

IPF plc 2021 full-year results



Strong rebound in growth
and full-year profitability

Gerard Ryan – CEO

Kris Adamski – Group Treasurer

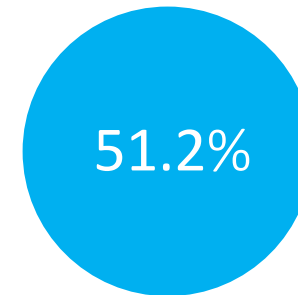
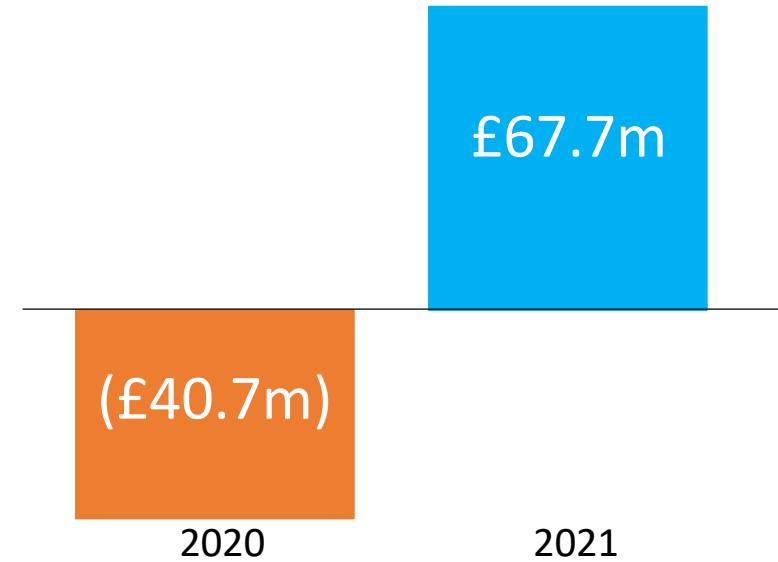
Wednesday 23 February 2022

STRONG FINANCIAL PERFORMANCE

Group profit before tax £67.7 million

- Successful execution of rebuild strategy
- Credit issued growing to meet consumer demand
- All business divisions profitable
- Investing in growth activities enabled by tight cost management
- Robust and well capitalised balance sheet
- Increased final dividend and new progressive payout policy

PROFIT BEFORE TAX



Equity % receivables

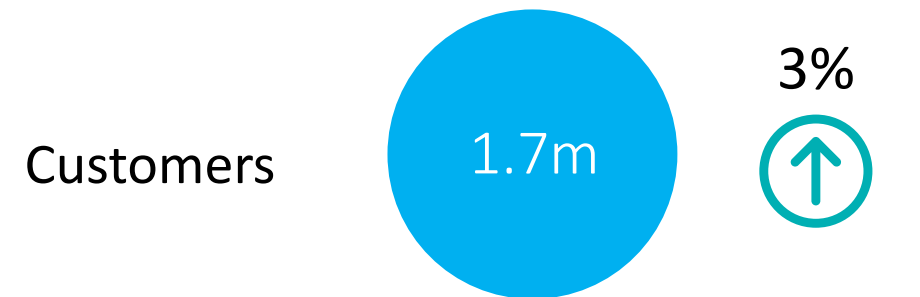
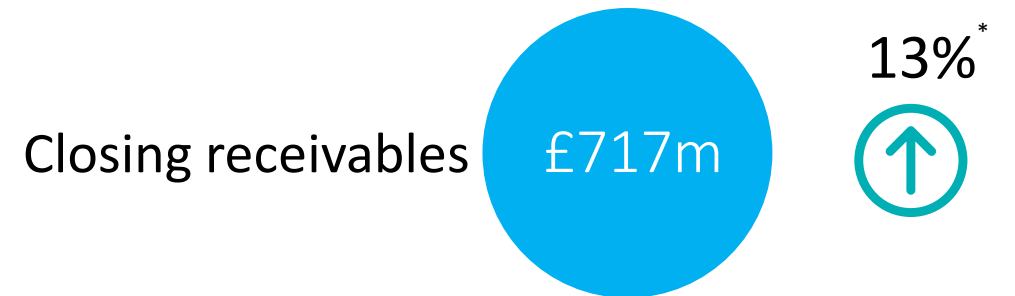


Full-year dividend

FIRMLY BACK IN GROWTH MODE

High quality new lending driving receivables

- Highly effective credit relaxation strategies delivering growth and quality
- Strong correlation between relaxation of Covid rules and increased customer demand
- Customers benefitting from improved value-added services and more digital options
- Investments in technology providing improved customer journey
- Solid foundation to meet increasing demand and deliver further growth



