



pioneer
credit

EQUITY RAISING PRESENTATION

6 April 2017

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Investment case

Equity raising to fund highly attractive PDP acquisition and growth opportunities in FY18

The Company

- Proven track record of **consistently strong financial performance** across all key metrics
- **Valued brand, clear product-market fit and differentiated customer-centric model** results in long term customer relationships
- Cautious assessment of PDPs drives **predictable cash flows and enviable return on equity**
- **Scalable business model** that is successfully growing beyond its core business and **expanding into new market sectors**
- Outstanding **executive team with significant shareholding**
- **Growing market opportunity** across the Australian and New Zealand retail debt sale markets, with significant barriers to entry

The update

- ~\$20 million equity raising through **\$15m placement and \$5m, 1 for 20 underwritten, non-renounceable rights issue**
- **\$14m investment in significant discrete PDP**
- Additional **\$3m to \$5m investment in PDPs** from existing vendors on attractive terms¹
- **100 FTE recruited** (announced Feb-17) and progressing through upskilling to **contribute to strong FY18 growth**
- Surplus funding to be utilised for further PDP acquisitions and measured M&A opportunities
- **\$37m investment in PDPs in FY18 already contracted** setting a secure foundation for another strong financial year
- Estimated **~12% incremental EPS accretion in FY18²** following equity raising and PDP investment

Notes:

1. Terms have been agreed but not yet contracted

2. Based on Pioneer's internal forecasts and median covering broker forecasts

Equity raising structure

\$20m to be raised to fund an attractive PDP acquisition and position balance sheet for additional growth opportunities

Overview

Issue Price	<ul style="list-style-type: none"> New Shares under the Placement and Rights Issue will be issued at \$2.00 This price represents a discount of approximately 5.2% to last close and 4.7% to 20 day VWAP
Placement	<ul style="list-style-type: none"> ~\$15 million is to be raised through the issue of 7.5 million New Shares under a placement to sophisticated and professional investors New Shares issued under the placement will be within the Company's 15% threshold Placement New Shares will not be eligible for the Rights Issue
Rights Issue	<ul style="list-style-type: none"> \$5 million is to be raised through the issue of 2.5 million New Shares under an underwritten, non-renounceable, 1 for 20 rights issue to existing shareholders Eligible Shareholders will be able to apply for New Shares in excess of their Entitlement subject to scale back discretion set out in the Offer Booklet Every executive member of KMP¹ has stated they intend to take up some or all of their entitlements

Use of proceeds

1	New PDP acquisition	\$14.0m
2	Funding for PDP acquisitions and growth opportunities	\$4.9m
Offer costs		\$1.0m
Total		\$19.9m

Post equity raising completion capital structure

Description	Number of Shares	%
Existing Shares	49.7m	83.3%
Placement New Shares	7.5m	12.5%
Rights Issue New Shares	2.5m	4.2%
Total	59.7m	100%

Note:

1. Executive KMP (Key Management Personnel) includes MD, CFO, COO, CRO and General Counsel

Considered portfolio investment

Expected to provide Pioneer with strong returns and drive the next step change in scale

Portfolio acquisition

- **\$94m face value** for \$14m investment, consistent with Pioneer's weighted average investment price
- Pioneer's **differentiated servicing model likely placed the company well** to secure the PDP
- Significant proportion of non-defaulted consumers
- The geographic distribution of Pioneer's PDPs is representative of the Australian population
- Additional \$3m to \$5m PDP investment in FY17¹
- Up to **\$72m PDP investment** now expected in FY17

Financial outcomes

- Pioneer can appropriately service these consumers and **generate strong returns for shareholders**
- Significant **financial product customer potential** through rehabilitation over time
- **Revenue contribution from FY18 onwards**
- **Estimated ~12% incremental EPS accretion** in FY18 above median covering broker forecasts²
- \$37m FY18 PDP investment **already contracted**

Notes:

1. Terms have been agreed but not yet contracted

2. Based on Pioneer's internal forecasts and median covering broker forecasts

The Pioneer difference

A customer-centric strategy that improves the credit standing of customers while maximising likelihood of full repayment

