



Credit Corp Group

**CREATING
OPPORTUNITY**

24 OCTOBER 2023

FY2024 PERFORMANCE UPDATE

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CEO

ANALYTICS AND DISCIPLINE	OPERATIONAL EXCELLENCE	SUSTAINABILITY AND COMPLIANCE
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Australian / NZ debt buying

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

- High asset turnover ¹
- Low cost to collect ²
- High performing on-shore and off-shore platforms
- Strong technology and use of data

- Low dispute rate
- \$1.3bn in ongoing repayment arrangements

US debt buying

- Large market opportunity
- Diversified purchasing across several sellers

- Significant productive capacity across several sites
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Low regulator complaint rate

Australian / NZ lending

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

- Automated decisioning
- Collection strength
- High level of efficiency

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

TARGET

Long term growth

ROE 16% - 18%

Low gearing

1. FY23 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.0x

2. FY23 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 39%

SEGMENT	ASSESSMENT OF CONDITIONS	CREDIT CORP RESPONSE
US debt buying	<ul style="list-style-type: none"> • PDL¹ pricing reduced with continuing strong supply • Collection conditions more challenging since late FY23 	<ul style="list-style-type: none"> • Secure strong FY24 investment pipeline at historically low pricing • Operational improvement focus • Re-base ledger carrying value and outlook to reflect continued adverse conditions
Australian / NZ lending	<ul style="list-style-type: none"> • Strong demand • Delinquency remains within pro-forma • Uncertain outlook for used car prices 	<ul style="list-style-type: none"> • Credit scorecard adjusted for recent experience • Improved collection response • Limited auto lending
Australian / NZ debt buying	<ul style="list-style-type: none"> • Continued low market volumes: <ul style="list-style-type: none"> - Interest-bearing credit card balances still approx. 30 per cent below pre-Covid levels - Bank arrears and losses remain low 	<ul style="list-style-type: none"> • Manage cost base to minimise loss of operating leverage • Maintain resourcing through redeployment to collection services work

1. Purchased Debt Ledger (PDL)

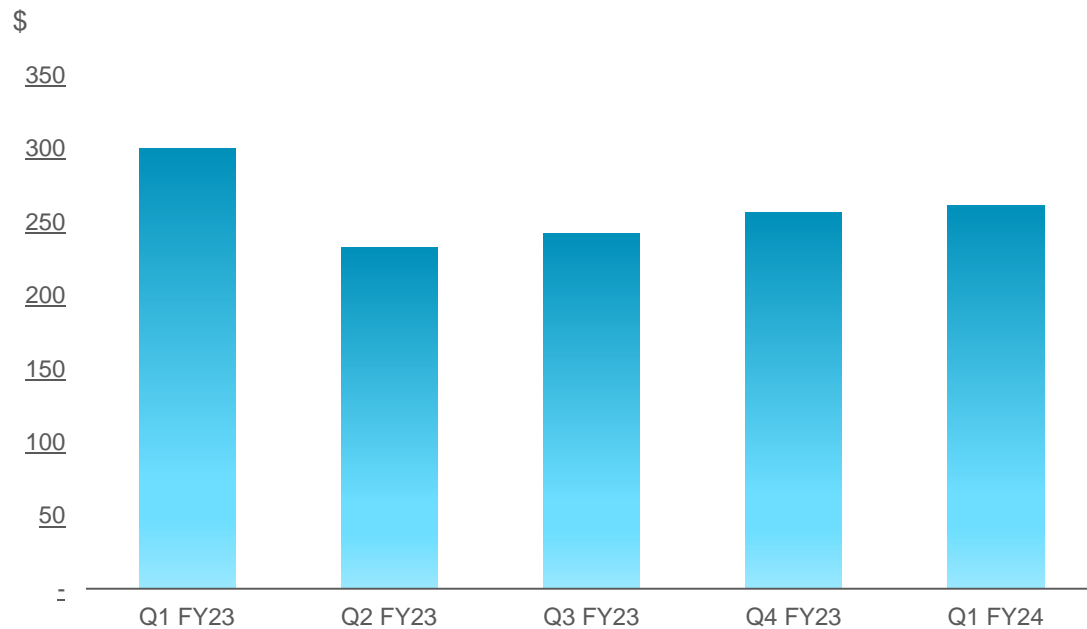
... WHICH HAVE AFFECTED PERFORMANCE ...

