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2009 Interim results

23 July 2009

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– **Chief Executive Officer**
– **Finance Director**



Highlights

- Strong recovery in profit as a result of action taken
- Hungary recovery plan to return to profit for 2010
- Mexico progressing well and on track for profit for 2009
- Romania progressing well but we are cautious on economic outlook
- Interim dividend maintained



Strategy

- Substantial growth opportunities in existing markets
- Uncertain economic conditions
- No current plans for new country pilots



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First half results



Group profit: six months ended 30 June 2009

	H1 2009 £m	H1 2008 £m	Change at CER %
Customer numbers ('000)	1,966	1,960	-
Credit issued	313.6	373.8	(15)
Average net receivables	473.5	474.8	2
Revenue	265.0	260.7	3
Impairment	(95.9)	(61.3)	(53)
Finance costs	(15.4)	(13.8)	(12)
Agents' commission	(31.6)	(35.4)	10
Other costs	(113.0)	(123.9)	3
Profit before tax and fair value adjustments	9.1	26.3	(68)
Fair value adjustments	3.3	(2.0)	
Profit before tax*	12.4	24.3	

*Continuing operations excluding Russia



Segmental split of pre-tax profit

Six months ended 30 June

	H1 2009 £m	H1 2008 £m	Change at CER %
Central European markets	20.7	42.9	(54)
Central costs	(6.2)	(6.4)	3
Net profit from established markets	14.5	36.5	(62)
Mexico	(3.5)	(5.4)	38
Romania	(1.9)	(4.8)	61
Net investment in developing markets	(5.4)	(10.2)	49
Profit before tax and fair value adjustments	9.1	26.3	(68)
Fair value adjustments	3.3	(2.0)	
Profit before tax*	12.4	24.3	

*Continuing operations excluding Russia



Strong recovery in Q2, 2009

	Q2 2009 £m	Q2 2008 £m	Change £m	Q1 2009 £m	Q1 2008 £m	Change £m
Central Europe	22.1	27.0	(4.9)	(1.4)	15.9	(17.3)
Central costs	(3.5)	(2.9)	(0.6)	(2.7)	(3.5)	0.8
Net profit from established markets	18.6	24.1	(5.5)	(4.1)	12.4	(16.5)
Net investment in developing markets	(1.0)	(4.1)	3.1	(4.4)	(6.1)	1.7
Profit before tax*	17.6	20.0	(2.4)	(8.5)	6.3	(14.8)

**From continuing operations and before fair value adjustments*



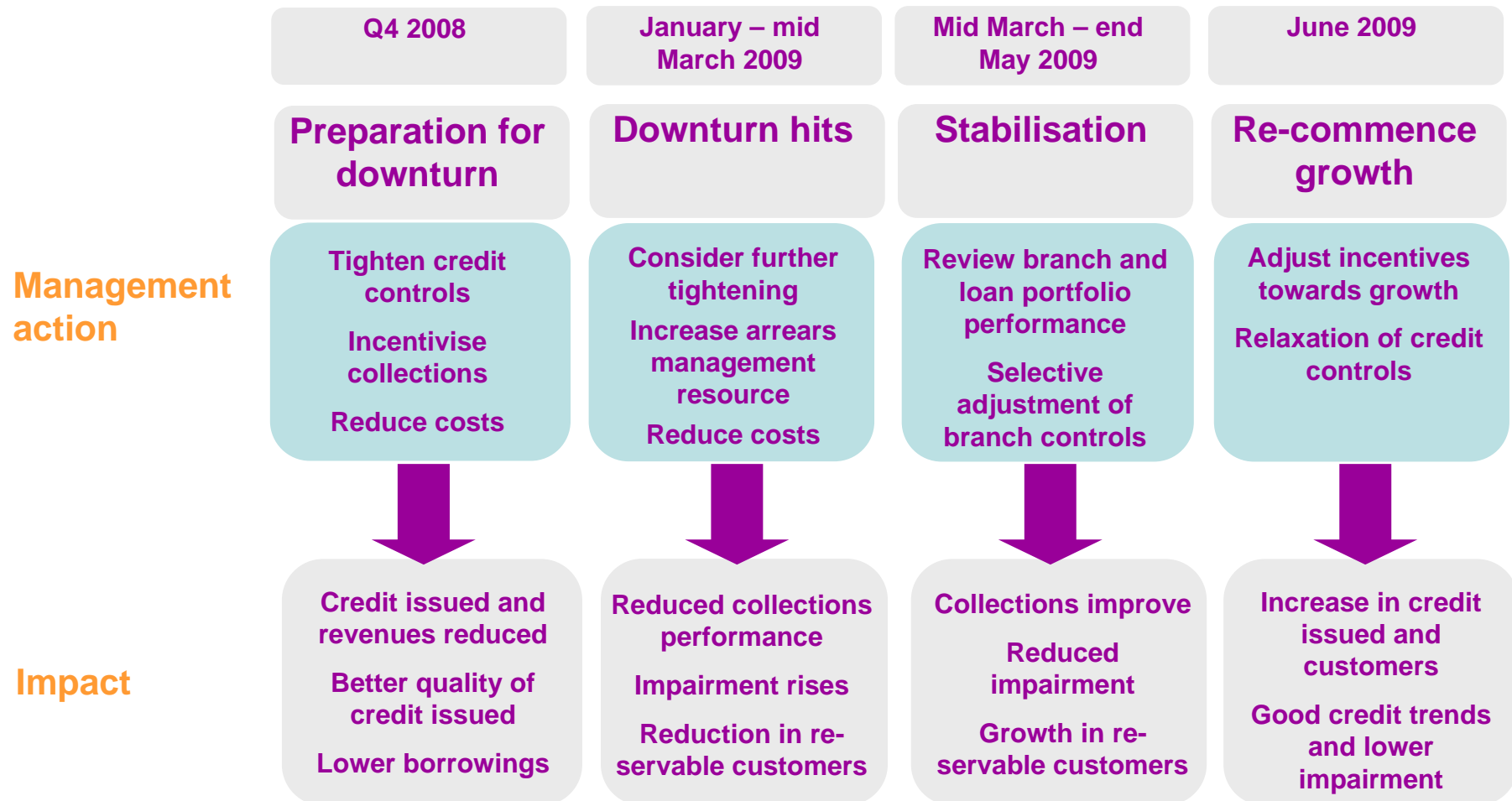
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Overview of performance



