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2007 Full year results

05 March 2008

Christopher Rodrigues	– Executive Chairman
John Harnett	– Chief Operating Officer
David Broadbent	– Finance Director



Our presentation today

- **Overview of 2007 results**
 - **Financial review**
 - **Operational review**
 - **Summary**
 - **Questions**
- **Christopher Rodrigues**
 - **David Broadbent**
 - **John Harnett**
 - **Christopher Rodrigues**
 - **Executive team**



Excellent results

- Profit before tax up 25.6% to £50.1 million
- Good growth in customer numbers, receivables and revenue
- Credit quality significantly improved and under tight control
- Earnings per share up 29.5% to 13.65p
- Final proposed dividend 2.85p per share (full year dividend 4.75p)
- Well funded



Good progress towards medium-term objectives

OBJECTIVE

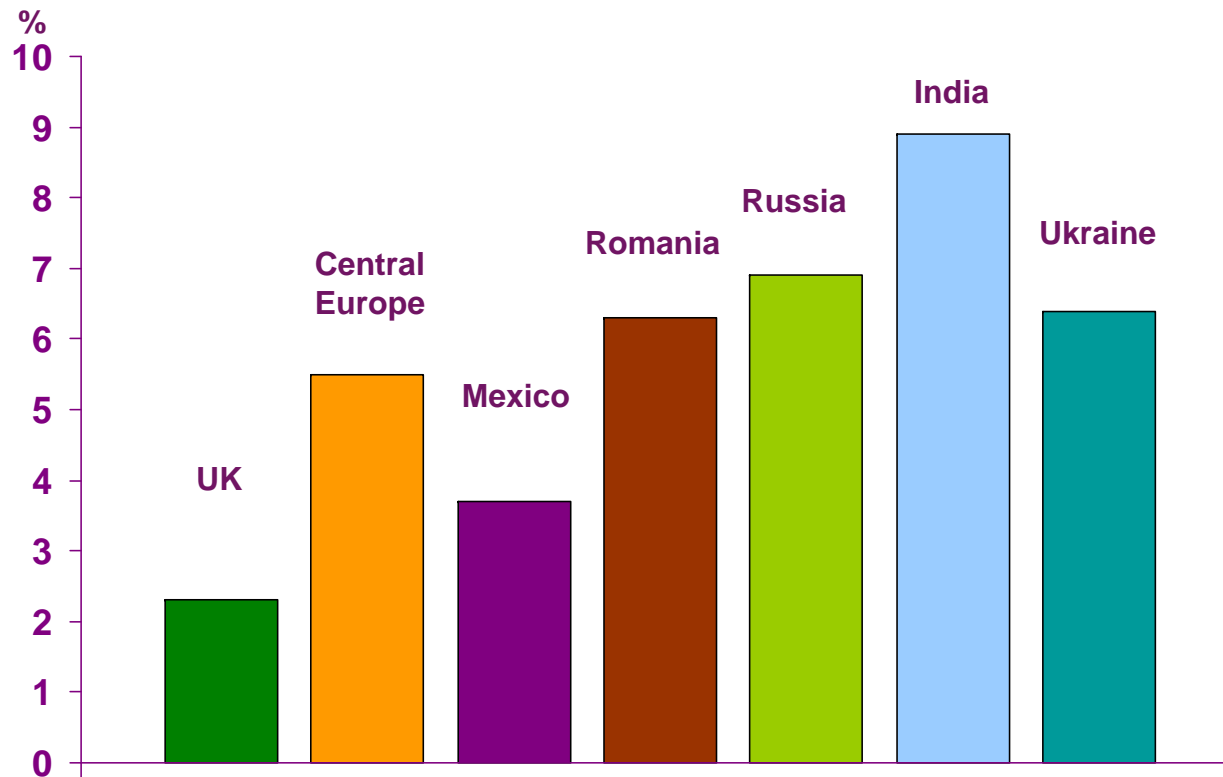
- Exceed pre-tax profit target of £95 million from Central Europe by 2010
- Realise potential in Mexico and Romania
- Progressively enter further emerging markets

PROGRESS

- PBT up 25.7% to £80.6 million
- Mexico on target: profit for 2009
- Romania on target: profit for 2010
- Bank acquisition in Russia completed in December 2007
- Research of Ukraine and India on track



A portfolio of growth markets



- Markets forecast to grow quickly
- Rising incomes drive receivables growth



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Financial review



An excellent set of maiden full year results

Year ended 31 December

	Pro forma 2007 £m	Pro forma 2006 £m	Change %
Customer numbers	1,937	1,781	8.8
Credit issued	621.1	524.3	14.3
Revenue	409.8	365.3	8.5
Impairment	(83.2)	(103.1)	20.0
Other costs	(276.5)	(222.3)	(20.7)
Profit before taxation	50.1	39.9	25.6
Taxation	(15.0)	(12.8)	(17.2)
Profit after taxation	35.1	27.1	29.5
Earnings per share (pence)	13.65	10.54	29.5
Dividend per share (pence)	4.75	-	-



Pre-tax profit

Year ended 31 December

	Pro forma 2007 £m	Pro forma 2006 £m	Change %
Central European markets	80.6	64.1	25.7
Central costs	(12.5)	(11.9)	(5.0)
Net profit from established markets	68.1	52.2	30.5
Mexico	(13.3)	(9.9)	(34.3)
Romania	(4.2)	(2.4)	(75.0)
Russia	(0.5)	-	-
Net investment in developing markets	(18.0)	(12.3)	(46.3)
Profit before tax*	50.1	39.9	25.6

