



# 1H24 Results Presentation

February 2024



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**Monetary Values:** Unless otherwise stated, all dollar values are in Australian dollars (A\$). The information in this presentation is subject to change without notice.

# 1H24 Highlights



# 1H24 Financial Highlights

- **Profitability:** Expected to materially increase going forward
- **Cash Collections:** Strong performance across all vintages
- **EBITDA:** Improvement driven by operational efficiency and cost management

**\$75.6m**

Cash Collections<sup>1</sup>

1H23: \$68.3m

▲ 11%

**\$49.2m**

EBITDA

1H23: \$45.2m

▲ 9%

**\$17.9m**

EBIT

1H23: \$13.1m

▲ 37%

**\$0.05m**

NPAT

1H23: (\$1.3m)

▲ 103%

Note:

1. Includes payments classified as other income and those netted off PDP investment at recognition

# 1H24 Financial Highlights

- **Quality PDP Investment:** significant PDP investment opportunities exist at better than historical IRRs
- **Estimated Remaining Collections (“ERC”):** forecast of strong cash collections
- **PA Portfolio:** reflects the solid paydown of PAs; will contribute ~50% of FY Cash Collections

**\$65.6m**

PDP Investment <sup>1</sup>

1H23: \$42.4m

**\$661m**

ERC

1H23: \$586m

**\$459m**

PA Portfolio

1H23: \$460m

**\$340.7m**

PDP Asset

1H23: \$308.1m

Note:

1. Includes cash collections netted off at recognition

# **Financial Performance**



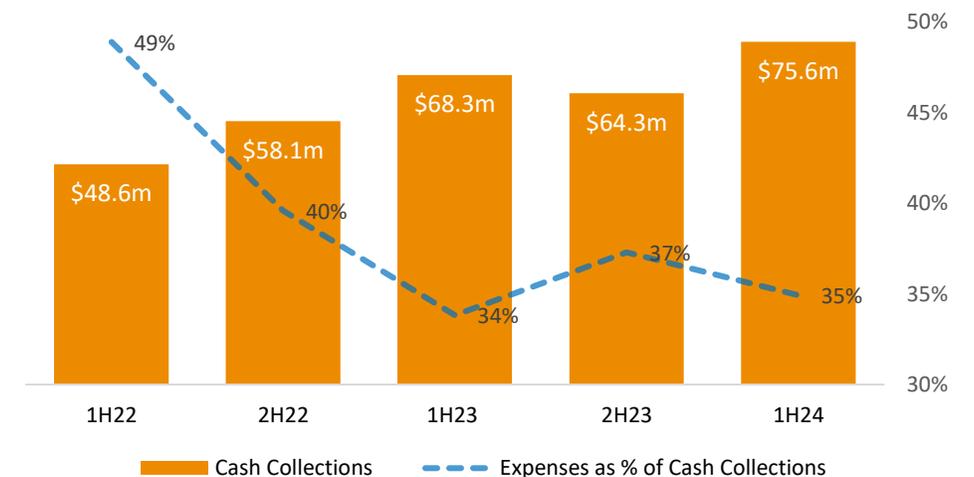
# 1H24 Profit or Loss

Profit or Loss (\$'m)	1H23	1H24	%
Cash Collections	68.0	70.7	4%
Other income	0.3	4.9	>100%
<b>Total Revenue</b>	<b>68.3</b>	<b>75.6</b>	<b>11%</b>
Expenses	(23.1)	(26.4)	14%
<b>EBITDA</b>	<b>45.2</b>	<b>49.2</b>	<b>9%</b>
PDP amortisation	(29.8)	(29.2)	(2%)
Amortisation of finance & right of use asset	(1.6)	(1.1)	(31%)
Depreciation	(0.6)	(1.0)	67%
<b>EBIT</b>	<b>13.1</b>	<b>17.9</b>	<b>37%</b>
Interest expense	(14.4)	(17.9)	24%
<b>Profit / (Loss) before income tax</b>	<b>(1.3)</b>	<b>0.05</b>	<b>103%</b>

