

Creating  
**opportunity**

30 January 2025

# H1 FY2025 Results

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**Credit Corp Group**

# Leadership of the credit impaired consumer segment...

## Analytics and discipline

## Operational excellence

## Responsibility & compliance

### US DEBT BUYING

- Large market opportunity
- Diversified purchasing across several sellers

- Significant productive capacity across several sites
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Low regulator complaint rate

### AUSTRALIAN / NZ LENDING

- Leverage knowledge of consumer
- Up-front loss provisioning
- Analytical monitoring
- Unique statistical underwriting

- Automated decisioning
- Collection strength
- High level of efficiency

- APRs below cap applicable to mainstream credit
- Regulatory upside – no ‘payday loans’
- Lower pricing disrupting the market

### AUSTRALIAN / NZ DEBT BUYING

- Large database
- History of pricing accuracy
- Purchasing levels vary inversely with pricing

- High asset turnover<sup>1</sup>
- Low cost to collect<sup>2</sup>
- High performing on-shore and off-shore platforms
- Strong technology and use of data

- Low dispute rate
- \$1.3bn in ongoing repayment arrangements

### TARGET

Long term growth

ROE 16% – 18%

Low gearing

1. H1 FY25 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 0.8x

2. H1 FY25 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 44%

...has produced performance in line with expectation...

	Expectation	Outcome
<b>US debt buying</b>	<ul style="list-style-type: none"><li>• Establish competitive platform for growth</li></ul>	<ul style="list-style-type: none"><li>• Continued operational improvement</li><li>• Stand-alone local leadership in place</li><li>• Re-focus of purchasing on “faster-collecting” assets</li></ul>
<b>Australian / NZ lending</b>	<ul style="list-style-type: none"><li>• Moderated Wallet Wizard (WW) growth, with other products set to drive volume</li></ul>	<ul style="list-style-type: none"><li>• WW volume in line with expectation</li><li>• Wizat digital card on track to come out of pilot during H2</li><li>• Auto lending under review as used car prices decline towards our “growth trigger” level</li></ul>
<b>Australian / NZ debt buying</b>	<ul style="list-style-type: none"><li>• Earnings run-off to stabilise</li></ul>	<ul style="list-style-type: none"><li>• Run-off stabilised</li><li>• Cost management to minimise loss of operating leverage</li><li>• Purchasing discipline as competition has intensified</li></ul>

## ...and financial results on track with full year guidance

	H1 FY24	H1 FY25	Var %
Australian / NZ debt buying and collection services	\$118.3m	\$115.0m	(3%)
US debt buying (pre-impairment)	\$54.7m <sup>1</sup>	\$58.3m	15% <sup>2</sup>
Australian / NZ lending	\$82.0m	\$98.2m	20%
<b>Revenue total</b>	<b>\$255.0m</b>	<b>\$271.5m</b>	<b>6%</b>
Australian / NZ debt buying and collection services	\$13.5m	\$12.1m	(10%)
US debt buying (pre-impairment)	\$6.1m <sup>1</sup>	\$7.1m	20% <sup>2</sup>
Australian / NZ lending	\$13.9m	\$24.9m	79%
<b>NPAT total pre-impairment</b>	<b>\$33.5m</b>	<b>\$44.1m</b>	<b>32%</b>
US PDL impairment	\$45.6m	-	-
<b>NPAT total</b>	<b>(\$12.1m)</b>	<b>\$44.1m</b>	<b>&gt;100%</b>
EPS (basic)	(17.8c)	64.8c	>100%
<b>Dividend</b>	<b>15.0c</b>	<b>32.0c</b>	<b>&gt;100%</b>

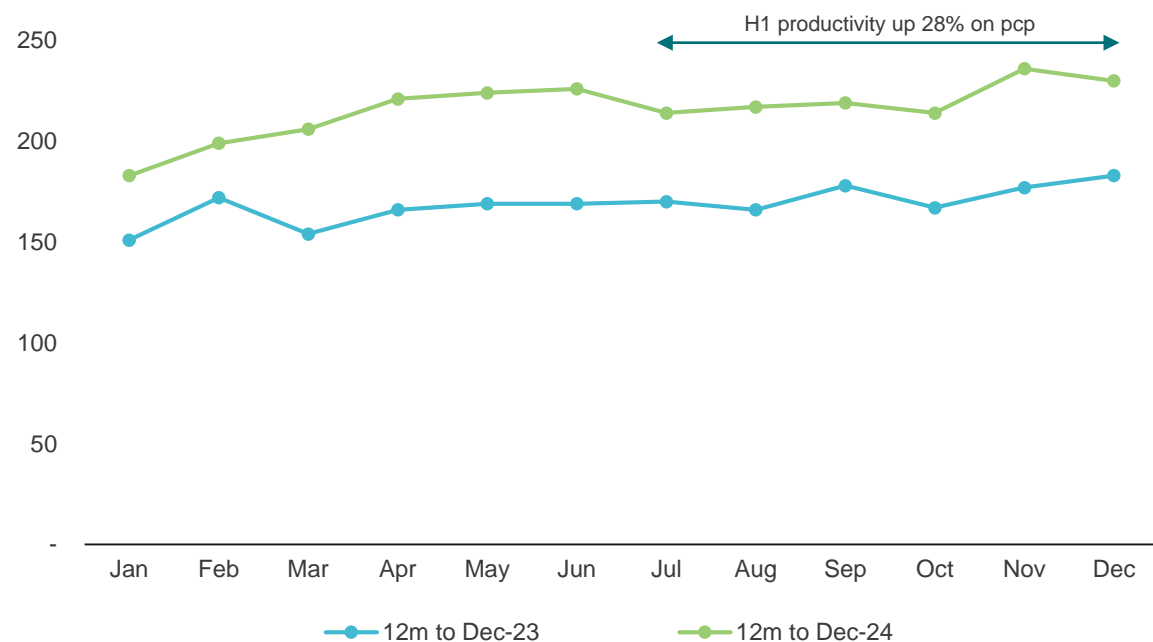
1. Excluding impairment of US PDL book of \$65 million (pre-tax)

