Research as a Service

Cash Converters International Ltd

H1 FY24 Results Analysis

H1 FY24 a milestone result

Cash Converters International (ASX:CCV) is a consumer finance company operating as a service provider, owner and franchisor of second-hand goods and financial services stores in Australia and internationally. CCV has delivered a solid H1 FY24 with revenue growth of 34% to $191.5m (in line with RaaS $192.5) and EBITDA growth of 13% to $32.6m (15% ahead of RaaS $28.4) and NPAT of $9.8m (7% ahead of RaaS $9.2m). The gross loan book has grown 15% to $294m, which is all the more impressive as the business transitions away from SACC products due to regulatory change, more than offset by growth in all other products, domestically and internationally. Importantly, the result showed a clean bill of health with no impairments, validating the work done on systems, procedures, and products in recent periods, which culminated in a favourable outcome on completion of the recent AUSTRAC EU. The result was broadly in line with our forecasts, and although no formal guidance was provided for the full year, the growth drivers that we are looking for are playing out, positioning the business well for the balance of FY24 and more particularly into FY25. An interim dividend of 1cps was in line with our forecast and continues the company's proven record of consistent payment. We increase our Revenue and EBITDA forecasts, ultimately resulting in an increase in our DCF-based valuation from $0.40 to $0.43/share, representing capital upside of 87% with an 8.7% fully franked yield.

Business model

Cash Converters is a diversified business generating income through many revenue streams and geographies. The store network, particularly in Australia, New Zealand, and the UK, provides the company with a well understood and loyal customer base, to which CCV offers several loan products and services. That cohort of customers is showing strong demand for CCV's suite of products. The loan book is growing, with a composition of loan products that are highly regulated, less risky, and longer in duration than those of the past. This growth will be complemented by the corporatisation of more stores away from the franchise model, both domestically and offshore, giving CCV increased control and significant earnings upside.

H1 FY24 result positions CCV well for FY25 and onwards

A clean result in a transition year delivering growth across key criteria including medium sized loans, vehicle loans and the new line of credit product. This was complimented by a solid performance from the Australian store network and strong result from the recently acquired UK franchise network (Capital Cash – July 23). A stronger than expected cashflow performance leaves the balance sheet well positioned to fund further loan book growth in the short term and further franchise acquisitions in Australia and/or the UK.

DCF valuation increased from $0.40/share to $0.43/share

The increase to our EBITDA forecasts and longer-term profitability have resulted in our DCF valuation strengthening from $0.40/share to $0.43/share.. CCV also offers value on several other financial metrics, including a deep discount to intrinsic value on an ROE-based methodology and a relative PER pricing discount of 44% to peers. We see this as further validation of inherent value, particularly considering forecast EPS growth with a CAGR of 17% over the three-year forecast period. If management can deliver on its growth ambitions, CCV is a compelling investment opportunity, offering both capital growth and income.

Earnings history and RaaS' estimates (in A$m unless otherwise stated)

Year end	Revenue	EBITDA adj.*	NPAT adj.*	EPS adj.* (c)	EV/EBITDA (x)	PER (x)
06/22a	245.9	52.7	19.0	3.3	2.9	6.9
06/23a	302.7	57.2	20.2	3.1	3.7	7.4
06/24f	388.7	66.5	18.7	3.0	3.8	7.6
06/25f	412.7	74.8	23.0	3.5	3.7	6.5

Source: RaaS estimates for FY24f and FY25f; Company data for historical earnings; *Adjusted for one-time and non-cash items

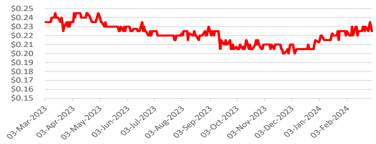
Consumer Finance

4 March 2024

Share Details

ASX code	CCV
Share price (1-Mar)	$0.23
Market capitalisation	$144.3M
Shares on issue	627M
Net debt 31-Dec-2023	$99.1M

Share Performance (12 months)



Upside Case

- Acquire large franchisees in Australia and/or the UK to further increase corporate ownership
- Deliver loan growth in new products ahead of expectation
- Drive earnings upside from recently acquired offshore businesses

Downside Case

- Severe economic deterioration driving bad debts or prolonged increase in funding costs
- Higher for longer interest rates reduce profitability
- Regulatory or legal matters

