

**ASX Release**  
**29 August 2014**  
**For Immediate Release**

## **Correction to FY14 Results Media Release and FY14 Results Presentation**

The Directors of Pioneer Credit Limited (ASX: PNC) advise that they have become aware of an error in the FY14 Results Media Release and the FY14 Result Presentation released to the market on 28 August 2014.

The errors are confined to tables presented for comparative purposes and relate to the EBITDA (Adjusted) and EBIT lines. They occurred due to a clerical error within our office.

The Company's Appendix 4E and Annual Report as released are correct in every aspect.

The tables, as corrected, are;

### **Year on Year Performance\***

	<b>FY13</b>	<b>FY14</b>	<b>% Growth</b>
Customer Payments	23.4	37.6	60.3%
Net Revenue	16.7	25.8	54.5%
EBITDA Adjusted <sup>1</sup>	13.0	19.6	50.5%
EBIT	5.9	7.4	26.0%
Operating Profit after Tax	3.9	4.6	17.4%
PDL Investment	26.5	31.6	19.5%

\* Amended items are highlighted in yellow. Appears in FY14 Media Release and on page 7 of FY14 Results Presentation

### **Actual vs. Prospectus \***

	<b>Prospectus<sup>2</sup></b>	<b>Actual</b>	<b>% Outperformance</b>
Customer Payments	37.0	37.6	1.5%
Net Revenue	25.3	25.8	1.7%
EBITDA Adjusted <sup>1</sup>	19.1	19.6	2.5%
EBIT	7.0	7.4	5.1%
Operating Profit after Tax	4.5	4.6	2.6%
PDL Investment	30.3	31.6	4.7%

\* Amended items are highlighted in yellow. Appears in FY14 Media Release and on page 7 of FY14 Results Presentation



**Strong cash generation\*\***

Cash flow	FY13	FY14
EBITDA Adjusted <sup>1</sup>	13.0	19.6
Operating Cash Flow <sup>2</sup>	13.8	26.4
Tax Paid	(0.8)	(3.2)
PP&E	(0.9)	(0.9)
Operating Cash Flow Before Debt Purchase	12.1	22.2
Debt Purchases	(26.5)	(31.6)
Net Cash Flow Before Interest & Financing	(14.4)	(9.4)
Interest Paid/Received	(0.4)	(0.6)
Net Cash Flow Post Tax	(14.8)	(10.0)
Financing	14.8	13.5
Net Increase in cash and cash equivalents	0.1	3.5
<b>Key Metrics</b>		
YOY Increase in Debt Purchase		20%
Operating Cash Flow/ EBITDA Adjusted	106%	135%

\*\* Amended items are highlighted in yellow. Appears on page 8 of FY14 Results Presentation

A full copy of each amended document follows. No other amendments have been made to either document and the Company confirms that all other aspects of its releases on 28 August 2014 are correct.



## **About Pioneer Credit**

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

These portfolios consist of people with financial obligations to Pioneer. These people become the cornerstone of Pioneer's business and are our customers.

We work closely with our customers who – for a range of reasons – have found themselves in financial difficulty. In a vast proportion of cases this has come about through a major life event such as loss of job, significant health issues, marriage breakdown or domestic violence.

A key goal at Pioneer as it works with its customers is to see them progress towards financial recovery, and through this process evolve as a 'new consumer'.

For further information about Pioneer see [www.pioneercredit.com.au](http://www.pioneercredit.com.au)

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### **Pioneer Credit Limited**

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**ASX Release**  
**28 August 2014**  
**For Immediate Release**

## Strong FY14 performance provides platform for Pioneer Credit's growth

The Directors of Pioneer Credit Limited (ASX: PNC) are pleased to report that the Company has delivered an operating profit after tax of \$4.6 million in its first year as a public company.

In what has been a watershed year, Pioneer has outperformed the forecast set out in the Prospectus for its Initial Public Offering. The profit has been achieved on the back of strong gains in customer payments, which are up 60% on the previous twelve months.

