



# 1H12 Results Presentation

Matthew Thomas  
Chief Executive Officer



# Earnings and Dividends Trending Higher

Financials

\$m	1H10	1H11	1H12	%
Profit Before Tax (including significant items)	6.9	7.4	9.2	↑24.6
Taxation	(1.4)	(2.3)	(2.9)	
Net Profit After Tax	5.5	5.1	6.4	↑24.1
Purchased Debt Ledger (PDL) collections, Commission and other revenue	52.8	55.9	62.7	↑12.1
EPS (c)	5.7	5.3	6.4	↑22.2
DPS (c)	2.8	3.1	3.2	↑3.2

# Consistent cash flows support PDL growth and manageable debt levels

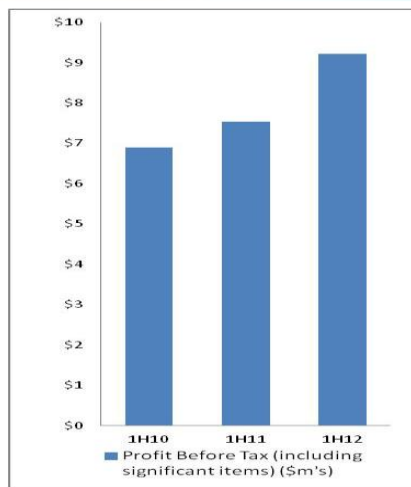
\$m	1H10	1H11	1H12
Operating cash flow <sup>#</sup>	23.4	25.7	25.9
PDL acquisitions and capex	12.9	25.8	31.7
Free cash flow	10.5	(0.1)	(5.8)
PDL carrying value	143	153	174
PDL debt funding	67	70	81
PDL debt funding/PDL carrying value %	47%	46%	46%
EBITDA*	25.9	28.6	32.4
EBIT	9.2	10.1	12.3
EBIT Margin	25%	26%	28%
Return on Equity (annualised)	9.7%	10.5%	11.9%

\*EBITDA includes Fair Value through Profit and Loss adjustment

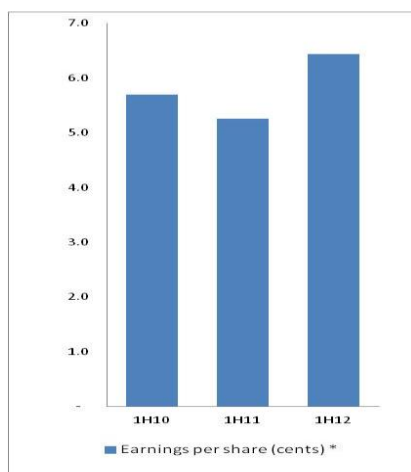
<sup>#</sup> Operating cash flow adjusted to re-classify interest expense and borrowing costs to financing activities in current and previous periods, refer to APPENDIX 4D for details. Interest and borrowing costs 1H12 \$3.1m (1H11 \$2.7m)

# 1H12 Financial Highlights

Financial Highlights



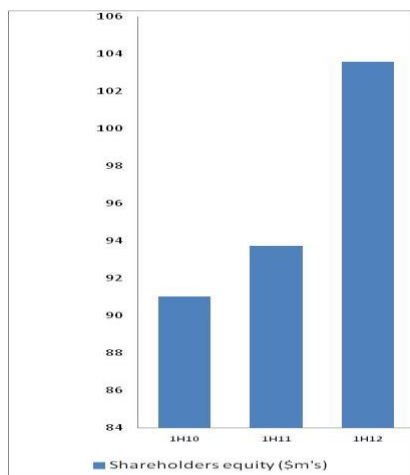
	1H10	1H11	1H12
Profit Before Tax (including significant items) (\$m's)	6.9	7.4	9.2
% growth		9%	25%



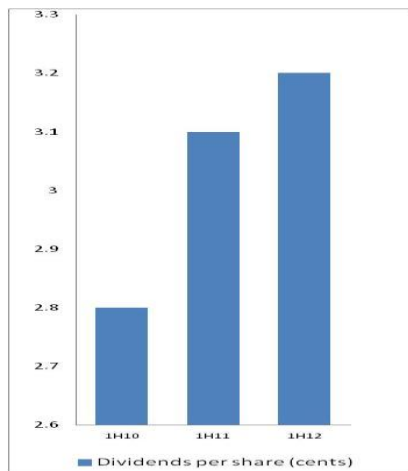
	1H10	1H11	1H12
Earnings per share (cents)*	5.7	5.3	6.4
% growth		-8%	22%

\* Whilst earnings on a pre tax basis (before significant items) increased 22%, 1H10 EPS reflected a one off tax benefit related to the sale of Rapid Ratings.