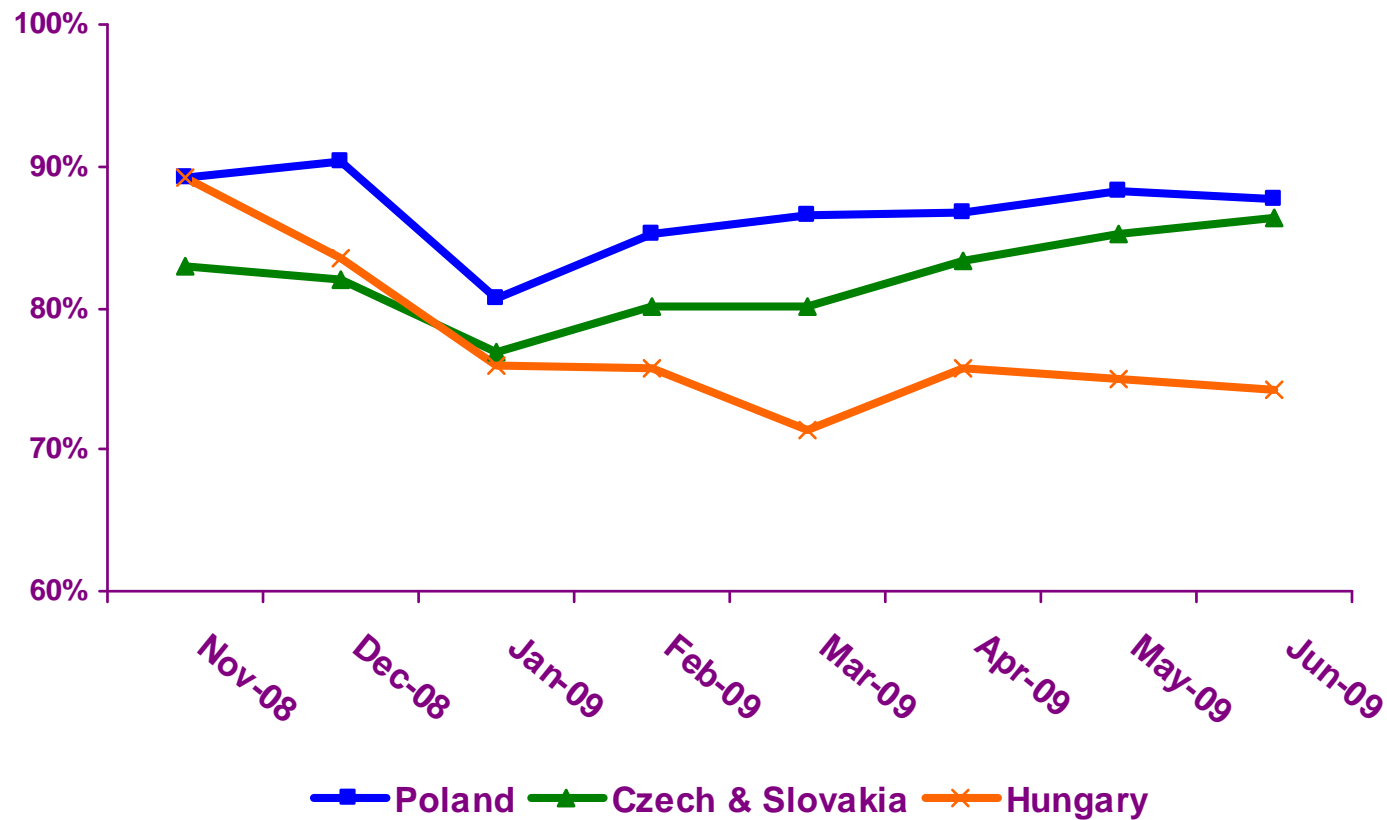
Approach to managing through the downturn