Typical debt purchasers		pioneer credit	Pioneer's competitive advantages
PDP selection	Most classes of unsecured debt, including bankruptcy compromised and 'Part IX' accounts, telecommunications, utilities and payday loans	'Tier 1' ¹ customer portfolios with a preference for credit cards and personal loans	<ul style="list-style-type: none"> ✓ Premium data analytics function facilitates selection of lower risk portfolios, ultimately maximising liquidations
Competitive bargaining for PDPs	Price-based Individual transaction focused	Reputation-based Relationship management, customer-centric service and strong track record of compliance	<ul style="list-style-type: none"> ✓ Unique alignment with vendor partners, for whom brand preservation is increasingly important
Recovery timeframe	1 to 6 year collection cycle	Liquidation profile up to 10 years Scheduled and non-scheduled payment plans based on customer circumstances	<ul style="list-style-type: none"> ✓ Flexible payment scheduling increases total liquidations
Process and relationship with customers	Find the individual capable of paying Artificial deadlines and counterproductive incentive structures that prioritise immediate payment One size fits all servicing approach Limited interaction channels	Enable the consumer to be able to pay Personalised Account Managers restructure loans and develop tailored repayment strategies to guide customers through their financial recovery Custom servicing approaches Expanded interaction channels	<ul style="list-style-type: none"> ✓ Predictable revenue model with partnership promoting long term customer relationships ✓ 160,000+ customers ✓ 15,000+ customers on payment plans

Note:

1. Customers not regarded as credit impaired when originated

Focus on product and customer development

Strategic tie-up with Rewardle complements and fast-tracks expansion of financial product offering

Customer development

- Pioneer has accumulated >160,000 customers through its customer-centric business model
- The Company will achieve a large increase in its customer reach through its compelling strategic partnership with Rewardle

R Rewardle | Strategic partnership

- New agreement with Rewardle (ASX:RXH) to exclusively market personal lending products to membership of ~2.3m
- High growth digital marketing platform growing by over 10,000 members/week with strong member engagement
- Over 70% of Rewardle members are aged 18-39; members are early adopters and innovators who have elected to engage with a mobile retail payment experience
- Pioneer to provide corporate support to Rewardle in exchange for equity over a 3 year term
- The partnership provides Pioneer with considerably broadened customer reach and fast-tracked growth of its financial product offerings

Growth of customer experience



- Growth entity offering a range of value based financial services products
- Extends customer relationship beyond repayment of account
- Positioned to attract new customers to Pioneer
- Products delivered using same customer-centric methodology as core offering



- Deepens customer understanding of financial health through access to a free credit score
- Provides education to customers on credit worthiness and assists in delivering the appropriate products for their needs to ensure they can achieve their financial goals



- Now available to 2.4m+ consumers across Pioneer's emerging prime base and Rewardle's highly engaged digital consumer base
- Pioneer branded personal loans
- A wide range of home loans (brokered back through partners including our PDP vendors)
- Car loans and small business loans

Strong employee alignment

Alignment strengthened through high levels of founder and management ownership

Management ownership

- Senior management own 19.2%^{1,2} of Pioneer's Shares prior to the equity raising
- Founder and Managing Director, Keith John, is the largest shareholder (15.4%^{1,2})
- Every executive member of KMP³ holds equity in Pioneer
- Every executive member of KMP³ has stated they intend to take up some or all of their entitlements in the non-renounceable rights issue**

Management ownership	Equity ^{1,2}
Keith John – Managing Director	15.4%
Management (ex Keith John)	3.8%
Total management ownership	19.2%

Equity Incentive Plan (EIP)

- Senior management are strongly aligned to the Company's strategic goals and vision through high levels of ownership and appropriate incentive structures
- Senior team eligible for rights under Pioneer's EIP
 - EIP ensures alignment to strategic goals and timeframes
 - 12 employee participants

