



Credit Corp Group

3 August 2021

FY2021 RESULTS

Thomas Beregi
CEO

Michael Eadie
CFO

BUILDING
MOMENTUM



Leadership in the credit impaired consumer segment ...

ANALYTICS & DISCIPLINE

Australian / NZ debt buying

- Largest database
- History of pricing accuracy
- Purchasing levels vary inversely with pricing

US debt buying

- Adapted knowledge to US environment
- Large market opportunity
- Diversified purchasing across major sellers

Australian / NZ lending

- Leverage knowledge of consumer
- Up-front loss provisioning
- Analytical monitoring
- Unique statistical underwriting

OPERATIONAL EXCELLENCE

- Highest asset turnover ¹
- Lowest cost to collect ²
- High performing on-shore and off-shore platforms
- Leading technology and use of data

- Significant growth in productive capacity with opening of second site
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Automated decisioning
- Collection strength
- Unmatched efficiency

SUSTAINABILITY & COMPLIANCE

- No adverse orders or undertakings
- Low dispute rate
- \$1.6b in ongoing repayment arrangements

- Low regulator complaint rate
- Strong client audit outcomes

- APRs below cap applicable to mainstream credit
- Regulatory upside - no 'payday loans'
- Superior pricing disrupting the market

Target

Long-term growth

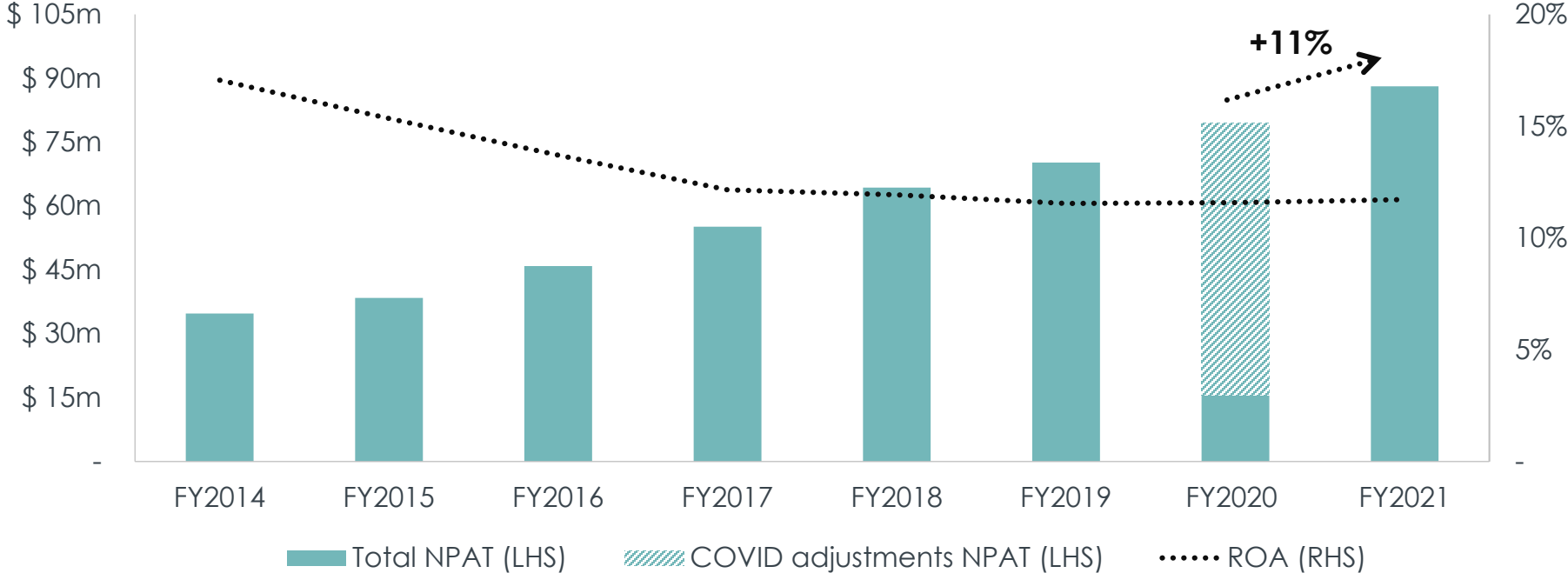
ROE 16% - 18%

Low gearing

1. FY2021 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.2x
2. FY2021 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 35%

... has delivered a return to pre-COVID growth trajectory ...

