26 Feb 2021

1H21 Results

INVESTOR PRESENTATION





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Acquirer and servicer of unsecured retail purchased debt portfolios (PDPs)



Performance Summary 1H21

Strong liquidations, good operating cost management driving impressive free cash flow

Liquidations \$50.0m

\$16.9m 1H20: \$36.8m

*27.3m
1H20: \$20.1m

NPAT
(\$8.4m)
1H20: (\$8.7m)

- Strong liquidations driven by service excellence and valuable PDP inventory of ~\$1.9bn (face value)
- Limited PDP investment through pandemic as quality vendors slowed rate of PDP sales
- Record 1H EBITDA, Normalised EBITDA of \$32.5m
- Results impacted by significant one-off costs from the terminated Scheme of Arrangement in 2020



Net Asset Position 1H21

Net Assets & Equity continue to grow, reflecting a solid operating performance

Net Assets/Equity \$65.2m

Cash & Undrawn facilities \$28.2m

NTA Per Share
74.24c

- Solid Net Asset position
- Free cash flow funds contracted PDP investment for FY21
- Ample Cash and Undrawn Facilities for additional opportunities that may arise
- NTA per share materially above prevailing share price



Profit or Loss

Strong liquidations and cost management drive record EBITDA

Profit or Loss (\$'000)	1H20	1H21
Liquidations revenue	52,489	50,033
Other income	756	171
Total revenue	53,245	50,204
Expenses	(33,122)	(22,895)
EBITDA	20,123	27,309
PDP amortisation charge and impairment	(21,775)	(23,796)
Depreciation and amortisation	(663)	(605)
Amortisation of lease right of use asset (AASB 16)	(1,259)	(1,259)
EBIT	(3,574)	1,649
Net interest expense	(4,774)	(9,456)
Net Profit/(Loss) before Tax	(8,348)	(7,807)
Tax (benefit)/ expense	381	593
Net Profit/(Loss) after Tax	(8,729)	(8,400)
Normalised EBITDA	25,507	32,523

- Strong liquidations performance (flat on pcp, despite lower PDP investment) proving the quality of vintages underpinning valuation
- PDP investment growth to return in 2H21, increasing in FY22
- Increasing operating leverage to expand future profitability

PDP INVESTMENT & LIQUIDATIONS





Cash Flows

Free cash flow has funded PDP Investment, fully cash flow funded for FY21

Cash Flows (\$'000)	1H20	1H21
Cash flows from operating activities		
Liquidations and receivables	54,324	51,374
Trade and other payables	(29,933)	(20,359)
Net interest paid	(4,250)	(33,099)
Tax	(3,905)	581
Restricted cash payments	-	(2,418)
Consumer loans (discontinued)	6,190	-
Cash flows from operating activities	22,426	(3,921)
Cash flows from investing activities		
Purchased debt portfolios	(37,726)	(15,073)
Plant, property and equipment/ Intangibles	(8)	(477)
Cash flows from investing activities	(37,734)	(15,550)
Cash flows from financing activities		
Net proceeds on borrowings including transaction costs	7,346	18,382
Lease under AASB16 (rent)	(1,062)	(1,009)
Other	-	(745)
Cash flows from financing activities	6,284	16,628
Net cash flows	(9,024)	(2,843)
Closing cash and cash equivalents	2,160	8,176

- Strong liquidations driving ongoing cash flow funding of the business
- FY21 contracted PDP investment funded entirely from free cash flow
 - o Ample Cash and Undrawn Facilities of \$28m for additional opportunities that arise
- Significant temporary interest expenses continue
 - o Removed on refinancing, returning the business to immediate profitability
 - Refinancing process has commenced
- PPE investment in improved customer user experience which shows early signs of further reducing operating costs



Balance Sheet

Net Assets and Equity continue to grow reflecting a solid operating performance

Balance Sheet (\$'000)	30-Jun-20	30-Dec-20
Assets		
Cash and cash equivalents	11,019	8,176
Trade and other receivables	1,844	2,380
PDP assets at amortised cost	260,047	253,113
Plant, property and equipment	1,070	684
Right of use asset	7,440	6,181
Tax asset and deferred tax asset	3,395	2,221
Intangible assets	932	1,052
Other	1,182	3,265
Total Assets	286,929	277,072
Liabilities		
Trade and other Payables	2,849	3,508
Borrowings	206,292	195,697
Provisions	1,440	1,708
Lease liabilities	8,290	7,391
Accruals and other liabilities	4,099	3,575
Total Liabilities	222,970	211,879
Net assets	63,959	65,193

