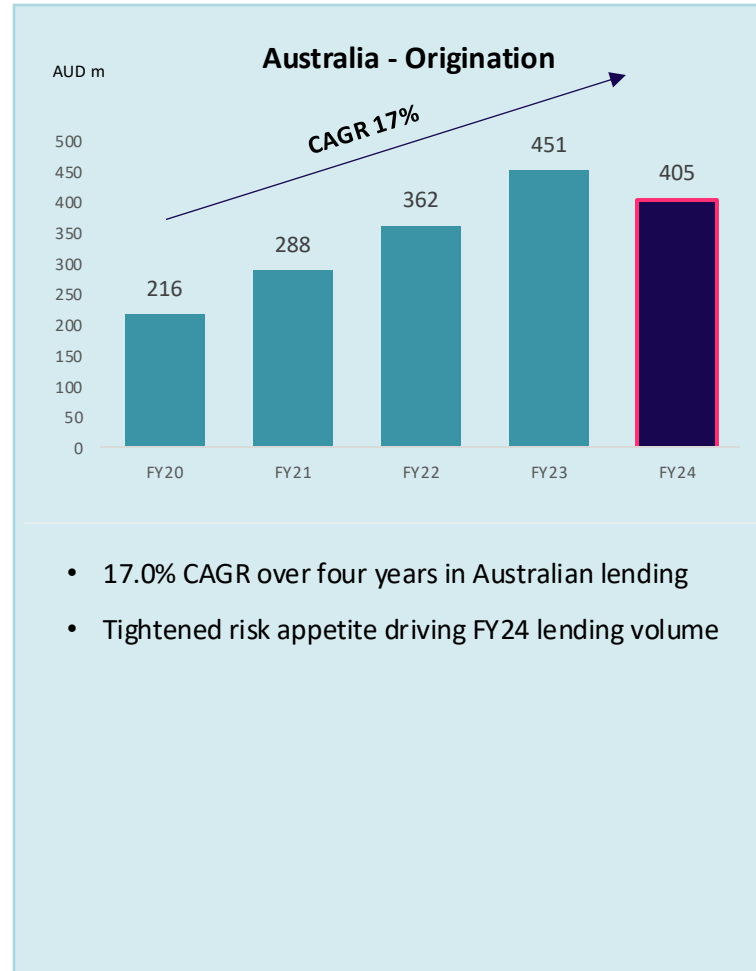
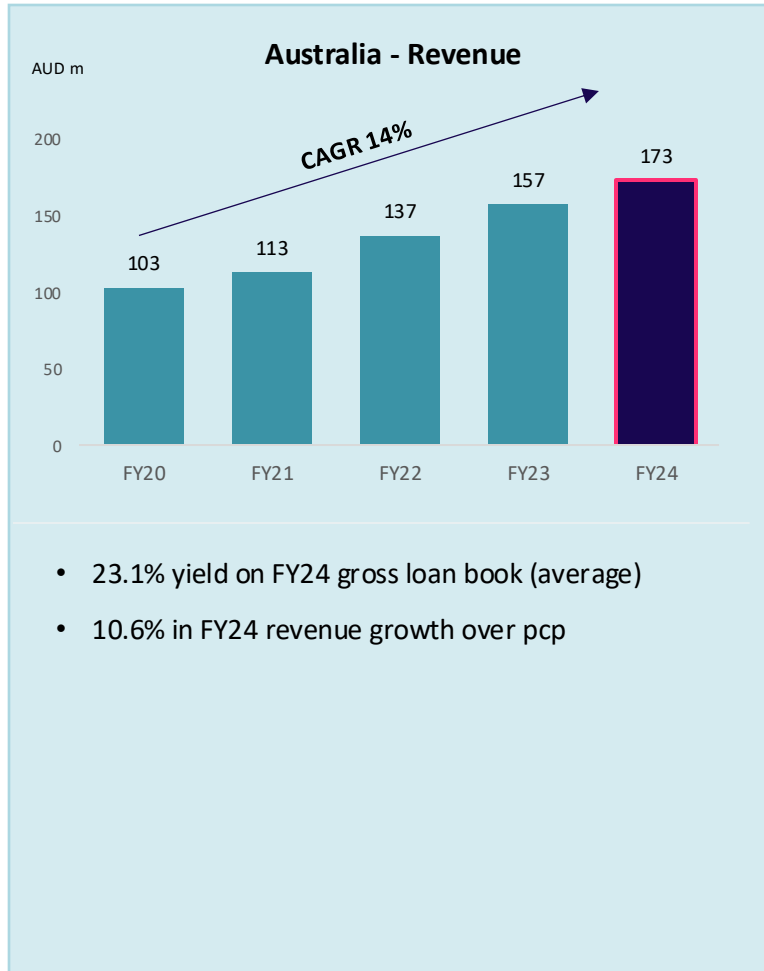
## Cash Collections



