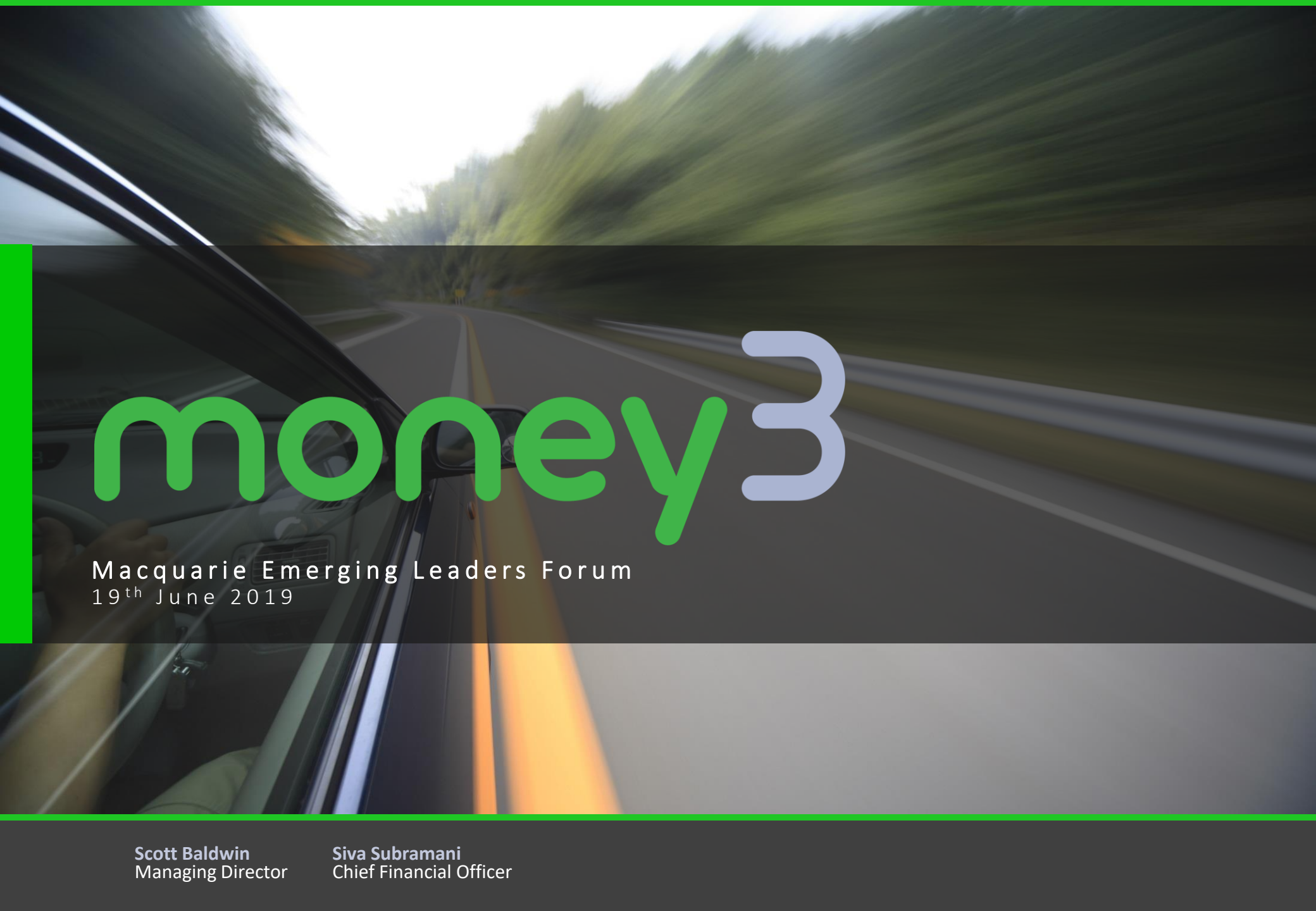




# money3

Macquarie Emerging Leaders Forum  
19<sup>th</sup> June 2019

Scott Baldwin  
Managing Director

Siva Subramani  
Chief Financial Officer

# Introduction to Money3

A specialist non-bank credit provider in the automotive industry. Since inception, the automotive team has serviced over 80,000 Australasian customers with over \$750m in loans



