

24 December 2020

Credit Corp to acquire Australian ledger book of Collection House Limited and increases 2021 guidance

Credit Corp Group Limited (Credit Corp) announces today that it has entered into a binding agreement to acquire the Australian Purchased Debt Ledger (PDL) book of ASX listed Collection House Group Limited (Collection House) for a total consideration of approximately \$160 million plus the provision of a short-term loan of \$15 million which is expected to be fully repaid within 9 months. This loan is secured against Collection House's tax receivables.

The total consideration is subject to adjustments and the net outlay is expected to be approximately \$150 million. The transaction is expected to complete by 31 December 2020.

Under the terms of the transaction, Collection House is eligible to receive a proportion of the cumulative collections in excess of the level required to achieve Credit Corp's hurdle investment return.

The book being acquired includes ongoing payment arrangements totaling almost \$200 million by face value.

Mr. Thomas Beregi, CEO of Credit Corp, commented that the acquisition was an opportunity to acquire one of the largest PDL books in the Australian market. "Acquisition of Collection House's Australian book will be the largest single PDL purchase in Credit Corp's history" he said.

Mr Beregi noted that the acquisition will be fully funded using available cash without Credit Corp needing to draw on its presently unutilised \$375 million of funding lines. "Even after this acquisition, Credit Corp will retain almost \$400 million in available cash and funding lines to deploy as and when suitable investment opportunities arise across all of its segments" he said.

Revised 2021 guidance

The acquisition will improve Credit Corp's current year earnings outlook by approximately \$10 million in Net Profit after Tax (NPAT).

Further updates on operational performance will be provided at the FY2021 half-year results release on 2 February 2021.

Revised 2021 guidance is summarised as follows:

	Revised Guidance (December 2020)	Initial Guidance (July 2020)
PDL acquisitions	\$270 - \$330m	\$120 - \$180m
Net lending volumes	(\$5) - \$5m	(\$5) - \$5m
NPAT	\$70 - \$85m	\$60 - \$75m
EPS	104 - 126 cents	89 - 112 cents

This ASX release was authorised by the Company Secretary.

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