

Pioneer Credit Upgrades FY15 Earnings Forecast

- FY15 Operating Profit after Taxation expected to be at least \$7.7 million
- Upgrade primarily due to a \$1.1 million pre-tax gain in portfolio performance
- Prospectus forecast exceeded prior to this pre-tax gain

Pioneer Credit Limited (ASX:PNC) ("Pioneer") is pleased to report that it expects its FY15 earnings to materially exceed the \$6.6 million Profit after Taxation forecast in its IPO Prospectus.

Pioneer now expects to report a Statutory Profit after Taxation of at least \$7.3 million and an Operating Profit after Taxation (i.e. before abnormal items) of at least \$7.7 million for FY15, as summarised in the table below.

(\$'million, cps)	Pro Forma Prospectus	Unaudited Actual FY15	
		Statutory	Operating
NPAT	6.6	>7.3	>7.7
EPS	~14.5	~16.1	~17

The primary reason for the upgrade is as a result of the year-end validation of the valuation of its portfolio of customer accounts, Pioneer expects to report a higher portfolio fair value than previously forecast. The fair value adjustment is expected to result in a net gain after taxation of at least \$700,000, relative to the Prospectus forecast.

Pioneer achieved its IPO Prospectus forecast Operating Profit after Taxation prior to the inclusion of this gain. The results remain subject to audit completion and will be announced on 21 August 2015.

Pioneer's portfolio is comprised of customer accounts acquired over time. A fair value assessment, which represents the risk adjusted and discounted present value Pioneer expects to receive from the acquired customer accounts, is periodically calculated on the portfolio. The year-end review has, using observable evidence, taken into account improved performance against original assumptions. The fair value is expensed over the expected life of the customer accounts, and the effective expensing rate for FY15 has now moved from 30.8% to 30.2%.

Pioneer listed on 1 May 2014, and prepared its Prospectus forecast for FY15 earnings on the basis of expected performance in early 2014. Pioneer takes a conservative approach to developing the assumptions as to the likely future cash flows and prepared the Prospectus on that basis.

As the gain reflects improved portfolio performance relative to those assumptions, it also represents an upgrade to the outlook for the future performance expected to ultimately be achieved from the portfolio.

Pioneer Managing Director Mr Keith John said: "It is important to highlight that this change means there is now an improvement in the value expected to be realised over the life of our portfolio, which can extend out to 6 to 10 years, relative to our original forecast. We are comfortable however that we have maintained a conservative approach to valuing our portfolio."

"Pleasingly, our continued focus on quality has seen us realise extra value in the portfolio and materially beat previous expectations."

About Pioneer Credit

Pioneer is an Australian financial services provider, specialising in acquiring and servicing unsecured retail debt portfolios.

These portfolios consist of people with financial obligations to Pioneer. These people become the cornerstone of Pioneer's business and are our customers.

We work closely with our customers who – for a range of reasons – have found themselves in financial difficulty. In the great majority of cases this has come about through a significant life event such as loss of job, serious health issues, marriage breakdown or domestic violence.

A key goal at Pioneer, as we work with our customers, is to see them achieve financial recovery and evolve as a 'new consumer'.

For further information about Pioneer see www.pioneercredit.com.au



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