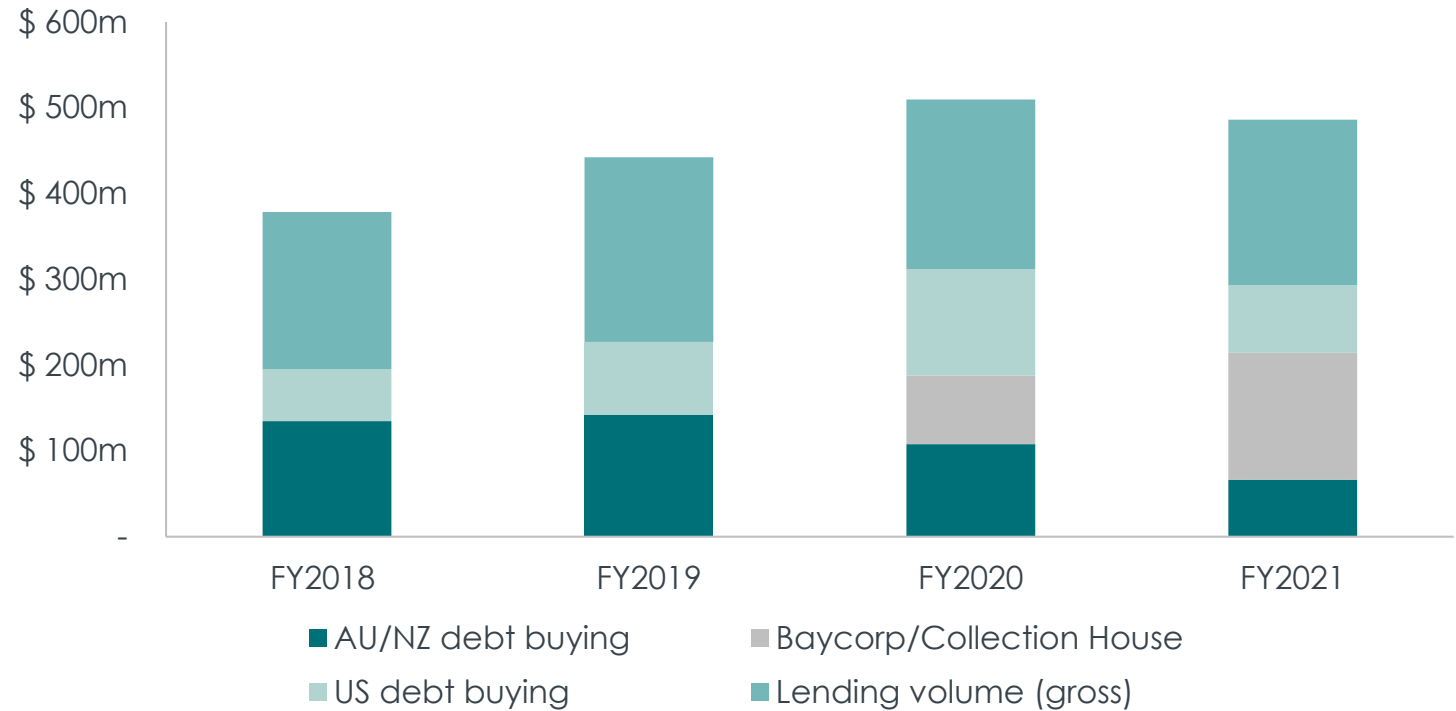
NPAT AND RETURN ON ASSETS



... and considerable investment to sustain momentum ...

- Near-record investment outlay in FY2021 driven by:
 - The Collection House PDL acquisition; and
 - A return to lending growth, despite a COVID-induced temporary reduction in PDL supply

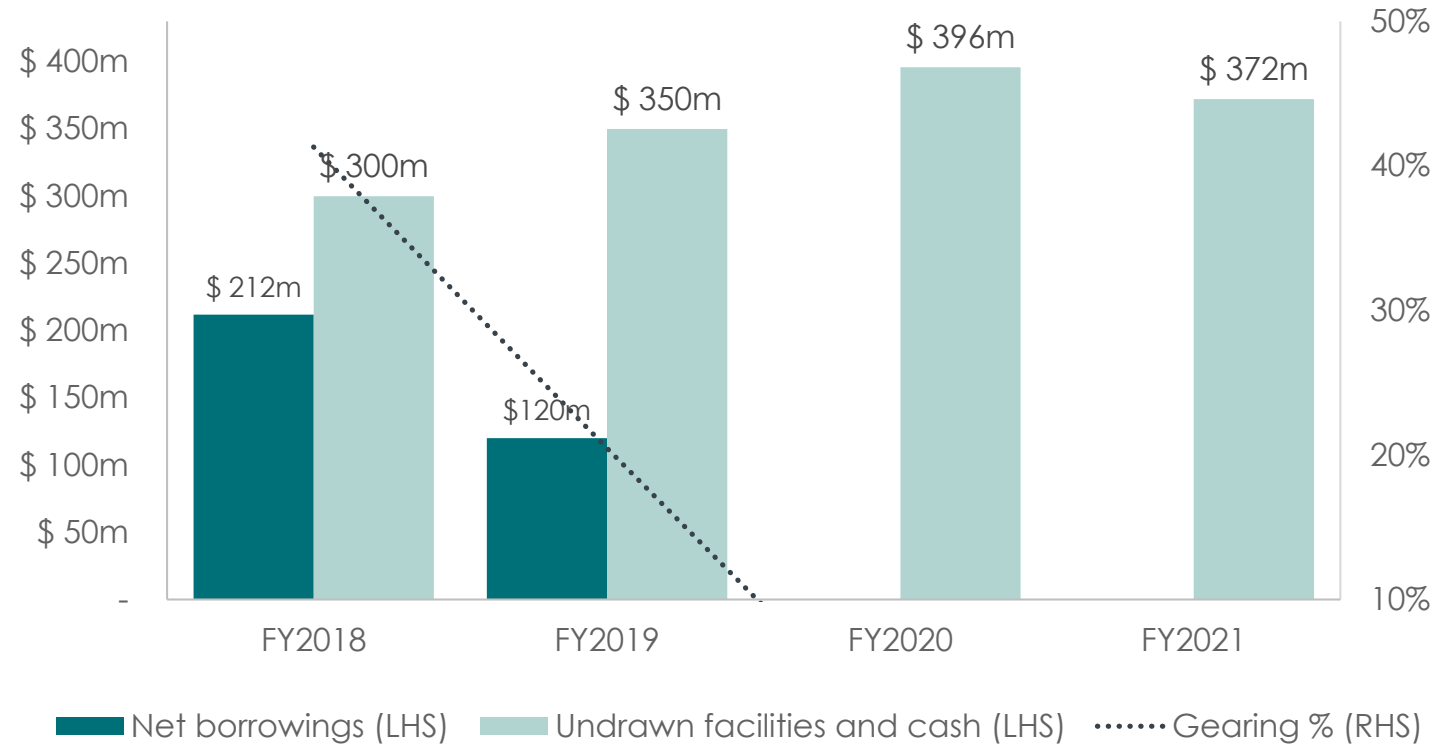
PDL INVESTMENT AND LENDING VOLUME



... with the financial capacity to seize opportunities as they arise ...

