

6 Aug 2018

**Share Price:** \$1.22  
**12mth price target:** \$1.80

## GOLDFIELDS MONEY LIMITED (GMY)

### Firstmac proposal – number 3

Goldfields Money Ltd (GMY) has announced that on 1 August 2018 it had received an unsolicited proposal from Firstmac Holdings Limited (Firstmac) to invest \$20m into GMY through a placement of ~14.3m shares at an issue price of \$1.40 / share. In the opinion of the GMY Board the proposal was not in a form “capable of acceptance or warranting further investigation”. The proposal lapsed at 11am EST on 2 August 2018.

In June 2018 GMY announced that FSSA approval had been received (refer our note 5 June 2018, *FSSA approval received*), subject to GMY raising at least \$20m in capital. Of this amount, ~\$4.7m was raised (at \$1.40 / share) in April 2018, with GMY expecting to raise at least the additional \$15.3m required.

### Firstmac interest remains

The latest proposal clearly indicates that Firstmac continues to have interest in GMY and, we assume, primarily GMY’s status as an Authorised Deposit-taking Institution (ADI). On 16 October 2017, Firstmac launched an unsolicited, unconditional, on-market cash offer of \$1.12 / share for GMY. The offer, which was subsequently increased to \$1.27 / share on 9 November 2017, lapsed on 1 December 2017.

Interestingly, post GMY receiving FSSA approval in June 2018, Firstmac sold ~17% of its GMY holding, equating to ~0.6m shares at an average price of \$1.32, reducing its holding to 10.8%. Based on the most recent shareholder disclosure notices, were this most recent proposal proceeded with it would have resulted in Firstmac emerging with a ~42% interest in GMY.

### Trading and transaction update

In late July 2018 GMY provided a trading update advising that the business was on target to record a small underlying profit before tax. In addition, GMY advised that Finsure was expected to deliver underlying FY18 EBITDA of \$10m-\$11m. Completion of the Finsure transaction, originally expected in March 2018, has again been delayed with GMY now expecting completion to occur in September 2018. We will look to update our FY19 forecasts upon greater clarity around timing of completion of the transaction.

### To be a fly on the wall... Speculative Buy; Price Target \$1.80

The battle for GMY has been intriguing. After being rebuffed on its initial offers and then despite selling a reasonable share of its GMY holding in June 2018, Firstmac’s interest in GMY appears to remain alive. For its part GMY would appear to have little interest in engaging with Firstmac and remains focussed on driving forward with completion of the Finsure transaction, the ongoing delays to which raise questions of their own.

There remains uncertainty here from a number of angles. We maintain our Speculative Buy recommendation while recognising that the ongoing uncertainty is increasing the speculative element of the investment case, though we continue to draw comfort from the underlying value support inherent in GMY’s status as an ADI.

#### Brief Business Description:

GMY is a small Authorised Deposit-taking Institution, providing clients with basic lending and deposit products. GMY is currently working toward a merger with mortgage aggregator Finsure.

#### Hartleys Brief Investment Conclusion:

Success in completing the proposed merger with Finsure will provide GMY with significant growth potential

#### Chairman & CEO:

Peter Wallace (Non-Exec. Chairman)  
 Simon Lyons (Exec. Director / CEO)

#### Top Shareholders:

Aoyin Group	11.6%
Firstmac	10.8%
Aura FM	10.6%
Lord of W Holdings	6.2%

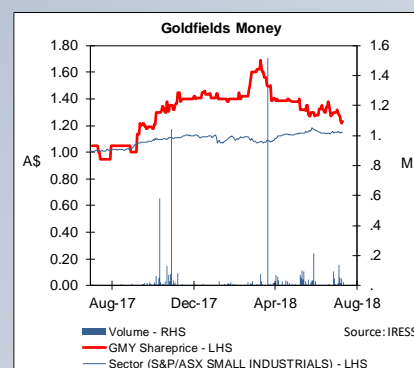
#### Company Address:

Unit 30, 118 Royal St.  
 Perth, WA 6004

<b>Issued Capital:</b>	25.9m
- fully diluted	32.3m
<b>Market Cap:</b>	\$31.6m
- fully diluted	\$39.5m

	FY17a	FY18e	FY19e
Op. Revenue	4.2	5.0	31.5
NPAT (A\$m)	-1.0	-0.3	8.3
<b>NPAT (A\$m)*</b>	<b>-1.0</b>	<b>-0.3</b>	<b>6.9</b>
EPS (c,basic)	-5.1	-1.2	10.9
P/E (basic)			11.2x
P/E (diluted)			11.2x
DPS (cps)	0.0	0.0	0.0

Source: Hartleys Research. \*Cash NPAT



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Hartleys has assisted in the completion of part of a capital raising in the past 12 months for Goldfields Money Limited for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Goldfields Money for which it will earn fees.

