



# CEO Presentation – 2011 Annual General Meeting

Matthew Thomas  
Chief Executive Officer

28 October 2011

# FY11 Highlights

## Highlights

- ❑ Fourth consecutive annual increase in Earnings Per Share, Dividends and Shareholders Equity
- ❑ Profit Before Tax and significant items ⬆️ 25%
- ❑ Earnings Per Share 10 cents ⬆️ 13%
- ❑ Fully franked dividend 6.2c, ⬆️ 7% from FY10
- ❑ Grossed up dividend yield 12% (based on 75c share price)
- ❑ Purchased Debt Collections \$78m ⬆️ 12%
- ❑ Repayment Arrangement Book ⬆️ 19% to \$152m

# FY12 Q1 Financial Results

Highlights

\$m	Q1 FY10	Q1 FY11	Q1 FY12	% CHANGE TO PCP
Profit After Tax	\$2.3	\$2.3	\$3.5	↗48%
PDL Collections and Commission	\$26.7	\$28.5	\$33.1	↗16%
EPS (c)	2.4	2.4	3.6	↗48%
Return on Equity (Q1 only)	2.6%	2.5%	3.5%	↗40%
EBIT Margin	24%	24%	29%	↗21%

# FY12 Q1 Highlights

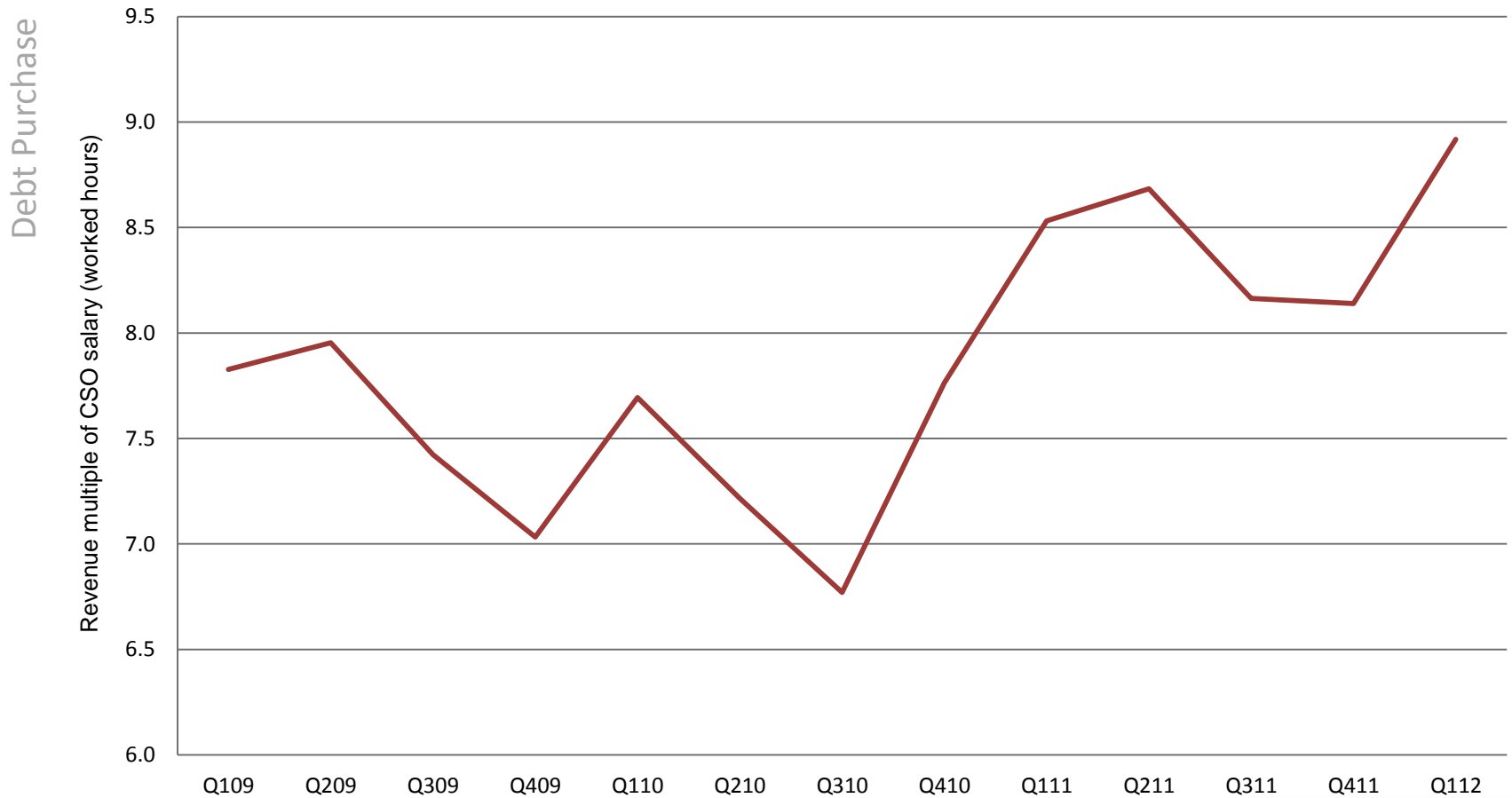
- ❑ Purchasing guidance for FY12 reaffirmed at \$60 to \$70m – debt pricing remains around normal long term levels and \$47m of purchases committed to date
- ❑ Global market volatility in the quarter presented opportunities to achieve cost savings and de-risk the business – hence we fixed over \$51m of borrowings at a two year average cash rate of 4.35%
- ❑ Small collections business (PH Collections) and associated law firm was acquired in July 2011 and has been successfully integrated into Jones King – contributed \$158k pre-tax profit in Q1 and expected to continue to increase profit contribution in future periods
- ❑ Our continued focus on sales and marketing for Contingent Collections has secured two new contract with Australian Banks, contributing to a 17% increase in Q1 revenue in FY12 as compared to the prior year

