



# Microcap Investment Conference

25 October 2023

Scott Baldwin

CEO & Managing Director

# The SOLVAR Group

## Market Opportunity



Addressable  
market  
\$40+ billion<sup>1</sup>



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

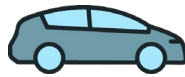


\$0.5 billion of  
vehicles funded  
FY23



1-2%  
market share

## Specialist Lender



Consumer  
vehicles  
87%



Commercial  
vehicles  
5%



Personal loans  
8%



~93% secured  
loans

## Track Record



Operating over 20  
years across  
AUS & NZ



Management  
highly aligned with  
shareholders



Profitable & paying  
dividends since  
listing 2006



>\$2 billion of  
vehicles funded

All figures at 30 June 2023, unless otherwise noted

(1) Solvar management estimate for Australian & NZ annual lending volume.

(2) Federal Chamber of Automotive Industries 2002 new car sales data (5 January 2023).

(3) Carsales investor presentation dated 8 March 2023.



# The SOLAR Group

## Business Units

Loan Book \$m

**AFS** AUTOMOTIVE  
FINANCIAL  
SERVICES

\$171

**money3**

\$540

**Go Car Finance**  
Goes way further

\$199

## Distribution Channels



Direct marketing



Finance brokers / introducers



Motor vehicle dealers

## Competitors

Bank lenders

Non-bank lenders

Captive finance

Novated lease

## Strategy



Strong collections  
focus



Profitable growth




Strong balance  
sheet

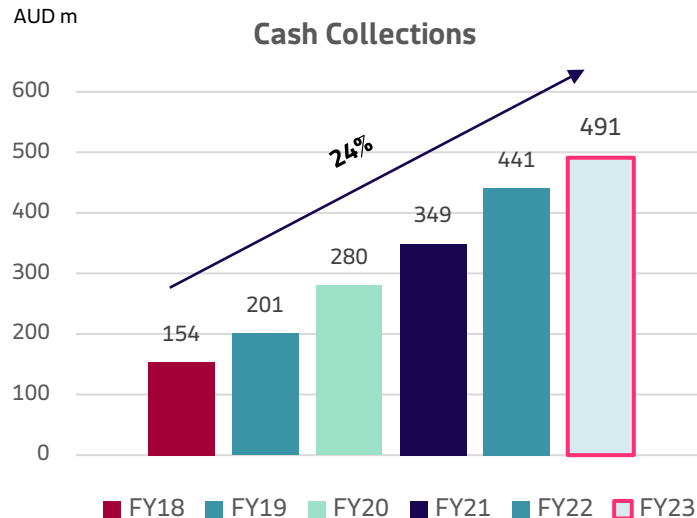
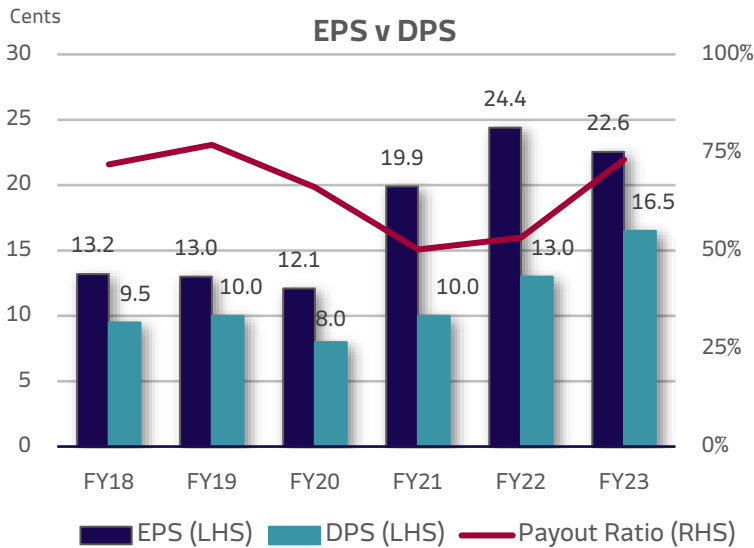
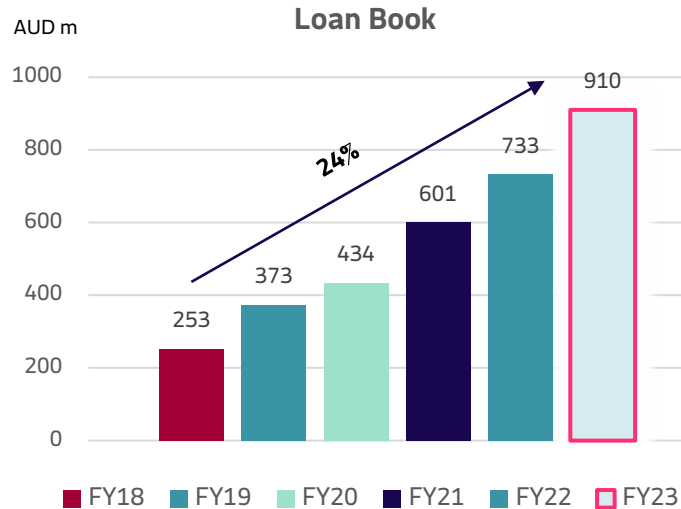
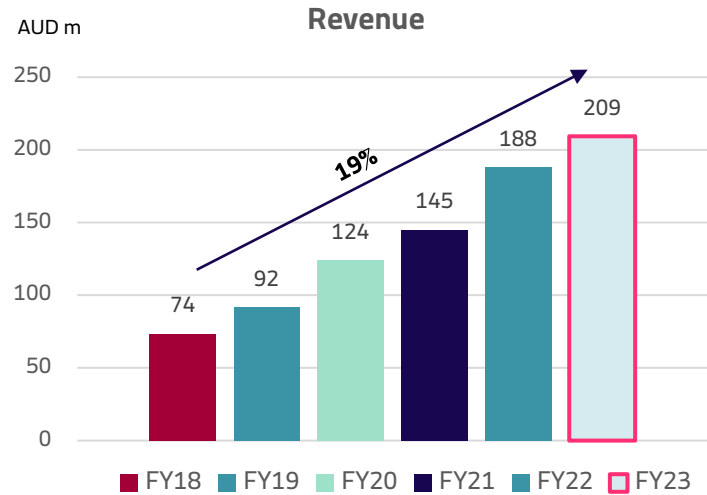


