

Pioneer Credit secures new vendor partner

Pioneer Credit (ASX: PNC) has broadened its customer reach by securing a new vendor partner relationship with one of Australia's leading investment banks.

This new relationship will see Pioneer secure a significant parcel of customers immediately with the expectation that additional purchasing agreements will be executed in the near term.

Managing Director Keith John said: "Our patience in waiting for good quality Purchased Debt Portfolios (PDPs) and our persistence in ensuring we remain disciplined through a period of increased pricing has paid off, and we are delighted to expand our vendor base with this new agreement.

"The Company had been consistent over many years in applying strong discipline when investing in purchased debt portfolios, ensuring this was a key defining feature of the business.

"As a result of this approach, we have quite deliberately stepped back from growing purchases over the past year as we did not feel that investments could be made at appropriate returns.

"Furthermore, we deliberately steered clear of purchasing some portfolios in the belief that better opportunities with more appropriate returns would emerge at a later point in time.

"While this highly disciplined approach can limit growth over the short term, we believe this is outweighed by the longer term benefits. This is particularly evident now as we see the competitive market in the debt acquisition sector changing," Mr John said.

"The PDP market has been characterised in recent times by significantly increasing prices for portfolios and we are now seeing that revert with some reduced competition as others either become capital constrained or seemingly suffer from poor performance relative to their investment expectations, typically as a result of overpaying.

"This, coupled with increased scrutiny on the service provided to consumers, has created a marketplace which we believe is ideal for Pioneer to meet its FY16 purchasing targets on what are likely to be more favourable terms than previously anticipated.

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“This should also provide for solid growth in purchasing, at appropriate price points, through FY17”, said Mr John.

The company continues to guide to an investment in PDPs of at least \$42m and a profit after taxation for FY16 of at least \$8.8 million.

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

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