Central Europe: collections performance

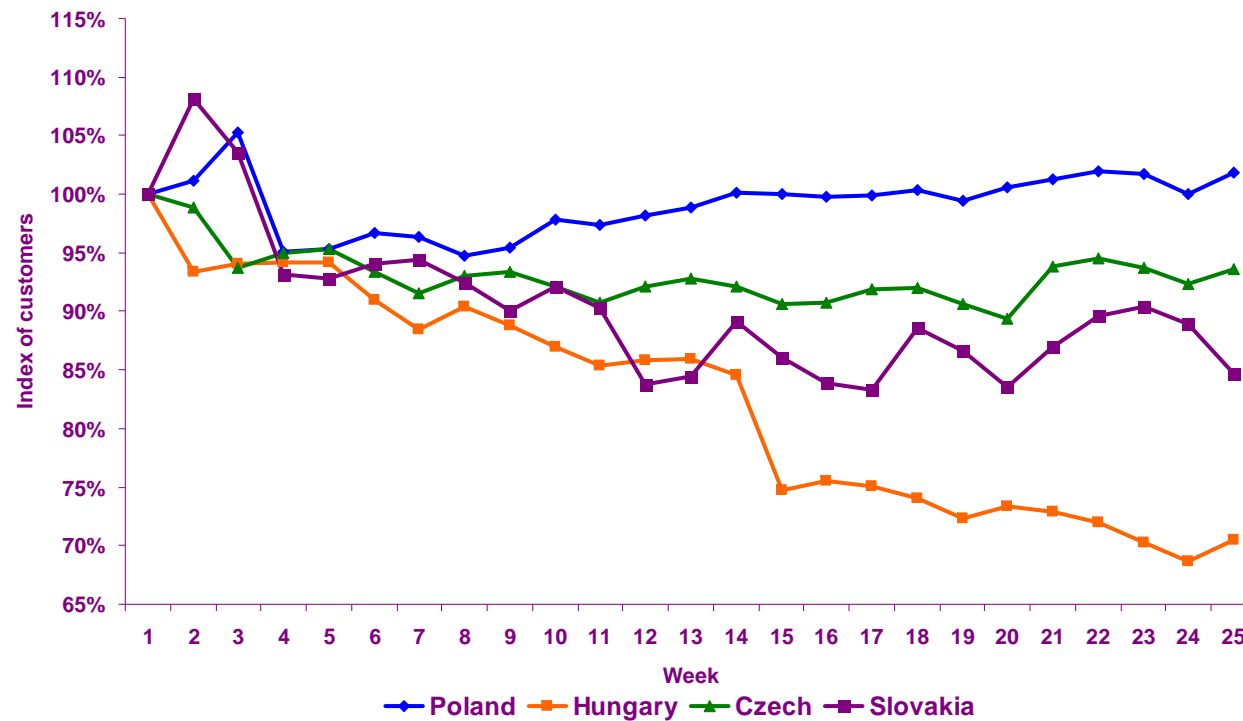
November 2008 - June 2009





Central Europe: re-servable customer population

C.E. markets re-servable customers indexed to week 1, 2009





Central Europe: strong recovery in Q2

Pre-tax profit	Q2 2009 £m	Q2 2008 £m	Change £m	Q1 2009 £m	Q1 2008 £m	Change £m
Hungary	(1.2)	2.8	(4.0)	(5.8)	2.1	(7.9)
Central Europe excluding Hungary	23.3	24.2	(0.9)	4.4	13.8	(9.4)
Central Europe	22.1	27.0	(4.9)	(1.4)	15.9	(17.3)

* From continuing operations and before fair value adjustments



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Hungary



Hungary: a combination of factors results in reduced collections performance

Gross incomes fall

- ❑ 6.3% contraction of GDP
- ❑ 2% percentage point rise in unemployment
- ❑ Reduced salaries and short time working
- ❑ Russia / Ukraine gas dispute



Further squeeze on household incomes

- ❑ Increased personal taxes
- ❑ State subsidies reduced
- ❑ Rising cost of servicing FX loans due to:
 - ❑ currency depreciation
 - ❑ margin increases
- ❑ Sharp contraction in availability of personal credit



Reduced propensity to repay

- ❑ Drop in consumer confidence
- ❑ Consumers encouraged not to pay



Hungary

Impairment easing but revenue reduced significantly

	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	280	323	(13)	300	323	(7)
Credit issued	19.9	39.8	(48)	23.7	35.4	(37)
Average customer receivables	70.3	92.0	(21)	84.1	82.8	(5)
Revenue	21.3	28.9	(23)	25.9	26.9	(9)
Impairment	(8.9)	(7.2)	(29)	(16.2)	(9.7)	(54)
Revenue less impairment	12.4	21.7	(41)	9.7	17.2	(46)
Impairment % revenue	41.8%	24.9%		62.5%	36.1%	
Finance costs	(1.6)	(1.7)	-	(1.8)	(1.6)	(6)
Agents' commission	(3.5)	(5.6)	34	(4.2)	(5.0)	22
Other costs	(8.5)	(11.6)	14	(9.5)	(8.5)	3
Profit/loss before tax	(1.2)	2.8	(144)	(5.8)	2.1	(422)



Hungary: customer portfolio has divided into good and bad payers

Analysis of customers at May 2009

	GOOD	BAD	TOTAL
Number	210,000	85,000	295,000
Collections performance	c.90%	c.20%	c.75%



Hungary: **recovery plan**

- Focus business around c.210,000 good paying customers
- Transfer bad payers to centralised collections unit
- Progressively down-size cost base
- 2009 result: loss of £5-£15 million, including restructuring
- Expect to return to profit for 2010



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Central Europe excluding Hungary



Central Europe – excluding Hungary

Substantial improvement in Q2 2009

	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	1,139	1,279	(11)	1,159	1,268	(9)
Credit issued	103.6	142.7	(22)	95.7	118.5	(22)
Average customer receivables	316.5	374.8	(8)	343.9	340.7	(1)
Revenue	81.4	92.9	(6)	88.8	86.1	1
Impairment	(13.1)	(13.4)	(2)	(39.0)	(22.7)	(63)
Revenue less impairment	68.3	79.5	(7)	49.8	63.4	(23)
Impairment % revenue	16.1%	14.4%		43.9%	26.4%	
Finance costs	(4.8)	(4.5)	(14)	(5.5)	(4.2)	(28)
Agents' commission	(9.7)	(11.3)	9	(9.2)	(10.4)	12
Other costs	(30.5)	(39.5)	10	(30.7)	(35.0)	9
Profit before tax	23.3	24.2	(5)	4.4	13.8	(72)



Poland and Czech-Slovakia: **overview**

- **Strong recovery; Q2 pre-tax profit of £23.3 million, 95% of prior year**
- **Credit controls eased in two-thirds of branches in June 2009**
- **Aim is to re-commence growth in H2 2009**
 - **Good credit quality on loans issued after credit tightening**
 - **Field force have balanced growth and collections targets**
 - **Less competition**
 - **Turning agency force to a growth focus takes time**



