



Credit Corp Group

FY16 Results Presentation

2 August 2016

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Competitive leadership in the credit impaired consumer segment...



...delivers 20% growth in 2016...

FY16 Financial Results

	FY16	FY15	\$ Change	% Change
Debt Buying	\$173.2m	\$155.1m	+\$18.1m	
Lending	\$53.5m	\$36.0m	+\$17.5m	
Total revenue	\$226.7m	\$191.1m	+\$35.6m	+19% ↑
Debt Buying ¹	\$39.8m	\$37.4m	+\$2.4m	
Lending	\$6.1m	\$1.0m	+\$5.1m	
NPAT total	\$45.9m	\$38.4m	+\$7.5m	+20% ↑
EPS (basic)	98.4cps	83.0cps	+15.4cps	+19% ↑
Dividend	50.0cps	44.0cps	+6.0cps	+14% ↑

¹ Including unallocated interest and depreciation

...together with strength and diversification

Australia / NZ		USA
Debt Buying (Core)	Consumer Lending	Debt Buying
<ul style="list-style-type: none"> • Operational superiority <ul style="list-style-type: none"> - Highest asset turnover (1.5x p.a.¹) - Lowest cost to collect (34%²) • Analytical superiority <ul style="list-style-type: none"> - Largest database - History of pricing accuracy • Compelling client proposition <ul style="list-style-type: none"> - No adverse orders or undertakings - Low complaint rate • Largest and longest established • Strong returns and financial structure <ul style="list-style-type: none"> - ROE > 18% - Gearing < 40%³ 	<ul style="list-style-type: none"> • The sustainable alternative for consumers with impaired credit records • Regulatory upside <ul style="list-style-type: none"> - No 'payday loans' - No 'SACCs' - No 'MACCs' - No 'consumer leases' • APRs well below legislated caps • Served 100,000 customers since 2012 • Strong book and earnings growth <ul style="list-style-type: none"> - Book size \$135m⁴ - FY16 NPAT \$6.1m⁵ 	<ul style="list-style-type: none"> • Large market <ul style="list-style-type: none"> - > 10x AUS / NZ • Improved operations on track for breakeven mid FY17 • Early signs that adverse pricing conditions may be easing • Sizeable operation (140+ FTE) ready to scale to take advantage of any improvement in conditions