- PDP carrying value of \$253.1m, as reviewed by auditor Deloitte Touche Tomatsu
 - o Thoughtful and deliberate approach to valuation
 - o Reflects lowest 1H PDP investment since IPO, expected to return to growth in 2H21
 - o Includes a downwards/negative overlay of \$6.8m for unseen and economic risks
- Significant focus to ensure a conservative balance sheet ahead of refinancing (already commenced) to reduce cost of funds
- Modest 2% increase in Net Assets and Equity despite a challenging half, and thoughtful and deliberate approach to PDP valuation



SECTION 2

Differentiated Approach

PERFORMANCE | **DIFFERENTIATED APPROACH** | OUTLOOK



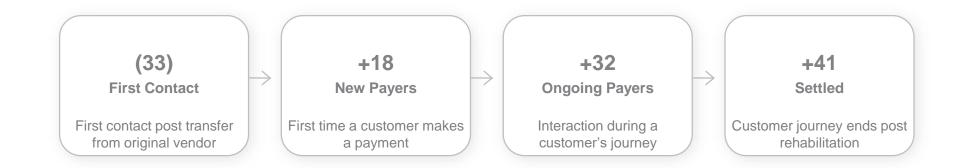
Customer Experience: We do the right thing

Exceptional NPS driven by a focus on creating the best possible customer experience

NPS OVERVIEW

UPWARD TREND THROUGHOUT CUSTOMER JOURNEY







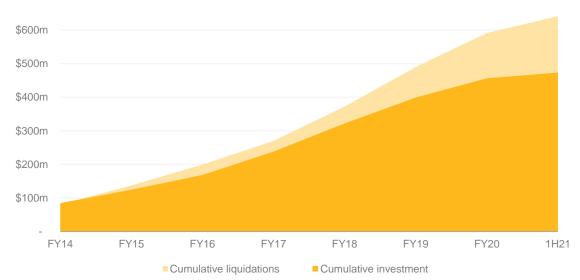
Resilient Portfolio: Increasing cash beyond investment

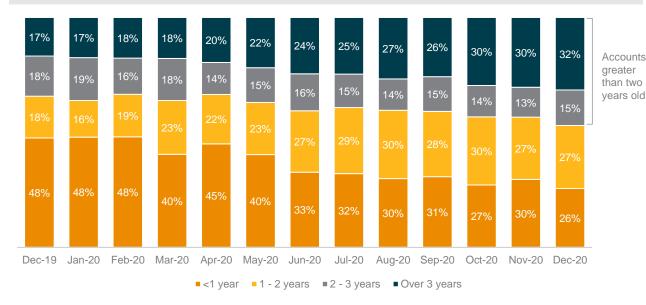
Continued increase in delta between Cumulative Liquidations and Investments evidences investment discipline and operational performance; expected to continue to open further in near term



Liquidations now ~47% from accounts greater than two years old









Pioneer Portfolio: Quality debt with significant opportunity

\$1.9bn PDP of which \$371m are Performing Arrangements; significant opportunity to deepen returns

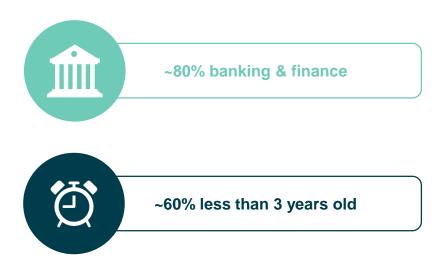
Strong portfolio with ~\$1.9bn outstanding

