

ASX release

29 November 2018

Annual General Meeting – 29 November 2018

Following are the Chairman's Address and Chairman and Managing Director presentations to the Annual General Meeting of Pioneer Credit Limited (ASX: PNC) to be held today 29 November 2018 at 10 am at the Conference Centre, Ground Floor, 108 St Georges Terrace, Perth.

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Chairman's Address to 2018 AGM – Michael Smith

This is my fifth AGM address as Chairman of Pioneer Credit Limited, and it has been an honour to serve the Company and its shareholders over this period.

I am very grateful to have the opportunity to work for such an effective independent thinking, but ultimately collegiate group. We discuss, debate and decide everything together without separating into smaller committees.

When we met with you this time last year, we told you we expected to achieve PDP Investment of \$75-80m and NPAT of at least \$16m in FY18.

It is now appropriate to review what we achieved against that expectation.

In FY18 our investment in high-quality PDPs was higher at \$84m. Our net profit after taxation exceeded the target at \$17.6m, up 64%.

Our EBITDA was up 55% on the prior year (FY17) to \$54m.

In addition, liquidations exceeded \$100m for the first time.

We expanded our capital by raising \$40m under a medium-term bond issue and commenced our personal lending business.

As a sign of both maturity and success for shareholders, Pioneer Credit entered the All Ordinaries Index in March 2018.

When we listed in 2014, we achieved a modest profit of \$4.6m. In FY18 we achieved a record profit of \$17.6m, a cumulative annual growth rate of 40%.

EBITDA, Earnings per Share and Dividend per Share were also at record levels, achieving cumulative annual growth rates of 29%, 38% and 47% respectively.

The growth the Company has achieved is a testament to its continued ability to adapt to change without losing sight of its capabilities that has formed the backbone of its success – having our customers at the very forefront of all that we do.

For us, one of the most satisfying aspects of our work is listening to our customers' stories, working out a plan that will lead them to recovery and, once they are recovered, offer them appropriate and meaningful solutions to their financial needs.

Our empathetic approach to our customers has ensured we have maintained our unblemished and unique compliance record, where Pioneer:-

- o has never had a negative determination by any Ombudsman,
- o has never had a reportable systemic issue, and
- o has never had to enter an enforceable undertaking of any kind.

This unique set of outcomes is valued by financial institutions that genuinely value their customers and has underpinned the growth in investment Pioneer has made since listing.

We measure every Pioneer customer throughout their journey with us and have this year achieved record satisfaction levels, as evidenced by our Net Promoter Score of +18.

This would not be possible without an exceptional management team. Lead by our Managing Director, Keith John, the management team inspires excitement in the workplace, builds a strong company culture and cultivates loyalty and passion within our team members. Communication is open and honest, and there are no threats, only opportunities.

At Pioneer we think originally about how we deal with every significant issue. Noting precedent and 'best practice' but being bold enough to do what is right for us, even if that is different.

Our remuneration structure is an example. Except for our Chief Operating Officer and one direct report, we do not offer short-term incentives.

Given our values and strategy, we think it is more appropriate to offer a fixed base salary and a long-term incentive, thus aligning the interests of our key employees with you, our shareholders.

As custodians of shareholder wealth, our management team retains a significant level of equity ownership in our company.

We extend the life of our long-term incentives to ensure alignment with your wealth creation. With a liquidation profile of PDPs of up to 10 years, with the bulk of those liquidations occurring within the first 5 years, our executives' long-term incentives vest over 3-5 years from issue. It is a long time to wait but critical to ensuring that the disciplines that are ingrained in the business remain and that you get rewarded first, and management get rewarded second.

Ultimately the success of Pioneer is because we are a productive member of the community, a position we treat with respect and gratitude. Many of our customers commence their journey with Pioneer at a time in their lives when they have other challenges. Pioneer recognises that and has sought to align with other organisations that share similar values and support the areas where our customers have the greatest challenges.

