



2011 Full year results

Christopher Rodrigues
John Harnett
Gerard Ryan
David Broadbent

- Chairman
- Chief Executive Officer
- Chief Executive Officer (Designate)
- Finance Director

29 February 2012



Gerard Ryan – CEO (Designate)



- Appointed to Board in January 2012
- 20 years experience in financial services
- International experience gained with Citigroup and GE Money
- Previously CEO of Citigroup's consumer finance business in EMEA
- Assumes responsibility as CEO from the end of March 2

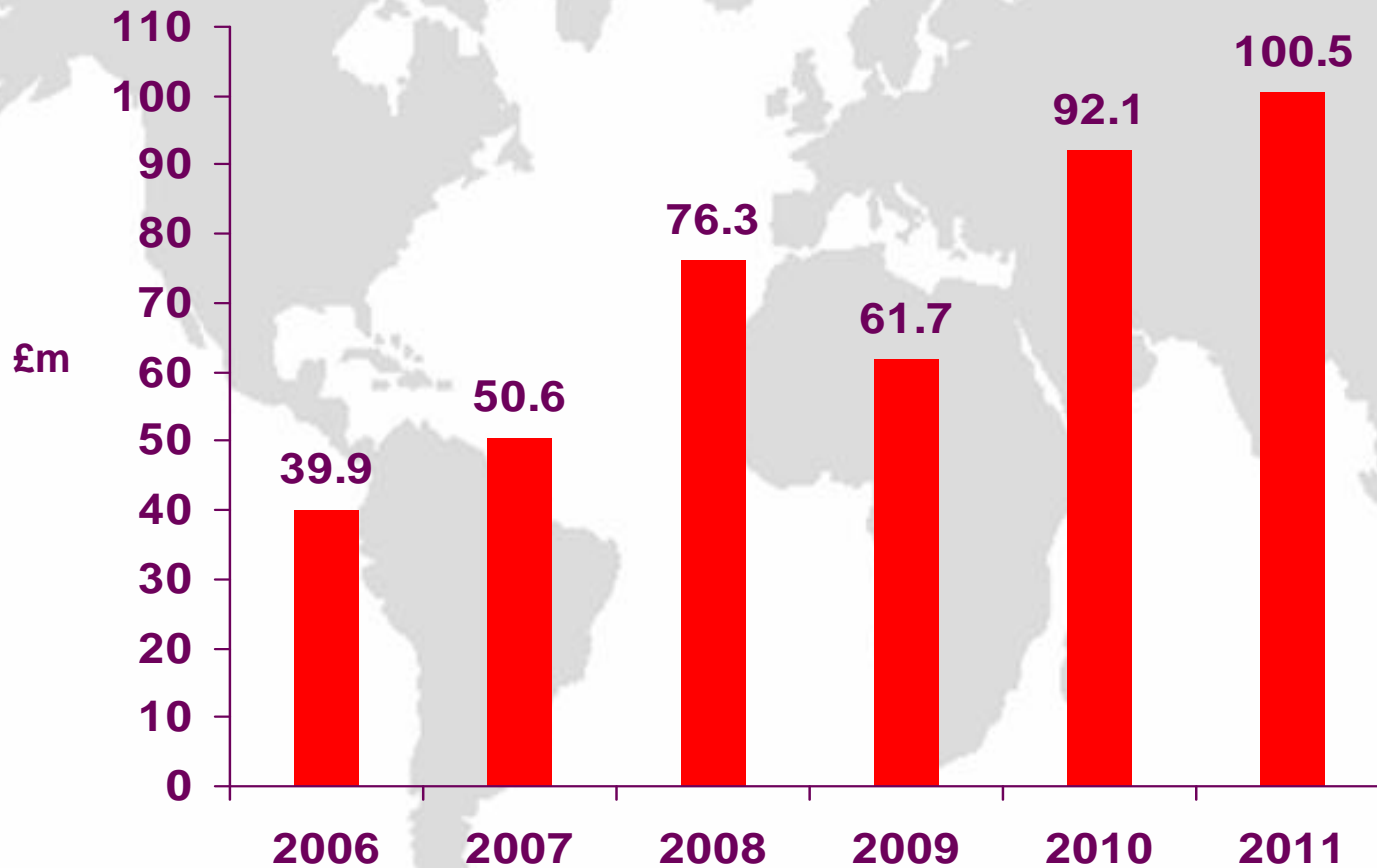


Highlights

- Good growth
- Record profit
- Strong operating performances
- Well capitalised balance sheet
- Encouraging start to 2012



Strong record of profit growth





Financial review



Strong returns

- Profit before tax increased 9.1% to £100.5 million
- Strong progress despite £23.6 million of higher funding and ESR costs
- Return on equity increased from 22.2% to 22.7%
- Earnings per share increased by 9.2% to 28.5 pence
- Proposed dividend per share up 13.2% to 7.1 pence



Group profit: year ended 31 December 2011

	2011	2010	Change at
	£m	£m	CER %
Customer numbers ('000)	2,406	2,211	8.8
Credit issued	844.5	764.5	11.5
Average net receivables	575.5	522.0	10.7
Revenue	649.5	608.7	7.4
Impairment	(167.7)	(168.1)	(0.7)
Finance costs	(42.9)	(33.9)	(28.1)
Agents' commission	(72.9)	(68.0)	(6.7)
Other costs	(265.5)	(246.6)	(8.8)
Profit before tax	100.5	92.1	



