



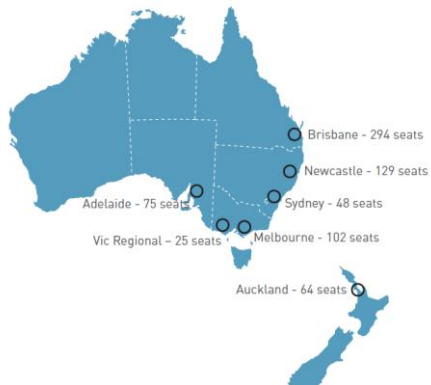
Full Year Results Presentation 2011

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Chief Executive Officer

25 August 2011

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Who are we?

Who are we?

Collection House Limited (CLH) is a leading Australasian receivables management provider, utilising effective, ethical and innovative techniques, excellent management information and advanced proprietary technology

We believe we are *leading the way* in our sector through specific points of difference :

- the recognised choice for ethical collections, compliance and brand protection
- the only ASX listed company offering a complete receivables management solution including legal services, accredited training and advisory services
- strong investment in people and culture ensuring high average staff tenures and quality results
- powerful technology platform including proprietary collection software

FY11 Highlights

Highlights

- ❑ Fourth consecutive annual increase in EBIT, EBITDA, DPS and Shareholders Equity
- ❑ Profit Before Tax and significant items ⬆️ 25%
- ❑ Earnings Per Share 10 cents ⬆️ 13%
- ❑ Purchased Debt Collections \$78m ⬆️ 12%
- ❑ Repayment Arrangement Book ⬆️ 19% to \$152m
- ❑ Fully franked dividend 6.2c*, ⬆️ 7% from FY10*

*Final dividend of 3.1c per share declared 25 August

FY11 Highlights (continued)

Highlights

- ❑ Strong operating cash flow of \$48m (49c per share)
- ❑ Net Assets per Share 98c
- ❑ Return on Equity increased from 10% to 11%
- ❑ Investment in debt purchases increased 65% over FY10 to \$49m
- ❑ Credit facilities extended from \$85m to \$100m at higher Loan Valuation Ratio of 55% (up from 50%) reflecting improving asset quality
- ❑ Strategic priorities for FY11 achieved or progressing well

