

# FY15 Results Presentation

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# Leveraging our leadership in the credit-impaired consumer segment Credit Corp Group

## Core Australian debt buying business



- Largest participant in market
- CAGR in NPAT of 23% over the 6 years to FY15
- Generating acceptable returns with limited gearing

Leverage strengths to expand into high opportunity markets



### Credit-impaired consumer lending

- Apply experience with credit-impaired consumers
- Sustainable and responsible products
- Segment not serviced by mainstream credit issuers



### US debt buying

- Much larger than the Australian market
- Apply our strengths as the US market transitions

## Lending drives growth...



### FY15 Financial Results

	FY15	FY14	\$ Change	% Change
Debt Purchasing	\$155.1m	\$154.6m	+\$0.5m	
Lending	\$36.0m	\$19.4m	+\$16.6m	
<b>Total Revenue</b>	<b>\$191.1m</b>	<b>\$174.0m</b>	<b>+\$17.1m</b>	<b>+ 10%</b> ↑
Debt Purchasing	\$56.0m	\$55.5m	+\$0.5m	
Lending	\$1.4m	(\$3.5m)	+\$4.9m	
<b>NPBT Total</b>	<b>\$57.4m</b>	<b>\$52.0m</b>	<b>+\$5.4m</b>	<b>+10%</b> ↑
<b>NPAT</b>	<b>\$38.4m</b>	<b>\$34.8m</b>	<b>+\$3.6m</b>	<b>+ 10%</b> ↑
<b>EPS (basic)</b>	<b>83.0cps</b>	<b>75.4cps</b>	<b>+7.6cps</b>	<b>+ 10%</b> ↑
<b>Dividend</b>	<b>44.0cps</b>	<b>40.0cps</b>	<b>+4.0cps</b>	<b>+ 10%</b> ↑



... sustained by strong H2 investment...





