Research as a Service

Cash Converters International Ltd

FY24 Result

Growth and value

Consumer Finance

5 September 2024

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 released its FY24 result, which provides further detail on the pre-released figures contained in the trading update in late July. Revenue growth of 26% over the previous corresponding period (pcp) to $382.6m and operating EBITDA growth of 21% to $69.1m are both in line with RaaS forecasts. Operating NPAT of $20.8m was marginally ahead of our forecast. The gross loan book has grown 6% to $288m, which we find impressive as the business transitions away from SACC products due to regulatory change. This was more than offset by growth in other products, domestically and internationally. We believe FY24 has proven to be a year of well navigated transition of the business with a change in revenue mix. We think management has positioned CCV favourably to execute its clearly-stated strategy in FY25 and beyond. The business has the funding and optionality over organic and acquisitive growth drivers domestically and internationally. The consistent dividend payment program has continued with a final dividend of 1.0 cps (as we forecast and in line with the interim dividend), which equates to a fully franked yield of 8.9% p.a. Our DCF-based valuation remains $0.42/share, representing capital upside potential of 87%.

Business model

Cash Converters is a diversified business generating income through many revenue streams and geographies. The store network 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 should 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 potential.

Multi-layered growth ahead

Revenue growth, loan book growth, AUSTRAC regulatory clearance, integration of acquisitions and continued dividend payments have all been delivered in FY24. As we look to FY25 it appears management is very focussed on delivering growth through capital allocation towards the loan book and a store acquisition program domestically and offshore. The recently announced increased debt facility from $150m to $200m, combined with CCV cash generation, secures growth funding, in our view.

DCF valuation retained at $0.42/share

Our forecasts are broadly unchanged and our DCF valuation remains $0.42/share. We believe CCV also offers value on several other financial metrics, including a relative PER pricing discount of 46% to peers whilst CCV also has materially higher forecast growth. We see this as further validation of inherent value, particularly considering our forecast EPS growth with a CAGR of 20% over the three-year forecast period from the FY24a base. The is complemented by a fully franked dividend yield of 8.9%. If management can deliver on its growth ambitions, we think CCV can be viewed as a compelling investment opportunity, offering both capital growth and income.

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

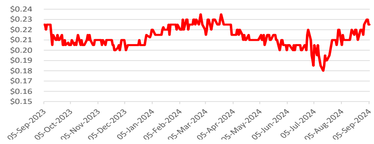
Year end	Revenue	EBITDA adj.*	NPAT adj.*	EPS adj.* (c)	EV/EBITDA (x)	PER (x)
06/23a	302.7	57.2	20.2	3.1	3.7	7.3
06/24a	382.5	69.1	20.8	3.2	3.4	7.1
06/25f	416.4	74.6	22.8	3.5	3.7	6.4
06/26f	442.1	83.0	26.7	4.1	3.6	5.5

Source: RaaS estimates for FY25f and FY26f; Company data for historical earnings; *Adjusted for one-time and non-cash items

Share Details

ASX code	CCV
Share price (4-Sept)	$0.225
Market capitalisation	$141.2M
Shares on issue	627M
Net debt 30-Jun-2024	$87.8M

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/longer interest rates reduce profitability
- Regulatory or legal matters

Catalysts

- Acquisition of franchised stores in Aus/UK/Europe
- Ongoing proof of traction under growth strategy

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
Andrew Spicer	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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FY24 Result Snapshot

Exhibit 1 illustrates the FY24a performance against FY23a.