*Pro forma PBT stated before exceptional demerger costs



Strong returns

	EPS (pence)	Earnings growth %	ROE %
Established markets	18.55	34.6	28.7
Developing markets	(4.90)	(51.2)	n/a
	13.65	29.5	19.8



Well funded balance sheet

	Dec 2007 Actual £m	Dec 2006 Pro forma £m	Change %	Change at CER %
Fixed assets	59.5	44.2	34.6	26.4
Receivables	443.2	331.0	33.9	18.8
Cash	88.8	44.6	99.1	88.4
Borrowings	(370.8)	(242.7)	(52.8)	(37.9)
Other net liabilities	(17.1)	(26.9)	36.4	34.0
Equity	203.6	150.2		
Equity to receivables	45.9%	45.4%		
Gearing	1.8x	1.6x		



We lend short and borrow long

31 December 2007	Year end receivables £m	%	Funding facilities £m	%
Less than one year	422.7	95	29.3	5
More than one year	20.5	5	516.9	95
	443.2	100	546.2	100
Borrowings			(370.8)	
Headroom			175.4	



Medium-term capital objectives

- Target equity to receivables of 25%
- Established markets provide capital for growth
- Increase longer-term debt funding from diverse sources



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Review of operations

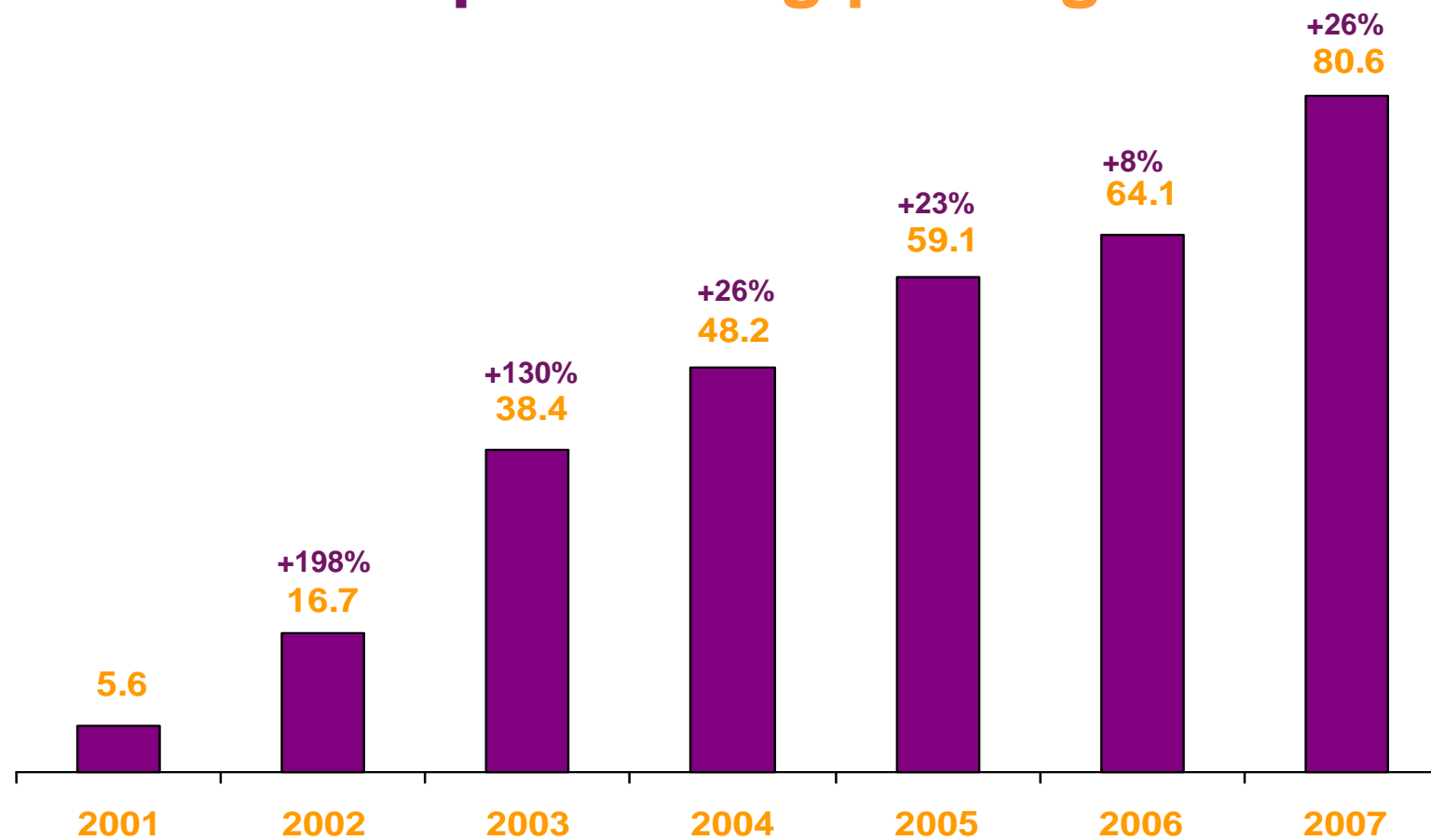


A year of significant progress

- **Central Europe:** excellent performance
- **Mexico:** good progress
- **Romania:** performing well
- **Russian pilot:** on track