Key terms of EIP rights

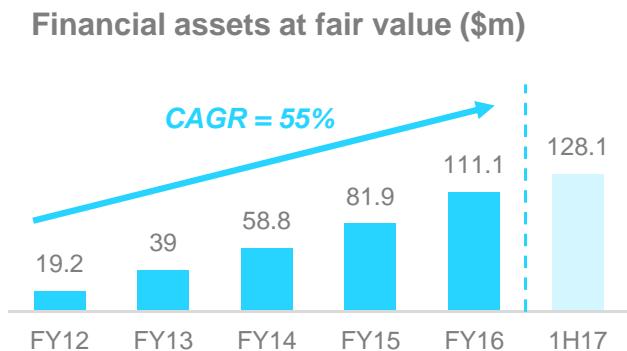
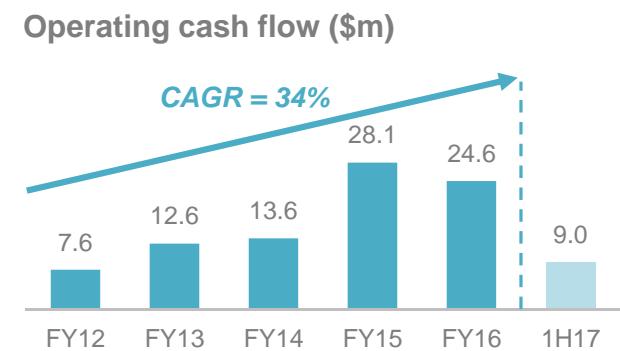
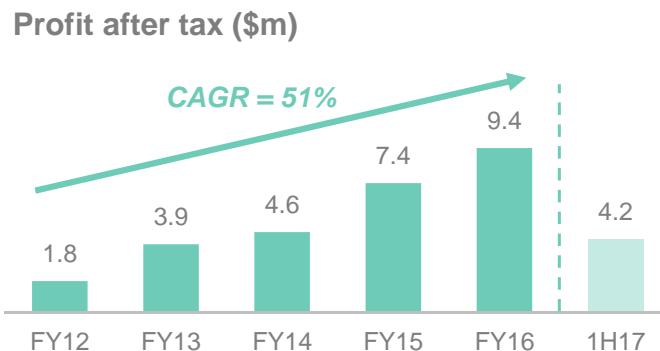
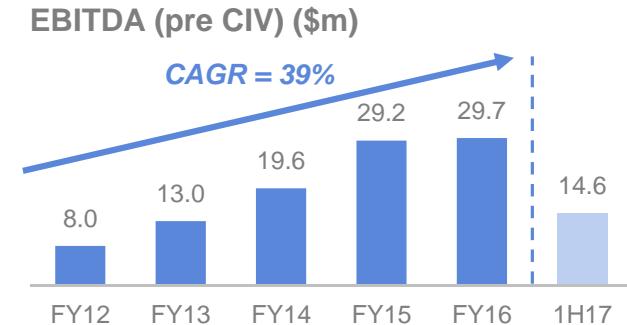
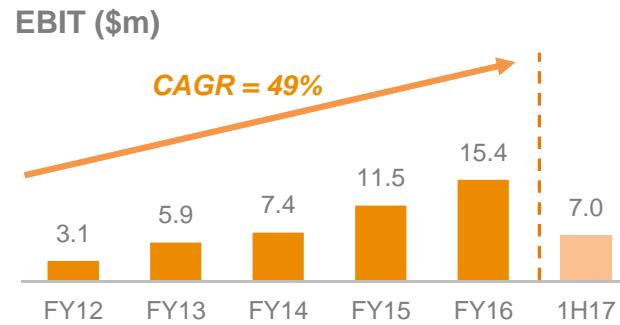
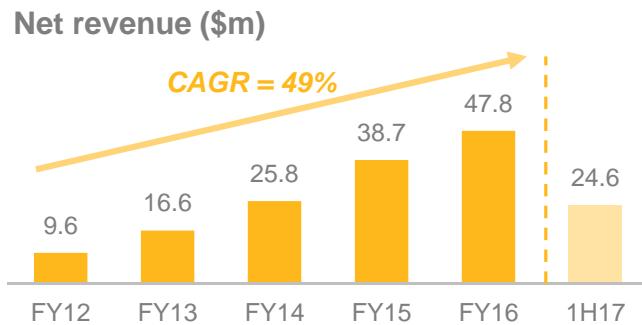
- Performance conditions generally include financial KPIs and assessment against the Leadership Principles
- Rights vest from years 3 to 5 at varying rates
- Incentivised team are invested for the most significant part of life of acquired assets

Notes:

- Includes rights where conditions met (save for service conditions), likely to be acquired on market
- Shareholdings based on pre-equity raising metrics
- Executive KMP (Key Management Personnel) includes MD, CFO, COO, CRO and General Counsel

Historical financials

Pioneer has a proven track record of strong performance across key financial metrics