- Sustained deterioration in US collection conditions
 - Increased repayment plan delinquency emerged in Q4 FY23
 - Elevated delinquency persisted throughout Q1 FY24
- Reforecast of remaining collections to reflect a continuation of these conditions over the medium term (3 years)
 - Estimated impairment of 14 per cent of FY24 opening US PDL book (\$45 million NPAT)
 - Current year US segment NPAT outlook reduced by \$10 million

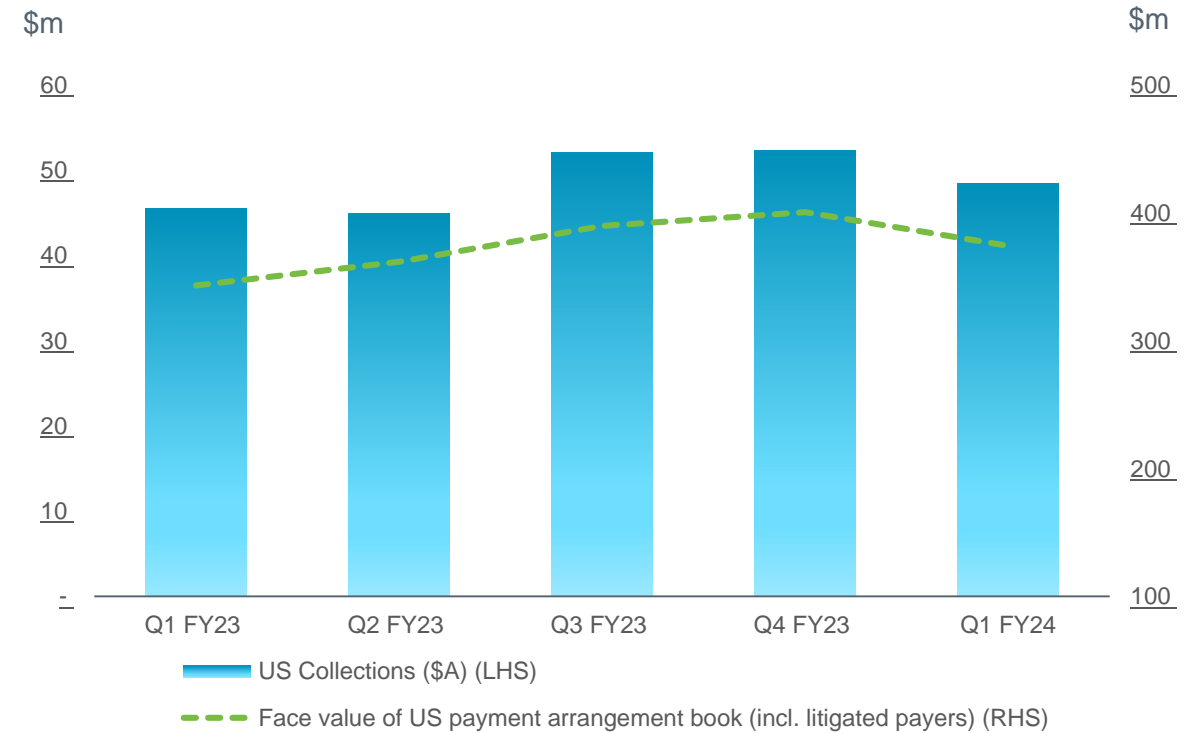
... DESPITE US OPERATIONAL IMPROVEMENT

- Sustained productivity improvement
- September collections and closing payment arrangement book impacted by one-off factors (including Hurricane Idalia)

US Productivity Per Hour (A\$)



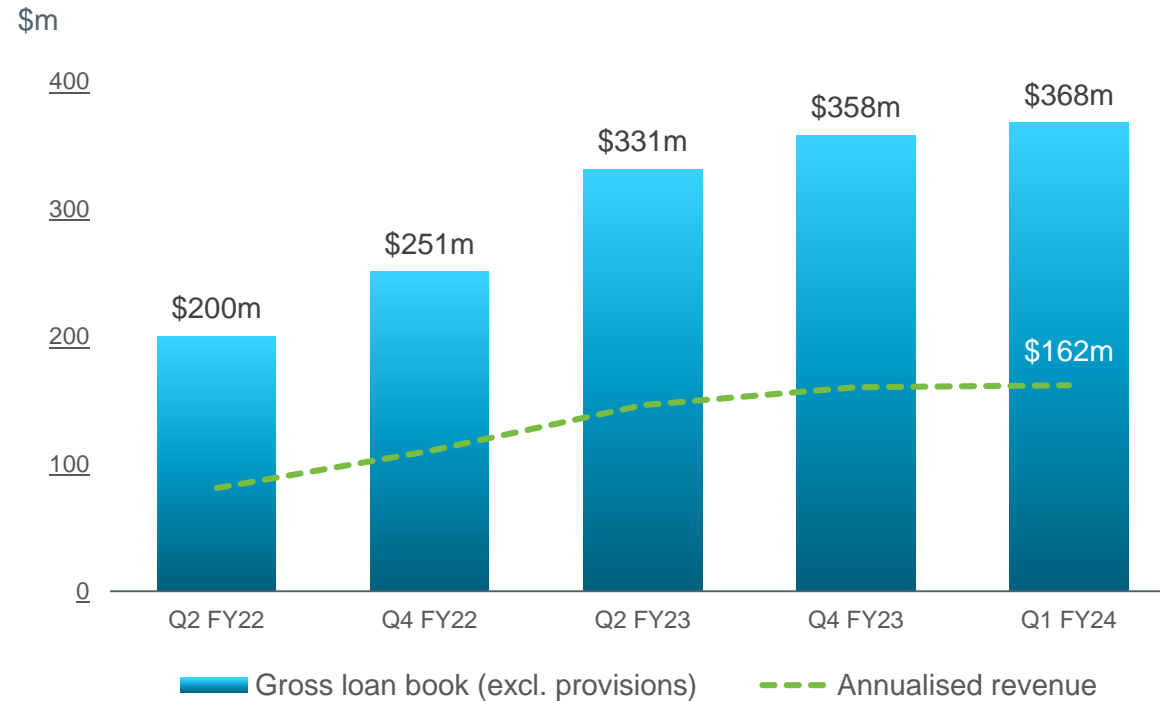
US Collections and Arrangement Book (A\$m)