Exhibit 1: FY24 Metrics against FY23 and versus RaaS FY24 forecasts

	FY24 A$m	FY23 A$m	Change	RaaS Forecast A$m	Difference to forecast
Total Revenue	382.6	302.7	+26%	383.0	-0.1%
Operating EBITDA	69.1	57.2	+21%	67.7	+2.1%
Operating NPAT	20.8	20.1	+4%	19.6	+6.1%
Statutory NPAT	17.3	(97.1)			
Gross Loan Book	288.1	271.4	+6%	288.1	0.0%
Cash & Cash Equivalents	56.2	71.6	-21%	47.2	+19.1%

Source: Company data and RaaS forecasts

The key data points from the FY24 result are:

- **Revenue growth of 26.4% on pcp to $382.6m (in line with RaaS forecast)** – Management stated that revenue growth was driven by "continued organic momentum from the Company owned stores operations across the international network and the contribution from franchise store acquisitions across Australia, New Zealand and the United Kingdom". This was in line with pre-release guidance and, in our view, a very solid performance in a transition year that has resulted in a change in business mix, partly driven by legislative change within the domestic lending industry, complemented by the acquisition of 50 previously franchised stores in Australia and the UK.

- **Operating EBITDA growth of 21% on pcp to $69.1m (2% ahead of RaaS forecast) –** Driven by strong contributions from the domestic personal finance business, store operations and the acquired UK business. Divisional contributions were broadly in line with our expectations in an impressive performance in what was largely expected to be a transition year.

- **Operating NPAT growth of 4% on pcp to $20.8m (6% ahead of RaaS forecast) –** Marginally ahead of our forecast, but more importantly a "clean year" with none of the material write-downs or one-off items that have plagued the company in past periods (admittedly some of these were driven by regulatory change). That said, we see this result as a testament to the work done by the management team to satisfy all regulatory and compliance requirements and develop and implement strong risk assessment and management tools and processes in the business. A critical foundation off which to grow.

- **Gross loan look growth of 6% on pcp to $288.1m** – This data point was pre-released. As stated in our previous research report released on 5 August 2024 "credit demand remained strong through FY24 with principal advanced (new funds lent out) rising 8% over FY23. We view the loan book growth as a strong performance considering the material reduction in exposure to SACC (Small Amount Credit Contract) loans in response to regulatory change in June 2023. CCV made the decision to transition the loan book towards medium loans (MACC) and the new Line of Credit (LoC) product domestically and grow the international network through acquisition. The RaaS estimate for 30 June 2024 gross loan book was $302.1m. The major difference can be attributed to the strategic decision to wind down its auto finance business, Green Light Auto (GLA), and various smaller movements across other product lines. In our view, the company has done a commendable job transitioning the loan book through a material change in FY24, which has seen the SACC loan exposure drop from 29% to 19% over the period, whilst still delivering overall loan book growth."

- **Solid loan book quality performance** – Again this had been pre-released, at which time we wrote "The changing product mix within the loan book, combined with what management termed "appropriate credit risk settings", has resulted in materially improved performance of the book from a loss rate perspective. The net loss rate (net bad debt expense over average gross loan book) of 8.0% in 2H24 improved from 11.0% in 2H23. This also represents a further improvement in Q4 from the 8.7% loss rate in Q3."

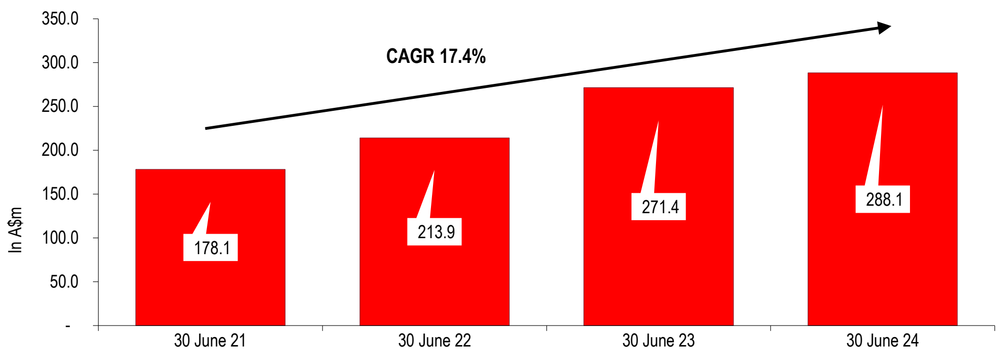
- **Cash position of $56.2m stronger than our 30 June forecast of $47.2m –** The cash position has reduced from the 30 June 2023 balance of $71.6m to $56.2m, as a result of the growth in the loan book and the cash settlement of the acquisition of the UK businesses which was completed in July 2023 (acquisition cost of ~$24.7m pre cash), further reduced by the payment of $12.6m in dividends over the period. Operating cashflow of $38.5m was ahead of our forecast, which accounts for the majority of the difference in actual versus forecast cash balance at year end on slightly lower-than-expected loans advanced, partly due to the decision to cease loan advances in the vehicle finance segment.