- Capital position critical to securing opportunities like the Collection House PDL acquisition
- Potential for recovery in PDL supply

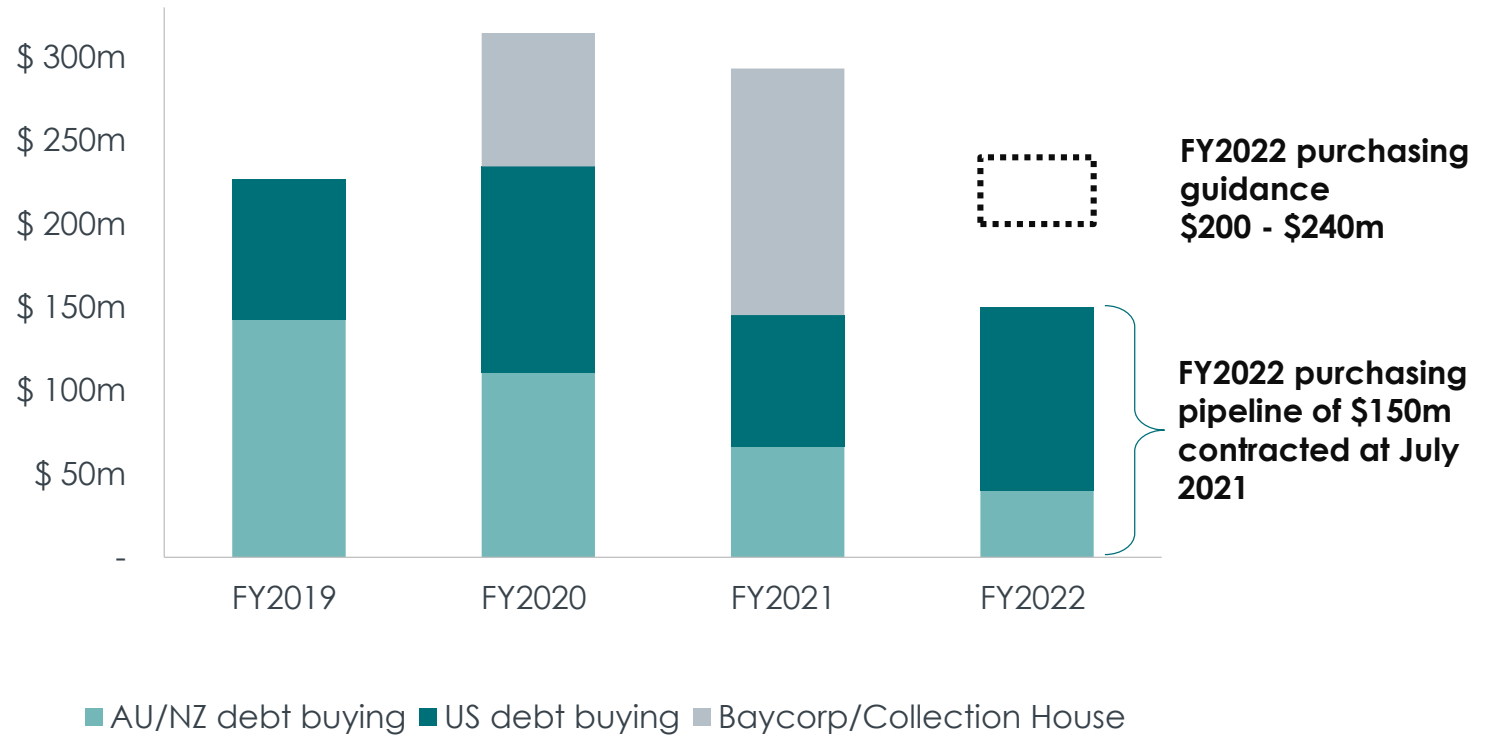
FACILITY HEADROOM AND GEARING



... as the PDL investment outlook improves

- Record July contracted purchasing pipeline
- Month-on-month charge-off volumes starting to grow

PDL INVESTMENT



Strong financial results driven by US growth ...

11%
growth in NPAT
driven by US
performance

	Pre-COVID FY2020 ¹	FY2021	Var % ²
AU/NZ debt buying	\$225.3m	\$219.4m	(3%)
US debt buying	\$57.3m	\$76.5m	34%
AU/NZ lending	\$99.4m	\$78.9m	(21%)
Revenue total	\$382.0m	\$374.8m	(1%)
AU/NZ debt buying	\$48.7m	\$54.1m	11%
US debt buying	\$8.1m	\$17.7m	>100%
AU/NZ lending	\$22.8m	\$16.3m	(29%)
NPAT total	\$79.6m	\$88.1m	11%
EPS (basic)	25.5 c	130.9 c	>100% ³
Dividend	36.0c	72.0c	>100% ³

1. FY2020 pre-COVID adjustments for impairments and loan loss provisioning

2. FY2021 v Pre-COVID FY2020

3. FY2021 v Post-COVID FY2020

... and strong operational performance

- ➔
 - AU/NZ
 - Collection House PDL acquisition offset the impact of temporarily reduced organic PDL supply
 - Collections on FY2021 purchases tracked at pre-COVID levels
 - Collections on starting book in-line with expectations

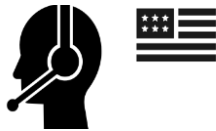
- ➔
 - US
 - Strong US consumer position supplemented with unprecedented stimulus
 - Increased purchasing share offset temporarily reduced organic PDL supply
 - Unemployment support driving headcount run-off

AU/NZ debt buying



	FY2021	Δ FY2020
Collections	\$348m	(4%)
Productivity	\$292 per hour	9%
Operations headcount ¹	928	(5%)
Payers book ¹	\$1,600m	19%

US debt buying



	FY2021	Δ FY2020 ²
Collections	\$157m	26%
Productivity	\$288 per hour	31%
Operations headcount ¹	333	(18%)
Payers book ¹	\$249m	7%

