

30 November 2023

# Rent.com.au Ltd

## Cash burn slowing, annuity revenue growing

Rent.com.au Limited (ASX:RNT) is a purpose-led company seeking to empower home renters through its technology platform and a growing number of aligned transactional services. The company has provided a trading update at its annual general meeting, noting that cash burn has slowed, with reductions in discretionary spend. The company also highlighted that revenue from annuity income streams was growing and now around 13% of total revenue, compared with 7% in H1 FY23 and 10% in H2 FY23. Annuity income streams help build ARPU, which is currently \$5.09 per customer. The company's CEO Greg Bader commented that the two drivers to cash-flow break even for RentPay were subscribers and ARPU, with the near-term focus on building ARPU through more payments products.

## 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 Origin; 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 growing 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.

## RentPay customers continuing to grow strongly

The company highlighted that RentPay customers now stand at 8,450, up from 6,066 at the end of FY23 and more than double the 3,875 customers at the end of H1 FY23. Real estate agencies continue to be strong adopters of the platform and the company noted that it was working on distribution/referral arrangements with industry partners. Rent.com.au also noted that RentPay ARPU per month was \$5.09, which includes the \$2/month base fee for using the RentPay platform, with additional revenue driven by its add-on products Scorebuilder, the line of credit product, and Bill Smoothing, the free to use, \$5/week cashback product for renters paying their Origin Energy gas and electricity bills. Additional payment options and products, including mortgage builder, are expected to be rolled out in CY2024. Rent.com.au also expects to launch new industry partnerships to drive real estate agent onboarding at RentPay in early CY2024.

## Base case valuation remains unchanged at \$0.14/share

Our base-case DCF valuation for Rent.com.au remains at \$0.14/share and is predicated on our expectation that RentPay will secure 5% of renters on its platform by FY25 and 20% by FY30. Evidence of faster-than-forecast take-up of RentPay together with the expansion of RentPay into other transactional products will likely result in our forecasts being revisited.

### Historical earnings and RaaS' estimates (in A\$m unless otherwise stated)

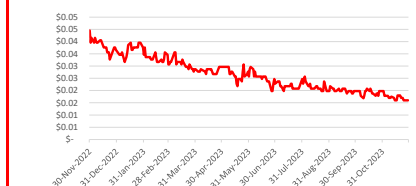
Year end	Total revenue	Gross profit	EBITDA	NPAT	EPS (c)	EV/Sales (x)
06/22a	3.4	1.5	(1.6)	(2.7)	(0.6)	1.4
06/23a	2.8	0.9	(2.5)	(3.8)	(0.7)	2.4
06/24f	5.5	2.3	(2.2)	(2.2)	(0.6)	1.8
06/25f	12.4	6.4	1.7	0.2	0.0	0.8

Source: Company data, RaaS estimates for FY24f, and FY25f

### Share Details

ASX code	RNT
Share price (29-Nov)	\$0.016
Market capitalisation	\$10.1M
Shares on issue	629.7M
Options/performance	123.7M
Net cash est.	~\$3.1M

### Share Price Performance (12-months)



### Upside Case

- Purpose-led culture underpinning improving business metrics
- Opportunity to expand RentPay into other payments products
- Opportunity to upsell existing 700,000 monthly unique visitors into RentPay

### Downside Case

- Advertising revenue exposed to cyclical trends
- Investment in RentPay and other products may require further capital
- Small player relative to other online portals

### Catalysts

- Further evidence of take-up of RentPay
- Expansion of RentPay into other products
- Ongoing evidence of operational momentum

### Company Interview

[Rent.com.au \(ASX:RNT\) RaaS Interview 8 Nov 23](#)

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## FINANCIAL SERVICES GUIDE

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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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