Money3 is a non-bank credit provider in the automotive industry to **millions of Australasian's** excluded by banks and other non-bank lenders



Responsible lending drives and improves the quality of our **growing Automotive Loan Book**



With **\$100m+ available in deployable capital**, Money3 will continue to grow its loan book and market share

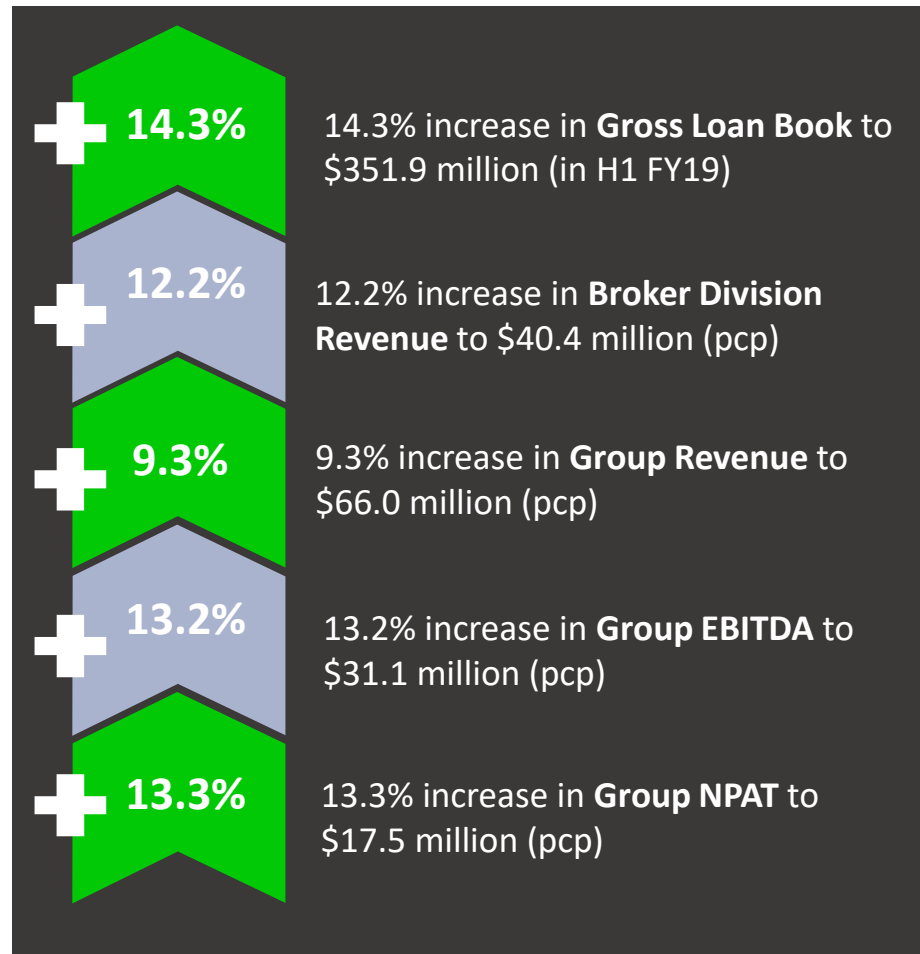


Through **exceptional customer service** we provide customers, excluded by the banks, with the opportunity, support and flexibility to own their own vehicle

AN OPEN ROAD AHEAD OF US

# H1 FY19 highlights

Money3 is well positioned to grow through its focus on the automotive industry as well as the expansion into New Zealand via Go Car Finance



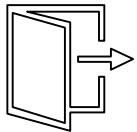
Revenue is highly correlated with cash receipts.

One-off tax refund as a result of new accounting standards.

