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2009 Full year results

03 March 2010

John Harnett
David Broadbent

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



Group highlights

- **Strong focus on credit control and cost reduction delivered resilient performance**
- **Profit before tax* £61.7 million (2008: £76.3 million)**
- **Hungary successfully returned to profit in H2**
- **Mexico reported maiden full year profit, as planned**
- **Borrowings reduced by £101.7 million reflecting tight management of working capital and capex**

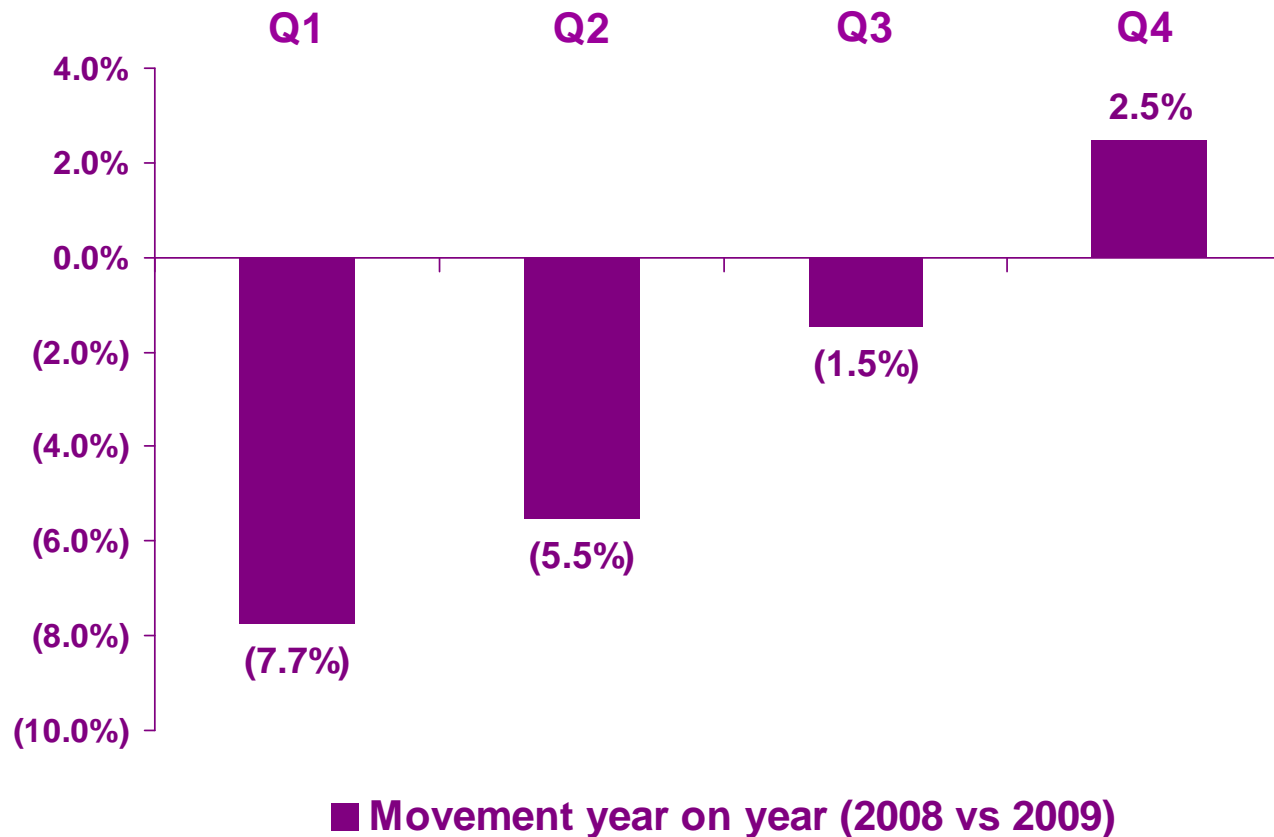


Managing through the downturn



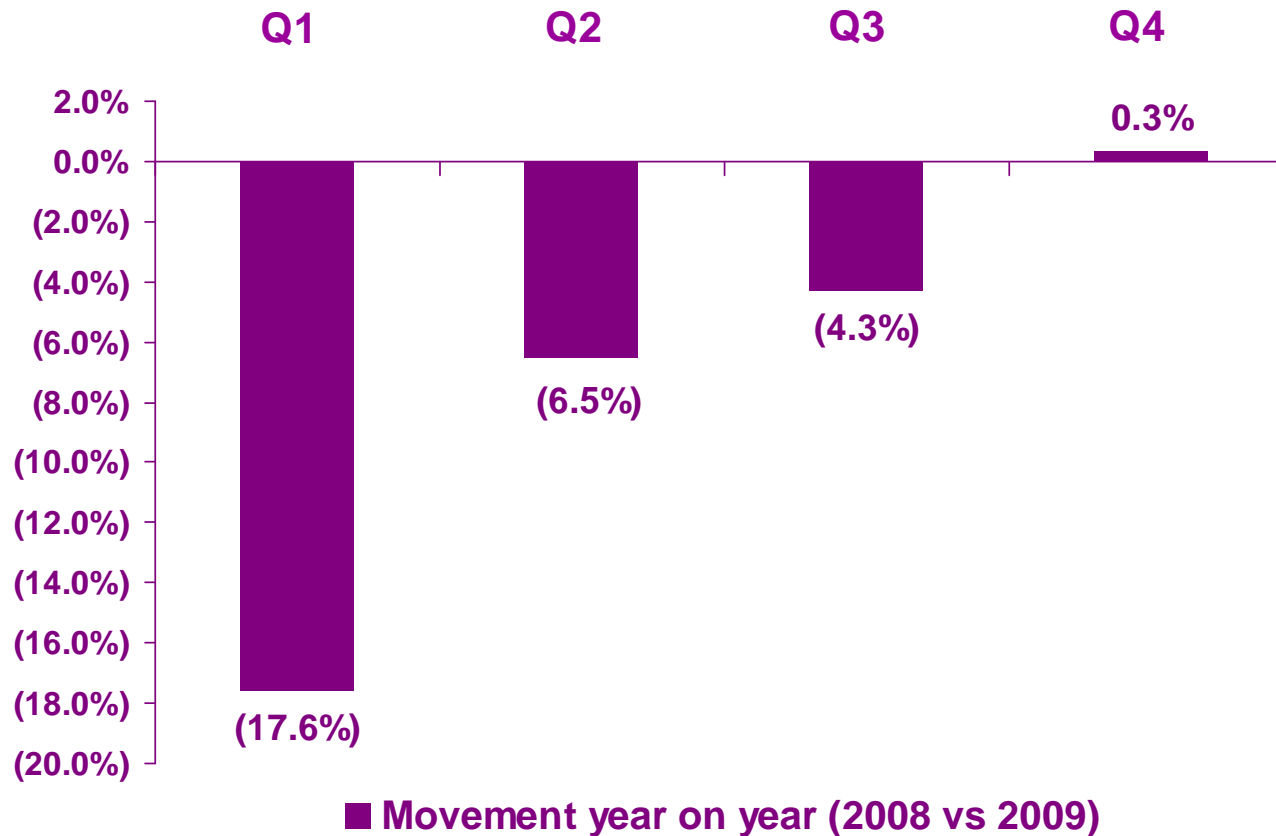


Improved collections performance





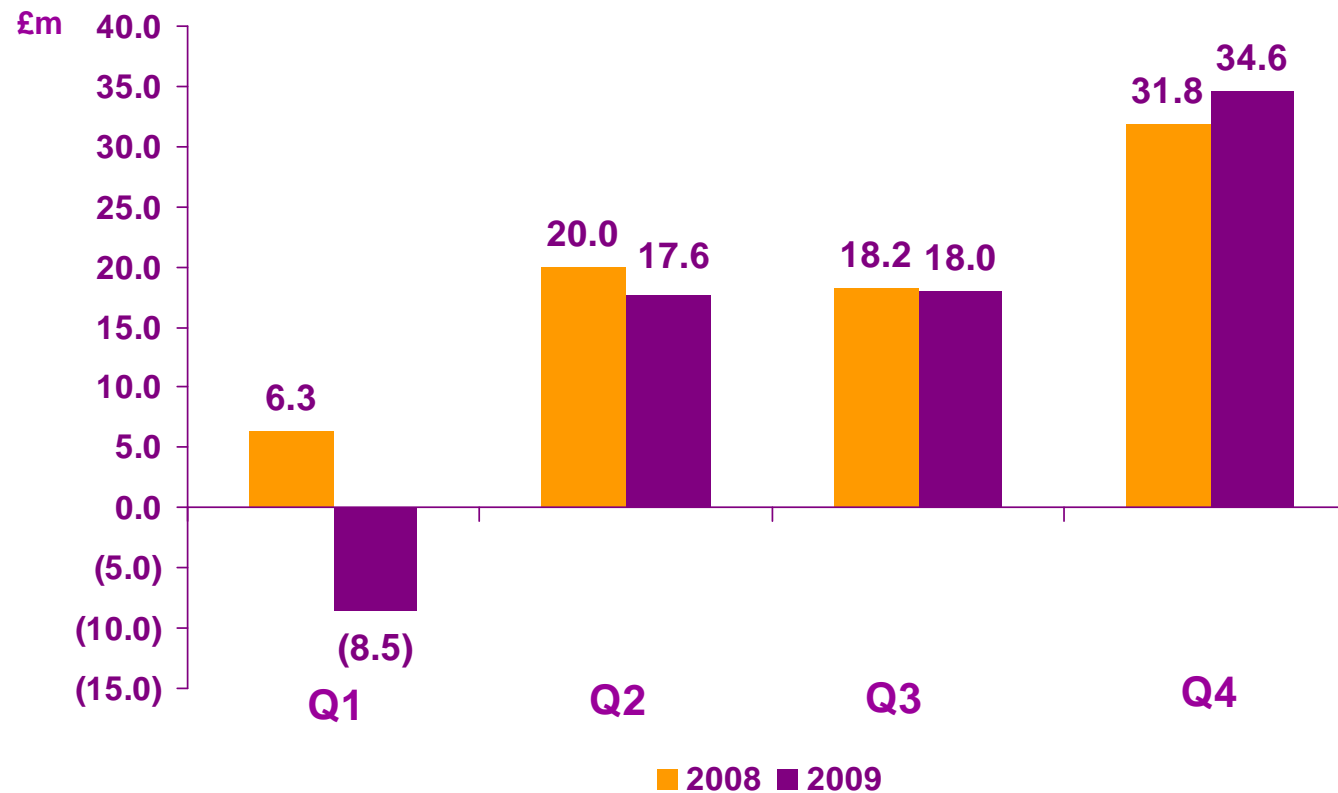
Improved impairment as % of revenue





Strong recovery in profitability

Profit before tax from continuing operations





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Overview of performance



Group: profit before tax

