25 February 2019

1H19

Results Presentation

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1H19 Financials

	1H19	FY19 Guidance
Liquidations	$50.5m 1H18: $46.1m ▲9.6%	>$120m
PDP Investment	$31.4m 1H18: $44.0m ▼28.6%	$80m
EBITDA	$24.3m 1H18: $24.3m Steady	>$65m
NPAT	$5.5m 1H18: $8.1m ▼32.7%	>$20m

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A half of tactical realignment

We continue to challenge performance and test new strategies…

Pioneer continues to develop and challenge its operational strategy

- Operational strategies were tested in 1H which resulted in lower liquidations than expected
- Strategies have been adjusted with early signs positive for 2H recovery
- Negative impact of $4.5m in deferred liquidations
  - Liquidations are not ’lost’ and will be recovered in subsequent periods

Originators are prioritising Pioneer’s differentiated offering

- Increased prioritisation takes time and we continue to work with originators who are realigning sale strategies where we are involved
  - Delays experienced in acquiring from existing vendors as they responded to external factors resulting in:
    - Lowest proportion of investment in recent memory, though our full year guidance of $80m investment remains (~$72m contracted)
    - $31.4m invested in 1H19
- Lowest average investment price in three years (after excluding low value and utilities portfolio)
  - Investment in the same products and from the same partners as in prior periods

A half of tactical realignment

... and are better positioned to benefit from a changing landscape…

Upfront investment in compliance enhancements

- We ramped up compliance and infrastructure investment in 1H to further reinforce our reputation
  - Driven by early read from the Hayne Royal Commission and originators' increasing desire to choose quality over price
  - Added capacity to our compliance team and enhanced compliance focus

Personal loans on hold pending regulatory clarity and for better ROI opportunities

- In current environment too much uncertainty in non-bank lending
  - Resulted in a more cautious approach to credit assessments through the period
  - Portfolio held at $10m advanced, at least until regulatory clarity is provided
    - Though Pioneer's products are not captured within Senate enquiry scope
  - Interest and finance cost from corporate bond – additional $1.1m in the half (recurring cost)
    - Prudent to explore and utilise new funding opportunities to accelerate growth

A half of tactical realignment

… with a logical path to FY19 guidance

Pioneer have a track record of performance

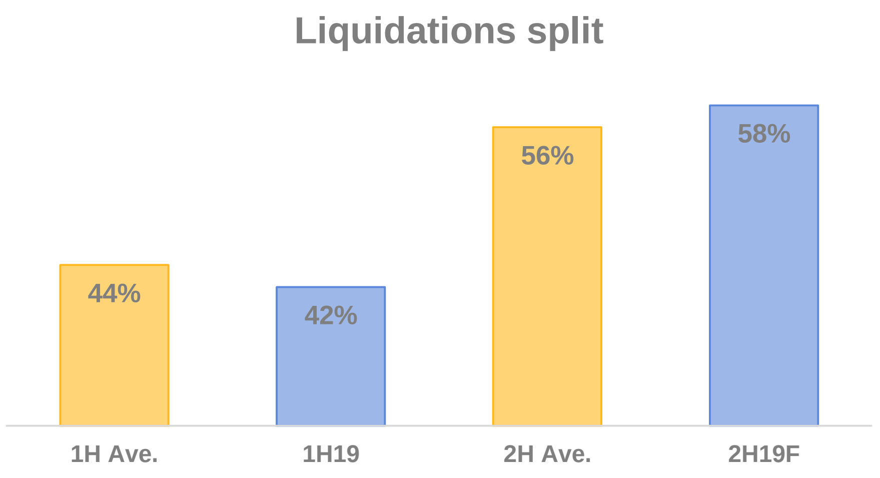
- Liquidations split is consistent with past performance

Focus on operational strategy

- Strategy re-alignment
- Emphasis on core operations with lending on hold
- Redeployment of Connect staff into Solutions

Contracted investment to increase in Q3

- Investment discipline remains, no short term view on acquisition of PDPs
- Discussions underway with new vendors in existing and new segments
- Entry in utilities market - opportunity to expand



