BELL POTTER

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Authorisation
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Money3 Corporation (MNY)

Finely tuned

Recommendation
Buy (unchanged)
Price
$3.50
Target (12 months)
$4.15 (previously $3.70)

GICS Sector

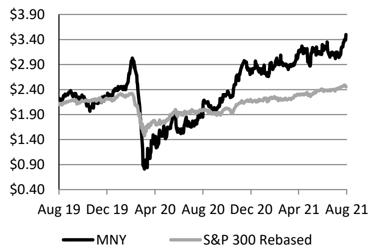
Diversified Financials

Expected Return	
Capital growth	**18.6%**
Dividend yield	**3.3%**
Total expected return	**21.9%**
Company Data & Ratios	
Enterprise value	**N/a**
Market cap	**$730.4m**
Issued capital	**208.7**
Free float	**84.0%**
Avg. daily val. (52wk)	**$1.1m**
12 month price range	**$1.82-$3.62**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	3.12	2.95	1.86
Absolute (%)	12.18	18.64	88.68
Rel market (%)	10.05	11.98	65.48

Absolute Price



SOURCE: IRESS

Exceedingly strong FY21 result

MNY has reported an exceptionally strong FY21 result, delivering reported NPAT of $39.2m (+30.2% on a normalised basis), modestly exceeding our estimates and full year NPAT guidance of $38.0m. Excluding one-off items relating to AFS acquisition, tech investment, Job keeper adjustments and amortised borrowing costs associated with MNY's Fortress loan, the company reported normalised NPAT of $41.6m and Underlying EBITDA of $82.4m (+35.8% YoY). The strong result was driven by loan book growth of 38.5% YoY to $600.9m (Inc. contribution from AFS), along with firm credit quality control, which saw impairment and provision related expenses decline -49.7% YoY. MNY exited FY21 with loan book leverage of ~50% ($262.3m of drawn debt), and the company maintained a cash balance of $55.2m. A final dividend of 7.0cps (fully franked) was declared.

Conditions remain positive for FY22 outlook

Whilst MNY has not provide formal FY22 earnings guidance, the company expects to deliver >20% growth YoY 'in-line with consensus'. MNY has flagged cash collections to normalise to historical levels in FY22 which should support loan book growth of between ~26.5%-37.8% to ~$760m-$810m. The company continues to be well placed to see ongoing provision and impairment cost control as loan book quality improves and COVID-19 economic provisions unwind. Improved leverage of MNY's loan book (toward 60%) across its four debt facilities in FY22 should see further rates decline. Overall, this should support MNY's trajectory toward its ROE target of ~15%, and BPe forecast NPAT of ~$47.6m in FY22.

Investment View: Buy retained, revised PT of $4.15ps

Following MNY's result, we upgrade our loan book assumptions by ~6% in FY22-FY23 to align more closely with MNY's expectations. Modest adjustments to forecast revenue margin estimates were offset by reductions in our BDD assumptions. Overall we upgraded our EPS estimates by +0.2%, +5.6% in FY22-23e respectively. We increase our price target to $4.15ps (previously $3.70ps), and retain our Buy recommendation.

Earnings Forecast

Year end June 30	2021a	2022e	2023e	2024e
Sales revenue ($m)	145.1	185.5	221.3	247.7
EBITDA (Adjusted) (A$m)	80.9	92.5	113.4	126.7
NPAT (reported) (A$m)	39.2	47.6	60.5	70.6
NPAT (adjusted) (A$m)	41.6	47.6	60.5	70.6
Diluted adjusted EPS (cps)	20.8	22.5	28.6	33.4
EPS growth (%)	28%	8%	27%	17%
Diluted adjusted PER (x)	16.8	15.6	12.2	10.5
EV/EBITDA (x)	10.3	9.0	7.3	6.6
Dividend (¢ps)	10	11.4	14.5	16.9
Franking (%)	100%	100%	100%	100%
Yield (%)	2.9%	3.3%	4.1%	4.8%
ROE (%)	14%	14%	16%	17%
ROA (%)	8%	7%	8%	8%