Flexible, affordable,  
practical products

All figures at 30 June 2023, unless otherwise noted

# Products

Product	money3		 AUTOMOTIVE FINANCIAL SERVICES		<b>Go Car Finance</b> <i>Goes way further</i>
Location	Australia				New Zealand
Purpose	Consumer Vehicle Finance	Consumer Personal loans	Consumer Vehicle Finance	Commercial Vehicle Finance	Consumer Vehicle Finance
Target loan amount	up to \$75,000	up to \$30,000	up to \$100,000		up to \$100,000
Term	24 - 72 months	12 - 60 months	12 - 84 months		12 - 60 months
Interest rate	Fixed rate 13.95% - 24.95%		Fixed rate 9.19% - 19.79%	Fixed rate From 8.47% - 19.47%	Fixed rate 10.45% - 29.95%
Loan book	\$540.3 million (30 June 2023)		\$171.1 million (30 June 2023)		NZ \$216.2 million (30 June 2023)



# Historic group performance

- Loan book continuing to deliver revenue growth
- Stable credit quality moderating bad debts
- Strong cash collections driving revenue growth over time
- FY23 16.5c fully franked dividend per share
- Completed \$15.0m share buyback
- Net Tangible Assets \$1.62 per share (30 Sept 2023)

Note: FY18 and FY19 exclude divested business

CAGR are for FY18 to FY23

# Highlights – FY23

## Revenue

**\$209.3m**

Increase 11.4% on pcp  
\$187.9m

## EBITDA

**\$110.8m**

Increase 11.9% on pcp  
\$99.0m

## Bad Debt

**3.7%**

of loan book  
flat on pcp (3.7%)

## Cash

**\$145.9m**

Unrestricted cash of  
\$78.3m

## NPAT

**\$47.6m**

Down 7.7% on pcp  
\$51.6m

## Loan Book

**\$910.1m**

Increase by 24.1% on  
pcp \$733.4m  
(Funding headroom of  
\$323.3m)