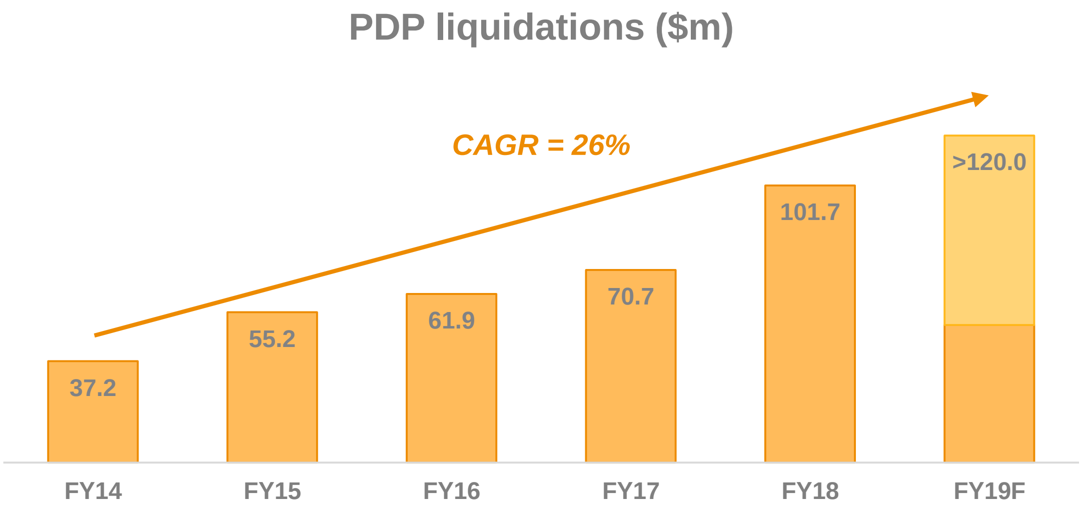
Historical liquidations split	1H	2H
Average achieved	44%	56%
Minimum achieved	40%	54%
Maximum achieved	46%	60%

Note:
Historical liquidations are from FY14 to FY18

Profit & loss

Liquidations continue to grow, but not quite to our expectations…

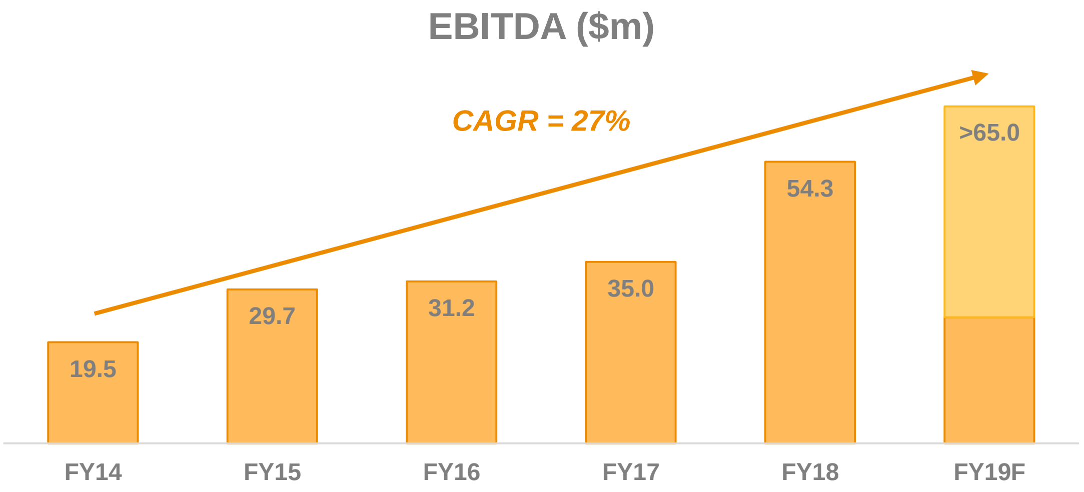
	1H18	1H19	
PDP liquidations	$46.1m	**$50.5m**	**10%**
Services & lending revenue	$1.5m	**$1.7m**	**10%**
Net revenue	$36.8m	**$40.5m**	**10%**
EBITDA	$24.3m	**$24.3m**	**-**
EBIT margin	34.9%	**26.9%**	**-**
NPAT	$8.1m	**$5.5m**	**(33%)**
EPS	13.33cps	**8.86cps**	**(34%)**
DPS	6.62cps	**4.31cps**	**(35%)**



