

00:00:00:03 - 00:00:01:07

Good morning.

00:00:01:07 - 00:00:03:28

I'm Chantelle Hadley from Pioneer Credit.

00:00:03:28 - 00:00:07:24

Thank you for joining our half year results presentation for FY26.

00:00:08:12 - 00:00:11:24

I'm joined today by our Managing Director, Keith John, and our Chief

00:00:11:24 - 00:00:14:26

Financial Officer, Barry Hartnett, who will be taking you

00:00:14:26 - 00:00:17:00

through our presentation.

00:00:17:00 - 00:00:19:17

On your screen, you'll be able to see a Q&A box.

00:00:19:17 - 00:00:22:17

So if you have any questions throughout the whole presentation,

00:00:22:19 - 00:00:25:01

just open that up and type the question into there.

00:00:25:01 - 00:00:28:23

And then we will address those at the end of the formal part of the presentation.

00:00:29:15 - 00:00:32:15

So for now we will start off with Keith.

00:00:33:02 - 00:00:34:05

Thank you, Chantelle,

00:00:34:05 - 00:00:37:23

and welcome everyone to this morning's presentation.

00:00:38:10 - 00:00:42:05

We're very, very pleased to take you through our results

00:00:42:05 - 00:00:45:14

for the first half of financial year 26.

00:00:46:00 - 00:00:50:15

Another fantastic result for the company and really sets us up to deliver

00:00:50:15 - 00:00:53:15

on our commitments to shareholders and exceed them for this year.

00:00:53:23 - 00:00:56:18

Certainly deliver on them from here on in.

00:00:56:18 - 00:01:00:01

In terms of the highlights for financial year 26.

00:01:00:10 - 00:01:05:21

PDP investment was subdued during the first half due to suspended forward flows.

00:01:05:29 - 00:01:08:25

This has been well articulated elsewhere in the market.

00:01:08:25 - 00:01:12:16

Obviously when that happens, that has, a slight downward impact

00:01:12:16 - 00:01:15:18

on, on cash collections that we're very, very pleased with how

00:01:15:18 - 00:01:18:28

that performed in the, in the half.

00:01:19:09 - 00:01:21:21

Those forward flows have since resumed.

00:01:21:21 - 00:01:25:11

Up until the end of the month, the half have we had \$31

00:01:25:11 - 00:01:29:00

million reinvested most of it again, late in the half.

00:01:29:10 - 00:01:33:21

Since then, we've done about another \$20 million in the last six weeks.

00:01:33:21 - 00:01:35:27

So \$50 million to today.

00:01:35:27 - 00:01:39:02

And we are contracted to deliver,

00:01:39:13 - 00:01:42:09

on our \$80 million guidance,

00:01:42:09 - 00:01:45:02

through the rest of this, this half.

00:01:45:02 - 00:01:47:20

And there's significant upside risk with respect to that.

00:01:47:20 - 00:01:51:14

There are a lot of opportunities in the market and opportunities we expect

00:01:51:14 - 00:01:55:13

to, seek to capitalise on, particularly as we keep

00:01:55:13 - 00:01:57:26

driving our cash collections in this half and beyond.

00:01:59:22 - 00:02:00:23

Net revenue.

00:02:00:23 - 00:02:04:17

So the margin that we earn on the portfolios

00:02:04:17 - 00:02:07:17

that we buy, on flat collections,

00:02:07:20 - 00:02:13:01

up 5% on last half, to \$47.7 million.

00:02:13:07 - 00:02:18:25

We think that's a fantastic result, really reflecting the quality of the underlying

00:02:18:25 - 00:02:24:16

portfolios we buy and the relationship and the differentiated strategy

00:02:24:24 - 00:02:29:04

that is appreciated by the people that we buy our portfolios from.

00:02:29:18 - 00:02:33:20

That's flowed through to better margins and better returns to us

00:02:33:20 - 00:02:35:26

and for our shareholders.

00:02:35:26 - 00:02:37:25

of course, through the half

00:02:37:25 - 00:02:42:08

we've spoken extensively about the work we've done on our funding.

00:02:42:14 - 00:02:45:09

And you'll remember that over the course of the last couple of years,

00:02:45:09 - 00:02:48:07

we've brought funding costs down dramatically.

00:02:48:07 - 00:02:51:29

During the half, we also negotiated

00:02:51:29 - 00:02:55:13

and repriced our senior facility down by 100 bips.

00:02:55:25 - 00:03:00:11

This is a remarkable achievement so early in a relationship with funders,

00:03:00:18 - 00:03:03:28  
to have them reprice the facilities

00:03:03:29 - 00:03:07:01  
to ensure that they stay with us for as long as possible

00:03:07:10 - 00:03:11:11  
reflects the credit quality of pioneer, the value of our business,

00:03:12:23 - 00:03:15:00  
and how good a credit proposition that we are.