SOURCE: BELL POTTER SECURITIES ESTIMATES

FY21 Result Highlights

Solid FY21 drives modest beat

MNY has delivered a strong FY21 result, Underlying NPAT of $41.6m, a 38.1% improvement on FY20, and ~9.5% ahead FY21 Guidance and BPe of $38.0m. The company saw Underlying EBITDA growth of 35.8% YoY to $82.4m, driven by higher average loan book, and solid revenue margins of APR ~27.1% on an acquisition adjusted average loan book of ~$535.5m. The company also maintained solid BDD expense control, and saw evidence of improving funding costs. MNY exited FY21 with loan book leverage of ~50% ($262.3m of drawn debt), and the company maintained a Cash balance of $55.2m ($28.9m unrestricted). A final dividend of 7.0 cps (fully franked) was declared. Operating highlights include:

- **Australian Gross Loan receivables:** up 26.1% YoY to $442.9m (Inc. Acq. of AFS);
- **Australian Revenues:** up 10.2% YoY to $113.2m;
- **New Zealand Gross Loan receivables:** up 91% YoY to $158.0m; and
- **New Zealand Revenues:** +49.9% YoY to $31.9m.

Figure 1 - MNY Result Overview

Y/e June 30 ($m)	2019*	1H20	2H20	2020	1H21	2H21	2021a	2021e	Diff (%)	YoY (%)
Total Operating Revenue	**136.4**	**62.7**	**61.4**	**124.0**	**67.9**	**77.2**	**145.1**	**144.5**	**0.4%**	**17.0%**
Operating expense	58.2	19.7	17.2	37.0	19.4	25.7	45.1	41.3	9.1%	22.0%
Bad debt expense and provisions	14.5	12.5	25.5	38.0	8.0	11.1	19.1	25.3	-24.7%	-49.8%
Reported EBITDA	**63.7**	**30.5**	**18.6**	**49.1**	**40.5**	**40.5**	**80.9**	**77.8**	**4.0%**	**64.9%**
Margin (%)	*46.7%*	*48.6%*	*30.3%*	*39.6%*	*59.6%*	*52.4%*	*55.8%*	*53.9%*		
Underlying EBITDA	**63.7**	**30.5**	**30.2**	**60.7**	**40.5**	**42.0**	**82.4**	**77.8**	**5.9%**	**35.8%**
Depreciation & Amortisation	1.3	0.9	1.0	1.9	1.2	1.1	2.3	1.9	17.5%	21.1%
EBIT	**62.4**	**29.6**	**29.2**	**58.8**	**39.3**	**40.9**	**80.1**	**75.9**	**5.6%**	**36.3%**
Margin (%)	*45.7%*	*47.2%*	*47.6%*	*47.4%*	*57.8%*	*52.9%*	*55.2%*	*52.5%*		
Net Interest Expense	-11.5	-7.3	-8.0	-15.2	-10.1	-12.2	-20.2	-20.4	-0.5%	33.0%
Pre-tax profit	**50.8**	**22.3**	**21.2**	**43.6**	**29.2**	**28.7**	**59.9**	**55.5**	**7.9%**	**37.5%**
Operating income tax expense	-16.1	-7.0	-6.5	-13.4	-9.3	-9.0	-18.3	-17.5	4.3%	36.0%
Adjusted NPAT	**34.7**	**15.4**	**14.7**	**30.1**	**19.9**	**19.7**	**41.6**	**38.0**	**9.5%**	**38.1%**
One-off items	-5.5	2.1	-8.2	-6.1	0.0	-2.5	-2.5	0.0		
Reported profit	**29.2**	**17.5**	**6.6**	**24.0**	**20.0**	**17.2**	**39.2**	**38.0**	**3.1%**	**63.0%**
Closing Gross Loan Receivable	**372.8**	**426.7**	**433.9**	**433.9**	**474.0**	**600.9**	**600.9**	**600.1**	**0.1%**	**38.5%**
Earnings Per Share (EPS) - Underlying	*19.1*	*8.3*	*7.9*	*16.3*	*10.5*	*9.5*	*20.8*	*19.1*	8.9%	27.9%
Dividend Per Share (DPS)	*10.0*	*5.0*	*3.0*	*8.0*	*3.0*	*7.0*	*10.0*	*9.0*	11.1%	25.0%
Dividend Payout Ratio (%) - Underlying	*51.7%*	*59.4%*	*37.5%*	*48.8%*	*28.2%*	*73.0%*	*47.4%*	*46.5%*	2.0%	-2.8%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 2 MNY Cash Advanced

