

FY15 Results – Record Profit and Outlook

- FY15 Statutory Profit after Taxation \$7.4 million a 611% increase over the prior year
- FY15 Operating Profit after Taxation \$7.8 million a 70% increase over the prior year
- Strong cash flow generation with Gross Operating Cash Flow at 103% of EBITDA
- Results ahead of prospectus forecast
- Final dividend of 6.80c fully franked declared, bringing full year dividend to 8.55c
- Double digit earnings and EPS growth expected in FY16

Pioneer Credit Limited (ASX: PNC) (“Pioneer”) is pleased to report its financial results for the full year ended 30 June 2015. Pioneer reported a Statutory Profit after Taxation of \$7.4 million and an Operating Profit after Taxation of \$7.8 million. The result is ahead of the forecast in Pioneer’s IPO Prospectus and consistent with the upgraded guidance provided on 27 July 2015.

A summary of the key elements of the result follows:

	FY14 \$m	FY15 \$m	Change %	Prospectus Forecast for FY15
Net Revenue	25.7	38.7	51%	39.1m
EBITDA	19.5	29.7	52%	29.2m
EBIT	7.3	12.1	66%	10.3m
EBIT Margin	28%	31%		26%
Statutory Profit After Taxation	1.0	7.4	611%	6.6m
Operating Profit After Taxation	4.6	7.8	70%	6.6m
Full Year Dividend	3.10 cps	8.55 cps	176%	7.30 cps

The result includes a very strong conversion of earnings into cash with the Gross Operating Cash Flow of \$30.7 million representing 103% of EBITDA. The Directors have declared a final fully franked dividend of 6.80 cents per share which will be payable on 30 October 2015. The full year dividend payout represents a 176% increase over 2014 and is ahead of the prospectus forecast. The total dividend represents 50% of underlying earnings.

As announced on 27 July 2015, the result includes a pre-tax fair value improvement of \$1.1 million arising from the year-end validation of the valuation of Pioneer's portfolio of customer accounts. The improvement reflects actual performance of customer accounts relative to original assumptions and therefore represents an upgrade to the expected performance of the portfolio. That said, Pioneer continues to take a conservative approach to valuing its customer portfolio.

Pioneer's customer portfolio had a carrying value of \$81.9 million at 30 June 2015. The average customer account balance across the portfolio is approximately \$11,000 with the majority of cash flows generated from scheduled, structured repayments agreed with the customer. Pioneer's portfolio is acquired from 3 of the 4 major banks, regional banks, and consumer leasing providers. The portfolio is of retail customer accounts purchased from those organisations that are past 180 days overdue.

Pioneer Managing Director Mr Keith John said: "The business has performed exceptionally well during FY15, ahead of where we thought we would be when we originally listed."

"We focus on deploying our capital very selectively. We have seen the quality of our customer portfolio translate into both strong cash flow and earnings."

"Importantly we believe we have established a base that positions us to continue to perform strongly into FY16 where we expect to see double digit growth. We plan to build on our relationships with our customers, and knowledge of their credit history, to start providing them with financial products such as credit cards."

Outlook

Pioneer expects to achieve over 14% growth in earnings in FY16 and forecasts an Statutory Profit after Taxation of at least \$8.8 million with an EBIT margin of at least 31%.

Pioneer expects to invest at least \$42 million in the acquisition of new customer accounts during FY16. These customer accounts and the source of them are anticipated to be similar to Pioneer's current portfolio.

Pioneer holds a ~14% stake in ASX listed Goldfields Money (ASX: GMY), a Perth based Authorised Deposit-taking Institution (ADI). The organisations have a Memorandum of Understanding in place for the development and management of new financial products which are intended to be provided to Pioneer's customers backed by GMY. The arrangement is expected to allow Pioneer to provide credit cards to its customers without taking on the balance sheet risk associated with doing so. The arrangement

represents an additional growth option for Pioneer to maintain and build on the relationships developed with its customers often over a number of years.

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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