

ASX release

2 November 2020

Investor Presentation – Shaw and Partners

Pioneer Credit Limited (ASX: PNC) provides the following investor presentation presented to Shaw and Partners after market close today.

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About Pioneer

Pioneer Credit is an ASX-listed company (ASX: PNC) providing high quality, flexible, financial services support to help everyday Australians out of financial difficulty. Pioneer Credit has the trust of long-term vendor partners to do the right thing and respectfully support customers to achieve their financial independence.

Pioneer Credit has established a solid foundation to pursue further growth by leveraging its outstanding industry relationships, compliance record and customer-focused culture.

www.pioneercredit.com.au

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Investor Presentation



Important notice: Disclaimer

This presentation has been prepared by Pioneer Credit Limited (“**Pioneer**” or the “**Company**”).

Disclaimer: This presentation contains information about Pioneer’s activities current as at the date of the presentation and should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision. This information is provided in summary form and is not considered to be comprehensive or complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

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Subject to applicable disclosure requirements Pioneer is under no obligation to update any of the forward-looking statements contained in this presentation.

Numbers: Unless otherwise stated, all dollar values are in Australian dollars (A\$) and are generally unaudited. All values are generally unaudited.

The information in this presentation is subject to change without notice.

Pioneer is focussed on its strategy of disciplined growth, diversification and operational efficiency

1	Capitalise on growth opportunities while being disciplined	<ul style="list-style-type: none">• After holding back at the onset of COVID-19, vendors are now releasing PDPs to preferred buyers• Pioneer will seek to capitalise on lower priced opportunities and maintain it's disciplined PDP acquisition criteria
2	Vendor and product diversification	<ul style="list-style-type: none">• Continue to mainly purchase from banks while taking measured steps into utilities and telco market• Utilities and telco are significant growth segments but require similar discipline so as not to dilute the value of the overall book
3	Focus on growing payment arrangements	<ul style="list-style-type: none">• Pioneer has continued to grow its Payment Arrangement (PA) portfolio through COVID-19• Evidences Pioneer's approach of treating its customers with respect and dignity• Pioneer will continue to execute on this strategy as a key mechanism to support the asset backed value of its portfolio
4	Thrive under increased regulatory scrutiny	<ul style="list-style-type: none">• The receivables management industry is mature and highly regulated• Expects the level of oversight will continue to increase, contributing to higher barriers to entry• Pioneer's compliance record and long standing vendor relationships are a strong competitive advantage• Pioneer continues to prioritise compliance & customer outcomes as key value drivers for vendors and purchasing opportunities
5	Increase operating leverage	<ul style="list-style-type: none">• Continue to increase performance efficiency through cost reduction and acceleration of digital customer engagement

Differentiated Approach

Pioneer is differentiated by its approach of providing high-quality, flexible and customised financial services to help everyday Australians out of financial difficulty

Resilient Portfolio	Strong Vendor Relationships	Disciplined PDP Acquisition	Do the right thing
<ul style="list-style-type: none">• Data science is driving portfolio selection and performance• A clear focus on product segments where customers are working to get ahead• Pay day lending and short term cash loans are specifically excluded	<ul style="list-style-type: none">• Specialised in acquiring low risk loan portfolios from Australian banks• Strong relationships with financial institutions in Australia makes Pioneer a strong #2 in bank purchase sub-sector	<ul style="list-style-type: none">• Investment made on cautious valuation models with underlying customer, product, risk criteria that support liquidation performance• Pioneer services only its own acquired portfolios, with an unwavering focus on appropriate customer outcomes	<ul style="list-style-type: none">• Pioneer respectfully takes care of its customers, differentiating from others with its compliance record and positive Net Promoter Score• Pioneer is focused on finding the right solution for the customer, whether by settlement or PAs• Dedicated hardship team in place to identify and support customers experiencing hardship• Legal action used sparingly (and currently suspended through pandemic) after all other options are exhausted