Throughout FY18 and in FY19 we continue to support Telethon, Tour de Cure, a cycling event that supports cancer research, Starlight Children's Foundation, ToyBox International, a Western Australian charity helping families of disadvantaged children, Variety, the children's charity, and SF Super Series supporting families challenged by Sanfilippo.

In FY19 we are pleased to include Lifeline Australia, who offer crisis support service for suicide prevention, mental health support and emotional assistance, as a sponsored partner.

Our support is beyond financial and includes in-kind support from our volunteer team Pioneer Hearts. In the past year over 65% of Pioneer team members contributed time through the Pioneer Hearts program back to our community.

It is this contribution – that of the positive difference we make to the community – which we are most proud of and which will continue to underpin our success in the future.

In concluding my address, on behalf of the Board, I convey my thanks to Keith John and the management team and all of our employees for their efforts for the company. Thank you also to our shareholders for your ongoing support. It is much appreciated.

29 November 2018

2018 Annual General Meeting



Important notice: Disclaimer

This presentation has been prepared by Pioneer Credit Limited ("Pioneer").

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.

29 November 2018

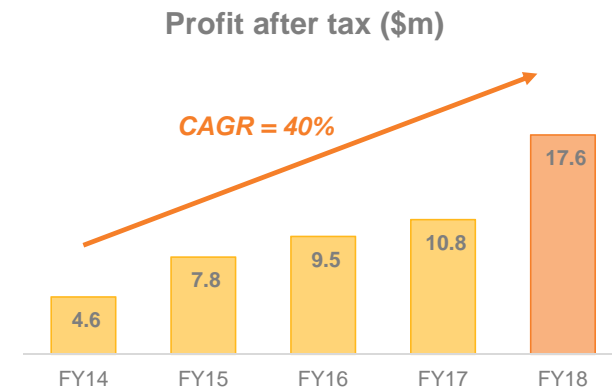
**Annual General Meeting
Chairman's Address**



FY18 key financial metrics

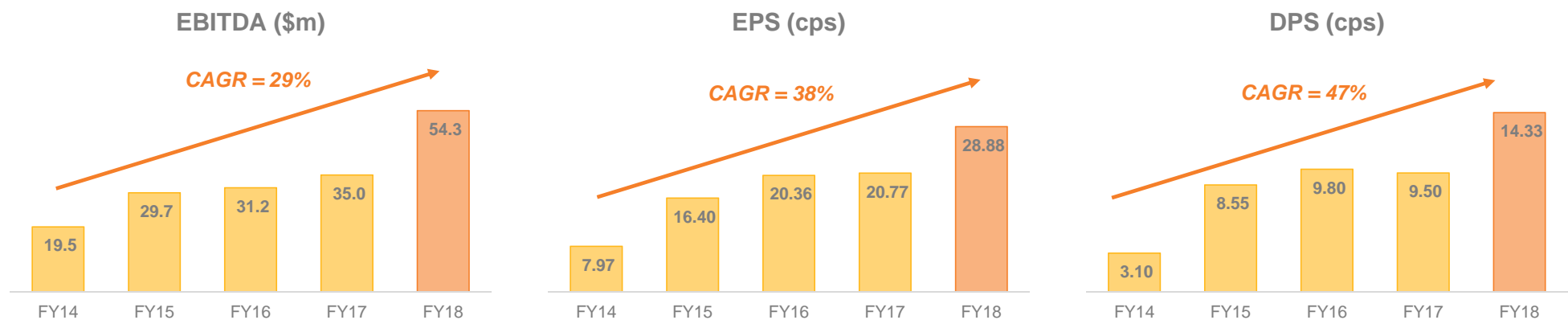
Record PDP liquidations drive record profit

	FY17	FY18	
PDP liquidations	\$70.7m	\$101.7m	+44%
Services & lending revenue	\$1.9m	\$2.9m	+53%
Net revenue	\$56.3m	\$81.5m	+45%
EBITDA	\$35.0m	\$54.3m	+55%
EBIT margin	31.0%	35.4%	+14%
NPAT	\$10.8m	\$17.6m	+64%
EPS	20.77cps	28.88cps	+39%
DPS	9.50cps	14.33cps	+51%



