



# 1H23 Results Presentation

February 2023



# Performance



# 1H23 Highlights

- **Record Cash Collections<sup>1</sup> – Up 40%** on pcp, as performance grows from recent PDP investments
- **Record EBITDA – Up 80%** on pcp, as cost to service continues to fall with business now at scale; clear demonstration of strong cash flows available to capture increasing PDP investment opportunities

## CASH COLLECTIONS<sup>1</sup>

**\$68.0m**

1H22: \$48.6m

▲ 40%

## EBITDA

**\$45.2m**

1H22: \$25.1m

▲ 80%

## EBIT

**\$13.1m**

1H22: \$2.4m

▲ 446%

## NPAT

**(\$1.3m)**

1H22: (\$22.8m)

▲ 94%

Note:

1. Previously called liquidations

# 1H23 Highlights

- PDP Investment
  - Quality opportunities emerged very late in the half, will contribute cash collections from 2H23
- Sustainable & growing Cash Collections
  - PA portfolio of \$460m across 41.1k customers, provides predictable, and growing cash flow
- Estimated Remaining Collections ('ERC') is expected cashflows from all PDPs
  - PDP asset value of \$308.1m (balance sheet carrying value) is the present value of ERC

**PDP  
INVESTMENT**

**\$42.4m**

1H22: \$23.7m

▲ 79%

**ESTIMATED  
REMAINING  
COLLECTIONS**

**\$586m**

**PDP ASSET  
VALUE**

**\$308.1m**

**PERFORMING  
ARRANGEMENTS  
(‘PA’) PORTFOLIO**

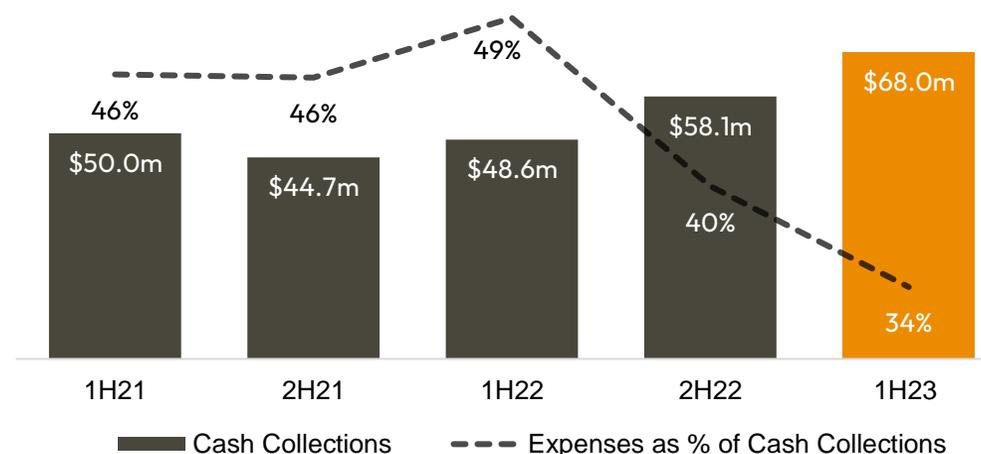
**\$460m**

# 1H23 Profit or Loss

Profit or Loss (\$'m)	1H22	1H23	%
Cash Collections	48.6	68.0	40%
Other income	0.3	0.3	-
<b>Total Revenue</b>	<b>48.8</b>	<b>68.3</b>	<b>40%</b>
Expenses	(23.8)	(23.1)	3%
<b>EBITDA</b>	<b>25.1</b>	<b>45.2</b>	<b>80%</b>
PDP amortisation	(20.5)	(29.8)	(45%)
Amortisation of finance & right of use asset	(0.8)	(1.6)	(94%)
Depreciation	(1.3)	(0.6)	52%
<b>EBIT</b>	<b>2.4</b>	<b>13.1</b>	<b>436%</b>
Interest expense	(25.3)	(14.4)	43%
<b>Loss before income tax</b>	<b>(22.8)</b>	<b>(1.3)</b>	<b>94%</b>

- Cash Collections up 40% on pcp
- Expenses continue to decrease - down 3% on pcp reflecting scale and increasing efficiency
- Interest expense reduction from Nov 22 refinance, with opportunity to further reduce significantly in calendar 2023