### Key highlights, Year on Year Performance:

	FY13	FY14	% Growth
Customer Payments	23.4	37.6	60.3%
Net Revenue	16.7	25.8	54.5%
EBITDA Adjusted <sup>3</sup>	13.0	19.6	50.5%
EBIT	5.9	7.4	26.0%
Operating Profit after Tax	3.9	4.6	17.4%
PDL Investment	26.5	31.6	19.5%

### Key highlights, Actual vs. Prospectus:

	Prospectus <sup>1</sup>	Actual	% Outperformance
Customer Payments	37.0	37.6	1.5% <sup>2</sup>
Net Revenue	25.3	25.8	1.7%
EBITDA Adjusted <sup>3</sup>	19.1	19.6	2.5%
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Operating Profit after Tax	4.5	4.6	2.6%
PDL Investment	30.3	31.6	4.7%

<sup>1</sup> Prospectus comprises first half actual result and second half forecast result

<sup>2</sup> Customer payments actual performance in the second half exceeded forecast by 2.5 %

<sup>3</sup> EBITDA (Adjusted) is EBITDA net of the Change in Value

As forecast in the Prospectus, the costs associated with listing on the Australian Securities Exchange have had a material one-off impact on the Company's result. The operating profit metrics used above reflect the core earnings performance of the Group.



Commenting on the results, Pioneer's Managing Director Keith John said: "With the successful conclusion of the largest capital raising completed out of Western Australia in almost two years, Pioneer listed on 1 May 2014 with a solid performance backed by an institutional shareholder base that sees the Company well positioned for growth.

"In the lead-up to the raising we took the time to articulate the Company's approach to business, which is built around a core set of Leadership Principles which are deeply embedded right across the business. This is paired with a conservative approach to our investment in debt portfolios and capital management along with a strong customer service ethos and an open and transparent relationship with all stakeholders, including our valued shareholders.

Mr John said the Company had set out to achieve a sector-leading level of disclosure in its financial statements. Supported by the retention of Tier 1 auditors, the Company's disclosure regime ensures shareholders can make informed decisions about the quality of its earnings and balance sheet.

"We are proud that these are both at levels which we believe set the foundation for Pioneer over the coming years as we continue to meet our forecasts and demonstrate the high quality of our business."

Since listing, Pioneer has made a series of announcements with respect to significant agreements with existing and new vendor partners. These agreements have ensured that Pioneer's forecast FY15 portfolio investment target has been met, which is seen as key to underpinning the Company's future growth. In addition, these new agreements go some way to mitigating any perceived client concentration risk.

"In reality, we regard the strong, long-standing relationships we have with our key clients as a core strength of this business – and certainly not a risk. These relationships, and the new ones we have announced this year, form the platform for the continued growth of Pioneer," Mr John said.

## **Outlook**

The strategy for Pioneer's business has been very clearly laid.

Key elements of this strategy are as follows;

- continue to work hard at building a conservative and long-term sustainable business
- grow and strengthen vendor relationships
- explore ways in which we can deliver additional value to our rehabilitated customer base through the provision of new products and services

"We are pleased to confirm that this strategy is our 'road map' for the growth of the business.

"At the same time we confirm our investment forecast of \$37.9m (which is under contract and met), customer payments forecast of \$57.4m and a profit after tax of \$6.6m for FY15."



## **About Pioneer Credit**

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We work closely with our customers who – for a range of reasons – have found themselves in financial difficulty. In a vast proportion of cases this has come about through a major life event such as loss of job, significant health issues, marriage breakdown or domestic violence.

A key goal at Pioneer as it works with its customers is to see them progress towards financial recovery, and through this process evolve as a 'new consumer'.

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# FY14 Results Presentation

28 August 2014



# Who is pioneercredit?

Pioneer is an Australian financial services provider, specialising in acquiring and servicing unsecured retail debt portfolios. These portfolios consist of people with financial obligations to Pioneer. These people become the cornerstone of Pioneer's customer relationships. Pioneer works with its customers over time so that they can meet their obligations and progress towards financial recovery, and through this process evolve as a 'new consumer'.





## Leadership Principles

Pioneer's customer service team is trained to work to Pioneer's six "Leadership Principles".



**TECHNICAL**  
COMPETENCE

- Be consistent and relentless in exhibiting best practice and sharpening your skills
- Always act with integrity



**CLEAR**  
COMMUNICATION

- Learn to connect with people in a way they can relate to



**UNWAVERING**  
PASSION

- The fire inside you and the love for what you do and for your team needs to be visible to all around you



**FEARLESS**  
VISION

- Forward plan to carve the path to exceptional results
- Don't be afraid to look outside the square and commit to what you see



