Annual Results 2014

Gerard Ryan
Chief Executive Officer
Adrian Gardner
Chief Financial Officer
David Broadbent
Chief Commercial Officer

25.02.15

2014 highlights

Underlying profit growth of 21.5%

Continued growth in customers and credit issued, although slowed as Q4 progressed

New products, channel developments and geographic expansion introduced in 2014 will contribute to higher levels of growth

Digital business established

Target capital ratio reduced

Dividend pay-out rate increased – proposed full-year dividend up 29% to 12 pence per share

Current regulatory matters

Good track record of evolving products and services to meet new regulations

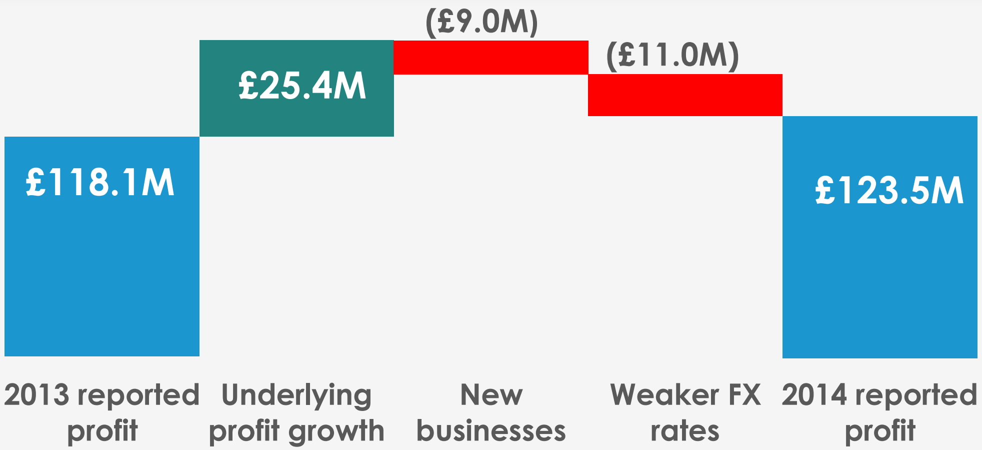
Regulatory change	Action taken
Slovakia	
• Ban on delivery of loans in cash	• Prepaid card introduced
• Remuneration cap	• Amended product charges
• Ban on arrears visit to customer's home	• Revised arrears process and training
Poland	
• Total cost of credit and APR calculation methodology	• Awaiting court date to appeal
• Fee charging methodology	• New product developed and being tested
• Proposed cap on mandatory non-interest charges	• Existing product complies with proposed cap
Hungary	
• Payment to income legislation (2015)	• Product and processes adapted to comply

Performance and financial review

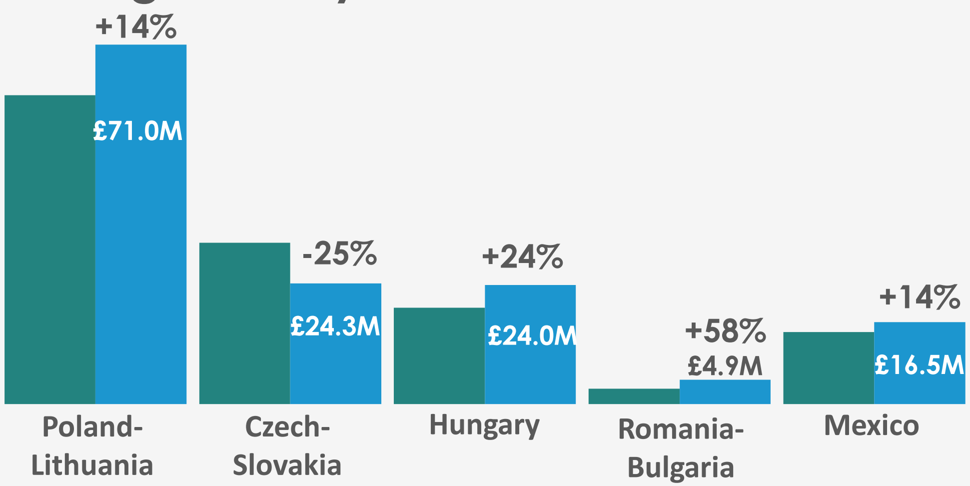
Adrian Gardner
Chief Financial Officer

Strong underlying profit growth

Increasing profit while absorbing investments for growth and FX headwinds



Profit growth by market

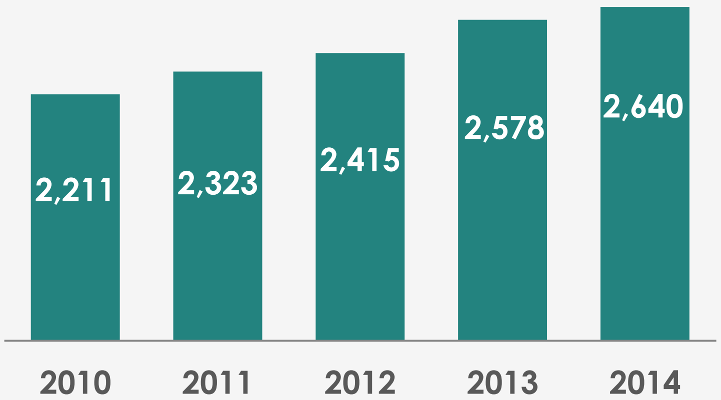


- Delivered underlying growth of £25.4M - 21.5%
- Increased investment in new businesses by £9.0M to £13.2M
- Absorbed £11.0M from FX headwinds
- Record profit up 5% to £123.5M