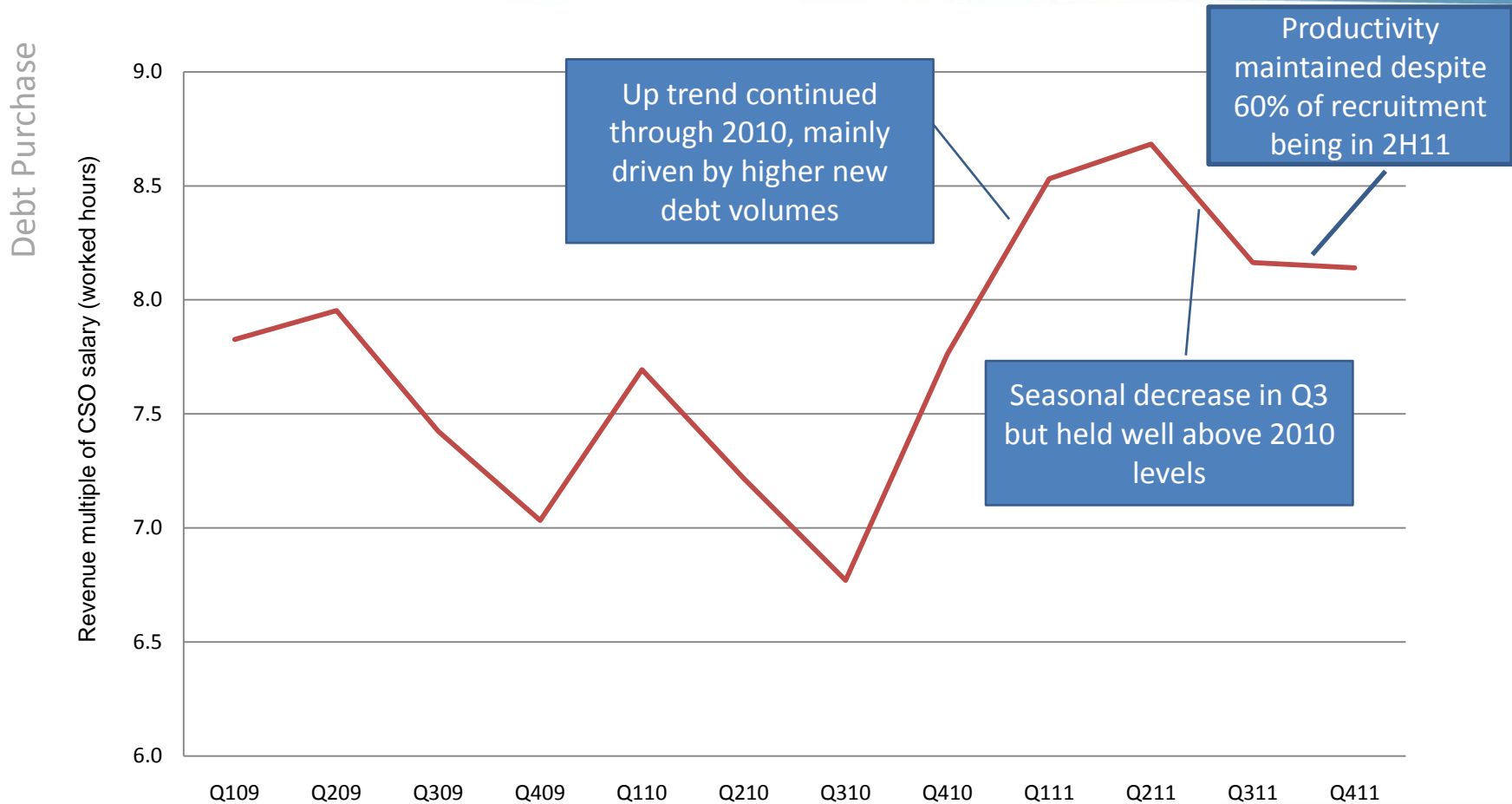
Outlook

Outlook

- ❑ Increased FY11 investment in purchased debt (\$49m up 65%) and planned additional increase to \$60-\$70m in F12 expected to drive further growth in revenue and earnings
- ❑ Improving outlook for commissions collections business as refocused sales and marketing gains traction and more clients rebalance price and quality considerations
- ❑ New services released at end of FY11 to be promoted actively in year ahead, which both supplement and complement current offerings
- ❑ Board Subcommittee's focus on succession, capital optimisation, segmental review and shareholder communication will deliver clear outcomes in FY12
- ❑ Productivity – more gains expected through technology and analytics investments
- ❑ Board and Management committed to delivering fifth consecutive year of earnings growth

....confident of further enhancing shareholder value

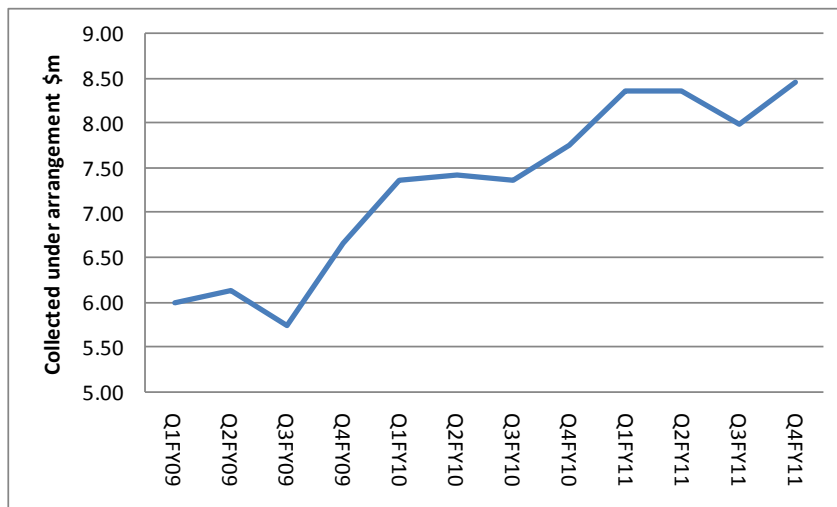
Productivity in Purchased Debt maintained above 8x



