Cash Converters International Ltd

Q3 FY24 Trading Update

Tracking well

Consumer Finance

9 May 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 released a solid Q3 FY24 unaudited trading update with revenue growth of 19% over the previous corresponding period (pcp) to $93.0m. The gross loan book has grown 9% to $292m, which is all the more impressive as the business transitions away from Small Amount Credit Contract (SACC) products due to regulatory change, more than offset by growth in other products, domestically and internationally. The update provided a revenue and loan book position broadly in line with our forecasts, and although no earnings updates or full year guidance were provided, management stated that loss rates at 8.7% (vs 10.1% pcp) were "in line with expectation", so we remain confident that the business is on track to meet our FY24 NPAT forecast of $18.7m. We see CCV as well positioned for the balance of FY24 and more particularly into FY25. Our forecasts are unchanged and our DCF-based valuation remains at $0.43/share, representing capital upside potential of 100% with a 9.3% fully franked yield. We view the Q3 2024 trading update as validation of our existing CCV investment thesis.

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 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.

Q3 illustrates strategy execution

We view the Q3 trading update as continued evidence that CCV is transitioning well through FY24 prior to re-entering a growth phase in FY25. Revenue grew over the pcp but was marginally lower than Q2 due to the seasonal impact of the Christmas period. The loan book similarly grew over pcp but was relatively flat against Q2. Importantly there was evidence that CCV is successfully transitioning away from SACC products whilst more than offsetting the impact through growth in Medium Amount Credit Contract (MACC) (+13%) and Line of Credit (LOC) products (+29%). Two key growth drivers are loan book growth and performance of the corporately owned store network, both of which are delivering solid results and we expect to grow strongly over the forecast period.

DCF valuation retained at $0.43/share

We retain our forecasts and DCF valuation of $0.43/share. We believe 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 48% to peers. We see this as further validation of inherent value, particularly considering our forecast EPS growth with a CAGR of 30.2% over the three-year forecast period from the FY24 base. If management can deliver on its growth ambitions, we believe CCV is an attractive investment opportunity, offering both potential capital growth and income.

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

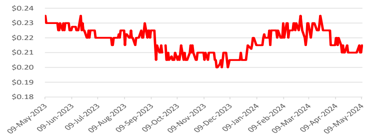
Year end	Revenue	EBITDA adj.*	NPAT adj.*	EPS adj.* (c)	EV/EBITDA (x)	PER (x)
06/22a	245.9	52.7	19.0	3.3	2.7	6.5
06/23a	302.7	57.2	20.2	3.1	3.5	6.9
06/24f	388.7	66.5	18.7	3.0	3.7	7.1
06/25f	412.7	74.8	23.0	3.5	3.6	6.1

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

Share Details

ASX code	CCV
Share price (9-May)	$0.215
Market capitalisation	$134.9M
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.

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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Q3 FY24 Result Discussion

CCV released an unaudited 3rd quarter update that only contained a revenue number at the profit and loss level, but provided several key data points, including:

- **Revenue growth of 19% on the pcp to $93.0m** – Driven predominantly by loan book growth, performance of the Australian store network and contribution from the UK franchise acquisition in July 2023. Revenue fell ~4% against the seasonally strong December quarter, although not unexpectedly, in our view.
- **Gross loan look growth of 9% on the pcp to $291.7m** – We discuss this in more detail shortly, but we view it as a strong performance considering the transition away from SACC loans in response to regulatory change in June 2023. MACC loans, vehicle finance, the new LOC product and the international network have all contributed to more than offset the reduction in the SACC loan book over the past 12 months. RaaS estimates for 31 March the gross loan book was $294.7m. The loan book was 1.0% lower than its seasonally strong December 2023, but again, we believe this was not unexpected.
- **Solid loan book performance** – The changing product mix within the loan book has resulted in improved performance of the book from a loss rate perspective. The net loss rate (net bad debt expense over average gross loan book) of 8.7% improved from 10.1% in the pcp. This was marginally better than Q2 and remains in line with what we expect as the book transitions. Part of the quality improvement may be related to improved credit risk models within the business but this data cannot be quantified on the information provided.
- **Solid divisional performance** – Personal finance, vehicle finance, the domestic store network and the international business all contributed solidly to group performance, with no negative surprises on the information reported. The domestic store network and the UK business appear to be the highlights in the update. NZ remains a work in progress but has no material negative impact to group results.
- **Strong domestic store performance –** Year-to-date, as at 31 March 2024, Australian corporate store retail performance grew 9.1% over the pcp. There were no updates on store numbers or like-for-like sales, but management stated, "a changing inventory mix and increased focus on luxury items in certain geographies, sold from smaller footprint locations, is showing promising early signs of achieving higher gross profit margins". We also note 12% growth in Pawn Book loans over the quarter to $18.3m (vs RaaS estimate of $16.0m). It's difficult to quantify the impact on a quarterly basis, but it gives us confidence that our FY24 forecasts for the division are well within reach.
- **UK store network integrated successfully –** CCV settled its acquisition of the 42 Capital Cash stores in the UK in July 23 to take them under corporate ownership. The business appears to us to be performing well, with management stating it has contributed $44.6m of revenue in the 9 months to 31 March 2024. The UK division appears on track to deliver to our forecast revenue for FY24 of ~$75m (this number includes ~$13m of revenue from franchised operations outside the Capital Cash network).
- **Cash position slightly ahead of our forecasts at $54.1m –** As there was no release of accounts it is difficult to ascertain the movements in a complex financial structure such as Cash Converters, but we forecast a cash balance of $44.0m at 30 June 2024, which provides some headroom over the coming quarter.

Research as a Service

Exhibit 1 illustrates the Q3 2024 performance against Q3 2023 and on a "year-to-date" basis.

Exhibit 1: Q3 Results and Year-to-date (YTD) results (in A$m unless otherwise stated)

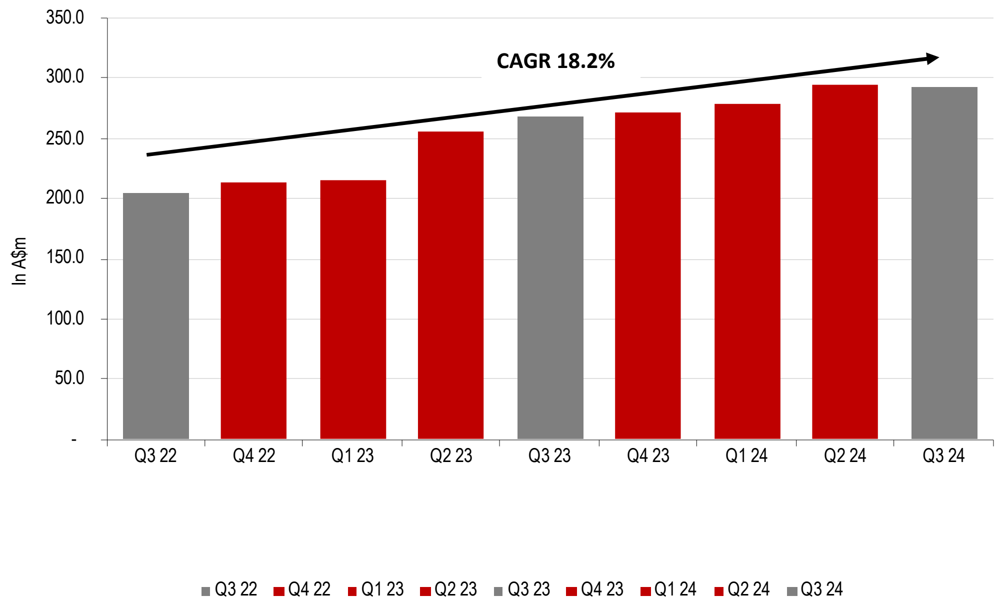
	Q3 FY24	Q3 FY23 (pcp)	Change	Q3 FY24 YTD	Q3 FY23 YTD	Change
Total Revenue	93.0	78.3	+19%	284.5	221.2	+29%
Gross Loan Book	291.7	268.2	+9%	291.7	268.2	+9%
Cash & Cash Equivalents	54.1	58.9	-8%	54.1	58.9	-8%

Source: Company data

Loan Book

We believe the loan book remains a key driver to performance and growth for Cash Converters. As illustrated in Exhibit 2, the group gross loan book grew by 9% over the pcp to finish the quarter at $291.7m. It reduced marginally from the seasonally high December number of $294.5m but has grown at a Compound Annual Growth Rate (CAGR) of 18.2% over the past 2 years.