2. Constant currency basis

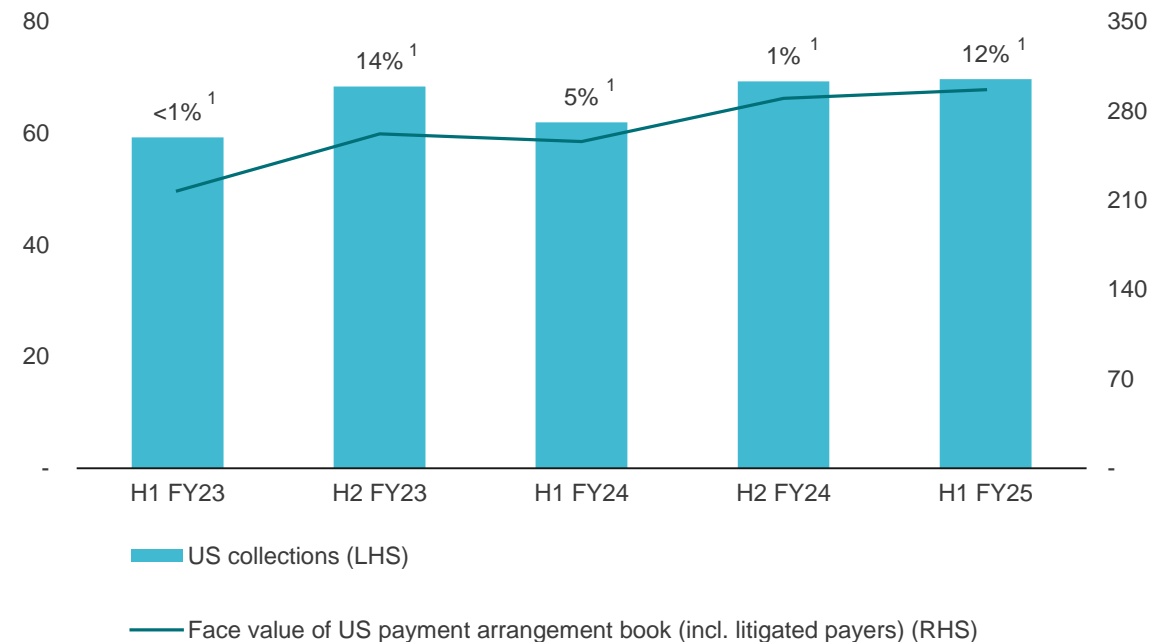
# US operational outcomes continue to build...

- Collections growth despite 24 months of reduced investment and no improvement in conditions
- Operational improvement initiatives have focused on:
  - Improving purchasing competitiveness
  - Establishing the capacity to grow collections without increasing headcount

## US Productivity Per Hour (US \$)



## US Collections and Arrangement Book (US \$m)

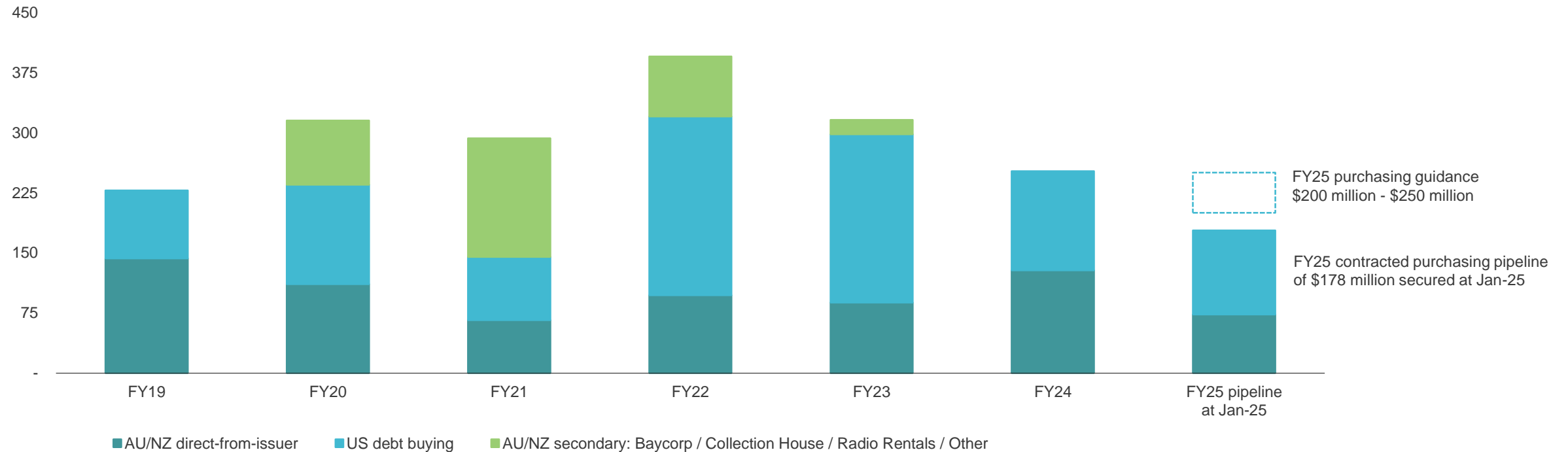


1. Collections growth % pcp

## ...enabling sustained investment

- US investment linked to operational improvement
- On track to secure at least \$150 million of US purchasing during FY25
- >80 per cent of US purchasing comprised of shorter-duration credit cards

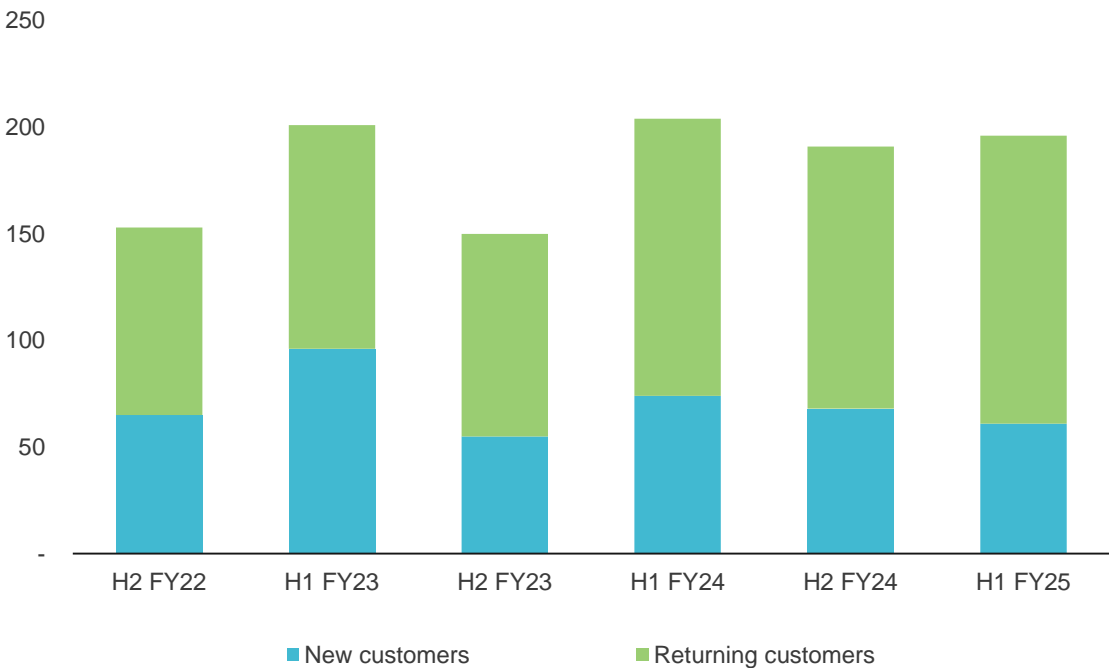
### PDL Investment Volume (\$m)