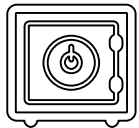
# H2 FY19 highlights



Acquisition of Go Car Finance in NZ adds **A\$54.3m** (YTD 21 May 2019) to **Secured Automotive Loan Book** and opens up new geography with strong prospects for growth



Sale and exit from SACC (Branch and Online) lending, through MBO releases **~\$46m in capital (\$35m received)** to fund Automotive Loan Book growth



\$100m+ (debt and cash) available to accelerate Automotive Loan Book growth



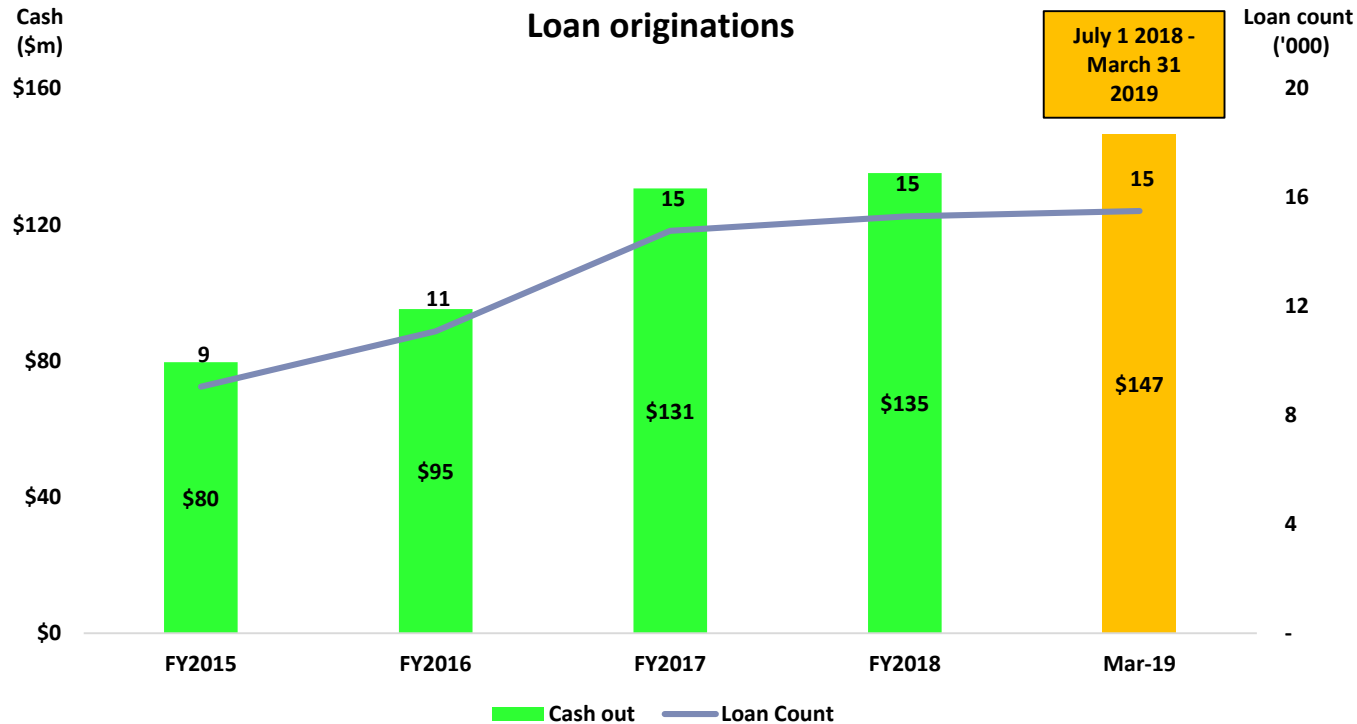
Committed to paying a fully franked dividend of 10 cents in FY20



