

### Origin Energy partnership to benefit renters, boost RentPay

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 has entered a strategic partnership with Origin Energy Ltd (ASX:ORG) to jointly develop offers and services designed to help Australia's ~8m renters. The partnership will see Origin's electricity and gas services offered via Rent.com.au's existing RentConnect product while RentPay will offer renters a "Bill Smoothing" product which will see RentPay rebate customers \$5 a week if they pay towards both electricity and gas services with Origin, or \$3 a week for those that opt to pay towards one energy service from Origin. Rent.com.au estimates that this initiative could generate Average Revenue Per User (ARPU) of \$7.50 a month. We expect this partnership to give RentPay a significant boost in recurring revenues and to put it on track to meet our forecasts for 5% of renters using RentPay by FY24. Our forecasts remain steady and our valuation is \$0.23/share (incorporating a 3.5% risk-free rate to reflect the higher 10-year bond rate).

### Business model

Rent.com.au generates revenues from advertising and from rental products, with revenues 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 now through Origin Energy, and provides customers with a \$100 gift card; 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, and through the "Bill Smoothing" solution, will be providing similar financial flexibility on energy bills. 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.

### New deal expected to boost RentPay take-up

Rent.com.au has forged a partnership with Origin Energy for an initial 24-month term with options to extend by further 12-month periods. Origin Energy now becomes Rent.com.au's RentConnect product's exclusive energy provider, allowing Rent.com.au to earn a commission for each customer that signs up to Origin's electricity and/or gas plans. In addition, RentPay will receive a commission for each customer paying amounts towards their Origin Energy bills via its "Bill Smoothing" feature and in turn will rebate these "Bill Smoothing" customers with a \$5-a-week rebate if they pay towards both electricity and gas services, or \$3 a week for those only taking one service from Origin. Rent.com.au estimates that based on \$2,000 a year in energy costs, customers using the "Bill Smoothing" solution will be credited up to \$260 a year (or 13% of their energy bills) through their RentPay wallets. We note that the \$2000 is an averaged estimate, so for smaller households (couples, singles) or those with lower consumption, the savings could be even greater. The company estimates that based on a 30% take-up of RentPay's customer base, the initiative could generate ARPU of \$7.50 per month.

### Base-case DCF valuation of \$0.23/share

Our base-case DCF valuation for Rent.com.au is \$0.23/share, after applying a 3.5% risk-free rate to reflect the increase in the 10-year government bond rate (previously 2.0%). Our valuation is predicated on our expectation that RentPay will secure 5% of renters on its platform by FY24 and 20% by FY30. Evidence of faster-than-forecast take-up of RentPay and its expansion into other transactional products will likely result in a forecast review.

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

Year end	Sales revenue	Gross profit	EBITDA	NPAT	EPS (c)	EV/Sales (x)
06/20a	2.5	1.5	(1.1)	(1.7)	(0.6)	4.2
06/21a	3.1	1.8	(0.7)	(1.0)	(0.4)	3.7
06/22f	3.6	1.6	(1.4)	(2.0)	(0.5)	3.5
06/23f	5.4	3.4	(0.3)	(0.8)	(0.2)	2.6

Source: RaaS estimates for FY22f and FY23f; Company data for historical earnings

### Software & Services

12<sup>th</sup> July 2022

#### Share Details

ASX code	RNT
Share price (12-July)	\$0.036
Market capitalisation	\$15.8M
Shares on issue	439.3M
Options/performance rights	22.3M
Net cash (31-Mar)	\$3.2M

#### Share 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 revenues 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

#### Board of Directors

Garry Garside	Non-Executive Chairman
Sam McDonagh	Non-Executive Director
Phil Warren	Non-Executive Director
John Wood	Non-Executive Director
Greg Bader	Chief Executive Officer

#### Company Contacts

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## Exhibit 1: Financial Summary