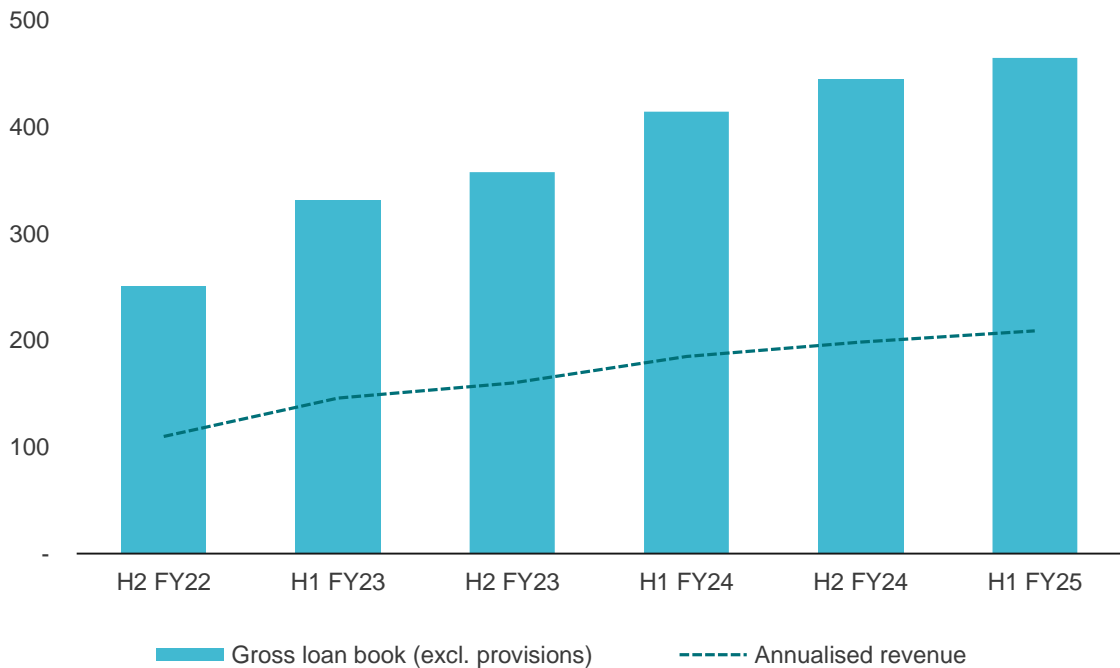
# Consumer loan book growth has moderated...

- Wallet Wizard new customer volume has stabilised

Lending Volumes (\$m)



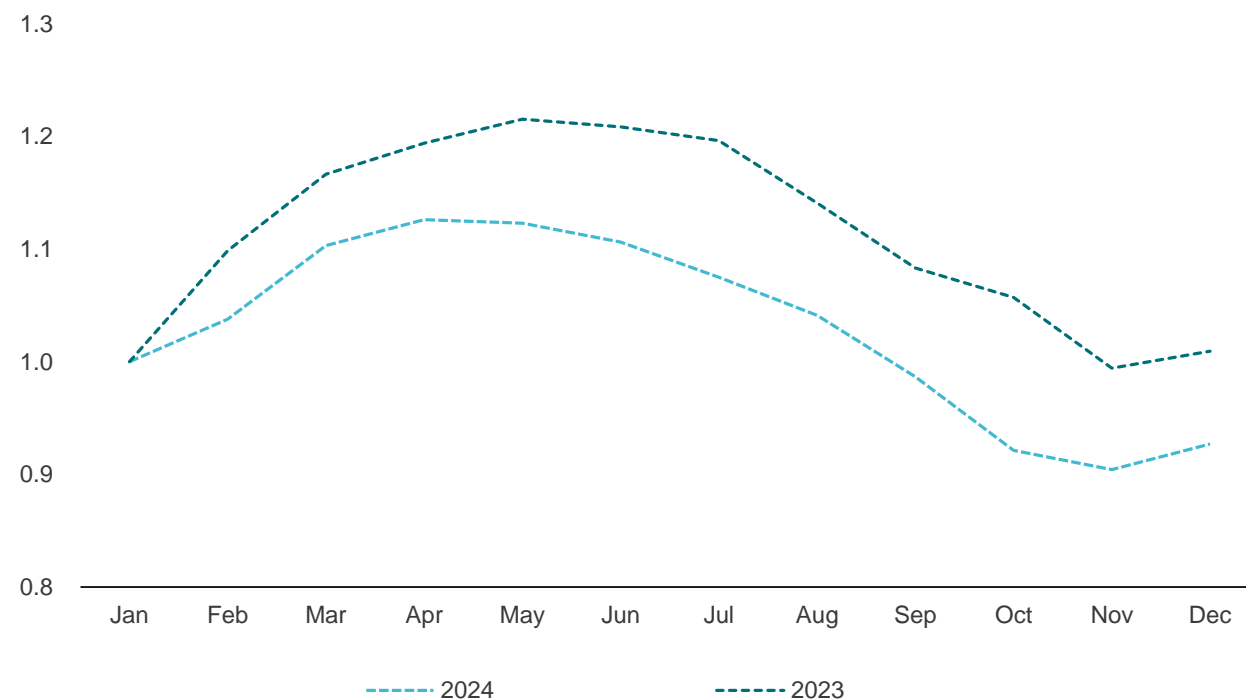
Consumer Lending Book and Annualised Revenue (\$m)