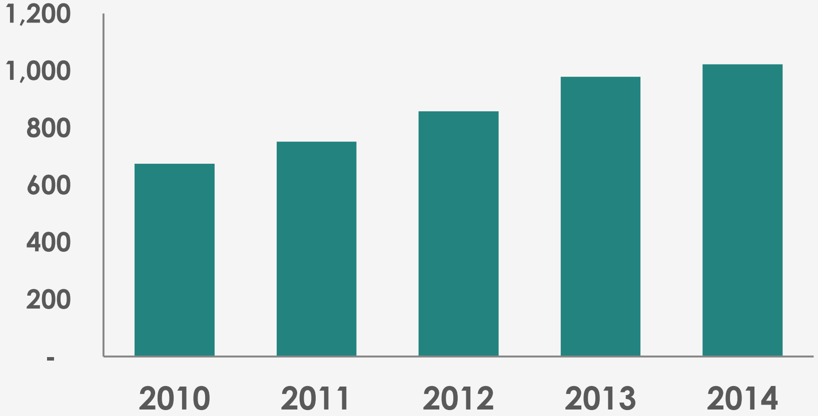
Long-term track record of growth

Continued growth in 2014 but slowed as Q4 progressed

Customer numbers ('000s)



Credit issued* (£M)

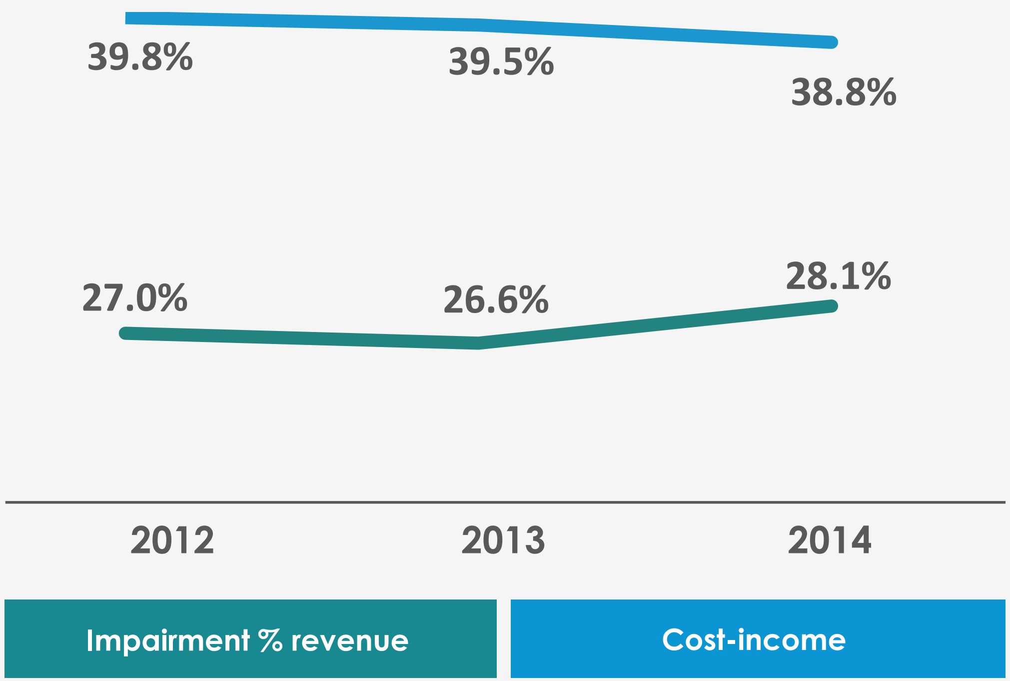


* At constant exchange rates

	Customer growth	Credit issued growth
Poland-Lithuania	1%	3%
Czech-Slovakia	(6%)	(7%)
Hungary	6%	10%
Romania-Bulgaria	5%	8%
Mexico	6%	16%
Group	2%	5%

Robust credit quality and costs controlled

Cost-income ratio further improved after absorbing investment in growth initiatives



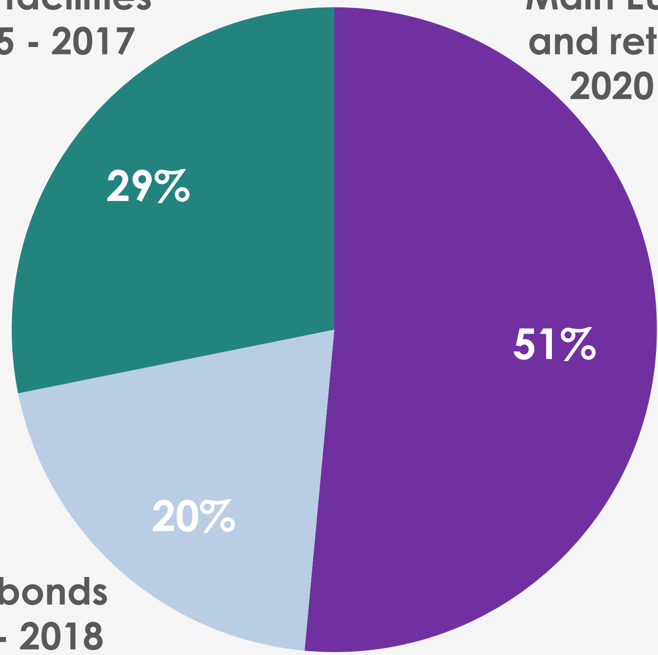
	Impairment % revenue	Cost-income ratio
Poland-Lithuania	27.3%	32.7%
Czech-Slovakia	30.7%	35.6%
Hungary	20.4%	34.8%
Romania-Bulgaria	31.1%	47.3%
Mexico	30.9%	41.0%

