

## A next generation lending platform

Plenti Group (ASX:PLT) launched in 2014 as RateSetter Australia, rebranded in August 2020 (recognising the significant evolution of the business) and listed on the ASX in September 2020, raising \$55m. PLT offers three types of loan products to personal and commercial customers via simple digital experiences; secured automotive loans, unsecured renewable energy loans and unsecured personal loans. The loan book has grown at 39% p.a. since H1 FY18, reaching \$508m in H1 FY21 and driving a 43% rise in revenue in the twelve months prior to listing. Loan origination in three quarters of FY21 has exceeded the full year of FY20. Plenti has been recognised by rating agencies as providing a high-quality offering and borrowing experience for customers, highlighting the ease of use of PLT's digital loan application process. A clear focus on credit risk via integrated credit rating data and a risk-adjusted offer to the borrower is the fundamental value adding approach of PLT's model. This discipline is enabled by the internally developed technology platform (Venus) which allows PLT and third parties to process loan applications and administer loans in an efficient and integrated process. Plenti's chosen lending verticals are subject to significant supply constraints post-GFC regulatory changes - including withdrawal of significant international lenders, providing PLT a clear opportunity in the market.

### Business model

Plenti funds lending via two warehouse funding trusts and two management investment schemes which take investments from institutional and retail fixed income investors. Distribution (loan origination) is managed via direct and digital channels (40%) and indirectly via brokers (60%). PLT's technology platform allows simple and rapid loan applications with integration via APIs with commercial partners, data collection and analysis to improve credit decisions and pricing. Plenti aims to grow through expansion of product offers and innovation in customer experiences, taking advantage of structural and regulatory change in its targeted lending categories.

### Record loan originations continue

PLT's credit outcomes have remained strong with low rates of loan deferral (0.44% at 31 December 2020) and an overall low level of loans past due relative to other consumer credit providers. Loans past due have reverted to pre-COVID levels with 90+ days in arrears at 0.32% of the loan portfolio. Q3 to December 2020 saw Plenti establish a new \$100m warehouse facility to support lending for renewable energy and personal loans, achieve record loan originations of \$130m, 22% above the previous quarter and 58% above the prior corresponding period.

### All challengers taking share – profitability next

Many of Plenti's peers are also newer companies growing revenue quickly, but not yet showing profits. The large market opportunity if these companies can acquire market share vacated by the large, less flexible and regulatorily inhibited lenders suggests PLT has been overlooked relative to peers after its recent IPO.

#### Historical earnings and ratios

Year end	Loan book period end (A\$M)	Revenue (A\$m)	Income net of funding costs (A\$m)	NPAT (A\$m)	EV/Revenue (x)
03/18a	148	16.1	8.3	(8.6)	na
03/19a	253	28.9	13.4	(14.2)	na
03/20a	381	41.5	19.2	(16.4)	na
09/20a <sup>^</sup>	426	49.1	23.9	(12.0)	2.1

Source: Company data ^12 months to Sept 2020

## Fintech

12<sup>th</sup> March 2021

### Share details

ASX Code	PLT
Share price	\$1.01
Market Capitalisation	\$170.5M
Shares on issue	168.8M
Net Cash at 30/09/2020	\$66.4M
Free float	~22%*

\*Due to escrow – releases FY22/FY23

### Share performance (since listing)



### Upside Case

- Low interest rates drive consumer borrowing
- Australian economy strengthens
- PLT market share in auto loans increases

### Downside Case

- Interest rate rise stifles borrowing
- Slower economy generates poor credit performance
- System issues cause a business disruption

### Catalysts/upcoming events

- COVID vaccine roll-out normalises business
- FY21 Final results March 2021

### Comparable companies (Aust/NZ)

Wizr (ASX:WZR), MoneyMe (ASX:MME), Money3 Corp (ASX:MNY), Harmoney (ASX: HMY)

### Top 5 shareholders

Daniel Foggo	22.1%
Carsales Ltd	9.5%
Five V Capital	5.7%
Federation Asset Management	4.4%
Glenn Riddell	2.5%

### Company contacts

Daniel Foggo (CEO) Miles Drury (CFO)  
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# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

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**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 26<sup>th</sup> November 2018**

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

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

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