

ASX ANNOUNCEMENT

20 August 2015

Collection House posts record profit for FY15

Collection House Limited (Group) ASX Code: CLH has today announced a record net profit after tax (NPAT) of \$22.5 million, making this the eighth consecutive year of earnings growth for the Group.

Key Highlights for the 2015 financial year include:

- Net Profit After Tax (NPAT) increased 20 percent to \$22.5m, a record profit result for the Group.
- Final dividend increased 15 percent to 4.7c, taking full year dividend to 9.1c (+14 percent)
- Return On Equity increased from 13.4 percent to 13.8 percent
- Collection Services revenue increased 10 percent
- Purchased Debt Ledger (PDL) collections increased 20 percent to \$128 million
- Earnings Before Interest and Tax (EBIT) margin maintained at 30 percent year-on-year
- \$72 million invested in PDLs, with \$41 million already committed under contract for FY16
- Earnings per share growth increased by 17 percent to 17.2c

\$m	FY14	FY15	%	Change
Revenue	107.3	126.0	17	▲
Profit Before Tax	27.0	31.9	18	▲
Taxation	(8.3)	(9.4)		▲
Net Profit After Tax	18.7	22.5	20	▲
PDL Cash Collections	106.5	127.6	20	▲
EPS (cents)	14.7	17.2	17	▲
DPS (cents)	8.0	9.1	14	▲
EBIT Margin	30.2%	30.0%	-	-
Return on Equity (Av)	13.4%	13.8%	-	▲
Net Debt/Net Debt + Equity	38.9%	39.6%	-	▲

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“By any measure, this is a strong success story,” said Collection House Chairman, David Liddy. “The ongoing investments we have made in our people and our technology, the two cornerstones of our business, are now delivering sustainable growth across all key areas.

“We have a robust, sustainable business model which provides access to multiple revenue streams from a diverse service offering. We have also continued to pursue opportunities for organic growth while at the same time, minimising risks to the business. These factors have all attributed to the creation of a sturdy and balanced business that is able to deliver consistent shareholder value and superior shareholder returns,” he said.

Key growth areas in FY15

Managing Director and Chief Executive Officer, Matthew Thomas said he was pleased with the result after forecasting a FY15 profit of between \$21-22 million at the end of FY14.

“We committed to delivering sustainable growth, and we have achieved that with NPAT growth averaging 20 percent for the past five years,” he said. “For shareholders this translates to a 13.8 percent increase in dividends per share this financial year and a 17 percent increase in earnings per share.”

“While our growth overall is largely organic, we continue to invest in product development of new debt solutions for both clients and customers. We also continue to explore new debt purchase markets and models, and pursue opportunities for acquisitions or partnership opportunities,” Mr Thomas said.

Investing in the future

During the year, Collection House also established:

- A finance brokerage, Cashflow Financial Advantage, which has assisted Lion Finance customers to gain access to credit to refinance debts.
- A four year contract renewal with St George/Capital Finance servicing their secured retail portfolio.
- The Australian Credit Recoveries Trust in partnership with Balbec Capital LP, an affiliate of Starwood Global Capital. The arrangement will allow participation in large one-off PDL investment opportunities, with the option of not increasing debt on the balance sheet. .

- First-class, new 8,000 sqm premises at Skyring Terrace Newstead, Brisbane, with state-of-the art technology and facilities, designed with flexibility to cater for the future needs of the business.

“Each of these initiatives have been an integral part of our ‘gear shift’ strategy in order to continue driving growth and unlock future potential,” Mr Thomas said. “They are investments in the future of our business,” he said.

“Mobile technologies continue to drive fast-paced change across many industries and ours is no exception. The Collection House Group will continue to invest in technology and analytics. Both help us to better understand and service our customers. And we will embrace new initiatives as they apply to our business and enable us to deliver added-value.

“We remain driven by an unwavering commitment to conduct business that is ethical, lawful and respectful of its community and environment too, and we continue to strive for best practice in all areas of our business,” he said. “We are proud to present in conjunction with our 2015 Annual Report, the Collection House Group’s second annual Corporate Social Responsibility (CSR) report. This report highlights the significant achievements of the business across four key areas: Supporting the community, Protecting the environment, Engaging stakeholders and Respect for the law, as measured against international ISO guidelines,” Mr Thomas said.

Outlook

“In recent months we have observed a shift in customer behaviour which has correlated with reported volatile swings in consumer sentiment, against a weak economic backdrop,” said Matthew Thomas.

“However, we remain confident in our business model which limits our dependency on the performance of any single product or market segment, and which provides us with strategic resilience and adaptability. Collection House is in a solid position heading into the new financial year and we are confident that despite any prevailing economic conditions we can continue to achieve above market growth and continue to increase shareholder value.”

For more information please contact:

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Collection House Group - Overview

Collection House Limited

Debt collection and receivables management



CLH Legal Group

Legal services including insolvency administration



Lion Finance

Debt purchasing and recovery



CashFlow Financial Advantage

Licensed intermediary for the provision of credit



Collective Learning & Development

Credit management and related training services



Midstate CreditCollect Pty Ltd

Debt collection services, specialising in Local Government



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