

ASX ANNOUNCEMENT

31 January 2019

Collection House Limited acquires Receivables Management (NZ) Limited

Collection House Limited (ASX:CLH) is pleased to announce it has acquired New Zealand-based Receivables Management (NZ) Limited ("RML") for a total cash consideration of NZ\$14.1m (approx. A\$13.4m). The consideration was funded from the Company's existing finance facilities.

RML is a top three purchaser of PDLs in New Zealand and one of the leading providers of consumer and commercial debt collection services in New Zealand, with 95 employees across three locations. With operations dating back over 30 years, we are delighted to report that the RML founder Bob Garters and key management personnel will be retained as part of the transaction.

RML already has at least NZ\$22.0m in expected future recoveries over the next 6 years. CLH anticipates some synergies from merging RML with its existing business in New Zealand, and together with the adoption of CLH's technology platform, the RML operations are expected to generate EBIT of at least A\$2.75m in FY20.

"The NZ debt sale market remains nascent compared to Australia, but we expect the market to develop in a similar way to other markets over coming years, and want to be positioned to participate, leveraging RML's established position and great reputation with our differentiated self-serve technology platform," commented Anthony Rivas, CEO and Managing Director of CLH.

CLH Chairman Leigh Berkley said "We're hoping this strategic transaction will help Collection House become the leading acquirer of PDLs in New Zealand. Following recent restructuring and technological developments at CLH, we are looking to accelerate growth and diversification, exemplified by this mutually beneficial deal with Bob and his talented team."

RML Founder Bob Garters commented on the acquisition, "We are delighted to be a part of the Collection House Group. The impressive fintech-like tools such as the Interactive Consumer Portal and the C5 system will enable RML to enhance our service offerings across the business in New Zealand."

Update

The Company is also pleased to report a better than expected start to the current financial year with improved core Cash Collections versus the previous corresponding period, and A\$65.0m in committed PDL purchases before the RML transaction.

The company maintains its FY19 guidance and a further update will be provided for the PDL purchases target in our half year results announcement.

ENDS

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