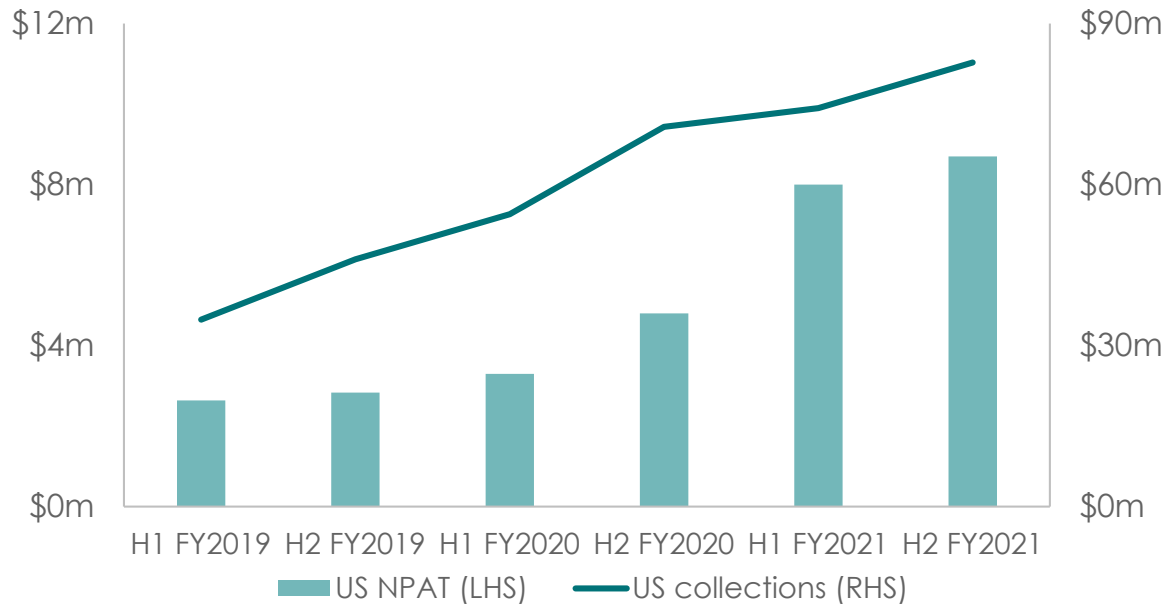
1. As at June 2021

2. Prior year collections adjusted for the FY2021 average exchange rate

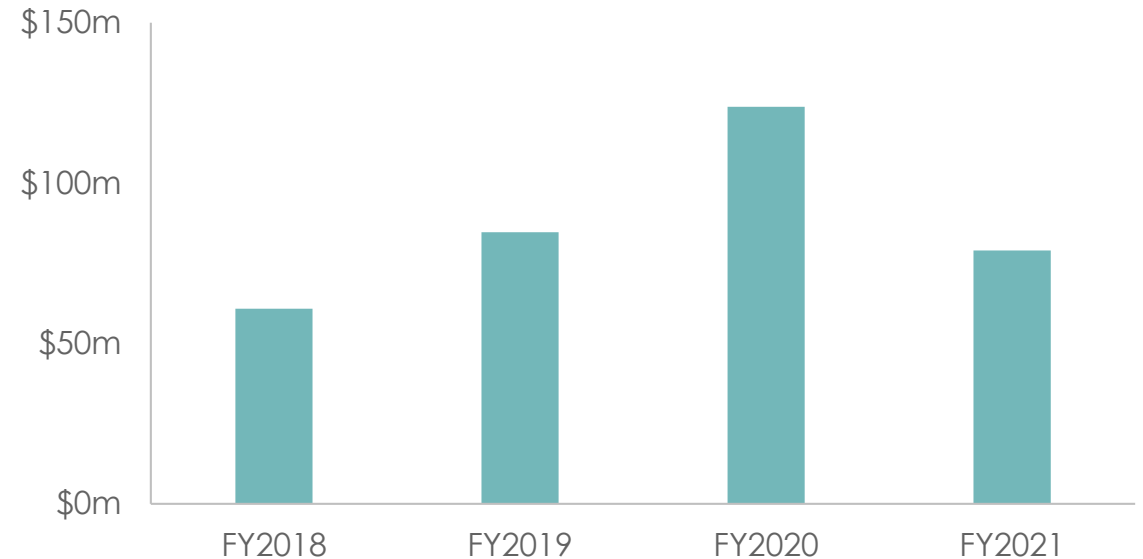
Strong US segment performance ...

- NPAT more than doubled over the prior year to \$17.7 million
- Strong returns on past purchases through operational improvement
- Increased share of purchasing as PDL supply temporarily affected by COVID

US NPAT and US COLLECTIONS (A\$m)



US PURCHASING (A\$m)



... with momentum for continued US growth

- Record July contracted purchasing pipeline of A\$110 million - near triple prior year
- Diversified purchasing relationships to support further market share gains
- Growth in unsecured lending to drive a recovery in PDL supply
- Operational infrastructure in place to support ~A\$200 million of annual purchasing with 700 seats across two operational sites
- Competitive platform with ongoing improvements planned

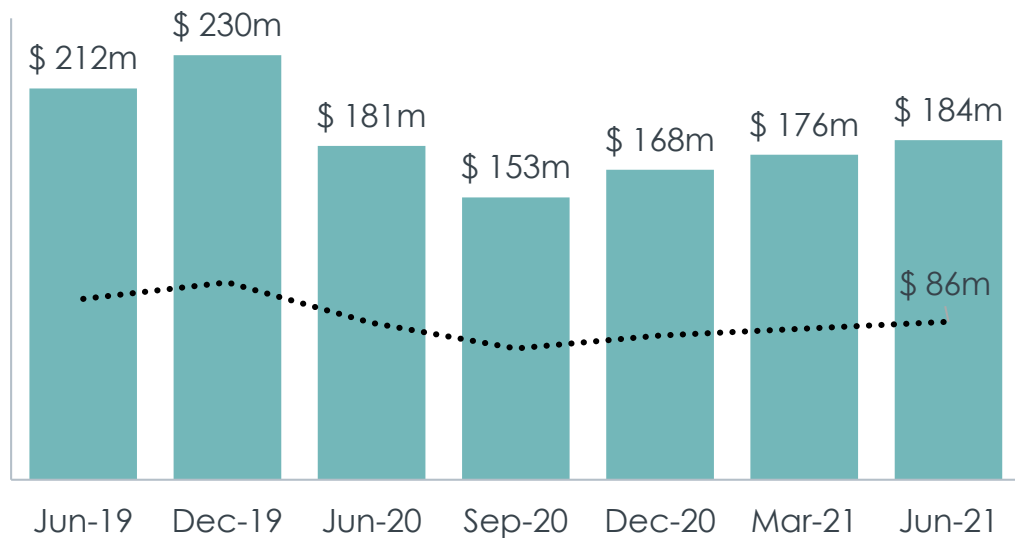
	Asset turnover ⁴	Cost to collect
CCP ¹	0.9	35.7%
ECPG ²	1.1	36.1%
PRAA ³	0.9	34.6%

1. FY2021 CCP US debt buying segment only
 2. Calculated based on 12 month period to March 2021 for US debt buying. Encore Capital Group (NASDAQ: ECPG) is a US-listed global debt buyer
 3. Calculated based on 12 month period to March 2021 blended rate (includes US, Europe and Insolvency). Portfolio Recovery Associates Group (NASDAQ: PRAA) is a US-listed global debt buyer
 4. Ratio of cash collections from PDLs to average PDL carrying value (CCP: FY2021 US debt buying segment only and ECPG / PRAA annualised FY2021 Q1 cash collections from US debt buying)

Consumer lending volumes have recovered to pre-COVID levels ...