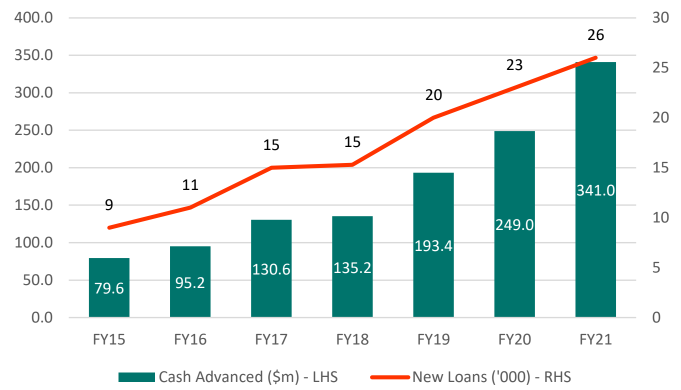
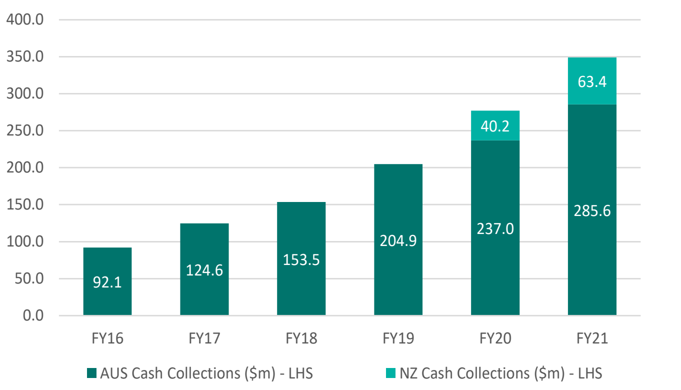


Figure 3 – MNY Cash Collections



SOURCE: COMPANY DATA

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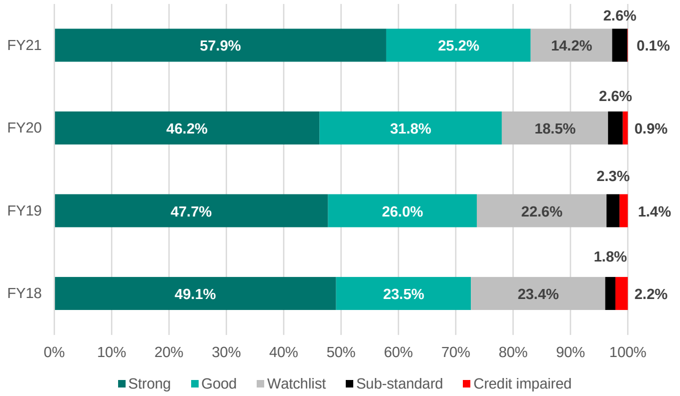
Credit improvements driven by improved collections

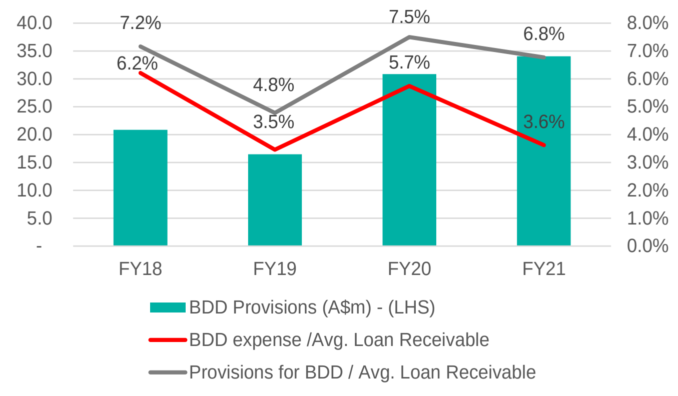
Strong collections momentum saw credit quality continue to improve across MNY's loan book with ~83.1% of loans now rated "strong and good", whilst "Credit impaired" loans made up 0.1% of MNY's overall loan book. Lower levels of impaired loans along with unwinding of COVID-19 related economic provisions (taken during FY20), saw impairment provisions decrease with Provisions for BDD/average gross loan book declining to 6.8% (vs. 7.5% in FY20) and BDD expenses declining to 3.6% of average gross loan book.

