



2015 Half-year results

International Personal Finance plc

29 July 2015



International Personal Finance plc

Gerard Ryan

Chief Executive Officer

2015 H1 highlights



Resilient financial performance and good delivery on strategy

- Strong underlying profit growth of 16%
- Excellent performance in Mexico, on track to reach profit per customer target
- Short-term actions delivered improving growth trends in Europe
- Good progress on strategic initiatives will drive future growth
 - Broadened product portfolio
 - Digital division established with strong growth potential
- Strengthened funding position
- Share buyback to reduce equity to receivables ratio towards 40% target
- Interim dividend increased 10% to 4.6 pence per share

Regulation



Actively addressing regulatory challenges

Poland – Ministry of Finance total cost of credit

- All non-interest costs in connection with a consumer loan agreement may be subject to the cap
- No assurance currently that legislation, if introduced in its present form, would not have some adverse financial impact on IPF
- We will adapt our product structure to comply with the new regulations

Poland – UOKiK

- Total cost of credit and APR calculation methodology – await court appeal date
- Conclusion on UOKiK review of calculation of loan fees

Our customer segment

Relatively underserved by financial services providers



Home Credit customers



- Low, fluctuating income
- Families, female bias
- Little or no previous credit history
- Preference for home service
- Need to manage finances carefully
- Seek flexibility

