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# FY2024 Results

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Creating  
**opportunity**



**Credit Corp Group**

# Focus on core competencies in the credit impaired consumer segment...

## Analytics and discipline

### AUSTRALIAN / NZ DEBT BUYING

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

## Operational excellence

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

## Responsibility & compliance

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

### TARGET

Long term growth

ROE 16% – 18%

Low gearing

### 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

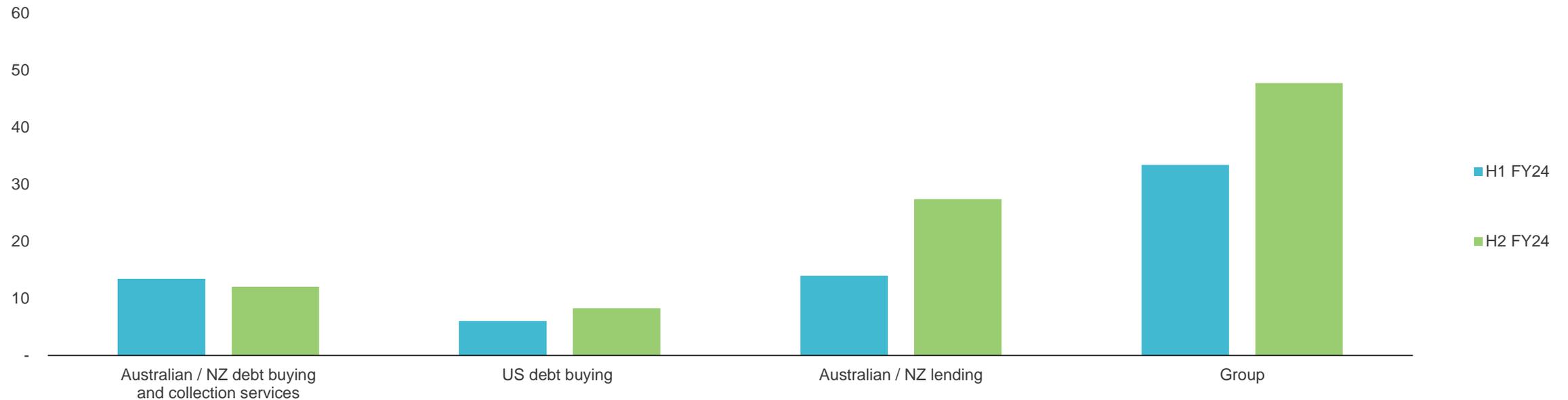
1. FY24 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 0.9x

2. FY24 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 43%

# ...has delivered improved performance over the course of the year...

- US recovery
- Lending growth

## NPAT (\$m) <sup>1</sup>



1. Excluding impairment of US PDL book of \$65 million (pre-tax) and change in PDL life cycle gain of \$21.6 million (pre-tax)

Segment	Assessment of market conditions	Credit Corp response
<b>US debt buying</b>	<ul style="list-style-type: none"> <li>• Collection environment more challenging since late FY23</li> <li>• Uncertainty as to outlook for US credit-impaired consumers</li> <li>• Supply of charge-offs remains strong with unsecured credit ~25 per cent above pre-COVID levels <sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Operational improvement focus</li> <li>• Concentrate purchasing on familiar assets with shorter cash payback periods</li> </ul>
<b>Australian / NZ lending</b>	<ul style="list-style-type: none"> <li>• Solid demand but moderation in final quarter of FY24</li> <li>• Delinquency remains within pro-forma</li> <li>• Used car prices remain elevated</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising to capture the opportunity</li> <li>• New product pilots for long-term growth</li> <li>• Ration auto lending to manage risk</li> </ul>
<b>Australian / NZ debt buying</b>	<ul style="list-style-type: none"> <li>• Direct from issuer volumes remain low</li> <li>• Interest-bearing card balances remain ~32 per cent below pre-COVID levels <sup>2</sup></li> <li>• Bank arrears and losses remain low</li> <li>• Large bank seller has not returned to market</li> </ul>	<ul style="list-style-type: none"> <li>• Manage cost base to minimise loss of operating leverage</li> <li>• Maintain competitiveness</li> </ul>

1. Total Revolving Debt Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CCLACBW027SBOG>)

2. C1 Credit and Charge Cards (Seasonally Adjusted Series) data, Reserve Bank of Australia (<https://www.rba.gov.au/statistics/tables/>)

# A solid FY24 result

	FY23	FY24	Var %
Australian / NZ debt buying and collection services	\$224.8m	\$231.9m <sup>1,2</sup>	3% <sup>1,2</sup>
US debt buying (pre-impairment)	\$100.8m	\$108.6m <sup>2</sup>	5% <sup>2,3</sup>
Australian / NZ lending	\$147.8m	\$179.1m	21%
<b>Revenue total</b>	<b>\$473.4m</b>	<b>\$519.6m</b>	<b>10%</b>
Australian / NZ debt buying and collection services	\$39.1m	\$25.5m	(35%)
US debt buying (pre-impairment)	\$17.1m	\$14.4m <sup>2</sup>	(13%) <sup>2,3</sup>
Australian / NZ lending	\$35.1m	\$41.3m	18%
<b>NPAT total pre-impairment</b>	<b>\$91.3m</b>	<b>\$81.2m</b>	<b>(11%)</b>
US PDL impairment	—	(\$45.6m)	—
Change in PDL life cycle	—	\$15.1m	—
<b>NPAT total</b>	<b>\$91.3m</b>	<b>\$50.7m</b>	<b>(44%)</b>
EPS (basic)	134.2c	74.5c	(44%)
<b>Dividend</b>	<b>70.0c</b>	<b>38.0c</b>	<b>(46%)</b>

1. FY24 includes \$22 million of incremental Collection Services income from Collection House acquisition completed during H1 FY23

