

ASX release

20 April 2021

Investor Presentation

Pioneer Credit Limited (ASX: PNC) (**'Pioneer'** or **'the Company'**) provides the following presentation which is to be made to various investors, potential investors and other third parties.

Within the presentation, Pioneer reiterates its business model and focus on developing and nurturing customer relationships to achieve outcomes that help customers reach their financial goals while delivering returns to Pioneer shareholders.

The Company confirms it is well placed to capitalise on the opportunities of improving market conditions to grow Purchased Debt Portfolios (**'PDPs'**) and Performing Arrangements (**'PAs'**) while realising operational leverage through continued investment in data management and analytics.

Pioneer restates its FY21 guidance, provided to the market on 26 February 2021, of >\$37m PDP investment and >\$55m EBITDA.

The Company also confirms that the refinancing of its existing facilities to more favourable terms is progressing. Pioneer will provide an update in relation to its refinancing activity as material developments occur.

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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

April 2021

Management Presentation



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.

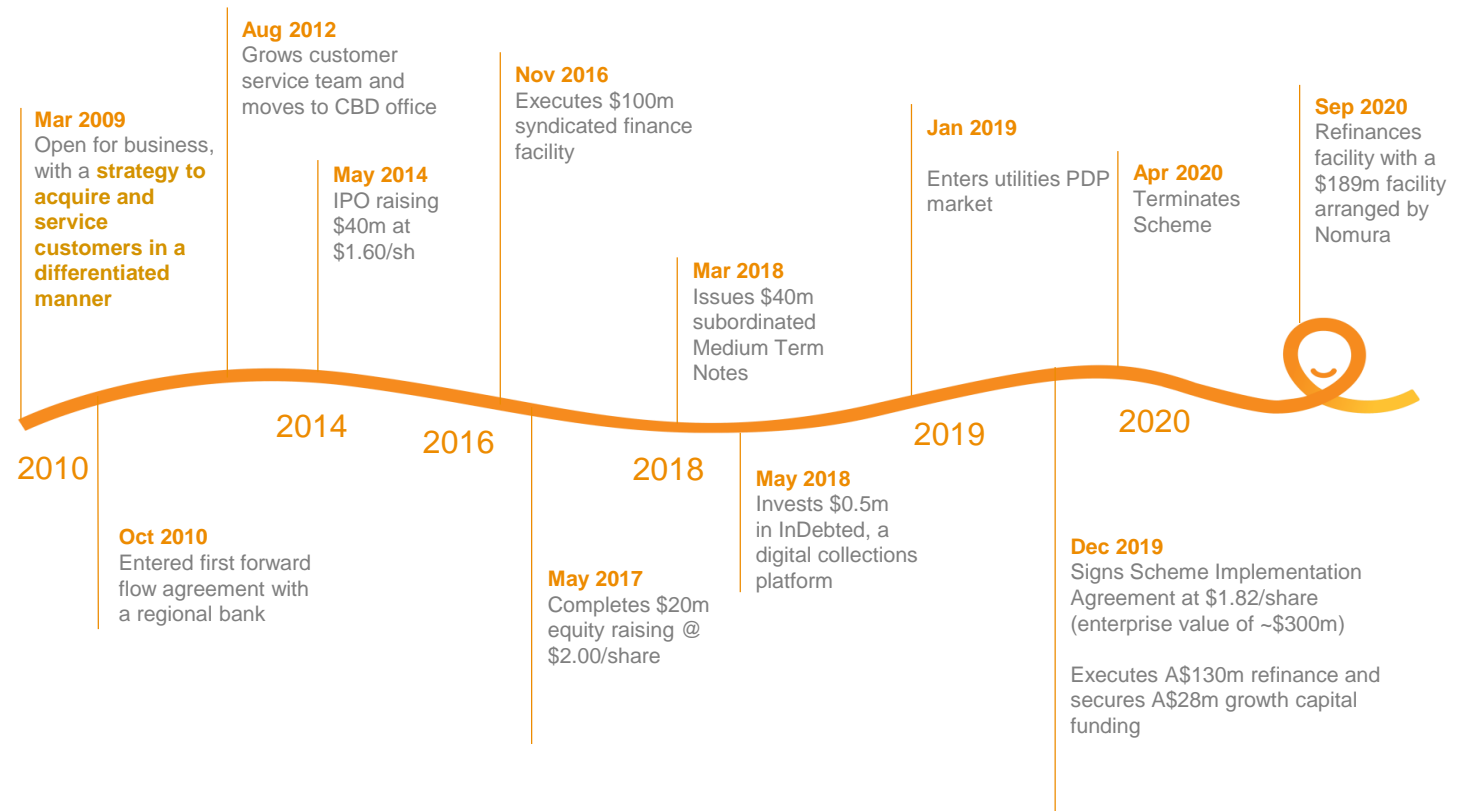
Any forward-looking statements included in this presentation speak only as at the date of the presentation and undue reliance should not be placed upon such statements. Although Pioneer believes the forward looking statements to be reasonable, they are not certain. To the maximum extent permitted by 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.