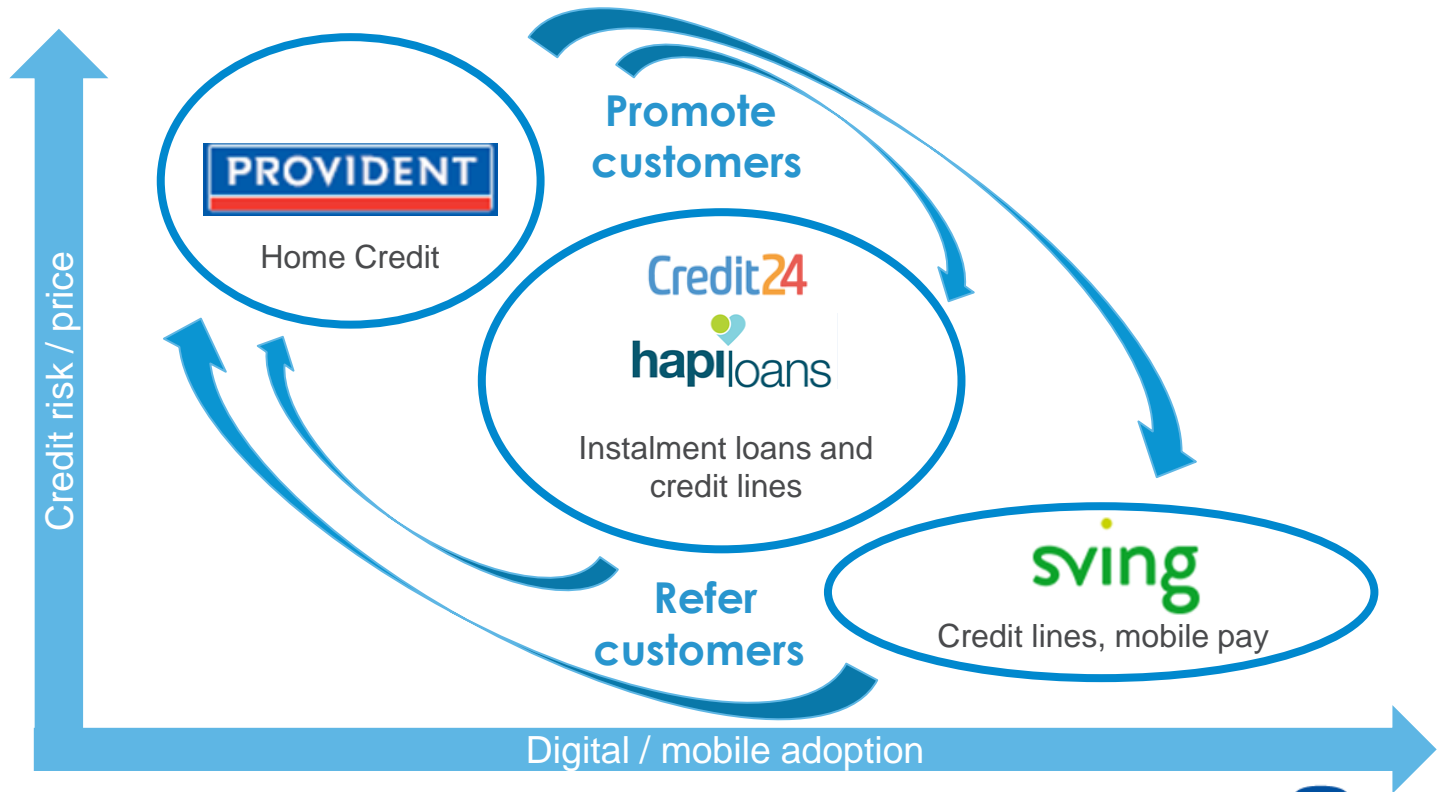
Digital customers



- Low to middle income
- Younger borrowers
- Likely to shop and borrow online
- Higher smartphone ownership
- Single
- Seek flexibility

One market place; two business models

Reaching a significantly wider segment of underserved customers





International Personal Finance plc

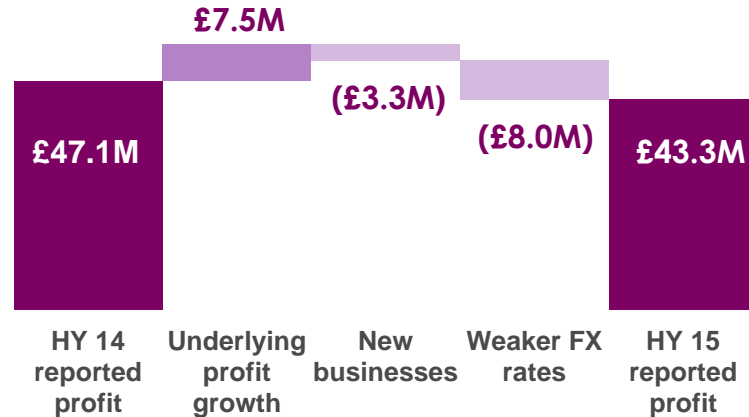
Adrian Gardner
Chief Financial Officer

Strong underlying profit growth of £7.5M



Resilient financial performance

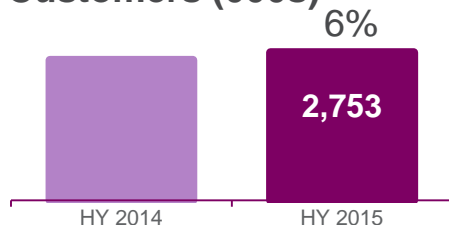
- Strong underlying profit growth of 16% driven by top line growth and improved impairment
- Investment in new businesses
- FX headwinds impacted earnings



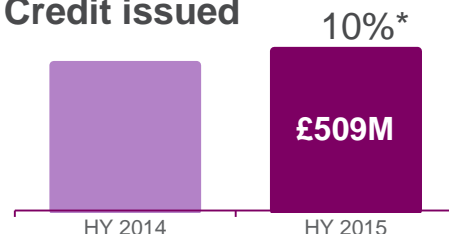
Good Group top line growth



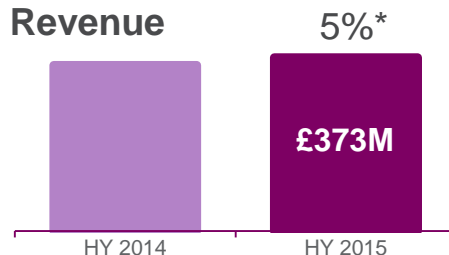
Customers (000s)



Credit issued



Revenue



| Segment | Customer growth | Credit issued growth* |
|------------------|-----------------|-----------------------|
| Home Credit | 2% | 2% |
| Mexico | 7% | 21% |
| Poland-Lithuania | - | 6% |
| Czech-Slovakia | (9%) | (13%) |
| Southern Europe | 4% | (8%) |
| Digital† | 22% | 26% |