**UNLIMITED**  
ACCESSIBILITY

- Be available when no-one else is



**SELFLESS**  
LOYALTY

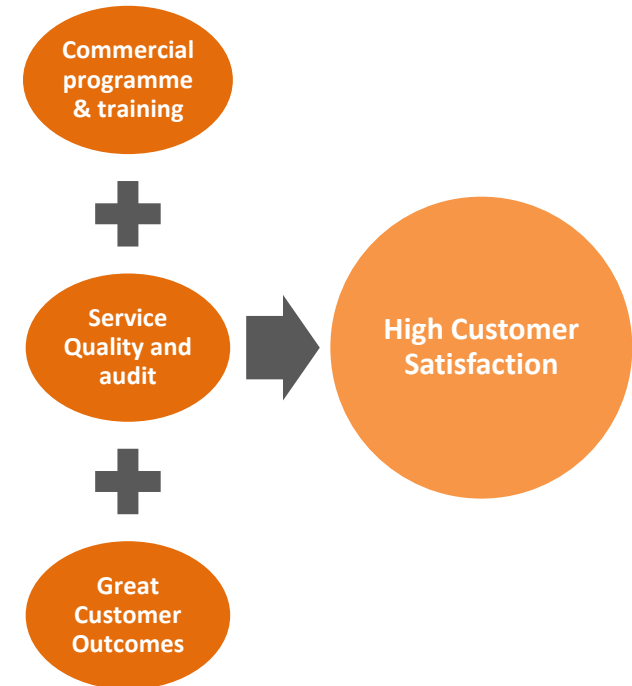
- Put your team and your company first without question

## Positive Differentiation

### Leading in Commercial Compliance behavior

- Credit risk moves to Pioneer, brand risk stays with our vendor partner
- Focused effort on a “Commercial Compliance” programme – facilitating good customer outcomes
- Customer interaction is quality measured through formal auditing of all communication – soon to be extended to customer surveys
- Underscores Pioneer’s POSITIVE DIFFERENTIATION strategy to vendor partners – exhibited through exceptional compliance outcomes

During FY14	Volume
customers active during the period	69,531
total customer contacts	1,130,423
average contacts per customer	~16
customer accounts escalated to internal compliance team	1.69%
customer accounts escalated to external dispute resolution (EDR)	0.13%
EDR matters determined against Pioneer	NIL

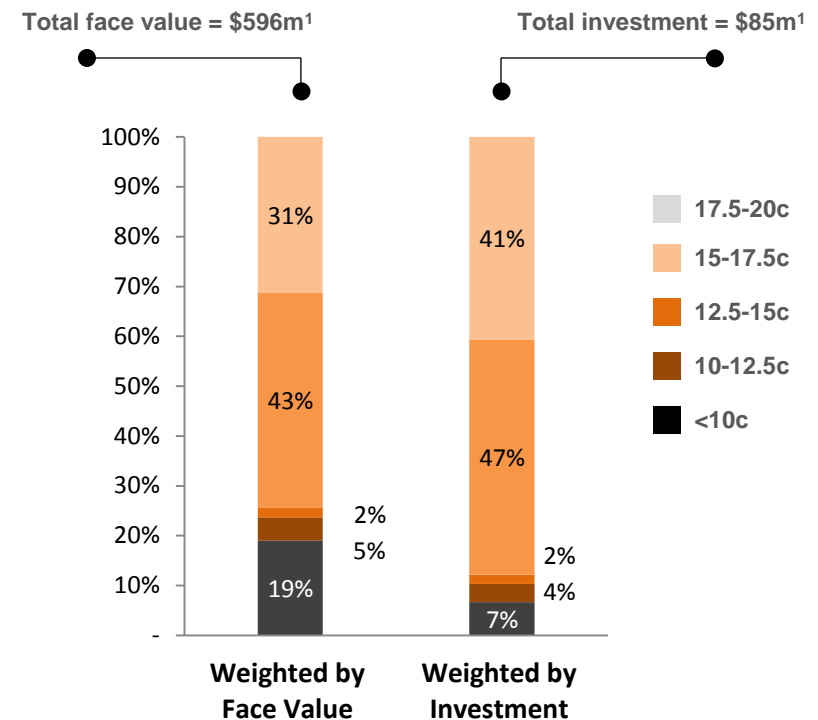


## Disciplined Capital Allocation

Pioneer purchases retail consumer accounts are ~180 days overdue

- Focus on purchasing quality personal loan and credit card portfolios
- Competitive advantage lies in brand, reputation, service standard and customer service philosophy
- Of the \$37.9m forecast in FY15, 100% of investment is under contract providing a high degree of certainty of future liquidations
- Pioneer focuses on liquidating accounts in full by giving customers adequate time to pay by entering into sustainable payment arrangements