Rent.com.au Ltd						Share price (12 July 2022)						A\$	0.04
Profit and Loss (A\$m)						Interim (A\$m)							
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F	Revenue	H121A	H221A	H122A	H222F	H123F	H223F	
Sales Revenue	2.2	2.5	3.1	3.6	5.4	EBIT DA underlying	(0.3)	(0.4)	(0.8)	(0.6)	(0.5)	(0.2)	
Gross Profit	0.8	1.5	1.8	1.6	3.4	EBIT	(0.7)	(0.8)	(1.2)	(1.0)	(0.9)	(0.3)	
EBIT DA underlying	(2.1)	(1.1)	(0.7)	(1.4)	(0.3)	NPAT (normalised)	(0.2)	(0.8)	(1.2)	(0.7)	(0.6)	(0.2)	
EBIT DA reported	(2.0)	(1.1)	(1.0)	(1.4)	(0.3)	Minorities	0.0	-	-	-	-	0.0	-
Depn	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	NPAT (reported)	(0.4)	(0.9)	(1.3)	(0.7)	(0.6)	(0.2)	
Amort	(0.5)	(0.8)	(0.8)	(0.8)	(0.9)	EPS (normalised)	(0.1)	(0.3)	(0.32)	(0.16)	(0.14)	(0.05)	
EBIT	(2.7)	(2.0)	(1.6)	(2.2)	(1.2)	EPS (reported)	(0.1)	(0.2)	(0.34)	(0.16)	(0.14)	(0.05)	
Interest	0.0	(0.0)	(0.0)	(0.0)	0.0	Dividend (cps)	0.0	-	-	-	-	-	
Tax	0.0	0.0	(0.0)	0.3	0.3	Imputation	0.0	-	-	-	-	-	
Minorities	0.0	(0.0)	(0.0)	(0.0)	0.0	Operating cash flow	0.2	(0.3)	(1.0)	(0.2)	(0.6)	0.0	
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	0.6	1.0	(0.7)	0.4	(0.0)	0.6	
NPAT pre significant items	(2.6)	(1.7)	(1.0)	(2.0)	(0.8)	Divisions						H121A	H221A
Significant items	0.1	0.0	(0.3)	0.0	0.0	Fees from Agents/Landlords	0.1	0.1	0.1	0.1	0.1	0.1	0.1
NPAT (reported)	(2.5)	(1.7)	(1.3)	(2.0)	(0.8)	Rental Products	0.8	0.8	0.7	0.8	0.7	0.8	
Cash flow (A\$m)						Advertising	0.5	0.7	0.8	0.9	0.9	0.9	
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F	RentPay	0.1	0.1	0.1	0.2	0.6	1.3	
EBIT DA	(2.1)	(1.1)	(0.7)	(1.4)	(0.3)	Total Revenue	1.5	1.6	1.6	1.9	2.3	3.1	
Interest	0.0	(0.0)	(0.0)	(0.0)	0.0	COGS	(0.5)	(0.7)	(1.0)	(1.0)	(1.0)	(1.1)	
Tax	0.0	0.0	(0.0)	0.0	0.0	Gross profit	(0.46)	(0.66)	(0.90)	(0.77)	(0.33)	0.23	
Working capital changes	0.2	0.4	0.7	0.2	(0.2)	Employment	(0.8)	(0.8)	(0.9)	(1.0)	(1.2)	(1.2)	
Operating cash flow	(1.9)	(0.8)	(0.1)	(1.2)	(0.5)	SGA&A	(0.4)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	
Mtce capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	EBIT DA	(0.3)	(0.4)	(0.8)	(0.6)	(0.5)	0.2	
Free cash flow	(1.9)	(0.8)	(0.1)	(1.2)	(0.6)	Margins, Leverage, Returns						FY19A	FY20A
Growth capex	(0.6)	(0.5)	(1.6)	(0.8)	(1.0)	EBIT DA		(97.9%)	(46.0%)	(22.3%)	(38.3%)	(5.2%)	
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT		(124.1%)	(82.0%)	(50.4%)	(62.8%)	(21.2%)	
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items		(120.4%)	(67.9%)	(32.1%)	(55.4%)	(15.0%)	
Cash flow pre financing	(2.5)	(1.2)	(1.7)	(2.0)	(1.6)	Net Debt (Cash)		0.1	0.6	2.9	3.2	1.6	
Equity	0.5	2.0	4.2	2.5	0.0	Net debt/EBIT DA (x)	(x)	n/a	n/a	n/a	n/a	n/a	
Debt	(0.0)	(0.1)	(0.1)	(0.1)	0.0	ND/ND+Equity (%)	(%)	(10.0%)	(52.4%)	(143.6%)	(154.9%)	(56.2%)	
Dividends paid	0.0	0.0	0.0	0.0	0.0	EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	n/a	