The Pioneer Principles are the foundation of our Company

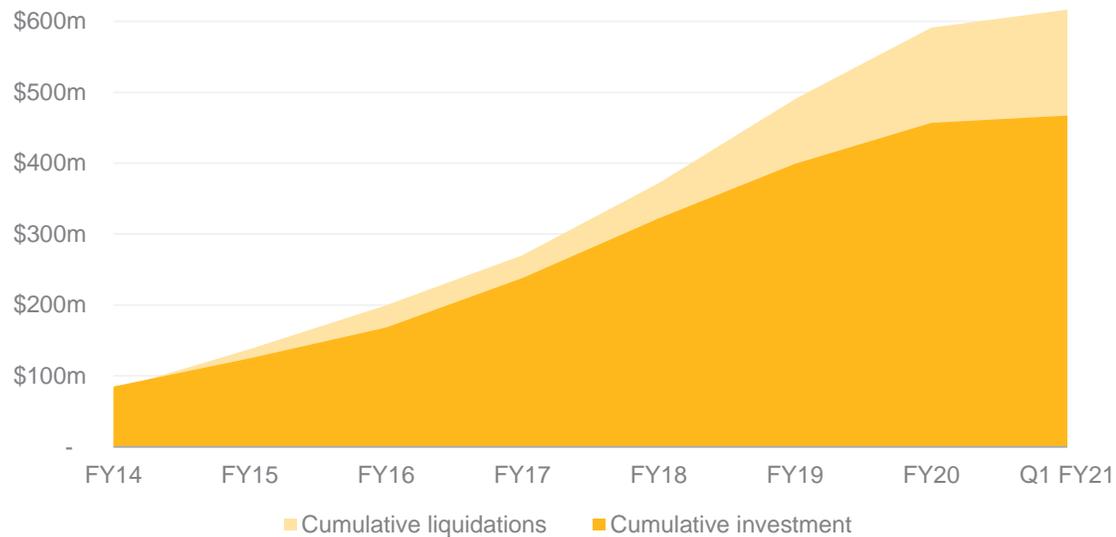


Q1 FY21 Performance

- Record first quarter PDP liquidations of \$25.3m, in a quarter of low PDP investment of \$10.6m due to COVID-19
- Performance demonstrates the quality of Pioneer’s portfolio and the customer-centric approach
- Normalised EBITDA of \$13.7m in Q1 FY21
 - One off costs mostly caused by Carlyle related corporate activity, now substantially ceased following refinancing in late Sep-20
- Pioneer continues to focus on liquidating from older vintages, further realising the quality of the underlying customers in its portfolio

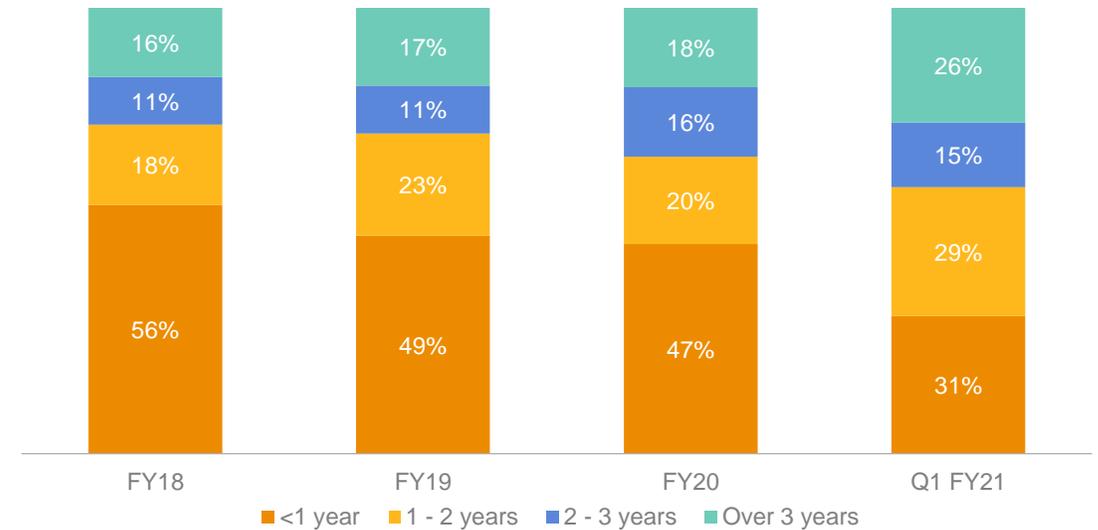
Returns beyond investment

Cumulative liquidations vs. investments (\$m)