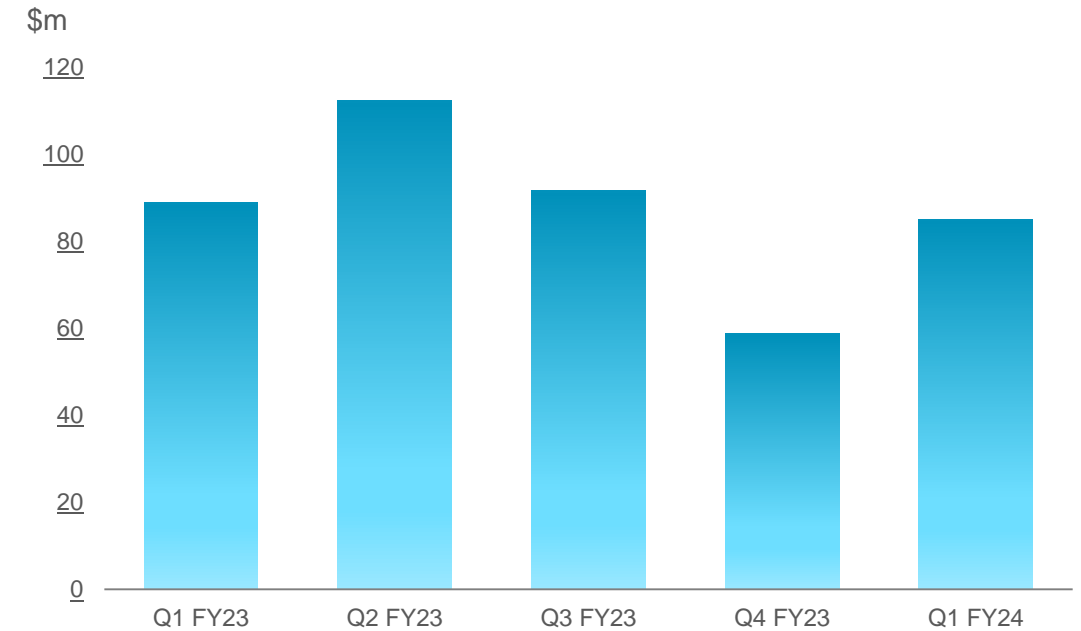
LENDING GROWTH IS TRACKING TO EXPECTATION ...