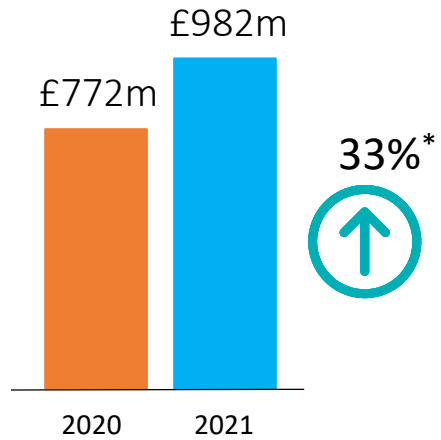
Financial performance

Kris Adamski, Group Treasurer

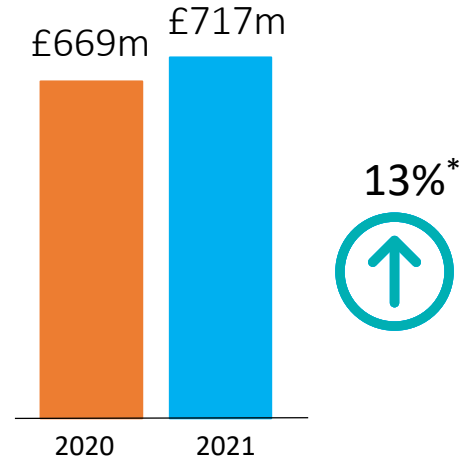


KEY DRIVERS OF £108 MILLION PROFITABILITY REBOUND

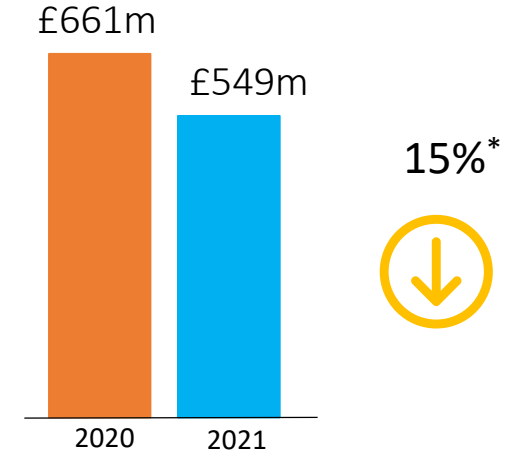
Credit issued