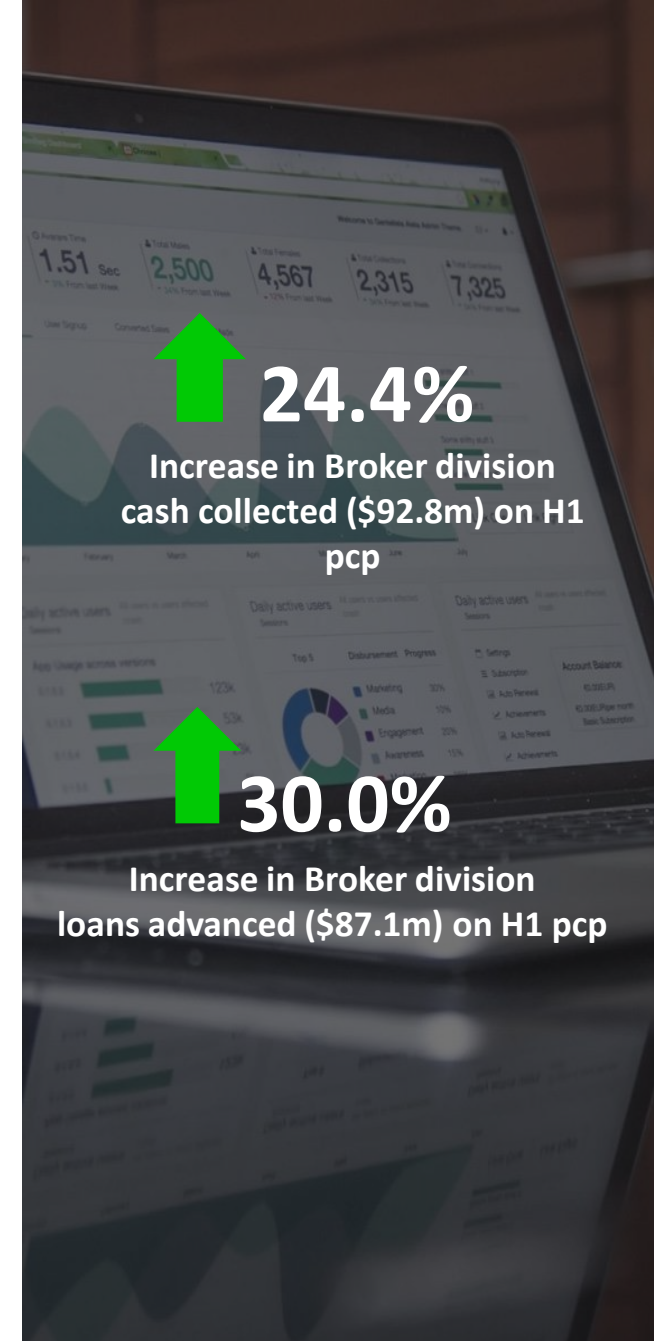
**Bad debts well managed** and in target range of 5-6% of gross loan book



# Strong growth in Australian originations



\* Loan Originations for 9 months of FY19 (Jul 1 2018 – Mar 31 2019)



# Automotive market opportunity

## Australian automotive market

**\$20bn**

### Huge Market

- \$80bn<sup>1</sup> of annual vehicle sales
- \$20bn<sup>2</sup> annual market for consumer vehicle financing
- \$6bn<sup>3</sup> is attributed to used vehicle financing

### Growing

- 19.2 million registered vehicles in Australia
- Over 1.2m new vehicles and 2.1m used vehicle sales<sup>3</sup> annually
- ~2.1%<sup>4</sup> increased number of cars on Australian roads in 2017 (or over 400,000 vehicles)

### Servicing Gap

- Money3 estimates 4-5 million Australian's are either not serviced or excluded by traditional lenders
- Requires highly experienced customer care function to serve appropriately

## Money3 Opportunity

### Money3 market share

- 1 out of 550 registered vehicles in Australia are financed by Money3
- Money3 estimates it finances 3% of the used car market annually

### Market opportunity

- \$100m+ of available funds providing significant headroom for loan book growth
- Over 500,000 unique customers
- Expansion into New Zealand through acquisition

<sup>1</sup> Roy Morgan: Report - State of the Nation 27: Australian Automotive Industry accelerates towards 'Decade of Upheaval' – March 2017

<sup>2</sup> Royal commission into misconduct in the banking, superannuation and financial services industry: Report - Some Features of Car Financing in Australia

<sup>3</sup> ABS, 5671.0 Lending Finance, Australia, December 2017 (13 February 2018) Table 9 – Finance Commitments, for Motor Vehicles: Australia, Original (\$000) <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/5671.0>>.