- Volumes sufficient to grow the loan book and segment earnings

Consumer Lending Book and Annualised Revenue



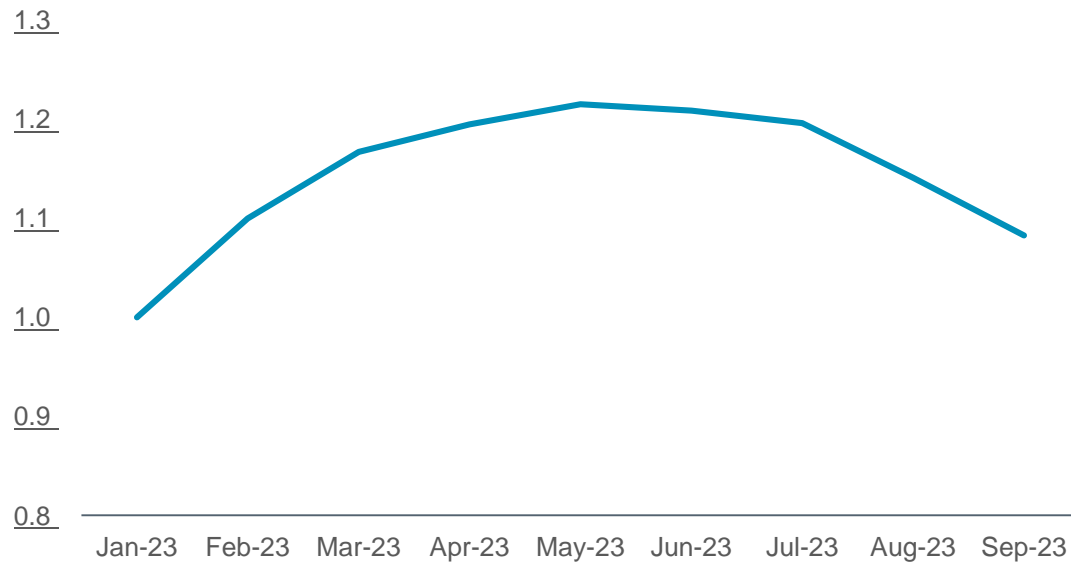
Lending Volumes by Quarter



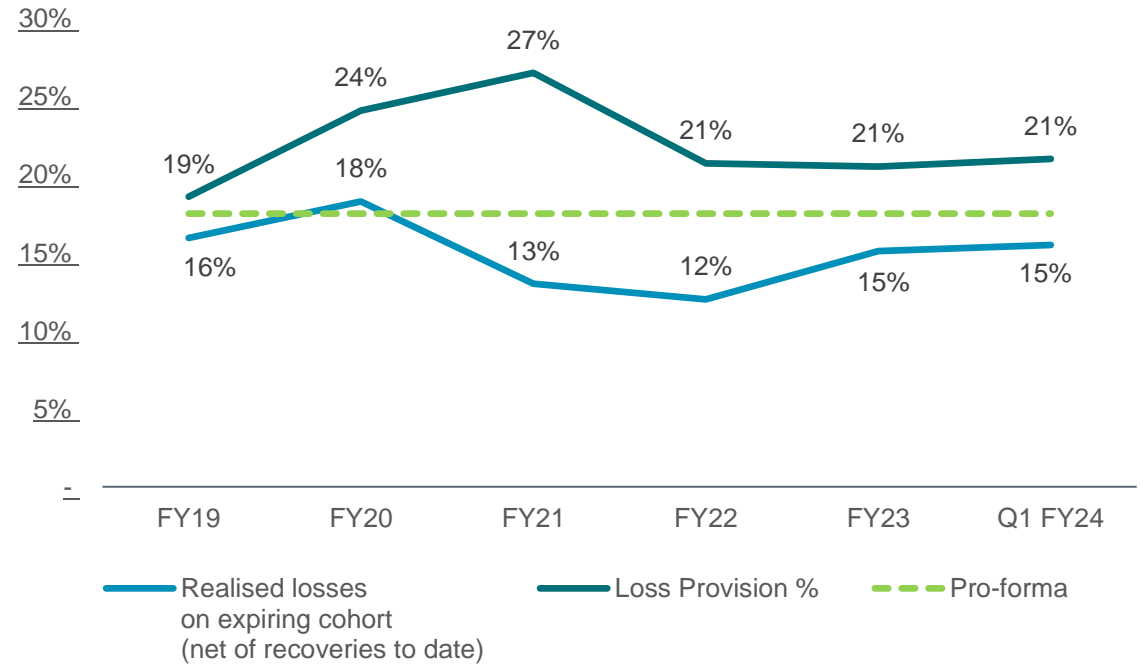
... WHILE CREDIT PERFORMANCE IMPROVES

- Arrears and losses remain within pro-forma
- Recent fall in arrears

30+ days arrears ¹



Loss Provision to Realised Losses (%)