¹ FY16 ratio of cash collections from PDLs to average PDL carrying value

² FY16 ratio of cash costs of the Debt Ledger Purchasing segment to collections

³ Net borrowings as a proportion of PDL and consumer loan book value

⁴ Jun-16 consumer loan book gross of expected loss provisions

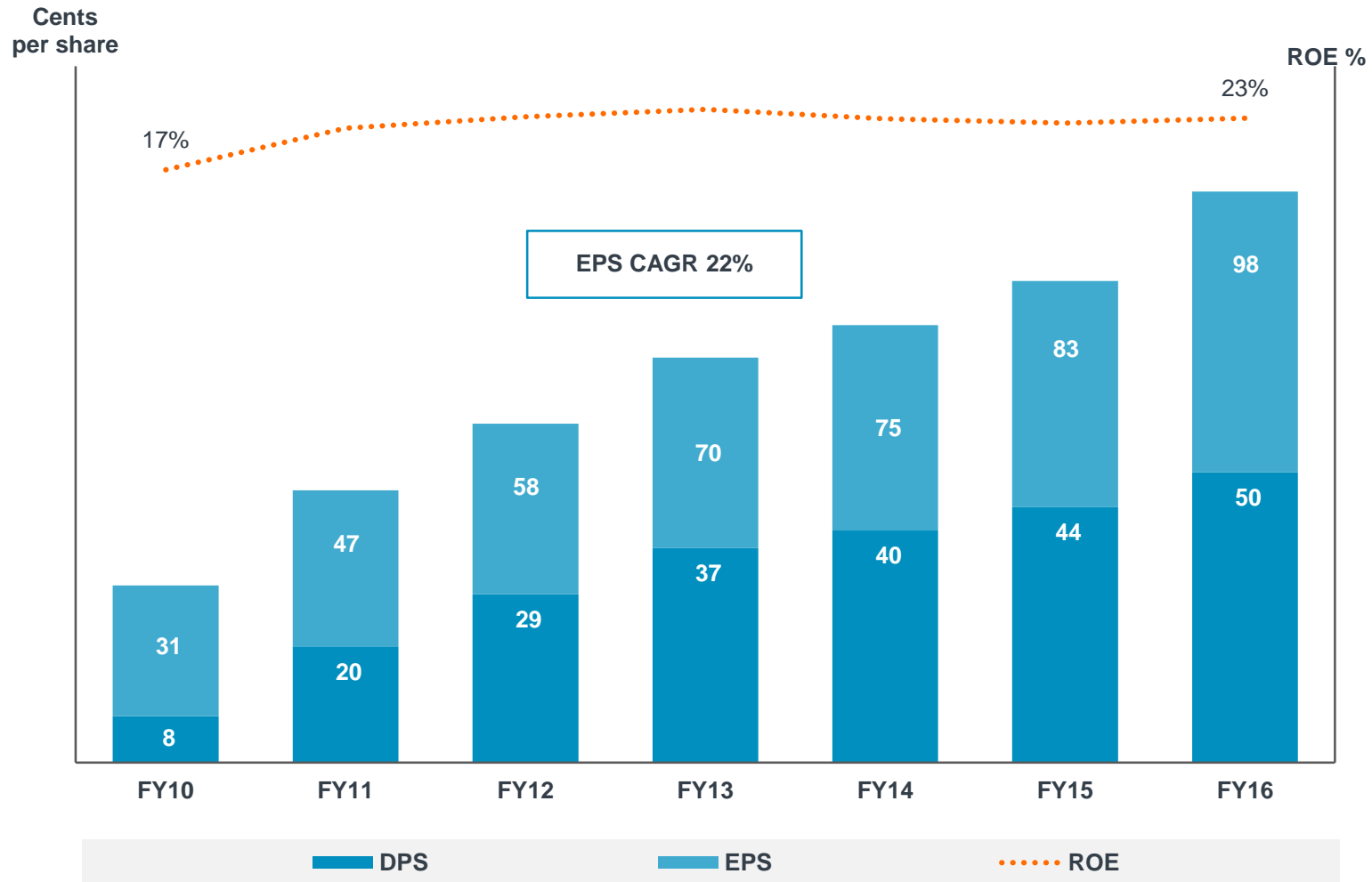
⁵ FY16 consumer lending segment NPAT

Significant investment to accelerate growth...

	FY16	FY15
Operating cash flow	\$229.0m	\$189.1m
PDL acquisitions	\$(236.4)m	\$(139.4)m
Net lending	\$(55.1)m	\$(51.1)m
Capex	\$(2.0)m	\$(0.9)m
Net operating (free) cash flow	\$(64.5)m	\$(2.3)m
PDL carrying value	\$253.3m	\$164.9m
Consumer loan net carrying value	\$110.4m	\$79.3m
Net borrowings	\$139.6m	\$58.5m
Net borrowings / carrying value (%)	38.4%	24.0%

