

Media Release

28 January 2020

Credit Corp reports first half profit growth of 15%

Credit Corp Group Limited (Credit Corp) reports the following highlights for the first half of the 2020 fiscal year:

- 15% increase in Net Profit after Tax (NPAT) to \$38.6 million
- 13% growth in the consumer loan book to \$230 million
- Impressive US debt buying growth metrics:
 - 57% increase in collections
 - 55% increase in investment
 - 75% increase in headcount
 - Commencement of a second collections facility with 270 seat capacity
- Baycorp acquisition on track for full year NPAT of \$6m and integration ahead of schedule

All segments grew profits strongly, with the consumer lending and US debt buying businesses each growing first half NPAT by more than 20%. The US debt buying segment remains on track for full year profit growth of 45% to 65%.

The Australian/New Zealand debt buying segment produced record collections and NPAT, with strong results from the existing business complemented by the performance of the acquired Baycorp assets. Credit Corp grew purchased debt ledger (PDL) market share late in the first half, bringing the pipeline of contracted Australian/New Zealand purchasing within the previous full year guidance range.

Mr Thomas Beregi, CEO of Credit Corp said that these outcomes were attributable to effective operations and superior compliance credentials. “The integration of strong operations with leadership in sustainable collection practices makes Credit Corp a very compelling proposition for Australian and New Zealand credit issuers” he said.

The Baycorp acquisition is on track to achieve business case outcomes. The integration is ahead of schedule, with actions taken to date realising \$13 million in annualised cost savings and ensuring that the agency businesses in both Australia and New Zealand are operating profitably.

Consumer lending has had a strong start, with the loan book up by 13% over the same point in the prior year. Mr Beregi highlighted ongoing growth in the Wallet Wizard customer base. “We have followed up last year’s unexpectedly strong growth in new customer volume with another 8% more new customer volume growth. Wallet Wizard is now well-known as the most sustainable product in its segment and the absence of any ongoing fees means that it can be cheaper than many prime credit card offerings.”

Credit Corp's focus in the US has been on expanding productive capacity to match investment growth over a prolonged period. Expanded capacity helped deliver collections growth of 57% over the same period in the prior year. The commencement of a second facility in Washington State will ensure that productive capacity continues to grow to meet the US market opportunity.

Mr Beregi noted that despite the adverse impact of substantial recruitment on efficiency, Credit Corp continued to achieve operating metrics comparable to those achieved by the long-established publicly traded debt buyers. "We have recruited rapidly over the past 8 months and our operating metrics remain in line with those of our competitors. This provides us with the confidence that we have a platform in place that will enable us to achieve our strategic objectives in the US" he said.

Outlook for balance of 2020

The company provided upgraded guidance with the acquisition of Baycorp in August 2019 and now confirms 15% to 18% growth in NPAT for fiscal 2020. The acquisition and all business segments have performed strongly over the first half and remain on track. With an increased PDL investment pipeline in both Australia/New Zealand and the US, the PDL investment guidance range has been tightened to a range of \$310 to \$320 million.

	Upgraded guidance (August 2019)	Refined guidance (January 2020)
PDL acquisitions	\$300 - \$320m	\$310 - \$320m
Net lending volumes	\$60 - \$65m	\$60 - \$65m
NPAT	\$81 - \$83m	\$81 - \$83m
EPS	149 - 151 cents	149 - 151 cents

This media release should be read in conjunction with the Appendix 4D, Consolidated Interim Financial Statements and results presentation.

To watch the presentation go to: <https://www.creditcorpgroup.com.au/investors/interviews-presentations/>

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