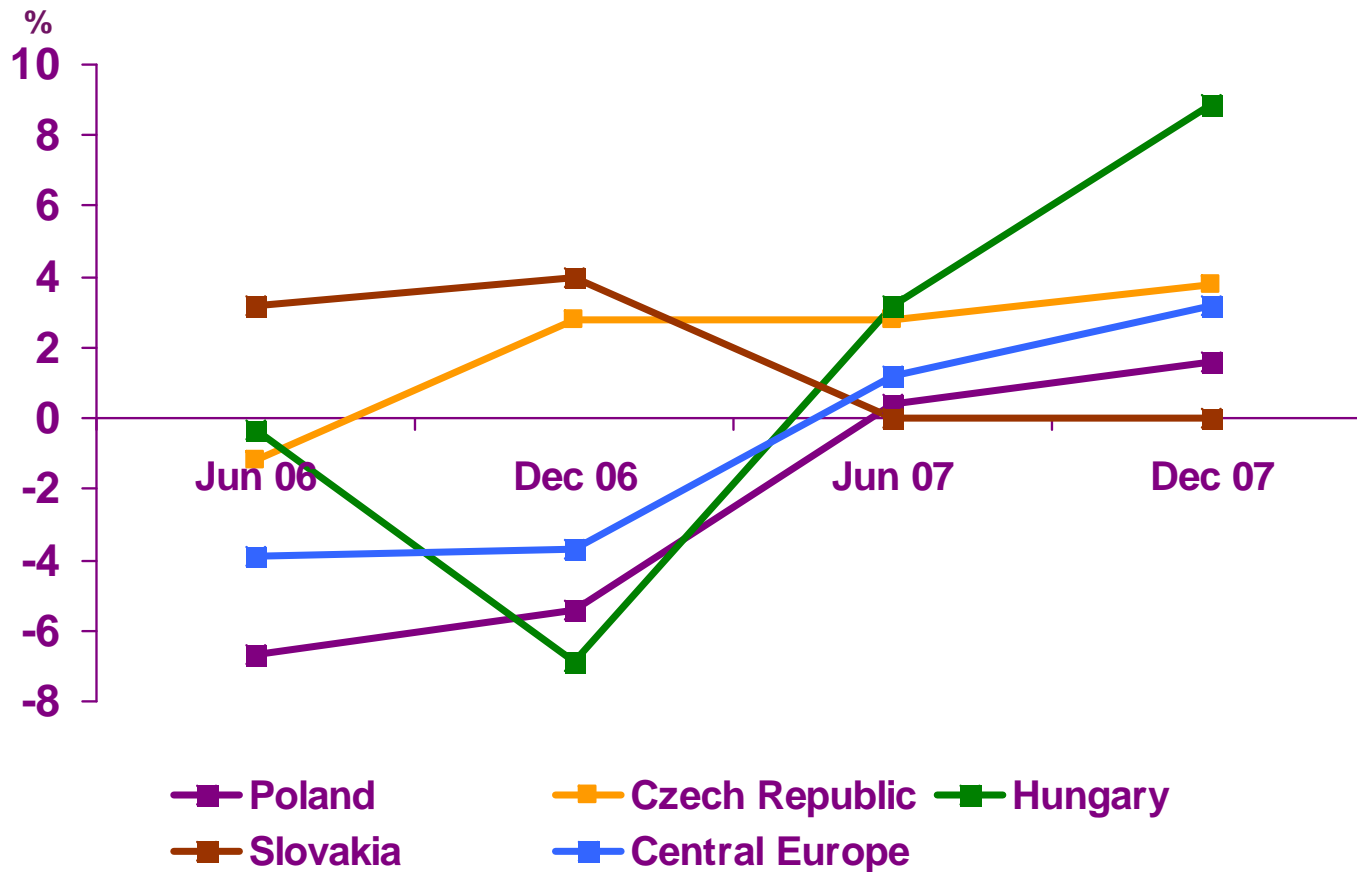
Central Europe: Strong profit growth



Annual pre-tax profit (£m)



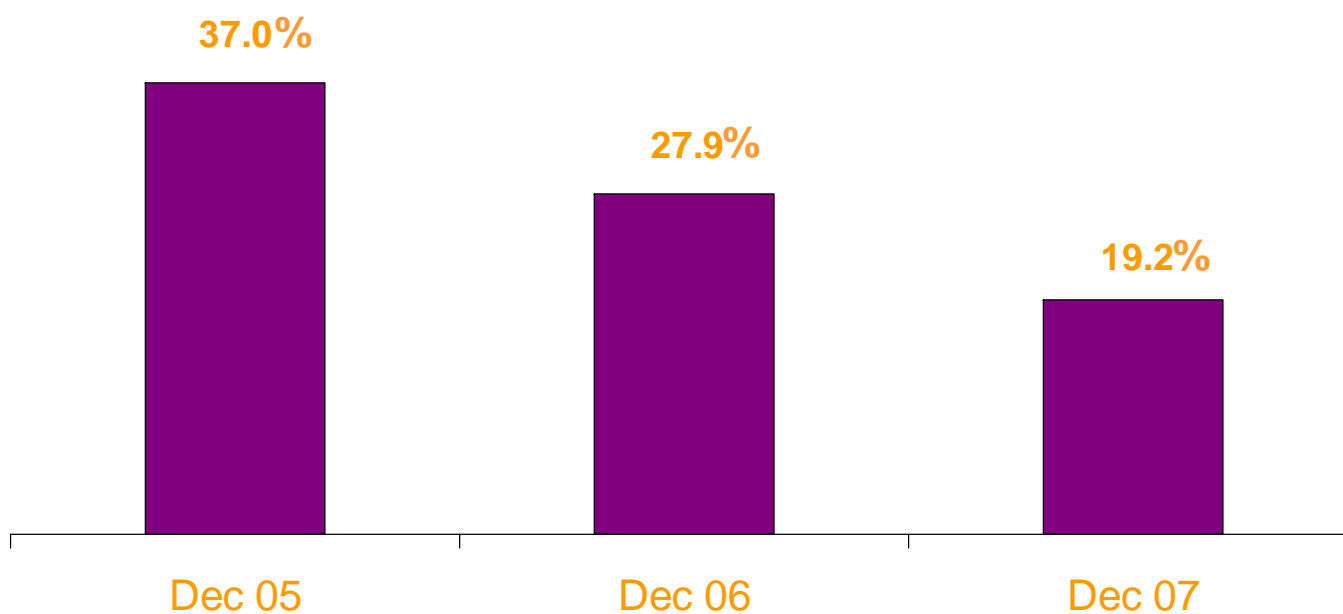
Central Europe: Accelerated customer growth