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Developing markets



Developing markets: performing in line with expectations

Pre-tax profit	Q2 2009 £m	Q2 2008 £m	Change £m	Q1 2009 £m	Q1 2008 £m	Change £m
Mexico	(0.6)	(1.4)	0.8	(2.9)	(4.0)	1.1
Romania	(0.4)	(2.7)	2.3	(1.5)	(2.1)	0.6
Developing markets	(1.0)	(4.1)	3.1	(4.4)	(6.1)	1.7



Mexico: **overview**

- **Strong growth**
- **Both regions trading profitably in Q2**
- **Credit quality and collections performance stable**
- **No impact from Swine flu**
- **Four branches opened in Guadalajara**
- **On track for maiden profit for 2009**



Romania: **overview**

- **Performing in line with expectations**
- **Strong growth in revenues**
- **Mild impact on collections performance from downturn**
- **Credit quality improving**
- **Progressing well towards profit for 2010**
- **Cautious on economic outlook**



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Balance sheet and funding



Balance sheet

	June 2009 £m	Dec 2008 £m	Change at CER %	June 2008 £m	Change at CER %
Fixed assets	54.4	69.9	(15)	65.2	(11)
Receivables	444.4	574.4	(10)	522.0	(4)
Cash	33.0	62.2	(40)	59.6	(39)
Borrowings	(304.1)	(434.3)	20	(388.8)	14
Other net liabilities	(14.8)	(13.4)	(54)	(14.5)	(12)
Equity	212.9	258.8	(5)	243.5	2
Equity to receivables	47.9%	45.1%		46.6%	
Gearing	1.4x	1.7x		1.6x	



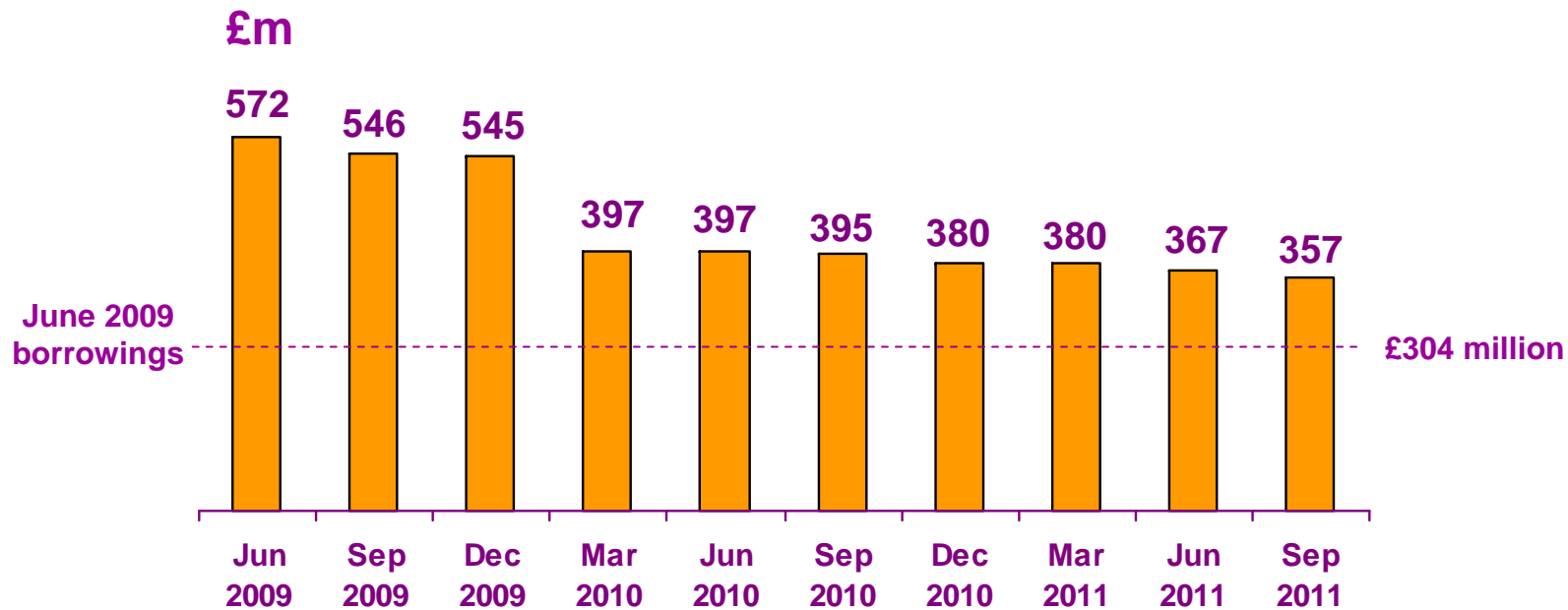
Headroom on bank covenants

	June 2009	Covenant	Headroom
Interest cover	3.1x	2x min	£33m (pre-tax profit)
Net worth*	£217m	£125m min	£92m (net worth)
Receivables: borrowings	1.5x	1.1x min	£100m (borrowings)
Gearing*	1.4x	3.75x max	£136m (net worth)

