



Collection House Limited

Australian Microcap Investment Conference

18 OCTOBER 2016





COLLECTION HOUSE GROUP

Offering world class end-to-end solutions in credit management, collections and customer care



Debt collection and receivables management on behalf of third parties



Debt purchasing from third parties, and recovery – “company-owned debt”



Legal services including insolvency administration



Tailored debt collection services, specialising in local government



Nationally recognised training provider in financial services



Provision of customer service activities on behalf of organisations



Specialist finance broker for people with complex credit needs



Provision of financial hardship services on behalf of organisations



CORPORATE OVERVIEW

Top shareholders

| | |
|--|--------|
| Lev Mizikovsky and associates <i>Non-executive Director</i> | 11.61% |
| HSBC Custody Nominees (Australia) Limited | 7.84% |
| JP Morgan Nominees Australia Limited | 6.51% |
| Citicorp Nominees Pty Ltd | 4.41% |

Capital structure

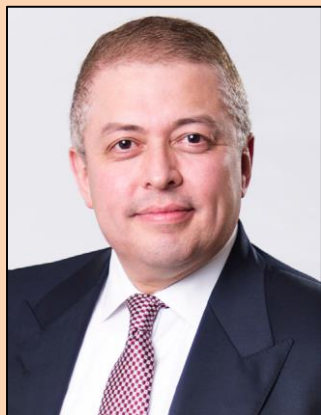
| | |
|---|---------------|
| Share price (12/10/16) | \$1.35 |
| Shares on issue | 134.5m |
| Market capitalisation (12/10/16) | \$182m |

Share price vs S&P/ASX Small Ord. over the past 12 months





KEY MANAGEMENT



**Anthony
Rivas**

Chief
Executive
Officer



**George
Wilson**

Chief
Financial
Officer

COMMENCED JULY & SEPT 2016



**Michelle
Cummins**

Chief
People &
Culture
Officer



**Marcus
Barron**

Chief
Information
Officer



**Julie
Tealby**

Chief
Risk
Officer &
Co. Sec.



RECEIVABLES MANAGEMENT: INDUSTRY DYNAMICS

TWO KEY SEGMENTS

CONTINGENT COLLECTIONS

- Act as an extension of clients, providing collection services on delinquent accounts
- Commission is received on each successful collection, or contractual value agreed
- Typical clients include Big 4 banks, finance providers, telco's, utilities, and government

PURCHASED DEBT LEDGERS (PDLs)

- In FY17, ~\$440m of debt ledgers will be available for purchase in Australia¹
- ~80% will originate from the big 4 banks, GE Money and Telstra
- Like an annuity stream – cash collection is front-end weighted with a very long tail

The industry is a-cyclical: there are benefits when the economy is strong AND weak



RECEIVABLES MANAGEMENT: INDUSTRY DYNAMICS

KEY SUCCESS FACTORS

CONTINGENT COLLECTIONS

- ✓ *Pricing commission models effectively*
- ✓ *Understanding the clients' culture in order to act as an extension of their business*
- ✓ *Building rapport with customers*

PURCHASED DEBT LEDGERS (PDLs)

- ✓ *Pricing debt correctly*
- ✓ *Locating debtors ASAP*
- ✓ *Negotiating repayment terms effectively*
- ✓ *Managing repayment programs*

- ✓ *Effective call centre and technology systems*
- ✓ *Well trained and incentivised people, who act in an ethical and compliant manner at all times*



LISTED COMPETITORS



- Founded in 1992, listed in 2000
- Largest purchaser of debt ledgers since 2006
- Book value of debt ledgers is \$253m, with a FV of \$5.3bn
- <5% revenue comes from contingency collections
- Consumer lending book of \$135m in FY16
- FY16 NPAT of \$45.9m



- Founded in 1994, listed in 2000
- More diversified business, >40% of gross revenue comes from contingency collections
- Traditionally the third highest purchaser of debt ledgers, behind Credit Corp and Baycorp
- Book value of debt ledgers is \$263m, with a FV of \$1.5bn
- FY16 NPAT of \$18.6m

