24 August 2017

FY17 Results Presentation

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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.

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Corporate snapshot

Financial services provider with meaningful levels of founder, Board and management ownership

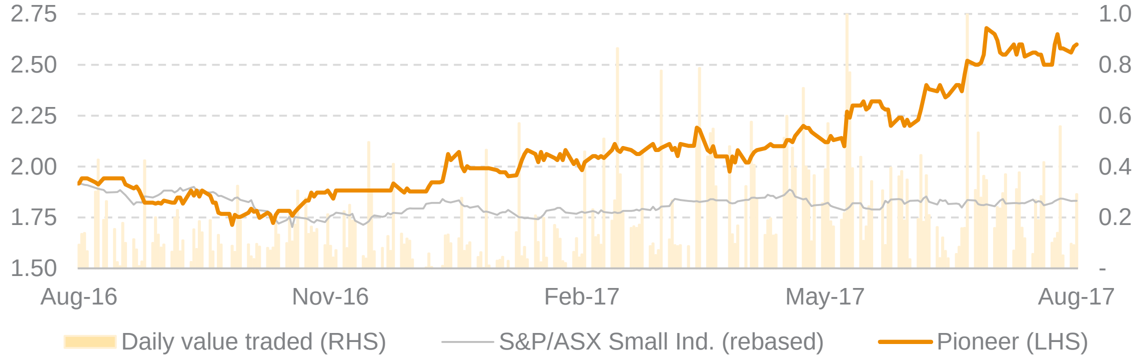
Overview

- Specialist acquirer and servicer of 'Tier 1'[1] retail customer accounts
- Operates a unique, customer-centric service platform
- Offices in Perth, Australia and Manila, Philippines
- Portfolio across Australia (97%) and New Zealand (3%)

Largest shareholders

Keith John[2,3] (Managing Director)	13.43%
OC Funds Management	7.25%
Celeste Funds Management	5.33%
Management[3] (ex Keith John)	6.80%

Share price and daily value traded over past year ($/$m)



Capital structure

Share price 23-Aug-17	$2.60
Shares on issue	61.0m
Market capitalisation 23-Aug-17	**$158.5m**
Cash 30-Jun-17	$3.1m
Debt 30-Jun-17	$80.4m
Enterprise value	**$235.8m**
Portfolio assets at carrying value 30-Jun-17	$164.5m

Note:
1. Customers not regarded as credit impaired when originated
2. Includes 500,000 indeterminate rights, subject to shareholder approval
3. Includes Equity Incentive Plan rights, intended to be acquired on market

Highlights

- **Largest PDP investment** to date of $69.6m
- Signed a **new $110m senior debt facility** to support continued growth
- Invested in **first New Zealand portfolio** from subsidiary of a major Australian bank
- Completed **oversubscribed $20m equity raising**
- Invested in **significant inventory PDP** for $14m with very strong forecast return profile
- Strategic partnership agreement with **Rewardle** (ASX:RXH) to exclusively market personal lending products to growing membership of ~2.3m consumers
- **Strongest earnings performance ever** with $35.0m in EBITDA
- Record NPAT **up 14% to $10.8m**

$69.6m

Largest PDP investment to date underpins future earnings growth

$10.8m NPAT

Record earnings through disciplined investment, cautious bias and operational excellence

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Reclassification of FY16 liquidations

Reclassified cash liquidations brings reporting in line with local and international competitors

- Cash previously treated as recourse more appropriately classified as liquidations of PDPs
  - Liquidations of PDPs now reflect additional cash of $1.50m
  - Purchasing outflows, previously reported on a net basis, now at full acquisition cost, an increase of $1.50m
- To continue to correctly report the net gain, based on our cautious and disciplined valuation approach, CIV increased by $1.50m
- Reclassification for FY16 is cumulative across prior periods
- Reclassification brings Pioneer liquidations reporting in line with local and international comparators

Abridged statement of cash flows ($'000)

	FY16 (previous)	Amendment for FY16	FY16 (now)
Net cash inflow from operating activities	30,823	1,507	32,330
Net cash outflow from investing activities	(41,903)	(1,507)	(43,410)

Abridged revenue note

	FY16 (previous)	Amendment for FY16	FY16 (now)
Liquidations of PDPs	60,411	1,507	61,918
CIV of PDPs	(13,103)	(1,507)	(14,610)
Net gain on financial assets from PDPs	47,308	-	47,308
Net revenue	**47,809**	**-**	**47,809**