* At constant exchange rates

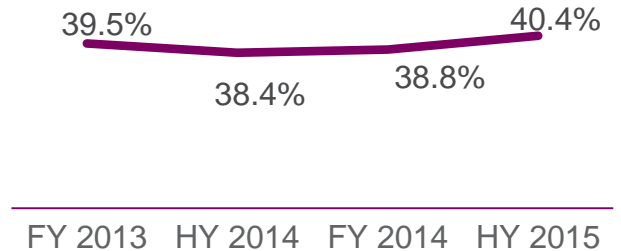
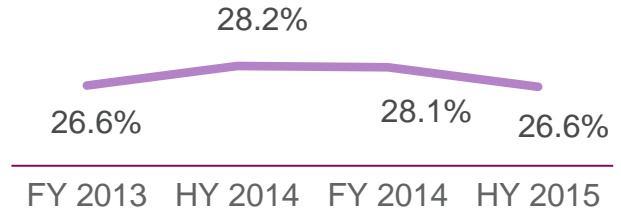
† On a proforma basis

Well-managed impairment



Tight cost control alongside investment in new businesses

- Good credit quality
 - All European markets within or below our target 25%-30% impairment to revenue range
 - Mexico impairment stable combining growth with robust collections
- Close focus on costs
 - Costs held flat in Poland-Lithuania and Czech-Slovakia
 - Improved cost-income ratio in Southern Europe and Mexico



- Impairment % revenue
- Cost-income

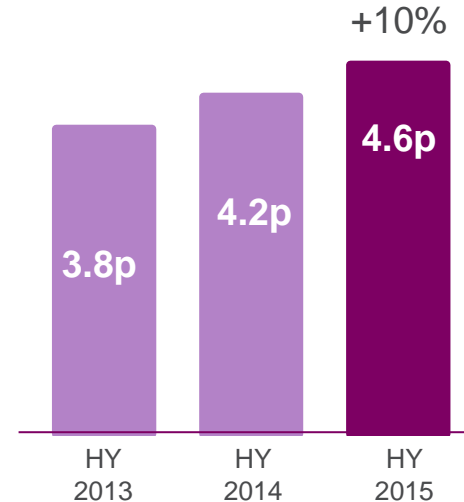
Strong funding position



Working the balance sheet harder - further returns for shareholders

- £100M of new long-term bonds secured
- Over 60% of facilities have maturity dates in 2020/2021
- £170M headroom on funding facilities
- Return on equity 23.7%
- Interim dividend up 10% to 4.6 pence per share
- Equity to receivables 46.0%
- Share buyback to reduce equity to receivables ratio towards 40% target

Dividend growth





Home Credit

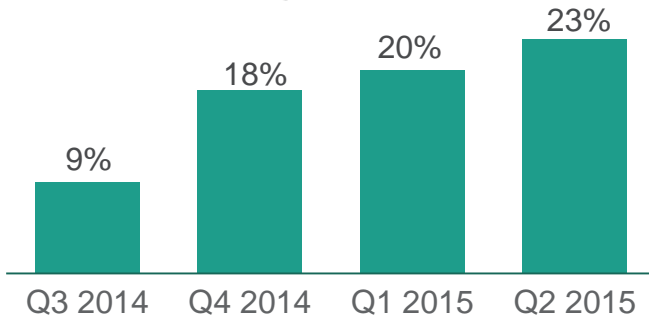
David Broadbent
Chief Commercial Officer

Mexico delivered an excellent performance



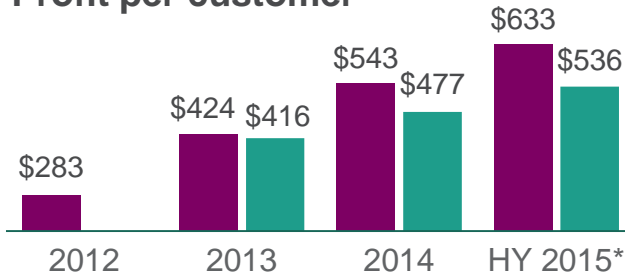
Record HY profit of £8.6M and on track to deliver targets