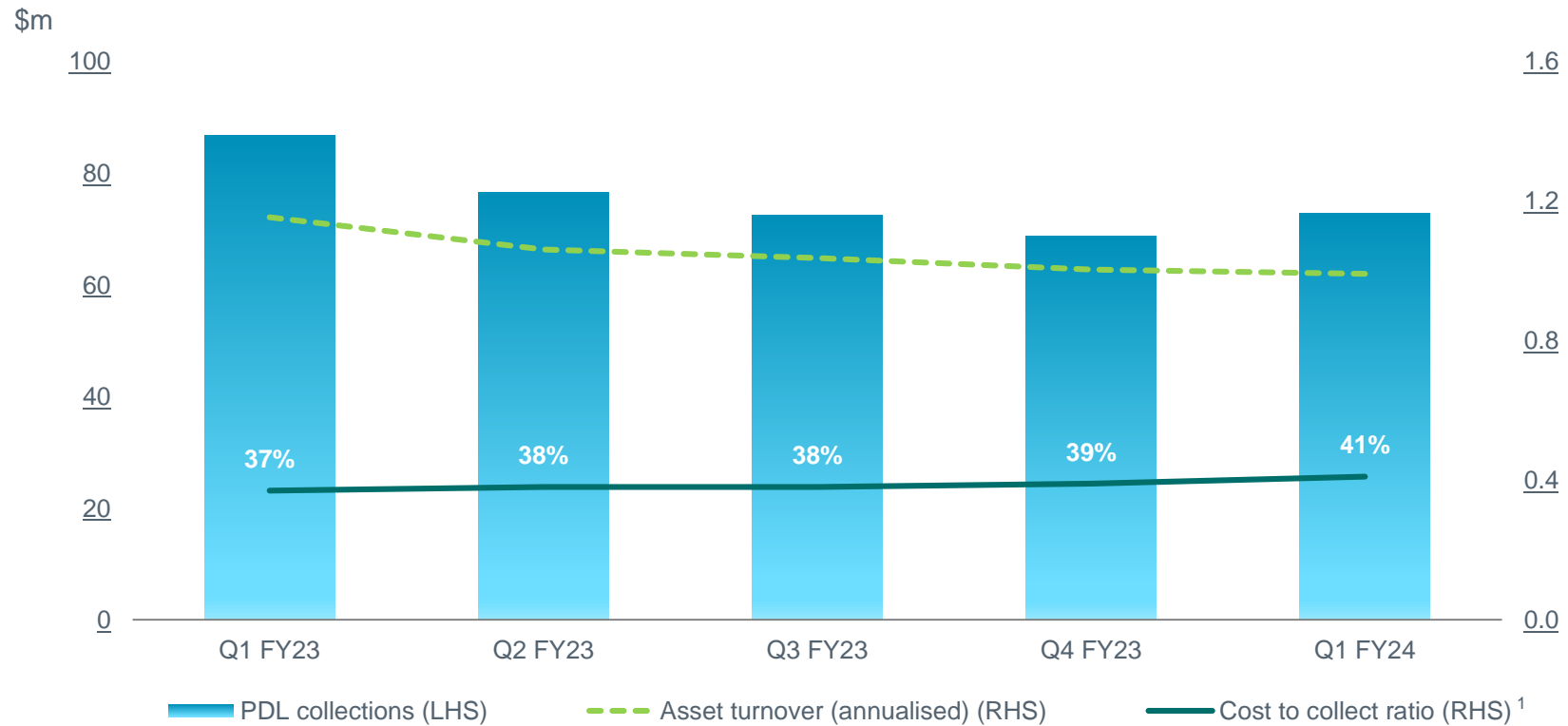


1. Indexed to Jan-23

BALANCING COST REDUCTION AND PERFORMANCE IN AU/NZ DEBT BUYING

- Asset turnover maintained
- Cost reduction as collections run-off

AU/NZ PDL Collections, Asset Turnover and Cost to Collect Ratio



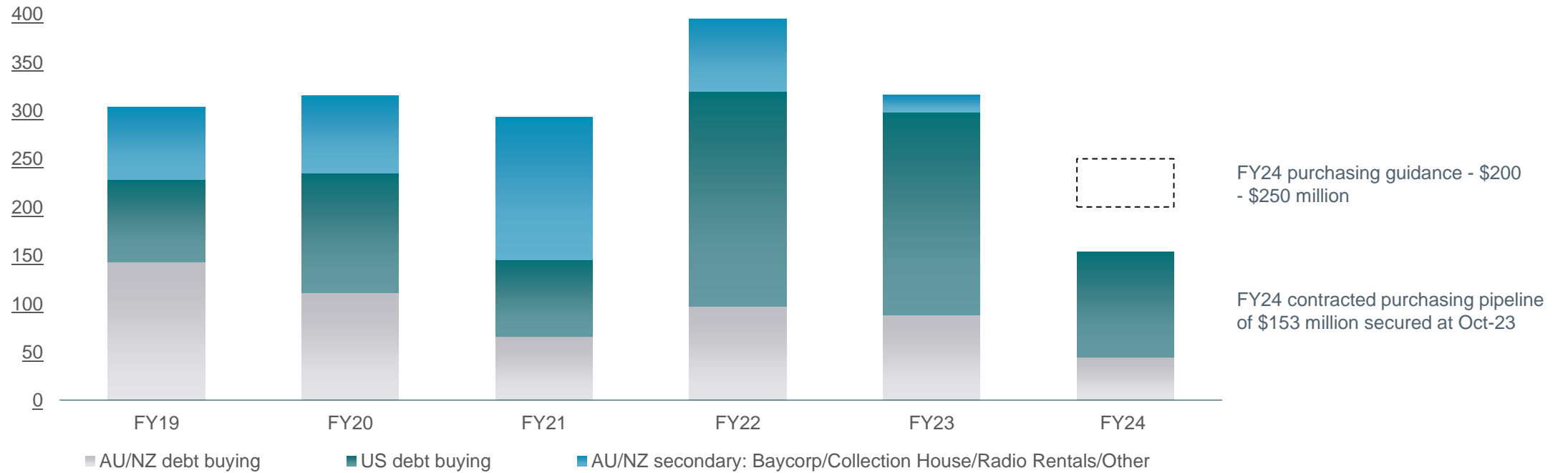
1. Cost to collect ratio calculated as cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment

PDL INVESTMENT PIPELINE APPROACHING GUIDANCE RANGE ...