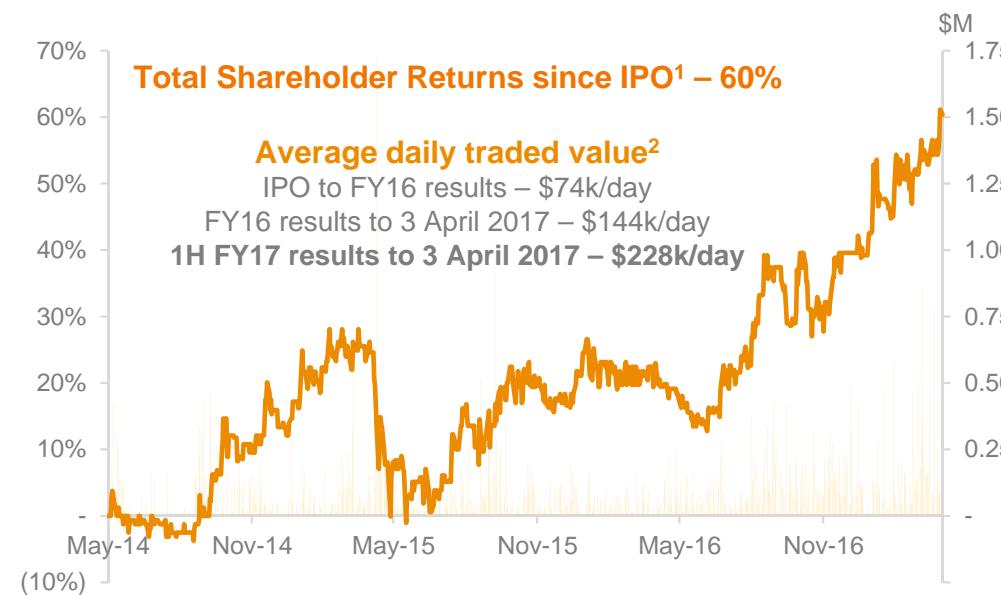


Focus on shareholder returns

Pioneer is focused on delivering strong sustainable earnings growth over the long term

Total Shareholder Returns¹ and trading liquidity² since IPO

- At all time highs (60%), with significantly improved liquidity

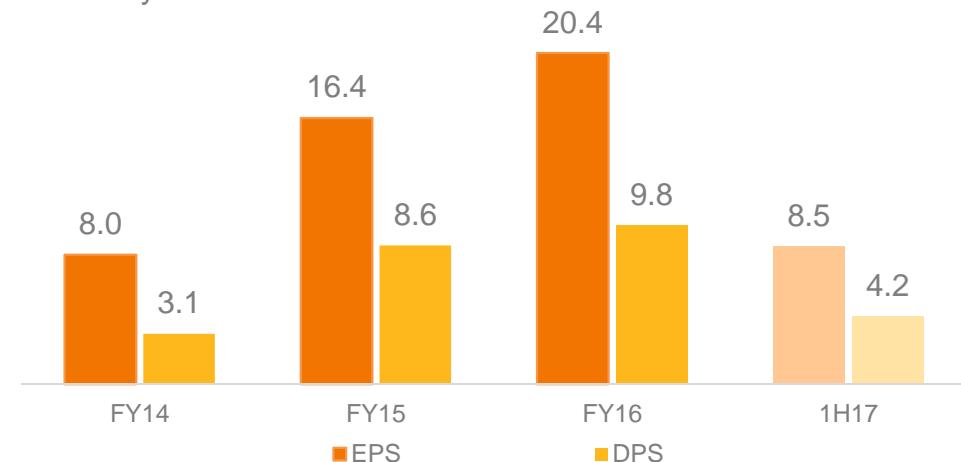


Notes:

- Assumes dividends are reinvested
- Excludes off-market trades, calculated using the periods between release of results (rather than balance dates)
- Based on Pioneer's internal forecasts and median covering broker forecasts

EPS and DPS (cents)

- Growing EPS with an estimated ~12% incremental accretion expected in FY18³ following the equity raising and PDP acquisitions
- Consistently high payout ratio of c. 50%
- Fully franked dividends



FY17 guidance

Another year of high quality, cautious and disciplined growth

FY17 PDP investment update

Date	FY17 PDP investment forecast
August 2016	\$50m
February 2017	\$53m
<i>Additional PDP investment expected</i>	+ \$3-5m
<i>This PDP acquisition</i>	+ \$14m
April 2017	\$70-72m