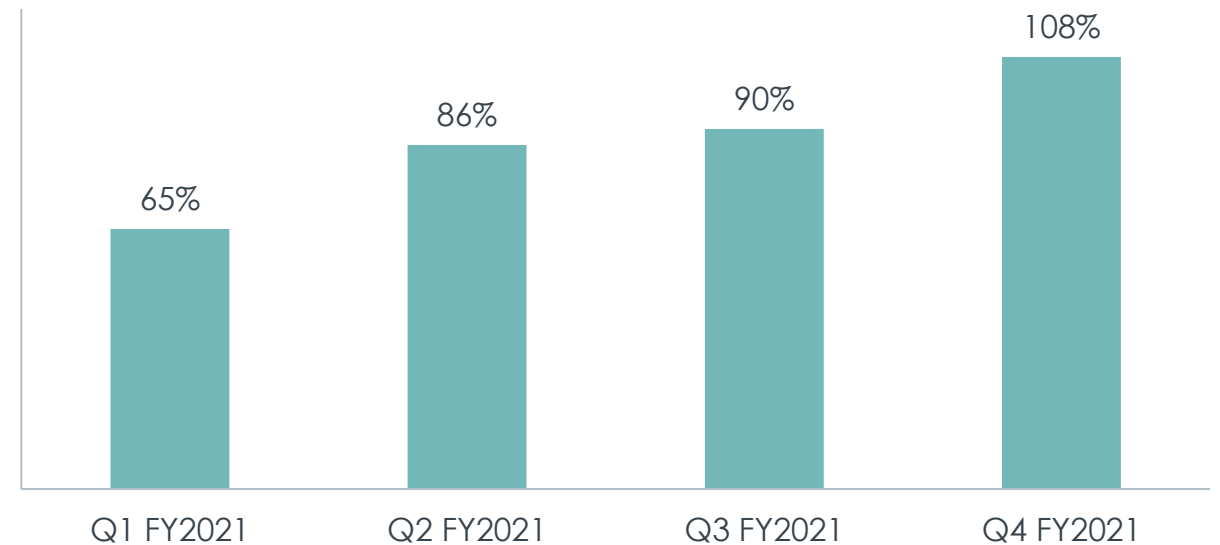
- Loan book has regrown from a stimulus-induced low in September 2020
- Volumes now tracking in line with pre-COVID levels for both new and returning customers ¹

CONSUMER LENDING BOOK AND REVENUE



■ Gross loan book (excl. provisions) Annualised revenue

LENDING VOLUMES INDEXED TO PRE-COVID COMPARATIVE PERIOD ²

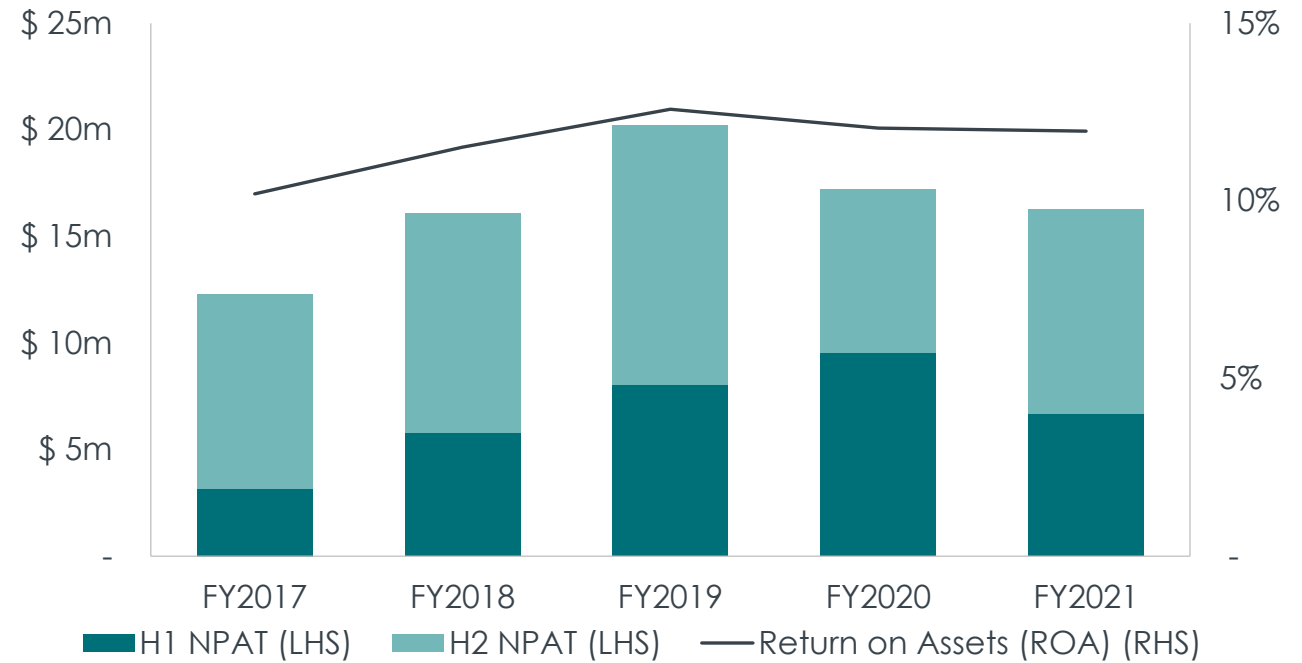


1. July 2021 lending volumes have softened considerably as a consequence of COVID lockdowns
 2. All quarters indexed against prior year, with the exception of Q4 FY2021 which is indexed against Q4 FY2019 as Q4 FY2020 was severely COVID-impacted

