



# **FY24 Pre-Results Roadshow Unaudited Cash Numbers**

July 2024

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**The financial information included in this presentation is from the Company’s management accounts, is unaudited and is subject to change.**

# **FY24 Highlights**



# FY24 Highlights

- **Cash Collections growth continues**
- **EBITDA** shows strong free cash generation to fund PDP investment and balance sheet deleveraging
- **PDP Investment** in line with increased guidance and reflecting an improving supply for Pioneer
- **Senior refinance closed** - to deliver immediate savings in FY25

**\$145.9m**

Cash Collections<sup>1,2</sup>

FY23: \$132.6m

▲ 10%

**\$96.9m**

EBITDA<sup>1,3</sup>

FY23: \$86.1m

▲ 12%

**\$93.6m**

PDP Investment<sup>1</sup>

FY23: \$59.2m

▲ 58%

**35%**

Cost to Service (“CTS”)<sup>1,2</sup>

FY23: 35%

▲ -%

Note:

1. From the Company’s management accounts, are unaudited and are subject to change
2. Includes payments classified as other income
3. Normalised to remove non-recurring senior refinancing and other expenses (comparative figures are statutory)

# About Pioneer



# About Pioneer

- Pioneer is a debt recovery specialist that acquires and services retail finance Purchased Debt Portfolios (“PDPs”)
- PDPs are acquired from major banks, financial institutions and non-bank lenders; and are held on balance sheet
- Pioneer is a leader in the Australian PDP market, with a market duopoly emerging as competitors continue to exit
- Since 2008, Pioneer has invested over \$735m in PDPs, which is \$5.7b in receivables across 738k customer accounts
- An active customer base of 205k with \$2.0b in receivables due to Pioneer, including \$441m in payment arrangements
- Pioneer’s people are “founded in good” and have a strong social conscience. This is valued by debt vendors



## We buy impaired credit

We partner with a range of leading financial institutions to purchase outstanding debt



## We provide flexible solutions

We tailor solutions to help our customers address their account in a way that suits their needs



## We focus on customer care

Our high Net Promotor Score (“NPS”) shows our commitment to providing a positive customer experience

# Our Purpose, Principles and Vision

## Our Purpose



To put an end to  
debt stress

## Our Principles



### Act with purpose

We see people, and seek to understand



### Be human

We do what's right, not what's easy



### Choose integrity

We commit to making a positive difference

## Our Vision

We want to be the first choice;

- ✓ If a **customer** has multiple debts, they choose to work with Pioneer
- ✓ When presented a choice, **vendors** choose Pioneer to sell debt to
- ✓ **People** choose to work for Pioneer
- ✓ **Investors** choose Pioneer to invest in

# Executive Management

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**Keith John**

Managing Director

- 
- Founder of Pioneer
  - Over 30 years' experience in financial services
  - Chair of Bondi Born & Midbridge Investments



**Sue Symmons**

Company Secretary

- 
- Over 30 years' experience inc at Automotive Holdings Group Ltd and Helloworld Ltd
  - BComm, MBL, Member of the Governance Institute of Aust.



**Barry Hartnett**

Chief Financial Officer

- 
- 10 years at Pioneer across finance and corporate development
  - BFin, Acc and Econ
  - Member of the Chartered Accountants Australia & NZ



**Andrea Hoskins**

Chief Operating Officer

- 
- Strategic and commercial leader with over 20 years' experience
  - 10 years with HBF in senior management and executive
  - BComm, GAICD



# Portfolio Opportunity

\$2.0b of receivables; \$441m performing portfolio, with an inventory opportunity of \$1.6b

## TOTAL PORTFOLIO OPPORTUNITY

### PIONEER PORTFOLIO

\$2.0b in receivables

205k active customers

### WIP PORTFOLIO

\$1.6b  
in receivables

### PERFORMING PORTFOLIO

\$441m  
in receivables

### Work in Progress (WIP) portfolio (\$1.6b in receivables due)

- Consists of customers we are working with to cure
- Includes new to business customers just purchased

