

## **Media Release FY2015 Results** **Tuesday 4 August 2015**

### **Highlights**

The directors of Credit Corp Group Limited (Credit Corp) are pleased to report strong results for the year to 30 June 2015. Key highlights are as follows:

- 10 per cent growth in Net Profit After Tax (NPAT) to \$38.4 million
- Purchased Debt Ledger (PDL) acquisitions of \$143 million
- Consumer lending book of \$100 million at year end
- Inaugural full year profit from the consumer lending business

### **FY2015 Financials**

	Versus pcg			Actual	Apr 2015 FY2015 Guidance
PDL acquisitions	down	2%	to	\$142.6m	\$130 - \$135m
Net consumer lending	up	4%	to	\$51.1m	\$40 - \$50m
Revenue	up	10%	to	\$191.1m	
NPAT	up	10%	to	\$38.4m	\$37 - \$38m
EPS (basic)	up	10%	to	83.0 cents	80 - 83 cents
Return on equity	down	0.5pts	to	22.7%	
Dividend (fully franked)	up	10%	to	44 cents/share	

### **Performance Commentary**

Core domestic debt purchasing segment collections and revenues remained in line with the prior year. The lending business delivered all of Credit Corp's revenue and profit growth for the year.

The result was supported by continued strong core operating metrics. The total amount collected from PDLs acquired more than 2 years ago increased by 26 per cent over the prior year. The face value of accounts on recurring payment arrangements increased by 15 per cent over the period to \$1.04 billion.

The consumer lending business was established as a key growth driver. The loan book grew from \$63 million to \$100 million during the period and the lending business transitioned to profitability.

### **Purchasing**

Strong second half purchasing secured a near-record PDL acquisition outlay of \$143 million. A moderation in price growth from late in the first half facilitated the successful renewal of expiring forward flow contracts along with additional volumes. PDL acquisitions were \$87 million in the second half, compared with \$56 million in the first half.

### **Consumer Lending**

The consumer lending business reached the \$100 million loan book milestone with the introduction of the 'Wallet Wizard' brand during the second half. 'Wallet Wizard' provides a unique offering with loan amounts up to \$5,000 supported by a fast on-line decision engine. The brand was launched in April 2015 with national television and digital advertising.

Credit Corp is the sustainable and responsible alternative in the credit impaired consumer lending segment. With a minimum term of 4 months Credit Corp does not offer payday loans. Total rates and fees are substantially below legislated caps. Credit Corp's underwriting process involves a comprehensive financial capacity assessment, incorporating verification of income and expenses.

Credit Corp is disrupting this segment of the consumer lending market by the introduction of price competition and sustainable product features. To date 65,000 customers have experienced the benefits of this approach.

### **US Operations**

Market conditions remain challenging with limited supply of charged-off debts driving unfavourable pricing. This situation is now unlikely to change over the next 12 months.

Credit Corp's focus in the US is on operational improvement. Solid telephone collection outcomes are being achieved and recurring payment arrangements are growing in line with expectations. Resources are now being devoted to improving collection efficiency and results from the legal collection channel.

### **2016 Outlook**

Credit Corp is well-positioned to deliver another year of solid earnings growth. The core domestic debt purchasing segment will benefit from strong purchasing over the second half of 2015 together with a satisfactory pipeline of acquisitions for 2016. The consumer lending business is on track for further growth from its strong starting position.

We provide initial guidance for the 2016 financial year in accordance with the following ranges:

	Initial Guidance (August 2015)
PDL acquisitions	\$90 - \$120m
Net lending	\$30 - \$40m
NPAT	\$40 - \$42m
EPS	86 - 91 cents
Dividend per share	44 - 46 cents

This media release should be read in conjunction with the Appendix 4E, Financial Report and results presentation.

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