00:03:15:00 - 00:03:17:00  
And clearly, the operating environment

00:03:17:00 - 00:03:20:00  
which we operate in and how we operationalise our business.

00:03:20:10 - 00:03:25:02  
Shortly thereafter, we had a 15 bps reduction under ESG provisions.

00:03:25:10 - 00:03:27:29  
We're very pleased with that as well.

00:03:27:29 - 00:03:33:12  
We now have a senior funding costs of just 435 basis points,

00:03:33:12 - 00:03:36:12  
plus DSW, a very, very low,

00:03:36:15 - 00:03:39:15  
cost of funds for our senior

00:03:40:24 - 00:03:43:03  
Last year, we mentioned that we would move away

00:03:43:03 - 00:03:46:29  
from presenting normalised numbers and only report

00:03:46:29 - 00:03:48:09  
statutory numbers at.

00:03:48:09 - 00:03:49:08  
The end of the day.

00:03:49:08 - 00:03:51:19  
That is what drives the profitability of the business.

00:03:51:19 - 00:03:52:15  
That is what

00:03:52:15 - 00:03:55:24

will enable us to return to becoming a dividend paying stock in the future.

00:03:56:04 - 00:03:59:29

Statutory net profit after taxation of \$10.2 million,

00:04:00:03 - 00:04:03:21

more than what we achieved over the entirety of the last financial year.

00:04:04:04 - 00:04:07:27

And as you well know, we're a preferred partner of the big four banks

00:04:08:03 - 00:04:12:22

and the only debt purchaser in Australia in agreements with all four of them.

00:04:13:19 - 00:04:14:14

In terms of our

00:04:14:14 - 00:04:19:06

performance, as I mentioned, cash collections up a small amount

00:04:19:11 - 00:04:24:26

but steady through the last few halves, now \$71.4 million.

00:04:25:03 - 00:04:27:17

This really reflects two things.

00:04:27:17 - 00:04:31:02

One is the sustained and subdued

00:04:31:10 - 00:04:34:10

purchasing environment over the last few halves

00:04:34:12 - 00:04:37:27

that has now released, and sales have resumed.

00:04:38:06 - 00:04:41:18

As I mentioned, we did \$30M in the first half of this year.

00:04:41:23 - 00:04:45:23

We've done \$20M in the next six weeks to today.

00:04:46:17 - 00:04:50:14

EBITDA, up 7% as you would expect.

00:04:50:14 - 00:04:54:28

We've talked consistently about our focus on efficiency

00:04:55:02 - 00:04:59:16

and on cost control, up 7% to \$51.5M

00:04:59:26 - 00:05:04:17

our Ebit up 38% to \$26.2M

00:05:04:27 - 00:05:08:13  
reflecting, for a large part, the,

00:05:08:13 - 00:05:13:02  
the savings across our financing costs and of course, the delivery

00:05:13:02 - 00:05:17:07  
of a \$10.2M statutory net profit after taxation.

00:05:17:15 - 00:05:21:18  
We're very, very pleased, to deliver that number to shareholders today.

00:05:25:25 - 00:05:28:25  
In terms of our portfolio, as I've mentioned.

00:05:29:02 - 00:05:33:04  
Relatively subdued or subdued investment now for some time,

00:05:33:12 - 00:05:36:25  
that will tick up markedly in this half.

00:05:36:28 - 00:05:39:28  
There is plenty of opportunity for us beyond that.

00:05:39:29 - 00:05:44:04  
As I said, we've already done \$20M worth in the first six weeks,

00:05:44:04 - 00:05:48:15  
and we're contracted to deliver on \$50M for,

00:05:48:24 - 00:05:51:19  
for the half to get us to our guidance.

00:05:51:19 - 00:05:54:13  
There is upside potential for us there, the PA

00:05:54:13 - 00:05:59:02  
portfolio down a little bit, really reflecting two things.

00:05:59:02 - 00:05:59:25  
The investments

00:05:59:25 - 00:06:04:06  
we've made in paying portfolio some time ago as they continue to run off,

00:06:04:14 - 00:06:09:02  
but more so the, the subdued environment that we've been,

00:06:09:02 - 00:06:12:02  
that we've been operating in from an investment perspective,

00:06:12:13 - 00:06:15:06  
we clearly expect that to turn around, ERC

00:06:15:06 - 00:06:20:19  
up a tad, really reflecting, the late investment

00:06:20:19 - 00:06:24:23  
that we had to \$708M and our PDP asset

00:06:25:01 - 00:06:27:27  
at \$350M.

00:06:27:27 - 00:06:30:15  
That portfolio or that asset is,

00:06:30:15 - 00:06:34:16  
is discounted at a rate of 34% to get to that number.

00:06:34:23 - 00:06:38:26  
Quite a heavy discount rate, reflecting the caution

00:06:38:26 - 00:06:42:20  
that we exhibit right through the business.