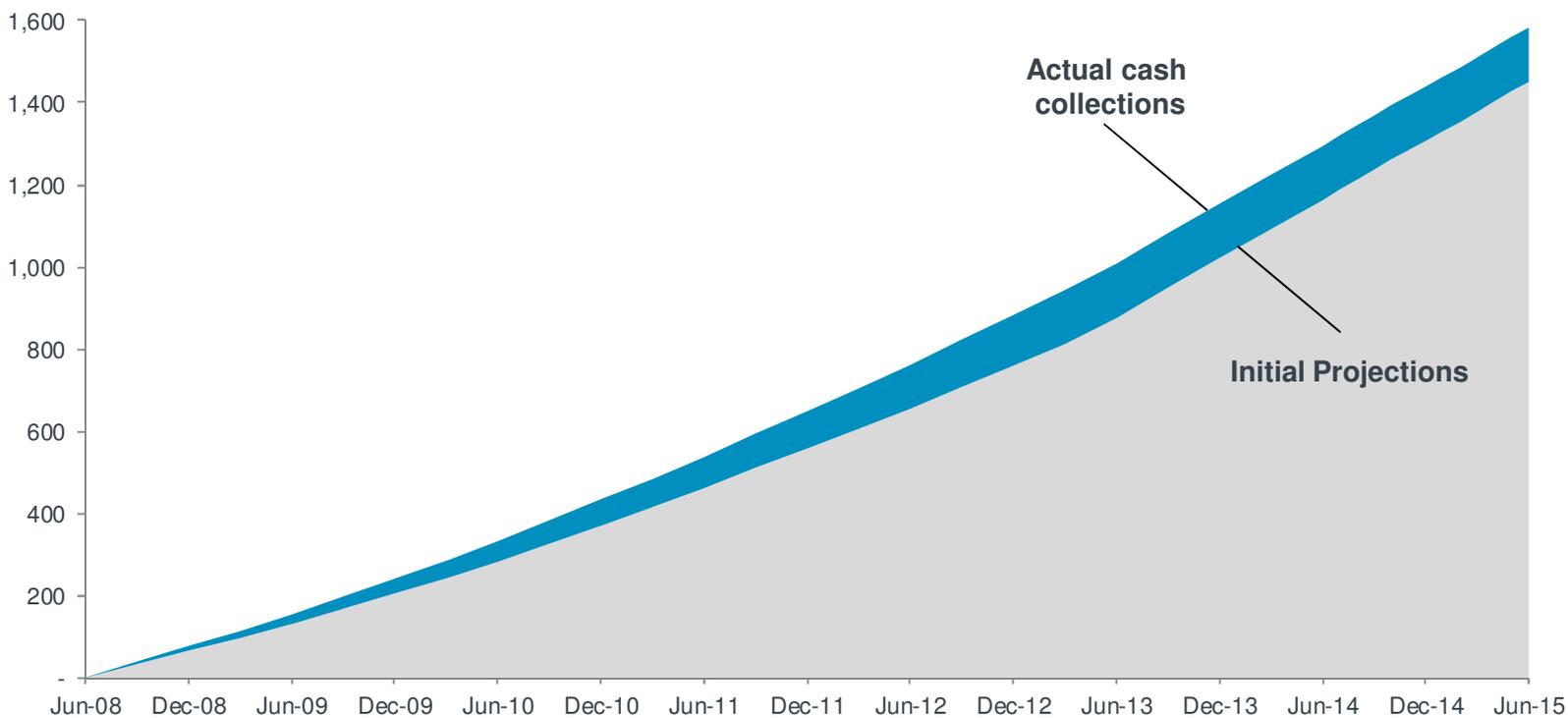
## ... and solid asset growth

\$ million	FY15	FY14	FY13
Pre-tax operating cash flow	215.6	200.5	173.6
Tax payments	(26.5)	(16.2)	(15.4)
PDL acquisitions, lending and capex	(191.3)	(197.3)	(148.5)
<b>Net operating (free) cash flow</b>	<b>(2.2)</b>	<b>(13.0)</b>	<b>9.7</b>
PDL and consumer loan carrying value	244.3	203.7	161.1
Net bank debt	58.5	35.7	4.9
<b>Net debt / carrying value (%)</b>	<b>23.9%</b>	<b>17.5%</b>	<b>3.0%</b>



## Operational metrics maintained - pricing discipline and accuracy

Cumulative Collections  
\$m



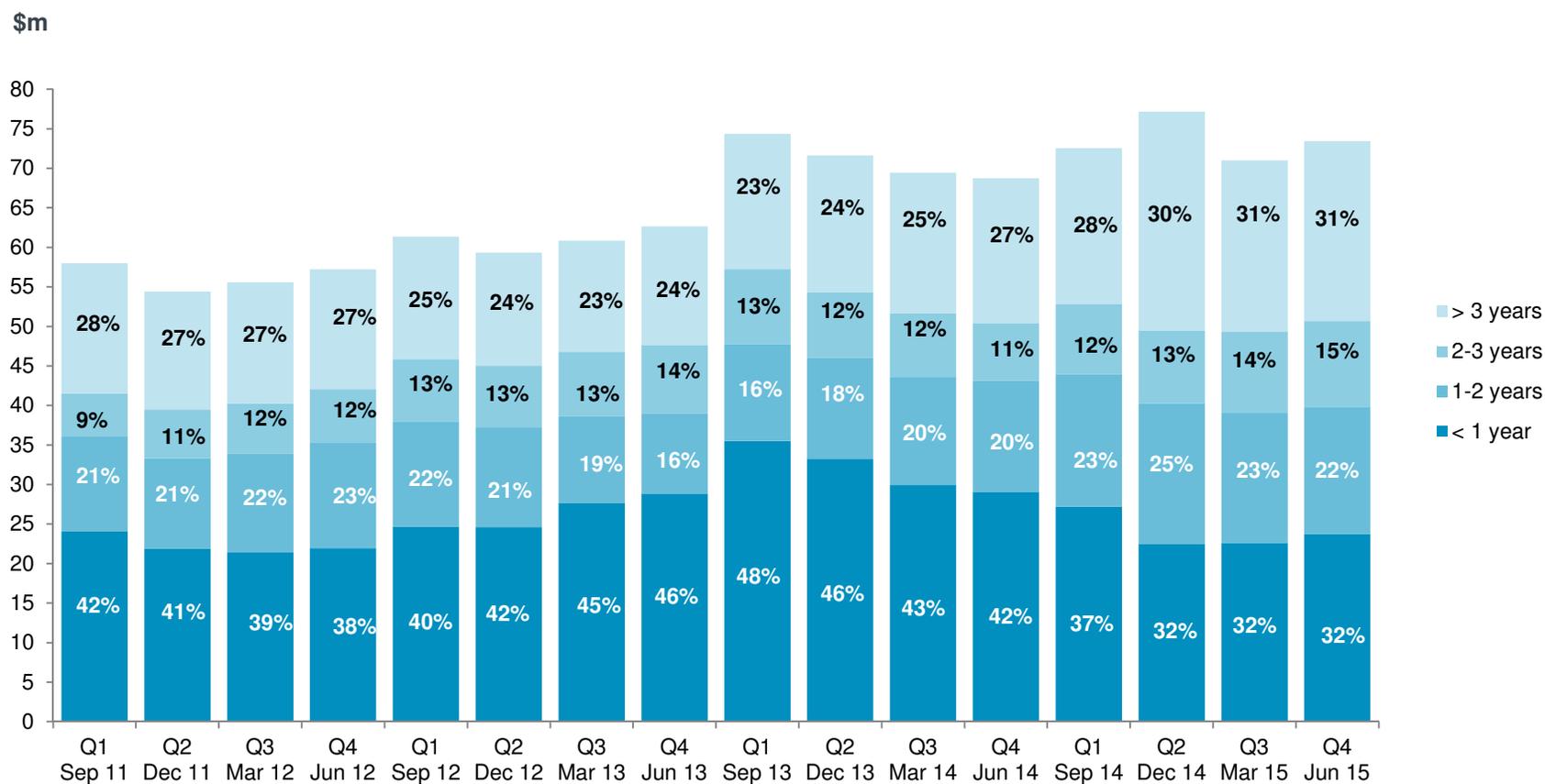
Note: For all PDLs held at June 2008, initial projections represent the forecast at June 2008