Year ended 31 December

	2009 £m	2008 £m	Change £m	Change %	Change CER %
Revenue	550.2	557.1	(6.9)	(1.2)	1.2
Impairment	(164.3)	(127.2)	(37.1)	(29.2)	(30.6)
Agents' commission	(64.0)	(72.0)	8.0	11.1	8.8
Other costs	(229.3)	(252.5)	23.2	9.2	4.7
Finance costs	(30.9)	(29.1)	(1.8)	(6.2)	(5.1)
Profit before tax*	61.7	76.3	(14.6)	(19.1)	
Taxation	(16.1)	(21.2)	5.1	24.1	
Profit after tax*	45.6	55.1	(9.5)	(17.2)	
Earnings per share (pence)*	17.78	21.48		(17.2)	

*From continuing operations



Profit before tax: segmental split

Year ended 31 December

	2009 £m	2008 £m	Change £m	Change %
<i>Hungary</i>	(7.2)	16.1	(23.3)	(144.7)
<i>Central Europe excluding Hungary</i>	83.7	89.9	(6.2)	(6.9)
Central European markets	76.5	106.0	(29.5)	(27.8)
Central costs	(12.7)	(13.2)	0.5	3.8
Net profit from established markets	63.8	92.8	(29.0)	(31.3)
Mexico	0.3	(8.7)	9.0	103.4
Romania	(2.4)	(7.8)	5.4	69.2
Net investment in developing markets	(2.1)	(16.5)	14.4	87.3
Profit before tax*	61.7	76.3	(14.6)	(19.1)