## ...while credit metrics remain strong...

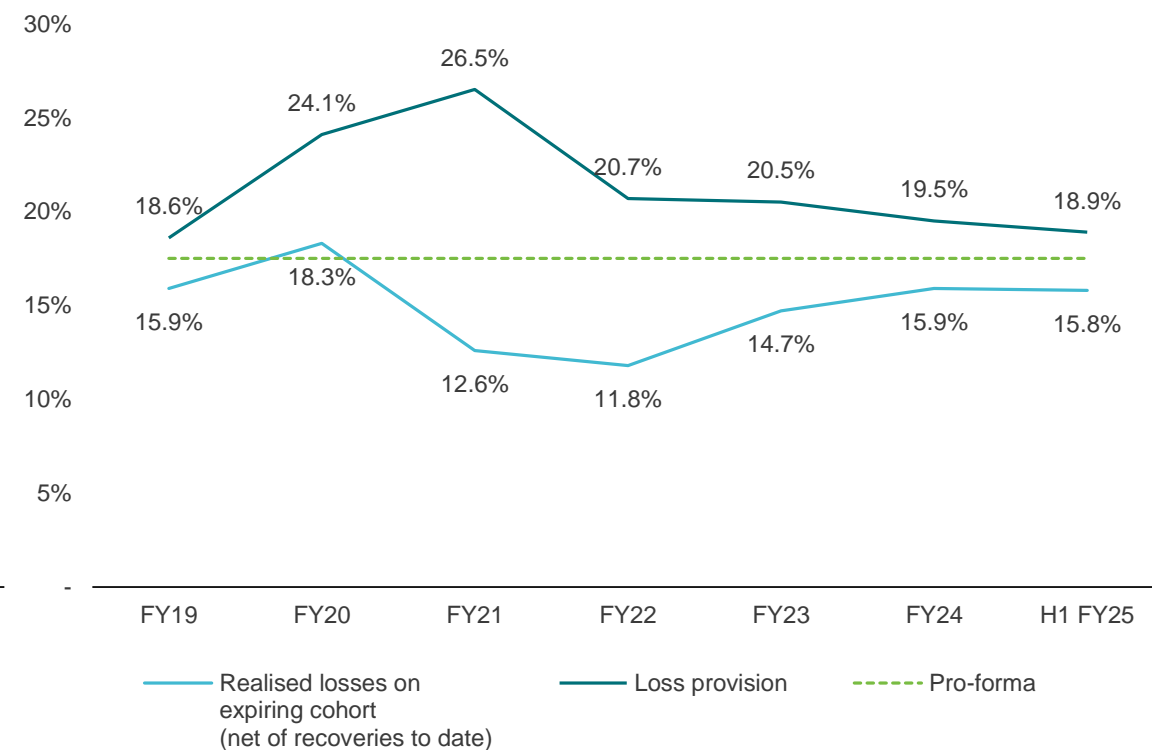
- Credit settings continue to produce losses below the pro-forma ingoing loss provision

### 30+ days arrears <sup>1</sup>



1. Indexed to January 2023

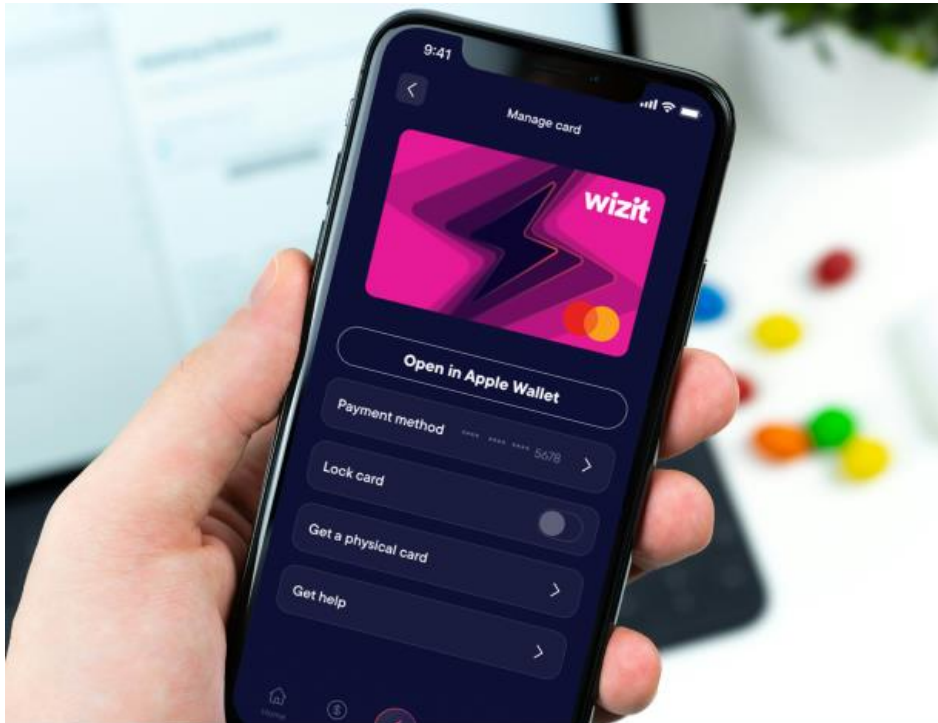
### Loss Provision to Realised Losses (%)



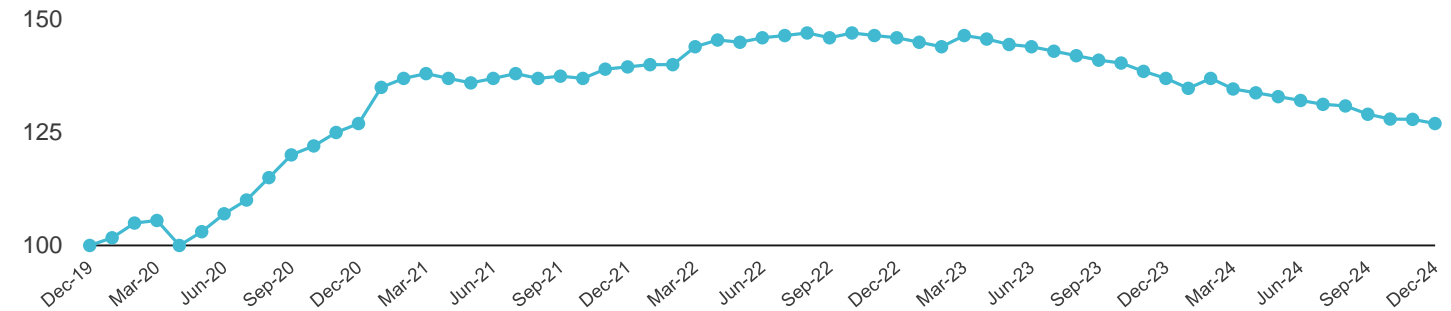


...as we look to newer products for additional growth

- Wizit digital credit card on track to be released from pilot in H2
- Used car price deflation is approaching our target level