- \$50 million to contract to reach guidance range
- Historically low US pricing represents an opportunity to underpin future earnings growth

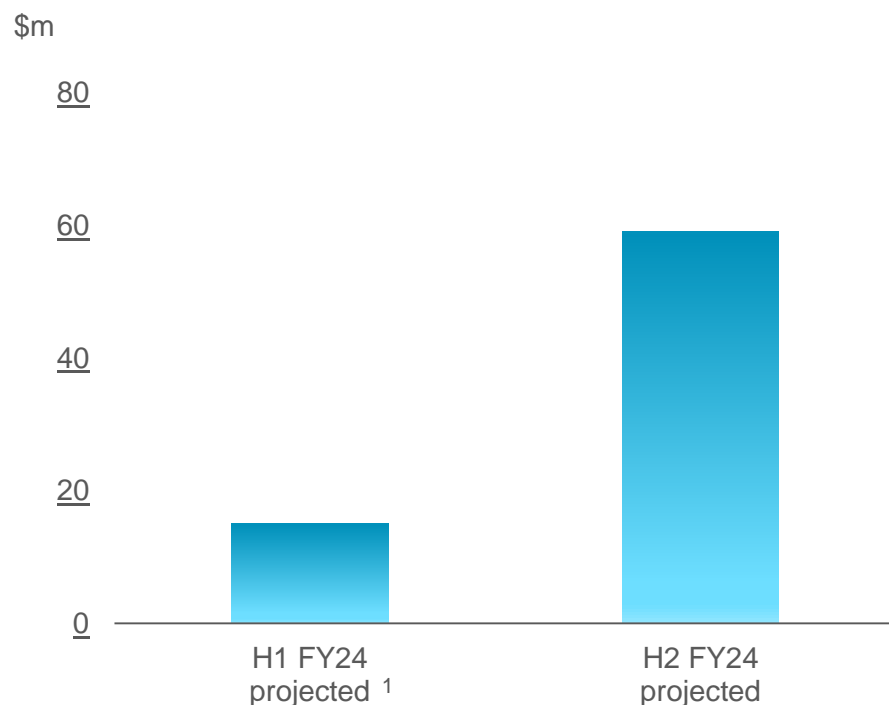
Purchased Debt Ledger (PDL) Investment

\$m



- Current investment guidance implies strong free cash flow generation over the balance of FY24

Free cash flow



	Current ²	Projected 30 June 2024
Undrawn facility / cash	\$80m	\$140m
Net debt to financial assets	29%	22%
Net debt to equity	35%	25%

1. Excludes dividend payment of \$32 million

2. Pro-forma as at Sep-23 after allowing for estimated US PDL impairment

	FY24 GUIDANCE ISSUED AUG-23	FY24 GUIDANCE REVISED OCT-23
Ledger investment	\$200 - \$250 million	\$200 - \$250 million
Net lending	\$45 - \$55 million	\$45 - \$55 million
NPAT ex-impairment	\$90 - \$100 million	\$80 - \$90 million
NPAT statutory	\$90 - \$100 million	\$35 - \$45 million
EPS (basic)	132 - 147 cents	51 - 66 cents



APPENDICES: KEY OPERATING METRICS




APPENDICES



KEY OPERATING METRICS

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APPENDIX 1

AU/NZ AND US DEBT BUYING OPERATIONAL METRICS

  AU/NZ DEBT BUYING	Q1 FY2024	Δ Q1 FY2023
Collections	\$73m	(16%)
Productivity	\$320 per hour	1%
Operations headcount ¹	649	(17%)
Payers book ¹	\$1,330m	(6%)

  US DEBT BUYING	Q1 FY2024	Δ Q1 FY2023
Collections	\$48m	6% ²
Productivity	\$261 per hour	(13%) ²
Operations headcount ¹	536	19% ³
Payers book ¹	\$374m	9% ²