Liquidations of ~40% from accounts greater than two years old

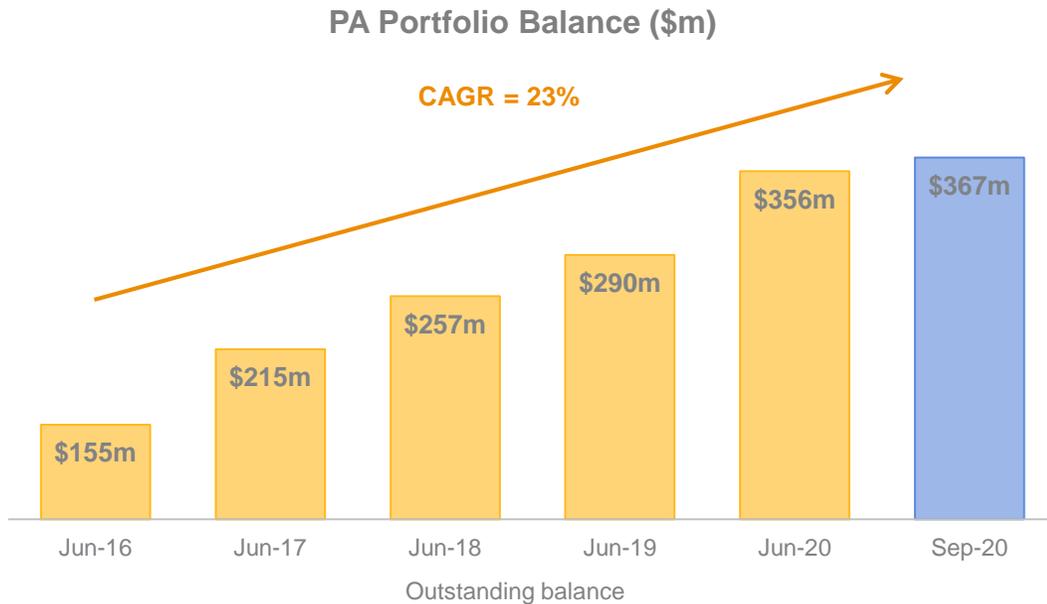
Customer Payments by vintage



Payment Arrangement Portfolio

- The rate of liquidations corresponds to solid growth in the PA portfolio from \$356m at 30 Jun-20 to \$367m at 30 Sep-20
 - Growth has offset a reduction in average payment instalments and lump sum settlements, with customers more cautious of their finances during the pandemic
 - First time PA's from accounts greater than 2 years old grew by 52% from Q1 FY19 to Q1 FY20

Increased emphasis on Payment Arrangements



Key PA Portfolio Metrics	30 Jun 20	30 Sep 20
 # Customers	27,597	30,230
 % Active customers on a PA	12%	14%
 Balance of Australian bank customers	94%	93%

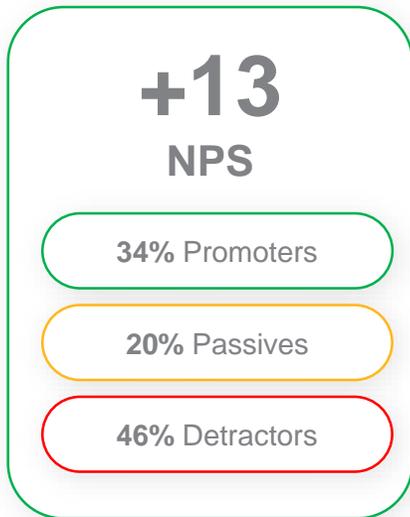
Reducing costs via strategic initiatives

