



23 August 2021

**ASX ANNOUNCEMENT****Latitude delivers strong First Half 2021 profit at the top end of guidance with strong volume momentum**

Latitude Group Holdings Limited (ASX: LFS) is pleased to announce its half year results to 30 June 2021.

**1H21 Financial Highlights<sup>1</sup>**

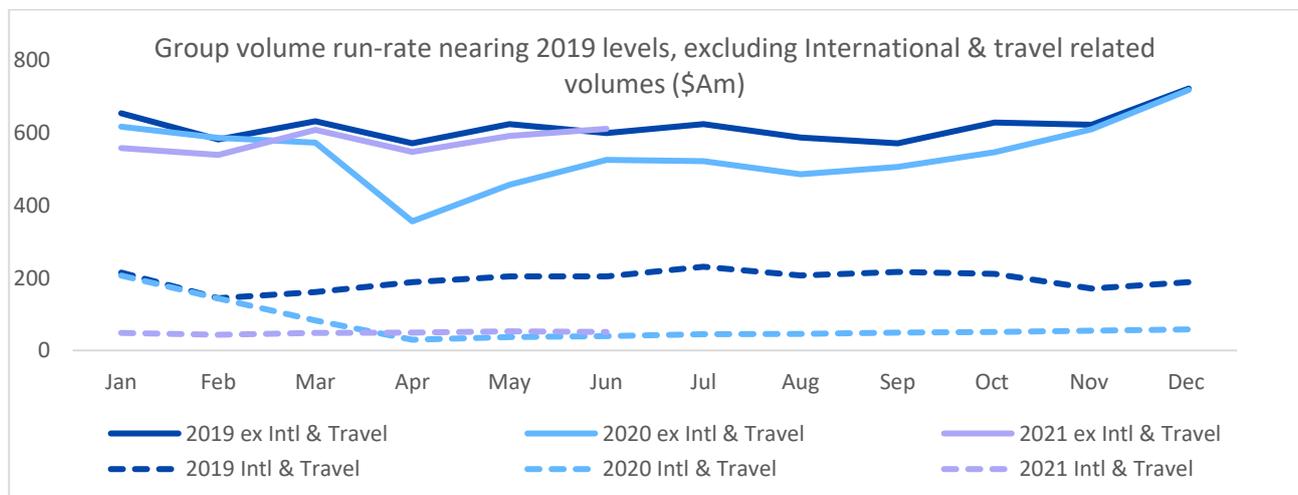
- Statutory NPAT of \$89.5 million, up 524%
- Cash NPAT of \$121 million, up 81% on the prior comparative period (PCP)
- Dividend of 7.85 cents per share (\$78.5 million)
- ROE 19.1% and ROTE of 54.4%

**1H21 Key Operating Metrics**

- Volumes \$3.6 billion, up 5% on PCP
- Gross Receivables \$6.5 billion, down 6% on PCP and in line with 2H20
- Net charge-offs declined to 2.54%, down from 3.83% in PCP and 2.66% in 2H20
- RAI \$344m, down 4% on PCP and down 1% on 2H20
- Pre-provision profit of \$158 million, up 4% on PCP and 5% on 2H20

**1H21 Operational Highlights**

- Total volume excluding the significantly COVID-impacted travel and international category grew strongly by 11% on PCP
- Strong growth in Lending across both personal and auto loans. Total personal and auto loan volumes up 37% on PCP, including 35% in Australia and 46% in New Zealand. Instalments volumes up 3% led by a strong performance in New Zealand, while Australian volumes were driven by continued consumer demand in the home segment and domestic scheme spending, offset by periods of store closures during lockdowns



- Cost reduction of 10.5% in line with 1H21 guidance driven by the simplification program whilst maintaining growth-related investments

<sup>1</sup> For Cash NPAT the six months to 30 June 2020 Pro Forma, as incorporated in the IPO Prospectus dated 30 March 2021, has been used as the basis for PCP comparisons.

- LatitudePay (BNPL) customer base grew 73% on PCP to 458,000 open accounts, and ~2,000 new merchant partners activated, with significant new merchant growth in the pipeline
- Successful pilot launch of LatitudePay+, which will allow BNPL customers to make bigger purchases of up to \$10,000 using LatitudePay, with the wider release scheduled for October 2021
- Commenced development of six-month interest free shopping on Latitude GO Mastercard as part of the Future of Interest Free program
- Settled the refinancing of \$1.038 billion Australian Personal Loans Warehouse Facility and established a new \$1.056 billion Australia and New Zealand Sales Finance and Credit Cards Warehouse to replace an existing cards warehouse facility
- Tangible Equity Ratio<sup>2</sup> of 8.2% demonstrating strong cash and capital generation. While capital levels remain strong, Latitude continues to explore further diversification of its funding and capital sources in the near to medium term to support its growth aspirations

Managing Director and CEO Ahmed Fahour said: “This is a strong result that delivers cash NPAT just above the top end of guidance of \$120 million for 1H21. The 37% volume growth in our personal and auto lending business across both Australia and New Zealand was particularly pleasing. Latitude is now the number two originator of new personal loans in Australia and one of the leaders in New Zealand.

“The strength of our 1H21 performance, which saw overall volume growth, market share gains and lower costs, has allowed Latitude to declare a Dividend of 7.85 cents per share (\$78.5 million).

“Latitude is entering the 2H21 with a number of opportunities to grow our core instalments and lending businesses, as demonstrated by the acquisition of Symple Loans. We are accelerating our big ticket BNPL offer LatitudePay+, which allows LatitudePay customers to make purchases of up to \$10,000, we have relaunched our insurance product and are well advanced in our plans for Asia.”

## **Outlook**

While the current Australian and New Zealand lockdowns have temporarily slowed economic activity, based on last year’s experience Latitude anticipates spending will recover quickly once restrictions are eased. Pent-up demand led to a 43% increase in Latitude’s Victorian volumes in November last year, when restrictions eased in that state, compared to the monthly average for the previous three months of lockdown.

Latitude’s Directors anticipate the 2H21 dividend will remain at the same level of 1H21 at 7.85 cents per share but will be fully franked. This is expected to be within the company’s dividend payout ratio policy of 60% to 70% of Cash NPAT.

Latitude Managing Director and CEO Ahmed Fahour and CFO Adrienne Duarte will host a briefing on the 1H21 results at 9am AEST:

Date: Monday, 23 August 2021

Time: 9am AEST

Webcast details: <https://webcast.openbriefing.com/7755/>

Conference call pre-registration link: <https://s1.c-conf.com/diamondpass/10015820-am117a.html>

Authorised for release by Paul Burke, Company Secretary.

## **For further information:**

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<sup>2</sup> Tangible Equity to Net Receivables