Paying arrangements continue to grow and provide predictable long term revenues, total PDL portfolio face value now exceeding \$1.3 billion

Debt Purchase

PDL Portfolio Breakdown at June 30, 2011	Face Value \$A millions
Repayment Arrangement Book	152
Part 9 Arrangements and Litigated Accounts	68
<i>subtotal</i>	220
All other debts	1,104
TOTAL	1,324



Collections from Repayment Arrangement Book increased in FY11, despite seasonally lower Q3 also being impacted by natural disasters

Arrangements and litigated accounts provide confidence of future recoveries and adds value

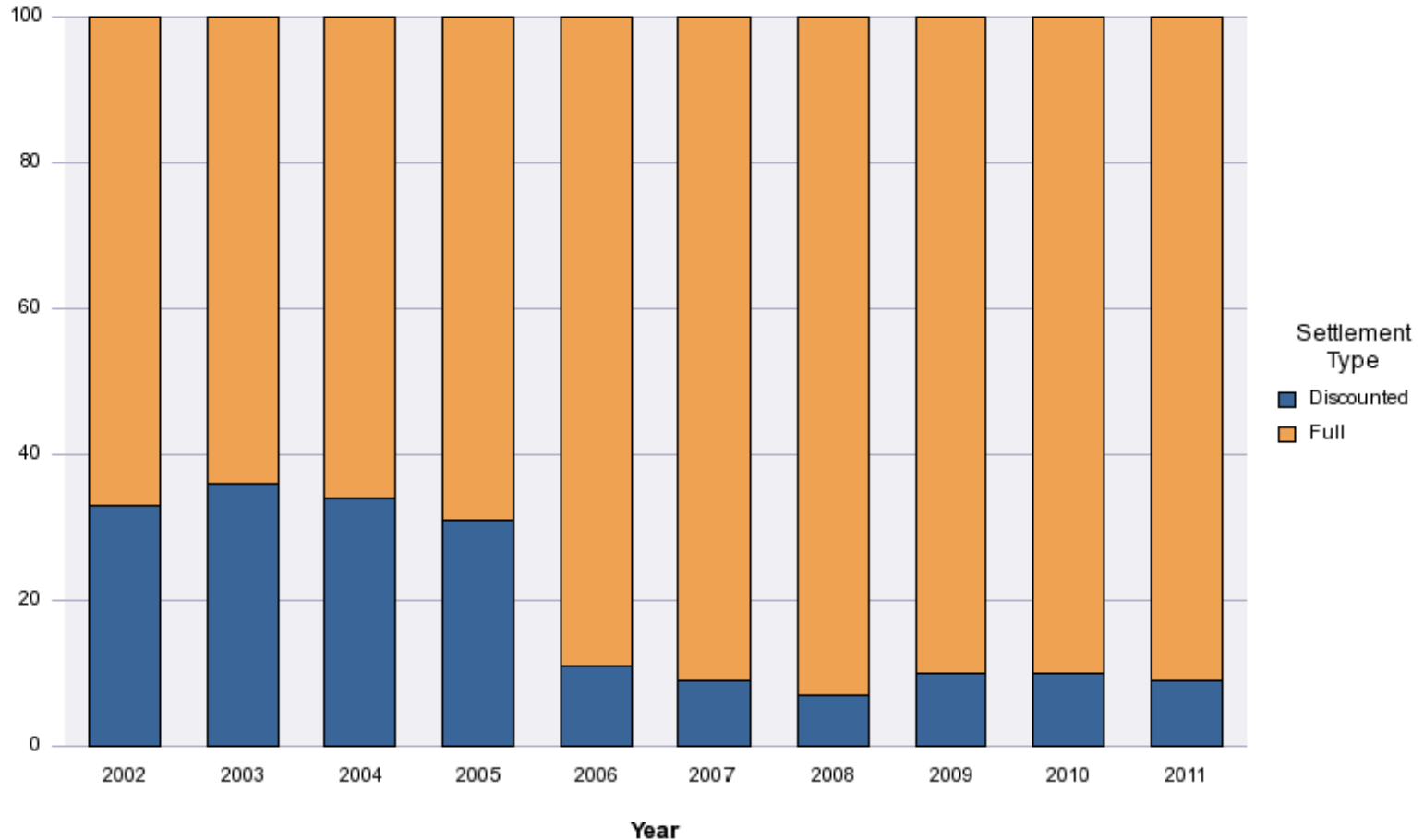
Debt Purchase

- ❑ Repayment Arrangement Book combined with Part 9 schemes and litigated accounts totalled \$220 million face value at 30 June 2011
- ❑ Expected future recoveries from these accounts based on historic yields, is estimated at \$175m, fully supporting extended credit facilities
- ❑ Future recoveries of the \$1.1bn of non-arrangement accounts being actively worked is additional to the above

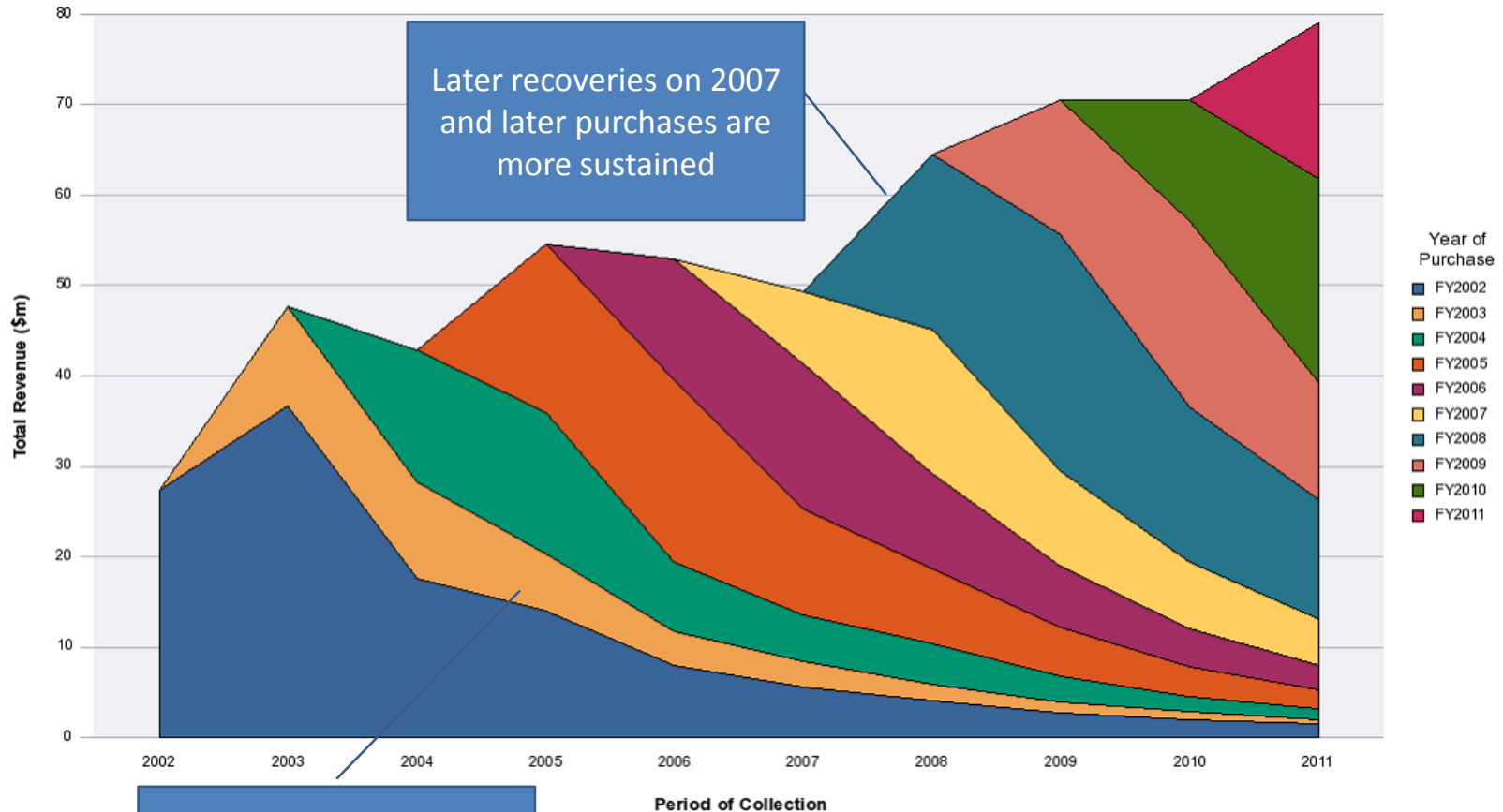
Total Portfolio	FY09	FY10	FY11
Face Value	1.0bn	1.2bn	1.3bn
Number of accounts	145,000	233,000	239,000