<sup>4</sup> Australian Bureau of Statistics: Report - 9309.0 - Motor Vehicle Census, Australia, 31 Jan 2018

# Secured lending continues to grow

+ \$358.9m

Gross Loan Book increased to \$358.9 million (YTD 21 May 2019)

+ \$54.3m

\$54.3m added to **Secured Automotive Loans in New Zealand** from Go Car Finance (YTD 21 May 2019)

+ \$296.3m

19.3% growth in **Secured Automotive Loans in Australia** to \$296.3 million (YTD 21 May 2019)

+ 17.1%

17.1% increase in **Go Car Finance** loans to \$54.3 million (YTD 21 May 2019)

+ 97.7%

**Secured Automotive Loans** (including **Go Car Finance**) make up 97.7% of the Gross Loan Book



# Money3 enters New Zealand through Acquisition of Go Car Finance

**Go Car Finance**  
*Goes way further*

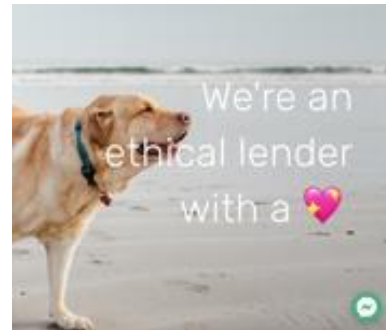


# Go Car Finance

Goes way further



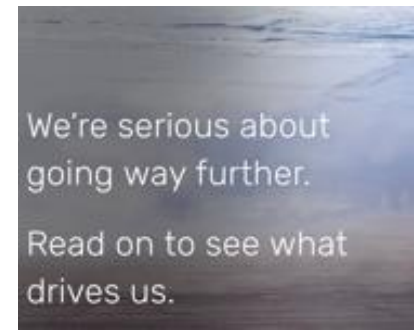
Go Car Finance acquisition provides Money3 with geographical expansion, market access and a strong existing business to leverage



Over A\$54m of existing Secured Automotive Loan Book



Go Car Finance has an existing financing facility with significant capacity at a leading bank.



With 4m cars in New Zealand and Go Car's strong brand, there is significant growth opportunity

*"The cultural similarities between Money3 and Go Car are very real and we look forward to the opportunity of sharing best practices. 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." – Go Car Founder and CEO, Roy Gormley*

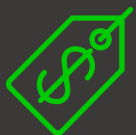


**\$54.3m**

A\$54.3m Secured  
Automotive Loan  
Book



Over 12 years in  
operation with strong  
brand recognition



Access to own  
debt facility, fully  
funded for growth

## EXCEPTIONAL CUSTOMER RELATIONSHIPS

- With a 95% “likely to recommend” score
- Returning customers comprise one in five of new loans
- For the direct team, three in five loans are to returning clients

## STRONG RELATIONSHIPS WITH DEALERSHIPS

- Long established dealer relationships in place
- Several deeply aligned “Partner Dealer” relationships

# NZ automotive market opportunity

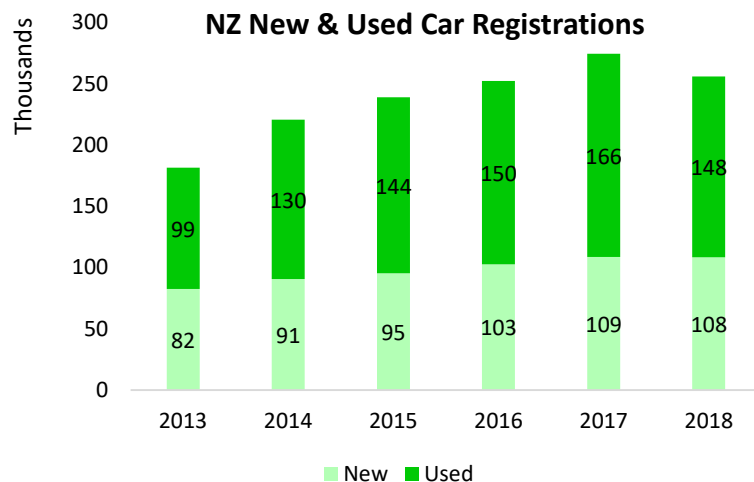
## New Zealand automotive market

### High vehicle ownership

- Fourth highest rate of vehicle ownership globally: 4.3m registered vehicles<sup>2</sup> from a population of 4.9m<sup>3</sup>

### Used car sector growing

- With no manufacturing in New Zealand a large number of used cars are imported
- Used cars make up a significant portion of newly registered vehicles
- 147,000 used cars registered in 2018 compared to only 108,000 new cars



