

## FY18 Trading Updated

### Upgrade to earnings guidance and strong first half performance

**12 February 2018**

#### HIGHLIGHTS

- Continued rapid market share growth with receivables increasing by 53% over 30 June 2017 to \$256m
- 1H18 profit after tax of \$3.2m representing a 95% increase on pcip
- Net portfolio income increased by 144% to \$15.0 million compared to pcip
- FY18 earnings guidance increased to \$7.0m from \$6.0m initial guidance
- 1H18 fully franked dividend of 2.9 cents per share to be paid 22 March 2018

**Axsesstoday Limited (ASX: AXL)** ("Axsesstoday") is a specialist provider of equipment funding solutions for small to medium sized enterprises (SMEs) in the hospitality, transport and other sectors. By providing a compelling and differentiated value proposition for merchants to offer equipment finance to their end customers, the Group has continued to achieve strong growth since commencing operations in 2012.

Whilst market conditions have remained relatively stable in both the hospitality and transport segments for the 6 months to 31 December 2017, Axsesstoday has again outperformed key operating targets and broader industry growth trends. The Group's performance is due to its proprietary IT system, strong introducer relationships cemented through formal agreements and its customer value proposition.

The business is characterized by predictable, annuity-style income streams from a growing and diversified customer base.

#### 1H18 Financial Performance

Axsesstoday reports net profit after tax of \$3.2million for the period to 31 December 2017. This represents a \$1.5m or 95% increase from the prior corresponding period. Based on this result the Company will be paying a fully franked dividend for the first half of FY18 of 2.9 cents per share to be paid on 22 March 2018.

The Company is pleased to announce an increase to its previous FY18 guidance following continued strong growth in the loan book to \$256m as at 31 December 2017, an increase of 53% from 30 June 2017 and 190% from 31 December 2016. Based on the current growth rate and the annuity income from the current receivables portfolio, the Company expects net profit after tax for FY18 to be \$7.0m, a 96% increase over the FY17 result. The guidance maintains the Company's position regarding credit loss provisions and provides ongoing investment in people and systems to support the Company's continued growth into the future.

Portfolio credit performance has remained stable over the first 6 months of FY18, with arrears (unimpaired past due 30 days receivables) at 1.6% of gross receivables as at 31 December 2017, which increased from 1.4% as at 30 September 2017. Total credit losses to 31 December 2017 are within target range. During the first quarter of FY18, the Company refined its estimation techniques used to determine which assets should be written off and which should be subject to provision.

The Hospitality business continued its strong momentum for the 6 month period to 31 December 2017, with growth in loan receivables of 83% over the previous corresponding period to \$88.3 million. The Company has continued to deepen market penetration in its core channels of restaurants, cafes and franchises. The outlook for the Hospitality sector remains strong and the Company expects it to continue to provide significant annuity income for the foreseeable future as industry relationships are strengthened and broadened.

The Transport sector exceeded expectations for the period to 31 December 2017, with growth in loan receivables of 365% over the previous corresponding period to \$123.9 million. The growth has been attributed to increased accreditations with the largest and most reputable introducers in the market. The Company expects this robust performance to continue into the second half of the financial year based on the strong finance origination pipeline.

Axsesstoday provides short term business loans to qualifying customers. The product was launched in January 2017 and is complimentary to existing product offerings with risk adjusted returns in line with the Company's objective. As at 31 December 2017, the principal balance on the loan book was \$13.6 million, a 119% increase over 30 June 2017.

### **Canada Pilot Update**

In Q1 FY18, the Company commenced a pilot with a large, reputable retail merchant partner in the hospitality sector operating throughout Canada. The Company has 2 FTEs located in Canada and is utilising a low cost operating structure by leveraging efficiencies from the proprietary IT solution. Whilst the opportunity is at an early stage, the progress of the pilot to-date indicates a significant opportunity for the Group in 2018 and beyond.

### **Funding and Securitisation Warehouse**

Axsesstoday utilises a broad and diversified funding base comprising a senior syndicated bank debt facility (\$175.0 million), corporate notes (\$80.0 million) and equity. During the period to 31 December 2017, the Company has been negotiating to establish an asset securitisation facility with a leading Australian financier. The proposed facility will provide a material benefit through the provision of a long term efficient capital funding model, reduce current equity funding requirements and reduce the weighted average cost of funding. Due diligence is progressing well and the Company expects to report further progress on this initiative during Q3 FY18.

### **Outlook**

The Company continues to pursue a growth strategy that is aimed at creating and maximising shareholder returns and value. Whilst market conditions are stable, current underlying growth is attributed to the introducer relationships the Company has developed since inception and that are secured through formal agreements. Looking forward, the combination of investment in technology and securing efficient funding structures will ensure the Company is effectively leveraging these relationships, operating optimally and delivering long term compound earnings growth for shareholders.

Peter Ferizis, CEO and Managing Director of Axsesstoday, said *"I am pleased to see the continued hard work of the Axsesstoday team be reflected in our 1H18 financial performance and in another earnings upgrade for FY18. As we look to the future, we are excited by the growth opportunities that are present in the SME market and we will continue to invest in our IT systems and people to ensure we make the most of these opportunities."*

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