Arrangements	FY09	FY10	FY11
Face Value	105m	128m	152m
Number of accounts	20,000	25,000	27,000

Discounting of debts to accelerate revenue significantly reduced from mid 2006, to drive higher and sustainable long term returns



...reduction in discounting and growth of arrangement bank improved long term value creation after mid 2006...



Later recovers (i.e. year 3+) on pre 2007 purchases 'tail off'

Revenue Segments

❑ **Purchased Debt Ledgers... 71% of revenue**

CLH buys portfolios of written down receivables. These are well spread geographically and by segment and consist largely of unsecured consumer loans.

Presently holds debt purchase contracts with 4 of the 5 largest sellers in financial sector and has also purchased debt from 3 of the largest Telco's. Since 2002, has purchased \$3.7 billion of debt at a cost of \$419 million.

❑ **Commission Collections...23% of revenue**

Collection of mainly consumer debts on a fee for success basis by organisations seeking to bring forward cash flows and reduce risk of default.

❑ **Cash Flow Management ...6% of revenue**

Outsource of all collection activities to CLH by progressive companies seeking a more efficient and cost effective way of measuring all receivables – from as early as one day past due.

❑ **Subsidiaries**

Jones King Lawyers Pty Ltd – Litigation and Insolvency Administration specialists.

Midstate Credit Management Services Pty Ltd – Regional collection services specialising in the area of local Government.

Cashflow Accelerator Pty Ltd – cash flow management advisory service.

Collective Learning and Development Pty Ltd – registered training organisation.

Collection House (NZ) Limited – commission collections and debt purchasing in New Zealand.

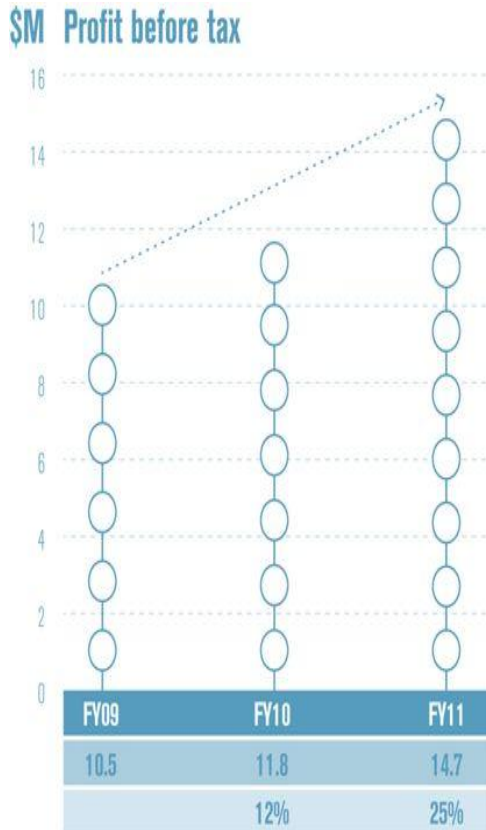
Staff retention remains high, % of collection staff over 4 years increasing despite higher recruitment in 2H11

Staffing Levels

FTE	FY08	FY09	FY10	FY11
Collections	368	394	394	403
Support	63	56	58	67
Executive & Senior Management	5	5	6	4
Subsidiaries	68	63	60	55
Total	504	518	518	529
% collection staff < 6 months	26%	29%	18%	25%
% collection staff 6-12 months	20%	12%	12%	10%
% collection staff 1-4 years	34%	41%	50%	42%
% collection staff > 4 years	20%	18%	20%	23%

