

Media Release

31 July 2018

## **Credit Corp reports another year of strong growth with NPAT up 17%**

Credit Corp Group Limited (Credit Corp) reports the following highlights for the 2018 fiscal year:

- 17% increase in Net Profit after Tax (NPAT) to \$64.3 million;
- 30% growth in Australia/New Zealand consumer lending business NPAT;
- Inaugural full year profit from the US debt buying operation; and
- Continued NPAT and collections growth from the Australian/New Zealand debt buying operation.

Mr Thomas Beregi, CEO of Credit Corp, said the result reflected the successful diversification of the company over the last five years, with almost 30% of 2018 earnings derived from the organically developed consumer lending and US debt buying businesses. “Both segments have the potential for substantial growth and the US, in particular, could grow to become as large as the Australian/New Zealand debt buying operation in the medium term” he said.

The US business is already delivering collections and cost-efficiency metrics in line with those achieved by the largest operators in that market and there is a pipeline of further operational improvements. Market conditions remain favourable and in June the company relocated to a new facility in Salt Lake City, Utah which will accommodate growth from present staffing of 230 people to more than 400. The new site will facilitate increased purchasing.

Mr Beregi emphasised the strategic potential of the organically-developed US debt buying operation. “The US is a great debt buying market and we now have a profitable and competitive business with the capacity to grow rapidly. We have developed a number of excellent relationships with debt sale partners and will expand our purchasing from these parties” he said.

The industry leading ‘Wallet Wizard’ cash loan product continues to drive growth in the lending business with the book growing by 14% to \$183 million, gross of provisions. Mr Beregi said Wallet Wizard stands out as the most sustainable loan in its segment of the market. “Consumers have embraced the Wallet Wizard product, which is a fraction of the cost of alternatives and is even cheaper than a charitably funded offering provided on a not-for-profit basis by one lender” he said.

Consumer lending originations and book growth accelerated in the second half of 2018 providing strong momentum into 2019. Mr Beregi said that the increase in demand was partly due to stricter credit criteria being applied by mainstream lenders and a retreat from some forms of lending. “Credit Corp is benefitting from these changes in the consumer lending market and our auto lending pilot is now producing encouraging results” he said.

The Australian/New Zealand debt buying operation grew profits by 6% on collections growth of 4% despite one-third lower Purchased Debt Ledger (PDL) investment in 2018. Mr Beregi said this outstanding operational performance reflected improved execution across a range of metrics and the emphasis placed on long-term value creation. “To grow collections and maintain a record bank of recurring payment arrangements at a time of reduced purchasing shows the power of our unique operational approach” he said.

## Outlook for 2019

Increased earnings from the US debt buying and consumer lending businesses are expected to drive solid profit growth in 2019 in the range of 4% to 7%.

The company retains significant debt headroom and will invest across all three businesses as opportunities arise. At this point the company provides PDL investment guidance in the range of \$150 to \$170 million.

2019 guidance is in accordance with the following ranges:

	Guidance (July 2018)
PDL acquisitions	\$150 - \$170m
Net lending volumes	\$45 - \$50m
NPAT	\$67 - \$69m
EPS	140 - 144 cents
DPS	70 - 72 cents

This media release should be read in conjunction with the Appendix 4E, Consolidated Financial Statements and Results Presentation.

To watch the presentation go to: <https://www.creditcorpgroup.com.au/investors/interviews-presentations/>

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