Figure 4 - MNY Credit Quality (Loan Receivable)



SOURCE: COMPANY DATA

Figure 5 - BDD Provisioning & Expenses



SOURCE: COMPANY DATA

FY22 Outlook

Whilst no formal guidance was provided, MNY has flagged ongoing demand for its lending products, with 4Q21 exit rates implying counting momentum within the business. The company has stated that it expects to deliver >20% growth in FY22e 'in line with analysts' consensus'. The company expects cash collections to normalise to historical levels which should see loan book growth of between ~26.5%-37.8% to ~$760m-$810m in FY22. MNY continues to be well placed to see ongoing provision and impairment cost control as loan book quality improves and COVID-19 economic provisions unwind. Improved leverage of MNY's loan book (toward 60%) across its four debt facilities in FY22 should see further rates decline. Overall, this should support MNY's trajectory toward its ROE target of ~15%, and BPe forecast NPAT of ~$47.6m in FY22.

Earnings Revisions

Following MNY's result, we upgrade our loan book assumptions by ~6% in FY22-FY23 to align more closely with MNY's expectations. Modest adjustments to forecast revenue margin estimates were offset by reductions in our BDD assumptions. Overall we upgraded our EPS estimates by +0.2%, +5.6% in FY22-23e respectively. Following these changes we retain our Buy rating, with a revised Price target of $4.15ps (prev. 3.70ps)

Figure 6 - Earnings Revisions

Earnings Revisions	FY21a (new)	FY21e (previous)	% Change	FY22e (new)	FY22e (previous)	% Change	FY23e (new)	FY23e (previous)	% Change
Revenue	145.1	144.5	0.4%	185.5	183.0	1.4%	221.3	215.0	2.9%
EBITDA	80.9	77.8	4.0%	92.5	90.8	1.9%	113.4	106.6	6.3%
Underlying NPAT	41.6	38.0	9.5%	47.6	47.5	0.2%	60.5	57.3	5.6%
Adjust EPS (cps)	20.8	19.1	8.9%	22.5	22.4	0.2%	28.6	27.1	5.6%
Dividend (cps)	10.0	9.0	11.1%	11.4	11.3	0.9%	14.5	13.7	5.8%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Interim Earnings & Assumptions