Australia Used Car Price Index <sup>1</sup>

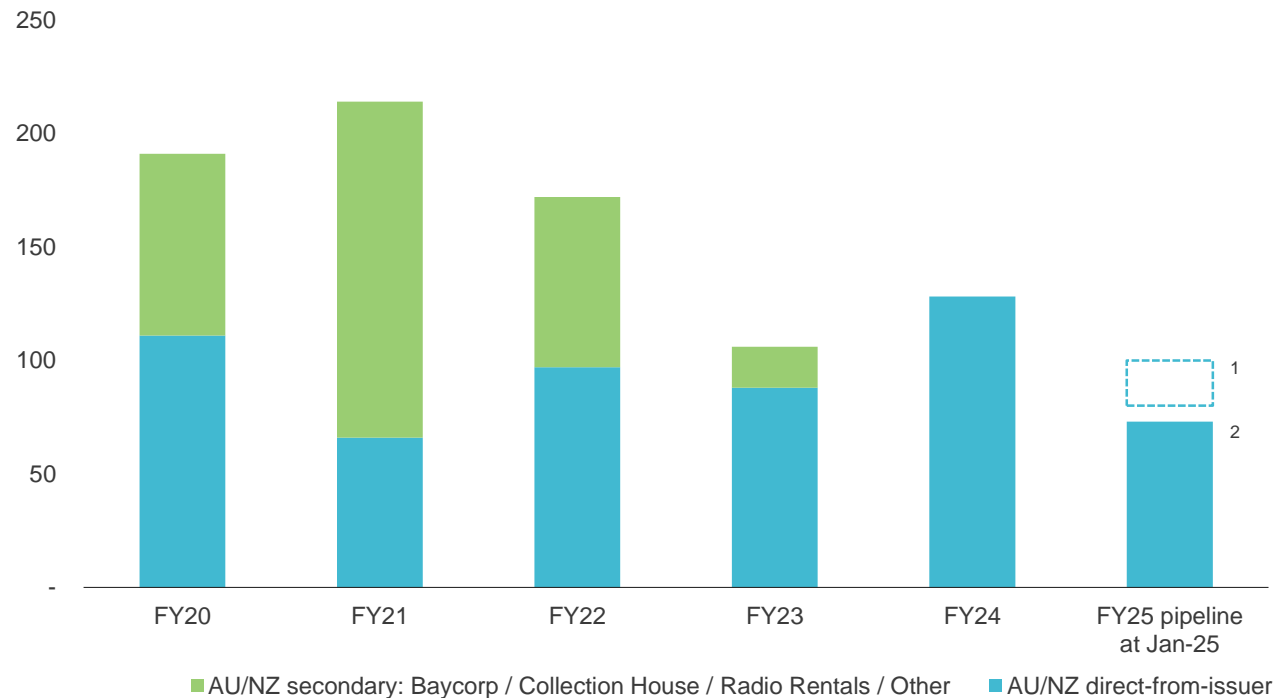


1. Retail & Wholesale Used Vehicle Market Insights (Full Year 2024), Cox Automotive Australia

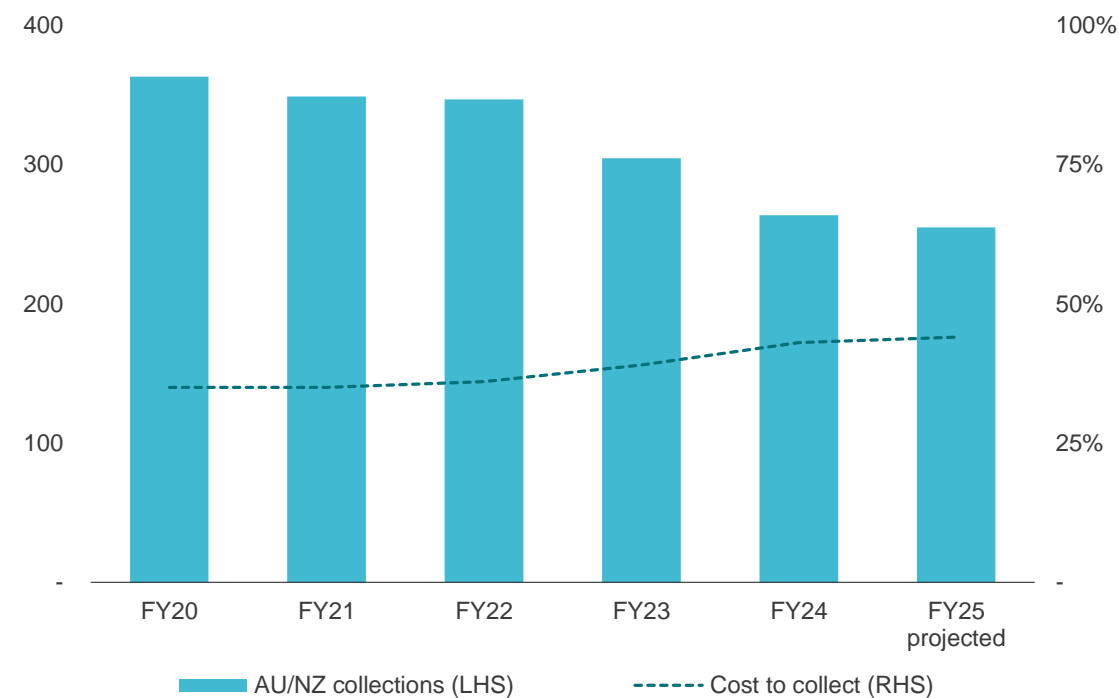
# AU/NZ debt buying run-off has stabilised

- Investment now sufficient to offset run-off and hold collections and earnings
- Cost discipline and strong operating performance has minimised loss of operating leverage