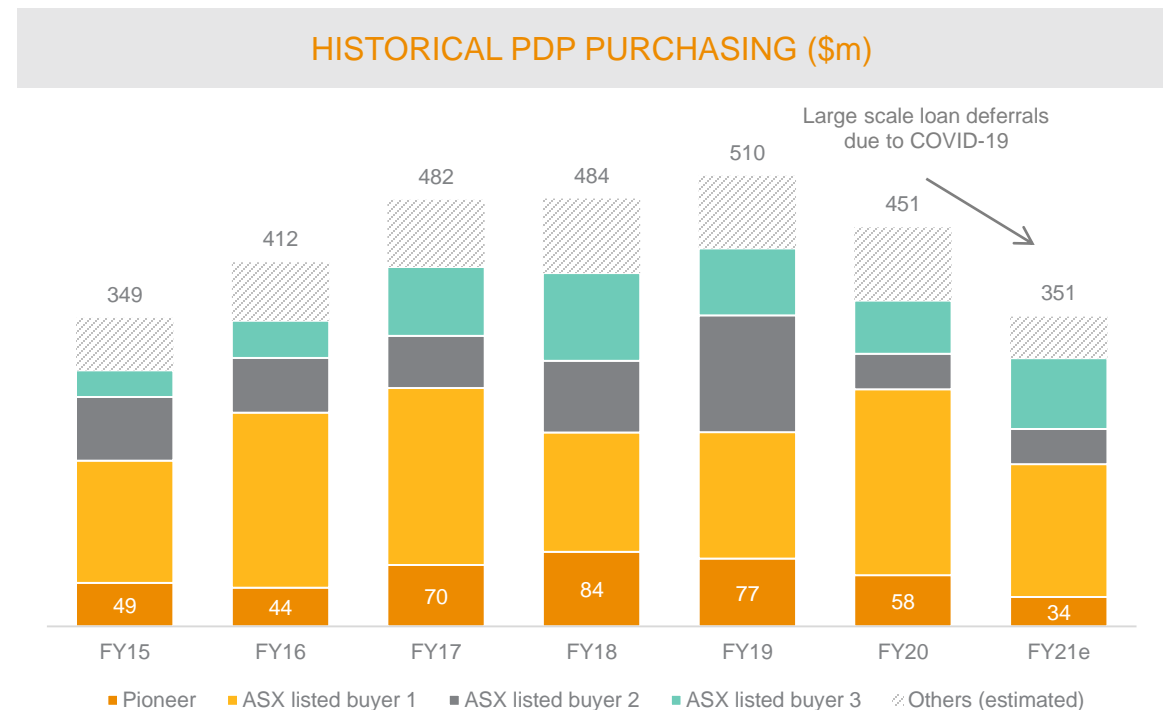
- Pioneer is an ASX-listed financial services business based in Perth, Western Australia, specialising in acquiring and servicing non-performing retail and commercial debt portfolios
- Pioneer acquires impaired or non-performing debt portfolios (“**Purchased Debt Portfolios**”, or “**PDPs**”) from various vendors, with the majority sourced from Australian banks, non-banks and regional lenders
- Companies like Pioneer form an important part of the Australian financial services ecosystem, providing a balance sheet and capital management tool to lending institutions
- Pioneer was founded in May 2009 with 4 people. It now employs over 350 people, across Australia and the Philippines

Pioneer’s Corporate Journey



Historically the Australian market has been dominated by Pioneer and three other players, together accounting for over 80% of total debt portfolio purchases in FY20

- Pioneer is now Australia's second largest purchaser of PDPs
- Pioneer's PDP investment is concentrated on high quality portfolios, and it does not buy payday loan portfolios
- Total PDPs increased over the 4 years to 2019 at 11% CAGR, driven by the increasing propensity for banks to sell portfolios and growth in utility and telco sectors
- COVID-19 resulted in a suspension of most vendor debt sales during 4Q20 and recommenced in Jul-20. Pioneer has since renegotiated more favourable pricing on a number of its forward flow agreements
- A backlog of PDPs (which increase during a downturn) is expected to drive volumes significantly from FY22



Pioneer acquires PDPs from multiple vendors, with the majority sourced from the “Big 4” Australian banks and regional lenders

OVERVIEW

- PDPs are acquired under forward flow (continuing) agreements or as discrete inventory portfolios
- PDPs are typically acquired for <20% of face value, dependent on vendor, customer characteristics & asset class
- Once acquired and on-boarded, Account Managers in Australia and the Philippines service customers
- Outcomes are typically structured as:
 - i. A negotiated one-off settlement, which may be “paid in full” or “discounted” (i.e. settled for less)
 - ii. A Performing Arrangement (“PA”) to repay the full balance over time through regular instalments
- Pioneer focuses on customer relationships and rarely uses litigation and is one of only a few on major vendor panels

TYPICAL CUSTOMER LIFECYCLE



1. Customer takes out original line of credit with the vendor (eg Bank)
2. A life event occurs which causes the customer to default
 - Illness, divorce, loss of employment etc.
3. After a typical 180 days of the account being in arrears, the account is written off by the vendor and is placed for sale
4. Pioneer purchases the PDP from the vendor for c/\$ and commences servicing process
5. After locating and negotiating with the customer, Pioneer arrives at a suitable outcome for both the customer and Pioneer (e.g. PA or settlement)

SECTION 2

Differentiated Approach

BUSINESS OVERVIEW | **DIFFERENTIATED APPROACH** | RECENT PERFORMANCE |
CAPITAL STRUCTURE | OUTLOOK & HIGHLIGHTS

The Pioneer Principles are the foundation to our company, underpinning our differentiated approach to treating customers



Selfless Loyalty

Put your team and company first without question.



