

# Rent.com.au Ltd

## Company update

### RentPay hits milestone of \$100m paid on the platform

Rent.com.au Limited (ASX:RNT) is a purpose-led company seeking to empower home renters through their technology platform and a growing number of aligned transactional services. The company has announced that RentPay has reached the milestone of \$100m paid through the platform since its relaunch. The pace of growth is accelerating, with the \$75m mark reached in February and the \$50m milestone passed in October 2022. The platform also now has 5,524 active customers, up from 4,496 at the end of March. Rent.com.au commented that its marketing efforts were having a positive impact in terms of general awareness and generating accelerated growth in active customers. The company is focussing most of its marketing efforts on social media, given that the majority of its customers are younger, tech-savvy professionals. RNT noted that it has signed several mid-tier real estate offices to bring their rent-rolls onto RentPay and is in discussions with other larger agencies. We see the milestone of \$100m as another positive sign that RentPay is gaining traction and retain our current forecasts. Our base case DCF valuation is \$91.4m or \$0.178/share and predicated on RentPay securing 5% of renters on its platform by FY25 and 20% by FY32.

### 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 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 flexibility being utilised by renters

RentPay continues to demonstrate momentum with its active customer takeup, adding another ~500 customers (a 10% increase) since Rent.com.au reported its Q3 results at the end of April. RentPay customers have now more than doubled since the end of March 2022 and the momentum appears established with both social media marketing and agency takeup driving the shift. The company believes that its two-sided marketplace, with the platform attractive to renters and to those managing the rent-roll, has also assisted. More than half the renters using the time-shifting functionality of RentPay doing so to sync their rent payments with payday. More than one-quarter of renters are using the PayID and credit card payments functionality in RentPay to manage their payments, extending the payment options beyond the traditional direct debit preferred by agents. Around 20% of customers are using RentPay's "buffer" feature to manage their timing or to ensure that they are covered for their rent during an income gap.

### Base-case DCF valuation of \$0.178/share

Our base-case DCF valuation for Rent.com.au is now \$0.178/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.

Earnings history and RaaS' estimates (in A\$ unless otherwise stated)						
Year end	Sales revenues	Gross profit	EBITDA	NPAT	EPS (c)	EV/Sales (x)
06/22a	3.4	1.5	(1.6)	(2.7)	(0.6)	3.0
06/23f	3.1	1.7	(1.8)	(2.8)	(0.6)	4.0
06/24f	5.9	2.4	(1.5)	(1.7)	(0.4)	2.4
06/25f	12.8	6.5	2.4	0.8	0.2	1.0

Source: RaaS estimates for FY23f, FY24f and FY25f; Company data for historical earnings

## Software & Services

24 May 2023

### Share Details

ASX code	RNT
Share price (intraday)	\$0.028
Market capitalisation	\$14.4M
Shares on issue (post entitlement offer)	513.7M
Options/performance rights	50.7M
Net cash (31-Mar-23)	\$2.6M

### 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 Interview

[Rent.com.au \(ASX:RNT\) RaaS Interview 3 May 2023](#)

### Company Contacts

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### Exhibit 1: Financial Summary