- **Focus on PA value creation strategy, with increasing monthly contributions from the arrangement book**
 - In the 12 month period to Sep-20 the PA portfolio increased by 17% to \$367m whilst monthly PA liquidations increased by 18%
 - Growth in the PA portfolio is in part driving a reductions in the cost of operations
- **Continued investment in analytical capability, driving improved liquidations performance**
 - Enhanced analytics driving portfolio selection, prioritisation and performance
- **Increased focus on back-book liquidations**
 - Initiatives to increase operational productivity
 - Liquidations from accounts greater than 2 years old has increased by 39% in the 12 month period to Sep-20
- **Pioneer continues to enhance its customer self-service portal.**
 - The online portal accounts for 9% of customer payments across the business, and is contributing to a reduction in operating costs
 - With enhancements underway an uplift in customers self-service is expected, providing greater customer satisfaction, and continuing reduction in operating costs

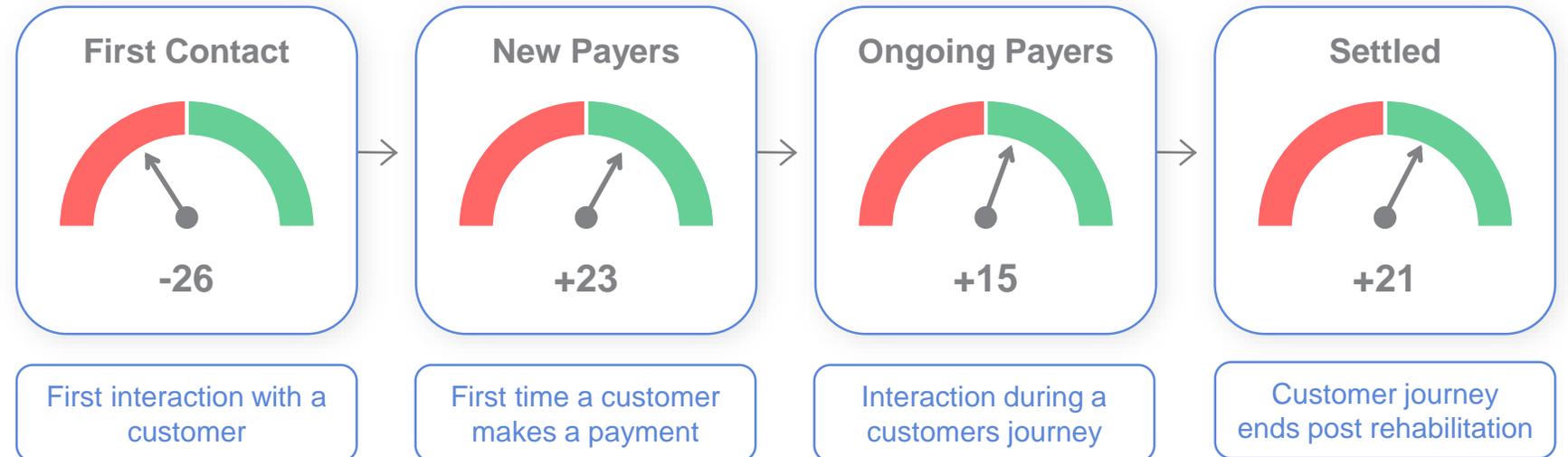
NPS measures the willingness of a customer to recommend a product or service

- Underpinning the Company's core values and the strong brand it maintains with customers and the market, Pioneer's rolling 6 month NPS is +13
- NPS is a practical way of measuring, and to evidence, the support, service quality and customer outcomes achieved
- Our programme to constantly implement customer feedback results in an enhanced experience as a customer progresses throughout their journey with Pioneer

NPS Overview



Upward trend throughout customer journey



Experienced team to execute on strategy

Board of Directors



Michael Smith
Chairman

- Managing Director of strategic marketing consultancy firm Black House
- Chairman of 7-Eleven Stores and Starbucks Australia
- Previously Deputy Chair of Automotive Holdings Group Ltd, Chairman of the Lionel Samson Sadleirs Group, iiNet Ltd, Synergy, Verve, Perth International Film Festival, West Coast Eagles, Indian Pacific Ltd and Scotch College



