

## **Pioneer Credit RaaS Interview 2 July 2024**

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**Duration 6 minutes 26 seconds**

00:00:01:16 - 00:00:17:11

**Finola Burke**

Hello, I'm Finola Burke from RaaS Research Group and we're catching up today with Keith John, the managing director of ethically motivated consumer financial services business Pioneer Credit (ASX: PNC). Welcome back, Keith, and thank you for joining me.

00:00:17:13 - 00:00:19:16

**Keith John**

Thanks so much, Finola.

00:00:19:18 - 00:00:36:16

**Finola Burke**

So you've just announced that you have signed a new \$272.5m four-year syndicated senior finance facility agreement. This has been some time in the making, could you quantify what it will deliver for Pioneer Credit in terms of savings and scale?

00:00:36:18 - 00:01:01:00

**Keith John**

Yeah for sure. Thank you and thanks for the opportunity to talk to you or to your subscribers. Look, for Pioneer this is really the culmination of the last few years getting through the corporate action that existed for us, we had a very good financier in Fortress. But that's a very expensive facility. We've now got a facility that has, plenty of room for us to move in at.

00:01:01:02 - 00:01:22:19

**Keith John**

It'll be drawn to \$222 million on day one. It's going to save us sort of north of \$8 million a year, just in interest costs, and there's \$50 million of headroom. So that gives us the ability to supplement our free cash flow, sort of north of \$70 million in the coming year to, to continue to grow our business from here.

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**Finola Burke**

And the new facility has been backed by some significant players (Nomura, Challenger, Keyview Financial Group, Revolution Asset Management). Do you see scope for further financing collaboration with these parties?

00:01:35:13 - 00:02:00:18

**Keith John**

For sure, I mean, part of the reason why, when this syndicate was built was that the Nomura got these groups involved, in particular the Challengers and Revolution and Keyviewers, the capacity to grow further. Now we've got an incredible opportunity that sits in front of us over the next couple of years. In all likelihood, that's going to involve significantly more capital than just the \$50 million of growth that we've got there.

00:02:00:20 - 00:02:24:04

**Keith John**

And these guys have the capacity to grow, as our funding needs grow. So in addition to producing lots of free cash, which will help us reduce leverage over time, we've also got the ability to increase our funding capacity for these opportunities that arise. And, you know, we expect them to arise across a range of things, there's M&A opportunities in our sector.

00:02:24:06 - 00:02:48:20

**Keith John**

There are a broad range of opportunities that exist, in the financial services markets where, you know, impaired credit's been held back for a long time and Pioneer is well positioned as a as a differentiated service or one that really looks after consumers and brands. Well, to, to grow further and buy these very large opportunities.

00:02:48:22 - 00:02:59:22

**Finola Burke**

Keith, you touched upon a little bit of this, but with the challenges we're seeing in both corporate and consumer markets at present, what market opportunities are you seeing for Pioneer Credit?

00:02:59:24 - 00:03:24:17

**Keith John**

Yeah, I think look, there's there's a range of things, I mean clearly, there are groups within our sector that have, that are having some challenges and that's being played out in the press. Well, so there are some opportunities that exist within those groups. There's, there's certainly opportunities that exist in the, the sort of the fintech that newer, new to business sort of market that's existed.

00:03:24:22 - 00:03:49:12

**Keith John**

And sort of grown dramatically over the last few years. And then within the big banks, you know, not all of the big banks are selling as yet. You know, one of them in particular hasn't sold since pre-COVID. So there's a lot of opportunity that exists as those guys come back to market. And really we're in a duopoly now. There's us and one other, you know, the top end of towns really split down the middle.

00:03:49:14 - 00:04:12:16

**Keith John**

We share those opportunities and that's a, that's a very big opportunity for Pioneer. And then at the, at the fintech layer, that's really where we come in on our own and we don't compete with our clients. And that's a big thing for those guys. You know, they're growing their businesses. Their growing brands. They don't want to be selling their portfolios and the management of their repair credits to someone that competes with them.

00:04:12:16 - 00:04:32:08

**Keith John**

And that's a that's a very strong part of the Pioneer offering, we're completely aligned. You know, it's important we're aligned to shareholders and support land consumers. But you also need to be aligned to your vendors. You don't want to bite the hand that feeds you. And certainly we work very closely with them. And we think that's a big opportunity.

00:04:32:09 - 00:04:37:12

**Keith John**

We know there's a big opportunity over coming sort of 12, 24 months with those guys.

00:04:37:14 - 00:04:44:11

**Finola Burke**

Without pre-empting your full year results, were you happy with how FY24 ended for Pioneer Credit?

00:04:44:13 - 00:05:08:21

**Keith John**

Yeah, look I mean, you know you'd always like to close things out like refinancing's earlier. There's a lot of party involved and of course, you know, \$270 million is a lot of money. So while these things take a little bit of time, we

had a great year operationally. Really, really pleased with the way we executed within the business, the way that we manage cost.

00:05:08:21 - 00:05:28:13

**Keith John**

I mean, cost of living is a very big, part of every business now, and certainly wage inflation is part of that. We manage that really well and we manage that well because our people are committed. They're focused on finding solutions. They get there quickly, which means it's good for the customers and good for us as well.

00:05:28:14 - 00:05:50:02

**Keith John**

So that's gone really, really well. And of course, we closed out the refi, so we couldn't be happier with the way 24 finished. But, you know, it's the 2nd of July today, Finola and we're ready for the 25. We've got a lot of ground to make up. We've got a target of \$18 million after tax next financial year.

00:05:50:02 - 00:06:07:09

**Keith John**

It's only 12 months away. We expected to deliver on that and, well deliver on that. And, that means we need to hit the ground running, which, which my team has. And, you know, we're we're very excited about, you know, what, what 25 has for us.

00:06:07:11 - 00:06:15:13

**Finola Burke**

Well, thank you Keith for taking the time to speak with me today and looking forward to catching up with you over the course of the next few months to check on Pioneer Credits progress.

00:06:15:15 - 00:06:16:16

**Keith John**

Thanks so much, Finola.

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