Exhibit 2: CCV loan book



Source: Company data

Composition

The loan book comprises the following products:

- **Small Loans (SACC) and PayAdvance:** The SACC product has been affected by regulatory change so its exposure and contribution is being strategically reduced according to CCV.
- **Medium Loans (MACC):** Unsecured personal loans up to $5,000 and up to 24 months. Appears to be growing well and replacing a portion of the SACC reduction.
- **Line Of Credit (LOC):** A new product being "phased in". $400 to $10,000 with a set minimum repayment over a maximum of 36 months per redraw. Early metrics appear strong and may well become a growth engine of the loan book over the coming periods as it is offered more widely to the domestic CCV customer base.
- **Vehicle Finance (Green Light Auto (GLA)):** A wholly-owned subsidiary of CCV offering secured vehicle finance through a network of brokers and dealers. Has grown notably over the past 2 years.

- **Pawn Broking (Corporate):** Pawnbroking loans originated in Australian corporately-owned stores. A relatively small part of the loan book with low average balance and short duration.
- **International**: Includes the pawn broking and personal finance loan books for NZ and the pawnbroking loan book for the UK.

Exhibit 3 shows the loan book composition and how it has changed over the past 12 months.

Exhibit 3: CCV Gross Loan Books

AUD Millions		31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024	PCP Mar 2024 vs Mar 2023	Mar 2024 vs Dec 2023
Small Loan[1]	Loan Book	83.2	78.0	65.0	63.1	59.1	-29%	-6%
	% Of Total	31%	29%	23%	21%	20%		
Medium Loan[2]	Loan Book	96.4	99.9	100.9	110.2	108.4	13%	-2%
	% Of Total	36%	37%	36%	37%	37%		
Line of Credit[3]	Loan Book	0.4	2.0	4.6	7.0	9.1	n/m	29%
	% Of Total	0%	1%	2%	2%	3%		
Vehicle Loan (GLA)[4]	Loan Book	58.6	62.9	69.7	74.3	73.9	26%	-1%
	% Of Total	22%	23%	25%	25%	25%		
PB[5] (Corp)	Loan Book	17.4	16.0	14.7	16.3	18.3	5%	12%
	% Of Total	6%	6%	6%	6%	6%		
International Loan Book[6]	Loan Book	12.2	12.5	23.6	23.5	22.9	88%	-3%
	% Of Total	5%	5%	8%	9%	9%		
Total Gross Loan Book		268.2	271.4	278.5	294.5	291.7	9%	-1%
Half Year Net Loss Rate[7]		10.1%	11.0%	10.3%	9.0%	8.7%	-	-

Source: Company presentation

Over the March FY24 versus March FY23 period the loan book grew 9%. The 29% reduction in small loans (by design) was offset by growth in all other product lines. The changing composition is an important part of the Cash Converters story, in our view. As discussed in our 4 March report post the company's 1H FY24 result in February 2024:

> *"The delivery of growth over the past six 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."*