Keith John
Managing
Director

- Founder of Pioneer Credit
- Over 25 years' experience in the financial services, both in Australia and Asia
- Director of Midbridge Investments and Bondi Born



Andrea Hall
Non-Executive
Director

- Over 20 years experience in governance and risk management, including as Risk Consulting Partner at KPMG
- Director of Fremantle Football Club, Evolution Mining Ltd and Parenti Group Ltd
- Previously Director of Automotive Holdings Group Ltd, Lotterywest & Tap Oil Ltd
- Chartered Accountant, BComm, Masters of Applied Finance



Ann Robinson
Non-Executive
Director

- 13 years at Wesfarmers, most recently Executive Director at Wesfarmers Chemicals Energy & Fertilisers
- Extensive experience in management consulting, M&A, post merger integration and innovation
- Director of Lionel Samson Sadleirs Group and member of Rottnest Island Authority Board and Curtin University Audit, Risk and Compliance Committee
- Bachelor of Arts, Bachelor of Psychology, GradDip Applied Finance & Investment, GAICD

Executive Leadership



Sue Symmons
General Counsel &
Company Secretary

- Appointed General Counsel and Company Secretary on 1 Oct 15
- Over 25 years experience including at Evans & Tate Ltd, Automotive Holdings Group Ltd, Helloworld Ltd and Heytesbury Pty Ltd
- BComm, Master of Business Law, Member of the Governance Institute of Australia and Australian Institute of Company Directors



Barry Hartnett
Chief Development
Officer

- Over 7 years experience at Pioneer across finance and strategy & development
- Bachelor of Finance, Accounting and Economics
- Member of the Chartered Institute of Management Accountants



Jason Musca
Chief Financial
Officer

- Over 20 years experience across Australia and the United Kingdom, primarily in financial services
- 8 years with Bankwest as Divisional CFO of Retail and Business Banks
- Other roles include Financial Services Consultant for Versant Partners (London & Perth) and Transaction Services & Advisory Manager for PwC
- Chartered Accountant, BComm (Accounting & Finance)



Andrea Hoskins
Chief Operating
Officer

- Strategic and commercial leader with over 15 years' experience, predominantly in financial services.
- 10 years with HBF in senior management and executive roles, leading strategy, M&A, health and corporate services
- Non-Executive Director of Football West and Screenwest
- BComm (Marketing & PR); Member of Australian Institute of Company Directors

Pioneer is well positioned to benefit from current market trends in a growing, oligopolistic industry

- **PDP sales have recommenced, on improved terms for Pioneer**
 - Industry fundamentals remain strong with PDP volumes expected to grow as Australia exits the pandemic
- **A highly regulated industry likely to face increased scrutiny**
 - Pioneer's compliance record, and longstanding relationship with banks provide a strong competitive advantage
- **Resilience of Pioneer's portfolio to weather macroeconomic backdrop**
 - Pioneer's portfolio is constructed of high quality product segments where customers are working to get ahead
- **Pioneer has taken significant steps to organise its business for a 'new normal'**
 - Increased investment in compliance, customer treatment strategies and internal audit
 - Rationalisation of support, corporate, back office and operational leadership roles - accelerating efficiency and cost out programmes
- **Continue to utilise free cash flow to invest in PDPs, with purchasing facility available for any 'out of sight' opportunities**
 - Focus remains on Australian bank originated customer portfolios
- **Pioneer continues to assess refinance options**
 - Opportunity to refinance at more favorable cost as economic environment normalises. Interest already shown by parties is being explored

Appendix

Carlyle – Robin Bidco Pty Ltd and/or Robin Holdco Holdings Limited and/or Project Robin, L.P., all entities part of the group of entities doing business as ‘The Carlyle Group’

EBITDA – Earnings before interest, taxation, depreciation and amortisation

Normalised EBITDA – EBITDA excluding non-recurring revenue and expenses

NPS – Net Promoter Score

PA – Payment arrangement, where a customer agrees to make payments at an agreed repayment amount

PDP – Purchased Debt Portfolio