6 month customer growth %



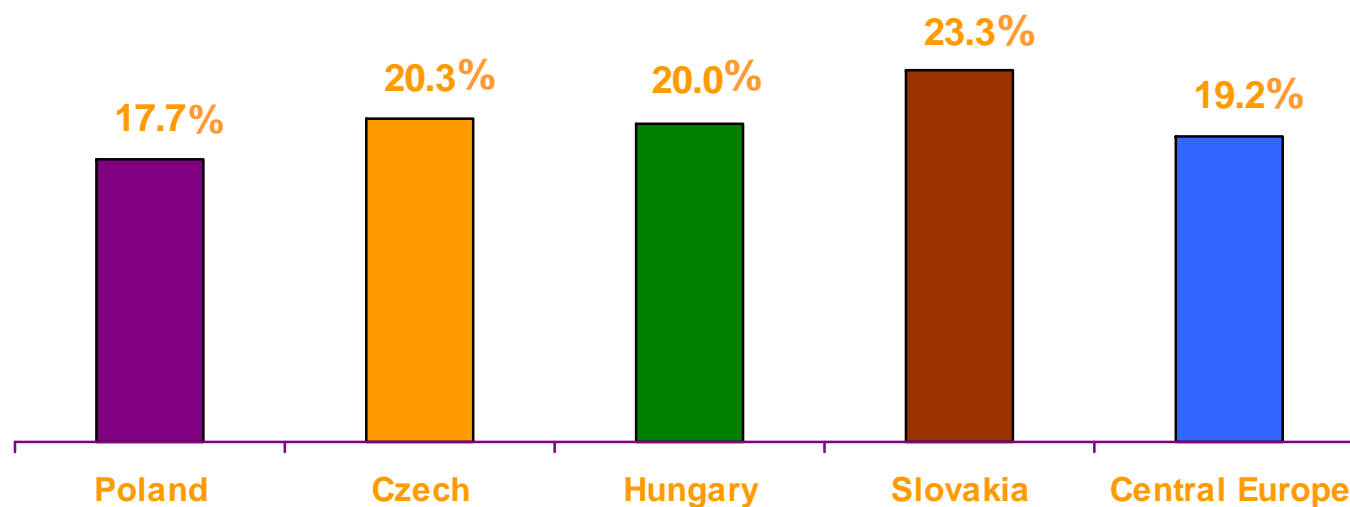
Central Europe: Benefiting from reduced impairment



Underlying impairment as % of revenue



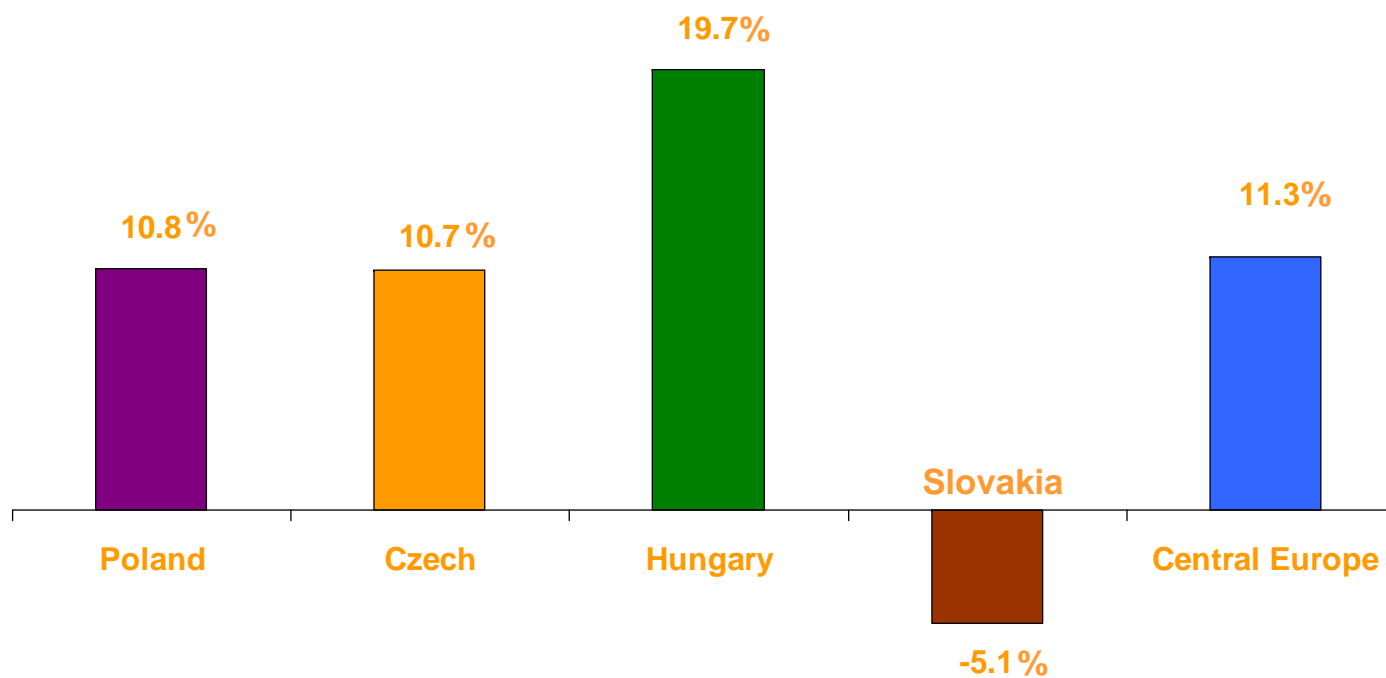
Central Europe: **All markets performing well**