00:06:45:21 - 00:06:47:07  
For the financial performance,

00:06:47:07 - 00:06:50:08  
I'll hand you over now to Chief Financial Officer

00:06:50:10 - 00:06:53:10  
Barry Hartnett.

00:06:54:20 - 00:06:56:28  
Good morning, and thank you for joining Pioneer's

00:06:56:28 - 00:07:00:05  
1HFY26 results presentation.

00:07:01:02 - 00:07:05:11  
The company is pleased to report a statutory net profit after tax of 10.2M,

00:07:05:11 - 00:07:09:14  
which is more than double that of the prior reporting period.

00:07:10:22 - 00:07:14:13  
The first half results reflect stronger operating cash generation,

00:07:14:26 - 00:07:19:02  
continued cost discipline and a structurally lower cost of funding.

00:07:20:26 - 00:07:22:28

Total income increased to 47.9M

00:07:22:28 - 00:07:26:20

despite more subdued investment in the first half.

00:07:27:13 - 00:07:31:23

As Keith mentioned with \$20M of investment completed in the second

00:07:31:23 - 00:07:36:04

half to date and contracted PDP investment for the remainder of the year.

00:07:36:20 - 00:07:39:10

We expect this to contribute more

00:07:39:10 - 00:07:42:10

meaningfully in the second half.

00:07:42:18 - 00:07:46:10

Employee expenses remained flat at \$15.9M,

00:07:47:15 - 00:07:50:15

demonstrating our continued cost discipline.

00:07:50:19 - 00:07:54:10

We do expect resourcing to increase modestly in the second half

00:07:54:20 - 00:07:57:20

to support the PDP investment.

00:07:58:08 - 00:08:00:07

Finance costs reduce materially

00:08:00:07 - 00:08:03:07

following the repricing of the senior facility.

00:08:03:20 - 00:08:08:03

The amendment has resulted in a \$3.6M non-cash benefit,

00:08:08:19 - 00:08:13:00

which is approximately \$1.8M better than our initial forecast.

00:08:14:03 - 00:08:16:17

It's also noted that the company had forecasted

00:08:16:17 - 00:08:20:28

a \$2M benefit in our previous impact guidance of \$18M.

00:08:22:05 - 00:08:26:04

On the bottom right hand side, you can see the cost to service ratio

00:08:26:04 - 00:08:30:02

at 32%, which remains below our guidance range

00:08:30:02 - 00:08:33:02  
and is a key focus for the business.

00:08:38:01 - 00:08:41:01  
Net operating cash flow of approximately \$34M

00:08:41:01 - 00:08:44:12  
up 19% on the prior period,

00:08:44:24 - 00:08:49:06  
driven by higher cash collections and a continued cost discipline.

00:08:50:05 - 00:08:52:14  
Importantly, the portfolio investment

00:08:52:14 - 00:08:55:28  
is substantially funded through internal cash generation.

00:08:56:28 - 00:09:01:24  
On the right hand side, the graph shows that operating cash flow, net of PDP

00:09:01:24 - 00:09:06:12  
investment, has improved progressively over the last number of periods,

00:09:07:07 - 00:09:10:09  
and this year you can see it moving into positive territory.

00:09:12:01 - 00:09:13:11  
The net interest paid

00:09:13:11 - 00:09:16:11  
slightly reduced to 15.3,

00:09:16:12 - 00:09:20:16  
as only a partial benefit of the repricing was reflected in the period.

00:09:22:00 - 00:09:25:00  
The full cash benefit of the 115

00:09:25:02 - 00:09:28:17  
basis point reduction will flow through in the second half of the year.

00:09:30:08 - 00:09:32:18  
Again, management remains focused on further

00:09:32:18 - 00:09:35:18  
optimising the cost of funding in the coming period.

00:09:41:13 - 00:09:44:27  
PDP assets increased to \$350M, reflecting

00:09:44:27 - 00:09:48:14  
disciplined investment in high quality portfolios.

00:09:49:14 - 00:09:53:24  
We do have \$25.2M of undrawn facilities

00:09:54:08 - 00:09:57:13  
providing flexibility to support further investment.

00:09:58:14 - 00:09:59:03  
And again,

00:09:59:03 - 00:10:02:11  
down the bottom right hand, you can see the net assets per share,

00:10:03:02 - 00:10:06:17  
increasing progressively over the last number of periods.

00:10:06:21 - 00:10:11:02  
And again, our net assets of \$70.6M

00:10:15:20 - 00:10:18:20  
Thank you Barry.

00:10:19:27 - 00:10:22:27  
For those in particular that are new to Pioneer.

00:10:23:09 - 00:10:24:27  
A little bit about us.

00:10:24:27 - 00:10:28:06  
As shareholders are fully aware, we're a leading purchaser and

00:10:28:16 - 00:10:30:29  
servicer of purchase debt portfolios.

00:10:30:29 - 00:10:34:21  
We buy primarily off banks and major financial institutions.