Figure 7 - Interim Earnings

Y/e June 30 ($m)	2020	1H21	2H21	2021	1H22e	2H22e	2022e	1H23e	2H23e	2023e	1H24e	2H24e	2024e
Total Operating Revenue	**124.0**	**67.9**	**77.2**	**145.1**	**87.2**	**98.3**	**185.5**	**106.9**	**114.4**	**221.3**	**121.0**	**126.7**	**247.7**
Operating expense	37.0	19.4	25.7	45.1	27.0	30.5	57.5	33.1	35.5	68.6	37.5	39.3	76.8
Bad debt expense and provisions	38.0	8.0	11.1	19.1	17.6	17.9	35.5	19.9	19.5	39.3	21.8	22.4	44.2
Reported EBITDA	**49.1**	**40.5**	**40.5**	**80.9**	**42.5**	**49.9**	**92.5**	**53.9**	**59.5**	**113.4**	**61.7**	**65.0**	**126.7**
Depreciation & Amortisation	1.9	1.2	1.1	2.3	1.1	1.1	2.2	1.1	1.1	2.2	1.1	1.1	2.2
EBIT	**58.8**	**39.3**	**40.9**	**80.1**	**41.4**	**48.8**	**90.2**	**52.8**	**58.4**	**111.1**	**60.6**	**63.9**	**124.4**
Net Interest Expense	-15.2	-10.1	-12.2	-20.2	-10.7	-11.6	-22.3	-12.1	-12.6	-24.7	-12.0	-11.6	-23.6
Pre-tax profit	**43.6**	**29.2**	**28.7**	**59.9**	**30.7**	**37.2**	**67.9**	**40.7**	**45.8**	**86.4**	**48.5**	**52.3**	**100.8**
Operating income tax expense	-13.4	-9.3	-9.0	-18.3	-9.2	-11.2	-20.4	-12.2	-13.7	-25.9	-14.6	-15.7	-30.2
Adjusted NPAT	**30.1**	**19.9**	**19.7**	**41.6**	**21.5**	**26.0**	**47.6**	**28.5**	**32.0**	**60.5**	**34.0**	**36.6**	**70.6**
One-off items	-6.1	0.0	-2.5	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported profit (A$m)	**24.0**	**20.0**	**17.2**	**39.2**	**21.5**	**26.0**	**47.6**	**28.5**	**32.0**	**60.5**	**34.0**	**36.6**	**70.6**
Earnings Per Share (EPS) - Underlying	*16.3*	*10.5*	*9.5*	*20.8*	*10.2*	*12.3*	*22.5*	*13.5*	*15.1*	*28.6*	*16.1*	*17.3*	*33.4*
Dividend Per Share (DPS)	*8.0*	*3.0*	*7.0*	*10.0*	*5.2*	*6.2*	*11.4*	*6.8*	*7.7*	*14.5*	*8.1*	*8.8*	*16.9*
Dividend Payout Ratio (%) - Underlying	*48.8%*	*28.2%*	*73.0%*	*47.4%*	*50.4%*	*49.7%*	*50.0%*	*49.8%*	*50.2%*	*50.0%*	*49.8%*	*50.2%*	*50.0%*
Gross loan receivables by segments													
Y/e June 30 ($m)	**2020**	**1H21**	**2H21**	**2021**	**1H22e**	**2H22e**	**2022e**	**1H23e**	**2H23e**	**2023e**	**1H24e**	**2H24e**	**2024e**
Money3 (A$m)													
Gross loan receivables	351.2	359.1	382.9	382.9	414.9	444.9	444.9	464.9	484.9	484.9	504.9	524.9	524.9
Average	*336.8*	*355.1*	*371.0*	*364.4*	*398.9*	*429.9*	*414.3*	*454.9*	*474.9*	*464.9*	*494.9*	*514.9*	*504.9*
New Zealand (A$m)													
Gross loan receivables	82.7	114.9	158.0	158.0	198.0	238.0	238.0	263.0	288.0	288.0	300.0	312.0	312.0
Average	*74.3*	*98.8*	*136.4*	*118.5*	*178.0*	*218.0*	*198.0*	*250.5*	*275.5*	*263.0*	*294.0*	*306.0*	*300.0*
AFS (A$m)													
Gross loan receivables	0.0	0.0	60.0	60.0	78.0	98.0	98.0	118.0	138.0	138.0	156.0	174.0	174.0
Average	*0.0*	*0.0*	*60.0*	*60.0*	*78.0*	*98.0*	*98.0*	*118.0*	*138.0*	*138.0*	*156.0*	*174.0*	*174.0*

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 8 - MNY Loan book Assumptions (A$m)