* Adjusted for derivatives and pension liabilities



Committed bank facilities





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Outlook for H2 2009



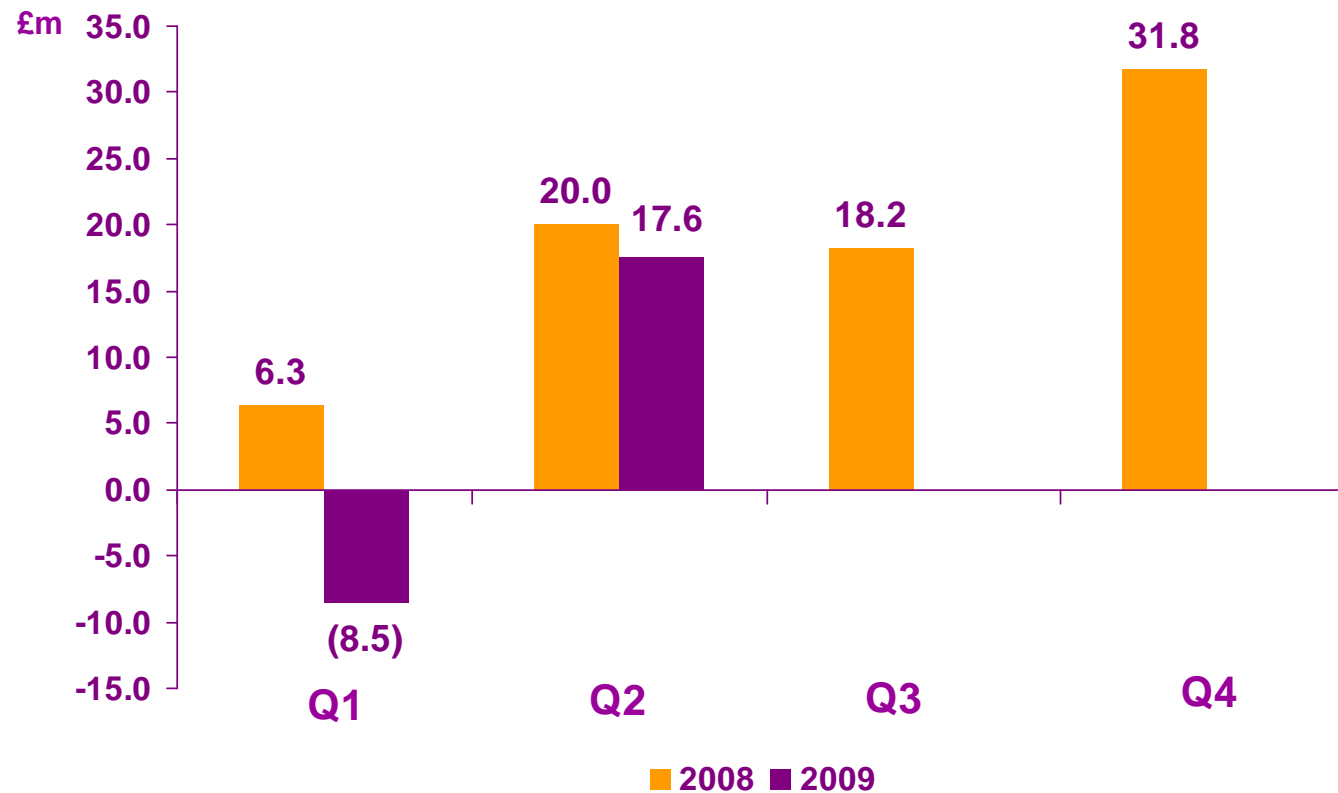
Outlook for H2 2009

- Encouraged by Q2 recovery
- Mexico and Romania on track
- Savings from cost reduction expected to continue
- Much depends on trading conditions during Q4 peak



Encouraged by Q2 recovery

Profit before tax from continuing operations





Outlook for H2 2009

- Encouraged by Q2 recovery
- Mexico and Romania on track
- Savings from cost reduction expected to continue
- Much depends on trading conditions during Q4 peak
- Term extension to yield £10-12 million benefit
- Risks in down-sizing Hungarian operation
- Speed of return to growth in Poland and Czech-Slovakia
- Well positioned for an improved H2 performance and so, should continue to meet banking covenants

Economic conditions remain uncertain



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Questions



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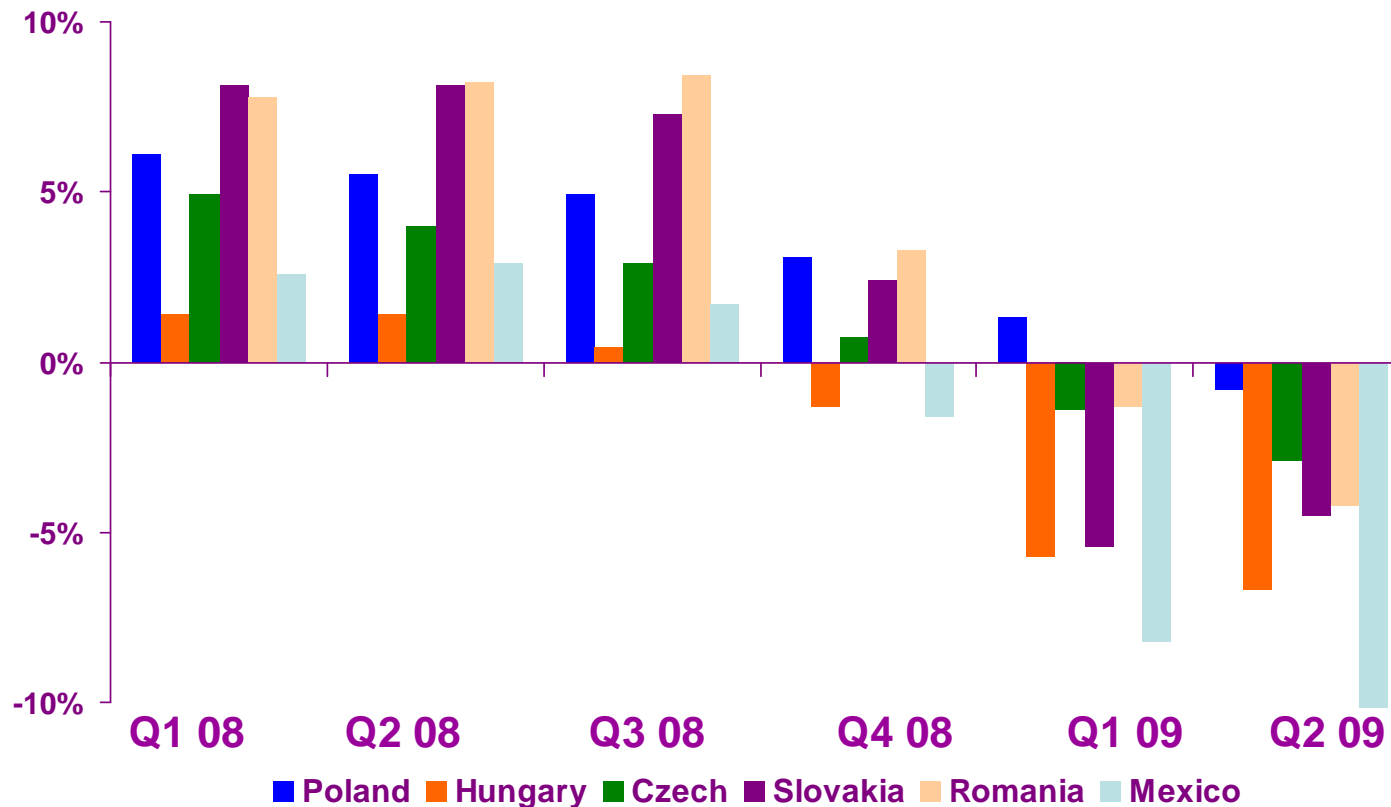
Appendices