## Originations

**\$535.3m**

Increase by 14.6% on  
pcp \$467.0m

## EPS - 22.6c

Decrease 7.6% on pcp  
24.4 cents

## NTA - \$1.67

Increase by 5.7% on  
pcp

## RoE

**12.8%**

Down on pcp of 14.6%

## Shareholder Return

**16.5** cents DPS

**\$15.0m**

completed share  
buyback

# Why Invest in Solvar?

## 1 Profitable growth

- Profitable since ASX listing in 2006
- Consistent growth in market share over time
- Recent increase in dividend payout ratio up to 90%

## 2 Management team

- Proven and experienced management team with recent additional investment in cyber, risk and compliance personnel
- Management strongly aligned with shareholders
- Conservative with strong focus on cash collections

## 3 Collections focused

- Old adage 'easy to lend' but 'hard to collect'
- Over 20+year experience in lending across a full economic cycle

## 4 Balance sheet strength

- Solid balance sheet \$144.0m cash (\$69.9m unrestricted)<sup>1</sup> with zero holding company debt
- Institutionally funded with headroom for loan book growth exceeding \$1.3+ billion
- Relatively low leverage

## 5 Attractive valuation <sup>2</sup>

- Trading at ~70% of NTA
- FY24 est. price to earnings ratio of ~8.5x (consensus 13.0 cents FY24 EPS)

1 As at 30 September 2023

2 Assumed share price of \$1.10 per share



# FY24 – Outlook

## Market Outlook

- Reduced competition providing opportunity to take market share in Australia
- Further increases in front book margins to improve product yield over time

## Financial Outlook for FY24

- Loan book expected to exceed \$1 billion+
- Forecast normalised NPAT of \$25 – \$30 million
- Bad debts within target range of 3.5% - 4.5%
- The business will have substantial focus on driving productivity



# Thank-you

Managing Director & CEO

**Scott Baldwin**

☎ +61 3 9093 825

✉ [s.baldwin@solvar.com.au](mailto:s.baldwin@solvar.com.au)

Chief Financial Officer

**Siva Subramani**

☎ +61 3 9093 8246

✉ [s.subramani@solvar.com.au](mailto:s.subramani@solvar.com.au)

Investor Relations

**Tom Ng**

☎ +61 3 7031 6075

✉ [t.ng@solvar.com.au](mailto:t.ng@solvar.com.au)



# Appendix 1 - Shareholders

	Name of Holder	No. of shares	% of holding
<b>Top 10 Shareholders</b>			
1	UBS NOMINEES PTY LTD	27,267,734	13.11
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,811,532	8.56
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,699,418	5.14
4	RUBI HOLDINGS PTY LTD	9,750,000	4.69
5	SANDHURST TRUSTEES LTD	6,819,301	3.28
6	CITICORP NOMINEES PTY LIMITED	6,549,653	3.15
7	BALDWIN BROTHERS INVESTMENTS PTY LTD	5,758,000	2.77
8	THORNEY OPPORTUNITIES LTD	5,000,000	2.4
9	BLACK BASS PTY LTD	4,662,899	2.24
10	HOSKING FINANCIAL INVESTMENTS PTY LTD	4,541,699	2.18
	Top 10 shareholders	98,860,236	47.52
<b>Substantial Shareholders</b>			
	THORNEY OPPORTUNITIES LTD, TIGA TRADING & ASSOCIATED ENTITIES	32,587,417	15.67

## KMP equity holdings

## No. of shares

Scott Baldwin	8,510,664
Stuart Robertson	992,024
Symon Brewis-Weston	46,502
Kate Robb	50,307
Siva Subramani	404,177

# Glossary of terms

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

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

**ASIC** – Australian Securities and Investment Commission

**AFS** – Automotive Financial Services business unit

**CAGR** – Cumulative Annual Growth Rate

**DPS** – Dividend Per Share

**EPS** – Earnings Per Share

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

**GCF** – Go Car Finance business unit

**Loan Book** – Gross written loans, as defined in section 6, 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

**RBA** – Reserve Bank of Australia

**RBNZ** – Reserve Bank of New Zealand

**RoE** – Return on Equity

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

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