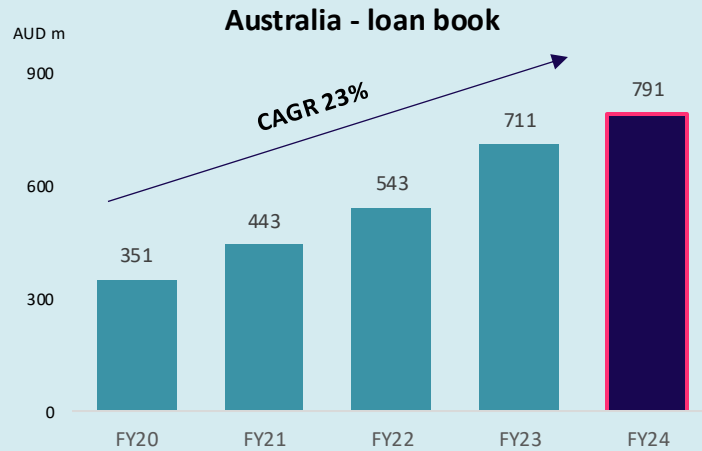
# FY24 Group Performance

- Revenue growth of 3.2% on pcip
- Cash collections up 9.4% on pcip demonstrating resilient customer profile
- 10c fully franked dividend per share (final dividend payable on 11 October 2024)
- Announced share buyback of \$15.0 million in May 2024; 2.9 million shares purchased to date
- Planned New Zealand loan book rundown with growth coming from Australia

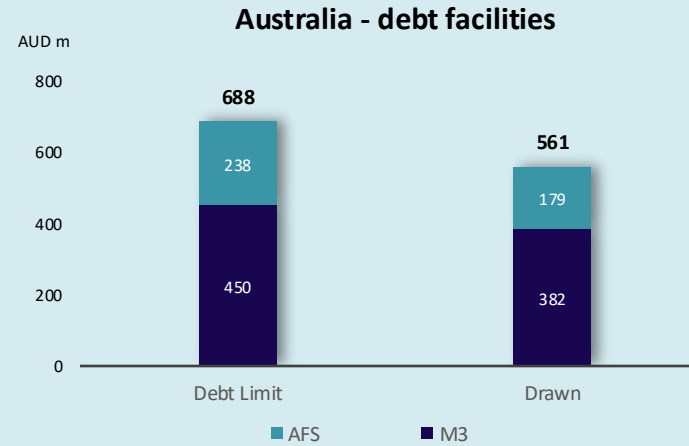
# Strong growth in revenue and lending, with significant opportunity to grow Commercial Loan Book