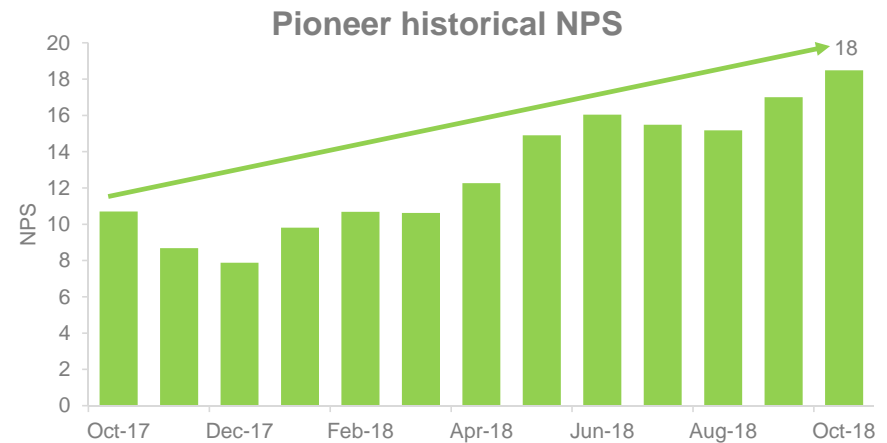
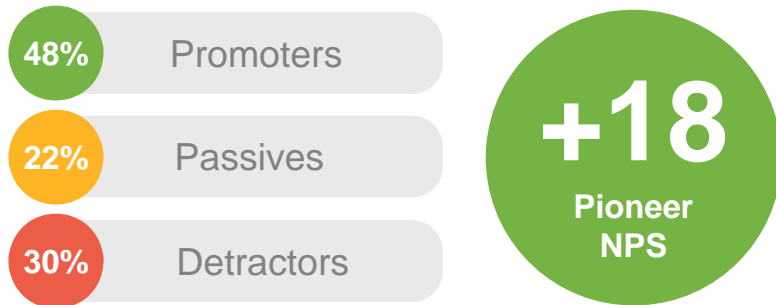
Key financial metrics since IPO

Increasing operational scale underpins continued earnings growth



Net Promoter Score

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



"Pioneer is a great company. They are very understanding especially in financial circumstances"

"Every member of the Pioneer team I've spoken with has been professional and helpful 110% of the time. Thank you!"



"Without a doubt the most caring & obliging company...you are not just treated like another number"

Customer Feedback



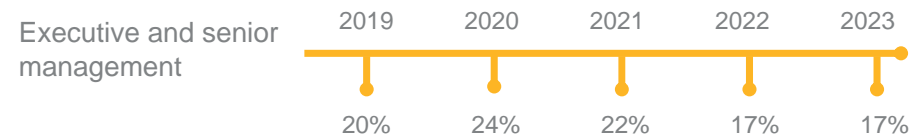
Custodians of shareholder wealth

Significant management ownership with incentives driving sustainable performance

Incentivisation

- Only 2 operational leaders are eligible for an STI with hard closes for any compliance issue
- Every Executive has equity and participates with other senior management in the Equity Incentive Plan (EIP)
- New awards only ever vest over 3 to 5 years. No short term vesting whatsoever
- 56%³ of issued rights vest at least 3 years out
- Aligns Executives to shareholder wealth creation over substantive term of PDP realisations

Vesting profile of EIP



Management ownership

	Equity ¹
Keith John ^{2,3} (Managing Director)	9.92%
Board and Management ² (ex Keith John)	6.10%

Note:

1. As at 20 November 2018
2. Includes indeterminate and EIP rights, intended to be acquired on market
3. Includes 500,000 indeterminate rights, subject to shareholder approval at AGM

Community engagement



WA Children's Charity



Children focused Charity



Initiative that raises funds to support cancer research



Children's charity



Sponsorship to create moments of joy and comfort for hospitalised kids and their families