Unlimited Accessibility

Be available when no one else is.



Technical Competence

Be consistent and relentless in exhibiting best practice and sharpening your skills. Always act with integrity.



Unwavering Passion

The fire inside you and the love for what you do and for your team needs to be visible to all around you.



Fearless Vision

Forward plan to carve the path to exceptional results. Don't be afraid to look outside the square and commit to what you see.



Clear Communication

Learn to connect with people in a way they can relate.

Differentiated approach

Pioneer is differentiated by its approach of providing high-quality, flexible and customised financial services to help customers reach their financial goals

Resilient Portfolio

- Data-driven portfolio selection and performance
- Focused on product segments where customers are working to get ahead
- Pay day lending and short term cash loans are excluded

Strong Vendor Relationships

- Specialised in acquiring low risk portfolios from Australian and international banks
- Maintain strong relationships with Australian financial institutions and strong #2 position in sector

Disciplined PDP Acquisition

- Disciplined underwriting, pricing, risk assessment and liquidations, support reasonable liquidation performance against initial expectations
- Pioneer's purchasing is focussed on higher quality 'Tier 1' portfolios

We do the right thing

- Pioneer respectfully cares for its customers and is differentiated by its positive Net Promoter Score (**NPS**) & compliance record
- Dedicated team in place to identify and support customers experiencing hardship
- Legal action used sparingly and only after all other options are exhausted

Customer experience: We do the right thing

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Exceptional NPS driven by a focus on creating the best customer experience possible

NPS OVERVIEW

UPWARD TREND THROUGHOUT CUSTOMER JOURNEY

+23
NPS

Rolling 6 month
average

(40)

First Contact

First contact post transfer
from original vendor

+26

New Payers

First time a customer makes
a payment

+17

Ongoing Payers

Interaction during a
customer's journey

+36

Settled

Customer journey ends post
rehabilitation

Critical to maintaining relationships and purchasing from vendors, who take the view that while the credit risk moves to Pioneer, brand risk stays with the vendor

COMPLIANCE GOVERNANCE

- Pioneer has a strong organisational focus on governance and compliance, contained within its Board approved Risk Governance Framework
- Operational compliance is overseen by the Operational Risk Management Sub-Committee (“**ORM**”), which is a sub-committee of the Audit & Risk Management Committee of the Board
- The ORM’s role includes:
 - Ensuring Pioneer operates well within all relevant legislation
 - Monitoring the effectiveness of risk controls, dispute resolution processes, competency and training policies and frameworks
 - Addressing compliance and regulatory market developments
 - Oversight of the Company’s Australian Credit Licence obligations

COMPLIANCE FRAMEWORK

Pioneer’s compliance framework broadly covers:

1. Close monitoring of customer interaction, including through formal phone call auditing
2. Complaints handling through well established Internal Dispute Resolution and External Dispute Resolution processes
3. 9-week induction program for new staff. 1 week of intensive classroom training and 8 weeks in “transition bay”, observing and learning from experienced staff. All staff undertake regular compliance refresher testing
4. Dedicated financial hardship team that takes over management of vulnerable and hardship impacted customer
5. Vendors provided unfettered access to the business who also undertake regular independent audits of Pioneer’s processes and customer interactions

Experienced team to execute on strategy

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Board of Directors



Michael Smith - *Chairman*

- Managing Director of strategic marketing consultancy firm Black House
- Chairman of 7-Eleven Stores and Starbucks Australia
- Previously Deputy Chair of Automotive Holdings Group Ltd, Chairman of the Lionel Samson Saddleirs Group, iiNet Ltd, Synergy, Verve, Perth International Film Festival, West Coast Eagles, Indian Pacific Ltd and Scotch College



Keith John - *Managing Director*

- Founder of Pioneer Credit
- Over 25 years' experience in the financial services, both in Australia and Asia
- Director of Midbridge Investments and Bondi Born



Andrea Hall - *Non-Executive Director*

- Over 20 years experience in governance and risk management, including as Risk Consulting Partner at KPMG
- Director of Fremantle Football Club, Evolution Mining Ltd and Perenti Group Ltd
- Previously Director of Automotive Holdings Group Ltd, Lotterywest & Tap Oil Ltd
- Chartered Accountant, BComm, Masters of Applied Finance



Ann Robinson - *Non-Executive Director*

- 5 years at Wesfarmers, most recently Executive Director at WesCEF
- Experience in management consulting, M&A, post merger integration and innovation
- Director of Lionel Samson Saddleirs Group and member of Rottnest Island Authority Board and Curtin University Audit, Risk and Compliance Committee
- Bachelor of Arts and Psychology, GradDip Applied Finance & Investment, GAICD