# International Expansion

## Outlook

- ❑ Small scale outsourcing of collections to Manila based partners commenced a year ago
- ❑ The objective is to enable us to win opportunities in lower price segments and expand capacity, so that we have another means to grow the business alongside existing onshore operations
- ❑ These pilot programs have enabled Collection House to evaluate the effectiveness of offshore capacity with respect to selective products and processes
- ❑ Manila based third party collections commenced August 2011, initial results have been pleasing
- ❑ Philippine based call centre and subsidiary to be established in early 2012 to enable permanent operations and to pursue opportunities which are not cost effective with a purely domestic capacity
- ❑ New facility planned to commence with 50 staff, with scope to expand by 100%

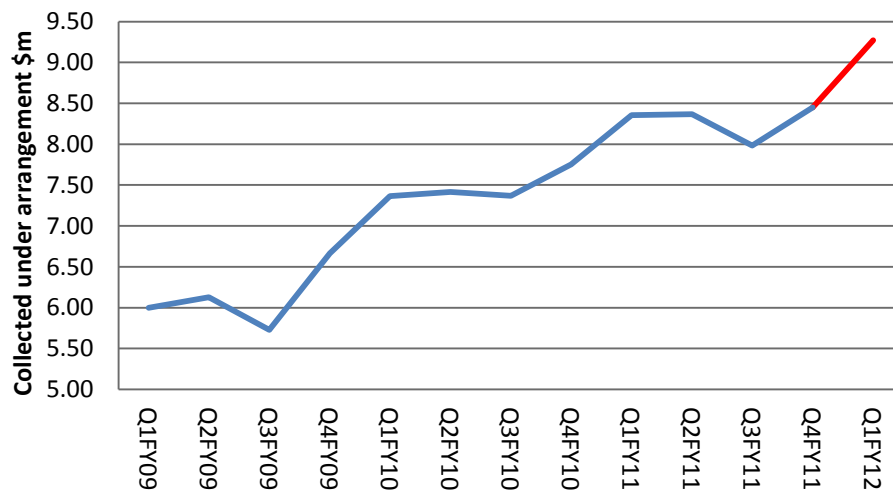
# Productivity in Purchased Debt improved further in Q1



# Paying arrangements continue to grow and provide predictable long term revenues, total PDL portfolio face value now close to \$1.4 billion

Debt Purchase

PDL Portfolio Breakdown at September 30, 2011	Face Value \$A millions
Repayment Arrangement Book	157
Part 9 Arrangements and Litigated Accounts	67
<i>subtotal</i>	224
All other debts	1,157
<b>TOTAL</b>	<b>1,381</b>
Carrying Value of PDL Portfolio	170



Collections from Repayment Arrangement Book increased strongly during the first quarter

\* Q1FY12 information sourced from unaudited management accounts

# Recap of FY11 Results

Financials

\$m	FY09	FY10	FY11	%
Profit Before Tax and 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↑
EBIT Margin	22%	22%	26%	
Net debt/carrying value%	47%	46%	46%	
EBITDA (includes Fair Value through Profit and Loss adjustment)	48.1	49.1	56.2	

# Progress on Strategic priorities

11/12 Priorities	
Further growth in PDL arrangement book	<ul style="list-style-type: none"><li>• Arrangement book secures predictable future revenues, enhances ledger value and helps de-risks the business. Continued to grow in Q1 with record recoveries achieved from the arrangement account portfolio</li></ul>
Capital Management	<ul style="list-style-type: none"><li>• Dividend Reinvestment Plan implemented and payout ratio moderated to reduce balance sheet leverage and retain higher proportion of cash generated to drive business growth</li></ul>
Analytics and Technology	<ul style="list-style-type: none"><li>• Application of technology has contributed to record high productivity levels, particularly in the PDL business, with higher value being obtained from older purchased accounts</li></ul>

# 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>• Successful outsourcing of work to Manilla, with expanded operations being planned for 2012</li></ul>
Product Development	<ul style="list-style-type: none"><li>• Gaining market interest in new service offerings (announced June 2011)</li><li>• Longer term, 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>• Securing of two new bank collection contracts reflects improving sales success rates</li></ul>

# Outlook

Outlook

- ❑ Productivity –technology and analytics helping support improvements, as will increased offshore support in next half
- ❑ Board and Management committed to delivering fifth consecutive year of earnings growth
- ❑ Increased FY11 investment in Purchased Debt (\$49m up 65%) combined with stable productivity and improving outlook for Commission Collections business, support management expectations of net profit after tax for 1H12 of \$5.5 - \$5.8m, and for \$11 – 11.5m for the FY12 full year

**....confident of further enhancing shareholder value**



# 2011 Annual General Meeting

## 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  
[www.collectionhouse.com.au](http://www.collectionhouse.com.au)

Further industry background  
information is available at

<http://www.collectionhouse.com.au/>