24 hour telephone crisis support service



Research focused to cure Sanfilippo Syndrome



Pioneer's own community-based volunteer program

29 November 2018

**Annual General Meeting
Managing Director's
Presentation**



Our culture is our difference

Leadership Principles provide a framework to drive great outcomes for all stakeholders



Our culture is our difference

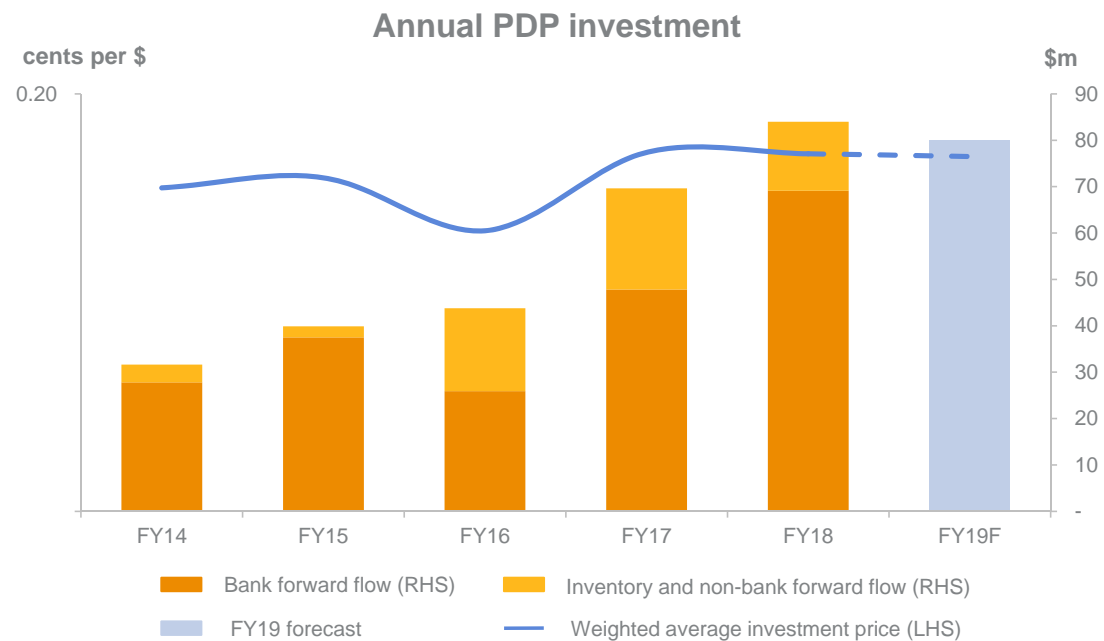


Pioneer's competitive advantage

Our culture	<ul style="list-style-type: none"> Inclusive and empowering Embedded in values for all stakeholders 	<ul style="list-style-type: none"> ✓ Leadership Principles
PDP selection	<ul style="list-style-type: none"> Strict investment discipline 'Tier 1' portfolios 	<ul style="list-style-type: none"> ✓ Analytics drives selection of lower risk portfolios ✓ Preferred by vendors - no default ever on a PDP agreement
Vendor brand protection	<ul style="list-style-type: none"> Relationship management, customer-centric service No low quality portfolios 	<ul style="list-style-type: none"> ✓ Trusted brand and reputation ✓ Unique unblemished compliance record
Process and customer relationship	<ul style="list-style-type: none"> Enable our customers' ability to pay Focus on growing our customers' financial capacity 	<ul style="list-style-type: none"> ✓ Predictable liquidations ✓ NPS +18 evidences positive customer experience
Liquidation profile	<ul style="list-style-type: none"> Liquidation profile up to 10 years 	<ul style="list-style-type: none"> ✓ Flexible payment schedules
Long term incentives	<ul style="list-style-type: none"> Vesting over 3 to 5 years 	<ul style="list-style-type: none"> ✓ Executives aligned to shareholder wealth creation