Peter Hall - *Non-Executive Director*

- Significant experience across financial services, with specific expertise in credit risk
- Non-Executive Director of BNK Banking Corporation Ltd
- Previous Managing Director and later Country Executive at Genworth Financial Australia and New Zealand, Managing Director and CEO at GE Mortgage Insurance Australia & New Zealand

Executive Leadership



Sue Symmons - *General Counsel & Company Secretary*

- Appointed General Counsel and Company Secretary on 1 Oct 15
- Over 25 years experience including at Evans & Tate Ltd, Automotive Holdings Group Ltd, Helloworld Ltd and Heytesbury Pty Ltd
- BComm, Master of Business Law, Member of the Governance Institute of Australia and Australian Institute of Company Directors



Barry Hartnett - *Chief Development Officer*

- Over 7 years experience at Pioneer across finance and strategy & development
- Bachelor of Finance, Accounting and Economics
- Member of the Chartered Institute of Management Accountants



Jason Musca - *Chief Financial Officer*

- Over 20 years experience across Australia and the United Kingdom, primarily in financial services
- 8 years with Bankwest as Divisional CFO of Retail and Business Banks
- Other roles include Financial Services Consultant for Versant Partners (London & Perth) and Transaction Services & Advisory Manager for PwC
- Chartered Accountant, BComm (Accounting & Finance)



Andrea Hoskins - *Chief Operating Officer*

- Strategic and commercial leader with over 15 years' experience, predominantly in financial services.
- 10 years with HBF in senior management and executive roles, leading strategy, M&A, health and corporate services
- Non-Executive Director of Football West and Screenwest
- BComm (Marketing & PR); Member of Australian Institute of Company Directors

SECTION 3

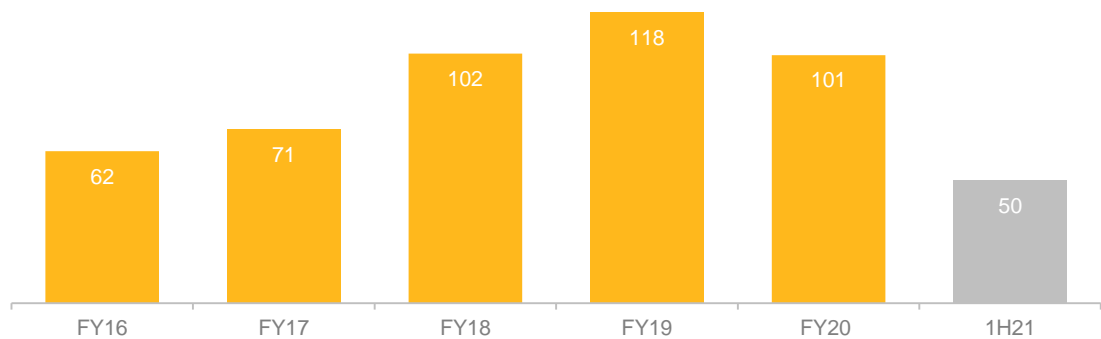
Recent Performance

BUSINESS OVERVIEW | DIFFERENTIATED APPROACH | **RECENT PERFORMANCE** |
CAPITAL STRUCTURE | OUTLOOK & HIGHLIGHTS

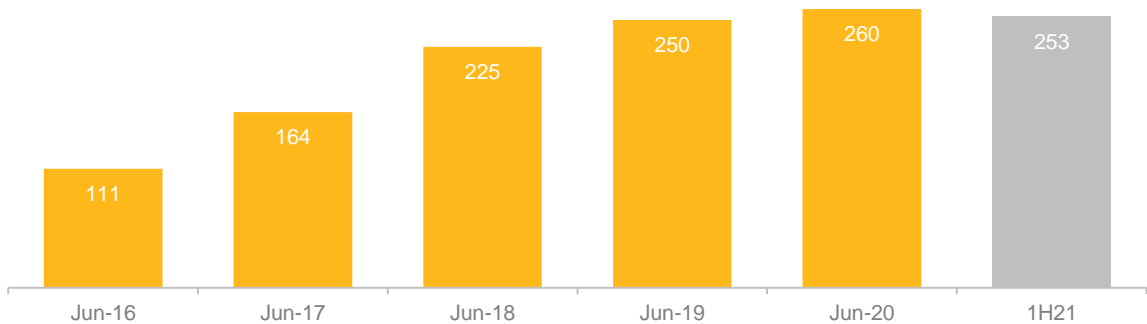
Historical performance

Pioneer had grown strongly in the years to FY19. FY20 saw significant disruption from the Carlyle process, bushfires and COVID-19; Pioneer has since returned to a more business as usual state