**AU/NZ PDL Investment Volume (\$m)**



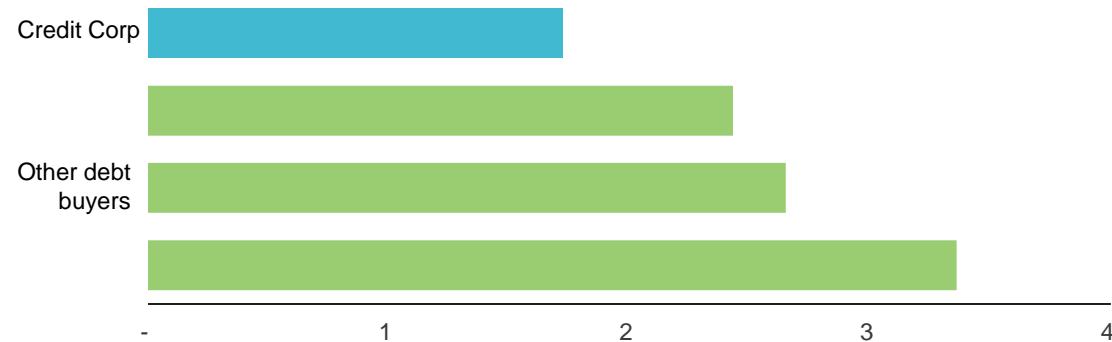
**AU/NZ Collections (\$m) and Cost to Collect (%)**



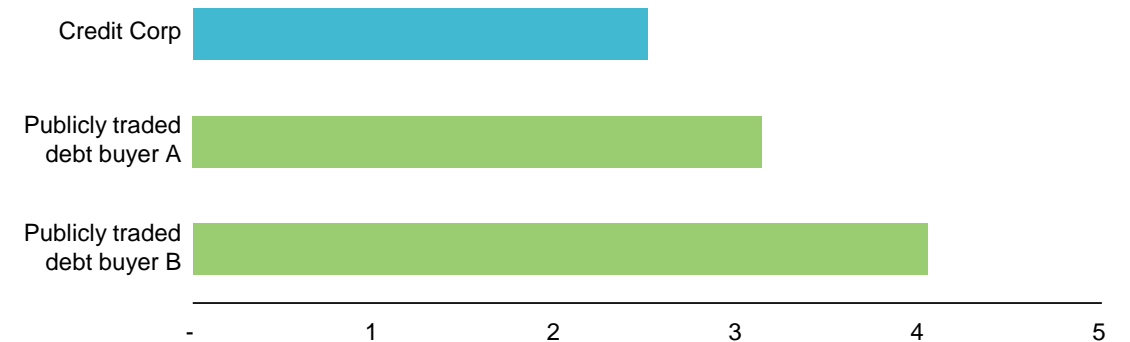
# We have maintained our differentiated position as a responsible operator...

- Leading dispute metrics

FY24 AU EDR Rate <sup>1</sup>



12 Months to Sep-24 US Dispute Rate <sup>2</sup>



- Superior response to consumer hardship
  - Rated as having the best response to consumer hardship by financial counsellors <sup>3</sup>
- Lower cost and more affordable loan products in the credit-impaired segment
  - All charges are within the mainstream caps
  - Net promoter score of 21 <sup>4</sup>

1. No. of complaints reported by External Dispute Resolution (EDR) provider (The Australian Financial Complaints Authority) for the 12-month period to Jun-24 divided by total PDL collections expressed in millions of dollars

2. Complaint metrics from Consumer Financial Protection Bureau (CFPB) database for the 12 months to Sep-24 divided by reported collections  
([https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created\\_date\\_desc](https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc))

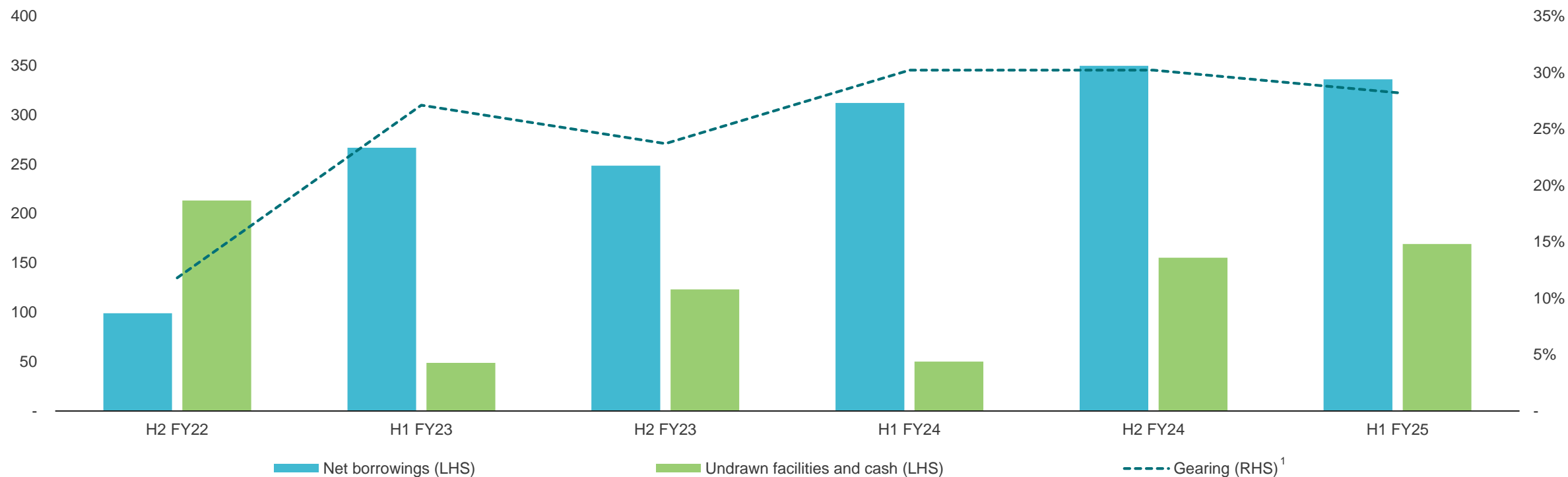
3. Financial Counselling Australia: Rank the banks and other lenders and debt buyers survey 2023 - Rating of response to consumer hardship, December 2023, pages 6 and 25

4. As at 30 June 2024

## ...and have the financial capacity to use our position to increase investment

- Gearing remains conservative
- Capacity intact under expanded facility

Cash Facilities (\$m) and Gearing (%)