Catalysts

- Acquisition of franchised stores in Aus/UK.
- Increase of the debt facility for funding certainty and loan book growth (H1 '24)

RaaS Initiation Report

Cash Converters Initiation Report 24 Jan 2024

Board of Directors

Timothy Jugmans	Non-Executive Chair
Peter Cumins	Exec. Deputy Chair
Sam Budiselik	Managing Director/CEO
Lachlan Given	Non-Executive Director
Julie Elliot	Ind. Non-Exec. Director
Robert Hines	Ind. Non-Exec. Director
Harry Shiner	Ind. Non-Exec. Director
Mark Ashby	Ind. Non-Exec. Director

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H1 FY24 Result Discussion

Cash Converters has released an impressive 1H FY24 result given the challenges it has faced over the past 12 months. The company has delivered loan book growth, a solid performance from its domestic store network and a strong first contribution from the recently acquired franchise network in the UK.

This has resulted in the following key highlights:

- **Revenue growth of 34% to $191.5m** – The main drivers being the international NZ and UK businesses on inclusion, complemented by the Store Operations and Vehicle Finance divisions.
- **Operating EBITDA up 13% to $32.6m** – A strong result from both Vehicle Finance and the UK business, partially offset by a reduction from Personal Finance at the margin as it transitions from SACC Loans.
- **Gross Loan Book growth 15% to $294.4m** – Impressive given the change in mix through FY24 with SACC loans more than offset by MACC, LOC and Vehicle Finance.
- **Loan book performance largely maintained in challenging conditions.**
- **Notably strong contribution from the UK franchise network which was acquired in July 2023.**
- **Importantly a clean result after years of regulatory and legal challenges.**

In our view FY24 is expected to be a year of transition for the business. Some of the challenges facing the company this year are:

- **Regulatory change driving transition from SACC products to alternative lending products.** SACC products were the largest by volume and highest margin in the CCV business, so to transition in this way is commendable.
- **Rising funding costs** – Interest rate rises have hurt CCV at both the corporate level and the product level. Interest expense increased 62% to $11.2m over pcp .
- **AUSTRAC Enforceable Undertaking** – CCV enjoyed a favourable outcome to this process as announced in late January, but substantial work and management focus must have been required. RaaS released a report explaining this on 31 January 2024, available here.
- **Cost out initiatives have protected the bottom line through this transition year** - Cost-out initiatives have reduced head office expenses by 16%, or $2.7m, over the pcp.

Exhibit 1 illustrates the 1H24 performance against 1H23 and RaaS forecasts.

Exhibit 1: H1 FY24a versus H1 FY23a and RaaS estimates (in A$m unless otherwise stated)

	H1 FY23a	H1 FY24a	Change	RaaS fct for H1 FY24f
Total Revenue	**142.7**	**191.5**	**+34%**	**192.5**
Operating EBITDA	**28.8**	**32.6**	**+13%**	**29.4**
EBITDA Margin	*20.1%*	*17.0%*	*-3.1%*	*15.2%*
Dep'n & Amort'n	6.2	8.2	+32.3%	
EBIT	**22.6**	**24.4**	**+7.9%**	**22.0**
Interest Expense	6.9	11.2	+62%	9.2
NPAT (Rep)	-105.5	9.8	n/a	9.2
NPAT (Adj)	**10.5**	**9.2**	**-12.0%**	**9.2**
EPS (cps)	**1.68**	**1.53**	**-8.9%**	**1.53**
DPS (cps)	**1.00**	**1.00**	**-**	**1.00**

Source: Company data and RaaS Estimates

The strong revenue growth didn't drop through to the bottom line of the P&L for a number of key reasons:

- **EBITDA Margin:** EBITDA growth was still strong at 13%, but the margin reduced from 20.1% to 17.0%. We don't see this as any wrongdoing by CCV, but rather a change in product mix forced by legislative change, coupled with increased funding costs at the product level and a marginal performance reduction in the loan back due to the macro environment. Again, as the business transitions, these impacts should normalise.
- **Depreciation and Amortisation:** A material increase ahead of our forecast, driven mainly by the treatment of the UK acquisition and inclusion of NZ against the pcp.
- **Interest Expense:** CCV effectively took a hit twice as the debt within the corporate entity became more expensive on higher interest rates, but also the cost could not be fully passed on to customers due to highly regulated nature of the lending products