Strengthened funding position

Long-term debt facilities from diversified sources at materially lower cost

- Refinanced core Eurobond at half the coupon:
  - €300M 5.75% 7-year Eurobond issued
  - €40M 4.25% 4-year Eurobond
  - 85% of 2010 Eurobond bought back
- Increased diversity of funding
- Over half of facilities have maturity dates in 2020/2021
- £170M headroom on funding facilities

Sources and maturity profile of debt facilities

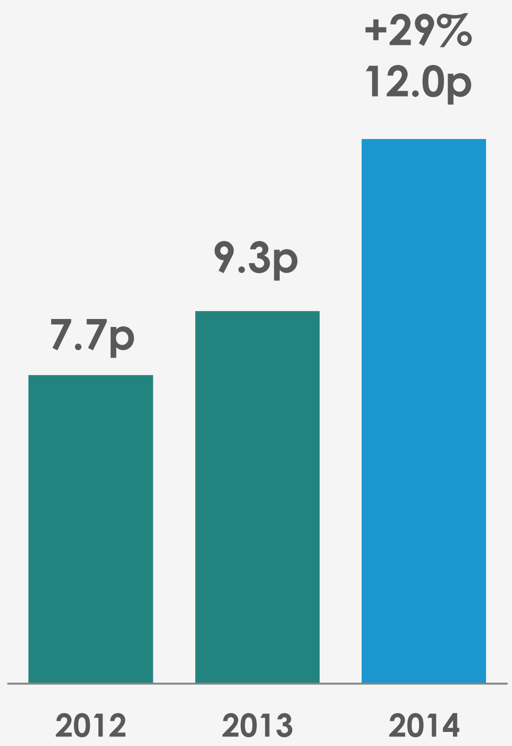


Reduced capital ratio drives higher dividend pay-out

Working the balance sheet harder to improve shareholder returns

- Target capital ratio reduced to 40%
    - Cheaper funding secured
    - Robust balance sheet
    - Extended profile of low-cost bank and bond facilities
    - Substantial headroom on covenants continues
- Return on equity increased to 23.6%
- Target dividend pay-out ratio increased to 35%
- Full year dividend increased by 29%
- Enhancing shareholder returns whilst ensuring sufficient capital for growth

Full-year dividend per share



Near-term growth agenda

Gerard Ryan
Chief Executive Officer

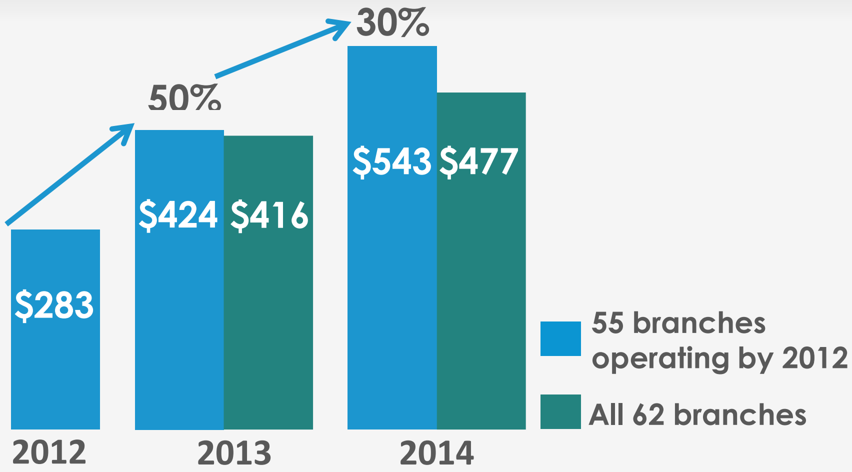
Near-term actions for growth

Specifically targeted initiatives already underway

- Greater marketing share of voice with a clearer call to action
- Targets and incentives weighted towards growth
- Selective credit relaxation
- Appointment of more 'hunter' agents
- Accelerated introduction of new products and channels

Mexico on track

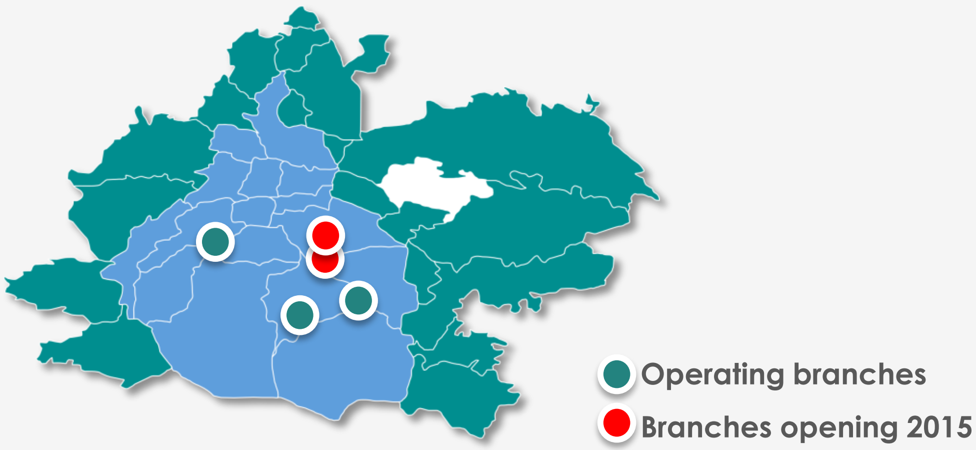
Confident of achieving MXN $660 peso per customer target in 2015