### Historical Aggregate Portfolio Investments



**Notes:**

1. As at 30<sup>th</sup> June 2014.

## FY14 Headlines

- IPO capital raising of \$40.0m closed over-subscribed
- Customer Payments of \$35.7m in FY14, a 60.3% increase YOY
- Net Revenue of \$25.7m in FY14, a 54.5% increase YOY
- Additional agreements with new and existing vendor partners including a 5 year forward flow contract extension
- Maintenance of pricing discipline (existing agreements rolled on average at more favourable pricing)
- In June 2014 opening of Pioneer's first purpose built facility in the Perth CBD
  - ✓ attracts and retains high performing customer service personnel
- High calibre, experienced Directors appointed to the Board
- Engagement of quality professional advisors including an annual independent audit by PricewaterhouseCoopers

## FY 14 Financial Results

Pioneer's key financial highlights are attractive and reflect strong growth

### Year on Year Performance

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### Actual vs. Prospectus

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### Notes:

1. EBITDA (Adjusted) is EBITDA net of the change in CIV charge
2. Prospectus comprises of first half actual result and second half forecast result

- Customer Payments in the 2H14 exceeded forecast by 2.5%
- Change in Value 'charge' of 32% of Customer Payments, consistent with prospectus forecast
- Net Revenue of \$25.8m, growth of 54.5% YOY
- EBIT growth of 26.0%
  - significant investment in headcount to deliver future EBIT margin growth
- Material one off costs associated with listing and 'clean up' of private capital structure in FY14
- Operating profit after tax of \$4.6m, growth of 17% YOY
- Final fully franked dividend of 3.1 cents per share
  - Record date of 30 September 2014
  - Payment date of 17 October 2014

## Strong cash generation

Cash flow	FY13	FY14
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Net Increase in cash and cash equivalents	0.1	3.5
<b>Key Metrics</b>		
YOY Increase in Debt Purchase		20%
Operating Cash Flow/ EBITDA Adjusted	106%	135%

**Notes:**

1. EBITDA (Adjusted) is EBITDA net of the change in CIV charge
2. Operating Cash flow is before debt purchase, interest, financing & tax

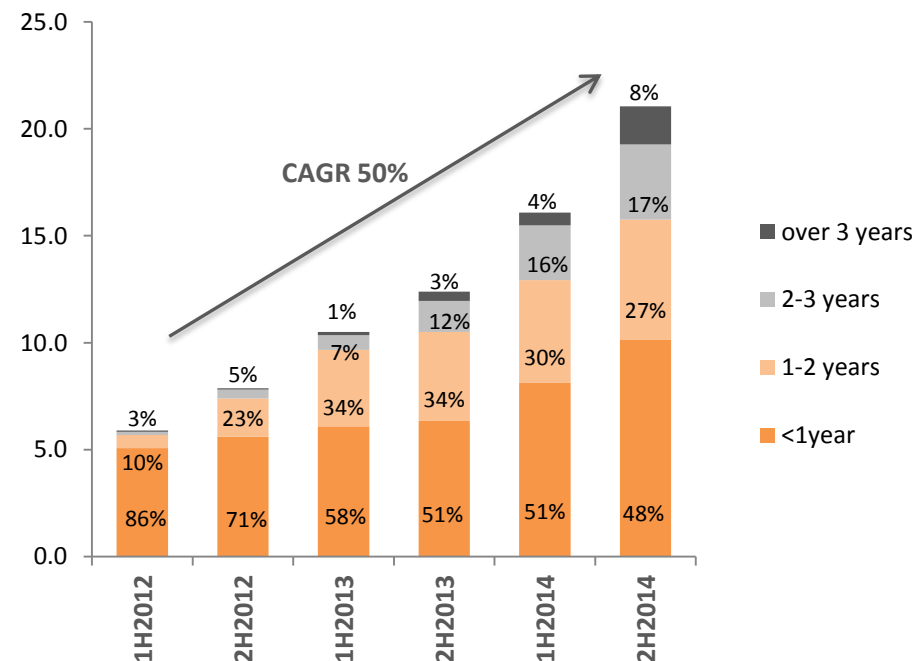
- Operating cash flow before purchases of \$21.2m, an increase of 81% YOY
- Cash is invested in new portfolios which drive growth in future years
- EBITDA Adjusted converts strongly to operating cash flow
- Senior debt facility expanded to \$47m
  - Undrawn limit of \$44m at 30 June 2014
- Loan to FV of PDP value ratio of 11.6%
  - Target of < 40% (facility covenant at 45%)
- As per the Prospectus, costs associated with listing on the ASX have had a material one-off impact on the Company's result. The operating cash metrics used above reflect the core earnings performance of the Group

## Liquidation of Purchased Debt Portfolios (PDP)

### Price drives Multiple

- Pioneer's half yearly Customer Payments have grown from \$6.2m in 1H12 to \$21.3m in 2H14.
- A compound annual growth rate of 50%
- 25% of customer payments receipted in 2H14 related to portfolios > 2 years old
- Demonstrated long term liquidations of portfolios