00:10:35:01 - 00:10:35:25  
One of the key

00:10:35:25 - 00:10:39:09  
defining factors, and one of the reasons why the market is so open to us.

00:10:39:24 - 00:10:43:07  
We're buying at better margins and why people want to be in relationship

00:10:43:07 - 00:10:46:25  
with Pioneer is we do not participate in payday lending,

00:10:47:09 - 00:10:51:16

and we do not lend to our customers in the future.

00:10:51:24 - 00:10:55:10

And that means we're not competing with the people that sell

00:10:55:10 - 00:10:57:01

the portfolios to us.

00:10:57:01 - 00:10:58:15

This is a very critical thing.

00:10:58:15 - 00:11:03:17

And in a market where there is, there are only a few players that are trusted.

00:11:04:01 - 00:11:06:22

Being the only player that has those two things that are unique

00:11:06:22 - 00:11:10:04

about us very, very well to invest well,

00:11:10:13 - 00:11:13:13

and also to do it at better margins.

00:11:13:20 - 00:11:17:02

Since 2008, we've invested some 835 million

00:11:17:02 - 00:11:21:05

AUD across near enough 900,000 customers.

00:11:21:14 - 00:11:26:05

That gives us very, very deep datasets on which to do our modeling,

00:11:26:10 - 00:11:29:24

on which to do our, our underwriting and our pricing.

00:11:29:27 - 00:11:35:15

And of course, on how to operationalise our customer accounts.

00:11:35:22 - 00:11:39:02

You can see that coming through in our results now.

00:11:39:07 - 00:11:42:07

And we expect that to continue into the future.

00:11:45:14 - 00:11:48:03

From an investment perspective, you can see it's

00:11:48:03 - 00:11:51:03

been relatively patchy over the last,

00:11:51:05 - 00:11:54:05

few years and quite subdued.

00:11:54:11 - 00:11:58:17

But for a couple of performing portfolios,

00:11:59:04 - 00:12:02:20

for FY 26, that is not the case.

00:12:02:26 - 00:12:03:27

We're now back.

00:12:03:27 - 00:12:07:12

Whilst the first half was somewhat subdued, 30 million

00:12:07:12 - 00:12:10:16

in the first half, we've done 20 million in the last six weeks.

00:12:10:24 - 00:12:14:03

And we'll deliver on the \$80M for this half.

00:12:14:14 - 00:12:18:09

There is, in our view, significant upside

00:12:18:09 - 00:12:21:09

to that number, subject to of course,

00:12:21:16 - 00:12:24:09

us acquiring portfolios

00:12:24:09 - 00:12:28:15

that meet our standards from not just an underwriting perspective,

00:12:28:22 - 00:12:32:12

but also, the serviceability of them

00:12:32:12 - 00:12:35:21

and their fit for our servicing operations.

00:12:36:06 - 00:12:38:09

We're very confident that will deliver on that.

00:12:39:17 - 00:12:40:08

In terms of

00:12:40:08 - 00:12:44:15

ERC and returns, our estimated remaining collections

00:12:44:27 - 00:12:47:22

of which we expect, to recover

00:12:47:22 - 00:12:51:20

\$708M, of that 708

00:12:51:29 - 00:12:56:04

about 410 of it is already under an arrangement with a customer.

00:12:56:10 - 00:12:59:10

So they're paying us back on a regular basis.

00:12:59:11 - 00:13:02:26

You can see on the right hand side our underwriting.

00:13:02:28 - 00:13:05:28

So what did we invest at, which you can see in the black

00:13:06:02 - 00:13:10:04

and what we're returning and forecast to return for the remaining period.

00:13:10:12 - 00:13:13:07

And things are looking very, very good for Pioneer.

00:13:13:07 - 00:13:16:26

And again, those improving margins are coming through

00:13:17:01 - 00:13:20:01

the financial statements.

00:13:22:19 - 00:13:25:12

Another slide on our collections performance, of course.

00:13:25:12 - 00:13:28:15

One of the things that you want to see and you need to see

00:13:28:23 - 00:13:31:12

is our performance on accounts that are rolled up.

00:13:31:12 - 00:13:35:21

Anyone can recover on things that are new, of course, because they're fresh

00:13:35:21 - 00:13:36:25

and they're available.

00:13:36:25 - 00:13:40:28

But recovering across the life of a portfolio or a vintage is

00:13:40:28 - 00:13:42:01

really important.

00:13:42:01 - 00:13:47:00

Pioneer has had another very strong half, 41% of recoveries

00:13:47:00 - 00:13:50:28

coming from customer accounts or vintages that are more than two years old.

00:13:51:05 - 00:13:52:21

We're very pleased.

00:13:52:21 - 00:13:54:09

We're very pleased with that.