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Profit and loss

Another year of outperforming market expectations and growing profitability

	FY16	FY17	
PDP Liquidations	$61.9m	**$70.7m**	**+14%**
Net revenue	$47.8m	**$56.3m**	**+18%**
EBITDA[1]	$31.2m	**$35.0m**	**+12%**
EBIT	$15.4m	**$17.4m**	**+13%**
NPAT	$9.5m	**$10.8m**	**+14%**
EPS	20.36cps	**20.77cps**	**+2%**
DPS	9.80cps	**9.50cps**	**-3%**

- PDP liquidations up 14% to $70.7m
- Change in Value (CIV) in line with reclassified prior period
  - CIV expensing rate[2] of 23.02%
  - Valuation remains cautious – reflects high quality portfolio and servicing methodology
- Strong growth in FY17 cash earnings
  - EBITDA up 12%
  - Achieved with an increase of >120 quality people in 2H17
  - Set up for strong growth in FY18 and beyond
- EPS and DPS reflect oversubscribed equity raising in April 2017
- Fully franked dividend of 5.28cps payable on 4 October 2017

Note:
1. EBITDA is before Change in Value (non-cash) movement
2. CIV / PDP liquidations

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PDP valuation and payment arrangement metrics

Cautious and sophisticated valuation approach leads to consistently improving liquidations

Pioneer's valuation approach[1]

- Continued development and improvement of measurement and valuation models in FY17
- Developed with external and internal statistical and analytics experts
  - Now over 269 key characteristics and data points assessed to forecast and measure portfolios
  - Cautious assumption bias continues
- Maintain key valuation assumptions
  - 9% **downward calibration** of gross forecasts for economic and model risk
  - 20.1% discount rate, **after calibration**, to present value the portfolio
- A ten year liquidation period cap applied
- PwC continue as independent auditors

Key scheduled payment arrangement metrics as at 30 June 2017

Increase in customers	61.4%	• Success through operational excellence
Average balance	$12,596	• Evidence of portfolio quality and value (no low quality customer segments)
Weighted average liquidation period	2.1 years	• Down slightly from prior period – reflects significant investment in period
Interest rate	12.0%	• Average accruing interest rate
Instalment completion rate	97.0%	• Exceptional customer outcomes and predictable cash flows
Total payment arrangement book size	$215m	• **Scheduled payment arrangements only –** exponential growth through operational excellence

Note:
1. Refer to note 5(b) in the financial statements for further information

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Balance sheet

Asset growth reflects cash generation, disciplined investment and responsible cost management

	FY16	FY17	
Cash and cash equivalents	$4.9m	**$3.1m**	**-36%**
Financial assets at fair value	$111.1m	**$164.5m**	**+48%**
Total assets	$127.4m	**$180.2m**	**+41%**
Borrowings	$53.4m	**$80.4m**	**+51%**
Total liabilities	$62.6m	**$89.9m**	**+43%**
Net assets	$64.8m	**$90.3m**	**+39%**
Gearing (debt/PDP asset)	48.07%	**48.88%**	**+2%**
Total credit facilities	$67.1m	**$110.0m**	**+64%**

- Increase in net assets driven by disciplined investment and oversubscribed equity raise
- 3 year tenure on new facility to December 2019
- Significant headroom on all bank covenants
- Gearing at 48.88%
    - Internal ceiling at 50%, covenant limit 55%
- Large undrawn debt balance of $26.3m available

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Cash flow

Strong operational performance reflected in increased liquidations

	FY16	FY17	
EBITDA[1]	$31.2m	**$35.0m**	**+12%**
Gross operating cash flow	$31.7m	**$36.3m**	**+14%**
Gross operating cash flow / EBITDA[1]	102%	**103%**	**+2%**
Net cash inflow from operating activities	$26.1m	**$26.7m**	**+2%**
PDP investments	($43.4m)	**($68.7m)**	**+58%**
Net proceeds of financing	$19.3m	**$26.8m**	**+39%**
Dividends paid	($4.7m)	**($5.2m)**	**+9%**
Net equity raising and DRP proceeds	$6.6m	**$19.9m**	**+202%**

- Record PDP investment at sustainable price points
  - Includes $14m one off investment with strong forecast liquidations to drive near term earnings
- Cash earnings performance improved driven by efficient PDP liquidations up 14%
- FY18 cash earnings outlook underpinned by portfolio strength and operational capacity

Note:
1. EBITDA is before Change in Value (non-cash) movement

Customer centric service culture

Pioneer’s Leadership Principles provide a values based framework, for every person in the business, that drive great outcomes for Pioneer’s customers and shareholders

How is Pioneer different?