# Significant growth in loan book, maintaining credit quality with funding available for future expansion

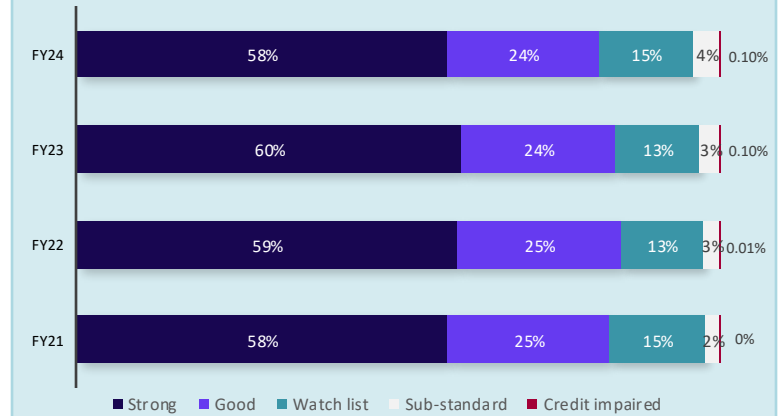


- Australian gross loan book of \$791.1m comprises:
  - \$596.8m in Money3; and
  - \$194.3m in Automotive Financial Services.
- 11.2% growth in Australian gross loan book on pcip
- ~7.0% of portfolio in commercial loans
- Strong historical growth with significant opportunity to expand market share



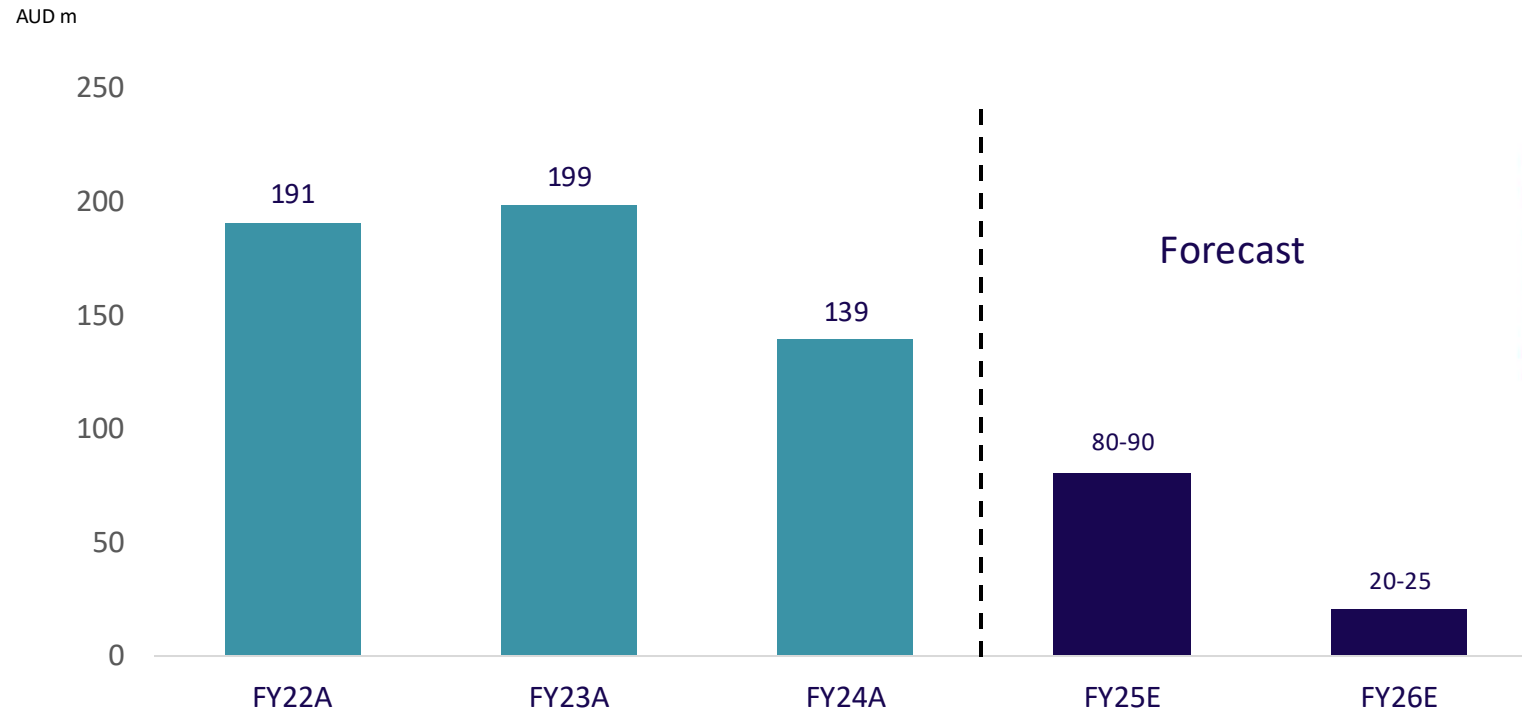
- Increased Money3 facility to \$450.0m in FY24 from \$300.0m
- 70.9% loan book leverage at June 2024 (FY23: 72.9%)
- ~\$130.0m headroom in debt facilities with the ability to increase limits when needed
- Over \$85.0m in free cash to support loan book growth or fund an acquisition
- Funder margin maintained at ~4.0% since FY23