Investment discipline

Demonstrated ability to invest in quality portfolios at fair price points over time

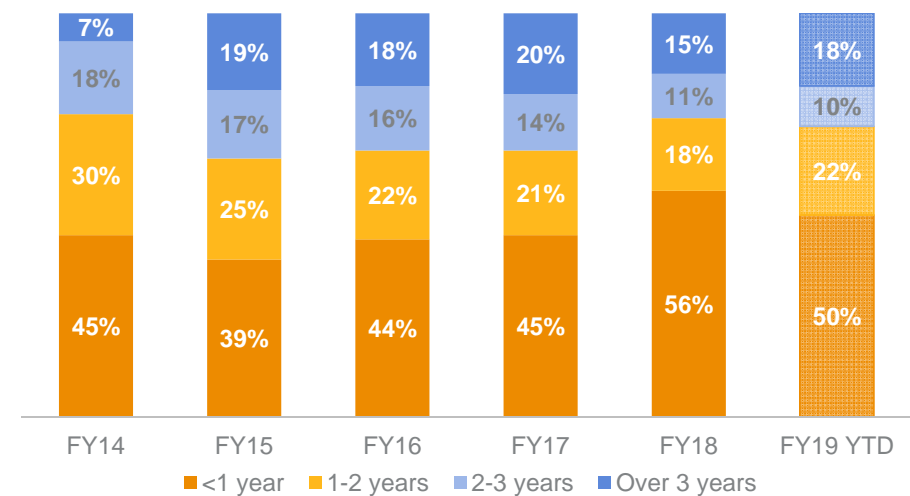


Sustainable cash generation

Contribution from older vintages to increase in FY19

- Liquidation contribution from newer vintages in FY18 influenced by investment growth immediately prior and during that period
- As investment growth moderates (FY18 and FY19 investment similar) and employee tenure matures, liquidations from older vintages will increase
- FY19 YTD contribution to liquidations from accounts > one year old has increased from 44% in FY18 to 50% FY19 YTD
- Evidences ability to liquidate consistently across portfolio and of the value that exists in the portfolio

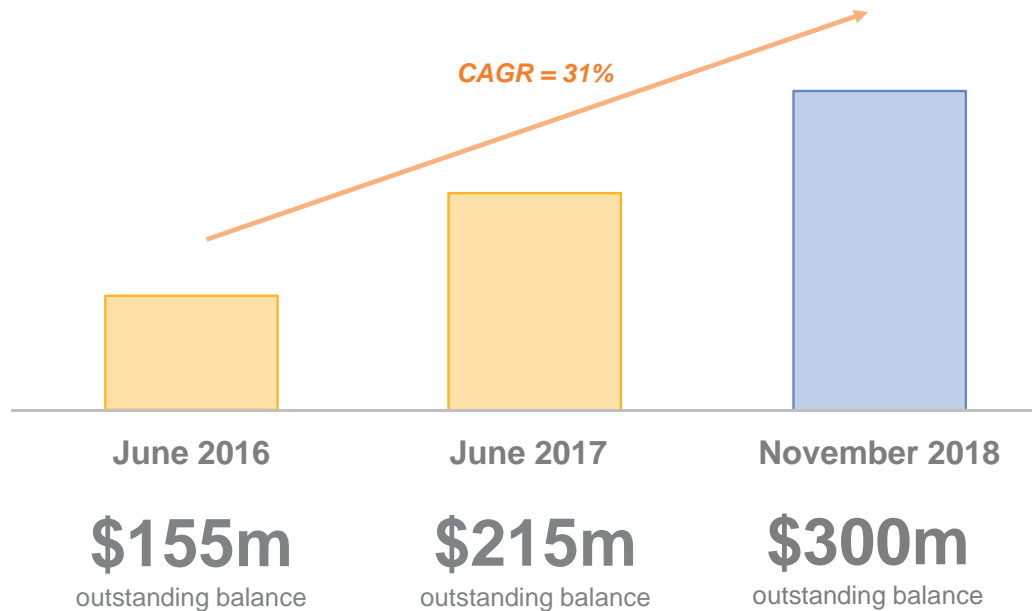
Portfolio liquidations by investment date