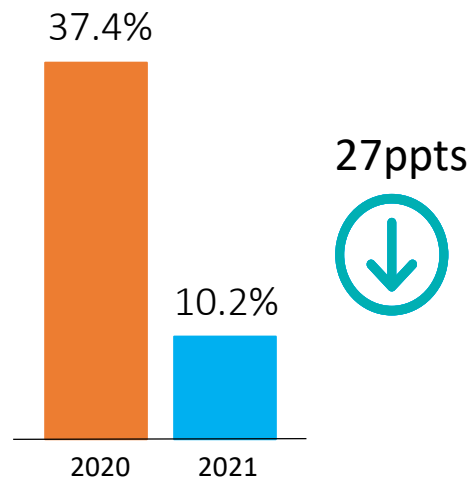
Closing receivables



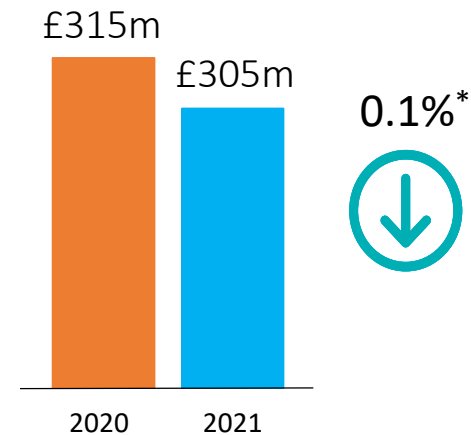
Revenue



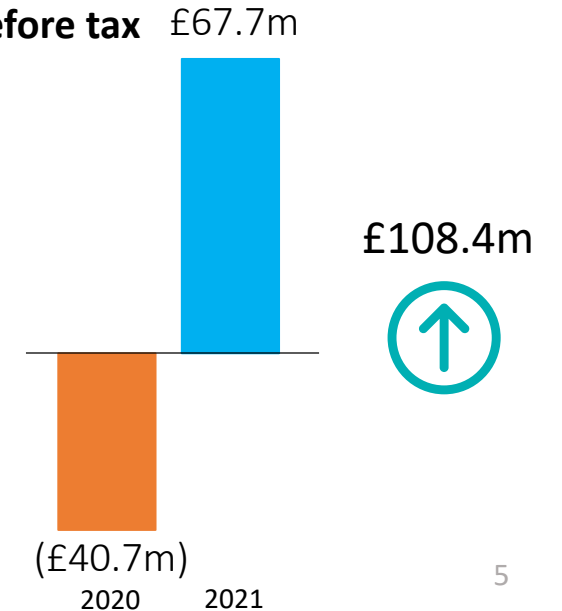
Impairment % revenue



Costs

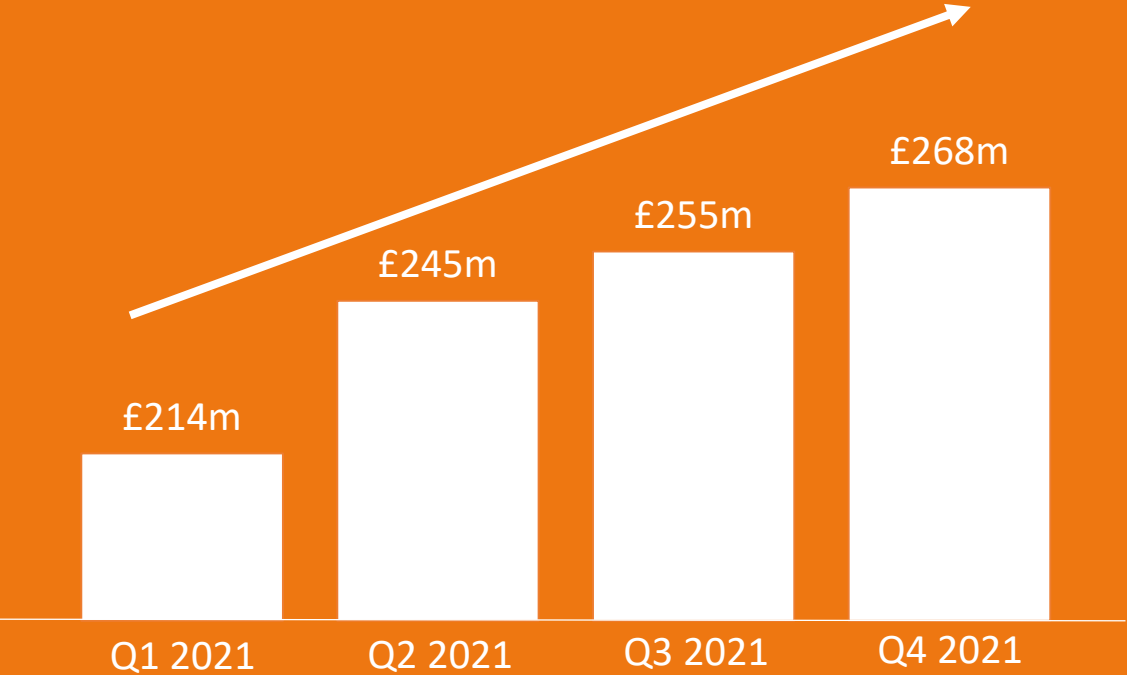


Profit before tax