## Operational metrics maintained - collection life-cycle

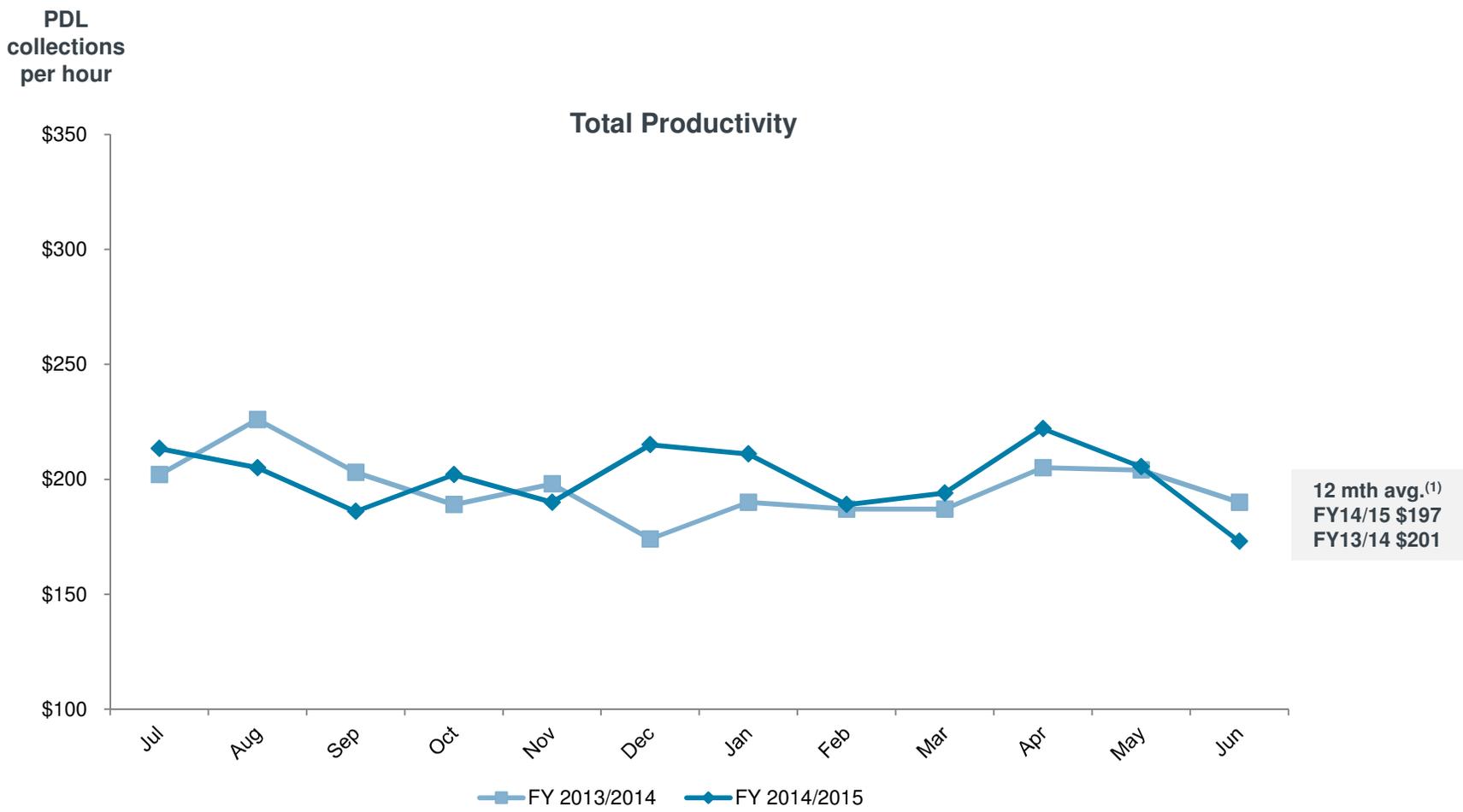
- Full year collections in line with prior year