Payment arrangement portfolio

Sustainable arrangements lead great customer outcomes

Growth in PA book

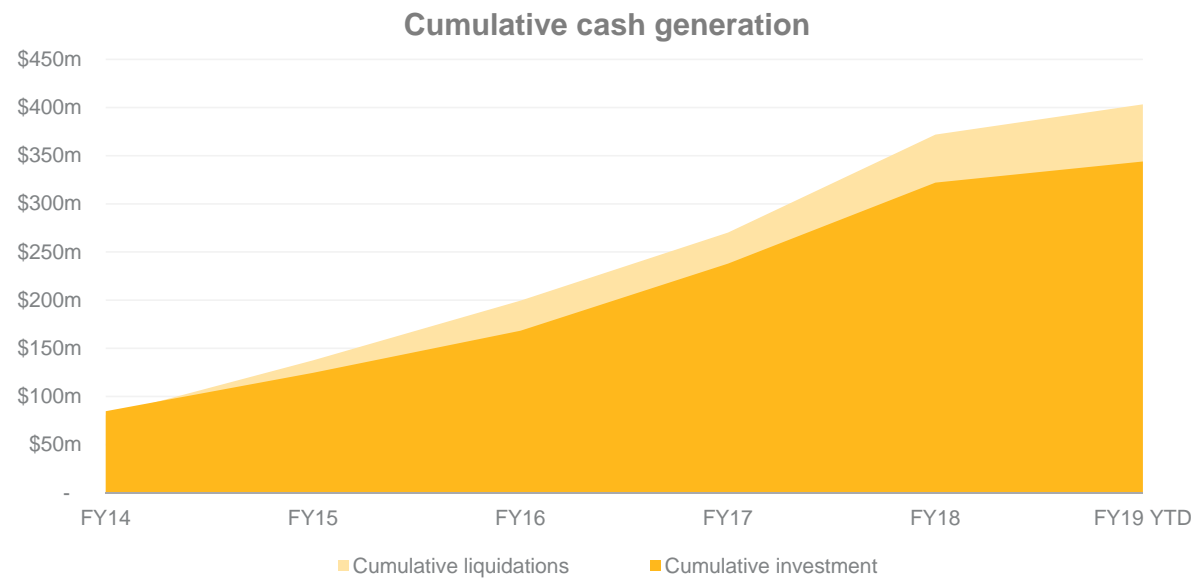


PA book metrics



PDP investment

Growing liquidations with efficient recycling of invested capital



Personal lending

- Acquired a completed loan portfolio to supplement existing data set by +130,000 consumers
- Internal data on over 360,000 financial consumers now referenced during credit risk assessment
- Product team with extensive lending experience
- Risk aware, sustainable lending and engagement strategy that is good for both consumers and Pioneer
- Three offerings that enable customers to progress through a Pathway to Prime™