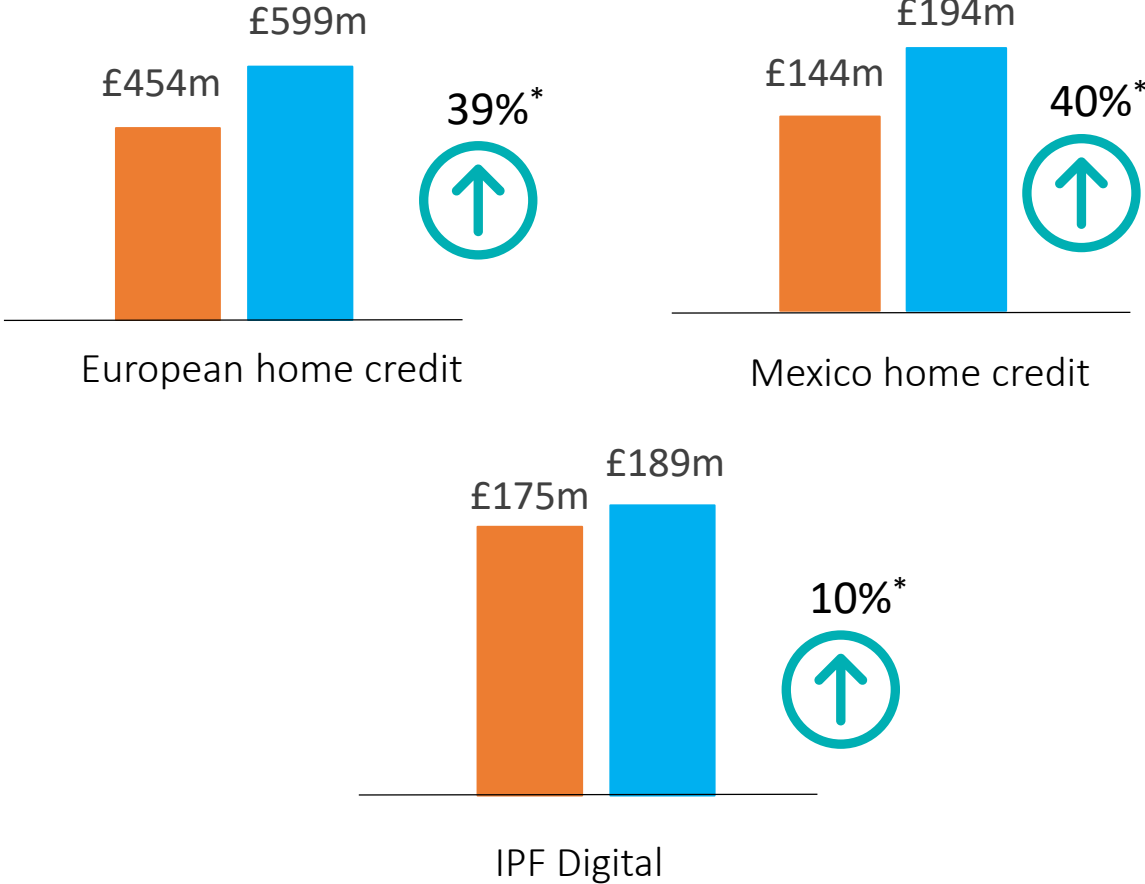


*at constant exchange rates

33% CREDIT ISSUED GROWTH



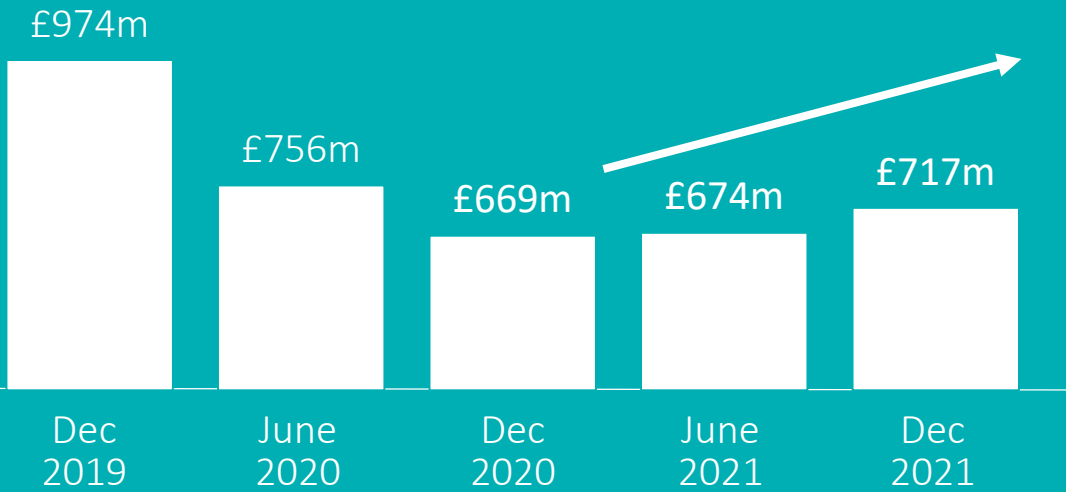
ALL DIVISIONS RETURNED TO GROWTH



*at constant exchange rates

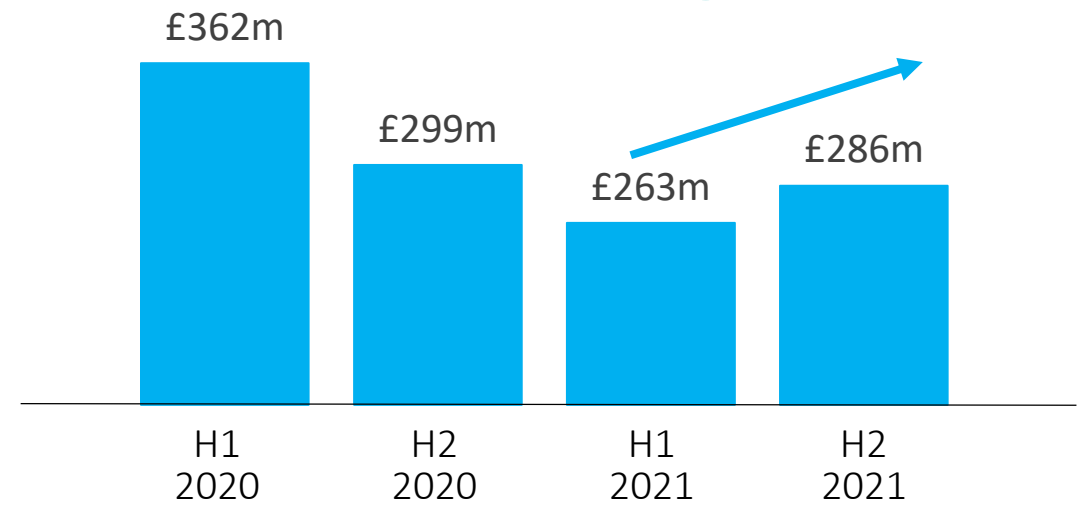
CLOSING RECEIVABLES GROWTH.....

