

25 February 2019

Money3 exits SACC lending and focusses as Auto Loans Specialist, expands into NZ with acquisition of Go Car Finance

Highlights:

- Exit from Small Amount Credit Contract lending (SACC) via the sale of the Branch and Online business to existing management team for ~\$46m,
- Clean sale of all SACC related subsidiaries, as well as full transfer of ownership including all related licences (Australian Credit Licence), staff, assets, obligations and liabilities,
- Increased focus on automotive lending activities,
- Acquisition of New Zealand-based Go Car Finance adds ~NZ\$50m to automotive receivables,
- With over \$100m available in growth capital, Money3 is exceptionally well placed to fill the significant market opportunity following recent industry events.

Money3 Corporation Limited (ASX: MNY), the non-bank specialist automotive credit provider, is pleased to advise it has sold its residual Small Amount Credit Contract (SACC) business through a management buyout (MBO) for ~\$46m, including \$35m upfront and the balance in six months post completion. This sale will result in the transferring of the Branch and Online division, which will release ~\$46m of cash into the business, that will be used to further accelerate the growth of the Automotive Loan book. It ensures Money3's management is focused on automotive lending – a sector where the Company is a leader.

In addition, Money3 is pleased to advise that it has acquired Go Car Finance group, a non-bank specialist auto loans business in New Zealand, for an initial consideration of NZ\$16m (\$14m in cash and \$2m in Money3 shares). The acquisition is expected to be completed in March 2019.

SACC exit

In the FY2018 annual results presentation, the Company flagged its intention to exit SACC lending this financial year. The Company's primary reasons for exiting SACC is to focus the attention of the business on the significant automotive loans sector and reduce complexity involved with multiple products and regulatory regimes.

Money3, Managing Director, Mr Scott Baldwin said: "Money3 has exited SACC lending with the sale of the Branch and Online business to the existing management team of the business, led by Money3's founder Rob Bryant. We're pleased to have delivered on our promise to the market in a clean and simple transfer of ownership. I'm particularly pleased we will be able to transition staff smoothly into the new business and that customers will continue to be serviced by names and faces they know well.

"I'm delighted that Money3, post-SACC sale, is a business that is exceptionally well capitalised, with over \$100m available in growth capital, and is now focused on growing the Automotive Loan Book.

“As a result of the sale, our quality of receivables improves, our cash reserves receive a ~\$46m boost and the regulatory regime under which we operate is clear – addressing all our key objectives and reasons for exiting SACC operations.”

Go Car Finance Acquisition

Go Car Finance is an established brand in automotive finance in New Zealand. The founders and management team will remain with the business for the next three years, where they have the ability to earn additional payments (earnout) up to NZ\$8m should performance hurdles be met. The Go Car Finance business today is itself well capitalised, having recently secured a debt facility through a leading New Zealand bank, meaning Money3 only needs to contribute minimal cash reserves to drive growth in New Zealand. By adding an additional NZ\$50m to MNY’s auto loan book, the Go Car Finance acquisition provides the Company with scale, geographic expansion, potential cost saving synergies, and significant growth opportunities.

Money3, Managing Director, Mr Scott Baldwin said: “Money3 has studied and entertained many acquisition opportunities over the past three years, none of which present the synergies, scale and growth opportunity that we believe to be present in the Go Car Finance acquisition. The team is delighted to welcome Go Car Finance into the Money3 fold where, together, we are exceptionally well placed to finance Australasian consumers seeking finance for a car.”

Commenting upon the joining of the Money3 team, Founder and CEO Roy Gormley, said: “The cultural similarities between Money3 and Go Car are very real, and we look forward to the opportunity of sharing best practice. With support from the Money3 mothership we believe we will be able to significantly grow our market share of the used car finance market here in New Zealand.”

New Zealand’s used car market has the fourth highest rate of vehicle ownership globally with 4.3m registered vehicles from a population of 4.9m people. Importantly, the churn of vehicles in New Zealand is significant, as shown by the 464,000 used car registration in the past three years. On average used car registrations have been 50% higher than new car registration in the past three years, where the majority of used cars are imported.

The New Zealand used car finance market, particularly to consumers with low credit scores, is also underserved. Recent research among car financiers in New Zealand show 85% are not willing to lower credits standards or offer products to consumers with low credit scores. Often, an unwillingness to be flexible prohibits traditional finance providers from lending to consumers, which they then characterise as uncreditworthy. Money3’s flexible approach to finance means we don’t penalise customers, we understand that not all incomes are consistent every week, we rather have open, honest and flexible relationships with customers. With write offs well within industry norms, our repayment history shows that our customers are as committed to repaying their debt as any.

Following the exit of the SACC lending operations, Money3 is expected to meet the lower end range of its full year net profit after tax guidance of \$35-\$36 million.

For further information please contact:

Mr Scott Baldwin
Managing Director
Telephone: +61 3 9093 8255

Investors:

Simon Hinsley

NWR Communications

M: +61 (0) 401 809 653 | E: simon@nwrcommunications.com.au

Media:

Warrick Lace

NWR Communications

M: +61 404 656 408 | E: warrick@nwrcommunications.com.au

ABOUT MONEY3 CORPORATION LIMITED (ASX: MNY)

Money3 is a finance company with a focus on great customer service for people who traditional credit providers ignore. Devoted to leading the transformation of the consumer lending industry in Australia, Money3 is a responsible lender that is dedicated to assisting Australians who are financially excluded. Money3 provides short term loans and secured finance options up to 60 months.