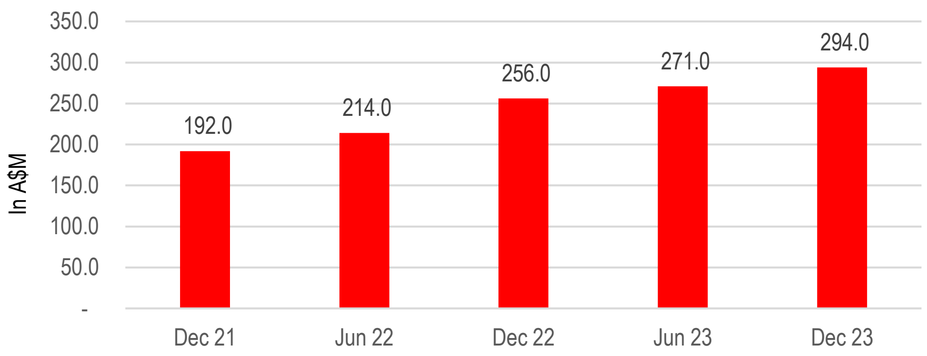
Balance Sheet and Cashflow

Operating cashflow was stronger than our forecast resulting in a slightly better than expected cash balance of $48.4m as at 31 December 2023. We expect FY24 to be a low point in cash due to the funding of the growth in the loan book and the UK acquisition. That said, there is still headroom to fund further growth in the current half, but we assume the debt facility is increased from its current $150m to a limit of $200m-$250m within the next 6 months. We then expect this to be drawn incrementally out to FY28 to fund loan book growth across MACC, LOC and Vehicle Finance products, plus potential acquisitions in Australia and the UK or broader Europe.

Loan Book Growth

The group loan book grew by 15% over the pcp to finish the year at $294m, as illustrated in Exhibit 2.

Exhibit 2: Loan book composition (gross loan book)

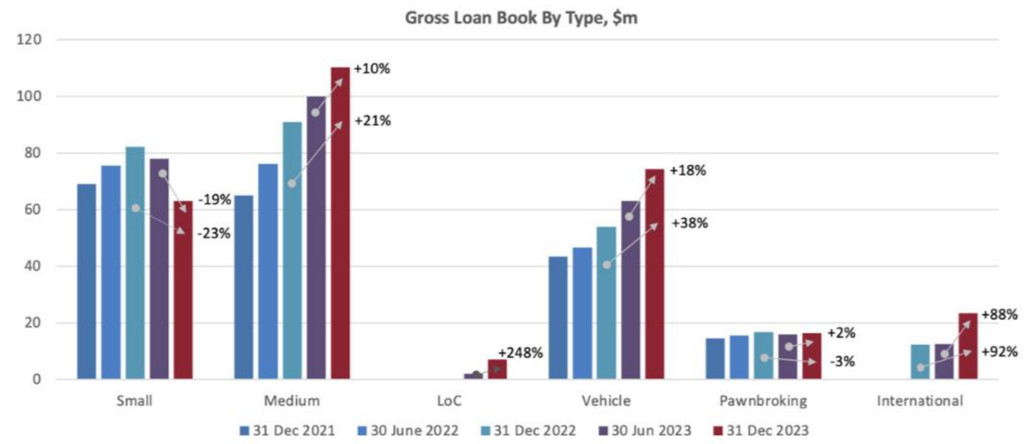


Source: Company Data

Composition

The delivery of growth over the past 6 months is commendable given that fact that regulatory changes to the Small Amount Credit Contract (SACC) loans came into effect in June 2023. These loans had previously been the largest single product type within the CCV loan book, but the company made the strategic decision to transition away from SACC products and shift its focus to Medium Amount Credit Contract (MACC) products, the Vehicle Finance product and the introduction of a new Line of Credit product. A large portion of the short duration SACC loans are effectively rolling off the loan book over a 12 month period, so we are now 6 months in. The international contribution is growing through recent acquisitions in NZ and the UK, but the UK is more of a traditional pawn broking business than a personal finance business at this stage. The changing composition of the loan book is illustrated in Exhibit 3.