Good underlying performance

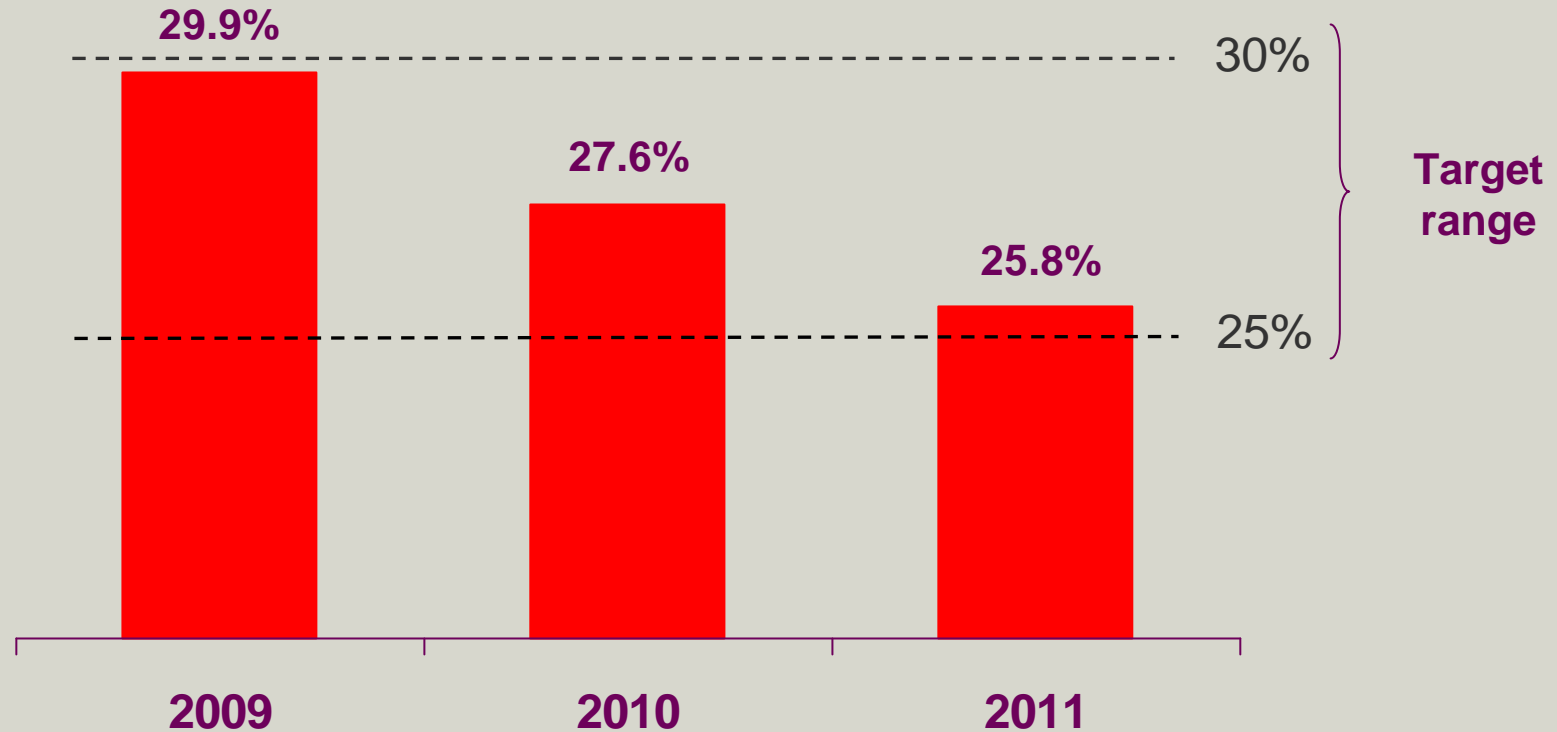
	2011 reported profit	Additional ESR costs	Additional finance costs	Other non- recurring items	Underlying profit increase	2010 reported profit	Change on reported profit
	£m	£m	£m	£m	£m	£m	%
Poland	66.0	3.6	(3.9)	4.1 ⁽¹⁾	13.2	49.0	34.7
Czech-Slovakia	37.8	(6.3)	(2.3)	-	4.7	41.7	(9.4)
Hungary	8.3	(7.0)	(2.5)	-	8.7	9.1	(8.8)
Mexico	1.5	-	(0.9)	-	(1.1)	3.5	(57.1)
Romania	4.1	(3.6)	(0.7)	-	6.7	1.7	141.2
Central	(17.2)	-	-	(3.2) ⁽²⁾	(1.1)	(12.9)	(33.3)
Total	100.5	(13.3)	(10.3)	0.9	31.1	92.1	9.1