2011 Financial Highlights

Financial Highlights

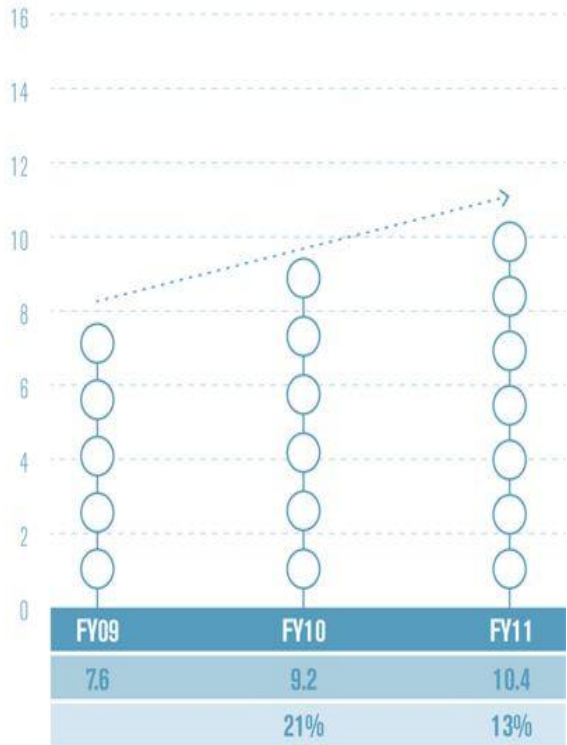


	FY09	FY10	FY11
Profit Before Tax (\$m's) And significant items	10.5	11.8	14.7
% growth		12%	25%

...the best measure of performance, pre tax profits up 25%

2011 Financial Highlights

Cents Earnings per share



	FY09	FY10	FY11
Earnings per share (cents)	7.6	9.2	10.4
% growth		21%	13%

2011 Financial Highlights

\$M Shareholders equity



	FY09	FY10	FY11
Shareholders equity (\$m)	88.0	91.9	95.9
% growth		4%	4%

....shareholders equity up, with shares still trading at a discount to net asset backing

2011 Financial Highlights

Cents Dividends per share



	FY09	FY10	FY11
Dividends per share (cents)	4.9	5.8	6.2
% growth		18%	7%

....fully franked dividends up again

Continued growth in profits and dividends, despite uncertain economic conditions and natural disasters

Financials

\$m	FY09	FY10	FY11	%
Profit Before Tax	11.2	11.8	14.6	24
Significant items*	(0.7)	-	0.1	
Profit Before Tax (before significant items)	10.5	11.8	14.7	25
Taxation	(3.1)	(2.9)	(4.5)	
Net Profit After Tax	7.4	8.9	10.1	13
PDL Collections and Commission	102.0	103.7	109.9	6
EPS (c)	7.6	9.2	10.4	13
DPS (c)	4.9	5.8	6.2	7
Return on Equity	8.4%	9.7%	10.5%	9

*FY09: Office of State Revenue and restructure provision no longer required. FY11: restructure provision