Exhibit 3: Loan book composition



Source: Company Presentation

Quality

The loan performance metrics deteriorated slightly when compared to the same period last year but remain comfortably within the company's target range. The half-year net loss rate (net bad debt expense over average gross loan book) was 9.0%, up from 8.6% in pcp. We would expect this to improve over time given the changing mix of the book, but obviously the economic environment will always have an impact, so a slight deterioration under current conditions is not a surprise. CCV must also now account for the Expected Credit Losses (ECL's), which is a regulated up-front expense in the current accounting period. The company stated that the average ECL rate (ECL Divided by gross loan book) across all products as at period end was 17% (up from 16%).

Divisional Performance

Personal Finance

The Personal Finance division comprises the personal lending SACC, MACC and Line of Credit (LOC) through the store network and online business.

Exhibit 4: H1 FY24a versus H1 FY23a and RaaS estimates (in A$m unless otherwise stated)

	H1 FY23a	H1 FY24a	Change	RaaS fct for H1 FY24f
Total Revenue	**52.9**	**53.5**	**+1.1%**	**55.0**
Operating EBITDA	**24.8**	**22.0**	**-11.3%**	**20.1**
EBITDA Margin	*46.8%*	*41.1%*	*-5.7%*	*36.5%*

Source: Company data and RaaS Estimates

Demand for the range of credit products appears to have remained remain strong. The main variability in the revenue and EBITDA numbers is likely the product mix changing in the current year, moving away from SACC towards MACC and LOC. MACC and LOC are lower margin products, contributing to EBITDA margin decline. That said, we expected the margin contraction to be more material, so provides confidence for the product mix going forward. Once through FY24, we believe the MACC and LOC loan books will grow strongly and exhibit higher credit quality than the SACC loans. The LOC product was first released in 1H24 and has undergone a trail period to a limited customer cohort. This has obviously proven successful as the company has now announced that the LOC product is due to become available to all customers in 4Q24.

Overall, a good performance in a transition year where the previously material SACC Loan Book has reduced from 32% of total gross book value to 21%. We forecast this to reduce further to ~16% by June 2024. This will be more than offset by growth in MACC and LOC products, and we expect accelerated growth through FY25 and FY26 if CCV locks in an anticipated increase in its borrowing facility in the next 6 months.

Vehicle Finance

Secured vehicle loans are offered via a B2B network of brokers and dealers, and directly through fully owned subsidiary Green Light Auto (GLA).

Exhibit 5: H1 FY24a versus H1 FY23a and RaaS estimates (in A$m unless otherwise stated)

	H1 FY23a	H1 FY24a	Change	RaaS fct for H1 FY24f
Total Revenue	**7.0**	**9.1**	**+30.0%**	**9.0**
Operating EBITDA	**2.9**	**3.7**	**+27.5%**	**3.6**
EBITDA Margin	*41.4%*	*40.7%*	*-0.7%*	*40.0%*

Source: Company data and RaaS Estimates

A very solid divisional result in line with our forecasts. Outgoings increased 23% to $20.3m and the Loan Book increased 38% to $74.3m. We see this as a good example of what CCV can do with a growing loan book in a stable division. To us, this is a good leading indicator to the rates of growth that will become available to the Personal Finance division once it transitions out of the current phase.

Store Operations

During the period CCV acquired a further three franchisee stores to take the corporately owned store numbers to 79 of the complete domestic store network of 153.

Exhibit 6: H1 FY24a versus H1 FY23a and RaaS estimates (in A$m unless otherwise stated)

	H1 FY23a	H1 FY24a	Change	RaaS fct for H1 FY24f
Total Revenue	**72.1**	**76.0**	**+30.0%**	**71.0**
Operating EBITDA	**11.5**	**11.2**	**+27.5%**	**10.3**
EBITDA Margin	*15.9%*	*14.7%*	*-1.2%*	*14.5%*

Source: Company data and RaaS Estimates

Revenue and EBITDA were both ahead of our forecasts. Revenue growth was offset by slight margin contraction over pcp. We believe both top line and margin will potentially be driven higher over the forecast period as CCV adopts a more aggressive acquisition/corporatisation strategy.