*From continuing operations

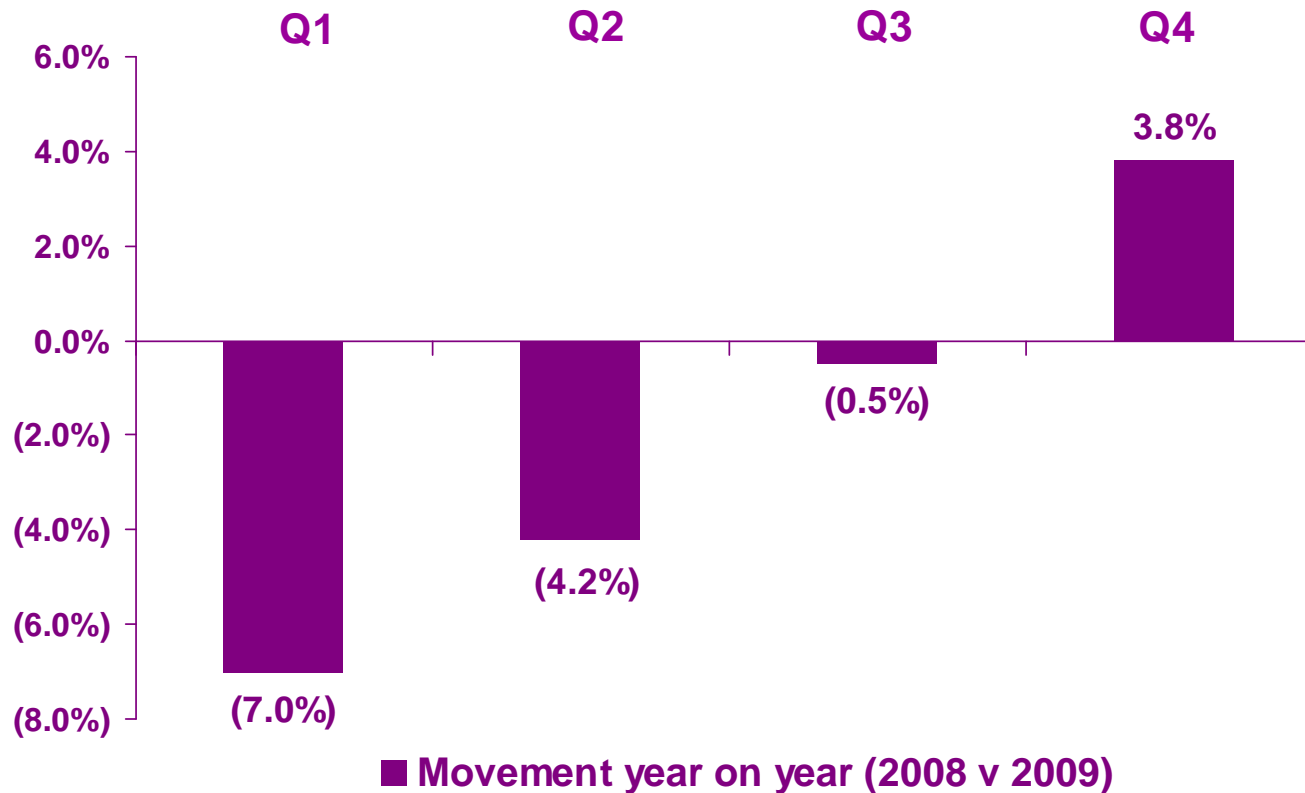


Central Europe ex-Hungary: **overview**

- **Profit before tax down 7% to £83.7 million**
- **Customer numbers reduced 9%, down 112,000 to 1.1 million**
- **Strong recovery with second half profit up by 8%**
 - improved collections performance
 - return to growth in credit issued and customer numbers
 - costs 10% lower than 2008
- **Well positioned for profitable growth in 2010**



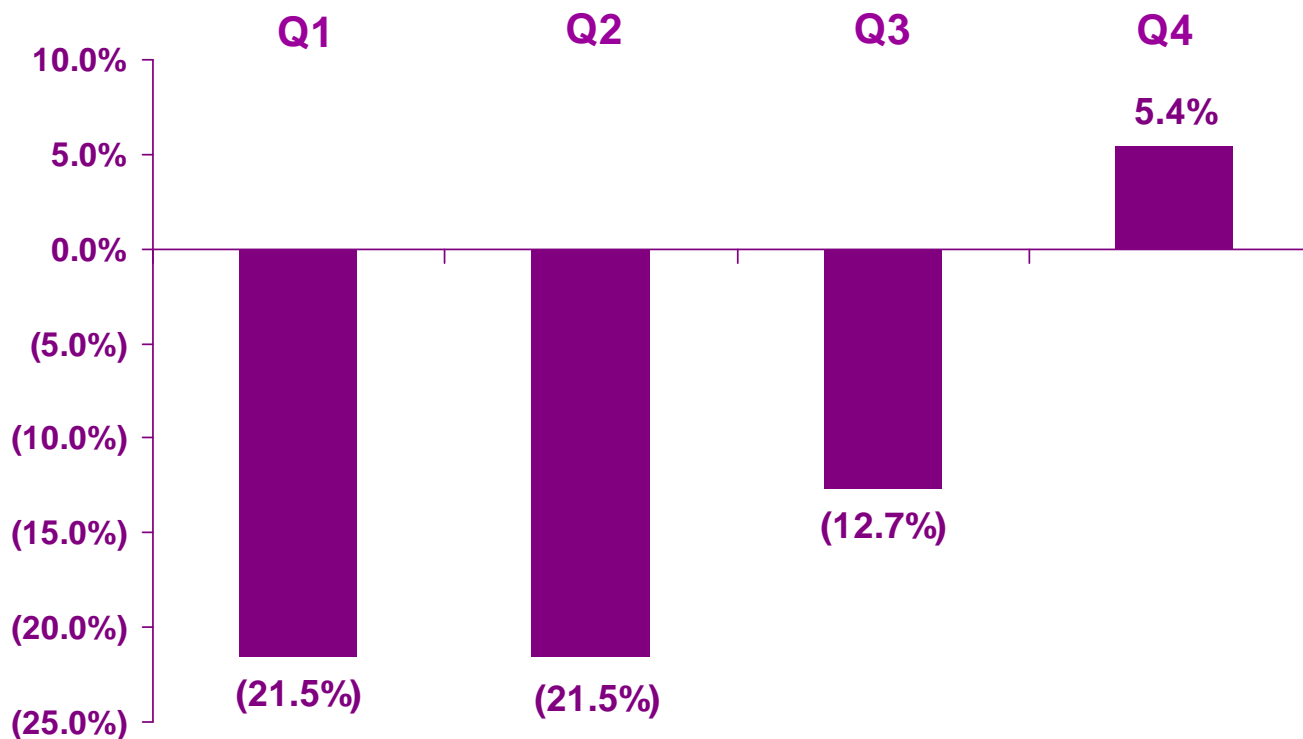
Central Europe ex-Hungary: improved collections