# 1H12 Financial Highlights



	1H10	1H11	1H12
Shareholders equity (\$m)	91.0	93.7	103.6
% growth		3%	10%



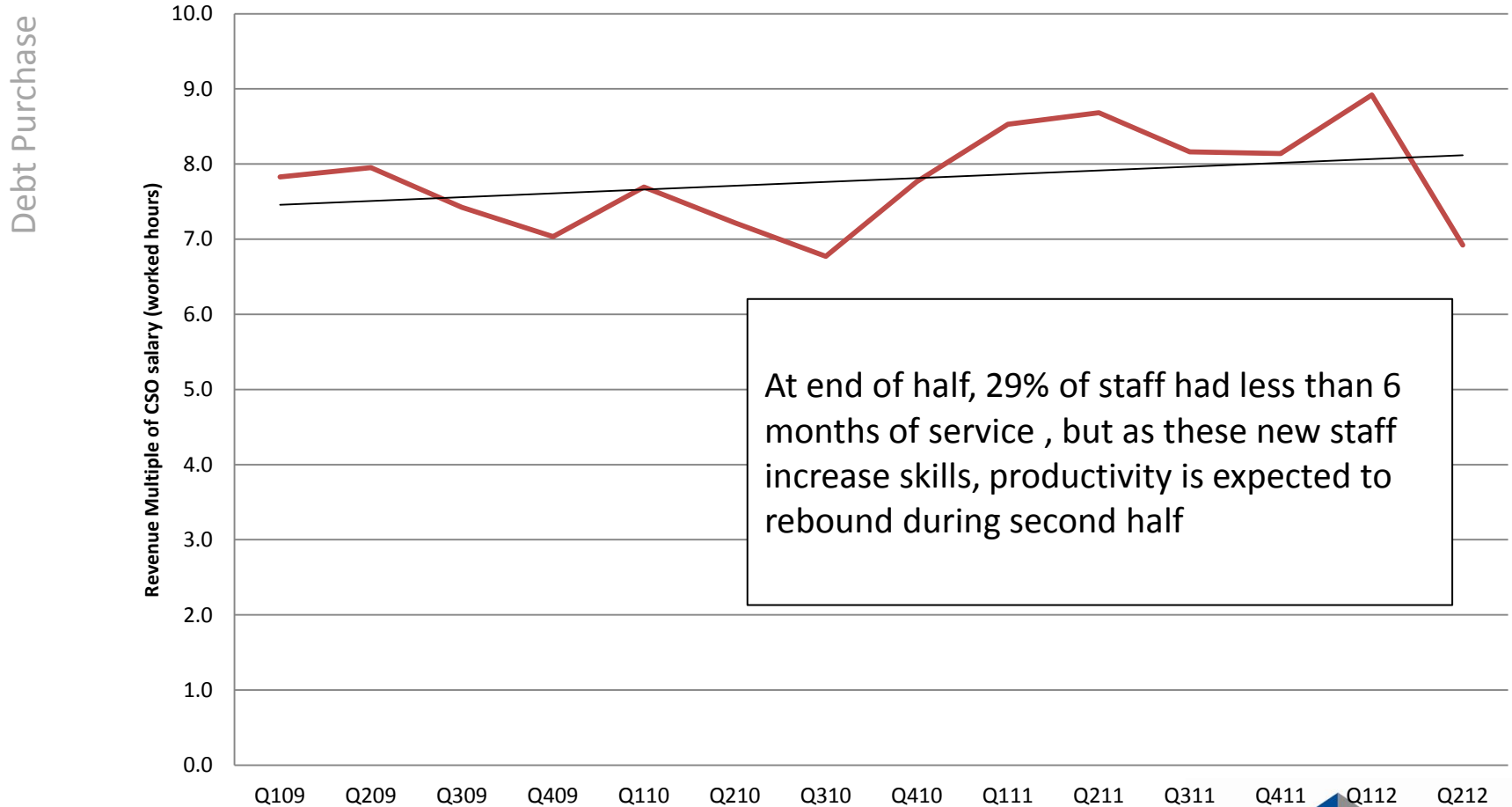
	1H10	1H11	1H12
Dividends per share (cents)	2.8	3.1	3.2
% growth		11%	3%

# Retention of experienced collection staff holding, while total collection staff increased 13%

Staffing Levels	FTE	HY09	HY10	HY11*	HY12*
	Collections	394	394	374	424
	Support	56	58	66	69
	Executive & Senior Management	5	6	4	4
	Subsidiaries	63	60	53	70
	Total	518	518	497	567
	% collection staff < 6 months	29%	18%	23%	29%
	% collection staff 6-12 months	12%	12%	13%	14%
	% collection staff 1-4 years	41%	50%	43%	34%
% collection staff > 4 years	18%	20%	21%	23%	

\* HY11 and HY12 Tenure results exclude casuals and NCD staff

# Productivity in Purchased Debt declined in Q2 as anticipated due to strong recruitment to service higher PDL volumes



At end of half, 29% of staff had less than 6 months of service , but as these new staff increase skills, productivity is expected to rebound during second half