Cash flow

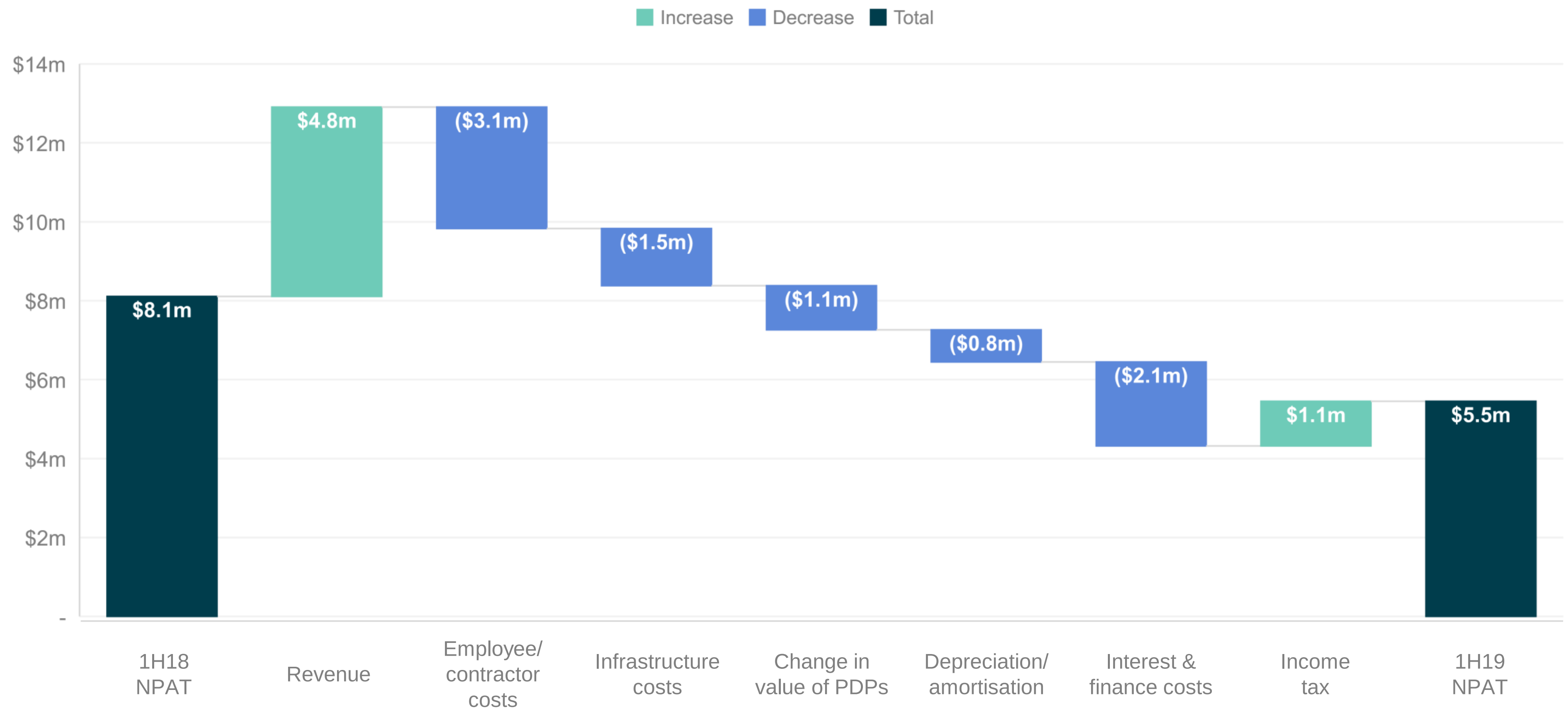
... though "*cash is king*" and cash conversion remains very strong…

	1H18	1H19	
EBITDA	$24.3m	**$24.3m**	**-**
Gross operating cash flow	$25.4m	**$24.8m**	**(2%)**
Gross operating cash flow / EBITDA	105%	**102%**	**-**
Net cash inflow from operating activities	$22.1m	**$15.3m**	**(31%)**
PDP investments	($37.8m)	**($29.6m)**	**(22%)**
Net loans advanced	-	**($6.0m)**	**-**
Proceeds of financing	$21.1m	**$20.4m**	**(3%)**
Dividends paid	($3.2m)	**($4.8m)**	**50%**
Equity raising and DRP proceeds	$0.5m	**$5.7m**	**-**