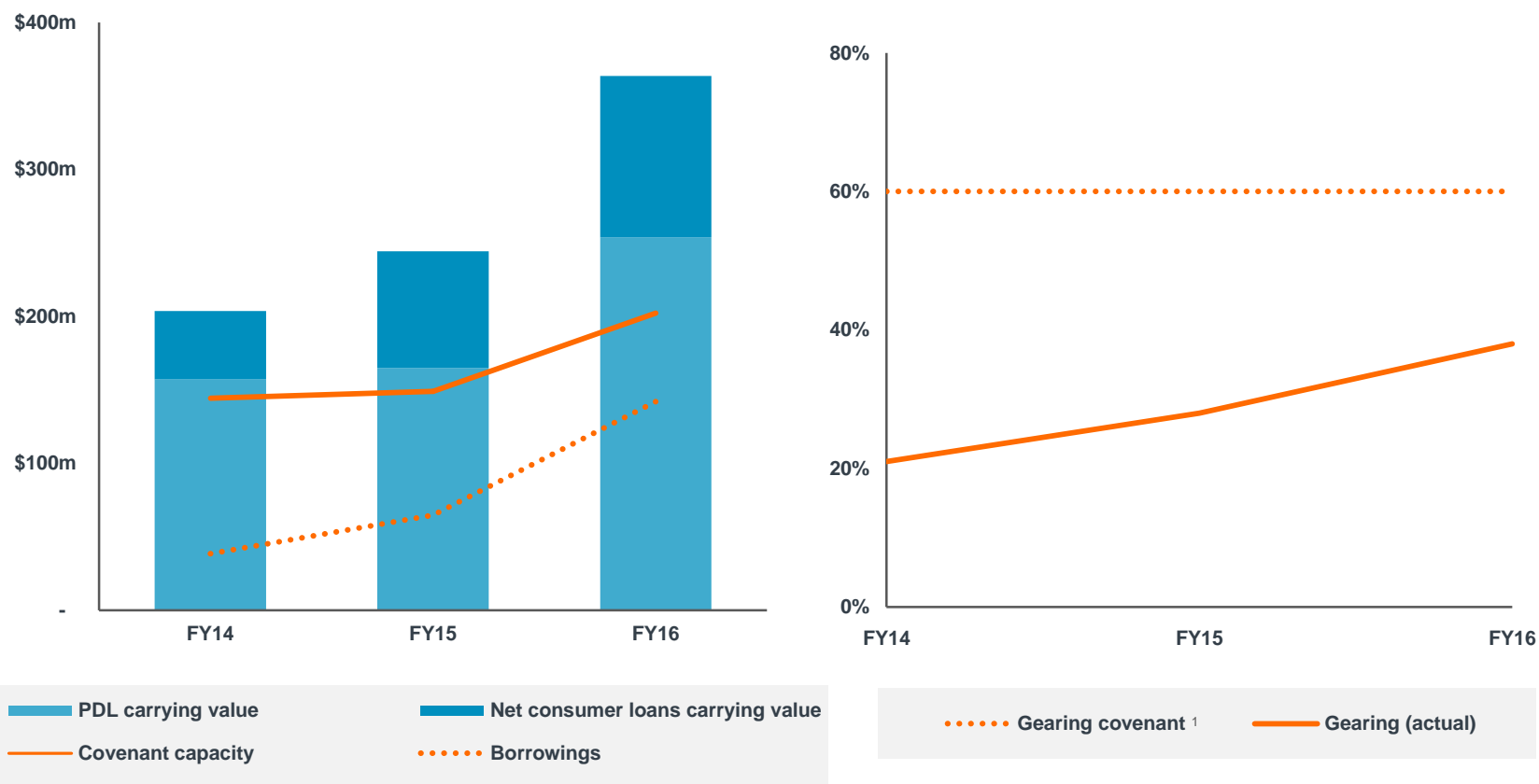


...while maintaining strong returns on shareholder funds



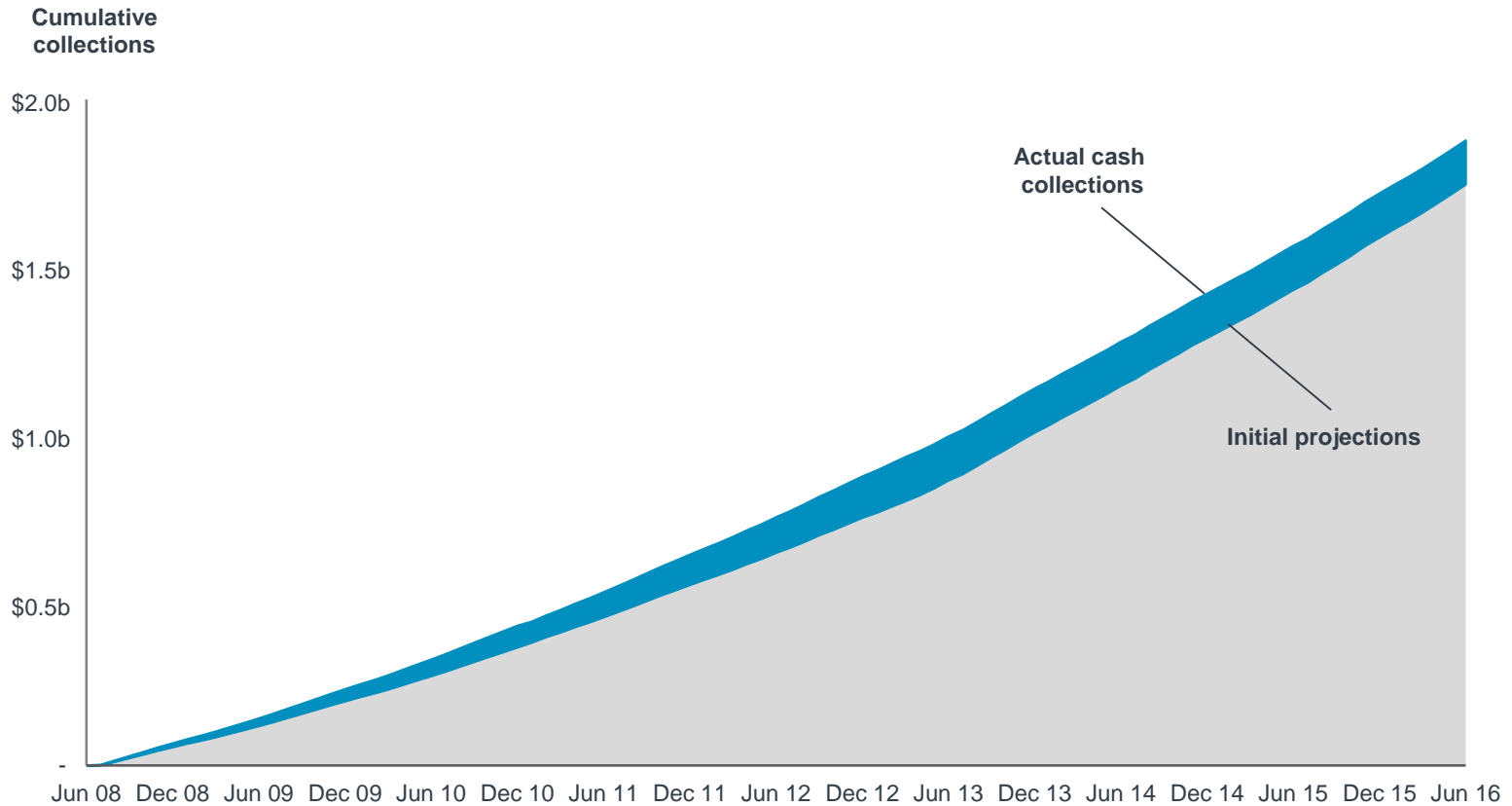
Additional financial capacity to seize opportunities

- Significant covenant headroom remains
- Additional \$30m tranche of senior debt closed early in FY17. Total available facilities now \$180m



¹ Maximum borrowings as a proportion of consumer loans and PDLs under existing banking facilities