(1) Repayment of VAT costs from prior periods; (2) Write-down of IT assets



Good credit quality at lower end of target range

Group impairment as % revenue





Guidance on financial assumptions for 2012

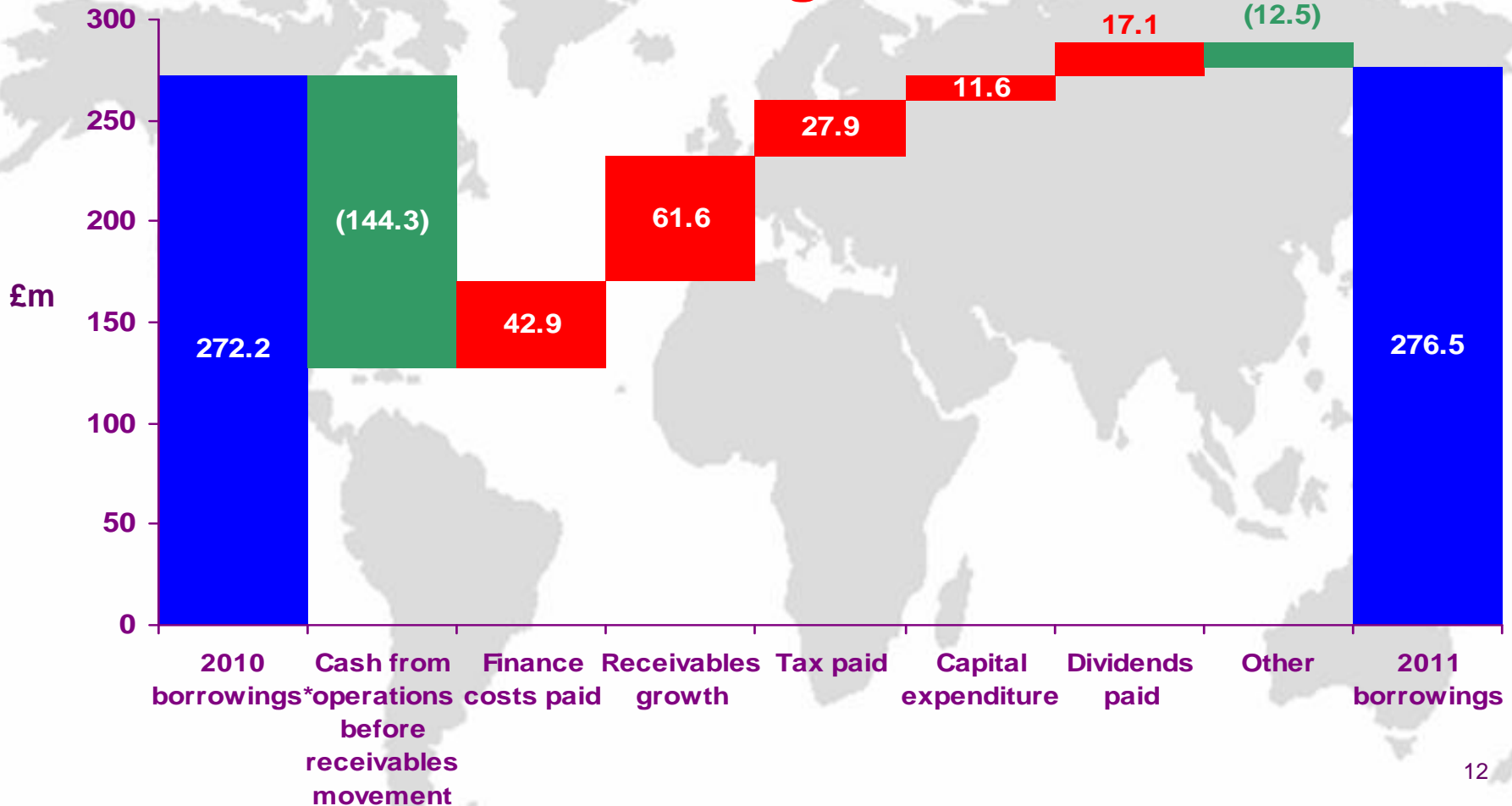
- FX – 70% of forecast 2012 profit hedged at rates 17% weaker than 2011
- Further £10 million - £15 million (year-on-year) increase in ESR costs
- Effective tax rate – c.28%



Funding and Balance Sheet



Good cash generation



* At constant exchange rates



Strong financial ratios

	2007	2008	2009	2010	2011
Equity to receivables	45.9%	45.1%	49.4%	54.5%	58.5%
Gearing	1.8x	1.7x	1.3x	1.0x	0.8x
Interest cover	3.4x	3.5x	3.2x	3.8x	3.4x
Return on equity	19.8%	21.9%	17.6%	22.2%	22.7%



Diversified sources and maturity of funding

- £448 million of facilities in place – c.52% bonds and 48% bank
- Committed debt facilities provide sufficient funding for growth
- Aim to extend bank facilities well ahead of maturity date

Facilities at December 2011

	£m
<u>Bonds</u>	
Euro	188
Polish	37
Romanian	7
	<u>232</u>
<u>Multi-currency bank facilities</u>	
Term facilities	199
Short-term facilities	17
	<u>216</u>
Total funding facilities	<u>448</u>



Board review of Group's capital structure

- Uncertain outlook for global economy and wholesale funding markets
- Under current circumstances, equity to receivables of about 55% appropriate
- No present intention to change our dividend policy or otherwise return surplus capital to shareholders