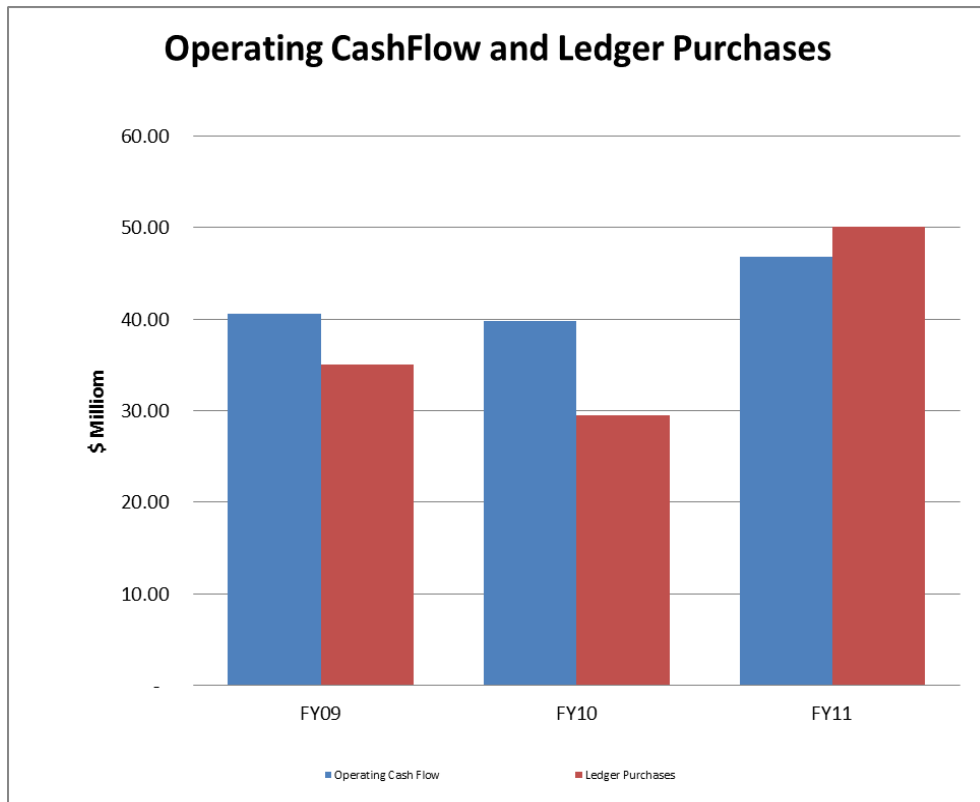
The business maintains dependable cash flows which are applied to growth in PDL business

Financials

\$m	FY09	FY10	FY11
Operating cash flow	40.6	39.8	47.9
PDL acquisitions and capex	42.1	32.4	50.0
Free cash flow	(1.5)	7.4	(2.1)
PDL carrying value	147	146	162
Net Bank debt	69	67	74
Net debt/carrying value%	47%	46%	46%
EBITDA*	48.1	49.1	56.2
EBIT	15.5	16.6	20.2
EBIT Margin	22%	22%	26%