2007 Underlying impairment as % of revenue (moving annual average)



Central Europe: Strong growth in credit issued



2007 growth rates



Central Europe: Rising profit per customer





Central Europe: **Prospects**

- **Stronger sales growth**
- **Credit quality good**
- **Improved cost-income ratio**
- **Continued good progress**



Mexico: **Good progress**

- **Strengthened management team**
- **Re-trained local staff and agents**
- **Substantially improved credit quality**

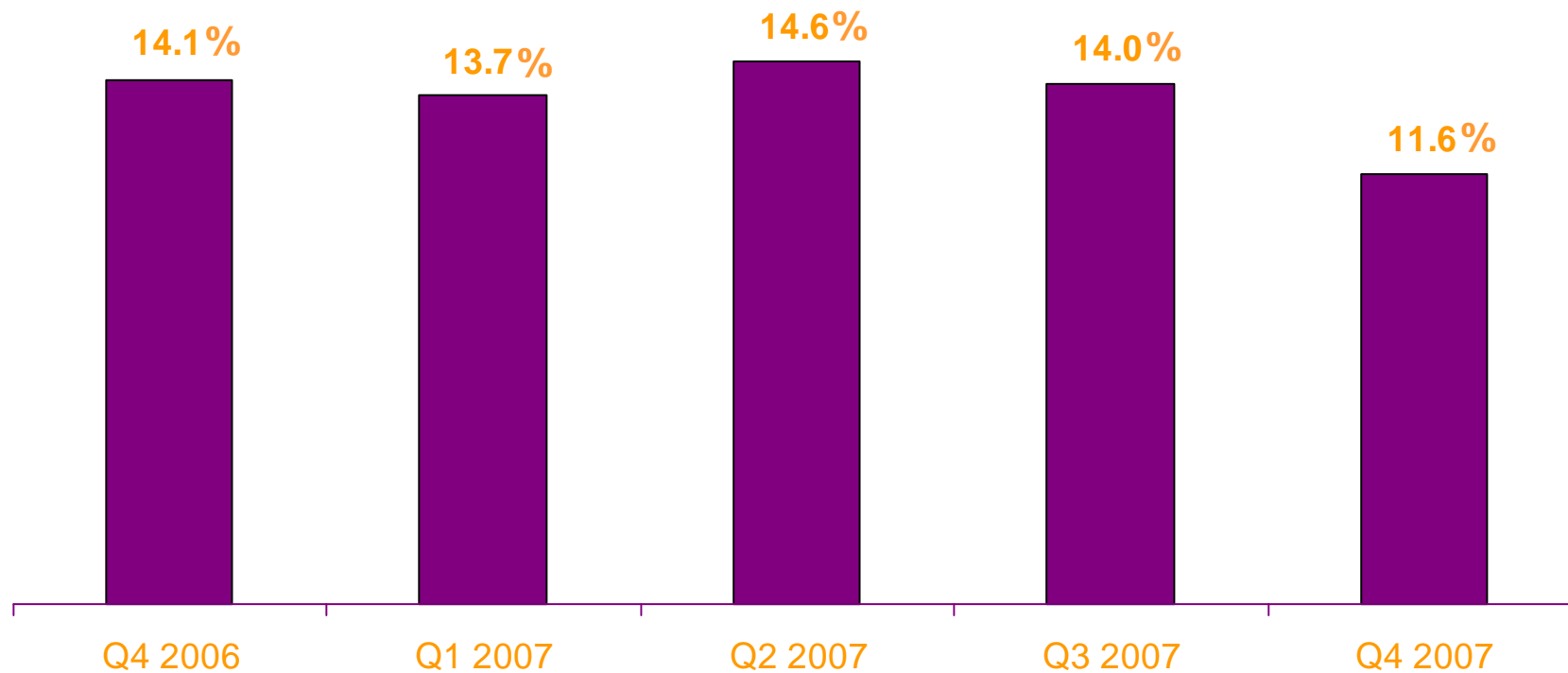


Mexico: **Good progress**

- **Guadalajara:** continues to perform
 - **Puebla A:** much improved
 - **Puebla B:** 6 out of 7 branches turned around
-
- **Sound platform to grow the business**