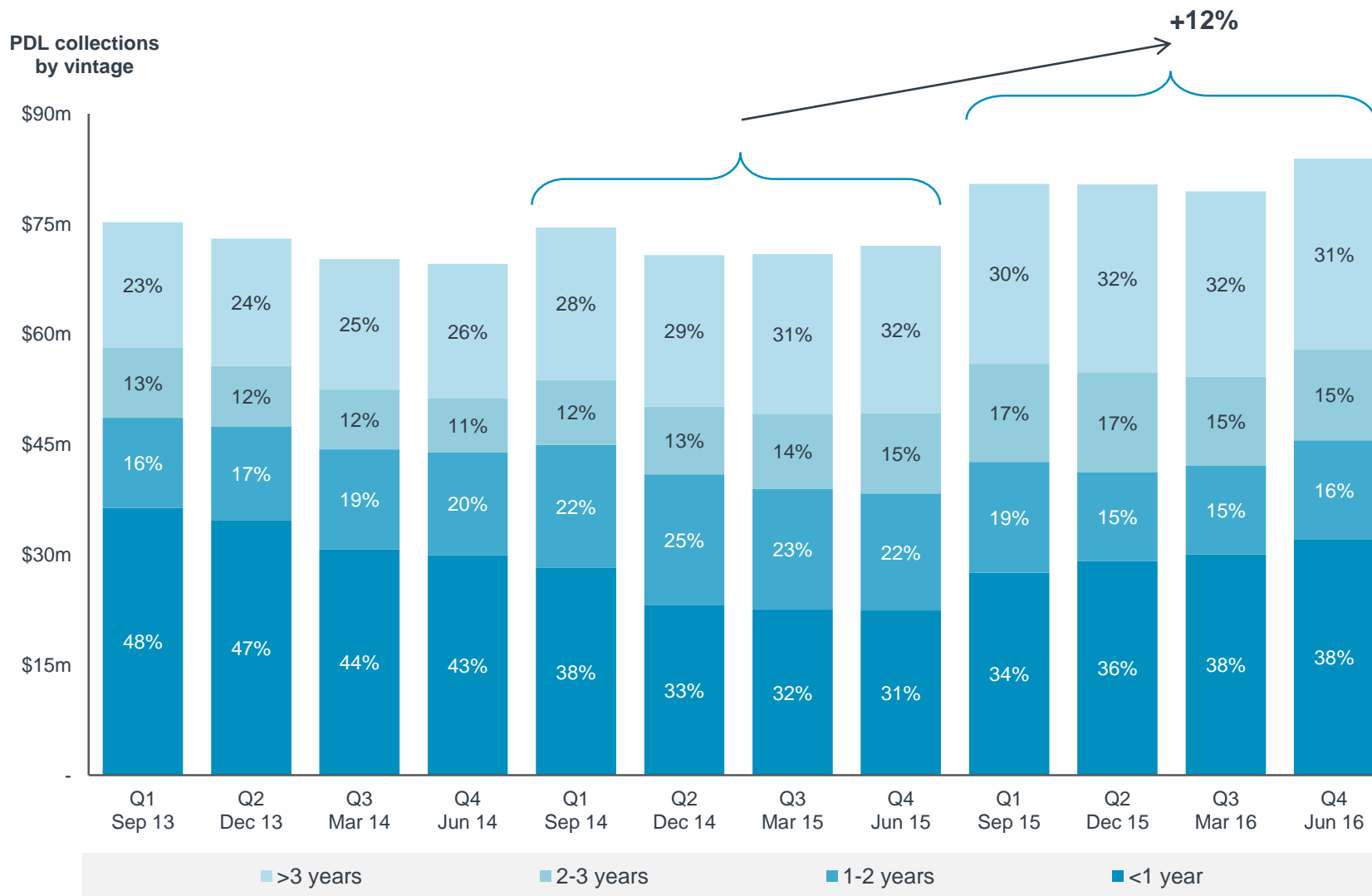
Operational metrics maintained - pricing discipline and accuracy



* For all PDLs held at Jun-08, initial projections represent the forecast at Jun-08



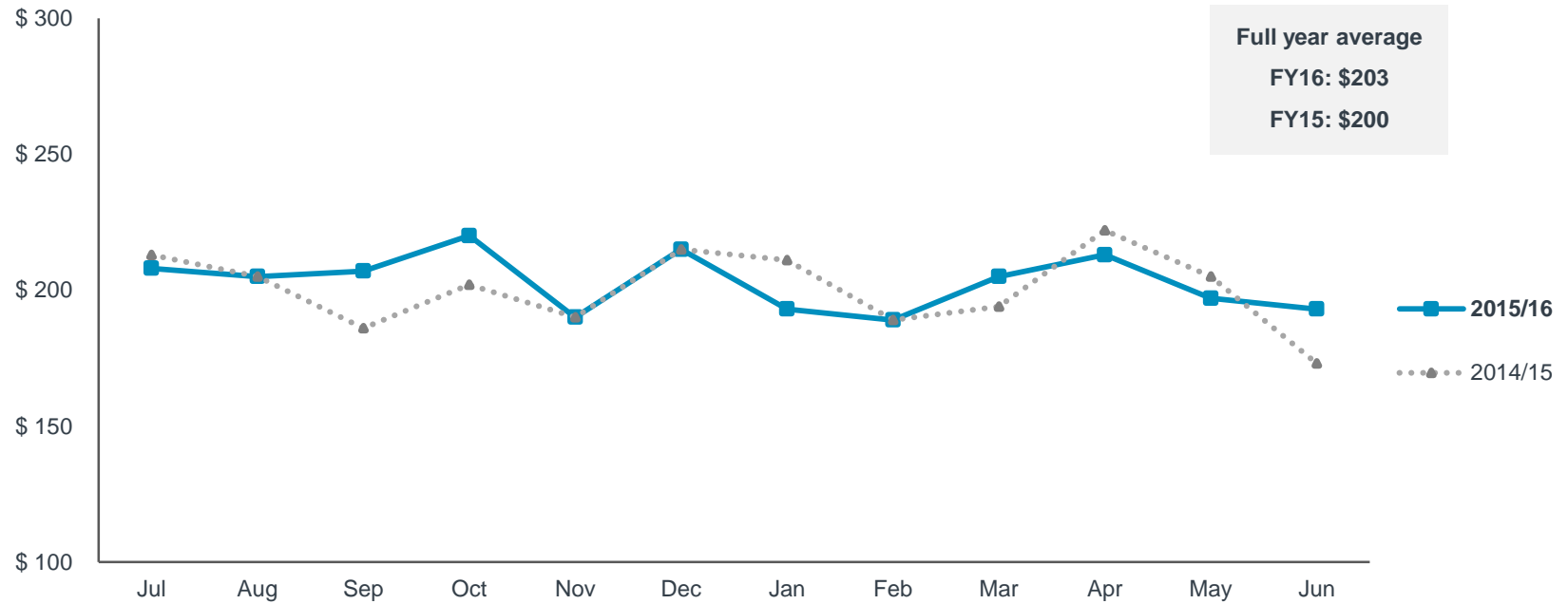
Operational metrics maintained - collection life-cycle