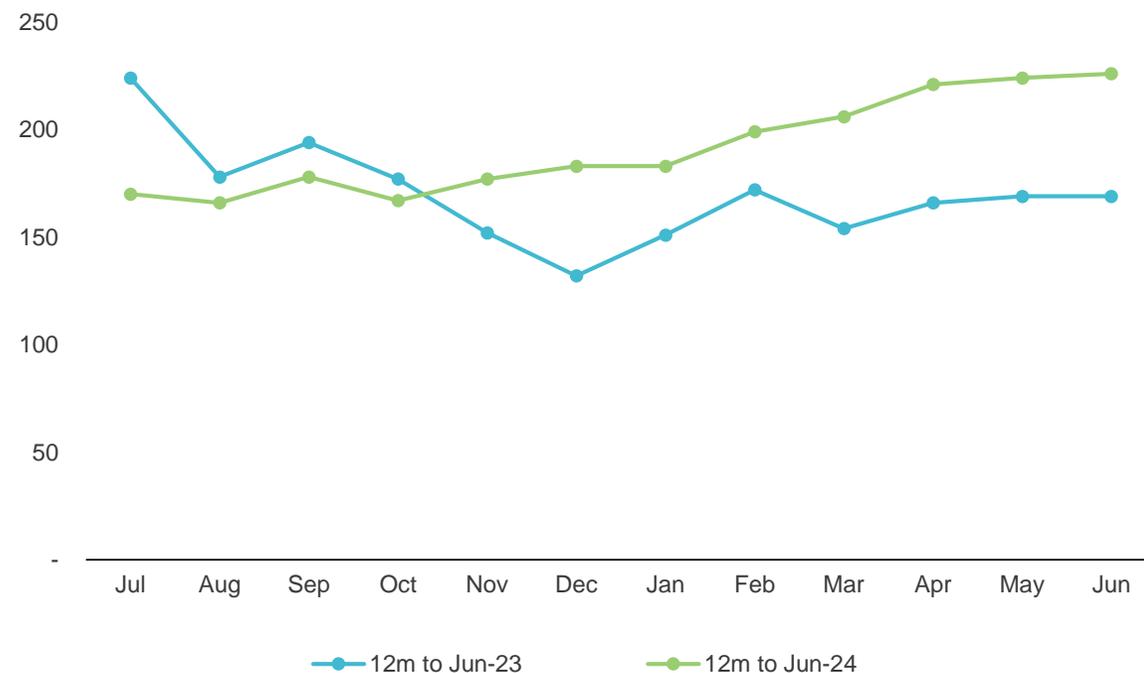
2. Excluding impairment of US PDL book of \$65 million (pre-tax) and change in PDL life cycle gain of \$21.6 million (pre-tax)

3. Constant currency basis

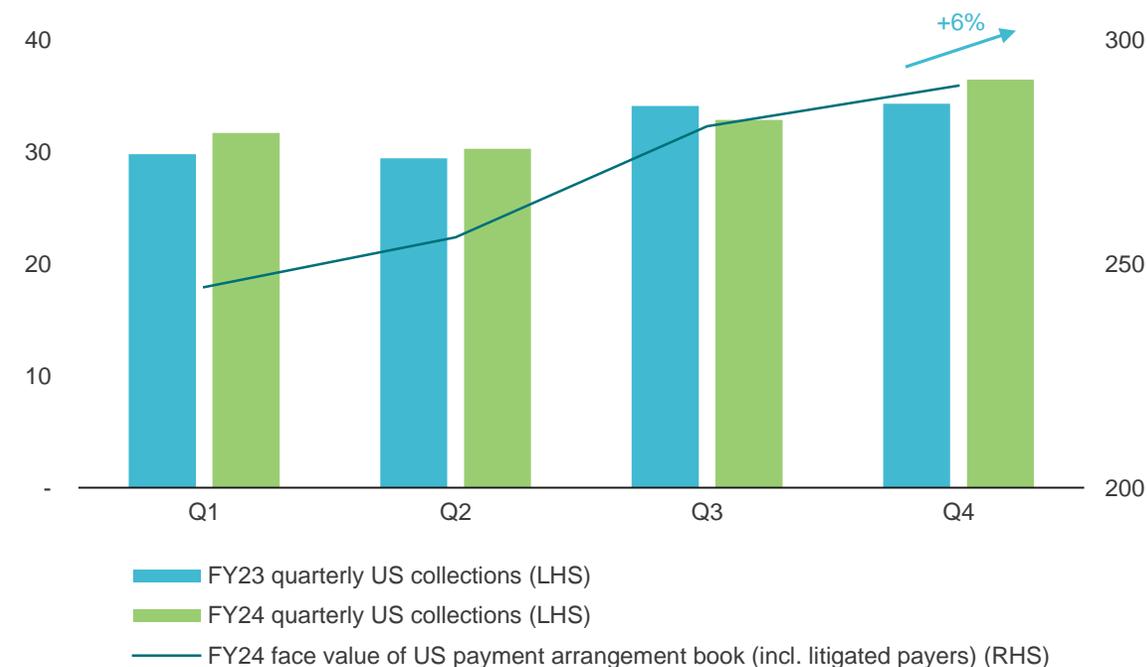
# Improved US operational performance...

- Sustained lift in productivity despite moderation in purchasing
- Record quarterly collections for Q4

### US Productivity Per Hour (US \$)



### US Collections and Arrangement Book (US \$m)



# ...has combined with favourable supply conditions...

- US unsecured credit volumes remain significantly above pre-COVID levels although growth is moderating
- Charge-off rates lag volume and are likely to continue to grow for 6-12 months

## US revolving credit market (US\$b) and Quarterly Charge-Off Rates (%)



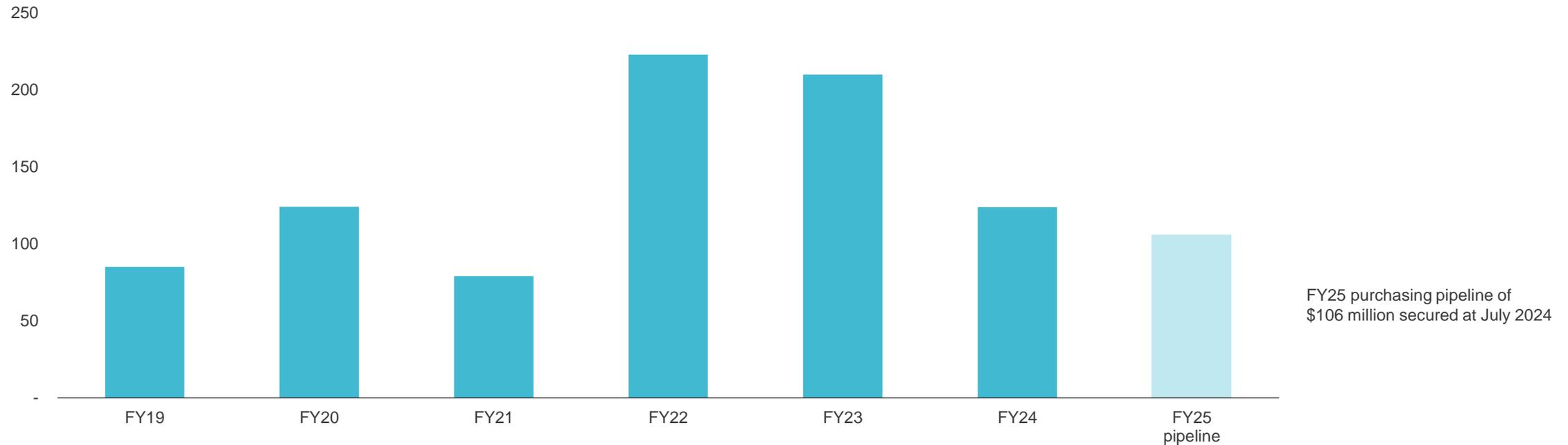
1. Total Revolving Debt Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CCLACBW027SBOG>)