## Maintaining credit quality – Australia loan book



- Maintaining credit quality in challenging macro-economic conditions and inflationary environment
- Bad debts 4.4% - within forecast and target range
- 82% of Australian portfolio is 'Strong and Good' credit quality vs pcip of 84%

## New Zealand - Loan Book



Expected run down profile

# New Zealand

- Loan book in run-down
- Cost-out initiatives commenced
- Minimise interest costs by repaying debt
- Focus on maintaining collection and servicing capability



Target addressable market  
\$8 billion\*

Leverage existing  
distribution network

Target sole traders and  
small business

Dedicated team –  
organically growing a new  
business unit

# Commercial Loans

- Have been trialling within existing business
- Good uptake for light commercial assets leveraging existing distribution network
- \$54.4m of outstanding commercial loan book
- Success of trial and ready to establish a dedicated commercial team within the Group to focus on lending volume growth

A background image showing three men in a car. One man is sitting in the driver's seat, holding a tablet, while two others stand outside the car, looking at the screen. They are all smiling and appear to be in a positive, collaborative mood. The scene is set during sunset or sunrise, with warm lighting. A large, dark blue semi-circular graphic is overlaid on the right side of the image, containing the text 'FY24 Results'.

# FY24 Results

Financial Results <i>AUDm unless stated otherwise</i>	FY24 (Normalised)	Adjustments	FY24 (Statutory)	FY23 (Statutory)	Growth %*
<b>Revenue</b>	<b>216.0</b>		<b>216.0</b>	<b>209.3</b>	<b>3.2%</b>
Interest expense	(54.8)		(54.8)	(41.9)	30.8%
<b>Net Interest Income (NII)</b>	<b>161.2</b>		<b>161.2</b>	<b>167.4</b>	<b>(3.7%)</b>
<i>Net interest margin</i>	<i>17.5%</i>		<i>17.5%</i>	<i>20.4%</i>	
Bad debts, net	(41.3)		(41.3)	(33.4)	23.7%
Impairment provisions	(6.6)		(6.6)	(4.4)	50.0%
Impairment of GCF goodwill**	-	(9.2)	(9.2)	-	-
Other operating expenses	(70.3)	(4.0)	(74.3)	(60.7)	15.8%
D&A	(2.1)		(2.1)	(2.3)	(8.7%)
<b>NPAT</b>	<b>29.0</b>		<b>17.0</b>	<b>47.6</b>	<b>(39.1%)</b>
<i>NPAT margin</i>	<i>13.4%</i>		<i>7.9%</i>	<i>22.7%</i>	

\* Growth compares normalised FY24 vs statutory FY23, % calculation performed based on figures in Appendix 4E.

\*\* Includes Goodwill, Brand and other intangible assets related to the Go Car Finance business

# Financial Results

- Normalised NPAT of \$29.0 million and normalised EBITDA of \$97.8 million
- Revenue growth driven by:
  - Loan book growth in Australia offsetting contraction in NZ
  - Yield increases from pricing improvements
  - Offset by yield reduction due to portfolio shift towards higher quality borrowers
- 4.4% bad debt in-line with 1H, driven by GCF
- Statutory results impacted by one-off costs including:
  - Non-cash impairment of goodwill and other intangibles related to GCF (\$9.2million)
  - Regulatory related legal action (\$4.0million);
- FY24 return on net tangible equity of 8.7%





# Summary & Outlook



# Outlook

## Financial

- Continued focus on repricing new lending whilst maintaining target loan volumes
- Group yield and NIM evolving to reflect portfolio mix and overall higher loan book quality
- Australian loan book growth expected in FY25
- There are no material updates regarding on-going legal action
- Further guidance to be provided at AGM in November 2024