1. As at Sep-23

2. Constant currency basis

3. Comparison to US onshore and offshore headcount at Sep-22

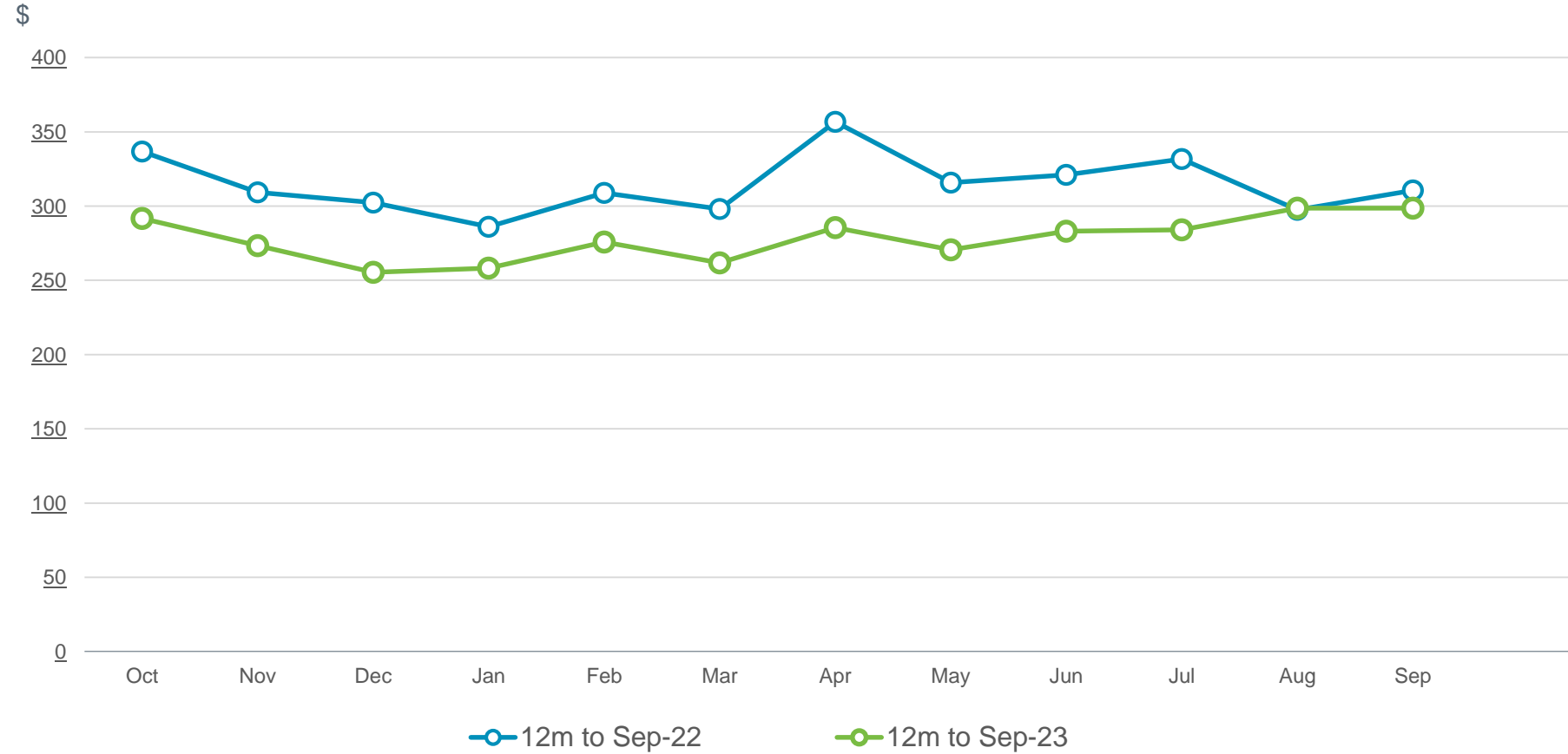
Portfolio Summary: Debt buying

TOTAL PORTFOLIO	AU/NZ			COMBINED AU/NZ/US ¹			
	DEC-20	JUN-21	DEC-21	JUN-22	DEC-22	JUN-23	SEP-23
Face value	\$8.6b	\$8.5b	\$7.9b	\$11.8b	\$12.7b	\$12.8b	\$13.1b
Number of accounts	1,392,000	1,326,000	1,252,000	2,863,000	2,993,000	2,952,000	3,000,000
PAYMENT ARRANGEMENTS							
Face value	\$1,550m	\$1,600m	\$1,555m	\$1,742m	\$1,727m	\$1,725m	\$1,700m
Number of accounts	219,000	217,000	243,000	264,000	266,000	274,000	273,000