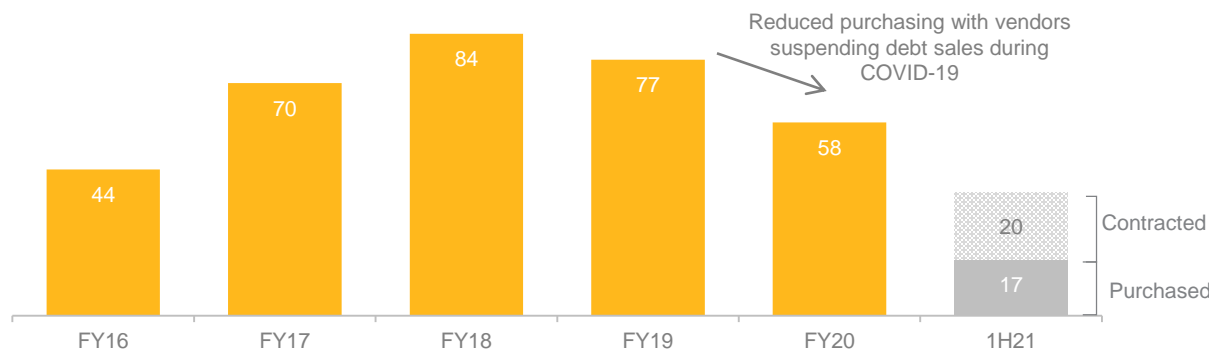
LIQUIDATIONS (\$m)



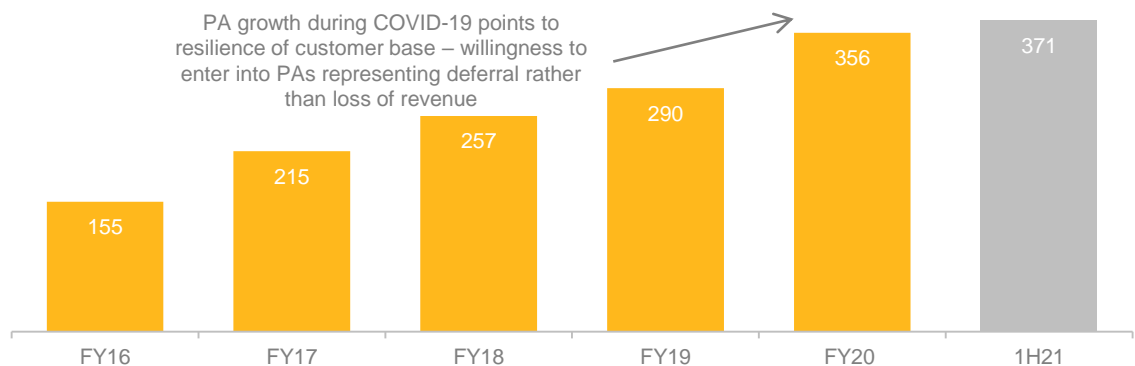
PDP VALUE (\$m)



PURCHASES (\$m)



PA BALANCE (\$m)

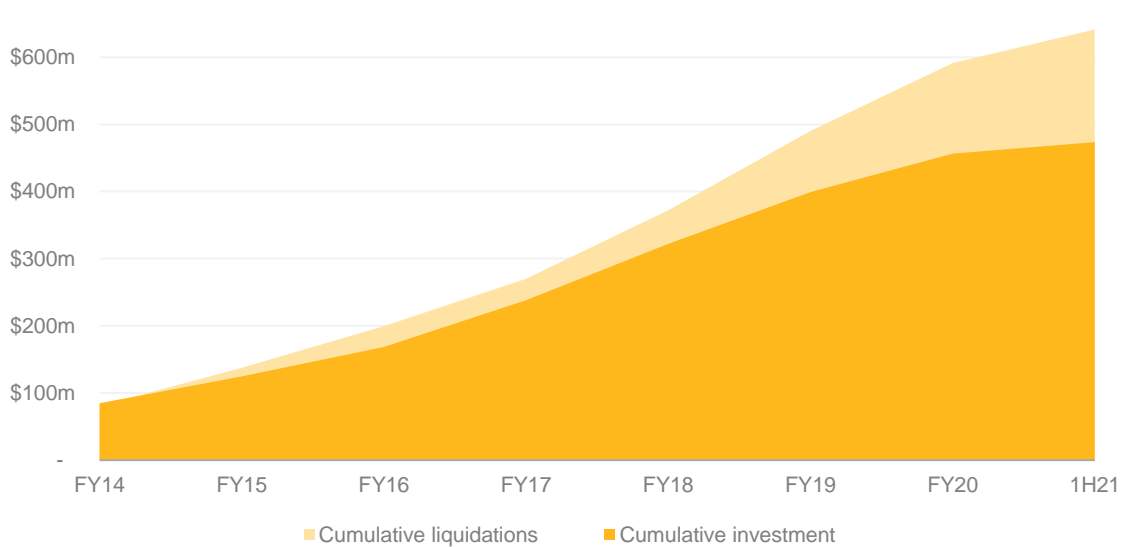


Resilient Portfolio: Increasing cash beyond investment

Continued increase in delta between cumulative liquidations and investments evidences investment discipline and operational performance; expected to continue to open further in near term

