

Openpay Limited (OPY)

Rating: Buy | Risk: High | Price Target: \$3.50

2Q22: Another very strong result

Key Information

Current Price (\$ps)	0.63
12m Target Price (\$ps)	3.50
52 Week Range (\$ps)	0.60 - 3.35
Target Price Upside (%)	455.6%
TSR (%)	455.6%
Reporting Currency	AUD
Market Cap (\$m)	82.4
Sector	Information Technology
Avg Daily Volume (m)	0.3
ASX 200 Weight (%)	0%

Fundamentals

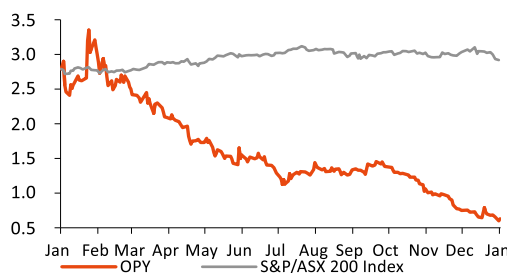
YE 30 Jun (AUD)	FY21A	FY22E	FY23E	FY24E
Sales (\$m)	26.3	52.2	75.7	109.9
NPAT (\$m)	(63.1)	(45.7)	(21.6)	1.4
EPS (cps)	(48.2)	(34.9)	(16.5)	1.0
EPS Growth (%)	(50.2%)	27.6%	52.8%	106.3%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY21A	FY22E	FY23E	FY24E
P/E (x)	(3.0)	(1.8)	(3.8)	60.4
EV/EBITDA (x)	(1.4)	(3.4)	(11.3)	16.8
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(12.2%)	(35.5%)	(50.1%)	(82.0%)
Absolute (%)	(16.0%)	(39.1%)	(54.2%)	(77.4%)
Benchmark (%)	(3.8%)	(3.6%)	(4.1%)	4.6%



Price performance indexed to 100

Source: FactSet

Major Shareholders

Meydan Group (Program Force)	18.5%
Chow Tai Fook Enterprises	8.8%

Event

2Q22 momentum continues from FY21 and 1Q22 with all key operating metrics trending in the right direction with solid growth vs. pcp – all above Shaw and Partners' expectations.

Next catalyst: 1H22 result on 24 February 2022.

Highlights

• Key take away: 2Q22 metrics all strong and showing solid growth:

- Active customers +33% from 579k in pcp (2Q21) to a record 614k (+3% on pp's 2Q22) – with:**
 - Australian customer growth +28% on pcp's 280k to 321k (+11% on pp); and
 - UK customers +28% from 298k in pcp to 301k (or +1% on pp).
 - Active merchants improved again at +59% from ~4,300 in pcp to a record ~4,400 (+2% on pp) – the major trend positive here was that the retrun to significant growth post 2Q21 merchant print (i.e. reversing the relatively weaker trend of q-on-q growth for the previous last five periods which had softened from 19% in 1Q20 to ~5% growth period-on-period due to larger enterprise targets) is continued to improve from 3Q21 and through to 2Q22, driven by self-onboarding, major wins and aggregators and partnerships secured:**
 - Australian merchant growth +55% on pcp's 4.2k to 4.2k (+1% on pp); and
 - UK merchants +257% from 125 in pcp to 200 (or +60% on pp).
 - Active Plans +73% on pcp's ~2.2m to a record ~2.6m (+14% on pp) – a standout result was new plans from repeat customers at record 86% vs. 77% in pcp and 85% pp. 86% of plans are over 3 months tenure. Record 56% of Active Customers having multiple plans.**
 - TTV up a solid +22% in quarter from \$103m in pcp to \$118m (above Shaw's \$108m) – annualised run-rate improves from \$412m in 1Q22 to now \$472m vs. Shaw's extant \$397m estimate (i.e. with a strong 3Q22 and 4Q22 posits the latent cum-upgrade potential). This is (mostly) before Payment Assist partnership, UK ramp up and US entry this year:**
 - Australian TTV growth was +40% on pcp's \$73m to \$87m (+19% on pp); and
 - UK TTV -11% from \$30m in pcp to \$31m (or +3% on pp).
- **Positively, revenue +10% from \$7.3m in pcp to \$8.0m (above Shaw's \$7.4m) – equating to annualised sales of \$32.0m vs \$26.0m achieved in FY21. The still strong albeit flattening revenue/TTV yield of 6.7% vs. 7.5% in pcp should improve given recent shift to capital light OpyPro merchants. Reasons for lower revenue yield vs. pcp include well flagged skew to Retail (lower margin), higher active plans with lower TTV, and early start-up UK penetration (lower returns given no consumer fees charged). Longer term target is 9.0%+ as OPY scales up, UK, US and B2B portfolio expansion.**

Recommendation

OPY is at the vanguard of leveraging its distinctly – and very significant – financially savvy offering vs. overtly generic and homogenous BNPL "Pay-in-4" peers into new products, territories, partnerships and wins. The acceptance and integration of BNPL solutions into POS and digital wallets continues (OPY + AMEX). OPY has executing nearly all the foundations necessary for lift off in the world's largest market (staffing, bespoke tech platform, risk models, partners, aggregators, distributors, credit funding, regulatory permissions, licensing, underwriting, compliance, and marquee funding achieved with global leaders like GS. All that remains is the final leg of the journey: getting the customers onboarded. Furthermore, OPY continues to trade at a significant – and attractive – 32% discount to BNPL peers on an FY23 EV/Sales multiple of 2.4x vs. combined 3.6x (consensus) for HUM, LBY, SPT, SQ2, SZL, Z1P, with a completely differentiated offering to its peers, hence this discount is undeserved in our view.