## Half Year Cash Collections and Expenses

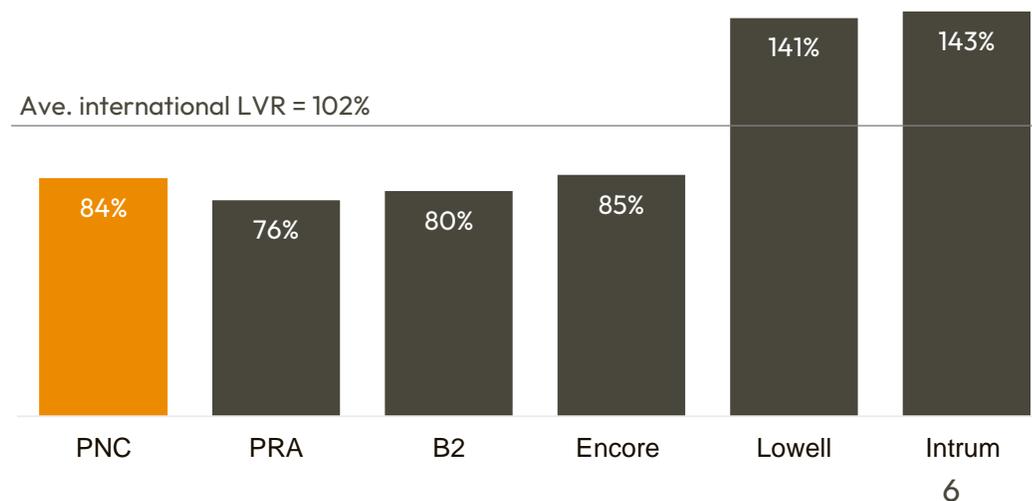


# 1H23 Balance Sheet

Balance Sheet (\$'m)	Jun-22	Dec-22
<b>Assets</b>		
Cash and cash equivalents	23.1	6.3
Trade and other receivables	6.2	2.6
PDP assets at amortised cost	295.5	308.1
Plant, property and equipment	0.8	0.8
Right of use asset	8.4	7.8
Intangible assets	1.0	0.8
Other	4.5	4.3
<b>Total Assets</b>	<b>339.5</b>	<b>330.9</b>
<b>Liabilities</b>		
Trade and other payables	28.7	12.4
Borrowings	256.7	266.0
Provisions	2.9	2.7
Lease liabilities	10.1	9.6
<b>Total Liabilities</b>	<b>298.4</b>	<b>290.7</b>
<b>Net Assets</b>	<b>41.1</b>	<b>40.2</b>

- Strong cash position
- PDP assets of \$308.1m
- \$22.3m deferred tax asset yet to be recognised
- \$6.5m franking credits
- Focus on reducing leverage over time through cash collections performance & cost management

## LVR Peer Comparison



# Funding

Ample funding, with further increases in facility available, to supplement significant free cash flow

Senior & Subordinated Debt (\$m)	Drawn	Undrawn	Available Funding
Tranche 1	125.0	-	125.0
Tranche 2	50.0	-	50.0
Tranche 3	16.0	9.0	25.0
Tranche 4 (Amortising Tranche)	25.4	-	25.4
<b>Total Senior Facility</b>	<b>216.4</b>	<b>9.0</b>	<b>225.4</b>
MTN	55.5	-	55.5
<b>Total Senior Debt</b>	<b>271.9</b>	<b>9.0</b>	<b>280.9</b>

Repayment Ability	
Tranche 4	<ul style="list-style-type: none"> <li>• Amortising from certain portfolio liquidations</li> </ul>
Tranche 2 & 3	<ul style="list-style-type: none"> <li>• Ability to repay and redraw</li> </ul>
MTN	<ul style="list-style-type: none"> <li>• Buy-back 20% at par, with remaining at 103% and decreasing over time</li> </ul>
Tranche 1	<ul style="list-style-type: none"> <li>• Fully drawn for a minimum period</li> </ul>