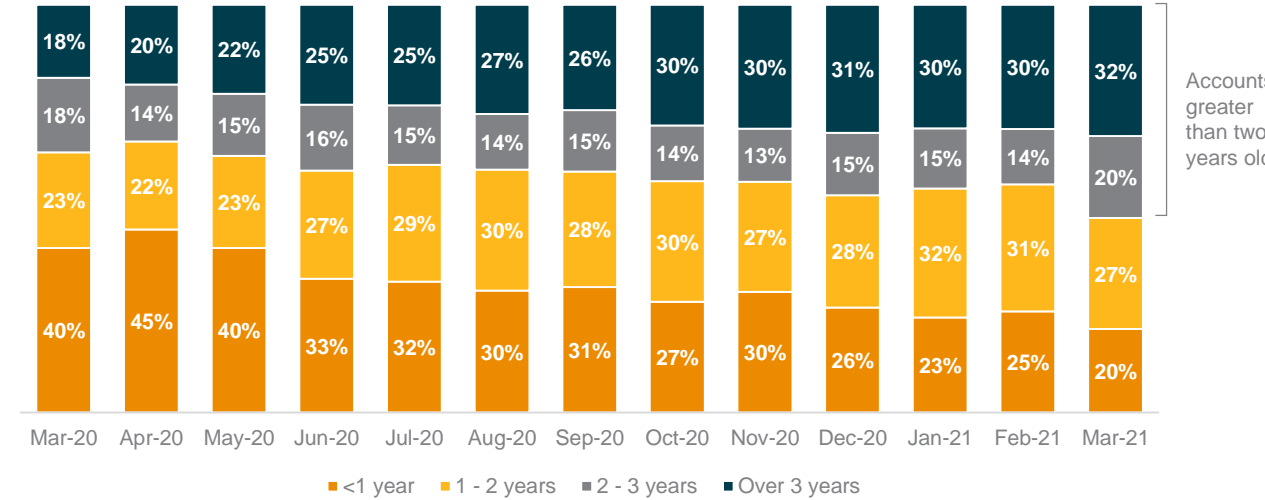
Returns beyond investment

CUMULATIVE LIQUIDATIONS VS. CUMULATIVE INVESTMENTS (\$M)



Liquidations now ~52% from accounts greater than two years old

CUSTOMER PAYMENTS BY VINTAGE



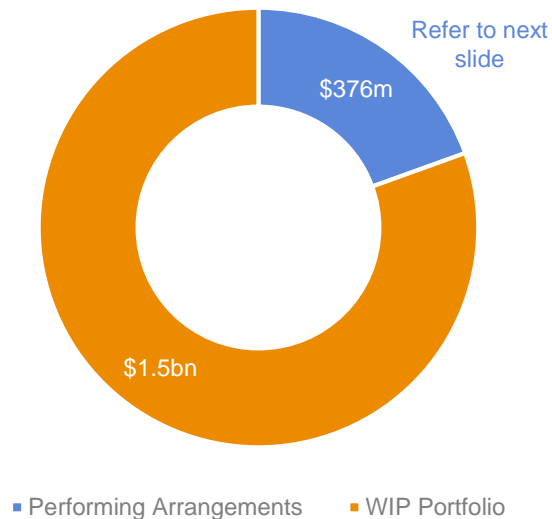
Pioneer Portfolio: Quality debt with significant opportunity

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\$1.9bn PDPs of which \$376m are Performing Arrangements; significant opportunity to deepen returns

Strong portfolio with ~\$1.9bn outstanding

WIP PORTFOLIO & PERFORMING ARRANGEMENTS



Opportunity of ~\$1.5bn

WIP PORTFOLIO



~80% banking & finance



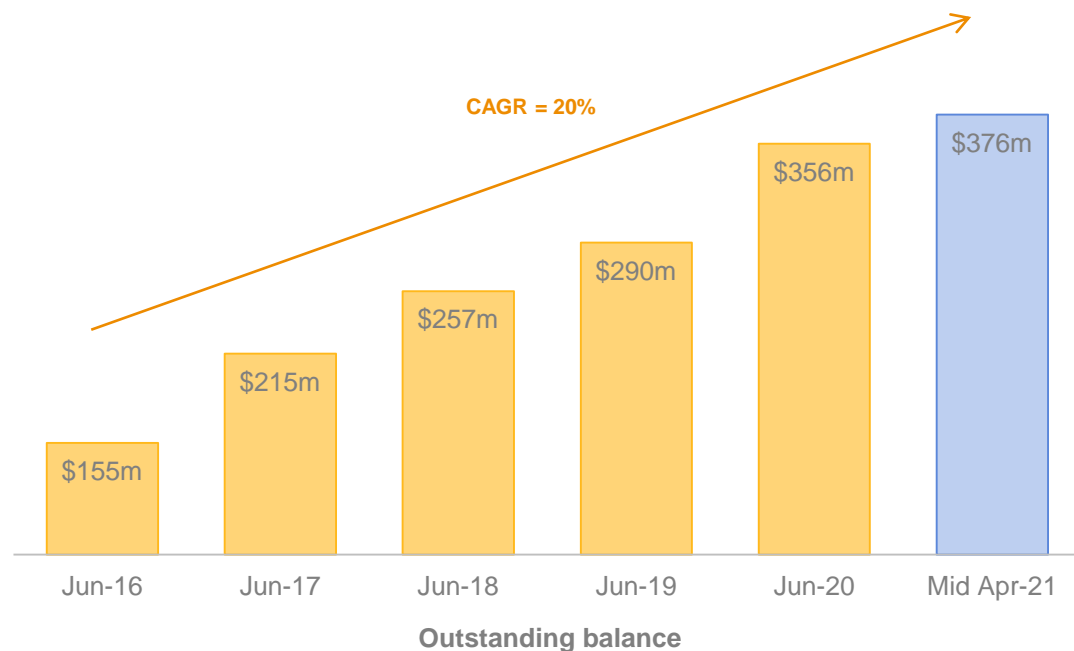
~56% less than 3 years old

Performing Arrangements Portfolio: 5% growth in FY21




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Monthly liquidations from the \$376m Performing Portfolio is a long term sustainable income stream