Opportunity of ~\$1.5bn

WIP PORTFOLIO & PERFORMING ARRANGEMENTS

WIP PORTFOLIO

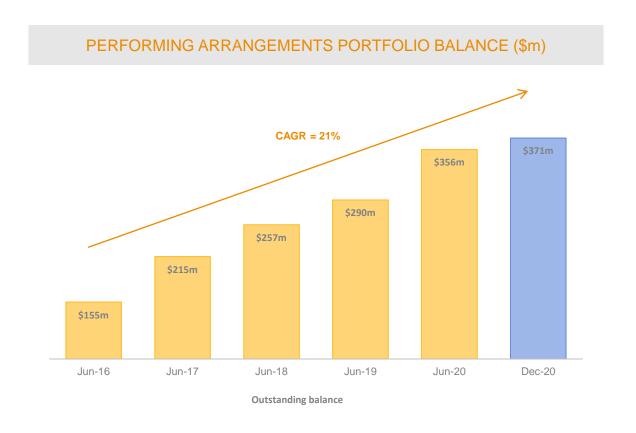






Performing Arrangements Portfolio: 8% annualised growth in 1H 13

Monthly liquidations from the \$371m Performing Portfolio is a long term sustainable income stream



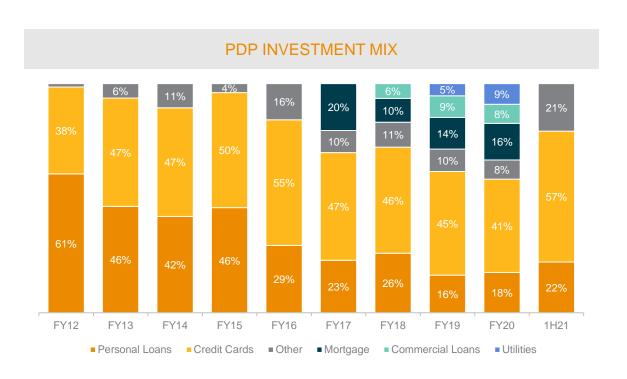
PERFORMING ARRANGEMENTS PORTFOLIO OVERVIEW

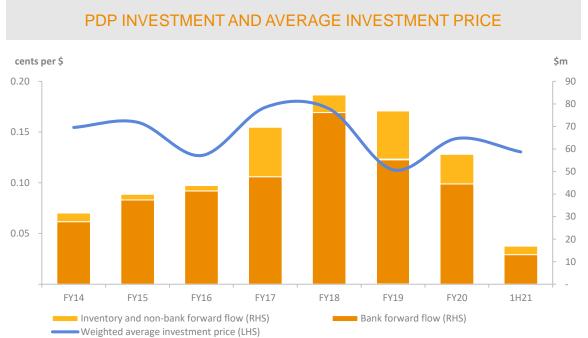
Customer Metric	30 Jun 20	31 Dec 20
# performing	27,597	30,717
% Total portfolio	12%	14%
% Australian bank originated	94%	93%



PDP Acquisition: Maintained disciplined approach

Maintained attractive price points across diverse vendors and products







SECTION 3

Outlook

PERFORMANCE | DIFFERENTIATED APPROACH | **OUTLOOK**



Pioneer Strategy



Executing our strategy: Focus for 2H21

Pioneer is well positioned to benefit from improving market conditions

- 1 Capitalise on opportunities to grow PDPs while being disciplined
 - Continue to grow using free cash flows for PDP investments, with undrawn facilities available for "out of sight" opportunities
 - · Maintain focus on Australian bank originated customer portfolios
- 2 Grow Performing Arrangements
 - Grow PA portfolio to further underpin PDP quality and valuation
 - Resilience of PA portfolio expected to continue to weather macroeconomic backdrop
- 3 Realise operational leverage
 - Continued investment in data management and analytics to improve operational leverage
 - Increase reach into WIP portfolio to drive returns beyond forecasts

- 4 Thrive under increased regulation and scrutiny
 - Pioneer maintains a strong risk and compliance framework to enable it to thrive in an environment of increasing regulation and scrutiny
 - Increased investment in compliance, customer treatment strategies and internal audit function
- Refinance options continue to be assessed
 - Pioneer is exploring opportunities to refinance at a more favourable price



Outlook FY21 – Upgrade to Guidance

	FY21 Guidance (Issued Sep 2020)	FY21 Guidance (Revised Feb 2021)
PDP Investment	> \$33.5m	> \$37m
EBITDA	> \$51m	> \$55m



Thank you