Pathway Personal Loan



Progress Personal Loan



Peak Personal Loan



Unsecured rates from 11.99% to 18.99%



Loans from \$5,000 up to \$50,000



No monthly fees or early exit fees

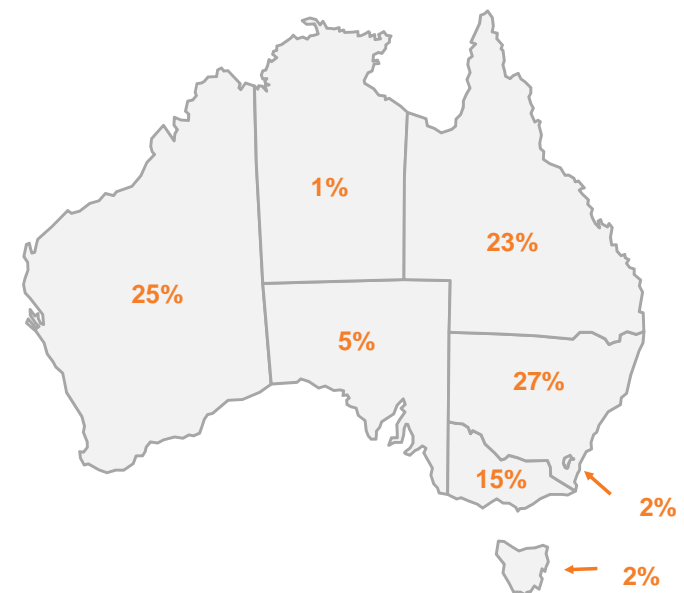
Personal loan portfolio

Credit settings are tight and will continue for some time

# of loans disbursed	502
Average loan disbursed	\$19,663
Total loans disbursed	\$9.9m
Average term	5.1 years
Average interest rate	13.7%
Average age of customer	38 years

- Focus continues on growing a book with minimal arrears

Personal loan customers by state



Investment in technology



InDebted is a technology business providing data-driven solutions

- A data-driven receivables platform leveraging machine learning to provide a personalised customer experience at scale
- InDebted has a wide and growing range of customers in Australia, New Zealand and the UK
- Complements Pioneer's customer centric business:



Reduced compliance risk – code-controlled compliance enforcing regulation in real time



Increased customer retention – allows an exceptional customer experience through the engagement process



Machine learning – data and machine learnt algorithms provide real-time personalisation



Customer expectations – enables expected omnichannel interactions and empowerment

- In May 2018 Pioneer led a second round capital raise as a strategic investor alongside ReInventure
- Keith John continues to represent Pioneer on the InDebted Board of Directors

Investment in technology



Pioneer is commencing a two phase pilot programme

- Phase one
 - Commences with Pioneer team members working from InDebted's Sydney offices
 - Three employees (Solutions Specialists) with support provided by all functions from Pioneer
 - Focus on lowest risk product type
 - Commences 3 December 2018
- Phase two
 - 20 Solutions Specialists working from Pioneer's Perth offices
 - Commencing on lowest risk product type and stepping out over time
 - Commences 17 December 2018
- Pilot expected to run for a minimum of 6 months
- Pilot commencement triggers the start of Pioneer's right to three years' exclusivity to InDebted

FY19 outlook

Financiers continue to support growth and opportunities

Funding

- Pioneer is reviewing its debt funding following strong inbound enquiry from financiers
 - No imperative to settle a position in the short term
 - Focus on positioning the Company for next 3 years+
- ~\$20m in funding capacity has been freed by slower distribution of personal loans
 - This may continue based on what is optimal for the business and stakeholder outcomes
- Existing syndicate is currently expanding its facility
- In October 2018 DRP was underwritten with oversubscribed institutional demand
- Pioneer remains appropriately funded for its existing programme of works

FY19 outlook

A market of increasing opportunity for a disciplined Pioneer

M&A opportunities

- Continue to progress, albeit at a slower pace than desired, with our usual discipline and caution
- Focus remains on developing a strong understanding of opportunities, particularly on cultural issues
- Pioneer continues to invest heavily in building a team of capable leadership, across disciplines, with capacity to, and for the purpose of, stepping into acquisitions when they occur

Personal loans

- Focus remains on building a quality book, with minimal arrears
- Company continues to learn how to distribute appropriate product, at an appropriate time, to appropriate consumers

FY19 outlook

A market of increasing opportunity for a disciplined Pioneer

PDP investment

- PDP investment opportunities are plentiful for Pioneer
- The Banking Royal Commission has increased focus on quality with engagement for Pioneer increasing
- LMI agreement has been renewed, off the back of exceptional customer outcomes (segment NPS of +31)
- We expect material sustainable opportunities may now become available in the 2H19
- For now we reiterate our expected PDP investment in line with FY18 at \$80m, which is substantially complete

FY19 guidance

- Solid top line growth with liquidations of at least \$120m
- **20% growth in EBITDA to at least \$65m**
- **14% increase in NPAT to at least \$20m**

Contacts

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