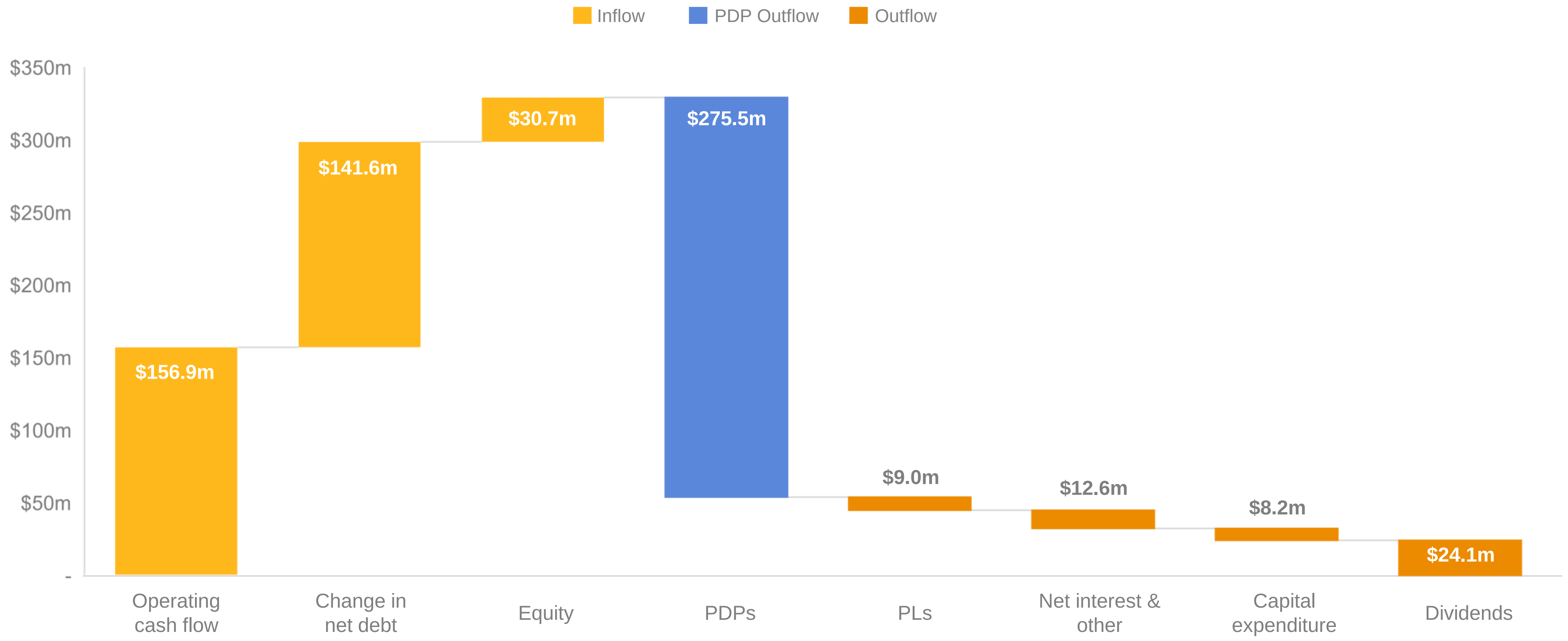
NPAT 1H18 to 1H19

... with an upfront investment in compliance and infrastructure…



Cash bridge Jul-14 to Dec-18

… and a capital cycle that has funded wise reinvestment in growing the business...



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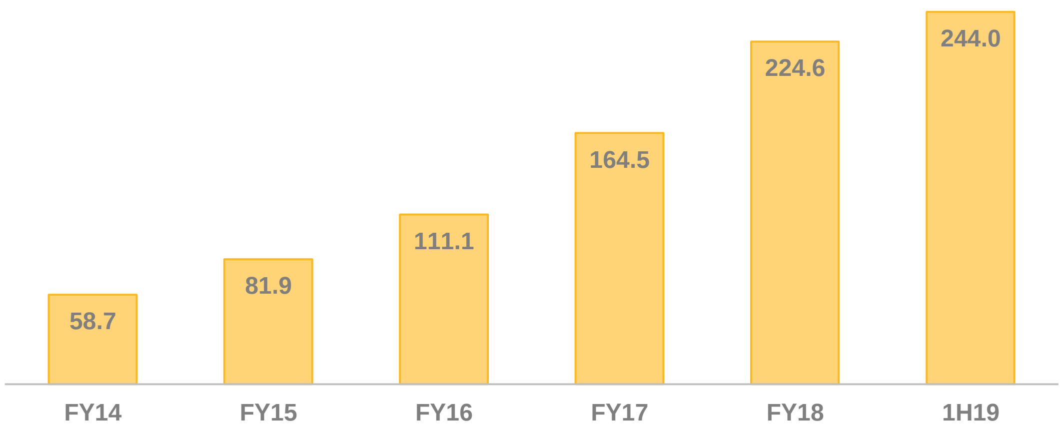
Balance sheet