Danny Younis | Senior Analyst
+61 2 9238 1292
dyounis@shawandpartners.com.au

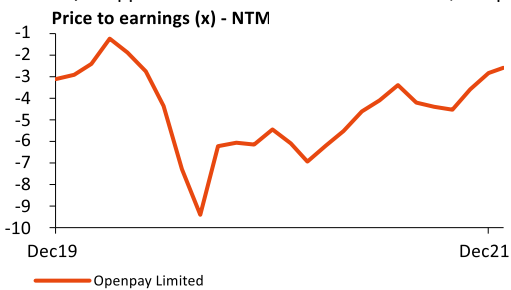
Openpay Limited
Information Technology

FactSet: OPY-AU / Bloomberg: OPY AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.63
Target Price (\$ps)	3.50
52 Week Range (\$ps)	0.60 - 3.35
Shares on Issue (m)	130.8
Market Cap (\$m)	82.4
Enterprise Value (\$m)	127.6
TSR (%)	455.6%

Valuation NPV	Data
Beta	1.30
Cost of Equity (%)	14.7%
Cost of Debt (net) (%)	85.3%
Risk Free Rate (%)	3.0%
Terminal Growth (%)	3.0%
WACC (%)	5.2%

OPY, which is headquartered in Melbourne, Australia, is a fintech company that partners with merchants to provide Buy Now, Pay Later (BNPL) repayment plans to customers in-store, in-app and online. IPO on 16 December at \$1.60ps.



Financial Year End: 30 June

Investment Summary (AUD)	FY20A	FY21A	FY22E	FY23E	FY24E
EPS (Reported) (cps)	(32.1)	(48.2)	(34.9)	(16.5)	1.0
EPS (Underlying) (cps)	(32.1)	(48.2)	(34.9)	(16.5)	1.0
EPS (Underlying) Growth (%)	nm	(50.2%)	27.6%	52.8%	106.3%
PE (Underlying) (x)	(6.5)	(3.0)	(1.8)	(3.8)	60.4
EV / EBIT (x)	(3.0)	(1.3)	(3.2)	(9.4)	24.5
EV / EBITDA (x)	(3.1)	(1.4)	(3.4)	(11.3)	16.8
DPS (cps) (AUD)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow Yield (%)	(25.8%)	(41.5%)	(76.5%)	(32.6%)	(10.5%)
Profit and Loss (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	18.3	26.3	52.2	75.7	109.9
Sales Growth (%)	66.0%	44.1%	98.6%	45.0%	45.2%
EBITDA	(30.1)	(55.1)	(37.4)	(12.9)	8.9
EBITDA Margin (%)	nm	nm	(71.7%)	(17.1%)	8.1%
Depreciation & Amortisation	(1.3)	(2.3)	(2.6)	(2.6)	(2.8)
EBIT	(31.4)	(57.4)	(40.0)	(15.6)	6.1
EBIT Margin (%)	nm	nm	(76.6%)	(20.6%)	5.6%
Net Interest	(4.0)	(5.6)	(5.7)	(6.0)	(4.8)
Pretax Profit	(35.4)	(63.1)	(45.7)	(21.6)	1.4
Tax	0.0	0.0	0.0	0.0	0.0
Tax Rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Minorities	0.0	0.0	0.0	0.0	0.0
NPAT Underlying	(35.4)	(63.1)	(45.7)	(21.6)	1.4
Significant Items	0.0	0.0	0.0	0.0	0.0
NPAT Reported	(35.4)	(63.1)	(45.7)	(21.6)	1.4
Cashflow (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	(31.4)	(57.4)	(40.0)	(15.6)	6.1
Tax Paid	0.0	0.0	0.0	0.0	0.0
Net Interest	(4.0)	(5.6)	(5.7)	(6.0)	(4.8)
Change in Working Capital	18.2	8.0	2.8	19.0	0.9
Depreciation & Amortisation	1.3	2.3	2.6	2.6	2.8
Other	(41.7)	(13.7)	(12.9)	(21.6)	(10.2)
Operating Cashflow	(57.6)	(66.4)	(53.1)	(21.6)	(5.2)
Capex	(0.8)	(0.3)	(1.0)	(1.5)	(2.2)
Acquisitions and Investments	0.0	0.0	0.0	0.0	0.0
Disposal of Fixed Assets/Investments	0.0	0.0	0.0	0.0	0.0
Other	(1.1)	(3.7)	(3.7)	(3.7)	(3.7)
Investing Cashflow	(1.9)	(4.0)	(4.8)	(5.2)	(5.9)
Free Cashflow	(58.3)	(66.7)	(54.2)	(23.1)	(7.4)
Equity Raised / Bought Back	83.8	46.4	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Change in Debt	1.2	9.8	17.1	14.8	1.2
Other	36.8	(4.1)	7.7	7.7	7.7
Financing Cashflow	121.8	52.1	24.8	22.5	8.9
Exchange Rate Effect	(1.0)	0.3	0.0	0.0	0.0
Net Change in Cash	61.4	(18.0)	(33.1)	(4.3)	(2.2)
Balance Sheet (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash	70.1	52.1	19.0	14.6	12.4
Accounts Receivable	45.2	57.5	61.0	80.7	82.3
Inventory	0.0	0.0	0.0	0.0	0.0
Other Current Assets	2.1	5.1	5.1	5.1	5.1
PPE	0.8	0.8	0.8	0.8	0.8
Goodwill & Intangibles	1.1	4.3	4.3	4.3	4.3
Investments	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	5.2	3.7	3.7	3.7	3.7
Total Assets	124.5	123.5	93.9	109.3	108.7
Accounts Payable	6.6	10.9	11.5	12.2	13.0
Short Term Debt	0.0	18.3	18.3	18.3	18.3
Long Term Debt	37.2	28.7	45.8	60.5	61.8
Income Taxes Payable	0.0	0.9	0.9	0.9	0.9
Other	5.2	5.5	6.4	7.1	8.1
Total Liabilities	49.0	64.2	82.9	99.0	102.0
Ratios	FY20A	FY21A	FY22E	FY23E	FY24E
Net Debt / EBITDA (x)	1.1	0.1	(1.2)	(5.0)	7.6
Price to Book (x)	nm	nm	nm	nm	nm