FY17 Net Profit after Taxation

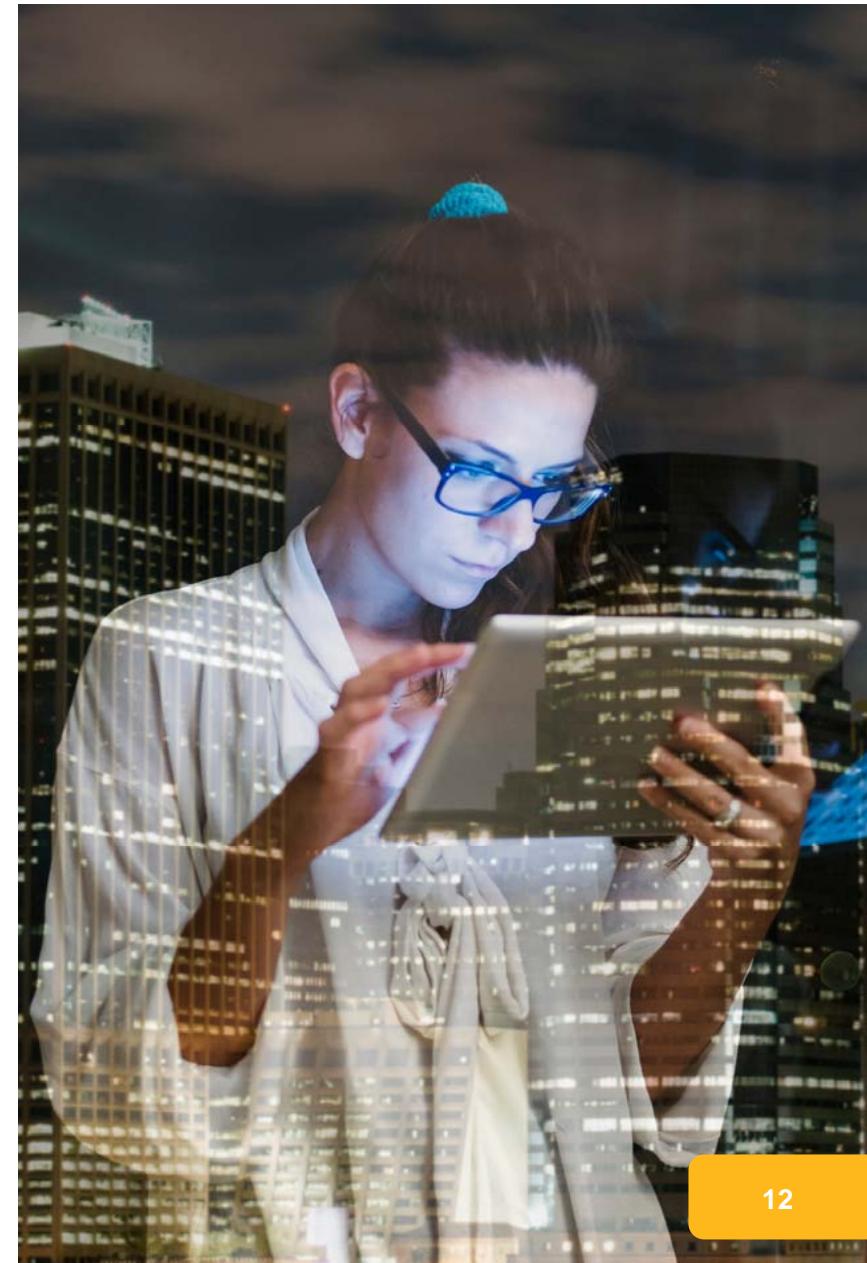
- Confirmation of Net Profit after Taxation of at least \$10.5m