## Go Car Opportunity

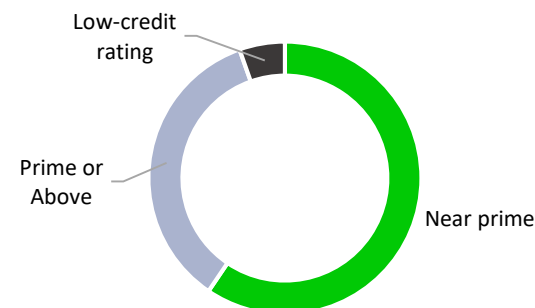
### Untapped Market

- Low-credit rating auto finance market relatively untapped (5%<sup>1</sup> of lender portfolio's are low-credit rating)
- Go Car Finance has low market penetration, but strong brand recognition, opens up growth opportunity

### Existing lenders unwilling to service low-credit customers

- 85%<sup>1</sup> of existing car financiers said they will not change credit standards, and will continue excluding a large portion of low-credit rating families
- Flexible financing solutions are a significant opportunity in NZ market

### Existing NZ car financier loan portfolio



<sup>1</sup> <https://www.pwc.co.nz/pdfs/pwc-current-state-of-the-auto-finance-industry-nz-insights.pdf>

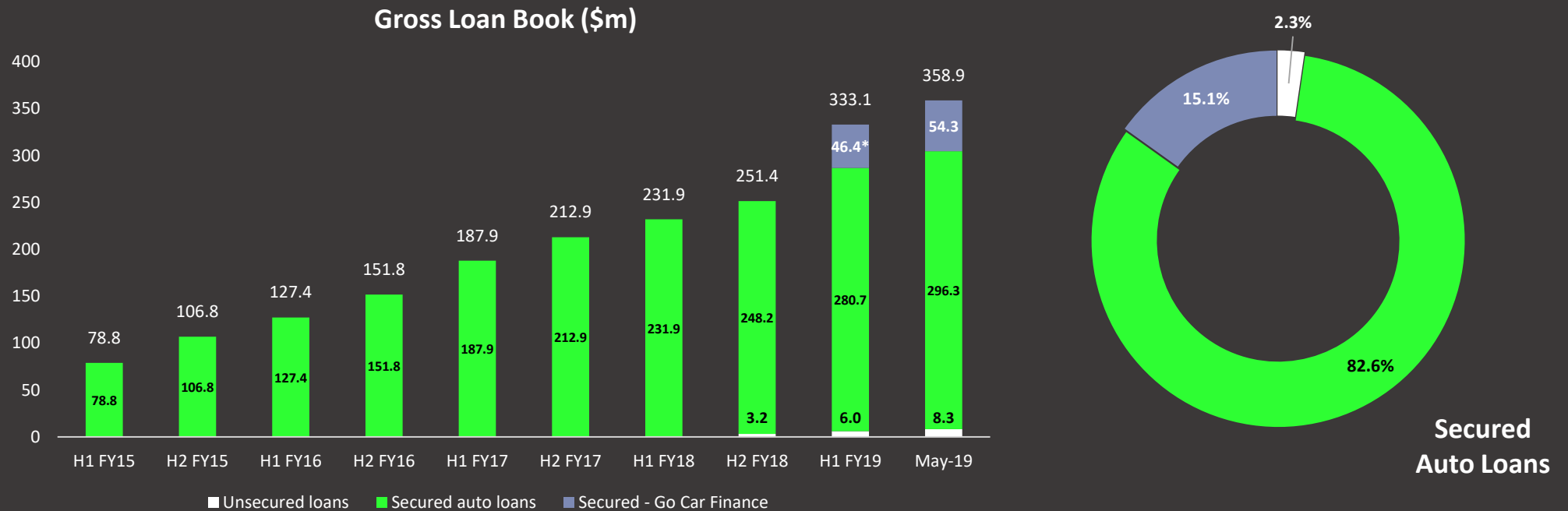
<sup>2</sup> <https://www.mia.org.nz/Portals/0/MIA-Sales%20Data/Vehicle%20Sales/Monthly%20Passenger%20Sales%20Stats/Passenger%20Registration%20Stats%20Full%20Year%202018.pdf>

<sup>3</sup> <http://archive.stats.govt.nz/infoshare/3>  
<https://www.stats.govt.nz/topics/population>

# Quality remains key while growing Automotive Loan Book

19.3% increase in Secured Auto Loan Book in Australia (YTD FY19 to 21 May).