Review of country performance



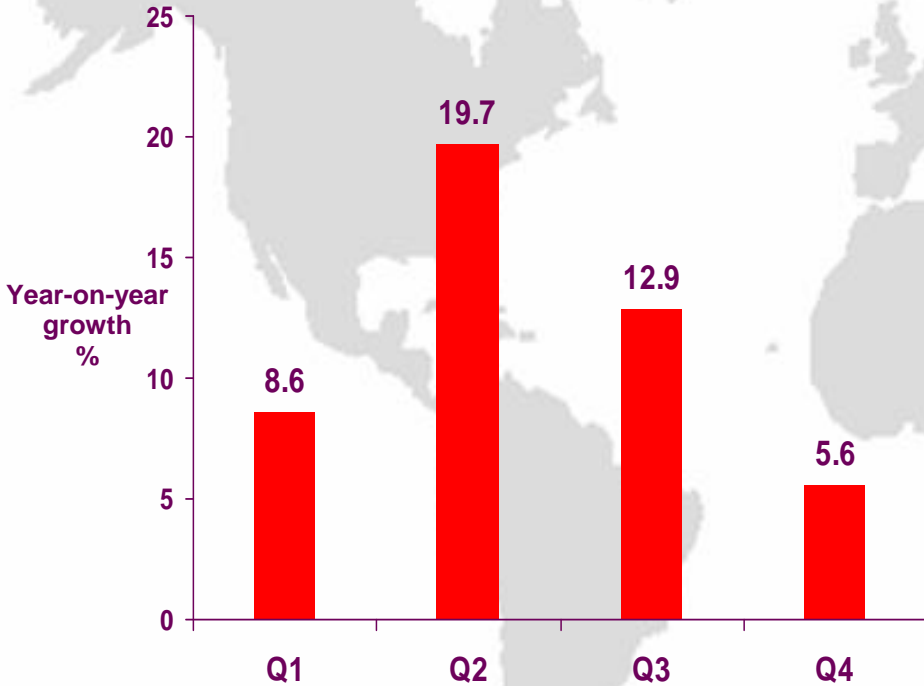
Good performances in challenging economic conditions

- Strong growth
 - *Agents* +13%
 - *Customers* + 9%
 - *Credit issued* +12%
 - *Net average receivables* +11%
- Stable credit quality
- Well positioned for stronger growth when conditions permit



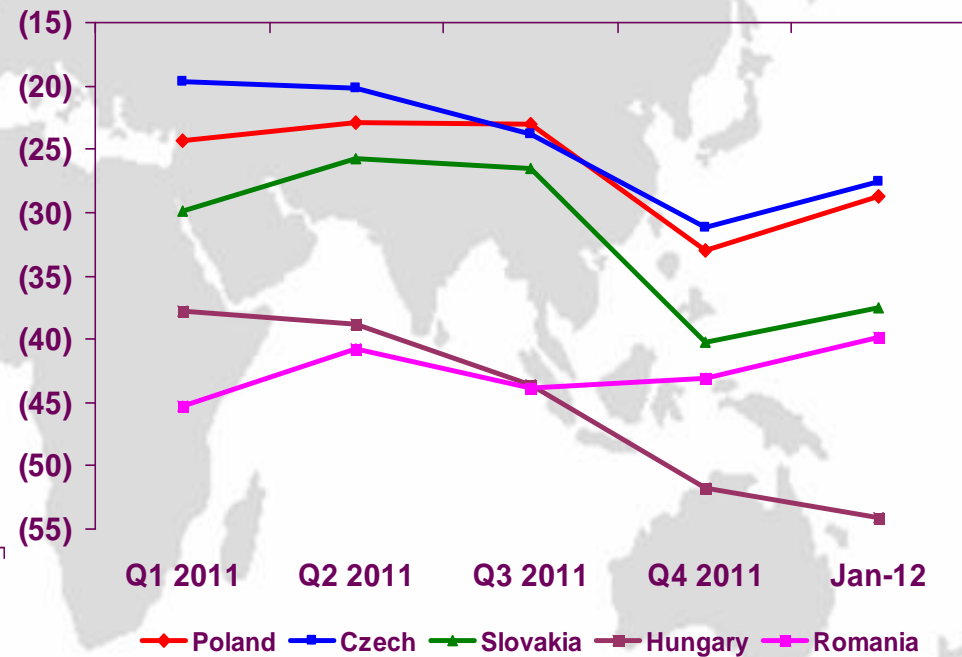
Growth slowed in H2 as European customers and agents became more cautious

Credit issued



2011

Consumer confidence





Poland Excellent progress

- Strong growth
 - *Agents* +13%
 - *Customers* + 7%
 - *Credit issued* +10%
 - *Net average receivables* + 9%
- Stable credit quality: impairment of 30.5%
- Costs tightly controlled
- Pre-tax profit up 35% to £66.0 million
- Good potential for further growth



Czech Republic and Slovakia Potential for stronger growth

- Good progress
 - *Agents* + 7%
 - *Customers* + 4%
 - *Credit issued* +10%
 - *Net average receivables* + 9%
- Continued good credit quality: impairment at 20.9%
- Increased costs
- Higher ESR and interest costs of £8.6 million
- Pre-tax profit down £3.9 million to £37.8 million
- Potential for stronger customer growth



Hungary Performed well

- Good growth in challenging economic conditions
 - *Agents* + 4%
 - *Customers* + 6%
 - *Credit issued* +11%
 - *Net average receivables* +15%
- Exceptionally good credit quality: impairment at 12.1%
- Very tight cost control
- Higher combined ESR and interest costs of £9.5 million
- Pre-tax profit down £0.8 million to £8.3 million



Hungary Outlook

- Uncertain economic situation - currently no noticeable stress on our customers
- Business continues to perform well in early weeks of 2012
- Further opportunities for growth