1. Calculated as net borrowings as a % of carrying value of financial assets

# Outlook for solid earnings growth in FY25

- Growth in NPAT of 11 - 23 per cent against FY24 underlying result

	FY25 Guidance Issued Jul-24	FY25 Guidance Confirmed Jan-25
Ledger investment	\$200 - \$250 million	\$200 - \$250 million
Net lending	\$45 - \$55 million	\$45 - \$55 million
NPAT	\$90 - \$100 million	\$90 - \$100 million
EPS (basic)	132 - 147 cents	132 - 147 cents

# APPENDICES: KEY OPERATING METRICS



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# Appendix 1: Operating cash flow and gearing

Operating cash flow and gearing	FY22	FY23	FY24	H1 FY25
PDL collections	\$535.2m	\$493.8m	\$463.7m	\$236.9m
Lending income	\$93.7m	\$147.8m	\$179.1m	\$98.2m
Other income	\$38.3m	\$50.3m	\$92.8m	\$41.0m
Interest expense / income	(\$4.7m)	(\$15.6m)	(\$23.8m)	(\$16.1m)
Operating expenses including taxation	(\$275.8m) <sup>1</sup>	(\$290.6m)	(\$319.5m)	(\$170.9m)
PDL acquisitions, net lending and capex	(\$490.8m)	(\$471.0m)	(\$442.3m)	(\$155.7m)
<b>Net operating (free) cash flow</b>	<b>(\$104.1m)</b>	<b>(\$85.3m)</b>	<b>(\$50.0m)</b>	<b>\$33.4m</b>
PDL carrying value	\$637.3m	\$762.1m	\$780.7m	\$812.8m
Consumer loans net carrying value	\$198.4m	\$284.5m	\$358.5m	\$377.2m
Net cash / (borrowings)	(\$98.9m)	(\$248.4m)	(\$349.7m)	(\$336.0m)
<b>Net borrowings / carrying value (%)</b>	<b>11.8%</b>	<b>23.7%</b>	<b>30.7%</b>	<b>28.2%</b>

1. Includes outlay of \$63 million for the acquisition of Radio Rentals assets in Dec-21



## Appendix 2: AU/NZ & US Debt buying operational metrics

AU/NZ Debt Buying	H1 FY25	Δ H1 FY24
Collections	\$132m	(6%)
Productivity	\$314	(3%)
Operations headcount <sup>1</sup>	581	(9%)
Payers book (face value) <sup>1</sup>	\$1,285m	(2%)

US Debt Buying	H1 FY25	Δ H1 FY24
Collections	\$105m	12% <sup>2</sup>
Productivity	\$334	28% <sup>2</sup>
Operations headcount <sup>1</sup>	501	(9%)
Payers book (face value) <sup>1</sup>	\$450m	16% <sup>2</sup>

1. As at Dec-24

2. Constant currency basis

## Appendix 3: Payers base

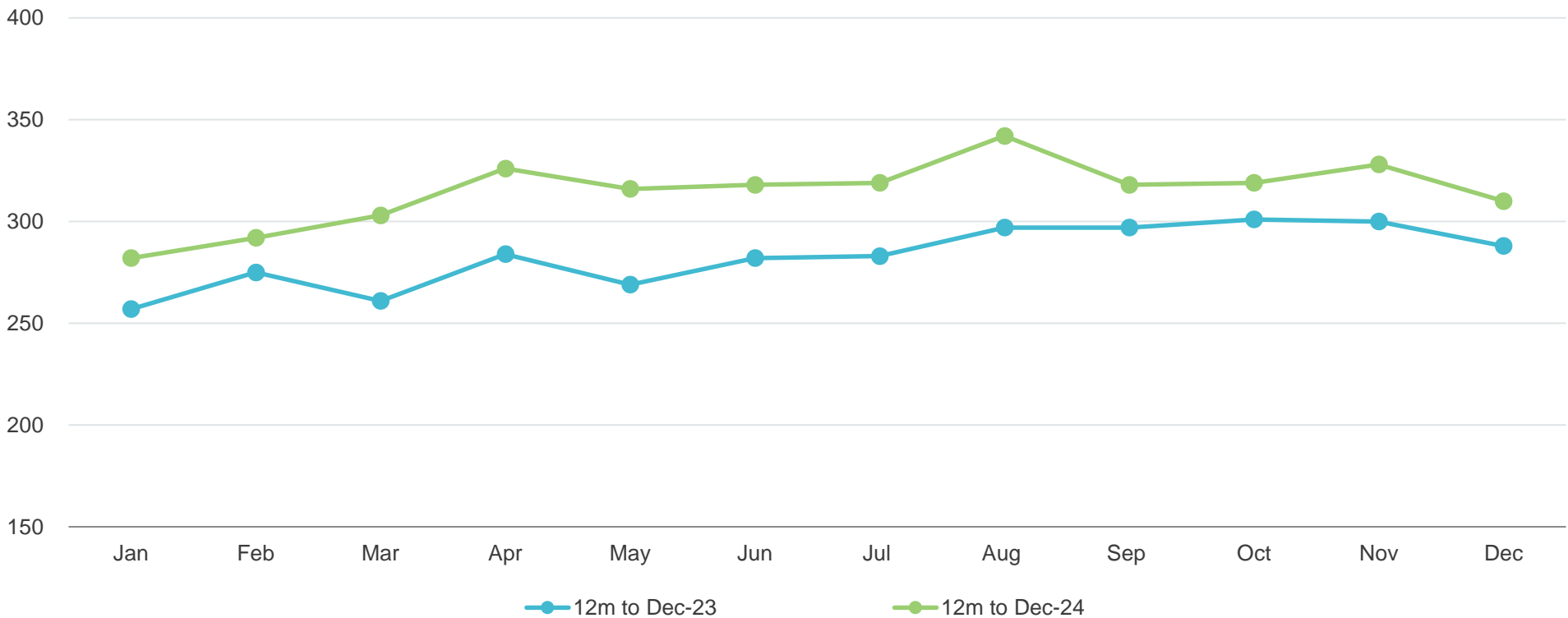
### Portfolio summary: Debt buying

AU/NZ		Combined AU/NZ/US <sup>1</sup>					
Total portfolio	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24	Dec-24
Face value	\$7.9b	\$11.8b	\$12.7b	\$12.8b	\$12.9b	\$13.0b	\$12.8b
Number of accounts	1,252,000	2,863,000	2,993,000	2,952,000	2,904,000	2,820,000	2,740,000
Payment arrangements							
Face value	\$1,555m	\$1,742m	\$1,727m	\$1,725m	\$1,709m	\$1,760m	\$1,735m
Number of accounts	243,000	264,000	266,000	274,000	273,000	280,000	283,000