Central Europe ex-Hungary: return to growth

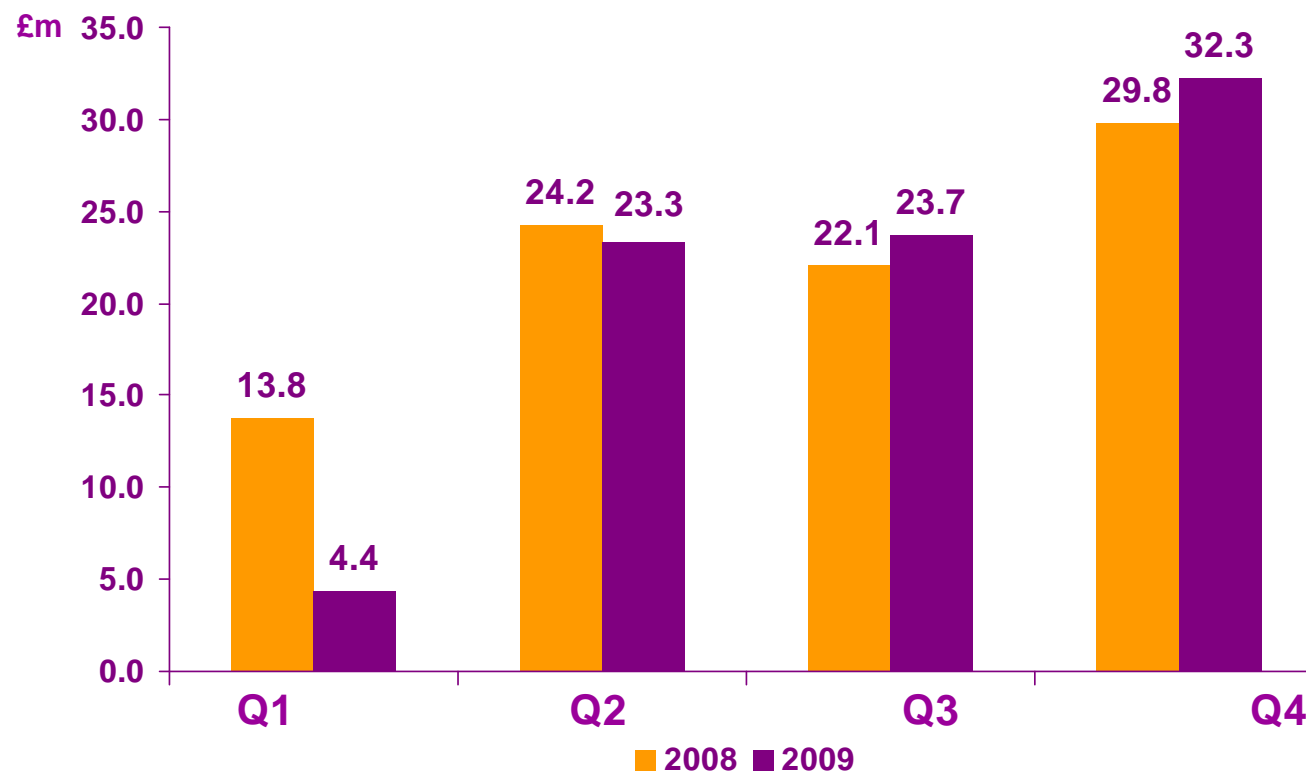
Credit issued



■ Movement year on year in credit issued (2008 v 2009)



Central Europe ex-Hungary: profit before tax





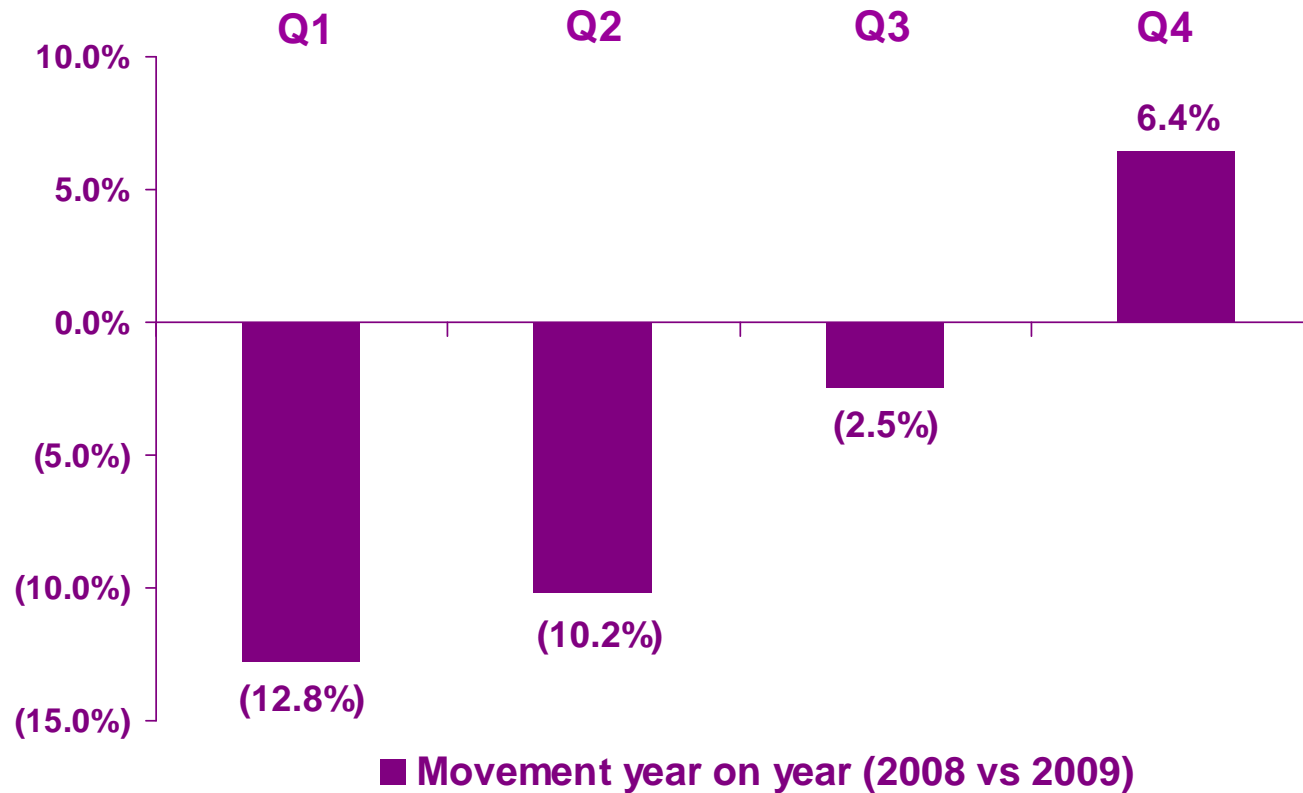
Hungary: overview

- Most severe impact from the global recession
- Re-structuring returned business to profit in H2
- Loss of £4.2 million* (2008: pre-tax profit £16.1 million)
 - H1 loss £7.0 million (2008 H1: profit £4.9 million)
 - H2 profit £2.8* million (2008 H2: profit £11.2 million)
- Credit quality and collections good; starting to relax credit controls
- On track to return to profit for 2010
- Rebuild business over medium-term