Customer centric service that improves creditworthiness and likelihood of full repayment

	Typical debt purchasers	pioneer credit	Pioneer's competitive advantage
PDP selection	Most classes of unsecured debt, incl. Part IX, bankruptcy, telco, utility, payday, SACC, MACC	'Tier 1'[1] customer portfolios with a preference for credit cards and personal loans	✓ Premium data analytics facilitates selection of lower risk portfolios
Bargaining for PDPs	Price-based Individual transaction focused	Reputation-based Relationship management, customer-centric service and strong track record of compliance	✓ Unique brand and reputation offering for vendor partners
Liquidation profile	1 to 6 year collection cycle	Liquidation profile up to 10 years	✓ Flexible payment schedules optimise total liquidations
Process and customer relationship	Find the individual capable of paying Artificial deadlines and incentive structures that prioritise immediate payment One size fits all servicing approach	Enable the consumer to be able to pay Personal account managers restructure loans and develop tailored repayment plans to guide customers through their financial recovery	✓ Predictable revenue with vendor partnerships promoting long term customer relationships

Note:
1. Customers not regarded as credit impaired when originated

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How is Pioneer different? (cont.)

A differentiated offering and higher standards drive great outcomes for our customers and vendors

Key vendor selection considerations	pioneer credit	Pioneer's competitive advantage
Purchase certainty for vendors and Pioneer	• Employs strict investment discipline • Invest at a long term sustainable price, and disciplined to not invest when price points do not meet hurdle rates	✓ Preferred by vendors, Pioneer has **never defaulted on a PDP agreement**
Vendor brand protection	• **No low quality** customer portfolios – No Part IX, bankruptcy, telco, utility, payday, SACC, MACC • **Net Promoter Score** used to measure, evaluate and grow customer relationships	✓ **NPS of +13** provides vendors certainty in our servicing and great customer outcomes
Unique compliance record	• Never had a negative outcome with Ombudsman • Never had a reportable systemic issue • Never had a regulatory enforceable undertaking • Unique record among major market participants	✓ Reduces our operational cost and underpins the reasons why Pioneer can grow against the sector trend

How does portfolio product mix drive expensing rate?

Pioneer's portfolio consists of banking and finance products only and is different to any other significant purchaser in the market – which is reflected in a **different** expensing rate

- The table provides two scenarios
  - Banking and finance portfolio only (like Pioneer)
  - Diverse product mix (like other market participants)
  - Assumes one year liquidation of $100m

Liquidations		$100m	Banking only		Mixed portfolio	
Product	**Average multiple**	**Expensing rate**	**Liquidations proportion**	**Implied expense ($m)**	**Liquidations proportion**	**Implied expense ($m)**
Banking	4.0x	25%	100%	25.0	45%	11.3
Part IX	1.3x	79%	-	-	30%	23.7
Telco	1.5x	67%	-	-	10%	6.7
Utilities	1.5x	67%	-	-	10%	6.7
Payday	2.0x	50%	-	-	5%	2.5
Implied expensing rate				**25%**		**51%**