2. Charge-off rate on credit card loans. All Commercial banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)

# ...to deliver a strong FY25 US investment pipeline

- More than 50% of FY25 expected purchasing already contracted
- FY25 pipeline comprises a high proportion of familiar assets with shorter cash payback periods

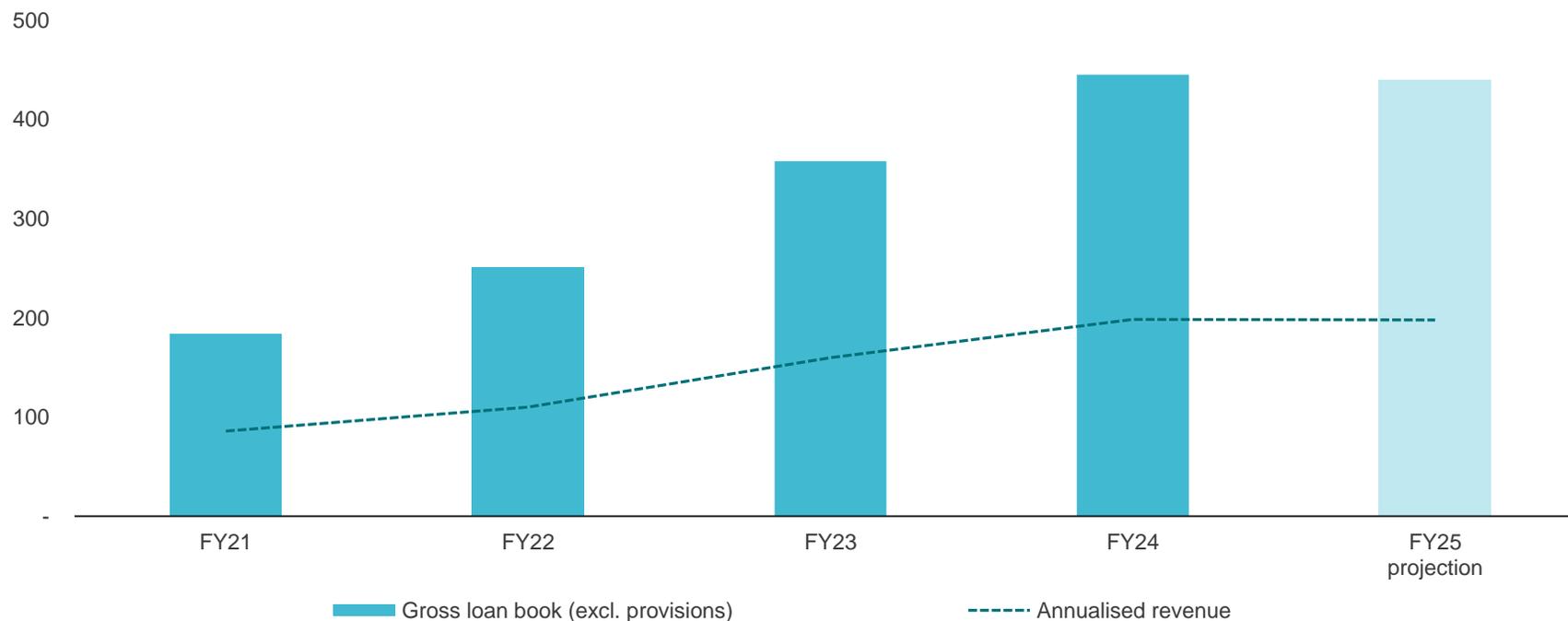
## US PDL Investment Volumes (\$m)



# Consumer lending book growth in FY24...

- Record opening book
- Book growth expected to moderate in FY25

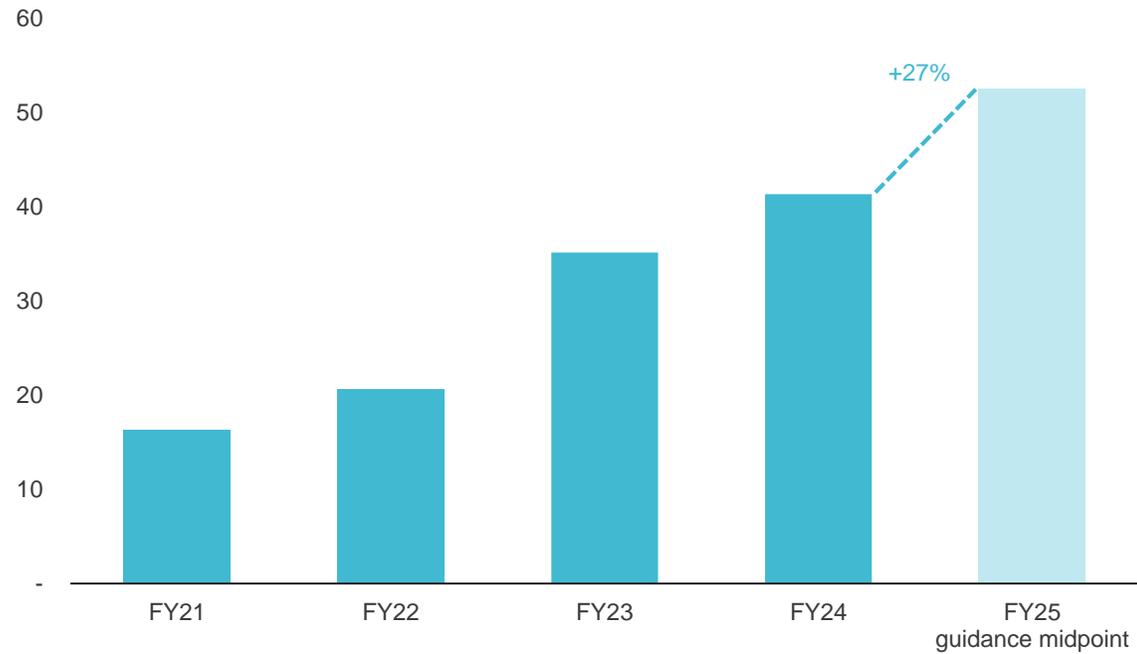
Consumer Lending Book and Annualised Revenue (\$m)



