

ASX release

27 February 2018

Record growth and earnings underpinned by considered investment and increasing operational scale

- **Significant increase in all key performance measures through 1H18**
 - Liquidations of **\$46.1m up 47% on pcp**
 - EBITDA of **\$24.3m up 60% on pcp**
 - EBIT of **\$12.8m up 83% on pcp**
 - Net revenue of **\$36.8m up 50% on pcp**
 - NPAT of **\$8.1m up 93% on pcp**
- Fully franked **interim dividend of 6.62c** (up 57% on pcp) with a 29 March 2018 record date, payable on 27 April 2018
- **Growth and earnings for FY18 now upgraded**
 - Purchased Debt Portfolio ("PDP") acquisitions of \$80m (was at least \$70m)
 - NPAT to at least \$17m (was at least \$16m)

Pioneer Credit Limited (ASX: PNC) ("**Pioneer**" or the "**Company**") today announced its half year results for the period ended 31 December 2017. Continuing its history of delivering on shareholder expectations, the Company has completed its most successful half yet.

Managing Director Keith John said, "Today we have released results that reflect the significant progress the Pioneer team has made in scaling the business and selectively waiting to make step-jump increases in investment. Our discipline and focus has continued to underpin these significant results, which both reward our shareholders through a record interim dividend, and provide the balance sheet strength to enable continued investment in both PDPs and new product rollouts to further grow profitability."

PDP investment

Pioneer secured its full year expected PDP investment of \$70m within the first half. This achievement is driven by Pioneer's differentiated market offering, its genuine customer-oriented approach and exemplary compliance record. In an environment where regulators and the media are more focused than ever on the appropriate behaviour of banks and financiers, Pioneer is increasingly proving to be the brand valued by organisations that care more about their customers and their business.

As always, Pioneer has not wavered from the disciplined prices it invests at and through this half has seen a small decrease in the long term average price paid across the portfolio. We also took an increased charge for value movements in the half as part of the continued investment in our balance sheet.

While there continues to be significant opportunities for Pioneer to grow its investment, the Company has been typically selective and today upgrades its FY18 PDP investment guidance to \$80m, all of which is contracted.

As we observe the continued challenges on the demand side of the market, Pioneer's discipline will likely see us maintain our current guided investment and our focus will be on ensuring appropriate investment is maintained and committed to early for the next periods.

Pioneer Credit Connect

During 1H18 Pioneer expanded the market reach of *CreditPlace*, a free credit score offering provided to existing Pioneer customers and partnership customer bases. To support this, the Company launched *Pioneer Path*, a personal finance and budgeting app that tracks credit score monthly. In addition, Pioneer continued to build on and deploy its analytics capability, to identify customers most suitable for products and drive early engagement to ensure that Pioneer's loan products are available to them at the most appropriate time.

As foreshadowed to the market and following an extensive trial of white labelled personal loans, the Company committed to bringing loans on balance sheet. To part fund this new offering debt advisers Acacia Partners were appointed as Joint Lead Manager with Westpac Institutional Bank to issue an Over the Counter Bond for up to \$40m. This process is now largely complete and is expected to settle during March 2018.

Dividend

The Directors have declared a fully franked interim dividend of 6.62 cents per share payable on 27 April 2018 with a record date of 29 March 2018.

Outlook and guidance

During the six months to the end of financial year 2018 Pioneer's focus is to:

1. Execute on its operational strategy to ensure delivery of FY18 expectations;
2. Set up the Company to capitalise on the changing market dynamics by employing an additional ~50 FTE into its customer service and business support teams (principally across analytics and workflow);

3. Drive more precise customer segmentation with a focus on growing liquidations across the portfolio and supporting improved customer outcomes through appropriate product offers; and
4. Examine acquisition opportunities in traditional and related markets.

Following the Company's strongest ever first-half, we are pleased to increase FY18 PDP investment guidance to **\$80m**, which is under contract and secured, and to upgrade net profit after taxation guidance to at least **\$17m**.

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