## SUMMARY MODEL

Goldfields Money Ltd (GMV)					Recommendation: <b>Speculative Buy</b>					
<b>Company Information</b>					<b>Profit &amp; Loss (\$m)</b>					
Date	6 Aug 2018	Unit 30, 118 Royal St.			6/17A	6/18F	6/19F	6/20F		
Share Price	\$1.22	Perth, WA 6004			<b>Operating Revenue</b>	<b>4.2</b>	<b>5.0</b>	<b>31.5</b>	<b>37.0</b>	
52 Week High-Low	\$0.95 - \$1.75	Ph: 1300 464 4653			Operating Expenses	-5.3	-5.3	-19.0	-20.0	
Dil. Market Cap (\$m)	\$39	www.goldfieldsmoney.com.au			Loan Provisions	-0.3	-0.1	-0.6	-0.8	
Ordinary Shares	25.9				Depn & Amort.	-0.3	-0.3	-1.0	-1.0	
Fully Diluted Shares	32.3				<b>PBT</b>	<b>-1.3</b>	<b>-0.4</b>	<b>11.8</b>	<b>16.2</b>	
Price Target	\$1.80				Tax	0.3	0.1	-3.5	-4.9	
Upside / Downside	48%				<b>NPAT</b>	<b>-1.0</b>	<b>-0.3</b>	<b>8.3</b>	<b>11.3</b>	
<b>Price Target</b>					<b>Non-cash Adjustments</b>					
12 Month Price Target	\$1.80				NPV of Trail Book (pre-tax)	0.0	0.0	2.0	2.0	
P/E (FY19) at price target - Reported EPS	16.6x				NPV of Trail Book (post-tax)	0.0	0.0	1.4	1.4	
P/E (FY20) at price target - Reported EPS	14.1x				<b>Cash NPAT</b>	<b>-1.0</b>	<b>-0.3</b>	<b>6.9</b>	<b>9.9</b>	
P/E (FY19) at price target - Cash EPS	19.9x				<b>Reported EPS (basic, wghtd)</b>	<b>-5.1</b>	<b>-1.2</b>	<b>10.9</b>	<b>12.8</b>	
P/E (FY20) at price target - Cash EPS	16.0x				<b>Reported EPS (dil, wghtd)</b>	<b>-4.1</b>	<b>-1.0</b>	<b>10.9</b>	<b>12.8</b>	
<b>Multiples (\$/price at \$1.22)</b>	<b>6/17A</b>	<b>6/18F</b>	<b>6/19F</b>	<b>6/20F</b>	<b>Cash EPS (basic, wghtd)</b>	<b>-5.1</b>	<b>-1.2</b>	<b>9.0</b>	<b>11.2</b>	
P/E (basic, weighted)			11.2x	9.5x	<b>Cash EPS (dil, wghtd)</b>	<b>-4.1</b>	<b>-1.0</b>	<b>9.0</b>	<b>11.2</b>	
P/E (diluted, weighted)			11.2x	9.5x	<b>DPS (cps)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Cash P/E (basic, weighted)			13.5x	10.9x	<b>Balance Sheet (\$m)</b>	<b>6/17A</b>	<b>6/18F</b>	<b>6/19F</b>	<b>6/20F</b>	
Cash P/E (diluted, weighted)			13.5x	10.9x	Cash	16.2	20.0	34.3	60.4	
Dividend Yield	0.0%	0.0%	0.0%	0.0%	Deposits with ADI's	26.9	26.9	26.9	26.9	
Price / Book	1.4x	1.3x	1.0x	0.9x	FRNs with ADI's	11.1	11.1	11.1	11.1	
<b>Ratios</b>	<b>6/17A</b>	<b>6/18F</b>	<b>6/19F</b>	<b>6/20F</b>	Loans & Advances	157.0	182.0	345.6	526.5	
Return on Equity	-5.0%	-1.1%	8.5%	9.2%	NPV of Trail Comms - Receivable	0.0	0.0	195.7	223.9	
Return on Assets	-0.6%	-0.2%	1.8%	1.8%	Shares in CUSCAL	0.4	0.4	0.4	0.4	
<b>Share Data</b>	<b>6/17A</b>	<b>6/18F</b>	<b>6/19F</b>	<b>6/20F</b>	Property, Plant, Equipment	0.8	0.8	0.8	0.8	
Ord Issued shares (m)	22.5	25.9	78.6	88.6	Goodwill	0.0	0.0	37.3	37.3	
growth	25%	15%	203%	13%	Other Intangibles - Computer software	0.5	1.2	1.2	1.2	
Weighted ave shares (m)	19.6	23.1	76.1	88.6	Deferred Tax Assets	0.6	0.6	0.6	0.6	