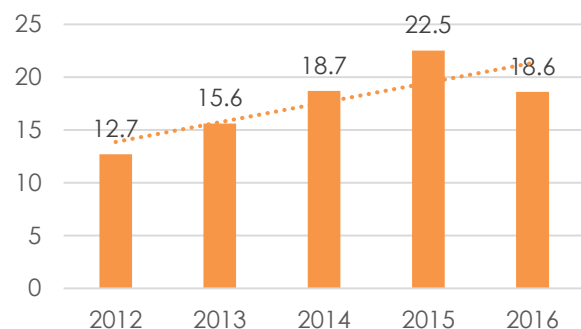


- Founded in 1991, listed in 2014
- No contingent collections
- Ledger portfolio almost entirely credit card and unsecured personal loan debt
- Book value of debt ledgers is \$111m, with a FV of \$1.2bn
- Owns 14.1% of ASX-listed Goldfields Money and distributes branded debit and credit cards
- FY16 NPAT of \$10.5m

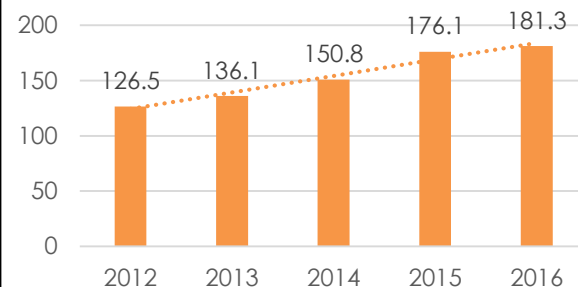


FINANCIAL RESULTS

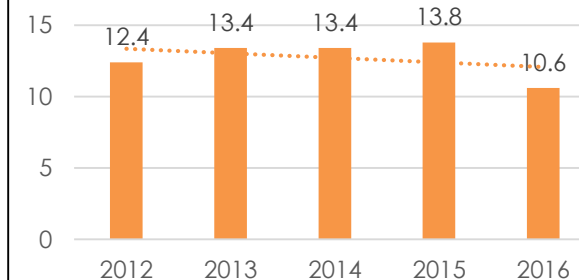
Net Profit After Tax (\$m)



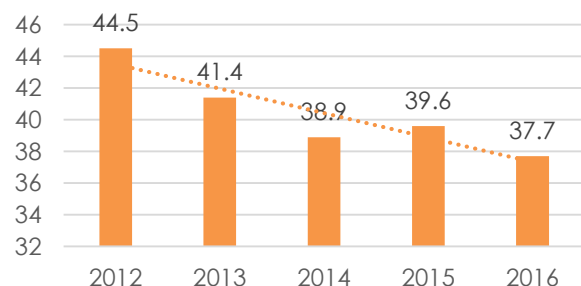
PDL Cash Collections & Commissions (\$m)



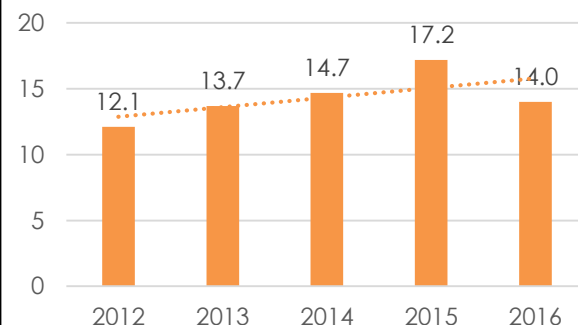
Average Return on Equity (%)



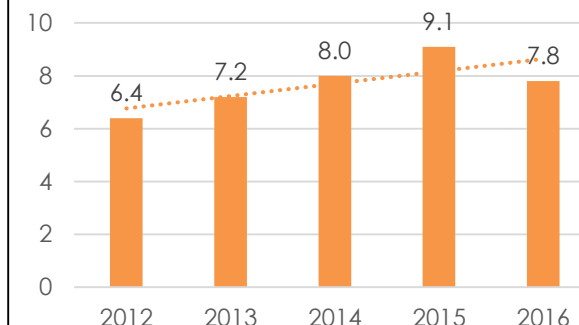
Net Debt / Net Debt + Equity (%)



Earnings Per Share (cents)



Dividend Per Share (cents)





GROWTH STRATEGIES

COLLECTIONS ORGANIC GROWTH

- New contact centre technology in pilot phase – increasing our dialer seats more than six-fold
- New management team focused on increasing efficiency and productivity across the Group
- Growing the contribution from our Manila operations, including the appointment of experienced new management

GROWING NEW BUSINESSES

- **ThinkMe:** finance brokerage for people who are credit impaired or self-employed - opportunity in our Purchased Debt Ledger arrangement book
- **CLH Business Services:** customer care outsourcing; natural adjacency to collections and complements the new technology
- **Safe Horizons:** managing customers experiencing financial hardship on behalf of clients



UNIQUE INVESTMENT PROPOSITION: WHY CLH?