	FY20			FY21			FY22			FY23			FY24
	Jun-20	Dec-20	Jun-21	Jun-21	Dec-21	Jun-22	Jun-22	Dec-22	Jun-23	Jun-23	Dec-24	Jun-24	Jun-24
	A	A	A	A	E	E	E	E	E	E	E	E	E
Loan book by segment ($m)													
Australia	351.2	359.1	382.9	382.9	414.9	444.9	444.9	464.9	484.9	484.9	504.9	524.9	524.9
New Zealand	82.7	114.9	158.0	158.0	198.0	238.0	238.0	263.0	288.0	288.0	300.0	312.0	312.0
AFS	0.0	0.0	60.0	60.0	78.0	98.0	98.0	118.0	138.0	138.0	156.0	174.0	174.0
Total gross loan receivables	**433.9**	**474.0**	**600.9**	**600.9**	**690.9**	**780.9**	**780.9**	**845.9**	**910.9**	**910.9**	**960.9**	**1010.9**	**1010.9**
Deferred revenue	*46.6*	*50.9*	*45.3*	*45.3*	*52.1*	*58.9*	*58.9*	*63.8*	*68.7*	*68.7*	*72.5*	*76.3*	*76.3*
Net loans receivable	**387.3**	**423.1**	**555.6**	**555.6**	**638.8**	**722.0**	**722.0**	**782.1**	**842.2**	**842.2**	**888.4**	**934.6**	**934.6**
Allowance for impairment	*30.8*	*32.4*	*34.0*	*34.0*	*38.8*	*41.9*	*41.9*	*45.6*	*47.4*	*47.4*	*50.5*	*53.2*	*53.2*
Total loan receivables	**356.4**	**390.7**	**521.5**	**521.5**	**600.0**	**680.0**	**680.0**	**736.5**	**794.7**	**794.7**	**837.9**	**881.4**	**881.4**
Allowance for bad and doubtful debts ($m)													
Opening balance	16.5	30.8	32.4	30.8	34.0	38.8	34.0	41.9	45.6	41.9	47.4	50.5	47.4
Additional provisions	38.0	9.1	12.3	21.4	17.6	17.9	35.5	19.9	19.5	39.3	21.8	22.4	44.2
Receivables written off as uncollectible	-23.6	-7.6	-10.6	-18.2	-12.9	-14.7	-27.6	-16.3	-17.6	-33.8	-18.7	-19.7	-38.4
Closing BDD provisions	**30.8**	**32.4**	**34.0**	**34.0**	**38.8**	**41.9**	**41.9**	**45.6**	**47.4**	**47.4**	**50.5**	**53.2**	**53.2**
Change in doubtful debt provisions	14.4	0.4	0.4	0.9	4.7	3.2	7.9	3.6	1.9	5.5	3.1	2.7	5.8
*Bad Debts Expense / Avg. **Gross** loans receivable*	*5.7%*	*3.3%*	*4.0%*	*3.6%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
*Provision of Doubtful debts / Avg. **Gross** loans receivable*	*7.5%*	*7.1%*	*6.3%*	*6.8%*	*6.0%*	*5.7%*	*6.1%*	*5.6%*	*5.4%*	*5.6%*	*5.4%*	*5.4%*	*5.5%*
*Bad Debts Expense / Avg. **Net** loans receivable*	*6.4%*	*3.7%*	*4.3%*	*4.0%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*	*4.3%*
*Provision of Doubtful debts / Avg. **Net** loans receivable*	*8.4%*	*8.0%*	*7.0%*	*7.5%*	*6.5%*	*6.2%*	*6.6%*	*6.1%*	*5.8%*	*6.1%*	*5.8%*	*5.8%*	*6.0%*
Avg. Gross loan receivables	***411.1***	***453.9***	***537.5***	***502.9***	***645.9***	***735.9***	***690.9***	***813.4***	***878.4***	***845.9***	***935.9***	***985.9***	***960.9***
Avg. Net loan receivables	***369.2***	***405.2***	***489.3***	***455.3***	***597.2***	***680.4***	***638.8***	***752.0***	***812.1***	***782.1***	***865.3***	***911.5***	***888.4***

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

MNY Overview

Company description

Money3 Corporation (MNY) is an Australian consumer finance company that specialises in Secured Vehicle and Secured/Unsecured Personal lending. MNY was established via the consolidation of nine 'Money Plus' short-term loan businesses in November 2005, and subsequently listed on the ASX in October 2006. The divestment of MNY's Branch and Online segments in May 2019, has seen the business pivot to primarily focus on Secured Automotive/vehicle lending**.** MNY now has 60,000+ active customers**,** and manages a growing profitable lending book across Australia and New Zealand**.**

Investment strategy & Risks

MNY is growing business that has a proven track record of profitability across its auto lending book. We have a Buy rating and Price Target of $4.15ps. Our favourable view is founded on MNY's improving ability to scale through increasing market share, distribution and favourable funding terms. Key risks to our thesis include, although are not limited to:

- **Regulation & licensing risk –** MNY is subject to regulations and licensing requirements. Any changes to regulations, policies, or laws, as well as requirements or revocation of financial licenses could hamper the function to MNY's business;
- **Credit risk –** MNY originates both secured and unsecured loans to customers who generally have a bad credit history and are lacking in budgeting ability. While MNY obtains collateral on loans greater than $5,000, the company is still exposed to the risk of default or a loss of principle. The ability of MNY to prevent and recover bad debt is crucial to the company's ongoing viability;
- **Funding risk –** MNY funds its loan book by a mixture of both debt and equity. Therefore MNY may not be sufficiently funded to maintain and grow its loan book if it cannot secure new financing facilities or refinance maturing bonds;
- **Fraud risk –** There is a risk that loan applications and/or supporting documents used to apply for loans could be fraudulent. This could result in a loss of principle, adversely affecting MNY's performance;
- **Technology risk –** There is a risk that MNY's IT systems could fail or be hacked by an external party. This could result in an interruption of service, or the loss/theft of private data and information;
- **Market risk –** A prolonged recession, economic crisis/shock, or other factors that may lead to a sustained weak market environment have the ability to increase the levels of defaults and adversely affect the earnings potential of the company. In addition, being a listed stock, the share price may be subject to volatility and fluctuations in price;
- **Operational risk –** The operation of MNY relies on internal policies and procedures in relation to lending practices and anti-fraud. Any failures in internal controls could be harmful to MNY's performance;
- **Key person risk –** Similar to other small capitalised stocks, the loss of any key staff may be detrimental to MNY;
- **Acquisition risk** – The integration of acquired loan books or businesses, may result in outcomes that vary from management's expectations. Should synergies or benefits of acquisitions not materialise this may result in negative outcomes for the business, and
- **Pandemic Risk** – The COVID-19 pandemic may result in ongoing economic uncertainty for the foreseeable future, whilst MNY has taken steps to provision for potential negative outcomes to customers and the company