* Excluding £3.0 million of one-off re-structuring costs

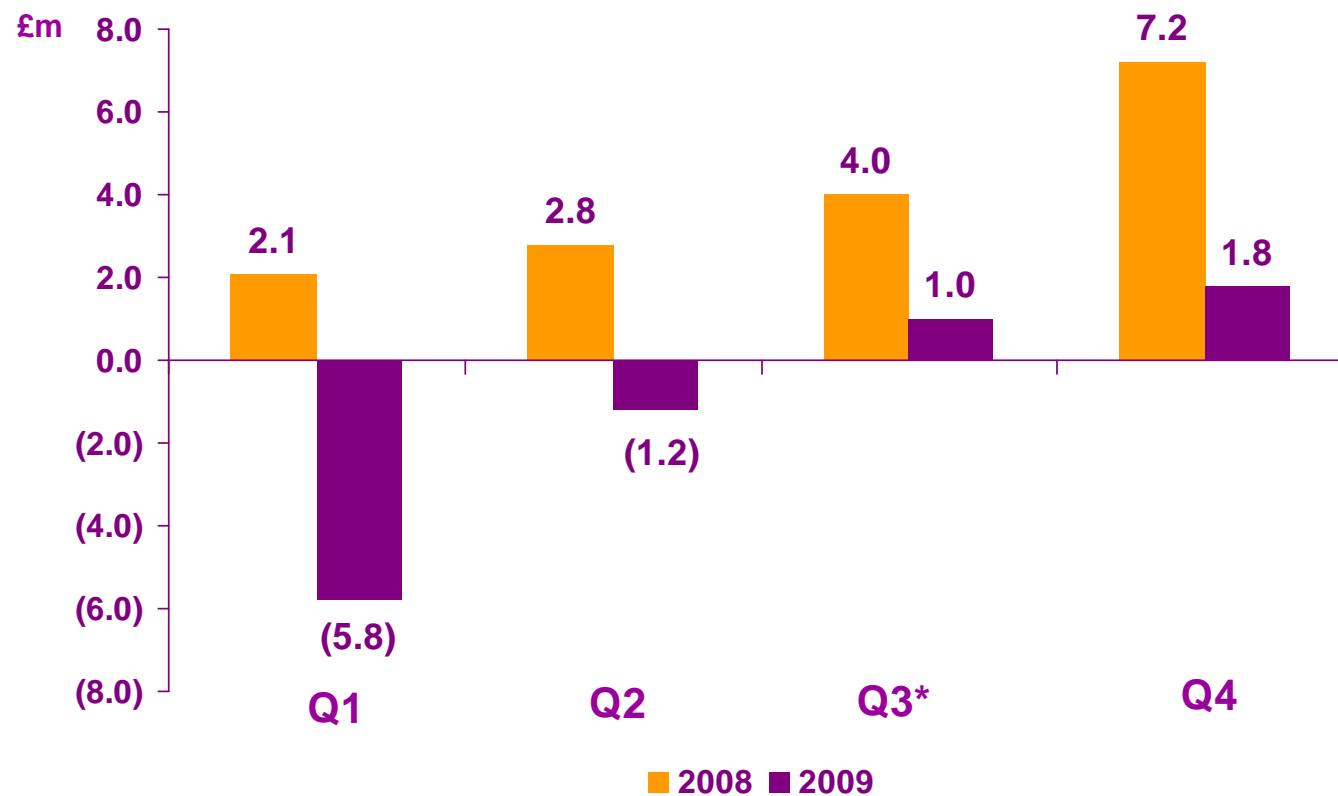


Hungary: improved collections





Hungary: returned to profitability



*Excludes £3 million of one-off re-structuring costs



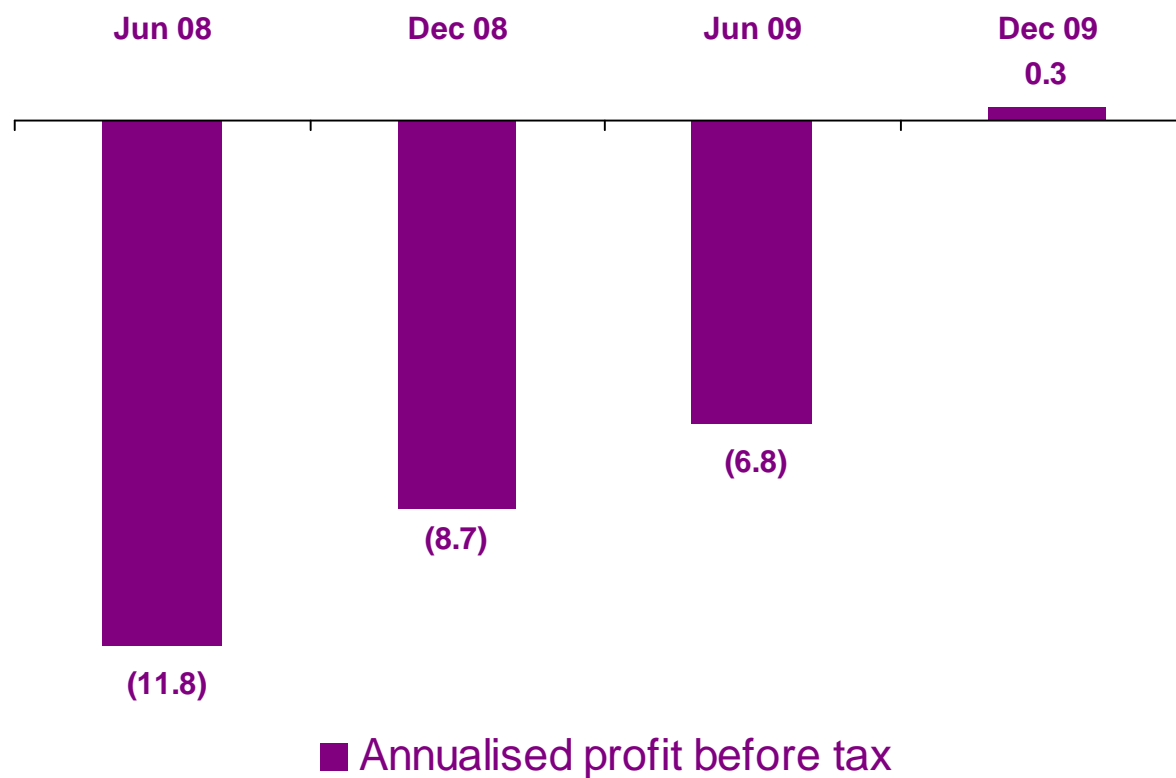
Mexico: overview

- Strong growth: customer numbers up 42% from 370,000 to 524,000
- Credit quality and collections performance stable
- Cost/income ratio improved by 17 percentage points to 46%
- Maiden profit for 2009 of £0.3 million (2008: loss of £8.7 million)
- Competitive landscape stable; gaining market share
- Further expansion planned in existing regions
- Third region to be opened in Monterrey
- Further improvement expected in 2010



Mexico: maiden profit for 2009

£m





Romania: **overview**

- Performed well against economic backdrop
- Customer numbers up from 85,000 to 164,000
- Strong growth in revenues, up 140%
- Credit quality remains good
- Much improved cost/income ratio from 99% to 55%
- Loss reduced from £7.8 million to £2.4 million
- Progressing well towards profit for 2010
- But, cautious about economic outlook



