

ASX ANNOUNCEMENT

17 February 2016

Collection House reports first half results

Collection House Limited (ASX Code: CLH) today announced a first half statutory Net Profit After Tax (NPAT) of \$8.3m in line with prior guidance and inclusive of one off restructuring expenses of \$1.2m (NPAT \$11.2 1H15). Revenue is reported at \$64.6m, up 1 percent on the prior half.

An interim fully franked dividend of 3.9 cents per share was declared (previous interim dividend 4.4 cents fully franked).

During the half Collection Services revenue was up 20 percent on the prior half, being the strongest revenue growth in this segment for 5 years. Revenue from the new Government Services division will commence in Q4.

Key Financial Highlights

\$m	1H12	1H13	1H14	1H15	1H16	%
Revenue	44.4	47.3	52.0	63.8	64.6	1%
Profit Before Tax (including significant items)	9.2	11.6	13.3	15.9	11.4	-28%
Taxation	(2.9)	(3.5)	(3.9)	(4.7)	(3.1)	
Net Profit After Tax	6.4	8.1	9.4	11.2	8.3	-26%
PDL Cash Collections	43.9	48.7	51.5	64.4	59.4	-8%
EPS (c)	6.4	7.3	7.6	8.6	6.3	-27%
DPS (c)	3.2	3.6	3.9	4.4	3.9	-11%
EBIT Margin	27.7%	31.2%	30.8%	29.5%	22.4%	
Return on Equity (Annualised)	11.9%	12.6%	13.2%	14.0%	13.3%	
Net Debt/Net Debt + Equity	44.7%	45.5%	36.9%	40.4%	40.5%	

Managing Director and CEO, Matt Thomas said “Purchase Debt Ledger (PDL) acquisitions of \$30.1m were down by 26 percent on 1H15, reflecting excessively high prices for debt”.

“The unfavourable economic environment in the first half, along with reduced PDL acquisitions have contributed to the 8 percent decline in PDL cash collections”, said Mr Thomas.

As previously announced, Collection House has secured the Australian Taxation Office outsource contract confirming the Group’s commitment to its client brand protection through business conduct that is ethical, lawful and respectful.

Mr Thomas said “Diversification remains a key risk mitigation strategy with growth in commercial, government and insurance agency collections, which diversifies reliance on only PDLs”.

“The Group’s further diversification strategy into Consumer Financial Services commenced in 2015 with a pilot of Cashflow Financial Advantage, a brokerage service to match reputable credit providers with our customers who need sustainable and responsible credit facilities”, said Mr Thomas.

“Performance has been encouraging and in 2016 we will expand the business both in terms of partners and products, as well as undertake a rebranding prior to launching into the wider market”.

Collection House retains its commitment to investing in future capability with an additional \$1 million committed to innovation, particularly R&D in digital and software development.

The Group’s relocation to its new state of the art headquarters at Skyring Terrace, Newstead is ahead of schedule. The purpose built Government Services floor will be handed over in February 2016, with the final two floors being available for a July 2016 relocation.

Due to this earlier relocation and unknown make good costs, an estimated accounting expense of \$2.2 million after tax may have to be provided for in 2H16. There will be no net cash outlay as attractive lease incentives negotiated under the new lease will exceed the total relocation costs.

This has been a half year of significant structural and commercial realignment of our business. The Group has taken a considered position for our second half estimates which includes estimated relocation and make good costs, a continuing unfavourable economic environment and continued excessively high prices for debt.

As a result of this, the Group has revised its full year statutory earning guidance to a range of \$15.5 million to \$19.3 million. Noting the once off Significant Items of \$3.4 million for the full year, the underlying operating result is then in the range of \$18.9 million to \$22.7 million after tax.

Teleconference

A teleconference will be held on Wednesday 17 February 2016 at 2.30pm (Brisbane time) or 3.30pm AEST.

The teleconference will be hosted by Matthew Thomas, MD and CEO and Adrian Ralston, CFO.

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Contact details to join the teleconference are as follows:

The Australian toll free number is 1800 908 299

The New Zealand toll free number is 0800 452 795

The USA toll free number is 1855 624 0077

For more information please contact:

Matthew Thomas
Managing Director and CEO
Collection House Limited
Ph: 07 3100 1245

Disclaimer

This information should be considered along with the information disclosed in the Appendix 4D, Financial Reports and Results presentation.

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Collection House Group - Overview

Collection House Limited

Debt collection and receivables management



CLH Legal Group

Legal services including insolvency administration



Lion Finance

Debt purchasing and recovery



CashFlow Financial Advantage

Licensed intermediary for the provision of credit



Collective Learning & Development

Credit management and related training services



Midstate CreditCollect Pty Ltd

Debt collection services, specialising in Local Government



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