The only listed full service receivables management company

Offering debt purchase, collections, credit training AND legal services – a “one stop shop” for clients; and offering diversification for investors



Proprietary software platform, customised over the past 23 years

Allows complete flexibility to adapt to client and internal needs, ability to onboard new clients quickly, provides rich data insight, and embeds compliant practice



Strong reputation for compliant and ethical collection practices

As evidenced by ACCC and industry Ombudsman reports*; and our client base – major Australian and international financial institutions, companies, and all levels of government

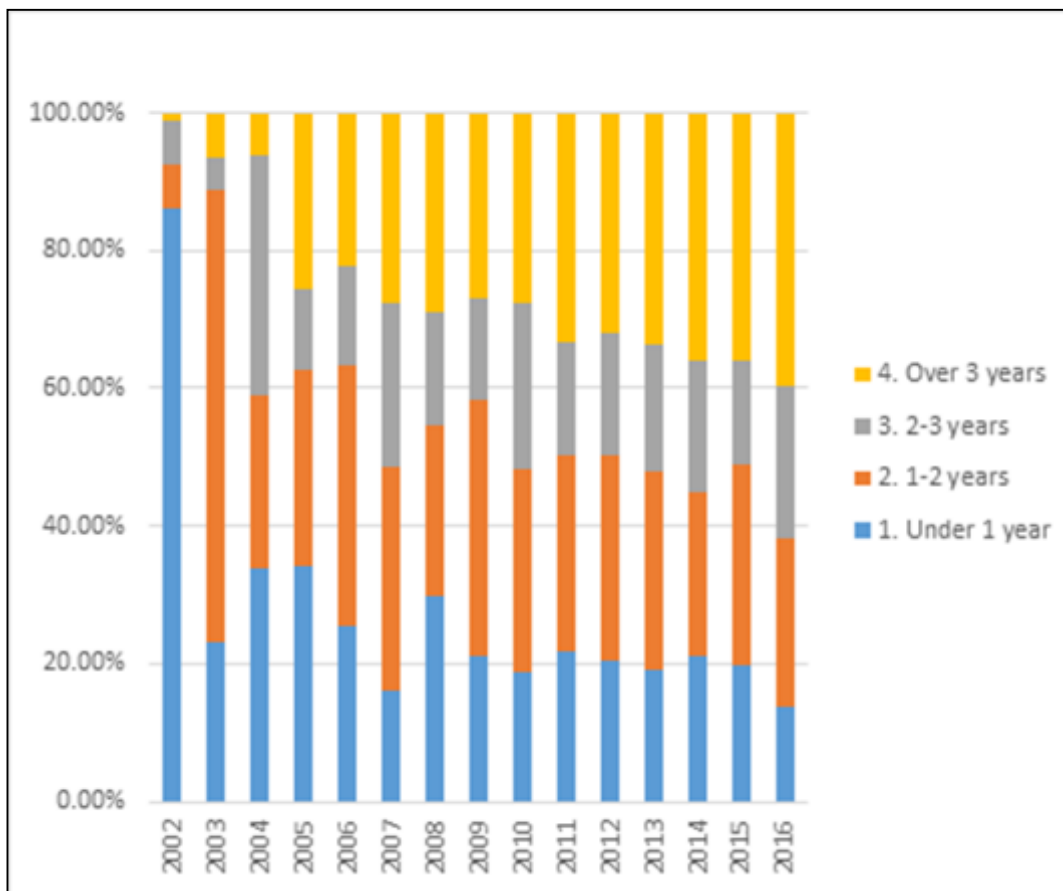


UNIQUE INVESTMENT PROPOSITION: WHY CLH?



**Quality Purchased Debt
Ledger book and
demonstrated ability to
liquidate both current
and older assets**

Typically it is more difficult to collect on older debts – in FY16, debt older than 3 years represented 40% of CLH's collections





Collection House Group

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