1. US segment included from Jun-22 onwards. Prior periods contain only AU/NZ debt buying segment

APPENDIX 3 PRODUCTIVITY

Productivity Per Hour (A\$) ¹



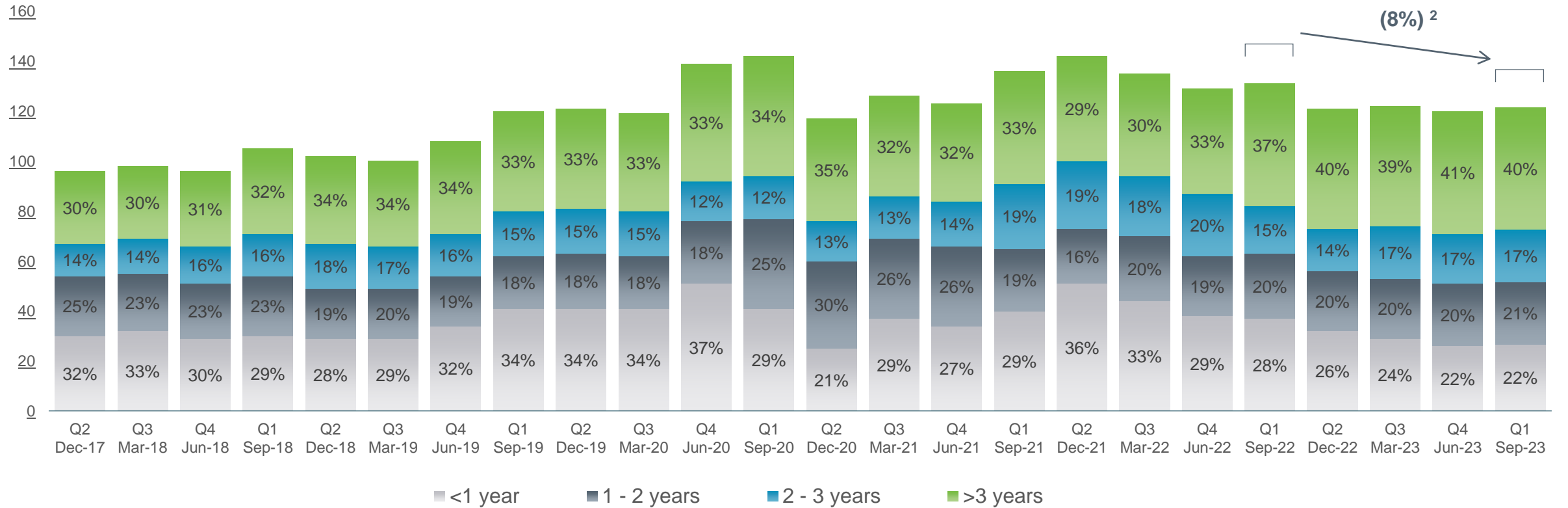
YTD SEP-23 AVERAGE:
FY2024: \$294
FY2023: \$313

1. Combined AU/NZ and US segment productivity

APPENDIX 4 COLLECTIONS LIFE CYCLE

PDL Collections by Vintage ¹

\$m

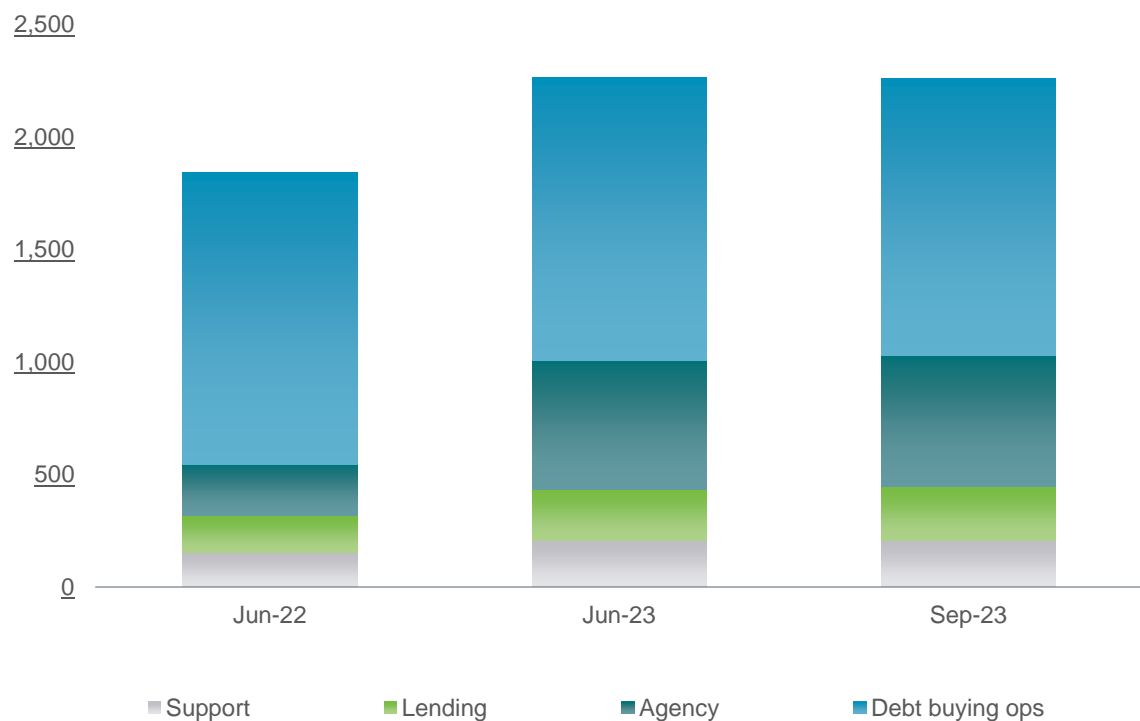


1. Combined AU/NZ and US PDL collections

2. 8% less in Q1 FY24 vs Q1 FY23

APPENDIX 5 OPERATIONAL AND TOTAL HEADCOUNT

Period End Headcount (FTE)



	JUN-22	JUN-23	SEP-23
Debt buying operations	1,296	1,255	1,185
Collection services	229	571 ¹	612 ¹
Lending	162	231	249
Support	153	204 ¹	213 ¹
Total	1,840	2,261	2,259
Support %	8%	9%	9%

1. Including staff acquired as part of the acquisition of Collection House during H1 FY23



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