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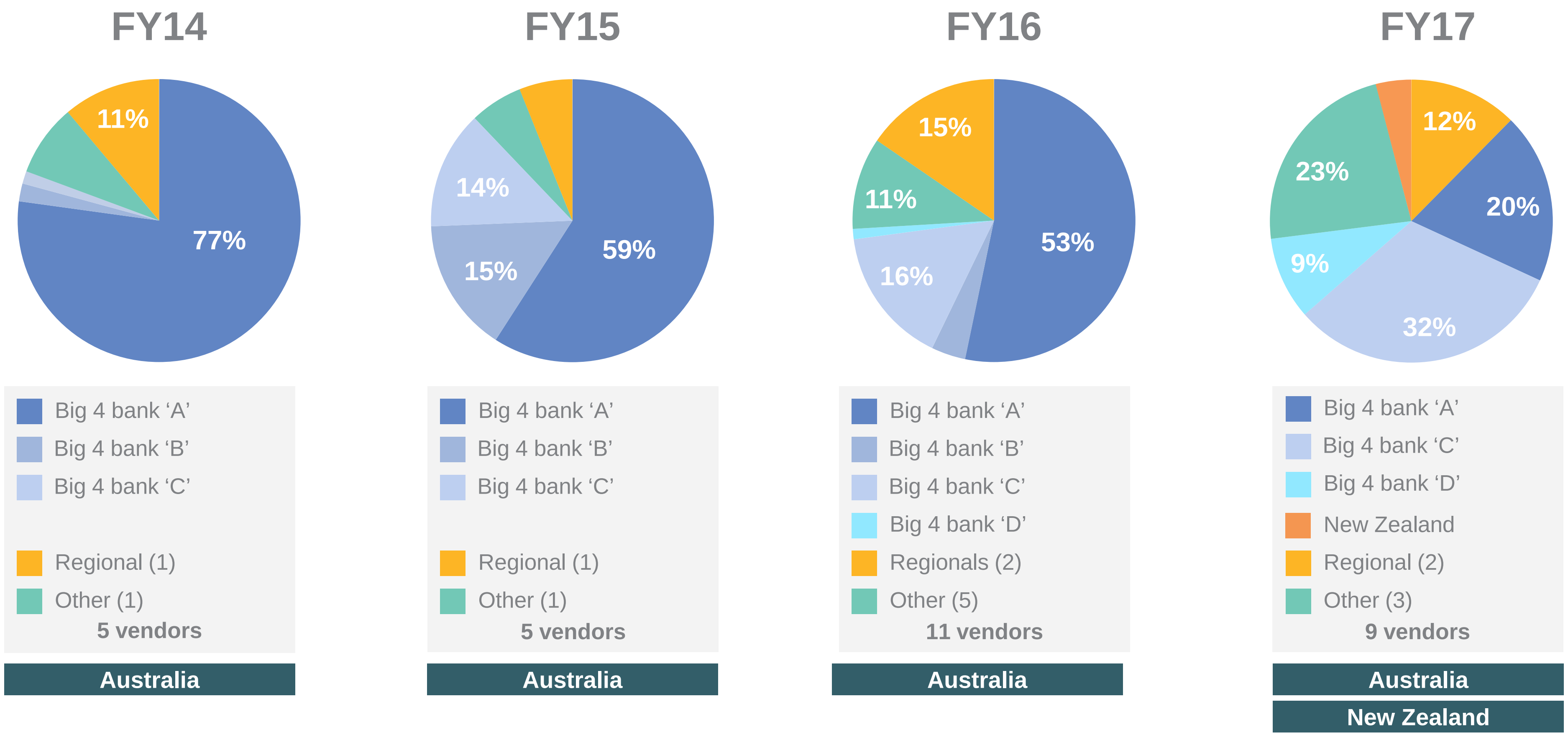
Vendor investment mix

Vendor diversification illustrates Pioneer's leading market position in Australia and New Zealand