Mexico - benefits of improvement programme starting to flow

2010

Structural
change to
field
management

H1 2011

Change
embedded

H2 2011

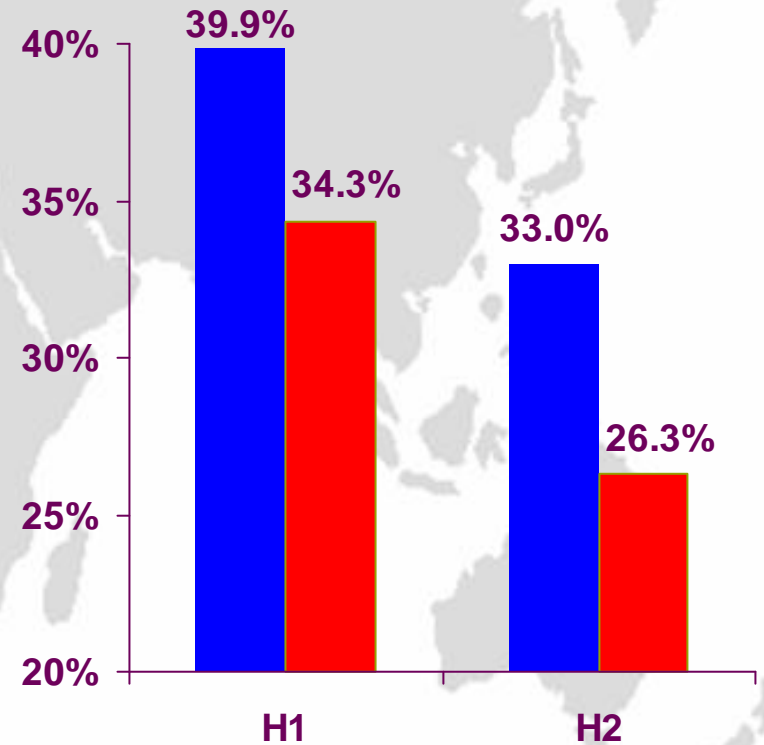
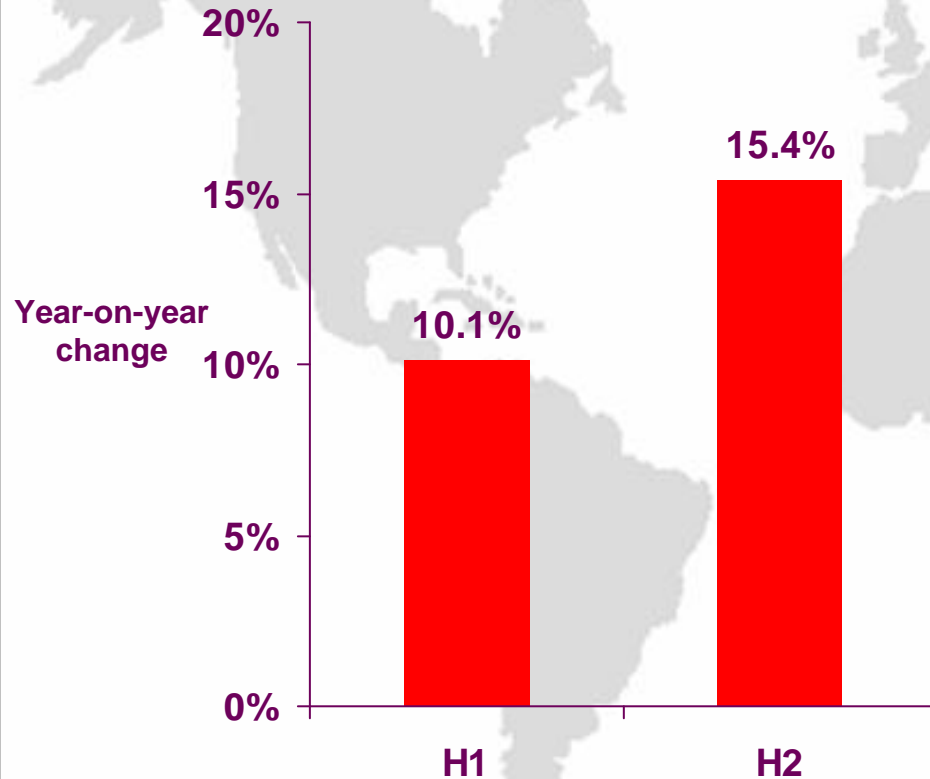
Benefits
flow in H2



Mexico – credit growth accelerated alongside improvement in credit quality

Credit issued growth

Impairment as % of revenue





Mexico

Improving performance

- Benefits of improvement programme translating into stronger growth and lower impairment
 - *Agents* +17%
 - *Customers* +12%
 - *Credit issued* +13%
 - *Net average receivables* + 6% (H2: +10%)
- Impairment reduced substantially by 6.3 pps to 30.2%
- H2 pre-tax profit up £0.8 million to £3.6 million
- Pre-tax profit reduced by £2.0 million to £1.5 million



Mexico Outlook for 2012

- Further improve basic disciplines
- Maintain strong customer growth
- Increase issue and revenue per customer
 - natural flow through from improved collections
 - structured credit tests to enhance issue and revenue growth
- Continue to target 3 million customers and £30 profit per customer



Romania

Market development on track

- Expanded geographically in 2011 – further expansion planned in 2012
- Strong growth
 - *Agents* +23%
 - *Customers* +20%
 - *Credit issued* +17%
 - *Net average receivables* +23%
- Impairment as a % of revenue reduced from 34.7% to 26.1%
- Profit more than doubled to £4.1 million
- Continue to target 500,000 customers