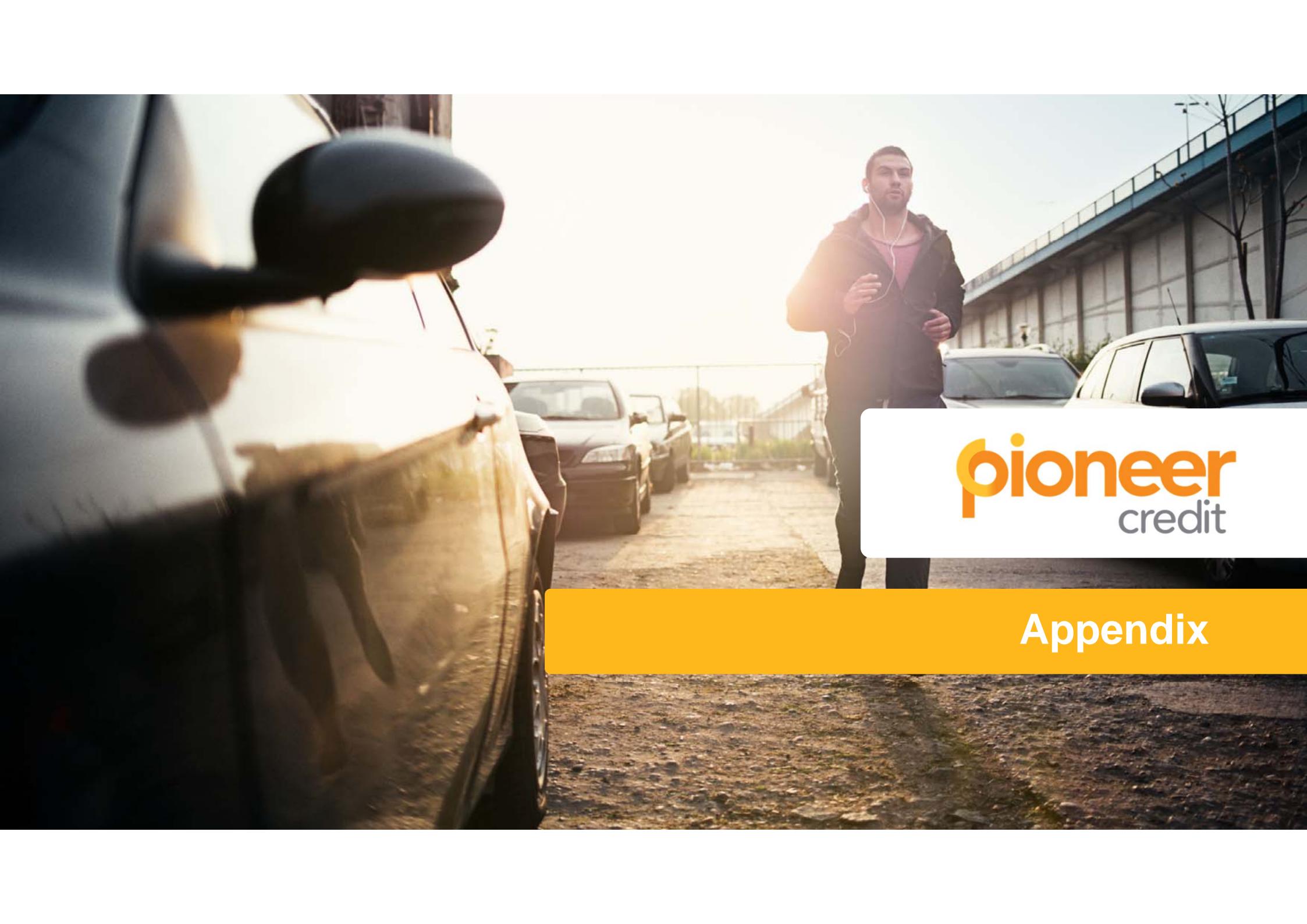


Strategic outlook – FY18 & beyond

Capitalising on opportunities

- Changing market dynamics are providing increased opportunities for Pioneer as a premium provider of differentiated services in the PDP market
 - Announcement of a material PDP acquisition of \$14m
 - Additional PDP acquisitions of \$3m to \$5m for FY17
 - **Total PDP investment in FY17 of \$70m to \$72m**
- Expect FY18 to continue to provide growth opportunities and have recruited only those that are a cultural fit for Pioneer
 - Commenced positioning for growth opportunities in 2H17, ahead of time
 - Recruitment of ~100 FTEs for customer service team is complete
 - Upskilling of new team members well progressed to contribute to significant drive in FY18 earnings
- Significant step in growing new financial services products secured with exclusive partnership with Rewardle
 - Over 2.3m engaged digital platform members
 - Over 70% of Rewardle members are aged between 18 and 39
 - No revenue has been forecast for product to Rewardle's members in FY18



A photograph of a man jogging on a paved path in an urban setting. He is wearing a black hoodie and headphones. In the background, there are several parked cars and a large concrete building with a bridge above it. The scene is lit with warm sunlight.