Other Key Points

- **Bad debts (as % of TTV) positively fell below usual target below 20% to 1.9% as OPY accelerates internationally** – vs. 2.8% loss rate across FY21 and 2.4% in pp.
- **2Q22 ended with cash on hand of \$32m vs. \$34m at end 1Q22** – combined with undrawn funding lines of \$501m equates to overall firepower of \$533m. This provides ample headroom of nearly 17 quarters of cash available for funding. The bulk of cash operating losses stemmed from staffing costs (\$13m in the quarter) as the business ramps up in the UK and enters the US.

Figure 1: Estimated Cash Available For Future Funding Operations

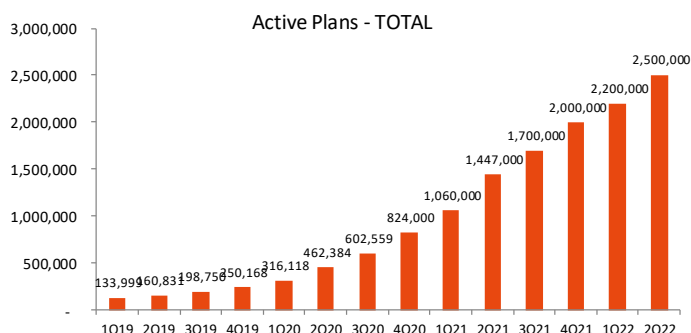
2Q22 estimated cash available	
1 Net cash outflows	-\$32.33m
2 Cash at end of quarter	\$32.124m
3 Unused finance facilities	\$500.6m
4 Total available funding (#2 + #3)	\$532.724m
Number of quarters of funding available (#4 divided by #1)	16.5

Source: Shaw and Partners, OPY

- **USA is now “live”** – the bespoke OpyPay product will be based on differentiated longer-term (up to 24 months), larger-value (up to US\$20,000) and customised payment plans focused on specific verticals - Healthcare (e.g., Dental, Vet), Auto Repair, Home Improvement, Education and Big-Ticket Retail.
- **SaaS platform now delivering with >8,000 accounts now onboarded** – augmented by the HP and Kogan wins and Kyriba and Lumi partnerships.