Regulation

- Continued core focus
- Lower APR cap in Hungary effective from April 2012
- EU Consumer Credit Directive now implemented in all European markets



New markets

- New market entry - key element of our growth strategy
- Detailed research ongoing
- Will enter new market when time is right



Outlook

- Uncertain global economic outlook but well prepared to respond as conditions require
- Headwinds from adverse FX rates and higher ESR costs
- Strong performance in 2011, encouraging start to 2012
- Expect to continue to perform well
- Leadership succession progressing to plan



Questions



Appendices



Appendices

Profit by market

Year ended 31 December 2011

	2011	2010	Change
	£m	£m	%
Poland	66.0	49.0	34.7
Czech-Slovakia	37.8	41.7	(9.4)
Hungary	8.3	9.1	(8.8)
Central European markets	112.1	99.8	12.3
Central costs	(17.2)	(12.9)	(33.3)
Net profit from established markets	94.9	86.9	9.2
Mexico	1.5	3.5	(57.1)
Romania	4.1	1.7	141.2
Net profit in developing markets	5.6	5.2	7.7
Profit before tax*	100.5	92.1	9.1



Poland: year ended 31 December 2011

	2011	2010	Change at
	£m	£m	CER %
Customer numbers ('000)	834	782	6.6
Credit issued	318.6	296.4	10.4
Average net receivables	236.8	221.0	9.3
Revenue	273.2	245.3	13.9
Impairment	(83.2)	(75.1)	(13.5)
Finance costs	(14.8)	(12.5)	(21.3)
Agents' commission	(27.3)	(24.9)	(11.9)
Other costs	(81.9)	(83.8)	(1.1)
Profit before tax	66.0	49.0	



Czech–Slovakia: year ended 31 December 2011

	2011	2010	Change at
	£m	£m	CER %
Customer numbers ('000)	400	386	3.6
Credit issued	209.5	185.4	10.2
Average net receivables	148.3	131.9	9.2
Revenue	144.8	137.7	2.1
Impairment	(30.2)	(27.3)	(6.7)
Finance costs	(6.2)	(5.7)	(6.9)
Agents' commission	(15.2)	(14.7)	(0.7)
Other costs	(55.4)	(48.3)	(9.9)
Profit before tax	37.8	41.7	



Hungary: year ended 31 December 2011

	2011	2010	Change at
	£m	£m	CER %
Customer numbers ('000)	252	238	5.9
Credit issued	104.3	95.1	11.0
Average net receivables	71.6	62.5	15.1
Revenue	74.2	74.0	0.7
Impairment	(9.0)	(11.3)	19.6
Finance costs	(8.6)	(6.0)	(45.8)
Agents' commission	(13.3)	(12.7)	(5.6)
Other costs	(35.0)	(34.9)	(0.6)
Profit before tax	8.3	9.1	



Mexico: year ended 31 December 2011

	2011	2010	Change at
	£m	£m	CER %
Customer numbers ('000)	671	598	12.2
Credit issued	124.4	113.0	12.8
Average net receivables	67.7	65.1	6.1
Revenue	102.9	101.2	4.1
Impairment	(31.1)	(36.9)	14.3
Finance costs	(7.7)	(5.9)	(40.0)
Agents' commission	(11.6)	(10.8)	(2.7)
Other costs	(51.0)	(44.1)	(21.7)
Profit before tax	1.5	3.5	



Romania: year ended 31 December 2011

	2011	2010	Change at
	£m	£m	CER %
Customer numbers ('000)	249	207	20.3
Credit issued	87.7	74.6	17.2
Average net receivables	51.1	41.5	22.8
Revenue	54.4	50.5	7.3
Impairment	(14.2)	(17.5)	18.9
Finance costs	(5.6)	(4.9)	(7.7)
Agents' commission	(5.5)	(4.9)	(12.2)
Other costs	(25.0)	(21.5)	(13.6)
Profit before tax	4.1	1.7	