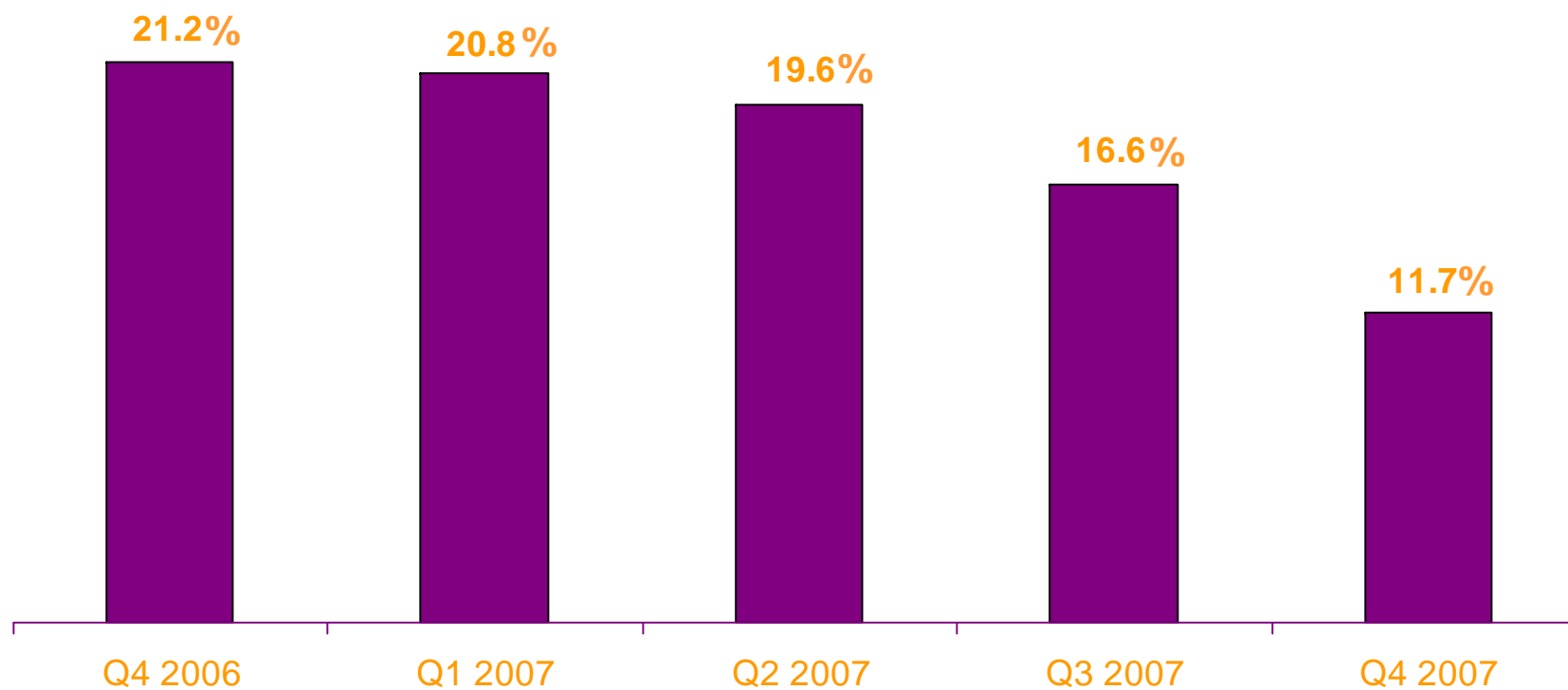
Puebla A: Credit quality shows improvement



Forecast gross cash loss as % of total amount payable



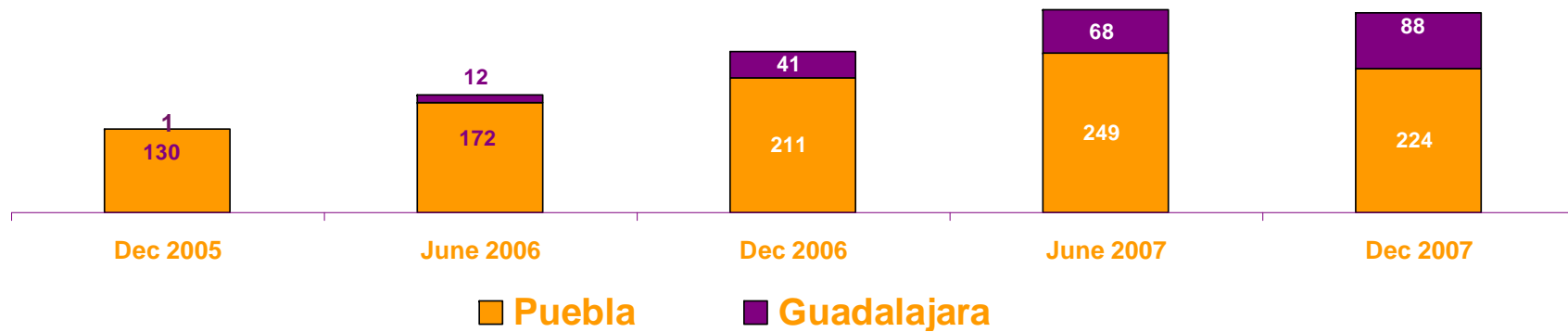
Puebla B: Significant improvement



Forecast gross cash loss as % of total amount payable



Mexico: Customer growth controlled



Customer numbers (000's)



Mexico: Roadmap to profit for 2009

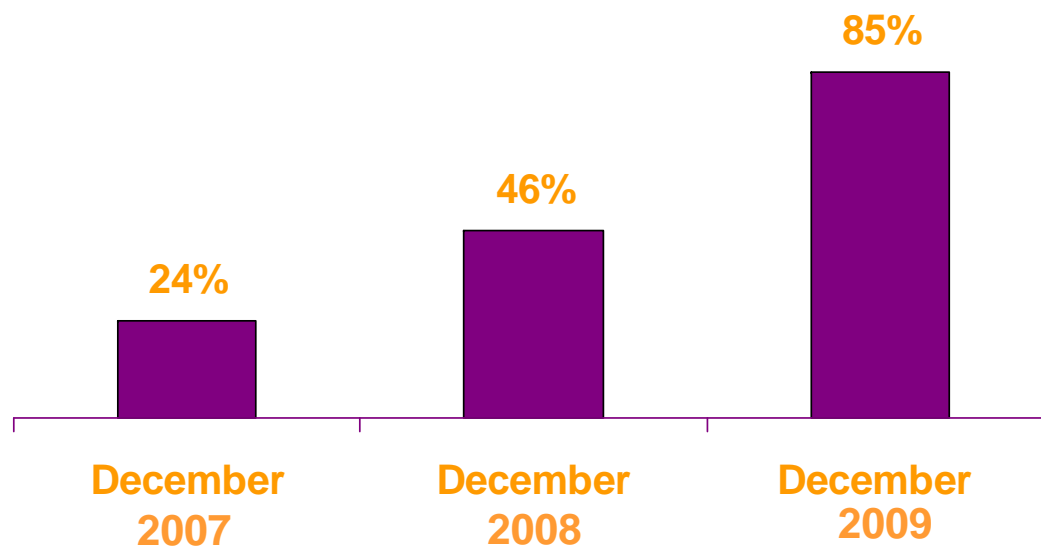
- **Maintain good credit quality**
- **Controlled growth of good quality customers: increase 20% p.a.**
- **Focus larger loans to quality customers: average customer receivables to grow 20% p.a.**
- **Control costs: reduce operating costs from 67% of revenue to below 50%**