Key drivers

- Finalise rollout of EU credit rules
- Optimise lending using credit bureaux
- Accelerate growth with new products

- 2012 and prior branches increased profit per customer over two years by 92% to MXN$543
- Opening three new branches in 2015



Mexico City

- Two branches opened in 2014
- 6,700 customers
- Two new branch openings in 2015

Strategic growth agenda

David Broadbent
Chief Commercial Officer

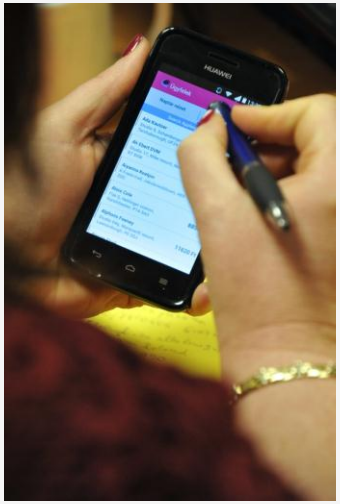
Transforming the agent business

T4G supporting growth and performance

Broadening our product offer
- 1,000 monthly loans
- 140,000 insurance products
- 37,000 prepaid cards
- 8,600 SME loans

Becoming a genuine multi-channel business
- Decision in principle – increase in conversion of online applications to leads
- Development of new channels
    - Brokers
    - Strategic partnerships
    - Direct sales agents

Transforming our sales and service model
- Developing field network to increase sales capability and capacity
- Modernising our technology platform



Accelerating our digital strategy

Launch of hapiloans and acquisition of MCB

- hapiloans commenced trading in December – early performance encouraging with over 1,000 customers
- MCB brings four new markets, two new products and delivery channels
- Experience of lending to our target market
- Expansion plans being developed

hapipożyczki Credit24 sving

MCB hapiloans

Outlook

Gerard Ryan
Chief Executive Officer

Outlook

Supportive macroeconomics and credit market sectors exhibiting attractive opportunities

Near-term growth-focussed actions implemented to reverse recent slowdown

Expanding geographic footprint, product set and channels will deliver further growth

Exciting digital opportunity

Confident of further good progress

Questions

Appendices

Group

Year ended 31 December 2014

	2014 £M	2013 £M	Change at CER %
Customer numbers (000s)	2,640	2,578	2.4%
Credit issued	1,022.0	1,050.8	4.7%
Average net receivables	760.6	710.0	15.2%
Revenue	783.2	746.8	12.7%
Impairment	(220.0)	(198.6)	(18.8%)
Finance costs	(45.3)	(49.0)	0.4%
Agents' commission	(90.8)	(86.1)	(13.4%)
Other costs	(303.6)	(295.0)	(9.5%)
Profit before taxation	123.5	118.1	

Segmental results

£25.4M underlying profit growth

	2014 reported profit £M	Underlying profit growth £M	New businesses £M	Weaker FX rates £M	2013 reported profit £M
Poland-Lithuania	71.0	16.4	(3.8)	(3.9)	62.3
Czech-Slovakia	24.3	(4.7)	-	(3.5)	32.5
Hungary	24.0	6.3	-	(1.7)	19.4
Romania-Bulgaria	4.9	5.4	(3.2)	(0.4)	3.1
Mexico	16.5	3.5	-	(1.5)	14.5
UK costs	(15.2)	(1.5)	-	-	(13.7)
Spain	(2.0)	-	(2.0)	-	-
Profit before taxation	**123.5**	25.4	(9.0)	(11.0)	118.1