↑ 13% * YOY



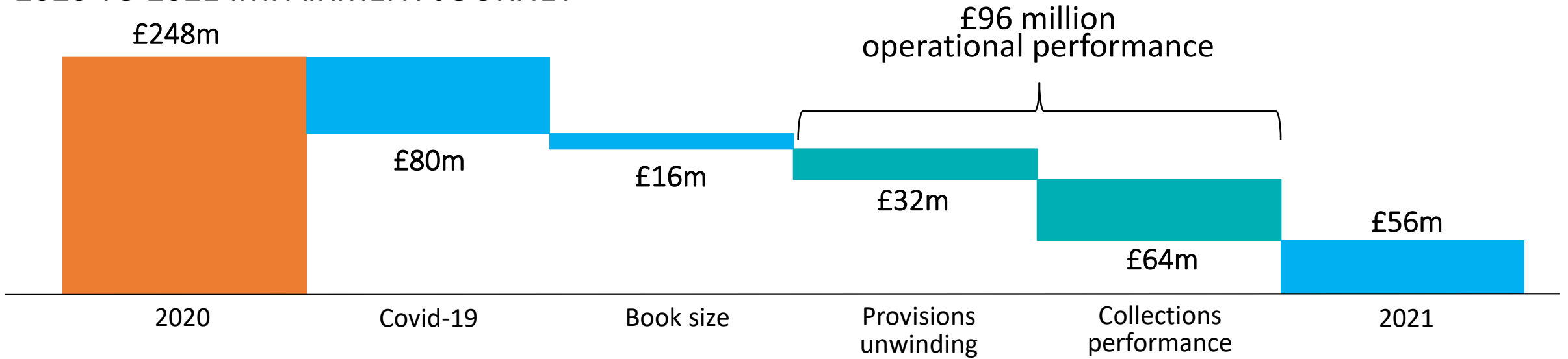
.....LED TO REVENUE GROWTH IN H2

↑ 10% * H2 VS H1

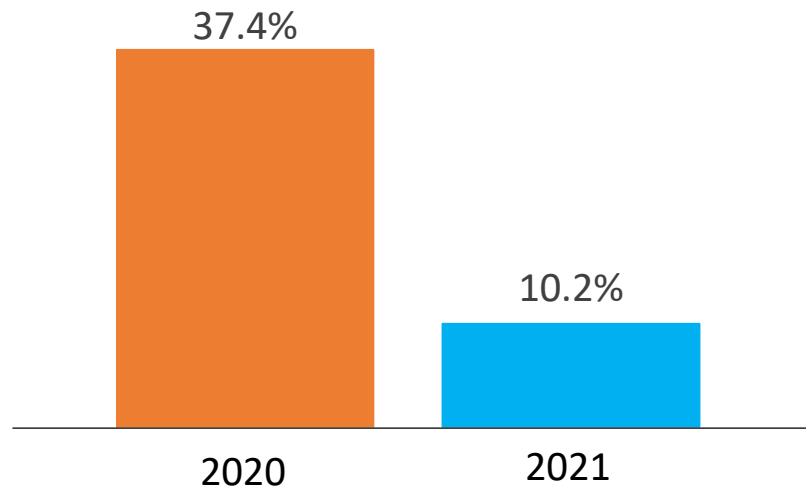


EXCELLENT CREDIT QUALITY

2020 TO 2021 IMPAIRMENT JOURNEY

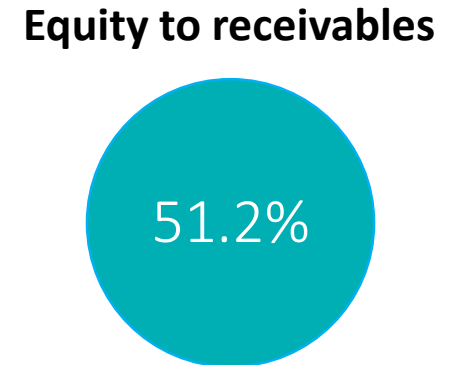
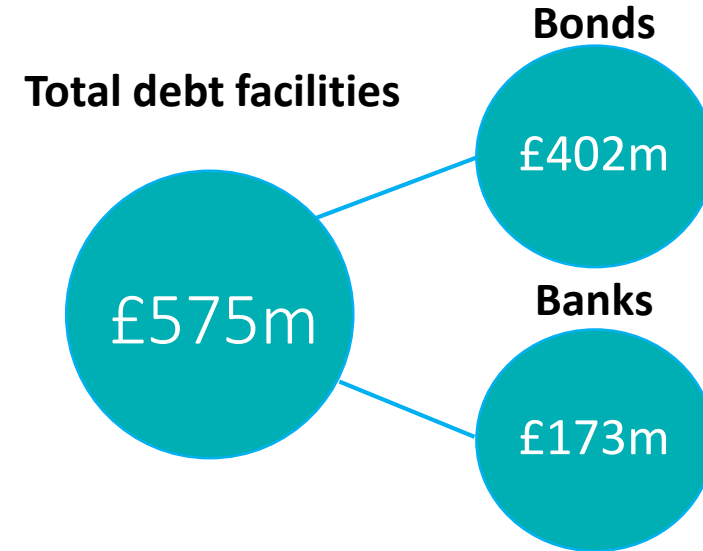


GROUP IMPAIRMENT % REVENUE



STRONG FUNDING POSITION AND WELL CAPITALISED BALANCE SHEET

- Well diversified funding
- Upgrade in outlook from Fitch
- Successful SEK 450 million bond to 2024, 7% coupon
- Bank funding extensions of £148 million
- Strong capital position





Strategy and outlook

Gerard Ryan, CEO

REGULATION

- Covid-19 repayment moratorium in Hungary due to expire 30 June 2022
- EU review of Consumer Credit Directive
- Proposal to reduce non-interest cost of credit cap in Poland
- Proposal to introduce rate cap in Romania

- **Current moratorium 11k customers (previous: 45k)**
- **Focus on re-engaging with ex-moratorium customers**

- **Wide ranging and long-planned review**
- **Proposals this year, implementation ~2024+**

- **EC reviewing proposal, respond by 28 March**
- **Polish multi-committee stages expected**

- **Proposal in line with previous indications**
- **Likely to be subject to further challenge**

OUR PURPOSE

Building a better world through financial inclusion

Our heritage

- Providing access to regulated credit
- Core ethos of forbearance and payment flexibility
- Low and grow strategy to align with affordability
- Provide unique value-added services

Our journey

- We have listened to stakeholders