United Kingdom

CCV acquired its first corporately owned UK store network in July 2023 through the purchase of 42 stores under the Capital Cash banner. The 1H24 result was the first time detail around the performance had been released. Contributions in prior period only related to the franchisee network so the period comparisons are skewed at this stage.

Exhibit 7: H1 FY24a versus H1 FY23a and RaaS estimates (in A$m unless otherwise stated)

	H1 FY23a	H1 FY24a	Change	RaaS fct for H1 FY24f
Total Revenue	**5.3**	**36.4**	**+586.7%**	**42.0**
Operating EBITDA	**1.5**	**6.7**	**+346.7%**	**5.0**
EBITDA Margin	*28.3%*	*18.4%*	*-9.9%*	*14.5%*

Source: Company data and RaaS Estimates

The total UK network is 186 stores, of which 42 are now corporately owned. CCV paid A$26.5m for the Cap Cash business, on what we understand was priced at an historical EBITDA multiple of ~5x, equating to annualised EBITDA of A$5.2m. We suspect that this was perhaps a COVID impacted period. That said, if we assume the UK franchise network has delivered a stable result, we can estimate the UK Cap Cash business has generated ~A$5.2m in the first half alone. This is either an exceptional result, or an exceptional acquisition price, or both. Time will tell but it looks like a high return on capital decision. Management has stated its ambition to acquire more franchised business offshore in the coming periods.

New Zealand

There are 22 stores in the NZ network, of which 11 are corporately owned. Previously CCV owned 25% of the corporate entity but acquired the balance of 75% for $13.8m (net of cash) in November 2022. As with the UK division the comparative performance is skewed by the acquisition.

Exhibit 8: H1 FY24a versus H1 FY23a and RaaS estimates (in A$m unless otherwise stated)

	H1 FY23a	H1 FY24a	Change	RaaS fct for H1 FY24f
Total Revenue	**2.2**	**12.8**	**+586.7%**	**11.1**
Operating EBITDA	**0.2**	**0.04**	**n/a**	**0.0**
EBITDA Margin	*9.0%*	*0.0%*	*-9.0%*	*14.5%*

Source: Company data and RaaS Estimates

Obviously the NZ business isn't performing to expectations, at least in part. Management commentary in the result release was…

"The core New Zealand store business is performing well, however the lending business is tracking behind initial expectations. We have uplifted credit risk controls in this lending business, leveraging the Australian technology and expertise to address assessment and collections functions, aimed at improving performance in this business line. We remain optimistic that New Zealand will become a profitable contributor to our consolidated business as a result."

We forecast the NZ business to make a small $1m EBITDA contribution in FY24 before starting to accelerate earnings in FY25 and FY26.

Earnings Adjustments

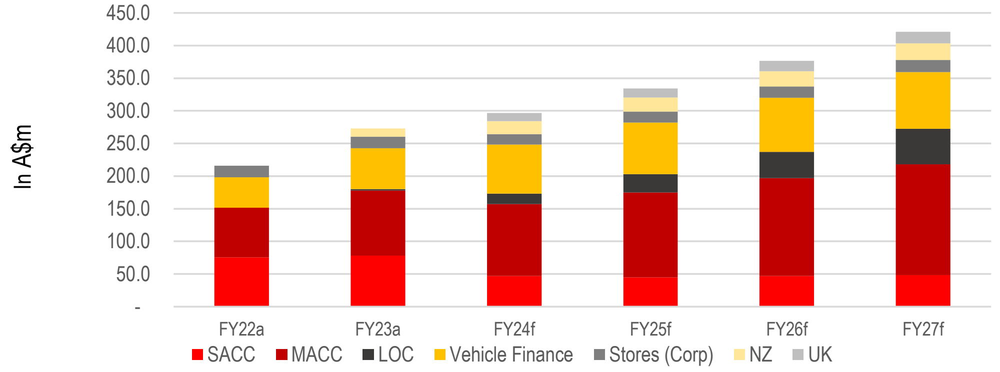
We have made adjustments to our forecast based on the outcome of the 1H24 interim result. These include:

- **Loan Book** – Minor adjustments around expected growth rates in MACC, SACC and Vehicle Finance loan books and a slight change in product mix. Resulting in marginal uplift to forecast loan book size and subsequent revenue generation (illustrated in Exhibit 10).
- **Product and/or divisional margin assumptions** – Similarly we have adjusted some specific product/divisional performance. The most material percentage change is an improvement in the performance of the UK business now that we have visibility.

