

## Annual General Meeting – 29 October 2015

Following is the Chairman's address to the Annual General Meeting of Pioneer Credit Limited (ASX:PNC) to be held today, 29 October 2015, at 10 a.m. at the offices of K&L Gates, Level 32, 44 St Georges Terrace, Perth.

### 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](http://www.pioneercredit.com.au)

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## CHAIRMAN'S ADDRESS TO AGM – MICHAEL SMITH

I am very pleased to be standing before you at our second AGM as a publicly listed company with our first full year of trading.

We at Pioneer are proud of our achievements. The Company has exceeded Prospectus expectations and has set a platform for future success.

Our 2015 financial highlights include:-

- Net revenue of \$38.7m, up 51%,
- Operating Profit after tax of \$7.8m and 18.3% above prospectus expectations
- EPS of 17.2 cents, up 70% and 18.3% above prospectus expectations
- Generation of free cash flow of \$26.2m

As these results have been in the market-place for several months it is not our intention to spend too much time on the past but rather, look to the future. You will of course be given the opportunity to ask questions on our financial results for the year ended 2015 during this meeting.

In preparing for the future, we have begun to set the foundations for growth. We have introduced a dividend reinvestment plan, acquired an interest in an approved deposit taking institution, introduced a new vendor partner into our portfolio, enhanced our financing arrangements with the increase of our facility limit, strengthened our management team and we are very excited to be launching our new branding initiative today which focusses on our customers. Keith will provide a presentation to you on this later in this meeting.

### *DRP*

The Company declared a total dividend for the year ended 30 June 2015 of 8.55 cents per share and introduced a dividend reinvestment plan in time for the final dividend which is to be paid tomorrow. Not only does this benefit shareholders by increasing their holding at a discount to market price and without broker fees, it is a useful capital management tool for the company enabling it to retain cash for future investment.

The DRP was adopted by a significant number of shareholders and we look forward to our long term relationship with them.

### *Goldfields Money*

As you are aware, Pioneer's key goal is to assist its customers to progress towards financial recovery. Our customer service staff under-take a rigorous 3 month induction program and continual improvement programs which ensures that Pioneer's culture and leadership principles are preserved. This unique approach to customer service separates Pioneer from its competitors.

Once a customer has reached financial recovery, in order for Pioneer to retain that customer, Pioneer intends to offer these customers new financial products. Our first step in achieving this goal was made in April this year when we acquired a 14.1% interest in Goldfields Money. This established the platform for the development and management of



a range of products and the first of our products, a credit card, will be rolled out in March 2016.

#### *Welcoming a new vendor partner with now 3 of the 4 major banks being a vendor partner*

In September last year we welcomed a new vendor partner and I am pleased to report that we now partner with 3 of the 4 major banks. This reinforces the value our banking partners see in Pioneer's differentiated business model. Our banking partners experience better representation of their brand and less compliance and regulatory risk through the debt sale process than they may otherwise experience in a transparent manner.

We are well progressed in discussions with the 4<sup>th</sup> major bank and will release to the market any update on that relationship when that progresses.

#### *Enhanced financing arrangements*

Pioneer recently announced it increased its facility limit from \$47m to \$60m. This not only demonstrates our long term financier's confidence in the Company but also continues to position us to capture potential opportunities in the Purchase Debt Portfolio market as they arise. In addition to organic business growth the Company has commenced reviewing a range of M&A opportunities. While we view these as very preliminary at this stage, we believe that, should equity markets continue to shake out, and the economy continues to be challenging, then there will be opportunities for us.

Of course, any such acquisitions will continue to be reviewed with the same level of discipline and thoroughness that has set Pioneer apart from its competitors.

#### *Enhancing the management team*

In order to ensure that discipline and operational efficiency is maintained as we grow, Pioneer will be investing approximately \$2 million annualised in corporate and administrative overheads. To enhance our corporate governance and compliance capabilities, we have recently split the role of CFO/Company Secretary and appointed an experienced Company Secretary and General Counsel. We have also added significant headcount in our finance team and in Business Development – to position and review for growth opportunities, as well as continuing to grow our analytical capability. This final group of professionals have two primary focuses – firstly to ensure our operations become as efficient as possible through understanding our customers more and more and secondly to continue to build even more our understanding of risk – to ensure that when we do invest your capital we do so in the most prudent manner.

In concluding I would like to thank Keith John for his leadership during a period of high growth and his hard working management team for an outstanding first full year as a listed company. I'd also like to thank my fellow directors for their ongoing support and commitment over the last 12 months.