- Purpose is being built into all processes
- Provide more options at lower cost
- Create credit mobility through credit history



OUR STRATEGY

Delivering a sustainable business

Deliver excellent service
to our loyal customers

Investing in technology

- *Delivers speed and simplicity*

Being more than a lender

- *Providing value-added services*

Providing credit when others won't

- *Our social purpose*



Attract next generation
of customers

More product choices

- *Digital, hybrid and mobile*

New access points

- *Retail partnerships*

Expanded footprint

- *Mexico*

EUROPEAN HOME CREDIT

Excellent execution delivering significant rebound in growth and profitability

Serving our loyal customers

What we're doing

- Tailored credit relaxations to local conditions and demand
- Increased forbearance and flexibility
- Improved customer experience
 - More digital offers
 - View accounts on-line
- Enhanced value-added services, unique to Provident

Attracting the next generation

What we're investing in

- Digital and hybrid in every country
- Improved customer journeys and omnichannel
- Test and launch credit card
- Developing retailer relationships for in store finance – pilot underway

MEXICO HOME CREDIT

Rigorous operating rhythm delivering consistently improving results

Serving our loyal customers

What we're doing

- All customer representatives using hand-held technology
- Digitising processes to reduce time to cash
- New hybrid offers for Creditea customers with weaker credit history
- Promoting significantly more women to managerial roles in the field

