

# Rent.com.au Ltd

## Empowering renters through transactional strength

Rent.com.au Limited (ASX:RNT) is a purpose-led company seeking to empower home renters through their rental profile, rental bond and payments and through a growing number of aligned transactional services. The company listed on the ASX in June 2015 via a backdoor listing through Select Exploration after raising \$5m at \$0.20/share to give it a market capitalisation of \$17.6m. FY21 was a transformative year for Rent.com.au, during which it launched its app-based payments platform, RentPay, which is designed to give renters total financial flexibility in when and how they make their rental payments while giving agents and landlords surety of payments on time. RentPay also delivers renters features such as ScoreBuilder, which reports RentPay's customers' account status each month to a credit reporting agency (over time this aims to help improve renter borrowing capacity), and SafetyNet which provides short term loans to provide a rent buffer in the event of unexpected events. Launched in June, RentPay ended the year with 700 active users. With more than 700,000+ unique visitors to its website each month, Rent.com.au has a target of 200,000 RentPay customers by the end of FY23. Our DCF valuation of \$0.35/share contemplates RentPay securing 5% of renters (120,000) by FY23 and 20% by FY30.

### Business model

Rent.com.au generates revenue from advertising and from rental products, with revenue for the latter derived from RentCheck, which verifies a renter's identity and checks their record against the National Tenancy Database, from RentConnect which delivers an integrated utility connection and \$100 gift card to renters in conjunction with AGL, and from RentBond, RNT's "move now pay later" product which helps renters bridge the gap from one rental property to another by financing their bond online. The company's recently launched RentPay app platform allows renters total financial flexibility in terms of how they make their rent payments while giving agents and landlords surety of payments on time. It also aligns Rent.com.au to the tenancy period, giving it an opportunity to engage with its audience for longer and extend the relationship into other revenue lines including insurance, telecommunications, loan and finance products.

### Maiden profit for core business, RentPay off to a strong start

Rent.com.au reported FY21 revenues of \$3.094m, an increase of 26.2% on the previous corresponding period. The core Rent.com.au business delivered its maiden operating profit in FY21 of \$0.117m, a significant achievement, in our view, in a year where COVID-19 slowed rental activity across Australia. The recently launched RentPay app payments platform incurred operating and development costs through the year and was launched late in Q4. Despite this investment, the EBITDA loss for the year was \$0.69m, a 39% improvement on FY20 despite the increased investment in the RentPay launch.

### Look to purpose-led companies, online marketplaces for peers

There is growing evidence that purpose-led companies perform better operationally than those which are not. To that end, we consider both early stage purpose-led companies and online marketplaces to be peers for Rent.com.au. These include finance platforms Dough (ASX:DOU) and Plenti (ASX:PLT); single focused online marketplace iCar Asia (ASX:ICQ) and property tech group PropTech Group (ASX:PTG) for business metrics; and with an element of BNPL in its RentBond product, we would look to loupay (ASX:IOU) for peer discussion.

#### Historical earnings and ratios and RaaS's estimates

Year end	Sales Revenue (A\$m)	Gross Profit (A\$m)	EBITDA(A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)
06/20a	2.5	1.5	(1.1)	(1.7)	(0.6)	12.1
06/21a	3.1	1.8	(0.7)	(1.0)	(0.4)	11.9
06/22e	6.1	3.4	0.2	(0.4)	(0.1)	6.0
06/23e	14.1	7.5	2.9	1.3	0.3	2.4

Source: Company data \*EBITDA and NPAT adj for one-time, non-cash items RaaS estimates for FY22e and FY23e

## Online portals

10<sup>th</sup> September 2021

### Share details

ASX Code	RNT
Share price	\$0.097
Market Capitalisation	\$39.8M
Shares on issue	397.7M
Net cash at 30/06/2021	\$2.6M
Free float	56.0%

### Share performance (12 months)



### Upside Case

- Purpose-led culture underpinning improving business metrics
- Opportunity to expand RentPay into other payments products
- Upsell prospect to 700k+ monthly unique visitors

### Downside Case

- Advertising revenues are cyclical
- Investment in RentPay and other products may require further capital
- Small player relative to other online portals

### Catalysts/upcoming events

- Commentary on the takeup of RentPay through FY22
- Further evidence of operational momentum

### Comparable companies (Aust/NZ)

Dough (ASX:DOU), iCar Asia (ASX:ICQ), Company (ASX:IOU), PropTech Group (ASX:PTG), Plenti (ASX:PLT)

### Top 5 shareholders

Capital B Asset Management	10.1%
Greg Bader (CEO)	4.7%
John Wood (Dir)	3.9%
Mark Needham	2.5%
Garry Garside (Dir)	2.2%

### Company contacts

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# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

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**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**



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

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