

23 January 2024

Rent.com.au Ltd

RentPay payments accelerating, \$200m milestone passed

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 noting that its RentPay rental payments platform had now processed \$200m in payments since its relaunch. Achieving the \$200m milestone comes just three months after passing the \$150m mark, demonstrating a continued acceleration in the take-up of the platform. RentPay now has more than 8,700 active customers using the platform and monthly payments are in excess of \$15m. Rent.com.au also announced that it had formed two new partnerships, with Mastercard Asia Pacific to provide click-to-pay functionality on the platform, and with MRI Software, a leading provider of residential property management solutions to more than 4,200 real estate agencies in Australia. We see the latter partnership as particularly beneficial to RentPay which will now gain exposure to MRI Software's customer base through its Property Tree residential property management platform.

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 partnerships position the platform for a step-change

The company highlighted that RentPay customers now stand at more than 8,700 up from 8,450 in early November and more than double the 4,096 customers at the end of January 2023. Real estate agencies continue to lead the adoption of the platform with several agencies signing service agreements with RentPay before Christmas and on-boarding in progress. We believe the partnership with MRI Software will help accelerate adoption of the platform with RentPay promoted in MRI's partnership portal and offering some integration features with Property Tree, a cloud-based, residential property management solution, used by more than 4,200 real estate agencies across Australia, equating to around 38% of the market. The agreement with MRI also contemplates cross-referral to each company's customers and a closer integration of RentPay into Property Tree.

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)	1.7
06/23a	2.8	0.9	(2.5)	(3.8)	(0.7)	2.8
06/24f	5.5	2.3	(2.2)	(2.2)	(0.6)	2.0
06/25f	12.4	6.4	1.7	0.2	0.0	0.9

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

Share Details

ASX code	RNT
Share price (22-Jan)	\$0.021
Market capitalisation	\$13.2M
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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AFSL 456663

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

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