- **Depreciation & Amortisation adjustment** – Changes in line with the current result on the inclusion on the UK business versus pcp and the UK business. This erodes some increased EBITDA performance.
- **Interest Expense increase** – Again diluting the EBIT growth through to the bottom line.

Our forecast Loan Book composition is illustrated in Exhibit 9.

Exhibit 9: Forecast Loan Book Composition



Source: Company data and RaaS estimates

These adjustments have resulted in modest forecast changes as set out in Exhibit 10.

Exhibit 10: Earnings Adjustments (in A$m unless otherwise stated)

Earnings adjustments	FY24 old	FY24 new	FY25 old	FY25 new
Personal Finance	110.0	111.1	110.1	111.5
Vehicle Finance	18.0	19.1	18.9	20.1
Store Operations	142.1	152.1	146.7	163.0
NZ	22.1	24.7	26.1	26.7
UK	86.5	75.0	95.6	84.4
Total Revenue	**385.9**	**388.7**	**404.4**	**412.7**
EBITDA underlying	**57.9**	**66.5**	**69.5**	**74.8**
D&A	-13.8	-16.3	-14.8	-16.4
EBIT	**44.1**	**50.2**	**54.8**	**58.4**
Interest Expense	-18.3	-23.0	-20.3	-24.4
NPAT	18.1	18.7	23.3	23.0
EPS underlying	2.8	3.0	3.6	3.5
DPS	1.0	1.0	1.0	1.0

Source: RaaS estimates

Base-Case DCF Valuation Is $0.43/Share Fully Diluted

We believe the discounted cash-flow methodology is the most appropriate method to value CCV.. We apply a discount rate of 10.7% (beta 1.5, terminal growth rate of 2.2%). This derives a base-case valuation of $0.43/share fully diluted. This has been upgraded from $0.40 due to our increased forecasts at the operating level over the forecast period.

Exhibit 11: Base-case DCF valuation

	Parameters
Discount rate (WACC)	10.7%
Terminal growth rate	2.2%
Beta	1.5
Present value of free cash flows ($m)	78.1
Terminal value ($m)	305.6
Plus net cash at 30-Jun-2024	(106.0)
Equity value ($m)	**277.7**
Shares on issue (m) including in-the-money options and performance shares	651.0
Equity value per share fully diluted	**$0.43**

Source: RaaS estimates

Relative Peer Comparison

Although not used to generate our formal valuation, we think it worthwhile to consider the relative pricing of CCV against its ASX listed peer group. Exhibit 11 illustrates a relative PER discount of 44% with an average EPS growth rate far superior to that of the peer group average from FY24 to FY26.

Exhibit 11: Peer comparison

Company	Code	Business model	Mkt Cap ($m)	EPS Growth	PE fwd 1 yr
Harmoney	HMY	Consumer loans	50	(35%)	19.2
Humm	HUM	Previously Flexigroup. Finance various	221	(13%)	17.7
Judo Cap	JDO	General financial services SME	960	41%	10.4
Latitude	LFS	Consumer finance & insurance	1211	116%	8.2
Pepper Money	PPM	General non-bank lender	500	6%	6.1
Resimac	RMC	Non-bank lender and wholesale financier	350	17%	5.8
Solvar	SVR	Auto and personal finance lender	225	11%	6.9
Wisr	WZR	Personal finance lender	27	(29%)	34.0
Mean			**443**	**14%**	**13.5**
Cash Converters	CCV		138	29%	7.6
(Disc)/Prem					**(44%)**
CCV EPS Growth V Peers (x)				**2.0**	

