

Pioneer Credit posts record result and strong FY19 outlook

Significant increases in all key measures:-

- Cash receipts of \$105.30m up 50.25%
- Statutory Net Profit after Taxation of \$17.60m up 63.68%
- EBITDA of \$54.34m up 55.06%
- EBIT of \$28.82m up 65.25%

Pioneer Credit Limited (ASX: PNC) ("**Pioneer**", or the "**Company**") today announced its full-year results for the period ended 30 June 2018.

For the first time, annual Purchased Debt Portfolio ('PDP') liquidations exceeded \$100m, growing by 43.90% to \$101.67m. This growth is testament to the Company's continued ability to invest in PDP forward flow programmes and larger one-off opportunities, on preferred terms. An effective and appropriate servicing strategy ensures that our cash generation outperforms, in a manner that is beneficial for all stakeholders, including our newly acquired customers, and is evidenced by our enviable Net Promoter Score of +16.

Off the back of the record liquidations result, Net Revenue grew by 44.74% to \$81.50m. Net Profit after Taxation grew by 63.68% to \$17.60m and reflected our continued substantial investment in positioning for future growth opportunities.

Continuing to invest in our differentiated service offering

With the rich interactions Pioneer has with our customers, we have a valuable data set from which to make informed decisions – on what portfolios we will invest in, to whom we will provide new personal loans, and increasingly on when and how to best engage with our customers. These aspects of our business are well ingrained, with an opportunity to improve.

Delivering a service that is valued, in a manner that is respectful and considerate, while recognising the evolving digital communication preferences of our customers is important to our continued success. Pioneer has typically been a later adopter of technology and this has served us well. We do however recognise the need to continue to adapt and the Company is pleased to announce an initial investment of \$500,000 in Australian fintech, InDebted.

InDebted is a technology business that provides data driven, receivables solutions. InDebted leverages machine learning and digital first communication to drive enhanced liquidation performance. The platform also uses real time payment technology and has a dynamic and system driven compliance engine enforcing regulation in real time, which continues to support Pioneer's offering. The opportunity in time is for this new technology to be migrated into, or to replace our existing platform, as well as increasing our investment in a business which we expect will be leveraged further to generate returns both in Australia and overseas. The Company's Managing Director Keith John has been appointed to InDebted's Board of Directors.

PDP investment and changing market dynamics

A continuing characteristic of the PDP market is the development of the competitive environment, the commentary on increasing volumes of accounts due to changes in accounting standards and the upwards price pressure that is being experienced.

Based on results released to the ASX, changes to expected loss provisions among the Big four banks have not exceeded 0.13%, an immaterial number and not one we expect will result in an

increase to account volumes coming to market. Of greater significance to the market is price. Pioneer has never experienced any material price pressure. In FY18 we made our largest PDP investment ever, circa \$84m, across the same types of accounts we have historically invested in, and at a price point that was (slightly) less than the prior period.

Pioneer has been and continues to be well positioned to take full advantage of the market dynamics. Our differentiation is valued and rewarded by major institutions, and in the current banking environment we expect this to continue.

Dividend

The Directors have declared a fully franked final dividend of 7.71 cents per share which will be payable on 26 October 2018. The record date for the dividend is 28 September 2018 and the Company will continue its Dividend Reinvestment Plan which 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 Company is pleased to advise that it expects to continue our growth in the new financial year and that we are increasingly seeing larger portfolio and acquisition opportunities worthy of our time. As a patient and disciplined Company, we look forward to keeping the market informed of our progress and delivering on:

- A personal loan book targeted at \$30m by the end of calendar year 2018,
- FY19 PDP investment of at least \$80m
- FY19 PDP liquidations of at least \$120m
- FY19 EBITDA of at least \$65m
- FY19 Net Profit after Taxation of at least \$20m.

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