Appendices

Balance sheet

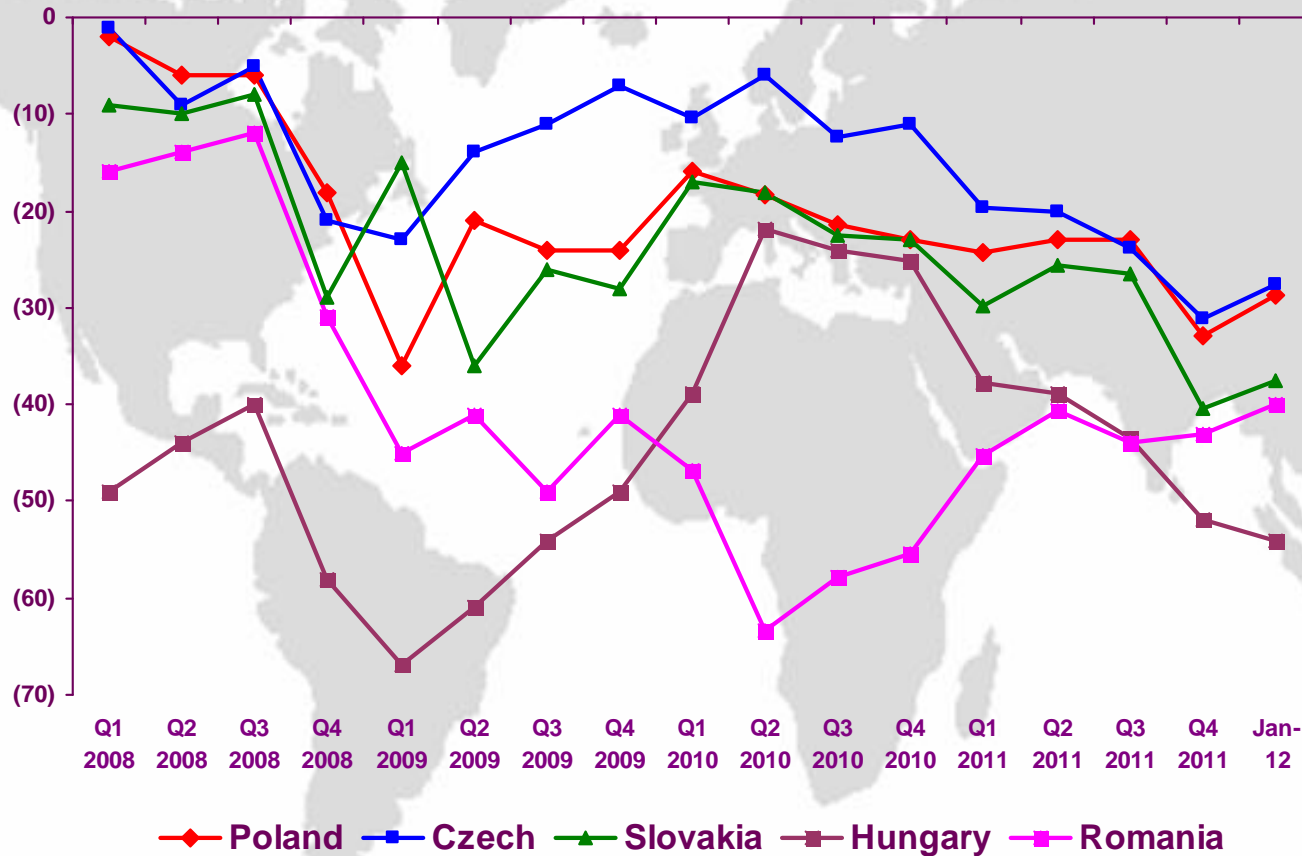
As at 31 December 2011

	Dec 2011 £m	Dec 2010 £m	Change at CER %
Fixed assets	34.2	42.5	(14.3)
Receivables	560.4	566.9	10.3
Cash	17.9	23.5	(16.4)
Borrowings	(276.5)	(304.3)	(1.6)
Other net liabilities	(8.3)	(19.6)	58.5
Net assets	327.7	309.0	18.2