Operational metrics maintained - productivity

Debt purchase productivity (direct collection staff only)

PDL collections per hour

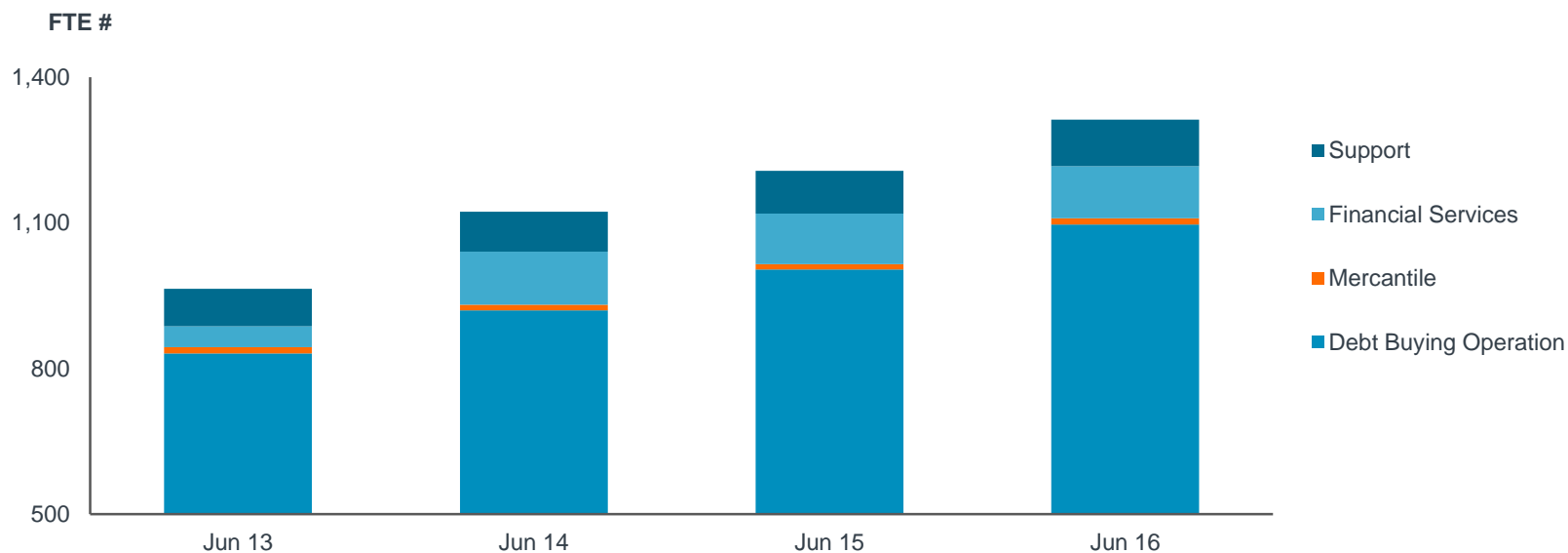


Operational metrics maintained - payers base

	Jun 14	Dec 14	Jun 15	Dec 15	Jun 16
Total portfolio					
Face value	\$4.7bn	\$4.8bn	\$4.9bn	\$5.1bn	\$5.3bn
Number of accounts	744,000	698,000	703,000	687,000	673,000
Payment arrangements					
Face value	\$909m	\$963m	\$1,044m	\$1,099m	\$1,171m
Number of accounts	120,000	125,000	133,000	139,000	147,000
% of PDL collections	73%	73%	75%	76%	78%

Increased operational headcount to support asset growth

Period end headcount (FTE)