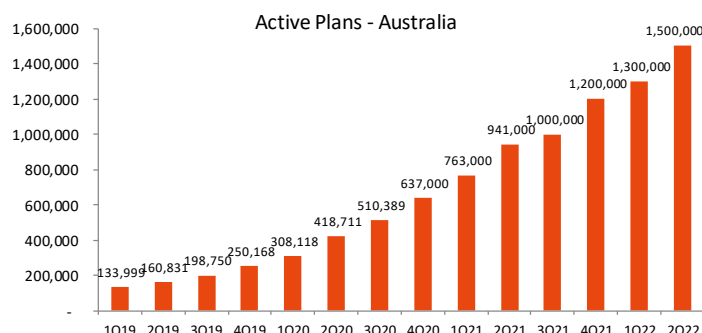
OPY Quarterly Summary – In Charts

Figure 1: OPY Total Active Plans Summary



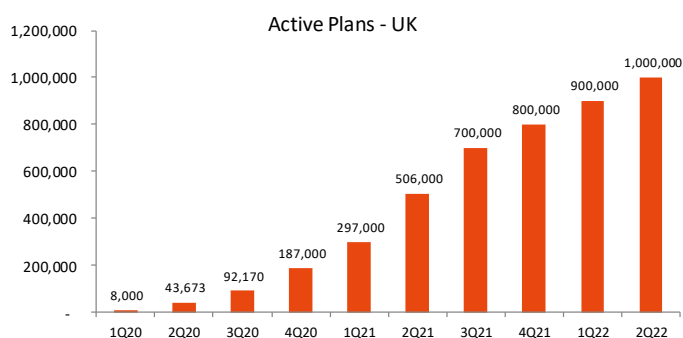
Source: Shaw and Partners, OPY

Figure 2: OPY Active Plans Summary - Australia



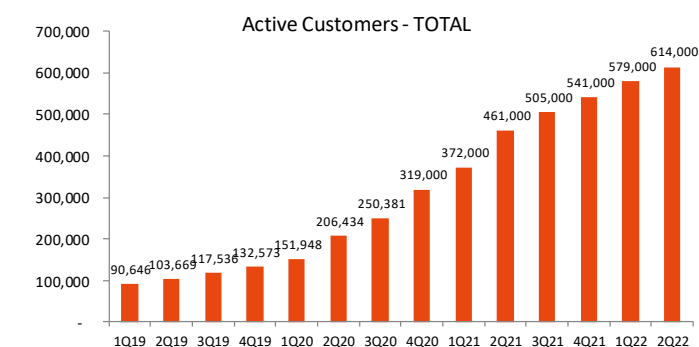
Source: Shaw and Partners, OPY

Figure 3: OPY Active Plans Summary - UK



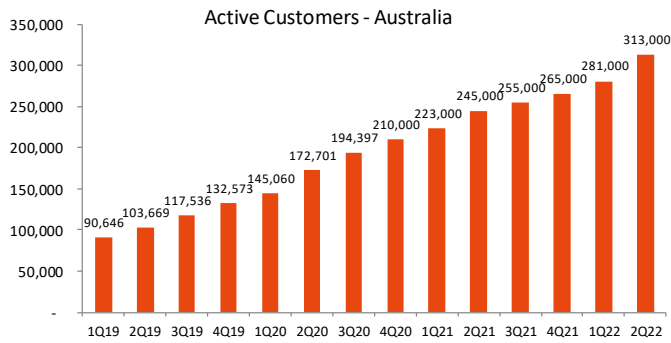
Source: Shaw and Partners, OPY

Figure 4: OPY Active Customers Summary



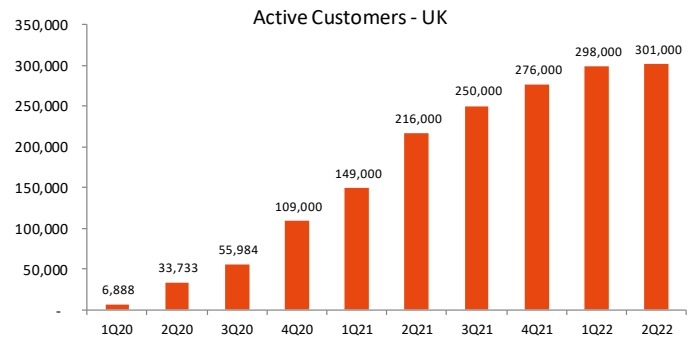
Source: Shaw and Partners, OPY

Figure 5: OPY Customers Australia Summary



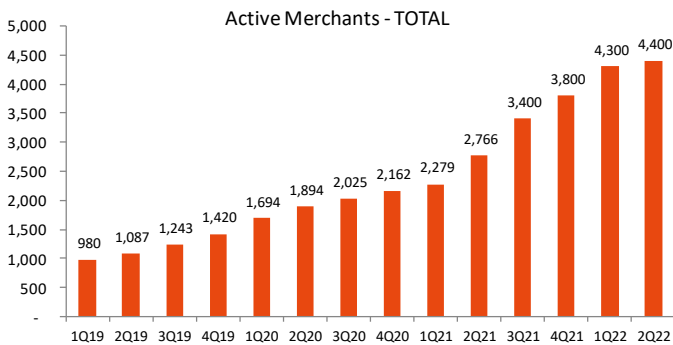
Source: Shaw and Partners, OPY

Figure 6: OPY Customers UK Summary



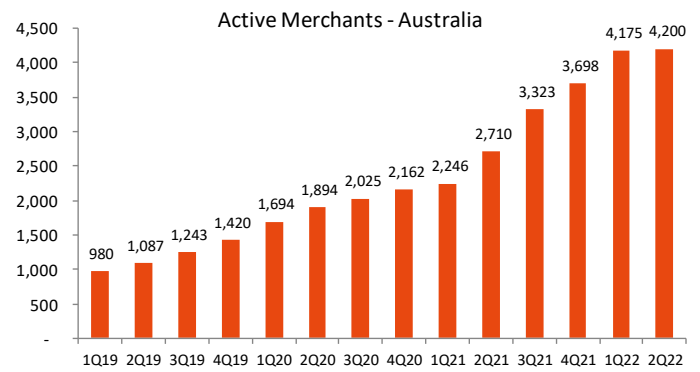
Source: Shaw and Partners, OPY

Figure 7: OPY Merchants Summary



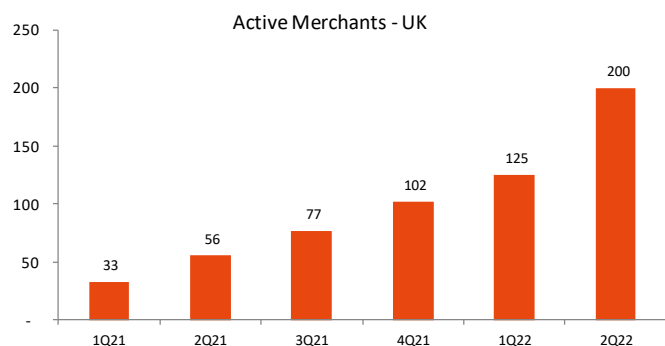
Source: Shaw and Partners, OPY

Figure 8: OPY Merchants Australia Summary



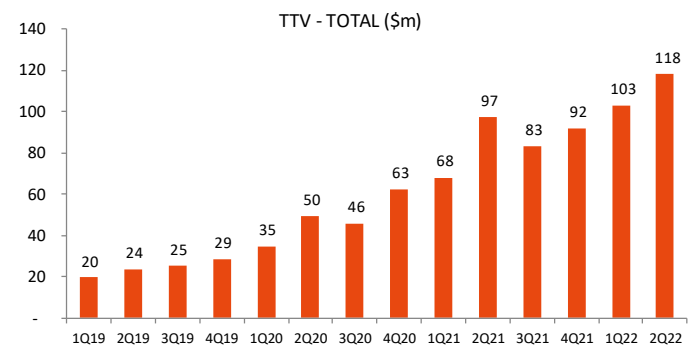
Source: Shaw and Partners, OPY

Figure 9: OPY Merchants UK Summary



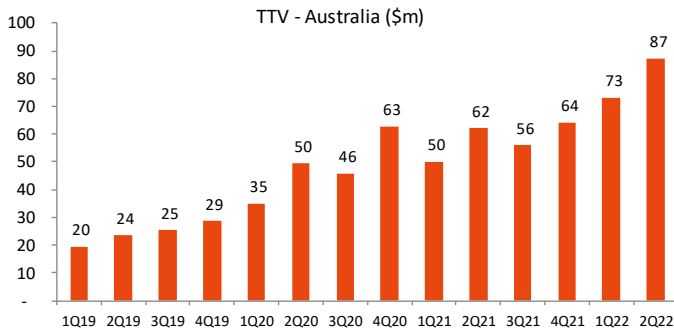
Source: Shaw and Partners, OPY

