

### RentPay launched, transactions transition begins

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. Rent.com.au has just launched RentPay in both the Apple and Google stores with the initial focus on providing Australia's 2.5m renting households with flexibility and control over when they make their rent payments. In addition to the previously announced SafetyNet feature which provides renters with a short-term loan to cover their rent if they are unable to, the new platform also includes a unique feature, ScoreBuilder, which will report RentPay's customers' account status each month to a credit reporting agency. This may, over time, be a positive contributor to renters' credit scores. The launch today is just the first stage of a plan to deliver a platform of transactional services designed to make renting easier and more streamlined. Additional partnerships are likely to emerge with utility companies – gas, electricity and telcos, insurance companies and financial institutions as well as retailers. The company noted that its internal target is to achieve 200,000 paying RentPay customers by 30 June 2023 which equates to just under a 10% share of the rental market. To put this into context, our forecast is for RentPay to secure a 5% share of renters on the platform by June 2023 and 20% by FY30. This underpins our \$0.35/share base case DCF valuation.

### 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 AGL, 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 newly-launched 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.

### Developing new income streams

Rent.com.au has launched its new transactional platform RentPay on the Apple and Google stores. Renters are able to download the app and activate for an initial one-time fee of \$3 and an ongoing \$2 monthly fee to synchronise payments transfers. RentPay has also launched with the previously announced SafetyNet short-term loan offer and a new unique feature, ScoreBuilder, which will allow renters to build a credit score based on their RentPay account. This feature has an initial set up fee of \$3 and \$1 per month ongoing. The included SafetyNet feature is available after a 30-day qualifying period with no additional charges until funds are drawn, at which point \$4 per fortnight is payable until the funds are repaid. No interest is charged. Rent.com.au estimates it can secure 200,000 customers, or 10% market share by June 2023.

### Base case DCF valuation of \$0.35/share unchanged

Our base case DCF valuation for Rent.com.au is \$0.35/share. Our valuation is predicated on our expectation that Rent.com.au's new flagship platform RentPay will secure 5% of renters by FY23 and 20% by FY30. In our view this is entirely achievable.

#### Earnings History and RaaS' Estimates

Year end	Sales Revenue (A\$m)	Gross Profit (A\$m)	EBITDA(A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)
06/20a	2.5	1.5	(0.8)	(1.7)	(0.6)	25.7
06/21e	3.0	1.9	(0.7)	(1.1)	(0.2)	26.5
06/22e	6.0	3.4	0.2	(0.2)	(0.0)	13.1
06/23e	13.9	7.4	2.8	1.6	0.4	5.4

Source: RaaS Advisory Estimates for FY21e, FY22e and FY23e, Company Data for historical earnings

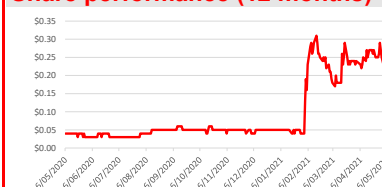
### Software & Services

7<sup>th</sup> May 2021

#### Share details

ASX Code	RNT
Share price (6 <sup>th</sup> May)	\$0.21
Market Capitalisation	\$83.5M
Shares on issue	397.7M
In the money options/performance rights	29.5M
Net cash 31 Mar 2021	\$3.8M