PERFORMING ARRANGEMENTS PORTFOLIO BALANCE (\$m)



PERFORMING ARRANGEMENTS PORTFOLIO OVERVIEW

Customer Metric	30 Jun-20	Mid Apr-21
 # Performing	27,597	32,287
 % Total portfolio	12%	14%
 % Australian bank originated	94%	93%

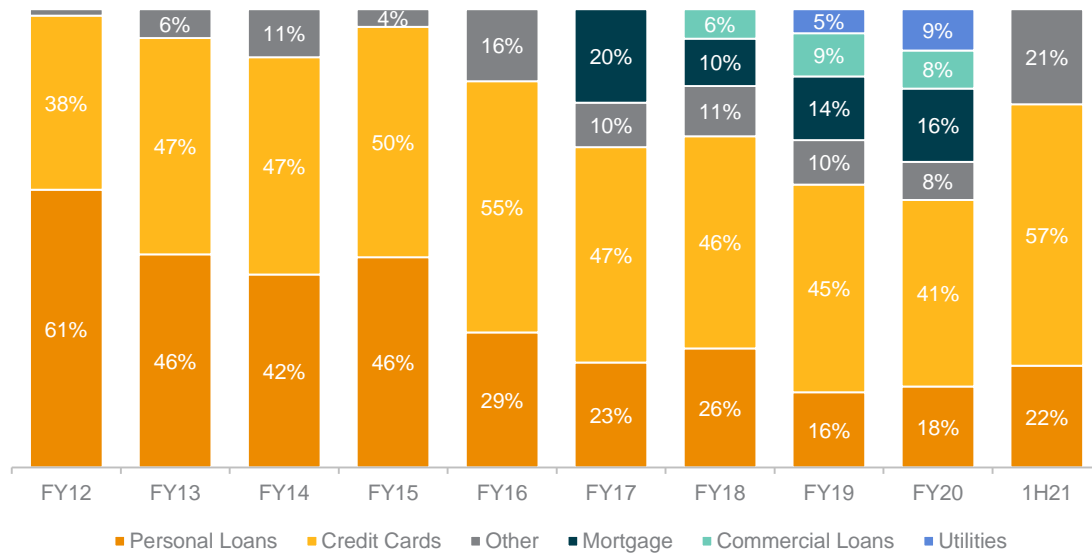
PDP Acquisition: Maintained disciplined approach

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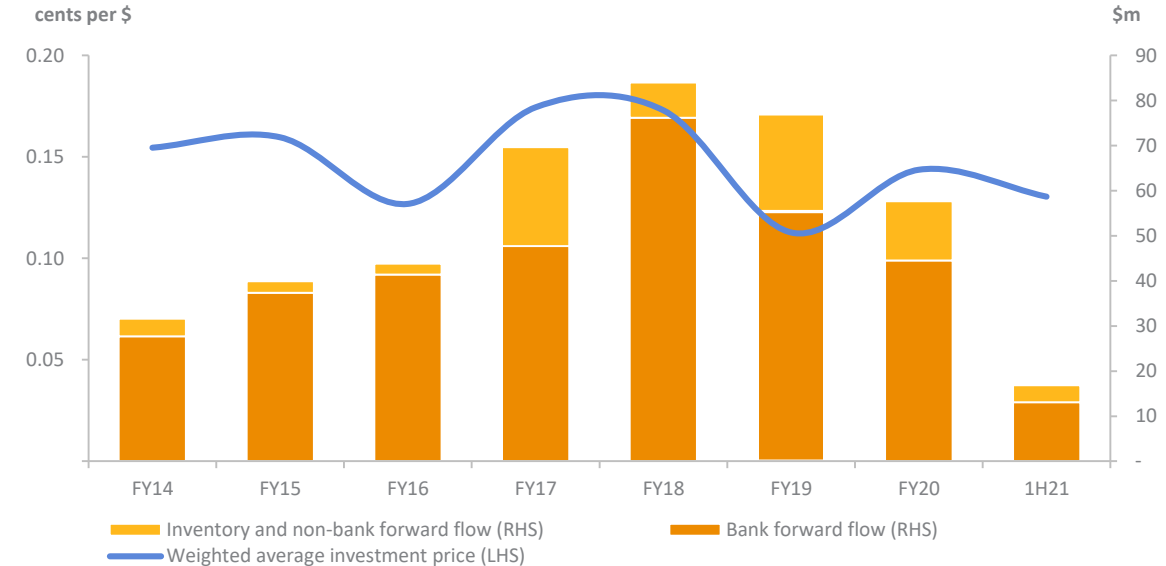
Pioneer has diversified its purchasing and servicing into a number of growth areas