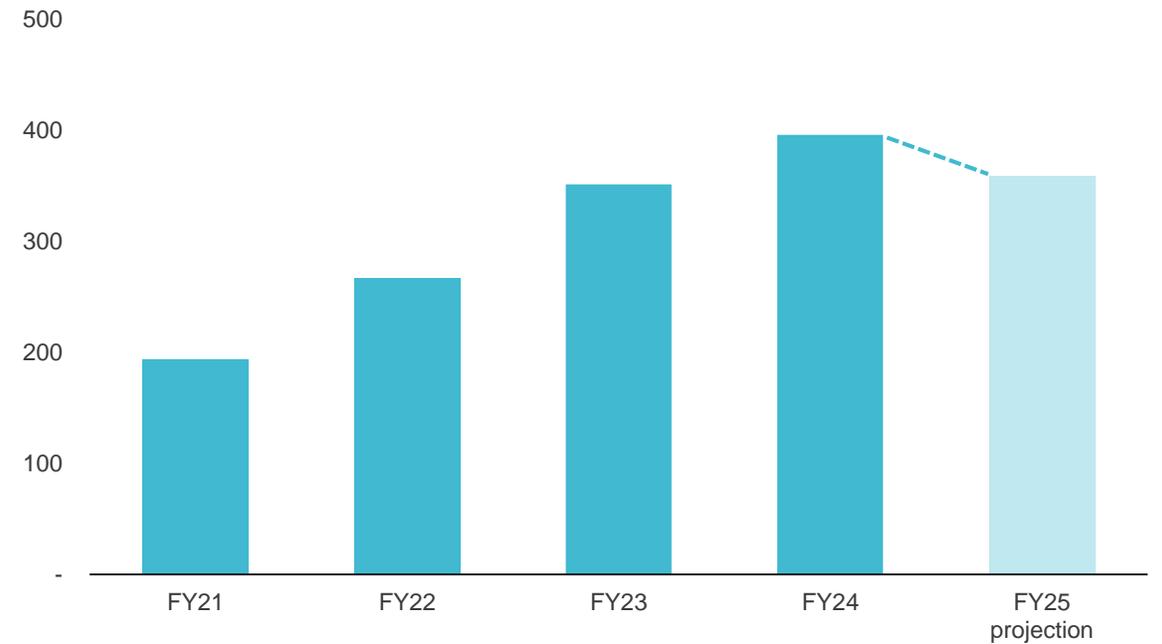
# ...will convert to earnings in FY25

- Record opening book will drive significant segment earnings growth

### Consumer Lending NPAT (\$m)



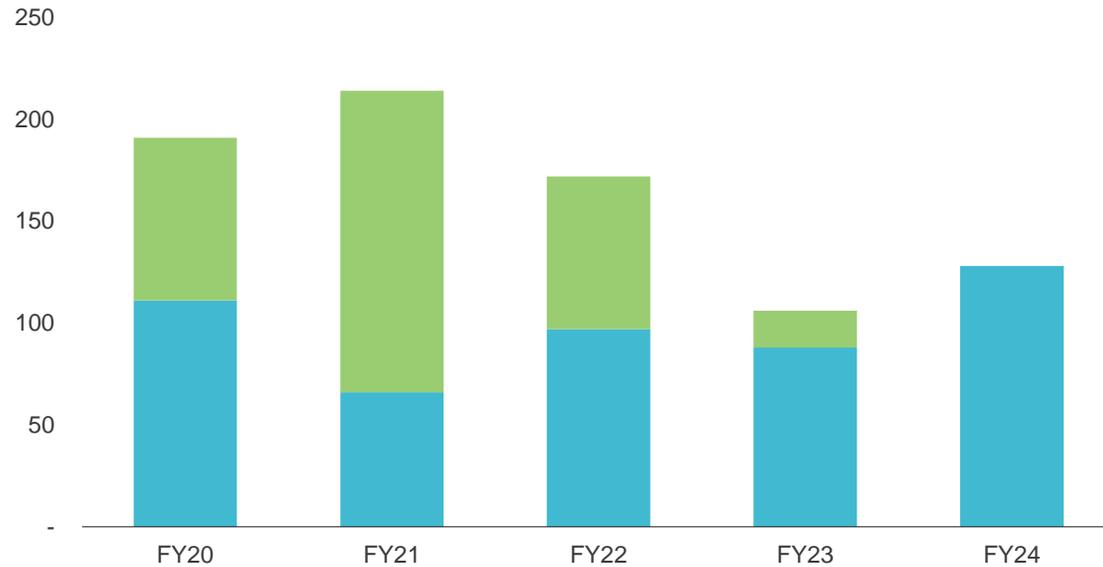
### Lending volume (\$m)



# AU/NZ direct-from-issuer investment highest since FY20...

- AU/NZ run-off has now stabilised with investment levels sufficient to hold collections and the cost-to-collect

**AU/NZ PDL Investment Volumes (\$m)**



■ AU/NZ secondary: Baycorp / Collection House / Radio Rentals / Other  
 ■ AU/NZ direct-from-issuer

**AU/NZ Collections (\$m) and Cost to Collect (%)**

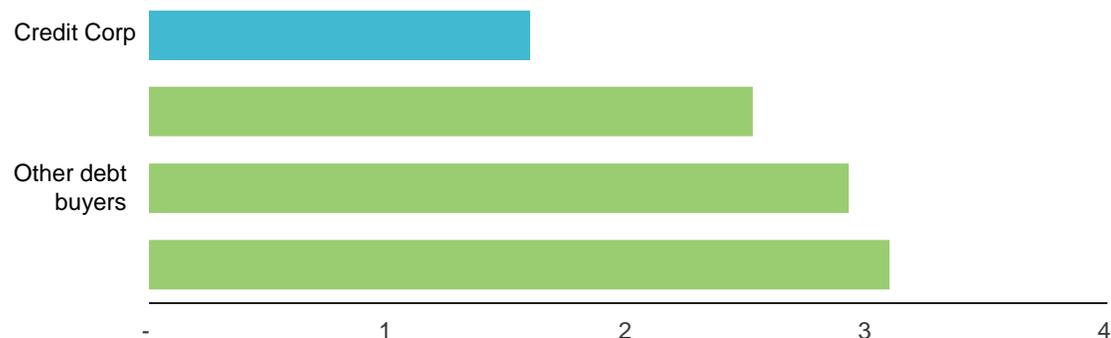


■ AU/NZ collections (LHS)      - - - - - Cost to collect (RHS)

