

Pioneer delivers record result in FY17 and sets up for strong growth

- **All recently upgraded FY17 guidance met or exceeded**
 - PDP acquisitions above \$69.4m → **\$69.6m**
 - NPAT of at least \$10.7m → **\$10.8m**
- **Significant increases in key FY17 earnings measures**
 - Net revenue **up 18% to \$56.3m**
 - EBITDA **up 12% to \$35.0m**
 - EBIT **up 13% to \$17.4m**
 - NPAT **up 14% to \$10.8m**
- **Fully franked final dividend of 5.28c, taking total dividend per share for FY17 to 9.50c**
 - EPS and DPS are largely flat as a result of the equity raising completed in April 2017
- **Expected strong growth and earnings in FY18**
 - PDP acquisitions of at least \$70m
 - NPAT of at least \$16m
 - Significant discrete PDP investment of ~\$14m expected to contribute to FY18
 - ~120 FTE progressing through competency development to contribute to growth

Pioneer Credit Limited (ASX: PNC) ("**Pioneer**", or the "**Company**") today announced its full year results for the year ended 30 June 2017, achieving another year of growth, with increases in net revenue and a record Net Profit after Taxation.

The FY17 results were underpinned by Pioneer's ongoing focus on driving a consistent and disciplined approach to investment. The Company has continued to invest in the development of its operating platform which is expected to grow earnings quicker than the sector trend in FY18.

Pioneer Credit Managing Director, Mr Keith John, commented: "We are pleased with the strong full year result. Our continued discipline, highly differentiated service offering and ability to build and maintain long term relationships means Pioneer is well positioned to capitalise on a changing Australian market, characterised by an increasing focus on brand and appropriate customer treatment by those in the banking and finance sectors.

During FY17, Pioneer has significantly invested in its sustainable earnings growth, with its largest PDP investment to date and the onboarding of ~120 FTE to contribute to FY18 and beyond.

Pioneer has also continued to broaden its long-term customer base with considered expansion into adjacent market sectors and through the breadth of existing product offerings. We look forward to accelerating our financial product offerings in FY18."

PDP investment

Pioneer remains well positioned to take advantage of the continuing changes in market dynamics and has started to benefit from the normalisation of price expectations by vendors which has

allowed us to invest during the year, at an increasing rate, and at long term sustainable price points. Subsequently, Pioneer has had its strongest year of PDP investment to date, investing ~\$55.0m in forward flow and traditional portfolios and ~\$14.0m on a significant PDP.

FY17 operational highlights

Key operational achievements during FY17 included:

- Expansion into adjacent market sectors and diversification of its existing suite of products:
 - First New Zealand portfolio investment, from a subsidiary of a major Australian bank,
 - Launching Credit Place to provide free credit scores to new and existing customers with opportunity to drive additional customers into Pioneer Credit Connect, and
 - A strategic partnership agreement with Rewardle Holdings Limited to exclusively market personal lending products to a membership base of ~2.3m customers.
- Further development of Pioneer's credit risk and analytics expertise:
 - Expansion of our expert credit risk analytics capability to support operational efficiencies, more precise portfolio valuations and new product offerings.

Capital management and funding initiatives

During FY17, Pioneer executed a variety of capital management and funding initiatives to ensure the Company continues to grow while maintaining a healthy balance sheet:

- New 3-year \$110m facility syndicated by Bankwest and Westpac
 - With \$26.3m of headroom to fund further growth in PDP investment.
- Successful \$20m equity raising at the price of A\$2.00 per share to fund growth
 - Oversubscribed \$15m placement to institutional and sophisticated investors, and
 - \$5m fully underwritten non-renounceable rights issue to existing shareholders.

Dividend

The Directors have declared a fully franked interim dividend of 5.28 cents per share payable on 4 October 2017 with a record date of 30 August 2017.

Annual General Meeting

The Company confirms its Annual General Meeting will be held at 10 am on Friday 27 October 2017 at Level 8, Exchange Tower, 2 The Esplanade, Perth, WA, 6000.

Outlook and guidance

The Directors are pleased with the Company's full year performance and continue to be encouraged by favourable market conditions. The key focus areas for FY18 include:

- Executing operational strategy and using our analytics capability to drive increased performance,
- Continuing to assess new PDPs and rollover existing agreements,
- Refining the delivery of our financial product offering, with break-even contribution (on a run-rate basis) targeted by the end of FY18,



- Growing new financial products and leveraging exclusive partnerships with Rewardle and Goldfields Money, and
- Ongoing examination of acquisition opportunities in traditional and adjacent markets.

The Directors are pleased to advise their expected FY18 investment of at least \$70m in PDPs and a Net Profit after Taxation of at least \$16m.

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