* EBITDA includes Fair Value through Profit and Loss adjustment

Increased ledger purchases with disciplined pricing

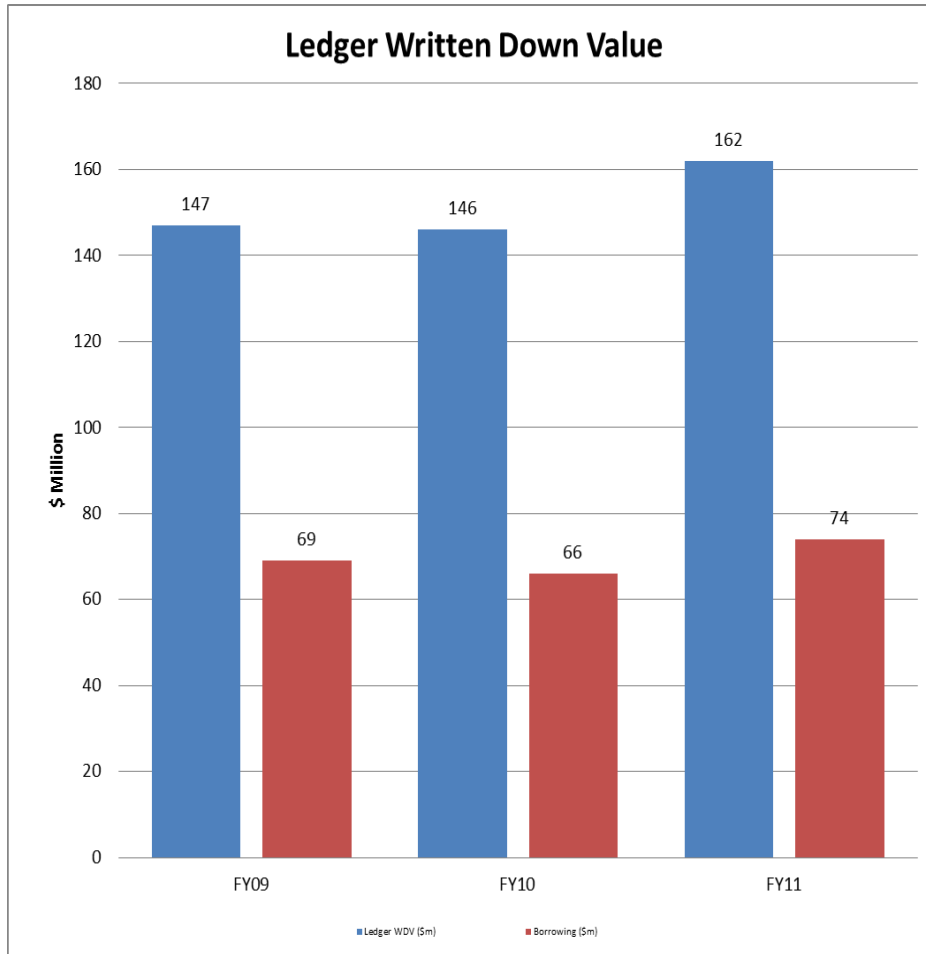


FY12
Guidance \$60m - \$70m

Ledger purchases largely financed from operating cash flow and this is likely to continue

....paid \$419m for debt with a face value of over \$3.7 billion since 2002

Ledger value to borrowing ratio increasing



- Borrowings just 46% of written down ledger value

Bank covenants comfortably met

Bank Covenants

	FY09	FY10	FY11
LVR Ratio less than 55%	46	45	46*
EBITDA to Interest expense greater than 7 times	10	11	11
Tangible net worth greater than \$65m	67	72	76*

* Note: LVR changed from 50% to 55% and TNW changed from \$60m to \$65m in June 2011

Strategic priorities progress

10/11 Priorities	FY11 Outcome
Building the Repayment Arrangement Book	<ul style="list-style-type: none">Continued growth: from \$128m to \$152m
Maximising productivity	<ul style="list-style-type: none">PDL productivity gains heldCSO retention rate holding at high levels
Higher revenues from purchased debt	<ul style="list-style-type: none">Purchasing program ahead of original expectations – 65% increase in PDL investment from FY10
New service offerings – focus on “leading the way”	<ul style="list-style-type: none">New service offerings announced late June 2011, marketing now underway
Technology driven innovation	<ul style="list-style-type: none">C5 collection platform development continuing – expansion of live operations expected during FY12

Strategic priorities progress (continued)

10/11 Priorities	FY11 Outcome
Marketing Plan	<ul style="list-style-type: none">• Primary initiatives completed, gains starting to be seen in improving sales outcomes
Staff Development	<ul style="list-style-type: none">• Staff incentives assessed and adjusted• Additional management training investments made• Staff engagement a key focus area
Analytics	<ul style="list-style-type: none">• Portfolio analytics and segmentation has delivered observable benefits and enhanced value of older purchased ledgers

Future strategic priorities

11/12 Priorities	
Further growth in PDL arrangement book	<ul style="list-style-type: none">• Arrangement book secures predictable future revenues and enhances ledger value
Capital Management	<ul style="list-style-type: none">• Consider additional means of funding future growth• Implement strategies to raise shareholder returns (Return on Equity)
Analytics & Technology	<ul style="list-style-type: none">• Continue to develop segmentation methods to drive campaigns and collection efficiency, as well as optimised collectability scorecards• Continue development of new “C5” collection platform as well as leverage other new technologies which drive competitiveness

Future strategic priorities (continued)

11/12 Priorities	
Innovate Employment Models	<ul style="list-style-type: none">• Explore and implement progressive approaches to securing employees in existing and new labour markets
Product Development	<ul style="list-style-type: none">• Continue to evolve and promote new services• Identify new means of leveraging core strengths to meet emerging needs to be ready for future market
Sales and Marketing	<ul style="list-style-type: none">• Build on momentum achieved to restore growth to commission collections segment• Expand and strengthen strategic relationships

....opportunities exist to grow the business more rapidly



FY11 Results Presentation

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