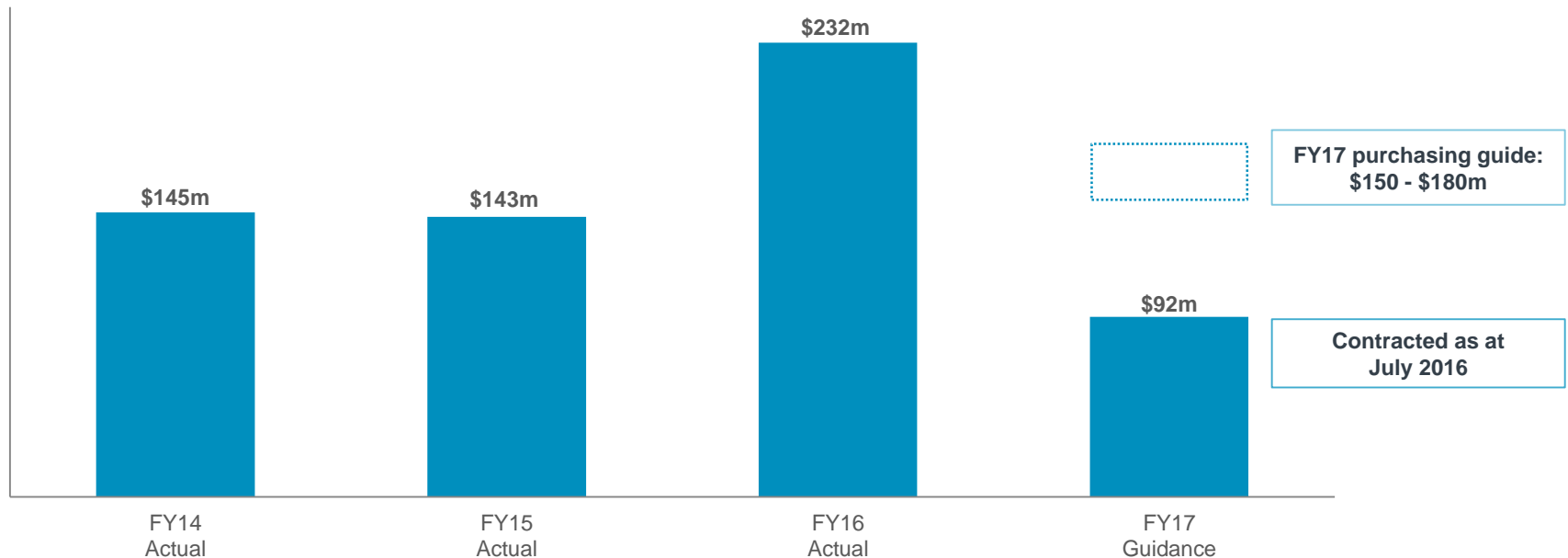


Function	Jun 13	Jun 14	Jun 15	Jun 16
Debt Buying Operation	831	919	1,004	1,096
Mercantile	13	12	11	13
Financial Services	43	109	104	108
Support	77	82	88	96
Total	964	1,122	1,207	1,313
Support %	8%	7%	7%	7%

Record PDL investment and strong FY17 pipeline

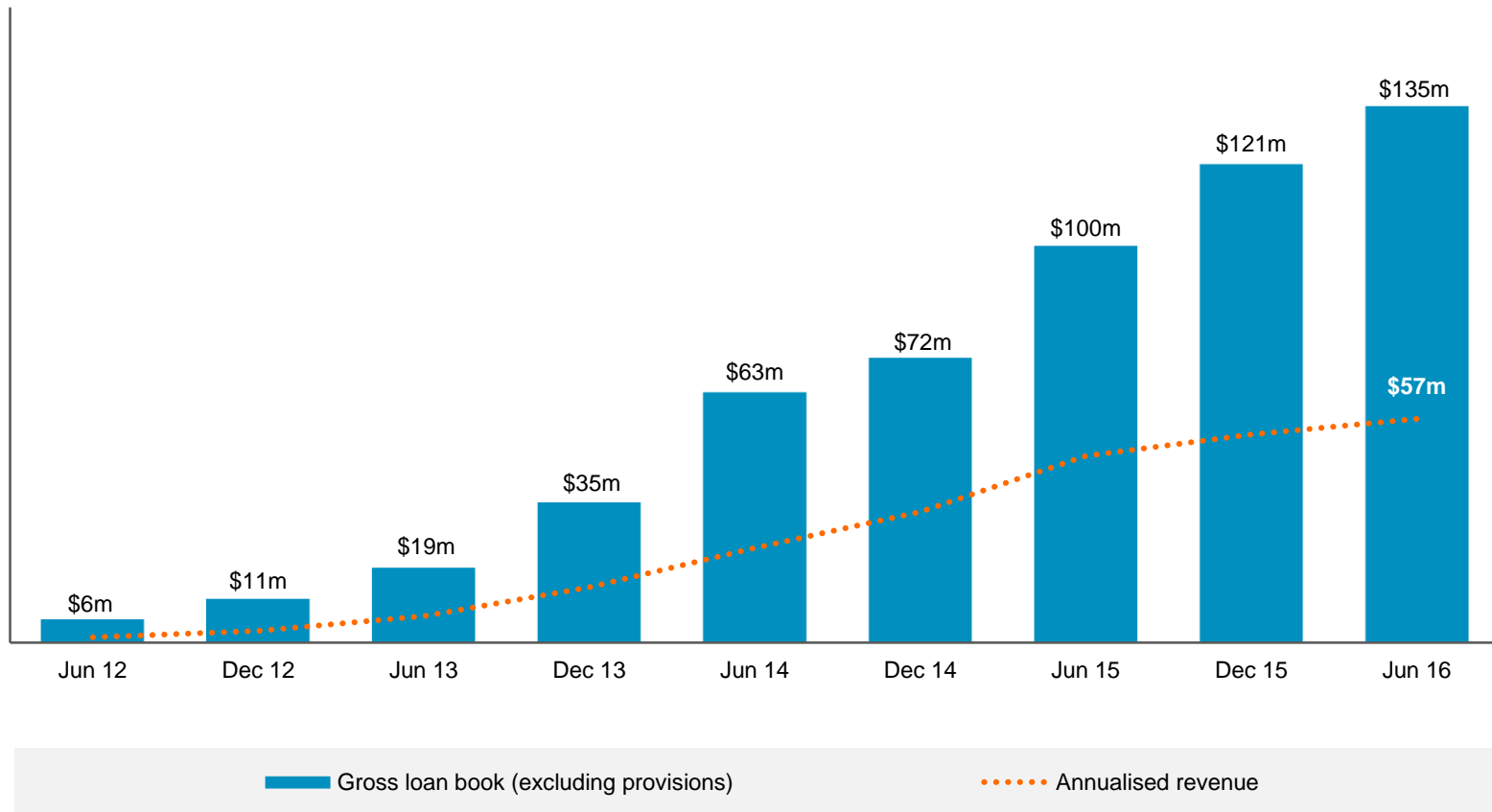
- Strong client proposition to maximise share
 - Operational improvements facilitate competitive PDL pricing
 - Industry-leading compliance record and reputation
- Over FY16 all forward flow contracts were renewed and some additional volume was secured
- US purchasing significantly increased to drive the operation towards breakeven