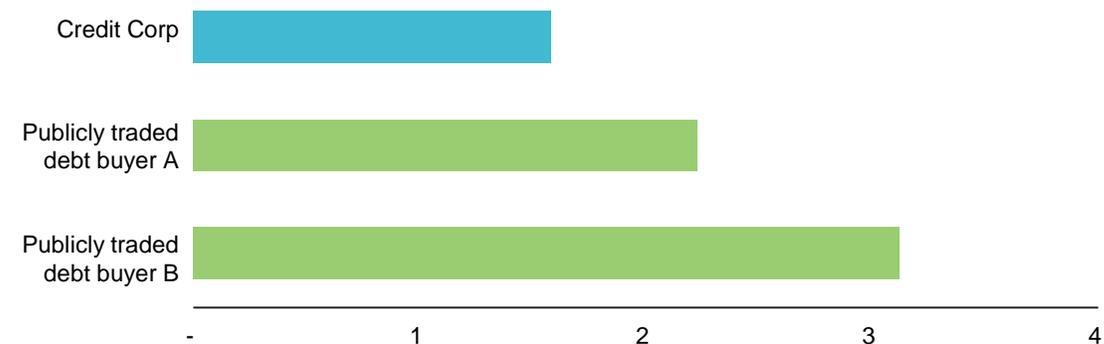
...has been supported by our leading position in responsible practices



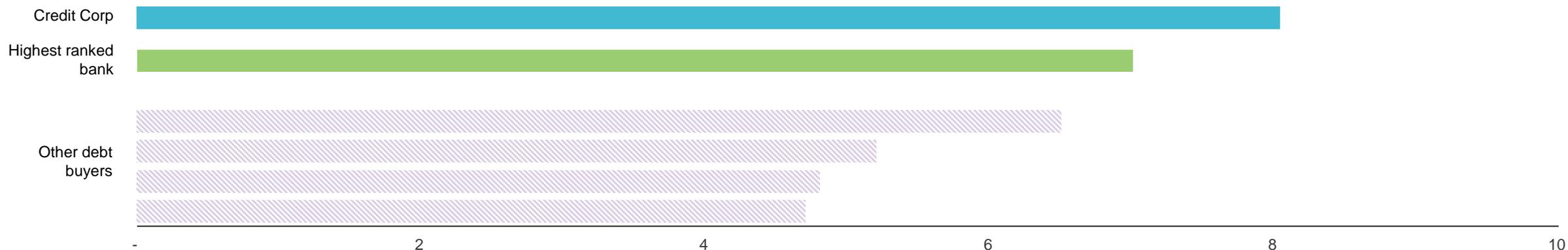
H1 FY24 AU EDR Rate <sup>1</sup>



12 Months to Mar-24 US Dispute Rate <sup>2</sup>



Rating of Banks and Debt Buyers by Financial Counsellors in 2023 <sup>3</sup> (Score out of 10)



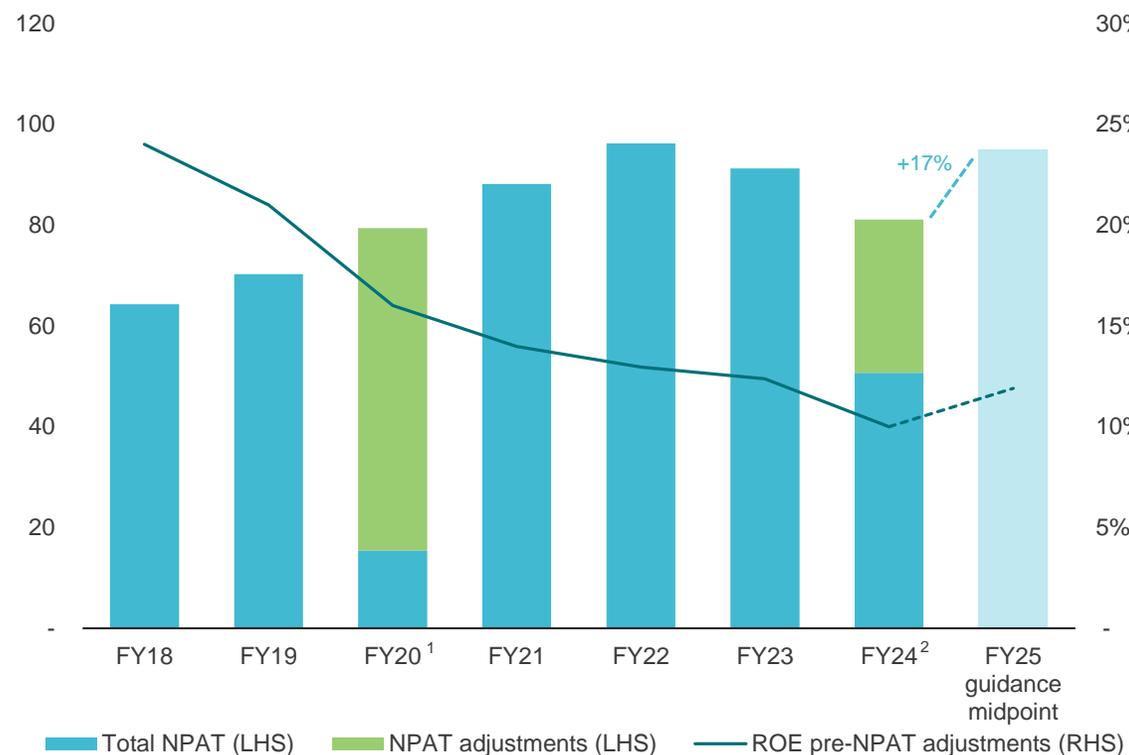
1. No. of complaints reported by External Dispute Resolution (EDR) provider (The Australian Financial Complaints Authority) for the 6-month period to Dec-23 divided by total PDL collections expressed in millions of dollars

2. Complaint metrics from Consumer Financial Protection Bureau (CFPB) database for the 12 months to Mar-24 divided by reported collections ([https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created\\_date\\_desc](https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc))

