

Mortgage Choice delivers strong settlement growth

Mortgage Choice Limited (ASX:MOC) has today announced its annual results for the financial year ended 30 June 2020.

Financial Highlights

- NPAT on a cash basis of \$11.7 million
- NPAT on an IFRS basis of \$9.4 million
- \$10.0 billion settled home loans, up 7% from \$9.4 billion in FY2019
- \$2.6 billion settled home loans in Q4, up 18% from \$2.2b in Q4 FY2019
- Total loan book of \$54.0 billion at 30 June 2020
- Funds Under Advice of \$1.1 billion, up 15% from FY2019
- Financial planning insurance Premiums In Force of \$31.8 million, up 7% from FY2019
- Final dividend of 3.5 cents per share, up 0.5 cents from the interim, bringing total dividend for the year to 6.5 cents per share (fully franked)

Mortgage Choice CEO, Susan Mitchell, said “Our priority has been the well-being of our people and franchisees while adapting our business quickly to ensure customers could transact without service levels being compromised. The investment we have made in recent years in our technology platforms ensured Mortgage Choice and FinChoice franchisees were able to confidently navigate periods of lockdown and remain open for business. Along with productivity improvements we have introduced, we were able to deliver a resilient performance while supporting our customers when they needed us most.”

Results Overview

Mortgage Choice grew settlements for the year by 7% to \$10.0 billion, in line with the first half performance despite the impact of the devastating bushfires and COVID-19 pandemic in the second half. In the quarter ending 30 June 2020, settlements grew 18% compared to the previous year with customer enquiries and activity remaining strong. New franchise recruitment showed signs of recovery with growth in new franchisees and regeneration of existing businesses up on the prior year.

Mortgage Choice Financial Planning reached a major milestone by growing Funds Under Advice to over \$1 billion, up 15% to \$1.1 billion. Premiums In Force grew 7% to \$29.7 million.

“Our strong settlement result reflects the energy we have applied to refreshing our brand, taking our industry-leading technology platforms to the next level and strengthening our leadership, all whilst readying the business for legislative change,” said Susan Mitchell.



“This has been achieved against a backdrop of high levels of customer activity during what was a recovering property market in the first half and has established a solid platform for sustainable growth.”

“Despite the impacts of COVID-19 on the broader economy and housing markets in the second half, we have enabled our network with powerful marketing tools to take advantage of an incredibly competitive home loan market. This resulted in record lead numbers in the second half. We achieved this through initiating a full website redesign, rolling out automated home loan health check campaigns and establishing a comprehensive COVID-19 customer communications programme, to maximise the reach and engagement with customers.”

“We rebranded our financial advice business to FinChoice, rolled out the same comprehensive COVID-19 communications program for our advice customers and focused on enabling greater productivity through system improvements. Our rebrand of the business cements its own distinct identity in the market and the enhanced customer engagement tools will enable greater scale in our advice practices and help our advisers serve more customers.”

Cash Flow and Dividend

The Company’s ongoing investment in its IT platforms to support future growth is underpinned by strong underlying operating cash flows. Its balance sheet was debt-free as at 30 June 2020.

Despite the challenges of 2020, the business has demonstrated its resilience while continuing to establish a platform for sustainable growth. As such, the Board has resolved to pay a final ordinary dividend of 3.5 cents per share so shareholders can benefit from the Company’s performance. This results in a total ordinary dividend payment for the year ended 30 June 2020 of 6.5 cents per share, fully franked.

Outlook

Mortgage Choice has seen the positive momentum from for the fourth quarter of FY20 continue through July and into August. The Company remains committed to increasing broker and adviser productivity, integration to cater to digitally connected customers and continued focus on recruitment, regeneration and retention of franchise talent. It has introduced a new training program and technology enhancements to support its broker network ahead of the introduction of Best Interest Duty obligations on 1 January 2021.

“Delivering exceptional customer service calls for a balance between digital engagement and human touch. Our technology roadmap for 2021 builds on the foundations already established towards this goal while ensuring franchisees remain fully compliant.”

“As we navigate the evolving operating and economic environment, we will continue to deliver our strategic change program while focusing the recruitment, regeneration and retention of the franchise network. Meanwhile, the investments we are making will drive greater efficiencies and productivity across the network, while enhancing the overall customer experience and setting us up for sustainable growth,” concluded Ms Mitchell.



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Important information

This article is for general information purposes only. It has been prepared without considering your objectives, financial situation or needs. You should, before acting on the advice, consider its appropriateness to your circumstances.

About Mortgage Choice

Mortgage Choice is an ASX listed company that seeks to help Australians with all of their financial needs. Established in 1992, Mortgage Choice was originally established to help Australians improve their financial situation by offering a choice of home loan providers, coupled with the expert advice of a mortgage professional. Since that time, the company has grown and developed into a fully-fledged financial services provider. Today, Mortgage Choice helps customers source car loans, personal loans, credit cards, commercial loans, asset finance, deposit bonds, and risk and general insurance. Further, the company offers Australians access to real, relevant and affordable financial advice through our qualified financial advisers. Mortgage Choice has no balance sheet or funding risk, and consistently delivers strong profits and attractive yields. It listed on the ASX in 2004 (MOC) and is a member of the Mortgage & Finance Association of Australia (MFAA). Mortgage Choice holds an Australian Credit Licence: no. 382869 and FinChoice Pty Limited holds an Australian Financial Services Licence: no. 422854. Both licences are issued by ASIC. Visit www.mortgagechoice.com.au or call customer service on 13 77 62.