## Operational

- Immediate focus areas:
  - Efficient run-down and capital return from New Zealand
  - Dedicated commercial lending unit
  - Resolving regulatory matters
  - Cyber resilience & data security
  - Governance uplift program

## Market

- Changing competitive dynamics providing opportunity to take market share
- Several competitors leaving vehicle financing segment or closing
- Strength in new vehicles sales improving supply of used cars – more consumer choice and improving affordability
- Market consensus that interest rates have peaked but uncertainty exists around timing to next rate cut
- Unemployment remains stable at 4.0%, with recent weakness apparent in US employment numbers



A photograph of three men laughing and interacting in the back of a car. The man on the left is standing and wearing a grey hoodie. The man in the middle is sitting in the car, wearing a white hoodie and holding a tablet. The man on the right is standing and wearing a brown hoodie. The background is a bright, hazy outdoor setting, possibly a beach or desert at sunset. A large dark blue semi-circle is overlaid on the right side of the image.

# Questions



# Thank you!

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# Appendix

# ESG and People

## ENVIRONMENT



Carbon Neutral status achieved since 2022\*



FY23-24 ~3k trees planted & 3,000 tons of Co2 offset



Recycling programs in all Solvar offices

## SOCIAL



Solvar contributed ~\$265,000 to partner organisations in FY24



Solvar supports charity partners in family welfare, environment and homelessness

## CYBER



ISO 27001 certification in progress



Third party SOC provides 24x7 detection and rapid response

## PEOPLE



Over 300 staff across Australia and New Zealand



High level of employee engagement

\* Through sponsoring carbon offset programs

# Product Summary

Product	money3		AFS AUTOMOTIVE FINANCIAL SERVICES	
Purpose	Consumer Vehicle Finance	Consumer Personal loans	Consumer Vehicle Finance	Commercial Vehicle Finance
Maximum loan amount	up to \$100,000*	up to \$35,000*	up to \$130,000*	
Term	24 - 72 months	24 - 60 months	12 - 84 months	
Interest rate	Fixed rate from 13.95%		Fixed rate from 9.69%	Fixed rate from 8.97%

All figures in \$AUD

\* Target Market Determination documents as at 14 August 2024



# Corporate Information

## Capital Structure

Shares on issue	208.3 million
Share Price (19 August 2024)	\$1.22
Market Capitalisation	\$254.2 million

## Board of Directors

Stuart Robertson	Non-Executive Chairman
Scott Baldwin	Managing Director & CEO
Symon Brewis-Weston	Non-Executive Director
Kate Robb	Non-Executive Director

# Glossary of terms

**A\$ or \$** - Australian dollars

**Active customer** - A customer with an outstanding balance

**ASIC** – Australian Securities and Investment Commission

**AFCA** – Australian Financial Complaints Authority

**AFIA** – Australian Finance Industry Association

**AFS** – Automotive Financial Services business unit

**ARCA** – Australian Retail Credit Association

**AU** - Australia

**CAGR** – Cumulative Annual Growth Rate

**ComCom** – Commerce Commission of New Zealand

**DPS** – Dividend Per Share

**EPS** – Earnings Per Share

**EBITDA** – Earnings Before Interest Tax Depreciation and Amortisation

**FSCL** – NZ Financial Services Complaints Limited

**GCF** – Go Car Finance business unit

**Loan Book** – Gross written loans, as defined in section 7, of the annual accounts

**M3** - Money3 business unit

**NPAT** – Net Profit After Tax

**NIM** – Net Interest Margin

**NAF** – Net Amount Financed: The amount of credit advanced to a customer in respect to their loan

**NTA** – Net Tangible Assets

**NZ\$** - New Zealand dollars

**NZ** – New Zealand

**PCP** – Prior Corresponding Period: A comparison of the results for the same period during the previous reported period, typically the previous financial year

**SOC** – Security Operations Centre

**TMD** – Target Market Determination

**RBA** – Reserve Bank of Australia

**RBNZ** – Reserve Bank of New Zealand

**RoTE** – Return on tangible equity

**YoY** – Year on Year comparison of performance

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