Money3 Corporation
as at 18 August 2021

Recommendation	Buy
Price	$3.50
Target (12 months)	$4.15

Table 1 - Financial summary

Money3 Corporation (MNY)	Price Target (A$)	4.15	Share Price (A$)	3.50
	Recommendation:	Buy	Market Cap (A$m)	730.4

INCOME STATEMENT					
Y/e June 30 ($m)	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Operating revenue	**124.0**	**145.1**	**185.5**	**221.3**	**247.7**
Operating expenses	37.0	45.1	57.5	68.6	76.8
Impairment expenses	38.0	19.1	35.5	39.3	44.2
Reported EBITDA	**49.1**	**80.9**	**92.5**	**113.4**	**126.7**
Depreciation & Amortisation	1.9	2.3	2.2	2.2	2.2
EBIT	**58.8**	**80.1**	**90.2**	**111.1**	**124.4**
Net Interest	-15.2	-20.2	-22.3	-24.7	-23.6
Pre-tax profit	**43.6**	**59.9**	**67.9**	**86.4**	**100.8**
Tax	13.4	18.3	20.4	25.9	30.2
Adjusted NPAT	**30.1**	**41.6**	**47.6**	**60.5**	**70.6**
One-off items	-6.1	-2.5	0.0	0.0	0.0
Reported NPAT	**24.0**	**39.2**	**47.6**	**60.5**	**70.6**

CASHFLOW					
Y/e June 30 ($m)	**2020**	**2021**	**2022e**	**2023e**	**2024e**
EBITDA	49.1	80.9	92.5	113.4	126.7
Change in provisions	0.5	0.3	1.4	0.7	0.5
Working capital change	-38.3	-151.4	-152.7	-110.3	-83.3
Net interest	-14.7	-18.6	-22.3	-24.7	-23.6
Tax paid	-12.3	-20.2	-20.4	-25.9	-30.2
Other	-1.4	57.5	0.0	0.0	0.0
Operating cashflow	**-17.0**	**-51.4**	**-101.5**	**-46.8**	**-9.9**
Capex	-0.8	-0.9	-1.4	-1.4	-1.4
Investments	-1.5	-22.1	0.0	0.0	0.0
Asset sales	9.7	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Investing cashflow	**7.5**	**-23.0**	**-1.4**	**-1.4**	**-1.4**
Change in borrowings	34.3	45.6	91.2	68.8	52.0
Equity raised	1.6	50.1	0.0	0.0	0.0
Dividends paid	-16.7	-11.8	-25.5	-27.1	-33.0
Other	0.0	2.6	0.0	0.0	0.0
Financing cashflow	**19.3**	**86.4**	**65.7**	**41.7**	**19.0**
Net change in cash	**9.7**	**12.0**	**-37.2**	**-6.6**	**7.6**
Cash at end of period	**44.5**	**55.6**	**17.7**	**10.3**	**17.1**

BALANCE SHEET					
Y/e June 30 ($m)	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Cash	44.5	55.6	17.7	10.3	17.1
Loan receivables	356.4	521.5	680.0	794.7	881.4
PPE	1.8	2.0	2.0	2.0	2.0
Right of Use Asset	1.9	1.6	1.6	1.6	1.6
Intangibles	22.8	32.5	32.5	32.5	32.5
Other	14.1	15.5	15.5	15.5	15.5
Total assets	**441.6**	**628.6**	**749.2**	**856.5**	**950.0**
Payables	7.4	21.1	26.9	31.3	34.7
Debt	169.8	261.1	352.3	421.1	473.1
Lease Liabilities	2.3	1.9	1.9	1.9	1.9
Provisions	2.6	2.9	4.3	5.0	5.6
Other	9.7	5.1	5.1	5.1	5.1
Total liabilities	**191.7**	**292.1**	**390.6**	**464.5**	**520.4**
Contributed equity	169.5	229.3	229.3	229.3	229.3
Total shareholders funds	**249.9**	**336.5**	**358.6**	**392.0**	**429.6**
W/A shares on issue	**183.6**	**197.3**	**208.7**	**208.7**	**208.7**