# **Pioneer Portfolio**



# PDP Investment

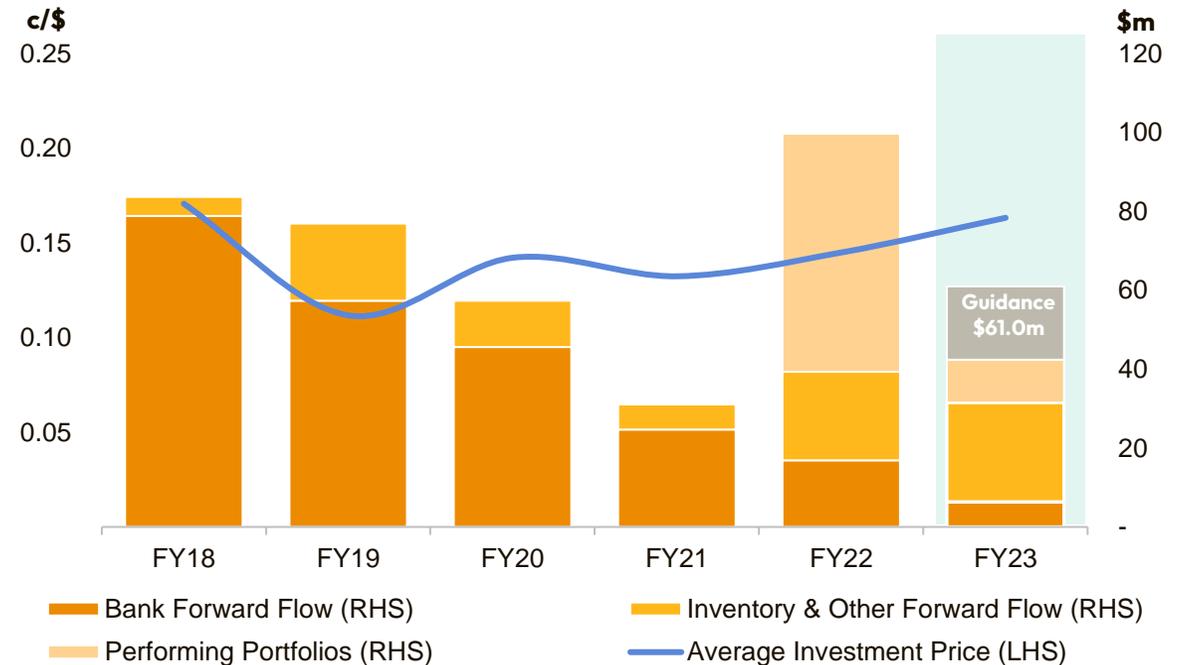
Quality opportunities emerged late; with December contributing 66% of 1H investment as Pioneer waited for the best opportunities

Best 1H Since Pre-Pandemic

17 Different Vendors

\$61m PDP Investment Guidance maintained, with upside building

PDP Investment & Investment Price<sup>1</sup>



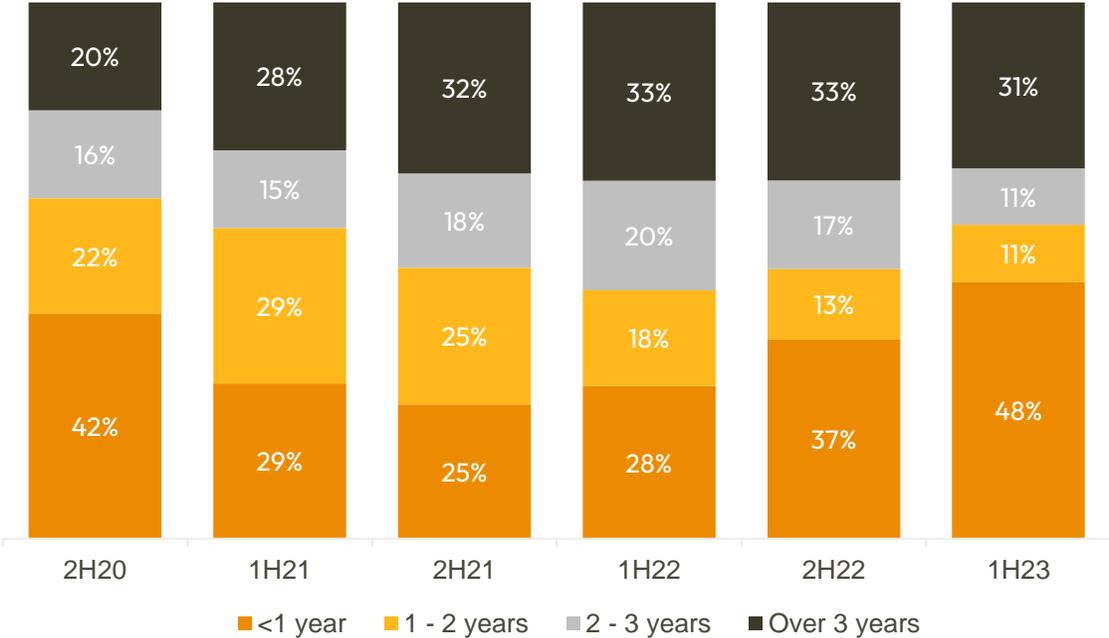
Note:

1. Investment price excludes investments in Performing Portfolios

# Cash Collections

Significant investment in last 12 months has shifted cash collections profile to earlier vintages