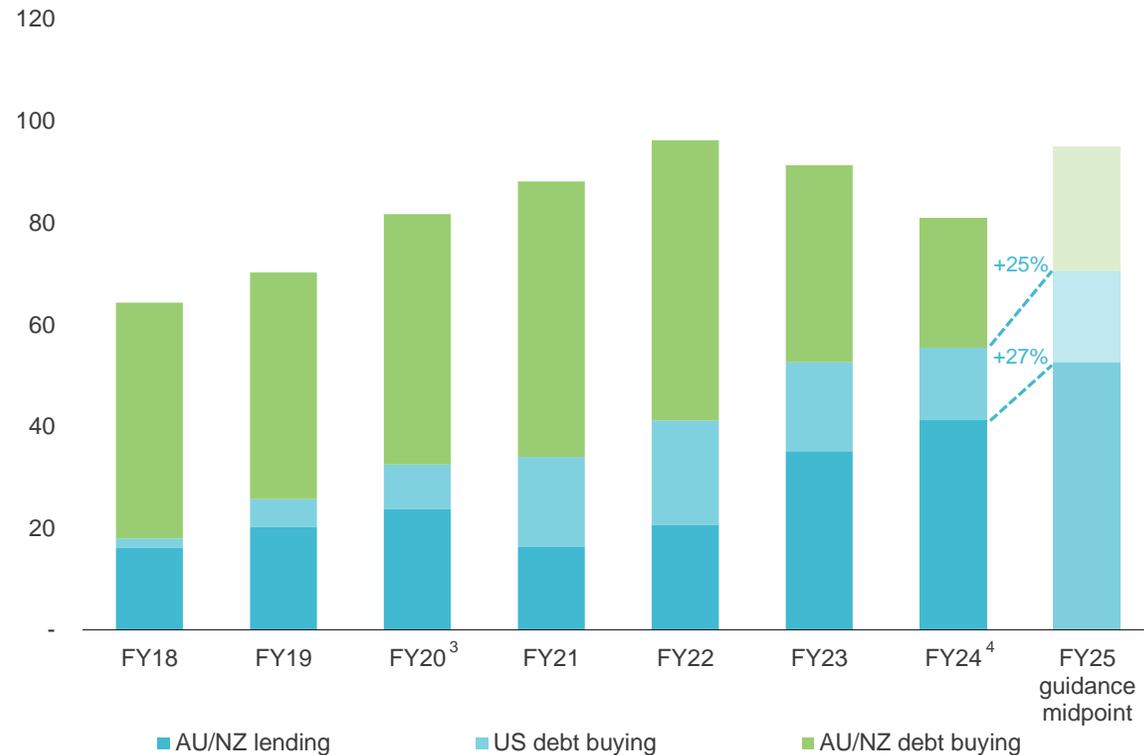
3. Financial Counselling Australia: Rank the banks and other lenders and debt buyers survey 2023 - Rating of response to consumer hardship, December 2023, pages 6 and 25

# A platform for a return to growth in FY25 has been established...

### NPAT (\$m) and Return on Equity (%)



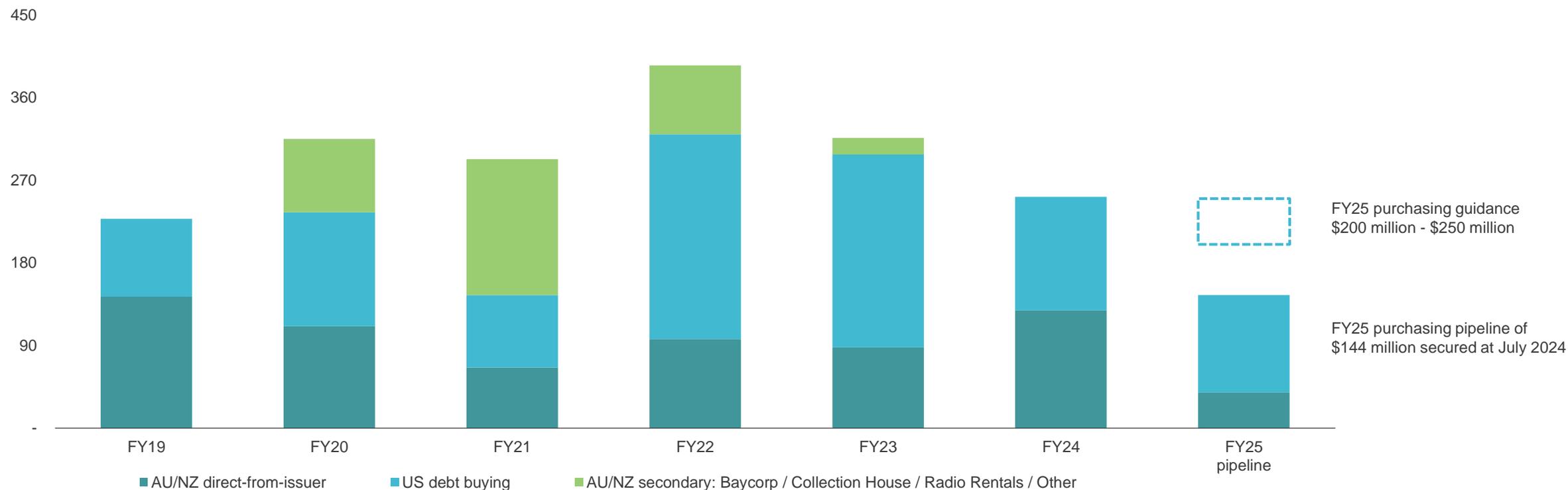
### NPAT by Segment (\$m)



1. COVID-19 adjustments for PDL and consumer loan book impairment
2. FY24 statutory NPAT of \$50.7 million includes impairment of US PDL book of \$65 million (pre-tax) and change in PDL life cycle gain of \$21.6 million (pre-tax)
3. Presented pre-NPAT adjustments referenced in Note 1 above
4. Presented pre-NPAT adjustments referenced in Note 2 above

# ...with a strong purchasing pipeline...

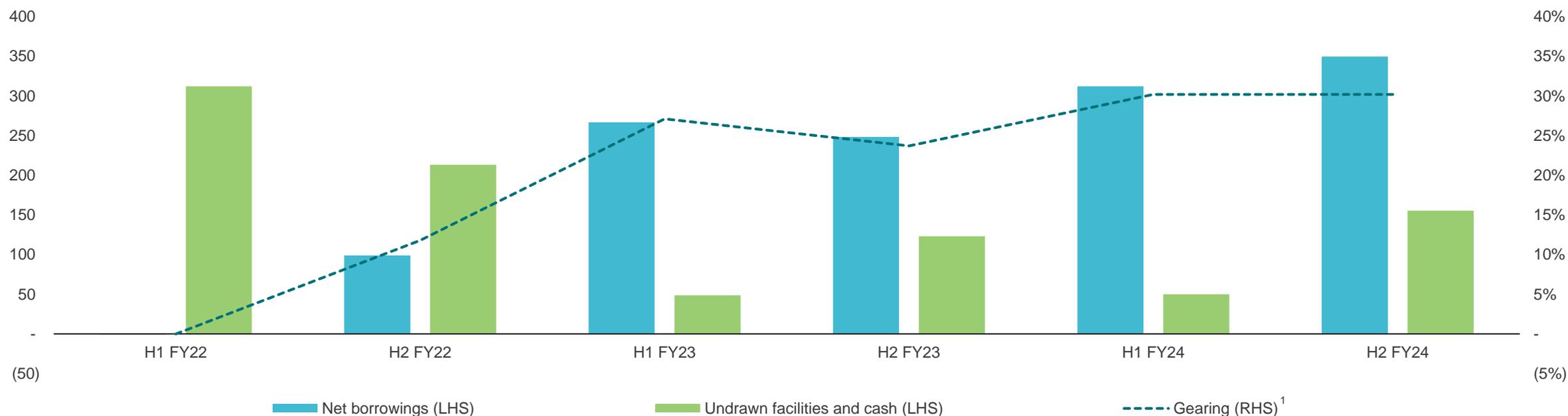
**PDL Investment Volume (\$m)**



# ...and the borrowing capacity for additional opportunistic investment

- Facilities expanded to \$505 million:
  - \$255 million syndicated corporate facility extended to July 2029
  - \$250 million consumer lending warehouse extended to October 2028
- Increased margin reflects tenor