Romania: on track for profit in 2010

£m





Balance sheet: well capitalised

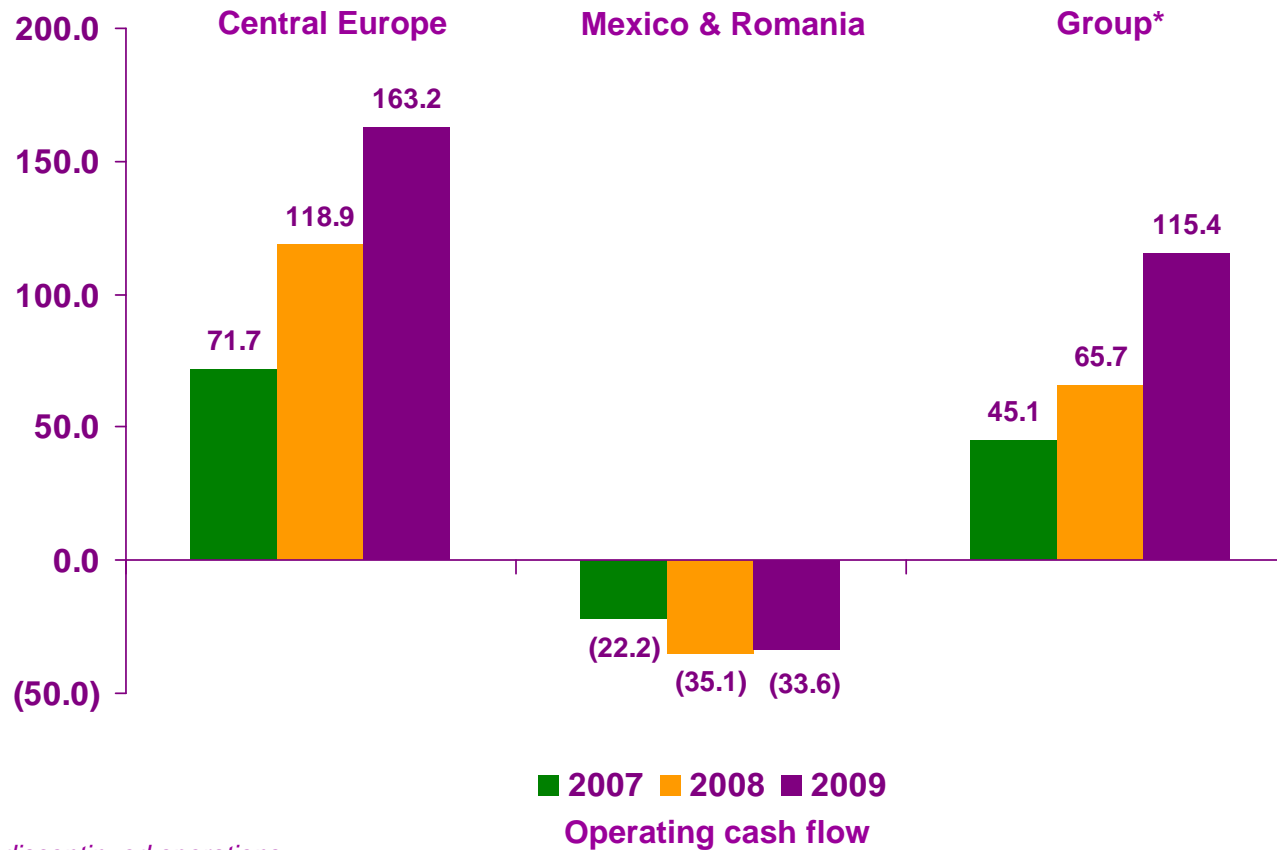
	Dec 2009 £m	Dec 2008 £m	Change %	Change at CER %
Fixed assets	50.9	69.9	(27.2)	(23.6)
Receivables	525.6	574.4	(8.5)	(1.5)
Cash	31.2	62.2	(49.8)	(46.6)
Borrowings	(332.6)	(434.3)	23.4	18.3
Other net liabilities	(15.3)	(13.4)	(14.4)	(41.9)
Equity	259.8	258.8	0.4	7.9
Equity to receivables	49.4%	45.1%		
Gearing*	1.3x	1.7x		

*Calculated as borrowings/equity



Cash flow: strong cash generation

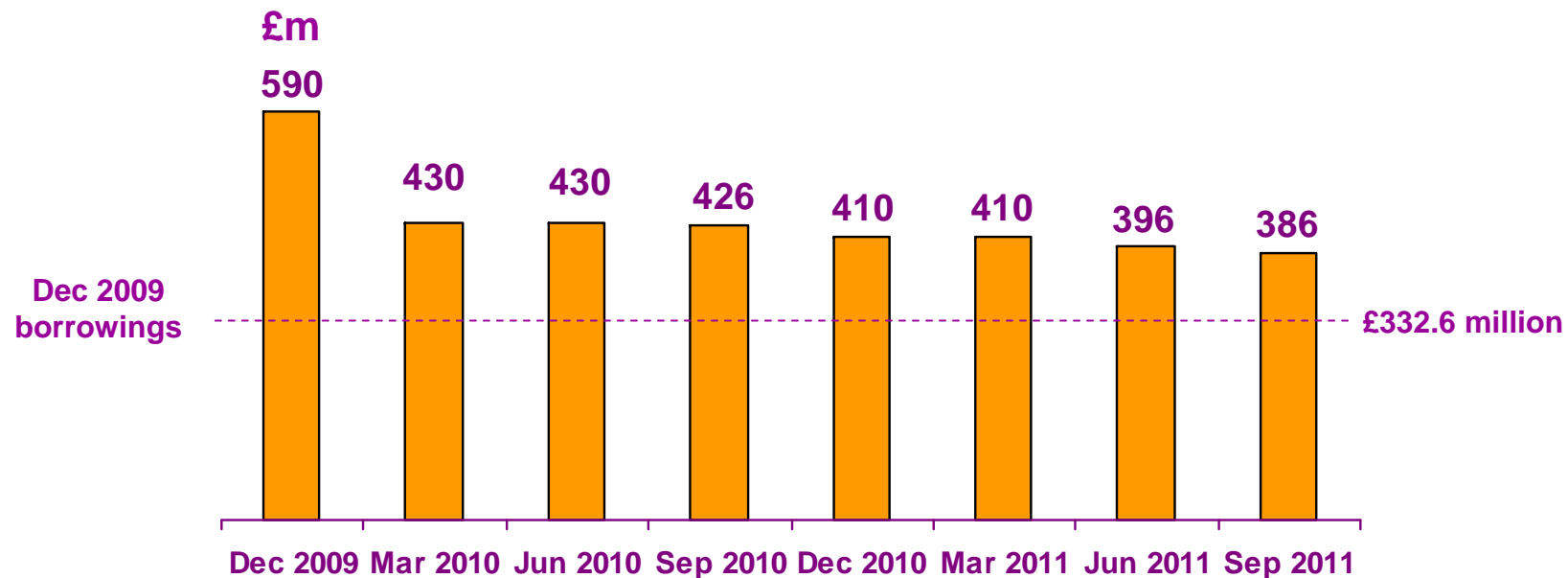
£m



*Including discontinued operations



Sufficient funding to October 2011





Good headroom on bank covenants

	Dec 2009	Covenant	Headroom
Interest cover	3.2x	2x min	£36m (pre-tax profit)
Net worth*	£275m	£125m min	£150m (net worth)
Receivables : borrowings	1.6x	1.1x min	£145m (borrowings)
Gearing*	1.2x	3.75x max	£187m (net worth)