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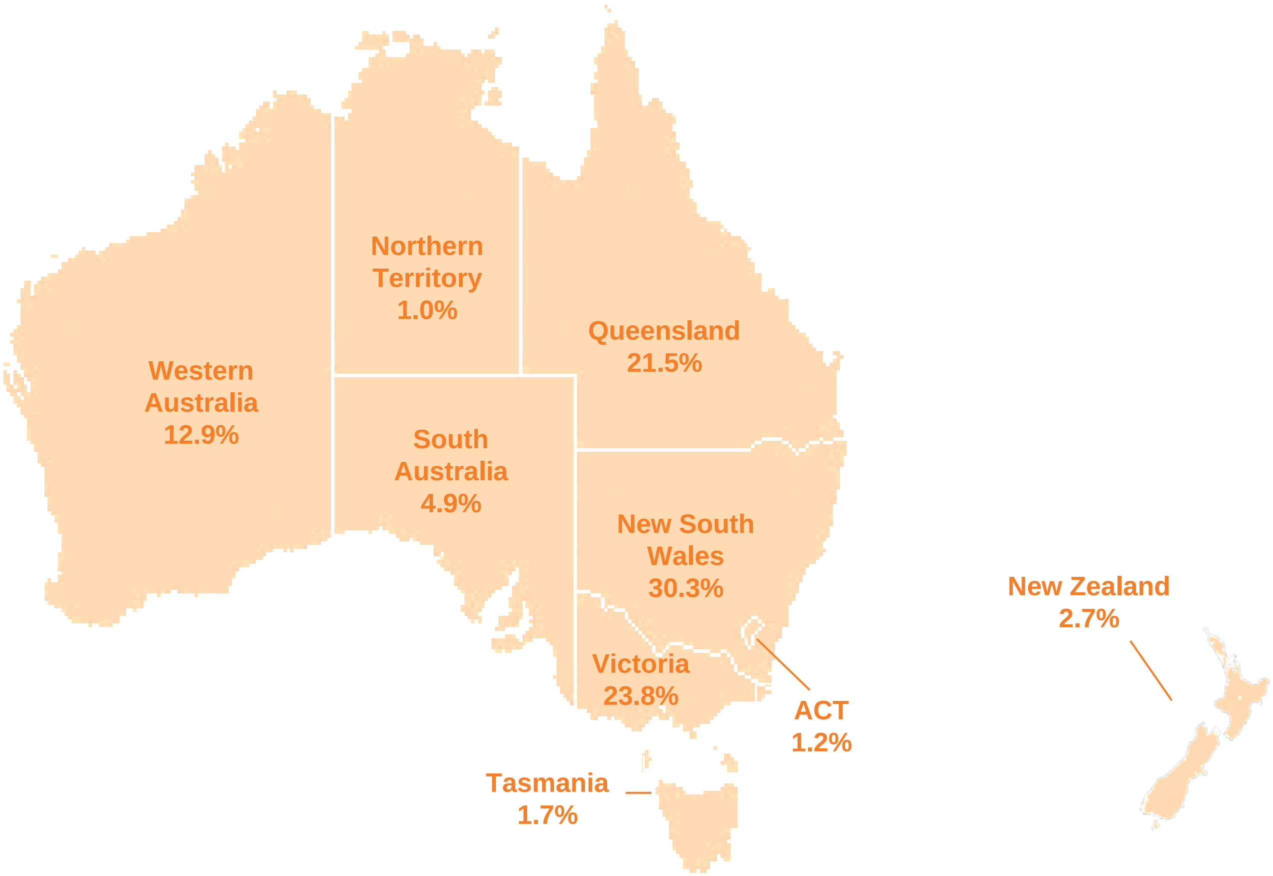
Geographic distribution

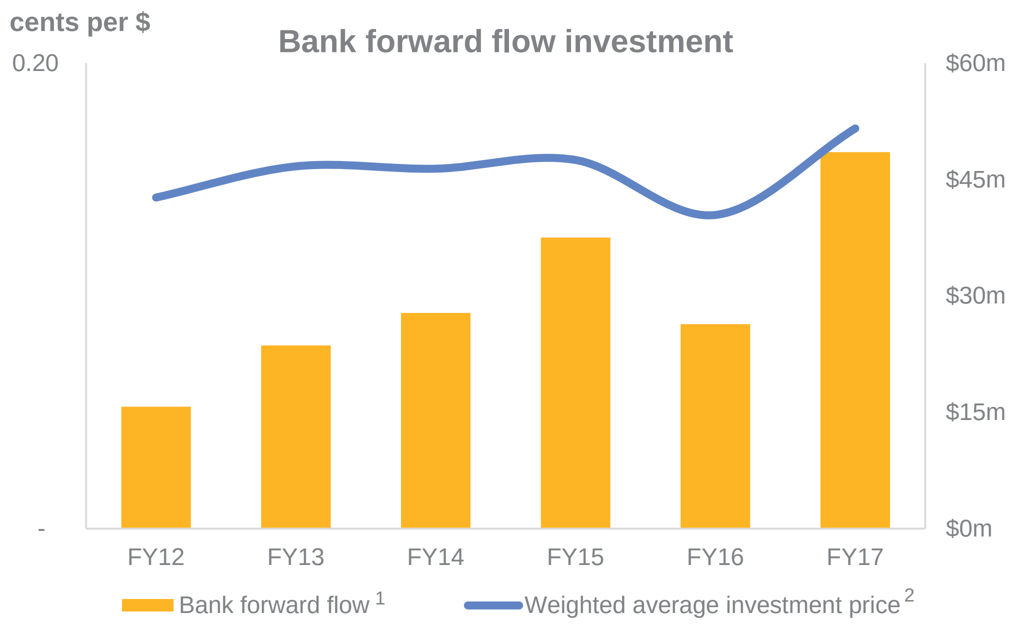
Reflects distribution of the Australian population and Pioneer's emergence into New Zealand



Investment discipline

FY17 weighted average investment price reflects largest forward flow[1] arrangements to date with maintenance of long term investment discipline

