Latitude Group Holdings Ltd
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ASX ANNOUNCEMENT

Latitude delivers continued volume, receivables and margin growth in 2H24

Latitude Group Holdings Limited (ASX: LFS) today announced its Full Year results to 31 December 2024, reporting:

- Statutory NPAT from continuing operations of $30.6m, up from a loss of $102.7m in FY23
- Cash NPAT of $65.9m, up 139% compared to FY23
- Dividend of 3.00 cents per share unfranked, including a dividend reinvestment plan

FY24 Financial and Operating Highlights

- 265,000 new Latitude customer accounts opened, up 22% from prior year
- Total volume of $8.2bn, up 13% YoY
- Total purchase volume of $6.7bn, up 10% YoY, with the strongest 4Q in company history
- New personal and auto loan origination of $1.5bn, up 33% YoY, a new record high
- Total gross receivables of $6.7bn, up 8% YoY to the highest level since 1H20, and interest bearing receivables of $5.0bn, up 11% YoY
- Operating income margin of 11.3%, up 85bps YoY, with strategic margin management actions offsetting higher funding costs, which have now stabilised
- Total net charge-offs of 3.3% of average receivables, down 9bps YoY
- Risk adjusted income of $515 million, up 16% YoY
- Cash operating expenses of $360 million, up 4% YoY, with inflationary pressures and investments in marketing and technology offset by productivity savings
- Cash CTI of 49.4%, down 318bps YoY
- Other key highlights:
  - Added major brands including Officeworks, Amazon, Coco Republic and Warehouse Group (NZ)
  - Extended multi-year agreements with Apple (Upgrade+), JB Hi-Fi and The Good Guys
  - Successfully launched new David Jones credit cards, migrated 130,000 customers and approximately $168 million of back-book receivables in July 2024
  - Raised or refinanced $4.3 billion of secured financing

Managing Director and CEO Bob Belan said: “This is a positive result for Latitude and demonstrates the significant progress made in executing on our corporate strategy and performance objectives.

“Total purchase and lending volumes across our Pay and Money divisions reached a five year high of $8.2 billion, up 13% year-on-year, contributing to 8% growth in receivables to $6.7 billion, the highest since 1H20.

“Our Money division led the way with record new loan originations of $1.5 billion, up 33%, underpinned by the contemporary Symple technology platform that was fully integrated in late 2023.

"Our personal and motor loan receivables grew to more than $3 billion with our Australian personal loan portfolio becoming the second largest in the country, by brand, ahead of three of the four major banks.

"Despite a retail environment that remains challenging, purchase volume in our Pay division was up 10% to $6.7 billion. New marquee partnerships with Officeworks, Amazon, Coco Republic and Warehouse Group (NZ) were added while existing major partners Apple (Upgrade+), JB Hi-Fi and The Good Guys signed multi-year extensions.

"We also proudly launched three David Jones credit cards and migrated $168 million in receivables to our balance sheet, marking Latitude's re-entry into private label credit cards.

"Net interest margins improved materially throughout the year, as targeted margin management actions offset upward pressure on funding costs rolling through from prior year rate increases.

"Sustained discipline in managing operating expenses resulted in a 318bps reduction in cash cost-to-income ratio to 49.4%, creating capacity for additional investments in growth, marketing and technology.

"Cash profit before tax came in at $155.2 million and cash NPAT of $65.9 million was up 59% and 139% respectively versus 2023, momentum that we expect to continue in 2025.

"In 2024 we continued to strengthen and optimise our balance sheet, raising $1.6 billion of new term funding across four public deals and refinancing $2.7 billion of private credit facilities at more favourable terms. We've further diversified our investor base, extended our maturity profile and maintained a 12-month liquidity runway to support future growth.

"Our Tangible Equity Ratio (TER) closed the year at 7.1%, above the upper end of our 6–7% target range. This along with our strong balance sheet and profit performance has led Latitude's Board to declare an unfranked dividend of 3.00 cents per share, equivalent to a 47% payout ratio relative to FY24 Cash NPAT.

"Together with the dividend resumption, Latitude's Board has authorised the launch of an on-market $10 million buy-back program for its $150 million capital notes for a period of 12 months."

Outlook

With the prospect of more stable macro-economic settings in 2025, alongside the work undertaken to create a more agile and focused business, we are confident of continued and sustained profit growth.

We expect the interest rate easing cycle to continue in 2025 which should further support net interest margin expansion. Despite cost of living pressures, strong labour markets and further rate relief are likely to support increased consumption and lending demand as the year progresses.

Margins will also further benefit from the full-year effect of pricing actions, funding facilities refinancings and central bank rate reductions. We will continue to invest in our products, channels and innovative technologies that further enable the delivery of our *Path to Full Potential* corporate strategy.

Latitude Managing Director and CEO Bob Belan and interim CFO Stefano Tognon will host a briefing on the Full Year 2024 results at 10:30am today (AEDT):

Date: 21 February 2025

Time: 10:30am (AEDT)

Webcast: Participants can register for the webcast here

Conference call: Pre-registration link is available here

Authorised for release to the ASX by the Board.

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