Loan Book

We released a detailed analysis on the Loan Book performance and contribution by loan type, both historical and forecast, in our research piece released in early August in response to the FY24 trading update. That piece is available here and discusses the impact of the strategic withdrawal from the vehicle finance segment. We address the loan book briefly below before turning to the outlook for the business and growth drivers going forward.

The loan book remains a key driver to performance and growth for Cash Converters. As illustrated in Exhibit 2, the group gross loan book has grown well at a compound annual rate (CAGR) of 17.4% over the past 3 years. CCV has managed to grow it by 6% in FY24 to finish the year at $288.1m, again a solid result due to the material changes made by the company over the course of the year as it reduced its SACC loan exposure by ~$23m, which was more than offset by increases in other areas including domestic MACC loans, vehicle loans (new originations in this vertical ceased late in FY24), a new Line of Credit product and growth in the international business. CCV generally experiences seasonal highs in the loan book in the December quarter, but over the course of the full year has delivered consistent growth.

Exhibit 2: CCV loan book



Source: Company Data

FY25 and beyond

We view the FY24a result as impressive given the changes delivered, with the team obviously focussed on structuring and positioning the business for growth. Although often an over-used term, we believe it truly was a year of "transition" that has been well executed and puts CCV in a better position than it has been for many years, with good momentum in its clean and complaint core businesses with no overhang of regulatory or legal issues.

Management has now stated some specific growth drivers:

1. Proven track record of acquiring franchise stores (50 purchased in FY24, demonstrated profit contribution).
2. Forward pipeline of franchise store acquisitions under review in the UK and Australia, excellent growth optionality.
3. Organic loan book growth with increasing demand for personal loans.
4. New loan product released (LoC) and loan book growing.
5. Funding headroom and strong balance sheet underpinning further investment.

These align with our previous reports and our existing forecasts, confirming a multi-layered growth strategy from both organic and inorganic initiatives. In our most recent research report on 5th of August 2024 we adjusted our forecasts for the strategic withdrawal from the vehicle finance segment and associated impact it will have on the cost base, the loan book and the re-direction of capital towards other products and initiatives. We retain those forecasts and discuss the growth drivers and forecast financial outcomes in more detail.

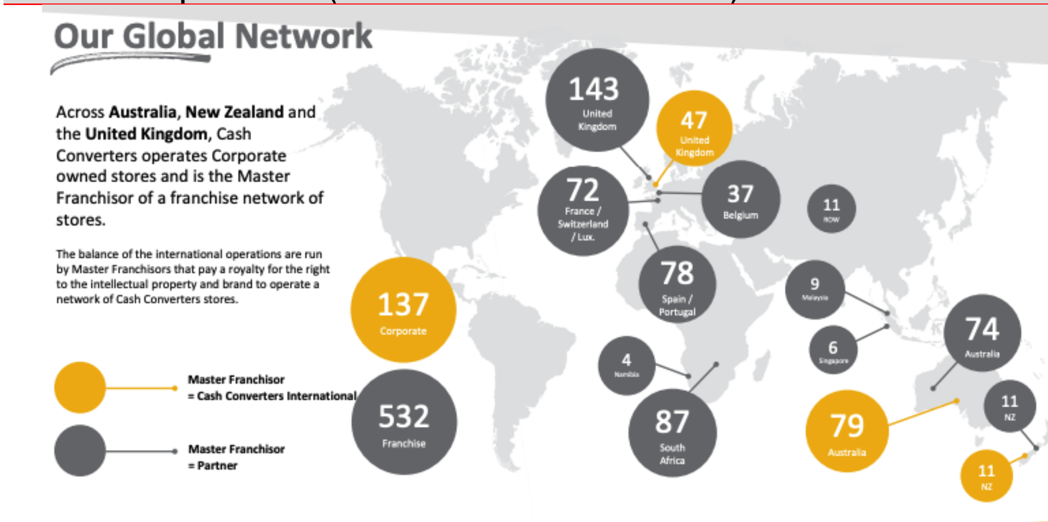
The business is now funded for growth with capital availability having strengthened due to:

1. Strong operating cashflow generation within the business.
2. A renewal and increase in the group's senior finance facility from $150m to $200m. Importantly, when announcing the new facility CCV noted that it included approval for "new products" which we assume included the Line of Credit loan product. The early metrics on the demand and performance of this recently released product appear to have been particularly strong (as validated by the facility approval for such a "young" product). This funding should allow CCV to accelerate product growth using a higher proportion of the debt facility, rather than company cash reserves. An important factor when a store acquisitions program is also on the agenda.
3. Withdrawal from the auto-finance business.

This provides investment capital to deliver on the growth initiatives. In its simplest form the business can be broken down into the two operations of Retail and Lending. In the case of CCV they overlap and leverage each other, but we think it's a good way to examine the growth drivers.

Retail

Exhibit 3: Group Loan book (excl SACC & vehicle finance loans).



Source: Company presentation

There are currently 137 corporately owned stores throughout Australia, the UK and NZ. There are another 532 stores which are owned under franchise in various regions. This store network generates revenue for CCV through both retail operations and the provision of lending products (in some cases). CCV has been acquiring franchised stores to bring them under the corporate ownership model. For example, in FY24 it acquired 47 stores in the UK (Cap Cash with 42 and Themedawn with 5 stores at a total cost of ~A$24.7m) and a further 3 in Australia (at a cost of ~A$2.6m). We expect this acquisition program to continue, and potentially accelerate, over the forecast period. The clearest target areas for acquisition are:

- Australia – the 74 stores still under franchise ownership.
- The UK – the 143 stores still under franchise ownership.
- Other parts of Europe such as Spain, with 78 stores under franchise ownership. Likely under a UK-based European "Hub".

Currently our forecasts assume $8m p.a. to be directed towards store acquisitions over the next 2 years. We believe this will prove conservative, particularly considering the recently increased loan facility and further availability of capital after the withdrawal of loan originations for the vehicle finance product. Management has no specific stated goal for number of stores under corporate ownership so it makes it difficult for RaaS to forecast, but its commentary suggests it will begin to get more aggressive on a well progressed pipeline of opportunities. The strong performance of the recently acquired UK store network appears to validate the group's ability to acquire and integrate well. It was acquired on a 4.8x EBITDA multiple on FY22 earnings. This equates to ~A$5.1m EBITDA and it appears to have contributed ~$10.0m EBITDA in FY24 (therefore more like 2.5x EBITDA multiple - but we should assume some normalisation in the post-Covid period so shouldn't necessarily extrapolate for further acquisitions).

An accelerated store acquisition strategy is a clear potential positive catalyst should it transpire.

Lending

In previous reports we had discussed a possible increase to the existing $150m debt facility, which has now been secured. We previously estimated it to be upsized by $100m to $250m, but with the composition of the loan book changing through the roll-off of the GLA vehicle finance business, subsequent availability of excess capital and approval of the LoC product under the new facility, we believe that it makes sense to increase it to $200m.

We amended our loan book forecasts on the GLA roll-off announcement, to adjust for capital to be reallocated to the higher-return products of MACC and LoC. If we exclude the vehicle finance loan book and look at continuing operations, we forecast the book to grow from $215.9m in FY24a to $332.8m in FY27f, representing a compound annual growth rate of 15.7% p.a. The key drivers being:

- **Ongoing growth in MACC loans:** The medium-size products are showing strength and are now often a suitable alternative for customers previously using SACC loans. We forecast this product to grow at a rate of 14.3% p.a. from $107m to $160m over the forecast period from FY24a to FY27f.