- Portfolio continues to be built out with only highest quality customers, critical when considering a return multiple
  - Pioneer acquire only Tier 1 customers – predominantly high quality Bank customers on forward flow agreements
  - **No** Part IX's, bankruptcy, telco, utility, payday, SACC, MACC or lower quality segments
- FY17 weighted average investment price[2] increase is a result of investment in significant inventory PDP comprising payment arrangement customers



Note:
1. A forward flow is an agreement to purchase customer accounts meeting agreed characteristics and price for an agreed term
2. Weighted average investment price excludes low value secondary and non-core portfolios invested in since inception

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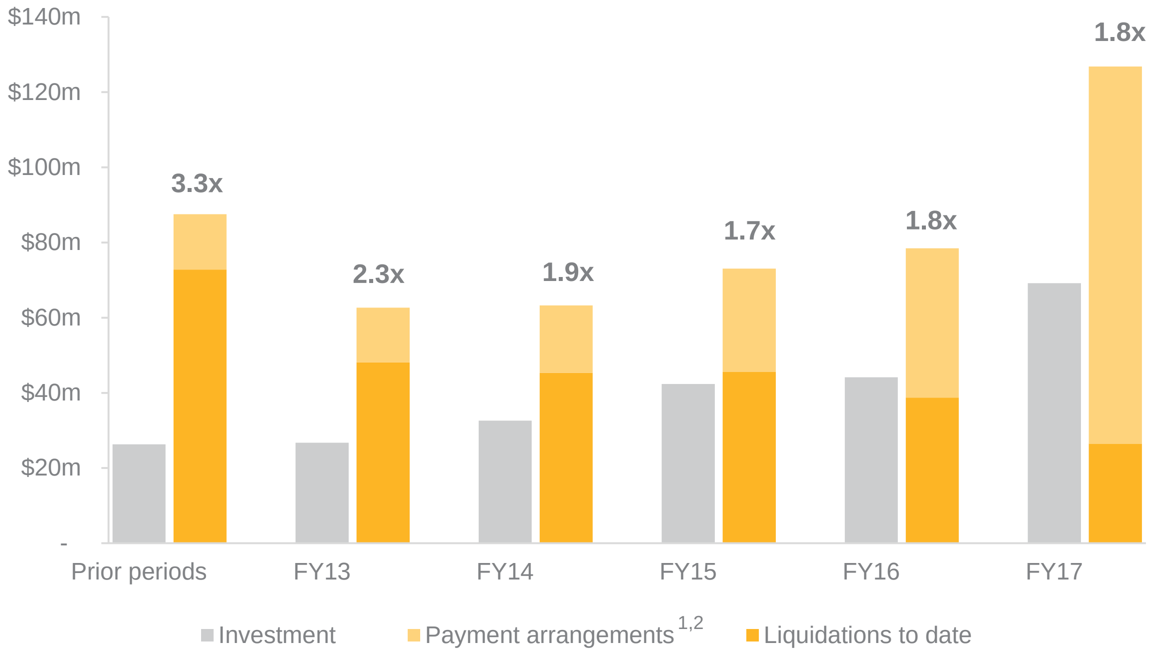
Portfolio profile

Return multiples on track to exceed 4x investment

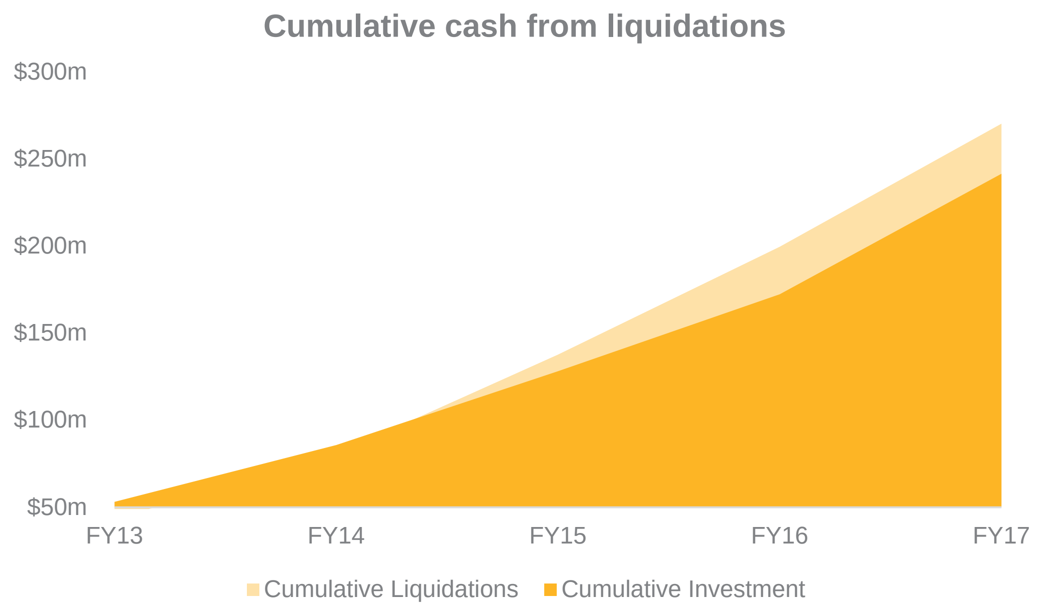
- Pioneer liquidation performance is on track with
  - Target ~0.8x investment multiple within first year
  - Target ~1.4x investment multiple within two years
  - Target ~4.0x investment multiple within ten years
- Pricing discipline across many years is the foundation to achieving returns – lower investment price equals higher return multiples
- Pioneer's service offering is focused on generating sustainable payment arrangements, demonstrated by historically low break rates
- Investment timing is important in understanding liquidations across vintages – late financial year purchasing underpins subsequent period performance
- FY17 multiple supported by investment in significant payment arrangement portfolios, at attractive price points, with strong liquidation profiles

