



Market Announcement

18 February 2020

Collection House Limited (ASX: CLH) – Suspension from Official Quotation

Description

The securities of Collection House Limited ('CLH') will be suspended from quotation immediately under Listing Rule 17.2, at the request of CLH, pending the release of an announcement regarding review of its operating model and senior lending arrangements.

Issued by

Puja Patel
Adviser, Listings Compliance (Sydney)

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ASX ANNOUNCEMENT

18 February 2020

Ms Isabella Wong
Adviser, Listings Compliance
ASX Compliance Pty Ltd
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Email: Isabella.Wong@asx.com.au

Dear Ms Wong,

COLLECTION HOUSE LIMITED (ASX: CLH) - REQUEST FOR SUSPENSION

Collection House Limited (ASX: CLH) (**Collection House** or the **Company**) requests that its securities be suspended immediately pursuant to ASX Listing Rule 17.2. The voluntary suspension is necessary to assist the Company in managing its continuous disclosure obligations whilst it deals with the matters set out below.

The Company is currently undertaking a comprehensive review of its operating model and collection strategies. The review is in response to recent industry changes and feedback from clients and external stakeholders regarding the need for all financial services companies to move towards a more customer-focused approach, particularly in relation to the Company's purchased debt ledger ("PDL") operation, Lion Finance.

As a result of the above, the Company is reconsidering the assumptions that underly the level and timing of collection cashflows that are expected to be generated from its PDL assets. The Company has identified that adopting some of the operational changes currently under consideration, could result in a material adjustment to the carrying value of its PDL assets, as determined in accordance with AASB 9.

Current lending arrangements with the Company's senior lenders require, among other things, that the Company maintains an agreed Loan to Valuation Ratio, and a Rolling Leverage Ratio (total finance debt for the CLH group as a ratio of consolidated EBITDA of the CLH group). If changes to the Company's operational strategies affect the accounting value of its PDL assets by deferring or reducing collection cashflows, that is likely to have an adverse impact on the Company's ability to meet the current terms and conditions of those lending arrangements.

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If the Company is in breach of its financial covenants under its senior lending facilities, a senior lender may (subject to the terms of any standstill or waiver), amongst other things, declare that the facility is immediately due and payable.

The Company is in discussions with its senior lenders to seek a variation of its current lending terms and conditions, along with a standstill agreement to assist the Company to progress its operational strategy review.

The Company is also considering a range of alternative funding arrangements with a number of credible domestic and international counterparties. The Company has engaged Flagstaff Partners Pty Ltd to act as its advisors in respect of discussions with its lenders and alternative capital providers.

These discussions are ongoing and the Company is not yet in a position to announce any specific outcome. However, the Company is working with its senior lenders, alternative funders and other counterparties to reach a mutually beneficial outcome and maximise shareholder value to the extent possible.

The above matters are likely to have an impact on the Company's financial statements for the half year to 31 December 2019. The exact nature and extent of that impact is being evaluated in conjunction with the Company's auditor.

Until a resolution of these matters is reached, the Company expects the release of its audited half year results to 31 December 2019 will be delayed.

The Company is also considering the likely impact of the above matters on the full year FY20 EPS and cash collection guidance and FY20 PDL purchase target provided in the AGM Presentation on 1 November 2019.

The Company is continuing to progress the matters described above, the outcomes of which are currently uncertain and incomplete. The Company therefore requests a voluntary suspension to allow it to progress these processes and discussions in an orderly fashion and for shareholders to be provided with a comprehensive understanding of the Company's financial position, its funding options and the associated impact on value, when those matters are further advanced.

The Company requests that the suspension continue until the commencement of trading on 17 March 2020 or until the release of an announcement regarding the matters referred to above, whichever is the earlier.

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Collection House is not aware of any reason why the suspension of its securities should not be granted or of any other information necessary to inform the market about the suspension.

Yours faithfully
Collection House Limited

Doug McAlpine
Chief Executive Officer

Collection House is a leading Australasian receivables management company, providing organisations and individuals with industry leading, digital and data-driven solutions in credit management, collections and customer care. The Group comprises several brands offering a range of professional, ethical and effective products and services for receivables management. The Company provides receivables management services, including purchasing debt, for a range of clients including major banks, credit card issuers and utilities.

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