Attracting the next generation

What we're investing in

- Developing retailer relationships – pilot underway
- Hybrid offers – digital inception, customer representative completion
- Expand footprint around Mexico City and Northwest
- Digital onboarding and distribution tests

IPF DIGITAL

Improving product functionality to drive customer engagement

Serving our loyal customers

What we're doing

- Provided more payment holiday options
- Flexed credit settings to serve existing customers and manage credit quality
- Rolling out mobile wallet in Baltics
- Improved customer journeys on new in-house mobile wallet platform

Attracting the next generation

What we're investing in

- Developing Creditea brand to build out potential of Mexico, Poland and Australia
- Expanding mobile wallet to larger markets, focus on mobile money 24/7
- Creating retail partnerships to reach more customers at point of purchase
- Saying "yes" more often with hybrid offers

STRONG BALANCE SHEET

Very positive growth momentum

- **Broad target equity / receivables 40%**
- **Equity / receivables Dec 2021 51%**
- **Balance sheet strength allows for:**
 - **Significant issue growth**
 - **Targeted investment in new products and channels**
 - **Progressive dividend**

CAPITAL MANAGEMENT STRATEGY

- **Maintain strong equity-backed balance sheet**
- **Full year dividend of 8 pence per share**
- **Interim dividend to be set at 1/3 of prior year payout**
- **Progressive dividend payout based on business performance**
- **Capital return to be considered subject to market conditions**



OUTLOOK

- Growing demand for affordable credit
- Expanding product / channel options to attract next generation customers
- Leveraging technology to drive scale and improve customer experience
- Purpose to shape future direction of the business



IPF plc 2021 full-results
Questions



IPF plc 2021 full-results
Appendix

Group

	2020 £m	2021 £m	Change £m	Change %	Change @ CER %
Customer numbers (000s)	1,682	1,727	45	2.7	
Closing receivables	669.1	716.8	47.7	7.1	13.4
Credit issued	772.2	982.1	209.9	27.2	32.8
Average net receivables	777.6	677.0	(100.6)	(12.9)	(9.4)
Revenue	661.3	548.7	(112.6)	(17.0)	(15.0)
Impairment	(247.6)	(56.2)	191.4	77.3	77.6
Net revenue	413.7	492.5	78.8	19.0	24.7
Finance costs	(55.0)	(54.0)	1.0	1.8	(2.5)
Agents' commission	(72.0)	(65.3)	6.7	9.3	5.4
Other costs	(315.5)	(305.5)	10.0	3.2	0.1
Pre-exceptional (loss)/profit before taxation	(28.8)	67.7	96.5		
Exceptional items	(11.9)	-	11.9		
(Loss)/profit before taxation	(40.7)	67.7	108.4		

European home credit

	2020 £m	2021 £m	Change £m	Change %	Change @ CER %
Customer numbers (000s)	827	810	(17)	(2.1)	
Closing receivables	389.5	425.9	36.4	9.3	16.6
Credit issued	453.8	599.2	145.4	32.0	39.4
Average net receivables	443.0	403.3	(39.7)	(9.0)	(4.5)
Revenue	351.1	284.7	(66.4)	(18.9)	(16.4)
Impairment	(125.1)	1.6	126.7	101.3	101.3
Net revenue	226.0	286.3	60.3	26.7	33.8
Finance costs	(32.3)	(34.0)	(1.7)	(5.3)	(10.0)
Agents' commission	(50.7)	(42.9)	7.8	15.4	10.8
Other costs	(154.7)	(154.9)	(0.2)	(0.1)	(4.2)
Pre-exceptional (loss)/profit before taxation	(11.7)	54.5	66.2		
Exceptional items	2.5	-	(2.5)		
(Loss)/profit before taxation	(9.2)	54.5	63.7		

Mexico home credit

	2020 £m	2021 £m	Change £m	Change %	Change @ CER %
Customer numbers (000s)	599	654	55	9.2	
Closing receivables	92.8	117.6	24.8	26.7	29.5
Credit issued	143.6	194.2	50.6	35.2	40.2
Average net receivables	102.5	102.8	0.3	0.3	2.9
Revenue	157.1	146.0	(11.1)	(7.1)	(6.5)
Impairment	(53.0)	(33.8)	19.2	36.2	40.0
Net revenue	104.1	112.2	8.1	7.8	12.4
Finance costs	(7.7)	(6.6)	1.1	14.3	12.0
Agents' commission	(21.3)	(22.4)	(1.1)	(5.2)	(7.2)
Other costs	(71.6)	(64.8)	6.8	9.5	7.7
Pre-exceptional profit before taxation	3.5	18.4	14.9		
Exceptional items	(2.7)	-	2.7		
Profit before taxation	0.8	18.4	17.6		