Credit issued growth



- Good growth momentum
 - Geographic expansion
 - 10% increase in agency force
 - Extended product offering
 - Controlled credit relaxation

Profit per customer

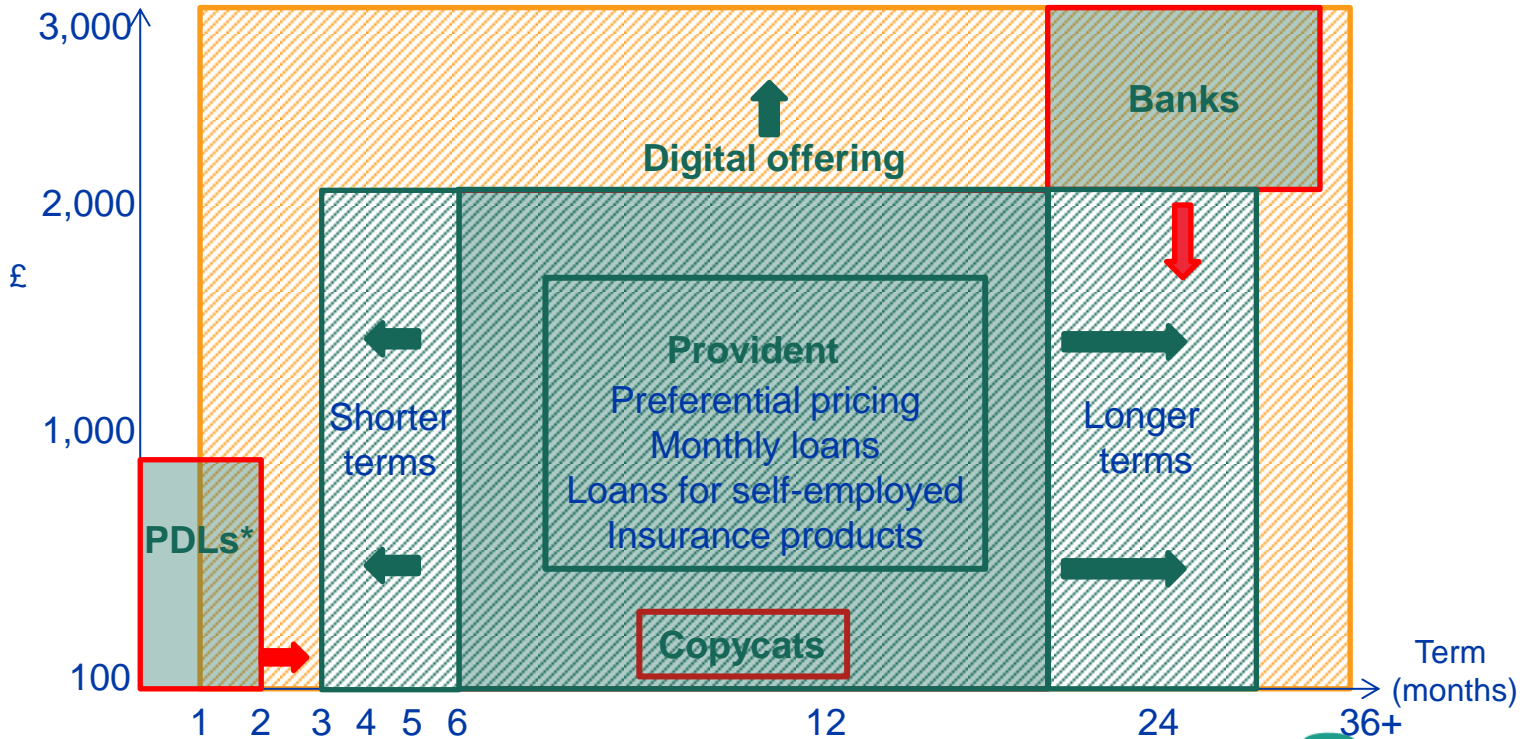


- On track to deliver strategic targets in 2015
 - MXN \$660 profit per customer
 - 900,000 customers
- Positioned for accelerated growth in 2016