... with a balance sheet positioned to support growth

	FY18	1H19	
Cash and cash equivalents	$3.4m	**$4.1m**	**21%**
Financial assets at fair value	$224.6m	**$244.0m**	**9%**
Total assets	$244.8m	**$270.8m**	**11%**
Borrowings	$129.0m	**$149.7m**	**16%**
Total liabilities	$143.1m	**$162.0m**	**13%**
Net assets	$101.7m	**$108.8m**	**7%**

PDPs at fair value ($m)



Renewed and expanded bank syndicate funding

- Extended to March 2020
- Increased by $10m for additional capacity (if needed)
- Pioneer remains appropriately funded

Growth in PDPs, funded by equity and increased borrowings

- Internal ceiling <50% gearing, covenant is at 55%
- Gearing/LVR at 45.51%
- Undrawn facility of ~$20m

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Our culture is our difference

Pioneer Principles drive great outcomes for all stakeholders

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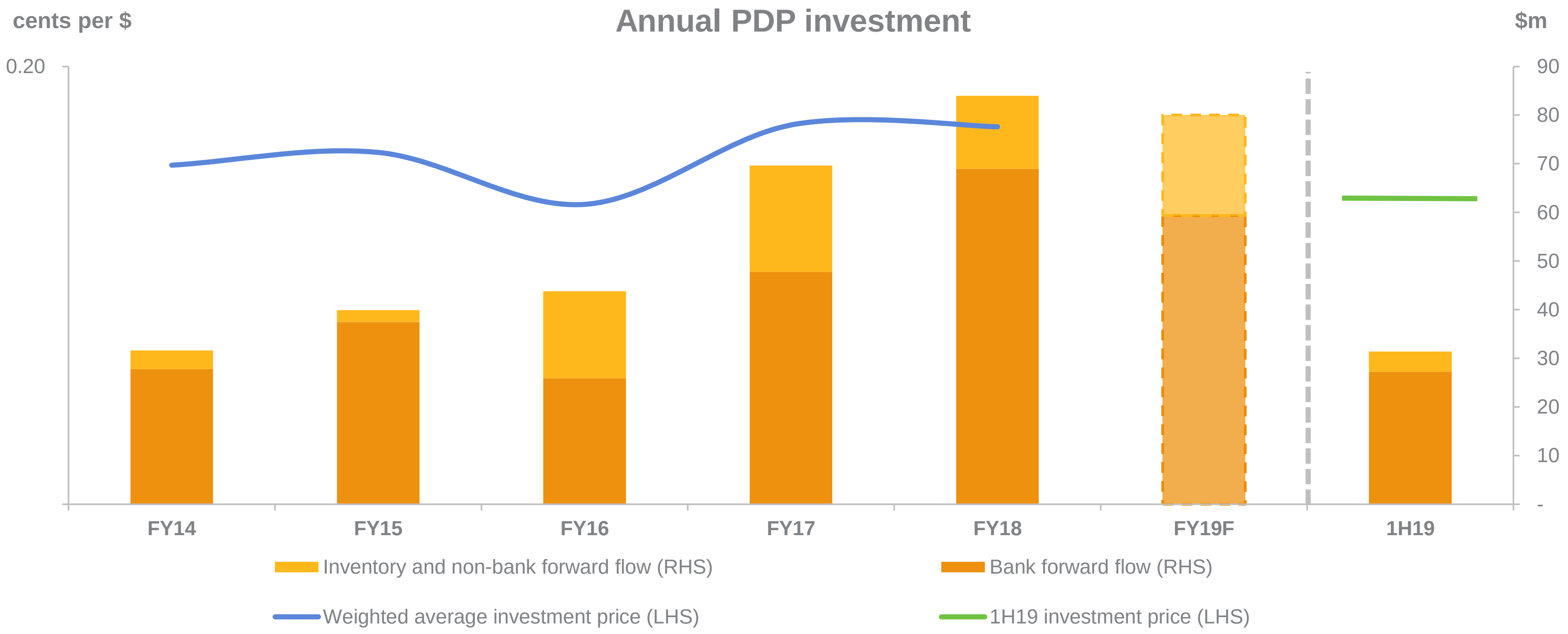
Our culture is our difference