Appendices

Economic background to trading

GDP growth: Q1 2008 – Q2 2009



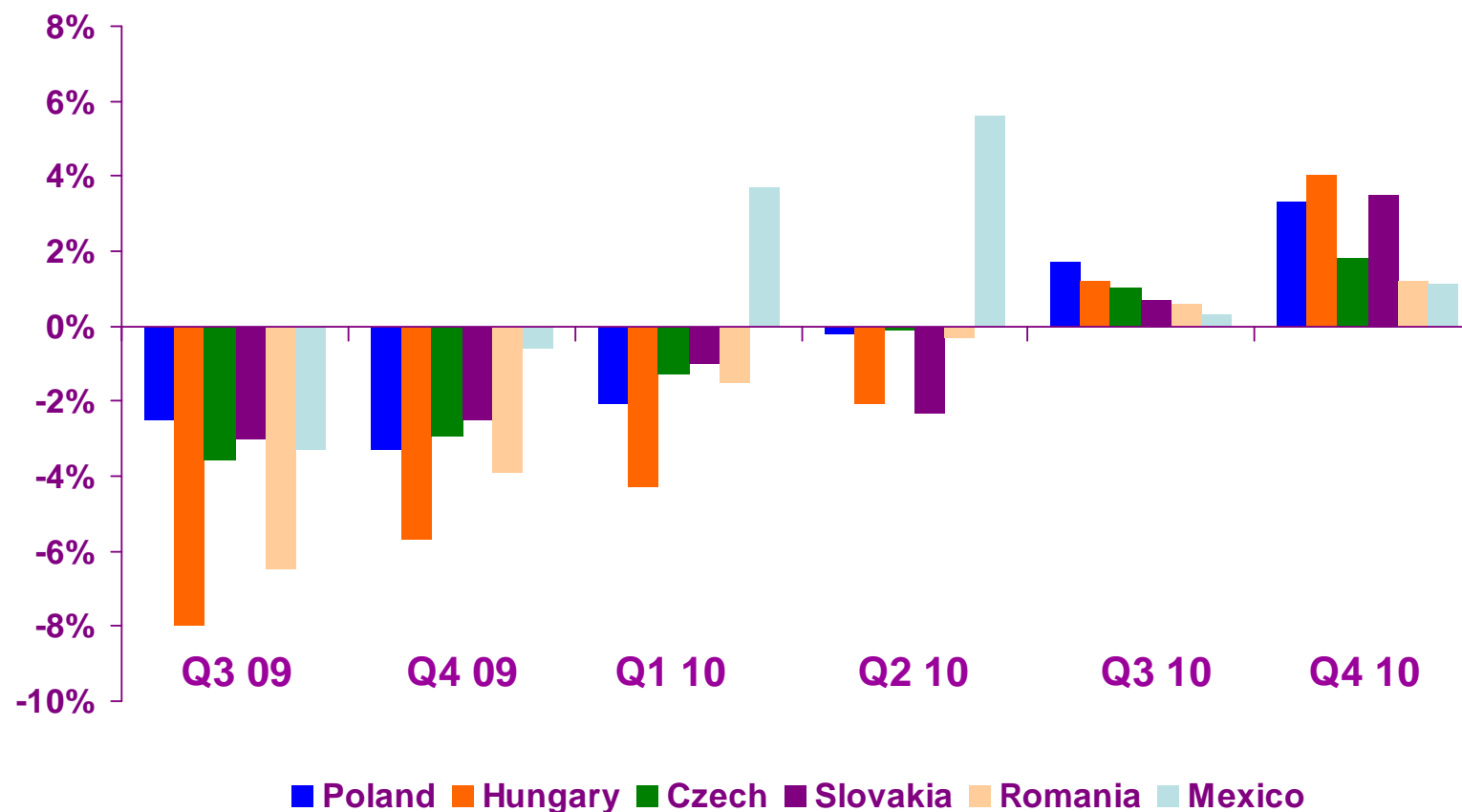
Source: EU and national data



Appendices

Economic outlook

Forecast GDP growth: Q3 2009 – Q4 2010





Appendices

Average and closing foreign exchange rates

	Average H1 2008	Closing June 2008	2008 year	Closing Dec 2008	Average H1 2009	Closing June 2009	Contract H2 2009
Poland	4.51	4.23	4.46	4.33	4.58	5.22	4.55
Czech Republic	32.64	30.19	32.94	27.92	29.70	30.38	29.17
Slovakia	1.38	1.27	1.36	1.04	1.14	1.17	1.10
Hungary	327.23	297.19	329.48	274.78	337.68	319.12	n/a
Mexico	20.95	20.50	21.30	20.07	20.05	21.70	n/a
Romania	4.73	4.60	4.68	4.19	4.65	4.93	n/a