Market overview in Europe



Dynamic, competitive market place – product expansion opportunities



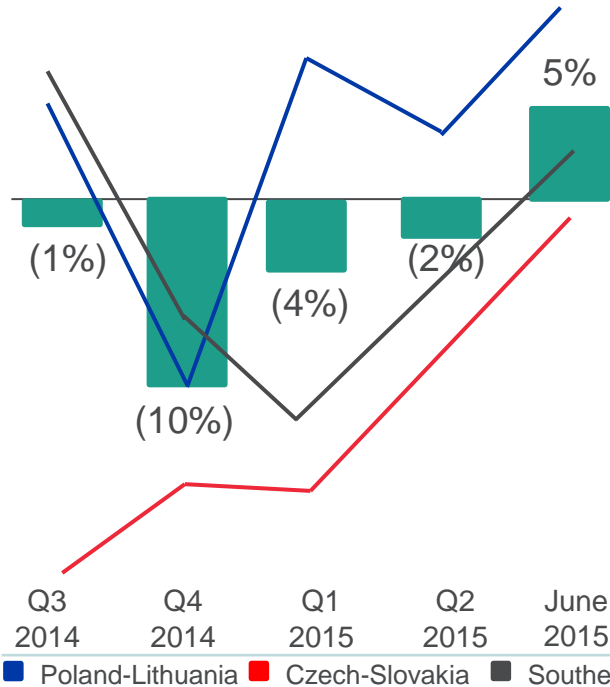
* Payday lenders

Improving credit issued growth in Europe



Growth focussed actions resulted in improving growth trend

Europe credit issued growth



Actions completed

- Selective credit relaxation
- Repositioned marketing investment
- Realigned recognition and reward to growth

Actions underway

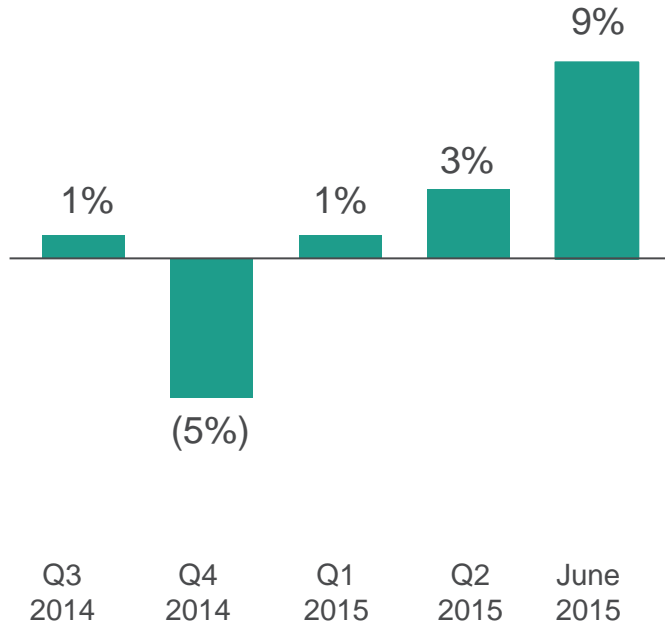
- Shorter and longer terms
- Decision in Principle in Poland
- Broker and third party referral
- Digital referral strategy

Home Credit – HY 2015



Expect to continue to deliver progressive growth

Credit issued growth



- New products and new channels to support growth performance
- Mexico expected to continue strong performance
- Well-positioned to address challenging market conditions in Europe
- Europe to generate top line growth