Figure 10: OPY TTV Summary



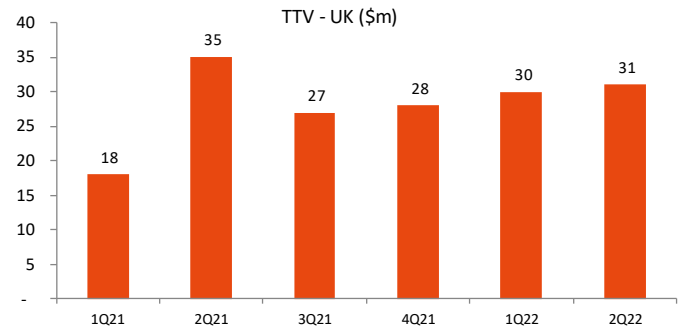
Source: Shaw and Partners, OPY

Figure 11: OPY TTV Australia Summary



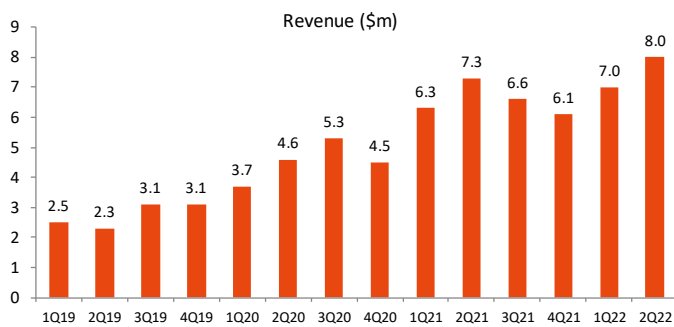
Source: Shaw and Partners, OPY

Figure 12: OPY TTV UK Summary



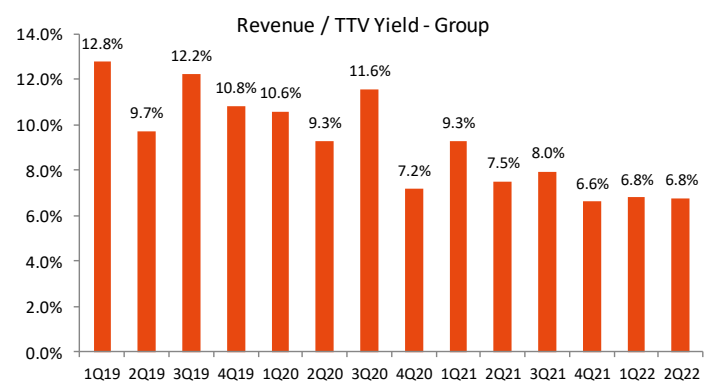
Source: Shaw and Partners, OPY

Figure 13: OPY Revenue Summary



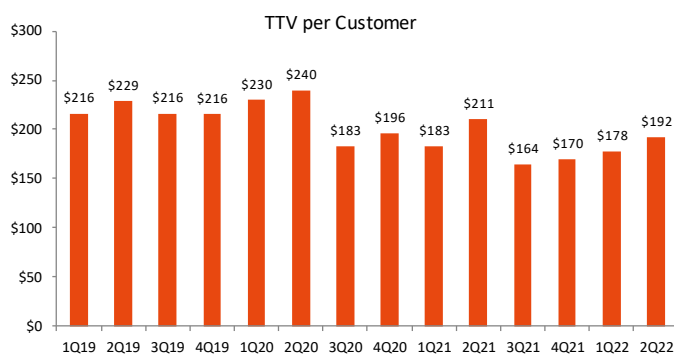
Source: Shaw and Partners, OPY

Figure 14: OPY Revenue Yield Summary



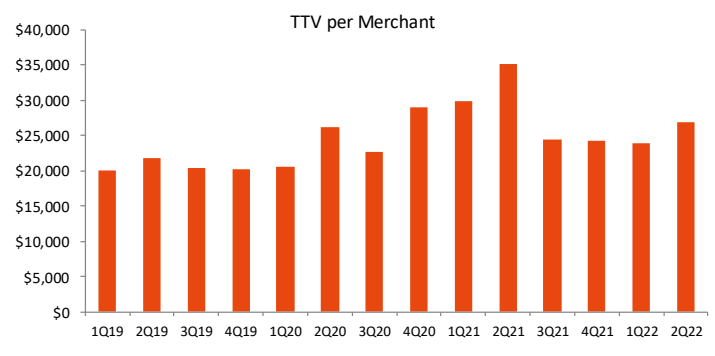
Source: Shaw and Partners, OPY

Figure 15: OPY TTV / Customer Plans Summary



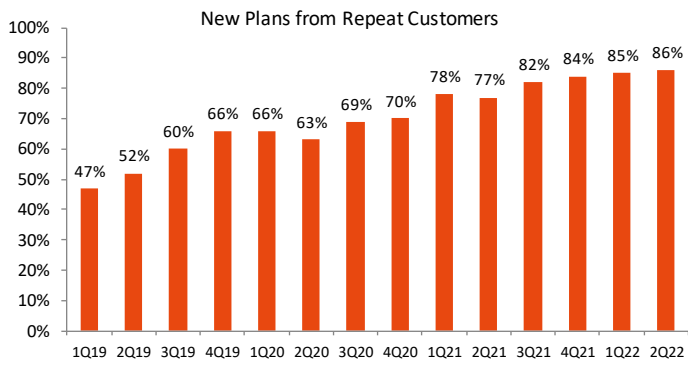
Source: Shaw and Partners, OPY

Figure 16: OPY TTV / Merchant Summary



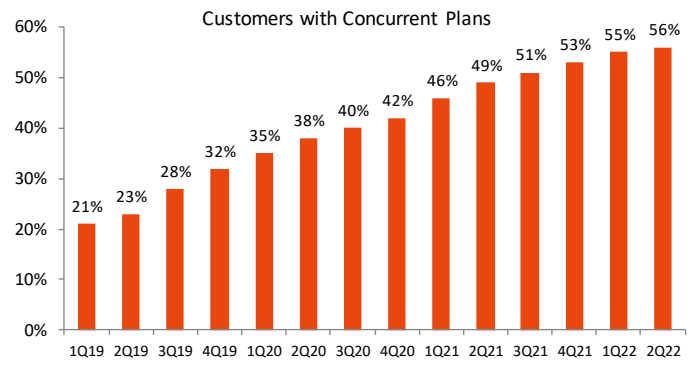
Source: Shaw and Partners, OPY

Figure 17: OPY New Plans Summary



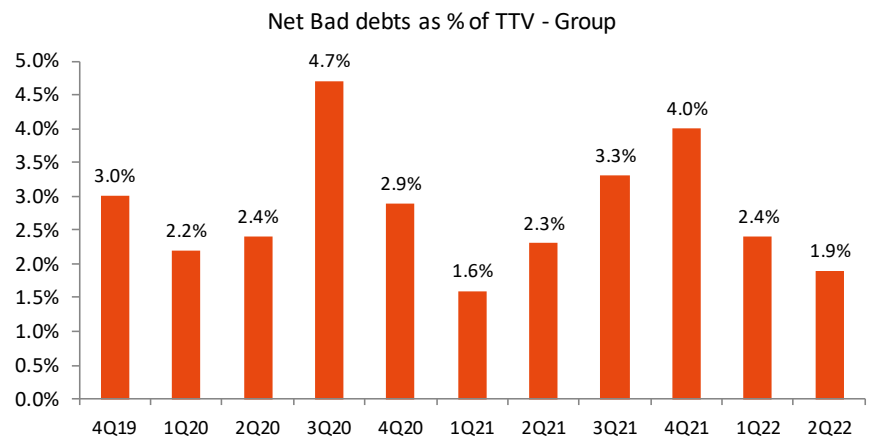
Source: Shaw and Partners, OPY

Figure 18: OPY Concurrent Plans Summary



Source: Shaw and Partners, OPY

Figure 2: OPY Net Bad Debts Summary



Source: Shaw and Partners, OPY

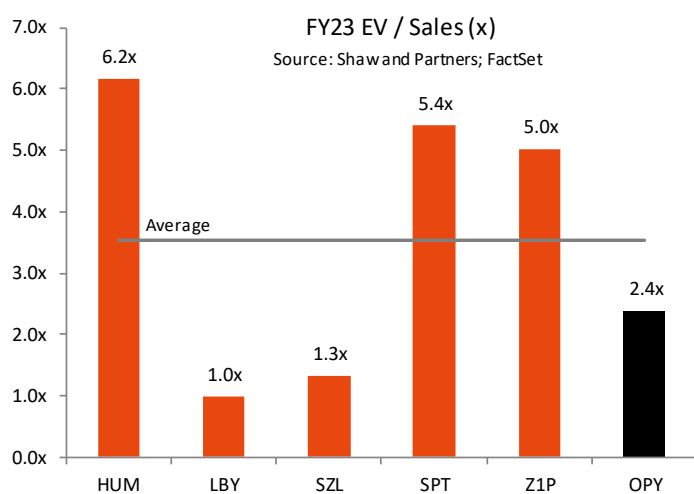
Valuation

Figure 19: BNPL CompCo Summary

