

21 May 2018

MTF Finance reports half year profit of \$4.4 million

It has been another solid six months for MTF Finance with sales and profitability both increasing. Profit before commission and fair value movement is up 10.1%, to \$26.0m, a consequence of continued sales growth through 2017 and the first half of 2018. Total amounts paid to shareholder originators, including commission, fees and payment waiver, increased 10.9% to \$36.0m, driven by sustained growth and MTF working hard to grow our distribution base.

Underlying profit after tax, which removes the volatility of unrealised fair value movements, and provides a more consistent measure of company performance, increased 13.5% to \$4.2m (31 March 2017: \$3.7m, 30 September 2017: \$7.3m).

Sales have increased 21.6% from the same period last year. The Franchise network still remains our strongest performer with sales up \$48.9m, or 25%, while initiatives to widen the scope of our traditional consumer market have started to produce positive results. In our traditional dealer market, finance for new and used vehicles has shown moderate growth while motorcycles has been the only area in decline.

Expense increased \$1.3m for the period to \$10.5m, due to increased staff resourcing in a period of sustained growth, to ensure we provide the high level of service our originators and customers demand.

Our key strategies remain centred on our customers and originators. For our customers we will strive to put them at the centre of everything we do. This is a transformative process for MTF, who have traditionally stayed in the background operating under a business to business model. To do this we have been engaging with customers from around New Zealand to better understand how and why they interact with MTF, with the goal of creating better experiences for our customers and transferring these experiences into sustained growth by building loyalty and retention.

The outcomes of this discovery will form the basis of our focus for the remainder of the year, and well into 2019. This will be an ongoing commitment to our customers and is vital if MTF's offering is to remain relevant to a consumer base who have rapidly rising expectations of companies they choose to engage with.

This same customer focussed approach will also be applied to our originators where we aim to build preference for MTF by providing them the best tools and systems to engage with their customers

The growth MTF has experienced in recent times is unprecedented and, while we expect to continue to grow, we anticipate this growth to slow significantly over the coming months. Our strategic focus on customers and originators will be key in driving our long term success and we are confident this approach will underpin our performance as we approach the next stage in the economic cycle.

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