### Performing Portfolio (\$441m in receivables due)

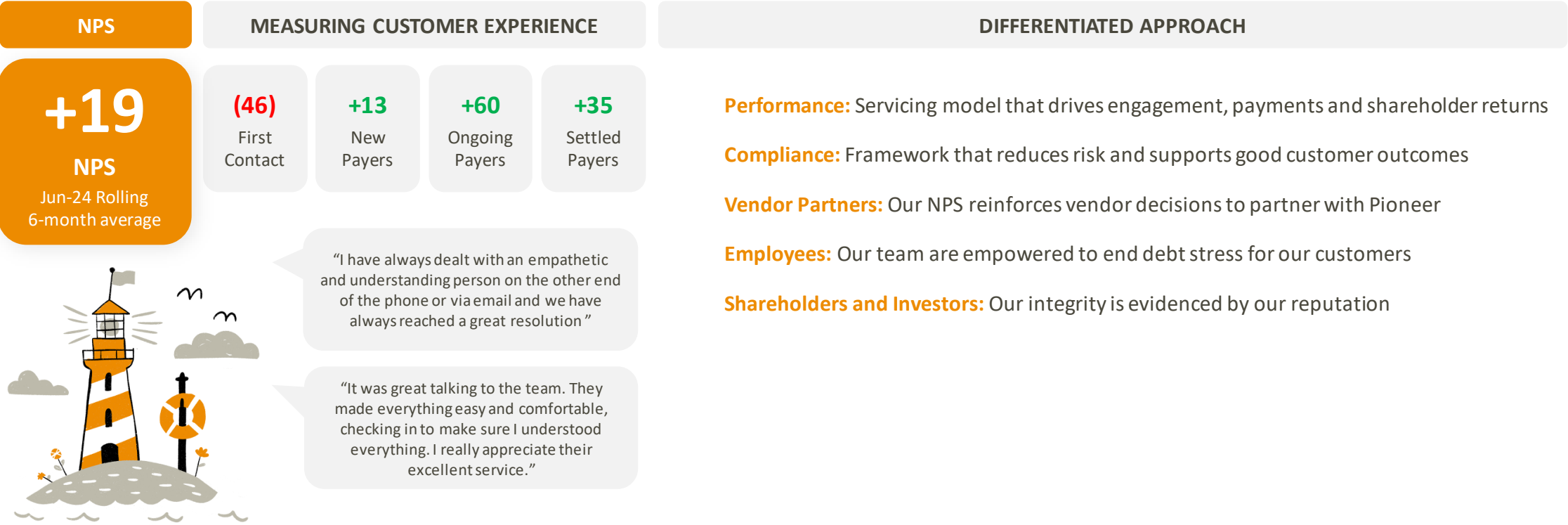
- Performing portfolio customers are low CTS
- Consists of customers making weekly, fortnight or monthly payments
- Customers are paying down debt more quickly than expected
- Evidences strength of customers (from portfolio quality)
  - No payday loans or lower quality receivables
- Portfolio increases through each period as pay down continues
- Forecast at opening of FY25 to contribute ~\$70m in Cash Collections

Note:

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# Customer Outcomes

Strong Net Promoter Score evidences our genuine care for our customers



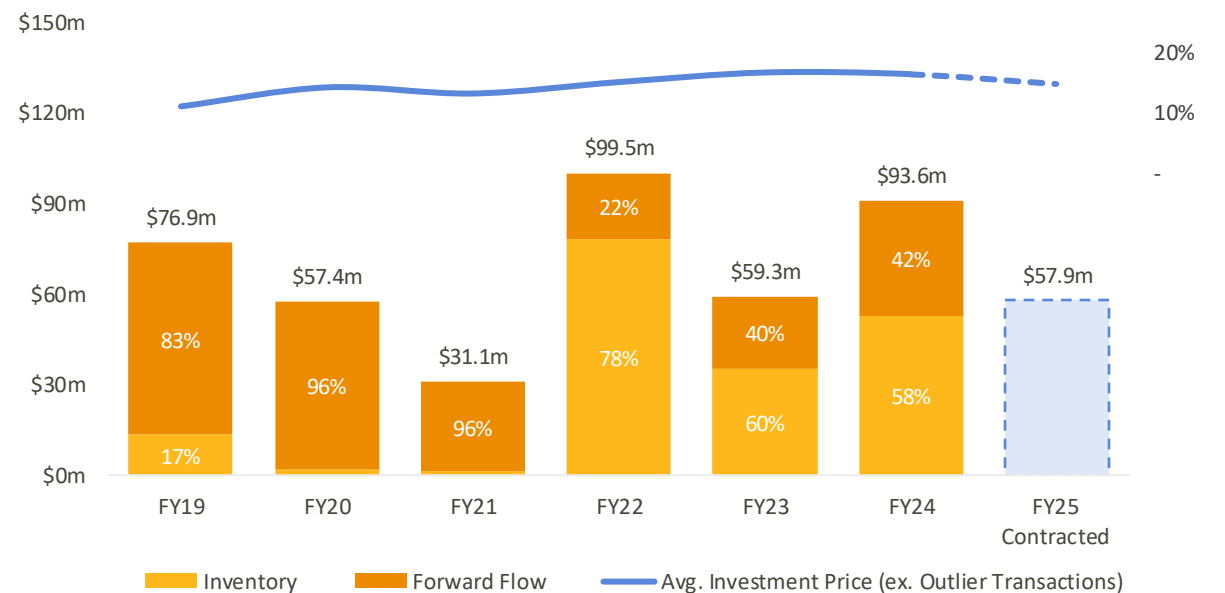
# PDP Investment

Best FY starting PDP investment under contract in 6 years; with opportunity to grow market share

## PDP INVESTMENT OVERVIEW

- Pioneer has invested \$735m in PDPs across 738k accounts providing extensive performance data for underwriting
  - No payday loans or lower quality receivables
- 5-year forward flow agreement with CBA (to mid-2027)
- Best FY starting PDP investment under contract in 6 years
  - Agreements in place with 13 vendors
  - Pricing remains consistent
  - \$57.9m FY25 PDP investment contracted at mid-July 2024
- Estimated market size
  - \$325m in FY24
  - \$400m in FY25 (driven by return of dormant vendors)
  - Pioneer has ~25% of market; opportunity to grow share

## PDP INVESTMENT & PRICE<sup>1</sup>



# Pioneer's Growth Opportunities



High barriers to entry and a changing landscape presenting opportunities to increase market share

## PIONEER MARKET POSITION

Pioneer remains well-positioned in a highly concentrated Australian market

**Pioneer is one of a few scaled participants:** Strong free cash generation and increased access to funding to take advantage of both returning vendors and new entrants to the market

**Pioneer enjoys a market-leading reputation:** Vendors choose to transact exclusively with trusted partners like Pioneer, known for its customer-first servicing approach and strong compliance track record

Stringent regulations and the need for a mature risk management framework have forced some competitors out of the market

**Pioneer does not offer further credit:** Vendors who have competing products avoid selling to competitors with similar offerings

**Pioneer has a unique servicing approach:** Works closely with customers to understand their situation and deliver tailored solutions

## PIONEER GROWTH OPPORTUNITIES

**Opportunistic performing portfolios:** Acquire performing PDPs directly from original lenders comprising customers who have continued to honour their commitments without defaulting

**Warehouse sales:** Aged portfolio sales from major banks, non-bank lenders and other financial services related companies that have not sold since the onset of COVID-19

**Alternative opportunistic portfolios:** Acquire PDPs that are rarely released to market which yield high returns at a low CTS, including insolvency and mortgage shortfall portfolios

**Entire portfolio acquisitions and M&A:** Increased regulation and market share of scaled players has led to smaller players exiting the market and consequently selling their active PDP portfolios

**Economy:** Supports ongoing growth in PDP acquisition opportunities. Current macro environment has limited impact to current portfolio