## Cash Facilities (\$m) and Gearing (%)



1. Calculated as net borrowings as a % of carrying value of financial assets

# Outlook for solid earnings growth in FY25

- Growth in NPAT of 11 - 23% against FY24 underlying result

	<b>FY25 Guidance</b>
<b>Ledger investment</b>	\$200 - \$250 million
<b>Net lending</b>	\$45 - \$55 million
<b>NPAT</b>	\$90 - \$100 million
<b>EPS (basic)</b>	132 - 147 cents

# APPENDICES: KEY OPERATING METRICS



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# Appendix 1: Operating cash flow and gearing

Operating cash flow and gearing	FY21	FY22	FY23	FY24
PDL collections	\$492.1m	\$535.2m	\$493.8m	\$463.7m
Lending income	\$78.9m	\$93.7m	\$147.8m	\$179.1m
Other income	\$29.9m	\$38.3m	\$50.3m	\$92.8m
Interest expense / income	(\$4.3m)	(\$4.7m)	(\$15.6m)	(\$23.8m)
Operating expenses including taxation	(\$210.6m)	(\$275.8m) <sup>1</sup>	(\$290.6m)	(\$319.5m)
PDL acquisitions, net lending and capex	(\$321.1m)	(\$490.8m)	(\$471.0m)	(\$442.3m)
<b>Net operating (free) cash flow</b>	<b>\$64.9m</b>	<b>(\$104.1m)</b>	<b>(\$85.3m)</b>	<b>(\$50.0m)</b>
PDL carrying value	\$467.3m	\$637.3m	\$762.1m	\$780.7m
Consumer loans net carrying value	\$135.2m	\$198.4m	\$284.5m	\$358.5m
Net cash / (borrowings)	\$58.1m	(\$98.9m)	(\$248.4m)	(\$349.7m)
<b>Net borrowings / carrying value (%)</b>	<b>n/a</b>	<b>11.8%</b>	<b>23.7%</b>	<b>30.7%</b>

1. Includes outlay of \$63 million for the acquisition of Radio Rentals assets in Dec-21

## Appendix 2: AU/NZ & US Debt buying operational metrics

<b>AU/NZ Debt Buying</b>	<b>FY24</b>	<b>Δ FY23</b>
Collections	\$264m	(13%)
Productivity	\$312 per hour	1%
Operations headcount <sup>1</sup>	613	(12%)
Payers book (face value) <sup>1</sup>	\$1,316m	(2%)
<b>US Debt Buying</b>	<b>FY24</b>	<b>Δ FY23</b>
Collections	\$200m	3% <sup>2</sup>
Productivity	\$291 per hour	14% <sup>2</sup>
Operations headcount <sup>1</sup>	529	(5%)
Payers book (face value) <sup>1</sup>	\$441m	11% <sup>2</sup>

1. As at Jun-24

2. Constant currency basis

## Appendix 3: Payers base

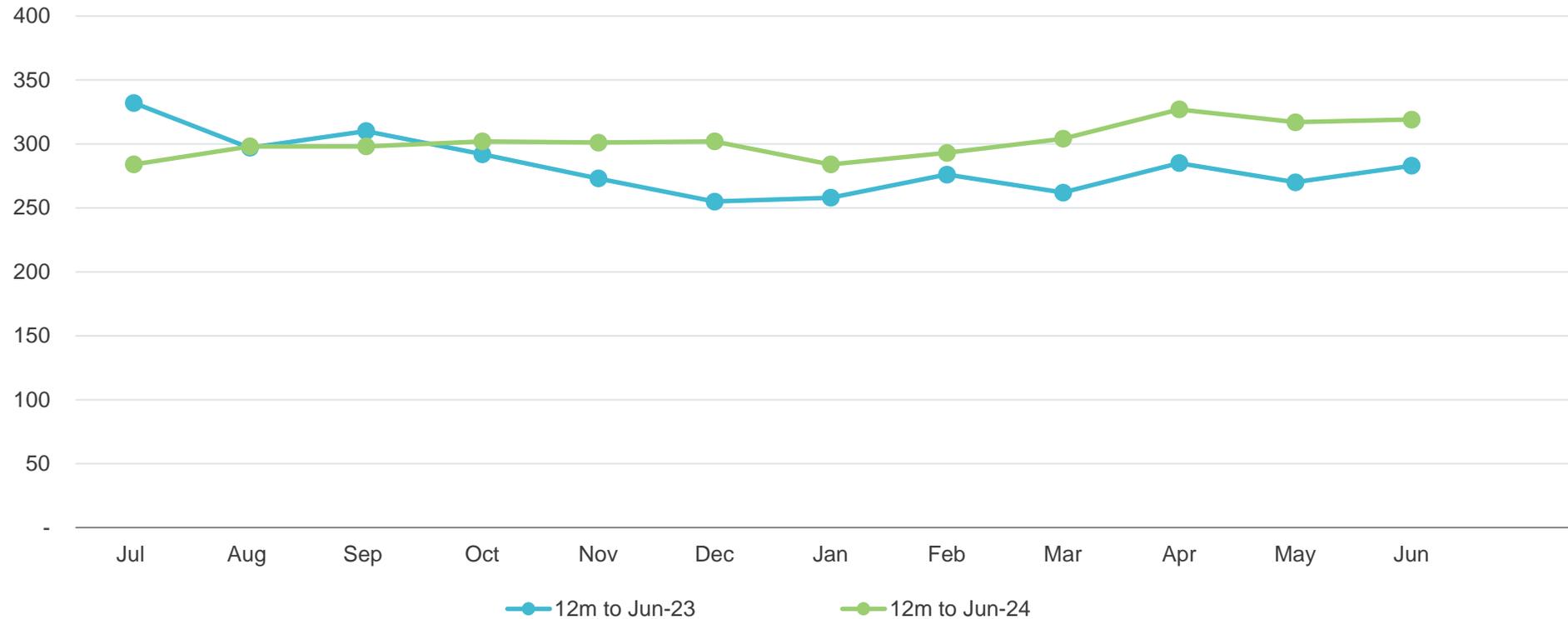
### Portfolio summary: Debt buying

Total portfolio	AU/NZ		Combined AU/NZ/US <sup>1</sup>				
	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24
Face value	\$8.5b	\$7.9b	\$11.8b	\$12.7b	\$12.8b	\$12.9b	\$13.0b
Number of accounts	1,326,000	1,252,000	2,863,000	2,993,000	2,952,000	2,904,000	2,820,000
<b>Payment arrangements</b>							
Face value	\$1,600m	\$1,555m	\$1,742m	\$1,727m	\$1,725m	\$1,709m	\$1,760m
Number of accounts	217,000	243,000	264,000	266,000	274,000	273,000	280,000