Rent.com.au Ltd						Share price (23 May 2023)						A\$	0.025				
Profit and Loss (A\$m)						Interim (A\$m)						H122A	H222A	H123F	H223F	H124F	H224F
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	Revenue	1.7	1.7	1.5	1.7	2.2	3.7					
Sales Revenue	3.1	3.4	3.1	5.9	12.8	EBITDA underlying	(0.8)	(0.8)	(1.0)	(0.9)	(1.2)	(0.4)					
Gross Profit	1.8	1.5	1.7	2.4	6.5	EBIT	(1.2)	(1.4)	(1.4)	(1.4)	(1.7)	(0.9)					
EBITDA underlying	(0.7)	(1.6)	(1.8)	(1.5)	2.4	NPAT (normalised)	(1.2)	(1.4)	(1.4)	(1.4)	(1.2)	(0.6)					
EBITDA reported	(1.0)	(1.8)	(1.8)	(1.5)	2.4	Minorities	-	-	-	0.0	-	0.0					
Depn	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	NPAT (reported)	(1.3)	(1.5)	(1.6)	(1.4)	(1.2)	(0.6)					
Amort	(0.8)	(0.9)	(0.9)	(1.0)	(1.1)	EPS (normalised)	(0.32)	(0.29)	(0.31)	(0.27)	(0.23)	(0.12)					
EBIT	(1.6)	(2.6)	(2.8)	(2.5)	1.3	EPS (reported)	(0.34)	(0.32)	(0.34)	(0.27)	(0.23)	(0.12)					
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	Dividend (cps)	-	-	-	-	-	-					
Tax	(0.0)	0.0	0.0	0.8	(0.4)	Imputation	-	-	-	-	-	-					
Minorities	(0.0)	(0.1)	(0.0)	0.1	(0.1)	Operating cash flow	(1.0)	(0.7)	(0.7)	(0.9)	(0.9)	0.0					
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	(0.7)	0.3	(0.4)	(0.3)	(0.3)	0.7					
NPAT pre significant items	(1.0)	(2.5)	(2.8)	(1.7)	0.8	<b>Divisions</b>	<b>H122A</b>	<b>H222A</b>	<b>H123F</b>	<b>H223F</b>	<b>H124F</b>	<b>H224F</b>					
Significant items	(0.3)	(0.2)	0.0	0.0	0.0	Fees from Agents/Landlords	0.1	0.1	0.1	0.1	0.1	0.1					
NPAT (reported)	(1.3)	(2.7)	(2.8)	(1.7)	0.8	Rental Products	0.7	0.8	0.8	0.9	0.8	0.9					
<b>Cash flow (A\$m)</b>						Advertising	0.8	0.8	0.5	0.6	0.8	0.9					
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	RentPay	0.1	0.1	0.1	0.2	0.6	1.9					
EBITDA	(0.7)	(1.6)	(1.8)	(1.5)	2.4	Total Revenue	1.6	1.7	1.4	1.7	2.2	3.7					
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	COGS	(1.0)	(0.9)	(0.7)	(0.7)	(1.4)	(2.1)					
Tax	(0.0)	0.0	0.0	0.0	(0.4)	Gross profit	(0.90)	(0.87)	(0.60)	(0.49)	(0.84)	(0.22)					
Working capital changes	0.7	(0.0)	0.2	0.7	0.4	Employment	(0.9)	(1.1)	(1.2)	(1.3)	(1.3)	(1.4)					
Operating cash flow	(0.1)	(1.7)	(1.6)	(0.9)	2.4	SGA&A	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)					
Mtce capex	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	EBITDA	(0.8)	(0.8)	(1.0)	(0.9)	(1.2)	(0.4)					
Free cash flow	(0.1)	(1.7)	(1.7)	(1.0)	2.3	Margins, Leverage, Returns		FY21A	FY22A	FY23F	FY24F	FY25F					
Growth capex	(1.6)	(1.2)	(0.9)	(1.2)	(1.2)	EBITDA		(22.3%)	(47.5%)	(59.2%)	(25.9%)	18.5%					
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT		(50.4%)	(77.7%)	(89.6%)	(42.9%)	10.0%					
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items		(32.1%)	(75.4%)	(90.0%)	(29.0%)	6.3%					
Cash flow pre financing	(1.7)	(3.0)	(2.6)	(2.2)	1.1	Net Debt (Cash)		2.9	2.2	2.1	(0.1)	1.0					