Romania: Progressing well

- Customer numbers at 33,000
- Credit quality remains good
- National roll-out progressing to plan
- On track for profit for 2010

Expansion plan:
% of market addressed by branches





New markets

- **Russia**
 - acquisition of bank in December 2007
 - loans to be issued using Visa debit card
 - pilot to commence in Moscow and first loan expected in H1, 2008
- **Ukraine or India**
 - either are good candidates for a pilot operation in 2008



Regulatory environment

- **Slovakian rate cap to be introduced**
- **EU Consumer Credit Directive**



2008: **Key developments**

- **Continued investment in management development**
- **Next generation of credit systems**
- **Diversifying customer acquisition channels**
- **Build capability to deliver flexible product structures**
- **Improve agent effectiveness**



Summary

“We are very pleased with our first full year results as an independent Group. All our businesses have made good progress and we have a well funded balance sheet. Looking forward, we believe emerging markets provide us with many opportunities for profitable growth and we have the management and financial resources required to seize them. We expect 2008 to be another year of significant progress.”



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Questions



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Appendices



Pro forma adjustments

Year ended 31 December 2007

£m	Statutory	Interest margin	Reduced borrowing	Group interest charge	Listed plc costs	Pro forma
Central Europe	79.3	(0.7)	-	2.0	-	80.6
Central costs	(11.6)	-	1.9	-	(2.8)	(12.5)
Established businesses	67.7	(0.7)	1.9	2.0	(2.8)	68.1
Mexico	(13.2)	(0.1)	-	-	-	(13.3)
Romania	(4.2)	-	-	-	-	(4.2)
Russia	(0.5)	-	-	-	-	(0.5)
Profit before tax*	49.8	(0.8)	1.9	2.0	(2.8)	50.1

* Stated before exceptional demerger costs



Capital generation

	12 months to Dec 2007	12 months to Dec 2006
	£m	£m
Profit before tax: Central Europe	80.6	64.1
Taxation	(24.1)	(19.2)
Profit after tax	56.5	44.9
45% of movement in receivables	(24.2)	1.2
Capital available	32.3	46.1
Central support and corporate costs after tax	(8.8)	(8.3)
	23.5	37.8
New markets		
- loss after tax	(12.6)	(8.6)
- 45% of movement in receivables	(4.4)	(4.4)
	(17.0)	(13.0)
Surplus capital generated	6.5	24.8



Exceptional demerger costs

	Dec 2007 £m
IT costs	2.3
Other	1.6
Total cash costs	3.9
Share-based payment costs	2.4
Pension credit	(3.5)
	2.8



Central Europe

Year ended 31 December

	Pro forma 2007 £m	Pro forma 2006 £m	Change %	Change at CER %
Customer numbers ('000)	1,592	1,523	4.5	4.5
Credit issued	553.8	474.9	16.6	11.3
Average customer receivables	336.7	292.9	15.0	8.7
Revenue	367.1	338.6	8.4	4.0
Impairment	(64.3)	(90.6)	29.0	30.4
Revenue less impairment	302.8	248.0	22.1	16.2
Commission	(51.7)	(39.7)	(30.2)	(24.9)
Interest	(18.1)	(19.8)	8.6	13.0
Expenses	(152.4)	(124.4)	(22.5)	(17.1)
Profit before tax	80.6	64.1	25.7	



Central Europe: Accelerated customer growth

Customers (000's)	Dec 07	change %	June 07	change %	Dec 06	change %	June 06	change %	Dec 05
Poland	871	1.6	857	0.4	854	(5.4)	903	(6.7)	968
Czech	271	3.8	261	2.8	254	2.8	247	(1.2)	250
Slovakia	131	-	131	-	131	4.0	126	3.3	122
Hungary	319	8.9	293	3.2	284	(6.9)	305	(0.3)	306
	1,592	3.2	1,542	1.2	1,523	(3.7)	1,581	(3.9)	1,646



Central Europe

Change in revenue and impairment

2007 vs 2006	Average Receivables		Revenue		Impairment		Revenue less impairment	
	£m	%	£m	%	£m	%	£m	%
Poland	21.8	7.3	(1.9)	(4.3)	29.6	53.3	27.7	16.2
Czech	7.7	10.5	8.7	11.0	(4.5)	(46.9)	4.2	4.5
Slovakia	3.2	5.0	5.2	11.3	1.4	24.7	6.6	30.2
Hungary	11.1	12.4	16.5	17.1	(0.2)	2.2	16.3	23.1
	43.8	8.7	28.5	4.0	26.3	30.4	54.8	16.2