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

# Appendix 4: Productivity

Productivity per Hour (A\$) <sup>1</sup>



**YTD JUN-24 average**

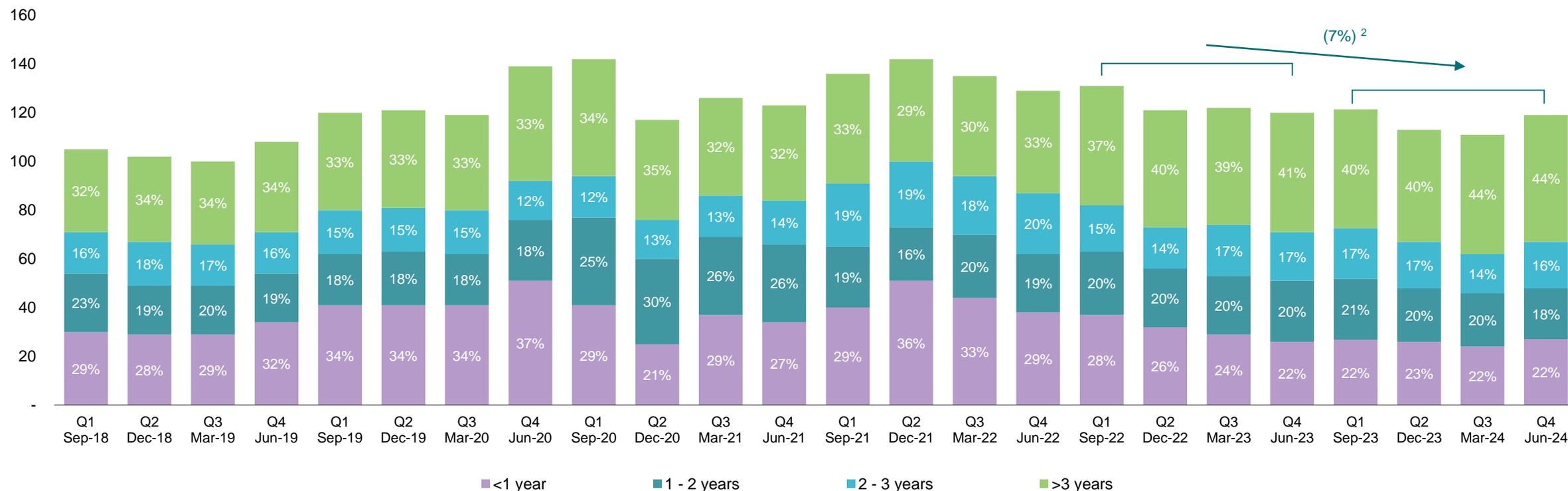
FY24: \$302

FY23: \$282

1. Combined AU/NZ and US segment productivity

# Appendix 5: Collections life cycle

PDL Collections by Vintage (\$m) <sup>1</sup>

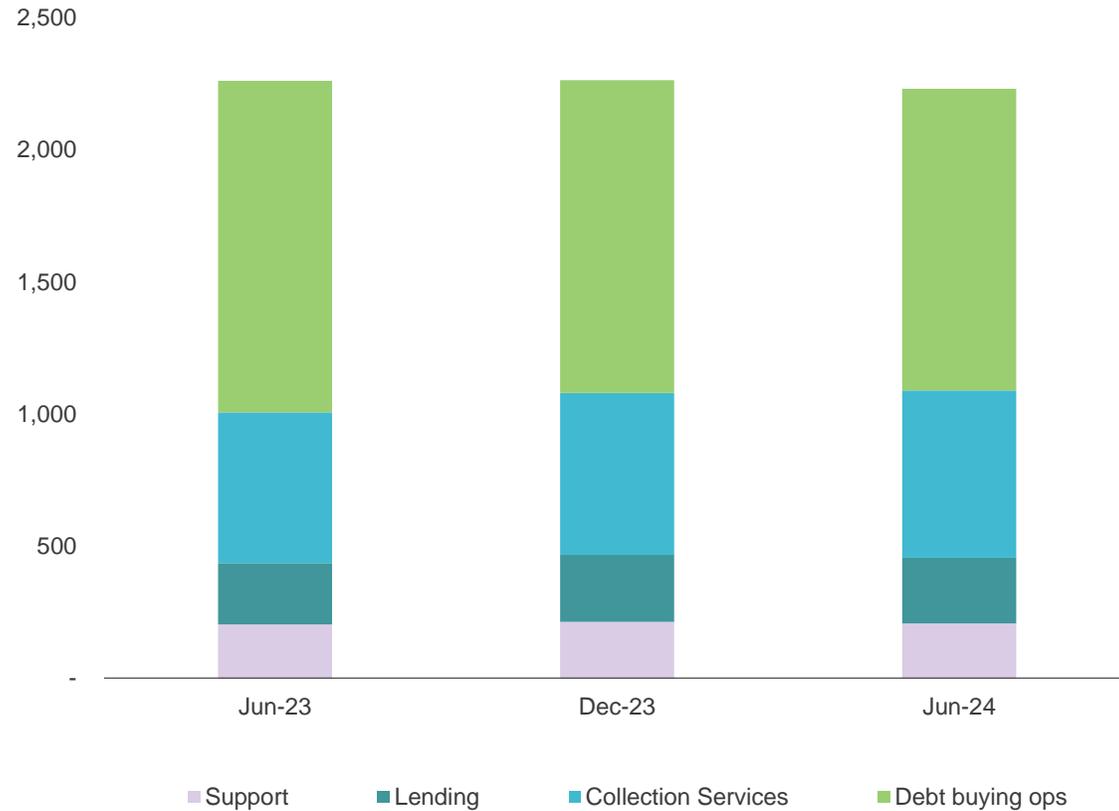


1. Combined AU/NZ and US PDL collections

2. 7% less in FY24 vs FY23

# Appendix 6: Operational and total headcount

## Period End Headcount (FTE)



	Jun-23	Dec-23	Jun-24
Debt buying operations	1,255	1,184	1,142
Collection services	571 <sup>1</sup>	613 <sup>1</sup>	628 <sup>1</sup>
Lending	231	253	254
Support	204 <sup>1</sup>	213 <sup>1</sup>	207 <sup>1</sup>
<b>Total</b>	<b>2,261</b>	<b>2,263</b>	<b>2,231</b>
<b>Support %</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>

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

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# Creating opportunity



Credit Corp Group