... and segment profit is growing

- Strong H2 recovery in segment profit
- On track to re-grow loan book to pre-COVID levels
- Product diversification in place
 - Q4 auto loan re-launch producing solid results
 - Other pilots launched / in development

LENDING NPAT (A\$m)



On track for sustained growth in FY2022

FY2022 guidance

Ledger investment	\$200 - \$240 million
Net lending	\$45 - \$55 million
NPAT	\$85 - \$95 million
EPS (basic)	126 - 141 cents



Credit Corp Group

Appendices: Key Operating Metrics

Appendix 1: Operating cash flow and gearing

Appendix 2: Pricing discipline and accuracy

Appendix 3: Collections life cycle

Appendix 4: Productivity

Appendix 5: Payers base

Appendix 6: Operational and total headcount

Appendix 7: Industry leading compliance and sustainability

Operating cash flow and gearing

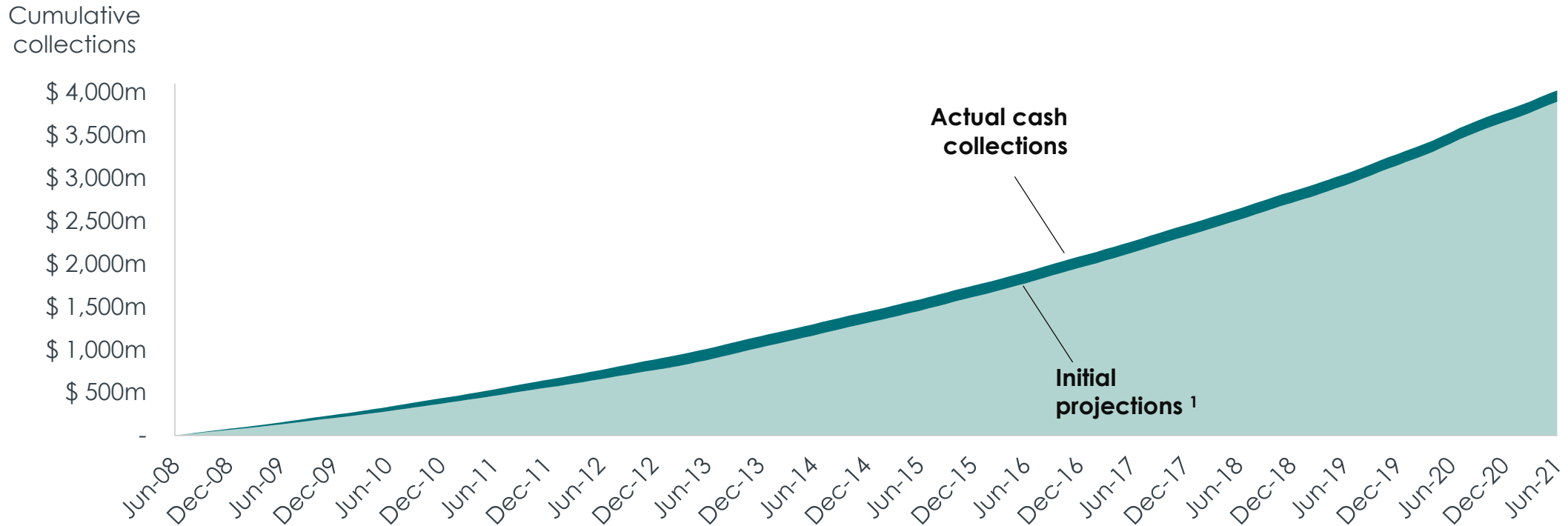
Operating cash flows and gearing	Dec 2019	Jun 2020	Dec 2020	Jun 2021
Pre-tax operating cash flow	\$182.4m	\$212.3m	\$196.1m	\$217.4m
Tax payments	(\$27.4m)	(\$7.8m)	(\$5.1m)	(\$22.4m)
PDL acquisitions, net lending and capex	(\$227.7m) ²	(\$94.1m)	(\$197.8m) ¹	(\$123.2m)
Net operating (free) cash flow	(\$72.7m)	\$110.4m	(\$6.8m)	\$71.8m
PDL carrying value	\$497.9m	\$422.6m	\$485.4m	\$467.3m
Consumer loans net carrying value	\$187.1m	\$137.3m	\$123.1m	\$135.2m
Net cash / (borrowings)	(\$205.8m)	\$26.2m	\$16.2m	\$61.7m
Net borrowings/carrying value (%)	30.0%	N/A	N/A	N/A

