



Collection House
Group






Annual General Meeting

Collection House Limited

28 NOVEMBER 2017

FY17 Business Highlights



-  Statutory profit after tax \$17.4m EPS 12.8 cents and underlying profit after tax of \$19.9m, EPS 14.7 cents at the top end of guidance
-  Outbound call volume increased by 40% in 2017 which was a key factor in improved agent productivity; collections per hour improved from \$166 to \$225
-  Reduced over 100 agents in PDL segment saving a total of \$3m during FY17
-  Record performance in Collection Services segment in 2H17 with a 20% increase in profitability in FY17
-  New clients using our C5 collections system for their collection operations in 2017

FY18 – The Focus

01

Debt Purchase and Analytics

Further collection optimisation through:

- Enhanced segmentation
- Enriched data
- Rigorous cost control

Creation of account based valuation:

- Works in tandem with pricing and valuation models
- Tranche based amortisation

02

Machine Learning and Automation

Using machine learning to improve:

- Customer profiling
- Agent focus
- Best time to call and means of contact
- Pre-emptive identification of potential hardship

03

PDL – Arrangement Bank

Arrangement Bank showing continuous improvement:

- Creating affordable agreements with our consumers
- Analytics using forward looking trends to predict future breaks
- Enhanced modelling to identify high risk customer segments

04

Efficiency Measures

Equal focus on top and bottom line revenue:

- Implementing skills based account assignment
- Development of specialist roles across recovery teams
- Leveraging outsourcing partners where appropriate
- Capitalise on our low cost structure in Manila where the opportunity arises

Putting the consumer at the heart of the business

Developing the Tools for Customer Interaction


Genesys Interactive Intelligence


- Efficiency gains from first 9 months of integration
- Voice analytics making an impact
 - Early identification of potential hardship situations enabling pre-emptive engagement
 - New tool for analytics, purchasing and hardship


CLH Portal

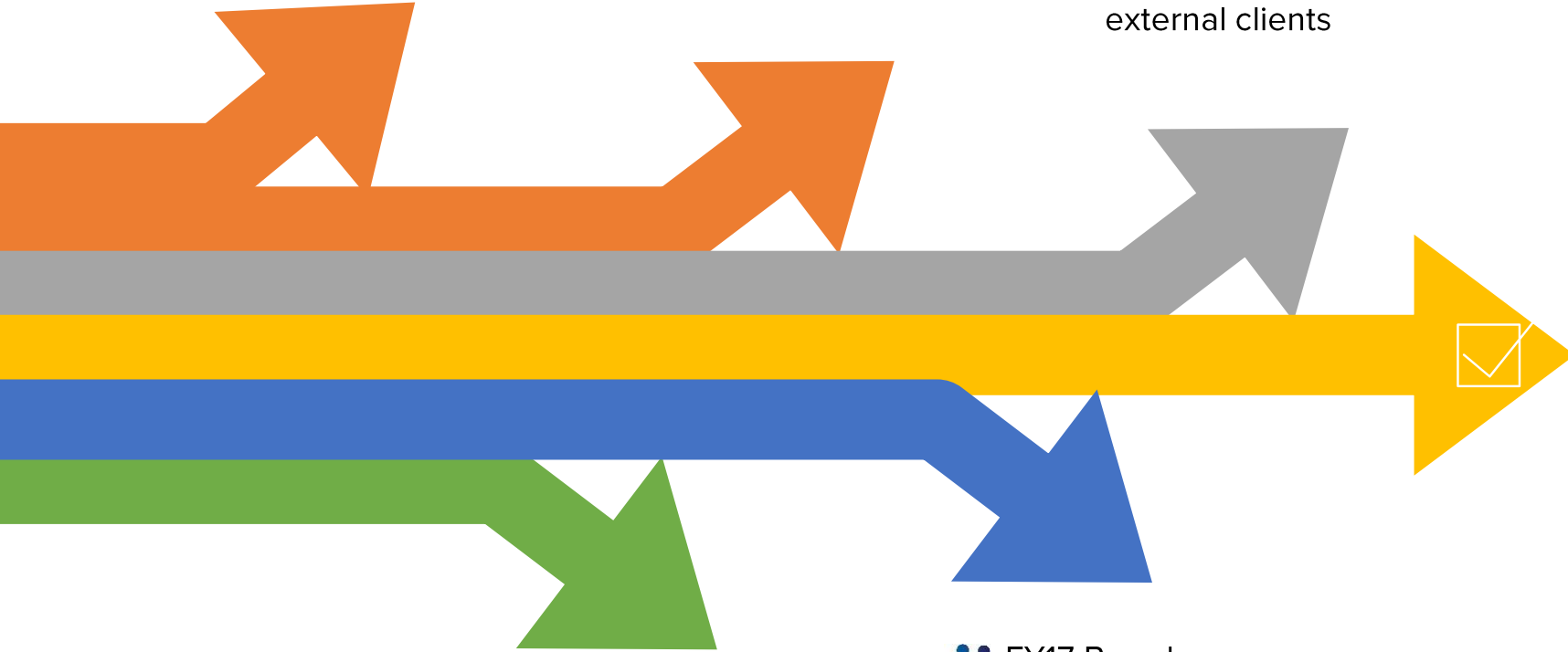
- Machine learning based, consumer interaction portal
- Automated functions for consumers who wish to 'resolve' online
- Early demonstration testing supporting results for consumers with no contact
- Integration with Financial Basics Foundation product for Hardship customers