1. US segment included from Jun-22 onwards and includes litigated payers. Prior periods contain only AU/NZ debt buying segment

# Appendix 4: Productivity

Productivity per Hour (A\$) <sup>1</sup>



**YTD DEC-24 average**

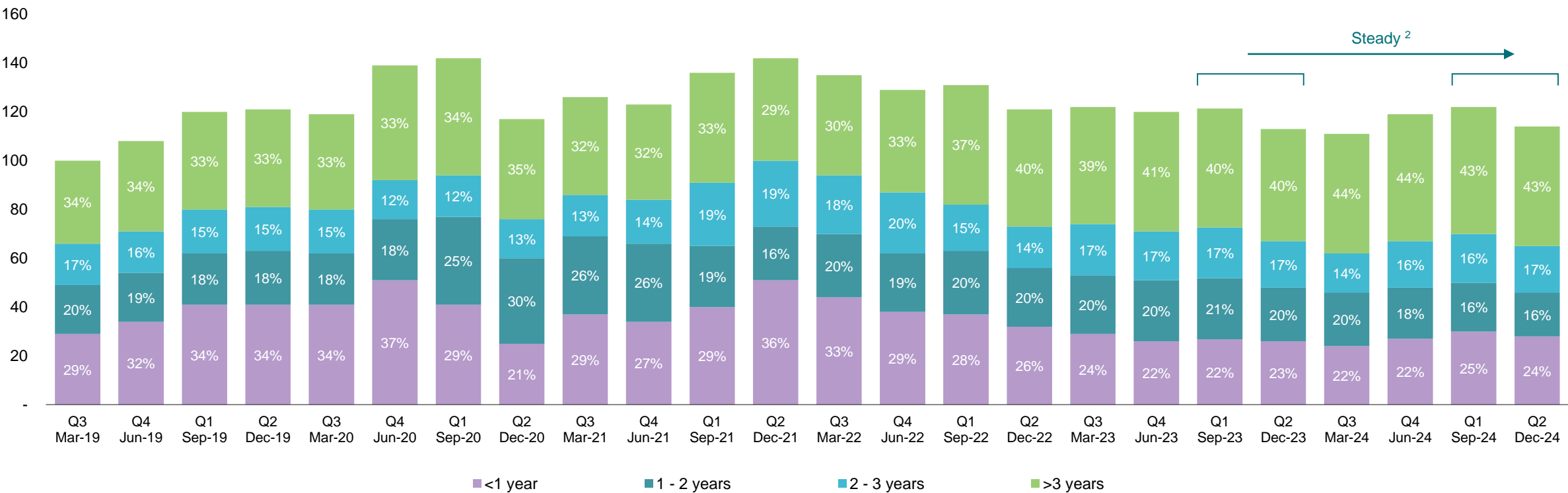
FY25: \$323

FY24: \$295

1. Combined AU/NZ and US segment productivity

# Appendix 5: Collections life cycle

PDL Collections by Vintage (\$m) <sup>1</sup>

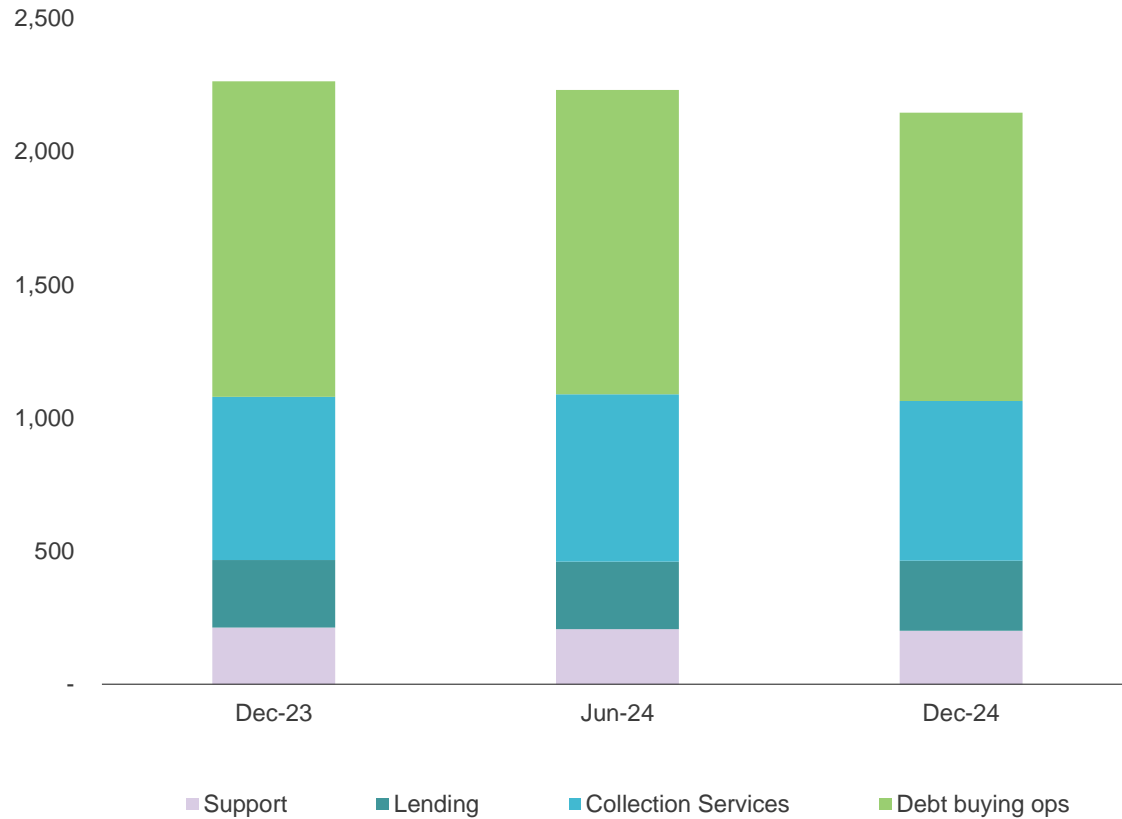


1. Combined AU/NZ and US PDL collections

2. Increase of 1% in H1 FY25 vs H1 FY24

## Appendix 6: Operational and total headcount

Period End Headcount (FTE)



	Dec-23	Jun-24	Dec-24
Debt buying operations	1,184	1,142	1,082
Collection services	613	628	599
Lending	253	254	263
Support	213	207	201
Total	2,263	2,231	2,145
Support %	9%	9%	9%

## For more information please contact:

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