	pioneer credit	Pioneer's competitive advantage
Our culture	• Inclusive and empowering • Embedded in values for all stakeholders	✓ Pioneer Principles
PDP selection	• Strict investment discipline • 'Tier 1' portfolios	✓ Analytics drives selection of lower risk portfolios ✓ Preferred by vendors - **no default ever on a PDP agreement**
Vendor brand protection	• Relationship management, customer-centric service • **No payday** portfolios	✓ Trusted brand and reputation ✓ **Unique unblemished compliance record**
Process and customer relationship	• Enable our customers' ability to pay • Focus on growing our customers' financial capacity	✓ Predictable liquidations ✓ **NPS +19** evidences positive customer experience
Liquidation profile	• Liquidation profile up to 10 years	✓ Flexible payment schedules
Long term incentives	• Vesting over 3 to 5 years	✓ Executives aligned to shareholder wealth creation

Investment discipline

Discipline underpins investment at attractive price points across diverse vendors and products...

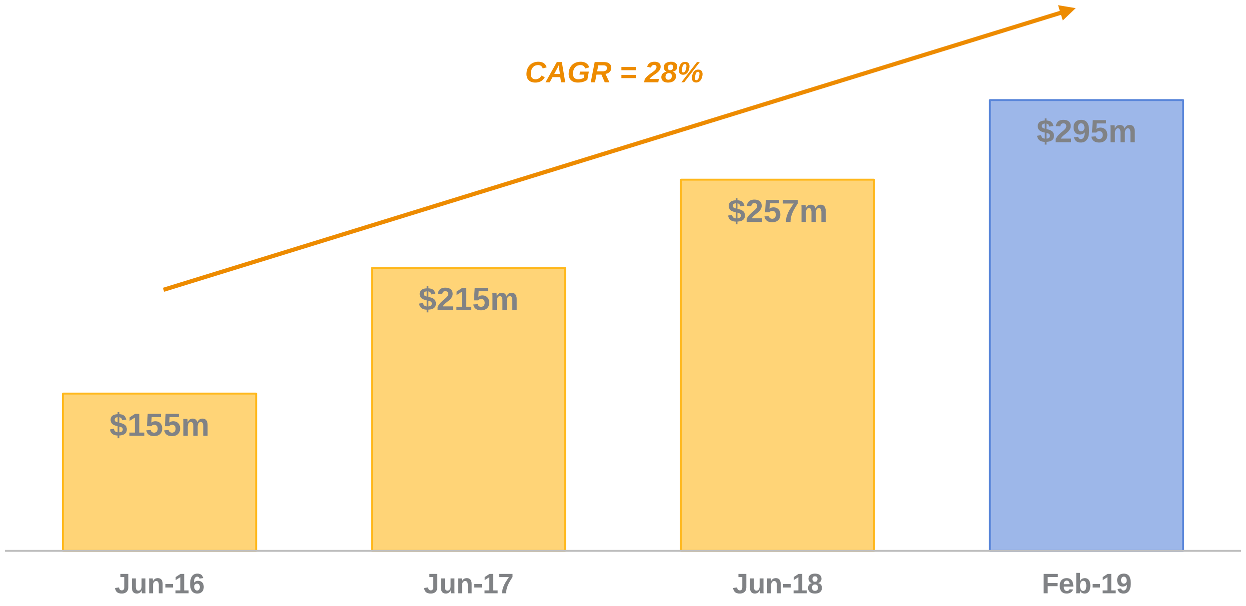


Notes:
$72m under contract for FY19
Weighted average investment price excludes low value portfolios and utilities

Payment arrangement portfolio

... which translates to a growing arrangements portfolio that is ~50% of yearly liquidations...