# Repayment Arrangements provide quality earnings and predictable future revenues

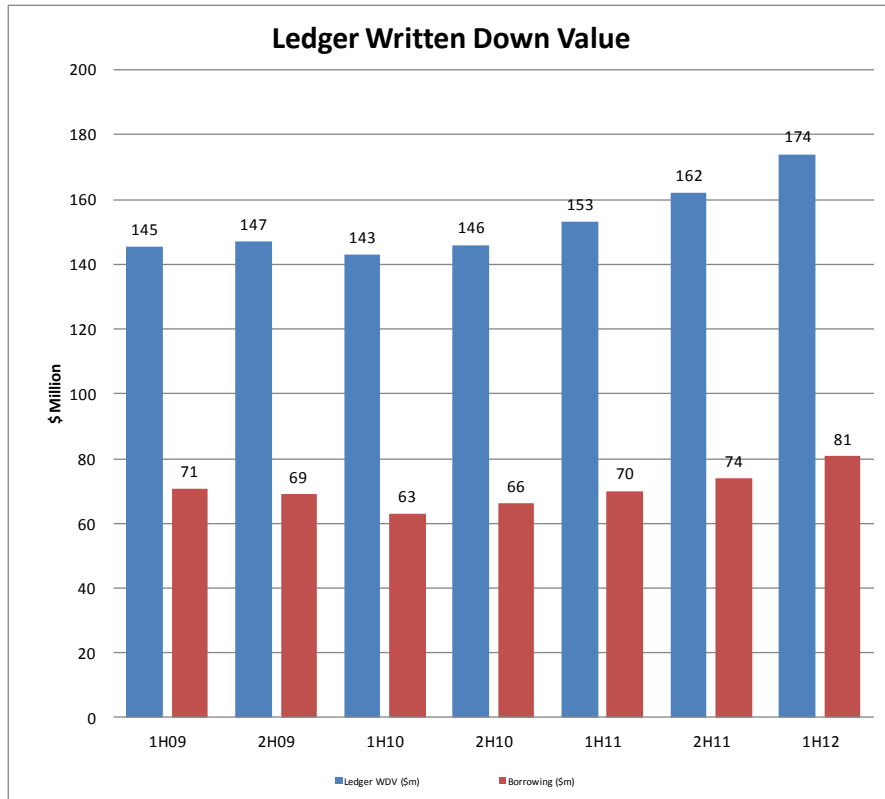
- ❑ Repayment Arrangement Book combined with Part 9 schemes and litigated accounts totalled \$229m face value at 31 December 2011
- ❑ Expected future recoveries from these accounts based on historic yields, is \$168m, fully supporting extended credit facilities
- ❑ Future recoveries of the \$1.2bn of non-arrangement accounts being actively worked is additional to the above

Total Portfolio	1H10	1H11	1H12
Face Value	1.0bn	1.2bn	1.4bn
Number of accounts	180,000	202,000	236,000

Repayment Arrangements	1H10	1H11	1H12
Face Value	182m	205m	229m
Number of accounts	31,000	34,000	36,000

# Book values of ledger



- PDL debt funding remains at 46% of written down ledger value

# Progress on Strategic priorities

## 11/12 Priorities

### Repayment Arrangements

- Arrangement book secures predictable future revenues, enhances ledger value and de-risks the business

### Capital Management

- Dividend Reinvestment Plan implemented and payout ratio moderated to reduce leverage ratio and optimise available cash flow to drive PDL growth
- Capital raised in 1H12 applied to the purchase of PDL business and to maintain the Company's debt ratio at a prudent level

### Analytics and Technology

- Application of technology has contributed, particularly in the PDL business, to higher value being obtained from older purchased accounts

# Progress on Strategic priorities (continued)

## 11/12 Priorities

Innovate Employment Models	<ul style="list-style-type: none"><li>• Continuing to look at more flexible working models for new and existing staff</li><li>• Facilities and corporate arrangements being finalised for opening of Manilla based call centre during 2H12</li></ul>
Product Development	<ul style="list-style-type: none"><li>• Continuing to identify new means of leveraging core strengths to meet emerging needs and to be ready for future market opportunities, including new debt types for purchase</li></ul>
Sales and Marketing	<ul style="list-style-type: none"><li>• Strengthening of operational and tactical relationships improving our ability to meet client needs</li><li>• Improving results in Commission Collections segment evidencing better success rates</li></ul>

# Outlook

Outlook

- ❑ Application of technology and analytics has contributed to improving productivity levels, as will increased offshore support by late FY12
- ❑ Board and Management committed to delivering fifth consecutive year of earnings growth
- ❑ Volatility in economic conditions and uncertainty regarding employment is reflecting in consumer confidence, and this can have an impact on recovery rates, however we have successfully grown the business through such conditions before (GFC) and the flow on effect is possible lower consumer debt prices and/or higher debt volumes
- ❑ Accordingly, and in view of our increased investment in Purchased Debt and improving outlook for Commission Collections business, the Board updates expectations of net profit after tax to \$11.5 – 12m for the FY12 full year



# 1H12 Results Presentation

## Contact details

Name Matthew Thomas  
Title Chief Executive Officer  
Address Level 7, 515 St Paul's Terrace, Fortitude Valley Qld 4006  
Phone 07 3100 1245  
Email [matthew.thomas@collectionhouse.com.au](mailto:matthew.thomas@collectionhouse.com.au)