growth	22%	18%	229%	16%	Other	1.6	1.6	1.6	1.6	
Diluted shares wghtd (m)	24.1	29.6	76.1	88.6	<b>Total Assets</b>	<b>215.2</b>	<b>244.7</b>	<b>655.7</b>	<b>890.8</b>	
growth	17%	22%	157%	16%	Deposits	194.1	219.1	382.7	563.6	
<b>Unpaid Capital</b>	<b>Expiry</b>	<b>Number (m)</b>	<b>Avg Price</b>	<b>\$m unpaid</b>	NPV of Trail Comms - Payable	0.0	0.0	172.1	198.8	
	30-Nov-21	1.94	\$0.00	\$0.00	Creditors & other payables	0.6	0.0	0.0	0.0	
	11-May-19	4.50	\$1.50	\$6.75	Current Tax Liabilities	0.0	0.2	3.9	5.2	
	<b>TOTAL</b>	<b>6.44</b>		<b>\$6.75</b>	Provisions	0.2	0.2	0.2	0.2	
					Interest Bearing Liabilities	0.0	0.0	0.0	0.0	
					Deferred Tax Liabilities	0.0	0.0	0.0	0.0	
					Other	0.0	0.0	0.0	0.0	
					<b>Total Liabilities</b>	<b>195.0</b>	<b>219.6</b>	<b>558.9</b>	<b>767.8</b>	
					<b>Net Assets</b>	<b>20.2</b>	<b>25.1</b>	<b>96.8</b>	<b>123.0</b>	
<b>Directors &amp; Senior Mgt</b>	<b>Substantial Shareholders</b>				<b>Cashflow Statement (\$m)</b>	<b>6/17A</b>	<b>6/18F</b>	<b>6/19F</b>	<b>6/20F</b>	
Peter Wallace (Non-Exec. Chairman)	Aoyin Group	11.6%			Net Operating Cash Flow	-1.7	0.2	12.9	13.7	
Simon Lyons (Exec. Director / CEO)	Firstmac	10.8%			Net Investing Cash Flow	-44.2	-26.0	-165.6	-182.9	
Derek La Ferla (NED)	Aura FM	10.6%			Net Financing Cash Flow	59.7	29.5	167.0	195.3	
John Kolenda (NED)	Lord of W Holdings	6.2%			<b>Movement in Cash</b>	<b>13.8</b>	<b>3.8</b>	<b>14.3</b>	<b>26.1</b>	
Peter Hall (NED)					<b>Key Metrics - Finsure</b>	<b>6/17A</b>	<b>6/18F</b>	<b>6/19F</b>	<b>6/20F</b>	
Malcolm Cowell (CFO)					Loan writers	1,213	1,435	1,744	1,918	
					growth	31%	18%	22%	10%	
					Loan writers - average	1,069	1,324	1,630	1,831	
					Settlements per avg. loan writer (\$m)	9.7	9.3	9.3	9.3	
					growth		-5%	0%	0%	
					Total Settlements (\$m)	10,400	12,300	15,081	16,940	
					growth		18%	23%	12%	
					Aggregation - Upfront net revenue	0.035%	0.035%	0.035%	0.035%	
					Aggregation - Trail net revenue	0.014%	0.014%	0.014%	0.014%	
					Aggregation - Loan book (\$m)	25,000	30,975	40,608	48,647	
					Wholesale - Loan book (\$m)	1,500	2,225	2,180	2,244	
Analyst: Oliver Stevens					Last Earnings Estimate Change:					
Phone: +61 8 9268 2879					6 August 2018					
Sources: IRESS, Company Information, Hartleys Research										

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## Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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Hartleys has completed a capital raising in the past 12 months for Goldfields Money Limited ("GMY"), for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to GMY, for which it has earned fees.

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