Growth in PA book



Outstanding balance

PA book metrics

22,183
customers

3.7%
>30 days in arrears
7 bps decrease on 1H18

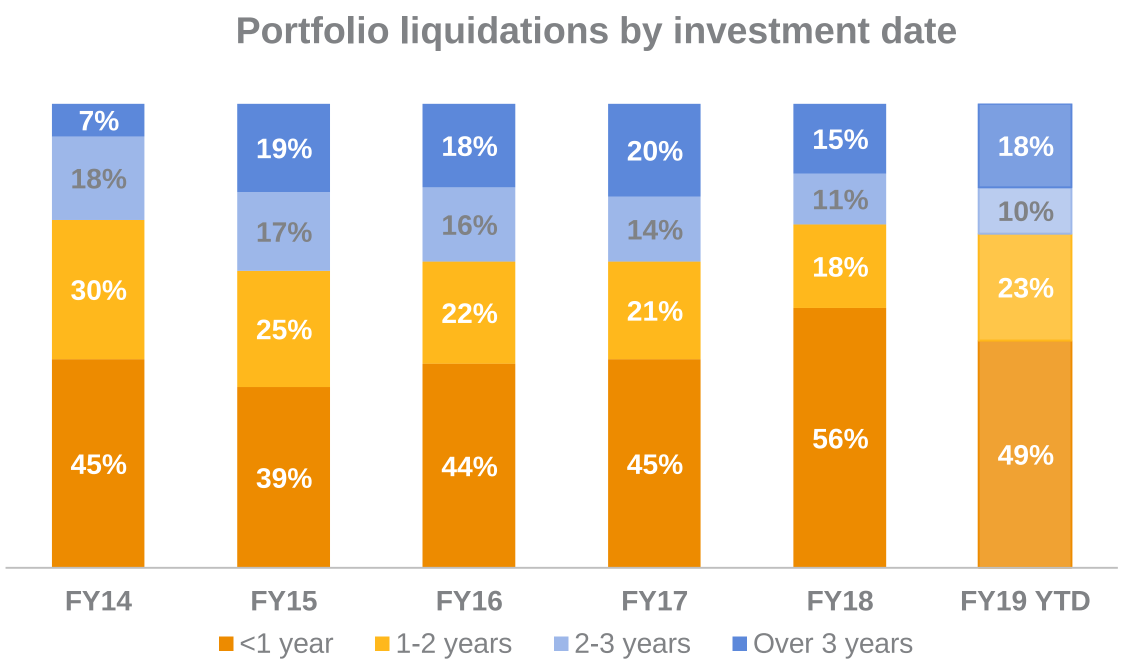
2.5 years
average existing relationship

$239
average monthly payment
@ Jun-17: $211
@ Jun-16: $208

Sustainable cash generation

... and steadily increasing cash from older vintages...

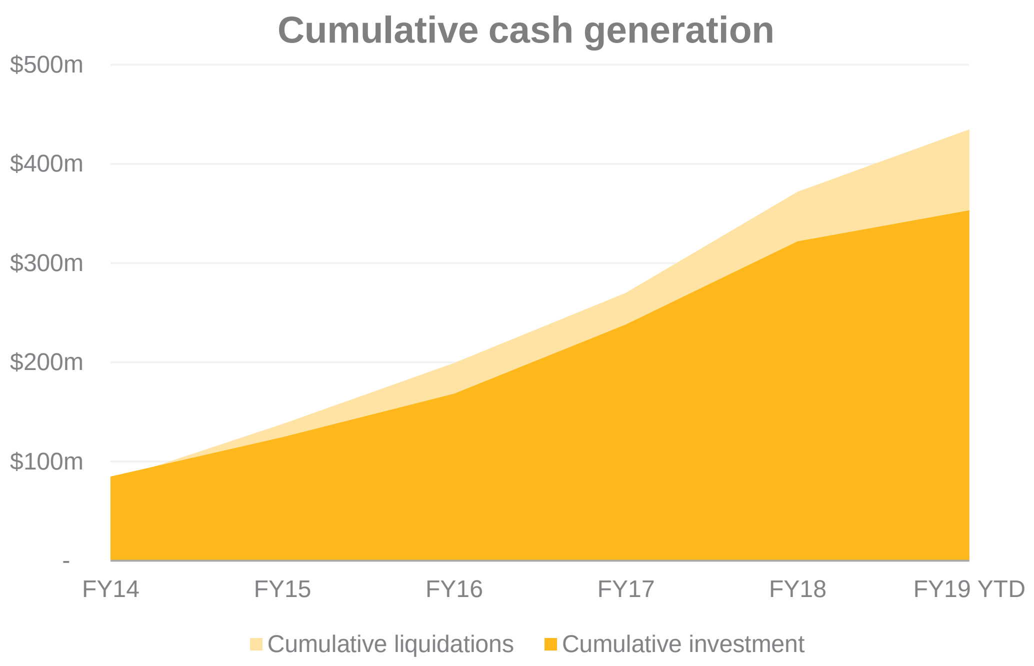
- Liquidations from newer vintages in FY18 influenced by investment growth immediately prior and during that period
- As investment growth stabilises (FY18 and FY19 similar) liquidations from older vintages are increasing
- FY19 YTD contribution to liquidations from accounts > one year old has increased from 44% in FY18 to 51%
- Evidences ability to liquidate consistently across portfolio and of the value that exists in the portfolio