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Poland

Quarterly analysis

	H1 2009 £m	H1 2008 £m	Change at CER %	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	765	877	(13)	765	877	(13)	783	868	(10)
Credit issued	122.9	168.6	(19)	63.5	93.5	(20)	59.4	75.1	(17)
Average customer receivables	214.2	243.5	(3)	204.2	256.8	(7)	224.1	229.9	2
Revenue	107.7	116.9	2	51.5	60.9	(1)	56.2	56.0	5
Impairment	(35.2)	(20.9)	(80)	(8.9)	(7.2)	(39)	(26.3)	(13.7)	(98)
Revenue less impairment	72.5	96.0	(16)	42.6	53.7	(6)	29.9	42.3	(25)



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Czech-Slovakia

Quarterly analysis

	H1 2009 £m	H1 2008 £m	Change at CER %	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	374	402	(7)	374	402	(7)	376	400	(6)
Credit issued	76.4	92.6	(26)	40.1	49.2	(24)	36.3	43.4	(28)
Average customer receivables	116.0	112.4	(8)	112.3	118.0	(10)	119.8	110.8	(5)
Revenue	62.5	62.1	(10)	29.9	32.0	(13)	32.6	30.1	(7)
Impairment	(16.9)	(15.2)	2	(4.2)	(6.2)	35	(12.7)	(9.0)	(19)
Revenue less impairment	45.6	46.9	(13)	25.7	25.8	(8)	19.9	21.1	(18)



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Hungary

Quarterly analysis

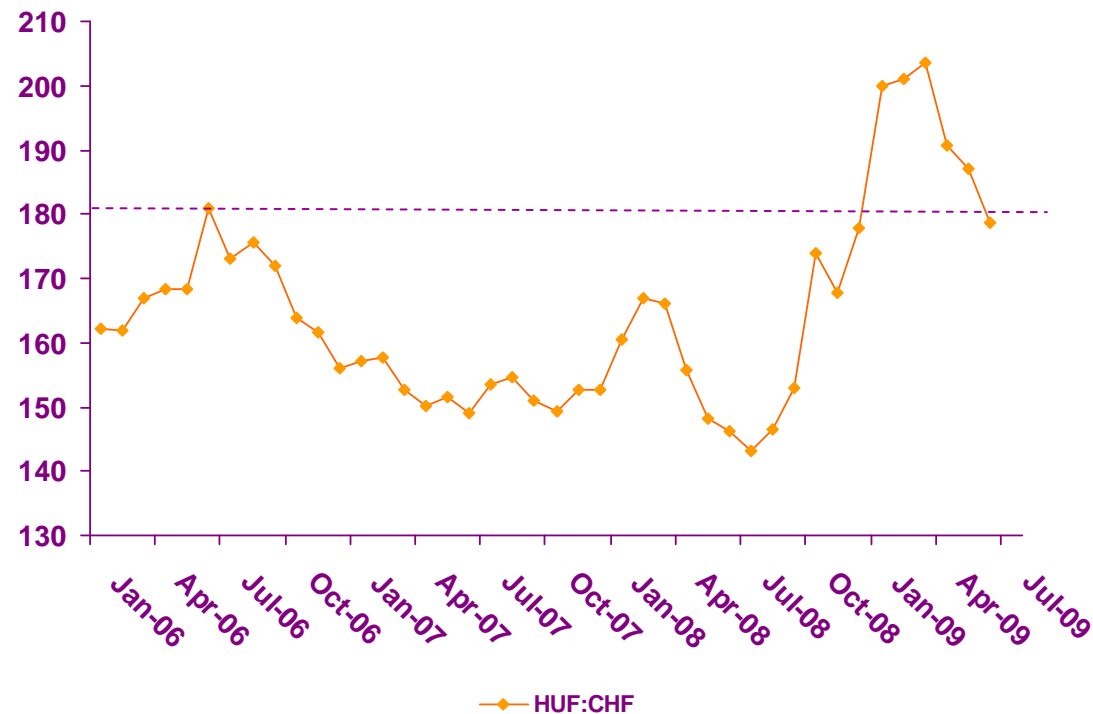
	H1 2009 £m	H1 2008 £m	Change at CER %	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	280	323	(13)	280	323	(13)	300	323	(7)
Credit issued	43.6	75.2	(43)	19.9	39.8	(48)	23.7	35.4	(37)
Average customer receivables	77.2	87.6	(13)	70.3	92.0	(21)	84.1	82.8	(5)
Revenue	47.2	55.8	(16)	21.3	28.9	(23)	25.9	26.9	(9)
Impairment	(25.1)	(16.9)	(46)	(8.9)	(7.2)	(29)	(16.2)	(9.7)	(54)
Revenue less impairment	22.1	38.9	(44)	12.4	21.7	(41)	9.7	17.2	(46)



Appendices

Hungary: c.40% of customers have FX loans

Similar currency levels versus Swiss Franc experienced previously without impact



Source: Reuters



Appendices

Mexico

Six months ended 30 June

	H1 2009 £m	H1 2008 £m	Change %	Change at CER %
Customer numbers ('000s)	427	307	39	39
Credit issued	44.2	27.0	64	62
Average net receivables	42.1	23.9	76	73
Revenue	32.3	21.1	53	51
Impairment	(12.4)	(7.3)	(70)	(65)
Finance costs	(2.4)	(1.8)	(33)	(33)
Agents' commission	(3.6)	(2.6)	(38)	(39)
Other costs	(17.4)	(14.8)	(18)	(15)
Loss before tax	(3.5)	(5.4)	35	38
Puebla	(0.3)	(2.0)	85	86
Guadalajara	0.4	(0.8)	150	150
Corporate	(3.6)	(2.6)	(38)	(33)
Total	(3.5)	(5.4)	35	38