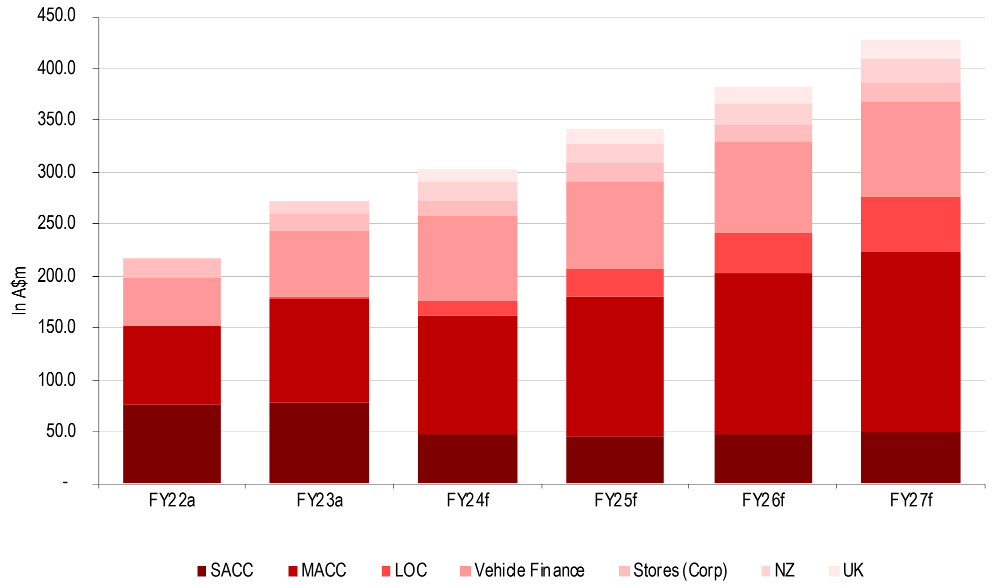
Quality

As outlined in Exhibit 3, the 6 monthly net loss rate is trending in a favourable direction. As previously stated, the changing product mix within the loan book has resulted in improved performance of the book from a loss rate perspective. The net loss rate (net bad debt expense over average gross loan book) of 8.7% improved from 10.1% in the pcp. This was marginally better than Q2 2024 and remains in line with expected levels as the book transitions. Part of the quality improvement may be related to improved credit risk models within the business but this data cannot be quantified on the information provided.

Loan Book Forecasts

The changing composition of the loan book is illustrated in Exhibit 4 containing historical figures and RaaS estimates out to FY27.

Exhibit 4: Forecast Loan Book Composition



Source: Company data and RaaS estimates (FY24f to FY27f)

Our forecasts for loan book growth remain unchanged. We estimate the current $150m debt facility is currently drawn to ~$140m (not confirmed in the Q3 release), so further funding will likely be required to drive growth going forward. As outlined in our previous CCV reports, we assume the company secures a new funding facility around the end of the current financial year with a limit increase of $100m (or a whole new facility) to ~$250m, being incrementally drawn to limit between July 2024 and July 2028 (~$25- $30m new borrowings p.a from the debt facility plus cash injection from CCV).

We forecast the Gross Loan Book to close the FY24 financial around $300m, then grow at a CAGR of ~9% over the forecast period to FY27. Our forecasts assume the key drivers are:

- **Ongoing growth in MACC loans:** The medium size products are showing strength and should now also be a suitable alternative for customers previously using SACC loans.
- **Growth in Line Of Credit (LOC):** The product has been trialled and phased in over the past 9 months. As of the current quarter (June quarter 2024) it will be available to all appropriate customers nationally, with product awareness being driven by a national online marketing campaign.
- **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 quantum.

Outlook

Our forecasts remain unchanged on the back of the Q3 update. We see the data points and commentary as adding validity to our existing Cash Converters thesis:

- **FY24 appears to be playing out as a solid transition year**: FY24 has provided its challenges including the regulatory environment with the change to SACC loans and finalisation of the AUSTRAC Enforceable Undertaking (EU), general economic pressures and increased funding cost. In response CCV has transitioned its business strategically as well as executed cost-out initiatives.
- **Clean results with proven operating procedures and risk frameworks**: The favourable outcome of the AUSTRAC EU in January 2024 further validates the work that management has done regarding its procedures and processes. It is now delivering clean results which provides us with confidence in our forecasts going forward. RaaS released a report explaining the AUSTRAC EU outcome on 31 January 2024, available here.
- **Revenue momentum:** On year-to-date numbers, CCV has grown revenue at a CAGR of 25.8% over the past 2 years. This has been done organically and by acquisition. We forecast revenue to grow at a CAGR of 8% over the next 3 years but see upside potential to our forecasts if the acquisition program is accelerated.
- **Catalyst through finance facility set to drive next phase of growth in the loan book**: With the transition away from SACC loans and the introduction of the Line Of Credit (LOC), it appears to us the product suite is in place for customers and stable from a regulatory perspective. The timing on an increased facility makes sense to us and should release a material amount of capital to be deployed to growth initiatives.
- **Ongoing corporate** store acquisitions: CCV currently owns ~77 Australian stores under its corporate banner with a further ~77 under franchise ownership. The UK now has 42 under corporate ownership with a further ~142 franchised in the region. Large franchise networks also exist in Spain, France, and Belgium. Management has stated its intention to continue to acquire stores. Our forecasts assume only $8m p.a allocated for store acquisition in each of the years FY25 and FY26, which we believe will likely prove conservative.
- **Growth investment complemented by income through consistent dividend payment:** We forecast CCV to re-enter a prolonged growth phase in FY25 but will continue to pay dividends. It has paid consistent dividends in each of the 7 previous half-year periods. At current prices this equates to a forward fully franked yield of 9.3%.