1. Includes outlay of \$146 million for acquisition of Collection House PDL book in December 2020

2. Includes outlay of \$68 million for acquisition of Baycorp PDL book and business in August 2019

Pricing discipline and accuracy

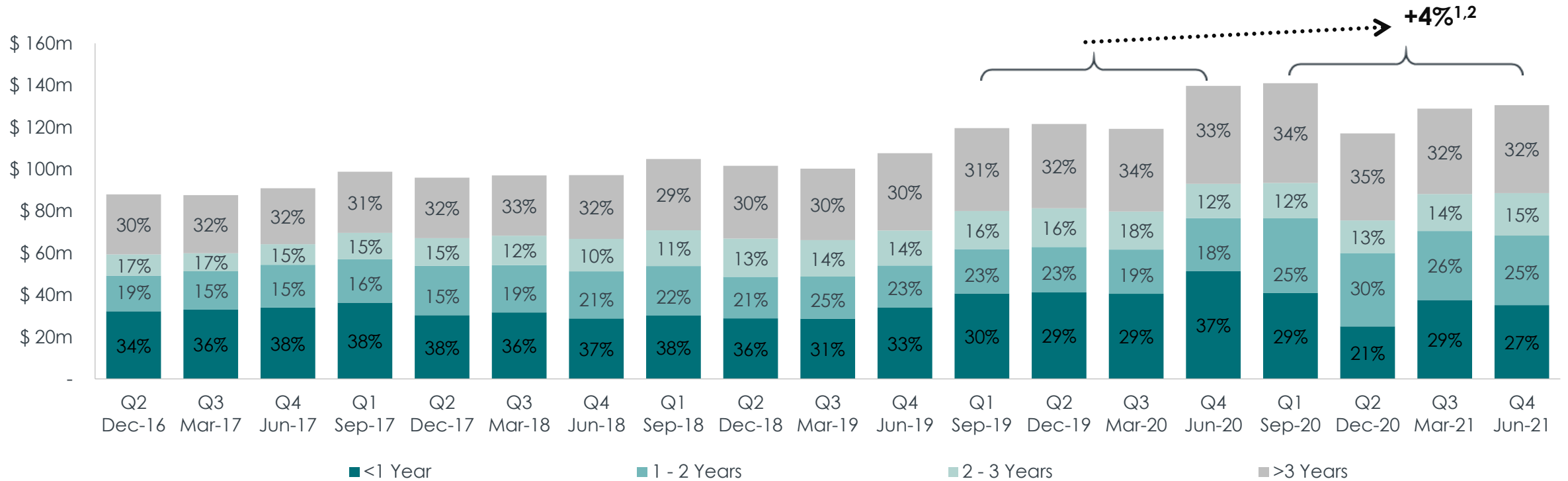
PRICING DISCIPLINE AND ACCURACY



1. For all PDLs held at June 2008, initial projections represent the forecast at June 2008

Collections life cycle

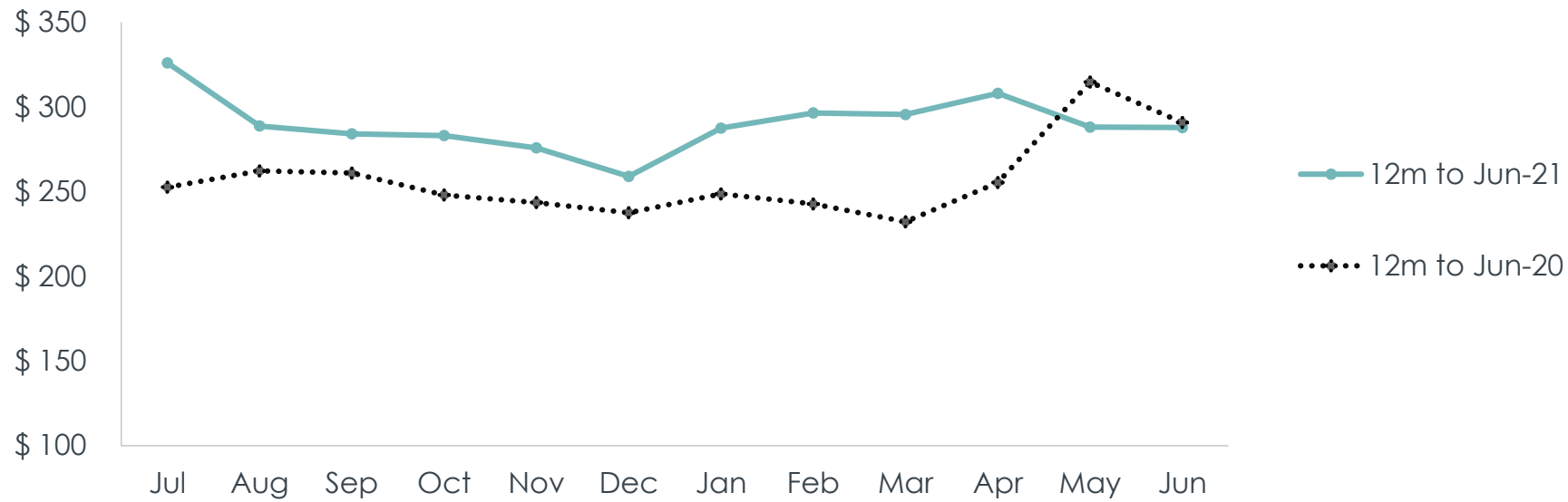
PDL COLLECTIONS BY VINTAGE



1. 1% growth for FY2021 vs. FY2020
 2. Prior year collections adjusted for the FY2021 average exchange rate