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Mexico

Quarterly analysis

	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	427	307	39	393	293	34
Credit issued	24.2	14.9	65	20.0	12.1	59
Average customer receivables	44.5	24.9	79	39.9	23.0	68
Revenue	16.9	11.4	50	15.4	9.7	54
Impairment	(6.2)	(3.3)	(88)	(6.2)	(4.0)	(48)
Revenue less impairment	10.7	8.1	34	9.2	5.7	59
Impairment % revenue	36.7%	28.9%		40.3%	41.2%	
Finance costs	(1.2)	(0.8)	(71)	(1.2)	(1.0)	(9)
Agents' commission	(1.8)	(1.3)	(50)	(1.8)	(1.3)	(29)
Other costs	(8.3)	(7.4)	(12)	(9.1)	(7.4)	(20)
Loss before tax	(0.6)	(1.4)	(54)	(2.9)	(4.0)	(33)



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Mexico

Quarterly analysis

	H1 2009 £m	H1 2008 £m	Change at CER %	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	427	307	39	427	307	39	393	293	34
Credit issued	44.2	27.0	62	24.2	14.9	65	20.0	12.1	59
Average customer receivables	42.1	23.9	73	44.5	24.9	79	39.9	23.0	68
Revenue	32.3	21.1	51	16.9	11.4	50	15.4	9.7	54
Impairment	(12.4)	(7.3)	(65)	(6.2)	(3.3)	(88)	(6.2)	(4.0)	(48)
Revenue less impairment	19.9	13.8	43	10.7	8.1	34	9.2	5.7	59



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Puebla

Quarterly analysis

	H1 2009 £m	H1 2008 £m	Change at CER %	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	266	204	30	266	204	30	252	201	25
Credit issued	26.3	17.0	53	14.0	9.5	49	12.3	7.5	58
Average customer receivables	28.1	16.5	67	29.2	16.9	73	27.1	16.1	62
Revenue	20.0	13.8	43	10.3	7.3	43	9.7	6.5	45
Impairment	(8.0)	(4.8)	(63)	(3.9)	(2.1)	(86)	(4.1)	(2.7)	(46)
Revenue less impairment	12.0	9.0	32	6.4	5.2	26	5.6	3.8	44



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Guadalajara

Quarterly analysis

	H1 2009 £m	H1 2008 £m	Change at CER %	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	161	103	56	161	103	56	141	92	53
Credit issued	17.9	10.0	77	10.2	5.4	93	7.7	4.6	60
Average customer receivables	14.0	7.4	87	15.3	8.0	91	12.8	6.9	80
Revenue	12.3	7.3	66	6.6	4.1	61	5.7	3.2	73
Impairment	(4.4)	(2.5)	(69)	(2.3)	(1.2)	(92)	(2.1)	(1.3)	(50)
Revenue less impairment	7.9	4.8	65	4.3	2.9	48	3.6	1.9	90



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Romania

Six months ended 30 June

	H1 2009 £m	H1 2008 £m	Change %	Change at CER %
Customer numbers ('000)	120	51	135	135
Credit issued	26.5	10.4	155	157
Average net receivables	24.0	7.4	224	224
Revenue	15.3	4.8	219	219
Impairment	(6.3)	(1.0)	(530)	(530)
Finance costs	(0.3)	(1.1)	73	73
Agents' commission	(1.4)	(0.5)	(180)	(180)
Other costs	(9.2)	(7.0)	(31)	(30)
Loss before tax	(1.9)	(4.8)	60	61



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Romania

Quarterly analysis

	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	120	51	135	103	39	164
Credit issued	13.8	6.6	116	12.7	3.8	226
Average customer receivables	25.5	8.9	200	22.5	6.0	263
Revenue	8.1	2.9	189	7.2	1.9	260
Impairment	(3.1)	(0.6)	(520)	(3.2)	(0.4)	(540)
Revenue less impairment	5.0	2.3	117	4.0	1.5	167
Impairment % revenue	38.3%	20.7%		44.4%	21.1%	
Finance costs	(0.3)	(0.7)	57	-	(0.4)	100
Agents' commission	(0.7)	(0.3)	(133)	(0.7)	(0.2)	(250)
Other costs	(4.4)	(4.0)	(21)	(4.8)	(3.0)	(39)
Loss before tax	(0.4)	(2.7)	(85)	(1.5)	(2.1)	(32)



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Romania

Quarterly analysis

	H1 2009 £m	H1 2008 £m	Change at CER %	Q2 2009 £m	Q2 2008 £m	Change at CER %	Q1 2009 £m	Q1 2008 £m	Change at CER %
Customer numbers ('000)	120	51	135	120	51	135	103	39	164
Credit issued	26.5	10.4	157	13.8	6.6	116	12.7	3.8	226
Average customer receivables	24.0	7.4	224	25.5	8.9	200	22.5	6.0	263
Revenue	15.3	4.8	219	8.1	2.9	189	7.2	1.9	260
Impairment	(6.3)	(1.0)	(530)	(3.1)	(0.6)	(520)	(3.2)	(0.4)	(540)
Revenue less impairment	9.0	3.8	137	5.0	2.3	117	4.0	1.5	167



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Russia: costs of discontinued operations

Liquidation process progressing to plan

	£m
Trading losses	3.0
Asset write-down	0.9
Goodwill	3.0
Closure costs	3.9
Deferred tax asset	2.0
Total	12.8



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