## KEY CALL OUTS

- Consecutive profitable halves (2H23, 1H24) with profit expected to materially increase going forward
- Expenses within budget inc. ~\$1m non-recurring project expenses to end before Dec 2024
- CTS evidences scale and cost discipline. Within target range of 35%-37%

## Half Year Cash Collections and Expenses



# 1H24 Balance Sheet

Balance Sheet (\$'m)	Jun-23	Dec-23
<b>Assets</b>		
Cash and cash equivalents	8.4	9.2
Trade and other receivables	1.5	1.2
PDP assets at amortised cost	304.3	340.7
Plant, property and equipment	0.7	1.0
Right of use asset	7.4	6.8
Intangible assets	0.5	0.3
Other	2.1	3.6
<b>Total Assets</b>	<b>324.9</b>	<b>362.7</b>
<b>Liabilities</b>		
Trade and other payables	4.0	20.2
Borrowings	266.1	285.6
Provisions	3.6	4.3
Lease liabilities	9.3	8.8
<b>Total Liabilities</b>	<b>282.9</b>	<b>318.8</b>
<b>Net Assets</b>	<b>41.9</b>	<b>43.9</b>

## KEY CALL OUTS

- PDP assets reflect quality investment
  - Borrowings increased to part fund
- Other payables include PDPs not settled at reporting date
  - Majority now settled - from free cashflow and facilities
- Borrowings
  - Nomura Australia Ltd appointed as exclusive arranger to refinance senior facility
  - **Reduction of all-in senior facility cost to 9% - 10% (BBSW plus margin); FY25 savings of \$8m - \$11m**
  - Exposed to cash rate (BBSW), expected to decrease in FY25 which will deliver additional savings

# About Pioneer



# Purpose and Principles

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To put an end to  
debt stress



## 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

# About Pioneer

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- 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 in Australia and are held on balance sheet
- Pioneer has no exposure to the Northern Hemisphere
- Pioneer is the #2 player in the Australian PDP market, with strong growth tailwinds
- Since 2008, Pioneer has invested over ~\$713m in PDPs; which is \$5.6bn in receivables across ~711,000 customer accounts
- An active base of ~246,000 customers; with ~\$2.2bn in receivables due to Pioneer, including ~\$459m in committed payment arrangements
- Our 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

# Pioneer's Market



High barriers to entry, increased regulatory oversight and greater compliance obligations underpin market share growth opportunities

## PIONEER MARKET POSITION

### Pioneer has a unique servicing approach

- We work closely with customers to understand their situation, delivering tailored solutions for their benefit

### Pioneer is one of the few scaled participants

- We generate significant free cash flow, with access to additional funding to invest in PDPs

### Pioneer has a market-leading reputation

- Vendors increasingly choose to partner with Pioneer because of our differentiated, customer-first servicing approach and strong compliance record
- Stringent regulations and the need for a mature risk management framework is reducing competition

### Pioneer does not offer further credit to customers

- Pioneer is a pure play debt purchaser and servicer
- Pioneer does not compete with vendors by selling competing loan products

## MARKET ACTIVITY

### Macroeconomic

- **Australian Economy:** Consumers continue to meet their commitments, with limited impact from current economic pressures
- **Australian Debt Market:** Regulatory and reputational moat restricting new market entrants, enabling Pioneer to grow market share
- **Australian Vendors:** Vendors are selling more but are more selective, preferring partners without competing products and with excellent customer treatment

### Competitive landscape

- **Market Exits:** Market continues to consolidate due to increased regulation and compliance and a high cost of capital for sub-scale participants
- **Merger and Acquisitions:** Continues to emerge across both platforms and large scale portfolio only opportunities