Digital

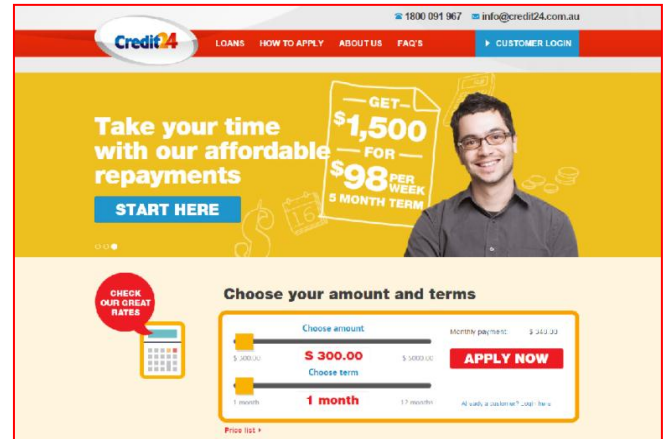
Rami Ryhänen
General Manager

Digital lending – a key strategic priority



Profitable digital consumer credit provider with large growth potential

- Highly experienced management team, 10 years' digital experience
- 100 employees
- MCB and hapiloans fully integrated into IPF Digital business
- Highly automated business model
- Robust lending platform capable of supporting expansion



Credit24
hapipożyczki
swing



Profitable offer with large growth potential



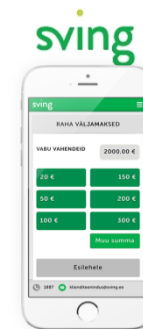
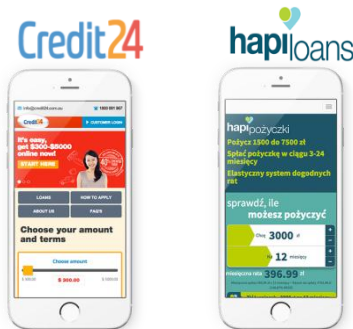
Attractive multi-product set

Instalment loans

- Lower income customers
- €100 – €3000 credit
- Terms up to 24 months
- Flexibility – lower monthly repayments and repayment holidays
- Simplicity and speed
- Risk-based pricing

Revolving credit line

- Middle income customers
- €200 – €3000 credit; up to 36 months
- No cost if not used; no need to reapply
- Convenient mobile app core solution
- Click & draw, Click & transfer, Click & pay
- Low monthly repayments
- Convenience and service



Significant expansion plans



Platform capability provides strong growth opportunities in large markets

- Profitable and growing established markets business – 12M population
- Good opportunity to grow in Australia
- Test phase almost complete in Poland and moving into growth mode
- New market entry into Spain
- Expand into existing IPF markets
- 2015 investment between £5M and £7M





International Personal Finance plc

Gerard Ryan

Chief Executive Officer

Outlook



Focused on delivering further growth

- Changing regulatory environment in Poland
- Competitive environment in Europe - responding with technology, new products and new channels to broaden our appeal to a wider target audience
- Mexico set to reach profit per customer and customer targets
- Growing digital offering in Poland and expanding into Spain
- Confident of delivering good result for 2015 as a whole



Questions



Appendices

Group

Six months to 30 June 2015

| | HY 2015 £M | HY 2014 £M | Change at CER % |
|--|---------------|---------------|--------------------|
| Customer numbers (000s) | 2,753 | 2,607 | 5.6 |
| Credit issued | 509.3 | 513.0 | 9.7 |
| Average net receivables | 758.6 | 761.9 | 10.2 |
| Revenue | 372.9 | 394.1 | 4.6 |
| Impairment | (112.6) | (130.2) | 4.8 |
| Finance costs | (21.5) | (23.4) | (0.9) |
| Agents' commission | (42.6) | (44.6) | (4.9) |
| Other costs | (152.9) | (148.8) | (11.4) |
| Profit before taxation and exceptional items | 43.3 | 47.1 | |
| Exceptional items | (4.7) | (22.6) | |
| Statutory profit before taxation | 38.6 | 24.5 | |

