

25 February 2019

## Pioneer records strong revenue and reaffirms FY19 outlook

Key performance measures:-

- Liquidations of Purchased Debt Portfolios (“PDP’s”) of \$50.49m up 9.6% on pcp
- Statutory Net Profit after Taxation of \$5.46m down 32.7% on pcp
- EBITDA of \$24.28m flat on pcp
- PDP Investment of \$31.37m down 28.6% on pcp

Pioneer Credit Limited (ASX: PNC) (“**Pioneer**”, or the “**Company**”) today announced its half-year results for the period ended 31 December 2018.

The Company does not provide guidance for any half. While we did not meet our own expectations and we are disappointed with our performance, that sentiment should be balanced against the liquidations performance, strong EBITDA and exceptionally disciplined investment outcomes. As you should expect, the full year guidance across all key metrics is reaffirmed.

Managing Director Keith John said “On the positive, we had our strongest 1H liquidations on record. Total liquidations are up almost 10%. Notably this was achieved against our lowest investment in PDP’s in recent memory, as sellers adjusted to the Banking Royal Commission and evolving community expectations on customer outcomes. These factors caused a delay in us acquiring portfolios.”

Over the course of the past five years the Company has met or exceeded all expectations, and for the first time it has, despite these positives, missed our half year profit expectation.

“Pioneer is a business characterised by its integrity. We are a Board and executive team that continues to test and learn to improve not just our operational performance, but also our relationships with vendors and customers and of course our financial performance for shareholders.

“At its core, we are a team with strict discipline and the accompanying 1H19 Results Presentation fully explains our performance in the first half and the path to delivering on our reaffirmed guidance to the market.

“At 31 December 2018 the Company had invested only 39% of our yearly guidance. This was in part due to changes some of vendors made to their sale programmes in response to regulatory developments. We now have 90% of our PDP investment guidance contracted for the year and expect to complete our investment programme in line with expectations.

“For clarity, the Company has significant opportunity to invest more than guidance in the current period, but remain focussed on long term sustainable earnings for the business. This means remaining disciplined as we execute the investment aspect of our strategy. This does not change because of any temporary or short-term delays.

“When it is appropriate to step out our PDP investment further, we will clearly signal that to the market. Any step out will be founded on discipline and sustainability.

“While the purchasing delay has clearly impacted performance, through 1H19 we have invested at our lowest average price in over 3 years, for the same products and from the same vendors as in the past. We expect this to translate into earnings in future periods and to continue for some time.”

Keith John continued “Unequivocally, vendors are choosing Pioneer’s quality approach and treatment of consumers over price. We believe they will continue to do this.

“Finally, we acknowledge the significant contribution of our colleague Lisa Stedman who resigns as Chief Operating Officer from the business after almost 10 years. We have commenced our search for a replacement and will continue to take our time in that search, given the significance of the position they will need to fill.”

### **Dividend**

The Directors have declared a fully franked interim dividend of 4.31 cents per share which will be payable on 26 April 2019. The record date for the dividend is 1 April 2019 and the Company will continue its Dividend Reinvestment Plan which will again be offered at a 2.5% discount to the 10-day volume weighted average price following the record date.

### **Outlook and guidance**

The Company reaffirms its guidance for the full year as:

- PDP investment to \$80m (with 90% contracted)
- At least 18% increase in liquidations to >\$120m
- At least 20% increase in EBITDA to >\$65m
- At least 14% increase in Net Profit after Taxation to >\$20m.

### **Investor and media enquiries:**

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