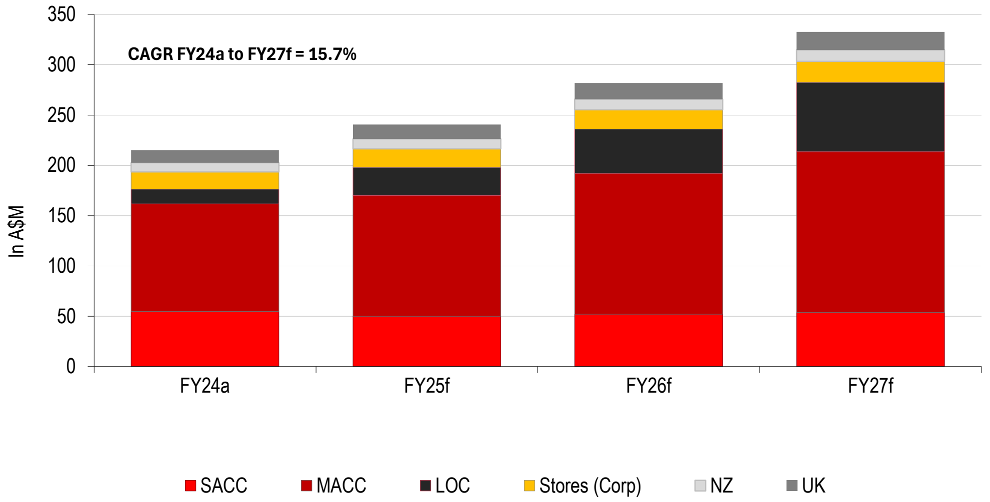
- **Growth in Line of Credit (LoC):** The product has been trialled and phased in over the past 9 months. As of the June quarter 2024 it is now available to all qualifying customers nationally, with product awareness being driven by a national online marketing campaign. It has already grown strongly and we forecast that to continue at a compound rate of 70% from FY24a to FY27f, at which point we forecast it to represent ~22% of the group loan book (currently 7% excluding vehicle finance). We believe the profit metrics of this product far exceed those of the vehicle loan book.

- **Growth in stores through corporate acquisitions domestically and internationally:** We believe this is a likely outcome but have not included an aggressive acquisition program in our forecasts due to the uncertainty of timing and size. International currently represents 10% of the group book.

We believe the loan book growth strategy is now largely in place. All products are highly regulated and compliant, with the clear growth drivers MACC, LoC, domestic stores and international. If we remove the vehicle finance exposure we believe it becomes very clear where CCV will be allocating its capital to drive growth. This should be complemented by availability of further capital to deploy towards the store acquisition program.

Exhibit 4 illustrates the forecast loan book of the core focus points and continuing operations (that is, excluding vehicle finance products).

Exhibit 4: Group Loan book (excl vehicle finance loans)



Source: Company data and RaaS estimates

Outlook

We recently amended our forecasts to adjust for the changes in the business and in response to the pre-released FY24 trading update (5 August 2024 report). We make no material changes to those forecasts.

Exhibit 5 shows revenue over the forecast period to FY27f to the divisional level. We forecast group revenue to grow at a compound annual growth rate (CAGR) of 11% from the FY23a base. The roll-off of the vehicle finance impacts, as does the reduced exposure to SACC loans in the personal finance business, somewhat masking the core business growth momentum as the group transitions.

Exhibit 5: Divisional revenue (in A$m unless otherwise stated)

Year ending June 30	FY23a	FY24a	FY25f	FY26f	FY27f	*CAGR %*
Store Operations	142.0	150.1	176.2	191.5	208.3	*10*
Personal Finance	114.0	106.8	112.7	116.4	130.2	*3*
Vehicle Finance	15.0	18.6	8.7	5.6	0.0	*(100)*
Head office other	6.4	7.2	7.0	7.4	7.7	*5*
NZ	13.8	25.1	25.9	27.0	29.0	*20*
UK	11.4	74.8	85.8	94.2	100.4	*72*
Group Sales revenue	**302.7**	**382.6**	**416.4**	**442.1**	**475.6**	***12***

Source: Company data for actual, RaaS estimates

Exhibit 6 illustrates the divisional performance at EBITDA level, which equates to a CAGR of 15%. In our forecast, growth builds momentum from FY25f and accelerates strongly towards the end of the forecast period as the benefit of the strategic changes are fully felt in FY27f.

