

Media Release H1 FY2015 Results
Thursday 29 January 2015

Highlights

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

- 17 per cent growth in Net Profit After Tax (NPAT) over the prior corresponding period (pcp)
- Inaugural profit from the consumer lending business
- 10 per cent increase in the interim dividend to 22 cents per share
- Platform established to accelerate lending growth

H1 of FY2015 Financials

	Versus pcp			Actual
Purchased Debt Ledger (PDL) acquisitions	down	35%	to	\$56.1m
Net lending	down	5%	to	\$16.2m
Revenue	up	11%	to	\$93.7m
NPAT	up	17%	to	\$20.1m
EPS (basic)	up	17%	to	43.6 cents
Dividend (fully franked)	up	10%	to	22 cents/share

Performance Commentary

Core domestic collections and revenue remained in line with the prior corresponding period despite a 35 per cent reduction in purchasing. The lending business delivered almost all of Credit Corp's revenue and profit growth for the half-year.

The result was supported by continued strong operating metrics in the core business. Collection efficiency improved by 3 per cent despite a reduction in purchasing. New purchases are on track to meet ongoing projections and past purchases continue to perform. The total amount collected from PDLs acquired more than 2 years ago increased by 15 per cent over the prior corresponding period.

Ongoing collection results will be supported by recurring payment arrangements. The face value of accounts on recurring payment arrangements increased by 6 per cent over the first half to \$963 million.

Purchasing

PDL purchasing of \$56.1 million in the first half was 35 per cent lower than the record achieved in the prior corresponding period. While the market for PDLs remains competitive, price growth has moderated over recent months. As a consequence Credit Corp has been successful in renewing several recently-expiring forward flow contracts and securing additional volumes.

The outlook is for increased purchasing during the second half of 2015 and a full-year guidance in the range of \$120 million to \$130 million.

Consumer Lending

The consumer lending business which focuses on customers with impaired credit records grew from a gross loan book of \$63 million at June 2014 to \$72 million at December 2014. Growth during the first half was impacted by the establishment of an enhanced platform to facilitate accelerated growth into the future. Loan originations over recent months have been strong and volumes are expected to increase to achieve the full-year guidance for net lending of \$40 million to \$50 million.

The lending business produced a strong inaugural NPAT of \$2.0 million in the first half. This was partly a consequence of lower life-of-loan loss provisioning as a result of a moderation in book growth. Second half NPAT will be lower due to increased provisioning associated with more rapid loan book growth.

US Operations

Operational performance of the Salt Lake City site has been strong and collection outcomes are in line with pro-forma expectations. While recent evidence suggests that US PDL prices have stabilised, the reduction in supply which has led to uneconomic pricing will not reverse until there is regulatory certainty. During the first half a further delay was advised by the regulator.

The US business was successfully appointed to the debt sale panels of two major issuers during the half year.

Outlook

The transition of the consumer lending business to profitability in 2015 will underpin solid full-year earnings growth. The company confirms its previously stated guidance for the 2015 financial year in accordance with the following ranges:

	Updated Guidance (December 2014)
PDL acquisitions	\$120 - \$130m
Net lending volumes	\$40 - \$50m
NPAT	\$36 - \$38m
EPS	78 - 83 cents
Dividend per share	39 - 42 cents

This media release should be read in conjunction with the Appendix 4D, interim financial statements and results presentation.

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