### PDL collections by date of purchase



# Operational metrics maintained - productivity

## Debt purchase productivity (direct collection staff only)



(1): Weighted average productivity.



## Operational metrics maintained - payers base

<b>Total Portfolio</b>	Jun-15	Dec 14	Jun 14	Dec 13	Jun 13
Face value	\$4.9bn	\$4.8bn	\$4.7bn	\$4.5bn	\$4.0bn
Number of accounts	703,000	698,000	744,000	759,000	711,000

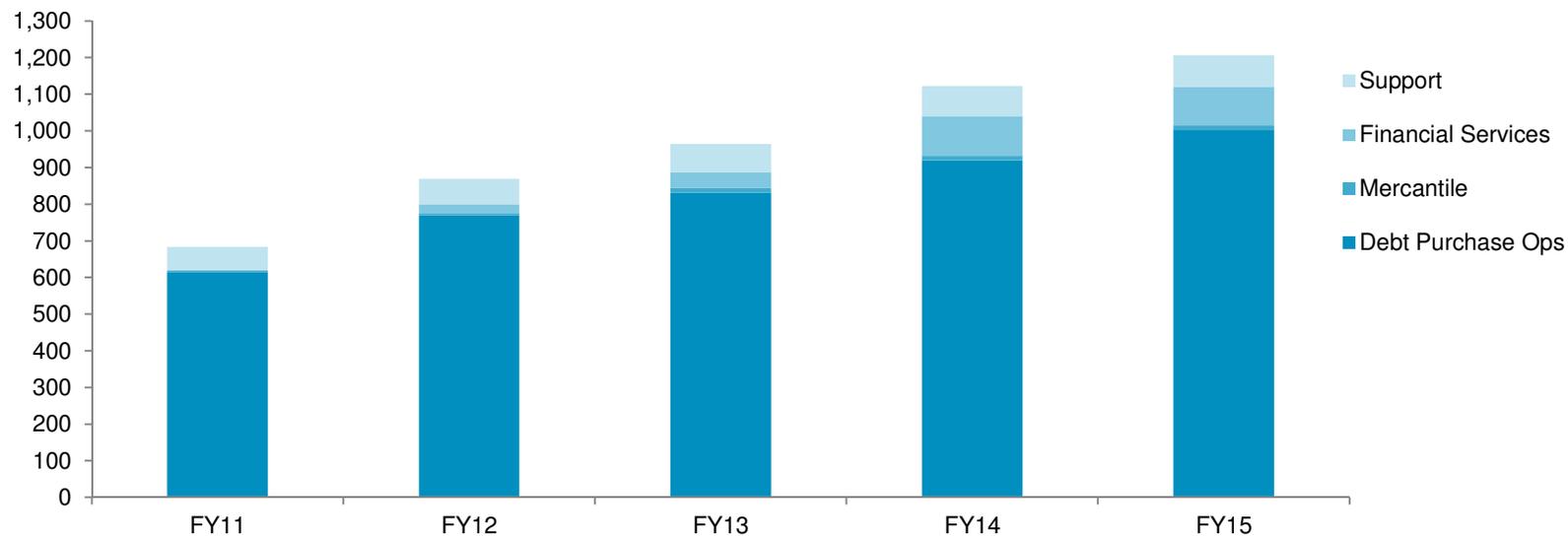
### Payment arrangements

Face value	\$1,044m	\$963m	\$909m	\$791m	\$742m
Number of accounts	133,000	125,000	120,000	111,000	106,000
% of PDL collections	75%	73%	73%	71%	72%



