

ASX release

10 May 2024

Coffee Microcaps Presentation

Pioneer Credit Limited ('Pioneer' or the 'Company') (ASX: PNC) provides the following presentation being made by Managing Director, Keith John, to the Coffee Microcaps Conference being held today as follows:-

Date: 10 May 2024
Time: 9 a.m. AEST / 7 a.m. AWST
Webinar Link: [Coffee Microcaps](#)

Authorised by:
Sue Symmons, Company Secretary

Investor and media enquiries:

Keith John
Managing Director
Pioneer Credit Limited
M: 0438 877 767

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



Coffee Microcaps Presentation

10 May 2024



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.

Any forward-looking statements included in this presentation speak only as at the date of the presentation and undue reliance should not be placed upon such statements. Although Pioneer believes the forward-looking statements to be reasonable, they are not certain. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statement whether as a result of new information, future events or results or otherwise is disclaimed.

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

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

About Pioneer



About Pioneer

- 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 ~\$726m in PDPs; which is \$5.6bn in receivables across ~720,000 customer accounts
- An active base of ~210,000 customers; with ~\$2.1bn in receivables due to Pioneer, including ~\$447m 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:** Continue to emerge across both platforms and large scale portfolio only opportunities

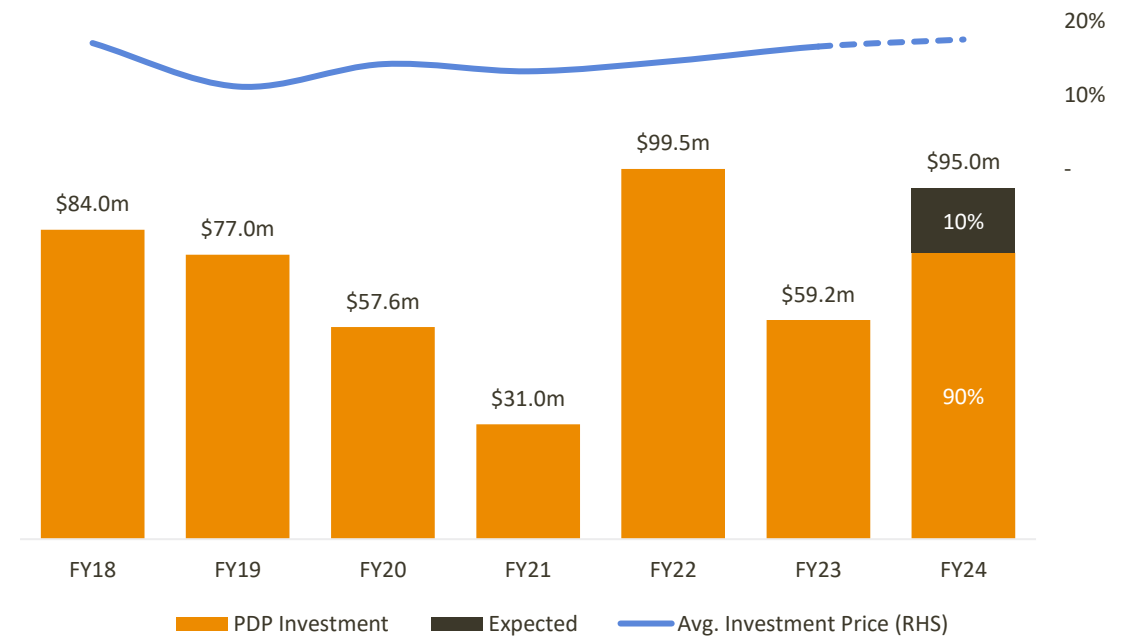
PDP Investment

Increased PDP market activity, 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^{1,2}




Note:

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

Customer Outcomes

Strong NPS¹ demonstrates our genuine care for our customers

NPS	MEASURING CUSTOMER EXPERIENCE				DIFFERENTIATED APPROACH
+23 NPS Apr-24 Rolling 6-month average	(40) First Contact	+35 New Payers	+78 Ongoing Payers	+55 Settled Payers	<ul style="list-style-type: none">✓ 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