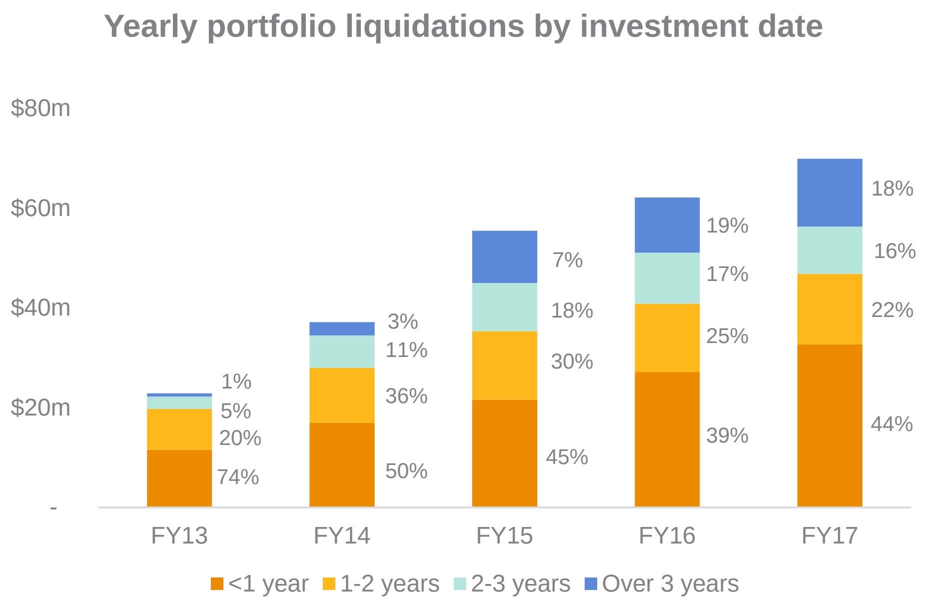


Note:
1. Calculated net of historical break rates and other downward factors to present the most cautious value of expected liquidations
2. Does not include accruing interest which will become payable (i.e. includes only balances due as at time of printing)

Sustainable cash generation

Growing liquidations with efficient recycling of invested capital





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Custodians of shareholder wealth

Significant level of management ownership with incentives based on sustainable performance

Management ownership

- Every Executive KMP[3] member holds equity in Pioneer
- Every Executive and senior manager participates in the Equity Incentive Plan (EIP)
  - Aligns to strategic goals by appropriately incentivising Executive KMP such that they are accountable for the most significant part of tenure of acquired assets

	Equity[1,2]
Keith John – Managing Director	13.43%
Management (ex Keith John)	6.80%
Total management ownership	**20.23%**

Key aspects of EIP

- 14 participants – diverse and committed executives across entire business
- No Short Term Incentives – fixed base salary only for KMP (ex. COO and selected direct reports)
- EIP provides rights vesting over 3 to 5 years, intended to be acquired on market

Loans to KMP (ex MD)

- Post year end four executives entered into interest bearing loan agreements for shares
- 250,000 shares issued to each executive ($571,600 loan each)
- Significant risk for executives, secured against new shares and any other PNC equity, reflecting strong long term commitment to Pioneer's success