We believe our overall thesis is supported by the following management comment from the Q3 update:

> *"We continue to apply a disciplined approach to managing our capital with a focus on maximising returns in a higher interest rate environment as we select between alternative investments. We continue to see numerous opportunities to grow the business further over coming quarters."*

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.

Research as a Service

Exhibit 5: 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 ($m)	(106.0)
Equity value ($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 6 illustrates a relative PER discount of 48% with an average EPS growth rate far superior to that of the peer group average from FY24 to FY26 (based on company specific data, LSEG consensus estimates and RaaS estimates for CCV).

Exhibit 6: Peer group analysis

Company	Code	Business model	Mkt Cap ($m)	EPS Growth 2 year fwd CAGR %	PE fwd 1 yr (x)
Harmoney	HMY	Conumer loans	46	-35%	18.0
Humm	HUM	Previously Flexigroup. Finance various	227	-13%	15.0
Judo Cap	JDO	General financial services SME	1553	41%	11.7
Latitude	LFS	Consumer finance & insurance	1211	116%	8.3
Pepper Money	PPM	General non-bank lender	660	6%	6.1
Resimac	RMC	Non-bank lender and wholesale financier	400	17%	5.6
Solvar	SVR	Auto and personal finance lender	198	11%	5.9
Wisr	WZR	Personal finance lender	52	-29%	38.0
Mean			**543**	**14%**	**13.6**
Cash Converters	**CCV**		**138**	**29%**	**7.1**
(Disc)/Prem					**-48%**
CCV EPS Growth V Peers (x)				**2.0**	

Source: RaaS estimates, LSEG data, IRESS prices and company specific data as at 7 May 2024

Exhibit 7: Financial Summary

Cash Converters (CCV)					
Profit and Loss (A$m)					
Y/E 30 June	**FY22A**	**FY23A**	**FY24F**	**FY25F**	**FY26F**
Sales Revenue	245.9	302.7	388.7	412.7	452.2
EBITDA underlying	52.7	57.2	66.5	74.8	91.2
Depn & Amortn	(13.6)	(12.4)	(16.3)	(16.4)	(16.2)
EBIT underlying	39.1	44.8	50.2	58.4	75.0
Interest	(12.5)	(15.9)	(23.0)	(24.4)	(27.4)
Profit Before Tax	26.7	28.9	27.2	34.0	47.6
Tax (adj)	(7.6)	(8.7)	(7.7)	(9.8)	(13.9)
Minorities	0.0	0.0	0.0	0.0	0.0
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0
NPAT pre significant items	**19.0**	**20.2**	**18.7**	**23.0**	**32.5**
Significant & non-cash items	(7.8)	(117.3)	0.0	0.0	0.0
NPAT (reported)	**11.2**	**(97.0)**	**18.7**	**23.0**	**32.5**
Cash flow (A$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	77.0	72.4	65.4
Total long term liabilities	*76.9*	*88.8*	*114.5*	*116.2*	*115.4*
Total Liabilities	162.8	236.2	271.2	293.2	313.9
Net Assets	**315.3**	**206.5**	**212.5**	**222.4**	**240.3**
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$	0.215
Interim (A$m)		**1H23**	**2H23**	**1H24**	**2H24**	**1H25**	**2H25**
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/Diluted	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		9.3%	9.3%	9.3%	9.3%	10.4%
Franking		100%	100%	100%	100%	100%
PE	x	6.5	6.9	7.1	6.1	4.3
PE market	x	16.0	16.0	16.0	16.0	16.0
Premium/(discount)		(59.5%)	(56.7%)	(55.7%)	(61.9%)	(73.1%)
EV/EBITDA	x	2.7	3.5	3.7	3.6	3.2
FCF/Share	cps	1.0	-2.3	1.5	1.1	1.9
Price/FCF share	x	20.5 -	9.3	14.1	19.1	11.1
Free Cash Flow Yield		4.9%	(10.8%)	7.1%	5.2%	9.0%
Price/Book (x)	x	0.5	1.0	1.2	1.2	1.2

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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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

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