We see risk to the upside in our forecasts if CCV accelerates its acquisition program.

Exhibit 6: Divisional EBITDA (in A$m unless otherwise stated)

Year ending June 30	FY23a	FY24a	FY25f	Fy26f	FY27f	*CAGR %*
Store Operations	20.6	24.3	25.4	27.6	30.0	*10*
Personal Finance	50.6	44.6	46.2	52.4	66.4	*7*
Vehicle Finance	6.1	8.2	4.4	2.2	0.0	*(100)*
NZ	(0.8)	2.0	2.5	3.2	3.7	*n/a*
UK	3.3	12.8	15.4	17.0	19.1	*55*
Head office	(22.5)	(22.8)	(19.3)	(19.3)	(20.2)	*(3)*
Group EBITDA	**57.2**	**69.1**	**74.6**	**83.0**	**98.9**	***15***

Source: Company data for actual, RaaS estimates

We believe that in hindsight, FY24 will prove to have been a pivotal year for CCV. The company has delivered some strategically important outcomes and is now positioned to deliver what we forecast to be sustained growth.

Base-Case DCF Valuation Is $0.42/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 $0.42/share fully diluted.

Exhibit 7: Base-case DCF valuation

	Parameters
Discount rate (WACC)	10.7%
Terminal growth rate	2.2%
Beta (Observed 0.82)	1.5
Present value of free cash flows ($m)	78.5
Terminal value ($m)	300.7
Plus net cash at 30-Jun-2024	(102.7)
Equity value ($m)	**276.5**
Shares on issue (m) including in-the-money options and performance shares	651.0
Equity value per share fully diluted	**$0.42**

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 8 illustrates a relative PER discount of 46% with an average EPS growth rate more than 50% higher to that of the peer group average from FY24 to FY26.

Exhibit 8: Peer group analysis

Company	Code	Business model	Mkt Cap ($m)	EPS Growth 2 year fwd CAGR %	PE fwd 1 yr (x)
Harmoney	HMY	Consumer loans	46	(35%)	15.4
Humm	HUM	Previously Flexigroup. Finance various	227	(13%)	24.7
Judo Cap	JDO	General financial services SME	1553	41%	13.9
Latitude	LFS	Consumer finance & insurance	1211	116%	8.3
Pepper Money	PPM	General non-bank lender	660	6%	5.5
Resimac	RMC	Non-bank lender and wholesale financier	400	17%	5.3
Solvar	SVR	Auto and personal finance lender	198	11%	7.9
Wisr	WZR	Personal finance lender	52	(29%)	27.0
Mean			**543**	**14%**	**13.5**
Cash Converters	CCV		144	22%	7.3
(Disc)/Prem					**(46%)**
CCV EPS Growth V Peers (x)				**1.5**	

Source: Company data, LSEG consensus and RaaS estimates for CCV (All data as at 02/09/24)

Research as a Service

Exhibit 9: Financial Summary

Cash Converters (CCV)					
Profit and Loss (A$m)					
Y/E 30 June	**FY23A**	**FY24A**	**FY25F**	**FY26F**	**FY27F**
Sales Revenue	302.7	382.5	416.4	442.1	475.6
EBITDA underlying	**57.2**	**69.1**	**74.6**	**83.0**	**98.9**
Depn & Amortn	(12.4)	(16.4)	(16.4)	(16.2)	(16.2)
EBIT underlying	**44.8**	**49.3**	**58.1**	**66.8**	**82.8**
Interest	(15.9)	(22.4)	(24.4)	(27.4)	(30.4)
Profit Before Tax	28.9	26.8	33.7	39.4	52.3
Tax (adj)	(8.7)	(9.5)	(9.8)	(11.4)	(15.3)
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 items	**20.2**	**20.8**	**22.8**	**26.7**	**35.8**
Significant & non-cash items	(117.3)	(3.4)	0.0	0.0	0.0
NPAT (reported)	**(97.0)**	**17.4**	**22.8**	**26.7**	**35.8**