Domestic - BNPL					PE (x)			EV/Sales (x)		
Security Name	Country	Last Price	Mkt Cap	FY21	FY22	FY23	FY21	FY22	FY23	
EPY	EarlyPay	Australia	\$0.40	\$113	10.9x	8.7x	6.7x	6.2x	-	-
FFG	Fatfish Group	Australia	\$0.05	\$49	-	-	-	-	-	-
HUM	Humm Group	Australia	\$0.81	\$399	5.9x	7.8x	6.3x	6.5x	6.5x	6.2x
IOU	IOUpay	Australia	\$0.25	\$135	-	-	-	-	-	-
LBY	Laybuy Group Holdings	New Zealand	\$0.19	\$48	-	-	-	1.1x	1.1x	1.0x
PYR	Payright	Australia	\$0.22	\$20	-	-	-	5.2x	-	-
SQ2	Block CDI	United States	\$158.50	\$65,869	-	-	-	-	-	-
SZL	Sezzle CDI	United States	\$2.36	\$468	-	-	-	2.6x	1.7x	1.3x
SPT	Splitit Payments	Australia	\$0.23	\$108	-	-	-	8.3x	6.5x	5.4x
Z1P	Zip	Australia	\$3.24	\$1,908	-	-	-	8.0x	6.0x	5.0x
OPY	Openpay Group Ltd.	Australia	\$0.64	83.7	-	-	-	3.0x	2.9x	2.4x
Average					8.4x	8.3x	6.5x	5.1x	4.1x	3.6x
<i>vs. Average</i>					-	-	-	-42%	-30%	-32%
Median					8.4x	8.3x	6.5x	5.7x	4.4x	3.7x
High					10.9x	8.7x	6.7x	8.3x	6.5x	6.2x
Low					5.9x	7.8x	6.3x	1.1x	1.1x	1.0x

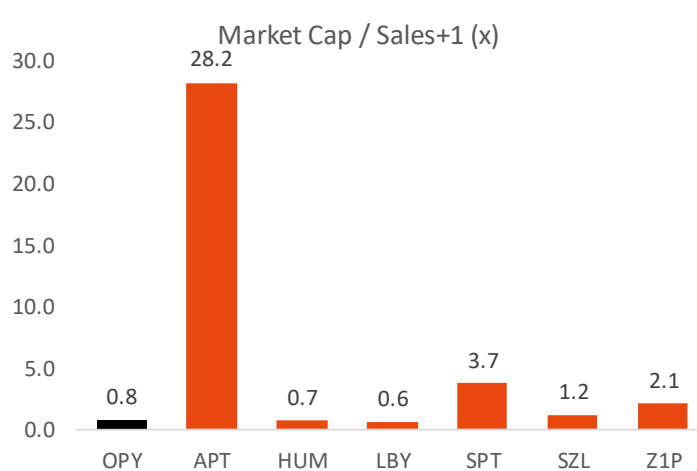
Source: Shaw and Partners, FactSet

Figure 20: BNPL Sector EV/Sales (x)