00:13:56:18 - 00:13:57:06

In terms of

00:13:57:06 - 00:14:01:12

shareholder alignment, we've said repeatedly in small financials,

00:14:01:12 - 00:14:05:08

such as Pioneer, having strong alignment of leadership and executive

00:14:05:08 - 00:14:10:08

is critical, in our view, to the success of the business,

00:14:10:14 - 00:14:14:11

it ensures discipline in the way that we invest our money.

00:14:14:16 - 00:14:18:09

The way that we think about ourselves as custodians of your money

00:14:18:15 - 00:14:22:05

and ensuring that we drive the right long term outcomes.

00:14:22:19 - 00:14:25:25

Pioneer management are the largest shareholder in this business,

00:14:26:04 - 00:14:29:04

and our executive are aligned

00:14:29:06 - 00:14:32:29

with rights that vest over a four year period.

00:14:33:11 - 00:14:38:15

The hurdle, to achieve for the last four years is \$18M statutory

00:14:38:15 - 00:14:43:17

net profit after taxation for this year, a number which we are today upgrading,

00:14:43:23 - 00:14:46:26

the delivery of the hurdle remains the same,

00:14:46:26 - 00:14:51:01

but we're upgrading our guidance to the market to \$20M.

00:14:53:20 - 00:14:56:20

So on to our outlook and our guidance.

00:14:57:29 - 00:15:00:28

Firstly, strong tailwinds, as I've mentioned,

00:15:00:28 - 00:15:03:29  
subdued supply over the past 12 months.

00:15:04:06 - 00:15:09:21  
That's ended and supply is back in full force now with the expected return

00:15:09:27 - 00:15:13:26  
of the last of the banks to forward flow later in this financial half.

00:15:14:04 - 00:15:17:01  
So that will be a great boon for,

00:15:17:01 - 00:15:20:00  
for this business and for, for the sector.

00:15:20:00 - 00:15:23:10  
There are also significant inventory in one off portfolios

00:15:23:10 - 00:15:27:04  
expected over the next 12 to 24 months.

00:15:27:14 - 00:15:30:19  
In that regard, Pioneer is very well funded.

00:15:30:27 - 00:15:35:24  
As Barry mentioned, \$25M of capacity in our facilities.

00:15:36:02 - 00:15:39:06  
There is ample opportunity for us to go and grow

00:15:39:15 - 00:15:43:07  
our funding capability if we require.

00:15:43:14 - 00:15:47:03  
Of course, that's all matched by or outweighed by

00:15:47:03 - 00:15:50:03  
significant cash generation in this business.

00:15:50:05 - 00:15:54:01  
Which is where we largely come through in terms of,

00:15:54:11 - 00:15:57:09  
funding our portfolios.

00:15:57:09 - 00:16:02:17  
De-risked PDP investment, as I mentioned, \$50M completed to today.

00:16:02:24 - 00:16:07:26  
Guidance, is contracted up to 80 million for the half.

00:16:07:26 - 00:16:10:26

So that will come through.

00:16:10:26 - 00:16:13:22

We expect to see cash collections grow now

00:16:13:22 - 00:16:17:07

as we've got this purchasing

00:16:17:07 - 00:16:20:14

to support that, including what we've purchased in the past.

00:16:20:28 - 00:16:23:19

There is upside opportunity, as I mentioned, where pricing

00:16:23:19 - 00:16:25:23

and portfolio quality attractive.

00:16:25:23 - 00:16:28:03

And that's a really important thing for us.

00:16:28:03 - 00:16:31:25

Now is not the time to get excited about simply spending money.

00:16:32:03 - 00:16:34:20

Now is the time to get excited about

00:16:34:20 - 00:16:36:03

investing money in

00:16:36:03 - 00:16:39:22

portfolios we know that will deliver improved margins,

00:16:39:29 - 00:16:44:16

improved returns for our business, and that match the quality that we have.

00:16:44:21 - 00:16:47:21

You won't see us going down the quality scale.

00:16:47:22 - 00:16:51:08

You'll see us staying exactly where we are and building

00:16:51:08 - 00:16:54:08

on our commitment to you and building on what we've delivered.

00:16:54:24 - 00:16:57:00

Unlocking operational leverage.

00:16:57:00 - 00:16:59:27

Our core system replacement project is on budget.

00:16:59:27 - 00:17:02:19

We're now just subject to scheduling for deployment,

00:17:02:19 - 00:17:06:12

so we expect to see some benefits from that starting to flow

00:17:06:12 - 00:17:08:18

through in the next financial year.

00:17:12:07 - 00:17:15:26

data improvements in cost out opportunities continue of course.

00:17:15:26 - 00:17:19:04

And you can see some of that coming through our financials.

00:17:20:01 - 00:17:24:11

And importantly, our AI rollout has commenced cautiously.

00:17:24:19 - 00:17:29:25

There's a lot of potential there for downward pressure on costs.

00:17:30:04 - 00:17:32:05

We will take it cautiously.