Cash flow (A$m)					
Y/E 30 June	**FY23A**	**FY24A**	**FY25F**	**FY26F**	**FY27F**
EBITDA	57.2	69.1	74.6	83.0	98.9
Interest	(10.9)	59.1	(24.4)	(27.4)	(30.4)
Tax	(10.9)	(9.5)	(9.8)	(11.4)	(15.3)
Working capital changes	(46.9)	(44.7)	(28.0)	(35.0)	(34.5)
Operating cash flow	**(11.5)**	**38.5**	**10.4**	**10.2**	**18.4**
Capex	(3.0)	(4.6)	(3.1)	(3.2)	(3.3)
Free cash flow	(14.5)	33.9	7.3	7.0	15.1
Acquisitions/Disposals	(13.8)	(24.3)	(8.0)	(8.0)	(12.0)
Other	(14.3)	(9.9)	(8.8)	(9.2)	(9.7)
Cash flow pre financing	(42.6)	(0.3)	(9.4)	(10.2)	(6.5)
Equity	0.0	0.0	0.0	0.0	0.0
Debt	68.0	0.0	14.5	25.0	25.0
Dividends paid	(12.6)	(12.6)	(12.6)	(16.1)	(19.9)
Net cash flow for year	13.4	(12.9)	(7.5)	(1.3)	(1.5)

Balance sheet (A$m)					
Y/E 30 June	**FY23A**	**FY24A**	**FY25F**	**FY26F**	**FY27F**
Cash	71.6	56.3	49.9	52.7	58.6
Accounts receivable	3.6	4.7	4.7	5.0	5.4
Inventory	26.5	33.0	35.3	39.2	42.6
Other current assets	184.6	184.5	190.5	216.4	231.4
Total current assets	*286.2*	*278.5*	*280.4*	*313.2*	*338.0*
PPE	6.6	10.7	8.9	8.3	8.0
Intangibles and Goodwill	23.8	33.1	44.3	41.4	48.5
Loan Receivables	42.7	58.2	61.7	62.4	67.5
Deferred tax asset	29.7	31.3	29.0	29.0	29.0
Other non current assets	53.7	66.3	79.9	89.2	95.5
Total non current assets	*156.4*	*199.6*	*223.7*	*230.2*	*248.4*
Total Assets	442.7	478.0	504.2	543.4	586.4
Accounts payable	19.0	27.2	25.6	28.4	30.9
Short term debt	109.0	104.0	131.3	150.0	168.8
Tax payable	0.3	3.9	1.5	1.5	1.5
Other current liabilities	19.1	20.5	17.6	17.6	20.6
Total current liabilities	*147.4*	*155.7*	*176.0*	*197.5*	*221.7*
Long term debt	27.9	40.1	43.8	50.0	56.3
Other non current liabs	60.8	70.9	63.6	64.5	61.1
Total long term liabilities	*88.8*	*111.0*	*107.4*	*114.5*	*117.4*
Total Liabilities	236.2	266.7	283.4	312.0	339.1
Net Assets	**206.5**	**211.4**	**220.8**	**231.4**	**247.3**
Share capital	249.9	250.5	251.2	251.2	251.2
Accumulated profits/losses	(53.2)	(48.4)	(38.6)	(28.1)	(12.1)
Reserves	9.8	9.2	8.2	8.2	8.2
Minorities	0.0	0.0	0.0	0.0	0.0
Total Shareholder funds	**206.5**	**211.4**	**220.8**	**231.4**	**247.3**