Net cash flow for year	(2.0)	0.7	2.4	0.4	(1.6)	ROA		(81.2%)	(82.8%)	(36.4%)	(35.1%)	(17.8%)	
Balance sheet (A\$m)						ROE		(176.4%)	(103.5%)	(37.9%)	(38.7%)	(16.7%)	
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F	ROIC		nm	nm	nm	nm	nm	
Cash	0.2	0.6	2.9	3.2	1.6	NTA (per share)	n/a	0.00	0.01	0.01	0.01	0.00	
Accounts receivable	0.3	0.4	0.5	0.6	0.9	Working capital		(0.3)	(0.2)	(0.2)	(0.5)	(0.2)	
Inventory	0.0	0.0	0.0	0.0	0.0	WC/Sales (%)		(12.9%)	(7.1%)	(7.5%)	(12.8%)	(3.9%)	
Other current assets	0.0	0.0	0.0	0.0	0.0	Revenue growth		(6.9%)	13.3%	26.2%	15.1%	52.7%	
Total current assets	0.5	1.0	3.4	3.8	2.5	EBIT growth pa	n/a	n/a	n/a	n/a	n/a	nm	
PPE	0.0	0.0	0.0	0.1	0.1	Pricing						FY19A	FY20A
Intangibles and Goodwill	1.7	1.5	2.4	2.4	2.6	No of shares (y/e)	(m)	249	303	398	440	440	
Investments	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	238	292	313	435	440	
Deferred tax asset	0.0	0.0	0.0	0.3	0.6	EPS Reported	cps	(1.1)	(0.6)	(0.4)	(0.5)	(0.2)	
Other non current assets	0.0	0.1	0.0	0.3	0.3	EPS Normalised/Diluted	cps	(1.1)	(0.6)	(0.4)	(0.5)	(0.2)	
Total non current assets	1.7	1.6	2.5	3.1	3.6	EPS growth (norm/dil)		n/a	n/a	n/a	n/a	nm	
Total Assets	2.2	2.7	5.9	6.9	6.1	DPS	cps	-	-	-	-	-	
Accounts payable	0.6	0.6	0.7	1.0	1.1	DPS Growth		n/a	n/a	n/a	n/a	n/a	
Short term debt	0.0	0.0	0.0	0.0	0.0	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	
Tax payable	0.0	0.0	0.0	0.0	0.0	Dividend imputation		0	0	0	0	0	
Other current liabilities	0.2	0.3	0.2	0.3	0.3	PE (x)		-	-	-	-	-	
Total current liabilities	0.8	0.8	1.0	1.3	1.4	PE market		18.5	18.5	18.5	18.5	18.5	
Long term debt	0.0	0.0	0.0	0.0	0.0	Premium/(discount)		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	
Other non current liabs	0.0	0.0	0.0	0.2	0.2	EV/EBIT DA	-	4.2	-	9.1	-	16.6	-
Total long term liabilities	0.0	0.0	0.0	0.2	0.2	FCF/Share	cps	(0.8)	(0.2)	(0.0)	-0.3	-0.1	
Total Liabilities	0.8	0.9	1.0	1.6	1.6	Price/FCF share	-	5	-	14.4	-	9,067.0	-
Net Assets	1.4	1.8	4.9	5.3	4.4	Free Cash flow Yield		(21.1%)	(6.9%)	(0.0%)	(7.1%)	(2.8%)	
Share capital	35.3	37.1	41.5	43.9	43.9								
Accumulated profits/losses	(40.2)	(41.9)	(43.2)	(45.2)	(46.0)								
Reserves	6.3	6.6	6.6	6.7	6.7								
Minorities	0.0	0.0	(0.0)	(0.0)	(0.0)								
Total Shareholder funds	1.4	1.8	4.9	5.3	4.4								

# FINANCIAL SERVICES GUIDE

**RaaS Advisory 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**

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

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This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

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

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**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

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Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

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