00:17:32:05 - 00:17:33:25

We're dealing with people.

00:17:33:25 - 00:17:35:26

We're dealing with customer data.

00:17:35:26 - 00:17:37:22

We're dealing with our own employees.

00:17:37:22 - 00:17:40:12

And of course, our own customers and our vendor partners.

00:17:40:12 - 00:17:42:10

We're very, very conscious of that.

00:17:42:10 - 00:17:44:08

We're very, very respectful of that.

00:17:44:08 - 00:17:47:24

We think there'll be great benefits for everyone involved

00:17:47:24 - 00:17:52:23

through our rollout of AI as we do that, and we continue to scale our business

00:17:54:01 - 00:17:56:08

Tested and experienced management

00:17:56:08 - 00:17:59:22

founder led business, as you know, strongly aligned to shareholders.

00:17:59:28 - 00:18:05:00

And we've got a long term stable executive with deep personal investment

00:18:05:00 - 00:18:06:01

in this business.

00:18:06:01 - 00:18:08:12

We are there alongside you.

00:18:08:12 - 00:18:10:10

We think that's critically important.

00:18:10:10 - 00:18:13:01

And finally, and most pleasingly,

00:18:13:01 - 00:18:18:13

is us having the opportunity today to upgrade our statutory

00:18:18:13 - 00:18:22:29

net profit after taxation from \$18M to at least

00:18:23:08 - 00:18:26:08

\$20M.

00:18:26:28 - 00:18:28:14

That concludes

00:18:28:14 - 00:18:31:14

the formal part of the presentation.

00:18:31:15 - 00:18:34:17

I will now move to questions.

00:18:35:29 - 00:18:38:22

The first question is for Barry.

00:18:38:22 - 00:18:42:24

While statutory NPAT has reached a clear inflection point

00:18:43:29 - 00:18:47:02

Slide five shows cash collections have remained

00:18:47:02 - 00:18:51:03

relatively flat at 70 to 72 million over the last four halves.

00:18:51:25 - 00:18:54:25

Is the current strategic priority

00:18:55:15 - 00:18:58:09

to first finalise the structural operating platform,

00:18:58:09 - 00:19:02:20

specifically the core system replacement, to allow for margin expansion,

00:19:02:20 - 00:19:06:01

before more aggressively scaling collections?

00:19:06:14 - 00:19:10:16

And if so, when does management expect this top line growth to accelerate?

00:19:13:04 - 00:19:13:17

Thank you.

00:19:13:17 - 00:19:17:11

So in terms of the, flatness

00:19:17:11 - 00:19:22:17

of the liquidations, I think this is down to a couple of factors.

00:19:22:24 - 00:19:25:24

And predominantly around the subdued investment

00:19:26:14 - 00:19:29:14

over the last couple of periods, I think we've spoken about that

00:19:30:21 - 00:19:33:21

in our recent results announcements.

00:19:33:29 - 00:19:37:15

I think the important thing to highlight there is that as there has been some

00:19:38:18 - 00:19:43:10

delays in our programs with our vendors, we have been able to maintain

00:19:43:15 - 00:19:46:15

costs at a very, very low level.

00:19:47:03 - 00:19:49:27

We have highlighted that we know we expect

00:19:49:27 - 00:19:52:24

the PDP investment to increase

00:19:52:24 - 00:19:55:24

into the second half with 20 million already secured.

00:19:56:24 - 00:19:59:24

So we do expect that there will be some uplift in that,

00:20:00:12 - 00:20:03:15

in that, revenue line going forward.

00:20:05:09 - 00:20:08:09

In terms of the core system, the core system will add

00:20:08:13 - 00:20:09:23  
will add some efficiency

00:20:09:23 - 00:20:12:23  
in terms of how we've operated, we haven't included

00:20:13:14 - 00:20:17:07  
any uplift of that in any of our projections at the moment.

00:20:19:09 - 00:20:20:13  
Thanks, Barry.

00:20:20:13 - 00:20:24:05  
We've got a couple of questions with respect to the outlook for,

00:20:24:14 - 00:20:31:01  
PDP investment and with respect to, is there significant upside to the \$80M

00:20:31:01 - 00:20:35:18  
that we've forecasted that we've guided to at the moment?

00:20:35:28 - 00:20:38:23  
Noting that our direct competitor,

00:20:38:23 - 00:20:41:23  
increased their guidance by about 50%.

00:20:41:25 - 00:20:44:25  
Is there potential for us and how do we think about that?

00:20:46:11 - 00:20:46:18  
Yeah.

00:20:46:18 - 00:20:49:18  
So I think on the \$80M this year, we've

00:20:50:26 - 00:20:54:07  
effectively secured what we've guided so far

00:20:54:07 - 00:20:57:17  
under forward flow agreements and what we've contracted to date.

00:20:59:01 - 00:21:02:01  
We do expect that there's going to be material opportunities

00:21:02:03 - 00:21:06:07  
that will come to market, in the next couple of months.