* Adjusted for derivatives and pension liabilities



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Outlook

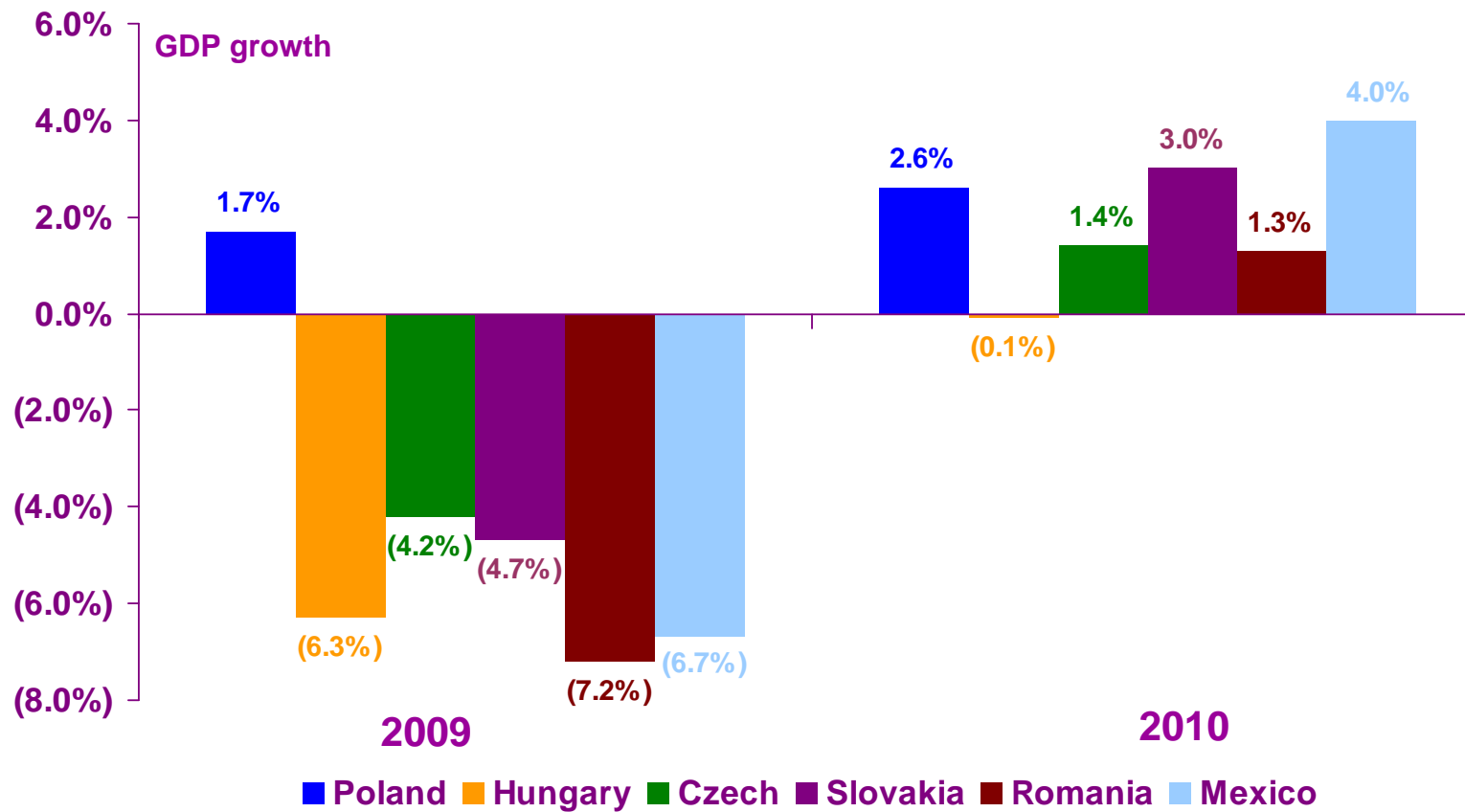


Regulation: **current developments**

- **EU Consumer Credit Directive to be implemented in 2010**
- **Rate cap debate in Czech Republic and Mexico**
- **Potential change to rate cap legislation in Slovakia**
- **Introduction of specific lending rules in Hungary**
- **Review of rebating practices in Poland**
- **Monitoring closely and well prepared**