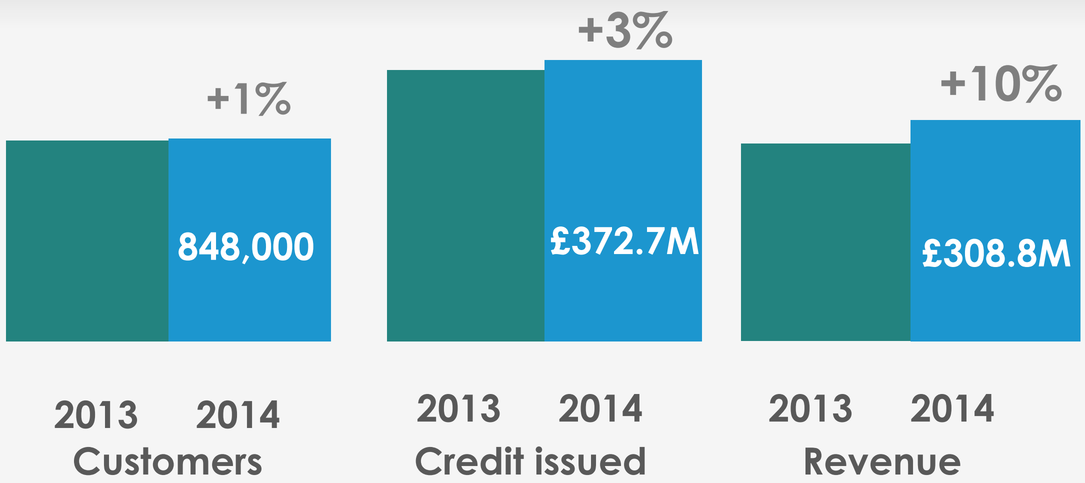
Poland and Lithuania

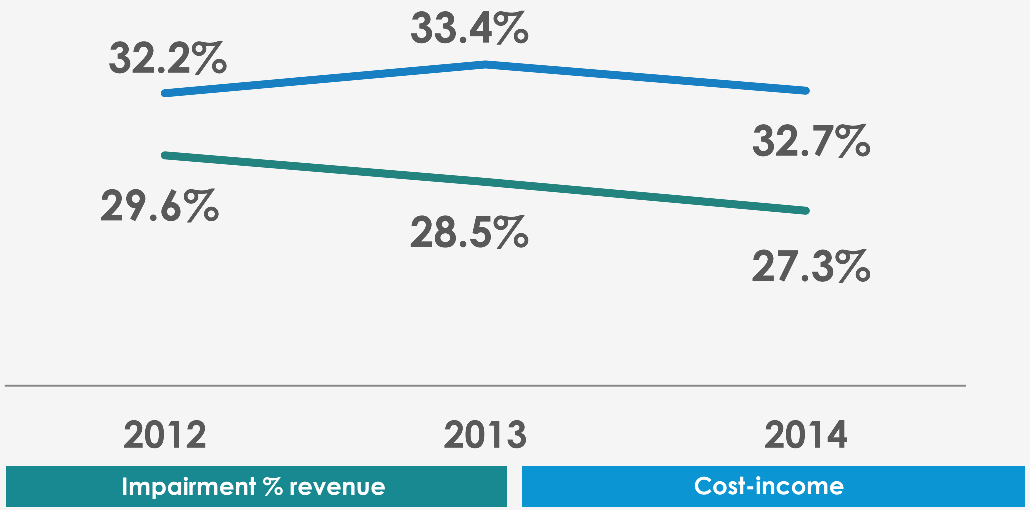
Year ended 31 December 2014

	2014 £M	2013 £M	Change at CER %
Customer numbers (000s)	**848**	841	0.8%
Credit issued	**372.7**	380.4	3.2%
Average net receivables	**299.5**	282.6	11.5%
Revenue	**308.8**	295.7	9.9%
Impairment	**(84.2)**	(84.3)	(4.6%)
Finance costs	**(18.7)**	(20.2)	2.1%
Agent's commission	**(33.8)**	(30.0)	(18.2%)
Other costs	**(101.1)**	(98.9)	(7.0%)
Profit before taxation	**71.0**	62.3	
Poland – home credit	**76.6**	64.2	
Poland - hapiloans	**(1.5)**	-	
Lithuania	**(4.1)**	(1.9)	
Profit before taxation	**71.0**	62.3	

Poland and Lithuania

Profit before tax increased 14% to £71.0M





- Strong underlying profit growth of £16.4M
- Good growth in receivables
- Good credit quality
- Increasing competition
- £5.5M benefit from sale of non-performing receivables
- National coverage achieved in Lithuania
- 2015: accelerate growth through increasing product choice, enhanced sales through brokers and increasing customers and credit issued in Lithuania