PDP Liquidation (\$m) <sup>1</sup>



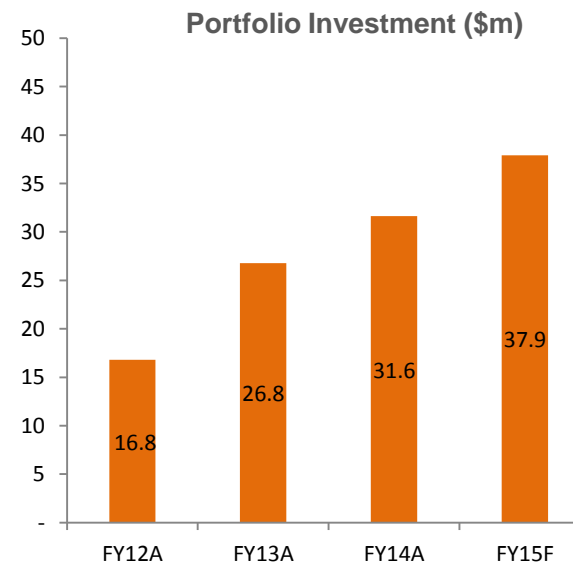
**Notes:**

1. As at 30<sup>th</sup> June 2014..

## Leading Australian purchaser of financial services debt

### Pioneer has built strong relationships with its Vendor Partners

- Purchases predominantly tier 1 debt (financial institution customers not regarded as credit impaired when originated)
- Agreements with 3 of the 4 major banks in Australia and solid relationships with other major originators
- 100% of FY15 purchases contracted
- Agreements have a history of renewal at Pioneer
  - Five current agreements are the extension or renewal of existing agreements
  - The latest renewal is for a period of up to 5 years, an Australian purchasing commitment first
- Facilitates strong forecast accuracy





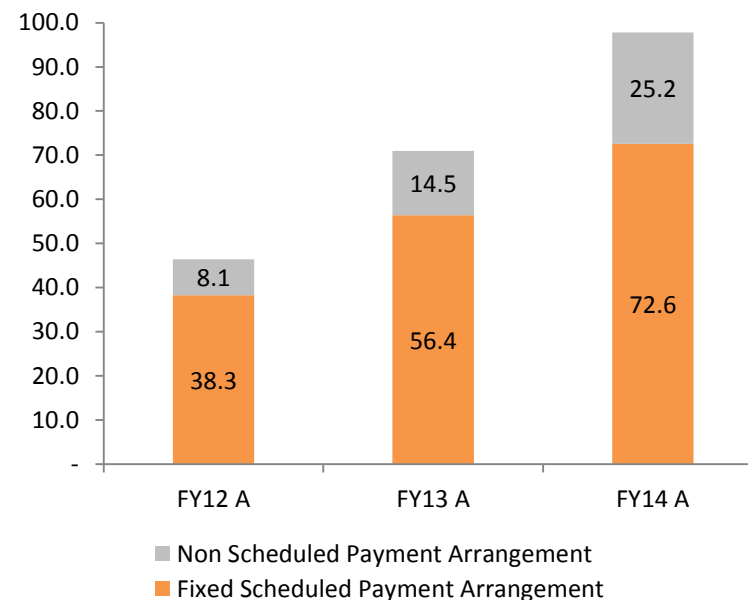
## Customer payment security through a growing Payment Arrangement book

Pioneer's primary strategy is to develop relationships with customers

### Payment Arrangement book

- Two types of Payment Arrangements:
  - Fixed Schedule Payment Arrangements whereby agreed periodic payments are made until the account is closed with interest at an agreed rate; and
  - Non Scheduled Payment Arrangements whereby the customer agrees to pay but does not commit to a fixed schedule.
- Payment Arrangement book of \$97.8m as at 30 June 2014
- Average account balance of committed Payment Arrangement of ~\$9,400 with a weighted average age of 1.5 years
- Average account balance of total portfolios is >\$10,000

Payment Arrangement Book Current Balance (\$m)



## FY15 Growth & Outlook

**Pioneer has a simple business strategy.**

- Continue to work hard at building a conservative and long term sustainable business
- Growth and strengthen vendor relationships
- Explore ways in which we can deliver additional value to our rehabilitated customer base through the provision of new products and services

### **FY15 Forecast**

- PDP Investment of \$37.9m
- Customer Payments of \$57.4m
- EBIT Margin (On Revenue) of 26%
- Profit after tax of \$6.6m



## Investors / Media

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