

Credit Corp Group 2018 AGM Chairman's Address

Credit Corp continued its record of consistently strong performance in 2018, posting a 17 per cent increase in net profit for the year, our tenth consecutive year of growth.

Over the last three years we have averaged 19 per cent compound growth in earnings per share and 15% over the last five years which is almost twice the collective performance of the ASX200. Each year we have achieved this impressive growth with returns on equity over 20 per cent and a conservative balance sheet. This growth has been achieved without having to raise any additional capital from shareholders and consistently paying half the earnings as dividends.

Such a consistent performance is the result of Credit Corp's disciplined approach and its understanding of the markets it operates in.

During 2018, we continued to grow our businesses in Australia, New Zealand and the US.

I have just returned from spending time with our US team in their new purpose designed facilities in Salt Lake City. They are a young team and unbelievably committed in the largest debt purchasing market in the world. The US is also proving to be a good test bed for new collection technology which enhances productivity and can then be expatriated to our Australian and Philippines operations centres.

We are still one of the small number of companies that provide guidance throughout the year. Again, we have delivered on the promises we made at the beginning of the 2018 financial year and expect to do the same in the coming year. Our focus continues to be on sustainable growth and the application of capital for acceptable returns.

One of our greatest strengths at Credit Corp is our longer term focus and planning. When developing new products or businesses, we work in three-year cycles, implementing business models that can be tested and scaled-up if successful. This allows us to maintain our leadership advantage in these current times when change and disruption can seriously cripple traditional market leaders.

It also allows us to take advantage of opportunities as they arise and not be distracted. We don't seek growth for the sake of growth, but instead focus on sustainable growth aligned with our direction and capacity. This requires patience, discipline and rigour.

Over the past six years we have diversified into new business adjacencies and locations and this strategy is now bearing fruit, adding depth and resilience to the company. This was particularly true during the 2018 financial year. The new Australian consumer lending and US debt purchasing businesses are growing strongly and contributed to the bottom line for the first time.

Our lending business in Australia/New Zealand grew substantially during the past year. Consumer lending was new for us when we ventured into it six years ago. We started on a small scale, increasing in size over time, as we built expertise in the sector. Now, our offering, Wallet Wizard, is the leading brand in the fast loan segment in Australia.

It is the most sustainable product in the fast loan segment and has earned a reputation as an ethical and responsible solution for consumers in this sector. More powerfully, it aligns with our core values of transparency strong legal and moral compliance and our commitment to providing our customers with sustainable solutions that assist them in improving their financial situation.

While competing segments such as 'payday' lending are under increasing scrutiny by regulators and other stakeholders, the Wallet Wizard cash loan offering stands alone as the most sustainable offering available to credit impaired consumers.

In the US our patience has been rewarded. We recorded our first full year's profit from this important geographic expansion in 2018 and are increasing our purchasing which will deliver increased profits in this market.

Credit Corp's investment in technology is another core strength. Most people would not think of us as a technology company, but in reality we are very technology-centric. Our core activity is processing large volumes of data and using superior analytics to understand what it is telling us. Together with automation and digitisation, the company is well positioned to maintain superior productivity in its purchasing and collection process.

This does not take away from the importance of our people. Technology is acquired and used by our people to enhance operational excellence. It is our people and a culture of accountability that is the core of our success as an organisation.

Training and skills development have become a necessity in order to keep up with the changes in technology. Personal and career development with clear pathways to leadership roles is becoming an important differentiator in retaining and growing staff. This is applied across all our businesses and locations. It gives me much pleasure to say that almost all new management and leadership roles are filled by team members who joined the company in entry-level positions.

Our prospects for 2019 are very positive. We will continue to consolidate our market leadership position in the Australia/New Zealand debt buying sector. At the same time, we anticipate strong growth in our lending business and US debt buying business. We are also financially positioned to take advantage of other opportunities should they arise.

On behalf of the Board and shareholders, I want to thank all our employees for their hard work and dedication over the past year. Many thanks to my fellow directors and our senior leadership team for their commitment, discipline and strong leadership skills.

We look forward to working together to achieve our goals over the next year and meet or exceed shareholder expectations.