IPF Digital

	2020 £m	2021 £m	Change £m	Change %	Change @ CER %
Customer numbers (000s)	256	263	7	2.7	
Closing receivables	186.8	173.3	(13.5)	(7.2)	(1.6)
Credit issued	174.8	188.7	13.9	8.0	10.2
Average net receivables	232.1	170.9	(61.2)	(26.4)	(24.1)
Revenue	153.1	118.0	(35.1)	(22.9)	(20.6)
Impairment	(69.5)	(24.0)	45.5	65.5	64.5
Net revenue	83.6	94.0	10.4	12.4	15.9
Finance costs	(14.9)	(13.3)	1.6	10.7	6.3
Other costs	(76.6)	(72.0)	4.6	6.0	3.1
Pre-exceptional (loss)/profit before taxation	(7.9)	8.7	16.6		
Exceptional items	(11.3)	-	11.3		
(Loss)/profit before taxation	(19.2)	8.7	27.9		

IPF Digital established markets

	2020 £m	2021 £m	Change £m	Change %	Change @ CER %
Customer numbers (000s)	116	95	(21)	(18.1)	
Closing receivables	98.8	78.5	(20.3)	(20.5)	(15.6)
Credit issued	85.0	66.6	(18.4)	(21.6)	(20.2)
Average net receivables	117.9	83.6	(34.3)	(29.1)	(27.0)
Revenue	71.6	48.3	(23.3)	(32.5)	(30.4)
Impairment	(20.5)	(1.9)	18.6	90.7	90.5
Net revenue	51.1	46.4	(4.7)	(9.2)	(6.3)
Finance costs	(7.8)	(6.5)	1.3	16.7	12.2
Other costs	(24.9)	(18.7)	6.2	24.9	23.0
Pre-exceptional profit before taxation	18.4	21.2	2.8		
Exceptional items	(9.7)	-	9.7		
Profit before taxation	8.7	21.2	12.5		

IPF Digital new markets

	2020 £m	2021 £m	Change £m	Change %	Change @ CER %
Customer numbers (000s)	140	168	28	20.0	
Closing receivables	88.0	94.8	6.8	7.7	13.9
Credit issued	89.8	122.1	32.3	36.0	39.2
Average net receivables	114.2	87.3	(26.9)	(23.6)	(21.2)
Revenue	81.5	69.7	(11.8)	(14.5)	(12.1)
Impairment	(49.0)	(22.1)	26.9	54.9	53.7
Net revenue	32.5	47.6	15.1	46.5	50.6
Finance costs	(7.1)	(6.8)	0.3	4.2	-
Other costs	(40.1)	(41.1)	(1.0)	(2.5)	(5.9)
Pre-exceptional loss before taxation	(14.7)	(0.3)	14.4		
Exceptional items	(1.6)	-	1.6		
Loss before taxation	(16.3)	(0.3)	16.0		

Strong financial profile

	2020 £m	2021 £m
Receivables (£m)	669.1	716.8
Equity (£m)	370.5	367.1
Equity to receivables	55.4%	51.2%
Gearing	1.4x	1.3x
(Loss)/earnings per share (p)	(28.9)	18.8
Interest cover	2.1x	2.5x

Balance sheet

	Dec 2020	Dec 2021	Change at CER %
Goodwill	24.4	22.9	-
Fixed assets	63.1	56.7	(7.2%)
Receivables	669.1	716.8	13.4%
Cash	116.3	41.7	(63.8%)
Borrowings	(492.0)	(471.6)	0.2%
Other net assets / (liabilities)	(10.4)	0.6	105.9%
Equity	370.5	367.1	5.2%

Borrowings is stated net of deferred issuance costs of £6.4 million

Exchange rates

	FX rates 21 Feb 2022	Closing rates Dec 2021	Average 2021	Closing rates Dec 2020	Average 2020
Polish zloty	5.4	5.4	5.3	5.1	5.0
Czech crown	29.1	29.5	29.7	29.3	30.1
Euro	1.2	1.2	1.2	1.1	1.1
Hungarian forint	427.0	438.7	415.3	405.7	399.0
Romanian leu	5.9	5.9	5.7	5.4	5.5
Mexican peso	27.6	27.7	27.9	27.1	28.3
Australian dollar	1.9	1.9	1.8	1.8	1.8

Contacts

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