00:21:06:07 - 00:21:09:08  
So I think there is potential that,

00:21:09:08 - 00:21:13:10

that there is upside to the \$80M that we have guided so far.

00:21:13:10 - 00:21:17:05

However, as we progress further and as we crystallise

00:21:17:05 - 00:21:19:20

some of that, we will release that to the market.

00:21:22:00 - 00:21:23:20

Thanks, Barry.

00:21:23:20 - 00:21:25:24

With respect to,

00:21:25:24 - 00:21:28:24

there's a few questions with respect to our financing.

00:21:28:26 - 00:21:32:12

One of them was, why did our lenders agree to cut the margin?

00:21:32:13 - 00:21:35:04

I'll talk you through that in a short moment.

00:21:35:04 - 00:21:39:15

And the second is with respect to the senior facility

00:21:39:19 - 00:21:42:19

now compressed down to 435 bps.

00:21:42:21 - 00:21:45:19

What is the opportunity on the medium term notes, given

00:21:45:19 - 00:21:48:19

they're so much more expensive.

00:21:48:20 - 00:21:52:12

With respect to the lenders, our senior lenders in particular,

00:21:52:13 - 00:21:57:04

when we originally entered into that facility, Pioneer was coming

00:21:57:04 - 00:22:01:24

out of a period of no profitability,

00:22:02:04 - 00:22:05:20

and it made commitments to the market and to the lenders

00:22:05:20 - 00:22:08:20

as it does, through that period.

00:22:08:26 - 00:22:13:20

And also, you might recall going back a couple of years ago, 18 months ago,

00:22:13:29 - 00:22:16:26

there became, a flood of money

00:22:16:26 - 00:22:20:23

into the private credit market and into alternative banks.

00:22:21:08 - 00:22:25:23

Our syndicate, is a very, very high quality lenders.

00:22:26:00 - 00:22:30:01

And one of the things that we had was the opportunity for us to refinance.

00:22:32:19 - 00:22:38:20

after two years, in return for us extending that to three years.

00:22:38:20 - 00:22:41:26

So we locked up with them for another year at least.

00:22:42:04 - 00:22:44:27

We had a reduction in our margin of 100 bips.

00:22:44:27 - 00:22:50:00

So that was the quid pro quo for lack of a better description.

00:22:50:08 - 00:22:54:07

Of course it reflects the underlying performance

00:22:54:07 - 00:22:57:16

of this business, which obviously your lenders get to see at a much deeper

00:22:57:16 - 00:23:00:15

level than, than, than anyone else.

00:23:00:26 - 00:23:03:02

And the outlook for our business going forward.

00:23:03:02 - 00:23:07:04

So we're very, very pleased, not just to achieve that result

00:23:08:26 - 00:23:13:26

in the company, but also as a sign of, investment

00:23:13:26 - 00:23:18:13

by the lenders into our business and into the longevity of our funding and,

00:23:18:16 - 00:23:22:29

and how they think about us, as a, as a credit proposition

00:23:24:24 - 00:23:25:13

In terms of the

00:23:25:13 - 00:23:29:08

medium term notes, we have been, very clear

00:23:29:08 - 00:23:32:29

over the course of the last periods that we, we have an opportunity

00:23:33:06 - 00:23:37:21

to further, compress our, our lending.

00:23:37:28 - 00:23:40:01

Clearly, they are very expensive.

00:23:40:01 - 00:23:44:03

It is something that we are working through currently.

00:23:44:20 - 00:23:49:18

We're quietly confident that we're going to get a good result, in the near term.

00:23:49:23 - 00:23:54:00

And as soon as we do, we'll obviously let shareholders know about that

00:23:54:00 - 00:23:57:00

through an announcement to the ASX.

00:23:58:21 - 00:24:00:22

The other question that we

00:24:00:22 - 00:24:04:02

regularly get is when will the company stop paying dividends again?

00:24:04:15 - 00:24:07:29

Clearly we would all like to start paying dividends.

00:24:08:00 - 00:24:10:25

I think, as I've said previously.

00:24:10:25 - 00:24:13:18

One of the things that's really, really important for Pioneer is

00:24:13:18 - 00:24:18:06

we deliver on this year's commitment once we've actually delivered on it,

00:24:18:06 - 00:24:21:25

and clearly we're very, very confident of that given we've upgraded it today.

00:24:22:08 - 00:24:25:08

Once we've, once we've delivered on that,

00:24:25:09 - 00:24:28:09

then I think we can start having a conversation about

00:24:28:13 - 00:24:31:08

what does capital management look like in the context

00:24:31:08 - 00:24:34:24

of this business, and what will it look like going forward.

00:24:35:03 - 00:24:40:05

Clearly, we'll share that with with shareholders as well as we understand

00:24:40:11 - 00:24:43:21

their expectations, the requirements of the business,

00:24:43:27 - 00:24:46:06

and we work through that with the board.