Source: RaaS analysis, LSEG prices at 29 February

Exhibit 12: Financial Summary

Cash Converters (CCV)					
Profit and Loss (A$m)					
Y/E 30 June	**FY22A**	**FY23A**	**FY24F**	**FY25F**	**FY26F**
Sales Revenue	245.9	302.7	388.7	412.7	452.2
EBITDA underlying	52.7	57.2	66.5	74.8	91.2
Depn & Amortn	(13.6)	(12.4)	(16.3)	(16.4)	(16.2)
EBIT underlying	39.1	44.8	50.2	58.4	75.0
Interest	(12.5)	(15.9)	(23.0)	(24.4)	(27.4)
Profit Before Tax	26.7	28.9	27.2	34.0	47.6
Tax (adj)	(7.6)	(8.7)	(7.7)	(9.8)	(13.9)
Minorities	0.0	0.0	0.0	0.0	0.0
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0
NPAT pre significant iter	**19.0**	**20.2**	**18.7**	**23.0**	**32.5**
Significant & non-cash item	(7.8)	(117.3)	0.0	0.0	0.0
NPAT (reported)	**11.2**	**(97.0)**	**18.7**	**23.0**	**32.5**
Cash flow (A$m)					
Y/E 30 June	**FY22A**	**FY23A**	**FY24F**	**FY25F**	**FY26F**
EBITDA	52.7	57.2	66.5	74.8	91.2
Interest	(9.2)	(10.9)	19.4	(24.4)	(27.4)
Tax	(6.9)	(10.9)	(8.9)	(9.8)	(13.9)
Working capital changes	(28.7)	(46.9)	(46.1)	(30.5)	(35.2)
Operating cash flow	**7.9**	**(11.5)**	**14.3**	**10.4**	**15.8**
Mtce capex	(1.4)	(3.0)	(4.4)	(3.1)	(3.2)
Free cash flow	6.5	(14.5)	10.0	7.3	12.7
Acquisitions/Disposals	(3.6)	(13.8)	(23.8)	(8.0)	(8.0)
Other	(3.9)	(14.3)	(8.3)	(8.8)	(9.2)
Cash flow pre financing	(1.0)	(42.6)	(22.2)	(9.4)	(4.5)
Equity	0.0	0.0	0.0	0.0	0.0
Debt	0.0	68.0	13.0	14.5	25.0
Dividends paid	(12.6)	(12.6)	(12.8)	(13.0)	(14.6)
Net cash flow for year	(13.6)	13.4	(21.9)	(7.9)	5.9
Balance sheet (A$m)					
Y/E 30 June	**FY22A**	**FY23A**	**FY24F**	**FY25F**	**FY26F**
Cash	58.1	71.6	44.0	46.6	52.4
Accounts receivable	3.6	3.6	4.4	4.7	5.1
Inventory	23.9	26.5	30.5	32.7	36.4
Other current assets	144.9	184.6	208.2	209.7	239.9
Total current assets	*230.5*	*286.2*	*287.2*	*293.6*	*333.9*
PPE	4.8	6.6	9.9	8.9	8.3
Intangibles and Goodwill	127.5	23.8	41.3	44.3	41.4
Loan Receivables	32.4	42.7	47.5	74.9	76.5
Deferred tax asset	26.1	29.7	29.0	29.0	29.0
Other non current assets	56.8	53.7	68.9	64.9	65.2
Total non current assets	*247.6*	*156.4*	*196.5*	*222.0*	*220.3*
Total Assets	478.2	442.7	483.7	515.6	554.1
Accounts payable	15.4	19.0	22.1	23.7	26.4
Short term debt	52.0	109.0	112.5	131.3	150.0
Tax payable	1.8	0.3	1.5	1.5	1.5
Other current liabilities	16.7	19.1	20.6	20.6	20.6
Total current liabilities	*85.9*	*147.4*	*156.7*	*177.1*	*198.5*
Long term debt	16.4	27.9	37.5	43.8	50.0
Other non current liabs	60.5	60.8	76.3	71.7	64.6
Total long term liabilities	*76.9*	*88.8*	*113.8*	*115.4*	*114.6*
Total Liabilities	162.8	236.2	270.5	292.5	313.1
Net Assets	**315.3**	**206.5**	**213.2**	**223.1**	**241.0**
Share capital	249.7	249.9	251.2	251.2	251.2
Accumulated profits/losses	57.3	(53.2)	(47.0)	(37.0)	(19.2)
Reserves	8.4	9.8	8.2	8.2	8.2
Minorities	0.0	0.0	0.0	0.0	0.0
Total Shareholder funds	**315.4**	**206.5**	**212.5**	**222.4**	**240.3**

