

**Media Release FY2012 Results**  
**Tuesday 7 August 2012**

**Highlights**

The directors of Credit Corp Group Limited (Credit Corp) are pleased to report strong results for the year to 30 June 2012. Key highlights are as follows:

- 26 per cent growth in Net Profit After Tax (NPAT) to \$26.6 million
- 45 per cent increase in dividends for the year to 29 cents per share
- Purchased Debt Ledger (PDL) acquisitions of \$91.5 million at target returns
- Started US debt purchasing operation
- Commenced a consumer lending business

**FY2012 Financials**

	Versus pcp			Actual	May 2012 Full Year 2012 Guidance
PDL acquisitions	down	1%	to	\$91.5m	\$84 - \$88m
Revenue	up	10%	to	\$124.6m	
NPAT	up	26%	to	\$26.6m	\$26 - \$27m
EPS (basic)	up	25%	to	58.4 cents	57 - 59 cents
Return on equity	up	1.5pts	to	23.5%	
Dividend (fully franked) <sup>(1)</sup>	up	45%	to	29 cents/share	

(1) Final dividend of 16 cents per share fully franked.

**Performance Commentary**

In 2012 Credit Corp continued to exploit the benefits of a program of ongoing operational improvement to deliver core business growth. Revenue increased by 10 per cent over the prior year, which translated to 26 per cent growth NPAT to \$26.6 million.

The result was supported by continued strength in Credit Corp's core operating metrics. Purchasing discipline was maintained with collections from recent purchases meeting ingoing projections. The focus on older PDLs was maintained with the total amount collected from PDLs acquired more than 2 years ago increasing over the prior year. Overall collection efficiency fell by 7 per cent over the prior year due to the significant growth in the Philippines headcount from 80 to 210 full time equivalent (FTE) staff. Excluding the Philippines, collection efficiency improved by 7 per cent to \$265 per hour.

Continued growth in recurring payment arrangements should sustain solid operating performance. The face value of accounts on recurring payment arrangements increased by 7 per cent to \$639 million. 71 per cent of total collections is being received from these accounts.

Overall collection capacity expanded by 25 per cent to 770 debt purchase operations FTE staff over the year due to continued growth in the Philippines offshore collections facility. In just over eighteen months the site has grown from start-up to 210 FTE staff.

## Purchasing

PDL purchasing conditions remained challenging over the year. Strong levels of competition resulted in higher purchase prices.

Despite challenging conditions Credit Corp managed to maintain the level of purchasing in line with the prior year. Operational improvements allowed the company to bid strongly without compromising minimum return criteria.

## Strategic Growth Milestones

Credit Corp started debt purchasing in the US and is now set to accelerate growth in this market.

Initial US operations involved purchasing with a local private buyer / collector. An outlay of \$2.2 million was made during the year and a Credit Corp operations manager was relocated to work with the partner. Collections to date have achieved ingoing expectations.

Collections by Credit Corp staff commenced in July 2012. An existing US collection agency was acquired in June 2012 and there are currently 12 US based staff. A forward flow purchase has been secured and plans are in place to grow staffing to 30 by December 2012.

Credit Corp commenced a consumer lending business during the year, achieving a current loan book of \$6.0 million.

The lending business is focused on consumers with impaired credit records, a segment not currently serviced by mainstream credit issuers. Two products have been launched to date, an instalment loan capped at \$5,000 and a debt consolidation loan offering.

## Outlook

PDL purchasing conditions remain challenging, with intense competition driving prices higher. While strong levels of purchasing during 2012 should contribute to earnings growth in 2013, the purchasing outlook for the coming year is more subdued.

For 2013 Credit Corp will focus on further improving its debt purchasing operation to achieve global competitiveness while expanding its US debt purchasing and domestic consumer lending businesses.

We provide initial guidance for the 2013 financial year in accordance with the following ranges:

	Initial Guidance (August 2012)
PDL acquisitions	\$50 - \$70m
NPAT	\$27 - \$29m
EPS	59 - 63 cents
Dividend per share	29 - 32 cents

This media release should be read in conjunction with the Appendix 4E, Financial Report and results presentation.

*For more information, please contact:*

*Mr Thomas Beregi  
Chief Executive Officer  
Tel: +61 2 9347 3613  
Email: [tberegi@creditcorp.com.au](mailto:tberegi@creditcorp.com.au)*

*Mr Michael Eadie  
Chief Financial Officer  
Tel: +61 2 8114 3542  
Email: [meadie@creditcorp.com.au](mailto:meadie@creditcorp.com.au)*