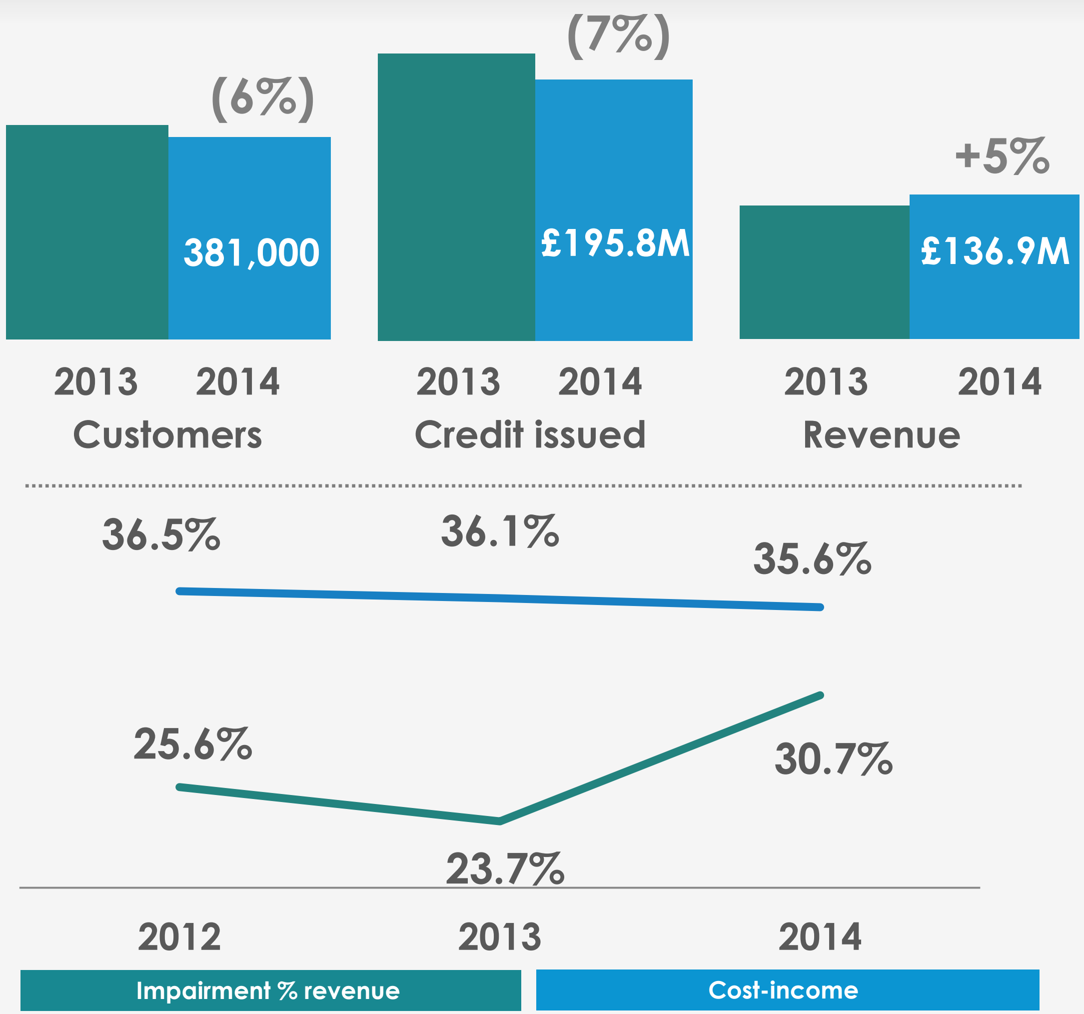
Czech Republic and Slovakia

Year ended 31 December 2014

	2014 £M	2013 £M	Change at CER %
Customer numbers (000s)	360	381	(5.5%)
Credit issued	195.8	230.2	(6.9%)
Average net receivables	158.8	161.7	7.7%
Revenue	136.9	142.8	5.1%
Impairment	(42.0)	(33.8)	(35.9%)
Finance costs	(8.1)	(9.5)	5.8%
Agents' commission	(13.8)	(15.4)	2.1%
Other costs	(48.7)	(51.6)	(2.3%)
Profit before taxation	24.3	32.5	

Czech Republic and Slovakia

Profit before tax of £24.3M



- Growth impacted by strong competition in Czech Republic
- Regulatory changes in Slovakia had disruptive effect impacting sales and collections
- Impairment as a percentage of revenue stabilised since the half year
- 2015: return to growth through new products, customer promotions, targeted marketing and improved lead management

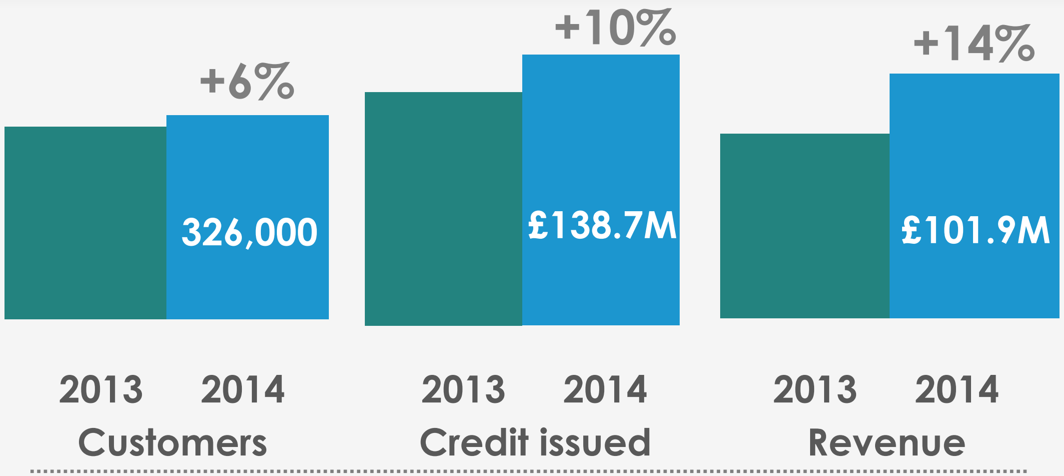
Hungary

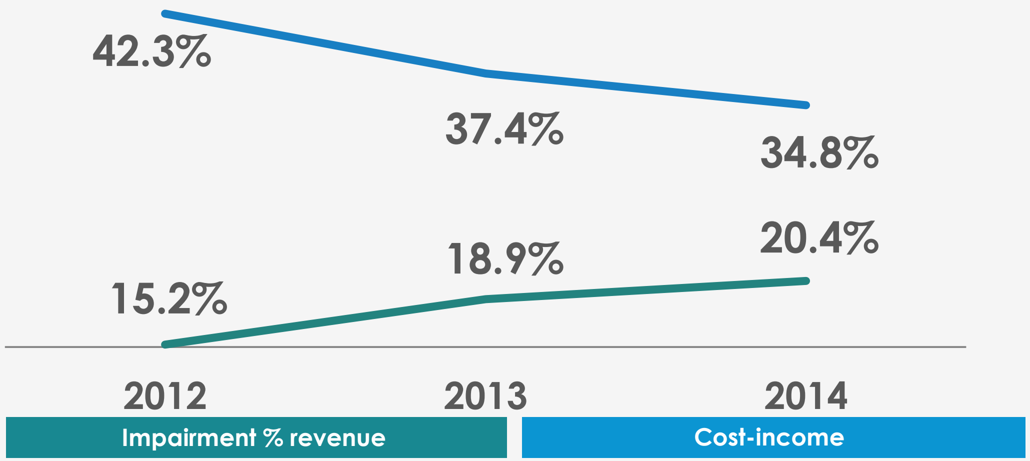
Year ended 31 December 2014

	2014 £M	2013 £M	Change at CER %
Customer numbers (000s)	**326**	307	6.2%
Credit issued	**138.7**	138.5	9.7%
Average net receivables	**106.5**	97.3	19.9%
Revenue	**101.9**	97.6	14.2%
Impairment	**(20.8)**	(18.4)	(26.8%)
Finance costs	**(6.7)**	(7.5)	2.9%
Agents' commission	**(14.9)**	(15.8)	(3.5%)
Other costs	**(35.5)**	(36.5)	(5.0%)
Profit before taxation	**24.0**	19.4	