## Cash Collections by Vintage



**Cash collections from >2 year vintage increased to \$27.9m, up 6% on pcp**

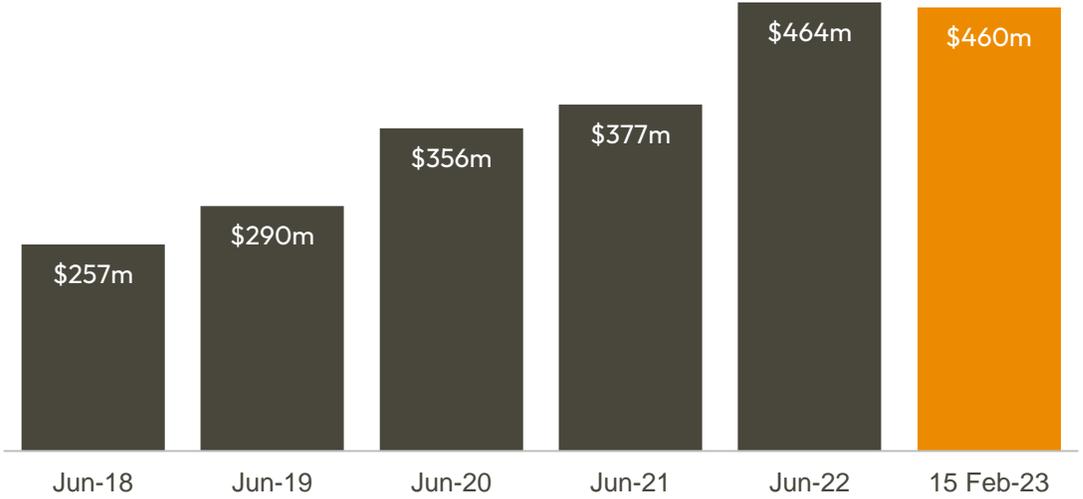
**Significant investment in last 12 months driving shift in cash collections profile**

# Performing Arrangement Portfolio

\$460m performing arrangement portfolio; resilient customer base with low direct exposure to rising interest rates, providing sustainable cashflow

- > 41k Customers
- 3.3% Default Rate
- 13% CAGR

Performing Portfolio Growth



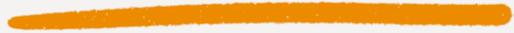
# Customer Treatment

Proven customer first service, validated by NPS<sup>1</sup>; and an enviable compliance record

NPS	MEASURING CUSTOMER EXPERIENCE				ETHICAL DEBT RECOVERY
<b>+24</b> NPS Dec-22 Rolling 6-month average	<b>(25)</b> First Contact	<b>+16</b> New Payers	<b>+41</b> Ongoing Payers	<b>+30</b> Settled Payers	<ul style="list-style-type: none"><li>✓ Policy of no payday loans as part of portfolio</li><li>✓ Staff are enabled to have human conversations</li><li>✓ Underpinned by strong compliance framework that supports good customer outcomes</li><li>✓ No additional credit or new loans sold to customers that continue the debt cycle</li><li>✓ B Corp self-certification completed with formal ESG certification and audit progressing</li></ul>
 <p>“You were a pleasure to deal with, put me at ease from first contact by working with me and not being demanding. I was treated with respect and empathy, thank you”</p> <p>“I was in a tough position and Pioneer showed compassion and cared about my situation.”</p>					

Note:  
1. Net Promoter Score measures the willingness of a customer to recommend a product or service

# Outlook



# Positive FY23 Outlook



## Thrive under increased regulatory scrutiny

- Continued investment in compliance, customer treatment and internal audit
- Pioneer's strong compliance record and NPS remain an advantage



## Capitalise on PDP investment opportunities

- \$42m investment in 1H23 supported by inventory and performing portfolios
- PDP investment (and cash collections) underpinned by 5-year CBA agreement



## Grow performing arrangement portfolio

- Risk diverse performing portfolio of \$460m across >41k customers
- Provides predictable, and growing cash flow



## Realise operating leverage

- Continue investment in data and analytics to realise operational leverage and further improve cash collections
- Discussions with external parties to reduce cost of funding



## Improving macroeconomic conditions

- Macro tailwinds; tightening economy for increased PDP supply, into an environment of full employment
- **On track for FY23 profitability**