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Appendix

Corporate snapshot

Strong share price momentum, new debt facility, improving liquidity, and an increasingly institutionally owned register with high founder and management ownership

- Specialist acquirer and servicer of ‘Tier 1’¹ retail customer accounts
- Operates a unique, customer-centric service platform
- Conducts business by a guiding set of “Leadership Principles”
- Offices in Perth, Australia, and Manila, Philippines
- Portfolio across Australia and New Zealand

Share price and daily value traded over past year (\$/\$m)



Notes:

1. Customers not regarded as credit impaired when originated
2. Shareholdings based on pre-equity raising metrics
3. Includes Equity Incentive Plan (EIP) rights where conditions met (save for service conditions), likely to be acquired on market
4. Pre-equity raising shares on issue, and excludes 0.3m unlisted options and EIP rights per note 3 above

Top shareholders²

Keith John – Managing Director	15.4% ³
Banksia Capital	9.8%
OC FM	7.4%
Discovery AM	5.2%
Management (ex Keith John)	3.8% ³

Capital structure (prior to equity raising)

Share price, 3-Apr-17	\$2.11
Shares on issue ⁴	49.7m
Market capitalisation, 3-Apr-17	\$104.9m

Key risks

- **Achievement of FY17 guidance** – The Company expects to meet its market guidance and the Company is ahead of its Net Profit after Taxation (unaudited) expectation to 31 March 2017. This is despite 3Q17 net revenue being behind expectations by ~2%. As always, the Company's guidance is based on assumptions regarding the achievement of certain revenue targets. If net revenue achieved does not meet these targets for the remainder of FY17, there is a risk that the FY17 market guidance for Net Profit after Taxation of at least \$10.5m may not be achieved.
- **Achievement of FY18 guidance** – The Company has provided market guidance across a range of financial metrics for FY18 by providing Earnings per Share guidance. This guidance is contingent upon the Company's ability to continue to source and invest in PDPs at an appropriate price. There is no guarantee that this will be possible. At the date of this presentation the Company has ~\$37m of PDP investment secured for FY18 under forward flow contracts.
- **Reliance on personnel** – The loss of key personnel and the failure to attract, employ and train enough sufficiently qualified team members would likely affect the financial performance of the Company.
- **Reputation** – Pioneer's reputation and compliance record are important in maintaining its differentiation against its competitors and thus its ability to continue to invest in PDPs from appropriate financial institutions at an appropriate price point. Any number of events could have an adverse impact on Pioneer's reputation which may, in turn, impact on its financial performance.

Key risks cont.

- **Analysis of acquisition opportunity** – Pioneer has undertaken analysis of the transactions referred to in this presentation in order to determine its appropriateness for the Company. It is possible that such analysis and best estimate assumptions made by Pioneer, led to conclusions and forecasts that are inaccurate or which may not be realised in future.
- **Regulatory environment** – The Company operates under an Australian Credit Licence (ACL) and must also comply with other Australian and New Zealand regulations. Failure to comply with any of these regulations or the conditions of the ACL could result in conditions being applied to the ACL or suspension or termination of the ACL. Any changes to regulations, policies, or laws could adversely impact PNC's business model. For the avoidance of doubt, the Company is not aware of any impending change to its ACL and the Company is not, to the best of its knowledge, the subject of enquiry by any regulator with respect to its business activities.
- **Economic outlook** – A recession, negative economic change, natural disaster or other factors may lead to a weak market environment that would likely adversely affect the earnings potential of the Company. An increase in the unemployment rate in Australia or negative change in consumer sentiment would likely affect the ability of consumers to make debt repayments which would impact the Company's financial performance.

Indicative equity raising timetable

Pioneer is working to the indicative timetable provided below

Indicative timetable

Company in trading halt	Tuesday-Wednesday, 4-5 April 2017
Closing date for receipt of firm and irrevocable bids in Placement	Wednesday, 5 April 2017
Offer announced, lodge Rights Issue booklet with ASX and company resumes trading	Thursday, 6 April 2017
"Ex" date for the Rights Issue	Monday, 10 April 2017
Record date for Rights Issue	7.00 pm AEST Tuesday, 11 April 2017
Settlement of Placement New Shares	Wednesday, 12 April 2017
Despatch of Rights Issue booklet and acceptance form to Shareholders	Thursday, 13 April 2017
Allotment of Placement New Shares	Thursday, 13 April 2017
Closing date of Rights Issue	5.00pm AEST Monday, 1 May 2017
Settlement of Rights Issue New Shares	Friday, 5 May 2017
Allotment of Rights Issue New Shares	Monday, 8 May 2017

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act and the Listing Rules to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable.



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