Productivity

PDL COLLECTIONS PER HOUR



Full year average

FY2021: \$290

FY2020: \$257

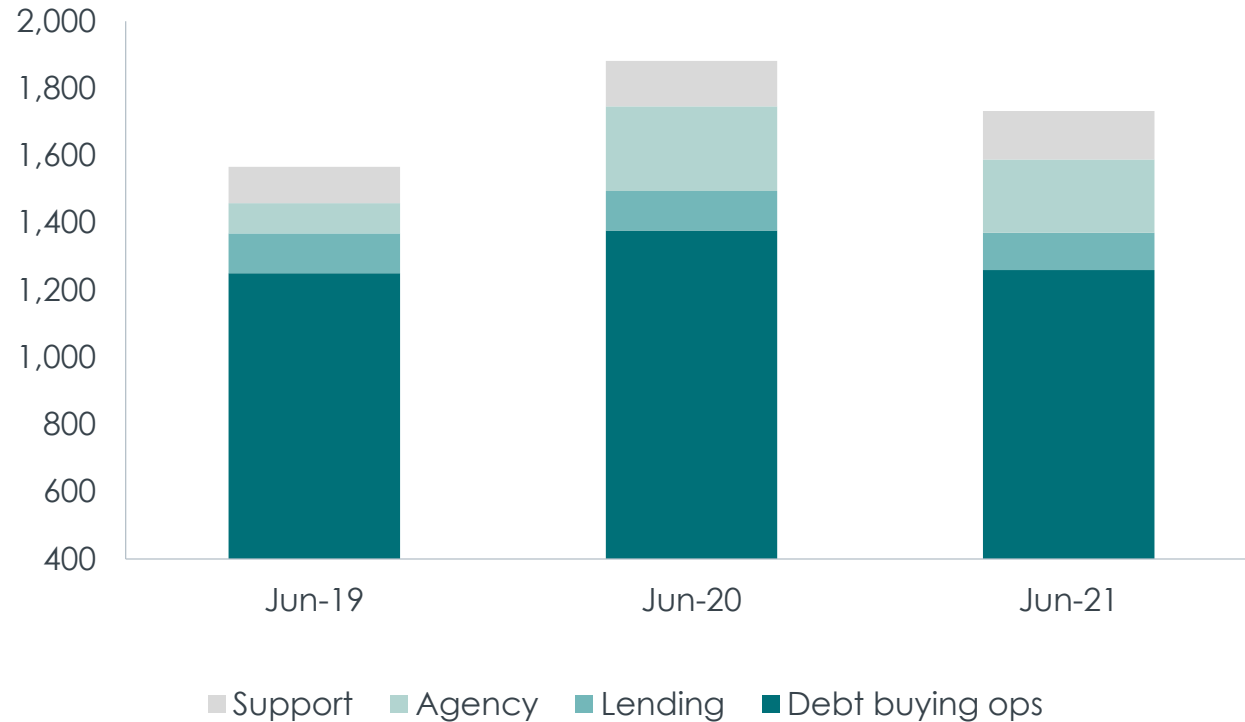
Payers base

PORTFOLIO SUMMARY: AU/NZ DEBT BUYING ONLY

Total portfolio	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21
Face value	\$5.9b	\$6.0b	\$6.2b	\$6.4b	\$7.8b	\$7.7b	\$8.6b	\$8.5b
Number of accounts	710,000	710,000	753,000	786,000	1,268,000	1,193,000	1,392,000	1,326,000
Payment arrangements								
Face value	\$1,300m	\$1,300m	\$1,300m	\$1,300m	\$1,400m	\$1,350m	\$1,550m	\$1,600m
Number of accounts	153,000	157,000	154,000	157,000	200,000	195,000	219,000	217,000
% of PDL collections	78%	81%	79%	78%	81%	73%	82%	83%

Operational and total headcount

PERIOD END HEADCOUNT (FTE)

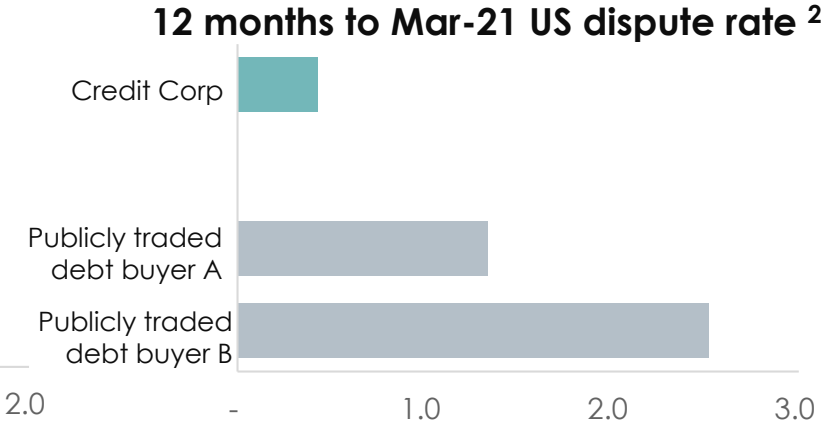
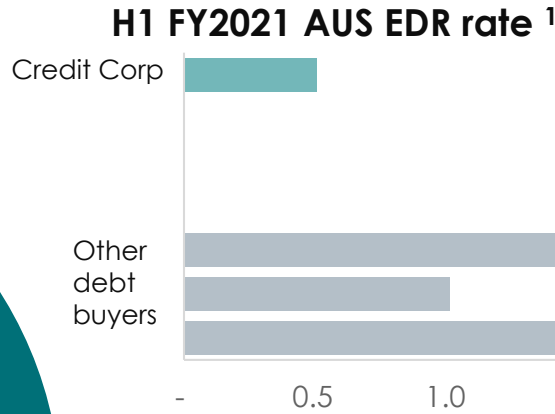


PERIOD END HEADCOUNT (FTE)

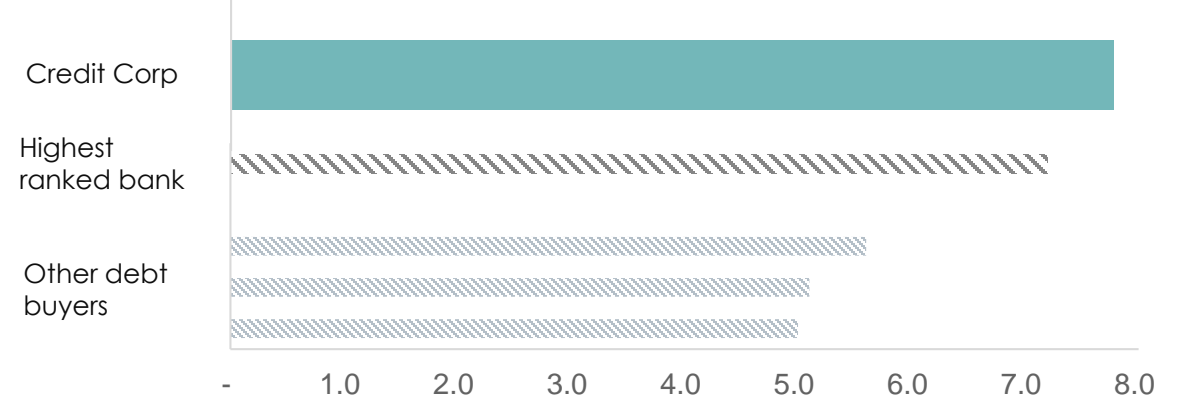
	Jun-19	Jun-20	Jun-21
Debt buying operations	1,250	1,378	1,261
Agency	90	251	218
Lending	119	118	111
Support	108	135	143
Total	1,567	1,882	1,733
Support %	7%	7%	8%

Industry leading compliance and sustainability

- Continued industry leadership
 - Lowest EDR rate in AU ¹ and low US dispute rate ²
 - Highest rating from consumer stakeholders
 - No regulatory actions
- Leading approach to hardship
- Compliance and sustainability critical in present conditions



Rating of banks & debt buyers by financial counsellors in 2019 ³ (score out of 10)



1. No. of complaints reported by External Dispute Resolution (EDR) provider (The Australian Financial Complaints Authority) for the 6 month period to December-2020 divided by total annual PDL collections expressed in millions of dollars

2. Complaint metrics from Consumer Financial Protection Bureau (CFPB) database for the 12 months to Mar-2021 divided by reported collections
https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc

3. Financial Counselling Australia: Rank the banks and other creditors survey 2019 - Rating of response to consumer hardship, July 2020, pages 7 and 19