VALUATION DATA					
Y/e June 30 ($m)	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Adjusted NPAT ($m)	30.1	41.6	47.6	60.5	70.6
Adjusted EPS (fully diluted) (c)	16.3	20.8	22.5	28.6	33.4
Adjusted EPS growth (%)	**-14.7%**	**27.9%**	**8.1%**	**27.2%**	**17%**
Diluted adjusted P/E ratio (x)	**21.5**	**16.8**	**15.6**	**12.2**	**10.5**
DPS (c)	8.0	10.0	11.4	14.5	16.9
Yield (%)	2.3%	2.9%	3.3%	4.1%	4.8%
Franking (%)	100%	100%	100%	100%	100%
Payout Ratio (%)	49%	47%	50%	50%	50%
EV/EBITDA (x)	16.9	10.3	9.0	7.3	6.6
Price/book (x)	2.6	2.1	2.0	1.9	1.7
NTA ($)	1.2	1.5	1.6	1.7	1.9

PROFITABILITY RATIOS					
Y/e June 30 ($m)	**2020**	**2021**	**2022e**	**2023e**	**2024e**
APR - Auto Lending (%)	30.2%	28.9%	26.8%	26.2%	25.8%
Net Interest Margin (%)	26.5%	24.5%	23.7%	23.3%	23.3%
EBIT/sales (%)	47.4%	55.2%	48.6%	50.2%	50.2%
Return on assets (%)	7.2%	7.9%	6.9%	7.5%	7.8%
Return on equity (%)	12.2%	14.0%	13.6%	16.1%	17.2%
Dividend cover (x)	1.6	2.0	2.0	2.0	2.0
Effective tax rate (%)	30.9%	30.5%	30.0%	30.0%	30.0%

LIQUIDITY AND LEVERAGE RATIOS					
Y/e June 30 ($m)	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Net debt/(cash) ($m)	125.3	205.5	334.7	410.9	456.0
Gearing (%)	**40%**	**44%**	**50%**	**52%**	**52%**
Current ratio (x)	10.8	3.8	7.3	7.2	7.4

INTERIMS					
Half end December 31 ($m)	**1H20**	**1H21**	**1H22e**	**1H23e**	**1H24e**
Operating revenue	62.7	67.9	87.2	106.9	121.0
EBIT	**29.6**	**39.3**	**41.4**	**52.8**	**60.6**
Pre tax profit	22.3	29.2	30.7	40.7	48.5
Adjusted profit	**15.4**	**19.9**	**21.5**	**28.5**	**34.0**
One-off items	2.1	0.0	0.0	0.0	0.0
Reported profit	17.5	20.0	21.5	28.5	34.0
Interim DPS (cents)	5.0	3.0	5.2	6.8	8.1
Interim Adjusted EPS (cents)	8.4	10.6	10.3	13.6	16.3

Loan Book Assumptions					
Y/e June 30 ($m)	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Australia	351.2	382.9	444.9	484.9	524.9
New Zealand	82.7	158.0	238.0	288.0	312.0
Gross loan receivables	**433.9**	**600.9**	**780.9**	**910.9**	**1010.9**
Deferred revenue	*46.6*	*45.3*	*58.9*	*68.7*	*76.3*
Net loans receivable	**387.3**	**555.6**	**722.0**	**842.2**	**934.6**
Allowance for impairment	*30.8*	*34.0*	*41.9*	*47.4*	*53.2*
Total loan receivables	**356.4**	**521.5**	**680.0**	**794.7**	**881.4**
Provision of BDD/ Avg. Gross loans	6.8%	6.1%	5.6%	5.5%	5.5%
BDD / Avg. Gross Loans	3.6%	4.0%	4.0%	4.0%	4.0%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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Disclosure: Bell Potter Securities acted as JLM for MNY's $50m equity raise in Dec'20 and received fees for that service.

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