Hungary

Profit before tax increased 24% to £24.0M





- Another strong trading performance
- 100-week loan launch supported increase in customers and credit issued
- Excellent credit quality and good collections performance
- Competition from banks increasing
- Insurance offering rolled out January 2015
- Payment to income legislation – monitoring impact on customer demand
- 2015: growth through TV and online marketing, new products and channels

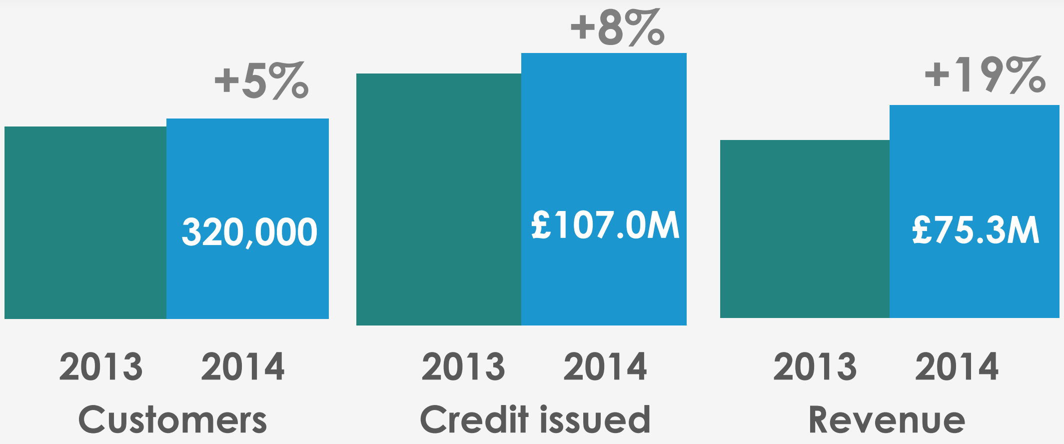
Romania and Bulgaria

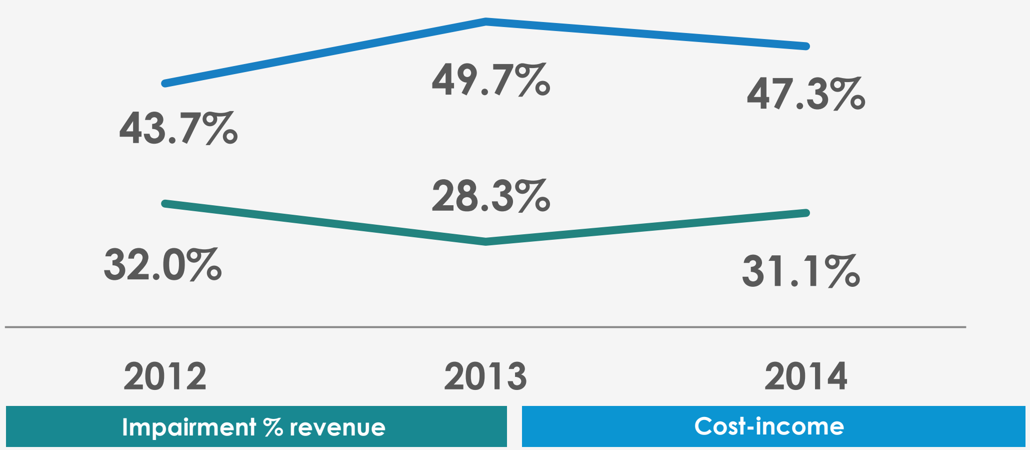
Year ended 31 December 2014

	2014 £M	2013 £M	Change at CER %
Customer numbers (000s)	**320**	305	4.9%
Credit issued	**107.0**	104.8	8.1%
Average net receivables	**70.4**	60.8	22.9%
Revenue	**75.3**	66.8	19.3%
Impairment	**(23.4)**	(18.9)	(30.7%)
Finance costs	**(4.4)**	(4.8)	2.2%
Agent's commission	**(7.0)**	(6.8)	(9.4%)
Other costs	**(35.6)**	(33.2)	(12.7%)
Profit before taxation	**4.9**	3.1	
Romania	**10.5**	5.6	
Bulgaria	**(5.6)**	(2.5)	
Profit before taxation	**4.9**	3.1	

Romania and Bulgaria

Profit before tax increased 58% to £4.9M





- Underlying profit growth of £5.4M before investing £3.2M in Bulgaria
- Very strong growth in average net receivables and revenue
- £2.7M benefit from non-performing debt sale
- Selective credit tightening in H2 2014 to return impairment to target range during H1 2015
- 2015: drive customer growth through enhanced acquisition channels and developing sales capability

