

Pioneer Credit delivers record first half result

- **Significant increases** in all key 1H17 earnings measures
 - Net revenue **up 17% to \$24.6m**
 - EBITDA¹ **up 7% to \$14.6m**
 - EBIT **up 27% to \$7.0m**
 - NPAT **up 27% to \$4.2m**
 - EPS (basic) **up 17% to 8.45cps**

- Fully franked **interim dividend up 17% to 4.22c per share**, with a record date of 31 March 2017 and payment date of 28 April 2017

- **FY17 guidance**
 - Purchased Debt Portfolio ('PDP') **investment upgraded to at least \$53m** (already contracted), with focus on new opportunities with better than historical returns
 - Confirm **net profit after taxation of at least \$10.5m**

Pioneer Credit Limited (ASX: PNC) ("**Pioneer**", or the "**Company**") today announced its half-year result for the period ended 31 December 2016 achieving another record half year of growth, with increases in PDP liquidations, net revenue and net profit after taxation during 1H17.

A summary of the key elements of the result follows:

	1H16	1H17	Change
PDP liquidations	\$28.5m	\$30.8m	↑ 8%
Net revenue	\$21.1m	\$24.6m	↑ 17%
EBITDA ¹	\$13.7m	\$14.6m	↑ 7%
EBIT	\$5.5m	\$7.0m	↑ 27%
EBIT margin (on net revenue)	26%	28%	↑ 8%
NPAT	\$3.3m	\$4.2m	↑ 27%
EPS (basic)	7.23cps	8.45cps	↑ 17%
DPS	3.60cps	4.22cps	↑ 17%
PDP investments	\$23.2m	\$25.0m	↑ 8%
Cash and cash equivalents	\$1.1m	\$2.4m	↑ 118%
Financial assets at fair value	\$96.2m	\$128.1m	↑ 33%
Net tangible assets	116.8cps	131.4cps	↑ 13%

¹ EBITDA is before the non-cash Change in Value movement

The 1H17 results were underpinned by Pioneer's consistent and disciplined investment approach. Pioneer continues to develop and strengthen its vendor partner relationships as evidenced by the increased customer numbers (to over 160,000) and having now secured (under contract) full year PDP investment of at least \$53m (up from an initial guidance of \$50m) within the half-year.

Pioneer has been and continues to be well positioned to take full advantage of the emerging changes in market dynamics. A combination of continued ramifications of challenges in some competitors' businesses, an increasingly brand and customer focused banking sector, and normalisation of price expectations has allowed Pioneer to continue investing at competitive price points by leveraging its expert credit risk analytics and highly differentiated servicing capabilities.

Key operational achievements during 1H17 included:

- Expansion into new market sectors and diversifying existing suite of products
 - First New Zealand portfolio acquisition from a subsidiary of a major Australian bank
 - Pioneer Credit Connect, which provides financial services across home loans, car loans, unsecured personal loans and small business loans
 - Credit Place, which provides free credit scores to new and existing customers with growing opportunity to drive additional customer volumes into the Pioneer Credit Connect offering
- Increasing Pioneer's credit risk and analytics expertise
 - Pioneer has, as a key competency, expert credit risk analytics in house, which it continually builds on to support operational efficiencies, more precise portfolio valuations and new product offerings
 - Greater reliability of data and improved automation ensures greater understanding of customers and risks and allows Pioneer to take advantage of growth opportunities
- New 3 year \$100m facility syndicated by Bankwest and Westpac
 - With \$36m of headroom to fund further growth in PDP investment

Pioneer Credit Managing Director, Mr Keith John, commented: "We are pleased that Pioneer's strong financial performance has continued into the 1H17 period. Our disciplined approach and ability to build long term relationships has Pioneer well placed to take advantage of the current market conditions. Pioneer remains firmly on track to achieve FY17 guidance.

“The recent investment in New Zealand PDPs provides attractive returns with operational synergies available. Further, this will increase Pioneer’s understanding of the New Zealand market and improve operational and investment ability in the jurisdiction.

“Going forward, Pioneer is focused on developing its long-term customer base with further considered expansion into new market sectors and growing the existing product offering.

“A pleasing aspect of the Australian market for Pioneer is its changing dynamics. Our disciplined approach means we are well placed to capitalise on that and to support what appears likely to be a significant growth year in FY18. We have commenced an expansion of operational capabilities and have become increasingly more forthright with our corporate initiatives to ensure the Company is best positioned to take advantage of these opportunities, including materially increasing our customer service team by ~100 FTE. Our focus remains on selecting team members that exhibit Pioneer’s Leadership Principles and employing great people with an empathetic outlook that can engage and support our customer base through to financial rehabilitation. Pioneer will utilise this growth to continue the career development of existing team members, ensuring we continue to reward performance and retain and grow the culture that differentiates us.

“It is important to note that Pioneer will retain its absolute focus on quality across its recruitment, induction and training of new team members and because of this we do not expect there to be any measurable increase in liquidations from these new employees during 2H17. However, continued maintenance of our quality processes will ensure they will contribute to earnings in the next financial year.”

Dividend

The Directors have declared a fully franked interim dividend of 4.22 cents per share which will be payable on 28 April 2017. The record date for the dividend is 31 March 2017.

Shares under the dividend reinvestment plan will again be offered at a 2.5% discount to the 10-day volume weighted average price following the record date.

Outlook and guidance

The Directors are pleased with the Company's first half performance and encouraged by changing market dynamics. The key focus for 2H17 includes:

- Recruit, induct, develop and embed ~100 FTE into our customer service team
- Execute operational strategy and use our analytics capability to drive operational performance
- Continue the rollout, and refine the delivery of, new financial products to our customers
- Ongoing examination of acquisition opportunities in traditional and related markets

Pioneer's FY17 PDP investment guidance is today increased to at least \$53m (already contracted), and the Company is pleased to confirm guidance of net profit after taxation of at least \$10.5m.

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About Pioneer

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

Pioneer began life as a financial services provider to people in financial difficulty. Today, with more than 160,000 customers, we continue to focus on helping people get their finances back on track.

In 2016, we commenced the next chapter in our growth story, with the launch of a range of products for our customers including personal loans, small business loans and car loans. We work with them to achieve their financial goals including home ownership, using loans we broker back through our valued banking partners.

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