

## Pioneer Credit delivers record FY2016 full year results

- **All FY2016 guidance met or exceeded:**
  - PDP acquisitions above A\$42m → **A\$42.3m**
  - EBIT margin of at least 31% → **32.2%**
  - NPAT of at least A\$8.8m → **A\$9.5m**
- Significant increases in all key earnings measures:
  - Net revenue **up 24% to A\$47.8m**
  - EBIT **up 28% to A\$15.4m**
  - NPAT **up 21% to A\$9.5m**
  - EPS **up 24% to 20.4c**
- **Fully franked final dividend of 6.20c**, taking total dividend per share for FY2016 to 9.80c, up 15% on FY2015
- Healthy cash balance and increased financial assets to **drive stronger growth and returns in FY2017**
  - Expected PDP acquisitions of at least A\$50m
  - Expected NPAT of at least A\$10.5m

Pioneer Credit Limited (ASX: PNC) ("**Pioneer**", or the "**Company**") today announced its full year results for the year ended 30 June 2016.

A summary of the key elements of the result follows:

	FY2015	FY2016	Change
PDP liquidations	A\$55.2m	<b>A\$60.4m</b>	<b>↑ 9%</b>
Net revenue	A\$38.7m	<b>A\$47.8m</b>	<b>↑ 24%</b>
EBITDA <sup>1</sup>	A\$29.7m	<b>A\$29.7m</b>	<b>0%</b>
EBIT	A\$12.1m	<b>A\$15.4m</b>	<b>↑ 28%</b>
EBIT margin (on net revenue)	31.2%	<b>32.2%</b>	<b>↑ 3%</b>
NPAT	A\$7.8m	<b>A\$9.5m</b>	<b>↑ 21%</b>
Earnings per share (basic)	16.4c	<b>20.4c</b>	<b>↑ 24%</b>
Dividend per share	8.55c	<b>9.80c</b>	<b>↑ 15%</b>
PDP acquisitions	A\$39.9m	<b>A\$42.3m</b>	<b>↑ 6%</b>
Cash and cash equivalents	A\$2.2m	<b>A\$4.9m</b>	<b>↑ 126%</b>
Financial assets at fair value	A\$81.9m	<b>A\$111.1m</b>	<b>↑ 36%</b>

Pioneer has achieved another record year of growth, with increases in revenue, net profit and customer numbers during FY2016.

Pioneer continues to take a disciplined approach with respect to Purchased Debt Portfolio ("**PDP**") acquisitions, employing a 'start low and grow' strategy with its vendor partners and utilising market-leading analytics. This approach, along with Pioneer's customer-centric service model and reputation, allows Pioneer to purchase PDPs at sustainable, fair valuations. The results of this strategy, coupled with a focus on liquidating customers previously modelled as not expected to pay, are demonstrated through the Company's Change in Value rate reaching 21.7%, its lowest level ever during FY2016, underpinning net revenue and profitability.

<sup>1</sup> EBITDA before the non-cash Change in Value Movement

Pioneer's portfolio assets rose to A\$111.1m as at 30 June 2016 and the Company now has over 150,000 customers. The average customer account balance across the PDPs is A\$11,402 with the majority of cash flows generated from scheduled, structured repayments agreed with the customer. Pioneer now has agreements in place with all of the 'big 4' banks, as well as regional banks, an investment bank and consumer leasing providers. Pioneer's portfolio consists of retail customer accounts purchased from these organisations that are generally past 180 days overdue.

During FY2016, Pioneer executed a variety of capital management and funding initiatives to ensure the Company continues to grow and strengthen its balance sheet:

- Introduction of a dividend reinvestment plan
  - Facilitates raising of incremental capital
  - Effective and cost efficient way for shareholders to increase their investment in Pioneer
  - Shares issued at a 2.5% discount to the volume weighted average price of Pioneer shares for the ten trading days after the record date
- Successful negotiation of a revised debt facility
  - Increase in facility limit from A\$47m to A\$60m
  - Removal of quarterly amortisation of the loan – saving c. A\$10m cash flow in FY2016 alone
- Successfully raised A\$5.8m in equity at a price of A\$1.70 per share

During FY2016, Pioneer launched a new growth entity Pioneer Credit Connect which includes a home loan product offered to the existing customer base and to new customers. This product enables existing customers to refinance, appropriately consolidate loans and save on repayments. In line with this new service offering, Pioneer acquired mortgage broking innovator [switchmyloan.com.au](http://switchmyloan.com.au). The acquisition is expected to make up an important part of the Company's expansion into the mortgage broking sector.

Pioneer Credit Managing Director, Mr Keith John, commented: "We are pleased with the strong full year result. We have continued to increase our portfolio assets while maintaining a conservative approach to capital deployment. We have seen the quality of our customer portfolio translate into both strong cash flow and earnings.

"This year was marked by our continued focus on building a long-term customer base. Our strategy has always been to acquire customers with prime credit quality characteristics and transition them into 'new consumers' who trust the Pioneer brand. In doing so, we will underpin our expansion into a broader range of financial products and services.

"Increasingly, we are seeing a growing preference from the major banks and other loan originators to partner with us, as a company that has an exemplary compliance record and a genuine customer-orientated approach. We look forward to continuing to build that reputation in order to grow the quantity of our Forward Flow Agreements and PDPs, while maintaining strict quality guidelines."

## Dividend

The Directors have declared a fully franked final dividend of 6.20 cents per share which will be payable on 31 October 2016. The record date for the dividend payment is 30 September 2016. The total dividend payout ratio for FY2016 is 50% in line with Pioneer's dividend policy.

Shares issued under the Company's Dividend Reinvestment Plan will be issued at a 2.5% discount to the volume weighted average price of Pioneer shares for the ten trading days after the record date.

## Outlook and guidance

The Directors are encouraged by the Company's prospects for FY2017 and favourable changes to the debt sale environment have led to Pioneer already having commitments in place for PDP purchasing close to what was completed in FY2016. The Company expects to invest at least A\$50m in PDPs in FY2017. With a strong purchasing pipeline, Pioneer also expects to deliver NPAT of at least A\$10.5m in FY2017.

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## About Pioneer

Pioneer Credit is an Australian company bringing a fresh new approach to financial services. We began life as a financial services provider to people in financial difficulty. Today, with more than 150,000 customers Australia-wide, we continue to focus on helping people get their finances back on track and achieve their goals. In 2016 we have commenced the next chapter in our growth story, with the launch of a range of products to our customers. Ultimately, our aim is to help customers achieve home ownership, using loans we will broker back through our valued banking partners.

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

## Technical glossary

<b>Change in Value (CIV)</b>	The difference between the current PDP balance (at fair value) and the previous PDP balance (at fair value) plus PDP investment for the period
<b>Forward Flow Agreement</b>	An agreement whereby Pioneer agrees to purchase and a vendor agrees to sell a loan portfolio over an agreed period of time, generally 1-2 years
<b>Purchased Debt Portfolio (PDP)</b>	A loan portfolio purchased by Pioneer