#### 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

- Evidence of takeup of RentPay
- Expansion of RentPay into other products
- Further 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 (6 May 2021)						A\$	0.21				
Profit and Loss (A\$m)						Interim (A\$m)						H120A	H220A	H121A	H221F	H122F	H222F
Y/E 30 June	FY19A	FY20A	FY21F	FY22F	FY23F	Revenue	1.2	1.3	1.5	1.5	2.1	3.9					
Sales Revenue	2.2	2.5	3.0	6.0	13.9	EBITDA underlying	(0.7)	(0.3)	(0.3)	(0.4)	(0.2)	0.5					
Gross Profit	0.8	1.5	1.9	3.4	7.4	EBIT	(1.2)	(0.7)	(0.7)	(0.7)	(0.5)	0.2					
EBITDA underlying	(2.0)	(0.8)	(0.7)	0.2	2.8	NPAT (normalised)	(1.0)	(0.7)	(0.2)	(0.7)	(0.3)	0.2					
EBITDA reported	(1.9)	(0.8)	(0.9)	0.2	2.8	Minorities	0.0	0.0	0.0	-	-	-					
Depn	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	NPAT (reported)	(0.9)	(0.7)	(0.4)	(0.7)	(0.3)	0.1					
Amort	(0.5)	(0.8)	(0.7)	(0.5)	(0.5)	EPS (normalised)	(0.3)	(0.2)	(0.1)	(0.2)	(0.08)	0.03					
EBIT	(2.6)	(1.7)	(1.6)	(0.3)	2.3	EPS (reported)	(0.3)	(0.2)	(0.1)	(0.2)	(0.08)	0.03					
Interest	0.0	(0.0)	0.0	0.0	0.1	Dividend (cps)	0.0	0.0	0.0	-	-	-					
Tax	0.0	0.0	(0.0)	0.1	(0.7)	Imputation	0.0	0.0	0.0	-	-	-					
Minorities	0.0	(0.0)	0.0	0.0	(0.1)	Operating cash flow	(0.6)	(0.1)	0.2	(0.1)	(0.0)	1.0					
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	(0.5)	0.2	0.3	0.1	0.2	1.2					
NPAT pre significant items	(2.6)	(1.7)	(1.1)	(0.2)	1.6	<b>Divisions</b>						H120A	H220A	H121A	H221F	H122F	H222F
Significant items	0.1	0.0	0.0	0.0	0.0	Fees from Agents/Landlords	0.1	0.1	0.1	0.1	0.1	0.1					
NPAT (reported)	(2.5)	(1.7)	(1.1)	(0.2)	1.6	Rental Products	0.6	0.7	0.8	0.8	0.8	0.9					
<b>Cash flow (A\$m)</b>						Advertising	0.5	0.0	0.5	0.5	0.7	0.6					
Y/E 30 June	FY19A	FY20A	FY21F	FY22F	FY23F	RentPay	0.0	0.0	0.1	0.1	0.5	2.3					
EBITDA	(2.0)	(0.8)	(0.7)	0.2	2.8	Total Revenue	1.2	0.8	1.5	1.5	2.1	3.9					
Interest	0.0	(0.0)	0.0	0.0	0.1	COGS	(0.5)	(0.5)	(0.5)	(0.6)	(0.9)	(1.7)					
Tax	0.0	0.0	(0.0)	(0.1)	(0.7)	Gross profit	(0.48)	(0.46)	(0.46)	(0.49)	(0.40)	0.56					
Working capital changes	0.1	0.0	0.5	0.8	2.0	Employment	(1.0)	(0.9)	(0.8)	(1.0)	(1.0)	(1.3)					
Operating cash flow	(1.9)	(0.8)	(0.2)	1.0	4.2	SGA&A	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)					
Mtce capex	(0.0)	(0.0)	0.0	0.0	0.0	EBITDA	(0.7)	(0.3)	(0.3)	(0.4)	(0.2)	0.5					
Free cash flow	(1.9)	(0.8)	(0.2)	1.0	4.2	<b>Margins, Leverage, Returns</b>						FY19A	FY20A	FY21F	FY22F	FY23F	
Growth capex	(0.6)	(0.5)	(0.3)	(0.5)	(0.5)	EBITDA		(93.4%)	(31.5%)	(24.0%)	4.1%	20.3%					
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT		(119.6%)	(67.6%)	(54.9%)	(4.8%)	16.6%					
Other	0.0	0.0	(0.4)	0.0	0.0	NPAT pre significant items		(119.2%)	(67.9%)	(35.7%)	(2.9%)	11.2%					