Home Credit

Six months to 30 June 2015

| | HY 2015 £M | HY 2014 £M | Change at CER % |
|--|---------------|---------------|--------------------|
| Customer numbers (000s) | 2,648 | 2,607 | 1.6 |
| Credit issued | 474.0 | 513.0 | 2.1 |
| Average net receivables | 725.1 | 761.9 | 5.3 |
| Revenue | 360.5 | 394.1 | 1.1 |
| Impairment | (109.3) | (130.2) | 7.6 |
| Finance costs | (20.2) | (23.4) | 5.2 |
| Agents' commission | (42.6) | (44.6) | (4.9) |
| Other costs | (137.0) | (142.1) | (4.9) |
| Profit before taxation and exceptional items | 51.4 | 53.8 | |
| Exceptional items | (2.2) | - | |
| Statutory profit before taxation | 49.2 | 53.8 | |

Digital

Six months to 30 June 2015

| | HY 2015 £M |
|--|---------------|
| Customer numbers (000s) | 105 |
| Credit issued | 35.3 |
| Average net receivables | 33.5 |
| Revenue | 12.4 |
| Impairment | (3.3) |
| Finance costs | (1.3) |
| Other costs | (9.2) |
| Profit before taxation and exceptional items | (1.4) |
| Exceptional items | (2.5) |
| Statutory profit before taxation | (3.9) |

Underlying profit reconciliation

| | H1 2014 reported profit £M | Underlying profit movement £M | New business costs £M | Weaker FX rates £M | H1 2015 reported profit £M |
|---|-------------------------------------|--|--------------------------------|--------------------------|-------------------------------------|
| Home Credit | 53.8 | 7.5 | (1.9) | (8.0) | 51.4 |
| Digital | - | - | (1.4) | - | (1.4) |
| Central costs | (6.7) | - | - | - | (6.7) |
| Profit before taxation and exceptional items | 47.1 | 7.5 | (3.3) | (8.0) | 43.3 |
| Exceptional items | | | | | (4.7) |
| Profit before taxation | | | | | 38.6 |

Balance sheet

| £M | June 2015 | June 2014 | Change at CER % |
|-----------------------|-----------|-----------|-----------------|
| Goodwill | 19.5 | - | - |
| Fixed assets | 44.2 | 29.6 | 57.9 |
| Receivables | 751.7 | 757.3 | 11.4 |
| Cash | 51.7 | 80.1 | (32.9) |
| Borrowings | (512.7) | (480.6) | (16.9) |
| Other net liabilities | (8.6) | (17.3) | 49.4 |
| Equity | 345.8 | 369.1 | 6.7 |

Foreign exchange rates

| | Average H1 2015 | Closing June 2015 | Average H1 2014 | Closing June 2014 |
|-------------------|--------------------|----------------------|--------------------|----------------------|
| Polish Zloty | 5.7 | 5.8 | 5.1 | 5.2 |
| Euro | 1.4 | 1.4 | 1.2 | 1.3 |
| Czech Crown | 37.8 | 38.1 | 33.4 | 34.3 |
| Hungarian Forint | 421.5 | 437.9 | 375.5 | 382.0 |
| Romanian Lei | 6.1 | 6.3 | 5.4 | 5.5 |
| Bulgarian Lev | 2.7 | 2.7 | 2.4 | 2.4 |
| Mexican Peso | 23.3 | 24.4 | 21.9 | 22.1 |
| Australian Dollar | 2.0 | 2.0 | - | - |

Headroom on covenants

| | June 2015 | Covenant | Headroom |
|----------------|-----------|-----------|----------|
| Interest cover | 3.8x | 2.0x min | 1.8x |
| Gearing* | 1.5x | 3.75x max | 203.6 |

*Adjusted for derivative financial instruments and retirement benefit asset according to covenant definitions

Strong financial profile

| | FY 2013 | FY 2014 | HY 2015 |
|------------------------------|---------|---------|---------|
| Gearing | 1.0x | 1.3x | 1.5x |
| Adjusted earnings per share* | 35.5p | 38.0p | 37.6 |
| Interest cover* | 3.4x | 3.7x | 3.8x |
| Return on equity* | 22.9% | 23.6% | 23.7% |
| Equity to receivables ratio | 50.2% | 47.5% | 46.0% |

*Annualised and pre-exceptional

International Personal Finance plc

Investor Relations contact



Rachel Moran

Investor Relations Manager

T: + 44 (0) 113 285 6700

E: investors@ipfin.co.uk