Purchases



Consumer lending book up by 35% over the year

Gross loan book
excluding
provisions



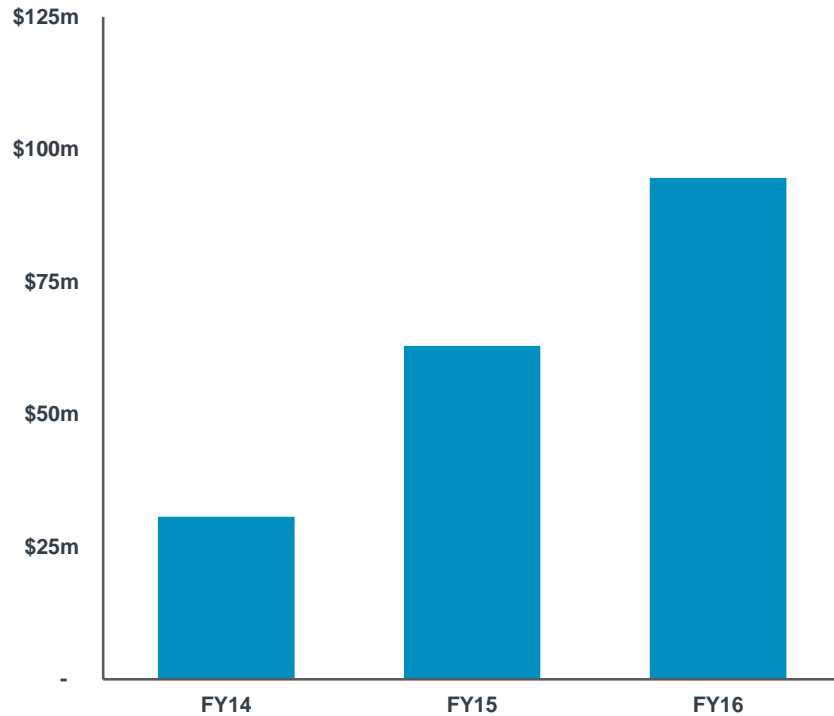
Strong platform for continued growth in Consumer Lending

- Wallet Wizard brand well-established
 - Increased brand recognition post-television campaign during 1H
 - Referral channels established
 - New customer originations maintained and returning customer volumes increasing
- Market leading offering - uniquely sustainable
 - Amongst the lowest cost alternative for customers with impaired credit records
 - Priced significantly below applicable rate cap
 - Insulated from future regulatory or other stakeholder actions e.g. Google policy changes
 - No 'Payday loans', SACCs, MACCs or consumer leases