# Operational headcount to support asset growth

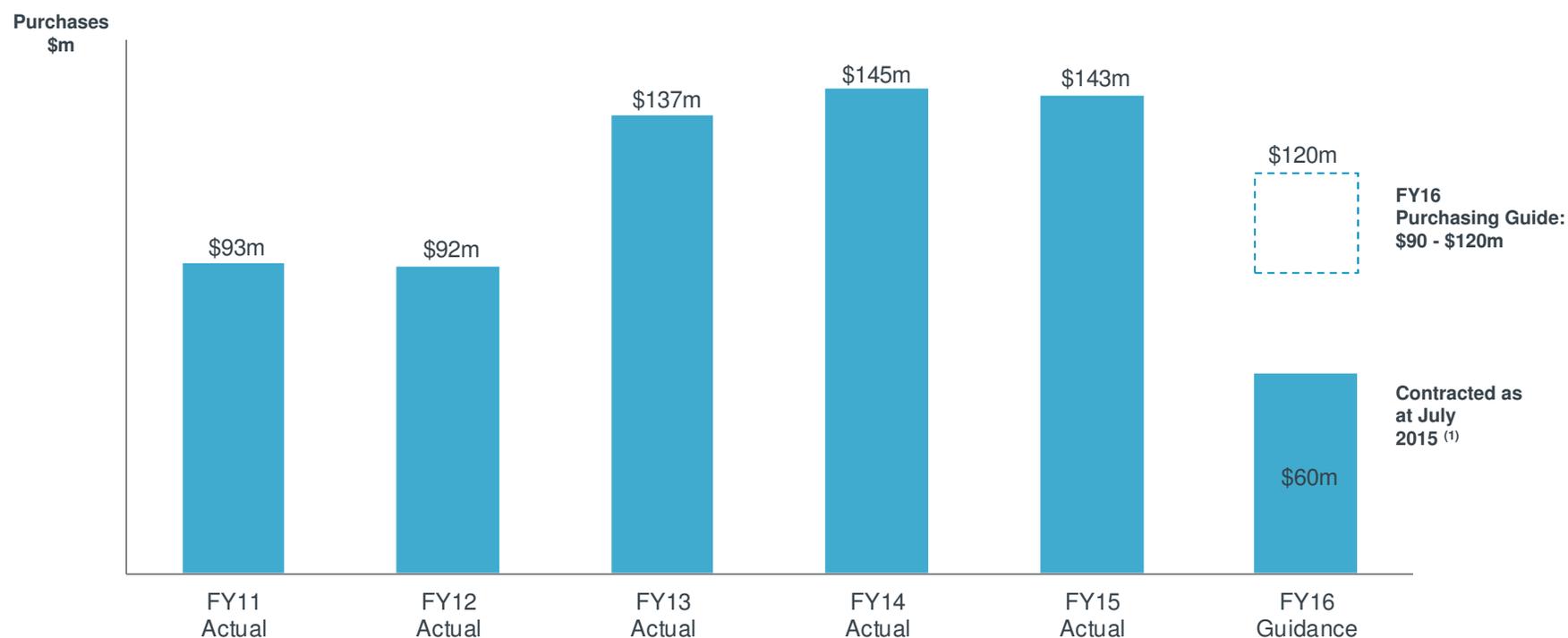
## Period-end headcount (FTE)



Function	FY11	FY12	FY13	FY14	FY15
Debt Purchase Ops	615	770	831	919	1,004
Mercantile	4	4	13	12	11
Financial Services	-	26	43	109	104
Support	64	69	77	82	88
<b>Total</b>	<b>683</b>	<b>869</b>	<b>964</b>	<b>1,122</b>	<b>1,207</b>
Financial Services %	-	3%	4%	10%	9%
Support %	9%	8%	8%	7%	7%

## Solid PDL acquisition pipeline

- Price increases moderated during FY15
- Expiring forward flows renewed and additional volumes secured
- Purchases priced to achieve hurdle return rate