**Thank you**



# **Appendix**



**We're here  
to put an end  
to debt stress.**

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**Be human**



**Choose integrity**



**Act with purpose**

# 1H23 Cash Flow

Cash Flows (\$'m)	1H22	1H23
<b>Cash flows from operating activities</b>		
Cash collections and receivables	48.9	71.9
Trade and other payables	(23.9)	(22.2)
Net interest paid	(15.9)	(13.8)
Purchased debt portfolios	(22.1)	(60.0)
<b>Net cash flows from operating activities</b>	<b>(13.0)</b>	<b>(24.1)</b>
<b>Cash flows from investing activities</b>		
Plant, property and equipment/ Intangibles	(0.1)	(0.4)
<b>Net cash flows from investing activities</b>	<b>(0.1)</b>	<b>(0.4)</b>
<b>Cash flows from financing activities</b>		
Loan drawdown / (Repayment)	13.0	8.6
Lease under AASB16 (rent)	(1.4)	(0.8)
Other	(1.3)	-
<b>Net cash flows from financing activities</b>	<b>10.3</b>	<b>7.8</b>
<b>Net cash flows</b>	<b>(2.8)</b>	<b>(16.8)</b>
<b>Closing cash and cash equivalents</b>	<b>7.6</b>	<b>6.3</b>

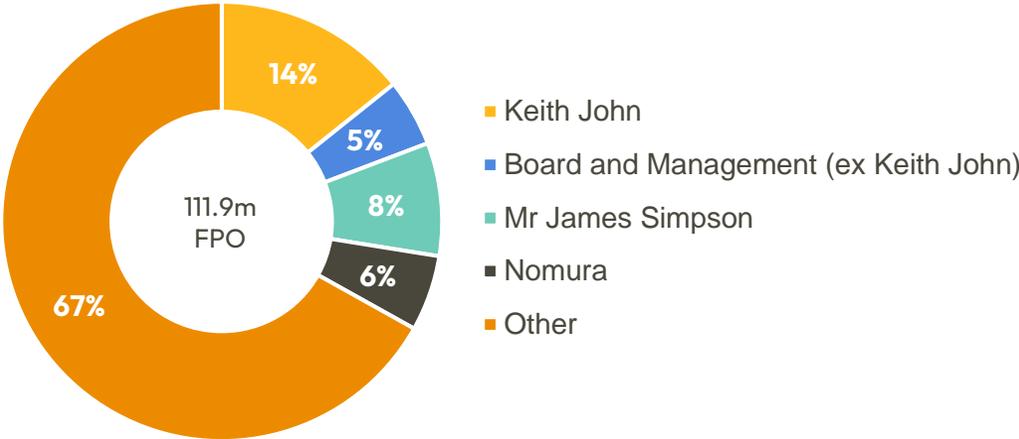
- 40% increase in cash collections substantially funding investment in PDP assets
- \$42.4m PDP Investment, \$60.0m cash settled in half
  - Difference is 2H22 investment settled in 1H23
- Net loan drawdown of \$8.6m

# Capital Structure

Significant level of Board and Management ownership

## Shareholder Profile

- Founder & MD Keith John owns 14% (including in-the-money MD Options)
- Board and Management own 5% (including performance rights, yet to vest)
- Every Executive has equity and participates with senior management in the Equity Incentive Plan ('EIP')
- No Executive or senior manager has a Short Term Incentive payable, to ensure alignment with long term decision making
- Aligns management remuneration to shareholder wealth creation through EIP vesting over substantive term of PDP realisations (generally 3 – 5 years)



Options / Performance Rights	#
Shares on Issue	111,944,093
MD Options: Exercisable at \$0.30c	8,000,000
Options: Exercisable at \$0.80c	29,361,726
Performance Rights	4,165,250
Shares owned by PNC (EIP Trust)	4,483,960

# Board of Directors



**Steve Targett**

Chairman

- Significant board and executive experience across financial services
- Chairman of P&N Bank



**Keith John**

Managing Director

- Founder of Pioneer Credit
- Over 25 years' experience in the financial services
- Director of Midbridge Investments & Bondi Born



**Peter Hall**

Non-Executive Director

- Significant experience across financial services, with expertise in credit risk
- Previously Non-Executive Director of BNK Banking Corporation Limited



**Michelle d'Almeida**

Non-Executive Director

- Significant digital transformation and consumer market experience
- Non-Executive Director of ACTIV Foundation

# Executive Leadership



**Sue Symmons**

General Counsel & Co. Secretary

- Over 25 years' experience including at Automotive Holdings Group Limited and Helloworld Ltd
- BComm, MBL and Member of the Governance Institute of Australia



**Barry Hartnett**

Chief Financial Officer

- 9 years' at Pioneer across finance & development
- BFin, Acc and Econ
- Member of the Chartered Accountants Australia & New Zealand



**Andrea Hoskins**

Chief Operating Officer

- Strategic and commercial leader with over 15 years' experience, mostly in financial services
- 10 years with HBF in senior management and executive roles
- BComm (Marketing & PR)



**Joe Terribile**

Chief Information Officer

- Chief Information Officer since November 2021
- BBus (Information Systems)
- Over 20 years of broad IT experience

**pioneer**  
credit