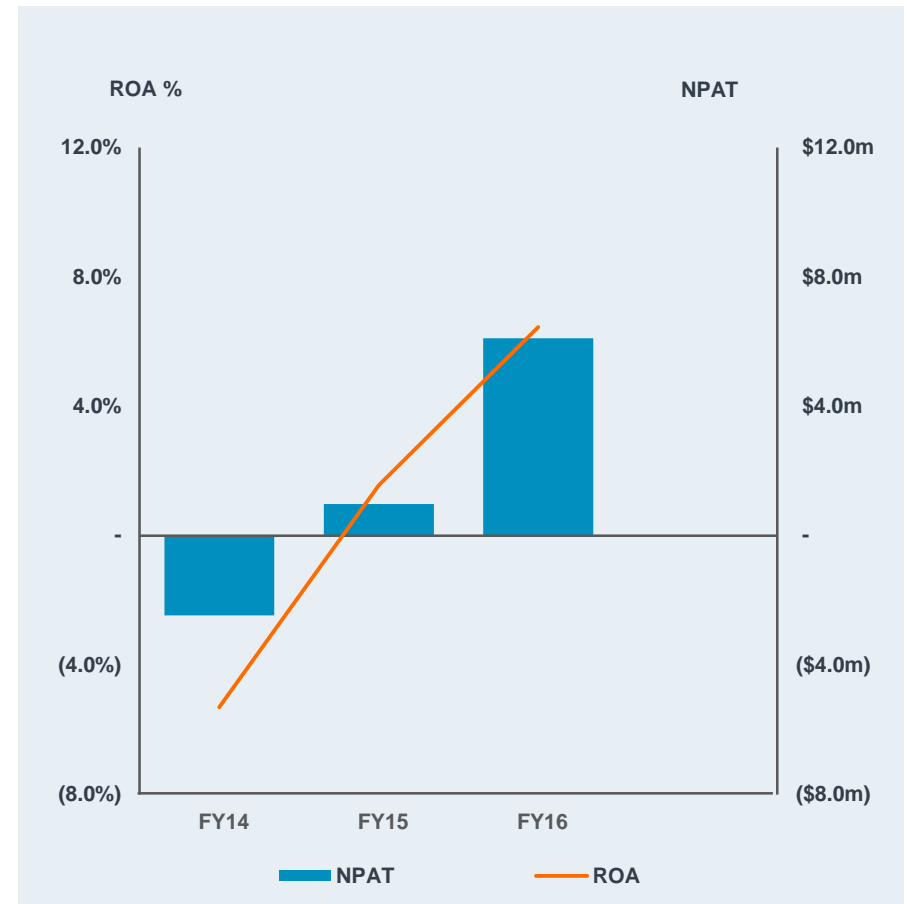
Earnings and returns on track

- Profitability and returns projected to further improve in FY17 with book reaching critical mass
- On track to achieve pro-forma return in future periods

Average net book size ¹



¹ Net of provisions



Signs of US market conditions easing

- Supply conditions remain unchanged but major industry participants report recent price and return improvements:
 - *“We are seeing early signs of pricing improvements in the US market”*¹
 - *“We are starting to see some softening in pricing...and slightly improved IRRs from where we might have been a year ago”*²
- Regulatory clarity progressing, albeit slowly
 - CFPB recently issued its outline of proposed rules for debt collectors and buyers
 - Consent orders with large banks and debt buyers in past 12 months provide a regulatory template
- Rationalisation of debt buying panels as compliance hurdles increase
- Credit Corp is well-positioned to provide credit issuers with an alternative to existing participants

¹ Encore Capital Group (NASDAQ: ECPG) presentation to William Blair Growth Stock conference, June 2016

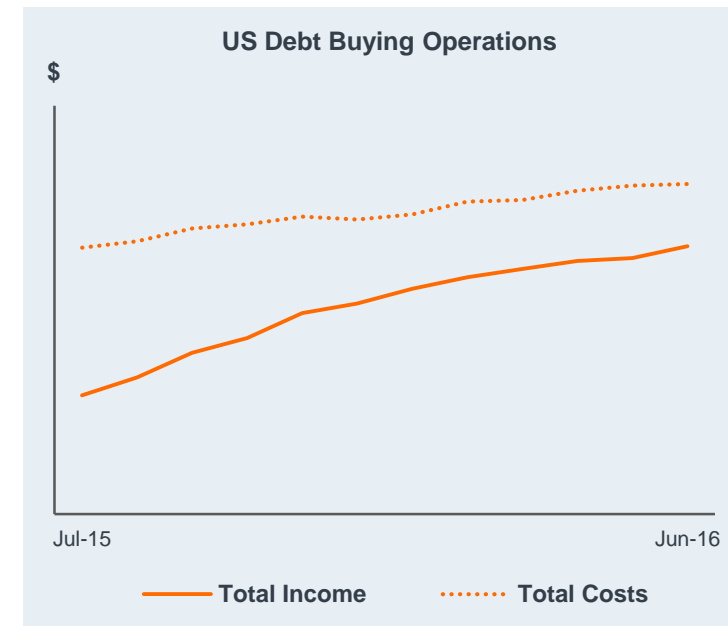
² Portfolio Recovery Associates (NASDAQ: PRAA) Q1 FY2016 earnings call, May 2016

Credit Corp well-positioned for the transitioning market

- Credit Corp has established strong credentials in the new compliance-focused market
 - Market leading CFPB compliance metrics

Name	2015 CFPB complaints per collector ¹
Credit Corp Solutions Inc. (Credit Corp)	0.11

- Operations significantly improved
 - Productivity increased 35% during FY16
 - Headcount increased 9% to 141
 - Marginal contribution increased, reducing losses by 10%
 - Operation poised to breakeven during 2H FY17 ²



¹ CFPB complaints database

² Assumes continued run-rate purchasing at present contractual pricing

FY17 Initial guidance	
PDL acquisitions	\$150 - \$180m
Net lending	\$35 - \$45m
NPAT	\$52 - \$54m
EPS (basic)	109.7 - 114.0 cents
DPS	55.0 - 57.0 cents



Credit Corp Group

Questions