Source: Shaw and Partners, FactSet, Companies

Figure 21: BNPL Sector MktCap/Sales+1 (x)



Source: Shaw and Partners, FactSet, Companies

Key risks

- **Regulation** – The BNPL sector in particular has had a number of recent inquiries including the ASIC, RBA and Senate inquiries. We expect that the regulatory environment and focus will continue to remain dynamic.
- **Credit and Bad Debts** – OPY is exposed to any deterioration in quality of the loan book. Significant deterioration in credit quality across the book that exceeds current retained BDD provision levels may negatively affect earnings, as well as finance costs and availability.
- **Finance and Funding** – One of the largest risks to OPY (and other BNPL players) is availability as well as costs of financing. Finance and funding risk are magnified within the current global volatile environment.
- **Fraud Risk** – Although dealing in small ticket sizes and so unlikely to encounter large scale frauds (such as other listed alternative financiers have encountered) OPY may encounter fraud that could cause customer or merchant losses, which in turn may affect or cause an increase in costs for the company. This indeed happened in December 2020 (now remedied).
- **Economic Environment** – May affect the levels of transaction volume, user adoption, savings rates or seasonality within the business. Having demonstrated strong quarter on quarter growth rates since inception OPY will progressively, as it becomes bigger with scale, be affected by overall seasonality particularly in the retail sector it operates within.
- **Competitive Landscape** – OPY has a number of both mainstream (such as traditional bank credit, Humm, etc.) and alternative (Afterpay, Zip Co., etc.) competitors within various products and sectors the company operates within. Higher competition is likely to manifest itself within compression on merchant fees, tendering processes for larger merchants and overall customer acquisition costs.
- **Acquisition risk** – Upon completion of the Payment Assist acquisition, execution is paramount and to ensure the year-on-year historical growth rates are at least maintained.

Core drivers and catalyst

Our positive recommendation and attraction to OPY is driven by the following:

- **Structural tailwinds driving mainstream adoption** – We expect structural tailwinds to continue to grow adoption from both merchants and customers, driving well above system growth and taking share from major incumbents, whilst growing the size of the overall pie.
- **Fintech competitive advantages** – OPY has a best-in-breed product. OPY has competitive advantages across three key value chains which include: 1) customers; 2) merchants; and 3) funders – a rare position to be in.
- **Recurring income** – Although having relatively short amortisation and book turn metrics compared with a traditional personal finance lender, OPY has a material base of customers, repeat transactions and some duration and repeatability to its book.
- **Optionality around further geographies and products** – We see opportunity for further growth with penetration into NZ and the UK and then other geographies such as Europe as well. The recent deals with Ford, Pentana (cars) and Woolworths (SaaS) are further evidence – and validation – of OPY's broad product offering.

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

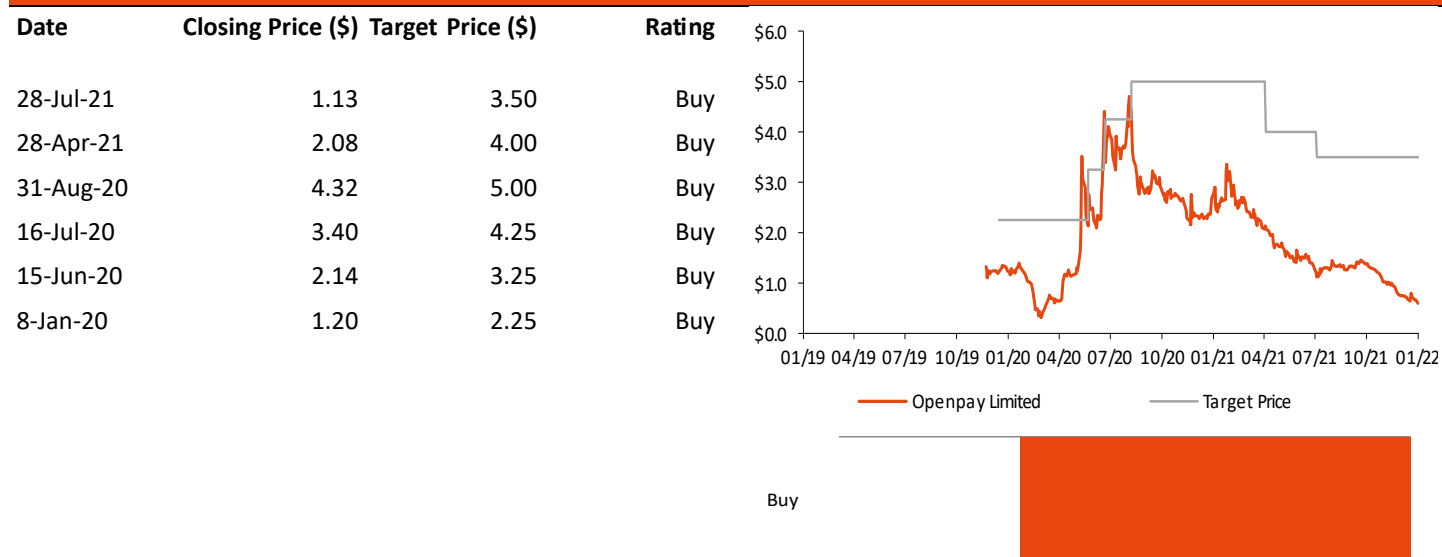
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

RISK STATEMENT: Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	87	82%
Hold	18	17%
Sell	1	1%

History of Investment Rating and Target Price - Openpay Limited



Disclaimer

Shaw and Partners Limited ABN 24 003 221 583 (“Shaw”) is a Participant of ASX Limited, Chi-X Australia Pty Limited and holder of Australian Financial Services Licence number 236048.