Mexico

Year ended 31 December

	Pro forma 2007 £m	Pro forma 2006 £m	Change %	Change at CER %
Customer numbers ('000)	312	252	23.8	23.8
Credit issued	58.1	48.1	20.8	30.9
Average customer receivables	22.3	14.5	53.8	61.0
Revenue	38.8	26.4	47.0	59.0
Impairment	(18.4)	(12.5)	(47.2)	(58.6)
Revenue less impairment	20.4	13.9	46.8	59.4
Commission	(4.6)	(2.6)	(76.9)	(91.7)
Interest	(3.0)	(2.6)	(15.4)	(25.0)
Expenses	(26.1)	(18.6)	(40.3)	(52.6)
Loss before tax	(13.3)	(9.9)	(34.3)	



Romania

Year ended 31 December

	Pro forma 2007 £m	Pro forma 2006 £m
Customer numbers ('000)	33	6
Credit issued	9.2	1.3
Average customer receivables	3.1	0.3
Revenue	3.9	0.3
Impairment	(0.5)	-
Revenue less impairment	3.4	0.3
Commission	(0.4)	-
Interest	(0.5)	(0.2)
Expenses	(6.7)	(2.5)
Loss before tax	(4.2)	(2.4)



Key statistics: Poland

Year ended 31 December

	2007	2006
Customer numbers ('000)	871	854
	2.0%	(11.8)%
Credit issued (£m)	270.9	235.6
	10.8%	(19.3)%
Average customer receivables (£m)	181.0	159.2
	7.3%	(4.0)%
Revenue (£m)	183.1	185.0
	(4.3)%	(12.6)%
Impairment (£m)	(26.4)	(56.0)
	53.3%	38.2%
Revenue less impairment (£m)	156.7	129.0
	16.2%	6.5%



Key statistics: Czech Republic

Year ended 31 December

	2007	2006
Customer numbers ('000)	271	254
	6.7%	1.6%
Credit issued (£m)	111.7	97.4
	10.7%	2.9%
Average customer receivables (£m)	64.5	56.8
	10.5%	18.3%
Revenue (£m)	69.4	60.7
	11.0%	8.6%
Impairment (£m)	(14.1)	(9.6)
	(46.9)%	32.4%
Revenue less impairment (£m)	55.3	51.1
	4.5%	22.5%



Key statistics: Slovakia

Year ended 31 December

	2007	2006
Customer numbers ('000)	131	131
	-%	7.4%
Credit issued (£m)	41.2	39.2
	(5.1)%	4.5%
Average customer receivables (£m)	23.1	19.9
	5.0%	20.6%
Revenue (£m)	27.5	22.3
	11.3%	10.9%
Impairment (£m)	(6.4)	(7.8)
	24.7%	14.3%
Revenue less impairment (£m)	21.1	14.5
	30.2%	31.8%



Key statistics: Hungary

Year ended 31 December

	2007	2006
Customer numbers ('000)	319	284
	12.3%	(7.2)%
Credit issued (£m)	130.0	102.7
	19.7%	(2.5)%
Average customer receivables (£m)	68.1	57.0
	12.4%	12.9%
Revenue (£m)	87.1	70.6
	17.1%	8.1%
Impairment (£m)	(17.4)	(17.2)
	2.2%	1.7%
Revenue less impairment (£m)	69.7	53.4
	23.1%	11.7%



Key statistics: Puebla

Year ended 31 December

	2007	2006
Customer numbers ('000)	224	211
	6.2%	62.3%
Credit issued (£m)	43.1	43.0
	8.8%	100.9%
Average customer receivables (£m)	17.6	13.4
	37.5%	148.1%
Revenue (£m)	29.8	24.3
	33.0%	143.0%
Impairment (£m)	(15.3)	(11.9)
	(39.1)%	(250.0)%
Revenue less impairment (£m)	14.5	12.4
	27.2%	87.9%



Key statistics: Guadalajara

Year ended 31 December

	2007	2006
Customer numbers ('000)	88	41
	114.6%	
Credit issued (£m)	15.0	5.1
	212.5%	
Average customer receivables (£m)	4.7	1.1
	327.3%	
Revenue (£m)	9.0	2.1
	350.0%	
Impairment (£m)	(3.1)	(0.6)
	(416.7)%	
Revenue less impairment (£m)	5.9	1.5
	321.4%	



Key statistics: Romania

Year ended 31 December

	2007	2006
Customer numbers ('000)	33	6
Credit issued (£m)	9.2	1.3
Average customer receivables (£m)	3.1	0.3
Revenue (£m)	3.9	0.3
Impairment (£m)	(0.5)	-
Revenue less impairment (£m)	3.4	0.3



Foreign exchange rates

	Closing 2007	Closing 2006	Average 2007	Average 2006
Poland	4.90	5.68	5.53	5.71
Czech Republic	36.04	40.78	40.54	41.51
Slovakia	45.68	51.08	49.33	54.50
Hungary	343.14	372.57	366.75	386.85
Mexico	21.67	21.14	21.89	20.09
Romania	4.87	5.01	4.87	5.16



Macro-economics

Forecast year-on-year percentage change in real GDP

%	2006	2007E	2008E	2009E	CAGR
UK	2.9	3.1	1.6	1.6	2.3
Poland	6.1	6.6	5.6	4.8	5.8
Czech Republic	6.1	6.0	5.0	4.5	5.4
Slovakia	8.5	8.8	7.0	n/a	8.1
Hungary	4.0	1.5	2.0	3.2	2.7
Mexico	4.8	3.2	3.0	3.6	3.6
Romania	7.7	6.0	5.8	n/a	6.5
Russia	7.4	7.5	6.8	6.0	6.9
India	9.1	9.1	8.4	9.0	8.9
Ukraine	7.0	7.2	5.7	n/a	6.6



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