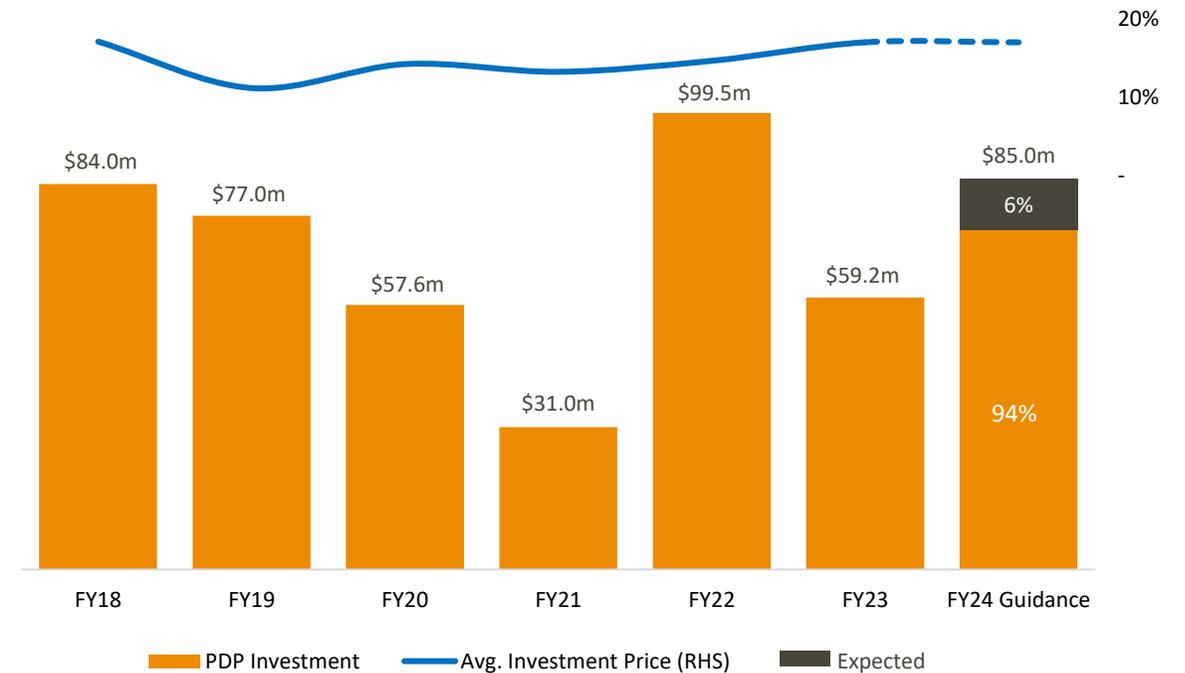
# PDP Investment

Increasing opportunities and PDP investment are driving solid growth for FY24

## PDP INVESTMENT OVERVIEW

- Focus on Australian banking and finance PDPs
  - Controls ensure appropriate investment
  - No payday loans or lower-quality receivables
  - \$24.1m bank originated PDP announced 8 Dec 2023
  - \$15.8m Part IX PDP announced 27 Feb 2024
- Competitively priced opportunities abound
- Better than historical IRRs expected across the FY24 vintage
- Pioneer to continue to benefit from increasing barriers to entry, tightening compliance and regulatory scrutiny

## PDP INVESTMENT & PRICE<sup>1,2</sup>



Note:

1. FY24 PDP Investment includes under contract
2. Excludes significant one-off PDP investments for consistency

# Portfolio Opportunity

## TOTAL PORTFOLIO OPPORTUNITY

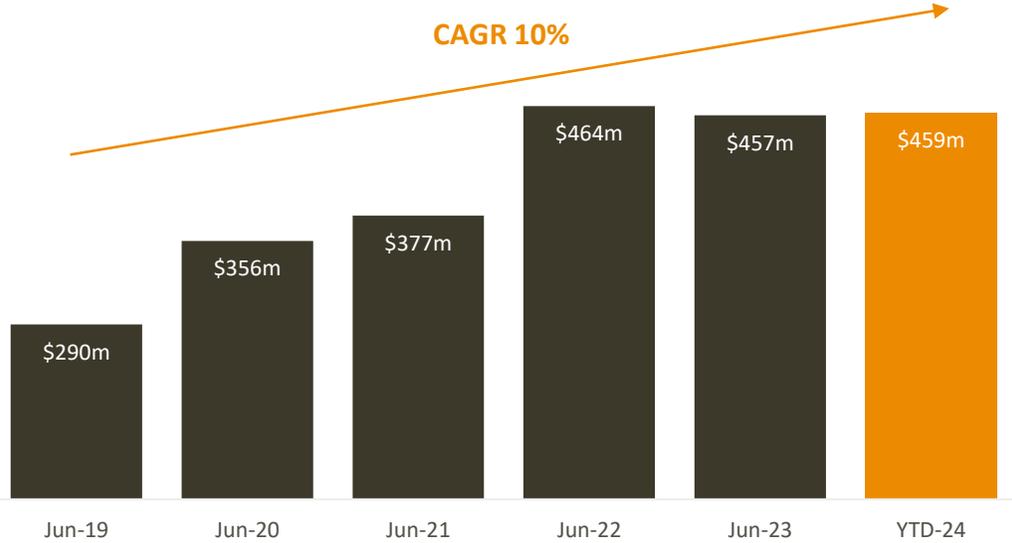
**PIONEER PORTFOLIO**  
\$2.2b in receivables    ~246k active customers

**PERFORMING PORTFOLIO**  
\$459m  
in receivables

**WIP PORTFOLIO**  
\$1.7b  
in receivables



## PERFORMING PORTFOLIO GROWTH (YTD)



# Customer Outcomes

Strong NPS<sup>1</sup> demonstrates our genuine care for our customers

**NPS**

**+19**

**NPS**

Dec-23 Rolling 6-month average

**MEASURING CUSTOMER EXPERIENCE**

<b>(43)</b> First Contact	<b>(1)</b> New Payers	<b>+21</b> Ongoing Payers	<b>+40</b> Settled Payers
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**DIFFERENTIATED APPROACH**

- ✓ **Performance:** Servicing model that drives customer engagement, payments and shareholder returns
- ✓ **Compliance:** Robust framework reduces risk and supports good customer outcomes
- ✓ **Vendor Partners:** Strong NPS reinforces vendor decisions to partner with Pioneer
- ✓ **Employees:** Our team is empowered to end debt stress for our customers
- ✓ **Shareholders and Investors:** Our integrity is evidenced by our reputation



"Wonderful service! Setting up my payment plan was incredibly easy and quick. It's definitely a lovely way to assist someone in my situation. Thank you so very much."

"It was great talking to the team. They made everything easy and comfortable, checking in to make sure I understood everything. I really appreciate their excellent service."

Note:  
1. Net Promoter Score measures the willingness of a customer to recommend a product or service

# Alignment to Shareholders

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

## COMPANY OWNERSHIP

Shareholdings	# Shares	% Holding
Keith John	17.2m	15%
Board and Management (exc. Keith John)	2.9m	3%
Mr James Simpson	11.3m	10%
Nomura	9.1m	8%
Other	71.9m	64%
<b>Total</b>	<b>112.4m</b>	<b>100%</b>

## LTI UPDATE

- 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**



# Outlook



# FY24 Outlook

Pioneer expects continued growth; greater market share as a preferred purchaser of high-quality Australian bank originated customers



## Continued industry regulatory focus

- Continued investment in compliance, customer treatment and audit
- Pioneer's strong compliance record and NPS remain an advantage



## Strong tailwinds for PDP opportunities

- 90% of PDP investment guidance met
- Agreements in place with 12 vendors
- 5 year forward flow with CBA to 2027
- Significant Inventory coming to market



## Reduce cost of funds

- Nomura appointed exclusive arranger for senior finance facilities
- Financial close expected this half
- Material savings immediately and fully realised in FY25



## Realise operating leverage

- CRM replacement well progressed
- Expected to deliver efficiencies from FY25
- Cost out opportunities exist with Pioneer's scale



## Material uplift in NPAT

- Macro tailwinds for PDP supply, into an environment of full employment
- Executive LTI target is **FY26 Stat. NPAT of >\$18m**

**Thank you.**

**pioneer**  
credit