Cash flow pre financing	(2.5)	(1.2)	(0.8)	0.5	3.7	Net Debt (Cash)			0.1	0.6	4.0	4.5					
Equity	0.5	2.0	4.1	0.0	0.0	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	18.3	2.9					
Debt	(0.0)	(0.1)	(0.0)	0.0	0.0	ND/ND+Equity (%)	(%)	(10.0%)	(52.4%)	(426.6%)	(1635.6%)	472.2%					
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	-					
Net cash flow for year	(2.0)	0.7	3.3	0.5	3.7	ROA		(78.3%)	(68.1%)	(37.8%)	(4.4%)	24.7%					
<b>Balance sheet (A\$m)</b>						ROE		(174.6%)	(103.5%)	(31.8%)	(3.6%)	27.9%					
Y/E 30 June	FY19A	FY20A	FY21F	FY22F	FY23F	ROIC	nm		334.7%	(323.1%)	121.2%	(80.7%)					
Cash	0.2	0.6	4.0	4.5	8.2	<b>NTA (per share)</b>						n/a	0.00	0.01	0.01	0.01	
Accounts receivable	0.3	0.4	0.4	0.8	1.8	<b>Working capital</b>						(0.3)	(0.2)	(0.5)	(1.2)	(3.2)	
Inventory	0.0	0.0	0.0	0.0	0.0	<b>WC/Sales (%)</b>						(12.9%)	(7.1%)	(15.1%)	(20.3%)	(23.0%)	
Other current assets	0.0	0.0	0.0	0.0	0.0	<b>Revenue growth</b>						(6.9%)	13.3%	22.2%	101.5%	130.8%	
Total current assets	0.5	1.0	4.4	5.3	10.0	<b>EBIT growth pa</b>						n/a	n/a	n/a	n/a	nm	
PPE	0.0	0.0	0.0	0.0	0.0	<b>Pricing</b>						FY19A	FY20A	FY21F	FY22F	FY23F	
Intangibles and Goodwill	1.7	1.5	1.5	1.5	1.5	No of shares (y/e)	(m)	249	303	398	398	398					
Investments	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	238	292	313	398	398					
Deferred tax asset	0.0	0.0	0.0	0.1	0.1	EPS Reported	cps	(1.1)	(0.6)	(0.3)	(0.0)	0.4					
Other non current assets	0.0	0.1	0.1	0.1	0.1	EPS Normalised/Diluted	cps	(1.1)	(0.6)	(0.2)	(0.0)	0.4					
Total non current assets	1.7	1.6	1.6	1.7	1.7	EPS growth (norm/dil)		n/a	n/a	n/a	n/a	nm					
Total Assets	2.2	2.7	6.0	7.0	11.7	DPS	cps	-	-	-	-	-					
Accounts payable	0.6	0.6	0.8	2.0	5.0	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	0.2	0.2	PE (x)		-	-	-	-	53.5					
Total current liabilities	0.8	0.8	1.1	2.2	5.2	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%)	189.4%					
Other non current liabs	0.0	0.0	0.0	0.0	0.0	EV/EBITDA	-	25.8	-	81.3	-	110.6					
Total long term liabilities	0.0	0.0	0.0	0.0	0.0	FCF/Share	cps	(0.8)	(0.2)	(0.0)	0.2	1.0					
Total Liabilities	0.8	0.9	1.1	2.3	5.3	Price/FCF share	-	28	-	84.1	-	446.9					
Net Assets	1.4	1.8	4.9	4.8	6.4	Free Cash flow Yield		(3.6%)	(1.2%)	(0.2%)	1.2%	5.0%					
Share capital	35.3	37.1	41.4	41.4	41.4												
Accumulated profits/losses	(40.2)	(41.9)	(43.0)	(43.1)	(41.5)												
Reserves	6.3	6.6	6.5	6.5	6.5												
Minorities	0.0	0.0	0.0	0.0	0.0												
Total Shareholder funds	1.4	1.8	4.9	4.8	6.4												

Source: RaaS Advisory



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

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  - 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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