Loan Book growth key leading indicator of future revenue.



Money3 is now an Automotive Loans Specialist with ~\$100m+ in deployable capital and an exceptional cash collections capability

1 in 4 secured automotive applications settle as Money3 continues to prioritise the long-term quality of the Secured Automotive Loan Book

*\*Included for comparative purposes only. Go Car Finance was acquired in Q3 FY19.*

# Strategy and Outlook



## SPECIALIST SECURED AUTO LENDER

- Management is focused solely on the automotive industry, pursuing strong growth and maintaining the exceptional quality of the loan book while boosting the Company's exceptional cash collections capability



## FINANCIAL

- **\$100m+** of total available headroom (undrawn debt and cash balances)
- Forecasting normalised NPAT of \$35.0 million for FY19
- Money3 intends to pay 10c dividend through to FY20
- No requirement for additional equity in the foreseeable future



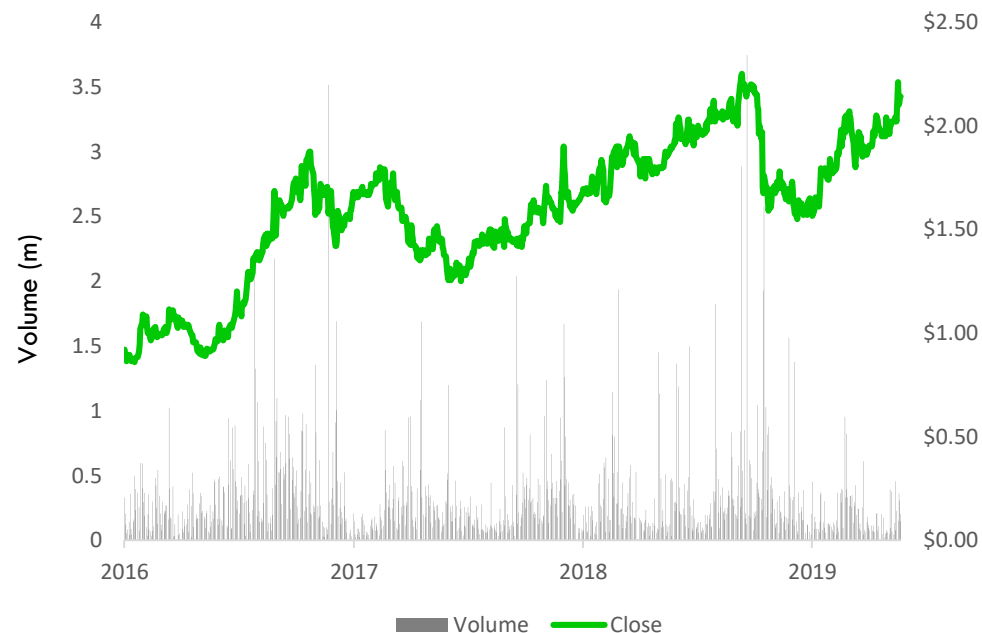
## REGULATORY

- Increasing regulatory headwinds and greater levels of conservatism in mainstream lending for personal and automotive loans are driving lenders away from Money3 target market
- This has increased Money3's market opportunity
- Money3 has robust processes that are compliant with current regulations around flex commissions, add on insurance products and interest rate caps

# Appendix 1 – Corporate Information

## CAPITAL STRUCTURE

|                                          |                  |
|------------------------------------------|------------------|
| Shares on issue                          | 182.1 million    |
| Share Price (18 <sup>th</sup> June 2019) | \$2.14           |
| Market capitalisation                    | \$389.7 million  |
| Deployable Capital                       | \$100.0+ million |
| Earnings per share (H1 FY19)             | 9.84 cents       |
| Dividends per share (interim)            | 5.00 cents       |



# Disclaimer

The content of this presentation has been prepared by Money3 Corporation Limited (the Company) for general information purposes only.

Any recommendations given are general and do not take into account your personal circumstances and therefore are not to be taken as a recommendation or advice to you.

You should decide whether to contact your financial adviser so a full and complete analysis can be made in respect to your personal situation.

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