

ASX Announcement & Media Release

AXL announces \$200M Securitisation Warehouse Facility to drive further growth

26 March 2018

Axesstoday Limited (ASX: AXL) (“AXL”, Axesstoday or the “Company”) is pleased to announce the establishment of a new \$200 million securitisation warehouse facility (“SWF”) that will reduce funding costs and underpin further strategic growth.

Key Details

- **\$200m line of credit securitisation warehouse facility established**
- **Diversified access to Australian wholesale debt markets to fund rapid organic growth**
- **Material reduction in cost of funds¹ as the securitisation program is utilised**
- **Reduced equity requirements² to 10% and below over time**
- **Scalable, revolving funding platform increasing capacity for growth**
- **Applied to both hospitality and transport asset segments**

Background

In its FY18 Trading Update released in February 2018, Axesstoday reported continued outperformance of key operating targets and industry trends, delivering rapid business growth across all key metrics. Highlights from the FY18 Trading Update for the 6 months to 31 December 2017 included:

- Continued rapid market share growth with receivables increasing by 53% over 30 June 2017 to \$256m
- 1H18 profit after tax of \$3.2m representing a 95% increase on prior corresponding period (pcp). Net portfolio income increased by 144% to \$15.0 million compared to pcp
- FY18 earnings guidance increased to \$7.0m from \$6.0m initial guidance

Since the half year result, Axesstoday has continued to deliver strong receivables growth across both its hospitality and transport segments.

Axesstoday has utilised a broad funding base comprising senior syndicated debt, corporate notes and equity. In order to further diversify its funding structure, provide a long-term efficient capital model and facilitate continued rapid growth, the Company has been negotiating the formation of a SWF with a leading Australian bank. Today, the Company is pleased to announce the establishment of its SWF.

¹ Weighted average cost of debt

² As a percentage of the total drawn SWF amount.

Securitisation to facilitate further rapid growth

The SWF marks a new growth milestone for the Company with securitisation providing efficient access to capital. The SWF has a revolving term of 12 months which is expected to be fully operational during April 2018 and reflects continued strong financier support for Axsesstoday and its portfolio performance.

The Company expects to assign \$120m of its existing portfolio into the SWF initially and build this to approximately \$200m through new originations over the next 6 months. The SWF will enable Axsesstoday to sell a large portion of assets through the issuance of secured bonds to Australian fixed income investors (“Term Out”). The Term Out will create headroom in the revolving facility to originate new leases to facilitate growth in the portfolio beyond what has been possible relying on traditional corporate bank loans.

Funding structure

As the SWF is fully utilised, reductions in equity capital requirements and funding costs are expected to deliver considerable value to Axsesstoday shareholders.

The structure of the SWF will comprise \$200m (70%) in senior bank funding and will be supported by subordinated mezzanine notes and equity notes at 20% and 10% respectively. Upon creation of the SWF, Axsesstoday will hold both the mezzanine and equity notes to provide stable backing for the SWF in its initial growth phase before the first Term Out. Based on the contemplated SWF structure Axsesstoday will provide the necessary capital through a combination of current equity and the proceeds from the proposed equity raising. Post the first Term Out (expected to occur in approximately 6 months), Axsesstoday expects its investment to be scaled back to solely the equity notes, representing a significant decrease in future equity requirements.

As utilisation of the SWF increases and Term Outs occur, Axsesstoday’s weighted average cost of funds will materially decrease. The decrease in the cost of funds will be further enhanced by the reduction in other, higher cost debt facilities still outstanding. Furthermore, the Company expects to deliver a targeted reduction in its current corporate debt facility (\$175m) which will be refinanced to approximately \$65m, significantly reducing reliance on bank loans. Investors in the SWF have recourse only to the SWF portfolio and not to Axsesstoday Limited and its subsidiaries and all statutory reporting will be on a consolidated basis between the Group and the SWF.

Peter Ferizis, CEO and Managing Director of Axsesstoday, said “Securitisation represents a major milestone for the Company as we look to further increase our market share as a specialist equipment financier in the transport and hospitality segments.”

“The major benefits of the SWF facility include a material reduction in funding costs, improved capital efficiency through reduced future equity requirements and significant headroom to accommodate continued organic growth in our core business, the combination of which will deliver increased, sustainable shareholder value.”

About Axsesstoday Limited

Axsesstoday Limited (ASX: AXL) (“Axsesstoday”) is a specialist provider of equipment funding solutions for small to medium sized enterprises (SMEs) in the hospitality, transport and other sectors. The Group has continued to achieve strong growth since commencing operations in 2012 by providing a compelling and differentiated value proposition for merchants to offer equipment finance to their end customers.

Axsesstoday will be conducting a teleconference for investors at 2pm (AEDT) today, 26 March 2018 on the below number:

Australia: 1800 685 494

International: 03 868 70650

Joseph Flanagan
CFO and Company Secretary

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