PDP investment

... all of which result in increasing returns beyond investment

- Cumulative liquidations are accelerating compared to cumulative investment
  - Demonstrates the quality of the portfolio, across all vintages
- Balanced against low PDP investment in 1H19, and forecast flat investment for the full year
- Purchasing discipline remains, no short term view on PDP investments, evidenced by strong and growing cash performance



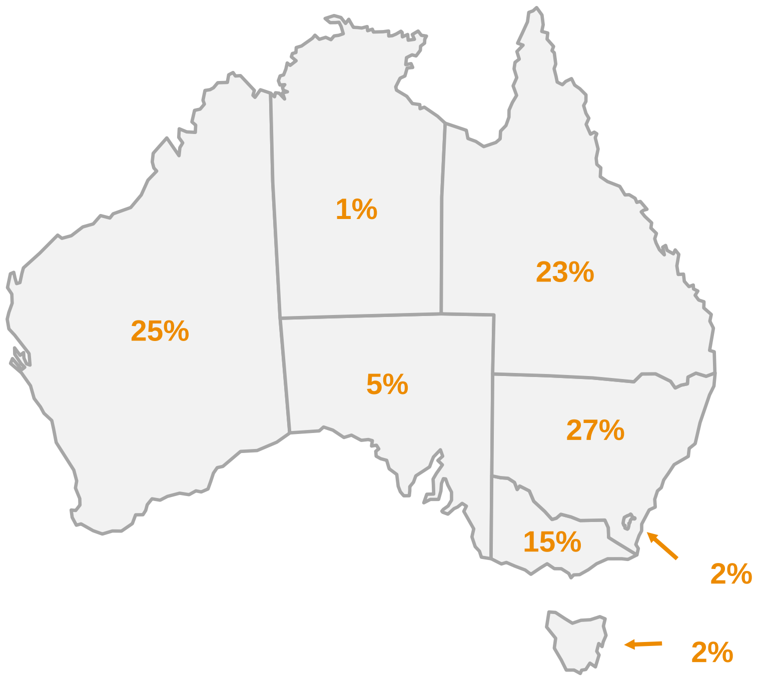
Personal loan portfolio

Lending paused while awaiting regulatory clarity

# of loans disbursed	526
Average loan disbursed	$19,407
Total loans disbursed	$10.2m
Average term	5.1 years
Average interest rate	13.7%
Average age of customer	38 years

- 0.4% arrears > 30 days
- We took a more cautious view to new customers towards end of half
- Some uncertainty with non-bank lenders on responsible lending obligations
- Balanced against better ROI opportunities emerging in PDPs

Personal loan customers by state



FY19 outlook

Discipline and focus on the medium term creates value

Innovation

- Continue to invest in new operational strategies
  - Some work, some don't... and then we pivot to continue to meet our commitments to the market
  - We will continue to test new strategies, in a controlled manner
- InDebted 'machine learning platform' pilot has commenced
  - 20 team members engaged on the pilot
  - Expected to run to at least the end of FY19

M&A opportunities

- Abound... but those settled to date have been materially beyond Pioneer's view of value – though that won't always be the case
- Industry consolidation has begun and we expect it to increase over the next few periods
- Pioneer continues to invest heavily in building a team of capable leadership, across disciplines, for acquisitions when they occur

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FY19 outlook

A market of increasing opportunity for a disciplined Pioneer

Changing market dynamics drive relationship opportunities for Pioneer as the provider of differentiated services

- Lowest 1H investment price in over 3 years – continued demonstration of ability to invest on attractive terms
- Unequivocally, originators are choosing Pioneer’s quality over price. In a world where the customer comes first, we expect this to continue

PDP investment guidance at $80m (~$72m under contract at Feb 2019)

- Despite significant opportunities, no increase expected for FY19. It is not prudent today... but will likely be in future periods
- Expect increasing opportunities as originators place even more emphasis on customer outcomes

FY19 guidance

- At least 18% increase in Liquidations to >$120m
- At least 20% increase in EBITDA to >$65m
- At least 14% increase in NPAT >$20m

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