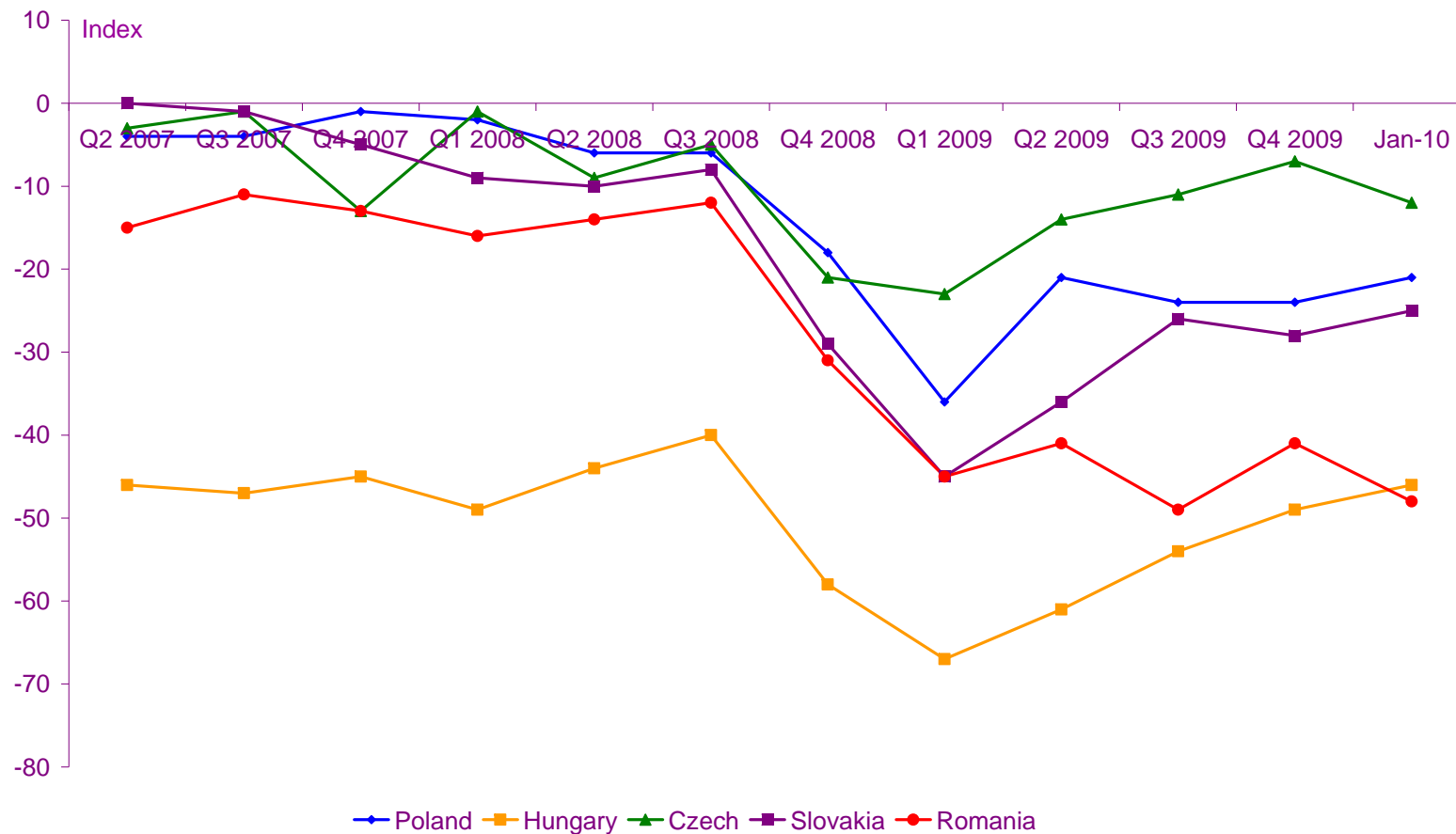


Improving economic outlook





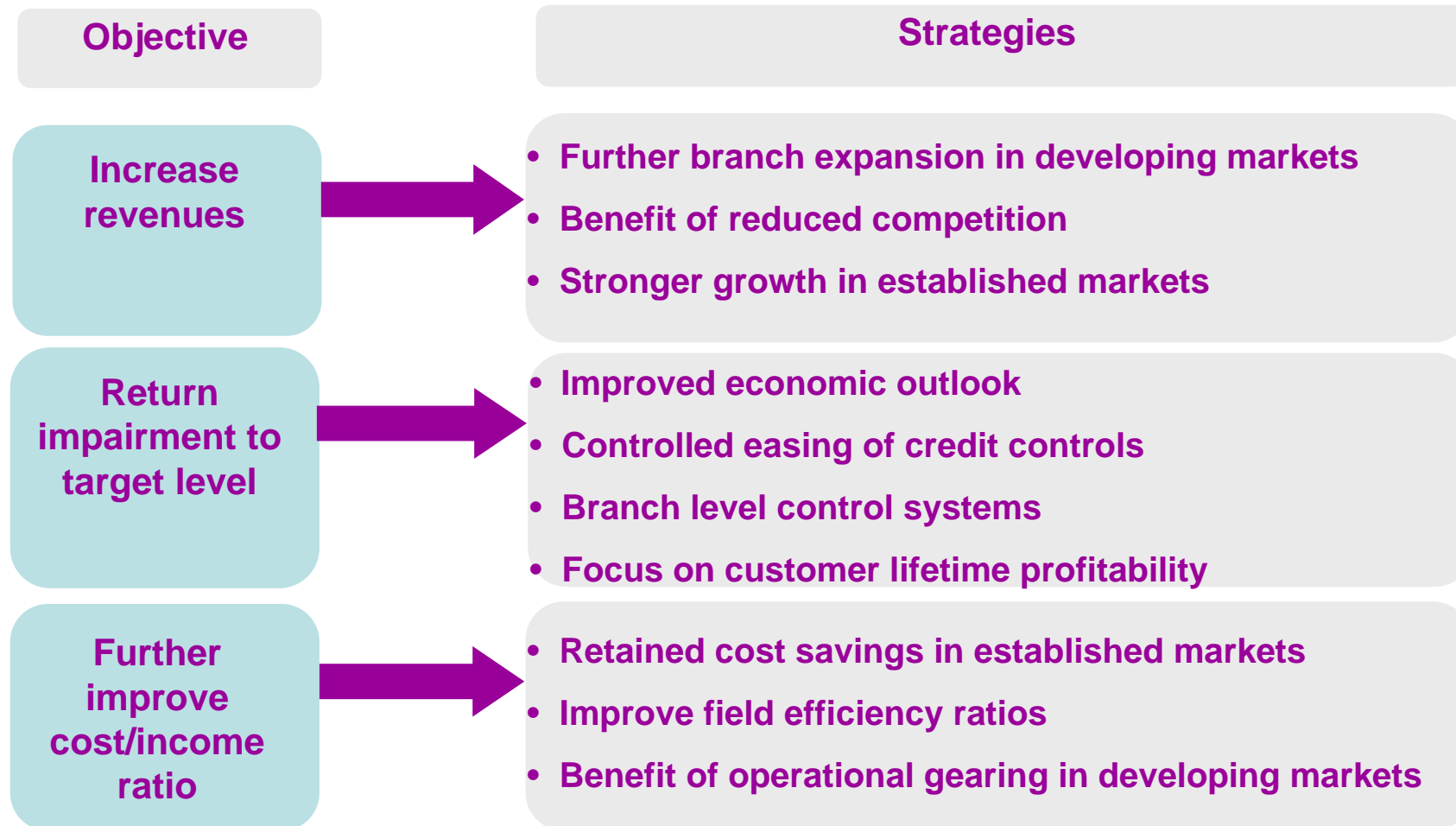
Consumer confidence



Source: EU Consumer Confidence Indicator



Managing through the upturn





Mexico: expansion plans

- Third region to be opened in Monterrey
- Further branch openings planned in Puebla and Guadalajara regions
- Target of 30 branches per region at maturity



Region	Current branches	Planned openings
Puebla	23	3
Guadalajara	16	5
Monterrey	-	4
Total	39	12



Outlook

- **Economic outlook remains uncertain, but better than start of 2009**
- **Negative impact from severe weather; expected to unwind later in year**
- **Mexico to build on maiden profit, delivering improved results**
- **Romania on track for first full year profit**
- **H2 2009 momentum expected to carry into 2010**

Further improvement in results expected



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Questions



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Appendices



Appendices

Capital generation

	12 months to Dec 2009	12 months to Dec 2008
	£m	£m
Profit before tax: Central Europe	76.5	106.0
Taxation	(20.0)	(29.7)
Profit after tax	56.5	76.3
49% of movement in receivables (2008: 45%)	23.8	(5.3)
Capital available	80.3	71.0
Central support and corporate costs after tax	(9.4)	(9.5)
	70.9	61.5
New markets		
- loss after tax	(2.1)	(16.2)
- 49% of movement in receivables (2008: 45%)	(21.2)	(13.1)
	(23.3)	(29.3)
Surplus capital generated	47.6	32.2



Appendices

Cash generation: segmental split

Year ended 31 December

	2009 £m	2008 £m
<i>Hungary</i>	31.0	22.5
<i>Central Europe excluding Hungary</i>	132.2	96.4
Central European markets	163.2	118.9
Central costs	(7.5)	(13.4)
Established markets	155.7	105.5
Mexico	(15.8)	(15.5)
Romania	(17.8)	(19.6)
Developing markets	(33.6)	(35.1)
Total operating cash flows*	122.1	70.4

*From continuing operations



Appendices

Average and closing foreign exchange rates

	Hedged for 2010	Closing 2009	Closing 2008	Average 2009*	Average 2008*
Poland	4.7	4.6	4.3	4.6	4.5
Czech Republic	29.5	29.7	27.9	29.5	32.9
Slovakia	1.1	1.1	1.0	1.1	1.4
Hungary	313.6	303.6	274.8	323.1	329.5
Mexico	21.2	21.1	20.1	21.1	21.3
Romania	5.00	4.8	4.2	4.6	4.7

* Including impact of foreign exchange hedging



Appendices

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	3.8
Deferred tax asset	2.1
Total	12.8



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