Portfolio Opportunity

TOTAL PORTFOLIO OPPORTUNITY

PIONEER PORTFOLIO

\$2.1b in receivables ~210k active customers

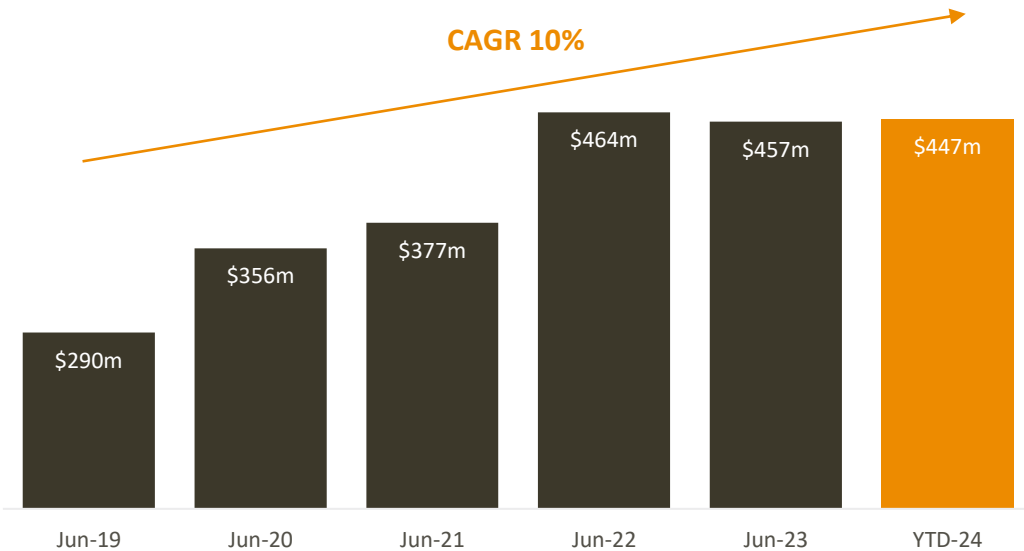
PERFORMING PORTFOLIO

\$447m
in receivables

WIP PORTFOLIO

\$1.7b
in receivables

PERFORMING PORTFOLIO GROWTH (YTD)



Alignment to Shareholders

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

Company Ownership

Shareholdings	# Shares	% Holding
Keith John	17.3m	13%
Board and Management (exc. Keith John)	2.3m	2%
Samuel Terry Asset Management Pty Ltd	20.9m	16%
Mr James Simpson	11.3m	8%
Nomura Holdings Inc	9.1m	7%
Other	73.8m	55%
Total	134.7m	100%

LTI UPDATE

- LTI opens on achievement of annual targets across 3 yrs (FY22 – FY25)
- Incentives only paid if a separate 4th year (FY26) hurdle is met
- **Hurdle is a Statutory Net Profit after Taxation >\$18m for FY26**



Financial Performance



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 Collections¹

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

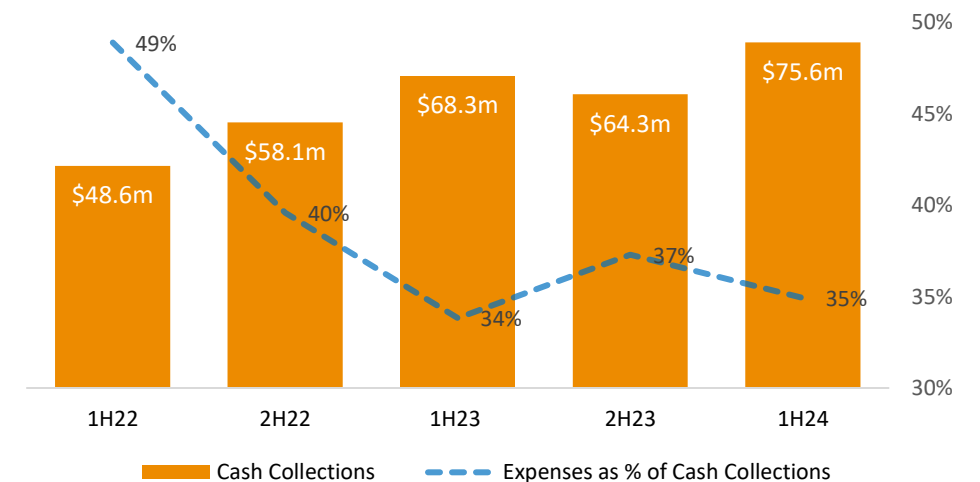
1H24 Profit or Loss

Profit or Loss (\$'m)	1H23	1H24	%
Cash Collections	68.0	70.7	4%
Other income	0.3	4.9	>100%
Total Revenue	68.3	75.6	11%
Expenses	(23.1)	(26.4)	14%
EBITDA	45.2	49.2	9%
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%
EBIT	13.1	17.9	37%
Interest expense	(14.4)	(17.9)	24%
Profit / (Loss) before income tax	(1.3)	0.05	103%

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 this FY
- Cost to Service evidences scale and discipline. Decreased and now held within target range of 35%-37%

Half Year Cash Collections and Expenses



1H24 Balance Sheet

Balance Sheet (\$'m)	Jun-23	Dec-23
Assets		
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
Total Assets	324.9	362.7
Liabilities		
Trade and other payables	4.0	20.2
Borrowings	266.1	285.6
Provisions	3.6	4.3
Lease liabilities	9.3	8.8
Total Liabilities	282.9	318.8
Net Assets	41.9	43.9

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

Outlook



Outlook

\$10m capital raise in March 2024 supports Pioneer’s continued growth; driven by 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 an advantage



Strong tailwinds for PDP opportunities

- PDP investment guidance upgraded 6 May 24 to ~\$95m
- Agreements in place with 12 vendors; 5yr CBA agreement to 2027
- Significant portfolios 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**

Investor queries



Head of Corporate Development

Rob Santoriello

0412 053 280

rsantoriello@pioneercredit.com.au

Managing Director

Keith John

0438 877 767

krjohn@pioneercredit.com.au

Thank you.

pioneer
credit