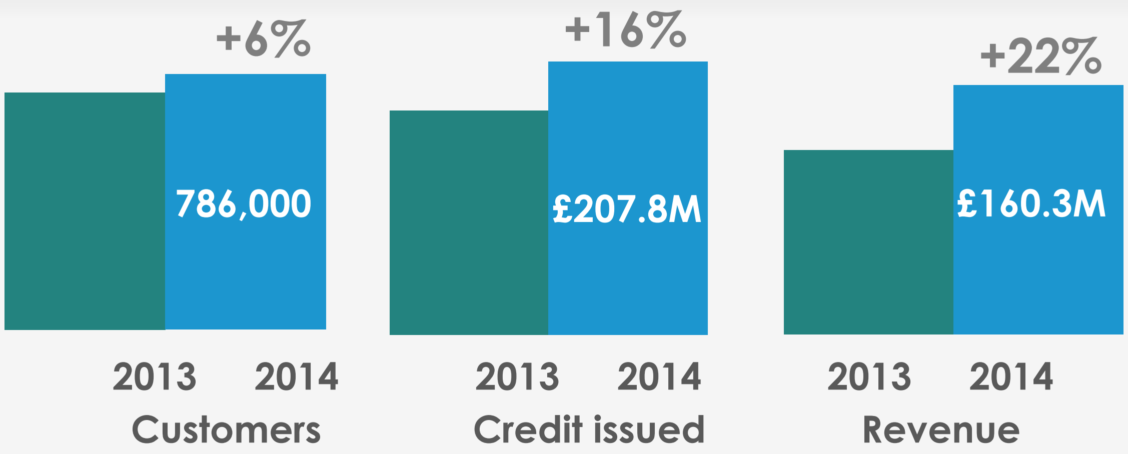
Mexico

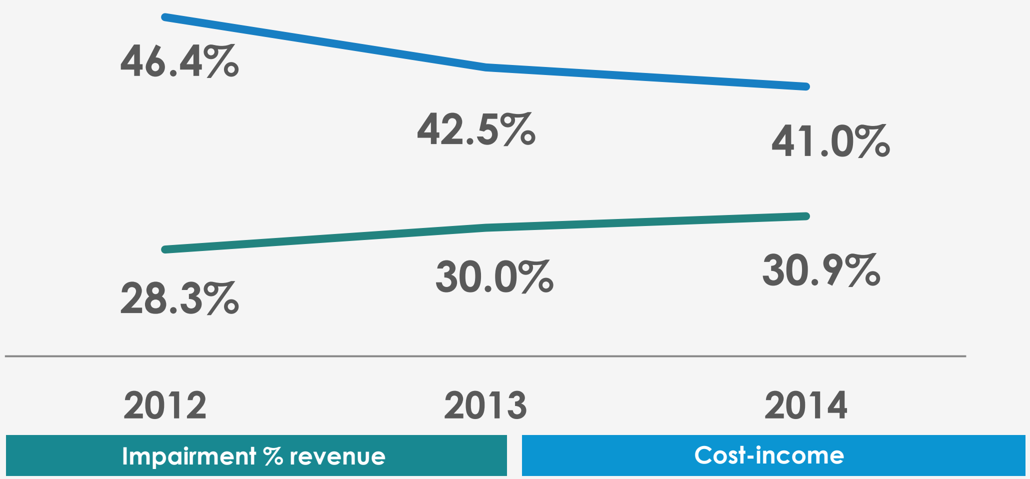
Year ended 31 December 2014

	2014 £M	2013 £M	Change at CER %
Customer numbers (000s)	786	744	5.6%
Credit issued	207.8	196.9	15.7%
Average net receivables	125.4	107.6	27.6%
Revenue	160.3	143.9	21.9%
Impairment	(49.6)	(43.2)	(25.6%)
Finance costs	(7.2)	(7.0)	(12.5%)
Agents' commission	(21.3)	(18.1)	(28.3%)
Other costs	(65.7)	(61.1)	(17.3%)
Profit before taxation	16.5	14.5	

Mexico

Profit before tax increased 14% to £16.5M





- Profit per customer up to MXN $477
- Underlying profit growth of £3.5M
- Expansion of geographic footprint
- Substantially all branches operating with new credit settings
- Mexico City set for significant growth in 2015
- 2015: focus on reaching MXN$660 profit per customer target and achieving further growth through geographic expansion and evolving product suite

Balance sheet

	Dec 2014	Dec 2013	Change at CER %
Fixed assets	**38.3**	30.6	30.7
Receivables	**760.5**	784.8	6.0
Cash	**68.8**	24.6	205.8
Borrowings	**(478.3)**	(400.5)	(28.6)
Other net liabilities	**(27.7)**	(45.6)	37.8
Equity	**361.6**	393.9	2.5

Foreign exchange rates

	Current rates 23.02.15	2014 Closing Dec	2014 Average	2013 Closing Dec	2013 Average
Poland	5.7	5.5	5.2	5.0	5.0
Lithuania*	1.4	4.4	4.3	4.2	4.1
Czech Republic	37.2	35.6	34.2	32.9	30.3
Slovakia	1.4	1.3	1.2	1.2	1.2
Hungary	415.0	407.0	385.0	357.6	347.2
Romania	6.0	5.8	5.5	5.4	5.2
Bulgaria	2.6	2.5	2.4	2.4	2.3
Mexico	23.1	23.0	22.0	21.6	20.2
Spain	1.4	1.3	1.3	1.2	1.2

* Lithuania converted to the Euro 1 January 2015

Headroom on key covenants

	Dec 2014	Covenant	Headroom
Interest cover	3.7x	2.0x min	1.7x
Gearing*	1.3x	3.75x max	£233.0M

* Adjusted for derivative financial instruments and pension liabilities according to covenant definitions

Strong financial profile

	FY 2012	FY 2013	FY 2014
Gearing	0.8x	1.0x	1.3x
Adjusted earnings per share*	27.6p	35.5p	38.0p
Interest cover	3.3x	3.4x	3.7x
Return on equity*	20.1%	22.9%	23.6%
Equity to receivables ratio	57.8%	50.2%	47.5%

* Adjusted for exceptional items

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