ANALYST CERTIFICATION: The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst's personal views about the Company and its financial products. Neither Shaw nor its Research Analysts received any direct financial or non-financial benefits from the company for the production of this document. However, Shaw Research Analysts may receive assistance from the company in preparing their research which can include attending site visits and/or meetings hosted by the company. In some instances the costs of such site visits or meetings may be met in part or in whole by the company if Shaw considers it is reasonable given the specific circumstances relating to the site visit or meeting. As at the date of this report, the Research Analyst does not hold, either directly or through a controlled entity, securities in the Company that is the subject of this report, where they do hold securities those interests are not material. Shaw restricts Research Analysts from trading in securities outside of the ASX/S&P100 for which they write research. Other Shaw employees may hold interests in the company, but none of those interests are material.

DISCLAIMER: This report is published by Shaw to its clients by way of general, as opposed to personal, advice. This means it has been prepared for multiple distribution without consideration of your investment objectives, financial situation and needs (“Personal Circumstances”). Accordingly, the advice given is not a recommendation that a particular course of action is suitable for you and the advice is therefore not to be acted on as investment advice. You must assess whether or not the advice is appropriate for your Personal Circumstances before making any investment decisions. You can either make this assessment yourself, or if you require a personal recommendation, you can seek the assistance of your Shaw client adviser. This report is provided to you on the condition that it not be copied, either in whole or in part, distributed to or disclosed to any other person. If you are not the intended recipient, you should destroy the report and advise Shaw that you have done so. This report is published by Shaw in good faith based on the facts known to it at the time of its preparation and does not purport to contain all relevant information with respect to the financial products to which it relates. The research report is current as at the date of publication until it is replaced, updated or withdrawn. Although the report is based on information obtained from sources believed to be reliable, Shaw does not make any representation or warranty that it is accurate, complete or up to date and Shaw accepts no obligation to correct or update the information or opinions in it. If you rely on this report, you do so at your own risk. Any projections are indicative estimates only and may not be realised in the future. Such projections are contingent on matters outside the control of Shaw (including but not limited to market volatility, economic conditions and company-specific fundamentals) and therefore may not be realised in the future. Past performance is not a reliable indicator of future performance. Except to the extent that liability under any law cannot be excluded, Shaw disclaims liability for all loss or damage arising as a result of any opinion, advice, recommendation, representation or information expressly or impliedly published in or in relation to this report notwithstanding any error or omission including negligence.

Depending on the timing and size of your investment, your portfolio composition may differ to the model. Performance figures are derived from the inception date of the model and its investment transactions from that date, therefore the performance for your portfolio may be different. If you have any questions in connection with differences between your portfolio and the model, you should speak with your adviser.

IMPORTANT INFORMATION TO CONSIDER: It is important that before making a decision to invest in a Shaw Managed Accounts, a managed fund, an exchange traded fund, an individual hybrid security or listed debt instrument that you read the relevant Product Disclosure Statement (“PDS”). The PDS will contain information relevant to the specific product, including the returns, features, benefits and risks. The PDS can be found at: www.shawandpartners.com.au/media/1348/shawmanagedaccounts_pds.pdf.

RISKS ASSOCIATED WITH HYBRID SECURITIES: Hybrid securities and listed debt instruments differ from investments in equities and cash products in a number of important respects. The liquidity risk associated with an investment in hybrid securities and listed debt instruments will generally be greater than that associated with equities. The credit risk associated with hybrid securities and listed debt instruments is higher than that of a cash product or term deposit. Some hybrid securities may be perpetual in nature, meaning that they can only be redeemed or exchanged for cash or equity at the issuer's option. Hybrids may also contain terms which automatically trigger the deferral of an interest payment or cause the issuer to repay the hybrid earlier or later than anticipated. ASIC has published information to assist consumers in understanding the risks and benefits associated with an investment in hybrid securities or listed debt instruments. This information can be found under the heading ‘Complex Investments’ at www.moneysmart.gov.au/investing.

DISCLOSURE: Shaw will charge commission in relation to client transactions in financial products and Shaw client advisers will receive a share of that commission. Shaw, its authorised representatives, its associates and their respective officers and employees may have earned previously or may in the future earn fees and commission from dealing in the Company's financial products.

Sydney Head Office	Melbourne	Brisbane	Adelaide	Canberra	Perth	Noosa
Level 7, Chifley Tower	Level 36	Level 28	Level 23	Level 7	Level 20	Suite 11a Q Place
2 Chifley Square	120 Collins Street	111 Eagle Street	91 King William Street	54 Marcus Clarke Street	108 St Georges Terrace	2 Quamby Place
Sydney NSW 2000	Melbourne VIC 3000	Brisbane QLD 4000	Adelaide SA 5000	Canberra ACT 2600	Perth WA 6000	Noosa Heads QLD 4567
Telephone: +61 2 9238 1238	Telephone: +61 3 9268 1000	Telephone: +61 7 3036 2500	Telephone: +61 8 7109 6000	Telephone: +61 2 6113 5300	Telephone: +61 8 9263 5200	Telephone: +61 7 3036 2570
Toll Free: 1800 636 625	Toll Free: 1800 150 009	Toll Free: 1800 463 972	Toll Free: 1800 636 625	Toll Free: 1800 636 625	Toll Free: 1800 198 003	Toll Free: 1800 271 201