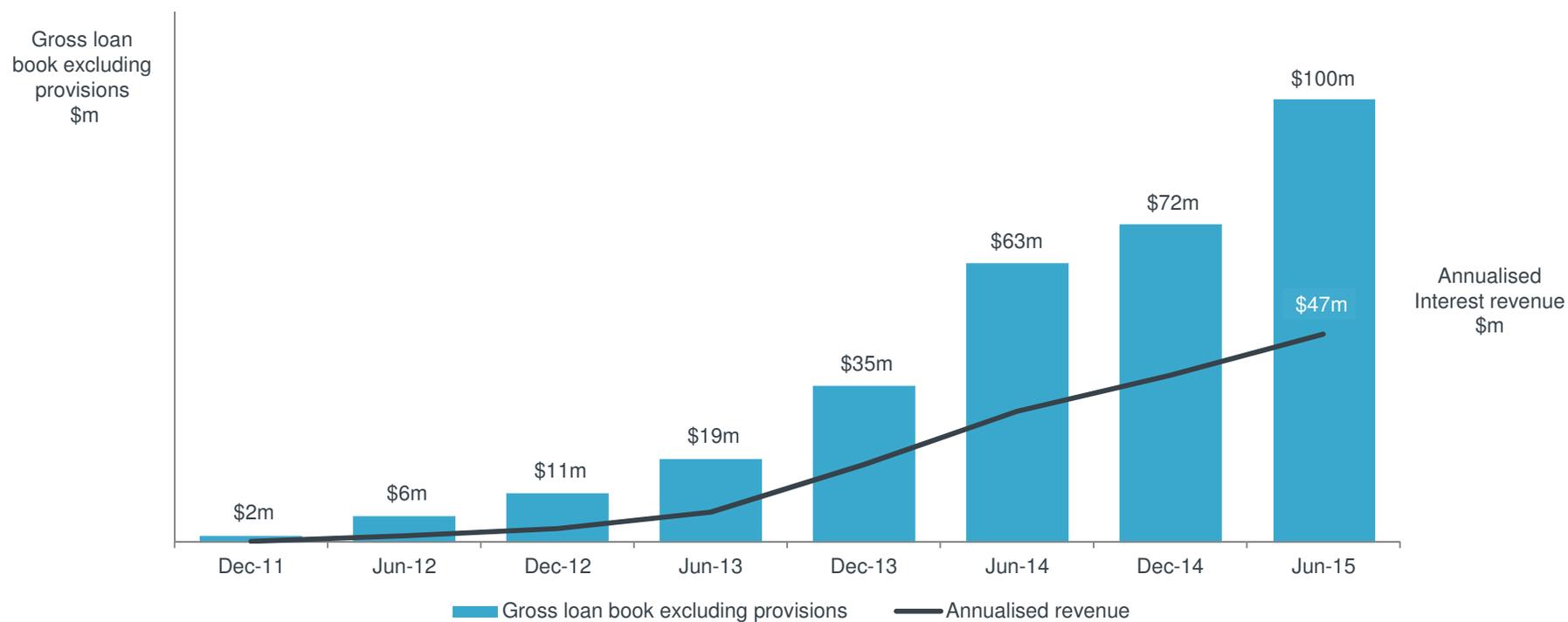


(1): Includes US purchases. Prior year \$36m.



# Consumer lending book reaches \$100m milestone...

Momentum re-established in H2 FY15



...with the introduction of our new brand

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**Wallet Wizard**

Sustainable online loans

- Merges Small Amount Credit Contract (SACC) and Personal Loan (PL) products
  - Seamless graduation into lower cost finance
  - Supported by a fast automated decision engine
- National advertising campaign launched on 19 April
  - TVC featuring Wallet Wizard character
  - Digital advertising

## The sustainable and responsible alternative

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**Wallet Wizard**

Sustainable online loans

- Not a payday lender
  - Loan amounts up to \$5,000
  - Minimum term of 4 months up to 3 years (avg. SACC 8 months, PL 2.4 years)
  - Lower rates and fees, substantially below legislated caps
  - No early repayment fees
  - Capped cost recovery late payment charges (waived on advance contact)
- Delivered responsibly
  - Robust financial capacity assessment
  - Verification of income and expenses
  - Compliant suitability assessment

## US market conditions remain unfavourable...

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- Supply conditions constrained
  - Major credit issuers now unlikely to return to the market for 12 months
  - Despite recent regulatory settlement with JP Morgan Chase
- Focus on operational improvement
  - Solid telephone collection outcomes
  - Satisfactory payment arrangement growth
  - Scope to improve:
    - Efficiency
    - Legal collection performance

## FY16 Initial Guidance



	FY16 Initial Guidance
PDL acquisitions	\$90 - \$120m
Net lending	\$30 - \$40m
NPAT	\$40 - \$42m
EPS (basic)	86 - 91 cents
Dividend per share	44 - 46 cents



Credit Corp Group

# Questions