Note:
1. Includes performance or indeterminate rights, intended to be acquired on market
2. Shareholdings based on fully diluted equity structure and includes 500,000 indeterminate rights, subject to shareholder approval
3. Executive KMP (Key Management Personnel) includes MD, COO, CFO, CRO and General Counsel

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New products

Focus on leveraging expertise into new market sectors with accelerating rollout of financial products

Organic growth strategy for adjacencies

Expanding into new market sectors

- Pioneer's core skills, expertise and infrastructure are being leveraged to move into adjacent market sectors
- Talent recruitment continuing to deliver exceptional products and services to consumers

Expectations

- Well progressed with significant funding for growing personal loan offering to existing and new customers
- Some significant commercial agreements in final days of being settled with full update at AGM 27 October 2017
- Targeting break-even, on run rate basis, by end of FY18

Customer and product development

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Range of value based financial products

- Attracts new customers to Pioneer and extends relationship beyond payment of initial account
- Broadens Pioneer brand to more Australian consumers

CreditPlace

Deepens customers' understanding of financial health

- Provision of free credit score and financial literacy education to customers
- Underpins customer engagement strategy

Rewardle

Strategic partnership

- Expands Pioneer's customer reach through the exclusive marketing of personal lending products
- Reach extends to over 2.3m consumers

FY18 outlook

Capitalising on opportunities

Operational opportunities

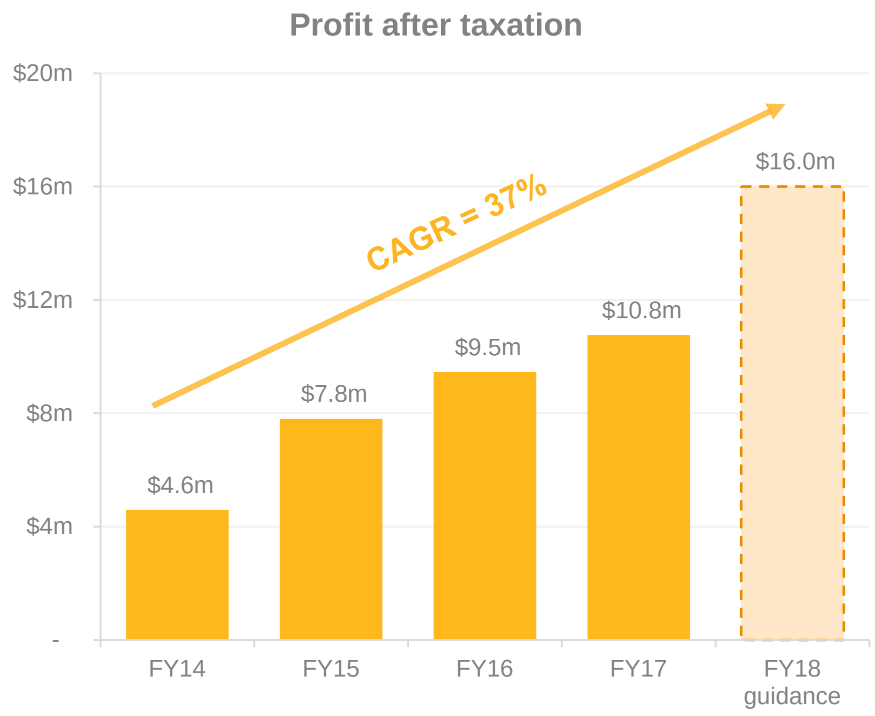
- Growing new financial products under exclusive partnerships with Rewardle (ASX:RXH) and Goldfields Money (ASX:GMY)
- Continue to assess new PDPs and roll over existing PDP agreements (early renewal or greater volumes), with focus on securing quality customers

FY18 PDP investment outlook

- Changing market dynamics provide new and expanded relationship opportunities for Pioneer as a premium provider of differentiated services
- Total PDP investment contracted at ~$65m, with a **target of $70m for FY18**

FY18 NPAT guidance

- PDP investments and workforce expansion underpin strong earnings growth
- **48% increase in earnings expected with FY18 NPAT of at least $16m**



Contacts

Keith R. John
Managing Director
P: 08 9323 5001
E: krjohn@pioneercredit.com.au

Leslie Crockett
Chief Financial Officer
P: 08 9323 5008
E: lcrockett@pioneercredit.com.au

Sue Symmons
Company Secretary & General Counsel
P: 08 9323 5020
E: ssymmons@pioneercredit.com.au

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