Share price						A$	0.230
Interim (A$m)		**1H23A**	**2H23A**	**1H24A**	**2H24F**	**1H25F**	**2H25F**
Revenue		142.4	160.3	191.5	197.2	202.2	210.5
EBITDA		28.9	28.3	32.6	33.9	36.7	38.2
EBIT		22.7	22.2	24.5	25.7	28.6	29.8
NPAT (normalised)		10.5	9.2	9.5	9.8	11.3	11.7
Minorities		-	-	-	-	-	-
NPAT (reported)		(105.5)	9.8	9.5	9.8	11.3	11.7
EPS (normalised)		1.68	1.36	1.53	1.50	1.74	1.79
EPS (reported)		(17.11)	1.36	1.48	1.50	1.74	1.79
Dividend (cps)		1.00	1.00	1.00	1.00	1.00	1.00
		-	-	-	-	-	-
Operating cash flow		(15.8)	4.3	9.4	4.9	5.7	4.7
Free Cash flow		(17.3)	2.8	12.3	6.4	7.2	6.2
Divisions		**FY22A**	**FY23A**	**FY24F**	**FY25F**	**FY26F**	**CAGR**
Store Operations		123.6	142.0	152.1	163.0	179.4	10%
Personal Finance		94.3	114.0	111.1	111.5	115.4	5%
Vehicle Finance		12.1	15.0	19.1	20.1	21.1	15%
Head Office Other		4.9	6.4	6.7	7.0	7.4	11%
NZ		0.0	13.8	24.7	26.7	28.9	28%
UK		11.0	11.4	75.0	84.4	100.0	74%
Sales revenue		**245.9**	**302.7**	**388.7**	**412.7**	**452.2**	**16%**
EBITDA (normalised)		**52.7**	**57.2**	**66.5**	**74.8**	**91.2**	**15%**
Margins, Leverage, Returns			**FY22A**	**FY23A**	**FY24F**	**FY25F**	**FY26F**
EBITDA			21.4%	18.9%	17.1%	18.1%	20.2%
EBIT			15.9%	14.8%	12.9%	14.2%	16.6%
NPAT pre significant items			7.7%	6.7%	4.8%	5.6%	7.2%
Net Debt (Cash)			10.3	65.4	106.0	128.4	147.6
Net debt/EBITDA (x)	(x)		0.2	1.1	1.6	1.7	1.6
ND/ND+Equity (%)	(%)		3.4%	46.4%	99.5%	136.6%	159.1%
EBIT interest cover (x)	(x)		3.1	2.8	2.2	2.4	2.7
ROA			8.2%	9.7%	10.8%	11.7%	14.0%
ROE			6.0%	7.7%	8.9%	10.6%	14.0%
ROIC			12.2%	31.8%	26.2%	25.6%	29.1%
Working capital			12.1	11.1	12.8	13.7	15.1
WC/Sales (%)			4.9%	3.7%	3.3%	3.3%	3.3%
Pricing			**FY22A**	**FY23A**	**FY24F**	**FY25F**	**FY26F**
No of shares (y/e)	(m)		621	625	651	651	651
Weighted Av Dil Shares	(m)		621	646	651	651	651
EPS Reported	cps		1.64	(15.52)	2.92	3.53	4.99
EPS Normalised/Dilutec	cps		3.32	3.10	3.03	3.53	4.99
EPS growth (norm/dil)			n/a	(6.5%)	(2.3%)	16.3%	41.5%
DPS	cps		2.0	2.0	2.0	2.0	2.2
DPS Growth			n/a	0%	0%	0%	12%
Dividend yield			8.7%	8.7%	8.7%	8.7%	9.8%
Franking			100%	100%	100%	100%	100%
PE	x		6.9	7.4	7.6	6.5	4.6
PE market	x		16.0	16.0	16.0	16.0	16.0
Premium/(discount)			(56.7%)	(53.7%)	(52.6%)	(59.2%)	(71.2%)
EV/EBITDA	x		2.9	3.7	3.8	3.7	3.3
FCF/Share	cps		1.0	-2.3	1.5	1.1	1.9
Price/FCF share	x		22.0 -	9.9	15.0	20.4	11.8
Free Cash flow Yield			4.6%	(10.1%)	6.6%	4.9%	8.5%
Price/Book (x)	x		0.5	1.0	1.2	1.3	1.2

Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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