00:24:48:22 - 00:24:51:15

With respect to the PWC

00:24:51:15 - 00:24:55:23

litigation, at the moment, there's not much more

00:24:55:23 - 00:24:59:04

we can tell shareholders other than it is progressing.

00:24:59:18 - 00:25:03:18

Our lawyers and advisers are very comfortable with our position

00:25:03:18 - 00:25:05:13

and with the progress of that matter.

00:25:05:13 - 00:25:08:28

Unfortunately, these things do take time.

00:25:09:05 - 00:25:14:01

And, and our advisers, remain of the view

00:25:14:08 - 00:25:18:01

that we should remain silent on this matter until such time

00:25:18:01 - 00:25:21:21

is there some reasonable path or reasonable resolution,

00:25:22:01 - 00:25:24:25

which we're hoping that we'll be able to work through.

00:25:24:25 - 00:25:27:26

But nothing has changed from our,

00:25:27:26 - 00:25:30:26

our resolute position to,

00:25:30:26 - 00:25:34:08  
to defend, the practices of the company

00:25:34:13 - 00:25:38:07  
and to prosecute what we see is the poor advice that we received

00:25:38:16 - 00:25:42:18  
through that period, and which obviously cost us a significant amount of money.

00:25:42:23 - 00:25:45:24  
We're confident that we'll deliver on that.

00:25:48:01 - 00:25:50:22  
The last, the last question, Barry,

00:25:50:22 - 00:25:55:01  
if you don't mind, is, with respect to the guidance.

00:25:55:01 - 00:25:58:01  
So we've upped it from 18 million to 20 million.

00:25:58:13 - 00:26:03:00  
Given the implied growth and we're already done \$10M

00:26:03:00 - 00:26:06:22  
in the first half, why hasn't it been upgraded

00:26:06:22 - 00:26:09:22  
higher to 21 or 22?

00:26:10:27 - 00:26:11:05  
Yeah.

00:26:11:05 - 00:26:14:17  
So when we initially set the

00:26:14:17 - 00:26:18:02  
guidance to the market the market of \$18M,

00:26:18:02 - 00:26:22:22  
we included an interest, benefit of about \$2M.

00:26:23:04 - 00:26:26:22  
In that bridge that we presented to the market,

00:26:27:01 - 00:26:31:18  
we exceeded our expectations in terms of delivering,

00:26:31:24 - 00:26:36:05  
a higher, higher reduction margin on senior than we expected.

00:26:36:11 - 00:26:41:16

Which effectively resulted in a \$3.8M gain.

00:26:41:17 - 00:26:45:02

So we've effectively done between 1.8

00:26:45:02 - 00:26:48:07

and \$2M better of than what we expected.

00:26:48:07 - 00:26:53:23

And hence that's the rationale for increasing the guidance from 18 to 20.

00:26:55:09 - 00:26:59:20

The final part of that question is why haven't we upgraded to 21

00:26:59:20 - 00:27:03:12

or 22, given we did over \$10M in the first half?

00:27:03:20 - 00:27:06:17

And I think it's consistent with the way that we have approached

00:27:06:17 - 00:27:10:21

everything at Pioneer and the discipline that we've really been focused

00:27:10:21 - 00:27:14:07

on communicating to the market, which is

00:27:14:08 - 00:27:17:02

sorry, under-promise and over-deliver.

00:27:17:02 - 00:27:21:28

You know, we fully expect to, to deliver on our guidance of 20.

00:27:21:28 - 00:27:23:26

We've said at least 20.

00:27:23:26 - 00:27:26:14

Once we get a little bit closer to the date,

00:27:26:14 - 00:27:29:05

hopefully we'll be able to update the market further.

00:27:29:05 - 00:27:32:05

As to, as to where it will end.

00:27:33:29 - 00:27:36:06

That brings to a close

00:27:36:06 - 00:27:40:23

the substantive part of this, presentation and our question time.

00:27:41:08 - 00:27:44:00

I thank you all for joining us

00:27:44:00 - 00:27:45:26  
and hand you back to Chantelle.

00:27:47:08 - 00:27:47:26  
Thank you very

00:27:47:26 - 00:27:50:26  
much, Keith and Barry, for taking us through the presentation,

00:27:51:00 - 00:27:54:00  
and for going through those robust Q&A there.

00:27:54:02 - 00:27:57:23  
So if you have any further questions that you think of later

00:27:57:23 - 00:27:59:13  
on, you can always reach out to us.

00:27:59:13 - 00:28:02:22  
So email [investor\\_relations@pioneercredit.com.au](mailto:investor_relations@pioneercredit.com.au)

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at Pioneer Credit Limited.

00:28:10:13 - 00:28:13:14  
And that's where we share, all of our news and keep you up to date.

00:28:13:26 - 00:28:15:07  
So thank you for joining today.