

16 October 2023

## Rent.com.au Ltd

### RentPay surpasses \$150m in rent paid on the platform

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 RentPay has now achieved the milestone of \$150m payments through the platform since its relaunch. This equates to 200% year on year growth in rental payments. The milestone was achieved in just five months from the \$100m milestone and achieved at a faster rate. The previous milestone which was achieved in May took seven months to surpass and the one before that took 13 months. Rent.com.au noted that it now has more than 7,250 paying RentPay customers with the platform processing almost \$3m in rent a week. The news demonstrates that RentPay continues to build momentum with both real estate agencies and tenants signing up for the 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.

#### Strong growth in customers and payments

Rent.com.au noted that it had seen good growth in both real estate agents and consumer marketing-driven customers, with more than 7,250 paying RentPay customers now paying almost \$3m a week in rent through the platform. This is up from 6,066 customers at the end of Q4. Rent paid through the platform has increased by almost \$700,000 a week in 14 weeks since the end of FY23. The company highlighted that consumers were showing a preference for using cards (both credit and debit cards) for payments and in response, Rent.com.au, has released the lowest card transaction fees in the rental payments market, a flat rate of 0.99% with no minimum fee. In our view, the growth trend is positive for Rent.com.au. Our longer-term earnings forecasts and valuation are predicated on solid take-up of RentPay by the market.

#### Base case valuation is \$0.17/share

Our base-case DCF valuation for Rent.com.au remains at \$0.17/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 Advisory estimates (in A\$m)

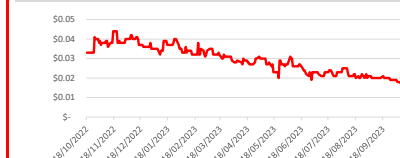
Year end	Total Revenue	Gross Profit	EBITDA	NPAT	EPS (c)	EV/Sales (x)
06/22a	3.4	1.5	(1.6)	(2.7)	(0.6)	2.0
06/23f	2.8	0.9	(2.5)	(3.8)	(0.7)	3.2
06/24f	5.5	2.3	(2.2)	(2.2)	(0.6)	2.2
06/25f	12.4	6.4	1.7	0.2	0.1	0.9

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e ^Annual Contact Value

#### Share Details

ASX code	RNT
Share price (intraday)	\$0.02
Market capitalisation	\$10.3M
Shares on issue	513.7M
Net cash at 30-Jun-2023	\$1.5M

#### 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

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## FINANCIAL SERVICES GUIDE

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of

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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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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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