# Senior Refinance Closed

\$8m annual finance savings with significant growth capital and 4-year tenor

## DEBT FUNDING

Senior Facility	Drawn	Growth (Undrawn)	Total
Syndicated Senior Facility	\$222.5m	\$50.0m	\$272.5m
Subordinated Debt			
Medium Term Notes			\$ 55.5m
<b>Total Senior and Subordinate Debt</b>	<b>\$222.5m</b>	<b>\$50.0m</b>	<b>\$328.0m</b>

SPV Facility		Repayments	Balance
Nomura		(\$7.9m)	\$16.6m

## FACILITY HIGHLIGHTS

### Senior Facility Terms

- Facility size of \$272.5m; drawn to \$222.5m
- Undrawn capacity of \$50.0m, with potential to upsize
- Standard covenant package
- Margin Rate 5.5% + BBSW
- 4-year maturity to July 2028

### Balance Sheet Focus (FY25-FY26)

- Paydown of expensive MTNs from cash flow
- Paydown of SPV Facility to finalise by June 2025

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# Alignment to Shareholders

Management is aligned to shareholders and long-term sustainable growth; no short-term incentives

## COMPANY OWNERSHIP

Shareholdings	# Shares	% Holding
Keith John	17.3m	13%
Board and Management (exc. Keith John)	2.4m	2%
Samuel Terry Asset Management Pty Ltd	20.9m	16%
Mr James Simpson	11.1m	8%
Nomura Holdings Inc.	8.8m	7%
Other	74.2m	54%
Total	134.7m	100%

## MANAGEMENT INCENTIVISATION

- No senior manager or executive is entitled to a short-term incentive
- LTI available on achievement of annual targets across 3 years (FY22 – FY25)
- For years achieved, incentives only paid if a separate 4<sup>th</sup> year (FY26) hurdle is met
- **Hurdle is a Statutory Net Profit after Taxation >\$18m for FY26**



# **Strategy & Outlook**



# Strategy Blueprint



## FY25 Initiatives

Theme	Theme Overview	Key Initiatives
A. Optimise and grow customer outcomes	Deliver a more compelling customer proposition, embedded in our operating model to drive greater engagement and conversions	<ul style="list-style-type: none"><li>• Uplift customer portal</li><li>• Further build out brand awareness and trust</li></ul>
B. Drive operational efficiencies	Continue to scale profitably through process and cost efficiency	<ul style="list-style-type: none"><li>• Business process automation</li></ul>
C. Enhance capability	Enhance capability across functions to enable a higher performing workforce	<ul style="list-style-type: none"><li>• Core system replacement</li><li>• Uplift data platform</li><li>• Uplift telephony platform</li></ul>



# Positive FY25 Focus



## Strong tailwinds for PDP opportunities

- Near-term opportunities from competitors
- Significant supply of PDPs
- \$57.9m investment under contract – best opening FY position in 6 years (+66% or \$23m on FY24)



## Cheaper funding with flexibility

- \$272.5m four-year syndicated senior finance facility
- Includes \$50m funding capacity for growth
- Ability to upsize to capture additional opportunities



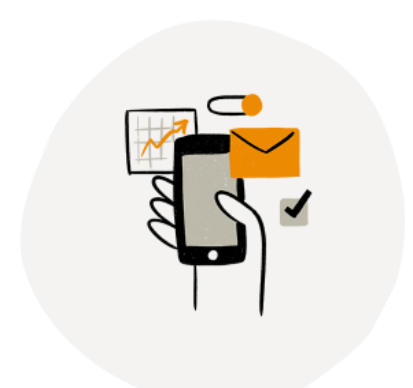
## Continued industry regulatory focus

- Continue to uplift risk management, compliance and customer treatment
- Pioneer's strong compliance record and NPS remain an advantage



## Realise operating leverage

- CRM replacement continuing to progress, expected to deliver efficiencies from 2025
- Data and other cost-out opportunities exist with our scale and buying power



## Tested and experienced Management

- Extensive experience across the PDP sector
- Founder-led business with strong alignment to shareholders
- LTI (management incentives) vest on **FY26 NPAT of >\$18m**