Collection System Facts and Figures

 820 unique users per day

 50,000 system actions per day

 Integration of external clients



Building a strong collection platform:

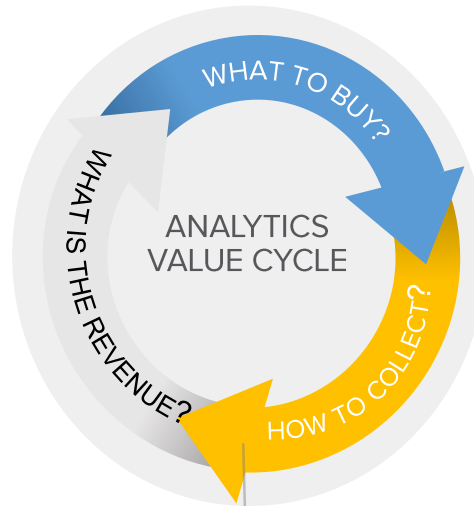
- C5
- Genesys Interactive Intelligence
- CLH Portal

 Historical challenges to meet development deadlines

 FY17 Board and Management software write off \$2.45 m

CLH Analytics – Driving Further Growth

“Data science & analytics play a very key role in business growth and expansion by helping to make optimal decisions at every step of the business” – *Andy Adusmulli, Chief Data Scientist 2017*



PRICING DECISIONS

- Account level prediction models for pricing a portfolio
- Incorporate servicing strategy improvements into pricing decision
- Aligning pricing models to servicing strategies

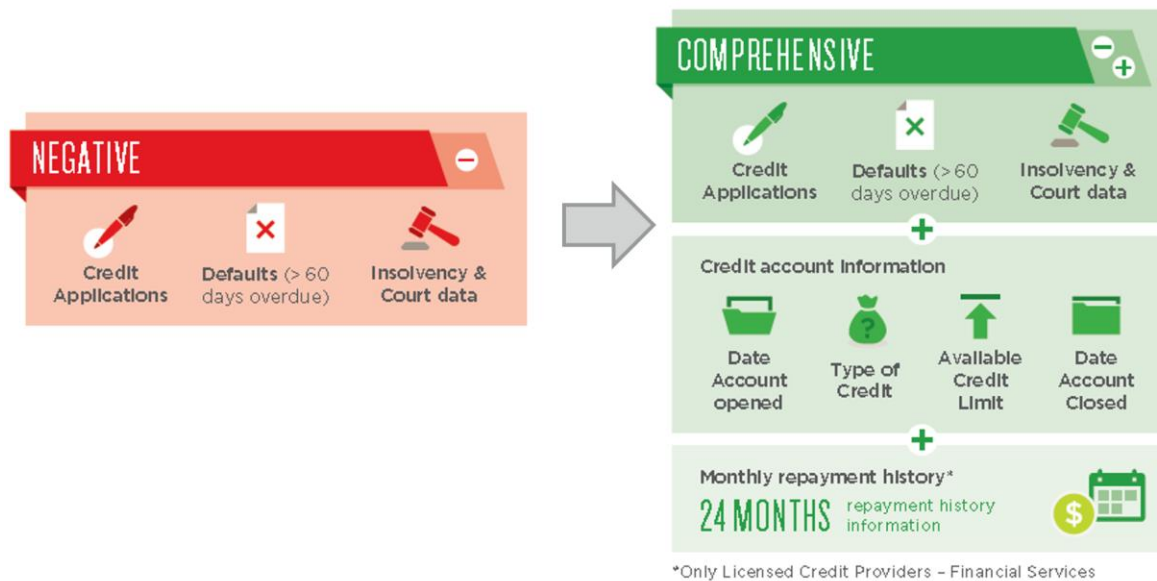
SERVICING STRATEGIES

- Optimisation models using machine learning for each servicing strategy
- Cost effective ways to segment and treat consumers fairly

FORECASTING REVENUE

- Build account level forecasting models to estimate remaining value of an account
- Provide solid baseline forecasts to the business

Developing the Tools for Customer Rehabilitation – Comprehensive Credit Reporting



- CLH will be a first mover in the industry using Comprehensive Credit Reporting (CCR) information within the Lion Finance Segment.
- CCR enables a more complete picture of the consumers' credit profile allowing consumers with delinquencies to have another means to demonstrate good payment behaviour and improve their credit profiles.
- Participation in the CCR environment enables more predictive capabilities.
- Providing free portal & web based access to consumer credit score and attributes via 'Get Credit Score'

LOOKING AHEAD

FY18 guidance

- EPS 14 - 14.5 cents
- NPAT \$19.0m - \$19.7m
- PDL purchases range \$63-65m, \$51.4m committed as at 31 October
- Appetite from banks to increase existing facilities by \$50m



Dialer Video and Live Portal Demonstration



Appendix –
Key Management
Personnel

The Executive Team

Kristine May – Chief Financial Officer and Company Secretary

- More than 14 years tenure with Collection House Group
- Highly experienced with public listed companies, reporting, analysis and taxation
- Chartered Accountant



Andy Adusumilli – Chief Data Scientist

- Extensive international experience including 12 years at Encore Financial
- Expertise in data science and building pricing models
- Proven track record of building strong relationships between operations and analytics



Jonathon Idas – Chief Legal Officer

- Recently appointed from Chief Legal Officer at Forbes Dowling Lawyers, wholly owned subsidiary of Expert Global Solutions (EGS)
- Worked as a solicitor in London on large scale litigation during the financial crisis
- Experienced in acquisitions, strata and debt collection.



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