Share price					**A$**	**0.225**
Interim (A$m)	**1H23A**	**2H23A**	**1H24A**	**2H24A**	**1H25F**	**2H25F**
Revenue	142.4	160.3	191.5	191.0	204.0	212.4
EBITDA	28.9	28.3	32.6	33.5	36.5	38.0
EBIT	22.7	22.2	24.5	24.8	28.5	29.6
NPAT (normalised)	10.5	9.2	9.5	11.3	11.2	11.6
Minorities	-	-	-	-	-	-
NPAT (reported)	(105.5)	9.8	9.5	7.9	11.2	11.6
Dividend (cps)	1.00	1.00	1.00	1.00	1.00	1.00

Divisions	**FY23A**	**FY24A**	**FY25F**	**FY26F**	**FY27F**	**CAGR**
Store Operations	142.0	150.1	176.2	191.5	208.3	*10%*
Personal Finance	114.0	106.8	112.7	116.4	130.2	*3%*
Vehicle Finance	15.0	18.6	8.7	5.6	0.0	*-100%*
Head Office Other	6.4	7.2	7.0	7.4	7.7	*5%*
NZ	13.8	25.1	25.9	27.0	29.0	*20%*
UK	11.4	74.8	85.8	94.2	100.4	*72%*
Group revenue	**302.7**	**382.6**	**416.4**	**442.1**	**475.6**	***12%***
Store Operations	20.6	24.3	25.4	27.6	30.0	*10%*
Personal Finance	50.6	44.6	46.2	52.4	66.4	*7%*
Vehicle Finance	6.1	8.2	4.4	2.2	0.0	*-100%*
NZ	(0.8)	2.0	2.5	3.2	3.7	*n/a*
UK	3.3	12.8	15.4	17.0	19.1	*55%*
Head Office	(22.5)	(22.8)	(19.3)	(19.3)	(20.2)	*-3%*
Group EBITDA	**57.2**	**69.1**	**74.6**	**83.0**	**98.9**	***15%***

Margins, Leverage, Returns			FY23A	FY24A	FY25F	FY26F	FY27F
EBITDA			18.9%	18.1%	17.9%	18.8%	20.8%
EBIT			14.8%	12.9%	14.0%	15.1%	17.4%
NPAT pre significant items			6.7%	5.4%	5.5%	6.0%	7.5%
Net Debt (Cash)			65.4	87.8	125.1	147.3	166.4
Net debt/EBITDA (x)	(x)		1.1	1.3	1.7	1.8	1.7
ND/Equity (%)	(%)		31.7%	41.5%	56.7%	63.7%	67.3%
EBIT interest cover (:	(x)		2.8	2.2	2.4	2.4	2.7
ROA			9.7%	10.7%	11.8%	12.7%	14.6%
ROE			7.7%	10.0%	10.5%	11.8%	15.0%
ROIC			15.0%	17.3%	18.0%	18.4%	20.9%
Pricing			**FY23A**	**FY24A**	**FY25F**	**FY26F**	**FY27F**
No of shares (y/e)	(m)		625	627	627	656	656
Weighted Av Dil Sha	(m)		646	656	656	656	656
EPS Reported	cps		(15.5)	2.7	3.5	4.1	5.5
EPS Normalised/Dilu	cps		3.1	3.2	3.5	4.1	5.5
EPS growth (norm/dil)			(6.5%)	2.2%	10.3%	17.3%	34.1%
DPS	cps		2.0	2.0	2.0	2.5	3.0
DPS Growth			0%	0%	0%	23%	23%
Dividend yield			8.9%	8.9%	8.9%	10.9%	13.4%
Franking			100%	100%	100%	100%	100%
PE	x		7.3	7.1	6.4	5.5	4.1
EV/EBITDA	x		3.7	3.4	3.7	3.6	3.2
FCF/Share	cps		-2.3	5.4	1.2	1.1	2.3
Price/FCF share	x	-	9.7	4.2	19.3	21.1	9.8
Free Cash flow Yield			(10.3%)	24.0%	5.2%	4.7%	10.3%
Price/Book (x)	x		1.0	1.1	1.2	1.3	1.3

Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Research Group 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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