Appendices

Consumer confidence

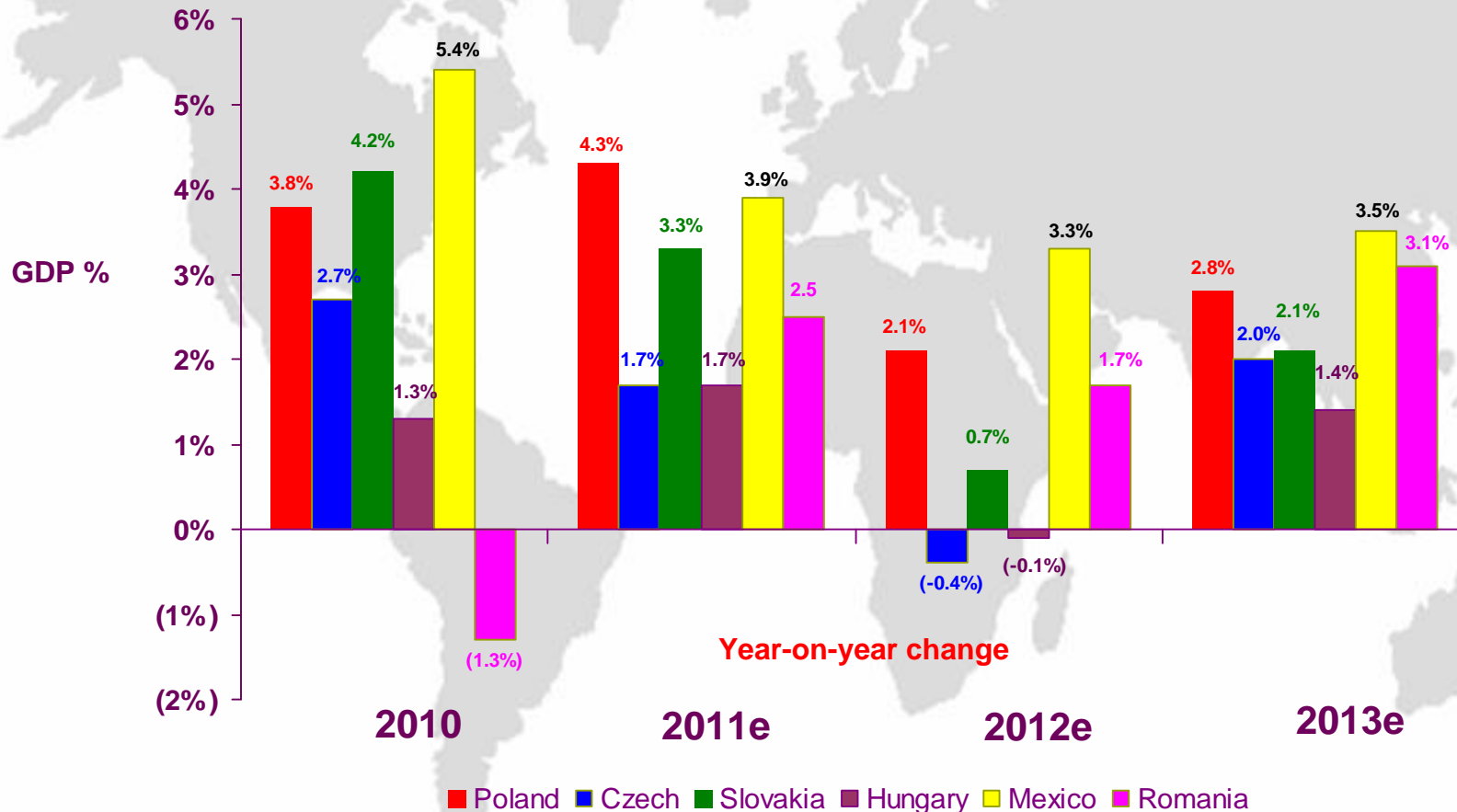


Source: European Commission Consumer Confidence Indicator



Appendices

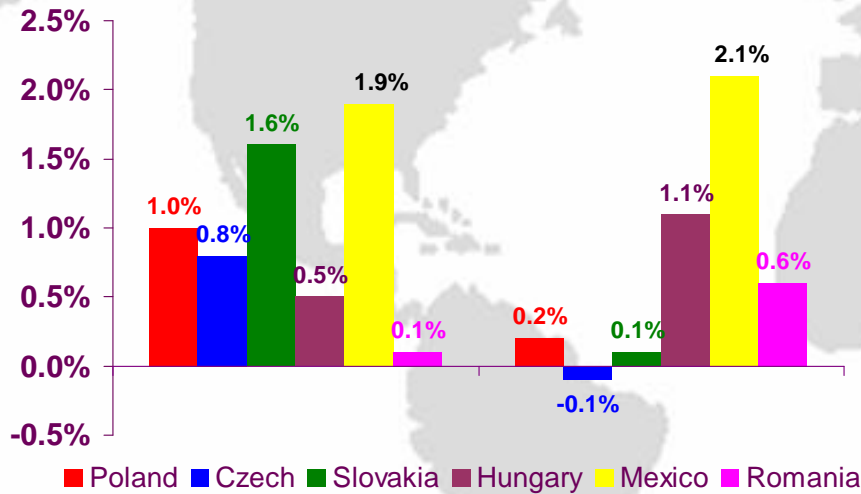
GDP growth





Appendices

Employment

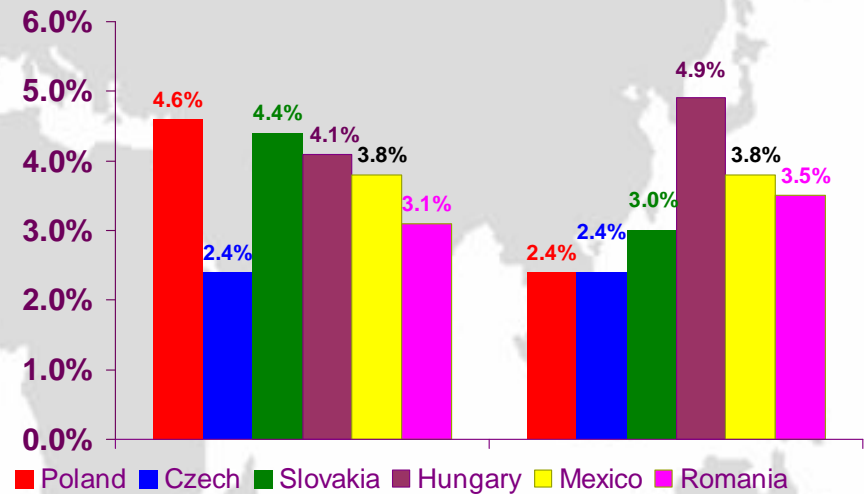


Year-on-year change

2011e

2012e

Inflation



Year-on-year change

2011e

2012e



Appendices

Average and closing foreign exchange rates

Market	Average 2010	Closing Dec 2010	Average 2011	Closing Dec 2011	Hedged 2012
Poland	4.68	4.61	4.68	5.34	5.50
Czech Republic	29.38	29.12	28.89	30.65	31.00
Slovakia	1.15	1.16	1.16	1.20	1.20
Hungary	317.33	324.02	316.71	377.94	397.14
Mexico	20.39	19.26	19.65	21.67	21.96
Romania	4.90	4.94	4.98	5.18	5.36



Appendices

Headroom on bank covenants

	Dec 2011	Covenant	Headroom
Interest cover	3.4	2x min	£61.3m (pre-tax profit)
Net worth*	£320.2m	£125m min	£195.2m (net worth)
Receivables: borrowings	2.0	1.1x min	£233.0m (borrowings)
Gearing*	0.9	3.75x max	£924.3m (net worth)

* Adjusted for derivatives and pension liabilities



Appendices

Markets in which we operate

	Year Entered	European Union member?	Fitch Rating	Population ('m)	Customers ('000) Dec 2011
Poland	1997	✓	A-	38.2	834
Czech Republic	1997	✓	A+	10.5	400
Slovakia	2001	✓	A+	5.4	
Hungary	2001	✓	BB+	10.0	252
Mexico	2003	x	BBB	112.3	671
Romania	2006	✓	BBB-	21.3	249



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