Equity	4.2	2.5	2.7	0.0	0.0	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	n/a	0.4					
Debt	(0.1)	(0.1)	0.0	0.0	0.0	ND/ND+Equity (%)	(%)	(143.6%)	(89.0%)	(86.3%)	3.3%	(36.9%)					
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	0.0					
Net cash flow for year	2.4	(0.5)	0.1	(2.2)	1.1	ROA		(36.4%)	(44.5%)	(47.6%)	(46.3%)	20.2%					
<b>Balance sheet (A\$m)</b>						ROE		(37.9%)	(57.5%)	(61.3%)	(48.0%)	25.7%					
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	ROIC		nm	nm	nm	nm	nm					
Cash	2.9	2.2	2.2	0.1	1.1	NTA (per share)		0.01	0.00	0.00	n/a	0.00					
Accounts receivable	0.5	0.5	0.5	1.0	2.1	Working capital		(0.2)	(0.1)	(0.2)	(0.9)	(1.3)					
Inventory	0.0	0.0	0.0	0.0	0.0	WC/Sales (%)		(7.5%)	(3.3%)	(7.0%)	(15.1%)	(10.1%)					
Other current assets	0.0	0.0	0.0	0.0	0.0	Revenue growth		26.2%	8.9%	(8.1%)	91.1%	116.3%					
Total current assets	3.4	2.8	2.7	1.0	3.2	<b>Pricing</b>		FY21A	FY22A	FY23F	FY24F	FY25F					
PPE	0.0	0.1	0.1	0.2	0.3	No of shares (y/e)	(m)	398	440	514	514	514					
Intangibles and Goodwill	2.4	2.8	2.8	3.0	3.1	Weighted Av Dil Shares	(m)	355	417	514	514	514					
Investments	0.0	0.0	0.0	0.0	0.0	EPS Reported	cps	(0.4)	(0.7)	(0.6)	(0.4)	0.2					
Deferred tax asset	0.0	0.0	0.0	0.8	0.8	EPS Normalised/Diluted	cps	(0.4)	(0.6)	(0.6)	(0.4)	0.2					
Other non current assets	0.0	0.3	0.2	0.2	0.2	EPS growth (norm/dil)		n/a	n/a	-5%	-33%	(144.4%)					
Total non current assets	2.5	3.1	3.1	4.1	4.4	DPS	cps	-	-	-	-	-					
<b>Total Assets</b>	<b>5.9</b>	<b>5.9</b>	<b>5.8</b>	<b>5.2</b>	<b>7.6</b>	EV/EBITDA		(10.2)	(5.5)	(5.9)	(8.4)	5.0					
Accounts payable	0.7	0.7	0.7	1.9	3.4	FCF/Share	cps	(0.0)	(0.4)	(0.3)	(0.1)	0.5					
Short term debt	0.0	0.0	0.1	0.1	0.1	Price/FCF share		nm	nm	nm	nm	5.2					
Tax payable	0.0	0.0	0.0	0.0	0.0	Free Cash flow Yield		(0.0%)	(14.6%)	(12.2%)	(5.9%)	19.3%					
Other current liabilities	0.2	0.3	0.3	0.3	0.3												
Total current liabilities	1.0	1.0	1.2	2.3	3.8												
Long term debt	0.0	0.0	0.0	0.0	0.0												
Other non current liabs	0.0	0.2	0.2	0.2	0.2												
Total long term liabilities	0.0	0.2	0.2	0.2	0.2												
<b>Total Liabilities</b>	<b>1.0</b>	<b>1.2</b>	<b>1.3</b>	<b>2.5</b>	<b>4.0</b>												
<b>Net Assets</b>	<b>4.9</b>	<b>4.6</b>	<b>4.5</b>	<b>2.7</b>	<b>3.6</b>												
Share capital	41.5	43.8	46.5	46.5	46.5												
Accumulated profits/losses	(43.2)	(45.9)	(48.8)	(50.6)	(49.7)												
Reserves	6.6	6.8	6.9	6.9	6.9												
Minorities	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)												
<b>Total Shareholder funds</b>	<b>4.9</b>	<b>4.6</b>	<b>4.5</b>	<b>2.7</b>	<b>3.6</b>												

Source: RaaS estimates



# 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
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