

## Net profit up 105% as Pioneer Credit's customer portfolio reaches \$1bn mark

A strong commitment to customer service has helped Pioneer Credit Limited (ASX: PNC) achieve an outstanding half-year result, with after-tax profit up 105% for the six months to 31 December 2015.

In a major milestone, the Company's continued growth has resulted in its portfolio of customer accounts reaching \$1 billion for the first time.

### Half-year results highlights:

Unless otherwise indicated, all comparisons are to prior corresponding period.

- Customer payments of \$27.1 million, up 22%
- Net revenue of \$21.1m, up 36%
- Profit after taxation of \$3.3 million, up 105%
- Portfolio face value of customer accounts reaches \$1bn for first time
- Customer Payment Arrangements (performing loan book) grows to \$150m
- Part IX sale (non-core accounts) completed with solid gain, evidencing cautious valuations across balance sheet
- Fully franked interim dividend payable of 3.60 cents per share

The strong performance is a result of a continued focus on driving improvement in the value delivered to Pioneer Credit's customer base, which comes through in payment arrangement book growth and customer payments, by delivering consistent, outstanding customer service.

Commenting on the result, Managing Director Keith John said: "Pioneer has had an exceptional start to the financial year with very strong growth across all key metrics in our Purchased Debt Portfolio (PDP) business while we continue to invest in our future growth through the development of products for our 'new consumers'.

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“The progress made in the past six months will ensure that our core business continues to grow and deliver strong, disciplined performance while providing avenues for growth including the development of our new credit products.”

Pioneer has also launched a mortgage broking service to its existing customer base so that they can be provided appropriate consolidation loans and refinance opportunities where they currently own real estate.

“This service provides the ability for us to keep ‘line of sight’ of our customers through to settlement of their loan and their account with Pioneer, as well as delivering on our promise to work with them to get their finances back on track. We anticipate growing our broking channel during 2016 to extend to new loans and customers outside of our existing business,” Mr John said.

The half-year result includes the sale of a portfolio of Part IX accounts (also commonly referred to as bankruptcy compromised accounts). The sale of non-core portfolios continues to be part of the Company’s liquidation strategy but only where greater returns can be achieved than through customer payment plans. Pioneer takes a cautious approach to valuing these portfolios, as it does its entire portfolio, which in the current market is producing very attractive gains on sale.

PDP investment for the half totalled \$21.8m with 97% from Big 4 or regional banks, at industry-leading price points which demonstrate the exceptional value the Company delivers to its vendor partners.

“This investment has increased the face value of our acquired portfolio to over \$1 billion for the first time. We expect this portfolio will be a major factor in our continued growth over the next few years.”

## **Dividend**

An interim dividend of 3.60 cents per share has been declared and will be paid to shareholders on 29 April 2016. The record date for the dividend payment is 31 March 2016. Shares issued under the Company’s Dividend Reinvestment Plan will be issued at a 2.5% discount to the volume weighted average market price of Pioneer shares for the ten trading days after the record date.

## Outlook

Pioneer is pleased to reaffirm it is on track to achieve a record statutory profit after taxation for FY16 of at least \$8.8 million. While margins within the business are expected to expand during 2H16, the Company maintains a conservative outlook on purchasing opportunities.

“We remain focussed on growing our PDPs at price points which we are confident will be accretive, over not just the short term, but over the medium-term and long term as well. Currently, pricing remains challenging with many transactions completing beyond where we believe is sustainable or reasonable. Our strategy continues to focus on acquiring PDPs where appropriate returns are achievable rather than chase short-term outcomes. Our guide to an investment of at least \$42m for the year remains, however we do not expect to materially outperform this amount.”

The capital position of the Company remains robust and Pioneer remains focused on prudently managing its capital. Gearing is forecast to stabilise below our internal ceiling of 50% before commencing to track lower in future periods.

As previously flagged to the market, every facet of the Company’s new credit card product is being reviewed following the recent appointment of Chief Risk Officer, Tony Bird. This review is heavily focussed on the commercial arrangements supporting the product to ensure Pioneer has the most robust and sustainable model possible. The Company now anticipates that these products will be launched next financial year.

“We are committed to taking the time to achieve the very best outcome for our customers and shareholders.

“We are excited about the future prospects for the year ahead and beyond, and we look forward to progressing with the launch of our first credit product to our customers in late 2016,” Mr John said.



## **About Pioneer Credit**

Pioneer Credit is an Australian company bringing a fresh new approach to financial services. We began life as a financial services provider to people in financial difficulty. Today, with more than 140,000 customers Australia-wide, we continue to focus on helping people get their finances back on track and achieve their goals. In 2016 we will embark on the next chapter in our growth story, with the launch of a range of products to our customers. Ultimately, our aim is to help customers achieve home ownership, using loans we will broker back through our valued banking partners.

For further information about Pioneer see [www.pioneercredit.com.au](http://www.pioneercredit.com.au)

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