- Pioneer is one of few preferred partners to which the “Big 4” commercial banks in Australia typically sell consumer loan portfolios
- Vendors are reputation focused and as such 80%+ of delinquent debt portfolio sales are purchased by the top 3 market participants

PDP INVESTMENT MIX



PDP INVESTMENT AND AVERAGE INVESTMENT PRICE



SECTION 4

Capital structure

BUSINESS OVERVIEW | DIFFERENTIATED APPROACH | RECENT PERFORMANCE |
CAPITAL STRUCTURE | OUTLOOK & HIGHLIGHTS

Capital structure & employee incentivisation

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A significant portion of Pioneer is owned by employees with incentivisation strongly aligned to long term shareholder value creation

REMUNERATION & EQUITY INCENTIVE PLAN – KEY ASPECTS

- Executive remuneration is designed to reward sustainable growth
- Every key management person (“**KMP**”) is equity aligned to shareholders
- There are 13 participants in the equity incentive plan across the business, ensuring aligned leadership
- No short term incentives for executives (apart from the Chief Operating Officer)
- Rights issued under the equity incentive plan generally vest over 3 to 5 years to ensure alignment with shareholders and the tenure of assets that the KMP are managing

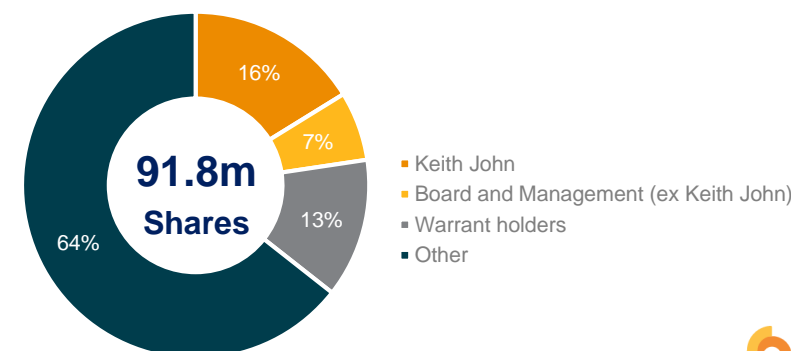
Notes:

1. The options are issued as follows:
 - i. 5 million options issued at an exercise price of \$0.30, expiring on 19 November 2023; and
 - ii. 3 million options issued at an exercise price of \$0.30, expiring on 19 November 2023 and subject to:-
 - a) the VWAP of the Company's shares exceeding \$1 for a period of 8 consecutive weeks prior to exercising; and
 - b) Mr John being employed by the Company at that time

CAPITAL STRUCTURE

	No.	Notes
Shares	67,928,032	-
Performance Rights	3,758,000	Unquoted rights issued to employees vesting from Jul-21 to Jul-24
Indeterminate Rights	875,000	Unquoted rights issued to Keith John, MD vesting from Jul-21 to Jul-23
Options	8,000,000	Issued to Keith John, MD ¹
Warrants	11,221,043	-
Fully diluted capital	91,782,075	

REGISTER COMPOSITION (Fully Diluted)



SECTION 5

Outlook & Highlights

BUSINESS OVERVIEW | DIFFERENTIATED APPROACH | RECENT PERFORMANCE
CAPITAL STRUCTURE | **OUTLOOK & HIGHLIGHTS**

Pioneer is well positioned to benefit from improving market conditions, with a multi-pronged strategy to build resilience and generate value



Capitalise on opportunities to grow PDPs while being disciplined

- Industry fundamentals remain strong, with PDP volumes expected to grow as Australia navigates through the pandemic
- Pioneer will use organic free cash flows for PDP investments, supplementing with undrawn facilities for “out of sight” opportunities



Focus on appropriate vendor and product depth

- Portfolio includes customers who are working to get ahead
- Focus remains on Australian bank originated customer portfolios
- Pay day lending and short term cash loans remain specifically excluded



Growing Performing Arrangements portfolio

- Pioneer has successfully grown its PA Portfolio, including during COVID-19, which further underpins PDP quality and valuation
- Resilience of Pioneer’s portfolio is crucial to weathering the wider macroeconomic backdrop



Thrive under increased regulatory scrutiny


- Pioneer maintains a strong risk and compliance framework to enable it to thrive in an environment of increasing regulation and scrutiny
- Increased investment in compliance, customer treatment strategies and internal audit function
- Pioneer’s compliance record and longstanding relationship with banks provide a strong competitive advantage when presented with purchasing opportunities



Realise operating leverage

- Continued investment in data management, analytics and decisioning to further improve operational leverage and drive increased liquidations performance
- New Non-Executive Director appointed to broaden Board’s capacity and experience

Outlook FY21 – Upgrade to Guidance

	FY21 Guidance (Issued Sep 2020)	FY21 Guidance (Revised Feb 2021)
 PDP Investment	> \$33.5m	> \$37m
 EBITDA	> \$51m	> \$55m

End